

**STATE OF NORTH CAROLINA
COUNTY OF AVERY**

The Avery County Board of Commissioners held a Budget Workshop on Tuesday, May 29, 2018 at 8:30 a.m. in the Commissioners Board Room, Avery County Administrative Complex, 175 Linville Street, Newland, NC. The purpose of the workshop was to discuss the FY 2018/2019 budget.

Members Present: Martha Hicks, Chair; Blake Vance, Vice-Chair; Faith Lacey; Tim Phillips; Wood Hall Young, Jr.

Members Absent: None

Call To Order

Chair Hicks called the meeting to order at 8:30 a.m.

Chair Hicks led prayer.

Dr. Bryan Taylor, Superintendent of Avery County Schools, was present at the budget workshop to discuss the Avery County Schools budget.

Chair Hicks stated that some of the Board had questions about some areas of the Avery County Schools budget.

Wood Hall Young, Jr. stated that the schools are down over 200 students. There is a certain amount of employees that go along with each student. Dr. Taylor stated that there are funding formulas that we go by and work within. Mr. Young stated that the federal funds and state funds do not have anything to do with the Board of Commissioners. I am worried about the local funding.

Dr. Taylor stated that we have reduced our local request by \$110,000 from last year. We have reduced the capital by \$250,000. We have asked for an increase in expense for some potential increases in raises, insurance, retirement and utility costs. We have reduced our locally paid staff from 42 ½ to 38 ½. We have cut four locally funded positions. As a district what I want you guys to think about is that we are anticipating 27 positions being vacated either by retirement or resignation. What we are going to do of the 27 positions we are not going to replace 12 of them; 8 of those will be state funded, 4 will be locally funded positions. We are cutting our staff. This is a combination of certified and noncertified. We are not adding any new positions.

Dr. Taylor stated that he had come into a very difficult situation with the budget and had to bring some things to light that are not very popular. We are going to be very aggressive. Last year this school district had to take \$300,000 out of fund balance to balance the budget. I did not want to do that again. We have cut four positions out of local money at \$180,000 and cut the dental insurance at \$140,000. We have made

these cuts to offset taking money from the fund balance. We are asking for \$150,000 less across the board. We are eliminating positions.

Tim Phillips questioned if the dental insurance was gone for good. Dr. Taylor stated that the decision to consider the dental insurance was not taken lightly. We sat down and said what do we do to save the maximum number of positions that we can. That is the equivalent of three positions. The decision was made to eliminate dental insurance in order to address the long term financial health of the school system. I won't close the door to the dental insurance. We could not do that short term without a commitment from the commissioners. I have stepped into a situation where I have tried to be transparent and be respectful to people. You don't correct things by not addressing them. We have stepped up and looked at the situation. The big picture is 27 positions are being vacated. We are going to eliminate 12 of those, 8 state and 4 local. If you fund us the way we have asked we are going to use local money a little differently. We hope to take whatever savings we garner and replenish our fund balance. We have to start the process of getting the fund balance back to where it has been. Any savings will not be for new salaries or positions. We have been able to identify \$900,000 in cuts and no full time permanent employee is going home.

Blake Vance stated that the Board of Education is duly elected and we should not get to the point of micromanaging them. I understand they are in a tough situation like we were. I feel like this is a step toward sustainability.

Dr. Taylor stated that moving forward we are going to create a budgeting process that is very transparent; we can change the formats. I want to say to you and the taxpayers at the end of the day the bottom line is that this school district is asking for \$110,000 less than last year. I want to assure you we are not adding any new positions. None of the savings will be used for salary. It will be used to operate the school district efficiently and any savings we generate we have to use to replenish our fund balance. We feel like we have come to you with a budget that will not allow us to go back to the fund balance. We feel like we can move forward. We have some areas to look into which is Special Education and Pre-K. Every public school district struggles with special needs. The federal law says budget cannot come into consideration when serving these special needs children. We have to create a sustainable budget and start living within our means.

Blake Vance questioned where the fund balance for the school system stood. Jeff Jaynes, Finance Officer for the Board of Education, stated that as of June 30, 2018 the unallocated fund balance was \$402,000. We have a budget of \$25 million.

Blake Vance stated "you are well below the 8%."

Chair Hicks said "you had CD's at one time". Jeff Jaynes replied that the majority of the money was pulled from the CD's to operate.

Dr. Taylor stated that we have a plan and this is step one. Moving forward we will start looking at any position that becomes available and see if we need or want it and how it benefits the students. We have lost 200 students in the past five years. We have lost over 1.6 million dollars in funding over the last five years and we have not adjusted people wise for this. In full disclosure, we will be using some local dollars differently but it will not be on new salaries.

Wood Hall Young, Jr. questioned why the charter school funding was up \$50,000. Dr. Taylor stated that what happens is the moment a young person enrolls at any charter school in North Carolina that charter school has to send an application to the public school district that person left and then the district owes the charter school any funding that was tied to that young person. We have no control over that.

Phillip Barrier, County Manager, questioned if Pre-K will remain in the schools. Dr. Taylor answered that the numbers are not there that we need. At this point our numbers are down and the number of screenings are down. With Pre-K services, we receive funding based on criteria and the state will pay for certain families. The number of eligible are down.

Dr. Taylor stated we will take that allocation that you give us and maximize that allocation. We will be as efficient as we possibly can. This is not frivolous and there is no fluff. We have so much of our budget in people. We are very people oriented. People are expensive and get more expensive.

Wood Hall Young, Jr. questioned why the fuel and electrical bills are higher. Dr. Taylor stated that those are budget proposals. We know that the cost of fuel is going up. These are projections. We did come to you with a small increase of \$140,000 to cover some projected cost increases. We did not go in and throw numbers out. We felt like when you look at the overall allocation that it was reasonable.

Chair Hicks asked about the school bus capacity. Dr. Taylor stated that there was a formula that is out of our hands. The state of North Carolina funds us based on the efficiency rate. We do not own the yellow buses. We own the activity buses. The state says you have x number of young people that ride a bus based on our formula you should have this number of buses. We have some students who ride a bus an hour to hour and a half one way. 60% of the students ride the bus every day. We have a pretty high efficiency rating. If we would take more buses off the road the way we are spread out we could in theory have students riding the bus two hours to school and two hours home and that is not good. Jeff Jaynes stated that in the last few years that four buses had been eliminated.

Wood Hall Young, Jr. questioned why a 14 passenger bus was being asked about. Dr. Taylor said the reason for that request is that anyone can drive a 14 passenger activity bus and a lot of the coaches that we have right now do not have CDL's.

Wood Hall Young, Jr. asked if there could be a line item budget prepared for the school system in the future. Dr. Taylor stated that he could not answer that question alone but that he would ask the Board of Education.

Blake Vance recommended that the Board of Commissioners should fund the request as it is.

Chair Hicks stated that all of the questions had been answered and that the Board will discuss this after a brief recess.

Recess

Chair Hicks called for a brief recess.

Chair Hicks declared the workshop to be back in session after a brief recess.

Mr. Young stated that he was not 100% satisfied with the answers from the Board of Education. The only thing I can see we can do is cutting them across the board and I am against those kind of cuts.

Tim Phillips stated that he was willing to go ahead and fund what they had requested.

Faith Lacey stated that she was not totally satisfied because of the safety issues but I don't know how we can solve it so I am in favor of giving them what they ask.

Blake Vance said that he was satisfied and that it was a bad precedent to get into nit picking line items with them because the Board of Education is accountable to taxpayers. I think we need to fund their request.

Chair Hicks said she was ready to move on and vote on it. I have had my questions answered. She said that Jeff Jaynes told her that was not a problem doing the budget line item by line item.

Tim Phillips stated that he would like to look at it line item by line item.

Wood Hall Young, Jr. stated that he was in favor of funding them.

Consensus by the Board to fund the Board of Education at their request.

Mr. Barrier stated that the DSS Ipads did not need data but the cell phones did need data and the cell phones could be cut down to 11. Mr. Vance stated that he had talked to other DSS agencies and they did not have county cell phones. Consensus for DSS to get Ipads and cell phones but no data on the cell phones.

Mr. Barrier said that he had spoken with David Hill and Mr. Hill had helped with looking at some of the salaries on the salary study. Mr. Barrier went over the salaries that needed to be adjusted.

Mr. Barrier stated that now we needed to look at the budget number.

Recess

Chair Hicks called for a recess until 11:00 a.m. so the County Manager and Finance Officer could meet regarding a USDA loan.

Chair Hicks declared the workshop to be back in session after a brief recess.

Mr. Vance stated that he would like to see the changes reflected in the budget. Mr. Barrier stated that all the changes were reflected in the budget now.

Mr. Vance asked what happened to the \$200,000 in the capital/projects. Mr. Barrier said we put that in the schools. Mr. Vance said I thought that was already in there. Ms. Johnson stated no we just added \$270,500; we moved that this morning. Mr. Vance said so we were not working off the school board's request? Ms. Johnson said no. Mr. Barrier said I gave you a budget before we got the school board's request. Mr. Vance said but we have had the school board's budget for two weeks before we changed everything. Mr. Young said I thought we were working on the cut that Mr. Barrier had suggested. Mr. Barrier said yes we were. Mr. Vance said always in the past we were working off their request. Ms. Johnson said we went with the numbers that they gave us when we were getting the budget ready and then they gave us their budget a few weeks ago. Mr. Vance said yes that is correct but we have a new budget here after they gave us the request so this has thrown everything off. Mr. Young said so we didn't approve what Mr. Barrier recommended. Mr. Barrier said no the Board approved what the school board requested. Mr. Vance said so where did the recommendation come from on the school board's budget. Mr. Barrier said for me to balance the budget we had to cut the school board's budget. Mr. Vance says I am curious why we have a new budget and the school board's request has not changed. We have had bad information here. Ms. Johnson said it is just like the fire commission we put in what was requested from last year. Mr. Vance said what is in the budget is less than what was requested last year.

Mr. Vance said this is a \$200,000 dollar mistake in our budget. We have had that request for almost two weeks and we are working off of a new budget and the \$200,000 was not reflected in this new budget. Mr. Barrier said he did not change it because he wanted to wait until it was discussed. He said that when he and Ms. Johnson looked at the budget at the beginning they cut the school board's budget and said if we are going to have to cut other budgets they can just suffer with us. Mr. Young stated he still thought we needed to go back to the 8% less to the school board. Mr. Vance said that he does not think that. I would like to have had that reflected when we got the new budget because it was supposed to be up to date.

Consensus to fund the Board of Education at what they requested after further discussion.

Chair Hicks asked what was going to be going to the capital project fund. Mr. Barrier said \$711,000.

Recess

Chair Hicks called for a brief recess.

Chair Hicks declared the meeting to be back in session after a brief recess.

Mr. Vance stated that the \$711,000 needed to be in the million dollar range to get ready for next year with the high school. We are going to have to have a million dollars for a debt service payment. Mr. Young asked how much a cent on the tax rate was worth. Mr. Vance stated \$369,000. Mr. Young said I don't know where we are going to find \$259,000. Mr. Barrier stated that all of the numbers on the screen is currently where we are with the budget.

Mr. Vance stated that he understood that this was the county manager's first budget year but normally we would have been working with the full request from the school board and then the Board would have moved it as we saw fit.

Mr. Vance stated he came in this morning thinking that we were sitting at \$988,000 to the good. Mr. Phillips stated that he thought that too. Mr. Young said we were. Mr. Vance said that we were never really because the full request of the school board was not put in the budget numbers. We had new information from the school board before we got this new budget.

Nancy Johnson, Finance Officer, stated that there was a consensus this morning to fully fund the school system. This new budget did not reflect the full request of the school board. Mr. Vance said we had this information before this budget and this was supposed to be a clean budget with all the up to date information included. Their accurate request came in before we had a clean budget and this was a clean budget here or so I thought along with everyone else that the school board's request was accurate. Mr. Vance said normally it is in there at full request and we adjust it from there. Mr. Barrier stated that when he gave the first budget that he had to cut something and it was the school board request.

Mr. Young stated if we go back to the cuts for the school board that Mr. Barrier made then we would have \$200,000. Mr. Vance said that the problem with cutting the school board is I don't know what they are going to do. They can't take it out of fund balance. There was discussion on what could be cut out of the budget to make up the \$259,000.

Mr. Vance said if the average person is not getting that much in the salary study and 1% raise is \$85,000 then a 3% raise would be around \$255,000 so that would give everyone across the board a 3% raise. I am just throwing that out there as a suggestion. That way everyone is getting the same increase.

Recess

Chair Hicks called for a brief recess.

Chair Hicks declared the workshop to be back in session after a brief recess.

Wood Hall Young, Jr. stated that the Sheriff's Office sent us a budget of 3 million dollars. We cut him \$341,000. The jail sent a budget of 2.1 million dollars and we cut them \$200,000. Out of a 5.1 million dollar budget we cut \$500,000. We cut every department. I think we should go back to what Mr. Barrier had cut the school system to. I don't think it is fair to go back and cut the other departments back and not cut the school system. I think that is where it needs to come from.

Blake Vance questioned if we looked at an across the Board 3% cut with the salaries. Mr. Barrier stated that he had called David Hill regarding this but he was out of the office.

Chair Hicks questioned if any commissioner had any suggestions regarding the budget. Tim Phillips said a 3% across the board cut that does not include salaries will not help us because he didn't feel that enough could be cut to make up the approximately \$200,000.

Ms. Lacey and Chair Hicks agreed with Mr. Young regarding cutting the school system back to what the County Manager had recommended at the beginning of the budget process.

Mr. Vance said he thought the school system could afford a cut in capital more than they could a cut in operating. Even though I think we should fund them fully, what if we take the \$55,000 out of capital and put it in operating. I will say that I am not in favor of that plan but I respect what the other Board members want to do and I understand what everyone is saying.

Mr. Barrier stated this will help us keep the tax rate the same, implement the salary study plan, keep the new positions, and have money for the high school payment.

Consensus to move on with the budget with the tax rate being the same as last year.

Adjourn

Chair Hicks declared the meeting to be adjourned at 2:00 p.m.

Martha Hicks, Chair
Avery County Board of Commissioners

ATTN: _____
Cindy Turbyfill, Clerk

