

HAYWOOD COUNTY
FINANCE
DEPARTMENT

Memo

TO: Marty Stamey, County Manager
FROM: Julie Davis, Finance Director
DATE: November 21, 2011
RE: Junaluska Community Volunteer Fire Department

The Junaluska Community Volunteer Fire Department would like the commissioners to approve the financing of the purchase of Real Property adjoining the fire department, as follows:

Bank: United Financial
Amount: \$99,000
Term: 5 years
Interest rate: 2.98% fixed rate
Annual pymnts: \$21,604.76

The fire department's June 30, 2011 financial statement audit has not yet been completed, though its auditors have submitted the fiscal year end compilation to the county. This compilation, along with the prior year's audited statements shows the department's net assets have increased \$42,919 and \$29,151 for the years ended June 30, 2010 and June 30, 2011, respectively.

There is the potential for the fire department to enter into a lease with the current occupant of the property, the United States Post Office, Lake Junaluska. The department has consulted the county attorney, who has reviewed the arrangement and has found no reason that the department cannot do what is proposed.

The fire department received four financing quotes and held a public hearing on the purchase and financing of the property. The cost of the property is \$199,000. The fire department expects to pay \$100,000 down and finance the balance. In reviewing the financial statements for the fire department, and taking into account the availability of funds to cover the new debt service, it appears the department has the ability to meet the debt service requirements.

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COUNTY MANAGER
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LEON M. KILLIAN, III
COUNTY ATTORNEY

December 5, 2011

United Financial of North Carolina
58 Wilkie Way
Fletcher, NC 28732

Subject: Financing Agreement between United Financial of NC and
Junaluska Community Volunteer Fire Department

Dear Sir or Madame:

I am the Chairman of the County Commissioners of Haywood County. This letter is to advise you that: Junaluska Community Volunteer Fire Department, Inc. is a qualified Volunteer Fire Department, assigned to protect a specific Fire District within this County.

In addition, a special ad-valorem (fire tax) is assessed on the real property owners of this district. Said tax is to be used exclusively to provide equipment, facilities, and training as is necessary to provide fire protection for said district. Said funds may also be used to upgrade equipment as the need arises. This tax is collected by the County and disbursed by the Finance Office to the Fire Department on a regular basis by the County Finance Officer. The Fire Department is operated and managed by the Board of Directors of the Fire Department and the Officers of said Department. The Department is currently meeting the requirements of their fire service contract.

The Fire Department has made us aware of their intention to acquire new capital assets through a financing agreement with your bank. Please be advised that the County has no objection to this transaction.

Sincerely,

Mark S. Swanger
Chairman, Haywood County Commissioners