


TO: Mayor Gavin Brown,
Alderman Libba Feichter, Alderman Gary Caldwell,
Alderman Wells Greeley and Alderman LeRoy Roberson
FROM: A. Lee Galloway, Town Manager 
DATE: May 12, 2009
SUBJECT: Presentation of 2009-2010 Budget for the Town of Waynesville

Presented herein is the proposed budget for the Town of Waynesville for 2009-2010. The document is divided into eight sections, and a Table of Contents follows, color coded to match each section. At present, Section VII and VIII are blank. Section VII is reserved for special reports or additional data you might request during the work sessions. When the work sessions are complete and the budget is finalized, the Board will adopt a Budget Ordinance. We will provide a final draft of the Budget Ordinance to go in Section VIII.

Many of you are expecting to hear my worn out phrase that 'this is the hardest budget on which I have ever worked'. You will not hear that this year. The economic situation is such that we encouraged department heads to hold down any increases in their budget requests, and in most cases, they did that. In some cases, where increases were sought, we had no choice but to reduce many of those requests. Being aware of the bleak financial prediction for the coming year, we just did not have the funds to grant many increases in expenditures unless they were just absolutely essential.

In 2008-2009, we initially recommended an across the board cost of living adjustment of 3.5%. If we were making that same recommendation in the 2009-2010 budget, we would need \$209,245. We do not feel that the Town's finances or the local economy is in a position that we can recommend any pay increase, so we are not looking for money for cost of living raises. In years past, we have been hit with substantial increases for health insurance, often 10 to 20%. If we had been hit with a 10% increase in health insurance costs, we would be looking for \$150,000, but Blue Cross-Blue Shield has announced that we will have no increase, so we are not scrounging around looking for \$150,000.

It is sometimes easier if you do not have money to do anything with, for you do not have to spend a lot of time figuring out how to divvy up the money. On the flip side, there have been some reductions in costs, particularly in the prices for fuel and tires, and this has allowed us to absorb some of the increased costs in areas where we really have little control over the costs.

So we will certainly be limited in what we can do in the way of anything new in the 2009-2010 fiscal year. Revenues are virtually flat in the General, Water and Sewer Funds, and the increase in the Electric Fund can be tied directly to the higher fuel adjustment charges. The following shows a comparison of the revenues anticipated in 2009-2010 with the revenues we expected to receive in 2008-2009 after the budget was revised in November, 2008:

| | <u>2008-2009</u> | <u>2009-2010</u> | | <u>CHANGE</u> |
|---------------|------------------|------------------|------|---------------|
| General Fund | \$13,015,064 | \$13,034,800 | up | \$ 19,736 |
| Water Fund | \$ 2,424,470 | \$ 2,468,170 | up | \$ 43,700 |
| Sewer Fund | \$ 2,049,990 | \$ 2,017,480 | down | \$ 32,510 |
| Electric Fund | \$ 8,238,500 | \$ 9,042,900 | up | \$ 804,400 |

NOTE: Fuel adjustment charges from Progress Energy were initially budgeted at \$5,543,250 and we are estimating that the expense for 2009-2010 will be \$6,355,000, an increase of \$811,750.

With revenues down and the amount of the budget relatively flat, most of our time developing the 2009-2010 budget was spent shifting money from one department to another in the coming year. We had virtually the same amount of money, we just shifted where it would be spent.

Were budget cuts made? Certainly! The initial requests in the General Fund exceeded the Funds available by more than \$2 million. So it was imperative that we had to make changes so that the budget would become a spending plan that we felt comfortable recommending to the Town Board.

In my budget message, I spend time talking about a quote I heard earlier this year – “Don’t Waste A Good Crisis”. The process this spring was not easy, in fact it was painful at times. But when the money is tight, it causes us to look closely at how we use our resources, the way we do things and ask ourselves if there is a way that we can do things more efficiently. Sometimes we need to ask ourselves why we are doing something in the first place and question whether we need to continue doing some things at all. We have to carefully reevaluate our priorities, particularly when the funds reach the point where we have to give some things up. So going through a period like this one should lead this organization to be a bit leaner and perhaps more capable to deal with a crisis in the future. The economic situation of 2008-2009 has indeed been a crisis for our town and county, the state, nation and world. Hopefully, we have not wasted a good crisis!

There are some positive things about the current year and the year to come. We have opened a beautiful and functional fire station. We have placed a new electric substation into operation. We have completed an expansion of the lab and the replacement of the roof at the water plant. We have replaced an outdated, side-loading commercial garbage operation with a front loading system. We have begun and will soon complete the renovations of the public safety building and conversion to a police department, development office and town meeting space. We have installed a new fuel management system including new pumps and a system which records how much each vehicle and each department use.

In 2009-2010, we will continue renovations at the water plant, repairing the deteriorated concrete surrounding the clearwells. We will replace the unit at the wastewater treatment plant that heats the sludge and kills the bacteria. We proposed ordering eight new vehicles for the police department, a new fire truck, and two new brush trucks for the street department along with a new leaf vacuum, a trackhoe for water maintenance and a sewer cleaning truck for sewer maintenance. We intend to replace the bridge on Hendrix Street, install \$75,000 worth of new sidewalks and continue the review of the Land Development Standards. We will repair or replace \$275,000 in deteriorated water lines and \$300,000 in sewer lines and manholes. We are not standing still!

The world economy is turned upside down at present, and it will take some time for things to return to normal. Fortunately, this organization has just the right mix of ingredients to get our community through the present situation. With skilled and dedicated employees, highly capable department heads and ethical and conscientious elected officials, we have a team in place that will lead this organization to the better days that we know are ahead. I am pleased and proud to be a part of this "Team".

As always, I want to commend Finance Director Eddie Caldwell for the many hours that he and his staff contribute to the development of the budget. The formal budget process begins in February and runs until the adoption in late June, but Eddie maintains excellent records and makes expenditure projections and revenue forecasts year around. I do not know of anyone who is more capable in the area of municipal finance than is Eddie Caldwell.

In the coming weeks, as we evaluate, discuss and digest the budget for the upcoming fiscal year, Eddie and I will be anxious to provide whatever information you may need and to answer whatever questions you may have. Please feel free to call upon us at any time.

**BUDGET PROCEDURES AS SET FORTH IN
THE LOCAL GOVERNMENT BUDGET AND FISCAL CONTROL ACT
NORTH CAROLINA GENERAL STATUTE 159**

CHAPTER 159-10 Budget Requests

Before April 30 of each fiscal year, or an earlier date fixed by the budget officer, each department head shall transmit to the budget officer the budget requests and revenues estimates for his department for the budget year.

CHAPTER 159-11 PREPARATION AND SUBMISSION OF BUDGET MESSAGE

Upon receipt of the budget requests and revenue estimates and the financial information supplied by the finance officer and department heads, the budget officer shall prepare a budget for consideration by the governing board in such form and detail as may have been prescribed by the budget officer or the governing board. The budget, together with a budget message, shall be transmitted to the governing board not later than June 1.

CHAPTER 159-12 FILING AND PUBLICATION OF THE BUDGET; HEARINGS

On the same day that he submits the budget to the governing board, the budget officer shall file a copy of it in the office of the Clerk to the Board where it shall remain available for public inspection until the budget ordinance is adopted. The Clerk shall make a copy of the budget available to all news media in the county. She shall also publish a statement that the budget has been submitted to the governing board and is available for public inspection in the office of the Clerk to the Board. The statement shall also give notice of the time and place of the budget hearing required by subsection (b) of this section.

Before adopting the budget ordinance, the board shall hold a public hearing at which time any persons who wish to be heard on the budget may appear.

**CHAPTER 159-13 THE BUDGET ORDINANCE;
FORM, ADOPTION, LIMITATIONS, TAX LEVY, FILING**

Not earlier than 10 days after the day the budget is presented to the board, and not later than July 1, the governing board shall adopt a budget ordinance making appropriations and levying taxes for the budget year in such sums as the board may consider sufficient and proper.

The budget ordinance shall be entered in the minutes of the governing board and within five days after adoption, copies thereof shall be filed with the finance officer, the budget officer and the Clerk to the governing board.

CHAPTER 159-17 ORDINANCE PROCEDURES NOT APPLICABLE TO BUDGET OR PROJECT ORDINANCE ADOPTION

During the period beginning with the submission of the budget to the governing board and ending with the adoption of the budget ordinance, the governing board may hold any special meetings that may be necessary to complete its work on the budget ordinance. Except for the notice requirements of General Statute 143-318.12, which continue to apply, no provision of law concerning the call of special meetings applies during that period so long as: (1) each member of the board has actual notice of each special meeting called for the purpose of considering the budget, and, (2) no business other than consideration of the budget is taken up.

TYPICAL BUDGET SCHEDULE

| | |
|----------------|---|
| JANUARY | Department Heads receive budget forms for preparing Regular and Capital Outlay Request; |
| FEBRUARY 15 | Department Heads submit their Capital Outlay Requests; |
| FEBRUARY 15-28 | Finance Director compiles requests and resolves any questions about costs; Finance Director makes preliminary revenue and expenditure estimates for current fiscal year; |
| MARCH 1 | Department Heads submit operating budget requests; |
| MARCH 1-10 | Finance Director compiles requests and resolves any questions about costs; |
| MARCH 10-15 | Finance Director makes revenue estimates for next fiscal year; |
| MARCH 15-31 | Finance Director meets with department heads to resolve issues and compiles all revenues estimates and expenditure requests into draft budget document; |
| APRIL 1-15 | Finance Director and Town Manager meet to review departmental requests and revenue projections for next fiscal year; |
| APRIL 15-20 | Finance Director and Town Manager finalize budget figures and reach agreement on presentation to Board; |
| APRIL 20-30 | Town Manager prepares budget message; Finance Director prepares statistical information and supporting document for budget books; |
| MAY 1-31 | Town Manager and Finance Director present budget to Board of Aldermen. Copies made available to news media and public for review. Work sessions scheduled by Board; |
| EARLY JUNE | After appropriate public notice, Town Board holds public hearing on proposed budget; |
| MID-JUNE | Additional work sessions held for adjustments if needed; |
| LATE JUNE | Board adopts proposed budget for next fiscal year. |

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