

Chairman Ernest Lankford called the Budget Work Session (joint meeting) to order.

Chairman Lankford welcomed those in attendance for today's joint meeting.

Commissioner Inman delivered the invocation.

Chairman Lankford invited everyone in attendance to join the Board in the Pledge of Allegiance.

Chairman Lankford stated that there was no Agenda for today's meeting and would be very informal.

Chairman Lankford noted that the work session's primary purpose was to have open discussion regarding the Board of Education's requested budget in comparison to the county manager's recommended budget.

Chairman Rogers opened the floor for Board of Education members to comment.

Member Cox commented:

- Appreciate the opportunity to sit down with the Board of Commissioners to discuss the Board of Education's budget request
- There are no easy answers
- Lot of our challenges are the same challenges the Board of Education faced last year
- Biggest concern with the budget situation is the capital budget and the needed funding to maintain the school system's aging facilities
- Appreciate what the Board of Commissioners have done recently for Stokes County Schools
- Feel both boards continue to work well together
- Need to put a plan in place to handle the school system's capital needs

Chairman Lankford responded:

- Agree a plan does need to be developed
- Hope there might be some funding in a few years that could help to put a plan in action; will discuss more in detail later in today's work session
- Realize aging schools have constant needs
- This is one of toughest budget years that he has experienced being a commissioner
- Board of Commissioners is trying to do the very best they can to provide services to the schools and the county as a whole

Commissioner Walker confirmed with Manager Morris that the 4 cent school tax included maintenance for only the schools that were funded by the 4 cent tax, could not be used for other

school maintenance needs.

Vice Chairman Boles commented:

- Schools have a lot of safety issues
- Hope the two boards can continue to work together to take a lot of these issues off the table
- Security, which is a very big concern, has increased costs for the school system, but it must be done to ensure the safety of our children
- Hope when everything is said and done that the safety and welfare of our children being in a safe secure facility is the main focus
- Reiterated the need for both boards to continue to work together to solve some of our issues

Chairman Lankford commented:

- County understands the issues and has a working knowledge of what is needed, the problem is there is no extra money

Chairman Rogers commented:

- Have firsthand experience with the schools' budget requests
- Have even been on some of the roofs to see for myself
- South Stokes High School has patches, cracks beside the patches, and cracks between the patches
- The Board of Education has a plan, but until things are repaired, water damage has to be dealt with now
- Classes are being flooded and having to be moved into the gym
- The plan seems to be to kick it down the road
- School system's capital money is being used to put band-aids on bullet holes
- Roofs being considered for replacement are 1985 or older
- Roofs that are twenty years old have already exceeded their life expectancy plus 8 years
- Understand it is a tight budget year, but the Board of Education does not want our schools to get into the condition Southeastern did and then have to have so much major renovation done

Commissioner Walker questioned what the dollar amount was that the school system is requesting for roof replacement?

Superintendent Mendenhall responded:

- The cost to do the four most urgent roofing projects (Germanton Elementary, Chestnut Grove Middle, North Stokes High, South Stokes High Schools) is \$2.1 million
- Have a presentation later in the work session to illustrate what is really needed

Chairman Rogers commented:

- Every time it rains, it cost the county money

Commissioner Walker commented:

- Do not want to get into the “ostrich approach” and stick our heads in the sand hoping the problem would do away
- That does not work very well
- There is action needed at some point
- With limited funds and a tight budget, the challenge is how to fit all the pieces together

Chairman Rogers commented:

- Can take small bites of it, instead of just leaving it on the plate
- That would be making some progress, we know that there is a light at the end of the tunnel
- The Board of Education is not asking for every school to be in pristine condition, just want help to maintain what we have in this county so that we don't lose them

Chairman Lankford commented:

- Provided statistical data to show a snapshot of where the county dollars go
- Board tries to be very transparent in everything it does
- The proposed budget this year is approximately \$42,917,782
- Must try to make the county dollars go as far as possible
- Hope the Board of Education understands that the Board of Commissioners is very education oriented
- Maintaining the school facilities is very, very important
- Must look at priorities and fix what we can
- For the schools: Recommended by the county manager for Fiscal Year 2013-14 - Current expense funding of \$10,211,763 and \$4,480,998 school debt
- Approximately \$12,842,954 of the ad valorem taxes is being put in the school system (F/Y 2013-14) which shows the commissioners are very supportive of the schools
- Percentage of ad valorem taxes to the schools for Fiscal Year 2013-14 will be 59.10% if approved
- 24% of the county's Fund Balance was unassigned as of June 30, 2012
- 4% of that Fund Balance will have to be used to balance the manager's recommended budget for fiscal year 2013-14
- Stokes County operating costs for three months is approximately \$9,330,000.00
- GO Bond Debt has 4 years remaining
- Debt the County has already took on:
 - PODS for Early College = \$1,000,000
 - Land for Poplar Springs Elementary School = \$1,454,000
 - Nancy Reynolds/Early College = \$11,500,000
 - Popular Springs/Southeastern = \$16,268,911
 - Additional renovation for Southeastern = \$2,700,000
- This is a true picture of the debt service

Commissioner Jones commented:

- County is not allowed to have a Fund Balance below 8% without getting a letter from Local Government Commission
- Having an inadequate Fund Balance can interfere with borrowing funds for future construction
- Still have two more school projects

Vice Chairman Booth commented:

- \$1.5 million still has to be added for the Lawsonville Project along with \$6 million for the community college facility

Chairman Lankford presented the following statistical information:

- Stokes County is providing \$1,497.00 in current expense, \$47.00 in capital expense, and \$669.00 in debt service for a total of \$2,213.00 for each student
- Compared to other school systems of the same size, this is a very good representation of what the Board of Commissioners feel about supporting education in Stokes County

Commissioner Jones commented:

- Reiterated the need to fix the roofs
- Water damage is awful and deteriorates everything
- Water damage must be fixed
- Things have been kicked down the road for a lot longer than the current boards, which is one reason we are now in this boat
- It is a “catch twenty-two” when looking at the numbers
- Understand the issues
- Just don’t know the answer right now
- Maybe look at doing one school roof at the time

Commissioner Walker commented:

- A Fund Balance close to 8% can cause issues when trying to borrow funding
- In the comparison done by the Local Government Commission regarding Fund Balances in similar counties, 24% is about average
- Feel the LGC will be very concerned if 15-20% would have to come from the County’s Fund Balance to balance the budget
- Not sure how the LGC would fill next year if another large amount had to be taken from the Fund Balance to balance the budget
- Board of Commissioners must take into consideration a tight economy, the schools’ needs plus the entire county’s needs
- Bringing it all together is the challenge
- Don’t normally ask for a tax increase, but there comes a time that you might have to ask, “What would 1 cent added to the 4 cent tax for schools bring to the current situation?”
- Citizens have supported the 4 cents tax for school construction and renovations
- Have heard that maintenance should have already been done on the schools and should be done routinely

- Why has it not been done?
- Another thing that is looming out there for the Board of Commissioners is whether the county will receive the Hold Harmless this year. When will we know?
- Representative Holloway is working diligently to try to get some of the Hold Harmless restored
- Any part of the Hold Harmless would be help to improve the county's financial picture

Commissioner Inman responded:

- County may have to pass the budget before it is decided in Raleigh
- One cent would produce approximately \$300,000 in additional revenue
- Still would have a big challenge in catching up

Superintendent Mendenhall presented the following comments regarding the requested

Current Expense Budget from the Board of Education:

- First, want to thank both boards for all the work done together over the past few years for the schools
- There is no doubt in my mind that both boards realize the importance of education in Stokes County
- Some of what I am about to say will be repetitive of what was said last year, but could not leave the room without saying it again
- Feel I would be dishonoring the children of Stokes County if I did not step up and say these things to the Board of Commissioners.
- The ability to articulate the difference between necessities and wishes is sometimes very difficult
- Sometimes, it is a fine line; however, after today's presentation, feel it would be very easy for board members to see what the school system is dealing with
- They are serious needs and necessities and not wishes and wants
- He could repeat his budget presentation from last year, because the school system is addressing many of the same budgetary challenges in the 2013-14 school year
- Living in a time where resources are few, but the needs are great
- Board of Education's budget goal is to ensure the highest quality public education for all 6,770 Stokes County students even though funding looks no better at the state, federal or local levels
- Appears the state funding reductions put in place over the last four years will continue to impact the school system
- State discretionary reduction, again this year, of \$1.6 million, is still a challenge impacting our school system for the 2013-14 budget year
- State planning allotment reflects a loss of positions and dollars
- Federal decrease due to sequestration will result in a loss of an estimated 8% to 10% of the current federal funding
- This is estimated to be between \$300,000 and \$400,000 for Stokes County Schools
- Current expense budget request reflects an increase of only \$181,419

- This increase includes \$64,000 for salaries/benefits; \$42,000 for a new maintenance position with benefits and \$75,000 for utilities
- Current expense budget for 2012-13 was balanced by the school system using approximately \$1,000,000 from the school system's Fund Balance
- The 2013-14 current expense budget is requesting the commissioners increase local funding so the school system's Fund Balance will not have to be appropriated to balance its budget
- County Manager is recommending no increase which means the Board of Education will have to again budget from their Fund Balance
- Why is there a concern in budgeting Fund Balance?
 - The long range outlook for State and Federal funding allotments and mandates financially are not improving; therefore, Fund Balance might be needed to save current jobs
 - Prevents transferring funds to help with major capital outlay needs
 - Risk of using Fund Balance for reoccurring expenditures
- As you look at the Current Expense Budget line item by line item, you can see the Board of Education is not asking for thrills, but just what is needed to maintain educating all student of Stokes County Schools
- Therefore, I implore each of the five county commissioners and county manager
- In order to educate our students, we desperately need additional funding support from the county commissioners
- The students of Stokes County deserve an outstanding education in a safe environment
- They need to be motivated to reach their full potential and enable them to discover their interests and talents, pursue their goals and dreams and with the end result of being successful in college and in the workforce
- They are the future of Stokes County
- Requested the Board of Commissioners' help on the schools' current expense budget
- Requested the Board of Commissioners review what they have put forth so far and discuss the requests

Commissioner Walker commented:

- Appreciate the words from Superintendent Mendenhall
- Like the positive words used regarding the education of our students
- Look at this as a team effort
- When the county has to dip into their Fund Balance to provide more funding for the schools and the school system does not have to dip into their Fund Balance, is that a level playing field?

Superintendent Mendenhall responded:

- Board of Education did dip into their Fund Balance last year with over \$1 million.

Commissioner Walker questioned what was the school system's Fund Balance?

Executive Director of Finance Lanette Moore responded:

- At the end of the fiscal year last year, there was approximately \$2 million undesignated
- In the past, the Board of Education has transferred some Fund Balance to capital, as much as \$300,000 at one time
- Board of Commissioners have given the Board of Education the liberty to go up to \$1 million, which is greatly appreciated
- But the concern, as mentioned by Superintendent Mendenhall, using Fund Balance for Current Expense, which used to not have to be done, eliminates the freedom to move it to capital needs
- If there was more money appropriated from the county for current expense, then more of the Board of Education's Fund Balance could be used for capital

Chairman Rogers commended:

- If we had more appropriation in current expense, we could take Fund Balance and start fixing roofs

Commissioner Inman questioned what was the difference in the amount requested for current expense versus what the manager recommended?

Director Moore responded:

- \$1,186,260 less

Director Edwards provided both board members with information regarding what other school systems allocate each year.

Commissioner Walker commented:

- Stokes County compares to similar counties in the appropriation to current expense

Chairman Rogers confirmed that the data did not include the 4 cent school tax.

Superintendent Mendenhall noted that there are only three school systems that appropriate less in capital per ADM than Stokes County.

Both boards reviewed and discussed the information provided by Finance Director.

Commissioner Walker noted that this information is only the dollar amounts, does not give information such as what kind of facilities each system has, what shape the facilities are in, etc.

Commissioner Jones questioned on the capital side of the budget if there were any roofing grants that could help out?

Executive Director of Operations David Burge responded:

- Not aware of any construction grants
- Those normally come through QSCBonds or QZABonds
- QSCBonds are no longer available
- QZABonds are available from time to time, but are only being issued to school systems that have not received any previously

Superintendent Mendenhall noted that every grant available is applied for by all departments.

Director Moore noted that the \$1.6 million reversion to the state is a major hurdle for the school system.

The Boards discussed the impact of the state reversion.

The Board of Education presented each commissioner with a notebook of pictures regarding the need for funding for capital projects.

The following capital projects were included:

- Chestnut Grove Middle School
 - Resurface tennis courts
 - Replace roof on 1975 building
 - Replace single pane glass in office and cafeteria
- Francisco Elementary School
 - Speed bumps at drive in front of school
 - Replace concrete pad at gym entrance
- Germanton Elementary School
 - Relocate office to PLC Conference Room
 - Replace roof on 1975 building
- King Elementary School
 - Install doors and rework walls in “A” Building
 - Resurface area between cafeteria and “A” Building
 - New windows in “D” and “C” Buildings
- London Elementary School
 - Pave and stripe front parking lot
 - Remove trees in front of school
 - Trim trees in rear
- Meadowbrook School – Replace floor tile in POD with carpet
- Mount Olive Elementary School
 - Replace carpet with VCT tile in 16 classrooms
 - Replace folding partition wall between cafeteria and gym
 - Replace office carpet
- Nancy Reynolds Elementary – Install drainage system in Pre-K playground area

- North Stokes High School
 - Steps and ramps needed behind baseball field backstop
 - Repair or replace retaining wall at football stadium
 - Repair tennis court cracks
 - Replace roof on “A” Building
- Pine Hall Elementary School
 - Tear down and remove picnic shelter
 - Divert small stream at rear of school
 - Replace carpet in primary building with VCT tile
- Piney Grove Middle School
 - Replace boiler
 - Replace damaged gutters and install snow guards
- Pinnacle Elementary School
 - Replace carpet in classrooms with VCT tile
- Sandy Ridge Elementary School
 - Replace gym floor with VCT tile
 - Front and side entrance canopy repair and paint
 - Window replacement at front of school
 - Install wall to create 5th grade hallway
- Southeastern Middle School
 - Resurface tennis courts
 - Concrete stops at graveled parking lot
- South Stokes High School
 - New tapered EDPM Roof on canopies at “C”, “D”, “E”, and “F” Buildings
 - New drainage system in front of “F” Building
 - Trim pine trees behind bleachers at football and softball fields
 - Replace roof on ROTC Annex Building
 - Replace roof on “C Building
- Walnut Cove Elementary School
 - Install Ozone System in cooling tower
 - Paint front and rear entrance awnings and downspouts
- West Stokes High School
 - Repair cracks in tennis courts
 - Drainage system at gym lower level entrance
 - Repave area in front of garage

Commissioner Walker questioned if a professional roofer had looked at the roofs?

Director Burge responded:

- A professional roofer has looked at the roofs and has determined which roofs were in the most dire need of repair
- It has been five or six years since a full roof has been replaced, unless it was included in a construction project
- When I started in this position, there were 12 roofs in similar condition
- The Board of Education requested funding for the 12 roofs
- Six were replaced one year and six the following year

- Commissioners at that time agreed to look at funding two roof replacements per year in order to not get behind again; that did not happen

Chairman Lankford confirmed with Director Burge that no individual roofs have been done in the past 5-6 years unless it was included in a renovation project (example: Southeastern).

Manager Morris questioned if the topic of roofs was discussed during the planning of the new construction projects?

Director Burge responded:

- Every five years, the school system completes a long range facility study for DPI
- The last study was completed in 2010-11 and included the roofing projects

Commissioner Walker responded:

- Been on the Board of Commissioners for 9 years, roofs have already been a topic in one way or the other

Executive Director of Finance Lanette Moore commented:

- Another issue is that Stokes County used to use state ADM facility construction money for some of the needed renovations and roofing issues
- That state money has now disappeared

The Boards discussed flat roofs versus A-frame roofs.

Commissioner Inman commented:

- School lottery was initially funded at 40% and at the state level, it is now down to 22%
- Senate and House have different bills regarding the school lottery
- Decrease in lottery funding and loss of ADM funding combined has really put Stokes County in a dire situation with capital
- County has always been in a reactive mode, never been in a proactive mode
- Have never had funding in place to be able to do a long-range plan to catch up
- Need to do a long-range, ten-year plan and figure where the funding would come from

Commissioner Jones commented:

- When first came on board, schools was a very hot topic
- Couldn't figure how why we were building new schools before getting all the other schools in control
- Very critical situation

Commissioner Inman commented:

- Agree, we need to get the schools in control, but had no choice with Popular Springs, Nancy Reynolds, and Southeastern Middle School

Member Cox commented:

- With all the major construction/renovations projects, there was no funding available for roofs
- Have always made the Board of Commissioners aware of the roofing needs
- Feels the pictures explain everything as does the figures provided by Chairman Lankford regarding the budget
- Appreciate any additional funding

The Board of Commissioners briefly reviewed the provided pictures.

The Boards briefly discussed capital projects.

Commissioner Walker commented:

- One bright note is that in four years, the county will not have the GO Bond debt which will free up approximately \$1,000,000 annually
- That could help towards roofs and repairs

Chairman Lankford commented:

- There were several things that could be arranged with retirement of the GO Bond debt
- Could do a bond referendum again as long as that \$1 million would cover the payment
- The big question is whether we can ride this out until the GO Bond debt is retired?
- There is some light at the end of the tunnel
- Need to start planning what is the next step

The Board briefly discussed the retirement of the GO Bond debt.

Commissioner Walker questioned what amount is needed each year to address all school maintenance and capital needs?

Chairman Rogers responded it depends when you start.

Director Burge responded:

- Have done some research on the topic
- One firm shows to budget two to three dollars per square foot for major maintenance and to meet the life of the building
- Based on using \$2.50 per square ft, with the school systems' 1.2 million square foot, it would be \$3 million per year

Superintendent Mendenhall commented:

- Pictures speak louder than words
- Stokes County Schools are in desperate need of additional funding to maintain the schools that are now housing our students

- Safety is the main priority of the capital outlay request
- The funding recommendation of \$307,731 out of a \$5,178,810 budget request will not begin to touch the many safety concerns
- Of the \$5 million request, \$1.2 million is for roofing
- Understand the commissioners had plan that was 4 to 5 years out
- Do not think we can make it that long
- Must take immediate action to maintain our school facilities
- Board of Education knows there are four more years of debt and realize the \$1 million has been appropriated to debt service in the manager's recommendation
- Can't close our eyes to our current major facility needs
- School system was appropriated \$320,000 in county funding last year for capital needs
- With this year's recommendation of \$301,933, we are in a pattern
- If this pattern continues for four more years, some of our buildings will not be livable for students and employees
- We appreciate the flexibility to transfer up to \$1 million from current expense Fund Balance to Capital Outlay, but with the manager's recommendation, we will need Fund Balance to balance the current expense budget
- In summary, as superintendent of Stokes County Schools, I am pleading for your help to add additional funding
- Thanks for giving us the opportunity to come before you and express our 2013-14 budgetary needs

Member Cox commented:

- Been on the Board of Education for about 10 years
- Have seen how the Board of Education has struggled to meet budget requests through the years
- Have not caught up or got ahead
- Have done some really good things
- Have built some much needed schools
- Definitely made some progress
- Feel it is time to turn attention to needs that have been put on the back burner
- It is good to know there is a little glimmer four years down the road
- Feel the Board of Commissioners want to work with the Board of Education

Vice Chairman Booth commented:

- When the school system has to give \$1.6 million back to the state, it is hard for the county to pick up the difference
- Unfunded mandate just like the E911 Communications Upgrade
- Can't use Fund Balance to maintain current expense
- State and Federal are putting the county in a difficult situation
- Having to put funding in current expense eliminates using that funding for capital expenditures

Commissioner Jones commented:

- Have voiced that opinion to state legislatures to not keep putting it back on the counties

Vice Chairman Boles commented:

- Going through an economic crunch
- When money was good, these schools were still not maintained
- On school tours, board members saw North Stokes' roof that is leaking and getting everything wet
- Cafeteria supplies being damaged, wasting money
- Understand the county is in a crisis
- Board of Education is not going to bring anything before you that is not needed
- Hope the Board of Commissioners will try to help the Board of Education work through these hard times
- Our children are our future
- Need to protect our children

Chairman Rogers commented:

- Would like to sum up for the Board of Education
- In 2.5 years on the Board of Education, it is the same argument
- The past 2 years, we have followed the manager's recommendation and now we are at a breaking point
- Going to have to start looking at shutting down schools, going to 35 students in a class, seeing test scores plummet or teaching indoor swimming because every one of our classrooms are going to be a pool
- Personally took pictures on the roof at South Stokes and 40% of the roof has a crack on it with decking exposed
- We have put band-aids over bullet holes
- 7,000 students pass through our doors each year
- Students in our schools have no choice to attend others schools, except those who go to the Early College
- The four cent tax increase only covers three of the school system's facilities and one that we have no control over
- The ones we have control over are starting to get rundown
- South Stokes and North Stokes are hitting the 50 year mark
- They don't get a golden anniversary; they get a ripped up roof
- We are gradually replacing roofs with A-frame roofs

Commissioner Jones responded:

- That is part of what has happened
- We are paying now for bad decisions made years ago

Chairman Rogers commented:

- We are paying for other people's mistakes, but it is costing us dearly and it is costing our kids even more

- To get back to Commissioner Booth's comments of lowering your current expenses and not drawing out of your Fund Balance and then you can afford the roofs – the only way to do that is to have 35 kids in a classroom and no teacher assistants
- We are spending the county's money wisely
- This is the 3rd year in a row that we have been requesting some help and this recommended budget is showing a reversal
- We are not even getting the funding in capital that we were before
- Our schools are not getting smaller
- We are here today asking for help

Commissioner Walker commented:

- This budget was presented with a picture which showed a light at the end of the tunnel – that light was a train
- This is one of the most challenging budgets I have had to deal with
- The \$1.6 million that has to be sent back to the state would be 5 cents on the county tax rate
- We all have the same interest, what is best for children
- Reiterated that this is the most challenging budget that I have dealt with
- Where is the fairness here?
- Where is the line of what the school system can do with its resources versus what the county can and should do with its resources?
- Where is that line?
- How can we do it?
- Support keeping our schools in good shape
- Have the same goals in mind, good schools, high achievement
- Manager has put a lot of time in this recommended budget
- I am on board and want to work with you anyway I can

Commissioner Inman commented:

- We are all elected officials with the same goal of having the best educational program we can in Stokes County
- Board of Education has done a great job doing that
- We have great schools in Stokes County
- We have a real challenge here
- Briefly discussed the budget of 2002 with Hold Harmless not being received
- The county manager was asked to present a recommended budget to the commissioners this year with no tax increase, that is what he did
- That recommended budget is taking approximately \$3 million out of the county's Fund Balance
- Coming up with another million would mean \$4 million out of the Fund Balance
- Continuing to take funding from the Fund Balance would soon deplete the county's Fund Balance, Manager Morris has given us projections regarding continuously dipping into the Fund Balance, not a very pretty picture
- The challenge is to try to come to some compromise
- Need to get out of the reaction mode, need to be proactive

- Working hard to bring other revenue to Stokes County
- Questioned the priority if only one or two roofs could be replaced this year?

Chairman Rogers responded:

- Numbers could be pulled to see where the most money has been spent on water damage and what we could afford

Commissioner Inman responded:

- Going back to the decision on flat roofs – a 50 year old roof is still a 50 year old roof
- We can't blame it all on flat roofs

Superintendent Mendenhall responded:

- It is not only roofs
- Requested Dr. Todd Martin to speak about the carpet at Mount Olive Elementary School

Dr. Martin commended:

- The carpet was installed when the school was built in the mid-seventies
- It is green and orange, you don't see those colors anymore

Superintendent Mendenhall questioned how many homes today have carpet that is 40 years

old?

Vice Chairman Booth commented:

- Wished the county had the money to do everything that was requested from the Board of Education and all the other county departments
- Right now, ad valorem taxes is our revenue, we don't have the big industries coming to Stokes County
- Capital outlay for the county has been put off for three years
- Understand your issues
- Don't know if there is a short term answer to solve some of the issues
- Maybe the retirement of the GO Bond debt will help

Commissioner Walker commented:

- Commissioner Booth makes a good observation
- Without economic development for the ad valorem tax, the hole simply gets deeper
- Residential only is not a sustainable economic model to support the tax base
- We must focus more on economic development to get this county moving in a more positive direction
- Without that, the problems will just keep multiplying
- That is one reason why the community college is so important
- It is a vital component for economic development in a county
- All businesses are looking for trained workers
- Have some work to do

Commissioner Jones commented:

- A comprehensive plan is needed for capital projects
- We already know that these roofs are bad
- As a group, the boards need to be out lobbying with our associations and legislation to have some stability with what funding the county receives
- The boards also need to be out there educating our public, because like it or not, we have got to pay the bills
- If taxes need to be raised, we need to make sure our citizens know why they need to be raised
- Need to start talking now
- Have to come up with a plan and get moving
- Need a five and ten year plan
- Our new facilities will be in the same shape in 10 years

County Manager Rick Morris commented:

- Basically, the county is in a real pickle with this budget and it is no surprise to anyone
- Entering uncharted water as far as the budget is concerned
- Loss of revenue from the recent revaluation and the loss of Hold Harmless revenue is damaging
- Unpredicted revenue from the state and federal is always a challenge
- Revenue reduction is not a small matter
- Makes the budget almost impossible to do anything with
- Could not see himself recommending less than a 20% Fund Balance for the county every year
- Have to do what we have to in order to keep a 20% Fund Balance
- That equals approximately three months of operating expenses
- If could be a high risk situation if the county goes much below 20%
- It impacts the county's ability to borrow money
- This is the first year that Stokes County has had to finance servers due to lack of funding
- Because of Hold Harmless and the money that has been recouped form the operating budget, Stokes County will be able to have around a 20% Fund Balance this year
- Next year, will be the worst budget Stokes County has had in ten years
- There will be no left over Hold Harmless and the rest of the county is being budgeted so lean not much will be recouped
- We will have to have revenues from somewhere or we will have to start cutting out services
- Didn't need pictures, do not think the Board of Education is bringing invalidated requests to the County
- Stokes County has got to get more revenue from somewhere or we have got to change the way we operate the government
- Will have to put a risk analysis on what the county can and can't do
- Will have to look at departments not just eliminating positions

- Unless something changes, do not see any increase over the next four years of what the schools received this year
- Don't know how to fix the revenue problem
- Hope funding does not have to be decreased
- The loss of revenue hits are very tough to deal with
- Reiterated that the county will have to look at what we can and can't afford
- Very sensitive to the schools' needs

Chairman Lankford commented:

- This has been a very good session
- Both boards were working strongly together and understand that we are all serving the same people in Stokes County
- There is only so much money available
- Unless we get more businesses in Stokes County, it is not going to get any better
- Hope that the General Assembly will come through with some Hold Harmless Funding which will give us a little more flexibility
- We are on your side
- We know we have one of the best education system in the state

Chairman Lankford recessed the meeting for ten minutes in order to allow the Board of Education to recess their meeting.

Chairman Lankford called the recessed meeting back to order.

Legal Services for Social Services

Manager Morris noted the following:

- The recommended budget included a flat rate for all legal services for the county
- Since the recommended budget was presented to the BOCC, the county has received another unsolicited proposal from Attorney Tyrone Browder
- The proposal would keep the same two attorneys in DSS with Attorney Ty Browder's hourly rate being \$110 and Attorney Grabs' hourly rate being \$100
- There would be a \$100,000 annual cap for all legal services for DSS
- Would recommend this proposal at this point with consultation with DSS Director Preston and Attorney Browder to make sure all services would be covered
- Request direction from the Board
- Thought process is to cap at \$100,000, but will come back with complete details before the final adoption of the budget
- Would like to make sure there would be some type of assurance that the services could get done even if the \$100,000 cap was met
- Reimbursement for these services is very complicated
- Will continue to work the proposal before the actual budget is adopted if so directed by the BOCC

Chairman Lankford opened the floor discussion.

Vice Chairman Booth questioned what part is funded by state, federal and county?

County Manager Morris responded:

- This is a very complicated reimbursement process
- It depends on what service is being done, what program the child is assigned to, etc.
- Some reimbursement is all state and federal funding with other being 60/40 with the county paying 40; some is even only 23% county
- It all depends on the program
- All services are billable, paid by the county and requested for reimbursement on the DSS 1571 Report
- Need to look at all aspects of the billing, reimbursement, services, etc.
- Can make it work, may not be as simple as saying not to exceed \$100,000

Commissioner Walker commented:

- Suggest giving the manager authority to work out the details
- Sounds like a very good offer

Chairman Lankford suggested making a decision to continue using the current DSS attorneys and direct the manager to work out the details.

Commissioner Walker moved the County continue the services with the two current DSS attorneys with the manager working out the details regarding the new proposal. Commissioner Jones seconded the motion.

Vice Chairman Booth confirmed with Manager Morris that all details would be worked out before the final adoption of the budget.

Commissioner Inman confirmed with Manager Morris that the \$100,000 is for all billable Services, not the county's share.

County Manager Morris noted this can be a pilot program for one year.

County Manager Morris reiterated the reimbursement depends on the program.

The motion carried unanimously.

Adjournment

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

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

Darlene M. Bullins
Clerk to the Board

Ernest Lankford
Chairman