

COUNTY OF YANCEY

FY 2014-2015

BUDGET MESSAGE



June 9, 2014

**Nathan R. Bennett
Yancey County Manager**

YANCEY COUNTY BUDGET MESSAGE

FISCAL YEAR 2014-2015

*To the Yancey County Board of County Commissioners
and Citizens of Yancey County:*

In accordance with North Carolina General Statute 159-11, the Yancey County Fiscal Year 2014-2015 proposed budget is respectfully submitted for your review and consideration. The proposed budget sets forth a plan of operation for all County departments, programs, and capital projects for the coming year. This proposed budget is balanced in accordance with the Local Government Budget and Fiscal Control Act with general fund revenues and expenditures each totaling \$20,531,540. This proposed budget is \$755,794 less than the adopted FY 2013-2014 budget.

INTRODUCTION

This budget message will introduce the Yancey County Fiscal Year 2014-2015 proposed budget. The budgeting process begins in February of each year with management requesting proposed appropriation use plans from departments, agencies and other County-supported entities. This year the requests for County funding exceeded expected revenues by over \$1.7 million. Over the course of numerous work sessions, the County Commissioners and County staff have worked to develop a balanced budget in line with expected revenue. This document will show how the County plans to utilize its fiscal resources and will highlight some of the more significant impacts to the County's budget.

Yancey County has worked very hard over the past six years to accomplish three simple goals: restore the financial integrity of Yancey County, maintain essential public safety and basic services, and make investments in infrastructure necessary to support economic prosperity. It has been imperative to accomplish these tasks without overburdening the County taxpayer. This has been accomplished despite continued declining sales tax revenues, reductions in County revenue due to the federal budget sequester, State revenue reductions and unfunded State mandates. This budget provides a priority spending plan that does not increase the tax burden on the County taxpayer by recommending the current tax rate of \$0.50 per \$100 valuation be maintained.

County government, unlike most private business, experiences increased demands for many services such as law enforcement, emergency medical services, public health and other social services during tough economic times. County staff has done a great job doing more with less during these very difficult years. This budget continues the progress made the last few years to provide resources to staff necessary to provide these services. For the first time since 2012, and only the second time since 2008, there is an across the board pay increase for employees included in this budget.

REVENUES

The County's primary sources of funding are property and sales taxes and state and federal grants. Property taxes constitute the County's largest source of revenue. For Fiscal Year 2014-2015, the current property tax remains unchanged at \$0.50 per \$100 of valuation. It is expected this rate will provide an estimated total revenue of \$11,928,885 or 58% of the total general fund budget. The County Tax Department has done a good job over the past few years working with tax payers to collect taxes owed to the County. The current property tax collection rate is approaching 97%, which puts Yancey County in the range of our county peer group. The sales tax projection for the County continues to be level as the State has transitioned from the per capita distribution to the point-of-sale distribution meaning Yancey County no longer shares in sales tax revenue on a statewide basis, but only receives what is actually collected in Yancey County. This loss in sales tax revenue has severely impaired one of the County's primary sources of income. Other revenue sources such as fees from building permits, deed filings, firearm permit fees and others are projected to be minor as they constitute only a small portion of the revenue for this budget. The remaining revenue sources include federal and state grants for specific programs, primarily at the Department of Social Services and the Transportation Department. Therefore, it is recommended that the Board continue to support tax collection measures to ensure that all outstanding tax revenue is collected.

MAJOR INITIATIVES AND EXPENDITURES

Despite the financial difficulties that this present economy has produced, Yancey County has made great progress. This budget will continue to contribute specifically to the restoration of the County's fiscal health, provide funding for the public schools, provide significant additional funds for health and human services, provide additional resources to the Sheriff's Department, provide much needed County facility repair, provide needed public services, and support community initiatives. Specifically, our proposed budget addresses these issues as follows:

- 1) **Fiscal Control and Financial Stability**: At the end of FY 2013, Yancey County had a fund balance reserve available for appropriation of \$1,047,443. This represents a 5.6% fund balance and is a significant increase over the \$316,669 available at the end of FY 2012. Although still below the state requirement of 8% available, this continues to represent significant improvement from the negative 9% available in FY 2009. Yancey County appreciates the close working relationship that has been developed with the N.C. Office of the State Treasurer and the N.C. Local Government Commission to restore the County's fiscal health. The County has worked closely with these agencies to implement sound financial policies and move the County to sound financial standing. This proposed budget recommends the continued allocation of \$400,000 to the "Contribution to Fund Balance" line item in the general fund. Together with the anticipated gains from the current year, the administration believes the fund balance reserve will reach the state mandated 8% available by the end of FY 2014-15. This has been a difficult task with many sacrifices but it is a goal that must and will be achieved for the long-term stability of Yancey County.

- 2) **Public Schools and Education:** *Yancey County Schools* continue to do great things to improve educational performance among our students. Yancey County is grateful for the close relationship with the Yancey County Board of Education and appreciates the difficult decisions the schools have made in light of state funding reductions. The Board of Commissioners met jointly with the Board of Education during the budget process to discuss funding priorities for Yancey County Schools. Without a doubt, the safety and security of children while at school is of paramount concern. The school system requested additional funds to provide various security measures in their facilities. To that end, this budget includes an additional appropriation of \$20,000 to be used for school capital safety projects as deemed appropriate by the Board of Education.

In addition to the \$20,000 appropriation for safety needs, the Board of Commissioners' commitment to Yancey County Schools and its students continues to be a top priority and this budget for FY 2014-15 maintains the current level of appropriation for current expense, JROTC, and local supplements. Specifically, this budget appropriates \$2,867,734 for the school system's current expense budget. Additionally, the County maintains the \$100,000 appropriation for local supplements, a \$40,000 appropriation for continuation of the JROTC program, a \$580,000 appropriation to the schools' capital outlay fund, and \$60,000 in timber receipts designated for school use. This is a total commitment to the Yancey County School System of \$3,667,734.

Mayland Community College, while primarily supported with state funds, depends on the three partner counties of Mitchell, Avery and Yancey for operational and capital equipment costs. Yancey County has historically funded the community college at or above the level of the other partner counties. Mayland Community College is funded in this budget with an appropriation of \$323,808 which is in keeping with their overall request to the counties.

Furthermore, the County is pleased to assist Mayland with the construction of the "Anspach Advanced Manufacturing School" on the Yancey Campus. This facility will be a valuable asset in the recruitment of business and industry to Yancey County as well as provide the trained workforce in new manufacturing technology necessary for the County's existing industries. This budget includes an appropriation of \$10,000 as the first installment of a contribution pledge of \$50,000 for the construction of the Anspach Advanced Manufacturing School at the Yancey Campus.

- 3) **Sheriff's Department and Detention Center:** The County continues the appropriations necessary for the Sheriff to add additional patrols and increase officer presence at the County's public schools. The safety and security of children at school is of paramount concern to everyone. These additional resources have been put on the ground and these officers supplement the work of the school system's resource officers to provide a secure learning and working environment for both students and staff at the County's schools. Additionally, during the current fiscal year the County purchased four new patrol vehicles to replace the most aged of the fleet. This budget provides funding to continue needed capital equipment purchases and also match grants received from the Governor's Crime Commission to provide officer safety equipment.

Earlier this year, the Sheriff initiated an inmate work crew program. This program provides low-risk inmates to conduct laborious maintenance tasks in and around county facilities, including painting,

mowing and cleaning services. This budget provides funds to pay for correctional work crew expenses as well as funds for detention staff time to monitor this program.

The Sheriff is responsible for managing several sections of the County budget. The Sheriff is responsible for the "Sheriff's Department" budget of \$1,309,861, which includes patrol and investigations, "Sheriff Dispatch" budget of \$250,158; "County Detention Facility" budget of \$953,803; "County Grounds Security" budget of \$61,705; "Animal Control" budget of \$58,937; and the "Non-Departmental Juvenile Inmate Confinement" budget of \$10,000. The total appropriated by this budget and managed by the Sheriff is \$2,644,464, which is 13% of the total general fund budget.

- 4) **Health and Human Services:** Yancey County is required by state law to provide certain public and environmental health services to the citizens of Yancey County. These services are provided through the three-county Toe River Health District comprised of Yancey, Mitchell and Avery counties. The Health District, just like other units of local government, has experienced financial difficulties over the past several years due to the economy and State budget reductions. The Health District has proposed to the member counties a funding formula, including a per capita component, to determine a rationale for funding appropriations from each of the counties. Although Yancey County has a history of strong financial support of the Health District, during the past several years of financial crisis the contributions to the Health District have lagged behind the other two counties. With this new formula in hand and improved County financial standing, this Budget includes an increase of \$42,215 – a 16% increase – to the Health District over the current fiscal year. This brings Yancey County funding to the Toe River Health District to \$309,690 for FY 2014-2015.

Across North Carolina, county DSS agencies have grappled with severe food stamp case backlogs and delayed processing of applications since July 2013 when a new version of NCFAST was released to prepare for the NCFAST Medicaid system component. NCFAST is the State computer system required in all county DSS agencies to process food stamp and Medicaid cases. It is no secret that the NCFAST computer system does not work as intended and counties across the State are struggling to work with this system to ensure citizens do not go hungry or fail to acquire necessary medical services. Yancey County is not immune to this statewide issue. Under the new system, the time necessary to process a food stamp application has increased by 100%, and food stamp recertification has increased 88%. Assistance from the State has been lackluster and counties have been left to cope as best they can. In Yancey County, DSS staff is working evenings and weekends to navigate the NCFAST system for the sake of our clients. Hundreds of hours of overtime have been accumulated and staff members have left their positions out of frustration due to the issues directly attributable to NCFAST. High turnover results in a constant expense for training new staff and further delays in service. This budget includes funds to address these issues by providing resources to hire an additional staff person. This will allow a current highly skilled employee to become a Work Support Strategies Coordinator to provide on-site training and troubleshooting for all staff. It is believed this will help to stabilize staff turnover and allow staff to timely process applications and recertification as well as cope with ongoing changes in the State's NCFAST computer system.

- 5) **Comprehensive Recreation Grounds:** Funding is recommended to continue work on the Comprehensive Recreation Grounds (CRG), now named Cane River Park, on Whittington Road in

western Yancey County. This new park facility, opened in 2012, has been used by hundreds of families in multiple youth and adult athletic programs, use of playgrounds, walking trails, river activities, and other active and passive recreation activities. The County has completed substantial work at Cane River Park to develop the baseball/softball complex using both county funds and a generous contribution from Altec Industries. However, there are several items remaining to complete this complex including bleachers, benches, score boards and connecting trails. In addition, these appropriated funds will be used to install infrastructure components such as electric, water, and septic systems. At this time, it is requested that the County appropriate \$100,000 to provide for development needs at Cane River Park.

- 6) **Employee Compensation:** Employees have worked very hard during some of the most difficult economic circumstances in recent memory. The U.S. Bureau of Labor Statistics Consumer Price Index reports that all items in the index increased 1.5% over the last 12 months and that can be multiplied over the period since the last employee pay increase. This budget includes a 3% across the board pay increase for all county employees. This is the first pay increase since a 2% increase in 2012 and only the second pay increase since 2008. During these difficult years, employees have seen the cost of living increase and their take home pay actually decrease due to the increase in the employee share of health insurance premiums. We are pleased to recommend this budget with the inclusion of a 3% employee pay increase.

Furthermore, the County successfully negotiated with our employee health insurance provider this spring which resulted in no increase in employee health insurance premiums. The County has worked with our provider, Blue Cross Blue Shield of N.C., to implement cost containment measures and to encourage wellness activities with our employees.

- 7) **Senior Citizens Center and Community Agencies:** Yancey County is fortunate to have many beneficial community agencies serving the needs of Yancey County's citizens. Among these organizations is the Yancey County Committee on Aging. The County has assisted the Committee on Aging in securing funding to construct a new Senior Citizens Center. Over the years, the County has provided numerous financial contributions toward a capital campaign to construct this new facility and the County was instrumental in obtaining a \$500,000 N.C. Catalyst Grant from the N.C. Department of Commerce for this project. Together with this grant, private fundraising and a USDA Rural Development loan to the Committee on Aging, construction is now underway on the new facility. In order to ensure the timely completion of this project, this budget appropriates \$100,000 to the Committee on Aging specifically for the construction of the new Senior Citizens Center.

Community Agencies provide vital services to our community. This County continues to support these initiatives by continuing current year funding appropriations to the Yancey County Rescue Squad, Yancey Firefighters Association, Yancey County Literacy Council, the Middle School Health Centers, Graham Children's Health Services, Hospice of Yancey County, the Yancey County Humane Society, the Yancey County Youth League and others. These agencies represent what is great about Yancey County – a spirit of community involvement for our citizens.

- 8) **Facility Needs and Capital Outlay:** Several County buildings were repaired during the current fiscal year. The courthouse roof was successfully repaired as well as a new roof on both the former library

facility on the Town Square and the Information Technology/General Services facility located on Oak Crest Road. There are funds included in this budget to complete other needed facility repairs, renovations and HVAC replacement. Improvements to facilities are imperative in order to have a place citizens can be proud of as well as providing a safe workplace for employees. Great strides have been made in this area over the past two years, however, there is much more work to do.

Finally, funds are proposed in this budget to complete the renovation of the County-owned building and property that houses the County's Materials Recovery Facility and Convenience Center on Burnsville School Road. Considerable work was completed in FY 2013-2014, however, there remains paving of a new material drop-off area on the eastern portion of the property. This paving and signage should complete this renovation of the property that became necessary due to the U.S. Highway 19-E construction project. Funding in the amount of \$37,500 to complete this project is requested.

BUDGET SUMMARY

Yancey County has been able to accomplish great things for the citizens of Yancey County by planning and analysis of needs and resources, conducting careful budgeting and then maintaining a disciplined adherence to the adopted budget. The leadership of the Board of Commissioners and the diligent work of County employees has resulted in tremendous progress toward rebuilding the financial stability of County government while at the same time providing investments for economic development infrastructure, public safety and health and human services and support for community initiatives for our citizens.

Respectfully submitted on this the 9th day of June 2014.

NATHAN R. BENNETT,
Yancey County Manager