

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, 2013

The Board of Commissioners of the County of Stokes, State of North Carolina, met for a Budget Work Session in the Third Floor Conference Room of the Ronald Wilson Reagan Memorial Building (Administration Building) located in Danbury, North Carolina on Wednesday, June 26, 2013 at 10:00 am with the following members present:

Chairman Ernest Lankford
Vice Chairman James D. Booth
Commissioner J. Leon Inman
Commissioner Jimmy Walker
Commissioner Ronda Jones

County Personnel in Attendance:
County Manager Richard Morris – entered at 10:45 pm
Clerk to the Board Darlene Bullins
Finance Director Julia Edwards

Chairman Ernest Lankford called the Budget Work Session to order.

Commissioner Jones delivered the invocation.

GENERAL GOVERNMENT-GOVERNING BODY-PLEDGE OF ALLEGIANCE

Chairman Lankford opened the meeting by inviting the citizens in attendance to join the Board in the Pledge of Allegiance.

Budget Work Session

Clerk to the Board Darlene Bullins informed the Board of the need to approve the legal contract with County Attorney Browder that was presented at the June 24th regular meeting.

Chairman Lankford entertained a motion.

Commissioner Inman moved to approve the county attorney contract with Assistant County

Attorney Tyrone Browder which was reviewed and discussed at the June 24th regular meeting.

Commissioner Jones seconded and the motion carried unanimously.

Finance Director Edwards provided the Board with amended budget information (sheets) as directed at the June 25th meeting:

- Changed Ad Valorem tax, 4 cent education tax, and fire tax revenues to reflect a 96% tax collection rate
- Jail – adding funding back to maintenance and repairs
- Legal – proposed budget reflects new county attorney fees

Finance Director Edwards commented:

- Received information from DRC Director Tony Hill – has saved the county approximately \$300,000 with the Pretrial Program

Commissioner Inman commented:

- There was some discussion yesterday about increasing the revenues for Home Health
- Questioned what figure could revenues be increased to and still remain conservative?

Finance Director Edwards responded:

- Could possibly increase revenues from fees to \$400,000

Commissioner Walker commented:

- Must keep in mind that Gentiva is going to do a full marketing campaign in Stokes County that could impact our Home Health Agency
- Also must remember another CON may come into play which could mean another provider in the area
- Questioned Finance Director Edwards how did the County come about not needing the \$1.75 million that was allocated from Fund Balance in last year's budget?

Finance Director Edwards responded:

- Some revenues came in above the projections
- Some expenditures were not spent
- There was some Hold Harmless that was not allocated that went into Fund Balance

Commissioner Walker commented:

- With increasing the Home Health fees, it would take \$2,898,460 from Fund Balance
- Adding \$1 million for structural increases would make it \$3,898,460 coming from Fund Balance in Fiscal Year 2014-15 unless new revenues were found and/or expenditures were decreased

Chairman Lankford responded:

- Disagree that it will take \$3,898,460 from Fund Balance in Fiscal Year 2014-15

- The difference between the estimated budgets presented by Manager Morris is only \$400,000

Commissioner Walker responded:

- Even adding \$400,000, it would take \$3.3 million from Fund Balance which will definitely decrease the Fund Balance
- The Manager, who is the Budget Officer, stated there could be a \$1 million dollar structural increase in next year's budget

Vice Chairman Booth commented:

- With the budget being very conservative, maybe there will be some Hold Harmless this year and possible other potential revenues

Commissioner Walker commented:

- Looking for sustainability
- Having to pull \$2.9 million from Fund Balance to balance the budget is not quite conservative enough for me

Commissioner Jones commented:

- It is very hard to adopt a budget when you don't know what the Federal and State Governments are going to hand down to the County

The Board discussed the estimated budget scenarios presented by Manager Morris and the \$1 million structural increase predicted by Manager Morris.

Commissioner Walker commented:

- Looking for a sustainable budget
- A budget that we are not creating an ongoing deficit

Chairman Lankford commented:

- Everyone wants a sustainable budget

Vice Chairman Booth commented:

- Hard to have a sustainable budget when you have so many unknowns

Commissioner Walker commented:

- Makes me very nervous to have to use approximately \$2.9 million from the County's Fund Balance to balance the budget
- Counties with low tax rates are counties that are successful with Economic Development (tourism, manufacturing, etc.)
- There are four economic models:
 - Residential no growth
 - Residential with growth
 - Residential with some business that is sustainable
 - Business with some residential

- Anything depending on residential, can't maintain low taxes, proven over time and a known fact

Commissioner Inman commented:

- Hope some of the things that the state legislature is trying to do – lower corporate taxes, more business friendly state, etc., will help
- Must do forward thinking
- Need to start the goal sessions earlier this year
- Need a strategic plan

Commissioner Walker responded:

- Doesn't matter how good a plan is, if you are not willing to put something into the plan such as resources

Commissioner Jones commented:

- Comprehensive land use plan is a big step into developing a good plan for the county
- Sometimes you have to wonder about the number of people receiving services, truly some that need the services, but others who have never paid into the system
- Are we enabling people or empowering them?

Commissioner Walker commented:

- Huge amount of money comes into this county from federal and state programs that helps drive this economy

Commissioner Inman commented:

- One thing we need to do is give credit to the taxpayers for stepping up and paying their taxes
- Where would we be without those Ad Valorem taxes?
- Always want those who truly need the services to be able to get those services until they can get back on their feet
- Learned some very valuable information yesterday about the amount of fraud investigation that is being done at DSS – very pleased to see that they are getting the message out that Stokes County will not tolerate fraud

Commissioner Walker commented:

- Would put the Stokes County DSS up against any other DSS in the State
- They monitor, they try to make sure everything is done right, they follow the rules and regulations
- They have a very conservative director and one of the most conservative departments

The Board agreed with Commissioner Walker's comments about the DSS Department.

Commissioner Walker commented:

- This July, the President did away with the Work First Program where recipients had to try to find work, now you just have to go in and sign up

Chairman Lankford questioned the \$11,000 allocated in the Superior Court budget for carpet?

Finance Director Edwards responded:

- The amount is not only for carpet, it is for a safety glass protector in the Clerk's Office – safety issue with maintenance doing the work

The Board discussed the allocation amount (\$5,000) for road signs.

The Board discussed fuel allocation for EMS and Sheriff's Department.

Finance Director Edwards responded:

- Fuel allocation is based on usage
- Fuel was calculated at \$4.00 per gallon

Vice Chairman Booth commented:

- Price will continue to increase per gallon
- Should be savings this year with switching to regular gas
- Usage has to decrease in order to save

The Board discussed decreasing the fuel allocation in the Sheriff's Budget.

The Board unanimously agreed to decrease fuel allocation in the Sheriff's Department to \$247,000.

Finance Director Edwards noted this reduction changed the budget total to \$43,008,615.

The Board unanimously agreed to decrease fuel allocation in the EMS Budget to \$130,000.

Finance Director Edwards noted this reduction changes the budget total to \$43,005,615.

Commissioner Walker noted that most of the county's fleet gets an average of 17 miles per gallon which doesn't help.

The Board discussed ways to reduce fuel costs.

Manager Morris noted that some departments are already consolidating trips such as Planning and Environment Health.

The Board discussed decreasing the Fuel Contingency to \$45,000.

The Board unanimously agreed to decrease the Fuel Contingency to \$45,000.

Finance Director Edwards noted this reduction changes the budget total to \$42,998,615.

The Board revisited the carpet in the Clerk's Office.

Commissioner Walker wanted to make sure that no other department had requested carpet, just want to be fair.

Manager Morris noted that he should have taken the carpet out of the budget before it was presented to the Board and have no issue with the Board eliminating the carpet in the Clerk's Office.

The Board unanimously agreed to reduce the Superior Court budget by \$8,000.

Finance Director Edwards noted this reduction changes the budget total to \$42,990,615.

Commissioner Walker commented:

- Questioned Manager Morris what were the items that caused the approximately 6.4% decrease in this year's budget?

Manager Morris responded:

- E911 Upgrade
- Cost of new addition for the Health Department
- One time loan to CenterPoint
- Hospital settlement with Baptist

Commissioner Walker requested Manager Morris to revisit the estimated \$1 million structural increase for next year's budget.

Manager Morris responded:

- Items that make up the \$1 million estimated structural increase
 - Longevity
 - Potential increase in health care costs
 - Retirement
 - If COLA approved this year
 - Increase fuel cost

Chairman Lankford commented:

- This year proposed budget was \$42,917,783 with next year's projected budget being \$43,374,113 without any growth

Manager Morris commented:

- After recalculating, estimate the Fund Balance to be above 20%, 21%

Vice Chairman Booth moved to approve the proposed BY 2013-14 budget submitted by the County Manager Morris with all amendments approved by consensus of this board with no tax increase in the amount \$42,990,615.

Commissioner Jones seconded the motion.

Commissioner Inman commented:

- May be some potential additional revenue this year
- Very encouraged that the real estate market is showing some good signs of recovery along with the average home sale price continuing to increase
- If this continues, could see our 5% decrease in property values come back with the next revaluation
- 13 new permits in Environmental Health
- Seeing new construction
- Not 100% comfortable with this budget
- Confirmed with Finance Director Edwards that with this proposed budget, the Fund Balance at the end of 06-30-13 should be approximately 21%

Commissioner Walker commented:

- Did not reach my threshold
- Had an amount in mind that I was willing to go to, to make it work
- Will not be able to support this budget as it is

Commissioner Jones commented:

- Questioned Commissioner Walker where could cuts be made?

Commissioner Walker responded:

- Not always necessarily a cut, if you have budget that is guaranteed to cause a tax increase at some time and we are just delaying that time, might need to consider an adjustment, even with as much anguish it would cause the entire Board
- This might be the time, it is the responsible thing to consider
- If we continue down the same path, Manager Morris has recognized a time to cut more because it was delayed or a time to raise taxes more because it was delayed
- I am looking for a sustainable budget
- Reiterated that there was an amount from the Fund Balance that I willing to go to make it work
- We have to increase revenues or cut expenses or some combination to get there

Commissioner Jones responded:

- Understand what you are saying, but there are variables that we simply can't pin down right now

- Have to look at the Fund Balance, which we thought was going to be 20%, instead it is looking like 21%, little bit better than we thought
- Don't want to kick the can down to someone else, but there may be some factors that change this year that could help next year
- Not sure how you can get sustainability with all the variables, too many unknowns

Commissioner Inman commented:

- Going back to what was said earlier, the sustainability part can only come into play with the creation of new revenues
- Always going to have those unknowns
- Got to create some economic development to get those new revenues
- Questioned Commissioner Walker what was his threshold?

Commissioner Walker commented:

- Rather not toss that out since it can't be achieved

Commissioner Inman responded:

- Not trying to put you on the spot, but could decide which way I vote on the budget

Commissioner Walker responded:

- No more than \$1.5 million from Fund Balance, preferably \$1 million to make it work
- This proposed budget is taking an estimated 17.3% of the County's Fund Balance to make it work including the \$1 million already parked going into this budget

Commissioner Inman responded:

- That would have required a 5 cent tax increase or combinations of cuts to achieve that goal

Commissioner Walker responded:

- We are creating a situation where a tax increase, if the same dynamics stay the same, is inevitable
- Why put it off on someone's shoulders?

Chairman Lankford responded:

- That has been going on before now

Commissioner Walker commented:

- Had budgets that worked from 2004 to 2012, but those budgets had approximately \$2 million from Hold Harmless
- Now it is pretty much a business budget, but guess what, the \$2 million is longer there
- It is no longer business as usual, something has got to change.

Chairman Lankford called the question.

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

Chairman Lankford entertained a motion regarding the Fire Funds.

Commissioner Jones moved to approve the Fire Districts' Budgets with Walnut Cove's tax rate increasing to 6.5% and all the others remaining the same. Vice Chairman Booth seconded and the motion carried unanimously.

Manager Morris requested the negotiation amount with Mr. Venable be increased to \$2,900 in order to secure the conference table/chairs and the jack.

The Board unanimously agreed to allow Manager Morris to go up to \$2,900 for the items discussed at the 06-25-2013 work session.

Commissioner Inman moved to approve the 2% COLA for all full and part time employees that was included in the recommended F/Y 2013-14 Budget with an effective date of 06-22-2013 and to approve the 2% be added to the step and grade/classification plan. Vice Chairman Booth seconded and the motion carried unanimously.

The Board discussed recessing the meeting.

Adjournment

Chairman Lankford recessed the meeting to Thursday, June 27, 2013 at 12:15 pm.

Darlene M. Bullins
Clerk to the Board

Ernest Lankford
Chairman