



May 26, 2022

**Macon County Board of Commissioners**

Chairman: Jim Tate

Vice Chair: Ronnie Beale

Commissioner: Paul Higdon

Commissioner: Gary Shields

Commissioner: Josh Young

Gentlemen,

In accordance with the North Carolina Local Government Budget and Fiscal Control Act, I am honored to present to you the proposed budget for Fiscal Year 2022/2023. The budget as proposed is \$59,047,113 with revenues and expenditures balanced. No adjustment to the prior year ad-valorem tax rate of 40 cents per \$100 of assessed property valuation is recommended for the coming fiscal year.

At the time of this budget message the local economy in Macon County is booming. Residential and commercial development, retail sales, travel and tourism spending and real estate sales remain at levels unsurpassed in over a decade while unemployment is approximately 3%. Population growth in Macon County of 1.5% from April 1, 2020- July 1, 2021 well exceeded that of the southwestern region at .92% for the same period. The situation surrounding the COVID-19 Pandemic continues to improve. In May of 2022, Macon County remains well within the "low" classification for COVID-19 community levels per CDC guidelines, averaging only nine new cases per week in the month of April.

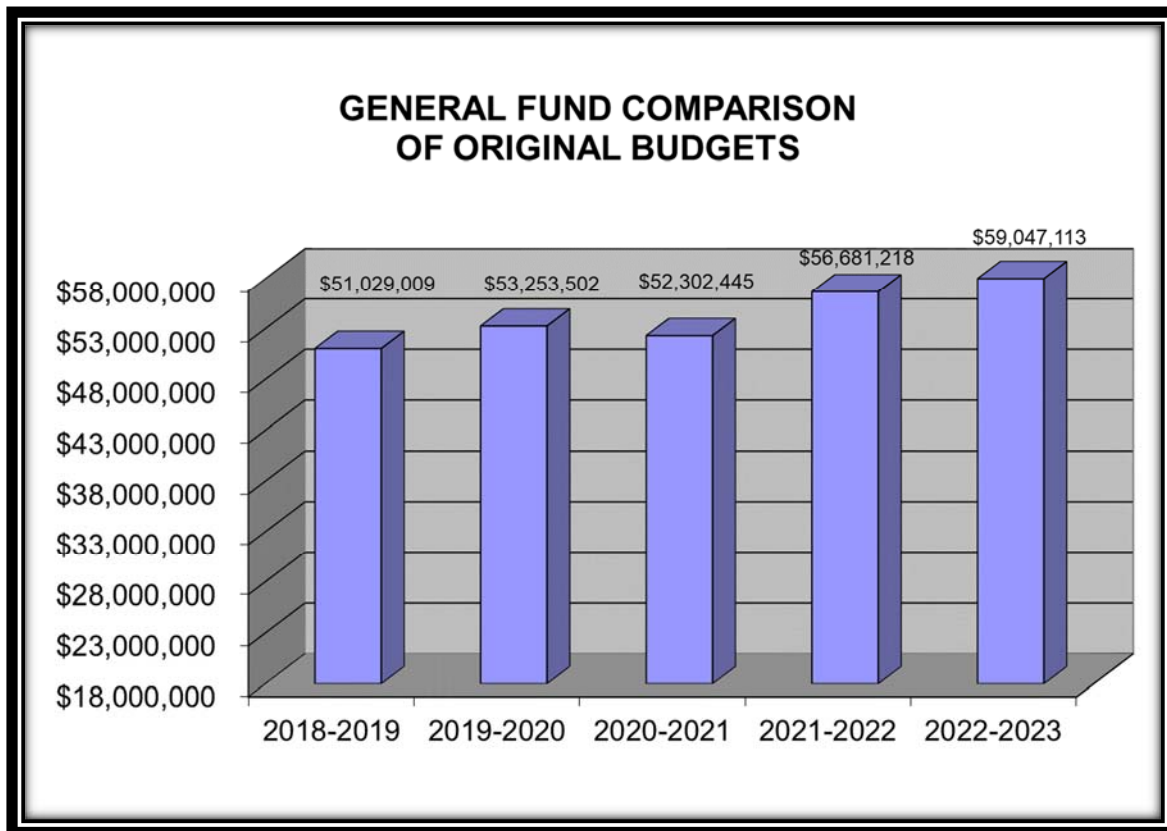
The resilient local economy and a nationwide subsiding of the Covid-19 Pandemic will lead to a projected revenue increase in the FY 23' Recommended Budget. The increase in revenue will help the organization to address increased competition, increased demand and rising service costs amid economic uncertainty in the coming fiscal year. In addition to organizational improvements, increased revenue will enable us to continue moving forward with critical infrastructure investments in public education.

Similar to Macon County, economic growth nationwide has remained strong throughout the pandemic. Many economists however, anticipate this growth to slow heading into FY 23' due to a number of circumstances. Real Gross Domestic Product declined in Q1 of 2022 by (1.4%). This was the first quarter of economic contraction since the beginning of the Pandemic in 2020. In March of 2022, the Bureau of Labor Statistics reported a 12-month increase in the Consumer Price Index of 8.5%. This was the largest 12-month increase in CPI since December of 1981. In an effort to combat rising inflation, the Federal Reserve approved a .5% percentage point rate increase in May of 2022, the largest increase since 2000. The Fed has further indicated that additional half-point increases could be warranted in June and July given current economic conditions. The war in Ukraine continues to affect the supply chain, hampering the availability of goods in what is becoming an increasingly import dependent economy. The aforementioned circumstances, combined with the unknown course of the COVID-19 pandemic will continue to fuel economic uncertainty in FY 23'.

At 61% or approximately \$36.1M in FY 23', fund balance in the general fund will provide Macon County with a high degree of financial security should economic conditions deteriorate or an unexpected emergency arise. Additionally, FY 23' revenue projections are largely conservative in that they are based primarily on economic growth that has occurred as opposed to projected growth in the future. Although much remains uncertain in the coming fiscal year, the FY 23' Recommended Budget will



account for this uncertainty, maintain our solid financial position and continue delivering high quality public services to the citizens of Macon County at the fourth lowest ad-valorem property tax rate in the State.



## **FY 21-22' Budget Accomplishments**

### **Pay Plan Implementation**

Addressing compensation issues within the organization emerged as a top priority for the Macon County Board of Commissioners in FY 22'. On October 12, 2021, the board voted unanimously to approve the revised pay scale and salary adjustments as recommended by the Macon County Pay Plan Committee. Full-year implementation cost of the revised pay plan is approximately \$2.6M.

### **Premium Pay**

The Macon County Board of Commissioners voted unanimously to approve the "Premium Pay for Essential Workers" Policy as presented by the Macon County Pay Plan Committee on October 12, 2021. The policy calls for all Macon County full-time, part-time and seasonal employees performing essential duties during the COVID-19 public health emergency to receive an additional \$2.00 per hour for each hour worked. Premium Pay is distributed semi-annually from April 26, 2021 through October 20, 2024. The 3.5-year implementation cost of the policy is approximately \$6.8M and is funded using American Rescue Plan Act funds.



### **Broadband Expansion**

On March 24, 2022, Macon County appropriated \$200,000 in American Rescue Plan Act (ARPA) funding for partnership with local internet providers applying for Growing Rural Economies with Access to Technology (GREAT) funding. \$350,000,000 in GREAT funding is available statewide in FY 23' through the North Carolina Broadband Infrastructure Office. Four providers submitted five applications for Broadband Expansion Projects prior to the May 4, 2022 deadline. Statewide, 38 providers submitted 305 GREAT grant applications. Grant recipients will begin receiving notification in July of 2022.

#### *South Macon Expansion Project*

The FY 22' Budget included the second and final appropriation of \$290,000 in local grant funding to Balsam West for the completion of a fiber backbone in southern Macon County. At the time of this budget message, the majority of construction is complete on the 5.7-mile fiber backbone along U.S. 441 S from Franklin to Otto. Following completion of the fiber-backbone and service provision to the Otto and Scaly Mountain Community Centers, Macon County will disburse the funding per the grant agreement. Balsam West plans further expansion activity along the backbone as part of the GREAT Grant application efforts.

### **Macon Middle School Renovation Project**

At the time of this budget message, the Macon Middle School Renovation Project is 90% complete. The \$10.5M renovation commenced in February of 2021 and will be completed prior to the FY 23' Academic Year.

### **Franklin High School Architect**

On December 13, 2021, the Macon County Board of Commissioners unanimously approved a \$605,000 contract between Macon County and LS3P Associates, Ltd. for evaluation and preliminary design work at the Franklin High School Campus. The two-phase contract includes schematic design for a new athletic facility and a Comprehensive Facility Plan for the remainder of the Franklin High School Campus. The Comprehensive Facility Plan will highlight the capital investment needed to bring all existing structures on the Franklin High School campus to a 50-year standard. Upon completion of the Comprehensive Facility Plan, the cost and benefits of renovation will be evaluated alongside the cost and benefits of new construction at the existing location. Preliminary design of the athletic facility and the Comprehensive Facility Plan will be completed in the spring of FY 22'.

### **Sales Tax Referendum**

On March 8, 2022, Macon County Board of Commissioners unanimously passed a *"Resolution Calling a Special Advisory Referendum for the Levy of a One-Quarter Cent County Sales and Use Tax"*. The Article 46 ¼-cent sales and use tax question will appear on the November 8, 2022 general election ballot. Currently 44 counties across the state have voted to implement the Article 46 ¼-cent sales and use tax, including 6 of 7 counties in the Southwestern Commission Council of Government. If approved by voters in November, the additional ¼ cent would generate approximately \$1.8M in annual revenue for addressing capital needs in the Macon County School System.

### **Needs Based Public Schools Capital Fund Grant Application**

In January of 2022, Macon County submitted a grant application to the Needs Based Public Schools Capital Fund for up to \$50,000,000. If awarded, funding could go towards construction of a new Franklin High School. The Needs Based Public Schools Capital Fund was established to assist counties with their critical public school capital needs. \$395M is available statewide in NBPSCF for FY 22', funded



through revenue generated by the North Carolina Education Lottery. A 5% match or \$2.5M is required from Macon County if the grant is awarded in full. Should Macon County not receive funding in the first round, a second round of funding is forthcoming.

### **Opioid Settlement**

On July 21, 2021, a \$26B national settlement agreement was reached with the nation's three major pharmaceutical distributors (McKesson, Cardinal Health and AmerisourceBergen) and Johnson & Johnson, all of which manufactured and marketed opioids. The national opioid settlement is expected to bring as much as \$750M to North Carolina over an 18-year period. Macon County, who elected to become part of the settlement agreement with the State of North Carolina, will receive an estimated \$3M in funding over the next 18 years. The funds must be used locally to remediate and abate the impacts of the opioid crisis. Macon County anticipates receiving the first payment at the end of May 2022 for \$115,492.

### **Grant Funding for Recreational Enhancements**

Macon County received a \$250,000 State Capital and Infrastructure Fund directed grant in FY 22' through the North Carolina Office of State Budget Management. Grant funds will be used in FY 23' to make much needed capital improvements at recreational facilities.

### **Macon Middle School Locker Room Facility**

New Atlantic Construction submitted a \$2.3M bid on August 18, 2021 for construction of a 7,500 SF concrete/masonry MMS locker room facility. The Macon County Board of Commissioners rejected the bid on October 12, 2021, as it exceeded the anticipated cost of construction by more than \$1M.

On December 20, 2021, Macon County entered into an agreement with Novus Architecture for a re-design of the MMS Locker Room Facility. The re-design will entail a 9,900 SF, pre-engineered metal building to house the MMS locker room facility. The Liaison Committee recommended a pre-engineered metal building as it was more cost effective than concrete/masonry. Cost savings will allow for increased square footage, better suiting the programmatic needs. The re-design will be complete by May 31, 2022.

### **Nantahala Community Club and Library**

In June of 2021, Macon County purchased a 1.29-acre tract of land in the Nantahala Community upon which an abandoned General Store was located for \$151,800. Following acquisition of the property by Macon County, the site has been identified as the future home of the Nantahala Library and Community Center.



## **FY 22-23' General Fund Revenues**

### **Ad Valorem Property Tax and Motor Vehicles**

Ad Valorem Property Tax is the primary source of revenue in the general fund accounting for \$31,169,114 or approximately 57% of total revenue in FY 23'. This amount is representative of a \$502,938 increase in revenue over the current year original budget. The increase in revenue is attributable to a combined increase in collection percentage, +.22% and value +\$110,160,339, over the prior fiscal year original budget. Gross receipts, not reflected in ad valorem property tax will increase by \$4,000 over the current year budget amount.

Revenue generated by the Motor Vehicle tax levy will account for \$1,584,181 in FY 23' revenue, representing a \$129,688 increase over the current year original budget amount.

MACON COUNTY, NORTH CAROLINA			
2022 ASSESSMENT VALUE ESTIMATES			
2023 BUDGET			
ESTIMATED LEVY			
TOTAL REAL/PERSONAL VALUE			\$7,905,324,617
MOTOR VEHICLES VALUE			\$396,045,283
TOTAL ESTIMATED VALUE			\$8,301,369,900
Proposed Tax Rate			\$0.40
Real/Personal Levy			\$31,169,114
Collection Rate Real/Personal			98.57%
Motor Vehicles Levy			\$1,584,181
Collection Rate Motor Vehicles			100.00%
Estimated Total Levy			\$32,753,295
Tax Dollars per Penny			\$818,832

### **Sales Tax**

At an estimated \$12,173,788 or 21% of total revenue in FY 23', sales tax revenue will increase by \$1,647,742 or 15.7% over the current fiscal year original budget amount. Population growth, economic development and a shift towards online spending continues to drive sales tax growth in Macon County. Economic uncertainty however will result in conservative sales tax growth estimates for the coming fiscal year. The sales tax estimate uses actual collections data for the first 8 months of FY 22', and assumes flat growth for the remainder of FY 22' - FY 23'.



## Service Fees

Service fees are those revenues generated from services provided. These include recreational fees, ambulance fees, client payments for health and social services, building permit fees, etc. \$4,191,792 has been budgeted for service fee collections in FY 23'. This is an increase of \$256,199 or 6.5% over the current fiscal year original budget.

Macon County EMS				
2022 Medicare Allowable Amounts				
Level Of Service	2022 Medicare Fee Schedule (Rural)	Current Charge	(150% Above MFS)	(200% Above MFS)
ALS NE A0426	\$272.82	\$545.64	\$409.23	\$545.64
ALS E A0427	\$431.96	\$863.92	\$647.94	\$863.92
BLS NE A0428	\$227.35	\$454.70	\$341.03	\$454.70
BLS E A0429	\$363.75	\$727.14	\$545.63	\$727.50
ALS 2 A0433	\$625.20	\$1,250.40	\$937.80	\$1,250.40
Specialty Care Transports A0434	\$738.88	\$1,477.76	\$1,108.32	\$1,477.76
Treatment No Transport Fee	n/a	\$150.00	n/a	n/a
Mileage A0425	\$11.55	\$17.33	\$17.33	\$23.10

**\*\*No increase in FY 23' EMS Rates. Increased demand will result in \$276,834 increase in ambulance fee revenue\*\***

FY 23' Service Fees revenue includes a proposed \$0.50 Fare increase and a \$0.50 increase in service mile and revenue mile billing rates for Macon County Transit. The fare adjustment will restore the general public rate to the pre-pandemic level of \$3.00. A proposed \$0.50 increase to service mile and revenue mile billing rates will bring the rates to \$2.20/mi and \$2.54/mi respectively. For Comparison, service mile and revenue mile billing rates in Jackson County are \$2.60/mi and Clay County charges \$2.42/mi service rate and \$2.75/mi revenue rate.

## Intergovernmental Revenues

Intergovernmental revenues are primarily grant funds received from outside federal and state agencies for Health Dept., DSS, Transit, Senior Services operations and PILT (Payment in Lieu of Taxes).

\$9,007,538 has been budgeted for intergovernmental revenues in FY 23'. This amount is representative of a \$117,818 increase over the current fiscal year original budget.

## Miscellaneous

Miscellaneous revenues include those revenues generated from rental fee collections, administrative fees, interest earnings, etc. At \$292,700, miscellaneous revenues will decrease by (\$292,490). The decrease is due to a reduction in transfers of (\$290,000) from FY 22'.

## Fund Balance

For many years, the fund balance has been a staple in Macon County's financial stability and independence. While 20% of total expenditures is the minimum threshold for counties established by the LGC, numerous surveys, including the FY 21' NCACC Budget and Tax Survey, have shown the average available fund balance for local governments in NC to be at least 32% of expenditures.

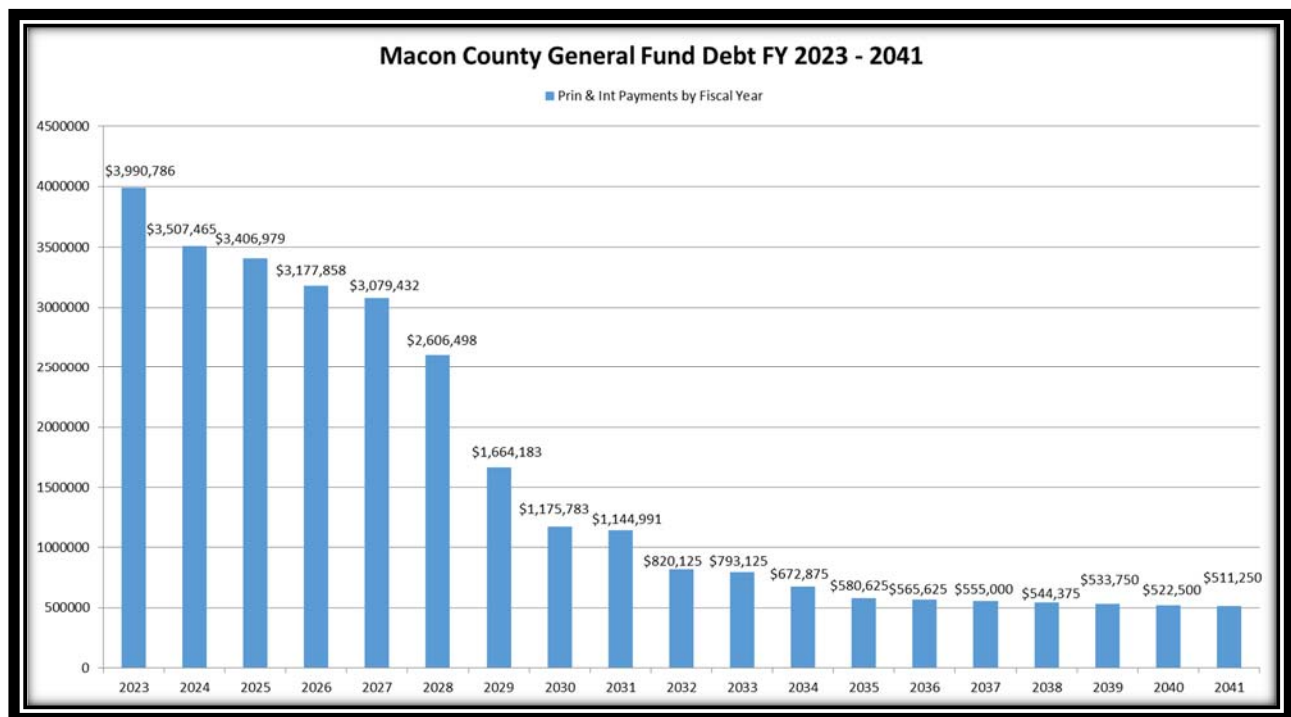
Fund balance in the general fund has increased significantly over the past two fiscal years as sales tax revenue continues to grow at record levels. Additionally, state and federal COVID-19 relief funding has offset expenditures within certain functions of the operating budget throughout the pandemic, contributing to a revenue surplus in the general fund.

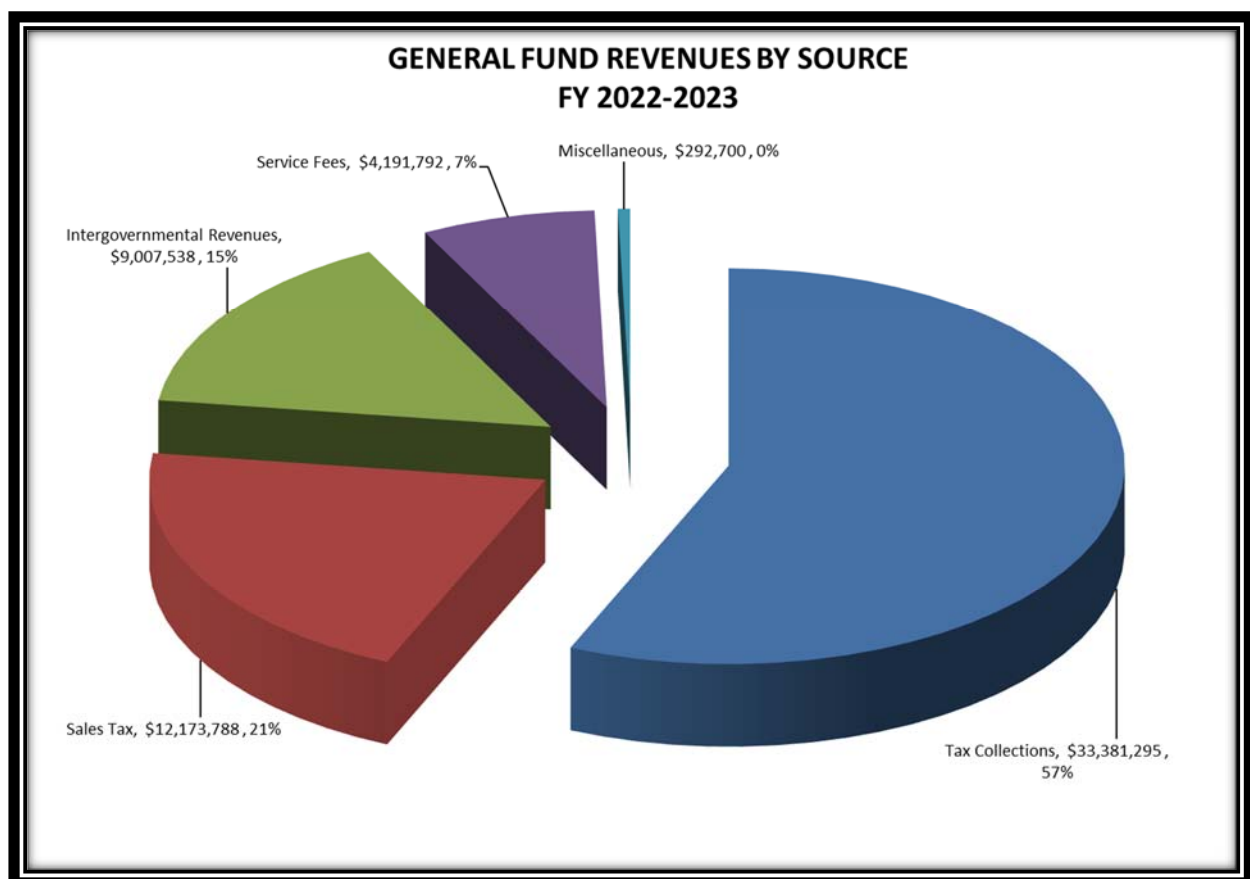


At an estimated 61% of expenditures or \$36.1M, unassigned fund balance in the general fund will continue to provide the county with much needed financial certainty in what has proven to be extremely uncertain times. As such, it is very important that we continue to preserve this revenue source and plan adequately prior to using it, never forgetting the impact it has on our overall financial position. No revenue from fund balance has been appropriated in the FY 23' Recommended Budget.

### General Fund Debt

The annual principal and interest payment on outstanding debt will increase by \$361,618 to \$3,990,786 in FY 23'. The increase is attributable to the principal and interest portion of the Macon Middle School Renovation Project coming due. Currently the county has an outstanding debt amount (principal and interest) of \$29,853,221 of which \$28,879,271 or 97% is attributable to debt associated with school projects.









## **FY 22-23' General Fund Expenditures**

FY 23' expenditures will increase by \$2,365,895 or 4.2% over the FY 22' original budget to \$59,047,113. At the proposed level of expenditures, we will continue providing efficient and effective public services to the citizens of Macon County. Increases within the operating budget will enable the organization to remain competitive in recruitment and retention of high quality employees, offset rising costs of doing business, and meet increased service demand. Capital expenditures will result in gained efficiencies, enhanced recreational opportunities, equipment upgrades and a continued commitment to public education in the coming fiscal year.

### **Operating Expenditures**

Operating expenditures consist of salaries and benefits as well as non-salary and benefit related expenditures. Salaries and Benefits account for \$30,105,206 or 51% of FY 23' operating expenditures. Salaries, part-time salaries, overtime, retirement, 401(k), longevity, life insurance, hospitalization, Medicare/FICA are primary accounts associated with salaries and benefits in the operating budget.

Non-salary and benefit related operating expenditures include accounts such as travel and training, office supplies, utilities, fuel, computer supplies, telephone, non-capital equipment, etc., or the tools necessary to conduct day-to-day operations within the organization. All operating expenditures are considered to be recurring in nature and therefore must be supported by recurring revenue sources.

### ***New positions***

The addition of two part-time environmental health technicians and the reinstatement of the Administrative Officer III Position in Public Health have been included in the FY 23' Recommended Budget.

### ***Salaries***

In response to rising inflation and competition from the private sector, many local governments such as Macon County have increased employee compensation. On October 12, 2021, Macon County implemented the Compensation and Classification Study, which adjusted organizational pay grades and employee salaries to regionally competitive levels. Following implementation of the study in November, the number of vacancies within the organization has declined by approximately 4%. In addition to improving recruitment, implementation of the Compensation and Classification study has led to an increase in employee morale and retention. Full year implementation cost of the Compensation and Classification Study is approximately \$2.6M. Please remember, expenditures were set aside in FY 22' for the Compensation and Classification Study in "Non-Departmental". Following implementation of the Pay Study in November of 2021, funds were transferred from "Non-Departmental" to individual budget functions to fund their respective portions of the study. As such, the \$2.6M Pay Study implementation cost in FY 23' is reflected within individual budget functions but does not contribute to the FY 23' \$2,365,895 Recommended Budget increase over FY 22' Original Budget.

Following implementation of the study in November inflation has increased by 3.5%. In addition, the U.S. Labor Department's Employment Cost Index shows Inflation adjusted wage and salary costs down (3.7%) in the public sector between Q4 2019 and Q4 of 2021 compared to (.5%) in the private sector over the same period. This is the largest margin of disparity on record. In January of 2022, a Mission Research Institute survey found the public sector to be "teetering on the brink of a workforce crisis" as more than 52% of public sector workers considered changing jobs in search of higher salaries. The survey went on to identify "improving salaries" as the top action governments could take to retain workers.



The North Carolina League of Municipalities recently published the *FY 22-23 Anticipated Cost of Living Adjusts and Merit Increase Survey Results*. Of the 223 respondents, 87% reported they are planning to provide COLA and/or merit increases in their upcoming budgets. The statewide average planned COLA is 4.7% with planned merit increases ranging from 1.8% to 3.7% according to survey results. In addition to the NCLM survey, a survey performed by the Western North Carolina Managers Association indicated the average COLA increase in Western North Carolina to be 6% among those responding.

Macon County Human Resources requested FY 23' COLA and merit increase data from neighboring counties by reaching out to them directly. Of the two responding counties, both implemented compensation studies/salary schedule adjustments in the prior fiscal year and plan on providing COLA and/or Merit increases in FY 23'. Recently, the Southwestern Commission Regional Council of Governments informed Macon County they would administer a 6% COLA in the coming fiscal year. Statewide, Regional Council of Governments will see an average 6.29% increase in salary and benefits.

In order to continue providing high quality public services in light of growing demand and increased competition, Macon County must continue taking steps to ensure that employee compensation remains competitive. The FY 23' Recommended Budget proposes a 1-step advancement in the pay scale for all full-time employees and a 3% cost of living adjustment for all employees. The 1-step advancement amounts to an approximate 1.5% increase per employee resulting in a \$198,489 increase to the FY 23' Budget. A 3% COLA will result in an FY 23' Budget increase of \$726,571.

#### ***Health Insurance***

Health insurance will account for \$4,932,370 or 8% of the FY 23' Recommended Budget. Operating costs associated with employee and retiree health insurance will increase by approximately 1.8% in the coming fiscal year. Revenue to cover the approximate \$90,000 annual increase comes from the NCHIP reserve fund, anticipated to grow by approximately \$95,000 in FY 22'. As a result, employee contributions to health insurance will remain flat across all levels of coverage. Macon County has approximately \$900,000 in NCHIP reserve fund to begin FY 23'.

#### ***Retirement***

An additional \$146,456 has been budgeted in retirement for FY23' as a result of increases to state retirement system contributions. Retirement contributions will account for \$2,401,034 in FY23' or approximately 4% of the operating budget.

#### ***Non-Salary and Benefit related operating expenditures***

Non-Salary and Benefit related operating expenditures account for \$12,637,036 or approximately 21% of FY 23' Recommended Budget expenditures. As aforementioned, these expenditures consist of line items such as contracted services, gasoline, utilities, travel and training, non-capital equipment, computer supplies, telephone etc., or the tools necessary to deliver the services we provide. It is important to note that some non-salary and benefit related expenditures are offset by non-general fund revenue sources such as grant funding. These instances primarily occur within the Health and Human Services Budget Function.

Non-salary and benefit related operating expenditures will decrease by approximately **(\$229,895)** from the FY 22' original budget amount. The decrease in expenditures is attributable to a reduction in Governing Board contracted services (\$290,000) and (\$747,004) in the Health Department. While the aforementioned reductions will result in an overall decrease to non-salary and benefit related expenditures, offsetting revenue sources (transfer from Economic Development Reserve Fund in Governing Board and grant funding in Health Department) will decrease as well. Thus, the overall



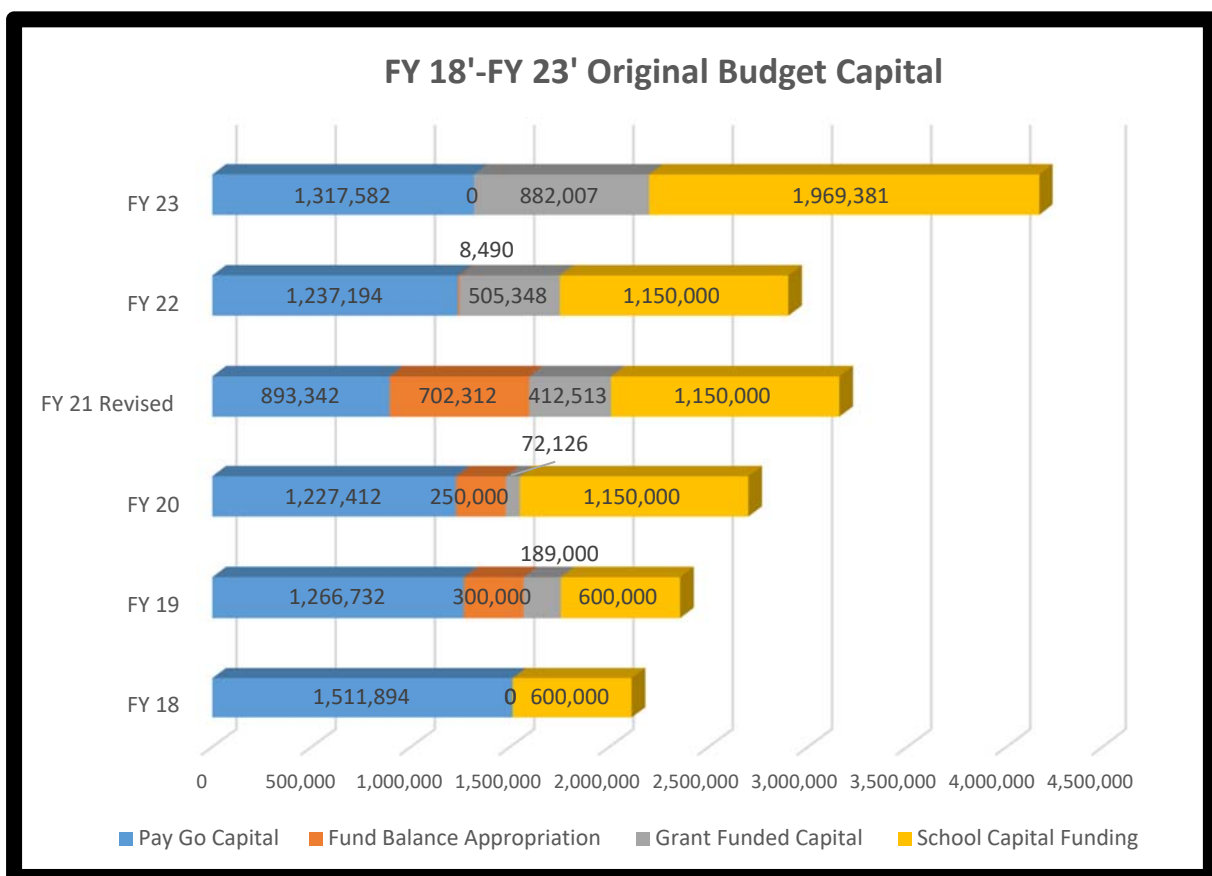
reduction should not overshadow the impact that organizational improvements, inflation, supply chain complications and increased demand will have on many expenditures within this budget category in the coming fiscal year.

### Capital Expenditures

Capital expenditures are defined as those expenditures that exceed \$5,000 and have a useful life of greater than one year. In FY23' capital expenditures will account for \$4,168,970 or 7% of the FY 23' Recommended Budget. This is an increase of \$1,286,428 over the current fiscal year original budget.

\$1,317,582 of FY23'recommended capital expenditures is representative of County "Pay-Go" capital. "Pay-Go" is short for pay-as-you go. The Macon County Capital Improvement Plan establishes a \$1.3M threshold for annual pay as you go capital expenditures. Remaining within this threshold ensures the county can continue addressing annual capital needs within the organization, build debt capacity to take on future capital projects and meet annual capital needs within the Macon County School System.

Of the remaining capital expenditures, \$882,007 in the Transit function will be offset by grant revenue and \$1,969,381 will go to the Macon County School System. \$819,381 of the MCS appropriation will be a transfer to fund 46, in anticipation of continued planning and design efforts at Franklin High School. \$1,150,000 will be set aside for MCS annual technology and capital outlay appropriation.





FY 2022-2023 Capital Items Recommended			
Account		Department/Description	Amount
114142	558506	<b>Tax Assessment</b>	<b>36,550.00</b>
		Computer Software - Change Finder	36,550.00
114210	569502	<b>Information Technology</b>	<b>148,318.00</b>
		Host OS and SQL	95,518.00
		Backup and Archival	50,000.00
		Security and Access Control	2,800.00
114250	569502	<b>Garage</b>	<b>6,591.00</b>
		AC machine for county vehicles	6,591.00
114260	569502	<b>Building &amp; Grounds</b>	<b>50,000.00</b>
		Bucket truck	50,000.00
114315	555104	<b>North Carolina Forest Service</b>	<b>20,400.00</b>
		Initial Attack Fire Engine and Equipment	20,400.00
114321	569506	<b>Detention Center</b>	<b>39,661.00</b>
		Transport van	39,661.00
114350	569601	<b>Permitting, Planning &amp; Development</b>	<b>67,090.00</b>
		Vehicle (Dodge Ram Truck) 2 @ \$33,545 each	67,090.00
114370	569502	<b>EMS</b>	<b>149,000.00</b>
		Ventilator	6,000.00
		Autopulse Device	15,000.00
		Cardiac Monitor	40,000.00
		Powerload stretcher for remounts 2 @ \$ 44,000 each	88,000.00
114370	569601	<b>EMS</b>	<b>285,147.00</b>
		Ambulance remount 2 @ 142,573.50 each	285,147.00
114380	569502	<b>Animal Control</b>	<b>6,500.00</b>
		Horse Trailer	6,500.00
114926	556611	<b>Cowee School</b>	<b>50,000.00</b>
		Roof resurfacing	50,000.00
114935	569300	<b>Transit Services - Operating</b>	<b>1,076,959.00</b>
		Building addition and awning project (\$882,007 grant funded)	1,076,959.00
115157	569502	<b>Child Dental</b>	<b>6,373.00</b>
		Schick sensor	6,373.00
115182	569502	<b>On-Site Wastewater</b>	<b>68,000.00</b>
		(2) Ford F-150 4x4 Trucks 2 @ \$34,000 each	68,000.00
115183	569601	<b>Private Drinking Water Wells</b>	<b>34,000.00</b>
		(1) Ford F-150 4x4 Truck	34,000.00
116120	569506	<b>Recreation Parks</b>	<b>155,000.00</b>
		Pickleball courts	155,000.00
118000	571002	<b>Macon County Schools</b>	<b>1,150,000.00</b>
		Technology and Capital Outlay	1,150,000.00
119000	980046	<b>Macon County Schools</b>	<b>819,381.00</b>
		Franklin High School Project	819,381.00
		<b>TOTAL</b>	<b>4,168,970.00</b>



## Summary of Expenditure Increases/Decreases by Function

### **PUBLIC SAFETY**

The Public Safety Function includes *Sheriff, Courthouse Security, Forest Service, Jail, Inspections/Planning, Emergency Medical Services, Emergency Management and Animal Control*. In the coming fiscal year, public safety represents \$17,706,912 of the general fund budget. This is an increase of \$2,527,679 or 16.7% over the FY 22' original budget amount.

Public Safety	Increase over FY 22' Original Budget	FY 23' Public Safety Budget	% increase
Salaries and Benefits	\$2,213,312	\$14,085,066	18.6%
Non Salary and Benefit related operating	\$397,667	\$3,054,048	15%
Capital	(\$83,300)	\$567,798	(12.7%)
<b>Total</b>	<b>\$2,527,679</b>	<b>\$17,706,912</b>	<b>16.7%</b>

### **Salaries and Benefits**

Implementation of the Compensation and Classification Study in November of FY 22' will result in a full-year impact of \$1,658,215 to salary and benefit line items in the Public Safety Function. The increase over FY 22' Original Budget following the Compensation and Classification Study is reflected in the FY 23' Base Salaries and Benefits column in the chart below. The chart further highlights the impact of FY 23' proposed step, cost of living adjustment and mandatory increase to retirement system on this budget function.

Line Item(s)	FY 23' Base Salaries and Benefits	Step increase (Proposed)	3% COLA (Proposed)	Retirement Increase	Total FY 23' Increase	FY 23' Public Safety
Salaries and Benefits	\$13,568,561	\$92,864	\$348,672	\$74,969	<u>\$516,505</u>	\$14,085,066

**\*\*Changes to salaries and benefits occurring outside of the Compensation and Classification Study will be reflected in the FY 23' Base Salaries and Benefits cell. An example of this would be a new hire choosing single health insurance coverage rather than the more costly, budgeted family coverage. This situation would result in a decrease to FY 23' Base Salaries and Benefits from FY 22' Original Budget Salaries and Benefits. Conversely, if an employee with single health insurance coverage resigned or retired, family coverage would be budgeted for the vacant position, resulting in an increase to FY 23' Base Salaries and Benefits over FY 22' Original Budget Salaries and Benefits\*\***



## Non-Salary and Benefit Related Operating Expenditures

Non-salary and benefit related operating expenditures in the Public Safety Function will account for \$3,054,048 in FY 23'. This is an increase of \$397,667 over the FY 22' Original Budget amount. The chart below highlights various expenditure line items, which contributed to the overall increase.

Line item(s)	Increase over FY 22' Original	FY 23' Public Safety Budget	% increase	Detail
Less than Lethal	\$41,735	\$41,735	-	Taser replacement program in Sheriff's Department
Gasoline	\$40,032	\$272,683	17.2%	Cost increase based upon EIA projections, increased demand
Utilities	\$9,348	\$117,198	8.7%	Cost Increase
Travel and Training	\$4,452	\$36,103	14%	Filling of vacant positions, In-person training/education resuming
Inmate Care	\$66,200	\$721,200	10%	Medical Treatment and Food Service trends
**Supplies**	\$54,000	\$339,000	19%	Cost increases, Medical Supplies Increase of \$40,000
Uniforms	\$19,353	\$97,643	24.7%	Cost increases, filling of vacant positions
**Contracted Services**	\$102,555	\$454,358	29%	Planning Permitting and Development, Emergency Medical Services, Emergency Management
**Computer Supplies**	\$29,951	\$56,056	99%	Replacement of devices per County Replacement Program
North Carolina Forest Service	\$4,128	\$74,128	5%	Increase in operations due to increase in 40% county salary match requirement following 2.5% state increase to salaries in FY 23'

**\*\* "Supplies" line item combines 8 primary supply related accounts within this function \*\***

**\*\* Contracted Services includes Contracted Services, Professional Fees, Service Contracts, Contractor Services- increase primarily attributable to addition of Project Manager contract in Planning Permitting and Development, increases to service contracts for stretcher maintenance in EMS, addition of Caliber CAD maintenance contract Emergency Management (Previously funded through 911 funds)\*\***

**\*\*Computer supplies increase primarily due to replacement of devices 5/6 years and older per County Computer Replacement Program\*\***





### Capital Expenditures “Pay Go”

Capital expenditures in the Public Safety Function will decrease by **(\$83,300)** in the coming fiscal year. The decrease is attributable to a reduction in capital spending within the Sheriff’s Department and Jail. At a recommended \$567,798 in FY 23’ capital expenditures, we will make critical fleet upgrades in those departments experiencing substantial increases in demand.

Department	Increase over FY 22’ Original	FY 23’ Public Safety Budget	% increase	Detail
**EMS**	\$123,250	\$434,147	39%	2 Ambulance Remounts, Medical Equipment
**Planning Permitting and Development**	\$67,090	\$67,090	100%	2 vehicle Replacements
**Sheriff**	<b>(\$160,949)</b>	\$0	-	FY 23’ vehicles purchased in FY 22’
Jail/Law Enforcement	<b>(\$117,839)</b>	\$39,661	<b>(74.8%)</b>	Plumbing fixture replacement in FY 22’ \$157,500. FY 23’ Transport van purchase \$39,661
Animal Control	<b>(\$9,362)</b>	\$6,500	<b>(59%)</b>	Backup Generator and Box purchased in FY 22’ \$9,362. Horse Trailer Purchase in FY 23’ \$6,500
NC Forest Service	\$11,910	\$20,400	140%	\$20,400 = 40% county match for purchase of initial attack fire engine in FY 23’.

**\*\*EMS-** 2 ambulances purchased in 08’ and 09’ with a combined mileage of 318,053 will be remounted (new chassis, refurbished box). **\*\***

**\*\*PP&D-** 2 vehicles being replaced purchased in 04’ and 06’ with a combined mileage of 231,566 **\*\***

**\*\* Sheriff** received FY 23’ vehicles in FY 22’ Budget as part of 9- vehicle purchase in FY 22’. Purchase was made following cancellation of FY 22’ 4-vehicle purchase order by automobile manufacturer, and further notification of a halt in production for the remainder of 2022. **\*\***



## GENERAL GOVERNMENT

The General Government function in the operating budget is representative of service provision departments as well as internal service departments. Service provision departments are those departments whose primary role is to provide services to the citizens of Macon County. Service provision departments include; *Board of Elections, Register of Deeds, Tax Assessment, Tax Supervision, and Mapping*. Internal service departments such as *Administration, Legal, Finance, Human Resources, Information Technology, Garage and Buildings and Grounds* play a support role to the service provision departments in the General Government function, as well as those departments in other functions such as Transportation, Recreation and Public Safety, enabling them to continue providing top quality services to our citizens. The General Government function accounts for \$8,225,894 or 14% of the FY 23' operating budget. Expenditures in this function have increased \$471,989 over the prior fiscal year original budget.

GENERAL GOVERNMENT	Increase over FY 22' Original	FY 23' GENERAL GOVERNMENT	% increase
Salaries and Benefits	\$678,900	\$5,423,144	14.2%
Non Salary and Benefit related operating	(\$144,433)	\$2,561,291	(5.4%)
Capital	(\$62,478)	\$241,459	(21.5%)
<b>Total</b>	<b>\$471,989</b>	<b>\$8,225,894</b>	<b>(6%)</b>

### Salaries and Benefits

Implementation of the Compensation and Classification Study in November of FY 22' will result in a full-year impact of \$464,682 to salary and benefit line items in the General Government Function. The increase over FY 22' Original Budget following implementation of the study is reflected in FY 23' Base Salaries and Benefits column in the chart below. The chart further highlights the impact of FY 23' proposed step, cost of living adjustment and mandatory increase to retirement system on this budget function.

Line Item(s)	FY 23' Base Salaries and Benefits	Step increase (Proposed)	3% COLA (Proposed)	Retirement Increase	Total FY 23' Increase	FY 23' General Government
Salaries and Benefits	\$5,230,068	\$36,666	\$131,876	\$24,534	<u>\$193,076</u>	\$5,423,144

**\*\*Changes to salaries and benefits occurring outside of the Compensation and Classification Study will be reflected in the FY 23' Base Salaries and Benefits cell. An example of this would be a new hire choosing single health insurance coverage rather than the more costly, budgeted family coverage. This situation would result in a decrease to FY 23' Base Salaries and Benefits from FY 22' Original Budget Salaries and Benefits. Conversely, if an employee with single health insurance coverage resigned or retired, family coverage would be budgeted for the vacant position, resulting in an increase to FY 23' Base Salaries and Benefits over FY 22' Original Budget Salaries and Benefits\*\***





### Non-Salary and Benefit Related Operating Expenditures

At \$2,561,291, non-salary and benefit related operating expenditures in the General Government Function will decrease by **(\$144,433)** from the FY 22' Original Budget. The decrease is attributable to a reduction of **(\$290,000)** in Governing Board contracted services following the second payment to Balsam West for Broadband expansion in southern Macon County. The decrease in expenditures is accompanied by a decrease in revenue and therefore should not overshadow the impact that organizational improvements and rising costs will have on some line items within this expenditure category.

Line item(s)	Increase from FY 22' Original	FY 23' General Government Budget	% increase	Detail
<b>**Contracted Services **</b>	<b>(\$234,727)</b>	\$557,940	<b>(30%)</b>	Governing Board-Second \$290k Payment to Balsam West in FY 22' (\$290,000). IT Service Contracts FY 23' - Web Development Platform, maintenance Increase on network switches.
Gasoline	\$6,000	\$32,215	23%	Cost Increase based upon EIA projections, Mileage trends
Printing, Postage and Advertising	\$19,760	\$89,030	29%	Increase primarily in Tax Office - FY 23' Revaluation
Property Building Improvements	\$24,500	\$74,500	24%	Cost increase impacts Buildings and Grounds
Utilities	\$13,460	\$393,260	4%	Cost Increase impacts Buildings and Grounds
Relicense Fees	\$16,265	\$195,686	9%	IT- Upgrade Building Inspections Software, Debtbook Lease Tracking software.
Travel and Training	<b>(\$3,568)</b>	\$92,519	<b>(4%)</b>	Consistent with FY 22'

*\*\*Contracted Services includes Contracted Services, Service Contracts, Contractor Services, Professional Fees- IT Web Development Platform- \$42,000. IT- \$6,000 increase in switch and server maintenance costs due to computer chip shortage\*\**



### Capital Expenditures “Pay Go”

Capital expenditures in the General Government Function will decrease by **(\$62,478)** in the coming fiscal year. The decrease is attributable to a combined reduction in capital expenditures within the Tax Office and Information Technology. \$241,459 in FY 23’ capital expenditures will allow us to maintain licensure and upgrade requirements on technology systems and purchase new software and equipment that will lead to increased efficiency and future cost savings.

Department	Increase/Decrease over FY 22’ Original	FY 23’ General Government Budget	% increase	Detail
Tax Assessment	<b>(23,471)</b>	\$0	-	Vehicle Replacement in FY 22’.
Tax Assessment	\$13,079	\$36,550	56%	Tax Office- Change Finder Software Budgeted in FY 23’ \$36,500
Information Technology	<b>(\$99,834)</b>	\$148,318	<b>(40%)</b>	5-year Server refresh in FY 22’. Operating Systems licensing in FY 23’ per CIP
Buildings and Grounds	\$17,686	\$50,000	53%	Purchase of Bucket Truck in Buildings and Grounds - FY 23’ est. \$50,000.
Garage	\$6,591	\$6,591	-	1234-YF machine. 17’ model vehicles and newer coolant refills.



## TRANSPORTATION

The Transportation Function includes *Macon County Transit* in addition to the *Macon County Airport*. The Transportation Function will increase by \$719,147 over the FY 22' original budget. This increase is primarily due to increases in salaries and benefits and capital expenditures. The FY 23' Transportation Function will account for \$2,222,422 or 4% of expenditures within the operating budget. Of this amount, 21% or \$454,543 is representative of county funding.

Transportation	Increase over FY 22' Original	FY 23' Transportation	% increase
Salaries and Benefits	\$106,130	\$834,763	14.6%
Non Salary and Benefit related operating	\$97,555	\$310,700	45.7%
Capital	\$515,462	\$1,076,959	92%
<b>Total</b>	<b>\$719,147</b>	<b>\$2,222,422</b>	<b>47.8%</b>

## Salaries and Benefits

Implementation of the Compensation and Classification Study in November of FY 22' will result in a full-year impact of \$77,903 to salary and benefit line items in the Transportation Function. The increase over FY 22' Original Budget following implementation of the study is reflected in FY 23' Base Salaries and Benefits column in the chart below. The chart further highlights the impact of FY 23' proposed step, cost of living adjustment and mandatory increase to retirement system on this budget function.

Line Item(s)	FY 23' Base Salaries and Benefits	Step increase (Proposed)	3% COLA (Proposed)	Retirement Increase	Total FY 23' Increase	FY 23' Recommended
Salaries and Benefits	\$804,830	\$5,690	\$20,701	\$3,542	<u>\$29,933</u>	\$834,763

**\*\*Changes to salaries and benefits occurring outside of the Compensation and Classification Study will be reflected in the FY 23' Base Salaries and Benefits cell. An example of this would be a new hire choosing single health insurance coverage rather than the more costly, budgeted family coverage. This situation would result in a decrease to FY 23' Base Salaries and Benefits from FY 22' Original Budget Salaries and Benefits. Conversely, if an employee with single health insurance coverage resigned or retired, family coverage would be budgeted for the vacant position, resulting in an increase to FY 23' Base Salaries and Benefits over FY 22' Original Budget Salaries and Benefits\*\***



### Non-Salary and Benefit Related Operating Expenditures

Non-salary and benefit related operating expenditures will increase by \$97,555 over FY 22' to \$310,700. The increase is attributable to the purchase of computer supplies through CARES Act and NCDOT grant funding.

Line item(s)	Increase from FY 22' Original	FY 23' Transportation Budget	% increase	Detail
**Computer Supplies**	\$106,202	\$108,302	5,057%	Transit Operating and Admin.
Gasoline	(\$438)	\$71,000	(.6%)	FY 23' Transit gasoline covered by CARES Act Funding

\*\*Computer Supplies- \$24,244 in Transit Operations (county responsible for 10% per NCDOT Capital Grant) purchases 4 new computers, 15 new tablets, one new scanner and includes upgrade to scheduling software. \$82,958 in Transit Cares Act Computer Supplies can be used to offset operations \*\*

### Capital Expenditures "Pay Go"

Capital expenditures in the Transportation Function will increase by \$515,462 in the coming fiscal year. The increase is attributable to an office addition and awning that will be constructed at the current Transit facility. Of the \$1,076,959 total project cost, the county is responsible for \$194,952, approximately 20%. The project was previously delayed due to the COVID-19 Pandemic.

Department	Increase over FY 22' Original	FY 23' Transportation Budget	% increase	Detail
Transit	\$516,462	\$1,076,959	100%	Construction of Addition and Awning
Transit	(518,615)	0	-	Seven vans purchased in FY 22'



## ECONOMIC AND PHYSICAL DEVELOPMENT

The Economic and Physical Development budget function contains; *Economic Development, Cowee School, Soil Conservation and Cooperative Extension*. In the coming fiscal year, Economic and Physical Development will account for \$641,303, an increase of \$65,633 over FY 22'. The increase within this budget function is attributable to an increase in salaries and benefits and capital expenditures.

Economic and Physical Development	Increase over FY 22' Original	FY 23' Economic and Physical Development Budget	% increase
Salaries and Benefits	\$53,347	\$434,087	14%
Non Salary and Benefit related operating	(\$25,214)	\$157,216	(13.8%)
Capital	\$37,500	\$50,000	300%
<b>Total</b>	<b>\$65,633</b>	<b>\$641,303</b>	<b>11.4%</b>

### Salaries and Benefits

Implementation of the Compensation and Classification Study in November of FY 22' will result in a full-year impact of \$13,856 to salary and benefit line items in the Economic and Physical Development Function. The increase over FY 22' Original Budget following implementation of the study is reflected in FY 23' Base Salaries and Benefits column in the chart below. The chart further highlights the impact of FY 23' proposed step, cost of living adjustment and mandatory increase to retirement system on this budget function.

Line Item(s)	FY 23' Base Salaries and Benefits	Step increase (Proposed)	3% COLA (Proposed)	Retirement Increase	Total FY23' Increase	FY 23' Recommended
Salaries and Benefits	\$428,216	\$1,162	\$4,001	\$708	<u>\$5,871</u>	\$434,087

**\*\*Changes to salaries and benefits occurring outside of the Compensation and Classification Study will be reflected in the FY 23' Base Salaries and Benefits cell. An example of this would be a new hire choosing single health insurance coverage rather than the more costly, budgeted family coverage. This situation would result in a decrease to FY 23' Base Salaries and Benefits from FY 22' Original Budget Salaries and Benefits. Conversely, if an employee with single health insurance coverage resigned or retired, family coverage would be budgeted for the vacant position, resulting in an increase to FY 23' Base Salaries and Benefits over FY 22' Original Budget Salaries and Benefits\*\***



### Non-Salary and Benefit Related Operating Expenditures

Non Salary and benefit related operating expenditures will decline by **(\$25,214)** to \$157,216 in FY 23'. Reduction is attributable to decrease in funding for the Nikwasi Initiative in Economic Development.

Line item(s)	Increase from FY 22' Original	FY 23' Economic and Physical Development	% increase	Detail
Nikwasi Initiative	<b>(\$25,000)</b>	0	-	Reduction of Nikwasi Initiative appropriation in Economic Development

### Capital Expenditures "Pay Go"

Capital expenditures in the Economic and Physical Development Function will increase by \$37,500 in the coming fiscal year. The increase is attributable to a roof-resurfacing project at Cowee School. The scope of the project will include the School and 2-story Gymnasium. Capital Expenditures will account for \$50,000 in FY 23' Economic and Physical Development expenditures.

Department	Increase over FY 22' Original	FY 23' Transportation Budget	% increase	Detail
Cowee School	\$37,500	\$50,000	300%	Cowee School Roof Resurfacing. \$10,000 in FY 22' resurfacing of basketball court



## HEALTH AND HUMAN SERVICES

The Health and Human Services Function includes *Health Department, Department of Social Services, Veterans, Smoky Mountain Mental Health, Juvenile Partnership Grant, Senior Services, and Housing*. In FY23' Health and Human Service expenditures will total \$13,099,861. This is an increase of \$75,728 over the current fiscal year original budget.

Health and Human Services	Increase over FY 22' Original	FY 23' Health and Human Services	% increase
Salaries and Benefits	\$676,200	\$8,452,807	8.7%
Non Salary and Benefit related operating	(\$640,845)	\$4,538,681	(12.4%)
Capital	\$40,373	\$108,373	59.4%
<b>Total</b>	<b>\$75,728</b>	<b>\$13,099,861</b>	<b>.58%</b>

### New Positions

Addition of two part-time Environmental Health Technicians in On-site Wastewater. Re-instatement of Administrative Officer III position in Population Health.

### Salaries and Benefits

Implementation of the Compensation and Classification Study in November of FY 22' will result in a full-year impact of \$317,418 to salary and benefit line items in the Health and Human Services Function. The increase over FY 22' Original Budget following implementation of the study is reflected in FY 23' Base Salaries and Benefits column in the chart below. The chart further highlights the impact of FY 23' proposed step, cost of living adjustment and mandatory increase to retirement system on this budget function.

Line Item(s)	FY 23' Base Salaries and Benefits	Step increase (Proposed)	3% COLA (Proposed)	Retirement Increase	Housing Transfer	Total FY 23' Increase	FY 23' Recommended
Salaries and Benefits	\$8,153,949	\$56,143	\$199,225	\$39,039	\$4,451	<u>\$298,858</u>	\$8,452,807

**\*\*Changes to salaries and benefits occurring outside of the Compensation and Classification Study will be reflected in the FY 23' Base Salaries and Benefits cell. An example of this would be a new hire choosing single health insurance coverage rather than the more costly, budgeted family coverage. This situation would result in a decrease to FY 23' Base Salaries and Benefits from FY 22' Original Budget Salaries and Benefits. Conversely, if an employee with single health insurance coverage resigned or retired, family coverage would be budgeted for the vacant position, resulting in an increase to FY 23' Base Salaries and Benefits over FY 22' Original Budget Salaries and Benefits\*\***



### Non-Salary and Benefit Related Operating Expenditures

A reduction of **(\$640,845)** in non-salary and benefit related operating expenditures is primarily due to a reduction of grant-funded expenditures in the Health Department. In the coming fiscal year, non-salary and benefit related operating expenditures account for \$4,538,681 in the Health and Human Services Function.

Line item(s)	Increase from FY 22' Original	FY 23' Health and Human Services Budget	% increase	Detail
Regional Chronic Disease Grant	<b>(\$317,596)</b>	\$359,242	<b>(53%)</b>	Public Health- Mountainwise funding ended March 31, 2022.
Nutrition Education Diabetes	<b>(\$60,000)</b>	\$137,956	<b>(30%)</b>	Public Health-decrease in diabetes prevention funding
Community Health School Based	<b>(\$145,643)</b>	\$0	-	Public Health- Office of Rural health 3-year grant ended in FY 22'. Funded mental Health Services at South Macon Elementary. Starting in FY 23' services will be covered by MCS and billing revenues
Ed. Reg. Prevention Support	<b>(\$77,509)</b>	\$0	-	Public Health- COVID funding for regional support team moved to Transylvania County
Coronavirus Relief	<b>(\$85,260)</b>	\$0	-	Public Health- COVID funding for regional support team moved to Transylvania County
EPI Lab Capacity	<b>(\$79,877)</b>	\$0	-	Public Health- COVID funding- balance will be carried forward.

### Capital Expenditures "Pay Go"

Capital expenditures in the Health and Human Services Function will increase by \$40,373 in the coming fiscal year. The increase is attributable to increased capital spending within the Health Department to replace vehicles in those sections experiencing substantial increases in demand.

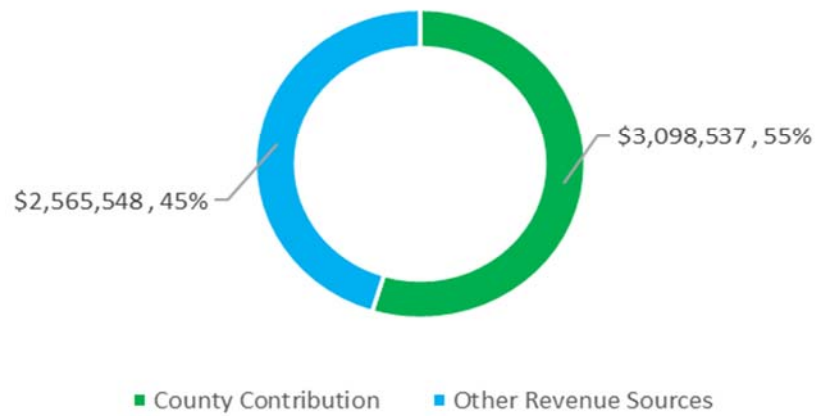
Department	Increase over FY 22' Original	FY 23' Health and Human Services Budget	% increase	Detail
Child Dental Health	\$6,373	\$6,373	100%	Replacement of Equipment in Molar Roller.
**On-Site Wastewater**	\$34,000	\$68,000	100%	Two vehicles in On-Site Wastewater
**Private Drinking Water Wells**	\$34,000	\$34,000	-	One Vehicle in Private Drinking Water Wells.

*\*\*On-site Wastewater and Private Drinking Water Wells vehicles being replaced were purchased in 05' and 07' have combined mileage of 339,273\*\*167*

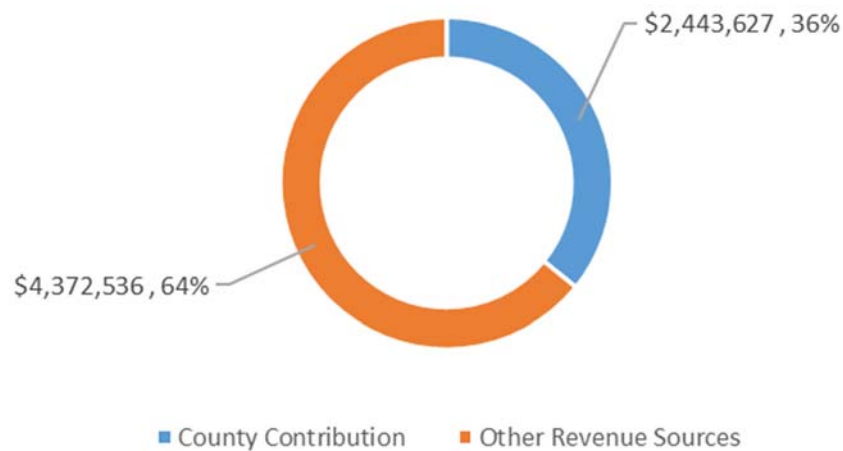




### Health Department Sources of Revenue FY 2022-2023



### Social Services and Senior Services Sources of Revenue FY 2022-2023





## CULTURE AND RECREATION

The Culture/Recreation Function accounts for; *Recreation, Highlands Recreation, and Library*. In FY 23', Culture/Recreation represents \$3,045,439 or 5% of the general fund-operating budget. This is a \$167,789 increase over the current fiscal year original budget. The increase is primarily attributable to an increase in salaries and benefits and an increase in operational funding to the Macon County Library.

Culture and Recreation	Increase over FY 22' Original	FY 23' Culture and Recreation	% increase
Salaries and Benefits	\$83,914	\$875,339	9.1%
Non Salary and Benefit related operating	\$85,375	\$2,015,100	5%
Capital	(\$1,500)	\$155,000	.97%
<b>Total</b>	<b>\$167,789</b>	<b>\$3,045,439</b>	<b>5.8%</b>

### Salaries and Benefits

Implementation of the Compensation and Classification Study in November of FY 22' will result in a full-year impact of \$69,452 to salary and benefit line items in the Culture and Recreation Function. The increase over FY 22' Original Budget following implementation of the study is reflected in FY 23' Base Salaries and Benefits column in the chart below. The chart further highlights the impact of FY 23' proposed step, cost of living adjustment and mandatory increase to retirement system on this budget function.

Line Item(s)	FY 23' Base Salaries and Benefits	Step increase (Proposed)	3% COLA (Proposed)	Retirement Increase	Total FY 23' Increase	FY 23' Recommended
Salaries and Benefits	\$843,615	\$5,964	\$22,096	\$3,664	\$31,724	\$875,339

**\*\*Changes to salaries and benefits occurring outside of the Compensation and Classification Study will be reflected in the FY 23' Base Salaries and Benefits cell. An example of this would be a new hire choosing single health insurance coverage rather than the more costly, budgeted family coverage. This situation would result in a decrease to FY 23' Base Salaries and Benefits from FY 22' Original Budget Salaries and Benefits. Conversely, if an employee with single health insurance coverage resigned or retired, family coverage would be budgeted for the vacant position, resulting in an increase to FY 23' Base Salaries and Benefits over FY 22' Original Budget Salaries and Benefits\*\***



### Non-Salary and Benefit Related Operating Expenditures

Non-salary and benefit related operating expenditures will increase by \$85,375 in the coming fiscal year. The increase is primarily attributable to an increase in operational funding to the Macon County Library. Non-salary and benefit related operating expenditures account for \$2,015,100 in the Culture and Recreation Function.

Line item(s)	Increase from FY 22' Original	FY 23' Culture and Recreation Budget	% increase	Detail
Macon County Library Operations	\$52,470	\$1,101,860	5%	5% increase in operations to offset rising costs in operations.
Contracted Services	\$21,700	\$28,700	310%	Contracted mowing services partially offset by \$12,000 reduction in PT salaries. Annual Contract amount \$21,000.
Property and Building Improvements	\$10,000	\$45,000	28.6%	Recreation- Construction materials cost increase, Completion of 4- Tennis Court Repair and Resurfacing project in summer of FY 23'.

### Capital Expenditures "Pay Go"

Capital expenditures in the Culture and Recreation Function will decrease by \$1,500 in the coming fiscal year. \$155,000 has been budgeted in FY 23' to construct a pickle ball complex in the Franklin area. In addition to general fund capital expenditures, Macon County received \$250,000 in State funding for recreational enhancements in FY 22'. While not reflected in the Recreation Budget at this time, funding will be used in FY 23' for streambank erosion repair and paving along the Greenway.

Department	Increase over FY 22' Original	FY 23' Culture and Recreation Budget	% increase	Detail
**Recreation Parks**	\$155,000	\$155,000	100%	Construction of pickle ball courts.
Recreation Parks	(\$29,000)	-	-	FY 22' Vehicle purchase in Recreation
Macon/Highlands Rec Operations	(\$127,500)	-	-	1-time capital appropriation of lighting at Highlands Ball-Field Complex.

*\*\*Multiple county-owned sites are being evaluated by Recreation Department for location of pickle ball complex. Number of courts constructed will range from 6-8 depending upon the location selected. Fundraising efforts in the local pickle ball community currently on-going and will be applied toward project cost\*\**



## EDUCATION

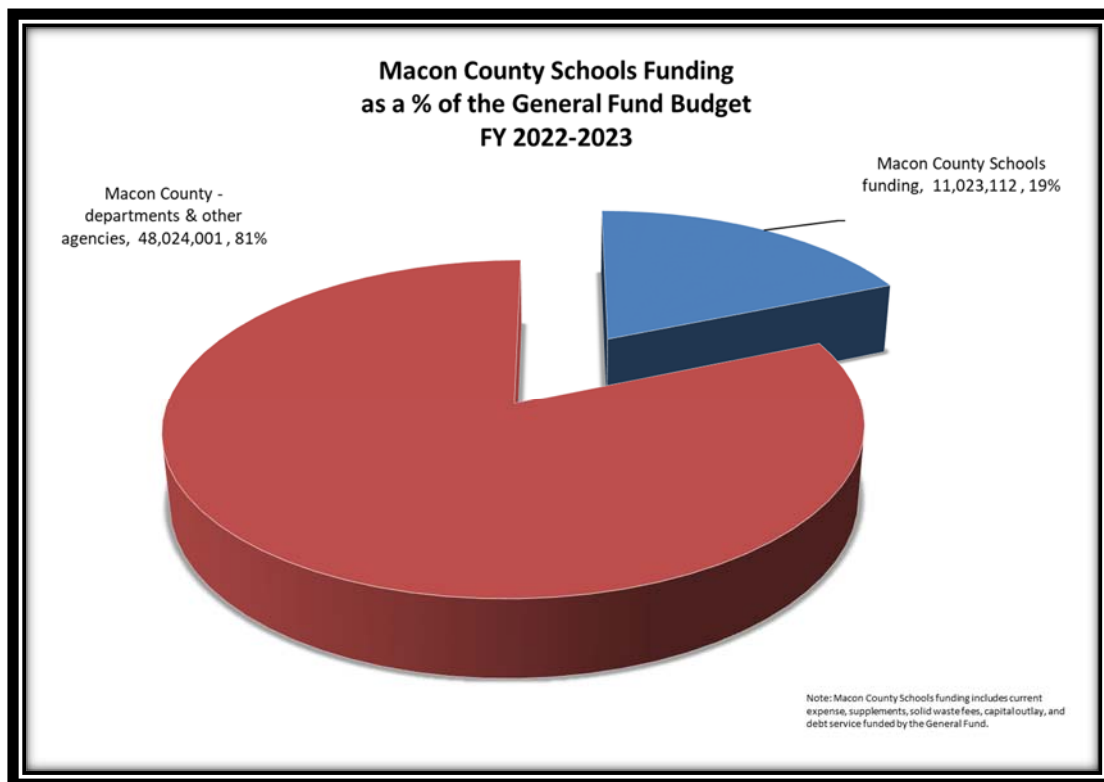
### Macon County School System Operations

The Macon County School System requested a flat appropriation for current expense in FY 23'. The FY 23' Recommended Budget at \$8,875,731 consists of current expense, teacher supplements, solid waste fees and timber receipts. Consistent state and local funding combined with COVID-19 relief funding however will ensure the School System remains well prepared for uncertainty in the coming fiscal year.

For the period of FY 20' - 4/30/22 the School System has spent \$7,653,562 in State and Federal COVID-19 relief funding. Approximately 73% (\$5,565,709) of this amount has gone towards employee salaries and benefits including bonus pay, supplemental pay and new positions in the operating budget. The remaining funds have been used primarily to purchase supplies, contracted services, computer supplies and computer equipment. State and Federal COVID-19 relief funding will continue to provide the school system with much needed flexibility in the FY 23' operating budget to accommodate for ever-changing circumstances. As of April 30, 2022, the School System had 61.3% or \$12,120,846 in total state and federal COVID-19 allotment remaining.

### Macon County School System Capital

Technology/Capital Outlay appropriation will remain at \$1,150,000 in FY 23'. Since FY 18', the annual appropriation for Technology and Capital Outlay has increased by \$550,000 or 92%. In addition to the annual appropriation, \$819,381 will be transferred from the General Fund to Fund 46 for continued planning and design work at Franklin High School.





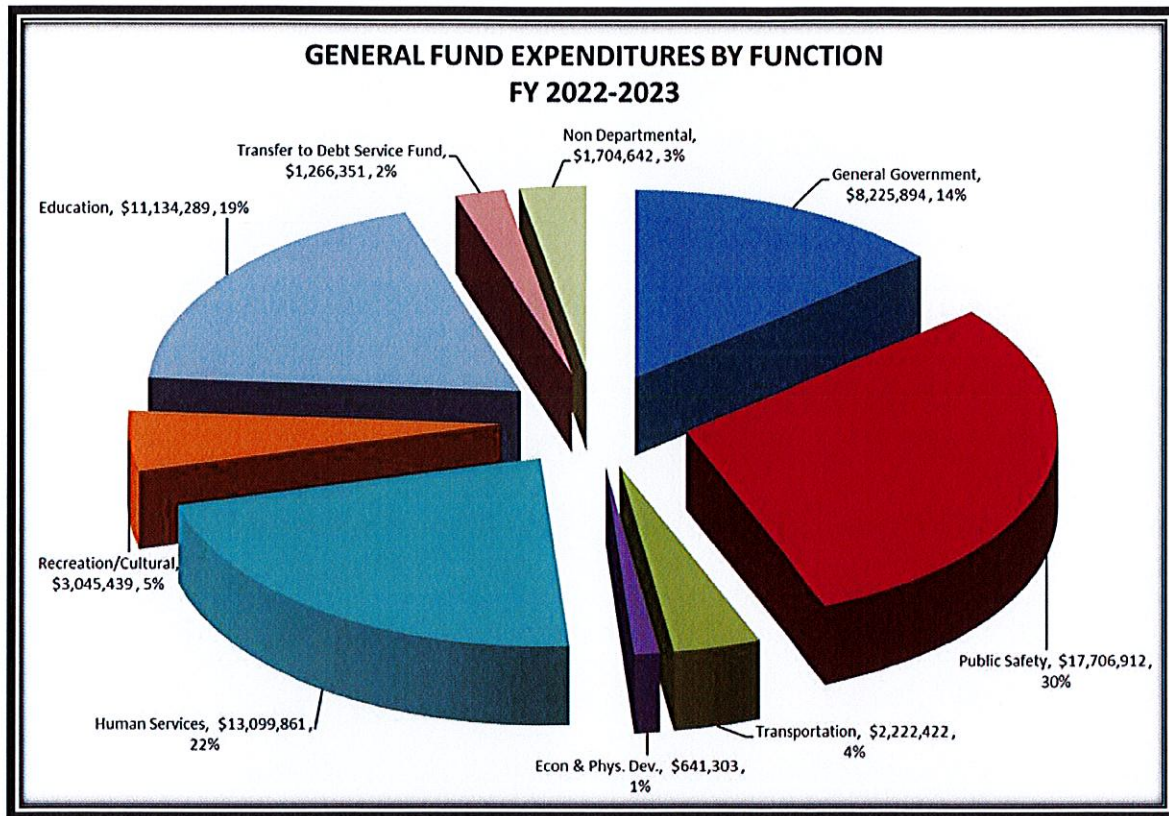
### **Southwestern Community College**

An appropriation of \$289,177 has been included for Southwestern Community College in the FY 23' Recommended Budget. Similar to the School System, Southwestern Community College will continue using approximately \$3M in COVID-19 relief funding to assist with operations during the coming fiscal year.

At the time of this budget message Southwestern Community College anticipates construction at the Public Safety Training Complex to begin on or about January 1, 2023. The first portion of this project will include placement of a state of the art, multi-story "burn building" adjacent to the National Guard Armory. Following installation of the "burn building", Macon County will proceed with renovations to the National Guard Armory facility. Upon completion, the PSTC expansion will result in an increase to SCC operational funding of approximately \$70,000 annually.



## Summary



The FY 23' Recommended Budget allows the organization to continue moving forward through extremely uncertain times. While rising costs, increased competition and increased demand for services will present challenges in the coming fiscal year, increased revenues generated from current economic conditions will enable us to overcome them. Should economic conditions deteriorate, conservative revenue projections will result in the organization's continued ability to provide high quality public services without disruption. A contingency fund of \$100,000 and a healthy financial position will further contribute to our economic security in FY 23'. The FY 23' Recommended Budget would not be possible without the hard work, dedication and willingness to compromise exhibited by all Macon County department heads throughout the budget process. As required by state statute, the budget is balanced with revenues and expenditures of \$59,047,113 and is hereby submitted for your review and consideration.

Respectfully,

A handwritten signature in blue ink, appearing to read "Derek C. Roland".

Derek C. Roland  
Macon County Manager