

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 4, 2014

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 4, 2014, at 10:00 am with the following members present:

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

County Personnel in Attendance:  
County Manager Richard D. Morris  
Clerk to the Board Darlene M. Bullins  
Finance Director Julia Edwards

Chairman James Booth called the Budget Work Session to order and welcomed those in attendance.

Vice Chairman Jones delivered the invocation.

#### **GENERAL GOVERNMENT-GOVERNING BODY-PLEDGE OF ALLEGIANCE**

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

#### **Budget Work Session**

Chairman Booth turned the Budget Work Session over to County Manager Rick Morris.

#### **Fiscal Year 2014-15 Budget Overview**

County Manager Rick Morris presented and discussed the following Fiscal Year 2014-15

Budget Overview power point presentation:

**Discussion Topics**

- Budget Overview
- Budget Development Process
- Snapshot of Budget Process
- Budget Assessment
  - Major Facts Bearing on the FY2014/15 Budget
  - Budget Realities
- Budget Baseline Looking Forward
- Overview of FY2014/15 County Debt Commitment
- Overview of FY2014/15 Capital Reserve Fund
- Board of Education Request
  - Current Expense
  - School Capital Outlay & Capital Reserve
- Department Budget Highlights
  - Common Expenditures Across All Departments
  - Administration
  - Animal Control
  - Arts Council
  - Contingencies
  - Cooperative Extension
  - Debt Service
  - District Resource Center
  - Economic Development
  - Elections
  - Emergency Communications
  - Emergency Management
  - Emergency Medical Services
  - Environmental Health
  - Finance
  - Fire Marshal
  - Forsyth Tech
  - GIS / Mapping
  - Governing Body
  - Health Department
  - Title XIX Medicaid (2 charts)
  - Home Health
  - Information Systems
  - Jail
  - Legal
  - Library
  - Medical Examiner
  - Mental Health
  - Natural Resources
  - Parks
  - Planning

- Public Buildings
- Purchasing
- Recreation
- Register of Deeds
- Senior Services
- Walnut Cove Senior Center
- Sheriff's Department
- Social Services/Public Assistance
- Solid Waste
- Special Appropriations
- Superior Court
- Revaluation Fund
- Tax Administration
- Transfers
- Vehicle Maintenance
- Veteran Services
- Capital Reserve Fund Transfers
- School/FTCC Debt Service Fund
- E-911 Fund
- Enterprise Funds
- Fire Districts (All)
- In Summary, So What's Important
- Here is Where We Stand (Graphic)
- Backup Slides
  - Stokes County Tax Rate History
  - On Call Pay / Part Time Pay

County Manager Morris presented the Board of Commissioners (BOCC) with a copy of the NCACC County Analysis of the Senate's 2014-15 Budget Proposal for their review.

County Manager Morris stated this year's theme is "**Looking Forward**" but would remind the BOCC that last year's theme "**Light at the End of the Tunnel is a Train**" is not completely gone.

County Manager Morris noted that the following presentation will provide the BOCC with a complete understanding of what is recommended in the Fiscal Year 2014-15 Proposed Budget so that the BOCC can accept or make changes.

#### **Fiscal Year 2014-15 Overview**

- Total budget recommendation for FY 2014/15 is 43,860,097
  - Increase of 1.79% over the FY 2013/14 approved budget

- Increase is driven by the cost of a new tax software package, increase in part-time rates for Public Safety personnel, increased General Fund appropriation to Title XIX Fund, a 2% COLA, equipment purchases and structural increases in personnel costs
- No tax increase was recommended though some fines were increased
- This budget continues the budget re-baseline to adjust to the loss of \$2+ Million of annual hold harmless revenue that completely ended this year
- Recommended budget was developed using a two-to-four year thought process to re-baseline the budget during FY 15/16
  - FY 16/17 Budget will reflect new budget baseline without Hold Harmless and General fund balance; revenue sources, to offset these reductions until potential Revaluation and sales tax revenues come back, will have to be identified in FY 15/16 Budget
- Revenue and expenditure estimates continue to be conservative
- Recommended budget does not add back any of the 16 positions that were unfunded in the FY 2011/12 Budget

County Manager Morris commented:

- The proposed county budget has an approximate 1 to 2 percent growth in it each year with health/dental/vision premiums, longevity, utilities, increase in supplies, etc.
- Will have more information regarding the General Fund appropriation to Title XIX Medicaid Fund later in the presentation
- Will have to make some hard decisions in this year and next year's budgets
- Reiterated no Fund Balance is expected to be available for the F/Y 2016-17 budget
- Budget reality will be in F/Y 2016-17
- Reiterated no tax increase is recommended in the proposed F/Y 2014-15 budget

### **Budget Development Process**

- Department heads and outside agencies submitted budget requests
  - County manager met with department heads to analyze and discuss details of their budget submissions
  - County manager reviewed all requests and made first round of cuts
  - County manager made a second round of cuts focusing on equipment and requests for personnel reclassifications/additions
  - Across the board cuts were made in training and departmental supplies
- After all cuts were made, a \$2,841,932 difference remained between revenues and expenditures
- County manager next looked at the county fund balance for required funding to balance the budget since no tax increase was recommended
  - Objective was to keep the fund balance in close proximity to 20%
  - Local Government Commission recommends a fund balance in the range of 23% to 25% for counties similar to Stokes

County Manager Morris commented:

- One objective this year is to have approximately \$2 million in Fund Balance available to balance the FY 2015-16 budget while trying to keep the Fund Balance in close proximity at 20%
- Will be providing the BOCC, at tomorrow's work session, with some items the BOCC needs to consider during the budget work session
- Information Systems approved the replacement need for the computers in the recommended budget due to age of computers and number of problems that have been occurring

### **Snapshot of the Budget Process**

#### **Requested Budget = \$48,548,537**

- Difference between requested budget and recommended budget was \$4,688,440
- To fund the requested budget a tax rate of 83.05 cents at a 96.19% collection rate would be required
- The size of the requests illustrates that the departments have increasing needs that are not being funded

#### **After Cuts: Expenses = \$43,860,097 and Revenues = \$41,018,165**

- Difference between estimated revenues and recommended expenditures was short \$2,841,932
- Reviewed personnel & equipment requests and made cuts
- Other cuts in varied areas resulted from line item review of each budget request
- Cuts to training & supplies all departments

#### **Balanced Budget = \$43,860,097**

- Uses \$2,841,932 from General Fund Balance
- 16 positions from FY 2011/12 remained unfunded
- Capital Outlay was limited to essential requirements
- Personnel reclassification was limited to actual changes in duties
- 2% COLA included – starts 10/11/2014

#### **Fiscal Year 2015-16 Projected Shortfall = \$3,719,135**

- \$487,255 Revaluation revenue reduction continues
- Estimated \$2 Million of available General Fund will be available
- Tax rate increase of 6 cents required to make up lost Hold Harmless revenue and General Fund balance shortage for one year
- Other alternative is significant service cuts

### **Board Comments:**

Commissioner Walker commented:

- Can see from the first few slides that the County is not in good financial shape and the County is in a downward spiral

County Manager Morris commented:

- Will be discussing revenues tomorrow which play a very important role in this year's budget process

### **Budget Assessment**

- Major Facts bearing on the FY 2014/15 Budget
  - “Hold Harmless” is definitely gone this year
  - Revenues up slightly / expenses are steady and up slightly
  - County budget has built in structural increases between 1 and 2 percent
    - Longevity, medical/dental insurance, recurring cost increases such as energy costs
    - Minimum level of equipment and software must be funded each year to operate
  - Loan process should begin for construction of community college, which is the last in a series of new construction / renovation education projects approved by the BOCC
- Budget Realities
  - Recovery of the U.S. economy remains weak and stresses county budgets
  - During Fiscal Years 2014/15 & 2015/16, the approved county budget must be re-baselined to arrive at a “steady state” budget baseline in FY 2016/17 that addresses annual growth with adequate revenue
  - Tax rate increases for Fire Tax and Property Tax will have to be seriously considered in the FY 2015/16 Budget as part of the re-baselining effort to arrive at an acceptable budget trajectory for FY 2016/17 and beyond
    - Potential tax increases will be influenced by the level of Fund Balance that remains available to balance the budget and remains at or above 20%
  - Service levels to citizens will also have to be closely reviewed over the next two years to address additional needs, which are driven by increased demand

County Manager Morris commented:

- Don't see the County ever getting Hold Harmless revenue again
- One major problem when you start to re-baseline is that there are always those built-in structural increases between 1 and 2 percent with revenues decreasing
- Bad economy has finally caught up with local governments, normally hits private businesses faster than local governments
- Will have to evaluate services provided to the citizens

### **Budget Baseline Looking Forward**

#### **Fiscal Year 2013-14**

- Approved Budget = \$42,990,615
- Appropriated Fund Balance = \$2,841,946
- Summary
  - Last year of Hold Harmless (\$1.12M)

- Adequate fund balance without a property tax increase, maintained a 20% fund balance
- Maintained current level of services

#### **Fiscal Year 2014-15**

- Approved Budget = \$43,860,097
- Appropriated Fund Balance (proposed) = \$2,841,932
- Summary
  - Uses fund balance and maintains fund balance at 20%
  - Adequate fund balance available to balance budget without a property tax increase
  - Maintains current level of services

#### **Fiscal Year 2015-16**

- Approved Budget = \$44,737,298
- Appropriated Fund Balance = \$2,000,000
- Summary
  - Use last remaining fund balance to remain at 20%
  - Property tax or other revenue Increases must provide adequate revenue to balance budget and address future budgets
  - Level of services must be reevaluated
  - Budget estimate uses 2% annual growth

#### **Fiscal Year 2016-17**

- Approved Budget = \$45,632,043
- Appropriated Fund Balance = None available
- Summary
  - No fund balance available to balance budget
  - Last year's revenue increase(s) must support 2% annual growth or cut services
  - Next Revaluation will occur and potentially provide increased revenue in FY 17/18

County Manager Morris commented:

- The BOCC must be aware that you can't just fix next year by itself
- Will need to fill the revenue gap for the next few years
- Email has been going around on the managers' server regarding counties considering an EMS Tax, just something to think about

#### **Board Comments**

Commissioner Walker commented:

- Confirmed with Manager Morris that the appropriation from Fund Balance in FY 2013-14 and F/Y 2014-15 (if approved) is almost the same
- Confirmed with Manager Morris that by FY 2016-17, there is estimated to be no Fund Balance available if the County keeps the Fund Balance at approximately 20%
- Confirmed with Finance Director Edwards that each cent on the tax rate provides approximately \$317,000 in revenue

Chairman Booth commented:

- Hope there will be some new revenues

Commissioner Walker commented:

- When speaking of new revenues, the best news that I have heard is the possibility of a Walmart in the King area
- Walmart is predicted to provide approximately \$700,000 annually in additional taxes
- Complimented Manager Morris on the idea of the 4 cent tax for already approved construction/renovations for schools and the community college
- Confirmed with Manager Morris that the 4 cent tax is still a separate fund that can only be used for those identified school construction projects and a community college

### **Overview of Fiscal Year 2014-15 County Debt Commitment**

| Debt Description         | Purpose of Debt                    | Years | Amount                  |
|--------------------------|------------------------------------|-------|-------------------------|
|                          |                                    | Left  | Principle plus Interest |
| Refinance/GO Bonds       | West Stokes & Piney Grove          | 3     | \$1,404,973.00          |
| PODS                     | Purchase for Early College         | 9     | \$107,402.00            |
| Land Purchase            | Poplar Springs Elementary          | 14    | \$114,030.00            |
| School Construction      | Nancy Reynolds & Community College | 15    | \$652,570.00            |
| QSCB                     | Poplar Springs & Southeastern      | 13    | \$1,781,829.00          |
| QZAB                     | Southeastern                       | 13    | \$295,714.00            |
| School Addition          | Lawsonville Elementary             | 14    | \$51,240.00             |
|                          |                                    | Total | <b>\$4,407,758.00</b>   |
|                          |                                    |       |                         |
| Capital Lease Payment #1 | EMS & Sheriff                      | 3     | \$98,334.00             |
| Capital Lease Payment #2 | EMS Remounts and other equipment   | 2     | \$65,132.00             |
| Capital Lease Payment #3 | New roof and EMS Station           | 5     | \$47,220.00             |
| Capital Lease Payment #4 | Communications Equipment           | 4     | \$348,818.00            |
| Capital Lease Payment #5 | Autumn Square Property             | 8     | \$62,300.00             |
| Capital Lease Payment #6 | Equipment-Sheriff, EMS, Servers    | 3     | \$100,571.00            |
| Capital Lease Payment #7 | Tax Office Software                | 9     | \$42,000.00             |
|                          |                                    | Total | <b>\$764,375.00</b>     |

County Manager Morris commented:

- Lawsonville debt has been added since last year
- Only thing left regarding the Capital Projects that were previously approved is the construction of a community college

### **Fiscal Year 2014-15 Capital Reserve Fund Recommendations**

- Building assessment shows \$173K should go into capital reserve for projected HVAC failures



- Recommend funding in the amount of \$120K be placed in capital reserve to address probable failures of aging HVAC systems at the hospital and other county buildings
  - Will consider adding the additional \$53K in FY 15/16 if funds are available
- Move \$15K from Capital Reserve to purchase a used 4WD truck for Animal Control
- First payment of \$42K for new Tax software coming from Capital Reserve

County Manager Morris commented:

- Can increase the recommended \$120k if the BOCC so desires for future HVAC needs
- There are some changes regarding the new Tax software that has saved the County funding, will be providing the BOCC with additional information before the adoption of this year's budget

### **Board Comments:**

Commissioner Lankford requested a total of the County's current Capital Reserve.

Finance Director Edwards responded:

- At the end of June 30, 2013, it was \$868,765
- There have been amounts added and taken away from the total during the current fiscal year
- Will have the BOCC a current figure at the next budget work session

Commissioner Walker commented:

- Confirmed with Manager Morris that the replacement of the hospital's HVAC is the County's responsibility (in the Pioneer Lease)

### **School Current Expense**

- Budget recommendation is the same as fiscal year 2013/14 - \$10,211,763
  - \$98,100 from the New School/F Tech Fund for Poplar Springs operating cost
  - \$10,113,663 from General Fund
- School Board requested \$1,337,982 increase over last fiscal year.
- BOE appropriated \$1,153,342 from their current expense fund balance in fiscal year 2013/14 budget; No fund balance appropriation from the BOE was reflected in the FY 2014/15 BOE budget request.
- State Senate has recommended cutting school nurse funding to all but Tier 1 counties (2.5 positions per School System in Stokes County)

### **Board Comments**

Chairman Booth confirmed with Manager Morris that the operational costs for Poplar Springs

Elementary School is allocated from the New School/F Tech Fund (4 cent tax) each year.

### **School Capital Outlay and Capital Reserve Fund**

- BOE requested \$2,953,000 for capital outlay

- Capital expenditures to be used for:
  - \$229,000 for exterior and landscaping
  - \$2,601,000 for renovations (of which \$1,685,000 is for roofs), \$83,000 for furniture & equipment and \$40,000 for vehicles.
- Sales tax revenue for schools has increased slightly.
- Manager's recommendation is as follows:
  - \$1,000,000 was recommended for debt service payment. This debt has 3 years remaining.
  - Recommended capital outlay for Schools is \$600,000 (doubles last year's amount), and authorization for use of up to \$1,000,000 from the School's current expense fund balance for capital expenditures
- Any remaining funds from the Lawsonville Elementary Project can also be used for other capital expenditures with approval of the Local Government Commission
- Have not received any comments from the Board of Education regarding the County's offer to use leftover funding from the Lawsonville project for capital expenditures

### **Board Comments**

Commissioner Inman confirmed with Manager Morris that currently there is no idea if there will be any leftover funding from the Lawsonville project.

### **Department Budget Highlights – Common Expenditures Across all Departments**

- Personnel Services
  - 2% COLA (cost \$145,000 including benefits); Starts 10/11/2014
  - Longevity increases
  - No increase employer retirement contribution this year
  - Increase in dental insurance premium of less than 1%
- Materials, Supplies & Expense
  - Fuel cost was funded at gallons used at a rate of \$4.25
  - All county departmental supplies reduced 5% across-the-board
  - All county training reduced 10% across-the-board

**THESE ITEMS NOT REFLECTED ON INDIVIDUAL DEPARTMENTAL CHARTS**

### **Departmental Budget Highlights - Administration**

- Budget increased by \$16,767 / 10.62%
- Salary / longevity increases
- Replacement computer for Clerk to the Board

### **Departmental Budget Highlights - Animal Control**

- Budget increased \$19,097 / 10.07%
- Used truck to be paid for from Capital Reserve that was originally designated for new gas chamber
- Postage increase due to higher rate for mailing metal dog tags
- Animal Control adoption fee increase to \$100 last year; Working well with minimal reduction in adoptions

- Incentivizes spay and neuter
  - Encourages more responsible adoption behavior
- Increase in fines for nuisance ordinance, plus additional fines for multiple calls within a 24 hour period (this is where animals continue to bother neighbors and destroy personal property)

#### **Departmental Budget Highlights - Arts Council**

- Budget increased \$1,183 / 1.36%
- Personnel cost only expense for Arts Council
- Grant funding for downtown project being finalized

#### **County Budget Overview – Contingencies**

- Contingencies budget increased \$112,000 / 30.27%
- New contingency line for public safety part time salaries/Affordable Care Act (part-time hour restrictions) funded at \$50,000
- Emergency contingency funded at \$125,000
- Leaves fuel cost contingency at \$45,000
- Leaves \$100,000 for employee payoff of unused vacation, comp time and/or holiday leave
- Added employee COLA contingency line item for \$145,000 which does not start until late October 2014 in order to save funding
- Home Health contingency of \$17,000 (does not look like the sale of Home Health will be finalized before July 1, 2014)

#### **Board Comments:**

Commissioner Lankford commented:

- This Board took a proactive approach by appropriating additional funding for part time salaries in order to bring down the holiday and comp. time balances in previous budgets
- Confirmed with Manager Morris that has made some headway and has reduced the holiday and comp. time in the Sheriff's Department and the Jail

Personnel Officer Darlene Bullins commented:

- County adopted a policy in 2009 which requires employees who accrue holiday time and comp. time to use accrued holiday and comp. time (after the adoption of the policy) before any other type of leave
- Employees can transfer a certain amount of unused vacation leave to sick leave at the end of the calendar year
- Sick leave is never paid off by the County when someone leaves or retires
- There are no large holiday balances in EMS
- There is only a few in the Sheriff's Department and Jail (that is the time accrued before the adoption of the new policy in 2009)
- The use of the leave contingency line item varies each year due to not knowing when an employee is going to resign, retire, or be dismissed

Finance Director Edwards commented:

- Funding is used from lapsed salaries in each department before using the leave contingency line item
- Any unused contingencies go back into the Fund Balance at the end of fiscal year

County Manager Morris commented:

- During the quarterly reviews this fiscal year, there has been very little that could be taken from departments and put back in the Fund Balance
- Budgets for Fiscal Year 2013-14 are very lean

**Departmental Budget Highlights - Cooperative Extension**

- Budget increased \$5,882 / 4.03%
- Replacement of one computer
- Employee projected to obtain "Title Change" qualification
- Will get county share of COLA recommendation

**Board Comments:**

Commissioner Walker commented:

- Thought Commissioner Lankford and myself expressed interest in reviewing the overall budget before putting in a COLA or bonus
- This would allow the BOCC to see what the budget looked like before a COLA or bonus is added
- This was to also determine if either could be afforded

County Manager Morris responded:

- That is why it is in a contingency line item and not in each individual department; can be deleted or changed
- Did look at the entire budget before recommending a COLA
- Placed in the budget message that there would be no COLA or bonus recommendation definitely next fiscal year and most likely not the fiscal year after that
- Also looked at the salary scale that departments must use to try to hire employees which is way behind
- Have already told department heads not to waste the time and paper requesting a COLA for employees next year

Vice Chairman Jones commented:

- Confirmed with Manager Morris that the recommendation of \$145, 000 would probably equal to a \$400 bonus if the BOCC decides to remove the COLA and add a bonus instead
- Understand the importance of a COLA
- A COLA is something that is really needed to hire new employees and retain current employees
- Have to be able to compete with other counties

Commissioner Inman commented:

- Must keep in the mind the cost of training new employees

Commissioner Walker commented:

- See both sides, but also see hundreds and hundreds of citizens in the County that are struggling to make ends meet
- Want to be a responsible employer and be as good as we can to our employees at any given time
- A COLA for employees sort of smacks the citizens in the face who are being impacted by this slow, struggling economy
- For example – people in construction trades who did make a very good living, now do not have any work or don't know if they will have a job from one week to next week
- Some are just trying to survive
- Must take all this into account regarding whatever decision is made
- Want to be a responsible employer, but on the other hand, have a lot of citizens who question giving a COLA in such bad times
- Remember the term used by Manager Morris last year – “the new normal”

County Manager Morris responded:

- A lot of the 400 employees are those citizens in Stokes County who are struggling, the way I look at it

Commissioner Walker commented:

- Feel this proposed budget is more than our county can currently afford
- As a county, we are “floundering”
- County is struggling, but I see a “normal budget” being recommended

Chairman Booth commented:

- Can agree with Commissioner Walker to some extent, but must remember the County has a Fund Balance that can help balance the budget

Commissioner Walker responded:

- Have worked really hard to get the Fund Balance to where it is currently at
- Puts me in a “not good way” to see it dwindle away, seeing our county going broke by taking from the Fund Balance year after year to balance the budget
- Could not run a household like that
- Could not run a business like that
- Confirmed with Finance Director Edwards that the current estimate Fund Balance is 24%
- Keep taking from it year after year and you will eventually have nothing left

Chairman Booth commented:

- Will still retain a 20% Fund Balance after this recommended appropriation
- Must remember if you keep taking away from the Fund Balance and not putting any new revenue it, it will start to decrease

County Manager Morris commented:

- Must remember that the County has had several years to prepare a budget without using Hold Harmless
- Understand the County has been trying to use Hold Harmless for only nonrecurring items
- Could decrease the appropriation from Fund Balance this year, but must either find new or additional revenues or start cutting services
- If you want to start cutting this year, that can be done, just start thinking about where to start

Commissioner Walker commented:

- Started on the suggestion of Commissioner Inman, budget revenues conservative and no recurring expenses from Hold Harmless revenue
- Questioned if any Hold Harmless revenue was allocated for any recurring expenses this past year?
- Thought we were going to start looking at cutting this year

Vice Chairman Jones commented:

- This County is run very lean
- Not many places you could cut without impacting services to the citizens
- There is only so much that can be cut

Commissioner Walker responded:

- Then revenues will have to be increased
- This budget has a tax increase in it, it is there, just not going to push the button this year

County Manager Morris responded:

- No built in tax increase this year, but definitely next year's budget
- Have enough Fund Balance this year to not have to do a tax increase
- Next year, there is not enough Fund Balance to balance the budget without a tax increase, unless there are some new revenues or you drop the Fund Balance below 20%

Commissioner Walker commented:

- Have concerns how the Local Government Commission views the use of Fund Balance year after year to balance the budget

Vice Chairman Jones commented:

- Other counties are having to use their Fund Balance, some more than us

County Manager Morris responded:

- Local Government Commission does not care how counties use their Fund Balance as long as it is above 8%
- Want the Fund Balance to be as high as comparable counties when debt is being approved by Local Government Commission

- Can always go below 20% once the funding is approved for the community college
- Would not recommend, given the uncertainty of the economic and unfunded mandates, to go below 20%

Chairman Booth commented:

- This Board and others have been very conservative trying to get the Fund Balance to where it is today
- If there comes a time when the Fund Balance is not there, you must cut services, find new revenues or raise taxes

Commissioner Inman commented:

- Our situation points out what has been said many times “depending solely on Ad Valorem Taxes is not a sustainable model”
- Unless you find additional revenues, you will be cutting entire departments or you will raise taxes; those are the only two options

Commissioner Walker responded:

- Heard of Economic Development?

Commissioner Inman responded:

- Been working on it as hard as I can for the past 12 years
- Economic Development does not happen overnight

Commissioner Walker commented:

- Feel the number one priority of the citizens in Stokes County is jobs along with the economic development

Commissioner Inman responded:

- That being the number priority in the nation

#### **County Budget Highlights - Debt Service**

- Budget increased \$65,887 / 1.29%
- Refinancing of G.O. Bonds - \$213K savings over 3 yrs.
  - Local Government Commission met yesterday, the refinancing was on their Agenda
  - Have not heard anything yet
- Summary of Debt Service:
  - 1997-98 School debt – West Stokes High School/Piney Grove Middle School 3 years remaining
  - 2009 financing for PODs for Nancy Reynolds School temporary location 9 years remaining
  - 2009 financing for land for schools – new elementary school and Nancy Reynolds School 14 years remaining
  - 2010 financing for Nancy Reynolds School and Early College / Community College 15 years remaining
  - 2011 QSCB for Poplar Spring School and Southeastern Stokes School 13 years remaining

- 2011 QZAB for Southeastern Stokes School 13 years remaining
- 2013 financing for addition to Lawsonville Elementary 14 years remaining
- Financing for Forsyth Tech Community College this fiscal year
- Equipment #1- Sheriff's Department cars and ambulance remounts payoff FY16-17
- Equipment #2- Ambulance remounts and EMS equipment payoff FY15-16
- Equipment #3 - 1 new ambulance, truck Sheriff's Department, servers for various departments payoff FY 17/18
- Roof Government Center and EMS station payoff FY 18/19
- Communication Equipment payoff FY16-17
- Autumn Square payoff FY 23/24
- Financing 1 new ambulance, 7 vehicles and 23 computers for total of \$428,000 for FY 2014/15
- Financing by vendor of new Tax Office software; \$420,000 over 10 years at zero interest

#### **Departmental Budget Highlights - District Resource Center**

- Budget increased \$4,788 / 3.38%
- Will continue to supervise State Misdemeanor Confinement Program in conjunction with the Sheriff
- DRC pays for itself with Pre-trial release program and community service support to the County

#### **Departmental Budget Highlights - Economic Development**

- Budget decreased \$197,647 / -52.03%
- Wieland Copper grants completed in F/Y 2013-14; Eliminates \$203,434 payment
- Advertising/Marketing increase due to additional tourism advertising for the County

#### **Departmental Budget Highlights - Elections**

- Budget decreased \$33,882 / -15.72%
- Decrease due to election cycle we are in this year

#### **Departmental Budget Highlights - Emergency Communications**

- Budget increased \$27,638 / 4.61%
- Slight increase due to change of supervisor work schedule
- Increase in part time rate for telecommunicator salaries (\$2.00 per hour increase)
- Telephone increase due to change in eligibility criteria for E-911 funding
- Misc Contractual Services increase due to removal of old equipment from Booth Mountain, Sauratown Mountain, King Water Tower and old E-911 Building
  - Can possibly rent out space – additional revenue
- Replacement of laptop computer that E-911 will not fund
  - This laptop will be used in the E911 Center and analysis data from the E911 Center
- Propagation study by Motorola at cost of \$500- will provide the County a roadmap where E911 needs to go in the future

#### **Departmental Budget Highlights - Emergency Management**

- Budget increased \$18,212 / 23.77%
- Purchase of battery charger



- Programming for back-up viper radios received on grant
  - This will allow use of the radios
- Adding “maintenance/repair of equipment” line item to cover equipment received from Homeland Security (will be paid from EMPG grant)
- EMPG funding line item established to supplement General Fund for EMS (reference EMPG letter)

#### **Departmental Budget Highlights - Emergency Medical Services**

- Budget increased \$92,685/ 3.75%
- Purchase of one new ambulance
- Purchase of replacement stair chairs
- Salary increase for Medical Director (has not had an increase since becoming Medical Director) who has taken on additional duties – has to run calls with EMS Units and is now over the EMD in Emergency Communications
- Replacement computers approved due to age & capability of existing ones
- QRV(s) are needed now but definitely next year
  - One has over 324,000 miles
  - Have transmission issues
  - Will discuss in tomorrow’s work session
- Need to talk about an emergency that has occurred

County Manager Morris commented:

- Purchase of replacement stair chairs is an urgent need to help prevent worker’s compensation claims and provide a safe transport for the patient

#### **Departmental Budget Highlights - Environmental Health**

- Budget increased \$8,248 / 3.34%

#### **Departmental Budget Highlights - Finance**

- Budget decreased \$12,658 / -3.23%
- Replacement of computers

#### **Departmental Budget Highlights - Fire Marshal**

- Now included in Sheriff’s Dept. Budget

#### **Departmental Budget Highlights - Forsyth Technical Community College**

- Budget increased \$1,060/ 1.02%
- No General Fund dollars – funding comes from the four cent tax

#### **Departmental Budget Highlights - GIS/Mapping**

- Budget decreased \$12,545 / -6.44%

#### **Departmental Budget Highlights - Governing Body**

- Budget decreased \$53,854 / -5.31%
- Unemployment now deducted each pay period and charged to individual departments

### **Departmental Budget Highlights - Health Department**

- Budget decreased \$68,453 / -9.76%
- Expanded operating hours should generate increased patient load and revenue
- Added pre-natal care program
- Title XIX Medicaid Fund landscape is changing (addressed separately in next 2 charts)
  - Health Department has to find ways to increase revenues
  - Prenatal Care has been added

### **Title XIX Medicaid Budget History**

- Health Department programs are funded with a combination of Title XIX Medicaid, local county dollars, user fees, and other state / federal funding
- Local county funding requirements vary from year-to-year depending on the amount of funds received from other funding sources
- Title XIX Medicaid funds were broken out of county's General Fund in FY 12/13 for increased visibility; large Title XIX fund balance was spent during last two years, which freed up local county funding for other purposes
- With Title XIX fund balance now spent, an increase level of local county funding will be required to fund Health Department programs; Title XIX reimbursement levels becoming more uncertain

### **Recent Funding History of Health Department and Title XIX Funding**

|             | Local Funds   | Title XIX Funds  | Title XIX        |
|-------------|---------------|------------------|------------------|
| Fiscal Year | Budgeted      | Budgeted         | Cost Settlement  |
| FY 07/08    | \$154,102.00  | \$145,447.00     | \$104,104.00     |
| FY 08/09    | \$157,665.00  | \$250,000.00     | \$111,579.00     |
| FY 09/10    | \$440,277.00  | \$275,000.00     | \$177,178.00     |
| FY 10/11    | \$435,990.00  | \$258,292.00     | \$241,712.00     |
| FY 11/12    | \$420,278.00  | \$250,749.00     | \$121,309.00     |
| FY 12/13    | \$240,776.00  | \$874,827.00     | \$150,752.00     |
| FY 13/14    | \$235,518.00  | \$1,045,695.00   | To be determined |
| FY 14/15    | -\$713,011.00 | To be determined | To be determined |

Local Funds Budgeted includes Title XIX and Health Department County Funding, does not include Environmental Health.

### **Health, Title XIX Medicaid Fund**

- Budget decreased \$402,020/ -24.25%
- This fund separated from General Fund by BOCC in FY 2012/13, which provided visibility of large fund balance
- New building completed from Title XIX fund balance
- After removal from General Fund, the Title XIX fund balance was deliberately reduced by building expenditures and increased Title XIX funding of eligible Health Dept. programs, which reduced local county funding for these programs

- With large Title XIX fund balance eliminated, in the FY 2014/15 and future budgets, local county funding will ramp back up on eligible Title XIX programs
  - Amount will be directly impacted by amount of Title XIX Medicaid settlement that is received annually, which is very uncertain

County Manager Morris commented:

- Budget will need to be watched closely to see how much County Funding is being allocated for Title XIX Medicaid
- Title XIX Medicaid – Cost Settlement is received each year, this reduces the amount of General Fund that has to be allocated each year
- Do not know how much will be received this year from the Cost Settlement
- Allocation of local funding can also be decreased by the number of patients seen

### **Board Comments:**

Commissioner Walker commented:

- Confirmed with Manager Morris that \$713,000 is what is projected to be appropriated from County funding for Title XIX Medicaid and the Health Department

Finance Director Edwards commented:

- State is now requiring counties to do an Maintenance of Effort (MOE) for Health Departments
- The county funding has to be at least or better than the amount appropriated in FY 2010-11 which was \$632,334 or state funding could be impacted (must include Health, Title XIX Medicaid, and Environmental Health)

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Commissioner Walker questioned if the County did itself justice by spending the Title XIX Medicaid Funding for the building of the new addition?

County Manager Morris responded:

- Feel it was the right thing to do
- There was a risk keeping a big balance in that account
- The state could possibly ask for the additional funding back especially with the Medicaid situation in Raleigh
- It was a gamble keeping a large balance in the account
- The settlement amount actually should be spent during the next fiscal year
- If you do not meet the MOE, state and federal funding will be impacted

Commissioner Inman commented:

- Medicaid is an ongoing discussion right now in the Senate in Raleigh
- Feel the outcome may not be good for counties

Commissioner Walker commented:

- Confirmed with Manager Morris that the \$632,334 is what the County must at least appropriate next year; it can be more, but not less
- At one time the King Clinic was generating over \$200,000 each year in revenue

Commissioner Lankford commented:

- Home Health was also generating a large amount of revenue each year
- Confirmed with Finance Director Edwards that the State will be doing away with Medicaid Relief Revenue; Stokes County is one of the 48 counties who will be losing revenue

County Manager Morris commented:

- The General Assembly set the Hold Harmless formula to guarantee at least \$500,000 net benefit for each county each year
- The benefit will be phased out in Senate's proposed budget, by taking \$125,000 each year over the next four years

Commissioner Inman commented:

- This is one of Senator Phil Berger's ideas
- In the second year of the bi-annum budget, the Senate presents its budget first

Chairman Booth commented:

- Title XIX Medicaid Fund had over \$900,000 when it was separated into a separate account
- By using Title XIX Medicaid Funding, less county revenue was appropriated each year

County Manager Morris commented:

- Expanded hours will hopefully increase Title XIX Medicaid Revenue

Commissioner Walker confirmed with Commissioner Inman that the Medicaid Swap is in the Senate's budget.

Commissioner Inman commented:

- NCACC is strongly concentrating on getting back the 40% lottery funding and Medicaid not being transferred back to the counties
- Kevin Leonard, NCACC, stated yesterday that even though the Senate is proposing, their interpretation is that the counties will be held harmless, not come out on the negative in

#### **Departmental Budget Highlights - Home Health**

- License being sold to Pioneer Health Services
- Contingency line has been included in my budget proposal to fund Home Health through mid-August

- Before budget is approved we will have to move funding from contingency to cover July and part of August

#### **Departmental Budget Highlights - Information Systems**

- Budget decreased \$132,501 / -38.21%
- Replacement of one new computer
- Server switch replacements, 2 per year next three years, 6 total
- ASA appliance upgrade

#### **Departmental Budget Highlights - Jail**

- Budget increased \$15,473 / 1.03%
- Part-time rate increase for salaries
- Increase on Misc. Contractual Services due to overcrowding, which required housing inmates at county expense at other jails
- Health services contract increase changed nurse schedule from 5 to 7 days per week to reduce risk and emergency room use; should result in a net savings
- Replacing one old computer

#### **Departmental Budget Highlights - Legal**

- Budget increased \$15,000 / 27.27%
- Contract price increased for County Attorney
  - Increase driven by greater workload
  - County Attorney will be receiving \$5,000 retainer each month starting in July 2014
- Also includes \$10K for potential litigation outside of the scope of county attorney's contract

#### **Departmental Budget Highlights - Library**

- Budget increased \$46,613 / 9.44%
  - Increase in health insurance estimated at 6%
  - Includes 2.5% COLA recommendation (no cola last 5 years)
- Walnut Cove Library
  - Appropriation for the new addition – first \$200,000 complete
  - Last payment on 2<sup>nd</sup> appropriation of \$200,000 (\$40,000)
  - Additional \$50,000 county share in this budget to be offset by ½ of funds raised by the Walnut Cove Library; This amount is \$33,000
- Total funding for Walnut Cove Library is \$73,000
  - This completes County obligation for the Walnut Cove Library Renovation Project

#### **Board Comments:**

Vice Chairman Jones commented:

- Senate is recommending reducing funding by 2% to the libraries which will most likely be another unfunded mandate that the County has to make up the difference

County Manager Morris commented:

- Reiterated that the County's obligation will be completed regarding the Walnut Cove Library Renovation Project

- Discussed the amount that the Walnut Cove Library raised with the Interim Town Manager

Commissioner Lankford commented:

- Questioned why the Library Board did not raise the \$100,000 that is having to be shared by the County and Town of Walnut Cove?

County Manager Morris responded:

- Some say it was the economy
- Some say it was Betty Smith retiring, but the new librarian has been providing the Town of Walnut Cove with revenue each year that is why the County only has to pay \$33,000 instead of \$50,000
- The Town of Walnut Cove has not been paying their appropriation each year to the debt, just paying the County's appropriation
- The original plan was that the loan would be paid off this year
- The County has met its obligation per the contract approved by previous Boards

Commissioner Inman responded:

- One reason they stopped raising funding is that Tom Grubbs, who was leading the campaign, was no longer able to assist the Library Board; he is in a nursing home now

County Manager Morris commented:

- Interim Town Manager even asked if the County would be willing to help pay the remaining balance
- Indicated that the County will be meeting its obligation with the last payment in July 2014 and would advise the BOCC of the request

Commissioner Walker confirmed with Manager Morris that the additional \$50,000 was agreed to by both Boards (Stokes and Town of Walnut Cove).

Commissioner Lankford commented:

- Expressed concerns that the additional \$100,000 was not raised by the Walnut Cove Library Board as indicated when the agreement was made between the Town of Walnut Cove and Stokes County
- Confirmed with Manager Morris that the Library Board has raised \$34,000 toward the \$100,000

Vice Chairman Jones commented:

- Confirmed with Manager Morris that the Town of Walnut Cove is responsible for the remaining balance on the loan and that the County will meet its obligation with the allocation in the 2014-15 budget

County Manager Morris commented:

- The initial concept was to have the loan entirely paid off in 2014

- The \$73,000 will be the final payment from Stokes County

Chairman Booth commented:

- With the Town no longer having to support a police department, this should allow them to be able to pay off the debt

The Board discussed the agreements which were approved by the County and the Town of Walnut Cove.

Commissioner Inman commented:

- One thing to keep in mind is that when the last agreement for the additional \$50,000 was approved, raising the additional funding was only a projection
- Keep in mind, if it were not for the Town willing to borrow the funding, the project would not have been done

Commissioner Walker commented:

- When the last agreement for the \$50,000 was approved, probably should have not placed a definite time such as July 2014
- With the definite date, it doesn't give anyone an incentive to raise the funding, if it is not raised, the County and Town simply pays the remaining \$100,000

Chairman Booth commented:

- Agree with Commissioner Inman, the County did not have much of a Fund Balance at that time
- Glad that this completes the County's obligation this upcoming fiscal year

#### **Departmental Budget Highlights - Medical Examiner**

- Budget – no change
- Pays for autopsies and death pronouncements
- Senate Budget recommended that medical examiners fee for death pronouncements increase from \$100 to \$250; County share will only be 80%

#### **Board Comments:**

Commissioner Lankford commented:

- Read in a newspaper article, the County will be responsible for 100%
- Another unfunded mandate

County Manager Morris commented:

- Read that there have been issues with state autopsies
- This could be big financial expenditure increase for the County

#### **Departmental Budget Highlights - Mental Health**

- Budget increased \$30,810 / 8.37%

- Repayment of total remaining debt for implementation of waiver was repaid in FY 2013/14; amount was \$88,890
  - Budget increase due to waiver payment no longer being deducted

### **Board Comments:**

Commissioner Inman commented:

- Not sure how the Affordable Care Act will impact Mental Health

### **Departmental Budget Highlights - Natural Resources**

- Budget increased \$129,867 / 72.47%
- Increase driven by grant pass through of \$150K for Little Snow Creek Restoration Project

### **Departmental Budget Highlights - Parks**

- Budget increased \$10,430 / 74.7%
- New grant program added \$10K for county owned park improvements

County Manager Morris commented:

- Will be putting together a proposed policy/application after July 1, 2014 for those interested in the new grant program
- Have already had some interest from a group wanting to do some things at Moratock Park
- Have allocated \$2,000 for each county owned park
- Group will have to match the \$2,000 dollar for dollar with either cash or in-kind
- Application will be placed on the BOCC's Agenda for consideration and approval

### **Departmental Budget Highlights - Planning**

- Budget increased \$17,017 / 4.72%
- Payment of final \$10K for Land Use Plan; municipalities paying same share as last year for additional \$5K

County Manager Morris commented:

- Emailed each town/city manager regarding their final share for the Land Use Plan; have heard no complaints

### **Departmental Budget Highlights - Public Buildings**

- Budget increased \$20,017 / 1.86%
- French drain for Administration Building
  - Have water issues around the building
- Adding part time custodian for Natural Resources Office (no net increase to county budget)
  - Part time custodian is no longer able to provide the cleaning services
  - Funding was transferred from Natural Resources to Public Buildings
- Departmental supplies increased due to additional buildings



### **Board Comments:**

The Board discussed the need for the French drain around the Administration Building.

### **Departmental Budget Highlights - Purchasing**

- Budget increased \$3,597 / 4.89%
- Must replace postage machine; will be leasing machine in lieu of purchase, and lease cost will be allocated to departments starting in FY 2014/15
  - Will allow for partial state / federal reimbursements in DSS and Health Dept.
- Replacement of computer

### **Departmental Budget Highlights - Recreation**

- Contract with the YMCA has not changed; remains at \$117,484
- For future YMCA expansion a capital campaign may be in order
- State Park System should be providing increased recreational activities at Camp Sertoma / Moore Springs if transfer of ownership occurs as defined in FY 2014/15 NC Senate Budget proposal

County Manager Morris commented:

- Hope there may be a capital campaign in the future for a YMCA facility in another part of the county
- Feel the increased recreational activities at Camp Sertoma will increase tourism in the county

### **Board Comments:**

Commissioner Walker questioned if the Board could be provided with current information regarding what recreational services the County receives from the YMCA?

Commissioner Walker commented:

- Not getting enough participation from the Recreation Advisory Committee to have a quorum
- Current facility is not located in a good place, citizens don't know it is there

### **Departmental Budget Highlights - Register of Deeds**

- Budget increased \$19,147 / 8.70%
- Restoration of 10 oldest books in Register of Deeds Office
  - Funded with technology funds held in capital reserve
- Replacement computer also paid with technology funds

### **Board Comments:**

The BOCC discussed the need for the restoration of the 10 oldest books in the Register of Deeds Office which is paid for with technology funds, no county funding.

Vice Chairman Jones commented:

- Expressed concerns that the information stored in the Register of Deeds Office is not in a safe environment from fire, water damage, etc.

#### **Departmental Budget Highlights - Senior Services**

- Budget increased \$992 / .21%
- Placing Walnut Cove Senior Center under Director of Senior Services has worked well

County Manager Morris commented:

- Have not heard any negative comments regarding Senior Services or the Walnut Cove Senior Center since Vicky East was appointed to the director position

#### **Departmental Budget Highlights - Walnut Cove Senior Center**

- Budget increased \$456 / .58%
- County appropriation is only for matching the Operating and General Purpose grants
- Other funding will come from their fund balance
- Replacing 1 computer

#### **Departmental Budget Highlights - Sheriff's Department**

- Budget increased \$495,476 / 17.72%
- Budget now includes Fire Marshal Office
  - Fire Marshal budget is \$181,994, which is 6.51% of increase
- Increase in part-time salaries along with part-time rate increase
  - Need to discuss the need for an increase for part time salaries
  - All emergency services departments are having increases activity
- One reclassification to Administrative Officer I due to increased scope of duties
  - Majority of duties match what other Administrator Officer I within other county departments are performing
- Includes SRO grant pass through, no county dollars
- 3 replacement computers
- Bullet proof vest matching funds for 5 vests
- Equipment
  - 7 new vehicles
  - Investigation and camera equipment
  - Fire turnout gear (one set)
  - 2 "Minitor 6" pagers

#### **Board Comments:**

Commissioner Walker commented:

- Very interesting that there is no population increase to cause the increase mentioned by Manager Morris

County Manager Morris commented:

- It is not driven by an increase of population
- Economy could be a major factor – for example - crime

Commissioner Lankford commented:

- Expressed concerns regarding the reclassification
- The Sheriff's Department is completely different from other departments

The BOCC discussed the equipment requested in the budget – vehicles, turn out gear, pagers, etc. along with part time salaries and wages.

County Manager Morris commented:

- Did not increase the part time salaries and wages to cover the \$2 per hour increase
- Have a contingency account; funding can be transferred if needed thru a budget amendment

Commissioner Lankford commented:

- Expressed concerns over the \$2 per hour increase

County Manager Morris commented:

- The \$2 per hour doesn't even get the county close to the surrounding counties which the County has to compete with to get part time personnel
- Still \$3 to \$4 per hour less than surrounding counties
- Very hard to get part time personnel which is needed to keep the 24/7 departments operating
- EMS Director Collins had to hire from outside with his last two vacancies; did not have any Intermediate or Paramedic who were interested currently working full time
- Increase the hourly rate to help offset the Affordable Care Act mandate of providing insurance to part time employees who work an average of 30 hours per week
- Worker's Compensation and Family Medical Leave also play a big part in the need for part time personnel for the 24/7 departments
- Got to do something to hopefully increase the number of part time employees

Commissioner Walker commented:

- Noted in previous years, Fines and Forfeitures funding was used to offset the match for bullet proof vests
- Requested additional information regarding the use of Fines and Forfeitures in previous budget years
- Expressed concerns with the 17.72% increase
- Still believe the County should look at purchasing vehicles through DSS

Chairman Booth commented:

- Budget amendments are done each time the Sheriff uses Fines and Forfeitures
- Seven new vehicles increases the Sheriff's budget (there was only one vehicle in last year's budget), that is approximately 7% increase in the budget along with 6.51% transferring the Fire Marshal's budget to the Sheriff
- The new vehicles cost more than the Crown Vics

The Board discussed the vehicle purchase rotation schedule.

### **Departmental Budget Highlights - Social Services**

- Budget decreased \$106,606 / -2.62%
- Purchase of new chairs for conference room (safety issue)
- Personnel Services
  - Addition of two (2) social workers to replace two contracted positions at reduced cost
    - Social workers will have more flexibility to perform more functions than contract employees
    - Net cost savings
- Question on Income Maintenance Supervisor ratio; revisit next year
- Summary of programs
  - No changes to Aid to Blind
  - Daycare reduced \$81,763
  - No change to Medicaid
  - Public Assistance increased \$125,116 (mandated)

### **Board Comments:**

Commissioner Lankford commented:

- Expressed concerns with the addition of two new full time employees
- Will these positions still be needed when everything is done with NC FAST?

Commissioner Inman commented:

- Requested additional information regarding the request for two new full time employees

Vice Chairman Jones commented:

- Must consider the issues DSS is having, Senate is looking at mandates regarding the number of cases Social Workers can have

County Manager Morris commented:

- The two new full time positions being requested are both Social Workers
- Contract workers are also going to be included in the insurance requirements per Affordable Care Act, this is the reason for DSS having to contract three individuals if the two full time positions are not approved

Commissioner Walker commented:

- Would like to know the exact dollar amount of county funding for the new full time positions?
- Confirmed with Finance Director Edwards that the budget decreased due to a decrease in Title XIX Transportation (\$100,000)

Vice Chairman Jones commented:

- Would like to know the amount of increase in this proposed budget pertaining to pass thru dollars?

**Departmental Budget Highlights - Solid Waste**

- Budget decreased \$12,475 / -.97%
- \$14K reduction in hauling fees due to new contract
- Grant match of \$5,750 to get additional \$30,000 to purchase first compactor plus two 40 cubic yard recycling containers (Pinnacle Site)
  - Staff will continue to work on converting sites to the compactor after analyzing the first site
  - Will want to be ready before purchasing any more garbage trucks
- Equipment
  - 8 Green Boxes (reduced number from last year)

**Departmental Budget Highlights - Special Appropriations**

- Budget increased \$30,845/ 6.33%
  - JCPC State \$4,583 from \$3,679
- Walnut Cove Senior Center recommended \$7,071 county match for General Purpose and Senior Center Operations grants.
- Senior Center King received \$7,071; same as Walnut Cove Senior Center
- YVEDDI funding increased to include weatherization due to cancellation of CDBG Housing Rehab Program plus increase in RGP pass through funds
- RPO funding amount was \$3,873 based on per capita population
- N.C. Forestry Service increased \$2,827; funded temporary smoke chaser position to aid volunteer fire fighters + 2 big burns scheduled, one at HR Park
  - Senate Budget recommends increase in county share for Forestry programs
- Recommended no funding Roanoke River Basin \$3,500, and NC Wildlife Resources Commission did not submit request
- Recommended Stokes County Fire & Rescue Association funding of \$14,495, decrease of \$2,165; Air trailer issue to be addressed later (used for big fires by all departments to refill air packs)

County Manager Morris commented:

- Smoke Chaser will be dispatched to all calls during the day, personnel can't act as a firefighter, but can assist the departments
- Firefighter will be possibly taking the part time position
- Will definitely need to look at the purchase of a new air trailer in the future – very expensive piece of equipment, will be looking at possible grants if available

**Board Comments:**

Chairman Booth commented:

- Confirmed with Manager Morris, the Smoke Chaser will be a temporary part time employee
- Confirmed with Manager Morris, this has been in previous budgets

### **Departmental Budget Highlights - Superior Court**

- Budget decreased \$394 / -.88%
- No jury Commissioner reimbursement funding required this cycle.
- No carpet or tile replacement recommended
- Cost increase on jury selection software based on per capita population of county (another mandate)
  - FY 13/14 - \$1,400
  - FY 14/15 - \$2,116
  - FY 15/16 - \$2,833
  - FY 16/17 - \$3,550

### **Board Comments:**

Commissioner Walker commented:

- Confirmed with Manager Morris that all the requested renovations have been done except for the replacement of carpet
- Confirmed with Manager Morris that there were no recommendations in this year's budget for the replacement of carpet for any department

### **Departmental Budget Highlights - Revaluation Fund**

- Budget decreased \$1,357 / -.83%
- Replacement of 3 computers
- Getting ready for the next Revaluation
- 

### **Departmental Budget Highlights - Tax Administration**

- Budget increased \$456,839/ 58.91%
- Eliminates funding of Keystone for data migration to new tax software system
- New Farragut software at total cost of \$420,000 financed by vendor for 10 years, no interest
  - Based on recent change, Farragut will now do all data migration in lieu of Keystone and will also finance this cost (\$80,000) at no interest, which is included in the \$420,000
  - Keystone will not finance the data migration
- Recent decision was made after presentation of the proposed budget to eliminate Register of Deeds and Planning modules, a \$60,000 reduction over what was proposed in my budget proposal
  - This change also eliminates \$9,000 per year in annual software maintenance cost
- This will change several entries in the proposed budget; will provide the BOCC with new sheets at a future budget work session
- Replacement of one computer

### **Board Comments:**

The Board discussed the change in the new Farragut Software purchase which is a cost reduction in this year's recommended budget.

### **Departmental Budget Highlights - Transfers**

- Budget increased \$741,028/ 84.56%
- Transfers
  - \$120K for HVAC replacements to Capital Reserve
  - SRMH Fund \$200,000 per lease agreement
  - Transfer of debt payoff to Schools/FTCC Construction/Operating Fund for future payments; amount is \$734,798 per approved financial model
    - This transfer is from retired G.O. debt
    - This is our standard approach to get rid of all debt sooner
  - Title XIX Medicaid of \$562,528; Due to reduction of Title XIX fund balance during past two years
    - Will be offset by some or all of Title XIX Medicaid settlement of \$150,172 (this number reflects normal 10% withhold)

Commissioner Walker confirmed with Finance Director Edwards that there has been no indication that the QZAB and QSCB will be cut this upcoming year.

Finance Director Edwards commented:

- The County was cut 7% with the QZAB and QSCB reimbursement in FY 2012-13
- The County was cut 6% with the QZAB and QSCB reimbursement in FY 2013-14 – approximately \$31,000 which was taken out of 4 cent school tax
- Will not know until probably September or October if the County will receive another cut

### **Departmental Budget Highlights - Vehicle Maintenance**

- Budget decreased \$3,522 / -2.60%

### **Departmental Budget Highlights - Veteran Services**

- Budget increased \$76.00/ 0.4%

### **Capital Reserve Fund Transfers**

- Transferring into Capital Reserve
  - \$120K for HVAC replacement
  - \$10K from Pioneer Health Services per lease agreement (balance will be \$40K)
- Transferring out to General Fund
  - Tax Office (revision) - \$42K (software)
  - ROD - \$20K (book restoration)
  - Animal Control - \$15K (used truck)
  - Emergency Management - \$14K (Homeland Security equipment maintenance)

### **Departmental Budget Highlights - School/FTCC Construction/Operating Fund –Debt Service Fund**

- Transfer to General Fund
  - Debt Service Payment \$1,955,873
  - FTCC Operating cost \$104,595
  - Poplar Springs Elementary School operating cost \$98,100

- Funds from Ad Valorem taxes collected will go into fund balance. County is maximizing the use of lottery funds for the payment of school debt for fiscal year 2014/15
  - Lottery fund balance was used first and has been reduced

### **Board Comments:**

Commissioner Walker commented:

- Confirmed with Manager Morris that Financial Advisor Doug Carter is currently on board with the County's Financial Model and where it is currently at

### **Departmental Budget Highlights - E911 Fund**

- Completing fact finding and funding structure to use Rockingham County as our new backup center
  - State legislation in Short Session will provide direction on PSAP backups
  - Approved backup plan required to receive funding from E-911 Board for backup; Stokes County's plan in process with Rockingham County
  - Budget amendments will follow if needed to adjust funding based on E-911 Board funding decisions

### **Board Comments:**

Commissioner Walker commented:

- Confirmed with Manager Morris that E911 funding can't be used for the purchase of radios

County Manager Morris commented:

- Viper P25 Conversion will be done in July; will have 4,000 ID numbers

### **Enterprise Funds**

- Regional Sewer Fund
  - Slight change due to increase in departmental supplies
- Danbury Water Fund
  - Replacing 1 computer
  - Danbury Water Rates are not half of what they need to be to get state grant funding
- SRMH Fund
  - \$200,000 operating appropriation per contract
  - Continue to appropriate revenues and expenditures for SRMH Inc. until SRMH is dissolved

### **Fire Districts**

- King Fire District Fund
  - City of King requested no tax increase.
  - Tax rate remains at 6.5 cents – collection rate 96%
- Rural Hall Fire District Fund
  - Town of Rural Hall requested \$14,462 from General Fund above Fire Tax revenue and RH fund balance, which was not recommended



- Tax rate remains at 6.5 cents – collection rate 96%
- Walnut Cove Fire District Fund
  - Tax rate remains at 6.5 cents – collection rate 96%
- Service District Fund
  - Tax rate remains at 6.5 cents – collection rate 96%
  - A 1.5 cent tax increase recommendation from the Fire Commission expected next year

County Manager Morris commented:

- Had the request last year for a fire tax increase from Rural Hall Fire Department; visited Rural Hall's Fire Department
  - Unbelievable amount of fire trucks owned by that department
- Told Town Manager Frank James last year the following:
  - County has allocated almost all of the department's fund balance with the FY 2013-14 budget at their request in order to purchase a new fire truck (\$9,132) which left approximately \$500
  - Do not expect the same amount next year because there will most likely be no fund balance
- Feel the BOCC's philosophy is that every fire department will have the same fire tax, please correct me if I am wrong
- Manager James states that they are not telling the BOCC to raise the fire tax, but requesting the additional funding
- There is no other place to get the additional funding except for the County's General Fund Balance
- Did not recommend appropriating from the County's General Fund Balance as it would set a precedent
- This will be a BOCC decision

#### **In Summary, So What Is Important?**

- Re-baselining county budget to absorb revenue shortfalls
  - Will budget receive major structural changes (cuts) during next two years or will increased revenues be used along with available fund balance to balance budget?
- Stokes County has now arrived at the point where actual budget re-baselining must occur during next two years
- Maintaining employee compensation at a livable wage for current employees, and also to assist in the hiring and retention of new employees
- Maintaining an adequate fund balance to meet financing requirements for new debt and emergencies (community college)
  - Can always drop the fund balance down below 20% once the community college is funded
- Maintaining adequate service levels to citizens
- Maintaining reasonable property tax rates and General Fund balance by examining all potential sources of increased revenue during the next two years

Vice Chairman Jones exited the Budget Work Session at 1:00pm.

### **Here is Where We Stand**

- County Collides with the Train in Fiscal Year 2015/16
  - Hold Harmless reductions in FY 2012-13 and FY 2013-14
  - Meeting the train in the tunnel in FY 2015-16
    - Limited Fund Balance
    - Property tax increase or other additional revenue required
  - Must start filling in the gap starting in FY 2015-16 if services remain the same
    - Will have to see what other mandates have been placed on the county
    - Can look at increasing property taxes, possible sales tax, increasing fees, cutting services, etc.
  - Revaluation will be done 2016 with revenue in the fall of 2017
  - Can start talking about all this in the upcoming work session in November 2014

### **Board Comments:**

Commissioner Walker questioned Manager Morris if this recommended budget past the fairness test with some departments faring better than others?

County Manager Morris responded:

- Do not look at it that way because all departments are different, each department is doing something different
- Look at what each department's requests and needs
- Each year, things change

### **Back Up Charts**

- Stokes County Tax Rate History
- On Call Pay/Part Time Pay
  - Postpone any changes to "on call" pay until next year given the recommendation this year for a 2% COLA
  - Increase part-time rates on Public Safety personnel by \$2.00 per hour to better compete with surrounding counties
  - Should also address possible part time issues associated with the ACA

Chairman Booth expressed the Board's appreciation for the detailed presentation.

### **Adjournment**

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

Commissioner Inman moved to adjourn the Budget Work Session. Commissioner Lankford seconded and the motion carried (4-0) with Vice Chairman Jones absent.

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

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**James D. Booth**  
**Chairman**