

STATE OF NORTH CAROLINA)
)
COUNTY OF STOKES)
)

OFFICE OF THE COMMISSIONERS
STOKES COUNTY GOVERNMENT
DANBURY, NORTH CAROLINA
JUNE 23, 2009

The Board of Commissioners of the County of Stokes, State of North Carolina, met for a Budget Work Session in the third floor Conference Room of the Ronald Wilson Reagan Memorial Building (Administrative Building) located in Danbury, North Carolina on Tuesday, June 23, 2009 at 4:00 pm with the following members present:

Chairman J. Leon Inman
Vice-Chairman Jimmy Walker
Commissioner Ron Carroll
Commissioner Ernest Lankford
Commissioner Stanley Smith

County Personnel in Attendance:
County Manager K. Bryan Steen
Clerk to the Board Darlene Bullins
Finance Director Julia Edwards

Chairman J. Leon Inman called the meeting to order.

Commissioner Lankford 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.

Budget Work Session (continuation)

Finance Director Julia Edwards presented Board members with amended copies (Option #2) which included new estimates from the State regarding ROAP Transportation and additional revenue for a SHIPP Grant for Senior Services. Director Edwards also presented updated information regarding Debt Service.

Commissioner Carroll presented an Option #4, which is a compromise budget from Option #3 based on the conversations at the last Budget Work Session. Commissioner Carroll stated that he wanted everyone to realize Option #4 is not his recommendation, Option #3 was his recommendation.

Stokes County FY 2009-2010 Proposed Budget Option #4

1. Use County Manager's Proposed Budget Option #2 (as revised during budget work sessions) as Base Budget
2. Use \$556,000 from Fiscal Year 08-09 Contingency
 - a. Amend Fiscal Year 08-09 Budget to redirect monies to
Stokes-Reynolds Fund and Delete from Fiscal Year 2009-10 Budget \$300,000

b.	Amend Fiscal Year 08-09 Budget to redirect monies to Dedicated Fund for School Construction Debt Service and delete from Fiscal Year 2009-10 Budget	\$210,230
c.	Allow remainder to revert to Fund Balance and re-appropriate to Fiscal Year 2009-10 Budget	\$45,770
3.	Additional Revenue	
a.	Increase ad valorem taxes (increased valuation per Tax Office)	\$64,330
b.	Savings from revisions to Option #2 (per Finance Officer)	\$13,745
c.	Article 39 Sales Tax (based on actual collections)	\$24,000
d.	Additional Health Title XIX	\$75,000
e.	DSS Federal	\$45,505
f.	DSS State	\$4,687
g.	Home Health Fees	\$11,824
h.	Additional ambulance fees (based on actual collections)	\$45,295
i.	Additional Fund Balance Appropriated	\$54,230
j.	Hold Harmless (any remaining Hold Harmless will go to Fund Balance)	\$1,453,160
4.	Additional Expenditures	
a.	Personnel line items in affected departments (eliminate furlough days)	\$435,456
b.	Sheriff Department (add back Detective position)	\$37,475
c.	Solid Waste (maintain current green box sites schedule)	\$38,960
d.	Health Department (add back Mental Health Coordinator)	\$0
e.	King Senior Center	\$10,000
f.	School's Current Expense	\$190,000
g.	Contingency for Schools' Current Expense (to be transferred to BOE after January 1, subject to revenue collections)	\$100,000
h.	Contingency for Salary Schedule (to be implemented with 8 th pay period, retroactive to 1 st pay period, subject to revenue collections)	\$141,000
i.	Contingency for Equipment (subject to Hold Harmless funding; for equipment to be purchased from General Fund for items listed in Option 1 Budget but not in Option 2)	\$153,160
j.	Contingency for Schools' Capital Outlay (subject to Hold Harmless funding; requires equal match from BOE transfer from Current Expense Fund Balance to Capital Outlay)	\$300,000
k.	Dedicated Fund for School Construction Debt Service (subject to Hold Harmless funding)	\$1,000,000
5.	Revise Debt Service and Schools' Capital Outlay	
a.	Decrease General Fund appropriation to Debt Service	\$58,275
b.	Increase Transfer from School Capital Outlay for Debt Services	\$58,275
c.	Increase appropriation from School Capital Fund Balance to Schools' Capital Outlay	\$58,275
6.	Use Fund Balance appropriated to reconcile any discrepancies	
7.	Maintain tax rate at \$0.60 with 95.5% collection rate	

(Note: Contingency for Salary Schedule of \$141,000; Contingency for Schools' Current Expense of \$100,000; and possible 6 furlough days, beginning with 8th pay period with General Fund saving \$196,000, will provide offset if revenues do not meet projections)

Commissioner Carroll noted the following:

- Main features are the same as Option #3
- Starts from the revised Option #2
- Collection Rate is 95.5% as requested from the Board
- Final Budget Total = \$40,458,384 compared to last year's budget = \$41,971,690

Commissioner Carroll also submitted the following Summary of Budget Revisions which balances Option #4:

	Revenues	Expenditures
Budget Option 2 - Revised	\$38,574,274	\$38,560,529
Stokes Reynolds Fund		-\$300,000
Dedicated Fund School Debt Service		-\$210,230
Fiscal year 2008-09 Contingency Balance	\$45,770	
Ad valorem taxes	\$64,330	
Sales Tax Article 39	\$24,000	
Health Title XIX	\$75,000	
DSS Federal	\$45,505	
DSS State	\$4,687	
Home Health Fees	\$11,824	
Ambulance Fees	\$45,295	
Fund Balance Appropriated	\$54,230	
Hold Harmless	\$1,453,160	
Personnel Line Items		\$435,456
Sherriff		\$37,475
Solid Waste		\$38,960
King Senior Center		\$10,000
Schools' Current Expense		\$190,000
Contingency - Schools Current Expense		\$100,000
Salary Schedule		\$141,000
Hold Harmless Contingency-Equipment		\$153,160
Schools' Capital Outlay		\$300,000
Dedicated Fund School Debt Service		\$1,000,000
Transfer from School Capital Outlay		
To Debt Service	\$58,275	
Totals	\$40,456,350	\$40,456,350
Totals (W/O Hold Harmless)	\$39,003,190	
Option #2 (original version	\$38,559,824	
Option #2 (original version w/o furloughs)	\$38,995,280	
Fiscal Year 2008-09 Budget	\$41,971,690	

Commissioner Lankford presented the following option working from Option #2:

- Use \$161,000 of 08/09 Contingency to fund 09/10 school budget to last year's level
- Use \$268,960 of 08/09 Contingency to fund 09/10 King Senior Center, maintain the Solid Waste Operation, pay for 6 furlough days
- Transfer the balance to capital parking lot project to fix the worst parts
- Use tax collection rate of 95.5%
- Support King Senior Center - \$10,000
- Support Maintaining Solid Waste - \$38,960
- Would eliminate the other 6 furlough days if revenues come in over what is expected
- Would keep the salary schedule but would wait to see the revenue report later in year
- Set up \$750,000 into a school construction capital fund from Hold Harmless
- Use no fund balance
- Keep tax rate at \$.60
- Well fee \$150.00
- Septic fee \$150.00
- Budget does use a lot of speculations
- Would need to be balanced by the Finance Department

Chairman Inman opened the floor for discussion regarding Option #4 submitted by Commissioner Carroll and the Option presented by Commissioner Lankford.

The Board discussed the Well Permit and Septic Permit Fees as noted in Commissioner Lankford's proposed option. Commissioner Lankford agreed to change his septic fee to \$250.00.

Commissioner Lankford noted the following:

- Don't like all the speculations in Option #4
- Need to look at the revenues in Option #4- does not seem to reflect the needed reductions (sales tax)
- Doesn't like using 08/09 funding for paying Stokes Reynolds \$300,000 instead of allowing savings to revert back to Fund Balance

Vice Chairman Walker noted the following:

- Need to revisit some items in Option #4- No funding for the new YVEDDI facility
- Need to discuss the Mental Health Coordinator position, information received from Angie Cullen indicates the position is working with the calls being answered by the Health Department, but the Health Department does not have the time to get out to promote the position like the previous coordinator was doing

Commissioner Smith noted the following:

- The need for the Health Department to fill the current vacancy – Public Health Educator as soon as possible in order to have someone assisting citizens who need to know how and where to go for mental health services as well as getting out in the county educating the public about the services available for mental health issues
- Confirmed Health Department has one clerical position vacant
- No major issues with Option #4

Commissioner Carroll noted the following:

- Option from Commissioner Lankford indicates no appropriation from Fund Balance- Option #2 appropriates \$200,000
- Will not vote for a budget that takes the County backwards, especially since citizens will see an estimated average increase of 10% in property taxes
- Can incorporate the needed funding for YVEDDI facility from Hold Harmless Funding
- Concerned why Board of Education did not use funding that was available for Capital Outlay during the current fiscal year, want to allocate more funding so that those items listed as safety issues can get done

Finance Director Julia Edwards noted the following:

- With the Medicaid Relief, the County has to hold the cities and towns in the County harmless from the sales tax they are losing

The Board discussed the following items regarding the proposed Option #4 budget:

- **Mental Health Coordinator** – Board agreed to continue allowing the Health Department to answer calls and hopes that the Public Health Educator, when filled, can incorporate information about mental health services into the position when going out in the county to make presentations about public health
- **Health Title XIX** – Reduction from Option #3 in order for the Health Department to have a cushion in case of severe state cuts
- **Equipment** – same as Option #2
- **Schools' Current Expense** – Board of Education had indicated in the joint meeting that they could live with the same allocation as last year, this allocation would not save teaching positions unless the Board of Education chose to redirect funding
- **Schools' Capital Outlay**- The extra allocation from the County along with the Schools match, plus the County's appropriation would give the schools funding to

“catch up” with the needed capital outlay such as some of the safety needs at Southeastern Middle School

- **YVEDDI Facility** – Board expressed concerns that YVEDDI bought the facility before requesting funding from the counties, but agreed to discuss funding for the facility
- **Dedicated Fund for School Construction Debt Service** – Option #4 places \$1 million, same as Option #3
- **Furlough Days** – Furlough Days in options submitted by Commissioner Carroll and Commissioner Lankford are essentially the same – just a different way of allocating the funding
- **Ambulance Fees** – Revenues are currently over budget

Commissioner Lankford noted that his option gives the schools the same allocation for current expense. Vice Chairman Walker noted the Board must consider the current economy situation when allocating increases in the proposed budget.

Commissioner Carroll reiterated that this year, citizens are going to see on the average a 10% increase in property taxes.

Manager Steen noted the following:

- If revenues come up short in this fiscal year, funding may have to be taken from Fund Balance to balance the budget.
- Concerned about shortfalls in revenues in Tax, Health Department, & Planning.
- Concerned if funding has to be taken from Fund Balance, this would be reflected in the audit

Commissioner Smith requested if there was anything that did not make Option #2 that needed the attention of the Board.

Manager Steen noted the following:

- Communications Director Del Hall requested within the past 7-8 days to eliminate the full time floater-telecommunicator position and keep the QA position that was not recommended in Option #2. I advised Director Hall that I felt it was too late in the budget process.
- Director Stevens has just been notified about the possibility of additional costs for a new call system which is estimated at \$3000. I advised Director Stevens to wait and see if the funds could be found in the budget later in the year.
- Requested the Board consider raising the mileage reimbursement to the Federal reimbursement rate

The Board discussed the following with Manager Steen:

- Request to increase the mileage reimbursement rate –possibly setting the rate at \$.41 per mile
- The need to send the first ambulance for remount as soon as possible after budget is adopted
- Repairs needed on one of the other ambulances
- Possibly consider a Fraud Investigator position at DSS – not requested by DSS Director Spencer in this year’s request
- Renovation Project to Courtroom “C” - Manager Steen noted that it is a project in the near future – funding has already been appropriated – Danny Stovall is working on finalizing specs for the renovation

Commissioner Smith noted that he could probably support Option #4 presented by Commissioner Carroll.

Vice Chairman Walker noted the following concerns with Option #4:

- Positions requested by Department Heads: Sheriff's Department-Detective; Arts Council-Pay 100% of salary and fringes instead of 75%; Mental Health Coordinator; E9111-Reclassification of telecommunicator
- Agreed with Commissioner Lankford regarding funding for School' Current Expense - \$161,327 – not to exceed last year's allocation
- Consider bonuses instead of longevity

Vice Chairman Walker expressed the following concerns with the County funding

100% of the Arts Council Director's salary and fringes:

- Questions the position being a county position while serving as the Director of a non-profit Board – Arts Council
- Should possibly be under the direction of Economic Development Director – Arts is a part of tourism
- Questions how can the director report to the County Manager and Arts Council both
- Needs clarification of job duties and responsibilities
- Arts Council reimbursed the county \$13,576 in Fiscal Year 2008-09 for 25% of Director's salary and fringes
- Option #2, Arts Council will be paying directly the \$2,100 for utilities instead of reimbursing the County the 25% of the Director's salary and fringes
- Understood that the current Director did not want the Director's position to be funded 100% by the County in the past
- Not sure about funding the Director's position at 100%
- Questions the position being titled as Arts Council Director
- Would like further discussion regarding funding the request at 100%

Manager Steen noted that the position was and has always been a county employee even though the Arts Council reimbursed the County for 25% of the Director's salary and fringes and that the Director reports to the County Manager and follows County's personnel policies.

Finance Director Julia Edwards noted that up until several years ago, the Director's salary and fringes had been funded at 100%.

Chairman Inman noted the following concerns with Option #4:

- Agreed with Vice Chairman Walker – Consider bonuses
- Look at Schools' Current Expense – not sure about appropriating more funding this year than last year in such a tight budget year
- Sheriff's Department – Adding back Detective position

Commissioner Lankford noted the following concerns with Option #4:

- Need to leave salary plan as is – comments received from several Department Heads that it is a great tool to retain employees and recruit new employees
- Can't agree with giving schools more than last year in current expense
- Can't agree with adding back Sheriff Department's Detective position – do all departments the same regarding position request
- Need to be conscious of the recent Revaluation which increased property taxes an average of 10%
- Can't support Option #4

Chairman Inman entertained a motion.

Commissioner Smith moved to adopt Option #4 as presented by Commissioner Carroll.

Commissioner Carroll seconded and the motion failed (2-3) with Chairman Inman, Vice

Chairman Walker, and Commissioner Lankford voting against the motion.

Commissioner Lankford stated he could not support Option #4 which allocates too much Hold Harmless, uses Contingency from this year's budget to pay Stokes Reynolds instead of reverting back into Fund Balance, and allocates too much for Schools' Current Expense.

Vice Chairman Walker noted Option #4 needs some more work – Funding for YVEDDI facility, not sure about increased allocation for Schools' Current Expense and not ready to vote on Option #4.

Chairman Inman noted that he was not sure with allocating that amount to Schools' Current Expense.

Commissioner Carroll reiterated that Option #4 was not his budget, his proposed budget was Option #3 and that Option #4 was a compromise budget, at the request of the Chairman to “tweak” Option #3, from the comments from fellow Commissioners received at the previous Budget Work Session.

The Board unanimously agreed to recess today's Budget Work Session until Wednesday, June 24th at 9:00 am.

Adjournment

There being no further business to come before the Board, Chairman Inman recessed the Budget Work Session until Wednesday, June 24th at 9:00 am.

Darlene M. Bullins
Clerk to the Board

J. Leon Inman
Chairman