



Town of Blowing Rock

Adopted Budget

Fiscal Year 2023-24

TO: Honorable Mayor Charlie Sellers
Mayor Pro-tem Doug Matheson
Commissioner Albert Yount
Commissioner Pete Gherini
Commissioner Melissa Pickett
Commissioner David Harwood

FROM: Shane Fox, Town Manager
Nicole Norman, Finance Officer

CC: Departments

DATE: June 13, 2023

Submitted herein, is the Adopted Budget for Fiscal Year 2023-2024 (FY 2023-24) for the Town of Blowing Rock. This Adopted Budget is balanced and meets the Town's fiscal priorities for FY 2023-24. Prior to adoption, it is the Governing Body's charge to deliberate if the Proposed Budget achieves a financial mission to positively advance the Town of Blowing Rock forward in FY 2023-24.

The budget is the single most important document presented to the Mayor and Town Council. Generally described, a budget document outlines policy direction and serves as an understanding of the Town's fiscal year operating, capital programs and debt servicing obligations. It reflects the Town's commitment to either maintain and/or improve the quality of provided service activities while keeping the impact of taxes and fees to citizens at a justifiable level.

Therefore, in accordance with the North Carolina Local Budget and Fiscal Control Act, the Town of Blowing Rock's Adopted Budget for the fiscal year beginning July 1, 2023 is presented herewith. On this day that the budget is submitted to the Governing Body, a copy of same will be filed in the office of the clerk where it shall remain for public inspection. North Carolina General Statutes (GS 150-13(a)) direct that the Budget Ordinance and Tax Rate adoption take place by July 1, 2023.

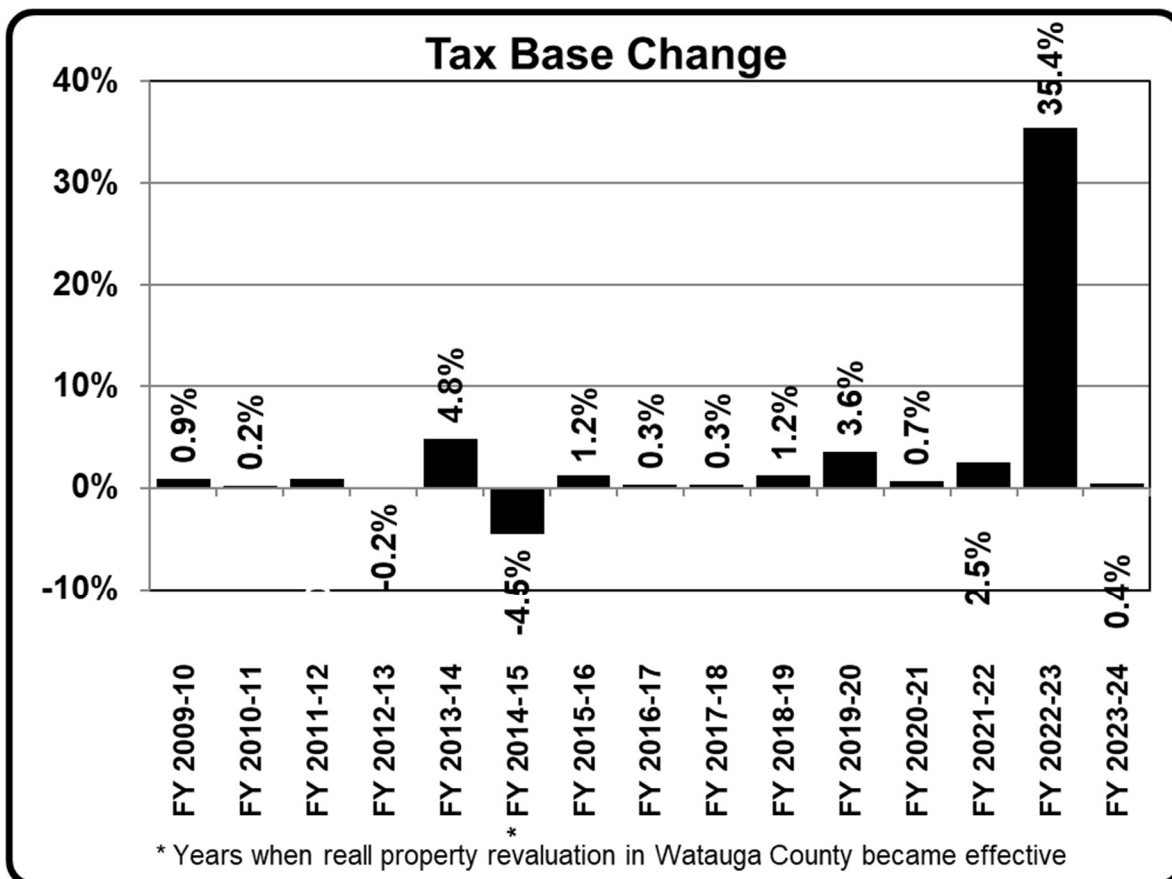
A public hearing will take place at 6:00 pm, June 13, 2023 at Town Hall. Thereby providing the Governing Body an opportunity to receive citizen input. North Carolina General Statute 159-12 requires this date be published and said hearing held before the Commissioners adopt a Budget Ordinance. In addition, North Carolina General Statute 159-16 directs that if the budget ordinance is not Adopted by July 1st, the governing body must adopt "interim appropriations for the purpose of paying salaries, debt service payments and the usual ordinary expenses" of the unit until the ordinance is Adopted.

The FY 2023-24 Adopted Budget totals \$16,827,445 million for all Town operations, capital improvements and debt service requirements. This is an increase of \$1,121,951 compared to last year's Adopted budget of \$15,705,494 million which represents a 7.14% increase. The increase is mainly due to salary increases including both COLA and merit system (new) increases, the final issuance of GO Bond Debt, additional fire positions as well as property purchase debt service. The budget's operation portion increased \$34,636 from \$15,645,493, in FY 2022-23 to \$15,680,129 Adopted in FY 2023-24. A more detailed listing of all Adopted operation costs may be referenced towards the end of this budget message under the **EXPENDITURE BY CATEGORY** section.

Highlighting some selected new budget expenditure categories which contribute to the Adopted operation increase are:

- Re-occurring Operation.... continued School Resource Officer funding and increased operational costs associated with inflation.
- Salary increases.....5% COLA increase and addition of Merit System with up to 4% Merit pay available to each employee-program to begin with initial/baseline evaluations in July, with a merit backed follow-up evaluation in December and Merit pay increases taking effect in January of FY 2023-24 (total of 7% in pay increases included in FY 2023-24 Adopted budget).
- New Staffing.....addition of 3 new Firefighter/EMT positions and addition of 2 new Blowing Rock Academy positions.
- Funding of employee child pre-school- Blowing Rock Academy
- Wayfinding Signage Reserve- Funded by TDA Tourism Related Expenditure dollars (i.e., 1/3rd funds)
- Debt Servicing...Capital Equipment financing totaling \$676,415 as well as funding of the Buxton Property debt service and final issuance of GO Bond Debt service funding.
- Capital...2 replacement vehicles and portable radios for use in the Police department, addition of 1 used vehicle for use in Planning & Inspections, Town Facilities Security Cameras, Green Hill Communications Building Replacement (cost allocated to departments who utilize), a Hydraulic Spreader, Leifer and portable radios for use in the Street Department, Portable Radio replacements for use in the Sanitation Department, a used 16 passenger van replacement for use in the Parks & Recreation Department, a skid steer and replacement electric mower for use in the landscape department and Grandfather Lift Station Rehabilitation, a vehicle trailer and portable radios for use in the Water/Sewer Field Operations department.

To fund FY budget operating expenditures and account for general fund operational cost increases associated with (i.e. fuel, insurance, electrical, etc.), the Adopted Budget reflects a \$0.39 tax rate.



Referencing the Water and Wastewater Fund, the budget includes a 3.5% increase in both water and sewer fees. These increases are following the April 2019 NC Rural Water Association water and sewer energy savings assessment study, when it becomes necessary to change out pumps/motors, the Town shall consider acquiring the type of energy efficient pumps/motors listed in the assessment. This rate structure change was a result of a rate/usage analysis conducted at the Town's request to determine how to best recover lost revenues that have occurred over time due to changes in usage over time. This year's planned increase was 2.5%, the Adopted budget includes an increase 1% higher than projected mainly due to record inflation and the implementation of a merit-based pay increase/evaluation program above the typical COLA this FY.

BUDGET IMPACTING ISSUES

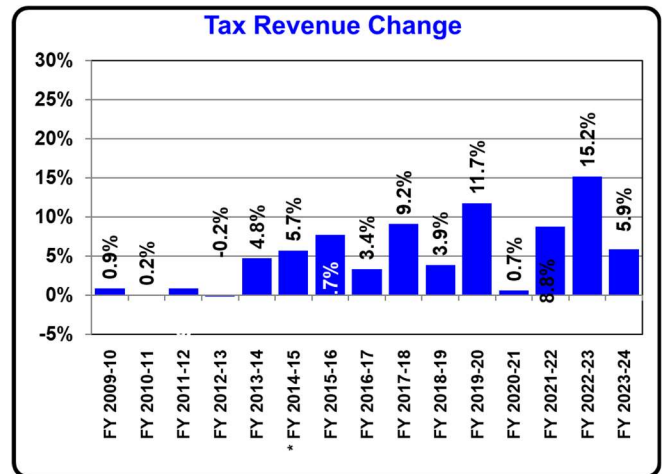
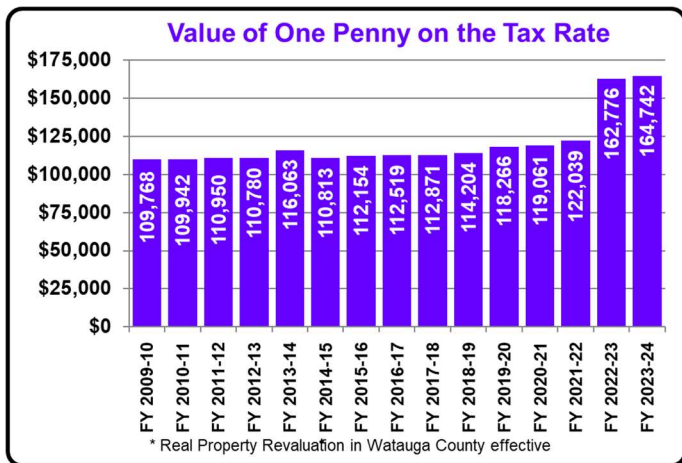
Tax Base Growth Following 2022 Watauga County Tax Revaluation

The FY 2023-24 ad valorem tax base is projected to grow only minimally as Watauga County reported many appeals following the 2022 Watauga County tax revaluation that took place last fiscal year. The current total value assessment increased by about \$7.276 million over the assessed value for FY 2021-22 of \$1.653 billion, increasing to approximately \$1.660 billion dollars. Historically, the Town of Blowing Rock experienced average annual growth in its tax base of 1.64% since FY 2014-15 property revaluation prior to the most recent (2022) year’s revaluation. However, the most recent tax FY 2022-23 revaluation (Watauga) resulted in a 35.4% increase in the overall tax base. Illustrated by the graph to the left includes information regarding the Town of Blowing Rock’s tax base percentage change over a period of time. Large changes occurred in property revaluation years during times of robust economies in which property values were increasing comparatively rapidly, especially as seen in FY 2002-03. Also included in the graph is the most recent year’s revaluation in Caldwell County in FY 2021-22.

The Adopted FY 2023-24 tax rate is \$0.39 per \$100 of taxable property, is expected to generate an estimated tax levy of \$6,424,957. Thereby one cent on the tax rate equates to \$50 in annual taxes for a home valued at \$500,000. For the Town of Blowing Rock, one cent on the tax rate in FY 2023-24 is expected to generate \$164,742 after being adjusted for the anticipated collection rates of 99.00% for vehicles and 99.25% for real property.

The collection rate projection on vehicles has continued to be higher since the implementation of the tag and tax together program implemented by the State. The following graph reflects the value of tax generated by one penny on the tax rate over time (FY 2013-14 to FY 2023-24) for the entire Town of Blowing Rock.

The total tax base for the Town of Blowing Rock for FY 2023-24 is estimated to total \$1.660 billion. Approximately \$114.71 million, or 6.9%, of the Town’s tax base is in Caldwell County. Reference the graphs below for a tax value summary and the resulting percentage change for the Town of Blowing Rock over time.



Sales Tax

Projected gross sales tax revenues totaling \$3.146 million in FY 23-24 and is anticipated to make up 22% of all Town general fund revenues, although the effective percentage is only 12% after returning a portion to Watauga County. The Local Option Sales Taxes consists of a one-cent sales tax and two one-half cent sales taxes. In Caldwell and Watauga Counties, sales are subject to a 4.75% State and 2.00% Local rate of tax for a combined rate of 6.75%.

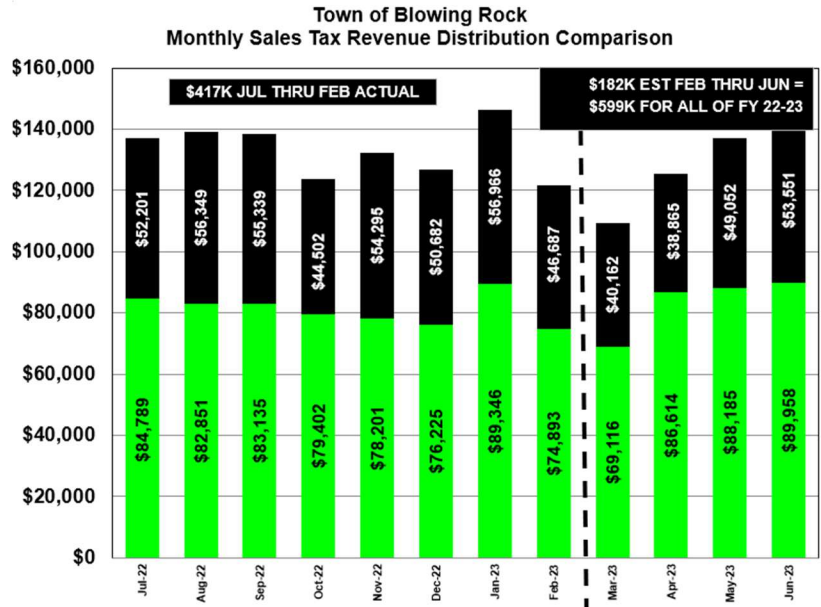
The State of North Carolina collects the local sales taxes and distributes them to the county governments. Sales tax revenues are distributed by one of two methods, of which “both” are at the discretion of counties and not municipalities. These methods are on a proportional population (often referred to as “per capita”) basis to municipalities or based on proportional local government ad valorem levies. Historically, Watauga and Caldwell counties have both used the proportional per capita basis.

The Watauga County Board of Commissioners historically governed for the last eight years, impacting revenue distribution in FY 2013-4 through FY 2022-23 and now in FY 2023-24, by way of making the sales tax distribution method basis, ad valorem. Prior to FY 2013-14, the distribution method was the per capita method, after being changed from ad valorem to per capita in 1987. With the distribution method changed to ad valorem in FY 2013-14, an agreement between the County and some towns was reached and continues to be the agreed upon method of distribution. It required the Towns of Blowing Rock, Seven Devils, and Beech Mountain

to appropriate moneys to Watauga County equal to 60% of the higher revenues received compared to the former per capita method during the first four years of the change. Beginning with FY 2017-18, Watauga County has asked for a larger share of the increase to hold them harmless. The same three municipalities have agreed to return 70% of the increase over the per capita method to Watauga County.

The Town of Blowing Rock expects to see an increase in the amount they have received over the past four years due to higher sales tax collection even after agreeing to send back a larger portion, and considerably more than they received over the per capita distribution method. Per this budget message writing, the Town anticipates receiving approximately \$632K in FY 2023-24 over the per capita method. With the ad valorem distribution method still in place for FY 2023-24, the Town expects to receive approximately \$235,210 more in FY 2023-24 than was received in FY 2022-23.

Illustrated in the following graph, is a summary of sales tax revenue receipts received to date and a projection of the monthly revenues that will complete FY 2022-23. Similar projections have been built into the FY 2023-24 budget forecasts estimating an incline in sales tax revenues as projected by the NC League of Municipalities equal to 6.30% compared to actual FY 2023-24 collections. This collection increase is projected within the range suggested by the North Carolina League of Municipalities but also based on our actual collection history as well.



Protecting & Enhancing the Community’s Infrastructure – Bond Referendum Implementation

A pressing expenditure for the Town of Blowing Rock, in the coming years relates to the development of a Capital Improvements Plan (CIP). The Town’s engineering firm, McGill Associates, assisted the Town Staff in the development of a ten-year Capital Improvements Plan (CIP) during FY 2013-14. The CIP identified a variety of improvements throughout the Town including public facilities, parks and recreation, roads, sidewalks, roadside ditches, and water and sewer lines and plants. It is Adopted that on an annual basis, the Town should reassess its Capital Improvement Plan (CIP) and incorporate necessary revisions for future budget planning. Conducting a complete water and wastewater utility asset management inventory program could be helpful when developing realistic Capital Improvement Plans.

It is understood that the FY 2013-14 McGill Associates developed CIP improvement activities were bundled into a General Obligation Bond Referendum that was, on November 4, 2014, presented to Blowing Rock voters for consideration. The following is a summary of the separate bond referenda categories and totals (\$13 million) approved by Blowing Rock voters on November 4, 2014.

**Town of Blowing Rock
General Obligation Bond Referendum Voting Result Summary
Voting Day November 4, 2014**

Bond Amount	Bond Type	% Yes	Blowing Rock		Watauga		Caldwell	
			Yes	No	Yes	No	Yes	No
9,000,000	Transportation	73.82%	502	178	473	172	29	6
1,000,000	Parks	72.69%	495	186	470	177	25	9
2,000,000	Water	79.62%	539	138	510	132	29	6
1,000,000	Sewer	81.36%	550	126	521	121	29	5
13,000,000	Totals	76.86%	2,086	628	1,974	602	112	26

During the fiscal budget development cycle, the Town Council approved the general approach of executing the bond projects in three major phases as summarized in the following table:

Town of Blowing Rock
General Obligation Bond Execution Plan
Presented As Part of the Fiscal Year 2016 Budget Process

Row	Description	Initial Authority Valid for 7 Years							Extension for 3 Years Possible				
		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
1	Council Action	Needs Identified	Voters Approved \$13M	Appropriate For 1st Set of Projects		Appropriate For 2nd Set of Projects		Appropriate for 3rd Set of Projects					
2	General Capital (Transportation and Parks) \$10M Total			Borrow \$3.5M		Borrow \$2.75M		Borrow 3.75M					
3	General Fund												
4	Annual Tax Increase			2	2	2	1	2	1				
5	Cumulative Tax Increase			2	4	6	7	9	10	10	10	10	10
6	Annual Debt Service			171,069	351,866	476,694	609,957	777,597	954,143	927,893	901,643	876,403	849,143
7	Utility Capital (Water and Sewer) \$3M Total			Borrow \$1.13M		Borrow \$914K		Borrow \$950K					
8	Utility Fund												
9	Annual % Increase			5.0%	5.7%	4.6%	4.6%	4.8%	4.8%				
10	Cumulative % Increase			5.0%	10.7%	15.3%	19.8%	24.6%	29.3%	29.3%	29.3%	29.3%	29.3%
11	Annual Debt Service			57,335	117,930	179,883	245,928	283,725	282,276	274,401	266,526	258,944	250,776

U:\Scott\Manager\Bond Referendum 2014\LGC App\Blowing Rock Capital Plans from McGill.txt\Borrowing and Tax Plan

Per this plan, the first set of capital project appropriations were approved with the adoption of the FY 2015-16 budget and the tax rate was increased two cents to pay for the anticipated debt service increases expected beginning in FY 2015-16. As the borrowing process began, it became clear that due to the extent of the North Carolina Local Government Commission approval and bond rating processes involved, there was no strategic advantage to borrow funds in late FY 2015-16 and begin debt service payments in FY 2015-16, since most project construction could not begin until the spring of 2016. Subsequently, the borrowing process was geared to take place in March of 2016. Thereby, allowing the funds to be received without having to make the first debt service payment until FY 2016-17. Funds raised by the incremental two cents on the tax rate to pay the debt service were used in part to cover bond issuance costs. Both the FY 2016-17 and FY 2018-19 Adopted budgets included an additional one cent associated with the bond and the FY 2019-20 budget included an additional one and a half cents, again associated with the bond. The Town issued the final phase of bond debt in March of 2023 and effected the final tax rate increase to fund the bonds of a half a cent. Tax rate increases associated with GO Bond debt service totaled six cents to fund all four issues totaling the authorized \$10.0 thousand in General Fund projects.

The anticipated tax increases shown in the table above were calculated assuming an interest rate of 5%. During the borrowing process, the Town of Blowing Rock general obligation bonds were rated by Standard and Poor's as AA+. The understood rationale for this very positive rating per Standard & Poor's follows:

Rationale

Standard & Poor's Ratings Services assigned its 'AA+' long-term rating to Blowing Rock, N.C.'s series 2016 general obligation (G.O.) bonds and maintained that rating for the series 2020 G.O. bonds as well. The outlook is stable. The long-term rating reflects Blowing Rock's unlimited G.O. pledge to levy on all taxable property ad valorem taxes as may be necessary to pay principal and interest on the bonds without limitation as to rate or amount. The series 2016 bonds are part of four separate GO bond referendums approved by voters in November 2014 totaling \$13 million. Issuance of bonds is planned to take place in three separate bond issuances spread out over six years, starting with this \$4.635 million issuance. Projects financed by the referendums include various construction and renovation projects for streets and sidewalks, parks and recreation, water projects, and sewer projects.

The long-term rating on the town reflects our opinion of the following:

- Strong economy, with projected per capita effective buying income (EBI) at 112% of the national level and market value per capita of \$902,094;
- Adequate management, with "standard" financial policies and practices under our financial management assessment (FMA) methodology;
- Strong budgetary performance, with operating surpluses in the general fund and at the total governmental fund level in fiscal 2015;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2015 at 40% of operating expenditures;
- Very strong liquidity, with total government available cash at 69.9% of total governmental fund expenditures and

6.2x governmental debt service, as well as access to external liquidity we consider strong;

- *Adequate debt and contingent liability position, with debt service carrying charges at 11.3% of expenditures and net direct debt at 136.5% of total governmental fund revenue, as well as low overall net debt at less than 3% of market value; and*
- *Very strong institutional framework score.*

Due in part to the very positive bond rating of AA+ and favorable interest rate environment, the Town's bonds sold with an interest rate of 2% instead of the cautiously predicted rate of 5%. This lowered the interest rate component of the payment required in the general fund by about \$100K and the utility fund by about \$31K. Thereby over the twenty-year repayment term of these bonds, the lower interest rate will save approximately \$1M in the general fund for transportation and park projects and another \$336K in the utility fund for water and sewer projects.

With the lower interest rate of 2% obtained in Phase I, there was a slight increase proposed to build reserve for debt service increases associated with the second bond issuance and debt service in FY 2017-18. This was to make an incremental increase, rather than a larger increase the next fiscal year. Phase II also received a lower than anticipated interest rate of 2.936%, allowing for only \$.01 tax rate increase to fund the added debt. Borrowing was allocated to capital project categories as follows:

PHASE II Bond Allocations

- Transportation – \$1.628 million
- Parks and Recreation – \$0.129 million
- Water – \$0.543 million
- Sewer – \$0.00 million

Phase III also received a lower than anticipated interest rate of 2.954%, allowing for only \$.0255 tax rate increase to fund the added debt. Borrowing was allocated to capital project categories as follows:

PHASE III Bond Allocations

- Transportation – \$3.690 million
- Water – \$0.380 million
- Sewer – \$0.300 million

The final phase of funding in Phase IV also received a lower than anticipated interest rate of 3.29%, allowing for only \$.005 tax rate increase to fund the added debt. Borrowing was allocated to capital project categories as follows:

PHASE IV Bond Allocations

- Parks - \$0.650 million
- Transportation – \$0.420 million
- Water – \$0.590 million
- Sewer – \$35.0 thousand

Organization

A contributing factor to the Town's organization's financial picture relates to its organizational structure and personnel cost supporting such organization. There needs to be balance on the Town's ability to retain and recruit quality employees in comparison to being competitive with the surrounding labor market. It is understood that the last time the Town fully assessed its organization and conducted and implemented a related "Classification and Pay Study" was in 2014, which is approximately nine (9) years ago. This is something that may be considered during the FY 2024-25 budget process, being then ten (10) years out from the last study at that time. During the time between pay studies, organizations typically change, and new positions are added and changed over time, so cyclical pay studies can assist in keeping pay rates in line with the overall structure and ward off compression issues.

Presently, the Town funds 75 full-time and 28 part-time/seasonal employees. The FY 2023-24 adopted budget includes funding for three additional employees in the Fire Department and two additional staff for the new Blowing Rock Academy employee daycare center, for a total of five new positions.

Debt Service

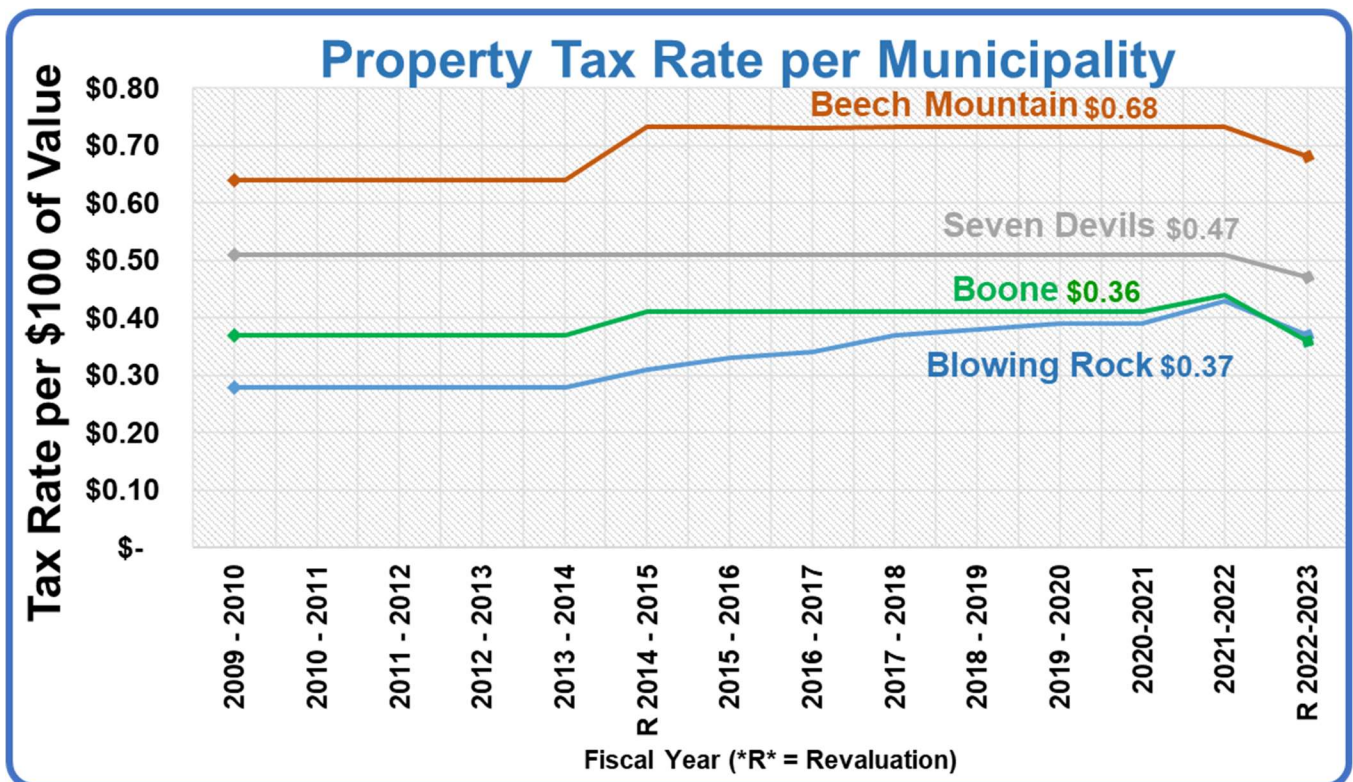
Bringing on debt to fund assets is a financial option to better match the utility of costly items with the period that the Town pays for them. We will be monitoring the interest rate environment and the changing impacts we may see due to the predicted recession during the FY 2023-24 budget year. Bringing on additional debt service is an option to afford assets that are simply too large to fund

with cash. One of the major elements included in the last five fiscal years Adopted Budget was to continue moving forward with the November 2014 voter approved general obligation bond referendum. The first issue took place in February 2016, the second issuance occurred in May 2018, the third issuance occurred in December 2019 and the final issuance occurred in March 2023, thereby completing the issuance of all authorized GO Bond funding. Capital Improvement Plan (CIP) funding through debt service is also anticipated for several of the projects in the 10-year plan along with annual Capital equipment replacements and needs are planned to be funded through debt service as well. As a part of the 10-year CIP, Advance Meter Infrastructure (AMI) meters and system debt service funding is included in the FY 2023-24 Adopted budget as well as funding for the Buxton property purchase complete in FY 2022-23. It is also anticipated that an additional loan sourced via USDA low interest loan is expected to come on board for plant and lift station upgrades during FY 2023-24, with debt service beginning in FY 2024-25.

Tax Rate Comparisons

When addressing the cost of living, it is beneficial to understand how we compare with other area municipalities. Watauga County has four municipalities: Blowing Rock, Boone, Beech Mountain, and Seven Devils, along with a variety of taxing jurisdictions including fire districts and municipal service districts. Blowing Rock and Boone both have fire districts taxed at \$0.05 and \$0.06 per \$100 valuation respectively. In addition to the fire district the Town of Boone has a municipal service district with a tax rate of \$0.21 per \$100 valuation. The following graph on page 9 depicts the property tax rate per \$100 of taxable value in each respective jurisdiction. This comparison does not include the Town of Boone’s Municipal Service District.

With area Adopted tax rates not yet known for FY 2023-24, the Town of Blowing Rock currently has the second lowest property tax rate of the four municipalities in Watauga County, one cent higher than Boone. In addition to the municipalities in the County, Watauga County has a tax rate of \$0.318 per \$100 valuation. The taxable property in Blowing Rock has seen an average growth of 4.55% over the past 10 years and 8.68% over the past 5 years, with last year’s (2022 tax year revaluation) tax base growth however, at 35.4%, lending to growth in tax revenue to the Town and allowing the tax rate to thereby be lowered with still providing the revenue growth needed to sustain operations and continue providing service levels expected by our community.



Challenges to Revenue Options

North Carolina General Statute Chapter 159, Article 3, requires all local governments to operate under a balanced budget ordinance adopted and administered in accordance with the Local Government Budget and Fiscal Control Act. The Adopted budget is considered balanced when the estimated revenue plus the appropriated fund balance equals the amount of appropriations. This budget reflects increases in government expenditures in various forms, described in the “Expenditure and Municipal Comparison”

section. Along with the property tax, the Town of Blowing Rock receives revenues from state shared and state collected taxes including things such as sales tax, Powell Bill funds, utilities, franchise tax, and beer and wine tax.

Vehicle Tax Authority Expanded

One area in which the North Carolina General Assembly did provide an additional revenue option was for vehicle license fees. As part of its budget passed in 2015, all cities and towns could charge a \$30 municipal vehicle tax beginning July 1, 2016. The change meant that all municipalities were treated the same regarding the vehicle tax that they can charge. Current law allows cities and towns to charge a \$5 tax, while almost all cities that operate transit systems can charge an additional \$5. Local legislation passed over the years had allowed several other municipalities to charge vehicle taxes of up to \$30, but the additional authority was not applied uniformly. The budget provision (Sec. 29.27 A, pages 365-66) requires that amounts charged above the two uniform \$5 taxes already imposed by cities go toward city street maintenance and construction. The Town Council of Blowing Rock researched this option in prior years and discussed the option for prior budget cycles but declined to implement said option. This Adopted budget does not include this revenue source.

FUNDS OF THE BUDGET

General Fund

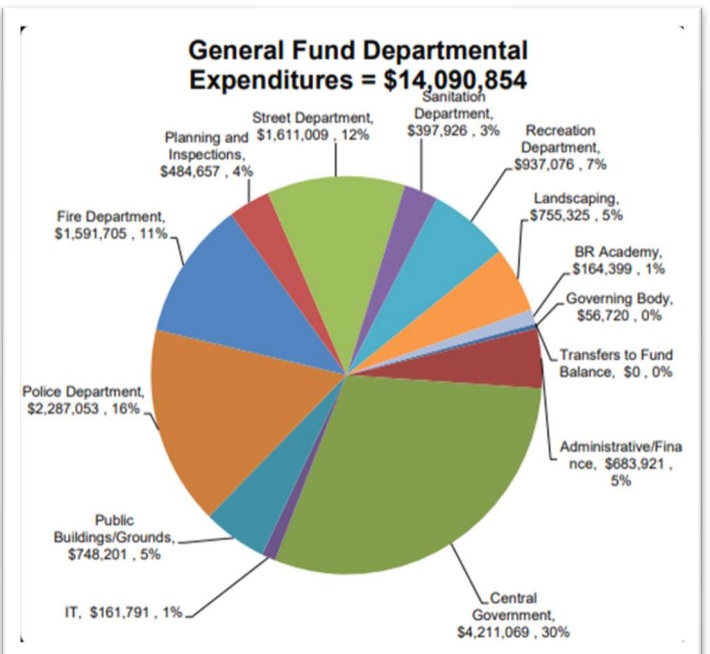
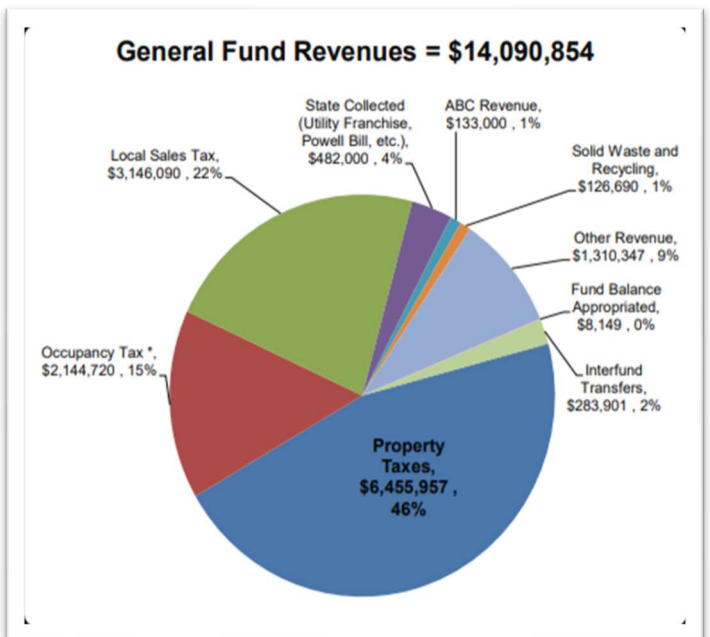
A local government’s General Fund is where revenues and expenses are collected for all governmental services that do not generate sufficient revenue to support their activities (i.e. Police, Fire, Recreation, Public Works, Administration, Planning/Inspections, etc.). The Town of Blowing Rock’s General Fund is balanced and recommends the property tax rate of 39 cents per \$100 of property valuation. This rate is projected to provide approximately \$6.425 million in real and personal property tax revenues based on a real and personal property collection rate of 99.0% and a vehicle property tax collection rate of 99.25%.

The side graph distinguishes the percent each source of revenue is expected to contribute to the general fund:

The Town’s tax base is split between two counties – Watauga and Caldwell. Watauga County represents approximately 93.1% of the total property tax base. Caldwell County accounts for the remaining 6.9%. The Town’s property tax base is estimated to be approximately 85% residential and 15% commercial.

The side graph depicts the Adopted spending breakdown by department for FY 2023-24:

The FY 2023-24 Adopted Budget for the General Fund revenues total \$14,096,654. Following NC League of Municipalities projections on major revenue trends, the Adopted budget anticipates increases in revenue sources of Sales Tax (6.30% increase), Occupancy Tax (15% decrease from previous year’s Adopted budget due to actual current market trends) and Parks & Recreation program revenues (averages approximately 39% increase based on actual revenues collected this year). Property tax revenues are expected to grow by approximately 13.4% due to a significant number of Watauga County property tax revaluation appeals that occurred offsetting normal tax value growth and the significant increase realized during the 2022 tax year, limiting tax growth for this year to only 0.4% as a whole (both counties).



BRAAC Fund

The Blowing Rock Appearance Advisory Commission Fund contains activities to initiate, promote and assist in the implementation of general community beautification in the Town. The Commission also coordinates the Spring and Fall Planting Days and is the chief sponsor of the annual Town Clean-up Day. This group also assists in the Town's efforts and evaluation of a gateway project which has been under consideration during the past few years. The FY 2023-24 Adopted Budget for the BRAAC Fund totals \$40,420. Via donations/contributions, this fund is self-supporting with all revenues being allocated towards the Commission objectives as set forth in the Town Code. Donations that support the BRAAC Fund include general donations, hanging basket donations and cemetery donations.

Most BRAAC Fund expenditures are appropriated to "Flowers/Landscaping" efforts totaling about half of their Adopted budget. This year's Adopted budget is minimally higher (only about 2%) than the FY 2022-23 budget. The Adopted budget also includes the annual contract that BRAAC initially funded in FY 2015-16 to maintain the Town assumed Legacy Garden responsibility. This is the Garden area that borders Main Street's east side just south of the downtown area. During the spring of 2016, the Town received approval from all the property owners through this area that they were willing to provide a maintenance easement to the Town for said purpose.

Water and Sewer Fund

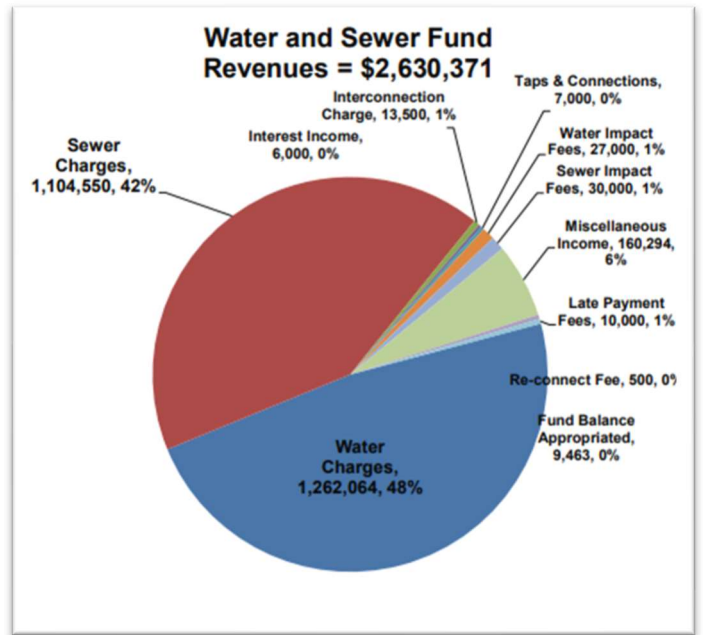
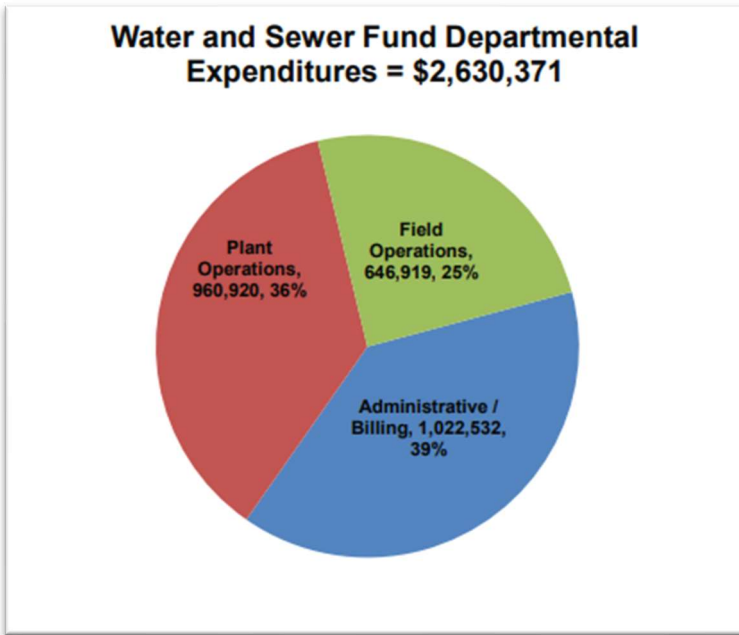
The Water and Sewer Fund contains all water production, water distribution, wastewater collection and wastewater treatment activities of the Town. Water and sewer revenues come from rates and fees and is considered to be a self-supporting ("enterprise") fund for the Town of Blowing Rock. The FY 2023-24 Adopted Budget includes rate increases of 3.5% in both water and sewer fees. This is following a detailed rate and usage analysis conducted at the request of the Town by the NC Rural Water Association who conducts these analyses all over the state. The rate increases and structure change will help offset increasing operating and capital costs. This year's rate increase is Adopted at 1% more than was originally planned in the study due to a number of factors including: debt service costs associated with the final issuance of GO Bond debt service, debt service associated with the recently approved advance meter infrastructure (AMI) project, and increased operating costs associated with inflation of materials and supply costs as well as the addition of Merit System with up to 4% Merit pay available to each employee- program to begin with initial/baseline evaluations in July, with a merit backed follow-up evaluation in December and Merit pay increases taking effect in January of FY 2023-24.

The chart below is a reminder of the original 5-year rate plan and its customer cost compared to the current rates as it is currently planned to fund current and future operation and debt service needs. We are currently in year 3 of the 5-year plan.

	Current	Year 1	Year 2	Year 3	Year 4	Year 5
<i>Minimum</i>	5,000	3,000	3,000	3,000	3,000	3,000
<i>Rate Increase</i>	N/A	10%	5%	2.50%	2.50%	2.50%
<i>Base Rate</i>	\$ 47.00	\$ 51.70	\$ 54.30	\$ 55.64	\$ 57.03	\$ 58.45
<i>Per 1,000 Gallon Rate</i>	\$ 6.25	\$ 6.90	\$ 7.25	\$ 7.40	\$ 7.58	\$ 7.77
<i>Customer Billing (5,000 gallons of usage)</i>	\$ 47.00	\$ 65.45	\$ 68.72	\$ 70.44	\$ 72.20	\$ 74.01
<i>Customer Billing (10,000 gallons of usage)</i>	\$ 78.25	\$ 99.83	\$ 104.82	\$ 107.44	\$ 110.12	\$ 112.88
<i>Net Income (loss)</i>		\$ 5,693.31	\$28,486.25	\$ 48,955.00	\$131,787.36	\$149,707.60

The FY 2023-24 Adopted Budget for the Water and Sewer Fund totals \$2,630,371. This is an increase of \$138,856 from the FY 2022-23 Adopted Budget of \$2,491,515 or 6%.

Graphs below outline the Revenue and Expenditures for the



Water and Sewer Funds:

SOURCES OF REVENUE

Ad Valorem Tax (Property Tax)

Both real property and personal property are subject to taxation in North Carolina. Real property includes land, buildings, and permanent fixtures, as well as rights and privileges pertaining to land, such as mineral or forestry rights. Personal property includes all other property, tangible or intangible, that is not permanently attached to land. Article V of the North Carolina Constitution establishes that property taxation may be levied to be used “for public purposes only.” A public benefit that is merely incidental to a principal benefit for a private party does not constitute a public purpose, under the Constitution’s definition.

Two characteristics of the property tax distinguish it from other forms of taxation and underlie the methods of determining tax liability and enforcing collection. The first characteristic is that the property tax is levied on property itself, not the owner. The second, is that the tax is measured by the value of the property as a marketable item, not by the owner’s ability to pay. Thus, it is often called an “ad valorem” tax, from the Latin phrase meaning “according to value.” In North Carolina, property tax rates are customarily expressed in dollars per \$100 of valuation. The maximum property tax rate allowed in North Carolina is \$1.50 per \$100 of valuation. In Blowing Rock, the Adopted FY 2022-23 property tax rate is \$0.37 per \$100 of valuation. On a \$500,000 home, the total annual Town of Blowing Rock property taxes due would be \$1,850. The FY 2022-23 Adopted tax rate is at \$0.39.

The FY 2023-24 Adopted Budget includes a tax rate increase to \$0.39 per \$100 of valuation. Total Ad Valorem tax revenues (including current and prior years, motor vehicles, and penalties/ interest) are projected to be \$6.425 million in FY 2023-24 after adjusting for a 99.25% collection rate on personal property and 99.00% collection rate on real property. In North Carolina, the property tax is the only significant source of revenue that the State allows local governments to control.

Sales and Services

The Town has several services that it “sells” to the public. These services are covered in the Town’s Fee Schedule. There are no services, except water and sewer, solely supported by “Sales and Service” revenue. All others are augmented by property tax revenue, to some degree, to meet service demands. For example, only a portion of the Parks & Recreation Department budget is supported by revenue generated from registration, entry or rental fees. Property tax revenue and other General Fund revenue support a portion of the Parks & Recreation Department’s budget. Some services which produce “Sales and Service” revenue include:

- Commercial Solid Waste/Commercial and Residential Recycling Fees (*no separate fee for weekly residential solid waste collection*)
- Parks and Recreation Department Fees (Pool, Day Camp, Program Registration Fees, Facility Rental Fees, etc.)

- Cemetery Fees
- Zoning/Building Inspection Fees
- Water/Sewer Charges

A detailed list of all fees/charges can be found in the *Schedule of Fees/Charges* section of the budget document.

State-Collected Local Taxes

State-Collected Local Taxes are distributed by the State to the Town based on the actual receipts from the providers of these services and commodities within the Town limits. These revenue sources are expected to total \$482.0K in FY 2023-24 with the continued ad valorem distribution methodology in place. These are strictly General Fund revenues.

State taxes that are shared with cities are the beer and wine taxes, electric franchise taxes, telecommunications taxes, video services taxes, satellite services taxes, the piped natural gas tax and motor fuel taxes. Since FY 2018-19, there are six statewide revenues received by the Town whose estimates depend on economic forces: Utility Franchise Tax, Telecommunications Sales Tax, Beer and Wine Tax, Solid Waste Disposal, Powell Bill, and Video Programming Tax (formerly Cablevision TV Franchise Tax).

The projections for the telecommunications sales tax, beer and wine taxes, and the solid waste disposal tax anticipate a slight decline over the prior year largely due to the numerous changes in the revenue formulas in recent years and the sensitivity to which these revenues respond to weather and market forces.

Each town's utility franchise tax is based on actual receipts from electric service only within the municipal boundaries. The distribution method for the electricity sales tax, along with that of the sales tax on piped natural gas, changed in FY 2014-15 because of the tax reform legislation passed during the General Assembly session. The general sales tax rate is now applied to the sales of electricity, and 44 percent of the proceeds from the sales tax will be returned to cities and towns. It is important to note that if total tax collections next year (and any year in the future) exceed the total necessary to provide every municipality the same amount that they received in quarterly distributions for FY 2013-14, that revenue was distributed statewide on an ad valorem basis. Then in FY 2015-16, the Town of Blowing Rock experienced strong growth in this revenue source and accordingly, revenues from this source were \$366,165, or about 61.2% higher than the level budgeted in FY 2015-16. These revenues are highly sensitive to the weather. Mild winters, cool summers, and any significant rate increases, or decreases can cause these receipts to change.

Annual statewide growth in telecommunications revenues is expected to continue its decline which is mainly attributable to loss of landline purchases, as more customers transition to using cell phones only. The budget proposes this revenue to drop approximately 17%.

Beer and Wine taxes are distributed statewide based on local government population. Due to a change in the North Carolina Department of Revenue collection method in FY 2012-13, beer and wine sale revenues decreased. It is important to note these projections are based on population, highlighting the importance of considering growth and annexation in any forecasts. Due to our relatively flat population growth, the budget reflects the expectation that this revenue will remain relatively flat.

In 2007, Video Programming revenue replaced the local Cable Franchise Fee revenue. The NCLM expects Video Programming revenue to slightly decrease.

Sales Taxes

Effective July 1, 2013, (FY 2013-14) Watauga County changed the distribution method of sales tax revenues from per capita to ad valorem. As part of this change, the Town of Blowing Rock agreed to transfer 60% of the revenue increase over what would have been received under the per capita method back to Watauga County. Due to continued ad valorem distribution, in all previous years since the allocation method has been based on the ad valorem method, the Town of Blowing Rock has budgeted the additional revenue towards one-time expenses. FY 2019-20 brought a change to the formula and Blowing Rock began to be required to return 70%. It is uncertain how long this method will remain or how long the County will require the 70% transfer of revenues. In FY 2020-21 however, due to the sudden economic impacts of the COVID-19 pandemic, these additional revenues were used to fund operating expenditures. The FY 2023-24 Adopted budget anticipates an additional \$631,748 in net revenue to the Town over and above the typical per capita distribution amount.

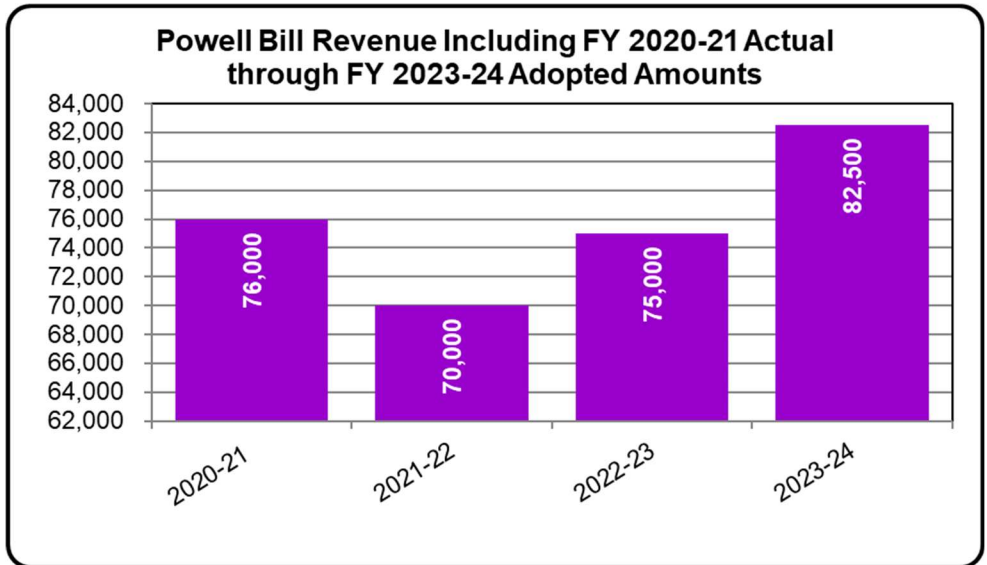
This year, due to the prediction of a recession, offsetting the additional revenues received due to the change in distribution method, the NCLM is projecting a more modest increase of 6.30% in local sales taxes state-wide for FY 2023-24. The Town of Blowing Rock's Adopted budget anticipates a 7% increase in this revenue from FY 2022-23 actual collections. Sales tax revenues under the per capita approach are budgeted for FY 2023-24 at \$1.040K, and the past couple years, the additional funds have been allocated to both one time and operating costs.

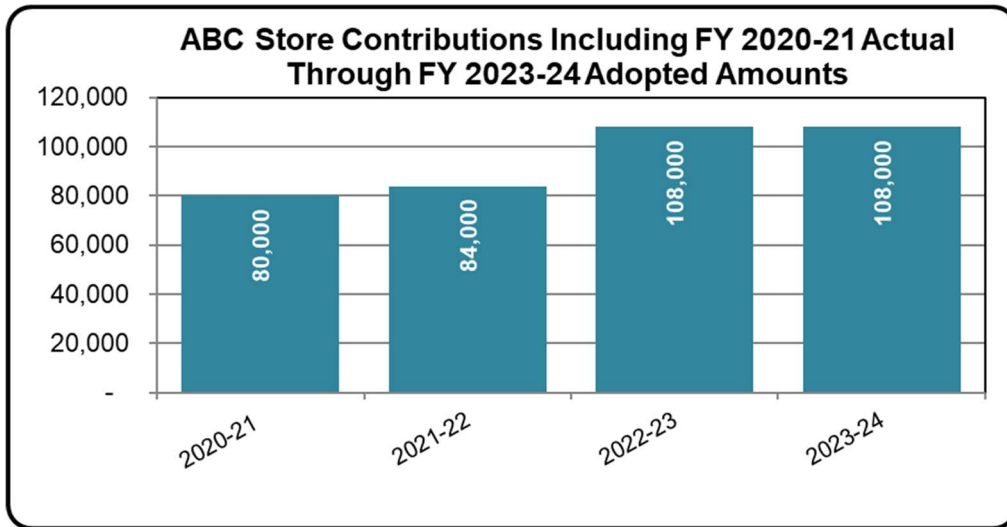
Hotel/Motel Occupancy Tax

The Town of Blowing Rock, via the Blowing Rock Tourism Development Authority, levies a hotel/motel occupancy tax on the gross receipts from the rental of transient accommodations in the Town of Blowing Rock. These taxes are collected locally with a current tax rate of 6.0%. The TDA Budget proposes \$593.2K in funding for the Town and infrastructure related allocations in FY 2022-23 to use in support of the various tourism-related operations of the Town. This revenue source is projected to decrease by an estimated 15% due to some declined travel across the nation with possible economic decline or recession anticipated on the horizon. This revenue source, like sales tax will continue to be monitored throughout the year and any proceeds over and above these budget expectations can be recognized and appropriated during the fiscal year or in the subsequent year. As previously mentioned, it is anticipated that an economic downturn or recession will occur in late calendar year 2023 and continue through early 2024. As a result, this revenue source will be monitored closely for spending changes that could be needed depending on what comes to fruition.

Powell Bill

The use of these funds is restricted to maintaining, repairing, constructing, reconstructing, or widening any public street or thoroughfare within the Town limits that is not State maintained. Bridges, drainage, curb and gutter, sidewalks and other necessary appurtenances are also approved uses of these funds. Determination of the amount of the allocation comes from a formula containing a municipality's local street miles and population. To receive funds, each municipality must file an annual certified map and an annual expenditure report. The method in which Powell Bill funds are distributed among eligible municipalities has not changed. Of the total annual distribution, 75 percent is allocated among eligible cities based on their population. The projected per capita allocation for the FY 2023 -24 Powell Bill distribution is \$19.74 per person. The remaining 25 percent of the Powell Bill distribution is allocated based on the number of city-maintained street system miles in each municipality. The projected value of the mileage-based allocation for the FY 2023-24 Powell Bill distribution is \$1,613 per street mile. The Powell Bill distribution is anticipated to remain relatively consistent with FY 2022-23 actual revenues of approximately \$82K. In the FY 2015-16 budget and forward, these funds were utilized for repair and maintenance costs associated with Town owned streets rather than directly for contracted paving as in past years. The 2014 approved GO Bonds provided for repaving of all Town Streets over the approximate 6-year period of bond spending on paving. With the exhaustion of those bond funds, it will now become necessary for the Town to consider utilizing Powell Bill funding for paving once again and will need to supplement operating costs currently covered by the Powell Bill funds as those funds are not anticipated to increase substantially over time. Following a thorough review of qualifying street expenditures made thus far in FY 2022-23, staff is confident there will be enough similar qualifying expenditures for FY 2023-24 to utilize the funds for operating expenditures once again, however, paving needs will be drawing near, the Town will need to consider additional funding to resume the paving rotation as was in place prior to GO Bond funding for paving.





ABC Revenue

These proceeds are from the local ABC Board generated by the sale of alcoholic beverages in Blowing Rock. ABC revenue levels have rebounded slightly in recent years. The ABC Board’s budget planning for FY 2023-24 reflects an annual funding amount for distribution to the Town of \$108K. Historical gross revenues for the ABC Store operation in Blowing Rock are shown in the graph to the right for reference.

Other & Donations

Other miscellaneous revenue includes: interest income, donations, book sales, park lease, town property rental income, sale of fixed assets, snow removal reimbursement, etc. Budgeted interest income has been budgeted at a conservative rate.

EXPENDITURES BY FUNCTION

General Government (Governing Body, Administration/Finance, IT & Central Government)

This function accounts for \$5,113,501 or 37% of the total General Fund budget.

Major initiatives, capital projects, improvements, and programs in these areas include:

- Insurance Premiums - General Liability & Workers Compensation
- Continued payment to Watauga County of 70% of the Ad Valorem vs. Per Capita sales tax proceeds
- Technology Infrastructure continued support including an IT support staff position
- Continued Community Library Support - \$2,000

General Government (Public Buildings & Grounds)

This function accounts for \$748,201 or 5.3% of the total General Fund budget. Major initiatives, capital projects, improvements, and programs in these areas include:

- Various Facility Improvements
- Continued funding for Tree Planting Program for public areas as needed
- Continued funding for Holiday Decorations
- Continued funding of debt service:
 - Emergency Services Building
 - BRAHM Parking Facility (via TDA)
 - 75% of the Public Works Building Renovation Project

Public Safety (Police & Fire)

This function accounts for \$3,878,758 million or 28% of the total General Fund budget. Major initiatives, capital projects, improvements, and programs in these areas include:

- Continued Funding to provide a School Resource Officer at Blowing Rock School
- Continued Funding of costs associated with brining dispatch services back to Blowing Rock (started in FY 2021-22)
- Replacement funding for two Police Vehicles
- Maintained funding for Part-time Parking Enforcement with some level of paid parking/parking program changes continued to be under review for a program that fits and meets the needs of Blowing Rock as a goal.
- Two dual-band radios and replacement body/vehicle cameras.
- Three additional Fire/EMT positions
- Shift differential pay implementation for night shift officers and dispatch \$1.50/hr. increase
- Continued DARE program Support
- Continued Crimestoppers Support
- Continued Landscape Maintenance for Town owned Fire Station #1 located on Valley Boulevard.

Transportation (Public Works – Streets)

This function accounts for \$1,611,009 or 11.4% of the total General Fund budget. Major initiatives, capital projects, improvements, and programs in these areas include:

- Continued funding for contracted Right of Way Clearing
- Contracted Cemetery mowing with a 2% CPI contract cost increase (\$35.6K)
- Continued funding for Master Signage Plan as is currently in place, needs will change with the implementation of a new way-finding signage plan
- The Blue Ridge Electric Membership Cooperative Board approved the rates for LED lighting at their Board meeting on April 28, 2016. This budget continues funding for these streetlights.
- Capital for FY 2023-24 includes a hydraulic spreader, leafer and portable radios as well as cost participation in replacement of the Green Hill Communications Building.
- Includes funding in the following areas, with plans for funds remaining at the end of the year to be transferred to reserves in the Capital Projects fund:
 - Road Repairs- Structural \$12K
 - Culvert Replacements \$10K
 - Ditch line Repairs \$5K
 - Fire Hydrant/Valve Maint. \$9.2K
 - Existing Sidewalks Repairs \$10K

Environmental Protection (Public Works – Sanitation/Recycling)

This function accounts for \$397,926 or 2.8% of the total General Fund budget. Major initiatives, capital projects, improvements, and programs in these areas include:

- Continued Residential Curbside Recycling Program (contracted bi-weekly pick-up).
- Continued funding for residential solid waste collection (weekly pick-up)
- Continued commercial garbage pickup via contracted service through Republic Services.
- Capital for FY 2023-24 includes cost participation in replacement of the Green Hill Communications Building as well as the purchase of portable radios and chargers.

Planning and Inspections

This function accounts for \$484,657 or 3.4% of the total General Fund budget. Major initiatives, capital projects, improvements, and programs in these areas include:

- Continued funding for the 2023 Town Comprehensive Plan Update started in FY 2022-23

- Continued funding of the Signage study and resulting Ordinance
- Continued funding of the permit application, review, approval, and inspection processes
- Capital for FY 2023-24 includes purchase of an additional used vehicle.

Culture and Recreation (Parks/Recreation, Landscape & Blowing Rock Academy)

This function accounts for \$1,862,601 or 14% of the total General Fund budget. Major initiatives, capital projects, improvements, and programs in these areas include:

- Continued funding for Part-time Staff for Memorial Park Attendants
- Continued funding of an additional Full-time Park Attendant (TDA Funded)
- Continued funding for Landscaping/Beautification (partially via BRAAC)
- Addition of the approved Blowing Rock Academy for Town Employees Children
- The Town became responsible for maintaining the landscaping along the Valley Boulevard project beginning July 2021. Council approved contracting the landscaping out to Estate Maintenance. The contract with a 2% CPI cost increase is budgeted at \$295,800 and has been included in the FY 2023-24 Adopted budget.
- Capital for FY 2023-24 includes replacement of P&R 16 passenger van with a used van, purchase of a skid steer with bucket (trade in Bobcat) and replacement of Ferris mower with a new electric mower.

Environmental Protection – Water/Sewer Fund

This function accounts for \$2,630,371 or 100% of the Water/Sewer Fund. Major initiatives, capital projects, improvements, and programs in these areas include:

- Funding debt service for Water/Sewer Capital Improvement Plan Projects (Water Plant, Wastewater Plant and Blowing Rock/Boone Water Interconnection, 25% of the Public Works Facility Renovation Project, Advanced Meter Infrastructure (AMI) debt service and debt service for water and sewer general obligation projects)
- Funding for the Field Operations staff that maintains the water and sewer collection system
- Funding for the Utility Plant staff members and operation of the water and sewer plants
- Funding for repairs at the Wastewater Treatment Plant and Water Plant
- Capital for FY 2023-24 includes rehabilitation of the Grandfather Lift Station, purchase of a vehicle trailer and cost participation in replacement of the Green Hill Communications Building

Culture and Recreation – BRAAC Fund

This function accounts for \$40,420 or 100% of the Blowing Rock Appearance Advisory Commission Fund. Major initiatives, capital projects, improvements, and programs in these areas include:

- Funding to support Landscaping/Beautification of public property
- Downtown Hanging Baskets/Planters
- Town Clean-up Day and Planting Day (Spring and Fall)
- Contribution towards Town Center Landscape/Beautification

EXPENDITURES BY CATEGORY

Expenditure levels have increased in recent years to invest in our people that provide great customer service every day as well as some of our capital infrastructure that has needed attention. Debt service has increased to help pay for new capital activities and continue funding phases of the 2014 voter approved General Obligation bond referendum.

Personnel Expenditures

Personnel expenditures include salaries, FICA, group insurance, retirement, longevity pay, and other miscellaneous benefits for 80 full-time equivalent positions, inclusive of three additional full-time positions Adopted in FY 2023-24 in Fire, as well as two additional full-time positions for the Blowing Rock Academy several part-time positions including some part-time funding for the Fire Department, and other seasonal workers including summer camp counselors and lifeguards. The FY 2018-19 Adopted Budget for

Personnel Expenditures did include a new recurring cost of a Police Officer position to serve as a School Resource Officer (SRO). At a cost of approximately \$82,100 (salary, benefits and vehicle/equipment), this Adopted Budget includes continued funding for this position.

The total personnel cost in the Adopted Budget is \$7,075,271 or 43% of the total operating budget. The FY 2022-23 Adopted Budget for Personnel Expenditures was \$6,795,545 or 44% of the total budget.

Highlights include:

- The Adopted Budget includes a 5% cost of living (COLA) adjustment increase in base pay
- The Adopted budget includes 5 new positions (3 Full-time Fire & 2 Full-time BR Academy)
- Includes new Merit Pay System with up to 4% Merit pay available to each employee- program to begin with initial/baseline evaluations in July, with a merit backed follow-up evaluation in December and Merit pay increases taking effect in January of FY 2023-24.
- As one of 880 cities, towns, counties, and local commissions that participate in the North Carolina Local Government Employees' Retirement System, FY 2023-24 contribution rate increased .75% to 16.85% (includes OPEB contribution) for this fiscal year. Health insurance costs are anticipated to increase beginning in January 2024, but the actual rate of increase will not be known until the fall of 2023.
- The Adopted Budget includes funding of the Town 401K supplement at 5.0% of salaries for all personnel to go toward the N.C. 401K Supplemental Retirement System. This level of funding for 401K plans helps to keep the Town competitive with other towns and cities. All sworn law enforcement personnel have received a 5.0% supplement per state statute requirement.
- A detailed list of all FTE (Full-Time Equivalent) positions by department can be found in the *Authorized Position Allocation Summary* section of the budget document.
- Continued funding of dispatch personnel added midyear FY 2021-22.
- Blowing Rock Academy- new for the 2023-24 budget year, the Blowing Rock Academy is the first of its kind in the area providing an on-site Child Development Center for the children of the Town of Blowing Rock. The Town of Blowing Rock has a long-standing history of providing the very best benefits and opportunities for their employees and the Academy follows that history. Across the United States, in North Carolina, and here within Watauga County, the lack of affordable childcare continues to be an issue. In Watauga County currently, we have approx. 2k children under the age of 5, with only 660 total spots within a licensed center. Based on this information, Watauga County is considered a childcare desert. Not only does the lack of childcare create an issue, the reliability and affordability of childcare is simply a burden that most can't overcome. A most recent study (ReadyNation) in 2022 measured over \$122B in total economic loss from childcare related issues in the United States and \$3.5B in North Carolina. The Town's attempt to assist in this economic and workplace crisis is the Blowing Rock Academy. The Blowing Rock Academy will be for employees only, not open to the public, and is being offered to the employees at a proposed rate of \$400 per month, which is approx. half the market rate in the County. The Town is able to offer this benefit through NCGS 160A-162, which allows the Town Council to offer benefits to employees to retain or recruit. The Town is optimistic that others will follow and provide additional resources to their employees for childcare.

Operating Expenses

Operating expenditures include all costs other than personnel, capital outlay and debt service. Fluctuations in energy and fuel costs, increased service demands, and state funding requirements directly affect other operational expenditures. The FY 2022-23 Adopted Budget for Operating Expenditures is \$5,546,014 or 36% of the total operating budget.

Highlights include:

Continued funding for Blowing Rock dispatch services. Additionally, operating expenses also includes \$1.474K for payment to Watauga County for 70% of the anticipated incremental sales tax proceeds associated with the ad valorem distribution methodology vs. the per capita approach.

Operating Capital Outlay

Operating Capital Outlay expenditures are for the purchase of machinery, equipment, and other items that are too permanent to be considered expendable at the time of purchase, have a value greater than \$5,000, and have a life expectancy of at least one year. The FY 2023-24 Adopted Budget for Operating Capital Outlay expenses including transfers, for both the General Fund and Water/Sewer Fund, total \$679,253 or 4% of the total budget. The FY 2022-23 Adopted Operating Budget for Operating Capital Outlay expenses, for the General Fund and Water/Sewer Fund, totaled \$901,397 or 6% of the operating budget (this increase was due to deferred capital needs due to prior year COVID-19 impacts and unknown revenue impacts surrounding that time).

A detailed list of capital purchases for FY 2023-24 can be found in the *Capital Improvements Plan* section of the budget document and primarily consists of replacement vehicles and major equipment replacements.

Debt Service

Debt service requirements for payment of principal and interest on borrowed funds such as lease-purchase payments are allocated in this category. The FY 2023-24 Adopted Budget for debt service expenses, for both the General Fund and Water/Sewer Fund, total \$2,379,952 or 15% of the total operating budget. The past FY 2022-23 Adopted Budget for debt service expenses, for the General Fund and Water/Sewer Fund, totaled \$1,999,671 or 13% of the total budget.

Comprehensive Plan Initiatives and Long-Term Capital Planning

Town Council continues to have a major focus on overall comprehensive planning and its implementation. The following plans and documents continue to drive much of the work scope and consideration by staff as we conduct our work.

- Town Comprehensive Plan Update
- Parks/Recreation & Landscape Master Plan
- Water & Sewer Capital Improvements Plan
- Downtown Streetscape Plan
- Downtown Parking Management Study
- Town Public Facilities Study
- Town Master Signage Plan - TDA funded
- Town Pavement Plan
- Town Storm Water Plan
- Downtown Retail Market Strategy -TDA funded
- Permitted Leaf/Limb Disposal Site

Other Appropriations Summary

The following are chart summaries of capital planned to be funded via Installment purchase financing:

Installment Purchase Funded- General Fund	
\$	Total Funding
	Uses
\$ 35,000	Used Ford Explorer
\$ 22,300	Security Cameras for Town Buildings 17 Total.
\$ 170,010	Replaces 2 Police SUVs with graphics, lights and cameras.
\$ 75,680	Gree Hill Communications Building (Fd.10 Portion)
\$ 12,570	2-Johnson VP900 Portable Radios
\$ 20,000	Ford F-550 Hydraulic Spreader
\$ 70,000	Leafer
\$ 12,250	Portable Radios (4 with large charger)
\$ 10,500	Portable Radios (4) & Chargers
\$ 45,000	Replace 16 Passenger Van with Used Van
\$ 40,765	Skid Steer w/bucket, trade-in Bobcat S650
\$ 20,700	Replacement Electric Mower (18kw battery) sell Ferris on Gov Deals
\$ 534,775	Total

Installment Purchase Funded- Water/Sewer Fund	
\$	Total Funding
	Uses
\$ 39,340	Gree Hill Communications Building (Fd.30 Portion)
\$ 73,800	Grandfather Lift Station Rehab.
\$ 18,000	Trailer
\$ 10,500	Portable Radios (4) & Chargers
\$ 141,640	

The following chart shows revenues and allocations from Occupancy Tax funding from the Blowing Rock Tourism Development Authority:

TDA Funding	
\$ 506,212	1/3 rd Infrastructure
\$ 94,432	2/3 rd Promotional Funding Contributed to Town Operations
\$ 600,644	
\$ 25,441	Admin. Fee
\$ 626,084	Net Occupancy Tax Collection Projection for Budget
	Uses
\$ 70,000	Park restroom Attendant (portion)
\$ 20,000	Town Landscaping/Beautification (portion)
\$ 20,000	Town Christmas Decorations
\$ 13,000	Town Sidewalks
\$ 15,000	Town Street Maintenance
\$ 149,350	Hwy 321 Landscaping (1/2 of cost)
\$ 12,000	Town Memorial Park Maintenance/supplies
\$ 5,000	Town Center Beautification (Sanitation)
\$ 6,000	Memorial Park Maint./Repair
\$ 46,250	Town Streetlights
\$ 26,587	Directional signage for Downtown

FISCAL OUTLOOK

This year, following record high revenues in FY 2022-23, economists have warned of recession on the horizon that will once again make changes to the revenue and cost environment we are in. We have made efforts in this budget cycle to keep on the conservative side as much and where possible while also realizing some level of growth in areas that are expected to maintain or show lower levels of continued growth. It will once again be a year unlike any other, as we have experienced over the past 4-5 years as our economic environment has shifted each year since the pandemic. As always, it is important for one to always remember projections are not definite and there is always an element of risk in budgeting. As such, we will be monitoring projected revenues and expenditures closely as we begin the new fiscal year. As always, we have made every attempt to minimize that risk to the best of our ability by monitoring closely the past and trends for the future. Due to our size and constrained geographic borders, the Town of Blowing Rock will not likely grow its way into significant increased revenues, even in very favorable economic conditions. It is more apparent that we must continue to make high value choices that focus on our people and on our infrastructure if we are to care for and protect this wonderful community in the way that it has come to expect and deserve.

The General Assembly is continuously examining various changes to statewide laws and local government authority is sometimes impacted. Legislation continues to be debated in each session, and the uncertainty of the outcome sometimes disturbing. Monitoring will be required. We must continue to work with the North Carolina League of Municipalities to help monitor potential threats such as this that might take away Council's ability to ensure the Town of Blowing Rock is cared for properly, given whatever circumstances may be. Additionally, improved collaboration with our sister governments can be helpful.

CLOSING

This Adopted Budget for FY 2022-23 is balanced in accordance with State Statutes and attempts to address obligations, along with goals and priorities that have been established by Town Council. Assisting in the development of the budget were department heads who met in one-on-one settings with the Manager and Finance Officer. Their input provided valuable insight as to financial challenges and opportunities encountered by their department.

With the submission of the Adopted Budget to Council, it now provides Council an opportunity to review and evaluate programs and services and methods of increasing or reallocating resources. This budget includes several important decisions regarding the Town of Blowing Rock's organizational, fiscal, and infrastructure investments to be assessed this year and in the next several years to come. At the 2023 annual winter retreat Town Council set the following long-term goals and objectives.

The list of those objectives follows in no particular order:

- EMS 24/7 Transport
- Parking
- Water Plant Upgrades
- Waste-water plant upgrades

Town Council Initiatives currently in progress include:

- Main St. Water & Sewer Line Replacement Project
- Comprehensive Plan Update 2024
- Advanced Meter Infrastructure (AMI)
- North Main Sidewalk addition

Please find extended a sincere appreciation to Council for their patience, understanding, and dedicated work on this important policy document. I wish to recognize and extend thanks to Town staff in all Town departments for their invaluable assistance during the budget process and emphasize my appreciation to the Town staff that helped in preparing this budget, especially our Finance Officer, Nicole Norman.

Respectfully Submitted,
Shane Fox
Town Manager