

Minutes  
Catawba County Board of Commissioners  
Regular Session, Monday, June 2, 2008, 9:30 a.m.

**Appointments**

Economic Development Corporation	117	06/02/08
City of Claremont Planning Board	117	06/02/08
Resource and Referral Board	117	06/02/08
Subdivision Review Board	117	06/02/08
CVCC Board of Trustees	117	06/02/08

**Awards**

Distinguished Public Service Award – Doug Taylor	116	06/02/08
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**Budget**

Budget Ordinance	117	06/02/08
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**Finance**

Budget Transfer – Medicaid Savings	117	06/02/08
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**Ordinances**

Budget Ordinance	117	06/02/08
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**Sheriff's Office**

Declaring Badge and Gun Surplus – Doris Kirby	116	06/02/08
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**Tax**

Refund Request	117	06/02/08
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The Catawba County Board of Commissioners met in regular session on Monday, June 2, 2008 at 9:30 a.m. in the 1924 Courthouse, Robert E. Hibbitts Meeting Room, 30 North College Avenue, Newton, North Carolina.

Present were Chair Katherine W. Barnes, Vice-Chair Lynn Lail and Commissioners Dan Hunsucker, Barbara G. Beatty and Glenn E. Barger.

Also present were County Manager J. Thomas Lundy, Assistant County Manager Lee Worsley, County Attorney Debra Bechtel and County Clerk Barbara Morris.

1. Chair Katherine W. Barnes called the meeting to order at 9:30 a.m.
2. Commissioner Dan Hunsucker led the Pledge of Allegiance to the Flag.
3. Commissioner Barbara G. Beatty offered the invocation.
4. Commissioner Glenn E. Barger made a motion to approve the minutes of the regular meeting of Monday, May 19, 2008. The motion carried unanimously.
5. Recognition of Special Guests: Chair Barnes welcomed everyone present and specifically Louis Woods, Doug Taylor and Ric Vandett.
6. Comments for Items not on the Agenda. None.
7. Presentations:

a. After a motion to declare Doris Kirby's service sidearm and badge surplus was made Vice-Chair and unanimously carried, County Manager J. Thomas Lundy and Chair Barnes presented these items to Investigator Kirby on the occasion of her retirement. Mr. Lundy also presented Ms. Kirby with a paperweight from the County and thanked her for her 30+ years in law enforcement. Sheriff Huffman joined in these congratulations and presentations.

b. Chair Barnes asked that County Manager Lundy and the rest of the Board members join her at the podium to present a Distinguished Public Service Award to Mr. Doug Taylor, who is retiring, effective July 1, 2008, as Executive Director of the Western Piedmont Council of Governments (WPCOG). The award recognized Mr. Taylor's thirty-eight years with the WPCOG and the advancements in transportation, economic development, home ownership and overall quality of life realized under his leadership, as well as his advocacy of regionalism and innovative approaches to environmental issues.

8. Appointments.

Chair Barnes recommended the appointment of Dr. Garrett Hinshaw and Ellie Bradshaw to the Economic Development Corporation. Dr. Hinshaw will replace Sonny Roseman who was not eligible for reappointment and Ms. Bradshaw will replace Anne Davis who was also not eligible for reappointment. Dr. Hinshaw's and Ms. Bradshaw's terms will expire 6/30/2011. Vice-Chair Lynn Lail recommended the reappointment of Franklin Harris and Robert Smith as perimeter members of the City of Claremont Planning Board and Board of Adjustment. This will be Mr. Harris' third term and Mr. Smith's seventh term, and these terms will expire 11/01/2010. Vice-Chair Lail also recommended the reappointment of Linda Ellis for a fifth term to the Resource and Referral Service and the appointment of Angela Phillips for a first term to replace Marie Corne, who is now a staff member with the Service, on this Board. These terms will expire 12/31/2009. Commissioner Barger recommended his reappointment to a fifth term and Jeff Mitchell for a fourth term on the Subdivision Review Board. These terms will expire 6/30/2010. Commissioner Barger also recommended his reappointment to a third term on the CVCC Board of Trustees. This term will expire 6/30/2012. These recommendations came in the form of a motion and the motion carried unanimously.

9. Departmental Reports:

a. Tax:

Ona Scruggs, Tax Collector, presented a request for the Board to approve a tax refund request in the amount of \$185.91. Records had been checked and this refund verified, so the Tax Collector recommended approval. Under North Carolina General Statute 105-381, a taxpayer who has paid his or her taxes may request a refund (in writing) for the amount paid in error. Commissioner Hunsucker made a motion to approve this tax refund request. The motion carried unanimously.

b. Finance:

Rodney Miller, Finance Director, presented a request for the Board to approve a budget transfer in the amount of \$1,200,000 from Medicaid savings, realized as a result of the State assuming counties' Medicaid costs, to replace withheld Average Daily Membership funds in the County's Schools Capital Project Fund.

The North Carolina General Assembly enacted comprehensive Medicaid funding reform legislation in the 2007 Appropriations Act (Session Law 2007-323). The cornerstone of the legislation is the State's assumption of counties' Medicaid costs, but it contains several other provisions that impact county revenues. In exchange for the elimination of counties' Medicaid costs, the legislation temporarily decreases the Average Daily Membership (ADM) funds allocated to counties from the Public School Building Capital Fund (PSBCF); phases out the counties' authority to levy a one-half cent local option sales and use tax; and requires counties to hold municipalities harmless for their loss of local sales tax revenue.

During fiscal year 2007-2008 only, the legislation requires the State to assume a 25% share of Medicaid expenditures by reducing the amount of each county's PSBCF funds by the lesser of 60 percent of expected ADM allocation or 60 percent of the amount of the County's Medicaid share

assumed by the State during this fiscal year. Counties must hold their local public school districts harmless for the reduction in ADM funds. Specifically, a county must provide funds equivalent to the difference in what the county would have been allocated in ADM funds and what actually is allocated to the county's ADM allocation account.

Since actual Medicaid savings for fiscal year 2007-2008 were too difficult to predict at the beginning of the fiscal year, the North Carolina Department of Public Instruction deducted 60 percent from Catawba County's ADM quarterly allocations in November 2007 and February 2008, and will continue with that deduction in May 2008. Through April 2008, Catawba County has realized approximately \$1.3 million in Medicaid savings and a reduction in ADM funds of approximately \$800,000, for a \$500,000 net savings.

Counties will receive a final report of their actual ADM loss and actual Medicaid savings from the North Carolina Department of Revenue at the end of the fiscal year. This final report and hold harmless payment, if due, will be sent to each county by August 15, 2008. Since final numbers will not be known until after the current fiscal year ends, this requested budget transfer is based on actual ADM funds received by the County over the last ten years. During that time period, the highest amount of ADM funds received in any given year was \$1,903,872.33. Rounding that number to \$2,000,000 and then taking 60 percent of that amount results in the estimate of \$1,200,000 which is being requested.

County Manager Lundy clarified that this was not \$1.2 million additional dollars available for school capital, it is already budgeted – but the County is not going to receive that revenue source from the State so the County has to replace it with the Medicaid savings but the money was already budgeted this year.

Commissioner Barger made a motion to approve this budget transfer. The motion carried unanimously.

10. Other items of Business:

County Manager Lundy presented the proposed Catawba County budget for Fiscal Year 2008-09. The budget in the amount of \$219,085,919 maintains the current property tax rate, as promised with the passage of the quarter cent sales tax. The budget funds the debt payments for the current four year cycle of facility needs for the three school systems and Catawba Valley Community College, needed water and sewer projects, additional public safety positions in law enforcement, EMS, the E-911 Communications Center, Animal Services, and expansion of park hours.

The tax base for Fiscal Year 2008-09 is \$14.8 billion and includes real property, personal property, and vehicles. The budget will maintain the County's property tax rate of 53.5 cents per \$100 of valuation, which is the fifth lowest tax rate of the 23 urban counties in North Carolina, those with a population over 100,000. That rate is 27<sup>th</sup> lowest of all 100 counties in North Carolina.

Commissioner Lail made a motion to approve the Budget Ordinance as presented. The motion carried unanimously.

The following is the approved Budget Ordinance:

**BUDGET ORDINANCE**

BE IT ORDAINED by the Board of Commissioners of Catawba County:

**SECTION I  
Budget Adoption, 2008/09**

The following budget with anticipated fund revenues of \$219,085,919 and departmental expenditures of \$219,085,919 (see pages 14 through 19 of the budget document for breakdown) is hereby adopted in accordance with G.S. 159 by the County of Catawba for the fiscal year beginning July 1<sup>st</sup>, 2008, and ending June 30<sup>th</sup>, 2009, and the same is adopted by fund and department.

The following procedures, controls, and authorities shall apply to transfers and adjustments within the budget except for the budgets of the Reinventing Departments as shown in Section II.

A. **Transfers Between Funds:** Transfers of appropriations between funds may be made only by the Board of Commissioners with the exception of merit, reclassification funds, and contingency which the County Manager has the authority to transfer.

B. **Transfers Between Departments:** Transfers of appropriations between departments in a fund and from contingency shall be approved by the Board of Commissioners or may be approved by the County Manager in conformance with the following guidelines:

1. The County Manager finds that they are consistent with operational needs and any Board approved goals.
2. Inter-department transfers do not exceed \$50,000 in total.
3. Transfers from Contingency appropriations do not exceed \$50,000 each unless the County Manager finds an emergency exists.
4. All transfers between departments and funds are reported to the Board of Commissioners no later than its next regular meeting following the date of the transfer.

C. **Transfers within Departments and Activities:** Department Heads may transfer line item appropriations between activities within the departments under their jurisdiction with the approval of the Budget Manager.

D. **Transfers within Activities in a Department:** Department Heads are hereby authorized to transfer line item appropriations within activities under their jurisdiction with the approval of the Budget Manager.

E. **Transfers of Appropriations from Contingency or Departments for Real Estate Transactions:** Transfers of appropriations from Contingency or departments may be made by the County Manager in order to secure options, pay deposits, or pay other necessary expenses related to real estate transactions approved by the Board of Commissioners.

F. **Transfers of Capital Projects Appropriations:** Transfers of appropriations up to \$50,000 between projects within a capital project fund shall be approved by the County Manager. All manager approved transfers shall be reported to the Board of Commissioners no later than its next regular meeting.

G. **Transfers of Appropriations from Special Departmental Expense and Revenue Contingencies:** Transfers of appropriations may be made by the Budget Manager from special departmental expense and revenue contingency accounts that have been set aside to accommodate mid-year adjustments for allocations from outside agencies. The budget for such special departmental contingency expenditures will not be used until revenues are received and the related funds are transferred out of the contingency accounts to an appropriate line item.

## SECTION II

## **Amendment to Procedures, Controls, and Authorities for Reinventing Departments**

The following procedures, controls, and authorities shall apply to transfers, personnel, and adjustments within the budget for the Reinventing Departments, as determined by the County Manager:

- A. As part of this process, the County's fund balance has been maintained by taking into account the average amount of unexpended funds turned back at the end of each year and making a one time reduction in each Reinventing Department's allotment by that amount.
- B. The Board of Commissioners will appropriate funds for the Reinventing Departments based on approved outcomes to be achieved during the fiscal year.
- C. Department Heads are hereby authorized to transfer appropriations between activities or from special department contingencies under their jurisdiction. Requests for transfers from the General Fund contingency must be approved by the County Manager. The budget for such special departmental contingency expenditures will not be used until revenues are received and the related funds are transferred out of the contingency accounts to an appropriate line item.

D. Department Heads within the Reinventing Departments are hereby authorized to reallocate existing positions between activities under their jurisdiction.

E. Departments will be allowed to retain all unexpended allocations and/or revenues as defined by the County Manager.

F. Reinventing Departments may create or abolish positions which impact the outcomes approved by the Board of Commissioners and within available revenues upon summary approval of the Board of Commissioners. Approval will come at the next regularly scheduled Board of Commissioners' meeting and will be attached and approved as part of the minutes.

**SECTION III**  
**Tax Levy Rate**

A tax rate of \$0.535 per \$100 of assessed valuation is hereby levied for Fiscal Year 2008/09, all of which is levied in the General Fund. No discounts will be allowed for early payment of taxes.

The following rates are levied for volunteer fire districts:

<u>Volunteer Fire Department</u>	<u>Tax Rate Per \$100 Valuation</u>
Bandys	\$0.0600
Catawba	\$0.0700
Claremont	\$0.0700
Conover Rural	\$0.0700
Cooksville	\$0.0517
Hickory Rural	\$0.0325
Longview	\$0.0546
Maiden	\$0.0500
Mountain View	\$0.0493
Newton	\$0.0700
Oxford	
Propst	\$0.0615
Sherrills Ford - Terrell	\$0.0500
St. Stephens	\$0.0500

**SECTION IV**  
**Hospital Fund**

The Catawba Valley Medical Center Board of Trustees is hereby required to submit a monthly copy of its financial statements to the County Finance Director that will include a budget to actual comparison of all expenses and revenues.

The Hospital maintains a balance of not less than \$4 million with the County, in the Hospital Capital Reserve Fund, to finance and construct major Hospital capital projects. This Fund is intended to be used primarily to finance and construct major Hospital capital projects. However, in an emergency situation, with written request of the Hospital, the County may, in its discretion, permit amounts on deposit in the Fund to be extended for any lawful purpose including payment of operating expenses of the Hospital. As long as a \$4 million balance in the Fund is maintained, monthly depreciation payments from the Hospital are not required. Monthly payments of \$50,000 will be required any time such \$4 million balance is not maintained.

Catawba Valley Medical Center is public non-profit hospital and an entity or component unit of Catawba County Government. The County owns the assets but the Hospital is not a line

department of the County and therefore is not included in the County budget. The Hospital is authorized to operate as an enterprise fund.

**SECTION V  
Schools' Current Expense**

The allocation of general revenues for the schools' current expense is \$1,413 per pupil based on the average daily membership of K-12. This amount includes \$52 per pupil to operate the following inter-school system programs--Catawba County Bus Garage, Catawba Valley High School, Conover School for Exceptional Children, the Newton-Conover ACT Program, and the Community Schools Program.

It is recommended that the three county school systems appropriate from their estimated fund balance an amount not to exceed 5% of the current expense fund for the purpose of establishing a contingency account.

In accordance with the School Budget and Fiscal Control Act, each Board of Education is required to submit to the Board of Commissioners, as soon as adopted, a copy of the School Board's budget resolution. The school finance officer will submit a quarterly statement of the financial condition of the Administrative unit to the Board of Commissioners.

**SECTION VI  
Capital Projects and Grants**

Project Managers will be designated on a project-by-project basis for all County construction projects and the procedures set forth in "Architectural Procedures – Catawba County", adopted by the Board of Commissioners shall be used to coordinate the efforts of all parties involved in a project. Any changes in the estimate, as a result of bids or otherwise, shall be reported by the Project Managers and carry his or her recommendation of approval to the Board of Commissioners prior to the advertising of bids. When compiled and approved by user agencies, all projects must conform to the Catawba County Design and Construction Specifications.

In accordance with the School Budget and Fiscal Control Act each school system will submit to the County Budget Manager detailed project sheets for each capital project included in this budget on sheets as specified in the "Uniform Budget" format, by January 1, 2008.

The General Capital Projects Fund, the Hospital Construction Fund, the Water and Sewer Construction Fund, the School Capital Outlay Fund, the School Bond Capital Projects Fund, and the CDBG Scattered Site Housing Fund are hereby authorized. Appropriations made for the specific projects or grants in these funds are hereby appropriated until the project is completed.

Any grant or capital project budget previously adopted, the balance of any anticipated, but not received, revenues and any unexpended appropriations remaining on June 30<sup>th</sup>, 2008, shall be reauthorized in the 2008/09 budget unless a specific new budget has been prepared.

**SECTION VII  
Emergency Approvals, Schools**

Emergency transfers to and from the School Capital Outlay Fund shall be in accordance with the School Budget and Fiscal Control Act.

**SECTION VII**  
**Annual Financial Reports**

All agencies receiving County funding are required to submit an audit report by December 31<sup>st</sup>, 2008. Approved payments may be delayed pending receipt of this financial information.

**SECTION IX**  
**Fees and Licenses**

Charges for fees and licenses by Catawba County Departments or Agencies shall be in accordance with the fee policy. Fee changes to be adopted by the Board of Commissioners are set forth in the attached Schedule A.

**SECTION X**  
**Per Diem Pay**

The Board of Commissioners and members of County boards are authorized to receive per diem pay as follows:

Alcoholic Beverage Control Board – Chair, \$75 per meeting; Members, \$50 per meeting  
Board of Adjustment – Chair, \$50 per meeting; Members, \$35 per meeting  
Board of Commissioners – Chair, \$950 per month; Members, \$750 per month; In-County Travel Allowance, \$250 per month  
Board of Elections – Chair, \$75 per meeting; Members, \$50 per meeting; \$100 for Election Day  
Equalization & Review Board – Chair, \$50 per meeting; Members, \$35 per meeting  
Hospital Board of Trustees - Chair, \$75 per meeting; Members, \$50 per meeting  
Library Board – Chair \$50 per meeting; Members, \$35 per meeting  
Mental Health Board – Chair, \$60 per meeting; Members, \$40 per meeting  
Planning Board – Chair, \$50 per meeting; Members, \$35 per meeting  
Public Health Board – Chair, \$50 per meeting; Members, \$35 per meeting  
Social Services Board – Chair, \$50 per meeting; Members, \$35 per meeting  
Subdivision Review Board – Chair, \$50 per meeting; Members; \$35 per meeting  
Value Review Committee – Chair \$50 per meeting; Members \$35 per meeting

**SECTION XI**  
**Personnel**

A. Salaries - Salaries for Fiscal Year 2008/09 are based on the Fiscal Year 2008/09 pay plan for Catawba County that is adopted as a part of this budget and is effective July 1<sup>st</sup>, 2008. The pay plan includes a 1% Cost of Living Adjustment (COLA) on July 1<sup>st</sup>, 2008. Funds are included for a 1.5% Performance Pay based on an annual performance rating of Meets Expectations, and funds are included for up to 70% of the workforce to receive an additional 2%, based on an annual performance rating of Exceeds Expectations.

B. Merit Payments - Funds are allocated in the budget to provide merit payments. The County Manager is instructed to prepare a plan for the administration of merit payments for exceptional performance to be effective during the Fiscal Year 2008/09 and to communicate said policy to all department directors and administer the plan.

C. Travel Allowance - The travel allowance rate will be according to the IRS reimbursement rate.

D. Special Payment - Positions that require specialized skills may be compensated by a special payment. This payment will only occur while the employee is serving in that capacity. This special payment is not considered a part of the annual base pay for classification. The amount of special payment is to be approved by the County Manager upon a recommendation by the Personnel Director.

**SECTION XII**  
**Budget Policy for State and Federal Fund Decreases**

It will be the policy of this Board that it will not absorb any reduction in State and Federal funds; that any decrease shall be absorbed in the budget of the agency by reducing personnel or department expenditures to stay within the County appropriation as authorized.

This policy is extended to any agency that is funded by the County and receives State or Federal money. This shall remain in effect until otherwise changed or amended by the Board of Commissioners. The County Manager is hereby directed to indicate this to each of the agencies that may be involved.

**SECTION XIII**  
**Reappraisal Fund**

In accordance with the provisions of G.S. 153A-150, an appropriation of \$479,200 will be made from the General Fund to the Reappraisal Fund for the purpose of providing funds for the next reappraisal.

**SECTION XIV**  
**Fiscal Control Act**

The Budget Manager and the Finance Director are hereby directed to make any changes in the budget of fiscal practices that are required by the Local Government and Fiscal Control Act. This shall extend to permitted consolidations of funds and "Single Tax Levies" permitted in the Fiscal Control Act.

A. As provided by G.S. 159-25 (b), the Board has authorized dual signatures for each check or draft that is made on County funds. The signatures of the County Manager, Finance Director, Assistant County Manager, and Assistant Finance Director shall be authorized signatures of the County.

B. Operating funds encumbered on the financial records of the County as of June 30<sup>th</sup>, 2008, are hereby reappropriated to this budget.

C. The Board authorizes the appropriation of all Fund Balances earned by the Reinventing Departments as determined by the County Manager and as a result of the County's annual audit of June 30<sup>th</sup>, 2008.

D. The Board also authorizes (as is the practice) one principal account as depository for all funds received by the Finance Director from any source. Current accounting techniques shall be used to assure that all funds will be properly accounted for in the financial records of the County.

**SECTION XV**  
**Authorization to Contract**

The County Manager or his designee are hereby authorized to execute agreements, within funds included in the Budget Ordinance or other actions by the Board of Commissioners, for the following purposes: 1) Form grant agreements to public and non-profit organizations; 2) Leases of routine business equipment; 3) Consultant, professional, or maintenance service agreements; 4) Purchase of supplies, materials, or equipment where formal bids are not required by law; 5) Applications for and agreements for acceptance of grant funds from Federal, State, public, and non-profit organization sources, and other funds from other government units, for services to be rendered which have been previously approved by the Board; 6) Construction or repair projects; 7) Liability, health, life, disability, casualty, property, or other insurance or performance bonds other than similar items required by the Sheriff or Register of Deeds; and 8) Other administrative contracts which include agreements adopted in accordance with the directives of the Board of Commissioners.

## **SECTION XVI**

### **Authorization to Award and Reject Bids**

Pursuant to General Statute 143-129, the County Manager is hereby authorized to award formal bids received in amounts less than \$250,000 within the following guidelines: 1) bid is awarded to the lowest responsible bidder; 2) sufficient funding is available within the departmental budget; and 3) purchase is consistent with the goals and/or outcomes of the department. The County Manager shall further be authorized to reject any and/or all bids received if it is in the best interest of Catawba County. A report shall be made to the Catawba County Board of Commissioners of all bids awarded or rejected under this section and entered in the minutes of its formal sessions.

## **SECTION XVII**

### **911 Service Charge**

Pursuant to North Carolina General Statute 62A-4 and Catawba County Code of Ordinances Sec. 14-177, a monthly charge in the amount of \$0.85 is hereby imposed upon each exchange access facility subscribed to by all telephone subscribers whose exchange access lines are in the area served or which would be served by Catawba County Enhanced 911 Service. The said monthly charge shall be uniform and shall be charged to each exchange access facility regardless of the type of said exchange facility used.

Pursuant to North Carolina General Statute 62A-23 and Catawba County Code of Ordinances, a monthly Wireless Enhanced 911 service charge in the amount of \$0.80 is hereby imposed on each Commercial Mobile Radio Service (CMRS) connection. The service charge shall have uniform application and shall be imposed throughout the State.

This ordinance is adopted this 2<sup>nd</sup> day of June 2008.

11. Attorneys' Report: None

12. Manager's Report.

Assistant County Manager Lee Worsley updated the Board on an item the Board took action on at its budget wrap up session on Thursday, May 29, 2008. At that meeting, the Board was requested to authorize its Chair or Vice-Chair to execute the necessary documents relating to the placement of a telecommunications tower on land that was transferred from the Catawba County Schools to Catawba County in 2005. Clarification was requested by the Board as to the current ownership of the property and the size of the parcel in question. The Board acted on the original request without this clarification, due to information relayed from the State that action was required by Friday, May 30, 2008 or State grant monies would be lost. This time constraint was later found to be in error and only applied to property that had to be transferred to the State. Mr. Worsley advised the Board that Catawba County did now own the property in question and that the size of that parcel was one-half acre.

13. Adjournment: Chair Barnes adjourned the meeting at 10:00 a.m.

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Katherine W. Barnes, Chair  
Board of Commissioners

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Barbara E. Morris, County Clerk