

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 14, 2016

The Board of Commissioners of the County of Stokes, State of North Carolina, met for a Budget Work Session (Joint Meeting with the Stokes County Board of Education) for the proposed Fiscal Year 2016-17 Budget in the third floor conference room of the Ronald Wilson Reagan Memorial Building (Administration Building) located in Danbury, North Carolina on Tuesday, June 14, 2016 at 10:00 am with the following members present:

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

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

Board of Education:
Chairman Sonya Cox
Vice Chairman Pat Messick
Member Becky Boles
Member Bill Hart
Member Jamie Yontz

School Administration Staff:
Dr. Stewart Hobbs, Interim Superintendent
Tony George, Assistant Superintendent
Ann Robertson, Administrative Assistant
Lanette Moore, Executive Director of Finance
David Burge, Executive Director of Operations
Ricky Goins, Maintenance Director

Chairman J. Leon Inman, Stokes County Board of County Commissioners (BOCC), called the meeting to order and welcomed those in attendance.

Chairman Sonya Cox, Stokes County Board of Education (BOE), called their recessed meeting back to order.

INVOCATION

Chairman Inman invited those who wished to join in the invocation to please do so.

Commissioner Walker delivered the invocation.

PLEDGE OF ALLEGIANCE

Chairman Inman invited those in attendance to join the Boards in the Pledge of Allegiance.

Budget Work Session

Chairman Inman commented:

- It is an honor to have these two Boards meet together, been on a good path working together for the betterment of education in Stokes County
- Can't have a good county without a good public education system
- We are all elected by the same people and serve the same population
- We all want what is best for Stokes County, genuinely and truly believe that

Chairman Inman turned the meeting over to Chairman Cox.

Chairman Cox commented:

- BOE appreciates the opportunity to meet, review the school system's budget request and offer further information
- Executive Director of Finance Lanette Moore would be presenting budget information to explain how the Board got to where we currently are financially

Chairman Cox turned the meeting over to Director of Finance Lanette Moore.

Board of Education – Budget Presentation

Director of Finance Lanette Moore presented and discussed the following information:

- Budget history from 2007-08 school year to 2015-16 showing expenditures that were transferred from local to state to save local dollars, state reductions, state discretionary cuts, ARRA (federal dollars) funding, and fund balance transfers to capital outlay

- Provided information to show how much of the Stokes County Schools' Fund Balance was appropriated to capital outlay from 2007-08 to 2015-16
- Appropriations from the BOE Fund Balance and Current Expense to Capital Outlay:
 - FY 2007-08 = \$40,131
 - FY 2008-09 = \$24,048
 - FY2009-10 = \$300,000 from current expense to capital outlay
 - FY2010-11 = \$396,923
 - FY2011-12 = \$300,000 from current expense to capital outlay
 - FY2011-12 = \$383,911
 - FY2012-13 = \$1,004,841
 - FY2013-14 = \$1,153,342
 - FY2013-14 = \$350,000 from current expense to capital outlay
 - FY2014-15 = \$1,027,343
 - FY2015-16 = \$713,839
- In the current budget request, the BOE has appropriated \$373,401 which is the fund balance listed in the audit as of June 30, 2015
- There are a lot of things yet to be determined before the June 30, 2016 fund balance can be projected
- May have approximately \$500,000 to \$600,000 in the BOE Fund Balance at the end of June 30, 2016
- Reviewed BOE Budget requests compared to BOCC appropriations from 2007-08 to 2015-16
- There were 24 local teaching positions in 2007-08 which were maintained for several years
- In 2015-16, there were only 5 local teaching positions
- In 2016-17 proposed budget, the BOE is only requesting 5 local teaching positions
- Reducing the local teaching positions, show a major effort on the part of the BOE to try and help out with local funding
- State dollar allotments are based on the average daily membership or (ADM)
- Compared the formula used in Stokes County for the teacher ratio allotment per ADM to the formula used by the State
- Using the kindergarten for an example, Stokes County allots one teacher for every 21 students; the state allots one teacher for every 18 students
- This again shows that Stokes County has gone to the max of what the state allows
- This is another major effort to try to save local money by putting more kids than the state allots to try to reduce teaching positions
- ADM is a concern to both Boards
- Provided Department of Public Instruction ADM History from 1993-94 to 2016-17
- Projected ADM in 2016-17 is decreasing 3.88%
- The Planning Division at DPT does not show the ADM increasing until 2021-2022 which means there will continue to be a decrease in the ADM over the next few years

- Provided proposed position cuts for the 2016-17 school year:
 - 14.5 teaching positions
 - 6 months of instructional support
 - 1 CTE teaching position
 - 5 classroom teacher assistants
 - 3 media assistants
 - .50 custodial position
 - 1 administrator
 - 2 office support positions
- With these cuts, there will be up to 8 combinations classes
- The BOE has already closed the Pre-K Program at Lawsonville Elementary due to the site's financial situation
- Provided information on state planning allotments for 2016-17 which shows cuts at the state level
- This past year, the BOE had to transfer textbook monies to pay for positions
- Continuing to see cuts at the state level
- State looks at the ADM as if all students were in one location which is not true, we must divide it out into 19 locations

Dr. Hobbs commented:

- Stokes County School System has to send part of our money to charter schools
- Charter schools are not to receive any funding that goes into Fund 8
- A bill is being discussed in the House which would require Fund 8 monies to be shared with charter schools (Fund 8 covers grant money, eRate money and gifts)
- Superintendents have proposed that charter schools be funded like LEAs
- Charter schools balked at that adamantly because they don't have to offer the services, but still receive the funding (for example – they don't have to offer free lunches, but still a percentage of the funding)
- That could be another significant cut if Fund 8 is approved for charter schools

BOE Member Yontz commented:

- It is important for everyone to understand that our ADM is decreasing more in the rural areas of the county than the populated areas
- Those areas are tougher to dictate a cut in a classroom because you have a smaller population
- It affects a classroom much more so in those rural areas when you take away a teaching position

Dr. Hobbs commented:

- The state allots us one position for every 18 students in kindergarten
- If we have an elementary school with 31 kindergarten students, the state only gives us one position, not 1.5 positions
- The question then becomes “do you give that classroom one or two kindergarten teachers?”
- If you give them two, you have to make up the difference

- Right now, Germanton Elementary would have three combination classes
- From an educational standpoint, that is very detrimental to those kids
- That means, some kids in that school would probably have three straight years in a combination class

Director Moore continued:

- Provided information regarding the proposed 2016-17 budget
 - Current expense Board of Education Request = \$11,337,935
 - Current expense per the manager's recommendation = \$10,355,578
 - Shortfall = \$982,357
 - There was only a total \$91,333 increase requested by the Board of Education
 - This cut will take the school system way below the 2015-16 funding
- Provided information regarding the 2015-16 Fund Balance
 - 2015-16 Fund Balance appropriated by the BOE = \$685,839
 - Revised due to matching Resource Officer Grant = \$28,000
 - 2015-16 Fund Balance Budgeted by Board of Education = \$713,839
- There is very little Fund Balance for FY 2016-17 which would force it back to county funding
- Fines and Forfeitures monies are decreasing and there is a \$40,000 cut in fines proposed
- When revenues decrease, it is forced back to the county
- Reiterated there is an \$91,333 increase over FY 2015-16, but it is forcing the county to actually fund \$597,791 because other revenue sources are not available (Fund Balance and Fines and Forfeitures)
- The BOE made the following cuts on May 16, 2016 for the 2016-17 school year:
 - 3 middle school media assistants
 - 1 assistant principal position and supplement
 - Certified/classified employee supplement maintained at the 2013-14 salary rate (wanted to increase the supplement this fiscal year, but BOE didn't because of the county's financial strain)
 - 1 clerical position
- One-on-One Initiatives were provided to students and faculty at North Stokes High School this current school year
 - BOE had state technology money for the required match which kept the BOE from having to ask for the matching funds
 - School System has received a \$200,000 Golden LEAF Technology Grant
 - Funding is not available for the required \$273,038 required match (\$200,000 for chrome books and \$73,038 for a facilitator)
 - This One-on-One Initiative will provide chrome books to students and faculty at South Stokes High School and West Stokes High School
- This proposed budget is not based on wishes as the county manager's budget letter indicated; there are no wishes in this budget
- The BOE knows that I don't pad a budget
- Another concern is in regards to Resource Officers
 - At-risk allotment is going to be cut approximately \$70,000

- That was included in the local budget to maintain safety programs in our schools
- The BOE is asking for the \$28,000 match for the grant that serves the elementary schools
- Fuel costs are decreasing and the BOE cut their request for utilities approximately \$153,000 which shows again that the BOE is making an effort and looking at each line item
- Also cut \$25,000 from operations of the yellow buses
- The proposed 2016-17 has not been adjusted for less Fund 8 monies if passed by the Legislature to be shared with charter schools is not
- Projecting 125 students going to charter school this upcoming year
- Child nutrition programs should be self-operating, although, very few are in the state
- There is no monies in this budget for child nutrition, but there is a federal mandate the program can't operate in the red
- Have to monitor the program every month to make sure the program is out of the red
- If needed, the school system would have to allocate funding, if necessary, to keep them out of the red
- Director Moore ended her presentation by saying the Board of Education needs the commissioners' help
- If the Board of Education asked her today where approximately \$1 million could be found, it would have to be to look at the supplement which has been in place since 1979-80 school year
- If we had to look at the supplement, it would be taking a step backwards
- My goal today was to give you the true picture and my presentation is the true picture

Chairman Cox commented:

- BOE members are concerned that they may have to look at the employee supplement
- It has been frozen and is based on their 2013-14 salaries; therefore, we are not paying them a true 4% of their salary
- If we can't offer the supplement, agree it would take us many years backwards
- The county manager's budget message reflected competitive salaries to help keep seasoned employees
- We are also losing key people because of salaries
- Training new employees cost money and valuable time
- Believe we will be losing some key staff because of wages
- We would like your input, concerns, and questions

Chairman Cox turned the meeting over to Chairman Inman.

Chairman Inman commented:

- The information presented by Director Moore is very helpful

- Public education in North Carolina is at a crossroads
- I certainly have no issues with schools of choice
- Have chaired the Public Education Committee for the NCACC for two years
- The school vouchers and charter schools are a big lobbying arm in Raleigh and they are changing the landscape of public education funding
- If you had not had all those cuts from the state, at-risk monies should be increasing, not decreasing
- Have no issues with charter schools if they had to play by the same rules
- They don't have to have any testing
- Wish we could start these joint sessions early
- There is a decrease in pupil enrollment
- There is actually a decrease in the total population in Stokes County with people moving out; think that people do not wish to commune
- One thing to remember is that the commissioners have not decided on the 2016-17 budget and have a long way to go

Vice Chairman Booth commented:

- The final budget is a long ways off
- Have worked well with the Board of Education since I have been on the Board
- We have built \$35 million worth of schools and renovations
- Implemented a 4 cent tax dedicated to schools
- Spending approximately 52% of the ad valorem taxes for education which does not include the \$4 million debt service
- Will have to look at the state funding cuts
- When the state cuts, it falls back to the county
- Stokes County does not have big industries which produces revenue coming into the county; we have to depend on ad valorem tax
- Will have some debt coming off in a few years (Piney Grove Middle and West Stokes High)
- We are looking at everything in this budget to see what we can and can't do
- To a certain extent, our hands are tied
- I just don't know what we can do

Commissioner Jones commented:

- Very disappointed with the leadership at the state and federal level
- Feel ripped off as a citizen with all the unfunded mandates and shell games that are being played
- We are left to hold the financial bag for the entire county
- Think it is time that all of us start appealing to these levels of government to try and remedy some of this
- Can't keep going like this
- Hoops have to be jumped which is burdensome, the cost is unreal and we just can't continue to keep up
- Want to keep the county's Fund Balance at 20%
- Can't go another year without raising taxes

- Our budget is small compared to other like size counties
- Want to be fiscally responsible which is very important
- I just don't know the answer
- Feel the schools need what they say and we need to find a way to get it for them
- Can't control the outcome, but I want to be fiscally responsible

Commissioner Lankford commented:

- There comes a time when you look and then you have to relook
- We are sitting with \$48,453,911 of school debt which is a payment of \$2,417,580 each year
- I feel our facilities in the County are very appropriate compared to similar facilities in other counties
- We have good schools
- Understand why you had to close one
- Total current expense in 2015 was \$11,081,305 and this year you have gone up \$161,000 with a request of \$11,242,495
- I know you have done things to try to bring that number down which I appreciate
- Feel you have looked at your budget with a magnifying glass and did the best you could which is the way we are going to do our budget
- Served on school board where members would not want to cut the budget, but say to leave it up to the County
- We will do the best we can with what we have to work with
- The County allocates 51.14% of the ad valorem taxes to the school system which is a pretty good dedication towards what is needed for our children
- Have been very supportive over the years
- Proud of our school system
- Probably one of the best in the state
- Will continue to do the very best we can and we will
- Looking at it from the point of view of a BOCC versus a BOE means you have to look at the total big picture of everyone, the whole 47,000 population
- Always try to be fair and consistent and look at the total big picture and will continue to do that with this budget
- Always have people who come out saying how things are getting better
- Would like to ask each commissioner and each BOE member if you would go visit three food banks and spend some time there
- It would very informational knowledge to visit these food banks to see the number of people that are hurting in Stokes County
- We have people who are really hurting
- There has been a reduction of \$10 million coming into Stokes County; Stokes County no longer gets that tobacco buy out money
- We also have lost funding which puts the burden on a lot of people who don't have the money
- Have always tried to be fair and consistent and look at the total big picture
- Will continue to do that with this budget and as long as I am serving as a commissioner

- Believe in fairness, don't believe in looking over one group of people over the other
- Believe in doing an assessment on the need and then going forward
- This is what my commitment is to you today

Commissioner Walker commented:

- Been a public servant since 1990
- This is one of the toughest budgets that I have ever worked on
- Taking approximately \$2.3 million out of the County's Fund Balance with Manager Morris' recommended budget to continue to operate the county
- Manager Morris' recommended budget also includes a two-cent ad valorem tax increase
- Have good school system and want to see it stay that way
- Have a premier school system
- My philosophy is to do as much as we can for our schools at any given time
- Have to look at how we can balance the needs of the school system in a fair and equitable way with the needs of the entire county
- Asked BOE members what they would cut from the manager's recommended budget? What services would you cut to find extra funding?
- There will be no excess fund balance to balance the budget next year
- We have already cut services – Animal Control
- We are getting mandates from the state like a \$90,000 truck to haul animals
- Comparing Stokes support with counties in the area, feel we compare very favorable
- My commitment to this process is to keep an open mind and to keep gathering information until we have to make the final decision
- It is not easy
- Never been in situation like we are with this year's budget
- Will continue to use the philosophy to do as much as I can for our schools
- Continue to look at from this basis – what is as fair as we can be to the schools and at the same time as fair to the county and where is that balance

Chairman Inman commented:

- Noted the financial times back in 2002 with the county having 3.5% Fund Balance
- Have stated many times that a county that depends so solely on ad valorem taxes is not a sustainable budget
- Expressed appreciation to Director Moore for all the information provided today
- Understand that teachers are getting a well-deserved raise
- How does the raise impact the BOE budget?

Director Moore responded:

- 3% raise for clerical and 5% raise for teachers has been included in the proposed 2016-17 BOE budget
- That increase in salaries is over a hundred thousand dollars including benefits

- There is so much in the operating budget that can't be changed

Chairman Inman commented:

- Questioned if there was an estimate of a minimum increase that would make this budget issue work for the BOE?

Director Moore commented:

- That would depend on whether the BOE wants to fight to keep the \$200,000 Golden LEAF Grant
- Have to make a commitment to Golden LEAF by July 6th if we are going to pursue the grant (amount is \$274,000)
- Resource officers are another big expense (amount is approximately \$100,000)
- These two items along with the supplement are things that are available if you start going line item by line item
- Board could also look at five local teaching positions which would lead to more combination classes and weigh that out
- Assistant principal's position has already been cut and there will definitely have to be some positions shifting
- BOE has already made some major cuts

Chairman Inman turned the meeting back over to Chairman Cox.

BOE Member Boles commented:

- Appreciate what the commissioners have done in the past and the dedication to the schools in Stokes County
- It is rough out in the community
- We see it in our schools and try to do what we can to help the kids that need help
- Try to provide them with a good education
- Need your help
- Need your support
- The future of Stokes County is our children
- Need to provide them a safe and secure place to be educated
- Roofing projects and different capital projects are very important
- My granddaughter just graduated and is going to Carolina on an athletic scholarship
- We must keep those doors open
- Our tennis courts and some of our different facilities are falling apart
- We are trying to make it work
- Really need your help
- Closing Francisco Elementary was not easy, hardest thing I have ever had to do as a BOE member
- It is like losing a family member and that community lost its heart
- It had to be done
- Have made serious cuts that have affected a lot of things and hope we don't have to make any more

- Appreciate this joint meeting to discuss our needs
- Need your support

BOE Member Messick commented:

- Appreciate the opportunity to come to speak today
- The recommended budget includes a two cent tax increase and the school system is getting less funding
- We are all concerned about our students
- We are the largest employer in the county
- You are asking us to cut more employees while lower pay and reduced supplement is because of defunding
- It is already driving our most talented teachers and administrators to neighboring counties
- Please help to stop the bleeding
- Ask you to fund the total current expense budget that is being requested by the Stokes County Board of Education for the 2016-17 school year
- If this budget is not totally funded, many valuable programs and personnel will be lost
- In favor of matching the Golden LEAF Grant to provide chrome books to every student at West Stokes and South Stokes
- School Resource Officers will also be cut due to underfunding as well as 14.5 teaching positions and a pre-K class at Lawsonville Elementary
- Our students need the best education our county can provide
- These cuts will most certainly undermine our students education

BOE Member Yontz commented:

- Appreciate the opportunity to meet with you today
- Commissioners have sent the BOE a million dollar cut
- Asked Commissioner Walker what would he cut in the school system's budget?
- Reminded Commissioner Lankford that the BOE had looked and relooked at the budget
- Don't know where to look for more cuts
- Do not necessarily agree that local funding should not be connected so much with ADM
- If it is, there has not been a direct link in the past four years
- In 2014-15, ADM was down 2.5% and the budget cut was 10.1%
- Please look at the information provided by Director Moore – it definitely shows the cuts made over the years
- The BOE should not have to deplete its Fund Balance down below \$500,000
- We had a detention pond that you helped us with this year and that is going to acquire more funding this year
- We had the fuel tank issue at North Stokes this year
- These are things that are going to reoccur
- See ourselves getting into a position with our roofs which we have been talking about for the past four years

- Those are big ticket items
- Parking lots, tracks, tennis courts, and baseball lighting are falling behind now
- Understand your dire situation, but hope you can also understand ours
- As stated by Director Moore, the only big ticket item we have is the local supplement
- I have had conversations with some employees in this county that are going to leave
- You talk about our education system being great and it is, but it is because of the people
- Those people are leaving to go to a neighboring county to make more money
- We have to do whatever we can to try to keep them
- If you pull the supplement out from under them, it is going to be catastrophic

BOE Member Messick commented:

- Reiterated the commissioners have supported the supplement since 1979; it would be like the commissioners pulled their support regarding the local supplement

Commissioner Lankford responded:

- Do not see it that way
- If anyone pulls anything, it will be the BOE
- If the supplement is not funded, it is the BOE's decision, not ours
- Please believe that

BOE Member Yontz commented:

- The supplement is the one line item where we can get that much money right now

BOE Member Hart commented:

- Legislators in Raleigh are going to pass one of two budgets:
 - One is going to give them an extra three hundred million in their rainy day fund
 - One will bring the rainy day fund up to a billion
- We have a rainy day fund here in Stokes County and we need some money
- You have the toughest job in town
- The only places you have got to go are your Fund Balance (understand you want to keep at 20%) or taxes
- Don't know any other place to go and still provide services
- You are going to have to make some hard decisions
- Have been in education all my life
- Can't think of a better way to help your fellow man than help him have a better life
- I can't think of a better way
- Is there a better way for us to use our tax dollars?
- When you affect a child, you affect its parents and grandparents which is a lot of our citizens
- We have cut this budget down to the bone

- Nearly \$400,000 of the \$500,000 we asked for is for the chrome books and resource officers
- Parents at South and West deserve the same kind of thing as North Stokes parents
- You have a tough choice and there is only two ways to find it that I can see
- Sometimes we have to make a decision about whether we are going to serve the citizens
- I am the perfect demographic for people who don't want to raise taxes
- I have no children and no grandchildren
- I have a big farm
- I don't want to pay taxes, but we have to provide services for our county
- You have to decide how we are going to provide services, whether you are or whether you are not

Chairman Cox commented:

- Did not get to provide the Board all the information I wanted to at the Public Hearing
- Expressed appreciation for what had already been done for the school system
- Roof at Chestnut Grove is appreciated and also for hearing us today
- Feel our request to you is beyond fair and reasonable
- It does reflect a small increase, but we feel that has been adequately substantiated
- The Golden LEAF Grant is pretty substantial for our county
- Principal Wayne Duggins said it best when he said that chrome books are not just a laptop, they are an opportunity which is making an investment in the future
- We are saving over \$200,000 by keeping the supplement based on the pay of 2013-14
- It is not current
- We have cut, lost and slashed so many programs
- I am asked about elementary art all the time
- Would like to see the art back in the schools
- That hurts us, when there are so many choices for education
- Feel like it has been years since we have been able to have the funding to be strategic rather reactive
- It would be wonderful to have funding to support long term strategies for improvement, instead of focusing on the 2016 budget
- Should be focusing on 2020 and 2025
- It is always a band aide approach
- We can't be expected to close the achievement gap if we can't close the funding gap
- We can't do this alone
- We have 19 different schools
- We have been good stewards of the money
- We are just trying to give each student a good education
- Good education does not come without a high price
- We have accomplished a lot working together

- Want our schools to be the best in the state
- MeadowBrook Academy is being looked at by the Governor as a model to be used across the state
- Economic Development is key to Stokes County
- Not the only game in town
- Trying to get some of the homeschool students back
- We need your assistance

Dr. Hobbs commented:

- When I came to Stokes County in 2008, we immediately started making cuts
- Very proud when the two boards came together and found ways to build two new schools
- We have great facilities
- We do have some that are getting wear and tear
- You have to think creatively and I feel that was what this county did when you started building new schools
- Lived here for six years
- Enjoyed working here
- Enjoyed the people and wanted to do what I could do to help
- Schools are unique in that people want to operate them like a business; you can't operate a school like a business
- When you look at budget numbers, most businesses that have been through what the school system has been through over the last nine years, would be bankrupt and closed
- As a school system and a county, we don't have that option
- The majority of the state funding is for our pupils – the ADM
- State leaves it up to the county to provide operational expenses
- That is tough
- Even though you are losing students, you still have the same number of facilities to operate and maintain
- Wish you the best in the future

Director Moore commented:

- The county manager did recommend funding the capital request the way it was presented
- Funding has already been set aside for the Chestnut Grove Middle School roofing project
- Capital requests were included in the BOE budget request so that the commissioners could see the things that the BOE cut before making the capital outlay request to the BOCC
- Future roofing needs have been shared with the commissioners

Chairman Cox commented:

- Our child nutrition program is a real concern
- At one point, the program was \$200,000 in the hole this year

- That is out of our control
- The federal government puts so many mandates about child nutrition that it is not our director's fault – can't season the food
- Food has to be eatable and kids are not eating school lunches
- Concerned about depleting our Fund Balance and not having on hand what we may need to have to cover their balance

Chairman Cox turned the meeting back over to Chairman Inman.

Chairman Inman commented:

- Both Boards can accomplish a great deal if they continue to work together
- It would be great to be in a proactive mode
- Must remember the community college opening in the fall
- Must bring business to Stokes County
- We are doing some things in economic development to hopefully help
- This budget is not passed
- It is only a recommendation from the county manager

County Manager Morris commented:

- Been working handing out money for thirty years in a program management business to people to do things for me
- Have outside organizations who are knocking the doors down to explain why they need the \$1,500 or \$5,000 requested funding
- This is the first time we have seen this information this year
- This is not a criticism and please don't take it that way
- The idea of waiting until I have already made my recommendation to the BOCC is too late
- My suggestion is for the new superintendent to communicate before the budget season starts
- The two Boards get together to talk about the needs and provide information like what Director Moore presented today
- You are the biggest special appropriation we have
- Willing to work with the new superintendent
- Need to understand your needs, but need to know those needs way before the budget process
- Need to look at doing something quarterly

County Manager Rick Morris requested an itemized copy of the July Time Warner.

Vice Chairman Booth commented:

- Want to comment on Member Hart's comments about the ad valorem taxes
- Have no problem with the taxes being spent on the schools and have no issues with it increasing

Chairman Cox recessed the Board of Education meeting.

Chairman Inman recessed the Board of Commissioners' meeting.

Chairman Inman called the recessed meeting back to order.

Chairman Inman discussed the number of scheduled work sessions left to approve a budget and the need to possibly schedule more work sessions.

The Board discussed recessing today's meeting until June 20, 2016 at 1:30 pm.

County Manager Morris presented and discussed with the Board a Decision Flow Chart to help start some budget dialogue:

- **Step #1**
 - Revenue:
 - Collection Rate Increase
 - 97% - can go up to 97.47% which increase revenue \$317,946
 - Add Back \$40,000 for Animal Control
 - Going to take a different approach going back to only doing the General Statute requirement until the new facility is open
 - Approving the budget will approve this new concept
 - Walmart Revenue
 - Originally scheduled to open in the fall, now scheduled to open in the March of 2017
 - Recommended \$250,000
 - Amount Provide to School
 - Add back \$200,000 for chrome books for South Stokes and West Stokes
 - Tax Rate Increase
 - Decide of there will or will not be a tax increase
 - Amount Used from General Fund Balance
 - Amount to allocate from General Fund
 - Total Revenue
 - **Step #2**
 - Expenses
 - Personnel List
 - Look at cuts
 - Equipment List
 - Look at cuts
 - **Step #3**
 - Fire Tax Rate
- *Must factor in Hospital Bankruptcy
- Would have recommended a different budget if the budget situation had been know

- Need to protect yourself

*One of the departments found an error in their budget so you can add back \$91,000

The Board started discussion regarding the Decision Flow Chart.

Commissioner Jones commented:

- Like the concept
- Will use to base some of my stuff on
- Feel we are going to come up short if we don't do something
- Don't know how much more we can cut
- Been running lean for years
- Got to have healthcare, EMS or we may be liable for lawsuits if something bad happens
- Have to consider the hospital bankruptcy – a wildcard in this budget and a huge liability
- Need the hub of healthcare – heard several comments this weekend about a tax increase just to keep the healthcare at the hospital
- Need to decide what it is going to take to provide the needed services

County Manager Morris commented:

- Things you can possibly look at cutting
 - Arts Council
 - Economic Development
 - Little bit of solid waste
 - Everything else you have to do – mandatory
 - Not suggesting cutting any of these services, just putting in on the table areas that are not mandated

Commissioner Walker commented:

- Recall the financial disaster of 2002 often mentioned by Chairman Inman when there was barely a Fund Balance
- The difference in now and 2002 is that the economy was stable and sound; it was thriving
- Was able to start putting substantial amounts into the Fund Balance to get us to where we are today
- Now we have an uncertain economy
- Don't have to go too far to find people who are struggling today; people who have lost their jobs and having to take jobs with lesser pay
- Have a different kind of challenge than what we had in 2002
- Hope we don't have to take the steps that the county did in 2002
- No problem with the tax collection rate
- Have a question mark regarding the Walmart revenue
- Support the funding (\$274,000) for the chrome books for West and South Stokes
- Need to look at the SRO situation

- Agree with Manager Morris about getting this information now instead of before the budget recommendation
- As far as a tax increase, my philosophy will be and remain the same - only as a last resort and all other options have been exhausted
- Not ready to look at tax increase right now
- Would want to see the amount allocated from General Fund decrease possibly in the \$1.5 million range
- Glad to have the \$91,000 more and instead of less
- Would hate to face the public if we had to cut Economic Development, Arts Council and Solid Waste
- What I am finding from the public about the hospital situation is strong support for stabilizing the situation, not so much to continue to put substantial money in the hospital long term
- Need to look at something for the entire county regarding healthcare services
- Confirmed with Manager Morris that at this time, there is no way to estimate a cost involving the hospital situation until the bankruptcy court rules
- Still a question mark on how to best deal with EMS Services
- Still gathering information

Vice Chairman Booth commented:

- Doing away with departments would not touch the amount needed for this budget
- There are 19 to 20 new positions that has to be looked at and considered cutting

County Manager Morris responded:

- That is the Board's choice, but need to remember we have a community college coming on board in November that has to be cleaned

Vice Chairman Booth continued:

- Need to start considering personnel and equipment to see where everyone stands
- Need to consider the Walmart revenue
- All I have right now

Commissioner Lankford commented:

- Have already started doing what the county manager suggested, but have not finished yet with personnel and equipment

Chairman Inman commented:

- Feel what manager provided is very helpful
- Could encourage everyone to do exactly what Commissioner Lankford is doing
- Put together your own budget
- We have a recommendation from the manager, not a mandate
- If there is something that you need, ask for it
- Would like to put this on the table, if anyone is seriously looking at privatization for EMS, got to get some realistic information

- Information the Board received in an earlier meeting was very informative, but we would have to do at least a Request for Information
- Believe you would need to do a Request for Proposal to get valid information

Vice Chairman Booth commented:

- Believe we need to do that even if we can't get everything done by the adoption of the budget
- Feel we need it for down the road

Commissioner Lankford responded:

- Getting the information would not hurt
- Don't think getting the information will affect the budget
- Would take time to evaluate the situation

County Manager Morris noted he could do a Request for Information if directed by the Board.

Commissioner Jones noted it doesn't matter, can't do anything with this budget, too late.

Commissioner Walker responded:

- Don't have a problem gathering information
- Would look at the information on this basis
- I think we need to discuss the situation deciding if we really want to relinquish control of a very vital department to an outside entity
- There are questions beyond just dollars
- Bigger questions don't even involve the money aspect
- Have no problem gathering information
- Before taking steps to privatize, would want determine if there were steps we could do to improve the situation
- Not going to make a knee jerk decision on something this important
- Have not had time to gather information and ask questions
- Want to make a good decision, not a quick decision
- Will keep an open mind while gathering information to see what is in the best interest of our citizens

Vice Chairman Booth commented:

- Agree with Commissioner Walker, privatization is the last step you would want to take, but feel we need to gather information
- Must look at all options to determine what is best for the county

Commissioner Walker commented:

- Talked to Dr. Hobbs at the end of the work session
- Was telling him how we cannot outbid some of the surrounding counties as far as teachers and county staff

- Questioned Dr. Hobbs what his suggestion would be to deal with losing employees on a long term basis?
- His response was the best option for the county, with this being a good place to work, was to make our employees feel valued and appreciated.
- He noted throwing money at a situation does not always solve the problem

Commissioner Lankford commented:

- Have been trained over the years that money is not the only motivator
- Plenty of other things that will motivate people

Vice Chairman Booth commented:

- Where you work makes a different
- Have to compare benefits such as full paid premiums for health, dental, and term life
- Lot of things to consider

Chairman Inman commented:

- Agree with Commissioner Walker that this Board does not need to make a knee jerk reaction
- Think it would be prudent for this Board to think about it
- Feel a Request for Proposal is what is needed instead of a Request for Information
- Need accurate information from someone who performs the services being provided by the Board

The Board discussed having the manager prepare a Request for Information or Request for Proposal.

The Board agreed to hold off right now directing the manager to put out a Request for Information or Request for Proposal.

Chairman Inman reminded members to review the information provided by the BOE.

County Manager Morris noted that he would engage with the new superintendent regarding meeting possibly quarterly.

Vice Chairman Booth commented.

- Confirmed with Manager Morris that the Golden LEAF Grant match is \$273,000
- Confirmed with Manager Morris that the BOE is requesting \$103,000 for SROs that has been funded by the BOE (\$75,000 for high school SROs and \$28,000 for a matching SRO grant)

Commissioner Lankford requested the manager look into the Golden LEAF Grant having

to have a facilitator for the project.

Adjournment

Chairman Inman recessed the meeting to Monday, June 20, 2016 at 1:30 pm.

Darlene M. Bullins
Clerk to the Board

J. Leon Inman
Chairman