

# **Town of Mineral Springs**

# **PROPOSED BUDGET 2015-2016**

Prepared for:

The Mineral Springs Town Council

By:

Frederick Becker III  
Budget Officer

**May 14, 2015**

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**TOWN OF MINERAL SPRINGS  
2015-2016 BUDGET**

**MESSAGE FROM THE BUDGET OFFICER**

I hereby present this recommended budget for the 2015-2016 fiscal year to the Mineral Springs town council.

The FY2015-16 budget reflects anticipated revenues and expenditures of \$320,950 including capital expenditures, which represents a \$3,690 increase over last year's final amended budget. General government expenditures total \$277,255, an increase of \$7,950, while the capital budget has decreased by \$4,260 to \$43,695.

Most general government expenditures have remained close to last year's. Election expenses have increased because of the municipal election in 2015, although the cost of our annual election contract with Union County, budgeted at \$600 for many years, has been eliminated by Union County. "Community" has increased by \$4,100, reflecting new park maintenance expenditures and funding for sheriff's deputies to provide meeting security. "Dues", "Employee Overhead", "Office", and "Planning and Zoning" have increased slightly. "Street Lighting" has decreased, reflecting Council's decision not to add additional street lighting at this time. Council has again recommended a 3% increase in staff salaries, and no change in elected official salaries. The town council has approved construction of a downtown park adjacent to the town hall, to be financed in a separate Capital Project Fund authorized at \$127,000 and funded through transfers from existing General Fund balance.

The revenue side of the budget reflects a tax base of approximately \$242 million, a decrease of approximately \$16 million over the FY2014-15 tax base as of April 30, 2015. This year was a Union County property tax revaluation year, and real property values in Mineral Springs decreased by approximately 6.5% according to the 2015 estimated tax base provided by Union County on April 5, 2015. This decrease represents an approximate decrease of \$4,000 in property tax revenue based on the current tax rate. In addition, the cable television franchise tax has expired, representing a decrease of \$3,200. The electric franchise tax (now accounted for as a sales tax) has continued to exceed projections and is estimated to be \$200,000. This remains our largest single revenue source. This increase offsets the decreases in property tax and franchise tax. As always, Council is cautioned to view this revenue source as being somewhat unstable. It is highly dependent on the operation of a single large industry in town, which is in turn very sensitive to overall economic conditions.

According to the calculations required by NC G.S. §159-11(e) in a property tax revaluation year, the revenue-neutral property tax rate for FY2015-16 would be 2.7 cents per \$100. **However, I am pleased to recommend no change in the property tax rate. The proposed *ad valorem* tax rate for the 2015-16 fiscal year is 2.5 cents per \$100.**

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Frederick Becker III, Budget Officer

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Date

# TOWN OF MINERAL SPRINGS 2015-2016 BUDGET

## BUDGET INTRODUCTION

### FUND ACCOUNTING

The accounts of the Town of Mineral Springs are organized and operated on the basis of *funds*. A fund is a grouping of related accounts that have been segregated for specific activities or objectives.

Funds used by local governments can be grouped into two types: *governmental funds* and *proprietary funds*. Governmental funds are simply used to account for most governmental-type activities and are primarily financed by tax revenues. Proprietary funds are used for activities that operate more like businesses, such as water or sewer operations, where expenses are primarily financed by revenues derived from user charges rather than tax dollars. Mineral Springs currently uses only governmental funds, primarily a single *General Fund* and, when needed, *Capital Project Funds*.

### General Fund

The General Fund encompasses most of the town's day-to-day operations. Property taxes are one component of General Fund revenue. Other important General Fund revenue sources are various sales taxes and utility franchise and excise taxes that are distributed to the town by the North Carolina Department of Revenue. Finally, specific user charges such as permit fees are accounted for as General Fund revenues.

All general operating expenditures are budgeted and accounted for in the General Fund. In addition, capital expenditures (purchases of real and personal property assets that have multi-year service lives) are likewise budgeted and accounted for in the General Fund. Mineral Springs considers expenditures for fixed assets

with a value greater than five hundred dollars (\$500.00) to be capital expenditures.

### Capital Project Funds

The town of Mineral Springs uses Capital Project Funds to budget and account for larger capital expenditures that may take place over more than one fiscal year. A large or multi-year capital project is authorized by a *Capital Project Ordinance* adopted by the town council, and the project is financed through a related Capital Project Fund. The Capital Project Fund may receive transfers from the General Fund, or it may receive funds from other revenue sources such as grants or bond proceeds.

In recent years, the Town of Mineral Springs has established Capital Project Funds to construct the town hall, to purchase real property for conservation and recreation utilizing a North Carolina Clean Water Management Trust Fund grant, to purchase and undertake initial repairs on the historic Mineral Springs School agriculture building, and to construct a parking area and trailhead for the Mineral Springs Greenway.

On April 9, 2015, the town council adopted a Capital Project Ordinance authorizing design and construction of a small park adjacent to the town hall. A portion of the expenditures authorized by this ordinance will be made prior to the end of the 2014-15 fiscal year on June 30, 2015, with the bulk of the expenditures made during FY2015-16. As required by statute, information about this Capital Project Ordinance is included in the FY2015-16 Proposed Budget.

## **BUDGET PREPARATION**

The town of Mineral Springs operates on a *fiscal year* that runs from July 1 through June 30. The annual budget process begins with the budget officer working with departmental staff to estimate operating expenditures for the next fiscal year. These estimates usually begin in March. The following schedule has been established for the Mineral Springs fiscal year 2015-2016 budget preparation and enactment process:

**April 9, 2015:** Suggested departmental appropriations are presented to the town council at its regular meeting. No revenue estimates are presented at this time. Council is asked to review the budget officer's draft appropriations worksheet and advise him of any changes.

**May 14, 2015:** Prior to the town council's regular May meeting, the budget officer completes his estimates of anticipated revenues for the upcoming fiscal year and incorporates these estimates plus Council's recommended departmental expenditures into the *Recommended Budget*. The recommended budget contains information on prior-year budgets, a detailed departmental revenue and expenditure breakdown, an analysis of those figures, a draft FY2015-16 budget ordinance, and a *budget message* that provides a brief overview of the proposed budget. The draft budget ordinance also includes a recommended property tax rate. The budget officer must file a copy of the recommended budget with the town clerk on the day it is submitted to Council.

Council may make additional changes to the recommended budget, and then by motion will call for a public hearing on the budget. The town clerk will then advertise the time and place of that hearing, as well as stating in that advertisement that the budget is available for public inspection at the clerk's office. In Mineral Springs, the public hearing is generally conducted at the regular June town council meeting, and

the budget ordinance (subject to any additional changes) is then adopted by vote of the town council.

**June 11, 2015:** Council conducts the budget hearing and adopts a budget ordinance. North Carolina general statute also requires that copies of the adopted budget ordinance be filed in the office of the town clerk, the budget officer, and the finance officer.

## **THE ROLE OF THE ANNUAL BUDGET ORDINANCE**

Under the North Carolina Local Government Budget and Fiscal Control Act, no expenditure may be made by the finance officer or any departmental personnel if that expenditure is not authorized in the adopted budget ordinance. It should be noted that the governing document is the *ordinance*, and not the more detailed departmental expenditure breakdown. For example, if the "Office" appropriation in the budget ordinance is \$118,976, and the detailed breakdown lists expenditures of \$2,400 for "supplies" and \$5,000 for "utilities", it would be perfectly legal for the finance officer to make "supplies" expenditures of \$3,000 and "utility" expenditures of \$5,500 during the fiscal year, *provided the total of all expenditures in the "Office" category does not exceed \$118,976.*

Some local governments allow the finance officer to make transfers between departmental appropriations in the budget ordinance as necessary. The Mineral Springs town council does not grant the finance officer this authority. If the finance officer finds that upcoming expenditures would exceed an appropriation in the budget ordinance, he *must* prepare a *budget amendment* and present it to Council for approval. This process serves as another layer of internal control, ensuring that the ultimate responsibility for compliance with the adopted budget ordinance rests solely with the town council.

STATE OF NORTH CAROLINA  
TOWN OF MINERAL SPRINGS

**AN ORDINANCE TO ESTABLISH A BUDGET  
FOR FISCAL YEAR 2015-2016  
O-2014-03**

Be it ordained by the Council of the Town of Mineral Springs, North Carolina, the following:

**Section I. Appropriations.** The following amounts are hereby approved in the General Fund for the operation of the Town government and its activities for the fiscal year beginning 7/1/2015 and ending 6/30/2016, in accordance with a Chart of Accounts to be established for the Town:

<b>ADMINISTRATIVE &amp; GENERAL GOVERNMENT:</b>	<b>\$277,255.00</b>
Advertising	\$1,800.00
Attorney	\$9,600.00
Audit	\$5,100.00
Community Projects	\$28,100.00
Contingency	\$3,000.00
Dues	\$6,600.00
Elections	\$2,525.00
Employee Overhead	\$26,500.00
Fire Protection	\$12,000.00
Insurance	\$4,500.00
Newsletter	\$3,000.00
Office and Clerk	\$118,976.00
Planning and Zoning	\$43,704.00
Street Lighting	\$2,000.00
Tax Collection	\$3,250.00
Training	\$3,000.00
Travel	\$3,600.00
<b>CAPITAL:</b>	<b>\$43,695.00</b>
Capital outlay	\$43,695.00
<b>TOTAL APPROPRIATIONS:</b>	<b>\$320,950.00</b>

**Section II. Estimated Revenues.** It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning 7/1/2015 and ending 6/30/2016:

Property taxes	\$61,520.00
Interest	\$1,200.00
Other income	\$1,520.00
Sales taxes	\$247,860.00
Vehicle taxes	\$4,850.00
Zoning fees	\$4,000.00

**TOTAL ESTIMATED REVENUES: \$320,950.00**

Section III. Project Ordinances. Capital Project Ordinance O-2014-02 authorizing the design and construction of a park adjacent to the town hall was adopted during the 2014-15 fiscal year and will be funded by means of up to a \$127,000 transfer of fund balance from the General Fund into the Capital Project Fund.

The Mineral Springs town council may approve additional multi-year capital projects during the 2015-16 fiscal year and adopt Capital Project Ordinances to authorize expenditures for those projects. Such projects may be funded either by transfers from the General Fund into a Capital Project Fund, or through other revenue sources such as grants.

Section IV. Property Tax Levy. A tax in the amount of \$0.025 per \$100.00 of assessed valuation is hereby levied on property within the Town of Mineral Springs which was listed for property taxes in Union County, North Carolina as of January 1, 2015.

ADOPTED this 11th day of June, 2015. Witness my hand and official seal:

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Frederick Becker III, Mayor

Attest:

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Vicky A. Brooks, Clerk



<b>REVENUES</b>				<b>\$ 320,950</b>
<i>TOTAL INCOME</i>				<i>\$ 320,950</i>
Property Taxes			\$ 61,520	
Current Year	\$ 59,120			
Prior Years	\$ 2,400			
Interest			\$ 1,200	
Other Income			\$ 1,520	
Gross Receipts	\$ 720			
Festival	\$ 600			
Miscellaneous	\$ 200			
Sales Tax			\$ 247,860	
Electricity	\$ 200,000			
General Sales & Use	\$ 20,560			
Natural Gas Excise	\$ 300			
Telecommunications	\$ 5,500			
Video Programming	\$ 21,500			
Vehicle Taxes			\$ 4,850	
Zoning Fees			\$ 4,000	

<b>EXPENDITURES</b>				<b>\$ 320,950</b>
<i>ADMINISTRATIVE &amp; GENERAL GOVERNMENT</i>				<i>\$ 277,255</i>
Advertising			\$ 1,800	
Attorney			\$ 9,600	
Audit			\$ 5,100	
Community			\$ 28,100	
Beautification, Maintenance	\$ 5,800			
Charities, Agencies	\$ 9,500			
Meeting Security	\$ 1,800			
Special events	\$ 5,000			
Festival	\$ 4,000			
Misc	\$ 1,000			
Park & Greenway Maint	\$ 6,000			
Contingency			\$ 3,000	
Dues			\$ 6,600	
Chamber	\$ 300			
COG	\$ 750			
IOG	\$ 327			
NCLM	\$ 3,900			
CRTPO	\$ 850			
Other	\$ 473			
Elections			\$ 2,525	
Contract	\$ -			
Municipal	\$ 2,525			
Employee Overhead (FICA, work comp, bonds)			\$ 26,500	
Fire Protection			\$ 12,000	
Insurance			\$ 4,500	
Newsletter			\$ 3,000	

Office			\$	118,976
Salary: Clerk		\$	33,204	
Salary: Deputy Clerk/Assistant		\$	10,500	
Salary: Finance Officer		\$	30,672	
Regular	\$	27,600		
Park Maint	\$	3,072		
Salary: Mayor		\$	4,800	
Salary: Council		\$	7,200	
Equipment & durable items		\$	2,400	
Supplies		\$	4,000	
Postage (General)		\$	1,000	
Telephone, Internet		\$	7,200	
Reserve/Misc		\$	1,000	
Town Hall Maintenance		\$	12,000	
Supplies	\$	2,000		
Services	\$	10,000		
Utilities		\$	5,000	
Planning			\$	43,704
Parks & Greenways		\$	3,000	
Zoning Ord. & Planning		\$	2,000	
Zoning Administration		\$	30,704	
Salary	\$	28,704		
Contract	\$	2,000		
Land Use Planning		\$	5,000	
Reserve/Misc		\$	3,000	
Street Lighting			\$	2,000
Tax Collection			\$	3,250
Salary		\$	1,800	
Contract (Union County)		\$	1,200	
Postage		\$	100	
Billing		\$	150	
Training			\$	3,000
Boards		\$	1,000	
Officials		\$	1,000	
Staff (Clerk, TC, FO)		\$	1,000	
Travel Expenses			\$	3,600
<b>CAPITAL</b>				\$ 43,695
Capital Outlay			\$	43,695

Town of Mineral Springs

2015-2016 BUDGET ANALYSIS

I. Appropriations

*Administrative & General Government*

**Advertising** **\$1,800.00**

Included are required notifications of public hearings and special meetings involving the town council, planning board, and board of adjustment, and advertising in the 2016 Queen's Cup Race Program. This appropriation is unchanged from last year.

**Attorney** **\$9,600.00**

This appropriation includes \$3,600.00 for retainer and general expense, and remains the same as last year's appropriation.

**Audit** **\$5,100.00**

This amount has been agreed to by Robert M. Burns, CPA, and is a \$300 increase over last year.

**Community** **\$28,100.00**

This appropriation is to be used for projects and services intended to benefit the quality of life in Mineral Springs, including maintenance and beautification. Downtown pole banners and Christmas lights are included in this appropriation. Funds are also allocated for charitable contributions to community organizations. For the first time, funding is being proposed for Union County sheriff's deputies to provide meeting security, initially estimated at \$1,800. The Community appropriation has been increased by \$4,100 over last year's appropriation, reflecting an additional \$1,800 allocated to park and greenway maintenance and an additional \$500 to the 2015 festival.

**Contingency** **\$3,000.00**

This appropriation is intended to cover small unforeseen expenses in miscellaneous categories which might arise during the fiscal year. Access to Contingency funds is generally accomplished through the budget amendment process. The contingency appropriation will not necessarily be expended.

**Dues** **\$6,600.00**

Chamber of Commerce	\$300.00
Centralina COG	\$750.00
Institute of Government	\$327.00
NC League of Municipalities	\$3,900.00
Charlotte Regional Transp. Planning Org.	\$850.00
Other organizations	\$473.00

**Elections** **\$2,525.00**  
The Union County Board of Elections estimates that the cost of the 2015 municipal election will be \$2,525. The charge for the annual election contract with Union County, previously budgeted at \$600, has been discontinued.

**Employee Overhead** **\$26,500.00**  
Includes Scheduled bonds for Tax Collector at \$100.00, Finance Officer at \$450.00, workers compensation at \$1,800.00, and standard payroll obligations consisting of FICA, Medicare, and payroll processing. In addition, employee dental, vision, and life insurance are estimated at \$1,700, and our required contribution to the NC Local Governmental Employees' Retirement System is estimated at \$10,900.

**Fire Protection** **\$12,000.00**  
Our regular annual payment to the Mineral Springs Volunteer Fire and Rescue Department remains \$10,000, and our Fire Suppression Agreement with the Waxhaw Volunteer Fire Department includes an annual payment of \$2,000.00.

**Insurance** **\$4,500.00**  
This appropriation covers the premium for our General Liability, Public Officials' Liability, and Property policy. Property coverage includes both the Town Hall and the old agriculture building.

**Newsletter** **\$3,000.00**  
The newsletter is expected to run three times during fiscal year 2015-2016 at an estimated printing and mailing cost of \$1,000 per issue.

**Office** **\$118,976.00**  
We are proposing increasing the clerk's base salary to \$33,204 and the finance officer's base salary to \$30,672, representing a 3% cost-of-living increase. Council has re-authorized the part-time position of deputy clerk/office assistant for at least 12 hours per week, and the current hourly rate for that position is \$15.45/hr. This hourly rate is subject to change at the discretion of Council independent of the budget process. This position has been budgeted at \$10,500 allowing for flexibility in both that hourly rate and the number of hours worked. Council members' salaries will remain \$100.00 per month for FY2015-16, and the mayor's salary will remain \$400.00 per month. Proposed expenditures for most routine office expenses and town hall overhead remain the same as last year. Projected expenditures for telephone (including internet, fax, and alarm monitoring) are up \$400 for FY2015-16. Town hall maintenance services are down by \$500, reflecting lower outlays for materials and supplies. Utility costs have continued to be under budget, and are being reduced by \$600 for FY2015-16.

**Planning** **\$43,704.00**  
Council has recommended increasing the planning director/zoning administrator's salary by 3% to \$28,704. The proposed \$2,000 appropriation for contract services associated with providing assistance with administration, either from Centralina Council of Governments or another planning consultant, remains the same as last year's. Also included in that appropriation is an amount of approximately \$1,000 to cover an

interlocal agreement with Union County for joint funding of the Urban Forester position. There is a \$2,000 allowance for ordinance revisions and modifications, a \$3,000 allowance for a park, greenway, or sidewalk plan, a \$5,000 allowance for land use plan updates, and a \$3,000 allowance for miscellaneous expenditures, including clerical and mapping services; all of these allowances are the same as last year's.

**Street Lighting** **\$2,000.00**

This appropriation covers the cost of providing roadway lighting in the downtown area. This amount has been decreased by \$2,000, reflecting council's decision this fiscal year not to increase the number of street lights.

**Tax Collection** **\$3,250.00**

Mineral Springs will continue operating under contract with Union County for property tax collection at a cost of 1.5% of the gross collections, which has worked very well for the town. Total commissions to Union County for FY2015-16 are estimated at \$1,200; each year, there is a bit more prior-year tax to be collected which will incur additional commission, but current-year tax levy will be lower in FY2015-16. The current deputy clerk position will continue to include delinquent tax collection, and is estimated to consume \$1,800 in hourly pay. The costs of postage and billing are dropping as more of the delinquent tax balance is reduced and are estimated at \$250 reflecting a decreasing amount of correspondence and delinquent billing.

**Training** **\$3,000.00**

Ongoing training sessions for the governing board, citizen boards, and staff are offered throughout the year by the Institute of Government, the NC League of Municipalities, and other professional organizations.

**Travel Expenses** **\$3,600.00**

Included are expenses for travel to off-site training sessions, and any necessary meals and overnight accommodations. Also included are reimbursements for expenses incurred by council and staff in the course of ordinary business. This appropriation is the same as last year's.

*Capital*

**Capital Outlay** **\$43,695.00**

These funds are designated for capital needs such as major equipment purchases, furniture and fixtures, and improvements to or purchases of real property.

II. Estimated Revenues

**Interest Earned** **\$1,200.00**

Short-term interest rates have remained very low due to Federal Reserve policy, and are expected to remain as low as 0.15% throughout FY2015-16. Although the amount of funds on deposit in interest-bearing accounts continues to increase, several capital

projects will reduce those balances over the course of next fiscal year, keeping projected interest income close to last year's.

**Other** **\$1,520.00**

This category covers gross receipts taxes on rental vehicles (we began receiving this revenue again during FY2014-15), sponsorships and rental income from the festival, and a few miscellaneous payments and fees such as copy charges. Zoning fees have been removed from this category and are now budgeted as a separate line item.

**2015 Property Tax Receipts** **\$59,120.00**

The estimated tax base, based on data from the Union County Assessor's office is \$235,954,317, down 6.3% from last year due to the countywide property revaluation. In addition, we estimate that our Public Service Property tax base will be \$5,652,243 based on last year's.

The revenue estimate was arrived at as follows:

County Estimate	\$235,954,317
Public Service Property (est.)	\$5,652,243
<b>Total tax base</b>	<b>\$241,606,560</b>

Tax rate: \$0.025/\$100 assessed valuation

Total levy: \$60,401.64

Estimated collection rate: 97.88% → \$59,121.13

**Property Taxes, prior years** **\$2,400.00**

We will receive some 2012 through 2014 delinquent tax payments from Union County, and our delinquent tax collector will continue to collect payments for tax years 2006 through 2011. As required by state law, any remaining unpaid taxes for 2004 (approximately \$85) will "drop off" and no longer be subject to collection.

**Sales Taxes** **\$247,860.00**

There are several changes and reallocations involving sales taxes and franchise taxes.

First, due to changes to state law, the Electricity Franchise Tax has been changed to a sales tax. However, it is being distributed based on the previous franchise tax formulae, which has protected Mineral Springs from what could have been a severe drop in revenue beginning in FY2014-15.

Second, the franchise agreement between Mineral Springs and Time Warner expired in November 2014. Under a new state law passed in 2006, municipalities are no longer permitted to enter into new franchise agreements with cable companies or to renew them when they expire. All cable franchise agreements are coming under one state "umbrella". Therefore, the small residual cable franchise tax that Mineral Springs had been collecting from Time Warner has ended.

Third, last year's changes in Natural Gas Excise Tax distribution formulae will reduce Mineral Springs' share by approximately 50%.

Based on current fiscal year performance and accounting for anticipated economic conditions, the estimated breakdown is as follows:

Electricity sales tax	\$200,000.00
General sales and use tax	\$20,560.00
Natural Gas excise tax	\$300.00
Telecommunications sales tax	\$5,500.00
Video Programming sales tax	\$21,500.00
<b>Total</b>	<b>\$247,860.00</b>

**Vehicle taxes** **\$4,850.00**

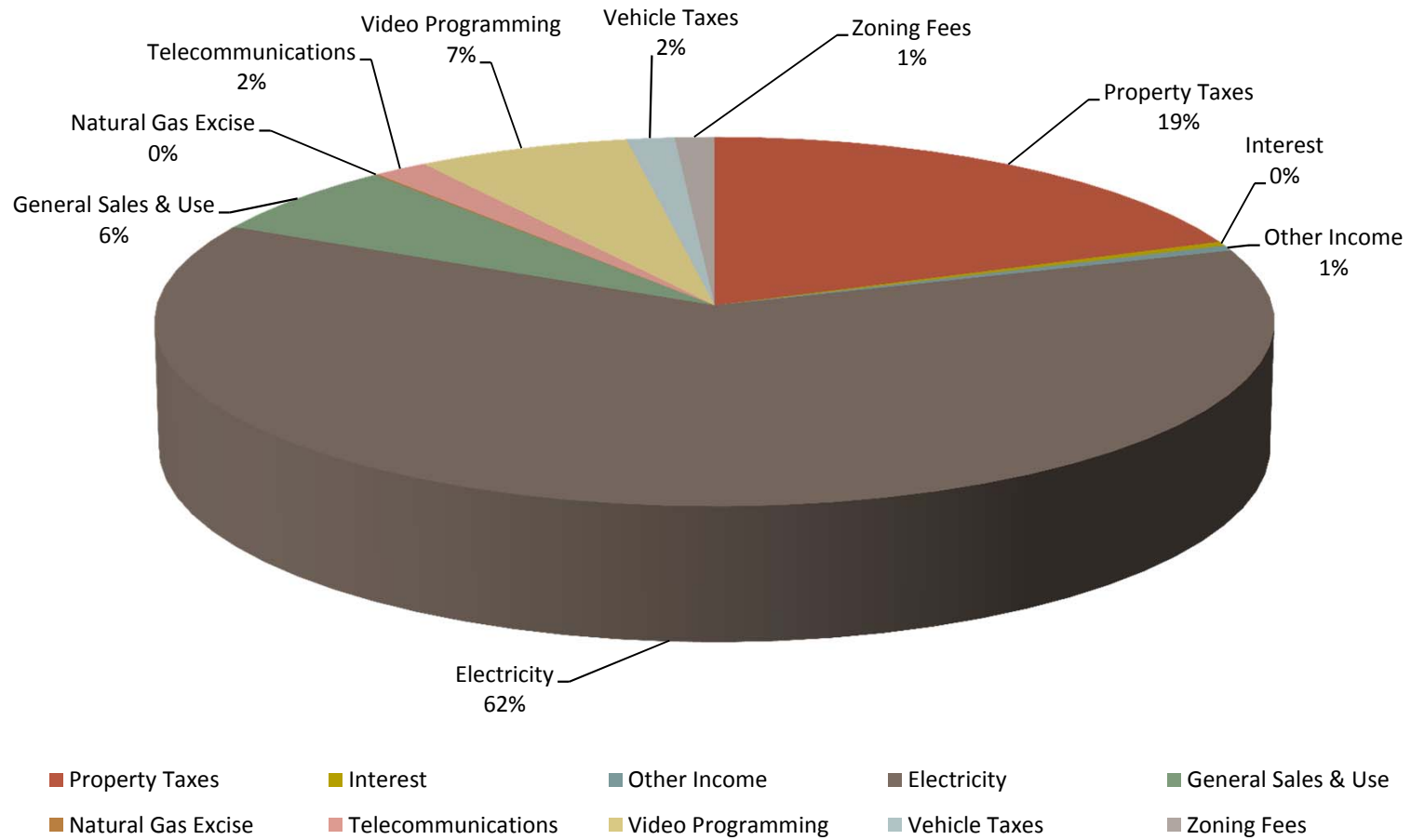
Current-year vehicle taxes will all be collected by Union County via the new state Vehicle Tax System. This amount reflects a collection rate of 95%, based on Union County's estimate of the Mineral Springs vehicle tax base of \$20,429,349. A very small amount of unpaid vehicle tax for 2005 through 2013 will be collected by Union County and distributed to the town.

**Zoning fees** **\$4,000.00**

This estimate is based on the current rate of new construction, particularly in the Copper Run subdivision, plus additional zoning permits and miscellaneous applications for amendments and conditional use permits.

# Mineral Springs Proposed Revenues 2015-2016

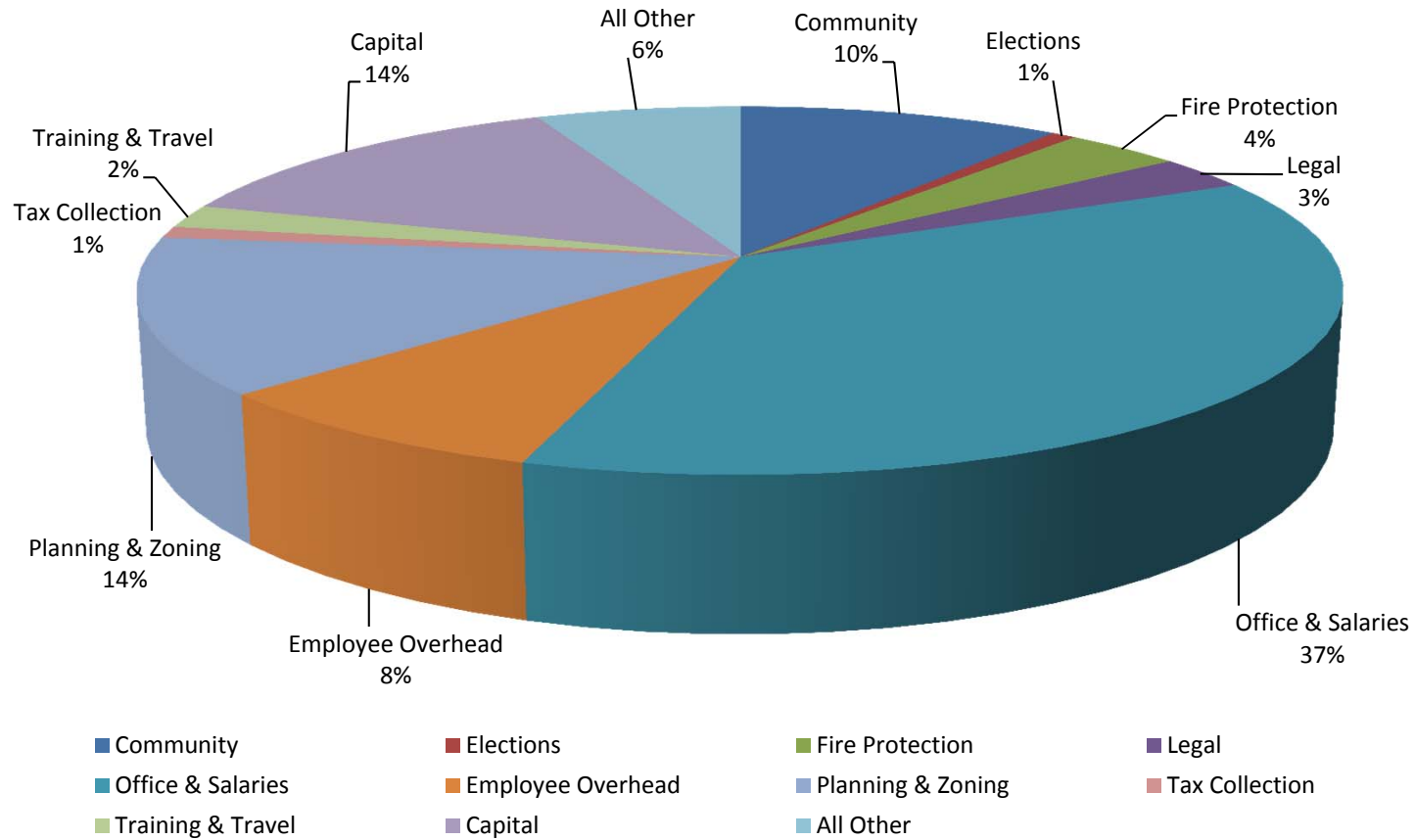
## \$320,950





## Mineral Springs Proposed Expenditures 2015-2016

**\$320,950**



**ANALYSIS OF PROPOSED FY2015-16 AD VALOREM TAX RATE  
Compliance With NC G.S. § 159-11 (e)**

North Carolina General Statutes section § 159-11 (e) requires the following:

In each year in which a general reappraisal of real property has been conducted, the budget officer shall include in the budget, for comparison purposes, a statement of the revenue-neutral property tax rate for the budget. The revenue-neutral property tax rate is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no reappraisal had occurred. To calculate the revenue-neutral tax rate, the budget officer shall first determine a rate that would produce revenues equal to those produced for the current fiscal year and then increase the rate by a growth factor equal to the average annual percentage increase in the tax base due to improvements since the last general reappraisal. This growth factor represents the expected percentage increase in the value of the tax base due to improvements during the next fiscal year. The budget officer shall further adjust the rate to account for any annexation, deannexation, merger, or similar event.

**I. Tax base for FY2014-15 and estimated tax base for FY2015-16**

<b>FY2014-15</b>		<b>FY2015-16</b>	
Real	\$244,713,951	Real & Personal (county est.)	\$235,954,317
Personal	\$7,136,306		-
Public Service	\$5,652,243	Public Service (est. unchanged)	\$5,652,243
<b>Subtotal</b>	<b>\$257,502,500</b>		<b>\$241,606,560</b>
Vehicles (est.)	\$17,812,044	Vehicles (est.)	\$20,429,349
<b>Total</b>	<b>\$275,314,544</b>		<b>\$262,035,909</b>
<b>Potential Losses Due to Appeals</b>			
Appeals are not expected to be a significant factor			-
<b>Grand Total</b>	<b>\$275,314,544</b>		<b>\$262,035,909</b>

**II. Tax levy for FY2014-15**

Real, Personal, & Public Service	\$64,404
Vehicles (est.)	\$5,250
<b>Total Levy</b>	<b>\$69,654</b>

**III. Rate for FY2015-16 to yield same levy as FY2014-15**

$69,654 \div 262,035,909 \times 100$	<b>0.0266 (2.66¢)</b>
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**IV. Calculation of average annual increase in tax base due to improvements since last general reappraisal**

Period	Prior → Subsequent	Increase	% Increase
2008→2009	\$230,228,745→\$234,970,695	\$4,741,950	2.06%
2009→2010	\$234,970,695→\$234,778,810	(\$191,885)	-0.08%
2010→2011	\$234,778,810→\$240,014,780	\$5,235,970	2.23%
2011→2012	\$240,014,780→\$243,059,474	\$3,044,694	1.27%
2012→2013	\$243,059,474→\$240,502,463*	(\$2,557,011)	-1.05%
2013→2014	\$240,502,463→\$244,713,951	\$4,211,488	1.75%
2014→2015	\$244,713,951→\$255,913,951 est.	\$11,200,000	4.58%
<b>Average Increase</b>		<b>\$3,669,315</b>	<b>1.54%</b>

\*Decrease due to appeal by large commercial property owner

### V. Rate increased by calculated growth factor

<b>0.0266 x 1.0154</b>	<b>0.0270 (2.70¢)</b>
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The so-called “revenue neutral” tax rate for FY2015-16 would be \$0.027/\$100.

It has been the policy of the Mineral Springs town council to adopt an overall revenue neutral tax rate in reappraisal years. This is the first time since the founding of the town that the total tax base actually *decreased* from the previous reappraisal year. Therefore, a revenue-neutral tax rate would actually be an *increased* rate.

Sales and use tax distributions are apportioned to the municipalities in Union County based on the percentage of the total countywide *ad valorem* (property) tax levy attributable to each unit of government. For example, if a municipality’s total tax levy were 1% of the total combined tax levy of all municipalities and the county, and now, a few tax-based fire districts, that municipality would receive 1% of the total local share of sales and use taxes (plus some additional adjustments by the Department of Revenue). In Union County during FY2014-15, the total local share of sales and use taxes amounts to approximately \$43,000,000; that municipality would receive \$430,000 plus adjustments.

Of Union County’s 14 municipalities, Mineral Springs is 13<sup>th</sup> in total *ad valorem* tax levy: 0.03481% of the total. Our share of sales and use tax revenue will amount to approximately \$21,000 for FY2015-16.

If other municipalities increase their tax rates in a general reappraisal year, they will likely account for a slightly larger share of the total local sales and use taxes, which would cause municipalities that do *not* increase their tax rates to receive a slightly *smaller* share. At this time, it is not known whether any municipalities will increase their tax rates. So, it is impossible to predict sales and use tax revenues exactly, but it is likely that Mineral Springs will see a reduction in sales and use tax revenues of several thousand dollars in FY2016-17 if the tax rate is not increased.

Each 1/10¢ change in Mineral Springs’ FY2015-16 tax rate would represent approximately \$2,620 in *ad valorem* tax receipts (including vehicle taxes). Maintaining a tax rate of \$0.025/\$100 (2.5¢) would decrease *ad valorem* tax receipts by \$5,240 over the theoretical revenue neutral rate of 2.7¢. Adding the estimated loss in sales and use tax revenues, an *ad valorem* tax rate of \$0.025/\$100 would result in an estimated drop in tax revenue of \$6,000 - \$7,000 by FY2016-17 compared to what revenues would be if a revenue-neutral tax rate of \$0.027/\$100 were adopted.

**PROJECT ORDINANCES**  
**Compliance With NC G.S. § 159-13.2 (c) & (f)**

North Carolina General Statutes section § 159-13.2 (c) & (f) require the following:

(c) Adoption of Project Ordinances. – If a local government or public authority intends to authorize a capital project or a grant project by a project ordinance, it shall not begin the project until it has adopted a balanced project ordinance for the life of the project. A project ordinance is balanced when revenues estimated to be available for the project equal appropriations for the project. A project ordinance shall clearly identify the project and authorize its undertaking, identify the revenues that will finance the project, and make the appropriations necessary to complete the project.

(f) Inclusion of Project Information in Budget. – Each year the budget officer shall include in the budget information in such detail as he or the governing board may require concerning each grant project or capital project (i) expected to be authorized by project ordinance during the budget year and (ii) authorized by previously adopted project ordinances which will have appropriations available for expenditure during the budget year.

**Downtown Park Capital Project Ordinance**

The Mineral Springs town council adopted O-2014-02, “PROJECT ORDINANCE AUTHORIZING DESIGN AND CONSTRUCTION OF A PARK ADJOINING THE TOWN HALL” on April 9, 2015. This ordinance authorizes appropriation of \$27,000 for design and project administration and \$100,000 in construction expenditures, for a total appropriation of \$127,000. The appropriation will be financed by transfers of up to \$127,000 from the General Fund to the Capital Project Fund.

As of May 7, 2015, no funds have been transferred from the General Fund for expenditures authorized by this ordinance, leaving the full balance of \$127,000 available. A small expenditure for a portion of the design cost is expected to be made before the end of FY2014-15, with the balance of the expenditures to take place during FY2015-16.

<b>REVENUES</b>				<b>\$ 317,260</b>
<i>TOTAL INCOME</i>				<i>\$ 317,260</i>
Franchise Fees			\$ 193,200	
TV Cable Franchise Fee	\$ 3,200			
Utility Franchise Taxes	\$ 190,000			
Interest			\$ 1,200	
Property Taxes			\$ 68,290	
Current Year	\$ 65,290			
Prior Years	\$ 3,000			
Other Income			\$ 3,500	
Zoning Fees	\$ 3,000			
Miscellaneous	\$ 500			
Sales Tax			\$ 46,470	
General Sales & Use	\$ 19,715			
Natural Gas Excise	\$ 600			
Telecommunications	\$ 5,860			
Video Programming	\$ 20,295			
Vehicle Taxes			\$ 4,600	

<b>EXPENDITURES</b>				<b>\$ 317,260</b>
<i>ADMINISTRATIVE &amp; GENERAL GOVERNMENT</i>				<i>\$ 269,305</i>
Advertising			\$ 1,800	
Attorney			\$ 9,600	
Audit			\$ 4,800	
Community Projects			\$ 24,000	
Beautification, Maintenance	\$ 5,800			
Charities, Agencies	\$ 9,500			
Special events	\$ 4,500			
Festival	\$ 3,500			
Misc	\$ 1,000			
Park & Greenway Maint	\$ 4,200			
Contingency			\$ 1,740	
Dues			\$ 6,275	
Chamber	\$ 300			
COG	\$ 750			
IOG	\$ 300			
NCLM	\$ 3,600			
CRTPO	\$ 850			
Other	\$ 475			
Elections			\$ 600	
Contract	\$ 600			
Municipal	\$ -			
Employee Overhead (FICA, work comp, bonds)			\$ 25,300	
Fire Protection			\$ 12,000	
Insurance			\$ 4,500	
Newsletter			\$ 2,400	

Office				\$	117,804
Salary: Clerk		\$	32,232		
Salary: Deputy Clerk/Assistant		\$	10,500		
Salary: Finance Officer		\$	29,772		
Salary: Mayor		\$	4,800		
Salary: Council		\$	7,200		
Equipment & durable items		\$	2,400		
Supplies		\$	4,000		
Postage (General)		\$	1,000		
Telephone, Internet		\$	6,800		
Reserve/Misc		\$	1,000		
Town Hall Maintenance		\$	12,500		
Supplies	\$	2,500			
Services	\$	10,000			
Utilities		\$	5,600		
Planning				\$	42,876
Parks & Greenways		\$	3,000		
Zoning Ord. & Planning		\$	2,000		
Zoning Administration		\$	29,876		
Salary	\$	27,876			
Contract	\$	2,000			
Land Use Planning		\$	5,000		
Reserve/Misc		\$	3,000		
Street Lighting				\$	4,000
Tax Collection				\$	5,010
Salary		\$	1,800		
Contract (Union County)		\$	1,500		
Postage		\$	200		
Billing		\$	250		
Court		\$	1,260		
Training				\$	3,000
Boards		\$	1,000		
Officials		\$	1,000		
Staff (Clerk, TC, FO)		\$	1,000		
Travel Expenses				\$	3,600
<b>CAPITAL</b>					\$ 47,955
Capital Outlay				\$	47,955

# PRIOR YEAR

2014 FINAL BUDGET AMOUNTS						ACTUAL (5/15 & 6/15 PROJECTED)		VARIANCE	
<b>REVENUES</b>					<b>\$ 317,260</b>		<b>\$ 342,136.00</b>		<b>\$ 24,876</b>
	Interest			\$ 1,200			\$ 1,600.00		\$ 400
	Property Taxes			\$ 68,290			\$ 67,000.00		\$ (1,290)
	Sales Tax			\$ 46,470			\$ 47,275.00		\$ 805
	TV Cable Franchise Fee			\$ 3,200			\$ 2,026.00		\$ (1,174)
	Utility Franchise Taxes			\$ 190,000			\$ 208,840.00		\$ 18,840
	Vehicle Taxes			\$ 4,600			\$ 5,050.00		\$ 450
	Zoning Fees			\$ 3,000			\$ 8,955.00		\$ 5,955
	Other			\$ 500			\$ 1,390.00		\$ 890
<b>EXPENDITURES</b>					<b>\$ 317,260</b>		<b>\$ 225,637.00</b>		<b>\$ (91,623)</b>
<b>ADMINISTRATIVE &amp; GENERAL GOVERNMENT</b>					<b>\$ 269,305</b>		<b>\$ 224,411.00</b>		<b>\$ (44,894)</b>
	Advertising			\$ 1,800			\$ 1,105.00		\$ (695)
	Attorney			\$ 9,600			\$ 4,282.00		\$ (5,318)
	Audit			\$ 4,800			\$ 4,800.00		\$ -
	Community Projects			\$ 24,000			\$ 18,270.00		\$ (5,730)
	Beaut., Maint.		\$ 5,800			\$ 3,850			
	Charities		\$ 9,500			\$ 9,300			
	Special Events		\$ 4,500			\$ 4,160			
	Park & Greenway		\$ 4,200			\$ 960			
	Contingency			\$ 1,740			\$ -		\$ (1,740)
	Dues			\$ 6,275			\$ 5,976.00		\$ (299)
	Elections			\$ 600			\$ -		\$ (600)
	Contract		\$ 600			\$ -			
	Municipal		\$ -			\$ -			
	Employee overhead			\$ 25,300			\$ 23,425.00		\$ (1,875)
	Fire Department grant			\$ 12,000			\$ 12,000.00		\$ -
	Insurance			\$ 4,500			\$ 3,610.00		\$ (890)
	Newsletter			\$ 2,400			\$ 2,390.00		\$ (10)
	Office			\$ 117,804			\$ 108,448.00		\$ (9,356)
	Sal.: Clerk		\$ 32,232			\$ 32,232			
	Sal: Deputy		\$ 10,500			\$ 8,650			
	Sal.: Fin. Off.		\$ 29,772			\$ 29,772			
	Sal: Mayor		\$ 4,800			\$ 4,800			
	Sal: Council		\$ 7,200			\$ 7,200			
	Equip. & dur.		\$ 2,400			\$ 1,790			
	Supplies		\$ 4,000			\$ 3,200			
	Postage		\$ 1,000			\$ 518			
	Tel., Internet		\$ 6,800			\$ 6,810			
	Reserve		\$ 1,000			\$ 265			
	Town Hall Maint		\$ 12,500			\$ 8,961			
	Supplies	\$ 2,500				\$ 1,660			
	Services	\$ 10,000				\$ 7,301			
	Utilities		\$ 5,600			\$ 4,250			
	Planning			\$ 42,876			\$ 31,176.00		\$ (11,700)
	Parks & Greenways		\$ 3,000			\$ -			
	Zoning Ord.		\$ 2,000			\$ -			
	Zoning Admin		\$ 29,876			\$ 28,949			
	Salary	\$ 27,876				\$ 27,876			
	Contract	\$ 2,000				\$ 1,073			
	Land Use Plan		\$ 5,000			\$ 1,500			
	Reserve/Misc		\$ 3,000			\$ 727			
	Street Lighting			\$ 4,000			\$ 1,711		\$ 1,901.00
	Tax Collection			\$ 5,010			\$ 3,192.00		\$ (1,818)
	Salary		\$ 1,800			\$ 1,800			
	Contract (Union County)		\$ 1,500			\$ 984			
	Postage		\$ 200			\$ -			
	Billing		\$ 250			\$ -			
	Court		\$ 1,260			\$ 408			
	Training			\$ 3,000			\$ 1,117.00		\$ (1,883)
	Officials		\$ 1,000			\$ 142			
	Planning Org.		\$ 1,000			\$ -			
	Staff		\$ 1,000			\$ 975			
	Travel Expenses			\$ 3,600			\$ 2,719.00		\$ (881)
<b>CAPITAL</b>					<b>\$ 47,955</b>		<b>\$ 1,226.00</b>		<b>\$ (46,729)</b>
	Capital Outlay			\$ 47,955			\$ 1,226.00		\$ (46,729)
<b>EXCESS OF INCOME OVER EXPENDITURES (Applied to Fund Balance)</b>								<b>\$ 116,499.00</b>	