



STOKES COUNTY

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Budget Message

Fiscal Year 2016/17

TO: **The Honorable Chairman and Commissioners**
Stokes County Board of County Commissioners (BOCC)

FROM: Richard D. Morris, County Manager

DATE: May 23, 2016

SUBJECT: **Fiscal Year 2016/17 Recommended Budget**

Introduction

In accordance with the North Carolina Local Government Budget and Fiscal Control Act (G.S. 159-8), I hereby present and submit for your review and adoption a proposed balanced budget for Fiscal Year (FY) 2016/17. A mandatory Public Hearing for the FY 2016/17 Budget recommendation has been scheduled for 7:00 PM in Courtroom "A" of the Stokes County Government Center on Thursday, June 2, 2016.

Budget Theme

The budget theme for Stokes County's FY 2016/17 recommended budget is "**Ensuring Financial Sustainability in an Unpredictable World.**" The world changed in 2008 when the United States experienced the largest economic crash since the Great Depression. Since that time, Stokes County Government has worked diligently to maintain the same high level of local government services and to support education and local healthcare access. This budget recommendation continues to provide the current level of local government services and supports education and healthcare, but to do so will require a 2 cent Ad Valorem tax increase to support the County's General Fund and a 1.0 cent increase to the Fire Tax to support the fire departments that serve the county. This budget recommendation does not include or address in any way the recent hospital bankruptcy situation, which will have to be dealt with separately as part of the budget approval process. That being said, as the economy continues to struggle, the theme "**Ensuring Financial Sustainability in an Unpredictable World**" is intended to direct the budget focus to how the county will continue to deliver its high level of services to its citizens as the cost to provide those services continues to escalate every year. From a "change" perspective, the county finds itself in a very dynamic, volatile environment financially. With that being said, an increasing level of resources are required to deliver local government services. This budget recommendation contains operational needs, not

“nice to have” wishes. As costs escalate, it is imperative that sufficient revenues be provided which is the major point of the budget theme **“Ensuring Financial Sustainability in an Unpredictable World”**. The budget theme **“Ensuring Financial Sustainability in an Unpredictable World”** should be no surprise to those who have read the previous four budget messages, which clearly describe the county’s dilemma of vanishing revenues and decreasing revenue sources. The best example of this is the loss of \$7.7 M of Hold Harmless revenue since FY 12/13 where this funding source was reduced and then eliminated the next fiscal year. Unavoidable and often unexpected budget increases are required to keep the county functioning to meet statutory requirements. The **“Unpredictable World”** is further illustrated by recent events like the bankruptcy of Pioneer Health Services and the challenge to staff EMS positions. It is very clear that the county is surrounded by old and new budget challenges that must be resolved to keep our local government operations viable. Every functional area must be closely evaluated from a budget perspective, to include the largest single expenditure item in the Stokes County Budget, which is the Stokes County School System.

From a revenue perspective, Stokes County is funded in this proposed budget approximately \$4.8 M below the average county of its size. According to the latest data from the Local Government Commission, the average county budgets of like population range from \$51.9 M to \$54.9 M. Potential new revenues from sales tax this year will help to address this problem; however, additional revenues from Revaluation and expansion of the jail will not materialize until the FY 2017/18 timeframe at the earliest, which does not help with the challenges of the FY 2016/17 Budget. As the Obama economy continues to struggle, the demands on many of the County’s departments continue to increase with more than one of our departments now reaching critical mass on staff availability to meet their minimum requirements. I will address the staffing issue extensively later in this budget message. As we move forward with this budget, I would again emphasize that difficult challenges need to be addressed now and not later to continue local government services at a level that most people expect and often take for granted. This budget message is intended to focus everyone’s thinking on this fiscal year’s challenges as we try to survive until additional revenue sources hopefully materialize in FY 2017/18 and beyond. The County continues to see unfunded mandates, often through subtle and not-so-subtle reductions in state and federal funding. With revenue sources disappearing and uncertain, expenses to operate the county continue to increase as a result of many factors beyond the county’s control. The ultimate challenge is to balance the needs and expectations of the citizens with the cost of addressing those needs financially. Affordability must continue to weigh heavily in evaluating everything the county does, no matter how great the idea or how important the service being rendered. This proposed budget requires the appropriation of \$2,297,018 of General Fund Balance, which is balanced with the recommended 2 cent (97.0% collection rate) Ad Valorem tax increase to address the increased expense side of the proposed budget, while maintaining a minimum 20% General Fund balance. This is a conservative, low risk budget recommendation that addresses built in structural plus other budget increases while continuing to adjust to the loss / reduction of previous revenue sources such as “Hold Harmless” revenue and reductions in Ad Valorem tax due to the last Revaluation.

Executive Summary

The total recommended Stokes County Budget for FY 2016/17 is \$47,073,728. This is a 4.78% (\$2,147,122) increase over last year's approved budget. Without the recommended changes for EMS, which will be discussed later, the increase would only be 3.78%. This budget recommendation requires a 2 cent Ad Valorem tax increase plus the use of \$2,297,018 from the General Fund to balance the budget. Insufficient revenue is being generated by the County's traditional revenue sources to keep up with the structural and other growth components of the annual budget. While revenues lag, a base level of resources are required each year to provide the required level of local government services. The two primary categories of these resources are capital items and personnel related costs. Sufficient equipment and supplies must be provided to match the level of services being offered. Competitive salaries are needed to hire and retain employees who are often performing complex and dangerous jobs for the public. The competitive salary component of the resourcing function has emerged as a critical issue that must be addressed now and for that reason, I have included funding for an outside salary study in my proposed budget since the last outside salary study was conducted over 16 years ago in 2000. Without a new and updated objective outside salary study being completed, it is impossible to develop a funding plan and schedule, for how the salary study recommendations would be funded and implemented. Personnel turnover and the associated costs remain very high though turnover has improved due to measures taken by the BOCC in this year's current budget. A growing concern is turnover that may or may not be directly related to compensation, such as retirement and changing of career fields, where employees choose to leave local government. Stokes County's maturing workforce is definitely a growing concern as the institutional knowledge walks out the door with an increasing number of retirements. This directly translates into higher risk and increased liability for the county. Staffing issues will be addressed in more detail as a separate paragraph in this budget message. The 4.78 % increase in this year's recommended budget, over last year's adopted budget, was driven by five major contributors which are listed below:

- Change of work schedule for EMS
- Structural increases built into the budget for personnel such as longevity increases, an estimated \$232,560 increase in medical insurance premiums plus a slight increase in the county retirement contribution
- The addition of personnel positions to address growing work requirements, such as the addition of community college buildings and Autumn Square plus other added requirements such as Francisco School.
- The cost of equipment and supplies required to perform mission related tasks that are expanding in number and scope.
- And last but not least the county is still trying to absorb the loss of "Hold Harmless", which has cost the county \$7.7 M in revenue since it ended.

Other factors that influenced the FY 2016/17 proposed budget, some of which are beyond the control of the county, are listed below:

- Economy still experiencing weak recovery
- Replacement of vehicles to meet rotation schedule and replace vehicles that are no longer serviceable / supportable
- Increased volume of calls in both EMS and the Sheriff's Department, plus jail over capacity
- Costs of training and re-training personnel due to turnover
- Significant increase in health insurance cost
- Revaluation reduction in Ad Valorem property tax revenue
- Increasing workload for DSS

In summary, I would ask that as the BOCC reviews and analyzes my recommended budget that you keep the following important considerations in mind:

- The most critical emerging issue in Stokes County Government is the non-competitive level of base salaries. Non-competitive pay directly impacts the operational stability of the county.
- With the 2 cent Ad Valorem tax increase, I expect the General Fund Balance to remain at or above 20% for the FY 2016/17 projected budget; however, at this time I could not guarantee that same projection for FY 2017/18. The percentage in FY 2017/18 will depend on the performance of other revenue sources between now and then plus the decision that is made on the Ad Valorem tax rate and level of services to be provided next year. This budget uses \$2,297,018 of Fund Balance to balance the budget, which leaves no excess General Fund balance to work with in FY 2017/18 if the 20% fund balance is maintained.
- The shortage of revenues continues to keep the County from meeting its normal rotation schedule for replacement of vehicles, which increases the risk of vehicle related issues and increases in maintenance and repair expense.
- The Fire Commission requested a fire tax increase this year that lines up with the request it submitted last year which would add one cent in this budget. The fire departments have experienced success with their paid fireman program and the full one cent is needed to continue to pay a limited number of firemen to be available during certain periods of the day when volunteers are not available.
- Hold Harmless revenue loss is not fixed but instead being addressed by the spending of General Fund balance in lieu of a permanent fix. During the past 4 years, \$9,653,267 of General Fund balance has been appropriated, with \$2,355,172 actually being expended if this year's projections hold true. At current values this is an 8 cent tax increase to replace Hold Harmless. This reality was the basis for my 6 cent Ad Valorem tax increase in last year's budget recommendation.

Budget Requests from County Departments

The department heads were consistent in their FY 2016/17 budget requests. They requested \$2,179,815 for equipment and my recommendation was for \$991,432. Their personnel requests totaled \$533,878 and my recommendation was for \$299,828, which excludes the EMS personnel recommendation. They continue to operate on very lean budgets, as evidenced by the limited funding the County was able to recoup during quarterly financial execution reviews of the FY 2016/17 Budget. With the built in increases plus personnel / equipment recommendations in my budget proposal, the growth was fairly predictable at 4.80%, which is still less than needed to sustain the previously established rotation of ambulances, patrol vehicles and other departmental material and capital needs. Even though adequate revenue generation remains a challenge, the addition and replacement of equipment items is still required to provide services. In my view, a budget strategy of ignoring equipment needs or making large across-the-board cuts during a tough budget year is short-sighted, unrealistic and ignores the realities of conducting the county's day-to-day operations. A detailed description of equipment and personnel requests and recommendations are included as Attachments #2 and #3 to this message and are summarized below:

Equipment

Requests were submitted for a variety of equipment to include computers. All computer and software requests were reviewed by the Information Technology (IT) Department and only computers and software at the end of life were approved, unless they were funded by other than county dollars. The list of equipment items recommended for approval is shown below:

- **Animal Control**
 - Outside Kennel Area
 - Stainless Steel Exam Table
 - Tranquilizer Gun
- **District Resource Center**
 - Weed eater & Leaf Blower
- **Emergency Communications**
 - Generator (Sauratown Mountain)
- **Emergency Medical Services**
 - Air TraQ Camera Adapters
 - Ambulance
 - Computers
 - Engle Coolers (medication refrigeration)
 - Ferno Stretchers
 - Monitor / Defibrillators
 - TruCPR Coaching Devices
- **Finance**
 - Software Upgrade

- **Fire Marshal**
 - Air Packs
 - Computer
- **Forsyth Tech**
 - Front Entrance Security Gate
- **Information Technology**
 - Computer
 - Network Switches
- **Jail**
 - Two-way Radios
 - Transport Car
 - Washing Machine
- **Natural Resources**
 - Computer
- **Public Buildings**
 - Carpet, Community Services Bldg.
- **Register of Deeds**
 - Computer
 - Shelving
- **Sheriff**
 - Body Armor
 - Computers and Laptop Computers
 - Radio Headset Ear Pieces
 - New Patrol Cars
 - Used Cars
- **Solid Waste**
 - Replacement Dumpsters
- **Tax Administration**
 - Document Scanner
- **Vehicle Maintenance**
 - Car Lift
 - Front End Alignment Machine
 - Pallet Jack
 - Plasma Cutting Torch
 - Vehicle Tire Lift

The recommended computers and some E-911 equipment are funded by a combination of county, capital reserve, and E-911 funds, which are identified specifically in the detailed budget documentation. The purchase of vehicles for the Sheriff's Department and EMS are to meet minimum requirements to maintain adequate vehicles to perform the job. The purchase of new computers is included to replace computers that are outdated. The increasing county dependence on computers and the network requires replacement of these very out-of-date computers so our employees can perform their duties. The total amount recommended for equipment in this budget is \$991,432 with \$773,296 of that amount to be financed. Other funding sources for equipment are Register of Deeds technology funds, 4 cent tax fund, capital reserve fund and other revenues in the amount

of \$112,524. A significant level of equipment is also being purchased by the Danbury Water and Sewer Funds and the E911 Fund. A detailed breakout of equipment is included as Attachment #2.

Personnel

Reclassification Requests / New Positions – Departmental personnel budget requests were received from Economic Development, EMS, Finance, Public Buildings, Jail, Sheriff's Dept., Revaluation, DSS and Senior Services. The requests that are recommended for approval are briefly summarized below, by department:

- **Economic Development** - Recommend approval of the Economic Development Assessment Panel recommendation, which includes a one year reclassification for the Arts Director, and funds a position in Economic Development which is reclassified from an Administrative Assistant to an Economic Development Analyst.
- **Elections** – Board of Elections requested a pay increase for the Elections Director and Deputy Elections Director.
- **Public Buildings** –
 - **Forsyth Tech** - Adds two custodian /Maintenance/ Security Technician positions (hire Nov 2016); Reclassifies one Custodian/Maintenance /Security technician to Lead Custodian/Maintenance/Security Technician;
 - Adds new Lead Custodian position to Public Buildings.
 - **Water / Sewer Funds** – Reclassifies Maintenance worker/Road signs/Water & sewer position to Water & Sewer Maintenance Tech.
 - Redirects funding of water and sewer maintenance technicians to other funds and departments.
- **Jail** – Adds one jailer position.
- **Sheriff's Dept.** – Adds one deputy position and reclassifies detective position.
- **Revaluation** – Adds part time contract employee for one year required to meet Revaluation requirements.
- **Social Services** – Reclassifies Processing Assistant IIIs to IVs; Reclassifies Processing Assistant III to Income Maintenance I; Reclassifies Social Worker IIs to Social Worker IIIs; Creates a Social Worker Program Manager position; Adds Community Social Services Assistant position
- **Senior Services** – Reclassifies the Senior Services Program Director to Senior Services Director; reclassifies Office Assistant II to Office Assistant III.
- **EMS** – Discussed separately in this message

My recommendation includes 11 personnel reclassifications and 8 added new positions (Attachment #3), excluding the recommended EMS positions. These recommended reclassifications are to ensure the classification reflects the actual duties being performed in the positions. Added positions are to cover additional workload requirements caused by an increased volume of work such as the addition of new community college buildings for Forsyth Tech and increased workloads in DSS, Sheriff's Dept., Jail and Public Buildings.

The total amount of funds required for the recommended reclassifications, and position additions is \$299,829 of which \$46,943 comes from federal or state funds and \$42,035 comes from other funding sources. The funding impact of approving my personnel recommendations would be a net increase of approximately \$210,851 county dollars annually. In FY 2016/17 these reclassifications, position additions and salary increases will start 09/10/2016 pay period. Exceptions to this are Forsyth Tech starts 10/18/2016 pay period and EMS starts 8/13/2016 pay period.

Personnel Turnover /Availability/Retention

The subject of personnel turnover and its negative impact on county government operations has been discussed extensively during budget discussions over the past four years. The County has been able to operate effectively, even with high turnover, primarily due to a core of dedicated individuals who stayed with the county for various reasons over a long period of time. Those core individuals, who are also in many cases our most experienced workers, are shrinking in numbers due to retirements and other reasons. They are not being replaced by people with the same desire to remain with Stokes County. The BOCC took emergency action in the FY 2015/16 Budget to address personnel shortages in the emergency services departments and also supplemented the salaries in the non-emergency services departments. With the salary increases that were approved last year, the total turnover has been reduced to 12% for full time employees and 16% if part time employees are factored in. Given the reduced turnover percentages overall, EMS and to a lesser degree DSS continue to experience significant turnover issues. An increased percentage of this year's turnover was from retirements and other reasons such as changing of career fields. Whatever the reason, turnover results in high training costs, organizational instability, increased risk and higher liability for the county. Turnover in the EMS Department has recently required emergency pay provisions to keep qualified personnel to fill critical positions. This is a band-aid approach to the problem. A longer term approach will be discussed in a separate section of this message.

Salary Study

The root cause of most turnover and personnel retention in the county is non-competitive salaries. An objective outside pay study has not been conducted in Stokes County since 2000. An updated, objective, outside pay study is now needed to re-baseline the county's salary plan and make Stokes County's salaries competitive enough to keep turnover to an acceptable level. It is recognized that increasing salaries to a more competitive level is a major budget issue, but until a realistic salary study is completed, no framework exists for addressing this issue. A good outside salary study would define the competitive salary requirements and form the foundation for developing a funding plan to address salary shortfalls where they exist. The funding plan could be phased in over time and not necessarily executed immediately. This could have a positive impact on keeping personnel long term that might be looking at moving on for higher salaries. For these reasons, I have included \$45,000 in my budget recommendation for an outside salary study from an organization such as the PTRC, and will not be recommending a bonus or COLA for employees in this budget recommendation. I would not recommend any type

of internal salary study because by definition there is an organizational conflict of interest that often limits the objectivity of such internal reviews of this nature. These reviews are also best completed by experts who are familiar with current market conditions.

Status of Revenue

The county continues to experience a revenue shortage even though the sales tax formula for North Carolina has been changed to provide a partial solution to this problem. As stated earlier, a review of recent statistics from the Local Government Commission (LGC) shows that counties similar to Stokes have an average budget expense level at the \$51.9 M to \$55.9 M range. Stokes County is yet to come up with a solution to replace the Hold Harmless funding that ended 2 years ago. A potential increase from the next revaluation increase is still a year out and the base sales tax amount still lags behind the levels received prior to 2008. The County's General Fund Balance is available as a limited resource to help balance the budget in FY 2016/17 but probably not in FY 2017/18. The General Fund is rapidly diminishing as a dependable source of additional revenue if it is to be kept at the level needed to address emergencies and obtain future debt when needed. At some point, one would expect sales tax and Ad Valorem tax to rebound but the timeframe is uncertain. Expenses will continue to increase each year unless major cuts are made to the services being provided; however, most services are required by general statute. This leaves the County with only one option, that being dependence on Ad Valorem taxes when emergencies occur, such as the Pioneer Health Services bankruptcy, where other revenue sources are not producing the required revenue. This budget recommendation includes a \$1,250,000 revenue estimate from the new sales tax formula which is projected to provide \$1,500,000 annually and it also includes \$250,000 of new estimated sales tax revenue from the Walmart store, which is now projected to open during the Spring of 2017. On the sales tax estimate, the amount the county receives could be affected by new legislation that has been introduced that integrates county tier ratings into the allocation process. At this time it does not appear that any of the appropriated General Fund balance from FY 2015/16 will be available to replenish the General Fund balance on June 30, 2016. The dollar amount going back into the General Fund Balance at the end of the year has become negligible due to lean budgeting where the departments are spending all of the amounts they have budgeted to meet their daily mission requirements.

EMS Staffing Recommendation

After much analysis of the EMS workload increases and personnel shortages, my recommendation is that the EMS Department be changed from the current 24/48 hour shift schedule to a 24/72 hour shift. This change should reduce the EMS turnover / non-availability of paramedics and make Stokes County more competitive with competing counties for paramedics. Many of our competing counties have already gone to 24/72 or 12 hour shifts, paying time and a half for overtime and in most cases have higher base salaries than Stokes. Stokes operates on a 24/48 hour shift, pays one half time for overtime and has lower base salaries. This comparison illustrates the problem we are having keeping enough paramedics to staff our ambulances. This will require the

addition of 11 positions and will cost approximately \$518,756 per year including fringe benefits. I have budgeted for the additional staff to start at the 08/13/2016 pay period, which would cost \$450,658 including fringe benefits for this fiscal year. The only other approach evaluated was to increase current salaries to be competitive and keep the 24/48 hour shift, which will cost about the same amount and would continue to band aid the problem instead of fixing it. Absent some action being taken, it will be impossible to keep 5 ambulances staffed to provide the current coverage because of the competitive environment we find ourselves in for paramedics. The County's five front-line units are routinely fully committed running ALS calls and often requesting assistance from surrounding counties to run ALS calls. This is the case even though the county contracted in FY 2015/16 for convalescent calls which appears to be working well to this point. I would also recommend that along with study of privatization during the next two years an internal study be completed to determine what other changes need to be made to the EMS Department to address the issues of increased workload, work schedules, personnel staffing and complexity of medical services provided. Changes are definitely needed if we are to keep the performance of the EMS Service at its current level in a very competitive environment.

Board of Education (BOE) Requests

For reasons stated last year and in this message, this budget is the second year of an extremely challenging two year budget period. This fact directly impacts the funding levels of current expense and capital that the county can provide to the School System. Recent new school construction and renovation has added new debt though a significant amount of school debt is due to be paid off in FY 2017/18 (West Stokes & Piney Grove). The budget challenge has now shifted to the repair, modification and maintenance of the existing schools where additional capital funding will become available starting in the FY 2017/18 timeframe as alluded to above. This additional funding can only be used on BOE school capital projects or for school debt should additional debt be incurred. The BOCC has already taken action in FY 2015/16 to address these needs by funding the initial phase of the \$1,243,040 roof replacement project at Chestnut Grove Middle School prior to the annual budget process.

Current Expense

Though the ADM level has decreased by approximately 741 students since 2013 the Current Expense appropriation to the School System has remained at \$10,211,763 for the past four years. This year the Current Expense budget request from the BOE for county funding contains an approximate 5.76% increase over last year's approved budget. This translates to an approximate \$587,934 increase over last year's BOE request. The reduction in students has now resulted in the closing of a school and the corresponding decrease in operating and maintenance cost. Given the combination of student reductions and facility closing, the county now needs to adjust the School System's Current Expense budget to reflect these changes. My recommendation is to provide the BOE \$9,817,340 for Current Expense, which is a decrease of \$339,126 in Current

Expense over that appropriated in the FY 2015/16 Budget. This decrease is a one half of one percent decrease in the School System's total budget when state and federal funding are factored in. The formula used to calculate this reduction was to keep the funding level per student at the same level as last year at \$1,586 multiplied by the current ADM level of 6,190 as reported by the State. The \$1,586 level per student compares very favorably with other counties with similar populations to Stokes County. This recommendation also includes \$95,440 to the BOE for Current Expense to pay for operations & maintenance expenses for the Poplar Springs Elementary School. The \$95,440 will come from the New School / Forsyth Tech Construction / Renovation Fund (previous 4 cent tax increase) and will not impact the County's General Fund.

Capital Outlay Expense

The BOE Capital Outlay request for this budget was \$651,000. This would require no funding from the County's General Fund to meet this request. My recommendation is to provide the BOE \$1,651,000, and include the authorization for the BOE to spend additional funds from their Current Expense Fund Balance on capital projects if any fund balance becomes available. As in previous years, my recommendation is to continue prioritizing the BOE capital funding toward the retirement of debt from earlier school construction, which will require \$1 M in the proposed FY 2016/17 Budget. The annual \$1 M debt payment for General Obligation Bonds (West Stokes and Piney Grove Schools) will continue for one more year where this amount can then be appropriated to school capital projects. In FY 2017/18, the remaining debt payment will be \$828,772, which will free up an additional \$171,228 of school capital outlay funds, which must go to the BOE plus \$273,572 of County General Fund dollars which could also be appropriated for school Current Expense or Capital Outlay. In FY 2018/19, the entire \$1 M will become available, all of which must go to school capital needs or school debt per general statute. For FY 2016/17, the remaining capital funds after debt payment in the amount of \$651,000 will be appropriated for capital outlay.

Broadband / High Speed Internet Grant Funding

The BOCC recently conducted a competitive solicitation process and awarded \$1,800,000 in grant funding for expansion of broadband / high speed internet to unserved and underserved residents in Stokes County. Though the overarching justification for this grant was expansion of economic development, an equally important component of the project is Internet connectivity to students in the county who either have no connectivity or connectivity that is slow and/or cost prohibitive. There is no substitute for affordable, high speed Internet connectivity to the home in today's virtual learning environment that is required for all forms of education. This funding will be disbursed in three equal payments over the next three fiscal years with the initial \$600,000 payment to Wilkes Communications, dba RiverStreet Networks in July 2016. This company submitted the winning proposal in the county's Broadband solicitation. Along with the

county's grant funding investment, the company is privately investing the remaining balance of the project with an estimated value of \$12,900,000. This is arguable the most important economic development opportunity ever undertaken by Stokes County given the importance of Internet connectivity to every aspect of daily life and the fact that this connectivity can be leveraged in so many different ways to expand business, education and convenience for Stokes County residents. As part of this project, Wilkes Communications, dba RiverStreet Networks is constructing a new customer service / network hub building in Danbury, providing additional local jobs and providing Stokes County a state-of-the-art fiber optic broadband system that will set Stokes County apart from other rural counties, not only in the State of North Carolina, but nationwide.

Economic Development Department

The Interim Director of Economic Development and I have developed the proposed budget for the additional one-year period where the economic development function is being reassessed by the BOCC. It keeps most of the website and advertising functions internal to the county where they were contracted out earlier. This budget supports the continuation of many economic development activities that are currently in process and supports the expansion of economic development opportunities during the additional one-year reassessment period. The BOCC also chartered an Economic Development Planning and Assessment Committee to look at the Economic Development function and the committee made a formal recommendation to the BOCC, which is Attachment #4 to this message. My recommendation is that all provisions of that recommendation that have not already been adopted by the BOCC be adopted as part of the FY 2016/17 Budget.

Environmental Health Recommendation

It's my recommendation that the Environment Health Section of the Health Department be placed under the operational control of the County Manager for all operational matters related to the environmental health function. Under this arrangement the Environmental Health Supervisor would report directly to the County Manager for environmental health operational issues and for budget preparation discussions. This change would not move the Environmental Health personnel out of the Health Department, which keeps them under the State Personnel Act. Personnel actions will continue to be handled by the Health Director. The Health Director would also be kept in the loop on operational issues being dealt with by the county manager and the Environmental Health Section. The reason for this change is to streamline the reporting and resolution of environmental health issues to include schedule backlogs that tend to flow straight from citizens and county commissioners to the county manager as a matter of course.

Medical Director Support to Animal Control

This budget recommendation increases the compensation for the required Veterinarian support contract to the Animal Shelter from \$1,200 to \$3,000 annually. It also makes

adjustments in scope to other areas of the contract to reflect the latest regulatory requirements and supply needs to operate the Animal Shelter.

Health, Dental and Term Life Insurance Costs

The shift three years ago to a Health Reimbursement Account (HRA) / Split Deductible continues to look like a good decision based on experience to date. The County will continue with a Health Reimbursement Account (HRA) / Split Deductible this year to cover county employees. The County will also continue to pay 100% of the premium costs for employees. The terms and conditions of the insurance plan will not change and the county will continue with its insurance broker this year and will stay with the current insurance carriers. The insurance plan will continue to explore ways to better incentivize employees to use generic drugs and to not use hospital emergency rooms. Prescription costs will remain approximately the same for most employees. Unfortunately the county will experience an increase in health insurance premiums of 15% which adds \$232,560 to the budget. The cost for the employee co-pays in the areas of emergency services, urgent care and prescriptions will stay the same. The insurance carrier will continue to consider implementation of a wellness program that will help to keep premiums lower and prevent health problems for employees. Wellness programs are becoming the norm for all insurance programs to reduce medical costs. Insurance premiums for dental and term life coverage will remain the same as last year.

Enterprise Funds

The County has three enterprise funds which are described below.

- **“Stokes Reynolds Memorial Hospital Fund”** – This fund will be used by the county to reassume control of the hospital in accordance with the path forward that is selected by the BOCC as a result of the recent announcement of Chapter 11 bankruptcy proceedings of Pioneer Health Services. The county will appropriate funds for operational cost through this fund if the BOCC decides to take control of hospital operations. A cash infusion of an amount to be determined before budget approval will be required in the FY2016/17 Budget for hospital operations. The recommend 2 cent Ad Valorem tax increase does not include funds for operation of the hospital. An additional property tax increase beyond the 2 cents will be required to fund hospital operations during any period where the hospital operations are directly under county control. The exact amount of tax funds that will actually be spent will depend directly on how well the hospital performs financially, which is to be determined.
- **“Regional Sewer Fund”** – This fund remains financially sound. It is recommended that the residential sewer rate for this fund be increased to keep the rates comparable with state guidelines and supplement the revenue for the fund. The recommended rates are contained in the detailed budget documentation. The fund could be negatively impacted if the hospital ceases to operate. This fund will

also be impacted significantly by the requirement to install a radium removal system which will be mandated by NCDEQ in FY 2016/17.

- “Danbury Water Fund” – This fund is financially sound but will also be impacted by the requirement to install a radium removal system. It is recommended that the residential water rate for this fund be increased to keep the rates comparable with state guidelines and supplement the revenue for the fund. The recommended rates are contained in the detailed budget documentation. This fund would also be impacted by circumstances that develop at the hospital because it is the fund’s largest customer.

Grant Program for County Parks

This proposed budget suspends the grant program for improving county owned parks for a one-year moratorium while current approved projects are completed and the impact of these projects is evaluated by the BOCC. This program allowed interested individuals or organizations to apply for up to \$2,000 per park annually to make improvements to the park facilities. In addition to the one year suspension of the grant program, my recommendation continues to provide \$2,000 per park allocated to county owned parks for the operations and maintenance expenses of the parks with the exception of Moratock Park which is maintained by the county staff.

General Fund Balance

Under my proposed budget, \$2,297,018 M will be required from the County’s General Fund along with the recommended 2 cent Ad Valorem tax increase to balance the budget. The tax increase is needed to address increased costs and especially for unexpected requirements such as the EMS proposal included in this budget recommendation. Property tax may need to increase further if hospital operations cost are factored in. This is \$55,175 more than the amount appropriated from the General Fund Balance in the FY 2015/16 Budget. The County has now exhausted the funds available from the General Fund for use in FY 2017/18 to balance the budget without a reduction below 20% in the General Fund Balance. My recommended approach uses the last part of the previously projected available amount this year and exhausts remaining General Fund dollars available from this source for use in balancing the FY2017/18 Budget. As stated earlier, it does not appear that any of the appropriated General Fund balance from FY 2015/16 will be available to replenish the General Fund balance on June 30, 2016. As stated earlier in this message, I would recommend that the BOCC strive to keep the County’s General Fund balance in close proximity to 20% to maintain the county’s strong financial rating with the national rating agencies. With the use of \$2,297,018 from the County’s General Fund Balance to balance the proposed FY 2016/17 Budget, it is projected that the County’s General Fund Balance will remain above 20% for FY 2016/17, but is at risk of dipping below 20% in FY 2017/18 if other revenue sources do not materialize to fill the gap.

Title XIX Medicaid Fund

As the BOCC is aware, the Title XIX Medicaid funds were broken out from the General Fund to provide more visibility of these funds and their uses. At the time, the Title XIX Medicaid funds were broken out, a large Fund Balance had accumulated, while at the same time, local county dollars were being used to fund the same programs being funded by Title XIX Medicaid funds. The breakout of Title XIX Medicaid provided clear visibility of the large Fund Balance that had accumulated. In the FY 2014/15 Budget, the Title XIX Medicaid Fund Balance was spent which required an increased level of local funds to support the Title XIX programs. The proposed FY 2016/17 Budget also requires significant local funding to support Title XIX programs. This year's projected Medicaid settlement amount is \$233,000 as compared to \$150,752 for FY 2015/16. Title XIX funding needs to stay on the watch list for local funding to ensure these shared programs are needed, and that they generate sufficient revenue to justify the program costs and the use of the local funding share.

Interest Earnings /Rates

Interest Earnings – Interest earnings on idle funds invested by the County remain negligible due to continued low market rates. Interest rates are projected to remain low through the next fiscal year.

- The Federal Government is sending mixed signals on when they might raise interest rates further.

Inflation – Officially inflation remains low; however, commodities such as food, fuel and healthcare continue to increase.

Sales Tax Receipts

Sales tax receipts for the “General Fund” are up by \$153,400 over last year, as of March 31, 2016, which is a 5.30% increase. Article 40 and 42 sales tax receipts, where a proportion goes to the School System, are up by \$54,089 over last year for the same time period, which is also a 4.7% increase. Even though base sales tax receipts are fairly consistent from last year, they remain significantly lower than the levels received prior to 2008. The new legislation that changed the sales tax formula will help Stokes County if it comes in as projected. These additional funds are desperately needed by the county to keep Ad Valorem taxes at a reasonable rate.

Ad Valorem Taxes

Ad Valorem taxes are the main source (50.66%) of revenue for the county budget. Based on the last Stokes County audit, the FY 2014/15 actual collection rate was 97.470%. This proposed budget uses a more conservative collection rate of 97%. Should the BOCC desire to do so, the collection rate could be raised as high as 97.47%, though I do not recommend going above 97%. Approximately 46.79% of the Ad Valorem tax revenue goes to fund the County's School System's Current Expense budget.

Legal Services

This proposed budget has no increase in retainer fee for the County Attorney. Currently, the County contracts with two attorneys, one of which is dedicated to providing specific legal services to the Department of Social Services (DSS), plus the County Attorney who provides both general legal services to the County and some specific legal services to DSS. The total legal budget for the County Administration is \$100,000 which also includes an allocation for litigation and outside legal services that would not fall under the scope of the County Attorney's contract. Additional funding in the amount of \$95,000 is also included in the DSS Budget for the DSS attorney, of which \$26,173 is county funds.

Fire Departments and Fire Tax

My budget recommendation raises the fire tax rate by 1.0 cent, which is in line with the recommendation I made in the FY2015/16 budget recommendation. This increase was recommended by the Fire Commission. The additional funding will be used to address personnel issues associated with responding to fire calls which has improved due to the addition of some paid firemen. It will also go to purchase additional radios needed as a result of the communications upgrade to VIPER plus other equipment needed for general fire-fighting operations.

Miscellaneous Requests from Outside Agencies

Several outside agencies requested and were recommended for funding in the Stokes County FY 2016/17 Budget proposal. Agencies that received funding and the ones that were denied funding in the recommended budget are both listed below:

- **YVEDDI** – Request for weatherization funding was again recommended due to the end of the CDBG Scattered Site Housing Rehab Program (\$15,000). Total for all YVEDDI programs was \$169,755.
- **Roanoke River Basin** – Request was denied for \$4,879.
- **N.C. Wildlife Resource Commission Beaver Management Assistance Program** – Request for \$4,000 was denied
- **N.C. Forestry Service** - Request for temporary smoke chaser funding was again recommended to provide additional support to fire departments at fire scenes (\$13,900). The request for a new vehicle for the Forestry Service was not recommended.
- **Stokes County Fire Association** - Provided \$23,460 a \$6,193 increase
- **JCPC**- Recommended \$177,814 of which \$41,804 is county matching funds
- **Northwest Child Development Center** – Request was denied for \$8,840
- **King Senior Center** – Appropriated \$6,978 which is the same amount provided to Walnut Cove Senior Center
- **PTRC RPO** – Appropriated \$3,873 per request
- **Winston-MPO** – Appropriated \$8,091 per request
- **Adult Community Advisory Council** – Appropriated \$1,500 per request

Summary

In summary, my recommended budget attempts to place the County in the best possible financial position to provide the necessary services to the public during the approaching fiscal year. Unfortunately this budget contains growth in several areas but as the county's Budget Officer, it is my responsibility to submit a realistic budget that addresses the operating environment that actually exists, not the environment we wished was present. Additional revenue is needed to deal with increased expenses which have been held to the bare minimum required amounts for the successful operation of this county government.

- **What this recommended budget does not do.....**
 - Does not eliminate or reduce any existing services to our citizens
 - Does not fix the funding shortage resulting from the loss of Hold Harmless funding
 - Does not provide a COLA or bonus for full and part-time employees
- **What this recommended budget does do.....**
 - Adds 2 cents to the Ad Valorem tax rate for County's General Fund and 1.0 cent to the County's Fire Tax rate.
 - Appropriates County General Fund dollars to balance the budget.
 - Makes adjustments in shift hours / hourly pay levels to address staff retention and shortages in EMS.
 - Keeps the projected County General Fund Balance in close proximity to 20% for the FY 2016/17 Fiscal Year.
 - Funds a reasonable amount of capital outlay for essential equipment required for operations.
 - Continues to pay 100% of employees' health, vision, term life and dental care premiums and keeps Health Reimbursement Account structure in place.

Conclusion / Recommendations

It gets more difficult each year to maintain local government services as revenue levels and available fund balances trend in the wrong direction. No one likes property tax increases, but given the limitations of other revenue sources and the almost automatic increases in expenses, not many other reasonable options are available. The lack of stability and predictability on business functions, medical costs and personnel availability results in a "moving target" as we attempt to budget smartly and provide required services without overtaxing our tax payers. This budget recommendation is all about real needs of this county based on my, and our department heads, best collective assessment of where the county is at this time. For those ideologues who never support tax increases to support the county's General Fund and Fire Service, I would counter with the fact that tax increases have been minimal during the past 10 years when compared to the

accomplishments from this county government's elected officials and staff. Some of these accomplishments are:

- Have not eliminated any services.
- Major school construction and renovation projects funded by the county for the BOE.
- A new community college coming on line this year plus additional funding from the recent bond referendum for an additional new building at the Meadows Campus.
- A new sewer system in operation for the Meadows Community and community college.
- A major initiative to expand broadband coverage to unserved and underserved customers throughout the county.
- The additional funding from the bond referendum for Vade Mecum properties at Hanging Rock State Park.
- An exciting transformation of the Art Market property in Danbury which will be completed this calendar year.
- The completion of a new medical / community center in Pine Hall thanks to the generosity of Mr. Ronald Petree and his sister Ann, plus the potential for additional projects.

These projects are reasons to be very optimistic about the future of Stokes County from an economic development, educational and quality of life perspective.

In previous budget messages, I have referred to Stokes County entering a "Perfect Storm" as we continue to navigate difficult budget waters between now and FY 2017/18. I believe we are now in the second year of the "Perfect Storm" which hopefully will improve soon. Factors that might hasten the recovery from that "Perfect Storm" are things like Walmart's positive impact, new sales tax and Revaluation revenue and the leveraging of new broadband capability. These are future events, but for now we must focus on my FY2016/17 budget theme of **"Ensuring Financial Sustainability in an Unpredictable World"**, a theme that is validated by current reality such as the recent surprise bankruptcy of our local hospital operator and the challenges of staffing EMS positions. The essence of our "Perfect Storm" is that we have run out of sufficient revenue to fund the county operations without Ad Valorem tax increases until future sources of increased revenue allow us to do otherwise. A large component of our "Perfect Storm" that has surfaced again this year with EMS, is non-competitive base salaries. I had hoped the county could wait until the FY 2017/18 timeframe to deal with this issue, but it is clear that this issue is not going away, thus my recommendation this year for a comprehensive outside salary study in lieu of a bonus or COLA for employees. The FY 2016/17 budget proposal will preserve a General Fund Balance at the desired level for another year but only by increasing taxes again. Continuing to absorb the \$2.5 to \$3.0 M deficit bubble that has moved from year-to-year will require the recommended Ad Valorem tax increases and will use the remaining available General Fund Balance for this budget. The obvious current and future challenges will be generating sufficient revenues to keep services at acceptable levels, without reducing the County's General

Fund Balance to an unacceptable level. This is further complicated by the situation that has evolved with the county owned hospital and its operations. It's my opinion that my recommended budget for this year addresses all major budget issues faced by the County to maintain services for FY 2016/17 and keep the General Fund Balance at an acceptable level, but it does not provide a long term solution for stabilizing the county financially, as there are too many unknowns to make that projection.

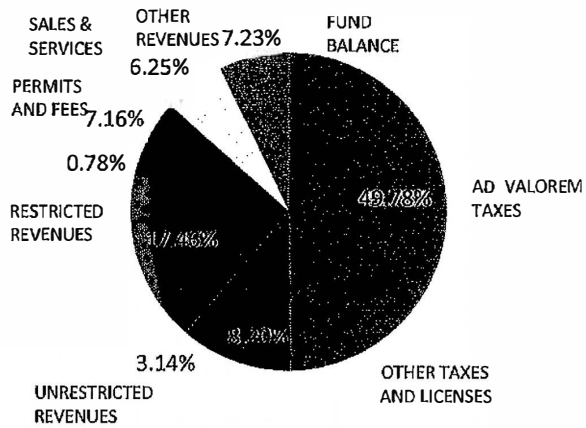
It is my formal recommendation that the BOCC adopt my recommended budget of \$47,073,728 for the FY 2016/17 Fiscal Year.

This budget message includes four attachments. **Attachment #1** is a graphic comparison of revenues and expenses in the current and recommended budget. **Attachment #2** is a list of the capital equipment requested by each department head and which items were approved for the budget proposal. **Attachment #3** is a list of personnel requests from the department heads and the requests that were approved for the budget proposal.

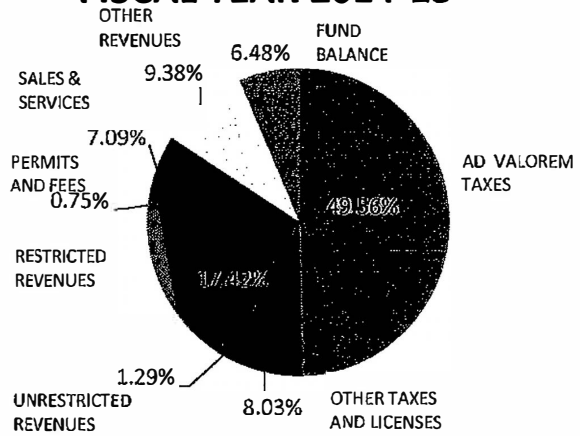
Attachment #4 is the formal recommendation of the Economic Development Planning and Assessment Committee.

COMPARION OF FISCAL YEARS

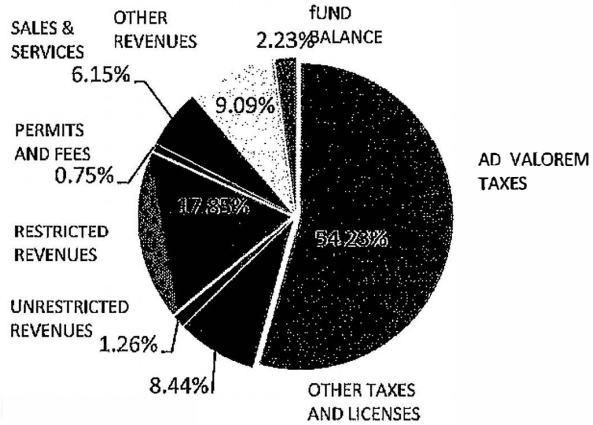
FISCAL YEAR 2013-14



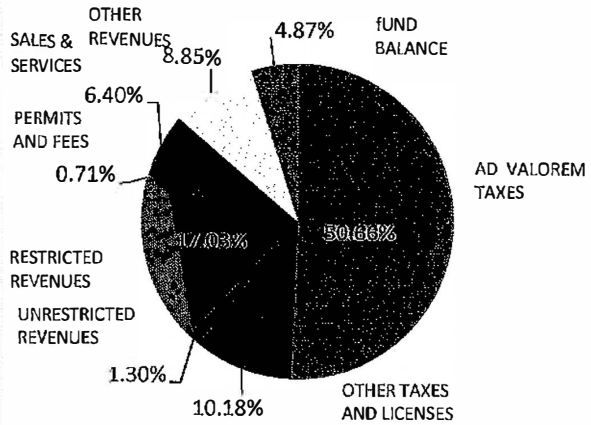
FISCAL YEAR 2014-15



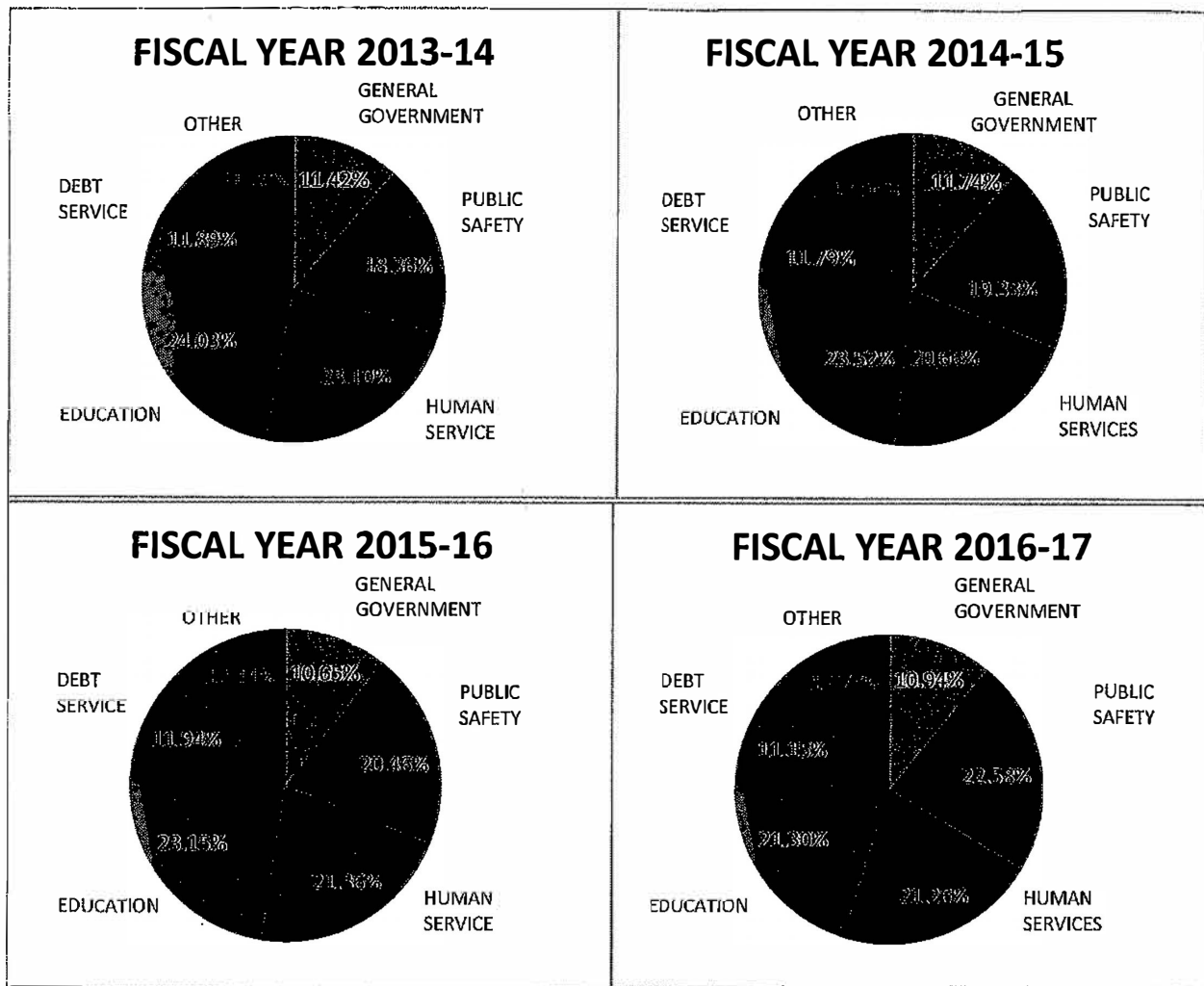
FISCAL YEAR 2015-16



FISCAL YEAR 2016-17



COMPARION OF FISCAL YEARS



GENERAL GOVERNMENT

Administration
Elections
Finance
Governing Body
Information Sys.
Legal
Mapping/GIS
Public Buildings
Purchasing
Register of Deeds
Superior Court
Tax Administration
Vehicle Maint.

PUBLIC SAFETY

Animal Control
Day Reporting Center
Emer. Commun.
Emer. Mgt.
EMS
Fire Marshal
Jail
Medical Examiner
Sheriff's Dept.

HUMAN SERVICES

Aid to Blind
Child Daycare
Environmental Health
Family Health Center
Home Health
KING CLINIC
Medicaid
Mental Health
Public Assistance
Senior Services
Social Services
Veteran Svcs.

OTHER

Solid Waste Coll
Coop. Ext.
Econ. Deve.
Natural Resources
Planning & Insp.
Arts Council
Libraries
Parks
Recreation
Special Approp.
Transfers
Contingency

EDUCATION

DEBT SERVICE

Department	Description	Request	Final	Funding
Animal Control	Outside Kennel/Play Area (Improvements)	\$ 4,600.00	\$ 4,600.00	General Fund
	Stainless Steel Exam Table	\$ 1,500.00	\$ 1,500.00	General Fund
	Tranquillizer Gun	\$ 2,000.00	\$ 2,000.00	General Fund
	SUV 4x4 Vehicle \$36,000/Outfitting vehicle \$6,000	\$ 42,000.00	\$ -	Finance
		\$ 50,100.00	\$ 8,100.00	
Cooperative Extension	Blifold paper folder	\$ 1,000.00	\$ -	General Fund
District Resource Center	Weed eater	\$ 269.00	\$ 269.00	General Fund
	Blower	\$ 314.00	\$ 314.00	General Fund
		\$ 583.00	\$ 583.00	
Emergency Communications	Mobile AVL Mapping Site License	\$ 27,205.00	\$ -	Capital Reserve
	Generator (Sauratown Mtn)	\$ 9,500.00	\$ 9,500.00	Capital Reserve
		\$ 36,705.00	\$ 9,500.00	
Emergency Management	Vehicle (Assist. EMS/EM Director	\$ 46,000.00	\$ -	Finance
	Docking Station Poplar Spring Elementary School	\$ 5,700.00	\$ -	General Fund
	Docking Station Installation Poplar Spring Elementary School	\$ 8,500.00	\$ -	General Fund
	Storage Building	\$ 200,000.00	\$ -	General Fund
		\$ 260,200.00	\$ -	
Emergency Medical Services	Ambulance 4x4 (This year price)	\$ 184,000.00	\$ 184,000.00	Finance
	Ambulance 4x4 (Increase in price)	\$ 197,000.00	\$ -	Finance
	Physio Control LifePak 15 monitor/defibrillator (4)	\$ 158,652.00	\$ 158,652.00	Finance
	TruCPR Coaching Device (5)	\$ 9,831.00	\$ 9,831.00	Finance
	Cost of medications Engel Coolers (medication refrigeration) (10)	\$ 8,100.00	\$ 8,100.00	General Fund
	Risk reduction Ferno Stretcher INX (6) recommending 5	\$ 236,175.00	\$ 196,813.00	Finance
	Risk reduction Air TraQ Camera adapters (9)	\$ 7,650.00	\$ 7,650.00	General Fund
	Computers CF-31 (2)	\$ 14,000.00	\$ 14,000.00	General Fund
		\$ 815,408.00	\$ 579,046.00	
Finance	Folder/Inserter Machine	\$ 8,500.00	\$ -	General Fund
	Upgrade AD Cloud Version	\$ 18,420.00	\$ 18,420.00	General Fund
	ESSP Serve	\$ 18,000.00	\$ -	General Fund
	Employee Self Service Portal Software	\$ 10,000.00	\$ -	General Fund
		\$ 54,920.00	\$ 18,420.00	
Environmental Health	CDP Food Inspection Program Software	\$ 13,224.00	\$ 13,224.00	Revenues/Capital Reserve
Fire Marshal	Vehicle	\$ 45,000.00	\$ -	Finance
	Air Pack	\$ 5,600.00	\$ 5,600.00	General Fund
	Computer	\$ 2,000.00	\$ 2,000.00	General Fund
		\$ 52,600.00	\$ 7,600.00	
Forsyth Tech	Front Entrance Security Gate	\$ 14,000.00	\$ 14,000.00	New School/F. Tech Fund
	Athletic Field	\$ 10,000.00	\$ -	New School/F. Tech Fund
	No County Funding	\$ 24,000.00	\$ 14,000.00	
Information Systems	Replace (2) Switches	\$ 6,000.00	\$ 6,000.00	General Fund
	Computer	\$ 2,500.00	\$ 2,500.00	General Fund
		\$ 8,500.00	\$ 8,500.00	
Jail	Two-way radios	\$ 1,800.00	\$ 1,800.00	General Fund
	Computers (2)	\$ 4,000.00	\$ -	General Fund
	Document storage software	\$ 10,000.00	\$ -	General Fund
	Transport Car	\$ 26,000.00	\$ 26,000.00	Finance
	Washing Machine	\$ 7,000.00	\$ 7,000.00	General Fund
		\$ 48,800.00	\$ 34,800.00	
Natural Resources	Computer	\$ 2,000.00	\$ 2,000.00	General Fund
		\$ 2,000.00	\$ 2,000.00	

Department	Description	Request	Final	Funding
Public Buildings	Carpet/Tile Government Center Upper Level	\$ 20,500.00	\$ -	General Fund
	Carpet Community Services Building	\$ 8,000.00	\$ 8,000.00	Capital Reserve Fund
		<u>\$ 28,500.00</u>	<u>\$ 8,000.00</u>	
Register of Deeds	Computer	\$ 2,000.00	\$ 2,000.00	Technology Funds
	Shelving	\$ 12,900.00	\$ 12,900.00	Technology Funds
	No County Funding	<u>\$ 14,900.00</u>	<u>\$ 14,900.00</u>	
Sheriff's Department	10 Vehicles (Recommended 6 vehicles)	\$ 280,000.00	\$ 168,000.00	Finance
	4 Used Vehicles	\$ 40,000.00	\$ 40,000.00	Capital Reserve
	Document Storage Software	\$ 10,000.00	\$ -	General Fund
	Laptop Computer (2)	\$ 6,400.00	\$ 6,400.00	General Fund
	Computers (3)	\$ 6,000.00	\$ 4,000.00	General Fund
	Body Armor Vest (5)	\$ 3,075.00	\$ 3,075.00	General Fund
	Radio Equipment (Headset earpieces)	\$ 2,224.00	\$ 2,224.00	General Fund
		<u>\$ 347,699.00</u>	<u>\$ 223,699.00</u>	
Solid Waste	Replace Backhoe/Loader	\$ 78,000.00	\$ -	Finance
	(8) Replacement Dumpsters	\$ 8,000.00	\$ 8,000.00	General Fund
	Zero Turn Mower	\$ 9,000.00	\$ -	General Fund
	Computer	\$ 2,000.00	\$ -	General Fund
		<u>\$ 97,000.00</u>	<u>\$ 8,000.00</u>	
Tax Administration	Fujitsu-fl-7180 Document Scanner	\$ 1,585.00	\$ 1,585.00	General Fund
		<u>\$ 1,585.00</u>	<u>\$ 1,585.00</u>	
Vehicle Maintenance	12,000 lb. 2 post lift	\$ 7,200.00	\$ 7,200.00	General Fund
	Front End Alignment Machine	\$ 30,000.00	\$ 30,000.00	Finance
	Brake Lathe	\$ 9,616.00	\$ -	General Fund
	Fuel System	\$ 250,000.00	\$ -	General/Capital Reserve
	Truck	\$ 23,000.00	\$ -	Finance
	Vehicle tire lift	\$ 1,200.00	\$ 1,200.00	General Fund
	Plasma cutting Torch	\$ 800.00	\$ 800.00	General Fund
	Pallet jack	\$ 275.00	\$ 275.00	General Fund
		<u>\$ 322,091.00</u>	<u>\$ 39,475.00</u>	
Total Requested		\$ 2,179,815.00	\$ 991,432.00	Total Recommended
Grant		\$ -	\$ -	Grant
ROD Technology Funds		\$ (14,900.00)	\$ (14,900.00)	ROD Technology Funds
New School/F. Tech Fund		\$ (24,000.00)	\$ (14,000.00)	New School/F. Tech Fund
Capital Reserve Fund		\$ (79,357.00)	\$ (73,400.00)	Capital Reserve Fund
Environmental Health Revenue		\$ (10,224.00)	\$ (10,224.00)	Environmental Health Revenue
Federal/State		\$ -	\$ -	Federal/State
Finance		\$ (1,292,827.00)	\$ (773,296.00)	Finance
		<u>\$ 758,507.00</u>	<u>\$ 105,612.00</u>	General Fund
Danbury Water	Radium removal filtration system (Mandated by NCDEQ)	\$ 130,000.00	\$ 130,000.00	
	Computer 1/2 Water 1/2 Sewer	\$ 1,000.00	\$ 1,000.00	
		<u>\$ 131,000.00</u>	<u>\$ 131,000.00</u>	Danbury Water Fund
Sewer Fund	Radium removal filtration system (Mandated by NCDEQ)	\$ 13,000.00	\$ 13,000.00	Sewer Funds
	Computer 1/2 Water 1/2 Sewer	\$ 1,000.00	\$ 1,000.00	
		<u>\$ 14,000.00</u>	<u>\$ 14,000.00</u>	
E911 Fund	Recorder Backup	\$ 27,800.00	\$ 27,800.00	E911 Fund
	Radio Console Backup	\$ 20,000.00	\$ 20,000.00	
	Spillman Backup CAD	\$ 125,000.00	\$ 125,000.00	
	CAD and Hiplink paging Backup	\$ 42,000.00	\$ 42,000.00	
	CenturyLink Vesta upgrade	\$ 122,000.00	\$ 122,000.00	
	Chairs	\$ 4,800.00	\$ 4,800.00	
	Headsets	\$ 750.00	\$ 750.00	
	Bases	\$ 870.00	\$ 870.00	
		<u>\$ 343,220.00</u>	<u>\$ 343,220.00</u>	

Salary Request FY 2016-17

ATTACHMENT 3

Department	Description	Request	Recommended	Recommended	Funding			
Arts Council								
Art Council Director increase for 1 year per Economic Development Committee recommendation		\$	53,733.44					
		\$	44,477.19					
		\$	9,256.25	\$	7,120.19			
	FICA	\$	574.00	\$	441.00			
	Medicare	\$	134.00	\$	103.00			
	Retirement	\$	628.00	\$	483.00			
	401K	\$	93.00	\$	71.00			
	Total Arts Council	\$	10,685.25	\$	8,218.19	GENERAL FUND		
Economic Development								
Funded and change tile Adminstration Assistant to Economic Development Analyst per Economic Development Committee recommendation		\$	35,966.00	\$	27,666.15			
	FICA	\$	2,230.00	\$	1,715.00			
	Medicare	\$	522.00	\$	401.00			
	Retirement	\$	2,438.00	\$	1,876.00			
	401K	\$	360.00	\$	277.00			
	Insurance	\$	5,946.36	\$	5,946.36			
	Dental	\$	333.00	\$	333.00			
	Unemploy	\$	223.00	\$	223.00			
	Term Ins	\$	67.00	\$	67.00			
	Total Economic Development	\$	48,085.36	\$	38,504.51	GENERAL FUND		
Elections								
Elections Director	Request from Election Board	\$	47,903.05					
		\$	48,865.44					
		\$	962.39	\$	740.30			
	FICA	\$	60.00	\$	46.00			
	Medicare	\$	14.00	\$	11.00			
	Retirement	\$	65.00	\$	50.00			
	401K	\$	10.00	\$	7.00			
		\$	1,111.39	\$	1,111.39	\$	854.30	GENERAL FUND
	Request from Election Board	\$	27,630.98					
		\$	28,185.69					
		\$	554.71	\$	426.70			
		FICA	\$	60.00	\$	46.00		
		Medicare	\$	14.00	\$	11.00		
		Retirement	\$	65.00	\$	50.00		
401K		\$	10.00	\$	7.00			
		\$	703.71	\$	703.71	\$	540.70	GENERAL FUND
Total Elections	\$	1,815.10	\$	1,815.10	\$	1,395.00		

Salary Request FY 2016-17

ATTACHMENT 3

Department	Description	Request	Recommended	Recommended	Funding
<u>Emergency Medical Services</u>					
Assistant EMS/EM Director	81 01B	\$ 49,733.45			
	FICA	\$ 3,083.00			
	Medicare	\$ 721.00			
	Retirement	\$ 3,372.00			
	401K	\$ 497.00			
	Insurance	\$ 5,946.36			
	Dental	\$ 333.00			
	Unemploy	\$ 223.00			
	Term Ins	\$ 67.00			
Total Emergency Medical Services		\$ 63,975.81	\$ -	\$ -	GENERAL FUND
<u>Finance</u>					
Finance Accounting Tech I	60 01B	\$ 21,608.73			
	FICA	\$ 1,340.00			
	Medicare	\$ 313.00			
	Retirement	\$ 1,590.00			
	401K	\$ 216.00			
	Insurance	\$ 5,946.36			
	Dental	\$ 333.00			
	Unemploy	\$ 223.00			
	Term Ins	\$ 67.00			
Total Finance		\$ 31,637.09	\$ -	\$ -	GENERAL FUND
<u>Forsyth Tech</u>					
Custodian/Maintenance/Security Technician (2) (Hire in November when facility opens)	60 01A	\$ 13,297.68			
	60 01A	\$ 13,297.68			
		\$ 26,595.36			
	FICA	\$ 1,649.00			
	Medicare	\$ 386.00			
	Retirement	\$ 1,957.00			
	401K	\$ 266.00			
	Insurance	\$ 7,928.48			
	Dental	\$ 444.00			
	Unemploy	\$ 446.00			
	Term Ins	\$ 90.00			
Total		\$ 39,761.84	\$ 39,761.84	\$ 39,761.84	New School/F. Tech Fund

Salary Request FY 2016-17

ATTACHMENT 3

Department	Description	Request	Recommended	Recommended	Funding
<u>Forsyth Tech</u>					
Reclassification Custodian/Maintenance/Security Technician to Lead Facility/Security Tech					
	60 03B	\$ 22,486.23			
	62 02A	\$ 23,605.27			
		\$ 1,119.04		\$ 860.80	
	FICA	\$ 69.38		\$ 53.37	
	Medicare	\$ 16.23		\$ 12.48	
	Retirement	\$ 82.36		\$ 63.35	
	401K	\$ 11.19		\$ 8.61	
	Total	\$ 1,298.20	\$ 1,298.20	\$ 998.61	New School/F. Tech Fund
	Total Forsyth Tech	\$ 41,060.04	\$ 41,060.04	\$ 40,760.45	
<u>Jail</u>					
Jailer (2)	recommended 1 position				
	69 01B	\$ 30,452.00			
	69 01B	\$ 30,452.00		\$ 23,424.62	
		\$ 60,904.00			
	FICA	\$ 3,776.00		\$ 1,452.00	
	Medicare	\$ 883.00		\$ 340.00	
	Retirement	\$ 4,872.00		\$ 1,874.00	
	401K	\$ 3,045.00		\$ 1,171.00	
	Insurance	\$ 11,892.72		\$ 11,892.72	
	Dental	\$ 666.00		\$ 666.00	
	Unemploy	\$ 446.00		\$ 223.00	
	Term Ins	\$ 134.00		\$ 134.00	
	Total Jail	\$ 86,618.72	\$ 43,309.36	\$ 41,177.34	General Fund
<u>Public Buildings</u>					
Lead Custodian recommended Grade 60					
	62 01A	\$ 23,618.92	\$ 21,608.73	\$ 18,168.40	
	FICA	\$ 1,464.00	\$ 1,340.00	\$ 1,126.00	
	Medicare	\$ 342.00	\$ 313.00	\$ 263.00	
	Retirement	\$ 1,738.00	\$ 1,590.00	\$ 1,337.00	
	401K	\$ 236.00	\$ 216.00	\$ 182.00	
	Insurance	\$ 5,946.36	\$ 5,946.36	\$ 5,946.36	
	Dental	\$ 333.00	\$ 333.00	\$ 333.00	
	Unemploy	\$ 223.00	\$ 223.00	\$ 223.00	
	Term Ins	\$ 67.00	\$ 67.00	\$ 67.00	
	Total	\$ 33,968.28	\$ 31,637.09	\$ 27,645.76	General Fund

Salary Request FY 2016-17

ATTACHMENT 3

Department	Description	Request	Recommended	Recommended	Funding
Public Buildings					
Reclassification Maintenance Worker/Road Signs/Water & Sewer to Water & Sewer Maintenance Tech					
	65 03B	\$ 27,357.59			
Danbury Water Fund 30%	67 02A	\$ 28,785.66			
Regional Sewer Fund 30%		\$ 1,428.07		\$ 1,098.52	
Water & Sewer Authority 20%	FICA	\$ 89.00		\$ 68.00	\$ 497.00 Danbury Water
Forsyth Tech 20%	Medicare	\$ 21.00		\$ 16.00	\$ 498.00 Sewer
	Retirement	\$ 105.00		\$ 81.00	\$ 331.00 Water & Sewer
	401K	\$ 14.00		\$ 11.00	\$ 331.00 Forsyth Tech
	Total	\$ 1,657.07	\$ 1,657.07	\$ 1,274.52	\$ 1,657.00
				\$	\$ 382.00 Danbury Water
				\$	\$ 383.00 Sewer
				\$	\$ 255.00 Water & Sewer
				\$	\$ 255.00 Forsyth Tech
				\$	\$ 1,275.00
Maintenance Tech I to Replace Maint Worker/Road Signs/Water & Sewer Tech					
	62 01B	\$ 23,371.01			
General Fund 60%	65 03B	\$ 16,414.55			
		\$ 6,956.46		\$ 5,351.12	
	FICA	\$ 172.40		\$ 132.80	
	Medicare	\$ 40.40		\$ 31.20	
	Retirement	\$ 204.80		\$ 157.60	
	401K	\$ 70.00		\$ 54.00	
	Insurance	\$ 2,378.54		\$ 2,378.54	
	Dental	\$ 133.20		\$ 133.20	
	Unemploy	\$ 89.20		\$ 89.20	
	Term Ins	\$ 26.80		\$ 26.80	
	Total	\$ 10,071.80	\$ 10,071.80	\$ 8,354.47	General Fund
Maintenance Tech I to Replace Water/Sewer Maintenance Tech					
General Fund 60%	62 01B	\$ 23,371.01			
	67 07B	\$ 19,224.74			
		\$ 4,146.27		\$ 3,189.44	
	FICA	\$ 102.80		\$ 79.20	
	Medicare	\$ 24.00		\$ 18.40	
	Retirement	\$ 122.00		\$ 94.00	
	401K	\$ 41.00		\$ 32.00	
	Insurance	\$ 2,378.54		\$ 2,378.54	
	Dental	\$ 133.20		\$ 133.20	
	Unemploy	\$ 89.20		\$ 89.20	
	Term Ins	\$ 26.80		\$ 26.80	
	Total	\$ 7,063.81	\$ 7,063.81	\$ 6,040.78	General Fund
Total Public Buildings		\$ 52,760.97	\$ 50,429.78	\$ 43,315.52	

Salary Request FY 2016-17

ATTACHMENT 3

Department	Description	Request	Recommended	Recommended	Funding
Revaluation					
Part Time Employee	\$15 X 20 hrs X 12 X 4 recommended	\$ 18,690.00	\$ 14,400.00		
	FICA	\$ 1,159.00	\$ 893.00		
	Medicare	\$ 271.00	\$ 209.00		
	Unemploy	\$ 187.00	\$ 144.00		
	Total Revaluation	\$ 20,120.00	\$ 15,502.00	\$ 15,502.00	General Fund
<u>Sheriff's Department</u>					
Deputy Sheiff II	69 01B	\$ 30,615.34			
	FICA	\$ 1,898.15			
	Medicare	\$ 443.92			
	Retirement	\$ 2,449.23			
	401K	\$ 1,530.77			
	Insurance	\$ 5,946.36			
	Dental	\$ 330.00			
	Unemploy	\$ 223.00			
	Term Ins	\$ 67.20			
Total		\$ 43,503.97	\$ -	\$ -	GENERAL FUND
Deputy Sheiff II	69 01B	\$ 30,615.34		\$ 23,550.26	
	FICA	\$ 1,898.15		\$ 1,460.12	
	Medicare	\$ 443.92		\$ 341.48	
	Retirement	\$ 2,449.23		\$ 1,884.02	
	401K	\$ 1,530.77		\$ 1,177.51	
	Insurance	\$ 5,946.36		\$ 5,946.36	
	Dental	\$ 330.00		\$ 330.00	
	Unemploy	\$ 223.00		\$ 223.00	
	Term Ins	\$ 67.20		\$ 67.20	
Total		\$ 43,503.97	\$ 43,503.97	\$ 34,979.95	GENERAL FUND
<u>Sheriff's Department</u>					
Reclassification Detective to Detective Sergeant	71 03B	\$ 34,908.11			
	73 02A	\$ 36,646.57			
		\$ 1,738.46		\$ 1,337.28	
	FICA	\$ 107.78		\$ 82.91	
	Medicare	\$ 25.21		\$ 19.39	
	Retirement	\$ 139.08		\$ 106.98	
	401K	\$ 86.92		\$ 66.86	
Total		\$ 2,097.45	\$ 2,097.45	\$ 1,613.42	
Total Sheriff's Department		\$ 89,105.39	\$ 45,601.42	\$ 36,593.37	

Salary Request FY 2016-17

ATTACHMENT 3

Department	Description	Request	Recommended	Recommended	Funding	
<u>Social Services</u>						
Reclassification Processing Assistant III to Income Maintenance I	58 12A	\$ 24,621.35			\$ 876.98	FEDERAL
	62 06B	\$ 25,935.59			\$ 67.08	STATE
		\$ 1,314.24		\$ 1,010.95	\$ 580.59	COUNTY
	FICA	\$ 81.48		\$ 81.48	\$ 1,524.65	
	Medicare	\$ 19.06		\$ 19.06		
	Retirement	\$ 96.73		\$ 96.73	\$ 702.53	FEDERAL
	401K	\$ 13.14		\$ 13.14	\$ 53.74	STATE
	Total	\$ 1,524.65	\$ 1,524.65	\$ 1,221.36	\$ 465.10	COUNTY
					\$ 1,221.37	
Processing Assistant III to Processing Assistant IV	58 18A	\$ 27,743.30			\$ 937.06	FEDERAL
	60 16B	\$ 29,147.58			\$ 71.68	STATE
		\$ 1,404.28		\$ 1,080.22	\$ 620.37	COUNTY
	FICA	\$ 87.07		\$ 87.07	\$ 1,629.11	
	Medicare	\$ 20.36		\$ 20.36		
	Retirement	\$ 103.36		\$ 103.36	\$ 750.66	FEDERAL
	401K	\$ 14.04		\$ 14.04	\$ 57.42	STATE
	Total	\$ 1,629.11	\$ 1,629.11	\$ 1,305.05	\$ 496.96	COUNTY
					\$ 1,305.04	
Processing Assistant III to Processing Assistant IV	58 03B	\$ 20,789.21			\$ 759.57	FEDERAL
	60 02A	\$ 21,925.19			\$ 58.10	STATE
		\$ 1,135.98		\$ 873.83	\$ 502.86	COUNTY
	FICA	\$ 70.43		\$ 70.43	\$ 1,320.53	
	Medicare	\$ 16.47		\$ 16.47		
	Retirement	\$ 83.61		\$ 83.61	\$ 759.57	FEDERAL
	401K	\$ 14.04		\$ 14.04	\$ 58.10	STATE
	Total	\$ 1,320.53	\$ 1,320.53	\$ 1,058.38	\$ 502.86	COUNTY
					\$ 1,320.53	
Processing Assistant III to Processing Assistant IV	58 15B	\$ 26,397.02			\$ 1,350.71	FEDERAL
	60 14A	\$ 28,421.20			\$ 103.32	STATE
		\$ 2,024.18		\$ 1,557.06	\$ 894.22	COUNTY
	FICA	\$ 125.50		\$ 125.50	\$ 2,348.25	
	Medicare	\$ 29.35		\$ 29.35		
	Retirement	\$ 148.98		\$ 148.98	\$ 1,082.03	FEDERAL
	401K	\$ 20.24		\$ 20.24	\$ 82.77	STATE
	Total	\$ 2,348.25	\$ 2,348.25	\$ 1,881.13	\$ 716.34	COUNTY
					\$ 1,881.14	

Salary Request FY 2016-17

ATTACHMENT 3

Department	Description	Request	Recommended	Recommended	Funding	
<u>Social Services</u>						
Processing Assistant III to Processing Assistant IV	58 04B	\$ 21,207.29		\$	841.99	FEDERAL
	60 03A	\$ 22,469.09		\$	64.41	STATE
		\$ 1,261.80		\$ 970.62	557.42	COUNTY
	FICA	\$ 78.23		\$ 78.23	1,463.82	
	Medicare	\$ 18.30		\$ 18.30		
	Retirement	\$ 92.87		\$ 92.87	674.50	FEDERAL
	401K	\$ 12.62		\$ 12.62	51.60	STATE
	Total	\$ 1,463.82	\$ 1,463.82	\$ 1,172.64	446.54	COUNTY
					1,172.64	
Social Worker II to Social Worker III-Adult Services	68 01B	\$ 29,572.79		\$	1,398.89	FEDERAL
	70 01A	\$ 31,669.17		\$	107.01	STATE
		\$ 2,096.38		\$ 1,612.60	926.11	COUNTY
	FICA	\$ 129.98		\$ 129.98	2,432.01	
	Medicare	\$ 30.40		\$ 30.40		
	Retirement	\$ 154.29		\$ 154.29	1,120.62	FEDERAL
	401K	\$ 20.96		\$ 20.96	85.72	STATE
	Total	\$ 2,432.01	\$ 2,432.01	\$ 1,948.23	741.89	COUNTY
					1,948.23	
Social Worker II to Social Worker III-Adult Services	68 09A	\$ 34,332.87		\$	1,140.82	FEDERAL
	70 07B	\$ 36,042.50		\$	87.27	STATE
		\$ 1,709.63		\$ 1,315.10	755.26	COUNTY
	FICA	\$ 106.00		\$ 106.00	1,983.35	
	Medicare	\$ 24.79		\$ 24.79		
	Retirement	\$ 125.83		\$ 125.83	913.89	FEDERAL
	401K	\$ 17.10		\$ 17.10	69.91	STATE
	Total	\$ 1,983.35	\$ 1,983.35	\$ 1,588.82	605.02	COUNTY
Social Worker Program Manager	75 01B	\$ 38,915.63		\$ 29,935.10	29,746.81	FEDERAL
	FICA	\$ 2,412.77		\$ 1,855.98	2,275.49	STATE
	Medicare	\$ 564.28		\$ 434.06	19,693.30	COUNTY
	Retirement	\$ 2,864.19		\$ 2,203.22	51,715.60	
	401K	\$ 389.16		\$ 299.35		
	Insurance	\$ 5,946.36		\$ 5,946.36	23,754.19	FEDERAL
	Dental	\$ 333.00		\$ 333.00	1,817.08	STATE
	Unemploy	\$ 223.00		\$ 223.00	15,726.00	COUNTY
	Term Ins	\$ 67.20		\$ 67.20	41,297.27	
	Total	\$ 51,715.59	\$ 51,715.59	\$ 41,297.27		

Salary Request FY 2016-17

ATTACHMENT 3

Department	Description	Request	Recommended	Recommended	Funding
<u>Social Services</u>					
Community Social Services Assistant	55 01B	\$ 19,618.43		\$ 15,091.10	\$ 16,869.98 FEDERAL
	FICA	\$ 1,216.34		\$ 935.65	\$ 1,290.47 STATE
	Medicare	\$ 284.47		\$ 218.82	\$ 11,168.44 COUNTY
	Retirement	\$ 1,443.92		\$ 1,110.70	\$ 29,328.89
	401K	\$ 196.18		\$ 150.91	
	Insurance	\$ 5,946.36		\$ 5,946.36	\$ 13,848.94 FEDERAL
	Dental	\$ 333.00		\$ 333.00	\$ 1,059.38 STATE
	Unemploy	\$ 223.00		\$ 223.00	\$ 9,168.41 COUNTY
	Term Ins	\$ 67.20		\$ 67.20	\$ 24,076.73
	Total	\$ 29,328.90	\$ 29,328.90	\$ 24,076.74	
Social Worker Supervisor III	73 01B	\$ 37,419.07			
	FICA	\$ 2,319.98			
	Medicare	\$ 542.58	FEDERAL		\$ 28,748.16
	Retirement	\$ 2,754.04	STATE		\$ 2,199.09
	401K	\$ 374.19	COUNTY		\$ 19,032.16
	Insurance	\$ 5,946.36			\$ 49,979.41
	Dental	\$ 333.00			
	Unemploy	\$ 223.00			
	Term Ins	\$ 67.20			
	Total	\$ 49,979.42	\$ -	\$ -	
Total Social Services		\$ 143,725.63	\$ 89,330.85	\$ 72,012.57	\$ 35,698.57
<u>Senior Services</u>					
Reclassification Senior Services Program Director to Senior Services Director	71 03A	\$ 34,272.94			
	72 03A	\$ 35,644.31			
		\$ 1,371.37		\$ 1,054.90	
	FICA	\$ 85.02		\$ 65.40	
	Medicare	\$ 19.88		\$ 15.30	
	Retirement	\$ 100.93		\$ 77.64	
	401K	\$ 13.71		\$ 10.55	
	Total	\$ 1,590.91	\$ 1,590.91	\$ 1,223.79	

Salary Request FY 2016-17

ATTACHMENT 3

Department	Description	Request	Recommended	Recommended	Funding
Senior Services					
Reclassification Office Assistance II to Office Assistance III	60 09B	\$ 25,337.13			
	62 08A	\$ 26,598.91			
		\$ 1,261.78		\$ 970.60	
	FICA	\$ 78.23		\$ 60.18	
	Medicare	\$ 18.30		\$ 14.07	
	Retirement	\$ 92.87		\$ 71.44	
	401K	\$ 12.62		\$ 9.71	
	Total	\$ 1,463.80	\$ 1,463.80	\$ 1,126.00	
Total Senior Services		\$ 3,054.71	\$ 3,054.71	\$ 2,349.79	
Total Increase		\$ 533,873.46	\$ 348,873.87	\$ 299,828.74	Total Recommended
FEDERAL		\$ (82,670.97)	\$ (53,922.81)	\$ (43,606.93)	FEDERAL
STATE		\$ (6,323.92)	\$ (4,124.83)	\$ (3,335.72)	STATE
New School/F. Tech Fund		\$ (43,121.58)	\$ (44,221.30)	\$ (40,760.45)	New School/F. Tech Fund
Other Funds		\$ (1,657.07)	\$ (1,657.07)	\$ (1,274.52)	Other Funds
Total General Fund		\$ 400,099.92	\$ 244,947.86	\$ 210,851.12	General Fund

The 2th recommended column is funding the position, reclassifications and part time for 10 pay periods starting 09/10/16. Forsyth Tech new custodian/maintenance/security tech will be for 9 pay periods starting 10/08/16, due to the new facility opening.

Emergency Medical Services		72 01B	\$ 34,595.73	
10 paramedics	To go from 24/48 to 24/72		\$ 345,957.30	
1 Supervisor		75 01B	\$ 38,915.63	
			\$ 384,872.93	\$ 325,661.71
		FICA	\$ 23,862.12	\$ 20,191.03
		Medicare	\$ 5,580.66	\$ 4,722.09
		Retirement	\$ 28,326.65	\$ 23,968.70
		401K	\$ 3,848.73	\$ 3,848.73
		Insurance	\$ 65,409.96	\$ 65,409.96
		Dental	\$ 3,663.00	\$ 3,663.00
		Unemploy	\$ 2,453.00	\$ 2,453.00
		Term Ins	\$ 739.20	\$ 739.20
Total Emergency Medical Services			\$ 518,756.25	\$ 450,657.42

These positions are funded for 11 pay periods starting 08/13/16.

Final Recommendation from the Economic Development Planning and Assessment Committee to the Board of County Commissioners:

- Extend until June 30, 2017 David Sudderth's temporary reclassification as the Interim Economic Development Director at the same salary.
- Do a one year temporary reclassification from July 1, 2016 to June 30, 2017 for the Arts Council Director, Eddy McGee, which adds economic development duties to his current job description, to include grant writing, along with his regular duties as Arts Council Director. This temporary reclassification would include a pay increase of approximately one half of the increase given to David Sudderth for serving as Interim Economic Development Director.
- Reclassify and fill the non-appropriated Economic Development position (grade 65) to Economic Development Technical Analyst (grade 71) and competitively fill this position.
- Incorporate all of the above listed changes with detailed explanations in the FY 16/17 Budget Proposal to the BOCC, with the exception of David Sudderth's extension, which if not approved as part of this recommendation must be approved separately by the BOCC before March 2016.
- Delay for at least one additional year the filling of the position of Economic Development Director pending further assessment of the department.
- Continue the assessment of the Economic Development Commission activities to better clarify the role of this committee for the future.
- This proposal will provide the best operational approach for economic development during the coming year as several major economic development projects are completed which include the Art Market upgrade.
- This proposal will also continue the cost savings gained with the interim organizational structure of the Economic Development Department for an additional year by absorbing administrative functions into the Planning Department, as we are currently doing and will free up funding for critical economic development projects such as internet expansion.
- The Economic Development Assessment and Planning Committee stay's intact and continues to assess the economic development function with meetings to be held on an as needed basis.

ATTACHMENT #4