

MINUTES
WILKES COUNTY BOARD OF COMMISSIONERS
BUDGET WORK SESSION
May 26, 2020

The Wilkes County Board of Commissioners met Tuesday, May 26, 2020 at 6:07 P.M. at the Wilkes County Agricultural Center located at 416 Executive Drive, Wilkesboro, NC 28697 with the following members present: Chairman Eddie Settle, Vice Chairman David Gambill, Commissioner Keith Elmore, Commissioner Gary D. Blevins, and Commissioner Brain S. Minton.

Also present were John Yates, County Manager; Chris Huffman, Finance Director; and Sarah Call, Clerk to the Board.

Chairman Eddie Settle called the Work Session to order.

INVOCATION – Vice Chairman David Gambill led the Invocation.

PLEDGE OF ALLEGIANCE – Chairman Eddie Settle led the Pledge of Allegiance.

SALES TAX UPDATE – FUND BALANCE POSITION – LONG TERM DEBT – Mr. Huffman presented the Sales Tax Report through March 2020 and stated the county received \$41,000 more in sales tax this March than last March. He added, year to date, Wilkes is \$623,850 above sales tax collected than budgeted. Mr. Huffman said this most likely will not stay the same in the coming months, but up to this point they are in as good a place as they possibly can be. Commissioner Elmore said the May report is actually March numbers. Mr. Huffman replied yes it is two months behind. Mr. Yates added April is where they expect to see a large drop. Chairman Settle added also in May.

Mr. Huffman stated as of June 30, 2019 the unassigned fund balance was \$26,800,000 if \$3,300,000 appropriation is used as in the presented budget, the unassigned fund balance will be approximately \$23,564,148. He added this is using a portion of the fund balance to balance the budget. Mr. Huffman stated the proposed budget has a total budget of \$76 million, if this is divides out the remaining \$23,564 million will be the estimated unassigned fund balance which is 31%. He added last year they were at 30%. Chairman Settle asked what is the total assigned and unassigned fund balance. Mr. Huffman replied last year it was approximately 42% to 43%. Chairman Settle said all they really need to be concerned with is unassigned. Mr. Huffman agreed the unassigned is what they can use and have access to. Mr. Yates added this is in the audit, they will get this and send to the Board.

Mr. Huffman said next is the statement of long term debt, the main difference between this year and last is the reservoir debt was paid off last year. He added the last payment on the middle school debt be December 2020. The total debt payment for all debts is \$4,264,339 and are in a good position debt wise. Commissioner Elmore said as a county they could borrow about \$120

million if needed, the LCG would allow them a lot based on the budget and low debt. Mr. Huffman added there is a ratio where they take the fund balance vs. debts and come up with a figure and this is why they have a very good bond rating as well. Chairman Settle added the total principal owed is only \$26 million. Mr. Yates asked if the school's portion of the middle school debts rolls off at the same time as the county. Mr. Huffman replied yes, it is his understanding it does. Mr. Yates asked if they pay the same amount. Mr. Huffman replied yes he believes it is.

Commissioner Elmore stated the revenues are roughly \$75 - \$76 million, property tax is \$38.4 million and experienced 1.2% growth, the sales tax is where they will really be hurt on the revenue. Mr. Yates replied yes they also reduced the sales tax collection by 1%, but yes mostly sales tax. Commissioner Elmore said if they look at property tax, sales tax, and fund balance appropriation, that is about \$55 million in revenue. He asked if the remaining \$20 million comes from grants, DSS, and Health Department as well as some fees. Mr. Huffman replied between the Health Department and DSS together they are \$12 million, add the \$3 million from fund balance and the rest of all the programs, fees, grants, and services make up the remaining \$5 million.

CARES ACT – Mr. Yates said they have a little good news to share, Wilkes County received some CARES money. He added he and Chris Huffman have met and talked with Phil Trew, they are getting \$1.3 million and it must be spent on COVID response. It cannot replace any lost revenues, and it cannot replace anything that has already been budgeted. Mr. Yates stated a budget has to be submitted by Friday, but it can be changed around as needed in the areas they have listed, which are: Medical expenses; Public Health expenses; Payroll expenses, COVID compliance expenses; expenses associated with the provision of economic support in connection with the COVID-19 public health emergency. Mr. Yates said they know they will need to purchase a lot of face masks, they will have to do some things at the Courthouse and PPE purchases. He added it is a little good news and he is amazed they sent it so quickly. This has not been budgeted and they are working with Phil Trew at the High Country to make sure it is spent correctly. He added they will bring something back to the Board in the near future. Chairman Settle asked when does it have to be spent by. Mr. Yates replied the end of December 2020. He added the difficult part for the Board is they leave it up to the Commissioners on how to spend it. Chairman Settle asked if the funds to the towns are based on population. Mr. Yates replied yes. Commissioner Elmore stated it has to be one time money, no reoccurring. Mr. Yates replied correct, no reoccurring it is one time money.

Mr. Huffman added what makes this complicated is the money is given to the county, so the county bears the responsibility going forward on how the funds are used. He added if the county gives funds to an agency and they do not use it in the proper way, there is a claw back and a pay back. Mr. Yates stated they are trying to make sure the funds are used 100% correct.

ADDITIONAL DISCUSSION:

EMS REVENUE – Commissioner Elmore asked why is the EMS revenue down \$200K. Mr. Huffman replied a few years ago a past EMS Director had a vision of the way they would run calls, shifts, and the revenues was based on that. This model has changed and those revenues

are not going to come in like that. In the Budget they saw there were areas they knew were not going to bring in the revenue as he had projected. Mr. Huffman said the proposed budget was adjusted to the current EMS revenues, based on this current year revenues, so this would not be overstated in a difficult budget year such as this. Mr. Huffman said when Baptist came in the revenue stream changed. Commissioner Elmore asked if Baptist making their own trips to Winston accounts for the loss of revenue. Mr. Yates replied yes it does.

COUNTY EMPLOYEE PAY RAISES – Chairman Settle asked if the Board would like to talk about pay raises. Commissioner Elmore asked if all county employees have come in to work, he said they had to come in, they could not stay home or work from home, correct. Mr. Yates replied yes this is correct, they came in to work. Commissioner Elmore said they know they have job security, and their jobs have not been cut, but he feels that the employees need to be rewarded for working. He said they realize there are folks at home that have lost jobs and out of work, but most have been compensated pretty good considering the \$600 extra the feds are giving, and they are at home. Commissioner Elmore said the county employees are coming into work and he does not feel right if they don't give them something. He stated he looked up the COLA that social security is giving and it is 1.6% this the cost of living raises that social security is getting. Commissioner Elmore said he would vote for 1.6% or 2%. Chairman Settle stated he would suggest 2% and asked Mr. Yates how much that would be. Mr. Yates replied \$471,977. Commissioner Elmore added this would have to come out of the fund balance, but he would be good with that. Chairman Settle agreed. Commissioner Elmore said he is proud of how the county employees have stepped up and it would be nice if they could do a lot more, but this is realistic. Chairman Settle agreed and added hopefully there is something more they can do with the CARES money and a one time deal. Commissioner Elmore said he is proposing 2%, it would be a good effort to show the employees they appreciate them. Chairman Settle asked for comments from the others.

Vice Chairman Gambill asked how much did they give last year. Mr. Yates replied 2%. Commissioner Elmore said the Departments also cut between 10% and 14% out of their budgets as well. Vice Chairman Gambill added the Boards he serves on all understood and he added it made it easier that the Board and staff all understood they had to make cuts. Chairman Settle agreed he has not heard complaints from the Sheriff or any departments, they all understand and know what they are up against. Vice Chairman Gambill stated he is good with this. Commissioner Minton stated he supports this as well. Commissioner Blevins said he is good and asked if every department cut 14%. Mr. Yates replied not all cut 14%, they cut as much as they could without getting into services or employees, they got as much as they could up to 14%.

Commissioner Blevins said with the CARES money he does not think they need to cut this much. He said they need to go back to 10% from all and if it comes in lower go back and take it away, the March sales tax is still way ahead of last year. Commissioner Blevins said 14% hurts the departments too much. He wants to make sure parks and rec are not undercut so much that they can't do their job. Things are changing and they need to adjust the budget for the changes and can't keep doing things the way they have in the past. He said they have increased EMS and

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have tried to be good to Public Education, but to cut 14% is too much. Commissioner Blevins said they are things they are paying that the tax payers should not be paying for. He added they need to support the things that are the county's responsibility to fund and those are not being funded well enough. The Board needs to get their priorities straight the tax money is being spent inefficiently. Commissioner Blevins said they could reduce the cuts on the regular county departments and cut non-profits and other areas that are not their responsibility. He added this needs to happen if not this year, then down the line. Commissioner Blevins stated the COLA raise is a good idea and very appropriate. He has been very impressed going into the County Office Building and seeing everyone at work every day, including the young lady at the door. Commissioner Blevins said as he told her last week he appreciates her coming in and doing this every day, it was rough for a while and a lot of uncertainty and they are getting through this now. He added they have to take care of the parks, outdoor activity in the county is going to increase, folks are getting outside and the kids leagues will start back.

CONSENSUS – After a brief discussion the Commissioners agreed to add a 2% pay increase to the proposed 2020-2021 Wilkes County Budget.

Chairman Settle asked if the Board wants to discuss the cuts in the budget from 14% to 10%. Mr. Yates replied he and finance will be happy to run some numbers on this. Chairman Settle asked did they have something where they could go back and add if the numbers come in better than expected later. Mr. Yates stated they came up with a recovery plan that would start with a 2% increase if things come in better than expected. Commissioner Elmore said he hopes things get better quicker, but he thinks things will be as they are till possibly December and it will be slow. Commissioner Blevins said they both sat on this Board during the recession and it was tough, but they had no money to work with and made changes that saved lots of money like on the jail. He said 14% cuts cause permanent damage, it is too extreme. Chairman Settle added not all made 14% cuts they all did what they could and saved all employees and he is good with it as proposed. He said some made the cuts without a lot of issues. Chairman Settle said Mr. Yates has a formula to add back if things get better and they can go back and add even more, but they can't pull it back as quick. Vice Chairman Gambill said they can stop spending if they get in a bind even at 10% he is good with that. Commissioner Elmore said if they make a mistake by lowering to 10% they have nowhere to go except to tax payers. Commissioner Blevins said that is years down the road and they would see it coming before that and should be able to adjust. Vice Chairman Gambill said it is going to bound back and be stout when it does. Chairman Settle agreed, but it will be easier to add. Commissioner Elmore added it will be easier to give money back than take it if they miscalculated. Chairman Settle agreed. Commissioner Minton added he agrees, it is easier to give it back than take it.

Commissioner Blevins asked if the College was cut 14%. Mr. Yates Replied yes. Commissioner Blevins asked if EDC, Library, and all non-profits was cut 14%. Mr. Yates replied yes.

Commissioner Elmore asked when is the public hearing/comments on the budget. Mr. Yates replied Tuesday, June 2nd. Commissioner Elmore said everyone has the opportunity to come in and speak at that time. Mr. Yates stated they will have to submit it in writing and he will read all of them. Vice Chairman Gambill asked how many fire departments are asking for an increase,

just Millers Creek. Mr. Yates replied yes just Millers Creek. Vice Chairman Gambill said they are asking for a 3¢ increase. Mr. Yates replied yes and they have been asked to submit their comments and reasons for the request in writing and he will read it. He added this treats everyone the same way for comments on the budget. He added they will attend via WebEx only to answer questions the Board has, but their comments will be read. Commissioner Elmore asked can they put this off a year, has anyone asked them. Mr. Yates said their Board voted for this and submitted the request. Chairman Settle stated they can ask them all these questions next Tuesday. Vice Chairman Gambill said their fire tax is currently 7¢ and requesting to go to 10¢.

Commissioner Elmore stated they did a good job on the budget. Chairman Settle agreed and added hopefully it will not be as bad as they think. Mr. Yates stated, Mr. Huffman and all the staff and Department Heads worked hard and did a good job. Chairman Settle added it has been very challenging.

ADJOURN – Motion was made by Vice Chairman David Gambill, seconded by Commissioner Gary D. Blevins and by unanimous vote adopted to adjourn the Budget Work Session of the Wilkes County Board of Commissioners at 6:47 P.M.

Sarah D. Call, Clerk

Eddie Settle, Chairman

WILKES COUNTY BOARD OF COMMISSIONERS

Approved: June 16, 2020