

## **Town of Mineral Springs**

# **PROPOSED BUDGET 2021-2022**

Prepared for:

The Mineral Springs Town Council

By:

Frederick Becker III  
Budget Officer

**May 13, 2021**

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# **FY2021-22 PROPOSED BUDGET**

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**TOWN OF MINERAL SPRINGS  
2021-2022 BUDGET**

**MESSAGE FROM THE BUDGET OFFICER**

I hereby present this recommended budget for the 2021-2022 fiscal year to the Mineral Springs town council.

The FY2021-22 budget reflects anticipated revenues and expenditures of \$364,215.00 including capital expenditures, which represents a \$12,735.00 increase over last year's final budget. General government expenditures total \$333,166.00, an increase of \$4,091.00, while the capital budget has increased by \$8,644.00 to \$31,049.00.

In the "Community" department, we are proposing a \$4,800.00 decrease, due mostly to the cancellation of the Fall Festival originally scheduled for September 11, 2021. There is a proposed 3% increase for employees, both salaried and hourly, but there is no change to the salaries of the town council and mayor, which will remain at \$150/month and \$400/month respectively. "Employee Overhead" will increase by \$2,500.00 over the FY2020-21 appropriation. There will be a municipal election on November 2, 2021, so an appropriation of \$3,300.00 for "Elections" has been included. Most other proposed operating expenditures are very close to their previous year's level.

The revenue side of the budget reflects a property tax base of approximately \$372.8 million, an increase of approximately \$97.2 million over the FY2020-20 tax base. Most of this increase is due to the countywide real property revaluation conducted by Union County. As a result, we have calculated a theoretical revenue-neutral tax rate as required by NC G.S. §159-11(e) and have lowered the proposed property tax rate accordingly. These calculations are presented on pages 16 – 17. Vehicle property taxes are expected to decrease slightly due to the reduced tax rate even though the vehicle tax base has increased slightly. General sales and use tax revenues increased unexpectedly last year, and we expect them to remain close to last year's. Other sales taxes should remain close to last year's. The estimate of the town's overall state-shared sales-tax revenue stream has been increased from \$264,410.00 to \$271,925.00.

As always, Council is cautioned to view all sales taxes as being somewhat unstable, as demonstrated by the effect the COVID-19 slowdown had on some of these revenues. Even though the electricity sales tax has become more stable due to 2013 changes in state tax laws, it is a large revenue stream that is not under direct control of the town and is sensitive to overall economic conditions.

**I am pleased to recommend a 0.4-cent reduction in the property tax rate. The proposed *ad valorem* tax rate for the 2021-22 fiscal year is 2.1 cents per \$100, down from 2.5 cents.**



Frederick Becker III, Budget Officer

MAK 6, 2021

Date

# TOWN OF MINERAL SPRINGS 2021-2022 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 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

Capital Project Funds are used 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, to construct a parking area and trailhead for the Mineral Springs Greenway, and to construct a small park adjacent to the town hall.

Capital Project Fund expenditures are not included in the General Fund budget, but NC G.S. §159-13.2(f) states that “[e]ach 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.” The Town of Mineral Springs currently has no open Capital Project Ordinances.

## **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 2021-2022 budget preparation and enactment process:

**April 8, 2021:** 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 13, 2021:** 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 (or Proposed) Budget*. The Recommended Budget contains information on prior-year budgets, a detailed departmental revenue and expenditure breakdown, an analysis of those figures, a *draft FY2021-22 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 10, 2021:** 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 offices of the town clerk, the budget officer, and the finance officer.

## **ADDITIONAL REQUIREMENT IN REAL PROPERTY REVALUATION YEARS**

Counties in North Carolina are required by statute to conduct real-property revaluations on a regular basis in order to ensure that the assessed values of properties in the county reflect their actual value as closely as possible. Union County last conducted such a revaluation in 2015, and large changes in the values of real property since then necessitated another real-property revaluation in 2021.

In revaluation years, NC G. S. §159-11(e) requires budget officers to calculate a *revenue-neutral* tax rate and present those calculations in the Recommended Budget. The "revenue-neutral" property tax rate is the rate that would yield the same total tax revenue for the jurisdiction as was collected in the fiscal year prior to the revaluation, adjusted for year-over-year growth due to new development. Real property assessments in Union County increased substantially as a result of the revaluation, so the revenue-neutral tax rate would be lower than the previous year's tax rate. The Town of Mineral Springs is not required to adopt that revenue-neutral tax rate in the FY2021-22 budget, but that number serves as an additional piece of information that helps put the proposed property tax rate in perspective.

## **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 \$149,844, and the detailed breakdown lists expenditures of \$2,400 for “equipment” and \$5,000 for “utilities”, it would be perfectly legal for the finance officer to make “equipment” expenditures of \$3,000 and “utility” expenditures of \$5,800 during the fiscal year, *provided the total of all expenditures in the “Office” category does not exceed \$149,844.*

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 2021-2022  
O-2020-02**

**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 7/1/2021 and ending 6/30/2022, in accordance with a Chart of Accounts to be established for the Town:

<b>ADMINISTRATIVE &amp; GENERAL GOVERNMENT:</b>	<b>\$333,166.00</b>
Advertising	\$1,800.00
Attorney	\$9,600.00
Audit	\$4,730.00
Charities and Agencies	\$10,545.00
Community Projects	\$26,000.00
Contingency	\$3,000.00
Elections	\$3,300.00
Employee Overhead	\$35,000.00
Fire Protection	\$12,000.00
Intergovernmental	\$15,000.00
Office and Administrative	\$152,919.00
Planning and Zoning	\$49,272.00
Street Lighting	\$1,200.00
Tax Collection	\$1,600.00
Training	\$3,000.00
Travel	\$4,200.00
<b>CAPITAL:</b>	<b>\$31,049.00</b>
Capital outlay	\$31,049.00
<b>TOTAL APPROPRIATIONS:</b>	<b>\$364,215.00</b>

**Section II. Estimated Revenues.** It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning 7/1/2021 and ending 6/30/2022:

Property taxes	\$78,365.00
Interest	\$2,500.00
Other income	\$1,200.00
Sales taxes	\$271,925.00
Vehicle taxes	\$6,725.00
Zoning fees	\$3,500.00
<b>TOTAL ESTIMATED REVENUES:</b>	<b>\$364,215.00</b>



Section III. Property Tax Levy. A tax in the amount of \$0.021 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, 2021.

ADOPTED this 10th day of June 2021. 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>\$ 364,215</b>
<i>TOTAL INCOME</i>				<i>\$ 364,215</i>
Property Taxes			\$ 78,365	
Current Year	\$ 77,765			
Prior Years	\$ 600			
Interest			\$ 2,500	
Other Income			\$ 1,200	
Festival	\$ -			
Miscellaneous	\$ 1,200			
Sales Tax			\$ 271,925	
Alcoholic Beverage	\$ 13,145			
Electricity	\$ 208,000			
General Sales & Use	\$ 29,430			
Natural Gas Excise	\$ 950			
Telecommunications	\$ 2,400			
Video Programming	\$ 18,000			
Vehicle Taxes			\$ 6,725	
Zoning Fees			\$ 3,500	

<b>EXPENDITURES</b>				<b>\$ 364,215</b>
<i>ADMINISTRATIVE &amp; GENERAL GOVERNMENT</i>				<i>\$ 333,166</i>
Advertising			\$ 1,800	
Attorney			\$ 9,600	
Audit			\$ 4,730	
Charities & Agencies			\$ 10,545	
Community			\$ 26,000	
Beautification, Maintenance	\$ 6,300			
Newsletter	\$ 2,700			
Special events	\$ 10,000			
Festival	\$ 5,000			
AMG	\$ 4,000			
Misc	\$ 1,000			
Park & Greenway Maint	\$ 7,000			
Contingency			\$ 3,000	
Elections			\$ 3,300	
Employee Overhead (FICA, work comp, bonds)			\$ 35,000	
Fire Protection			\$ 12,000	
Intergovernmental			\$ 15,000	
Intersection Study	\$ 5,000			
Construction Match	\$ 10,000			

Office				\$	152,919
Salary: Clerk	\$	39,648			
Salary: Deputy Clerk/Assistant	\$	12,300			
Salary: Finance Officer	\$	36,624			
Salary: Mayor	\$	4,800			
Salary: Council	\$	10,800			
Dues	\$	7,300			
Insurance	\$	4,000			
Records Management	\$	5,347			
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	\$	4,500			
Planning				\$	49,272
Zoning Ord. & Planning	\$	5,000			
Zoning Administration	\$	36,272			
Salary	\$	34,272			
Contract	\$	2,000			
Land Use Planning	\$	5,000			
Reserve/Misc	\$	3,000			
Street Lighting				\$	1,200
Tax Collection				\$	1,600
Salary	\$	-			
Contract (Union County)	\$	1,600			
Postage	\$	-			
Billing	\$	-			
Training				\$	3,000
Boards	\$	1,000			
Officials	\$	1,000			
Staff (Clerk, TC, FO)	\$	1,000			
Travel Expenses				\$	4,200
<i>CAPITAL</i>				\$	<i>31,049</i>
Capital Outlay				\$	31,049

Town of Mineral Springs  
2021-2022 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 2022 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** **\$4,730.00**  
Kendra Gangal, CPA last year proposed an annual charge for audit services of \$4,730 over the following three years.

**Charities & Agencies** **\$10,545.00**  
Council has approved this separate appropriation in the budget ordinance in order to bring more control and greater transparency to the town's contribution to various local non-profits. The amount is calculated as 3% of the previous year's total budget:  $0.03 \times \$351,480.00 = \$10,544.40$ , rounded to \$10,545.00.

**Community** **\$26,000.00**  
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. The Community appropriation has been decreased by \$4,800.00 over last year's appropriation, most of which is a result of the 2021 Fall Festival being canceled. An appropriation of \$5,000 has been included in the event that the town elects to conduct one or more "festival-like" activities later in the fiscal year. The service partnership with Artists Music Guild for music licensing, festival entertainment, and other event programming remains \$4,000.00.

**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.

**Elections** **\$3,300.00**  
There will be a municipal election on November 2, 2021 for which the town will be billed by Union County, and the estimated cost of \$3,300 is based on past experience.

**Employee Overhead****\$35,000.00**

Includes Scheduled bonds for Tax Collector at \$100.00, Clerk/Zoning Administrator at \$100.00, Finance Officer at \$450.00, workers compensation at \$2,500.00, FICA at \$10,600, NCLM benefits at \$1,800, and payroll processing at \$1,650. In addition, our required contribution to the NC Local Governmental Employees' Retirement System (NCLGERS) is estimated at \$17,800. This is a \$2,500 increase over last year, reflecting the increased FICA expenditures resulting from the 3% salary increases, an NCLGERS increase from 14.85% to 16.05%, and small increases in rates for the NCLM insurance and workers compensation.

**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.

**Intergovernmental****\$15,000.00**

The town has been working on a cooperative transportation program with Union County. The second phase of the Union County Critical Intersection Study has been completed, and \$2,500 of the \$5,000 planning portion of the appropriation was contributed by Mineral Springs for that study (which includes a Mineral Springs intersection) in FY2020-21. Another \$10,000 was proposed as an appropriation that could be used as a local match to NCDOT to expedite construction of one or more projects in the town. We are proposing the same levels for next year. These expenditures may not necessarily all be made during the upcoming fiscal year.

**Office & Administration****\$152,919.00**

We are proposing increasing the clerk's base salary to \$39,648.00 and the finance officer's base salary to \$36,624.00, representing a 3% cost-of-living and longevity increase. Council has re-authorized the part-time position of deputy clerk/office assistant for at least 12 hours per week, and Council has authorized increasing the hourly rate for that position to \$19.00/hr. This position has been budgeted at \$12,300 allowing for flexibility in the number of hours worked. Council salaries will remain \$150.00 per month for FY2021-22, and the mayor's salary will remain \$400.00 per month. Proposed expenditures for most routine office expenses and town hall overhead remain similar to last year's.

**Planning****\$49,272.00**

Council has recommended increasing the planning director/zoning administrator's salary by 3% to \$34,272.00. The proposed \$2,000.00 appropriation for contract services associated with providing assistance with administration from third parties remains the same as last year's. Included in that appropriation is an amount of \$1,254.40 to cover an interlocal agreement with Union County for joint funding of the Urban Forester position and the cost of contract enforcement by N-Focus of the town's abandoned swimming pool ordinance. The new Unified Development Ordinance has been completed but additional revisions are required for bringing the document into compliance with the state's new Chapter 160D legislation. \$5,000 is proposed to cover the costs of those

revisions. The \$5,000.00 allowance for land use plan updates and the \$3,000.00 allowance for miscellaneous expenditures, including clerical and mapping services, are the same as last year's. The planning director is currently seeking proposals for updating the land use plan.

**Street Lighting** **\$1,200.00**

This appropriation covers the cost of providing roadway lighting in the downtown area. This amount has been reduced by \$400 from last year's due to a rate reduction by Duke Energy.

**Tax Collection** **\$1,600.00**

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 FY2021-22 are estimated at \$1,600 which includes both current year and prior year collections. The current deputy clerk position will no longer include delinquent tax collection since the last of the prior-year taxes not subject to collection by Union County have either been collected or written off.

**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** **\$4,200.00**

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; it is expected that there will be attendance at several clerk, planner, and elected official classes and conventions this fiscal year that will incur travel and lodging expenditures.

*Capital*

**Capital Outlay** **\$31,049.00**

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** **\$2,500.00**

Short-term interest rates have continued to drop in response to Federal Reserve policy. Our Money Market account is currently earning only 0.10%; this has fallen from 0.69% a year ago. We have rolled over our 13-month CD and added another \$100,000 to it for a total deposit of \$300,000, but the new CD rate is 0.75% (down from 1.65%) and may fall further if we roll it over again this year. Although fund balance has continued to increase,

we anticipate total interest earned during FY2020-21 will fall short of budget by nearly \$2,000 and interest income for FY2021-22 will be even less.

**Other** **\$1,200.00**

This category covers various small-scale sources of revenue not accounted for in the other major categories. We anticipate refunds of North Carolina sales and use taxes paid by the town on purchases, and a few miscellaneous payments and fees such as copy charges. Zoning fees continue to be budgeted as a separate line item.

**2021 Property Tax Receipts** **\$77,765.00**

The estimated tax base has increased substantially due to Union County's property revaluation. Union County's estimate for real property is \$361,387,580 which we are reducing by 2.5% (\$9,034,690) to account for likely reductions as more appeals make it through the county's process. We estimate that our Public Service Property tax base will be \$5,596,953 based on last year's figure.

We are proposing an *ad valorem* tax rate of \$0.021/\$100, a reduction of 0.4¢ from last year's rate but 0.15¢ above the estimated revenue neutral rate.

Gross estimated tax levy must be reduced based on the collection rate for FY2019-20 as of June 30, 2020, which was 99.34% according to the Union County tax administrator.

The revenue estimate was arrived at as follows:

Real Property	\$361,387,580
Potential Appeals	-\$9,034,690
Personal Property	\$14,812,874
Public Service Property (est.)	\$5,596,953
<b>Est. Real and Personal Tax Base</b>	<b>\$372,762,717</b>

Tax rate: \$0.021/\$100 assessed valuation

Total levy: \$78,280.17

Estimated collection rate: 99.34% → \$77,763.52

**Property Taxes, prior years** **\$600.00**

We will receive some 2012 through 2020 delinquent tax payments from Union County. The total outstanding property taxes for that period will be approximately \$1,000, and we should expect Union County to collect over half of that. There will be no more collections of delinquent taxes from 2011 or earlier.

**Sales Taxes** **\$271,925.00**

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

Alcoholic Beverage tax	\$13,145.00
Electricity sales tax	\$208,000.00
General sales and use tax	\$29,430.00
Natural Gas excise tax	\$950.00

Telecommunications sales tax	\$2,400.00
Video Programming sales tax	\$18,000.00
<b>Total</b>	<b>\$271,925.00</b>

The amount of Alcoholic Beverage tax distributed to municipalities is *not* based on actual sales within the municipalities but instead is based solely on population. For 2019-20, municipalities where beer and wine sales were allowed received approximately \$4.29 per capita. The estimate of \$13,145.00 is arrived at by using the FY2019-20 Alcoholic Beverage Tax revenue with no increase since that is the most recent data available. Monthly General Sales and Use Tax revenues have actually increased during the current fiscal year in spite of COVID-19-related closures, and these revenues are now averaging approximately \$2,450/month. We believe that these collections will remain steady next fiscal year. The budget reflects an estimated \$8,030.00 increase from this fiscal year. As for the Electricity Sales Tax, the town’s largest revenue source, the amount has leveled off or even decreased slightly over the past few years. When North Carolina changed this tax from a franchise tax to a sales tax beginning in FY2014-15, the general assembly established FY2013-14 as the “baseline year” for this distribution. Sales tax on additional electricity consumption above this “baseline” amount is calculated by the same formula that General Sales and Use tax distributions are calculated: a formula that allocates the distribution based on the town’s percentage of the total property tax levy in the county. Because Mineral Springs has such a low tax base and tax rate, our levy is a very small percentage of the countywide levy and as a result incremental increases in Electricity Sales Tax distributions are very small. This year we are budgeting a \$1,000 increase in the anticipated Electricity Sales Tax distribution based on the average amount over the past few years. Telecommunications and Video Programming sales tax distributions have been treated this way for many years and have remained very flat over time, but we expect these revenue streams – particularly telecommunications – to decrease from last year. Overall, we are anticipating an increase of \$7,515.00 in sales tax revenue for FY2021-22.

**Vehicle Taxes**

**\$6,725.00**

Current-year vehicle taxes will all be collected by Union County via the state Vehicle Tax System in which property taxes are collected directly at the time of registration renewal. This amount reflects a collection rate of 98%, based on Union County’s estimate of the Mineral Springs vehicle tax base of \$32,675,834. In reality, the state-collected system yields a theoretical 100% collection rate for accounting purposes, since the way the system works the tax levy doesn’t exist until it is collected. Even so, some vehicles don’t get renewed, and some collections end up being refunded. Using a 98% collection rate is just an estimate reflecting these vehicles leaving the tax rolls.

Note that this revenue stream is down \$1,210 from last year’s vehicle tax levy even though the vehicle tax value estimate is the same as last year’s. This is due to the reduction in the property tax rate as a result of the county revaluation. Vehicle values are unaffected by property tax values, but the tax rate for vehicles must by state law be the same as the tax rate for other property.



**Zoning fees**

**\$3,500.00**

This estimate is based on the current rate of new construction both individually and in subdivisions (with only the Harrington Hall and McNeely Farms subdivisions actively building), plus additional zoning permits for accessory structures, garages, signs, and fences as well as miscellaneous applications for amendments, special use permits, and variances. Overall, zoning activity is expected to be similar to that of FY2020-21, which exceeded the \$2,500 budgeted amount.

**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 FY2020-21 and estimated tax base for FY2021-22**

<b>FY2020-21</b>		<b>FY2021-22</b>	
Real	\$251,400,480	Real (county est.)	\$361,387,580
Personal	\$18,691,214	Personal (county est.)	\$14,812,874
Public Service	\$5,596,953	Public Service (est. unchanged)	\$5,596,953
<b>Subtotal</b>	<b>\$275,688,647</b>		<b>\$381,797,407</b>
Vehicles (est.)	\$32,675,834	Vehicles (county est.)	\$32,675,834
<b>Total</b>	<b>\$308,364,481</b>		<b>\$414,473,241</b>
<b>Potential Reduction Due to Appeals (2.5% of Real Property, est.)</b>			<b>-\$9,034,690</b>
<b>Grand Total</b>	<b>\$308,364,481</b>		<b>\$405,438,551</b>

**II. Tax levy for FY2020-21 @ rate = \$0.025/\$100**

Real, Personal, & Public Service	\$68,960
Vehicles (est.)	\$8,216
<b>Total Levy</b>	<b>\$77,176</b>

**III. Rate for FY2021-22 to yield same levy as FY2020-21**

<b><math>\\$77,176 \div \\$405,438,551 \times 100</math></b>	<b>0.01904 (1.904¢)</b>
--------------------------------------------------------------	-------------------------

**IV. Calculation of average annual increase in tax base due to improvements since last general reappraisal**

<b>Period</b>	<b>Prior → Subsequent</b>	<b>Increase</b>	<b>% Increase</b>
2015→2016	\$275,272,000→\$275,692,920	\$420,920	0.15%
2016→2017	\$275,692,920→\$289,232,000	\$13,539,080	4.91%
2017→2018	\$289,232,000→\$300,008,000	\$10,776,000	3.73%
2018→2019	\$300,008,000→\$303,924,000	\$3,916,000	1.31%
2019→2020	\$303,924,000→\$308,364,481	\$4,440,481	1.46%
<b>Average Increase</b>		<b>\$6,618,496</b>	<b>2.31%</b>

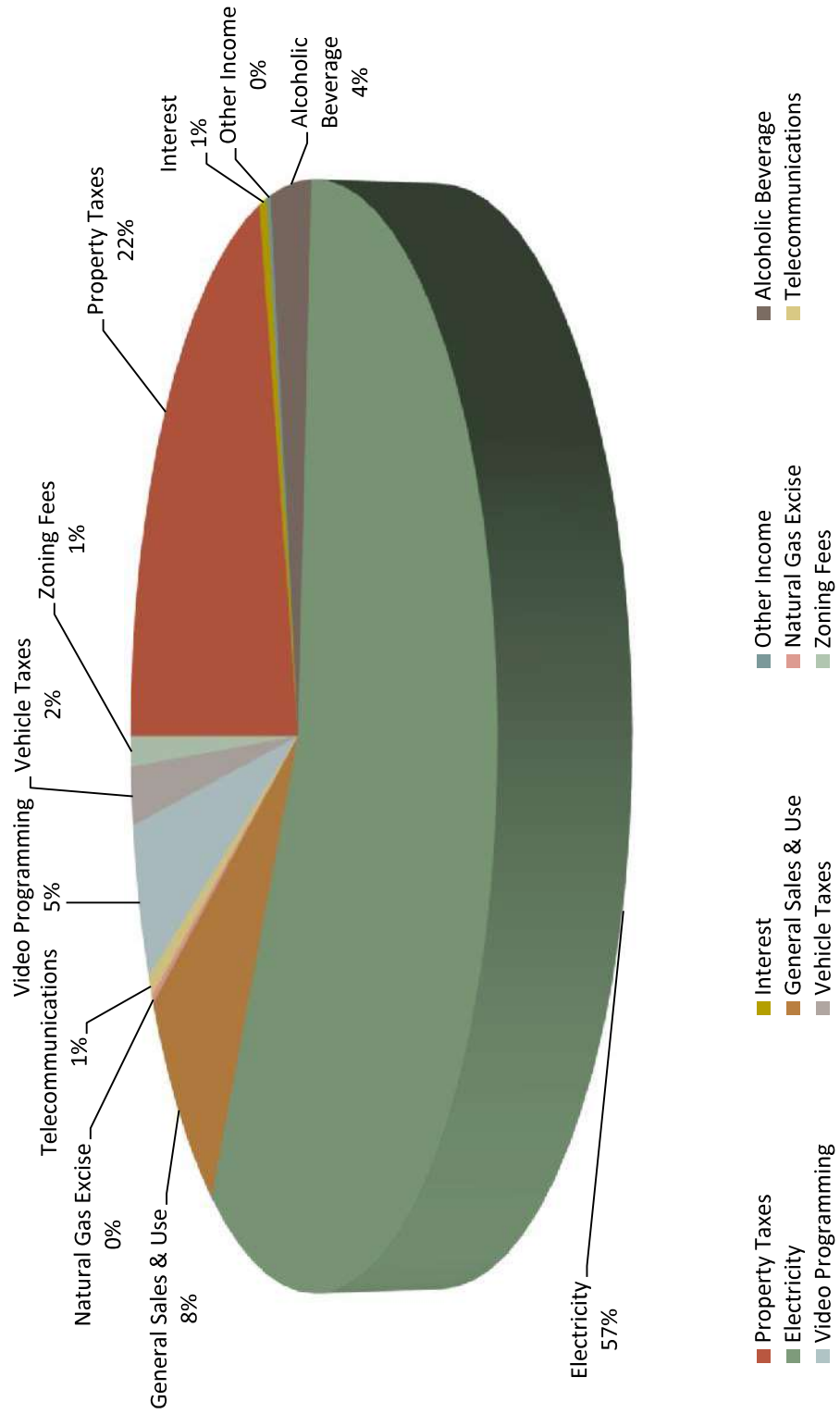
**V. Rate increased by calculated growth factor**

<b>0.01904 x 1.0231</b>	<b>0.1948 (1.95¢)</b>
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The revenue neutral tax rate for FY2021-22 accounting for the 5-year-average growth factor would be **\$0.0195/\$100.**

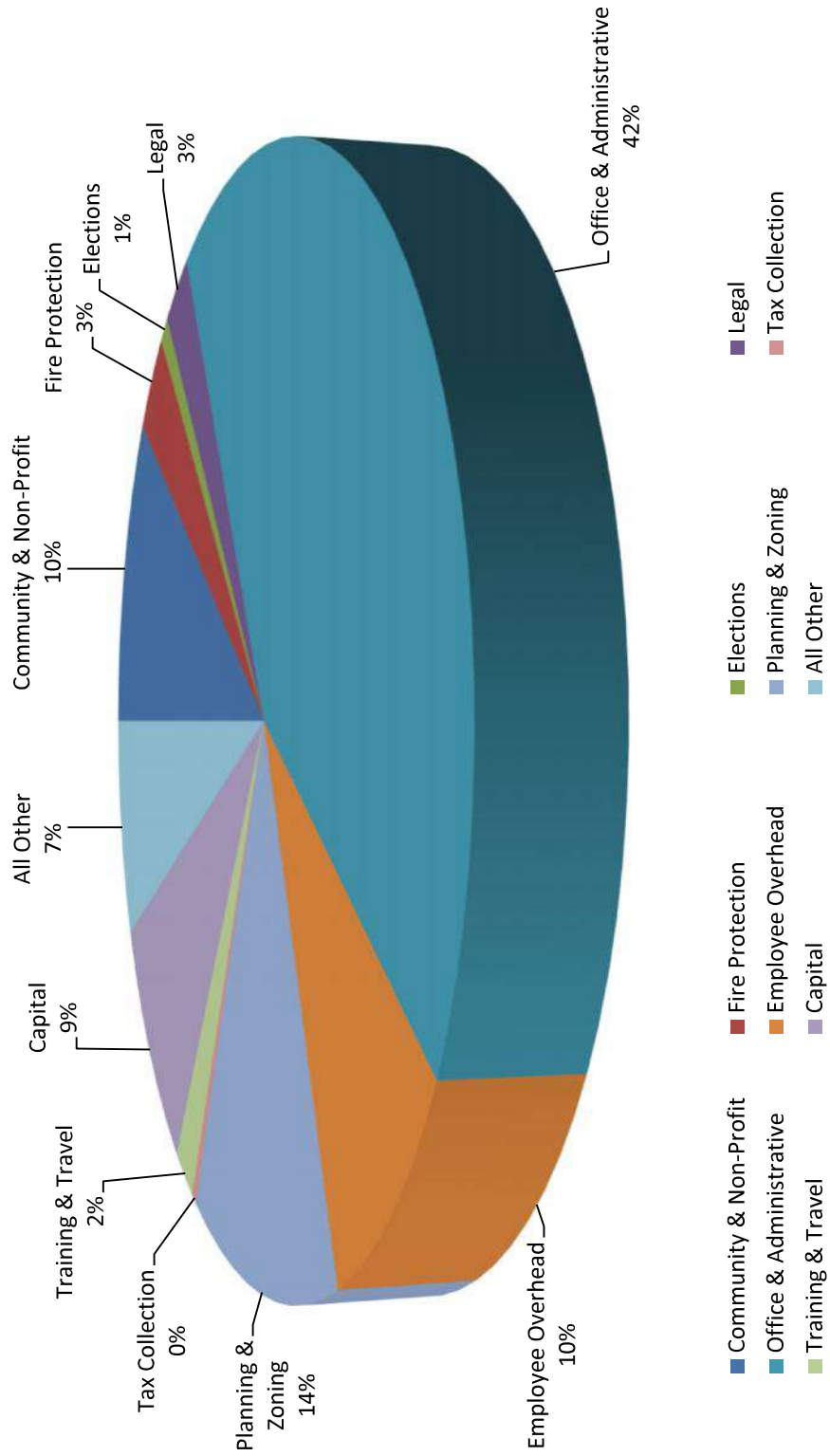
# Mineral Springs Proposed Revenues 2021-2022

## \$364,215



# Mineral Springs Proposed Expenditures 2021-22

## \$364,215



# PRIOR YEAR (AS ADOPTED)

<b>REVENUES</b>			<b>\$ 351,480</b>
<i>TOTAL INCOME</i>			<i>\$ 351,480</i>
Property Taxes		\$ 67,810	
Current Year	\$ 67,210		
Prior Years	\$ 600		
Interest		\$ 5,825	
Other Income		\$ 3,000	
Festival	\$ 1,800		
Miscellaneous	\$ 1,200		
Sales Tax		\$ 264,410	
Alcoholic Beverage	\$ 13,015		
Electricity	\$ 207,000		
General Sales & Use	\$ 21,400		
Natural Gas Excise	\$ 1,095		
Telecommunications	\$ 3,200		
Video Programming	\$ 18,700		
Vehicle Taxes		\$ 7,935	
Zoning Fees		\$ 2,500	

<b>EXPENDITURES</b>			<b>\$ 351,480</b>
<i>ADMINISTRATIVE &amp; GENERAL GOVERNMENT</i>			<i>\$ 329,075</i>
Advertising		\$ 1,800	
Attorney		\$ 9,600	
Audit		\$ 4,730	
Charities & Agencies		\$ 10,825	
Community		\$ 30,800	
Beautification, Maintenance	\$ 6,300		
Newsletter	\$ 2,500		
Special events	\$ 15,000		
Festival	\$ 10,000		
AMG	\$ 4,000		
Misc	\$ 1,000		
Park & Greenway Maint	\$ 7,000		
Contingency		\$ 3,000	
Elections		\$ -	
Employee Overhead (FICA, work comp, bonds)		\$ 32,500	
Fire Protection		\$ 12,000	
Intergovernmental		\$ 15,000	
Intersection Study	\$ 5,000		
Construction Match	\$ 10,000		

Office				\$	149,844
Salary: Clerk	\$	38,496			
Salary: Deputy Clerk/Assistant	\$	11,500			
Salary: Finance Officer	\$	35,556			
Salary: Mayor	\$	4,800			
Salary: Council	\$	10,800			
Dues	\$	7,000			
Insurance	\$	4,000			
Records Management	\$	5,092			
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				\$	48,276
Zoning Ord. & Planning	\$	5,000			
Zoning Administration	\$	35,276			
Salary	\$	33,276			
Contract	\$	2,000			
Land Use Planning	\$	5,000			
Reserve/Misc	\$	3,000			
Street Lighting				\$	1,600
Tax Collection				\$	1,900
Salary	\$	300			
Contract (Union County)	\$	1,600			
Postage	\$	-			
Billing	\$	-			
Training				\$	3,000
Boards	\$	1,000			
Officials	\$	1,000			
Staff (Clerk, TC, FO)	\$	1,000			
Travel Expenses				\$	4,200
<i>CAPITAL</i>				\$	<i>22,405</i>
Capital Outlay				\$	22,405

# PRIOR YEAR

2020 FINAL BUDGET AMOUNTS				ACTUAL (5/21 & 6/21 PROJECTED)		VARIANCE	
<b>REVENUES</b>				<b>\$ 351,480</b>		<b>\$ 358,409.00</b>	<b>\$ 6,929</b>
	Interest		\$ 5,825			\$ 3,863.00	\$ (1,962)
	Property Taxes		\$ 67,810			\$ 69,626.00	\$ 1,816
	Sales Tax		\$ 264,410			\$ 271,927.00	\$ 7,517
	Vehicle Taxes		\$ 7,935			\$ 8,728.00	\$ 793
	Zoning Fees		\$ 2,500			\$ 4,215.00	\$ 1,715
	Other		\$ 3,000			\$ 50.00	\$ (2,950)
<b>EXPENDITURES</b>				<b>\$ 351,480</b>		<b>\$ 288,689.00</b>	<b>\$ (62,791)</b>
<i>ADMINISTRATIVE &amp; GENERAL GOVERNMENT</i>				<i>\$ 329,075</i>		<i>\$ 273,088.00</i>	<i>\$ (55,987)</i>
	Advertising		\$ 1,800			\$ 369.00	\$ (1,431)
	Attorney		\$ 9,600			\$ 3,600.00	\$ (6,000)
	Audit		\$ 4,730			\$ 4,730.00	\$ -
	Charities		\$ 10,825			\$ 10,825.00	\$ -
	Community Projects		\$ 30,800			\$ 15,244.00	\$ (15,556)
	Beaut., Maint.	\$ 6,300		\$ 4,800			
	Special Events	\$ 15,000		\$ 4,500			
	Newsletter	\$ 2,500		\$ 1,400			
	Park & Greenway	\$ 7,000		\$ 4,544			
	Contingency		\$ 3,000			\$ -	\$ (3,000)
	Elections		\$ -			\$ -	\$ -
	Employee overhead		\$ 32,500			\$ 32,400.00	\$ (100)
	Fire Department grant		\$ 12,000			\$ 12,000.00	\$ -
	Intergovernmental		\$ 15,000			\$ 4,000.00	\$ (11,000)
	Office		\$ 149,844			\$ 143,989.00	\$ (5,855)
	Sal.: Clerk	\$ 38,496		\$ 38,496			
	Sal: Deputy	\$ 11,500		\$ 11,078			
	Sal.: Fin. Officer	\$ 35,556		\$ 35,556			
	Sal: Mayor	\$ 4,800		\$ 4,800			
	Sal: Council	\$ 10,800		\$ 10,800			
	Dues	\$ 7,000		\$ 7,081			
	Insurance	\$ 4,000		\$ 3,268			
	Records Management	\$ 5,092		\$ 5,092			
	Equip. & dur.	\$ 2,400		\$ 1,812			
	Supplies	\$ 4,000		\$ 2,354			
	Postage	\$ 1,000		\$ 600			
	Tel., Internet	\$ 7,200		\$ 6,872			
	Reserve	\$ 1,000		\$ 821			
	Town Hall Maint	\$ 12,000		\$ 9,335			
	Supplies	\$ 2,000		\$ 675			
	Services	\$ 10,000		\$ 8,660			
	Utilities	\$ 5,000		\$ 6,024			
	Planning		\$ 48,276			\$ 41,551.00	\$ (6,725)
	Zoning Ord.	\$ 5,000		\$ 3,480			
	Zoning Admin	\$ 35,276		\$ 34,571			
	Salary	\$ 33,276		\$ 33,276			
	Contract	\$ 2,000		\$ 1,295			
	Land Use Plan	\$ 5,000		\$ 2,000			
	Reserve/Misc	\$ 3,000		\$ 1,500			
	Street Lighting		\$ 1,600			\$ 933.00	\$ (667)
	Tax Collection		\$ 1,900			\$ 1,703.00	\$ (197)
	Salary	\$ 300		\$ 300			
	Contract (Union County)	\$ 1,600		\$ 1,403			
	Postage	\$ -		\$ -			
	Billing	\$ -		\$ -			
	Training		\$ 3,000			\$ 876.00	\$ (2,124)
	Officials	\$ 1,000		\$ -			
	Planning Org.	\$ 1,000		\$ -			
	Staff	\$ 1,000		\$ 876			
	Travel Expenses		\$ 4,200			\$ 868.00	\$ (3,332)
<b>CAPITAL</b>				<b>\$ 22,405</b>		<b>\$ 15,601.00</b>	<b>\$ (6,804)</b>
	Capital Outlay		\$ 22,405			\$ 15,601.00	\$ (6,804)
<b>EXCESS (SHORTAGE) OF INCOME OVER EXPENDITURES - Applied to Fund Balance</b>						<b>\$ 69,720.00</b>	