

**CITY OF LAURINBURG  
COUNCIL MEETING  
MAY 13, 2008  
W. CHARLES BARRETT ADMINISTRATION BUILDING  
305 WEST CHURCH ST.  
LAURINBURG, NC  
6:30 P.M.**

**Minutes**

The City Council of the City of Laurinburg held a special agenda/budget workshop May 13, 2008 at 6:30 p.m. in the conference room of the W. Charles Barrett Administration building at 305 West Church Street, Laurinburg, with the Honorable Matthew Block, Mayor, presiding. The following Councilmembers were present: Rembert DeBerry, Amanda B. Faulk, Curtis B. Leak, and Thomas W. Parker, III. Councilmember Herbert M. Rainer, Jr. arrived at 6:50 p.m.

Also present were Craig F. Honeycutt, City Manager and Dolores A. Hammond, City Clerk.

Mayor Block called the meeting to order at 6:30 p.m. Councilmember DeBerry gave the invocation.

**CLOSED SESSION**

At 6:40 p.m. motion was made by Councilmember DeBerry to go into closed session, pursuant to North Carolina General Statute 143-318.11(a)(6), to discuss the performance of the City Manager. Councilmember Faulk seconded the motion and it unanimously carried.

At 7:46 p.m., motion was made by Councilmember DeBerry, seconded by Councilmember Parker, and unanimously carried to resume the open meeting.

**FUND BALANCE POLICY**

The City Manager stated that following up on discussions about fund balance he hopes that everyone has had an opportunity to read the letter from the Local Government Commission (LGC). He explained that LGC's concern is that the City's fund balance is now at 14.2 percent. He then explained that LGC's requirement is 8 percent of budget but that the average for municipalities of Laurinburg's size is about 41 percent of budget.

Upon question by Councilmember Faulk, the City Manager stated that previously fund balance has been used to balance the budget instead of having a tax increase.

He then explained that the LGC would like information on how the City will address this concern. He stated that one way that Council can address this issue is to adopt a policy citing fund balance criteria. He also stated that, in the 2008-2009 proposed budget, the recommendation by staff is not to use any fund balance to balance the budget.

He explained that at Council's last meeting it was suggested that a representative from the LGC speak to Council on fund balance issues. He then explained that the LGC was contacted after the meeting but that, as of this date, no response has been received. He stated that efforts will continue to have them come before Council.

A discussion continued about fund balance. The City Manager stated that the proposed fund balance policy would establish a goal to maintain an available fund balance in the General Fund in an amount of 23% percent of the total budget and 16% of the Undesignated General Fund budget at the end of each fiscal year. It would also charge the Finance Director to take steps to increase balances when minimum balances are not met.

He stated that the proposed fund balance policy for the General Fund would be included on the agenda at Council's

regular meeting on May 20.

## **PRELIMINARY DRAFT OF PROPOSED BUDGET FOR FISCAL YEAR 2008-2009**

The City Manager stated that the recommendation for the proposed budget is to increase the tax rate by five (5) cents to cover general fund expenditures and not to allocate any fund balance to the budget. He explained that, even with the five (5) cent tax increase, the projected proposed budget is 1.49 million dollars short of being in balance.

He also explained that staff has prepared a list of possible cuts for the proposed budget that total approximately \$921,000.00. He then explained the proposed cuts and suggestions as to how to reach a balanced budget. He stated that there is a recommendation to change how management fees are calculated. He then explained what constitutes management fees (fees the General Fund charges back to the Enterprise Funds for work done on behalf of the Enterprise Funds). He also stated that other municipalities had been contacted to find out how their management fees were calculated.

A discussion ensued concerning the proposed 2008-2009 budget. There is a consensus that the recommended five (5) cent tax increase is going to be hard to sell to citizens.

Upon question by Mayor Block, the City Manager stated that General Fund merit pay increase for employees in the approximate amount of \$68,000.00 is included. He also stated that cost of living increases for employees is being proposed at 2.3 percent for a total approximate cost of \$72,000.00-\$73,000.00.

Councilmember Parker stated that gas prices are skyrocketing and that employees need something to help offset the rising cost of living expenses. He then stated that he does not know how to sell a five cent tax increase when everyone is affected by the rising cost of fuel, food, etc.

The City Manager stated that, in order to help build the current fund balance, he has issued a memo to employees to freeze hiring and to not make any unnecessary expenditure for the remainder of the current budget year.

The City Manager stated that the Electric Transfer Policy that was adopted some years back by Council limits the amount that can be transferred from the Electric Fund to the General Fund. There was discussion concerning the Electric Transfer Policy. There was consensus among Councilmembers that staff contact the Local Government Commission to review the policy to see if there could be an increase in the percentage of the transfer from the Electric Fund to the General Fund.

The City Manager stated that included in the budget is a 6.5 percent increase in water rates. He explained this is the second year of a three-year plan to increase revenue in order to apply for grants from the State.

The City Manager explained that Electricities is projecting to increase its fees by 5% as of January 1, 2009. He stated that the City could absorb this increase until the 2009-2010 budget year.

Councilmember Rainer suggested contacting North Carolina legislators to find out if there is any possible way to address the increasing gas prices.

Mayor Block asked that the legislators come to a meeting to discuss the gas price issue.

The City Manager stated he would contact the State representatives.

Upon further discussion of the proposed budget, Councilmember Parker asked that information be provided to Council concerning why the City cannot combine police and fire dispatch.

The City Manager stated that once Council has reviewed the proposed 2008-2009 budget that discussions regarding the same will resume during the proposed budget workshop sessions.

**ADDITIONS OR DELETIONS OF PROPOSED AGENDA FOR COUNCIL MEETING TO BE HELD MAY 20, 2008**

The City Manager then reviewed the proposed agenda for the upcoming meeting of May 20, 2008.

During discussion on the agenda item contract to audit the City's financial records, there was a consensus among Councilmembers that other municipalities be contacted to find out what an average audit contract costs.

**ADJOURNMENT**

Motion was made by Councilmember DeBerry, seconded by Councilmember Rainer, and unanimously carried to adjourn the meeting.

The meeting was adjourned at 9:35 p.m.

---

Matthew Block, Mayor

---

Dolores A. Hammond, City Clerk