

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
MARCH 3, 2015

The Board of Commissioners of the County of Stokes, State of North Carolina, met for a Budget Guidance Work Session in the Commissioners' Chambers of the Ronald Wilson Reagan Memorial Building (Administration Building) located in Danbury, North Carolina on Tuesday, March 3, 2015 at 10:00 am with the following members present:

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

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

Chairman Ronda Jones called the meeting to order and welcomed those in attendance.

Commissioner Lankford delivered the invocation.

GENERAL GOVERNMENT-GOVERNING BODY-PLEDGE OF ALLEGIANCE

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

GENERAL GOVERNMENT – GOVERNING BODY – APPROVAL OF AGENDA

Chairman Jones entertained a motion to approve or amend the March 3, 2015 Agenda.

Vice Chairman Walker moved to approve the March 3rd Agenda as presented.

Commissioner Booth seconded and the motion carried unanimously.

Chairman Jones turned the session over to County Manager Rick Morris.

County Manager Rick Morris commented:

- Have added some additional comments to the power point presentation that was presented at an earlier Budget Guidance Work Session
- The new items are bolded and underlined

County Manager Rick Morris presented and discussed the following items that were bolded and underlined:

Purpose

- The purpose of the budget guidance work sessions is to address major budget issues early in the budget process so the county manager can provide the department heads and other stakeholders budget guidance to be used in the preparation of their FY 2015/16 budget submission to the county manager
- The sessions should also provide guidance to the county manager on overarching budget issues not directly related to individual county departments
- **Update BOCC with new information since last budget work sessions**

Here is Where We Stand

- FY 2012-13 and FY 2013-14: Hold Harmless Reductions
- FY 2015-16: Limited Fund Balance; Property Tax Increase or Additional Revenue Required
- FY 2017-18: Revenue Increases Must Fill The Gap Between Expenses and Revenue
- The County collide with the train in Fiscal Year 2015-16

County Manager Morris reminded the Board that the County had a revenue problem for the next two fiscal years.

New Information Since Last Work Session

- **5 Year County Capital Plan**
 - **Animal Shelter Repairs removed**
 - **Possible help on computers from DSS (one time 75%/25% cost share for computer purchases); current year or FY 2015/16 Budget?**
 - **Large garbage truck repair**
- **Additional information from special meeting on Jail Expansion**
- **High level of USDA interest in funding Forsyth Tech and Jail construction, which improves earlier financial projections**
 - **Current projections using USDA financing will keep County well below the 15% debt ratio (annual debt to operating budget metric); below 15% is conservative budgeting**
- **Sales tax projections from Doug Carter not promising**

County Manager Morris commented:

- The five-year capital plan has changed a little, there will most likely be changes to that each year due to the dynamics of our working environment

- For example, there was a \$23,000 repair bill for one of the county's garbage trucks
- Have not purchased any new garbage trucks since the last time I served as manager
- Will have to take a look at keeping the equipment up

The Board discussed either a 30 or 40 year USDA loan for the possible jail expansion and Forsyth Tech Community College depending upon the interest rates.

Commissioner Inman noted that the County needed to take a good look at the amortization for both a 30 and a 40 year loan.

The Board discussed paying off the loan early to save interest costs.

County Manager Morris reiterated that Financial Advisor Doug Carter noted at the Jail Expansion Special Meeting that sales tax projections are not promising.

County Manager Morris noted that he would like to add the resignation of the Economic Development Director which may or may not impact the upcoming fiscal year budget.

School System Funding

- Current Expense
 - Budget recommendation has remained stable during past few years (\$10,211,763 FY 2014/15) while student population has declined
 - School System has now depleted its fund balance, which was previously supplemented by federal stimulus dollars
- Capital Funding
 - Board of Education has approved a five-year capital funding plan as requested
- Funding levels for current expense and capital will be key discussion topics as next two county budgets are developed
- **I would expect an updated capital plan when BOE budget is submitted, just as the County has updated its plan since it was submitted, but not major changes**

Vice Chairman Walker noted that the school system's ADM is decreasing with the Board of Education's Budget continuing to increase.

The Board discussed the loss of approximately 1,000 students over the past years.

Vice Chairman Walker questioned "when does the decreasing of ADM impact the school system's budget?"

County Manager Morris noted that Vice Chairman Walker's question is the perfect question

for the school system's superintendent to answer for the Board.

Chairman Jones commented:

- Must keep in mind the number of children being home schooled along with charter schools

Commissioner Booth commented:

- Have to look at the student-teacher ratio

Commissioner Lankford commented:

- State gives the Board of Education the flexibility regarding the number of students per teacher ratio such as 18-22 depending upon the grade

Jail Expansion Financial Analysis (Worse Case Scenario)

- This annual estimate reflects expanded jail operations beginning opening day
- Risk projection is "low" under this scenario
- Total Revenue per year: \$990,162.00
- Total Expenses per year: \$827,028.75
- Net Profit/Loss: \$163,133.25

County Manager Rick Morris commented:

- The net profit of \$163,133.25 was an estimate
- Finance Director Edwards calculated a debt payment of \$289,150 (financing the jail expansion for 30 years - \$5 million) and applied that amount to the current jail budget and estimated Federal inmate reimbursement (interest was calculated at 4% interest rate)
- Using the \$289,150 debt payment and estimated Federal inmate reimbursement, the county would have saved approximately \$348,982 from being taken from the county's General Fund
- Recommend if a commissioner has concerns regarding the projections in the jail expansion information, the commissioner should meet with the Sheriff and manager

Vice Chairman Walker noted that Sheriff Marshall had stated in an earlier meeting that his numbers were conservative.

Vice Chairman Walker noted that the loan could always be paid off early.

Commissioner Inman reiterated that you must examine the amortization figures before deciding between a 30 and a 40 year loan.

Finance Director Julia Edwards presented amortization information obtained from the county's financial advisor.

Finance Director Edwards commented:

- Borrowing \$5 million with a 4% interest rate for 30 years, the county would pay \$3,674,515 in interest
- Borrowing \$5 million with a 4% interest rate for 40 years, the county would pay \$5,104,698 in interest

The County discussed the difference in the amount of interest between a 30- year loan and a 40-year loan.

Commissioner Inman commented:

- In my opinion, the only reason you should look at a 40-year loan would be that you can't afford the 30-year loan

Vice Chairman Walker commented:

- Need to start preparing the County for what is needed in the future
- Need to know what the county's financial advisor would recommend

Commissioner Lankford confirmed with Manager Morris that the County's Financial Advisor has worked with USDA loans in the past.

Commissioner Lankford noted there was a lot of paperwork involved with USDA loans.

Reasons to Consider Jail Expansion Now

- Jail is overcrowded 99% of the time and projected to stay that way (normally becomes a concern at 80%)
 - Overcrowding prevents the county from housing outside prisoners and gaining that revenue
 - Overcrowding requires the county to spend money to house our prisoners outside of the county
- County under threat of a lawsuit where directed jail expansion will be under control of a federal judge (this scenario also brings significant legal expenses)
 - County has been down this road before and result was the forced construction of the existing jail, which initially had several construction deficiencies
- County desperately needs a new revenue source in the FY 17/18 timeframe to offset recent revenue losses
- The climate for reimbursement is good with multiple state, federal and local sources available for the near term
- The jail business is a natural economic development activity for the county (no water/sewer issues) where infrastructure limits many of our other economic development opportunities
- Opportunity to combine financing with community college financing; would save paying loan financing costs twice (approximately \$70,000)
- Sheriff has high confidence in his prisoner projections and will make extra ordinary efforts to ensure every prisoner source is used to support the jail expansion business case

- The Sheriff has the support of Federal Marshal Service to help the county make the business case work in addition to his state and local sources
- Interest rates projected to be going up soon
- Construction costs likely to increase as economy improves
- USDA very supportive of funding jail expansion
- Lower risk due to the fact that we are already in the jail business; by definition this is pure economic development

County Departmental Budget Analysis

- Workload & demands are increasing in many departments and stable in others; None decreasing
- Personnel at minimum acceptable levels to provide current levels of service to citizens; Additional personnel needed in several departments
- Personnel turnover rates remain high, primarily due to salary level compared to surrounding counties
- Vehicles have been removed from fleet and are at minimum acceptable numbers
- Training and travel requirements have been reduced and will be reduced further in next budget; This will result in minimal savings for FY 15/16

County Manager Morris commented:

- Have cut just about everything that could be cut in departmental budgets
- May have a position or two that could be eliminated in the upcoming fiscal year along with some minor administrative cuts
- Are 150% sure there will be an increase in our health insurance, the question is how much?
- Currently looking at refinancing some private placement bonds with a very high probability it would be worth the time to refinance

Budget Guidance Questions for Board of County Commissioners

- What is minimum acceptable level of General Fund Balance over the next two budget years for the county (FY 15/16 & FY 16/17)?
- How much can property tax increase over next two county budgets?
 - Will a fire tax increase be considered if recommended by Fire Commission?
- Is the county willing to further increase user fees to address revenue shortages?
- What cuts in services to citizens and / or county departmental functions are realistic to make?
- What cuts to school current expense are realistic to make?
- Is the county willing to cut spending / services at a magnitude that would have a real impact on the gap between revenue and expenses in the county budget?
- Will county continue the current level of benefits for the county employees?
- What level of capital expenditures will be approved from the county and school system 5 year capital plan requests?
- Is the county willing to cut or eliminate funding to outside agencies that have been historically funded?
- Is the county willing to increase salaries to reduce the 20%+ personnel turnover rate?

- Is the county willing to add additional debt to fund the capital needs of the county and school system?

County Manager Morris commented:

- Board has the option to answer any of the Budget Guidance Questions
- Will be meeting with department heads next week to deliver budget packets

Summary

- County has now reached a very challenging budget dilemma
- Next two budgets must address the negative impacts of the following items:
 - Loss of Hold Harmless
 - Loss of revenue from last Revaluation
 - Reduced sales tax revenue from lagging economy
 - Depletion of available General Fund Balance
 - Depletion of School System's fund balance
 - Reduced State & Federal funding
 - Unfunded mandates
- Property tax rates have remained the same or been reduced over an extended period of time, while budget continued to experience real growth
- Minor cuts in personnel / equipment & services will not solve budget gap
 - Any cuts must be carefully done to avoid unintended consequences such as revenue loss
 - Must keep in mind that many of the county services are mandated
- The next two years will require some very difficult decisions for the county to remain financially sound

Conclusion

- Unlike the Federal Government that has a spending problem, Stokes County Government has a revenue problem
 - This may or may not apply to the County's school system budget; more visibility and detailed analysis would be required to make that determination
- My conclusion that the county has a revenue problem is based on the information provided in the earlier in this presentation plus the following:
 - My individual discussions with the county department heads along with my personal observation and involvement with the county department operations
 - At current County budget spending amounts, personnel turnover levels remain unacceptable and hiring of qualified candidates is often difficult
 - Many of the County's vehicles and computers, etc. are operated far beyond the normal life span of these items in other organizations
 - Unfunded mandates continue from the State and Federal levels that directly impact the County's spending level
 - Comparison of like counties by population shows that Stokes County's budget is by no means excessive
 - Average budget for counties our size is \$54,330,808 (FY 12/13 LGC data, 25-50K population)

- Average General Fund balance for counties our size is 27% (FY 12/13 LGC data, 25-50K population)

County Manager Morris noted that the most important item on the Conclusion was that the County definitely has a revenue problem.

Provided Back Up Information provided at earlier sessions:

County Manager Morris noted that the following information was included for reference.

Future Revenue Projections

- Must not let current budget challenges lead us to overly optimistic future revenue estimates
 - Walmart – Current projections are directly from Walmart which strengthens credibility of the estimate (details on next chart)
 - Jail Expansion – May be best long term solution to offset loss of a portion of the hold harmless
 - Timing is right for jail expansion; multiple funding sources available now for reimbursement of prisoner housing
 - Should not repeat missed opportunity in 2004 that could be paying dividends now to address our current issues
 - Assuming the current and projected overcrowding and prisoner projection figures are correct, and the high probability of reimbursement from multiple sources is correct, the County Attorney and Financial Advisor plus others are fully on board for expanding jail now to increase revenue
 - Economic Recovery – This should eventually happen but timing and scope of recovery is less predictable than the two revenue sources above

Walmart Revenue Breakout

- Walmart’s projection for sales tax produced is approximately \$900,000
 - Property tax estimate would add to both the General Fund and 4 Cent School Fund is approximately \$128,000, based on a \$20 Million value
- Walmart sales tax will be divided between county entities, the same as other sales tax
 - County 85%, King 12%, Walnut Cove 2%, Danbury 1%
- Will also increase Article 40 & 42 sales tax for school capital outlay and/or debt
- Will increase King Fire Department’s property tax and sales tax allocation and all other county & city fire departments sales tax allocations

Jail Expansion Financial Analysis (Best Case Scenairo)

- This annual estimate reflects expanded jail operations beginning opening day
- Risk projection is “medium” under this scenario
- Total Revenue per year: \$1,733,813.00
- Total Expenses per year: \$855,498.75

- Net Profit/Loss: \$878,314.25

Revenue Challenge

- Must survive next two budget years in reasonably sound financial condition
 - Will require adjustments to current revenue sources such as taxes, fees and General Fund balance; there are no other revenue sources
 - As always, will continue minimum budget expenditures needed to realistically maintain acceptable level of local government services
- Then In FY 2017 assuming
 - #1 - Projected new revenue sources are approved and materialize
 - #2 -Property values recover
 - #3 - There is improved economic growth by the FY2017/18 timeframe, the BOCC can evaluate these three factors to provide budget guidance for the FY 2017/18 County Budget
 - This budget guidance should address fund balance level, tax rates and other revenue items based on the actual budget experience from the two tough years that we are now entering

Stokes County Tax Rate History

Detailed chart from 1972 to current tax year 2013

Stokes County Sales Tax Revenue (Rough Order of Magnitude)

- Sales Tax Historical Trend FY07/08 thru FY 13/14

– FY 07/08.....\$ 8.3M		\$8.3M
– FY 08/09.....\$ 4.8M	+ \$2M (Medicaid Relief)	\$6.8M
– FY 09/10\$ 3.5M	+ “	\$5.5M
– FY 10/11\$ 3.1M	+ “	\$5.1M
– FY 11/12.....\$ 3.4M	+ “	\$5.4M
– FY 12/13.....\$ 3.5M	+ “	\$5.5M
– FY 13/14\$ 3.6M	+ “	\$5.6M
- Far right column shows magnitude of sales tax losses and slowness of economic recovery
- FY 09/10 through FY 13/14 sales tax reductions are roughly equivalent to 8.5 cents of property tax

How We Got Here on Revenue

- Sales tax revenue decreased significantly as a result of the FY2008/09 economic crash and has not recovered
- Hold Harmless funding ended in FY 2013/14
- General Fund property tax rate remained the same for the past ten years
- Revenue producing user fees only increased slightly over past ten years
- General Fund Balance has been held at or above 20% until now

- School system depended on non-recurring federal funding during past few years; County held “Current Expense” funding stable during this time even though the number of students has decreased
- In order to provide the expected level of services to the county’s citizens, the county budget requires a minimum one to two percent structural growth annually due to inflation and other increases; This trend will continue as we have experienced high turnover even with this growth

Revenue Summary, Past, and Future

- Past:
 - Hold Harmless – \$2.2M annual revenue reduction
 - Property tax - General Fund tax rate held steady for at 60 cents for last ten years; Property tax revenue negatively impacted by revaluation
 - Fees – Have only increased slightly over past ten years
 - Sales Tax – Return to normal not projected earlier than 2017/18 (see next chart)
- Future:
 - Walmart – If constructed, could produce new revenue for General Fund in FY 2017/18, both property tax and sales tax
 - Jail Expansion – If constructed, could produce new revenue for General Fund starting in FY 2017/18
 - Significant Economic Recovery – Not projected soon enough to help county revenue picture before FY 2017/18
 - Fee Structure – User fee increases would have minimal impact on total revenue picture for the county, but need to be kept at the breakeven levels at a minimum

Chairman Jones opened the floor for further discussion.

Vice Chairman Walker commented:

- One of my basic operating premises as a commissioner, as a mayor, and as a councilman has always been the way the tax rate is set is by controlling expenses
- If we watch our expenses, the tax rate basically sets itself
- Can explain that to a citizen
- One thing that must be factored in is revenues
- It is been proved many times that residential without business is not a sustainable financial mode to have low taxes
- If want to keep low taxes, we have to get beyond that as a county
- Residential alone takes too many services such as schools, safety, etc.
- Look at the counties that have low taxes, they have commercial
- This Board has some work to do
- I am very much pro economic development and will tell citizens that
- I personally am making a commitment to work toward economic development

Commissioner Inman commented:

- Agree with Commissioner Walker

- If you are following what is happening in Raleigh, hopefully we have some legislators that are going to step up to the plate to make sure that we don't have two North Carolinas
- Right now, we have the urban loop; Wake and Mecklenburg Counties who are getting about 75% of every economic development project that happens in the State of North Carolina
- Stokes County, along with about 90 other counties, are trying to get any piece of economic development they can
- We are all in favor and support economic development for Stokes County, but we had better plan and be realistic in what we are going to be able to attract
- Need to continue to work as hard as we can
- Things have changed - Rural Center no longer exists, there is a new Commerce
- We are a true "Tier I" County being classified as a "Tier II" County
- Challenges are before us
- Saw three people who recently ran for office make a strong commitment for economic development

Commissioner Lankford commented:

- Would like to respond to Vice Chairman Walker's comment regarding candidates and economic development
- You did hear that the candidates support economic development, but we live in a realistic world
- The realistic world is that Stokes County does not have two interstate highways, don't have but 47,000 citizens, at this point, don't have a community college; so there are a lot of things in Stokes County right now that doesn't fit into economic development
- There are some counties in North Carolina that don't have commercial, but have vacation homes where people don't live there the whole time and have low tax rate
- Would still like to see the data that backs up what is provided to the Economic Development Director by the State that quotes the large amount of money that Stokes County receives from tourism

Commissioner Booth commented:

- Agree with a lot of what has been said today
- County is very fortunate to have a Walmart coming to King
- Hope others will follow
- Have to remember the amount of jobs that Pioneer has created

Commissioner Inman commented:

- Think this Board has been very proactive in economic development – the community college
- Working on high speed internet to un-served and underserved areas
- Have a site ready parcel just waiting for someone to come in
- County is doing infrastructure
- Infrastructure is more than use water and sewer in the ground

- Continue to work with the school system
- Can say that this has been one of the most proactive Boards ever regarding economic development
- Are we where we want to be? Absolutely not, Economic Development Commission has a strategic plan and we are working on it
- Agree with Vice Chairman Walker, residential ad valorem taxes can't sustain a county budget, you have to have business
- There will be a community college in Stokes County very soon

Vice Chairman Walker commented:

- Community College will not put Stokes County ahead of surrounding counties, it catches us up
- Talk to citizens, I am convinced today of a few things:
 - Taxes are never low enough
 - Schools are never good enough
 - Take those two out of the equation and the number one issues today in Stokes County are economic development and job creation
 - If someone can prove me wrong, I would like to know who it is and how it can be done

Commissioner Inman responded:

- Same issue is in all other 99 counties

The Board discussed tax rates with neighboring counties.

Vice Chairman Walker continued:

- For this Board not to respond, with citizens going one way and the Board going another way, I think I would call that "disconnect"
- This is the number one issue this year and has been for the past two years
- Have talked to people who want to start a small business, but can't – need high speed internet

Chairman Jones commented:

- Heard a lot of redundancy at every budget meeting with nothing getting accomplished
- There has been a lot of ground covered, but still have a long way to go
- Feel that sometimes we need to look at our assets and see how we can expand on those rather than try to "reinvent the wheel"
- Look at things like retirement villages, tourism, etc.
- The "elephant" in this room is "how we are going to make up this deficit?"
- We have tax rates that are below the 1970s
- We are going to have to find out what our threshold is
- We are going to have to do something, bills have got to be paid
- We need to try to work on the pay gap, that costs the County money when employees are trained and then leave to go to another county
- Have had a lot of information presented to the Board

- Have to be able to explain a tax increase to the citizens
- Need to educate the public to make sure they understand exactly why there needs to be a tax increase if one is approved
- No one wants a tax increase, but we have to do what we have to do
- Information shows that this year is bad, but next year is going to be worse
- Have some good things coming, but just not in time for the next two bad years

Vice Chairman Walker commented:

- Chairman Jones made some very good observations

Commissioner Lankford commented:

- Feels like there is going to be a transition after this year
- With the tobacco buyout ending, there may be farmland for sale
- People are just not going to own land and not get some type of revenue out of it

Vice Chairman Walker continued:

- Basic law of economics is supply and demand
- If there is a larger supply, the demand (price) tends to go down

Commissioner Lankford commented:

- Average pay in like sizes counties in North Carolina is ranging from \$30,000 to \$35,000, always talking about our pay being so much less
- Must remember that the County still has a lot of farmland
- People who own the farmland are the ones paying a majority of the taxes, feel that is why you hear no tax increase
- Those with just a lot and a home are the ones who have children in the school system that normally don't pay as much as the large farm owner

Commissioner Inman commented:

- During this real estate recession, land prices have remained very, very flat
- Sales are very, very flat
- The prices have not dropped like residential
- My hope is that the county can get back the 5% that was lost in 2012 in the next revaluation
- Average home sale price is up

Chairman Jones commented:

- The conversation regarding a tax increase is going to have to happen

Vice Chairman Walker commented:

- Would like to see what amount of revenue a three, five, seven, and nine cent tax increase would generate
- First Stokes County budget that I ever worked on was when Manager Morris was with Stokes County the first time
- Manager Morris' recommendation was to not reduce the tax rate at that time

- The tax rate was reduced from 62 cents to 60 cents
- Received two comments stating that if two cents was all you were going to decrease the tax rate, why did you do it?

Chairman Jones commented:

- Have talked with some citizens who have no problem paying \$40 to \$50 more a year if it will make this county better
- My question is what would be the average impact on the average taxpaying citizen, is it going to be thousands, hundreds, etc.? Would like to see the worst case scenario
- People have to realize the bills have to be paid in order to provide the services
- I am not for raising taxes, but you can't postpone the inevitable

Finance Director Edwards noted that 1 cent on \$100,000 would be \$10 dollars per year.

Vice Chairman Walker commented:

- Must remember that there is something else in the County that could make a large impact on the ad valorem taxes – Duke Energy decides to build more nuclear plants and do away with coal plants
- Remember when RJReynolds closed Brookcove

Chairman Jones commented:

- You can never take anything for granted
- Just imagine if students were allowed to stay at home and be instructed by internet, think about all those empty classrooms, that is a real possibility

Vice Chairman Walker commented:

- There are some school currently with low student numbers – Francisco = 60s, Nancy Reynolds = 120s and there could possibly others, too

Commissioner Lankford responded:

- There are a lot of people moving into the Francisco/Nancy Reynolds area that do not have children – retirement age

Vice Chairman Walker commented:

- The questions that the manager included in the handout are very much on target and will have to be dealt with during the budget process
- When are we going to get started on those questions?
- Doesn't the manager need some direction regarding those questions, such as decreasing the Fund Balance, cuts in services, cuts in school expense, etc.?

Commissioner Booth commented:

- I can't answer the manager's questions until I see the entire budget

Manager Morris responded:

- Do not need precise answers on all these questions, just some general thought
- Know you can't answer all these questions this early in the process

- Just looking for general guidance

Commissioner Lankford commented:

- Feel right now for me, the only priority regarding vehicles is a garbage truck; other vehicles are not a priority for this year

Commissioner Booth commented:

- Will need more information regarding the request for ambulances during the budget process

Commissioner Lankford commented:

- One thing that everyone must understand is that the County has a budget crisis; everything has to be analyzed for need

Vice Chairman Walker commented:

- Have to look at when not replacing a vehicle starts costing the County more than if we had purchased a new vehicle
- Just think how much that recent repair of \$23,000 to a garbage truck would have gone toward the purchase of a new truck
- When you are in a tough dire situation, you have to make tough decisions

Commissioner Inman responded:

- There is also something called the “law of diminishing return”
- County manager is dealing with that right now
- When you have an asset and once it gets to a certain point, it will start to be diminishing returns to you
- You have to decide when you stop putting money into that asset
- Would like to know, without a tax increase and based on current projections, how much would have to be taken out of Fund Balance this year and next with all other things being equal on revenue projections?

County Manager Morris responded:

- Fiscal Year 2015-16 = there is a \$3.7 million shortfall this upcoming year with only \$2 million available from Fund Balance and remain at 20%
- Fiscal Year 2016-17 = we carry that \$3.7 million along with a 1.5% growth to be funded somehow no Fund Balance available
- Remember the County still has to borrow funding for the community college and jail expansion if approved by the Board

The Board discussed the impact of taking funding out of the Fund Balance to balance the budget this and next fiscal year.

Chairman Jones commented:

- Have to remember the Fund Balance is the taxpayers’ funding

- The fair thing would be to take some from Fund Balance, increase taxes a little, and try to get through the next two years and then stabilize
- There is a whole list of things in the County that hasn't been done, things that have kept being put off, when will we ever catch all those things up?
- Can't keep kicking those things down the road
- Those things must be dealt too
- The question is, "when are we going to deal with those issues?"
- Got to remember we have vehicles that must respond to emergency situations

Vice Chairman Walker responded:

- Very good question proposed by Chairman Jones

Commissioner Booth commented:

- Those are the hard questions that will have to be answered

Chairman Jones commented:

- Ran across a list of salaries published in the Danbury Reporter back in 2009, wonder how much some of these have changed over the years with the market, turnover, etc. and with no adjustment to the salary scale since 2000?

Adjournment

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

Commissioner Inman moved to adjourn the Budget Guidance Work Session.

Commissioner Booth seconded and the motion carried unanimously.

Darlene M. Bullins
Clerk to the Board

Ronda Jones
Chairman