



Town of Waynesville

TO: Mayor Gavin Brown,
Alderman Gary Caldwell, Alderman Libba Feichter,
Alderman Wells Greeley and Alderman LeRoy Roberson

FROM: A. Lee Galloway, Town Manager *A. Lee Galloway*

DATE: May 10, 2011

SUBJECT: Presentation of 2011-2012 Budget for the Town of Waynesville

Presented herein is the proposed budget for the Town of Waynesville for 2011-2012. The document is divided into eight sections, and a Table of Contents follows, color coded to match each section. At present, Section VIII is empty, but when the work sessions are completed, the public hearing held and the Budget Ordinance adopted, we will provide you with Section VIII so you may insert it into your budget book. Section VII is likely incomplete, for during the next several weeks, we may be adding special reports and other data to Section VII. Although we are presenting the budget this evening, our work is by no means done. As you work through this document and move toward adoption, our role is to continue working with you until the budget becomes something you support.

We are now entering our fourth year of budget stress. Although the stock market did not go into a tail spin until the fall of 2008, we began seeing problems on the horizon during early 2008. The Town Board, management, department heads, supervisors and employees, have worked together as a dedicated team over the past three years and I truly believe that today, ours is an organization that is stronger, more efficient and in a more solid position than it was in the past. In our most recent monthly cash report, for March 31, 2011, all of our funds, General, Water, Sewer and Electric, are in a stronger cash position than they were two years ago, on March 31, 2009. In addition, the Town Board established a Capital Projects Fund with proceeds leftover after the construction of the new fire station and the police/development office/town hall, and on March 31, 2011, \$377,436 remained in that fund ready to assist with the next project.

The 2011-2012 budget has been prepared, but there remain a great many questions and uncertainties as we reach the evening when the document is to be presented to the Town Board. The first uncertainty is revaluation, and we do not know what the total valuation figures will be after all the appeals are heard and all the exemptions allowed. This document is based upon our best estimates using the figures provided by Haywood County. Another uncertainty is health insurance, and we do not yet have a premium figure for the 2011-2012 fiscal year. We have been given a "worst case scenario" number and base our budget projections on that number, and we feel we have adequate funds to cover whatever the final premium will be.

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The North Carolina General Assembly remains in session and appears to be headed toward a showdown with Governor Beverly Perdue over the contents of the final budget. We do not know if the funds collected by the State and returned to municipal governments will be reduced or impacted in any way. We do not know if the State will pass unfunded mandates or if there will be an attempt to shift responsibilities from the State Government to Local Government.

With their decision to close the solid waste transfer station and require us to haul garbage to the White Oak Landfill, Haywood County has already created a major new expense for the Town. The study which will be conducted by the Land of the Sky Regional Council may provide some alternatives for the Town, but those alternatives might require spending more money now to save more money in the future. We do not know how the study will turn out or if there are alternatives for the Town which might result in savings.

With so many uncertainties, it is difficult to move forward; but we move forward, because we must.

We look at the financial position of the Town and feel that it is more solid than in the past. And we are starting to see some positive signs on the horizon. We are starting to see a few more inquiries about development and hope that is a sign that the economy and the job market, the sales taxes and the tax base, will begin growing and expanding again. We are optimistic,,,,, cautiously optimistic, perhaps, but optimistic just the same. We must look to the future.

The future of the Town, I believe, will be based upon our greatest assets, the employees of the Town. As we began preparing the 2011-2012 budget, we were attuned to the needs of our personnel. Our first priority was to find funds to provide an across the board, cost of living raise for all our full time and permanent-part-time employees. I am pleased to report that a 3% adjustment is provided in this document. Our second priority was to maintain a revenue-neutral tax rate as a result of the revaluation of property. According to the formula provided by the State, a revenue-neutral tax rate is 40.82 cents, and that is the rate we are proposing. Our third priority was to maintain the level of services for our citizens, and while there may be some changes coming out of the solid waste study, we feel the budget we are proposing maintains the service levels our citizens now receive. Our fourth priority, as always, was to maintain the financial integrity of the Town. We have been conservative enough in our financial planning to see the fund balances grow in all four major funds, and due to the size of the reserves, we feel comfortable dipping into them to fund the 2011-2012 budget. Finally, we did not want to attempt to achieve "false economies", by eliminating needed capital outlay in the coming year and then need twice as much to catch up in 2012-2013.

The total budgets for the 2011-2012 fiscal year are shown below:

	<u>2011 - 2012</u>
General Fund	\$13,369,440
Water Fund	\$ 2,859,570
Sewer Fund	\$ 2,088,800
Electric Fund	<u>\$ 8,889,350</u>
	\$27,207,160

During the past year, we have completed many important water and sewer projects, making a sizable dent in the \$31,000,000 of needs identified for the water and sewer systems over the next twenty years. We have renovated the Hazelwood Branch Office and combined our finance department at a single location, gaining efficiency and expanding services to the public. We have completed replacement of the Hendrix Street bridge, added sidewalks and resurfaced the entire length of that street. We have added several major new pieces of equipment, including a Pierce Fire Pumper Truck at \$400,000 and a sewer cleaning truck for \$190,000. We experienced financial challenges, but we progressed ahead in the face of those.

The upcoming budget continues to provide funds for making improvements to the water and sewer systems and treatment plants. We will attempt to recondition and resurface more roads next year in response to the severe damage suffered during the past two difficult winters. We will continue to expand the use of the Old Armory, offering more programs and activities for seniors at that facility. There will be capital outlay provided so that our departments may secure various pieces of equipment and vehicles needed to perform work satisfactorily.

The 2011-2012 budget provides funds so that the process of replacing the retiring town manager may be done in a fair and professional manner. The proposed document calls for bringing in an outside consultant to assist the Town Board through the process of soliciting applicants, assessing the finalists and helping the Board select a candidate that best meets the needs of the community. I assure you that I stand ready to assist in this process, ready to play whatever role the Town Board directs me to play for the good of this organization. That is the very least I can do for an employer and community that have meant so much to me over these past 18 years.

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At the bottom of this introductory letter, you will see the Town Manager's name. It goes without saying that so much of the work contained in this document bears the fingerprints of Finance Director Eddie Caldwell, and he deserves a tremendous amount of credit for the work herein as well as the solid financial position of the Town of Waynesville. We are very fortunate to have Eddie Caldwell overseeing the funds of the Town, and it has been my pleasure to work with him on the development of the financial plan for the Town for 2011-2012 as well as in the preparation of 17 previous budgets.

I would also express appreciation to the staff of the Finance Department who assisted in gathering materials for the budget, to the Department Heads and Supervisors for their role in preparing budget requests and to Assistant Town Manager Alison Melnikova who has participated in meetings with department heads and in the meetings with Mr. Caldwell and me when the final document was discussed and placed into the form presented to you now. And I thank Town Clerk Phyllis McClure for her review of the budget narratives and catching all of those spelling errors I am prone to make.

Is this a perfect document? Unlikely! No matter how hard we work on the development of the budget, there is always room for improvement. Your input and suggestions are needed so that the budget document may be of greater use to you in your work as an elected official. If there are ways we can make changes to improve the process, we would be most appreciative of hearing your suggestions.

As we evaluate, discuss and digest the budget for the upcoming fiscal year, Eddie, Alison and I stand ready to provide whatever information you may need and to answer whatever questions you have. Please 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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**REVIEW OF TOWN BUDGET
ALL FUNDS
2010 - 2011 FISCAL YEAR**

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**REVIEW OF PROPOSED
GENERAL FUND BUDGET
2011 - 2012 FISCAL YEAR**

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**REVIEW OF PROPOSED
ENTERPRISE FUND BUDGETS
2011 - 2012 FISCAL YEAR**

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**REVIEW OF PROPOSED
SERVICE FUNDS BUDGETS
2011 - 2012 FISCAL YEAR**

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**PROPOSED LINE ITEM BUDGET
ALL FUNDS
2011 - 2012 FISCAL YEAR**

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**STATISTICAL INFORMATION
AND EXHIBITS**

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**MISCELLANEOUS ITEMS
ADDITIONS AND INSERTS
PERSONNEL INFORMATION**

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BUDGET ORDINANCE