

STATE OF NORTH CAROLINA )  
 )  
COUNTY OF STOKES )  
 )

OFFICE OF THE COMMISSIONERS  
STOKES COUNTY GOVERNMENT  
DANBURY, NORTH CAROLINA  
MONDAY JUNE 26, 2023

The Board of Commissioners of the County of Stokes, State of North Carolina, met for a Recessed Budget Work Session in the Commissioners' Chambers of the Ronald Wilson Reagan Memorial Building (Administration Building) located in Danbury, North Carolina on Monday June 26, 2023 at 12:00 pm (recessed from June 20, 2023 Budget Work Session) with the following members present:

Chairman Rick Morris  
Vice Chairman Brad Chandler  
Commissioner Sonya Cox  
Commissioner Ronnie Mendenhall  
Commissioner Keith Wood

County Personnel in Attendance:  
Interim County Manager/Clerk to the Board Amber Brown  
Finance Director Lisa Lankford  
Assistant Finance Director Tracy Aaron

Chairman Morris called the meeting to order and welcomed those in attendance.

**INVOCATION**

Chairman Morris invited those in attendance to join the Board in the invocation, if so desired.

Commissioner Wood delivered the Invocation.

**GENERAL GOVERNMENT-GOVERNING BODY-PLEDGE OF ALLEGIANCE**

Chairman Morris invited those in attendance to join the Board in the Pledge of Allegiance.

## **CONTINUED BUDGET DISCUSSION**

Chairman Morris noted the items for today's recessed budget work session are the general discussion of the budget and finalizing the budget in order to allow staff to prepare the budget ordinance for adoption.

Chairman Morris opened the discussion.

Chairman Morris commented:

- Have communicated separately with the commissioners over the weekend with a proposal that changes some of my thoughts from our last budget work session
- Though we could use that as a basis for the discussion or do it some other way – whichever the Board prefers

The Board unanimously agreed for Chairman Morris to read his proposal

Chairman Morris read (for the benefit of those watching online) the following proposal to start the Board discussion:

- Commissioners and Amber, I have been thinking more about the budget and after further reflection have changed my previous position on a few areas:
  - The first one is the tax increases – it is my opinion now that raising the property tax four (4) cents does not reduce risk or improve our financial position enough to justify it even though a tax increase will likely be needed soon and probably next year
  - Also I campaigned on raising taxes only as a last resort and I don't think we have reached that last resort point though we are kind of getting close to it
  - I have also changed my position on raising the fire tax two (2) cents this year
  - I would like to go through the fire commission process and if recommended by the commission next year, I would definitely support it then
  - Based on the appeals we heard, the only fire increase I would like to do is increase Westfield Fire Vol. Fire Department's amount to ensure we are paying our fair share and treating them fairly given the supplemental funds that our other departments received from the legislature
  - I have also modified my position on the detention officers
  - I checked with Amber and the jail revenues have declined during the past three (3) years though they are still making the loan payments with excess funds remaining
  - Instead of approving four (4) detention officers, I would prefer to just do two (2) positions now
  - This would give us an opportunity to measure the results for a year before committing a substantial amount of funds for four (4) positions
  - My last concern and major problem with the budget is the school system's current expense fund balance
  - I think it is ridiculous for them to have up to \$2.8 million fund balance when we are dying on the vine with our fund balance and looking at tax increases

- I would ask the Board to reconsider its earlier position and reduce Amber's current expense recommendation by \$800,000 which will still leave the Board of Education approximately \$2 million in their fund balance
- They can always come back to this Board in case of a dire emergency
- We need these funds in our general fund this year
- I have requested Amber to please give us a revised version of the budget with these changes
- I would suggest maybe \$50,000 additional for Westfield Vol. Fire Department
- I would defer to Vice Chairman Chandler's opinion regarding the amount which is the amount received from our senator in the legislature for the other fire departments
- That is my position as of today

Chairman Morris opened the floor for Board discussion/comments.

Vice Chairman Chandler commented:

- First of all, I respect everyone's opinion
- What I basically ran on was a business-friendly environment, open and responsive government, and quality of life issues
- Since fiscal years 17 and 18, the previous Boards have continued every single year taking money from the reserve fund to balance the budget
- It gets to the point to where we always and can't get into the heads or the minds of what the previous Boards thought, but it seems the from the outside looking in is that the Boards just wanted to get past that particular fiscal year
- Whatever fiscal year we are in, it just seems like it was to balance the budget, do the bare minimum, take money out of the savings account, and just move on
- For instance, since the budget year we are in right, when you think about this, to me, it is unbelievable
- So, for the current budget year (F/Y 2022-23) that we are in, the Board of Commissioners took over \$3 million out of fund balance to balance the budget
- We also got \$8.8 million American Rescue Plan Act (APRA) Funds - \$8.8 million that we know is not coming back around again
- With an additional \$8.8 million, they still took money out of the savings account/fund balance to balance the budget
- I understand that this is not an easy task
- We keep spending money to update our almost non-existent, outdated IT system
- It has nothing to do with the people that work in IT, it has everything to do with the people that control the money to where the funding should have gone
- Every single year, we kick the can down the road
- We get unfunded mandates that we have to do
- We need to listen to our fire departments
- We have a problem here in Stokes County and it is not just Stokes County, it is all over the state regarding volunteer fire departments
- We live in Stokes County, and I will keep it narrowed to Stokes County

- During the week and during day, if you are involved in a wreck and/or you need a rescue operation or your house/barn is on fire, we have a hard time getting enough people on a truck, even out of one (1) station to go
- It has been that way and it continues to grow
- Last week, we heard from our volunteer fire chiefs
- We hear from the full-time fire department in King that they are going farther and farther out to help meet the minimum standards so that we can actually run a truck
- But again, we will set it aside and will do the best we can
- One good thing about our volunteer fire departments is that they will make it work the best that they can
- But eventually, in about four (4) years, as we continue to kick the can down the road, we will be bankrupt
- We will be under the eight (8) percent and then we will have the Local Government Commission come in and we won't be up here going over budget matters because they will set the tax rate
- Then we will have to do what they say
- That is all for me

Commissioner Mendenhall commented:

- Working on the budget is probably one of our most important duties as a county commissioner
- And at this point in the United States of American and Stokes County, North Carolina – the majority of our citizens are experiencing the word “inflation”, possibly recession
- When I go out to Food Lion or any of the other stores across the county, or when I go out and get a sandwich for lunch and I go into the restaurants, people come up to me because they know that I am a commissioner
- I ask them how things are going
- The majority of people respond that they are just getting by, we are just getting by
- It is not their fault that eggs went from \$2 or \$3 a dozen to \$5 or \$6 a dozen
- It wasn't their fault that when President Trump left office, gas was \$1.87 a gallon and I just filled up over the weekend and it was between \$3.50 and \$4.00 a gallon
- It is not the citizens of Stokes County fault that Federal Administration has passed down all these executive orders that are affecting them on a daily basis
- I did not run this time so I can not say what each of the other three (3) commissioners campaigned on, I was not up for re-election
- Each time I ran, I personally have never campaigned on raising taxes, never
- I am not going to campaign on that issue
- When a person tells me I hope I can make my house payment and not get evicted this month or I hope I have enough left out of my check to go to the grocery store and get my three (3) children something to eat so they don't have to go hungry this month
- I stand by that, and each person has their own opinion
- I do know that there are many, many citizens hurting in Stokes County right now
- To increase taxes in a year where we are being hammered with inflation and it is not their fault, I could never go along with that

- When we had the first goal setting meeting, I stated that I would not vote for a tax increase
- I have stayed steady with that, and I will not back off of that
- That is all I have to say

Commissioner Cox commented:

- Just listening to Vice Chairman Chandler and Commissioner Mendenhall speak, there are things that I agree with what they both have said
- There is going to come a day of reckoning and it is soon
- We are going to have to deal with this situation that has not been dealt with during the past nine (9) years
- I agree with what Commissioner Mendenhall spoke about the recession
- I was just talking to lady that I do her hair who is a senior citizen that lives in senior citizen housing that is supposed to be for low income
- She stated that when she moved in there four (4) years ago, she only had to pay \$425 a month for rent which was so reasonable at the time
- She had moved from several counties away because it was the most reasonable place she could find to rent
- She had to move from where she lived and knew everyone to King where she didn't know anyone
- In the past four (4) years, it has gone from \$425 to \$850 – the rent has doubled
- There are a lot of people in that same situation that are struggling
- Property taxes are such unfair taxes because it only goes to the property owners
- Renters, however, are affected because if a property owner owns property and their taxes go up, they pass that right on to the renter
- The owner increases the rent to cover the amount of the property tax increase
- Sales taxes are the only fair way to spread it to everybody and a quarter of a cent is just not going to do much
- Sales taxes are such more of a fair tax because it is spread out to everyone who purchases things in Stokes County
- To Vice Chairman Chandler's point regarding the ARPA funding and taking approximately \$3 million from the fund balance, looking at what was appropriated back to the fund balance from the audit, which was approximately \$2.75 million, so only about \$500,000 was used that year.
- It was probably that ARPA funding that allowed us to reappropriate dollars back to the fund balance – came out good that year
- There is a pattern of using that fund balance which is probably the case with most counties
- We can't keep digging ourselves in this hole where we drop to twelve (12) percent, then eight (8) percent, it is just too dangerous
- We are going to have to pay the piper at some point
- Agree with Commissioner Mendenhall that I don't think this is the year to raise property taxes, but I am in favor of doing a fire tax increase – that is a tax increase that I could live with right now

- As I stated at the last meeting that is a safety issue – when you need fire services, it is something that you need to be able to get quickly – response time is the key
- With the dwindling amount of volunteers, fire tax increase is something that I could agree to this year or next year
- As far as Chairman Morris' recommendation, I would say going to two (2) detention officers is something I could live with that – understand that revenues have been down due to COVID – during that time could not house as many inmates
- I am not in favor of reducing the school's current expense any further
- Do agree with making it right regarding additional funding for Westfield Vol. Fire Department
- That all for right now

Chairman Morris confirmed with Commissioner Cox she agrees with additional funding to Westfield Vol. Fire Department, no tax increase, addition of two detention officer positions, but does not agree with reducing the school's current expense further.

Commissioner Wood commented:

- I definitely could not do a tax increase this year
- But with that said, people in Stokes County, wake up, it is coming
- 10-12 years with no tax increase – that is not even common sense because everything costs more (salaries, insurance, etc.)
- To get the services when you need them from the fire department, the sheriff's office, etc. – we have no choice, it is coming
- All I can tell you is to start putting it back
- I know that common sense isn't around anymore, but I am old school
- This has been a learning experience for me, and we definitely have our work cut out for us
- I hate the word "mandate" – I don't like to be told what to do
- That is all for me

Commissioner Cox added:

- Agree with Commissioner Wood, don't like to be told what to do especially when there is no money to help do it with

Commissioner Wood responded:

- I know I am going out on a limb, but those 19 schools are a sore point with me – it is hurting us and should have been resolved ten (10) years ago and here we are still dealing with it

Chairman Morris confirmed with Commissioner Wood that he is good with all the items mention in the proposal presented today.

Vice Chairman Chandler commented:

- Just remembered something while listening to Commissioner Mendenhall's comments
- You now that we did have a tax increase last year because we had the re-evaluation

- What the trick was when we did the re-evaluation, they considered revenue neutral, but they never came off the tax rate
- So, our tax rate stayed the same and that is what everyone emphasized because we have not changed the tax rate in nine (9) straight years
- Last year, Commissioner Mendenhall and I don't know if Chairman Morris did, I think Commissioner Cox did, voted to keep the property value as was
- In other words, they didn't lower the tax rate to make it revenue neutral
- So, your property taxes went up last year
- So yes, it is a trick of the words about we don't raise the tax rate, but when I get my tax bill, my tax bill went up, I had a tax increase
- I am just open and honest about it instead of saying that I am never going to run or campaign to raise taxes, but you did raise taxes last year

Commissioner Cox responded:

- My comments to the re-evaluation, in essence, yes there was a tax increase
- That is how a lot of people view re-evaluation- the amount they paid for property taxes did increase
- That is correct

Chairman Morris responded:

- The three (3) of us ran last time on looking at that really hard in 2025 – going to revenue neutral or somewhere besides staying the same
- We need to remember that

Commissioner Mendenhall commented:

- Chairman Chandler is accurate, we did have a re-evaluation that increased the amount the citizens had to pay for property taxes
- But what we have there is, the word mandate was mentioned, we don't have a choice on doing re-evaluations of property
- Tax Administrator Brim has made it clear that the State of North Carolina mandates every three to five years that we have a re-evaluation which he has stated several times
- He can't call Governor Cooper and just tell him that Stokes County is not going to do re-evaluation this year
- It is not like there is another option
- We are going to have another re-evaluation soon
- Just wanted to clarify that

Vice Chairman Chandler responded:

- Just want to clarify something also
- According to NC General Statutes, the Board of Commissioners on a re-evaluation year, you have to discuss and also have the option of going revenue neutral, in other words, dropping your tax rate, any amount you wish
- If the Board did not want to raise taxes, they could have gone revenue neutral
- It doesn't have anything to do with Tax Administrator Brim calling Governor Cooper and saying he is not going to do a re-evaluation

- It is a statute that requires us to do a re-evaluation, but it is also a statute that allows us not to have to raise taxes – revenue neutral
- My whole point is that we raise taxes during a re-evaluation if the tax rate is not decreased, it is a game of words, instead of just saying that we have got to raise taxes and move on – playing reflection games

Chairman Morris commented:

- The statute requires you to publish that revenue neutral rate so that the public knows they are getting a tax increase if the current rate is not decreased

Chairman Morris requested Vice Chairman Chandler to comment on the items listed in the proposal.

Vice Chairman Chandler commended:

- I support \$50,000 additional to Westfield Volunteer Fire Department mainly because the way the legislature funds were distributed, and they did appeal the fire commission recommendation
- Do think Westfield Volunteer Fire Department deserves that additional \$50,000
- As far as detention officers, would agree to support two (2) new positions and revisit as the year goes on to see if revenue increases, then consider the other two (2) positions requested in this budget
- Originally, I against pulling the \$800,000 from the school's current expense, but since we are not doing a property tax increase, I can't risk lowering the County's fund balance any lower than we absolutely have too – I am for reducing the school's current expense in the amount of \$800,000

Chairman Morris commented:

- In regard to the additional \$50,000 to Westfield Volunteer Fire Department, we need to make sure the \$50,000 is understood it is a non-recurring amount for this year
- Need to decide if this \$50,000 for Westfield Volunteer Fire Department has the same restrictions as the grant funding received from the legislature did for Stokes County Fire Departments that received the funding

Commissioner Wood requested information on what those requirements were.

Interim Manager/Clerk Brown responded:

- My understanding was that each fire department had to submit documentation to provide the scope of work and performances measures which the state had to approve
- Each fire department has to report every three months their progress
- Not sure if the Board wishes to follow those requirements

Assistant Finance Director Aaron commented:

- The Finance Department is handling that funding as a reimbursement grant
- Each fire department has to provide proof of paid purchases before any reimbursement is provided to the fire department



Chairman Morris responded:

- Just as a suggestion, we approve the amount today and then have it on the agenda for our next meeting as how the additional funding will be administered

The Board unanimously agreed to Chairman Morris' suggestion of placing the item on the next agenda for discussion of administering the additional \$50,000 to Westfield Vol. Fire Department.

The Board discussed where to take the funding from and unanimously agreed to take the \$50,000 from the general fund.

Commissioner Cox noted she could agree with Vice Chairman Chandler's recommendation to revisit the detention officer request for two (2) more officers as the year goes on to see if revenue increases to justify the two (2) additional positions.

Chairman Morris requested Commissioner Mendenhall to comment on the items listed in the proposal.

Commissioner Mendenhall commented:

- Reiterated no tax increase as previously stated
- Good with the additional \$50,000 to Westfield Vol. Fire Department
- Good with two (2) detention officers and revisiting later in the year to see where revenues are at with the possibility of adding two (2) more positions

Commissioner Wood questioned what the possibility was of hiring the two mentioned detention officers.

Chief Deputy Eric Cone, who was in attendance for the work session, responded that he felt good about hiring the two new positions, currently only down two (2) positions and working on an applicant to fill one of the positions.

Commissioner Mendenhall continued:

- \$2.8 million is a very healthy fund balance for the school system
- Would have probably been running up and down Danbury's Main Street if I would have had a \$2.8 million fund balance when I was superintendent
- Commissioner Cox knows how I love education, it has been my lifeline for all my life
- Like I say, I never dreamed of having \$2.8 million in fund balance any time I was superintendent
- I would have been thrilled with \$2 million in the fund balance
- I can go with reducing the school's current expense by an additional \$800,000

Commissioner Cox commended:

- Looks like everyone agrees with all the items proposed by Chairman Morris except for me regarding the reduction of \$800,000 to the school's current expense
- When I look at the current expense for the schools, Amber has already cut their request by \$2 million

- If they choose to use their fund balance to make up that cut, it only leaves approximately \$800,000 in their fund balance (they make can cuts or allocate funds from their fund balance or a mixture)
- If we reduce Amber's recommendation, they will have \$2.8 million to make up by either cutting or allocation of fund balance
- Know everyone looks at it differently
- As far as voting for the budget, that one thing, in the grand scheme of things, will not keeping me from voting for the budget
- I just want to voice my position regarding the school's current expense
- I agree with Commissioner Wood regarding the nineteen (19) schools
- I am disappointed that there has not been a recommendation from the Board of Education at this point
- I am hopeful that we will get a recommendation once the study is completed
- Consolidation is going to have to happen
- More or less, the parents and the students are not the problem, a lot of it is employees and communities
- A lot of time, it is the communities that think they have that hold on you because that school is the hub of the community, I get that
- But what is best for the students is consolidation, what is best for the education and makes sense financially is consolidation
- They are going to have to do it – make some tough decisions
- If we knew what that decision is, it would help us a lot in the decisions we are having to make right now
- I was on the other side for fifteen (15) years as a Board of Education Member, I know if we cut an additional \$800,000, they will have to cut people which would be easier if there were not as many schools
- I am just voicing my opinion that I feel it will be detrimental to them if we cut current expense another \$800,000

Chairman Morris commented:

- The Board of Education has the option to come back and request additional funding during the year
- I know they do not like to do that, and I can understand and know where they are coming from
- If we are not going to raise taxes and have an unhealthy fund balance, I can't see not reducing their allocation by an additional \$800,000

The Board unanimously agreed with Chairman Morris proposal except for Commissioner Cox's objection to cutting the schools an additional \$800,000 in current expense.

Chairman Morris questioned the Board if there were any other areas of the budget beyond what has been discussed today that need to be further discussed.

Commissioner Cox questions if there was an estimate of what the County's fund balance might be if these adjustments were made to Amber's recommended budget.

Interim Manager/Clerk Brown responded:

- Excluding the additional \$50,000 for Westfield Vol. Fire Department, it looks like the estimated fund balance would be approximately 11.5%

Assistant Finance Director Aaron commented:

- Including the \$50,000 for Westfield Vol. Fire Department, it looks like it would bring it down to 11.37%

Commissioner Cox questioned if the \$50,000 for Westfield Vol. Fire Department could be taken out of the current budget year, since the other departments are receiving their funds in this current year.

The Board unanimously agreed to appropriate the \$50,000 for Westfield Vol. Fire Department out of the current budget.

Chairman Morris directed staff to see if the \$50,000 could be taken out of the current year, if so, do a budget amendment for the final budget work session.

Interim Manager/Clerk Brown stated that Finance Director Lankford hoped to have a draft copy of the Budget Ordinance for the Board before the end of today's regular meeting.

Chairman Morris, with full consensus of the Board, agree the Board would recess today's recessed budget work session and come back tomorrow to approve the Fiscal Year 2023-24 Budget with the changes agreed upon by the Board along with approving the Budget Ordinance for Fiscal Year 2023-24.

Interim Manager/Clerk Brown confirmed with the Board that the agreement for the two (2) detention officers also included the increase in pay grade for the jailers as well.

The Board unanimously agreed to have a hybrid meeting tomorrow to adopt the Fiscal Year 2023-24 Budget/Budget Ordinance for those unable to attend the recessed work session.

Commissioner Cox noted that she was unable to attend the recessed work session tomorrow but could attend by phone.

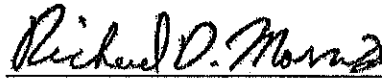
### **Adjournment**

With no further business to come before the Board, Chairman Morris entertained a motion to recess the Recessed Budget Work Session until Tuesday, June 27, 2023 at 2:00 pm.

Commissioner Mendenhall moved to recess the Recessed Budget Work Session until Tuesday, June 27, 2023 at 2:00 pm. Commissioner Cox seconded and the motion passed unanimously.



**Amber Brown**  
**Clerk to the Board**



**Rick Morris**  
**Chairman**