

May 13, 2025

Macon County Board of Commissioners

Josh Young, Chair

Gary Shields, Vice Chair

John Shearl

Danny Antoine

Barry Breeden

Gentlemen,

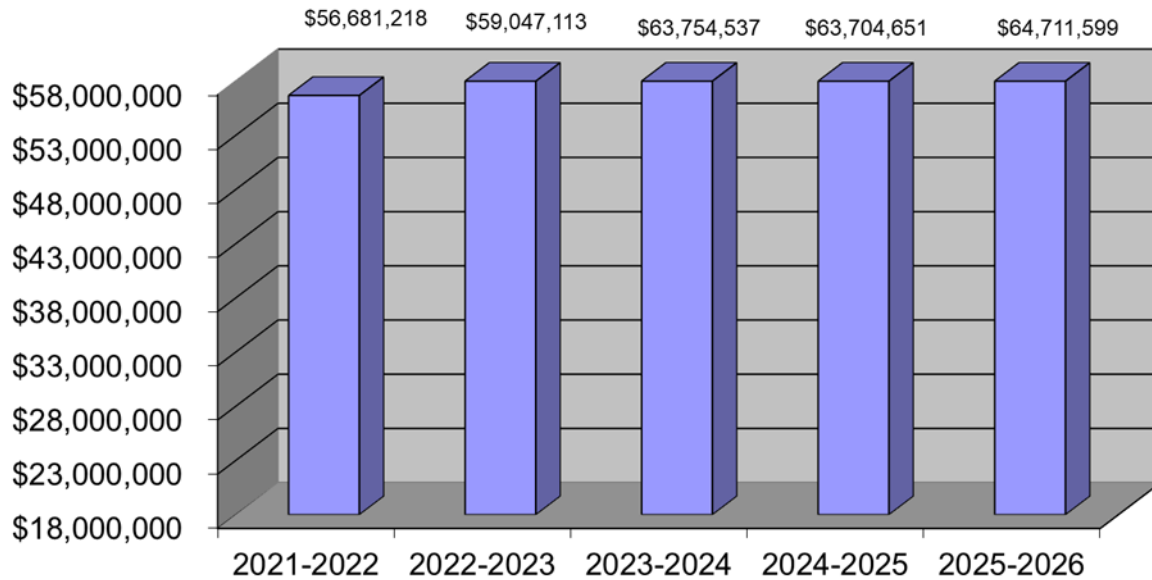
In accordance with NCGS 159-11, the proposed budget for Macon County for fiscal year 2025-2026 is hereby presented for your review and consideration. The proposed budget provides a basis for operation of all county departments, programs and projects for the upcoming fiscal year. The proposed General Fund budget is balanced in accordance with state law with revenues and expenditures totaling \$64,711,599 and maintaining a tax rate of \$0.27 per \$100 of value.

We are able to provide a high level of quality service while maintaining a focus on fiscal responsibility by being as efficient as possible with the funds that we currently have and constantly and consistently evaluating both services provided and services requested and making adjustments as necessary to meet the needs of our customers.

Macon County has seen several projects implemented during the past fiscal year including a new Franklin High School project, a Highlands School renovation and expansion project, a Macon County Public Library repair project, a tennis court renovation project, an airport meeting room renovation project, the Macon Middle School track renovation project and a clock tower revitalization project. These projects are an investment of over \$146 million into improvements for our county residents and visitors all while maintaining a low tax rate.

There are several projects forthcoming for consideration and planning purposes including repairs to Macon Early College, renovations to the old National Guard Armory in conjunction with the start of construction of the Southwestern Community College Burn Building, repairs and/or replacement of two processing buildings along with construction of the next cell at the Macon County Landfill. In addition to those projects, there are other needs that should be considered including better occupancy spaces for the Board of Elections and Veterans Services and future needs of both Senior Services and Law Enforcement / Detention.

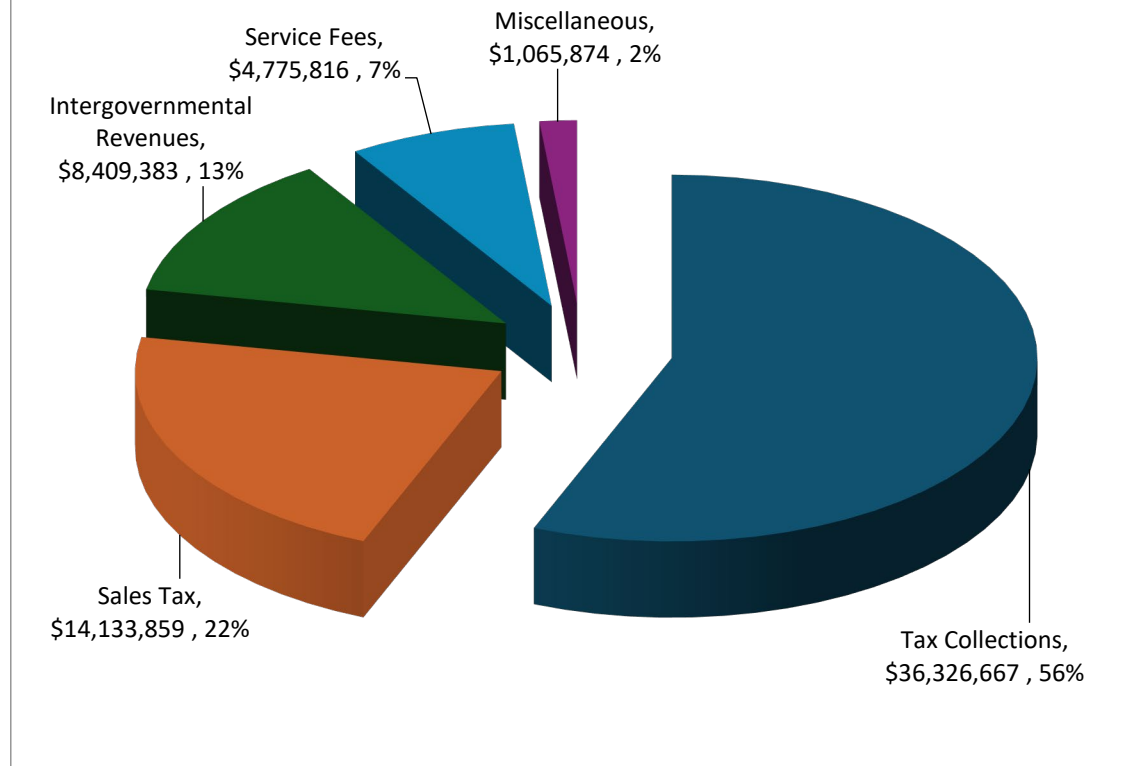
GENERAL FUND COMPARISON OF ORIGINAL BUDGETS



Categorical Overview-Revenues

Although our tax rate has remained the same, we are seeing an increase in the taxable value of property which slightly increased tax collection revenues. Miscellaneous revenue increased slightly compared to the FY 2025 budget. Revenue from service fees has also slightly increased. Sales tax revenue remains flat with no increase projected and intergovernmental revenues are projected to decrease slightly compared to the FY2025 budget.

GENERAL FUND REVENUES BY SOURCE FY 2025-2026

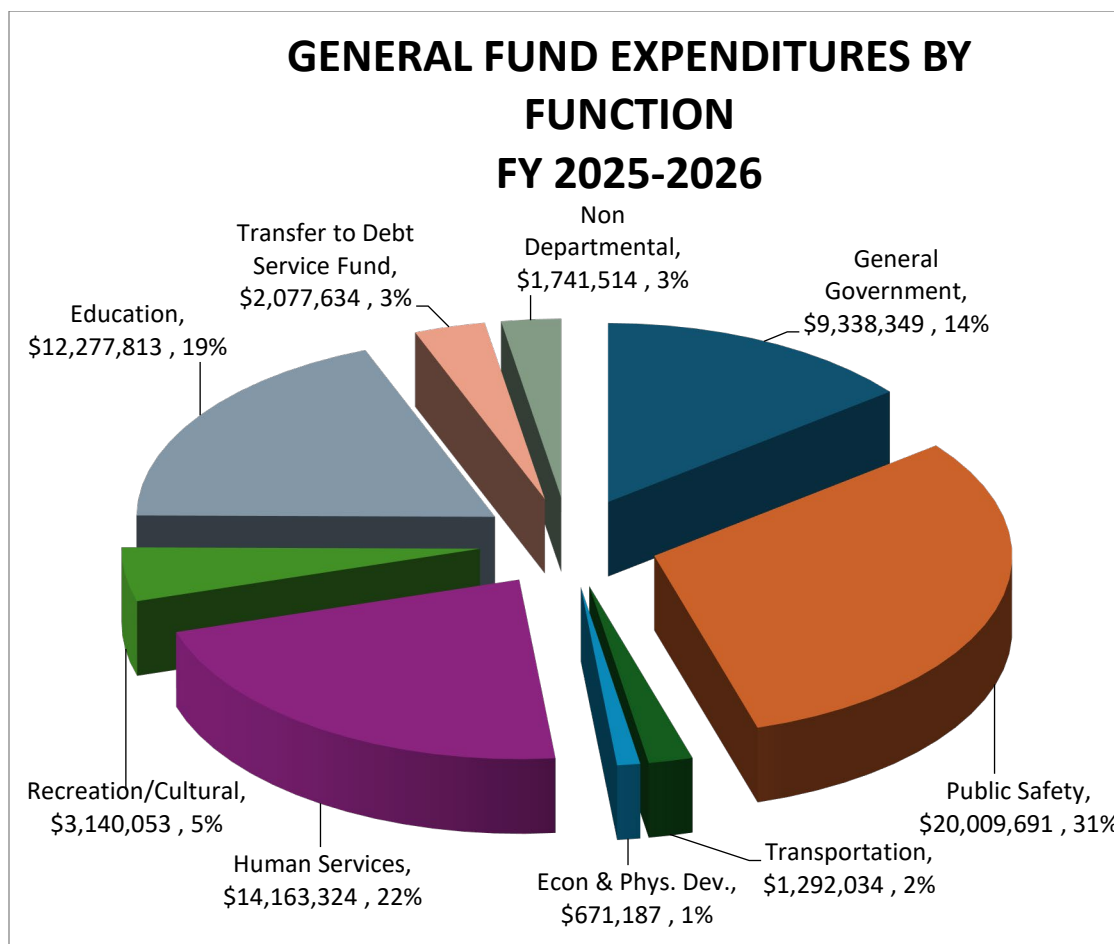


The only fee changes recommended are to the EMS billing rate structure. Macon County typically sets rates based on the allowable Medicare fee structure for rural areas and this has not been adjusted since 2021, which will result in an anticipated increase in service fees of \$200,000.

2025 Medicare Rate Analysis and Recommendations

Level Of Service	2025 Medicare Allowable (Rural)	Current Charge	Recommended (200% MFS)	2025 Recommended Charge
ALS NE A0426	\$326.95	\$545.36	\$653.90	\$653.90
ALS E A0427	\$517.68	\$863.48	\$1,035.36	\$1,035.36
BLS NE A0428	\$272.47	\$454.46	\$544.94	\$544.94
BLS E A0429	\$435.95	\$727.14	\$871.90	\$871.90
ALS 2 A0433	\$749.27	\$1,249.78	\$1,498.54	\$1,498.54
Specialty Care Transports A0434	\$885.51	\$818.91	\$1,771.02	\$1,771.02
Rural Mileage 18+ A0425	\$9.24	\$17.08	\$18.48	\$18.48
Rural Mileage A0425 1-17	\$13.86	N/A	\$27.72	\$27.72
ALS Treatment/No Transport		\$150.00		\$150.00

Categorical Overview-Expenses



Personnel

Our personnel continue to be our greatest asset. Even with the best and most up-to-date facilities, without competent and efficient staff we would not be able to provide quality services to meet the needs of our residents and visitors. The proposed FY 2025/2026 budget continues to maintain our current pay plan structure providing for a one step advancement within the plan for full time employees and a 3% Cost of Living Adjustment (COLA) for all employees as well. The step maintains our initiative to retain existing employees and advance them through their career paths without losing competent and trained employees to other organizations as well as adversely impacting our quality of service. The COLA is an adjustment based on various financial indexes to ensure that the dollar we pay our employees today still maintains the purchasing power of a dollar from yesterday. We were also able to provide for lowering the eligibility for longevity pay from 10 years of service to 5 years of service to help retain our early term employees. Hopefully this change

will encourage employees that have been with Macon County for less than a decade to remain in our service and continue to serve our community with a career in public service. We now also allow our part-time employees to participate in our 401K retirement program.

In our 2025-2026 budget requests from departments, there were an additional 17 full or part-time (FT, PT) positions requested by department heads. Those requests included:

- 2 Sheriff's Office deputies, FT and 1 SRO position, PT
- 5 EMT-Paramedic positions, FT
- 1 Transit Dispatcher position, FT
- 2 Animal Shelter attendants, 1 PT and 1 reclassification from PT to FT
- 1 Code Enforcement Officer, FT
- 2 Firefighters, PT
- 3 Social Service positions, FT

Although most if not all the requests were valid requests and showed significant merit for provisions of services, the proposed budget only includes the following recommendations for new positions. These positions were either covered by existing budgeted funds and required no increase or were at least 50% funded by another source.

1. The two (2) Sheriff's Office deputies and the part-time SRO position are included. The Sheriff's Department was able to restructure their organization financially and absorb the cost of the positions with no overall increase to their departmental budget. The part-time SRO position will be an as-needed position filling vacancies.
2. One Social Service position is included. The demand for those services is increasing and 50% of that position will be covered by funds from North Carolina.

The Emergency Services department will be reorganized to separate the EMS division as a separate department. A vacant EMS Coordinator position will be reclassified as a Director position with no overall change in number of employees. The Fire Marshal will serve also as the Emergency Management Coordinator overseeing the Fire Services division as well as serving as the contractual liaison for the eleven (11) contracted fire departments in Macon County. The 9-1-1 Communications Supervisor will be reclassified as a Director and oversee the 9-1-1 telecommunications system as well as the 9-1-1 Addressing division. The Emergency Services Director position that is no longer needed will be reclassified as an EMT-Paramedic position with no overall change in the number of employees.

Macon County has both full and part-time employees and also utilizes contract employees or agencies in some areas to provide services. As of the time of this proposed budget draft, there are 406 filled full-time positions and 20 vacant full-time positions. There are also 124 filled part-time positions and 134 filled part-time seasonal positions. Part-time employees are typically used on an

as-needed basis and some positions are classified as seasonal such as recreation park employees and poll worker positions.

Funds budgeted include a 0.75% increase in contributions for general employees and 1.04% increase in contributions for sworn law enforcement officers for the North Carolina Retirement System that are mandated. Employee rates for health insurance will remain the same. There were some reclassifications within the salary plan based on job functions.

It has been five (5) years since our last system-wide review of our pay plan. It is recommended that a review take place this upcoming year to evaluate our pay plan system and its effectiveness in recruiting and retaining competent staff while remaining fiscally responsible as well. The review can be conducted internally with current staff participating without an added expense for a consulting group or agency.

General Government

General government expenses have decreased \$119,819 from FY 2024-2025. This includes departments such as Mapping, Tax Assessment, Garage and Maintenance. There are some upcoming capital needs that we will discuss during the Capital Improvement Plan discussions.

Public Safety

Public Safety expenses have increased by \$1,050,809 from FY 2024-2025. This includes what are normally considered public safety agencies such as law enforcement and EMS but also includes Code Enforcement and Animal Control. Expenses that contributed to the increase include an ambulance for \$384,000, a vehicle for Code Enforcement for \$27,000, a Control Room upgrade at the Detention center for \$216,000 and a lease agreement for EMS to house an ambulance on the south side of Franklin in the Otto community for \$24,000. The N.C. Forest Service also requested a modest increase of \$6,997 for salary requirements and other financial obligations for their match funds.

Transportation

Transportation expenses decreased by \$278,476 due to a decrease in Transit capital expenses.

Economic and Physical Development

Economic and Physical Development expenses which also include the Cooperative Extension Service and Soil and Water Conservation increased by \$35,251. Expenses that contributed to the increase include funds for N.C. salary adjustments, a livestock ear tag reader, and some equipment for the 4-H club.

Human Services

Human Services expenses increased by \$106,026. There was one position added to the Human Services division in the Department of Social Services and 50% of that position will be funded by N.C. funds.

Culture/Recreation

Culture and Recreation expenses which also includes the Macon County Library expenses increased by \$175,619. Recreation increased by \$133,276 and included a new mowing contract in addition to the existing mowing contracts and the library expenses increased by \$42,343 which is a 3.58% increase to cover increased personnel costs for the N.C. Retirement System, an anticipated increase in health insurance costs and a 2.5% COLA for salaries.

Education

Education expenses increased by \$409,380. This includes \$11,641,774 to Macon County Schools or an increase of 2.65%. This does not include the allocation of the one-time transfer from fund balance in FY2025 for the Free Lunch Program. If the Board would like to fund this request again this fiscal year, it is our recommendation that those funds again be transferred from fund balance. Funding to Southwestern Community College was increased by \$109,380 which includes funding for a maintenance worker position at the Groves Center that is currently staffed by a Macon County employee. That employee will be transferred to another section of the Maintenance Department for Macon County filling a vacancy and resulting in a net decrease in staffing for the Maintenance Department.

Pay-Go Capital Equipment

Pay-go capital projects this year total \$2,224,711.

FY 2025-2026 Capital - Admin Recommended				
Department				Dept. Request
114141	569502	Mapping		19,250.00
		Plotter		19,250.00
114210	569502	Information Technology		40,000.00
		Host OS and SQL		40,000.00
114250	569502	Garage		130,000.00
		Rollback		130,000.00
114311	569502	Crime Prevention		27,193.00
		Replace flooring in Patrol offices		27,193.00
114321	569506	Detention Center		216,000.00
		New elevator		90,000.00
		Camera/control system		126,000.00
114350	569601	Planning & Codes		27,431.00
		2025 Jeep Compass		27,431.00
114370	569502	EMS		68,000.00
		Autopulse unit		15,000.00
		Replacement defibrillator		53,000.00
114370	569601	EMS		384,921.00
		New ambulance		384,921.00
114380	569502	Animal Control		36,316.00
		Cat cages		15,000.00
		Tempered glass kennel doors		21,316.00
118000	571002	Macon County Schools		1,150,000.00
		Technology and Capital Outlay		1,150,000.00
118000	571011	SCC		125,600.00
		Roof, electrical, water heaters, paint, railing		125,600.00
			TOTAL	2,224,711.00

Capital Improvement Plan Projects

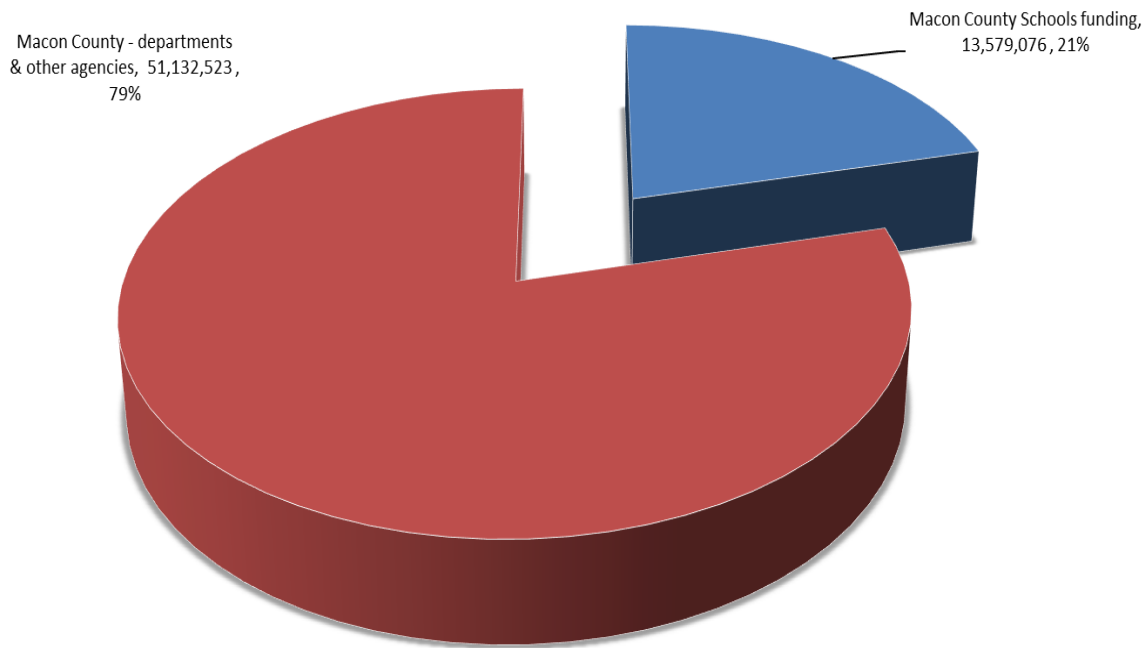
Projects previously approved and included in the Capital Improvement Plan (CIP) for FY 2025-2026 include a \$2,673,791 contribution to Southwestern Community College for construction of the fire training center at the Public Safety Training Center campus and \$376,209 for science room improvements at the Groves Center campus. Now that construction is underway on the fire training center, the Board has previously committed to renovating the old National Guard Armory for additional classroom space. The estimated cost of those renovations is \$2,500,000. There is also an anticipated renovation / repair project for Macon Early College estimated at \$500,000. Part of Phase IA of the Recreation Park Master Plan has been initiated with the renovations of the tennis

courts Completion of the remaining Phase 1A projects including the pickleball courts is estimated at \$1,393,075 and completion of Phase IB including parking and landscaping is estimated at \$1,134,963. Macon County has requested NC Parks and Recreation trust Fund (PARTF) grant funding in the amount of \$500,000 to assist with these projects. With Phase II including the amphitheater, playground upgrades and other improvements estimated at an additional \$5,019,838, the Board may want to consider debt service to accomplish all of those phases consecutively depending on our ability to take on more debt. Maintenance has requested \$250,000 for an HVAC Package to upgrade existing systems, \$200,000 for a generator package to upgrade backup power systems at crucial facilities including the courthouse, and a \$150,000 lift station package to upgrade and provide emergency backup systems for the sewer line systems owned by Macon County. The Information Technology Department has also requested \$150,000 for resiliency and intrusion testing and improvements for our server system and associated information technology equipment. In the event the Board of Commissioners would like to explore a future renovation and/or replacement of East Franklin Elementary School as requested by the Macon County Board of Education, it would also be prudent to allocate funding toward the required documentation and due process required for application for Needs-Based Public School Capital Fund (NBPSCF) assistance which is limited at \$42,000,000 for elementary school renovation or construction.

Macon County Schools

Funding for general operations was increased for Macon County Schools by \$400,000. Operational funding was increased to \$9,616,382 or 3.51% and local supplemental funding increased to \$729,164 or 11.23%. Capital funds were budgeted at \$1,150,000, timber sales at \$60,000 and solid waste fees at \$86,228. The PULSE internship program initiated last year for the Continuing Technical Education (CTE) program has also been funded at the same amount as last year at \$50,000. This funding is less than the \$2,199,980.17 increase requested.

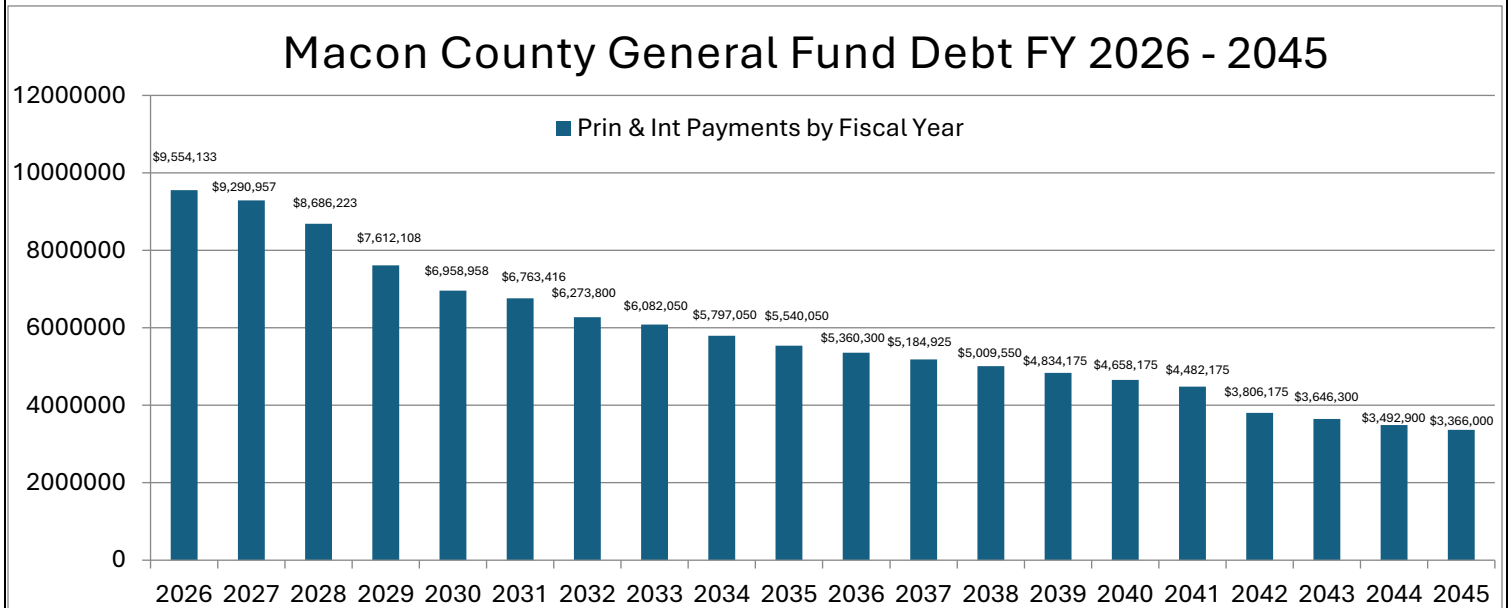
**Macon County Schools Funding
as a % of the General Fund Budget
FY 2025-2026**



Note: Macon County Schools funding includes current expense, supplements, solid waste fees, capital outlay, and debt service funded by the General Fund.

Debt Service

FY 2026 debt service will increase by \$4,521,389 to \$9,554,133, which includes both principal and interest. All of the debt service except \$112,000 is attributable to school facilities.



Southwestern Community College

It is proposed to allocate \$510,439 to Southwestern Community College for current operations which includes funding for a maintenance position at the Groves Center. The current county employee will be transferred to a vacant position within the Maintenance Department and result in a net decrease in one employee for that division. It is also proposed to allocate \$125,600 for capital expenses including replacing a roof on a modular unit, replacing an electrical system and water heaters, painting, and railing replacement.

Macon County Public Library

It is proposed to allocate \$1,225,634 to the Macon County Public Library which is a 3.58% increase or \$42,343 to cover increased personnel costs for the N.C. Retirement System, an anticipated increase in health insurance costs and a 2.5% COLA for salaries.

Future Capital Projects

During the budget development process, departments or outside agencies submitted a total of \$44,310,143 in capital project requests for FY 2025-2026. This amount is a little over 2/3 of the annual Macon County operating budget. Although many have value or merit, we obviously cannot fund all of those requests.

Macon County has a healthy fund balance achieved through conservative budgeting practices. Last year, the Board made a commitment of \$20,000,000 from the general fund balance for current and future capital projects. In August 2024, the Board adopted financial policy guidelines which contained a fund balance reserve policy.

After the audit is finalized, I suggest the Board conduct a mid-year review and develop a strategy to utilize any growth in the unassigned fund balance. Some funds could be applied toward capital projects that were discussed during the initial budget planning process but were not able to be covered at the time, such as unmet needs of the educational system, existing needs for Macon County including space needs for Veterans Services, Board of Elections and Housing, and an additional enclosed vehicle parking area for EMS. Some funds could be allocated toward a future larger capital project and set aside to fund that project.

Solid Waste

Macon County Solid Waste has several capital projects moving forward into FY2025-2026. The Carson Convenience Center will need to be completed as well as renovations or reconstructions of the recovery building and the recycling building, one of which was damaged by fire and one of which has experienced other significant structural damage. Environmental and engineering is complete on the Phase III Cell II expansion project. Construction should begin this fiscal year. As debt service will be required to construct this cell and arrange for some other necessary system upgrades, a financial analysis is being completed on the enterprise fund and a capital improvement plan will be drafted to guide us through the financial process over the next several years as these upgrades occur.

Conclusion

Through conservative budgeting, prudent and educated financial decisions, a willingness to make difficult decisions and a strong will to provide the best possible services and facilities to our residents and visitors, Macon County is in a strong position to move forward into the future meeting the needs of the current generation and future generations alike. This budget is designed for efficient and effective services generating as much return as possible for the investment. The proposed budget of \$64,711,599 is balanced and presented for your consideration.

Respectfully,

Warren J. Cabe
Manager