

**COUNTY OF HAYWOOD
BUDGET MESSAGE
FISCAL YEAR 2012 – 2013**

Introduction

I am pleased to submit to you the County of Haywood, North Carolina Proposed Budget for Fiscal Year 2012-2013. The Budget was prepared in accordance with North Carolina General Statute § 159.7, the North Carolina Local Government Budget and Fiscal Control Act. All Funds within the Budget are balanced, and all revenues and expenditures are identified for Fiscal Year 2012-2013.

This budget document presents the revenues and expenditures by source and function. The budget is designed to function as a work plan in guiding departmental operations, in an attempt to accomplish the goals and objectives established by the Board of Commissioners.

The current tax rate of 54.13¢ (0.5413) per \$100 valuation was used to balance the budget. *The tax rate is proposed to remain at 54.13¢ (0.5413) per \$100 valuation.*

Recommendation

The recommended County of Haywood Fiscal Year 2012-2013 budget is as follows:
General Fund - **\$66,596,839**; Special Revenue Fund – Emergency Telephone System (E-911) - **\$535,756**; Special Revenue Fund – Solid Waste - **\$5,565,687**; Special Revenue Fund – Road Districts - **\$178,483**; Special Revenue Fund – Fire Districts - **\$3,552,015**; Special Revenue Fund – Junaluska Sanitary District - **\$183,694**; Debt Service Fund **\$2,966,070**; Internal Service Funds **\$5,567,266**.

The Process

The *Budget Plan* is one of the most important documents in local government as the organization strives to provide services commensurate with demand and demonstrate accountability to the taxpayers. The process is essentially a year-round effort. Formally, the County began our budget process in February 2012 with a Goal Setting Retreat with the Board of County Commissioners. The Commissioners provided guidance and direction for the formulation of the Fiscal Year 2012–2013 Budget Document. The top objectives are as follows:

- 1) Monitor Tax Rate and other County approved fee schedules to determine if rate/fees are equitable and adjust as required
- 2) Maintain current budgetary goals within all departments while developing long-term planning for capital improvements and enhancement of employee satisfaction
- 3) Continue consolidation of services by function where possible
- 4) Utilize resources available to improve economic development and related projects
- 5) Make use of electronic technology to reduce the amount of paper used for Commissioners' meetings
- 6) Solid Waste - Develop a multi-faceted program to ensure compliance with solid waste ordinances, and keeping the County free of litter and debris

Education

The proposed budget directs **\$16,895,510** to the Haywood County School System and Haywood Community College. This represents 25.4% of the General Fund's budget and is equivalent to 43.74% of the ad valorem property tax proceeds expected in the coming year. Education funding is being increased by 2.55% in the proposed budget based on FY2011-12 operational funding. These funds are divided into two broad categories: current expense (operational funding) and capital outlay. Current expense includes institutional support such as classroom teachers' salaries and benefits, supplies and materials. Other operational funding goes

towards local travel, athletics, maintenance and utilities. Capital expense includes renovations and upkeep of buildings, heating and air conditioning, furnishings and vehicles.

This budget recommends funding the *Haywood County School System at \$14,328,116* in local funds for current expense, which is 2.55% more than the FY2011-12 appropriation and equals the requested amount of *\$14,328,116 based on the "funding formula"*. The total local funding for school expenses including the \$35,000 for ABC distribution equals *\$14,363,116*. In addition, the recommended funding amount for capital is *\$255,938* (includes \$55,938 ADM Match) compared to the request of *\$834,000* (includes ADM Match) for capital improvements.

The local funding will continue to provide for teachers, teacher assistants, coaches, band directors, custodians, bus drivers, maintenance staff, utilities and instructional supplies as identified in the local budget request as presented by the School System to the Board of Commissioners at the April 26th work session. Given the framework of funding public education as established by the General Assembly, we share the responsibility to achieve and maintain the balance of financial stewardship and academic achievement. We also depend upon each other to bring the vision of a strong community to all of our citizens. It is our primary goal to ensure that adequate funding is provided to assure proper classroom instruction for students. During this difficult economic climate, we are requesting that the School System utilize their unreserved fund balance as necessary to cover any local or state funding shortfall for classroom instruction.

This budget recommends funding *Haywood Community College at \$2,276,456* in local funds for current expense and capital improvements, which is approximately 12% less than the requested amount of *\$2,600,456*. The enrollment growth at HCC, along with the availability of the ¼ cent sales tax for capital projects on the HCC campus, should allow the college to meet their facility needs with the proposed increase in local capital funding for this coming fiscal year.

The sustainability of the combined Public School and Community College costs is, and will continue to be, a consideration in maintaining the County's position to provide appropriate funding to ensure a quality education for the children and citizens of Haywood County. It is an honor for me to say that I was educated in Haywood County Schools and Haywood Community College for my emergency services training; therefore, I realize the importance of preparing a budget that will not negatively impact students in K-12 or at the Community College. We are fortunate to be able to restore some local funding for education which was reduced over the last four fiscal years.

Facility Upgrades

At the direction of the Commissioners, this budget includes a ten percent increase in funding for Facilities and Maintenance to improve and maintain our County facilities. We will also be looking for areas to improve energy efficiencies when upgrades are made to existing heating, ventilation and air conditioning equipment this coming year. The budget does reflect an overall reduction in utility expenditures with the recent renovations made to the Historic Courthouse and the DSS/Health/Building & Environmental Services facility.

Public Safety Update

This year will require the County to make changes to some of our emergency radio equipment including a repeater purchase on Chambers Mountain which will be relocated to the State VIPER building on Chambers Mountain. The deadline for all public safety radio communications to become narrowband compatible is December 31st, 2012; therefore requiring us to replace some outdated mobile radios, handhelds and the UHF repeater on Chambers Mountain to be in compliance. We are continuing with our fleet replacement of four Sheriff

Patrol vehicles and two EMS ambulances this fiscal year. EMS will purchase a bariatric transport stretcher to improve the safety and care of bariatric patients.

Solid Waste (Fund 24)

The Solid Waste Director and the Solid Waste Committee continue to perform financial analysis on areas identified to improve efficiencies and cost effectiveness. The public-private partnership with the convenience centers implemented in FY2010-11 continues to work well with a positive financial gain to the taxpayer. The public-private partnership with Santek for the management of the White Oak Landfill became effective in December of 2011 and continues to be a positive business decision. I am recommending that the Solid Waste Availability Fee of \$92 per household remain as such for this coming fiscal year as we finalize decisions on upgrades to the Materials Recovery Facility (MRF) in Clyde to enhance our revenues on recyclable materials. The Jones Cove Convenience Center will be moved into the MRF with a center that is ADA compliant and will be open six days per week. ***The Solid Waste Availability Fee is recommended to remain at \$92 per household.***

Economic Forecast

North Carolina continues to experience slow post-recession economic growth. In March, an update from the North Carolina Association of County Commissioners predicted that North Carolina would continue to experience a slow, but steady economic recovery in 2012. Employment figures are expected to continue showing slight improvement. The economic outlook for Haywood County seems likely to mirror the state's, with anticipated job growth at Consolidated Metco, and the renovation at Sonoco Plastics, which is expected to generate 35 new jobs. I remain optimistic that Haywood County's economic outlook is positive as neighbors

and business owners in our communities pull together to identify new and innovative opportunities.

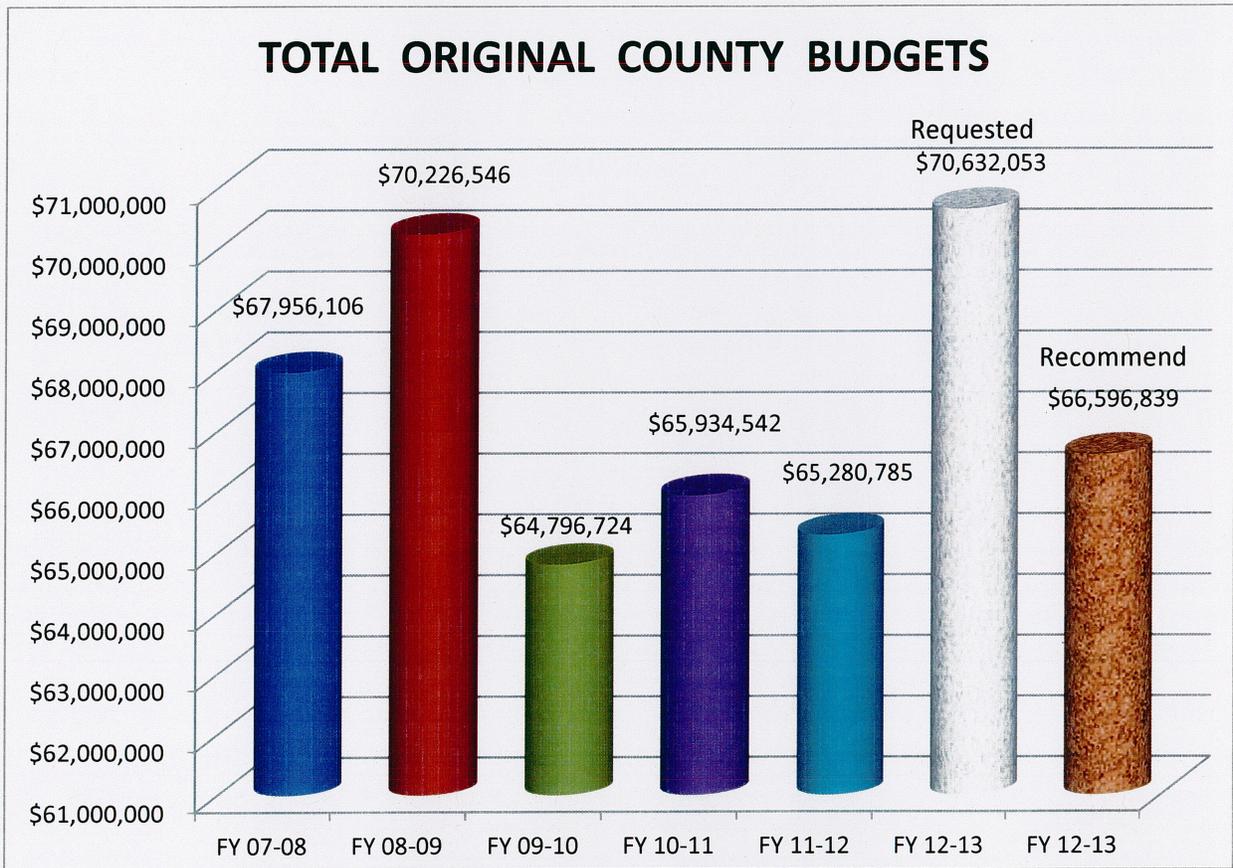
Summary of Recommendations for Fiscal Year 2012 – 2013

I am recommending the following action for the Fiscal Year 2012 – 2013 Budget:

- I. No new requested positions recommended
- II. All positions currently at 36-hour work week to remain as such
- III. Resignations/terminations of positions to be evaluated for replacement by County Manager
- IV. No Cost of Living Adjustment
- V. 1% 401(k) Employer Contribution
- VI. Continuation of Christmas Bonus
- VII. Continuation of 0-2% Merit allocation to employees based on performance appraisal
- VIII. Budgeted computer and data replacement equipment in each department's budget
- IX. Maintain Current Operating Schedule, Longevity Pay, Holiday Pay
- X. Maintain no funding to Municipalities for Recreation Programs
- XI. Contingency of \$300,000
- XII. Will continue to evaluate department/office/agency efficiencies to enhance and improve accountability while reducing costs

Historic Comparison

The Fiscal Year 2012 – 2013 Proposed Budget demonstrates diligence, balance, leadership, fiduciary responsibility, prudence and responsiveness to the citizens’ demand for services. The comparative illustrations below capture the essence of balancing service level demand with finite resources.



Vision

It continues to be an honor to serve as the County Manager with a great team preparing the budget this year for the County. The guidance and leadership demonstrated by the Board of Commissioners set the course in the formulation of the Budget Document. All department heads and staff are to be commended for their continued delivery of services to the citizens and visitors to our beautiful county. The dedication to and compassion for our citizens while providing the services in Haywood County is demonstrated by every employee and citizens who volunteer countless hours to make Haywood County a great place to live.

We will continue to move forward with enhancements in the County's vast spectrum of services: senior enrichment, public safety, information technology, recreation, health and human services, veteran's services, economic development, facility improvements to compliment services, supporting education at both the K-12 and Community College levels, and providing County employees with a competitive benefits package. I am very optimistic that this will be a great year with continued improvement in operational efficiencies coupled with a renewed focus on customer service and positive outcomes. Our team will remain dedicated and committed while "Rising to the Challenge" as we all look forward with optimism to a brighter day for everyone in Haywood County.

Respectfully submitted,
COUNTY OF HAYWOOD



Marty L. Stamey
County Manager