

COUNTY OF YANCEY

FY 2010-2011

BUDGET MESSAGE



June 24, 2010

**Nathan R. Bennett
Yancey County Manager**

YANCEY COUNTY BUDGET MESSAGE

FISCAL YEAR 2010-2011

*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 2010-2011 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 \$19,390,666. This proposed budget is \$1,406,811 less than the budget adopted for FY 2009-10.

INTRODUCTION

This budget message will introduce you to Yancey County's Fiscal Year 2010-2011 proposed budget. It will outline how the county plans to utilize its resources and will highlight some of the more significant impacts to the county's budget.

Due to the continuing national economic crisis and the administration of Yancey County's commitment to restore the fiscal health of the county to good standing, this budget is a lean and serious plan for fiscal responsibility for county government operations. The primary goal of the upcoming budget year is to maintain basic services without raising taxes. An equally important goal is to continue serious efforts to restore the general fund balance reserves. Another major goal was to continue to support the Yancey County Schools and Mayland Community College at the same level of funding as the previous fiscal year.

Commissioners and management across the state have struggled with drafting budgets this year. Many counties and towns are eliminating departments, staff, and taking other extraordinary measures. For the most part, the County has been able to maintain mandated and priority services and address important capital needs while maintaining the tax rate. The County has done so through tightening operating margins and improving departmental efficiency and effectiveness through the use of position management, cost containment and procurement measures, and a host of dedicated and talented department heads and line staff. Efforts over the past year to hold and reduce costs have helped put Yancey County in a position of not having to make such drastic reductions as many other counties and municipalities are now experiencing. County government, unlike most private business sees increased demands for many services such as law enforcement, public health and other social services during tough economic times.

REVENUES

The county's primary sources of funding are property taxes and sales taxes. Property taxes constitute the county's largest source of revenue. For Fiscal Year 2010-2011, it is recommended that Yancey County maintain the current property tax rate at \$0.45 per \$100 of valuation providing an estimated \$10,489,956 or 54% of the total general fund budget. The sales tax projection for the county continues to decrease as the depressed economy and the state's new point-of-sale distribution method has resulted in a major loss of county revenue. While not projected, we are hopeful the economy will improve and collections of these revenues will provide unexpected resources later in the fiscal year. Other revenue sources such as fees from building permits, deed filings, and others, are projected to be minor and constitute a small portion of the revenue for this budget.

MAJOR INITIATIVES AND EXPENDITURES

Yancey County, as with many other governments, both state and local, has experienced worsening economic conditions over the past few years. Despite the financial difficulties that this present economy has produced, I am pleased to recommend a budget for the coming fiscal year which will contribute to the restoration of the county's fiscal health, protect funding for our public schools, and support community initiatives. Specifically, our proposed budget addresses these issues as follows:

- 1) **Fiscal Control and Financial Stability:** This proposed budget again makes a concerted effort to address issues concerning fiscal stability, which is the paramount concern of the county administration. This budget recommends an allocation in the amount of \$400,000 to the fund balance of the general fund. Additionally, the budget contains the annual appropriation for debt financing associated with completion of the Yancey County Detention Center, which in the past has represented a substantial impairment to the available fund balance of the county's general fund. Management is hopeful that the appropriation to fund balance in FY 2010-11, fiscal control measures already implemented, conservative expenditures, and the detention center financing will result in a return to positive fund reserves by the end of FY 2010-11. These are considerable expectations but attainable goals for the fiscal stability of county operations.

- 2) **Public Schools and Education:** Yancey County Schools has done exceptional work to improve educational performance among our students with available resources during this challenging time. 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. While not in a position to provide an increase in county funding this year, this proposed budget does continue the significant appropriation to the Yancey County School System by maintaining the county's current level of funding to the schools. At a time when the state and other county governments are cutting their appropriations to public schools, maintaining our commitment to Yancey County Schools and its students is a top priority. This budget specifically appropriates \$3,000,000 for the school system's current expense budget. Additionally, the county has made a \$100,000 appropriation for local supplements, a \$40,000 appropriation for

continuation of the JROTC program, and a \$540,000 appropriation to the schools' capital outlay fund. This is a total commitment to the Yancey County School System of \$3,680,000.

- 3) **Public Library**: One of the most important items funded in this budget is the debt service payment for the completion of the new Yancey County Public Library. Community volunteers have worked diligently on this project for 10 years to restore the former Yancey Collegiate Institute facility for use as the public library. Over the past two years, completion of the project has been a top priority for county administration. With the passage of the federal American Recovery and Reinvestment Act of 2009, the County was able to secure federal subsidized bond financing in the amount of \$990,000 to complete this project from a program called Recovery Zone Economic Development Bonds. For the past two years the County has made a \$100,000 appropriation to the library project capital fund. Upon securing this financing through ARRA funding, the County can now dedicate that same appropriation for actual construction. The budget does appropriate the first year debt payment on the project for \$138,864, but also the revenue received from the federal interest of \$32,789. The effective impact on the budget will be a net result of \$106,075, the first year in lieu of \$100,000. This payment reduces in future years. This allows immediate completion and use of the facility while ultimately not negatively impacting the county's budget.

- 4) **Community Initiatives**: Yancey County is fortunate to have many beneficial community agencies serving the needs of Yancey County's citizens. This budget supports these initiatives by maintaining previous year appropriation levels to the Yancey Rescue Squad, Yancey Firefighters Association, Yancey County Literacy Council, the Middle School Health Centers, Hospice of Yancey County, the Yancey County Humane Society, and Yancey County Youth League and others. Also, appropriations are included to continue the youth programs at the Yancey Cooperative Extension Service which were eliminated last year by state budget cuts formerly known as Save Our Students and the Governor's One on One Program, now called "4-H Friends."

- 5) **Recycling Programs**: Yancey County has a fine recycling program which reduces the impact on the environment and on the budget. More opportunities for residents to recycle various materials reduce the amount of solid waste the County must dispose of through transportation to a landfill facility at substantial costs to the taxpayer. In 2009, the State of North Carolina banned plastic bottles, oil filters, wooden pallets and other items from landfills. To assist with complying with these new requirements, the County applied for and has received a grant allocation from the North Carolina Department of Environment and Natural Resources in the amount of \$30,000 for the expansion of recycling services. This budget provides additional funds to match the state grant award. This grant will allow for expanding and enhancing recycling operations at the majority of the County's community convenience centers. The East Yancey site, location of all central material processing, will receive a new baler to allow for more efficient and less labor intensive processing of materials for transport to market. The used motor oil and oil filters program will be expanded to the Riverside and South Toe Convenience Centers. Additionally, these funds will also allow for the purchase of equipment for recyclables to be collected for the

first time at the Pensacola and Bee Log Centers. This is part of county administrations goal to look at new and innovative recycling programs and expand where possible.

- 6) ***Facility Needs and Capital Outlay:*** The County remains committed to beginning construction of the Micaville water and sewer infrastructure project as soon as possible as easement acquisition is nearing completion. This past year staff has been diligent in securing final easements and working with the engineering firm to obtain the final permits necessary to initiate construction. A continued allocation of \$100,000 is included for expenses necessary to move this project forward and also to match the North Carolina Rural Development Center grant which will finance that project.

Due to limited resources projected to be available, most all capital projects have been delayed until later in the year when a clearer revenue picture is known. Priorities for future funding include the comprehensive recreation grounds, the renovation of the former medical center facility for new DSS offices, facility roofing projects, and the purchase of essential vehicles and equipment for the sheriff and public works departments.

BUDGET SUMMARY

Yancey County is a lean operation, with limited staff providing basic, essential services. Despite economic hardships, through the leadership of the Board of Commissioners and the diligent work of county employees, we are pleased this recommended budget for Fiscal Year 2010-2011 addresses the County's fiscal health, protects funding for our public schools, supports the public library project, and funds community initiatives for our citizens.

Respectfully submitted on this the 24th day of June 2010.



NATHAN R. BENNETT,
Yancey County Manager