



**SEDALIA TOWN COUNCIL AGENDA MEETING
SEDALIA TOWN HALL
6121 Burlington Road
January 23, 2023
7PM**

Minutes

- **CALL TO ORDER:** The regular scheduled meeting for the Town of Sedalia was called to order at 7:00 pm at the Sedalia Town Hall by Mayor Pro Tem Faison.
- **PRAYER & MEDITATION:** Time was allotted for silent prayer and meditation.
- **PLEDGE OF ALLEGIANCE:** Time was allotted for pledge to the U.S. Flag.
- **ROLL CALL:** Mayor Pro Tem Faison, Councilwoman O. Jones, Councilwoman Wrenwick, and Councilman Sharpe. Mayor Morgan arrived after roll call.

A. Additions/deletions to the agenda. None

B. Edits to the minutes from the previous meeting. **MOTION** to approve the minutes as written was made by Councilwoman Wrenwick and seconded by Councilwoman O. Jones. Motion carried.

C. GUESTS

Sedalia Audit Report FY Ending June 2022

Mayor Pro Tem Faison introduced Mr. Tony Brewer, who is an accountant with Eddie Carrick, CPA. Mr. Brewer stated the town received an unqualified or clean opinion for its audit ending June 30, 2022. He noted the audit is a public document and constituents can request a copy.

The town's ad valorem tax collections were down \$9,500, local options sales tax was up \$7,500, and the restricted intergovernmental revenue was up \$53,000 due to the \$50,000 revitalization grant. Total revenues were up about \$164,000 and expenses were up \$149,000 mainly due to administration and capital outlays for the public works department. The donated property was valued at \$117,000; this was entered as a revenue and an expense. Revenues were mainly consistent with previous years except for the \$50,000 grant. Revenue was greater than expenditures by \$68,000 versus \$45,000 in 2021.

The available fund balance as a percentage of expenditures decreased to 130%. In 2021, it was 195%. At 130% this means the town can operate or remain open for about one year and four months if the town does not take in any money and spend money at the same rate. Whereas, last year it had 195% so it could remain open for about two years. This is one indicator, but if the town has a large expense the percentage can go down significantly (e.g., the land donation). Mr. Brewer stated the town should not be alarmed at the 130%, it is likely it will be around 200% next year.

As of June 30, 2022, the town remains debt free. The tax collection rate is 96.19% which is slightly below the state average of 97%. The tax collection rate is the most important percentage. If a town has a large tax base but the collection rate is low, then there is limited money coming in. Sedalia has roughly 3% in uncollected taxes. The town's uncollected balance for 2021 was \$2,620. The percentage can change from year to year because sometimes back taxes are paid. If the town raised the property tax by one cent, then the town would get an additional \$5,191; a two-cent increase would net about \$10,000. This information is provided so the town knows how much increased revenue it would get if it raised taxes. Councilman Sharpe asked how Sedalia compares to other towns. Mr. Brewer responded 97% is respectable for a town the size of Sedalia and they do not get alarmed until it drops to 89-90%. He added the smaller the tax base is the more important the percentage. He added out of \$148,000 only \$5,600 was uncollected. The town's local option sales tax shows an increase of about \$8,000 and it has to do with the economy. However, ad valorem tax is the major portion of the town's revenue.

Councilman Sharpe asked if the property valuation of \$53,962,182 is based on the revaluation that Guilford County just completed. Mr. Brewer responded it is based on the levy. The town's levy is \$148,396 for a rate of 27.5 cents so the property valuation must be \$53,962,182. One indicator of concern has to do with property tax collections. For example, if the town has a budget of \$147,900 but it collected only \$146,298 it is off by \$1,600. This is less than 3%. If this is missed by 3% or more then the town would have had an indicator of concern. Therefore, the town needs to know what is normally collected because otherwise it would not know when to go up on the rate until it is too late.

Towns used to send their audit to the Local Government Commission (LGC) who analyzed it and, if needed, sent a letter of concern. Starting in 2021, auditors are responsible to report performance indicators of concern, significant deficiencies, material weaknesses, or other deficiencies. If the auditor identifies performance indicators of concern, then the town must prepare a response and include a plan to address each indicator of concern. It must be signed by most of the governing body and submitted to LGC within 60 days of auditor's presentation. Sedalia has no performance indicators of concern, significant deficiencies, or material weaknesses so the town does need to prepare a response this year.

Mr. Brewer stated the minimum fund balance this year is 130 versus 190 last year. The average for towns is 132. Sedalia's minimum fund balance went down because of the land donation. Councilwoman Wrenwick asked if the land donation is a credit, and a debit would not the result be zero. Mr. Brewer responded that the percentage fund balance available is divided by total expenses. Sedalia's expenses included \$117,000 (land donation) so that makes the dividend larger. Sedalia usually runs around 200% so it is well above average. He noted the town's tax base only brings in about \$148,396, so it is important to identify problems as soon as possible. Planning Board member Jones asked about the town's grants it received. Mr. Brewer responded that these grants did not help the fund balance because these funds are restricted. Councilman Sharpe asked if the ARP funds helped. Mr. Brewer responded that the funds designated through ARP cannot be counted as revenue because these funds are unearned and deferred. If the

town spends the ARP funds on projects, then the funds go from deferred revenue to revenue. It will increase the bottom line, but then it is spent, and it decreases the bottom line. In 2021, the town spent \$7,800 in ARP funds. It was moved to the general fund, but the remaining funds are deferred and restricted. Mr. Brewer stated these funds have a time limit for expenditure. He advised the town to move forward with its ARP projects sooner rather than later, so the town does not need to return the funds.

Mr. Brewer commented that Sedalia has a water department fund, but the town does not pay water or sewer bills or have any water or sewer infrastructure. It is a savings account because it cannot be spent on anything but water and sewer, so it does nothing for the town. Clerk Dungee asked if the town can invest the funds. Mr. Brewer responded that the town could invest the funds and added N.C. Capital Cash Management has done well in the past three years. The LGC may send the town another letter about the water department fund.

Mr. Brewer stated there are no general performance indicators the town needs to respond to and there are no indicators of concern. He advised the town to pay attention to the tax rates to keep from having expenses exceed revenue. Mr. Brewer stated if there are any questions about the audit, they can contact him, or Mr. Boney.

D. REPORTS

Monthly Finance Report

Councilwoman Wrenwick reported on the November and December financial transactions and balances. The balance for each account as of December 30, 2022:

American Rescue Plan: \$130,101.52

Powell Bill Fund: \$133,748.14

Savings: \$404,264.34

Bike and Pedestrian Fund: \$45,875.16

Checking: \$8,399.60

Councilman Sharpe asked if the town would get more interest income investing some funds in the N.C. Capital Cash Management Fund and if so, does the Council need to approve it. Councilwoman Wrenwick responded the town would need to research it; the funds must be readily accessible. She will gather all the information she has on it. Clerk Dungee commented that she contacted several town clerks that use it daily and it is a lot of moving money around and the town does not have a on staff financial officer to handle all the needed transactions. Councilman Sharpe volunteered to help assist in the research of what options are available.

Planning Board Meeting Update

Vice-Chair Jeffries reported the Planning Board met on January 19 and discussed the termination of plans for the town center, the bidding on the property at 603 Sedalia Road, Planning Board members attendance at Town Council and Agenda meetings, and

continued review of the Land Use Plan. The Planning Board members' oath of office is planned for the Town Council meeting on February 6th.

A resignation letter was received from Planning Board members Monroe Smith and YC Broadie. Therefore, the Planning Board is looking for new members. With the resignation of YC Broadie, it is unclear the status of Sedalia Fresh. Clerk Dungee asked if there was anyone that could coordinate Sedalia Fresh; there is money in the budget for it. Planning Board member Jones expressed concern that there were only a few people on the Planning Board and suggested a program where young people can come in to help and they can also learn about local government.

E. Consent Agenda Items

None.

F. Action Agenda Items

Preliminary Flood Data

Mayor Pro Tem Faison shared information provided by N.C. Emergency Management regarding floodplain data. Meetings will be scheduled in late January to early February to review the preliminary flood data developed from re-studies in Guilford County. The data are available on the N.C. Flood Risk Information System website. N.C. Floodplain mapping with FEMA is providing regulatory flood insurance program via their website. They are looking for public comment before the data are finalized.

Clerk Dungee added there are two meetings planned – one with all public officials in Guilford County and one with citizens. The flood mapping system is changing, and citizens need to know whether they are in a floodplain. If so, then they will need to have flood insurance. This could be an issue for some because it's expensive and she is not aware of any types of assistance to help pay for flood insurance.

G. CITIZENS COMMENTS

*Robert Jones, 6508 Rolling Acres Dr commented when he recently bought an automobile, he was charged Greensboro property tax. He was able to contact the N.C. Division of Motor Vehicles and have it changed, but he wanted to share the information so residents can confirm the property taxes on their automobiles are correct. It was noted several residents have had this issue. Clerk Dungee stated for Sedalia residents there should be property taxes for Guilford County, McLeansville Fire Department, and Sedalia.

*Councilwoman O. Jones asked why Mr. Lucas, the Code Enforcement Officer, was not presenting the code enforcement reports. Clerk Dungee responded she contacted Mr. Lucas after the last meeting, and it was a miscommunication. He thought she had planned to present the report. She also forwarded to him the addresses that were missed in the previous report, and he will follow up on those. He plans to be at the February Council meeting.

Councilwoman O. Jones commented if the town plans to construct sidewalks with the ARP funds, then it needs to start soon so the money does not have to be returned. Clerk Dungee

responded that the Guilford County ARP contract was received recently, but a cost breakdown needs to be prepared before it can be submitted. Also, since the town is bidding on the Sedalia Road property and would consider a park on that property if the town acquires it, it is unclear whether the town could change its project location from the Dansby Road property to the Sedalia Road property. Councilwoman Wrenwick commented that the town also has a second ARP fund with similar restrictions and deadlines on use.

Councilwoman O. Jones asked if the new shed was able to store all of the town's items. Clerk Dungee responded that all the materials are in there and she is currently working on organizing it.

H. ANNOUNCEMENTS

All regular scheduled meetings are held at the Sedalia Town Hall at 7:00 pm.

- The next Town Council meeting will be held on February 6th.
- The Planning Board meeting will be held on February 16th.
- The Charlotte Hawkins Brown Museum will be hosting an Open Mic Night on February 24th from 6-8 pm.
- The next Town Council Agenda meeting will be held on February 27th.

Meeting adjourned.

Submitted By:

Approved By:

Cam Dungee, Town Clerk

Howard Morgan, Mayor

Date

(SEAL)