



Stokes County
County Manager

MEMORANDUM

To: Board of Commissioners
From: Sandy McHugh, Interim County Manager
Date: May 30, 2003
Re: FY 2003-04 Budget Message

According to statute, I hereby submit a balanced budget for fiscal year 2003-04 and request the Board set Monday, June 9, 2003 at 7:00pm for the official public hearing on the FY 2003-04 budget.

This budget was an extreme challenge. The budget request increased \$2,913,367 over last year's while at the same time revenue decreased from many sources. Hold Harmless money was the largest decrease. Fund Balance has been seriously depleted over the passed 3 years and went from over 5 million dollars to under 1 million. Contingency funds and Capital reserves were taken down to almost nothing. Bond payments increased do to refinancing 1 principal payment. Lease payments to the county were eliminated that had been paying for a large debt payment. Service demands have increased due to the growing population. Lack of funds to replace old and worn out vehicles and equipment have left us in need of much vehicle and equipment replacement. Depletion of funds has greatly reduced interest income. Additional funds were also necessary in this budget due to the Revaluation that will occur in FY 2003-04 and demands that are being put on the jail by the State.

The budget requested would have required a 13½-cent tax increase.

The budget I am presenting today is balanced with no tax increase while addressing the essential service needs of the county, increasing teacher supplements, increasing funding for textbooks and supplies, reorganizing departments and reorganizing staff where needed, attempting to stay competitive with other counties, opening green box sites 6 days a week from 7am to 7pm, and beginning to build the fund balance back to acceptable levels.

This budget of \$32,806,923 is \$781,213 more that FY 2002-03.

Hold Harmless revenue is used sparingly and with the understanding that it is frozen until the funds are received. By budgeting this revenue in specific line items, it prevents the possibility of having to readdress the budget and make cuts if the worst happens and the governor takes it again. Steps have been taken in Raleigh to prevent that, but nothing is 100% certain.

This monumental task was partially made possible thanks to the Congress in Washington DC who increased their funding of Medicaid and thereby reduced our share this next fiscal year and thanks to Representative Baker who has worked very hard to ensure that we will get our Hold-Harmless money passed in the State Legislature's Budget. This also would not have been possible were it not for the extremely qualified and committed county employees who worked tirelessly to help negotiate, research, calculate and put together this budget. I would personally like to thank Darlene Bullins and Julia Edwards for burning the midnight oil with me many times to accomplish this. I'd also like to thank Wren Carmichael and the entire Tax Department staff for putting forth such a tremendous effort to collect tax revenue at a rate that was above and beyond that which was expected and thereby increased the available funds. I truly hope the Board will appreciate the cooperation of the many county employees and department heads that put forth a valiant effort to propose reasonable budgets and worked with me to bring this budget into balance.