

State of North Carolina

Minutes

County of Madison

The Madison County Board of Commissioners met in regular session on Tuesday, February 13, 2018 at 7:00 p.m. at A-B Tech, Madison Campus, Marshall, NC.

In attendance were Chairman Wayne Brigman, Vice-Chairman Norris Gentry, Commissioner Clayton Rice, Commissioner Bill Briggs, Commissioner Matt Wechtel, County Manager Forrest Gilliam, Attorney Donny Laws, Clerk Amanda Cutshaw and Deputy Clerk Brooke Smith.

The meeting was called to order by Chairman Brigman.

Agenda Item 1: Agenda Approval

Upon motion from Vice-Chairman Gentry, seconded by Commissioner Rice, the board voted unanimously to approve the agenda.

Agenda Item 2: Approval of Minutes

Upon motion from Commissioner Wechtel, seconded by Vice-Chairman Gentry, the board voted unanimously to approve the minutes of January 9 (Special Meeting) and January 9 (Regular Session) 2018 as presented.

Agenda Item 3: Public Comment

During Public Comment the board heard from the following citizens:

1. Barbara Zimmerman regarding roadside litter.
2. Rachell Skerlec regarding the Island Property.
3. Christopher Brown regarding the Island Property.
4. Claude Chandler regarding the Island Property.
5. Scott Greene regarding the Island Property.
6. Callie Wellendorf regarding Expo Madison on March 17, 2018.
7. Emily Patricks regarding the Island Property.

Agenda Item 4: Sandy Stevenson, Appalachian Barn Alliance Appalachian Barn Alliance 2017 Year Report

Ms. Stevenson presented the board with the attached Appalachian Barn Alliance 2017 Year Report. Highlights of the report include a \$5,000 grant from the Richard J Reynolds III and Marie M Reynolds Foundation and being recognized by Preservation North Carolina at its annual conference.

Agenda Item 5: Melanie Morgan, Madison County Library Director 2018-2019 Library Services and Technology Act (LSTA) Grant

Mrs. Morgan submitted to the board a request to apply for the 2018-2019 Library Services and Technology Act (LSTA) Grant. The grant amount is \$13,617 with a 10% match of \$1513. The

funds will be used to develop two distinct afterschool programs that will be offered to help 56 struggling students achieve higher educational attainment through one-on-one and small group tutoring.

Upon motion from Vice-Chairman Gentry, seconded by Commissioner Wechtel, the board voted unanimously to approve the application by the Madison County Library for the 2018-2019 Library Services and Technology Act (LSTA) Grant.

**Agenda Item 6: Donny Laws, Madison County Attorney
Delinquent Tax Update**

Attorney Donny Laws updated the board on the collection of delinquent taxes.

Agenda Item 7: Brooke Smith, Madison County Human Resources Director

a) Employee Benefits Broker Services

Upon motion from Vice -Chairman Gentry, seconded by Commissioner Rice, the board voted unanimously to approve the execution of the contract, for Employee Health Benefits Broker Services with Insurance Services of Asheville, by the County Manager.

b) Personnel

Mrs. Smith presented the following Human Resources Department and Hiring Committees' recommendations:

- I. Courtney Brown for the position of Youth Coordinator at the Madison County Health Department.

Upon motion from Commissioner Wechtel, seconded by Vice-Chairman Gentry, the board voted unanimously to hire Courtney Brown for the position of Youth Coordinator at the Madison County Health Department.

- II. Stephen Rector for the position of Animal Control Officer at the Madison County Animal Shelter.

Upon motion from Vice-Chairman Gentry, seconded by Commissioner Wechtel, the board voted unanimously to hire Stephen Rector for the position of Animal Control Officer at the Madison County Animal Shelter.

- III. Haylee Rogers for the position of 911 Telecommunicator at Madison County 911 Operations.

Upon motion from Commissioner Rice, seconded by Chairman Brigman, the board voted unanimously to hire Haylee Rogers as a 911 Telecommunicator at Madison County 911 Operations.

- IV. Jacob Ray for the position of Part-Time Circulation Assistant at the Madison County Library.

Upon motion from Commissioner Wechtel, seconded by Vice-Chairman Gentry, the board voted unanimously to hire Jacob Ray as a Part-Time Circulation Assistant at the Madison County Library.

- V. Mike Ledford for the position of Tax Clerk at the Madison County Tax Office.

Upon motion from Commissioner Rice, seconded by Vice-Chairman Gentry, the board voted 4-1 to hire Mike Ledford as a Tax Clerk at the Madison County Tax Office. Voting in the affirmative were Chairman Brigman, Vice-Chairman Gentry, Commissioner Rice and Commissioner Wechtel. Voting in the negative was Commissioner Briggs.

- VI. Jesse Ledford for the position of Facility Worker I with the Madison County Maintenance Department.

Upon motion from Vice-Chairman Gentry, seconded by Chairman Brigman, the board voted unanimously to hire Jesse Ledford as a Facility Worker I with the Madison County Maintenance Department.

- VII. Rebecca Bradley as an Agriculture Agent at the Madison County Cooperative Extension.

Upon motion from Commissioner Briggs, seconded by Commissioner Rice, the board voted unanimously to hire Rebecca Bradley as an Agriculture Agent at the Madison County Cooperative Extension.

Agenda Item 8: Rhea Hollars – Madison County Finance Officer

A. January 2018 Financial Report

Mrs. Hollars presented the board with the attached January 2018 Financial Report.

B. Budget Amendment #8

Upon motion from Vice-Chairman Gentry, seconded by Commissioner Rice, the board voted unanimously to approve attached Budget Amendment #8.

C. January 2018 Tax Releases and Refunds

Upon motion from Commissioner Rice, seconded by Vice-Chairman Gentry, the board voted unanimously to approve the attached January 2018 Tax Releases and Refunds.

D. Vaya Health Finance Report

Mrs. Hollars presented to the board the Vaya Health Finance Report for period ending December 31, 2017.

Agenda Item 8: Forrest Gilliam – Madison County Manager

A. 2017 Annual Report

Mr. Gilliam presented the board with the 2017 Annual Report, summarized below, the full report shall be attached to these minutes.

"In 2017 Madison County realized the results of multiple years of work on several fronts, including the 44 job expansion announcement at Advanced Superabrasives in Mars Hill, an increase in the County's fund balance as we continue efforts to restore the county's reserves to their pre-2014 levels, and a continues increase in the property tax collection rate. The improvement to the county's financial position allowed for the opportunity to begin planning long-term capital outlay for county construction, renovation, vehicle, and equipment needs over the next five years. The five year plan provides budget stability and ensures that every annual budget is adopted with the long term in mind.

Our growing and changing county faces several challenges and opportunities that continue to be at the forefront in 2018, including access to high speed internet for citizens and businesses, a lack of affordable workforce housing, water and sewer infrastructure needs in our municipalities, and the need for additional work force development through our public schools, community college, and employers. Madison County is not immune to the nationwide opioid epidemic, which impacts the labor pool in our region and increases demands on our public safety, public health, and judicial systems. These increasing challenges, and some exciting opportunities, must be addressed in the context of limited county resources. The county must budget critically and carefully in order to maintain adequate staffing levels and avoid spreading county employees and infrastructure too thin. This requires continued careful evaluation of the level of all county services, and a determination by the commissioners regarding the most important priorities.

This annual report highlights some of the significant developments in county government in 2017, while also assessing the issues that will likely require significant focus in 2018 and beyond. Due to the variety of services provided by county departments, this report focuses on only the biggest issues that have received particular focus of the board or that do not fall under a specific department."

B. County Manager Update

No additional update

C. Surplus Property

Final Sale Approval

1. Upon motion from Commissioner Briggs, seconded by Commissioner Wechtel, the board voted unanimously to approve the final sale of the surplus property known as Bear River Lot 56 for \$3,000, thus beginning the 90-Day due diligence period.

2. Upon motion from Vice-Chairman Gentry, seconded by Commissioner Rice, the board voted unanimously to approve the final sale of the surplus property known as the Rock Building for \$73,550, thus beginning the 90-Day due diligence period.
3. Upon motion from Commissioner Wechtel, seconded by Vice-Chairman Gentry, the board voted unanimously to approve the final sale of the surplus property known as Breakaway for \$205,000, thus beginning the 90-Day due diligence period.

New Bids

The board was presented with two offers for the surplus property known as Stamey Road. Offer one was for \$400 and offer two was for the listed price of \$2,200.

Upon motion from Commissioner Wechtel, seconded by Commissioner Rice, the board voted unanimously to accept the offer of \$2,200 for the surplus property known as Stamey Road, thus beginning the 10-Day upset period upon publication of the *Advertisement for Upset Bids*.

D. Board Appointments

1. Upon nomination by Vice-Chairman Gentry, seconded by Commissioner Wechtel, the board voted unanimously to appoint Diana Rogers to the Madison County Board of Health.
2. Upon nomination by Commissioner Wechtel, seconded by Vice-Chairman Gentry, the board voted unanimously to appoint Rick Molland to the Madison County Board of Adjustment.

Agenda Item 11: Adjournment


Upon motion from Vice-Chairman Gentry, seconded by Commissioner Rice, the board voted unanimously to adjourn.

This the 13th day of February, 2018.

MADISON COUNTY

By 
Wayne Brigman, Chairman
Board of Commissioners

ATTEST:


Amanda Cutshaw, Clerk

APPALACHIAN BARN ALLIANCE -- 2017 year report

The APPALACHIAN BARN ALLIANCE was formed in late 2012 with a mission to preserve our agricultural heritage by documenting the barns and farms through oral histories, photographs and architectural drawings. To do this, we have raised money to contract with a researcher to perform that task. This information goes into an archival database on the organization's website and is shared with the Southern Appalachian Archives at Mars Hill University and the state Cultural Resources Department of Archives and History. We also produce self-guided tour brochures to attract more tourists to the area. The long-term goal is to establish a heritage farmstead in Madison County displaying all the information collected and being the site to showcase a working farm.

A summary of the accomplishments of the APPALACHIAN BARN ALLIANCE over the last year.

- The ALLIANCE received a \$5,000 grant from the Richard J Reynolds III and Marie M Reynolds Foundation to continue our documentation on one more township
- The ALLIANCE hosted a Celebration of the Jervis-Ray historic flue-cured tobacco barn to deconstruct it and celebrate its heritage and importance to the community. An important step to establish a Heritage Farmstead.
- The ALLIANCE was recognized by Preservation North Carolina at its annual conference with a Gertrude S. Carraway Award of Merit for our work in research and preservation of heritage
- The ALLIANCE has completed the documentation of the fifth township—Mars Hill.
- The ALLIANCE now has archival information on ninety historically significant barns.
- The ALLIANCE has taken initial steps to establish a Heritage Farmstead in the county
 - Board members visited and interviewed directors at nine different farmsteads in the area
 - Board President met with county and area stakeholders to discuss plans
- The ALLIANCE continued fundraising events
 - The fourth annual Barn Day in May featuring a guided tour of barns, followed by a dinner, auction, and local music. We attracted attendees from beyond Madison County. This is the signature event of Barn Month which also showcased barns at the Madison County Arts Council and Zuma.
 - The second annual "A Seat at the Table" at The Farmers Hands featuring a Farm to Table Dinner combined with a tour of the barn on the property.
 - Two benefit concerts: Spring concert with Steve Davidowski and a Summer Performance with Brian Gurl and Liz Aiello
- The ALLIANCE conducted a van tour of barns during the year.
- The ALLIANCE raised funds through memberships, donations and business supporters that increased by 12% from the previous year
- The ALLIANCE continued the Annual Historic Barns Photo Contest—sixth Annual – combined with the Madison County Fair in October.

We will continue with our main goal -- to produce a self-guided driving guide of the Historic Barns in each township. As we raise more funds, our researcher will continue to document barns in the rest of the townships. The rate at which this happens is dependent on the money that we raise. We are beginning to work on the additional goal of establishing a Heritage Farmstead.

Specific goals for 2018:

- Continue the work to establish a Heritage Farmstead
- Complete documentation of at least one more township and add to the barn information to the database
- Expand participants and events in Barn Month in May
- Establish a regular advertised schedule of barn tours
- Continue raising funds through grant applications, fundraisers, donations, business support, and memberships

www.appalachianbarns.org is a 501(c)(3) non-profit organization

Board members—Sandy Stevenson, Ryan Cody, David Wyatt, Rob Kraft, Nancy Larkin, Janet Foster, Judy Ricker, Christopher Brown, Jeannie Blethen, Lynn Steen, Matthew Pierce

**MADISON COUNTY
FINANCIAL REPORT**

Collections/Revenues for the month of January 31, 2018 were as follows:

GENERAL FUND:

DEPARTMENT	MTD	YTD	% OF BUDGET	YEAR TO DATE 1/17
Vehicle Tax	\$57,106.31	\$440,366.53	51.81	\$407,701.70
Overages/Underages	(\$3.34)	(\$3.85)		(\$5.32)
Ad Valorem Tax Interest	\$13,618.58	\$162,572.36	65.03	\$225,198.67
Late Listing Fee	\$2,181.07	\$8,440.40	60.29	\$12,550.35
Legal Fees	\$0.00	\$1,490.00	18.63	\$1,744.29
2003 Ad Valorem Tax	\$0.00	\$274.47	91.49	\$1,057.15
2004 Ad Valorem Tax	\$0.00	\$282.11	98.99	\$967.42
2005 Ad Valorem Tax	\$3.77	\$468.53	78.09	\$4,198.06
2006 Ad Valorem Tax	\$0.00	\$348.48	9.96	\$4,455.17
2007 Ad Valorem Tax	\$9.62	\$894.27	25.55	\$4,802.55
2008 Ad Valorem Tax	\$221.55	\$10,254.28	101.53	\$5,441.14
2009 Ad Valorem Tax	\$82.63	\$15,727.69	98.92	\$25,863.46
2010 Ad Valorem Tax	\$82.65	\$23,016.27	100.29	\$27,640.05
2011 Ad Valorem Tax	\$748.19	\$31,004.01	102.49	\$88,896.41
2012 Ad Valorem Tax	\$659.87	\$35,836.65	51.20	\$63,010.36
2013 Ad Valorem Tax	\$960.31	\$38,719.56	48.37	\$87,441.73
2014 Ad Valorem Tax	\$2,642.12	\$57,847.26	57.85	\$86,156.47
2015 Ad Valorem Tax	\$7,340.52	\$91,756.32	57.35	\$158,028.14
2016 Ad Valorem Tax	\$13,620.40	\$166,686.97	91.66	\$9,101,014.42
2017 Ad Valorem Tax	\$1,195,114.00	\$9,300,450.36	93.52	
Collection Fees: Marshall	\$0.00	\$0.85	85.00	\$0.75
Collection Fees: Mars Hill				\$9.35
Collection Fees: Hot Springs	\$0.14	\$1.74	87.00	\$0.78
Sale of Tax Maps	\$79.25	\$161.25	26.88	\$485.50
Returned Check Fees	\$214.79	\$1,110.23	116.87	\$407.91
Refunds/Overpayment of Taxes	(\$2,913.42)	(\$7,598.72)		(\$5,527.90)
Contra: Returned Check	\$1,386.95	(\$2,520.23)	42.00	(\$1,320.03)
Sales Tax/Video Programming	\$0.00	\$4,185.28	\$25.79	\$4,261.10
Sales Tax	\$291,303.26	\$1,128,069.45	32.23	\$1,250,530.94
Gas Tax Refund/State	\$0.00	\$6,295.77	31.48	\$7,682.30
Payment In Lieu of Taxes	\$0.00	\$4,424.81	3.37	\$0.00
Forest Service Timber Sales				
Clerk of Court	\$5,241.17	\$36,559.55	39.74	\$40,858.60
Board of Elections	\$0.00	\$10,573.55	43.20	\$148.75
Register of Deeds	\$24,117.75	\$188,318.00	59.57	\$189,707.75

Department	MTD	YTD	% OF BUDGET YEAR TO DATE 1/17	
Sheriff's Department	\$43,368.71	\$264,748.55	30.88	\$296,038.42
Emergency Management	\$0.00	\$20,625.00	51.58	\$20,625.00
Inspections	\$10,275.00	\$96,556.00	64.01	\$84,502.42
Animal Control	\$2,104.69	\$13,518.34	67.59	\$13,689.58
Senior Games Donations				\$200.00
Transportation	\$36,671.57	\$149,576.96	40.57	\$113,399.72
Cooperative Extension Service	\$0.00	\$2,155.00	53.88	\$1,175.00
Soil & Water Conservation	\$0.00	\$1,776.00	38.52	\$0.00
Grant Revenues/JCPC/DJJDP	\$31,587.88	\$115,527.73	45.56	\$93,632.06
Health Department	\$208,670.00	\$848,075.64	39.71	\$1,256,698.60
Medicaid Hold Harmless Tax	\$0.00	(\$23,969.57)	99.87	
Social Services	\$357,097.61	\$1,210,865.43	52.50	\$1,243,168.00
AFDC	\$31.03	\$31.03		\$708.00
Foster Care	\$91,351.85	\$629,021.46	60.45	\$509,181.17
Medicaid	\$0.00	\$24.78	100.00	
Adoption	\$0.00	\$1,950.00	3.05	\$5,287.50
Child Support Enforcement	\$17,294.40	\$80,077.86	59.85	\$57,403.81
In Home Aides	\$13,526.30	\$38,897.50	48.46	\$30,147.40
Beech Glen Center	\$921.00	\$5,641.47	62.68	\$4,118.00
Nutrition	\$25,916.72	\$83,485.53	60.25	\$69,165.26
Day Care	\$0.00	\$0.00	0.00	\$271,175.50
Library	\$9,266.75	\$105,478.95	64.28	\$83,351.24
Parks & Recreation	\$1,400.00	\$5,445.00	87.68	\$4,919.00
Interest Earned	\$218.29	\$28,171.58	112.69	\$9,483.40
Rent of County Property	\$5,775.00	\$39,425.00	56.08	\$37,825.00
Finance/Other	\$2,905.12	\$6,132.65	35.38	\$5,359.97
Miscellaneous Income	\$0.00	\$36,758.77	109.43	\$104,077.78
Fund Transfer In	\$0.00	\$2,820.46		
Transfer In - Fund 23 CDBG				
Totals	\$2,472,200.06	\$15,518,831.32	62.45	\$16,108,739.85

Bank balances at January 31, 2018 are as follows:

	UnRestricted	Restricted
General Fund	\$4,953,020.94	
Debt Service Fund	\$204,037.60	
Capital Outlay Fund	\$325,752.24	(Includes funds for new voting machines)
Capital Management	\$6,656,461.92	
Occupancy Tax Fund		\$26,840.09
Revaluation Fund		\$400,435.08
Tourism Development		\$409,710.83
Automation Fund		\$142,151.70
Drug Seizure Fund		\$25,029.61

Inmate Trust Fund	\$87,899.57
Soil & Water Conservation	\$88,569.99

Total of All Accounts:	\$12,139,272.70	\$1,180,636.87
New Jail Loan	(\$663,456.00)	
Cooperative Extension Loan	(\$56,309.00)	
School Debt Service	(\$429,667.00)	
40-42 Set Aside for Schools	(\$1,778,688.84)	
Unspent Grant/Restricted Proceeds	(\$664,747.69)	
Medicaid Cost Settlement	(\$283,635.15)	
Encumbered Amounts	(\$202,955.33)	

Total Unassigned and Unrestricted Bank Balances	\$8,059,813.69
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GENERAL FUND EXPENDITURES

DEPARTMENT	MTD	YTD	Encumbered	% OF BUDGET	YEAR TO DATE 1/17
Governing Body	\$8,588.80	\$133,368.26		73.89	\$104,950.35
Finance Office	\$56,702.98	\$343,734.98	\$1,422.83	58.40	\$292,709.36
Tax Collector	\$19,253.38	\$140,799.10		47.55	\$128,702.81
Tax Supervisor	\$30,130.64	\$139,714.27		57.59	\$135,233.20
Land Records	\$4,773.49	\$34,302.17		44.36	\$35,287.37
Professional Services					
Court Facilities	\$250.00	\$6,308.68		30.33	\$6,978.84
Board of Elections	\$12,695.29	\$92,955.38	\$19,283.91	29.88	\$150,474.03
Register of Deeds	\$22,863.17	\$157,013.62		60.85	\$157,610.87
Register of Deeds- Automation	\$0.00	\$11,000.00		100.00	\$11,000.00
Maintenance	\$36,258.64	\$180,616.20		53.32	\$190,017.89
Sheriff's Department	\$270,045.36	\$1,787,756.15	\$36,724.30	58.25	\$1,898,339.00
Emergency Management	\$3,038.80	\$36,519.82		43.88	\$49,788.50
911 Dispatchers	\$28,712.89	\$230,445.05	\$5,850.00	51.96	\$214,178.63
Fire Contract/Forest Service	\$4,722.70	\$21,927.84		24.41	\$27,359.99
Inspections	\$15,486.13	\$121,001.38		48.83	\$118,176.71
Economic Development	\$6,007.85	\$61,020.53	\$2,750.00	28.19	\$75,594.81
Medical Examiner	\$2,150.00	\$3,750.00		28.85	\$5,700.00
Ambulance Service Contract	\$91,154.00	\$638,078.00		58.33	\$625,569.00
Animal Control	\$18,053.16	\$150,009.68		52.25	\$156,881.28
Transportation - Admin	\$6,913.88	\$60,965.51		39.65	\$60,195.79
Transportation - Operating	\$31,941.89	\$200,865.50	\$5,511.66	59.29	\$157,519.50
Transportation - Capital Outlay					
Transportation - EDTAP	\$1,208.65	\$9,273.14		17.73	\$7,559.90

DEPARTMENT	MTD	YTD	Encumbered	% OF BUDGET	YEAR TO DATE 1/17
Planning & Development	\$545.78	\$68,518.69		43.47	\$68,206.78
Information Technology	\$17,014.95	\$106,029.26		55.64	\$96,670.90
Cooperative Extension	\$29,871.33	\$134,229.97		50.59	\$136,282.74
Soil & Water	\$10,236.93	\$72,034.31		56.28	\$70,998.35
Soil & Water - Little Ivy					(\$81.07)
Health Department	\$186,158.91	\$1,442,018.25	\$19,939.07	48.25	\$1,442,504.46
Public Health P&R					(\$60.00)
Smart Start	\$4,449.26	\$31,568.42		60.57	\$30,879.73
Management Admin.	\$17,735.23	\$98,016.63	\$9,000.00	30.55	\$69,920.48
Social Services	\$225,245.57	\$1,597,875.51	\$24,265.60	52.20	\$1,560,728.94
DOT Grant (Work First)					(\$250.00)
AFDC	\$250.00	\$1,979.29		24.74	\$3,801.84
Special Assistance	\$11,090.00	\$95,179.50		62.27	\$101,964.60
State Foster Care	\$64,635.60	\$353,604.31		41.26	\$356,535.35
IV-E Foster Care	\$63,946.71	\$308,690.31		41.83	\$326,707.99
Medical Assistance Program	\$80.00	\$590.00		11.80	\$68.00
Adoption Assistance	\$6,097.76	\$47,845.78		45.92	\$38,383.58
Crisis Intervention	\$44,300.00	\$144,599.77		79.32	\$130,283.46
Child Support	\$9,910.81	\$63,780.81		41.54	\$72,993.23
In Home Aides	\$15,243.40	\$131,759.56		49.88	\$151,708.89
Nutrition	\$23,258.41	\$201,585.11	\$51,894.42	51.89	\$219,129.29
Child Day Care					\$320,167.10
Education	\$273,312.00	\$2,226,560.00		61.97	\$1,546,632.00
A-B Technical College	\$9,375.00	\$65,625.00		58.33	\$65,625.00
Bank Charges	\$1,474.20	\$10,715.52		89.30	\$8,189.64
Library	\$43,384.20	\$319,899.72	\$9,398.52	55.92	\$290,571.39
Parks & Recreation	\$10,568.19	\$56,555.10		50.71	\$58,074.99
Debt Services					
Debt Services Interest					
Fund Transfer In/ Landfill & Libra	\$0.00	\$2,820.46			
Fund Transfer Out/Revaluation					\$2,224.00
TOTALS	\$1,739,135.94	\$12,143,506.54	\$186,040.31	48.87	\$11,778,689.49
GENERAL FUND					
Revenues to Date:	\$2,472,200.06	\$15,518,831.32		62.45	\$16,108,739.85
Expenditures to Date:	\$1,739,135.94	\$12,143,506.54	\$186,040.31	48.87	\$11,778,689.49
Gain/Loss to Date:	\$733,064.12	\$3,375,324.78			\$4,330,050.36
Contingency Fund Balance	\$87,854.70				

LANDFILL FUND

REVENUES	MTD	YTD	Encumbered	% OF BUDGET YEAR TO DATE 1/17	
Transfer From Fund Balance					
Landfill Miscellaneous Fees	\$100.00	\$449.00		224.50	\$100.00
Returned Check Fees					\$25.00
State Tire Disposal Fee	\$0.00	\$7,707.18		38.54	\$7,624.32
Local Tire Disposal Fee	\$10.00	\$180.00		45.00	\$203.00
White Goods Tax					\$2,402.28
Sale of White Goods	\$0.00	\$10,738.41		89.49	\$5,022.20
Household Hazardous Waste	\$0.00	\$711.87		59.32	\$603.75
Temporary Disposal Cards	\$3,540.00	\$12,170.00		67.61	\$9,000.00
Duplicate Disposal Cards	\$70.00	\$1,050.00		110.53	\$410.00
Landfill Disposal Cost Fees	\$11,035.10	\$70,537.86		67.18	\$69,289.18
Landfill Sale of Recyclables	\$2,725.11	\$36,838.59		65.78	\$28,295.87
Nuisance Tires					
Disposal Cards	\$144,595.70	\$1,424,498.49		90.73	\$1,422,685.19
Construction Demolition	\$4,033.51	\$31,777.84		39.72	\$55,379.50
Solid Waste Disposal Distribution	\$0.00	\$4,081.53		37.10	\$3,900.07
Grant/State					
Electronics Management					\$2,115.00
Electronics (County)	\$90.00	\$10,505.00		95.50	\$1,625.01
	\$8.67	\$60.09			\$59.91
Interest					
	\$166,208.09	\$1,611,305.86		78.99	\$1,608,740.28
EXPENSES:			Encumbered		
Landfill	\$117,542.27	\$988,226.32	\$9,715.02	54.81	\$873,826.04
Recycling	\$13,501.89	\$106,440.12		50.53	\$140,544.89
Scrap Tires	\$2,650.87	\$10,031.87	\$7,200.00	50.16	\$13,184.87
White Goods	\$29.91	\$150.30		2.39	(\$1,407.28)
Closure/Post Closure					(\$28,458.00)
	\$133,724.94	\$1,104,848.61	\$16,915.02	54.16	\$997,690.52
	MTD	YTD		% OF BUDGET YEAR TO DATE 1/17	
Revenues to Date:	\$166,208.09	\$1,611,305.86		78.99	\$1,608,740.28
Expenditures to Date:	\$133,724.94	\$1,104,848.61	\$16,915.02	54.16	\$997,690.52
Gain/Loss to Date:	\$32,483.15	\$506,457.25			\$611,049.76

**911 Emergency Telephone
Services**

	MTD	YTD	Encumbered	% of Budget	YEAR TO DATE 1/17
Revenues	\$19,910.77	\$119,464.62		50.00	\$125,594.98
Expenditures	\$26,851.80	\$114,140.57		47.82	\$86,912.14
Gain/Loss	(\$6,941.03)	\$5,324.05			\$38,682.84

Percentage of budget at December 31, 2017 is 58.33%

Notes:

Occupancy Tax Fund - Balance is low because every quarter you must give 97% of the receipts to the TDA and 3% to the county.

**Madison County
Board of Commissioners**

**2018 Budget Amendment # 8
February 13, 2018**

Description	Line Item	Debit	Credit
Ad Valorem Taxes			
2008 Ad Valorem Taxes	10.3100.2008		\$ 200.00
2010 Ad Valorem Taxes	10.3100.2010		\$ 100.00
2011 Ad Valorem Taxes	10.3100.2011		\$ 1,000.00
Bad Check Fees	10.3100.7500		\$ 250.00
2013 Ad Valorem Taxes	10.3100.2013	\$ 1,550.00	

To adjust tax revenues to current projections. Overall revenues for prior year ad valorem taxes are at 71.9% of projection YTD. Amendment adjusts budget estimates by year based on actual collections. Total budgeted for all prior years taxes (combination of all prior tax years) remains \$660,000.

Sheriff's Dept

Housing of State Inmates	10.3431.3000		\$ 2,000.00
Drug Tax - State/Federal	10.3431.3620		\$ 1,600.00
Housing of Federal Inmates	10.3431.2100	\$ 49,089.60	

Budget includes \$600,000 (confirm number) in revenue from housing federal inmates, based on mix of local, state, and federal inmates in FY 2016-2017. Increase in the number of local inmates, many tied to opioid related crimes, has reduced space for housing federal inmates. Projected Federal Inmate revenue is being reduced as other revenues come in over projection, and as expenses come in below projection.

Salaries	10.4310.1210		\$ 31,000.00
FICA	10.4310.1810		\$ 2,371.50
Retirement	10.4310.1820		\$ 2,359.10
Repairs & Maint: Vehicles	10.4310.3530	\$ 2,150.00	
tires & Tubes	10.4310.2520	\$ 650.00	
Inmate medical Services	10.4310.1930	\$ 17,200.00	
Salaries: Temp	10.4310.1260	\$ 16,000.00	

To adjust expenses to current projections.

Capital Outlay	10.7000.1000		\$17,500
Capital Outlay: Vehicle	10.4310.5130	\$17,500	

Moves funds from County's budgeted Capital Outlay line to the Sheriff's Capital Outlay: Vehicle line in order to fund the purchase (\$15,000) and outfitting (\$2,500) of a used patrol vehicle for the Sheriff's Office. Portion of Capital Outlay line was for new vehicle purchase near end of fiscal year. Opportunity for good used vehicle expedited the need for the funds.

Library

LSTA PLA Grant Income	10.3611.7000		\$	2,200.00
LSTA PLA Grant Expenditures	10.6110.7000	\$	2,200.00	

To record LSTA PLA grant received.

Library: State Aid	10.3611.3200		\$	3,472.00
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Library State Aid came in higher than projections.

PILT

National Timber Receipts	10.3313.2400		\$	12,073.00
Forest Service Funds	10.5911.6700	\$	24,146.00	

To record initial budget for National Timber Receipts as well as expense for FY17 funds not yet sent to schools.

Interest Earned

Interest Earned	10.3831.4910		\$	20,000.00
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To adjust interest earned to current actual projections. Additional revenue is offset by \$20,000 reduction to projected revenue from housing Federal Inmates.

Cyber Insurance

Cyber Insurance	10.4110.4550		\$	2,034.00
Cyber Insurance	10.5110.4550		\$	3,800.00
Cyber Insurance	10.5310.4550		\$	1,900.00

Our current Prop & Gen Liab Ins includes our Cyber Insurance Protection.

Finance

Prof Services - Other	10.4130.1990		\$	1,900.00
Miscellaneous Expense	10.4130.6500		\$	8,000.00

To adjust expenses to current projections.

Parks & Rec

Wellness Center Exp	10.6130.1995		\$	5,000.00
Food & Provisions	10.6130.2200		\$	200.00

County no longer contributes to expense of paying someone to keep the Wellness Center open. School system is no longer paying an extra person for the work, and the County does not have consistent access to the building to justify this expense. Change occurred as budget was being developed last year.

Maintenance

Salaries	10.4261.1210		\$	10,000.00
FICA	10.4261.1810		\$	765.00
Retirement	10.4261.1820		\$	761.00

To reclassify lapsed salaries.

	\$	130,485.60	\$	130,485.60
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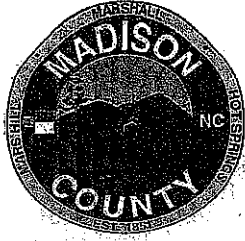
Difference		\$	-
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January 2018 Property Releases and Refunds
for February 2018 Meeting

Releases									
NAME	County	Fire	Disposal fee	Late list fee's	Int	TOTALS	REASON		
Barrow, Jane	\$130.00	\$22.50	\$131.00			\$283.50	granted elderly exemption		
Brown, John			\$160.00			\$160.00	per solid waste no power, water, or sewer		
Carver, Ralph			\$160.00			\$160.00	per solid waste no power		
Coates, Kathleen	\$81.29	\$29.15				\$110.44	2005 bill foreclosure account unable to use forced collections		
Coates, Kathleen	\$292.62	\$29.15				\$321.77	2006 bill foreclosure account unable to use forced collections		
Davis, David			\$160.00			\$160.00	per solid waste no sewer		
Davis, David			\$207.00			\$207.00	per solid waste no water		
Faulkner, Edison	\$173.43		\$160.00			\$333.43	per mapper no longer exist all taxed under acct 6385		
Frisbee, Woodrow			\$160.00			\$160.00	per solid waste no power, water, or sewer		
Goforth, Denny			\$160.00			\$160.00	per solid waste has dumpster contract		
Goforth, Denny			\$800.00			\$800.00	per solid waste has dumpster contract		
Kent, John Ralph			\$160.00			\$160.00	only 7 houses on property		
Powell, Velma	\$27.15	\$4.18				\$31.33	granted elderly exemption		
Reavis, Michael			\$160.00			\$160.00	per solid waste no sewer, water, or power		
Roberts, Ricky			\$160.00			\$160.00	per solid waste no power, water, or sewer		
Shelton, Steven	\$26.00	\$1.50	\$131.00			\$158.50	granted veterans exemption		
Shelton, Steven	\$208.00	\$12.00				\$220.00	granted veterans exemption		
Silver, Jerry			\$160.00			\$160.00	should've only been charged for 3 cards		
Silver, Jerry			\$160.00			\$160.00	2016 bill should've only been charged for 3 cards		
Tweed, Dennis			\$160.00			\$160.00	per solid waste no water		
White, John	\$164.59	\$31.65				\$196.24	taxed under ma 9668 for 2017		
White, John	\$235.75	\$9.07				\$244.82	double taxed conveyed this piece to ma 19638 in 2004		
White, John	\$181.33	\$48.82				\$230.15	taxed under ma 9668 for 2017		
Woody, Jimmy			\$158.47	\$1.53		\$160.00	per solid waste no power or water		
TOTALS	\$1,520.16	\$188.02	\$3,347.47	\$1.53	\$0.00	\$5,057.18			
Refunds									
NAME	County	Fire	Disposal fee	Late list fee's	Int	TOTALS	REASON		
Brigman, Blake	\$7.80	\$1.35			\$0.92	\$10.07	tag turned in 9/2016 shouldn't have billed for 2017		
Buckner, Gary	\$130.00	\$22.50				\$152.50	2017 refund was charged for neighbors garage		
Buckner, Roger	\$130.00	\$22.50				\$152.50	2016 refund was charged for neighbors garage		
Evans, Carl			\$160.00			\$160.00	per solid waste no water or power		
Hare, Tom			\$320.00			\$320.00	per solid waste no water or sewer		

January 2018 Property Releases and Refunds
for February 2018 Meeting

Jordan, Charles	\$644.85					\$644.85	2015-2017 5.1ac taxed under ma 658133 parcel was double taxed
Jordan, Charles	\$644.85					\$644.85	2012-2014 5.1ac taxed under ma 658133 parcel was double taxed
Mashburns of Madis				\$160.00		\$160.00	Donna Moore qualified for exemption
McKelvey, Virginia	\$121.55	\$18.70				\$140.25	taxed on wrong acreage
Payne, Johnny				\$160.00		\$160.00	per solid waste no power or water
White, John	\$629.98	\$23.80				\$653.78	2011-2013 land was double taxed
White, John	\$447.14	\$16.98			\$3.00	\$467.12	2008-2010 land was double taxed
White, John	\$707.25	\$27.21			\$11.63	\$746.09	2014-2016 land was double taxed
White, John	\$288.66	\$5.66			\$4.12	\$298.44	2006-2007 land was double taxed
White, John	\$275.91					\$275.91	2004-2005 land was double taxed
Worley, Eugene	\$153.97	\$17.77		\$131.00		\$302.74	granted elderly exemption
Worley, Ralph				\$160.00		\$160.00	owner of SWMH on their land qualified for exemption
TOTALS	\$4,181.96	\$156.47	\$1,091.00	\$0.00	\$19.67	\$5,449.10	



Madison County Administration

PO Box 579
Marshall, NC 28753
(828) 649-2854
www.madisoncountync.org

To: Board of Commissioners
From: Forrest Gilliam, County Manager
Date: February 13, 2018
Re: 2017 Annual Report

In 2017 Madison County realized the results of multiple years of work on several fronts, including the 44 job expansion announcement at Advanced Superabrasives in Mars Hill, an increase in the county's fund balance as we continue efforts to restore the county's reserves to their pre-2014 levels, and a continued increase in the property tax collection rate. The improvement to the county's financial position allowed for the opportunity to begin planning long-term capital outlay for county construction, renovation, vehicle, and equipment needs over the next five years. The five year plan provides budget stability and ensures that every annual budget is adopted with the long-term effect in mind.

Our growing and changing county faces several challenges and opportunities that continue to be at the forefront in 2018, including access to high speed internet for citizens and businesses, a lack of affordable workforce housing, water and sewer infrastructure needs in our municipalities, and the need for additional workforce development through our public schools, community college, and employers. Madison County is not immune to the nationwide opioid epidemic, which impacts the labor pool in our region and increases demands on our public safety, public health, and judicial systems. These increasing challenges, and some exciting opportunities, must be addressed in the context of limited county resources. The county must budget critically and carefully in order to maintain adequate staffing levels and avoid spreading county employees and infrastructure too thin. This requires continued careful evaluation of the level of all county services, and a determination by the commissioners regarding the most important priorities.

This annual report highlights some of the significant developments in county government in 2017, while also assessing the issues that will likely require significant focus in 2018 and beyond. Due to the variety of services provided by county departments, this report focuses on only the biggest issues that have received particular focus of the board or that do not fall under a specific department. Each department manager also provided a report of the significant accomplishments, changes, and challenges they are facing. Copies of those specific department reports are enclosed for your review. I encourage you to follow up with these department heads with any questions or observations you have.

Madison County benefits greatly from the dedication of our employees, elected officials, volunteer board members, nonprofits, community leaders, and members of the private sector who work together to make our county better. It is a pleasure to work for you, and work with all of these members of our community.

Education

The Board continued efforts in 2017 to increase funding to the Madison County Public Schools, increasing appropriations from the previous year by \$1,093,118 between instructional/operating

costs and restricted 40/42 sales tax fund for capital outlay. The increase includes \$63,380 in additional Current Expense funds which are used by the school system for salaries, supplies, utilities, and other operating costs, and \$10,000 in additional funding for the B-K program. The county's local funding has increased by 22 percent over the past five years, and the local funding per pupil has increased by 34 percent in the same timeframe. Madison County moved from 93rd out of 100 counties in local per pupil local funding in 2012-2013, up to 84th in 2014-2015, and back to 85th in 2015-2016, the most recent year for which the rankings are available.

Year	Local Appropriation	ADM/Students	Funding Per ADM	Ranking
2012-2013	\$2,227,042	2,548	\$874	93
2013-2014	\$2,368,901	2,518	\$941	88
2014-2015	\$2,495,560	2,445	\$1,021	84
2015-2016	\$2,495,560	2,390	\$1,044	85
2016-2017	\$2,659,740	2,295	\$1,159	Not available
2017-2018	\$2,738,120	2,338	\$1,171	Not available

The county has appropriated an additional \$242,560 (9.7%) since the 2015-2016 rankings, so it is expected that Madison County will move up in the rankings when they come out next year. While our per pupil expenditure ranking is still low compared to other counties, our ranking improved more than any other county between 2012-2013 and 2015-2016. The state also provides significant funding through Low Wealth Supplemental Funding and Small Schools Funding to make up for the limited ability of small rural counties to raise enough revenue locally to fund education at the level of more prosperous counties. Progress on the per pupil expenditure ranking is slow because the county started out behind. It would cost Madison County \$916,000 to reach the statewide local per pupil funding average of \$1,563.

With limited funds available to dramatically increase the appropriation for Public Schools Current Expense, the county has worked with the school system to provide additional 40/42 sales tax funds, which are restricted for public school construction costs, in the amount of \$1,019,738. \$429,667 of the total \$1,284,667 in 40/42 funds is used for the debt payments on the school's nearly completed QSCB construction program which includes the newly opened media center at Brush Creek Elementary and the new Madison Early College High School. An additional \$355,000 covers costs related to an energy loan the school system entered into a number of years ago that they had been paying from Current Expense funds. By covering this expense with 40/42 funds, the \$355,000 is freed up for the Board of Education to use for operating expenses, including a local salary supplement. The county also appropriated \$500,000 in 40/42 funds to the Board of Education for various capital outlay needs. The county still maintains adequate 40/42 reserves to cover two annual payments on the interest free QSCB loan and set aside future funds for school system capital outlay.

Economic Development and Infrastructure

Advanced Superabrasives

After working for multiple years with the company and the Town of Mars Hill, the Board approved in October a local property tax incentive agreement for a 44 job, \$18 million expansion at Advanced Superabrasives, Inc. The expansion will take place over the next three years, with jobs providing benefits and average wage of \$33,000. These manufacturing jobs are critical to Madison County. Over the past four years the county has worked with the Town of Mars Hill and State of North Carolina to secure grant funding to extend last mile high speed internet to the site, and the NC Community College System has worked to assist the company with workforce training. The county also supported the construction of the new Advanced Manufacturing Center at Madison High School in 2015. The center provides high school students

with training on the types of machines they will use on jobs at employers such as Advanced Superabrasives, GE Aviation, and Baldor. This is the first property tax incentive Madison County has ever entered into with a company, and shows that the county is willing to compete for economic development opportunities in our region and state. It follows a 26 job-expansion announcement in 2015 at Peerless Blowers in Hot Springs, a project that was aided by the county's recruitment of the new owner of the plant and support of a Building Reuse grant through the NC Department of Commerce.

Transportation

Working with the NC Department of Transportation, Land of Sky Rural Planning Organization, and our representatives in the General Assembly, two significant transportation projects were awarded funding in 2017, and a third received grant funding but its status is currently on hold due to bids coming higher than the grant funds awarded for the project.

Thanks to a groundswell of written public input encouraged by the county to NC DOT, U.S. 25-70 from Madison High School to Madison Middle School is programmed for \$30.2 million in improvements, with engineering currently underway, right-of-way acquisition in 2021, and construction in 2023. The project will allow for some turn lanes, potential passing lanes, and safety and shoulder improvements. The project was not scheduled to be funded, but the level of input to DOT led to the project receiving funding instead of a project on I-40 in Asheville.

Responding to repeated accidents involving large trucks on NC 208, Representative Michele Presnell successfully secured a \$3.5 million appropriation for safety improvements on NC 208 between U.S. 25-70 and NC 212. Construction is expected to take place this year. The project will widen some of the major curves and improve shoulder width where possible with a goal of making the route safer for traffic that uses the road, especially as a detour when I-40 is closed in Haywood County.

In 2014 and 2015 Madison County worked with the Town of Mars Hill and the Land of Sky RPO to apply for grant funds through the Appalachian Regional Commission (ARC) for the completion of the Crossroads Parkway connector between exits 9 and 11 in Mars Hill. The project was awarded \$1.4 million by ARC in 2015, but when construction estimates came in last fall the project was estimated to cost \$3.5 million. The Town of Mars Hill has re-submitted the project through the state transportation funding formula to receive additional state funding to cover the gap in funding. Grant funds are secure for the next few years, and we have had conversations with officials in Raleigh that lead us to be optimistic about the prospect for the remaining funds to be secured.

Broadband

Like most rural counties, Madison County suffers from a lack of reliable and affordable high speed internet to many of our residents. Working with the State Broadband Office since 2015, the county undertook a countywide survey of internet service demand in 2016 and held a meeting in November of 2016 with area providers in order to share the results of the survey and encourage additional investment on the part of those providers. Extending fiber to each home in Madison County is estimated to be very expensive, upwards of \$20 million. Providers are understandably hesitant to undertake the cost of construction for extending this fiber, especially when many homes are located far from the main road and not all residents who have access to the service will subscribe. French Broad Electric is to be commended for expanding its fiber services in some of the more densely populated, but still rural, sections of Madison County. French Broad also invested years ago in a good "backbone" network that goes into the farther reaches of the county. The challenge is the cost of getting internet service to each home in those areas, where the number of households per mile limits the cost effectiveness of the investment by the provider.

Madison County does not have \$20 million to pay for a provider to extend internet everywhere in the county, nor does it appear likely that a provider will invest that sort of money on their own to extend service to every rural section of the county. The county can consider using its economic development funds to match grant applications to the state or federal governments to provide

larger amounts of money for projects that would then be implemented by a provider through an RFP process. We plan to apply for a grant through the Appalachian Regional Commission in April to fund this sort of effort, though it is likely that their maximum grant amount will only fund part of what we need. There are larger federal grant sources that are available only to providers, but the requirement to serve every home, including going up mile long driveways, makes these programs difficult in rural areas.

Our county planner has been working diligently in 2017 and 2018 on inventorying the vertical assets that are needed for other internet technologies that may be implemented more quickly than fiber to the home. The State Broadband Office has been complimentary of Madison County's efforts to make information available to potential providers, saying we are miles ahead of most counties in our preparation. Last mile internet is a huge expense and is more challenging in rural areas. This is going to be a long process that will need to be addressed in phases.

Future Development

Economic growth is critical to the future success of Madison County. The county has made great strides in the past three years by providing the resources for staff to work with existing and prospective employers on economic development projects, and by providing grant matching funds and being willing to engage in economic development incentives. County staff was able to travel to a couple of trade shows throughout the country in 2017, and spoke with over 35 prospective companies about Madison County. Seeing through the Peerless and Advanced Superabrasives announcements are examples of this investment paying off.

Just as broadband and transportation are highlighted above, the work surrounding economic development is about more than marketing the county. Businesses make decisions about where to locate and expand based on the specific needs of their company, including market factors, location, infrastructure, the availability of skilled workers, availability of housing, prevailing wages in an area, incentives, and the area's quality of life. Madison County must continue to work with our partners at the state level, in business, in our three municipalities, and in education to improve Madison County's standing in each of these measures.

Public Health and Safety

Opioids

Population growth and change, and the opioid epidemic, are challenging our public safety, public health, social service, and judicial systems. It is easy to see the impact of this epidemic on families in Madison County, as we all know someone who has been touched by substance addiction. The long-term effects of the drug problem weaken our workforce and our community systems. We are fortunate that a number of people in Madison County are working to address this issue in our community.

The Madison Substance Awareness Coalition, or MSAC, is funded through our Health Department and has been working to improve collaboration among community partners such as the county, law enforcement, the judicial system, public schools, churches, health care providers, and others in an effort to address issues surrounding substance use in Madison County. In 2017 MSAC worked with each police department and the Sheriff's Office on three drug takeback events, the distribution of medication lockboxes throughout the community, and the sponsorship of multiple community forums on substance use. In October, the Health Department was awarded a Federal Drug Free Communities Grant worth \$125,000 per year for five years. The grant will be used by MSAC to fund additional community education, including the funding of a coordinator for a Teen Task Force at Madison Middle School. The coordinator will work with MMS personnel to provide evidenced based education to middle school aged students, and empower those students to lead the effort to combat substance use, which so often starts with this age group.

MSAC and others in the community are working together to identify gaps in mental health and substance use services, to provide peer support for those who are struggling with addiction and

their family members, and to identify the missing pieces to bring additional services to Madison County. Many of these services are free and do not rely on any additional county funding.

These community efforts focus on the human impact of drug addiction in our community, but there is also a practical impact to the budgets for various state and county services. Our social workers are seeing huge numbers of child welfare and foster care cases involving substance use issues. Our new jail is filled with local inmates who require substance use related medical care that we are required to pay for as a county, and the housing of local inmates takes up beds that could be used for revenue generating state and federal inmates. Our inmate medical budget is expected to be \$100,000 or more over budget for the current year, and we are expecting as much as a \$300,000 shortfall in federal inmate revenues due to lack of space for housing them. Our court docket is full, leading to space issues for our court system.

The county will need to continue support going forward for community education efforts and work to identify potential diversion efforts, such as a drug court, to help reduce the rate of increase in county costs related to the opioid epidemic.

Public Safety and Judicial Needs

Madison County benefits from being located near a more populous county and having an interstate highway run through us. Along with the benefits of economic development and mobility, we have additional challenges to our public safety and judicial systems coming from the number of people who travel through our county. Our Sheriff's Office is doing a great job enforcing the law, but there will come a time in the next few years when they will need additional manpower to meet the constantly changing needs of the county. The Sheriff has not requested any additional personnel at this point, but we should work with him to plan for the future, by first looking within his existing budget and then looking at what additional resources the county should provide. There is an immediate challenge in keeping detention officers at the jail, and I expect this year's budget will attempt to address salaries in this area.

The county has been supportive of our Sheriff's Office, funding the purchase of 10 new or used patrol vehicles in the past three fiscal years to replace worn out vehicles that had fallen off the replacement schedule as a result of recessionary cuts in prior years, and working to fund increased inmate medical costs that are unpredictable and generally beyond anyone's control. The Sheriff and his staff work to eliminate wasteful spending and they look after the money appropriated by the county carefully. The Sheriff seeks opportunities for donated equipment and labor. The Sheriff has worked diligently in recent years to reduce the amount of accrued compensatory time in his department and we will continue to work with the Sheriff to make sure he has adequate resources to provide for the public safety of our citizens.

Ongoing renovations to the courthouse are discussed later in this report, as well as the increased demands for space that our court facilities face. The county is going to have to work in the next few years to address these space and service needs.

County Workforce

Madison County Government thrives due to the dedicated work of our more than 280 full and part time employees. As a small county with limited revenues, we continue to work to combine employee compensation and benefits to keep the county competitive with other employers and respect the work of our employees. Employee compensation is increased for a variety of reasons, including adjustments for increased cost of living, to eliminate pay disparities between similar jobs within the organization, to recognize exemplary performance, and to remain competitive with other area employers. Madison County must balance all of these reasons when allocating limited funds with every budget.

The budget for FY 2017-2018 allocated an additional \$222,648 for salary increases, including a \$500 per employee cost of living adjustment. The \$500 was chosen rather than an across the board percentage increase because the \$500 was of greater benefit to the lowest paid employees. Since June of 2015, the county's minimum starting wage has increased from \$7.25

to \$8.39 per hour. The county's overall average hourly wage increased by 3.9% in 2017, to \$16.43 per hour. The budget also allocated funds to address additional employee compensation for some lower paid employees, to address inequities between positions, and to recognize increased job responsibilities.

Health Insurance

The county has historically lacked the funds to provide consistent cost of living adjustments, but has attempted to supplement salaries with generous health insurance benefits for full time employees. This is a valuable benefit to our employees that exceeds the average employer cost share among employers in North Carolina.

Average Premium Per Enrolled Employee, Employer Provided Health Insurance			
	Employee Premium	Employer Premium	Total Premium
Madison County	\$0.00	\$8,522.00	\$8,522.00
NC Average (2016)	\$1,189.00	\$4,528.00	\$5,717.00

Source: Kaiser Family Foundation

The current year's budget allocated an additional \$156,000 to employee health insurance in order to maintain low deductible, premium free, 80/20 health insurance for full-time employees. The per employee health insurance increase, paid by the county, was \$710 in 2017, with the county now paying \$8,522 annually for each full time employee's health insurance. The combined health insurance budget total for approximately 220 full time employees countywide is \$1,874,840. To help control costs, the employee deductible increased from \$300 to \$700 on January 1. This change creates an out-of-pocket increase for some employees, though the number of employees whose health care expenses typically fall between \$300 and \$700 is minimal. Providing additional funds to maintain premium free health insurance allocates resources that could be used on salary increases or in other areas of the budget. With the decades long increase in the cost of health care and insurance nationwide, we should anticipate these costs increasing in the coming years for Madison County. The county is going to have to work hard to control costs and prioritize the most important benefits to employees, while looking at how the benefits fit with employee salaries for total compensation.

Employee Workload

Even when an employee's pay and benefits are adequately addressed, the county needs to be mindful with future budget decisions about the impact of employee position eliminations/consolidations on the workload of remaining employees. Handling budget cuts through employee attrition leads to disparities in work assignments among employees and departments, and inevitably leaves some departments that are over-staffed in certain areas and more departments that are inadequately staffed. The county has made an effort in the past three years to evaluate where employees are most needed, and has made some internal transfers or shared positions between departments in order to address this issue. In an organization the size of Madison County Government, there will always be variations in workload among employees. Supervisors must be aware of the skills and capabilities of their employees and should assign work as evenly as possible. We must be aware going forward that a lack of funding for some critical positions over time can wear down remaining employees and lead to us losing some of our best.

Employee Assistance Network

The county joined the Employee Assistance Network in 2017. The EAN provides confidential and professional assistance to help resolve problems that are affecting employees and their families. The program's services can be used voluntarily by employees or by management referral to address a performance issue. In 2017, five management referrals were made to the EAN as part of a disciplinary process. Additionally, the EAN provides online and on-site training opportunities for county employees, with over 60 enrollments last year in four online courses focused on constructive confrontation skills, generational differences at work, managing successful change and transition, and team building through effective leadership. The program is a result of the recommendation of our human resources director who was brought on board in 2016, and will benefit our employees and supervisors on an ongoing basis.

Random Drug Testing

While the long-standing policy in Madison County has included a pre-employment drug screen, commissioners in 2017 implemented random drug testing for safety sensitive positions across all departments. The random system follows improves accountability and reduces the county's liability.

Hiring Process

With the employment of a human resources director some changes were made to the process of recruiting and hiring employees. All job postings, descriptions, and hiring rates are now coordinated out of the HR office with the advice of the supervising department head and approval of the county manager. A hiring committee consisting of the department head, HR director, fellow department employees, and, if appropriate, members of the community who are served by the department in question, screens applications and conducts interviews. The committee ranks the candidates after the interviews and the HR director submits the recommendations to the Board of Commissioners for final approval.

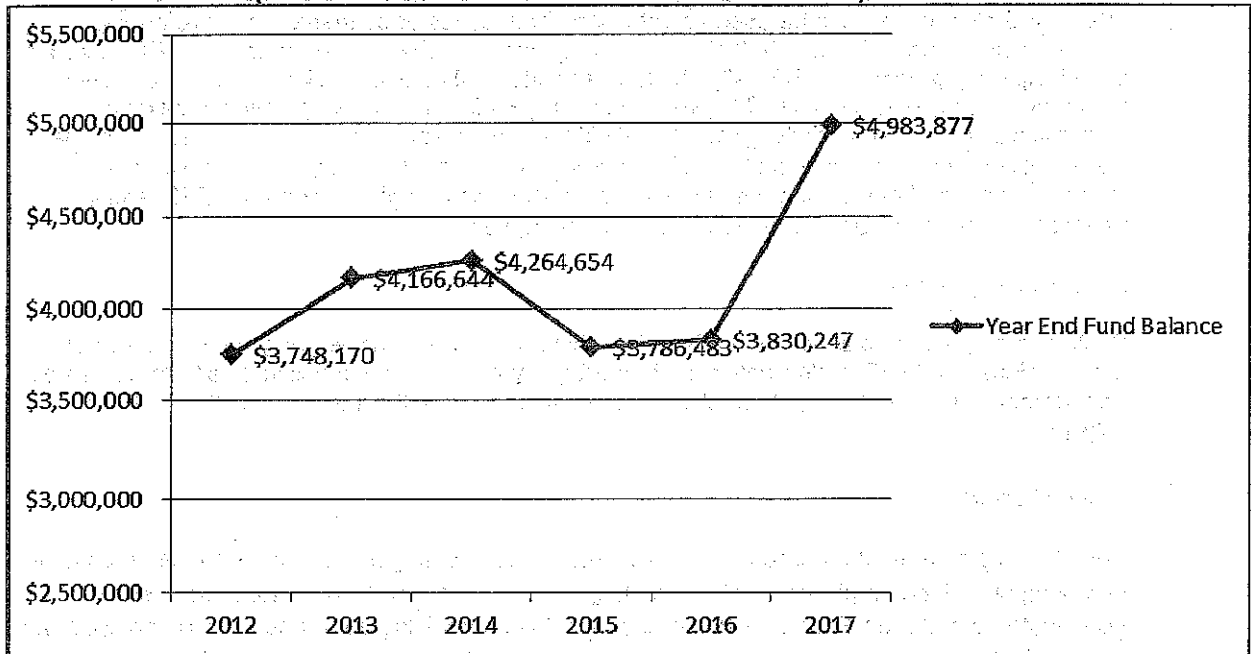
Long-Term Budgeting

Fund Balance Increase

As a result of conservatively estimating revenues and expenditures over the past three years, increasing the collection of delinquent property taxes, the sale of surplus property, and an increase in sales tax revenues, the county's year end fund balance, or reserves, increased significantly at the close of FY 2016-2017.

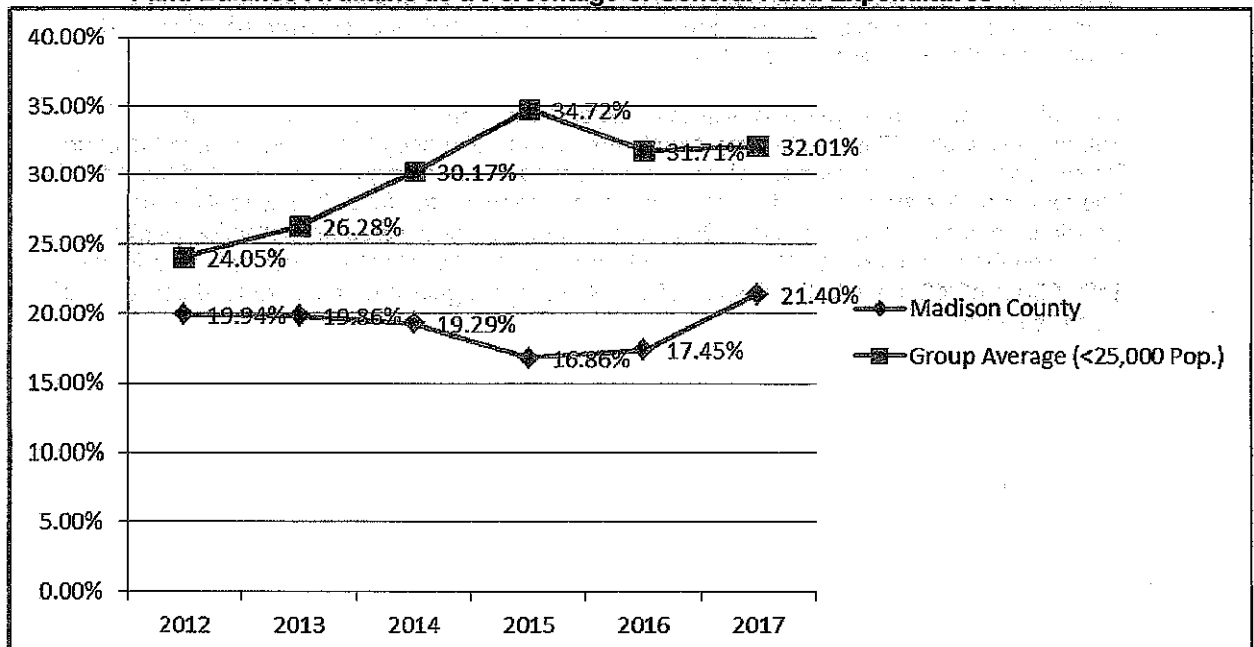
The below chart shows the trend over the past six fiscal years for the County's year end Fund Balance Available. This number represents the amount of money that is available to the county for appropriation, and does not include restricted funds such as previously awarded grant funds. The total includes 40/42 sales tax reserves, which are restricted for public school construction. A significant portion of the increase in 2017 came from increased sales tax collections which also increased the amount of 40/42 funds. The Board voted in October to appropriate an additional \$400,000 in 40/42 funds to the Board of Education, in recognition of the increased collection of those revenues.

**Year End Fund Balance Available
(Includes 40/42 Reserves for School Construction)**



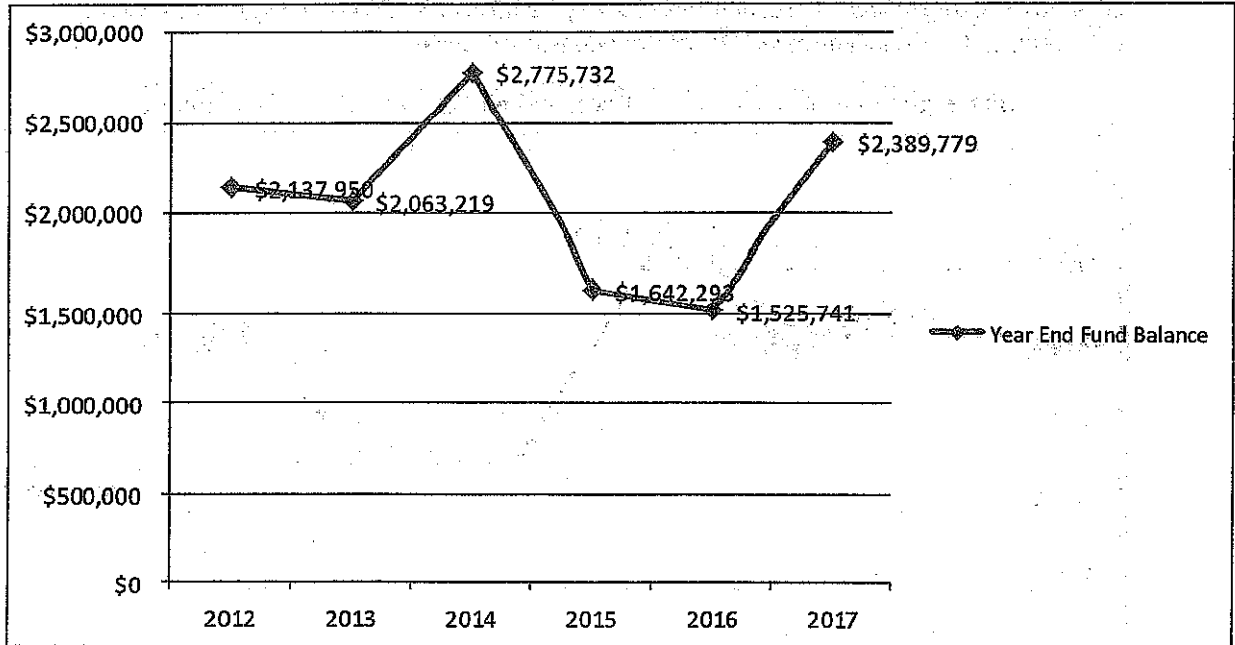
The Local Government Commission (LGC) requires each local government to maintain a Fund Balance Available of at least 8% of their annual General Fund Net Expenditures. As a percentage of our net expenditures, Madison County's Fund Balance Available at the close of FY 2017 was 21.4%, compared to an average 32.01% for counties in our population group (less than 25,000). The LGC requirement represents only one month's worth of operating expenses, and is a minimum threshold for counties. Counties are wise to exceed the LGC minimum, as funds may be needed for long term projects or emergencies. The below chart shows the trend for Fund Balance Available as a Percentage of General Fund Expenditures, over the past six fiscal years.

Fund Balance Available as a Percentage of General Fund Expenditures



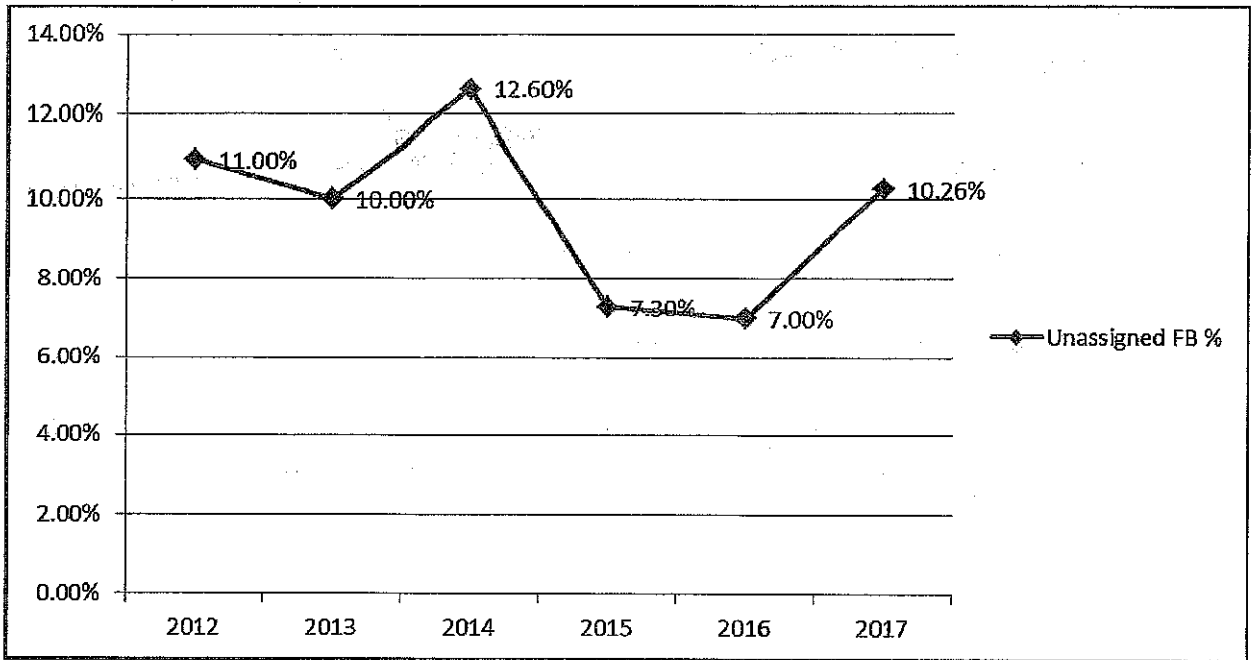
Because the Fund Balance Available number includes 40/42 funds, it is helpful to look at the actual amount of money in Fund Balance that is available and completely unrestricted. This is known as Unassigned Fund Balance, and is the most realistic number to look at regarding what is actually available to the county. Due largely to an increase in the collection of one-time revenues from prior years property taxes, and a reduction in expenditures, \$864,038 was contributed to Unassigned Fund Balance at the end of the fiscal year (see chart below).

Unassigned Fund Balance



While the increase in Unassigned Fund Balance is significant, it is important to view the volatility of this number over the past several years. The \$2,389,779 represents 10.26% of FY 2016-2017 expenditures (see chart below). An unexpected decline in revenue or increase in an emergency expense in any budget year can easily deplete this number. FY 2016-2017 represented a rare year of a surge in one-time revenues. FY 2013-2014 saw a similar increase due to the initial increase in one-time revenues. By increasing the budgeted amount of these one-time revenues to a level that was not sustainable, and therefore unable to cover expenses, those gains were more than eliminated in FY 2014-2015. Going forward, the county must be very cautious to continue to budget conservatively each year, and use one-time revenues only for one-time expenses.

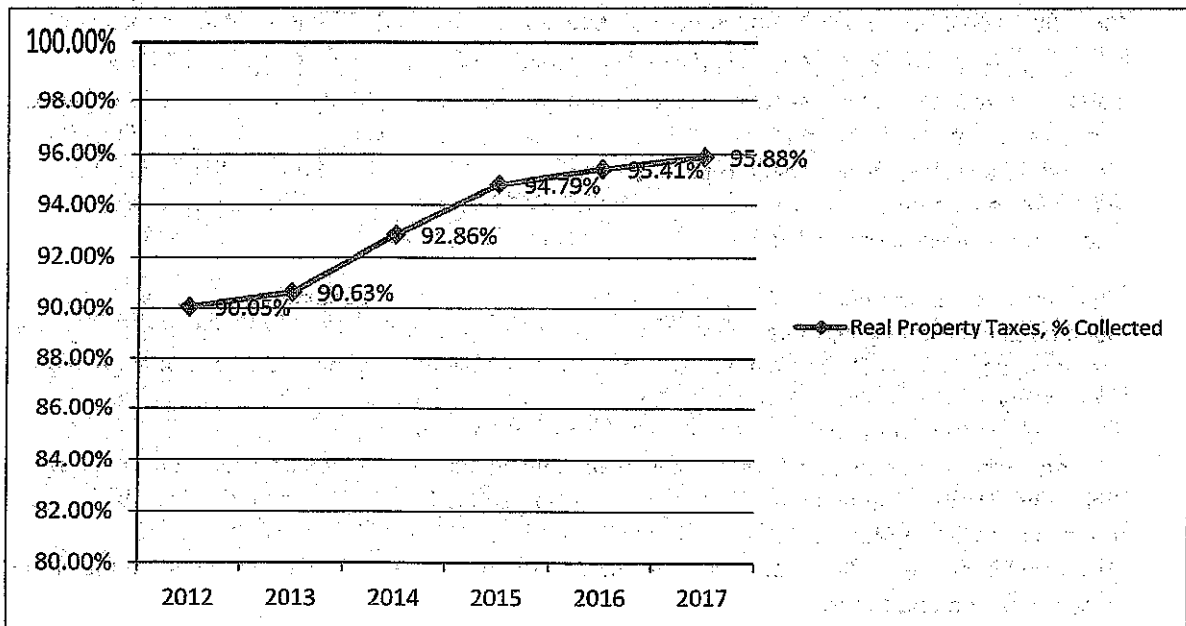
Unassigned Fund Balance as a Percentage of General Fund Expenditures



Increased Property Tax Collection Rate

The county's current year property tax collection rate was 95.88% in FY 2016-2017, up 0.47% from the previous year and up a combined 5.83% from FY 2011-2012. The increase over the past five years in the percentage of people who pay their taxes has led to an increase in revenues for the current year (FY 2017-2018) of \$607,124, which is the equivalent of a three cent property tax rate increase. The average property tax collection rate for peer counties (population 25,000 and below) in FY 2016-2017 was 97.55%. The purchase in 2017 of new tax billing and collection software is expected to streamline record keeping, save staff time, and allow for continued progress on increasing the property tax collection rate. The new software system is currently being implemented, with the first module expected to go live in the next few months.

Real Property Tax Collection Percentage



Capital Outlay

Madison County has a number of deferred building maintenance and vehicle needs that we are working to address through a Capital Outlay Plan that projects expenses for these needs over the next five years. This enables current and future commissioners and county managers to better plan their budgets each year, and leads to more effective purchasing decisions that are not made in emergency situations. Historically Madison County has had tight budgets, and the cuts necessary during the recession era budgets of 2009-2012 increased the backlog of needs. As the economy recovers and revenues increase, it is important to create a plan for the future, and set aside funds each year for current and future capital outlay needs.

The county manager and finance officer worked in 2017 to develop a draft outline of known capital outlay needs for each fiscal year through FY 2022-2023. The outline includes funds for completed renovation of the courthouse, replacement of aging county vehicles on a regular rotation, renovation/expansion of office space at the County Administration Building, construction of a new EMS base, expansion of the Animal Shelter, renovation of the Senior Center, and the purchase of new voting equipment. The draft plan, discussed with the Board at the December work session, totals \$2.6 million over six years, with the number anticipated to grow with input from department heads and with formal construction estimates.

Creating the plan and defining the need are critical steps, but the plan requires funding, and the county took an important step in this direction by including \$50,000 for capital outlay in the FY 2017-2018 budget, and added an additional \$30,000 to this amount when surplus property was sold in July. Money saved from declining annual debt payments on the Jail and Cooperative Extension can be added to the amount set aside for capital outlay each year in order to help cover these expenses. Additional money will be needed to address all of the identified needs over the coming years. The county is in the process of marketing surplus real and personal property, with proceeds of any sales being contributed to capital outlay costs. These moves may fund the first few years of the plan, but additional steps will be needed based on economic growth and potential increased revenues to make sure county property and equipment are taken care of.

Courthouse/Court Space

Work was completed on a new heating and cooling system for the courthouse in 2017, following the renovation of three offices and structural repairs in 2015 and 2016 and a rehab of the cupola and columns and painting of the front of the building's exterior in 2013 and 2014. The draft capital outlay budget includes funds in the current year and in FY 2018-2019 to run new IT wiring, renovate two more offices, build new ADA accessible restrooms within the building, and build a secondary entry/exit door. These repairs are needed in order for the 1908 building to function effectively as a space for modern day court activity in 2018, and some of these repairs likely should have been prioritized before the cosmetic repairs that took place in 2013 and 2014.

The renovation of the courthouse is important to make the historic building functional and safe, but it does not resolve increased demands for court space as a result of our county's growing and changing population. By population alone, Madison is a distant second in size to Watauga in our five county judicial district, but our interstate and proximity to a larger county make the demands on our court system run about even with Watauga. We are the only county in the district that operates with one courtroom, which leads to scheduling issues. Judges and court officials have been patient, and county departments have provided space for court to be held in their buildings, but this is not a long-term solution. The county is going to have to look very soon at how to provide suitable dedicated space for a second courtroom, which does not have to be on the same property as the courthouse.

County leadership in 2004 and 2005 wisely used the proceeds of the state's buyout of the Primary Building on the Island to purchase the former Madison Plaza which now serves as our County Administration Building. This purchase was made without county funds, and we have all benefited from the use of this building to house a number of county departments since that time. The county would benefit from some additional consolidation of offices that are still scattered throughout Marshall. While the construction meets code, the interior walls of the Administration Building were built within a few days during a natural disaster. The plywood walls will always look temporary, and future capital outlay needs to include funds for an extensive renovation of the Administration space, including a more efficient floorplan that would maximize the use of the space. The county will likely need some of the space currently occupied by existing commercial tenants elsewhere in the shopping center within the next two years, and should consider the impact on county office space when looking at lease renewals.

Tough Decisions Ahead

The county has worked for the past three years to increase revenues from uncollected property taxes and through the sale of property, while working hard to control expenses through position eliminations and combinations, hiring new employees at lower starting rates than their predecessors, and by eliminating unnecessary purchases. County department heads and employees are to be commended for their efforts to look after the public's money, knowing that they are taxpayers as well. These practices should continue, because there is always an

opportunity to improve efficiency and because time changes the demands and requirements of a job or department. There are significant unmet basic needs with facilities and employee workload and compensation, as well as increasing costs for the same service in areas such as health insurance, EMS, and utilities, that cannot be covered over a multi-year period without adjusting the level of service provided to the public or looking at additional revenue sources. The county is going to have to take a serious look in the next two to three years at where we spend money and what services to the public are most important, or run the risk of stretching all departments/services too thin.