

**AVERY COUNTY BUDGET MESSAGE
FISCAL YEAR 2020/21
County Manager – Phillip Barrier
Interim Finance Officer – Ashley Ingwersen**

Dear Board of Commissioners and citizens of Avery County:

In accordance with North Carolina General Statute 159-11, the Avery County Fiscal Year 2020-2021 proposed budget is respectfully submitted for your review and consideration. This document provides the financial framework for the programs and services which Avery County government will be undertaking in the next fiscal year. The budget provides the resources needed to ensure the delivery of governmental services in a fiscally responsible manner. The proposed budget is a continuation of the financially sound and conservative practices Avery County government has established and embraced. The Board held budget workshops in order to make changes to the proposed budget. North Carolina General Statute 159-11 stipulates that a public hearing be held in order to inform the public and allow any interested citizens the opportunity to express their opinions on the budget after the budget message is presented. This budget message represents an explanation of the budgetary decisions derived as a result of in depth dialogue between the County Manager, Assistant County Manager, Finance Officer, Department Heads and changes made during budget workshops. The cumulative total of necessary operational and capital expenses considered in light of revenues generated by the departments, combined with State and Federal funding, determines the amount of funding which will be necessary from the citizens of Avery County.

The 2020/21 budget as presented is balanced based on a total property valuation of \$4.142 billion. This represents an increase of \$106 million dollar or 2.63 % over last year's valuation of \$4.036 billion. The general fund tax rate will remain at 48 cents (\$0.48) per \$100 valuation which will generate an estimated \$19.4 million dollars in revenues. The county wide fire tax rate will remain at 7.0 cents (\$0.07). The Fire Commission and volunteer fire departments will receive an estimated \$2.8 million dollars in revenue.

The combination of these two rates results in an overall tax rate of 55 cents (\$0.5500) for the 2020/2021 fiscal year. This rate is the same as the last fiscal year.

GENERAL FUND

Expenses

The total General Fund Budget is set at \$30.3 million. This is a \$113,000 increase from the 2019/20 fiscal year. The increase includes payment for the Avery County High School construction and renovation.

General Government is decreasing \$174,000. The decrease is primarily attributed to a cut in capital expenditures, repairs and maintenance. The county has taken a “fix-it-now approach” with buildings and general maintenance.

Public Safety is increasing \$207,000. This increase is \$99,000 less than last year. New fleet replacement for our sheriff’s office, tax office, and EMS is on a rotational basis now. Capital expenditures for this current year include a much needed new ambulance, and new tower enhancements and repeaters for central dispatch.

Transportation is increasing \$73,000. The increase is due to a new caravan and office equipment.

Environmental Protection is decreasing \$75,000 due primarily to the Solid Waste Department collecting waste from some of the schools thus eliminating the use of a contractor; in addition to moving the Banner Elk convenience site to the Sugar Mountain location.

Economic and Physical Development is increasing \$15,000. The increase is primarily due to capital outlay equipment for the agricultural department.

Funding for Human Services is increasing \$148,000. The increase is primarily due to a new method of state funding for foster care, daycare and Medicaid.

Cultural and Recreation is increasing \$46,000. The primary reason is increased programs in the Parks and Recreation department, and funding for the Mountain Alliance youth program.

Education is increasing \$83,000 from the previous year’s budget. The primary reason is proper planning of capital expenditures.

Public Safety is the largest expenditure for the County consuming 32% of the total budget. Education and the associated debt service is the next largest expenditure at 25%. Human Services is third largest at 17% while all other County functions total 26%.

Revenue

Property tax revenue is projected to increase \$410,000 or 2.16% from last fiscal year. The increase is due to a \$106 million dollar increase in the ad valorem tax base.

Local Option Sales Taxes are projected to decrease \$550,000 due to the COVID 19 pandemic effect on our economy.

Other Taxes and Licenses are projected to remain the same as last fiscal year.

Intergovernmental revenues are projected to increase \$111,000 thousand dollars primarily due to increased state and federal payments.

Licenses and Permits are projected to remain the same as last fiscal year.

Sales and Services are projected to increase \$182,000 primarily due to increased revenue in transportation fees.

Investment Earnings and Other Income are projected to decrease \$50,000 due to lower forecasted investment income.

Property tax revenue will generate 64% of the County's revenue, followed by sales taxes at 17%, intergovernmental transfers at 8%, sales and services at 7%, fund balance appropriation at 0% and all others at 4%.

OTHER FUNDS

Fire Tax Fund

The Fire Tax Fund budget for the 2020/21 fiscal year is \$2.8 million dollars or \$65,000 more than last fiscal year.

E911 Fund

The E911 Fund budget for fiscal year 2020/21 is \$215,000. This is a decrease of \$155,000 from the prior fiscal year.

Revaluation Fund

The Revaluation Fund budget is \$135,000 for the fiscal year 2020/21. Avery County budgets annually for the mandatory revaluation. It should be noted that the County performs an in-house revaluation using existing staff as opposed to contracting this service out.

FINANCIAL STABILITY

Avery County is proud to report that the county fund balance exceeds the state requirements. This amount provides great financial stability and coverage in the event a catastrophic event was to strike the county. The County must have the financial resources available to address unknown and unexpected situations that could cripple our

community, if we are found unprepared. This budget for 2020/21, as presented, does not include any fund balance appropriation.

CAPITAL PROJECTS

Over the past several years, Avery County has developed and adhered to a financial plan designed to promote a “pay-as-you-go” capital philosophy. As a result of this philosophy, the county has funded the Agricultural Center, and the County Recreation Pool, in cash. The Community Building is currently under construction without incurring any debt. The new Avery County High School addition is also currently under construction. As a result of proper capital planning and the use of lottery funds, Avery County has been able to avoid any tax rate increase for the construction of the high school.

The current major capital projects are:

Community Building

Start spring 2020

Finish fall 2020

Estimated Cost - \$1,550,000

High School Addition & Renovation

Start fall 2019

Finish spring 2021

Estimated Cost - \$20, 296,000

Future proposed capital projects is the additional development of the recreation property.

OVERVIEW

The attached 2020/21 FY Budget Ordinance for Avery County contains the detailed break down of anticipated revenues and expenses for the year to end June 30, 2021. This Ordinance is respectfully presented for adoption this 1st day of June 2020.

**AVERY COUNTY
BUDGET ORDINANCE
FISCAL YEAR 2020-21**

Be it ordained by the Board of Commissioners of Avery County, North Carolina:

SECTION 1:

The following amounts are hereby appropriated in the General Fund for the operation of Avery County Government and its activities for the fiscal year beginning July 1, 2020 and ending June 30, 2021, in accordance with the chart of accounts heretofore established for this County:

General Government	3,908,299
Public Safety	9,373,319
Transportation	919,426
Environmental Protection	2,233,918
Economic & Physical Development	404,322
Human Services	5,188,853
Cultural & Recreational	587,357
Education	5,907,783
General Fund Debt Service	1,634,206
Transfer to Revaluation Fund	130,000
Transfer to High School Renovation Project Fund	-
Transfer to Component Unit (Airport)	63,771
Total Appropriations	<u>30,351,254</u>

SECTION 2:

It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning July 1, 2020 and ending June 30, 2021:

Ad Valorem Taxes	19,422,000
Local Option Sales Tax	5,150,000
Other Taxes & Licenses	480,000
Unrestricted Intergovernmental	255,779
Restricted Intergovernmental	2,334,815
Licenses & Permits	330,500
Sales & Services	2,151,160
Investment Earnings	175,000
Other Income	52,000
Fund Balance Appropriation	-
Total Estimated Revenues	<u>30,351,254</u>

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SECTION 3:

The following amounts are hereby appropriated in the 911 Emergency Telephone System Fund for the operation of the system for the fiscal year beginning July 1, 2020 and ending June 30, 2021:

Addressing & Data Provisioning	-
Operating Expenses	164,297
Capital	50,714
Total Appropriations	<u>215,011</u>

SECTION 4:

It is estimated that the following revenues will be available in the 911 Emergency Telephone System Fund for the fiscal year beginning July 1, 2020 and ending June 30, 2021:

911 Charges	132,084
Interest on Investments	375
Fund Balance Appropriation	82,552
Total Estimated Revenues	<u>215,011</u>

SECTION 5:

The following amounts are hereby appropriated in the Fire Districts Fund for the operation of fire protection services for the fiscal year beginning July 1, 2020 and ending June 30, 2021, in accordance with the chart of accounts heretofore established for this County:

Fire Association	14,275
Elk Park Fire Department	89,969
Crossnore Fire Department	87,911
Linville Fire Department	157,800
Frank Fire Department	86,218
Green Valley Fire Department	75,109
Banner Elk Fire Department	103,210
Newland Fire Department	82,522
Fall Creek Fire Department	85,117
Seven Devils Fire Department	19,558
Beech Mtn. Fire Department	37,441
Fire Commission	1,841,810
Avery County Ladder Truck Co.	<u>28,555</u>

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Linville Central Rescue Squad	<u>87,005</u>
Total Appropriations	<u><u>2,796,500</u></u>

SECTION 6:

It is estimated that the following revenues will be available in the Fire Districts Fund for the fiscal year beginning July 1, 2020 and ending June 30, 2021:

Fire Tax Levy Revenue	2,796,500
Transfer From General Fund	-
Total Estimated Revenues	<u><u>2,796,500</u></u>

SECTION 7:

The following amounts are hereby appropriated in the Revaluation Fund for revaluation of property in Avery County during the fiscal year beginning July 1, 2020 and ending June 30, 2021, in accordance with the chart of accounts heretofore established for this County:

Personnel Expenses	120,039
Operating Expenses	15,197
Capital	-
Total Appropriations	<u><u>135,236</u></u>

SECTION 8:

It is estimated that the following revenues will be available in the Revaluation Fund for the fiscal year beginning July 1, 2020 and ending June 30, 2021:

Transfer From General Fund	130,000
Fund Balance Appropriation	5,236
Total Estimated Revenues	<u><u>135,236</u></u>

SECTION 9:

The following amounts are hereby appropriated in the High School Renovation Project Fund for the construction of a new classroom and office building during the fiscal year beginning July 1, 2020 and ending June 30, 2021, in accordance with the chart of accounts heretofore established for this County:

General Construction	18,080,304
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Architect/Engineering/Consulting Fees	1,085,148
Permits, Insurance, Surveys, Other	305,098
Furniture	775,489
Attorney Fees	50,000
Total Appropriations	20,296,039

SECTION 10:

It is estimated that the following revenues will be available in the High School Renovation Project Fund for the fiscal year beginning July 1, 2020 and ending June 30, 2021:

Transfer from General Fund	7,349,013
Proceeds from Bank Financing	11,000,000
Proceeds from Lottery Fund	1,947,026
Total Estimated Revenues	20,296,039

SECTION 11:

The following amounts are hereby appropriated in the Ag Building Community Room Project Fund for the construction of an community room addition during the fiscal year beginning July 1, 2020 and ending June 30, 2021, in accordance with the chart of accounts heretofore established for this County:

General Construction	1,395,000
Architect/Engineering/Consulting Fees	60,000
Permits, Insurance, Surveys, Other	30,000
Furniture	65,000
Total Appropriations	1,550,000

SECTION 12:

It is estimated that the following revenues will be available in the Ag Building Community Room Project Fund for the fiscal year beginning July 1, 2020 and ending June 30, 2021:

Fund Balance Appropriation	1,550,000
Total Estimated Revenues	1,550,000

SECTION 13:

The following amounts are hereby appropriated in the Grants Project Fund for community development in Avery County during the fiscal year beginning July 1, 2020 and ending June

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30, 2021, in accordance with the chart of accounts heretofore established for this County:

Neighborhood Revitalization Program	610,000
	-
	<u>610,000</u>

SECTION 14:

It is estimated that the following revenues will be available in the Grant Projects Fund for the fiscal year beginning July 1, 2020 and ending June 30, 2021:

Grant Revenue	<u>610,000</u>
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SECTION 15:

There is hereby levied a tax at the rate of forty-eight cents (\$0.48) per hundred dollars (\$100) valuation of property listed as of January 1, 2020 for the purpose of raising revenue included in "Ad Valorem Taxes" in the General Fund in Section 2 of this ordinance.

This rate of tax is based on an estimated total valuation of property for the purpose of taxation of \$4,142,345,494 and an estimated collection rate of 96%.

SECTION 16:

There is hereby levied a tax at the rate of seven cents (\$0.07) per hundred dollars (\$100) valuation of property listed as of January 1, 2020 for the purpose of raising revenue included in "Fire Tax Levy Revenue" in the Fire Districts Fund in Section 6 of this ordinance.

This rate of tax is based on an estimated total valuation of property for the purpose of taxation of \$4,142,345,494 and an estimated collection rate of 96%.

SECTION 17:

The Budget Officer is hereby authorized to transfer appropriations as contained herein in accordance with the Avery County Board of Commissioners Policy Manual.

SECTION 18:

**AVERY COUNTY
BUDGET ORDINANCE
FISCAL YEAR 2020-21**

Copies of this Budget Ordinance shall be furnished to the Clerk to the Board of Commissioners and to the Budget Officer and Finance Officer to be kept on file by them for their direction in the disbursement of funds.

Adopted this 1st day of June 2020.

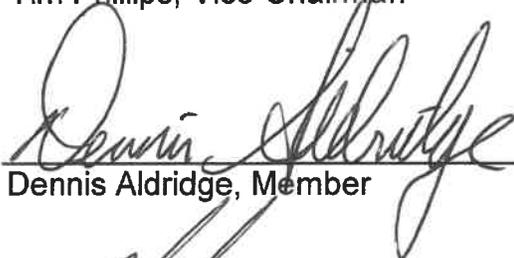
AVERY COUNTY BOARD OF COMMISSIONERS



Martha Hicks, Chairman



Tim Phillips, Vice-Chairman



Dennis Aldridge, Member



Blake Vance, Member



Wood Hall Young, Jr., Member

ATTEST:



Cynthia L. Tubbell

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Cynthia Turbyfill, Clerk to the Board