

Mayor D. Dwayne Tuggle called a regular monthly meeting of the Amherst Town Council to order on February 12, 2020, at 7:00 P.M. in the Council Chambers of the Town Hall at 174 S. Main Street. It was noted that a quorum was present as follows:

P	D. Dwayne Tuggle	P	Kenneth G. Bunch
P	Rachel A. Carton	P	Sarah B. Ogden
P	Kenneth S. Watts	P	Janice N. Wheaton

Also present were the following staff members:

Sara E. Carter	Town Manager	Gary Williams	Director of Plants
Vicki K. Hunt	Clerk of Council	Becky L. Cash	Lead Water Operator
Tracie L. Wright	Office Manager	Charles Thompson	Utilities Maintenance Foreman
Robert A. Shiflett, II	Chief of Police	Fred W. Adams	WWTP Operator Apprentice

Recitation of the Pledge of Allegiance to the Flag was followed by an invocation by Brian Miles, Pastor of Amherst Presbyterian Church.

After reporting on the achievements of the entire police department staff, Police Chief Shiflett presented Officer Dante Robinson with Officer of the Year Award recognizing him for his hard work and dedicated service to the Amherst Police Department and the Town of Amherst.

There being no one listed to speak on the citizen comment sign-in sheet, no comments were made.

Mrs. Carton made a motion that was seconded by Mr. Bunch to approve the minutes from the January 8, 2020, meeting as presented. There being no discussion, the motion carried 4-0-1 as follows:

D. Dwayne Tuggle		Kenneth G. Bunch	Aye
Rachel A. Carton	Aye	Sarah B. Ogden	Aye
Kenneth S. Watts	Abstain	Janice N. Wheaton	Aye

Ms. Ogden made a motion that was seconded by Mrs. Carton to hold a public hearing at its next meeting on March 11, 2020, on proposed addition to Chapter 4. Article II. of the Town Code referring to dogs and cats, sections to include running at large, leash law, unlawful to allow dogs to urinate or defecate on public or private property; exception, and violation of article, as recommended by the Community Relations Committee. There being no discussion, the motion carried 5-0 as follows:

D. Dwayne Tuggle		Kenneth G. Bunch	Aye
Rachel A. Carton	Aye	Sarah B. Ogden	Aye
Kenneth S. Watts	Aye	Janice N. Wheaton	Aye

Ms. Ogden made a motion that was seconded by Mr. Watts to establish an ad hoc committee comprised of two members to review and revise the Town of Amherst personnel employee performance evaluation and employee self-performance evaluation forms, appointing Mr. Bunch, Chairman, and Ms. Carton Committee Member. After discussion, the motion carried 5-0 as follows:

D. Dwayne Tuggle		Kenneth G. Bunch	Aye
Rachel A. Carton	Aye	Sarah B. Ogden	Aye
Kenneth S. Watts	Aye	Janice N. Wheaton	Aye

By consensus of Council action on the proposed amendment to the Town’s Comprehensive Plan to change the designated land use for Tax Map parcels 96-4-A and 96-1-1-7, totaling 76+/- acres from Planned Development- Residential to Agricultural to allow a request for a conservation easement by Dave McCormack, Owner, Lazy River LTD, that would, if approved by Town Council, allow land between the developed portion of the Mill Race subdivision and the Amherst Milling Company to be changed from planned development areas to conservation and would allow Mr. McCormick to complete a conservation easement process for the property was deferred to the March 11, 2020, meeting, as requested by Mr. McCormick and recommended by staff.

After a report by Office Manager Wright, Mr. Watts made a motion that was seconded by Mr. Bunch to authorize appropriation to the Wastewater Treatment Operating Budget in the amount of \$5,548.33, received from VML in payment of 2019 insurance claim for damage to the Wastewater Treatment Plant due to a lightning strike, as recommended by staff. There being no discussion, the motion 5-0 via the roll call method with Mmes. Carton, Ogden, Wheaton and Messrs. Watts and Bunch voting “Aye.”

After a brief report by Town Manager Carter, Ms. Carton made a motion that was seconded by Mr. Watts to authorize Town Manager Carter to award bids for Wastewater Collection Treatment Improvements and Wastewater Treatment Plant Improvements upon recommendation of Town Engineer and based upon the total USDA grant/loan package. There being no discussion, the motion carried 4-1 as follows:

D. Dwayne Tuggle		Kenneth G. Bunch	Aye
Rachel A. Carton	Aye	Sarah B. Ogden	Aye
Kenneth S. Watts	Aye	Janice N. Wheaton	Nay

Ms. Carton made a motion that was seconded by Mr. Bunch to approve the Town of Amherst Fund Balance Policy as amended to include designation of an Industrial Development Authority Fund of at least \$200,000 as a contingency amount within the Industrial Development Authority fund, as recommended by the Industrial Development Authority and staff. There being no discussion, the motion carried 4-1 as follows:

D. Dwayne Tuggle		Kenneth G. Bunch	Aye
Rachel A. Carton	Aye	Sarah B. Ogden	Aye
Kenneth S. Watts	Aye	Janice N. Wheaton	Nay

A copy of the amended policy is attached and made a part of these minutes.

Mr. Bunch made a motion that was seconded by Mr. Watts to authorize appropriation of expenditure from the Industrial Development Fund to the general fund for professional services in the amount of \$5,000.00 and part-time wages in the amount of \$5,000.00 into the FY21 budget for the purposes of updating marketing materials and addition of an internship for economic development as recommend by the Industrial Development Authority and staff. After discussion, the motion 4-1 via the roll call method with Mmes. Carton, Ogden, Messrs. Watts and Bunch voting “Aye” and Ms. Wheaton voting “Nay.”

There being no one listed to speak on the citizen comment sign-in sheet, no comments were made.

There being no further business, the meeting adjourned until March 11, 2020, at 7:00 pm on motion by Ms. Ogden seconded by Ms. Carton at 7:51 PM.

D. Dwayne Tuggle
Mayor

Attest: _____
Clerk of Council

FOR APPROVAL

TOWN OF AMHERST FUND BALANCE POLICY

Last revised: February 12, 2020

Background

The Town of Amherst desires to maintain the financial operations of the Town in a manner consistent with sound financial management principles that require that sufficient funds be retained by the Town to provide a stable financial base at all times and that the Town's financial statements clearly depict the Town's financial condition.

An adequate fund balance level is an essential element in both short-term and long-term financial planning, and serves to mitigate current and future risks (revenue shortfalls and unanticipated expenditures), sustain operations during economic downturns, and enhance creditworthiness. Through the maintenance of sufficient levels of fund balance, the Town can help stabilize funding for operations, stabilize taxes and fees, and realize cost savings in issuing debt.

Purpose

The purpose of this policy is to establish:

- The components of the fund balance in all funds per GASB 54;
- A Permanent Fund principal;
- Minimum contingency expense line levels; and
- Compliance with this policy.

Components of Fund Balance

General Fund - This fund is the Town's general operating fund, which accounts for all governmental activities unless they are in another fund.

Enterprise Funds - The Town currently has two Enterprise Funds in the Water Fund, Sewer Fund. These operations are intended to be self-supporting. As such, the charges for services should be adjusted to cover any deficits.

Capital Projects Fund - Designation shall be made for projects made with issuance of bond proceeds. Any balances for unreserved-designated capital projects are held in the General Fund until funds are used. Cash transfers are made from the supporting operating fund for projects when funds are expended.

Fund Balance - The difference between assets and liabilities in the General Fund and Enterprise Funds. It is noted that this is not the same as "cash in the bank" but serves as a measure of financial resources available for current operations. Each fund's fund balance is divided into five elements as follows:

1. **Nonspendable Fund Balance**, which is composed of components such as fixed assets (i.e. buildings, real estate and equipment), inventories, prepaid items and other non-cash items.
2. **Restricted Fund Balance**, which is composed of Town cash subject to constraints imposed by external parties or law such as state or federal or court mandates, or debt covenants, such as proceeds from the sale of seized assets.
3. **Committed Fund Balance**, which is composed of the amount of Town cash that the Town Council has specified by ordinance, resolution, contract award or other action that imposes constraints on the use of Town cash.
4. **Assigned Fund Balance**, which is composed of the amount of Town cash that the Town intends to use for a specific purpose but has not been designated by formal Town Council action. Examples include multi-year understandings that are subject to future budget approvals and availability of funds.
5. **Unassigned Fund Balance**, which is the residual from all above fund balance categories and is available for any purpose. This category shall include the Permanent Fund principal as articulated below. Negative balances in other governmental funds are reported here.

Fund Balance and Contingency Requirements

General Fund - As a minimum amount needed to meet ongoing expenditure obligations for the Town, the Permanent Fund Principal shall contain an amount at least 15% of annual General Fund revenues. This amount has been identified as the minimum amount needed to safeguard the Town's financial stability, and as one component in maintaining credit worthiness.

Enterprise Funds - The Permanent Fund Principal for enterprise funds shall be at least 1 year of debt payments plus 3 months of operating costs at the end of each fiscal year.

Industrial Development Authority Fund – The IDA shall keep at least \$200,000 as a contingency amount within their fund to be used for the purposes of attracting specific businesses, either through site improvements, direct grants, or other means.

Contingency - The Town will maintain a contingency line in the General Fund to pay for needs caused by unforeseen emergencies, including unanticipated expenditures of a nonrecurring nature, or to meet unexpected small increases in service delivery cost. The annual Town budget shall contain a contingency expense of at least 3% of General Fund expenditures. The Water Fund and Sewer Fund maintenance budgets shall contain monies for reasonable expected Water Fund and Sewer Fund contingencies.

Permanent Funds are cash reserves that are to be used only in the event of severe financial crisis or to take advantage of an extraordinarily significant opportunity. Permanent Funds are composed of cash on the Town's balance sheet and the amounts shown are to be adjusted from year to year to reflect changes in the Town's budgets. Permanent Funds are not considered cumulative or "sinking" funds.

Compliance with Policy

It shall be the goal of the Town Council to adopt a budget that maintains the requirements established herein.

Each component of the Fund Balance shall be reviewed and reported to the Town Council at least annually in conjunction with the development of the operating budget, upon any significant amendments made to the budget throughout the fiscal year, upon debt financing, or upon any significant event. As such, any action, such as approval of any new outlay or ongoing commitment, involving more than \$100,000 will initiate a fund balance reallocation review.

No appropriation from the Restricted Fund Balance or Committed Fund Balance for recurring operational expenditures shall be made unless a plan for permanent funding of such expenditures is also approved at the time of appropriation.

In the event the Permanent Fund principal is required to be drawn below the requirement established above due to an emergency such as natural disaster or due to severe economic circumstances, the Town Manager will present to the Town Council a plan with a time line not to exceed 24 months to restore the Permanent Fund principal to its minimum level established herein.

In the event of deficits, the Town Council may approve a loan or gift from the General Fund to cover the deficit. The preferred method for providing supplemental funding shall be that of a loan accompanied by an appropriate repayment schedule. However, particular circumstances may warrant supplemental funding in the manner of a gift from the General Fund. The unreserved undesignated fund balance requirement established for the General Fund takes this liability into account.

All Fund Balance amounts shall be invested according to the Bookkeeping Policy, and unless otherwise specified, investment revenue shall accrue to the General Fund.

Undesignated Fund Calculation For FY11

Permanent Fund principal for the General Fund (based on FY11 Budget)

GF Revenues	\$ 1,615,853
Administration Fee (covered in W & S Funds)	<u>660,000</u>
Net GF Revenues	\$ 955,853
Ratio	<u>15%</u>
GF target Permanent Fund principal	\$ 143,378 ←

Required contingency in the General Fund (based on the FY 11 Budget)

GF Expenses	\$ 1,615,853	
Current GF Contingency	61,927	3.8%
Target GF Contingency	80,793	5.0% ←

Permanent Fund principal for the Water Fund (based on FY11 Budget)

<u>Fund 20 WATER FUND</u>	<u>FY11 Budget</u>
3000.0000 MONTHLY BILLING	544,298
3000.0001 WATER REVENUE-SBC	99,870
3000.1000 DEBT SERVICE REVENUE	101,526
3010.0000 SPRINKLER LINE CHARGES	4,968
3020.0000 PENALTIES	7,000
3025.0000 RECONNECT FEE	7,065
3030.0001 MISC-WATER BY THE TRUCK LOAD-PERMIT	50
3040.0000 GRANT REVENUE	30,000
3050.0000 REIMBURSEMENT-CONST & MTN	<u>2,000</u>
4000.4500 ADMINISTRATION FEE	348,000
4000.4700 WTP BOND - PRIN	51,179
4000.4701 WTP BOND - INT	58,981
4000.4750 UH TANK BOND - PRIN	32,555
4000.4751 UH TANK BOND - INT	50,621
4000.4800 DEPRECIATION	202,717
4000.4825 CIP CONTRIBUTION REDUCTION	(219,775)
4000.5000 WATERSHED MANAGEMENT	20,000
4000.5001 STUDY PROJECTS	30,000
6010.4300 LINE MATERIALS	25,000
6010.4400 PUMP STATION OPERATION - SBC	1,500
6020.0710 ELECTRICITY	37,000
6020.0730 WATER PLANT-W/S/T EXP	65,000
6020.4900 PLANT MAINTENANCE	30,000
6020.5000 CHEMICALS	35,000
6020.5110 WATER SAMPLING	21,000
6020.5200 LABORATORY	<u>8,000</u>
Total	796,777

25% operations	\$ 87,000
Debt	51,179
Debt	58,981
Debt	32,555
Debt	50,621
25% operations	5,000
25% operations	6,250
25% operations	375
25% operations	9,250
25% operations	16,250
25% operations	7,500
25% operations	8,750
25% operations	5,250
25% operations	<u>2,000</u>
WF target Permanent Fund principal	\$ 340,960 ←

Permanent Fund principal for the Sewer Fund (based on FY11 Budget)

<u>Fund 30 SEWER FUND</u>	<u>FY11 Budget</u>
3000.0000 MONTHLY BILLING	616,724
3100.0000 PENALTIES	6,000
3180.0100 GRANT - USDA	15,000
3300.0000 REIMBURSEMENT-CONST & MTN	4,000
3400.0000 SBC-RUT CR-OPERATION/LAND	<u>36,000</u>
4000.4500 ADMINISTRATION FEE	312,000
4000.4700 WWTP BOND - PRIN	38,315
4000.4750 WWTP BOND - INT	121,237
4000.4800 DEPRECIATION	230,515
4000.4850 REDUCED CIP CONTRIBUTION	(193,193)
4000.5001 STUDY PROJECTS	22,500
6010.4300 LINE MATERIALS	10,000
6010.4400 PUMP STATIONS OPERATIONS	7,000
6020.0710 RUT CREEK-ELECTRICITY	45,000
6020.0730 RUT. CR.- W/S/T EXP	5,000
6020.4100 RUT CREEK-PLANT MAINTENANCE	27,000
6020.4200 RUT CREEK-MAJOR REPAIRS	8,000
6020.5000 RUT CREEK-CHEMICALS	13,000
6020.5600 RUT CREEK-LAB	16,500
6020.5625 PRETREATMENT EXPENSE	3,750
6020.5650 LABORATORY EQUIPMENT	7,000
6020.7000 RUT CREEK-PERMIT RENEWAL	<u>4,100</u>
Total	677,724

25% operations	\$ 78,000
Debt	38,315
Debt	121,237
25% operations	2,500
25% operations	1,750
25% operations	11,250
25% operations	1,250
25% operations	6,750
25% operations	2,000
25% operations	3,250
25% operations	4,125
25% operations	938
25% operations	1,750
25% operations	<u>1,025</u>
SF target Permanent Fund principal	\$ 274,140 ←

Total of all undesignated fund balances \$ 758,478