

**STATE OF NORTH CAROLINA
COUNTY OF AVERY**

The Avery County Board of Commissioners met in a Budget Workshop on Tuesday, May 12, 2015 at 6:00 p.m. in the Commissioners Board Room, Avery County Administrative Complex, 175 Linville Street, Newland, NC.

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

Members Absent: None

Call To Order

Chairman Griffith called the meeting to order at 6:04 p.m.
Tim Greene, County Manager, led prayer.

Fiscal Year Budget 2015/2016

There were 28 people present regarding YMCA funding; there were 11 people present for other issues. Chairman Griffith stated that we hear you without speaking a word. We will address this matter tonight. Consensus of the majority of the board to begin with the YMCA funding issue.

Chairman Griffith stated that at the last budget meeting we discussed YMCA and we discussed the Recreation Department. We talked about the YMCA expanding and having monies to do an expansion. We talked about \$25,000 of taxpayer's money. Martha Hicks stated that she felt like some people had the wrong opinion that we were not closing the YMCA but our funding went for the children that cannot afford it. Maxine Laws did not have a comment. Faye Lacey stated that she stuck with her vote from the last time. Chairman Griffith stated "as you know we have had a consensus to completely defund the YMCA. The question has been asked before I came on we need to know where this money goes. This is taxpayer's money that every citizen in the county pays. Anytime you spend tax money there is a fine line between spending taxpayer's money and mixing with private funds. Chairman Griffith questioned Trey Oakley, YMCA Director, "Can you give dollar for dollar where this tax money went to benefit the citizens of Avery County whether it was for a scholarship for a child, needy child to become a member, etc.?"

Trey Oakley, Director of YMCA, stated that he had information for the Board every penny that the YMCA has given back to the county, camp scholarships, full scholarships to families, etc. This information was handed out to the commissioners. Three years ago we went through a leadership change and if there are issues I have never received a phone call. For the first time Ms. Maxine called me today to reach out and get some information, express some of her disappointment and some things that she wanted done. We are not trying to hide anything. We are not here to offer the same program that is being offered. I do find it offensive when I read things that is inaccurate. The facility will not be built until all the money is raised to build a facility for the citizens and children of Avery County. We want to be here as an asset. We don't want to compete and we don't want anyone to have a negative opinion about us. Your opinion and your knowledge of what the Y does are much more valuable than the money.

Tim Greene, County Manager, said "I would certainly think everyone in this room is very thankful for the Y and we are very appreciative for what it does. I think with the board in the budget process they are just trying to figure out how to allocate the tax dollars. The Y adds a lot to the community. This is an additional opportunity for our residents.

Chairman Griffith stated that we are making budget cuts across the board in every department. Even in county operating departments we are making budget cuts with the hopes of decreasing the property tax rate at the end of the day and giving back to the taxpayers.

Blake Vance said "I would like to thank Delee Scott for contacting me and I have read every word that you have given me. I came out from a position during the last meeting that we are asking our recreation department to take \$36,000 in cuts and we are giving a private nonprofit \$24,000. I apologize to you and my fellow board members because I did not have enough information. I did not realize you had 60 employees in this county. I did not realize a good portion of the children's programs are not in competition with our recreation department. I am here to be accountable to the citizens and you have made your voice heard. I would like to see a little more detail about where the money goes. Absolutely, we appreciate your presence in the community. My bottom line on this was should we ask our recreation department to take a cut while funding a nonprofit that does basically the same service and after further investigation I have found out it is not the same service."

Mr. Oakley stated that \$14,000 is used to teach every student in Avery County how to swim by the third grade. The other \$10,000 is an outreach program. We dedicate 20 family memberships a year to families that are identified by the school superintendent, school principals or school nurses to come to the Y with their families for free. Each family has to sign a contract and through the database each time they

come they scan through the Y. They must come 12 times a month. If they don't, they forfeit their membership and it is given to someone else.

Chairman Griffith stated that we had at one time a consensus to defund the YMCA. We have discussed it tonight. We have further information and we will study this in depth and revisit it.

Recess

Chairman Griffith called for a brief recess.

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

Mr. Greene stated that at the last budget meeting we had looked at the individual department's budgets up to the Solid Waste department. He said since the last meeting he had to go back into the Sheriff's budget and add a little over \$15,000 to the law separation line item. The general statute states that if someone is age 55 or older and has retired and has 7 years of service they are entitled to this benefit. We had two officers that we hired between October and January that qualified for this and I did not think to add to the budget and I have done that.

At the last meeting as a recap, we had added to the budget \$179,248 for the school system, \$2500 for Little League, and added \$19,000 to the available for appropriations. That took us back to the solid waste department. The original budget was balanced at the current tax rate. The board requested that we go back and make additional cuts and we did. We cut approximately \$361,000 and then we come back and added some back to that. We are standing at \$254,850 that you can reduce the tax rate or take that and allocate to something else.

The rest of the individual department's budgets were examined and discussed. Consensus by a majority of the board to leave the senior center budget as is with the in-home aides included. Blake Vance stated that he had been contacted several times about the cut in hours at the Rock Gym and that he did not think we should cut those hours that drastically. That is cutting a service. I would ask the board's consideration on that. Chairman Griffith stated that under the current budget the Recreation Center would have shorter hours per weekdays and closed on Sunday. Consensus of a majority of the Board to leave the Recreation Board hours as is in the budget. Consensus of the Board that the capital stay separated at \$18,000 and the operational at \$310,000 for Mayland Community College.

Blake Vance said that there were folks in the audience about the drug task force position and the Sheriff has some things that he would like to share. Sheriff Kevin Frye stated that two things that concerned him was defunding the drug task force position and the other was the three priorities that he had were not addressed in the budget. I have tried to come up with a compromise. The thing that I need worse is cars, NetMotion and an administrative position. There are some things I got funded for in capital that I am willing to do without this year if I can get the things I need. That is a \$90,000 total increase. If I don't get the administrative position, I am not going to get to continue with the SMCP program which brings in over \$92,000 a year plus with the loss of the commissary and phone usage. If you give me the things I need and take the things that I am willing to give up out, it is going to save the county \$14,498. As far as the drug task force position, cutting that \$20,000 is giving me basically another drug officer that helps with alcohol checks and other duties. We pay \$20,000 for that, Town of Banner Elk pays \$20,000, ABC Board pays some and there are private funds. If you cut that out, it is going to increase the overtime by \$20,000. You are cutting out something that is not going to help in the long run. Drugs are the #1 priority that I hear about in the county. We are the lowest crime county around and it is because we hit drugs so hard. Not having the things I need will make this county less safe.

Chairman Griffith stated that we have discussed this previously in depth. I personally don't see adding a position. We are not going to open the floor back up for debate tonight. Chairman Griffith stated that he thought that we should move on with the budget that we have. Martha Hicks said that she would like to readdress this. Blake Vance said we need to look at it again. Maxine Laws said she would like to readdress this. A consensus will be given to the Clerk regarding this issue.

Blake Vance questioned if the Board was going to address the drug task force position again since there was concerned citizens at the meeting. Faye Lacey said we needed to move on with our decision from the last meeting to defund it. Maxine Laws said we need to move on with our previous decision. Martha Hicks said she would like to see how our county benefits from this. Blake Vance said he would like to look at it again. Consensus by a majority of the board to move forward as is with no funding for the drug task force position.

Recess

Chairman Griffith called for a brief recess.

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

The Capital Plan for each department was discussed. The trailer for the tractor in the Public Buildings and Grounds capital plan was deleted and the used four wheeler with snow blade was added back.

Chairman Griffith said that the consensus of the board was to revisit some matters that the Sheriff wanted to compromise on. Chairman Griffith stated that there were complaints from county employees and others about the Sheriff's office taking patrol cars out of the county to their residence. This was addressed to the county manager. There was discussion regarding the issue of taking patrol cars out of the county. Chairman Griffith questioned if there could be a compromise with this issue. Sheriff Frye stated if there was a specific concern he would talk to anyone at any time. Sheriff Frye said there was no room for compromise.

Recess

Chairman Griffith called for brief recess.

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

Mr. Greene recapped the events from the previous budget workshops. He said that the original budget was presented balanced with no fund balance appropriation but with the same tax rate. The consensus of the board was for the finance director and I to go back and make additional cuts. We cut \$361,000 at that time. At one of the budget workshops, it was decided to add \$179,000 to the school board, \$19,000 to available for appropriation, and \$2500 to Little League. In the meantime I added \$15,000 for law separation line item. At the last budget workshop, there was discussion about paying debt service out of fund balance. If this is the way that the board wants to go, then the tax rate could be reduced by 4 ½ cents. The budget would be \$25,448,000. The debt service is a recurring expense and you are saying to reduce the tax rate by paying for debt service out of fund balance. You will be cutting some recurring revenue and this is a recurring expense so next year you may have to pay for debt service out of fund balance.

Chairman Griffith stated he was good with the initial 4 ½ cents. Departments are funded, services are intact, citizens are taken care of. We had approximately this past year 1.2 million dollars returned after June 30th and for several years we have had from \$900,000 to 1.5 million dollars returned roughly. It could be three things but I am saying it is two things. It is over taxation of the people or over budgeting or a combination of both. I am going to suggest in the latest revenue and expenditure report we have approximately 2.1 million dollars that is not spent in the overall budget. That tells me that June 30th there is going to be another big pot of money dumped back in. We are at 4 ½ cent tax rate cut right now. Everything that is in the budget has been a consensus. There are two items that we will review and the Clerk and County Manager needs an answer by Thursday afternoon on the YMCA budget and the Sheriff's office budget. My recommendation is that all capital expenditures be paid for out of fund balance knowing that we will have another load of money dumped back in to the fund balance. We are at 4 ½ cents reduction now and the total that we have approved for capital projects is \$738,374. Last year we did a fund balance appropriation of approximately 1 million dollars. We got back in 1.2 million dollars. I am suggesting that we do what has been suggested up to this point; 3.77 cent will cover the debt service.

Mr. Greene stated that at June 30 we had undesignated fund balance of 5 million dollars and capital reserve fund of 5 million plus another 1.2 million went in.

Chairman Griffith stated that we have roughly a 40% fund balance. The state says that you shall have 8%. The citizens have been overtaxed. Chairman Griffith questioned if we were looking at taking out 1 million dollars what would be the tax rate reduction. Mr. Greene stated that you would be looking at 3 cents tax rate reduction. Next year instead of 1.3 million minus \$600,000 that you would have to be coming up with you would be looking at 2.3 million minus \$600,000. Next year will be a tougher hurdle to overcome because this budget has been squeezed in so it will be more challenging next year. Chairman Griffith stated that let's keep in mind we took from the fund balance last year and it was recovered immediately with a gain. We took a million and it was recovered with 1.2 million. 1 cent tax equals \$347,292. So the total tax rate reduction to the taxpayer would be 7.38 with my proposal.

Blake Vance said "I hold to my previous position and this goes with the million dollars appropriated here. You can't bank on money you don't have or don't know is going to be there. I don't think it is wise, don't think it is sustainable to fund a tax break with your savings. It will last just so long and at the end of the road there is a tax rate increase. On the 4.5 cents, I took my grandmother's taxes and her savings would be \$42.24 a year, that is \$3.52 a month. She is a poor woman and works every day and does not see the value in jeopardizing the county's future. On the other hand a 2 million dollar home on Linville Ridge that is \$900 out of Avery County's coffers and we are running through our savings to get there. Savings that needs to go to this recreation project that legally we need to do something about, the agricultural building, etc. We have capital projects that need to be addressed. I am all for a tax break if we can reasonably, soundly get there. I do not think this is sound. I don't think running through the savings is a way to do that. We are going down a bad road."

Martha Hicks said "we gave \$62,000 this year to help people with oil. What are we going to do to help this coming year? This funding has been cut. It worries me to think that old people need help and we don't give help. I do not see depleting all of our capital projects money to give a big tax cut. I do believe in keeping taxes as low as you can. I have talked to people and they said we would rather have services than to have the low tax rate. We saw tonight from the YMCA that they were not pleased with us

defunding that. I believe in having a savings. I believe in looking at the future in case something happens. I don't see to give a big tax cut depleting the savings and cutting people out of services."

Maxine Laws stated "Right now you are saying we have 11.2 million dollars in reserve and probably gain another 1 million in 45 days. That actually brings us up to 12 million dollars. I thought we only had 9 million in the reserves. I am surprised that we have 11 million and probably going to gain another 1 million in 45 days. I don't think that with 11.2 million that would be taking out 2.4 million; that is going to leave 10.8 million and that is not robbing the county. If we do come up with another 1 million in 45 days, that is going to take us to 11.8 million. If we had 8 or 9 million, I would say absolutely not but since we have 11.2 million I am all for it."

Faye Lacey stated "I am of the opinion that we have not hurt anyone with the budget. It is my belief that some of this money needs to go back to the taxpayer. I am in agreement with the 7.38 cent tax rate cut. We are elected by the people to look after the money and keep a sound government and I think we are sound."

Consensus of the majority of the Board to go with a 7.38 cent tax rate cut.

Chairman Griffith stated that the state says you shall have 8% fund balance. If we proceed in this way, we will have better than 9.1 million dollars in savings to take care of looming problems. We can balance our budget with this plan and still have sound government.

Blake Vance said "Capital outlay last year was \$450,000. We have chosen with this plan that we are not going to pay capital outlay out of our ad valorem and sales tax. That means next year we will have to work that ½ million to 1 million dollars into the budget again or we will have to continue to draw from the fund balances. We are not going to have 2.1 million dollars next year rolling in. We have things we have to take care of. This has to come from the budget or continue to come out of the savings. It is going to be an immediate tax increase next year or we will have to pull from the savings next year. All we are doing is depleting the fund balance."

Maxine Laws said "I know we have things we have to take care of but I feel like this money that is there belongs to the people. If we can give that money back to the people and not hurt services, it is my duty to do that."

Martha Hicks stated "I believe in giving taxpayers a cut but I don't believe in giving a cut and then turn around and raise it back up."

Adjourn

Chairman Griffith adjourned the meeting at 9:47 p.m.

Robert Griffith, Chairman
Avery County Board of Commissioners

ATTEST: _____
Cindy Turbyfill, Clerk