



*Town of Hudson  
Office of the Town Manager*

550 CENTRAL STREET  
POST OFFICE BOX 457  
HUDSON, NORTH CAROLINA  
28638  
PHONE: 828.728.8272

May 18, 2010

Honorable Mayor Beane and Members of the Hudson Board of Commissioners:

In accordance with North Carolina Local Government Budget and Fiscal Control Act and the Town of Hudson charter, I hereby submit the proposed budget for Hudson, North Carolina for fiscal year 2010-2011. The budget is balanced and identifies all revenue and expenditure estimates for fiscal year 2010-2011.

**SUMMARY**

This budget year has been dramatic in its challenges across North Carolina, its municipalities, and the entire nation. The Town of Hudson has not been able to escape these difficult times. We face rising cost in all Town expenditures and reduced revenues; and the current economic recession is expected to continue for the next year or two. During this past fiscal year the Town lost its ninth and tenth largest taxpayers causing a significant drop in property valuation.

Hudson's budget is traditionally conservative and this year, again, it is exceptionally so. Every possible step has been taken to avoid asking Hudson property owners for additional taxes to support the general operations of the Town. In order to bring balance to the Town revenues and expenditures department heads were instructed to continue the most minimal budgets reasonable to contain expenditures. The FY10-11 Budget continues the Town's current level of service provided for its citizenry.

It is estimated that in the 2010-2011 fiscal year the Town will spend approximately \$2 million for general services, including administration, public safety, public works, recreation, and debt services. This year's general fund budget reflects 1.33% decrease, from the 2009-2010 general fund budgets. The fiscal year 2010-2011 budget proposes the ad valorem property tax rate be increased two cents to 37 cents per \$100 valuation.

Because of the unprecedented economic downturn in which we find ourselves, in order to implement this proposed reduced budget departments, again this year, will be so limited in funding that it will require the full cooperation of every Town employee to complete the next fiscal year within budgeted appropriations. Our Town staff is our most valued asset and is to be commended for the fine jobs they do.

**EXPENDITURES**

The budget, for the second consecutive year, includes no pay increases for current employees and no compensation for elected officials. Again this year the Boards will be donating their services to the Town. State mandated increases in retirement contributions are included. The 401k three percent (3%) contribution for non-law enforcement personnel is unchanged. The state mandated five percent (5%) 401k contribution is included for law enforcement personnel. All currently funded 25 full-time positions are included. Increased costs to employee health insurance coverage with Blue Cross & Blue Shield forced me to look at reduced coverage in order to keep additional premium costs to a minimum of 5.63%. Employee health insurance coverage is fully included in this budget. The Police Department staffing will have 10 full-time officers, one full-time Community College Officer, and a Records Clerk/Secretary. The Community College Officer position is fully funded with money received from Caldwell Community College. Planning services will continue to be provided through a contract with the Western Piedmont Council of Governments.

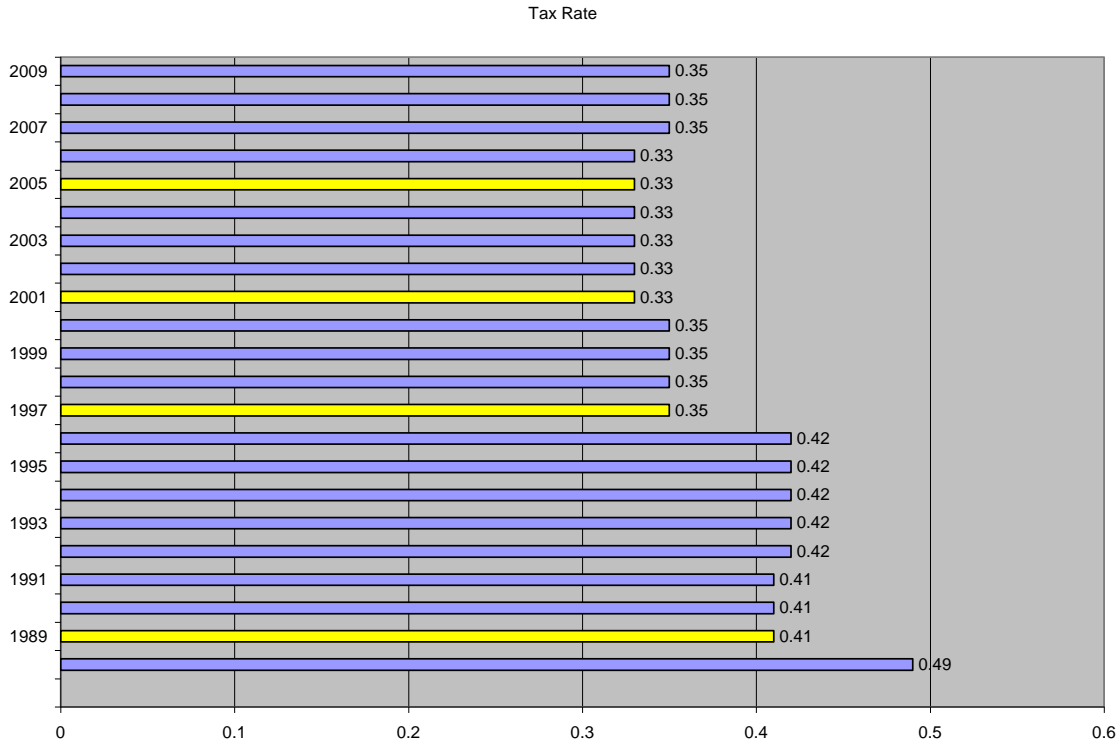
Capital expenditures in the budget are eliminated. Department heads are advised to keep all capital expenditures on hold until next year.

This budget includes \$40,000 to fund the contribution to the Sales Tax Reinvestment Program payable to Caldwell County per our Sales Tax Reinvestment Agreement with Caldwell County. Also included in the FY10-11 budget is the fourth installment of principal and interest in the amount of \$95,108 toward the retirement of the \$750,000 loan incurred for the construction of the recreation center.

**REVENUES**

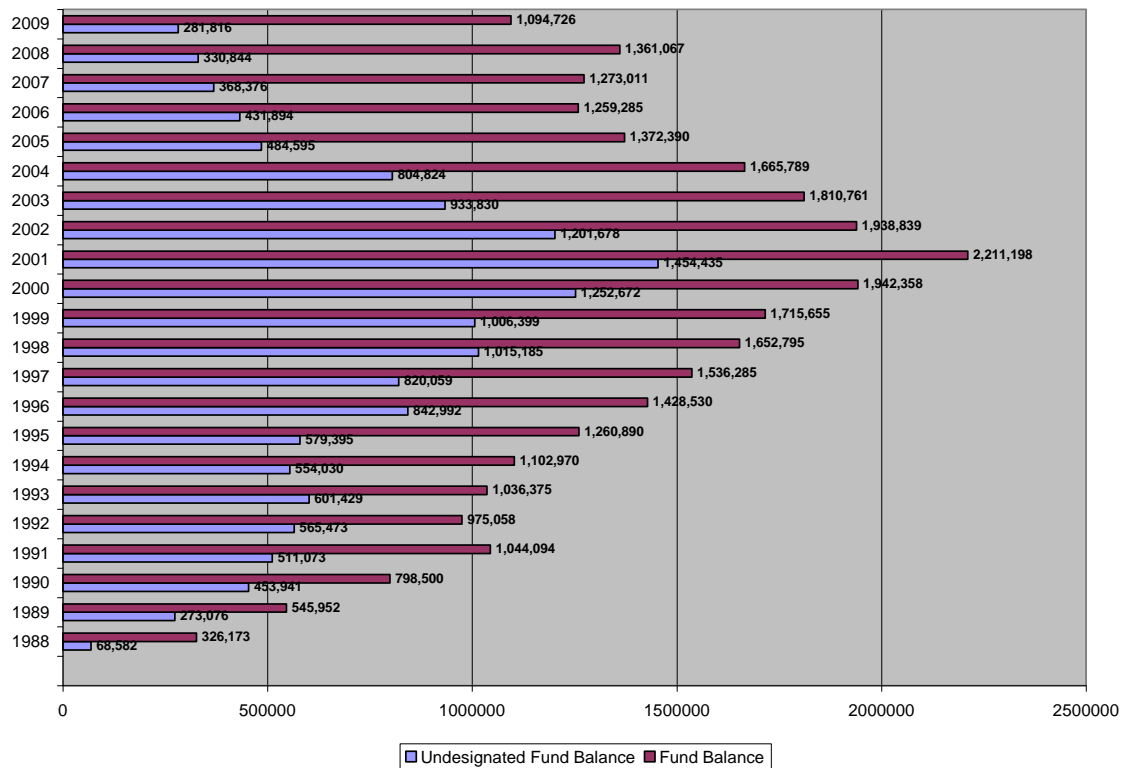
Most revenue sources have shown little or no growth, including such revenues as sales tax distribution and property tax income. Total revenues for 2010-2011 of \$2,141,785 reflect a 1.3% decrease over revenues of 2009-2010. Town staff continues to look into possible grant funding whenever possible to address the needs of the Town.

The budget reflects current valuation of \$233,747,765 resulting in net ad valorem tax revenue of \$864,867 within the municipal boundaries of the Town of Hudson. The poor economic conditions have resulted in the loss of more than \$4 million of valuation since last year. Motor vehicles tax revenue is estimated to be \$79,000. The property tax rate for the 2010-2011 operating budget is proposed at 37 cents per \$100 valuation reflecting a two cents increase in the ad valorem tax rate. (See tax rate history chart below – yellow highlighted lines indicate revaluation years.)



**FUND BALANCES**

Fund balances are barely sufficient. The unreserved general fund balance is approximately 12% of the annual expenditure budget. The North Carolina Local Government Commission suggests that municipalities maintain a fund balance that is at least eight percent of its annual general fund expenditure budget. The fund balance of the Town of Hudson is sufficient to meet that need. However, I feel it is important to take measures to increase the current diminishing fund balance. Having adequate fund balances insures Hudson will have funds to deal with any unforeseen disaster, or be able to absorb revenue shortfalls or unexpected expenditures. (See history of General Fund balances, designated and state mandated designated.)



## CONCLUSION

It is with tremendous thought and analysis that I recommend the General Fund budget to you. It is never a good time to raise taxes and certainly with economic conditions as they are much thought and work went into presenting to the Board of Commissioners the leanest possible budget to provide the current service levels to Hudson's citizens. I think it would be irresponsible of me to simply wish that the economy will get better. I still believe the future for Hudson is a positive one and that better days are ahead. It is simply taking longer than most of us believed. I just cannot in good faith try to capitalize on projected growth that is not here yet at the expense of the fiscal integrity of the Town's budget; therefore, I recommend a two cent ad valorem tax increase. I will continue to seek grant funding from both the state and federal levels. Certainly, the Department Heads and I will continue to look for ways to increase our revenues and minimize our expenditures.

As government officials we have a responsibility to oversee the collection of revenues from and on behalf of our citizens and in exchange provide them with the needed and desired services as efficiently and effectively as possible. This is a responsibility that I do not take lightly. As always special thanks go to the staff of the Town of Hudson. Their dedication and commitment make my job much easier. On behalf of the Town of Hudson Employees, I thank each of you for the opportunity to serve the Board of Commissioners and the citizens of Hudson. I also thank Mayor Bill Beane and the full Board of Commissioners for their unfailing commitment of time, patience and hard work during the budget process and in all other aspects of their service to the Town of Hudson. In conclusion, I believe that this budget is not only lean, not just "bare-bones", but to quote one of the department heads, is deeply into the marrow. It reflects a commitment to the current levels of services to our citizens, and addresses all facets of the Town of Hudson operations.

The budget public hearing is scheduled to be held at the regularly scheduled Board meeting on June 29, 2010 at 6:30 p.m. in the Commissions Room at the Hudson Town Hall. Adoption of the budget ordinance may be done anytime after the public hearing but must be done by June 30, 2010. Any person wishing to make comments or ask questions may do so at the public hearing. The proposed budget is available for public review at the Hudson Town Hall during regular business hours. Notice of availability of the document and the scheduled public hearing will be published in the *NewsTopic*. Additionally, the proposed budget will be posted on the Town's website, [www.ci.hudson.nc.us](http://www.ci.hudson.nc.us), for review.

Sincerely,  
 Rebecca M. Bentley  
 Town Manager

**PROPOSED  
2010-2011  
GENERAL FUND OPERATING BUDGET**

<b>Revenues:</b>		Restricted
Property Taxes	\$ 958,485	
Other Tax & License	505,000	
Unrestricted Intergovernmental Income	167,000	
Restricted Intergovernmental Income	98,000	98,000 Powell Bill
Other Revenue	268,300	45,000 CCC&TI Officer
Investment Earnings	25,000	
Appropriated Fund Balance	119,640	119,640 Powell Bill Appropriated Funds
<b>Total General Fund Revenue</b>	<b>\$ 2,141,785</b>	<b>\$262,640 Restricted Revenue</b>

<b>Expenditures:</b>		
Governing Board	\$ 1,815	
Administration	105,505	
Finance	111,816	
Tax Collections	75,505	
Legal	6,100	
Planning & Zoning	34,100	
Law Enforcement	655,859	45,000 CCC&TI Officer
Public Works, Streets, and Sanitation	423,462	
Landscaping & Grounds	45,911	
Recreation & Cultural	298,273	
Debt Service	95,108	
Powell Bill	217,640	217,640 Powell Bill Exp
Hudson Uptown Building	43,307	
Contingency	27,384	
<b>Total General Fund Expenditure</b>	<b>\$ 2,141,785</b>	<b>262,640 Restricted Exp</b>