

BUDGET MESSAGE

May 30, 2007

Dear Mayor and Board of Commissioners,

Enclosed is the proposed Fiscal Year 2007-08 Budget for the Town of Mooresville. This balanced Budget reflects the Town's interest in the continuation of existing services and the expansion of services for the betterment of our citizens. It also supports the Board's commitment to future planning and progress while operating in a rapidly changing environment. The proposed budget is bolstered by the continued economic growth of the Mooresville - South Iredell region while continuing to streamline Town operations in an effective and efficient manner. It does account for the increased cost of doing business such as increases in fuel, utilities, etc.

The budget also addresses resource allocation based on the priorities in the Town's Strategic Plan, "Vision 2010 – Moving Mooresville Forward". The Plan highlights the Town's Mission: "To enhance the quality of life of the citizens of Mooresville by providing valued governmental services and directing well planned growth and development." The Plan also includes the goals and strategies to accomplish that mission. This budget reflects the second year of the implementation of the multi-year Strategic Plan.

GENERAL FUND:

Reflected in this General Fund budget is an assessed tax valuation of \$4,172,000,000 – an increase of approximately 24%. This valuation results in \$22,330,000 in tax revenue to fund the General Fund operations – an increase of \$4,125,000 from FY 07. The value generates approximately \$406,000 per penny at a 97.36% collection rate.

The proposed budget maintains the current tax rate of \$0.55 per \$100.00 of value. This year, Iredell County has implemented property revaluation therefore additional revenue has been realized. In addition to revaluation, new revenue was realized as a result of tax base growth. This revenue provides \$2,302,466 to fund services and meet the Board's Strategic Objective of maintaining an un-appropriated fund balance of 20% of General Fund expenditures. For continuing services, the new revenue due to tax base growth is \$1,822,534. In accordance with N.C. General Statute §159-11 (e), the tax neutral rate is \$0.48.

The new revenue will be used to provide expansion of services as a result of new growth such as staffing a new fire station, adding police officers to expand the coverage zones, and two new personnel in public works to expand the street and sanitation services. In addition, personnel are added to maintain and enhance customer service such as a Planner, Engineers, Assistant Fire Marshal, and administrative support positions. Eight police cars are to be replaced, an Outreach van is recommended for the Library and \$500,000 to begin the construction of the Traffic Task Force recommendations. Funds to begin the design of the Public Services Operations Center are also recommended.

The additional positions and capital expenditures will result in increased service efficiency and productivity (Town Strategy #24). As the community grows, the Town of Mooresville government must continue to grow and remain a professional and highly effective customer service focused organization.

This budget continues the effort to reduce reliance on Fund Balance Appropriated in order to balance the budget. This supports the Town's Financial Performance Goal to ensure financial stability. We will use more than \$0.03 of the property tax rate to reduce the Fund Balance Appropriated and replenish the Fund Balance or Town "savings account". This is the second year

of the two-year strategy to reduce the Fund Balance Appropriated. This budget also supports the strategy of appropriate user fees for services (Town Strategy #23). There are modest fee increases recommended in the Planning, Engineering and Buildings & Grounds Departments. New fees are proposed in the Fire Department. The fee increases will enable the Town to better offset staff time and resources for services.

The tax rate for the Mooresville Downtown Commission Tax District is proposed to remain at \$0.16 per \$100.00 of assessed valuation. The valuation for the District is estimated at \$39,258,000.

UTILITY FUND:

The Utility Fund includes a 10.3% increase in water rates and a 15% increase in wastewater rates. The rate increases proposed in the Utility Fund are comparable to those predicted in the rate review this past year. These increases are due directly to the increased debt service for the construction of the new water treatment plant, the expansion to the wastewater treatment plant, and pump station/force main replacement and construction. These rates will be discussed by the Town's utility rate consultant at an upcoming budget work session. Should you approve these recommendations, customers would see an increase in the bills mailed to them on September 1, 2007 for the utility services used in July. We continue to balance the needs of an aging utility infrastructure and a growing utility service area with our cash flow capabilities. There are, however, many much-needed projects in the Utility Capital Improvement Program (CIP) that still cannot be accomplished even with the rate increases.

OTHER FUNDS:

Revenue and expenditure details of all other funds are included in the budget document. These funds are necessary to accurately account for and control the expenditure of public funds.

SUMMARY:

The total of all funds for the proposed Fiscal Year 2007-08 Budget is \$56,526,911. The 2007-08 Budget, as proposed, will require appropriating \$2,046,768 from previous year's savings, which is a \$1,481,028 reduction from the previous year. There is an additional appropriation of \$1,146,000 from Powell Bill Fund Balance. The budget utilizes availability and system development fees collected during the year to offset higher utility rate increases. This \$1,000,000 is only a portion of these fees expected to be collected by the Utility Fund during the year.

This budget is based on sound fiscal and budgetary policies and reflects the commitment of the Town of Mooresville to provide the best possible use of taxpayer and ratepayer monies. This budget is also based upon the goals and priorities from the Town's Strategic Plan. For quick reference, a summary of the budget document follows the proposed budget ordinance. A copy of this proposed budget is available in the Town Clerk's office and the Mooresville Public Library for public inspection. Thank you for your consideration.

Sincerely,

James E. Justice
Town Manager

JEJ/jj
Enclosures