

**STATE OF NORTH CAROLINA
COUNTY OF AVERY**

The Avery County Board of Commissioners met in a Budget Workshop on Thursday, May 31, 2012 at 4:00 p.m. in the Commissioners Board Room, Avery County Administrative Complex, 175 Linville Street, Newland, N.C.

Members Present: Kenny Poteat, Chairman; Phyllis Forbes, Vice-Chair (via telephone); Scott Heath; Martha Hicks; Glenn Johnson

Call To Order

Chairman Poteat called the meeting to order at 4:08 p.m.
Scott Heath led prayer.

FY Budget 2012/2013

Chairman Poteat gave background information from the previous budget meetings. On May 22, 2012 after much discussion of how to meet the need of \$1,689,000 deficit, Scott Heath was at 1 ¼ cent ad valorem tax increase, 6% cut to all departments and slightly over 1% from fund balance to balance the budget; Glenn Johnson was advocating 2 cents ad valorem, 5% across the board cut and \$45,000 from fund balance along with Phyllis Forbes and Martha Hicks; Kenny Poteat was advocating 1 cent ad valorem, 5% across the board and 2% fund balance decline. No vote was taken and nothing official was done. At that point in time a consensus was reached, which is not binding, that it would be 2 cents ad valorem, 5% across the board and \$45,000 from fund balance to balance the budget.

On May 25, 2012, there was another budget meeting with four commissioners present; Scott Heath was absent. After much discussion, the main concern was that the across the board cut from each department might be too much and cause a "built in fund balance usage". Therefore, after some discussion to address this, ad valorem would be 3 cents along with 1 cent for fire tax; 3% across the board cut to all departments; insurance cut at \$200,000 with no dollars coming from fund balance. Chairman Poteat stated he would not be for a 3 cent ad valorem personally. If the route is 3 cent ad valorem then 77.3% would come from the taxpayers; 3% cut would be 21.4% and insurance cut would be 10.7%. Chairman Poteat stated that the problem he had with this one is that this over generates the money that is needed.

Chairman Poteat proposed a 2 cent ad valorem increase; 3% cut across the board; \$200,000 insurance cut; and 1% from the general fund which would lessen the impact on the taxpayers.

Phyllis Forbes stated that she felt with 5% cuts we would have departments coming back asking for amendments to the budgets; if we do not cut as much possibly departments can get by without coming back for budget amendments.

There was considerable discussion regarding the amount of tax increase with respect to the ad valorem tax. Chairman Poteat said that the reason he was advocating 2 cent ad valorem; 3% cut across the board; the insurance cut and 1% from the general fund is that this makes all share in this; current employees, the taxpayer, all of the departments and even taking some out of "our own hide" which is fund balance. Phyllis Forbes stated that because of the decreased revenues she felt that the ad valorem should be increased to 3 cents. Glenn Johnson said he didn't think it would matter to the taxpayer if the taxes were 2 cents or 3 cents; it is still a tax increase. Scott Heath said he did not agree with taking money out of fund balance. Mr. Heath said that his proposal was 2 ½ cents for ad valorem which would offset the money coming out of fund balance. He said he did not see how the MAPS salary plan could be done this year and that the department heads and managers were going to have to tighten up and "suck it up and do their job". He said he also proposed 3% across the board cut, cutting insurance, and no monies out of fund balance.

There was consensus of a 3% cut across the board to all departments and also consensus to adjust the medical insurance to a lower plan.

Phyllis Forbes said she was willing to compromise with a 2 ½ cent ad valorem tax.

Chairman Poteat stated that it was his understanding from the county attorney that concerning a budget ordinance which would be required to be passed that day that you must be present to vote. It is my understanding that Phyllis and Glenn are not going to be present at the meeting that day. Scott Heath stated that the Board needed to come to a majority consensus today even though some of us might not like part of the proposal.

Chairman Poteat stated that he could not make a commitment whether he would vote for the 2 ½ cents until that day.

Phyllis Forbes stated that she thought the three that was going to be in attendance at the meeting of the public hearing of the budget should honor the Board's majority decision. Scott Heath agreed with Ms. Forbes. Chairman Poteat said if the Board was making him pledge to vote a certain way before the public hearing, the Board was not going to get it. Glenn Johnson agreed to 2 ½ cents also. Chairman Poteat said if the majority of the Board voted this way on the day of the meeting he would be hard pressed not to honor what the fellow commissioners wanted to do when it comes down to the final decision. Martha Hicks agreed to 2 ½ cent tax increase.

Chairman Poteat advised that it was the consensus of the majority of the Board to raise the tax to 2 ½ cent ad valorem; 3% across the board cut; recognize the insurance adjustment; no monies coming from fund balance.

Adjourn

Motion by Scott Heath and second by Glenn Johnson to adjourn this meeting at 5:48 p.m. Motion unanimously approved.

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

ATTEST: _____
Cindy Turbyfill, Clerk