

**STATE OF NORTH CAROLINA
COUNTY OF AVERY**

The Avery County Board of Commissioners met in a Budget Workshop on Wednesday, May 7, 2014 at 3:00 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; Reo Griffith; Martha Hicks

Members Absent: None

Call To Order

Chairman Poteat called the meeting to order at 3:10 p.m.
Martha Hicks led prayer.

Fiscal Year Budget 2014/2015

The Budget books were handed out to each Board member.

Tim Greene, Finance Officer, explained that he and the County Manager went over each line item with the department heads and the capital; a lot has already went into what is in front of us today.

Robert Wiseman, County Manager, stated that there were two choices. We can cut services and I am not talking about phone bill or supplies or we can maintain our revenue to provide what we are providing now which would mean an increase in the tax rate but does not mean an increase in taxes. You can't cut the kind of money we are looking at out of this coming year's expenses without radical surgery. There are no raises. There is no fat left to cut. Our big increases are things we have no control over, increased insurance, loss of revenue, increased cost of operation, etc. We can lay off employees and do away with positions and that is not going to come up with what we need. We can look at the nonprofit organizations and you can cut away every bit of it and it still will not cover it.

Tim Greene stated this is the meeting where we basically say this is where we are at and this is the format. Mr. Greene briefly spoke about each tab in the budget book. Discussion regarding the Newland Tag Office.

Mr. Greene stated that the revenue per 1 cent at a 96% collection rate will be approximately \$343,564. Last year 1 cent brought approximately \$430,000.

Mr. Greene stated when a budget is presented he or the County Manager does not increase or decrease taxes; that is not our job. I did take the liberty of putting in the revenue neutral tax rate because if I do not do that then I am effectively decreasing taxes and as your finance officer I am not going to do that ;that is the Board's decision. There is a state mandate that we must publish revenue neutral tax rate. As your finance officer, I put the revenue neutral tax rate in there. That is how the deficit went from three million down to one million. He said that the overall revenue neutral tax rate for general and fire tax would be 52.1 cents. In 2006, property values went up about 47% and the sitting board at that time dropped the overall tax rate 15 cents and basically set it at revenue neutral. If the Board in 2006 had not dropped the tax rate 15 cents, they would have really raised taxes.

Mr. Greene stated that he went ahead and used revenue neutral tax rate because that would not be effectively raising the overall taxes for the county. Glenn Johnson stated that if the drop in revaluation was 21% and his house only dropped 11 1/2% then he would see an increase in his taxes.

Chairman Poteat asked the average decrease in Avery County in the revaluation. Mr. Greene stated it was 21.86%.

Glenn Johnson said "if the average is 22% and mine is at 11 1/2% with revenue neutral I will see an increase in my taxes. Let's say a lot in Wilderness Trail sold for 1/5th of what it was on the books at and we set the revenue neutral rate they will in effect see a decrease in their taxes. The truth is this burden is starting to shift to the local people. I will see an increase in my taxes but the people in the "Wilderness Trails" are going to see a decrease but they have been paying about 70% of the total ad valorem taxes in this county and we have been paying only about 30%. We are receiving all of the benefits. Now we are going to be paying 35 or 40% and they are going to be paying 60%.

Mr. Greene said for example if we were to use the same tax rate for the general fund, the revenue would go down 3.4 million dollars. The fire fund if you do not do revenue neutral, their revenue would go down \$480,000.

Chairman Poteat said if this county adopts revenue neutral there is no effective tax increase or decrease. It takes you to the same point you were the year before overall.

There was discussion regarding growth factor and the revaluation.

Mr. Greene said this budget is one million dollars short instead of 4 million dollars short because of revenue neutral. Mr. Greene said NC General Statute states that you must publish the revenue neutral rate; you don't have to adopt it but you must publish it. He said you cannot come up with 3.4 million dollars out of supply line items or out of capital. We have cut a bunch of capital. You would have to start cutting services drastically. There are only a few things that are not required for the county to provide by law.

Reo Griffith stated that he had done some figures last night and he had thought about 3% cut across the Board and that was only about \$768,000.

Mr. Greene stated if you have recurring expenses you need recurring revenue.

Chairman Poteat stated there were several key elements to this; 1 cent is \$343,564 at 96% collection rate, current tax rate is 40.5 cents including fire tax, revenue neutral rate would be 52.1 with 45.7 being ad valorem and fire tax 6.4 cents, capital reserve fund balance is \$4,835,535 (Mr. Greene stated that the capital reserve ordinance will not allow us to take out of this to balance the budget). Mr. Greene said that we attempt to maintain a 20% undesignated fund balance which equates to around \$4,000,000 to \$5,000,000.

Chairman Poteat said we are approximately \$1,000,000 dollars apart if we recognize revenue neutral.

The next budget meeting will be Monday, May 12, 2014 at 5:00 p.m. with the Fire Commission, Sheriff's Office and the Board of Education.

Adjourn

Motion by Phyllis Forbes and second by Reo Griffith to adjourn this meeting at 4:35 p.m. Motion unanimously approved.

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

ATTEST: _____
Cindy Turbyfill, Clerk