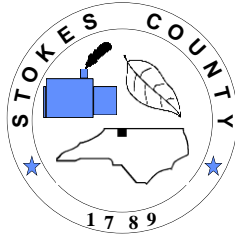


# COUNTY OF STOKES



Jake M. Oakley

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May 13, 2019

Stokes County Board of Commissioners:

The Honorable Andy Nickelston, Chairman

The Honorable Jimmy Walker, Vice- Chairman

The Honorable Ronnie Mendenhall, Commissioner

The Honorable Richard Morris, Commissioner

The Honorable Jamie Yontz, Commissioner

Stokes County Board of Commissioners and Residents of Stokes County:

It is my privilege to present to you the recommended budget for the 2019-20 fiscal year. In accordance with the General Statutes of North Carolina, the budget is **balanced** and prepared under the guidelines of the North Carolina Local Government Budget and Fiscal Control Act. A copy of this document has been filed with the Clerk to the Board and posted on the County's website where it is available to the public for inspection. My 2019-20 proposed budget with a Tax Rate of **\$0.62** per \$100 dollar valuation is a total amount of both tax rates General County at **\$0.31** and School Current Expense Fund at **\$0.31**. These rates were presented to the board of commissioners and the citizens of Stokes for the first time in my 2018-19 budget. After receiving an overwhelming response in favor of the two taxing entities, it is my recommendation in keeping these rates the same in the 2019-20 budget. In keeping with the current tax rate at \$0.31 cents County, \$0.31 cent Schools, \$0.04 cents Dedicated Fund, and \$0.08 cents for all Fire Districts it will mark the fifth (5) consecutive year with **no County property tax increase, which I am Recommending for the FY 2019-20 budget.**

The purpose of the County's annual budget process is to develop a fiscally responsible plan that enables the organization to accomplish the priorities established by the Board of County Commissioners. The priorities in this budget are based on the guidance from the Board of Commissioners received during Budget/Goals Sessions held during the month of January that relied upon a conservative budgeting philosophy to balance service demands with available revenues. There were five areas of priorities established during the Budget/Goals Sessions by the Commissioners.

- (1) Safety in all of our Public Schools (SRO Officers).
- (2) High Speed Internet provided to all county citizens.
- (3) Studies done on several areas of interest (water / sewer, recreation / wellness, 5 year comprehensive maintenance plan on all county buildings.
- (4) Economic Development.
- (5) Right sizing the number of county employees.

The request was for all of this is to be done with No Tax Increase and with the Fund Balance staying at or above 25 Percent. These decisions have been made without negatively impacting the delivery of services to the public. Balancing the budget requires a thorough analysis of the County's revenue stream combined with attempting to meet the requests from each of the County's departments. My primary goals were to present a balanced budget, while preserving a high quality of service to citizens, combined with meeting as many goals as funding would allow. After reviewing the County's revenue sources and the initial budget requests (General County Departments) were submitted to the budget team, we arrived at a General Fund budget deficit of **\$6,254,981** or the equivalent of **16.10 cent** property tax rate increase. Some requests were approved, some reduced, and some eliminated, but all of these requests by the County departments were not taken lightly. I have thought critically about each of the requests, and my conclusions were based on the overall well-being of Stokes County citizens.

During the Budget Goals Sessions held in January the Commissioners expressed their concerns in making sure our schools had safety measures in place in direct correlation with the Sheriff's Department and the Board of Education. SRO Officers at every school is at the forefront of this as well as school safety being one of the top five (5) priorities established by the Board of Commissioners. In the FY 2019-20 budget **I have not recommended these positions in the budget, nor has the Sheriff requested these positions.** If the Board moves forward with funding all SRO officers the total cost would be \$756,175, which will equal .02 cent tax increase in providing the revenues needed, from either General County Fund or the Dedicated Fund. This would allow the School System to use the Title XIX funding and matching grant funds for School Current Expense and Capital Outlay in other areas as needed for operational cost.

Stokes County Emergency Medical Services continues to have a difficult time retaining qualified personnel to provide adequate medical service to the citizens of Stokes County. This issue is not unique to Stokes County but rather an epidemic across the State and Country. For smaller counties like Stokes, it is even more of a problem, due to not having the revenues for alternative plans of retention. In the past EMS has requested better working hours (24/72) and being paid true time and half for overtime; instead of half time per FLSA. In implementing a work schedule such as the 24/72 work week and true overtime it would cost the Taxpayers an approximate 2.12 cents increase in the tax rate to generate \$825,128 in revenues to provide the staffing for this type of work week. Communications Shift Supervisors would be changed as well to 24/72, which would cost \$119,457 generating a .30 cents tax increase, for an estimated total tax increase of 2.40 cents. **I have not recommended the 24/72 schedule in this new budget.**

Another option for smaller Counties is paying **True Overtime Pay** while continuing the 24/48 hour work week schedule. This would be approximately half the cost of the requested 24/72 at \$476,395 for EMS. This is a worst case scenario (employees using no time off). If approved and set in motion the county will be required to pay Communications at that rate of overtime as well, generating an increase of \$67,566. The combined total cost would be \$543,960, which is equal to a 1.40 cent tax increase. **I have not recommended going from half time to true overtime pay for EMS/Communication.**

In December 2015 Stokes County elected to contract with LifeStar to provide service transporting Basic Life Support patients to and from Doctor Visits, and to Hospitals from Nursing Homes and Senior Home Care Facilities. The Revenue in reinstating this service for our citizens will produce on average of **\$560,000** per year based on three (3) years of data collections from LifeStar. **It is my recommendation** that the County reinstate this service effective January 1, 2020, which gives six month of revenue billing at approximately **\$265,000** for FY 2019-20. The contract with LifeStar is up for renewal in December, 2019. Within three years the County will be making revenue that will help cover the EMS Department's cost. You will be provided the 2018 data revenue per month on 911 convalescent and appointment transports in the upcoming Budget Work Sessions.

**I am recommending** a 2% employee Cost of Living (COLA- \$303,720 (including benefits)) for all full and part-time employees effective for the pay period beginning 07/13/19, and to apply the 2% to the current Salary Grade/Step Schedule. This begins the process of making Stokes County more competitive with our workforce and hopefully relieve some of the turnover pressures we have experienced in certain departments.

The requested budget includes **42** new positions at a total cost (including benefits) of **\$1,963,704** with \$1,530,375 funded by the General Fund. **My recommendation includes 17 new positions** with a total cost of **\$723,549** (including benefits) with \$339,817 funded by General Fund. Also it includes **32** reclassifications/step increases at a total cost of \$185,269 (including benefits) with \$167,359 funded by the General Fund. Based on County employment data collected by the North Carolina Association of County Commissioners for the FY 2018-19 adopted budget, the latest year for which position counts are available for County Government, Stokes County had the lowest number of employees per 1,000 residents of all its like size Counties with a comparable population; at 6.5 positions. The average for all Counties is nine (9) positions for every 1,000 residents. **My recommendation /includes 38 reclassifications/step increases** at a total cost of \$230,038 (including benefits) with \$212,904 funded by the General Fund. Details will be discussed during the Budget Work Sessions

The County is currently in the process of soliciting proposals for a Comprehensive Salary Study. This salary study will prove beneficial for employees if the data is collected from adjoining counties, and not limited to only like sized counties, due to the adjoining counties being the recruitment area for employment. It will be some time before proposals from companies are presented to the Board for selection; therefore I am requesting the new positions and reclassifications be approved in the budget to stabilize departments and provide adequate service to our citizens. It is my opinion that these requests would be recommended in any salary study completed in the future.

In my proposed budget, an appropriation of **\$3,783,270** will be required from the County's General Fund Balance to balance the budget. This appropriation will assure that funding for services provided by our County are met. This amount is the equivalent of a **9.74 cent** tax increase of the property tax rate, and reduces the fund balance from 33.37% (\$17,271,422) to 26.06% (\$13,488,152) per the County Fiscal Year 2018 audit. During the Budget Goal Sessions, the Board of County Commissioners expressed concerns that the fund balance should not drop below 25%. I regret having to use any of the County fund balance to balance my recommended budget. However, to meet each department's needs and to provide adequate services for our citizens, I was left with no choice other than to request the appropriation of the amount stated above to ensure continued stability in our budget. This is an estimate of fund balance. The actual fund balance total will not be known until the audit is complete for FY 2019-20.

During the month of March the Stokes County Board of Commissioners approved a lease contract agreement with Enterprise Fleet Management. This agreement began April 1, 2019 and the first vehicles will start arriving after July 1, 2019. For the first time ever Stokes County will lease their vehicles. Stokes County over the years has looked for a solution to reduce the age of the current fleet. Currently 57% of the light to medium duty vehicles are over 10 years old. Older vehicles are less fuel efficient, have more maintenance cost, and tend to be unreliable. At the present rate it would take 18 years to cycle out the entire fleet at our current acquisition rates. Enterprise Fleet Management's proposal is to save county resources and budget dollars through a managed vehicle program, while providing safe, dependable vehicles to employees.

**It is my recommendation** that \$800,000 be put into the Capital Reserve Fund.

These funds will be used for:

\$200,000- HVAC/Roofs/Other improvements

\$500,000- Economic Development

\$100,000- from Jail revenue for debt payment in an emergency.

**I am recommending** that \$2,545,000 projects be put into the Capital Projects Fund.

The projects are as follows:

EMS Station Walnut Cove \$650,000

Remodeling of two (2) Solid Waste Transfer Stations Walnut Cove and Pinnacle Sites \$770,000

New Fuel Depot Station \$250,000

Storage/Maintenance Building \$750,000

Solid Waste Building/Scale House \$125,000

These projects will be funded by multiple sources including financing, Regional Sewer Fund, Danbury Water Fund and Capital Reserve.

Also in this budget I am requesting the Board of Commissioners to consider the possibility of providing funds that will allow the expansion of Water and Sewer in several areas of the County. This will allow the growth of Industrial, Commercial and Business and help reduce the tax burden on our Citizens and residential community. Details will be discussed during the Budget Work Sessions.

Over the last several years, Stokes County has been blessed to see the construction of a beautiful Community Center/Health Facility in the community of Pine Hall, totally financed by the Petree Trust Fund. Recently, Stokes County has received more funding from the trust (\$318,000) to provide a picnic shelter and hiking trails. Again, at no cost to the taxpayers, this project should be completed during this new budget cycle, with the citizens of Stokes in the Pine Hall community enjoying this new wonderful Park addition.

Per North Carolina General Statutes, local Boards of Education have until May 15<sup>th</sup> of each year to submit their proposed budget to the County. As of this writing, the County has not yet received the Stokes County Board of Education's request for next year. While we do not yet know what will be requested, **I am recommending** current expense remain the same with the exception of new revenues due to Residential, Commercial and Business growth in 2018 calendar year and capital outlay funding remaining the same. The budget for School Current Expense is currently \$12,358,790 and School Capital Outlay \$1,780,000.

A mandatory public hearing for the proposed FY 2019/20 Budget has been scheduled for 7:00 p.m. in Courtroom "A" of the Stokes County Government Center on Friday, May 31, 2019.

Attached, I have provided you with a Budget-in Brief of the County's Expenditure and Revenue, along with some major changes in this years Proposed Budget.

I would like to thank the Board of Commissioners for providing the guidance and valuable assistance in helping me and the budget team with the development of my Recommended Budget. I am looking forward to working with each of you as we complete and implement the final budget for our county departments and the citizens of Stokes County.

Sincerely,

Jake M. Oakley  
County Manager

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# Stokes County

## FY 2019-20 Budget-in-Brief

<b>School Current Expense Fund:</b>	<u>\$12,558,190</u>	<b>General Fund Tax Rate:</b>	0.31
<b>Total Recommended Budget:</b>	<b>\$52,870,126</b>	Est. Current Year Tax Levy	\$12,043,753
County Levy @ 97.52 % Collection Percentage		<b>School Current Exp. Tax Rate</b>	0.31
Motor Vehicles @ 100% Collection Percentage		Est. Current Year Tax Levy	\$12,043,753
Total Property Value Base: \$3,577,940,752 / 97.52% Collection Rate =			\$3,489,207,821
Total Motor Vehicles Base: \$ 395,873,947 / 100% Collection Rate =			\$ 395,873,947
<b>Total Assessed Base Rate Value</b>		<b>\$3,885,081,768</b>	

### Expenditures: Where does the money go?

**Education** (public schools and community college). **Public Safety** (Sheriff's Dept., Jail, Animal Control, Emergency Management, EMS, District Resource Center, Medical Examiner, Fire Marshal). **General Government** (Administration, Elections, Finance, Governing Body, Information Systems, Legal, Mapping/GIS, Public Buildings, Purchasing, Register of Deeds, Superior Court, Tax, Vehicle Maintenance, Revaluation). **Human Services** (Health Department, Social Services, Veterans Services, Environmental Health, Senior Services, Public Assistance). **Debt Service** (all loans County and Schools) and **Other County Funding** (Solid Waste, Cooperative Extension, Economic Development, Natural Resources, Planning, Arts Council, Libraries, Parks, Recreation, Special Appropriations, Transfers, Contingency). These expenditures combine General Fund and School Current Expense Fund.

<u>Recommended Expenditures</u>	<u>Budget</u>	<u>Position</u>	<u>Average Tax Bill per Resident</u>
Education	\$12,653,029	23.93%	2.00
General Government	\$ 6,362,988	12.04%	52.00
Public Services	\$12,419,841	23.49%	144.00
Human Services	\$ 9,916,795	18.76%	115.00
Debt Service	\$ 5,457,887	10.32%	-
Other/Transfer Funding	\$ 6,059,586	11.46%	29.00
<b>Total</b>	<b>\$52,870,126</b>	<b>100.0%</b>	<b>342.00</b>

### Revenues: Where does the money come from?

The County gets most of its revenue from property taxes (Real / Personal taxes and DMV on Motor Vehicles). Other revenues include County Sales Tax, Inspection Fees, Service Fees, State /Federal Funds, State Reimbursements, Miscellaneous and Fund Balance. These revenues combine General Fund and School Current Expense Fund.

<u>Recommended</u>	<u>Revenues</u>	<u>Budget</u>	<u>Revenue per Resident</u>
Property Tax-County	\$24,872,507	47.04%	\$271.00
Sales Tax	\$ 6,963,500	13.17%	\$149.43
Service Fees/Other	\$ 9,194,258	17.39%	\$194.83
Fund Balance	\$ 3,783,270	7.16%	\$81.19
State & Federal	\$ 7,432,591	14.06%	\$159.50
Beer /Wine & Lottery	\$ 624,000	1.18%	\$13.39
	<b>\$52,870,126</b>	<b>100.00%</b>	<b>\$0 \$100 \$200 \$300 \$400 \$500 \$600</b>

### What are the major changes to the budget from last year?

- The General Fund and School Current Expense Fund Budget Totals \$52,870,126; an increase of \$3,601,919 over last year which is a 7.31% increase over FY 2018-19 budget.
- Additional employees with 16.5 new positions in 14 different departments.
- 38 reclassifications within 18 different departments
- 2 percent Cost of Living (COLA) for all county employees.
- Funds budgeted in the Capital Reserve Fund for several areas promoting Economic Growth, Building Maintenance, Recreation, and High Speed Internet.
- Enterprise Fleet Management Program to bring our county fleet up to date.
- Reinstating Basic Life Support / Convalescent Service. EMS / BLS Medical Service.

Projects budgeted in Capital Projects Fund include EMS Station-Walnut Cove, Solid Waste Transfer Stations, Fuel Depot, Storage/Maintenance Building, and Solid Waste Building/Scale House.

## FISCAL YEAR 2019/20 RECOMMENDED BUDGET

In developing this budget, I looked to the Board's guidance from the two goal setting sessions held during the month of January. During these meetings, the Board identified a number of high priority focus areas that will advance the county's mission to provide efficient, effective, responsive government while meeting the public's needs, maintaining and providing exceptional services that support a high quality of life, and sustainable economic growth. A significant revenue source is required in order to accomplish this. Property and sales tax are the county's two major revenue sources. The county's property tax collection has been positive in recent years due to the real estate market continuing to strengthen. This is due to the sale of homes, especially in the Yadkin Township area, and the land values showing steady growth county wide. The overall county's property tax base will increase by approximately 1.0% over the value used to prepare the FY 2018-19 budget. **The proposed budget recommends a \$0.31 cent rate for General County, \$0.31 cent for School Current Expense Fund, \$0.04 cent Dedicated Fund, and \$0.08 cent for all Fire Districts per \$100 valuation of assessed.**

My primary goals were to present a balanced budget, while preserving a high quality of service to citizens, combined with meeting as many goals as funding would allow. After reviewing the County's revenue sources and the initial budget requests (General County Departments) were submitted to the budget team, we arrived at a General Fund budget deficit of **\$6,254,981** or the equivalent of **16.10 cent** property tax rate increase. Below you will see the projected **Recommended Revenue along with the Expenditures for the FY 2019-20 budget.**

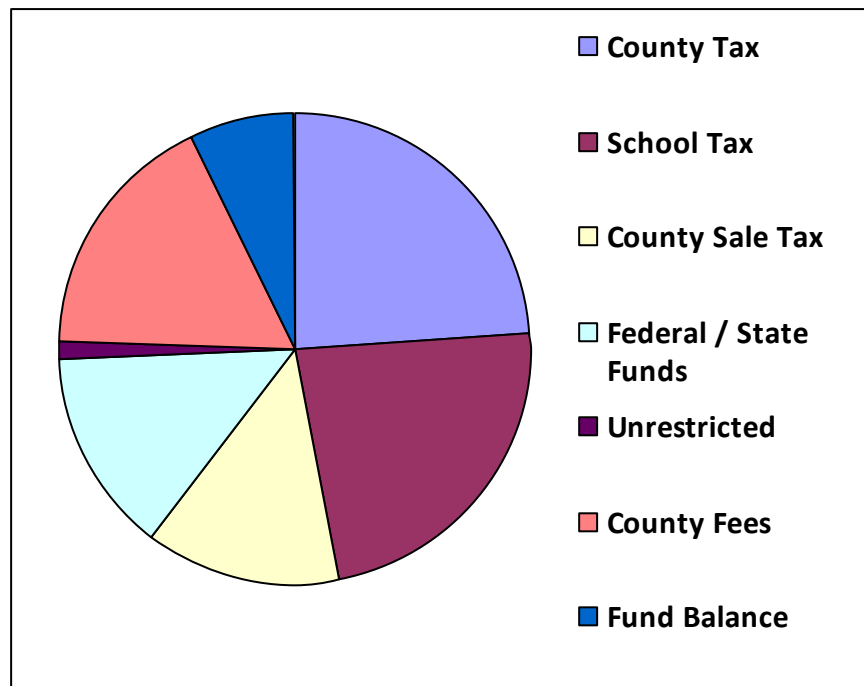
## County Revenues

### **Tax Revenues:**

Total revenues are expected to increase by \$1,641,024 next year, or 5.18% over last year's budget. The amount of fund balance used to balance the budget increased by \$3,783,270 in supporting county operations.

### **Funding:**

County Tax = 23.89%  
\$12,628,754  
School Tax = 23.16%  
\$12,243,753  
County Sales Tax = 13.17%  
\$6,963,500  
Federal / State Fund = 14.06%  
\$7,432,591  
Unrestricted = 1.18%  
\$624,000  
County Fees = 17.39%  
\$9,194,258  
Fund Balance = 7.15%  
\$3,783,270  
**TOTAL \$52,870,126**



## FY 2019 – 2020 - Revenues

**\$52,870,126**

County Tax 23.89%	School Tax 23.16%	County Sales Tax 13.17%	Federal/State Funds 14.06%	County Fees 17.39%	Fund Balance 7.15%	Unrestricted 1.18%
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### Property Tax:

The total property tax base for FY 2019-20 is estimated to be **\$3.973** billion. This is an increase of **1.52%** over the value used to build the FY 2018-19 budget and will result in an additional **\$385** thousand in property tax revenue. In keeping with the current tax rate at \$0.62 cents County, \$0.04 cents Edu. Fund, and \$0.08 cents for all Fire Districts it will mark the fifth (5) consecutive year with **no County property tax increase, which I am Recommending for the FY 2019-20 budget.** The county continues to offer a discount of 2% for current year taxes paid prior to September 1<sup>st</sup>. About 60% of property owners pay their tax bill by the discount deadline. The reduction in tax revenue due to this discount is approximately \$308 thousand or the equivalent of approximately 1 cent on the tax rate. Public Utilities have a very large presence in our county with Duke Power being the largest of all our Utilities. Duke Power pays over \$3.5 million or the equivalent of 9.03 cents on the tax rate a year. Due to the coal ash problem, Duke Power is working very diligently in reducing the effect of Coal Ash pollution in our State. With one of their largest plants located here in Stokes, the reduction of Coal supply on hand by converting to Natural Gas, will have a significant impact on their tax bill that could result in a large reduction in Public Utility revenues. The Department of Revenue in Raleigh is working closely with Duke Power to determine the exact amount of lost revenue that this reduction of coal supply will result in.

### Dedicated Fund, Property Tax

The Dedicated Fund tax revenue for FY 2019-20 is estimated at **\$1,554,033**. This is an increase of 1.63% over last year's budget and will result in an additional **\$24,865** in property tax revenue. In this years proposed budget **I am Recommending** the four cent (4.0) Edu. School Fund be changed to a **Dedicated Capital/Operations/Debt Service Fund**. This change will allow all of the Public Schools Capital Projects Funding for buildings, repairs, new construction, SRO officers and debt service to be a part of this fund. Changing what this fund can be appropriated for will allow the County to better serve its Educators and Children in all areas of our Public Education.



I have recommended not transferring the \$1,139,775 from General Fund as the model shows, due to the need for these funds in the General Fund so we do not fall below 25% fund balance. Therefore, we will be using \$1,493,250 of the Dedicated Fund's fund balance for debt service and operating expenses for Forsyth Tech and Poplar Springs. By doing this you will need to raise this tax rate in Fiscal Year 2021-22. The \$1,139,775 would require a 3 cent tax increase. Another option for the Board to consider is not funding the operations of Forsyth Tech and Poplar Springs School out of the Dedicated Fund, therefore a tax increase would not be needed until fiscal year 2022-23. As previously discussed in my letter to the Board concerning the cost of the SRO officers from these funds would require at 2 cent tax increase in Fiscal Year 2021-22. Therefore, you are looking at a 5 cent tax increase in the Dedicated Fund in Fiscal Year 2021-22.

### Recommended Tax Rates per Fund

<u>Tax Districts</u>	<u>Tax Rates</u>	<u>Revenues</u>	<u>At 97.52% Collection base Rate of Value</u>
General County Expenses & M.V.	(\$0.31)	\$12,043,753	\$3,973,814,699
Schools Current Expenses & M.V.	(\$0.31)	\$12,043,753	\$3,973,814,699
Edu. School Fund & M.V.	(\$0.04)	\$ 1,554,033	\$3,973,814,699
Service Fire District & M.V.	(\$0.08)	\$ 1,837,863	\$2,350,358,138
King Fire District & M.V.	(\$0.08)	\$ 384,794	\$ 491,542,637
Rural Hall Fire District \$ M.V.	(\$0.08)	\$ 74,014	\$ 94,576,143
Walnut Cove Fire District & M.V.	(\$0.08)	\$ 267,267	\$ 341,556,573

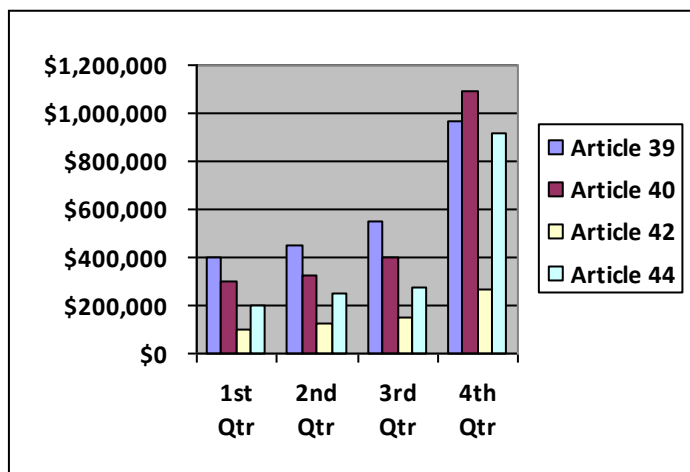
Note: Real & Personal Property assessed at 97.51% rate and Motor Vehicle assessed at 100% rate.

### Sales Tax Revenue

Sale tax revenues are budgeted at \$6.8 million for the upcoming Fiscal Year - \$35,000 thousand (5.16%) higher than the amount budgeted in the prior year. My recommended revenues in sales tax are to remain as last year's earnings, based on revenue reported as of March 2019.

#### County Funds:

1 Cent Sales Tax (Article 39)	\$2,365,000
½ Cent Sales Tax (Article 40)	\$2,120,000
½ Cent Sales Tax (Article 42)	\$ 600,000
Sales Tax Reallocation (Article 44*524)	\$1,720,000
<b>TOTAL</b>	<b>\$6,805,000</b>

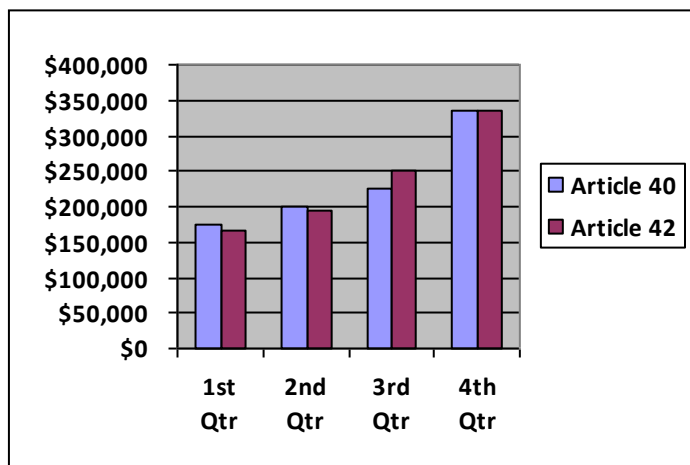


The amount of sales tax revenue the county receives is based on retail sales, the sales tax rate, and refunds of sales tax rates. Because of the way refunds are reported to and processed by the State, net sales tax revenues can vary significantly from month to month and year to year.

#### School Capital Outlay/Capital Reserve Fund:

½ cent Sales Tax (Article 40)	\$885,000
½ cent Sales Tax (Article 42)	\$895,000

The budget assumes no changes to the way sales tax revenues are distributed to counties. Any changes made by the State Legislators that impact both the total amount of sales tax revenue that is returned to local governments in Stokes and how those revenues are distributed within the county could have a negative impact on county revenues. **Total \$1,780,000**



## **Federal & State Funds Revenues:**

Revenues from the Federal and State Government relate mainly to Social Services and the Health Department. This year estimated revenues are **\$7,432,591**.

## **County Services, Fees & Transfers:**

User Fees, Charges and transfers will generate about \$9,079,221 in FY 2019-20. While there is considerable variation in individual user fees budgeted, the overall total increase for FY 2019-20 is expected to be about \$2,259,008. This increase is due mainly to the completion of the Jail Expansion. Revenues from the jail will begin in the upcoming fiscal year budget. Additional revenues will be seen upon Board approval within a new Department with revenues reported on the last half (January through June, 6 months) of the upcoming FY 2019-20 Budget. Below you will see a sum of the revenue fees that were reported with a full detailed description on the top three (3) largest funds and the recommended new BLS Department.

<b>1. Permits Fees (Environmental Health, Register of Deeds, Inspections, etc.)</b>	<b>\$ 387,000</b>
<b>2. Service Fees (EMS, Fire, Jail, Sheriff, Animal Control, etc.)</b>	<b>\$4,216,294</b>
<b>3. Other Fees (Miscellaneous revenues, Financing, &amp; transfers)</b>	<b><u>\$4,475,897</u></b>
<b>Total</b>	<b><u>\$9,079,221</u></b>

### **\*Emergency Medical Service (EMS):**

In the FY 2019-20 budget EMS will celebrate 46 years of excellent pre-hospital care for citizens and visitors of Stokes County. In providing the service of health care, the EMS Department runs approximately 11,000 calls a year. The average cost per transport is **\$500**; which generates revenue of approximately **\$1,780,000**.

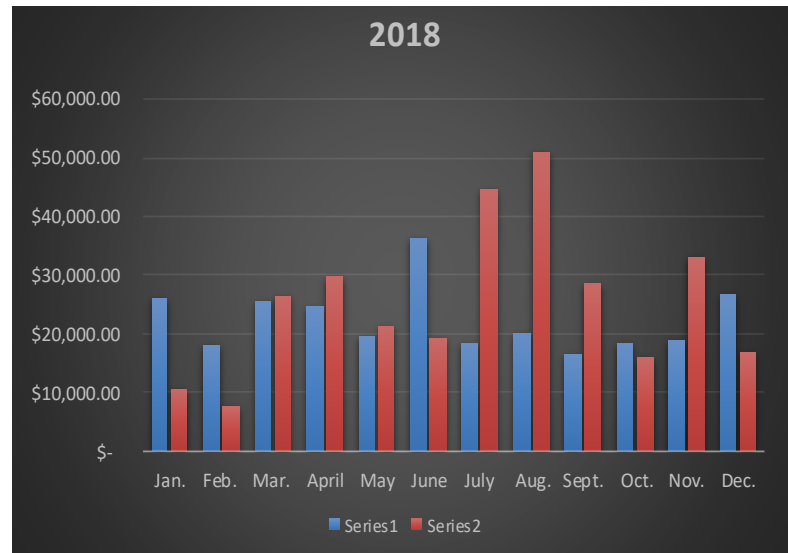
This year the EMS Department started a new Community Paramedic program in collaboration with the DSS Department with funding through M.O.E. (Maintenance of Effort). The partnership between the two departments provide a complex assortment of services including, Mental and Functional Assessments, Medication Reconciliation, Home Safety assessments, Home-based Coordinated Care, Intensive Case Management, Public Education and an Opioid Response Team. In the budget you will see the request and recommendation for two (2) new Community Paramedics. Funding for this service is estimated at **\$100,000** and provided through M.O.E. (Maintenance of Effort) funding. Since the launch of this program in late 2018 contact has been made with over 80 patients. It is my hope this part of our Health care will continue to be a success for our citizens.

In this year's budget I am requesting the Board to reinstate the Basic Life Support Service (BLS) / Convalescent care we once provided in Stokes County.

### **New EMS / BLS (Base Life Support):**

In December 2015 Stokes County elected to contract with LifeStar which provided a service that transported BLS patients to and from Doctor Visits or Hospitals from Nursing Homes and Senior Home Care. The Revenue in reinstating this service for our citizens will produce an estimated **\$560,000** per year based on three (3) years of data collections from LifeStar. It is my recommendation that the County move forward with providing this service beginning January 1, 2020, which gives six months of revenue billing at approximately **\$265,000** for FY 2019-20. This program will generate additional funds that can be used to offset the EMS budget. Below you will see 2018 data revenue per month on 911 convalescent and appointment transports.

	<u>911/Covo</u>	<u>Appt.</u>
Jan.	\$26,112.00	\$10,600.00
Feb.	\$17,920.00	\$7,420.00
Mar.	\$25,600.00	\$26,500.00
April	\$24,576.00	\$29,680.00
May	\$19,456.00	\$21,200.00
June	\$36,352.00	\$19,080.00
July	\$18,432.00	\$44,520.00
Aug.	\$19,968.00	\$50,880.00
Sept.	\$16,384.00	\$28,620.00
Oct.	\$18,432.00	\$15,900.00
Nov.	\$18,944.00	\$32,860.00
Dec.	\$26,624.00	\$16,960.00
<b>Total</b>	<b>\$268,800.00</b>	<b>\$304,220.00</b>



**Total revenue reported for FY 2018-19 = \$560,000 by LifeStar**

**Total estimated revenue for FY 2019-20 = \$265,000 by County (Begins January 1, 2020)**

**\*Public Safety (Sheriff's Office):**

The Sheriff's office reports \$620,687 in fees and charges. Over \$344,175 for SRO officers that are paid for by Title XIX funds for four (4) of our Schools, \$84,000 grant for part time SRO officers and \$149,012 for contract with the Town of Walnut Cove for officers, other permit fees and officer service fees. As previously mentioned in my letter to the board I nor the Sheriff is recommending SRO officer's in every school. The board has the option, but this would require a tax increase in the General Fund or Dedicated Fund. The Sheriff requested an additional Deputy and Records Clerk in his budget.

**\*Public Safety (Jail):**

In this year's FY 2019/20 Budget, the Sheriff's Office projected revenues have increased significantly from years in the past. The average revenue reported over past budget years is approximately \$400,000 per year for Jail revenues. In November 2015 Stokes County approved, by Resolution, a new Jail Expansion Project. This new addition to the County Jail was designed to alleviate the overcrowding and expense for off-site housing of inmates. In accomplishing this, it allows the County to provide the housing required for our inmates and save approximately **\$250,000** in expense each year. In addition to the savings projected, the County will be able to provide housing of inmates for other Counties, in which Sheriff Mike Marshall is projecting a conservative projection of **\$800,000** for the FY 2019-20 budget. The Sheriff is recommending this conservative approach of revenues, due to this being the first year of providing the service of housing for other County's inmates. As the business model showed the revenues and savings from the County not paying for our inmates at other units would pay for the debt service payment and additional cost of the expansion. Additionally, the Sheriff asked that a portion of the revenues be placed in the Capital Reserve Fund for future pay-off in the amount of **\$100,000** of collected revenues for fiscal year 2019-20. These funds would be for paying debt service pay-off, payments in advance to USDA and for emergency funding of debt in the event of low revenue from the housing of inmates. After much discussion with the Sheriff and the County Finance Director it is my recommendation adopt this conservative approach in the Fiscal Year 2019-20 Proposed Budget and allow the County's Finance Team to have a year of true revenue data.

### **Enterprise Fund Revenues:**

Stokes Reynolds Memorial Hospital is operated by LifeBrite. All budget items related to the Hospital are in accordance with the lease agreement. There is one more year of the indigent services payment per lease after fiscal year 2019-20

Regional Sewer and the Danbury Water Funds remain financially sound.

Regional Sewer Fund:	\$ 110,000
Danbury Water Fund:	\$ 125,000
Stokes Reynolds Memorial Hospital	\$ 61,000
<b>Total</b>	<b>\$ 296,000</b>

### **Special Revenue Funds Revenues:**

Capital Reserve Fund is used to reserve funds for capital outlay or capital projects. \$810,000 is being transferred for economic development projects, repairs/HVAC/roofs/etc. for County buildings and Jail reserve for payments on debt.

E911 Fund generated from sur-charge fees on all phone services. The figure the State gave us for the fees for fiscal year 2019-20 is \$277,250, \$1,893 of interest on investments and \$394,742 fund balance. The State bases your revenues estimate on the amount of fund balance you are holding. They do not want to see over 20% in the fund balance.

### **Other General Government Funds:**

Health Department Title XIX Fund-This fund is to keep track of the title XIX funding that has to be accounted for by the State. The revenues are as followed:

State funding	\$ 338,625
Fees	\$ 264,500
Transfer from General Fund	\$ 735,297
<b>Total</b>	<b>\$1,338,422</b>

At the time of the budget we do not know what our cost settlement from Medicare will be. The Finance Director has projected that no fund balance will be available. During the Finance Director's quarterly reviews of this fund during the fiscal year, if there is fund balance she will reduce the transfer from General Fund.

M.O.E. (Maintenance of Effort) fund-This fund is to hold the M.O.E. funding for mental health services. The revenues are transferred from the General Fund in the amounts of \$395,820 and \$3,000 for ABC bottle tax for AA services.

### **Other Revenue:**

Other revenue is expected to increase by approximately \$275,000 to **\$480,000**, primarily due to the result of an increase in investment earning. This is due to the Feds raising interest rates.

### **General Fund Balance:**

In my proposed budget, an appropriation of **\$3,783,270** will be required from the County's General Fund account to balance the budget. This appropriation will assure that funding for services provided by our County are met. This amount is the equivalent of a **9.74 cent** tax increase of the property tax rate, and reduces the fund balance from 33.37% (\$17,271,422) to 26.06% (\$13,488,152) per the County Fiscal Year 2018 audit. During the Budget Goals Sessions, the Board of County Commissioners expressed concerns that the fund balance should not drop below 25%. I regret having to use any of the County fund balance to balance my recommended budget. However, to meet each department's needs and to provide adequate services for our citizens, I had no choice other than to request the transfer of the amount stated above to ensure continued stability in our budget. This is an estimate of fund balance. Upon completion of the audit we will know the actual fund balance.

**Total Revenue Sources, General County:**

Property Tax, General County	\$12,628,754
Sales Tax	\$ 6,963,500
Restricted Intergovernmental, Federal & State Funds	\$ 7,432,591
Unrestricted Intergovernmental, Beer & Wine / Lottery	\$ 624,000
County Services and Fees	\$ 9,079,221
Fund Balance	<u>\$ 3,783,270</u>
<b>Total</b>	<b>\$40,511,336</b>

**Total Revenues Recommended (General County) FY 2019-2020    \$40,511,336**

**Total Revenue Sources, School Current Expense:**

Property Tax	\$12,043,753
Penalties & Interest (Statue requirement)	\$ 200,000
Transfer from Dedicated Fund (4 cents) Poplar Springs School	\$ 94,508
Transfer from General Fund	<u>\$ 20,529</u>
<b>Total</b>	<b>\$12,358,790</b>

**Total Revenues Recommended (School Current Expense) FY 2019-20  
\$12,358,790**

## County Expenditures

**General Gov't. Expenditures;**

County departments requested \$43,283,322 (General County) in expenditures for next year's General Fund. After careful review, the recommended budget is \$40,511,336 (General County), which equals a \$2,771,986 reduction from requested amount. The recommended budget is an increase of \$3,388,688 without School Current Expense compared to fiscal year 2018/19. Below is a summary of expenditures by service category.

General Gov't = 12.04%  
\$6,362,988

Education = 23.93%  
\$12,653,029

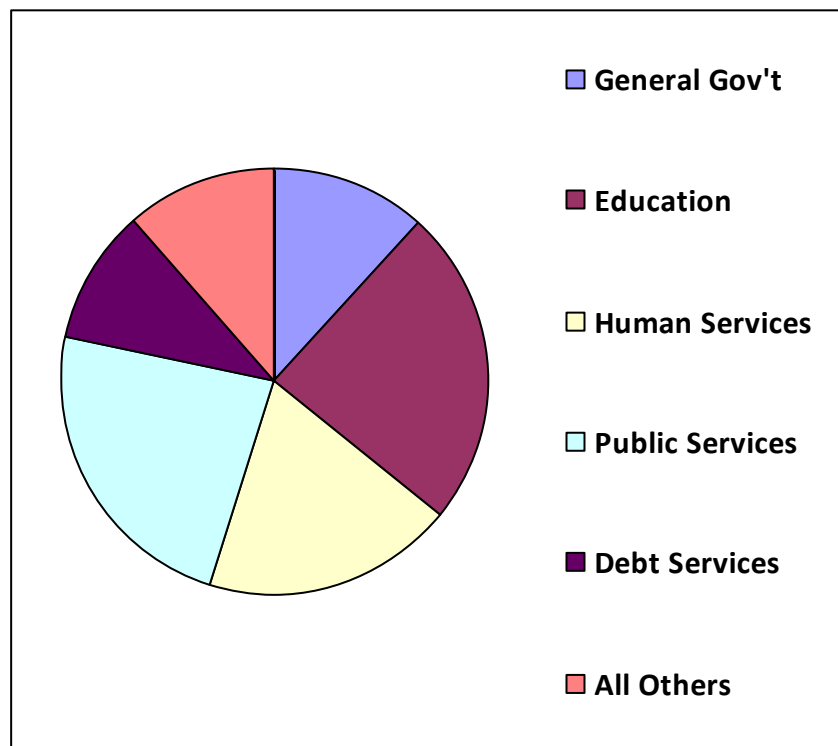
Human Services = 18.76%  
\$9,916,795

Public Service = 23.49%  
\$12,419,841

Debt Services = 10.32%  
\$5,457,887

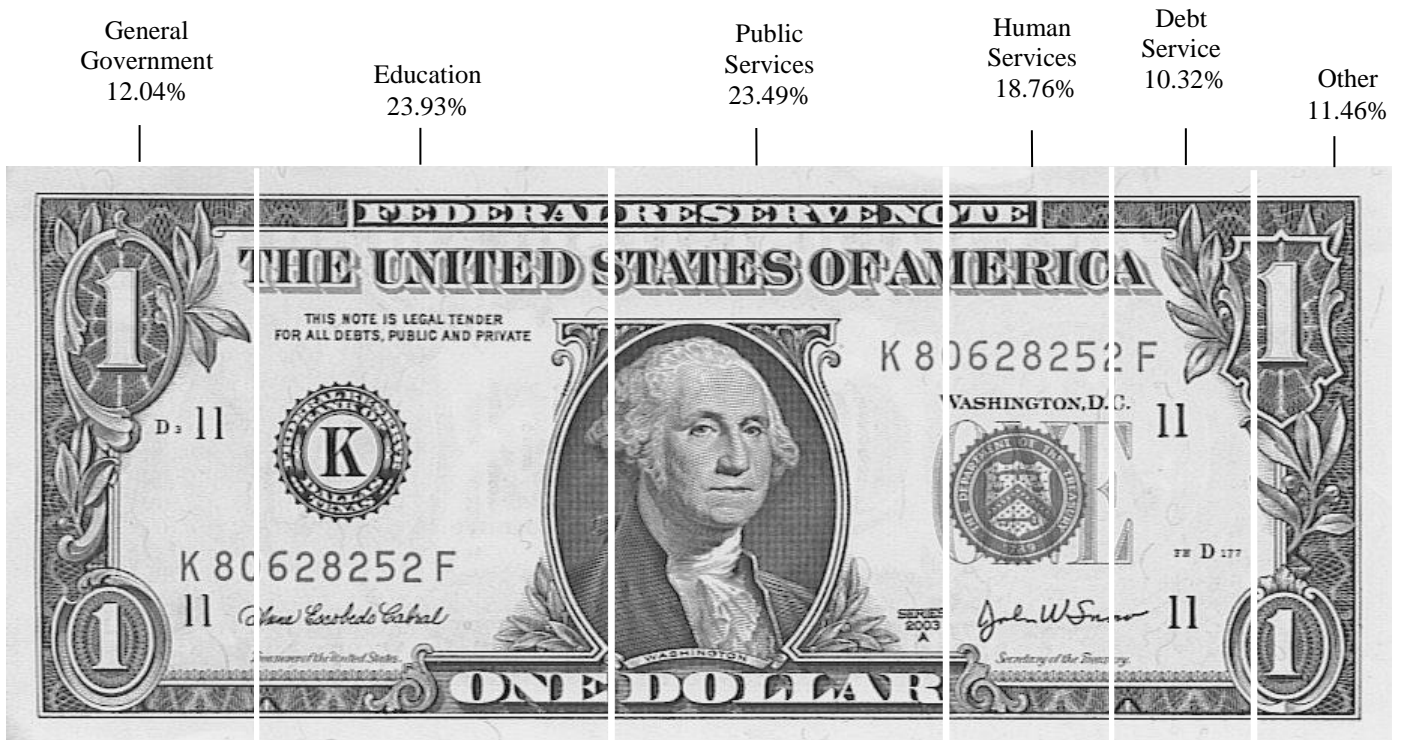
All Other = 11.46%  
\$6,059,586

**Total \$52,870,126**





**FY 2019 – 2020 - Expenditures**  
**\$52,870,126**



**Summary of Expenditures by Service Category**

	FY 2019	FY 2020	FY 2020	Difference	Difference
	Final	Request	Recommended	\$ change	% change
General Gov't.	\$ 5,222,182	\$ 6,236,234	\$ 6,362,988	\$ 1,140,806	21.85%
Education	\$12,345,046	\$ 291,831	\$12,653,029	\$ 307,983	2.49%
Human Services	\$ 9,169,264	\$10,149,994	\$ 9,916,795	\$ 747,531	8.15%
Public Service	\$ 11,006,181	\$13,969,861	\$12,419,841	\$ 1,413,660	12.84%
Debt Service	\$ 4,370,917	\$ 5,457,887	\$ 5,457,887	\$ 1,086,970	24.87%
All Other	\$ 7,154,617	\$ 7,177,515	\$ 6,059,586	(\$ 1,095,031)	(15.31%)
<b>Total Expenditures</b>	<b>\$49,268,207</b>	<b>\$43,283,322</b>	<b>\$52,870,126</b>	<b>\$ 3,601,919</b>	<b>7.31%</b>
<b>Permanent Position</b>	<b>313</b>	<b>341</b>	<b>337</b>	<b>24</b>	<b>1.85%</b>

**Summary of Expenditures by Type of Expenses**

	FY 2018	FY 2019	FY 2019		
	Adopted	Request	Recommended	\$ chg	% chg
Personnel, salaries	\$ 17,151,752	\$20,492,106	\$19,465,889	\$2,314,137	13.49%
Contractual Services	\$11,959,719	\$13,194,168	\$11,808,398	(\$ 151,321)	(1.27%)
Materials/Supplies	\$ 2,771,911	\$ 2,568,732	\$ 2,547,232	(\$ 224,679)	(8.11%)
Capital Outlay	\$ 868,349	\$ 1,570,429	\$ 1,231,930	\$ 363,581	41.87%
Debt Repayment	\$ 4,370,917	\$ 5,457,887	\$ 5,457,887	\$1,086,970	24.87%
School Current Exp	\$12,145,559	\$0,000,000	\$12,358,790	\$ 213,231	1.77%
<b>Total Expenditures</b>	<b>\$49,268,207</b>	<b>\$43,283,322</b>	<b>\$52,870,126</b>	<b>\$3,601,919</b>	<b>7.31%</b>

The requested column above does not include the School System request. Their request had not been submitted due to the School System has until May 15 to submit their Budget.

Balancing the budget requires a thorough analysis of the County's revenue stream compared to departmental budget requirements. County departments requested \$43,283,322 in expenditures in Fiscal Year 2019-20. The requested amount does not include the School System's request. After careful review, the recommended budget is \$52,870,126, which is an increase of \$3,601,919 compared to FY 2018-19. Below are my **recommendations** for each County department.

### **Recommendation of Expenditures per Department**

<b>General Gov't:</b>	<b>Requested</b>	<b>Recomm.</b>	<b>Public Services:</b>	<b>Requested</b>	<b>Recomm.</b>
Administration	\$ 335,333	\$ 340,034	Sheriff Office	\$ 3,673,848	\$ 3,724,916
Governing Body	1,187,870	1,187,870	Jail	2,394,383	2,418,759
Finance	557,650	562,912	Emergency Mgmt.	232,063	168,696
Purchasing	88,283	106,116	Emergency Comm.	1,037,169	930,280
Elections	383,969	385,943	Fire Marshal	344,473	348,697
Register of Deeds	252,138	255,460	*EMS	5,027,272	3,668,135
Tax Administration	810,335	891,867	*EMS / BLS	630,119	535,505
Revaluation	235,653	239,005	D.R.C	188,915	181,861
GIS/Mapping	221,363	224,302	Medical Examiner	52,000	52,000
Public Building	1,458,526	1,453,034	Animal Control	389,619	390,992
Information System	293,309	302,170	<b>Total</b>	<b>\$13,969,861</b>	<b>\$12,419,841</b>
Legal	92,000	92,000	<b>Debt Service, Co.</b>	<b>\$ 5,457,887</b>	<b>\$ 5,457,887</b>
Superior Court	24,415	24,415	<b>Education:</b>		
Vehicle Maintenance	295,390	297,860	<b>Forsyth Tech</b>	<b>\$291,831</b>	<b>\$294,239</b>
<b>Total</b>	<b>\$6,236,234</b>	<b>\$6,362,988</b>	<b>Transfer of County Funding:</b>		
<b>Other:</b>			Capital Reserve Fund	\$ 700,000	\$ 800,000
Arts Council	135,252	150,189	Stokes Reynolds Hospital	49,999	49,999
Solid Waste	1,372,136	1,322,238	Medicaid Title XIX	721,032	735,297
Library	521,341	521,341	Mental Health (MOE)	395,820	395,820
Cooperative Extension	188,054	188,054	Contingency	275,000	275,000
Natural Resources	160,743	162,201	Dedicated Fund (4 cents)	1,139,775	00,000
Planning	421,862	442,487	Transfer School Current	00,000	20,529
Recreation	117,484	120,595	<b>Total</b>	<b>\$3,281,626</b>	<b>\$2,276,645</b>
Special Appropriation	592,725	492,725			
Parks	23,347	23,486			
Economic Development	362,945	359,625			
<b>Total</b>	<b>\$3,895,889</b>	<b>\$3,782,941</b>			
<b>Human Services:</b>			<b>Total Recommended General County Budget</b>		
Health Department	\$ 793,105	\$ 805,663	<b>\$40,511,336.00</b>		
Environmental Health	297,897	302,373	<b>Board of Education:</b>		
Social Services (all)	8,409,209	8,147,608	Schools Current Exp.		\$12,358,790
Veteran's Service	23,859	31,270	<b>Total FY 2019-20 Budget General and Schools</b>		
Senior Services	625,924	629,881	<b>\$52,870,126.00</b>		
<b>Total</b>	<b>\$10,149,994</b>	<b>\$9,916,795</b>			

During the scheduled Budget Work Sessions, we can discuss in full detail each department's budgetary requests and have the Department Heads available for answering any questions the Board may have if the Board so chooses.

**General Fund-Equipment Recommendations (These are non-reoccurring line items)****Equipment:**

Administration	\$ 2,500	Jail	\$ 7,500
District Resource Center	\$ 675	Natural Resources	\$ 2,200
Election	\$150,000	Public Building	\$262,900
Emergency Communication	\$ 52,498	Senior Services	\$ 2,500
Emergency Management	\$ 33,000	Sheriff's Offices	\$ 45,275
Emergency Medical Service	\$222,500	Tax Administration	\$ 1,000
EMS / BLS Service	\$286,863	Finance	\$ 7,400
Vehicle Maintenance	\$102,500	Purchasing	\$ 1,250
Fire Marshal	\$ 31,269		
Forsyth Tech	\$ 9,100		
Information System	\$ 11,000	<b>Total</b>	<b>\$1,231,930</b>

**Other Funds-Equipment recommendation**

E911 Fund	\$357,517
Capital Projects Fund	\$2,545,000

General Fund Equipment Recommendations of \$1,231,930 will be funded by the General Fund \$310,931, Dedicated Fund (4 cents) \$9,100, Capital Reserve Fund \$471,224, District Resource Center \$675 and financing \$440,000.

E911 Fund equipment recommendation of \$357,517 will be funded with E911 fees and fund balance in this fund.

Capital Projects Fund Recommendations of \$2,545,000. Projects are listed below:

New ambulance station Walnut Cove \$650,000 Finance  
 Convenience Site Design/MSW Compactors (2) \$770,000 Finance  
 (Walnut Cove and Pinnacle)  
 Stokes County Fuel Depot \$250,000 Finance or Capital Reserve  
 Solid Waste Building/Scale House \$125,000 Capital Reserve  
 Storage/Maintenance Building \$750,000 Finance/Sewer Fund/Danbury Water Fund

**EMS / BLS (Basic Life Support) Service, (As discussed on page 10)**

It is my recommendation in the new fiscal budget, FY 2019-20 that the County start providing the BLS Service in house again.

Brandon Gentry, EMS Director has provided a list of the requested equipment that it will take to provide an adequate level of service for Basic Life Support (BLS) Units in our County.

The following equipment is needed:

(2) Ford Transit Ambulance w/stretchers \$230,000, (2) AED's \$6,302, (2) Ferno Stair Chairs \$6,000, (2) Pagers \$905, (2) Radios \$12,594, (2) Willkie Talkies \$9,562, (2) Tough Book Computers \$16,000, (2) Computer Stands \$3,000, Computer \$2,500.

**Total \$286,863**

**County Vehicles:**

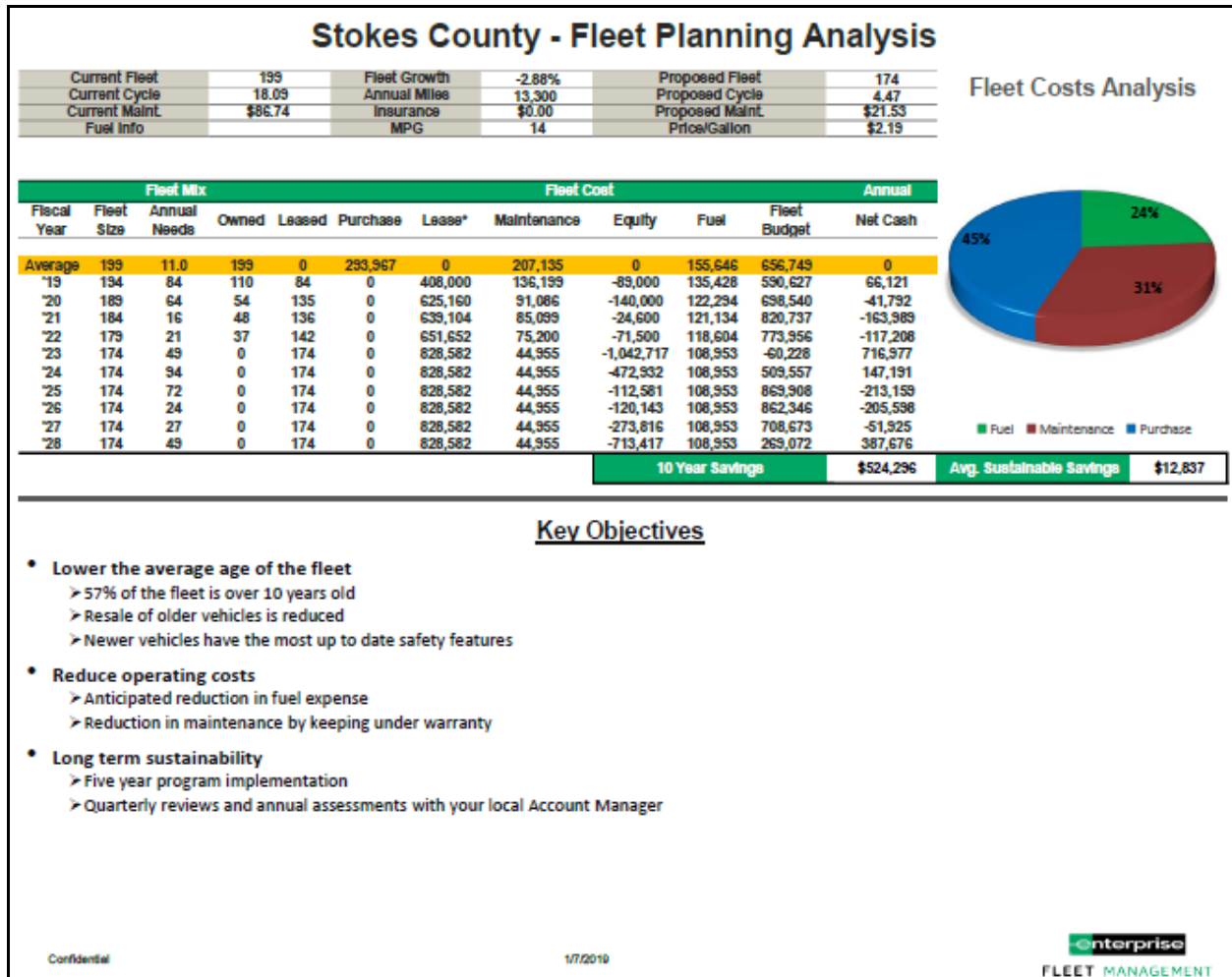
During the month of March, the Stokes County Board of Commissioners approved a lease contract agreement with Enterprise Fleet Management as discussed earlier in my budget letter with many positives for the county including:

- Utilizing an open-ended lease as a funding mechanism, allowing the County to acquire additional vehicles while avoiding a large capital outlay budget.
- An open-ended lease means there are no early termination, mileage, or abnormal wear and tear penalties.
- Replace vehicles with newer models to increase fuel efficiency and reduce maintenance expense.
- Maintenance and repairs will continue to be facilitated through the County garage.



- Establish a proactive replacement plan that maximizes potential equity at time of resale, reduces operational expenses, and increases safety.
- The County receives flexibility of ownership.

Moving to a Leasing option allows Stokes County to start benefiting from a more efficient, safer fleet of vehicles while allowing the County to replace vehicles before expensive maintenance and repairs associated with an older fleet arises. Below you will see graphic information showing the Vehicle type, replacement schedule, previous years Financed and a complete Fleet Leasing cost analysis.



**Staffing and Employee Compensation:**

Based on County employment data collected by the North Carolina Association of County Commissioners for FY 2017-18 adopted budget, the latest year for which position counts are available for County Government, Stokes County had the lowest number of employees per 1,000 resident of all its like size Counties that has the same population, at 6.5 positions. The average for all Counties is nine (9) positions for every 1,000 residents.

**Staffing**

The requested budget includes **42** new positions at a total cost (including benefits) of **\$1,980,928**. My Recommendations has **17** new positions with a total cost of **\$740,773**.

<b>Requested / Recommended New Position</b>				
<b>Department</b>	<b>Requested</b>	<b>cost</b>	<b>Recommendation</b>	<b>Cost</b>
<b>Administration:</b>				
Human Resource assistant	(1.00)	\$42,115	Recommended	\$42,115
<b>Animal Control:</b>				
Record Clerk, (part-time)		\$17,224	Recommended	\$17,224
<b>Art's Council:</b>				
Manager of the Arts Place	(1.00)	\$33,322	Recommended	\$33,322
<b>Emergency Communication:</b>				
Lead Tele communicator Supervisor	(1.00)	\$57,664	Un-funded	\$00,000
<b>*Emergency Medical Service:</b>				
*Administrative Assist.	(1.00)	\$31,856	Un-funded	\$00,000
*Assist. EMS Director, Funded	(1.00)	\$69,726	Un-funded	\$00,000
*Community Paramedic	(1.00)	\$53,033	Recommended	\$53,033
*Community Paramedic	(1.00)	\$51,261	Recommended	\$51,261
This is funded through M.O.E.				
*24/72 new Paramedic	(10.00)	\$512,608	Un-funded	\$000,000
*24/72 Shift Supervisor	(1.00)	\$60,247	Un-funded	\$00,000
*Adding 6 <sup>th</sup> Truck-new Paramedic	(8.00)	\$410,086	Un-funded	\$000,000
<b>*EMS /BLS (New Sub-Dept.):</b>				
*EMT'S	(4.00)	\$173,975	Recommended	\$173,974
*BLS Coordinator	(1.00)	\$56,707	Recommended	\$56,707
<b>Finance:</b>				
Finance Assistant 50% & 50% Purchasing	(0.50)	\$20,395	Recommended	\$20,395
<b>Forsyth Tech:</b>				
Maint. /Custodian Supervisor	(1.00)	\$48,757	Recommended	\$48,757
<b>Jail:</b>				
Bailiff/Transport	(1.00)	\$50,143	Recommended	\$50,143
<b>Public Buildings:</b>				
Maintenance Tech I	(1.00)	\$36,529	Recommended	\$36,528
Custodial Supervisor	(1.00)	\$42,787	Un-funded	\$00,000
Custodial	(1.00)	\$00,000	Recommended	\$31,862
<b>Purchasing:</b>				
Purchasing assistant 50% & 50% Finance	(0.50)	\$20,395	Recommended	\$20,395
<b>Register of Deeds:</b>				
Assistant Clerk	(0.5333)	\$14,983	Recommended	\$14,983
<b>Sheriff's Office:</b>				
Deputy	(1.00)	\$47,959	Recommended	\$47,959
Record Clerk	(1.00)	\$42,115	Recommended	\$42,115
<b>Social Service:</b>				
County \$37,444, State \$2,764, Federal \$46,833				
Income Maintenance Supervisor	(1.00)	\$44,927	Un-funded	\$00,000
Income Maintenance Caseworker III	(1.00)	\$42,114	Un-funded	\$00,000
<b>Total</b>	<b>(42.00)</b>	<b>\$1,980,928</b>	<b>17.00 position</b>	<b>\$740,773</b>

**\*EMS/BLS Service (New Department):**

As discussed on page 10, **I am Recommending** in this new fiscal budget, FY 2019-20 that the County start providing this service again in house. LifeStar's contract ends in December and I am requesting the Board to start providing this service starting January 1, 2020. Brandon Gentry, EMS Director has informed me that it will take the requested staffing (4 EMT's and 1 BLS Coordinator, stated above for this new Department to provide the adequate level of service needed for Basic Life Support (BLS) Units in our County.

**Total Staffing Cost                      \$230,682**

**Sheriff's Office (SRO Officers) Current and New Positions:**

As previously mentioned in my budget message, during the budget goals sessions in January the Board members expressed their concerns in making sure our schools had adequate safety measures in place that both the Sheriff's Office and Board of Education agree upon. SRO Officers have always been at the forefront of any school safety discussion.

The following SRO Officers are currently in place.

1. Four (4) officers currently in the three (3) High Schools and one (1) at Chestnut Grove Middle School paid for by Title #19 funds. Sheriff Mike Marshall recommends these four officers remain as assigned.

2. Three (3) part-time officers currently rotate throughout all the others schools; paid for by State Grant Funds. Sheriff Mike Marshall recommends these three officers remain as assigned.

**Sub. Total request                      \$332,808**

**The following Officers are new request for FY 2019-20**

3. According to Sheriff Mike Marshall Nine (9) more Officers are needed. Five (5) in this fiscal year at a cost of \$52,000 per Officer with a total cost of \$260,000 for the FY 2019-20 Budget. Four (4) in the FY 2020-21 at a cost of \$52,000 per Officer with a total cost of \$208,000. Funding for these nine (9) SRO Officers would be a cost of \$468,000. As I stated in my letter to the Board, **I have not recommended** putting these position in the budget, nor has the Sheriff requested these positions.

**Sub. Total request                      \$468,000**

**Total amount for all School request      \$800,808**

**The SRO Officers request is not in the recommended budget.**

**Northwestern Regional Library:**

During FY 2018-19, The Northwestern Regional Library conducted a much needed salary study with Springsted Inc. which was adopted. The results are reflected in the salary and salary related Line-Items.

<b>Recommended Salary Changes / Reclassification/Step Increases</b>				
<b><u>Department</u></b>	<b><u>Requested</u></b>	<b><u>cost</u></b>	<b><u>Recommendation</u></b>	<b><u>cost</u></b>
Administration	(0.00)	\$0,000	Recommended (1.00)	\$14,685
Arts Council	(0.00)	\$0,000	Recommended (1.00)	\$12,521
Economic Development	(2.00)	\$27,410	Recommended (2.00)	\$22,297
Emergency Management	(1.00)	\$9,131	Recommended (1.00)	\$9,131
EMS Service, Train officer	(1.00)	\$9,818	Recommended (1.00)	\$9,818
EMS Service, 3 assist shift Supervisor	(4.00)	\$26,337	Recommended (3.00)	\$10,678
Finance,	(4.00)	\$28,193	Recommended (4.00)	\$28,193
Fire Marshal	(2.00)	\$8,167	Recommended (2.00)	\$6,673
Mapping / GIS	(1.00)	\$6,151	Recommended (1.00)	\$6,151
Information Systems	(0.00)	\$4,905	Recommended (1.00)	\$4,905
Jail	(1.00)	\$13,167	Recommended (1.00)	\$13,167
Natural Resources	(1.00)	\$9,087	Recommended (1.00)	\$9,087
Planning	(0.00)	\$0,000	Recommended (1.00)	\$13,541
Purchasing	(0.00)	\$0,000	Recommended (1.00)	\$15,064
Register of Deeds	(2.00)	\$5,075	Recommended (2.00)	\$5,075
Social Services	(11.00)	\$31,432	Recommended (11.00)	\$31,432
County \$13,523, State \$998, Federal \$16,911				
Tax Administration	(2.00)	\$6,395	Recommended (3.00)	\$11,706
Veteran Service	(0.00)	\$00,000	Recommended (1.00)	\$6,690
<b>Total</b>	<b>32 Positions</b>	<b>\$185,268</b>	<b>38 Positions</b>	<b>\$230,814</b>

**Employees - Reclassifications:**

**I am recommending** these 38 reclassifications at the cost of (\$230,814) to be effective for the pay period beginning 07/13/19. This change will help reverse excessive personnel turnover and begin the process of making Stokes County competitive with the salaries of our surrounding counties. The seven (7) Director and Department Head Reclassification are recommended due to make our Leadership team to be compensated accordingly to their departmental duties and to be more in-line with each Leadership Team Member. Details will be discussed during the Budget Work Sessions.

**Employee Compensation - Cost of Living (Cola):**

**I am recommending** a 2% employee Cost of Living (COLA- \$303,720) for all full and part-time employees effective for the pay period beginning 07/13/19, and to apply the 2% to the current Salary Grade/Step Schedule. Details will be discussed during the Budget Work Sessions.

**EMS - True Overtime Pay**

As previously stated in my budget message, Stokes County Emergency Medical Services continues to have a difficult time retaining qualified personnel to provide adequate medical service to the citizens of Stokes County. This issue is not unique to Stokes County but rather an epidemic across the State and Country. For smaller counties like Stokes, it is even more of a problem, due to not having the revenues for alternative plans of retention. In the past EMS has requested better working hours (24/72) and being paid true time and half for overtime; instead of half time per FLSA. In implementing a work schedule such as the 24/72 work week and true overtime it would cost the Taxpayers an approximate 2.12 cents increase in the tax rate to generate \$825,128 in revenues to provide the staffing for this type of work week. Communications Shift Supervisors would be changed as well to 24/72, which would cost \$119,457 generating a .30 cents tax increase, for an estimated total tax increase of 2.40 cents. I have not recommended the 24/72 schedule.

Another option for smaller Counties is paying **True Overtime Pay** while continuing the 24/48-hour work week schedule. This would be approximately half the cost of the requested 24/72 at \$476,395 for EMS. This is a worst case scenario (employees using no time off). If approved and set in motion the county will be required to pay Communications at that rate of overtime as well, generating an increase of \$67,566. The combined total cost would be \$543,960, which is equal to a 1.40 cent tax increase. I have not recommended going from half time to true overtime pay for overtime.

**Current cost of overtime (known as halftime)**

EMS =	\$197,938.53
Communications =	<u>\$ 30,212.21</u>
Total	\$228,150.74

**True overtime pay**

EMS =	\$674,333.48
Communications =	<u>\$ 97,777.56</u>
Total	\$772,111.04

Total increase for EMS = \$476,394.95    Total increase for Communications = \$67,595.35

**Total increase for FY 2019-20 Budget, both Departments = \$543,990.30**

To give you a synopsis, if an employee has a salary of \$55,000 per year their overtime at half time could be \$7,303 and their overtime at time and a half could be \$24,880 working 24/48. This is if the employee does not take off anytime during the year. If at some point the board goes with 24/72 the employee's salary would be \$55,000 and time and a half overtime could be \$12,400. The employee could look at this as a cut in pay, but overtime is not a guarantee.

Both the EMS Director and Communications Director will be present upon Board request during the Budget Work Sessions to provide further information or answer any questions.

**Health & Dental Insurance Cost:**

The County utilizes a health insurance broker (EBA) to find the lowest cost insurance provider available. During this bid process Medcost, our current provider came in with the lowest bid. The bid for this year's coverage includes a 3.75% increase with a cost of \$579.97 per employee's (321 employees) monthly coverage. This amount reflects a total annual cost of \$2.23 million, which is an increase of \$77,348.16 over last year for the County to provide health insurance with employee coverage only. While this is still an increase it is a significant improvement over the almost 12% increase received last year. This in part due to going self-funded which is a long term plan in which the savings have yet to be realized.

**Total Cost = \$2,234,044.44**

**Dental insurance**, will continue with the same provider used by the County last year and premiums will increase by .96 cents to \$32.58 per employee's monthly coverage.

**Total Cost = \$116,897.04**

**Term Life Insurance**, provided by the county will remain the same with no increase at a cost of \$4.98 per employee's monthly coverage.

**Total Cost = \$17,928**

**Workman's Comp. & Property Liability, \$209,080 liability, \$479,040 comp. Total cost = \$688,120.**

In reviewing the County's Compensation / Liability Insurance and working closely with the North Carolina Department of Labor (NCDOL) it became apparent that Stokes County needed to employ a County Safety Inspector. After meeting with and having several discussions with the NCDOL and receiving data supporting the importance of this position from other Counties the revenue savings that the County would save in Compensation / Liability Insurance coverage would be much greater than the cost of the position. In County's that I inquired with the finding was that this position reduced their County's rates significantly also making the position more valuable. In some cases, the reduction was close to half the total cost of their previous rate.

You will see this request above in the Position Changes in Administration as additional H.R. Personnel.

**Total Cost = \$688,120**

**Debt Service**

In this year's budget the County Debt Service increased in certain areas due to Special Projects, New Construction, and General Maintenance of all County property.

Debt Service increased \$1,081,970. The General fund portion increased \$402,718, which is the capital equipment payments.

The financial model for the Nancy Reynolds School/Community College project showed the principle payment being \$100,000 for 3 years. Fiscal year 2018-19 it went up to \$500,000 and fiscal year 2019-20 until the final payment of \$945,000. This debt is paid with lottery funds and the 4 cent Dedicated Fund.

Debt service payment for the jail expansion of \$261,920 will start fiscal year 2019-20. This debt is paid with inmate reimbursement from other counties.

Two capital equipment loans were paid off in fiscal year 2018-19 totaling \$330,084.32.

Capital equipment loan payment of \$265,284.39 per year for 3 years.

Enterprise leasing payment added totaling \$466,721 for 5 years.

**Contingency:**

The Budget includes a Contingency amount of \$275,000.

\$150,000 for use when things occur during the year that cannot be anticipated and require immediate attention. These funds also cover items we delay now to address in future years but discover during the year they have to be addressed earlier than expected.

\$125,000 is for employee's payoff for retirements, resignations, dismissals, and comp time over limit.

## Capital Projects:

### Recommendation: Feasibility Study - Funding Source - Capital Reserve

**1. Wellness / Recreation Center, Recommended Feasibility Study \$ 25,000**

I am requesting the Board to consider the possibility of a Wellness / Recreation Center located in the Meadows community, which is approximately the center of the County. The only way a project of this size and magnitude can be funded is through Grants and local community support. To accomplish this, it will take a third party Vendor to conduct a Feasibility Study to compile the data showing the citizens in the eastern portion of the County would support a facility of this magnitude. The cost for this study is estimated at \$25,000 as stated previously.

This study is to provide direction on:

- Location of construction
- Type of facility & cost
- Management (number of personnel and cost)
- Maintenance and Utility cost
- Membership enrollment – cost

### Recommendation: Five (5) Year Maintenance Plan – Funding Source – Capital Reserve

**2. Study on County buildings (5-year plan) Public Buildings \$ 35,000**

I am requesting a Comprehensive Study to be completed on all County Buildings and placed in categories of severity of maintenance of repair and new construction / demolition. This study is to take place over the Summer and Fall 2019 with completion by January 2020. This will allow the County to start repair of maintenance in this upcoming budget cycle. Peterson & Gordon Architects have prepared a cost estimate as well as a time frame of completion.

**See Appendix A - Plans and cost estimate**

### Recommendation: Promote Economic Growth – Funding Source – Capital Reserve

**3. Capital Reserve Funds to promote Economic Growth in the County \$ 500,000**

I am recommending Funds be placed in Capital Reserve in the amount of \$500,000 to promote economic growth in Stokes County. A list of examples on how funds will be utilized are outlined below. All requested funds by the Economic Development Department would require approval from the Board of County Commissioners.

- **Purchase of land for potential development.**
- **Feasibility studies that pertain to economic growth.**
- **Cost analysis for infrastructure improvements.**
- **Funds to put toward options on properties for commercial site development.**
- **Available matching funds for business expansion or building re-use grants.**
- **Funding of internal grant program for small and existing business expansion.**

### Recommendation: Waterline in the Meadows Community

**4. Capital Project Funds Waterline in Meadows Community \$2,468,900**

In this Budget, I am requesting that the Board of County Commissioners consider moving forward with providing Water in several areas of the County, with the Meadows Community being the top priority of all requested. Over the past several years, development of certain properties in the Meadows area has taken place. Stokes County has been blessed with an Early College High School and the Stokes County Forsyth Technical Community College Campus. With Sewer already in place and several wells to provide water, the next step is to run the waterlines. The Stokes County Water and Sewer Authority have provided us with engineering for this with cost estimate and drawings from (LKC) an, Engineering/Architecture Company based in Aberdeen N.C. through Grant Funding at no cost to the County.

The Preliminary study and cost estimate along with what was completed when Forsyth Community College was built; will be an excellent start in moving forward in seeking funding that will help in establishing adequate water supply in the Meadows Community. Upon approval by the Board, the County will move forward with Financial Statements on how funding will be provided along with the best model that fits the County.

**See Appendix B – Engineered drawing / cost estimate**

**Recommendation: Waterline US 311 to Stokes / Rockingham Co. Line**

**Capital Project Funds Water Line – US 311 to Countyline \$4,164,350**

**Waterline, Stokes Water / Sewer Authority US 311**

I am requesting that the Board of County Commissioners consider moving forward with the water line from the Dan River down US 311 to the Stokes / Rockingham County Line. The Pine Hall / US 311 Community has always been considered as an area of Industrial Development and by developing part of the infrastructure (Water Line) this will allow the County to market this area to the Industrial Marketplace. The Stokes County Water and Sewer Authority have provided us with Engineering for this with cost estimate and drawings from (LKC) an Engineering/Architecture Company based in Aberdeen N.C. Upon approval by the Board, the County will move forward with Financial Statements on how funding will be provided along with the best model that fits the County.

**See Appendix C – Engineered drawing / cost estimate**

**Recommendation: proposed Water Lines - areas of interest**

I am requesting the Board of Commissioners to review and consider the areas of development listed below that will promote Economic Growth through Residential, Commercial and Industrial Development.

Waterline from South Stokes Fire Department to Meadows	\$3,157,675
Waterline, Meadows to Danbury, N.C Hwy. 8 & 89.	\$3,821,500
Waterline, Dan River to Hwy. 89 W.C. Elem.	\$2,522,825
Waterline, Meadows to Walnut Cove Elementary School	\$4,647,525
Waterline, South Stokes to Germanton	\$7,109,900

**See Appendix D – Engineered drawing / cost estimate**

**Recommendation: Sewer Line in Germanton**

**5. Capital Project Funds Sewer Line – Germanton to W.C. \$7,966,450**

I am requesting the Board of County Commissioners to consider funding a Sewer Line that extends from the Countyline with Forsyth on N.C. Hwy. 8 & 65 in the Germanton Community, down N.C. Hwy. 8 & 65 and continuing on N.C. Hwy 65 to the Intersection U.S. 311. Residences and Businesses located in this area are having difficulties with the traditional system that everyone put in place, through Environmental Health. The Germanton area is growing and the demands are starting to outweigh the conventional system of sewer treatment; a County provided sewer system for this is much needed. In the process of requesting the Town of Walnut Cove in providing sewer treatment.

**See Appendix E - Engineered drawing / cost estimate**

**Recommendation: Sewer Line - King to Pinnacle**

**6. Capital Project Funds Sewer Line - City of King to Pinnacle \$9,073,000**

I am requesting the Board of County Commissioners to consider funding a Sewer Line that extends from the City of King up old Hwy. 52 to Pinnacle. Water Line is already in place and if the Community of Pinnacle had Sewer the potential growth would be unlimited. The City of King to provide sewer treatment.

**See Appendix F - Engineered drawing / cost estimate**



**Recommendation: New EMS Station, Walnut Cove – Funding Source - Financing**

7. **Capital Projects Funds new EMS Station, WC** **\$ 650,000**  
In this Budget, I am requesting the Board to move forward with building a new EMS Station for the Walnut Cove area. The reason for this request is that the current building is too small to handle staff and the new ambulance the County is currently purchasing. The amount of money to remodel the current site would be very costly, plus the lot the existing structure is located at is too small to provide the space needed for new construction. The estimate stated above is from Wishon-Carter Construction. This company built the ambulance station in the King area in the 2009-2010 budget. I am proposing the same for the Walnut Cove Site.  
**See Appendix G – Engineered Drawing / cost estimate**

**Recommendation: Reconstruction of Green Box site – Funding Source - Financing**

8. **Capital Projects Funds Dumpster site, W.C. & Pinnacle** **\$770,000 Total**  
In this Budget, I am requesting the Board to remodel both Convenience Green Box sites located at Walnut Cove and Pinnacle. These two (2) sites are the most visited and together account for over 60% of all the County's trash collection by the public. These sites also are in need of remodeling and redesign in allowing traffic flow in a manner that provides public safety. Projected cost for each site \$385,000 for a total cost of \$770,000.  
**See Appendix H - Walnut Cove / Pinnacle Site – Drawing and cost estimates**

**Recommendation: New County Fueling Depot – Funding Source - Financing**

9. **Capital Projects Funds New Fuel Depot** **\$ 250,000**  
I am requesting in this year's budget a new fueling Station for all county vehicles, (Emergency and non-Emergency). The current fueling station is in need of repair and the cost of replacement outweighs the construction of a new site. Attached you will see two (2) areas of interest that will allow the County to provide adequate fuel needs for the entire County fleet.  
**See Appendix I – Maps of location – Estimated Cost**

**Recommendation: New Office / Scale House – Funding Source – Capital Reserve**

10. **Capital Reserve Funds New Landfill Office / Scale House** **\$ 125,000**  
I am requesting the replacement of the Scale house / weigh station at the Stokes County Landfill on Sizemore road. This structure is a purchased 24 x 48 pre-made storage building and I am recommending a structure that is adequate for the needs for our Landfill Solid Waste department.  
**See Appendix J - Drawing and cost estimates**

**Recommendation: New County Storage Facilities – Funding Source - Financing**

11. **Capital Projects Funds - New Storage Building – 12,000 Sq.** **\$750,000**  
In this Budget, I am requesting a new Storage / Maintenance Building that is 60x200 feet (12,000sq. ft.) that will serve as a Storage Facility / Maintenance Building for all the County Equipment (trailers for EMS, Fire, Sheriff) and a maintenance shop for our Maintenance Department. The Danbury Water / Sewer Authority will also have an area in this building for all their supplies and equipment.  
**See Appendix K - Drawing and cost estimates**

All Capital Project listed above are Financed with the exception of #10 funded from Capital Reserve and #11 that will partner with funds provided from Danbury Water Fund and Regional Sewer Fund in the amount of \$32,500 each, totaling \$65,000

**Petree Trust Fund:**

Over the last several years, Stokes County has been blessed to see the construction of a beautiful recreation center in the community of Pine Hall, totally financed by the Petree Trust Fund. Recently, Stokes County has received more funding from the trust (\$318,000) to provide a picnic shelter and hiking trails. Again, at no cost to the taxpayers, this project should be completed during this new budget cycle, with the citizens of Stokes in the Pine Hall Community enjoying this new wonderful Park addition.



## Stokes County Board of Education 2019-20 Budget

### School Current Expense:

Per North Carolina General Statutes, local Boards of Education have until May 15<sup>th</sup> of each year to submit their proposed budget to the County. As of this writing, the County has not yet received the Stokes County Board of Education's request for next year. While we do not yet know what will be requested, **I am recommending** current expense remain the same as last year's budget along with all new construction growth reported by the Tax Administration the 2018 calendar year.

**My recommendation for the Schools Current Expenses for the FY 2019-20 Budget is \$12,358,790**, with funding for Poplar Springs Elementary School's operating cost from the Dedicated Fund (4 cents). This is a \$213,231 increase over the FY 2018-19 Budget. This increase is the additional funding given to the board for supplements for teachers. \$20,529 is being transferred from General Fund due to this increase.

### School Capital Outlay:

**My recommendation for the Schools Capital Outlay for FY 2019-20 Budget is \$1,780,000.** There is no change in the capital budget from fiscal year 2018-19, due to there was no significant growth in sales tax.

### Recommendation Fiscal Year 2019-2020 Budget

**It is my Formal Recommendation that the Board of County Commissioners adopt my Recommended Budget of \$52,870,126 for the 2019-20 Fiscal Year.**

General Fund Budget	\$40,511,336
School Current Expense Budget	<u>\$12,358,790</u>
<b>Total</b>	<b>\$52,870,126</b>

The recommended budget for FY 2019-20 will allow the county to advance many of the initiatives included in the Commissioner's major focus areas and maintain current service levels laid out in the Budget Goals Work Sessions held during the month of January. The opportunities and challenges associated with meeting the service needs of this county continue to grow, as does the pressure on the limited revenue source the county has, due to the lack of infrastructure. As stated above in many areas of this budget you will see my recommendation on how to move the county forward in achieving some of the Economic growth in certain areas of the county that has been discussed for many years by Prominent Business Professionals in our county, along with County Personnel, and Board Members.

It is my sincere hope that the Board will consider these areas of interest that I have presented in this budget and allow the studies to take place and the due diligence necessary in allowing us to accomplish the infrastructure of water and sewer, industrial parks, property purchases, re-zoning for commercial use, solid waste green box sites reconstructed in a manner that they are more user-friendly for our taxpayers, recreation / wellness center, and a comprehensive study completed on all of our county buildings for maintenance, remodeling and new construction.

I would like to thank each of the County employees for their tireless efforts and continuous service that they provide to the citizens of Stokes County. I would also like to thank the Board of Commissioners for providing valuable direction in the development of this recommended budget. I am looking forward to working with each of you to develop a final budget for FY 2019/20 that will meet the service needs and expectations of our citizens and our communities.

Respectfully submitted,

Jake M. Oakley  
County Manager