



TOWN OF BLOWING ROCK

June 15, 2012

I am pleased to provide you a copy of the FY 2012-2013 Annual Budget and Budget Ordinance (#2012-07). This document was prepared by Town Staff and represents a comprehensive publication of the Town's plans and policies for the upcoming fiscal year.

The FY 2012-2013 Adopted Budget was presented to Town Council on May 8, 2012 and copies were made available to the Town Clerk and the public. The Town Council held Budget Worksessions on the budget on May 14 and 15, 2012. Pursuant to N.C.G.S. 159-12 (b), the Council held a public hearing on the proposed budget on June 12, 2012. The FY 2012-13 Budget was formally adopted on June 12, 2012.

This document provides a financial plan for the ensuing fiscal year and was developed in accordance with the Town Council's Priorities and Action Plan established in a January Retreat and during Council/Departmental meetings held over the past year. The key components of these directives from the Town Council and the budgetary principles on which this document is based are:

- Basic Town services are continued with funding at adequate levels.
- Revenue projections are estimated at realistic, conservative levels.
- Continued funding of the 5-year Capital Improvements Program, including funding of the Parks/Recreation & Landscape Master Plan, the Water/Sewer Capital Improvements Plan, the Storm Water Master Plan, the Downtown Retail Strategy and the Town Public Facilities Study.
- Continued focus on comprehensive planning efforts.
- Continued focus on our organization-wide Customer Service Excellence Initiative.
- Conformance with the adopted Town of Blowing Rock Comprehensive Financial Policy.

The FY 2012-2013 totals \$6,316,205 for all Town operations, capital improvements, and debt service requirements. This is an increase of \$4,655 compared to last year's adopted budget of \$6,311,550. The Budget contains no property tax increase and proposes changes to water/sewer fees, with an increase of \$0.50 per month in both water and sewer fees and a reduction in the water interconnection fee of \$1.00 per month, which results in no net change. All other charges/fees are unchanged.

On behalf of all Town coworkers, I thank you for your continued guidance and support of our efforts to meet your priorities in the delivery of quality and efficient services to the citizens of Blowing Rock.

Respectfully Submitted,

Scott E. Hildebran
Town Manager

Attachments

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FUNDS OF THE ADOPTED BUDGET

General Fund

The General Fund contains all governmental services that do not generate sufficient revenue to support their activities (Police, Emergency Services, Recreation, Public Works, Administration, Planning/Inspections, etc.). The General Fund is balanced with no increase in the current property tax rate of \$0.280 per \$100 valuation. This rate will provide approximately \$2,950,000 in current year property tax revenues based on an expected collection rate of 97.50%.

The Town's tax base is split between two counties – Watauga and Caldwell. Watauga County represents approximately 94.33% of the total property tax base. Caldwell County accounts for the remaining 5.67%. The total property tax base (excluding motor vehicles) is estimated to be \$1,080,576,000, which is slightly higher than FY 2011-2012 budget base of \$1,075,662,800, and is based on information from the Watauga and Caldwell County Tax Offices. A penny on the tax rate is projected to generate approximately \$108,055 in revenue. The Town's property tax base is estimated to be approximately 85% residential and 15% commercial.

The FY 2012-2013 Adopted Budget for the General Fund totals \$4,905,205 which is \$15,395 higher than the FY 2011-2012 Adopted Budget of \$4,889,810.

Water and Sewer Fund

The Water and Sewer Fund contains all water production, water distribution, wastewater collection and wastewater treatment activities of the Town. This fund is self-supporting. The Water and Sewer Fund is balanced with no net increase in current rates.

The FY 2012-2013 Recommended Budget includes both a water and sewer base rate adjustment of \$0.50 per month to offset declining water use and rising operating and capital costs, and to fund major water and sewer capital needs as outlined in the adopted Water & Sewer Capital Improvement Plan. This increase is offset by a adopted decrease in the Boone/Blowing Rock water interconnection fee of \$1.00 per month, which recognizes awarded grant funding and less than expected construction costs for the project.

The FY 2012-2013 Recommended Budget for the Water and Sewer Fund totals \$1,411,000. This is a \$10,740 decrease from the FY 2011-2012 Adopted Budget of \$1,421,740.

Capital Reserve Project Funds

The Capital Reserve Project Funds (General and Water/Sewer) exist as a tool to help in the financial planning of future large-expense capital projects. In the FY 2012-2013 Adopted Budget, the General Fund and Water/Sewer Fund will continue to make financial contributions to the Capital Reserve Project Funds.

The total proposed contribution to the Capital Reserve Projects Funds for FY 2012-2013 is \$320,500, or approximately 5.07% of the Total Adopted Budget. This allocation was \$210,000, or 3.33% in the FY 2011-2012 Adopted Budget. This increase is possible due to the retirement of sewer bond debt.

FISCAL OUTLOOK

Projecting revenues continues to be a challenge. Several factors include:

Economy – According to UNC Charlotte economist John Connaughton, “North Carolina's economy will grow 2 percent this year, up from a projected gain of 1.1 percent in 2011. While the state has been in recovery since July of 2009, it has been a weak recovery. For 2012, the economy is expected to improve modestly and likely to continue the pattern of sluggish job growth.” He also stated that “despite the modest increase in Gross State Product expected during

2012, the state's economy is still at risk. Connaughton expects the sectors that will post the largest job growth are retail trade, hospitality and leisure services, and education and health services.

Karl Knapp, Director of Research and Policy Analysis with the NC League of Municipalities also advised that "most economists call for continued moderate economic growth during 2012 and 2013."

Economists remain concerned that over the coming months, high gasoline prices, a eurozone recession and slowing growth in emerging economies like China may similarly weigh on demand for products and services from U.S. businesses, and on hiring by those businesses as well. In sum, the most common words to describe the future economic growth trends continue to be – slow, modest, gradual and incremental.

The State Legislature – The State continues to face fiscal challenges. According to recent press reports, NC lawmakers expect a revenue surplus of about \$233 million for FY 2011-12. However, NC House and Senate leaders warn most of this year's surplus will be needed to address a \$150 million shortfall for the state's Medicaid program this year and to close any additional projected shortfalls for the next fiscal year. As such, most expect only an additional \$21 million in extra revenue will be available to spend on any new or expanded programs without additional cuts.

The General Assembly reconvenes May 16, 2012 in a short legislative session to adjust the second year of the state's biennial budget that was approved in 2011. Also, as of this writing, NC Governor Beverly Perdue has yet to release her proposed budget.

As was the case last year, all parties have stated that they do not desire to transfer the state budget problems to counties and cities - as always, we will continue to monitor the situation, as the state's budget problems could affect our local revenues.

SOURCES OF REVENUE

Ad Valorem Tax (Property Tax)

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 2012-2013 property tax rate maintains the current tax rate of \$0.280 per \$100 of valuation for the seventh straight year. On a \$500,000 home, the total annual Town of Blowing Rock property taxes due would be \$1,400.00.

Although all property in Blowing Rock is appraised at the market value standard as of the effective date of the most recent countywide (Caldwell or Watauga) reappraisal of property, the North Carolina General Assembly has enacted several exclusions that may reduce or eliminate an owner's tax liability.

Homestead Exclusion: A major exclusion is the Homestead Exclusion (formally known as the Elderly and Disabled Exclusion). The major qualifications for a resident include an age of 65 years or older or a total and permanent disability as of January 1. For 2012, the owner's total income (individual or husband and wife) cannot exceed \$27,100 for the year preceding the year in which the exclusion is claimed. Those who qualify for the exclusion can receive the greater of \$25,000 or 50% of the value of their residence reduced from their tax bill. The annual income limit changes on a yearly basis.

Circuit Breaker: A “circuit breaker” provision to expand preferential tax treatment for senior citizens became effective January 1, 2009. This provision is a tax deferral program for North Carolina residents who meet qualifications such as they have lived in their current residence for at least five years and the property has been in the same name for the prior five years. Although current recipients of the Homestead Exclusion may choose this option, it may not be as beneficial to them as the exclusion they already receive. It is primarily intended for those seniors whose income exceeds the limit for the Homestead Exclusion. For the 2012 tax year, the income limit for this program will be \$40,650. (Income greater than \$40,650 does not qualify for either program).

Disabled Veterans: Qualifying veterans or their widowed spouses may receive a reduction of up to \$45,000 in assessed value. The provision expands the qualifications for the exclusion and increases the amount excluded from taxation.

Due to the complexities of many of the exclusion programs, all interested persons should contact their respective County Tax Office for more detailed information.

Total Ad Valorem tax revenues (including current and prior years, motor vehicles, and penalties/interest) are projected to be \$3,039,785 in FY 2012-2013. 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 a number of 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 Planning Department budget is supported by revenue generated from zoning and building inspection fees. Property tax revenue and other General Fund revenue support a portion of the Planning Department’s budget. Some services which produce “Sales and Service” revenue include:

- Commercial Solid Waste/Commercial and Residential Recycling Fees
- Parks and Recreation Department Fees (Pool, Day Camp, Program Registration Fees, etc.)
- Cemetery Fees
- Zoning/Building Inspection Fees
- Water/Sewer Charges

This source of revenue will provide approximately \$377,400 in revenue for next fiscal year to the General Fund. Water and sewer related charges (and interest) are expected to total \$1,411,000 in FY 2012-2013.

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

In FY 2012-2013, there are five statewide revenues received by the Town whose estimates depend on economic forces: Utility Franchise Tax, Telecommunications Sales Tax, Beer and Wine Tax, Solid Waste Tax and Video Programming Tax (formerly Cablevision TV Franchise Tax).

The assumptions for the utility franchise, telecommunications sales tax, beer and wine taxes, and the solid waste disposal tax anticipate only nominal growth 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 League of Municipalities anticipates statewide growth to be around 7.0%. However, they note that 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. The budget proposes this revenue to remain flat.

Annual statewide growth in telecommunications revenues is expected to increase by 3.3% over FY 2011-12 levels. The budget proposes this revenue to remain flat.

Beer and Wine taxes are distributed statewide based on local government population. In FY 2012-2013, the funding is expected to increase by 3.0% over FY 2011-12 levels. The budget proposes this revenue to increase slightly.

In 2007, Video Programming revenue replaced the local cable franchise fee revenue. Video Programming revenue is expected to increase 3.3% in FY 2012-2013. Due to the seasonal nature of the community, the budget proposes this revenue to remain flat.

The Solid Waste Disposal Tax is a result of a statewide \$2 per-ton tipping fee that went into effect in 2008. A portion of this tax is remitted to municipalities on a per capita basis to be used for solid waste management programs. Solid Waste tax is expected to increase by 4.0% over FY 2011-12 levels. The budget proposes this revenue to follow historical trends and is budgeted slightly upward.

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. This revenue source is expected to be \$249,300 for FY 2012-2013. These are strictly General Fund revenues.

Sales Taxes

The Local Option Sales Taxes consist 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 local units. Sales tax revenues are distributed on a proportional population basis to municipalities in Watauga County and Caldwell County as opposed to proportional local government ad valorem levies.

According to fiscal analysts in the Office of State Budget and Management and with the NC League of Municipalities, retail sales in North Carolina are expected to increase 3.0% over FY 2011-2012 levels. Statewide FY 2011-2012 totals are running 6.1% higher than FY 2010-2011.

However, due to census population totals declining for Blowing Rock, sales tax revenues are projected to decline to \$345,000 in FY 2011-2012. Sales taxes are strictly General Fund revenue.

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 \$283,325 in funding for the Town in FY 2012-2013 to use in support of the various tourism-related operations of the Town. Additionally, the TDA will compensate the Town with \$17,020 for handling the administration and collection of the occupancy tax. This revenue source is projected to remain flat.

Powell Bill Street Allocation

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. The 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 Powell Bill

distribution is anticipated to increase 1.5% from FY 2011-2012 levels. However, due to census population totals declining for Blowing Rock, this revenue is estimated to decrease slightly to \$74,000 for FY 2012-2013. Powell Bill allocations are strictly General Fund revenue.

ABC Revenue

These proceeds come from a contribution from the local ABC Board from the sale of alcoholic beverages in Blowing Rock. The revenue is estimated to decline to \$112,500 for FY 2012-2013 due to economic conditions and the increased availability of alcoholic beverage sales in surrounding communities.

Grants

The Adopted FY 2012-2013 Budget anticipates grant funding proceeds from the N.C. Governor's Crime Commission for Mobile Data Terminals for police vehicles and potentially a NC Park & Recreation Trust Fund Grant for American Legion renovations. However, the budget does not include this revenue and, if awarded and approved by Council, will require an amendment to the budget.

Also, grant applications will be submitted to various agencies for eligible water, wastewater and transportation projects.

Other

Other miscellaneous revenue includes: privilege licenses, interest income, parking tickets, donations, book sales, park lease, town property rental income, sale of fixed assets, snow removal reimbursement, etc. Budgeted interest income has been once again reduced as a result of market conditions. Also, miscellaneous revenue includes a pro-rata reimbursement for the sale of the Patriot System terminal to Watauga County.

These funds are expected to be \$163,035 for FY 2012-2013.

Fund Balance

The Adopted FY 2012-2013 Budget appropriates \$100,000 from general fund balance to be specifically designated for street paving.

According to the North Carolina Local Government Commission, it is adopted, at minimum, that a local government retain a level of undesignated fund balance of 8% of the prior year's expenditures. A minimum fund balance level is necessary to enable the unit to meet current obligations, to prevent the unit from experiencing cash flow difficulties, and to aid the unit during emergencies. The adopted Town of Blowing Rock Comprehensive Financial Policy established a goal to achieve an undesignated fund balance in an amount equal to 50% of the Town's General Fund Budget.

Over the past nine years, the Town has worked to increase the overall Undesignated General Fund balance. At June 30, 2012, the Undesignated General Fund balance is projected to be approximately 50% of appropriations.

Capital Projects Transfer In

These revenues are transferred funds from the General Capital Projects Fund to cover debt service associated with the fire/rescue building and American Legion and BRAHM parking facility projects. This revenue source is expected to be \$143,840 for FY 2012-2013.

In summary, the sources of revenue described in this section account for 100% of all revenues budgeted for FY 2012-2013.

EXPENDITURES BY FUNCTION – GENERAL FUND

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

This function accounts for \$718,220 or 14.64% of the total General Fund budget.

Major capital projects/improvements/programs are:

- Copier Lease & Computer/Software Upgrades
- Insurance Premiums - General Liability & Workers Compensation
- Transfer to Water/Sewer Capital Projects Fund - \$100,000
- Community Library Support - \$2,000
- Organization-wide Customer Service Excellence Initiative

General Government (Public Buildings & Grounds)

This function accounts for \$758,450 or 15.46% of the total General Fund budget.

Major capital projects/improvements/programs are:

- Town Hall Roof Replacement
- Continued funding for Tree Planting Program for public areas (via TDA)
- Continued funding for Christmas Decorations (via TDA)
- Continued funding of debt service:
 - Tiller/Lane Property (via TDA)
 - Emergency Services Building
 - American Legion Parking Facility (via TDA)
 - BRAHM Parking Facility

Public Safety (Police & Emergency Services)

This function accounts for \$1,452,315 or 29.61% of the total General Fund budget.

Major capital projects/improvements/programs are:

- Funds costs associated with consolidated dispatch with Watauga County and Administrative/Records Clerk position
- Initial replacement funding for (2) Police Vehicles w/ In-car Video Cameras
- Funding for a grant match for (5) Mobile Data Terminals
- Continued funding for Handheld Radio Replacement
- Continued funding for Part-time Parking Enforcement
- Continued funding of debt service for (4) Police Vehicles
- Funding for reclassification of a position in the Police Department
- DARE program Support
- Crimestoppers Support

Transportation (Public Works – Streets)

This function accounts for \$978,525 or 19.95% of the total General Fund budget.

Major capital projects/improvements/programs are:

- Initial replacement funding for a Dump Truck
- Continued funding of debt service for Pick-up Truck, Tractor and Backhoe
- Continued funding for contracted Right of Way Clearing, Tree and Leaf Removal, etc.
- Continued funding for Master Signage Plan (via TDA)
- Continued funding for Sidewalks (Downtown Streetscape Plan - Phase III)
- Continued funding for various Storm Water improvements
- Continued funding for Pavement Plan implementation & Ditch improvements

Environmental Protection (Public Works – Sanitation/Recycling)

This function accounts for \$350,770 or 7.15% of the total General Fund budget.

Major capital projects/improvements/programs are:

- Continued Residential Curbside Recycling Program (weekly pick-up)
- Funding for the final debt service payment on a Garbage Truck

Economic and Community Development (Planning/Zoning)

This function accounts for \$226,500 or 4.62% of the total General Fund budget.

Major capital projects/improvements/programs are:

- Funding for Town Comprehensive Plan Survey Update
- Continued Downtown Retail Strategy Implementation
- Continued funding for GIS Project

Culture and Recreation (Parks/Recreation & Landscape)

This function accounts for \$420,425 or 8.57% of the total General Fund budget.

Major capital projects/improvements/programs are:

- Funding for Parks & Recreation Master Plan (Memorial Park landscape/hardscape improvements)
- Continued funding for Part-time Staff for Downtown Litter Pick-up and Memorial Park Attendants
- Continued funding for the Ruritan Building and American Legion Building
- Continued funding for the Appearance Advisory Commission (Plant Material/Fountain Utilities) - \$3,000
- Continued funding for Landscaping/Beautification (via TDA)

EXPENDITURES BY FUNCTION – WATER/SEWER FUND

Environmental Protection – Water/Sewer Fund

This function accounts for \$1,411,000 or 100% of the Water/Sewer Fund.

Major capital projects/improvements/programs are:

- Funding debt service for Water/Sewer Capital Improvement Plan Projects (Water Plant, Wastewater Plant and Blowing Rock/Boone Water Interconnection)
- Continued funding of debt service for a Skid Steer
- Continued funding for US 321 Water/Sewer Betterments
- Initial replacement funding for Utility Dump Truck

EXPENDITURES BY CATEGORY

Personnel Expenditures

Personnel expenditures include salaries, FICA, group insurance, retirement, longevity pay, and other miscellaneous benefits for 52.5 full-time equivalent positions, several part-time positions as well as seasonal workers. The FY 2012-2013 Adopted Budget for Personnel Expenditures is \$2,723,120 or 43.11% of the total budget. In the FY 2011-2012 Adopted Budget, Personnel Expenditures were \$2,904,620 or 46.02% of the total budget.

Highlights include:

- The Adopted Budget includes funding for a 1.0% cost of living adjustment for regular full-time positions. Furthermore, the Adopted Budget grants each full-time employee an additional 12-hours of paid leave time during the new FY.

- As one of 880 cities, towns, counties and local commissions that participate in the North Carolina Local Government Employees' Retirement System, FY 2012-2013 contribution rates will reflect a 0.23% decrease due to system actuarial gains.
- Health insurance costs will increase 5.30% and dental insurance costs will remain flat in FY 2012-13.
- The Adopted Budget continues to fund a Town 401K supplement of 2.0% of salaries for all general personnel to go toward the N.C. 401K Supplemental Retirement System. Sworn law enforcement personnel receive a 5.0% supplement per state statute requirement.
- The Adopted Budget reduces FTE (Full-Time Equivalent) positions from 55.5 to 52.5 in recognition of the consolidated dispatch interlocal agreement with Watauga County. In addition, the budget includes an employee reclassification. 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.

Operating Expenses

Operating expenditures include all costs other than personnel, capital outlay and debt service. Many operational expense increases are linked to inflation, so the Consumer Price Index is used to evaluate proposed increases. Over the last 12 months (April 2011-March 2012), the Consumer Price Index for All Urban Consumers (CPI-U) for the South advanced 2.8 percent. Increased energy and fuel costs, increased service demands, and enforcement of regulations directly affect other operational expenditures. The FY 2012-2013 Adopted Budget for Operating Expenditures is \$2,409,750 or 38.15% of the total budget. In the FY 2011-2012 Adopted Budget, Operating Expenditures were \$2,137,055 or 33.86% of the total budget. This category also includes transfers to the Capital Reserve Project Funds.

Highlights include:

- Funding of costs associated with consolidated dispatch with Watauga County.
- Increased capital transfers to the Water/Sewer Capital Projects Reserve Fund available due to retirement of sewer bond.

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 2012-2013 Adopted Budget for Operating Capital Outlay expenses, for both the General Fund and Water/Sewer Fund, total \$107,100 or 1.70% of the total budget. In the FY 2011-2012 Adopted Budget, Operating Capital Outlay Expenditures were \$116,200 or 1.84% of the total budget.

Operating Capital Outlay appropriations do not include transfers to Capital Project Funds, which are included in the Operating Expenses Category.

Highlights include:

- A detailed list of capital purchases for FY 2012-2013 can be found in the *Five-Year Capital Improvements Plan* section of the budget document.

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 2012-2013 Adopted Budget for Debt Service expenses, for both the General Fund and Water/Sewer Fund, total \$1,076,235 or 17.04%

of the total budget. In the FY 2011-2012 Adopted Budget, Debt Service expenditures were \$1,153,675 or 18.28% of the total budget.

Highlights include:

- A detailed Amortization Schedule for FY 2012-2013 can be found in the *Debt Payments* section of the budget document.

Comprehensive Plan Initiatives

Over the past nine years, the Town Council has had a major focus on overall comprehensive planning and its implementation. The Adopted FY 2012-2013 Budget maintains this trend and continues to fund the following planning initiatives:

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

In FY 2011-12, the Town embarked on an organization-wide Customer Service Excellence Initiative. The adopted budget includes funding and places a renewed focus on customer service.

As discussed over the past several years and during our most recent Annual Planning Retreat, once the economy rebounds Town Council may have to consider the establishment of a Downtown Municipal Service District Tax to aid in funding specific downtown enhancement initiatives, such as public restrooms, streetscape (sidewalks, landscape, street furniture, etc.), drainage and parking maintenance. As you are aware, 49 N.C. municipalities, including Boone, have utilized such a method to pay for special downtown enhancements not required in other parts of the Town and to provide equity to all taxpayers.

CLOSING

This Adopted Budget for FY 2012-2013 is balanced in accordance with State Statutes and attempts to address the goals and priorities that have been set by the Town Council for the Town's future.

In closing, the enclosed budget reflects my recommendations based on departmental meetings, evaluation of existing service needs, and input from the Town Council and citizens over the past year. Though the current economic climate shows some improvement, the FY 2012-2013 budget represents a level of funding, which will allow the Town to continue to maintain current service levels while making organizational changes to be cost effective and more efficient.

Finally, I would like to take this opportunity to express my sincere appreciation to the staff and the Board for their patience, understanding, and dedicated work on this important policy document.