



PERSON COUNTY GOVERNMENT

Heidi N. York
County Manager

July 1, 2009

Dear Person County Residents:

I am pleased to present the County's spending plan for Fiscal Year 2009-2010. This budget required months of critical analysis, creative cost cutting by department directors, sacrifices by county employees, and difficult decisions to be made by County Commissioners. As the economy has proven to be uncertain, and county revenues have drastically declined against an increased demand for our human services; this budget is unlike those of previous years. The initial amount requested for all funds was \$67,773,442; this was \$5.7 million out from being balanced; equivalent to an additional 15.5 cents on the tax rate. In the current fiscal year, 2008-2009, the total of all funds in the adopted budget was \$66,569,729. For FY 09-10 the approved amount for all funds is \$60,743,192 which represents a total reduction of over \$5.8 million, a decrease in spending by over 8.7%.

This has been and will continue to be a challenging year in many ways, but we have seized this opportunity to assess where we are as an organization and as a county. Throughout the development and adoption of this budget, we raised some difficult questions as we made funding decisions:

- Are our services needed?
- Are we mandated to provide a particular service or is it optional?
- Are we making a difference in the lives of our citizens?
- Are our programs cost effective?
- Are we good at what we do?
- Can we continue to do more with less?

Person County Government provides comprehensive services well above and beyond what is mandated by the State. Our Recreation, Arts, and Parks Department is a leader in the State for the variety of programs they provide. Our Social Services Department is piloting a program for the State called Work First Benefits, what we refer to locally as Pay-For-Performance. Our Work First cash assistance recipients are only compensated if they participate in the employment requirements, the same as if they had a job, rather than receive benefits up front, the way other counties participate. The diversity and quality of our services rival or even surpass those of larger, urban, and wealthier counties. We certainly have a lot to be proud of; but in a year where

our revenue streams are dwindling and uncertain, we have had to take a critical look at our costs and assess our services. We've reached the point where we cannot continue providing the same level of services without increases in revenues, that is, without raising property taxes. We are faced with either substantially compromising the quality of our services, or narrowing our focus to deliver only those services meeting the most critical needs of our community- and then our job is to provide those services well. We now find ourselves in a position where we have exceeded our capacity to continue operating as we have in the past. We have relied on fund balance to meet our recurring and operating expenses. We have enjoyed generous benefit plans all the while growing our workforce and expanding our programs. The difficult economic situation has presented an opportunity for Person County Government; an opportunity to take a critical look at how we operate and make changes to allow our programs, services, and workforce to be sustainable.

Person County Government has new leadership. With two new Commissioners, a new Manager, and a new Finance Director, fresh perspectives were brought to the budget process. This year, we implemented zero-based budgeting. This budgeting technique allowed all county departments to analyze their spending and articulate their needs. Every line item began at zero rather than at last year's funded amount and required departments to justify and explain all of their expenditures. While this was time consuming, we now have a better understanding of our needs and have identified some cost savings. I am proud that our departments were able to reduce their budgets. If ever there was a year when we needed to do this, this is the year.

The Board of County Commissioners held a retreat in March where goals for the budget were articulated. The Board wanted a balanced budget from the Manager that did not raise taxes, did not reduce services, did not lay-off employees, and did not allocate fund balance for recurring expenses. This budget was built around those goals. Under the leadership of the County Commissioners, we have lessened the impact of service reductions, kept the property tax rate flat, delayed our property tax revaluation, avoided mass layoffs, and appropriated only a minimal amount of fund balance for human services- the one area of county government seeing a significant increase in the demand for services.

Revenues:

Overall our revenues are projected to be down by 9% over the current year. Our tax rate will remain at seventy cents per one hundred dollars valuation. Property tax estimates are based on a property valuation of \$3.84 billion with a collection rate of 96.5%; one cent on the property tax rate will generate \$370,560. This is down compared to the current fiscal year. Sales tax is projected to be almost 10% less than what was collected in fiscal year 2007-08. These are two primary sources of revenue for Person County. We often make comparisons of our tax rate with other counties' but what we often fail to consider is that most other counties impose additional burdens on their residents for government services. In fact, out of 100 counties in North Carolina, 90 of them have additional special fees they levy on citizens to operate their governments. The diversity of funding streams in other counties includes solid waste fees; fire district taxes; special school district taxes; impact fees; and others. Ad valorem tax is the sole tax that Person County operates under, comparatively. We have kept taxes low without imposing additional burdens on our citizens; this sets Person County apart. We truly are doing more with less.

We have reviewed all of our fee schedules and have increased those for recreation, arts and parks, planning and inspections services. However these adjustments will not come close to

offsetting the losses we are projecting including an \$85,000 loss in inspections alone, due to the decrease in residential and commercial building and almost \$65,000 loss in fees for register of deeds.

Not only have we not raised taxes, but the Commissioners delayed the scheduled revaluation of property, meaning that property values remain at the same level as they were in 2005. In fact, Commissioners have delayed the revaluation for the next two years, at least until 2011. This translates to no new revenue for the County, but no increases in values for our residents. It was the right thing to do to help our residents through these economic times.

Expenditures:

While our challenges are enormous, I am proud that the employees of Person County Government have risen to the occasion. Careful planning, analysis, and creative solutions from our departments have balanced this budget. Departments were directed mid-year, in October 2008, to cut their current spending by 3%. This measure saved the County over one million dollars and helped us prepare for the current economic challenges. The FY 09-10 Adopted Budget takes the spending cut further; departments were directed to submit a budget with a 5% decrease over the current year's adopted budget. This was no easy task. The average reduction for county departments' budgets is 9.2%. While we continue to prioritize education, the 5% reduction hit everyone receiving county funding including Piedmont Community College and Person County Schools.

Even after all departments cut their operating expenses, we made service cuts on top of the 5% reduction. Indeed, this will be tough, but we have scaled back to meet the economic challenges.

There are no new positions for next year. The only capital included is three vehicles for the Sheriff and one ambulance for Emergency Medical Services. All of these vehicles are well past their lifespan and mileage for our recommended vehicle rotations.

Services:

We have made the best of a very difficult situation by adopting a budget, that in order to not raise property taxes to cover our expenditures had to reduce our services. Service reductions logically mean that some positions will change; only ten positions out of our workforce of 408 fulltime employees have been impacted by the budget constraints. Seven vacant positions have been cut and two full-time positions have been restructured into part time, benefitted positions. We have trimmed the level of services in all of our departments through reductions in operating expenses, but we have further decreased services in our Inspections Department; Register of Deeds; Public Health; Environmental Health; Library; Animal Control; Recreation, Arts, and Parks; Custodial services; Fire services; Economic Development; Emergency Medical Services; and Person Industries.

Examining which services we are mandated to provide and considering where we might further reduce our expenditures, our nonprofit partners received a 10% funding cut. We are funding only six out of the thirteen agencies that applied for funding. Our volunteer fire services and the City of Roxboro Fire Department are receiving a 5% cut. We simply cannot continue funding at the same levels we have in the past.

I did not want to balance the budget on the backs of County employees. Our employees work hard every day often under difficult circumstances; our Public Health employees work day in and

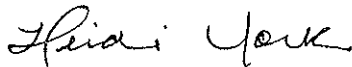
day out with clients under extremely stressful situations. Our EMS employees dedicate themselves at all hours to helping our residents. Our Sheriff Deputies put their lives in danger to improve our community. All of our departments in some way help make Person County a better place for all of us. I have great respect for the employees of Person County Government. This budget impacts their lives.

The reductions we have made to meet this year's difficult economic situation will be shared by our community stakeholders and employees alike. County employees will be furloughed for five days. We will be closed to the public and employees will not receive compensation. This translates into a 2% across the board pay cut for employees. The Commissioners have reduced the 401k contribution for employees by 2.5% saving \$335,805. Times are truly tough and the cost savings we are implementing will help us weather the economic storm.

The budget that follows has been carefully and thoughtfully constructed in the context of goals set forth by the Commissioners. Person County will continue providing the highest quality of services in the most fiscally responsible manner, all the while ensuring that we are improving lives and making Person County a better place to live, work, and play.

Your interest in and support of Person County Government is valued and appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Heidi York".

Heidi York
County Manager