

COUNTY OF YANCEY

FY 2013-2014

BUDGET MESSAGE



June 18, 2013

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Yancey County Manager

YANCEY COUNTY BUDGET MESSAGE

FISCAL YEAR 2013-2014

*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 2013-2014 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 \$21,287,334.

INTRODUCTION

This budget message will introduce the Yancey County Fiscal Year 2013-2014 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 \$2.5 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.

The goals for the upcoming budget year are simple. The County strives to maintain basic mandated services, make investments in public safety and make long overdue County facility repairs while continuing efforts to restore the general fund reserves to the level required by the State of North Carolina. It has been the goal to accomplish these tasks without overburdening the County taxpayer. However, due to continued declining sales tax revenues, reductions in County revenue due to the federal budget sequester, and revenue reductions by the State, it has become unavoidably necessary to increase County generated revenue by adjusting the current tax rate of \$0.45 to \$0.50 per \$100 valuation.

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 have done a great job doing more with less but the time has come to address basic needs that can no longer be delayed. There is no pay increase for employees included in this budget.

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 2013-2014, it is necessary that Yancey County increase the current property tax rate by five (5) cents from \$0.45 to \$0.50 per \$100 of valuation in order to provide an estimated total revenue of \$11,603,700 or 54% of the total general fund budget. The County Tax Department has made great strides over the past few years in collecting delinquent taxes owed to the County. No one likes paying taxes but those who fail to pay their share place a great burden on those who do pay as required. The current tax collection rate is approaching 96%, which puts Yancey County in the range of our county peer group. Together with the use of authorized tax collection methods and the conducting of business personal property audits, positive results for County revenue have been produced. The sales tax projection for the County continues to be stagnant. Currently, legislation pending in the North Carolina General Assembly threatens to further reduce revenue the counties receive from sales and other state taxes. Some form of this tax reform legislation is very likely to become law which could have a very negative effect on County revenue. Other revenue sources such as fees from building permits, deed filings, and others are projected to be minor. These constitute 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.

The County has reviewed every alternative to the proposed increase to the tax rate. The County has worked to reduce budget expenditures the past four years but there are no areas available to reduce expenses without severely impairing public safety and mandated service delivery. County staff studied the feasibility to implement a solid waste availability fee utilized by many counties across the State to offset the tremendous costs incurred by the County for the collection, transportation and disposal of solid waste and recycled materials. The County spends over \$2.5 million annually for these services alone. Consideration of the fee was suspended pending further study. A review of area counties shows the same experience that revenues are being reduced but mandatory expenditures are not. This year, Mitchell County balanced their budget by utilizing fund balance reserves to the tune of over \$1.4 million. Avery County raised the county tax rate in 2012 by 3 ½ cents. Buncombe County and counties throughout the state have proposed raising tax rates due to unfunded federal and state mandates, the weak economy and overall increases in mandatory expenses.

MAJOR INITIATIVES AND EXPENDITURES

Yancey County continues to persevere through the worst economic conditions since the Great Depression. Despite the financial difficulties that this present economy has produced, this budget will contribute to the restoration of the County's fiscal health, provide funding for safety measures in the public schools, provide additional resources to the Sheriff's Department, provide much needed enhancement to Emergency Medical Services, 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 2012, Yancey County ranked last in the state in the amount of fund balance reserves available for appropriation at \$316,669. Although still below the state requirement of 8% available, this continues to represent improvement from the negative 9% available in FY 2009. Yancey County is working closely with the N.C. Local Government Commission to restore the County's fiscal health. This proposed budget recommends an allocation in the amount 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 near 5% available by the end of FY 2013-14. This has been a difficult task with many sacrifices but it is a goal that absolutely must be accomplished.

- 2) **Public Schools and Education:** Yancey County Schools continue to do great things 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. 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 \$100,000 to be used for school capital safety projects as deemed appropriate by the Board of Education.

In addition to the \$100,000 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 2013-14 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 \$3,747,734.

Mayland Community College requested a total allocation of \$323,000 from Yancey County. Mayland Community College, while primarily supported with state funds, depends on the three partner counties of Mitchell, Avery and Yancey for operational costs. Yancey County has historically funded the community college at or above the level of the other partner counties. The County is please to work with Mayland as the college works to begin 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. Mayland Community College is funded in this budget at the current year appropriation of \$313,147. This appropriation does include \$11,100 for capital outlay.

- 3) **Sheriff Department, Detention Center and Animal Control:** In February 2013, the Commission authorized the Sheriff to add an additional full-time deputy and also convert a current part-time deputy to full-time in order to provide additional patrols and increase officer presence at the County's public schools. As noted above, 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.

These resources are valuable and it is important to realize the costs associated with these necessary public safety investments. This budget increases funding for the Sheriff to continue the full-time officer in the Animal Control section from current year appropriation of \$42,499 to \$54,697. This represents a 58% increase in funding for the animal control section since FY 2011-12 when the animal control section of the Sheriff's Department was funded at \$22,867. With these additional resources the section provides more functions than just animal control – officers respond to any call for service and are providing additional patrols of school campuses across the County.

In 2008, the new Yancey County Detention Center began full operations. The County transitioned from a small male-only inmate jail to a 40-bed facility housing both male and female inmates. The detention center has experienced a lot of use causing the budget for the facility to have grown from just under \$300,000 annually prior to 2008 for the smaller facility to the current projected expense of \$981,386 for FY 2013-14. These expenses are due to several factors, one of which is unfortunately due to the number of folks being incarcerated for committing crimes in Yancey County. Another factor is that the State of North Carolina now requires the County to pay to house inmates convicted of misdemeanor crimes and house them in the local detention center for any jail sentence less than 180 days. This has increased the number of inmates the Sheriff must house longer, and the County is no longer reimbursed by the State for the County's costs. This is an issue every county is facing and another cost the State has placed the on the back of the county taxpayer.

The Sheriff is responsible for managing several sections of the County budget. The Sheriff is responsible for his general "Sheriff's Department" budget of \$1,196,450, which includes patrol and investigations, "Sheriff Dispatch" budget of \$225,974; "County Detention Facility" budget of \$981,386; "County Grounds Security" budget of \$63,431; "Animal Control" budget of \$54,697; and the "Non-Departmental Juvenile Inmate Confinement" budget of \$13,000. The total appropriated by this budget and managed by the Sheriff is \$2,534,938, which is 12% of the total general fund budget.

- 4) **Emergency Medical Services:** Yancey County is required by state law to provide emergency medical services to the citizens of the County. EMS provide ambulances to transport persons

who are sick, injured, wounded or otherwise incapacitated and may need medical care while being transported to a hospital or other medical facility. For over 20 years, Yancey County has contracted with Mission Health System to provide EMS ambulance service to the citizens of Yancey County and is under current contract with Mission through 2015. Since at least 2006, Yancey County has seen a steady increase in calls for EMS service. County 911 records show a 100% increase in calls and this has created a shortage of ambulance vehicles being available to the County. In calendar year 2012, over 270 times the County was without an ambulance being available in the county to take calls. In these instances, EMS units from Madison and Mitchell counties were called to respond in Yancey County, creating delay for the patient, as well as placing an undue burden on those counties to cover Yancey calls. This is a recurring problem and one that potentially threatens patient health and overall outcomes for the most severe situations. Yancey County currently contracts for two ambulance units 24 hours/7 days a week and one ambulance unit for an eight (8) hour, Monday through Friday shift for peak-time coverage. Mission Hospital will assist the County with increasing EMS coverage by adding one additional ambulance 24 hour/7 days a week. Statistics justify the addition of an additional ambulance unit at this time. A total appropriation in the amount of \$1,155,434 is provided in this budget which represents an increase of \$324,278 to the standard contract amount for the year to provide this additional service.

- 5) **Comprehensive Recreation Grounds:** Funding is requested to continue work on the Comprehensive Recreation Grounds (CRG), now named Cane River Park, on Whittington Road in western Yancey County near Cane River Middle School. This new park facility opened in 2012 and 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 continues to work in partnership with Graham Children's Health Services to secure funding from a variety of sources to construct other needed components at the park. The County is applying for grants from the Baseball Tomorrow Foundation, the N.C. Parks and Recreation Trust Fund and others to secure funding for the development of the planned youth baseball fields and other planned elements. At this time, it is requested that the County appropriate \$100,000 to match grant funding and provide for other development needs at Cane River Park.

- 6) **State of North Carolina Impacts:** The State of North Carolina has changed the method by which county governments provide for unemployment compensation insurance. Until now, counties paid the state an annual payment at the end of the year for the total amount of actual paid unemployment claims. Effective with FY 2013-14, the State is requiring counties to convert to a prepaid system, meaning that the County will pre-pay 1% of gross payroll expenditures per quarter to the State of North Carolina for potential claims. This change mandated by the State will cost Yancey County \$60,000 to convert to the pre-pay system this year.

In addition to unemployment insurance changes, the State has increased the County portion paid for employee's enrolled in the Local Government Retirement System. These changes for general county employees increase the contribution from 6.74% to 7.07% and for law enforcement

employees the change is an increase from 7.22% to 7.55%. This places an additional cost to the County of over \$30,000.

There are over 300 bills pending in the N.C. General Assembly that affect county governments being tracked by the N.C. Association of County Commissioners. Many of these bills have passed either the House or Senate and have the potential to affect the revenue and authority of counties. County staff will continue to monitor legislation and keep the Board of Commissioners informed of potential impacts on Yancey County operation.

- 7) ***Community Initiatives:*** Yancey County is fortunate to have many beneficial community agencies serving the needs of Yancey County's citizens. This budget 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, and 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 are long over-due for roof repair. The most pressing issue is the roof on the County Courthouse. This main portion of the roof has several years of life remaining before replacement. However, the cupola atop the courthouse is in desperate need of repair. The cupola will require special attention to be repaired and several companies specializing in that type of work are reviewing the cupola structure and are in the process of providing proposals to make the repairs. Unknown at this time is a firm cost estimate for this repair. Another building needing roof replacement is the former County library building on the Town Square. This historic building is in desperate need of a roof which will allow for stabilization and future renovations. A final roof must be replaced on the County information technology/general services building located on Oak Crest Road. This facility houses the IT Department and also provides records storage for County and state agencies. The building is structurally sound, however the roof must be replaced in order to protect equipment and documents required to be maintained by the County.

Finally, an additional project is also proposed to be funded in this budget. Renovation of the County-owned building and property that houses the County's Materials Recovery Facility and Convenience Center on Burnsville School Road is necessary due to the U.S. Highway 19-E construction project. A significant portion of the County's property was taken by the N.C. Department of Transportation for the construction project. This loss of nearly 40% of County property will require modifications to the building itself and also exterior site work to modify entrance and exit to the property. Funding in the amount of \$75,000 to renovate and keep this facility in service is requested.

BUDGET SUMMARY

Yancey County has been able to persevere with the leadership of the Board of Commissioners and the diligent work of County employees. This recommended budget for Fiscal Year 2013-2014 addresses the County's fiscal health, provides funding for safety measures in the public schools, provides additional resources to the Sheriff's Department, provides much needed enhancement to Emergency Medical Services, provides for much needed County facility repair, provides needed public services, and supports community initiatives for our citizens.

Respectfully submitted on this the 18th day of June 2013.

NATHAN R. BENNETT,
Yancey County Manager