

**TOWN OF  
GRANITE FALLS**

**PROPOSED BUDGET  
FISCAL YEAR 2010-2011**

**SUBMITTED MAY 24, 2010**

## **BUDGET MESSAGE**

The Honorable Barry Hayes, Mayor  
Members of the Granite Falls Town Council  
Granite Falls, NC 28630

Dear Mayor Hayes and Members of the Town Council:

In accordance with the North Carolina Local Government Fiscal Control Act, the recommended budget for fiscal year 2010-2011 is presented for your review, discussion and subsequent adoption after any necessary changes deemed necessary by the town council. This document reflects balanced revenues and expenditures required to maintain existing town services for the coming fiscal year. Shown is a statistical summary of the proposals by department and fund as compared to the 2009-2010 fiscal year. Issues of significance that were addressed during the budget process are also summarized briefly.

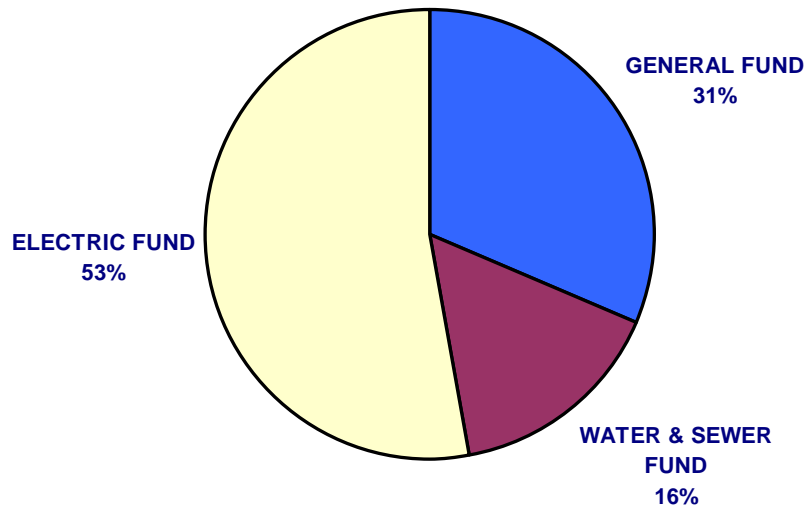
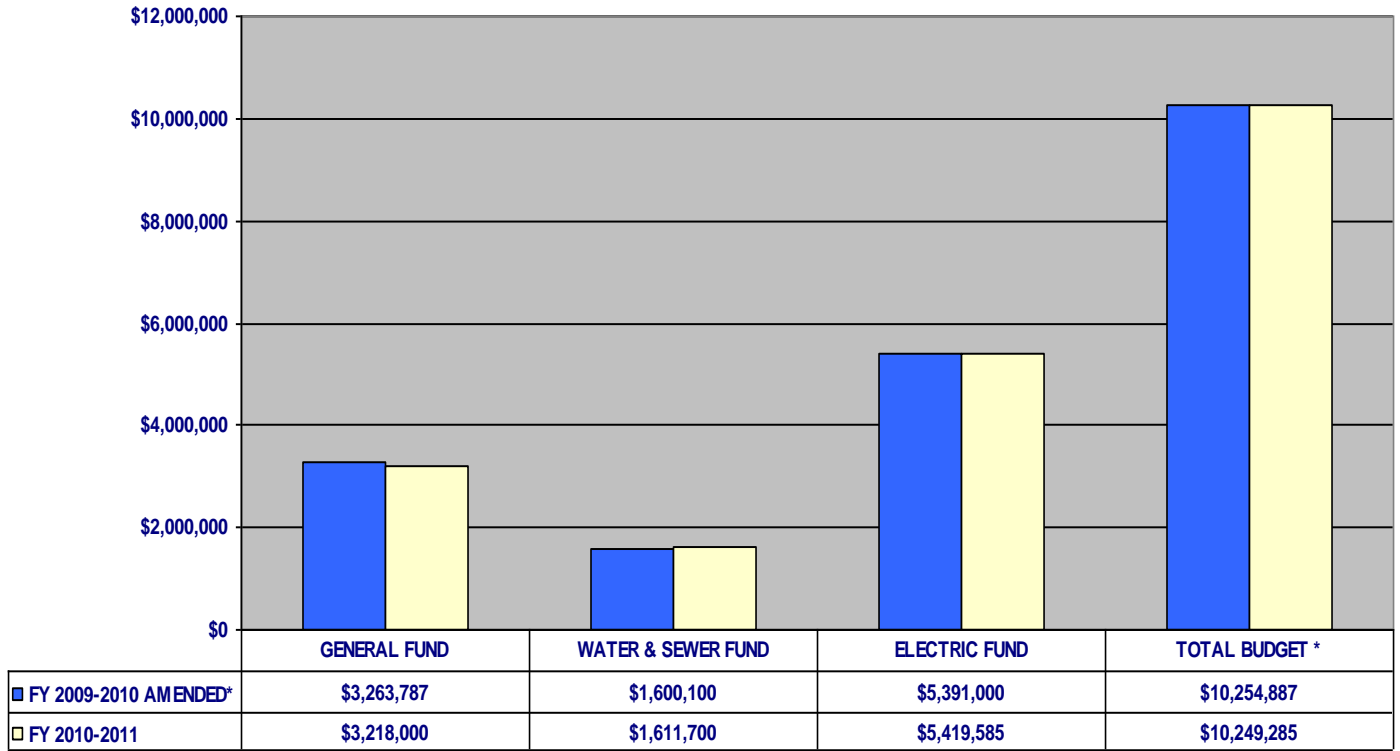
This budget contains funds for operations and a very meager appropriation for capital outlay purchases. The town staff continues to pursue grant opportunities to assist the town with financing capital projects when possible. The Electric and Water and Sewer Funds include limited capital improvements but funds are appropriated for routine maintenance.

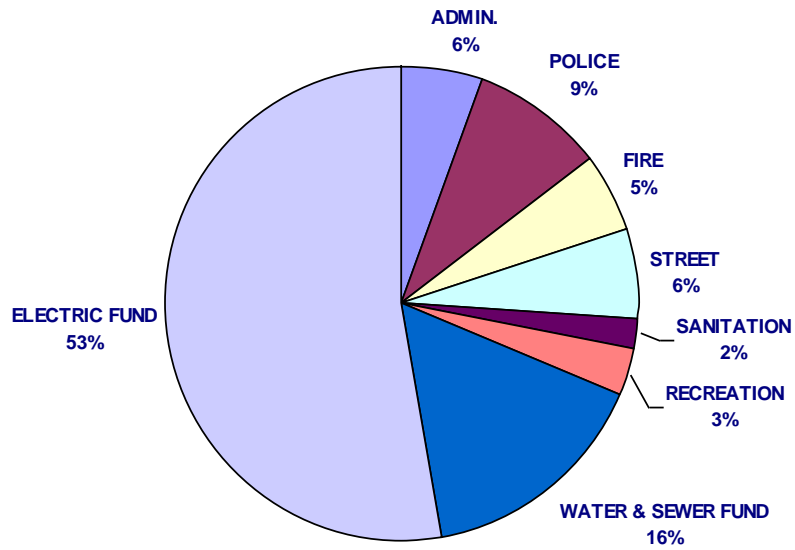
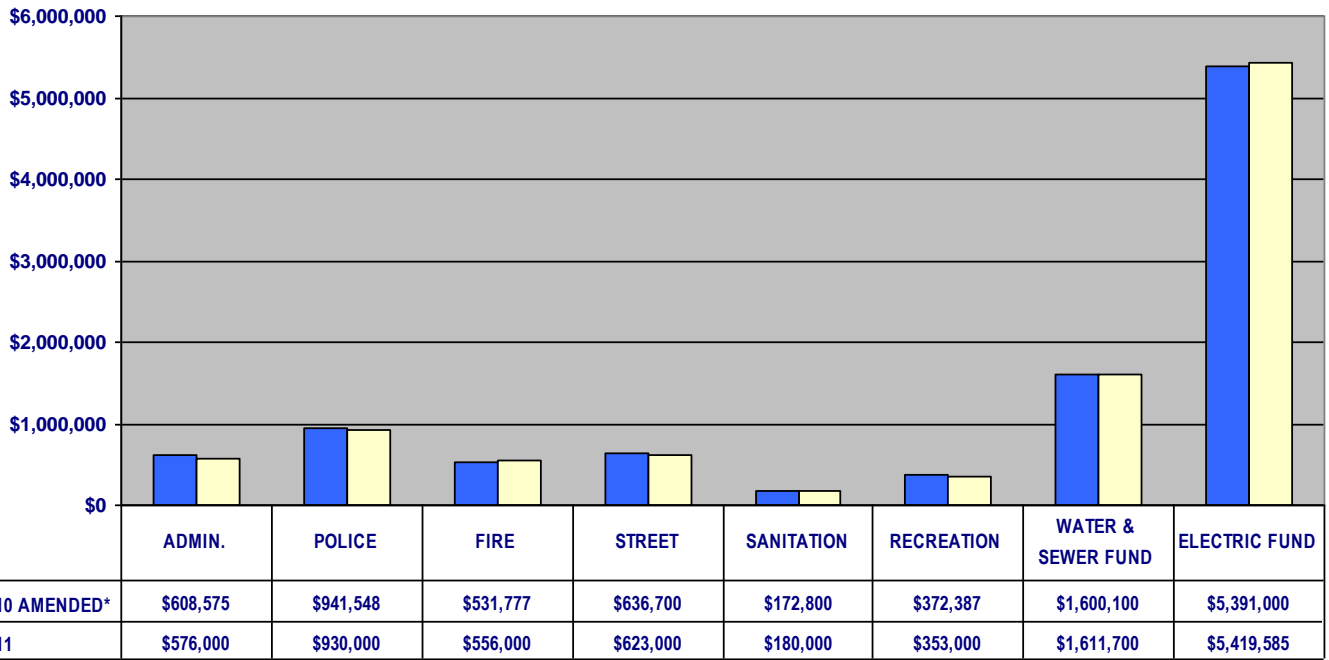
The recommended budget for all town operations, capital improvements and debt service requirements totals \$10,249,285 for fiscal year 2010-2011 as compared to our current 2009-2010 fiscal year budget of \$10,489,887, as amended. This represents a decrease of \$240,602 or 2.29% from the current budget for 2009-2010. During our current fiscal year, the town purchased a fire truck for \$235,000 and amended the budget to reflect this purchase. For comparative purposes, the 2010-2011 budget of \$10,249,285 represents a decrease of \$5,602 or .05% when the 2009-2010 budget is adjusted for the capital outlay for the fire truck. The budget reflects a 5.0% rate increase in the Electric Fund and an increase in water and sewer rates. Below is outlined each fund and department as compared to the previous fiscal year 2009-2010:

**STATISTICAL SUMMARY**

(Excludes \$235,000 Capital Outlay for Fire Truck)

<u>GENERAL FUND</u>	<u>2009-2010</u> <u>AS AMENDED*</u>	<u>2010-2011</u> <u>PROPOSED</u>	<u>% INCREASE</u> <u>OR DECREASE</u>	<u>% OF</u> <u>GENERAL</u> <u>FUND</u>
Administrative	\$ \$ 608,535	\$ \$ 576,000	-5.4%	17.9%
Police	\$ \$ 941,548	\$ \$ 930,000	-1.2%	28.9%
Fire	\$ \$ 536,777	\$ \$ 556,000	2.7%	17.3%
Street	\$ \$ 636,700	\$ \$ 623,000	-2.2%	19.8%
Sanitation	\$ \$ 172,800	\$ \$ 180,000	4.2%	5.6%
Recreation	\$ \$ 372,887	\$ \$ 359,000	-3.5%	11.0%
<b>Total General Fund</b>	<b>\$ \$ 3,498,967</b>	<b>\$ \$ 3,318,000</b>	<b>-5.1%</b>	<b>100.0%</b>
<b>Water &amp; Sewer Fund</b>	<b>\$ \$ 1,600,100</b>	<b>\$ \$ 1,611,700</b>	<b>0.7%</b>	
<b>Electric Fund</b>	<b>\$ \$ 5,391,000</b>	<b>\$ \$ 5,419,585</b>	<b>0.5%</b>	
<b>TOTAL BUDGET</b>	<b>\$ 10,254,887</b>	<b>\$ 10,249,285</b>	<b>.05% decrease or \$5,602</b>	
<b>TOTAL BUDGET</b>	<b>\$ 10,489,887</b>	<b>\$ 10,249,285</b>	<b>2.2% decrease or \$240,602</b> <b>less than the FY 2010 budget</b>	





**CAPITAL OUTLAY  
(EXCLUDES FIRE TRUCK PURCHASE)**

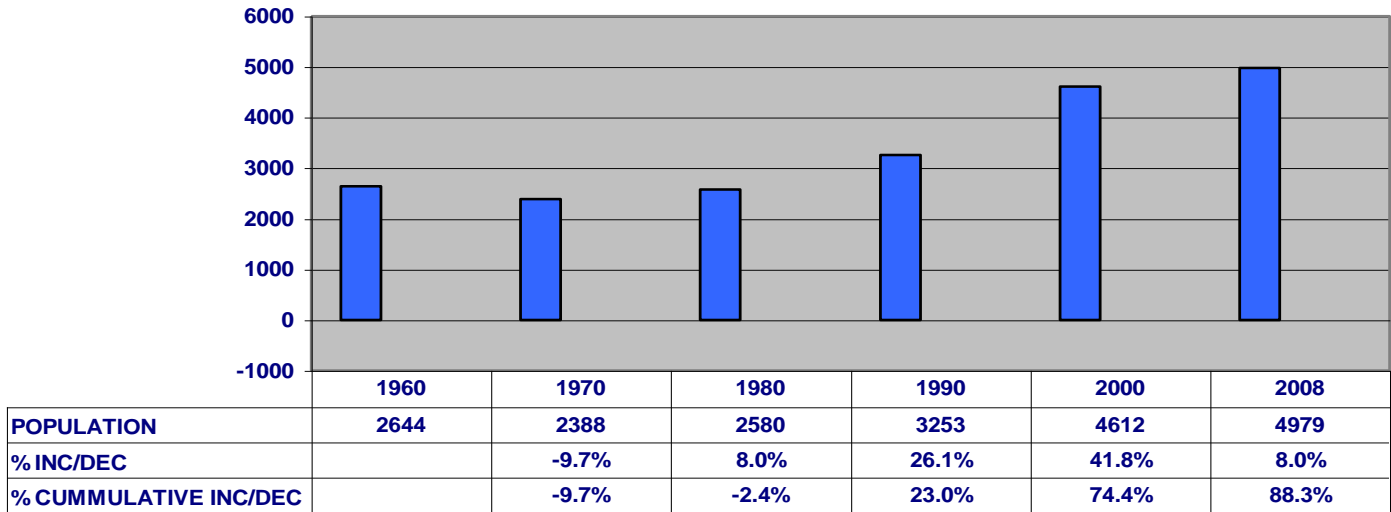
	2009-2010	2010-2011	\$ INCREASE
<u>GENERAL FUND</u>	<u>AS APPROVED</u>	<u>PROPOSED</u>	<u>OR DECREASE</u>
Administrative	\$ 2,000	\$ 3,000	\$ 1,000
Police	\$ 54,941	\$ 42,150	\$ (12,791)
Fire (Excludes Truck)	\$ 6,886	\$ 3,200	\$ (3,686)
Street	\$ -	\$ -	\$ -
Sanitation	\$ -	\$ -	\$ -
<u>Recreation</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ -</u>
<b>Total General Fund</b>	<b>\$ 68,827</b>	<b>\$ 53,350</b>	<b>\$ (15,477)</b>
<b>Water &amp; Sewer Fund</b>	<b>\$ 90,000</b>	<b>\$ 150,000</b>	<b>\$ 60,000</b>
<b>Electric Fund</b>	<b>\$ 70,000</b>	<b>\$ 75,000</b>	<b>\$ 5,000</b>
<b>TOTAL CAPITAL BUDGET</b>	<b>\$ 228,827</b>	<b>\$ 278,350</b>	<b>\$ 49,523</b>

**Description of Town**

Located in the foothills of western North Carolina, Granite Falls is the most southern town in Caldwell County, along the US 321 corridor. The population of Granite Falls is 4,979 according to the latest population estimate from Jennifer Song, State Demographer in the Office of State Budget and Management, issued August 24, 2009. The estimated land area is over five square miles. The town operates under the council-manager form of government. The mayor is elected at large and serves a four-year term. The six town council members are elected at large and serve staggered four-year terms. The town council holds policy-making and legislative authority. The council is responsible for adopting the budget and appointing the town manager and town attorney. The manager is responsible for implementing policies and managing daily operations. Granite Falls is a full-service town that provides its citizens a wide range of services that include administrative, police, fire, sanitation, recycling, recreation, streets, electric distribution, water and sewer treatment plants and water and sewer distribution maintenance.

Below is a graph of the changes in Granite Falls' population from 1960:

## POPULATION



### General Fund

The General Fund is the fund of traditional government services. This fund is greatly influenced by the local economy, state revenue patterns and national economic trends. Needless to say, all of these influences have been in a steady decline for the last year. The General Fund budget is \$45,787 less than the previous year. I need to caution the council that maintaining these levels of expenditures are not sustainable indefinitely without declines in service levels.

Taking into account the status of the current economy, the staff and I have made every effort to prepare a conservative budget that continues to meet human resources, infrastructure, equipment and facility needs while also meeting the following goals:

1. Continue to develop excellent working relationships between town council, town staff, and citizens.
2. Provide quality police and fire services and facilities that ensure a safe environment for all citizens.
3. Actively work to maintain and increase a diverse economy where business, industry and residents will grow and thrive.
4. Maintain a high degree of fiscal stability and ensure qualified and competent personnel to carry out directives to benefit all residents.
5. When the opportunity presents itself, be an advocate for Granite Falls and the region as a great place to live, work, play and do business.
6. Encourage citizen input, involvement, pride and recognition for the betterment of Granite Falls.
7. Continue to provide outstanding recreation facilities and programs.
8. Be an active participant and influence the politics of the region and state.
9. Find unaccounted/unmetered water.

10. Continue to be active in the Caldwell County Economic Development Commission, the Caldwell County Railroad Board, Metropolitan Planning Organization/TCC/TAC, Caldwell County Sales Tax Reinvestment Committee, the Unifour Air Quality Committee, the Caldwell County Transportation Committee, the Catawba River Study Committee, the Caldwell County Crisis Communications Committee, the Caldwell County Tourism Committee, the Catawba River Coalition, the Caldwell Chamber's Partners, the Catawba River Water Management Group, the Drought Management Advisory Group and the Chamber's Corporate Circle.

11. Continue to train and develop employees within our workforce.

12. Continue to provide quality services through the use of technology where applicable.

The chart below provides a breakdown of the major revenue categories in the general fund, their amounts, and their respective percentages of the total \$3,218,000 in anticipated revenues.

	<b>PROPOSED BUDGET</b>	<b>% OF GENERAL FUND REVENUES</b>
<b>Ad Valorem taxes and interest</b>	<b>\$ 1,396,200</b>	<b>43.4%</b>
<b>Local Option Sales Tax</b>	<b>\$ 716,000</b>	<b>22.2%</b>
<b>State-shared revenues</b>	<b>\$ 387,400</b>	<b>12.0%</b>
<b>Other Local Revenues</b>	<b>\$ 245,790</b>	<b>7.6%</b>
<b>Vehicle Taxes</b>	<b>\$ 118,000</b>	<b>3.7%</b>
<b>Fire District Tax</b>	<b>\$ 79,800</b>	<b>2.5%</b>
<b>Recreation Revenues</b>	<b>\$ 68,000</b>	<b>2.1%</b>
<b>Interest on Investments</b>	<b>\$ 28,000</b>	<b>0.9%</b>
<b>Cable TV Franchise</b>	<b>\$ 55,000</b>	<b>1.7%</b>
<b>ABC Revenue</b>	<b>\$ 34,500</b>	<b>1.1%</b>
<b>General Fund Balance Appropriated</b>	<b>\$ 89,310</b>	<b>2.8%</b>
<b>Total General Fund Revenues</b>	<b>\$ 3,218,000</b>	<b>100.0%</b>

**Total Assessed Tax Valuations, Ad Valorem Tax to Remain at \$ .42**

The tax rate for the year becomes official when the new budget is adopted annually in June. The tax rate for fiscal year 2010-2011 is recommended to remain unchanged at \$ .42 cents per \$100 of assessed value. The tax base in FY 2010-2011 is estimated at \$332,662,491 that provides \$1,447,286 in ad valorem taxes to include real property, personal property and public utilities property. An amount of \$1,360,000 has been budgeted for ad valorem tax revenue that represents a 94% collection rate. Budgeted for vehicles taxes is \$118,000. The previous year's assessed valuation was \$332,662,491 and a levy of \$1,397,982. One penny on the tax rate is expected to generate approximately \$34,459 for FY 2010-2011. The Caldwell County Board of Commissioners voted to delay the implementation of the revaluation scheduled for 2011 due to the economic conditions. The

goal of each property revaluation process is to adjust the taxable values of real property so that they approximate market value. This four or eight year process is not necessary for the other types of taxable property as those are automatically revalued every year according to

predetermined depreciation schedules. The breakdown of the 2009 tax assessments is shown below.

Real Property	-	\$305,223,750
Personal Property	-	<u>\$ 39,368,220</u>
Total Assessed Valuation	-	\$344,591,970

### **Commercial Growth**

The Shoppes at Rivercrest continues to expand since the grand opening of the Super Wal-Mart in March 2008. The commercial development is owned by Lauth Property Group, Charlotte, NC, who purchased 125 acres from Ray and Edgar Starnes, at the intersection of US 321 and US 321A. Also open as part of the commercial site are a Dollar Tree, Tri-County Wireless, Alltel Wireless, Great Clips, Gamestop, Wendy's, Bojangle's, Sally's Beauty Supply, Shoe Show, Asian Bowl, Murphy Oil Express, Frankie's Pizza and Auto Zone. Property is available for another anchor, co-anchors, and several out-parcels. In addition, 60+ acres are still available for development adjacent to the River Bend Subdivision. The Town and Caldwell County jointly purchased 66 acres through the Caldwell County LLC from Ed Whisenant in a two-thirds and one-third partnership, with Granite Falls purchasing the one-third share. An amount of \$26,000 has been budgeted in the Administrative Budget for the 2010-2011 interest on the Whisenant property purchase. In addition, several commercial and industrial tracts are located along the US 321 corridor.

### **Sales Taxes**

The State of NC collects sales tax and distributes them to local units based on point of sale and population from Article 39, 40, 42, and 44. The distribution of these sales taxes changed in late 2008 when a new state law requires more revenue to be distributed on the point of sale and less on the per capita basis. Sales tax revenues are distributed on a population basis in Caldwell County. Sales tax revenues are budgeted flat with the 2009-2010 fiscal year projection of \$716,000.

### **Sales Tax Reinvestment Fund**

The town has committed \$40,000 from sales tax revenue to the Interlocal Government Agreement sales tax pool operated jointly by participating local governments in Caldwell County. Granite Falls agreed to increase its annual commitment from \$20,000 to \$40,000 per year as an amendment to the five (5) year agreement that began July 1, 2007 and ends June 30, 2012. The original Sales Tax Reinvestment Agreement began July 1, 2002 and ended June 30, 2007. If the Caldwell County Board of Commissioners changes the method of sales tax distribution from a per capita to an ad valorem basis, Granite Falls stands to lose approximately \$225,000 per year. Dr. Caryl Burns serves as the town's voting delegate to this committee.

### **State Collected Local Taxes**

In 1998, the General Assembly replaced the utility franchise tax on piped natural gas with an excise tax on piped natural gas. In 2001, the General Assembly replaced the utility franchise tax on local telephone service with a new sales tax on telecommunications. As of January 1, 2001, each town's share of the utility franchise tax is based on the actual receipts from electric service only within their municipal boundaries. This revenue source is also highly sensitive to weather. Franchise tax revenues, piped natural gas excise taxes and

telecommunications sales taxes are projected to be \$210,000. State collected beer & wine tax has been withheld from the town for the past two years but is scheduled to be distributed in 2010 –2011. The budget reflects \$22,000 in 2010-2011.

### **Powell Bill/Street Allocation**

Powell Bill Funds are anticipated to decrease around three percent next fiscal year due to the increase of gas prices and consumers driving less; therefore, producing less sales tax revenue from gas sales. An amount of \$145,000 has been budgeted. The use of these funds is restricted to maintaining, repairing, constructing, reconstructing or widening any public street within the town limits that is not state-maintained. Sidewalks, bridges, drainage, curb and gutter, and other necessary appurtenances are also approved uses of these funds. The state determines the amount of the each allocation from a formula containing a municipality's local street miles and population and is redistributed by the State as a portion of the motor fuel taxes collected.

### **South Caldwell Fire District Tax**

Town Staff requested the county increase the South Caldwell Fire District Tax by \$.02 per \$100 valuation in order to better cover the cost of providing service. The fire district tax has not increased in 10 years. The 2010-2011 budget for the fire district tax is \$79,800.

### **User Fees**

Enclosed is the schedule of recommended user fees for 2010-2011. These fees were researched, evaluated and recommended by the department heads for their areas of responsibility.

### **Personnel – No Salary Adjustments**

The budget proposal does not call for the elimination of any full-time positions nor does it include any cost of living or merit for full-time or part-time employees. Contingency plans are in place to keep the budget in balance should the town revenue drop unexpectedly or extraordinary expense items occur.

### **Pay and Classification Plan**

The council authorized a pay and classification study to be completed by the NC League of Municipalities in the 2008-2009 budget with implementation in the 2009-2010 budget. When the economy began to decline sharply in the fall of 2008, Becky Veasey with the Maps Group, agreed to postpone the study until the economy begins to improve. It is better to wait on the study until the town is in a position to implement the recommendations. Employees are the most valuable resource of the Town. In order to provide a fair and equitable pay plan consistent with local governments pay systems in our region of similar size, I am hopeful the pay and classification study can be completed within the next year and implemented shortly

thereafter. Funds are appropriated in each department in the miscellaneous line item to complete the study.

### **LGERS – Retirement Plan**

Effective July 1, 2010 the Local Government Retirement System (LGERS) mandated a 1.55% increase in the town's contribution rate to the retirement plan. This mandate increased the town budgeted expense by \$32,500.

### **Longevity Pay and 401k**

The longevity plan recommended by The Maps Group and adopted by the Town Council is included in the fiscal year 2010-2011 budget. The percentages vary based on the employee's length of service. The budget includes 401K benefits of 5% as required for sworn law enforcement personnel and 2% for all other employees, including part-time personnel working the minimum established hours.

### **Health, Dental, and Life Insurance Coverage, Workers Compensation, General Liability, and Health Insurance for Retirees**

The proposed budget includes funding to continue providing health insurance for permanent full-time employees at a cost of \$441.00 per employee per month. The town secured proposals on health, life and dental, and as a result kept the health and dental benefit with NC Blue Cross and Blue Shield. As part of the BCBS program, employees can participate in a wellness program. Hartford Company will provide employees life insurance coverage and workers compensation insurance coverage will remain with the Municipal Insurance Trust pool established by the NC League of Municipalities. Premiums for workers compensation coverage increased for the upcoming fiscal year. Currently, most of the town's auto, general liability, inland marine, property and fire coverage, bonds, professional and public officials liability are with Argonaut-Trident Insurance Co. and is evaluated each year.

The Town Council established a policy in 2003, amended it in 2007 to provide \$150 and amended it again in 2009 to provide \$200 per month toward health care/dental costs for employees who retire with a minimum of 25 years of service with Granite Falls effective on or after July 1, 2003. The town has four employees currently taking advantage of this benefit since the policy was established. As part of the original policy, employees must submit documentation to the town no more often than on a bi-annual basis to verify these funds are being used for health and/or dental coverage. Upon submission of the required documentation, retirees will then be reimbursed the town's contribution. Retirees are allowed to stay on the town's life insurance as supplemental coverage if they pay 100% of the premiums. However, employees are not guaranteed a certain amount of life insurance coverage. This is decided solely by the town on an annual basis when insurance benefits are negotiated as part of the town's benefit package.

### **Overtime**

The 2010-2011 overtime budget was increased slightly to include coverage for three downtown festivals in 2010-2011 – a merchants festival in September, 2010, the annual tree lighting event in November, 2010 and another merchant's event in the spring of 2011.

**Additional Paid Holidays**

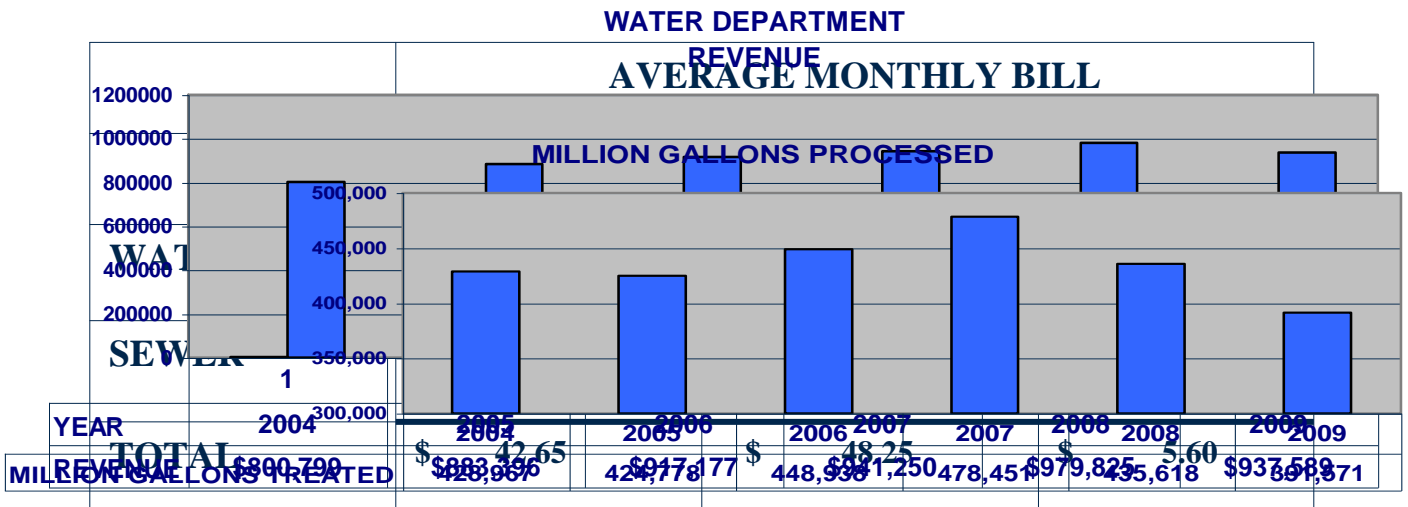
In appreciation for a job well done, I recommend the addition of two paid holidays (Martin Luther King, Jr. Day and Veteran’s Day) for all town employees. These additional holidays also bring the town holiday schedule in line with other governmental agencies and do not cost the town money.

**Water and Wastewater Fund – Rate Increase Recommended**

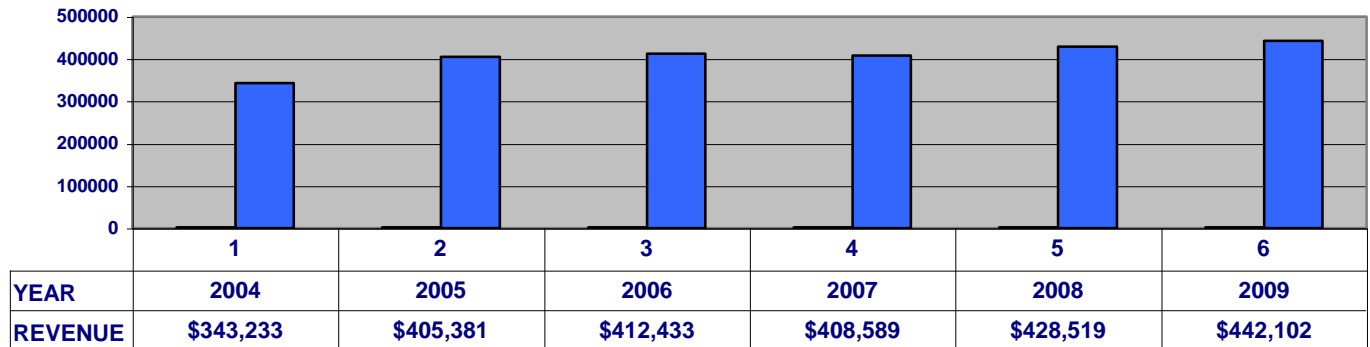
The 2010-2011 budget is \$1,611,700 or \$11,600 more than the 2009-2010 budget. Sales are sluggish as a direct result of less usage by residential and industrial customers. The recent years of drought have taught us all to be more conservation minded and water usage remains consistently lower by all users. At the same time, the utility function must comply with appropriate government regulations and adequate funds are allocated to operate the fund on a self-supporting basis. Providing safe drinking water and treating wastewater before it is returned to the environment is an important function of town government

The town’s rate structure complies with state requirements that the “more a user consumes the more they should pay”. This has been brought about by the two recent droughts. If a unit of local government applies for any state funds, whether grant or loan, the rate structure will be evaluated. Preference for funding will be given to those units who have rates that reflect increasing rates for higher usage. The recommended rates for in-town residential users of 5,000 gallons per month puts the town in compliance with the new water tank grant requirements of \$48.25 per month.

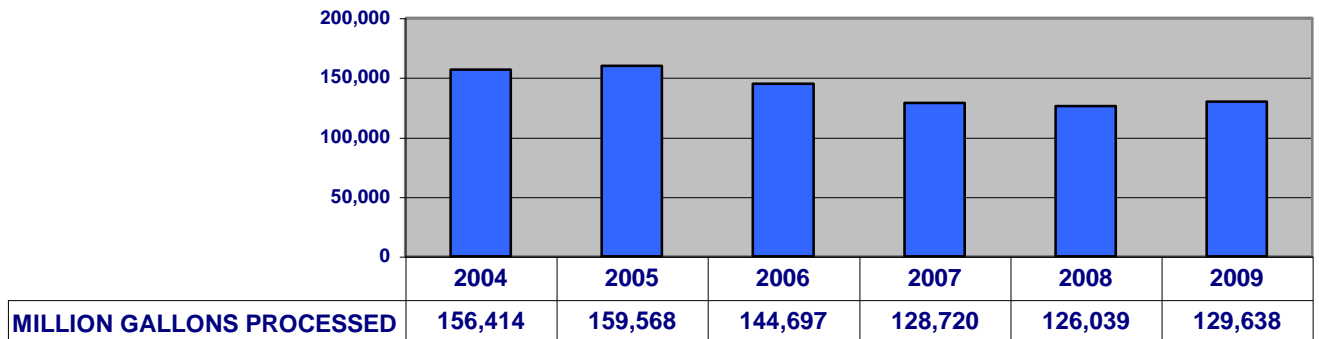
The proposed 2010-2011 budget includes a recommended water rate increase on the 3,000 gallon minimum charge from \$16.00 to \$19.00 or \$3.00 and an increase on the base rate for sewer of \$1.55 from \$9.00 to \$11.45. The increased cost to a household using the minimum 3,000 gallons of water/sewer per month will be \$5.00 or 17 cents per day. Records show 65% of customers use less than 5,000 gallons per month and 96% of customers use less than 15,000 gallons per month. There is also a small increase in the incremental blocks. We are in the second year of a rate schedule for large commercial and industrial customers that use more than 250,000 gallons per month. Outside rates are 175% of the inside rates. The rate increase would be effective July 1, 2010. The town’s objective is to provide water and wastewater services at the most affordable price. The Water and Sewer fund has operated in a deficit the past few years.



### WASTEWATER REVENUE



### MILLION GALLONS PROCESSED



#### **Water Tank Project**

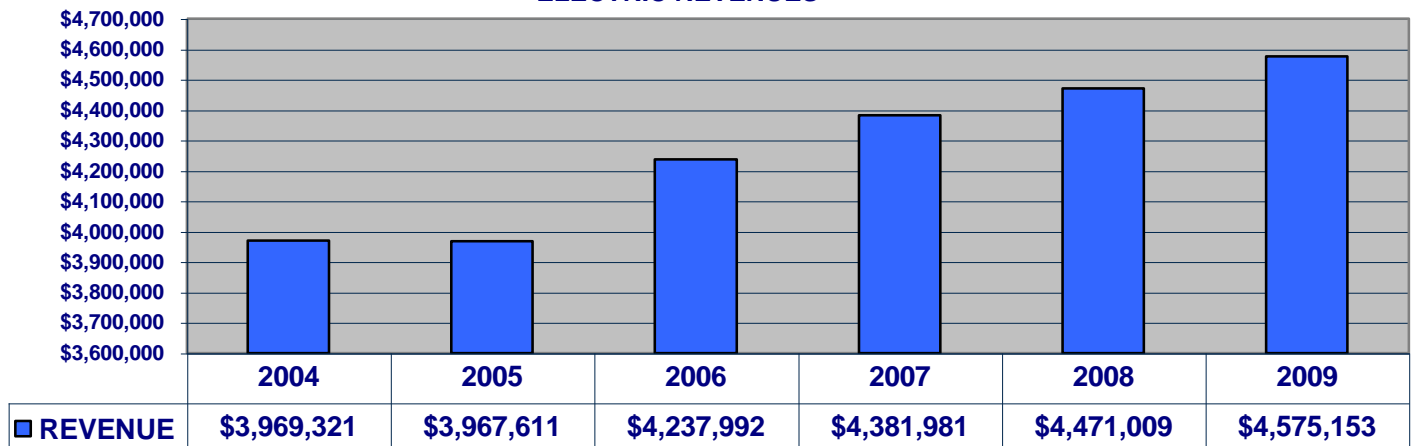
The Wooten Company completed a Water Distribution System Study and Facility Plan in January 2000 that identified the need for a new overhead water tank in the US 321/US 321-A area. The town has purchased an approximate one-acre site from the Eddie Anderson family on US 321-A and it has been cleared for construction. When this new tank is constructed it will allow the town to remove the oldest tank in the system, the 100,000-gallon water tank at Granite Falls Middle School. For many years, the overall value of this tank has been a concern. To assist in minimizing the cost to the town, staff has secured several grants that require job creation by local businesses/industry. The Town has received \$1,783,000 in grant funds toward the water tank project. Wal-Mart agreed to create 50 new jobs that have resulted in a \$500,000 grant from the NC Rural Center, a \$200,000 grant from Appalachian Regional Commission (ARC), a \$250,000 grant from the Golden Leaf Foundation; and a \$333,000 NC Rural Center supplemental grant for the construction of a water line from the new tank on US 321-A to Duke Street. The supplemental grant for the water line project requires the town's combined water and sewer rates to be one and one-half times the annual median household income, or \$48.25 per month for 5,000 gallon residential users, as of the last census, by the end of the project or 2011. The town's application to the NC Department of Commerce has been approved in the amount of \$500,000 of additional funding. The town has also applied to the Economic Development

Authority (EDA) for \$1,000,000 in additional grants, that if awarded could allow the construction to begin in late 2010.

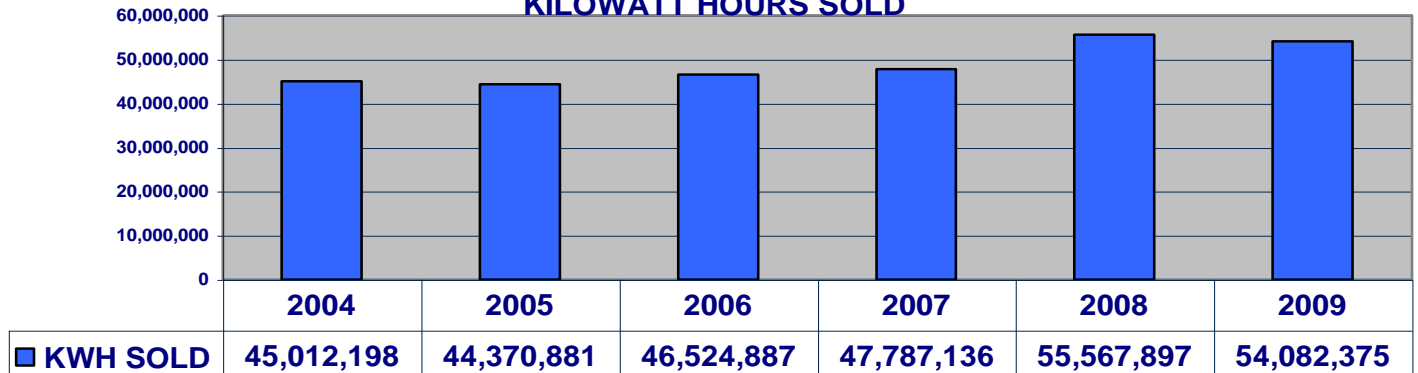
**Electric Fund**

The total proposed Electric budget is \$5,419,585 which is .53% more than the 2009-2010 budget. Effective July 1, 2010, the NC Municipal Power Agency #1 is increasing wholesale rates to the town by 5.0% and is required to continue the Renewable Energy Portfolio Standards (REPS) charge that averages one-half percent (.5% - see chart below). This is the tenth consecutive year of increases in wholesale rates. In the mid-2000's the Electric fund experienced declines in revenues when our largest customer, Hammary Furniture Co., closed. The Shoppes at Rivercrest has added load, especially the new Super Wal-Mart, but still not to the previous kilowatt hours sold. Wholesale power costs represent 72% of total electric department expenses. This July, an across-the-board rate increase of 5.0% is budgeted for all classes of customers. The rate increase translates into an increase of \$0.17 per day or \$5.00 per month for a customer bill that averages \$100 per month. The proposed rate will become effective with the July 1, 2010 billing.

**ELECTRIC REVENUES**



**KILOWATT HOURS SOLD**



### **Energy Efficiency**

This Electric budget continues the town's commitment to green power and energy efficiency initiatives. The total amount included for rebates to customers for installing energy efficient water heaters and air conditioners is \$20,000. The council previously approved three energy efficiency programs for town customers.

### **Renewable Energy Portfolio Standards**

Budgeted in the Electric Department are the requirements of Senate Bill 3. Under NC Senate Bill 3 of 2007 all electric customers must pay a Renewable Energy Portfolio Standards (REPS) charge. Granite Falls' charges are less than the maximum allowed under the legislation due to the program being implemented by NC Municipal Power Agency #1. \$27,000 is included for the town's participation in the REPS mandate. The council will be requested to adopt a revised rate rider at the June 14 meeting in order for the town to collect the revised charges.

<b><u>Customer</u></b>	<b><u>Monthly Cost</u></b>	<b><u>Annual Cost</u></b>	<b><u>Maximum Annual Cap 2008-2011</u></b>
<b>Residential</b>	<b>\$0.55</b>	<b>\$6.60</b>	<b>\$10</b>
<b>Commercial</b>	<b>\$2.21</b>	<b>\$26.52</b>	<b>\$50</b>
<b>Industrial</b>	<b>\$31.42</b>	<b>\$377.04</b>	<b>\$500</b>

### **Electric Department Receives Prestigious RP3 Designation and Public Power Awards of Excellence**

Granite Falls' Electric Department received the prestigious Reliable Public Power Provider (RP3) designation from American Public Power at the annual American Public Power Association meeting in March for a two-year period 2009-2011. Granite Falls received the first RP3 two-year designation from 2007-2009. Granite Falls is one of only 29 electric systems in NC and 60 of over 2,000 to receive this honor in the United States.

The town also received six Public Power Awards of Excellence from ElectriCities for 2009. These awards are for Grassroots/Building Political Strength, Customer Service, Economic Development, Communications, Employee Training and Energy Efficiency.

### **Garbage Collection and Recycling Contracts**

The contracts with Garbage Disposal Service will continue to provide curbside garbage and recycling collection once each week. 72% percent of the town's households participated in the curbside recycling program for 2009, which is up by 12% from 2008. The citizen participation rate reached its highest level of 88% in 1999.

### **Safety Training**

The town continues to provide funds for safety compliance in each department. It is recommended the town continue to use Safety Training Specialist (STS) for the town's safety consultation needs at a cost of \$100 per full-time employee.

### **Debt Service**

The town has traditionally maintained a conservative position regarding issuance of public debt and only utilizes debt as a means to finance long-term capital projects. The town issued debt in the amount of \$500,000 in January 2006 with RBC Centura for principal and interest payments on the expansion of the Administrative Offices. Principal payment in the Administrative Department is \$33,500 and interest is \$14,369. This debt will be repaid in 15 years or 2021. Principal and interest has been appropriated for debt service payments on the water, sewer and electrical line extensions to Timber Ridge Lumber Co. on U.S. 321-A and to River Bend Subdivision that allows for industrial and commercial growth along with US 321 corridor in the amount of \$159,030. This was originally financed through First Citizens Bank but was refinanced with RBC Centura in 2003. The debt on the fire truck purchased in 2009 is \$235,000 with payments of \$3,172 per month for seven years. The annual debt service to Caldwell County for the purchase of water lines is \$53,000. This repayment will be completed in 2011. The Caldwell County LLC, along with Caldwell County and the Town, purchased 66 acres from Edward Whisenant for economic development. The town must pay its one-third share of the debt payment (\$26,000) along with Caldwell County paying its two-thirds share. After the interest only payments the town must pay the one-third share of principal and interest costs until the property is sold.

### **History and Transportation Museum**

The council appointed a new History Committee in April 2009 to assist the town with oversight of the Granite Falls History and Transportation Museum. Volunteers continue to staff the museum on Saturdays and Sundays. The Baird House is the second oldest house in Caldwell County with the original structure built in the 1790s. The museum features more than a century of history in Granite Falls and also the development of its transportation with many artifacts from the town's history. One major project of the committee is to enter and maintain a record of all the artifacts, including pictures, in the Past Perfect Program purchased with Enhancement Fund.

### **Stormwater Phase II and Erosion Control Ordinances**

Granite Falls, due to proximity to the Hickory Metro Area, is required by State and Federal Law to develop rules for compliance with Phase II Stormwater. The town co-permitted with Caldwell County and several other municipalities to enforce a county-wide Phase II Stormwater Ordinance. Caldwell County recently withdrew its participation in the Stormwater program. The City of Lenoir is now the lead agent in the program and holds the permit from the State of NC. Additionally, the County has also withdrawn its participation in the Sedimentation and Erosion Control program. The State Department of Environment and Natural Resources (NCDENR) will now enforce these rules within Caldwell County from their regional office in Swannanoa. The Stormwater ordinance is applicable to most new development that meets the minimum size thresholds and to communities like Granite Falls who operate an MS4-Municipal Separate Storm Sewer System. The town is responsible for educating local citizens as well as developers/builders about these ordinances for their compliance with federal and state law.

### **Town Is A "Small Town Main Street Community"**

Granite Falls was named a “Small Town Main Street Community” in August 2008 by the NC Department of Commerce. Small Town Main Street is a three-prong program of design, promotions and economic restructuring. This designation provides two years of free technical assistance to help the town. The town completes the two-year initial STMS process in June, 2010. Lew Holloway and Sherry Adams are the NC Department of Commerce’s representatives that will provide the technical assistance to the town, the Merchants Association members, and downtown business and property owners.

Town Councilman Mike Mackie serves as the Chairman of the Small Town Main Street initiative with former Finance Officer Brenda Poe serving as the liaison for the Merchants Association. Planner Greg Wilson and Town Manager Jerry Church also participate in the meetings.

### **Hazard Mitigation Five-Year Plan Update**

The town completed a five-year update of the Hazard Mitigation Plan in 2009 that was originally adopted in 2004. Granite Falls participated with Caldwell County and the other municipalities in the 2004 joint plan and participated in the joint 2009 plan.

### **Lakeside Park**

Lakeside Park, located on Lake Rhodhiss at the end of Lakeside Avenue and adjacent to the town’s water treatment plant, has been open to the public with more and more citizens visiting the park. The town continues to be excited about this project and the potential it has in protecting the town’s public water supply and future recreational opportunities for residents. Walking trails, bicycle trails, a picnic shelter, several footbridges and restrooms are available for public use.

### **EDI Grants**

The town has appropriated funds in the Administrative Department for a potential Economic Development Incentives (EDI) grant. Council will be asked to approve the actual incentive grant before any incentives are given.

### **Connect – Telephone Service**

The town continues to utilize the Connect-CTY® service, a town-to-resident notification system. With this service, town leaders can send personalized voice messages to residents and businesses within minutes with specific information about time-sensitive or common-interest issues such as emergencies and local community matters. The Connect-CTY service is used to supplement our current communication plans and augment public safety/first responder services.

### **Summary**

The economic transition in this community is not over. The unemployment rate remains at a high level that exceeds both the state and the national figures by almost fifty percent. The unemployment for Caldwell County in March 2010 was 16.3%. As our local revenues remain stagnate and as our state revenues may be threatened again by a large state budget deficit, we must continue to look forward and determine how we can continue to do "more with less".

The mayor and council have shown leadership and commitment to the community's future in working on this budget. Keeping a focus toward the future in this economic downturn, the council remains interested and engaged in moving forward. Although times are tough, we continue to move forward making the decisions that are necessary to focus on keeping Granite Falls the best place to live, work and play.

The budget process is time consuming, but essential in meeting the needs of our organization and our citizens. The state and local economy continue to impact local revenues. Through the annual budget process, the Mayor and Town Council determine the level of town services and funding for capital projects, set the town's property tax rate, user fees, and charges for services.

This is the first budget I have submitted to the town council since I was hired in September of 2009. I am proud to have been chosen for this duty and for the opportunity to work alongside individuals who love this great town. The spirit of cooperation and willingness to complete tasks efficiently and cost effectively exists throughout this organization from the council and department heads down through the other full and part-time employees. This budget is the culmination of many hours of analysis and efforts by the council's budget committee consisting of Chairman Tracy Townsend, Donald Kirkpatrick, Mike Mackie and Mayor Barry Hayes. I appreciate their contributions and input as well as the time they took out of their schedule to assist me in this process. I would also like to thank the department heads, Finance Officer Marsha Harbison and the balance of the council and town staff for their participation in formulating the 2010-2011 budget.

### **Call for Public Hearing**

In accordance with the NC Budget and Fiscal Control Act the council must hold a public hearing prior to adopting the budget. It is recommended the council hold the public hearing to receive public comments on the budget at a special meeting to be held Monday, June 14 2010 at 6:00 p.m. in the Town Council Room at 4 South Main Street. This public hearing date and time, along with a budget summary, will be distributed to the local news media.

Respectfully Submitted,

Jerry T. Church  
Town Manager and Budget Officer

**BUDGET ORDINANCE**  
**FISCAL YEAR 2010-2011**

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF GRANITE FALLS,  
NORTH CAROLINA:

**SECTION 1.** The following amounts are hereby appropriated to the fund set forth for the operation of the town government and its activities for fiscal year beginning July 1, 2010 and ending June 30, 2011 in accordance with the chart of accounts hereunto established for the Town:

Administrative	-	\$ 576,000
Police	-	\$ 930,000
Fire	-	\$ 556,000
Street & Public Works-		\$ 623,000
Sanitation	-	\$ 180,000
Recreation	-	\$ 353,000
TOTAL GENERAL FUND	-----	\$3,218,000
ELECTRIC FUND	-----	\$5,419,585
WATER & SEWER FUND	-----	<u>\$1,611,700</u>
TOTAL EXPENDITURES	-----	\$10,249,285

**SECTION 2.** It is established, and therefore appropriated, that the following revenue will be made available to the respective funds for the fiscal year beginning July 1, 2010 and ending June 30, 2011.

TOTAL GENERAL FUND	-----	\$3,218,000
ELECTRIC FUND	-----	\$5,419,585
WATER & SEWER FUND	-----	<u>\$1,611,700</u>
TOTAL REVENUES	-----	\$10,249,285

**SECTION 3.** As set forth in the full and accompanying budget document, the amount of \$271,000 is appropriated for debt service payments in the General, Water and Sewer and Electric Funds. This amount is sufficient for complete and proper payments of all principal, interest and commissions on the outstanding debt for the fiscal year, including the payments on the fire truck purchased in 2009. In addition, an amount of \$53,000 has been appropriated to repay the annual debt to Caldwell County for the purchase of the water lines along US 321 and US 321-A.

**SECTION 4.** There is hereby levied a tax at the rate of forty-two cents (\$0.42) per one hundred dollars (\$100.00) of assessed valuation of property listed for tax purposes as of January 1, 2010 for the purpose of raising a portion of the revenue listed as “Ad Valorem Taxes” in the General Fund in Section 2 of this ordinance. This rate is based on a total estimated valuation of property for the purpose of taxation of \$344,591,970. The estimated tax levy is \$1,447,286. A total of \$1,360,000 is budgeted for 2010 ad valorem tax revenue that is a 94% collection rate. Each one-cent on the tax rate is \$34,459.

**SECTION 5.** The Budget Officer is hereby authorized to transfer appropriations within a fund as contained herein under the following conditions:

- a. He/she may transfer amounts between line-item expenditures within a department without limitation and without a report being required.
- b. He/she may transfer amounts up to \$5,000 between departments of the same fund with an official report on each such transfer being made at the next meeting of the Town Council.
- c. He/she may not transfer any amounts between funds or from any contingency appropriations within any fund without approval from the Town Council.
- d. He/she may reallocate automatically to capital outlay those items necessary based on engineer’s determinations and may reclassify, consolidate, and reallocate automatically according to acceptable accounting standards for closeout and auditing purposes of the financial statements.

**SECTION 6.** Copies of this Budget Ordinance document shall be furnished to the Finance Officer/Budget Officer and to the Town Clerk and other appropriate employees of the town to be kept on file by them for their discretion in the disbursement of funds for fiscal year 2010-2011.

Adopted this 14th day of June 2010 in special session.

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BARRY HAYES, MAYOR

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JERRY T. CHURCH, TOWN MANAGER  
AND BUDGET OFFICER