

CITY OF EDEN, N. C.

The regular meeting of the City Council, City of Eden, was held on Tuesday, November 20, 2012 at 7:30 p.m. in the Council Chambers, 308 E. Stadium Drive. Those present for the meeting were as follows:

Mayor:		John E. Grogan
Mayor Pro Tem:		Wayne Tuggle, Sr.
Council Members:		Donna Turner
	(absent)	Darryl Carter
		Jerry Epps
		Gene Hagood
		Jim Burnette
		Jerry Ellis
City Manager:	(absent)	Brad Corcoran
City Clerk:		Sheralene Thompson
City Attorney:		Erin Gilley
Representatives from Departments:		
Representatives from News Media:		Roy Sawyers, <i>RCENO</i> ; Latala Payne, <i>Eden News</i>

MEETING CONVENED:

Mayor Grogan called the regular meeting of the Eden City Council to order and welcomed those in attendance. He explained that the Council meets the third Tuesday of each month at 7:30 p.m. and works from a prepared agenda; however, time would be set aside for business not on the printed agenda.

INVOCATION:

Council Member Jerry Epps gave the invocation followed by the Pledge of Allegiance.

INTRODUCTION OF YOUTH COUNCIL SERVICE COMMITTEE CHAIRMAN:

Mayor Grogan asked Ms. Laura Shumate, Chairman of the Eden Youth Council Service Committee to come forward.

Ms. Shumate explained that the service committee's first service project was to put together care packages for the soldiers. She explained that she was present to request a donation from the Eden City Council to which Mayor Grogan challenged each City Council Member to donate \$20.00 each for their project.

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PROCLAMATIONS & SPECIAL PRESENTATIONS:

The following local businesses were recognized:

Dr. Charles Kinney was recognized and presented with a plaque recognizing the 25 year anniversary of Doctors Vision Center.

Ms. Gina Carter and her mother, Elree were also recognized and presented with a plaque in recognition of the 40 year anniversary of Elree's Sweet Shoppe.

Also recognized at this time was the Pride of Morehead Band Boosters & Musicians.

SET MEETING AGENDA:

A motion was made by Council Member Tuggle seconded by Council Member Epps to set the agenda. All Council Members present voted in favor of this motion.

PUBLIC HEARINGS:

There were no public hearings scheduled.

AUDIT PRESENTATION:

(a) Presentation of the 2011-2012 Audit by Rouse, Rouse, Penn & Rouse.

Note: A copy of the entire Audit Report can be found in the Office of the Finance & HR Director.

Mayor Grogan introduced Ms. Judy Rouse and asked her to come forward for the Audit Report.

Ms. Rouse referred to page 1 of the Audit Report and noted the bottom of the page and she read that *"In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Eden, North Carolina as of June 30, 2012, and the respective changes in financial position and cash flows, where appropriate, thereof and the budgetary comparison for the general fund for the year ended in conformity with accounting principles generally accepted in the United States of America.."*

So, the city has a clean opinion on the financial statements, the audit is prepared on the State and Federal Single Audit Act and of course we have the implementation of GASB 34 which has been in place several years now.

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These financial statements consist of the financial statements of the Eden ABC Store which is a component unit of the City of Eden.

She then referred to the City Manager's synopsis of the Audit Report and noted that they had a good overview of the financial position of the year ending June 30, 2012. *An electronic copy of the synopsis as well as the audit report is located in the Office of the City Clerk.*

General Fund

The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

If you refer to page 69, you will note near the bottom of the page that the Fund Balance in the General Fund increased from \$8,554,160 to \$8,915,309 an increase of \$361,149 or 4.22%. The main reasons for this increase are the increase of accounts receivables (near the top of the page) by \$228,123 or 38.70% from \$589,451 to \$817,754 and the increase of the combined cash and cash equivalents (top of the page) by \$117,691 or 1.55% from \$7,586,395 to \$7,704,086 as noted at the top of the page. In addition, near the bottom of the page, the information indicates that the Fund Balance available for Appropriations or called the "unassigned" fund balance equals \$6,117,380 which is a decrease of \$661,389 or 9.76% when compared to the June 30, 2011 total of \$6,778,769. This is due to the fact that \$708,800 is listed at the bottom of the page as "assigned – subsequent year expenditures". This is for the \$518,200 in General Fund fund balance appropriated for FY 2012-13, the \$162,700 in Powell Bill fund balance appropriated for FY 2012-13 and the \$27,900 in Occupancy Tax fund balance appropriated for FY 2012-13.

As you may remember, the City Council voted back in 1998-99 to keep an unassigned fund balance, equal to at least three months operating expenses. On page 85 near the middle of the page it indicates that the total expenditures during FY 2011-12 for the General Fund amounted to \$13,623,229. One-twelfth of that amount is \$1,135,269. As such, three months operating expenses would equal \$3,405,807. The amount unassigned at June 30, 2012 (\$6,117,380) is actually \$2,711,573 over that threshold. According to the most recent data available from the State Treasurer's Office, the 2011 statewide average for municipalities was 39.42% of General Fund expenditures or \$5,370,277 and the statewide average for municipalities without electricity was 40.91% of General Fund expenditures or \$5,573,263. The 2011 statewide average for municipalities without electricity with a population ranging from 10,000 to 49,999 was 49.77% of General Fund expenditures or \$6,780,281. Eden's unassigned balance of \$6,117,380 on hand on June 30, 2012 equals 44.90% of General Fund expenditures (\$13,623,229) for FY 2011-12.

Ms. Rouse asked if there were any questions about the Fund Balance.

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Mayor Grogan commented that he thought it was interesting that there were ten (10) cities in their category and Graham had about 100% or so. So there was no way that you could compare the operations of Graham with the operations of the City of Eden.

Ms. Rouse replied that she had looked at the population on the chart and she did not know if she had it with her, how those percentages gradually go up as the population increases, so it seemed to be easier for a small municipality to have a good balance, although she did not know that was going to be the trend in the future, but it was certainly within the range of what was average for the state.

On page 71 you will find the Revenues for the General Fund. At the bottom of the page you will note that the budget revenues were \$12,934,700 and the actual revenues were \$13,326,639 for a favorable variance of \$391,939. Overall, the revenues for the General Fund were down from the prior year (\$13,729,059) by \$402,420 or 2.93%. The main reason for this decrease is due to the fact that the June 30, 2011 figures under current year taxes (page 70) included a one-time payment of \$800,155 from Swift Trucking for delinquent taxes owed to the City of Eden. In the current June 30, 2012 financial statements it indicates on page 70 that the actual current year taxes went from \$5,937,031 for 2011 down to \$5,297,610 for 2012 which is a reduction of \$639,421 or 10.77%. If you factor out the one-time \$800,155 payment from Swift Trucking received in 2011 the 2012 current year taxes would have actually realized an increase of \$160,734.

Near the bottom of page 70 you will see the restricted intergovernmental revenues. It should be noted that this group of revenues increased by \$107,375 or 14.23% from \$754,622 for the period ending June 30, 2011 to \$861,997 due to more restricted grant funds being received during FY 2011-12.

At the bottom of page 71 you will find the miscellaneous revenues within the General Fund. You will note that the "other refunds" line item went from \$100,920 during FY 2010-11 down to just \$139 for FY 2011-12. This significant reduction is due to the fact that the City received a rebate of \$100,920 in FY 2010-11 from the Rockingham County landfill fund balance due to the City of Reidsville joining the landfill partnership.

On page 85 you will find the Total Expenditures for the General Fund. Near the middle of the page you will note that the total budgeted operating expenditures were \$13,596,950 and the total actual expenditures for the General Fund amounted to \$13,623,229. This was an unfavorable variance of (\$26,279) or 0.19%. Overall, the expenditures for the General Fund were up from the prior year (\$12,413,907) by \$1,209,322 or 9.74%. Some of the reasons for this increase were a variety of capital outlay improvement projects in the Planning and Inspections department (page 74), Information Technology department (page 77), Fire department (page 80), Street department (page 81), and Solid Waste department (page 83). In addition, there was a significant increase in the cost of fuel within the Fleet Maintenance department (page 82) as well as new expenditures within the Special Appropriations department (page 85) associated with contributions to the Eden Community Resource Center, the Dan River Basin Association, the Eden Historical Museum and reimbursement expenses to the Rockingham County Board of Elections.

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As each of you is aware, the General Fund is reimbursed by the Water and Sewer Fund for expenses within the General Fund that are related to Water and Sewer activities but charged to the General Fund. Page 104 (near the top of the page) indicates that the Water & Sewer Fund reimbursed the General Fund for these utility service fees in the amount of \$1,047,144 which is an increase of \$72,028 or 7.39% from the \$975,116 that was reimbursed during FY 2010-11.

We are pleased to report that there were only two departments/divisions within the General Fund that exceeded the budgeted amount of funds. The Planning and Inspections department (page 74) had an unfavorable variance of (\$19,418) due to prior year payables that did not come in until after June 30th related to contracted services paid to the Piedmont Triad Council of Governments (PTCOG), landscaping supplies and safety equipment supplies. The Solid Waste department (page 83) experienced an unfavorable variance of (\$56,327) due to prior year payables that did not come in until after June 30th related to maintenance/repairs of vehicles and some capital outlay building improvement expenses related to the replacement of the shed at Public Works that was destroyed due to storm damage.

An examination of the various operating departments/divisions reveals the following:

<u>Department</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>	<u>2011 Actual</u>
Governing Body Page 72	\$ 39,550	\$ 38,350	\$ 1,200	\$ 33,662

Reimbursement from W/S Fund is at 50% so this total is actually 50% of total costs attributable to this Department

Administration Page 72	\$ 134,000	\$ 132,649	\$ 1,351	\$ 127,305
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Reimbursement from W/S Fund is at 50% so this total is actually 50% of total costs attributable to this Department

<u>Department</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>	<u>2011 Actual</u>
Finance/HR Page 73	\$ 219,600	\$ 216,482	\$ 3,118	\$ 206,355

Reimbursement from W/S Fund is at 55% so this total is actually 45% of total costs attributable to this Department

Legal Page 73	\$ 59,100	\$ 56,163	\$ 2,937	\$ 54,889
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Reimbursement from W/S Fund is at 50% so this total is actually 50% of total costs attributable to this Department

Planning Page 74	\$ 753,500	\$ 772,918	(\$ 19,418)	\$ 591,029
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Economic Dev. Page 75	\$ 262,200	\$ 261,718	\$ 482	\$ 297,260
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Engineering Page 76	\$ 62,300	\$ 60,933	\$ 1,367	\$ 59,746
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Reimbursement from W/S Fund is at 75% so this total is actually 25% of total costs attributable to this Department

Information Tech. Page 77	\$ 100,600	\$ 99,833	\$ 767	\$ 84,017
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Reimbursement from W/S Fund is at 50% so this total is actually 50% of total costs attributable to this Department

Public Bldg. Ser. Page 77	\$ 63,600	\$ 63,368	\$ 232	\$ 65,605
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Reimbursement from W/S Fund is at 20% so this total is actually 80% of total costs attributable to this Department

<u>Department</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>	<u>2011 Actual</u>
Environ. Services Page 78	\$ 61,150	\$ 60,172	\$ 978	\$ 62,481

Reimbursement from W/S Fund is at 65% so this total is actually 35% of total costs attributable to this Department

Police Pages 79 – 80	\$4,091,700	\$4,090,647	\$ 1,053	\$3,935,871
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Fire Page 80	\$1,667,900	\$1,667,425	\$ 475	\$1,436,409
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Street Page 81	\$1,437,950	\$1,436,572	\$ 1,378	\$1,280,160
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Powell Bill Page 81	\$ 476,600	\$ 462,049	\$ 14,551	\$ 465,746
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City Garage	\$ 271,500	\$ 268,531	\$ 2,969	\$ 244,917
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Page 82

Reimbursement from W/S Fund is at 35% so this total is actually 65% of total costs attributable to this Department

Solid Waste	\$2,018,360	\$2,074,687	(\$ 56,327)	\$1,745,224
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Page 83

Recreation	\$ 1,118,500	\$1,117,845	\$ 655	\$1,113,763
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Pages 84

Special Approp.	\$ 223,400	\$ 214,062	\$ 9,338	\$ 155,658
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Page 85

Debt Service	\$ 535,440	\$ 528,825	\$ 6,615	\$ 453,810
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Page 85

Capital/Fixed Assets

The Governmental Capital/Fixed Assets can be found on page 41. At the bottom of the page you will note that on June 30, 2012 the fixed assets totaled \$18,717,261 net of depreciation. On June 30, 2011 they totaled \$18,314,284 for a positive difference of \$402,977 or 2.20%. The Business-like Capital/Fixed Assets can be found on page 42. A review of pages 41 and 42 indicates the City of Eden's investment in capital assets for its governmental and business-type activities as of June 30, 2012 totals \$67,725,767 which is an increase of \$1,364,892 or 2.06% compared to the June 30, 2011 combined figure of \$66,360,875. These assets include buildings, roads, and bridges, land, machinery and equipment, park facilities, and vehicles.

A concern that was expressed in audits prior to my arrival was the lack of an efficient fixed asset program. During the latter part of FY 2001-02 the City Council adopted the policy to depreciate assets over \$ 5,000, tracking assets over \$1,000 and making the departments responsible for keeping up with the supplies under \$1,000. This system is still working efficiently for the City. Furthermore, the City acquired a new fixed assets program during FY 2002-03 that allows us to track all of our assets more appropriately.

The infrastructure assets have now become a required part of the fixed asset records due to GASB 34. Retroactive reporting of all major general infrastructure assets for the City of Eden was initiated as a component of the audit beginning in FY 2006-07 as required by GASB 34.

Additional information on the City's capital/fixed assets can be found on pages 35-36 and 41-42 in the notes to the financial statements.

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Ms. Rouse asked if there were any questions.

Council Member Hagood asked if she knew, in her experience, of any other municipality who does this type of transfer.

Ms. Rouse replied that they have other municipalities that do a transfer but they do not do it on a percentage basis like they do a flat amount of money going from one fund to another.

Council Member Hagood asked if it was Water and Sewer and pass it up to General to which Ms. Rouse replied yes, they have some of that and they also have some smaller municipalities that will actually pay salaries a half a year out of one fund and a half a year out of the other fund. It was very complex as you well know because it would be hard as a Council Member to figure out how much time you spend in Council on Water and Sewer issues and how much you are spending on General Fund issues. She added that she had looked at that spreadsheet today and from looking at it working on the audit, it really looks pretty fair because she thought they had done a good job. She added that she thought it was something they need to be aware of and to review maybe on a yearly basis, but overall just looking at it she thought it appeared to be reasonable.

Council Member Tuggle stated that he had a couple of questions. On page 94 he noticed on the assets it had Accounts Receivable, Uncollectable Accounts in the amount of \$352,679 and \$347,308. He asked what those were.

Ms. Rouse explained that they were Water and Sewer Accounts that have accumulated over the years. She stated that she would love to see the city purge some of those but they are collecting some of them.

Council Member Tuggle asked if those were just individual accounts to which Ms. Rouse replied that was correct. He asked if this was just an accumulation.

Ms. Rouse replied yes and they reserve anything that was out there over 90 days.

Council Member Tuggle stated that he was just curious to see that they have that much money sitting there that was uncollected.

Council Member Burnette questioned if there was any particular time limit the city might go ahead and write those off.

Ms. Rouse replied that she would like to see that done.

Council Member Burnette asked what she thought that time limit should be.

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Ms. Rouse explained that what has happened, when they approached this before, no one felt that they had the authority to really write them off. She explained that she really thought there should be a motion from the Council.

The City Attorney added that at some point they become legally unable because of statute of limitations. However she thought that some of these were in the system because they are collecting on them through debt set-offs so they may have to look and see what that time period was.

Mayor Grogan suggested that Ms. Rouse and the City Manager discuss it and that they bring the information back to the meeting in January.

Council Member Tuggle commented that he noticed on there the Water and Sewer Operating Expenses versus the Water and Sewer Deductions and that they were operating \$945,997 worth of deficit. They were losing almost a million dollars a year and obviously it was supposed to have the same amount of revenues and expenditures. He noticed that in their Water and Sewer Fund Balance was just under \$9 million. He stated that they could not operate on a million dollar loss every year in water and sewer for so long. You only have a couple of choices, you either have to raise revenues or take it from the Water and Sewer Fund Balance and the fund balance that they have, it would not take very long to deplete that and they would be in serious trouble. He added that they have just got out from under a consent order from the state to improve the water and sewer system. Now, there was an administrative order under the federal government (EPA) that was close to \$15 million.

He asked what her suggestion would be. They could only operate so long at a million dollar loss and then with this fund balance where it was, you cannot let it get down too low because when the federal government steps in and tells you to do things, they would fine you about \$35,000 a day if you do not take care of business.

Ms. Rouse suggested that they turn over to the Water & Sewer Fund and she would point out some of the foot notes. She then asked them to turn to page 94.

Water & Sewer Fund – Enterprise Fund

The Water & Sewer Fund is used to account for the City's water and sewer operation. The Fund Balance in the Water and Sewer Fund for the period ending June 30, 2012 was \$8,939,268. This is a decrease of \$2,394,169 or 21.1% when compared to the June 30, 2011 total of \$11,333,437. This is calculated by taking the fund balance at June 30, 2011, \$11,333,437 and then subtracting the Expenditures Over Revenues and Other Financing Sources on page 106 which is equal to \$2,394,169.

Page 94 includes the Comparative Balance Sheets for the Water & Sewer Fund comparing the period ending June 30, 2012 to the period ending June 30, 2011. Near the bottom of this page it indicates that the net assets in the Water & Sewer Fund decreased by \$945,997 or 1.99% from \$47,521,927 to \$46,575,930. The information at the top of the page

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indicates that the combined cash & investments decreased by \$645,762 or 7.81% from \$8,270,466 in the prior year down to \$7,624,704 for FY 2011-12. Near the top of the page you will also note that the total current assets decreased by \$1,956,651 or 16.41% from \$11,924,092 in the prior year compared to \$9,967,441 for FY 2011-12. Near the middle of the page you will note that the capital assets net of accumulated depreciation increased slightly from \$48,046,591 to \$49,008,506.

At the bottom of page 94 you will note that the total assets of the Water and Sewer Fund went down from \$59,970,683 to \$58,975,947. The total asset includes the entire water and sewer infrastructure, including all of the water and sewer lines throughout the city. It should be noted that we have taken another year of depreciation on all of our assets. Once a specific improvement is put into operation the auditors start depreciating it. The middle of page 95 illustrates this fact. You will note that the depreciation expense increased from \$2,375,672 during FY 2011-12 to \$2,617,333 during FY 2011-12.

Also, at the bottom of page 94 you will see where our total liabilities (things that were owed by the Water and Sewer Fund) decreased slightly from \$12,448,756 to \$12,400,017.

Mr. Rex Rouse commented that he felt that what was said was very important. They converted from \$1,200,000 profit last year and they were showing \$145,000 loss this year.

Council Member Tuggle stated that part of that was Take or Pay (Hanesbrand) to which Mr. Rouse replied that was correct.

Council Member Hagood pointed out that the Operating Income Cost was a million and a half.

Mr. Rouse replied that when you add other capital contributions it was \$869,000...but 15 years ago when you incurred the debt to double the size of the sewage plant, and they have incurred a lot of debt and had been almost up to \$27 million in debt at one time but they have reduced that to \$10 million. So the \$10 million does not sound so scary when compared to what it was in the past. He added that the legal debt margin was \$70 million dollars and they were well below that as they should be.

He added that it was very important that the Water and Sewer Fund be made at least at a break-even point and you have implemented new rate increases that will be effective in January and he thought that it would increase this close to a break-even point. They have already taken significant measures and he thought it was really important every year to keep that balance where it was and he agreed that with the EPA, it was scary.

Ms. Rouse continued with the Income Statement for the Water & Sewer Fund on page 95. Starting at the top of the page the Water & Sewer Fund total operating revenue amounted to \$6,998,736 for FY 2011-12 compared to \$9,713,393 for the prior year. This was a major decrease of \$2,714,657 or 27.95%. The main reason for this decrease is the loss of the \$2,721,600 take-or-pay payment (final one) from HanesBrand International that was received during FY 2010-11.

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Near the bottom of page 95 it indicates that the capital contributions increased by \$343,261 or 65.30% from \$525,648 to \$868,909 due to differences in various grants. New grants included in the June 30, 2012 figures that were not recognized in the June 30, 2011 figures include the Northern Smith River (\$459,170), Mega Park (\$359,739) and Tanyard Branch (\$50,000). In the middle of that same page it notes that the total operating expenses decreased by \$128,211 or 1.49% from \$8,612,395 to \$8,484,184. Also in the middle of the page is the line item entitled, other post-employment benefits. You will note that it realized a reduction of \$16,482 or 73.33% from \$22,476 to \$5,994. As each of you may remember, we are a Phase II government and FY 2008-09 was the first year we had to include the post-employment benefits. Near the bottom of the page it indicates that the non-operating deductions: interest expense decreased from \$464,255 to \$414,631 due to a reduction in the interest expense.

Obviously, as we continue to pay off debt, the corresponding interest expense will continue to decrease.

Near the bottom of page 95 it indicates that the Water & Sewer Fund realized a net income loss of (\$945,997) compared to a net income gain of \$1,213,906 in the prior year. Again, it is important to point out that this reduction in net income reflects the loss of the annual take-or-pay payment from HanesBrand International which equaled \$2,721,600 during FY 2010-11. Future planning will require us to be mindful about this serious loss of revenue and actions that will be needed to make sure the revenues being generated on an annual basis are sufficient enough to pay for all of our annual expenses. As an enterprise fund, it is absolutely imperative that our water and sewer rate structures be established so as to generate the level of revenues that are needed on an annual basis to cover all of our operational, capital and debt related costs.

Ms. Rouse referred to the footnotes on page 42a and 42b. When we were working on this audit we felt it was important that the Council be aware of the construction commitment that the city has been actively involved in. The major scheduled, the estimated completion, the total for project ordinance, the amount sent to date and the remaining commitment. You can see there the total for the project ordinance \$15,250,222 and you spent year to date, \$3,713,411 and the remaining commitment is \$11,536,811 and if you can see the dates on these things, they go out to 2017. I think a jlot of this is to get you up to the standards of the EPA etc. Intersete loans, some of it is coming from loans and some of it will have to come from fund balance and all the reason why you got to have a positive fund balance to have debt income.

The bottom of page 104 indicates that total capital outlay expenses increased by \$1,909,182 or 114.32% from \$1,670,066 during FY 2010-11 to \$3,579,248 during FY 2011-12 due to a variety of much needed improvement projects including the Dry Creek Sewer Project, Northern Smith River Sewer Project, East Kuder Street Sewer Project, Mega Park Sewer Line Project, Tanyard Branch Outfalls Project and the Matrimony Creek Project.

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The top of page 105 indicates that total debt service expenses decreased by \$571,986 or 29.51% from, \$1,938,036 during FY 2010-11 to \$1,366,050 during FY 2011-12.

I am pleased to report that there is no department/division within the Water & Sewer Fund as budgeted for in the FY 2011-12 budget document that exceeded the budgeted amount of funds. However, the audit document separates the debt service payments in the audit that we include in the Special Appropriations department budget and the actual capital outlay expenditures are separated from the individual departments and listed together in another section. As a result, the audit document shows a negative variance under Sewer Construction and Non-Departmental.

When you look at the Sewer Construction budget as budgeted and include the capital outlay line items, it is actually \$3,811,244 under budget. The "Professional Services" line item that is over budget by (\$46,892) on page 104 includes a prior year payable to WK Dickson Engineering, Inc. for program development related to the EPA Administrative Order on our sewer system. The non-departmental budget is what we consider Special Appropriations. The auditors separate the debt service payments in the audit that we include in the Special Appropriations budget. If you include those budgeted and expensed amounts, the Special Appropriations budget as budgeted is actually under budget by \$82,229. The "Bad Debt Recoveries" line which is \$9,924 over budget (page 104) is an adjustment that the auditor does during the audit process. We have asked previously if we should budget something for this and the auditors have told us no. We will discuss this with the auditors again and see if this is something we need to look at during the upcoming budget process.

An examination of the various operating departments/divisions reveals the following:

<u>Department</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>	<u>2011 Actual</u>
Water Resources Page 99	\$ 375,700	\$ 342,439	\$ 33,261	\$ 323,123
Billing & Coll. Page 100	\$ 420,900	\$ 396,167	\$ 24,733	\$ 370,834
Water Filtration Page 101	\$1,229,600	\$1,204,763	\$ 24,837	\$1,116,722
C & D Page 102	\$1,433,730	\$1,393,759	\$ 39,971	\$1,259,967
Waste Treatment Page 103	\$1,213,100	\$1,211,246	\$ 1,854	\$1,048,482
Water Construction Page 104	\$ 4,900	\$ 4,900	\$ 0	\$ 0

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Sewer Construction	\$ 192,000	\$ 221,892	(\$ 29,892)	\$ 0
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Page 104

Non Departmental	\$1,077,300	\$1,085,691	(\$ 8,391)	\$2,095,119
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Page 104

Capital Outlay	\$7,638,900	\$3,579,248	\$4,059,652	\$1,670,066
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Page 104

Debt Service	\$1,456,670	\$1,366,050	\$ 90,620	\$1,938,036
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Page 105

Ms. Rouse asked if there were any other questions on the Water and Sewer Fund.

Council Member Hagood commented that in one of her over-all notes she had mentioned re-negotiating the industrial contracts. He stated that he knew that she had made the comment each time they do an audit, he asked if that was just standard or was that something where she was trying to make a point.

Ms. Rouse explained that at one time the city had a lot of industrial contracts that were very complicated and hard to understand. They were not being billed properly and so this was just a reminder that each year if you have contracts out there after you get your audited financial statement you need to have those negotiations. The city does not have that much industry anymore but that was a note or just a comment that they put just to remind the finance department to do that.

Council Member Hagood asked if they had skipped doing that yearly maintenance or were there any that she knew of.

Ms. Rouse replied no.

Council Member Hagood pointed out that they have one that is active now as they had skipped this past year, waiting on that contract.

Mayor Grogan replied that they were making their monthly payments and he thought that the City Council agreed to hold back and redo that contract and all of it will be paid.

Council Member Hagood asked how long that rate would be frozen. He stated that if it was frozen for over a year you do not go back prior to that, you miss an increment.

Ms. Rouse replied that in the past when this has been reviewed they go back retroactive.

Ms. Gilley added that this would be taken care of in negotiations.

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Council Member Hagood stated that his question to Ms. Rouse was what she was referring to.

Ms. Rouse replied that was not the only contract, she thought there were others.

Ms. Gilley stated that those were all reviewed yearly to account for that to the time in which the contract renews.

Council Member Hagood pointed out that if they were to freeze one year and only go back with the proposal one year, they would skip an increment in the adjustment.

Ms. Gilley replied that the new contract that he was speaking about was being negotiated and accounts for that. She added that she would speak with him about that after the meeting.

Council Member Hagood stated that it had not been covered to which Mayor Grogan replied that it did not come up the next year. They did not begin the conversation until after June 2012 to which Council Member Hagood pointed out, for this whole past year.

Ms. Gilley re-stated that the new rate accounts for that.

Ms. Rouse then referred to the three separate Revenue Funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital

Projects) that are legally restricted to expenditures for special purposes. The City had three (3) Special Revenue Funds during FY 2011-12: Emergency Communications Fund, Municipal Service District Tax Fund, and the Community Development Block Grant Fund.

The Emergency Communications Fund accounts for the E911 monies that are received and includes expenditures related to the E911 system for emergency communications. It had a June 30, 2012 fund balance of \$66,890 (page 87) which is a decrease of \$3,747 or 5.30% when compared to the June 30, 2011 fund balance of \$70,637.

The Municipal Service District Tax Fund includes the tax that was voted on by the Washington Street and Draper Village Merchants and is designated for various projects within those areas. It had a June 30, 2012 fund balance of \$9,844 (page 87) which is a decrease of \$3,046 or 23.63% when compared to the June 30, 2011 fund balance of \$12,890.

The Community Development Block Grant Fund (page 93) includes the revenues and expenditures related to three different grants. These include: Holland Street, Stone Creek Apartments and Nantucket Mill. With each of these grants, the revenues are received from

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the funding agency and then expensed within three days. The revenues and expenditures for each project are equivalent, however, there is a variance in the budget versus actual column because these are capital projects that are ongoing over more than one fiscal year. These projects should be completed in FY 12-13.

Additional information can be found on pages 86 thru 93.

Fiduciary Funds

Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City maintains two fiduciary funds: The Pension Trust Fund and the Agency Fund - Runabout Travel Club Fund.

The Pension Trust Fund accounts for the Law Enforcement Officers Special Separation Allowance. This is a public employee retiree system pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The separation allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service.

As of December 31, 2011, the most recent actuarial valuation date, the plan was 9.06% funded. The actuarial accrued liability for benefits was \$1,283,982, and the actuarial value of assets was \$116,333, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,167,649 (page 46 and 65). This represents a decrease of \$213,722 or 15.47% when compared to the previous year total of \$1,381,371. The unfunded actuarial accrued liability (UUAL) equaled \$1,403,677 on December 31, 2009.

It is very important to note that most municipalities fund their separation allowance on a pay as you go basis which is what we have been doing. The fund balance on June 30, 2012 equaled \$6,580 (page 111) which is an increase of \$1,478 or 28.97% from the amount on hand as of June 30, 2011 which was equal to \$5,102. As each of you are aware, the City Council previously authorized the use of existing fund balance to offset actual expenses thereby bringing down the available fund balance since the City is committed to funding this ongoing obligation on an annual pay as you go basis.

Other information related to the Pension Trust Fund can be found on pages 110 – 112 and in the notes to the financial statements on pages 44 – 47 and pages 65 – 66.

The Agency Fund – Run-About Travel Club Fund is custodial in nature and does not involve the measurement of operating results. The Run-About Travel Club Fund accounts for money deposited with the City of Eden Parks, Recreation and Facility Maintenance Department for those individuals participating in the programs of its department sponsored club. Page 113 shows the statement of changes in assets and liabilities for this fund. The fund balance on June 30, 2012 equaled \$15,901 which is an increase of \$1,445 or 9.99% from the amount on hand as of June 30, 2011 which was

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\$14,456. Again, this is merely a fund for its members, contributing monies for scheduled activities and trips.

Self-Insurance Fund – Internal Service Fund

On July 1, 1995, the City began its self-insured insurance coverage program. The City carries a reinsurance policy for payment on all specific claims in excess of \$50,000 once the one-time aggregating specific corridor of \$ 75,000 has been met unless the reinsurance carrier has assigned a pre-determined laser on a specific employee due to an existing condition. The lifetime maximum per covered individual is currently unlimited and the maximum reimbursement for the aggregate coverage is \$1,000,000 annually.

The comparative balance sheet of the Self-Insurance Fund is shown on page 107. This year the retained earnings showed a decrease of \$83,257 or 37.78% from the previous year. You will note that we ended FY 2011-12 with a surplus of \$137,142 compared with a surplus of \$220,399 in FY 2010-11, \$286,236 in FY 2009-10, \$177,230 in FY 2008-09 and \$63,032 in FY 2007-08.

The income statement can be found on page 108. The operating revenues increased this year from \$2,050,604 for the year ending June 30, 2011 to \$2,324,056 for the year ending June 30, 2012. This translates into an increase of \$273,452 or 13.34%.

Page 108 (near the middle of the page) indicates that operating expenses increased from \$2,117,229 for the year ending June 30, 2011 to \$2,407,532 for the year ending June 30, 2012. This translates into an increase of \$290,303 or 13.71%. On this same page you will note that Insurance claims went from \$1,648,061 in FY 2010-11 to \$1,972,777 in FY 2011-12 for an increase of \$324,716 or 19.70% while the total fixed costs decreased by \$34,413 or 7.33% from \$469,168 in FY 2010-11 to \$434,755 in FY 2011-12.

Over the course of the past twelve (12) years it is clear that remaining self-insured has proven to be the best financial decision for the City when compared to the bids that were received in terms of switching to a non-self-insured plan and the actual costs being encountered.

Long-Term Debt

The details of long term debt can be found on pages 52 - 62. Page 61 gives a detailed schedule which summarizes the City's annual requirements to amortize all long-term debts outstanding. The total principal debt for the City at June 30, 2012, was \$13,089,921 compared to \$13,539,971 on June 30, 2011. This is made up from two numbers, the Governmental Activities debt which is \$1,870,955 and the Water & Sewer debt which is \$11,218,966.

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The information concerning the specific installment purchases and capital lease purchases (pages 52 – 59) indicates that three of the fourteen purchases will be paid off prior to June 30, 2013 and three additional purchases will be paid off prior to June 30, 2015.

The bottom of page 60 indicates that the legal debt margin for the City as of June 30, 2012 equaled \$71,537,133 up from \$68,020,952 on June 30, 2011. As each of you are aware, the N. C. General Statutes limits the amount of general obligation debt that a unit of government can issue to eight (8) percent of the total assessed value of taxable property located within the government's boundaries.

Analysis of Current Tax Levy

Page 115 is an analysis of the current tax levy for the year ending June 30, 2012. Near the bottom of the page you will note that the total property tax valuation is \$894,214,160. This is higher than the total property tax valuation as of June 30, 2011 which was \$850,261,897.

The current year tax collection rate was 97.18% up slightly from last year's rate which was 97.14%, the FY 2009-10 collection rate which was 97.06%, the FY 2008-09 collection rate which was 96.60% and the FY 2007-08 collection rate which was 95.40%. According to the most recent data available from the State Treasurer's Office, the 2011 statewide collection rate for municipalities without electric was 97.43% while the 2011 statewide collection rate for municipalities without electric and with populations ranging from 10,000 to 49,999 was 96.95%.

The property excluding registered motor vehicles collection rate equaled 98.29% which is also up slightly from last year's rate which was 98.09%, the FY 2009-10 collection rate which was 98.05%, the FY 2008-09 collection rate which was 97.68% and the FY 2007-08 collection rate which was 97.23%. According to the most recent data available from the State Treasurer's Office, the 2011 statewide collection rate for municipalities without electric was 98.32% while the 2011 statewide collection rate for municipalities without electric and with populations ranging from 10,000 to 49,999 was 97.80%.

Interest Income

The \$102,793 in interest income earned on investments during FY 2011-12 (loose handout included with audit document) has increased slightly from last year's total of \$91,328. However, the total amount of interest income earned continues to be significantly less than previous years due to the weakened economy. Information for the past five years reveals the following:

<u>Fund</u>	<u>Year Ended 06-30-2012</u>	<u>Year Ended 06-30-2011</u>	<u>Year Ended 06-30-2010</u>	<u>Year Ended 06-30-2009</u>	<u>Year Ended 06-30-2008</u>
General	\$ 48,657	\$ 47,135	\$ 90,351	\$ 161,585	\$ 301,035
Special Revenue	\$ 149	\$ 308	\$ 143	\$ 1,532	\$ 7,125
Water & Sewer	\$ 53,760	\$ 42,866	\$ 88,979	\$ 197,122	\$ 403,898

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Self Insurance	\$ 219	\$ 788	\$ 403	\$ 300	\$ 21,146
Police Pension	\$ 8	\$ 231	\$ 74	\$ 395	\$ 11,783
Total	\$ 102,793	\$ 91,328	\$ 179,950	\$ 360,934	\$ 744,987

While the \$102,793 in total earnings is still the equivalent to more than a penny plus of additional property tax, the loss in interest income we've experienced over the course of the past five years as a result of the weakened economy is still quite significant as highlighted above.

Construction Commitments

A new addition to the "notes to the financial statements" is the section entitled, *Construction Commitments*. This information is outlined on pages 42-A and 42-B of the audit document. A total of eleven (11) projects are highlighted on page 42-A with a combined total cost of \$15,250,222. Of this total \$7,649,525 (see page 42-B) will be received in the form of grants and principal forgiveness loans. This leaves a balance of \$7,600,697 to be funded through low interest loans and revenues from the Water and Sewer Fund. Footnote 6 on page 42-B notes that Duke Energy has pledged up to \$1,000,000 for the identification and review of potential technologies designed to reduce elevated TTHM (trihalomethane) concentrations. Since only \$93,000 in costs has been included for this project on page 42-A only \$93,000 of the \$1,000,000 in possible grant funds has been included in the grants/principal forgiveness loans total of \$7,649,525 noted above. Page 42-A indicates that as of June 30, 2012 \$3,713,411 of the \$15,250,222 in identified costs had actually been spent with the remaining commitment being equal to \$11,536,811.

Management Letter

The first item outlined in the auditor's management letter deals with audit adjustments. A comparison of the number of adjustments this year compared to the last five years indicates the following:

2012	13 Entries
2011	19 Entries
2010	15 Entries
2009	12 Entries
2008	19 Entries

It should be noted that three of the thirteen entries during FY 2011-12 were actually proposed by city personnel. In addition, eight of the entries during 2011, nine of the entries during 2010 and five of the entries during both 2008 and 2009 were actually proposed by city personnel.

In the management letter the auditors state, "*The City's staff continues its trend of having few adjusting entries necessary to bring the City's financial statements in conformity with generally accepted auditing standards and Government Auditing Standards. We continue*

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to stress the importance of the accounting personnel attending Local Government Commission and Institute of Government classes to keep abreast of new accounting and auditing issues related to the City's business”.

The second area discusses actuarial studies. Section 2. A. discusses the actuarial study of the Police Separation Allowance. The audit management letter states, *“We commend the city administration for monitoring the funding progress of the police separation allowance and should continue to do so”.* We intend to keep monitoring the Police Pension Trust Fund and will continue to have actuarial studies done each year. Section 2. B. deals with the city continuing to monitor the cost of a study made of other Post Employment Benefits to comply with GASB Statement 43, Financial Reporting for Postemployment Benefits Other than Pension Plans and GASB Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. The potential liability for other post employment benefits was initially implemented into the FY 2008-09 audit report and the audit management letter states that *“the long range cost to the City should continue to be analyzed for consideration in the budgeting process for the City of Eden in the future”.* We will continue to monitor this potential liability and will examine the feasibility of factoring the long range cost into the annual budgeting process.

The third and final area addressed in the management letter deals with the water and sewer rates for contract customers. Now that the audit is completed we are already moving forward with computing the new figures for Dan River Water. As each of you is currently aware, the contract rates for MillerCoors are currently remaining unchanged until we can finalize a contract rate agreement that is executed by both MillerCoors and the City of Eden. I have asked Ms. Tammie McMichael, Director of Finance and Personnel to work hand-in-hand with Mr. David Cain, P.E., formerly of Arcadis and Finkbeiner, Pettis & Strout to compute the new contract rates. This is the same process we have followed since my arrival as City Manager in February, 2001.

Concluding Remarks

In this memorandum I have attempted to give you some of the highlights that are contained in the audit as well as the location of essential information.

As I have stated previously, I feel very fortunate to have such a talented and dedicated staff within our Finance and Personnel Department. Ms. Tammie McMichael, Director of Finance and Personnel and Ms. Amy Winn, CPA, Accounting Coordinator do a tremendous job and deserve to be congratulated on their efforts and dedication. They make an excellent team. It should also be noted that the remaining staff members within that department are important components to the overall success of the department and are also deserving of praise and recognition for their dedication and commitment to excellence.

I would also like to take this opportunity to thank Ms. Judy Rouse, CPA, Rouse, Rouse, Penn & Rouse, L.L.P. for her continued assistance throughout the course of the past year. She is always there when we need a question answered and she deserves a great deal of

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thanks. She has really assisted me a great deal throughout the course of the past twelve (12) years and does a tremendous job.

I would also like to thank all of the remaining personnel associated with Rouse, Rouse, Penn & Rouse, L.L.P. for their hard work in completing this audit. Each of them worked extremely hard and I sincerely appreciate their efforts.

Finally, I recently had the opportunity to speak with Mr. Rouse and Ms. Rouse concerning the audit. They informed me that they felt the audit was a good, clean audit and that tremendous progress has continued to be made by City staff over the course of the last several years.

Please feel free to contact me if you have any questions or need additional information.

Mayor Grogan asked the Finance Department employees to stand in recognition of their work on the audit.

REQUESTS AND PETITIONS OF CITIZENS:

No one came forward to speak at this time.

UNFINISHED BUSINESS:

There was no unfinished business scheduled.

NEW BUSINESS:

There was no new business scheduled.

REPORTS FROM STAFF:

Report – Update on 911 Consolidation.

Police Chief Reece Pyrtle presented a PowerPoint update on the 911 Consolidation. *An electronic copy of this PPT is on file in the City Clerk's office.*

Council Member Burnette commented that he had said it very well when he said this has been a very collaborative effort, which it was a tremendous amount of effort and he commended all that were involved in doing this. His question was, they have been reading a lot about the non-emergency calls in the paper. He asked if he was ready to make any comment on that.

Chief Pyrtle replied that he could tell you that at their last board meeting, he had told them that they (Eden) did receive a lot of non-emergency calls, what he called their rollover line that comes to their communication center. There were a lot of people in the community that dial (623) 9755 versus 911. There was nothing wrong with that. Obviously 911 has

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its place and they would like to utilize it and if there was any doubt whatsoever to dial, then dial 911 and they would tell you to call back on the rollover if that was the case. He explained that he just felt, and he shared it with the board, his position was that he would rather those non-emergency lines go to the PSAP, and then if it has to be one button transferred back to the city it would be one button transferred. For example, he would rather you call and want to speak to him and have to ask to speak to him twice and get one button transferred versus you call to report an accident with injuries and have to get that reported twice.

CONSENT AGENDA:

- (a) Approval and adoption of minutes October 16, 2012.
- (b) Approval and Adoption of a resolution to approve financing for the Solid waste Knuckleboom Truck.

In the 2012-2013 Budget, City Council approved to purchase a new knuckle boom for the Solid Waste department and it has been set up in the budget to be financed. On October 30, 2012, I requested bids from our local banks for the financing and received the following quotes:

BB&T	1.89%
NewBridge Bank	3.21%

The lowest quote is from BB&T at 1.89%. The annual payments will be approximately \$26,491.45 which is within the budgeted amount. I respectfully ask that Council approve BB&T as the successful bid and adopt the attached Resolution Approving Financing Terms.

Resolution Approving Financing Terms

WHEREAS: The City of Eden, North Carolina (the "City") has previously determined to undertake a project for the financing of a 2012 Hino/Brush Hawg Knuckle Boom Loader, (the "Project"), and the Finance Officer has now presented a proposal for the financing of such Project.

BE IT THEREFORE RESOLVED, as follows:

1. The City hereby determines to finance the Project through Branch Banking and Trust Company ("BB&T"), in accordance with the proposal dated November 5, 2012. The amount financed shall not exceed \$125,266.00, the annual interest rate (in the absence of default or change in tax status) shall not exceed 1.89%, and the financing term shall not exceed five (5) years from closing.
2. All financing contracts and all related documents for the closing of the financing (the "Financing Documents") shall be consistent with the foregoing terms. All officers and employees of the City are hereby authorized and directed to execute and deliver any Financing Documents, and to take all such further action as they may consider necessary or desirable, to carry out the financing of the Project as contemplated by the proposal and this resolution. The Financing Documents shall include a Financing Agreement and a Project Fund Agreement as BB&T may request.
3. The Finance Officer is hereby authorized and directed to hold executed copies of the Financing Documents until the conditions for the delivery of the Financing Documents have been completed to such officer's satisfaction. The Finance Officer is authorized to approve changes to any Financing

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Documents previously signed by City officers or employees, provided that such changes shall not substantially alter the intent of such documents or certificates from the intent expressed in the forms executed by such officers. The Financing Documents shall be in such final forms as the Finance Officer shall approve, with the Finance Officer's release of any Financing Document for delivery constituting conclusive evidence of such officer's final approval of the Document's final form.

4. The City shall not take or omit to take any action the taking or omission of which shall cause its interest payments on this financing to be includable in the gross income for federal income tax purposes of the registered owners of the interest payment obligations. The City hereby designates its obligations to make principal and interest payments under the Financing Documents as "qualified tax-exempt obligations" for the purpose of Internal Revenue Code Section 265(b)(3).
5. The City intends that the adoption of this resolution will be a declaration of the City's official intent to reimburse expenditures for the project that is to be financed from the proceeds of the BB&T financing described above. The City intends that funds that have been advanced, or that may be advanced, from the City's general fund, or any other City fund related to the project, for project costs may be reimbursed from the financing proceeds.
6. All prior actions of City officers in furtherance of the purposes of this resolution are hereby ratified, approved and confirmed. All other resolutions (or parts thereof) in conflict with this resolution are hereby repealed, to the extent of the conflict. This resolution shall take effect immediately.

Approved this 20th day of November, 2012.

By: John E Grogan, Mayor

SEAL

- (c) Approval and Adoption of a resolution concerning the loss of the Transitional Hold Harmless Reimbursement Funds.

RESOLUTION OF EDEN CITY COUNCIL
CONCERNING LOSS OF "TRANSITIONAL HOLD HARMLESS"
REIMBURSEMENT FUNDS

Whereas, in 2002 the General Assembly authorized an additional local option sales tax, and repealed existing reimbursements to local governments resulting from earlier repeal of the inventory tax base of local governments; and

Whereas, as part of the 2002 repeal of reimbursements, 122 municipalities and 17 counties had negative budget impacts from the combined repeal of reimbursement and new sales tax have received transitional hold harmless payment for ten years, and

Whereas, the growth in sales tax over the ten year period of reimbursement is less than projected, resulting in continuing losses to local governments receiving "transitional hold harmless" payments unless the ten year period is extended; and

Whereas, the 2011 – 2012 State Budget does not include extension of the "transitional hold harmless" period to protect those local governments from losses caused by the 2002 repeal of reimbursements; and

Whereas, the City of Eden will lose approximately \$9,700 in its 2013-2014 budget year due to the failure of the General Assembly to extend "transitional hold harmless" payments for a reasonable period of time to allow sales tax revenue to grow to replace the "transitional hold harmless" payments, and

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Whereas, the city budget shortfall will shift the burden to the General Assembly’s inaction on extension of “transitional hold harmless” payments to the City of Eden citizens and taxpayers.

NOW THEREFORE, BE IT RESOLVED BY THE EDEN CITY COUNCIL THAT:

The North Carolina General Assembly is urged to restore “transitional hold harmless” payments to local governments for a reasonable period of time to allow growth in sales tax revenue to replace “transitional hold harmless” payments, as envisioned in 2002 when reimbursements to local governments were repealed.

Town or City local delegation to the General Assembly is urged to support restoration of “transitional hold harmless” payments to local governments for a reasonable period of time.

The North Carolina League of Municipalities is urged to make restoration of “transitional hold harmless” payment one of its highest legislative goals in the 2013 Session of the General Assembly.

Adopted by the Eden City Council this 20th day of November 2012.

John E. Grogan, Mayor

Sheralene Thompson, City Clerk

(d) Approval and Adoption of Budget Amendment #3.

When the City purchases vehicles with installment purchases, it is required to show the loan proceeds as revenue and the payment to the vendor as expenditure in the financial statements. The attached amendment increases the General Fund revenue line item “loan proceeds”. It also increases the Police Department Capital Outlay – Vehicles line item for the purchase of five 2013 Chevrolet Tahoes and a 2013 Ford F250 truck and the Fire Department Capital Outlay – Vehicles line item for a 2013 Ford F550 4X4 truck.

Subject: Budget Amendment # 3

	Account #	From	To	Amount
General Fund Revenues				
Loan Proceeds	10-3850-86000	\$ 227,000.00	\$ 485,300.00	<u>\$ 258,300.00</u>
General Fund Expenditures				
Police C/O Vehicles	10-4310-55000	\$ 227,000.00	\$ 425,600.00	\$ 198,600.00
Fire C/O Vehicles	10-4340-55000	\$ -	\$ 59,700.00	<u>\$ 59,700.00</u>
				<u>\$ 258,300.00</u>

To allocate loan proceeds for Police and Fire vehicles.

Adopted and effective this 20th day of November, 2012.

Attest:

Sheralene Thompson, City Clerk

John Grogan, Mayor

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(e) Approval and adoption of Budget Amendment #4.

The attached budget amendment allocates loan proceeds and principal forgiveness loan proceeds from the Clean Water State Revolving Fund for the Dry Creek and Northern Smith River sewer projects. This amendment increases the Dry Creek and Northern Smith River sewer project expenditure line items.

Subject: Budget Amendment # 4

	Account #	From	To	Amount
General Fund				
Revenues				
Dry Creek - CWSFR Loan Proceeds	30-3831-49400	\$ -	\$ 333,800.00	\$ 333,800.00
Dry Creek - CWSRF Principal Forgiveness	30-3831-49401	\$ -	\$ 333,800.00	\$ 333,800.00
				<u>\$ 667,600.00</u>
General Fund				
Expenditures				
S/C Dry Creek Sewer Project	30-8130-24780	\$ -	\$ 180,000.00	\$ 180,000.00
S/C North Smith River Sewer Project	30-8130-24800	\$ -	\$ 487,600.00	\$ 487,600.00
				<u>\$ 667,600.00</u>

To allocate loan proceeds and principal forgiveness loan proceeds for the Dry Creek & Northern Smith River sewer rehabilitation projects.

Adopted and effective this 20th day of November, 2012.

Attest:

Sheralene Thompson, City Clerk

John Grogran, Mayor

(f) Approval and adoption of Amendment to Sewer Use Ordinance.

The NCDWQ Pretreatment, Emergency Response, and Collection Systems (PERCS) Unit has updated the model Sewer Use Ordinance (SUO) required for use by local governments with pretreatment programs. The City of Eden is required to update its SUO to assure that it meets the requirements of 40 CFR 403 and NC State Statute 15A NCAC 2H .0900.

Attached is an amended copy of the City's current SUO. Areas that have been marked through are to be replaced with the red highlighted sections. Red sections that do not follow marked through areas are to be added to our current ordinance. All other red sections are to be included within the wording of that particular section.

I am requesting that the City Council approve the changes mandated by the state for the Sewer Use Ordinance to be adhered to hereafter.

November 20, 2012

City of Eden, N. C.

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A motion was made by Council Member Tuggle seconded by Council Member Hagood to approve the Consent Agenda. All Council Members present voted in favor of this motion.

CITIZENS ACADEMY GRADUATES:

Mayor Grogan recognized each of the participants of the 2012 Citizens Academy. The following citizens received certificates: Mary Downs, Carolyn Pruitt, Jami Willard, Sarah McGuire, Boyd Higgs, Lemuel Hardison, Benjamin Pruitt, Frank Reid, Peggy Ellington and Jean Lewis.

Mayor Grogan then presented a trophy to Fire Chief Tommy Underwood who was voted the Favorite Instructor award.

Mayor Grogan also recognized the Eden Parks, Recreation & Facilities Maintenance Department who were voted the Favorite Learning Experience. Accepting the award were: Johnny Farmer, Director; Terry Vernon, Athletic Director; Kathy Overby, Bridge Street Center; Jeff Moore, Mill Avenue Center; Paul Dishmon, Facilities Maintenance; and Carla Huffman, Senior Center.

ADJOURNMENT:

A motion was made by Council Member Tuggle seconded by Council Member Burnette to adjourn. All Council Members present voted in favor of this motion.

Respectfully submitted

Sheralene S. Thompson, CMC
City Clerk

ATTEST:

John E. Grogan, Mayor