

COLUMBUS COUNTY BOARD OF COMMISSIONERS
BUDGET WORKSHOP
Wednesday, April 20, 2005
6:30 P.M.

The Honorable Columbus County Commissioners met on the above stated date and at the above stated time in the Columbus County Administration Building, Economic Development Conference Room, 111 Washington Street, Whiteville, North Carolina, for the purpose of conducting a Budget Workshop.

COMMISSIONERS PRESENT:

Sammie Jacobs, **Chairman**
 Kipling Godwin, **Vice Chairman**
 Amon E. McKenzie
 James E. Prevatte
 Bill Memory
 Lynwood Norris
 David L. Dutton, Jr.

APPOINTEES PRESENT:

Billy Joe Farmer, **County Manager**
 Darren L. Currie, **Assistant County Manager**
 Roxanne Coleman, **Finance Officer**

APPOINTEES ABSENT:

James E. Hill, Jr., **County Attorney**
 June B. Hall, **Clerk to Board**

BUDGET WORKSHOP CALLED TO ORDER:

At 6:30 P.M., Chairman Jacobs called the Budget Workshop to order.

PRESENTATION by BILLY JOE FARMER, COLUMBUS COUNTY MANAGER:

Billy Joe Farmer, Columbus County Manager, stated he would like to deliver an update to the Board, get some policy decisions from the Board relative to the Budget, and as all of you know, we have many financial situations coming up where decisions need to be made. It is my duty to present to the Board of County Commissioners a balanced budget. Here are some of the financial issues that I need a policy decision made by the Board.

Issue 1: Two (2%) percent Discount on Property Taxes:

Due to the financial situation Columbus County is presently facing, it is my recommendation that we eliminate the two (2%) percent discount on property taxes, but that is indeed a policy decision that must be made by the Board. Based on the following printout I have provided for you, I do not believe it is advantageous to offer the two (2%) percent discount on the property taxes.

MONTH	PRIOR YR	%	CURRENT YR	%	
July	\$170,165.68	.09	\$161,799.36	.01	
August	\$3,790,242.79	21	\$6,647,117.47	35	2% Discount
September	\$3,988,259.93	42	\$1,552,666.72	43	
October	\$561,960.91	45	\$629,431.15	46	
November	\$812,816.69	49.5	\$781,351.91	50	
December	\$3,349,957.49	67	\$3,062,759.31	66	
January	\$2,334,103.18	80	\$3,459,856.22	84	
February	\$687,376.89	83	\$588,891.08	86	
March	\$852,869.14	87	\$761,932.77	90	
TOTALS:	\$16,547,752.70	87	\$17,645,805.99	90	

100% Levy	\$18,826,867.00		\$19,480,716.00		
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In-depth discussion was conducted relative to this matter by the Board members. Vice Chairman Godwin asked Roxanne Coleman, Columbus County Finance Officer, as the monies came in from the early payment of the property taxes, what did we do with it. Ms. Coleman replied stating the money was used for daily operations.

Vice Chairman Godwin asked Ms. Coleman, if we did not use these monies for the daily operations, where would this money come from. Ms. Coleman stated that we would have to draw down money from the North Carolina Trust Account.

Vice Chairman Godwin asked Ms. Coleman if the interest rate was higher on the trust than what the discount was. Ms. Coleman replied stating, I will pull the report and see, but the interest rate has continued to increase over the past several months.

After the discussion, it was the general consensus of the Board to keep the two (2%) percent discount on the property taxes if they were paid early.

Issue 2: Utilize \$1.1 Million From Solid Waste -or- Raise Property Taxes:

We have been utilizing \$1.1 Million from the Solid Waste Fund to balance the budget. If we cannot utilize this amount of money this year, it must be raised from revenue and that means a raise in the solid waste collection fee.

Vice Chairman stated the following:

1. Over the years, Solid Waste has run a deficit;
2. The General Fund has subsidized that deficit;
3. From what I understand, they had two to three (2-3) years to pay this debt back to the General Fund;
4. In the current year, Solid Waste has paid this debt off;
5. The General Fund has been counting on the \$1.1 million to balance the budget;
6. The Solid Waste Fund does not have anything else and we cannot count on this;
7. When the Solid Waste Fund eliminates all the deficit, which I understand they have, and receives any excess, this could be applied to the General Fund;
8. If we pull \$1 Million from the General Fund and not raise property taxes, we should be okay;
9. You stated you were negotiating the new solid waste contract which will save Columbus County some money; **and**
10. The \$1.1 Million had the excess amount incorporated into it.

After further discussion was conducted among the Board members, it was the general consensus of the Board to allow the utilization of the \$1.1 Million from the Solid Waste Fund and to leave the Solid Waste Collection Fee at one hundred seventy-seven and 00/100 (\$177.00) dollars.

Issue 3: Connection Between Water District I and Water District II:

At one of the previous Budget Workshops, I provided you with statistical information relative to the Budget where the cost of connecting Water District I and Water District II was included in the budgetary figures. The grant we applied for was turned down due to the fact we were subsidizing another grant. If we should proceed with this, it could mean a two to three (\$.02 to \$.03) cents increase in property taxes. It is my recommendation that we set up a Capital Project Ordinance and run approximately two hundred fifty thousand and 00/100 (\$250,000.00) dollars over the next two (2) years.

After discussion was conducted by the Board relative to this matter, it was the general consensus of the Board to proceed with the connection of Water District I and Water District II.

Issue 4: Water Districts II and III:

Please find the statistical information I have provided for you regarding Water Districts II and

III.

Water District II Taxes:

Amount Billed: \$382,386.63
 Amount Collected: \$282,301.86
 Percent Collected: 73%

Water District III Taxes:

Amount Billed: \$159,481.34
 Amount Collected: \$134,416.28
 Percent Collected: 84%

DISTR	REVENUES	EXPENDITURES Year to DATE	ACTIVE CUSTOMERS	BOND PAYMENT	BILLED
I	\$287,609.78 (9 months)	\$179,396.20	1,079		\$310,810.80 (9 months)
II	\$239,557.84 (9 months)	\$190,842.96	1,128	\$425,230.00	\$274,001.33 (9 months)
III	\$175,653.80 (9 months)	\$118,410.01	820	\$319,114.00	\$196,051.40 (9 months)
IV	\$18,512.57 (9 months)	\$2,266.57	73		\$14,684.00 (9 months)

	District II		District III	
Exp:	200,000	O & M	200,000	O & M
	425,230	P & I	319,114	P & I
Total Exp:	625,230		519,114	
Rev:	29,392	MO.	21,454	MO.
	352,710	YR.	257,455	YR.
Total Rev:	382,102		278,909	
Breakdown:	625,230		519,114	
Anticipated water revenues for entire FY	-352,710		-257,455	
Taxes collected to date	-189,660		-99,574	
Amount not covered	82,860		162,085	
Breeakeven:				
Amount uncollected	172,614		52,344	
Amount Required	82,860		162,085	
Total Amount Required	272,520		261,659	
% Required	75%		172%	
Amount Short @ 100% Collection			(109,741)	

After lengthy discussion was conducted back and forth among all in attendance, it was tentatively decided that the tax rate in Water District II would be adjusted from fifteen (\$.15) cents to eleven (\$.11) cents and in Water District III from eleven (\$.11) cents to seventeen (\$.17) cents. Billy Joe Farmer, Columbus County Manager, and Darren Currie, Assistant County Manager, is to compile more definitive figures together to present at the next Budget Workshop.

Issue 5: Setting of Columbus County Property Tax Rate:

Billy Joe Farmer, County Manager, stated the following:

1. After several adjustments were made, the Budget is only off seven hundred thousand and 00/100 (\$700,000.00) dollars which we can easily deal with;
2. These figures have been based on a ninety-three (93%) percent collection rate;
3. If we base the budget on a ninety-five (95%) percent collection rate, the amount would be \$1 Million which would cover the seven hundred thousand and 00/100 (\$700,000.00) dollars difference with three hundred thousand and 00/100 (\$300,000.00) dollars over and above;
4. These calculations have been based on a seventy-eight (\$.78) cents tax rate; **and**
5. If we decide to do this, we will have a balanced Budget.

Commissioner Prevatte stated the Board needs to look at the individual department budgets before a tax rate is established.

Commissioner McKenzie stated that several of the County Commissioners had told their constituents we were going to lower the tax rate.

Commissioner Dutton stated several concerns about too much excessive spending within several departments.

Vice Chairman Godwin stated we needed to develop a revenue neutral rate formula with the assistance of Richard Gore, Columbus County Tax Administrator, and this would help show where we stand with the tax rate and what we need to do with the tax rate now, and in future years.

Chairman Jacobs stated the tax rate for Columbus County had not been adjusted for inflation in eight (8) years since the last revaluation.

Commissioner McKenzie expressed concerns relative to new vehicles being purchased each year in certain departments where vehicles from State Surplus could serve the same purpose at a much cheaper cost to Columbus County.

Mr. Farmer stated the following in response to the concerns expressed:

1. Out of the \$40 Million dollar Budget for Columbus County, \$20 Million are allocated for the departments;
2. I am very proud to say that the departments are staying within their budgets;
3. I don't make it a practice to check each line item within a department's budget; **and**
4. I concentrate on the bottom line figures.

Commissioner McKenzie expressed concerns relative to the number of staff that is within Administration and if they were needed. Mr. Farmer stated they were needed and he could easily justify the expense.

Commissioner Prevatte suggested that this meeting be adjourned and more budget workshops be established for review of each department's budget, with the information being supplied to the Board before the workshop dates, for review and preparation.

Vice Chairman Godwin requested Mr. Farmer to contact Richard Gore and request that he help calculate a revenue neutral rate with the tax rate to increase per year, per inflation rate.

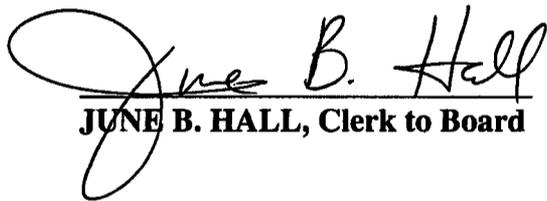
Darren Currie, Assistant County Manager, stated there were thirty-one (31) departments within Columbus County Government and asked how many Budget Workshops were needed to review the departmental budgets.

After lengthy discussion was conducted, it was the general consensus of the Board to

schedule two (2) Budget Workshops for the review of the departmental budgets and for Mr. Currie to set these two (2) dates and advise the Board.

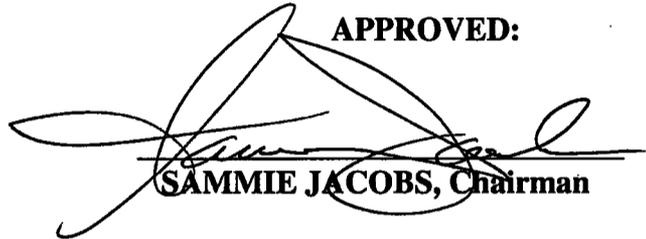
ADJOURNMENT:

At approximately 8:15 P.M., Commissioner Dutton made a motion to adjourn, seconded by Commissioner Norris. The motion so carried.



JUNE B. HALL, Clerk to Board

APPROVED:



SAMMIE JACOBS, Chairman

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