

**STATE OF NORTH CAROLINA  
COUNTY OF AVERY**

The Avery County Board of Commissioners met in Regular Session on Monday, June 16, 2014 at 3:30 p.m. in the Commissioners Board Room, Avery County Administrative Complex, 175 Linville Street, Newland, NC.

Members Present: Kenny Poteat, Chairman; Glenn Johnson, Vice-Chair; Phyllis Forbes; Martha Hicks

Members Absent: Reo Griffith (vacation)

**Call To Order**

Chairman Poteat called the meeting to order at 3:30 p.m.

Chairman Poteat stated that if anyone would like to speak to an agenda item they must sign up on the sheet with the clerk otherwise there would be a time of public hearing.

Chairman Poteat led prayer.

**Public Comments**

There were no public comments. Chairman Poteat stated that Mr. Griffith was on vacation this week.

Chairman Poteat announced that Rick Herndon, Director of High Country Council of Governments, will be retiring after 30 years of service and the retirement reception is tonight at 6:00 p.m.

**County Manager Updates – Robert Wiseman**

**Courthouse Renovation**

Robert Wiseman, County Manager, stated that we are three weeks to a month behind the original date. We are still in line with finishing by late September.

**Communications**

Last week a gentleman named David Dodd with the Emergency 911 Board came to our Central Communication Office. The reason he was there is that Avery County has the fastest response time in the State of North Carolina with 911 communications. 99.66% of the time the emergency communications are transmitted in 10 seconds or less.

Chairman Poteat asked the county manager to compose a resolution and present to Jamie Johnson at the next meeting.

**DOT Issue**

We have discussed the DOT issue regarding Mr. Barry Sheppard and with the boards consensus I am writing a letter to the division in Wilkesboro. The feedback I have gotten is that where the problem originates is not on DOT right of way so the DOT cannot fix this. This is a safety hazard during the wintertime months.

**Finance Office Report – Tim Greene**

**Budget Amendment**

Mr. Greene stated that this was the last regularly scheduled meeting for the fiscal year. We will collect fire taxes in excess of what we had budgeted so we need a budget amendment recognizing the additional fire taxes that we had collected. We will do this for \$80,000 but that does not mean \$80,000 will come in. Every dollar of the fire tax collected goes to the fire departments and the fire commission. There will be \$1000 we will debit to fire tax refunds, \$5000 to the DMV/VPT expenses.

**Motion by Phyllis Forbes and second by Glenn Johnson to approve the Budget Amendment in the amount of \$80,000 with a debit of \$1,000 to Fire Tax Refunds (206600.0000); debit of \$5,000 to DMV VPT Expenses (206600.4000) and a debit of \$74,000 to Fire Commission (206600.4012) and a credit of \$80,000 to Tax Collections-Fire (203100.0000). Motion unanimously approved with those in attendance (4-0).**

**Budget Amendment**

Legal fees need to be increased due to engaging an outside legal firm to represent the County for the tax appeal at the Property Tax Commission and for additional legal fees incurred by the County. A small amount of that was with the New River Mental Health issue but most was related to the Grandfather Mountain Appeal.

**Motion by Martha Hicks and second by Phyllis Forbes to approve the Budget Amendment for \$90,000 with a debit of \$90,000 to Professional-Legal Fees (104100.0300) and a Credit of \$90,000 to Fund Balance Appropriation (103990.0000). Motion unanimously approved with those in attendance (4-0).**

### **Budget Amendment**

Request that the Board adopt a Budget Amendment recognizing additional consumer contributions from congregate nutrition.

**Motion by Glenn Johnson and second by Martha Hicks to approve the Budget Amendment for \$16,500.00 with a Debit of \$16,500.00 to Supplies-Food (105960.4700) and a credit of \$16,500.00 to Senior Services (103670.0000). Motion unanimously approved with those in attendance (4-0).**

### **Budget Amendment**

The Sheriff's Department will exceed its budgeted salary line item. It is not going to be \$7500.00 but I am going to bump it up a little to make sure the last payroll will come in under that.

**Motion by Phyllis Forbes and second by Glenn Johnson to approve a Budget Amendment in the amount of \$7500.00 with a debit of \$7500.00 to Salary-Detectives (105100.0230) and a credit of \$7,500.00 to Fund Balance Appropriation (103990.0000). Motion unanimously approved with those in attendance (4-0).**

### **County Attorney Report – Michaelle Poore**

#### **Fire Department Contracts**

Michaelle Poore, County Attorney, advised that there had been a meeting with the fire commission and the fire association and that included in the packet are the contracts that everyone is happy with. The Ladder Company's contract has a little different terms along with Seven Devils and Beech Mountain. There are a couple of contracts with a little bit different terms. We will need approval of all these contracts if this Board sees fit.

**Motion by Martha Hicks and second by Glenn Johnson to approve the fire department contracts as presented. Motion unanimously approved with those in attendance (4-0).**

### **Recess**

**Chairman Poteat called for a brief recess**

**Chairman Poteat declared the meeting to be back in session after a brief recess.**

### **Public Hearing Regarding the Fiscal Year Budget for 2014/2015**

**Motion by Martha Hicks and second by Phyllis Forbes to go out of Regular Session and into a time of Public Hearing regarding the FY Budget 2014/2015 at 4:00 p.m. Motion unanimous with those in attendance (4-0).**

Robert Wiseman, County Manager, read the Avery County Budget Message for Fiscal Year 2014/2015:

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. 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 general reappraisal of real property for Avery County currently occurs once every four years. State law requires that units of local government, including public authorities, publish a revenue-neutral tax rate in the budget documents immediately following the completion of the general reappraisal of real property. The purpose of the revenue-neutral tax rate is to provide citizens with comparative information.

The revenue-neutral tax rate, as defined by G.S.159-11(e), is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue for the current fiscal year if no reappraisal had occurred. The rate is then adjusted by a growth factor equal to the average annual percentage increase in the tax base due to improvements since the last general reappraisal.

Avery County's overall tax rate is a combination of the general fund tax rate and the fire fund tax rate. A revenue-neutral rate is computed for each of these tax rates.

The 2014 reappraisal decreased the tax base \$1.0 billion or 21.9 percent from \$4.6 billion to \$3.6 billion. In general, more expensive properties lost more value than did more modest properties. This had the effect of shifting the tax burden from more expensive properties to less expensive properties.

The revenue-neutral tax rate for the General Fund tax rate was computed to be \$0.457 (forty-five and seven-tenths of a cent) or \$0.102 (ten and two-tenths of a cent) above the 2013-14 tax rate of \$0.355 (thirty-five and five-tenths of a cent). The General Fund tax rate for the 2014-15 fiscal year is being raised

\$0.099 (nine and nine-tenths of a cent) to \$0.454 (forty-five and four-tenths of a cent). It should be noted that this is \$0.003 cents (three-tenths of a cent) below the revenue-neutral rate.

Since the last revaluation in January 2010, Avery County's property base has remained static. This is attributed to very little new construction in the housing industry.

The revenue-neutral tax rate for the Fire Tax Fund tax rate was computed to be \$0.064 (six and four-tenths of a cent) or \$0.014 (one and four-tenths of one cent) above the 2013-14 tax rate of \$0.05 (five cents). The fire fund tax rate for the 2014-15 fiscal year is set at \$0.067 (six and seven-tenths of a cent) or \$0.003 cents (three-tenths of a cent) above the revenue-neutral rate and \$0.017 (one and seven-tenths of a cent) above last year's rate.

Combining these two tax rates results in an overall tax rate of \$0.521 for the 2014-15 fiscal year. This is \$0.116 cents above the overall tax rate of \$0.405 cents for the 2013-14 fiscal year. This amount is the same as the overall revenue-neutral tax rate of \$0.521 resulting in no effective tax increase for the upcoming fiscal year. As of the 2013-14 fiscal year, there are 25 counties in North Carolina with a tax rate lower than Avery County and 74 with a higher tax rate than Avery County.

Over the last five years, the fire tax has went from 10.8% of the total tax to 12.9% of the total tax. It should be noted, that since the formation of the fire commission in 2003, the fire tax has went from 5.7% of the total tax to 12.9% of the total tax.

Current economic conditions continue to make balancing the County's budget extremely difficult. Overall expenses are projected to slightly decrease \$105 thousand or 0.4% from 2013/14's budget. In order to balance the budget, it was necessary to appropriate \$1.04 million from fund balance in order to balance the budget without effectively raising taxes.

For the most part, outside agencies and non-profit allocations remained at their previous level.

## **GENERAL FUND**

### *Expenses*

The total General Fund Budget is set at \$26.0 million. This is a \$105 thousand dollar decrease from the 2013/14 fiscal year.

General Government is increasing \$108 thousand dollars. The increase is primarily due to projected increases in excise taxes in the register of deed's department, the restoration of the assistant finance officer's position and increased insurance costs.

Public Safety is increasing \$143 thousand dollars. The increase is primarily due to the addition of a new school resource officer and increased insurance costs in the sheriff's department and jail.

Transportation is decreasing \$68 thousand dollars mainly due to decreased salary and capital expenditures.

Environmental Protection is decreasing \$116 thousand dollars mainly due to decreased capital expenditures.

Economic and Physical Development is decreasing \$31 thousand dollars due to decreases in the economic development budget partially offset by increased capital expenditures in the agriculture department.

Funding for Human Services is decreasing \$58 thousand dollars primarily due to slight decreases in public assistance programs administered by the Department of Social Services.

Cultural and Recreation is decreasing \$40 thousand dollars due to reduced salaries & fringes attributed to a position reduction.

Education remains basically the same as the previous year. There has been a \$5 thousand dollar increase to Mayland Community College.

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 24%. Human Services is 3<sup>rd</sup> largest at 19% while all other County functions total 29%.

### *Revenue*

Property tax revenue is projected to decrease \$31 thousand dollars or 0.2% from last fiscal year. The decrease is due to lowering the general fund tax rate 0.003% below revenue-neutral.

Local Option Sales Taxes are projected to increase \$180 thousand dollars.

Other Taxes and Licenses are projected to decrease \$60 thousand dollars due to lower anticipated real estate transfer taxes.

Intergovernmental revenues are projected to increase \$77 thousand dollars due to additional grant reimbursements for the second school resource officer along with slightly higher revenues from the department of social services.

Licenses and Permits are projected to decrease \$6 thousand dollars due to lower anticipated recording fees in the register of deeds office.

Sales and Services are projected to increase \$10 thousand dollars primarily due to increased jail fees from housing other counties inmates partially offset by decreased state capital reimbursements in the Transportation department.

Investment Earnings and Other Income are project to increase \$4 thousand dollars due to higher forecasted miscellaneous income.

In the 2014/15 fiscal year, there is a \$279 thousand dollar decrease in the Fund Balance Appropriation.

Property tax revenue generates 61% of the County's revenue, followed by sales taxes at 16%, intergovernmental transfers at 11% and all others at 12%.

## **OTHER FUNDS**

### *Fire Tax Fund*

The Fire Tax Fund budget for the 2014/15 fiscal year is \$2.3 million dollars or \$96 thousand dollars more than last fiscal year. The increase is due to raising the fire tax \$0.003 (three tenths of a cent) above the revenue-neutral tax rate. This additional tax increase is to be used to support the building of a new fire station in the Frank community.

### *E911 Fund*

The E911 Fund budget for fiscal year 2014/15 is \$198 thousand dollars. This is a decrease of \$110 thousand dollars from the prior fiscal year. The primary reason for the decrease is due to lower budgeted capital expenditures. 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 \$99 thousand dollars for the fiscal year 2014/15. 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. Avery County latest revaluation became effective January 1, 2014. As mentioned previously, there was a 21.9% decrease in the overall ad valorem property value in Avery County.

## **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 been able to fund numerous projects. Strict adherence to this financial plan has enabled Avery County to avoid any noticeable tax rate increases over the past several years to fund capital projects. Avery County will continue to endorse this philosophy of financial planning to facilitate building a recreational facility and a new high school.

The current major capital projects are:

### **Courthouse Renovation**

Start Summer 2013

Finish Fall 2014

Estimated Cost - \$3,900,000

The Courthouse renovation project includes 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. The Clerk of Courts area has been completed and the remaining areas are now being renovated with an expected completion date of September 2014.

Future current major capital projects are:

**Renovation/Expansion of Avery County High School**

Start: Summer 2014 or 2015

Finish: Fall 2018

Estimated Cost - \$30,000,000

**Avery County Recreational Complex**

Start: Spring 20??

Finish: Spring 20??

Estimated Cost - \$5,000,000

**OVERVIEW**

The attached 2014/15 FY Budget Ordinance for Avery County contains the detailed break down of anticipated revenues and expenses for the year to end June 30, 2015. It is the recommendation of this office that the Ordinance be adopted as presented this 16<sup>th</sup> day of June 2014.

Chairman Poteat stated that what we have in front of us today is a balanced budget recognizing revenue neutral tax rate. We are delving into the fund balance 1.04 million dollars.

Chairman Poteat asked if anyone would like to speak during the public hearing.

Philip Adams, Senior Center Director, stated that he had submitted a proposal to cut some of the funding and increase some in home aide contracts. We have discussed doing this over a period of time by rifting positions if someone were to leave the county. If we were to do this this year I would ask for a two to three month time frame because it would put pressure on the employees and the contract service. I am also asking to expand the Volunteer Avery position to a full time position. Both the increase in that service and decrease in the in-home aide would save the county about \$83,363 for the fiscal year. Chairman Poteat stated when we first had the discussion it was about half of the \$83,363. Mr. Adams stated that he had figured in some other related costs. Mr. Adams said that there would be a loss of 5 people and possibly half added back. Mr. Wiseman stated that he had discussed this with Mr. Adams back several months. He said he didn't think that it was the ethical thing to do to tell 5 people in 2 weeks they are out of a job, their insurance is gone, vacation is gone, sick time is gone. We can achieve the same results over a period of time by not filling positions when people leave. These positions are included in this budget. Martha Hicks stated that this situation has been discussed with the senior board and even when Mr. R.D. Daniels was the director. We hate to have to cut but if you are losing money you can't keep on absorbing that and we have been losing money for the last 2-3 years that I have served on the board.

Chairman Poteat thanked Mr. Adams for keeping the Board informed and stated that there would be no action taken on this issue at this time. Phyllis Forbes stated that we would be adding five more people to unemployment. This may create more of a problem than what we are losing. Plus this is their livelihood.

There were no further comments.

**Motion by Martha Hicks and second by Glenn Johnson to go out of the Public Hearing and back into Regular Session at 4:58 p.m. Motion unanimously approved with those in attendance (4-0).**

Chairman Poteat stated that the meeting was back in regular session and it was hoped that the budget could be adopted with revenue neutral tax rate.

Martha Hicks commented that Frank Fire Department really needed a new building and the fire tax was raised above revenue neutral 0.3 of a cent and this money was dedicated for Frank Fire Department building. She also commented that the revaluation was done in house by the Tax Administration Office. If an outside firm was hired it would probably triple in price. Ms. Hicks stated that when she first came on the Board that there was a grant received to pay on property for a recreation facility. It was a 50/50 match and the county agreed to match that. This was supposed to be done within 5 years. If we don't get started on this we are going to have to pay the grant back. We haven't put any money aside to start this facility. There is nothing in the budget in the upcoming year for this facility.

**Motion by Martha Hicks to approve the budget ordinance as presented today which would result in a balanced budget by utilizing revenue neutral tax rate of 52.1 cents; 45.4 ad valorem, 6.7 fire tax.**

**Motion died for lack of a second.**

Chairman Poteat stated that no action on the budget would necessitate a future meeting. It would not require a public hearing but a meeting of the Board.

Chairman Poteat announced that there would be a special meeting on Wednesday, June 25, 2014 at 7:00 p.m. to take action on the proposed budget for the FY 2014/2015.

**Approval of Minutes**

**Motion by Phyllis Forbes and second by Martha Hicks to approve the minutes for the Budget Workshop May 22, 2014. Motion unanimously approved with those in attendance (4-0).**

**Agenda Consent Items**

Adopted by Consensus of the Board.

**Upcoming Meetings**

There will be a Special Meeting on Wednesday, June 25, 2014 at 7:00 p.m. The next regular meeting will be July 7, 2014.

**Adjourn**

**Motion by Phyllis Forbes and second by Glenn Johnson to adjourn this meeting at 5:10 p.m. Motion unanimously approved with those in attendance (4-0).**

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**Kenny Poteat, Chairman  
Avery County Board of Commissioners**

ATTEST: \_\_\_\_\_  
Cindy Turbyfill, Clerk