

BUDGET MESSAGE

May 23, 2008

Dear Mayor and Board of Commissioners,

Enclosed is the proposed Fiscal Year 2008-09 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 and continues to streamline Town operations in an effective and efficient manner. It does account for the increased cost of doing business especially in fuel and utilities expenditures.

The budget 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 third year of the implementation of the multi-year Strategic Plan.

The Budget reflects the "sacrifices and efforts of the Town employees" by providing a 2.5% Cost of Living Adjustment (COLA), no increase in insurance premiums, continued support of required local government employee retirement and 401-K for each employee as well a funded merit system with an average of 3% per employee. The budget funds the annual evaluation of our pay and classification system. The Town of Mooresville is fortunate to have many exceptional people who work throughout the city. I have been fortunate to work with many of them over the past twenty years and they are the Town's greatest resource.

GENERAL FUND:

Reflected in this General Fund budget is an assessed tax valuation of \$4,585,380,000 – an increase of approximately 9.9%. This valuation results in \$24,090,000 in tax revenue to fund the General Fund operations – an increase of \$1,760,000 from FY 08. The value generates approximately \$438,000 per penny at a 95.79% collection rate.

The proposed budget increases the current tax rate to \$0.58 per \$100.00 of value. The increased valuation provides additional revenue to fund existing services and meet the Board's Strategic Objective of maintaining an un-appropriated fund balance of 20% of General Fund expenditures. The tax base cannot support continuing services and pay the new debt payment resulting from the sale of voter approved General Obligation bonds for Recreation and Streets.

When the General Obligation bonds were placed on the ballot in November 2005, the Town estimated the Recreation issue of \$25 million would increase taxes by \$0.07 over a five year period. The Town has issued \$12.5 million of that approved \$25 million. The debt payment for the Recreation bonds is equal to \$0.026 pennies of the tax rate. In 2005, the Town estimated the Streets issue of \$8 million would increase taxes by \$0.03 over a five year period. The Town has issued \$5 million of that approved \$8 million. The debt payment for that \$5 million is equal to \$0.0105 pennies of the tax rate. The combined debt payment is equal to \$0.0367 pennies of the tax rate.

The proposed budget includes a new Privilege License system based on gross receipts. The benefits of a gross receipts system are equitability across the community, ease of administration, and a reasonable tax. The Board has several options with a gross receipts tax but it is recommended that you set a maximum tax payment based upon the business' gross receipts. A maximum of \$10,000

is recommended. The Downtown Tax District can be exempted from this tax and that is the recommendation. This tax requires the Town to update the current privilege license ordinance.

The budget funds several additional employees: a Buyer to assist the Purchasing Department; a Senior Customer Service representative to handle gross receipts privilege licensing and increased call volumes; a System Administrator to manage the Town's growing Information Technology; (3) Fire Captains to staff the ladder company as well as an Assistant Chief /Training officer to manage the certifications and training of the growing fire service personnel and to assist Risk Management with training needs of other Town employees; an Engineering Technician to manage the State-mandated Storm Water Management Program; (1) Police Officer in Crime Prevention, (1) Police Patrol Officer and a Telecommunicator to manage the growing safety needs of the Town; an Assistant Athletic Director to staff the Mooresville Youth Council, coordinate special programs and events as well as work with other cultural partners such as the Mooresville Museum, Mooresville Artist Guild and Mooresville Theatre; and a new Street Maintenance Crew Leader.

In addition to the recommended positions, the following capital items are recommended: Eight replacement police cars; \$500,000 to continue the Traffic Task Force; a replacement pumper truck for Fire Suppression; and, upgrading the information technology infrastructure. The budget reflects the pilot recycling program scheduled to begin July 1st and funds to begin the design of the Public Services Operations Center.

The additional positions and capital expenditures will result in increased service efficiency and productivity. 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. The General Fund budget includes the appropriation of \$1,727,730 in Fund Balance. As proposed more than \$0.03 of the property tax rate will be used to pay for the debt service for the voter approved \$25,000,000 Recreation Bond and \$8,000,000 Street paving projects. The remaining Recreation Bonds are to be sold this year to begin construction of Phase 1 Mazeppa, Skate Park, and Phase 1 Cornelius design and construction.

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 \$39,758,000.

UTILITY FUND:

The Utility Fund includes a 5% increase in water rates and a 15% increase in wastewater rates. The rate increases proposed in the Utility Fund are less than those predicted in the rate review this past year. These increases are due directly to the increased chemical and utility costs and the anticipated debt service for the expansion of the wastewater treatment plant. The debt for the expansion is predicted to be issued in the late winter or early spring of 2009.

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, 2008 for the utility services used in July.

Mooresville continues to balance the needs of an aging utility infrastructure and a growing utility service area with our cash flow capabilities. There are a number of new positions in the Utility fund that staff believes will have some cost savings in the long-term. These include a Pump Maintenance

Mechanic and an Electrician. With these two positions on staff the Town can reduce their reliance on outside contractors. In addition, the increased regulatory environment at Wastewater Treatment Plant necessitates the hiring of a Bio-Solids Technician and another Pre-Treatment Technician to manage the increased Fats, Oils and Grease (FOG) program of the Town. In addition the purchase, instead of the lease, of the belt press will save costs at the wastewater treatment plant in the future. 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. Included within these funds is the debt payment to be made for MI-Connection for the 2008 Certificates of Participation. MI-Connection will pay the Town of Mooresville the full debt payment and the Town will fulfill its obligation by making the debt payment. No Town revenues will be used to fund MI-Connection.

SUMMARY:

The total of all funds for the proposed Fiscal Year 2008-09 Budget is \$75,282,812. The 2008-09 Budget, as proposed, will require appropriating \$1,727,730 from previous year's savings. There is an additional appropriation of \$751,500 from Powell Bill Fund Balance.

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 on-line, in the Town Clerk's Office and the Mooresville Public Library for public inspection. Thank you for your consideration.

Sincerely,

N. Erskine Smith, Jr.
Interim Town Manager

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Enclosures