

Piedmont Triad Regional Council

Kernersville, North Carolina

A large, stylized graphic consisting of three overlapping, wavy bands. The top band is light gray, the middle band is a medium blue, and the bottom band is a lighter blue. The bands are curved and overlap each other, creating a sense of movement and depth. The text "Recommended Budget Fiscal Year 2019 – 2020" is centered over the middle blue band.

Recommended Budget Fiscal Year 2019 – 2020

1398 Carrollton Crossing Drive
Kernersville, North Carolina 27284



Budget Message:

Executive Committee Members,

It is an honor to present the Piedmont Triad Regional Council's 2019–20 budget to you for your consideration. As the lead regional organization for the twelve county Piedmont Triad, this organization continues to strive to provide valuable services to its members at a level of efficiency and effectiveness unparalleled by our peers. The success of our programming is demonstrated by the continued growth and diversification of our program of work.

Revenue Projections:

Revenue streams have remained strong for the PTRC. Turbulent times at the federal level have translated to relatively few immediate impacts to programs serving our region. The PTRC does face some uncertainty due to drastic funding and programmatic changes recommended in the President's budget. This year's budget proposal by the Executive Branch zero's out several programs like the Economic Development Administration, Appalachian Regional Commission, and Department of Energy programs that, if implemented, will be very disruptive for the PTRC. The House has completed over two-thirds of their budget mark ups and has actually included sizeable increases to these same programs. Initial Senate discussions have mirrored the house proposals. Based on this information, this budget projects revenue in the areas of housing, workforce, weatherization, Appalachian Regional Commission, and the Economic Development Administration to be largely unchanged. Other policy issues may lead to a continuing resolution or, though not likely at this time, a government shutdown of some length. PTRC is well situated to continue operation during a shutdown through the first quarter of the federal fiscal year. We will closely monitor the federal budget process, and any changes to this prognosis will trigger an immediate response.

State allocations as currently proposed are all positive for our region. If the budget remains in its current form, aging programs across the region will have increased resources to program in each county. Our housing program continues to expand across the region, competing for and receiving new grants to assist the elderly, disabled, and families with children by developing and rehabilitating affordable housing options. The second year of operation for our consolidated community development function, with housing and weatherization under one umbrella, will require continued work for full integration. The lack of a department head for much of the year, and difficulty navigating diverse regulatory requirements hampered full integration last year. Planning and Administrative Services are experiencing sizeable growth through an entrepreneurial approach and strong products. Contracted services with member governments have increased significantly as the economy and fiscal environment have improved. Our criminal justice continues to be a leader in re-entry programming and is competing for several new contracts. This program also continues to see growth in its offender program, with expansion counties both inside the region, and across the state. Workforce programs are also showing strong results and attracting outside investment to offset some reductions in state allocations. Expected awards for talent attraction and degree completion programs will further bolster our program of work in preparing the workforce of the future and aiding economic development activities across the Piedmont Triad.

There are several other new and prospective projects that may impact our operations significantly as the fiscal year progresses. The Kate B. Reynolds Charitable Trust and Blue Cross/Blue Shield Foundation have seen significant opportunity in our prolonged and extensive work in the area of social determinants of health. This is evident in the grants of more than one million dollars they have provided PTRC to work on initiatives to bolster our local food efforts and Medicaid reform initiatives.

The Piedmont Triad Food Council will begin an assessment of local food infrastructure this year. The primary focus will be developing a system to support our agricultural community, offer value added opportunities to local producers, and facilitate efforts to bring healthy locally sourced options to underserved communities. The grant is for four years and funds a position in the planning department. It also provides funding to engage a top level consultant to come into our region and engage local communities in the project.

Healthy Opportunities of the Piedmont is our initiative to engage local community based organizations in North Carolina's Medicaid restructuring. Foundation funding is allowing PTRC to prepare a response to a request for proposals from the State for agencies to coordinate pilot projects in healthcare cost abatement. The lead entity will arrange services to mitigate environmental factors that cause adverse health effects for individuals on Medicaid. Our funders are providing the opportunity to engage top national talent to help PTRC develop a business model and delivery structure to ensure success. This includes high level financial planning and design. If PTRC is successful, the pilot project will cover Forsyth, Guilford, and Rockingham Counties for a term of five years. The grant funds are also provided to continue preparation while the proposals are evaluated. If PTRC is successful in this process it will require the addition of a new department to operate this function.

The total projected revenues for the PTRC to start fiscal year 2019 – 20 are \$33,898,796. A slight increase overall from our starting figures for the current fiscal year.

Expenditure Projections:

Expenditures for the coming year will be dictated by the trends exhibited by our revenue stream. Our primary goal is to maximize the impact of the dollars we receive for our customers. People are the focal point of all we do. We serve the citizens of our region by designing and directing high level services in an efficient and effective way. Our people, the staff of the PTRC, provide dedicated and professional service across a broad range of disciplines. Personnel costs are the largest expenditure item for the PTRC outside of pass through of funds for services. The current pay and classification system for the PTRC has an eight step progression to job rate. Low unemployment rates have caused pressure on our compensation system and we have been challenged to fill open positions. As in previous years, a combination of one time and recurring merit increases are requested to maintain our current system structure. There are no cost of living increases in our system.

The PTRC Board of Directors approved a pay study which is being completed at this time. This is the first comprehensive look at our structure since the PTRC was established seven years ago. The results of this study are not complete and are not included in this budget. The final results of the study are anticipated early this fiscal year. A budget amendment may be requested based on any recommended changes from our consultant.

Facility costs are another important component of our plan. The Kernersville facility continues to provide high level space to our staff and membership. Use of our meeting rooms by federal, state, and non-profit entities to deliver training and facilitation has increased substantially. Local training and meeting opportunities cut down on travel for participants and staff from our region. It is our hope that all of our members and partners see our facility as an extension of their own capacity. Facility costs for our primary location will include our seventh payment on our debt. The total initial cost of land and building were \$4.5 million and there is a balance of \$2.2 million left on the fifteen year note.

Other items of importance to our members are outlined below:

Member Assessments:

Piedmont Triad Regional Council is a voluntary membership organization which charges dues to members. These dues are used to provide matching funds for various grants and awards as well as covering some basic board support or general expenses of the council. The rate schedule for member assessments will remain unchanged at .21 per capita with a minimum of \$550 for the 2017 – 18 fiscal year. The rate is applied to the most recent estimate of population provided by the North Carolina Demographer's Office.

Indirect Cost and Fringe Benefit Plans:

Indirect Cost

Indirect cost is the accumulated costs that jointly benefit two or more programs and costs that benefit the organization as a whole and are not easily attributable to a direct cost or to a particular program or service. Indirect cost expenditures typically include: Administrative salaries and fringe benefits associated with overall financial and organizational administration; operation and maintenance cost for facilities and equipment and payroll and procurement services. The OMB Super Circular provides a more detailed list of what costs are allowed in an indirect cost pool. The PTRC charges indirect to all salaries for staff within the Kernersville office.

Indirect Cost Rate

An Indirect Cost rate is a tool for determining the proportion of indirect costs each program should bear. The direct cost base selected should result in each award bearing a fair share of the indirect costs in reasonable relation to the benefits received from those cost. PTRC uses total direct salaries with fringe benefits as a base. The 2019 – 20 is 1.5 percentage points lower than the current year's rate.

Calculation of Indirect Costs related to Administration:

$$\text{Administrative Indirect Cost Rate} = \frac{\text{Administrative Indirect Costs}}{\text{Direct Salaries and Fringe}}$$

$$\$1,825,410 / \$4,934,083 = 37.00\%$$

Fringe Benefit Rate

The fringe benefit rate is calculate as a proportion of total salaries for all PTRC staff. The rate includes Social Security taxes, Medicare, workers compensation, unemployment, retirement, health care, and wellness programs. Increased retirement costs are the primary factor in this year's change. Health insurance costs saw a slight increase, but our self-insurance plan seems to have stabilized. A detailed listing of these costs are in your budget packet. The 2019 – 20 rate represents a 2 percentage point increase from the current rate.

Calculation of the Fringe Rate:

$$\text{Fringe Benefit Rate} = \frac{\text{Total Direct Fringe Benefits}}{\text{Total Direct Salaries}}$$

$$\$1,849,709 / \$4,065,282 = 45.50\%$$

Conclusion:

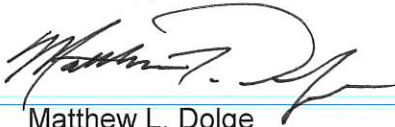
I will conclude this budget message with a general assessment of our position moving forward and a projection of issues that are on the horizon. The PTRC continues to be on a firm footing due to the astute guidance of our board.

Our facility plans have been a stabilizing force and project long term fiscal health. As our programs grow and our offerings expand PTRC will face pressure to meet our office space needs. The continued expansion of services has left us at capacity, doubling up on some office space. If some of the programmatic changes on the horizon materialize staff will bring recommendations to the board on how this pressure can be alleviated.

The expansion of the Piedmont Triad Regional Development Corporation will continue to have a positive impact on the coordination of efforts across a broad range of issues for the Triad. The revolving loan fund is engaged in projects that assist economic development efforts in downtowns, farming communities, and other development areas important to our members. Community development initiatives are helping to drive the success of our member governments and demonstrating new growth in areas like food production, downtown revitalization, and workforce/talent engagement. The commitment and innovation of our exceptional staff is making a real difference in our member communities every day.

I would like to commend the finance staff for their continued good work in producing this document and their constant attentiveness to our fiscal health. I further thank the entire PTRC staff for their daily commitment to the success of our programs and their dedication to our member governments. Finally I thank the board of directors for their continued participation, support, and stewardship of our organization.

Sincerely;

A handwritten signature in black ink, appearing to read 'Matthew L. Dolge', with a large, stylized flourish extending to the right.

Matthew L. Dolge
Executive Director

BUDGET ORDINANCE 2019 - 2020
ORIGINAL BUDGET

Be it ordained by the Piedmont Triad Regional Council (PTRC):

Section 1. The following amounts are hereby appropriated in the General Fund for the operation of PTRC and its activities for the fiscal year beginning July 1, 2019 and ending June 30, 2020 in accordance with the Chart of Accounts heretofore established for PTRC:

General / Council	\$	205,852
TOTAL GENERAL FUND APPROPRIATION	\$	205,852

Section 2. It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning July 1, 2019 and ending June 30, 2020:

Fund Balance	\$	-
COG Dues		175,852
Interest		30,000
TOTAL GENERAL FUND ESTIMATED REVENUES	\$	205,852

Section 3. The following amounts are hereby appropriated in the Special Revenue Fund - Grant Project Fund for the operation of PTRC and its activities for the fiscal year beginning July 1, 2019 and ending June 30, 2020 in accordance with the Chart of Accounts heretofore established for PTRC:

Administration	\$	332,644
Crime Control and Public Safety		1,511,694
Planning Services		1,097,708
Health and Human Services (Aging)		12,848,952
Housing Rehab Projects		1,707,101
Section 8		3,750,000
Workforce Development		5,902,429
Weatherization		2,705,453
TOTAL GRANT PROJECT APPROPRIATION	\$	29,855,981

Section 4. It is estimated that the following revenues will be available in the Special Projects Fund - Grant Project Fund for the fiscal year beginning July 1, 2019 and ending June 30, 2020:

Federal Grants		22,067,832
State Grants		7,263,066
Appropriated Fund Balance		-
Dues		456,083
Interest		-
Local Projects & Fees		69,000
TOTAL GRANT PROJECT ESTIMATED REVENUES		29,855,981

Section 5. The following amounts are hereby appropriated in the Special Revenue Fund- Local Projects Fund for the operation of PTRC and its activities for the fiscal year beginning July 1, 2019 and ending June 30, 2020 in accordance with the Chart of Accounts heretofore established for PTRC:

Administrative Services	470,514
Health and Human Services (Aging)	404,827
Crime Control and Public Safety	567,633
Planning Services	434,057
Misc. Local Projects	950,951
Workforce Development	163,731
Weatherization	845,250
TOTAL LOCAL PROJECTS APPROPRIATION	3,836,963

Section 6. It is estimated that the following revenues will be available in the Special Revenue Fund - Local Projects Fund for the fiscal year beginning July 1, 2019 and ending June 30, 2020:

APPROPRIATED FUND BALANCE	-
COG DUES and INTEREST	157,000
LOCAL PROJECT FUND FEES	3,679,963
TOTAL LOCAL PROJECT ESTIMATED REVENUES	3,836,963

TOTAL APPROPRIATIONS **33,898,796**

Section 7: The Executive Director is hereby authorized to transfer appropriations as contained herein under the following conditions:

- a. He may transfer amounts between line item expenditures within a grant without limitation and without a report being required.

PIEDMONT TRIAD REGIONAL COUNCIL
BUDGET BY AREA
7/1/19 to 6/30/20
ORIGINAL BUDGET

	Fund 001	Fund 002 & 003	Total	% of Total Budget
Administration	332,644		332,644	1.0%
Administrative Services		470,514	470,514	1.4%
Crime Control and Public Safety	1,511,694	567,633	2,079,327	6.1%
General Fund / Dues		205,852	205,852	0.6%
Health and Human Services (Aging)	12,848,952	404,827	13,253,779	39.1%
Housing Rehab Projects	1,707,101	-	1,707,101	5.0%
Misc. Local Projects		950,951	950,951	2.8%
Planning Services	1,097,708	434,057	1,531,765	4.5%
Section 8	3,750,000		3,750,000	11.1%
Workforce Development	5,902,429	163,731	6,066,160	17.9%
Weatherization	2,705,453	845,250	3,550,703	10.5%
Totals	29,855,981	4,042,815	33,898,796	
	29,855,981	4,042,815	33,898,796	
	-	-	-	-

PIEDMONT TRIAD REGIONAL COUNCIL
TOTAL BUDGET (FUNDS 001, 002 & 003)
7/1/18 to 6/30/19

EXPENDITURES

Salaries	3,327,865
Part Time Salaries - No Benefits	328,230
Fringe Benefits (43.5%)	1,514,179
Insurance & Bonds	1,350
Professional/Legal/Accounting Services	1,463,824
Consultants (sub & youth contractors)	1,932,841
Advertising	40,898
Printing & Binding	28,300
Computer Services & Licensing	205,643
Building Rent	0
Equipment Rent	25,378
Utilities	47,000
Trash Disposal/Recycling	24,000
Telephone & Internet	22,597
Postage	350
Publications & Newspapers	1,950
Dues & Memberships	9,576
Supplies	88,891
Special Materials	46,303
Capital Equipment	97,941
Repair & Maintenance	114,785
Travel/Conferences/Training (including participants)	972,794
Sub-Recipients	14,196,937
Fringe Benefits Part-Time (7.65%)	25,117
Occupancy Costs	207,710
Notes Payable & Interest exp	345,264
Indirect Cost (39.5%)	1,825,409
Participant Costs, Development and Work Experience	993,615
Program Support Allocation	364,107
Housing Asst Payments	3,200,000
Weatherization Services	2,445,941
TOTAL EXPENDITURES:	33,898,795

REVENUES

Federal	22,067,831
State	7,263,066
Appropriated Fund Balance	0
Dues and Interest	818,935
Local Project Fees and Local Grants	3,748,963
TOTAL REVENUES:	33,898,795

Difference 0

PIEDMONT TRIAD REGIONAL COUNCIL
 Calculation of Indirect Cost Rate
 Fiscal Year 2019 - 2020

Executive Director	75%	130,562	M Dolge	3/4
Assistant Executive Director	50%	55,914	M Reece	1/2
Finance Director		108,774	R Shelton	
Assistant Finance Director	10%	8,996	J Hand	1/10
Staff Accountant		50,207	Open	
Information Technology Manager		90,268	G Steeley	
Information Technology Manager		64,183	A Edwards	
Accounting Technician	50%	21,366	R Johnson	1/2
Accounting Technician		47,431	D Nance	
Accounting Technician		36,740	G Shields	
Accounting Technician - Part Time		5,200	V Stephens	
HR Engagement Specialist		48,709	V.Randria	
Executive Assistant		31,571	K Mitchell	
HR Program Assistant		29,641	T Roberson	
Receptionist		15,075	D.McGee	
Receptionist		15,075	D Pegram	
Maintenance	25%	12,309	J Quiros	1/4
Maintenance - 20 Hours		19,135	J Bowman	
Maintenance - 20 Hours		12,783	C Bristow	

FT	736,670
PT	67,268

TOTAL INDIRECT SALARIES 803,938

Fringe Benefits	(see Indirect TB)	45.50%	335,186	
Fringe Benefits Indirect Part-Time			5,146	
Bonding, Fire Insurance & Public Officials Liability Insurance			23,000	
Professional Services			16,336	
Accounting Services - Audit			36,000	Audit & OPEB
Advertising			5,000	
Computer Services, Licensing & Fees			80,000	
Equipment Rental			52,000	
Telephone			39,000	
Postage			18,000	
Dues, Subscriptions, Memberships, Misc.			18,000	
Office Supplies			83,600	
Equipment and Vehicles Maintenance and Repair			10,000	
Travel & Parking			24,105	
Occupancy Costs - Admin Offices			57,312	\$18/sq ft
Occupancy Costs - Common Areas			184,176	\$18/sq ft
Payroll, OnBoarding, Bene Trac			34,611	

TOTAL INDIRECT COST 1,825,410

Indirect Cost Rate: $\frac{\text{Total Indirect Costs } 1,825,410}{\text{Total Direct Salaries \& Fringe } 4,934,083} = 37.00\% \text{ **}$
*** questioned this number include info going forward

	Salaries	Fringe Benefits	Total
Total Direct Salaries & Fringe Benefits (Total Salaries less Indirect Salaries)	3,638,347	1,655,453	5,293,800
Minus Salaries not Subject to Indirect*	(334,154)	(25,563)	(359,717)
	<u>3,304,193</u>	<u>1,629,890</u>	<u>4,934,083</u>

Total Salaries	4,442,285
Salaries not Subject to Indirect	334,154 <small>from the salary budget worksheet</small>
	<u>4,108,131</u>

Total Salaries	4,442,285
Salaries in Indirect Cost Pool	803,938
	<u>3,638,347</u>

PIEDMONT TRIAD REGIONAL COUNCIL
Calculation of Fringe Benefits Rate
Fiscal Year 2019 - 2020

Formulas
TB + Adjustments

Total Salaries	4,442,285		a	
Salaries over SS Max	(41,182)		b	
Cafeteria Plan Deductions	(123,760)		c	
Plus Employee Compensation	9,480		d	
	4,286,823			
Social Security 6.2%	4,286,823	6.20%		265,783
Medicare 1.45%	4,328,005	1.45%		62,756
Group Health, Life, Vision and Dental Insurance			e	925,289
EAP/Wellness			f	25,441
Worker's Compensation Insurance	estimate		g	18,000
Unemployment - NC ESC	estimate		g	10,000
Accrued Vacation Leave	estimate		g	18,500
Health Reimbursement Arrangement			h	48,180
Staff Tuition Reimbursement Plan			i	5,000
Employer Contribution to Retirement Syst	4,065,282	9.08%		369,128
Employer Contribution to 401K	4,065,282	2.50%		101,632
				updated rate comes from Raleigh
Total Fringe Benefits				1,849,709
Fringe Benefits Rate:	Total Fringe Benefits	1,849,709		45.50%
	Total Salaries	4,065,282		

a	4,241,320	Regular Salaries
	123,501	Nov Incentive Pay
	77,464	Longevity
	<u>4,442,285</u>	Total Salaries v

a(1)	4,442,285	Total Salaries
	(377,003)	**Less Part-time
	<u>4,065,282</u>	Salaries Subject to 401k & Retirement

b	161,937	ED's Base Salary
	4,858	Nov Incentive Pay
	7,287	ED's Longevity
	<u>174,082</u>	
	(132,900)	2019 SS Max
	<u>41,182</u>	Salary Amount over SS Max

c Based on 4/12/19 payroll (no allowance for 4 open positions)	2,700	EE PreTax Health Ins
	1,220	FSA Withholding
	420	Dependent Care
	420	EE PreTax Dental Ins
	<u>4,760</u>	Current Pay Period Cafe Plan Deductions
	123,760	Current Cafe Plan Deductions * 26

d	8,760	Life & ADD (\$10*73) * 12 (benefit)
	720	Vehicle Fringe from PR (60) * 12
	<u>9,480</u>	Additional Employee Comp

e	885,654	Medcost 77,159*12 (15.0% increase)
		Retiree
	4,746	Vision \$5.57 * 71*12 (17-18 had a 4 year guar rate)
	34,889	Dental Ins \$40.95 * 71 * 12 (5% increase)
	-	
	<u>925,289</u>	

f	7,450	Pro Benefits monthly + annual fee
d	10,991	McLaughlin Young
	7,000	Wellness/YMCA
	<u>25,441</u>	

g Estimates based on Staff WC
 UNE
 VL = accrued

h 48,180 HRA = # employees (73) * 55 *12

i Tuition Reimbursement Plan - implemented 2018-19
 for 19-20 - \$10000

** Part-time		
Matt's Amigos	213,208	(Includes Cindy)
J Bowman	19,135	
C Bristow	12,783	
C. Cockman	12,880	
J. Cockman	16,000	
J. Edwards	9,400	
W. Leedy	21,450	
D. McGee	15,075	
D Pegram	15,075	
V. Stephens	5,200	
M. White	15,397	
Open Aging MIPPA	21,400	
	<u>377,003</u>	v

**PIEDMONT TRIAD REGIONAL COUNCIL
BUILDING OCCUPANCY COST PLAN
Fiscal Year 2019 - 2020**

Interest Expense	66,174.00
Depreciation Expense (Building & Improvements)	250,636.00
Professional Services	31,400.00
Utilities Expense	45,000.00
Supplies and Materials	11,700.00
Lawn and Grounds Care Expenses	11,100.00
Misc Building Maintenance Expenses	7,000.00
Association Dues	5,000.00
Janitorial	24,000.00
	<hr/>
TOTAL ANNUAL OCCUPANCY COSTS	452,010.00
Monthly Occupancy Costs	37,667.50
Total Square Footage of the Facility	25,000
Calculated Cost per Square Foot	18.10
18-19 Rate Charged per Square Foot	18.00