

STATE OF NORTH CAROLINA)
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COUNTY OF STOKES)
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OFFICE OF THE COMMISSIONERS
STOKES COUNTY GOVERNMENT
DANBURY, NORTH CAROLINA
FEBRUARY 4, 2010

The Board of Commissioners of the County of Stokes, State of North Carolina, met for Budget Work Session in the third floor conference room of the Ronald Wilson Reagan Memorial Building (Administration Building) located in Danbury, North Carolina on Thursday February 4, 2010 at 5:00 pm with the following members present:

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

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

Chairman Jimmy Walker called the meeting to order.

Commissioner Inman delivered the invocation.

GENERAL GOVERNMENT-GOVERNING BODY-PLEDGE OF ALLEGIANCE

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

Presentation of Report from Risk Management Services

Commissioner Inman presented a report from NCACC-Risk Management received at the Board of Directors' meeting on 02-03-10 in Raleigh.

Commissioner Inman noted the following highlights:

- Workers' Compensation Pool has current revenue exceeding expenses by \$1,932,081 – Cash flow remains positive meaning that the Workers' Compensation cash collections from members are exceeding required payments by a significant margin
- Group benefits financial results through November 30, 2009 indicate a through November of \$1,322,196 – cash flow remains positive at \$1.2 million
- Liability and Property financial results for 2009-10 through November 30th shows an excess of revenues over expenses of \$3,724,068 – cash flow is positive
- 2010 District Meeting will be in Forsyth County at Tanglewood Country Club – there will no registration fee
- General Fund Revenue Report & Economic Outlook
 - Sales tax collections remain well below expectations and withholding income tax continues to weaken
 - Recent national and state forecasts indicate the recovery may take longer to unwind before it gains solid footing

- Budget pressures will continue to mount as the prolonged weaknesses in the economy affect revenue collections the second-half of the fiscal year
- Budget outlook – mounting pressures for remainder of fiscal year 2009-10 and beyond:
 - No improvement in sales tax collection
 - Expenditures for Medicaid and other income assistance programs may exceed budget amounts
 - Enrollment from people seeking to improve their job skills has placed added pressure on post-secondary education, especially on the community college system, which is experiencing unprecedented growth
 - A looming issue on the horizon will be fiscal year 2011-12 revenue picture, temporary taxes are set to expire, fiscal stimulus money dries up and early projections indicate revenue growth will not be sufficient to close the gap
- Projected to be a challenging upcoming fiscal year 2010-11 budget year for the State

GENERAL GOVERNMENT – GOVERNING BODY – APPROVAL OF AGENDA

Chairman Walker entertained a motion to approve or amend the February 4, 2010

Agenda.

Commissioner Inman moved to approve the February 4, 2010 Agenda as presented.

Vice Chairman Lankford seconded and the motion carried unanimously.

Presentation of Current Revenues and Expenditures

Finance Director Julia Edwards presented the following information:

- Total available cash as of 01-31-10 = \$20,499,394.87
- Total ad valorem taxes collected as of 01-31-10 = \$18,807,364.80
- Total ad valorem taxes collected as of 01-31-09 = \$17,046,676.62
- Has collected \$192,577.09 ad valorem taxes since February 1st - second notices have were sent out on January 27th
- Social Services’ State reimbursements remain two months behind
- Health Departments’ State reimbursements remain one month behind

	As of 01/31/2009	As of 01-31-2010	%
Total Revenues	\$ 27,744,003.75	\$ 29,125,976.18	70.15
Total Expenditures	\$ 19,548,841.95	\$ 19,407,052.62	51.06

The Board discussed the financial report with Manager Steen and Finance Director Edwards.

Presentation of Sales Tax Information

Finance Director Julia Edwards presented the following sales tax information:

	July	August	September	October	November	Total	Budget	Percentage Collected
F/Y 09-10	\$ 372,426.74	\$ 340,261.42	\$ 326,548.15	\$ 327,272.25	\$ 220,953.76	\$ 1,587,462.32	\$ 3,799,000.00	41.79%
F/Y 08-09	\$ 540,072.25	\$ 404,428.95	\$ 460,802.52	\$ 409,563.59	\$ 352,958.37	\$ 2,167,825.68	\$ 4,870,000.00	44.51%
Difference	\$(167,645.51)	\$(64,167.53)	\$(134,254.37)	\$(82,291.34)	\$(132,004.61)	\$ (580,363.36)	\$(1,071,000.00)	

- Article 42 changed from point of delivery to point of sale which started with October collections
- Article 44 ended with October collections
- Changes were due to the Medicaid Relief Program

- Percentage per months collected = 41.66%
- Percentage per budget = 41.79%
- Sales taxes revenue are always two months behind

The Board discussed the sales tax information with Manager Steen and Finance Director Edwards.

Commissioner Inman noted the County continues to budget revenues conservatively.

Manager Steen noted that Administration continues to do quarterly reviews along with new collection procedures. Finance Director Edwards noted that the Board has a budget amendment which reflects the recent quarterly reviews in the February 8th Agenda.

Need to Implement Furlough Days or Allow for Retro Payment of Longevity Increases

County Manager Bryan Steen noted the following:

- Information received indicates the County is on target with budget projections
- Feels the County will be very close to revenue projections
- Do not feel there is a need to recommend furlough days at this time
- Funding for longevity increases (\$141,000) has been budgeted in contingency
- If approved by the Board, longevity increases would be in the March payroll
- Recommends implementation of longevity increases

Commissioner Carroll noted that the Board agreed a decision to implement the longevity increases would be made at the mid-year budget review if the revenues were coming in at or above the same level for the previous year.

Commissioner Carroll stated he saw no reason to not implement the longevity plan.

Commissioner Inman concurred with Commissioner Carroll to implement the longevity plan.

The Board discussed implementation of the longevity plan retro back to July 1, 2009.

Chairman Walker entertained a motion.

Commissioner Inman moved to implement the payment of longevity increases retro back to July 1, 2009 for the 2009-10 fiscal year. Vice Chairman Lankford seconded and the motion carried unanimously.

Anticipated Increases in Expenditures for Upcoming Fiscal Year 2010-11 Health and Dental Insurances

County Manager Bryan Steen noted the following:

- Will not have any premium information until March
- County changed generic prescription co-pays to \$0 effective 07-01-09 with hopes to lower prescription costs which would lower premium costs
- 10% increase for health and dental would result in approximately \$140,000 increase in premiums

Employer Retirement Contributions

County Manager Bryan Steen noted the following:

- State has notified Counties that there will be an increase in employer contributions for retirement
- Increases projected to be 1.55 added to the current employer contribution percentage which would result in approximately \$150,000 increase in employer contributions

Early College Facility Operations

County Manager Bryan Steen noted the following:

- With the new the Meadows facility, operational costs estimated to be approximately \$22,000 per year

Hospital Losses

County Manager Bryan Steen noted the following:

- Hospital losses will hopefully decrease with new management taking over operation on March 1, 2010
- Very hard at the present time to anticipate losses

The Board discussed the potential increases in expenditures presented by Manager Steen.

Commissioner Carroll noted the longevity plan for each fiscal year would be decided during the budget process.

Vice Chairman Lankford noted that the County could possibly incur costs related to Day Care. If grant funding is available for repairs to the building, there will most likely be a match.

Manager Steen noted that the County has received a projected cost of approximately \$125,000 to take care of repairs to the facility. Currently, there is a possibility of a grant from the Rural Center, but the grant has a 50% match.

Vice Chairman Lankford noted that there could be ARC funding that could be used for the match.

Manager Steen noted further information would possibly be available at the February 22nd meeting. Manager Steen also noted that a provider would have to provide a business plan to be included with the grant which is due March 1, 2010.

The Board discussed the grant being job creation.

Chairman Walker questioned the County being able to use funding to assist a provider with re-opening the facility and the short length of time to inform those who might be interested in providing a business plan for the grant.

Vice Chairman Lankford noted that funding would be used to bring the County building up to code which must be done in order to use the facility.

The Board briefly discussed the issue.

Chairman Walker noted the need for further discussion regarding the issue.

Commissioner Inman noted the need to look closely at using any of the hold harmless funding this upcoming fiscal year especially with the hold harmless projected to end after next budget year.

Commissioner Carroll noted that the Board needs to consider the \$100,000 set aside in Contingency for the school system's current expense even though it was not on tonight's Agenda. Commissioner Carroll stated this allocation was also to be decided at mid-year budget review just like the longevity increases.

The Board discussed adding the item to tonight's Agenda.

The Board agreed to add the item to the February 8th Agenda.

Commissioner Carroll requested debt service information. Finance Director Edwards stated she would provide the debt service information at the February 8th meeting.

Anticipated Revenues for Upcoming Fiscal Year 2010-11

County Manager Bryan Steen presented the Board with 2010 estimations of value and collection rates provided by Tax Administrator Oakley.

Manager Steen noted the following:

- Total increase in values is estimated at \$16 million which would result in approximately \$96,000 in new revenues

Tax Administrator Oakley noted the following:

- 2009-10 tax scroll = \$3,622,946,417 (total county value)
- As of 2-2-2010, 10/11 values = \$3,639,031,981 (total county value)
- Estimated increases can always decrease due to not knowing how many taxpayers will apply for farm deferment, disability exemption, business depreciation, etc.
- Small amount of growth
- Very little building
- Could be a possible decrease in public utilities
- Estimated growth could possibly be offset by business depreciation

The Board discussed tax revenues with Tax Administrator Oakley.

Board Guidance for Upcoming Fiscal Year 2010-11 Budget Development

Manager Bryan Steen noted the following:

- Presentation of proposed fiscal year 2010-11 budget – May 24, 2010
- Possible Public Hearing date – June 7th at 7:00 pm

The Board discussed possible dates for the public hearing and budget work sessions.

The Board discussed having the Public Hearing on June 8th.

Chairman Walker noted the Board would continue discussion regarding dates for budget work sessions at a later meeting.

Manager Steen requested guidance from the Board regarding whether the Board would like to talk to each individual department about their proposed budget.

The Board unanimously agreed that the County Manager would review the departmental budgets with department heads and if there is reason determined by the Board of Commissioners to have department heads present information, the Board of Commissioners will request their presence during the budget work sessions.

Manager Steen requested if the Board had any capital projects that they would like Administration to look into regarding cost such as paving the parking lot.

Chairman Walker, with full consensus of the Board, directed Manager Steen to bring any capital projects in question to the Goals Session meeting for further discussion.

Goals Session Meeting on March 3, 2010

Vice Chairman Lankford stated that he had a conflict with the Goals Session meeting scheduled for March 3rd – NCACC- Board of Directors meeting in Raleigh.

Manager Steen noted there was a tentative date mentioned – March 11th at 10:30 am

Chairman Walker requested Board members bring their calendars to the Feb. 8th meeting for further discussion regarding rescheduling the March 3rd Goals Session meeting.

Adjournment

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

Commissioner Inman moved to adjourn the meeting. Commissioner Smith seconded and the motion carried unanimously.

Darlene M. Bullins
Clerk to the Board

Jimmy Walker
Chairman