

that must be taken care of before the adoption of the budget:

- Approve new County Attorney contract (new item)
- Approve increase in fire tax rate for Walnut Cove Vol. Fire Department, included in the proposed budget (new item)
- Land use plan approach/funding (Board action complete)
- Home Health projected loss (in process)
- Health Department hiring of MD (Board action complete)
- Motor vehicle charges to fire departments (in process)
- Walnut Cove law enforcement adjustment for Sheriff's budget (Board action complete)
- Ambulance purchase (Board action complete)
- Purchase of items at Autumn Square \$2,900 (in process)
- Funding of \$2k for Walnut Cove Park (Board action complete)
- New animal shelter fees (Board action complete)
 - \$56 instead of \$100 recommended in budget, with \$26 going toward spay/neuter vouchers
- Payment to members on the new Human Services Advisory Committee for attending meetings (Board action complete)

Manager Morris noted that he would like the Board to discuss the following with Health

Director Scott Lenhart who was in attendance for the work session;

- Land use plan approach
 - County has an opportunity to obtain a \$60,000 grant through the Health Department that requires a \$30,000 local match (\$15,000 for two years)
 - Have placed \$10,000 for the county's contribution in the proposed budget
 - Would work with the municipalities to obtain the remaining \$5,000
 - Would get a \$90,000 land use plan with \$60,000 being paid by a grant
 - County has received a proposal from "Destination by Design"
- Home Health projected loss
 - \$460,000 projected loss for Fiscal Year 2013-14
- Health Department hiring of MD
 - Health Director Lenhart has received a proposal from a medical doctor who wishes to work at the Health Department
 - Physician (Dr. Armstrong) has been working at Pioneer Hospital of Stokes and will end her contract with them within the next two months due to the new doctors that Pioneer has recruited
 - Dr. Armstrong has given Health Director Lenhart two options:
 - Option 1 - becoming a part time employee working 19 hours per week with benefits
 - Option 2 – independent contractor for 19 hours per week with no benefits
 - Believe Option #2 would be the best for the county (two-year contract)

- Would not fund a physician extender position, which is currently vacant (Nurse Practitioner), in the upcoming fiscal year budget
- Would not have to pay Dr. Newsome the \$14,000 he receives for being the medical director for the Health Department
- Dr. Armstrong could serve as the medical director
- Would generate more revenue

The Board discussed the hiring of a physician with Director Lenhart.

Health Director Lenhart commented:

- Some program revenue has exceeded revenue projections this past year
- Feels Dr. Armstrong will bring new patients with her
- Feels patient census will increase with a doctor on staff
- Patient census has decreased due to having only one mid level provider
- New prenatal program to start soon
- New prenatal program should bring in new revenue
- Uncertain about 2014 with Health Care Reform
- With people seeking medical care, the talk is that Health Department will see an increase in patients
- Having a doctor will be a great asset for the Health Department
- Will work Mondays, Tuesdays, and half a day on Fridays
- Will be on call Wednesdays and Thursdays
- There is a chance that the Health Department could start accepting Medicare
- Will be making an application to accept Medicare (currently can take Medicare for flu vaccines only)
- Have had to turn patients away for medical visits who only have Medicare

Chairman Lankford questioned Health Director Lenhart what was the percentage of private insurance, Medicaid, self pay, sliding scale, etc?

Health Director Lenhart responded:

- Estimates:
 - Medicaid = 28% to 30%
 - Remaining is divided between private insurance, self pay and sliding scale with private insurance being the less (15% to 20% is estimated to be self pay or no pay)
- The amount the Health Department receives from Medicaid is constantly changing
- Health Department changed their rates to be comparable with Medicaid rates which means the Title XIX funds reimbursed back to the County each year will decrease which is deemed to eventually be eliminated
- When the poverty level changes, it impacts the sliding scale

Commissioner Walker commented:

- Confirmed with Health Director Lenhart that his recommendation is to contract with Dr. Armstrong using Option #2

- Confirmed with Health Director Lenhart that Dr. Armstrong is a general practitioner – can provide some OB-GYN, regular family practice medicine, and pediatric medicine along with some simple procedures

Health Director Lenhart commented:

- Dr. Armstrong has stated that she loves working in Stokes County
- Dr. Armstrong actually sought out Stokes County with the proposal
- Reiterated that revenues should increase with a physician on staff

Commissioner Inman commented:

- See a two-fold benefit
 - #1 - the potential for additional revenue
 - #2 – enhanced services to the clients served by the Health Department
- Window of opportunity for Stokes County
- Hard to get professionals to rural areas
- Confirmed with Personnel Officer Bullins that Dr. Armstrong’s Option #1 would not be feasible due to an employee must be considered full time (150 hours per 4-weeks) to have health and dental benefits
- Confirmed with Personnel Officer Bullins also that FICA, Medicare tax, and retirement would have to be paid by the County if Option #1 was chosen
- My preference would be Option #2

Vice Chairman Booth commented:

- Confirmed with Director Lenhart that the physician extender that will be unfunded in the FY 2013-14 budget is currently vacant
- Confirmed with Director Lenhart that with the physician extender being vacant, patient census has decreased
- Confirmed with Director Lenhart that the county allocation in the proposed 2013-14 budget would stay the same

Director Health Director responded:

- With only one provider, can only run one schedule
- If the one provider has an emergency, the clinic has to be cancelled and patients rescheduled if possible
- MD will see patients from all programs, hard to estimate what part of the salary would be county
- Dr. Armstrong will be able to qualify for loan repayment for school loans
- Will save money not having to pay benefits

Commissioner Jones commented:

- Feels Option #2 is the best for the county

The Board unanimously agreed to direct the Health Director to proceed with hiring

Dr. Armstrong as an independent contractor.

Manager Morris requested Director Lenhart to speak about the projected losses for Home Health included in the proposed FY 2013-14 budget.

Director Lenhart responded:

- Took the actual expenditures/revenues for the first six months of FY 2012-13 (July 1, 2012 to December 2012) and estimated the last six months (January 1, 2013 to June 30, 2013)
- During the first six months, there was a vacancy in the physical therapist position which caused a drop in the patient census along with vacant nursing positions
- State is going to a new Medicaid System
- There will be no Medicaid reimbursement from June 14, 2013 to mid July
- There has been no Medicaid billing since June 4th
- Revenue through May 2013 is \$338,610
- Last year (FY 2012-13) revenue was \$859,720
- Medicaid has reduced reimbursement by 4%
- Medicaid at times overpays which has to be repaid back
- Home Health billing is current with all denials re-filed
- If things remain stable this fiscal year, revenue could increase
- Lot of factors involved in projecting the loss
- Tried to be conservative in budgeting

PHN Ashley Kilby (Home Health) commented:

- Patient census has increased to 99 patients
- During the first six months, patient census was approximately 78
- Type of insurance patients have is out of the control of the Health Department
- Have recently received several UHC Home Health patients; UHC reimbursement rates are lower than Medicaid
- Have several Medicaid patients (approximately 70%)
- Starting in July, Medicaid is reducing the number of times a patient can be seen which will decrease revenue
- Have a new PHN who is familiar with Home Health
- Have one nursing vacancy in Home Health

Chairman Lankford questioned about the marketing of Home Health services?

PHN Kilby responded:

- Have been taking information to the doctors' offices which created a slight increase in referrals
- Do not have a special marketing team like some of the larger companies
- It is the patients' choice as to where they want go

Director Lenhart responded:

- Home Health sees more Medicaid patients than the private providers
- Have done some marketing within Stokes County

- Don't have the money for big marketing campaigns

Vice Chairman Booth commented:

- Reiterated the estimated loss for the upcoming year
- Reiterated Fiscal Year 12-13 was about the worst year there could be with the vacant physical therapist and nursing positions
- Noted the losses were calculated during the worst six months – no physical therapist during most of that time

Administrative Officer Wanda East responded:

- The projected loss is based on expenditures/revenues from the first six months of the current fiscal year 2012-13; physical therapist position was vacant some during this particular time
- Thing to remember is that expenditures and revenues in the proposed budget are all estimates

Director Lenhart commented:

- Reiterated the unknowns that may come with Health Care Reform

The Board discussed Home Health expenditures/revenues with Director Lenhart.

Administrator Officer Wanda East commented:

- Out of the last ten years, there have only been 4 profitable years
- Figure all ten years, there is still a \$50,000 loss

Commissioner Inman commented:

- Have served on the Home Health Advisory Committee for several years
- Stokes County Home Health provides a great service in Stokes County
- The quality that Stokes County Home Health provides exceeds the quality provided by other home health agencies; however, can Stokes County continue to compete with the “big giants” in the home health industry?
- When you deliver a service, you must depend on that person who delivers the service
- Can't attract physical therapists and occupational therapists who can name their price
- Believe it will continue to be a roller coast ride in the future – not paying county employees adequate wages to keep them here
- Do not believe Home Health will be profitable in the next five years
- Must take a hard look at this, owe it to the taxpayers
- Had to close a private business in 2011 myself due to no longer being able to compete in the industry – had no choice but to close
- Not an easy decision
- Know that quality home health services are being delivered by county employees

Director Lenhart responded:

- Reiterated that Stokes County can't compete with the “big giants” in the home health industry
- Do not have the resources that the big agencies have

Manager Morris requested Director Lenhart to speak about the grant for the land use plan.

Director Lenhart commented:

- Regional #3 has a \$450,000 grant each year for five years (over \$2 million)
- Funding must be used for programs to develop healthier communities
- Land use plan can include a healthy component such as parks, greenways, sidewalks, etc.
- Grant will provide \$60,000 toward the \$90,000 fee

Chairman Lankford opened the floor for questions regarding the Manager's proposed budget.

The Board discussed the projected expenditures and revenues on pages 2 and 3 of the proposed budget.

Chairman Lankford questioned what kind of results were being received from the Fraud Investigator position that had been added for Social Services?

Manager Morris responded:

- Would be happy to get dollar amounts from DSS Director Preston
- Sheriff Marshall has recently put a detective in the DSS facility to work closely with fraud and child protective services

Director Edwards responded that the County had already received \$15,600 this year and using the detective is also calculated with the cost allocation plan for DSS.

Commissioner Inman commented:

- Fraud Investigator position also sends a message to people receiving benefits that Stokes County will not put up with fraud

Commissioner Walker commented:

- Agreed with Commissioner Inman's comments that having an investigator lets people know that there is someone checking to make sure fraud is not happening

Chairman Lankford confirmed with Finance Director Edwards that the school system reimburses the County for the SROfficers (four positions).

Vice Chairman Booth noted that the Home Health loss is an estimate.

County Manager Morris noted that Gentiva Home Health is getting ready to do a big

marketing campaign in Stokes County.

Commissioner Walker confirmed with Finance Director Edwards that miscellaneous revenue estimated last year included funding from the Town of Walnut Cove and City of King for the communication upgrade (radios) purchased from the County.

Vice Chairman Booth confirmed with Finance Director Edwards that revenue from the Aging Grant is decreasing this year for the Walnut Cove Senior Center.

Commissioner Walker confirmed with Finance Director Edwards that the QZAB and QSCB Interest Refund from the IRS has been left in the proposed budget with the final determination to be decided in October 2013.

Vice Chairman Booth confirmed with Finance Director Edwards that the Sheriff had decreased the extra duty officers' fees/revenues due to the amount being spent in this year's budget; this year was the first year for the new program.

Commissioner Walker confirmed with Finance Director Edwards that the estimates for ambulance fees are based on what is actually being collected.

The Board discussed the Fund Balance appropriation for Fiscal Year 2012-13 and Fiscal Year 2013-14.

Clerk Bullins reported information from DSS Director regarding the Fraud Investigator:

- Some recipients, who have committed fraud, are on a payment arrangement and repay the amount back to DSS – estimated this year \$5,000
- There has been \$87,674 of fraud collected thru April – county's share that has been received is \$24,228
- The remaining amount goes back to the federal and state
- It is very difficult to identify what amount is food stamps, what amount is Medicaid
- Investigator is constantly entering judgments against clients – tax returns, insurance settlements, lottery winnings, etc.
- Working with detective to take the first case to court – \$12,000 Medicaid case
- Federal guidelines determine whether food stamps are reduced, payment is received from the recipient or if recipient is taken out of the program

Chairman Lankford noted with this information, the program is definitely working.

County Manager Morris noted there might be a need in the future to see if the program needs expanding.

The Board discussed the following proposed budgets:

- Contingency – decreasing
- District Resources – increasing – state funding stopped last year
 - Pretrial Program – gets inmates out of jail to lower costs
 - Will be working with Sheriff Marshall on the new Misdemeanor Program
 - Mowing for the county
- Debt Service – increase – New communication upgrade included
- Jail – increase – underestimated part time wages line item last year
- Special Appropriations – includes JCPC and ROAP funding which is pass thru funding
- Emergency Medical Services – expenditures versus revenues – budget includes financing of new ambulance
- Animal Control – new recommended fee of \$56 for adoptions
 - Consensus of Board for the recommended \$56 for adoptions with \$26 going to spay/neuter program
- Corporative Extension – consensus of the Board is that Cooperative Extension employees will receive the same amount of COLA (if given) on their county portion as county employee receive; county portion of the proposed state COLA not recommended
- Debt Service –
 - Will probably not be able to borrow funds for Lawsonville Elementary School Renovation and Community College Projects at the same time
 - Revenue from 4 cents is on line for the upcoming Lawsonville Elementary Renovation and Community College Projects
 - Autumn Square’s financing interest rate was 3.5% which is being offset from the rentals
 - Utilizing lottery funds before using the 4 cent education tax

Chairman Lankford directed Board members to direct specific departmental questions to the Manager.

Commissioner Jones noted the Board must be fiscally responsible and take into consideration future budgets.

Commissioner Inman suggested changing the tax collection rate from 95.5% to 96%.

Chairman Lankford noted this would increase the revenue by \$106,670.

Commissioner Inman commented:

- Verified with Tax Administrator Jake Oakley that he had no issues increasing the tax collection rate to 96%
- One thing to keep in mind – bottom line – must decrease expenditures or increase revenues
- Tobacco Buyout Settlement expires in 2014; know several citizens who use this money to pay their property taxes
- Quarterly reviews have helped to increase the Fund Balance
- Confirmed with Manager Morris that not much funding is being recouped from the quarterly reviews due to budgets already being very tight
- Will probably not have any Hold Harmless revenue to appropriate to the Fund Balance for this budget
- Going to have to be very careful to not let the Fund Balance get low
- Have to consider that next year there could be a \$1 million increase just from health/dental, wages/fringes, increase in supplies, fuel, etc.

Commissioner Jones commented:

- Even with all the hard work and efforts, still face several dilemmas
- Need to look at future capital expenditures
- Can't keep taking large amounts from Fund Balance to pay for daily operations

Commissioner Walker commented:

- When I ran for office, promised the citizens that I would make an effort to keep taxes as low as reasonably possible and in good faith feel I need to try to keep that promise
- That means you need to cut expenses as much as possible, but being realistic and reasonable at the same time
- Can't in good faith support a budget that has a built-in approximate 10 cent tax increase or take a large amount out of the Fund Balance – just can't support a budget like that
- It is just pushing down the road, the inevitable
- If a budget is passed with a 10 cent tax increase in it, then two things should have happened:
 - Looked at every reasonable way to cut expenses
 - If you are going to pass a budget with a 10 ten cent tax increase, don't put that on someone else
 - If we have to pass a budget with a tax increase in it, we should be strong enough to step up to the plate and do what has to be done
 - If you want a budget with business as usual, it is no longer a 60 cent tax rate county; it is now a 70 cent tax rate county
 - Not willing to push that to someone down the road and make them make the hard decisions
 - If a hard decision has to be made, I am willing to do my part to make it
 - I pay the same tax rate as everyone else, a tax increase would hit me just like everyone else

- I hate taxes, but if we are going to have certain services in this County the way we have been accustomed to, we can no longer do it at the same tax rate we currently have
- I am willing to start cutting if everyone else is ready
- To me, this is not a workable budget in its present configuration

Chairman Lankford responded:

- Proposed budget has already been cut from \$45,835,351 to \$42,917,782
- Board had no say so regarding such things as the communications upgrade handed down from the federal government
- Not willing to pass a tax increase down to the taxpayers, not today, not tomorrow – never
- I am not willing to increase the current tax rate
- There are still some unknowns such as Hold Harmless, potential revenues that could change in the next three or four months
- \$1 million will be going back into Fund Balance which will offset the \$3 million being allocated from Fund Balance

Commissioner Walker responded:

- Must consider that there may not be another \$1 million to put back into the Fund Balance this year
- According to Manager Morris, there is a \$1 million fixed cost that is likely to increase next year's budget
- This is not a sustainable budget in its present configuration
- \$1 million is equal to a 3 cent tax increase
- Don't know about sales tax revenue
- Can cut \$430,000 out of the budget with Home Health, may be a possibility that there could be some revenue coming in if certain things happen
- To me, it is no longer a matter of what we want, I would want the King Clinic open
- The King Clinic was closed for the same reason that we are looking at with Home Health – couldn't support itself
- Looking back ten years, would probably have had a better record than Home Health
- Not a matter of what we want, it is what we can afford
- Question is: how do we deal with it?

Finance Director Edwards commented:

- If the Board chose to increase the tax collection rate to 96%, you would only have to allocate \$2,989,946 from Fund Balance

County Manager Morris commented on the structural increase of \$1 million:

- Structural increase is built into the budget
- Does not mean it can't be taken out
- If you take it out, you will have to start making some tough decisions, longevity, insurance premiums for employees, services, etc.
- Still do not know how health care reform will impact the county

Commissioner Jones commented:

- The unknowns are what really hurts you when estimating for a whole fiscal year

Commissioner Inman commented:

- Must remember that over half of the County's revenue comes from Ad Valorem taxes
- Other revenues are not likely to increase, more likely to decrease
- How long do you hold off a stagnant revenue stream with borrowed money

Commissioner Walker commented:

- If you have ever seen a case for Economic Development, you are looking at one

Chairman Lankford opened the floor for any further discussion regarding the increase of the tax collection rate to 96%.

Commissioner Walker confirmed with Commissioner Inman that he had spoken with Tax Administrator Oakley and Tax Administrator Oakley is comfortable with increasing the tax collection rate to 96%.

It was the consensus of the Board to increase the tax collection rate to 96%.

Chairman Lankford opened the floor for any further discussion regarding the purchase of a new ambulance instead of two remounts.

Commissioner Walker noted it could be put off another year, probably have the best front line ambulances right now that the County has ever had.

Chairman Lankford noted it was probably because of the rotation schedule.

The Board discussed buying one new ambulance.

Commissioner Inman confirmed with Manager Morris that buying a new ambulance instead of remounts this year was the recommendation from EMS Director Greg Collins.

Manager Morris noted that he concurred with Director Collins.

It was the consensus of the Board to keep the purchase of one new ambulance in the proposed EMS budget.

Chairman Lankford opened the floor up regarding the purchase of items located at the Autumn Square facility from Mr. Ronnie Venable.

County Manager Morris commented:

- One conference table and chairs with matching wall shelving
- Floor jack that is estimated new at \$1,200
- Various tools
- All for \$2,900

Chairman Lankford polled the Board:

Commissioner Inman – up to \$2,500
Vice Chairman Booth – up to \$2,500
Chairman Lankford – up to \$2,500
Commissioner Walker – up to \$2,500
Commissioner Jones – up to \$2,900

It was the consensus of the Board to allow Manager Morris to negotiate up to \$2,500 for the items at Autumn Square.

Chairman Lankford opened the floor up regarding the \$2,000 for East Walnut Cove Park.

Chairman Lankford commented:

- East Walnut Cove Park received a special allocation from the County in the amount of \$30,000 about six year ago
- Not willing to allocate additional funding

Commissioner Inman commented:

- If we fund East Walnut Cove, why would we not fund all the rest

Commissioner Jones commented:

- Agree with Commissioner Inman

It was the consensus of the Board to not allocate any funding to the East Walnut Cove Park.

Chairman Lankford opened the floor regarding the payment for the new Human Services Advisory Committee.

Chairman Lankford commented:

- Should be the same as other Advisory Committees

Commissioner Walker commented:

- Will be saving funding since there will be less DSS members

It was consensus to pay the Human Services Advisory Committee the same as other Committees/Boards.

Manager Morris requested the reimbursement be left in the Health and DSS Board for this year.

Finance Director Edwards commented:

- Legal budget had been changed to reflect new county attorney (\$55,000 which includes \$7,000 for any unknown issues that might result in hiring an outside attorney along with new County Attorney Browder's fees \$48,000)
- Maintenance and Repair to Equipment in the Jail was increased due to not adding a new maintenance position for the Jail (\$7,500)
- Put expenditure/revenue regarding the Walnut Cove Police Department in the Sheriff's Department Budget

Vice Chairman Booth commented:

- Reviewed the fuel line item in each department
- Sheriff's Department budget has a \$55,000 increase in fuel

Finance Director Edwards responded:

- The amount in each departments' budget was based on this year's actual cost

The Board discussed fuel usage for the departments.

Vice Chairman Booth commented:

- Expressed concerns with the lost revenues for Home Health
- Don't see how the revenues can be decreased without decreasing the expenditures
- If the budget allocates funding for a full staff, don't understand why the revenues are not budgeted like having a full staff with clients increasing

Manager Morris commented:

- Must pay for staff that may not have a full patient load
- Expenses are there with less revenue coming in

Commissioner Walker commented:

- Remember Wanda East stating the calculation was figured the same as the past four years

Vice Chairman Booth responded:

- Home Health is something that needs closely monitoring

County Manager Morris responded:

- The Home Health budget is based on historic data
- The expenditures are for a full staff

- The revenues are based on past years' revenues
- Budget expenditures will be less if not fully staffed
- The status of Home Health is uncertain
- Feels that the revenue must be conservative with all the unknowns – other agencies in the county with big marketing budgets, loss of staff, decreasing clients, etc.

Commissioner Inman confirmed that the manager's projected loss for Home Health is \$460,723 county funding for FY 2013-14.

The Board discussed the projected expenditures and revenues.

Commissioner Walker commented:

- Seems it is almost like the "perfect storm"

County Manager Morris requested clarification regarding the increase to the 96% tax collection rate. Manager Morris questioned if the 96% tax collection rate should be also applied to the Fire Tax and the 4 cent special education tax?

Chairman Lankford opened the floor for any discussions.

The Board had no issues with placing the 96% tax collection rate for the Fire Departments and the 4 cent special education tax.

County Manager Morris commented:

- Sheriff had expressed comments for more vehicles
- Would like the Board's direction whether to allow the Sheriff to purchase more vehicles with \$60,000 in Capital Reserve

Chairman Lankford commented:

- Keep the \$60,000 in Capital Reserve

Commissioner Walker commented:

- Questioned if this is the Sheriff's funding, why not let him use it as he sees fit?

Chairman Lankford responded:

- It is the taxpayers' money
- May need it next year to purchase vehicles

Commissioner Walker commented;

- Will probably not be able to do the standard rotation in the upcoming years

County Manager Morris commented:

- Need for the Board to consider if the motor vehicle fees for collecting taxes should be charged to the Fire Districts or just let the county absorb the fees

Chairman Lankford questioned the amount of fees?

Finance Director Edwards commented:

- Local Government Commission(LGC) is requiring Finance to show what is collected as the collecting the levy and the revenue
- The fees have to be shown as an expenditure
- All the collection taxes will be sent to the county with documentation to show the amount allocated for the municipalities
- Can't charge the towns and the cities the 1 cent collection fee previously charged by county for the collection of motor vehicles
- LGC noted that it was up to the Board of Commissioners to determine if the fees should be passed on to the Fire Districts or let the county absorb

Vice Chairman Booth commented:

- The State has not even determined what the fees will be
- Some counties were used as a "pilot program" for collecting the taxes
- Need to think about that if it were offered to the county – tax already has their own collection department

Chairman Lankford noted that the decision could be made after the budget is adopted since the State has put the implementation date off three months.

Commissioner Walker confirmed with Finance Director that \$1,745,565 was allocated last year from Fund Balance to balance the FY 2012-13 budget.

Adjournment

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

Commissioner Inman 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