

The Board of Commissioners of the County of Stokes, State of North Carolina, met for the scheduled First Quarter Revenue/Expenditure Review for Fiscal Year 2006-07 in the Commissioners' Chambers of the Ronald Wilson Reagan Memorial Building (Administrative Building) located in Danbury, North Carolina on Tuesday, October 24, 2006 at 6:00 pm with the following members present:

Chairman Leon Inman  
Vice-Chairman Joe Turpin  
Commissioner Sandy McHugh  
Commissioner John Turpin  
Commissioner Jimmy Walker

County Personnel in Attendance:  
Clerk to the Board/Interim County Manager Darlene Bullins  
Finance Director Julia Edwards  
Dennis Thompson - Consultant

Chairman Leon Inman called the First Quarter Revenue/ Expenditure Review to order.

Commissioner Walker delivered the invocation.

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

Chairman Inman opened the meeting by inviting the citizens in attendance to join the Board with the Pledge of Allegiance.

### First Quarter Revenue/Expenditure Review

Mr. Dennis Thompson, Consultant, presented the Board with the following information regarding the First Quarter Revenue/Expenditure Review:

#### Summary Review and Opinion

The first quarter budget review will usually reveal any significant errors that were made during the budget preparation process. Based on my review of first quarter revenues and expenditures, and our discussions with Department Heads, no significant budget errors have been discovered.

With 25% of the fiscal year completed, 33.17% of budgeted General Fund revenues have been recorded, and 22.99% of the General Fund budget has been expended or encumbered. First quarter revenues exceed first quarter expenditures by \$4,769,880.50. This is largely attributable to significant property tax collections that traditionally occur in the first quarter, and to receipt of the full amount of the hold harmless reimbursement. Therefore, this excellent revenue in the first quarter does not indicate that the County will have significant excess revenue by the end of the fiscal year.

My opinion is that the County will end the fiscal year "in the black," barring negative events that we cannot foresee today. We can expect some growth in fund balance.

#### Stokes County Economy

The status of the local economy is significant for the County budget, because it influences property tax collections, sales tax receipts, and other revenue receipts. It also determines, to some extent, the demands for County services. Employment statistics from the N C Employment Security Commission give an encouraging picture of Stokes County's economy.

Mr. Thompson presented Board members with the following illustrations:

- **Attachment A** is a comparison of workforce information for Stokes, Rockingham, and Surry counties. The Stokes County unemployment rate consistently is lower than rates in the neighboring counties.
- **Attachment B** gives the Stokes County labor force history for several years. Please note the large increase in employment from June 2006 to August 2006. Throughout 2006 unemployment has remained low.
- **Attachment C** is a memo from Economic Development Director Ron Morgan. Ron reports the annual increases in the Consumer Price Index, and the unemployment rates in the Piedmont Triad Region, both of which could have some negative impacts on Stokes.

Mr. Thompson discussed each of the following expenditures:

#### Budget Expenditures

The Budget Team has reviewed first quarter expenditures with Department Heads. The following are reported:

1. **First Quarter Expenditures Comparisons:**  
FY 2005-06      \$7,655,170 spent or encumbered (20.95% of budget)  
FY 2006-07      8,241,186 spent or encumbered (22.99% of budget)
2. **Fuel cost** is one of our major market-driven budget variables. Support Service Supervisor Danny Stovall has reported that, as of the first quarter we were over the fuel budget by \$10,000 - \$12,000. Fuel cost so far in the second quarter has been at or below the \$2.00 figure. If there are no major price spikes and if department usage does not increase beyond current trends, the \$45,000 fuel contingency should be sufficient to cover the overage.

The Budget team, along with Support Service Supervisor Danny Stovall, believe that the funding should be maintained in the fuel contingency account. First quarter has exceeded the projected usage due to the increase in cost of fuel.

3. **Tax Department's budget** should be adequate to meet departmental needs except for training on the new software. Tax Administrator Wren Carmichael has requested that the Board earmark \$5,000 - \$7,000 of the contingency account for staff training, as needed, on the new software. He is prepared to discuss his request at a future meeting.
4. **EMS vehicle maintenance and repair costs** need to be watched carefully. Emergency Medical Services Director Monty Stevens is very concerned with several engine problems that have caused a first quarter spike in expenditures.
5. **Jail costs** in prisoner safekeeping and medical costs need careful monitoring. Jail Captain Craig Carico noted that there are two recent cases that are contributing to cost spikes.
6. **Public Works Director Jay Kinney** reports that departmental supplies for buildings and fuel for the solid waste program need to be monitored carefully. He has requested that the Board allocate \$6,464 of contingency funds so that he can replace eight worn out dumpsters. The lack of sufficient dumpsters is causing the trucks to make excessive trips to keep the dumpsters emptied at the centers. If the requested dumpsters are purchased, the number of trips will be reduced, resulting in fuel and truck savings, partially offsetting the direct costs of the dumpsters. Jay is prepared to report at a future meeting. Jay reports that there are several projects that will need to be addressed next fiscal year, if not before:
  - Roof for Government Center.
  - Courtroom renovations.
  - New contract for construction and demolition debris services. The current contract ends in May 2007.

Interim County Manager Darlene Bullins presented information regarding the urgent need for the requested 8 greenbox collection boxes:

Interim Manager Bullins noted that the following regarding Director Kinney's request:

- 2 extra trips are being made to the Sandy Ridge, Lawsonville, and Francisco sites weekly due to not having enough collection boxes at the sites
- Annual savings for fuel, oil change, tires is \$7,951.99
- 8 collection boxes = \$6,464.00
- County Annual Savings = \$1,487.99
- Savings of 6 manpower hours per week = 312 hours per year
- Workers could be doing other things at the landfill instead of driving the extra route
- Director Kinney has concerns with the holidays approaching with insufficient collection boxes at the sites

The Board reviewed the information submitted by Mr. Thompson.

Commissioner McHugh presented the following information to the Board regarding the need for new chairs for the Emergency Communications Department:

- Urgent need for chairs for Emergency Communications
- Chairs are used 24/7
- Shifts are 12 hours
- Presented a chair currently being used by Communications for the Board's review

Commissioner McHugh requested the Board consider the purchase of new chairs for the Emergency Communications Department.

### **Budget Revenues**

The Budget Team reports the following:

1. **First Quarter Revenue Comparisons:**

FY 2005-06	\$13,529,685 received	(33.86% of budget)
FY 2006-07	13,011,066 received	(33.17% of budget)
2. **Attachment D** reports property tax collections as of September 30. The percentage collected is slightly less than the percentage for last year's first quarter. Approximately half of the shortfall is because some major taxpayers that usually pay in August have indicated they will be waiting until later in the fiscal year. Based on a review of several years, this year's collection percentage is within the usual range. We believe that tax collections will meet or exceed budget by year's end.

Mr. Thompson noted the need to review delinquent tax collections each year with the Tax Department aggressively collecting more taxes each year.

Mr. Thompson presented a current collection report from Tax Administrator Wren Carmichael, which indicates collections through October 24<sup>th</sup> being \$8,634,794.23.

Finance Director Julia Edwards noted that one large taxpayer who usually pays in August has chosen not to pay until the January 2007 due date this year which reflects approximately \$200,000 in revenue for the County.

3. **Sales tax** collections percentages are slightly ahead of last year, at first quarter. If the economy stays on track, the budgeted revenues should be met or exceeded.

4. **Health and Social Services revenues** are showing their usual lag, but Health Director Don Moore and DSS Director Jan Spencer do not see any negative issues at this time.
5. **Investment earnings** are at 25.14% of budget.
6. **EMS revenues** are somewhat behind schedule because the billing officer has been on leave. EMS Director Monty Stevens believes that the budget will be met or exceeded.
7. **Permit fees** are on track, as budgeted according to Planning Director David Sudderth.

Mr. Thompson reviewed the following contingencies accounts:

**Contingency Account Status**

Line Item	Remaining Balance
General Contingency	\$37,907
Leave Cost	\$100,000
Personnel	-0-
Capital Outlay	\$6,224
Fuel	\$45,000
Economic Development	\$12,750

Mr. Thompson noted the agenda package also included a report from Finance Director Julia Edwards, which gives a summary of first quarter revenues and expenditures, as well as a General Fund cash standing.

Interim County Manager Darlene Bullins noted that approximately \$50,000 is already committed to two pending retirements and leave cost already incurred through November 2006.

Mr. Thompson presented a detailed Medicaid Program Costs to the Board.

Mr. Thompson noted the new action this year taken by the State that will hold the County harmless of any figure that exceeds the amount that was budgeted by the State last year (for the County's share of Medicaid cost) as long as funding is available by the State. The amount budgeted by the County this fiscal year is \$2,266,230.00, any funding exceeding that amount will be paid by the State if funding is available. Through September 2006, the County's share has been \$595,821.17.

Mr. Thompson concluded that overall the First Quarter Report is where it should be.

The Board responded with the following remarks:

Commissioner McHugh:

- Encouraged by the findings
- Reiterated the urgent need for the new chairs for Emergency Communications
- Appreciation for the first quarter review

Commissioner Walker:

- Budget Preparation
- Instructions from Board members to increase the fund balance
- County to strive for bringing up the fund balance
- Establishment of contingencies accounts
- Prioritize the capital outlay equipment and personnel needs
- How to best use the contingency accounts that are still available
- Medicaid spending for the fiscal year 2007-08
- What can the County do better to stay the course
- Fairness for all departments
- Appreciation for the first quarter review

Commissioner John Turpin:

- Pleased with the report submitted
- Appreciation for the first quarter review

Vice Chairman Joe Turpin:

- Medicaid cost for this fiscal year
- Appreciation for the first quarter review

Chairman Inman:

- Appreciation for the first quarter review
- Encouraged, but must remain cautiously optimistic
- Items such as fuel contingency should remain, if not used can be transferred back to the fund balance and leave cost should remain for the unknown of retirees, resignation, etc.

Mr. Thompson concluded the following:

- No property tax increase for fiscal year 2006-07
- Only increase - Rural Hall Fire Department which was not increase last year

- Challenge to increase the fund balance - hold expenditures and increase revenues if possible
- All expenditures for personnel and capital outlay equipment was taken from the department's budget
- Needs for schools, capital equipment, and cost of living for employees continues to grow with the tight 2006-07 budget
- Be cautious with the remainder of the contingency accounts
- Second Quarter Review will be more significant
- New Board in January should take time to learn the budget line item by line item to become familiar not only for adjustments in this fiscal year but for the upcoming 2007-08 fiscal year budget
- Need for cost of living for county employees in the 2007-08 fiscal year
- Compare the capital outlay equipment and personnel requests with those that have been funded and the remaining items for consideration with the remaining funding available

Finance Director Julia Edwards noted that the audit would be completed by the end of October and that when the final figures are complete, a final total will be able to give the Board a true fund balance figure.

Finance Director Edwards does feel the fund balance will be above 8%. Finance Director Edwards also noted that any unused salary funding will be taken from departments on a quarterly basis and presented to the Board for direction into either contingency or fund balance.

Commissioner John Turpin requested any additional information regarding lottery funding earmarked to the county.

Finance Director Edwards noted that funding allocated for Stokes will be placed in a special account in Raleigh. Requests will have to be made and approved by the Board for distribution. No notice has been received by Stokes County at the current time. Lottery proceeds will be figured each year, Stokes County's allocation could change each year.

Commissioner John Turpin requested information regarding whether Surry County accepts out of County waste. Mr. Thompson recommended that the County approach officials in Surry County to see if they are currently accepting waste from other counties.

Commissioner John Turpin requested the Board consider closing the Pinnacle Greenbox site and other sites that have waste placed in front of the boxes due to the boxes being full in the late afternoons on Saturdays.

Commissioner John Turpin noted the safety issue for employees having to load trash into the boxes by hand, extra work for employees, and the issue of it being unsanitary to leave trash on the ground over the weekend.

Chairman Inman requested the Interim County Manager to consult with Public Works Director Jay Kinney for a recommendation regarding closing the sites early on Saturdays for the Board's consideration.

Chairman Inman directed Interim County Manager Bullins to place the following items on the next meeting's agenda:

- Cost for purchase of 8 greenbox units
- Cost for purchase of chairs for Emergency Communications

(A complete report submitted by Mr. Thompson will be retained by the Clerk to the Board)

There being no further business to come before the Board, Chairman Inman entertained a motion to adjourn the meeting.

Vice Chairman Joe Turpin moved to adjourn the meeting.

Commissioner McHugh seconded and the motion carried unanimously.

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**Darlene M. Bullins**  
Clerk to the Board

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**J. Leon Inman**  
Chairman