



- **Animal Control – Suggestions for Additional Revenue**
  - Have met with Dr. Cowan and Chief Animal Control Officer Phil Handy
  - Have revised the suggestions as follows:
    - #1 - Add the requirement for an animal dog breeding license for any business that owns 5 or more breeding bitches and sell dogs wholesale or retail (The license fee will be \$50.00 and must be paid annually)
      - Enable the county to know who is a breeder in the county
      - Will help to track people doing these businesses to see if they are paying sales tax
    - #2 – Increase the redemption fee at the Stokes County Animal Shelter from \$25 to \$35 to cover increased operations cost at the Animal Shelter (didn't increase tag fee)
    - #3 – Increase adoption fee from \$36 to \$45 to offset increased operations cost at the Animal Shelter
      - Cost of food and fuel is constantly increasing
    - #4 – Research the feasibility of getting Medicaid reimbursement through Animal Shelter
      - State Inspector suggested looking into getting a Medicaid reimbursement – Surry County did it last year and received over \$100,000
      - Will be presenting the reimbursement program to the Animal Control Advisory Council and the BOCC at a later date once information is obtained about the program
  - Can adopt all or none of these suggestions
- **Mental Health**
  - Have not been able to talk to the Forsyth County Manager about additional allocation for the waiver; expect to see him in a meeting tomorrow at the PTRC meeting
  - Finance Director Edwards has put a request into the LGC
  - Still working to see if CenterPoint can legally borrow money
  - Vice Chairman Inman noted the following:
    - Request the BOCC to review House Bill #1075 – not sure it is in the best interest of the County
    - Bill will allow CenterPoint, when it becomes a MCO which is a mental Health Authority, to borrow, to sell real estate, set executive's salary as they choose, etc.
    - Board makeup will definitely change – 21 members
    - Talked Representative Bryan Holloway and Kevin Leonard at the NCACC, Stokes County must be affiliated with a LME
    - As I interpret House Bill #1075, puts the entire responsibility with DHHS in Raleigh
  - Reiterated the need for BOCC members to read House Bill #1075
- **Bullet Proof Vests**
  - Bullet Proof Vests are taken out of service every five years due to vest having a five year expiration date

- Funding in the proposed budget is not a match, it is a reimbursable grant
- Purchase five vests per year
- **Stokes County Schools**
  - Based on the school meeting, researched the \$284,450 current expense projected for Poplar Springs Elementary School to see if any other funding could be funded from the 4 cent tax
  - Finance Director Edwards will be glad to go over the list later in the meeting
- **Phone Billing**
  - Can provide the BOCC with a brief overview of how telephones are charged to each department if desired later in the meeting
- **Updated Budget Sheets**
  - Finance Director Edwards provided the Board with the following updated budget sheets:
    - Revenue Summary - reflects changes to departments
    - Expenditures Summary – reflects changes to departments
    - Natural Resources – Resource Grant for Little Snow Creek Restoration Project
    - Enhanced 911 Fund - Adjustments to Fund
    - Danbury Water Fund - Adjustments to Fund
    - Rural Hall Fire District Fund - Correction

Chairman Lankford opened the floor for further discussion.

Commissioner Walker noted the following:

- Spent several hours reviewing the proposed budget
- Proposed budget has \$1.2 million allocated for the working capital debt to NC Baptist
- Feels since the BOCC is negotiating that amount, it might seem reasonable to remove it from the budget
- The BOCC is trying to put all the pieces together
- Don't see that figure being paid in this fiscal year
- Rather have it in the Fund Balance
- Feel there is work to done with negotiating the amount
- Baptist officials had not met with Chairman Lankford and myself as promised
- As far as I am concerned, it is an open ended question and not locked
- Amount increases the proposed budget
- Very tight times
- Looking for a lean budget, shocked to see a 15.4% increase
- Aware that there are certain dynamics involved, one being the debt (\$1.2 million) to Baptist
- The hope there is that there will be some consideration for the county's favorable disposition of a situation earlier involving land on Moore Road
- This is not the kind of budget that I was expecting for these times
- Heard that from 2007 to 2012, the average net worth per family decreased by almost 40%

- That gives the Board the kind of times that we are dealing with
- Families are having to deal with these hard times
- Very important to remember that
- Heard this past Saturday several times to please keep working this proposed budget
- It is a challenge
- See all the needs, reductions, increases, etc.
- How does the BOCC make this proposed budget reflect the citizens' views, what they prefer, what they expect, what their needs and wants are
- Don't have the answer
- Hope as we work on the proposed budget, we continually ask ourselves if we are doing the best we can possibly do to honor, respect, and comply with the citizens' wants and wishes
- Feel some areas the BOCC is light on, such as recreation
- Recreation budget represents 3 tenths of 1 percent of our budget
- Economic Development: Take the incentives out for the two companies, the ED budget is 4 tenths of 1 percent of our budget
- Reason I mentioned recreation and economic development is that when I am out talking to people in the community, comments are made about a park, recreation center and more recreations opportunities in their community
- Hear that we want more jobs
- Hear that we need economic development
- Proposed budget for these two items equals 7 tenths of 1 percent of our budget
- My challenge, as a sitting Stokes County Commissioner, when I am asked is what the 15.4% increase did for the average citizen in Stokes County, what do I say?

Manager Morris responded:

- The amount must be allocated in the budget to remain consistent
- The debt was allocated in last year's budget
- Most transparent way to handle the amount
- This way allows someone to compare this year's budget to last year's budget
- Has to be shown as an expenditure according to Finance Director Edwards
- To answer the question mentioned by Commissioner Walker regarding what the citizens received for the 15.4% increase can be as follows:
  - Paying \$2 million a year for school construction/renovation projects
  - Going to keep Emergency Communications operating so that emergency services can be dispatched to them after January 2013
  - Assisted county employees by continuing to pay for health and dental premiums – keeping them motivated to provide services
  - Make necessary expansion to be able to provide better health services to the citizens (Title XIX)
  - Absorbing the increased cost for fuel and supplies so that services can be provided to the citizens
  - Meeting county's obligations to settle the working capital debt with NC Baptist
  - No decrease in services

Vice Chairman Inman confirmed with Manager Morris that there was no other way to allocate the working capital debt to NC Baptist in the budget and still be in compliance with the auditors and LGC.

Chairman Lankford also responded to Commissioner Walker's comment about the 15.4% increase in the proposed budget:

- Preparation for the elimination of \$2.2 million coming from Hold Harmless and the estimated \$1 million (for four years) decrease in property values with the 2013 Revaluation

Vice Chairman Inman also responded to Commissioner Walker's comment about the 15.4% increase in the budget:

- Two main increases that must be in the proposed budget:
  - E911 – federal mandate (projected \$2.2 million)
  - Working Capital Debt of \$1.2 million
- Will continue to lobby for a lower amount on the Baptist debt
- If you take out the E911 upgrade and the Baptist debt, the budget would have increased 6% instead of 15.4%
- Budget must have transparency

Vice Chairman Inman stated he would like to discuss the old and new school construction debt to see what the 4 cent tax is actually paying for.

Finance Director Julia Edwards responded to Vice Chairman Inman's question:

- The 4 cent tax is taking care of \$37,435,226.98 total principal and interest payments that must be paid
- Debt Service annual payment for old school construction debt is \$1,585,100.
- Debt Service annual payment for new school construction debt is \$2,973,050.
- 4 cent tax brings in \$1,390,751 per year with 95% collection rate with the current value
- First old debt goes off five years after this fiscal year 2012-13 which comes out of the schools' sales tax funding and the general fund
- Lottery funds and the reimbursement from the IRS are being used to pay new debt service this year except for the amount for the community college which is \$125,843.
- The \$125,843 will be taken from the 4 cent tax because it can't be taken from lottery funds
- Currently have over \$2 million in lottery funding
- Don't know what could happen to the lottery funds each year

Vice Chairman Inman confirmed with Manager Morris that there would be enough in the 4 cent tax to take care of debt service each year.

County Manager Morris noted the financial model is designed to make sure there is enough in the fund to pay the debt service.

Commissioner Walker confirmed with Manager Morris that the 4 cent tax includes the Lawsonville Elementary School Construction/Renovation Project and the construction of a community college facility.

Commissioner Walker confirmed with Manager Morris that the majority of the E911 mandated upgrade will have to be financed.

County Manager Morris noted that part of the county's expenditures for the upgrade can come from E911 funding along with the municipalities reimbursing the county for their share of the cost. Manager Morris noted that there was approximately \$500,000 in Capital Reserve.

Finance Director Edwards noted that the budget must show the full expenditures even though part of it is being financed for accounting purposes.

Commissioner Walker confirmed with Finance Director Edwards that there is no way of not putting the entire amount in this year's budget.

Finance Director Edwards noted that there is a \$2 million revenue line item which offsets the expenditure line item, but it does increase the budget.

Manager Morris noted the \$2 million cost is an estimate.

Commissioner Booth noted:

- Agree the \$1.2 million owed to Baptist must be shown in the budget
- There are some big ticket items – communications upgrade, Baptist debt, debt service payment increase for the new schools (approximately \$6 million) in this year's budget
- Take away those items and the major things left are the increases in salaries, insurance, fuel, supplies, etc.
- Next year, the \$2 million for communications upgrade will drop off
- Next year, the Baptist debt should be settled

- School debt service will remain next year
- Reviewed and studied the proposed budget, found only a few minor things that could be changed or cut
- Must determine if the BOCC wants to give county employees a bonus
- It is down to small items that could make a decrease in the proposed budget
- Overall , pretty good budget

Commissioner Jones noted:

- Very concerned over the amount allocated for Economic Development, it is the one department that the BOCC should be concentrating on
- Don't really agree for more to be given for recreation
- Must have a lean budget
- Not going to make a big deal this year about the Economic Development budget due to all the other things that have to be in this year's budget
- Somewhere down the line, the county will pay for not pushing the ED budget
- Chairman Jamie Yontz, Board of Education, brought up the fact that the bonuses would be looked at as not good when the schools need more funding
- May be a perception thing, but county employees generally make less money than teachers and have gone a long time without a COLA
- Give a huge amount of funding each year for schools
- Don't want to go in further debt for cars
- Big increase for insurance premium (7%) along with the unknown amount that will be spent for the HRA
- Have a challenge on educating the public on how these finances work
- Reiterated the County budget has to be lean
- Do not want to face another tax increase next year
- Citizens need to understand that a lot of the things have been needed for years, such as new school construction, things haven't happened over night
- ED and cars were the biggest issues that I wanted to talk about
- Even when we get additional funding, we need to bank it
- Very concerned about unfunded mandates
- Don't like how the county is losing control over the county's money
- Very concerned about the issues with CenterPoint; have no power to change those things

Commissioner Booth noted that the amount that was allocated in the proposed budget for new HRA for employee health insurance also increases the budget.

Vice Chairman Inman noted:

- First and foremost, feel that this Board of Commissioners and previous Board of Commissioners have done a great job being good judiciaries with taxpayers' money
- Feel this conservative Board looks at the taxpayers' interest first and foremost
- Feel the manager and county staff are truly looking after the taxpayers' money
- Don't think any of us wants a tax increase

- We can't determine the state of the economy, which we have no control over
- Only thing we can try to control is our budget at the county level
- Unfunded mandates are totally out of our control
- Must remember the \$148,000 request from Centerpoint for the Medicaid waiver
- Important thing to remember and explain to the citizens is that 9% of the increases is something that Stokes County has no control over
- Fought the hospital situation a long time and thankful Pioneer came along
- Don't see a lot we can change unless we start cutting essential services, that is not an option at this point and time
- Has been a long time since employees received a COLA and any amount for an bonus
- Sticking with my recommendation for a \$500 bonus for full time employees instead of the \$400 recommended by Manager Morris
- Feel I can explain the increase in this year's budget
- Must leave the Baptist debt in the budget
- Look at what Davie County has done for economic development, you have to "put a little skin in the game"
- Will like to further discuss economic development

Commissioner Walker added:

- Feel it is good to get out and see what the citizens want and think
- One strong comment heard on Saturday about the 4 cent tax fund was if those funds were used for anything else other than school construction, some of the peace and tranquility had so far regarding these funds would cease – could be open season again
- Would we be opening that door if we accessed those funds for operating expenses?
- Will be held to what was stated at the start of financial model

Manager Morris responded operating expenses for those particular new schools and the community college were included in the financial model.

Commissioner Booth noted:

- Grateful the county had the foresight to establish the financial model
- Made the 4 cent tax easier to explain to the citizens
- Only way funding could be used for something different is a vote of the Board of Commissioners

Commissioner Walker noted:

- A comment was made about not having a bond referendum
- Public Hearings were held with no opposition

Chairman Lankford noted the following:

- Debt payment this year is \$4,914,018
- Out of that figure, \$4,558,150 is school debt with \$355,868 is debt for other things
- That school debt clearly explains the 4 cent tax increase
- Will probably have to borrow approximately \$1million for communications upgrade



- Contingency increased due to the proposed bonus for employees and fuel contingency
- Questioned if some of the funding for the recommended shredder could come from other departments such as Sheriff's, DSS, Health, etc.?
- Feels if the cost were allocated to departments such as Health and DSS, possible state and federal funding could be pulled down

The Board discussed allocating the funding for the shredder across several departments.

Commissioner Booth expressed the amount of time that employees will lose when having to transfer large amounts of paper to a central location.

County Manager Morris noted allocating the cost across several departments could be visited.

County Manager Morris noted the concept to purchase a commercial shredder was to eliminate purchasing the cheaper shredders that don't last very long.

The Board agreed with Chairman Lankford to investigate allocating the shredder to possibly pull down federal and state dollars.

Chairman Lankford confirmed that Environment Health is totally county funded.

Manager Morris presented the following current expense budget and the capital outlay budget for the new Poplar Springs Elementary Schools presented by the Board of Education for further discussion regarding allocation from the 4 cent tax:

Elementary Principal Supplement	\$	2,000.00
SIT Supplement	\$	250.00
Clerical/Custodian	\$	88,346.00
Social Security	\$	6,930.00
Retirement	\$	12,964.00
Hospitalization	\$	20,768.00
Wide Area Internet	\$	17,068.00
Instruction Supplies	\$	3,924.00
School Operational	\$	5,600.00
Start Up	\$	25,000.00
Property Insurance	\$	8,000.00
Electricity	\$	60,000.00
Heating	\$	20,000.00
Water	\$	12,000.00

<u>Grounds</u>	\$ 1,600.00
<b>Total</b>	<b>\$ 284,450.00</b>

Manager Morris noted that \$117,000 placed in the recommended budget was furnished by the school system at the start of the project and feels that was probably only for utilities.

Manager Morris and Finance Director Edwards reviewed each one of the itemized expenses.

The Board discussed the operating expenses provided by the School System with Manager Morris.

Manager Morris noted that any of the listed operating expenses could be allocated from the 4 cent tax if so desired by the Board.

Chairman Lankford noted that the School System could use the additional discretionary funding that will not have to be sent back to the state for these current expenses.

Commissioner Walker confirmed with Manager Morris that the \$117,000 figure was provided to the county by Operations Director David Burge.

Commissioner Walker also confirmed with Manager Morris that the Current Expense Budget and the Capital Outlay Budget could be funded from allocations given to the School System.

Commissioner Jones noted the more you allocate from the 4 cent tax, the less you have to pay for school debt service.

Commissioner Jones noted that when the students are moved to Poplar Springs, there should be lower utilities costs by eliminating all those mobile units.

County Manager Rick Morris stated that he felt the County was meeting or exceeding the amount of funding for schools when compared to like size counties.

Manager Morris noted that he had offered to meet with school officials before the

budget was prepared to talk about issues such as this one, but no one responded; things like this could have already been resolved.

Commissioner Jones reiterated the decrease in heating and cooling expenses once the mobile units are removed.

Manager Morris noted that with the new debt, the county is meeting their obligations compared to other like size schools.

Commissioner Jones suggested leaving the allocation from the 4 cent tax as recommended by the manager.

Vice Chairman Inman noted that he had spoken to Representative Holloway and he is definitely working on the negative reversion for the schools.

Vice Chairman Inman noted that there was some time left to see what the state is going to do.

Commissioner Jones reiterated to leave the \$117,000 for now and wait to see what happens with the state funding; can always be revisited if needed.

Commissioner Walker noted the good observation from Commissioner Jones regarding the decrease in utility cost once the mobile units are removed.

The Board unanimously agreed to leave the \$117,000 recommended by the manager with the option to revisit the issue if needed.

Commissioner Walker noted the need to let our representatives know what we think about these unfunded mandates; need to hold our representatives to task.

Commissioner Walker noted that there were only two Republicans who voted for the fracking bill and one of those Republicans was Representative Holloway.

Commissioner Jones noted that statistics confirm that areas where fracking is

being done are very close to the new areas where earthquakes are occurring.

Chairman Lankford confirmed with Finance Director Edwards that there is \$537,000 in Capital Reserve for the communications upgrade.

Chairman Lankford questioned if the manager had received any further information about painting the Public Works' vehicles.

Manager Morris responded:

- There are five worth painting in the department
- Will probably cost between \$600 and \$1,000 depending on the condition of the vehicle (some minor body work is needed)
- Have requested to get in the programs at Surry Community College and Forsyth Tech Community College
- Ann Watts responded that Forsyth Tech could possibly do it, but could take a long time

Chairman Lankford noted that he is looking into the cost at Macco.

Chairman Lankford noted another need that has been put on the back burner is paving.

Chairman Lankford noted he has had a lot of complaints about the holes of gravel at the Danbury Library.

Chairman Lankford requested to take a small amount from the capital reserve account to paint the Public Works' vehicles and to patch the holes at the Danbury Library.

Vice Chairman Inman noted the need to look at the Pinnacle dumpster site.

Commissioner Jones noted the need to maintain our facilities as much as possible.

Vice Chairman Inman suggested talking to Department of Transportation regarding the patching of pavement.

Commissioner Walker noted the following:

- Since the County is going to get the Hold Harmless, would be willing to take an amount, such as \$50,000, to catch up on some (paving, greenboxes sites, etc.) things that are needed
- Let the manager bring a priority list to the Board for consideration

Commissioner Jones stated that she would feel better about doing something like that if the hospital debt was resolved.

Commissioner Walker responded:

- As far as he is concerned, it is out of the way for now
- County or Baptist will have to deal with it
- County could be making payments on it for ten years
- Can't see paying Baptist the \$1.2 million in the 2012-13 budget

County Manager Morris noted:

- Anything spent this year will create a tax increase or reduce the Fund Balance next year because there is already a hole
- This is a conservation budget, low risk budget
- Taking out of Fund Balance each year will definitely increase the risk

Commissioner Walker noted the loss of Hold Harmless next year.

Chairman Lankford suggested the manager get an estimate for paving at the Danbury Library and painting the Public Works' vehicles.

Commissioner Walker stated that the only way he would agree to allocating the funds would be if there was an assessment done with the needed items prioritized, the fairest way.

Finance Director Edwards noted the paving at the Pinnacle Site was done in 2005.

Vice Chairman Inman requested the manager to look into the paving at the Pinnacle Site.

Commissioner Walker confirmed with Finance Director Edwards that the purpose of the capital reserve account mentioned was for the communications upgrade.

The Board discussed the capital reserve accounts.

Chairman Lankford questioned if there was any funding remaining in contingencies from the school projects.

Finance Director Edwards noted the final bills have not been paid yet and any remaining funds will have to be used for debt service.

County Manager Morris noted the need to keep an eye on the 4 cent tax Fund Balance in case there becomes a large amount in the Fund Balance that could be used to pay off debt or

save for future projects.

Manager Morris noted that the Board at the time the debt is resolved would have to make the decision whether to keep the 4 cent tax.

The Board discussed the current projects being funded from the 4 cent tax.

Commissioner Walker reiterated the amount of savings from interest by using the low tax bonds.

Commissioner Jones noted the need to make sure there is a true need before going into debt.

Chairman Lankford noted the following for the next Budget Work Session:

- Fee schedules need to be discussed
- Would ask the Board to be ready to pass a budget by June 26<sup>th</sup> with the Budget Ordinance on June 27<sup>th</sup>

Commissioner Walker questioned if the Board could pass a budget on the 26<sup>th</sup> without meeting again before that date?

Commissioner Walker stated that he would have to be comfortable with things before voting on a budget.

The Board discussed recessing the meeting until June 26<sup>th</sup> and trying to finish the budget on the 26<sup>th</sup>.

The Board unanimously agreed to recess today's meeting until June 26<sup>th</sup> at 10:00 am.

### **Adjournment**

There being no further business to come before the Board, Chairman Lankford recessed the Budget Work Session until Tuesday, June 26, 2012 at 10:00 am.

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

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**Ernest Lankford**  
**Chairman**