

MID-EAST COMMISSION
BUDGET HIGHLIGHTS
FISCAL YEAR
2014-2015

(Updated thru February 28, 2014 for March 20, 2014 MEC Board Meeting)

Overall Budget

The Mid-East Commission will begin the upcoming fiscal year with an anticipated \$500,568 increase (7%) in revenue over last fiscal year's original budget. Total revenue is anticipated at \$7,547,393 as compared to the original 2013-2014 budget of \$7,046,825.

Workforce Development

Workforce Development realized a \$587,013 increase (22%) in revenue over last fiscal year's original budget. The official grant award notice from the NC Division of Workforce Solutions has not been received. Notice has been received indicating there will be increases in Federal funding for these programs. Per information furnished by staff the budget presented is a fair estimate of available funding at this point. The Workforce Development 2014-2015 budget includes carryover funding estimated at \$298,620. Total revenue is anticipated at \$3,261,724 as compare to the original 2013-2014 budget of \$2,674,711.

Area Agency on Aging

Area Agency on Aging realized a \$292,960 decrease (-8%) in revenue over last fiscal year's original budget. The official grant award notice from the NC Division of Aging and Adult Services has not been received. Notice has been received indicating there will be some reductions in Federal funding due to the sequestration process. Per information furnished by staff the budget presented is a fair estimate of available funding at this point. Total revenue is anticipated at \$3,196,019 as compared to the original 2013-2014 budget of \$3,488,979.

State Technical Assistance

Council of Government Funds Appropriation or State Technical Assistance as it is commonly known is funding appropriated by the General Assembly each year. During the 2013 Legislative Session, House Bill 200 failed to appropriate the State Technical Assistance funding.

Actual revenue for 2013-2014 was appropriated at \$21,449. No anticipated revenue is budgeted for 2014-2015. This level of funding reflects a decrease of (-100%).

Local Government Services

Local Government Services which includes Planning Services and Economic Development, Community Development, realized an \$89,827 increase (14%) in revenue over last fiscal year's original budget. Planning Services has grown as a result of additional contracts for services within the region. Staff positions are added as budgeted for to aid in this expansion.

Programs represented in this area are often multi-year. The 2014-2015 funding will be applied to contracts and programs at various stages of completion. Mid-East Commission management continues to review and adjust this department as necessary to ensure programs are self-sustaining in order to promote the fiscal integrity of the Mid-East Commission.

Fringe Benefits

There is a decrease in the Fringe Benefit rate from 61.501% to 61.284% for 2014-2015. Fringe benefits based on salary increased due to budgeted compensation rates and position decreases.

A 0% increase is budgeted for Medical Insurance in the 2014-2015 fiscal years. A contract with First Carolina Care of Pinehurst, NC to provide medical insurance to Mid-East Commission staff is currently in place. Staff is also researching insurance coverage with the North Carolina League of Municipalities (NCLM) as well as various delivery methods. Both NCLM and First Carolina Care utilize the MedCost network of health

providers. An added challenge for a provider is involved due to the MEC retirees that have to be given coverage.

NC Local Government Employee Retirement rate increased in July 2013. The Local Government Employees' Retirement System (LGERS) Board of Trustees voted to increase the employer contribution rate for general employees by 0.33%. The death benefit rate continues to be reduced by 0.10%, for the third of three years. The new LGERS employer rate for general employees for the 2014-2015 fiscal year for Mid-East Commission has not been received. The draft budget is calculated at 7.07%, the same rate used last fiscal year. Adjustments will be made when the final rates are obtained.

Indirect Costs

Mid-East Commission staff anticipates the Indirect Cost Rate will be 56.850%. This is a (-2.095%) decrease as compared to last fiscal year's original budgeted rate of 58.945%. The indirect cost rate is comprised of Administrative Expense and Building Occupancy expenses.

The Administrative Indirect Rate will be charged at 40.057% compared to last fiscal year's rate of 42.912%. Building Occupancy Indirect Rate will be charged at 16.793% compared to last fiscal year's rate of 16.033%.

Staffing

Full-time equivalents for the Mid-East Commission for 2014-2015 are 26.48. Full time equivalents for Indirect Staff are 4.75. This is a net decrease of (-1.50) over last fiscal year's 2013-2014 original budgets. Changes in staff positions in Workforce Development / Beaufort County Joblink, Area Agency on Aging, and Planning are included.

Compensation

The 2014-2015 proposed budgets include a 1.4% increase calculated on the CPI % Change from February to February for the past three years. This is in keeping with board goals when the Salary Classification Study was put in place. Over the past several years there has been little movement horizontally across the salary scale with in the ranges resulting in a "compression" issue toward the lower end of the range for some older

employees. A modest adjustment is included to help alleviate a portion of this compression. The adjustment is based on performance evaluations. The compression issue needs to be addressed and corrected to allow for normal horizontal movement across the salary ranges.

A pool for Merit Pay is included in the adopted budget at \$8,886. Merit is awarded based on performance evaluations at the discretion of the Executive Director as a one time bonus.

There is a 1.4% increase to the Salary Ranges adopted based on the average change in the CPI as explained above. This process attempts to ensure current salary schedules are kept in line for new hires. This results in a COLA of \$17,554 per twelve months. As in previous years the timing of the award of the COLA will be at the discretion of the Board.

Longevity payments in accordance with personnel policy as revised on 09/20/12 are included at a cost of \$20,096.

Capital Budget – Computer Software / Hardware Upgrades

The recommendations for the current fiscal year are presented in Schedule X – Technology and Equipment Needs. The notes from this section are included below for reference.

SCH X Technology & Equipment 2014-2015 NOTES

NOTE 1: (As of January 22, 2013 MEC has been live in the cloud with VOA from VC3!!)

VIRTUAL OFFICE ADVANTAGE an internet hosted environment for the computer hardware and support needs of MEC has been put in place. The decision to utilize cloud based technology has greatly reduced, and in many cases totally eliminated the need to purchase computer related hardware, software and licenses. No major changes to the process are anticipated in FY 2014-15 therefore no budgeted costs are included.

NOTE 2: VOIP Hosted Phone Solutions

SEE ATTACHMENT (NOTE 2: VOICE ADVANTAGE - VC3)

In FY 2013-2014 a voice over IP (VOIP) telephone solution was determined to be the prudent course of action to replace the existing outdated phone system. The VOIP telephones offer the capacity to move locations, even from building to building, effortlessly. The only requirement to be up and working once relocated is access to the internet. Everything else is handled via the internet and the service provider.

Cost comparisons were done with VOIP telephone solutions from VC3, CenturyLink directly and through a third party (Ty Carter) within the past several years. VC3's Voice Advantage hosted phone solution was the best value of the three based on the comparison.

As of now the new VOIP phones are on the desks ready to be switched over for use as soon as CenturyLink (previous provider) releases them so they can be ported into the new VOIP system. This is expected to take place early in March 2014. Initial staff training on the new phones has been completed.

The current local and long distance phone service from CenturyLink has been replaced by SuddenLink internet lines. A backup internet line for emergency situations has been obtained from CenturyLink. Full cost for this line will only come into play in the event it is put in service.

The actual costs for FY 2013-14 are \$339 per phone (\$11,845 for 35 phones) plus \$32.63 per month desktop phone (\$13,704 for 35 phones ongoing costs). The total annual cost of \$25,549. This is an annual savings over traditional phone service of \$9,378. Preliminary estimates included one time cost of \$326 per phone (est. \$13,682 for 42 phones) plus \$39.37 per month per desktop phone (est. \$19,842 for 42 phones ongoing costs). The total first year estimated cost was \$33,524. The average annual cost for traditional phones, service and support was \$34,927 annually with CenturyLink.

The existing outdated phone system is owned by MEC. It will be disabled, dismantled; declared surplus and sold on GovDeals as soon as possible after the final switch over occurs. Any proceeds from the sale will be used to offset future costs.

NOTE 3: Financial Software Upgrade or Replacement

MEC Staff issued a RFP for financial software. Mountaineer Computer Systems, Inc. offering AccuFund Financial Software was selected. The data migration is currently underway. The software purchase and first year support costs come from FY 2013-2014 budget. The recurring annual maintenance fee of \$6,630 is budgeted in FY 2014-2015 as well as training costs.

NOTE 4: Vehicle Replacement Schedule

SEE ATTACHMENT (NOTE 4: VEHICLE REPLACEMENT SCHEDULE)

MEC staff developed a Vehicle Replacement Schedule based on feed back from the board of directors. Each vehicle will be used for 5 fiscal years. The vehicle will then be declared as surplus the following year provided it has reach at least 100,000 miles. All estimates are conservative. Replacement vehicles will be comparable to the vehicle being replaced unless authorized by the board of directors. Replacement vehicles are estimated to include a 15% price increase. The vehicle replacement schedule will be reviewed and included with the proposed budget in future years. There are no vehicles scheduled for replacement in FY 2014-15.