

# Haywood County “Toeprints”

May 21, 2011

Vol. #2 Issue #19 (Subject: **RS&M, Form 990, Property Value Spreadsheets, Equalization Board Issues**)

[www.haywoodtp.net](http://www.haywoodtp.net)

## What’s Happening?

The purpose of this newsletter is to inform Haywood County Taxpayers of what transpires at the bi-monthly County Commission Meetings. This newsletter will be written from the perspective of a casual observer, myself. Any opinions expressed will be mine or the County Attorney’s.

## County Commission Meeting, May 2, 2011.

There were a considerable number of people that chose to speak during the public comment session, all but one expressing various levels of complaints and frustration with the revaluation. The commissioners continued to stand behind this revaluation. Other than those pesky citizens during the public comment session, this was the most non-eventful county commission meetings I have ever attended.

## FLASHBACK. Budget Work Session, April 19, 2010.

Item f. Revaluation. [re: recorder and notes]. David Francis started out by recommending 2013 for revaluation. There are 730 neighborhoods that will undergo delinearization. The trend is for assessments to rise for homes under 300K, stay the same for homes between 300-600K, and to be reduced for those above 600K. The county **has to** reval in 2014. There are not enough valid sales to continue reval. **Swanger** pushed for reval - “If we don’t reval, we get less public funding from the state”, meaning from public utilities. Francis said, lack of sales prevented moving forward with reval. Both **Curtis** and **Swanger** pushed for reval, and the rest of board fell into place. **Swanger** said we are too far into this to stop now.

[**Editors Note:** I didn’t know what he meant by that at the time, but discovered later that commissioners had already hired RS&M Appraisal Services, Inc., and had been paying them for about 4 months. From David Teague: “**The amount the county has paid to RS & M Appraisal Services, Inc., which is the company that Mr. McCarthy is associated with, is \$169,236 from the beginning of the contract in 2009 through today. We do not currently show any balance due through today, though there may be more payments as more work is completed. The amount paid to the company through April 19, 2010 was \$41,040.**” So, **Swanger** pushed for the reval for \$41,040.] David Francis got pushed into doing the revaluation against his recommendation.

## Who are these people - RS&M Appraisal Services, Inc.?

- Ron McCarthy (presumably the owner),
- Dale Campbell
- Billy Queen

Are these people certified Appraisers? The name “Appraisal” appears in their company name.

See “[Contract for 2011 Reappraisal Services, RS&M Appraisal Services \(Ron McCarthy\), 9/22/2010. 4/19/2011...](#)” on [www.haywoodtp.net](http://www.haywoodtp.net).

## Who are the County Assessors?

- James Messer,
- Martha Grasty,
- Greg West,
- Jeff Hunter.

Are these people certified Appraisers?

## County Commission Meeting, May 16, 2011.

Jonnie Cure, during the public comment session, requested that all attachments be posted on the county website prior to the meetings. **Swanger** checked with Marty Stamey to see if that could happen. Marty thought so.

[**Editors Note:** The agenda is posted on the county website prior to meetings. I frequently check for interesting stuff, and if something is interesting, like ATTACHMENT 5 & 6 on the last agenda, Rebecca Morgan kindly e-mails them to me, and I post them on [www.haywoodtp.net](http://www.haywoodtp.net). The county regularly prepares press kits for the media, usually a couple of sets, to hand out to Vicki Hyatt and Colby Dunn during the meetings. I used to be able to request and receive any spare copies of these kits from Rebecca, until I was cut off.]

David Francis spoke regarding the progress of the revaluation. He spoke softly, and was barely audible, but it sounded like the county’s overall value was **reduced** by \$168M due to peoples complaints during the informal review period. David mentioned that some people wanted their assessments raised, and the commissioners snickered all in unison, with the implication being that the assessors were being fair and impartial, and you can’t please everyone. The observation is, there must have been a lot more people complaining about the excessive assessment, otherwise there wouldn’t have been a drop of \$168M.

## Old Business, 2. Fairgrounds Projects Resolutions -

**Attachment 5.** This is where the county is going to reimburse itself with a loan of \$350K to pay for the \$430K it dipped into the General Fund to spring for the toilets and ADA components for the Fairground Arena Building. The county is still pretending to be the owner of the Arena Building (they have never said they are the actual owners), so that they can pay the contractor directly.

**Attachment 6.** Here, they declare themselves the “Owner” again, as they did with the “[Padgett & Freeman, Standard Form of Agreement between Owner and Contractor, 3/22/2011. 3/30/2011...](#)”, [www.haywoodtp.net](http://www.haywoodtp.net). In addition, they are creating a security interest in the deal with the bank, BB&T, “through a deed of trust, security agreement and fixture filing”. What does this mean? When a normal entity does this, and for whatever reason the county did not pay, and

there was a foreclosure, what would the bank get? It is my understanding that they would get the building and the land. Remember, the county **does** own the land.

[Editors note: As I mentioned, both of these documents are on [www.haywoodtp.net](http://www.haywoodtp.net) - Fairgrounds Projects Resolutions - Reimbursement Resolution ATTACHMENT 5, "[Financing Resolution Attachment 6, County Commission Meeting, 5/16/2011...](#)"]

**New Business, 1. Presentation of new budget.** Marty Stamey used a power point presentation to explained the new budget. Everything is now available on the county website. A Revenue-Neutral Tax Rate Calculation was performed, and the rate changed from .514 per \$100 to .5413 per \$100. (Much, much more on this later). There will be a public hearing on the new budget on Tuesday, May 31, 2011 at 5:30pm. There will be another Budget Work Session after the June 6<sup>th</sup> county commission meeting at 2pm. The Budget will be adopted at the June 20<sup>th</sup> county commission meeting.

**HCC Solar Thermal Design Update!**

Sorry, there are no updates on the solar thermal design at this time. However, there is Senate Bill 227 [?].

<http://ncleg.net/Sessions/2011/Bills/Senate/HTML/S227v2.html>

A BILL TO BE ENTITLED, AN ACT to authorize the board of trustees of haywood community college to enter into leases for the siting and operation of a renewable energy Facility for up to twenty years without treating it as a sale and without giving notice by publication.

The General Assembly of North Carolina enacts:  
SECTION 1.(a) G.S. 160A-272

**FYI - Public Records Requests.**

In response to a question, "Can you tell me if there is any provision that you are aware in the Public Records General Statues that provides safe haven for the county to withhold public information until it has been presented to County Commissioners?", the Director-Victims and Citizens Services, North Carolina Department of Justice (NCDOJ), indicated that: "I am not aware of any statute other than the ones regarding economic development and the frustration of purpose (i.e. service awards) that provide the above-mentioned "safe haven.""

**Haywood County Fairgrounds, Inc., Form 990's.**

Haywood County Fairgrounds Inc., personnel graciously provided the most recent Form 990's for public inspection. Due to a technical problem, their board realized when they received the packets that it would just take up too much website capacity for them to post it there. Fortunately, I have practically an infinite amount of capacity on [www.haywoodtp.net](http://www.haywoodtp.net), and are all posted there.

Unfortunately, the most current Form 990, filed on 5/12/2011 is for the period 7/1/2009 and ending 6/30/2010. We will not

see how the Haywood County Fairgrounds, Inc., is treating the \$337K passed through them to pay the bank to prevent foreclosure of the buildings, and the current \$430K for renovation work installing toilets and ADA components on their buildings. We will have to wait another year.

**FY2011-2012 Haywood County Revenue-Neutral Tax Rate Calculation.**

Reprint from Toeprints, Vol#2, Issue #18:

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I was provided with a set of data, representing values of the county (all property) from 2006 through 2011, and this originally came from David Francis, Tax Collector. For comparison, I looked up the values of Total Assessed Valuation in the CAFR (Certified Annual Financial Report), for the years 2005 - 2011. They are both summarized in the following table :

Year	Francis	CAFR
2005	[not available]	\$ 4,757,892,141
2006	\$ 5,983,379,792	\$ 4,982,857,214
2007	\$ 6,257,155,922	\$ 6,499,230,181
2008	\$ 6,530,671,982	\$ 6,771,497,642
2009	\$ 6,684,214,356	\$ 7,039,518,034
2010	\$ 6,787,564,357	\$ 7,196,429,119
2011	\$ 6,791,618,290	[not available]

Some comments.

- The two columns do not match.
- Both columns represent higher numbers that are in any Haywood County Taxpayer checking account.
- Both columns increase steadily each year.

"What numbers do the Budget Officer (Julie) base her Revenue Neutral calculations on?"

- Neither. 

Julie Davis bases her calculations on TR1.

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I evidently misunderstood Julie, as both TR1 and CAFR values are used in the Tax Rate Calculation. The tax rate calculation is posted on both the county website and [www.haywoodtp.net](http://www.haywoodtp.net). The posting on [www.haywoodtp.net](http://www.haywoodtp.net) includes the TR1 form.

In an interesting development, it was brought to my attention that the Assistant Attorney General of the State of North Carolina Department of Justice, Mark Teague, (presumably no relation to David Teague, Haywood County Public Information Officer) had written a letter dated April 13, 2011, to a Waynesville attorney regarding a local sale of property with the most current appraisal made by the state on December 3, 2008.

See <http://haywoodcountytaxes.org>

The Assistant Attorney General stated:

“... Further, in the thirty (30) months since the completion of the appraisal, real estate values have dropped precipitously. Indeed, the State Property Office is of the opinion that there has been a minimum diminution in the real estate market of approximately thirty (30) percent. For these reasons, it is the State’s position that the current value of the Property, less improvements, is approximately \$300,000. Thus, the State cannot accept your clients’ proposal to purchase their 1/14th undivided interest in the Property for \$40,000. ...”

# What?

How can this be?

According to the two (2) columns of data reprinted in this very issue from Toeprints Vol#2, Issue#18, (previous page), labeled “Francis” and “CAFR”, the property values are indicating a steady increase from the year 2005 to current. The latest data used for calculations in the Revenue-Neutral Tax Rate Calculation show ever increasing values.

What’s up?

**If the Assistant Attorney General has indicated that this property in Haywood County has dropped precipitously 30%, why isn’t that reflected in “Francis” and “CAFR”?**

[**Editors Note:** diminution describes a measure of value lost due to a circumstance, and precipitously basically means real estate values are in a free fall.]

I decided to check this out. I spoke to Judy Ballard, Tax Assessor, in one of her free moments. These numbers are actually on a spread sheet with 17 townships, and starting in the year 2006 through current. 2006 was the last year there was a revaluation.

**Fun fact** - It was brought to my attention that North Carolina is only one of two states that when a property is sold and bought, the assessed value remains the same as was determined in the revaluation. The new sale price is not used to determine tax.

Judy Ballard indicated that the spreadsheet has two primary inputs:

- The Pre-Bill. That is the sum of all tax bills sent to taxpayers each year. Since they don’t change each year (unless there is a change in the actual tax rate), that is basically a constant or baseline number, and
- New Construction. Each year, values of new construction are added to the sum of the pre-bills.

“Why doesn’t the spreadsheet reflect Assistant Attorney General Mark Teague’s statement about the minimum diminution in the real estate market with the free-fall of 30% in property value?”, I asked myself.

Then I thought to myself, “Self!”, there is only one direction values in this spreadsheet can go, and that is to **increase**. There is no mechanism to **decrease** values, unless, say, a house burns down and the property owner refuses to pay tax on a house that is not there anymore.

Interestingly enough, the CAFR values are remarkably close to the Francis values. The trend is identical, and the CAFR values are higher, because they include the sum of real property, **and** personal property plus Public Service Companies. When these values are plotted, the slope (or rate of increase) decreases in later years, as expected, because there has been less construction.

This is important, because the CAFR values are used in the Revenue-Neutral Tax Rate Calculation.

Determined to get to the bottom of this, I checked with David Francis. He confirmed the input mechanism, and said that if a house burned down, it would be removed from the spreadsheet.

Well, I guess that 30% of the houses in Haywood County will have to burn down before we will be able to correct this spreadsheet, and the corresponding CAFR numbers that are used in the calculation of the Revenue-Neutral Tax Rate Calculation to get to where Assistant Attorney General Teague says we should be.

By the way, once a rough calculation is made, factoring in a 30% decrease in property values over the past 30 months, the property value changes from \$6.8 Billion to less than 5.0 Billion.

I promised David Francis I would get in touch with Assistant Attorney General Mark Teague so that he might provide a little guidance here for us, and I have initiated that.

## The Board of Equalization and Review.

There have already been some real problems here with these people, i.e. **Swanger** and **Enloe**.

As I indicated previously, “When someone that is either elected or appointed that either abuses their power or intimidates someone because of their power, I will respond.”

Unbeknownst to me and others, when this board was called to order on May 2, at 1:00pm, they had actually scheduled two (2) Haywood County Taxpayers to go through the begging process. One of the individuals initials was W.K. This guy walked into a room with the following people:

- David Francis
- Carroll Meese
- **Mark Swanger**
- Wade Francis
- **Mary Ann Enloe**
- Judy Ballard
- Martha Grasty
- (some others).

The first thing **Mary Ann Enloe** said to this poor guy was that “you are being recorded”.

**Swanger** asked something to the effect “Why do you think the appraisal is too high”?

What the hell? It should be **Swanger** explaining to W.K why there was an increase!

**Swanger** again said something to the effect recommending that W.K. combine three of his parcels, it will save you money if various parcels are combined.

What the hell? Is **Swanger** a lawyer? I thought he was an ex-FBI guy. It may or may not be to W.K.’s advantage to combine properties. He may want to sell a single parcel in the future, and would have to spend more money to split them.

**Swanger** was not finished... A presumption was made that since W.K. did not allow a site visit, he may have something inside to hide, or inside has quality better than average.

When I heard about this, I blew a circuit breaker [as I had done with **Marc Pruett** and **Leon Killian**!] Who the hell does **Swanger** still think he is? The ex-FBI guy?

W.K had had enough and left the room visibly shaking. Judy Ballard followed him out and tried to repair the damage **Swanger** had caused. By the way, it will be a cold day in hell when I let any of these people inside my house. They have no right to do that.

## The \*\*\*NOTICE OF DECISION\*\*\* Form.

We’ve got another real problem here on this form. It says, down a little bit in the page:

**“Please be aware that a decision to appeal to the Board of Equalization and Review will revert your property value back to its original value before your informal hearing review.”**

If this isn’t intimidation, I don’t know what is.

These may or may not be the rules of the game, but it doesn’t have to be said this way. How is the average Haywood County Taxpayer supposed to react when he or she reads that? They went to the informal review because they felt their original assessment was not right, and the informal review folks threw them a bone. I believe this sentence was designed to stifle people from coming to this Board of Equalization and Review once they got their bone.

On the contrary, it should be this Board that should be explaining to Taxpayers why their assessments were so damn high in the first place. Rather, all they can look forward to is an interrogation by **Swanger**. I’m surprised they are not doing a pat-down.

The best and immediate way to combat this behavior is for as many people as possible to show up at each and every one of these meetings. They are public meetings, open to the public. You should absolutely attend a couple of these to get the flavor of these board members, especially **Swanger** and **Enloe**, so that you are prepared for their behavior when it’s your turn. The best person to get to help support you with any details that you did not bring to the meeting, would be Judy Ballard, Tax Assessor, as she has been found to be very helpful and courteous to me.

Good luck!

Don’t forget to attend the first meeting, 8:30am, Monday, May 23, conference room , first hallway to the right as you enter the old courthouse.

## Day Counter for Mountaineer and SMN.

This feature shows the days since 3/30/2011 since either The Mountaineer or the Smoky Mountain News will have anything to say about the Haywood County Fairgrounds Arena Building Contract fiascos.

- |                       |         |
|-----------------------|---------|
| • The Mountaineer     | 52 days |
| • Smoky Mountain News | 52 days |

**Legend:** If any name is in **bold**, it can’t be a good thing. Brackets following a name in **bold** with [D], [R], or [U] denote the individuals party affiliation, Democrat, Republican or Unaffiliated. re: Haywood County Election Office - all voters 11/18/2010.]

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