

MINUTES
CHATHAM COUNTY BOARD OF COMMISSIONERS
BUDGET WORK SESSION, JUNE 25, 2001

The Board of Commissioners ("the Board") of the County of Chatham, North Carolina, met in the Henry H. Dunlap, Jr. Building Classroom, located in Pittsboro, North Carolina, at 9:00 AM on June 25, 2001.

Present: Chair Gary Phillips; Vice Chair Margaret Pollard; Commissioners Bob Atwater, Rick Givens, and Carl Outz; County Manager, Charlie Horne; County Attorney, Robert L. Gunn; Assistant County Manager, Paul Spruill; Finance Officer, Vicki McConnell; and Clerk to the Board, Sandra B. Lee

The meeting was called to order by the Chairman at 9:12 AM.

Agenda

1. **Sheriff Gray - DARE Request**
2. **Planning Board Appointments**
3. **Budget**

DARE PROGRAM

Sheriff Gray asked the Board of Commissioners to leave the budget for the DARE Program intact. He stated that if the program helps one child in Chatham County, the program will be well worth the efforts and funds expended on the program.

BUDGET

The Assistant County Manager explained the efforts involved in bringing the FY 2001 adopted budget forward to the FY 2002 recommended budget.

A lengthy discussion ensued.

The Finance Officer cautioned the Board that increasing the amount of fund balance appropriated to the levels proposed by Chairman Phillips at 16.8% may result in an excessive reduction in available fund balance for FY 2003, and that estimating revenues at a higher percentage may reduce potential growth of fund balance.

The County Manager explained that staff had taken the Chairman's budget idea and translated it into a budget, stating the following:

- Added \$1,000,000 to the revenue side in anticipation of state reimbursements
- Decreased \$152,204 from fleet management reserve
- Added \$97,000 to the revenue side for sales tax (reflecting extrapolations from third quarter distributions)

- Added \$1,533,984 to the revenue side for fund balance (bringing total fund balance appropriation to \$2,114,461 or 16.8% of budgeted expenditures)
- These gains allow staff to subtract \$2,783,188 from the proposed revenue of \$30,156,133 generated from current year property taxes; that after making this calculation, the property tax revenue target is \$27,372,945; that once \$61 million is added to the tax base and divided by the new revenue per penny amount of \$408,060 as opposed to the old amount of \$402,082, a current year property tax revenue of \$27,372,945 is achieved with a tax rate of 67.0 cents.

The County Manager stated that it was the Board's job to accept or to amend the budget as they think appropriate.

BREAK

The Chairman called for a ten-minute break.

Latest Rate Reduction List:

The Board reviewed the recommendations for cutting the proposed rate by \$2,783,188 or achieving \$27,372,945 in revenue by leaving in or taking out of the budget as follows:

- \$1,000,000 Projected Intangibles/Inventory Revenue - In
- \$1,533,984 Fund Balance Appropriation down to 16.8% - In
- \$ 152,204 Reduce Fleet Contribution to last year level - Out
- \$ 97,000 Results from adjusting sales tax revenue - In
- Implementation of the above list while adding \$61 million to the tax base would result in a tax rate of 67 cents - In
- \$ 266,000 Employee Pay Market Adjustment – Out
- 1½% Trim on all Budgets Including Schools (from schools proposed budget) - Out

Commissioner Atwater suggested that the 2% market adjustment for employees' pay be delayed subject to the availability of funds.

Clarification of Planning Board Appointment:

Commissioner Givens moved to allow the reappointment of Bunkey Morgan to the Chatham County Planning Board, previously made by Commissioner Outz on June 18, 2001, even though he lives outside of Commissioner Outz's district. Chairman Phillips seconded the motion. The motion carried five (5) to zero (0).

Tax Revaluation:

The Tax Administrator explained the tax base verification for the County, and answered questions from the Board.

Chairman Phillips asked that departments be asked to cut their budgets by 1½% with cuts to include the school's budget. Commissioner Givens seconded the motion. The motion carried five (5) to zero (0).

The question was asked whether or not the Board could return to last year's evaluation.

Chairman Phillips explained that after meeting with the Tax Department to look at how this would physically happen, he learned that all of the new construction that has occurred in the past year has been done

at the rate of schedules for the new revaluation; that if the County went back to the old tax rate, the Tax Department would have to completely reprogram everything done up to this point; that the Towns of Pittsboro and Siler City had contacted the County to say that this would be very harmful to them; that they have already made assumptions based on the new revaluation; that the cumulative effect from everyone was that they would not even get a tax base until August, September, or October; that he was the one who had originally brought up the idea, but has since determined that it is not a good idea.

RECESS

After considerable discussion regarding the budget, Commissioner Givens moved that the meeting be recessed. Commissioner Atwater seconded the motion, and the meeting was recessed at 11:57 AM.

Gary Phillips, Chairman

ATTEST:

Sandra B. Lee, Clerk to the Board
Chatham County Board of Commissioners