

MINUTES – MAY 21, 2007

The Caswell County Board of Commissioners met in regular session at the Historic Courthouse in Yanceyville, North Carolina at 6:30 p.m. on Monday, May 21, 2007. Members present: George W. Ward, Jr., Chairman, Jeremiah Jefferies, Vice-Chairman, William E. Carter, Nathaniel Hall, Kenneth D. Travis, and C. Hester Vernon, III. Absent: Larry G. Hamlett. Also present: Kevin B. Howard, County Manager and Shannon White representing The Caswell Messenger. Wanda P. Smith, Clerk to the Board, recorded the minutes.

MOMENT OF SILENT PRAYER

Chairman Ward opened the meeting with a Moment of Silent Prayer.

APPROVAL OF AGENDA

Commissioner Travis moved, seconded by Commissioner Jefferies to approve the agenda as presented. The motion carried unanimously.

APPROVAL OF CONSENT AGENDA

Commissioner Jefferies moved, seconded by Commissioner Hall to approve the Consent Agenda as presented. The motion carried unanimously.

The following items were included on the Consent Agenda:

- 1) Approval of Minutes of April 16, 2007 Meeting
- 2) Budget Amendment No. 16
- 3) Project Ordinance – Senior Center
- 4) Tax Director’s Monthly Report for April, 2007

Total Amount of Taxes Collected for April, 2007	\$328,937.94
Tax Maps/Cards	\$ 138.75
County Maps	\$ 23.70
Beer License	\$ 50.00
NSF Charge	\$ 100.00
2007 Prepayments	\$ 4,423.90

PUBLIC COMMENTS

Chairman Ward opened the floor for public comments.

There were no public comments made.

## BOARD OF EQUALIZATION AND REVIEW

Chairman Ward recessed the Board of Commissioners and reconvened the Board of Equalization and Review.

Mr. Thomas Bernard, Tax Director, came before the Board and reported that Mr. Robert Ezzell, Project Manager for Pearson Appraisal Company, revisited two tracts of land owned by Mr. Arnold Rogers and performed a walk-through of the houses. Mr. Bernard stated that after additional review, Mr. Ezzell recommended no change in the value of \$36,495 for the house identified in Tax Map 68, Parcel 20. Mr. Bernard informed the Board that after review of the house identified in Tax Map 68, Parcel 56, Mr. Ezzell recommended that the value of the house be reduced from \$57,308 to \$42,360 because of the condition of the interior of the house. Mr. Bernard recommended that the Board reduce the value of this property from \$57,308 to \$42,360.

Mr. Bernard reported that Mr. Robert Ezzell revisited the property of Ms. Mozelle Watkins because there was some question as to whether the property would perk, and after review recommended that there be no change in value. Mr. Bernard stated that he also visited the property and felt that because some areas of the property would not perk and due to the slope of the property, he recommended that the value of this property be reduced from \$19,178 to \$12,624.

Commissioner Carter moved, seconded by Commissioner Jefferies to accept the recommendation of the Tax Director to reduce the value of property belonging to Mr. Arnold Rogers from \$57,308 to \$42,360 and the property of Ms. Mozelle Watkins from \$19,178 to \$12,624. The motion carried unanimously.

Commissioner Jefferies moved, seconded by Commissioner Vernon to adjourn the Board of Equalization and Review and reconvene the Board of Commissioners. The motion carried unanimously.

### REQUEST FOR PARTIAL RELEASE FROM RESTRICTIONS ON PROPERTY IN PELHAM

Judge L. Michael Gentry came before the Board to request a partial release from restrictions placed on property in Pelham he purchased from the County. Judge Gentry stated that the reason he was interested in the property to begin with was because it is adjacent to his church and he wanted a nice area behind the church. Judge Gentry added that he anticipates that in the future he will donate a buffer strip to the church. Judge Gentry added that the property is ideal for a small shopping center and restaurant.

Judge Gentry stated that he has prepared a *Partial Release from Restrictions* which would stipulate that the only remaining prohibited use of the real property set forth by said restrictions shall be that the real property shall not be used for residential purposes.

After discussion, Commissioner Jefferies moved, seconded by Commissioner Carter to approve the *Partial Release from Restrictions* on property located in Pelham, NC, owned by Lloyd Michael Gentry and Betty Strader Gentry and recorded in the Caswell County, NC Registry in Book 507, Page 587 as presented.

Commissioner Hall stated that he did not feel that it is legal for the Board to release these restrictions when the property was published for sale with certain restrictions and covenants. Commissioner Hall added that those bidding on the property were well aware of the restrictions and covenants and to go back and change it after the sale, even if it were legal, is not ethical. Commissioner Hall stated that if anyone feels that strongly about releasing it, then the proper procedure would be to set the sale aside, readvertise the property, and let everyone rebid it based on any new release of restrictions from the property.

Upon a vote of the motion, the motion carried by a vote of four to two with Commissioners Hall and Travis voting no.

#### APPOINTMENT OF IV-D CHILD SUPPORT ATTORNEY

Mr. Kevin Howard, County Manager, reported that the position of IV-D Child Support Attorney for the Department of Social Services was formerly held by the County Attorney and since this position is vacant, the County needs to hire an interim IV-D Child Support Attorney. Mr. Howard provided the Board with a proposed contract appointing Stuart Watlington, Attorney-at-Law, to provide the desired legal services in regard to all legal matters pertaining to Child Support Enforcement Programs in Caswell County. Commissioner Jefferies, who serves as Chairman of the Social Services Board, informed the Board that the DSS Board has approved the contract.

After discussion, Commissioner Jefferies moved, seconded by Commissioner Travis to approve the contract as presented appointing Stuart Watlington, Attorney-at-Law, as IV-D Child Support Attorney for the Department of Social Services. The motion carried unanimously.

#### LETTER OF INTEREST – COUNTY ATTORNEY

Mr. Kevin Howard, County Manager, presented the Board with a proposed Letter of Interest to be sent to potential interested parties to serve as Interim County Attorney until a staff County Attorney can be hired.

After discussion, Commissioner Vernon moved, seconded by Commissioner Jefferies to approve the Letter of Interest for an Interim County Attorney as presented by the County Manager. The motion carried unanimously.

## PRESENTATION OF PROPOSED BUDGET FOR FISCAL YEAR 2007-2008

Mr. Kevin Howard, County Manager, presented to the Board the proposed Fiscal Year 2007-2008 Annual Budget and the following Budget Message.

### **BUDGET MESSAGE**

As the County Manager and Finance Director of Caswell County, one of our primary responsibilities is to prepare and submit a balanced budget document to the Board of Commissioners. We are pleased to present this proposed Caswell County 2007-2008 Fiscal Year Budget for your consideration.

The recommended budget has been prepared in accordance with the NC Local Government Budget & Fiscal Control Act. It reflects a great amount of input and assistance from a variety of sources inclusive of county staff, administrators of the Board of Education and local governmental agencies funded either wholly or in part by the county, along with private sector resources. The budget reflects discussions and guidance along with new proposals and recommendations to the Board of Commissioners for favorable consideration.

County government department managers routinely investigate, pursue and implement innovations and efficiencies aimed at improving the effectiveness of services and enhancing service options. The county remains focused on the pursuit of viable alternative approaches to service delivery as opportunities occur. We accept the challenge of doing business better and more efficiently as an achievable goal.

Throughout this budget, priorities are recommended that address short term goals while also acknowledging significant strategic long term commitments. An honest variance in opinions is inevitable whenever priorities are considered and adopted. The Board of Commissioners retains the final decision in the allocation of resources and establishment of budget priorities.

The following is a list of key points in the proposed budget.

- The recommended budget is \$27,164,061, an increase of 4.38% over FY 2006-2007. Of the total County's budget, the general fund budget is \$22,510,154 or 4.15% more than FY 2006-07 adopted budget.
- The proposed budget includes a property tax increase of 3.5 cents per \$100 of valuation. The budget is based largely on current salaries, benefits, operation and capital expense. Additional recommendations for several

requests, contingency and reserve for fund balance total \$463,736, a 4.15% overall increase from FY 2006-2007 adopted budget. All departmental requests will be reviewed during the budget sessions with final determination by the Board of Commissioners.

- Insurance premium increases are significant fixed cost increases as compared to the prior year.
  1. Health insurance premium increased only 1.2%; a \$14,436 change over FY 2006-07.
  2. Workers compensation premium increased by \$41,964 or 24.4% over FY 2006-07. The increase is due to an increased number of claims and payouts.
  3. Liability and property premium increased by \$8,083 or 4.72% over FY 2006-07.
  4. The County participates in the North Carolina Association of County Commissioners (NCACC) pool. The three pool cost savings is \$9,648.
  
- The proposed budget includes an appropriation of \$199,609 for the public health department. For the past three years the health department has had no additional appropriation from the general fund. The department has maintained operations using health department fund balance. The 2007-2008 fiscal year estimated beginning fund balance is \$322,146 and is incorporated in the health budget.
  
- Department of Social Services – The recommended funding for Medicaid is \$1,852,235. Even though there has been much discussion in the legislation regarding Medicaid relief for counties, no final resolve for the upcoming fiscal year has occurred. The proposed funding is a very conservative amount until the decision is known.

### **Highlights of the Proposed Fiscal Year 2007-2008 Budget**

The proposed fiscal year 2007-2008 Caswell County budget total \$26,700,325 a \$2.59 (%) increase over the current year's adopted budget. The property tax rate is proposed increasing 3.5 cents to 68 cents per \$100 valuation.

### **Revenues**

Property taxes, sales taxes, fees for services, and intergovernmental revenue comprise the main revenue sources where expected variations occur.

<i>Revenues</i>	<i>Changes from 2006-2007 Adopted Budget</i>
Property tax levy	\$ 958,750
Sales taxes	\$ 173,002
Fees for services	\$ 14,256
Intergovernmental	\$ 141,502

The **tax base** is projected to be \$8.8 million, a 12.16% increase from the FY 2006-2007 adopted budget. The increase is due to the projected tax valuation.

Budgeted **sales tax** revenue is at \$4,123,242 for FY 2007-2008. Sales tax is budgeted very conservatively and reflects a 2% increase from FY 2006-2007 adopted budget. Sales tax distribution is budgeted in the general fund revenues with \$1,264,008 reserved for bond payments.

**Investment earnings** are expected to remain steady during the upcoming year. The projection for FY 07-08 is \$136,631, a 23.2% increase over FY 2006-2007 adopted budget.

**Intergovernmental revenue** is projected at \$4,418,788, a 3.3% increase over FY 2006-2007 adopted budget.

### **Expenditures**

With the awareness of the goal to increase the county's fund balance, most departments have deferred requests to comply with minimal increases in FY 07-08 funding. Below are highlights of new initiatives and program changes.

- Departments in General Government area have requested the following:
  - Finance One full time Accounting Technician
  - Tax One full time Tax Clerk
  - Register of Deeds Salary adjustments
  
- Departments in the Public Safety area have requested the following.
  - Sheriff Salary adjustments  
Four full time deputies  
Twelve vehicles  
Feasibility Study  
Five Mobile Data Computers
  - Detention Center One transporting van
  - 911 Communications Salary adjustments  
Two full time Telecommunicators
  - Emergency Services Two full time positions  
One ambulance & equipment

- The Environmental Protection area has requested salary adjustments for staff and a pick-up truck.
- Departments in the Human Services area have requested the following:
  - Dept of Social Services      One Processing Assistant IV  
One Social Worker II  
Implementation of Electronic Scanning
- The Cultural and Recreational Services area has requested the following:
  - Parks and Recreation      One full time Program Coordinator  
One part time office support  
Portable air conditioning unit  
Simplicity lawn mower  
Security monitoring system  
Feasibility study
- The Public Education area has requested the following:
  - PCC      One full time Custodial position

### **Education Funding**

Education funding constitutes the financial obligation of 13.94% of the general fund budget.

#### **Public Schools**

- ❑ **Operating funding** – The Board of Education requested \$2,295,615 in operating funding. This reflects no change in request for FY 2006-2007. The proposed budget funds 100% of the request.
- ❑ **Capital outlay** – The Board of Education requested \$342,464 in capital outlay funding, an increase of \$89,727 or 26% from FY 2006-2007 adopted budget. The proposed budget funds \$342,500.
- ❑ **Teacher supplements** – The Board of Education requested \$205,000 for teacher supplements. The proposed budget funds 100% of the request.
- ❑ **Debt service payments** – Debt services is funded directly by the County. School debt for FY 2007-2008 is \$927,203. Debt service payments are appropriated from restricted sales and use tax distributions from the North Carolina Department of Revenue.

#### **Piedmont Community College Funding**

- ❑ **Operating funding** – The Community College requested \$255,872 for operations, \$51,154 or 30% more than FY 2006-2007 adopted budget. The increase includes one additional employee for the newly constructed

classroom complex. The proposed budget funding for operating funding is 100% of the request.

- **Capital funding** – In addition to operating expenses, PCC requested \$4,800 for capital expenditures, a \$200 or 5.3% increase. The proposed budget funding is 100% of the request.

**Capital Improvements Program**

The County’s Capital Improvements Plan is a long-range planning element that is reviewed during the county budget process. The CIP forecasts significant projects for a five year period. Funding for each fiscal year’s CIP currently depends on available financial resources in any given year.

**Fund Balance**

The Board of Commissioners will continue to make fund balance a top priority. It is proposed that the county continue to move any annual surplus at year end to fund balance. An adequate fund balance is a significant factor in achieving a higher bond rating by Standard & Poors, which in return saves interest expense when debt is issued. Currently, Caswell County’s bond rating is 79 or BBB by Standard & Poors. The proposed budget includes a reserve of \$150,000 for fund balance.

**Recommendations**

The proposed budget is based on the current number of employees, salaries, services and operations. Additional staffing, capital equipment or cost of living increases were factored into the overall budget. The administration is making following recommendation to the proposed general fund budget.

<i>Revenue</i>
3.5 cents property tax increase
<i>Expenditures</i>
3.5% cost of living increase (approx)
Additional staffing
Capital equipment: Network storage, Courthouse handicapped entrance,
Installment purchase/Sheriff vehicles
Contingency
Reserve for Fund Balance

**Summary**

The county budget is a planning document. It presents a complex accumulation of county fiscal goals and competitive priorities. This annual process establishes strategic direction by considering and allocating public funding levels as a commitment to service delivery, program support and facility development.

There remains a certain limited degree of flexibility to further amend the budget during the fiscal year to exploit emerging opportunities and respond to unforeseen challenges that may not be fully recognized at this time during the annual budget process. Throughout the year the Board of Commissioners will amend the budget to account for such changes. The controlling factor is that expenditures must remain within available revenues and reserves.

By state and federal law, certain expenditures and revenues are controlled by mandatory rules and cannot be modified regardless of external factors. Beyond those mandated service levels, the Board of Commissioners, other elected boards and officials respond to public input with a wide range of services and program initiatives. Setting priorities either directly or indirectly is a reality of the budget process. Decisions made by the Board of Commissioners during review of this budget will establish expected priorities for FY 2007-2008 and beyond.

The demand for services, programs and facilities will generally exceed the availability of resources. The ability to provide any service, program or facility is limited by the willingness of the public to be taxed regardless of the method of taxation used.

### **Acknowledgement**

Extensive research and detailed analysis required thoughtful development and an accurate thorough presentation of this budget document reflects the extended effort of many qualified individuals. The process begins early in the year and is not completed until after a final budget is adopted by the Board of Commissioners in June. Special acknowledgement and gratitude is given to the Finance staff for their exceptional assistance in preparing the budget.

There is no perfect or absolute resolution to the inevitable continuum of issues that county government must address. It is the willingness of people to openly discuss their thoughtful concerns and to compromise towards reaching responsible consensus that makes the ultimate difference. This county's future success will be directly linked to increased involvement by citizens to reach a shared vision of infrastructure improvements that complement both the quality of life and progressive growth.

Respectfully submitted,

S/Kevin B. Howard

Kevin B. Howard  
County Manager

S/Gwendolyn Y. Vaughn

Gwendolyn Y. Vaughn  
Finance Director

### COUNTY MANAGER'S REPORT

Mr. Kevin Howard, County Manager, presented the Board with the following two proposals submitted for solid waste collection, transportation, and disposal for Caswell County.

- 1) First Piedmont Corporation - \$461,703.33
- 2) Republic Services of North Carolina - \$506,170.30

Mr. Howard requested that the Board at its next meeting consider approval of the proposal submitted by First Piedmont Corporation.

Mr. Howard reported that the Senior Center Project is progressing and there will be a workshop on Thursday, May 24, 2007, held at the Senior Center to obtain input from senior citizens on this project.

### CLOSED SESSION

Commissioner Hall moved, seconded by Commissioner Travis that the Board enter into closed session to instruct the public body's staff concerning the position to be taken in negotiating the price and other material terms of a contract for the acquisition of real property by purchase, option, exchange, or lease (NCGS 143-318.11(a)(5)). The motion carried unanimously.

### REGULAR SESSION

Commissioner Travis moved, seconded by Commissioner Jefferies to resume regular session. The motion carried unanimously.

### THE ADJOURNMENT

At 7:40 p.m. Commissioner Vernon moved, seconded by Commissioner Jefferies to adjourn the meeting. The motion carried unanimously.

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Wanda P. Smith  
Clerk to the Board

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George W. Ward, Jr.  
Chairman

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