



TOWN OF MIDLAND

Fiscal Year 2011-2012

Budget Document

Annual Budget
Fiscal Year (FY) 2011-2012
Town of Midland, North Carolina

Table of Contents

| | |
|-------------------------------------|-------|
| Table of Contents..... | 2 |
| Budget Message..... | 3-6 |
| General Fund..... | 7-12 |
| Revenue Summary..... | 7 |
| Expenditure Summary..... | 8 |
| Expenditure Summary Line Items..... | 9 |
| Fund Balance..... | 10 |
| LUP Comprehensive Work Program..... | 11 |
| Powell Bill..... | 12-13 |
| FY 2011-2012 Budget Ordinance..... | 14-15 |

BUDGET MESSAGE

DATE: June 1, 2011
TO: The Honorable Mayor Kathy Kitts,
Members of the Midland Town Council
FROM: Don McSheehan, Budget Officer
RE: FY 2011-2012 Annual Budget

Pursuant to the North Carolina Local Budget and Fiscal Control Act §159-11 of the North Carolina General Statutes, I respectfully present the Fiscal Year (FY) 2011-2012 Budget for your review and consideration. The following message summarizes and highlights significant elements of the budget, particularly in those areas where there are notable changes from the FY 2010-2011 budget.

The Town's revenue forecasting philosophy has always been conservative and will continue for this fiscal year, especially due to the uncertainty of local and state economic trends. The Town identifies many factors (population, property values, development, and the economy) when calculating revenues and expenditures that contribute to fiscal changes.

General Fund Revenues

The FY 2011-2012 budget is presented with a tax rate of \$0.14 per \$100 of assessed valuation. This represents no change in the tax rate from the previous fiscal year. At \$0.14, Midland continues to have the lowest combined property and fire tax rate in Cabarrus County.

The FY 2011-2012 General Fund revenues are estimated at \$1,104,694, down compared to the 2010-2011 budget of \$1,134,576. (The FY 2010-2011 and FY 2011-2012 figures exclude pass-through revenue from City of Monroe to obtain gas line rights-of way.) The town's largest sources of revenue are ad valorem property taxes, sales taxes, utility franchise tax, and City of Monroe gas pipeline revenue.

As provided to us by Cabarrus County, the total assessed value of property located in the Town of Midland is \$367,730,000. The ad valorem tax rate of \$0.14 per \$100 of assessed valuation, at a collection rate of 97%, is projected to be \$499,377.

The statewide local sales tax revenue was expected to grow 1.0-2.0% in FY 2010-2011. These projections, however, did not occur and Midland anticipates sales tax revenue to be approximately 85% of the amount originally budgeted in FY 2010-2011. Therefore, although sales tax revenue is expected to increase in the upcoming year, the projected sales tax revenue for FY 2011-2012 is budgeted at \$115,000, significantly less than projected in previous years.

The State levies a franchise tax on total gross receipts of various utilities. Each Town's share of utility franchise tax is based on actual receipts from electric and telephone services within their

municipal boundaries during the fiscal year. The amount is also affected by the weather conditions (colder winters or hotter summers). Although increases are projected for the upcoming year, we are budgeting conservatively due to the uncertain economic atmosphere and keeping the franchise tax projection at \$128,000 for FY 2011-2012.

FY 2011-2012 will represent Town of Midland's second full year of offering planning, zoning, subdivision, code, and public works administration services at Town Hall. Combined planning fees (Permit/Zoning Fees & Subdivision Review Fees), are projected at \$13,000 FY 2011-2012. This is not "projection-dependent", meaning whatever revenue is brought in from projects such as subdivision review is used as a "pass-through" to pay staff for their review work.

Expenditures

General Fund expenditures consist primarily of salaries, contracted services (i.e. Sanitation & Fire Protection), and other operating expenses. Other operating expenditures consist primarily of rent, advertising, dues, and traffic control at Bethel Elementary School by Cabarrus County Sheriff's Deputies during student drop-off and pick-up times. Descriptions of employee salaries and provided services are described below:

Administration & Personnel: Staff positions are unchanged from FY 2010-2011. The FY 2011-2012 budget is for two full-time positions (Administrator and Clerk) and two part-time (Finance Director and Planning Clerk). Total salaries, taxes and benefits are \$130,161.

Legal: Midland's legal fees are proposed at \$40,000 for FY 2011-2012, a \$35,000 reduction from FY 2010-2011.

Planning & Zoning: Midland will continue to offer planning, zoning, subdivision, code, and public works administration to its citizens as a service at Town Hall. I am pleased to report our first full year of in-house planning has been very positive. Having planning "in-house" allows staff to maintain a pulse on Midland's development in all areas while giving citizens a close and easily accessible service at Town Hall. Planning services include two full days (Tuesdays and Fridays) per week for a Planning, Zoning, and Subdivision Administrator budgeted at \$24,316, and a Code Administrator at eight (8) hours per week at \$22,048 with availability via phone during all normal work week hours for citizen concerns. As mentioned, inspections and public works administration will depend on the amount of work pertaining to permits and other projects brought in by developers and land owners. The total budget for planning/zoning staff is \$69,364.

In addition to daily Planning Services, Midland will continue (and finish) its two-year Comprehensive Planning Work Program in FY 2011-2012. Due to planning staff's diligence in procuring a grant from the North Carolina Department of Health and Human Services (NC DHHS), the cost for year two of the Work Program is set at \$62,888 with \$2,917 still left to offset costs. Overall, the grant will save Midland \$15,000 or 10% of the total two-year Work Program cost (see chart on page 11). Staff is expected to finish the Midland Development Ordinance and Southeast Quadrant Development by late summer/ early fall and complete the remaining Land Use Plan 2030 Quadrants as well as transportation, utilities, recreation, and land conservation master plans during the remainder of the fiscal year.

Sanitation Services: Midland continues to contract with Republic Waste Services, Inc. for roadside garbage and recycling pick-up. Estimated cost for these services is \$228,843, an increase (to account for gas prices) of about \$2,000.

Fire Protection: Midland's Town Limits are primarily serviced by Midland Volunteer Fire & Rescue, Inc. with Flowes Store Volunteer Fire Department covering the remaining area. Fire protection is budgeted at \$198,632.

Fund Balance

On June 30, 2010 the Town's General Fund Balance was \$2,123,413 of which \$500,010 is designated by Council to the Utility CIP Fund (see below) and \$1,431,650 is unreserved and available for Town Council to appropriate as needed.

A Town's General Fund Balance is the equivalent to a "savings account". Typically, especially in a recession, municipalities will use their Fund Balance to balance the budget when estimated expenditures are greater than projected revenues. The North Carolina Local Government Commission (LGC) recommends, as a "best practice", using Fund Balance for "special" or "one-time" items.

Midland is benefitting from sound fiscal practices in the Town's previous ten years. This has provided Midland with a "healthy" fund balance that has allowed for growth in the difficult economic times. For example, Midland has increased services by bringing planning, zoning, subdivision, code, and public works administration to Town Hall without passing the expense to the citizens during this difficult economy. Therefore, combining the final "one-time cost" of the two-year planning work program, and the fact that the cost of "in-house" planning services has not yet been passed to Midland citizens, the budgeted amount for General Fund Balance Appropriation for FY 2011-2012 is \$93,000.

Utility Capital Improvement Project (CIP) Fund

Estimated revenue from City of Monroe gas pipeline is projected at \$236,000. This revenue is earmarked for utility capital improvement projects for the Town of Midland including engineering, grant-writing, infrastructure, and other utility-like costs.

It should be noted the Utility CIP had a significant increase in FY 2010-2011 because Midland received \$1 million dollars from the City of Monroe in December 2010 per the agreement outlined in the Midland-Monroe interlocal agreement. Midland is expected to receive another \$600,000 from Monroe at the beginning of the 2011-2012 fiscal year. These figures are NOT reflected in the chart on page 10 because fund balance is reported based on the amount from the prior fiscal year (FY 2010-2011).

Powell Bill Funds & Expenditures

Powell Bill distribution is based largely on the volume of motor fuel taxed by the State and on the value of vehicles purchased and titled in North Carolina. The amount municipalities receive is heavily based on population (75% of the formula). At the state level, the FY 2011-2012 Powell Bill revenue is anticipated to increase 5% from FY 2010-2011 estimates. However, because the

2010 Census population count actually dropped Midland's population from 3,500 to 3,073, Powell Bill Funds are anticipated to remain at \$63,000 this year.

Pursuant to G.S. 136-41.1 through 136-41.4, Powell Bill funds shall be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets that are the responsibility of the municipality or for planning, construction, and maintenance of bikeways or sidewalks along public streets and highways. Town of Midland has budgeted \$200,000 of Powell Bill funds for anticipated resurfacing, extension, and repair.

The reason for the increase in expected Powell Bill expenditures is due to plans to resurface Town-owned streets in Old Historic Midland. As mentioned, Midland can only spend Powell Bill revenue on Town-owned streets, and a majority of the 2.2 miles of Midland-owned roads (i.e. Alpine and Bain Avenue) are concentrated in the Old Historic Midland area. These roads are in need of resurfacing and Midland's Powell Bill fund balance will allow resurfacing this fiscal year.

Additionally, Midland has applied for Carolina Thread Trail grant funding for two blue-way put-in points along the Rocky River as a means to provide for community recreation and begin a base for future tourism. Midland's "local-match" to strengthen the grant is to fund road extensions to the blue-way put-in points. The Town will be notified in September if it is a recipient of this grant.

The remaining \$6,000 is for supplies, storm damage, and maintenance.

Summary

The Public Hearing for the FY 2011-2012 budget has been set for Tuesday, June 14, 2011 at 7:00pm at Midland Town Hall.

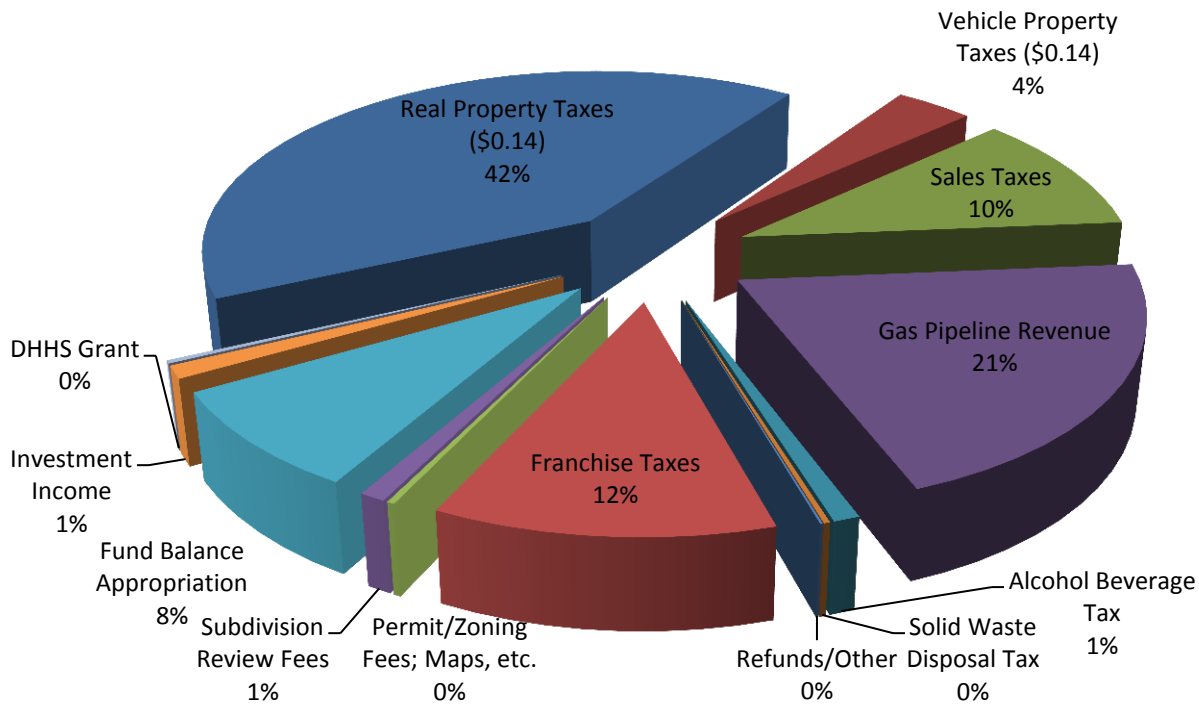
I thank the Budget Committee, Finance Director, and Town Administrator for assisting me in preparing this budget and am pleased to present the FY 2011-2012 budget to the Mayor and Council of the Town of Midland.

Respectfully submitted,

Don McSheehan

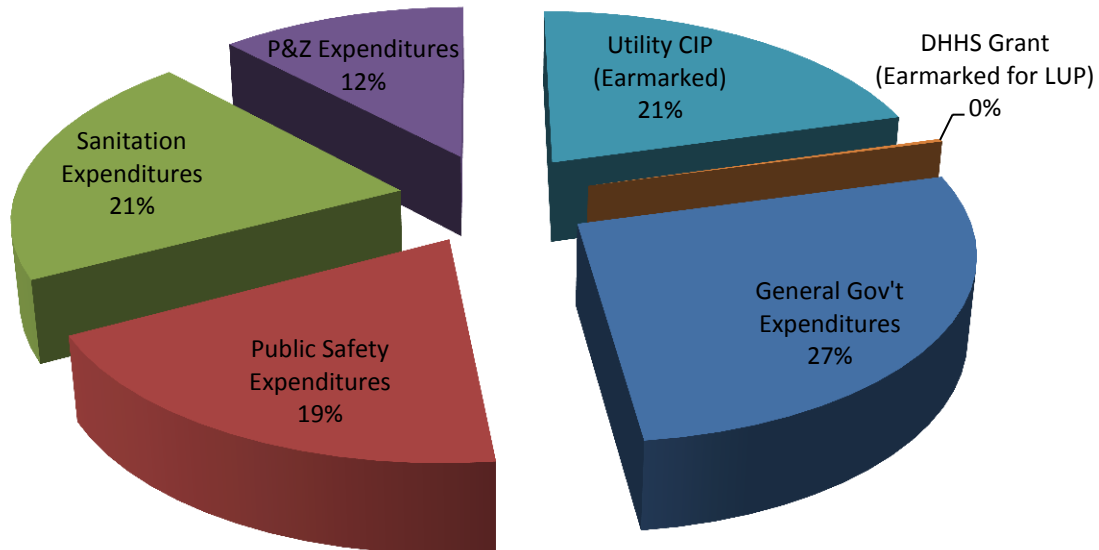
Don McSheehan
Budget Officer
Town of Midland

FY 2011-2012 General Fund Revenue Summary



| <u>General Government</u> | |
|----------------------------------|---------------------|
| Real Property Taxes (\$0.14) | \$ 458,237 |
| Vehicle Property Taxes (\$0.14) | 41,140 |
| Sales Taxes | 115,000 |
| Gas Pipeline Revenue | 228,000 |
| Alcohol Beverage Tax | 10,000 |
| Solid Waste Disposal Tax | 2,400 |
| Refunds/Other | 1,000 |
| Franchise Taxes | 128,000 |
| Permit/Zoning Fees | 3,000 |
| Subdivision Review Fees | 10,000 |
| Fund Balance Appropriation | 93,000 |
| Investment Income | 12,000 |
| DHHS Grant | 2,917 |
| Total | \$ 1,104,694 |

FY 2011-2012 General Fund *Expenditure Summary*



| General Fund Expenditures | |
|----------------------------------|----------------------------|
| General Government Expenditures | \$ 301,549 |
| Public Safety Expenditures | 211,132 |
| Sanitation Expenditures | 228,843 |
| P&Z Expenditures | 132,253 |
| Utility CIP | 228,000 |
| DHHS Grant (Earmarked for LUP) | <u>2,917</u> |
| Total | <u>\$ 1,104,694</u> |

FY 2011-2012 General Fund *Expenditure Summary Line Items*

General Government

| | |
|---------------------|------------|
| Salaries | \$ 101,275 |
| Payroll Taxes | 7,748 |
| Employee Benefits | 21,138 |
| Insurance | 7,000 |
| Tax Collection Fees | 7,491 |

Professional Fees

| | |
|-------------|--------|
| Engineering | 1,000 |
| Legal | 40,000 |

| | |
|---------------------------------|-----------------------|
| Audit Fees | 8,550 |
| Dues | 9,392 |
| Supplies/Office | 4,000 |
| Advertising/Public Relations | 8,000 |
| Training | 2,500 |
| Lease Expense-Copier | 4,500 |
| Telephone/Internet | 4,000 |
| Misc. Operating Expenses | 1,636 |
| Public Event Fund | 2,500 |
| Janitorial Services | 1,920 |
| Rent Expense | 39,972 |
| Grants/Contributions | 2,500 |
| Election Fees | 6,127 |
| Travel/Mileage Expense | 2,000 |
| Technology Expense | 7,800 |
| Misc. Staff Resources | 9,000 |
| Street Sign Replacement | 1,000 |
| Capital Outlay | <u>500</u> |
| Total General Government | <u>301,549</u> |

Public Safety

| | |
|-------------------------------|-----------------------|
| Fire Protection | 198,632 |
| Traffic Control-Bethel School | <u>12,500</u> |
| Total Public Safety | <u>211,132</u> |

Sanitation

| | |
|-------------------------|-----------------------|
| Total Sanitation | <u>228,843</u> |
|-------------------------|-----------------------|

Planning and Zoning

| | |
|----------------------|-----------------------|
| Total P&Z | <u>132,253</u> |
|----------------------|-----------------------|

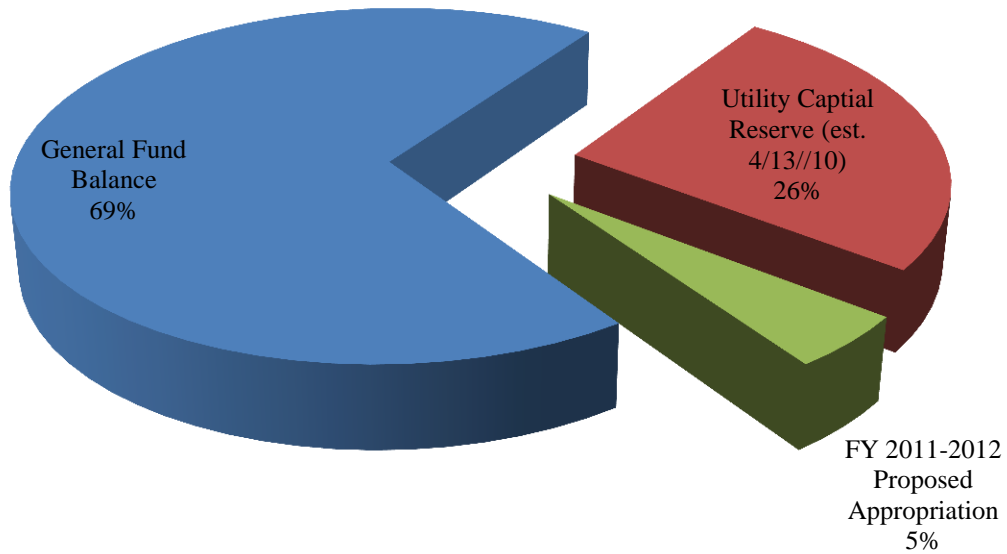
Reserves

| | |
|------------------------------|-----------------------|
| Utility CIP | <u>228,000</u> |
| Total Capital Reserve | <u>228,000</u> |

| | |
|------------|--------------|
| DHHS Grant | <u>2,917</u> |
|------------|--------------|

| | |
|------------------------------------|----------------------------|
| Total Expenses-General Fund | <u>\$ 1,104,694</u> |
|------------------------------------|----------------------------|

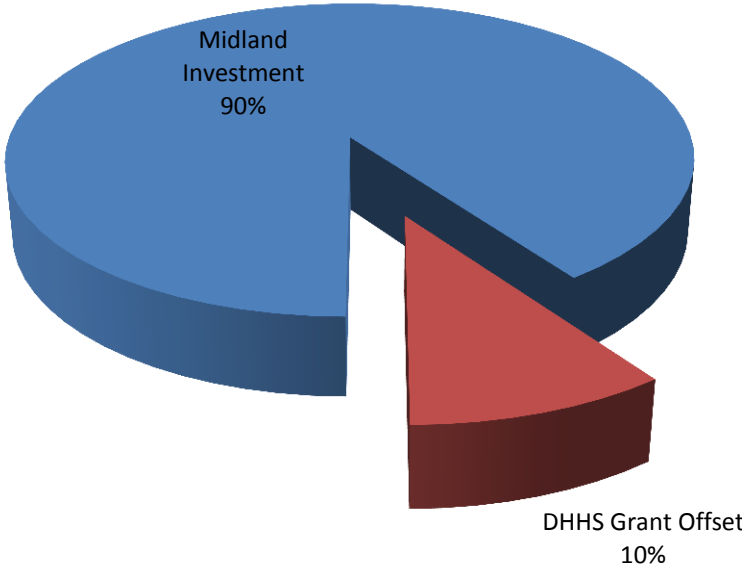
FY 2011-2012 General Fund *Fund Balance*



***Note: For written explanation, please see "Fund Balance" Section (page 5) under Budget Message.

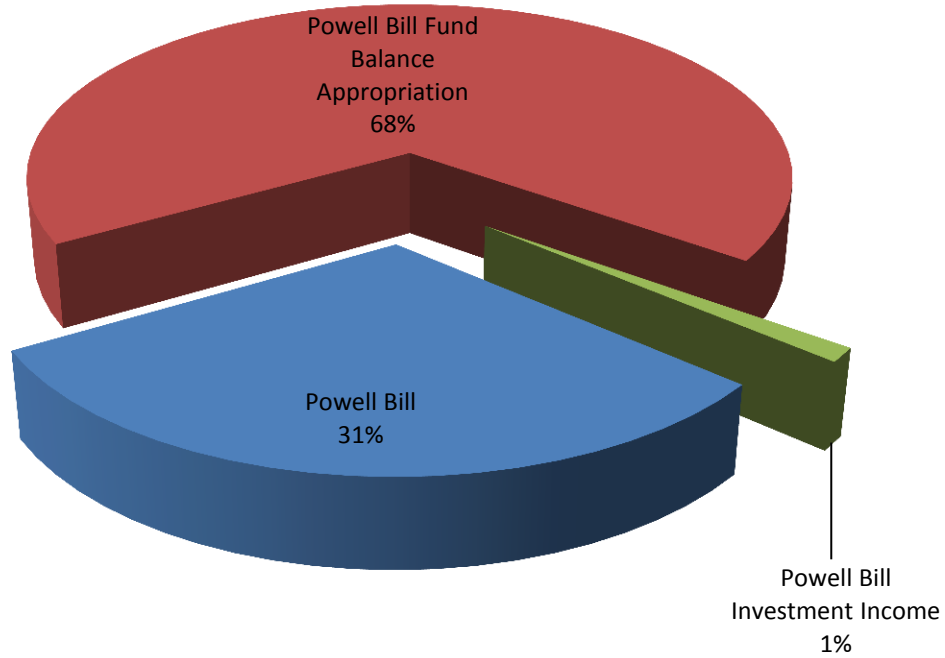
| | |
|---|----------------------------|
| <u>Fund Balance Reserves (as of June 30, 2010)</u> | |
| General Fund Balance | \$ 1,338,650 |
| Utility CIP (est. April 2010) | 500,010 |
| FY 2011-2012 Proposed Expenditure | <u>93,000</u> |
| Total | <u>\$ 1,931,660</u> |

Land Use Plan Comprehensive Work Program 2010-2012



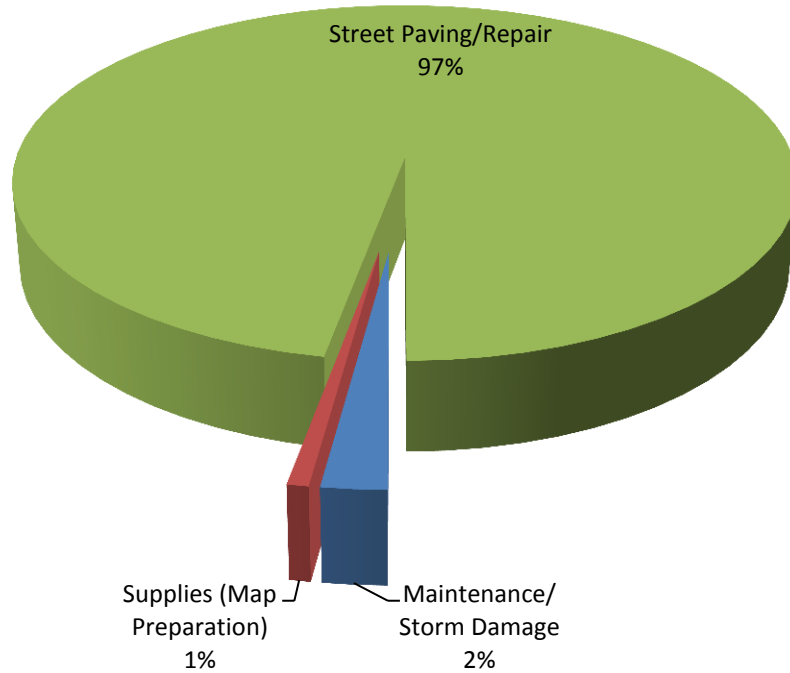
| | |
|--|--------------------------|
| <u>LUP Comprehensive Work Program</u> | |
| Midland Investment | \$ 135,000 |
| DHHS Grant Offset | <u>15,000</u> |
| Total (2-years) | <u>\$ 150,000</u> |

FY 2011-2012 Powell Bill *Revenue Summary*



| <u>Powell Bill Revenues</u> | |
|--|--------------------------|
| Powell Bill | \$ 63,000 |
| Powell Bill Fund Balance Appropriation | 140,500 |
| Powell Bill Investment Income | <u>2,500</u> |
| Total | <u>\$ 206,000</u> |
| | |

FY 2011-2012 Powell Bill *Expenditure Summary*



| <u>Powell Bill Expenditures</u> | |
|--|--------------------------|
| Maintenance/ Storm Damage | \$ 4,500 |
| Supplies (Map Preparation) | 1,500 |
| Street Paving/Repair | <u>200,000</u> |
| Total | <u>\$ 206,000</u> |

FY 2011-2012 Budget Ordinance

BE IT ORDAINED by the Governing Board of the Town of Midland, North Carolina:

Section 1

The following amounts are hereby appropriated in the General Fund for the operation of the Town Government and its activities for the fiscal year beginning July 1, 2011 and ending June 30, 2012.

| | | |
|--------------------|----|------------------|
| General Government | \$ | 301,549 |
| Public Safety | | 211,132 |
| Sanitation | | 228,843 |
| Planning & Zoning | | 132,253 |
| Utility CIP | | 228,000 |
| DHHS Grant | | 2,917 |
| Streets | | <u>206,000</u> |
| | \$ | <u>1,310,694</u> |

Section 2

It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning July 1, 2011 and ending June 30, 2012:

| | | |
|----------------------------|----|------------------|
| Real Property Taxes | \$ | 458,237 |
| Vehicle Property Taxes | | 41,140 |
| Sales Taxes | | 115,000 |
| Franchise Taxes | | 128,000 |
| Alcohol Beverage Tax | | 10,000 |
| Solid Waste Disposal Tax | | 2,400 |
| Permit & Zoning Fees | | 3,000 |
| Subdivision Review Fees | | 10,000 |
| Miscellaneous | | 1,000 |
| Gas Pipeline Revenue | | 228,000 |
| DHHS Grant Revenue | | 2,917 |
| Fund Balance Appropriation | | 93,000 |
| Investment Earnings | | 12,000 |
| Powell Bill | | <u>206,000</u> |
| | \$ | <u>1,310,694</u> |

Section 3

There is hereby levied a tax at the rate of fourteen cents (\$0.14) per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2011, for the purpose of raising the revenue listed "Property Taxes" in the General Fund in Section 2 of the ordinance.

This rate is based on a total valuation of property for the purposes of taxation of \$367,730,000 and an estimated collection rate of 97%.

Section 4

The Budget Officer is hereby authorized to transfer appropriations as contained herein under the following conditions:

- a. He/she may transfer amounts between line item expenditures within a department without limitation and without a report being required. These changes should not result in increases in recurring obligations such as salaries.
- b. He/she may not transfer any amounts between funds, except as approved by the Governing Board in the Budget Ordinance as amended.

Section 5

Copies of this Budget Ordinance shall be furnished to the Clerk to the Governing Board and the Budget Officer and Finance Director to be kept on file by them for their direction in the disbursement of funds.

Adopted this the 14th day of June 2011