

Haywood County "Toeprints"

June 9, 2011

Vol. #2 Issue #21 (Subject: **Bonding Agent, Francis Spreadsheet - Translation into CAFR**)

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.

The Cowboy Church.

I sent the following to David Teague and then to **Mary Ann Enloe**, Chairman of the Haywood County Fairgrounds, Inc., based on comments made by Eddie Cabe and **Kevin Ensley** at the Budget Public Hearing.

"Mr. Teague, In the past, I had requested, but never received, the amount of money the Cowboy Church is renting the Fairgrounds buildings for. This afternoon, at the Public Hearing, **Ensley** proudly stated that they are paying rent for the building and this is not a Constitutional Crisis. I ask again, how much money is the Cowboy Church paying in rent to the Haywood County Fairgrounds, Inc? Thank you, Monroe Miller"

Response from **Mary Ann Enloe**:

Mr. Miller:

The Land of the Sky Cowboy Church pays \$100 per Sunday to occupy either "A" Building or "B" Building. As of June 1, the Cowboy Church has paid \$800 to the Fairgrounds. They are not charged for a full day because they are in and out in approximately two hours. The Fairgrounds rarely has another rental for Sunday mornings. In the event that there is interest from others in either of the two buildings on a Sunday morning, the Cowboy Church has agreed to hold services wherever on the grounds that the Haywood County Fairgrounds Director assigns them. The Cowboy Church is willing to hold services in a field if necessary. The Haywood County Fairgrounds has from its inception rented its venue to churches when Fairgrounds schedules permit.

Mary Ann Enloe, chairman, Haywood County Fairgrounds, Inc. Board of Directors.

Bonding Agent.

The Bonding Insurance Agent for the Tax Collector, **David Francis**, is Marsh USA, Inc., a UK company.

[**Editors Note:** Why is a foreign company who apparently deals in extremely high risk management used as the bonding agent? Why not a US based company?]

Budget Public Hearing, June 6, 2011.

There were no shortage of comments at this public hearing. But how did the County Commissioners treat these comments at the **Budget Work Session** following the June 6th County Commission Meeting? They didn't feel that any of the comments at the Public Hearing rose to the level of them making a comment.

I raised my hand to ask a question during the Budget Work Session, but **Swanger** refused to acknowledge my request. When **Michael Sorrells** saw my raised had, he somehow got **Swanger's** attention, who acknowledged by saying "The meeting is over, he can come up afterwards".

The question I was going to ask, was the following:

- The amount of revenue indicated in the Proposed Budget collected from this year's Ad Valorem taxes is shown to be \$34,892,598. What Tax Rate is being used, and what is the final amount of Property Value that this Tax Rate will be applied to get this amount?

I asked **Swanger** this question. He did not know the answer. No surprise there. See below, as this was subsequently answered by Julie Davis.

County Commission Meeting, June 6, 2011.

*** See Toeprints, **SPECIAL EDITION**, Vol 2, Issue 20, for a summary of the Public Comment Session! ***

UPDATE!

In my thank you letter to Assistant Attorney General Mark Teague on June 3, 2011, I indicated to him:

"His [**David Francis**] numbers are evidently source material for the Certified Annual Financial Reports (CAFR's), although I am scheduling a meeting with the Haywood County Finance Director, Julie Davis, in hopes of getting a clear understanding of how these numbers are actually translated in to the CAFR's.

I contend that **David Francis'** numbers are wrong. If they are used as input to the CAFR's, then I contend that the CAFR numbers are wrong. The CAFR values from 2007 to 2011 are used in the Revenue-Neutral Tax Rate Calculation [re: NCGS 159-11(e)], and if the CAFR numbers are wrong, then I contend that will have an adverse impact on the taxpayers of Haywood County. It gives the appearance of the county relying on artificially inflated and internally produced values, perhaps hoping to gain added revenue without raising rates."

I had a meeting with Julie Davis on June 7, regarding two questions:

- If and how did **David Francis's** spread sheet numbers translate into the CAFR's,

and (the question **Swanger** did not know the answer to),

- The amount of revenue indicated in the Proposed Budget collected from this year's Ad Valorem taxes is shown to be \$34,892,598. What Tax Rate is being used, and what is the final amount of Property Value that this Tax Rate will be applied to get this amount?

The following is a table of property values I presented to Julie. It contains, by year, total property values in **Francis's** spreadsheet, values arrived at from the CPA's review and shown in the CAFR, and the difference in those values.

Year	Francis	CAFR	Difference
2007	6,257,155,922	5,479,463,273	777,692,649
2008	6,530,671,982	5,752,818,363	777,853,619
2009	6,684,214,356	6,023,547,541	660,666,815
2010	6,787,564,357	6,165,577,637	621,986,720

Note that the difference is fairly constant over the four (4) years, about \$700M.

Julie indicated that when the CAFR is prepared, she gets property values from the Tax Collector Department (i.e. **David Francis**). That accounts for the correlation of graphical trend of **Francis's** data and CAFR data, i.e., property values always increase each year.

There is no date, title, author or anything on the printout of **David Francis's** spread sheet, and when I showed that to Julie Davis, she indicated she had never seen that before. She gets her data from his department in other forms. Therefore, Julie could not tell me why there was a difference, other than corrections are made during the process, and the snapshot in time between these two sets of values could be different. This explanation was totally plausible to me - no problem. The main thing to be gleaned from this is that **Francis's** numbers are used at the source material for the CAFR's. I reiterated to Julie Davis, at least a dozen times, I have no problem with the calculations made in the CAFR's over the years, as I have total confidence in her work and believes that she does an outstanding job. My problem is with the source of the data. **I contend that David Francis' numbers are wrong.** Has anyone ever heard of the phrase "Garbage In - Garbage Out"?

Julie also answered the second question (Note to **Swanger** - please read so you can answer this question the next time).

The Ad Valorem tax revenue amount shown in the proposed budget is the total property value divided by 100, times the new Revenue Neutral Tax Rate of .5413, times a percentage factor of the amount of revenue that can be expected to be collected for the following year.

The total property value is still in flux as a result of very unhappy taxpayers appealing their new reevaluated rates before the Board of Equalization and Review. This is ongoing. The percentage of revenue that can be expected to be collected for the following year is historical, and the percentage collected last year (referenced in the CAFR) is about 96%.

Using all these numbers, and working backwards, I was able to calculate the total property value the county is using for this years budget - \$6,714,660,308.

$$(\$6,714,660,308 * .5413 * .96)/(100) = \$34,892,598$$

County Commission Meeting, June 6, 2011 continued...

Old Business - Fairgrounds Project Budget Amendment, \$8,378 change order for fire sprinkler repairs...

Well, what do you know. Remember back a little bit when I had requested recent and current pressure test results of the sprinkler system from Haywood County Fire Marshal **Johnny Glance**, and he had no current records? **Dale Burris** has now found that valves and gaskets now need to be replaced so that the Haywood County Fairgrounds Arena Building will now pass a hurry up inspection by the Haywood County Building Inspector, **Bruce Crawford**. But wait, I thought that the Haywood County Fairgrounds, Inc. Board of Directors was responsible for this maintenance on their building. But no, looks like you and I, Haywood County Taxpayers are going to again, be picking up the tab for this.

New Business - Jonathan Creek Property Multi-year Lease 2011 - 2015, Attachment 14. How much did the county pay for this land (it was brought to my attention that this land may be in a flood zone)? Charles Medford will now lease the property from the County for \$3,696 per year for the next four (4) years.

Attachments are now linked in the Agenda on www.haywoodnc.net. All you have to do is to click on it and you can now view attachments that are presented to county commissioners at each meeting, thanks to Jonnie Cure and Marty Stamey.

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 70 days
- Smoky Mountain News 70 days

Legend: If any name is in **bold**, it can't be a good thing.

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