

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
MAY 29, 2015

The Board of Commissioners of the County of Stokes, State of North Carolina, met for a Budget Work Session for the proposed Fiscal Year 2015-16 Budget in the third floor conference room of the Ronald Wilson Reagan Memorial Building (Administration Building) located in Danbury, North Carolina on Friday, May 29, 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 Bullins
Finance Director Julia Edwards

Chairman Ronda Jones called the work session to order and welcomed those in attendance.
Commissioner Inman 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.

Budget Work Session

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

County Manager Morris presented the following opening comments:

- Will be going through the expense side of the proposed Fiscal Year (FY) 2015-16 Budget today
- Will be providing the Board the revenue side at the June 4th Budget Session

County Manager Morris presented the following Budget Overview for Fiscal Year 2015-16: "Reality Check – Facing Realities Head On":

Leadership – My Philosophy

My leadership philosophy is that there are two things that real leaders do to ensure the success of their organizations. Number one is they provide the resources their people need to do their jobs. Number two is they empower their people to do the jobs they are hired to do. If these two conditions are met, the result is almost always a loyal and dedicated workforce that accomplishes their mission, whatever it happens to be.

- As the head of several organizations, large & small, I have found this guidance on leadership to be true, but not always easy, and I think it certainly applies to Stokes County as well. Most people want to do a good job and will do so if given the tools and freedom to do so.
- This philosophy drives the budget proposals you have received and will continue to receive from me.

Discussion Topics

- Changes since budget proposal on May 26th
- Budget Overview
- Budget Development Process
- Snapshot of Budget Process
- Budget Assessment
 - Major Facts Bearing on the FY 2015/16 Budget
 - Budget Realities
- Budget Baseline Looking Forward
- Overview of FY 2015/16 County Debt Commitment
- Overview of FY 2015/16 Capital Reserve Fund
- Board of Education Request
 - Current Expense
 - School Capital Outlay & Capital Reserve
- Base Salary Adjustment
- On Call Pay / Part Time Pay
- Department Budget Highlights
 - Common Expenditures Across All Departments
- Capital Reserve Fund Transfers
- School/FTCC Debt Service Fund
- E-911 Fund
- Enterprise Funds
- Fire Districts (All)
- County Budget Comparisons
- Here is Where We Stand (Graphic)
- In Summary, So What's Important
- Backup Slides
 - Stokes County Tax Rate History

Changes Since Budget Proposal on May 26, 2015

- Changes to Recommended Budget will be in adjustment sheets which will be incorporated into the final budget
- Retirement rates-The retirement system gave us the wrong rates. Our notification letter came Friday 05/22/15 with the correct rates. Regular employee's rate is 7.07% to 6.78% and law enforcement rate is 7.41% to 7.15% a savings of \$23,147.
- Vehicle Maintenance-Replace purchasing the lift with air conditioner recycling machine. Savings of \$1,495.
- Social Services-With the 5 new positions recommended and 2 not recommended three contract employees should have been added to the budget. This cost is \$80,762 with fringe benefits. The revenue accounts will increase Federal \$25,707 and State \$3,006. I now recommend removal of carpet for upper level of DSS building with the Federal of \$17,340 and State of \$1,301 revenues decreasing.
- Sheriff's Department- Three (3) Toughbook computers \$9,600.
 - Intended to include this in the recommended budget
 - Sheriff Marshall has bought several computers of this type for vehicles using other resources
- Governing Bodies - New \$600 ACA expense to Governing Bodies, recommend offset by canceling NACO membership
- Tax Office - Large copier for GIS will be removed from budget due to cost
- Refinancing of debt for PODS, Poplar Springs Land, Nancy Reynolds and Early College will go to the LGC in July
 - BB&T has agreed to lower the rates which will save a great deal of funding
- **Budget Proposal requires approximately \$17,967 for these changes which includes eliminating the copier for GIS**

Fiscal Year 2015-16 Overview

- Total budget recommendation for FY 2015/16 is \$44,827,006
 - Increase of 2.27% over the FY 2014/15 approved budget
 - Increase is driven by the cost of increased base salaries and part-time rates for Public Safety personnel, health insurance increase, and structural increases in personnel costs, and a slight increase in county funding for equipment
- Tax increase was recommended plus use of General Fund Balance to balance budget
- This budget continues to adjust to the loss of \$2+ Million of annual hold harmless revenue that completely ended last year
- Recommended budget was developed using a two-year thought process to survive next two budget years with hope of some relief by FY 2017/18
 - Hope that new revenue sources such as Walmart, possible jail expansion, better economy, redistribution of sales tax will come into play in FY 2017-18
- 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

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 not made in any departments
- After all cuts were made, a \$3,125,085 difference remained between revenues and expenditures
- County manager then looked at the county fund balance plus an Ad Valorem tax increase for required funding to balance the budget
 - Objective was to keep the fund balance in close proximity to 20%
 - Local Government Commission recommends a fund balance of 30% for counties similar to Stokes and ours was 34% in FY 13/14 audit
 - Average collection rate for similar counties is 96.4% and ours was 96.97% in FY 13/14 audit

Snapshot of the Fiscal Year 2015-16 Budget Process

- **Requested Budget – \$47,201,895**
 - **Summary**
 - Difference between requested budget and recommended budget was \$2,374,889
 - To fund the requested budget a tax rate of 74.2 cents at a 96.97% collection rate would be required
 - The limited size of the requests illustrates that the departments recognize budget challenges
- **After Cuts**
 - **Expenses**
 - \$44,827,006
 - **Revenues**
 - \$41,701,921
 - **Summary**
 - Difference between estimated revenues and recommended expenditures was short \$3,121,085
 - Reviewed personnel & equipment requests and made cuts
 - Other cuts in varied areas resulted from line item review of each budget request
 - No across-the-board cuts were made
- **Balanced Budget - \$44,827,006**
 - **Summary**
 - Uses \$1,000,000 from General Fund Balance
 - 6 cent Ad Valorem tax increase
 - 16 positions from FY 2011/12 remained unfunded
 - Capital Outlay was limited to essential requirements
 - Personnel reclassification was only to reflect actual duties
 - No COLA or Bonus recommended
 - Positions added to DSS

- Feel the County may be better off next FY 2016-17 due the current budget appropriation from Fund Balance; does not look like as much will be needed as allocated in the FY 2014-15 Budget unless something drastic happens between now and June 30th
- Could possibly have more available from Fund Balance to balance the FY 2016-17
- **Fiscal Year 2016-17 – Projected Shortfall = \$1,896,540**
 - **Summary**
 - 487,255 Revaluation revenue reduction continues
 - Estimated \$1,896,540 of excess General Fund will be available
 - Assumes 6 cent Ad Valorem tax in FY 2015/16
 - Tax rate increase may not be required next year
 - Alternatives to tax increase are deeper Fund Balance cuts or service cuts

Budget Assessment

- Major Facts bearing on the FY 2015/16 Budget
- “Hold Harmless” revenue is history
- Revenues up slightly / expenses are steady and up
- County budget has built in structural increases between 1 and 2 percent
- Longevity, medical/dental insurance, recurring cost increases such as energy costs
- A certain amount 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
- Base salary levels in Stokes County are non-competitive and causing heavy turnover of employees; must be addressed
- During Fiscal Years 2015/16 & 2016/17, the County must survive with hope that FY 2017/18 will bring growth in revenue
- Tax rate increases for Fire Tax and Ad Valorem Tax in the FY 2015/16 Budget are needed to maintain the current level of services to the Public
- Tax increases must be balanced with the level of Fund Balance that is used to balance the budget
- Service levels to citizens should also be reviewed over the next two years to address additional needs, which are driven by increased demand
- This briefing and the budget message along with the notes on each individual page will give you a thorough description of the recommended budget

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 = \$43,882,644
 - Appropriated Fund Balance = \$2,823,913
 - **Summary**
 - Used Fund Balance and maintained fund balance above 20%
 - Adequate Fund Balance was available to balance budget without a property tax increase
 - Maintained current level of services
- **Fiscal Year 2015-16**
 - Approved Budget = \$44,827,006
 - Appropriated Fund Balance = \$1,000,000
 - **Summary**
 - Uses \$1,000,000 of remaining Fund Balance to balance budget
 - Keeps Fund Balance at or above 20%
 - Ad Valorem tax increase of 6 cents also used to balance budget to maintain current level of services
 - Budget estimates use 2% annual growth
- **Fiscal Year 2016-17**
 - Approved Budget = \$45,723,546
 - Appropriated Fund Balance = To be determined
 - **Summary**
 - \$1,896,540 projected 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 + potential other sources
 - Higher than projected available Fund Balance from unused Fund Balance in FY 2014/15 Budget

Overview of Fiscal Year 2015-16 County Debt Commitment

Debt Description	Purpose of Debt	Years Left	Amount of Principle/Interest
Refinance/GO Bonds	West Stokes and Piney Grove	2	\$1,404,973.00
PODS	Purchase for Early College	8	\$107,402.00
Land Purchase	Poplar Springs Elementary	13	\$114,030.00
School Construction	Nancy Reynolds & Comm. College	14	\$652,570.00
QSCB	Poplar Springs and Southeastern	12	\$1,781,829.00
QZAB	Southeastern	12	\$295,714.00
School Addition	Lawsonville Elementary	14	<u>\$51,240.00</u>
Total School Debt			\$4,407,758.00
Capital Lease Pymt #1	EMS & Sheriff	1	\$98,334.00
Capital Lease Pymt #2	EMS Remounts & other equipment	0	\$65,132.00
Capital Lease Pymt #3	New Roof and EMS Station	3	\$47,220.00
Capital Lease Pymt #4	Communications Equipment	2	\$348,818.00

Capital Lease Pymt #5	Autumn Square Property	7	\$62,300.00
Capital Lease Pymt #6	Equipment - Sheriff, EMS, Servers	2	\$100,571.00
Capital Lease Pymt #7	Tax Office Software	8	\$42,000.00
Capital Lease Pymt #8	Equipment - Sheriff, EMS, Computers		<u>\$110,874.00</u>
Total Cap. Lease Debt			\$875,249.00

Fiscal Year 2015-16 Capital Reserve Fund Recommendations

- Overall internal capital needs assessment shows a potential need of approximately \$425,500; not all inclusive (not all items are included, just the large items)
 - Recommend funding in the amount of \$100,000 be placed in capital reserve to address probable failures of aging HVAC systems at the hospital and county buildings plus other capital needs such as roofs, parking lot repair, carpeting and other major repairs

School Current Expense

- Budget recommendation is the same as fiscal year 2014/15 - \$10,211,763
 - \$105,297 from the New School/F Tech Fund for Poplar Springs operating cost
 - \$10,106,466 from General Fund
- Special appropriation of \$60,000 from Economic Development capital fund to support broadband expansion
- School Board requested \$1,013,058 increase over last fiscal year.
- BOE appropriated \$482,709 from their current expense fund balance in fiscal year 2014/15 budget; No fund balance appropriation from the BOE was reflected in the FY 2015/16 BOE budget request due to low fund balance.

County Manager Morris suggested a good topic for the joint meeting with the Board of Education would be: “As ADM decreases, what point does that start to impact the school budget?”

County Manager Morris reiterated the BOE’s Fund Balance is projected to be near zero.

School Capital Outlay and Capital Reserve Fund

- BOE requested \$1,462,500 for capital outlay
- 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 2 years remaining
 - Recommended capital outlay for Schools is \$700,000, and authorization for use of up to \$1,000,000 from the School’s current expense fund balance for capital expenditures
- Remaining funds from the Lawsonville Elementary Project were approved for additional items added to the Lawsonville Project
- Capital expenditures are detailed on the next chart (copied these directly from the BOE Budget request
- Could discuss capital expenditure funding if needed

- Could possibly allocate some additional funding for emergencies, if the comfortable level is there

School Capital Request

Emergencies		100,000.00
North Stokes Underground fuel Tank removal & replacement		125,000.00
Piney Grove Detention pond engineering & repair (DENR Requirement)		50,000.00
Nancy Reynolds-Repair washed out area on bank at baseball field		25,000.00
South Stokes-Fieldhouse boiler (2 sections) replacement		12,000.00
Chestnut Grove-Replace cafeteria hot water heater		16,000.00
Bus Garage-Used Forklift (Safety Issue)		12,000.00
South Stokes-Replace heating unit in girl's dressing room		8,000.00
South Stokes-Replace heating/cooling unit in wrestling room		8,000.00
South Stokes-Replace rooftop heating/AC unit in media center		35,000.00
Bus Garage-Ramp (DENR violation)		2,000.00
iPhone systems-9 elementary, 3 middle and 4 high schools		80,000.00
Audible alarms-12 elementary, 3 middle and 4 high schools		47,500.00
West Stokes-Telephone/intercom upgrades		55,000.00
Sandy Ridge-Telephone/intercom upgrades		25,000.00
Walnut Cove-Telephone/Intercom upgrades		25,000.00
Fall protection for playground (Nancy Reynolds and others)		50,000.00
Ground water and soil assessment for underground storage tanks		
Pine Hall, South Stokes and Francisco		24,000.00
North Stokes - 6 pole replacements and new lights at baseball field		100,000.00
West Stokes-Upgrade camera systems		12,000.00
South Stokes-Replace camera systems		24,000.00
Piney Grove-lawnmower		11,000.00
Germanton-Replace 1975 building and gym roof		325,000.00
Refinish gym floor at Middle Schools and High Schools		16,000.00
South Stokes-purchase spare burner		20,000.00
(2) activity buses		200,000.00
(2) maintenance vehicles		50,000.00
Early college-picnic shelter (eating area)		5,000.00
	TOTAL	1,462,500.00

Base Salary Adjustment

- Budget proposal recommends a three-grade increase in base salaries for full time sworn officers, jailers, emergency medical technicians and telecommunicators
 - Base salaries in these areas are no longer attracting acceptable candidates
 - Cost of this adjustment is approximately \$548,000

- The hope is that this action will “stop the bleeding” until the issue of non-competitive base salaries can be addressed county wide
- Has become very clear, something has to be done
- Hope this is enough
- Will need to look at salaries across the Board in the future

On Call Pay/ Part Time Pay

- This budget proposal addresses inequities in on-call pay for non-exempt employees
- Increase part-time rates on Public Safety personnel by \$2.00 per hour to better compete with surrounding counties
 - Similar increase was approved in last year’s budget but increase was not enough to make part-time salaries competitive
 - Reiterated 103 full/part time employees have terminated this fiscal year
 - Departments use the part time to fill full time positions
 - Now there are no part timers waiting for full time positions

Commissioner Lankford confirmed with Manager Morris/Personnel Officer Bullins that full time personnel in these departments would be placed on the same step at the new grade (Example: a paramedic on Grade 69 (4B) would move to Grade 72 (4B).

Commissioner Lankford noted that he could go along with increasing the base pay for hiring, but had concerns with the recommendation for existing full time employees.

County Manager Morris responded:

- Will not work any other way
- County salaries are so none competitive
- There is only Sheriff in NC, with 8 employees, who makes less than our Sheriff
- Our county must provide the same service that other counties provide
- Almost all are leaving for salary issues
- Almost everyone tells Darlene it is the pay, wish they could stay

Commissioner Booth commented:

- County pays 100% of the employees’ health/dental/vision premiums
- Questioned Manager Morris if the surrounding counties pay \$100% of the employees’ premium?

County Manager Morris responded:

- Stokes is probably one of the few that still pays 100% of the premiums
- Premiums can be different in other counties such as 401(k) contributions, health benefits could be better, etc.
- Have EMS Paramedics that are driving two hours to work in Stokes County who stay long enough to get training and then leave

Commissioner Booth requested the following:

- Salaries for surrounding counties for positions in the departments being recommended for the salary base pay increase
- Itemized list of the 103 employees that have left this year by department

Manager Morris noted he could have the information as requested by Commissioner Booth.

Commissioner Inman commented:

- EMS has lost several long time career employees who stayed with the county without the salary increases
- Today is a different time, not sure you can attract those type of employees who are dedicated and will stay without salary increases
- This is being reflected in the volunteer fire departments with low volunteer participants
- Young people are not staying Stokes County, they are moving out

Chairman Jones added:

- In a different world today
- Young people can't afford to stay here

County Manager Morris commented:

- Another way to look at this, instead of trying to dissect it, just look at paying them a fair wage for what they do; they have skilled jobs that require training, certifications, etc.

Chairman Jones commented:

- Comes right down to being competitive

Commissioner Booth noted the recent awards given to EMS.

County Manager Morris noted that these awards are not going to keep coming unless some type of action is taken.

Commissioner Lankford noted that sometimes adjustments need to be made.

Manager Morris noted that services could be cut, but just where do you want to start?

Department Budget Highlights – Common Expenditures Across all Departments

- Personnel Services
 - Longevity increases
 - Decrease in employer retirement contribution this year
 - Increase in medical insurance premium of 4.5%, no increase in dental
 - Increase in some base salaries and on-call pay
 - Term life insurance
- Materials, Supplies & Expense
 - Fuel cost was funded at gallons used at a rate of \$3.00
 - Across the board reductions were not made since requests were based on actual use
 - Across the board increases in printing due to allocation of new copier lease reduction of individual printers

THESE ITEMS NOT REFLECTED ON INDIVIDUAL DEPARTMENTAL CHARTS

Department Budget Highlights - Administration

- Budget increased by \$13,248 / 7.59%
- Salary / longevity increases

Department Budget Highlights – Animal Control

- Budget increased \$5,062 / 2.42%
- Reclassification of Deputy Animal Control Officer

Department Budget Highlights – Arts Council

- Budget increased \$3,395 / 3.86%
- Personnel cost only expense for Arts Council
- Art Market upgrade to begin shortly

County Budget Overview – Contingencies

- Contingencies budget decreased \$145,000 /-31.18%
- Emergency contingency funded at \$125,000
- Leaves fuel cost contingency at \$45,000
- \$100,000 for employee payoff of unused vacation, comp time and/or holiday leave
- Personnel cost funded at \$50,000

Department Budget Highlights - Cooperative Extension

- Budget increased \$5,068 / 3.34%
- N.C. State now doing a lease program for computers in their offices

County Budget Overview – Debt Service

- Budget increased \$180,849 / 3.5%
- Refinancing of private placement loans in July or Aug
- Summary of Debt Service:
 - 1997-98 School debt – West Stokes High School/Piney Grove Middle School 2 years remaining
 - 2009 financing for PODs for Nancy Reynolds School temporary location 8 years remaining
 - 2009 financing for land for schools – new elementary school and Nancy Reynolds School 13 years remaining
 - 2010 financing for Nancy Reynolds School and Early College / Community College 14 years remaining
 - 2011 QSCB for Poplar Springs School and Southeastern Middle School 12 years remaining
 - 2011 QZAB for Southeastern Middle School 12 years remaining
 - 2013 financing for addition to Lawsonville Elementary 13 years remaining
 - Commissioner Booth noted the approximate \$800,000 being saved in interest payments by using the QSCB and QZAB
 - Manager Morris noted there has been information regarding any changes QSCB/QZAB
 - Financing for Forsyth Tech Community College this fiscal year
 - Equipment #1– Sheriff's Department cars and ambulance remounts payoff FY 2016-17
 - Equipment #2– Ambulance remounts and EMS equipment payoff FY 2015-16

- Equipment #3 - 1 new ambulance, truck Sheriff's Department, servers for various departments payoff FY 2017/18
- Roof Government Center and EMS station payoff FY 2018/19
- Communication Equipment payoff FY 2016-17
- Autumn Square payoff FY 2023/24
 - Very good business model
 - All offices are currently rented
- For FY 2015/16 financing 1 new ambulance, 1 garbage truck, 5 patrol cars, pickup trucks for Fire Marshal and Solid Waste (new or used vehicle)
- 3 DSS vehicles recommended but not financed
- 1 Emergency Management vehicle recommended but not financed

Department Budget Highlights – District Resource Center

- Budget increased \$6,593 / 4.5%
- Will continue to supervise State Misdemeanor Confinement Program in conjunction with the Sheriff
- DRC more than pays for itself with Pre-trial release program and community service support to the County

Department Budget Highlights – Economic Development

- Budget decreased \$105,114 / -57.68%
- Advertising/Marketing continuing at same level as last year
 - Advertising venues have been selected by Interim Director after meetings with stakeholders to gain their endorsement of best value for dollars being spent
- This budget is tailored to fit the one year reassessment effort with Interim Director
- Significant work being brought in-house instead of contracted out
- \$5,000 Increase in Dues & Subscriptions are to gain membership in the Piedmont Triad Partnership
- This budget designed for one year
- Will be bringing most all of the work that was contracted out in advertising and marketing

Commissioner Lankford noted that Piedmont Triad Regional Council will be picking up some advertising.

Department Budget Highlights - Elections

- Budget increased \$46,099 / 25.38%
- Increases due to election cycle we will be in FY 2015/16; big decrease last year was for the same reason

Commissioner Booth confirmed with Manager Morris that the increase was due to possibly a new presidential primary for NC that would be held separate from the May primary.

Commissioner Booth noted if another primary is added, it is just another mandate placed on the counties, at the counties' expense.

Department Budget Highlights – Emergency Communications

- Budget increased \$92,167 / 14.71%

- Continuing to work on back-up system with Rockingham County; multiple funding sources being analyzed to fund the back-up plan
- Just solved the last technical issue related to the E911 Upgrade dealing with pagers
 - Motorola agreed to pay for some additional equipment to correct the problem

Department Budget Highlights – Emergency Management

- Budget increased \$61,219 / 64.55%
- Purchase of vehicle for Director using EMPG funds that must be used or Emergency Management
- Funds installation of one docking station already purchased for emergency shelter at London Elementary (others in the line, but not funding due to cost this year)

Department Budget Highlights – Emergency Medical Services

- Budget increased \$165,725/ 6.47%
- Purchase of one new ambulance
- Contracts out all convalescent medical calls for minimum two-year period due to workload volume
 - Reduces revenue by \$200,000 annually
 - Discussions in-process with private company for convalescent transport
- Recommendation is to internally study all aspects of EMS operations during next two years and make adjustments where needed, to include convalescent care
 - Will need to analyze the current working hours of EMS
 - Those leaving for more pay, work less hours
- This Fiscal Year, EMS has had 60+ ALS calls that had to be transported by other counties

Department Budget Highlights – Environmental Health

- Budget increased \$10,212 / 4.0%
- Increased well testing and increased cost of well testing supplies

Department Budget Highlights - Finance

- Budget increased \$5,224/ 1.38%

Department Budget Highlights – Fire Marshal

- Budget increased \$73,665/40.48%
- Department pulled out of Sheriff's Department
- Purchase of new truck with his truck being transferred to Soil and Water
- Funding for computer tablets and medical equipment
- Reclassification to match current duties being performed by the Fire Marshal

Department Budget Highlights – Forsyth Tech

- Budget decreased \$47/-0.04%
- No General Fund dollars

Department Budget Highlights – GIS/Mapping

- Budget increased \$11,805 / 6.48%

- Leases large flatbed copier for printing maps, etc. (will be deleted before the budget is adopted)
- Wilkes Communications stated that our comprehensive mapping information was a big factor that supported their decision process to come to Stokes County

Commissioner Inman noted that strong justification would be needed to approve the purchase of the copier.

County Manager Morris noted that Wilkes Communication stated that one of the factors for them being able to act as quickly to come to Stokes County was the available data in GIS that could be retrieved so quickly.

Commissioner Booth commented:

- Recent legislative requirements have been changed regarding emergency plans for the watersheds due to the information provided by our GIS Department which would have been very costly requirements

Department Budget Highlights – Governing Body

- Budget increased \$54 / 0.01%

Department Budget Highlights – Health Department

- Budget increased \$133,152 / 21.04%
- PHN II salaries were increased during FY 2014/15
- Title XIX Medicaid Fund landscape is changing (addressed separately in next 2 charts)

Department Budget Highlights – Health, Title XIX Medicaid Fund

- Budget increased \$133,152 / 21.04%
- PHN II salaries were increased during FY 2014/15
- Title XIX Medicaid Fund landscape is changing (addressed separately in next 2 charts)

Department Budget Highlights – Home Health

- License sold to Pioneer Health Services
- \$25,000 of purchase price will be received in FY 2015/16 Budget and \$25,000 in the FY 2016/17 Budget

Department Budget Highlights – Information Systems

- Budget increased \$6,146 / 2.87%
- Replacement of one projector
- Server switch replacements, 2 per year next two years for a total of 6
- Will probably need to look at adding a position to Information Systems due to the workload

Department Budget Highlights – Jail

- Budget increased \$135,202 / 8.88%
- Increase on Misc. Contractual Services due to overcrowding, which required housing inmates at county expense at other jails
- If jail is not expanded two additional equipment items will be required at a cost of \$141,000 (jail control panel and jail gate)

- Overcrowding is going to cost approximately \$120,000 this year

Department Budget Highlights – Legal

- Budget increased \$10,000 / 14.29%
- Contract price increased for County Attorney
 - Increase driven by greater workload
- Also includes \$8,000 for potential litigation outside of the scope of county attorney's contract

Department Budget Highlights – Library

- Budget increased \$64,878 / 12.01%
 - Increase in health insurance estimated at 15%
- Overall decrease in budget due to completion of County's obligation to Walnut Cove Library Project
- For operations of libraries, my recommendation includes a \$8,122 increase (1.74%), primarily driven by increased health insurance cost

Department Budget Highlights – Medical Examiner

- Budget – no change, remains at \$25,000
- Pays for autopsies and death pronouncements

Department Budget Highlights – Mental Health

- Budget did not increase
- Repayment to county for assistance with waiver implementation is complete

Department Budget Highlights – Natural Resources

- Budget increased \$6,356 / 2.06%
- Increase was for computer and mandatory renewal of domain name and NAS drive

Commissioner Booth confirmed with Manager Morris that DSS computers will save the County from buying new computers this year unless DSS does not have the specific kind needed such as a laptop, tablet, etc.

County Manager Morris noted that some departments use tablets, if possible, instead of laptops which are cheaper.

Department Budget Highlights – Parks

- Budget increased \$6,005 / 24.62%
- Continues grant program for county park improvements, with exception of Moratock
- Adds operating costs for four (4) county parks

County Manager Morris noted that 4 county parks have participated in the current Grant Program this Fiscal Year.

County Manager Morris noted that in each meeting during discussion of the grant program, volunteers have mentioned the need for funding for operations, few volunteers, no young people getting involved, less money being received from donations and fund raising, and possibly having

to turn the operation of the park back over to the County. Parks being turned back over to the county would have an impact on the County budget.

Department Budget Highlights – Planning

- Budget increased \$9,160 / 2.43%
- Director also serving as Interim Economic Development Director

Department Budget Highlights – Public Building

- Budget increased \$17,963 / 1.64%
- Replaces the ceiling tiles in the Government Center which is needed badly

Department Budget Highlights – Purchasing

- Budget increased \$2,007 / 2.60%

Department Budget Highlights – Recreation

- Contract with the YMCA has not changed; remains at \$117,484
- State Park System recently completed study on use of Camp Sertoma, which will add recreational opportunities
- Exploring YMCA options on the Petree Project
- Recent study was done by UNC-Greensboro regarding Camp Sertoma

The Board discussed some of the parks which were started with Federal funding that must remain as a park.

Department Budget Highlights – Register of Deeds

- Budget decreased \$4,774 / -1.98%
- Restoration of oldest books continues in ROD Office
 - Funded with technology funds held in capital reserve
- Replacement computer funded with technology funds

The Board discussed the funding that must be set aside in a separate fund for use by Register of Deeds only for technology

Department Budget Highlights – Senior Services

- Budget increased \$87,976 / 18.63%
- Combined Walnut Cove Senior Center budget with Senior Services budget
- Fund balance depleted which increases requirement for county funds

The Board discussed the Walnut Cove Senior Center budget being combined with Senior Services.

The Board discussed the increase in county funding due to their Fund Balance being depleted.

Department Budget Highlights – Sheriff's Department

- Budget decreased \$34,337 / -1.04%
- Fire Marshal Office removed from Sheriff's Budget
- Did not recommend two additional positions
- Bullet proof vest matching funds for 5 vests
- Equipment

- 5 new vehicles
- Equipment for investigations (software, evidence drying cabinet)

County Manager Morris noted that the software and evidence drying cabinet is needed to keep employees from having to drive to another county when a certain crime is committed (department is longer allowed to use another county's evidence drying cabinet)

Department Budget Highlights – Social Services - Administration

- Budget increased \$317,173/ 7.98%
- Purchases of new vehicles (1 van, 2 cars)
- Personnel Services
 - Addition of two (2) Income maintenance caseworkers, one (1) Income maintenance supervisor and two social workers for Foster Care
 - Replaces contracted positions to reduced cost in the amount of \$43,917 county dollars
 - Government workers will have more flexibility to perform more functions than contract employees
- Summary of programs
 - No changes to Aid to Blind
 - Daycare reduced \$3,332
 - No change to Medical Assistance
 - Public Assistance decreased \$36,789 (mandated)

County Manager Morris noted that with recommending the five positions, it saved approximately \$43,917 in county dollars, if two additional positions had also been recommended, it would have saved \$56,515.

The Board discussed contracted positions versus full time positions.

Commissioner Booth confirmed with Manager Morris that some contracted positions go through an employee agency which costs a lot more and others being contracted directly by Director Elmes.

County Manager Morris spoke briefly about cost allocation with the state/federal funding which determines the amount of county savings.

Commissioner Booth noted that he would like to discuss the contract versus full time later in the budget sessions.

Department Budget Highlights – Solid Waste

- Budget increased \$308,365 / 24.13%
- Purchase of new garbage truck
- Grant match of \$5,034 to get additional \$29,166 to purchase second compactor
- New / used pick-up truck for landfill (\$15,000)

County Manager Morris briefly discussed compactor systems at other locations which will be an investment for the County.

The Board discussed the compactor system.

Special Appropriations

- Budget decreased \$66,889/-12.91%
- JCPC State funding up slightly
- MPO increased to \$4,829 from \$4,583
- Walnut Cove Senior Center combined with Senior Services
- 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; continued to fund temporary smoke chaser position to aid volunteer fire fighters + 2 big burns scheduled, one at HR Park
 - Did not fund new truck
- Recommended no funding Roanoke River Basin \$3,500, and NC Wildlife Resources Commission \$4,000
- Recommended Stokes County Fire & Rescue Association funding of \$20,688, decrease of \$6,193
- Need to add: Sparrow House (Domestic Violence) – would not recommend as the Sparrow House is not up to code to state standards and would like to have YVEDDI’s endorsement

Department Budget Highlights – Superior Court

- Budget increased \$11,817/26.77%
- Jury Commissioner reimbursement funding required this cycle
- Cost increase on jury selection software based on per capita population of county
 - FY 13/14 - \$1,400
 - FY 14/15 - \$2,116
 - FY 15/16 - \$2,833
 - FY 16/17 - \$3,550

Department Budget Highlights – Revaluation Fund

- Budget increased \$8,820 / 5.69%

Department Budget Highlights – Tax Administration

- Budget increased \$8,820 / 5.69%

Department Budget Highlights – Transfers

- Budget decreased \$86,358 /-5.22%
- Transfers
 - \$100,000 for HVAC replacements to Capital Reserve
 - SRMH Fund \$100,000 per lease agreement with modification
 - Transfer of debt payoff to Schools/FTCC Construction/Operating Fund for future payments; amount is \$800,799 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 \$567,858; Due to reduction of Title XIX fund balance during past two years

- Offset by some or all of Title XIX Medicaid settlement of \$120,000

Department Budget Highlights – Vehicle Maintenance

- Budget increased \$36,165 / 27.39%
- Purchases diagnostic equipment to keep from taking vehicles to dealer for troubleshooting
- Purchases a Freon recycle system for air conditioner service instead of the lift that was included in my recommended budget

Department Budget Highlights – Veteran Services

- Budget increased \$593 / 3.11%

Capital Reserve Fund Transfers

- Transferring into Capital Reserve
 - \$100,000 for HVAC replacement
 - \$10,000 from Pioneer Health Services per lease agreement (balance will be \$50,000)
- Transferring out to General Fund
 - Tax Office (revision) - \$42K (software)
 - ROD - \$10,776 (book restoration)
 - Public Buildings- \$5,000 ceiling tiles Gov't Center
 - Emergency Management - \$46,287 (EMPEG Grant Fund for new truck)
 - Economic Development - \$60,000 one-time special appropriation for broadband expansion

Commissioner Inman requested the amount that would be left in the Economic Development Capital Reserve Fund at the next meeting.

Department Budget Highlights–School/FTTC Construction/Operating Fund – Debit Service Fund (4 cent tax)

- Transfer to General Fund
 - Debt Service Payment \$1,890,396
 - FTCC Operating cost \$104,518
 - Poplar Springs Elementary School operating cost \$105,297
- Funds from Ad Valorem taxes collected will go into this fund balance. County is maximizing the use of lottery funds for the payment of school debt for fiscal year 2015/16
 - Lottery Fund Balance was used first and has been

Commissioner Booth questioned the refinancing the County was currently looking at?

Finance Director Julia Edwards responded:

- Another financial institution approached the County about the refinancing
- County staff alerted the current lender, BB&T, who came in at a lower rate
- With going with the current lender, there is less paperwork
- Will be presenting the BOCC a resolution at the last meeting in June which must be approved at that meeting
- Interest rate will be considerably less

Department Budget Highlights – E911

- Completing fact finding and funding structure to use Rockingham County as our new backup center
 - Approved backup plan required to receive funding from E-911 Board for backup; Stokes County’s plan almost complete
 - Budget amendments will follow if needed to adjust funding based on E-911 Board funding decisions

Department Budget Highlights – Enterprise Funds

- Regional Sewer Fund
 - GPS device for mapping underground lines, etc.
- Danbury Water Fund
- SRMH Fund
 - \$100,000 operating appropriation per lease with latest modification; transfers \$25,000 to General Fund for purchase of Home Health
 - Continue to appropriate revenues and expenditures for SRMH Inc. until SRMH is dissolved

Department Budget Highlights – Fire Districts (All)

- A1.5 cent tax increase was recommended by the Fire Commission as projected last year
- King Fire District Fund
 - Tax rate increases to 8 cents– collection rate 96%
- Rural Hall Fire District Fund
 - Tax rate increases to 8 cents– collection rate 96%
- Walnut Cove Fire District Fund
 - Tax rate increases to 8 cents– collection rate 96%
- Service District Fund
 - Tax rate increases to 8 cents – collection rate 96%

Commissioner Lankford stated that he would like to visit each fire department to review an inventory of equipment before the budget is adopted.

Commissioner Lankford suggested a possible special meeting for the Board to visit each fire department to assess the equipment.

Commissioner Booth noted the budget variations in the Fire Service Districts.

County Manager Morris responded:

- This recommendation came from the Fire Commission

Commissioner Booth confirmed with Manager Morris that the 1.5% increase in fire tax is not all going toward salaries.

County Manager Morris noted that his understanding was the increase is needed for personnel and communication equipment.

The Board discussed the upgraded radio equipment given to the fire departments.

The Board discussed having the special meeting as suggested by Commissioner Lankford.

Commissioner Inman noted that it would take several days to visit all the departments.

Commissioner Inman suggested getting audits and budget packages that was submitted to the Fire Commission.

The Board agreed to request audits and budget packages for each fire department with the option to visit the departments if needed.

County Budget Comparisons

- The Local Government Commission generates budget comparison data for counties in North Carolina of similar population groups
- The information below is the most recent data for the county population group of 25,000 to 49,999 residents
- This data supports the premise that Stokes County is not overboard on the spending side of the budget

	Comparison Counties Average Expenditures	Stokes County FY 2015-16 Proposed Budget
Average Budget Expenditures	\$51.4 to \$55.4 million	\$44.8 million
Public Safety	\$10.6 to \$11.6 million	\$9.2 million
Human Services	\$10.7 to \$11.3 million	\$10.8 million
General Government	\$4.7 to \$5.4 million	\$4.8 million
Debt Service	\$4.8 to \$5.7 million	\$5.4 million
Education	\$10.8 to \$12.8 million	\$11.1 million
Other	\$8.9 to \$10.2 million	\$5.3 million
Per Capita Expenditures	\$1,383.00	\$9,559

Commissioner Inman noted that he would like to see the number of pupils for each county.

County Manager Morris noted that he would have the Board that information before the joint meeting with the Board of Education.

Here is Where We Stand

Graph shows that the County collides with the train in FY 2015-16

In Summary, So What Is Important?

- Addressing the revenue shortfall for this and the next budget
 - 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?

- As shown on the previous chart we are now at the crunch point on revenue to perform most basic operations of the county
- Personnel turnover has reached critical mass; maintaining employee compensation at a competitive level is required now to attract acceptable candidates and retain current employees; we need individuals that are trained at arrival
- Maintaining an adequate fund balance to meet financing requirements for new debt and emergencies
- Maintaining mandated and expected service levels to citizens
- Maintaining adequate property tax rates and General Fund balance by examining all potential sources of increased revenue during the next two years

Back Up Charts

- Stokes County Rate History

Year	General County	Educational Fund
2013	0.60	0.04
2012	0.60	0.04
2011	0.60	0.04
2010	0.60	
2009	0.60	
2008	0.60	
2007	0.60	
2006	0.60	
2005	0.60	
2004	0.62	
2003	0.62	
2002	0.62	
2001	0.62	
2000	0.62	
1999	0.62	
1998	0.57	
1997	0.57	
1996	0.57	
1995	0.57	
1994	0.57	
1993	0.57	
1992	0.69	
1991	0.69	
1990	0.59	
1989	0.59	
1988	0.54	
1987	0.53	
1986	0.57	
1985	0.57	

1984	0.55
1983	0.51
1982	0.46
1981	0.61
1980	0.61
1979	0.61
1978	0.61
1977	0.56
1976	0.50
1975	0.50
1974	0.47
1973	1.00
1972	1.00

County Manager Morris noted there would be a short revenue briefing at the next meeting and then the floor is the Board of Commissioners.

Chairman Jones noted that the next budget meeting is Thursday, June 4, 2015 at 10:00 am.

Adjournment

There being no further business to come before the Board, Chairman Jones 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 unanimously.

Darlene M. Bullins
Clerk to the Board

Ronda Jones
Chairman