

**STATE OF NORTH CAROLINA
COUNTY OF AVERY**

The Avery County Board of Commissioners met in a Budget Workshop on Wednesday, April 22, 2015 at 9:00 a.m. in the Commissioners Board Room, Avery County Administrative Complex, 175 Linville Street, Newland, NC. The purpose of the meeting was to discuss the 2015/2016 Fiscal Year Budget for Avery County. Also, there was discussion regarding the Risk Committee (Safety Board) for Avery County government and discussion regarding possible policy changes to the Avery County Board of Commissioners Policy Manual specifically Section 6 and Section 7.

Members Present: Robert "Reo" Griffith, Chairman; Martha Hicks; Faye Lacey; Blake Vance

Members Absent: Maxine Laws

Call To Order

Chairman Griffith called the meeting to order at 9:05 a.m.
Blake Vance led prayer.

Risk Committee (Safety Board)

The Risk Committee for Avery County was discussed. An email from the County Attorney, Gerald McKinney, stated that there was a policy that county employees are not to be appointed to committees. There are some circumstances where this is not practical. One such committee is the Risk Committee because of its internal workings in county government. We may need an exception to certain committees regarding employees serving the committees. Mr. Greene, County Manager, also read an email from Bob Carruth with the NCACC Risk Management Services, that said "the Risk Management Committee is not a classic, board appointed committee that is appointed by the board to address a specific public issue. It is an internal, informal organization of key department heads that meets periodically to review workplace incidents involving employee injury, auto crashes, or public injury while on county property." Mr. Greene stated that the board needed to decide whether they wanted a commissioner appointed board or an internal informal organization. Consensus of the Board to have a Risk Management Committee that is to be informal and an internal organization under the direction of the County Manager.

Avery County Board of Commissioners Policy Manual

Mr. Greene stated that there had been certain times that no one applied for a board except the person that had already been on the board longer than their terms allow. Chairman Griffith stated that there was an exception in the policy that handled this situation. Mr. Greene questioned if the board wanted to purge all of the persons on boards that were over their term limits on the boards at one time and just advertise for all these positions. Chairman Griffith stated that he believed that we are getting a little beyond what we had noticed for the budget workshop. We will address that at a later date.

Fiscal Year Budget 2015/2016

Chairman Griffith stated "when we get into this budget let's think about the people that are paying the bills; let's think about what we have promised people."

Tim Greene, County Manager, stated that one of the duties of the manager is preparing and submitting the annual budget to the Board of Commissioners but at the end of the day it is up to the Board of Commissioners to set the tax rate and therefore the priorities. It is my understanding that one of the priorities of the Board is the tax rate and I have tried to keep that in mind while I went through the budget. My role and responsibility as we go through the individual department budgets is to look at the needs and provide the services to the citizens based upon how we are currently doing it. All boards will determine what level of services you want to provide. The tax rate is going to determine what services you can provide to the citizens.

Mr. Greene stated that the budget he has presented has been balanced with existing revenues and no fund balance appropriation. A budget that is presented and submitted to you, at the end of the budget year you want money left over. That is prudent budgeting. If you don't have money left over, you are going to start dipping into your fund balance and at some point you will not have any fund balance. There is a point where you have to say that is too much left over at the end of the year so I was more aggressive on the revenue side. I have attempted to tighten up the excess that is left over at the end of the year.

Ms. Lacey said "not necessarily. I would like to know what comes in and how it is spent. What comes in needs to be put in a separate account because I can't read your budget because you have amended all through it and then you come out with a lot more which really doesn't give me a good picture of what is going on." Mr. Greene said that was a good point because the information that we give you is what we think you need to make the best decisions but if we are not giving you what you think we should in a way that is helpful to you, then tell us. We will attempt to do that.

Mr. Greene explained that there is “available for appropriation line item” and it is in the non-departmental budget and it will have anywhere from \$10,000 to \$50,000. It is like a catch all account and that will leave a few dollars and this is considered a line item transfer and I understand there is some concern about that. That is something that the board needs to discuss and decide. If the board wants to formally vote on that particular line item transfer that is something the board would need to decide.

Chairman Griffith stated “in every budget we have an adopted budget for x amount of dollars per department and then we have an amended budget that some departments have so where did we vote on this amended budget . I am not worried about the line item transfers.” Mr. Greene stated that one way is that the commissioners voted to approve the amendment or another way is the “available for appropriation line item”. The “available for appropriation” line item transfer is always included in the agenda consent items for the board. If a certain amount comes out of the “available for appropriation” line item and is transferred to another department, that department’s budget goes up but the “available for appropriation” non-departmental budget goes down but the overall Avery County budget is still the same. Chairman Griffith stated “in the future he wanted it to be a clear public record that this was voted on by the Board.” Mr. Greene said “if you tell me as a Board that you want the “available for appropriation” line item done just like a budget amendment then that is what we will do. Blake Vance stated “I don’t think we need to mess with that because here is why. Let us say we meet at a certain time and we are not to meet until another month and transportation calls and they have a leak in the roof does that roof need to leak for a month until we vote on a budget amendment, I don’t think so. Tim needs to be able to say here is the money for “available for appropriations” lets fix this. We pay Tim to be the administrator of this budget.” Chairman Griffith stated “you have that authority. This amended budget is some concern of how does it grow without an up or down vote of the Board. We will think about this.”

Mr. Greene stated that were a few more highlights on how he reached this balanced budget. A couple of things that affected this particular budget were that we had to get additional revenue and additional cuts to make up the 1 million dollars that was taken out of general fund last year. This year we are balancing that without 1 million dollars coming out of general fund. This year’s budget had an additional \$372,806 in capital items that we didn’t have last year. That is 1.4 million dollars that I had to overcome to get a balanced budget. How I overcome this was being more aggressive on the revenues, ruthless on the cutting and there was a quarter of a million dollar decrease in the medical insurance.

Mr. Greene explained each tab of the budget notebook. There was discussion about the money left over in the courthouse renovation project. There will be some more expenses out of this money. Discussion regarding the bathrooms at the courthouse that have never been renovated. The bathrooms will need to be reconfigured due to bringing them up to current code. We do have drawings from the architect.

Consensus by the Board to get local contractor quotes on the bathroom’s at the courthouse near the Tax Assessor’s Office.

Chairman Griffith directed the Board to Tab #2, Section 1 of the budget notebook. The total figure is \$25,687,938.00. That is the proposed balanced budget at the current tax rate with zero tax increase. What was the adopted budget last year? Mr. Greene stated that the adopted budget last year was \$26,025,339.00.

Blake Vance commended the County Manager and Finance Director for making up the amount of difference that they had made up in the proposed budget.

Martha Hicks commented that the health insurance needed to be looked at again that it is not what we thought it was going to get. The employees said they would rather pay a little and not even get a raise if we have good insurance. I agree it is not as good an insurance as before.

Chairman Griffith stated “Our tax listings come out a week or so back in the paper with the longest list of names that I ever saw. A friend of mine said I am sorry my name was in the paper. I can pay my taxes or buy my medicine. I am going to buy my medication. Everybody in that tax listing that was posted in the paper is not like that. We have discussed in your office of ways to cut the tax rate. I certainly hope at the end of this grueling process that we can propose ways and we have already done some cuts and there is going to be more cuts before the process is over with between now and June and ways to cut the tax rate. I have told you and laid ten pennies on your desk; actually a nickel and five pennies. I certainly hope and it certainly would be with a majority of the board that we can make some more cuts, have a good sound government but be able to make some more good cuts and be able to present a tax rate decrease. You and I have talked about some ideas that I think is very sound. I am going to go ahead and put one out on the table. The debt service is built in to the budget of approximately 1.3 million dollars. If a majority of the board is looking for a tax rate decrease at the end of this process I have pitched to the County Manager several ideas. The manager has looked into the 5.7 million debt and if it was paid off it would save \$800,000. A penny is worth about \$343,000. Debt service is roughly 1.3 million that is built into the budget. At the appropriate time I am going to propose that we pay debt service out of “the savings account”. That is going to be better than three pennies; probably 3-4 pennies in the tax rate. It would be paying the debt down. That is one idea that I am going to pitch out and there is going to be some others. Having money left over at the end of the year, absolutely. If there was

\$250,000 rolled over that is fine but for several years we have rolled with tax increases and dumping from \$900,000 to 1.5 million over at the end of the year. That came from a tax rate increase. I have referred to you as “fat in the budget”. I would ask that we go home and look for sensible cuts. Government has got to run. I believe we can have a tax rate decrease, have a sound government and still at the end of the day have money left over. If we can roll over money without tax increases, I would say that is pretty good business. “

Blake Vance said “I will speak to the notion of moving debt services from the budget. I found a quote from Ronald Reagan that said governments have a tendency not to solve problems just rearrange them. When you cut taxes that is the same as an expense. It is money that is not there. I am all for cutting taxes but that is not the way to do it. Here is why because we have 4.8 million dollars in the capital project fund and that is essentially three years and we are not going to be out of debt in three years. In three years that capital project money is gone and we will have to move debt service back into the budget and increase taxes to pay for it. That is Barack Obama kicking the can down the road. That is not conservative sound government. We have no capital savings, it is gone and then DPI comes in and says this school is not up to standards, you are going to have to build another one. I am not saying the high school I am saying any school. I am saying we may have a major incidence happen. We may have big swings in the capital outlay and if we spend all that money we will have nothing in the capital project money to spend. How are we going to pay for it? We are going to raise taxes again. I am all for a tax cut but I think we need to do it a smart way.”

Chairman Griffith stated “if you are for a tax rate decrease can you give us a suggestion?” Blake Vance stated “it is going to take some time. I don’t think we are going to be able to cut the tax rate 10 cents this year. I think it would be a gradual thing. It is finding the places where we can cut back . I don’t think using our savings is the right way to fund a tax cut.”

Faye Lacey stated “I don’t believe we need to continue spending on something that is not necessary. I am suggesting in order to cut taxes you have to stop spending and in order to stop spending you have to get down and decide what spending is not profitable. It can be done quicker than two years; you have to hit it head on and decide what is waste.”

Chairman Griffith said “I would like to ask the three board members that are here to study this in depth and when it is done let it be a day of the citizens instead of as is or an increase. Let us really do some searching. I know the manager has even been hit with a 15 cent tax rate cut. I have hit him with 10 cents. Maybe at the end of the day those are not realistic numbers but I would ask this board to get into this and see if you can come up with it. I will go back to dumping this money back in at the end of the year, that is fat.”

Martha Hicks said “I have been a commissioner for 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 say and when I hear it I try to absorb it and try to keep it in my head because they give you some good advice. One thing that they have stressed and I am all for if we can afford to do it 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 then have to raise it back up next year. You can cut things but does the people that pay taxes want you to cut the services. We spent over \$8,000 on painting the health department. 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 into the general fund then what are we accomplishing. I know that we have always had steps ahead in what needed to be done. Right now we don’t have any steps but it looks good to take that money and put in the general fund but I don’t know many counties that don’t have a capital fund for projects. Somewhere along the way this grant that we got for recreation and bought that property over there, we are going to have to pay back \$375,000 or we are going to have to get started on the project. All I have ever heard in Avery County is that we don’t have anything for children to do. If it is not playing ball then they have to go out of the county to do it. We do have the YMCA and they do help children that can’t afford to go over there and that is what the money is for. You have to think ahead or you are going to be hit all at one time. Grants are good but you had better watch them because they have a little fine print down at the bottom. I will say that I am not for depleting the capital fund and putting all in the general fund. What have you done to the people if you lower the taxes one year and then have to raise them back up the next year. We have to think ahead.”

Chairman Griffith read NC GS 159-18 regarding Capital Reserve Funds . We have a capital reserve fund of \$500,000 that is lawful. It states what its purpose is and it is lawful. The statute says “Any local government or public authority may establish and maintain a capital reserve fund for any purpose for which it may issue bonds. A capital reserve fund shall be established by resolution or ordinance of the governing board which shall state 1) the purpose for which the fund is created 2) the approximate periods of time during which the monies are to be accumulated for each purpose 3) the approximate amount to be accumulated for each purpose 4) the sources from which monies for each purpose will be derived.”

The next budget meeting will be Thursday, April 23, 2015 at 5:00 p.m. with the Fire Commission, Sheriff's Office and Board of Education.

Adjourn

Chairman Griffith declared the meeting to be adjourned at 11:06 a.m.

Robert Griffith, Chairman
Avery County Board of Commissioners

ATTEST: _____
Cindy Turbyfill, Clerk