



Budget Message Fiscal Year 2004 - 2005

May 5, 2004

Harnett County Board of Commissioners

Mr. Teddy J. Byrd, Chairman

Ms. Beatrice B. Hill, Vice Chairman

Mr. Dan B. Andrews

Mr. Tim McNeill

Mr. Walt Titchener

Members of the Board:

The proposed Harnett County Budget for 2004-2005 is hereby submitted for review and consideration by the Board of Commissioners. This year several factors exist which directly impact the overall budget. While these factors will be discussed in more detail during budget discussions, I believe it is important to note up-front the impact they have had on this document. The following notes the most important of these:

- It is proposed that the tax rate remain the same at \$.73.5.

- The proposed budget is designed to again strengthen the county's general fund balance. While the Local Government Commission notified the Board this year that the fund balance had improved, we still fall short of the preferred 15%. Therefore, the proposed budget is designed to again strengthen this balance if possible.
- Funding for education includes a 5% increase for the Board of Education as well as an appropriation of \$500,000 to help offset the expenses associated with the opening of Overhills High School. This would result in an overall increase of 8.9%. Also, CCCC funding has been increased to assist with costs associated with the operation of its Shawtown Campus.
- This year we are proposing a 3% cost of living increase for employees.
- Another significant increase in law enforcement funding is provided for in this document.
- Finally, economic conditions require that the county continue to invest significant funds in development efforts. Please keep in mind that investments and incentives in this area require that we maintain a strong fund balance.

The following budget overview notes the highlights of the proposed budget in regards to revenue sources as well as expenditures. In addition, we have prepared charts and graphs that illustrate significant changes and trends in the county's overall financial future.

As in past years, this document was developed following individual meetings with each department head and after extensive review by staff. The following overview notes the budget highlights as they relate to revenues and expenditures. Before beginning this overview, I would like to thank Finance Officer Vanessa Young for her assistance in developing this document. Also, I would like to thank members of the Finance and Administrative Staff who assisted in this effort as well as all department heads.

GENERAL FUND REVENUES

The 2004-2005 budget has been developed based upon revenue projections that reflect moderate to low growth. The following review highlights the status of the major county revenue sources as well as changes of particular interest:

Ad Valorem Tax - The budget has been developed based on an assessed value of \$4,732,315,616. Utilizing a tax rate of \$.73.5 and a collection rate of 93.54%, we have projected tax collections of \$32,535,569 for the upcoming year.

Sales Tax - This revenue projection reflects very slow growth.

Public Utilities - The proposed budget does not contain an appropriation to the general fund from public utilities.

Other Revenue - Revenue generated from fees has experienced moderate growth.

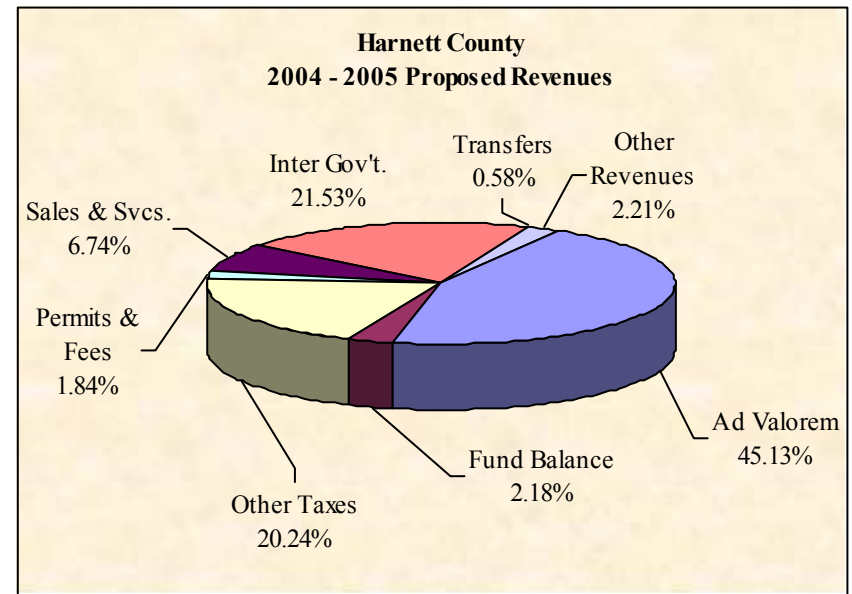
Fund Balance - Harnett County has a long tradition of maintaining an average fund balance of 15%. We currently fall well below this threshold. Therefore, we are proposing that we not appropriate an excessive amount from fund balance (\$2,500,000), thereby protecting the gains we have made in this area.

GENERAL FUND EXPENDITURES

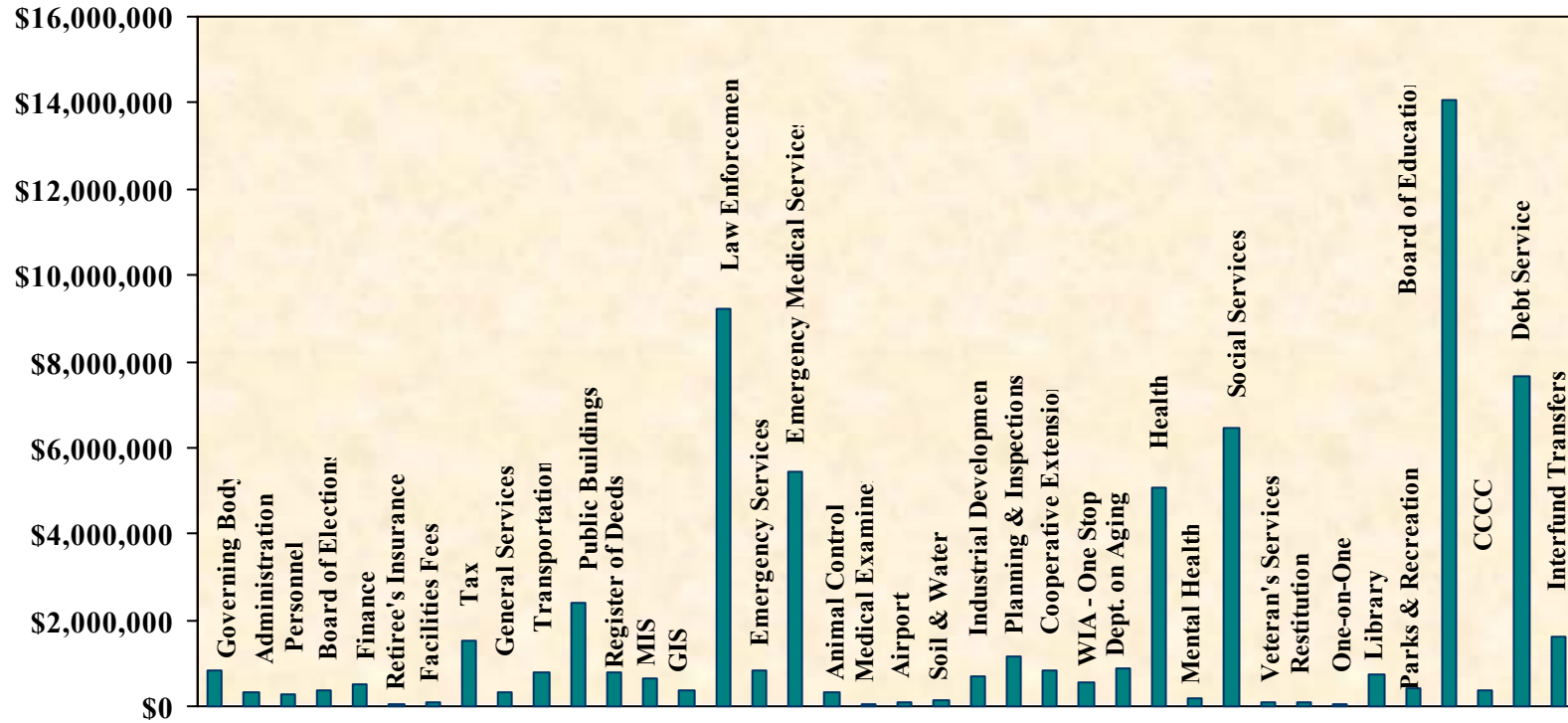
Expenditures reflect moderate increases in most areas with the greatest increases coming in education and law enforcement.

Personnel - The proposed budget provides for a 3% cost-of-living raise for employees. This expenditure is one the employees well deserve and one we need in order to retain the quality employees we need to serve our citizenry. In addition, we have also proposed the allocation of monies to conduct a reclassification study to ensure that we remain competitive in the job market. Health insurance costs continue to increase even with modifications to our benefits. In regards to positions, the proposed budget reflects some growth in employees, in particular law enforcement.

Board of Education - It is proposed that an additional \$1,125,436 (an increase of 8.99%) be allocated to the Board of Education.



Law Enforcement - Additional funds have been allocated to the Sheriff Department to increase staffing as well as to fund operational needs.



PUBLIC UTILITIES

Several major capital projects will continue to impact this portion of the budget. With these investments and a slowing of our revenue from growth, it is imperative that we maintain the financial means necessary to meet our daily needs and, at the same time, retain the ability to respond when economic development opportunities require infrastructure investment.

SOLID WASTE

We are proposing that the tipping fee and household fee be increased \$1.00 to fund a mobile home disposal program which would require participation by the owner as well as the county. These funds would also assist in funding a position in the Planning Department that would assist in clean-up efforts.

CONCLUSION

We believe the proposed 2004-2005 budget is an investment in Harnett County's future. As presented, it will continue to emphasize the priorities of the Board regarding economic development, law enforcement, and education and, at the same time, will permit us to better serve our citizens in a variety of areas. Also, it will strengthen the county's financial position and permit us to maintain the reputation as a fiscally sound and conservative unit of local government.

Neil Emory, County Manager/Budget Officer