

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 26, 2012

The Board of Commissioners of the County of Stokes, State of North Carolina, met for recessed Budget Work Session (recessed from the June 19th Budget Work Session) in the Third Floor Conference Room of the Ronald Wilson Reagan Memorial Building (Administration Building) located in Danbury, North Carolina on Tuesday, June 26, 2012 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:
County Manager Richard D. Morris
Clerk to the Board Darlene Bullins
Finance Director Julia Edwards
Health Director Scott Lenhart
Processing Assistant Adriane Eaton, Health Department

Chairman Ernest Lankford called the recessed Budget Work Session to order.

Budget Work Session

Chairman Lankford opened the floor for discussion regarding the proposed Fiscal Year 2012-13 Budget.

County Manager Rick Morris noted that he had received additional information from CenterPoint (emailed prompted by Vice Chairman Inman talking to CenterPoint) and he provided the Board with the following recommendations from the Animal Control Advisory Council that the Board needed to act on:

- 1 - Add the requirement for an animal dog breeding license for any business that owns 9 or more breeding bitches and sells dogs wholesale or retail (The license fee will be \$50.00 and must be paid annually)
- 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
- 4 – Research the feasibility of getting a Medicaid reimbursement through Animal Shelter

School Funding

Vice Chairman Inman noted that he had received information from the state that the County's lottery appropriation for this fiscal year 2012/13 would be: \$472,400.

Manager Morris noted the financial model has \$500,000 as the appropriation, but is designed for fluctuations in funding.

Vice Chairman Inman noted:

- Representative Holloway was trying to keep the counties whole as far as the negative reversion of \$503,000,000

Finance Director Julia Edwards noted that School Finance Director Lanette Moore stated the state had notified the school system that Stokes County's saving from the negative reversion would be \$363,681.

Vice Chairman Inman stated he felt the savings would have been more than the figure given by Director Moore.

Chairman Lankford stated information he had received from Representative Holloway yesterday indicates that the School System would have a savings of approximately \$600,000.

The Board discussed the savings projected for the school system.

Chairman Lankford noted the school system would have additional funding since the bill passed.

CenterPoint Human Services

Vice Chairman Inman noted the following information that he had received from

Chief Finance Officer Kevin Beauchamp, CenterPoint:

- Davie County has worked out the following agreement with CenterPoint that could be applied to Stokes County as follows:
 - Take the \$148,127 requested additional funding and divide by 5 = \$29,625
 - Then you would take the \$29,625 off the appropriation for the next 5 years starting with Fiscal Year 2012-13
 - You would take \$385,820 regular allocation and reduce it by \$29,625, so the regular allocation for this fiscal year would be \$356,195
 - You would reduce each year's allocation by \$29,625 for the next four years
- In speaking directly with CEO Betty Taylor, she assured me there would be no cuts in services
- Finance Director Beauchamp stated that the \$29,625 would be deducted equally from four providers who have already agreed to the reduction
- These providers have assured CEO Taylor that there would be no cuts in service
- Will have to make sure each year that the services are not being cut
- If CenterPoint does not get the additional \$148,127, they will cut the County's discretionary spending (cut to all services including the Opportunity Center) by 40% this year
- Can accept that arrangement as long as services aren't cut
- The county that leads the state in suicides does not need to have any mental health services cut

The Board discussed the calculations.

Commissioner Jones stated the county needs to make CenterPoint accountable for these high suicide rates.

Vice Chairman Inman responded:

- The County can continue to make them accountable by amending the performance agreement to quarterly reviews instead of bi-annual
- Discretionary funding is given quarterly
- Funding will be disbursed to CenterPoint based on the quarterly review
- Very important that the Chairman and Manager have input from this Board regarding the comments heard about inadequate services provided by CenterPoint

Commissioner Walker noted:

- One thing to me that needs attention at this point is that the county does not have a liaison to work with CenterPoint
- Mental health professionals in the county have stated the Mental Health Coordinator (position dissolved) who served as a liaison to CenterPoint was a valuable asset

- The position's responsibility when dissolved was taken over by the Health Department
- Feels that position has been a little iffy at times
- If the County had a Mental Health Coordinator, feel they could make sure that services were not being cut and incidents described by Mr. Bowman at our Public Hearing would not be happening

Chairman Lankford noted that the State has completely changed mental health services for consumers.

The Board discussed the issues surrounding mental health.

Vice Chairman Inman stated:

- It is a classic example in my opinion that "bigger is not better" with so many dollars going to administrative services and not to the consumers
- County statutorily can't provide, as once was possible, our own mental health
- CenterPoint has to contract with providers to provide mental health services

Commissioner Walker questioned what is Stokes County really getting for the additional \$148,127 appropriation?

Chairman Lankford noted no one knows other than it is for the implementation of the Medicaid waiver.

Vice Chairman Inman responded:

- CenterPoint has just gotten the handle on being a LME
- DHHS now says that LMEs need to band together to be a MCO
- Statewide, there are only about 12 LMEs
- MCO can now do the Medicaid waiver
- CenterPoint goes from being a \$50 million organization to over a \$100,000 organization
- Adding over 100 employees to the organization
- CenterPoint did not have the start up funds for implementing the waiver; their answer was to come to the Counties and ask for additional funding or cut discretionary spending
- Rockingham and Forsyth Counties have not decided on the request for additional funding

Commissioner Jones reiterated the need for services that help to reduce suicides in Stokes County instead of Stokes County continuing to provide funding with no results.

Chairman Lankford noted the proposed language in House Bill #1075 will set up an authority and take away more county participation.

Chairman Lankford stated that he is not in favor of the bill.

Vice Chairman Inman stated House Bill #1075, if approved, will give the LME, now a MCO much more authority, in fact, the MCO becomes a mental health authority which enables it to buy and sell real estate, borrow money, and not have limits on executive salaries.

Finance Director Edwards noted that LGC has stated that CenterPoint can borrow funds for capital expenditures, but not for operating expenses.

Commissioner Jones stated that the whole thing is completely out of control.

Vice Chairman Inman noted that if the bill is adopted, the makeup of the Board will drastically change.

The Board discussed House Bill #1075.

Commissioner Booth questioned if the County has any influence with trying to help Pioneer get mental health beds in the County which would assure that citizens could obtain mental health services locally which would be quicker?

Commissioner Jones suggested the County get with other counties in the same situation to try to get some control back to the counties.

Chairman Lankford questioned if the County could take the additional appropriation and use it for mental health in the County?

Vice Chairman Inman responded it would be very difficult to appropriate directly to providers.

Commissioner Booth stated that hopefully Pioneer, who already has a psychiatrist, will be able to get the approval from the state for the mental health beds.

Vice Chairman Inman repeated what he had said in 2003 – “State took a system that needed fixing and completely broke it”.

Chairman Lankford agreed with Vice Chairman Inman.

The Board discussed the previous Forsyth/Stokes Mental Health Authority which was locally controlled.

Chairman Lankford stated the State took Authority and started the LMEs.

Commissioner Jones noted the county needs to be proactive and start fighting these mandates.

Vice Chairman Inman suggested amending the Performance Agreement for Fiscal Year 2012-13 and starting a Task Force for mental health which he is willing to help with.

The Board discussed the Stokes County Mental Health Association.

Chairman Lankford questioned how the County could be assured, if additional funding is allocated, that services aren't cut?

County Manager Morris noted the following information from an email from Finance Officer Kevin Beauchamp:

- Provider will receive less funding thus doing more with less
- The question would be if CenterPoint can really make provider do the same with less?

Commissioner Walker questioned if the County has received complete clarification that the County can loan CenterPoint funding?

Manager Morris responded:

- Can't do a straight loan
- Davie County stated their attorney had prepared the agreement (Davie has already signed an agreement with CenterPoint)

Commissioner Walker stated that by doing this type of agreement, CenterPoint is getting free use of the county's money with no return.

Commissioner Walker questioned, if CenterPoint could borrow money, why don't they just borrow the needed funding for the Medicaid waiver?

Finance Director Edwards noted that LGC will only approve for CenterPoint to borrow

money for capital outlay, not operating expenses.

Commissioner Walker stated this is another unfunded mandate and very interested in what Rockingham and Forsyth Counties are going to do.

Manager Morris noted the Board could approve the additional funding and not disburse until the Board is fully satisfied with what everyone is doing.

Commissioner Walker stated that it makes him very nervous when the two big players, Rockingham and Forsyth Counties, haven't decided yet what they are going to do.

Commissioner Walker noted that with the exception of Lonnie Bowman, he has had almost no complaints about mental health here in the county.

Vice Chairman Inman noted the \$100's of thousands of dollars of medication that citizens have received at no charge from CenterPoint

Commissioner Walker noted that basically it is working, just getting hit with another request for more funding.

Commissioner Jones suggested keeping the additional funding in the budget.

The Board unanimously agreed to amend the proposed budget to include deducting the \$29,625 from the discretionary funding.

Vice Chairman Inman stated that he was certainly not real happy about the situation as the Board's representative, but at the same time, there is no way I can support a 40% reduction in services.

Vice Chairman Inman noted that the Board could closely monitor services this year and that there is no way the County could come close to provide the services being provided by CenterPoint.

The Board discussed making sure state representatives know how the Board actually feels regarding mental health services

Commissioner Walker noted that he contacted CEO Betty Taylor regarding the comments about mental health services the Board received at the Public Hearing for the proposed budget. Commissioner Walker stated that he received a first class professional respond from CEO Taylor and she assured me that someone would be getting in touch with the individual; Ms. Taylor expressed her appreciation for the information.

Chairman Lankford expressed the following concerns:

- Executive salaries increased
- The renting of the space for the new employees; my understand from one of the largest contributors that space was offered at much cheaper rate and it was declined
- Biggest concern is about spending funding that is not directly related to mental health services and then asking for additional funding

Commissioner Jones stated the Board had no choice now, but is still very concerned about the future.

Commissioner Walker questioned why have a performance agreement when there is no option but to go with CenterPoint – no competition, and if we try to deny the request for additional funding, then CenterPoint just cuts services.

Vice Chairman Inman responded:

- CenterPoint generally tries to do a good job and is very professional organization, but must follow state regulations
- The performance agreement allows the County to express their concerns on a regular basis

Commissioner Walker agreed that CenterPoint is doing a good job and that CEO Betty Taylor is doing a great job, but still don't like the \$148,127 additional funding request.

Chairman Lankford reiterated that the County could do the discretionary reduction by \$29,625 for five years with a provision to see what the other counties are going to do.

The Board unanimously agreed to provide the additional funding with the agreement to cut discretionary funding by \$29,625 for the next five years starting with Fiscal Year 2012-13.

The Board discussed how CenterPoint could cut discretionary services by 40% .

Economic Development

Commissioner Jones noted the following:

- Once again, Economic Development does not have the needed funding
- Look at Davie County, which is about the same size, and see what they are doing with Economic Development
- When able, the Board needs to focus on helping Economic Development
- Desperately need to really funnel funding to Economic Development and try to find ways to “beef up” Economic Development
- If we don’t find ways to create jobs, the county is going to wither away
- Need to look in the future to put some emphasis on Economic Development
- Just wanted to express some thoughts

Commissioner Walker added the following:

- Was at the last EDC meeting
- Manager Morris shared that \$33,000 had been put in capital reserve (transferred from the Economic Development Capital Account) for the Board to decide on joint venturing with a company to start an industrial park
- This was very encouraging

Commissioner Jones noted the need for a land use plan, but expressed concerns with the extremely high cost of preparing a land use plan.

The Board briefly discussed the request from Economic Development Director Wood regarding an industrial park.

Commissioner Jones and Walker both agreed an industrial park would be a great asset for the County.

Chairman Lankford noted it was tried before and it didn’t work which must be taken into consideration.

Commissioner Walker noted it was working in Davie County and that every county around Stokes is cleaning Stokes County’s plow with Economic Development and I am getting tired of it.

Chairman Lankford stated that each county is different and you have to be a realist; you can’t compare with a county that has two interstate highways, more municipalities, and most

important – infrastructure.

Commissioner Walker noted that Stokes is coming up in the rear and it is because the County doesn't give it much priority.

Commissioner Jones stated we have to be creative and find the ways to produce jobs.

Commissioner Walker noted that we can do nothing and just sit back and watch our taxes increase; we can pay now or pay later.

Commissioner Booth noted:

- Noted the additional funding that the school will not have to pay back
- Should the \$117,000 stay as is?
- Can the budget handle the \$400 bonus as recommended by the manager.

Commissioner Jones stated to leave the \$117,000 as is; good with it.

Commissioner Walker noted the following:

- Two real challenges:
 - \$2 million transferred from Fund Balance to balance the proposed budget
 - The other is the 15%+ increase
- Have studied the budget, they are not my specialty, struggle with budgets
- Have never had to deal with a budget exactly like this one
- Be honest, wish we could start over and see if we could trim it down some
- Look at all the services that you want to provide
- Look at all the citizens struggling, barely making ends meet in a lot of cases
- When we take money and up the county budget, we are burdening those citizens more
- This budget is going to raise the taxes in this county, there is no way around it
- In the manager's budget message, it is projected to be a 3 to 5 cent increase potentially which I have problems with that
- DSS cars, would like to see them get the cars, basically get them free:
 - Sell the old Crown Vics
 - Have a new car
 - No maintenance problems
 - New tires
 - Twice as fuel efficient
 - In five years, the cars can be passed on to other departments
 - There is a fairness issue – Sheriff's Department, EMS ambulance, etc.
 - Where are the cars for the other departments?
 - Are those departments not as important, some have ladies who have to use them after hours
- Agree with Commissioner Jones' comments regarding Economic Development
- Heard Vice Chairman Inman's comments at the last meeting regarding how important Economic Development is to Stokes County
- Feel the county is shallow about it

- If Board members don't support Economic Development, that is between that Commissioner and the citizens of Stokes County
- Citizens need to know who supports Economic Development and how and who doesn't support Economic Development
- In Rick's favor, will say this, the Economic Development Administrative Assistant was a real plus for Economic Development, but when the position was dissolved, the manager made a real commitment to try to work with Alan to provide administrative support
- To my understanding, the manager is keeping that commitment, manager makes a good faith effort to try to see that whatever is needed, is available
- Very encouraging to hear there may be additional funding for the school system
- Not comfortable with this budget the way it is
- Do I know what to do right at this time to fix it? Hardly know where to start
- Not going to spend a lot time talking about something that I don't think is going to change

Chairman Lankford requested the Board's view on the \$117,000 funding for the School

System?

Commissioner Jones:

- Leave it as it is

Commissioner Booth:

- Leave it as it is

Vice Chairman Inman:

- Leave it as it is
- No issues with schools using their Fund Balance, but maintaining enough for emergencies
- Still have concerns about the amount that the school system will save
- Confirmed with Manager Morris that there will be no impact with the financial model due to the reduction in lottery funding
- Pick up on what Commissioner Walker's comments about the budget
 - don't like to see a budget increase
 - can tell the citizens \$3 million will not be in next year's budget
 - depending on what can be worked out with Baptist Hospital regarding the working capital debt, it could be reduced
 - the budget is really a 6% increase, would like to see where the 6% increase is other than school debt
- Concerned about the final Hold Harmless appropriation of \$2 million this year
- Concerned about the reduction in property values
- This budget includes unfunded mandates – emergency communications upgrade – no choice
- Agree with the manager that the funding must be available to take care of the debt for the working capital owed to Baptist
- New school debt is part of the 6% increase

- Definite decrease in property values with the upcoming revaluation
- The reality is here – last year for hold harmless funding

Commissioner Walker:

- You have the “perfect storm” for financial disaster unless you have a tax increase, Vice Chairman Inman mentioned the Hold Harmless and the decline in property values; you must include the reduction in sales tax revenue, citizens with financial problems losing their homes, unemployed or underemployed citizens, people moving out of the county to find employment
- These are tough times
- Not sure this budget fits tough times
- Honestly don’t know the answer
- Possible \$3 million shortfall already for next year

Vice Chairman Inman responded:

- Can the county cut services?

Commissioner Jones responded:

- There are some positive things:
 - Strong Fund Balance
 - Financial model for school construction
 - Saved thousands of dollars on interest
- There are some positives
- Need to get back to Raleigh regarding unfunded mandates
- Need to get back to Raleigh to get sales tax per capita
- Could be much worse
- In much better shape than some counties
- Concerned about the school lottery funding that is in the financial model to help make the debt payment
- Need to be proactive

Commissioner Booth noted:

- First financial model had \$800,000 from the lottery, glad we changed it to \$500,000
- Very blessed to get the Hold Harmless this year

Chairman Lankford noted:

- Governor took funding from funds that reduced the lottery funding and put into public education, County would have gotten \$800,000 if not for that
- Had no control over the Governor’s actions

Commissioner Walker noted:

- One thing hearing from this discussion is the county puts ourselves at risk by depending on the people in Raleigh and Washington to make the right decisions
- We can’t depend on them
- Stokes County ultimately is going to have to look after Stokes County
- Must steer our own ship

Commissioner Jones noted:

- Unfunded mandates – taking away our control to make decisions
- Another mandate – internal audit is coming

Commissioner Walker noted:

- Federal passes to the State, State passes it to the County, no other place to go except the citizens

Vice Chairman Inman noted:

- Not a new story – remember 2002 – passed an interim budget three times putting in the Hold Harmless and adopting a budget soon to find out the Hold Harmless wasn't coming
- This County has had responsible Boards and dedicated employees who have worked hard to build the Fund Balance

Commissioner Booth noted:

- Very fortunate to have the Fund Balance we currently have

Commissioner Jones suggested educating the public about the financial situation of the

County and what is actually happening in the County.

Chairman Lankford noted you can explain the increase in this budget and remind the citizens that this budget has no tax increase.

Chairman Lankford noted a very hard budget for the next 4 years.

Finance Director Julia Edwards presented the following information regarding the establishment of the Title XIX Fund:

- Establishment the Title XIX Fund with the figures provided by the Health Department
- The Health Department was using local funds
- The Health Department will use the Title XIX Funds before using local funds
- By doing that, the Fund Balance appropriation decreased from \$2 million to \$1,775,190
- Can even reduce the Fund Balance appropriation to \$1,745,563 due to the changes made to the mental health budget (CenterPoint)
- This reduces the budget to approximately 11.74% increase
- If you take out the one time appropriations (equipment, Baptist Hospital, and CenterPoint), it is a 1.20% increase

Manager Morris noted:

- Unspent Hold Harmless Funding from last year and this year, could possibly get the County through next year, but then the following year will be extremely tight
- Would consider doing something next year

- Will eventually catch up with you
- Could raise taxes and set it aside for specific things like the 4 cent tax is for specific school construction/renovation and community college; it is more transparent like that

Commissioner Walker commented on the use of the 4 cent tax which effects all parts of the County – Nancy Reynolds, Lawsonville, Southeastern Middle School, Yadkin Township, and a community college.

Commissioner Walker noted the possibility of a specific tax rate increase for Economic Development which would be a way to test the waters.

Manager Morris noted you would need a way to show what the tax increase did.

The Board discussed the success of the 4 cent tax with the new school projects and a new community college facility for the entire County.

The Board discussed the establishment of the Title XIX Fund, reduction in the increase of the budget, new school debt, and next year's shortfalls.

Finance Director Edwards noted the County's annual total debt service is \$4,914,018 which is approximately 10.71% of the county budget.

Commissioner Walker reiterated:

- The commitment made with the 4 cent tax:
 - Nancy Reynolds, new elementary school in Yadkin Township, Southeastern Middle School, Lawsonville and a community college in this timeframe
- If we don't adhere to that, we will lose the trust of the citizens
- Setting the fund aside was a very wise decision
- Saving tax dollars with the low interest bonds, another good decision

Manager Morris mentioned the tobacco buyout and its unknown consequences.

The Board discussed possible issues that could affect next year's budget with the unknowns.

Vice Chairman Inman stated one statistic that glares at him:

- 52% of the citizens in this county via their ad valorem taxes are supporting the entire county
- Need some business industry to change that
- Not going to be able to tax the people enough to pay for everyone else
- Same situation at state and federal level

Finance Director Julia Edwards spoke briefly about the time when the Hold Harmless did not come through – 6% cut across the Board, furloughs, reduction in force, no equipment, no cars, no ambulance, transferred any available funds from Capital Reserve, limited supplies, etc.

The Board discussed the current Fund Balance.

Commissioner Walker noted the need to consider some of the issues (last year of Hold Harmless, decrease in property tax, etc.) this year.

Commissioner Booth noted the need to remember the increases in salaries due to longevity, health and dental premiums, fuel, supplies, etc).

Commissioner Walker noted when reviewing the budget saw a lot of little increases.

Finance Director Edwards noted the current budget now is \$45,835,351 and without the equipment, communications grant, NC Baptist debt would be \$41,506,711.

Commissioner Walker reiterated the challenges for next year's budget.

Manager Morris presented and discussed the following items that needed Board attention before adoption a budget:

Health Department Fees Increases

Environment Health

- Increase the fee for the planning of a new restaurant to \$250 (\$50 increase)
- Lot of time involved in the process
- Several trips to the sight (increased in the number of trips)
- Health Board has already approved the fees
- Increases are already in the budget

Chairman Lankford expressed concerns that the increase might discourage some people from starting a food business and is the fee fair?

Commissioner Jones sees no issues with the increase.

Vice Chairman Inman noted that he didn't like fee increases but if there more trips and time involved that is costing the county more, then the tax payer is picking up the expense instead of the person who is starting the business

The Board discussed the \$50 increase.

Manager Morris suggested having Health Director Scott Lenhart speak to the Board about the fees.

Animal Control Fees Increase

Manager Morris presented the following fees suggested by the Animal Control Advisory Council:

1 - Add the requirement for an animal dog breeding license for any business that owns 9 or more breeding bitches and sells dogs wholesale or retail (The license fee will be \$50.00 and must be paid annually)

- Will help track where these types of businesses are located in the county
- Would not bother hunters who breed animals as long as they are not selling the dogs
- Will enable the county to see if sales tax are being charged

2 – Increase the redemption fee at the Stokes County Animal Shelter from \$25 to \$35 to cover increased operations cost of the Animal Shelter (didn't increase tag fee)

- To offset increased operation costs

3 – Increase adoption fee from \$36 to \$45 to offset increased operations cost the Animal Shelter

- To offset increased operation costs
- Do not think it will effect adoption rate

4 – Research the feasibility of getting a Medicaid reimbursement through Animal Shelter

- Staff will research the program through Medicaid

Vice Chairman Inman made a motion to incorporate items #1, #2, and #3 into the Animal Control budget. Commissioner Jones seconded the motion.

Commissioner Walker stated that he had issues with increasing the adoption rate, have no issues with the county subsidizing the increase for operational cost; would not want anything to effect the adoption program that is currently going on.

Commissioner Booth noted Animal Control could monitor the effects of the increases.

The Board discussed the motion made by Vice Chairman Inman.

The motion carried unanimously.

Manager Morris noted that he would keep the Board posted.

Impoundment Fees Increase

Manager Morris noted:

- Increased the daily rate from \$15 to \$25
- Increase is already incorporated in the budget

The Board had no issues with the increase.

Danbury Water Rate Increase effective 10-01-2012

Manager Morris noted:

- Increase would not be effective until 10-01-2012
- Working the contract for the Ice Pigging which will be done at the end of August
- Increase is already in the budget

The Board had no issues with the increase.

Schools Current Expense and Capital Outlay as recommended (\$363,681 – State Funds)

The Board had no issues with the recommendation in the budget.

Bonus for employees – (County Manager request not to be included)

The Board discussed either doing a \$400 or \$500 bonus for full time employees.

Finance Director Edwards presented the following information:

- Figures calculated on the number of positions
- If positions are vacant, will cost less
- Some employees may get only a portion of the bonus if hired after July 1, 2012 if given in December 2012
- Only part timers who have a set schedule will receive a \$200 bonus
- Permanent part time employees will be prorated according to the percentage they work
- Part timers who only work when needed will not receive a bonus
- Bonus is based on how the last bonus was given
- Estimated cost is \$142,038 (includes fringes) for the \$400 bonus already in the budget in contingency
- Estimated cost is \$177,547 (includes fringes) for the \$500 bonus
- Manager Morris has requested to be exempt from the bonus

The Board discussed the proposed bonus.

The Board unanimously agreed to keep the manager's recommendation of \$400 in the budget.

IRS ruling no reimbursement for day meeting meals

Manager Morris noted:

- Budget does not include reimbursement for day meeting meals

The Board had no issues with the recommendation.

Consolidated Billing and Collections

Manager Morris noted:

- Would like to start the first of October
- Should increase efficiency

The Board had no issues with the recommendation.

Reclassifications and salary policy change of \$19,500 starting on same grades

Manager Morris noted:

- Would only effect three current employees

The Board discussed the salary change with Manager Morris.

The Board unanimously agreed with the manager's recommendation.

Social Services received notice of new fund for Family Care Giver Support, request that this be added to the DSS budget expenditures and revenues - \$15,030 – No County Funding

Finance Director Julia Edward noted:

- Received information that DSS would be receiving additional funding in the amount of \$15,030 from Community Home Care Block Grant
- Was not in the budget when presented to the BOCC
- Would like to add to DSS budget to eliminate having to do a budget amendment at the first meeting in July
- Pass through funding that does effect the budget

The Board had no issues with incorporating this pass through funding into budget.

NC Baptist Hospital – Working Capital

Manager Morris noted:

- Working this separately, funding is allocated in the budget

E911 Center Move

Manager Morris noted:

- Estimating less than \$100,000 to relocate the center which would qualify for E911 funding

- Involves wiring, replace carpet with tile, grounding requirements, electrical backup generator, telephones, engineering drawings, data communication, etc.
- Would like to come back to the Board with all details and cost
- Good idea to move with the upgrade
- Will gain a dual purpose training room
- RFP is out for the equipment
- Current building will be free for relocation of another department – probably Public Works

Vice Chairman Inman felt the relocation was a great idea and long overdue for security and is the best time to do while doing the upgrade.

The Board agreed with Vice Chairman Inman.

The Board agreed with Manager Morris' recommendation to relocate E911.

Manager Morris noted that he had received an email from the Forsyth County manager stating Forsyth would be discussing the CenterPoint issue for additional revenue in July.

Chairman Lankford confirmed that the proposed budget uses a 95.5% collection rate.

Health Director Scott Lenhart and Processing Assistant Adriane Eaton provided the following information regarding the increases that are already incorporated in the proposed budget:

Environmental Health

- Environmental Health increases will actually be a wash
- Work closely with Environmental Health Specialist Supervisor to review all fees
- Compared the county's fees with surrounding counties
- Found some services that take several trips and numerous hours of staff work
- Preliminary planning for restaurant startup is a one-time fee – increased to \$250 which is a \$50 increase – in compliance with state regulations
- Tattoo fee is annually – current fees were established by previous Health Director – will be glad to look into the \$300 fee
- Provided BOCC with old and new fee schedules

Health Department

- Medicaid mandates review of the fee schedule each year
- Fees and the Title XIX Settlement are actually married together
- Refund is based on what we charge; refunds are every large due to low fees being charged for services
- In November 2011, Medicaid auditor informed the Health Department that fee schedules needed to be adjusted to the Medicaid rate or no more than 5% above the Medicaid rate

- When the schedule was examined, 90% of the Health Department fees were “way” below the Medicaid rate
- Compared fees to surrounding counties
- A few fees were decreased with at least 90% being changed to meet the Medicaid rate or at least 5% above the Medicaid rates
- Medicaid auditor recommended at least 5% above Medicaid rates
- Previous Health Directors had not set rates according to the Medicaid rates
- Health Department adopted the 350% above the poverty level for the slide off poverty scale
- Discussed the slide off poverty scale
- Fees are comparable now to all surrounding counties
- Sliding scale will allow clients to make more income
- Very long process – committee took three months
- Next year when the Medicaid Settlement is calculated, it will probably be less due to the fee schedule being adjusted to the Medicaid rate
- Increase in clients will increase the settlement

Home Health

- Last week, Home Health was doing great
- This week, have a major issue, physical therapist has decided to leave July 20th
- Will effect services drastically
- Looking to see how we can fill the void
- Home Health on target for a good profit this year
- Very concerned if something is not worked out for the physical therapist
- Would like to look at a full time Physical Therapist – would save money
- Reimbursement rates for physical therapy and occupational therapy started decreasing which probably influenced the current physical therapist to look for other work
- Patient census is up
- Will gross approximately \$900,000 this fiscal year
- Will net approximately \$200,000 to \$300,000 this fiscal year
- Could be in trouble if we start losing patients due to not having a physical therapist
- Will lose funding if have to contract with a temp. agency
- Have contacted Pioneer to see what could be arranged
- Working on what would be best for the County
- Just happened Friday and was devastated

The Board expressed appreciation to Director Lenhart for the information.

The Board continued discussion regarding the tattoo fee.

Health Director Lenhart stated he would look further into the tattoo fee.

Salary Increase for DSS Director

Commissioner Walker notified the Board of a recent letter (with supporting information from

surrounding counties) that the DSS Board recently sent the Manager requesting a salary review of the DSS Director Kristy Preston.

The Clerk noted if the Ms. Preston's qualifications and performance were going to be discussed, it would have to be in Closed Session.

Manager Morris noted he would review the letter and report to the Board in Closed Session.

Chairman Lankford requested comments from the Board:

Vice Chairman Inman noted:

- Have spent a lot of time on this budget
- Looked closely at the manager's recommendations
- Really analyzed the unfunded mandates
- Look at a budget like I looked at my children's needs – "what is wanted and what is needed"
- Don't see many wants in this budget, actually don't see any wants recommended by the Manager
- See the needs to maintain essential services to the citizens of Stokes County
- Could be argued that every service provided by the County is an essential service to someone
- It all comes down to what we can fund
- Reiterated that 52% of revenue comes from ad valorem taxes, huge burden on property owners
- Would have liked to been able to give employees a COLA, just wasn't possible this year
- Glad we can provide employees with a bonus this year
- Hope employees will view the bonus as a goodwill gesture from this Board and hope employees realize the cost of providing health and dental benefits at no cost to the employee
- Is this budget perfect? "Absolutely not"
- This is a budget that maintains essential services, purchases EMS ambulance remounts and Sheriff's vehicles that stay on the roads 24/7
- Must have to look at the unfunded mandates
- About the best budget we could approve without a tax increase
- Happy about taking money from the Fund Balance? "No, I am not"
- But, you save for a rainy day and tough times, "This is tough times"
- Not the year for a tax increase
- Feel like I can explain this budget
- Will this budget make everyone happy? "Absolutely not"
- Can be on board with this budget

Commissioner Jones noted:

- Ditto with most of what Vice Chairman Inman stated
- Overall proud of what we have managed to do

- Increased the Fund Balance
- Agree, not in favor of a tax increase
- Have to pay the bills
- When things get better, need to “buckle down” not go on a spending spree
- Things keep going up
- Need to try to fight against unfunded mandates
- Hold fast and keep doing what we are doing
- Try to explain the budget
- Agree, not everyone will be happy

Commissioner Booth noted:

- Feel Vice Chairman Inman summed up everything well
- Glad county is giving a bonus – that was one of my recommendations if possible
- Thank the manager for a well put together budget
- Don’t know anything else that could be done
- Must look at the one-time expenditures, unfunded mandates
- Budget is only about a 1.3% increase when you take out all the mandates and one-time expenditures
- Happy with the increase from last year to this year? “No”
- Unfunded mandates are out of the Board’s control
- Appreciate the BOCC taking the time on this budget
- Might not look like it is conservative, but feel like it is a conservative budget
- Must look at the upcoming budgets with a revaluation that is predicted to have at least a 5% overall decrease in property values, just hope it stays at 5%
- Thankful to have a healthy Fund Balance
- Agree, not a year for a tax increase
- Can go along with the budget

Commissioner Walker noted:

- Initially, when I look at a 15% increase and diminishing funds in future years, I pretty well reconciled that I could not support this budget
- To be honest, still finalizing whether I could support this budget as I speak
- Certain things I like
- Will get some push back on employee bonuses, but we have revenue options such as Hold Harmless that we won’t have in future years
- Employees have worked hard to tighten their belts to increase the Fund Balance
- Can’t disconnect from the fact that these are tough times and need to realize that and in some ways tighten our belts to prepare for possibly tougher times to come with no Hold Harmless and less ad valorem
- Look at the public comments, other than fracking and bioremediation, to try to distill down what the issues are here in the county
- Feel they are the same as they were a few years ago
- There was a need to catch up with school construction which is being addressed
- There were certain things (school construction) that were in last year’s budget, which I supported, and felt like it was a commitment to the public that should be respected
- There have been a few changes that I am not overly comfortable with
- Next important issue with our public is jobs

- When I look at the overall budget, the amount we are allocating for the creation of jobs is extremely low
- I am not overly comfortable with that either
- Can agree with no tax increase, citizens are tired of being over taxed
- There is a little bit of fairness issue according to some of the details I have noticed in the budget as I reviewed it (few items have been mentioned that has caught my curiosity)
- Do this for this department, but can't do it for another department with the things being similar – some being a better deal – makes me uncomfortable that things would be treated that way
- Concerned about transferring the amount from Fund Balance with the County expecting the Hold Harmless and no reduction this year in property values
- Few thoughts and observations
- Not sure at this particular moment if I can support this budget
- Still spending the same amount even though the percentage increase has changed somewhat from the start of the budget process

Chairman Lankford noted:

- Would like to thank the manager and his team that recommended this budget
- Feels it is an excellent performance on their part
- The team has reviewed each departments wants and needs and tried to come up with a budget that provides the needs and services the county residents expect
- Thank the Commissioners for their time for setting goals and working diligently during our budget work sessions
- Feel the Board was together from the beginning to see to a no tax increase budget
- With a budget of \$45,835,351, 11.67% increase, is something that I don't particular like to see, but when you look at:
 - The new school construction debt service
 - Mandated communications upgrade
 - Employee health and dental premium increases
 - Cost of an additional building for the health department
 - Unpaid debt to Baptist Hospital for working capital
 - Request for additional funding from CenterPoint to provide mental services to our citizens
 - Fuel increase
 - Increases on everyday supplies
- This budget is justifiable
- Where do we go from here? Next year will be another tough year
- Some things we need to do as a Board:
 - Focus as a Board on broadband
 - Focus on collecting more revenues in some form or fashion
 - Advocate for more businesses in the County
 - Focus on investors for the County
 - Beautiful place for tourism
 - Need places for people to come to Stokes County and have an opportunity to stay more than a short visit
- Overall, feels this is a good budget which I can support 100%

- Feel the next 3-4 years will have to continue to be a conservative Board and make every dollar count for our citizens

Commissioner Walker questioned who is supposed to be getting the investors.

Chairman Lankford responded:

- Feel we have a process together with the EDC and Economic Development Director that should be doing this

Adoption of Fiscal Year 2012-13 Budget

Chairman Lankford entertained a motion.

Vice Chairman Inman moved to approve the budget submitted and discussed with the noted changes for Fiscal Year 2012-13.

Commissioner Jones seconded the motion.

Commissioner Walker noted:

- Feel we have come a long way with this budget, a lot work has gone into this budget
- Commend Rick for a lot of the things in the recommended budget
- My view is that we still had work to do on it, just not there yet
- We have a lot of things in place that are good, but have some things out there that need to be looked at and considered, but they haven't been
- Have a fairly good product, but not willing to settle for fairly good
- Needed some more work

The motion carried (4-1) with Commissioner Walker voting against the motion.

Vice Chairman Inman moved to approve the following tax rates for fiscal year 2012-13:

- General Fund - \$.60
- New School Construction/F. Tech Fund - \$.04
- King Fire District - \$.065
- Walnut Cove Fire District - \$.05
- Rural Hall Fire District - \$.065
- Stokes Fire Service District - \$.065

Commissioner Booth seconded and the motion carried unanimously.

The Board discussed recessing today's meeting to tomorrow, June 27th at 10:00 am.

The Board agreed to recess today's meeting to June 27th.

Adjournment

There being no further business to come before the Board, Chairman Lankford recessed the meeting until Wednesday, June 27, 2012 at 10:00 am.

Darlene M. Bullins
Clerk to the Board

Ernest Lankford
Chairman