



**Fiscal Year 2011- 2012
Budget**

Adopted June 23, 2011



Mills River Town Council

**Town of Mills River
Staff Memo**

May 27, 2011

TO: Mills River Town Council

FROM: Jaime Laughter, Town Manager

SUBJECT: 2011-2012 Fiscal Year Budget

Introduction

Town of Mills River has been incorporated for eight years this year. Since incorporation, Town Council has been consistent with their original policy goals of maintaining a low tax rate while providing quality municipal services to the citizens. The 2010-2011 Fiscal Year moved forward several key capital projects including completion of the Mills River Town Hall and Library Building. This is the first capital venture for the Town with the first payment on the loan for construction of the building in May 2012. The Town also moved forward on Phase I of Mills River Park and the Jeffress Road Sewer project utilizing two different grants awarded by the State of North Carolina. These public facilities are intended to enhance the services provided by the Town in future years by adding Parks and Recreation to the other four core services required by incorporation.

It is expected that the Town will continue to pursue meeting the demands for services by the citizens while keeping a watchful eye on the fiscal integrity of the Town, particularly in an economic climate that has been and will continue to be difficult to predict. For this reason, I am pleased to present the FY 2011-2012 Budget for your review and consideration. I am confident that this document will provide the information necessary to direct our town in the coming year and achieve the goals we have set forth for this year and beyond.

Priorities

The Town of Mills River is committed to continuing the four core services of planning and zoning, fire protection, supplemental police protection and street lighting providing the same or greater level of service as in previous years. In addition, the Town is continuing to provide a facility for the Mills River Branch Library and work is underway to open Phase I of Mills River Park during the next budget cycle. Mills River Park Phase I construction is being funded

partially by a grant of \$500,000 from the North Carolina Parks and Recreation Trust Fund. The required grant match is currently being allocated out of Fund Balance. The Town is also a recipient of a \$301,000 Economic Development Grant from the North Carolina Rural Center to fund the Jeffress Road Sewer Project currently underway. The Town issued \$301,000 into Escrow for the construction phase out of fund balance and will receive these funds back from the Rural Center at completion of the project in the Fall. This budget does not reflect these capital expenditures and will require amendment during the 2011-2012 Fiscal Year to reflect capital expenditures during that year.

Council adopted a Capital Improvement Plan in 2009 that covered expected expenditures in coming years including the Town Hall Library. Additional facilities include a 50 acre park and completion of a sewer line along Jeffress Road. Phase I of the Park and the Jeffress Road Sewer Project are currently underway with anticipated completion in Fall 2011. The Town is working with the Mills River Recreation Foundation to collect private funds to apply towards the park development including Phase I and future Phases planned for development. A complete list of the goals and projects considered within the annual budget for next year is included in the Program portion of the budget packet.

Budget Policy

The FY 2011-2012 Budget Process was approached with consideration to Mills River Town Policies as well as the statutory requirements in North Carolina related to municipal budgets. The following are consistent with those policies and requirements:

- In accordance with North Carolina State Law, the Budget presented to you is balanced between revenues and expenditures.
- Less than 8 % of revenues are budgeted for building Town reserves as recommended by the Local Government Commission; however, it is anticipated that the Town will have at least 8% of the annual budget in fund balance moving into the FY 2012-2013 Budget year as recommended by the Commission.
- Revenues reflect a \$.0874/\$100 valuation. \$.075/\$100 is directly for Mills River Fire and Rescue while the Town retains \$.0124/\$100. Revenue neutral for the Town, including Mills River Fire and Rescue, is \$.093, higher than the recommended rate. This is consistent with Council's goal of maintaining a low tax rate. This remains one of the lowest tax rates in the region.
- The FY 2011-2012 Budget reflects reduced revenues due to changes in the national, state and regional economic climate. The Town still maintains reserves of approximately \$2.6 million for use on capital projects as well as fund balance. This money is being invested in Certificates of Deposit on behalf of the Town to continue earning interest. An additional \$301,000 is in Escrow for the Jeffress Road Sewer Project and is expected to be reimbursed to the Town in the fall.

Budget Highlights

The direction of Council given to the Town Staff from the 2011 Visioning Session is reflected in the Proposed Budget. This includes:

- 1) Anticipation of maintenance requirements on Town Property including the building and grounds at the new Town Hall and Library facility.
- 2) Anticipation of Mills River Park Phase I construction utilizing grant funds and to be accounted for with a budget amendment once the project is complete.
- 3) Anticipation of Jeffress Road sewer line project of \$602,000 utilizing grant funds and to be accounted for with a budget amendment once the project is complete.
- 4) A Total of \$567,696 is allocated to Mills River Fire and Rescue reflecting \$.075/100 tax valuation at 95% collection. An additional \$1,821 is allocated to Etowah-Horse Shoe Fire Department at the same rate as a official agreement for this fiscal year has not been reached.
- 5) A Total of \$91,000 is allocated for the contract with the Henderson County Sheriff's Department. At budget preparation the contract and final figure were not adopted.
- 6) A Total of \$6,650 is allocated to continue supporting the Mills River Library Utilities. This is accounting for 33% of the utilities anticipated for the Town Hall and Library Building. The Town may elect to also account for the USDA debt service payment to be split in May 2012.
- 7) A Total of \$12,750 is allocated to be used for Planning and Development.
- 8) A Total of \$11,000 is allocated to be used for the Street Lighting Program.
- 9) A Total of \$76,000 is allocated to the Parks Department for operational expenses for Phase I in the coming fiscal year.
- 10) The Town will pay the first payment on the USDA Loan Debt Service for the Town Hall and Library building of \$54,000 in May 2012 with \$5,400 budgeted into a maintenance fund for the first five years of the 40 year loan.

Concerns and Issues

I believe that the FY 2011-2012 Budget represents a frugal, focused and financially responsible plan for the Town of Mills River to provide existing and expanded services in the coming year. As with any plan, it is crucial to be aware that there are underlying assumptions that could necessitate mid-course adjustments. Any significant changes will be reported to Council throughout the year and no expenditures will be made beyond the active Spending Authority Policy set by Council. The following are issues that could affect the Budget in the upcoming year:

1) Revenue Estimates

Projecting revenues can be a challenging proposition even in the best case. The revenues shown in this budget reflect real and Personal Property Tax Collections at a rate of 95%. Motor Vehicle Tax Collections are estimated at a collection rate of 80%. Base valuations were accepted from Henderson County estimates in the Spring of 2011 with fluctuations due to new state laws regarding new exemptions and deferments.

Sales Tax Projections were made based on information provided by the North Carolina Department of Revenue and the North Carolina League of Municipalities, but do not reflect the potential for further impact should the national and state economies experience more turbulence such as the secondary impacts of volatile fuel pricing. The ultimate impact and duration of the economic uncertainty of the past few years will continue to be realized in this year's budget.

2) Unplanned Expenditures

All capital expenditures planned for this fiscal year have been bid and awarded with the exception of the playground and park equipment; however, unforeseen conditions could arise during construction of the buildings as was experienced during grading. Council is currently considering the addition of an entrance onto NC 191; however, that project has not yet been approved. Current estimate is \$130,000.

3) Local, State and Federal Budget Actions

There is always a possibility that other governmental entities may issue unfunded mandates or affect revenue distributions that are filtered through those agencies back to the Town.

Committee Recommendations on the Budget

Council typically requests the Finance Committee to make recommendations on the budget. Their recommendations were presented, as shown below, at the May 12, 2011 Council meeting. Council requested that the Parks Committee also make recommendations at the same meeting.

Finance Committee

The Finance Committee met on May 11, 2011 to consider the revised budget numbers following Council's Budget Workshop. They made the following recommendations:

- That Council halt capital expenditures on the Mills River Park Phase I
- Utilize savings on the park capital venture to fund adequate access to the property via the NC 191 entrance.
- That Council adopt the revenue neutral scenario
- That Council remove the operational expenditures for the park and reallocate to State Statute Reserves
- That Council note the Finance Committee's concern over the reserve allocation falling below 8 percent

Park Committee

The Park Committee met on May 24, 2011 to consider park operational expenses as requested by the Council. They made the following recommendations:

- That Council fund the capital expenditure for parking lot lights
- That Council go with the contract scenario for the FY 2011-2012 Budget since there will only be a partial season for the park in that year and pursue the paid staff scenario for maintenance and operation in following years.
- That Council adjust compensation for the new Zoning Enforcement Officer/Parks and Recreation Coordinator position to a higher pay grade
- That Council budget for a four wheel drive vehicle for use in the park with a blade attachment.

Summary

The FY 2011-2012 Budget is balanced in the net amount of \$1,280,251. This reflects a \$10,810 increase from FY 2010-2011. The FY 2011-2011 Total Property Tax Valuation is \$ 735,808,000. The proposed tax rate for the Town is \$.0874/ \$100 valuation with \$.075/\$100 going to fund the contract with Mills River Fire and Rescue and \$.0124/\$100 going into the Town General Fund for operating expenses. The \$.0124 reflects a total of \$86,242 including Motor Vehicle Taxes for town operations outside of fire protection. Henderson County conducted a re-evaluation of properties and the Town's resulting revenue neutral tax rate calculated under the state formula is \$.093. The majority of Revenue for the Town's operating expenses is the Utility Franchise Tax Revenue that will contribute \$340,000 in total to the Town Revenues.

I am proud to present this budget to Council and to be serving in the capacity of Town Manager. I look forward to a productive year as we continue to serve the Town of Mills River with integrity, fiscal responsibility and professionalism.

Respectfully Submitted,



Jaime Laughter
Town Manager

FY 11-12 Town of Mills River Program Expenditures

Governing Body

The Governing Body Budget includes money that may be used by the Council while they are working on Town business or for authorized travel they authorize on their behalf. A Contingency line item has been included to allow the Council to have money allocated for their discretion in the budget should a need arise.

Administration

The Administration Budget reflects maintaining staffing levels.

There are no planned major equipment purchases planned as most critical replacements were handled as part of the construction project.

Tax Collection Expense

The Tax Collection Budget is intended only to account for expenses incurred during tax collection.

Police

The Police Budget reflects an estimate of a contract the Town is renegotiating with the Henderson County Sheriff's Department for a dedicated position as well as a small budget for equipment that may be needed for use in this area. Past contracts have been for three year periods with the total annualized into quarterly payments.

Fire

The Fire Budget reflects \$.075/\$100 going to the Mills River Fire and Rescue Budget for fire service in the coming year to Mills River at a collection rate of 95%.

Streets and Highways

The Streets and Highways Budget reflects maintenance of the street lights currently in Mills River.

Planning and Zoning

The Planning and Zoning Budget supports moving forward with ordinance changes and operations of the Planning Department.

Parks

The Parks Budget is intended to operate the Mills River Park Phase I from construction completion through the end of the fiscal year. These numbers are based on estimates with no expenditure history to draw from. A portion of the budget is allocated for part time seasonal help to cover the extended hours of operation of the park compared to the town hall and library.

Economic Development

The Economic Development Budget includes \$10,000 to go to the Henderson County Partnership for Economic Development and \$1,000 to the Henderson County Economic Development Partnership for Agriculture.

Library

The Library Budget includes money from the Town to accommodate utilities for the coming year in our shared facility.

Other

The State Statute Reserves line item reflects less than 8 percent of expenditures going into reserves.

2011-2012 Council Visioning

Time Frame	Project	Status
FY 11-12	CSI Upgrade	No firm date for availability
	Ordinance Clean up (Continued)	Sub codes recommended from planning board; Cell tower rewrite on hold (Roger meeting 2/3/09 postponed)
	Overlay Districts	Brought up by Planning Board Chair to be discussed 2-2011; Council elected not to move forward on this 5-2011.
	Jeffress Road Sewer Project	Under Contract- Completion Summer 2011
	Landscaping Plan at Town Hall/Library and Park	Conceptual Plan complete and moving forward on area around bldg
	Street Lighting	New location to be identified
	Hooper Lane Paving Project	NCDOT reconsidering design- response due in Feb
	Maintenance Building Construction- Hooper Property	
	Phase I Mills River Park	Engineering and Design begun, bidding on grading commencing
Future Years	Comprehensive Plan Revisit	
	Regional Water	
	Comprehensive Citizen Survey	

<u>REVENUES</u>	
ACCOUNT NUMBER/DESCRIPTION	PROPOSED 2012 BUDGET
10-3100-011 TAXES-AD VALOREM 2011	610,941
10-3112-011 TAXES- MOTOR VEHICLE 2011	45,000
10-3117-011 PENALTIES	3,000
10-3261-000 CABLE TELEVISION FRANCHISE TAX	26,000
10-3315-000 STATE SHARED REVENUES	225,500
10-3262-000 TELECOMMUNICATIONS SRV	75,500
10-3263-000 ELECTRIC POWER FRANCHISE TAX	214,500
10-3264-000 PIPED NATURAL GAS FRANCHISE	24,000
10-3322-000 ABC SALES TAX	29,000
10-3340-000 PERMITS AND FEES	4,000
10-3411-000 INTEREST ON INVESTMENTS	20,000
10-3830-000 MISCELLANEOUS REVENUE	100
10-3834-000 LEASE AGREEMENT- HOOPER PROPERTY	2,000
10-3834-001 LEASE AGREEMENT- WRIGHT PROPERTY	260
10-3839-000 NEWSLETTER REVENUE	450
<i>Total</i>	1,280,251

<u>EXPENDITURES</u>	
ACCOUNT NUMBER/DESCRIPTION	PROPOSED 2012 BUDGET
<u>4110 Governing Body</u>	
10-4110-199 GENERAL EXPENSE	500
10-4110-220 FOOD AND PROVISIONS	1,000
10-4110-311 TRAVEL-MILEAGE/COUNCIL	500
10-4110-321 TRAVEL SUBSISTENCE/COUNCIL	500
10-4110-991 COUNCIL MISC	500
10-4110-395 TRAINING	1,000
<i>Total</i>	4,000

<u>EXPENDITURES</u>	
ACCOUNT NUMBER/DESCRIPTION	PROPOSED 2012 BUDGET
<u>4120 Administration</u>	
10-4120-121 SALARIES AND WAGES-REGULAR	180,000
10-4120-180 FRINGE BENEFITS-INSURANCE, ETC.	36,000
10-4120-181 SOCIAL SECURITY CONTRIBUTION	13,500
10-4120-182 RETIREMENT CONTRIBUTION	16,000
10-4120-191 ACCOUNTING	12,000
10-4120-192 LEGAL	10,000
10-4120-193 CIVIL ENGINEERING	5,000
10-4120-194 CODIFICATION SERVICES	4,000
10-4120-199 OTHER-PROFESSIONAL SERVICES	2,000
10-4120-210 HOUSEHOLD AND CLEANING SUPPLIES	100
10-4120-220 FOOD AND PROVISIONS	1,500
10-4120-222 COMMUNITY RELATIONS	1,200
10-4120-230 EDUCATIONAL, MEDICAL, & AG SUPPLIES	100
10-4120-251 VEHICLES- MOTOR FUELS & LUBRICANTS	1,500
10-4120-252 VEHICLES- TIRES	1,000
10-4120-253 VEHICLES- PARTS	500
10-4120-254 VEHICLE- SERVICE/MTNCE LABOR	500
10-4120-259 VEHICLES- OTHER SUPPLIES	200
10-4120-260 OFFICE SUPPLIES AND MATERIALS	4,000
10-4120-299 MISCELLANEOUS SUPPLIES	400
10-4120-311 TRAVEL-MILEAGE (LOCAL)	1,000
10-4120-312 TRAVEL-SUBSISTENCE	6,000
10-4120-313 TRAVEL-MILEAGE(LONG DISTANCE)	2,500
10-4120-321 TELEPHONE SERVICE	3,000
10-4120-325 POSTAGE	3,000
10-4120-327 NEWSLETTER EXPENDITURES	2,500
10-4120-329 OTHER COMMUNICATION	250
10-4120-331 ELECTRICITY	4,800

ACCOUNT NUMBER/DESCRIPTION	PROPOSED 2012 BUDGET
10-4120-334 WATER	800
10-4120-333 PROPANE	4,400
10-4120-335 SEWER	800
10-4120-341 PRINTING	100
10-4120-342 REPRODUCTION	1,500
10-4120-351 BUILDINGS-IMPROVES & MTNCE	2,333
10-4120-352 EQUIPMENT/SAFETY,ETC	500
10-4120-370 ADVERTISING	100
10-4120-391 LEGAL ADVERTISING	2,500
10-4120-394 CLEANING SERVICES	3,000
10-4120-395 TRAINING-EMPL EDUCATIONAL EXP	4,000
10-4120-400 FIXED CHARGES &OTHER EXPENSES	500
10-4120-440 SERVICE AND MAINTENANCE EQUIPMENT	500
10-4120-450 INSURANCE AND BONDING	12,500
10-4120-491 DUES AND SUBSCRIPTIONS	8,500
10-4120-510 OFFICE EQPT, FURN, SOFTWARE	2,000
10-4120-560 BOOKS	250
10-4120-603 H CO CONTRACTS- BD OF ELECTIONS	5,000
10-4120-604 H CO CONTRACTS-Signs, Etc.	500
10-4120-605 CONTRACT SERVICES-CSI	9,000
10-4120-398 FIRE/SECURITY ALARM MONITORING	370
10-4120-399 GARBAGE SERVICE	800
10-4120-991 CONTINGENCY	43,431
<i>Total</i>	415,934

<u>EXPENDITURES</u>	
ACCOUNT NUMBER/DESCRIPTION	PROPOSED 2012 BUDGET
<u>4140 Tax Collection Expense</u>	
10-4140-600 TAX AND REVALUATION	4,000
<i>Total</i>	4,000

<u>EXPENDITURES</u>	
ACCOUNT NUMBER/DESCRIPTION	PROPOSED 2012 BUDGET
<u>4310 Police</u>	
10-4310-510 POLICE/SHERIFF- EQUIPMENT	500
10-4310-600 POLICE/SHERIFF	90,500
<i>Total</i>	91,000

<u>EXPENDITURES</u>	
ACCOUNT NUMBER/DESCRIPTION	PROPOSED 2012 BUDGET
<u>4340 Fire</u>	
10-4340-600 FIRE	567,696
10-4340-620 FIRE-EHS	1,821
<i>Total</i>	569,517

<u>EXPENDITURES</u>	
ACCOUNT NUMBER/DESCRIPTION	PROPOSED 2012 BUDGET
<u>4510 Streets and Highways</u>	
10-4510-600 STREETS AND HIGHWAYS-LIGHTING	11,000
<i>Total</i>	11,000

<u>EXPENDITURES</u>	
ACCOUNT NUMBER/DESCRIPTION	PROPOSED 2012 BUDGET
<u>4910 Planning and Zoning</u>	
10-4910-192 LEGAL-PLANNING	2,000
10-4910-193 LEGAL-BOA	1,000
10-4910-194 CONTRACT PLANNING	2,000
10-4910-195 ENGINEERING SERVICES	1,000
10-4910-199 GENERAL EXPENSES	1,000
10-4910-260 OFFICE SUPP & MATERIALS-PLANNING	1,000
10-4910-325 POSTAGE	500
10-4910-341 PRINTING	200
10-4910-342 REPRODUCTION	300
10-4910-391 LEGAL ADVERTISING-PLANNING	1,000
10-4910-392 LEGAL ADVERTISING-BOA	1,500
10-4910-499 MISCELLANEOUS EXPENSE	250
10-4910-510 OFFICE EQUIPMENT, FURN & SOFTWARE	1,000
<i>Total</i>	12,750

<u>EXPENDITURES</u>	
ACCOUNT NUMBER/DESCRIPTION	PROPOSED 2012 BUDGET
<u>Parks and Recreation</u>	
10-6130-321 TRAVEL SUBSISTENCE/PARKS	500
10-6130-311 TRAVEL MILEAGE/PARKS	500
10-6130-193 ENGINEERING SERVICES- PARKS	2,000
10-6130-199 PARKS GENERAL EXPENSE	2,000
10-6130-292 PARKS SUPPLY	5,000
10-6130-293 EQUIPMENT PARKS	1,000
10-6130-330 UTILITIES PARKS	3,000
10-6130-126 PARKS SEASONAL SALARY	11,000
10-6130-181 PARKS SOCIAL SECURITY	1,000
10-6130-352 MAINTENANCE CONTRACTS- PARKS	50,000
<i>Total</i>	76,000

<u>EXPENDITURES</u>	
ACCOUNT NUMBER/DESCRIPTION	PROPOSED 2012 BUDGET
<u>4920 Economic Development</u>	
10-4920-199 ECON DEVEL-PROF SRVC OTHER	10,000
10-4920-195 ECON DEVEL- AGRICULTURE	1,000
<i>Total</i>	11,000

<u>EXPENDITURES</u>	
ACCOUNT NUMBER/DESCRIPTION	PROPOSED 2012 BUDGET
<u>6110 Library</u>	
10-6110-330 LIBRARY UTILITIES	6,650
<i>Total</i>	6,650

<u>EXPENDITURES</u>	
ACCOUNT NUMBER/DESCRIPTION	PROPOSED 2012 BUDGET
<u>Other</u>	
10-9100-702 DEBT SRVC RETIREMENT- USDA	54,000
10-9210-901 BUILDING MAINTENANCE FUND	5,400
<i>Total</i>	59,400

<u>EXPENDITURES</u>	
ACCOUNT NUMBER/DESCRIPTION	PROPOSED 2012 BUDGET
<u>Other</u>	
10-9210-900 STATE STATUTE RESERVES	19,000
<i>Total</i>	19,000
<i>Total Expenditure</i>	1,280,251