

The Alleghany County Board of Commissioners met in special session on Tuesday, June 3, 2014, at 6:30pm in the Board Meeting Room of the County Administration Building, 348 South Main Street, Sparta, North Carolina. The purpose of this meeting was for budget discussions.

Present: Chair Larry Cox, Vice-Chair Tom Smith, Commissioner Larry Davis, Commissioner John Goudreau, Commissioner Karen Leys, County Manager Don Adams, and Clerk to the Board Karen Evans.

Chair Cox called the meeting to order, explained the purpose of the meeting and welcomed everyone.

Brent Lammers, CEO for Alleghany Memorial Hospital, thanked the Board for the time for this presentation.

Rocky Proffit, Alleghany Memorial Hospital Board Member, thanked the Board for this opportunity to present and for their work for the county. He reviewed a flipchart showing their business model, and Alleghany Memorial Hospital revenues. He explained the different areas of revenues and problems they have encountered in their revenue stream resulting in having a \$370,000 burden. He asked the Board to give the Hospital fair consideration during the budget process. He said he wanted the Commissioners to know there is a lot of hard work going on.

Commissioner Leys thanked Rocky Proffit for the presentation. She asked about cost-cutting measures.

Rocky Proffit explained a situation with Medicaid saying they overpaid the Hospital \$2,000,000, and they think they can get some of the money back but the Hospital has to make payments.

Warren Taylor, Chairman of the Hospital Board, thanked the Board for their time. He told a story about how important our hospital is.

Brent Lammers stated that Alleghany Memorial Hospital (AMH) would like to request \$200,000 in the upcoming budget. He explained charges that they have had to write off, financial challenge to operate when people need care and can't afford to pay. He talked about the current year of \$457,000 net income loss, and this year has been more of a struggle. He stated that 2/3 patients of their patients are Medicaid/Medicare. He talked about people eligible for Medicaid coverage and can't get it; fixed reimbursement amounts on insurances and people's individual copayments and deductibles are going up. He reiterated their mission is to provide medical care. He provided their statistics during the year. He talked about another reason to support the Hospital is the economic benefit. He cited a study that showed health care in Alleghany County impacts 178 direct/indirect jobs and the financial impact to the community. He stated their appreciation for the support received. He reviewed the uncompensated care amounts. He said they are proud of what the Hospital has accomplished in the last 63 years. He thanked the Board for their time and consideration.

Commissioner Leys and Brent Lammers talked about the uncompensated care amount, study about the economic impacts where AMH is shown to create 178 direct/indirect jobs and the financial impact to the community.

Commissioner Smith and Brent Lammers discussed the budget request letter about reaching out to other healthcare entities, and how they have been reaching out to other areas to help in Alleghany County. Brent Lammers talked about they hope to continue to grow and looking for shared services or services that will add revenues to the community and the Hospital, and they try to continue to market what is available including specialists' care, when needed.

Drew Edwards, Alleghany Wellness Center Director, thanked the Board for support in the past. He talked about their operations including they provide a facility to a lot of different organizations for space. He reviewed the list that uses their facility for meetings. He talked about the things they have provided for free or low costs during the past year. He further talked about the other activities they are involved in; farmers market, mountain heritage festival, master gardeners have a garden at their location who donates the food to the food closet, working with the Council on Aging, and things provided with the money the County provided. He explained that 35% of members are on a sliding scale, goal is to provide for everyone, pool is up and running, propane cut in half because of the building rather than the dome, solar heating unit being switched on tomorrow, solar use cut the propane in half again. He talked about other items they are working on right now; silver sneakers, helping several different entities with wellness programs and insurance, bringing in people to the community for events, Chairman working on not-profit coalition. He said they are trying to get involved in everything they can. He thanked the Board for their support.

Commissioner Leys and Drew Edwards talked about they have between 600-700 memberships per month. Commissioner Leys stated under Drew Edwards' leadership the Wellness Center has come a long way. Drew Edwards thanked her.

Dr. Cox, Superintendent, thanked Mr. Adams for his work on the budget. He reviewed their actions from cutting positions five years ago and they didn't bring those positions back to prepare for the lean years ahead. He explained they used \$300,000 last year out of their fund balance, using \$500,000 this year and plan to allocate \$400,000 this upcoming year out of the fund balance. He said they can't continue to use that much fund balance every year, trying to strategically weaned off of using that much fund balance, up to a point that plan is working but consider this year, next year and following year they need to come down by \$200,000 each year and looking at increasing our budget each year to offset that or continue to cut expenses. He talked about the Senate proposal has a nice increase for teachers if they give up tenures but a lot of that money is coming from teachers' assistants' money. He further talked about impacts to their budget including the possibilities of losing some teachers' assistants, and they have already cut as much as they can plus they are already putting money there. He said any support the Commissioners can give the schools will be greatly appreciated. He stated their appreciation for the level funding in the lean times. He asked the Board to possibly look to find 4% rather than 2% in this budget. He said hopefully they can make up the difference without laying off people.

Commissioner Smith and Dr. Cox talked about teacher assistants including K-3 used to have assistants then a couple years the State cut off 3rd grade then last year cut off 2nd grade so now K-1 has assistants and they are going to take half of that. Dr. Cox talked about not having enough for kindergarten, and he explained what the teacher assistants do in the classrooms.

Commissioner Leys and Dr. Cox talked about the school's business plan to recover from that cut including hiring back people who are underpaid or unemployed for 4 hours a day, and every year it gets harder to keep going. He explained that they are already sharing some teacher assistants, and some kindergarten teachers don't have a teacher assistant all day. He talked about the class size is small and varies from 14-20.

Commissioner Smith asked if Dr. Cox is hearing anything about the lottery and capital funds.

County Manager Don Adams explained years ago the State legislative took away some lottery money, and now the County receives \$100,000 with the Senate proposal is to go back to the original plan, which was \$190,000. He further explained that now the House is taking up the issue, and this has been debated for several years.

Dr. Cox talked about the Governor's proposed budget transferred Workers Comp to be a local issue rather than a State issue, which is a \$200,000 impact or 4 teacher positions. He said that isn't in the Senate budget but the need to continue to talk to the legislators. He explained that insurance liability for the yellow buses was to push the responsibility to the local level. He urged everyone in talks with legislators to stress the impact of these issues.

Chair Cox and Dr. Cox talked about the School's savings, which is dwindling. Chair Cox talked about a report from NCACC that showed Allegheny County Schools at \$4,000,000. Dr. Cox explained their audited fund balance was \$2,796,000 at the year end, and they allocated \$500,000 this year, so it will come down. Dr. Cox talked about the obligated fund balance versus the unobligated fund balance. Dr. Cox stated that their unobligated fund balance is projected to be \$1,368,000 at the end of this year and they are allocating \$400,000 in next year's budget. Chair Cox clarified that Dr. Cox started with \$2,796,000. Dr. Cox said he has a copy that he can leave.

County Manager Don Adams explained that the fund balance is \$2,796,000 and at the end of the year it will be \$2,296,000 and the \$1,300,000 figure is after the obligated amount. Dr. Cox agreed. The County Manager said \$800,000 or so is required to be reserved.

Chair Cox said we aren't talking about money going into the fund balance. He explained he talked to them today, they said the chart was wrong, they are going to try to figure out why it is wrong and \$2,680,000 is what they said.

Dr. Cox explained what they can show and will be glad to show is their audited fund balance for the last 6-7 years. He explained that at one time they got down to the unobligated being \$300,000, and everyone worked together when it got high to get it back down. He said they are back to a reasonable amount. He stated he is starting to get alarmed again about the low numbers.

Chair Cox and Dr. Cox talked about recent conversations from the State about taking fund balance monies from the schools.

Chair Cox stated they are supposed to get back with us about the wrong numbers.

County Manager Don Adams clarified the \$1,200,000 off the report and at the bottom at that report it says it is through the Local Government Commission's audited fund balance numbers.

Dr. Cox talked about it is concerning that the State is looking at that report, which is in error.

Commissioner Leys asked if Dr. Cox is going over capital outlay.

Dr. Cox stated their appreciation for the Commissioners' support on the safety projects this year. He explained that the proposed budget recommendation is \$66,000, and they would appreciate it if the Commissioners can support those items.

Chair Cox and Dr. Cox talked about security issues at Piney Creek School.

Dr. Cox thanked the Commissioners for the support for the last nine years. He said this is his last meeting appearing before the Commissioners in this capacity. He reiterated his appreciation.

The Board stated their appreciation to Dr. Cox.

County Manager Don Adams and Commissioner Leys talked about the location of the special appropriations' budget in the budget book.

Chair Cox talked about two years ago the Commissioners sat aside money for a morgue. County Manager Don Adams agreed and said it was around \$19,000-\$20,000. Chair Cox talked about previous conversations including showing him where it was going to be. The County Manager explained he had this conversation with the current CEO and the past two CEOs.

Commissioner Leys asked is money in the budget. County Manager Don Adams said no it is not. The County Manager explained that he has been told by the CEOs they will go back to talk to their board and that is where we are.

Chair Cox talked about bodies are being stored where it is not respectful.

County Manager Don Adams talked about the process and procedures when people die and the responsibilities of the medical examiner. He explained there are times that come up when a local morgue is needed.

Commissioner Davis and County Manager Don Adams talked about the original agreement for the morgue was that we would pay for the installation costs then the Hospital will be responsible for it. They further talked about the County could help install it but the County Manager had priced out for the company to install it.

County Manager Don Adams talked about tomorrow night's schedule and reasons for people coming before the Commissioners.

Commissioner Leys made a motion to adjourn the meeting at 7:50pm. Commissioner Davis seconded the motion. Vote 5:0.

Respectfully Submitted,

Karen Evans
Clerk to the Board

Attest:

Larry Cox
Chairman