

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
JUNE 22, 2010

The Board of Commissioners of the County of Stokes, State of North Carolina, met for a Joint Meeting with the Board of Education and a Budget Work Session in the third floor conference room of the Ronald Wilson Reagan Memorial Building (Administration Building) located in Danbury, North Carolina on Tuesday, June 22, 2010 at 9:00 am 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

Stokes County Board of Education:
Chairperson Sonya Cox
Vice Chairperson Colon Moore
Member Bill Hart
Member Becky Boles

Stokes County School Administration:
Dr. Stewart Hobbs, Superintendent
Executive Director of Finance Lanette Moore
Assistant Superintendent Donna Boyles

Chairman Jimmy Walker called the Joint Meeting/Budget Work Session to order.

Vice Chairman Lankford 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.

Joint Meeting with Board of Education

Both Boards unanimously agreed to have an open meeting with discussion and dialogue.

Chairperson Cox, on behalf of the Board of Education, expressed appreciation to the Board of Commissioners for the joint meeting.

Dr. Hobbs spoke about the following information that had been previously been submitted to the Board of Commissioners:

- 2008/2009 Compared to 2009/2010 Stokes County Schools Budget Review
 - 2008/2009 Reversion to the State = \$286,179.00 (Discretionary Funds)
 - 2009/2010 Reversion to the State = \$1,096,096.00 (Discretionary Funds)
- 2009/2010 Compared to 2010/2011 Stokes County Schools Budget Review
 - 23.33 loss in positions
 - 2010/2011 Reversion to the State = \$1,445,112.00 (Discretionary Funds)
 - Child Nutrition State Revenue Match = (\$45,00.00)
 - Decrease of 14 months (86% of a position) employment for State Funds for principals and assistant principals
 - Employment for (4) middle schools and (2) elementary schools assistant principals has been decreased from 12 months to 11 months to save 6 months
 - Decrease of career technical education materials = (\$1,449.00)
 - Decrease K-3 Teacher Assistants – Retirements (did not fill 3 positions) = (\$75,000.00)
 - Decrease exceptional children = (\$79,773.00)
 - Decrease instructional supplies/materials = (\$12,186.00)
 - No funding for textbooks = (\$290,785.00)
 - No funding available for federal drug fee allotment = (\$18,000.00)
 - Decrease federal ARRA Stabilization = (\$88,538.00)
 - Custodians/Clerical
 - Decrease 38% Language Acquisition (Teacher Assistant) = (\$10,925.00)
 - Retirement matching rate increased from 8.75% to 10.70%
 - Hospitalization matching rate increased from \$4,527 to \$4,929
 - Evaluating Custodial/Clerical positions for equity at school level
 - Recommending to Fund (3) High School Resource Officers
 - Decrease of (3) positions at the middle schools
 - 2009-10 Budgeted \$233,350.00
 - 2010-11 Budgeted \$132,892.00
- 2010/2011 Compared to 2011/2012 Stokes County Schools Budget Review
 - No Federal Title 1 (two teaching positions) = (\$87,000.00)
 - No Federal ARRA Stabilization Funding = (\$1,986,605.00)
 - Planning Allotment - \$1,893,099.00
 - Carry over - \$93,506.00
 - (2) Teaching positions
 - (5) Teacher assistants
 - (13) Twelve month clerical positions
 - (37.42) Twelve month custodians
 - (4.38) Ten month custodians
 - No Federal AARA Title 1 = (\$198,000.00)
 - (5) Elementary teaching positions
 - No Federal ARRA IDEA VI-B Funding = (\$919,000.00)
 - (9.50) EC teaching positions
 - (1.00) Teacher assistant
 - (1.50) Interpreters
 - (1.00) Twelve month audit compliance
 - EC Technology equipment and supplies
 - No Federal ARRA IDEA preschool funding = (\$56,000.00)
 - (1.24) EC Pre K teachers
 - No Federal ARRA educational technology funding = (\$17,182.00)
 - Staff development for technology
 - No maximum flexibility approved by the State Board of Education
 - For ABC transfers
 - No state at-risk carry over = (\$76,384.00)
 - Possible (\$3,340,171.00) in state cuts for 2011/2012
- In 2011/2012, State must come up with \$406 million dollars for non-instructional support to replace the loss of stimulus funding (that could mean the possible loss of every custodial and clerical position in Stokes County)
- Board of Education has worked diligently to try to cut without affecting the classroom to make up the \$1,445,112 that must be reverted back to the State in September 2010
 - 7 teaching positions = \$385,000
 - Central office administration = \$17,000

- Non instructional support = \$32,000
- Teacher assistants = \$650,000
- Low wealth = \$280,000
- Classroom supplies and materials = \$28,000
- Carryover for textbooks = \$50,000
- Tried to submit a realistic budget to the County – close to last year
 - Tried not to affect the classrooms
- Would like to submit to the Board of Commissioners a proposed Resolution regarding the Guaranteed Energy Program with Johnson Controls – possibly on the BOCC’s Agenda in July (previously discussed at a prior BOCC meeting)
- Saved two teaching positions by not hiring as many substitute teachers this year (teachers covered each other’s classrooms)
- Tried to save money anyway possible
- Eliminated SROs in the middle school – State does not fund those positions – will be using at risk funds for other items
- No funding for State incentive pay for teachers/teacher assistants
- Local certified/classified 4% supplement frozen at 2008/2009 salaries
- Local coaching supplements frozen – no step increase at 2008-2009 supplement
- People are being moved to other positions (replacing retirees) in order to not lose their jobs

Dr. Hobbs stated the Board of Education would be very grateful for any additional resources.

Commissioner Carroll noted the following:

- Excellent job putting together a budget in such difficult times

Commissioner Carroll confirmed with Dr. Hobbs that regardless of funding sources, SROs in the middle schools are not a priority in this year’s submitted budget, even if at risk funds were received from the State, those funds will be used in another way.

Commissioner Carroll confirmed with Dr. Hobbs and the Board of Education members that if a budget was approved by the Board with funding in the Sheriff’s budget to provide SROs at the middle schools, the Board of Education would be receptive to the idea as long as the school’s budget was not affected.

Dr. Hobbs noted that the Sheriff’s Department was aware of the possibility of not having SROs in the middle school, but would not be given an official notice until the Board of Education receives an approved budget from the State and the County.

The Boards discussed the top two priority construction projects – new elementary school and renovations at Southeastern Middle School.

Dr. Hobbs noted that there could be several items done under the Guaranteed Energy Program such as lighting, HVAC, etc. which could reduce the projected cost for renovations at Southeastern Middle School.

Commissioner Carroll suggested the following option for consideration to the Board of Education to help catch up on capital outlay needs:

- Consider using funding from PRC 15 Technology Account to fund the technology requests in capital outlay (\$300,000 would come from PRC 15 and \$300,000 from current expense and the county would match with \$600,000 making \$1,200,000.00 to address capital needs in next year's budget)

Member Hart noted that he felt the Board of Education would need to discuss

Commissioner Carroll's suggestion before being able to give the County a definite answer.

Vice Chairman Lankford noted the following:

- Commended the Board of Education and School Administration for submitting a conservative budget
- Feels the question of SROs in the middle school should be the Board of Education's decision
- Questioned the schools' capital needs

The Boards discussed the schools' capital needs requests.

Dr. Hobbs spoke briefly on the Guaranteed Energy Program that will help decrease the capital needs list.

Dr. Hobbs noted that one of the biggest issues facing the Board is space, mobile units that really need to be replaced, but will have to be repaired due to funding.

Commissioner Inman noted the following:

- Commended the Board of Education and School Administration for submission of an exceptional budget
- Commended both Boards for the continued collaboration
- County loss of approximately \$800,000 in sales tax revenue
- Concerned with the manager's recommendation of using a 96.25% collection rate in the proposed 2010-11 budget
- Will work hard to try to provide as much funding as possible

Commissioner Smith noted the following:

- Appreciate the Board of Education submitting a responsible budget
- Very supportive of a new elementary school to help alleviate space needs as soon as fiscally possible

Chairman Walker noted the following:

- Commended the hard work done by the Board of Education and School Administration in putting together a very conservative budget
- Loss of SROs at the middle schools
- Very tight budget for the County this year, limited funds
- Interested in addressing schools' capital needs
- Uncertain about additional funding for capital needs
- Concerned with State's funding shortfalls

Chairperson Cox, BOE, noted the following:

- In an ideal world, would love to have the SROs at the middle schools, but must find \$1.4 million to send back to the State
- Do not want to affect the classroom
- Getting ready for next's year budget that will probably be worse
- Comfortable with the fact that the high school SRO's time can be split with the middle schools (have discussed this with school principals)

Member Hart and Vice Chairperson Moore, BOE, stated that the Board of Education would love to have the SROs at the middle schools, but this year, choices had to be made.

Member Boles, BOE, echoed Member Hart and Vice Chairperson Moore's comments regarding the SROs at the middle schools.

Vice Chairman Lankford commended Dr. Hobbs for taking his option to the State of cutting 5 days off the school year which would save approximately \$700,000 without eliminating any instructional time.

Dr. Hobbs briefly discussed his option of cutting 5 days and saving funding along with suggesting personnel retiring with 28 years with full benefits. Dr. Hobbs noted that a retiring teacher with 30+ years will fund two new first year teachers.

Commissioner Inman commented on the following:

- This year's budget does not include "wants", it contains "which needs are going to be funded"
- Concerned with funding middle school SROs not in the submitted BOE budget versus current expense
- Need to continue to keep growing the County's fund balance
- Concerns with next year's budget with the estimated State shortfalls
- Must be good stewards of the county's funds
- Very concerned with the current conditions at Southeastern Middle School
- By 2012, place on the ballot a new elementary school, renovations to Southeastern, additional classrooms at Lawsonville, and a new community college for the voters to decide

The Boards had further discussion regarding school capital construction projects.

Chairperson Cox, on behalf of the Board of Education, expressed appreciation to the Board of Commissioners for taking the time to discuss the school needs.

Dr. Hobbs also expressed appreciation to the Board of Commissioners for taking the time to listen to the needs and concerns of the Board of Education and for the betterment of our children who are our future.

Manager Steen stated that the funding placed in the proposed budget for middle school SROs relates to one of the Board's goals to assist agencies who are having budget shortfalls and the funding would come from Hold Harmless and not from General Fund.

Chairman Walker, on behalf of the Board of Commissioners, expressed appreciation for the continued collaborative effort between the two Boards working as a team to provide the best education possible for the students in Stokes County.

Board of Education exited the meeting.

The Board of Commissioners continued with their budget work session

Finance Director Julia Edwards informed the Board that the estimate from the State for Hold Harmless funding has been revised to \$2,108,571, a reduction of \$50,695.

Commissioner Inman suggested if a Board member had changes to the proposed budget, it would be a good time to submit them.

Commissioner Carroll suggested the Board further discuss transferring funds to Capital Reserve for Stokes Reynolds Memorial Hospital Capital Outlay.

Finance Director Edwards submitted the following Budget Amendment regarding transferring the funds to Capital Reserve:

Budget Amendment #98

Finance Director Julia Edwards submitted Budget Amendment #98.

To amend the General Fund, the expenditures are to be changed as follows:

Account Number	Account Description	Current Budgeted Amount	Increase (Decrease)	As Amended
Contingency				
100.9910.000	Contingency	\$105,864.00	\$(94,578.00)	\$11,286.00
100.9910.300	Personnel Cost	\$80,472.00	\$(80,472.00)	\$00.00
100.9910.500	Fuel Cost	\$45,000.00	\$(45,000.00)	\$00.00
100.9910.800	401(k) Contingency	\$20,000.00	\$(20,000.00)	\$00.00
100.9820.960	Transfer to Capital Reserve	<u>\$85,015.00</u>	<u>\$240,050.00</u>	<u>\$325,065.00</u>
	Totals	\$336,351.00	\$00.00	\$336,351.00
Capital Reserve Fund				
201.5700.00	Stokes Reynolds Hospital	<u>\$00.00</u>	<u>\$240,050.00</u>	<u>\$240,050.00</u>
	Totals	\$00.00	\$240,050.00	\$240,050.00

This budget amendment is justified as follows:

To transfers funds to Capital Reserve Fund for Stokes Reynolds Memorial Hospital Capital Outlay.

This will result in a net increase of \$240,050.00 in the expenditures and other financial use to the County’s annual budget. To provide the additional revenue for the above, the following revenues will increase. These revenues have already been received or are verified they will be received this fiscal year.

Account Number	Account Description	Current Budgeted Amount	Increase (Decrease)	As Amended
Capital Reserve Fund				
201.3981.000	Transfer from General Fund	<u>\$85,015.00</u>	<u>\$240,050.00</u>	<u>\$325,065.00</u>
	Totals	\$85,015.00	\$240,050.00	\$325,065.00

Commissioner Carroll requested any additional information available regarding the reclassifications not recommended by the county manager.

Manager Steen presented Board members with information submitted by each department head who requested reclassifications in their budget.

Chairman Walker requested if any Board member had a revised budget that they wished to submit for the Board’s consideration. There was no revised budget submitted at this time.

The Board further discussed the following items in the proposed budget:

- Capital outlay equipment
- Paving

Manager Steen discussed the recent \$160,000 loan request from Stokes Reynolds Memorial Hospital in order to meet this week's payroll for hospital employees. Manager Steen noted that funding could be taken from the funding already allocated for hospital losses.

Chairman Walker noted the Board would have further discussion regarding the loan request from Stokes Reynolds Memorial Hospital.

The Board discussed maintaining a 60 cents tax rate and the collection rate of 96.25% recommended by the manager.

Commissioner Carroll expressed concerns with only \$275,000 county funding for this year to maintain 18 schools in the County.

The Board discussed the following regarding Schools - Capital Outlay:

- Additional funding suggested by Commissioner Carroll
- Board members stated that they needed further information regarding the funding before making a final decision
- School capital needs

The Board agreed to have further discussion on Commissioner's Carroll suggestion to match \$600,000 of school funding for capital outlay.

The Board discussed the following regarding Schools – Current Expense:

- Manager's recommendation being the same as last year

Commissioner Carroll noted that \$100,000 was appropriated last year in Contingency and given in February 2010 to the schools, which actually makes the manager's recommendation \$100,000 less than last year.

Commissioner Carroll suggested adding back at least \$100,000 to current expense.

Commissioner Carroll proposed for the two remaining years of Hold Harmless funding, use Hold Harmless money to fund the SROs through the Sheriff's budget and not the school's budget (five positions) and then reevaluate.

Chairman Walker polled the Board regarding Commissioner Carroll's suggestion to add back at least \$100,000 to current expense.

Vice Chairman Lankford noted the following:

- Supportive of a 95.5% collection rate instead of 96.25%
- Concerns with adding additional funding to the recommended budget – possible \$700,000 to the schools
- Stay with the \$10,338,277 recommended by the manager

Chairman Walker agreed with Vice Chairman Lankford to stay with the \$10,338,227.

Commissioner Inman noted that he needed to see a complete recommended budget before deciding on certain appropriations.

Commissioner Smith supports the additional \$100,000 in a Contingency account like last year.

Commissioner Carroll proposed the \$100,000 be taken from Hold Harmless.

Commissioner Inman reiterated that he needed to see a complete budget before voting on particular items.

The Board discussed the reclassifications not recommended by the manager.

Chairman Walker polled the Board regarding the reclassifications.

- Vice Chairman Lankford - supports the manager's recommendation
- Commissioner Inman - can't comment until seeing a final budget
- Commissioner Smith - still deliberating this issue until additional funding is found
- Commissioner Carroll – will look at each one individually
- Chairman Walker – questionable category at this time

The Board discussed the Hold Harmless allocation:

- Paving = \$220,000
- Gravel parking lot = \$20,000
- Home Health renovations at old daycare facility = \$20,000
- Community College architect = \$286,400
- Equipment = \$58,286
- Communication Radio Upgrade = \$200,000
- Dedicated Fund – Debt Services Transfer = \$278,705
- Sales Tax Revenue Reduction = \$749,000
- School Resource Officers = \$61,825.00
- Grant Match = \$25,000
- Stokes Reynolds Memorial Hospital – Capital outlay = \$240,050
- Total appropriation = \$2,159,266 in manager's recommended budget
- Approximately \$50,000 reduction in Hold Harmless revenue - per recent estimate from the State

The Board discussed each item recommended to be funded from Hold Harmless.

Finance Director Edwards reported the County's Fund Balance as of June 30, 2009 was \$8,265,346 (21.67%) with approximately \$997,895 being appropriated from Fund Balance since July 1, 2009.

The Board discussed the financing of vehicles for DSS.

Commissioner Inman expressed concerns regarding the financing of the nine vehicles in the DSS budget.

Commissioner Carroll stated that he was willing to appropriate all Hold Harmless funding as follows:

- 1/3 into the Dedicated Fund for School Construction

- Some to fill in gaps for the school system particularly SROs, capital outlay and at least \$100,000 in current expense
- None for recurring expenses

Chairman Walker polled Board members regarding each item recommended to be funded from Hold Harmless:

Paving = \$220,000

Commissioner Inman – no more than \$20,000 for the “potholes”
 Commissioner Smith – \$00.00
 Commissioner Carroll - \$220,000
 Chairman Walker - \$20,000
 Vice Chairman Lankford - \$20,000
 (Item remains in the budget for further discussion)

Gravel = \$20,000

Commissioner Inman – \$00.00
 Commissioner Smith – up to \$10,000
 Commissioner Carroll - \$20,000
 Chairman Walker - \$10,000
 Vice Chairman Lankford - \$00.00
 (Item remains in the budget for further discussion)

Home Health Renovations = \$20,000

Commissioner Inman – \$00.00
 Commissioner Smith – \$20,000
 Commissioner Carroll - \$20,000
 Chairman Walker - \$00.00
 Vice Chairman Lankford - \$00.00
 (Item does not remain in the budget for further discussion)

Community College- Architect = \$286,400

Commissioner Inman – \$00.00
 Commissioner Smith – \$00.00 – finance it with the building
 Commissioner Carroll - \$00.000 – do it with the total project
 Chairman Walker - \$00.00 – finance it with the building
 Vice Chairman Lankford - \$00.00
 (Item does not remain in the budget for further discussion)

Equipment = \$58,286

Finance Director Edwards noted that the security system improvement can be funded with SCAPP funding.

Commissioner Inman – \$00.00
 Commissioner Smith – \$58,286
 Commissioner Carroll - \$58,286
 Chairman Walker - \$58,286
 Vice Chairman Lankford - \$00.00
 (Item remains in the budget for further discussion)

Communication Radio Upgrade = \$200,000

Commissioner Inman – \$200,000
 Commissioner Smith – \$200,000
 Commissioner Carroll - \$200,000
 Chairman Walker - \$200,000
 Vice Chairman Lankford - \$200,000
 (Item remains in the budget for further discussion)

Dedicated Fund = \$278,705

Commissioner Inman – \$278,705

Commissioner Smith – \$278,705
 Commissioner Carroll - \$278,705 and add to it
 Chairman Walker - \$278,705
 Vice Chairman Lankford - \$278,705
 (Item remains in the budget for further discussion)

Sales Tax Revenue Reduction = \$749,000

Commissioner Inman – \$00.00
 Commissioner Smith – \$300,000
 Commissioner Carroll - \$00.00
 Chairman Walker - \$00.00
 Vice Chairman Lankford - \$00.00
 (Item does not remain in the budget for further discussion)

SRO – Officer = \$61, 825

Commissioner Inman – \$00.00
 Commissioner Smith – \$00.00
 Commissioner Carroll - \$61,825.00 – moved to the Sheriff’s budget and add to it
 Chairman Walker - \$00.00
 Vice Chairman Lankford - \$00.00
 (Item does not remain in the budget for further discussion)

Grant Match = \$25,000

Commissioner Inman – \$00.00
 Commissioner Smith – \$00,000
 Commissioner Carroll - \$00,000
 Chairman Walker - \$00.00
 Vice Chairman Lankford - \$00.00
 (Item does not remain in the budget for further discussion)

Stokes Reynolds Memorial Hospital – Capital Outlay = \$240,050

Commissioner Carroll moved to approve Budget Amendment #98.

Commissioner Smith seconded and the motion carried unanimously.

Account Number	Account Description	Current Budgeted Amount	Increase (Decrease)	As Amended
	Contingency			
100.9910.000	Contingency	\$105,864.00	\$(94,578.00)	\$11,286.00
100.9910.300	Personnel Cost	\$80,472.00	\$(80,472.00)	\$00.00
100.9910.500	Fuel Cost	\$45,000.00	\$(45,000.00)	\$00.00
100.9910.800	401(k) Contingency	\$20,000.00	\$(20,000.00)	\$00.00
100.9820.960	Transfer to Capital Reserve	<u>\$85,015.00</u>	<u>\$240,050.00</u>	<u>\$325,065.00</u>
	Totals	\$336,351.00	\$00.00	\$336,351.00
	Capital Reserve Fund			
201.5700.00	Stokes Reynolds Hospital	<u>\$00.00</u>	<u>\$240,050.00</u>	<u>\$240,050.00</u>
	Totals	\$00.00	\$240,050.00	\$240,050.00

This budget amendment is justified as follows:

To transfers funds to Capital Reserve Fund for Stokes Reynolds Memorial Hospital Capital Outlay.

This will result in a net increase of \$240,050.00 in the expenditures and other financial use to the County’s annual budget. To provide the additional revenue for the above, the following revenues will increase. These revenues have already been received or are verified they will be received this fiscal year.

Account Number	Account Description	Current Budgeted Amount	Increase (Decrease)	As Amended
Capital Reserve Fund				
201.3981.000	Transfer from General Fund	<u>\$85,015.00</u>	<u>\$240,050.00</u>	<u>\$325,065.00</u>
	Totals	\$85,015.00	\$240,050.00	\$325,065.00

Chairman Walker noted that the \$240,050 will be deducted from the recommended budget with the passing of Budget Amendment #98.

Finance Director Edwards noted that with the suggested changes of using Hold Harmless, the appropriation becomes \$566,991 leaving \$1,541,580 un-appropriated.

Manager Steen noted that without allocating the \$749,000 reduction in sales taxes from Hold Harmless, approximately 20-30 employees would have to be laid off or employees would have to take at least 20 furlough days. Manager Steen noted that unemployment payments would drastically increase next year and payoff for vacation, holiday and comp. time could be extremely costly. Manager Steen noted that with furloughs, there are four departments (Communications, EMS, Jail, and Sheriff) that must hire part timers to cover the time full time employees take furlough.

The Board further discussed allocating Hold Harmless funding, loss of Hold Harmless in two years, uncertainty of sales tax revenue due to the current economy, and the effects of current economy.

Commissioner Carroll moved to approve the following as submitted by the manager:

- Enhanced 911 Fund – page 72
- Revaluation – page 73
- Regional Sewer Fund – page 75
- Danbury Water Fund – page 77
- King Fire District Fund – page 78
- Rural Hall Fire District Fund – page 79
- Walnut Cove Fire District Fund – page 80
- Service District – page 81
- Senior Service Center Fund – page 82

Commissioner Smith seconded the motion for further discussion.

Vice Chairman Lankford expressed concerns with the type of vehicle being requested for the Danbury Water Fund. Manager Steen confirmed it was a smaller truck than what was listed, not a 4-door club cab.

Commissioner Inman expressed concerns with the Revaluation, Regional Sewer Fund, Danbury Water Fund, and Senior Service Center Fund budgets which include personnel with the longevity steps. Commissioner Inman noted that keeping the longevity plan in the budget had not been thoroughly discussed by the Board.

Chairman Walker agreed with Commissioner Inman

Commissioner Carroll amended his motion to delete the following:

- Revaluation – page 73
- Regional Sewer Fund – page 75
- Danbury Water Fund – page 77
- Senior Service Center Fund – page 82

Commissioner Smith seconded the amendment.

The amendment carried unanimously.

The amended motion to approve the following carried unanimously:

- Enhanced 911 Fund – page 72
- King Fire District Fund – page 78
- Rural Hall Fire District Fund – page 79
- Walnut Cove Fire District Fund – page 80
- Service District – page 81

Vice Chairman Lankford recommended putting back the \$749,000 from Hold Harmless for sales tax revenue reduction due to possible layoffs and furloughs.

Chairman Walker polled the Board regarding Vice Chairman Lankford's recommendation:

Commissioner Smith – no support
Commissioner Inman – no support
Chairman Walker – no support
Commissioner Carroll – no support

Commissioner Carroll submitted the following proposed budget for the Board's consideration: (Option 4.2) (Adjustments made to the manager's recommended budget)

- No change in the valorem tax rate = 60 cents
- Collection rate will remain at 96.25% with certain conditions
- Increase sales tax revenue by \$140,000

Commissioner Carroll explained the following recommended budget:

OPTION 4.2

REVENUES

Option 1 (Co. Manager)	42,072,596	
Ad valorem taxes	0	
Sales taxes	140,000	Art.39 = 100,000. Art.42 = 40,000.
Lottery	174,102	
Transfer from Dedicated Fund	390,870	
Transfer from Schools C.O.	18,800	
DSS - State match	2,010	
DSS - Federal match	23,820	
Home Health fees	1,038	
Financing	(30,000)	
Hold Harmless	(50,695)	
School Resource Officers	(204,710)	
Transfer from Capital Reserve	(13,600)	
Revenue Totals	42,524,231	

EXPENDITURES

Option 1 (Co. Manager)	42,072,596	
Economic Development	15,000	Special allotment for ED partners
DSS	45,560	1.5 positions per request
Fire Marshall	1,533	1 reclassification per request
Health	1,559	1 reclassification per request
Home Health	1,038	1 reclassification per request
Libraries	15,000	Special allotment for books
Contingency - Regular	12,500	
Revenue Contingency	140,000	To be transferred to Dedicated Fund if not needed to cover sales tax shortfall
Architect for Comm. College	(300,000)	Fund as part of total project
Dedicated Fund	420,870	Hold Harmless
Schools Current Expense	100,000	Hold Harmless
Schools Current Expense	55,786	General Fund
Schools Capital Outlay	278,000	Hold Harmless
Public Buildings	0	
Jail	5,000	Delete security system; add padded cell
Capital Reserve	(10,000)	Sheriff - SRO vehicle
Contingency - SROs	(61,825)	
EMS	(30,000)	Supervisor vehicle
Contingency - Hospital C.O.	(240,050)	Funded in FY 09-10 Capital Reserve
Expenditure Totals	42,522,567	
Difference (Rev.-Exp.)	1,664	Use Contingency as needed to balance
FY 09-10 Budget as amended	42,472,572	Proposed budget = \$51,629 increase

OPTION 4.2**DEBT SERVICE**

Total payments due	3,164,343
General Fund	557,757
General Fund - School levy	0
Transfer from Schools C.O.	1,221,400
Transfer from Dedicated Fund	495,186
Lottery	890,000
Totals	3,164,343

SCHOOLS CAPITAL OUTLAY

Sales tax	1,265,000	
Sales tax transfer to Debt Service	(1,221,400)	
ADM Fund	180,000	
Schools C.O. Fund Balance	60,000	for ADM match
Schools C.O. Fund Balance	40,000	
Hold Harmless	278,000	
Interest	1,000	
BOE transfer from Current Exp.	300,000	from BOE C.E. Fund Balance (BOE option)
Total Capital Outlay	902,600	

HOLD HARMLESS

Projected Revenue	2,108,571
Public Buildings	260,000
Equipment	63,286
Communications Upgrade	200,000
Dedicated Fund	699,575
Grant Match	25,000
Schools Current Expense	100,000

Schools Capital Outlay	278,000
Libraries	15,000
Economic Development	15,000
School Resource Officers	194,710
Contingency - Regular	20,000
Revenue Contingency	140,000
Contingency - Fuel	45,000
Contingency - Comm. College Exp.	35,000
Fire & Rescue Assn.	18,000
Totals	2,108,571
Difference	0

Commissioner Carroll noted that the Finance Director Edwards had incorporated the recommendations into the manager’s budget and verified that it balances. (Copies of Commissioner’s Carroll recommended budget and balanced Revenue/Expenditures Summaries were presented to the Board for consideration)

Commissioner Carroll stated that the recommended budget includes no recurring Hold Harmless and protection against losses of revenues with a 60 cents tax rate.

Vice Chairman Lankford expressed concerns with Commissioner Carroll’s recommendation and stated he couldn’t support the following:

- Purchasing DSS vehicles
- New positions
- Reclassifications
- School’s current expense – additional allocation
- School’s capital outlay – county matching additional funds
- SROs at the middle schools
- Economic Development - \$15,000 – Special allotment for ED
- Libraries - \$15,000 for books

Commissioner Smith stated Commissioner Carroll’s recommendation covered most of his goals for this fiscal year’s budget which provides adequate services to citizens of Stokes County and adds to the Dedicated Fund.

Chairman Walker stated that there were a few items in this budget that he doesn’t agreed with, but that he was willing to consider the budget. Chairman Walker stated that he felt Commissioner Carroll’s recommendation had “give and take items”.

Chairman Walker entertained a motion.

Commissioner Carroll moved to approve the manager’s recommended budget as adjusted by Option 4.2. Commissioner Smith seconded the motion.

Vice Chairman Lankford expressed concerns of not having ample time to review and evaluate the recommendation.

Commissioner Inman expressed concerns with a tax collection rate that exceeds 95.5%, new positions, grant match, and additional allocation for libraries.

Chairman Walker called the vote.

The motion carried (3-2) with Vice Chairman Lankford and Commissioner Inman voting against the motion.

Stokes Reynolds Memorial Hospital, Inc.

Manager Steen requested direction from the Board regarding the recent loan request from Stokes Reynolds Memorial Hospital of \$160,000 which was endorsed by the Board of Trustees. Manager Steen read the request from Interim CEO Frederick Soule which stated the \$160,000 was needed by Wednesday, June 23rd in order for the hospital to make payroll on Friday, June 25th. Mr. Soule stated that he hoped the hospital could repay the county within the next 60 days.

Manager Steen noted that there was \$519, 807 remaining in Hospital Operations Account.

The Board discussed the loan request.

Chairman Walker, with full consensus of the Board, directed Manager Steen to provide the \$160,000 to Stokes Reynolds Memorial Hospital from the Hospital Operations Account.

Commissioner Carroll moved to approve the following:

- Page 69 as adjusted - Capital Reserve Fund
- Page 71 as adjusted - Dedicated Fund Account – Debt Service
- Page 73 as presented - Revaluation
- Page 75 as presented - Regional Sewer Fund
- Page 77 as presented - Danbury Water Fund
- Page 82 as presented – Senior Service Center Fund

Commissioner Smith seconded and the motion carried (4-1) with Commissioner Inman voting against the motion.

Adjournment

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

Vice Chairman Lankford moved to adjourn the Budget Work Session. Commissioner Inman seconded and the motion carried unanimously.

Darlene M. Bullins
Clerk to the Board

Jimmy Walker
Chairman