



May 1, 2017

**To the Honorable Mayor Aneralla and Board of Commissioners,
and Citizens:**

It is a pleasure to submit the Manager Recommended FY 2017-18 Budget for the Town of Huntersville. The operating budget provides the financial plan through which the citizens continue the high quality of life currently enjoyed in our community while investing in our growing Town's infrastructure and provide exemplary municipal services.

The FY 2017-18 Manager Recommended Budget provides personnel and operating funding for the much anticipated new facilities while maintaining police and land use services. Additional emphasis is placed on constructing transportation and fire infrastructure funded with prior fiscal year issued bonds. As required by state statute, each fund is balanced and required debt service payments have been provided. The budget limits financial burden to our citizens with no increase in tax rate, fees (vehicle, stormwater, or solid waste) or electric rate changes. In spite of these flat revenue sources, many infrastructure investments are provided in transportation/mobility resources, fire services, and recreation opportunities.

The Town continues to enjoy the lowest tax rate of the largest twenty cities in North Carolina and maintains the lowest employee per citizen ratio of the same group. These low tax burden characteristics continue to lure both residents and business that are fueling a population growth rate over 3% and assessed value growth rate over 4%.

Specific highlights in this Recommended Budget include:

- Maintains the current tax rate of \$0.305 per \$100 of assessed valuation of real and personal property.
- Increased prepared food and beverage tax receipts and car rental tax.
- Minimal changes to sales tax, utility sales tax (formerly franchise tax) and Powell Bill distribution revenues.
- Maintains the current solid waste fee of \$72, vehicle fee of \$20 and also provides no change to stormwater rates or electric rates.
- Continues no property tax dollars to support the Huntersville Family Fitness and Aquatics Center, with only debt service and capital outlay being funded by the Tourism tax funds.

- Contains a merit pool of 3% for employees.
- Funds 2 new Public Works positions to support our construction and street maintenance efforts.
- Supports initial half year operations of the new Recreation Center with 3 full-time employees.
- Participates in Governor's Highway Safety Program funding of 2 grant related Police Officers following the addition of 5 new officers in FY 2017.
- Provides funding for 3 CIP Transportation projects through the Transportation Reserve Fund (Holbrook Street, intersection improvements at Mount Holly Huntersville Reese Blvd and signalization at two intersections on Verhoeff Drive).
- Increases funding for the Huntersville Fire Department related to the completion of Fire Station # 4 on McIlwaine Road).
- While there is no planned use of General Fund Balance, the Manager's Recommended Budget uses restricted fund balance in both Powell Bill (\$555,400) and Stormwater (\$150,000) funds.

Department Highlights

Parks and Recreation (P&R) budget increases are associated with the completion of the Recreation Center and funding the expenses associated with the Center.

The Public Works/Engineering budget reflects the Solid Waste/Recycling and Yard Waste contractual costs that include the costs of additional houses being serviced during the next year. The addition of two staff members are budgeted to manage the multiple street construction projects and maintenance of our road network infrastructure.

The Police Department budget includes the replacement of 11 new police vehicles via three year debt instrument as in prior years. Minor capital initiatives are funded at under \$10,000 and the Town portion of grant officer vehicles. The Manager's Recommended Budget includes no increase for dispatch services, as the Town continues to negotiate the future delivery of this service.

The funding for Huntersville Fire Department (HFD) is increased in the proposed budget related to the construction completion of Station #4 on McIlwaine Road. The operational costs associated with HFD providing service to the Town's Extraterritorial Jurisdiction area (ETJ) is covered through an agreement with the County and the operation of a fire service district for that area. The tax rate of 5 cents per \$100 for the ETJ will flow through the Huntersville budget to the HFD. The FY 2017-2018 budget also eliminates funding of North Meck Rescue Squad and with the opening of the new fire station, there are no contributions budgeted for Long Creek Fire Department.

The Huntersville Family Fitness and Aquatics budget is funded with no property tax appropriation. Tourism taxes fund debt service for HFFA and gas hot water heater replacement, parking lot paving, door replacements and other minor non-capital equipment.

The Electric fund reflects no change in customer rates in spite of anticipated increased purchased power costs to the Town. Capital improvements associated with buildout is funded at \$2,290,200 which requires a \$1,000,000 Electric Fund balance appropriation.

Expenses associated with the Lake Norman Regional Economic Development Corporation increase slightly from the prior year, but are offset with a reimbursement from the LNREDC.

Hotel/Motel/Prepared Food Tax Fund

- The Visit Lake Norman appropriation (as per the inter-local agreement) is based on 28% of Hotel/Motel and 25% of the Prepared Food Tax receipts over the past year, which reflects an increase based on the past tax revenues per state law.
- Stable funding to area destinations/attractions from the Hotel/Food Tax funds.

The recommended budget is as follows for FY 2017-18:

Expenditures	
Governing Body	\$ 305,742
Lake Norman Reg. Economic Dev. Corp	212,872
Legal	241,536
Finance and Administration	1,949,169
Town Center/Parking Deck	52,815
Planning	1,264,468
Police	11,548,632
Engineering/Public Works	5,445,853
Parks and Recreation	3,076,754
Fire and Safety	3,455,464
Powell Bill	1,995,400
Storm Water	990,000
Tourism Tax	1,808,222
Debt Service/Capital Projects Fund	3,172,671
Transportation Reserve Fund	1,391,580
Electric Fund	20,517,599
HFFA	3,660,958
Total Expenditures	<u>\$61,089,735</u>

Revenue	
Property Tax	18,350,000
Vehicle Tax	1,695,750
Rental Vehicle Tax	34,800
Penalties & Interest	80,000
Fire Tax	600,000
Local Option Sales Tax	3,845,014
Utilities Franchise Tax	2,300,000
Tele/Satellite Sales Tax	640,000
Beer & Wine Tax	225,000
ABC Revenue	95,000
Solid Waste Fee	1,253,698
Waste Disposal Fee	33,000
School Resource Officer	346,632
Police Revenue	91,370
Recreation Fees	552,100
Rental Income	159,890
Electric Admin. Fund	50,000
Planning & Zoning	51,500
Investment Earnings	100,000
Misc. Revenue	9,350
Hotel/Motel	688,000
Prepared Food Tax	982,526
U Drive It	137,696
Powell Bill	1,440,000
Storm Water	840,000
Reimbursement LNREDC	212,872
Powell Bill Reserve	555,400
Storm Water Reserve	150,000
Vehicle Registration Fee	765,000
Reimbursement Verhoeff Bridge	212,201
Transportation Reserve	414,379
Electric Fund	20,517,599
HFFA	3,660,958
Total Revenue	<u>\$61,089,735</u>

I would like to thank the department directors and their staff for their work in budget preparation. Production of budget documents would not be possible without the cooperation and diligence of Pattie Ellis and Jackie Huffman, for their hard work in preparing the Fiscal Year 2017-18 Budget documents, meetings, and process. I look forward to working with the Town Board to complete the adoption of the FY 2018 Budget.

Sincerely,

Gerry Vincent
Interim Town Manager