

MINUTES- JUNE 1, 2009

The Caswell County Board of Commissioners reconvened its meeting at the Historic Courthouse in Yanceyville, North Carolina at 5:00 p.m. on Monday, June 1, 2009. Members present: Jeremiah Jefferies, Chairman, George W. Ward, Jr., Vice-Chairman, Erik D. Battle, William E. Carter, Nathaniel Hall, Gordon G. Satterfield, and Kenneth D. Travis. Also present: Kevin B. Howard, County Manager and Gwen Vaughn, Finance Officer. Wanda P. Smith, Clerk to the Board, recorded the minutes.

MOMENT OF SILENT PRAYER

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

BUDGET WORK SESSION

The Board held a budget work session on the Proposed Budget for Fiscal Year 2009-2010.

Mr. Howard presented the following memo:

June 1, 2009

TO: Caswell County Board of Commissioners

FROM: Kevin Howard, County Manager  
Gwen Vaughn, Finance Director

RE: 2009-2010 Proposed Budget

Upon the directive from the Board of Commissioners on May 26, the County Manager and Finance Director have made specific changes to the proposed budget. The original budget included a general fund – fund balance appropriation of \$590,542. This appropriation was to offset the expected savings in lapse salaries & benefits, transferring of two employees to open positions, a five-day employee furlough and a continuation of the hiring freeze.

The revised proposed budget presented today includes no general fund – fund balance. Based on a significant savings in group health benefits, additional cuts to departments, the revised budget totals \$20,680,144 with no tax levy increase.

A recommendation of lottery proceeds at \$125,175 and school capital reserve funds in the amount of \$162,200 to offset the expense is possible to offset the hiring freeze and employee furloughs.

However, this revision does not address the Detention Center state mandated renovations, Sheriff vehicles or Emergency Services ambulance request. The options to fund these items include a tax levy increase, a school bond refunding and/or an installment loan.

The attached page list the changes made to the revised budget.

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Mr. Howard presented and reviewed a 2009-2010 General Fund Expenditures and 2009-2010 General Fund Revenues spreadsheet. Mr. Howard noted that the Revenues have not changed, but explained the additional cuts in Expenditures. Mr. Howard stated that the proposed budget includes an appropriation of \$287,375 from Fund Balance, but is offset by estimated savings of \$147,375 due to the hiring freeze, \$165,000 for the transfer of positions, and \$75,000 for five furlough days. Mr. Howard added that he is also proposing to offset the expenditures by using Lottery funds in the amount of \$125,175 and School Capital Reserve Fund in the amount of \$162,200.

Upon questioning from Commissioner Ward, Mr. Howard answered that he appropriated in the budget a lump sum of \$2,539,237 to the Schools for Current Expense and it would be up to the Board of Education whether to give Teachers' Supplements. Commissioner Travis noted that the original request from the Board of Education for Teachers' Supplement was \$231,000.

Commissioner Ward stated that it was his understanding in discussing the Schools' budget that the Board agreed to combine the \$2,358,237 in Current Expense and \$454,950 in Capital Outlay in order for the Board of Education to appropriate funds as they saw fit, but that the Commissioners cut the \$181,000 in Teachers' Supplement.

Commissioner Hall noted that the Schools cannot spend money from the General Operating Fund for capital improvements and Capital Outlay cannot be spent for operating expenses. Commissioner Hall added that the School Board cannot do a budget transfer between Capital Outlay or Operating Funds unless it is an extreme extenuating circumstance, and then it has to be approved by the Board of Commissioners.

Chairman Jefferies requested that each Board member share his budget proposal.

Commissioner Carter stated that he would be in favor of cutting the teachers' supplement from the proposed budget and reinstating \$75,000 so that there would be no furlough days for County employees.

Commissioner Hall submitted and discussed the following budget proposal:

Budget Worksheet – 2009/2010

Revenues

I believe that revenues, as projected, are overstated in some instances and in others we fail to realize the possible negative impact of state actions yet to be taken.

I propose a 1 cent tax increase \$145,000.00

Further, I recommend that the board support and encourage citizens to support the ¼ cent sales tax increase. The county currently is required to make up the article 42 sales tax to the schools in the amount of \$268,156.00. This is sales tax money being taken by the state. This requirement will take effect in October.

## Expenditures

I.	Schools		
	General Expense	\$2,558,237.00	
	Cut budget by 10%		\$255,827.00
	Capital Budget	\$ 454,950.00	
	No cuts. We need to consider and encourage renovations and HVAC replacements that reduce utility costs. We need to begin making needed repairs.		
	Teacher supplements	\$ 231,000.00	
	Cut budget 100%		\$231,000.00
II.	General operations		
	Health insurance	\$1,069,800.00	
	Require a 5% co-pay by employees. Cost to employees would be \$22.29 per month.		\$ 53,496.00
	Cost to county would be \$423.46 per month.		
III.	Maintenance of Plant		
	The summer months are the most costly in terms of electrical usage. The Commissioners could consider going to a ten hour workday, 4 days a week.		
	Summer electric bills average \$16,000 per month. Being able to turn off the air conditioners for three days per week should reduce the electric bill by 25%. Three months average summer bill \$48,000.00		
	Altered work week – 25% saving (conservative)		\$ 12,000.00
IV.	Other services		
	Local Management Entity (LME)	\$115,061.00	
	Cut budget by 25%. Services have been reduced in Caswell County.		\$ 28,765.00

We must make significant cuts in expenditures to hold down property taxes, protect our fund balance and to make allowances for the unknowns. The cuts recommended could be done without laying off or cutting staff. I do believe that in the long run we should look at ways to improve efficiencies to minimize staff growth and to develop an orderly staff reduction plan.

This is short term, we must immediately take cost cutting measures that are significant and long term, such as better utilization of technology, updating hvac systems county wide, and streamlining policies and procedures.

### Budget Ordinance

I suggest that once the commissioners agree on the budget for next year that we do not approve a budget ordinance until June 30, 2009. We must have all available information before proceeding with the 2009-2010 budget. I suspect that the state will wait until the final hour before publicizing all of its cuts and letting us know what funds it will commandeer.

Nate Hall  
Commissioner

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Commissioner Travis questioned the amount for the five-days furlough and stated that he reviewed the budget and felt that travel needs to be cut out, as well as the amount of \$9,500 being paid for personal vehicle mileage reimbursement in the Building Inspections Office. Commissioner Travis added that with the current state of the economy, the Board needs to consider cutting everything.

Commissioner Satterfield stated that he reviewed the budget very carefully and felt that there would be many unexpected expenditures to occur in the new fiscal year and was very concerned that there is no appropriation for the Contingency Fund. Commissioner Satterfield added that in reviewing the budget, he was very concerned about travel, as well as dues and subscriptions.

Commissioner Satterfield suggested the following cuts and stated that the amount should be placed in the Contingency Fund:

Farmer Lake	\$ 53,000
Natural Resources	10,000
Commissioners-Travel	1,750
Administration-Travel	1,000
Finance-Travel	1,500
Finance-Report	1,400

Tax-OT Salaries	1,000
Tax-Travel	2,000 (already 1,100 cut)
Board of Elections-Dues	90
Board of Elections-Travel	1,000
Register of Deeds-Travel	2,000
Non-Departmental IT-Consultant	3,500
Non-Departmental AFLAC	600
Non-Departmental Wellness	2,500
Sheriff Dept.-Travel	5,000
Sheriff-OT	5,000
Sheriff-Supplies	2,500
Sheriff-Dues & Subscriptions	1,200
Sheriff-Detention-OT	5,000
Inspections-Travel	1,750
Animal Control-Travel	750
Emergency Management-Travel	1,000
Emergency Management-Tools	1,000
EMS Dues	1,805
Emergency Services-Travel	3,125
Planning Dept.-Travel	1,000
Planning Dept.-Dues & Subscriptions	1,000
Extension-Travel	560
Extension-Contracted Services	1,500
Extension-Salary-Secretary	15,074
Extension-Dues & Subscriptions	733
DJJDP/4-H Yes-Conference & Travel	2,800
DJJDP-Rent	4,000
DJJDP-Travel	500
Soil & Water-Travel	1,000
Soil & Water-Dues & Subscriptions	1,336
Soil & Water-Small Tools & Equipment	1,000
Chamber of Commerce-Rent	1,800
Alamance LME-10%	<u>11,506</u>
	\$153,279
Environmental Health-one position	35,000
Finance-one position	<u>35,000</u>
	<b>\$223,279</b>

Commissioner Satterfield stated that his proposed cuts are in addition to the County Manager's proposed cuts.

Commissioner Satterfield stated that he would propose appropriating \$2,539,000 to Schools for Current Expense and \$454,950 for Capital Outlay. Commissioner Satterfield added that he

would propose cutting the Teachers' Supplement and doing away with line items to allow the Board of Education to spend their funds as they see fit.

Commissioner Battle stated that he felt that the Board needed to proceed with the proposed 2009-2010 budget appropriation for Current Expense and Capital Outlay for Caswell County Schools. Commissioner Battle added that the Board should adopt a one cent or one and one-half cent tax increase to be set aside for future needs, all travel should be cut out with any travel requests to be brought before the County Manager for approval, dues and subscriptions should be cut out, and maintain current services. Commissioner Battle stated that he did not feel that Farmer Lake should be closed, but could operate two or three days per week. Commissioner Battle added that due to the current economic conditions, he was not in favor of pay increases or any new positions this year.

Commissioner Ward stated that he agreed with all of the comments made about the budget and felt that the Board is going to have to make some hard cuts. Commissioner Ward added that he would be in favor of cutting the Teachers' Supplement and appropriating \$2,539,000 to the Schools for Current Expense and \$454,950 for Capital Outlay, with the Board of Education having the choice to appropriate the Teachers' Supplement if it so desired.

Chairman Jefferies stated that he felt that a four-day work week in the summer months would prove to be a substantial savings to the County and added that he agreed with the comments made by the individual Commissioners.

Dr. Douglas Barker, Caswell County Schools Superintendent, came before the Board for clarification of action taken by the Board of Commissioners in appropriations to the Schools' budget for 2009-2010 and to request that the Board of Education be allowed to spend their funds as they see fit.

RECESS

At 6:25 p.m. Commissioner Ward moved, seconded by Commissioner Travis to recess until Thursday, June 4, 2009, at 5:30 p.m. The motion carried unanimously.

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Wanda P. Smith  
Clerk to the Board

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Jeremiah Jefferies  
Chairman

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