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Interim Manager Morris presented the following overview:

FY2011/12 Overview

- Recommended budget was developed using a two year thought process, which addresses current needs and impact of this year's decisions on the challenges for the FY 2012/13 budget
- Total budget recommendation is \$40,824,874
 - 4.02% less than last FY2010/11 budget
 - .53% larger than FY2009/10 budget
- Renaming the Dedicated Fund-Debt Service Fund to School/FTCC Construction/Renovation-Debt Service Fund
- Transferring the one time appropriation of \$1.7 million to the Dedicated Fund back to General Fund
- Recommends a 4 cent tax increase for School/FTCC construction/renovation debt service payments and operating cost.
- Revenues and expenditures were budgeted on a conservative basis due to the slow rebound of the economy
- Recommended budget does not fund 17 positions-12 full time, 3 permanent part time, and 2 part time

Interim Manager Morris also noted the following:

- Reiterated that this proposed budget was developed using a two year thought process, concentrating on what financial challenges could be identified that the county could possibly face next year
- Some items are mentioned more than one time reiterating the importance of the item
- Associated costs with the schools includes anything associated with the schools and community college construction (for example: operating costs)
- Will start job sharing with departments to assist departments with heavy workloads and departments that have positions that are being recommended not to be funded for the upcoming fiscal year

Budget Development Process

- **Department heads and outside agencies submitted budget requests**
 - County manager reviewed all requests and made first round of cuts
 - Second round of cuts were made focusing on equipment and requests for personnel reclassifications / additions
 - County manager met with department heads to analyze and select positions that may not be funded in FY2011/12

- Recommended personnel reductions for FY2011/12 were made by county manager based on earlier discussions and analysis
- After cuts were made in equipment and personnel an approximately \$2 million problem remained to be fixed
- County manager next looked at the “Dedicated Fund” for a solution to balance the budget
 - Dedicated fund contained one time revenues being used to address recurring debt requirements
 - County manager requested financial analysis from DEC Associates to run a model that aligned recurring revenue with recurring debt to relieve pressure on operations budget
 - Model calculated a 4 cent tax increase to address approved and recently completed school projects
- County manager recommendation for a 4 cent tax increase to fund approved and recently completed projects for new school construction and renovation and to provide additional transparency to taxpayers on actual school construction and renovation costs
 - Objective was also to meet LGC requirements for repaying debt

Snapshots of Budget Process

- **Requested Budget = \$43,662,308**
 - Difference between estimated revenues and requested expenditures was short \$2,938,436
 - To fund the requested budget a tax rate of 72.25 cents at a 96.41% collection rate would be required
- **Two Rounds of Cuts Expenses = \$41,856,560 and Revenues = \$39,463,645**
 - Difference between estimated revenues and recommended expenditures was short \$2,392,915
 - Non funding of personnel and equipment request
 - Other cuts per departmental line items
- **Balanced Budget = \$40,824,874**
 - Transferred \$1.7 million from Dedicated Fund Account
 - 17 positions were not funded
 - Capital Outlay was limited
 - No Hold Harmless budgeted
 - Anticipated hospital expenditure of \$1.38 million
- **FY 2012-2013 Projected \$900,000 Shortfall**
 - Budget will be short \$1.7 million due to one-time transfer
 - Hold Harmless of \$2.1 million will not be available
 - Communication upgrade mandated 2013
 - Risk of Health and Dental premium increases

Budget Assessment

- **Major Facts bearing on the FY 2011/12 Budget**
 - “Hold Harmless” expires this year
 - Revenues are down / expenses are up
 - Stokes Reynolds Memorial Hospital (SRMH) risk uncertain; large payment due to Baptist Hospital
 - Addition of new debt for school construction / renovation plus associated costs

- No growth in county Ad valorem taxes
- Unfunded Mandates, examples being the 2013 communications upgrade and the increase in required county contribution to employee retirement fund, health and dental
- **Budget Realities**
 - Recovery of the U.S. economy remains sluggish
 - During fiscal years 2011/12 and 2012/13, the approved county budget must be re-baselined to absorb the “Hold Harmless” loss, while also dealing with increased costs and reduced revenues
 - Funding new school construction / renovation impacts the county operations budget under the current 60 cent tax rate; this was basis for the recommendation to add a 4 cents Ad valorem tax for school construction
 - With expiration of “Hold Harmless”, recurring expenses must be reduced to match reduction in revenue
 - Personnel costs are largest recurring expense in county and must be examined closely to reduce recurring cost
 - Service levels will be impacted by reduced personnel
- **Budget Re-baseline required by FY 2012/13**

Interim Manager Morris also noted the following:

- Uncertainty of the cost for the mandated communications upgrade – could be between \$1 to \$2 million
- Reiterated the uncertainty of future health and dental costs and the expiration of Hold Harmless in F/Y 2012-13
- Did not recommend to abolish the positions, recommended to not fund the positions for the upcoming budget and revisit the positions during the F/Y 2012-13 budget process
- Could possibly have to fund some positions if the economy picks up
- \$1.7M transferred from the Dedicated Fund to the General Fund will not be available next year
- Proposed budget continues to set aside funding for the communications upgrade
- No Hold Harmless budgeted this year

Commissioner Booth agreed with Interim Manager Morris’ comments regarding the unknowns related to the cost of health and dental coverage for employees. Commissioner Booth also noted the recent hiring suspension (when lifted) could possibly allow some of the projected employees to be laid off, an opportunity to transfer to other positions.

Commissioner Walker expressed concerns already received from citizens regarding the increase in the cost of providing health and dental coverage for employees.

Commissioner Booth expressed concerns with the \$1.4M owed to Baptist Hospital being due when an arrangement is made regarding Stokes Reynolds Hospital.

Commissioner Walker noted that he felt that CEO Pam Tillman had made progress with NC Baptist regarding the due date for the \$1.4M to be changed to the end of December 2011.

Re-baselining the Budget

- **Fiscal Year Budget = \$42,537,831**
 - New School Construction Approved
 - One time funding of for school current expense (\$100,000)
 - Set aside funding for communications upgrade
 - One time funding of SROs (\$250K)
 - \$700K to dedicated fund

- **Approximately \$2.0 Shortfall for Fiscal Year 2011-12 = \$40,824,874**
 - Last year of "Hold Harmless"
 - \$1.38 Million due to Baptist Hospital
 - Revenues down
 - Expenses up
 - New School Debt
 - Continue set aside for communications upgrade
 - Transferred \$1.7M from Dedicated Fund
 - Recommended 4 cent tax increase
 - Significant cost cuts
 - 17 positions unfunded
 - Hospital Risk? – Unknown

- **Projected \$900 Shortfall for Fiscal Year 2012-13 = \$40,437,831**
 - Also expected to be a difficult year
 - Communications upgrade deadline
 - \$800,000 remains available from "Hold Harmless" / Fund Balance – added in FY2011/12
 - \$1.7M not available from Dedicated Fund
 - Hospital Risk?
 - Cut services /fund balance?
 - Health and Dental risk

Financial Accounting Approach

- "Dedicated Fund" Account:
 - Name changed to better describe use of fund, increase transparency
 - Four cent Ad valorem tax increase to be deposited in this fund
- Financial Model:
 - Used to calculate required funds for school construction
 - Determined four cent increase needed to maintain adequate fund balance for school construction and renovation plus associated costs

Interim Manager Morris reiterated the concept of renaming the Dedicated Fund in order to increase the transparency. Interim Manager Morris discussed the four cent additional

Ad Valorem tax that would be deposited into the fund dedicated strictly for school construction/renovation and associated costs.

Commissioner Walker noted the importance of Economic Development in Stokes County in order to maintain low taxes.

Commissioner Walker discussed the 2 cent tax decrease during the last revaluation and the affect it could have had on the county if the 2 cent had not been changed.

Vice Chairman Inman agreed the 2 cent tax would have had an effect on the county if the revenue from the 2 cents had been put in a dedicated fund.

Vice Chairman Inman noted that he did not have an issue with transferring the \$1.7M from the Dedicated Fund as long as the perception is out in the public that even without school construction and not transferring the \$1.7 M, there would still have to be some sort of tax increase.

Commissioner Booth noted that the \$1.7M would be five cents or more tax increase.

Commissioner Jones noted that she did not want a tax increase, but should the BOCC consider possibly an additional half of a cent (\$.050) to eliminate a future tax increase in a couple of years.

The Board discussed the recommended 4 cent tax increase.

Interim Manager Morris noted delaying the tax increase (per Financial Advisor Doug Carter) could increase the amount of tax increase needed.

Commissioner Walker noted that he had not received any negative comments yet regarding the proposed tax increase. Commissioner Walker reiterated the need for school construction/renovation. Commissioner Walker also noted that he wanted Stokes County to be a place that people are proud to say they are from.

Dept. Budget Highlights – School Current Expense

- Budget decreased by \$300,000 / 2.86%
 - Includes last year's \$100,000 one-time appropriation from Hold Harmless

The Board briefly discussed budgeting by purpose/junction and SROs. Commissioner Walker noted that he had been told that the Board of Education only requested funding to cover approximately 2.5 SRO positions.

The Board discussed declining revenues such as sales tax, refinancing bonds, SRO positions, and the recent award of QSCB and QZAB which could be no interest bonds.

Dept. Budget Highlights – School Capital Outlay and Capital Reserve Fund

- School requested \$1,157,440 for capital outlay - \$10,500 of the request is using ADM fund for technology
- \$1,000,000 was recommended for debt service payment
- Recommended capital outlay for School is \$10,500 from ADM for technology, \$221,000 for capital outlay and authorization for use of up to \$300,000 from the School's current expense fund balance
- Sales tax revenues for schools are less than last fiscal year

Dept. Highlights - Across the Board Impacts

- Personnel Services
 - Longevity increases
 - Increased employer retirement contribution
 - Increased health and dental contribution
- Contractual Services
 - Utilities cost increases
- Materials, Supplies & Expense
 - Fuel cost (projected \$4.00 per gallon)

Dept. Budget Highlights- Administration

- Budget decreased by \$39,219 / 19.9%
- Reduction in work force 25% Administrative Assistant
- Reduction in county manager salary / fringe / cell phone / travel and training

Dept. Budget Highlights - Animal Control

- Budget increased \$4,397 / 2.54%

Dept. Budget Highlights - Arts Council

- Budget increase \$2,597 / 3.29%
- Personnel cost only

County Department Overview-Contingencies

- Budget decreased \$129,879 / 23.87%
- Not funded this year from “Hold Harmless”
- Emergency contingency \$150,000
- Personnel Cost \$119,285 to reduce risk, and make any required adjustments during FY 2011/12 due to reduction in work force
- Leave cost \$100,000 for employee payoff of vacation, comp time and/or holiday leave
- Fuel Contingency \$45,000 due to increase fuel prices
- No Community College or Grant match contingencies this year

Dept. Budget Highlights - Cooperative Extension

- Budget decrease \$16,894 / 10.30%
- Director salary and fringe reduced 25% (3 months)
- Admin Secretary funded for only 4 months due to anticipated retirement, reduction of one clerical position effective 1 Nov

County Department Overview - Debt Service

- Budget decrease \$67,269 / 2.13%
- 1997-98 School debt – West Stokes High School/Piney Grove Middle School 6 years remaining
- 2009 financing for PODs for Nancy Reynolds School temporary location 12 years remaining
- 2009 financing for land for schools – new elementary school and Nancy Reynolds School 17 years remaining
- Equipment #1– Sheriff’s Department cars and ambulance remounts payoff FY11/12
- Equipment #2– Sheriff’s Department cars and ambulance remounts payoff FY12/13
- Roof Government Center and EMS station 7 years remaining
- New QSCB and QZAB estimated interest payment could be due FY11/12
- Financing for the two remounts and two defibrillators recommended FY11/12 for five years, first payment will be FY2012/13

Dept. Budget Highlights- District Resource Center

- Budget increased \$4,782 / 3.03%
- Transferred water bill for office space to Public Buildings

Interim Manager Morris noted that all water bills except DSS and Health are now budgeted under Public Works in order for the Public Works Director to have an opportunity to review each bill, this could help to identify excessive usage that could be water leaks.

Dept. Budget Highlights- Economic Development

- Budget decreased \$40,091 / 10.08%
- Personnel
 - Recommendation to not fund administrative assistant (75%)
 - Areas impacted by not funding this position
 - Planning & execution of Stokes County Business Extravaganza

- Updates to StokesEDC.org, VisitNC and StokesPureplay websites; website training programs
- Mileage reimbursement
 - Recommendation to assign county car to ED and only reimburse mileage on an exception basis or when car is not available

Interim Manager Morris noted that he had visited with each department soon after he arrived back and discussed each department's function/staff.

Interim Manager Morris noted that he felt that there could be administrative staff in order for departments to assist other departments who are projected to have a reduction in force.

Commissioner Walker noted that he had already had negative comments regarding the projected reduction in force in Economic Development.

Department Budget Highlights – Elections

- Budget increased \$8,110 / 4.82%
- Board reimbursement, printing, travel, advertising, precinct officials, and rental of buildings and equipment increase due to municipal elections, 1st primary and possible 2nd primary
- Mandated training

Department Budget Highlights – Emergency Communications

- Budget increase \$5,550 / .97%

Department Budget Highlights – Emergency Management

- Budget increased \$1,659 / 1.14%

Department Budget Highlights – Emergency Medical Services

- Budget decreased \$86,892 / 3.52%
- Personnel Services
 - Recommendation to not fund three (3) EMT Intermediate/Paramedic positions and shift supervisors will return to the ambulances while maintaining supervisory duties with other shifting to administrative staff
- Transferred water bill for office space to Public Buildings
- Equipment – Two ambulance remounts and two defibrillators financed for 5 years instead of 2 years.

Interim Morris noted that if the Shift Supervisors were placed back on the truck, there would only be one employee affected due to the recent hiring suspension who could possibly be moved to another department.

Department Budget Highlights – Environmental Health

- Budget decreased \$47,532 / 17.12%
- Personnel Services
 - Recommendation to not fund an Environmental Health Specialist

Department Budget Highlights – Finance

- Budget increased \$13,361 / 4.06%

Department Budget Highlights – Fire Marshal

- Budget decreased \$44,614 / 21.19%
- Personnel Services
 - Recommendation to not fund an Assistant Fire Marshal position

Commissioner Walker noted that he had approved the additional Assistant Fire Marshal position only to help assist fire departments during the day when volunteers were not available.

Department Budget Highlights – Forsyth Technical Community College

- Budget increased \$41,700 / 52.78%
- Personnel Services – Addition of Maintenance/Security position at the Early College site due to additional POD. Position will be responsible for cleaning, mowing, security, etc. at the facility.
- Elimination of security cost of \$6,889 paid to Forsyth Tech
- Utilities, telephone, and supplies were increased due to the new POD addition

Interim Manager Morris noted that the addition of Maintenance/Security position is the only maintenance position recommended in this year's budget and feels that the position is needed due to the additional POD being placed at the site.

Chairman Lankford noted that when school administration introduced the "Early College" concept, it was noted by school administration that there would be no county cost.

Vice Chairman Inman confirmed with Interim Manager Morris that the recommended position would be covered by the four cent additional tax recommended in this year's proposed budget.

Department Budget Highlights – GIS/Mapping

- Budget decreased \$29,810 / 15.33%
- Personnel Services
 - Recommendation to not fund a Mapping/Addressing Technician

Department Budget Highlights – Governing Body

- Budget increased \$13,548 / 1.77%
- Recommendation to eliminate mileage reimbursement for County Commissioners
 - Administration car now has increased availability

Department Budget Highlights – Health Department

- Budget increased \$16,318 / .99%
- Personnel Services
 - Recommendation to not fund a Part Time PHN II \$9,288
- Contractual Services
 - Recommendation to not fund a Contract PHN II \$5,000

Department Budget Highlights – Home Health

- Budget increase \$11,730 / 1.55%
- Personnel Services
 - Recommendation to not fund Lead Worker IV
 - Recommendation to funded PHN II previously unfunded due to increase in client referrals
- Contractual Services
 - Increase in professional services for contracting of billing function
- No county funding, fees cover expenses

Interim Manager Morris reiterated that no county funding was budgeted for Home Health and Home Health's budget is no longer in the "red".

Interim Manager Morris noted that he was currently discussing the use of "webinars" to reduce travel expenses and the use of regional printers with the IT Director.

Department Budget Highlights - Information Systems

- Budget decrease \$25,909 / 11.27%

Department Budget Highlights – Jail

- Budget decrease \$55,863 / 4.02%
- Personnel Services
 - Elimination of bonus pay for housing federal inmates per Sheriff
- Reduction in Federal inmate revenue
 - Transferred water bill for Jail to Public Buildings

The Board briefly discussed the possibility of the state requiring more inmate stays at the local jail with minimal compensation.

Department Budget Highlights – Legal

- Budget – no change
- Includes legal support for SRMH solicitation and negotiations

Department Budget Highlights – Libraries

- Budget decreased \$15,000 / 2.97%
 - \$15,000 was a one-time appropriation in FY 2010-11 from Hold Harmless
- Walnut Cove Library
 - Appropriation for the new addition – Have completed the first \$200,000
 - Now funding 2nd appropriation of \$200,000/\$40,000 a year (3 years remaining)

Department Budget Highlights – Medical Examiner

- Budget – no change

Department Budget Highlights – Mental Health

- Budget – no change

Department Budget Highlights – Natural Resources

- Budget decreased \$17,532 / 10.29%
- Personnel Services
 - Recommendation to not fund Soil Conservation Tech I (50%) position
- Watershed commissioner to forego reimbursement

Department Budget Highlights – Parks

- Budget - no change

Department Budget Highlights – Planning

- Budget decreased \$37,686 / 9.96%
- Personnel Services
 - Recommendation to not fund a Code Enforcement Officer I

Department Budget Highlights – Public Buildings

- Budget decrease \$123,224 / 10.99%
- Transferred water bills for office space at DRC / EMS building, Jail and Vehicle Maintenance buildings

Department Budget Highlights – Purchasing

- Budget increased \$1,557 / 2.41%

Department Budget Highlights – Recreation

- Contract with the YMCA has not changed
 - Contract modifications / termination require six month notification

Department Budget Highlights – Register of Deeds

- Budget decreased \$12,183 / 5.02%
- Personnel Services
 - Recommendation to not fund a Deputy Register of Deeds (50%) position, effective 1 Nov 2011
- Computer purchased with technology funds \$2,000

Interim Manager Morris noted that he honored a request from Register of Deeds Kathy Young to have the recommended reduction of force not be effective until November 1st due to her term as President of the Register of Deeds Association expires October 31st.

Department Budget Highlights – Senior Services

- Budget decrease \$1,144 / .24%

Department Budget Highlights – Sheriff's Department

- Budget decreased \$138,614 / 5.47%
- Personnel Services
 - Recommendation to not fund a E911 Coordinator (Spillman)
 - Recommendation to reclassify three Deputy I positions to Deputy II positions – this change also recommended by previous Sheriff
 - Recommendation to reclassify Deputy Sheriff/SGT/DARE to Deputy Sheriff/LT/DARE/SRO/Community Services to reallocate duties for the non-funded position
 - SRO officers are funded by The Board of Education. FY 2010/11 was a one-time funding of SROs from Hold Harmless
- Increase in Maintenance & Repairs Auto for repairs to vehicle turned over to the Sheriff's Department through the drug seizure program in lieu new vehicle purchases
- Equipment
 - (2) Laptop computers (Federal Fines & Forfeitures) \$5,000
 - Bullet Proof Vest program match \$2,645

The Board discussed the request from Sheriff Mike Marshall for reclassifications.

Interim Manager Morris noted that he personally felt that a request from an elected official should be brought to the Board for consideration.

Interim Manager Morris noted that Sheriff Marshall has elected to forgo purchasing vehicles for this year.

The Board discussed the SRO positions funded by the County last year and would discuss SRO funding request when the Board meets with the Board of Education on June 9th.

Commissioner Walker requested Interim Manager Morris to find out if the Town of Walnut was budgeting for the SRO position.

Department Budget Highlights – Social Services

- Budget decreased \$34,703 / .91%
- Personnel Services

- Recommendation to not fund one Processing Assistant III (50%) in Administrative Unit – County funding decreased \$10,480
- Title change from IMC III to IMC Supervisor I no salary increase effective 07/01/11
- Reduction of contract staff for day care due to mandated changes in program

Commissioner Walker noted that the DSS Board was relatively comfortable with the Budget proposed from Interim Manager Morris.

Department Budget Highlights – Social Services (continued)

- No changes to Aid to Blind
- Day Care appropriations decreased \$192,931 / 12.85% (No County Funding)
- No changes to Medical Assistance (Medicaid)
- Public Assistance decreased \$236,691 / 8.77% County Funding decreased \$54,683

Department Budget Highlights – Solid Waste

- Budget increased \$22,796 / 1.83%
- Personnel Services
 - Recommendation to not fund Sanitation Truck Driver
 - Increase part time salaries for truck driver in case of emergencies
 - Recommendation to reduce part time salaries due to closing the green box sites on additional week day

Interim Manager Morris noted that eliminating the sanitation truck driver would save approximately \$80,000+ (possibly closing on Wednesdays).

Department Budget Highlights – Special Appropriations

- Budget Decreased \$21,014 / 4.01%
- Stokes Friends of Youth county appropriation had no change, the JCPC appropriation was reduced
- Juvenile Services county appropriation had no change, the JCPC appropriation was reduced
- Partnership for a Drug Free NC (Step One) county appropriation had no change, the JCPC appropriation was not changed
- YVEDDI estimated ROAP transportation funds were estimate to be the same as last year. County appropriation was increased \$7,056. Request for funding for YVEDDI building for \$25,000 was not recommended.
- SCAN county appropriation had no changes, the JCPC appropriation was not changed.

Department Budget Highlights – Special Appropriates (continued)

- N.C. Forestry Service \$8,942 reduction due to truck financing paid off
- King Senior Center requested \$10,000, recommended \$5,000
- Recommended no funding Roanoke River Basic \$3,722, NC Wildlife Resources Commission \$4,000, and King Chamber \$5,500
- Recommended Stokes County Fire & Rescue Association funded \$10,870, instead of \$28,870

- Walnut Cove Senior Center recommended \$7,259 county match for General Purpose and Senior Center Operations grants

The Board discussed Interim Manager Morris' recommended appropriation for the King Senior Center. The Board agreed to discuss the issue further at another budget work session.

Department Budget Highlights – Superior Court

- Budget decreased \$1,692 / 3.07%
- Jury Commissioner reimbursement (budgeted every other year)

Department Budget Highlights – Tax Administration/Revaluation Fund

- Budget decreased \$9,165 / 1.69%
- Revaluation Fund
 - Budget increased \$3,000 / 2.29%

Department Budget Highlights – Transfers

- Budget decreased \$142,213 / 11.03%
- Transfers
 - Capital Reserve \$150,000 Radio Update 2013 and \$10,000 for SRO vehicles paid by BOE
 - Revaluation Fund \$124,222 operations funding
 - SRMH Fund \$300,000
 - Schools/FTCC Construction/Operating Fund-Debt Service, \$562,362 savings from debt payoff per model

Commissioner Walker noted that he was not in favor of the \$300,000 budgeted for Stokes Reynolds Memorial Hospital and requested the item be reviewed at a further Budget Work Session.

Department Budget Highlights – Vehicle Maintenance

- Budget increased \$3,963 / 2.82%
- Transferred water bill to Public Buildings
- Parts Washer \$900 transferred from Capital Reserve

Department Budget Highlights –Veterans Services

- Budget decreased \$11 / .06%
- Employee declined longevity increase

Interim Manager Morris noted that the County had been notified

Department Budget Highlights – School/FTCC Construction/Operating Fund-Debt Service Fund

- Changed the name of the fund from Dedicated Fund-Debt Service
- Transferred the one time appropriation of \$1.7m to General Fund

- Recommended a 4 cent Ad valorem tax to be deposited into this fund for the debt payments for School/FTCC construction/operating cost
- The amount appropriated for Ad Valorem tax is the amount needed for the FY 2011/12. The amount collected over appropriation will build this fund's fund balance for current and future debt payments per the model.

Commissioner Walker expressed concerns with the transfer of \$1.7M that a previous Board had appropriated.

Vice Chairman Inman reiterated that when the Dedicated Fund was set up, there was no slow economy and approximately \$300,000+ lottery proceeds.

Chairman Lankford noted several projects such as paving that has been put off several years. Commissioner Walker requested a list of projects that the County has postponed due to un-appropriation of funding.

Department Budget Highlights – E911 Fund

- Equipment to be funded FY 2011/12
 - Upgrade recorder to record all 911 trunks
 - Quality improvement review software upgrade 5.1
 - Headsets
- Evaluating a change to regional backup center
 - Would be required to receive grant funding

Interim Manager Morris discussed changing to a regional backup center which could be implemented by a grant for Stokes, Rockingham, and Caswell Counties. This would eliminate individual county backup systems which go down when the E911 went down.

Interim Manager Morris noted that an answer would be needed by May 31st.

The Board discussed the regional backup center with Interim Manager Morris and had no issues with the concept.

Department Budget Highlights – Enterprise Funds

- Regional Sewer Fund
 - No changes to sewer rates
- Danbury Water Fund
 - Increased \$118 / .17%
 - No changes to water rates
- SRMH Fund

- Recommended \$300,000 operating appropriation

Department Budget Highlights – Fire Departments

- King Fire District Fund
 - City of King requested a 1 cent tax increase, which was not recommended
 - Tax rate remains at 6.5 cents – collection rate 95.50%
- Rural Hall Fire District Fund
 - Town of Rural Hall requested a 1 cent tax increase, which was not recommended. Not recommended due to fund balance availability for appropriation
 - Tax rate remains at 6.5 cents – collection rate 95.50%
- Walnut Cove Fire District Fund
 - Tax rate remains at 5 cents – collection rate 95.50%
- Service District Fund
 - Tax rate remains at 6.5 cents – collection rate 95.50%

Department Budget Highlights – Walnut Cove Senior Center

- Budget increased \$881 / 1.12%
- Requested additional fund from the County, which was not recommended.
- County appropriation is only the matching for the Operating and General Purpose grants
- Other funding will come from their fund balance

Department Budget Highlights – What Ifs?

- *What if* furloughs were used in lieu of layoffs?
 - 13 days would be required for entire workforce
 - Recurring personnel costs would still be present
 - Part time staff would have to fill numerous positions at significant cost
- *What if* 401K was not funded?
 - It would produce \$46,010 additional revenue
 - Larger number of employees would be impacted
- *What if* longevity was not funded?
 - \$69,939.65 revenue would be generated
 - Larger number of employees would be impacted
- *What if* Ad valorem taxes were raised less than 4 cents?
 - Fund balance would be reduced, resulting in additional risk in meeting school debt requirements
 - Could require additional tax increase later to complete school construction / renovation
- *What if* \$1.7 million from the Dedicated Fund was not transferred to “General Fund” this year?
 - Revenue would have to be made up with additional cuts or increased taxes
- *What if* funding from “Hold Harmless” was appropriated this year to address revenue shortage?
 - Budget risk for next year would increase

Interim Morris noted that the list of “What if” could be discussed later and welcomed

any additional “What ifs” from the Board.

Department Budget Highlights – In Summary – What is so Important?

- Re-baselining county budget by FY2012/13 with loss of “Hold Harmless”
- Reducing risk associated with SRMH
- Establishing solid plan for repayment of school construction debt, which is supported by the LGC
- Assisting employees impacted by layoffs
- Maintaining a strong fund balance
- Maintaining adequate service levels to citizens
- Meeting communications upgrade deadline in 2013

Interim Manager Morris noted that he was very concerned with the reduction in force that has been recommended and would like to try to place those individuals in other vacant positions if feasible.

Commissioner Walker suggested possibly looking at a severance policy for reduction in force employees.

The Board discussed making sure this Board considers the anticipated shortfall for Fiscal Year 2012-13.

The Board decided to plan to discuss revenues at the next meeting and requested the Board email any questions to Interim Manager Morris.

Chairman Lankford expressed appreciation to Interim Manager Morris for the detailed power point which contained valuable information regarding the proposed budget.

Special Meeting

The Board discussed scheduling another Special Session to continue discussion regarding the future of Stokes Reynolds Memorial Hospital. The Board agreed to schedule a Special Session for Monday, June 6, 2011 at 3:30 pm.

Adjournment

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

Commissioner Jones moved to adjourn the Budget Work Session. Commissioner Booth seconded and the motion carried unanimously.

Darlene M. Bullins
Clerk to the Board

Ernest Lankford
Chairman