

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, 2011

The Board of Commissioners of the County of Stokes, State of North Carolina, met for a Recessed Budget Work Session (recessed from the June 21<sup>st</sup> Budget Work Session) in the Commissioners' Chambers of the Ronald Wilson Reagan Memorial Building (Administration Building) located in Danbury, North Carolina on Wednesday, June 22, 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 Recessed Budget Work Session to order.

Vice Chairman Inman delivered the invocation.

**Budget Work Session – Continued Discussion**

Chairman Lankford opened the floor for continued discussion regarding the proposed Fiscal Year 2011-12 Budget.

**Summary of BOCC Adjustments –Approved at the June 21<sup>st</sup> Budget Work Session**

Interim Manager Rick Morris presented the following summary of adjustments approved by the Board of Commissioners at the June 21<sup>st</sup> Budget Work Session:

**Expenses**

EMS Defibrillators	\$	10,000.00
New Tax position (net change)	\$	21,431.00

June 22, 2011

[1]

County Manager furlough	\$ (1,448.00)
Veteran Officer furlough	\$ (637.00)
EDC Board Reimbursement	\$ 2,250.00
Kobe Wieland Grant	\$ 51,000.00
Fluorescent Light Program	\$ 67,803.00
Solid Waste	\$ 12,362.00
King Senior Center	\$ 2,259.00
Hospital (Hold Harmless)	<u>\$ 1,380,000.00</u>
<b>Totals</b>	<b>\$ 1,545,020.00</b>

**Revenues**

EMS Fee Increase	\$ 134,300.00
EMS Defibrillators-Financing	\$ 10,000.00
New Tax position -Ad Valorem Tax	\$ 57,300.00
Fluorescent Light Program	\$ 17,926.00
Revenue from Hold Harmless	<u>\$ 1,380,000.00</u>
<b>Total</b>	<b>\$ 1,599,526.00</b>

**Additional Revenue above the**

**Expenses \$54,506.00**

**Recommendation:**

**Add to Personnel Contingency**

Finance Director Julia Edwards presented following corrected budget sheets:

- Expenditures Summary
- Revenue Summary
- Administration
- Contingency
- Emergency Medical Services
- Economic Development
- Forsyth Tech
- Public Buildings
- Solid Waste Collection
- Special Appropriations
- Tax Administration
- Transfer to Other Funds
- Veterans Services
- Stokes Reynolds Memorial Fund

Interim Manager Morris noted the following regarding the estimated \$1.3m owed to Baptist Hospital by Stokes Reynolds Memorial Hospital:

- Feels this is a hospital expense
- County's responsibility is based on the losses of the hospital
- Explained the hospital debt in the budget message and the recommendation to use Hold Harmless Funding to pay the debt
- This special circumstances was known last year, but not included in the budget
- If the amount is included in this year's budget, it would make it extremely hard to compare budgets
- It was a liability last year as it is this year with a lot of unknowns – the amount, the date due, etc.
- Being consistent with both budget years
- Budget Amendment can be done when the final amount is due

The Board discussed the Contingencies proposed in the F/Y 2011-12 Budget.

Vice Chairman Inman agreed that everything in a budget must be transparent in order to be able to explain the budget to the citizen on the street.

Vice Chairman Inman expressed concerns regarding adding the \$1.38m which automatically increases the proposed budget by \$1.38m. Vice Chairman Inman noted that there is a huge unknown regarding what amount of funding, if any, that the County will be responsible for.

Commissioner Jones noted that there are several unknowns regarding the hospital and that acknowledge of the debt as included in the interim manager's budget message might be better than putting an estimated amount in the budget.

Vice Chairman Inman noted that the interim manager had fully disclosed the potential debt owed by Stokes Reynolds to Baptist Hospital in his budget message.

Commissioner Walker noted that he was looking for the following in a budget:

- A technically proper budget
- A budget that will not trigger an audit exception
- A budget that is transparent
- A budget that allows citizens to see exactly what has been approved
- A budget that allows citizens to be able to see exactly how every penny is spent by the County

Chairman Lankford agreed that it would be very hard to explain why it wasn't put in last year's budget.

Vice Chairman Inman reiterated the importance of transparency in a budget.

Commissioner Booth confirmed with Finance Director Edwards that there would be no audit exception because the Hold Harmless was not budgeted.

Commissioner Walker expressed concerns with the \$300,000 being allocated for hospital operations with no executed signed lease.

The Board discussed the \$300,000 allocated for hospital operations in the proposed F/Y 2011-12 Budget.

Commissioner Booth stated that he had no problem with the amount owed to Baptist not being in the proposed budget and that a budget amendment can be done once the Hold Harmless is received and the actual debt amount is known.

Chairman Lankford stated that it was the consensus of the Board to not include the amount owed to Baptist in the upcoming F/Y 2011-12 Budget.

### **New Schools/F-Tech Fund**

Interim County Manager Rick Morris noted the following name for the proposed \$.04 cent tax title = New Schools/F-Tech Fund.

The Board discussed the proposed tax name.

The Board unanimously agreed that the title should be simple.

Chairman Lankford stated that the Board unanimously agreed to use New Schools/F-Tech Fund as the fund name and to have New Schools/F-Tech Fund replace the Dedicated Fund title.

Vice Chairman Inman noted that House Representative Bryan Holloway is trying to secure a \$250,000 annual appropriation for a new stand alone community college.

Chairman Lankford confirmed that House Representative Holloway had secured the annual \$250,000 annual appropriation for a new stand alone community college.

## Economic Development Director - Travel Allowance

Commissioner Jones stated that she had no issues other than the travel allowance for the Economic Development Director and requested to discuss the ED Director's Travel Allowance.

Interim Manager Morris discussed the following regarding his recommendation in the proposed ED budget:

- Rather than do the mileage reimbursement, do a travel allowance
- From an internal control, travel allowance is a much cleaner way
- Currently mileage is approved after the fact
- Would be very impracticable to approve each trip prior the trip
- Would have a county car for the director's usage
- Travel allowance is taxable
- Average reimbursement is approximately \$400 per month
- Decision doesn't have anything to do with the Director personally
- Feels a county car and/or travel allowance would be a better internal control
- Travel allowance has a set of checks and balances
- Economic Development Director reports directly to the manager
- Currently being reimbursed \$.41 per mile

Commissioner Jones expressed the following:

- Don't want to make it hard on the ED Director
- Have a lot vested in the current Director, don't want to lose him
- Don't have an issue with providing a county car and a travel allowance
- Just don't want him to feel restricted
- Travel allowance is a better internal control
- Want to try to be fair and equitable

Commissioner Walker expressed concerns with the Commissioners' mileage reimbursement being taken out of the proposed budget for Fiscal Year 2011-12.

The Board discussed the amount of the travel allowance for the Economic Development Director.

Chairman Lankford feels the Director should use the county car if possible like all other department heads.

Commissioner Walker noted the Economic Development Director position is unique and can't always be compared to using the same guidelines as other department heads.

Chairman Lankford, Commissioner Jones, and Commissioner Booth agreed with the use of the county car along with \$360 travel allowance. Vice Chairman Inman and Commissioner Walker agreed with the use of the county car along with \$400 travel allowance.

Commissioner Jones reiterated that the item can be revisited at any time.

Commissioner Booth reiterated the option to use a county vehicle.

Chairman Lankford stated that the majority of the Board agreed to the use of a county car along with \$360 travel allowance.

Commissioner Booth stated that he was at the same place as Commissioner Jones and had no other issues with the budget.

#### **EMS –Shift Supervisors**

Commissioner Walker reiterated that he wanted the best Emergency Medical Services available for the citizens of Stokes County especially in the out laying areas.

Commissioner Walker questioned what happens to Life One.

Interim Manager Morris discussed the new program wanting to be started by Dr. Nelson:

- New program must have two paramedics on the scene which is not always available
- If you leave the shift supervisors as is, there is not a guarantee that there will be two paramedics on the scene when needed to do the new program
- Dr. Nelson feels there will be two paramedics more often if there are no staffing changes
- Feels an assessment can be done to see how many times the procedure could have been done

Interim County Manager Morris noted that Life One would be on standby to be used by the Emergency Services Director, Assistant Emergency Services Director, and the Training Officer during the day.

Commissioner Walker requested to start discussion with the recommended budget items provided by the Interim Manager Morris on June 21<sup>st</sup>.

**Tax Increase - \$.04 cent**

Chairman Lankford polled the Board regarding the \$.04 cent tax increase.

Commissioner Walker:

- Haven't ruled it out yet
- Not happy about a tax increase

Commissioner Jones:

- See no way around it
- It is reality
- Hope four cents will do
- Do not want to do this again
- Ready to vote yes
- County must be proactive and be able to pay the bills

Commissioner Booth:

- Not for a tax increase
- Agree with Commissioner Jones--no other way
- Like it separate as recommended by Interim County Manager Morris
- Ready to vote yes

Vice Chairman Inman:

- Never voted for a tax increase in the 9 years serving as a Commissioner
- Don't believe anyone is excited about a tax increase
- Not in favor of a tax increase
- Citizens need to know what it will take to complete the capital projects in order plan their personal budgets
- Have not had anyone complain about the proposed tax increase which has been in the paper
- Must make an investment in the county and for the future of the county
- Will put on record – Will not support or vote for a tax increase next year even if it is needed for operational, would take from the Fund Balance before a tax increase
- Can justify the proposed tax increase
- Must also remember what other impacts have been put on this year's budget – increase in employee health/dental premiums, increase in employer retirement contributions, loss of Hold Harmless next year, loss of sales tax revenues, loss of other revenues, possible hospital losses, etc. which are all a part of the "big picture"
- Support being proactive to have a standalone community college in Stokes County

Chairman Lankford:

- Never voted for a tax increase
- Agree with Commissioner Jones, it is reality, no other options
- Feels Administration has projected what is currently needed to pay for the approved projects
- Feels the citizens can accept a tax increase if it is clearly shown what the tax increase is being spent for
- Never thought I would say that I am on board with the four cents tax increase

Chairman Lankford stated that it was consensus of the Board to include a \$.04 tax increase for New Schools/F-Tech Fund in the Fiscal Year 2011-12 Budget.

Commissioner Walker confirmed that the \$.04 cent tax will be placed in a dedicated fund.

Chairman Lankford requested Commissioners to place any other issues/concerns on the table for discussion.

#### **Reclassification/New Positions**

##### **Sheriff's Department – Reclassification of Deputy I to Deputy II**

##### **Sheriff's Department – Reclassification Deputy/Sgt/DARE to Deputy/LT/DARE/SRO**

The Board had no issues with the reclassifications request by Sheriff Mike Marshall.

#### **Maintenance/Security Early College- New Position**

The Board had no issues with the new position recommended by Interim County Manager Morris.

#### **Funding of PHNII Position- Home Health**

The Board had no issues with the new position recommended by Interim County Manager Morris which will be funded by Home Health fees.

#### **Economic Development – Elimination of Administrative Staff**

Commissioner Walker expressed the following concerns with the elimination of the Economic Development position:



- Very concerned with eliminating the position
- Feels the ED position is needed

Commissioner Walker stated that he was not on board with cutting the ED position.

#### **EMS –Shift Supervisors – Relocation to EMS Unit**

Commissioner Walker stated that he was apprehensive in placing the EMS Shift Supervisors back on the unit.

Chairman Lankford stated that Interim County Manager Morris along with the rest of the Board agreed that this would be a trial basis and an assessment would be done to make sure the decision was the right decision.

Commissioner Walker stated that he would leave the positions as is.

#### **Register of Deeds – Elimination of Part Time Position**

Commissioner Jones noted that Register of Deeds Kathy Young has stated that the Department would be able to continue to provide the services to the citizens with the elimination of the part time position.

#### **Social Services – Elimination of Part Time Position**

Commissioner Walker stated that he was not totally on board with eliminating the part time position, but the department does have flexibility with the number of the staff.

#### **Fire Marshal – Elimination of Assistant Fire Marshal Position**

Commissioner Walker stated that he felt the Fire Marshal position was for fire suppression during the daytime hours in order to eliminate the hiring of part time staff.

#### **Funding for Schools**

Commissioner Walker questioned Interim Manager Morris if his recommendation for Current Expense and Capital Outlay had changed.

Interim Manager Morris noted the following:

- Would stay with his recommendation
- Everyone is in the process of rebase lining the county budget
- County has taken a hard hit
- Schools are taking a less hit

Finance Director Julia Edwards noted the following cuts:

- County cut 2.6%
- Schools were cut 1.90% in current expense not including the special \$100,000 appropriation (one time appropriation)
- Schools were cut 2.98% over last year in current expense with the \$100,000 appropriation

Vice Chairman Inman noted the following:

- Spoke with Finance Director Lanette Moore
- Cuts will have to be made
- Administration will not fill some open positions
- Will cut one position at Central Office
- Francisco will probably be sharing a clerical position due to enrollment
- Confirmed with Director Moore that cuts could be made without impacting the classroom instruction
- Some classroom sizes may increase
- Reiterated that next year will be even worse for education

Interim County Manager Rick Morris stated that the starting recommended budget was 4.02% decrease over last year's budget.

Commissioner Walker noted that the Board of Education must understand that additional funding isn't available due to the already approved capital projects.

### **Governing Body – Travel – Mileage Reimbursement**

Commissioner Walker expressed the following concerns with the elimination of mileage reimbursement for the Board of Commissioners:

- Doesn't agree with the recommendation
- Employees continue to get longevity steps
- Governing Body does not receive longevity steps
- Benefits continue to increase for employees
- It is consistent for all Board members to use

- Feels the mileage reimbursement should be put back in the budget
- Supports a small stipend for individuals serving on other Boards

The other Board members didn't have any issues with the recommendation to eliminate the mileage reimbursement.

Interim Manager Morris stated that this was an opportunity to lead by example and this is a symbolic gesture during difficult economic times.

Commissioner Jones noted that when times get better, it can be revisited.

### **Other Items for Discussions**

Commissioner Walker noted that he had received comments that there were postings at Stokes Reynolds Hospital regarding being hired by Pioneer Health Services which has not been approved yet to lease the hospital.

Commissioner Walker questioned if there was funding in this recommended budget for the King Clinic. Commissioner Walker stated that he heard remarks from citizens who had called the King Clinic for an appointment and been told to call the Danbury Office. Commissioner Walker noted the need to look into the operation of the King Clinic after the budget process.

Commissioner Booth noted that the Board of Health voted to discontinue operation at the King Clinic until after the accreditation process is completed due to the facility in King currently is not up to standards for accreditation. Commissioner Booth also noted the small number of patients being seen at the clinic and it is currently not feasible to operate.

Interim County Manager Morris stated that the funding for the King Clinic is included in the Health Department Budget.

Commissioner Walker confirmed with Finance Director Edwards that there was \$140,000 in a Contingency account in F/Y 2010-11 to offset the loss of sales tax revenue.

Finance Director Edwards noted that any unused funding remaining in a Contingency account at the end of the Fiscal Year 2010-11 (June 30, 2011) would automatically fall into Fund Balance.

Finance Director Edwards noted that was approximately \$300,000 remaining in Contingencies at the end of the Fiscal Year 2010-11 (June 30, 2011) that will automatically fall into Fund Balance.

The Board discussed the Contingency accounts proposed in the Fiscal Year 2011-12 Budget.

Interim County Manager Rick Morris requests approval from the Board, if the budget was approved today, to post the vacant positions immediately internally so that the reduction in force employees could apply and be rehired before July 1, 2011 and also be allowed to retain their insurance coverage. Interim Manager Morris also requested the county allow the reduction in force employees who take another job on July 1<sup>st</sup> retain their longevity.

Vice Chairman Inman confirmed with Interim Manager Morris that all the employees who were losing their jobs would be given the opportunity to apply for the vacant positions.

Vice Chairman Inman also confirmed with Interim Manager Morris that even if the reduction in force employees take another job, there will still be a reduction in the number of Stokes County employees.

Commissioner Jones noted that time was of the essence to pass this budget in order to try to place the reduction in force employees in another county position that was vacant if possible.

The Board unanimously agreed to allow the postings of the vacant positions, if the budget was adopted today, allow those reduction in force employees who were hired to retain their insurance coverage and also allow those reduction in force employees to retain their longevity.

Vice Chairman Inman also confirmed with Interim Manager Morris that those departments who are losing staff such as Economic Development, at your discretion, will be able to use the employee share from other departments who are not as busy.

Interim Manager Morris stated that he would be meeting with department heads for their input to develop a plan to make sure the departments are covered administratively.

Vice Chairman Inman also confirmed with Interim Manager Morris that he would continue to evaluate every department and if a department head has any kind of issues regarding staffing, that issue will be brought back to the Board of Commissioners for consideration.

Commissioner Walker confirmed with Interim Manager Morris that his understanding was that there are plans in the making to make sure the administrative needs for Economic Development will be covered.

Commissioner Walker noted the need for Economic Development in Stokes County and that the three top topics with the citizens in the County today are jobs, schools and taxes.

Interim Manager Morris noted that there are already mechanisms in place such as the the Economic Development Director can transfer all emails to his blackberry along with his telephone calls.

#### **Hospital Debt – Estimated \$1.38m**

Chairman Lankford polled the Board regarding whether to keep the estimated \$1.38m owed by Stokes Reynolds Memorial Hospital to Baptist Hospital in the Fiscal Year 2011-12 Budget:

**Vice Chairman Inman:** Ok either way as long as the transparency is there, but noted by placing the amount in this year's budget and not in last year's budget will bring this year's total budget within a \$113,000 of last year's with a 4 cent tax increase

**Chairman Lankford:** Can explain the budget better without it being there

**Commissioner Booth:** Can go with it not being there, since it will not affect the audit

**Commissioner Walker:** Still have hope that Baptist will work with the hospital to possibly make payments

**Commissioner Jones:** Can go with it not being in the budget

Finance Director Edwards stated from a financial point, it can be done either way – put in or not put in.

Interim Manager Morris stated that with it in this year and not in last year, it makes difficult for someone to compare the two budgets.

Commissioner Walker suggested possibly having the Chairs from the Board of Commissioners and Hospital Board of Trustees, Interim County Manager Morris and CEO Tillman meet with hospital officials with Baptist.

Chairman Lankford suggested discussing this further at the Board of Trustees meeting on Monday with CEO Tillman possibly taking the lead on this.

Interim Manager Morris confirmed with the Board that upon the adoption of the budget the hiring suspension is no longer in effect.

Chairman Lankford noted that the unfunded positions will be brought back to the Board on a one on one basis if needed.

Chairman Lankford stated that the Board unanimously agreed to take the \$1.38m out of the recommendation budget.

### **Fire Districts**

The Board discussed the recommendation from Interim Manager Morris regarding the Walnut Fire District, King Fire District, Rural Hall Fire District, and the Stokes County Fire Service District.

Interim Manager Morris noted that the King Fire District and Rural Hall Fire District had requested a one cent fire tax increase which was not recommended to the Board. Finance Director Edwards noted that the Rural Hall Fire District was satisfied using Fund Balance instead of increasing the fire tax.

Chairman Lankford stated that it was the consensus of the Board that the Fire Tax remain the same for all districts as recommended by Interim County Manager Morris.

**Adoption of the Fiscal Year 2011-12 Budget**

Chairman Lankford entertained a motion.

Vice Chairman Inman, based on the work of the Interim Manager and Administration and the 35-40 hours of budget negotiations along with a Public Hearing, moved to approve Interim Manager Morris' recommended budget with the changes agreed upon by the Board that Keeps the \$.60 tax rate for the General Fund and adds a \$.04 tax rate for New Schools/F-Tech Fund with a recommendation budget of \$41,044,400 and that the King Fire District, Rural Hall Fire District and County Fire Service District fire tax remain at \$.065 and Walnut Cove Fire District remain at \$.05.

Commissioner Booth seconded the motion.

Chairman Lankford opened the floor for final discussion.

Vice Chairman Inman made the following final closing remarks:

- Tax increase is not something that I take lightly
- Am not very excited about a tax increase
- But under the current economic conditions, can support this budget that will provide the funding to do the current school construction projects, save the taxpayers over \$11m, build a standalone community college that will greatly enhance the County's workforce, keep employees' insurance at a level that they can handle and not cut services
- Would like to thank Interim Manager Morris and staff for the hard work done on the budget making it easy to be able to explain to the citizens of the County
- Reiterated the fact that tax bill will show that the 4 cents will be dedicated to the New Schools/F-Tech and will go away when the debt is retired unless a future Board chooses to keep the tax

Commissioner Booth made the following final closing remarks:

- Would also like to thank Interim Manager Morris and staff for the hard work done on the budget especially with the detailed power points that include clarifications and handouts
- Agreed with Vice Chairman Inman -- don't like a tax increase

- Feels the Board did a great deal of negotiations to come up with a workable budget
- Realize it is a difficult time for a tax increase, but must realize what the \$.04 cent tax will provide to Stokes County - \$40m for new schools/school renovations and a new standalone community college
- Blessing to be able to use QZABonds and QSCBonds to finance \$19m hopefully at no interest or less than 1% interest
- This budget will put the county in a sound financial status
- Can support the motion to approve the budget
- Pleased that the financial model used with the recommended budget includes operational cost for the new schools and the community college so that there will be no big operational cost surprises in the future once the schools/community college are built

Commissioner Jones made the following final closing remarks:

- Appreciate everyone involved in the budget process including fellow Commissioners
- Feel this Board has been very respectful of past Boards by sticking with two principals – keep the Fund Balance as high as possible in order to be prepared for the future and following through with school construction
- This Board has been proactive
- Worked hard to save interest dollars by obtaining QZABonds and QSCBonds
- Ready to vote

Commissioner Walker made the following final closing remarks:

- Tough budget, not exactly my type of budget, but can accept, for the most part, the recommended budget
- Can see the potential for this budget to move the County forward particularly with schools and community college
- Does fit one concept – to continue to work to make Stokes County a County that citizens can be proud to say that they are from Stokes County and feel good about it
- Hope to continue to make progress

Chairman Lankford made the following final closing remarks:

- Probably the stuffiest budget ever worked through with the toughest recession since 1970's
- Makes it very hard with the loss of revenues from the State and Federal
- Feel the loss revenue forced the interim manager to look at a two year budget
- Must remember a budget is a projection
- Feels the Administrative Team done their job and the Board of Commissioners done their job by negotiating a budget that can be justified
- Never thought I would vote for a tax increase, but when reality strikes, you must do what you have to do
- Agreed with fellow Commissioners, the County is moving forward
- Feels the citizens will realize why there had to be a tax increase



- Will support the budget

Interim County Manager Morris stated that he would like to recognize the Administrative Staff along with the Department Heads who put a lot of work in during the budget work session.

Commissioner Walker noted the sacrifices by department heads and employees who have continuously worked with the Board as a team to increase the Fund Balance and am very gratified to see the projects approved especially a community college to be built in Stokes County.

Commissioner Booth noted that he was thankful that the Board had the foresight to approve the hiring suspension which can hopefully provide jobs to the reduction in force employees. Commissioner Booth agreed with Commissioner Walker regarding the hard work done by the departments to save funding and continuing to work with the Board of Commissioners to continue to increase the Fund Balance.

The motion carried unanimously.

The Board discussed recessing the Budget Work Session until Monday, June 27<sup>th</sup> to approve the Budget Ordinance.

### **Adjournment**

There being no further business to come before the Board, Chairman Lankford recessed the Budget Work Session to Monday, June 27, 2011 at 5:30 pm.

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**Darlene M. Bullins**  
Clerk to the Board

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**Ernest Lankford**  
Chairman