

**STATE OF NORTH CAROLINA
COUNTY OF AVERY**

The Avery County Board of Commissioners met in Regular Session on Monday, June 1, 2015 at 6:00 p.m. in the Commissioners Board Room, Avery County Administrative Complex, 175 Linville Street, Newland, NC.

Members Present:: Robert Griffith, Chairman; Maxine Laws, Vice Chair; Martha Hicks; Faye Lacey; Blake Vance

Members Absent:

Call To Order

Chairman Griffith called this meeting to order at 6:00 p.m.

Tim Greene led prayer.

Lt. Colonel Clay Houston led the audience in the Pledge of Allegiance.

Amend the Agenda

Motion by Maxine Laws and second by Martha Hicks to amend the agenda to consider a subdivision approval for The Farms at Eagles Nest. Motion unanimously approved.

Public Comment

Gerald McKinney, County Attorney, read from the Avery County Board of Commissioners Board Policy regarding the Public Comment Period; "Any person who willfully interrupts, disturbs or disrupts, including but not limited to, being verbally abusive or shouting, during a Board Meeting, including Public Comment Period, may be asked by the Chairman or other presiding Commissioner to leave the meeting. If such person refuses to leave, then such individual may be charged with a Class 2 misdemeanor."

Chairman Griffith stated that a three minute time limit would be placed on public comments.

Phyllis Forbes commented "I am here to make you aware of something good that has happened in the county. The Avery High School band just got a letter this week that confirmed that they are one of four bands to be invited to play at the Kennedy Center for Performing Arts in Washington, D.C. To have a little high school band like Avery High to have an opportunity like that is incredible. They work hard and they are awesome. I wanted to give them a little recognition for getting that honor. A lot of you will be asked to help support. I wanted to give that recognition to the Avery High Band."

Glenn Johnson stated "How many people here paid more taxes this year than last year? There is a reason for that. I find it ironic that commissioners that voted last year to raise most local people's taxes while at the same time lowering most gated communities taxes are now proposing to lower the tax rate. This lowering of the tax rate will give local people an average of \$51.00 in tax reduction and will give the gated communities and resorts an average of \$235.00. This is a double whammy in favor of the high end homes." Mr. Johnson gave some examples of property taxes of different people.

Mickey Price, resident of Avery County, stated "I am not in favor of a tax cut due to the financial and fiscal health of our community. I want to thank you for funding the Y. I would like to see the drug officer reinstated. Avery County has a huge meth problem that is very expensive besides law enforcement, it has to do with social services, doctors, hospitals and danger to the police when they go to do the drug busts. With not having someone as a dedicated drug officer I think we are sending the message that it is ok to build the meth labs in Avery County. I would hate to see us lose the officer. A fourth thing was to fund the animal shelter. We have Susie's Laws which is a state law that prohibits hurting, damaging and being cruel to animals. I don't mind paying taxes. I am privileged to live here."

Dale Slate, resident of Avery County for five years, stated "Why does the Board feel they have to cut the property taxes? My house here is double the price of my house in Alamance County. My property taxes here are less than a third of what they were in Alamance County and yet I see you cutting budgets because you don't have enough money. I just want commissioners to explain why other than political band standing do you have to cut property taxes. The average family is going to get three meals at McDonald's; that is ridiculous."

Board Appointments

Avery County Planning Board

Tim Greene, County Manager, stated that there were two vacancies on the Planning Board. There are two applications for the two positions for consideration of reappointment. These are currently people who are on the board but their terms have expired. We only received two applications.

Motion by Martha Hicks and second by Blake Vance to accept the applications for the Planning Board for Michael Lacey and Larry Smith. Motion unanimously approved.

DSS Board Appointment

Mr. Greene stated that we have three applications for one position that needs to be appointed for the Avery County Department of Social Services Board. This position was advertised in the paper. The three applicants are Martha Jaynes Hicks, Kate Gavenus, and John Millan.

Chairman Griffith read a letter from the previous County Attorney, Michaelle Poore dated 29 May 2014 as follows:

Please be advised that the NC General Statute 108A3 sets forth the methods for appointments to the Board for DSS. Avery County has a 5 member DSS board. Two members are appointed by the Avery County Board of Commissioners, two members are appointed by the Social Services Commission and the fifth member is appointed by the four members sitting on the DSS Board. There is no requirement that any of the members appointed be members of the Avery County Board of Commissioners.

Phyllis Forbes, Chairperson of the DSS Board, stated that she understood there are three very worthy nominees for that position. It is very important for us to have continuity and it is important for us when someone gets on there and begins to understand all of the laws and regulations it is so mind boggling at first it is hard to get into. One of your own, Martha Hicks, has been on the DSS Board. She has done a very good job, had very good attendance and a very good contributor to the board. She is your link to what is going on with the DSS Board. I would encourage you to keep that link in place.

Chairman Griffith explained that the Board would be voting by the ballot system. The ballot system is like playing golf. The low number wins. Your first choice out of three would get a one, second choice a two and third choice a three. The lowest number of votes wins the seat. The ballots will be signed and dated.

Martha Hicks stated that since she has filled out an application to go on this Board she would like to step aside and not vote. The Board agreed.

Recess

Chairman Griffith called for a brief recess to tally the votes.
Chairman Griffith declared the meeting back in regular session.

Chairman Griffith voted as follows: John Millan 1; Martha Hicks 2; Kate Gavenus 3
Faith Lacey voted as follows: John Millan 1; Martha Hicks 2; Kate Gavenus 3
Maxine Laws voted as follows: John Millan 1; Martha Hicks 2; Kate Gavenus 3
Blake Vance voted as follows; Martha Hicks 1; John Millan 2; Kate Gavenus 3
Martha Hicks did not vote.

John Millan tallied votes: 5
Martha Hicks tallied votes: 7
Kate Gavenus tallied votes: 12

Chairman Griffith stated that the ballots were signed and dated by each commissioner and would be on file with the Clerk for public inspection. John Millan is the new appointee to the DSS Board.

High Country Council of Government – Phil Trew

Phil Trew introduced Mickey Duvall, Executive Director of the HCCOG. Mr. Duvall stated that we have 7 counties and 19 towns which is a large area to cover. You guide us, you support us and we try to meet your needs. HCCOG is designated by both state and federal government as official agency for administration of certain funds and programs particularly the Appalachian Regional Commission, the EDA, and Area on Aging. We administer the Workforce Investment Act. We also have a development corporation that is taking a lead role in economic development. We are involved in a lot of communities that you see from water to sewer to transportation.

Phil Trew stated that the HCCOG basically works through three departments: Area Agency on Aging; Workforce Development; and Planning and Development to provide area services for local governments. Mr. Trew explained the core duties of each department.

Public Hearing FY Budget 2015/2016

Motion by Martha Hicks and second by Faye Lacey to go into a time of Public Hearing regarding the Fiscal Year Budget 2015/2016 at 6:30 p.m. Motion unanimously approved.

Article 3 of The Local Government Budget and Fiscal Control Act requires each local government to operate under an annual balanced budget adopted and administered in accordance with this article. This Article stipulates that the county manager is the budget officer in counties having a manager form of government. The budget officer prepares and submits the proposed or tentative budget to the Board of Commissions. The Board then holds budget workshops in order to make any changes to the proposed budget. After these changes, North Carolina General Statute 159-11 stipulates that a public hearing be held in order to inform the public and allow any interested citizens the opportunity to express their

opinions on the budget after the budget message is presented. The budget message represents an explanation of the budgetary decisions derived as a result of in depth dialogue between the County Manager, Finance Officer and each Department Head and any changes made during the budget workshops. The cumulative total of necessary operational and capital expenses considered in light of revenues generated by the departments, combined with State and Federal funding, determines the amount of funding which will be necessary from the citizens of Avery County.

The top priorities of the board for the upcoming budget were to reduce the tax rate for the citizens of Avery County, to reduce the fund balance of the County and to maintain the same level of services. To achieve these priorities, numerous cuts were made in each of the county departments and a \$2.3 million dollar appropriation from fund balance. In subsequent budgets, there will have to be similar fund balance appropriations unless other revenues are raised or additional cuts made. Fund balance appropriations of this magnitude cannot be made indefinitely.

The 2015/16 budget as presented is balanced based on a total property valuation of \$3.618 billion. This represents an increase of \$38.8 million or 1.1% over last year's valuation of \$3.579 billion. The general fund tax rate will decrease to 38 2/100 cents (\$0.3802) per \$100 valuation which will generate an estimated \$13.7 million dollars in revenues. At 2014/15 tax rates, there will be only six counties in North Carolina with an ad valorem tax rate lower than Avery County.

The county wide fire tax rate will remain the same at 6.7 cents (\$0.067). In the 2002/03 fiscal year, before the Fire Commission was formed, the volunteer fire departments received approximately \$700 thousand dollars. Also, the fire tax has went from 5.7% of the total tax to 15.0% of the total tax. In the 2015/16 fiscal year, the Fire Commission and volunteer fire departments will receive approximately \$2.3 million dollars.

The combination of these two rates results in an overall tax rate of 44 and 72/100 cents (\$0.4472) for the 2015/16 fiscal year. This rate is seven and 38/100 cents (\$0.0738) less than last years' overall tax rate of \$0.521.

GENERAL FUND

Expenses

The total General Fund Budget is set at \$25.5 million. This is a \$553 thousand dollar decrease from the 2014/15 fiscal year. It should be also noted that this year's budget has \$282 thousand dollars more in capital items than last year's budget.

General Government is decreasing \$334 thousand dollars. The decrease is primarily due to overall cuts in the administration, elections, finance, tax, register of deeds and buildings and grounds departments. The elimination of the human resources position and the elimination of the unfilled assistant finance officer's position are included in the above.

Public Safety is decreasing \$158 thousand dollars. The decrease is due to cuts in the sheriff, jail, inspection, emergency management and central dispatch departments. EMS had a \$14 thousand dollar increase. This was due to \$72 thousand increase in capital expenditures that were mostly offset by other reductions in the department.

Transportation is increasing \$18 thousand dollars mainly due to \$67 thousand increase in capital expenditures. This was also mostly offset by other decreases in the department. 90% of the capital expenditures are reimbursed by the State.

Environmental Protection is increasing \$151 thousand dollars mainly due to a \$157 thousand increase in capital expenditures in the solid waste department.

Economic and Physical Development is decreasing \$190 thousand dollars due to the elimination of the economic development position and department for a total of \$152 thousand dollars and \$38 thousand dollars in reductions in the agriculture department.

Funding for Human Services is decreasing \$107 thousand dollars. This is made up of a \$65 thousand dollar reduction in the Social Services department and a \$42 thousand dollar reduction the Senior Services department.

Cultural and Recreation is decreasing \$44 thousand dollars due to overall cuts in the recreation department.

Education is increasing \$179 thousand dollars from the previous year due to additional funding to the Avery County School system.

Public Safety is the largest expenditure for the County consuming 28% of the total budget. Education and the associated debt service is the next largest expenditure at 25%. Human Services is 3rd largest at 19% while all other County functions total 28%.

Revenue

Property tax revenue is projected to decrease \$2.3 million dollars or 14.2% from last fiscal year. The decrease is due to lowering the general fund tax rate seven and 38/100's cents (\$0.0738). The Board of Commissioners were committed to reducing the general fund balance and the ad valorem tax rate.

Local Option Sales Taxes are projected to increase \$120 thousand dollars.

Other Taxes and Licenses are projected to decrease \$2 thousand dollars due to lower anticipated solid waste disposal taxes.

Intergovernmental revenues are projected to increase \$264 thousand dollars due to additional federal and state reimbursements attributed to the department of social services. \$55 thousand dollars of that increase is due to increased reimbursements in the administration of the Medicaid program.

Licenses and Permits are projected to stay the same as last fiscal year.

Sales and Services are projected to increase \$19 thousand dollars primarily due to increased capital reimbursements in the Transportation department.

Investment Earnings and Other Income are projected to increase \$9 thousand dollars due to higher forecasted miscellaneous income and investment income.

In the 2015/16 fiscal year, there is a \$1.3 million dollar increase in the Fund Balance Appropriation over the prior year.

Property tax revenue will generate 54% of the County's revenue, followed by sales taxes at 17%, intergovernmental transfers at 12%, fund balance appropriation at 9% and all others at 8%.

OTHER FUNDS

Fire Tax Fund

The Fire Tax Fund budget for the 2015/16 fiscal year is \$2.3 million dollars or \$35 thousand dollars more than last fiscal year.

E911 Fund

The E911 Fund budget for fiscal year 2015/16 is \$353 thousand dollars. This is an increase of \$156 thousand dollars from the prior fiscal year. The primary reason for the increase is due to higher budgeted capital expenditures. Money has been budgeted for a backup E911 center. Restrictions on the use of 911 revenues have been relaxed, allowing the County more flexibility in the use of these monies.

Revaluation Fund

The Revaluation Fund budget is \$107 thousand dollars for the fiscal year 2015/16. Avery County budgets annually for the mandatory revaluation. It should be noted that the County performs an in-house revaluation using existing staff as opposed to contracting this service out.

CAPITAL PROJECTS

Over the past several years, Avery County has developed and adhered to a strict financial plan designed to promote a "pay-as-you-go" capital philosophy. As a result of this strategy, the county has funded the Courthouse renovation, the Jail renovation and addition, the Landfill expansion project and the new Banner Elk Elementary School. The County was able to fund these projects in cash with the exception of the new school which was funded in part with a loan.

The Courthouse renovation project should be completely finished by the end of this fiscal year. It included the renovation and expansion of the Clerk of Court's area on the main level and the original Courtroom and adjacent areas on the second level.

Future capital projects are expected to be the development of recreation land that was secured by a state grant and renovation/repairs to the Avery County High School.

OVERVIEW

The attached 2015/16 FY Budget Ordinance for Avery County contains the detailed breakdown of anticipated revenues and expenses for the year to end June 30, 2016. This Ordinance is presented for adoption this 1st day of June 2015.

Chairman Griffith stated since no motions can be made during public hearing, the Board will speak after we go out of public hearing. Chairman Griffith said "Mr. Greene presented to me today that in 2006/2007 the fund balance was used to balance the budget; 2007/2008; 2008/2009; 2011/2012; 2013/2014; 2014/2015 year. Last year after all the bills were paid we used \$1,042,000 out of the fund balance to balance the budget and there was more than that came back into the county. Over taxation or over budgeting I don't know but we certainly came in with more money at the end of the year than we spent. The same thing happened the year before. This year right now to date the last revenue report we had we were \$2,000,000 under budget. This county is not going to use \$2,000,000 in one month. There is going to be a large amount of money dumped back into the fund balance. What we have proposed is a decrease in the tax rate that we feel was over taxation with all of this money being dumped in at the end of the year and leaving it in the citizen's pockets. We had roughly a 12 million dollar fund balance. The state says you shall have an 8% fund balance. We are going to have a healthy fund balance. A 12 million dollar fund balance is right at 40% of last year's budget. We have made some cuts that are sensible cuts."

Glenn Johnson stated "Why did local people see an increase in their taxes and most gated communities see a decrease. We lost almost 1 billion dollars in total value of property in Avery County due to the revaluation. Therefore, when the board voted 3 to 2 with Ms. Forbes and I voting against going to revenue neutral and raising your taxes that is what happened." Mr. Johnson read from some of the minutes from the budget workshop last year. He said that he contended that all of this is mainly political rhetoric. Instead of political fodder, give us political meat.

Jason Warriner, Ingalls citizen, stated "we are fortunate to live in one of the houses that will benefit from the tax decrease. We don't want it. We don't need it. It is bad. Our neighbors will get so little with this that to waste money giving it back to people when 57% or more of the tax cut goes to people like me. We don't want it. We didn't buy here because of low taxes. It is wonderful. We are one of the six lowest counties with the tax rate. I would rather brag about we are the safest counties. That is what is going to bring people here to live not what you are doing here today and to pull the flim flam of taking that much sure we hit the fund balance a lot of times but not this much. To take it without letting the people know that they will be paying for this in the future, that is irresponsible. We don't need this tax cut. We need to focus on infrastructure. The school is going to take a huge amount of funding down the road. We are doing nothing about broadband. Do you know how far we have fallen behind Yancey and Mitchell because of inaction by this commission?"

Rebecca Warriner, Ingalls citizen, stated "I had something else to say tonight but something that was said tonight gave me pause. You said well it is only for a year and if you don't like it you can fix it. I think those who pay on average six dollars less a month are the ones that count on county services year around. The summer people regardless of how few county services they use are pleased to have a residence in Avery County. The people I guarantee think they have a bargain compared to where they live in Florida with the property taxes. I don't think the few hundred or thousand dollars that would be saved would have nearly as much impact as the overall continued wellbeing of Avery County. One other thing I have heard tonight is the surplus that we have. If that is the case why do we have sheriff's cars with 120,000 miles on them and why don't we have better schools. If we have such surplus that we can cut taxes why are we not seeing services improve."

Sheriff Kevin Frye stated "I want to congratulate this board. You did exactly what you said you would do. You came into this saying that you wanted to cut taxes and you did that. Two out of three goals that you set you met. The third goal about keeping services the same fell through. You can't say you are keeping services the same when we are having to close the rock gym. You can't say we are keeping services the same when we defund the animal shelter. I have six cars this year with over 100,000 miles. You are saying here that you have so much money that you are going to have millions left and I can't get the cars and can't keep the drug officer. About 75% of what he does is through the county and the other 25% the town yet we only pay 30% of what it costs."

Phyllis Forbes stated "I was commissioner for 18 years and we consistently funded the animal shelter \$50,000 and we never cut services as drastically. We consistently funded the sheriff's office. As far as having the excess in savings that was for capital projects. The state may mandate that you have 8% of your budget but they recommend 20% of your budget in the fund balance. I spent two years on a

committee working on planning a new high school for Avery County because Avery High School will be 50 years old. As far as having money at the end of the year left over, that is how we saved money. It would go into the capital fund and that is how we saved money to do things.”

Rachel Deal stated “I hope you have reconsidered the animal shelter. We certainly need a little extra money to help what we have been doing for many, many years and trying to help keep the animals safe.”

Nancy Morrison stated “We have had a change in leadership and are reorganizing and we are very confident the money is in good hands. I would be glad to donate my tax reduction to the humane society.”

Citizen from Sugar Mountain stated “I am also opposed to any tax cut. It is not going to make a big deal to my pocket and I don’t think it is going to make a big deal to anyone. Having these budget cuts in the budget is detrimental. I lived on Long Island and paid taxes for 27 or 28 years and they never went down. I hope you are reconsidering the cuts that I have heard. I would also donate any tax cuts to the humane society myself.”

Sarah Manning stated “I am a member of the ABC board. We pay every year \$6500 in taxes to Avery County designated by the state for education and alcohol rehabilitation. It would be more transparent if that was used for the introduction of the drug task position. “

Dedy Traver stated “I am from Sugar Mountain. I have lived here since 1972. I do pay taxes and live here so I think my voice should count. When I became a member of the Village Council of Sugar Mountain we were sent to a school for newly elected officials and that was in 1986 and the thing I remember the most is you can keep your taxes the same but don’t ever try to cut it will not work because you will eventually have to raise the taxes. A few weeks ago in the paper there was an article about the 31 drug arrests and I was very surprised when I learned that you were going to cut the drug officer and I feel like that is saying to people that we are soft on crime. I would beg you and I am not opposed to getting down on my knees and begging for the drug officer.”

Field Russell stated “At the last budget hearing, Chairman Griffith you ended the meeting by asking those associated with our armed forces to stand and you made the point that the sacrifice made by those who protect us is why we have the right and opportunity to speak freely. I don’t think anyone would argue with that. Part of what makes our country great is not simply free speech but the expectation of wise and transparent government not merely the right to speak but the expectation that citizens will be heard and communicated with. I am disappointed that not only did this board of commissioners state that no answers would be provided to the questions of the citizens at the last hearing but there has been no communications since then until tonight. Tell us the reasoning behind your budget decisions. Why do you cut some areas and not others? Why do you view certain services more valuable than others? How are we to understand your leadership? Cutting taxes while utilizing a substantial part of the fund balance seems to be short sided. Decreasing funding for law enforcement seems to be counterproductive not only to crime prevention but also to the budget bottom line as certain programs are shared or they bring in state funds. If this is not the case, explain to us what you know that the rest of us does not know. You are our elected leaders. Give us the government our ancestors fought and worked so hard for. Give us transparency so that we can understand your leadership.”

Dale Slate stated “I have listened to most of the people and I am getting a strong consensus that what is here feels it is not appropriate to cut taxes and services. I would much rather see this go back into services.”

Stan Braswell stated “I am a retired Parks and Rec Director. You have a hard job. My passion is recreation and development. The county has had the property since 2008. I don’t agree with cutting services. One thing that hasn’t been mentioned is a pay raise for county employees. With the surplus money you have, it looks like you would give a little raise this year.”

Chairman Griffith said with no further public comments the Chairman entertains a motion. Blake Vance stated “point of order”; there should be some discussion among the commissioners. Chairman Griffith said as soon as the Board goes out of the public hearing the commissioners would get their chance to speak. Chairman Griffith asked if there was a second to Mr. Vance’s motion. There was no second so the motion died for lack of a second.

Motion by Martha Hicks and second by Maxine Laws to go out of the Public Hearing at 7:25 p.m. Motion unanimously approved.

Blake Vance stated “I think it is pretty evident where the public sentiment lies on this tax cut. Every single citizen had a chance to come and speak and every single citizen that took time out to come says this is a bad idea. This budget is bad for Avery County. We are funding recurring expenses that come every year with nonrecurring revenue. What comes after that is a tax increase. The fact of the matter is in four or five years there will be five more people sitting here having to raise the taxes, it is not their fault

it is the fault of whoever votes for this budget tonight. Looking back last year there was a tax rate increase of 11.6 cents in the budget. Mr. Griffith you voted to raise people's taxes last year. I pulled some numbers to look and see how this affects you and me versus how this affects the gated communities. I pulled Wayne Hiezengas house at Diamond Creek. In 2013, he paid \$12,686.83. In 2014, he paid \$11,712.08. That saved him \$944.45. The value of his home is 2.248 million dollars. Under this plan another \$1,659.02 comes out of the Avery County coffers. His taxes are down by 20.25%. In 2013, Blake Vance's taxes were \$495.33. In 2014, they were \$615.32 an increase of exactly \$120.00. The value of my home is approximately \$118,000. Under this plan I save \$87.04. My taxes have gone up 6.6%. Who does this tax cut help? When we closed the rock gym on Sunday services were cut, when we handcuffed the sheriff and his ability to participate in the misdemeanor program services were cut, when we cut the municipal drug task position services were cut. This budget is bad for Avery County, you will see it in years to come. What is the plan next year? This is not a conservative plan, this is just like Barack Obama and the liberal democrats, it is a temporary tax cut, it is not sustainable. I encourage everyone to vote no."

Maxine Laws stated "Blake and I will have a discussion after this and I will vote when the time comes."

Martha Hicks stated "In our budget meeting I definitely stated that I would like for this comment to be put in the paper and it never got put in so I am going to read it to you. This is in the minutes from the last budget meeting. It says I have been a commissioner for past seven years, I have went to every meeting that they have had in Raleigh that we can go to and I have heard what they said and when I heard it I tried to absorb it and tried to keep it in my head because they give you good advice. One thing they have stressed and I am all for if we can afford to lower the tax rate but their advice is once you set the tax rate you better not lower it. You can lower it this year and have to raise it back next year. You can cut things but do the people that pay the taxes want you to cut the services. We have an extension office that needs some work done on it. It is going to take money to do the work. If we take all of our capital funds and put in the general fund then what are we accomplishing. I know we have had steps ahead in what needed to be done. Right now we don't have any steps. I do not know any counties that do not have a capital fund project. Somewhere along the way this grant we got for recreation and bought we are going to have to pay it back \$375,000 or get started on the project. We were only allowed five years. You have to think ahead or you will be hit all at one time. We gave \$12,000 for drug court and then we turned around and cut out the drug task force position; that does not make sense. If you are going to fund one you have to fund the other. I have talked with Mr. Frye and we do have a 62 bed capacity jail. The first 180 days, your tax money keeps them in the jail and then after that the state pays \$40.00. We have to pay for meals, supplies, etc. They have set up a work program for the inmates to take time off the sentence. We don't have that in Avery County. When they find out we don't have a work program they are going to say I want to go somewhere to work my time off. Eventually the money he is bringing in to this county off of inmates is going to fall down because we don't have the programs. I have tried hard to serve this county. When I ran as a commissioner, I didn't have anything to do with the politics, I am a servant to this county. This is not a good idea to pass this budget, I am against it. I am going to tell the veterans before the other board went out I asked that we earmark \$300,000 out of the courthouse money to do a veteran's memorial park. We had already started on the planning and I think it was a good idea. I am not saying that this board is against it but Mr. Griffith did say that anything that the other board passed is dead now. "

Faye Lacey stated "I would like to thank everyone here for coming out. Please feel free to come and express your opinion at any time. Thank you again for your concern and thoughts."

Chairman Griffith asked Rick Owen, Town Manager of Banner Elk, to confirm that the document he had was pages from the audit for the Town of Banner Elk from last year. Mr. Owen confirmed it was. The first thing we are going to address is what is referred to as the drug officer. I have in front of me of which Mr. Owen has confirmed that this is two pages of Banner Elk's audit for 2014. The revenues of the Town of Banner Elk, ABC revenue for law enforcement final budget \$87,000; 2014 actual \$86,824. That is page 1 of 4 on the revenues. It is from funds from the county and funds from the Town of Beech Mountain, other local grants and matching contributions \$50,000. Page 3 of 4 Drug task force salaries and employee benefits final budget \$60,157, actual is \$57,094; keep in mind ABC for law enforcement is \$86,824. Subtract \$57,094 from \$86,824 and there is still a hefty balance. The agent, Mr. Vance is municipal drug task force/ABC officer. There is some of your explanation that you talked about. If the county did not fund this town officer, the money is still there. I am going by the audit. Ms. Martha spoke on one point concerning the veteran's memorial. It will be an agenda item. We had a budget workshop and had the veterans sitting here and we explained to them that we were getting on it immediately. The veteran's memorial will be an agenda item in July. We are talking about the other projects; the rec center we inherited it. It has been on the table since 2008. We are going to do something about it. It has been on the table since 2008 and we have not been here since 2008. We are going to have a workshop in the very near future concerning capital items. Keep in mind 1.3 million dollars of this money that we are using to go on school debt."

Rick Owen stated "I wished that you had called me to ask me about those numbers before you put me on the spot. That is a page from the audit but the two numbers that you are comparing does not correlate to

each other as far as the expenses and revenue. The number from the ABC revenue does not directly relate to the drug task force so the dollars you are seeing there in the revenues do not directly relate to revenues just for the drug task force, it relates to other dollars that the town receives related to the ABC store. We are part owner of the store and that is where some of that revenue comes from and there is no obligation to the Town of Banner Elk to use this ABC store revenue to fund the drug task force. We receive funds into the general fund which then goes into a department of the drug task force. You can select any number out of that budget that you like and claim that we can pay for the drug task force and certainly if the taxpayers of Banner Elk decided to do that they could but those two numbers do not directly correlate with each other. So the indication that we have excess in that fund, we have excess in several funds, does not relate back to the drug task force specifically. “

Martha Hicks said “Next year when we start into the budget by cutting the taxes we are going to start out at 2.3 million dollars in the red. I wanted you all to know that.”

Chairman Griffith said “There is a chance of that but as we have explained just wait after July and see if there is not a hefty dollar amount that replenishes this.” Ms. Hicks said “Like you said every year we have taken out of fund balance in the last four or five years to help us balance the budget and we was not hit in Avery County like other counties were. It is really hard to do your job and feel like you are serving your county.”

Blake Vance said “I would like to publicly thank Tim Greene and Nancy Johnson for making up the 1.04 million dollars that was appropriated from fund balance last year and there was 0 fund balance appropriation this year when the budget was presented to us. That is good management. ”

Martha Hicks said “I would like to tell Mr. Greene and Nancy that I appreciate them. This is what Mr. Griffith said not what I said, he said he went into Tim’s office and laid down a nickel and five pennies and told him to get the tax cut that much. Tim and Nancy worked on it. We have talked about cutting the fat and we have cut the fat for five years. We cut 3% across the board one year. We did a study for our employees and we did set up a thing to give raises by the MAPPS study. It is really hard because next year the nonprofits are where it is going to hit. You saw some of it hit this year. I don’t care if my taxes go up if I get the services out of it. We need to give our county the service. In a few minutes I am going to make a motion to give the Avery County Humane Society \$20,000 out of the fund balance. Some of the commissioners want the \$20,000 earmarked to go to rabies, neutering and spaying.

Motion by Martha Hicks to give the Avery County Humane Society \$20,000.

Tim Greene asked if the Board is saying to add \$17,000 to the proposed budget. We would increase the fund balance appropriation by \$17,000.

Gerald McKinney, County Attorney, stated that there needed to be a motion and a second to adopt the Budget Ordinance and then this to be an amendment to the budget.

Motion by Maxine Laws and second by Faye Lacey to adopt the Budget Ordinance for the 2015/2016 budget year.

Motion by Martha Hicks and second by Maxine Laws to amend the budget in the amount of \$17,000 for the Avery County Humane Society out of fund balance.

Blake Vance questioned if that was an earmark. Chairman Griffith said that was with an earmark for rabies and neutering and Commissioner Hicks agreed. Blake Vance said he thought it is unfair to take Dr. Brent Jewell’s sales tax he collected and Linville Hospital and any other vet to take their revenue and fund someone that is doing the same services that they are offering for a much cheaper price.

**Vote on the amendment to the budget: Motion passes 4 to 1.
Chairman Griffith, Maxine Laws, Martha Hicks, Faye Lacey----For
Blake Vance-----Against**

Motion by Blake Vance to amend the budget and restore funding for the drug task force officer in the amount of \$20,000. Seconded by Martha Hicks.

**Vote on the amendment to the budget: Motion fails 3 to 2.
Chairman Griffith, Maxine Laws, Faye Lacey--Against
Martha Hicks, Blake Vance—For**

Motion by Blake Vance to amend the budget to increase the Sheriff’s budget by an additional \$97,502 to continue the statewide misdemeanant confinement program.

Motion died for lack of a second.

Maxine Laws stated "It has been said two or three times that I ran on cutting taxes. I don't think if you heard anything I ever said that I said I was going to cut taxes. When I was running I said I would not make promises and that I would work hard and be honest for the citizens of Avery County. That was the only promises I made. I do want to clarify that. I never said I would cut taxes when I was running."

Blake Vance said he would like for it to be public record that he is a diehard conservative. Sometimes and I know it is a difficult position for a conservative to say that you are against cutting taxes but when it is not sustainable it is more conservative to say no.

Vote on the original motion to adopt the Budget Ordinance for 2015/2016 as written with the one amendment.

**Chairman Griffith, Maxine Laws, Faye Lacey -----For
Blake Vance and Martha Hicks---Against**

Motion passes 3 to 2.

Recess

Chairman Griffith called for a brief recess.

Chairman Griffith declared the meeting to be back in Regular session after a brief recess.

Cannon Memorial Hospital – Carmen Lacey

Carmen Lacey, CEO of Cannon Memorial Hospital, spoke to the Board regarding the services that Cannon Memorial Hospital provides to the citizens of Avery County. Cannon Memorial Hospital provides an emergency department, critical care unit, medical surgical unit, laboratory services, radiology services, respiratory therapy, surgical department, rehabilitation, cardiopulmonary rehabilitation, behavioral health. The emergency department averages about 28 patients per day and just over 10,000 visits a year. The medical director for Cannon Memorial Hospital is Dr. Michelle Curry. The Behavioral Health unit has 10 inpatient beds. There are three psychiatrists and one psychiatric nurse practitioner on staff. CMH began an inpatient physician program in November 2014. The same physicians who cover Watauga Medical Center provide coverage to Cannon Memorial Hospital. The obstetrical services will be discontinued at CMH effective October 1, 2015. There are absolutely no plans to close Cannon Memorial Hospital. CMH is currently exploring hospice beds, expansion of the Emergency Department, outpatient orthopaedic surgery, and ambulatory surgical center.

Register of Deeds – Renee Dellinger

Renee Dellinger, Register of Deeds, gave a presentation regarding the Avery County Register of Deeds. Ms. Dellinger explained the duties of the office: 1) Vital Records which includes issuing marriage license, certify death, birth and marriages, etc. 2) Real Estate which includes recording, scanning and indexing all documents that pertain to real estate, certifying plats. 3) E-filing which is where the document is sent electronically for recording. 4) Military Discharges . 5) Other duties. The staff includes Erin Grindstaff, Assistant and Cheryl Garland, Deputy. The number of documents recorded in 2014 was 10,191. The revenue that was received in 2014 was \$400,482.32.

Tax Administrator Report – Phillip Barrier

The total tax collections for the month of May 2015 was \$95,780.42.

Motion by Blake Vance and second by Maxine Laws to approve the Tax Collections for the month of May 2015 as presented. Motion unanimously approved.

Regular Releases

The Regular Releases for the month of May 2015 was \$3,437.37.

Motion by Martha Hicks and second by Blake Vance to approve the Regular Releases for the month of May 2015 as presented. Motion unanimously approved.

County Manager Updates – Tim Greene

Bathroom Renovation at the Courthouse

Mr. Greene reported that three contractors had been contacted to get an estimate of the project.

Painting at the Courthouse

Mr. Greene reported that Commissioner Hicks, Joe Trivette and the County Manager all felt like the painting needed to be done.

Consensus of the board to have the painting done after the County Attorney has looked over the contract to see if that would be included in the contract.

Finance Officer Report – Nancy Johnson

The Finance Department has need of assistance with accounts payable and payroll when current employees are out on vacation or out sick. Request that the Board designate Dawn Carpenter as a deputy finance officer to assist with accounts payable and payroll duties.

Motion by Martha Hicks and second by Maxine Laws to designate Dawn Carpenter as a deputy finance officer. Motion unanimously approved.

Budget Amendment

The Avery County Senior Services has received more revenue than budgeted and would like to recognize the revenue.

Motion by Martha Hicks and second by Maxine Laws to adopt the budget amendment regarding the Avery County Senior Services with a debit of \$9,928.00 to Supplies-Food (105960.4700) and a credit of \$9,928.00 to Senior Services Revenue (103670.0000). Motion unanimously approved

Budget Amendment

Avery County will collect fire taxes in excess of budgeted figures. A budget amendment is required in order to pass through the additional tax collections.

Motion by Maxine Laws and second by Blake Vance to approve the budget amendment regarding the fire tax collection with a debit of \$500.00 to Fire Tax Refunds (206600.0000), debit of \$500.00 to DMV VPT expenses (206600.4000), debit of \$124,000.00 to Fire Commission (206600.4012) and a credit of \$125,000.00 to Tax Collections – Fire (203100.0000). Motion unanimously approved.

Budget Amendment

The County needs to appropriate additional funding for running a camera in drain lines, jetting lines and running a camera in lines again at the Avery County High School.

Motion by Blake Vance and second by Maxine Laws to approve the budget amendment regarding the sewer system at the Avery County High School with a debit of \$25,000 to Avery County Schools Capital Outlay (107000.6115) and a credit of \$25,000 to Fund Balance (103990.0000). Motion unanimously approved.

County Attorney Report – Gerald McKinney

Gerald McKinney, County Attorney, stated that at the last meeting he had sent a memorandum to the Board explaining what was trying to be done with the Lees McRae College lease of the old daycare. Lees McRae has a grant from Home Depot and in order to make improvements they need extension of the lease. There are photographs provided in the packet and the improvements come to \$66,697.43. In order to do this under North Carolina laws, Avery County would need to extend the lease by 210 months. If you look back at the prior exchange, Avery County had the old daycare and Lees McRae owned the property where the EMS station in Banner Elk is. We exchanged and the way we came up with that is we took the value of the property and divided that by the number of months which comes to \$316.67. This amount divided into \$66,697.43 comes up to the 210 months. We had to do a public notice regarding this and that has already been taken care of. A draft of the resolution has been presented to you in the packet.

Whereas, the County owns an approximately 0.50 acre tract or parcel of land in the Town of Banner Elk at 7974 Hickory Nut Gap Road, bearing Tax Parcel I.D. No. 1858-0627-5737; and

Whereas, Lees McRae College, Inc. is the tenant in and to said tract under a Lease Agreement dated 28 October 2014 for a term of nine years, 11 months and twenty days; and

Whereas, Lees McRae College, Inc. acquires its lease by virtue of an exchange with the County of real property it owned having a tax value of \$38,000.00, creating a monthly rental value of \$316.67 per month under said Lease; and

Whereas, Lees McRae College, Inc. has proposed to make improvements to the structure situated on the tract, incorporating material therein having a retail value of \$66,697.43 in exchange for an extension of the Lease for an additional 210 months; and

Whereas, pursuant to N.C.G.S. 160A-271, the Board of Commissioners of Avery County voted at its May 18, 2015 Regular Meeting to state its intention to authorize said exchange following a public hearing at its June 1, 2015 Regular Meeting and to give public notice thereof; and

Whereas, at least 10 days public notice of the said public hearing was given in the news media as by law provided; and

Whereas, a public hearing as to the proposed exchange as held on June 1, 2015 at the Regular Meeting of the Board of Commissioners; and

Whereas, following the public hearing, the Board of Commissioners voted to approve the proposed exchange.

Therefore, it is Resolved that the term of the Lease from the County to Lees McRae College, Inc. dated 28 October 2014 be, and the same hereby is, extended for an additional 210 months in exchange for incorporation into the structure located thereon of building materials supplied by Lees McRae College, Inc. having a rental value of \$66,697.43.

Adopted at a Regular meeting of the Board of Commissioners on June 1, 2015.

Mr. McKinney directed the Board to some corrections that needed to be made in the resolution. The Resolution stated that a public hearing was held. A public hearing did not have to be held with this exchange only a public notice given. The County Attorney will correct the resolution and send to the clerk for the Chairman to sign.

Motion by Martha Hicks and second by Blake Vance to adopt the Resolution regarding the Lees McRae Lease extension with the corrections that is to be made by the County Attorney. Motion unanimously approved.

Mr. McKinney advised the Board that both cases regarding the Kimberly Chapman case had been resolved.

Approval Of Minutes

Motion by Martha Hicks and second by Blake Vance to approve the April 22, 2015 Budget Workshop Minutes. Motion unanimously approved.

Agenda Consent Items

Adopted by Consensus of the Board

Recess

Chairman Griffith announced that this meeting would be in recess until Thursday, June 4, 2015 at 6:00 p.m. in the Commissioners Board Room regarding consideration of a Subdivision Approval for The Farms at Eagles Nest. This meeting was recessed at 9:31 p.m.

**Robert Griffith, Chairman
Avery County Board of Commissioners**

ATTEST: _____
Cindy Turbyfill, Clerk