

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 31, 2017

The Board of Commissioners of the County of Stokes, State of North Carolina, met for a Budget Work Session for the proposed Fiscal Year 2017-18 Budget in the third floor conference room of the Ronald Wilson Reagan Memorial Building (Administration Building) located in Danbury, North Carolina on Wednesday, May 31, 2017 at 10:00 am with the following members present:

Chairman Jimmy Walker
Vice Chairman Ernest Lankford
Commissioner James D. Booth
Commissioner Ronda Jones
Commissioner Ronnie Mendenhall

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

Chairman Jimmy Walker called the meeting to order.

Vice Chairman Lankford delivered the invocation.

GENERAL GOVERNMENT-GOVERNING BODY-PLEDGE OF ALLEGIANCE

Chairman Walker invited the citizens in attendance to join the Board in the Pledge of Allegiance.

Approval of the Agenda

Chairman Walker entertained a motion to approve the May 31, 2017 Budget Work Session Agenda.

Commissioner Booth moved to approve the May 31st Budget Work Session Agenda

as presented. Commissioner Jones seconded and the motion carried unanimously.

Open Discussion - Expenditures

Chairman Walker opened the floor regarding the expenditure information presented by County Manager Rick Morris at the May 23rd meeting.

County Manager Morris noted the following information had been sent to the Board regarding questions asked at the May 23rd meeting:

- Ambulance Stretchers
 - Revised cost for the eleven (11) replacement stretchers recommended in the budget
 - Another option which requires more lifting by the employee would be \$304,044
 - The other option requires no lifting by the employees after the patient was on the stretcher, but from an affordability aspect, the prior option was too expensive
 - The new option will also comply with new ambulance rollover requirements that are expected to be adopted in 2018 – will apply to any new ambulance that is purchased after January 1, 2018
 - County has had two rollovers
 - Had one fatality from the accident back in the 1980's
 - Stretchers will have to remain attached to the floor during a rollover
 - All but two (2) of our current stretchers are twelve (12) years old and Stryker normally stops supporting them at ten (10) years
 - Normal life of a stretcher is seven (7) years
- E-Rate Reimbursement for School System
 - It turns out that the shortfall of \$147,417 included in the recommended budget and questioned by Vice Chairman Lankford should be attributed to the reduction achieved through competition between Time Warner and RiverStreet where Time Warner lowered their cost by about one half
 - Finance Director Edwards and I asked specifically about the Time Warner reduction when I was finalizing my budget recommendation and were told it was related to telephone and not internet
 - Both thought the number was extremely high for telephone
 - This information corrects the information on my E-Rate reduction provided to the BOCC which was provided incorrectly by the school system
 - It is still true that their E-Rate reimbursement for telephone service will also be reduced about 20% - did not receive the dollar amount that equates to that
- Art Teachers in Elementary Schools
 - Answers to Commissioner Mendenhall's question regarding surrounding schools and dedicated art teachers
 - Rockingham County

- Do not have dedicated art teachers for elementary schools – art is taught by the same teachers who teach the class
- Caswell County
 - Have two (2) dedicated art teachers for four (4) elementary schools; each school gets one half of art instruction
- Surry County
 - Dedicated art teachers are shared between elementary schools year round
- Yadkin County
 - Dedicated art teachers are shared between elementary schools year round
- Forsyth County
 - Have dedicated art teachers for each elementary school

Commissioner Jones commented:

- Glad to see the cost for the new stretchers is much lower

Chairman Walker commented:

- Believe the information provided about to the art teachers was needed because the Board of Education is asking for six (6) new art teachers
- Understand the Board of Education has some indication that there will be state funding possibly next year

Commissioner Booth commented:

- It is a “shot in the wind” when you try to predict what the legislators are going to do – especially a year out
- It is a gamble

Chairman Walker commented:

- Very easy to get into trouble with a budget when you over predict revenues
- If we budget funding for something that we don’t have revenues locked in for, it makes us vulnerable for whatever that amount could be

County Manager Morris responded:

- Would have to decide if the County would start allocating the cost for the art teachers if the state did not come through with an appropriation

Commissioner Booth responded:

- Down the road, if the state legislature does not come through with the funding, then you have six (6) new art teachers that was funded upfront by the County
- You will then have to explain why there is no funding for art teachers that everyone has gotten use to

Chairman Walker responded:

- Have been lobbied pretty heavily by certain folks how important art and music are in the elementary schools and they feel Stokes County needs art and music in the elementary schools (3-4 citizens)
- I personally would like to see art and music back in the elementary schools, but funding has to be considered along with all the other requests in the budget

Vice Chairman Lankford responded:

- I have been lobbied quite the opposite of Chairman Walker

Commissioner Booth commented:

- Like what Rockingham County is doing

Commissioner Mendenhall commented:

- Good information about the surrounding counties
- Would think the request of six (6) art teachers from the Board of Education would be that those teachers would be shared between our elementary schools
- There are two questions that must be looked at:
 - “What are the priorities?”
 - “Does the Board of County Commissioners want to take a chance on funding being approved next year by the state legislature?”

Chairman Walker confirmed with Commissioner Mendenhall that while serving as superintendent for the Stokes County School System there was never a situation similar to this about future state allocations for teachers.

Commissioner Mendenhall commented:

- Do remember when the state funding was cut and there had to be a decision made which was cutting art from the elementary schools
- It is a chance – no one knows what the Department of Public Instruction will do

Commissioner Booth questioned if there were currently any art and music teachers in the elementary schools?

Commissioner Mendenhall responded:

- Elementary schools have shared physical education teachers and believe there are still shared music teachers

Clerk Bullins noted that there were shared music and physical education teachers in the elementary schools, but no dedicated art teachers.

Chairman Walker noted that four (4) out of the five (5) surrounding counties have dedicated

art teachers that are shared.

Chairman Walker questioned what would be Stokes County's answer to that same question pertaining to art teachers in elementary schools?

Commissioner Jones responded:

- I would like to see shared art teachers, elementary school students need art
- Think we should also look at how this is perceived from others who look at our County from outside of the County
- We need to be competitive
- Four (4) out of five (5) have shared art teachers
- Art is good for the student's mental health – very important
- It is good if the classroom teacher can incorporate art, but we don't know if that is happening
- Very grateful we have it in the middle and high schools
- Need a teacher who has formal training in art
- Could look at having one teacher who works with the classroom teachers to incorporate art into the curriculum
- At least have one art teacher
- Someone wanting to move to Stokes County might look at art not being taught in the elementary schools as a deciding factor
- I am thinking about economic development
- Thinking about what would be best for our county, our students and the perception of people looking to move to Stokes County

Vice Chairman Lankford commented:

- Believe we have had teachers that have included some form of art in their classroom
- Kids have art at home
- Have art projects
- If the Board of Education wants to spend part of their funding for art teachers, that is their decision
- Just not there for the County to allocate special funding for dedicated art teachers

Commissioner Booth commented:

- Would like to know the answer to Chairman Walker's comment about the question asked to surrounding counties about dedicated art teachers

Chairman Walker directed Clerk Bullins to contact the school system regarding whether art is being taught in the elementary classrooms.

Commissioner Mendenhall noted that Marsha Erskine is the Elementary School Curriculum Director and could provide the correct information regarding art being taught in the

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classrooms and/or dedicated art teachers.

Chairman Walker confirmed with Finance Director Edwards that the County could appropriate funding for art teachers as a special one-time appropriation.

Commissioner Mendenhall commented:

- Hypothetically, that money could be used for other things
- How could the Board of County Commissioners explain why the funding was not used for dedicated art teachers?

Chairman Walker commented:

- I am sure that our minutes would reflect that this funding would be a one-time appropriation for dedicated art teachers for elementary schools – that would show the Board of County Commissioners did their part

Commissioner Booth noted six (6) dedicated art teachers would be approximately one cent on the tax rate.

Chairman Walker noted that further discussion could take place on June 7th after receiving the requested information from the school system.

Commissioner Booth questioned why the request for stretchers was eleven (11) when there were only five (5) front line ambulances?

County Manager Morris responded:

- There are five (5) front line ambulances
- One (1) Life One responder
- The remaining five (5) are for the backups that are used during breakdowns, special events, routine maintenance, etc.

Chairman Walker questioned if the stretchers could be moved from the front line ambulances to the spare ambulances?

County Manager Morris responded:

- Pretty sure if you install the floor brackets in the spare units, they would be interchangeable, but if we get inspected, then the spares would have to be brought up to compliance per statutes
- Explained the need for five (5) spares – breakdowns, maintenance, special events
- Reiterated that all of the County's stretchers but two (2) are twelve years old and have a 7-10 shelf life

- Stryker normally stops supporting them at ten (10) years
- If we don't replace the stretchers, we will need to spend at least \$4,000 on each stretcher for safety issues; then you have \$4,000 invested in a twelve (12) year old stretcher that is totally worn out

Commissioner Booth responded:

- Do not believe we need these stretchers in all the spare units when they can be interchanged
- If inspected, then the County could finance additional stretchers at any time during the fiscal year
- Confirmed with County Manager Morris that this is not a mandatory issue and that the mandate is for any future purchase of stretchers after January 1, 2018

Commissioner Mendenhall commented:

- All I will say at this time is that when it is a life and death situation, as I have experienced, you want good equipment
- Had excellent service from EMS

Chairman Walker commented:

- Would like to share my own philosophy regarding EMS
- Think EMS is particularly important to this part of the County and beyond
- This area does not have the services that are in the western part of the County
- Citizens in this area including Westfield and Pine Hall depend on our EMS getting there in time, trained EMS personnel, best equipment available, etc.
- Like to keep trained employees and good equipment
- Never know when EMS is going to be needed by someone you know
- Understand that cost is always a factor
- Glad to see it is a lower amount

Chairman Walker confirmed with County Manager Morris that his recommended budget is being increased approximately \$3.4 million over last fiscal year.

Chairman Walker questioned what part of the increase is not recurring?

Finance Director Edwards noted that the equipment is not recurring.

Commissioner Booth noted that equipment is recurring due to the fact that you are paying each year until it is paid for – that is a recurring cost.

Chairman Walker commented:

- The \$3.4 million increase equates to several cents future tax increase that we are going to have to deal with because we can't keep taking monies from our Fund Balance

- Questioned if we have really “sharpened our pencils” when it comes to expenditures?
- Believe County Manager Morris complied with the Board’s instructions with no tax increase along with a healthy Fund Balance, but we need to recognize that we are building a higher budget each year
- Can live with increasing the budget if all the expenditures can be justified and doing right by the public in spending this money

Commissioner Booth commented:

- Have to always remember that the budget normally increases with longevity, possible health insurance costs and retirement

Vice Chairman Lankford commented:

- To me, an ideal budget has expenditures and revenues to equal – not take any out of the Fund Balance – that would be my goal

Commissioner Jones commented:

- Looking back at budgets six years ago, you wonder how it can grow so rapidly
- In the ideal world, it would be nice if the expenditures could equal revenues, but don’t know that is realistic especially when you have ongoing increases (COLA if given, benefit increases) and equipment that has to be replaced
- That would be a nice goal but have to do what we need to do to operate the County and make things work
- Waiting to see what this Salary Study reveals – need to be competitive
- We just need to make our minds up to be competitive
- That will help the overall economy
- Need to increase revenues in order to equal expenditures which is hard to do

Chairman Walker commented:

- Have had some fortunate increases in revenue this year – Walmart, sales tax distribution increase

Commissioner Mendenhall commented:

- Do not have any comments at this time

Commissioner Booth commented:

- Manager’s recommended budget allocates \$1,293,800 from the County’s Fund Balance
- \$3 million estimated Fund Balance available to keep the 20% Fund Balance in Fiscal Year 2018-19
- Have to look at this year and next year
- Know expenditures will increase next year

Finance Director Edwards commented:

- Want to remind the Board that even though \$1,293,000 is appropriated this year, you may not have to use it if revenues come in higher than budgeted

Commissioner Booth commented:

- Noted the \$1 million from QZAB and QZCB reimbursement that went into the Fund Balance on 06-30-2016 will not be there on 06-30-2017 – late reimbursement from the Federal Government

Finance Director Edwards noted that there was a corrected replacement sheet for the Rural Hall Fire District – recommended budget did not have any recommended amounts.

Chairman Walker turned the meeting over to County Manager Morris for the Revenue Review.

Fiscal Year 2017-18 Revenue Overview for Stokes County Board of County Commissioners

County Manager Morris presented the Fiscal Year 2017-18 Revenue 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

- Overview
- FY 2017-18 Projected Revenue Summary
- Ad Valorem Taxes
- FY 2016-17 Sales Tax
- FY 2017-18 Sales Tax Estimates
- FY 2016-17 School Sales Tax
- Revenue Items of Interest
- Possible Revenue Adjustments
- Revenue Summary

Overview

- Revenue projections remain conservative due to slow economy and other unknowns
- Projections for FY2017/18 are based primarily on actual collections this year compared to budgeted amounts
- County and School System sales tax revenues are up slightly but lower than earlier years
- Holding an adequate County fund balance is critical in reducing financial risk and maintaining the County's high ratings from the rating agencies

Chairman Walker commented:

- Understand that Walmart Corporation is very pleased with the performance so far from the new store in King – meeting expectations and in some aspects more
- Possible other stores coming to King
- Have heard Home Depot may be looking at moving their store in Stanleyville

FY 2017-18 Projected Revenue Summary

- Ad Valorem Taxes – 51%
- Fund Balance Appropriated - 2.73%
- Other Revenues - 9.92%
- Sales and Services - 6.03%
- Permits and Fees - .75%
- Restricted Intergovernmental Revenues – 14.08%
- Unrestricted Intergovernmental Revenues – 1.30%
- Other taxes and Licenses – 14.19%

The Board discussed the various projected revenue summary with Finance Director Edwards.

Commissioner Jones requested information regarding similar counties and surrounding counties' appropriation of Ad Valorem Taxes as high as Stokes County.

Finance Director Edwards commented:

- Budgeted conservative this budget with Walmart since there was no historical data

Chairman Walker commented:

- Have to keep in mind that sales tax from other surrounding stores will probably be decreasing
- Understand sales from Lowes Food and Food Lion are down approximately 20% since Walmart opened
- Am sure that the drug stores are also down
- Walmart is drawing people from other areas
- Everyone wants to shop in a new store

Vice Chairman Lankford commented:

- Walmart's philosophy is to build near a main highway such as #52 and bring customers from other areas
- When that happens, don't believe the other businesses will hurt that much

Chairman Walker commented:

- Surprised that there is not much signage up yet about the new Walmart

Ad Valorem Taxes

- **FY 17/18 county value is \$3,512,580,509**
 - General Fund - Estimated Ad valorem revenue is \$21,179,104 using a 62 cent tax rate at 97.25% collection rate
 - New School /F. Tech Fund - Estimated Ad valorem revenue is \$1,366,394 using a 4 cent tax rate at 97.25% collection rate
- **For comparison FY 16/17 value was \$3,379,105,601**
 - General Fund - The collection rate of 97.47% was used, which produced \$20,420,409 in Ad valorem revenue at 62 cents
 - New School/F. Tech Fund - The collection rate of 97.47% was used, which produced \$1,317,446 at a 4 cent tax rate
- **FY 17/18 county value for Motor Vehicle is \$364,976,711**
 - Motor Vehicle Ad valorem revenue is \$2,262,856 using 62 cent tax rate at 100% collection rate. Local Government Commission recommends budgeting at 100%.
 - New School / F. Tech Fund - Same collection rate of 100% was used, produced \$145,991
- **For comparison FY 16/17 value was \$351,713,414**
 - Motor Vehicle Ad valorem revenue was \$2,250,966 using 62 cent tax rate at 100% collection rate.
 - New School/F. Tech Fund - Same collection rate of 100% was used, produced \$140,685

Vice Chairman Lankford commented:

- Would like to know what the difference in the collection rate is since the State took over

Chairman Walker questioned who gets the late fees when motor vehicle taxes are late?

Finance Director Edwards noted that Tax Administration now has to bill for late fees.

FY 2016-17 Sales Tax

- Sales taxes are currently **\$312,655** ahead compared to last year as of March 2017 without the new sales tax distribution.
- Sales tax revenue estimates for 30 June 2017 are:
 - Article #39 - **\$2,103,787**(budgeted amount **\$1,921,036**)
 - Article #40 - **\$1,932,343**(budgeted amount **\$2,112,953**)
 - Article #42 - **\$519,899** (budgeted amount **\$498,631**)
 - Article #44*524 - **\$1,543,882** (new sales tax distribution)
- Projected gain this year over last year in combined sales tax revenue is **\$290,402** without the new sales tax distribution

Finance Director Edwards noted the economy is slowly picking up.

Commissioner Booth commented:

- Need to think where the County would be if there had been no Walmart or no sales tax distribution change
- Sales tax currently up \$312,655 ahead as of March 2017

FY 2017-18 Sales Tax Estimates

- Recommended FY17/18 budgeted sales tax estimates are shown below:
 - Article #39 from FY16/17 amount of \$1,921,036 to **\$2,340,082**
 - Article #40 from FY 16/17 amount of \$2,112,953 to **\$2,120,692**
 - Article #42 from FY16/17 amount of \$498,631 to **\$577,835**
 - Article #44*524 from FY16/17 amount of \$0 to **\$1,543,000**
- These are conservative estimates based on actual collections experienced during this budget year, but include estimated sales tax from Walmart and new sales tax distribution formula.

The Board discussed the estimated sales tax included in Manager Morris' recommended budget.

Finance Director Edwards noted that there is a \$505,089 increase over Fiscal Year 2016-17.

Chairman Walker noted that this is good information regarding the sales tax revenue.

Chairman Walker commented:

- Typically, you always have a balanced budget but when you have to take funding from the Fund Balance to balance the budget, is it really a balanced budget?
- You eventually will run out of funding in the Fund Balance to continue to balance the budget – look at the school system

Commissioner Booth commented:

- The Board of Education has somewhere to go when their Fund Balance is exhausted- the County

Chairman Walker stated he believed we told them they could come to the County when a funding issue came up.

FY 2016-17 School Sales Tax

- Sales taxes are currently \$95,111 ahead compared to last year as of March 2016
- Sales tax revenue estimates for 30 June 2017 are:
 - Article #40 - \$826,923 (budget amount \$700,000)
 - Article #42 - \$716,951 (budget amount \$600,000)
- Projected gain this year in combined sales tax revenue is \$101,000 compared to last fiscal year.

- Recommended FY 17/18 budget sales tax estimates as shown below
 - Article #40 from FY16/17 amount of \$895,853 to \$975,000
 - Article #42 from FY16/17 amount of \$755,147 to \$850,000
- These are conservative estimates based on actual collections experienced during this budget year, but include estimated sales tax from Walmart and actual collections on new sales tax distribution formula.

Finance Director Edwards noted that the school sales tax was up \$174,000 over last year that is dedicated for school capital expenditures and/or debt.

County Manager Morris noted that the funds are always used for capital expenditures and/or debt service.

Finance Director Edwards noted that the County always uses Article #40 and #42 before looking anywhere else for capital.

Commissioner Booth commented:

- Board of Education's Current Expense Fund Balance is only an estimate right now
- Board of Education does not know what their Fund Balance for FY 2016-17 will be until the audit is completed (usually in October)

Revenue Items of Interest

- Recommended budget uses projections from the State of N.C. for Health Department and DSS
- IRS interest refund for QZAB / QSCB was budgeted based on receiving the full reimbursement. This reimbursement can always change.
- Investment income was based on estimated collections for FY2016-17
- Proceeds of \$1,495,998 from Financing include the following equipment:
 - Elections - Twenty-five voting machines \$145,000
 - Animal Control - Two (2) trucks \$56,414
 - EMS
 - One (1) new ambulance \$230,000
 - Eleven (11) Stryker stretchers \$304,044
 - Seven (7) LifePaks with coaching devices \$255,900
 - Seven (7) Toughbook (computers) and software \$60,700
 - Sheriff's Department & Jail
 - One (1) van for Jail \$30,000,
 - Six (6) cars and two (2) SUVs for Sheriff's Department \$226,600
 - Clerk of Court - One (1) filing system \$124,280
 - Solid Waste - Replacement of transfer station scales \$40,000
 - Vehicle Maintenance - One (1) truck \$23,060
- Budget recommendation appropriated \$1,293,800 from General Fund balance

- Recommendation appropriates \$450,000 of Lottery proceeds for payment of school debt. This appropriation is based on what we receive annually from lottery funds.
- Transfer from New School/F Tech Fund appropriation has increased due to the disbursement of lottery funds first for new school debt. The total transfer amount of \$1,933,158 consists of:
 - \$1,631,867 for Early College and school debt payment
 - \$205,221 Early College operating expenses
 - \$1,500 for additional security cameras at the Early College
 - \$94,570 Poplar Springs Elementary School operating expenses

Chairman Walker confirmed with Manager Morris that EMS only requested seven (7)

LifePaks and seven (7) Toughbooks mainly because of cost – plan to purchase some next fiscal year.

Chairman Walker confirmed with Manager Morris that the DSS vehicles will not be financed and DSS is not currently passing any vehicles to other departments due to the need in their department.

County Manager Morris noted that he had transferred his vehicle to DSS because of the need for more vehicles in that department.

Commissioner Booth confirmed with Manager Morris that the \$202,221 are expenditures for both the Early College and the Community College.

Finance Director Edwards noted:

- The operating expenses are estimated higher this year due to a full year of community college expenditures, adding an additional maintenance employee, and a security gate for the entrance

Vice Chairman Lankford noted:

- Confirmed with Manager Morris that the \$94,570 for Poplar Springs Elementary School is taken from the 4 cent fund due to the way the model was set up – construction and operating expenses
- Could the operating expenses for Nancy Reynolds be taken from the 4 cent fund?

County Manager Morris responded:

- The only thing that comes out currently from the 4 cent fund is the projects and operating costs
- The Board set up the fund so that there would be clear visibility on how the fund is to be used
- The Board can officially change the model at any time as long as there is visibility

Chairman Walker responded:

- Believe that would be a big creditability loss to the public -- more or less made a promise that the revenue would be used for the projects outlined

Commissioner Jones responded:

- Think it would be okay if it was used for schools
- Would be nice if the school functions could come from that 4 cent fund

Commissioner Booth responded:

- Have to remember the lottery can continue to decrease
- The QZAB / QSCB funding could be held up again or stopped

Finance Director Edwards noted if the QZAB / QSCB funding were to disappear, the Board would need to refinance those loans.

County Manager Morris noted that at some time the debt will be paid off and the Board will have to decide what to do with the funding- possibly pay as you go.

Commissioner Booth requested to know what the current interest rate is with the QZAB / QSCB?

Commissioner Mendenhall commented:

- You think it will be a long time before loans like Poplar Springs will be paid off
- Look now, we are paying off the Piney Grove and West Stokes Projects this year

Possible Revenue Adjustments

- Below are areas where revenue projections could be increased by BOCC
 - Ad valorem collection rate and/or tax rate
 - Increase fees for services (ex: EMS, Animal Control, Environmental Health, Planning, Solid Waste and etc.) (not all inclusive)
 - Could also look at charging a fee for fire inspections and plan reviews
 - Could also look at increasing dog tax for non-spayed / neutered dogs
- My conservative recommendation is to not increase any of these projections and to use any excess revenues that occur to offset other revenue shortfalls or to increase the County's General Fund Balance

Commissioner Booth confirmed with Manager Morris that EMS charges are currently at the rate for Medicare reimbursement.

Commissioner Jones commented:

- Seems like a fee for non-spayed/neutered dogs would be difficult to enforce, but feel that we need do so that we can show that we are doing something about the animal control population

Vice Chairman Lankford commented:

- Also feel this needs to be looked into

Commissioner Booth commented:

- Could we get information from other counties who are doing the same fee – surrounding counties if possible

Chairman Walker commented:

- Know there has to be something done about the animal population, but just don't like government intruding and complicating people's lives

Commissioner Jones commented:

- This would be a way of helping people who want take the time to get the animal spayed or neutered
- This would be a way of helping the entire county with stray dogs

Chairman Walker commented:

- Why would we want to tax someone who is responsible and keeps their dogs in a fenced in area, as I do myself?

Commissioner Jones responded:

- That is one of the complications I was mentioning

Vice Chairman Lankford commented:

- Every dog owner is not as responsible as some people

Chairman Walker responded:

- Why penalize the person who has already taken the steps?
- No sure how to answer a question about spay or neuter when I have already taken steps to prevent the dogs being out loose

Revenue Summary

- Revenue and expenses for the Stokes County budget remain significantly lower than like counties based on data from the Local Government Commission
- The new sales tax distribution formula has partially addressed Stokes County's revenue shortfall from the loss of hold harmless
- The revaluation has recovered approximately 3% of the 5% decline from the last revaluation
- Walmart sales and property taxes will have a very positive impact in FY2017/18
- Future jail expansion should also provide additional revenue when it occurs
- General Fund balance is about where it should be

- Authorization of \$250K Current Expense fund balance for School System reduces risk to county's General Fund
- As a reminder, the \$1 Million available for FY 2017/18 that was lifted from restriction because of the late reimbursement of QZAB / QSAB funds will not be available for the FY 2018/19 county budget

Commissioner Booth commented:

- Whether we put \$250,000 or \$0, the risk is still there
- If they need monies, they can come to the Board of County Commissioners to request funding
- We are up fronting monies that we don't know whether or not they need it

The Board discussed allocating funding so that the Board of Education would have at least \$250,000 in their Fund Balance at a recent goal session.

Commissioner Booth commented:

- Reiterated the Board of Education has the option to come before this Board for funding at any time

Vice Chairman Lankford responded:

- Their Fund Balance may increase their balance if state or federal funding revenues come in higher than projected

Finance Director Edwards noted that the recommended budget allocates only \$75,000 to bring the Board of Education's Fund Balance to \$250,000.

Commissioner Mendenhall commented:

- Have been reviewing Manager Morris' recommended budget
- Board of Education's current expense request is a 23.6% increase over last year's approved budget
- A 23.6% increase is a large request

County Manager Morris responded:

- Tried to give them basically what we gave them last year

Commissioner Booth commented:

- Looks like the manager's recommendation is approximately \$800,00 more than last year

Finance Director Edwards responded:

- Current Expense
 - Board of Education requested \$11,337,935 including their funds in Fiscal Year 2016-17

- Board of Education requested \$12,108,251 including their funds for Fiscal Year 2017-18
- Difference of \$770,316
- Manager Morris' recommended \$10,868,860
- Last year's approved allocation was \$10,017,340

County Manager Morris spoke about the following items that occurred during involving current expense

- 2016-17 Amendment = \$90,938.00
- BOE Fund Balance Used for Fiscal Year 2016-17 = \$724,255
- E-Rate decrease appropriation = \$147,417
- Charter School increase = \$14,780.00
- BOE Fund Balance to be at about \$250,000 = \$75,000

Commissioner Mendenhall commented:

- Can't remember the last year that the school system received \$1,500,800 for capital equipment – not during my time as superintendent

Chairman Walker opened the floor for discussion regarding the revenues.

Commissioner Mendenhall commented:

- Believe the manager did a pretty good job with what the Board asked of him regarding the budget – no tax increase
- Will now listen to the comments at the Public Hearing
- Suspect there might be some regarding education
- The one thing that I heard from three or four commissioners today about being careful with continuing to take funds to balance the budget from Fund Balance

Commissioner Jones commented:

- Definitely think the County Manager did exactly what the Board told him
- Anxious to hear from the public
- Don't want to grow the budget, but must be realistic
- No tax increase included
- Have to wait to see after Monday night

Chairman Walker commented:

- Will be out of town the week of June 24th
- Vice Chairman Lankford will chair the June 26th meeting

Vice Chairman Lankford commented:

- Only thing that I will be interested in is to put funds for the building on the top of the hill at the hospital
- See what we can do to salvage that building – metal roof, take chimney down, etc.
- Do not think it needs the \$180,000 estimate for renovations

Commissioner Booth commented:

- Think County Manager Morris did what we asked him to do
- Feel expenditures are a little more than I thought they would be
- Close to an 8% increase for expenditure
- Sure we will look at expenditures closer as we go

Chairman Walker commented:

- Next meeting will be Wednesday, June 7th at 1:00 pm

The Board unanimously agreed to just have open discussion at the next meeting

June 7th.

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