

# TOWN OF HUDSON, NORTH CAROLINA

## Financial Section





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**Independent Auditor's Report**

To the Honorable Mayor and  
Members of the Town Council  
Hudson, North Carolina

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Hudson, North Carolina, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## Opinions

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Hudson, North Carolina, as of June 30, 2019, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 45 and 46, respectively, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 43 and 44 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Town of Hudson, North Carolina. The individual fund statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements, budgetary schedules and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by me. In my opinion, based on my audit and the procedures performed as described above, individual fund statements, budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

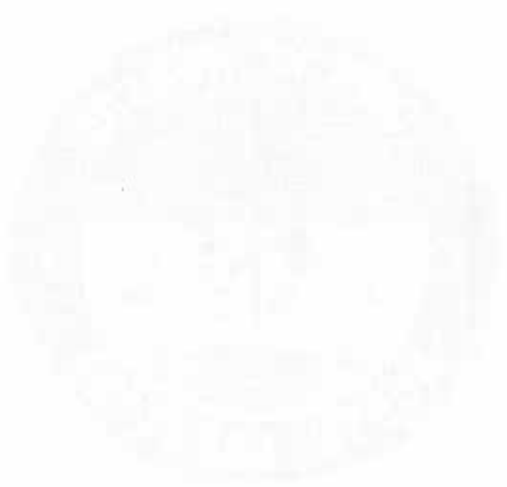
The introductory information and statistical section have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, I do not express an opinion or provide assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated October 28, 2019 on my consideration of the Town of Hudson's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Hudson's internal control over financial reporting and compliance.

C. Randolph CPA, PLLC

West Jefferson, North Carolina  
October 28, 2019





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## **Management's Discussion and Analysis**

As management of the Town of Hudson (the "Town"), we offer readers of the Town of Hudson's financial statements this narrative overview and analysis of the financial activities of the Town of Hudson for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

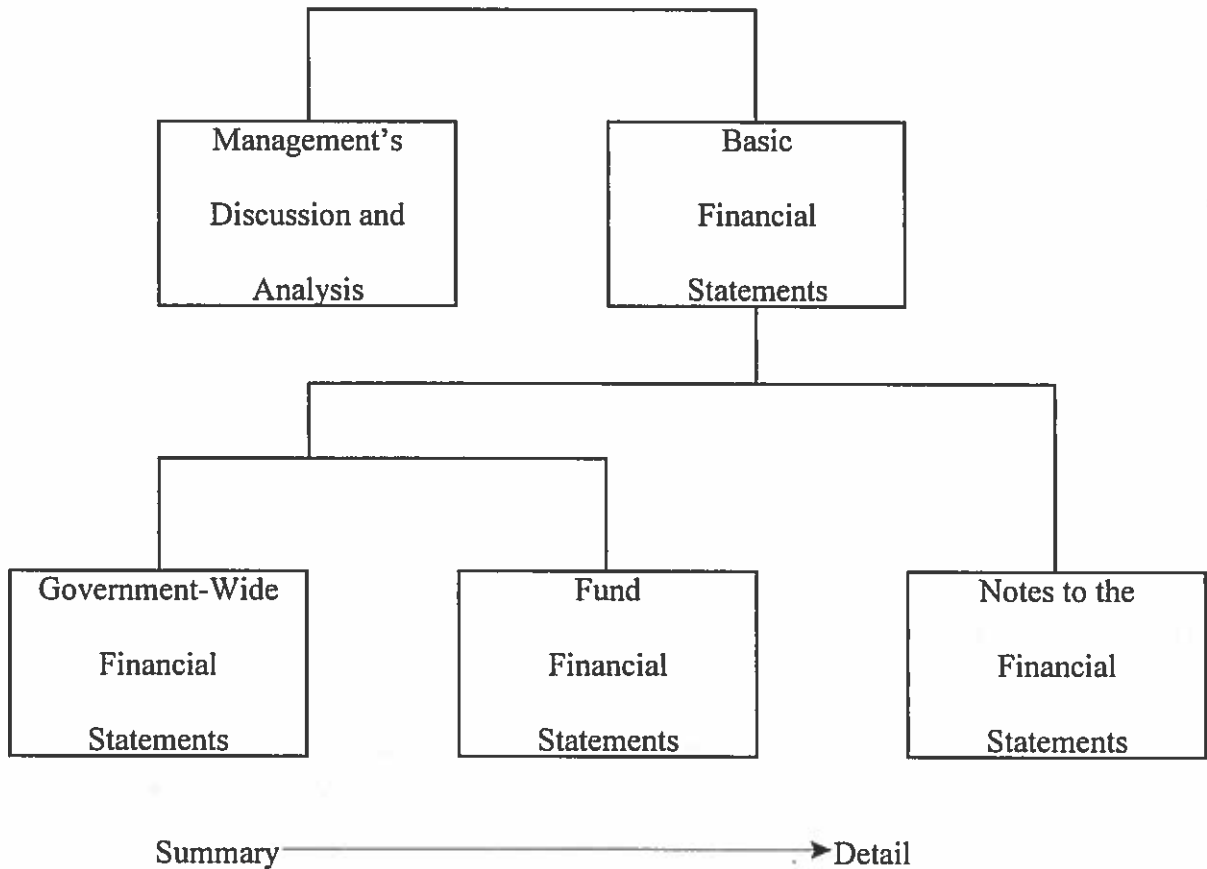
### **Financial Highlights**

- The assets and deferred outflows of resources of the Town of Hudson exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$5,042,988 (net position).
- As of the close of the current fiscal year, the Town of Hudson's governmental funds reported combined ending fund balances of \$1,882,962 with a net increase of \$88,906 in fund balance. Approximately 27% of this total amount, or \$501,387, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,074,353, or 33% of total general fund expenditures for the fiscal year.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to Town of Hudson's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Town of Hudson.

**Required Components of Annual Financial Report  
Figure 1**



**Basic Financial Statements**

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the Town’s financial status.

The next statements (Exhibits C through G) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town’s government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements.

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **Supplemental Information** is provided to show details about the Town’s individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the Town’s finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town’s financial status as a whole.



The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, public works, cultural and recreation, and general government administration. Property taxes and state and federal grant funds finance most of these activities. The Town does not have a business-type activity. The government-wide financial statements are on Exhibits A and B of this report.

## **Fund Financial Statements**

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Hudson, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Hudson are governmental funds.

**Governmental Funds** - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Hudson adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statements provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 19 of this report.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Hudson's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 43 of this report.

**Interdependence with Other Entities** - The Town of Hudson depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

**Government-Wide Financial Analysis**

**Town of Hudson's Net Position  
Figure 2**

	<u>2019</u>	<u>2018</u>
<b>Assets:</b>		
Current and other assets	\$2,099,043	\$2,083,759
Capital assets	3,702,652	3,453,600
Deferred outflows of resources	<u>375,462</u>	<u>248,482</u>
Total assets and deferred outflows of resources	<u>6,177,157</u>	<u>5,785,841</u>
<b>Liabilities:</b>		
Long-term liabilities outstanding	905,221	649,141
Other liabilities	207,574	228,511
Deferred inflows of resources	<u>21,374</u>	<u>13,012</u>
Total liabilities and deferred outflows of resources	<u>1,134,169</u>	<u>890,664</u>
<b>Net position:</b>		
Net investment in capital assets	3,519,289	3,425,162
Restricted	493,460	551,552
Unrestricted	<u>1,030,239</u>	<u>918,463</u>
Total net position	<u>\$ 5,042,988</u>	<u>\$ 4,895,177</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of Town of Hudson exceeded liabilities and deferred inflows by \$5,042,988 as of June 30, 2019. The Town's net position increased by \$147,811 for the fiscal year ended June 30, 2019. One of the largest portions (70%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Hudson uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the Town of Hudson's net position of \$493,460 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,030,239 is unrestricted.

Several particular aspects of the Town of Hudson's financial operations positively influenced the total unrestricted governmental net position:

- The Ad Valorem Tax collection rate traditionally is excellent and exceeds 96% for 2018-2019.
- The Town actively seeks and is awarded grant dollars to accomplish service objectives and purchase much needed equipment in order to provide the highest quality service to Hudson citizens.
- The Town Board of Commissioners adopts a very conservative and balanced General Fund budget each year.
- Capital improvement plans are carefully analyzed and implemented as funds are available.
- Staff and salary needs are evaluated on a daily basis and much consideration goes into the selection of very experienced and qualified staff members.

- The needs of the citizens are paramount to the decisions made as to the services the Town Board of Commissioners decides are to be provided. Once those needs are assessed the Board and staff of the Town work diligently to determine how to most effectively and efficiently provide those services and determine to do so in the most cost effective way possible.
- The local economy continues to improve. Caldwell County's unemployment rate is lower than the state average. There are more people working in Caldwell County since July 2008. The true test of the workforce is the number of people working rather than the unemployment rate. There are more than 2,000 more people working in Caldwell County than there were persons working in the pre-recession of 2008. As the number of people working increases so does the sales tax revenues and new home sales.

**Town of Hudson's Changes in Net Position  
Figure 3**

	Governmental Activities	
	2019	2018
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 398,218	\$ 382,572
Operating grants and contributions	191,304	183,243
Capital grants and contributions	119,464	129,832
General revenues:		
Property taxes	1,331,383	1,274,175
Other taxes	1,168,031	1,101,414
Other	31,539	15,856
<b>Total revenues</b>	<b>3,239,939</b>	<b>3,087,092</b>
<b>Expenses:</b>		
General government	688,139	563,753
Public safety	987,330	996,025
Street and public works	574,540	486,092
Environmental protection	130,691	126,647
Cultural and recreation	449,508	380,655
Economic and physical development	248,674	230,787
HUB station	11,255	-
Interest on long-term debt	1,991	2,376
<b>Total expenses</b>	<b>3,092,128</b>	<b>2,786,335</b>
<b>Increase in net position</b>	<b>147,811</b>	<b>300,757</b>
<b>Net Position:</b>		
Net position - beginning	4,895,177	4,594,420
<b>Net position - ending</b>	<b>\$5,042,988</b>	<b>\$4,895,177</b>

**Governmental Activities** - Governmental activities increased the Town's net position by \$147,811. Total revenues increased \$152,847, or 5%. General Fund revenues operating grants increased due to the addition in operating grants for Dinner Theatre. Capital grants decreased due to a decrease in Powell Bill distributions from NC Department of Transportation. Also, the Governor's Highway Safety Grant the Town received in 2017-2018 was not available in 2018-2019. All other revenues were steady or slightly increased. Expenses overall increased \$305,793, or 11%, due primarily to an increase in various expenses.

The Town continues its contracts with Caldwell County Schools and Caldwell Community College and Technical Institute to provide school resource officers. One officer is provided to Hudson Middle School, and two officers are provided to Caldwell Community College and Technical Institute. On the campus of Caldwell Community College is housed two unique high schools, the Caldwell Middle College and the Early College High School. These officer positions are fully funded by the Caldwell County School Board and the Caldwell Community College.

### **Financial Analysis of the Town's Funds**

As noted earlier, the Town of Hudson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the Town of Hudson's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Hudson's financing requirements. Specifically, fund balance available for appropriation can be useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town of Hudson. At the end of the current fiscal year, available fund balance of the General Fund was \$1,074,353 while total fund balance was \$1,849,385. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 32.8% of total General Fund expenditures, while total fund balance represents 56.4% of that same amount.

General Fund revenues increased \$142,391. The following activities contributed to that increase:

- Ad Valorem Taxes make up the majority of that increase. These taxes increased \$79,179 or 6% from previous year 2017-2018. The Town's collection rate increased by nearly one-half percent due to increased efforts in collect taxes. Motor vehicle tax collections continue to increase largely because the NC Legislature passed legislation requiring motor vehicle property tax be collected by the NC Dept. of Motor Vehicles at the point the vehicle is annually registered with the NCDMV. The NC Tag & Tax Together program combines the North Carolina vehicle's registration fees and property taxes into one renewal notice and has resulted in an improved motor vehicle property tax collection rate. This, along with the increased property tax collection rate, accounts for the increase in Ad Valorem Taxes.
- Again, in 2018-2019, no major industries within the Town of Hudson closed or experienced any significant downturn in business activity. Several retail and commercial businesses have opened filling vacant spaces. However, the Town did suffer the loss of the closing of one of the three grocery stores within Hudson. The building was in need of significant repair and the owner's chose to close the business rather than invest in the improvements.
- Sales tax increased \$59,761 or 7%. This increase is a result of an increasingly improving economy in Hudson, North Carolina, and nationwide.
- Franchise sales tax increased \$8,200 or 4% also due to an improving economy.
- The Town did see a significant increase in Interest Earned Revenue of \$15,683 or 99% increase over the \$15,856 earned in 2017-2018. Although the dollar amount is small, increased investment earnings rates with North Carolina Cash Management Trust have markedly increased last year. Again, reflective of the improving local and nationwide economy.
- The Town continuously seeks grant funding to promote economic development and to improve Town equipment and facilities.

General Fund overall expenditures increased \$423,513 from 2017-2018 to 2018-2019.

- Total general government increased \$20,892 overall. Several departments expenses were less than the previous year, but the Finance Department increased \$44K or 30% primarily due to the retirement of the Finance Officer. An additional staff person was hired and trained for five months with the Finance Officer to insure a smooth transition.

- Public Safety increased \$124,755, or 12%. Salary and fringe benefit increases of \$48,729 are due to staffing changes and salary increases. An additional police investigator was added to the law enforcement personnel to handle a growing case load. Capital Outlay increased \$93K due to the upgrading of patrol vehicles. Approximately one third of the law enforcement fleet is replaced every three years to afford the department vehicles with approximately ten years of service life. Slight increases in gasolines, auto supplies, uniforms, and insurance account for most of the remaining increases.
- Streets and Public Works expenditures increased by \$89K or 19%. Street repaving accounted for most of the increase in this department. All other expenditures remained level.
- Economic and Physical Development increased \$122k or 53% due to more capital improvements made to the Hudson Uptown Building (HUB). The HUB is the former elementary school of which the Town took ownership in 1999. In 2018-2019 it was rebranded and operates as The HUB Station where Arts and Business Connect. The building was built in 1949. In 2018-2019 the Town replaced windows, upgrading the restrooms, installed a security system and upgrading the lighting to LED lights.
- Recreation/Cultural departments increased \$52,579, or 14%, over 2017-2018. In January 2019 the Town increased the recreation department staff by one position. Hudson Baseball organization ceased operation; therefore, the baseball programs were absorbed into the Hudson Recreation Department to prevent the baseball programs from ceasing to exist for the children of Hudson.
- Continued diligence in keeping expenses, such as personnel costs, travel and training costs, and capital assets, to a bare minimum is evidenced by General Fund revenues exceeding expenditures by \$55,329.

**General Fund Budgetary Highlights** - During the fiscal year, the Town revised the budget several times. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund amounted to increases in the total overall General Fund Budget.

### **Capital Assets and Debt Administration**

**Capital Assets** - The Town of Hudson's investment in capital assets for its governmental activities as of June 30, 2019, total \$3,702,652 (net of accumulated depreciation). These assets include buildings, land, equipment, vehicles, and park facilities.

Major capital asset transactions during the year include the following:

- Addition to police department: \$76,861
- New patrol vehicles for law enforcement: \$126,989
- HUB station bathroom remodel: \$40,000
- Bleachers/amphitheater: \$23,500
- New windows for Hudson Uptown Building: \$11,957
- Security cameras for Hudson Uptown Building: \$14,095
- New pickup truck: \$25,105
- New Massey-Ferguson tractor: \$19,885
- LED lighting for Hudson Uptown Building: \$24,036
- Horizon building: \$100,000

**Town of Hudson's Capital Assets  
(net of depreciation)**

**Figure 4**

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Land and buildings	\$ 3,938,433	\$ 3,631,440
Other improvements	936,536	936,536
Equipment and vehicles	1,523,997	1,507,924
Furniture and fixtures	<u>304,664</u>	<u>307,921</u>
	6,703,630	6,383,821
Less: Accumulated depreciation	<u>(3,000,978)</u>	<u>(2,930,221)</u>
<b>Total</b>	<b><u>\$ 3,702,652</u></b>	<b><u>\$ 3,453,600</u></b>

Additional information on the Town's capital assets can be found in Note III. A. 4 of the Basic Financial Statements.

**Long-Term Debt.** As of June 30, 2019, the Town of Hudson had total outstanding debt of \$183,363 due to a capital lease purchase issued April 2019 for three police vehicles and an installment note issued July 2018.

**Outstanding Debt**

**Figure 5**

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Installment purchase from direct borrowing	\$ 90,000	\$ -
Capital leases	93,563	28,438
Pension related debt (LGERS)	385,031	238,630
Pension related debt (LEOSSA)	306,896	318,494
Compensated absences	<u>118,996</u>	<u>103,117</u>
<b>Total</b>	<b><u>\$ 994,286</u></b>	<b><u>\$ 688,679</u></b>

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within the government's boundaries. The legal debt margin for the Town of Hudson is \$22,879,269.

Additional information regarding the Town of Lansing's long-term debt can be found in Note III. B. 5.

## **Economic Factors and Next Year's Budgets and Rates**

The following are some of the components that have reflected the economic condition of the Town of Hudson and prospects for the future:

- Caldwell County was experiencing an unemployment rate of 17% in January 2010 and was ranked 97<sup>th</sup> of North Carolina 100 counties for unemployment. Known as the Furniture Center of the South, most of those furniture factories were closed or downsized. Through much effort on the part of the citizens of Caldwell County, the governing boards of the County and municipalities within Caldwell County, and the Caldwell County Economic Commission – Caldwell County is experiencing nearly full employment today. Caldwell County has the largest number employed and the largest workforce since 2008. Caldwell County has reinvented itself and changed from being primarily furniture manufacturing to a Data Center HUB with the coming of Goggle and their enormous campus in Lenoir. Caldwell County has attracted several large pharmaceutical manufactures among them are Excela in Lenoir and Adhezion Biomedical right here in Hudson. People are working, factories are open, shops are selling merchandise, and the economy is doing well. The economic conditions have slowly but steadily improved. The future is bright for Hudson and all of Caldwell County.
- Hudson's largest and most long-standing businesses are still in operation. Shuford Mills, the oldest operating industry in Hudson, having been in continuous operation since 1904, was sold in December 2010 to Sattler, Inc., based in Austria. A Sattler announcement in 2012 named the Hudson facility its North American headquarters, solidifying their plans to remain a growing and viable company in Hudson. Since that announcement building improvements at Sattler are evident, bolstering the community's confidence in the improving economy. Sattler just purchased 2.7 acres of adjacent land to further expand their operations in Hudson, solidifying their presence here. Other major industries such as Shurtape Technologies, RPM Manufacturing, Sealed Air Corporation, Beo-Care Industries, and others are continuing to be great corporate citizens of Hudson. Industries and commercial business is nearly \$90 million and represent 30% of Hudson's total tax base.

## **Budget Highlights for the Fiscal Year Ending June 30, 2020**

**Governmental Activities:** Hudson's budget is traditionally conservative and this year, again, it is so. 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 FY19-20 Budget continues the Town's current level of service provided for its citizenry. Our Town staff is our most valued asset and is to be commended for the fine jobs they do. Each employee is dedicated to serving the citizens of Hudson and performing the best possible job in a safe, efficient, and effective manner.

It is estimated that, in the 2019-2020 fiscal year, the Town will spend just over \$3.6 million for general services, including administration, public safety, public works, and recreation. The 2019-2020 General Fund budget reflects less than 1% increase in the operating budget from the total 2018-2019 amended General Fund budget. The fiscal year 2019-2020 budget represents no increase in the current ad valorem property tax rate of 43 cents per \$100 valuation. One cent ad valorem tax on the base valuation is equivalent to \$27,000 in increased revenue. A sanitation fee is proposed to increase 20% at \$9 per month to cover the cost of contract increases with Republic Services. The residential fee will be billed \$108 annually on the ad valorem tax bill. Commercial businesses' solid waste is collected twice weekly. The commercial businesses sanitation fee is proposed to remain at \$216 billed annually to the property owner. All other fees remain the same.

Town staffing levels are to remain steady for the 2019-2020 fiscal year. The Town has several long tenured employees who are or are becoming eligible for retirement in the near future. The Town must consider a succession plan for the near future. The 2018-2019 budget includes a COLA of 2% for employees as well as a 1% merit increase. Other expenditures remain relatively flat with the bulk of increase due to long overdue capital outlay needs.

### **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Manager or Finance Officer, Town of Hudson, P.O. Box 457, Hudson, NC 28638.