

**IREDELL COUNTY BOARD OF COMMISSIONERS
BRIEFING MINUTES
SEPTEMBER 4, 2001**

The Iredell County Board of Commissioners met in Briefing Session on Tuesday, September 4, 2001, at 5:00 p.m., in the Iredell County Government Center, 200 South Center Street, Statesville, NC.

Present: Chairman Sara Haire Tice
Vice Chairman Steve D. Johnson
Tommy E. Bowles
Karen B. Ray
R. Godfrey Williams

Staff Present: County Manager Joel Mashburn, Finance Director Susan Blumenstein, Planning Supervisor Ron Smith, Inspections & Planning Director Lynn Niblock, Planner Lindsey Hobbs, Health Director Ray Rabe, Environmental Health Supervisor Kelly Sheeks, Nursing Director Donna Ricciardi, Health Services Coordinator Norma Rife, Administrative Officer Bill Griffith, Sgt. Neil Hayes with the Sheriff's Department, and Clerk to the Board Jean Moore.

CALL TO ORDER by Chairman Tice.

Presentation from the Iredell-Statesville School System on the 2000-2001 Capital Outlay Report and Request from the Iredell-Statesville School System for a 2001-2002 Capital Outlay Amendment: Representatives from the I-SS system attending the meeting to explain these two items were: Board of Education Chairman Vaughn Sprinkle, Acting Superintendent Dr Julia Williams, and Finance Officer Terry Haas. (The following budgetary information was previously submitted to explain the FY 00-01 Capital Outlay Report.)

Iredell-Statesville School System
FY July 1, 2000 - June 30, 2001
Capital Outlay as Appropriated by the Iredell County Board of Commissioners
Request to Amend Budget as Submitted

	Budget	Revision	Prior Revisions	Revised Year to Date Budget
Land Additions/Architect Fees	-	2,153.28	-	2,153.28
Annual Renovations	130,000.00	825,519.99	-	955,519.99
Roofing	300,000.00	(291,506.10)	-	8,493.90
Boiler/HVAC	681,000.00	(176,749.56)	-	504,250.44
Mobile Unit Set-up	126,000.00	(120,518.77)	-	5,481.23
Buses	350,000.00	193,006.07	-	543,006.07
Electrical	40,000.00	17,593.82	-	57,593.82
Plumbing	35,000.00	137,255.99	-	172,255.99
Waste Water	800,000.00	(748,135.11)	-	51,864.89
Furniture/Equipment	343,000.00	187,705.18	-	530,705.18
Technology	476,213.00	44,591.09	-	520,804.09
Sales Tax Refund	-	(70,915.88)	-	(70,915.88)
Total	3,281,213.00	-	-	3,281,213.00

2000-2001 Capital Outlay: Dr. Williams said that while closing out the 2000-01 year, it was noticed that the system had not obtained the board of commissioner's approval for capital outlay budget revisions exceeding ten percent. She said that due to the account code structure, used during 00-01, it was difficult to pinpoint exactly where some expenditures were coded. Dr. Williams noted, for instance, that waste water reflected a \$51,864.89 payment, but actually, \$350,000 had been spent. She said that some waste water expenses had, evidently, been coded to some other item. Williams said there were similar coding problems for roofing projects. She said \$306,200 had actually been spent, while the coding just reflected an \$8,493.90 expense. Williams said she knew the \$300,000 had been spent for roofing, due to researching the

maintenance budget where the roofing expenses were categorized. Another example she gave was with the boiler/HVAC. A total of \$634,374 was spent while the coding just reflected an expenditure of \$504,250.44.

Commissioner Williams asked if some capital outlay expense items might incorrectly have been coded to current expense.

Dr. Williams said she didn't think so. She said this was because capital outlay had \$3,281,213 budgeted, and the identical amount was spent.

Commissioner Ray asked who was doing the coding.

Dr. Williams said employees in the finance department.

Commissioner Johnson asked why there wasn't continuity in the coding.

Dr. Williams said she didn't know.

Commissioner Johnson said the credibility of the board of education and the board of commissioners had been jeopardized. Johnson said that duty compelled him to ask, "Is this mess cleaned up?" Mr. Johnson said he had asked the former superintendent that question twice, and both times he, the former superintendent said, "the problem has been fixed."

Dr. Williams said the school board had asked the same question. She said the capital outlay report was a part of the "clean up." She said an audit of the system's books was now occurring along with an investigation. In reference to current expense, Dr. Williams said the school finance department was still reviewing the books. She said the school system, for this year, was still waiting on the General Assembly's budget; especially in regards to the teachers' salaries.

Finance Officer Terry Haas, hired by the system June 29, 2001, said a revised accounting system had been implemented. She said this was done to have a better tracking method of the expenditures, and she said the system would be more structured. Haas said she understood the ten percent rule and that in the future, budget amendment requests would be shared with the commissioners. She said an accounting manual was being devised, and it would be shared with all of the relevant school employees/officials. Haas reiterated what Dr. Williams said about the General Assembly and the current expense. She said the outcome of the state's budget would have an impact on the schools.

Commissioner Bowles said he was understanding the system had three "pots" of money, and these were capital outlay, current expense, and new construction funds.

Dr. Williams said this was correct.

County Manager Mashburn said, however, that the ten percent rule only applied to capital outlay - - it didn't apply to current expense.

Commissioner Ray asked about the term "structured" used by Ms. Haas. Ray asked if the school system previously had discretionary accounts. Ms. Ray also asked why the miscoding was done. She asked if it occurred due to the employees not knowing any better or if it happened due to another reason.

Haas said some of the miscoding was done because of the accounting system structure. Ms. Haas said she couldn't explain why it occurred.

Commissioner Williams asked if the current expense would be in the same condition as the capital expense.

Haas said some of it. She said it was due to a lack of structure.

Commissioner Johnson said he was assuming that Ms. Haas' use of the term "structure" meant the same thing as continuity. Johnson said he had learned from a school board member

that financial information was only shared once per year with them, and this was at budget time. Mr. Johnson said the Iredell County Finance Director, Susan Blumenstein, shared monthly budget reports with the commissioners. He said the reports enabled the commissioners to easily determine the financial status of the county.

Sprinkle said the board of education did want bookkeeping continuity. He said the school board members had requested financial summaries in the future, but they might be on a quarterly basis -- not monthly.

Haas said it would be just about impossible to recode the 2000-01 accounts.

Chairman Tice said she had received letters and petitions from school teachers about the supplements. She asked Mr. Sprinkle to explain what had been told to the teachers about the supplements.

Sprinkle said that initially, or at the time of the merger between the Statesville City Schools and the Iredell County Schools, the teachers received a four-percent supplement. Later, a one-half percent supplement was added, and then last year, a one and one-half percent was given for a total of six percent. Mr. Sprinkle noted that some recruiters may have told teacher applicants that another two percent would be forthcoming, or to expect an eight percent supplement. Sprinkle said the board of education wanted to give eight percent, but the money could not be found.

Commissioner Johnson directed a question to Ms. Haas. He asked her if she was sure the accounting modifications she was implementing would be adequate.

Haas said it was her goal to insure that adequate accounting measures were taken. She said, "I keep clean books." She said she would do her best.

Commissioner Johnson said he understood that additional cuts might be necessary.

Dr. Williams said this was a possibility.

Commissioner Bowles asked about the investigation that was occurring.

Sprinkle said interviews were being conducted. He said Kenneth Dickson, a former SBI agent, was in charge. He said Mr. Dickson would report his findings to Bedford Cannon, the school system's attorney.

Dr. Williams said an audit from the state might be received by Friday, September 7, 2001.

Commissioner Bowles asked about the role of the school board when there were roofing or renovation projects.

Dr. Williams said the school staff had a priority listing for the projects. She said the school board would vote on a roofing expenditure; however, the staff would give a recommendation on whether "Roof A needed to go first or if Roof B was more urgent."

Budget Amendments for 2001-02 (The following information was submitted to explain this request.)

Iredell-Statesville School System
 FY July 1, 2001 - June 30, 2002
 Capital Outlay as Appropriated by Iredell County Board of Commissioners
 Request to Amend Budget as Submitted

	Budget	Requested Revision	Prior Revisions	Revised Year to Date Budget
Third Creek Elementary	2,903,780.00	-	-	2,903,780.00
Annual Renovations	361,297.00	496,000.00		857,297.00
Roofing	350,000.00	(50,000.00)		300,000.00
Boiler/HVAC	300,000.00	-		300,000.00
Mobile Unit Set-up	175,000.00	(25,000.00)		150,000.00
Maintenance Vehicles	50,000.00	-		50,000.00
Buses	450,000.00	(450,000.00)		-
Paving	75,000.00	(25,000.00)		50,000.00
Waste Water	450,000.00	-		450,000.00
Furniture/Equipment	425,760.00	54,000.00		479,760.00
Technology	100,453.00		-	100,453.00
Total	5,641,290.00			5,641,290.00

Dr. Williams said the major budgetary revision was to move funds originally intended to purchase new buses to annual renovations. She said the state would allow the system to delay the bus purchases for one year. Williams said that by using this money, plus funds from other reductions, funding could be directed towards maintenance and the upkeep on various buildings. She said the money could also be used for the North Iredell High School Shop construction. Williams said other revisions would enable the purchase of furniture and equipment, the purchase of computer equipment, and the purchase of custodial supplies.

Commissioner Johnson asked if the elimination of the new buses would require the students to have longer bus routes.

Dr. Williams said used buses would be brought into service, and the students would not be affected.

Sprinkle added that the used buses would be on loan from the state. He said there were some school systems in the state that were actually getting smaller, and they did not need all of the buses.

Dr. Williams noted that the expenditure for mobile unit set-ups could be categorized in either current expense or capital outlay.

Commissioners Johnson and Williams said they would like to see the mobile unit set-ups in current expense in the future.

Chairman Tice asked about the occupancy date for the new high school.

Dr. Williams said it should be released to the school system in May or early June.

Commissioner Johnson asked if the high school would come in under budget.

Dr. Williams said the project would be close to the budget.

Commissioner Johnson said he was understanding the school system might still have financial difficulties, due to the lack of coding continuity.

Dr. Williams said more cuts might be needed.

Sprinkle said the system, due to financial problems, could not do everything it desired to do.

Dr. Williams said that when a balanced budget was completed, it would be shared with the commissioners.

Request from the Health Department for Proposed Staffing Changes and Budget Adjustments: Health Director Ray Rabe said his department was requesting to add a full-time Processing Assistant III (bilingual) and to expand the employment time for a Vital Records Clerk from 60% to 100%. Rabe said there would not be any costs due to some changes in both expenditures (staffing adjustments) and revenues. Mr. Rabe said the following position changes had occurred in the past few months due to (1) better management practices (2) a retirement and (3) the unfortunate death of an employee.

1. A full-time Nursing Supv. II position was changed to a Public Health Nurse I position.
2. A Public Health Nurse III position was changed to a Physician Extender II. (A higher reimbursement rate may be achieved with this change.)
3. A Medical Records Assistant IV position (vacant) was reclassified as an Office Work Unit Supervisor IV.

Rabe said the staffing changes “offered a good business opportunity.” He said that Medicaid now required the staff to invoice private insurance companies - - it was not optional. Rabe said the extra hours for the Vital Records Clerk would allow some backup for the environmental health office. He noted that when the secretary had to be out in this department, the environmental supervisor had to, at times, remain in the office and answer the phone. He said the money needed to cover the time expansion from 60% to 100% could be covered out of the Medicaid Maximization Deferred Revenue Account.

Mr. Rabe said that with the changes, the department would be “ahead by \$71,029.” He said the Medicaid Maximization Funds weren’t really needed, but the usage of them was what the board of health had recommended.

Update on a Road Name Compromise between the Staff of Iredell County and Mr. David Pressly (Fourth Crescent Place): Planning Supervisor Smith said that at the August 7, 2001 commissioners’ meeting, the staff had been directed to work with Mr. Pressly on a road name compromise. Previously, Pressly had wanted to name a road *Fourth Creek Crescent Drive*. The staff and planning board denied the request due to its similarity to a road named *Fourth Creek Landing Drive*, located in the same area. Smith said the staff and Mr. Pressly had worked together, and all parties were acceptable to the road being called: *Fourth Crescent Place*.

Request for the Approval of a Resolution Pertaining to the Renaming, or Renumbering, of NC 136 to NC 3: Commissioner Bowles said he wanted to make sure that this change would only be for the state name. He said he understood the name of Coddle Creek would not be affected.

Ron Smith, the Planning Supervisor, said Commissioner Bowles’ understanding was correct.

ADJOURNMENT: Chairman Tice adjourned the briefing session at 6:45 p.m.

Approved: _____

Clerk to the Board