

- Wednesday, June 7, 2017 – 1:00 pm
- Wednesday, June 14, 2017 – 3:00 pm – Joint Meeting with the Board of Education
- Monday, June 19, 2017 – 1:00 pm

Approval of the Agenda

Chairman Walker entertained a motion to approve the May 23, 2017 Budget Work Session Agenda.

Commissioner Booth moved to approve the May 23rd Budget Work Session Agenda as presented. Commissioner Mendenhall seconded and the motion carried unanimously.

Fiscal Year 2017-18 Budget

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

County Manager Morris presented the Fiscal Year 2017-18 Budget Overview for Stokes County Board of County Commissioners.

County Manager Morris noted that he would be happy to entertain questions during the power point presentation.

Discussion Topics

- Budget Baseline Looking Forward
- Overview of FY 2017/18 County Debt Commitment
- School Current Expense/Capital Outlay
- Department Budget Highlights
 - Common Expenditures Across All Departments
- Department Budget Highlights
 - Animal Control
 - Arts Council
 - Contingencies
 - Cooperative Extension
 - Debt Service
 - Economic Development
 - Elections
 - Emergency Communications
 - Emergency Medical Services
 - Environmental Health
 - Forsyth Tech
 - Health, Title XIX, Medicaid Fund
 - Information Systems
 - Jail

- Medical Examiner
- Mental Health
- Planning
- Public Buildings
- Recreation
- Register of Deeds
- Social Services
- Solid Waste
- Transfers
- School/FTCC Construction/Operating Fund (4 Cent Fund)
- Fire Districts
- FY 2017-18 Capital Reserve Fund Recommendations
- Capital Reserve Fund Transfers
- Salary Study Objectives – Requirements
- Summary – What should be the focus for the BOCC on this Budget Recommendation?

Budget Baseline Looking Forward

- **Fiscal Year 2015-16**
 - Approved Budget = \$44,926,606
 - Appropriated Fund Balance = \$2,241,843
 - **Summary**
 - \$2,241,8943 Fund Balance was appropriated to balance budget
 - Per the audit, the appropriation was not used
 - A 29.73% Fund Balance as of 06-30-2016
 - Revenue increase(s) supported the 2% annual growth
 - Next Revaluation will occur and potentially provide increased revenue for FY 2017-18 along with potential other resources
- **Fiscal Year 2016-17**
 - Proposed Budget = \$45,981,750
 - Appropriated Fund Balance = \$2,263,540
 - **Summary**
 - \$4,165,483 projected fund balance available to balance the budget per audit, to keep the 20% fund balance
 - It is estimated that \$1,000,000 will be used from the appropriated fund balance
 - Tax rate remained at 62 cents
 - Budget increased 4.78% over FY 2015-16
- **Fiscal Year 2017-18**
 - Proposed Budget = \$49,365,491
 - Appropriated Fund Balance = \$1,293,800
 - **Summary**
 - \$4,429,023 projected fund balance available to balance budget and keep the 20% fund balance
 - This is an estimate, it could change when the audit is performed
 - Tax rate remains at 62 cents

- Revaluation 3% increase in values
- Budget increased 7.36% over FY 2016-17
- New sales tax formula approved by state - \$1,543,000 and Walmart sales tax best estimate without actuals
- **Fiscal Year 2018-19**
 - Projected Budget = \$50,352,800
 - Appropriated Fund Balance = to be determined
 - **Summary**
 - \$3,000,000 estimated fund balance available to keep the 20% fund balance
 - Full year of Walmart sales tax will provide an informed estimate
 - Assumes a 62 cent tax rate will remain in place

Overview of Fiscal Year 2017-18 County Debt Commitment

| Debt Description | Purpose of Debt | Yrs Left | Amount (P & I) |
|---------------------------------|------------------------------------|-----------------|---------------------------|
| Refinance/GO Bonds | West Stokes & Piney Grove | 0 | \$828,773.00 |
| PODS | Purchase for Early College | 6 | \$88,464.00 |
| Land Purchase | Poplar Springs Elementary | 11 | \$97,040.00 |
| School Construction | Nancy Reynolds & Community College | 12 | \$417,900.00 |
| QSCB | Poplar Springs & Southeastern | 10 | \$1,781,829.00 |
| QZAB | Southeastern | 10 | \$295,714.00 |
| School Addition | Lawsonville Elementary | 11 | \$192,090.00 |
| Total School Debt | | | \$3,701,810.00 |
| Capital Lease Pymt #1 | EM & Sheriff & Garage truck | 1 | \$219,211.00 |
| Capital Lease Pymt #2 | EMS & Sheriff | 2 | \$137,175.00 |
| Capital Lease Pymt #3 | New roof and EMS station | 1 | \$42,888.00 |
| Capital Lease Pymt #4 | Communications Equipment | 0 | \$348,818.00 |
| Capital Lease Pymt #5 | Autumn Square Property | 5 | \$62,300.00 |
| Capital Lease Pymt #6 | Equipment-Sheriff, EMS & Servers | 0 | \$100,571.00 |
| Capital Lease Pymt #7 | Tax Office Software | 6 | \$42,000.00 |
| Capital Lease Pymt #8 | Equipment-Sheriff, EMS & computers | 1 | \$110,874.00 |
| Total Capital Lease Debt | | | \$1,063,837.00 |

School Current Expense

- Budget recommendation for FY 2017/18 is \$10,868,860
 - \$94,570 is from the 4 Cent Fund
 - \$10,774,290 is from the General Fund

- Recommendation funds School System at same level as approved last year with the addition of the fund balance used by BOE \$724,255, amended funding \$90,938, E-rate on telephone reduction \$147,417, Charter School increase \$14,780 and \$75,000 estimated to bring BOE Current Expense fund balance to \$250,000
- Major change is depletion of large amount of Current Expense fund balance held by the Board of Education that has been available in previous years to balance their budget
- BOE is asking for additional locally funded teachers, increase to teacher supplement and an assistant principal
- BOE also requesting a one-time appropriation of \$320,364 for six (6) elementary art teachers

Vice Chairman Lankford commented:

- Questioned County Manager Morris if the loss of E-rate funding had anything to do with Time Warner's bill being a lot less than previous years?
- Expressed concerns about the loss of E-rate funding being that the Board of Education did not go with RiverStreet
- Confirmed with County Manager Morris that the loss of \$147,417 is telephone and not internet
- Would like to know what the monthly telephone cost is for the Board of Education
- Noted the \$600,000 is being allocated to RiverStreet each year for three consecutive years (started last year)
- Very concerned about this information

Finance Director Edwards responded:

- Was informed by the Library representative that a reduction in E-rate is also impacting the library system
- Understand the E-rate is being phased out and will eventually be gone

Commissioner Booth commented:

- Agree with Vice Chairman Lankford regarding RiverStreet not getting the bid for the school system which was to fund the expansion of high speed internet in Stokes County
- Would like more information about the loss in E-Rate Reimbursement

Chairman Walker commented:

- County could have saved a lot of funding if RiverStreet had gotten the internet bid from the School System
- Can't do anything about it now

County Manager Morris continued:

- Had the same thought as Vice Chairman Lankford regarding the loss of E-rate funding
- Confirmed with the school system before finalizing my recommendation that it had nothing to do with the lower Time Warner bid, it was all telephone

Commissioner Booth commented:

- RiverStreet also provides telephone services

Chairman Walker noted that the County had offered to make the school system hold harmless by paying the difference between what Time Warner was offering which would have saved the County a substantial amount of funding.

County Manager Morris noted that this could be discussed at the joint meeting with the Board of Education.

County Manager Morris commented:

- School System has been told there is a high probability that if the six (6) art teachers for the elementary schools are funded this year, funding might be approved by the legislature next year
- Not sure that is the case
- The fear is that if they don't have the positions and the legislature does fund art teachers, they will not receive any funding next year

Chairman Walker commented:

- House Bill 13 has passed and has been signed by the governor
- The fear of adding additional teachers and classrooms due to class sizes is no longer there

Commissioner Booth commented:

- Can't do a budget by assuming there might be funding next year for six (6) art teachers

Chairman Walker commented:

- Finding it very difficult to fit the pieces together with ADM decreasing because of declining enrollment each year

Commissioner Mendenhall commented:

- Have to remember one thing, art is not a requirement in elementary school
- Started in 1979 teaching when art, Spanish, and music classes were in the elementary schools
- In the late 1990's art and Spanish were cut due to financial issues and never added back

Vice Chairman Lankford commented:

- My understanding was that when art was cut, the teacher and teacher assistants took on a very small portion of providing art in their classes

Commissioner Mendenhall continued:

- School system is probably hearing something from Raleigh that if art teachers are put back in the schools, they may be funded next year
- That is not guaranteed
- It could be paid for and it may not be paid for
- It is a gamble
- Don't like anything that is not guaranteed

County Manager Morris responded:

- Understand that Arts Council Director Eddy McGee has already met with Dr. Rice to offer his assistance to help look for grants
- Not sure if anything has developed from that

County Manager Morris noted that the school has noted the managing of personnel turnover in their Fiscal Year 2017-18 budget which appears to be a high priority for the Board of Education.

Commissioner Jones confirmed with County Manager Morris that he did not know what the school system's turnover rate was.

Vice Chairman Lankford commented:

- Not any worse now than it has been in the past

Commissioner Booth commented:

- Need to keep in mind that the request for a one-time appropriation of \$320,364 for six (6) elementary art teachers is about a one cent tax increase

Chairman Walker commented:

- Have to keep in mind that Raleigh could fund it for only one year
- Then does it become county funding?
- If we don't fund it any longer, the Board of County Commissioners is the bad guys for not continuing the position

County Manager Morris commented:

- Understand that all the other surrounding elementary schools have elementary art teachers
- Would be glad to look into that

Chairman Walker commented:

- With the number of teachers currently in the school system, could it be possible to find some teachers to teach art especially with the declining enrollment?

Vice Chairman Lankford responded:

- That is not our call, that is a decision that the Board of Education needs to make

Commissioner Mendenhall responded:

- It is all about priorities and agree with Vice Chairman Lankford that it is a Board of Education and Superintendent decision to make

Chairman Walker responded:

- Is that not a legitimate question to ask during our joint meeting with the Board of Education?

Commissioner Mendenhall responded:

- Believe their response will be that if they move a teacher who has a secondary art Degree, that leaves a vacant position which could make classroom sizes larger

Vice Chairman Lankford commented:

- Reiterated that is a Board of Education's decision
- Don't need to be in the middle of that, already in the middle of the air conditioning issue at North and South Stokes High Schools
- When I was a member of the Board of Education, we were constantly told that the Board of County Commissioners could not designate funding for the school system

Commissioner Booth commented:

- Agree with Vice Chairman Lankford, that is definitely a Board of Education decision

Commissioner Mendenhall requested staff to find out if the surrounding systems such as Rockingham, Surry, Caswell, etc. have dedicated art teachers for their elementary schools.

Vice Chairman Lankford noted that when you look at surrounding counties such as Forsyth, Surry, and Rockingham, we are not even in the same playing field – they have industry and more population than Stokes County does.

Commissioner Mendenhall added:

- Dealing with the county turnover is the same at the school system – can go to Forsyth County and get a 12% supplement versus Stokes County's 4% supplement
- Lost several while serving as superintendent – they received offers that the County could not match

Commissioner Jones added that Stokes County is not competitive.

Vice Chairman Lankford noted that Stokes County can't be competitive.

Commissioner Jones responded:

- Don't agree with that
- You have to put some "skin in the game"

Commissioner Booth responded:

- There is always going to be offers from other places including the private sector that is better - person has to decide for themselves

Chairman Walker commented:

- Have spoken to individuals working in Forsyth County that are now losing employees to Guilford County because they pay better
- Employees have to take what comes with the bigger salaries in other counties – behavior

Commissioner Mendenhall commented:

- Also had several employees offered more but stayed because of what Stokes could offer – good classrooms, good students, etc.

Vice Chairman Lankford responded:

- Art is still very positive in Stokes County, saw that the other night at the Soil and Water Banquet (from third to sixth grade)

Commissioner Booth commented:

- Agree with Vice Chairman Lankford, art is still going on in the elementary classrooms

Commissioner Mendenhall added:

- School Administration supports a program each year where elementary school students design a Christmas card
- Cards are chosen to be sent out by the Board of Education and School System each year – great art work

Chairman Walker noted the assistance of a county employee offering to help the School Administration seek possible funding for the requested art teachers.

Commissioner Booth noted that there were several in the school system's Administrative Office that could also be looking for grant funding – staffed well.

School Capital Outlay and Capital Reserve Fund

- My recommendation takes fund balance of this fund down to \$5,115; need to decide if this is acceptable
 - Recommendation returns \$400K to 4 Cent Fund
- Sales tax revenue for schools on a positive trend line.
- Debt is being retired this year which will increase availability of capital funding for the School System in FY 2018/19
- Capital expenditure requests for FY 2017/18 are detailed on page 84 of your budget.
 - School System does not have to spend all of these funds up front

County Manager Morris commented:

- The funding being recommended is entitled to the school system for school capital; can't be used for anything else
- Reiterated that there is a list from the school system of priorities in the recommended budget which includes the air conditioning for North and South Stokes High Schools as being the top priority
- Sales tax will replenish the funding

Commissioner Booth commented:

- Like the recommendation of the \$400k left from the Chestnut Grove Roof Project being returned back to the 4 cent fund (that was my original understanding)
- Does not need to be hanging out there
- Confirmed with County Manager Morris that his recommended budget allocates \$1,500,800 for capital outlay

Chairman Walker confirmed with County Manager Morris that the \$400k was requested to be used for the air conditioning at South Stokes High School.

Vice Chairman Lankford commented:

- The reason the air conditioning at South Stokes is higher is because the units will have to be placed on the top of the roof
- At North Stokes High School, the air conditioning unit can be placed at the back of the gym

Commissioner Booth commented:

- The use of capital is totally up to the Board of Education on how to spend it
- Confirmed with Manager Morris that the \$1,500,860 million covers the requests from the Board of Education

Commissioner Mendenhall commented:

- \$1,500,800 is a good recommendation
- We all know that priorities change
- At one point, air conditioning was 17 & 18 on the school system's priority list
- There has been a lot of community pressure regarding the air conditioning at North and South Stokes
- It is totally their decision
- Agree that structural improvements are very important
- As I have repeatedly stated, it is the Board of Education's decision to make regarding funding received from the County regarding capital outlay

Commissioner Booth added:

- Have to remember that there will be additional \$800,000 next year coming off debt services
- Have to remember there will be a full year of Walmart – sales tax revenue
- Have to remember the new sales tax distribution
- Reiterated that his recommendation will be for the \$400k to be placed back into the 4 cent fund

Commissioner Jones added:

- As we have told them in the past, things would be different once the old debt is retired which will be next fiscal year
- It is finally happening

Chairman Walker commented:

- County Manager Morris made a good observation – the recommended \$1,500,800 million covers the entire list from the Board of Education

Commissioner Mendenhall commented:

- Not sure if the people who spoke last night at the regular meeting understand there is a funding recommended by the manager for the air conditioning at North and South Stokes High School and that the decision to spend that allocated funding is the decision of the Board of Education

Vice Chairman Lankford commented:

- Believe those people had been persuaded to come and try to also get that \$400k
- Will probably see more at the Public Hearing

Chairman Walker commented:

- Confirmed with Commissioner Mendenhall that if questioned about the air conditioning at North and South, it was very simple to answer - \$1,500,800 recommended by the County Manager for capital needs and it is the decision of the Board of Education on how to spend that \$1,500,860
- Their request seems to say if there is only \$650,000 allocated, the top two priorities would be air conditioning at North and South Stokes Schools

Commissioner Mendenhall added that there are a lot of people who do not understand how the budget process really works.

Commissioner Jones noted that probably one thing about the requested air conditioning at North and South Stokes High Schools that has not been figured in – increased utilities for two fifty-year old schools.

County Manager Morris commented:

- This is how a five-year capital plan works – things move up and down according to the needs and demands

Department Budget Highlights – Common Expenditures Across All Departments

- Personnel Services
 - Longevity increases
 - Increase in employer retirement contribution
 - Increase in medical / dental insurance premiums
 - 2% COLA
- Materials, Supplies & Expense
 - Fuel cost was funded at gallons used at a rate of \$2.50
 - Across the board reductions were not made since requests were based on actual use

- In the recommended budget presented last night each department has the following:
 - A percentage listed at the bottom indicating a decrease or increase to the current departmental budget
 - A detailed list of equipment requested by the department and recommended by the manager is listed at the bottom of the page

THESE ITEMS NOT REFLECTED ON INDIVIDUAL DEPARTMENTAL CHARTS

Chairman Walker noted that he has spoken to Sheriff Mike Marshall who has two vehicles that are currently using propane and he is very pleased with the performance – will be very cost efficient after the installation cost is absorbed.

Department Budget Highlights – Animal Control

- Animal Control now under the Sheriff but maintaining separate budget as the jail does
- Awaiting program review report from Animal Welfare Section
- Department fully staffed and recently certified by the State for euthanasia
- Two new vehicles recommended for Animal Control – not specialized vehicles
 - Could be specialized vehicles mandated next year by the state – still be discussed as to what will be mandated by the state
- Training budget increased
- \$50K added to Contractual Services for needs that may be contained in program review report

Department Budget Highlights – Arts Council

- Arts Council now operating in new facility
- Awaiting notification on additional grant funding to complete entire project – open up the art studios in top and bottom
- Grand opening will occur when entire project is completed
- \$500,000 goal with approximately \$50,000 raised
- Have recommended a roof for the Arts Council – only building in that section that does not have a new roof
 - Funding for the roof will be appropriated from Capital Reserve
 - Would hate to see what has been done at the Arts Council damaged from a possible leaky roof down the road

Department Budget Highlights – Contingencies

- Contingency budget lines remained the same
 - Emergency contingency funded at \$125,000
 - Leaves fuel cost contingency funded at \$45,000
 - \$100,000 for employee payoff of unused vacation, comp time and/or holiday leave
 - Personnel contingency cost funded at \$50,000
 - Might be used for emergencies such as foster children under 24 care

Vice Chairman Lankford confirmed with County Manager Morris that Compensatory

Time and Holiday Time are used by employees before any other time per county policy and that Department Heads are managing Compensatory Time levels.

Finance Director Edwards responded:

- The \$100,000 for employee payoff is used only if the department does not have any lapsed salaries
- Never know when someone is going to leave or retire
- Have had three employees retired this calendar year

Department Budget Highlights – Cooperative Extension

- Carl Mitchell now in place as new director – doing an excellent job
- FCS position on hold until a sharing opportunity presents itself
- Horticulture agent just submitted resignation

Department Budget Highlights – Debt Service

- Budget decreased (\$482,716)/(9.20%)
- Summary of Debt Service already detailed on the third slide in this presentation
- USDA loans waiting on closing documents for Forsyth Tech Community College and Expansion of Jail

Commissioner Booth confirmed it was just closing paperwork from Washington that the County was waiting on regarding the USDA Loans.

Commissioner Jones confirmed with County Manager Morris that once the USDA Loan is approved, the bids will be released and then returned to BOCC.

Department Budget Highlights – Economic Development

- Same management structure recommended for FY 2017/18 that is currently in place
- \$10K increase in Advertising/Marketing over last year
- Next logical step is to conduct strategic planning on how county will approach economic development
 - Under county or separate from county
 - When to hire a full time director
 - What level of “skin in the game” is the county willing to consider for those who might bring business to the county

Chairman Walker commented:

- Will need to decide what is best for Stokes County
- Would help if there was a countywide Chamber of Commerce instead of the limited chamber that we have

Department Budget Highlights - Elections

- Board of Elections unanimously voted to request the purchase of new voting machines.

- Total cost is \$145,000; some funds already in capital reserve for this purpose – approximately \$40,000
- Pay increase requested by Board of Elections for employees but not recommended

Commissioner Booth questioned if this was mandatory?

Vice Chairman Lankford questioned if there is any state funding for this type of purchase?

County Manager Morris noted he would look into the issue before the next meeting.

Commissioner Booth noted:

- Don't recall any issues recently with the voting machines
- Would like to know the shape of the machines and the problems

Finance Director Edwards noted the current voting machines were purchased in 2006.

County Manager Morris noted that he would get more information about the request.

Department Budget Highlights – Emergency Communications

- Emergency Communications is moving out to establish a backup capability with Surry County as approved by both Boards of Commissioners
- Most of the funding is from E-911 Funds

Department Budget Highlights – Emergency Medical Services

- Purchase of one new ambulance recommended to partially stay on rotation plan that was developed earlier
- Stretchers and backboard recommendation covers all ambulances as required by State
 - Stretchers worn out and well past normal life expectancy; contribute heavily to lifting injuries & workers comp
- Other recommended equipment will not cover the total fleet as required by the State
- Life Star continues to transport convalescent patients as emergency calls continue to trend upward

Commissioner Booth confirmed with Manager Morris that there are (5) front line ambulances, (1) Life One and five (5) backup ambulances – totaling 11 for the requested purchase.

Commissioner Booth confirmed with Manager Morris that the County is not having any issues with the recent purchase of a four-wheel drive ambulance.

County Manager Morris commented:

- Only uses four wheel drive when needed
- Very valuable in inclement weather

Elections – Purchase of Voting Machines

Clerk Darlene Bullins presented the following information received from Elections Director Jason Perry regarding the request to purchase new voting machines:

- Not state mandated
- Have at least one or two machines that have to be changed out during an election because of issues
- Purchased in 2006 – HAVA Grant funding
- Life span of the machine is about 10 years
- Bill filed in the House proposing matching grant funds for voting machines – not sure where it is currently
- Twenty other counties have already went to the new voting machine technology

Vice Chairman Lankford requested County Manager Morris to research the bill filed in House pertaining to possible grant funding for voting machines.

Commissioner Booth noted:

- Have extras to exchange
- Don't need to get ahead of possible state funding

Department Budget Highlights – Environmental Health

- Working hard to get new trainee technicians certified
- Contracting with numerous certified environmental health technicians to handle workload until our new folks are on line

Chairman Walker confirmed with County Manager Morris the waiting time for a septic permit was about 8 weeks last week, but has improved with the contract people coming on board.

County Manager Morris noted that there was some holdup with state signing off for the contract work, but that Department Head Joyce is doing a great job with trying to keep decreasing the wait time especially during this rainy season.

Department Budget Highlights – Forsyth Tech

- Sally Elliott is new director
- Forsyth Tech is working closely with Extension Office to offer farming classes for new farmers
- Major activity this year will be construction of the new Trades Building

Department Budget Highlights – Health – Title XIX Medical Fund

- Budget increased \$61,373/ 4.96%

- This fund separated from General Fund by BOCC in FY 2012/13, which provided visibility of large fund balance
- County funding is \$650,020; may be reduced when we receive Medicaid cost settlement

Department Budget Highlights – Information Systems

- Major change is a third highly, qualified employee has been hired to address heavy workload in the IT Dept. This position was already in the budget.
- RiverStreet conversion of telephones and IT / Internet will begin in June for county departments and will likely cause some disruption until systems are completely switched over
- RiverStreet is planning on a grand opening in July

Commissioner Booth questioned the delay by RiverStreet?

Chairman Walker questioned RiverStreet's current business model?

County Manager Morris responded:

- When RiverStreet did not get the schools, there was a major redesign plan that had to be done
- Run into unsuspected rough terrain
- Had some unexpected challenges such as AT&T – 90 day delay
- Their revised plan is on target
- Backbone of the system is in place
- Plans to turn the system on in July
- Will then work on expansion to additional customers based on demand
- Expect to have a crew in the county expanding all the time if the demand is there
- Will do \$9 million even if the demand is not there; will do \$12 million if the demand is there
- RiverStreet's business model is based on having anchor customers that pay for the unserved and underserved
- Right now RiverStreet has a backbone network to serve the anchor customers like Stokes County, Hospital, businesses in King, etc.
- This will allow RiverStreet to expand out to the underserved and unserved
- A lot of the underserved are already on the backbone path - lot of people only have one choice
- RiverStreet will reinvest their funding

Commissioner Booth noted that the County had appropriated \$1.8 million towards the RiverStreet Project and the project is about a year behind.

County Manager Morris responded:

- One thing to really worry about is where the needed \$20 million is going to come from in addition to the \$12 million to finish the entire County

Department Budget Highlights - Jail

- Jail expansion remains a major issue as we work through the USDA approval process

- Construction costs will likely increase significantly over earlier projections – spoke to someone in the City of Kernersville who had an estimated \$5 million project that came back in at \$7 million
- Requirement remains critical for expansion as Sheriff continues to expend a large amount of funding for outside housing of the county’s prisoners due to overcrowding
- Spent approximately \$23,000 this past month for outside housing of inmates

Department Budget Highlights – Medical Examiner

- Medical Examiner cost increasing due primarily to requirement for increasing number of autopsies for overdoses

Department Budget Highlights – Mental Health

- New process for managing Maintenance of Effort (MOE) gives BOCC much additional discretion with MOE funding
- Requiring mandatory autopsies for all overdoses – another unfunded mandate
- Funding placed in a separate fund for accountability and tracking
- NC 211 being implemented

Commissioner Booth confirmed with Manager Morris that MOE Funding would be determined for Fiscal Year 2017-18 during this budget process.

Finance Director Julia Edwards commented:

- Cardinal Innovations will continue to handle the funding for Insight and Monarch
- County has set up a separate account to track funding appropriated by the Board of County Commissioners

Commissioner Booth confirmed with Manager Morris that part of the excess funding left over in Fiscal Year 2016-17 was due to funding being provided from the State that was not expected.

Vice Chairman Lankford noted that CenterPoint in the past had an excessive Fund Balance that was returned to the counties; Stokes County spent their share expanding the Stokes Opportunity Center.

Commissioner Mendenhall commented:

- At the last Cardinal Advisory Council, it was noted that there had been several issues during the transition process
- Currently East Point is wanting to merge with Cardinal – 14 additional eastern counties
- Very long Cardinal Advisory Council meeting last week

County Manager Morris responded:

- Quarterly meetings between managers, DSS Directors, and Cardinal staff are being held to try to keep up with what is going on

Department Budget Highlights - Planning

- Working through significant turnover of inspectors due to current and projected retirements

Department Budget Highlights – Public Buildings

- Recommended that two Water & Sewer technicians both be moved to 100% Water and Sewer funding and duties, but only replace them with one Maintenance Technician I that was requested, and not fill the Maintenance/Road Signs position that will be left vacant by these changes. The approved position was funded by General Fund 60% in prior budgets.
- Improvements-Arts Council roof, Courthouse Entrance Partition and Old Courthouse and Artist Way fire escapes sandblasting & painting. These projects are funded from the Capital Reserve Fund.
 - Mark is requesting formal bids for fire escapes now to possibly complete this earlier than planned

Commissioner Mendenhall noted he was at the Old Courthouse and overheard a representative state that there was the possibility that new fire escapes would be needed instead of repainting,\.

Department Budget Highlights - Recreation

- Contract with the YMCA remains at \$117,484
- Exploring YMCA options after building issues with the hospital location

Department Budget Highlights – Register of Deeds

- Register of Deeds retiring at end of this calendar year

Department Budget Highlights – Social Services

- Five new positions were added during the FY 16-17.
- Recommending a Social Worker II to replace two contract workers saving \$8,010 annually and reclassify two Processing Assistant III to Income Maintenance I due to the new duties of determining eligibility of clients in the NC FAST System for transportation.
- Purchase of two new cars and a replacement van; Federal & State funding share of \$40,466 and County \$25,680 for these vehicles

Department Budget Highlights – Solid Waste

- Recommended replacement of scales at Landfill based on failure of current scales, which causes lost revenue
- Purchase of green boxes

Department Budget Highlights – Transfers

- Budget decreased \$819,853 /53.21%
- Transfers from General Fund

- \$100,000 for HVAC replacements to Capital Reserve
- SRMH Fund \$74,999 per lease agreement with modification with three years remaining
- Transfer of debt payoff from West Stokes and Piney Grove to Schools/FTCC Construction/Operating Fund Balance for future projects or debt retirement; recurring amount is \$1,139,775 per approved financial model
 - This transfer is from retired G.O. debt
- Title XIX Medicaid of \$650,020
- \$395,820 annual recurring amount to Mental Health MOE fund; this new fund accounts for and tracks the funding of MOE for mental health services

Department Budget Highlights – School/FTCC Construction/Operating Fund (4 Cent Fund)

- Transfer to General Fund
 - Debt Service Payment of \$1,631,867 from 4 Cent Fund
 - FTCC annual operating cost \$205,221
 - Poplar Springs Elementary School annual operating cost \$94,570
 - School Capital Outlay Fund-\$1,500 Security Cameras at Early College
- Unappropriated 4 Cent Fund 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 2017/18
 - Lottery fund balance is always used first

Department Budget Highlights – Fire Districts

- .5 Cent Fire Tax increase recommended which closes out the three-year commitment from earlier motion

FY 2017-18 Capital Reserve Fund Recommendations

- Earlier internal capital needs assessment showed a potential need of approximately \$425,500; not all inclusive
 - 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

Capital Reserve Fund Transfers

- Transferring into Capital Reserve
 - \$100,000 for HVAC replacement
 - \$10,000 from LifeBrite per lease agreement
- Transferring out to General Fund
 - Public Buildings- \$8,000 Arts Council roof replacement, \$4,500 Courthouse entrance partition and \$10,000 Old Courthouse and Artist Way fire escape sandblasting and painting.

Salary Study Objectives – Requirements

- Salary study was recommended and approved by BOCC in lieu of a COLA in the FY 2016/17 Budget; funds may need to go to Capital Reserve if not expended during this fiscal year; last outside independent salary study done in Year 2000

- I have discussed with the PTRC, who provided estimate, and other county managers, who have recently completed salary studies
- My rationale for initiating salary study from last year's budget message was to get the process started so a multi-year plan could be developed to address salary levels and personnel turnover
- Salary study should performed by an outside agency and accomplish the following:
 - Market analysis / comparison of Stokes County salaries to other counties
 - Desk audits and classification analysis of positions to ensure labor law compliance
 - Update job descriptions
 - Recommendations to obtain desired turnover rate of 5% for full-time employees
- Salary study could be offered to PTRC or competed depending on cost to conduct study and capability & expertise to complete study as outlined in previous bullet
- Funding of study recommendations should be considered during future budgets and could be phased in over multiple budgets
- Rockingham County is implementing the results of their salary study this Fiscal Year
- Caswell County has implemented a salary study

The Board had no comments regarding the Salary Study information.

In Summary – What Should be the Focus for the BOCC on this Budget Recommendation?

- Review and make any desired changes to my recommendations on Personnel
- Review and make any desired changes to my recommendations on Equipment Purchases
- Decide if you want to make changes to the recommended MOE expenditures in conjunction with Cardinal Innovations
- Evaluate the School System requests, and make a Board judgment on the areas I recommended and the ones I did not recommend
- Ask additional questions the Board may have on the budget recommendation that may not have been addressed in the budget message or this power point presentation

County Manager Morris noted that he would present a power point pertaining to revenues at the next work session.

Finance Director Edwards noted the County had received an additional revenue funding for Senior Services which she would like to add to this recommended budget to keep from having to do a Budget Amendment at the first meeting in July.

The Board had no issues with Finance Director Edwards adding the additional revenue for Senior Services.

Chairman Walker expressed appreciation to County Manager Morris for his presentation.

The Board unanimously agreed to start the next meeting with open discussion of

expenditures followed by the Manager's power point on revenues and then discussion of revenues.

Adjournment

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

Commissioner Mendenhall moved to adjourn the Budget Work Session. Commissioner Booth seconded and the motion carried unanimously.

Darlene M. Bullins
Clerk to the Board

Jimmy Walker
Chairman