

**TENTATIVE AGENDA & MEETING NOTICE  
BOARD OF COUNTY COMMISSIONERS**

**TUESDAY, APRIL 7, 2015  
8:30 A.M.**

**WATAUGA COUNTY ADMINISTRATION BUILDING  
COMMISSIONERS' BOARD ROOM**

<b>TIME</b>	<b>#</b>	<b>TOPIC</b>	<b>PRESENTER</b>	<b>PAGE</b>
8:30	1	CALL REGULAR MEETING TO ORDER		
	2	APPROVAL OF MINUTES: February 26 & 27, 2015 Special Meeting March 17, 2015, Regular Meeting March 17, 2015, Closed Session		1
	3	APPROVAL OF THE APRIL 7, 2015 AGENDA		9
8:35	4	PRESENTATION OF SMOKY MOUNTAIN CENTER'S AUDITED FINANCIAL STATEMENTS	MR. FRED NIRDE	11
8:40	5	W.A.M.Y. COMMUNITY ACTION PROPOSED PROCLAMATION CELEBRATING 50 YEARS OF SERVICE	MS. MELISSA SOTO	69
8:45	6	COOPERATIVE EXTENSION MATTERS		
		A. Proposed Proclamation Establishing Greening My Plate Month	MR. BILL MORETZ	71
		B. Staffing Request	MR. JIM HAMILTON	73
8:50	7	COMMUNITY PRIDE WEEK PROPOSED PROCLAMATION	MS. HEATHER BOWEN	75
8:55	8	PROPOSED ALLOCATION OF FY 2015 HOME AND COMMUNITY CARE BLOCK GRANT (H&CCBG) FUNDS	MS. ANGIE BOITNOTTE	79
9:00	9	PROPOSED CONTRACT FOR ENGINEERING SERVICES TO PERFORM CONSTRUCTION AND ADMINISTRATION SERVICES FOR THE SOUTH FORK NEW RIVER GREENWAY EXTENSION PROJECT	MR. JOE FURMAN	83
9:05	10	TAX MATTERS	MR. LARRY WARREN	
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9:10	11	FINANCE MATTERS	MS. MARGARET PIERCE	
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9:15	12	MISCELLANEOUS ADMINISTRATIVE MATTERS	MR. DERON GEOUQUE	
		A. Daymark Recovery Services, Inc. Proposed Lease Renewal		121
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10:25	15	CLOSED SESSION Attorney/Client Matters – G. S. 143-318.11(a)(3)		142
10:30	16	ADJOURN		

**AGENDA ITEM 2:**

**APPROVAL OF MINUTES:**

February 26 & 27, 2015, Special Meeting Minutes (Annual Pre-Budget Retreat)

March 17, 2015, Regular Meeting

March 17, 2015, Closed Session

**DRAFT**

**MINUTES**

**WATAUGA COUNTY BOARD OF COMMISSIONERS**  
**SPECIAL MEETING**  
**THURSDAY, FEBRUARY 26, 2015 & FRIDAY, FEBRUARY 27, 2015**

The Watauga County Board of Commissioners held a special meeting on Thursday, February 26, 2015, and Friday, February 27, 2015, in order to conduct a retreat to review goals and objectives for the County. The meetings were held in the Commissioners' Board Room located in the Watauga County Administration Building, Boone, North Carolina.

**PRESENT:** Jimmy Hodges, Chairman  
David Blust, Vice-Chairman  
Billy Kennedy, Commissioner  
John Welch, Commissioner  
Perry Yates, Commissioner  
Deron Geouque, County Manager  
Margaret Pierce, Finance Director

Chairman Hodges called the meeting to order on Thursday, February 26, 2015, at 10:00 A.M., welcoming those in attendance.

The following topics were discussed:

Opening Remarks  
Mr. Deron Geouque

Recreation Center Feasibility Study

Review of Current Capital Improvement Plan (CIP)

Mr. Deron Geouque & Mr. Robert Marsh

- A. Current CIP Status Report
- B. Old AppalCART Building
- C. CCC&TI Watauga Continuing Education Center Building
- D. New River Property
- E. New Ambulance Site
- F. Future Projects for Consideration
  1. Soccer Field
  2. Trails
  3. Tennis Courts

Lunch/Continued review of CIP

Cooperative Extension Matters

Economic Development Matters  
Planning and Inspections Matters  
Mr. Joe Furman

Update on Greenway Projects

1. Hardin Creek Project
2. 421 Underpass Project

Board Directives/Discussion

A recess was declared at 2:45 P.M. The meeting reconvened on Friday, February 27, 2015, at 12:00 P.M.

*[Note: Commissioner Welch was absent on Friday, February 27, 2015, due to a prior commitment.]*

Lunch

Tourism Development Authority (TDA)  
Mr. Matt Vincent & Mr. Wright Tilley

Caldwell Community College & Technical Institute  
Dr. Ken Boham

School Board Funding Issues

- A. Schools' Capital Improvement Plan
- B. FY 2016 Funding Needs
- C. Indoor Practice Facility

Break

FY 2014 Review and Discussion of 2015 Budget

Ms. Margaret Pierce

- A. Revenues
- B. Expenditures
- C. Funding of Non-County Departments
- D. Debt Service Report
- E. Budget Calendar

Miscellaneous & Commissioner Matters

Mr. Deron Geouque

- A. State Issues
- B. Commissioners Matters

The County Manager concluded the retreat by reviewing the issues addressed and seeking direction from the Board for Fiscal Year 2016.

The meeting adjourned at 3:30 P.M.

Jimmy Hodges, Chairman

ATTEST:

Deron Geouque, County Manager



**DRAFT****MINUTES****WATAUGA COUNTY BOARD OF COMMISSIONERS  
TUESDAY, MARCH 17, 2015**

The Watauga County Board of Commissioners held a regular meeting, as scheduled, on Tuesday, March 17, 2015, at 5:30 P.M. in the Commissioners' Board Room of the Watauga County Administration Building, Boone, North Carolina.

PRESENT: Jimmy Hodges, Chairman  
David Blust, Vice-Chairman  
Billy Kennedy, Commissioner  
John Welch, Commissioner  
Perry Yates, Commissioner  
Stacy C. Eggers, IV, County Attorney  
Deron Geouque, County Manager  
Anita J. Fogle, Clerk to the Board

Chairman Hodges called the meeting to order at 5:31 P.M.

Commissioner Kennedy opened the meeting with a prayer and Vice-Chairman Blust led the Pledge of Allegiance.

**APPROVAL OF MINUTES**

Chairman Hodges called for additions and/or corrections to the March 3, 2015, regular meeting and closed session minutes.

Commissioner Yates, seconded by Commissioner Welch, moved to approve the March 3, 2015, regular meeting minutes as presented.

VOTE: Aye-5  
Nay-0

Commissioner Yates, seconded by Commissioner Welch, moved to approve the March 3, 2015, closed session minutes as presented.

VOTE: Aye-5  
Nay-0

**APPROVAL OF AGENDA**

Chairman Hodges called for additions and/or corrections to the March 17, 2015, agenda.

County Manager Geouque requested to add the following:

- The Girl Scouts' request to place a peace pole at Cove Creek Park
- Sheriff's Office Budget Matters
- Possible action after closed session

Commissioner Kennedy, seconded by Vice-Chairman Blust, moved to approve the March 17, 2015, agenda as amended.

VOTE: Aye-5  
Nay-0

### **REQUEST TO PLACE A GIRL SCOUT PEACE POLE AT COVE CREEK PARK**

Girl Scout Troop 10289 requested permission to place a five (5) foot high “Peace Pole” at the County-owned Park located at the old Cove Creek School. The following members of the Troop were present: Terran Julian, Hailey Marshall, Aubrey Flowers, Katelyn Jones, and Hannah Ligon. Miss. Julian and Miss. Jones presented the request and stated that the peace pole would host four languages.

Commissioner Kennedy, seconded by Commissioner Welch, moved to authorize Girl Scout Troop 10289 to place a Peace Pole at the County-owned Park located at the Old Cove Creek School.

VOTE: Aye-5  
Nay-0

### **REQUEST FOR ADDITIONAL SERVICES FOR MEDIC BASE 3**

Mr. Robert Marsh, Maintenance Director, requested funds for additional services performed for the new medic base. The additional services performed were to reevaluate the geotechnical site analysis. The purpose was to determine if the current seismic rating of D was appropriate or if the site had the potential to be designated as a C rating. Based on additional analysis, the site was able to be reclassified from a D to C rating. The change in the rating would reduce the costs in the construction while not jeopardizing the structural integrity of the facility.

The cost for the additional services for reevaluation was \$2,970. A change order to the contract with Innovative Designs in that amount was requested.

Vice-Chairman Blust, seconded by Commissioner Kennedy, moved to approve the change order for additional services to the Innovative Designs contract in the amount of \$2,970.

VOTE: Aye-5  
Nay-0

### **ACCEPTANCE OF THE FY 2015 SENIOR HEALTH INSURANCE INFORMATION PROGRAM (SHIIP) MEDICARE IMPROVEMENTS FOR PATIENTS AND PROVIDERS ACT (MIPPA) GRANT AND CONTRACT**

Ms. Angie Boitnotte, Project on Aging Director, presented a proposed Medicare Improvements for Patients and Providers Act (MIPPA) grant from the Senior’s Health Insurance Information

Program (SHIP). The grant is in the amount of \$1,773.25 with no local match required. If accepted, grant funds will be used to expand low income subsidy SHIP outreach and training.

Commissioner Yates, seconded by Commissioner Welch, moved to accept the Medicare Improvements for Patients and Providers Act grant in the amount of \$1,773.25.

VOTE: Aye-5  
Nay-0

**BID AWARD FOR ENGINEERING SERVICES TO PERFORM CONSTRUCTION AND ADMINISTRATION SERVICES FOR THE SOUTH FORK NEW RIVER GREENWAY EXTENSION PROJECT**

Mr. Joe Furman, Planning and Inspections Director, stated that letters of interest were solicited from six (6) North Carolina Department of Transportation (NCDOT) pre-qualified engineering firms for construction administration for the South Fork New River greenway extension project. McGill Associates and Vaughn & Melton responded to the solicitation for services. Both of these firms have local offices. McGill Associates was the design engineer for the project. NCDOT does not allow for the design engineer to also perform construction administration unless an exception is requested and granted. Vaughn & Melton provided the construction administration for the Middle Fork greenway project. The County was satisfied with the services provided by Vaughn & Melton. Therefore, Mr. Furman requested approval to negotiate a contract with Vaughn & Melton Associates to perform construction administration for the South Fork New River greenway extension project. Once negotiated, the contract will be presented for consideration at a future meeting.

The NC General Statute governing the selection of engineers specifies that the most qualified engineering company is to be selected based upon qualifications without regard to fee, and that a contract is to be negotiated thereafter.

Commissioner Kennedy, seconded by Vice-Chairman Blust, moved to authorize Mr. Furman to negotiate a contract with Vaughn & Melton for construction administration for the South Fork New River greenway extension project as presented.

VOTE: Aye-5  
Nay-0

**TAX MATTERS**

***A. Monthly Collections Report***

Tax Administrator Larry Warren presented the Tax Collections Report for the month of February 2015. This report was presented for information only and, therefore, no action was required.

***B. Refunds and Releases***

Mr. Warren presented the Refunds and Releases Report for February 2015, as well as a report from the new motor vehicle billing system, North Carolina Vehicle Tax System (NCVTS), for Board approval:

TO BE TYPED IN MINUTE BOOK

Commissioner Kennedy, seconded by Commissioner Yates, moved to approve the Refunds and Releases Report and the North Carolina Vehicle Tax System Refunds and Releases Report for February 2015, as presented.

VOTE: Aye-5  
Nay-0

***C. Unpaid Real Estate Tax Bills***

Mr. Warren presented the unpaid real estate tax bills for Board consideration and advertisement.

Vice-Chairman Blust, seconded by Commissioner Yates, moved to order Mr. Warren to advertise the unpaid real estate tax bills for 2014.

VOTE: Aye-5  
Nay-0

**MISCELLANEOUS ADMINISTRATIVE MATTERS*****A. Sheriff's Office Budget Matters***

County Manager Geouque stated that the Sheriff's Office had requested a budget amendment in the amount of \$5,000 to transfer drug fund money to pay for the purchase of a used vehicle for detective use and travel expenses for five officers to attend a training seminar. The County Manager stated that a formal budget amendment would be presented at a future meeting; however, approval was requested for the purchase of the vehicle.

Commissioner Yates, seconded by Vice-Chairman Blust, moved to approve the purchase of the vehicle for the Sheriff's Office as requested.

VOTE: Aye-5  
Nay-0

***B. Scheduling of Budget Work Sessions***

County Manager Geouque presented the dates of May 11<sup>th</sup> from 4:00 P.M. to 8:00 P.M. and May 12<sup>th</sup> from 4:00 P.M. to 7:00 P.M. for consideration in scheduling two budget work sessions for the County's annual budget process. The proposed budget would be presented to the Board on May 5, 2015, for review at the work sessions and a public hearing to allow citizen comment on the proposed budget would be scheduled on May 19, 2015.

By consensus, the Board agreed to schedule budget work sessions on May 11, 2015, at 4:00 P.M. and May 12, 2015, at 4:00 P.M. in the Commissioners' Board Room.

***C. Scheduling of Joint Meeting with the Economic Development Commission (EDC)***

County Manager Geouque stated that direction was given to schedule a joint meeting with the Economic Development Commission (EDC). Potential dates for a joint meeting were April 14, 2015, at 1:00 P.M. which is the EDC’s regularly scheduled meeting date and April 21, 2015, prior to the Board of Commissioners meeting that evening which begins at 5:30 P.M.

By consensus, the Board agreed to schedule a joint meeting with the Economic Development Commission (EDC) on Tuesday, April 14, 2015, at 1:00 P.M. in the Commissioners’ Board Room.

***D. Announcements***

County Manager Geouque announced that the Commissioners were invited to a presentation on March 31, 2015, at 6 P.M. at the Watauga Medical Center on “The Effects of a Line of Duty Death.”

**PUBLIC COMMENT**

There was no public comment.

**CLOSED SESSION**

At 6:02 P.M., Commissioner Kennedy, seconded by Vice-Chairman Blust, moved to enter Closed Session to discuss Attorney/Client Matters, per G. S. 143-318.11(a)(3).

VOTE: Aye-5  
Nay-0

Commissioner Welch, seconded by Commissioner Kennedy, moved to resume the open meeting at 7:18 P.M.

VOTE: Aye-5  
Nay-0

**POSSIBLE ACTION AFTER CLOSED SESSION**

Chairman Hodges announced that the Board directed the County Manager to forward easements as requested from the Town of Boone to the School Board for review prior to taking action.

**ADJOURN**

Commissioner Kennedy, seconded by Commissioner Yates, moved to adjourn the meeting at 7:20 P.M.

VOTE: Aye-5  
Nay-0

ATTEST:  
\_\_\_\_\_  
Anita J. Fogle, Clerk to the Board

\_\_\_\_\_  
Jimmy Hodges, Chairman

**AGENDA ITEM 3:**

**APPROVAL OF THE APRIL 7, 2015, AGENDA**

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**AGENDA ITEM 4:**

**PRESENTATION OF SMOKY MOUNTAIN CENTER'S AUDITED FINANCIAL STATEMENTS**

**MANAGER'S COMMENTS:**

Fred Nirde will present the Smoky Mountain Center's Annual Audited Financial Statements for the Fiscal Year ending June 30, 2014, as required by Statute.

The report is presented for information only; therefore, no action is required.





## WATAUGA COUNTY FINANCE OFFICE

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814 West King St., Room 216 - Boone, NC 28607 - Phone (828) 265-8007 Fax (828) 265-8006

### MEMORANDUM

**TO: Deron T. Geouque, County Manager**  
**FROM: Margaret Pierce, Finance Director**  
**SUBJECT: Smoky Mountain Center Audited Financial Statements**  
**DATE: March 19, 2015**

Attached is a copy of the audited financial report from Smoky Mountain Center for the fiscal year ended June 30, 2014. This audited financial report was provided by Smoky Mountain Center to comply with the G.S. 122C-117(d). A representative from Smoky will be at the meeting to address any questions.

excerpt from G.S. 122C-117(d)

(d) A multicounty area authority shall provide to each board of county commissioners of participating counties a copy of the area authority's annual audit. The audit findings shall be presented in a format prescribed by the county and shall be read into the minutes of the meeting at which the audit findings are presented.

**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH,  
DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE  
SERVICES**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2014**

**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES,  
AND SUBSTANCE ABUSE SERVICES  
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**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES,  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Smoky Mountain Center for Mental Health, Developmental Disabilities,  
and Substance Abuse Services  
Sylva, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the major fund and the fiduciary fund of Smoky Mountain Center for Mental Health, Developmental Disabilities, and Substance Abuse Services (the "Organization"), as of and for the year then ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the major fund and the fiduciary fund of the Organization as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 4 to the financial statements, the Organization merged with Western Highlands Area Authority on September 30, 2013 and became the Local Management Entity/Managed Care Organization for the counties being served by those individual organizations. Our opinion is not modified with respect to that matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions on pages 5-10 and 35-36, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Organization. The Supplemental Schedules for NC Division of Medical Assistance Reporting as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Implementation Act* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Schedules for NC Division of Medical Assistance Reporting and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2014 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
December 11, 2014



SMOKEY MOUNTAIN CENTER FOR MENTAL HEALTH DEVELOPMENT  
AND SUBSTANCE ABUSE SERVICES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014

Management's Discussion and Analysis (MD&A)

The management of Smoky Mountain Center for Mental Health Development and Substance Abuse Services (the "Organization") offers readers of this narrative overview and analysis of the Organization's financial performance for the period ended June 30, 2014. We encourage readers to read the financial statements with additional information that we have furnished in the accompanying notes, which follow this narrative.

Financial Highlights

The Organization's net position increased by a total of \$27,866,141, or 10.1%, from \$245,812,500 at the end of 2013 to \$273,678,641 at the end of 2014. This increase was primarily due to the increase in net patient care revenue of \$28,338,845, or 10.1%, and the decrease in net operating expenses of \$28,338,845, or 10.1%.

**Management's Discussion and Analysis**

The Organization's net position increased by a total of \$27,866,141, or 10.1%, from \$245,812,500 at the end of 2013 to \$273,678,641 at the end of 2014. This increase was primarily due to the increase in net patient care revenue of \$28,338,845, or 10.1%, and the decrease in net operating expenses of \$28,338,845, or 10.1%.

The increase in net patient care revenue was primarily due to the increase in the number of inpatient days and the increase in the average daily rate. The decrease in net operating expenses was primarily due to the decrease in the number of inpatient days and the decrease in the average daily rate.

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The increase in net patient care revenue was primarily due to the increase in the number of inpatient days and the increase in the average daily rate. The decrease in net operating expenses was primarily due to the decrease in the number of inpatient days and the decrease in the average daily rate.

The Organization's net position increased by a total of \$27,866,141, or 10.1%, from \$245,812,500 at the end of 2013 to \$273,678,641 at the end of 2014. This increase was primarily due to the increase in net patient care revenue of \$28,338,845, or 10.1%, and the decrease in net operating expenses of \$28,338,845, or 10.1%.

The increase in net patient care revenue was primarily due to the increase in the number of inpatient days and the increase in the average daily rate. The decrease in net operating expenses was primarily due to the decrease in the number of inpatient days and the decrease in the average daily rate.

The Organization's net position increased by a total of \$27,866,141, or 10.1%, from \$245,812,500 at the end of 2013 to \$273,678,641 at the end of 2014. This increase was primarily due to the increase in net patient care revenue of \$28,338,845, or 10.1%, and the decrease in net operating expenses of \$28,338,845, or 10.1%.

The increase in net patient care revenue was primarily due to the increase in the number of inpatient days and the increase in the average daily rate. The decrease in net operating expenses was primarily due to the decrease in the number of inpatient days and the decrease in the average daily rate.

The Organization's net position increased by a total of \$27,866,141, or 10.1%, from \$245,812,500 at the end of 2013 to \$273,678,641 at the end of 2014. This increase was primarily due to the increase in net patient care revenue of \$28,338,845, or 10.1%, and the decrease in net operating expenses of \$28,338,845, or 10.1%.

The increase in net patient care revenue was primarily due to the increase in the number of inpatient days and the increase in the average daily rate. The decrease in net operating expenses was primarily due to the decrease in the number of inpatient days and the decrease in the average daily rate.



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### **Management's Discussion and Analysis (MD&A)**

The management of Smoky Mountain Center for Mental Health, Developmental Disabilities, and Substance Abuse Services (the "Organization") offers readers of the Organization's financial statements this narrative overview and analysis of the Organization's financial activities for the fiscal year ended (FYE) June 30, 2014. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Organization's financial statements, which follow this narrative.

### **Financial Highlights**

- The Organization's net position increased by a total of \$52,868,505 of which \$24,053,155 was a result of the excess of revenues over expenses and \$28,815,350 from the transfer of net assets from Western Highlands as part of the merger as compared to the previous year's end. An amount of \$12,467,918 of this increase was the funding from the Division of Medical Assistance for the two (2) percent Medicaid risk reserve, the interest earned on the restricted cash, and the transfer of the Medicaid risk reserve from Western Highlands.
- Net investment in capital assets increased by \$784,276 (or 56%) as compared to the previous year's end.
- Unrestricted net position increased by \$39,299,645 to \$56,822,588 during the fiscal year ended June 30, 2014. The key contributing factors for these increases were a result of operations as a managed care organization under the Medicaid 1915 (b)(c) waiver as well as the transfers of net assets from Western Highlands. Medicaid waiver operations resulted in an establishment of a Medicaid risk reserve and more efficient administrative operations due to economies of scale.
- The business-type activity operating revenues are \$306,793,964 for the fiscal year.
- Total operating expenses of all the Organization's programs were \$282,781,380 during the fiscal year ended June 30, 2014.

### **Overview of the Financial Statements**

The Organization's basic financial statements consist of three components: 1) the MD&A, 2) fund financial statements, and 3) notes to the financial statements. Because the Organization is a special-purpose government engaged in business-type activities only, the financial statements are presented in accordance with paragraph 138 of GASB Statement No. 34. In addition to the financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Organization. In addition to the management's discussion and analysis, management has prepared the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

### **Overview of the Organization**

The Organization is an Area Authority or multi-county political subdivision of the state of North Carolina operating in accordance with North Carolina General Statute 122c. The Organization's primary mission is to manage a publicly funded health care system which addresses the mental health, substance abuse and intellectual and developmentally disability needs of citizens in the fifteen county catchment area. The twenty three county catchment area comprises the counties of Alexander,



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Alleghany, Ashe, Avery, Buncombe, Caldwell, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Rutherford, Swain, Transylvania, Watauga, Wilkes and Yancey.

Effective July 1, 2012, the Organization began operating under a Medicaid 1915 (b)(c) waiver with the Organization bearing the financial risk. The Organization's operations are funded primarily through Medicaid waiver funds, as well as Federal and state funds from the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS).

### **Fund Financial Statements**

The financial statements are presented on the fund basis. The fund financial statements provide a more detailed look at the Organization's most significant activities by focusing on the individual activities of the major funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Organization, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance, or non-compliance, with finance-related legal requirements, such as the General Statutes (G.S.), the Organization's budget ordinance, or requirements under the Medicaid waivers. The focus is now on the activities of the major funds, and not on the type of fund. The Organization maintains one fund based on its activities as required and for accountability and control. The fund is an enterprise fund which uses the full accrual basis of accounting and accounts for the Organization's activities in a manner similar to a for-profit business.

The Organization adopts an annual budget as required by G.S. 159-42(c). The budget is a legally adopted document that incorporates input from the citizens and the management of the Organization and the decisions of the Board about which services to provide and how to pay for them. The budgetary statements demonstrate how well the Organization complied with the budget ordinance and whether or not the Organization succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statements use the budgetary basis of accounting and are presented using the same format, language, and classifications as the legal budget document. The budgetary statements are presented as supplementary information to demonstrate compliance with applicable state laws. To account for the difference between the budgetary basis of accounting and the full accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

### **Notes to the Financial Statements**

The next section of the financial statements is the notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are on pages 17-33. After the notes, supplemental information is provided to show details about the Organization's individual funds.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information required by North Carolina general statutes.



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**Statement of Net Position**

A summary of the Organization's Statements of Net Position at June 30, 2014 and 2013, are presented in Table A-1.

**Table A-1  
Condensed Statements of Net Position  
June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Current Assets	\$ 93,805,623	\$ 32,407,463
Restricted Cash	12,467,918	2,478,759
Capital Assets	2,174,481	1,390,205
Total Assets	<u>\$ 108,448,022</u>	<u>\$ 36,276,427</u>
Current Liabilities	\$ 30,701,987	\$ 12,150,050
Long-Term Liabilities	1,557,182	806,029
Total Liabilities	<u>32,259,169</u>	<u>12,956,079</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	2,174,481	1,390,205
Restricted	17,191,784	4,337,200
Unrestricted Net Position	56,822,588	17,592,943
Total Net Position	<u>76,188,853</u>	<u>23,320,348</u>
Total Liabilities and Net Position	<u>\$ 108,448,022</u>	<u>\$ 36,276,427</u>

Net position may serve over time as one useful indicator of a government's financial condition. The assets of the Organization exceeded liabilities by \$76,188,853 as of June 30, 2014. The Organization's net position increased by \$52,868,505 for the fiscal year ended June 30, 2014. The Organization uses unrestricted cash to pay providers of services and to manage risk associated with the capitation payments under the Medicaid waivers.

An additional portion of the Organization's net position represents resources that are subject to external restrictions on how they may be used. An amount of 74.6% of the total fund balance is unrestricted while 22.6% of net position is restricted by North Carolina State Statute and the Medicaid (b)(c) waiver contract. The remaining balance represents the net investment in fixed assets.

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**Statement of Revenues, Expenses, and Changes in Net Position**

While the Statement of Net Position shows the change in net position, it also provides answers to the nature and source of these changes.

**Table A-2  
Condensed Statements of Changes in Net Position  
Years Ended June 30, 2014 and 2013**

	2014	2013
<b>Revenues</b>		
Intergovernmental:		
Local	\$ 2,597,687	\$ 1,514,579
Federal	5,670,863	441,652
State	50,020,164	28,830,829
Medicaid	248,232,879	124,783,794
Other Income	272,371	337,646
Total Revenues	<u>306,793,964</u>	<u>155,908,500</u>
<b>Expenses</b>		
Personnel	24,183,724	13,490,161
Professional Services	3,676,397	1,208,120
Supplies	284,913	107,391
Current Obligations/Services	1,814,809	1,244,816
Fixed Charges/Expenses	2,502,761	798,883
Capital Outlay	812,632	228,580
Depreciation	373,906	223,445
Contracts/Grants	249,132,238	132,873,224
Total Expenses	<u>282,781,380</u>	<u>150,174,620</u>
<b>NONOPERATING INCOME</b>		
Gain (Loss) on Disposal of Capital Assets	(79,879)	126,489
Interest Income	120,450	50,684
Total Nonoperating Income	<u>40,571</u>	<u>177,173</u>
<b>Revenues Over Expenses</b>	24,053,155	5,911,053
<b>Transfers from Other LMEs</b>	<u>28,815,350</u>	<u>-</u>
<b>Changes in Net Position</b>	52,868,505	5,911,053
Net Position - Beginning of Year	<u>23,320,348</u>	<u>17,409,295</u>
<b>Net Position - End of Year</b>	<u>\$ 76,188,853</u>	<u>\$ 23,320,348</u>



**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES,  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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### Capital Asset and Debt Administration

The Organization's investment in capital assets as of June 30, 2014, totals \$2,174,481 (net of accumulated depreciation). These assets include assets held for resale (which are not depreciated), buildings, leasehold improvements, furniture and other equipment, computer equipment and vehicles. Capital assets decreased during the year with disposals and depreciation expense exceeding new equipment additions and leasehold renovations.

At June 30, 2014 and 2013, the Organization had invested \$2,174,481 and \$1,390,205, respectively, in capital assets, net of accumulated depreciation, as shown in Table A-3.

**Table A-3  
Capital Assets  
June 30, 2014 and 2013**

	2014	2013
Assets Held for Resale	\$ 359,098	\$ 600,084
Buildings	390,420	397,918
Leasehold Improvements	95,948	82,895
Office Furniture and Equipment	217,901	128,863
Computer Equipment	1,111,114	180,445
Total Capital Assets	\$ 2,174,481	\$ 1,390,205

Additional information on the Organization's capital assets can be found in Note 2 of the Basic Financial Statements.

At June 30, 2014 and 2013, the Organization had no outstanding debt associated with these capital assets.

### Economic and Other Factors

A number of economic factors currently affect the financial and operational performance of health care entities and the Organization including the following:

Restructuring of Mental Health Services in North Carolina.

A major restructuring of the management and delivery systems of mental health, developmental disabilities, and substance abuse services continues in the state of North Carolina. Significant changes in funding and operations continue to take place as a result of this reform.

Other Factors for the Year Ended June 30, 2014:

- a. The Organization is an Area Authority operating as a Local Management Entity in the State of North Carolina. Effective July 1, 2012, the Organization began operating under a Medicaid 1915 (b)(c) waiver, assuming management of Medicaid funded behavioral health and intellectual/developmental disability services for Medicaid enrollees in the Organization's 15 county catchment area.

**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES,  
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- b. On May 20, 2013, the Organization entered into a management agreement with Western Highlands Area Authority (Western Highlands) to provide management and oversight of Western Highlands and its respective eight county catchment area. This was a result of the Department of Health and Human Services (DHHS) notifying Western Highlands that its contracts would be terminated without cause effective July 31, 2013. The Organization worked in partnership with DHHS, Western Highlands, Consumer and Family Advisory Council, providers, community stakeholders, and others to ensure a smooth transition of consumer services and all operations. As of October 1, 2013, all operations of Western Highlands had transitioned to the Organization.
- c. The Organization began informal discussions with two other LMEs to explore a potential merger between the three organizations which is consistent with North Carolina public policy to have only three to four managed care organizations statewide.

**Finance Contact**

The Organization's financial statements are designed to present users with a general overview of the Organization's finances and to demonstrate the Organization's accountability. If you have any questions about the report or need additional financial information, please contact Fred Nirdé, Chief Financial Officer, Smoky Mountain Center for Mental Health, Developmental Disabilities, and Substance Abuse Services, 356 Biltmore Avenue, Asheville, North Carolina, 28801.



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On May 20, 2013, the Organization entered into a new contract with the  
HIGHLANDS AREA AUTHORITY (Western Highlands) to provide mental health  
services to the eight counties of Western Highlands and its respective eight county  
Department of Health and Human Services (DHHS). The contract was  
contact would be terminated without cause effective 90 days after the  
work in partnership with DHHS, Western Highlands, and other  
County, provider, community stakeholders, and other stakeholders.  
outpatient services and all operations. As of October 1, 2013, the  
Highlands are transitioned to the Organization.  
The Organization began internal discussions with two other potential  
partner regions, the three organizations which is considered as a  
to have, in order to four managed care organizations.

**Basic Financial Statements**

The Organization's financial statements are designed to provide information  
to management and to demonstrate the Organization's financial position,  
operations, and cash flows. The Organization's financial statements are  
prepared in accordance with generally accepted accounting principles  
and are subject to audit by an independent accounting firm.

SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH DEVELOPMENT  
AND SUBSTANCE ABUSE SERVICES  
STATEMENT OF NET POSITION  
JUNE 30, 2014

Assets  
Cash and Cash Equivalents  
Accounts Receivable  
Prepaid Expenses  
Other Assets  
Total Current Assets  
  
Accounts Payable  
Deferred Cash and Cash Equivalents  
Total Liabilities  
  
Contributions (Net of Accounting Depreciation)  
Reserve for Debt  
Total Capital Assets  
Total Net Current Assets

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**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES,  
AND SUBSTANCE ABUSE SERVICES  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

**ASSETS**

## Current Assets

Cash and Cash Equivalents	\$ 87,256,967
Accounts Receivable	4,723,866
Prepaid Expenses	1,823,476
Other Assets	1,314
Total Current Assets	<u>93,805,623</u>

## Non-Current Assets

Restricted Cash and Cash Equivalents	12,467,918
Capital Assets:	
Capital Assets (Net of Accumulated Depreciation)	1,815,383
Assets Held for Sale	359,098
Total Capital Assets	<u>2,174,481</u>
Total Noncurrent Assets	<u>14,642,399</u>

Total Assets \$ 108,448,022

**LIABILITIES**

## Current Liabilities

Accounts Payable and Other Current Liabilities	\$ 11,335,451
Liability for Claims Incurred, but not Reported	19,141,536
Compensated Absences - Current Portion	225,000
Total Current Liabilities	<u>30,701,987</u>

## Long-Term Liabilities

Other Postemployment Benefits	379,664
Compensated Absences - Long-Term	1,177,518
Total Liabilities	<u>32,259,169</u>

**NET POSITION**

Invested in Capital Assets, Net of Related Debt	2,174,481
Restricted:	
Stabilization of State Statute	4,723,866
Medicaid Risk Reserve	12,467,918
Unrestricted	56,822,588
Total Net Position	<u>76,188,853</u>
Total Liabilities and Net Position	<u>\$ 108,448,022</u>

See accompanying Notes to Financial Statements.

**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES,  
AND SUBSTANCE ABUSE SERVICES**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2014**

**OPERATING REVENUES**

Intergovernmental:	
Local	\$ 2,597,687
Federal	5,670,863
State	50,020,164
Medicaid	248,232,879
Other Income	272,371
Total Revenues	<u>306,793,964</u>

**EXPENSES**

Personnel	24,183,724
Professional Services	3,676,397
Supplies and Materials	284,913
Current Obligations/Services	1,814,809
Fixed Charges/Expenses	2,502,761
Capital Outlay	812,632
Depreciation	373,906
Contracts, Grants	249,132,238
Total Expenses	<u>282,781,380</u>

Operating Income 24,012,584

**NONOPERATING INCOME**

Loss on Sale of Capital Assets	(79,879)
Interest Income	120,450
Total Nonoperating Income	<u>40,571</u>

**Revenues Over Expenses**

**Before Other Financing Sources** 24,053,155

**OTHER FINANCING SOURCES**

Transfers from Other Local Management Entities	<u>28,815,350</u>
--	-------------------

Increase in Net Position 52,868,505

**NET POSITION - BEGINNING OF YEAR**

23,320,348

**NET POSITION - END OF YEAR**

\$ 76,188,853

See accompanying Notes to Financial Statements.



**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES,  
AND SUBSTANCE ABUSE SERVICES  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2014**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Federal, State, and Local Agencies	\$ 303,656,168
Payments to Suppliers	(9,091,513)
Payments to Employees	(23,572,864)
Payments for Contracted Services	(230,580,301)
Other Receipts/Payments, Net	(882,663)
Net Cash Provided by Operating Activities	<u>39,528,827</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Transfers from Other Local Management Entities	28,460,611
Net Cash Provided by Non-Capital Financing Activities	<u>28,460,611</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of Capital Assets	(1,011,375)
Proceeds on Sale of Capital Assets	128,054
Net Cash Used in Capital and Related Financing Activities	<u>(883,321)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest	120,450
Net Cash Provided by Investing Activities	<u>120,450</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	67,226,567
Cash and Cash Equivalents - Beginning of Year	<u>32,498,318</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 99,724,885</u>
Cash and Cash Equivalents	\$ 87,256,967
Restricted Cash and Cash Equivalents	12,467,918
Total Cash and Cash Equivalents	<u>\$ 99,724,885</u>
<b>Reconciliation of operating income to net cash provided from operating activities:</b>	
Operating Income	\$ 24,012,584
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	373,906
Increase in Accounts Receivable	(2,865,425)
Increase in Prepaid Expenses	(1,295,328)
Increase in Other Postemployment Benefits Liability	140,293
Increase in Accounts Payable and Accrued Expenses	18,551,937
Increase in Compensated Absences	610,860
Net Cash Provided by Operating Activities	<u>\$ 39,528,827</u>

See accompanying Notes to Financial Statements.

**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES,  
AND SUBSTANCE ABUSE SERVICES  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
YEAR ENDED JUNE 30, 2014**

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 11,144	\$ -	\$ 11,144
Total Current Assets	<u>\$ -</u>	<u>\$ 11,144</u>	<u>\$ -</u>	<u>\$ 11,144</u>
<b>LIABILITIES</b>				
Claims Payable	\$ -	\$ 8,002	\$ -	\$ 8,002
Due to Beneficiaries	-	3,142	-	3,142
Total Liabilities	<u>\$ -</u>	<u>\$ 11,144</u>	<u>\$ -</u>	<u>\$ 11,144</u>

See accompanying Notes to Financial Statements.



**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES,  
AND SUBSTANCE ABUSE SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Smoky Mountain Center for Mental Health, Developmental Disabilities, and Substance Abuse Services (the "Organization") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

**A. Reporting Entity**

The Organization is a local management entity (LME) and managed care organization (MCO) designated by and functioning under the control of the North Carolina Department of Health and Human Services to provide mental health, developmental disabilities and substance abuse services in Alexander, Alleghany, Ashe, Avery, Buncombe, Caldwell, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Rutherford, Swain, Transylvania, Watauga, Wilkes and Yancey counties. The services include reviewing and evaluating the area needs and programs in mental health, mental impairment, mental retardation, alcoholism, drug dependency and related fields, and developing jointly with the North Carolina Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, an annual plan for the effective development, use and control of state and local facilities and resources in a comprehensive program of mental health service for the residents of the area. The Organization, which is governed by a twenty-one member board of directors, is an area authority empowered by Chapter 122C of the North Carolina General Statutes with the responsibility to oversee and control all activities related to mental health, developmental disabilities, and substance abuse services in its target area. The Organization has no component units, which under generally accepted accounting principles are legally separate entities for which the Organization is financially accountable.

**B. Basis of Presentation, Fund Accounting**

The accounts of the Organization are organized and operated on a fund basis. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts recording its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses.

The Organization accounts for its operations as an enterprise fund. An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.



**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES,  
AND SUBSTANCE ABUSE SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation, Fund Accounting (Continued)**

The Organization reports the following major fund:

The *Enterprise Fund*, the major operating fund of the Organization which accounts for all activity. The Enterprise Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Organization gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Activity related to the internal service fund of the Organization has been presented with the major operating fund for reporting purposes. The internal service fund was used in the past by the Organization to account for health and dental insurance to employees and eligible retirees.

Amounts reported as revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

The Organization reports the following fund type:

*Agency Fund.* Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the Organization holds on behalf of others. The Organization maintains the following agency fund: the Flexible Spending Plan under IRS Code Section 125. The Agency Fund is custodial in nature and was not a measure of operating results. This Fund was transferred to the Organization during the merger of Western Highlands Area Authority.

Intergovernmental revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

All funds of the Organization are maintained on the modified accrual basis during the year; however, the financial statements for the Organization have been reported on the accrual basis. Under this basis, revenues are recorded when earned and expenses are recorded when incurred. In converting from the modified accrual basis to the full accrual basis, the changes required may include adjustments for depreciation, capital outlay, compensated absences, and other postemployment benefits.



**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES,  
AND SUBSTANCE ABUSE SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Budgetary Data**

The Organization maintains budgetary controls over all funds, as required by the North Carolina General Statutes. An annual budget is adopted for the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. The governing board must approve all amendments. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted. The budget was prepared on the modified accrual basis of accounting. The budget presented in these statements is the budget ordinance amended through June 30, 2014.

**D. Assets, Liabilities, and Fund Equity**

**1. Deposits and Investments**

All deposits of the Organization are made in board-designated official depositories and are secured as required by G.S. 159-31. The Organization may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Organization may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Organization to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public organization; obligations of certain non-guaranteed Federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The Organization's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The LTIF is also valued at \$1 per share. The Global Ex-U.S. Alpha Tilts Fund B is priced at \$48.35 per share and the Russell 3000 Alpha Tilts Fund B is priced at \$22.20 per share at June 30, 2014.



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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Fund Equity (Continued)**

**2. Cash and Cash Equivalents**

All cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Organization considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

Restricted cash consists of cash required to be set aside in a separate account by the Medicaid waiver.

**3. Allowance for Doubtful Accounts**

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years and evaluating current information related to the collectability of individual receivables.

**4. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

**5. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are as follows: leasehold improvements, equipment, and vehicles, \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the Organization are depreciated on a straight-line basis over the following estimated useful lives:

	Years
Buildings	20
Leasehold Improvements	5-20
Vehicles	4-5
Office Furniture	5-10
Computer Equipment	3-5

**6. Long-Term Obligations**

Long-term obligations are reported as liabilities and classified as short-term or long-term depending on their respective maturities.



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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Fund Equity (Continued)**

**7. Compensated Absences**

The vacation policy of the Organization provides for the accumulation of up to two hundred and forty (240) hours earned vacation leave with such leave being fully vested when earned. An expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current portion in the financial statements.

The sick leave policy of the Organization provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Organization has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

**8. Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Organization does not have any items that meet the criterion for this category currently.

**9. Net Position**

Net position is classified into three parts: net investment in capital assets, restricted, and unrestricted. Unrestricted net position includes the portion of net position that bears no restriction as to use or purpose. Net investment in capital assets includes resources invested in capital assets. Restricted net position includes revenue resources that are restricted to specific purposes externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law.

**Restricted for Stabilization of State Statute**

This classification includes the portion of net position that is restricted by State Statute [G.S. 159-8(a)].

**Restricted for Medicaid Risk Reserve**

This classification includes the portion of net position that is restricted by the Medicaid 1915 b/c waiver.



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**NOTE 2 DETAILED NOTES ON ALL FUNDS**

**A. Assets**

**1. Cash and Cash Equivalents**

All of the Organization's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the Federal Depository Insurance coverage level are collateralized with securities held by the Organization in its name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Organization, these deposits are considered to be held by their agents in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Organization or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Organization under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Organization has no formal policy regarding custodial credit risks for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all Pooling Method financial institutions and to monitor them for compliance.

At June 30, 2014, the Organization's deposits had a carrying amount of \$80,407,032 and a bank balance of \$81,334,699. Of the bank balance, \$500,000 was covered by Federal Depository Insurance; \$80,834,699 in interest bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2014, the Organization had \$1,500 cash on hand.

**2. Investments**

At June 30, 2014, the Organization's investments and maturities are as follows:

	Fair Value	Less than 6 Months	6-12 Months	1-3 Years
NC Capital Management Trust	\$ 19,327,497	\$ 19,327,497	N/A	N/A
	<u>\$ 19,327,497</u>	<u>\$ 19,327,497</u>	<u>\$ -</u>	<u>\$ -</u>

\*Because the NC Capital Management Trust Term Portfolio had a duration of 0.3 years, it was presented as an investment with a maturity of less than 6 months.

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**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**2. Investments (Continued)**

*Interest Rate Risk:* The Organization has no policy on interest rate risk.

*Custodial Credit Risk:* The Organization has no policy on custodial credit risk.

*Credit Risk:* The Organization's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

**3. Receivables**

Receivables at June 30, 2014, were as follows:

	<u>Other Governments</u>	<u>Other Providers</u>	<u>Total</u>
General	\$ 157,966	\$ 8,040,552	\$ 8,198,518
Less Allowance for Doubtful Accounts	-	(3,474,652)	(3,474,652)
Total	<u>\$ 157,966</u>	<u>\$ 4,565,900</u>	<u>\$ 4,723,866</u>



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**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)****A. Assets (Continued)****4. Capital Assets**

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balances	Transfers from Other LMEs	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital Assets not Being Depreciated:					
Assets Held for Sale	\$ 600,084	\$ -	\$ -	\$ 240,986	\$ 359,098
Total Capital Assets not Being Depreciated	600,084	-	-	240,986	359,098
Capital Assets Being Depreciated:					
Buildings	459,634	-	-	-	459,634
Vehicles	23,303	-	-	-	23,303
Computer Equipment	1,900,790	1,252,158	852,105	-	4,005,053
Office Furniture	416,745	15,796	159,270	-	591,811
Leasehold Improvements	131,239	82,072	-	-	213,311
Total Capital Assets Being Depreciated	2,931,711	1,350,026	1,011,375	-	5,293,112
Less Accumulated Depreciation for:					
Buildings	61,716	-	40,552	33,054	69,214
Vehicles	23,304	-	-	-	23,304
Computer Equipment	1,720,345	934,379	239,215	-	2,893,939
Office Furniture	287,882	15,796	70,231	-	373,909
Leasehold Improvements	48,343	45,112	23,908	-	117,363
Total Accumulated Depreciation	2,141,590	995,287	373,906	33,054	3,477,729
Capital Assets, Net	<u>\$ 1,390,205</u>	<u>\$ 354,739</u>	<u>\$ 637,469</u>	<u>\$ 207,932</u>	<u>\$ 2,174,481</u>

In addition, the Organization acquired \$832,632 of minor capital assets that were below the capitalization threshold of \$5,000.

Capital assets with a net book value of \$600,084 had been reclassified as assets held for sale in prior years. In July 2013, one parcel of property included in assets held for sale was sold.

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**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Liabilities**

**1. Payables**

Accounts payable, incurred but not reported claims and other current liabilities at June 30, 2014, were as follows:

	<u>Vendors</u>	<u>Accrued Wages and Benefits</u>	<u>Incurred but not Reported Claims</u>	<u>Total</u>
Payables	<u>\$ 8,812,479</u>	<u>\$ 2,522,972</u>	<u>\$ 19,141,536</u>	<u>\$ 30,476,987</u>
Total	<u>\$ 8,812,479</u>	<u>\$ 2,522,972</u>	<u>\$ 19,141,536</u>	<u>\$ 30,476,987</u>

**2. Pension Plan Obligations**

**a. Retirement Plan**

*Plan Description.* The Organization contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the Organization to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 3512 Bush Street, Raleigh, North Carolina 27609, or by calling (919) 981-5454.

*Funding Policy.* Plan members (employees) are required to contribute six percent of their annual covered salary. The Organization is required to contribute at an actuarially determined rate (7.44%). The contribution requirements of members and of the Organization are established and may be amended by the North Carolina General Assembly. The Organization's contributions to the plan for the years ended June 30, 2014, 2013, and 2012 were \$1,185,765, \$645,711, and \$399,369, respectively. The contributions made by the Organization equaled the required contributions for each year.



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**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Liabilities (Continued)**

**2. Pension Plan Obligations (Continued)**

**b. Other Postemployment Benefits**

*Plan Description.* The Organization administers a defined benefit Employment Benefit Fund (EBF). As of September 2004, Organization employees who retire and draw benefits from the Local Government Retirement System (LGRS) have the ability to continue their health and dental coverage under the Organization's EBF. The Organization will provide a percentage of the cost of coverage based on the number of years of service and the employee's age at the time of retirement. The applicable percentage of total cost to be paid by the Organization is listed in the following tables.

Employees With at Least 20 Years of Service at  
Smoky Mountain Center and Receiving LGRS Benefits

Retirement Age	Organization Contribution to Health and/or Dental Costs
60 - 64	100%
59	83%
58	71%
57	62%
56	55%
55	50%
54	45%
53	41%
52	38%
51	35%
50	33%

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**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)****B. Liabilities (Continued)****2. Pension Plan Obligations (Continued)****b. Other Postemployment Benefits (Continued)**

Employees With at Least 15 Years of Service at  
Smoky Mounty Center and Receiving LGERS Benefits

Retirement Age	Organization Contribution to Health and/or Dental Costs
60 - 64	50%
59	41%
58	35%
57	31%
56	27%
55	25%
54	22%
53	20%
52	19%
51	17%
50	16%

Coverage may continue for the retiree until the retiree becomes entitled to Medicare benefits or reaches the age of sixty-five, whichever comes first. Also the Organization's retirees can purchase coverage for their dependents at the Organization's group rates. The Organization may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the Plan consisted of the following at June 30, 2014, the date of the latest actuarial valuation:

Active plan members	389
Retirees and dependents receiving benefits	<u>8</u>
Total	<u>397</u>

*Funding Policy.* The Organization pays the cost of coverage for the health care benefits paid to qualified retirees under a Board resolution that can be amended by the Board. The Organization has chosen to fund the health care benefits on a pay as you go basis.

The current ARC rate is 1.2% of annual covered payroll. For the current year, the Organization contributed \$56,915, or .34%, of annual covered payroll. The Organization obtains insurance through private insurers for health care coverage. The Organization is not required to make contributions at a specified percentage of covered payroll. The contributions made by retired employees, which includes dependent coverage in the amount of \$25,664.



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**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Liabilities (Continued)**

**2. Pension Plan Obligations (Continued)**

**b. Other Postemployment Benefits (Continued)**

*Summary of Significant Accounting Policies.* The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Contributions are recognized when due, and the Organization will provide the contributions to the Plan. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations. Short-term money market debt instruments, deposits, and repurchase agreements are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price. Administration costs of the Plan are financed through investment earnings.

*Annual OPEB Cost and Net OPEB Obligation.* The Organization's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Organization's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the Organization's net OPEB obligation for the postemployment health care benefits:

Annual Required Contribution	\$ 201,325
Interest on Net OPEB Obligation	9,575
Adjustments to Annual Required Contribution	<u>(13,692)</u>
Annual OPEB Cost	197,208
Contributions Made	<u>(56,915)</u>
Increase in Net OPEB Obligation	140,293
Net OPEB Obligation, Beginning of Year	239,371
Net OPEB Obligation, End of Year	<u><u>\$ 379,664</u></u>



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**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Liabilities (Continued)**

**2. Pension Plan Obligations (Continued)**

**b. Other Postemployment Benefits (Continued)**

The Organization's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations for 2014 were as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB (Asset)/ Obligation
2010	\$ 153,800	64.00%	\$ 110,041
2011	153,800	56.00%	168,086
2012	124,872	99.00%	154,415
2013	124,872	24.37%	239,371
2014	197,208	28.86%	379,664

*Fund Status and Funding Progress.* As of June 30, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$994,739, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$994,739. The covered payroll (annual payroll of active employees covered by the plan) was \$16,770,810, and the ratio of the UAAL to the covered payroll was 5.9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing, over time, relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.



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**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Liabilities (Continued)**

**2. Pension Plan Obligations (Continued)**

**b. Other Postemployment Benefits (Continued)**

In the June 30, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The medical cost trend rate of 9.00 percent. The dental cost trend increase of 5.00 percent was assumed. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of pay on an open basis. The remaining amortization period at June 30, 2014, was 20 years.

**c. Other Employment Benefits**

The Organization has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. Smoky Mountain Center for Mental Health, Development Disabilities, and Substance Abuse Services has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. Smoky Mountain Center for Mental Health, Development Disabilities, and Substance Abuse Services considers these contributions to be immaterial.

**3. Risk Management**

The Organization is exposed to various risks of losses related to torts; malpractice; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Organization carries commercial insurance to cover substantially all risks of loss. The Organization obtains commercial general liability and professional liability coverage of \$1,000,000 per occurrence subject to a \$3,000,000 limit, liability and collision insurance coverage on vehicles of \$1,000,000 per occurrence, and workers' compensation coverage subject to a limit of \$1,000,000.



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**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Liabilities (Continued)**

**3. Risk Management (Continued)**

The Organization does not carry flood insurance as there are no properties located within areas designated as flood areas.

The Organization carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 159.29, the Organization's employees that have access to \$100 or more at a given time of the Organization's funds are performance bonded through a commercial surety bond. The Chief Executive Officer and the Chief Finance Officer are individually bonded for \$250,000.

**4. Contingent Liabilities**

From time to time, the Organization is party to other pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Organization's financial position or results of operations.

**5. Long-Term Obligations**

As of June 30, 2014, the long-term obligations of the Organization consisted of the following:

	Balance July 1, 2013	Transfers From Other LME	Net Increase	Balance June 30, 2014	Amounts Due within One Year
Compensated Absences	\$ 791,658	\$ 440,423	\$ 170,437	\$ 1,402,518	\$ 225,000
Total General Long-Term Debt	<u>\$ 791,658</u>	<u>\$ 440,423</u>	<u>\$ 170,437</u>	<u>\$ 1,402,518</u>	<u>\$ 225,000</u>

Compensated absences typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.



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**NOTE 3 SUMMARY DISCLOSURES OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

**Non-Cancellable Operating Leases**

The Organization leases certain operating facilities under non-cancellable operating leases. Future lease payments due under these leases subsequent to June 30, 2014 are as follows:

Year Ending June 30,	Amount
2015	\$ 915,258
2016	228,716
2017	205,176
2018	-
2019	-
Thereafter	-
	<u>\$ 1,349,150</u>

Total rent expense for all operating leases amounted to \$1,047,788 for the year ended June 30, 2014.

**Federal and State Assistance Programs**

The Organization has received proceeds from several Federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

**NOTE 4 MERGER**

During the prior year, the Organization entered into a management agreement with Western Highlands Area Authority (Western Highlands) to provide management and oversight of Western Highlands and its respective eight county catchment area. The Organization worked in partnership with DHHS, Western Highlands, Consumer and Family Advisory Council, providers, community stakeholders, and others to ensure a smooth transition of consumer services and all operations. On October 1, 2013, all operations of Western Highlands were transitioned to the Organization as part of the continued reform of behavioral health systems in North Carolina.

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**NOTE 4 MERGER (CONTINUED)**

In accordance with the merger agreement, the following assets, liabilities, and fund balances were transferred from Western Highlands Area Authority to the Organization on January 23, 2014 on the modified accrual basis of accounting:

<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 25,582,858
Restricted and Agency Fund Cash	5,065,466
Receivables:	
Accounts Receivable, Net	4,310,479
<b>TOTAL ASSETS</b>	<u>34,958,803</u>
<b>LIABILITIES</b>	
Accounts Payable and Accrued Expenses	87,435
Due to Smoky	1,395,050
Liability for Claims Incurred, but Not Reported	4,575,283
<b>TOTAL LIABILITIES</b>	<u>6,057,768</u>
<b>FUND BALANCES</b>	
Restricted:	
Stabilization of State Statute	2,915,429
Medicaid Risk	5,065,466
Committed	3,642,049
Unassigned	17,278,091
<b>NET FUND BALANCES</b>	<u>\$ 28,901,035</u>

In accordance with the merger agreement, the following assets, liabilities, and fund balances were transferred from Western Highlands Area Authority to the Organization on January 23, 2014 on the full accrual basis of accounting:

<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 25,582,858
Restricted Cash	5,065,466
Receivables:	
Accounts Receivable, Net	4,310,479
Capital Assets:	
Capital Assets, Net of Depreciation	354,739
<b>TOTAL ASSETS</b>	<u>35,313,542</u>
<b>LIABILITIES:</b>	
Accounts Payable and Accrued Expenses	87,334
Due to Smoky	1,395,050
Liability for Claims Incurred, but Not Reported	4,575,283
Long-Term Liabilities:	
Accrued Vacation	440,323
<b>TOTAL LIABILITIES</b>	<u>6,497,990</u>
<b>NET POSITION:</b>	
Invested In Capital Assets	354,739
Restricted:	
Stabilization of State Statute	2,915,429
Medicaid Risk	5,065,466
Unrestricted	20,479,716
<b>NET POSITION</b>	<u>\$ 28,815,350</u>

**REQUIRED SUPPLEMENTARY FINANCIAL DATA  
(ADDITIONAL INFORMATION REQUIRED BY  
GOVERNMENTAL ACCOUNTING STANDARDS BOARD)**

- **SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS**
- **SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS**



**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES,  
AND SUBSTANCE ABUSE SERVICES  
OTHER POSTEMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) ( b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2009	\$ -	\$ 923,900	\$ 923,900	0.00%	\$ 9,054,000	10.2%
6/30/2012	-	778,767	778,767	0.00%	9,723,728	8.0%
6/30/2014	-	994,739	994,739	0.00%	16,770,810	5.9%

**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES,  
AND SUBSTANCE ABUSE SERVICES  
OTHER POSTEMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Schedule of Employer Contributions

Year Ended June 30, (b)	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2010	\$ 153,800	64.00%
2011	153,800	56.00%
2012	124,872	99.00%
2013	124,872	21.93%
2014	201,325	28.27%

**SUPPLEMENTAL SCHEDULES  
FOR  
NC DIVISION OF MEDICAL ASSISTANCE REPORTING**



**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND  
SUBSTANCE ABUSE SERVICES  
SUPPLEMENTAL SCHEDULE  
BALANCE SHEET – GOVERNMENTAL FUNDS – MODIFIED ACCRUAL BASIS  
JUNE 30, 2014**

**ASSETS**

Cash and Cash Equivalents	\$ 86,240,953
Restricted Cash and Cash Equivalents	12,467,918
Accounts Receivable, Net of Allowance for Uncollectible Accounts and Contractual Allowances	4,723,866
Prepaid Expenses and Deposits	1,823,476
Other Expenses	1,314
<b>Total Assets</b>	<b><u>\$ 105,257,527</u></b>

**LIABILITIES**

Accounts Payable	\$ 8,792,852
Accrued Expenses	2,522,972
Liability for Claims Incurred, but not Reported	19,141,536
<b>Total Liabilities</b>	<b><u>30,457,360</u></b>

**FUND BALANCES**

Nonspendable	1,824,790
Restricted:	
Stabilization of State Statute	4,723,866
Medicaid Risk Reserve	12,467,918
Committed	8,587,502
Unassigned	47,196,091
<b>Total Fund Balances</b>	<b><u>74,800,167</u></b>
 <b>Total Liabilities and Fund Balances</b>	 <b><u>\$ 105,257,527</u></b>

**Amounts Reported in the Statement of Net Position are Different Because:**

Fund Balance	\$ 74,800,167
Capital Assets Used in Governmental Activities are not Financial Resources and therefore, are not Reported in the Funds	2,174,481
The Assets and Liabilities of the Internal Service Fund are Included in Governmental Activities in the Statement of Net Position	996,387
Other Postemployment Benefits Payable	(379,664)
Liability for Compensated Absences is not Due and Payable in the Current Period and therefore, is not Reported in the Fund	(1,402,518)
	<b><u>\$ 76,188,853</u></b>

**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENT DISABILITIES, AND  
SUBSTANCE ABUSE SERVICES  
SUPPLEMENTAL SCHEDULE  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS – MODIFIED ACCRUAL BASIS  
YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Intergovernmental:				
State & Federal	\$ 27,771,596	\$ 56,284,166	\$ 55,691,027	\$ (593,139)
Local	1,499,792	2,576,172	2,597,687	21,515
Medicaid	130,325,164	245,184,068	248,232,879	3,048,811
Other Income	96,700	285,050	520,832	235,782
<b>Total Revenues</b>	<u>159,693,252</u>	<u>304,329,456</u>	<u>307,042,425</u>	<u>2,712,969</u>
<b>EXPENDITURES</b>				
Personnel & Professional Services	17,749,833	28,745,770	27,549,391	1,196,379
Supplies	187,249	317,840	284,913	32,927
Current Obligations	1,688,112	2,931,656	1,814,809	1,116,847
Fixed Expenses	1,096,751	3,180,235	2,502,761	677,474
Capital Outlay	423,485	2,880,639	1,824,007	1,056,632
Contracts	138,697,822	266,799,823	249,132,238	17,667,585
<b>Total Expenditures</b>	<u>159,843,252</u>	<u>304,855,963</u>	<u>283,108,119</u>	<u>21,747,844</u>
<b>Revenues Over (Under) Expenditures Before Other Financing Sources</b>	(150,000)	(526,507)	23,934,306	24,460,813
<b>OTHER FINANCING SOURCES:</b>				
Transfers from Other LMEs	-	-	28,901,035	-
Appropriated Fund Balance	150,000	526,507	-	(526,507)
			<u>28,901,035</u>	
<b>Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	52,835,341	<u>\$ 23,934,306</u>
Fund Balance - Beginning			<u>21,964,826</u>	
<b>FUND BALANCE - ENDING</b>			<u>\$ 74,800,167</u>	



**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND  
SUBSTANCE ABUSE SERVICES**  
**SUPPLEMENTAL SCHEDULE RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS – MODIFIED  
ACCRUAL BASIS TO THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET  
POSITION**  
**JUNE 30, 2014**

Net Changes in Fund Balances - Total Governmental Funds	\$ 52,835,341
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	637,469
Expenses related to compensated absences in the statement of activities that do not require current financial resources are not reported as expenses in the funds.	(170,437)
Expenses related to other postemployment benefits in the statement of activities that do not require current financial resources are not reported as expenses in the funds.	(140,293)
Change in net assets of the internal service fund reported separately in the supplemental governmental statements	41
Book Value of Assets Transferred as Part of Merger	(85,684)
Book Value of Disposed Capital Assets	<u>(207,932)</u>
Change in Net Assets	<u>\$ 52,868,505</u>



**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES,  
AND SUBSTANCE ABUSE SERVICES  
SCHEDULE OF COMMITTED FUND BALANCES  
JUNE 30, 2014**

Unemployment Compensation	\$	250,000
Annual Leave Payout		325,000
Legal Actions		397,002
Administrative Offices		1,957,787
Medicaid Waiver Readiness		1,625,169
Western Highlands		3,304,820
Western Highlands - County		227,724
Retention Risk Reserve		500,000
	\$	<u>8,587,502</u>

**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES,  
AND SUBSTANCE ABUSE SERVICES**  
**STATEMENT OF NET POSITION - INTERNAL SERVICE FUND**  
**JUNE 30, 2014**

**ASSETS**

Current Assets

Cash and Cash Equivalents

\$ 1,016,014

Total Assets

\$ 1,016,014

**LIABILITIES**

Current Liabilities

Claims Payable

\$ 19,626

**NET POSITION**

Unrestricted

996,388

Total Liabilities and Net Position

\$ 1,016,014

**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND  
SUBSTANCE ABUSE SERVICES  
STATEMENT OF CHANGES IN NET POSITION – INTERNAL SERVICE FUND  
YEAR ENDED JUNE 30, 2014**

<b>Nonoperating Revenues:</b>	
Interest Income	\$ 42
<b>Change in Net Position</b>	42
<b>Net Position, Beginning of Year</b>	<u>996,346</u>
<b>Net Position, End of Year</b>	<u>\$ 996,388</u>





INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors  
North Carolina Center for Mental Health, Developmental Disabilities  
10000 Independence Avenue  
Raleigh, North Carolina

**Compliance Section**

The compliance section of the report discusses the auditor's findings regarding the entity's adherence to laws, regulations, and internal policies. It details the scope of the audit, the methods used to identify non-compliance, and the specific instances of non-compliance found. The auditor notes that while the entity has established a compliance framework, there are several areas where the framework is not fully effective, leading to non-compliance with applicable laws and regulations.

Internal Control Over Financial Reporting

The auditor's findings regarding internal control over financial reporting are discussed in this section. The auditor notes that the entity's internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the compliance of operations with applicable laws and regulations. However, the auditor identified several weaknesses in the internal control system that could result in material misstatements in the financial statements.

The auditor's findings regarding the entity's internal control over financial reporting are discussed in this section. The auditor notes that the entity's internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the compliance of operations with applicable laws and regulations. However, the auditor identified several weaknesses in the internal control system that could result in material misstatements in the financial statements.



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Area Board of Directors  
Smoky Mountain Center for Mental Health, Developmental Disabilities,  
and Substance Abuse Services  
Sylva, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the major fund and fiduciary fund of Smoky Mountain Center for Mental Health, Developmental Disabilities, and Substance Abuse Services (the "Organization"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated December 11, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations during our audit, we did not identify an deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies as Finding 2014-001.



### **Compliance and Other Matters**

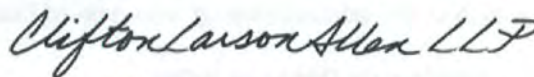
As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Organization's Response to Findings**

The Organization's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and responses are included in the body of the report. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Charlotte, North Carolina  
December 11, 2014





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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND  
MATERIAL EFFECT ON EACH MAJOR FEDERAL AND STATE PROGRAM,  
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE  
SINGLE AUDIT IMPLEMENTATION ACT**

To the Area Board of Directors  
Smoky Mountain Center for Mental Health, Developmental Disabilities,  
and Substance Abuse Services  
Sylva, North Carolina

**Report on Compliance for Each Major Federal and State Program**

We have audited Smoky Mountain Center for Mental Health, Developmental Disabilities, and Substance Abuse Services' (the "Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major Federal and state programs for the year ended June 30, 2014. The Organization's major Federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Organization's major Federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission. Those standards, OMB Circular A-133 and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal and state program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal and state program. However, our audit does not provide a legal determination of the Organization's compliance.



### Opinion on Each Major Federal and State Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal and state programs for the year ended June 30, 2014.

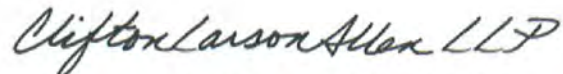
### Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133 and the Audit Manual for Governmental Auditors in North Carolina. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Charlotte, North Carolina  
December 11, 2014



**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENT DISABILITIES, AND  
SUBSTANCE ABUSE SERVICES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2014**

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued: Unmodified.

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  no

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Type of auditors' report issued on compliance for major Federal programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  yes  no

Identification of major Federal programs:

<b>CFDA Numbers</b>	<b>Names of Federal Program or Cluster</b>
93.667	Social Services Block Grant
93.958	Block Grant for Community Mental Health Programs
93.959	Block Grant for Prevention and Treatment of Substance Abuse
14.238	Shelter Plus Care

Dollar threshold used to distinguish between Type A and Type B Programs \$ 300,000

Auditee qualified as low-risk auditee?  yes  no



**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENT DISABILITIES, AND  
SUBSTANCE ABUSE SERVICES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
JUNE 30, 2014**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS (CONTINUED)**

**State Awards**

Internal Control over major State programs:

- Material weakness(es) identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  no

Noncompliance material to State awards?  yes  no

Type of auditors’ report issued on compliance for major State programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?  yes  no

Identification of major State programs:

**Program Name**

LME Systems Management  
Single Stream Funding  
Crisis Services

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 2014-001:**

**Type:** Significant Deficiency in Financial Reporting

**Criteria:** Smoky Mountain Center has traditionally maintained the accounting for revenues and receivables generally on the cash basis rather than on the full accrual method of accounting.

**Condition:** Since the final audit of Western Highlands has been ongoing for several months, we were unable to determine the accuracy of the receivables that were being transferred as part of the merger as well as intercompany receivables/payables between the two organizations until that audit was complete. In addition, we have noted that since Smoky uses a “hybrid” method of accounting for receivables, there were significant “clean up” entries required which has delayed the final review and issuance of the audited financial statements for the organization.

**Effect:** Smoky Mountain Center’s internal financial statements since the merger were inaccurate because of the unreconciled differences impacting receivables, intercompany payables, and the transfers of assets and liabilities from the merger.

**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENT DISABILITIES, AND  
SUBSTANCE ABUSE SERVICES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
JUNE 30, 2014**

**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**Cause:** The use of the hybrid cash basis of accounting did not bring to the attention of management the need to reconcile receivable accounts more promptly.

**Questioned Costs:** None.

**Recommendation:** We recommend that the organization begin using the full accrual method of accounting for all financial statement classes and/or categories. Account balances should be regularly reviewed and reconciled to subsidiary records. Not only will the adoption of the full accrual method of account result in improved controls over financial reporting internally, but it will also improve the accuracy of external financial reporting to Federal, State, and other users of the financial statements.

**Views of responsible officials and planned corrective actions:** Smoky Mountain Center agrees with this finding and has already begun to address the policies and procedures related to accounts receivable and revenues. During fiscal year 2014, there was significant staff turnover due resulting from the Western Highlands merger as for personal and professional reasons. Management believes that the turnover was both unprecedented in scope and non-recurring. During 2015 fiscal year, a Senior Director – Finance as well as an Accounting Manager have been hired, filling roles that were vacant throughout most of fiscal year 2014. Processes to streamline and improve the revenue recognition and recording of receivables for all sources of LME/MCO funding have been put in place to strengthen internal controls over financial reporting of accounts receivable.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

**SECTION IV – STATE AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

**SECTION V – SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

None reported.



**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND  
SUBSTANCE ABUSE SERVICES  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2014**

	<u>Federal Expenditures</u>	<u>State Expenditures</u>
<b>Federal Awards</b>		
<u>U.S. Department of Housing and Urban Development</u>		
Shelter Plus Care Program	14.238 \$ 531,971	\$ -
Total U.S. Department of Housing and Urban Development	<u>531,971</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>		
<u>Substance Abuse and Mental Health Service Administration</u>		
Passed-through the NC Dept. of Health and Human Services:		
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:		
Projects for Assistance in Transition from Homelessness	93.150 144,521	
Social Services Block Grant	93.667 547,812	
Block Grant for Community Mental Health Services - Community Based Program-Mental Health	93.958 1,197,961	-
Block Grant for Prevention and Treatment of Substance Abuse - Substance Abuse-Substance Abuse Prevention	93.959 <u>4,203,286</u>	<u>-</u>
Total U.S. Department of Health and Human Services	<u>6,093,580</u>	<u>-</u>
Total Federal Awards and State Matches	6,625,551	-
<b>State Awards</b>		
NC Department of Health and Human Services		
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:		
Single Stream Funding	-	10,404,119
LME Administration	-	4,980,136
Crisis Services	<u>-</u>	<u>3,206,487</u>
Total Division of Mental Health, Developmental Disabilities and Substance Abuse Services:	<u>-</u>	<u>18,590,742</u>
Total State Awards	<u>-</u>	<u>18,590,742</u>
Total Federal and State Awards	<u>\$ 6,625,551</u>	<u>\$ 18,590,742</u>

See accompanying Note to Schedule of Expenditures of Federal and State Awards



**SMOKY MOUNTAIN CENTER FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND  
SUBSTANCE ABUSE SERVICES  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2014**

Basis of Presentation

The accompanying schedule of expenditures of Federal and state awards includes the Federal and state grant activity of Smoky Mountain Center for Mental Health, Developmental Disabilities, and Substance Abuse Services is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

**AGENDA ITEM 5:**

**W.A.M.Y. COMMUNITY ACTION PROPOSED PROCLAMATION CELEBRATING 50 YEARS OF SERVICE**

**MANAGER'S COMMENTS:**

Ms. Mary Moretz and Melissa Soto, WAMY Director, will present a proclamation celebrating fifty (50) years of service by W.A.M.Y. Community Action.

Board action is requested to adopt the proclamation as presented.

STATE OF NORTH CAROLINA

COUNTY OF WATAUGA

**Proclamation Celebrating 50 Years of Service  
By W.A.M.Y. Community Action in Watauga County**

**WHEREAS**, Community action agencies are unique in their ability to change the programs they offer as the needs of the community arise; and

**WHEREAS**, W.A.M.Y. Community Action was chartered as a private 501-c3 nonprofit agency in 1964 through the Economic Opportunity Act, in conjunction with President Johnson’s War on Poverty, and with assistance from the North Carolina Fund and Office of Economic Opportunity; and

**WHEREAS**, many organizations such as the County Senior Centers, AppalCART, Watauga County Farmer’s Market, Blue Ridge Hearthside Crafts and Head Start Centers can trace their beginnings back to W.A.M.Y.; and

**WHEREAS**, W.A.M.Y. provides solutions to poverty in the counties of Watauga, Avery, Mitchell, and Yancey; and

**WHEREAS**, the citizens of Watauga County have benefited from W.A.M.Y. by their dedication in helping people help themselves and each other; and

**WHEREAS**, W.A.M.Y. has provided the community with exceptional services for over fifty (50) years; and

**WHEREAS**, W.A.M.Y. remains at the forefront on the fight against poverty by providing a variety of services, awareness, solutions, and empowerment to address these needs.

**NOW, THEREFORE, BE IT PROCLAIMED** that the Watauga County Board of Commissioners recognizes and appreciates the 50 years of services provided by W.A.M.Y. Community Action to the citizens of the County.

**ADOPTED** this the 7<sup>th</sup> day of April, 2015.



\_\_\_\_\_  
Jimmy Hodges, Chairman  
Watauga County Board of Commissioners

ATTEST:

\_\_\_\_\_  
Anita J. Fogle, Clerk to the Board



**AGENDA ITEM 6:**

**COOPERATIVE EXTENSION MATTERS**

**MANAGER'S COMMENTS:**

*A. Proposed Proclamation Establishing Greening My Plate Month*

Mr. Bill Moretz will request the Board to proclaim the month of April 2015 as Greening My Plate Month. The purpose of the proclamation is to bring awareness to the benefits of locally grown fruits and vegetables and recognize and celebrate the farmers who provide this produce.

Board action is requested to adopt the proclamation as presented.

STATE OF NORTH CAROLINA

COUNTY OF WATAUGA



**Greening My Plate Month  
Proclamation**

**WHEREAS**, purchasing local food supports local farm families and food producers who contribute to our community; and

**WHEREAS**, fresh, locally produced food is best for the health of our citizens; and

**WHEREAS**, building a local food system enhances the food security of our community; and

**WHEREAS**, supporting local family farms preserves genetic diversity, important for the future of the human race.

**NOW, THEREFORE, BE IT PROCLAIMED** that the Watauga County Board of Commissioners thereby proclaims the month of April, 2015, as Greening My Plate Month, throughout which spring and our growing season will be celebrated through a variety of community events.

**ADOPTED** this the 7<sup>th</sup> day of April, 2015.



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Jimmy Hodges, Chairman  
Watauga County Board of Commissioners

ATTEST:

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Anita J. Fogle, Clerk to the Board

## **AGENDA ITEM 6:**

### **COOPERATIVE EXTENSION MATTERS**

#### **MANAGER'S COMMENTS:**

##### ***B. Staffing Request***

Mr. Jim Hamilton, Director of Cooperative Extension, will request their temporary horticulture agent be hired on a full-time basis. The position will be 100% county-funded.

##### **Background information**

On April 1, 2014, the Board approved and authorized Mr. Hamilton to use funds budgeted for the frozen horticulture agent to increase the temporary horticulture agent from twenty (20) to forty (40) hours. At that time, the County was paying nine (9) of the twenty (20) hours with the State paying the remaining eleven (11) hours. The salary split was forty-five percent (45%) County funding and fifty-five percent (55%) State funding, per the existing Memorandum of Understanding (MOU).

Mr. Hamilton was authorized to increase the temporary employee's hours from twenty (20) to forty (40) hours. The County was to pay twenty-nine (29) hours with the State continuing to pay eleven (11) hours. The request required the County to pay seventy-two and a half percent (72.5%) and the State twenty-seven and a half percent (27.5%) which was not in accordance with the MOU. The additional funded hours were authorized through June 30, 2014 and required Board approval to continue into Fiscal Year 2014-2015.

Mr. Hamilton requested continued authorization of the twenty-nine (29) hours to be paid by the County through November. The horticulture agent position had been budgeted in the Fiscal Year 2014-2015 budget. Board approval authorized the continuation of the twenty-nine (29) hours per week paid by the County through November 2014.

In November 2014, the Board approved the rehire of the temporary horticulture agent for the remainder of the fiscal year beginning December 16, 2014, and ending June 30, 2015, pending adequate funds were available as verified by County staff.

The resignation of the 4-H agent and the reduction-in-force of the support specialist would allow the hiring of the horticulture agent at 100% County funding with no increase in the budget. Therefore, Mr. Hamilton is requesting Board approval to hire the horticulture agent at 100% County funding.

Per discussions with Mr. Hamilton, the changes mandated by the State of NC have been accounted for and the County should see small increases for the FY 2015-2016 and FY 2016-2017 budgets versus the substantial increases that were projected initially. Mr. Hamilton and his staff are to be commended on a job well done.

The Board has the option of hiring the agent now; waiting until July 1, 2015 with the new budget; to continue funding the position as is; or not hire the agent at all.

Board direction is requested.



Watauga County Center  
971 West King Street  
Boone, NC 28607  
828.264.3061

## Memo

**Date:** March 11, 2015

**To:** Deron Geouque & County Board of Commissioners  
Watauga County

**RE:** Agenda Item for April 7 Board Meeting Regarding Horticulture Position

Cooperative Extension seeks board approval to move forward with the hiring of a full-time Horticulture Agent. The position has been approved by NC State Cooperative Extension as a 100% county-funded position. With the resignation of our 4-H agent and the abolishment (June 30) of our support specialist position (per Extension's strategic staffing plan), the 100% funding allocation for this agent's position will not adversely impact our budget moving forward. Upon approval, Extension administration will move forward with the selection/hiring process for this position. As previously mentioned and acknowledged, the Horticulture Agent serves an important role in the county's agricultural and horticultural economy by providing homeowners, landscapers, and the Christmas tree industry in educational programming, continuing pesticide education certification, and trouble-shooting many of the horticultural issues for this multi-million dollar industry in our county.

Mr. Geouque and I are in the process of making necessary amendments to the county MOU with NC State to reflect staffing changes and funding allocations per Cooperative Extension's Strategic Plan. Those amendments will be presented to you following a decision on our 4-H/FCS staffing plan which is still awaiting administrative approval from Raleigh.

Thank You,

Jim Hamilton  
Director, Watauga County Cooperative Extension

**AGENDA ITEM 7:**

**COMMUNITY PRIDE WEEK PROPOSED PROCLAMATION**

**MANAGER'S COMMENTS:**

Ms. Heather Bowen, Recycling Coordinator, will present a proposed proclamation declaring Monday, May 11 – Saturday, May 16, 2015, as Community Pride Week in Watauga County. The event is conducted each year by Sanitation staff and has proved to be very popular with the County's citizens.

Board action is required to proclaim the week of May 11 through May 16, 2015, as Community Pride Week

Watauga County  
Sanitation Department  
Recycling Office

# Memo

To: Deron Geouque  
From: Heather Bowen  
cc: JV Potter, Donna Watson  
Date: March 30, 2015  
Re: Permission for Annual Community Pride Week

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This is a request for permission to recognize and hold the annual Community Pride Week on the week of May 11<sup>th</sup> through May 16<sup>th</sup> 2015. Community Pride Week would be held the same week of our Household Hazardous Waste Day (which will be held on Saturday, May 16<sup>th</sup> 2015 from 9am-2pm). Community Pride Week is held with the intention of improving our county's appearance by providing residents with free disposal of appliances, tires, furniture, metal, concrete, asphalt (no asphalt shingles), brick, block, rocks, and brush (no stumps).



STATE OF NORTH CAROLINA

COUNTY OF WATAUGA

**COMMUNITY PRIDE WEEK PROCLAMATION**

May 11- May 16, 2015

**WHEREAS**, Watauga County is the beneficiary of an abundance of natural resources, including clean air and water, some of the oldest, most scenic mountains in the world, cascading waterfalls, wildlife, pristine rivers and streams, rolling hills and pastureland; and

**WHEREAS**, working together to protect and conserve these natural resources is essential to the continued quality of life for the residents of the County; and

**WHEREAS**, the May 2015 observance of Community Pride Week provides a unique opportunity for individuals and groups to promote and raise awareness of environmental stewardship by setting goals and taking actions to lessen the negative impact on the environment; and

**WHEREAS**, the goal of Community Pride Week is to improve the appearance and character of Watauga County by removing litter and other debris from roadways, waterways and public and private lands; and

**WHEREAS**, residents will be allowed to dispose of brush, metal, furniture, appliances, tires, rocks, cement, cement blocks and asphalt at the Watauga County Sanitation Department May 11<sup>th</sup> - May 16<sup>th</sup> and dispose of household hazardous waste and over-the-counter and prescription medications on May 16<sup>th</sup> for no charge. *(This does not apply to commercial haulers or businesses.)*

**NOW, THEREFORE BE IT PROCLAIMED**, by the Watauga County Board of Commissioners that May 11 - May 16, 2015, be declared **COMMUNITY PRIDE WEEK** throughout the County and encourage all County residents to work together to ensure the preservation of our natural resources now and for future generations.

**ADOPTED** this the 7<sup>th</sup> day of April, 2015.



\_\_\_\_\_  
Jimmy Hodges, Chairman  
Watauga County Board of Commissioners

ATTEST:

\_\_\_\_\_  
Anita J. Fogle, Clerk to the Board

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**AGENDA ITEM 8:**

**PROPOSED ALLOCATION OF FY 2015 HOME & COMMUNITY CARE BLOCK GRANT (H&CCBG) FUNDS**

**MANAGER'S COMMENTS:**

Ms. Angie Boitnotte, Project on Aging Director, will request the Board accept an increase in the FY 2015 Home and Community Care Block Grant (H&CCBG) funds in the amount of \$188. The required local match is \$21 and is present in the Project on Aging's FY 2015 budget.

Board action is required to accept the \$188 increase in Community Care Block Grant (H&CCBG) funds for FY 2015 with a local match of \$21.





# Watauga County Project on Aging

132 Poplar Grove Connector, Suite A • Boone, North Carolina 28607

Website: [www.wataugacounty.org/aging](http://www.wataugacounty.org/aging) [angie.boitnotte@watgov.org](mailto:angie.boitnotte@watgov.org)

Telephone 828-265-8090 Fax 828-264-2060 TTY 1-800-735-2962 Voice 1-800-735-8262 or 711

## MEMORANDUM

**TO:** Deron Geouque, County Manager

**FROM:** Angie Boitnotte, Director

**DATE:** March 30, 2015

**SUBJ:** Request for Board of County Commissioners' Consideration: Allocation of FY2015 Home and Community Care Block Grant funds

We were notified by the High Country Area Agency on Aging that Watauga County's Home and Community Care Block Grant Allocation for FY 2015 was increased by \$188. This increase requires an additional \$21 in local match, which is present in the agency's current budget. The increase will be allocated to In-Home Aide Level II services.

Upon approval, these funds will become part of the Project on Aging FY 2015 budget.

I plan to be present for discussion or questions.

cc: Karin Bare, Administrative Assistant II

<b>NAME AND ADDRESS</b> COMMUNITY SERVICE PROVIDER Watauga County Project on Aging 132 Poplar Grove Connector, Suite A Boone, NC 28607	<b>Home and Community Care Block Grant for Older Adults</b>  <b>County Funding Plan</b>  <b>Provider Services Summary</b>	<b>DOA-732 (Rev. 2/14)</b> <b>County: Watauga</b> <b>July 1, 2014 through June 30, 2015</b> <b>REVISION # 2, DATE: 3/26/15</b>
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Services	Ser. Delivery		A				B	C	D	E	F	G	H	I
	(Check One)		Block Grant Funding				Required	Net*	NSIP	Total	Projected	Projected	Projected	Projected
	Direct	Purch.	Access	In-Home	Other	Total	Local Match	Serv Cost	Subsidy	Funding	HCCBG Units	Reimburse. Rate	HCCBG Clients	Total Units
Transportation		X	12,798			//////////	1,422	14,220	0	14,220	2,978	4.7750	35	7,850
In-Home Aide I	X			93,463		//////////	10,385	103,848	0	103,848	5,522	18.8060	120	16,960
In-Home Aide II	X			23,541		//////////	2,616	26,157	0	26,157	1,390	18.8124	30	4,240
Congregate Meals	X				43,442	//////////	4,827	48,269	11,000	59,269	7,616	6.3378	450	19,150
Home Delivered Meals	X				78,320	//////////	8,702	87,022	13,000	100,022	13,515	6.4389	150	28,000
						//////////								
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<b>Total</b>	//////////	//////////	12,798	117,004	121,762	251,564	27,952	279,516	24,000	303,516	31,021	//////////	785	76,200

\*Adult Day Care & Adult Day Health Care Net Service Cost

	ADC	ADHC			
Daily Care	_____	_____	Certification of required minimum local match availability. Required local match will be expended simultaneously with Block Grant Funding.	_____	
Transportation	_____	_____		Authorized Signature, Title	Date
Administrative	_____	_____		Community Service Provider	
Net Ser. Cost Total	_____	_____			
	_____	_____	Signature, County Finance Officer	Date	
			Signature, Chairman, Board of Commissioners	Date	

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**AGENDA ITEM 9:****PROPOSED CONTRACT FOR ENGINEERING SERVICES TO PERFORM CONSTRUCTION AND ADMINISTRATION SERVICES FOR THE SOUTH FORK NEW RIVER GREENWAY EXTENSION PROJECT****MANAGER'S COMMENTS:**

At the March 17, 2015 Board meeting, Mr. Joe Furman, Planning and Inspections Director, requested approval to negotiate a contract with Vaughn & Melton Associates to perform construction administration for the South Fork New River greenway extension project. Vaughn & Melton provided the construction administration for the Middle Fork greenway project. The County was satisfied with the services provided by Vaughn & Melton.

Board authorization was granted to negotiate a contract with Vaughn & Melton for construction administration for the South Fork New River greenway extension project. A contract was to be presented at a future meeting upon successful negotiations with Vaughn & Melton. Mr. Furman has completed negotiations on the contract and is recommending the Board award a contract to Vaughn and Melton for greenway construction administration in the amount of \$61,363.

In addition, the County received three bids for construction of the South Fork New River Greenway Extension with Greene construction being the lowest bidder. James R. Vannoy and Sons and J.W. Hampton Company submitted bids in the amount of \$861,024.77 and \$899,080 respectively. Mr. Furman is requesting the Board award a contract to Greene Construction in the amount of \$519,298 for the greenway construction. The County has spent \$17,623 to date and with the award of the two contracts plus \$2,040 owed to McGill Associates for bidding assistance the total project cost is \$600,324 which is \$324 more than the grant. Mr. Furman is hopeful that the construction administration contract will not meet the total amount.

Board action, contingent upon County Attorney review, is required to award contracts to Vaughn & Melton for construction administration in the amount of \$61,363 and Greene Construction in amount of \$519,298 for the greenway construction with the \$324 overage to come from the County's contingency fund if required.

## South Fork New River Greenway Budget

\$600,000 available from FWHA and NCDOT

### Design and approval phase

\$1000 – Environmental review – Blue Ridge Environmental Consultants

\$12,223 – Plans, specs, approvals, etc. plus reimbursable expenses – McGill Associates

\$4400 – FEMA fee for CLOMR

**\$17,623** – Total spent to date

### Bidding, award, and construction phases (potential expenditures)

\$2040 – bidding assistance, shop drawing review – McGill Associates

\$519,298 – construction – Greene Construction

\$61,363 – construction administration – Vaughn & Melton

**\$582,701** – Total

Total expenses: \$582,701 + \$17,623 = **\$600,324**



# WATAUGA COUNTY

*Department of  
Planning & Inspections*

331 Queen Street Suite A • Boone, North Carolina 28607

Phone (828) 265-8043  
TTY 1-800-735-2962  
Voice 1-800-735-8262  
or 711  
FAX (828) 265-8080

March 25, 2015

## GOOD FAITH EFFORT

Greene Construction, Inc.  
525 George Wilson Road  
Boone, NC 28607

TIP No.: EB-5612  
WBS Element No.: 56026.3.1 (CON)  
County: Watauga  
Description: Construction of asphalt greenway trail adjacent to South Fork New River and Industrial Park Drive; includes Hwy 421 underpass

Dear Sirs:

This is to advise that your firm is the lowest acceptable bidder on this project. However, your firm failed to meet the minimum goal for Disadvantaged Business participation as set forth in this contract.

Pursuant to North Carolina General Statute 136-28.4, the following goal was set for this contract: Disadvantaged Business - 3%. Your bid was submitted with Disadvantaged Business participation of 0%. Since your Disadvantaged Business amount is below the contract goal, you must submit information to satisfy Watauga County that sufficient reasonable efforts were made to meet the contract goal. This information must be received in the office of the Department of Planning & Inspections, 331 Queen Street, Boone, North Carolina no later than 12:00 noon March 31, 2015. Should you fail to supply this information by the deadline, the County may impose the following sanctions: (1) disqualify you and any affiliated companies from further bidding for a period of time of no more than 90 days from the date of disqualification as established in notification by certified mail; and (2) disqualify you and any affiliated companies for award of all contracts for which bids have been received and opened.



The County will consider the quality, quantity, and intensity of the different kinds of efforts a bidder has made. Listed below are examples of the types of actions a bidder will take in making a good faith effort to meet the goal and are not intended to be exclusive or exhaustive, nor is it intended to be a mandatory checklist.

(A) Soliciting through all reasonable and available means (e.g. attendance at pre-bid meetings, advertising and/or written notices through the use of the NCDOT Directory of Transportation Firms) the interest of all certified DBEs who have the capability to perform the work of the contract. The bidder must solicit this interest within at least 10 days prior to bid opening to allow the DBEs to respond to the solicitation. Solicitation shall provide the opportunity to DBEs within the NCDOT Division and surrounding Divisions where the project is located. The bidder must determine with certainty if the DBEs are interested by taking appropriate steps to follow up initial solicitations.

(B) Selecting portions of the work to be performed by DBEs in order to increase the likelihood that the DBE goals will be achieved. This includes, where appropriate, breaking out contract work items into economically feasible units to facilitate DBE participation, even when the prime contractor might otherwise prefer to perform these work items with its own forces.

(C) Providing interested DBEs with adequate information about the plans, specifications, and requirements of the contract in a timely manner to assist them in responding to a solicitation.

(D) (1) Negotiating in good faith with interested DBEs. It is the bidder's responsibility to

make a portion of the work available to DBE subcontractors and suppliers and to select those portions of the work or material needs consistent with the available DBE subcontractors and suppliers, so as to facilitate DBE participation. Evidence of such negotiation includes the names, addresses, and telephone numbers of DBEs that were considered; a description of the information provided regarding the plans and specifications for the work selected for subcontracting; and evidence as to why additional agreements could not be reached for DBEs to perform the work.

(2) A bidder using good business judgment would consider a number of factors in negotiating with subcontractors, including DBE subcontractors, and would take a firm's price and capabilities as well as contract goals into consideration. However, the fact that there may be some additional

costs involved in finding and using DBEs is not in itself sufficient reason for a bidder's failure to meet the contract DBE goal, as long as such costs are reasonable. Also, the ability or desire of a prime contractor to perform the work of a contract with its own organization does not relieve the bidder of the responsibility to make good faith efforts. Bidding contractors are not, however, required to accept higher quotes from DBEs if the price difference is excessive or unreasonable.

- § (E) Not rejecting DBEs as being unqualified without sound reasons based on a thorough investigation of their capabilities. The bidder's standing within its industry, membership in specific groups, organizations, or associates and political or social affiliations (for example, union vs. non-union employee status) are not legitimate causes for the rejection or non-solicitation of bids in the bidder's efforts to meet the project goal.
- § (F) Making efforts to assist interested DBEs in obtaining bonding, lines of credit, or insurance as required by the recipient or bidder.
- § (G) Making efforts to assist interested DBEs in obtaining necessary equipment, supplies, materials, or related assistance or services.
- [45] (H) Effectively using the services of available minority/women community organizations; minority/women contractors' groups; Federal, State, and local minority/women business assistance offices; and other organizations as allowed on a case-by-case basis to provide assistance in the recruitment and placement of DBEs. Contact within 7 days from the bid opening NCDOT's Business Development Manager in the Business Opportunity and Work Force Development Unit to give notification of the bidder's inability to get DBE quotes.
- § (I) Any other evidence that the bidder submits which shows that the bidder has made reasonable good faith efforts to meet the DBE goal.

In addition, the County may take into account the following:

- (1) Whether the bidder's documentation reflects a clear and realistic plan for achieving the DBE goal.
- (2) The bidders' past performance in meeting the DBE goals.

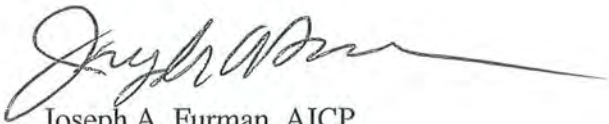


- (3) The performance of other bidders in meeting the DBE goal. For example, when the apparent successful bidder fails to meet the DBE goal, but others meet it, you may reasonably raise the question of whether, with additional reasonable efforts the apparent successful bidder could have met the goal. If the apparent successful bidder fails to meet the DBE goal, but meets or exceeds the average DBE participation obtained by other bidders, the County may view this, in conjunction with other factors, as evidence of the apparent successful bidder having made a good faith effort.

Our Review Committee will review your submitted information and subsequently determine if you have made an adequate good faith effort to satisfy the contract goal. If it is determined that adequate good faith efforts were not made, your bid may be rejected.

We look forward to hearing from you. If you have questions, please call.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joseph A. Furman", with a long horizontal flourish extending to the right.

Joseph A. Furman, AICP  
Director



## Joe Furman

---

**From:** Scott Pitts [scottp@greeneconstructionnc.com]  
**Sent:** Tuesday, March 31, 2015 11:34 AM  
**To:** Joe Furman  
**Subject:** Brookshire Greenway  
**Attachments:** Good Faith Letter.pdf; List of DBEs.pdf; DBE Good Faith Proof.pdf; Watauga Democrat Ad.pdf

Joe – attached is our letter showing the good faith efforts we have made. I have also attached both advertisements and also a list of DBE contractors located in our area. Let me know if you have any questions. Thanks

### **Scott Pitts**

Project Manager/Estimator

### **Greene Construction, Inc.**

525 George Wilson Road  
Boone, NC 28607

[www.greeneconstructionnc.com](http://www.greeneconstructionnc.com)

## Greene Construction Incorporated

525 George Wilson Road

Boone, NC 28607

Phone: 828-264-2611 Fax: 828-264-4840

March 31, 2015

Joe Furman

Director, Watauga County Planning & Inspections and Economic Development

331 Queen Street, Suite A

Boone, NC 28607

Ref: Good Faith Effort

WBS Element Number: 56026.3.1 (CON)

Watauga County

Dear Mr. Furman

This letter is to address our good faith efforts regarding the DBE participation in this project.

- (a) There was no pre-bid meeting for this project. We did purchase two different advertisements to solicit bids from approved DBE firms. One in the local paper that extends to surrounding counties. This advertisement was included in the March 10<sup>th</sup> paper. The second was in a DBE trade journal, which was posted on March 6, 2015. Both advertisements provide interested DBE contractors at least 10 day notice before the bid was due. We did find that JW Hampton was interested in bidding this project to us. We spoke with them once at our office regarding their interest in pricing the work to us, and also twice over the phone in discussions regarding what line items that intended to bid.
- (b) The work for this project was already broken out by line item, and based on these line items the work really could not have been broken down any more.
- (c) The contract bid documents were posted on our company website. All interested contractors could go to our website and download both the plans and contract proposal free of charge.
- (d) In our efforts to include DBE subcontractors we only had one who we had contact with who was interested in bidding the work. JW Hampton had a price that was much higher than other bids.

Their price was more than 4 times higher than the average of other prices I received. Due to the cost difference we were not in a position to be able to negotiate with JW Hampton to include them in this project.

- (e) We did not reject any DBEs during the bidding process as being unqualified to perform the work. We did receive one DBE quote which was from the JW Hampton Company. Their quote was rejected only due to the difference in cost from other quotes we received.
- (f) We will be providing the bonding necessary to meet the requirements of the project. We do not expect the subcontractors to provide their own bonding. Also we provide quick pay agreements to help any DBE manage their cash flow. We will work with any DBE to help them with their limitations.
- (g) We will work with any interested DBE to help them secure any equipment needs or materials for a project. We will often purchase materials for the DBE so that they can quote labor only.
- (h) Below is a list of DBE contractors in our area. These were found on the NCDOT DBE directory and are located in Alleghany, Ashe, Avery, Watauga, Wilkes counties. You will see that many offered services that weren't needed for this job and others provided services that would be directly contracted through a subcontractor. Due to the location of this project and to the size and scope of the work it limited the list of interested DBE's.
  - a. Deep Reflection Products and Services Inc. – I did not contact them due to the scope of work for this project. The work they provide was not needed for this project
  - b. Destination by Design Planning - We did not contact them. Again there services were not needed in this project
  - c. Lake View Construction – We did not contact them. The work code on the directory shows that they do hauling. This is work that we look for the grading contractor to include in their bid as part of the grading number.
  - d. Mila's Trucking Company – We did not contact them. Again trucking would be included in the grading package.
  - e. Sales Grading Inc. – We did not contact them. Again trucking would be included in the grading package, and they are not NCDOT prequalified.
  - f. Sugar Mountain Nursery – We did not contact them. There services were not needed for this project.
  - g. The JW Hampton Company – We did contact them and spoke to them several times to help assist them in any way with their bid.

Scott Pitts



Estimator/Project Manager



**31.03.2015 Number of Matches: 7**

Print Results

Firm	Address	Contact	Certifications	Prequal Status
DEEP REFLECTION PRODUCTS AND SERVICES, INC.	215 ELKIN HIGHWAY NORTH WILKESBORO, NC 28659	JULIUS A. HOWELL SR 3366673034 3366676125(FAX) PRESIDENT@DEEP- REFLECTION.COM	DBE, MBE, HUB	✓
DESTINATION BY DESIGN PLANNING LLC	815 W KING STREET BOONE, NC 28607	TERESA BUCKWALTER 828-386-1866 TERESA@DBDPLANNING.COM	DBE, WBE, SPSF	Professional Consultant ✓
LAKE VIEW CONSTRUCTION & EQUIPMENT INC	PO Box 158 PINEOLA, NC 28662	GAIL SMITH 828-733-0960 828-733-1758(FAX) GAILSMITH@LAKEVIEWMAIL.COM	DBE, MBE, SBE	Subcontractor
MILA'S TRUCKING COMPANY, INC.	160 IVY LN FLEETWOOD, NC 28626-9774	MILA MICHELLE NOBLETT 336-877-5701 336-877-3847(FAX) MTCALG@MSN.COM	DBE, WBE, SBE	Subcontractor
SALES GRADING INC	840 RUTH LINNEY RD ROARING RIVER, NC 28669-9263	DENNIS A SALES 336-466-4362 336-984-2805(FAX) SALESGRADING@AOL.COM	DBE, MBE, SBE	✓
SUGAR MOUNTAIN NURSERY	PO Box 788 NEWLAND, NC 28657- 0788	MOLLY HOLDEN 828-733-2819 828-733-2819(FAX) SUGARMTNNURSERY@MAIL.COM	DBE, WBE, SBE	Subcontractor ✓
THE J.W. HAMPTON COMPANY	3632 OLD 421 SOUTH BOONE, NC 28607	CHERIE H. SMITH 828-264-7103 828-264-7107(FAX) JWHAMPTON@BELLSOUTH.NET	DBE, WBE, HUB	Bidder

# FOCUS JOURNAL AD

The advertisement below was published in the DBE GoodFaith Minority, Women, Small, & Disabled Veteran Business Focus Journal at [www.dbegoodfaith.com](http://www.dbegoodfaith.com) on 03/06/2015 11:39 AM. The ad ran from the publication date until the bid date listed on the notice.



**Outreach Coordinator**

Scott Pitts

**Contact Information**

525 George Wilson Road  
Boone, NC 28607  
Tel: (828) 264-2611 ext.  
Fax: (828) 264-4840  
Email:  
[scottp@greeneconstructionnc.com](mailto:scottp@greeneconstructionnc.com)

## Greene Construction Inc.

is seeking qualified DBE, MBE, WBEs

**Project Name**

Brookshire Greenway

**Bid/Contract #**

n/a

**Awarding Agency**

Watauga County

**Project Location**

Boone, Watauga County, NC

**Bid Date**

03/19/2015 at 05:00

**Project Details**

Greene Construction Incorporated is thrilled to extend an invitation to bid to you for the following project: Watauga County – Brookshire Greenway. Scope: Construction of 10' and 8' wide asphalt greenway trail adjacent to South Fork New River and NCSR 1401 (Industrial Park Drive). Includes underpass of US Highway 421 using existing bridge. Will connect to walking path at County-owned Brookshire Park.

Plans can be viewed at our office or on our website at [www.greeneconstructionnc.com](http://www.greeneconstructionnc.com). Directions to plan room: 1) On the right side and bottom of the home page click on plan room login; 2) After clicking on the plan room login you should be instructed to type in a username and password. Enter the username and password below: Username: blueprintuser – Password: password; 3) After typing in the username and password you will see the plan rooms on the right of the page. Look for Watauga County (Brookshire Greenway). We are an equal opportunity employer. Please email back your bid intentions as soon as possible. Thank you.



# TRADE JOURNAL AD

The advertisement below was published in the DBE GoodFaith's Minority, Women, Small, & Disabled Veteran Business Trade Journal, Outreach Impact, at [www.trade.dbegoodfaith.com](http://www.trade.dbegoodfaith.com) on 03/06/2015 11:39 AM. The ad ran from the publication date until the bid date listed on the notice.



#### Outreach Coordinator

Scott Pitts

#### Contact Information

525 George Wilson Road  
Boone, NC 28607  
Tel: (828) 264-2611 ext.  
Fax: (828) 264-4840  
Email:  
[scottp@greeneconstructionnc.com](mailto:scottp@greeneconstructionnc.com)

## Greene Construction Inc.

is seeking qualified DBE, MBE, WBEs

#### Project Name

Brookshire Greenway

#### Bid/Contract #

n/a

#### Awarding Agency

Watauga County

#### Project Location

Boone, Watauga County, NC

#### Bid Date

03/19/2015 at 05:00

#### Project Details

Greene Construction Incorporated is thrilled to extend an invitation to bid to you for the following project: Watauga County – Brookshire Greenway. Scope: Construction of 10' and 8' wide asphalt greenway trail adjacent to South Fork New River and NCSR 1401 (Industrial Park Drive). Includes underpass of US Highway 421 using existing bridge. Will connect to walking path at County-owned Brookshire Park.

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## TWITTER POST

The Twitter post below was published at [www.twitter.com/dbegoodfaith](http://www.twitter.com/dbegoodfaith) on 03/06/2015 11:39 AM.





**Greene Construction Inc. is seeking DBE,  
MBE, WBEs in Boone...**  
**[dbegoodfaith.com/ads/Brookshire...](http://dbegoodfaith.com/ads/Brookshire...)**

11:03 AM - 06 Mar 2015

ABOUT US

CONTACT US

SUBSCRIBE

ADVERTISE

March 10, 2015

## Notice: Disadvantaged/Minority/ Women Buisness Enterprises Greene Construction Incorporated is seeking

Notice: Disadvantaged/Minority/ Women Buisness Enterprises Greene Construction Incorporated is seeking quotations from certified Disadvantaged, Minority and Women Business Enterprises for: Watauga County (Brookshire Greenway) Bid Date: Thursday March 19, 2015 @ 5:00pm Contact: Scott Pitts Phone: 828-264-2611 Scope: Construction of 10 ' and 8 ' wide asphalt greenway trail adjacent to South Fork New River and NCSR 1401 (Industrial Drive). Includes underpass of US Highway 421 using existing bridge. Will connect to walking path at County-owned Brookshire Park. Anyone desiring to quote should contact Scott Pitts at 828-264-2611 or at 525 George Wilson Road, Boone, N. C. 28607, Fax 828-264-4840

**Location:**

525 George Wilson Road

Listing ID: 689644b2-b479-517b-b9d9-2042c43a49f0

Comments
Facebook

**AGENDA ITEM 10:**

**TAX MATTERS**

*A. Monthly Collections Report*

**MANAGER'S COMMENTS:**

Mr. Larry Warren, Tax Administrator, will present the Monthly Collections Report and be available for questions and discussion.

The report is for information only; therefore, no action is required.



**Monthly Collections Report**

**Watauga County**

Bank deposits of the following amounts have been made and credited to the account of Watauga County. The reported

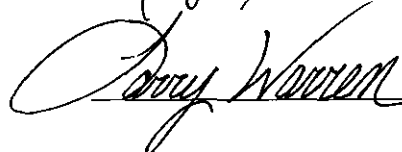
totals do not include small shortages and overages reported to the Watauga County Finance Officer

Monthly Report March 2015

	<u>Current Month</u> <u>Collections</u>	<u>Current Month</u> <u>Percentage</u>	<u>Current FY</u> <u>Collections</u>	<u>Current FY</u> <u>Percentage</u>	<u>Previous FY</u> <u>Percentage</u>
<b>General County</b>					
Taxes 2014	354,350.43	29.34%	25,625,359.38	96.87%	96.22%
Prior Year Taxes	27,435.47		593,718.92		
Solid Waste User Fees	35,705.32	20.24%	2,404,969.68	95.15%	95.15%
Green Box Fees	1,621.16	NA	20,038.69	NA	93.62%
<b>Total County Funds</b>	<b>\$419,112.38</b>		<b>\$28,644,086.67</b>		
<b>Fire Districts</b>					
Foscoe Fire	4,440.52	23.77%	439,493.07	97.00%	97.07%
Boone Fire	7,333.31	20.79%	701,721.80	96.51%	95.74%
Fall Creek Service Dist.	74.44	12.07%	8,900.38	94.41%	NA
Beaver Dam Fire	4,544.09	44.92%	98,519.98	94.99%	94.06%
Stewart Simmons Fire	3,374.81	49.14%	107,819.35	96.85%	95.10%
Zionville Fire	3,864.96	38.55%	104,975.87	94.54%	93.87%
Cove Creek Fire	2,735.60	19.06%	226,126.32	95.44%	94.55%
Shawneehaw Fire	1,255.60	24.32%	90,565.17	96.93%	95.53%
Meat Camp Fire	3,124.93	16.48%	189,331.06	93.27%	92.84%
Deep Gap Fire	2,441.47	17.12%	175,086.72	94.42%	95.08%
Todd Fire	566.62	15.79%	58,375.97	95.38%	95.65%
Blowing Rock Fire	7,551.29	35.86%	449,914.66	97.19%	95.69%
M.C. Creston Fire	794.49	11.46%	6,069.47	83.95%	78.35%
Foscoe Service District	909.01	41.12%	68,164.49	98.18%	97.92%
Beech Mtn. Service Dist.	17.18	36.97%	1,844.92	98.48%	98.91%
Cove Creek Service Dist.	0.00	0.00%	324.15	100.00%	100.00%
Shawneehaw Service Dist	47.52	11.48%	5,845.25	89.70%	93.35%
	<b>\$43,001.40</b>		<b>\$2,724,178.25</b>		
<b>Towns</b>					
Boone	70,095.74		5,604,821.86	98.03%	97.58%
Municipal Services	23.13		123,421.76	98.03%	98.47%
Boone MV Fee	102.73		1,806.10		82.36%
Blowing Rock	88.38		2,377.53		87.76%
Seven Devils	0.00		402.26		91.13%
Beech Mountain	65.10		1,833.07		89.27%
<b>Total Town Taxes</b>	<b>\$70,375.08</b>		<b>\$5,734,662.58</b>		
<b>Total Amount Collected</b>	<b>\$532,488.86</b>		<b>\$37,102,927.50</b>		



Tax Collections Director



Tax Administrator

**AGENDA ITEM 10:**

**TAX MATTERS**

*B. Refunds and Releases*

**MANAGER'S COMMENTS:**

Mr. Warren will present the Refunds and Releases Reports.

Board action is required to accept the Refunds and Releases Reports.

03/31/2015 17:07  
Mitzi.RochelleWATAUGA COUNTY  
POST OPEN RELEASESP 1  
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REF NO	CAT	YEAR	BILL	OWNER NAME	REASON	RESOLUTION CLERK	EFFEC DATE ENTRY DATE	ASSMT CHANGE EXEM CHANGE	CHARGE	RELEASE	AMOUNT
5220	25	2013	254	1383181 BARLOW, KENNETH MAX	REL TAX RELEASES	Kim.Scott	03/31/2015 03/27/2015	0 SWF			-62.00
								0 GB			-25.00
								G01			-14.34
								F09			-2.29
								G01L			-1.43
								F09L			-.23
											-105.29
5221	25	2014	1744	1383181 BARLOW, KENNETH MAX	REL TAX RELEASES	Kim.Scott	03/31/2015 03/27/2015	0 SWF			-80.00
								0 G01			-14.34
								F09			-2.29
								G01L			-1.43
								F09L			-.23
											-98.29
5204	30	2012	35721	1645111 CLARK, GEOFFREY KEVIN	REL TAX RELEASES	Kim.Scott	03/31/2015 03/03/2015	0 F02			-11.05
								0 G01			-69.17
											-80.22
5209	20	2014	2891	1534966 CRAFTON, GLENN WAYNE	REF REFUND RELEASE	Kim.Scott	03/31/2015 03/18/2015	0 SWF			-80.00
								0			
5210	20	2013	10074	1534966 CRAFTON, GLENN WAYNE	REF REFUND RELEASE	Kim.Scott	03/31/2015 03/18/2015	0 GB			-25.00
								0 SWF			-62.00
											-87.00
5211	20	2012	2898	1534966 CRAFTON, GLENN WAYNE	REF REFUND RELEASE	Kim.Scott	03/31/2015 03/18/2015	0 GB			-25.00
								0 SWF			-62.00
											-87.00
5212	20	2011	2944	1534966 CRAFTON, GLENN WAYNE	REF REFUND RELEASE	Kim.Scott	03/31/2015 03/18/2015	0 GB			-25.00
								0 SWF			-62.00
											-87.00
5218	25	2014	1186	1579819 HERMAN, TERESA	REL TAX RELEASES	Kim.Scott	03/31/2015 03/25/2015	0 G01			-71.05
								0 F02			-11.35
								SWF			-80.00
								G01L			-7.11
								F02L			-1.14
											-170.65





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Mitzi.Rochelle

WATAUGA COUNTY  
POST OPEN RELEASES

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REF NO	CAT	YEAR	BILL	OWNER NAME	REASON	RESOLUTION CLERK	EFFEC DATE ENTRY DATE	ASSMT CHANGE EXEM CHANGE	CHARGE	RELEASE AMOUNT
5207	25	2013	1920	1592379 HOLEWINSKI, ALEX	REL TAX RELEASES	Kim.Scott	03/31/2015 03/13/2015	0 SWF		-62.00
								0 GB		-25.00
								G01		-21.82
								F11		-4.88
								G01L		-2.18
								F11L		-.49
										-116.37
5208	25	2014	3044	1592379 HOLEWINSKI, ALEX	REL TAX RELEASES	Kim.Scott	03/31/2015 03/13/2015	0 SWF		-80.00
								0 G01		-21.82
								F11		-4.88
								G01L		-2.18
								F11L		-.49
										-109.37
5222	20	2014	5003	1589863 MCRAE, DAVID C	REF REFUND RELEASE	Valerie.Ra	03/31/2015 03/31/2015	-129,400 F01		-64.70
								0 G01		-405.02
										-469.72
5223	20	2013	28423	1589863 MCRAE, DAVID C	REF REFUND RELEASE	Valerie.Ra	03/31/2015 03/31/2015	-129,500 F01		-64.75
								0 G01		-405.34
										-470.09
5224	20	2012	4974	1589863 MCRAE, DAVID C	REF REFUND RELEASE	Valerie.Ra	03/31/2015 03/31/2015	-129,500 F01		-64.75
								0 G01		-405.34
										-470.09
5225	20	2011	5002	1589863 MCRAE, DAVID C	REF REFUND RELEASE	Valerie.Ra	03/31/2015 03/31/2015	-129,500 F01		-64.75
								0 G01		-405.34
										-470.09
5226	20	2010	1431024	1589863 MCRAE, DAVID C	REF REFUND RELEASE	Valerie.Ra	03/31/2015 03/31/2015	-129,500 G01		-405.34
								0 F01		-64.75
										-470.09
5219	20	2014	41874	1604497 PROFFITT, JIMMY	REL TAX RELEASES	Kim.Scott	03/31/2015 03/25/2015	0 SWF		-80.00
								0		
5213	30	2013	14114	8701349 STARNES, TERESA REECE	REL TAX RELEASES	Sherry.Pri	03/31/2015 03/19/2015	0 F09		-3.01
								0 G01		-18.84
										-21.85

03/31/2015 17:07  
Mitzi.RochelleWATAUGA COUNTY  
POST OPEN RELEASESP 3  
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REF NO	CAT	YEAR	BILL	OWNER NAME	REASON	RESOLUTION CLERK	EFFEC DATE ENTRY DATE	ASSMT CHANGE EXEM CHANGE	CHARGE	RELEASE AMOUNT
5214	20	2014	37156 2905-75-7486-000	19245 STATE OF NORTH CAROLINA	REL TAX RELEASES	Kim.Scott	03/31/2015 03/23/2015	0 FX9 0 G01		-15.75 -98.60 <hr/> -114.35
5215	20	2014	534 1869-90-7410-000	19245 STATE OF NORTH CAROLINA	REL TAX RELEASES	Kim.Scott	03/31/2015 03/23/2015	0 F08 0 G01		-61.30 -383.74 <hr/> -445.04
5216	20	2014	2211 1879-00-2773-000	1570927 STATE OF NORTH CAROLINA	REL TAX RELEASES	Kim.Scott	03/31/2015 03/23/2015	0 F08 0 G01 SWF		-33.65 -210.65 -80.00 <hr/> -324.30
5217	20	2014	2210 1879-00-0108-000	1570927 STATE OF NORTH CAROLINA	REL TAX RELEASES	Kim.Scott	03/31/2015 03/23/2015	0 F08 0 G01 SWF		-49.90 -312.37 -80.00 <hr/> -442.27
5205	30	2013	14199 BKS4527	1743776 TAKA, AARON MICHAEL	REL TAX RELEASES	Sherry.Pri	03/31/2015 03/05/2015	0 F11 0 G01		-10.56 -47.20 <hr/> -57.76
5206	30	2013	22807 WZC1388	1457654 WALLACE, BRENDA LUGENE	REL TAX RELEASES	Sherry.Pri	03/31/2015 03/09/2015	0 F07 0 G01		-3.00 -18.78 <hr/> -21.78
5203	25	2014	2159 519370999	1519370 YOUNT HELEN WINKLER - RENTAL	REL TAX RELEASES	Sherry.Gre	03/31/2015 03/02/2015	0 G01 0 C02 G01L C02L		-3.63 -4.76 -.36 -.48 <hr/> -9.23
24 RELEASES									RELEASE TOTAL	-4,887.85

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Mitzi.Rochelle
**WATAUGA COUNTY**  
**POST OPEN RELEASES - CHARGE SUMMARY**
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YEAR	CAT	CHARGE	RELEASE AMOUNT	RELEASE VALUE	
2010	20	F01	FOSCOE FIRE RE	-64.75	-129,500
2010	20	G01	WATAUGA COUNTY RE	-405.34	-129,500
			2010 TOTAL	-470.09	
2011	20	F01	FOSCOE FIRE RE	-64.75	-129,500
2011	20	G01	WATAUGA COUNTY RE	-405.34	-129,500
2011	20	GB	GREEN BOX RE	-25.00	0
2011	20	SWF	SOLID WASTE FEE	-62.00	0
			2011 TOTAL	-557.09	
2012	20	F01	FOSCOE FIRE RE	-64.75	-129,500
2012	20	G01	WATAUGA COUNTY RE	-405.34	-129,500
2012	20	GB	GREEN BOX RE	-25.00	0
2012	20	SWF	SOLID WASTE FEE	-62.00	0
2012	30	F02	BOONE FIRE MV	-11.05	0
2012	30	G01	WATAUGA COUNTY MV	-69.17	0
			2012 TOTAL	-637.31	
2013	20	F01	FOSCOE FIRE RE	-64.75	-129,500
2013	20	G01	WATAUGA COUNTY RE	-405.34	-129,500
2013	20	GB	GREEN BOX RE	-25.00	0
2013	20	SWF	SOLID WASTE FEE	-62.00	0
2013	25	F09	MEAT CAMP FIRE PP	-2.29	0
2013	25	F09L	MEAT CAMP FIRE LATE LIST	-.23	0
2013	25	F11	TODD FIRE PP	-4.88	0
2013	25	F11L	TODD FIRE LATE LIST	-.49	0
2013	25	G01	WATAUGA COUNTY PP	-36.16	0
2013	25	G01L	WATAUGA COUNTY LATE LIST	-3.61	0
2013	25	GB	GREEN BOX PP	-50.00	0
2013	25	SWF	SOLID WASTE PP	-124.00	0
2013	30	F07	COVE CREEK FIRE MV	-3.00	0
2013	30	F09	MEAT CAMP FIRE MV	-3.01	0
2013	30	F11	TODD FIRE MV	-10.56	0
2013	30	G01	WATAUGA COUNTY MV	-84.82	0
			2013 TOTAL	-880.14	
2014	20	F01	FOSCOE FIRE RE	-64.70	-129,400
2014	20	F08	SHAWNEEHAW FIRE RE	-144.85	0
2014	20	FX9	MEAT CAMP/CRESTON SERV DIST RE	-15.75	0
2014	20	G01	WATAUGA COUNTY RE	-1,410.38	-129,400
2014	20	SWF	SOLID WASTE USER FEE	-320.00	0
2014	25	C02	BOONE PP	-4.76	0
2014	25	C02L	BOONE LATE LIST	-.48	0
2014	25	F02	BOONE FIRE PP	-11.35	0
2014	25	F02L	BOONE FIRE LATE LIST	-1.14	0
2014	25	F09	MEAT CAMP FIRE PP	-2.29	0
2014	25	F09L	MEAT CAMP FIRE LATE LIST	-.23	0
2014	25	F11	TODD FIRE PP	-4.88	0



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 Mitzi.Rochelle

WATAUGA COUNTY  
 POST OPEN RELEASES - CHARGE SUMMARY

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YEAR	CAT	CHARGE	RELEASE AMOUNT	RELEASE VALUE	
2014	25	F11L	TODD FIRE LATE LIST	- .49	0
2014	25	G01	WATAUGA COUNTY PP	-110.84	0
2014	25	G01L	WATAUGA COUNTY LATE LIST	-11.08	0
2014	25	SWF	SOLID WASTE USER FEE	-240.00	0
			2014 TOTAL	-2,343.22	
			RELEASE TOTAL	-4,887.85	

\*\* END OF REPORT - Generated by Mitzi Rochelle \*\*

03/31/2015 17:07 | WATAUGA COUNTY  
 Mitzi.Rochelle | POST OPEN RELEASES - CHARGE SUMMARY

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CLERK: Mitzi.Rochelle

YEAR PER	JNL	SRC ACCOUNT	EFF DATE	JNL DESC	REF 1	REF 2	REF 3	ACCOUNT DESC	LINE DESC	T OB	DEBIT	CREDIT
2015	9	387										
TXC	660000-121012		03/31/2015	TX RELEASE				TAXES REC LEVY FY 2012/13	TAX RELEASE			25.00
TXC	660000-121112		03/31/2015	TX RELEASE				TAXES REC LEVY FY 2012/13	TAX RELEASE			62.00
TXC	660000-121011		03/31/2015	TX RELEASE				2011 GREENBOX RECEIVABLE	TAX RELEASE			25.00
TXC	660000-121111		03/31/2015	TX RELEASE				2011 LANDFILL FEE RECEIVABLE	TAX RELEASE			62.00
TXC	240000-121314		03/31/2015	TX RELEASE				2014 TAX LEVY/RECEIVABLE	TAX RELEASE			12.49
TXC	240000-262100		03/31/2015	TX RELEASE				RES.FOR TAXES RECEIVABLE	TAX RELEASE		12.49	
TXC	280000-131311		03/31/2015	TX RELEASE				TODD LEVY FY 2013/14	TAX RELEASE			5.37
TXC	280000-262111		03/31/2015	TX RELEASE				RES.FOR TAXES REC.-TODD	TAX RELEASE		10.74	
TXC	280000-131411		03/31/2015	TX RELEASE				2014 TAX LEVY/RECEIVABLE	TAX RELEASE			5.37
TXC	280000-131401		03/31/2015	TX RELEASE				2014 TAX LEVY/RECEIVABLE	TAX RELEASE			64.70
TXC	280000-262101		03/31/2015	TX RELEASE				RES.FOR TAXES REC.-FOSCOE	TAX RELEASE		323.70	
TXC	280000-131301		03/31/2015	TX RELEASE				FOSCOE LEVY FY 2013/14	TAX RELEASE			64.75
TXC	280000-131201		03/31/2015	TX RELEASE				TAXES REC LEVY FY 2012/13	TAX RELEASE			64.75
TXC	100000-121312		03/31/2015	TX RELEASE				TAXES REC LEVY FY 2012/13	TAX RELEASE			405.34
TXC	280000-131101		03/31/2015	TX RELEASE				TAXES REC LEVY FY 11-12-FOSCOE	TAX RELEASE			64.75
TXC	100000-121311		03/31/2015	TX RELEASE				TAXES REC LEVY FY 11-12	TAX RELEASE			405.34
TXC	100000-121310		03/31/2015	TX RELEASE				TAXES REC LEVY FY 10/11	TAX RELEASE			405.34
TXC	280000-131001		03/31/2015	TX RELEASE				TAXES REC LEVY FY 10/11	TAX RELEASE			64.75
TXC	660000-121113		03/31/2015	TX RELEASE				TAXES REC LEVY FY 2013/14	TAX RELEASE			186.00
TXC	660000-262267		03/31/2015	TX RELEASE				RES.FOR REC.-LANDFILL USER	TAX RELEASE		870.00	
TXC	660000-121013		03/31/2015	TX RELEASE				TAXES REC LEVY FY 2013/14	TAX RELEASE			75.00
TXC	660000-262266		03/31/2015	TX RELEASE				RES.FOR REC.-GREENBOX FEES	TAX RELEASE		125.00	
TXC	100000-121313		03/31/2015	TX RELEASE				TAXES REC LEVY FY 2013/14	TAX RELEASE			445.11
TXC	100000-262100		03/31/2015	TX RELEASE				RES.FOR TAXES RECEIVABLE	TAX RELEASE		3,193.43	

03/31/2015 17:07  
Mitzi.Rochelle

WATAUGA COUNTY  
POST OPEN RELEASES - CHARGE SUMMARY

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tncabten

YEAR PER	JNL	SRC	ACCOUNT	EFF DATE	JNL DESC	REF 1	REF 2	REF 3	ACCOUNT DESC	T OB	DEBIT	CREDIT
									LINE DESC			
				03/31/2015	TX RELEASE				TAX RELEASE			
TXC	280000		-131309	03/31/2015	TX RELEASE				MEAT CAMP LEVY FY 2013/14			2.52
				03/31/2015	TX RELEASE				TAX RELEASE			
TXC	280000		-262109	03/31/2015	TX RELEASE				RES FOR TAXES REC.-MEAT CAMP		5.04	
				03/31/2015	TX RELEASE				TAX RELEASE			
TXC	660000		-121114	03/31/2015	TX RELEASE				2014 SOLID WASTE FEE RECEIVABL			560.00
				03/31/2015	TX RELEASE				TAX RELEASE			
TXC	100000		-121314	03/31/2015	TX RELEASE				2014 TAX LEVY/RECEIVABLE			1,532.30
				03/31/2015	TX RELEASE				TAX RELEASE			
TXC	280000		-131409	03/31/2015	TX RELEASE				2014 TAX LEVY/RECEIVABLE			2.52
				03/31/2015	TX RELEASE				TAX RELEASE			
TXC	280000		-131419	03/31/2015	TX RELEASE				2014 TAX LEVY/RECEIVABLE			15.75
				03/31/2015	TX RELEASE				TAX RELEASE			
TXC	280000		-262119	03/31/2015	TX RELEASE				RES FOR TAXES REC-M CAMP/CREST		15.75	
				03/31/2015	TX RELEASE				TAX RELEASE			
TXC	280000		-131408	03/31/2015	TX RELEASE				2014 TAX LEVY/RECEIVABLE			144.85
				03/31/2015	TX RELEASE				TAX RELEASE			
TXC	280000		-262108	03/31/2015	TX RELEASE				RES.FOR TAXES REC.-SHAWNEEHAW		144.85	
				03/31/2015	TX RELEASE				TAX RELEASE			
TXC	730000		-131405	03/31/2015	TX RELEASE				2014 TAX LEVY/RECEIVABLE			5.24
				03/31/2015	TX RELEASE				TAX RELEASE			
TXC	730000		-262105	03/31/2015	TX RELEASE				RES. FOR TAXES REC.-TOB		5.24	
				03/31/2015	TX RELEASE				TAX RELEASE			
TXC	280000		-131311	03/31/2015	TX RELEASE				TODD LEVY FY 2013/14			10.56
				03/31/2015	TX RELEASE				TAX RELEASE			
TXC	280000		-262111	03/31/2015	TX RELEASE				RES.FOR TAXES REC.-TODD		10.56	
				03/31/2015	TX RELEASE				TAX RELEASE			
TXC	280000		-131307	03/31/2015	TX RELEASE				COVE CREEK LEVY FY 2013/14			3.00
				03/31/2015	TX RELEASE				TAX RELEASE			
TXC	280000		-262107	03/31/2015	TX RELEASE				RES. FOR TAXES REC.-COVE CREEK		3.00	
				03/31/2015	TX RELEASE				TAX RELEASE			
TXC	240000		-121312	03/31/2015	TX RELEASE				TAXES REC LEVY FY 2012/13			11.05
				03/31/2015	TX RELEASE				TAX RELEASE			
TXC	240000		-262100	03/31/2015	TX RELEASE				RES.FOR TAXES RECEIVABLE		11.05	
				03/31/2015	TX RELEASE				TAX RELEASE			
TXC	100000		-121312	03/31/2015	TX RELEASE				TAXES REC LEVY FY 2012/13			69.17
				03/31/2015	TX RELEASE				TAX RELEASE			
TXC	100000		-262100	03/31/2015	TX RELEASE				RES.FOR TAXES RECEIVABLE		153.99	
				03/31/2015	TX RELEASE				TAX RELEASE			
TXC	280000		-131309	03/31/2015	TX RELEASE				MEAT CAMP LEVY FY 2013/14			3.01
				03/31/2015	TX RELEASE				TAX RELEASE			
TXC	280000		-262109	03/31/2015	TX RELEASE				RES FOR TAXES REC.-MEAT CAMP		3.01	
				03/31/2015	TX RELEASE				TAX RELEASE			
TXC	100000		-121313	03/31/2015	TX RELEASE				TAXES REC LEVY FY 2013/14			84.82
				03/31/2015	TX RELEASE				TAX RELEASE			
ABT JOURNAL 2015/09/387										TOTAL	4,887.85	4,887.85



03/31/2015 17:07  
Mitzi.Rochelle

WATAUGA COUNTY  
POST OPEN RELEASES - CHARGE SUMMARY

P 8  
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FUND	YEAR	PER	JNL	EFF DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
10	2015	9	387	03/31/2015	GENERAL FUND		
					100000-121310		405.34
					100000-121311		405.34
					100000-121312		474.51
					100000-121313		529.93
					100000-121314		1,532.30
					100000-262100	3,347.42	
					FUND TOTAL	3,347.42	3,347.42
24	2015	9	387	03/31/2015	RURAL FIRE DIST.FUND		
					240000-121312		11.05
					240000-121314		12.49
					240000-262100	23.54	
					FUND TOTAL	23.54	23.54
28	2015	9	387	03/31/2015	FIRE DISTRICTS FUND		
					280000-131001		64.75
					280000-131101		64.75
					280000-131201		64.75
					280000-131301		64.75
					280000-131307		3.00
					280000-131309		5.53
					280000-131311		15.93
					280000-131401		64.70
					280000-131408		144.85
					280000-131409		2.52
					280000-131411		5.37
					280000-131419		15.75
					280000-262101	323.70	
					280000-262107	3.00	
					280000-262108	144.85	
					280000-262109	8.05	
					280000-262111	21.30	
					280000-262119	15.75	
					FUND TOTAL	516.65	516.65
66	2015	9	387	03/31/2015	SOLIDWASTE ENTERPRISE FUND		
					660000-121011		25.00
					660000-121012		25.00
					660000-121013		75.00
					660000-121111		62.00
					660000-121112		62.00
					660000-121113		186.00
					660000-121114		560.00
					660000-262266	125.00	
					660000-262267	870.00	

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Mitzi.Rochelle

WATAUGA COUNTY  
POST OPEN RELEASES - CHARGE SUMMARY

P 9  
tncabten

FUND ACCOUNT	YEAR PER	JNL	EFF DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT
				FUND TOTAL	995.00	995.00
73 TOWN OF BOONE TAX FUND 730000-131405 730000-262105	2015 9	387	03/31/2015	2014 TAX LEVY/RECEIVABLE RES. FOR TAXES REC.-TOB	5.24	5.24
				FUND TOTAL	5.24	5.24

\*\* END OF REPORT - Generated by Mitzi Rochelle \*\*



## North Carolina Vehicle Tax System

### NCVTS Pending Refund report

Report Date 4/2/2015 9:29:57 AM

Payee Name	Address 1	Address 2	Address 3	Refund Reason	Tax Jurisdiction	Levy Type	Change	Interest Change	Total Change
BYRD, BENNIE	201 MITCHELL LN		ZIONVILLE, NC 28698	Tag Surrender	G01	Tax	(\$3.38)	\$0.00	(\$3.38)
					F06	Tax	(\$0.54)	\$0.00	(\$0.54)
							Refund		\$3.92
CECILE, JENNIFER	PO BOX 2545		BOONE, NC 28607	Tag Surrender	G01	Tax	(\$11.42)	(\$0.57)	(\$11.99)
					F02	Tax	(\$1.82)	(\$0.09)	(\$1.91)
							Refund		\$13.90
CHAPPELL, TERRY	PO BOX 252		BANNER ELK, NC 28604	Adjustment	G01	Tax	(\$1.12)	\$0.00	(\$1.12)
					F08	Tax	(\$0.18)	\$0.00	(\$0.18)
							Refund		\$1.30
D N COLLINS	236 BROOKFIELD DR		GREENWOOD, SC 29646	Tag Surrender	G01	Tax	(\$19.20)	\$0.00	(\$19.20)
					F02	Tax	(\$3.07)	\$0.00	(\$3.07)
							Refund		\$22.27
DICIO, MICHELE	108 BALLYHOOD DR		LEWISVILLE, NC 27023	Vehicle Sold	G01	Tax	(\$7.08)	(\$0.36)	(\$7.44)
					C02	Tax	(\$8.38)	(\$0.42)	(\$8.80)
					C02	Vehicle Fee	\$0.00	\$0.00	\$0.00
							Refund		\$16.24
DOLLAR, BENNY	4426 MEAT CAMP RD		TODD, NC 28684	Tag Surrender	G01	Tax	(\$13.90)	(\$0.69)	(\$14.59)
					F09	Tax	(\$2.22)	(\$0.12)	(\$2.34)
							Refund		\$16.93
DYE, JAMES	103 HORNBEAM RD # A1		BEECH MOUNTAIN, NC 28604	Tag Surrender	G01	Tax	(\$7.31)	\$0.00	(\$7.31)
					C05	Tax	(\$17.08)	\$0.00	(\$17.08)
							Refund		\$24.39
FURR, RENEE	PO BOX 2784		BOONE, NC 28607	Tag Surrender	G01	Tax	(\$7.49)	\$0.00	(\$7.49)
					C02	Tax	(\$8.85)	\$0.00	(\$8.85)
					C02	Vehicle Fee	\$0.00	\$0.00	\$0.00
							Refund		\$16.34
HENDERSHOT, CHARLES	239 SUNNY ACRES		BOONE, NC 28607	Tag Surrender	G01	Tax	(\$13.56)	\$0.00	(\$13.56)
					F02	Tax	(\$2.17)	\$0.00	(\$2.17)





# North Carolina Vehicle Tax System

## NCVTS Pending Refund report

Report Date 4/2/2015 9:29:57 AM

								Refund	
	OVERLOOK								\$15.73
HOUND EARS CLUB	PO BOX 188		BLOWING ROCK, NC 28605	Tag Surrender	G01	Tax	(\$12.99)	\$0.00	(\$12.99)
					F01	Tax	(\$2.07)	\$0.00	(\$2.07)
								Refund	\$15.06
HUMMEL, ARTHUR	151 HONEY HILL DR		BLOWING ROCK, NC 28605	Situs error	G01	Tax	\$0.00	\$0.00	\$0.00
					C03	Tax	(\$42.90)	(\$3.11)	(\$46.01)
					F12	Tax	\$6.92	\$0.50	\$7.42
								Refund	\$38.59
JOHNSON, WILLIAM	PO BOX 52015		DURHAM, NC 27717	Situs error	G01	Tax	\$0.00	\$0.00	\$0.00
					C02	Tax	(\$71.14)	\$0.00	(\$71.14)
					C02	Vehicle Fee	(\$5.00)	\$0.00	(\$5.00)
					F05	Tax	\$8.68	\$0.00	\$8.68
								Refund	\$67.46
LIELBRIEDIS, VALDIS	579 ISAACS BRANCH RD		SUGAR GROVE, NC 28679	Vehicle Sold	G01	Tax	(\$20.69)	\$0.00	(\$20.69)
					F07	Tax	(\$3.31)	\$0.00	(\$3.31)
								Refund	\$24.00
MINTON, JOSEPH	145 DOE DR		BOONE, NC 28607	Tag Surrender	G01	Tax	(\$4.73)	\$0.00	(\$4.73)
					C02	Tax	(\$6.21)	\$0.00	(\$6.21)
					C02	Vehicle Fee	\$0.00	\$0.00	\$0.00
								Refund	\$10.94
ROSE, ALBERT	435 LYNDERHILL LN		MATTHEWS, NC 28105	Vehicle Totalled	G01	Tax	(\$6.12)	\$0.00	(\$6.12)
					F02	Tax	(\$0.98)	\$0.00	(\$0.98)
								Refund	\$7.10
SMITH, GERALDINE	PO BOX 160		VILAS, NC 28692	Tag Surrender	G01	Tax	(\$15.63)	\$0.00	(\$15.63)
					F04	Tax	(\$2.50)	\$0.00	(\$2.50)
								Refund	\$18.13
SNIDER, JAMES	133 PALMETTO HARBOUR DR		N MYRTLE BEACH, SC 29582	Tag Surrender	G01	Tax	(\$57.52)	\$0.00	(\$57.52)
					C05	Tax	(\$134.50)	\$0.00	(\$134.50)
								Refund	\$192.02
SNIDER,	133 PALMETTO		N MYRTLE	Tag	G01	Tax	(\$69.96)	\$0.00	(\$69.96)



# North Carolina Vehicle Tax System

## NCVTS Pending Refund report

Report Date 4/2/2015 9:29:57 AM

Owner Name	Address	City/State	Action	Code	Type	Amount	Refund	Balance
JAMES	HARBOUR DR	BEACH, SC 29582	Surrender	C05	Tax	(\$143.06)	\$0.00	(\$143.06)
							Refund	\$213.02
SNIDER, TRINA	133 PALMETTO HARBOUR DR	N MYRTLE BEACH, SC 29582	Tag Surrender	G01	Tax	(\$74.36)	\$0.00	(\$74.36)
				C05	Tax	(\$152.06)	\$0.00	(\$152.06)
							Refund	\$226.42
VAN WINKLE, SHIRLEY	3635 US OLD HWY 421	VILAS, NC 28692	Situs error	G01	Tax	\$0.00	\$0.00	\$0.00
				C02	Tax	(\$107.38)	(\$5.37)	(\$112.75)
				C02	Vehicle Fee	(\$5.00)	(\$0.25)	(\$5.25)
				F07	Tax	\$13.10	\$0.65	\$13.75
							Refund	\$104.25
VOSBURGH, ELEANOR	PO BOX 332	BLOWING ROCK, NC 28605	Tag Surrender	G01	Tax	(\$4.79)	\$0.00	(\$4.79)
				C03	Tax	(\$4.74)	\$0.00	(\$4.74)
							Refund	\$9.53
WALLACE PROPANE AND APPLIANCE INC	324 NC HWY 105 BYPASS SUITE 2	BOONE, NC 28607	Situs error	G01	Tax	\$0.00	\$0.00	\$0.00
				C02	Tax	(\$10.25)	\$0.00	(\$10.25)
				C02	Vehicle Fee	(\$5.00)	\$0.00	(\$5.00)
				F02	Tax	\$1.25	\$0.00	\$1.25
							Refund	\$14.00
WARREN, BRENDA	702 LAUREL FORK RD	VILAS, NC 28692	Vehicle Sold	G01	Tax	(\$12.83)	\$0.00	(\$12.83)
				F02	Tax	(\$2.05)	\$0.00	(\$2.05)
							Refund	\$14.88
WHITTAKER, KERRI	157 RHODODENDR ON LN	BOONE, NC 28607	Tag Surrender	G01	Tax	(\$17.40)	(\$0.87)	(\$18.27)
				C02	Tax	(\$20.57)	(\$1.03)	(\$21.60)
				C02	Vehicle Fee	\$0.00	\$0.00	\$0.00
							Refund	\$39.87
							<b>Refund Total</b>	<b>\$1126.29</b>

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**AGENDA ITEM 11:**

**FINANCE MATTERS**

*A. Budget Amendments*

**MANAGER'S COMMENTS:**

Ms. Margaret Pierce, Finance Director, will review budget amendments as included in your packet.

Board approval is requested.



## WATAUGA COUNTY FINANCE OFFICE

814 West King St., Suite 216, Boone, NC 28607 Phone (828) 265-8007

### MEMORANDUM

**TO:** Deron T. Geouque, County Manager  
**FROM:** Margaret Pierce, Finance Director  
**SUBJECT:** Budget Amendments - FY 2014/15  
**DATE:** March 31, 2015

The following budget amendment requires the approval of the Watauga County Board of Commissioners. Board approval is requested.

<u>Account #</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
223317 343109	Federal Equitable Sharing Funds		5,175
224310 439500	Employee Training	2,000	
224310 431200	Travel-Subsistence	950	
224310 454000	Capital Outlay-Vehicles	2,225	

To allocate funds for purchase of the seized 2007 Navigator and approved training.

**AGENDA ITEM 11:****FINANCE MATTERS*****B. Sale of Real Property on GovDeals*****MANAGER'S COMMENTS:**

The Board adopted the enclosed resolutions authorizing the sale of property to include the Brown Farm Ridge, Inc. and Mill Ridge properties at the March 3, 2015 Board meeting. All of the properties in question were donated to the County. The Board already declared the properties surplus and the adoption of the included resolutions were necessary to start the sale process. After considerable discussion, direction was given to set the minimum bid for both properties at half of the current tax value

The sale of the properties closed with no offers to purchase. However, staff has received an offer for the Brown property in the amount of \$3,000. The current tax value is \$26,000.

Staff would recommend the Board accept the offer of \$3,000 and start the upset bid process since the auction was unsuccessful. Staff will request the bid value for the Mill Ridge property be lowered to \$4,525 (50% less than current asking price) and the property to be offered for sale on GovDeals.

Board action is requested to accept the \$3,000 offer for the Brown property and start the upset bid process. Furthermore, the Board will need to adopt the attached resolution to offer for sale the Mill Ridge property at \$4,525 on GovDeals.





# WATAUGA COUNTY

## FINANCE OFFICE

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814 West King St., Room 216 - Boone, NC 28607 - Phone (828) 265-8007 Fax (828) 265-8006

### MEMORANDUM

TO: Deron Geouque, County Manager

FROM: Margaret Pierce, Finance Director

SUBJECT: Sale of Real Property on GovDeals

DATE: March 31, 2015

The Board authorized the listing for sale of property located off Daniel Drive, PIN #2930-65-1811-000 and in Mill Ridge, Banner Elk, PIN #1888-05-2526-000 and #1888-05-1563-000. Bids were accepted until Monday, March 30, 2015 however no bids were received on any of these properties.

Board direction is requested.

STATE OF NORTH CAROLINA

**Draft**

COUNTY OF WATAUGA

**RESOLUTION OF THE  
WATAUGA COUNTY BOARD OF COMMISSIONERS  
AUTHORIZING THE SALE OF LOTS F-30 AND F-32 OF SECTION ONE IN MILL RIDGE,  
BANNER ELK, NC**

**WHEREAS**, the County of Watauga owns two tracts located in Mill Ridge, Lot F-30 of Section One (.05 acres), Parcel ID 1888-05-2526-000 and Lot F-32 of Section One (.15 acres), Parcel ID 1888-05-1563-000 in the Watauga County tax maps; and

**WHEREAS**, North Carolina General Statute § 153A-176 permits a County to dispose of any real or personal property belonging to it according to the procedures prescribed in Chapter 160A, Article 12; and

**WHEREAS**, North Carolina General Statute § 153A-176 permits the County to sell real property by electronic advertisement and public auction; and

**WHEREAS**, North Carolina General Statute § 160A-270(c) provides that auctions of real property may be conducted electronically if the County authorizes the establishment of an electronic auction procedure or authorizes the use of existing private or public electronic auction services; and

**WHEREAS**, the County has passed a Resolution authorizing the establishment of an electronic auction procedure and the use of existing public and private electronic auction services; and

**WHEREAS**, North Carolina General Statute § 160A-270(c) provides that notice of all electronic sales may be published solely by electronic means if that exclusive method of publication is approved by the governing board of the political subdivision; and

**WHEREAS**, The Board of Commissioners has adopted a Resolution for the exclusive method of publication being by electronic means.

**NOW THEREFORE BE IT RESOLVED** by the Watauga County Board of Commissioners as follows:

1. The Watauga County Board of Commissioners hereby authorizes the sale of the following described tract of land by existing private electronic auction services at [www.govdeals.com](http://www.govdeals.com):

Tract One: Being all of Lot F-30 in Section One of the property known as Mill Ridge, as shown on plat thereof recorded in Map Book 6 at Page 39 of the Watauga County, NC Public Registry.

Tract Two: Being all of Lot F-32 in Section One of the property known as Mill Ridge, as shown on plat thereof recorded in Map Book 6 at Page 39 of the Watauga County, NC Public Registry.

2. The County will accept bids for the property until Tuesday, April 28, 2015.
3. The record of bids shall be reported to the Board of Commissioners at their regular meeting on Tuesday, May 5, 2015.
4. The minimum opening bid for this property shall be \$\_\_\_\_\_.
5. The Board of Commissioners will determine the highest responsible bidder for the property and has discretion to award the bid.
6. To be responsible, a bid deposit of five percent (5%) of the amount of the bid must be paid within five business days after close of auction. The deposit of the bidder to whom the award is made will be held until the sale of the property is closed; if that bidder refuses at any time to close the sale, the deposit will be forfeited to the County. Final payment and close of sale must be accomplished within 60 days after close of auction. Bidder is responsible for all property survey, deed preparation, attorney and recording costs associated with the deed transfer.
7. In addition, to be responsible, a bidder must be current on payment of all property taxes owed to the county.
8. The County reserves the right to withdraw the property from sale at any time and the right to reject all bids.
9. This Resolution is adopted pursuant to the provisions of North Carolina General Statutes § 153A-176, 160A-266, and 160A-270.

**ADOPTED** this the 7<sup>th</sup> day of April, 2015.

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Jimmy Hodges, Chairman  
Watauga County Board of Commissioners

ATTEST:

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Anita J. Fogle, Clerk to the Board

(SEAL)



**Deron.Geouque**

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**From:** Leslie Cook <lcook@tarheelcapital.com>  
**Sent:** Tuesday, March 31, 2015 2:25 PM  
**To:** Deron.Geouque  
**Cc:** Margaret Pierce; lcook@tarheelcapital.com; dfurman@samaritan.org  
**Subject:** Parcel ID #2930-65-1811-000

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**From:** Furman, Dr. Dick [<mailto:dfurman@samaritan.org>]  
**Sent:** Tuesday, March 31, 2015 2:06 PM  
**To:** [lcook@tarheelcapital.com](mailto:lcook@tarheelcapital.com)  
**Subject:**

Dear Deron Geouque,

I would like to offer to purchase parcel ID#2930-65-1811-000 in Watauga County for \$3,000.00. I was able to visit the site this past week to evaluate the access and building potential and realize there is no significant value other than that it is adjacent to my property. I ask you to consider this bid in next weeks board meeting.

Sincerely,

Dick Furman

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This e-mail message is intended only for the use of the recipient(s) named above. This message may be privileged and confidential. If you are not an intended recipient, you may not review, copy or distribute this message. If you have received this communication by mistake, please notify us immediately by e-mail and delete the original message. Thank You.

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**AGENDA ITEM 12:****MISCELLANEOUS ADMINISTRATIVE MATTERS*****A. Daymark Recovery Services, Inc. Proposed Lease Renewal*****MANAGER'S COMMENTS:**

The lease with Daymark Recovery Services is scheduled to expire June 30, 2015. Daymark Recovery Services would like to renew the lease with the same terms and conditions as the current lease. The space to be leased is at the County's Human Service Building and includes 13,775 square feet of space. Daymark agreed to lease the space at the rate of \$5 per square foot (\$68,875 per year) in monthly installments of \$5,739.58. The new lease term would be July 1, 2015 to June 30, 2018. Included in the lease under Section 10 is an additional fee in the amount of \$67,718 per year, to be paid in monthly installments of \$5,643, which is to cover utilities and janitorial services.

The current lease was drafted and approved by the County Attorney. Board action is requested to approve the lease with Daymark Recovery Services as presented.

STATE OF NORTH CAROLINA

**LEASE AGREEMENT**

COUNTY OF WATAUGA

**THIS LEASE AGREEMENT**, made and entered into this <sup>3<sup>rd</sup></sup> day of *March*, 2015, by and between Watauga County, a body politic of the State of North Carolina, hereinafter referred to as Lessor; and Daymark Recovery Services, Inc., hereinafter referred to as Lessee;

**WITNESSETH:**

1. **PREMISES:** That for and in consideration of the mutual covenants and agreements herein contained and subject to the terms and conditions hereinafter set forth, the Lessor does hereby demise and lease unto the Lessee and the Lessee does hereby lease from the Lessor the property known as Suite B located at 132 Poplar Grove Road Connector; Boone, NC 28607.
2. **ACCEPTANCE OF PROPERTY:** Neither the Lessor nor its agents have made any representations with respect to the building, the land upon which it is erected, or the leased property except as expressly set forth therein and no rights, easements, or licenses are acquired by the Lessee by implication or otherwise except as expressly set forth in the provisions of this Lease. The taking of possession of the leased property by the Lessee shall be conclusive evidence that the Lessee accepts the same "as is" with the exception of the provision for improvements as set forth herein.
3. **TERM:** This lease shall be for a term of three years, commencing on July 1, 2015, and ending upon June 30, 2018. However, this lease shall automatically terminate in the event Daymark Recovery Services, Inc. is deemed to no longer be the authorized provider of mental health services pursuant to contractual arrangements with the Local Management Entity (LME) as defined by N.C. Gen. Stat. §122C et seq.
4. **RENT:** The Lessee shall pay to the Lessor, rent for the premises equal to \$10.00 per square foot (or \$137,750 per year), payable on or before the 1st day of each month, in monthly installments of \$11,479.17 per month. All such payments shall be made to Watauga County, c/o Margaret Pierce, Finance Director, 814 West King Street, Suite 216, Boone, North Carolina, 28607, or to such other person or at such other place as Lessor may designate in writing.
5. **LATE FEES:** In the event that rent is not paid by the 1<sup>st</sup> of the month when rent is due and owing, such rent payment shall be subject to a late fee in the amount of \$25.00. This late fee shall not affect the Lessors right to declare this contract breached in the event of failure to pay rent as provided within this document.



6. **INSURANCE**: The Lessee shall obtain a public liability insurance policy for the minimum coverage of \$500,000 bodily injury and property damage liability (combined single limit), \$500,000 each occurrence and \$500,000 aggregate. Lessor shall be named as an additional insured on said policy and shall be furnished with a copy of same. Upon the Lessee's failure to obtain said public liability insurance policy, Lessor, may at its option, but is not required to do so, obtain such insurance and the costs thereof shall be paid as additional rent due and payable from Lessee on the next ensuing day that rent is due. Lessor shall not be liable to Lessee for any business interruption or any loss or damage to property or injury or death of persons occurring in or on the demised premises, or in any manner growing out of or connected with the Lessees' use and occupancy of the demised premises, or the condition thereof. This release shall also apply to the extent that such business interruption, loss or damage to property or injury to or death of persons is covered by insurance, regardless of whether such insurance is payable to or protects Lessor or Lessee, or both. Nothing herein shall be construed to impose any other or greater liability upon Lessor than what would have existed in the absence of this provision. Any insurance policies of the Lessee shall contain a clause to the effect that this release shall not affect the right of the insured to recover under such policies. The release in favor of the Lessor contained herein is in addition to and not in substitution for or in diminution of, the hold harmless and indemnification provisions of this Lease Agreement.

7. **REPAIRS**: Except as otherwise provided herein, the Lessee shall, at the Lessee's own expense, make all necessary repairs and replacements to the interior and exterior of the demised premises. All repairs and replacements shall be in quality and class at least equal to the original work. Upon default of the Lessee in making such repairs or replacements, the Lessor, may, but shall not be required to, make such repairs or replacements for the Lessee's account and the expense thereof which shall constitute and be collectable as additional rent.

Lessor shall make, at Lessors' own cost and expense, any and all repairs necessary to the roof, main corridor of the building, and exterior walls of the building. Notwithstanding the foregoing, the Lessor shall not be responsible for nor be liable for any such repairs, which are necessitated by the negligent actions or negligent failures to act on the part of the Lessee or any of the Lessee's agents.

8. **USE OF THE PROPERTY**: The Lessee shall use the property only for purposes of providing mental health and recovery services as defined by N.C. Gen. Stat. §122C et seq.

9. **IMPROVEMENTS OF THE PROPERTY**: Any alterations or improvements may only be made by the Lessee with the written consent of the Lessor, which shall not be unreasonably withheld. Any alteration, addition or improvement made by Lessee, and any fixtures installed as a part thereof, shall at Lessor's option become the property of the Lessor, upon the expiration or other sooner termination of this lease; provided, however, that Lessor shall have the right to require the Lessee to remove such fixtures at the Lessee's cost upon such termination of this lease.



With the written consent of the Lessor which shall not be unreasonably withheld the Lessee shall have the right to construct, erect, place, paint, maintain and control of the demised premises, any sign or signs which may be necessary in the conduct of its business within the requirements of the Town of Boone Unified Development Ordinance, and it shall have the right to remove the sign or signs at the expiration or earlier termination of this lease, provided, that upon the removal of said sign or signs, the said building shall be put in the same condition it was in at the time of the placing or painting of said signs, as far as is reasonably possible.

10. **UTILITIES:** The Lessee shall pay all charges for gas, electricity, lights, heat, power and other communication service used, rendered or supplied upon or in connection with the demised premises and shall indemnify Lessor against any liability or damages on such account. Lessor shall pay all charges for water and sewer service used, rendered or supplied upon or in connection with the demised premises and shall indemnify Lessee against any liability or damage on such account. Utilities shall be transferred to the Lessee as soon as feasible upon the signing of this lease. Additionally, Lessee shall reimburse the Lessor for the pro rata expenses relating to building operating expenses, including but not limited to janitorial services. Such amount shall be based upon the percentage of square footage of the overall building occupied by Daymark, which the parties agree constitutes thirty-nine percent (39%) of the total building area under this agreement. Such amount shall be paid to the County on a monthly basis at the same time and under the same conditions as payment of rent. The parties agree that this amount is currently \$5,643.00 per month, which may be adjusted based upon changes in expenses to the Lessor for overall building maintenance and janitorial services.
11. **ASSIGNING AND SUBLETTING:** The Lessee shall not assign this lease or sublet any part of the demised premises without the prior written consent of Lessor, which shall not be unreasonably withheld. Any transfer of the property interest owned by the Lessor shall be subject to this lease, and shall not affect the validity or enforceability of this lease by either the Lessor or the Lessee.
12. **SURRENDER OF THE DEMISED PREMISES:** At the expiration of the lease term, the Lessee shall surrender the demised premises in as good a condition as they were in at the beginning of the term, reasonable wear and tear and damages by the elements excepted.
13. **DAMAGE OR DESTRUCTION BY FIRE:** In the event that the demised premises shall be damaged or destroyed by fire, the elements or other casualty, during the continuance of this lease, to such extent that same cannot be restored to as good a condition as same were in prior to such damage within sixty (60) days thereafter, either the Lessor or Lessee shall have the right to cancel or terminate this lease with the rents to be adjusted as of the date of the damage or destruction. Lessee shall be responsible for all of its personal property on or about the demised premises and shall keep the same adequately insured against loss by fire or the elements.



14. **CONDEMNATION:** If the whole of the demised premises shall be condemned and taken by any governmental authority or other entity having a power of eminent domain, then this lease shall immediately terminate, and the Lessee shall have no interest in any damages and/or monies paid by virtue of such condemnation.

In the event of a partial appropriation or condemnation of the demised premises that does not materially affect the Lessee's use thereof, the Lessee shall continue in possession of the unappropriated part of the demised premises under the terms and conditions hereof, except that in such case if the Lessee actually loses the use of part of the demised premises, the Lessee shall be entitled to an equitable reduction in rent payable hereunder. In the event such partial appropriation or condemnation materially affects the Lessee's use of the demised premises, the Lessee may, at its option, terminate this lease and Lessor shall refund the Lessee any unearned rental existing at the time of said termination. However, the Lessee shall have no interest in any damages and/ or monies paid by virtue of such condemnation.

Notwithstanding the foregoing, Lessee shall be entitled to a separate award made to Lessee for loss of business, moving expense or the taking of Lessee's fixtures or equipment, if a separate award for such items is made.

15. **INDEMNITY:** Except where caused by the intentional act of the Lessor, or its agents, employees, licensees or assigns, the Lessee shall indemnify and save Lessor harmless from and against any and all claims, actions, damages, liability and expense in connection with loss of life, personal injury and/or damage to property arising from or out of any occurrence in, upon or at the demised premises or any part thereof, or occasioned wholly or in part by any act or omission of the Lessee, its agents, employees or invitees. In case the Lessor (the Indemnified party) shall, without fault on its part, be made a party to any litigation instituted against the Lessee (the indemnifying party), then the indemnifying party shall protect and hold the indemnified party harmless and shall pay all costs, expenses and reasonable attorneys' fees that may be incurred or paid by the indemnified party in such litigation. In addition, Lessee shall pay all costs, expenses and reasonable attorneys' fees that may be incurred or paid by Lessor in enforcing the covenants and agreements of the Lessee contained in this lease.

16. **DAMAGES:** If the demised premises shall be deserted or vacated, or if proceedings are commenced against the Lessee in any court under a bankruptcy act or for the appointment of a trustee or receiver of the Lessee's property either before or after the commencement of the lease term, or if there shall be a default in the payment or rent or any part thereof for more than five (5) days after written notice that rent is past due by Lessor to Lessee, or if there shall be a default in the performance of any other covenant, agreement, condition, rule or regulation herein contained, or hereafter established on the part of the Lessee for more than twenty (20) days after written notice of such default by Lessor, this lease (if Lessor so elects) shall thereupon become null and void, and the Lessor shall have the right



to re-enter or repossess the demised premises, either by force, summary proceedings, surrender or otherwise and dispossess and remove therefrom the Lessee, or other occupants thereof, and their effects, without being liable to any prosecution thereof. In such case, Lessor may, at its option, relet the demised premises or any part thereof, as the agent of the Lessee, and the Lessee shall pay Lessor the difference between the rent hereby reserved and agreed to be paid by the Lessor for the portion of the term remaining at the time of re-entry or repossession and the amount, if any, received or to be received under such reletting for such portion of the term.

17. **QUIET ENJOYMENT:** Lessor covenants that if and so long as Lessee pays the basic rent and performs all of the terms, covenants and conditions of this lease on Lessee's part to be performed, Lessee shall peaceably and quietly have, hold and enjoy the demised premises for the term of this lease, but always subject to the provisions of the lease.
18. **NOTICE:** All notices, consents, requests, instructions or other communications provided for herein, shall be deemed validly given, made and served if in writing and either delivered personally or sent by certified or registered mail, postage prepaid and, pending the designation of another address, addressed as follows:

IF TO LESSEE: Daymark Recovery Services, Inc.  
Attn: Jerry Smith  
2129 Statesville Blvd.  
Salisbury, NC 28147

IF TO LESSOR: Watauga County  
c/o Deron Geouque, County Manager  
814 West King Street, Suite 205  
Boone, NC 28607

Any such notices, consents, requests, instructions or other communications sent by certified or registered mail shall for the purposes of this lease be considered received two (2) days after it is deposited in the United States Mail, postage prepaid.

19. **MISCELLANEOUS:** All rights and liabilities herein given to or imposed upon either of the parties hereto shall extend to the principals, assigns and, administrators of such parties. Unless the context expressly or impliedly requires or indicates a contrary meaning whenever used in this lease, a noun or pronoun in any gender shall include the remaining genders, the singular shall include the plural and the plural shall include the singular. The laws of the State of North Carolina shall control this lease. This agreement comprises the entire understanding of the parties and may only be modified in writing, properly executed by the parties.




**IN WITNESS WHEREOF**, the said Lessor and Lessee have caused this instrument to be duly executed and sealed, the day and year first above written.

**LESSOR:**

\_\_\_\_\_  
Jimmy Hodges, Chairman  
Watauga County Board of Commissioners

**LESSEE:**

  
\_\_\_\_\_  
Daymark Recovery Services, Inc.  
Mr. Billy R. West, Executive Director

**ATTEST:**

\_\_\_\_\_  
Anita J. Fogle, Clerk to the Board

**ATTEST:**

  
\_\_\_\_\_  
Jerry W. Smith, Finance Director

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

\_\_\_\_\_  
Margaret Pierce, Finance Director  
Watauga County

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**AGENDA ITEM 12:****MISCELLANEOUS ADMINISTRATIVE MATTERS*****B. State Highway Patrol Proposed Lease Renewal*****MANAGER'S COMMENTS:**

The current lease for office space at the Law Enforcement Center for the North Carolina Highway Patrol expired March 31, 2015. The requested renewal amount is \$4,560 annually for a term of one year with two one year extensions. The space requested is 365 square feet. The change reflects the possibility that the Highway Patrol may be required to relocate in the future should 911 Communications be required to expand at the current facility.

Board action, contingent upon County Attorney review, is required to approve the lease with the North Carolina Department of Public Safety for office space for the Highway Patrol in the amount of \$4,560 annually for a one year term with two one year extensions.



**THIS LEASE DOES NOT BECOME EFFECTIVE UNTIL EXECUTED  
BY THE NORTH CAROLINA DEPARTMENT OF PUBLIC SAFETY**

STATE OF NORTH CAROLINA

**LEASE AGREEMENT**

THIS LEASE AGREEMENT, made and entered into this the \_\_\_\_\_ day of \_\_\_\_\_, 2015, by and between **COUNTY of WATAUGA**, hereinafter designated as Lessor, and the **STATE OF NORTH CAROLINA**, hereinafter designated as Lessee;

**WITNESSETH:**

WHEREAS, authority to approve and execute this lease agreement was delegated to the Department of Administration by resolution adopted by the Governor and Council of State on the 1<sup>st</sup> day of September, 1981; and as amended on November 7, 1984; and

WHEREAS, the Department of Administration has delegated to this State agency the authority to execute this lease agreement by a memorandum dated the 11<sup>th</sup> day of March, 2003; and

NOW THEREFORE, in consideration of the rental hereinafter agreed to be paid and the terms and conditions hereinafter set forth, Lessor does hereby let and lease unto Lessee and Lessee hereby takes and leases from Lessor for and during the period of time and subject to the terms and conditions hereinafter set out certain space in **(See Below) County of Watauga**, North Carolina, more particularly described as follows:

**Being +/- 365 net square feet of office space located at 184 Hodges Gap Road, Boone, Watauga County, North Carolina.**

**(DEPARTMENT OF PUBLIC SAFETY – SHP)**

THE TERMS AND CONDITIONS OF THIS LEASE AGREEMENT ARE AS FOLLOWS:

1. The term of this lease shall be for a period of **one (1) year** commencing on the **1<sup>st</sup>. day of April, 2015** or as soon thereafter as the leased premises are ceded to the Lessee and terminating on the **30<sup>th</sup>. day of March, 2018**.

2. The Lessee shall pay to the Lessor as rental for said premises the sum of **\$4,560.00** Dollars per term to be payable in equal monthly installments of **\$380.00** Dollars within fifteen (15) days from receipt of invoice.

**Renewal Option:** The Lessee shall have the option to renew this lease for two (2) additional one (1) year periods and shall provide to the Lessor no less than sixty days (60) written notice of the intent to so renew reior to the lease expiration date. The terms and conditions of this lease shall remain the same during the renewal periods.

The Lessee agrees to pay the aforesaid rental to Lessor at the address specified, or, to such other address as the Lessor may designate by a notice in writing at least fifteen (15) days prior to the due date.

3. Lessor agrees to furnish to the Lessee, as a part of the consideration for this lease, the following services and utilities to the satisfaction of the Lessee.

- A Heating facilities, air conditioning facilities, adequate electrical facilities, adequate lighting fixtures and sockets, hot and cold water facilities, and adequate toilet facilities.
- B. Janitorial services and supplies including maintenance of lawns, parking areas, common areas and disposal of trash.
- C. Parking as available.
- D. The lessor covenants that the leased premises are generally accessible to persons with disabilities. This shall include access into the premises from the parking areas (where applicable), into the premises via any common areas of the building and access to an accessible restroom.

4. During the lease term, the Lessor shall keep the leased premises in good repair and tenantable condition, to the end that all facilities are kept in an operative condition. Maintenance shall include, but is not limited to furnishing and replacing electrical light fixture ballasts, air conditioning and ventilating equipment filter pads, if applicable, and broken glass. In case Lessor shall, after notice in writing from the Lessee in regard to a specified condition, fail, refuse, or neglect to correct said condition, or in the event of an emergency constituting a hazard to the health or safety of the Lessee's employees, property, or invitees, it shall then be lawful for the Lessee in addition to any other remedy the Lessee may have to make such repair at its own cost and to invoice the amount thereof to the Lessor. The Lessor reserves the right to enter and inspect the leased premises, at reasonable times, and to make necessary repairs to the premises.

5. It is understood and agreed that Lessor shall, at the beginning of said lease term as hereinabove set forth, have the leased premises in a condition satisfactory to Lessee, including repairs, painting, partitioning, remodeling, plumbing and electrical wiring suitable for the purposes for which the leased premises will be used by Lessee.

6. The Lessee shall have the right during the existence of this lease, ***with the Lessor's prior consent***, to make alterations, attach fixtures and equipment, and erect additions, structures or signs in or upon the leased premises. Such fixtures, additions, structures or signs so placed in or upon or attached to the leased premises under this lease or any prior lease of which this lease is an extension or renewal shall be and remain the property of the Lessee and may be removed therefrom by the Lessee prior to the termination of this lease or any renewal or extension thereof, or within a reasonable time thereafter. The Lessee shall have no duty to remove any improvement or fixture placed by it on the premises or to restore any portion of the premises altered by it. In the event Lessee elects to remove his improvements or fixtures and such removal causes damage or injury to the demised premises, Lessee will repair only to the extent of any such damage or injury.

7. If the said premises be destroyed by fire or other casualty without fault of the Lessee, this lease shall immediately terminate and the rent shall be apportioned to the time of the damage. In case of partial destruction or damage by fire or other casualty without fault of the Lessee, so as to render the premises untenable in whole or in part, there shall be an appointment of the rent until the damage has been repaired. During such period of repair, Lessee shall have to right to obtain similar office space at the expense of

the Lessee or the Lessee may terminate the lease by giving fifteen (15) day s written notice to the Lessor.

8. Lessor shall be liable to Lessee for any loss or damages suffered by Lessee which are a direct result of the failure of Lessor to perform an act required by this lease, and provided that Lessor could reasonably have complied with said requirement.

9. Upon termination of this lease, the Lessee will peaceably surrender the leased premises in as good order and condition as when received, reasonable use and wear and damage by fire, war, riots, insurrection, public calamity, by the elements, by act of God, or by circumstances over which Lessee had no control or for which Lessor is responsible pursuant to this lease, excepted.

10. The Lessor agrees that the Lessee, upon keeping and performing the covenants and agreements herein contained, shall at all times during the existence of this lease peaceably and quietly have, hold, and enjoy the leased premises free from the adverse claims of any person.

11. The failure of either party to insist in any instance upon strict performance of any of the terms and conditions herein set forth shall not be construed as a waiver of the same in any other instance. No modification of any provision hereof and no cancellation or surrender thereof shall be valid unless in writing and signed and agreed to by both parties.

12. Any hold over after the expiration of the said term or any extension thereof, shall be construed to be a tenancy from month to month, and shall otherwise be on the terms and conditions herein specified, so far as applicable; however, either party shall give not less than sixty (60) days written notice to terminate the tenancy.

13. The parties to this lease agree and understand that the continuation of this lease agreement for the term period set forth herein, or any extension or renewal thereof, is dependent upon and subject to the appropriation, allocation or availability of funds for this purpose to the agency of the Lessee responsible for payment of said rental. The parties to this lease also agree that in the event the agency of the Lessee or that body responsible for the appropriations of said funds, in its sole discretion, determines, in view of its total local office operations that available funding for the payment of rents are insufficient to continue the operation of its local offices on the premise leased herein, it may choose to terminate the lease agreement set forth herein by giving Lessor written notice of said termination, and the lease agreement shall terminate immediately without any further liability to Lessee.

14. All notices herein provided to be given, or which may be given by either party to the other, shall be deemed to have been fully given when made in writing and deposited in the United States mail, certified and postage prepaid and addressed as follows: To the Lessor at **814 W. King Street, Suite 205, Boone, North Carolina 28607** and the Lessee **at 4227 Mail Service Center, Raleigh, North Carolina 27699-4227**. Nothing herein contained shall preclude the giving of such notice by personal service. The address to which notices shall be mailed as aforesaid to either party may be changed by written notice.



“N.C.G.S. § 133-32 and Executive Order 24 prohibit the offer to, or acceptance by, any State Employee of any gift from anyone with a contract with the State, or from any person seeking to do business with the State. By execution of any response in this procurement, you attest, for your entire organization and its employees or agents, that you are not aware that any such gift has been offered, accepted, or promised by any employees of your organization.”

IN TESTIMONY WHEREOF, this lease has been executed by the parties hereto, in duplicate originals, as of the date first above written.

STATE OF NORTH CAROLINA

By: \_\_\_\_\_ (SEAL)  
Joanne Rowland,  
Director of Purchasing & Logistics

LESSOR:

\_\_\_\_\_ (SEAL)  
The County of Watauga  
Deron Geouque, County Manager

ATTEST:

\_\_\_\_\_  
Secretary  
(CORPORATE SEAL)

STATE OF NORTH CAROLINA

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, a Notary Public in and for the County and State aforesaid, do hereby certify that **Deron Geouque**, personally came before me this day and acknowledged that he is the **County Manager**, and that by authority and given as an act of **Watauga County** and acknowledged the due execution of the foregoing instrument in its name.

WITNESS my hand and Notarial Seal, this the \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_





**AGENDA ITEM 12:**

**MISCELLANEOUS ADMINISTRATIVE MATTERS**

*C. Boards and Commissions*

**MANAGER'S COMMENTS:**

Ms. Connie Baird has resigned from the County's TDA Board effective immediately. Ms. Baird has recommended Ms. Donna Horbury and Ms. Kim Rogers. Ms. Rogers previously served on the Board. The TDA is requesting the Board to waive the first reading and appoint a member so that this individual may attend the TDA's retreat on April 14, 2015.

**To:** Deron.Geouque  
**Subject:** RE: Connie Baird's resignation from TDA Board

**From:** Wright Tilley [<mailto:wtilley@exploreboone.com>]  
**Sent:** Tuesday, March 24, 2015 12:28 PM  
**To:** Deron.Geouque  
**Cc:** Margaret Pierce  
**Subject:** FW: Connie Baird's resignation from TDA Board

Deron,

This forwarded email contains Connie Baird's resignation from the Watauga County TDA Board. Please forward it to the County Commissioners and ask them to please consider appointing a candidate to fulfill the remaining year of Mrs. Baird's term.

Best Regards,

Wright

L. Wright Tilley  
Executive Director  
Watauga County TDA  
828-266-1345  
ExploreBoone.com

-----Original Message-----

**From:** Connie Baird [<mailto:connielbaird@gmail.com>]  
**Sent:** Tuesday, March 24, 2015 11:28 AM  
**To:** Wright Tilley  
**Subject:** Connie Baird's resignation from TDA Board

March 24th, 2015

To the Watauga County Commissioners

It is with regret that I need to resign my position on the TDA board. I had hoped to fulfill this last year but with a Sophomore in High School that is an elite gymnast and the need to be off the mountain in an elite gym, I feel that there needs to be a member that can attend all the meetings on a regular basis

I would like to thank the Watauga County Commissioners for appointing me to the TDA board almost 5 years ago. I enjoyed serving the community as a property manager that paid the tax and a Realtor in this county. My presence on this board helped to slow down massive spending of monies that were not there and to give us a chance to get perspective on what would and would not attract tourists to this area.

I would like to think that this board is striving to attract not only tourists to our area but business travelers as well. All of the members have brought great ideas as well as expertise from their various professions to the table. It has been a pleasure to work with all of these volunteers to make the area a better place to visit and do business.

The staff, under the guidance of Wright Tilley have worked hard and have been eager help and keep the board members informed. 040715 BCC Meeting

There are two people that are willing to serve that have either their application on file or have served the last three years. Donna Horbury and Kim Rogers are very qualified to serve on this board and would be an excellent addition to the board to serve out my term.

Again, thank you for giving me the opportunity to serve the citizens of Watauga County in this position.

Connie Baird.

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**AGENDA ITEM 12:**

**MISCELLANEOUS ADMINISTRATIVE MATTERS**

*D. Announcements*

**MANAGER'S COMMENTS:**

A joint meeting with the Watauga County Economic Development Commission will be held on Tuesday, April 14, 2015, at 1:00 p.m. in the Commissioners' Board Room.

**AGENDA ITEM 13:**

**PUBLIC COMMENT**

**AGENDA ITEM 14:**

**BREAK**

**AGENDA ITEM 15:**

**CLOSED SESSION**

Attorney/Client Matters – G. S. 143-318.11(a)(3)