

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

**TUESDAY, FEBRUARY 5, 2013
8:30 A.M.**

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

TIME	#	TOPIC	PRESENTER	PAGE
8:30	1	CALL REGULAR MEETING TO ORDER		
	2	APPROVAL OF MINUTES: January 15, 2013, Regular Meeting January 15, 2013, Closed Session		1
	3	APPROVAL OF THE FEBRUARY 5, 2013, AGENDA		
8:35	4	SHERIFF'S OFFICE VEHICLE BID REQUESTS	CAPTAIN KELLY REDMON	19
8:40	5	OUR MOTHER'S GARDEN PROPOSAL	MS. SUSAN TUMBLESTON	21
8:45	6	PRESENTATION OF SMOKY MOUNTAIN CENTER'S ANNUAL AUDITED FINANCIAL REPORT	MS. MARGARET PIERCE MR. JASON AINSLEY	25
8:50	7	HIGH COUNTRY COMMUNITY HEALTH REPORT	MR. BRYAN BELCHER MS. BETH LOVETTE	83
8:55	8	REQUEST TO RENAME THE WATAUGA COUNTY LIBRARY TO THE EVELYN SHOOK JOHNSON MEMORIAL LIBRARY	MS. PEGGY HARTLEY	87
9:00	9	PRESENTATION OF ANNUAL REPORTS - WATAUGA COUNTY PUBLIC LIBRARY AND APPALACHIAN REGIONAL LIBRARY, INC.	MS. MONICA CARUSO & MS. MOLLY WESTMORELAND	89
9:05	10	PRESENTATION OF 2012 REGIONAL MITIGATION PLAN	MR. STEVE SUDDERTH	101
9:10	11	TAX MATTERS A. Monthly Collections Report B. Refunds and Releases	MR. LARRY WARREN	103
9:15	12	BUDGET AMENDMENTS	MS. MARGARET PIERCE	105
9:20	13	MISCELLANEOUS ADMINISTRATIVE MATTERS A. Tentative Annual Retreat Agenda B. Project of the Year Award for Small Electricity Project C. Proposed Changes to the Appalachian Healthcare System, Inc., Bylaws D. Request for an Appointment to the Appalachian Theater Board of Trustees E. Boards & Commissions F. Announcements	MR. DERON GEOUQUE	107 109 111 115 121 135
9:25	14	PUBLIC COMMENT		141
10:25	15	BREAK		141
10:30	16	CLOSED SESSION Attorney/Client Matters – G. S. 143-318.11(a)(3)		141
10:45	17	ADJOURN		

AGENDA ITEM 2:

APPROVAL OF MINUTES:

January 15, 2013, Regular Meeting

January 15, 2013, Closed Session

DRAFT**MINUTES****WATAUGA COUNTY BOARD OF COMMISSIONERS
TUESDAY, JANUARY 15, 2013**

The Watauga County Board of Commissioners held a regular meeting on Tuesday, January 15, 2013, at 5:30 P.M. in the Commissioners' Board Room of the Watauga County Administration Building, Boone, North Carolina.

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

Chairman Miller called the meeting to order at 5:32 P.M.

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

APPROVAL OF MINUTES

Chairman Miller called for additions and/or corrections to the December 3, 2012, regular meeting and closed session minutes.

Commissioner Yates, seconded by Commissioner Welch, moved to approve the December 3, 2012, regular meeting minutes as presented.

VOTE: Aye-5
Nay-0

Commissioner Yates, seconded by Commissioner Blust, moved to approve the December 3, 2012, closed session meeting minutes as presented.

VOTE: Aye-5
Nay-0

APPROVAL OF AGENDA

Chairman Miller called for additions and/or corrections to the January 15, 2013, agenda.

County Manager Geouque requested to add consideration of a resolution extending the tax listing period under Tax Matters.

County Manger Geouque stated that the request to hold a public hearing to allow citizen comment on the proposed Valle Crucis Trail Project (originally scheduled to be held at this meeting) was withdrawn by Mr. Eric Woolridge and, therefore, not included on the agenda.

Commissioner Blust, seconded by Commissioner Kennedy, moved to approve the January 15, 2013, agenda as amended.

VOTE: Aye-5
Nay-0

OUT-OF-STATE TRAVEL REQUEST

County Manager Geouque, on the Sheriff's behalf, stated that Sheriff Hagaman serves on the National Sheriff's Association Homeland Security Committee which meets on January 30, 2013, in Washington, DC. The County Manager stated that the Sheriff had requested to attend the meeting which required non-essential, out-of-state travel; therefore, Board approval was required.

The County Manager stated that the Sheriff had also requested the County pay for his registration (approximately \$150) and gas mileage while attending the meeting. It was unclear as to whether a County-owned vehicle would be driven.

Commissioner Kennedy, seconded by Commissioner Welch, moved to approve the Sheriff's out-of-State travel request and to direct the County Manager to pay the registration fee and determine the rate and amount for gas or mileage reimbursement.

VOTE: Aye-5
Nay-0

BOARD OF ELECTIONS HELP AMERICA VOTE ACT (HAVA) GRANT APPLICATION REQUEST

Ms. Stella Anderson, Chair of the Watauga County Board of Elections, presented a grant application request for reimbursement of 2012 Second Primary and General Election coding costs. If awarded, the grant will reimburse the County \$5,767.94 for costs associated with the coding and layout of ballots for the 2012 Second Primary and General Election.

Commissioner Yates, seconded by Commissioner Welch, moved to authorize the submission of the grant application for reimbursement of costs, in the amount of \$5,767.94, incurred for the coding and layout of ballots for the 2012 Second Primary and General Election.

VOTE: Aye-5
Nay-0

MIDDLE FORK FALLS RESORT HIGH IMPACT LAND USE ORDINANCE VARIANCE REQUEST

Chairman Miller stated that the High Impact Land Use (HILU) Ordinance required the Board of County Commissioners to hear all appeals, challenges, or variance requests. Mr. Steve Moberg, Satchmo & Company, LLC, the developer of the proposed Middle Fork Falls Resort requested a variance which was heard as a quasi-judicial hearing; therefore, Chairman Miller swore-in Mr. Joe Furman, Planning and Inspections Director, and Mr. Steve Moberg, President of Satchmo and Company, LLC.

Mr. Joe Furman stated that the Middle Fork Falls Resort project was unique in that it involves several ordinances and approvals including primarily the High Impact Land Use Ordinance, the Watershed Ordinance, the Ordinance To Govern Subdivisions and Multi Unit Structures. Both the High Impact Land Use Ordinance and Watershed Ordinance required staff approvals which were given. The Planning Board also approved the Middle Fork Falls Resort master plan at their December 17, 2012, meeting. The High Impact Land Use Ordinance includes height requirements from which the developer is seeking a variance. Mr. Furman also stated that the Towns of Blowing Rock and Boone had fire trucks that would reach the heights of the requested variance.

There were no questions from Mr. Moberg or Board members.

Mr. Moberg stated that Middle Fork Falls Resort would be the second indoor waterpark in North Carolina.

Clerk's Note: Below is an excerpt of the HILU Ordinance:

"Section 5. Application of the Variance Power. A variance shall only be allowed by the Board of Commissioners in cases involving practical difficulties or unnecessary hardships. Any authorizing of a variance shall not destroy the intent of the ordinance. Any authorized variance shall be recorded in the minutes of the Watauga County Board of Commissioners. A hardship, as used in the context of this section, shall be considered to be some unique or unusual character of the proposed site, including but not limited to unique size, shape, contour, or distance requirement. An economic hardship to the applicant is not to be considered for a variance.

The Board may grant a variance upon finding that the following conditions exist:

- 1) Extraordinary and exceptional conditions exist pertaining to the particular place or property in question because of its size, shape, or topography.*
- 2) The variance will not confer upon the applicant any special privileges that are, or would be, denied to other similarly situated individuals.*
- 3) This ordinance would deprive the applicant of rights commonly enjoyed by other similarly situated individuals.*
- 4) The variance would not seriously deter from the purpose and intent of this ordinance and will not be injurious to the neighborhood or to the general welfare.*
- 5) The special circumstances causing the need for variance(s) are not the fault of the applicant.*

The Board may impose reasonable conditions upon the granting of any variance in order to protect the public interest or neighboring property owners. Violation of any such conditions shall be a violation of this ordinance and subject to the penalties set forth in Article VI of this ordinance.”

Mr. Moberg presented the following answers to the hardship under Article V, questions 1-5, of the High Impact Land Use Ordinance, for the Indoor waterpark and connecting hotel. Mr. Moberg noted that the entire Indoor waterpark and hotel would be fully sprinkled and built to current fire and safety codes. The variance request was for an additional eighteen (18) feet in height.

“Answers to Article V, Questions 1-5, High Impact Land Use Ordinance:

- 1. We are very limited in buildable area because the Middle Fork River flood hazard area inundates nearly half or more of our property. Building vertically allows us to avoid building construction in the floodplain and prevents significant encroachment into the steep terrain behind the building site. Vertical construction above the 40' limit would preserve the natural features of the site (sloping hillsides and floodplains) which are each contributing to our hardship.*
- 2. Indoor Water Parks require an increased height of more than 40' because of the heights of the slides and their entry platforms. An additional reason for the request of the height variance is because of the snow load that will have to be met on the enclosed glass structure design.*
- 3. Other similarly situated individuals, IE, Water Park owner/operators/developers with indoor structures need elevations above 40' to accommodate water park slides, amenities and platforms.*
- 4. The structure of the additional Water Park/Hotel will be fully sprinkled and to current fire and safety codes. The neighborhood and adjoining properties are Amusement Parks. Snow load will require this height variance and will determine the pith of the roof structure. The Water park and Hotel will be connected. There is a strong possibility of solar components on the roof behind the parapet wall of the Hotel that will be used for the Indoor water park. Both the Hotel and water park will be designed to current fire and safety codes.*
- 5. All Indoor water parks require higher structures because of the slides, platforms and other attractions. It is a prerequisite to design.”*

Chairman Miller asked why a variance would be denied to others.

Mr. Moberg answered that anyone wanting an indoor waterpark would need a plan approved by the Planning Board with conditions.

There were no further questions from Board members or Mr. Furman.

Mr. Furman had no closing remarks and Mr. Moberg stated, in closing, that the park would be open year-round potentially creating four hundred (400) full-time, year-round jobs in the County.

Mr. Furman stated that the land for the proposed waterpark was being sold by Tweetsie Railroad which was required to build the existing greenway on the property as part of their Economic Development Incentive with the County. He also stated that this land is separate from the property purchased by the County under the Incentive agreement.

The evidentiary portion of the hearing was closed by Chairman Miller at 5:55 P.M.

The following actions were taken by the Board of Commissioners:

Chairman Miller, seconded by Commissioner Yates, moved to find that Satchmo & Company, LLC, owned by Mr. Steve Moberg, a local developer, planned to build an indoor waterpark of which was approved by the Watauga Planning Board.

VOTE: Aye-5
Nay-0

Chairman Miller, seconded by Commissioner Welch, moved to find that the plans for the Satchmo & Company, LLC, indoor facility included a waterpark and hotel which were proposed to be 58 feet tall.

VOTE: Aye-5
Nay-0

Chairman Miller, seconded by Commissioner Yates, moved to find that a large portion of the property on which Satchmo & Company, LLC, planned to construct their waterpark was in the flood plain and restricted with a hillside to the back of the property.

VOTE: Aye-5
Nay-0

Chairman Miller, seconded by Vice-Chairman Blust, moved to find that extraordinary and exceptional conditions exist pertaining to the particular place or property in question because of its size, shape, or topography.

VOTE: Aye-5
Nay-0

Chairman Miller, seconded by Vice-Chairman Blust, moved to find the variance will not confer upon the applicant any special privileges that are, or would be, denied to other similarly situated individuals.

VOTE: Aye-5
Nay-0

Chairman Miller, seconded by Vice-Chairman Blust, moved to find the High Impact Land Use Ordinance would deprive the applicant of rights commonly enjoyed by other similarly situated individuals.

VOTE: Aye-5
Nay-0

Chairman Miller, seconded by Commissioner Yates, moved to find the variance would not seriously deter from the purpose and intent of this ordinance and will not be injurious to the neighborhood or to the general welfare.

VOTE: Aye-5
Nay-0

Chairman Miller, seconded by Vice-Chairman Blust, moved to find the special circumstances causing the need for variance(s) were not the fault of the applicant.

VOTE: Aye-5
Nay-0

Chairman Miller, seconded by Vice-Chairman Blust, moved to grant a variance to the High Impact Land Use Ordinance allowing Satchmo & Company, LLC, to construct a 58 foot tall indoor waterpark.

VOTE: Aye-5
Nay-0

The hearing was closed at 6:10 P.M.

PLANNING & INSPECTIONS MATTERS

A. North Carolina Department of Transportation (NCDOT) Agreement Requests

- 1. Middle Fork Greenway**
- 2. Brookshire Park and Boone Greenway Connector**

Mr. Joe Furman stated that the North Carolina Department of Transportation (NCDOT) recently changed their method of funding projects. The Bicycle and Pedestrian Division has chosen to fund projects that are the closest to being “shovel-ready.”

Therefore, Mr. Furman presented two agreements between the NCDOT and Watauga County. Agreement # 3749 was to construct Phase I of the Middle Fork Greenway calling for the construction of approximately one-half (0.5) of a mile extending the existing greenway at Tweetsie Railroad Theme Park, across Mystery Hill property, into NCDOT Right-of-Way and under Highway 421 to Sterling Creek Park. A total of \$300,000 has been committed from Federal Funds with the State providing a \$75,000 match and the County responsible for any costs over the \$375,000.

Agreement # 3769 was to construct a multi-use greenway underpass beneath Highway 421 calling for the construction of approximately one (1) mile of a 10 foot wide paved asphalt greenway to connect the Boone Greenway system to Brookshire Park and Ted Mackorell Soccer Complex and the newly funded New River Greenway. A total of \$480,000 has been committed from Federal Funds with the State providing a \$120,000 match and the County responsible for any costs exceeding the \$600,000.

During discussion, concerns were raised due to wording in the contracts that stated the County would be responsible for any costs exceeding the allotted Federal and State funding.

County Attorney Eggers stated that the Board could request NCDOT change the wording in the contract; however, for both projects, the County would have the right to deny the grant funding if bids came in over budget. He also stated that the Requests for Proposals would be worded in a manner designed to keep project costs under budget.

Mr. Furman stated that with the County requesting bids for construction and having first approval of change orders, costs are anticipated to be kept below the amounts allotted through Federal and State funding.

County Attorney Eggers stated that an encroachment would potentially be required from the Department of Transportation for the construction of the greenways.

Commissioner Yates, seconded by Commissioner Welch, moved to adopt the agreement with the North Carolina Department of Transportation to construct Phase I of the Middle Fork Greenway in the amount of \$375,000 contingent upon bidding the project prior to accepting funds.

VOTE: Aye-4(Miller, Kennedy, Welch, Yates)
Nay-1(Blust)

Commissioner Yates, seconded by Commissioner Welch, moved to adopt the agreement with the North Carolina Department of Transportation to construct the Brookshire Park and Boone Greenway Connector in the amount of \$600,000 contingent upon bidding the project prior to accepting funds.

VOTE: Aye-4(Miller, Kennedy, Welch, Yates)
Nay-1(Blust)

Commissioner Yates, seconded by Commissioner Kennedy, moved to designate Joe Furman as the project administrator for both of the above NC Department of Transportation (DOT) project agreements (# 3749 and # 3769).

VOTE: Aye-5
Nay-0

B. Public Hearing Request to Allow Citizen Comment on the Implementation of Water Supply Watershed Protection for a Portion of the South Fork New River

Mr. Furman stated that the North Carolina Environmental Management Commission reclassified a segment of the South Fork of the New River related to the Town of Boone's proposed water intake in July of 2012. Due to the reclassification, the County was required to implement watershed protection rules for the newly classified segment by March 30, 2013. Since the County had an ordinance in place applicable to other watersheds, the County's action to comply was to adopt an official map of the subject watershed, as well as adopt ordinance text changes incorporating the new watershed and updates as dictated by statutory and rule changes. The current watershed protection ordinance has been in place since 1994.

Mr. Furman stated that the Planning Board reviewed and recommended approval at their December 17, 2012, meeting and were requesting a public hearing be set for February 19, 2013. This would allow time to mail information to affected property owners announcing the hearing, post signs in the affected area, and publish notices of the hearing.

On February 19, after the public hearing, Mr. Furman plans to recommend the Board adopt an official map of the subject watershed, as well as ordinance text changes incorporating the new watershed and updates. If the Board chose not to adopt the map and ordinance amendments then the State could do so and potentially charge the County civil penalties for having not done so.

Commissioner Blust, seconded by Commissioner Kennedy, moved to schedule a public hearing for Tuesday, February 19, 2013, at 6:00 P.M. to allow for citizen comment on the implementation of water supply watershed protection for a portion of the South New River.

VOTE: Aye-5
Nay-0

COMMUNICATIONS & EMERGENCY SERVICES MATTERS

A. 2013 Emergency Management Performance Grant Program Participation Request

Mr. Steve Sudderth, Watauga County Fire Marshal, stated that each year the North Carolina Department of Public Safety provided grant monies for Counties completing certain emergency planning activities. These activities served as the base amount and in the case of Watauga County amounts to \$20,625. The County could also complete up to six (6) additional activities to receive up to an additional \$15,000. Mr. Sudderth stated that this was an annual program in which the County had participated in for at least (20) years.

Commissioner Yates, seconded by Commissioner Kennedy, moved to submit the grant application to the North Carolina Department of Public Safety and completed the required activities to receive the \$35,625.

VOTE: Aye-5
Nay-0

B. Communications Tower Use Request

Mr. Sudderth presented a request from High Country Online to install equipment on the County's communication tower located on Rich Mountain. The County was neither currently utilizing nor had future plans to utilize the tower. High Country Online conducted an engineer study to ensure the tower could handle the new equipment. In exchange for the use of the tower, High Country Online proposed to provide the Sheriff's Office and Watauga County Emergency Management access to mobile internet at no cost. High Country Online also proposed to provide general maintenance of the tower.

County Manager Geouque stated that an agreement should include language that if, for any reason, the High Country Online equipment was to interfere with Sheriff and/or fire communications the contract would be terminated.

Chairman Miller directed staff to negotiate a contract with High Country Online to present for approval at the February 5, 2013, Board meeting.

TAX MATTERS

A. Monthly Collections Report

Tax Administrator Larry Warren presented the Tax Collections Report for the month of December 2012. This report was presented for information only and, therefore, no action was required.

B. Refunds and Releases

Mr. Warren presented the following Refunds and Releases for December 2012 for Board approval:

TO BE TYPED IN MINUTE BOOK

Commissioner Kennedy, seconded by Vice-Chairman Blust, moved to approve the Refunds and Releases Report for December 2012, as presented.

VOTE: Aye-5
Nay-0

C. Extended Listing Period Request

Mr. Warren requested that the tax listing period for 2013 be extended through February 28, 2013. The purpose of the extension was to allow ample time, due to recent software changes, for citizens to file personal property. Mr. Warren presented a draft resolution which, upon adoption, would authorize the extension.

Commissioner Welch, seconded by Commissioner Kennedy, moved to adopt the resolution authorizing the extension of the 2013 tax listing period through February 28, 2013, as presented by Mr. Warren.

VOTE: Aye-5
Nay-0

BID AWARD REQUEST FOR USDA DATA ROOM PROJECT

Mr. Robert Marsh, Maintenance Director, stated that bids were solicited for the construction of a data room which was required for the new USDA lease with the County. The following bids were received:

Contractor	Base Bid	Cassette Mounted A/C	Rec. 12/18/12 Revision	Completion Date
Greene Construction, Inc. Boone, NC	\$20,000.00	\$802	Yes	30 days
Dallas Lawrence Construction Boone, NC	\$22,763.00	n/a	Yes	15 working days from start
David Stapleton Construction, Inc. Boone, NC	\$23,720.10	n/a		TBD
Houck Contracting, LLC Hickory, NC	\$18,630.00	\$980	Yes	February 15, 2013 (Dependent upon availability of equipment)

Mr. Marsh contacted the two lowest bidders to request a price for a ceiling cassette mounted A/C unit. The base bid included an A/C unit that satisfied the USDA requirements; however, the cassette mounted unit would provide more space to locate other equipment in the proposed data room. Houck Contracting, LLC remained the low bidder with a total amount of \$19,610, including the cassette mounted A/C unit. Funds have been identified in the Maintenance Department budget along with the additional revenue from the new USDA lease to cover the cost of the construction.

County Attorney Eggers stated that statutes required the bid must be awarded to the lowest responsive and responsible bidder. Mr. Marsh stated that Houck Contracting, LLC, did submit a responsive and responsible bid.

By consensus, the Board agreed to direct the County Manager to prepare a resolution requesting a local bill be adopted allowing the Board opportunity to award bids to local companies if within close proximity to the lowest bid.

Commissioner Yates, seconded by Commissioner Welch, moved to award the bid to the low bidder, Houck Contracting, LLC, in the total amount of \$19,610 including the ceiling cassette mounted A/C unit (\$18,630 base bid and \$980 cassette unit) with funds to be allocated from the Maintenance Department budget along with the additional revenue from the new USDA lease contingent upon the County Attorney drafting a contract and the costs not going over the bid amount.

VOTE: Aye-4(Blust, Kennedy, Welch, Yates)
Nay-1(Miller)

BUDGET AMENDMENTS

Ms. Margaret Pierce, Finance Director, reviewed the following budget amendments:

Account #	Description	Debit	Credit
103300-341600	US DOJ Drug Court Grant		\$36,563
105890-469851	Blue Ridge Mediation Drug Court	\$36,563	

The amendment recognized a grant award from the US Department of Justice for drug court services contracted with Blue Ridge Mediation and Restorative Justice. The County match was present in the budget.

Account #	Description	Debit	Credit
103839-343100	Donation to Sheriff's Office		\$1,000
104310-439500	Employee Training	\$1,000	

The amendment recognized funds received by the Sheriff's Office from the Wal-Mart Foundation. The funds were to be used to purchase additional ammunition for training exercises and recertification of officers.

Commissioner Yates, seconded by Commissioner Welch, moved to approve the budget amendments as presented by Ms. Pierce.

VOTE: Aye-5
Nay-0

MISCELLANEOUS ADMINISTRATIVE MATTERS

A. Natural Gas Easement Request

County Manager Geouque stated that Frontier Natural Gas requested an easement from the County, as the owner of the new High School property, in order for natural gas to be available to 112 Rolling Hills Drive in Boone.

County Attorney Eggers shared the following concerns:

- Construction of the pipelines was not specified in the easement and could be moved without further notification.
- Granting the easement could limit future use of the property including limits to grading in that area.

A map showing the current gas line on the High School property and the proposed easement was shared for review. Notification was provided to the School Board on the easement for any possible concerns they may have and will be discussed at their January 14, 2013, meeting.

Board action, contingent upon County Attorney review, is required to approve the easement as presented.

Commissioner Miller, seconded by Vice-Chairman Blust, moved to approve the easement contingent upon the pipelines being completely below grade and within a defined easement boundary with meets and bounds and contingent upon the County Attorney's review.

VOTE: Aye-5
Nay-0

B. Boards & Commissions

County Manager Geouque stated that the Watauga Medical Center Board of Trustees had recommended Mr. Keith Tester and Ms. Jan Winkler for reappointment as Board Trustees. Each of their terms would be effective January 1, 2013, through December 31, 2015. A recommendation for the third three-year trustee was forthcoming and would be presented for consideration at a future meeting.

County Manager Geouque stated that the term of Watauga County Adult Care Home Community Advisory Committee (ACCAC) member, Ms. Glenda Hodges, was to expire January 17, 2013. The High Country Council of Governments' Ombudsman, Ms. Julie Wiggins, had nominated Ms. Hodges for reappointment. Ms. Hodges was willing to continue to serve if so appointed.

The above were first readings and, therefore, no action was required at this time.

County Manager Geouque stated that each Commissioner appoints a representative to the Boone Rural Fire Protection Service District Board whose term will run concurrent with the term of the appointing Commissioner. Boone Rural Fire Service District Board members must own property and reside within that Fire Service District.

Commissioner Welch nominated Mr. Lee Stroupe and Commissioner Yates nominated Mr. Tommy Critcher.

Vice-Chairman Blust, seconded by Commissioner Welch, moved to waive a second reading and appoint Mr. Lee Stroupe and Mr. Tommy Critcher to the Boone Rural Fire Protection Service District Board.

VOTE: Aye-5
Nay-0

County Manager Geouque stated that each Commissioner nominated a representative to the Watauga County Planning Board whose term would run concurrent with the term of the appointing Commissioner. Planning Board members must live within the appointing Commissioners District and action must be taken by the entire Board of Commissioners to make these appointments.

Commissioner Yates nominated Mr. Todd Castle.

Vice-Chairman Blust, seconded by Commissioner Welch, moved to waive a second reading and appoint Mr. Todd Castle to the Watauga County Planning Board.

VOTE: Aye-5
Nay-0

C. Announcements

County Manager Geouque announced the following:

- The NCACC Legislative Goals Conference is scheduled for January 24-25, 2013, in Durham. The NCACC also requests that any counties attending the Conference appoint a voting delegate to represent the member counties.
- The UNC School of Government and the North Carolina Association of County Commissioners (NCACC) jointly hold a two-day orientation to county government in four locations across the state. The 2013 Essentials of County Government Course, which includes required ethics training, is for newly elected officials, veteran elected officials and managers.
- The Board of Commissioners holds a two-day Pre-Budget Retreat each year. The dates of February 21, 22, and 23, 2013, and February 28, March 1 and 2, 2013, were proposed for scheduling the two-day meeting with times proposed as 12–6 P.M. on Thursday and/or Friday and 9 A.M.–12 P.M. on Saturday.

By consensus, the Board agreed to schedule the Annual Pre-Budget Retreat on Friday, February 22 & 23, 2013, beginning at 12:00 P.M. on Friday and 9:00 A.M. on Saturday.

PUBLIC COMMENT

Ms. Margaret Buck shared her concerns regarding FCC regulations and the request by High Country Online for use of the County's Communication Tower.

Chairman Miller recognized and welcomed Boy Scouts from Pack # 109 who attended the meeting.

CLOSED SESSION

At 7:25 P.M., Vice-Chairman Blust, seconded by Commissioner Welch, moved to enter Closed Session to discuss Attorney/Client Matters, per G. S. 143-318.11(a)(3) and Personnel Matters, per G. S. 143-318.11(a)(6).

VOTE: Aye-5
Nay-0

Vice-Chairman Blust, seconded by Commissioner Welch, moved to resume the open meeting at 8:01 P.M.

VOTE: Aye-5
Nay-0

POSSIBLE ACTION AFTER CLOSED SESSION

Vice-Chairman Blust, seconded by Commissioner Yates, moved to appoint Ms. April Pope as the Veteran's Service Officer and set her salary at \$38,135 with a retroactive effective date of January 1, 2013.

VOTE: Aye-5
Nay-0

ADJOURN

Commissioner Yates, seconded by Commissioner Kennedy, moved to adjourn the meeting at 8:03 P.M.

VOTE: Aye-5
Nay-0

Nathan A. Miller, Chairman

ATTEST:

Anita J. Fogle, Clerk to the Board

Blank Page

AGENDA ITEM 3:

APPROVAL OF THE FEBRUARY 5, 2013, AGENDA

Blank Page

AGENDA ITEM 4:

SHERIFF'S OFFICE VEHICLE BID REQUESTS

MANAGER'S COMMENTS:

Captain Redmon will present vehicle bids for four (4) new Ford All Wheel Drive Police Interceptor Sedans. A total of three bids were received with Boone Ford being the lowest responsive bidder at \$96,440 plus \$2,917.20 for taxes and tags for a total amount of \$99,357.20. Adequate funds have been budgeted to cover the cost of the vehicles. Captain Redmon will bring another bid for equipment and installation at a future meeting.

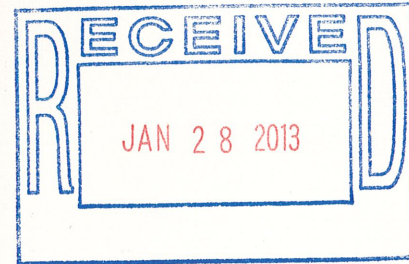
Board action is requested to accept the low bid from Boone Ford in the amount of \$96,440 plus \$2,917.20 for taxes and tags for a total amount of \$99,357.20.



WATAUGA COUNTY SHERIFF'S OFFICE

184 HODGES GAP ROAD
BOONE, NORTH CAROLINA 28607
(828) 264-3761 • FAX (828) 263-5345

LEN D. HAGAMAN, JR.
SHERIFF



To: Deron Geouque, Watauga County Manager
From: Captain Kelly Redmon
Ref: Patrol Vehicle Purchase FY 2012-13 approval from BCC

I have requested 2013 pricing for replacement law enforcement vehicles for the Sheriff's Office from local dealerships in Watauga County.

The following are the results along with the NC state contract price for the specific vehicle:

Vendor	Vehicle Type	State Contract	Local Price
Ross Chrysler	Dodge Charger V8 rear wheel drive police package	\$22,854.00	\$23,900.00
Mack Brown	Chevrolet Caprice V6 rear wheel drive police package	\$26,246.00	\$26,453.30
Boone Ford	Police Interceptor V6 police package All wheel drive	\$26,005.00	\$24,110.00

Biased on the price of the vehicles, coupled with the features available, we would recommend the Ford All Wheel Drive Police interceptor sedan.

There are funds in the Sheriff's Budget to purchase 4 of these vehicles which would be an extended price of \$96,440.00

AGENDA ITEM 5:**OUR MOTHER'S GARDEN PROPOSAL****MANAGER'S COMMENTS:**

Ms. Susan Tumbleston will present a request to construct a mother's garden on County owned land located between the Lois E. Harrill Senior Center and the Appalachian District Health Department. The proposed garden would include a walking track, a fence, flower beds, raised vegetable gardens, a horseshoe pit, other outdoor recreational options, and a natural play area for children.

Proposed funding for the project would come from community donations with the Partnership making a \$500 donation. As part of the agreement, the Partnership is requesting the County to protect the garden in all future changes to the property by including the garden in the design of any new County project. Additionally, if the County decides to sell the property, the County would agree to provide notice to the Partnership as well as first refusal rights to purchase the property.

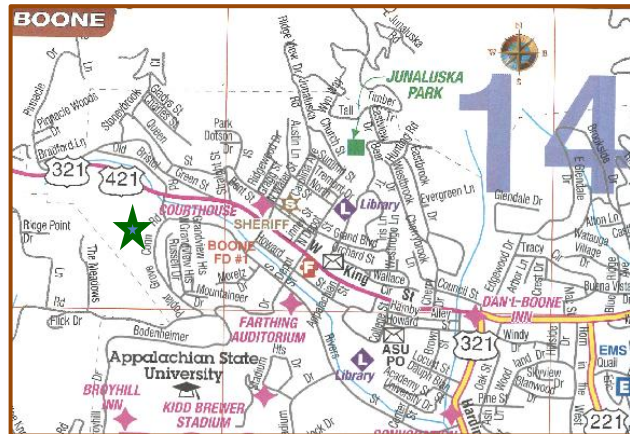
Alternate locations were provided to the Partnership for the garden but the proposed site was preferred. The site proposed has been identified for future expansion of County operation and services. The potential exists to incorporate the garden into a future design of a new County building but no guarantees could or should be made since an actual building plan has yet to be created.

Staff seeks direction from the Board.

Proposal to the Board of Watauga County Parks and Recreation December 12, 2012

Our Mothers' Garden

Proposal Statement: The Be Active-Appalachian Partnership (The Active Choice beginning 1-1-13), Appalachian State University, in collaboration with Watauga Parks and Recreation and our community partners, requests an agreement with Watauga County to design, create, build, maintain, and promote a garden on the property owned by the county that is located between the Lois E. Harrill Senior Center and the Appalachian District Health Department. Currently, the property is under management of Watauga County Parks and Recreation.



As its part of the agreement, the County agrees to protect the garden in all future changes to the property, building projects, excavation, etc., by including the garden in the design of the projects. Should a decision be made to sell the property, the County agrees to give immediate notice to the Be Active-Appalachian Partnership (The Active Choice beginning January 1, 2013), as well as first refusal rights to purchase the property.

The Story: During a walking challenge last fall at the Senior Center, participants were walking in the parking lot, with a few brave ones using the area next to the building. They are fearful of uneven ground that might cause them to fall if they had walked on the grassy area. Several asked if a walking track could be built on the property so they wouldn't have to walk in the parking lot.



My mother had just passed away, and one of my mother's dearest friends had died just the week before. Both of them were gardeners. As I considered the development of a walking track, I thought about creating a green space to honor Mama and Mrs. Greene, as well as other

mothers who have been or are committed to beauty in our community. The idea for Our Mothers' Garden began.

The Plan: Our Mothers' Garden will be a green space on the west end of Boone that will provide a walking track/path, a fence, flower beds, raised vegetable gardens, a horseshoe pit, other outdoor recreational options (shuttle board, bocce), and a natural play area for children. This is in an area where there are no parks, walking areas, or playgrounds. Trees, park benches, paths connecting the garden sites, shelters, and a water feature may also be part of the design. Richard Tumbleston, a local artist, has agreed to coordinate the preliminary design work for the garden.



Currently, the Senior Center is using the property for activities with a program called "Eat Better, Move More, Age Well (EMMA)." With the project, a horseshoe pit and raised garden beds to grow vegetables have been built.



The Funding: Donations from our community will be the major source of funding. The Partnership will also make a donation of at least \$500. The garden project will provide an opportunity for those who wish to honor or remember their mothers in a permanent way. Efforts will be made to obtain contributions from garden clubs, civic clubs, and businesses in the community.

Our office will also include Our Mothers' Garden in grant-funded projects.

The Timeline for Year 1: The design for Our Mothers' Garden will be developed during the Winter of 2012-13, along with fund-raising and promotional work. In the Spring of 2013, the track will be built, along with plantings (trees are a priority), fencing, and other items as funds allow. Work on the garden will continue through the Spring and Summer months, as well as use of the vegetable gardens by community members. In the fall of 2013, concentrated promotional and fund-raising activities will be planned and implemented.

The Partners: The Be Active-Appalachian Partnership, housed in the Institute for Health and Human Services at Appalachian State University, is the oversight organization for Our Mothers' Garden. Watauga Parks and Rec will serve as the fiscal agent. Along with the Partnership, the IMPACT Team of the ACT office at the university has made the garden a permanent project for their group, and the natural play area for children is a focus for the group. Students living on the Active Living residence hall have adopted the garden trail as their project. Both groups of students agree to provide manpower, fundraising, promotional and maintenance assistance. The Gardeneretts Garden Club of Boone has agreed to be the "official" oversight Garden Club.

The Future: As Our Mothers' Garden matures and evolves, uses of the Garden will grow. Perhaps the County Commissioners can hold walking meetings with members of the community as they walk the track; children in Boone will have a safe place to play while their parents walk around the track or care for their plot in the vegetable bed; students from the university will use the shelter for meetings; the natural play area will be a model for other playgrounds and early childhood centers to emulate; older adults from the Senior Center will have a place to walk, garden, relax, and have a picnic; and our community will have a way to honor and remember all of our mothers who believed in creating beautiful places.

AGENDA ITEM 6:

PRESENTATION OF SMOKY MOUNTAIN CENTER'S ANNUAL AUDITED FINANCIAL REPORT

MANAGER'S COMMENTS:

Ms. Margaret Pierce, Finance Director, will present the Smoky Mountain Center Annual Audited Financial Statements as required by Statute. Jason Ainsley with Smoky Mountain will be present to answer any questions. The report is included in your packet for review.

No action is required.



WATAUGA COUNTY FINANCE OFFICE

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: January 22, 2013

Attached is a copy of the audited financial report from Smoky Mountain Center for the fiscal year ended June 30, 2012. This audited financial report was provided by Smoky Mountain Center to comply with the G.S. 122C-117(d). Jason Ainsley, Assistant Finance Director with 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
Sylva, North Carolina**

Required Auditor Communications

June 30, 2012

CONTENTS

	<u>Page</u>
Required Auditor Communications	1 - 3



**GOULD KILLIAN
CPA GROUP, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the financial statements of Smoky Mountain Center for Mental Health, Developmental Disabilities and Substance Abuse (the "Center") for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 2, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Center are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2012. We noted no transactions entered into by the Center during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Center's financial statements were:

Management's estimate of the "Incurred But Not Reported" (IBNR) liability is based on historical experience with paid claims. We evaluated the key factors and assumptions used to develop the IBNR in determining that it is reasonable in relation to the financial statements taken as a whole.

Depreciation methods as described in the notes to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation lives and methods in determining that they are reasonable in relation to the financial statements taken as a whole.

Board of Directors
Smoky Mountain Center for Development Disabilities and Substance Abuse Services
Page Two

Management's estimate of the allowances for uncollectible receivables is based on the amount of time outstanding and the nature of the receivable. We evaluated the key factors and assumptions used to develop the allowances for uncollectible receivables in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 30, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Center's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the

Board of Directors
Smoky Mountain Center for Development Disabilities and Substance Abuse Services
Page Three

underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the board of directors and management of the Center. However, this report is a matter of public record and its distribution is not limited.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
November 30, 2012

**Smoky Mountain Center for Mental Health,
Developmental Disabilities
and Substance Abuse Services
Sylva, North Carolina**

**Financial Statements
June 30, 2012**

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Fund	13
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets	14
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	17
Statement of Net Assets – Internal Service Fund	18
Statement of Revenues, Expenses, and Changes in Net Assets – Internal Service Fund	19
Statement of Cash Flows – Internal Service Fund	20
Notes to Financial Statements	21 - 33
Required Supplementary Information:	
Other Postemployment Benefits – Schedule of Funding Progress And Employer Contributions	34

Compliance Section

Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	35 - 36
Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act	37 - 38
Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act	39 - 40
Schedule of Expenditures of Federal and State Awards	41 - 43
Schedule of Findings and Questioned Costs	44 - 45
Summary Schedule of Prior Year Audit Findings	46



**GOULD KILLIAN
CPA GROUP, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, major fund, and the aggregate remaining fund information of Smoky Mountain Center for Mental Health, Developmental Disabilities and Substance Abuse Services (the "Center"), as of and for the year ended June 30, 2012, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Center's management. 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 financial 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Center as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable thereof and the respective budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2012, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Other Postemployment Benefits Schedules of Funding Progress and Employer Contributions 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.

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

Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Implementation Act* and is not a required part of the basic financial statements. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
November 30, 2012

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

Management's Discussion and Analysis

This section of Smoky Mountain Center's (SMC) financial report represents our discussion and analysis of the financial performance of SMC for the fiscal year ended June 30, 2012. We encourage readers to read the information presented here in conjunction with the audited financial statements included in this report. Board designations of fund balance require approval by SMC's Board of Directors and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH). Requests for these designations have been approved by both.

Financial Highlights

- The assets of SMC exceeded its liabilities at the close of the fiscal year by \$17,409,295 (net assets). Approximately 59% of this total amount or \$10,329,893 is available for spending at SMC's discretion.
- SMC's total net assets decreased by \$3,196,145 due to expenditures exceeding revenues for governmental activities. The primary reason for the planned decrease in net assets was approved use of fund balance for several goals: 1) continue same level of consumer services even though state service funds were reduced 2) prepare to implement Medicaid waiver operations by July 1, 2013 3) purchase additional office space to house growing number of staff required to operate under a Medicaid waiver 4) use legal resources to negotiate a settlement with Evergreen Foundation. Offsetting the decrease was underutilization of administrative funds.
- At the end of the fiscal year, SMC's fund balance in the General Fund was \$15,294,141. Of the fund balance \$4,324,993 was unassigned; \$692,651 was for nonspendable prepaid items; \$5,471,624 was restricted by state statute; \$-0- was assigned for subsequent year's expenditures, and \$4,804,873 remained committed by SMC's Board of Directors with prior DMH approval.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to SMC's basic financial statements which consist of three components as follows: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The basic financial statements present two different views of SMC's finances through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of SMC.

Basic Financial Statements

The first two statements in the basic financial statements are the *government-wide statements*. They provide both short and long-term information about SMC's financial status.

The next statements are *fund financial statements*. These statements focus on the activities of the individual parts of SMC's government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: 1) the

governmental funds statements and 2) the budgetary comparison statements, and 3) the internal fund statements.

The next section of the basic financial statements is the *notes*. The notes to the financial statements explain in detail some of the data contained in those statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of SMC's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide both short and long-term information about SMC's financial status as a whole.

The two government-wide statements report SMC's net assets and how they have changed. Net assets are the difference between SMC's total assets and total liabilities. Measuring net assets is one way to gauge SMC's financial condition.

Government-wide financial statements may be divided into as many as three categories: 1) governmental activities, 2) business-type activities, and 3) component units. However, SMC does not have any business-type activities or component units. The governmental activities include all of SMC's services such as general administration and non-direct consumer services. Financing these activities is financial support from state government, county maintenance of effort from county governments, and other miscellaneous local funding.

Fund Financial Statements

The fund financial statements provide a more detailed look at SMC's most significant activities. 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. SMC, 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 or SMC's budget ordinance. All of the funds of SMC are of the governmental fund category.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of SMC's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance SMC's programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Budgetary Comparisons - SMC adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the constituent member local governments, the management of SMC, the Consumer and Family Advisory Council (CFAC) and the decisions of the Board about which services to provide and how to pay for them. It also authorizes SMC to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund

demonstrates how well SMC complied with the budget ordinance and whether or not SMC succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges to appropriations, and ending balances in the General Fund, and 4) the difference or variance between the final budget and the actual resources and charges.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Net Assets
Table 1
Condensed Statement of Net Assets
June 30, 2012 and 2011

	Governmental Activities	
	2012	2011
Current and other assets	\$ 19,298,471	\$ 23,015,096
Capital assets	1,607,778	1,139,184
Total assets	20,906,249	24,154,280
Current liabilities	2,824,577	2,989,102
Long-term liabilities	672,377	559,738
Total liabilities	3,496,954	3,548,840
Net assets:		
Invested in capital assets, net of related debt	1,607,778	1,139,184
Restricted	5,471,624	3,490,726
Unrestricted	10,329,893	15,975,530
Total net assets	\$17,409,295	\$20,605,440

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. As of June 30, 2012, SMC's assets exceeded its' liabilities by \$17,409,295. For the fiscal year ended June 30, 2012, SMC's net assets decreased by \$3,196,145. 9.2% of net assets are reflected in SMC's investment in capital assets (vehicles, office and computer equipment, leasehold improvements, and buildings). SMC uses these capital assets to meet its LME system management responsibilities in addition to supporting non-direct consumer services; consequently these assets are not available for future spending. At June 30, 2012, net assets of \$5,471,624 remained restricted by state statute. The remaining balance of \$10,329,893 is unrestricted.

Changes in Net Assets
Table 2
Condensed Statement of Revenues, Expenses, and Changes in Net Assets
For the Years Ended June 30, 2012 and 2011

	Governmental Activities	
	2012	2011
Revenues:		
Program revenues:		
Charges for services	\$34,332,994	\$34,327,292
Operating grants & contributions	10,966,592	13,127,565
General revenues:		
Investment earnings, unrestricted	23,678	47,214
Other revenues	13,169	85,653
Total revenues	45,336,433	47,587,724
Expenses:		
Governmental activities:		
Administrative Services:		
Local Management Entity	7,235,172	7,388,081
Medicaid waiver readiness	2,013,870	-0-
SMC Consumer Service:		
Psychiatric/Outpatient	-0-	117,467
Emergency/Mobile Crisis	-0-	52,664
Crisis Stabilization Balsam Center	-0-	18,171
Contracted Consumer Service:		
Behavioral Health Contracted Service	37,618,956	37,364,187
Miscellaneous Services:		
Smoky Non-Direct Consumer Service	950,010	1,029,117
Third Party Administrative Service	310,788	395,632
Grants (Shelter Plus Care, Tele-Psych)	403,782	319,156
Total Expenses	48,532,578	46,684,475
Change in net assets	(3,196,145)	903,249
Net assets, July 1	20,605,440	19,702,191
Net assets, June 30	\$ 17,409,295	\$ 20,605,440

Governmental Activities. Governmental activities decreased SMC's net assets by \$3,196,145. The primary reason for the decrease in net assets was planned use of fund balance offset with underutilization of administrative funds.

Financial Analysis of SMC's Funds

As noted earlier SMC uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of SMC's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund accounts for all resources of SMC. At the end of the fiscal year, unassigned (unreserved) fund balance of the General Fund was \$4,324,993 while total fund balance was \$15,294,141. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures of \$48,641,403. Unassigned fund balance represents 9% of total General Fund expenditures and transfers, while total fund balance represents 31% of that same amount. Expenditures exceeded revenues by \$3,304,970. The primary reason for this was planned use of fund balance offset with underutilization of administrative funds.

In FY 11/12, SMC's Board of Directors appropriated \$5,738,620 of its designated fund balance. During FY 11/12, SMC used \$5,012,692 of its designated fund balance. \$2,308,620 was used during FY 11/12 for purchasing services for state funded consumers to offset SMC's service funding reductions from DMH with no available funding remaining to offset future DMH reductions. \$2,013,870 was used during FY 11/12 for Medicaid waiver transition with \$1,625,169 remaining available for this purpose. \$147,989 was used during FY 11/12 for legal fees and associated costs related to unresolved issues with Evergreen Foundation with \$146,917 remaining available for this purpose. \$542,213 was used during FY 11/12 for administrative offices with \$1,957,787 remaining available for this purpose.

Governmental Funds Budgetary Highlights. During the fiscal year, SMC revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased budgeted revenues by \$3,346,593. This change was comprised primarily of increases in county special appropriations for New River Behavioral HealthCare, Medicaid pass through funds, and appropriation of fund balance. Significant decreases to budgeted revenues occurred in consumer service funding from Division of Mental Health, Developmental Disabilities, and Substance Abuse (DMH) of fund balance. Also decreasing the budget was elimination of funding from DMH for two child and family team leader school positions.

Internal Service Fund. The Internal Service Fund is used to account for health and dental insurance to employees and eligible retirees of SMC. At the end of the fiscal year, assets exceeded liabilities by \$1,179,753. During the fiscal year ended June 30, 2012, net assets decreased \$247,130 as a result of operating expenses (claims paid, administrative fees, and insurance premiums) exceeding contributions from employer, employee, retirees, and COBRA payments. SMC recognized the current premium structure was not sufficient to fund the plan, and was willing to absorb potential losses for the fiscal year with its Internal Service Fund reserves. For FY 12/13, SMC opted to move from a self funded plan to a fully insured plan.

Capital Asset and Debt Administration

Capital Assets. SMC's capital assets for all governmental activities as of June 30, 2012, total \$1,607,778 net of accumulated depreciation. These assets include buildings, vehicles, computer equipment, office furniture/equipment, and leasehold improvements.

Major capital asset transactions during the year included:

- Purchase of Real Property for Administrative Office space in Waynesville
- Alpha MCS software development completed and implemented
- Purchase of additional servers for use with Great Plains
- Purchase of four EStudio copiers
- Addition of three vehicles received from service provider ceasing operations

Smoky Mountain Center's Capital Assets

Table 3

Summary of Capital Assets

(Net of depreciation)

As of June 30, 2012 and 2011

	Governmental Activities	
	2012	2011
Land and Buildings	\$1,048,228	\$627,329
Vehicles	60,666	73,505
Computer equipment	267,369	61,255
Work in Progress	-0-	137,570
Office equipment	155,123	155,554
Leasehold Improvements	76,392	83,971
Total	\$1,607,778	\$1,139,184

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

Economic Factors and Next Year's Budgets and Rates

- Medicaid Waiver.** North Carolina public policy directed by both the Governor and the Secretary of the Department of Health and Human Services is for all Local Management Entities (LME's) to become Managed Care Organizations (MCO's) operating under a 1915 b/c Medicaid Waiver no later than July 1, 2013. SMC submitted a Medicaid Waiver plan in May 2011 in response to the Division of Medical Assistance's (DMA) request for application and was approved to operate under a Medicaid Waiver. The goal of SMC and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH), was for SMC to go live with Medicaid waiver operations on July 1, 2012, which SMC proudly achieved. To make the transition to meeting the requirements to operate under a Medicaid waiver, numerous planned changes occurred during FY 11/12. Administrative staff positions ultimately will increase from 79 to 210, with positions budgeted and phased in based on job responsibilities. Additional physical space was leased or purchased to house the expanded number of staff. New computer software for claims management (Alpha MCS) and all accounting functions (Great Plains) was purchased and implemented. Extensive trainings on use of the new software and on the Medicaid Waiver itself occurred for providers and staff. It was necessary for SMC to use fund balance to meet Medicaid waiver transition needs, since no additional funding was received for this purpose.
- State Budget Reductions.** SMC purchases services for state funded consumers from providers in SMC's network with State and Federal funding from DMH. DMH reduced service funding to SMC in FY 11/12 in the amount of \$2,308,620. SMC's Board of Directors approved use of fund balance to offset this service funding reduction, avoiding loss of consumer services funded with state funds.
- Employee Health and Dental Insurance.** Effective July 1, 2012, SMC elected to move from a self funded health and dental insurance plan to a fully insured plan that would continue with a health reimbursement account (HRA) to offset the employee deductible. The fully insured plan will have a lower premium for individual coverage and a higher premium for family coverage, with SMC continuing to pay a share of the employee's deductible through the HRA. The carrier is Coventry Healthcare of the Carolinas that was purchased by Aetna in August, 2012.
- Evergreen Foundation.** SMC continues to engage legal counsel (Moore Van Allen) in hopes of negotiating a settlement with Evergreen Foundation. SMC's Board of Directors took action to move forward with the lawsuit against the Evergreen Foundation since a settlement could not be reached. One of SMC's main administrative offices is located in Sylva and is leased from Evergreen Foundation.

Budget Highlights for the Fiscal Year Ending June 30, 2013

- Addition of Medicaid Waiver Revenue.** SMC will receive Medicaid funding based on a financial at risk capitated arrangement with the Division of Medical Assistance (DMA). SMC will be paid monthly for each eligible Medicaid member with payment amount based on the Medicaid aid category of the eligible member. A pre-determined percentage of the Medicaid payment is identified for services (85%), administration (13%), and risk reserve (2%). Medicaid payments will begin July 2012 with implementation of the Medicaid waiver. Total Medicaid funds are projected to be over \$120,000,000 with around 75,000 eligible Medicaid members projected.

- **Reduction in State and Federal Revenue.** The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH) reduced SMC's state and federal service funds by \$3,482,254. This service reduction also resulted in an administrative funding reduction since beginning with FY 12/13, DMH administrative funding is a percentage (12%) of state and federal service revenue. DMH was able to restore SMC's administrative funding on a one time basis and also restored \$302K of the service funding with specifications to use for developmental disability services. Due to previous planned uses of fund balance, SMC was not in a position to use fund balance to offset any of the DMH reductions. Therefore, services for consumers have been reduced and/or programs eliminated.
- **Fund Balance Appropriations.** SMC's Board of Directors adopted SMC's FY 12/13 budget with \$50,000 of fund balance appropriated from its previously approved designation, to cover legal and related costs associated with Evergreen Foundation.
- **Staff Positions and Related Personal Services.** SMC has approximately 130 more administrative positions budgeted for FY 12/13 than it had at the beginning of the prior fiscal year. These positions are necessary to meet contractual requirements of the Medicaid waiver. To maintain lower employee health insurance premiums, SMC increased its share of contributions for employee's health insurance from \$430 per month per employee to \$450 per month per employee. This increase in premium will be reimbursed to SMC's general fund from funds remaining in SMC's internal service fund. The death benefit through the state retirement system remained in place, but SMC was granted a 3 year relief from making additional contributions. SMC's budget did not contain a cost of living adjustment.
- **Travel.** SMC opted to dispose of its fleet of vehicles, no longer providing vehicles for business use. This decision was made due to the aging fleet, the need to greatly increase the number of vehicles in the existing fleet due to increase in care coordination, and the administrative costs and burden of managing the fleet due to lack of centralization of staff.

Requests for Information

This report is intended to provide a summary of the financial condition of SMC. Questions or requests for additional information should be addressed in writing to:

Smoky Mountain Center
44 Bonnie Lane
Sylva, NC 28779
Attn: Lisa D. Slusher
Chief Financial Officer

Or

lisa.slusher@smokymountaincenter.com

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

Statement of Net Assets
Governmental Activities
June 30, 2012

Assets:

Current assets:

Cash and cash equivalents	\$ 13,130,497
Accounts receivable	5,475,323
Prepaid expenses	<u>692,651</u>

Total current assets	19,298,471
----------------------	------------

Capital assets:

Capital assets, net of depreciation	1,007,694
Assets held for sale	<u>600,084</u>

Total capital assets	<u>1,607,778</u>
----------------------	------------------

Total assets	<u>20,906,249</u>
--------------	-------------------

Liabilities:

Current liabilities:

Accounts payable	1,926,622
Accrued payroll related liabilities	<u>897,955</u>

Total current liabilities	2,824,577
---------------------------	-----------

Compensated absences - due in more than one year	517,962
OPEB liability	<u>154,415</u>

Total liabilities	<u>3,496,954</u>
-------------------	------------------

Net Assets:

Invested in capital assets	1,607,778
----------------------------	-----------

Restricted for:

Stabilization by state	5,471,624
Unrestricted	<u>10,329,893</u>

Total net assets	<u>\$ 17,409,295</u>
------------------	----------------------

The accompanying notes are an integral part of these financial statements.

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

Statement of Activities
For the Year Ended June 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:				
Administrative services:				
Local management entity services	\$ 7,235,172	\$ -	\$ 7,144,414	\$ (90,758)
Medicaid waiver readiness	2,013,870	-	-	(2,013,870)
Contracted client services:				
Behavioral health contracted services	37,618,956	33,026,183	3,285,481	(1,307,292)
Miscellaneous services:				
Non-direct consumer services	950,010	982,489	133,402	165,881
Third party administrative services	310,788	324,322	-	13,534
Grants (Shelter Plus, Telepsychiatry)	403,782	-	403,295	(487)
	<u>\$ 48,532,578</u>	<u>\$ 34,332,994</u>	<u>\$ 10,966,592</u>	<u>(3,232,992)</u>
		General revenues:		
				23,678
				13,169
				36,847
				(3,196,145)
				20,605,440
				<u>\$ 17,409,295</u>

The accompanying notes are an integral part of these financial statements.

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

Balance Sheet
Governmental Fund
June 30, 2012

Assets

Cash and cash equivalents	\$ 11,861,836
Accounts receivable, net	5,471,624
Prepaid items	<u>692,651</u>

Total assets	<u>\$ 18,026,111</u>
--------------	----------------------

Liabilities and Fund Balance**Liabilities:**

Accounts payable	\$ 1,712,517
Accrued payroll related liabilities	897,955
Division settlement	<u>121,498</u>

Total liabilities	<u>2,731,970</u>
-------------------	------------------

Fund Balances:

Nonspendable prepaid items	692,651
----------------------------	---------

Restricted:

Stabilization by state statute	5,471,624
--------------------------------	-----------

Committed:

Unemployment compensation	250,000
---------------------------	---------

Annual leave payout	325,000
---------------------	---------

Retention risk pool	500,000
---------------------	---------

Legal actions	146,917
---------------	---------

Administrative offices	1,957,787
------------------------	-----------

Medicaid waiver readiness	1,625,169
---------------------------	-----------

Assigned:

Subsequent year's expenditures	-
--------------------------------	---

Unassigned	<u>4,324,993</u>
------------	------------------

Total fund balance	<u>15,294,141</u>
--------------------	-------------------

Total liabilities and fund balance	<u>\$ 18,026,111</u>
------------------------------------	----------------------

The accompanying notes are an integral part of these financial statements.

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

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets
June 30, 2012

Total fund balance of governmental fund	\$ 15,294,141
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	1,607,778
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to the individual fund. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets	1,179,753
Compensated absences are not due and payable in the current period and therefore are not reported in the funds	(517,962)
Other postemployment benefits are not due and payable in the current period and therefore are not reported in the funds	<u>(154,415)</u>
Net assets of governmental activities	<u>\$ 17,409,295</u>

The accompanying notes are an integral part of these financial statements.

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

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2012

Revenues:	
Local	\$ 11,268,102
State	31,071,681
Federal	<u>2,996,650</u>
Total revenues	<u>45,336,433</u>
Expenditures:	
Personal services	8,210,180
Supplies and materials	108,750
Current obligations and services	802,152
Fixed charges and other expenditures	785,998
Capital outlay	1,027,103
Contracts, grants, and other subsidies	<u>37,707,220</u>
Total expenditures	<u>48,641,403</u>
Revenues under expenditures	(3,304,970)
Fund balance, beginning of year	<u>18,599,111</u>
Fund balance, end of year	<u>\$ 15,294,141</u>

The accompanying notes are an integral part of these financial statements.

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

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2012

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance-total governmental fund	\$(3,304,970)
The Governmental fund reports 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 outlays exceed depreciation expense in the current period.	468,594
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in compensated absences.	(126,311)
Change in other postemployment benefits.	13,672
An internal service fund is used by management to track the costs associated with health insurance:	
Change in net assets of the internal service fund reported with governmental activities.	<u>(247,130)</u>
Total changes in net assets of governmental activities	<u>\$(3,196,145)</u>

The accompanying notes are an integral part of these financial statements.

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

Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended June 30, 2012

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Revenues:				
Local	\$ 8,860,066	\$ 11,203,979	\$ 11,268,102	\$ 64,123
State	33,916,519	32,024,530	31,071,681	(952,849)
Federal	3,168,592	3,194,642	2,996,650	(197,992)
Total revenues	<u>45,945,177</u>	<u>46,423,151</u>	<u>45,336,433</u>	<u>(1,086,718)</u>
Expenditures:				
Personal services	9,002,031	9,010,361	8,210,180	800,181
Supplies and materials	101,038	126,038	108,750	17,288
Current obligations and services	796,886	1,061,050	802,152	258,898
Fixed charges and other expenditures	903,979	879,120	785,998	93,122
Capital outlay	438,133	1,121,373	1,027,103	94,270
Contracts, grants, and other subsidies	37,573,110	39,963,829	37,707,220	2,256,609
Total expenditures	<u>48,815,177</u>	<u>52,161,771</u>	<u>48,641,403</u>	<u>3,520,368</u>
Revenues under expenditures	<u>(2,870,000)</u>	<u>(5,738,620)</u>	<u>(3,304,970)</u>	<u>2,433,650</u>
Other financing sources:				
Appropriated fund balance	<u>2,870,000</u>	<u>5,738,620</u>	<u>-</u>	<u>(5,738,620)</u>
Revenues and other sources under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(3,304,970)</u>	<u>\$ (3,304,970)</u>
Fund balance, beginning of year			<u>18,599,111</u>	
Fund balance, end of year			<u>\$ 15,294,141</u>	

The accompanying notes are an integral part of these financial statements.

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

Statement of Net Assets
Internal Service Fund
June 30, 2012

Assets:

Current assets:

Cash and cash equivalents	\$ 1,268,661
Stop loss receivable	<u>3,699</u>

Total assets	<u>1,272,360</u>
--------------	------------------

Liabilities:

Current liabilities:

Claims payable	<u>92,607</u>
----------------	---------------

Total liabilities	<u>92,607</u>
-------------------	---------------

Net assets:

Unrestricted	<u>\$ 1,179,753</u>
--------------	---------------------

The accompanying notes are an integral part of these financial statements.

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

Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Fund
For the Year Ended June 30, 2012

Operating Revenues:	
Contributions:	
Employer	\$ 544,703
Employee	268,340
Stop loss coverage	108,403
COBRA payments	<u>15,588</u>
Total operating revenues	<u>937,034</u>
Operating Expenses:	
Claims paid	957,348
Administrative fees	57,428
Insurance premiums	<u>170,581</u>
Total operating expenses	<u>1,185,357</u>
Operating income (loss)	(248,323)
Non operating revenues:	
Interest income	<u>1,193</u>
Change in net assets	(247,130)
Net assets, beginning of year	<u>1,426,883</u>
Net assets, end of year	<u><u>\$ 1,179,753</u></u>

The accompanying notes are an integral part of these financial statements.

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

Statement of Cash Flows
Internal Service Fund
For the Year Ended June 30, 2012

Cash flows from operating activities:	
Receipts from employer, employees and stop loss	\$ 939,302
Payments for claims and insurance	<u>(1,193,710)</u>
Net cash used by operating activities	<u>(254,408)</u>
Cash flows from investing activities:	
Interest income	<u>1,193</u>
Net change in cash and cash equivalents	(253,215)
Cash and cash equivalents, beginning of year	<u>1,521,876</u>
Cash and cash equivalents, end of year	<u>\$ 1,268,661</u>
Reconciliation of operating income to net cash used by operating activities:	
Operating loss	\$ (248,323)
Adjustments to reconcile operating income to net cash used by operating activities:	
Decrease in accounts receivable	4,937
Decrease in claims payable	(8,353)
Decrease in other liabilities	<u>(2,669)</u>
Net cash used by operating activities	<u>\$ (254,408)</u>

The accompanying notes are an integral part of these financial statements.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting Entity

The Center, which is governed by a thirty-four member Board of Directors including four advisory members, is one of the remaining eleven authorities established in North Carolina under North Carolina General Statutes Section 122c-35. The Center manages the provision of mental health, intellectual and developmental disabilities and substance abuse services to the citizens of Alexander, Alleghany, Ashe, Avery, Caldwell, Cherokee, Clay, Graham, Haywood, Jackson, Macon, McDowell, Swain, Watauga, and Wilkes counties and is the local management entity for this service area. Chapter 159 of the North Carolina General Statutes, Local Government Budget and Fiscal Control Act, governs the budgeting and financial administration activities of the Center.

B. Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net assets and the statement of activities display information about the Center. These statements include the financial activities of the overall government. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Center's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Fund Financial Statements: The fund financial statements provide information about the Center's funds. Separate statements for each fund category – *governmental and internal service* – are presented. The emphasis of fund financial statements is on the major governmental fund.

The Center reports the following governmental fund:

General Fund - The General Fund is the general operating fund of the Center. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue source is funding from the North Carolina Department of Health and Human Services. The primary expenditures are for the purchase and/or provision of mental health, intellectual and developmental disabilities and substances abuse services. The Center reports the following Internal Service Fund:

Internal Service Fund – The Internal Service Fund is used to account for health and dental benefits to employees of the Center.

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

Notes to Financial Statements (continued)

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Center are maintained during the year using the modified accrual basis of accounting.

Government-wide and Internal Service Fund Financial Statements. The government-wide and internal service 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 Center gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Center considers revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, state, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

Under the terms of grant agreements, the Center funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Center's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

All governmental activities and the internal service fund of the Center follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. Budgetary Data

The Center's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at 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 the General Fund. The CEO is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$5,000; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000 must be approved by the governing board. During the year, several 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. A budget calendar is included in the North Carolina General Statutes that prescribes the last day on which certain steps of the budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

April 30 - Each department head will transmit to the budget officer the budget requests and revenue estimates for their department for the budget year.

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

Notes to Financial Statements (continued)

June 1 - The budget and the budget message shall be submitted to the governing board. The public hearing on the budget shall be scheduled at this time.

July 1 - The budget ordinance shall be adopted by the governing board.

E. Assets, Liabilities, and Net Assets/Fund Balance

Deposits and Investments - All deposits of the Center are made in board-designated official depositories and are secured as required by North Carolina G.S. 159-31. The Center may designate as an official depository any bank or savings association whose principal office is located in North Carolina. Also, the Center 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 Center 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 authority; 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).

Cash and Cash Equivalents - The Center pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Accounts Receivable - Accounts receivable primarily represent payments due from North Carolina Department of Health and Human Services, Division of Mental Health.

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets - The Center's capital assets are recorded at original cost. Donated assets are listed at the market value at the date of donation.

It is the policy of the Center to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two or more years. In addition, other items that are purchased and used in large quantities are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives based on American Hospital Association guidelines:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Vehicles	4-5
Computer equipment	3-5
Office furniture	5-10
Leasehold improvements	5-20
Buildings	20

Compensated Absences - The vacation policy of the Center provides for the accumulation of up to two hundred forty (240) hours earned vacation leave with such leave being fully vested when earned. For the government-wide statements, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The current portion of the accumulated vacation pay is not considered to be material; therefore, no expenditure or liability has been reported in the Center's governmental funds.

The sick leave policy of the Center provides for an unlimited accumulation of earned sick

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

Notes to Financial Statements (continued)

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 Center has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Assets - Net assets in the government-wide and internal service fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints that are either a) externally imposed by creditors, grantors, contractors, or laws or regulations of other governments, or b) imposed by law through state statute.

Fund Balances - In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Prepaid items - portion of fund balance that is not an available resource because it represents the year-end balance of ending prepaid items, which are not spendable resources.

Restricted Fund Balance - This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization of State Statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Committed Fund Balance - Portion of fund balance that can only be used for specific purpose imposed by majority vote of the entities governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body. Fund balance has been committed for the following purposes:

- 1) Unexpected annual unemployment assessments
- 2) Potential annual leave payouts
- 3) Retention risk pool
- 4) Legal expense contingency
- 5) Purchase of new administrative office
- 6) Medicaid waiver readiness

Assigned Fund Balance - portion of fund balance that the governing board has budgeted.

Unassigned Fund Balance - Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

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

Notes to Financial Statements (continued)

Funding Policy - The Center has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Chief Financial Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, and county funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Chief Financial Officer has the authority to deviate from this policy if it's in the best interest of the Center.

F. Revenue

Medicaid Revenue – Comprised of pass-through billing by providers under third-party payer agreements and is subject to audit and retroactive adjustment.

Federal and State Assisted Program Revenue – The Center has received proceeds from several federal and state grants and reimbursement programs. Differences between the estimated amounts previously recorded and final settlements are reported in operations in the year of settlement.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Detail Notes on All Funds

Assets

Deposits – All of the Center's deposits are collateralized under the Pooling Method, which is a collateral pool. Under this method, 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 Center, these deposits are considered to be held by the Center's agents in the Center'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 Center or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Center under the Pooling Method, the potential exists for under-collateralization, 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 State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The Center relies on the State Treasurer to monitor those financial institutions.

At June 30, 2012, the Center's deposits had a carrying amount of \$10,859,128 and a bank balance of \$11,986,474. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$11,736,474 in interest bearing deposits was covered by collateral held under the Pooling method. At June 30, 2012, the operating account for the internal service fund had a carrying amount of \$767,074 and a bank balance of \$767,283. Of the bank balance, \$767,283 was covered under the Pooling Method. At June 30, 2012, the Center had \$600 cash on hand.

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

Notes to Financial Statements (continued)

The Center's investments with a maturity of more than (1) 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, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

At June 30, 2012, the Center's investments of \$1,503,695 consisted solely of deposits in the NC Capital Management Trust Cash Portfolio, a SEC-registered (2a-7) money market fund.

	<u>Investments</u>
General Fund	\$ 1,002,108
Internal Service Fund	501,587
	<u>\$ 1,503,695</u>

A reconciliation of cash and cash equivalents as shown on the government-wide statement of net assets is as follows:

Reported value of deposits – general fund cash account	\$ 10,859,128
Reported value of deposits – internal service fund cash account	767,074
Petty cash	600
Fair value of investments	1,503,695
	<u>\$ 13,130,497</u>

The Center has no policy on interest rate risk. The Center has no formal policy regarding credit risk, but has internal management procedures that limits the Center's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Center's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2012.

The Center's investments in the North Carolina Capital Management Trust are exempt from risk categorization because the Center does not own any identifiable securities in these mutual funds.

Accounts Receivable - Accounts receivable at June 30, 2012 consisted of the following:

NC Division of Mental Health, Developmental Disabilities and Substance Abuse Services	\$ 5,081,115
Three way hospital contracts	177,000
Provider recoupment	78,787
Sales tax receivable	52,624
Other miscellaneous receivables	82,098
	<u>5,471,624</u>
Internal service fund – stop loss receivable	3,699
	<u>\$ 5,475,323</u>

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

Notes to Financial Statements (continued)

Capital assets – Capital asset activity for the Center for the year ended June 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Assets held for sale	\$ -	\$ 600,084	\$ -	\$ 600,084
Work in progress	137,570	-	137,570	-
Land	122,500	-	122,500	-
Total capital assets not being depreciated	<u>260,070</u>	<u>600,084</u>	<u>260,070</u>	<u>600,084</u>
Capital assets being depreciated:				
Buildings	544,889	459,634	544,889	459,634
Vehicles	378,467	21,700	-	400,167
Computer equipment	1,655,903	244,887	-	1,900,790
Office furniture	330,346	38,220	-	368,566
Leasehold improvements	117,342	-	-	117,342
Total capital assets being depreciated	<u>3,026,947</u>	<u>764,441</u>	<u>544,889</u>	<u>3,246,499</u>
Less accumulated depreciation for:				
Buildings	40,060	38,735	67,305	11,490
Vehicles	304,962	34,540	-	339,502
Computer equipment	1,594,648	38,772	-	1,633,420
Office furniture	174,792	38,651	-	213,443
Leasehold improvements	33,371	7,579	-	40,950
Total accumulated depreciation	<u>2,147,833</u>	<u>\$ 158,277</u>	<u>\$ 67,305</u>	<u>2,238,805</u>
Governmental activities capital assets, net	<u>\$ 1,139,184</u>			<u>\$ 1,607,778</u>

Depreciation expense was charged to functions/programs of the Center as follows:

Local management entity services	\$ 126,760
Behavioral health contracted services	<u>31,517</u>
Total depreciation expense	<u>\$ 158,277</u>

Capital assets with a net book value of \$600,084 were reclassified as assets held for sale. In March 2012, the board of directors provided approval to sell the Center's New Market Suites and listed the property for sale in May 2012. The asset (net of related accumulated depreciation) of \$600,084 was transferred to assets held for sale as shown above.

Liabilities

Pension Plan and Other Postemployment Obligations

Local Governmental Employees' Retirement system

Plan Description. The Center 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 authority 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, 1410 Mail Service Center, Raleigh, North Carolina, 27699-1410, or by calling (919) 981-5454.

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

Notes to Financial Statements (continued)

Funding Policy. Plan members are required to contribute 6% of their annual covered salary. The Center is required to contribute at an actuarially determined rate. For the Center, the current rate for employees is 6.74% of annual covered payroll. The contribution requirements of members and of the Center are established and may be amended by the North Carolina General Assembly. The Center's contributions to LGERS for the years ended June 30, 2012, 2011, and 2010 were \$399,369, \$325,574, \$452,344, respectively. The contributions made by the Center equaled the required contributions for each year.

Other Postemployment Benefits -- COBRA

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Center makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium plus a 2% administrative fee is paid-in-full monthly by the insured. This program is offered for a duration of 18 months after the employee's termination date. There is no associated cost to the Center under this program. There was one participant as of June 30, 2012.

Other Postemployment Benefits -- Healthcare benefits

Plan Description. The Center administers a defined benefit Employee Benefit Fund (EBF). As of September 1, 2004, Center 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 Center's EBF. The Center 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 Center is listed in the following tables.

**Employees With at Least 20 years of Service at
Smoky Mountain Center and Receiving LGERS Benefits**

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

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

Notes to Financial Statements (continued)

**Employees With at Least 15 years of Service at
Smoky Mountain Center and Receiving LGERS Benefits**

<u>Retirement Age</u>	<u>Center Contribution to Health and/or Dental Costs</u>
60	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 Center's retirees can purchase coverage for their dependents at the Center's group rates. The Center may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the Employee Health Benefits Plan consisted of the following at June 30, 2012, the date of the latest actuarial evaluation:

Retirees and dependents receiving benefits	18
Active plan members	99
Total	<u>117</u>

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

The current Annual Required Contribution rate is 2.2% of annual covered payroll. For the current year, the Center contributed \$124,000 or 2.1% of annual covered payroll. The Center obtains healthcare coverage through a self-insured health insurance plan. The Center is not required to make contributions at a specified rate or percentage of covered payroll. The contributions made by retired employees, which includes contributions for dependent coverage was in the amount of \$50,852.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation. The Center's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Center's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Center's net OPEB obligation for the postemployment healthcare benefits:

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

Notes to Financial Statements (continued)

Annual required contribution	\$ 124,872
Interest on net OPEB obligation	6,724
Actuarial adjustment to annual required contribution	<u>(21,268)</u>
Annual OPEB cost (expense)	110,328
Contributions made	<u>124,000</u>
Increase (decrease) in net OPEB obligation	(13,672)
Net OPEB obligation, beginning of year	<u>168,087</u>
Net OPEB obligation, end of year	<u>\$ 154,415</u>

The Center's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010, 2011 and 2012 were as follows:

For Year Ended June 30	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
2010	153,800	64%	110,041
2011	153,800	56%	168,086
2012	124,872	99%	154,415

Funded Status and Funding Progress. As of June 30, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$778,767. The covered payroll (annual payroll of active employees covered by the plan) was \$5,798,833, and the ratio of the UAAL to the covered payroll was 13.4 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 healthcare trends. 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 multiyear 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 prospective of the calculations.

In the June 30, 2012 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10%. This rate decreases at a rate of 0.5% per year until an ultimate rate of 5% is reached. The dental cost trend increase of 5% annually 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 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2012, was 20 years.

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

Notes to Financial Statements (continued)

Other Employment Benefits

The Center 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. The Center has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Because the benefit payments are made by the Death Benefit Plan and not by the Center, the Center does not determine the number of eligible participants. For the fiscal year ended June 30, 2012, the Center made contributions to the State for death benefits of \$4,022. The Center's required contributions for employees represented 0.07% of covered payroll. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Center considers these contributions to be immaterial.

Lease Obligations – The Center leases several properties. See Note 6.

Compensated Absences – Changes in compensated absences for the fiscal year ended June 30, 2012, were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
Compensated absences	\$ 391,652	\$ 425,616	\$ 299,306	\$ 517,962	\$ —

Inter-fund Balances and Activity – There were no amounts due to/from other funds at June 30, 2012.

Note 3 – Risk Management

At June 30, 2012, the Center was subject to various claims. While the ultimate effect of these claims is unknown, in the opinion of the Center's management, any potential liability not covered by insurance would not have a material adverse effect on the Center's financial position.

Property and Liability Insurance – The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Center carries commercial insurance for general and professional liability of \$1 million per occurrence, subject to a limit of \$3 million; directors and officers' coverage, subject to a limit of \$1 million; personal property coverage at 90% of the total value, subject to a limit of \$1,507,955; liability and collision coverage for all owned autos subject to a liability limit of \$1,000,000; workers' compensation coverage, subject to a limit of \$1 million; and separate general and professional liability and directors and officers' liability coverage for former employees of the Foothills Area Program of \$1 million per occurrence, subject to a limit of \$3 million.

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

Notes to Financial Statements (continued)

In accordance with G.S. 159-29, the Center's employees that have access to \$100 or more at any given time of the Center's funds are covered by a blanket employee dishonesty policy of \$100,000. The Center has secured fidelity bonds for the Chief Executive Officer and Chief Financial Officer in the amount of \$250,000.

Health Insurance – The Center's health care plan is a self-funded program. It provides coverage to employees, covered dependents and eligible retirees. The Center purchased specific stop-loss coverage to limit its annual loss per person to \$70,000. The stop-loss policy requires the Center to pay the first \$30,000 towards amounts that exceed the \$70,000 stop-loss threshold in total. The average number of covered employees and retirees is approximately 117. The cost charged to operations for health care coverage for the year ended June 30, 2012 was \$506,857.

Note 4 – Concentrations

Most of the Center's service activity is with clients located within Alexander, Alleghany, Ashe, Avery, Caldwell, Cherokee, Clay, Graham, Haywood, Jackson, Macon, McDowell, Swain, Watauga, and Wilkes counties of North Carolina. No credit risk is associated with this geographic concentration of consumers because the Center does not provide direct patient care.

The Center contracts with vendors within the service area to provide mental health, intellectual and developmental disabilities, and substance abuse services. For the year ended June 30, 2012, the top ten vendors in the service area provided 49% of these services.

Note 5 – 401(k) Plan

The Center has a voluntary defined contribution plan for employees working at least 50% of full-time. Under the provisions of the plan, the Center matches employee contributions up to 5% of employees' annual covered compensation. Employee contributions are up to the maximum allowed by the Internal Revenue Service. Plan expenditures totaled \$156,576 for the year ended June 30, 2012.

Note 6 – Operating Leases

The Center has entered into several operating lease commitments as of June 30, 2012. These leases include the administrative building in Sylva along with several other offices throughout the catchment area.

The administrative building is leased from The Evergreen Foundation, a not-for-profit corporation formed to assist in the development of projects, undertakings, studies, and other activities in cooperation and in coordination with local governmental and civic bodies and other nonprofit corporations, foundations and associations for the purpose of promoting community mental health, developmental disability and substance abuse services of the highest possible quality within available resources to those persons working or residing in the State of North Carolina, and primarily for persons in the seven westernmost counties of the Center's catchment area. The governing Board is self-appointing; and is, therefore, not considered a component unit of the Center. The Foundation primarily holds the title to real estate used in the provision of mental health, intellectual and developmental disabilities, and substance abuse services. The Foundation issues separate financial statements. For the year ended June 30, 2012, the Center made lease payments to the Foundation in the amount of \$161,400. The current lease with the Foundation is set to expire in 2014.

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

Notes to Financial Statements (continued)

The Center's lease operating commitments for all operating leases including those with The Evergreen Foundation for the years ended June 30, are as follows:

2013	\$ 397,978
2014	378,598
2015	207,798
2016	205,798
2017	192,906
	<u>\$ 1,383,078</u>

Note 7 – Fund Balance

The Center has a revenue spending guideline for programs with multiple revenue sources. The Chief Financial Officer will use resources in the following hierarchy: bond proceeds, Federal funds, State funds, and local funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Chief Financial Officer may deviate from this policy if it is in the best interest of the Center.

Total fund balance - general fund	\$ 15,294,141
Less non-spendable prepaid items	692,651
Less Restricted:	
Stabilization by state statute	5,471,624
Less commitments:	
Unemployment compensation	250,000
Annual leave payout – Smoky Mountain Center	325,000
Retention risk pool	500,000
Legal actions	146,917
Administrative offices	1,957,787
Medicaid waiver readiness	<u>1,625,169</u>
Remaining fund balance	<u>\$ 4,324,993</u>

Note 8 – Federal and State Assistance Program

The Center 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 of the grantor agencies.

Note 9 – Subsequent Events

Medicaid Waiver

On July 1, 2012, the Center started as an expansion site for the 1915(b)/(c) Medicaid Waiver Program under the State's Medicaid Waiver for mental health, developmental disabilities and substance abuse service.

Employee Benefit Fund

Effective July 1, 2012, employee health insurance is no longer covered through the Employee Benefit Fund (EBF). Health and dental coverage premiums are now paid to a third party insurance carrier. As of June 30, 2012, the EBF had net assets of \$1,179,753. These assets will be available to cover outstanding claims during the twelve month period ending June 30, 2013.

Required Supplemental Financial Data

This section contains additional information required by generally accepted accounting principles.

- Schedule of Funding Progress for Other Postemployment Benefits
- Schedule of Employer Contributions

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

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 % of Covered Payroll ((b-a)/c)
6/30/2009	\$ -	\$ 923,900	\$ 923,900	0.00%	\$ 9,054,000	10.21%
6/30/2012	-	778,767	778,767	0.00%	5,798,833	13.40%

Schedule of Employer Contributions

Year ending June 30	Annual Required Contribution	Percentage Contributed
2010	\$ 153,800	64%
2011	153,800	56%
2012	124,872	99%

Compliance Section



**GOULD KILLIAN
CPA GROUP, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

**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***

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

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Smoky Mountain Center for Mental Health, Developmental Disabilities, and Substance Abuse Services' (the "Center"), as of and for the year ended June 30, 2012, which collectively comprise the Center's basic financial statements and have issued our report thereon dated November 30, 2012. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

Management of the Center is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Center's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of 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*.

Board of Directors
Smoky Mountain Center for Mental Health, Developmental Disabilities,
and Substance Abuse Services

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
November 30, 2012



**GOULD KILLIAN
CPA GROUP, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

**Report On Compliance With Requirements That Could Have A Direct And Material Effect On
Each Major Federal Program And On Internal Control Over Compliance In Accordance With
OMB Circular A-133 And The State Single Audit Implementation Act**

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

Compliance

We have audited Smoky Mountain Center for Mental Health, Developmental Disabilities, and Substance Abuse Services' (the "Center") 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 Center's major federal programs for the year ended June 30, 2012. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

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 *State Single Audit Implementation Act*. Those standards and OMB Circular A-133 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 program occurred. An audit includes examining, on a test basis, evidence about the Center'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. Our audit does not provide a legal determination of the Center's compliance with those requirements.

In our opinion, the Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 Center's internal control over compliance.

Board of Directors
Smoky Mountain Center for Mental Health, Developmental Disabilities,
and Substance Abuse Services

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 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 program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the governing board, others within the Center, federal awarding agencies, and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
November 30, 2012



**GOULD KILLIAN
CPA GROUP, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

**Report On Compliance With Requirements That Could Have A Direct And Material Effect On
Each Major State Program And On Internal Control Over Compliance In Accordance With OMB
Circular A-133 And The State Single Audit Implementation Act**

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

Compliance

We have audited Smoky Mountain Center for Mental Health, Developmental Disabilities, and Substance Abuse Services' (the "Center") compliance with the types of compliance requirements described in 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 Center's major state programs for the year ended June 30, 2012. The Center's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

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 applicable sections of OMB Circular A-133, and the *State Single Audit Implementation Act*. Those standards and applicable sections of OMB Circular A-133 and the *State Single Audit Implementation Act* 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 State program occurred. An audit includes examining, on a test basis, evidence about the Center'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. Our audit does not provide a legal determination of the Center's compliance with those requirements.

In our opinion, the Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to State programs. In planning and performing our audit, we considered the Center's internal control over compliance with the requirements that could have a direct and material effect on a major State program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the *State Single Audit Implementation Act*, 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 Center's internal control over compliance.

Board of Directors
Smoky Mountain Center for Mental Health, Developmental Disabilities,
and Substance Abuse Services

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 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 State program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the governing board, others within the Center, State awarding agencies, and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
November 30, 2012

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

Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2012

	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
Federal Awards			
<u>U.S. Department of Housing & Urban Development</u>			
Shelter Plus Care	14.238	\$ 403,295	\$ -
Total U.S. Department of Housing & Urban Development		<u>403,295</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 N.C. Dept. of Health and Human Services:			
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:			
Block Grant for Community Mental Health Services - Community Based Program - Mental Health	93.958	991,875	-
Social Service Block Grant			
Community Based Programs Mental Health	93.667	117,026	-
Community Based Programs Intellectual and Developmental Disabilities	93.667	666,386	-
Block Grant for Prevention and Treatment of Substance Abuse - Community Based Programs Substance Abuse	93.959	<u>1,360,140</u>	<u>-</u>
Total U.S. Department of Health and Human Services		<u>3,538,723</u>	<u>-</u>
Total Federal Awards and State Matches		<u>3,538,724</u>	<u>-</u>
State Awards			
N. C. Department of Health and Human Services			
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:			
LME Systems Management		-	6,530,060
Single Stream Line Funding		-	20,508,393
Multidisciplinary Evaluation		-	13,900
Crisis Services - Local Psych Inpatient		-	840,000
Total Division of Mental Health, Developmental Disabilities and Substance Abuse Services		<u>-</u>	<u>27,892,353</u>
Total State awards		<u>-</u>	<u>27,892,353</u>
Total Federal and State awards		<u>\$ 3,538,724</u>	<u>\$ 27,892,353</u>

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

Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2012

Note to the Schedule of Expenditures of Federal and State Awards:

The 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 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with requirements of State, Local Governments, and Not for Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

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

**Schedule of Expenditures of Federal and State Awards
Passthrough Subrecipients
For the Year Ended June 30, 2012**

Subrecipients Name	Program Name	Division Account	Federal Dollars	State Dollars
Appalachian Community Services	Facility Based Crisis	536998-1422-5220-00-2J Non-UCR Single Stream		1,241,115
Appalachian Community Services	Jail Programs	536998-1422-5220-00-2J Non-UCR Single Stream		12,000
Appalachian Community Services	Mobile Crisis Emergency	536998-1422-5220-00-2J Non-UCR Single Stream		1,518,115
Appalachian Community Services	Mobile Hospital Transport	536998-1422-5220-00-2J Non-UCR Single Stream		25,000
Appalachian Community Services	One Time Financial Assistance	536998-1422-5220-00-2J Non-UCR Single Stream		140,168
Appalachian Community Services	Walk-In/Psychiatric/Basic Services	536998-1422-5220-00-2J Non-UCR Single Stream		1,520,195
Barium Springs Home for Children	First In Families	536998-1422-5220-00-2J Non-UCR Single Stream		130,000
Clay Wilson, Cognitive Connection	Juvenile Justice Treatment Services	536974-1442-4293-5B-2J Non-UCR Child SA	36,520	
Daymark Recovery Services	Assertive Community Treatment Teams (ACTT)	536998-1422-5220-00-2J Non-UCR Single Stream		385,352
Daymark Recovery Services	Community Support Team	536998-1422-5220-00-2J Non-UCR Single Stream		15,825
Daymark Recovery Services	Drug Treatment Court	536998-1422-5220-00-2J Non-UCR Single Stream		29,249
Daymark Recovery Services	Intensive In Home	536998-1422-5220-00-2J Non-UCR Single Stream		36,667
Daymark Recovery Services	Mobile Crisis Emergency	536998-1422-5220-00-2J Non-UCR Single Stream		550,460
Daymark Recovery Services	One Time IT Start Up Funds	536998-1422-5220-00-2J Non-UCR Single Stream		331,000
Daymark Recovery Services	One Time Operational Start Up Funds	536998-1422-5220-00-2J Non-UCR Single Stream		288,798
Daymark Recovery Services	Psycho-Social Rehab	536998-1422-5220-00-2J Non-UCR Single Stream		56,667
Daymark Recovery Services	Psychiatric/Walk In/Basic	536998-1422-5220-00-2J Non-UCR Single Stream		981,327
Daymark Recovery Services	Recovery Education Centers (REC)	536998-1422-5220-00-2J Non-UCR Single Stream		217,334
Daymark Recovery Services	Work First Activities	536975-1463-4291-5B-2J NonUCR Adult SA (WF/Meth)	26,668	
Daymark Recovery Services	Substance Abuse Intensive Outpatient (SAIOP)	536998-1422-5220-00-2J Non-UCR Single Stream		253,212
Daymark Recovery Services	Supervised Living Low (Apt Living)	536998-1422-5220-00-2J Non-UCR Single Stream		23,190
Daymark Recovery Services	Targeted Case Mgmt - MH/SA	536998-1422-5220-00-2J Non-UCR Single Stream		84,267
Meridian Behavioral Health	Assertive Community Treatment Teams (ACTT)	536998-1422-5220-00-2J Non-UCR Single Stream		276,566
Meridian Behavioral Health	High Risk Targeted CM	536998-1422-5220-00-2J Non-UCR Single Stream		8,833
Meridian Behavioral Health	Jail Programs	536998-1422-5220-00-2J Non-UCR Single Stream		24,000
Meridian Behavioral Health	Juvenile Justice Treatment Cont.	536998-1422-5220-00-2J Non-UCR Single Stream		173,705
Meridian Behavioral Health	Offender Services DVIP/SAIP	536998-1422-5220-00-2J Non-UCR Single Stream		196,000
Meridian Behavioral Health	Peer Support Training	536998-1422-5220-00-2J Non-UCR Single Stream		15,000
Meridian Behavioral Health	Psycho-Social Rehab	536998-1422-5220-00-2J Non-UCR Single Stream		60,000
Meridian Behavioral Health	Psychiatric/Med Mgmt	536998-1422-5220-00-2J Non-UCR Single Stream		75,000
Meridian Behavioral Health	Recovery Education Centers (REC)	536998-1422-5220-00-2J Non-UCR Single Stream		911,854
Meridian Behavioral Health	Work First Activities	536975-1463-4291-5B-2J NonUCR Adult SA (WF/Meth)	160,000	
Meridian Behavioral Health	SAIOP Services	536998-1422-5220-00-2J Non-UCR Single Stream		135,717
Mountain Projects	Child Meth Activities	536974-1444-2291-6Z-2J Non-UCR Child MH	41,839	
Mountain Projects	Substance Abuse Prevent&Treat Block Grant	536915-1271-4295-XP-2J Non-UCR Child SA Prevention	15,259	
New River Behavioral Health	Assertive Community Treatment Teams (ACTT)	536998-1422-5220-00-2J Non-UCR Single Stream		192,676
New River Behavioral Health	Community Support Team	536998-1422-5220-00-2J Non-UCR Single Stream		7,913
New River Behavioral Health	Medication Assistance Program	536998-1422-5220-00-2J Non-UCR Single Stream		167
New River Behavioral Health	High Risk Targeted CM	536998-1422-5220-00-2J Non-UCR Single Stream		7,833
New River Behavioral Health	Intensive In Home	536998-1422-5220-00-2J Non-UCR Single Stream		18,333
New River Behavioral Health	Juvenile Justice Treatment Cont.	536998-1422-5220-00-2J Non-UCR Single Stream		31,614
New River Behavioral Health	Mobile Crisis Emergency	536998-1422-5220-00-2J Non-UCR Single Stream		341,750
New River Behavioral Health	Mobile Hospital Transport	536998-1422-5220-00-2J Non-UCR Single Stream		8,333
New River Behavioral Health	Psycho-Social Rehab	536998-1422-5220-00-2J Non-UCR Single Stream		28,333
New River Behavioral Health	Psychiatric/Walk In/Basic	536998-1422-5220-00-2J Non-UCR Single Stream		395,561
New River Behavioral Health	Recovery Education Centers (REC)	536998-1422-5220-00-2J Non-UCR Single Stream		173,916
New River Behavioral Health	SAIOP Services	536998-1422-5220-00-2J Non-UCR Single Stream		126,606
New River Behavioral Health	Supervised Living Low (Apartment Living)	536998-1422-5220-00-2J Non-UCR Single Stream		20,920
New River Behavioral Health	Targeted Case Mgmt - Intellectual/Developmental	536998-1422-5220-00-2J Non-UCR Single Stream		12,000
New River Behavioral Health	Targeted Case Mgmt - Mental Health/Substance	536998-1422-5220-00-2J Non-UCR Single Stream		42,133
Pathways for the Future	First In Families	536998-1422-5220-00-2J Non-UCR Single Stream		59,278
RHA Health Services	Adult DSS Treatment Continuum	536998-1422-5220-00-2J Non-UCR Single Stream		10,000
RHA Health Services	Child DSS Treatment Continuum	536998-1422-5220-00-2J Non-UCR Single Stream		10,000
RHA Health Services	Child Meth Activities	536974-1444-2291-6Z-2J Non-UCR Child MH	11,367	
RHA Health Services	Community Support Team	536998-1422-5220-00-2J Non-UCR Single Stream		79,920
RHA Health Services	Deaf and Hard of Hearing	536995-1461-2292-6Z-2J Non-UCR Other MH	114,800	
RHA Health Services	Deaf and Hard of Hearing	536998-1422-5220-00-2J Non-UCR Single Stream		514,948
RHA Health Services	General Transport	536998-1422-5220-00-2J Non-UCR Single Stream		4,347
RHA Health Services	Intensive In Home	536998-1422-5220-00-2J Non-UCR Single Stream		34,857
RHA Health Services	Medication Assistance Program	536998-1422-5220-00-2J Non-UCR Single Stream		500
RHA Health Services	Mobile Crisis Emergency	536998-1422-5220-00-2J Non-UCR Single Stream		594,359
RHA Health Services	Mobile Hospital Transport	536998-1422-5220-00-2J Non-UCR Single Stream		25,000
RHA Health Services	Parent Psych Educational Training	536998-1422-5220-00-2J Non-UCR Single Stream		8,895
RHA Health Services	Psychiatric/Walk In/Basic	536998-1422-5220-00-2J Non-UCR Single Stream		820,300
RHA Health Services	Recovery Education Centers (REC)	536998-1422-5220-00-2J Non-UCR Single Stream		705,308
RHA Health Services	SAIOP Services	536998-1422-5220-00-2J Non-UCR Single Stream		248,062
RHA Health Services	Substance Abuse Prevent&Treat Block Grant	536915-1271-4295-XP-2J Non-UCR Child SA Prevention	72,124	
RHA Health Services	Targeted Case Management	536998-1422-5220-00-2J Non-UCR Single Stream		156,000
RHA Health Services	Women's SA Training	536977-1463-4291-5B-2J Non-UCR Training	1,450	
Southwestern Child Development	Respite Vouchers	536998-1422-5220-00-2J Non-UCR Single Stream		25,559
Western Youth Network	Child Meth Activities	536998-1422-5220-00-2J Non-UCR Single Stream		30,000
Western Youth Network	Substance Abuse Prevent&Treat Block Grant	536915-1271-4295-XP-2J Non-UCR Child SA Prevention	120,924	

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

Summary of Auditor's Results

- A. An unqualified opinion was issued on the basic financial statements of the Smoky Mountain Center for Mental Health Developmental Disabilities and Substance Abuse (the "Center").
- B. Our audit of the basic financial statements disclosed no material weaknesses and no instance of noncompliance with laws, regulations and the provisions of contracts and grant agreements that were material to the basic financial statements.
- C. An unqualified opinion was issued on the Center's compliance with the types of compliance requirements applicable to its major federal and state awards.
- D. Our audit disclosed no findings related to federal and State awards.
- E. Major programs for the Center for the year ended June 30, 2012 are:

<u>Federal Programs</u>	<u>CFDA #</u>
Substance Abuse Services Block Grant	93.959
Social Services Block Grant	93.667

State Programs
Single Stream Funding
Systems Management
Crisis Services

- F. The threshold for determining Type A programs was \$300,000 for federal and state programs.
- G. The Center did not qualify as a low-risk auditee under Section .530 of OMB Circular A-133 because the prior year single audit data collection form was not submitted within 30 days after the audit report date.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012**

II. Audit Findings Required to be Reported in Accordance with *Government Auditing Standards*

There were no findings required to be reported in accordance with Government Auditing Standards.

III. Audit Findings Required to be Reported in Accordance with OMB Circular A-133

There were no findings or questioned costs related to federal and state awards for the year ended June 30, 2012.

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

**SUMMARY SCHEDULE OF PRIOR YEAR FINDING
Year Ended June 30, 2012**

Findings Reported in Accordance with OMB Circular A-133

Finding 2011-1:

As required by N.C. G.S. 143C-6, the Center has corrected this process and is now making distinctions between financial assistance contracts and purchase of service contracts. Reporting requirements are clearly defined in the provider contracts. Continued monitoring takes place to ensure compliance.

AGENDA ITEM 7:

HIGH COUNTRY COMMUNITY HEALTH REPORT

MANAGER’S COMMENTS:

Mr. Bryan Belcher, High Country Community Health, and Beth Lovette, Appalachian District Health Department, will provide an overview of High Country Community Health which is located in the Watauga and Avery County Health Departments.

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

High Country Community Health

- New federally funded Community Health Center for Watauga and Avery Counties
- Watauga branch will be co-located within the health department in Boone
- Will be providing primary medical and dental care regardless of ability to pay
- This will not be a free clinic and will have a sliding fee scale for the uninsured, while accepting Medicaid, Medicare, and private insurances
- We officially begin seeing patients on Monday, January 21st
- We would love the opportunity to do a brief presentation for the commissioners to make everyone aware of this new resource in the community

Local Healthcare Statistics

- ◆ **26%** of Avery County residents are without health insurance
- ◆ **19%** of Watauga County residents are without health insurance



* High Country Community Health is a non-profit 501 c3 organization. We happily accept donations which are tax deductible. If you would like more information on making a donation, volunteering, or having a presentation for your organization, please contact Bryan Belcher at (336) 918 - 5753 or BryanHCCH@gmail.com



HCCH Staff Members



Contact Us:

Watauga County:
126 Poplar Grove Connector
Boone, NC 28607
(828) 264-6635

Avery County:
545 Schultz Circle
Newland, NC 28657
(828) 733-6031

www.HighCountryCommunityHealth.com



HIGH COUNTRY COMMUNITY HEALTH

is a **Federally Qualified Healthcare Center (FQHC)**. An FQHC provides **quality** primary **health** and **dental** care and is open to all *regardless of ability to pay*.

Who We Are

High Country Community Health (HCCH) has qualified medical and administrative staff who will provide patients with the best possible care. HCCH will also provide prevention services and resources for Spanish speaking patients.

HCCH follows strict federal guidelines for quality of care while meeting the needs of the community.

HCCH provides payment based on income for the **uninsured** and accepts **Medicaid, Medicare**, and most **private insurances**.

Check us out on Facebook!

What We Do

High Country Community Health provides the following services in both Watauga and Avery Counties:

- ◆ **Primary Medical Care**
- ◆ **Primary Dental Care**
- ◆ **Enabling Services such as Transportation and Case Management**
- ◆ **Preventative Care**
- ◆ **Migrant Health Services**
- ◆ **All services offered in English and Spanish**

www.HighCountryCommunityHealth.com

Contact Us

Watauga County Location

126 Poplar Grove Connector
Boone, NC 28607

(Located in the Watauga County Health Department Building)

Avery County Location

545 Schultz Circle
Newland, NC 28657

(Located in the Avery County Health Department Building)

Appointment Scheduling Numbers:

Watauga County

Ph #: (828) 264-6635

Avery County

Ph #: (828) 733-6031

Hours of Operation:

Monday-Friday

8am-4:30pm

(hours of operation are the same for both locations)

AGENDA ITEM 8:

REQUEST TO RENAME THE WATAUGA COUNTY LIBRARY TO THE EVELYN SHOOK JOHNSON MEMORIAL LIBRARY

MANAGER'S COMMENTS:

Ms. Peggy Hartley will request the Board rename the Watauga County Library to the Evelyn Shook Johnson Memorial Library. Ms. Shook was a librarian at the Watauga County Library for 36 years. Historically, the County has not named facilities after individuals and thus does not have an official naming policy. Currently the only County facility named after an individual is the Lois E. Harrill Senior Center. Lois E. Harrill was the first Project on Aging Director who was killed in an automobile accident.

The Board may wish to have Ms. Hartley provide a letter from the local Watauga Library Board in support of renaming the library. The Board may also direct the County Manager to develop an official naming policy for County facilities or take no action.

Staff seeks direction from the Board.

Blank Page

AGENDA ITEM 9:

**PRESENTATION OF ANNUAL REPORTS - WATAUGA COUNTY PUBLIC LIBRARY
AND APPALACHIAN REGIONAL LIBRARY, INC.**

MANAGER'S COMMENTS:

Ms. Monica Caruso, County Librarian, will present the Watauga County Public Library Annual Report. This report was not available at the time of packet preparation and, therefore, will be available at the meeting. Ms. Molly Westmoreland, Regional Director, will present the Appalachian Regional Library, Inc., Annual Report as included.

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

Anita.Fogle

From: Monica Caruso <MCaruso@arlibrary.org>
Sent: Saturday, January 26, 2013 4:20 PM
To: Anita.Fogle
Cc: Molly Westmoreland
Subject: CC meeting on Feb 19th -- agenda item

Hi Anita

Can you put the **library annual report** down for the Feb. 19th County Commissioner's Meeting?

Thank you,

Monica Caruso, County Librarian

Watauga County Public Library

140 Queen Street

Boone, NC 28607

828-264-8784

www.wataugacountylibrary.com

www.facebook.com/wataugacountylibrary

www.highcountryfestivalofthebook.com



Five-Year Plan 2010-14

Progress Report

Provide downloadable media beginning in fiscal year 2011-2012.

- Implemented January 2012
- Purchased 551 e-books to date
- Total downloads by customers 5,756



Offer training to the public in the use of new technologies, including downloadable media

- On demand training for e-books
- 1 on 1 tutoring for computer skills
- Classes on database searching



Explore two grant possibilities per year for collections, technology, and programs

- FY 2011-2012 **\$84,875** LSTA grant to implement RFID Technology in Watauga County Library
- FY 2011-2012 **\$37,494** LSTA grant to participate in Statewide Library Card/Shared Catalog Project NC Cardinal



Current Grant Projects

- FY 2012-2013 **\$61,011** LSTA grant to implement RFID Technology in Ashe County Library
- FY 2012-2013 **\$18,100** LSTA grant to serve facility-bound elders in Watauga County by providing e-readers and materials



Plans for FY 2013-2014

- FY 2013-2014 **\$100,000** LSTA grant to implement RFID Technology in Wilkes County Library
- FY 2013-2014 **\$26,515** LSTA grant to perform community needs assessment and develop new 5-Year-Plan for 2014-2018



Investigate Region-wide materials security system (RFID) and self checkout

- Self-checkout and security gates in use in Watauga
- Self-checkout and security gates installed in Ashe, go live by March
- Grant application in progress for Wilkes

Staff In-Services

- Continuing to provide an annual regional in-service training for all staff.
- Continuing to provide annual in-service training by county.



Other Goals

- Joined Statewide Library Card/Shared Catalog December 7, 2012
- Continued to promote services as a source of employment information and assistance
- Replaced ARL Main Server April 2012





AGENDA ITEM 10:

PRESENTATION OF 2012 REGIONAL MITIGATION PLAN

MANAGER'S COMMENTS:

Mr. Steve Sudderth, Fire Marshal, will present the High Country Regional Mitigation Plan. FEMA requires the plan to be updated every five (5) years. In the past, the plan only covered Watauga County and its municipalities. However, a grant for a regional mitigation plan for Watauga, Ashe, Alleghany, and Wilkes was received. The plan is required to be adopted in order for the County to receive reimbursements from FEMA in the event a disaster is declared in the County.

The plan has been adopted by all of the Watauga County municipalities, North Carolina Emergency Management, and FEMA.

Board action is required to adopt the High Country Regional Mitigation Plan as presented.



WATAUGA COUNTY

FIRE MARSHAL / EMERGENCY MANAGEMENT

184 HODGES GAP ROAD, BOX D
BOONE, NORTH CAROLINA 28607



OFFICE (828) 264-4235 • FAX (828) 262-5725

MEMORANDUM

TO: Deron Geouque

FROM: Steve Sudderth, Fire Marshal/EM Coordinator

DATE: January 29, 2013

RE: High County Regional Mitigation Plan

Watauga County has participated in developing a mitigation plan since 2000 and it is required by FEMA to be updated every 5 years. This has been a county by county plan until this year. Watauga, Ashe, Alleghany and Wilkes Counties have received a grant for a regional mitigation plan. This plan has been approved by NC Emergency Management and FEMA and by all of the municipal governments in Watauga County. Our current local mitigation plan will be required to be updated in 2015 but with the new regional plan will replace it and be in place until 2017. The two main benefits to a mitigation plan are to be able to identify potential hazards and ways to address these hazards whether natural or manmade. Also participation is required by FEMA for reimbursement if a disaster is declared in Watauga County. There has been a public hearing held with no comments. The Basic plan on our local level has not changed and no additional hazards were identified or changes in the way these hazards will be addressed. I would like to request that Watauga County adopt the High Country Regional Mitigation Plan.

AGENDA ITEM 11:

TAX MATTERS

A. Monthly Collections Report

MANAGER'S COMMENTS:

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

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

AGENDA ITEM 11:

TAX MATTERS

B. Refunds and Releases

MANAGER'S COMMENTS:

Mr. Warren will present the Refunds and Releases Report.

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

Blank Page

AGENDA ITEM 12:

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., 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: Budget Amendments-FY 2012/13
 DATE: January 30, 2013

The following budget amendments require approval of the Watauga County Board of Commissioners:

<u>Account#</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
103300-359110	National Timber Receipts		\$19
105911-469801	WC Schools National Timber Funds	\$19	

To recognize additional National Timber Receipts received. These funds are passed through the County to the Watauga County School System as required by law. The original budget amount was \$575; \$593.72 was received and therefore required a budget amendment.

<u>Account #</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
103300-343308	NC DOT Bike and Pedestrian Grant		\$600,000
104285-457003	Capital Outlay-Construction	\$600,000	

Per Board action 1-15-13; to recognize grant award accepted from NC DOT for construction of a multi-use greenway underpass beneath Highway 421. There is no required County match.

<u>Account #</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
103300-343305	NC DOT Bike and Pedestrian Grant		\$375,000
104283-457001	Capital Outlay-Construction	\$375,000	

Per Board action 1-15-13; to recognize grant award accepted from NC DOT for construction of a greenway trail near Mystery Hill and beneath Highway 321. There is no required County match.

<u>Account #</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
143585-323000	Title XX Day Care		\$9,682
145850-440900	Title XX Day Care Direct Services	\$9,682	
143531-323000	Administrative Reimbursements		\$174,973
145410-440002	Low Income Home Energy Asst	\$68,208	
145480-438800	Crisis Intervention Payments	\$106,765	

To recognize additional state and federal allocations for direct services programs. These funds are passed through the county to citizens who qualify for assistance with day care costs and home heating costs.

AGENDA ITEM 13:

MISCELLANEOUS ADMINISTRATIVE MATTERS

A. Tentative Annual Retreat Agenda

MANAGER'S COMMENTS:

A draft agenda for the Board's retreat scheduled for February 22 and 23 is enclosed for Board review. The agenda may change between now and the retreat based on input from the Board or the County Manager receiving additional items for consideration. County staff will start the process of preparing and compiling the information for the retreat. Please feel free to contact me during the upcoming weeks should you have any questions or require additional information.

TENTATIVE RETREAT AGENDA
WATAUGA COUNTY BOARD OF COMMISSIONERS
COMMISSIONERS' BOARD ROOM
WATAUGA COUNTY ADMINISTRATION BUILDING, BOONE, NC
FEBRUARY 22 & 23, 2013

TIME	TOPIC	PRESENTER	PAGE
FRIDAY, FEBRUARY 22, 2013			
12:00 PM	LUNCH & OPENING REMARKS	MR. DERON GEOUQUE	
12:30 PM	FY 2013 REVIEW AND DISCUSSION OF 2014 BUDGET A. Revenues B. Expenditures C. Fund Balance D. Debt Service Report E. Funding of Non-County Departments F. Special Appropriations	MS. MARGARET PIERCE	
1:00 PM	BREAK		
1:15 PM	SCHOOL BOARD FUNDING ISSUES A. Schools' Capital Improvement Plan B. FY 2014 Funding Needs		
2:00 PM	YMCA DISCUSSION	MR. BOB CONKLIN	
2:30 PM	HEALTH DEPARTMENT MATTERS	MS. BETH LOVETTE	
3:00 PM	EMS REPORT/DISCUSSION	MR. CRAIG SULLIVAN	
3:45 PM	LANDFILL ENERGY PROJECTS DISCUSSION A. Report on Recycling and Methane to Electricity Project B. Review of Solar Energy Project	MS. LISA DOTY MR. GED MOODY	
4:15 PM	TAX MATTERS A. Revaluation Update B. Motor Vehicle Billing	MR. LARRY WARREN	
5:00 PM	REVIEW OF CURRENT CAPITAL IMPROVEMENT PLAN (CIP) A. Current CIP Status Report B. Pool Status Report C. Future Projects for Consideration	MR. DERON GEOUQUE & MR. ROBERT MARSH	
5:30 PM	WRAP UP, GOALS & OBJECTIVES, BOARD DIRECTIVES		
6:00 PM	RECESS UNTIL SATURDAY, FEBRUARY 23, 2013 AT 9:00 AM		
SATURDAY, FEBRUARY 23, 2013			
9:00 AM	WATAUGA COMMUNITY HOUSING TRUST REPORT	MR. SCOTT EGGERS	
9:05 AM	ECONOMIC DEVELOPMENT MATTERS A. Economic Development Commission (EDC) Report/Discussion B. Appalachian Enterprise Center (AEC)	MR. KEITH HONEYCUTT & MR. JOE FURMAN	
9:30 AM	PLANNING AND INSPECTIONS MATTERS A. Watershed Regulations B. Update on Greenway Projects	MR. JOE FURMAN	
10:00 AM	TOURISM DEVELOPMENT AUTHORITY (TDA)	MR. MATT VINCENT, & MR. WRIGHT TILLEY	
10:45 AM	CONSOLIDATED DISPATCH	MR. JEFF VIRGINIA	
11:30 AM	MISCELLANEOUS & COMMISSIONER MATTERS A. A Policy to Provide Preference to Local Vendors in Purchasing of Equipment and Supplies. B. Consolidated Department of Social Services (DSS) Board C. State Issues D. Commissioners Matters	MR. DERON GEOUQUE	
11:45 AM	WRAP UP, GOALS & OBJECTIVES, BOARD DIRECTIVES		
12:00 PM	ADJOURN		108

AGENDA ITEM 13:**MISCELLANEOUS ADMINISTRATIVE MATTERS*****B. Project of the Year Award for Small Electricity Project*****MANAGER'S COMMENTS:**

Each year, the US EPA's Landfill Methane Outreach Program recognizes the Partners for excellence in innovation and creativity, success in promoting landfill gas (LFG) energy, and achieving both environmental and economic benefits. These award-winning LFG energy projects and companies contribute to job creation and provide energy savings and green power generation. On January 30, 2013, Lisa Doty accepted the Project of the Year Award for Small Electricity Projects for the Watauga County Landfill Gas to Energy Project at the EPA's 16th Annual LMOP Conference and Project Expo in Baltimore, Maryland.

Blank Page

AGENDA ITEM 13:

MISCELLANEOUS ADMINISTRATIVE MATTERS

C. Proposed Amendments to Appalachian Healthcare System, Inc., Bylaws

MANAGER’S COMMENTS:

The Appalachian Regional Healthcare System (ARHS) is formally requesting changes be made to their Bylaws. The changes were made to assure compliance with all applicable laws and regulations. ARHS would like to more clearly define the definition of the “At-Large Trustee”. The new definition would require the “At-Large Trustee” to be a resident of the primary service area in counties of North Carolina other than Watauga County. At all times, no less than two-thirds (2/3) of the members of the Board of Trustees shall be Watauga Trustees.

Board approval is required to accept the change.

Staff seeks direction from the Board.

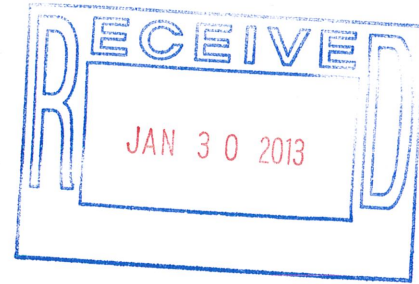


APPALACHIAN

Regional Healthcare System

Richard G. Sparks, FACHE
President

January 25, 2013



Mr. Deron Geoque
Watauga County Manager
814 West King Street, Suite 205
Boone, NC 28607

Dear Deron:

The Appalachian Regional Healthcare System Board of Trustees at their regularly scheduled meeting on January 24, 2013 voted unanimously to make some changes to the Appalachian Regional Healthcare System, Inc. Bylaws. These adjustments were made after asking our legal counsel, Smith Moore Leatherwood, LLP to review the bylaws and make recommendation to assure that the bylaws were up to date and compliant with all applicable laws, regulations, etc.

During this review they noted that the definition of an "At-Large Trustee" should be more clearly defined to reflect the original intent and what has been in practice since the system was formed in 2004. Therefore, they recommended the following language for defining an "At-Large Trustee".

"In order to promote adequate representation of the various counties within the corporation's primary service area, which for purposes of these Bylaws shall be defined as those counties in which the Corporation operates a healthcare facility, the At-Large Trustee shall be a resident of the primary service area in counties of North Carolina other than Watauga County, North Carolina. At all times, no less than two-thirds (2/3) of the members of the Board of Trustees shall be Watauga Trustees." (See Attachment 1)

This is located in Article II, Section 1.1 of the bylaws and requires concurrence of the Watauga County Commissioners to make any changes.

The Board of Trustees recommends that the Watauga County Commissioners approve this adjustment to this section of the ARHS Bylaws. Should you have any questions, please contact me at your convenience. Thank you.

Sincerely,

Richard Sparks

Attachment 1

ARTICLE II**BOARD OF TRUSTEES****Section 1. Composition and Election, Powers, Re-Election, County Approval.**

Section 1.1 Composition and Election of the Board of Trustees. The Board of Trustees shall be comprised of fifteen (15) members, ten (10) members of which shall be the members of the Board of Trustees of Watauga Medical Center, Inc., who shall be designated as "Watauga Trustees," and five (5) members of which shall be designated as "At-Large Trustees," ~~who shall be chosen from the residents of the Corporation's.~~ In order to promote adequate representation of the various counties within the Corporation's primary service area, which for purposes of these Bylaws shall be defined as those counties in which the Corporation operates a health care facility, the At-Large Trustees shall be residents of the primary service area in counties of North Carolina other than Watauga County, North Carolina. At all times, no less than two-thirds ($\frac{2}{3}$) of the members of the Board of Trustees shall be Watauga Trustees. The Watauga Trustees shall be elected as provided in the Amended and Restated Bylaws of Watauga Medical Center, Inc., Article V, Section 2. Candidates for election to the Board of Trustees as At-Large Trustees shall be determined by the Nominating Committee. The Nominating Committee of the Board of Trustees shall develop and shall present to the Board of Trustees at the Annual Meeting a slate of individuals to serve as At-Large Trustees. The Board of Trustees, at the Annual Meeting, shall vote on all such nominees and shall thus elect those individuals who will serve as At-Large Trustees of the Corporation.

Blank Page

AGENDA ITEM 13:

MISCELLANEOUS ADMINISTRATIVE MATTERS

D. Request for an Appointment to the Appalachian Theater Board of Trustees

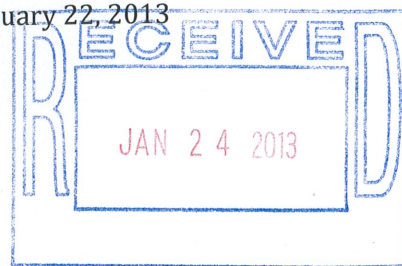
MANAGER'S COMMENTS:

The County has received a request from the Appalachian Theatre of the High Country to join them in an effort to renovate, restore, preserve, operate, program, and manage the Appalachian Theatre. The by-laws of the organization provide for the County to designate a representative to serve as an ex-officio member of the Board of Trustees. The organization meets at the Jones House every fourth Wednesday of each month at 8:00 AM.

Staff requests direction from the Board.



January 22, 2013



Mr. Nathan Miller
Watauga County Commissioners
814 West King Street, Suite 205
Boone, NC 28607

Dear Mr. Miller:

I am writing on behalf of the Board of Trustees of the **Appalachian Theatre of the High Country**, a newly incorporated not-for-profit organization for which I have the privilege of serving as Chair.

Perhaps you may have seen publicity in the media or heard the excitement in our community for the effort to save this venerable site to provide a cultural center for the High Country region. We believe that such a gathering place and future home for local arts organizations is much needed; needless to say, having such a magnificent venue right on King Street in the heart of Boone will have a significant economic impact for residents and visitors alike.

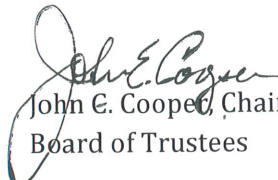
As a constituent organization that shares our vision for public service, I invite the Watauga County Commissioners to join with us in the effort "to renovate, restore, preserve, operate, program and manage the Appalachian Theatre." In order for the entire region to have a voice in the role this historic facility will play moving forward, our by-laws provide for your organization to designate a representative to serve as an ex-officio member of the Board of Trustees.

At present time, we convene at the Jones House in Boone with the meetings held at 8:00 am on the fourth Wednesday of each month. Our positioning statement is included with this letter to give you an idea of the current scope and our vision for the future. We genuinely hope your organization will appoint an interested person to represent you on our board. If you would please send that person's contact information to me, I will see that they are added to our trustee mailing list, given an orientation session to bring them up to speed with our efforts, and notified of upcoming meetings and other events.

Please do not hesitate to contact me if you need further information or have any questions for comments; I may be reached via email at johnc@mastgeneralstore.com or by phone at 828.265.6511.

Thank you for your favorable consideration of our request. I look forward to hearing back from you.

Sincerely yours,


John E. Cooper, Chair
Board of Trustees

/enclosure



Positioning Statement for the APPALACHIAN THEATRE OF THE HIGH COUNTRY

(Approved by the Board of Trustees on October 24, 2012)

THE ROLE AND VALUE OF THE ARTS

When Lyndon Johnson signed into law creation of the National Endowment of the Arts in 1965, he declared, “Art is a nation’s most precious heritage, for it is in our works of art that we reveal to ourselves, and to others, the inner vision which guides us as a nation.” The kind of art we create and support represents who we are as a culture. The unique heritage and culture of southern Appalachia survives today through artistic expression handed down from generation to generation.

STATEMENT OF NEED FOR THE VENUE

If the art we create and support represents who we are as a culture, then the High Country needs a public arts space to showcase the artistic endeavors of local and regional performers. We have a former theatre used for movies and live entertainment currently sitting empty and unused in downtown Boone whose size is not replicated by any existing facility in the region. Many of the performing arts organizations in the High Country lack an appropriate permanent venue in which to express their artistry.

A renovated Appalachian Theatre in downtown Boone will provide a gathering place, a unique opportunity to bring music, dance, theatre and media arts to the heart of the High Country. This venue will be a magnet for local residents and a draw for tourists. Watauga County has grown significantly in the past decade, and the US Census and economic data indicate this trend will continue. Our challenge is to absorb that growth while maintaining the rural essence and soul of the region. The Appalachian Theatre is a vital component in preserving our heritage while shaping, influencing and sustaining its future.

Through the preservation and use of this venue, we assert our values and express our identity. We are a community, proud of our Appalachian culture and music and committed to enhancing quality of life through the arts. By defining, preserving, and promoting our uniqueness we hold fast to our heritage and help steer our growth while strengthening our economic vitality.

THE MISSION, SCOPE, AND VISION FOR THE ORGANIZATION

The mission of the Appalachian Theatre of the High Country (hereafter, Appalachian Theatre) is to provide a quality venue for a variety of artistic genres; to contribute to the region by promoting and strengthening the area's unique cultural identity and creative history; to enhance business in downtown Boone and the High Country; to provide a cultural hub for the area; and to find new life for a historic building while maintaining its financial sustainability and maximizing its economic impact.

The Appalachian Theatre strives to be a flexible venue celebrating homegrown Appalachian arts and artists, as well as traditional performing arts and ethnically diverse programs associated with the region. The Appalachian Theatre will welcome arts groups from Watauga County and the broader High Country region, both amateur and professional. The theatre will attempt to show films unavailable locally, and be open to arts groups exploring work from classical to experimental and non-traditional while accommodating a variety of education, outreach, and special events.

HOW WE PLAN TO ACHIEVE THE MISSION

We can achieve this mission in the following ways:

- Through outreach to and inclusion of local, regional, and national artists in our programming;
- Through the formation of strategic collaborations and partnerships;
- Through the active engagement of the community in establishing, using, and sustaining the facility; and
- Through the cultivation of relationships with groups or individuals who will use the space on a regular basis.

We will endeavor to design the space to be flexible, accommodating as much as feasible the varying needs of potential users. We will staff the facility with experienced, versatile professionals who will nurture an atmosphere in which all members of the community are welcomed and encouraged to participate in the life of the Appalachian Theatre. We will appeal to those drawn to the theatre for nostalgic reasons as well as those with no prior relationship with the building.

PROGRAM PHILOSOPHY OF THE ORGANIZATION

The Appalachian Theatre programming intends to reflect the diversity and richness of the region and its interests, including music, dance, theater, film, and media arts, among others. Recognizing that cultural education is a critical component in preparing young people for the future and sustaining the vitality of our senior populations, the theatre will welcome and encourage educational programming for all ages. While regional groups will have prominence, national touring groups and commercial bookings should also find a place at the theatre.

Renting the theatre for meetings, conferences and special events will enhance the revenue stream, promote economic development, and connect the venue with the corporate sector and visitors, broadening their role as stakeholders in the success of the theatre.

PRODUCTION VALUES NEEDED TO SUPPORT VARIOUS PROGRAMS

The Appalachian Theatre, which was originally designed as a movie theatre with limited live entertainment capabilities, needs to be redesigned to allow for its use by a wide variety of prospective users. The Design and Construction Committee will lead an effort by the Board of Trustees to accomplish this task within the space limitations of the venue using our available human and financial resources. Ideally, the public spaces should be arranged to include an audience mingling area, concessions, and modern restrooms. An on site office needs to be located for management to support activities of the theatre.

CHARACTERISTICS OF OUR STAFF AND BOARD LEADERSHIP

The paid staff of the renovated Appalachian Theatre will be small, but experienced and highly skilled. They should oversee the day-to-day operation of the theatre, assist and supervise groups using the space, and coordinate the large corps of volunteers. Marketing will publicize the theatre locally, regionally, and when appropriate, nationally.

Board members will have various areas of expertise: fiscal management, fundraising, strategic planning, marketing, public relations, non-profit leadership, education, and arts programming. Trustees will reflect the diversity of the area, with long-term residents and newer arrivals both represented. Until such time as a professional staff is identified and retained, the governing board will need to be a working body with its members taking an active role in operating the facility.

Private support is critical to the success and long-term sustainability to this project. Major donors may play a role as part of the Appalachian Theatre Resource Council, and will have a voice in guiding its vision and the direction of the theater.

COMMITMENT TO TRAINING, EDUCATION, AND OUTREACH

Offering the facility on a rental basis to user groups for education and outreach purposes is a crucial way to get students and community members engaged in the Appalachian Theatre. Possible activities include curriculum-based classes, workshops, and other programs for student populations. A state-of-the-art Appalachian Theatre will be a learning laboratory to train future generations of performing and media artists. Beyond programs for student populations, the theatre will offer continuing education opportunities for all community members as an outreach program. Once the theatre is self-sustaining, a strategic goal is to create a rental subsidy fund to assist non-profit arts groups with facility expenses.

STATEMENT OF INTEGRITY AND RESPONSIBILITY

As much as possible given the constraints of available resources, this facility will be one of inclusion, rather than an exclusive space meant for only a few groups. As stewards of the public trust, we will operate the facility with efficiency and fiscal responsibility.

Whenever doing so is both feasible and affordable within the resource and personnel limitations of the Appalachian Theatre, the staff and board will strive to practice environmental responsibility by incorporating green building techniques for renovation and maintenance, and will seek to promote a carbon-reduced or carbon-neutral environmental footprint in all aspects of the facility's operations. In addition, where practical and affordable, all renovations, additions, and other modifications to the existing facility will be completed in an historically sensitive and conscious manner, complying where feasible with the Secretary of the Interior's Standards for Rehabilitation in order to preserve and promote the theater's unique architectural and social history. The staff and board will also seek to preserve any surviving, intact, and reparable/maintainable original materials, characteristics, distinctive features, and other components associated with that history in compliance with the Secretary's Standards.

Input from the theatre's stakeholders, be they audience members, volunteers, facility users, artists, volunteers, donors or community supporters, will be valued and utilized as an essential element of the organization's strategic planning process, and in building a strong sense of community investment in the theatre.

HOW WE MEASURE SUCCESS

We measure success for this facility partly by the sheer number of people we serve, along with our fiscal stewardship and financial viability. But beyond the bottom line is our desire to get as many audience members as possible to see live performances and to feel a sense of ownership in their venue, an equally important measure of success for this endeavor. Success also means an array of interesting and diverse program offerings and our establishment of a strong regional reputation and cultural identity. As stated in our mission, the desire to be a cultural hub for the High Country and home for our regional arts organizations is paramount and the ultimate standard for any evaluation of our efforts.

/km

AGENDA ITEM 13:

MISCELLANEOUS ADMINISTRATIVE MATTERS

E. Boards & Commissions

MANAGER'S COMMENTS:

Two terms on the Watauga County Tourism Development Authority (WCTDA) are set to expire at the end of February 2013. Mr. Gray is willing to continue to serve if so appointed. Also included is an application from Mr. Rob Holton who is also interested in serving.

The above are first readings and, therefore, no action is required at this time.

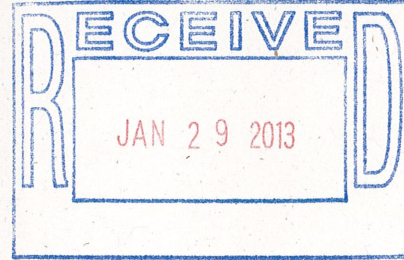
The Watauga Medical Center Board of Trustees has recommended Mrs. Kim Miller, Mr. Keith Tester and Ms. Jan Winkler for reappointment as Board Trustees. Each of their terms would be effective January 1, 2013, through December 31, 2015. A recommendation for the third three-year trustee is forthcoming and will be presented for consideration at a future meeting. *[Clerk's Note: Mrs. Miller's nomination is a first reading, Mr. Tester and Ms. Winkler's are second readings.]*

The term of Watauga County Adult Care Home Community Advisory Committee (ACCAC) member, Ms. Glenda Hodges, will expire January 17, 2013. High Country Council of Governments' Ombudsman, Ms. Julie Wiggins, has nominated Ms. Hodges for reappointment. Ms. Hodges is willing to continue to serve if so appointed.

The above are second readings and, therefore, action may be taken if so desired.

Each Commissioner appoints a representative to the Boone Rural Fire Protection Service District Board whose term will run concurrent with the term of the appointing Commissioner. Boone Rural Fire Service District Board members must own property and reside within that Fire Service District.

Each Commissioner nominates a representative to the Watauga County Planning Board whose term will run concurrent with the term of the appointing Commissioner. Planning Board members must live within the appointing Commissioners District and action must be taken by the entire Board of Commissioners to make these appointments.



MEMORANDUM

TO: Deron Geouque, Watauga County Manager
Board of Commissioners

FROM: Wright Tilley, Executive Director - Watauga County TDA
Matt Vincent, Chairman – Watauga County TDA Board

RE: TDA Board Applications

DATE: 1/29/13

The attached two applications for board seats on the Watauga County District U Tourism Development Authority were submitted directly to the TDA office.

Tony Gray is currently serving on the TDA board and would like to be considered for re-appointment. Rob Holton previously served on the TDA board. Both are eligible for board consideration.

You may also receive some other applications that will be directly submitted to the County for consideration.

Volunteer Application
Watauga County Boards And Commissions

If you are a Watauga County resident, at least 18 years old, and willing to volunteer your time and expertise to your community, please complete the application below and click on Print Form.

Please sign and mail or fax to:

Watauga County Commissioners' Office
814 West King Street, Suite 205
Boone, NC 28607
Phone: (828) 265-8000
Fax: (828) 264-3230

Name: TONY GRAY
Home Address: 524 HARRISON ROAD
City: Zip: BOONE, 28607

Telephone: (H) 828-264-9123 (W) N/A (Fax) N/A

Email: GRAYAI@BELLSOUTH.NET

Place of Employment: APPALACHIAN STATE UNIVERSITY

Job Title: DIRECTOR OF CONFERENCES AND INSTITUTES

In Order To Assure County wide Representation Please Indicate Your Township Of Residence:

- Bald Mountain
- New River
- Beaver Dam
- Blue Ridge X
- Elk
- Stony Fork
- Brushy Fork
- Meat Camp
- Blowing Rock
- North Fork
- Watauga
- Cove Creek
- Shawneehaw
- Laurel Creek
- Boone

In addition, Please Indicate If You Live In One Of The Following Areas:

- Foscoe-Grandfather Community
- Howards Creek Watershed
- South Fork New River Watershed
- Valle Crucis Historic District
- Winklers Creek Watershed
- Extraterritorial Area

We Ask Your Help In Assuring Diversity Of Membership By Age, Gender, And Race, By Answering The Following Questions:

Gender Ethnic Background

African American
Caucasian X
Native American
Hispanic
Other

Male X
Female

Please List (In Order Of Preference) The Boards/Commissions On Which You Would Be Willing To Serve.

- 1.WATAUGA COUNTY TOURISM DEVELOPMENT AUTHORITY ADVISORY BOARD
- 2.
- 3.

Volunteer Application
Watauga County Boards And Commissions
(Continued)

Please list any work, volunteer, and/or other experience you would like to have considered in the review of your application.

Work Experience:

1966 -1972 Assistant Basketball Coach Appalachian State University
1972 - 2002 Director of Conferences and Institutes Appalachian State University
1977-Present Owner and Operator of High Country Nursery (Choose and Cut Tree Farm)

Volunteer Experience:

I regret that I am out of town while completing this application and do not have the exact dates of my volunteer service. I will be able to provide a complete list of service and dates after February 4, 2013 if necessary.

Boone Area Chamber of Commerce for 30 years
Served on Board of Directors for 25 years, Served as President, Chairman of Tourism Development Committee for 15 years

High Country Host Member for 25 years, Board of Directors for 20 years, Served as Chairman of the Advertising and Promotions Committee for 18 years producing the High Country Area Guide Map and Directory

Boone Jaycees Member 10 years, Served as President one term and on the Leadership Team for 8 years, served as Chairman of several fund raising events.

Watauga County Heart Association Member 10-12 years, President and served as chairman of several fund raising events.

Association of Collegiate Conference and Events Directors International (national Professional Association) Member for 15 years, Served as Regional Director, Board Member, Committee Chairman and President

Other Experience:

Served on the Watauga County Tourism Development Commission Advisory Board serving as Vice Chairman since its inception.

Served on the Watauga County Recreation Commission

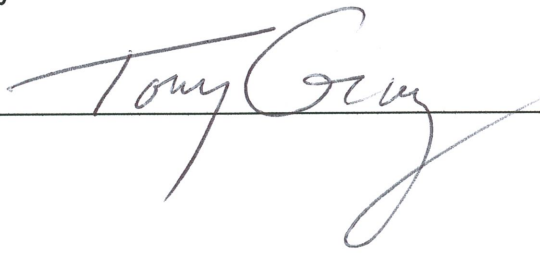
Have served as a Deacon and Elder of First Presbyterian Church of Boone

Have attended the Governors Conference on Travel and Tourism

Have served as a member of the Watauga County Economic Development Commission in the early years.

Other Comments:

I have served on the Watauga County Tourism Development Commission since its inception and would appreciate the opportunity to continue my service. We have a community that is very attractive as a Tourist Destination and I believe I have the experience and desire to work toward maintaining the beauty that the mountains afford all of us while promoting those resources to encourage potential visitors to come and enjoy what we all call home.

Signature: Tony Gray  Date: 1-24-13

Volunteer Application
Watauga County Boards And Commissions

If you are a Watauga County resident, at least 18 years old, and willing to volunteer your time and expertise to your community, please complete the application below and click on Print Form. Please sign and mail or fax to:

Watauga County Commissioners' Office
814 West King Street, Suite 205
Boone, NC 28607
Phone: (828) 265-8000
Fax: (828) 264-3230

Name: Robert W. Holton
Home Address: 829 James Hayes Road
City: Deep Gap Zip: 28618
Telephone: (H) 828-264-3600 (W) 828-264-3644 (Fax) 828-264-3725
Email: holton400@gmail.com
Place of Employment: Holton Mountain Rentals
Job Title: Owner, Manager

In Order To Assure County wide Representation Please Indicate Your Township Of Residence:

- | | | |
|--------------------------------------|------------------------------------|------------------------------------|
| <input type="radio"/> Bald Mountain | <input type="radio"/> Stony Fork | <input type="radio"/> Watauga |
| <input type="radio"/> New River | <input type="radio"/> Brushy Fork | <input type="radio"/> Cove Creek |
| <input type="radio"/> Beaver Dam | <input type="radio"/> Meat Camp | <input type="radio"/> Shawneehaw |
| <input type="radio"/> Blue Ridge | <input type="radio"/> Blowing Rock | <input type="radio"/> Laurel Creek |
| <input checked="" type="radio"/> Elk | <input type="radio"/> North Fork | <input type="radio"/> Boone |

In addition, Please Indicate If You Live In One Of The Following Areas:

- | | |
|--|--|
| <input type="radio"/> Foscoe-Grandfather Community | <input type="radio"/> Valle Crucis Historic District |
| <input type="radio"/> Howards Creek Watershed | <input type="radio"/> Winklers Creek Watershed |
| <input type="radio"/> South Fork New River Watershed | <input type="radio"/> Extraterritorial Area |

We Ask Your Help In Assuring Diversity Of Membership By Age, Gender, And Race, By Answering The Following Questions

- | | |
|---------------------------------------|--|
| Gender | Ethnic Background |
| <input checked="" type="radio"/> Male | <input type="radio"/> African American |
| <input type="radio"/> Female | <input checked="" type="radio"/> Caucasian |
| | <input type="radio"/> Hispanic |
| | <input type="radio"/> Other |
| | <input type="radio"/> Native American |

Please List (In Order Of Preference) The Boards/Commissions On Which You Would Be Willing To Serve.

1. Watauga County District U Tourism Development Authority
2.
3.

Volunteer Application
Watauga County Boards And Commissions
(Continued)

Please list any work, volunteer, and/or other experience you would like to have considered in the review of your application.

Work
Experience:

My wife and I owned and operated Holton's a retail electronics store for 10 years.
My wife and I own and operate Holton Management, Inc dba Holton Mountain Rentals a property management company. Have been in the property management business since 1980.

Volunteer
Experience:

Have been involved and volunteered with numerous community, civic and other organizations since 1972 in the Watauga County area.
Served on the Watauga County Economic Development Commission for 6 years.
Served on the Watauga County District U Tourism Development Authority for 6 years.

Other
Experience:

Eagle Scout
Graduate of Appalachian State University

Other
Comments:

I feel it is important to give back to your community. Watauga County has the potential to be one of the top tourism destinations in the eastern United States and I would like to be involved with helping make that happen. It is important to our local economy to create more tourism jobs of all types and to have visitors spend their money in Watauga County to generate more sales tax revenue.

Signature: 

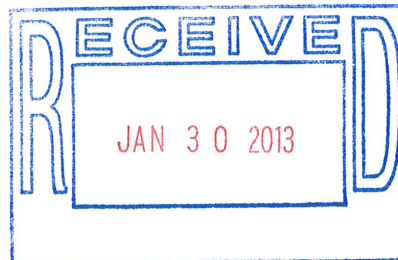
Date: 1/28/13



APPALACHIAN
Regional Healthcare System

Richard G. Sparks, FACHE
President

January 25, 2013



Mr. Deron Geoque
Watauga County Manager
814 West King Street, Suite 205
Boone, NC 28607

Dear Deron:

The Watauga Medical Center, Inc. Board of Trustees at their regularly scheduled meeting on January 24, 2013 took appropriate action to recommend Mrs. Kim Miller for appointment to the Board of Trustees. She would fill a position that has a term of service beginning immediately and ending December 31, 2015.

Should you have any questions, please feel free to contact me. Thank you for your assistance on this matter.

Sincerely,



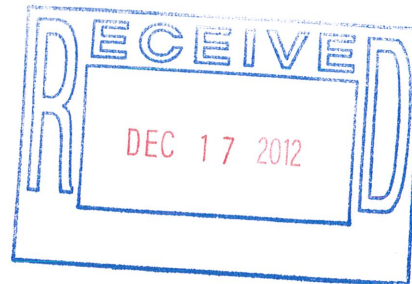
Richard Sparks



APPALACHIAN
Regional Healthcare System

Richard G. Sparks, FACHE
President

December 12, 2012



Mr. Deron Geouque, Manager
Watauga County
814 West King Street, Suite 205
Boone, NC 28607

Dear Deron:

The Watauga Medical Center, Inc. Board of Trustees at a called meeting on December 12, 2012 accepted a report from its Nominating Committee and subsequently unanimously approved to recommend the following individuals for reappointment to three year terms on the Board of Trustees.

Mr. Keith Tester, Blowing Rock
Mrs. Jan Winkler, Boone

These terms would begin January 1, 2013 and end December 31, 2015.

Due to some last minute issues, a candidate for the third three year trustee position was not identified by the Committee and therefore the Board of Trustees has no recommendation at this time, but will by the end of January 2013. Please feel free to contact me if you or any of the Commissioners have a question.

Thank you for your assistance in this matter .

Sincerely,



Richard G. Sparks



Robert L. Johnson
Chairman of the Board

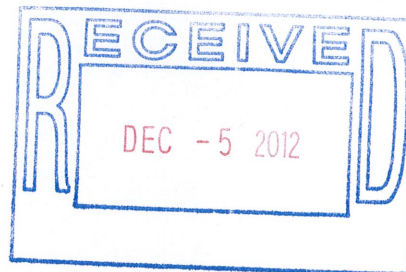
Gary D. Blevins
Vice Chairman

Brenda Lyerly
Secretary

Danny McIntosh
Treasurer

Rick Herndon
Executive Director

December 4, 2012



Ms. Anita Fogle
Clerk to the Board
814 West King Street
Suite 205
Boone, North Carolina 28607

Dear Ms. Fogle:

The term of appointment for Ms. Glenda Hodges to the Watauga County Adult Care Home Community Advisory Committee will expire January 17, 2013. She has indicated her desire to be reappointed for an additional three-year term.

Please submit Ms. Hodges' name to the Commissioners for their consideration and let me know their decision at your earliest convenience. The request for renomination is attached.

Sincerely,

A handwritten signature in blue ink that reads 'Julie'.

Julie Wiggins
Regional Ombudsman

Enclosure

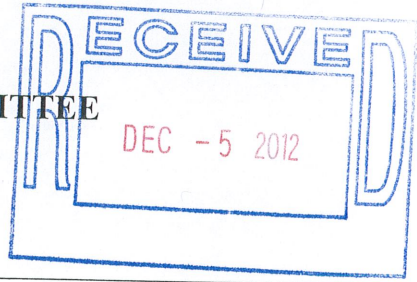
468 New Market Blvd.
Boone, NC 28607

Phone: 828-265-5434
Fax: 828-265-5439
TTY: 1-800-735-2962
Voice: 1-800-735-8262

Web: www.regiond.org

RENOMINATION FORM

LONG TERM CARE COMMUNITY ADVISORY COMMITTEE



Nominee Background Information

Name Blenda J Hodges

Home Address 810 Parkcrest Dr.
Boone, NC 28607

Phone(H) 828-264-8529

Zip Code _____

Business Address _____

Phone (W) _____

Zip Code _____

Email Address _____

Occupation homemaker

Number of hours available per month for this position whatever is needed

Education 12th grade

Business and civic experience and skills _____

Areas of expertise and interest/skills _____

THE FOLLOWING PERSONS ARE EXCLUDED BY LEGISLATION FROM SERVING ON THE COMMITTEE:

1. Persons or immediate family member of persons with a financial interest in a home served by a committee.
2. An employee or governing board member or immediate family member of an employee or governing board member of a home served by a committee. (A person paid by a home as a consultant is considered an employee).
3. The immediate family member of a patient in a home served by a committee. An "immediate family member" is defined as mother, father, sister, brother, spouse, child, grandmother, grandfather, and in-laws for the above.

I CERTIFY THAT NONE OF THE EXCLUSIONS LISTED ABOVE APPLY TO ME. I UNDERSTAND THAT I MUST NOTIFY THE OMBUDSMAN IMMEDIATELY IF MY SITUATION CHANGES WITH RESPECT TO THE ABOVE EXCLUSIONS.

Blenda J Hodges
Signature of Applicant Date 11-1-12

Nomination form submitted by Julie Wiggins, Ombudsman
Name

**BOARD OF DIRECTORS
BOONE RURAL FIRE PROTECTION SERVICE DISTRICT**

METHOD OF APPOINTMENT: Each Commissioner nominates a person who resides and owns property in the Boone Rural Fire Service District. Terms are concurrent with the Commissioner of the District they represent.

COMPENSATION: None

REGULAR MEETING TIME AND PLACE: Second Thursday Following the Quarter
7:00 P.M. @ Boone Fire Station #2

<u>MEMBERS</u>		<u>APPOINTED</u>	<u>TERM EXPIRES</u>
Tommy Critcher (Commissioner Yates)	District 1	01/15/13	December, 2016
Lee Stroupe (Commissioner Welch)	District 2	01/15/13	December, 2016
Jimmy Marsh (Commissioner Deal)	District 3	12/21/04	December, 2012
Weldon Critcher (Commissioner Blust)	District 4	02/01/11	December, 2014
Reggie Hassler (Commissioner Miller)	District 5	01/18/11	December, 2014

WATAUGA COUNTY PLANNING BOARD

METHOD OF APPOINTMENT: Each County Commissioner makes a nomination from his/her district. Each nominee must be approved by the entire Board. Two at-large members shall be appointed by the entire Board. The terms of appointees representing districts shall be concurrent with the term of the County Commissioner elected to represent the district. The at-large appointees shall serve a term of four years.

REGULAR MEETING TIME & PLACE: 3rd Monday of Each Month @ at 6:00 P.M.
Commissioners' Board Room
Watauga County Administrative Building.

<u>PRESENT MEMBERS</u>		<u>APPOINTED</u>	<u>TERM EXPIRES</u>
Todd Castle (Commissioner Yates)	District 1	01/13	December 2016
Frank Gioscio (Commissioner Gable)	District 2	01/11	December 2012
Jim Fox (Commissioner Deal)	District 3	01/09 (reappointed)	December 2012
Jim West (Commissioner Blust)	District 4	01/11	December 2014
Patrick Morgan (Commissioner Miller)	District 5	01/11	December 2014
<u>AT-LARGE MEMBERS</u>			
Jamey Hodges		12/11	December 2014
Richard Mattar		01/10 (Reappointed)	December 2013

Blank Page

AGENDA ITEM 13:**MISCELLANEOUS ADMINISTRATIVE MATTERS*****F. Announcements*****MANAGER'S COMMENTS:**

The UNC School of Government and the North Carolina Association of County Commissioners (NCACC) jointly hold a two-day orientation to county government in four locations across the state. The 2013 Essentials of County Government Course, which includes required ethics training, is for newly elected officials, veteran elected officials and managers. Please notify Anita if you wish to attend.

The Annual Pre-Budget Retreat will be held on February 22 (12:00 – 6:00 P.M.), and 23 (9:00 A.M. – 12:00 P.M.), 2013, in the Commissioners' Board Room.

At their January meeting, the NCDOT approved the County's request to designate a segment of NC 194 from Valle Crucis to Hade Smith Road Intersection in honor of Ed Yates. The County will participate in the cost of the signage in the amount of \$1,000.



Published on *School of Government* (<http://www.sog.unc.edu>)

[Home](#) > Essentials of County Government 2013

Essentials of County Government 2013

After the November elections, the UNC School of Government and the North Carolina Association of County Commissioners jointly hold a two-day orientation to county government in four locations across the state. This program is for newly elected officials, veteran elected officials and managers. Entire boards are encouraged to attend.

This program offers participants points toward recognition in the [Local Elected Leaders Academy \(LELA\)](#) [1]

Agenda

Day One

8:00 AM-3:00 PM Essentials of County Government- For newly elected officials, veteran elected officials and entire boards

- Context for NC county governments
- What counties do and how they do it
- Governing board roles and responsibilities

OR

8:00 AM-3:00 PM *Water and Economically Vibrant Communities: What Every Local Leader Needs to Know* - *LeaderShop for county and municipal veteran elected officials*

3:00 PM-5:00 PM-Ethics for Elected Officials (satisfies state mandated training)
Both Essentials and LeaderShop registrations include ethics training

Day Two

8:00 AM -5:00 PM-Essentials of County Government-For newly elected officials, veteran elected officials and entire boards

- Financing county government
- Working with others
- County responsibility for public school financing
- "*Bottom Line*" – a budget simulation

PRINTABLE AGENDAS

[ECG Agenda Link \(two days\)](#) [2]

[Water Workshop Agenda Link \(one day\)](#) [3]

*For those registered for a combination of the above courses, print both agendas

Registration Options:

1. Essentials of County Government (2 days) – For newly elected officials and veteran elected officials who wish to accompany newly elected officials (including managers) and entire boards

Includes: Day One Essentials, Ethics and Day Two Essentials (includes "*Bottom Line*" – a budget simulation), and the "*Handbook for NC County Commissioners*"

2. Essentials with Leadership for Veteran Elected Officials (2 days) – Open to veteran county elected officials and managers

Includes: Day One LeaderShop – *Water and Economically Vibrant Communities: What Every Local Leader Needs to Know*; Ethics and Day Two Essentials (includes "*Bottom Line*" – a budget simulation), and the "*Handbook for NC County Commissioners*"

3. Water and Economically Vibrant Communities: What Every Local Leader Needs to Know (1 day) – LeaderShop for veteran elected officials – Open to both county and municipal veteran elected officials and managers

Includes: Day One LeaderShop for veteran elected officials and state mandated ethics training. Does **NOT** include Day Two Essentials; "*Bottom Line*" – a budget simulation; or "*Handbook for NC County Commissioners*"

HELPFUL INFORMATION:

For information about hotel reservations; state mandated ethics; "*Bottom Line*" – a budget simulation and/or CLE information; click on your date preference below and review the sections titled "Site Information" and "Program" towards the bottom of the page.

SCHOLARSHIP OPPORTUNITIES FOR ELECTED OFFICIALS:

Scholarships are made available for Essentials of County Government and LeaderShop: Water and Economically Vibrant Communities by the generous support of the following:

- Food Lion
- Local Government Federal Credit Union
- Progress Energy
- Prudential Financial

Click [here](#) [4] for application

Program Options

Please select one of the options below for more information

- [Asheville, Wed/Thu, January 9 and/or 10, Doubletree Biltmore](#) [5]
- [New Bern, Wed/Thu, January 30 and/or 31, New Bern Convention Center](#) [6]
- [Winston-Salem, Tu/Wed, February 12 and/or 13, Marriott Twin City Quarter](#) [7]
- [Chapel Hill, Fri/Sat, February 22 and/or 23, Sheraton Chapel Hill](#) [8]

Knapp-Sanders Building
Campus Box 3330
[UNC-Chapel Hill](http://www.sog.unc.edu), Chapel Hill, NC 27599-3330
T: 919.966.5381 | F: 919.962.0654

Source URL: <http://www.sog.unc.edu/node/1195>

Links:

- [1] <http://www.sog.unc.edu/programs/lela>
- [2] http://www.sog.unc.edu/sites/www.sog.unc.edu/files/2013agenda_ECG_Letterhead_1.doc
- [3] http://www.sog.unc.edu/sites/www.sog.unc.edu/files/RL_Agenda_2013_0.doc
- [4] http://www.sog.unc.edu/sites/www.sog.unc.edu/files/ECG-RL%20Scholarship%20App%202013_UPDATED_0.pdf
- [5] <http://www.sog.unc.edu/node/1195/sog-program/view-offering/417>
- [6] <http://www.sog.unc.edu/node/1195/sog-program/view-offering/418>
- [7] <http://www.sog.unc.edu/node/1195/sog-program/view-offering/419>
- [8] <http://www.sog.unc.edu/node/1195/sog-program/view-offering/420>

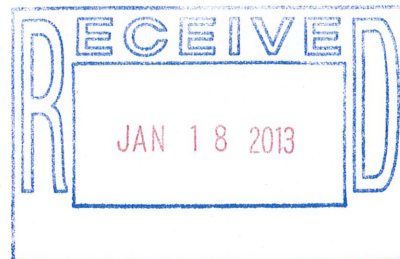


STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

PATRICK L. MCCRORY
GOVERNOR

ANTHONY J. TATA
SECRETARY

January 14, 2013



Mr. Nathan Miller
Chairman, Watauga County Commissioners
814 West King Street, Suite 205
Boone, NC 28607

Dear Mr. Miller:

The Board of Transportation approved the honorary designation of the segment of NC 194 (Mission Crossing Scenic Byway) from Valle Crucis to Hade Smith Road intersection in honor of Ed Yates at their January meeting. Attached is a copy of the resolution for your records.

In accordance with the department's procedures for honorary designations, the County will participate in the costs of this signage in the amount of \$1,000. Payment should be submitted to Division Engineer Mike Pettyjohn.

If the County desires any type of dedication ceremony, you should contact Board Member Sam Halsey and request the department's assistance. Tammy Ashley coordinates dedication activities for the department (919-707-2666) and will be working with you also.

Please let me know if you have any questions. Thank you.

Sincerely,

Sandy Nance
Sandy Nance
Chief Engineer's Office

Enclosure

cc: Sam Halsey, Board of Transportation Member
Tammy Ashley, Communications Office
Mike Pettyjohn, PE, Division Engineer

MAILING ADDRESS:
NC DEPARTMENT OF TRANSPORTATION
OFFICE OF THE CHIEF ENGINEER
1536 MAIL SERVICE CENTER
RALEIGH NC 27699-1536

TELEPHONE: 919-707-2500
FAX: 919-733-9428

WEBSITE: WWW.NCDOT.GOV

LOCATION:
TRANSPORTATION BUILDING
1 SOUTH WILMINGTON STREET
RALEIGH NC

RESOLUTION FOR ED YATES

WHEREAS, the Ed Yates family has lived in Watauga County since the 1870's with strong ties to the community; and

WHEREAS, Ed Yates had a special interest in machinery and enjoyed operating the steam powered shovel, which led him to become a gifted road builder who was highly respected by his peers; and

WHEREAS, Ed Yates was also a strong advocate for rural electrification, holding community meetings in his home for neighbors to talk with BREMCO (Blue Ridge Electric Membership Cooperative) officials. He then explained the right of way process and helped get the farmers to sign for the electricity to go across their property; and

WHEREAS, Ed Yates advocacy for rural electrification made a critical difference in improving the lives for tens of thousands of Watauga County residents living in rural areas; and

WHEREAS, Ed Yates was very active in his church. He gave 1/3 of the total amount needed to build the new Bethany Baptist Church; and

WHEREAS, Ed Yates was also a very active leader for the improvement of education in the community. He served on a school committee and was instrumental in working with Watauga County Board of Education to close the last two-room school in Watauga County; and

WHEREAS, Ed Yates worked with the FHA (Federal Housing Administration) to make programs available to finance military housing and homes for returning veterans and their families after WWII and the Korean War; and

WHEREAS, the Watauga County Board of Commissioners request that a 4 mile section of NC 194 in Watauga County be named in honor of Ed Yates for his leadership and commitment to his community.

NOW, THEREFORE, BE IT RESOLVED:

That the North Carolina Board of Transportation dedicates the 4 mile section of NC 194 (Mission Crossing Scenic Byway) from Valle Crucis to Hade Smith Road intersection in Watauga County as the *Ed Yates Highway*.

That appropriate signs be erected at a suitable time.

Adopted, this the tenth day of January 2013 by the North Carolina Board of Transportation.


Chairman


Secretary of Transportation

AGENDA ITEM 14:

PUBLIC COMMENT

AGENDA ITEM 15:

BREAK

AGENDA ITEM 16:

CLOSED SESSION

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