

**COUNTY OF HAYWOOD  
BUDGET MESSAGE  
FISCAL YEAR 2011 – 2012**

**Introduction**

I am pleased to submit to you the County of Haywood, North Carolina Proposed Budget for Fiscal Year 2011-2012. 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 2011-2012.

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.

With 2011 being a revaluation year, estimates of property tax revenue had to be made early in the process. The Board of Commissioners requested that the “Revenue Neutral” tax rate calculated at 54.13¢ (0.5413) per \$100 valuation be used as a baseline to balance the budget. The previous tax rate was 51.4¢ (0.5140) per \$100 valuation. *The tax rate is proposed to be the revenue-neutral rate of 54.13¢ (0.5413) per \$100 valuation.*

**Recommendation**

The recommended County of Haywood Fiscal Year 2011-2012 budget is as follows:  
General Fund - **\$65,280,785**; Special Revenue Fund – Emergency Telephone System (E-911) - **\$751,002**; Special Revenue Fund – Solid Waste - **\$5,455,400**; Special Revenue Fund – Road Maintenance - **\$169,257**; Special Revenue Fund – Fire Districts - **\$3,305,541**; Special Revenue

Fund – Junaluska Sanitary District - **\$188,694**; Debt Service Fund **\$3,058,367**; Internal Service Funds **\$5,235,500**.

**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. This year's budget process has been more complicated as we awaited information and data related to the North Carolina General Assembly's efforts to cut the budget for the current fiscal year and implement a significant reorganization and budget reduction for FY2011-12. Formally, the County began our budget process in February 2011 with a Goal Setting Retreat with the Board of County Commissioners. The Commissioners provided guidance and direction for the formulation of the Fiscal Year 2011–2012 Budget Document. The top objectives are as follows:

- 1) Senior Services – Continue due to demographics of aging population to improve quality of life;
- 2) Examine consolidation of services by function;
- 3) Work to enhance operational efficiencies and cost effectiveness;
- 4) Be as efficient as possible while being fiscally responsible; no acceptance of unfunded liabilities; and
- 5) Facility Capital Improvement Plan that is objective with an identified funding source.

**Education**

The proposed budget directs **\$16,494,763** to the Haywood County School System and Haywood Community College. This represents **25.3%** of the General Fund's budget and is equivalent to 43.38% of the ad valorem property tax proceeds expected in the coming year. Education funding is being decreased by 3% in the proposed budget, which equates to a decrease of 0.66% of the County General Fund's budget. 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 \$13,971,307*** in local funds for current expense, which is approximately 3% less than the FY2010-11 appropriation and 9% less than the requested amount of ***\$14,866,030***. The total local funding for school expenses including the \$25,000 for ABC distribution equals ***\$13,996,307***. In addition, the recommended funding amount for capital is ***\$278,000*** (includes \$72,500 ADM Match) compared to the request of ***\$779,000*** (includes \$72,500 ADM Match) for capital improvements. The 3% local funding decrease is a net reduction of 0.59% to the current school budget of \$72.5 million, which we realize will be impacted with proposed cuts at the state level this coming fiscal year.

This 3% decrease in local funding is for administrative positions, assistant principals and long distance travel which are consistent with recommendations from the State Legislatures and the North Carolina Department of Public Instruction. The local funding will continue to provide

for the 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 May 2<sup>nd</sup> 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 \$2,220,456* in local funds for current expense and capital improvements, which is approximately 3% less than the requested amount of *\$2,283,456*. The enrollment growth at HCC, along with the availability of the ¼ cent sales tax for capital projects on the HCC campus, should minimize the impact of the proposed local funding reduction 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 have a negative impact on students in K-12 or the Community College. We have been fortunate to be able to fund education over the last three fiscal years without any

reductions, but we have now reached a point that we must all tighten our belt during this tough economic time as better days are ahead for our county.

**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 this current fiscal year continues to work well with a positive financial gain to the taxpayer. We are currently negotiating with Santek Environmental, Inc. on the public-private partnership for the management of the White Oak Landfill. The process for this is time intensive and one that we want to make sure is a true win-win for the taxpayer. 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 landfill management agreements and future changes in the Solid Waste Transfer Function in Clyde once the capital improvements are completed at the White Oak Landfill in late 2011 or early 2012. We will continue with the Methane Gas Collection and Combustion System project at the Francis Farm Landfill which is being primarily funded with a one million dollar grant from the North Carolina Department of Commerce, Energy Division under the American Recovery and Investment Act. ***The Solid Waste Availability Fee is recommended at \$92 per household.***

**Technology Advancements**

Haywood County Information Technology supports over 500 computers, more than two dozen servers, and more than 40 specialized application systems. In 2011, we have taken important steps to address one of the biggest technology challenges Haywood County is facing -

the relocation of the Departments of Social Services, Health and Central Permitting to Paragon Parkway in November. Almost half of Haywood County staff computers will relocate to Paragon Parkway. Antiquated document management systems, as well as voice and data connectivity to Paragon Parkway must be addressed.

This relocation also presents us with an excellent opportunity to better serve the public and reduce technology costs, with the conversion to desktop virtualization, a process that will reduce our costs for replacing computers by 75%. Virtualization will provide, to social workers and health clinicians, portability that will allow them to access data from any computer.

The other significant technology upgrade we will see next year is implementation of our integrated computer aided dispatch (CAD) and mobile data information system (MDIS), which will improve the communications abilities of all public safety functions. Currently, Haywood County has four disconnected Public Safety Answering Points (PSAP) that receive and dispatch for all emergency and non-emergency fire, medical, and law enforcement incidents. Haywood County 9-1-1 is the primary PSAP, which receives all incoming 9-1-1 calls. Interoperability among all PSAPs is crucial for the safety of public safety responders, citizens and visitors of Haywood County, and must be improved.

Upon completion of this project, all Haywood County PSAPs will achieve interoperable communications through a unified computer aided dispatching and mobile data system. This project will be funded through the use of designated and approved Emergency Telephone System Funds for public safety use. Total contract cost is \$284,944. There is an additional \$73,252 in hardware costs associated with this project. These funds will be expended across two fiscal years, beginning this current fiscal year as recently approved by the Board of Commissioners.

**Economic Forecast**

Recently, the North Carolina Association of County Commissioners provided what they called a Fearless Forecast for 2011-12. The report suggested that state economic growth is beginning to show slight improvement since the “Great Recession” officially ended in late summer of 2009. However, North Carolina’s recovery was slower in coming than other areas, since this state has more jobs in manufacturing and housing. The report predicted that the state will see an improving job outlook in 2011, but it will be 4 to 5 years before we regain 2007 employment levels. 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 2011 – 2012**

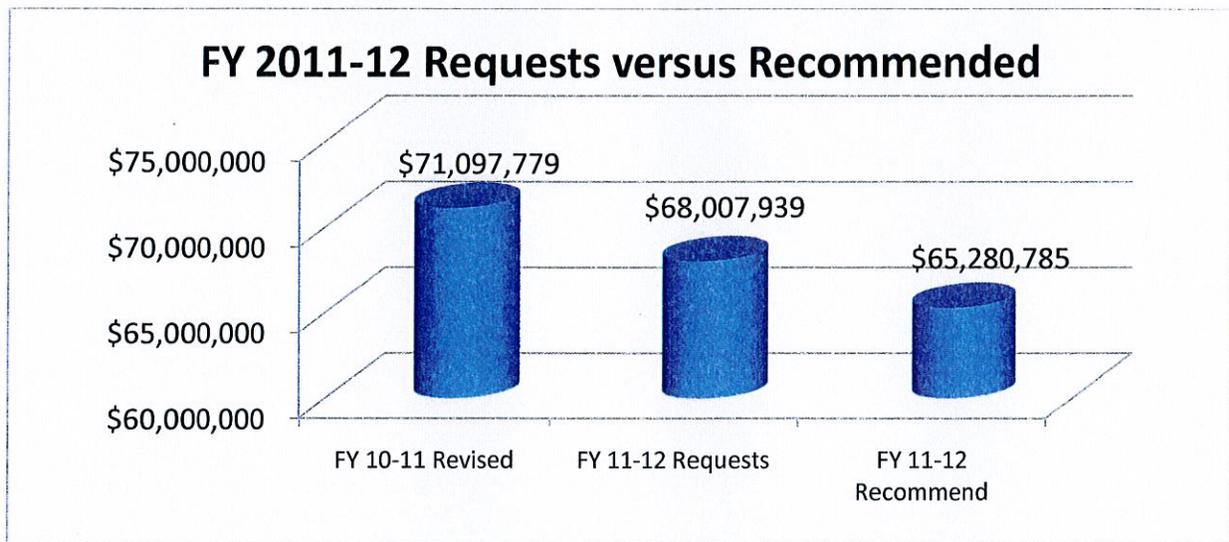
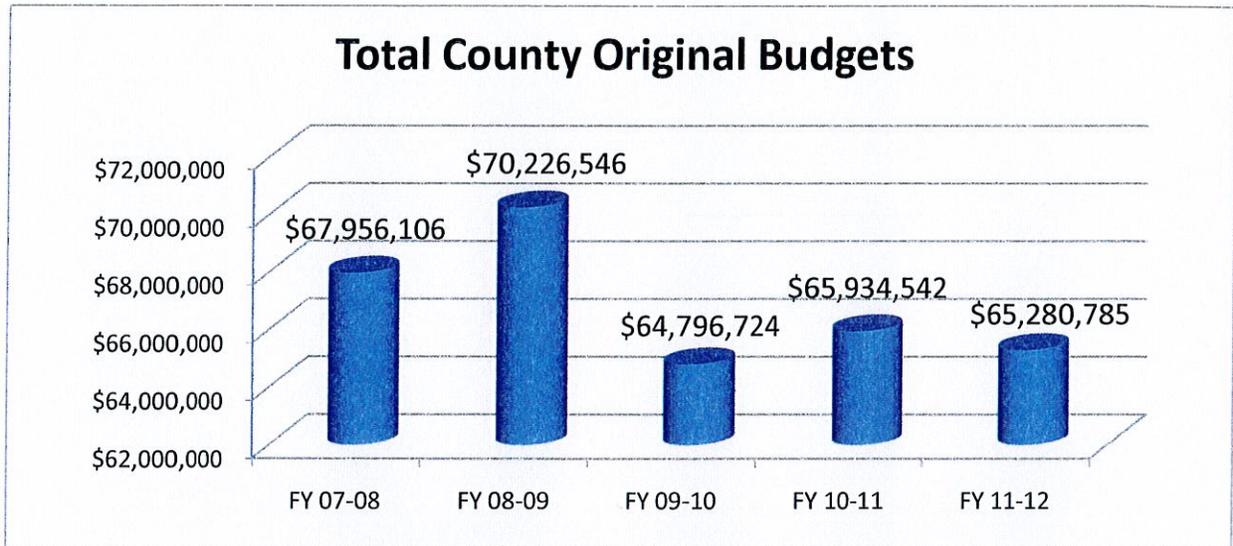
I am recommending the following action for the Fiscal Year 2011 – 2012 Budget:

- 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. No 401 (k) Employer Contribution
- VI. No Change in Health Insurance Plan Design

- VII. Increased employer contribution by 10% to \$770 per employee for Health Insurance
- VIII. Reduced Workers Compensation budget due to proprietary fund balance level
- IX. Reinstatement of Christmas Bonus
- X. Continuation of 1% merit allocation
- XI. Budgeted \$60,000 for computer and data replacement equipment in Information Technology line item
- XII. Increased contingency from \$322,000 to \$500,000
- XIII. Increased funding for Senior Services from \$65,000 to \$111,000
- XIV. Not anticipating any loans -- Capital projects to be funded with sale of real properties owned by the County
- XV. Only allow travel to maintain credentials and certifications
- XVI. Maintain Current Operating Schedule, Longevity Pay, Holiday Pay
- XVII. Maintain no funding to Non-Mandated Non-Profit Organizations
- XVIII. Maintain no funding to Municipalities for Recreation Programs
- XIX. Will continue to evaluate department/office/agency efficiencies to enhance and improve accountability while reducing costs

**Historic Comparison**

The Fiscal Year 2011 – 2012 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.

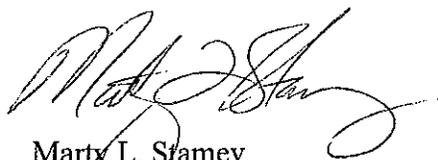


**Vision**

It has been an honor serving my first term as the County Manager with the team preparing the budget this year, even though this is my second opportunity to prepare a budget 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 and compassion for the services provided by Haywood County is demonstrated by every employee in this county and citizens that give up their valuable time to serve on advisory boards to assist us with the vision for delivery of services.

We will continue to move forward with improvements in the County's broad 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 positive and progressive year with significant improvements in service delivery with the improvements in operational efficiencies and cost effectiveness. Our team will remain dedicated and committed to "Doing More with Less" as we all look to the future with optimism of a brighter day for everyone in Haywood County.

Respectfully submitted,



Marty L. Stamey  
County Manager