

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
MAY 31, 2011

The Board of Commissioners of the County of Stokes, State of North Carolina, met for a Budget Work Session in the Conference Room of the Ronald Wilson Reagan Memorial Building (Administration Building) located in Danbury, North Carolina on Tuesday, May 31, 2011 at 10:00 am with the following members present:

Chairman Ernest Lankford
Vice Chairman J. Leon Inman
Commissioner Jimmy Walker
Commissioner Ronda Jones
Commissioner James D. Booth

County Personnel in Attendance:
Interim County Manager Richard D. Morris
Clerk to the Board Darlene Bullins
Finance Director Julia Edward

Chairman Ernest Lankford called the Budget Work Session to order.

Commissioner Booth delivered the invocation.

GENERAL GOVERNMENT-GOVERNING BODY-PLEDGE OF ALLEGIANCE

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

FY2011/12 Revenue Summary For Stokes County Board of County Commissioners (BOCC)

Interim County Manager Rick Morris presented a brief overview regarding the revenue projections in the Proposed Fiscal Year 2011-12 Budget:

Overview

- Revenue projections are conservative due to slow economy and other unknowns
- Projections for FY 2011/12 are based primarily on actual collections this year compared to budgeted amount
- Largest revenue problem is expiration of "Hold Harmless" funds next year
- Holding a strong Fund Balance is critical to reducing financial risk for the county
- School system revenues are also down

FY11/12 Project Revenue Summary

- Ad Valorem Taxes = 52.88%
- Restricted intergovernmental Revenues = 19.37%
- Other revenues = 10.14%
- Sales and services = 8.88%
- Other taxes and licenses = 7.58%
- Permits and fees = .82%
- Unrestricted intergovernmental revenues = .33%

The Board discussed the different types of revenues and what was included in each category.

Interim Manager Morris noted that he would furnish the Board with a chart containing what each type of revenue consist of.

Vice Chairman Inman noted the possibility of the upcoming revaluation which could be flat or even down due to the economy.

Ad Valorem Taxes

- FY 11/12 county value is \$3,624,466,440
 - Estimated Ad valorem revenue is **\$20,768,193** using a 60 cent tax rate at 95.5% collection rate
- For comparison FY10/11 value was \$3,592,123,717
 - A higher collection rate of 96.25% was used, which produced **\$20,744,514** in Ad valorem revenue

Finance Director Julia Edwards noted that as of last Friday, there was approximately \$291,400 (Ad Valorem Taxes) remaining to be collected for Fiscal Year 2010-11.

Vice Chairman Inman requested that the county's Ad Valorem taxes be compared with like size counties.

F/Y 2010-2011 Sales Taxes

- Sales taxes are currently **\$338,041** behind compared to last year
- Sales tax revenue estimates for 30 June 2011 are:
 - Article #39 - \$1,186,824 (budgeted amount \$1,400,000)
 - Article #40 - \$1,426,009 (budgeted amount \$1,425,000)
 - Article #42 - \$325,768 (budgeted amount \$365,000)
- Projected shortfall this year in combined sales tax revenue is **\$251,399**

Fiscal Year 2011-12 Sales Tax Estimate

- Recommended FY11/12 budget reduces sales tax estimates as shown below
 - Article #39 from \$1,400,000 to **\$1,200,000** (one cent sales tax)
 - Article #40 remains at **\$1,425,000** (one half cent sales tax that it shared with the school system for capital outlay)
 - Article #42 from \$365,000 to **\$325,000** (one half cent sales tax that it shared with the school system for capital outlay)
- These are conservative estimates based on actual collections experienced during this budget year

Finance Director Julia Edwards noted that the sales tax estimates are conservative projections.

The Board discussed the recent update noting that the unemployment rate for April for Stokes County is 9%.

Other Revenue Items of Interest

- Reimbursement for Federal inmates budgeted at \$7,000 for FY 2011/12 due to an approximately \$170,000+ shortfall for current F/Y 2010-11; last year's revenue was \$175,000 (F/Y 2009-10)
- Home Health fees are now in the black and projected to stay there for FY2011/12
- Veterans office now expected to receive its regular funding from State of N.C. for \$2,000
- Recommended budget uses projections from the State of N.C. for Health Dept and DSS
- QZAB funding for school construction was approved last Friday (this covers renovations) (\$2.7 million)

The Board discussed the Federal inmate revenue shortfall. Interim Manager Morris suggested looking into entering into a contract with the Federal Government to house Federal inmates.

Vice Chairman Inman requested additional information regarding the amount that Home Health is in the black.

Revenue Adjustments

- Below are areas where revenue projections could be increased by BOCC
 - Ad valorem collection rate
 - Beer and wine receipts
 - Medicaid reimbursement for EMS

- Manager Morris' recommendation is to not increase any of these projections and to use any excess revenues that occur to offset other revenue shortfalls or to increase the "General Fund" Balance.

Manager Morris recommended that the Board review the projected Revenue Summary included in the for Fiscal Year 2011-12 proposed budget.

The Board discussed the following projected revenue account:

- Dog Tag Licenses
- Health – Environmental Health- (not receiving \$4,000 from the State)
- Elderly/Handicapped Transportation is combined with ROAP Funding
- NC Department of Insurance (not receiving \$2,034 which was a grant)
- Daycare – Reduced per State projections (State is going to a new system which will have some type of debit cards instead of the county paying Daycares by check)
- Veterans Affairs- will possibly increase \$2,000
- Lottery proceeds are not budgeted, amount show directly into the Dedicated Fund
- Collections for Medicaid Fraud
- Federal Inmate Reimbursement (projected decrease)
- Emergency Management (projected increase)
- NWPCOG – Home Delivered Meals (projected increase)
- Hold Harmless Revenue
- Court Cost & Fees – Officers Fees (projected decrease)
- Building Fees – (slight increase)
- Proceeds from financing (financing for ambulance remounts and defibrillators)
- Health Miscellaneous (increase projected by Health Department) already over budgeted for this fiscal year

Vice Chairman Inman noted that Representative Holloway had indicated that the State may have their budget adopted by the end of the week if not vetoed by the Governor.

The Board discussed the lack of Hold Harmless next year.

Medicaid Fraud Investigator

The Board discussed the Fraud Investigator position which was a new funded position in the FY 2010-11 funded last fiscal year.

Commissioner Booth questioned why the Sheriff's Department is not involved when fraud is suspected. Commissioner Booth noted that his understanding from the former Sheriff was that

DSS did not want to prosecute those who had committed, but rather recoup the dollars from their current allotment.

Interim Manager Morris questioned if the BOCC would like a complete report regarding the Fraud Investigator position approved last fiscal year.

The Board requested the following additional information regarding the Medicaid Fraud Investigator:

- Does the Fraud Investigator do both Medicaid and Food Stamps?
- What is the DSS relationship with the Sheriff's Department
- Does the IMC staff report suspected fraud to superiors?
- What is the cost of the position?
- What amount has been recouped during the past fiscal year?

Commissioner Walker, who serves on the DSS Board, confirmed that DSS does prosecute fraud.

The Board discussed the Hold Harmless revenue.

The Board requested information regarding how the Hold Harmless was allocated last fiscal year.

Finance Director Julia Edwards noted the following Hold Harmless appropriations for Fiscal Year 2010-11:

- Paving
- Gravel Parking Lot
- Home Health Renovations (former Day Care)
- Equipment
- Communication – Radio Update
- Dedicated Fund
- SROs - one time
- Grant Match
- School - Current Expense
- School – Capital Outlay
- Library – Special Allotment for Books
- Economic Development – Special Allotment for EDC – Special Partners
- Contingencies – (General)
- Contingencies – Revenue

- Contingencies – Fuel
- Contingencies – Community College
- Fire and Rescue Association

Finance Director Edwards noted that a few items that have not been started have been un-appropriated.

Interim Manager Morris noted that he would have the answers to today's questions ready for the next Budget Work Session.

Chairman Lankford requested when the Solid Waste contract with City of Winston Salem terminates.

The Board discussed a future COLA, longevity increases, and health/dental benefits for county employees.

Commissioner Booth noted the employees were very appreciative for the longevity increases.

The Board discussed possible mergers of State departments.

Commissioner Walker noted that the increase in health/dental and retirement is equal to a one cent tax.

Commissioner Walker noted he felt the County is not overstaffed and is very fortunate to have dedicated, hardworking employees.

Chairman Lankford noted that like size counties took measures this past fiscal year and Stokes County didn't.

The Board discussed the following regarding School Resource Officers:

- Revenue projected in the upcoming proposed FY 2011-12 Budget from Board of Education = \$256,900
- Information is that the school system is only allocating \$100,000 for SROs
- Is the Town of Walnut Cove budgeting for one SRO?
- Three SROs cover high schools, Three SROs cover middle schools, and one part time SRO at Meadowbrook (Walnut Cove provides the one for the middle school)

- \$100,000 will only fund approximately 2.5 positions
- \$10,000 is included in the estimate for replacement of vehicles used by the SRO
- Are SROs at the high school mandatory?
- Would definitely like to discuss the SROs with the Board of Education at the joint meeting scheduled for June 9th

The Board requested the number of cars in the county fleet.

The Board discussed Home Health Fees.

The Board discussed financing methods.

Interim Manager Morris explained the following transfers included in the budget:

- Transfer from Capital Reserve = \$900 for Parts Washer
- Transfer from Schools Capital Outlay Fund = \$1,000,000.00
- Transfer from School/FTCC Construction/Operating Fund = \$1,041,516.00
- Transfer from School/FTCC Construction/Operating Fund = \$1,700,000.00

Interim Manager Morris reiterated that there was no Fund Balance Appropriation.

The Board discussed possibly shortening the School/FTCC Construction/Operating Fund's name, possible just School Construction Fund.

Chairman Lankford requested the Interim Manager to continue to keep the BOCC updated on the progress of the cell tower in the Lawsonville area.

The Board discussed the following upcoming informational meetings:

- Industry Day – June 14th (1:00 pm to 3:00 pm) Communications Upgrade
- Duke Readiness Program – June 21st (1:00 pm to 3:00 pm) Assessment program for the former JPS Building in Westfield

Chairman Lankford requested Board members to have questions regarding expenditures for the next Budget Work Session.

The Board continued discussion regarding the SROs. The Board discussed the following:

- Complaints received from parents indicating that children who are being charged with assault just for pushing a kid in self defense
- Lack of funding allocated by the Board of Education for SROs
- School administration is relying on the SRO for just about every incident or disciplinary action

- Possible at risk funding is available

The Board unanimously agreed to discuss these issues with the Board of Education at the joint meeting on June 9th.

The Board confirmed the following requests made at today's meeting:

- Comparing of Ad valorem taxes with like size counties (this could be hard to do due to some counties have a large amount of industry)
- Medicaid Fraud Investigator
- Solid Waste Contract (termination)
- SRO being paid by Town of Walnut Cove
- Mandatory for SRO at high school
- Chart containing what each type of revenue consist of
- Home Health revenue status

Adjournment

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

Vice Chairman Inman 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