

BUDGET MESSAGE FISCAL 2010-2011

TO: The Honorable Chairman and Commissioners
Stokes County Board of Commissioners

FROM: Kenneth B. "Bryan" Steen, County Manager

DATE: May 24, 2010

SUBJECT: FY 2010-2011 Recommended Budget

In accordance with the North Carolina Local Government and Fiscal Control Act (G.S. 159-8), I hereby present and submit for your review and adoption a balanced proposed budget for Fiscal Year 2010-2011. I respectfully remind you that a mandatory Public Hearing for the Proposed FY 2010-2011 Budget has been scheduled for 7:00 PM in Court Room "A" of the Government Center on Tuesday, June 8, 2010.

Budget Guidelines

During March of 2010, the Board of County Commissioners met with the County Manager and staff to establish Goals for FY 2010-11. The Recommended Budget incorporates funding of the agreed upon goals and funding needs the County Manager has become aware of within the limits of our projected financial resources.

Budget Theme

Continued revenue reductions due to the economy and shifted cost from the state to counties continue to impact our budget and lead to a continuation of cost cutting measures to avoid a tax increase during a weak economic recovery period. The proposed budget continues the same theme as FY 2009-10, cost containment and reduction when possible.

Objectives of the proposed budget are:

- Continue provision of current county service levels, services that provide a safety net for our vulnerable citizens and make a reasonable effort to support the provision of services impacted by state budget cuts.
- Maintain a strong County Fund Balance to enable attainment of low interest financing options for the possible funding of approved school and community college capital construction projects.
- Identify and obtain grant funds that will enable enhanced services or development of infrastructure that will be beneficial to our citizens.

- Continue to review service delivery methods to reduce expenditures and improve efficiency and effectiveness.
- Provide responsible and timely maintenance of existing critical infrastructure and equipment in order to prevent more expensive repair or replacement cost at a later date.

Budget Process

Our initial process had each county department, the county school system and other non-county agencies provide the county manager with a requested budget. For 2010-2011, the Requested Budget totaled **\$43,754,966 and would have required a tax rate of 65.09 cents.**

Revenues

In light of current economic trends, the proposed budget reduces anticipated Sales Tax Revenues from authorized sales taxes by \$749,000 from figures used during FY 2009-10.

Expenditures

Over the past several weeks, I worked with county staff and developed a Recommended Budget totaling \$42,100,523 to be funded with the current tax rate of 60 cents for services funded by the General Fund.

Additionally, \$691,875 has been set-aside in various Contingency Funds for unexpected expenditures including \$45,000 to cover unpredictable fuel cost increases that may arise during the upcoming budget year.

Expenditure Containment

As in past years, containment and reduction of expenditures as well as improvements in efficiency are constant and ongoing activities as evidenced by use of the Lockbox procedure for payment of taxes, use of debt set-off and Interstate Collection Service for collection of delinquent debts to the county and the purchase an imminent use of the paperless timesheets process.

Staff also looks for other opportunities to reduce costs such as energy efficiency improvements in heating/cooling of buildings, lighting and reductions in health and property insurance premiums.

In the recommended budget for county departments, I've budgeted an overall reduction of funds requested for Dept. Supplies (2%) and Training (2%), and I will continue with our

current restriction on Travel and Training to mandatory events or events of exceptional importance. As in past years, we will also continue to look for beneficial ways to reduce cost through the use of technology, restructuring and quarterly budget reviews of all county departments to identify and obtain expenditure savings during the budget year.

Capital Outlay

General Fund Departments requested a total of \$2,634,167 for capital expenditures. Of those requests, I authorized expenditures of \$68,570 from the FY 2009-10 Budget for FY 2010-11 requested items and I recommend approval of remaining General Fund requests totaling \$685,372.

See Capital Outlay Schedule for item specific information.

School-Current Expense

The Stokes County School System submitted a Current Expense Budget request totaling \$10,626,947. After reviewing the request, I recommend appropriation of \$10,338,277 as provided in FY 2009-2010.

Please note the following information from FY 2009-2010 regarding our appropriation to current expense as compared to that of surrounding counties of greater financial means and a few other similar sized counties:

| COUNTIES | DAILY Student Population | EXPENSE TOTAL | EXPENSE PER Per-Student Funding |
|------------|-----------------------------|-------------------|------------------------------------|
| Stokes | 6978 | \$ 10,338,277.00 | \$ 1,481.55 |
| Davie | 6592 | \$ 9,407,445.00 | \$ 1,427.10 |
| Forsyth | 51501 | \$ 111,251,811.00 | \$ 2,160.19 |
| Rockingham | 13864 | \$ 15,834,840.00 | \$ 1,142.16 |
| Surry | 11355 | \$ 13,101,750.00 | \$ 1,153.83 |
| Yadkin | 5857 | \$ 6,487,000.00 | \$ 1,107.56 |
| Hoke | 7540 | \$ 4,080,510.00 | \$ 541.18 |
| Person | 5042 | \$ 8,881,567.00 | \$ 1,761.52 |
| Richmond | 7646 | \$ 6,925,000.00 | \$ 905.70 |
| Vance | 7222 | \$ 8,380,000.00 | \$ 1,160.34 |

Fire Service Request

Upon review of the Service District, King, Rural Hall and Walnut Cove Budgets, it is my recommendation that an increase to 6.5 cents be authorized for Rural Hall, and no increase for the remaining districts.

I do need to make the Board aware that the City of King Manager has requested a Fire Tax increase of 1 cent. This would be added to the increase approved for FY 2009-10 resulting in a total Fire Tax rate of 7.5 cents. I do not recommend approval of the request.

FY 2009-10 Budget Highlights

1. Retired County Gen. Fund debt in the amount of \$68,472 (principal and interest).
2. Attained a fund balance of 21.67% as part of efforts to prepare for funding of county school construction or rehabilitation projects.
3. Received Credit Rating Upgrade from "A" to "A+."
4. Purchased land for placement of a new elementary school in Yadkin Township.
5. Funded Rehabilitation of Nancy Reynolds Elem. and purchased additional land.
6. Purchased land for Community College Campus and POD for Early College.
7. Constructed first free standing EMS Station.
8. Rehabilitated /Constructed new office space for District Attorney and Staff.
9. Completed structural construction of Courtroom C renovation project.
10. Rehabilitated / Constructed new office space for Veteran Affairs Office.
11. Commissioners continued with a 60-cent tax rate for fiscal year 2009-10.
12. Expanded efforts to collect delinquent revenues: Debt Set-off / Collection Agency
13. Financed the purchase of eight new vehicles for the Sheriff's Office and two new ambulances: remount of current box onto a new chassis.
14. Replaced Fire Marshal Vehicles with three state surplus 4WD vehicles.
15. Installed new HVAC Units for DSS, SW Service Center and Arts Council Bld.