



Budget Message

Fiscal Year 2005 - 2006

May 16, 2005

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 2005-2006 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 maintain the county's general fund balance.

- Funding for education includes a 9.10% increase for the Board of Education. Also, CCCC funding has been increased to assist with costs associated with the operation of its Shawtown Campus.
- This year we are proposing a 2% cost-of-living increase for employees as well as partial implementation of recommendations resulting from the pay study funded last year.
- Medicaid funding has been increased significantly to reflect state projections for the coming year.
- Finally, economic conditions require that the county continue to invest significant funds in development efforts. This year will require increased appropriations to meet the cost associated with purchasing and developing industrial sites. 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.

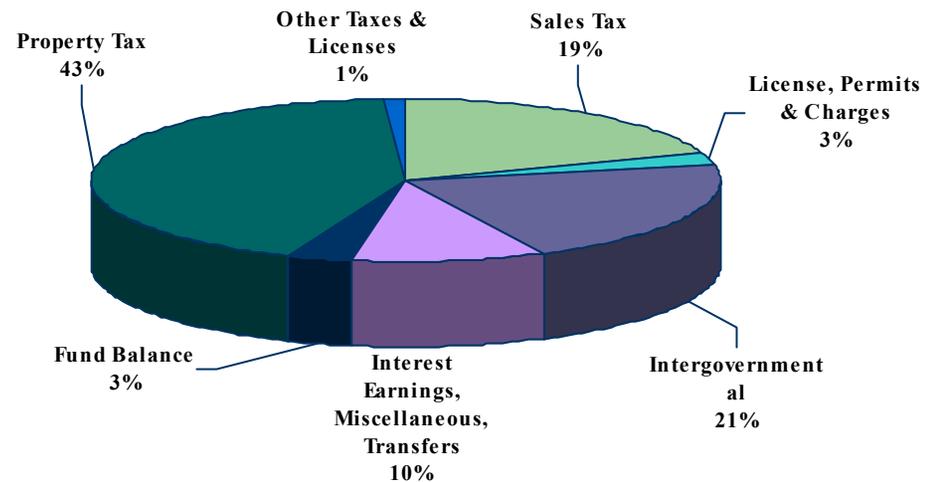
GENERAL FUND REVENUES

The 2005-2006 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 \$4,911,800,000. Utilizing a tax rate of \$.73.5 and a collection rate of 94.87%, we have projected tax collections of \$34,249,664 for the upcoming year.

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

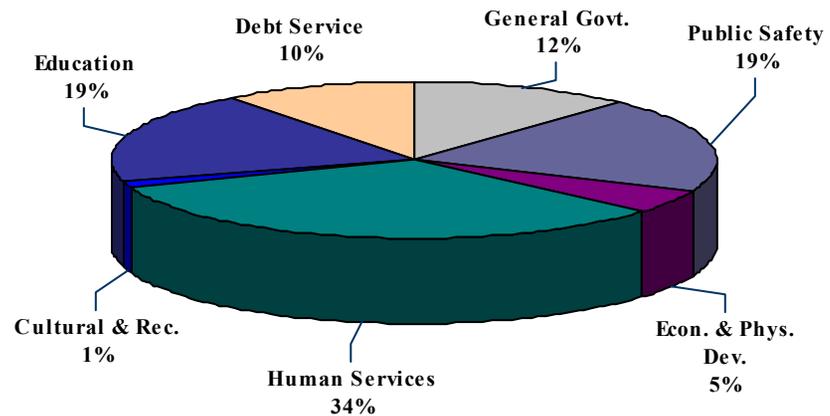
Fund Balance - Harnett County has a long tradition of maintaining an average fund balance of near 15%. We currently fall below this threshold. Therefore, we are proposing that we not appropriate an excessive amount from fund balance (\$2,750,000), thereby protecting the gains we have made in this area.



GENERAL FUND EXPENDITURES

Expenditures reflect moderate increases in most areas, with the greatest increases coming in education, Medicaid, and economic development.

Personnel - The proposed budget provides for a 2% cost-of-living raise for employees. In addition, we have proposed the allocation of monies to implement a portion of the funding of our recent reclassification study to ensure that we remain competitive in the job market. Also, we are proposing that the county's contribution to employees 401K be increased to recognize length of service. In regards to positions, the proposed budget reflects some growth in employees in the following departments: Health, Social Services, Elections, and Inspections.



Board of Education - It is proposed that \$15,000,000 be allocated to the Board of Education an increase of \$1,200,844 over last year.

Law Enforcement - Funds have been set aside in capital reserve for development of a jail reserve as well as funding for possible courthouse security measures.

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. Therefore, a rate increase is recommended to ensure the revenue necessary to meet the financial needs of ongoing projects.

SOLID WASTE

We are proposing that the tipping fee and household fee remain the same.

CONCLUSION

We believe the proposed 2005-2006 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.

s/Neil Emory
Neil Emory, County Manager/Budget Officer