

Attachment D

COUNTY OF YANCEY

FY 2018-2019

BUDGET MESSAGE



June 11, 2018

**Nathan R. Bennett
Yancey County Manager**

YANCEY COUNTY BUDGET MESSAGE

FISCAL YEAR 2018-2019

***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 2018-2019 proposed budget is respectfully submitted for your review and consideration. The proposed budget sets forth a plan of operations 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 \$22,949,590.

INTRODUCTION

This budget message will introduce the Yancey County Fiscal Year 2018-2019 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 \$616,000. 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 the significant impacts to the County's budget.

For the past ten years, Yancey County has been dedicated to three primary goals: restoring the financial integrity of Yancey County, maintaining essential public safety, health and human services, and making strategic investments to support economic prosperity. This budget reflects the positive involvement of department and agency leadership to accomplish these broad goals. County staff, from the department head to the line employee, is to be commended for accomplishing much with limited resources. As the County's financial standing has improved, careful and strategic improvements have been implemented to improve the working environment and enhance the services provided to our citizens. I am pleased to present this budget that continues to provide the tools necessary for an effective and efficient government.

REVENUES

This budget provides a priority spending plan that attempts to minimize the tax burden on the County taxpayer. Yancey County has been rated the past several years by SmartAsset.com, a New York financial technology company, as one of the top five North Carolina places where taxpayers get the most "Bang for their Buck." This is very positive recognition from a national financial organization that is evidence to taxpayers that their County government leadership is operating this local government in a professional, businesslike manner.

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 2018-2019, management recommends that the property tax rate be maintained at the current rate of \$0.60 per \$100 of valuation. It is expected this rate will provide estimated total revenue of \$12,366,361 or 54% of the total general fund budget. The Yancey County Tax Department works diligently, but respectfully, with taxpayers to collect taxes owed to

the County. Yancey County is ranked in the top half of North Carolina counties in collection of property taxes. The current property tax collection rate is approximately 98%, which puts Yancey County in the range with our County peer group. As always, it is recommended that the Board continue to support property tax collection measures to ensure that outstanding tax revenue is collected.

Sales tax continues to be a steady and reliable source of additional revenue for the County. A large percentage of sales tax is state-mandated to be distributed by the County to the Yancey County Board of Education for the provision of the public schools. Other revenue sources such as fees from building permits, deed filings, firearm permit fees and others are projected to be minor and they constitute only a small portion of the revenue for this budget. The remaining revenue sources include federal and state block grants for specific programs, primarily at the Department of Social Services and the Transportation Department.

The only tax rate change proposed is to the fire tax levy in the Crabtree Township Fire District as requested by the leadership of the Newdale Fire Department. The Department experienced a significant decrease in funding from the fire tax levy as a result of the last real property reappraisal where property values decreased in the district. Last year, the fire department made significant changes to compensate for the loss in revenue. However, Newdale Fire Department requests an increase in the levy at this time in order to implement district-wide improvements to equipment and resources in their effort to improve the Insurance Service Office (ISO) rating for the district from ISO 9 to a goal of ISO 6 or 7. The ISO rating is the Public Protection Classification system used across the nation in risk assessment related to insurance premium and communities are on a scale of 1 to 10, with 1 being the best. When achieved, this rating change will benefit the property owners by reducing homeowner insurance premiums an average of \$350 annually. The request by Newdale Fire Department leadership was for an increase of 2 cents to the fire tax levy. Upon review and analysis by the Board and county staff, the County proposes to increase the fire tax levy by 1 cent for the Crabtree Township Fire District for use by the Newdale Fire Department and is included in the provision of this budget and accompanying ordinance. Newdale, and all of the County's non-profit independent fire departments, provides Yancey County an invaluable volunteer service to our communities for which we are all very grateful.

MAJOR INITIATIVES AND EXPENDITURES

Yancey County is dedicated to sound fiscal management, capital planning and responsible day-to-day operations. Accurate budget projections and a disciplined approach to budget administration have allowed the County to successfully address our three primary goals: restoration of the financial integrity of Yancey County, maintain essential public safety, health and human services, and make strategic investments necessary to support economic prosperity. The budget is a comprehensive document that addresses the fiscal needs of some 40-plus county departments, affiliated county/regional agencies and non-profit organizations. This section will specifically discuss some of the larger contributions for departments and major initiatives as follows: fiscal control and financial stability, the addition of aging services and Senior Center operations as a county department, the addition of child support enforcement as a county department, public schools and education, Sheriff's Department and Detention Center, creation of a drug treatment court program, East Yancey Wastewater Treatment Plant and Collection System, economic development, employee compensation, community and human service agencies, and facility needs and capital outlay.

- 1) **Fiscal Control and Financial Stability:** Yancey County achieved a significant milestone at the end of FY 2016-17. At the conclusion of that most recently audited fiscal year, the County's fund balance not only exceeded the state requirement of 8%, the fund balance reserve was 17.3% exceeding the County adopted policy goal of 16%. This achievement represents a tremendous amount of work by the Board of Commissioners, administration and department heads. Yancey County is in greatly improved financial condition. This proposed budget continues the effort to provide needed financial stability and recommends an allocation of \$100,000 to the "Contribution to Fund Balance" line item in the general fund. In addition, an allocation of \$73,246 is recommended for the general fund contingency line item to address unexpected expenses as the year progresses. Achieving the policy goal of 16% fund balance level has been the primary goal for County Commissioners and administration since 2009, and now the focus is to maintain our fiscal acuity and continue to build upon this accomplishment that will position the County for great progress.

- 2) **Aging Services and Senior Center Operations:** The non-profit community agency Yancey County Committee on Aging has provided a number of services to the elderly of Yancey County for over 40 years. Yancey County Government has for those years designated the Committee on Aging as the "Lead Agency" to receive the Home and Community Care Block Grant that is provided to Yancey County by the North Carolina Division of Aging and Adult Services for the provision of those services. Yancey County also provides the matching funds required to receive this grant and in turn the Committee on Aging utilizes those funds to assist the elderly in our community with congregate meal service, home delivered meal service and in-home aid care, and senior center activity programming. In recent years, funding reductions from the federal and state governments to the block grant program have resulted in fewer dollars to provide these services and also meet the growing expenses to operate these programs by the Committee on Aging. Unfortunately, this year the funding gap became too much for the Committee on Aging to bear and a request was made for Yancey County to acquire the senior center operations as a county government department. The Committee on Aging has done a tremendous job providing these vital services to our citizens and this resulting situation is a result of fewer block grant dollars and always increasing uncontrollable expenses. The decision to bring these services under the umbrella of county government was not made lightly. In fact, very detailed analysis has been made by county management and the county finance office with assistance from the Committee on Aging administrative staff and auditors, the High Country Area Agency on Aging, the USDA, and other counties with experience in this area. County government management of the senior center services will provide much needed financial stability by utilizing economies of scale in areas such as administrative overhead and personnel management. The primary goal of County operation of the senior center will be to continue all existing programs and to enhance those programs by expanding congregate and home-delivered meal service from three to five days per week. Also, the goal will be to eliminate the waiting list associated with home-delivered meal program. In addition, the County will strive to expand the activities and events offered through the senior center with the intention of achieving "Senior Center of Excellence" designation by the State of North Carolina, also known as "SCOPE." The County will begin operation of senior center operations effective July 1, 2018. To that end, this budget recommends a new appropriation in the amount of \$322,582. The County will offset this amount with revenue from the Home and Community Care Block Grant projected to be \$196,729, miscellaneous other program specific funds of approximately \$13,000, and the remaining amount of approximately \$113,000 from County funds, which is near current level county funding. At this point, any increase in direct county funding is dependent on final appropriations by the state and discoveries made once county staff are involved in the day to day operations.

- 3) **Child Support Enforcement:** Yancey County is required to provide child support enforcement services for those clients court-ordered through the IV-D process. For approximately 15 years, the County has contracted with a private collections firm for child support enforcement services. The current contract expires on June 30, and the renewal rate proposed by the provider was an increase of approximately \$40,000 annually. Upon analysis by county staff, it became readily evident that considerable savings could be achieved by creating a new child support agent staff position in the Department of Social Services in lieu of renewing the contract with the private firm. Detailed analysis of this proposal has been made by county management and the county finance office with expert assistance from N.C. Child Support Services, Yancey DSS staff, and the current provider to facilitate an efficient and effective transition to county operation. This transition will save approximately \$13,000 from the current contract amount and \$53,000 from the proposed renewal rate. In consideration of these findings, this budget recommends an appropriation in the amount of \$71,548 to fund an internal county position for child support enforcement.
- 4) **Public Schools and Education:** *Yancey County Schools* continue to do great things to improve educational performance among our students. Yancey County students perform extremely well on all statewide measurement factors. In fact, Yancey County Schools ranked as the eight (8th) best performing system in the State of North Carolina in a 2018 assessment by the Public School Forum of North Carolina and the North Carolina Center for Afterschool Programs. In addition, the Yancey County graduation rate ranks our schools as the eighth (8th) system in the state.

Yancey County works closely with the Yancey County Board of Education to ensure our students have the best facilities and equipment that can be provided. The Board of Commissioners met jointly with the Board of Education to discuss funding priorities as well as developing a plan for capital facilities for Yancey County Schools. As discussed in the budget message last year, the Commission committed to financing up to \$11.5 million for school facility improvements at the county's aging elementary schools recommended by the Board of Education and the facility evaluation study commissioned by the Board of Education. The evaluation study was completed and revealed the need for a new elementary school in western Yancey County to replace three of the systems oldest facilities as the first step. As everyone is aware, construction began in October 2017 on the new elementary school on property adjacent to Cane River Middle School and is scheduled to be complete by the summer of 2019. This budget appropriates \$953,506 for debt service on the project with the first scheduled annual payment due in September 2018. Further appropriations will be needed in future fiscal years as the financing package requires annual payments scheduled over 15 years.

One-to-One Technology: Several years ago, Yancey County Schools received a grant from the GoldenLEAF Foundation allowing the system to implement a one-to-one technology program at Mountain Heritage High School. This program allowed for the purchase of Chromebook computers for every high school student to be used for educational activities. This has been a very successful program allowing students to possess a computer for educational needs that many would otherwise be unable to afford. The multi-year funding for this program has expired and without funding from Yancey County the program will end. Last year, Yancey County agreed to provide funding to continue the one-to-one technology program. The work force of today must be proficient in information and computer technology in order to be competitive in virtually every employment sector. Therefore, ensuring our students receive the education and training needed through this technology program is a high priority for

Yancey County. To that end, this budget recommends a special appropriation in the amount of \$72,750 for technology capital as requested by the Board of Education.

Classroom Supply Assistance Stipend: Furthermore, Yancey County Government recognizes the valuable work of our public school classroom teachers. Teachers receive a very small amount of state funds to provide the most basic supplies such as pencils, pens, and paper, which is never enough leaving parents and teachers to provide these items. Each year, teachers spend a lot of money out of their own pockets for classroom supplies that are needed to provide a quality education for our children. Last year, Yancey County created the Yancey County Classroom Supply Assistance Program to offset the amount teachers spend out of pocket on supplies. This county program provides an annual \$150 stipend for every Yancey County classroom teacher to purchase instructional supplies for their classroom. This budget provides a special appropriation of \$30,000 to continue this important program.

General Summary: As mentioned above, there is included in this budget \$953,506 for capital facility debt service to be used in the implementation of the facility improvement plan for the County's aging elementary schools. This debt service payment has been moved from the Public School budget object to the debt service fund in order to appropriately account for the debt payment for auditing purposes. Aside from this major facility improvement initiative, the County's commitment to Yancey County Schools and its students continues to be a top priority and this budget increases the current level of appropriation for current expense line item consistent with the consumer price index growth rate of 2.1%, maintains current level funding for the JROTC program, and local supplements. Specifically, this budget appropriates \$2,960,900 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 \$150,000 appropriation to the schools' capital outlay fund. Funding from U.S. Forest Service timber receipts designated for school use has been eliminated by the federal government. This is a total commitment to the Yancey County School System of \$3,353,650 not including the debt service payment provided separately.

Mayland Community College: While primarily supported with state funds, Mayland Community College depends on the three partner counties of Yancey, Mitchell and Avery 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 operations and capital equipment costs are funded in this budget with an appropriation of \$365,000, an increase of 2.8% over the FY 2017-18.

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

- 5) **Sheriff's Department and Detention Center:** The County is committed to continuing appropriations necessary for the Sheriff to provide for the safety and security of our community. This budget provides funding for the creation of a new position of deputy sheriff. This position will be used to provide additional law enforcement coverage for the evening hours when call volumes generally increase. Given the large geographic area that law enforcement must cover, officer response times can be

extended should the officer be needed in the opposite area of the county. Often, time is of the essence and an extended response can have an undesired outcome. Therefore, the County provides funding in the Sheriff's budget to create and employ a certified law enforcement officer consistent with the proposal made and the spirit of this narrative. In addition this budget proposes to continue needed capital equipment purchases, such as additional patrol vehicles and to provide officer safety equipment. Specifically, this budget provides funds for the purchase of three (3) vehicles through Ford Credit for the Sheriff's Department as part of the County's vehicle replacement program.

The Sheriff is responsible for managing several sections of the County budget. The Sheriff is responsible for the "Sheriff's Department" budget of \$1,653,277 which includes patrol and investigations, "Sheriff Dispatch" budget of \$341,445; "County Detention Facility" budget of \$1,093,440; "County Grounds Security" budget of \$77,159; and the "Non-Departmental Juvenile Inmate Confinement" budget of \$5,000. The total appropriated by this budget and managed by the Sheriff is \$3,170,321 which is approximately 14% of the total general fund budget.

6. **Drug Treatment Court Program:** Unfortunately, the citizens of Yancey County are not immune from the effects of substance abuse. The opioid crisis, and the illegal use of all drugs generally, has created a public health and safety crisis in Yancey County. The opioid crisis has caused abuse, addiction, and mortality that has far reaching impacts on the citizens of Yancey County and these effects must be abated. The Yancey County Commissioners understand this crisis and have taken action to declare the opioid crisis a public nuisance in Yancey County and have authorized actions to address this crisis for the benefit of our County. These actions include taking legal action against the distributors of opioids in our community joining with other counties around the Nation to force action on the issue. Additionally, the County believes that actions can be taken locally to address and assist substance users who have become involved in the criminal court system. One action that has proven successful with this issue is Drug Treatment Court Programs. North Carolina Drug Treatment Courts were established to enhance and monitor the delivery of treatment services to chemically dependent adult offenders while holding those offenders rigorously accountable for complying with their court-ordered treatment plans. The overall goal of the drug treatment court is to significantly break the cycle of addiction that gives rise to repeated law-breaking episodes. By enhancing the likelihood that the drug-driven offender will remain drug and crime free and socially responsible, the drug treatment court seeks to reduce justice system, health system, and other societal costs associated with continuing drug use and criminal involvement. Yancey County has had discussions regarding the formation of a Drug Treatment Court with the Chief District Court Judge, the District Attorney, community corrections, law enforcement, and treatment providers. In addition, the County has discussed the formation of such a program in cooperation with Madison and Mitchell counties. This partnership will offer economies of scale where the caseload and financial commitment can be effective in yielding a successful outcome. The County commitment will be to provide funding to create a single position that will serve all three partner counties as the Drug Treatment Court Coordinator, and also provide office space and related equipment and resources to perform case management of clients enrolled in the program. Toward that end, this budget includes an appropriation of \$25,000 as a preliminary amount to fund a third of such personnel and capital equipment costs to establish the drug treatment court program for Yancey, Madison and Mitchell counties.

7. **East Yancey Wastewater Treatment Plant and Collection System:** This major infrastructure project had been in the planning and development phase since the 1990s when Yancey County took the lead for the project from the Town of Burnsville in the early 2000s. Several years ago, Yancey County began construction on the wastewater treatment plant and collection system to serve the greater Micaville area. As reported in the budget message last year, the Micaville collection system is active and accepting customers. Micaville Elementary School is connected to the system, relieving the school system from having to pump and haul waste as a result of their failed onsite system. The County has contracted with the Town of Burnsville to operate and administer the day-to-day operations of the wastewater treatment plant and collection system as they have the manpower, equipment and expertise necessary. The Town has exercised the option to purchase the system as originally anticipated and the transfer will occur upon completion of the remaining designed collection system. This budget provides an appropriation of \$100,000 to cover the cost of operation, maintenance, and future improvements for the East Yancey Wastewater Treatment Plant and Collection System. Furthermore, the County is seeking state grant and loan funds to complete the remaining sections of the collection system from Windom to the Burnsville city limits, and it may become necessary to appropriate matching or debt service funds to complete construction as designed.
8. **Economic Development and TRACTOR:** Yancey County is serious about economic development and job creation in our community. Yancey County is pleased to partner with the Town of Burnsville to fund the Yancey County Economic Development Commission (EDC). Last year, the County increased funding to the EDC as an important step in assuring the work of the Commission. This action, combined with the existing county planner position allowed for a full-time executive director of planning and economic development. The work involved in recruiting new, as well as maintaining, business and industry in Yancey County is valuable work for the economic developer. To that end, this proposed budget includes funding for economic development in the amount of \$65,000.

In addition, Yancey County fully recognizes the important contributions and value to our community from TRACTOR Farm and Foods, a non-profit regional food hub and farmer training organization originally founded in part by Yancey County Government. The development of agriculture as an economic driver in Yancey County is an important part of the overall multi-prong county strategy for successful economic development. The recently completed study of agriculture completed by the Yancey County Agriculture Task Force and presented to the County identified TRACTOR as a critical component in the overall success of farming in our community. A key finding in the study identified increased staffing needs at TRACTOR to expand markets and drive sales in order to make it a successful stand-alone entity. The community believes in TRACTOR and many great projects have originated out of the partnerships forged by the organization such as the County inmate "Gardens of Opportunity" project, the FFA student farm and the Bowditch Farms project. Toward that end, this proposed budget provides TRACTOR an appropriation of \$100,000 to continue the work of agriculture development in Yancey County.

9. **Employee Compensation:** County employees work hard to provide a safe, secure, healthy and prosperous community. The economic circumstances over the past several years has resulted in more citizens seeking County assistance, whether it has been for vital social services, transportation, medical services or law enforcement, and having a workforce that can respond to those demands is critical. As the County's fiscal health has improved in recent years, every effort has been made to improve employee pay in order to maintain and recruit a great workforce. This budget includes an across the

board pay increase for all employees of 2.1% which is reflective of data from the federal Consumer Price Index (CPI).

In addition to this across the board increase, as part of a larger comprehensive human resource strategy, the administration has recently hired a professional human resources firm to examine the current position classification and pay plan to include reviewing and updating all position job descriptions. This plan is a tool that is used daily to determine the compensation offered to employees by the County and was last updated in 2001. The administration believes a full review of the position classification and pay plan will provide the framework for improving our human resource structure. This comprehensive study will be complete and provided to the County by December 2018.

10. **Community and Human Service Agencies:** Yancey County is fortunate to have many beneficial community agencies serving the vital needs of Yancey County's citizens. The County continues to support these initiatives by maintaining funding appropriations to the Parkway Playhouse, Toe River Arts Council, Yancey History Association, Yancey County Rescue Squad, Yancey County Literacy Council, Camp Funshine, the Middle School Health Centers, PATH of Western North Carolina (formerly Graham Children's Health Services), Hospice of Yancey County, Yancey County Humane Society, Yancey County Youth League, Yancey Residential Services and others. The County provides critical financial support to these agencies that allow them to provide these various needed services to our community at a much greater return on investment than if performed directly by County government. The investments in these agencies benefit every sector and demographic group in our county in a positive, meaningful way.
11. **Facility Needs and Capital Outlay:** The Yancey County Courthouse serves as the center of County government and the seat of the General Court of Justice for Yancey County. Over the past year, a number of improvements have been made to the Courthouse, including phased installation of HVAC units on the first floor. This budget provides additional funds for Phase Four in order to complete the installation of HVAC units to additional offices and common areas on the first floor. In addition to the Courthouse, a number of other County facilities are in need of HVAC modernization and general facility repair. Funds are included in this budget to complete these needed repairs and renovations in order to have facilities citizens can be proud of as well as providing a safe workplace for employees.

Furthermore, Yancey County has identified Ray-Cort Park for renovation and modernization. This park is the oldest in the county park system and was developed in the late 1970s and early 1980s and few improvements have been made since that time with the exception of the installation of the skate park. The County has applied for grant from the N.C. Parks and Recreation Trust Fund. If awarded, this grant will allow for a major upgrade to this facility to include new recreation elements, stabilization of the stream, and enhancement and renovation of existing park facilities. Toward that end, this budget provides an initial appropriation of \$20,000 as a grant match or to otherwise begin work as appropriate at Ray-Cort Park.

BUDGET SUMMARY

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. This stability has allowed Yancey County Government to undertake a number of capital projects and program initiatives for the long-term improvement of our community. This budget continues the good work that allows all departments, agencies and community partners of Yancey County to move forward together.

Respectfully submitted on this the 11th day of June 2018.

NATHAN R. BENNETT,
Yancey County Manager