



FISCAL YEAR 2024

Operating Budget

Town of Mills River, NC



Photo Credit: Nicole Sweat, Parks & Recreation Director

In accordance with the Local Government Budget and Fiscal Control Act (North Carolina General Statute 159), herein lies a concise explanation of the Town of Mills River's goals fixed by the budget for coming fiscal year 2023-2024.



TOWN OF MILLS RIVER

124 Town Center Drive
Mills River, NC 28759
(828) 890-2901

TOWN COUNCIL

Shanon Gonce – Mayor – District Three
Randy Austin – Mayor Pro Tem – At-Large
Sandra Goode – District One
James Cantrell – District Two
Jeff Young – At-Large

STAFF

Daniel Cobb – Town Manager
Susan Powell – Town Clerk & Finance Director
Aurelie Taylor – Tax Collector
Patty Brown – Deputy Clerk
Nicole Sweat – Parks & Recreation Director
Michael Malecek – Planning Director

QUICK FACTS

Budget Year:	2023-2024 (FY24)
Tax Rate:	\$.18
Tax Rate Equivalent:	\$209,094
Property Valuation:	\$2,090,944,457
Collection Rate:	98%
Operating Budget:	\$6,117,271
Capital Investment:	\$3,356,500
Total Budget:	\$9,473,771
Full Time Employees:	13
Part Time Employees:	3
Salary Increase:	6%
Budget Adoption:	June __, 2023

Revenue Neutral Tax Rate Based Upon 2023 Revaluation

\$.152

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About the Cover

Stream restoration efforts on the Mills River. This project was made possible with grant funding and support from: the Department of Environmental Quality, the Mills River Partnership, Henderson County Community Foundation, and the Town of Mills River.

Budget Guide

The purpose of the Budget Guide is to introduce readers to the budget document and process, assisting in the reader’s understanding of the information contained throughout. The Local Government Budget and Fiscal Control Act (LGBFCA) defines the annual budget as a “proposed plan for raising and spending money for specified programs, functions, activities, or objectives during a fiscal year” [G.S. 159-7(b)(1)]. The Budget Guide will briefly describe the sections contained within the budget document, explain the budget process, explain how to read charts and graphs and interpret numbers, as well as how to understand the effects of inflation. Note that sample charts and tables do not reflect accurate financial information for the Town of Mills River.



The Budget Document

This annual budget provides the public, local officials, staff, and stakeholders an opportunity to review and evaluate programs and services. This document is prepared in such a way that anyone, whether or not they are familiar with Mills River, may read it, understand it, and utilize the information contained within it as necessary. Furthermore, this document has been prepared in such a way as to maximize transparency and accountability as much as possible.

Budget Message

The Budget Message is a letter from the Town Manager to the Town Council that provides an overview of the upcoming fiscal year budget and how it fits with the Town Council's mission, values, and goals identified in the Strategic Planning document. The message should introduce and summarize the budget document, including issues facing the development of the budget, significant budgetary items and trends, and the budgetary effect on short and long-term plans. General Statute 159-11(b) states that the message should include the following:

- A concise explanation of the governmental goals set by the budget for the budget year.
- Important features of the activities anticipated by the budget.
- Reasons for stated changes from previous years in program goals, programs, and appropriation levels.
- Any major changes in fiscal policy.

Budget Ordinance

The Budget Ordinance is a statute, legally adopted by the Town Council to set spending limits for the coming fiscal year, which runs from July 1 to June 30. The Budget Ordinance also establishes the Capital Improvement Plan, Pay and Classification Schedule, and Fee Schedule set for the coming fiscal year.

Community Profile

This section of the budget document highlights general information about the Mills River community including historical, geographical, demographic, economic features, and services provided by the Town.

Organizational Structure

Within the organizational profile, the reader will find information about the Town's governmental structure including elected and appointed boards and their duties; individual department information; and a summary of personnel.

Financial Structure

This section provides financial policies and management systems that guide the budget process.

Financial Summaries

The Financial Summaries section provides a summary of revenues, expenditures, and fund balance for the Town of Mills River’s funds. Information provided in both numerical and narrative format increases the reader’s ability to determine how much money each fund is spending and generating.

A fund is an independent fiscal and accounting entity. Funds make it easier to keep track of accounts that operate similar types of activity and share the same set of accounting records. The Town of Mills River operates one major fund: the general fund.

The General Fund accounts for all governmental services that do not generate sufficient revenue to support their activities, such as general government, public safety, and parks and recreation. The reader will find information on each department, including a description of the department’s purpose, prior fiscal year accomplishments, goals for this fiscal year, budget highlights, and personnel counts.

Appendix

This section contains other financial and useful information about the Town of Mills River including a glossary of terms used throughout the document.

The Budget Process

There are three general stages of budget preparation and enactment including (1) departmental formulation of expenditure requests and revenue estimates, (2) preparation of a recommended budget document by the Town Manager, and (3) review and enactment of the annual budget ordinance by the Town Council.

At the start of the budgeting process, it is common for the Town Manager to produce a budget calendar, detailing the dates by which each step in the annual budget process is to be completed. The LGBFCA requires mandatory dates at which certain processes must be completed [G.S. 159-10-13]. Departmental requests must be submitted to the Town Manager before April 30. A recommended budget must be given to the governing body no later than June 1, and the governing body must enact the budget ordinance at the start of the fiscal year, July 1.

In accordance with the Local Government Budget and Fiscal Control Act (LGBFCA), the budget document for the fiscal year ending June 30, 2024, meets the balanced budget and inclusiveness requirements. The inclusiveness requirements mean the Town may only spend money that has been budgeted [G.S. 159-8(a)]. The balanced budget requirement means that any budget ordinance, financial plan, or internal service fund must balance. General Statute 159-8(a) defines a balanced budget as the “sum of estimated net revenues and appropriated fund balances is equal to the appropriations.” A final legal limit on this budget document is G.S. 159-15, addressing a local government’s ability to set a property tax levy and the regulations regarding that levy.

Budget Development Schedule

Below is a detailed schedule used to develop this budget:

Preparation

- March 8, 2023 – Staff Retreat
- March 9-10, 2023 – Council Visioning
- April 12, 2023 – Departmental Budgets Due to Manager
- April 21, 2023 – Capital Project Budgets Due to Manager
- April 27, 2023 – Nonprofit Budget Requests to Town Council

Legislative Review

- May 11, 2023 – Budget Presentation
- May 22, 2023 – Budget Work Session Number One
- June 8, 2023 – Public Hearing
- June 23, 2023 – Adoption
- July 1, 2023 – Deadline for Adoption

Implementation

- July – August 2023 (finalize transfers and encumbrance of funds)

Summary

- June – October 2023 – Auditor field visits, interviews, and reports
- Fall 2023 – Audit Presentation

Upon submission of the annual budget document, the Town Council must schedule a public hearing, detailing that a budget has been submitted and that copies are available for public inspection [G.S. 159-12(b)]. The notice will provide the time, date, and place of the budget hearing. The Town of Mills River strives to provide ample time between the notice and the hearing date in order to provide the public an opportunity to attend the hearing. These strong public participation practices will improve the Town's responsiveness and accountability.

Several legal provisions apply to the governing body review and adoption of the Budget Ordinance. First, ten days must elapse between submission of the budget and adoption of the Budget Ordinance [G.S. 159-13(a)]. Also, the governing body may conduct its review in both special and regular meetings. Open meeting laws (see G.S. 143-318.12) apply to the aforementioned situations, each board member must be notified of said meetings, and when in a special meeting, only budget matters may be discussed (G.S. 159-17). There is no provision allowing for closed sessions for the local budget process.

Another process in budget preparation and enactment is amending the budget. A budget may need to be amended occasionally as revenue forecasts developed months in advance

of the fiscal year may deviate, and expenditures and emergencies may arise requiring additional funding.

Finally, the budget is enacted upon official adoption of the Budget Ordinance, not later than July 1st. If the budget is not adopted an interim budget must be adopted. The purpose of an interim budget is to ensure normal operations continue without any changes in program funding.

Reading the Budget Document

The budget document contains an abundance of diverse and valuable information. The amount of numbers and information can make navigating and deciphering the document a difficult task for any reader. This section is meant to assist the reader in understanding the data presented and other supplemental information.

The budget document uses tables and charts to provide visual representations of data. The tables and charts allow readers to easily compare funds and departments as well as observe historical trends. Most sections contain tables and charts similar to the examples depicted in this section. The diagrams identify the major characteristics of each table and chart and explain what information the reader can find.

The following is an example of a historical chart that a reader may encounter in reading this budget document (*all data is fictional*):

	Prior year actual budget data from audit reports	Current year budget, including amendments	Adopted budget for the upcoming year	
	FY18-19 ACTUAL	FY19-20 REVISED	FY20-21 BUDGET	DOLLAR CHANGE
EXPENDITURES		5/5/2020		
Personnel/Benefits	9,542,877	10,825,544	11,488,748	663,204
Operating	4,141,715	4,776,070	4,624,186	(151,884)
Capital	756,444	796,750	786,793	(9,957)
Debt Service	860,850	1,129,571	1,420,319	290,748
TOTAL EXPENDITURES	15,301,886	17,527,935	18,320,046	792,111

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Includes salaries, FICA costs, insurance, 401k, & retirement costs

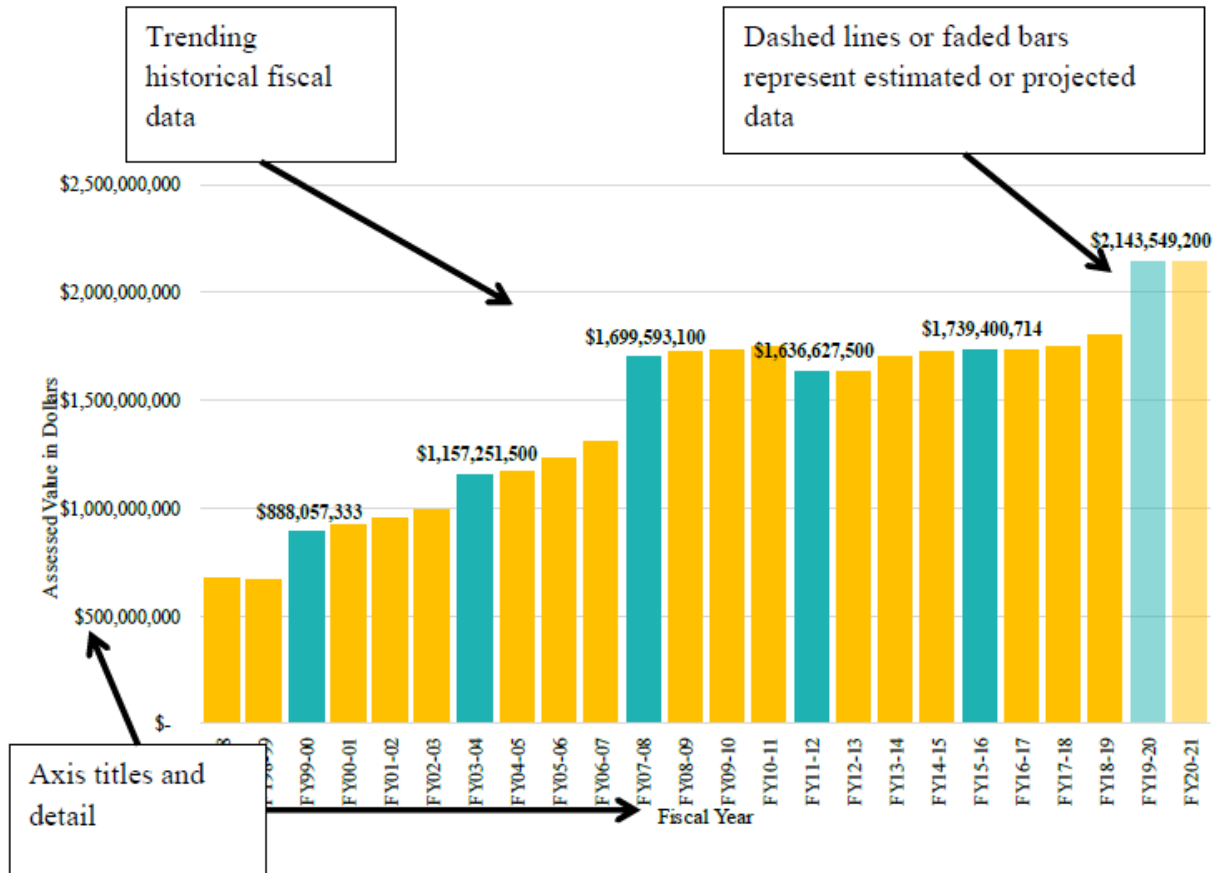
Includes all items not associated with personnel, benefits, or capital such as utilities, dues, phone, supplies, etc...

Includes capital items such as land, vehicles, equipment, etc...

Includes annual debt service payments

Change between current year and adopted budgets

The following is an example of a historical chart which a reader may encounter in reading this budget document (*all data is fictional*).



BUDGET MESSAGE FISCAL YEAR 2024

Mayor Gonce, Mayor Pro-Tem Austin, and Councilmembers Goode, Cantrell, and Young:

Submitted herein, in accordance with the Local Government Budget and Fiscal Control Act, is the Town of Mills River Operating Budget for Fiscal Year 2024, beginning July 1, 2023, and ending June 30, 2024. The budget is balanced at \$9,473,771.

It should be noted that while year-over-year this budget represents over an 80% increase in total expenditures, the operating budget is a mere seven percent over the amended FY23 budget. The majority of the increase is due to one-time capital expenditures.

This budget represents three major milestones. First, the Town is budgeting for the largest one-time land acquisition it has ever completed. Secondly, the balance of the Town's uncommitted American Rescue Plan Act funds, \$2,000,000, are being utilized this year, and lastly, Henderson County's revaluation of every property in the county has provided for a significant increase in revenue for the Town. These additional funds cover the cost of land acquisition (financing) and help offset the operational needs of the organization.

Henderson County completed its quadrennial revaluation this year and property values, on average across the county, increased about 48%. In Mills River, the average increase was about 33%. In response to this the Mills River Fire District tax rate, at the request of the Mills River Fire and Rescue Department, has been reduced from \$.11 cents to \$.10 cents per \$100 of value. The Town's rate of \$.08 remains unchanged. Bringing the total tax rate for the Town to \$.18 per \$100 of value.

The Town continues to provide the four core services as outlined in its Charter – **Planning and Zoning, Fire Protection, Police Protection, and Street Lighting**. In addition to these services the Town provides Parks and Recreation, which is the most popular and visible of all services, Street Maintenance, Watershed Administration, and Building Code Enforcement.

Several sources are referenced in order to develop a realistic and accurate portrayal of expected revenues and expenditures. These include the North Carolina League of Municipalities' (NCLM) annual revenue forecasting memo, US Bureau of Labor Statistics, US Census Bureau, historical trends, and local knowledge to name a few.

In March of 2021 the President signed into law the American Rescue Plan Act (ARPA). This plan provides for direct allocation of funding to all local and tribal governments across the country. Mills River's allocation is \$2,360,273.28. The first half of this money was received in August of 2021 and the second half was received one year later. This budget includes \$2,017,500 of those funds to be used for land acquisition, farmland preservation, and support of the Mills River Farm Market.

The Town has experienced an unprecedented amount of new growth over the past few years. This has been an exciting time as new investment has brought new businesses, jobs and goods and services. It has also brought new residents, which require expanded services and facilities.

One example of the Town planning for the future is the acquisition of land in the area of the Town Hall for parks and recreation as well as other public uses. This is a once-in-a-generation investment that will require careful consideration of budgeting to cover the capital and operating costs of the facilities we are planning there.

With this new growth and development of Town facilities, it is crucial the Town continues to invest in its personnel to ensure staffing levels are adequate to serve a growing and involved population. Considering the current labor market, the price of goods and services, and the overall change in the economy since the start of the COVID-19 pandemic, this budget includes funding to conduct a salary and compensation study. This was last completed in the fall of 2019. The goal of this is to ensure all existing staff are being compensated according to their respective roles, expertise, and responsibilities when compared to equivalent market positions. Similarly, when the Town is recruiting for new positions or replacements, having a competitive salary is crucial to the success of those efforts.

Also included in this budget is funding for the debt service associated with the acquisition of land adjacent to Town Hall. Annually this will be a \$253,117.47 investment. However, for this budget, \$210,931 is the total payment. This is due to the fact the Town will not begin making these payments until after the property transaction is complete. Staff is estimating the first payment to be due in September of 2023.

The recommendations within the Operating Budget and the Fiscal Year 2024-2028 Capital Improvement Plan reflect a prioritized approach to funding in response to citizen engagement, Town Council feedback, and the business needs of the organization.

Priorities

In order to effectively manage the public's investment, it is vital the Town identify a list of funding priorities. Absent a set of priorities, each budget cycle stands alone without regard to past or future spending or investment. This budget attempts to identify priorities based upon citizen input, Council discussions, Staff requests, and day-to-day needs of the organization.

Capital Investment

For budgeting purposes, acquisition, construction, or professional studies exceeding \$5,000 is considered a capital project. Capital projects are generally only funded with an appropriation from unassigned fund balance. Although, when possible, grants are used to cover these expenditures. Unique in this year's budget is a cash infusion of \$2 million of

American Rescue Plan Act. This accounts for over half of the Town’s budgeted capital projects.

The capital budget includes appropriating \$1,256,171 of fund balance to complete the following projects:

- ADA Compliant Playground Access*
- Creation of a 15-acre Managed Meadow*
- Development of a 4-acre Greenspace area
- Acquisition of 69 acres of land
- Purchase of Maintenance Equipment
- UTV Replacement*
- Maintenance Building Improvements
- Computer Replacements**
- Farmland Preservation
- Ordinance Update

Items marked with an asterisk (*) are projects included in the FY23 budget, however, they were not completed. Items marked with a double asterisk (**) are recurring expenditures. In this case, computer replacements and a new server.

In North Carolina, local government budgets are required to be balanced based upon expected revenues and expenditures. Therefore, towns may not intentionally save money for future projects without following certain procedures. In Mills River this is accomplished by funding existing capital reserve accounts. This practice began with the FY21 budget and has continued each year.

This recommended budget dedicates \$0.0175 of the Town’s ad valorem tax revenue to capital reserve accounts. Of this amount \$0.01 (\$209,000) is set aside for future parks and greenways and \$0.0075 is earmarked for the expansion or construction of a new town hall facility (\$156,000).

Budget Highlights

Henderson County’s revaluation has resulted in a projected increase in revenue for Mills River of approximately 33%, or \$855,000. This increase is split with about 50% going to the Fire Department and the half supporting town operations. Other key sources of revenue include sales tax, franchise fees, and interest on investments.

This year’s budget takes a different approach to forecasting sales tax revenues, estimated revenues for FY24 represent a reflection of actual receipts for FY23. Additionally, this budget represents a significant increase in revenue associated with interest from investments. At the start of FY23, interest rates were much lower but were increased throughout the year. Accordingly, the Town’s revenue from these investments increased

throughout the year. The Town is anticipating at least \$45,000 in returns this year, compared to actual receipts to date of nearly \$200,000.

Major Revenues

Property Tax

Property Classification	Actual Tax Value (FY 23)	Projected Value (FY 24)
Real Property	\$1,202,774,380	\$1,746,288,856
Business Personal Property	\$283,238,006	\$299,940,149
Individual Personal Property	\$12,824,727	\$14,493,366
Public Service Property	\$30,838,863	\$30,222,086
Motor Vehicles	\$124,082,673	\$120,467,646

- Property Tax Rate – \$.018 / \$100 valuation – \$.10 MRFD / \$.08 TOMR
- Expected Collection Rate – 98% – Unchanged
- Total Tax Revenue (real, business, personal, public, and motor vehicle) – \$3,895,000

Unrestricted Intergovernmental

- Sales Tax – \$1,430,500 (includes sales tax and ABC)
- Franchise – \$379,000

Restricted Governmental

- Powell Bill – \$156,000
- Grants – \$263,000

Fund Balance

- Creation of a 15-acre Managed Meadow*
- Development of a 4-acre Greenspace area
- Purchase of Maintenance Equipment
- UTV Replacement*
- Maintenance Building Improvements
- Computer Replacements**
- Ordinance Update

American Rescue Plan Act

- Mills River Farm Market – \$17,500
- Farmland Preservation – \$500,000
- Property Acquisition – \$1,500,000

Nonprofit Requests

In 2007 Town Council adopted a policy outlining the process and authorizing the Town to provide funding assistance to qualifying nonprofits. For FY24, nonprofit requests total \$53,500. This budget includes funding all of these requests, including a previously approved match for the Mills River Farm Market of \$17,500 for the SNAP double matching program.

A detailed breakdown of these expenses, as well as the letters of request, are included in the Appendix.

Summary

The Fiscal Year 2024 Budget is balanced in accordance with North Carolina General State 159.

Developing the annual operating budget and capital improvement is the responsibility of the Town’s Budget Officer. However, it cannot be accomplished without the dedicated efforts of elected officials, staff, and public guidance.

The budget presented in these following pages is designed to maximize the use of public funds as efficiently as possible, increase service delivery, and provide further transparency and accountability. All of this while maintaining the Town’s current tax rate.

Sincerely,



Daniel Cobb, AICP, CFM, CZO
Town Manager

Budget Ordinance

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Capital Reserve Resolutions

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About Mills River



History

The Town of Mills River was established June 24, 2003, encompasses an area of 22 square miles, and is home to 7,134¹ residents. It was founded with the vision of a safe, wholesome town with orderly growth and strong community identity, free from undue government intrusion².

The original location of Town Hall was a storefront on Boylston Highway and its first employee was Susan Powell; then the Town Clerk, now the Town Clerk and Finance Director.

Since incorporation the Town has grown to 11 full time and three part time employees. Positions include Administrative Assistant and Accounting Clerk, and Deputy Town Clerk, Town Clerk and Finance Director, Tax Collector, Parks and Recreation Director, Planning Director, Town Manager, Parks and Recreation Maintenance Supervisor, Parks Maintenance Technicians, and Park Rangers.

In recognition of the changing development patterns and pressure for additional growth, Town Council initiated the development of a comprehensive plan in 2019. This plan – *Making Mills River Comprehensive Plan* – was completed and adopted in May of 2021. Population estimates predict a steady growth in population of approximately 2,500 residents and 1,250 new jobs by 2045. This equates to about 800 new housing units, or .8 houses per week.

The goals of the comprehensive plan include:

1. Protect and enhance the rural and small-town character of Mills River.
2. Promote preservation of agricultural and natural lands while respecting property rights.
3. Manage growth and invest in Mills River to promote land stewardship, community development and fiscal responsibility.
4. Provide and maintain exceptional public facilities and services.
5. Build infrastructure to support local needs and diverse economic development.
6. Encourage housing choices for persons of all ages and different income levels.

Also completed in 2021 was a system-wide parks and recreation masterplan. Public input illustrated a desire for parks and recreation programming, special events, and additional facilities such as walking and hiking trails. Many of the capital improvements included in the five-year capital improvement plan (CIP) represent priorities identified in the Parks and Recreation Masterplan

¹ Data is from the 2021 ACS 5-Year Estimates Unless Otherwise Noted

² Town of Mills River Vision Statement and Goals, 2004

Community Profile

Governance

The Town of Mills River operates under a Council-Manager form of government. The Council, referred to as the Town Council, is the legislative body of government. The Town Council determines Town policy by enacting ordinances, resolutions, and policies. A professional Town Manager is appointed by the Board and serves at the pleasure of the Board. The Manager administers daily operations of the Town through appointed department heads and professional staff members.

Town Services

The Town of Mills River services are broadly categorized into three service areas: General Government and Administration, Public Safety, and Parks and Recreation. Each service area is comprised of specific departments, all of which provide services to the community. The Town currently employs 11 individuals on a full-time basis and three part-time. Several of the Town's full-time employees wear multiple hats, such as Town Clerk *and* Finance Director, Administrative Assistant *and* Accounting Clerk *and* Deputy Clerk., Tax Collector *and* Accounts Payable Manager.

General Government and Administration includes the Town Manager, Town Clerk and Finance Director, Administrative Assistant and Accounting Clerk and Deputy Clerk, and the Planning Director. Together these employees provide administrative functions, financial management, human resources, public records management, and planning and zoning.

New in this year's budget are two new departments. Both of which have been created to provide greater transparency and accountability of the Town's accounting. First, the Tax Collections department shifts all tax collections efforts, including personnel, office supplies, and other day-to-day needs from the Administration Department to the Tax Collections Department. This further explanation of tax collections expenditures creates a clearer picture for the residents and elected officials of how revenue is being allocations.

Secondly, an Information Technology Department is included in this budget. This is again being done to provide more details to the public and elected officials as they review the budget document. Currently all software licenses, agreements for services, telephone, and internet access are shared by some departments. However, much of those expenditures are covered in the administration department. This has artificially inflated the administration department for many years.

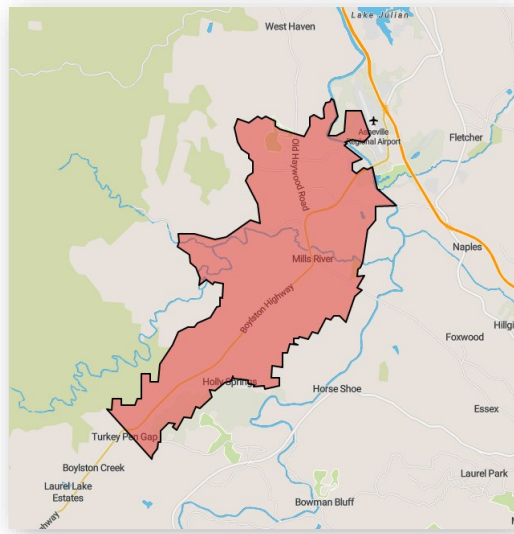
Public Safety services consists of three services: law enforcement, fire protection, and building code enforcement. These services are provided by the Town via contracts with the Henderson County Sheriff's Office, Mills River Fire & Rescue, and Henderson County Building Inspections, respectively.

Parks and Recreation services are provided to the Town by the Town’s largest department, which includes the Parks and Recreation Director, a Recreation Program Coordinator, three full-time Park Maintenance Technicians, and three part time Park Rangers.

Services provided by Parks and Recreation include management of the Town’s property located at 124 Town Center Drive: two dog parks, two picnic shelters, baseball/softball field, basketball courts, tennis courts, a walking trail, multipurpose fields, walking trails, and river access. Expected new facilities for FY 24 include accessible playground access, wildflower meadows, and additional greenspace (similar to the existing soccer fields). A new position in this department this year is the addition of a Parks and Recreation Supervisor position to oversee the day-to-day operations of the maintenance personnel.

Location

The Town of Mills River is located in Henderson County, North Carolina near the convergence of the Mills and French Broad Rivers, about 20 miles south of Asheville and 50 miles north of Greenville, South Carolina. Portions of the Town’s western boundary follow the boundary of Pisgah National Forest. Mills River covers much of northwest Henderson County, stretching from Transylvania County border to the south, to the Buncombe County border to the north. The Town covers 22 square miles consisting of mountains, valleys, floodplains, and a variety of land uses from traditional row crops to greenhouses, single family homes, and industrial users.



Climate

Mills River has a temperate climate with four distinct seasons. On average, the Town receives 51.4 inches of rainfall annually and snowfall totals each year of 11.1 inches. Most of the rain falls in July and snow in January.



January's average high temperature is 48.9 degrees, with an average daily low of 28.6 degrees.

July is typically the warmest month of the year with an average high of 85.3 degrees and an average low of 64.9 degrees.

While temperate, Mills River has experienced extreme highs and lows as well as significant precipitation totals. Almost all the record low temperatures recorded since 1869 have been recorded in January, with the coldest being -16 degrees on January 21, 1985. The highest recorded temperature was observed on August 21, 1983, at 100 degrees.

In 2018 the Town saw its highest annual rainfall total of 79.48 inches and in the winter of 1968-1969 48.2 inches of snow fell, making it the snowiest season on record. ³

Note: Most observations include data collected at the Asheville Regional Airport, which is immediately adjacent to the Town's northern border. Actual totals will vary within the Town based upon elevation, aspect, and other climate variables common in the southern Appalachian Mountains.

³ National Weather Service: <https://www.weather.gov/wrh/Climate?wfo=gsp>

Demographics

Population

The population of the Town of Mills River is 7,206⁴ people with a median age of 46.3 years, slightly below that of Henderson County at 47.6 years. The median age of all North Carolinians is 39.0. Over 88% of residents are those who identify as white.

Education

Residents of the Town of Mills River are highly educated. Over 50% of the population has completed some level of post-secondary education. Almost 43% of Town residents hold a bachelor’s degree or higher, this compares to 33% for both state and Henderson County residents.

Income

The median household income for Mills River families is \$68,735, significantly higher than the statewide total of \$60,516 and Henderson County’s \$59,928. Median housing income is an income level at which half of the population earns more and the other half earn less. According to the US Census Bureau, a household is defined as all the people who occupy a housing unit.

Median household income for families (a household of two or more people, one of whom owns the house) in Mills River is \$93,678; for married couples \$102,222, and for nonfamily households \$34,097⁵.

Less than 250 residents (3.5%) live in poverty as defined by the US Census Bureau. Comparing across age groups, 6.8% of people under 18 years of age live in poverty, while

Size of family unit	Related children under 18 years								
	None	One	Two	Three	Four	Five	Six	Seven	Eight or more
One person (unrelated individual):									
Under 65	\$ 14,097								
Aged 65 and older	\$ 12,996								
Two people:									
Householder under age 65	\$ 18,145	\$ 18,677							
Householder aged 65 and older	\$ 16,379	\$ 18,606							
Three people	\$ 21,196	\$ 21,811	\$ 21,831						
Four people	\$ 27,949	\$ 28,406	\$ 27,479	\$ 27,575					
Five people	\$ 33,705	\$ 34,195	\$ 33,148	\$ 32,338	\$ 31,843				
Six people	\$ 38,767	\$ 38,921	\$ 38,119	\$ 37,350	\$ 36,207	\$ 35,529			
Seven people	\$ 44,606	\$ 44,885	\$ 43,925	\$ 43,255	\$ 42,009	\$ 40,554	\$ 38,958		
Eight people	\$ 49,888	\$ 50,329	\$ 49,423	\$ 48,629	\$ 47,503	\$ 46,073	\$ 44,585	\$ 44,207	
Nine people or more	\$ 60,012	\$ 60,303	\$ 59,501	\$ 58,828	\$ 57,722	\$ 56,201	\$ 54,826	\$ 54,485	\$ 52,386

⁴ <https://www.census.gov/quickfacts/fact/table/millsrivertownnorthcarolina,US/PST045222>

⁵ Data is from the 2021 ACS 5-Year Estimates unless otherwise noted.

4.1% of people age 18-64, and 4.1% of people 65 or older do as well. The table above represents income levels considered to be impoverished.⁶

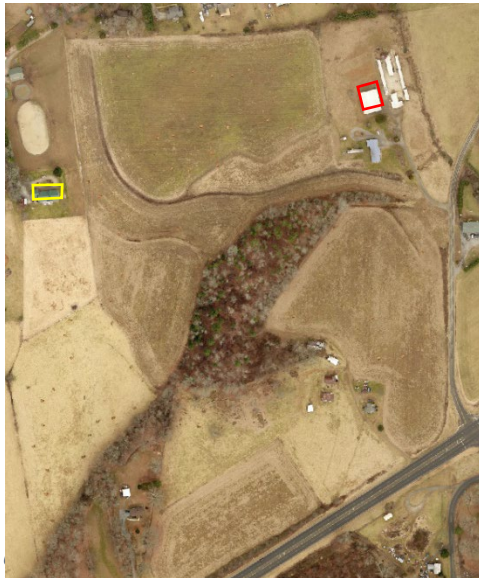
Housing

There are an estimated 3,195 total housing units in Mills River, 2,898 (91%) of which are occupied. Of the total occupied units, 83% are owner-occupied. The median home value (this is not reflective of sale price) is \$306,300. In Henderson County the median value is \$251,800 and in North Carolina \$197,500. As of April of 2023 the average sale price of a single family home was \$797,000

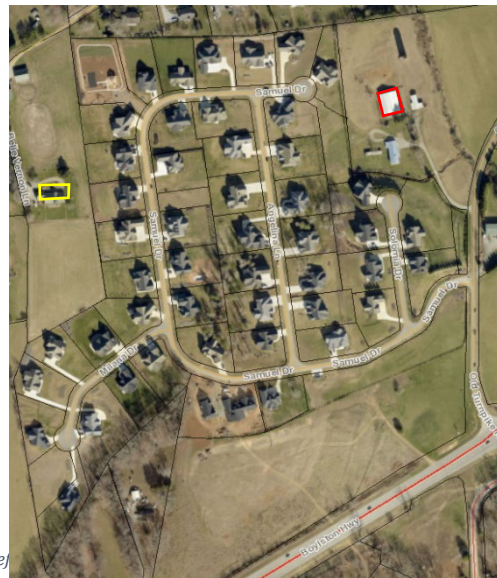
The U.S. Department of Housing and Urban Development defines affordable housing as that which the occupant is paying no more than 30% of gross income for housing (i.e. rent or mortgage) and utilities.

In Mills River 75.5% of housing units with a mortgage are paying less than 30% of income on housing and 52.7% pay less than 20%. The median monthly mortgage is \$1,666.

There is a near 50/50 split between renters paying more than 30% of income on rent and those paying less than 30% of income on rent, with 49% of renters paying more than 30% and 51% paying less. For those paying more than 30% on rent, 62% are paying 40% or more on rent each month. The median rent in Mills River is estimated at \$846, but this is likely well below observed rents as of the development of this budget. As evidence, the Census 2021 estimated median rent for Henderson County was \$794, but March 2023 observed rent per Zillow was \$1,821.



2023 the average value of these homes is \$1,102,195.



ht). In

⁶ <https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html>

Organizational Structure



Mills River Town Hall in Summer

Town Boards

Town Council

The Town Council consists of the Mayor, Mayor Pro Tem, and three Councilmembers. Each of these members are elected as Councilmembers for four-year terms by the residents of Mills River. The Town has three Council districts, each of which elects a representative, and two at-large seats. It should be noted that while the candidate must reside within a specific district to run for that seat, anyone in any district may vote for any candidate in any district. Councilmembers are elected in odd numbered years (2017, 2019, 2021 etc.) and serve staggered terms. This provides for some continuity between boards as only two or three seats have the potential to change in any given election.

Mills River is unique with regards to its Mayoral selection. Unlike many towns across the state, the Mayor does not independently campaign as a standalone elected official. Every two years, after Council elections, the newly elected body votes among itself to seat the Mayor and Mayor Pro tem. These appointments last two years. The Mayor is also a full voting member of the Board.

The Town Council is responsible for establishing the Town’s fiscal policies and goals through the adoption of an annual budget ordinance and levying taxes. Furthermore, Council is responsible for adopting appropriate ordinances, establishing services and service levels, and other policy-making decisions which establish the framework for the government to meet the needs of Town residents.

Town Council is served by several advisory boards which are made up of volunteers appointed by Town Council.

Agricultural Advisory Committee

The Agricultural Advisory Board serves as an advisory board for the Town Council regarding agriculture topics within the Town.

It consists of seven members serving two-year terms. This Board is made up of representatives of the agriculture community and members are not required to live within the Town’s corporate limits.

Board of Adjustment

The Board of Adjustment is a quasi-judicial board which considers requests for minor special use permits, variances, and appeals of certain portions of the Town’s codes. The Board is made up of five voting members and two alternates.

Members of this board are required to live within the Town’s corporate limits and serve staggered three-year terms.

Planning Board

The purpose of the Planning Board is to serve in an advisory role to the Town Council in matters pertaining to the orderly growth and development of the Town and duties specified by Town Council as such may be amended from time to time, and fulfill such other responsibilities as may otherwise be delegated to the Board by Town Council. Examples include rezoning recommendations, studies, or amendments to the Zoning or Subdivision codes.

The Planning Board consists of seven members, all of whom are required to live within the Town’s corporate limits. Members of the Planning Board serve staggered two year terms.

Parks, Trails, and Recreation Advisory Committee

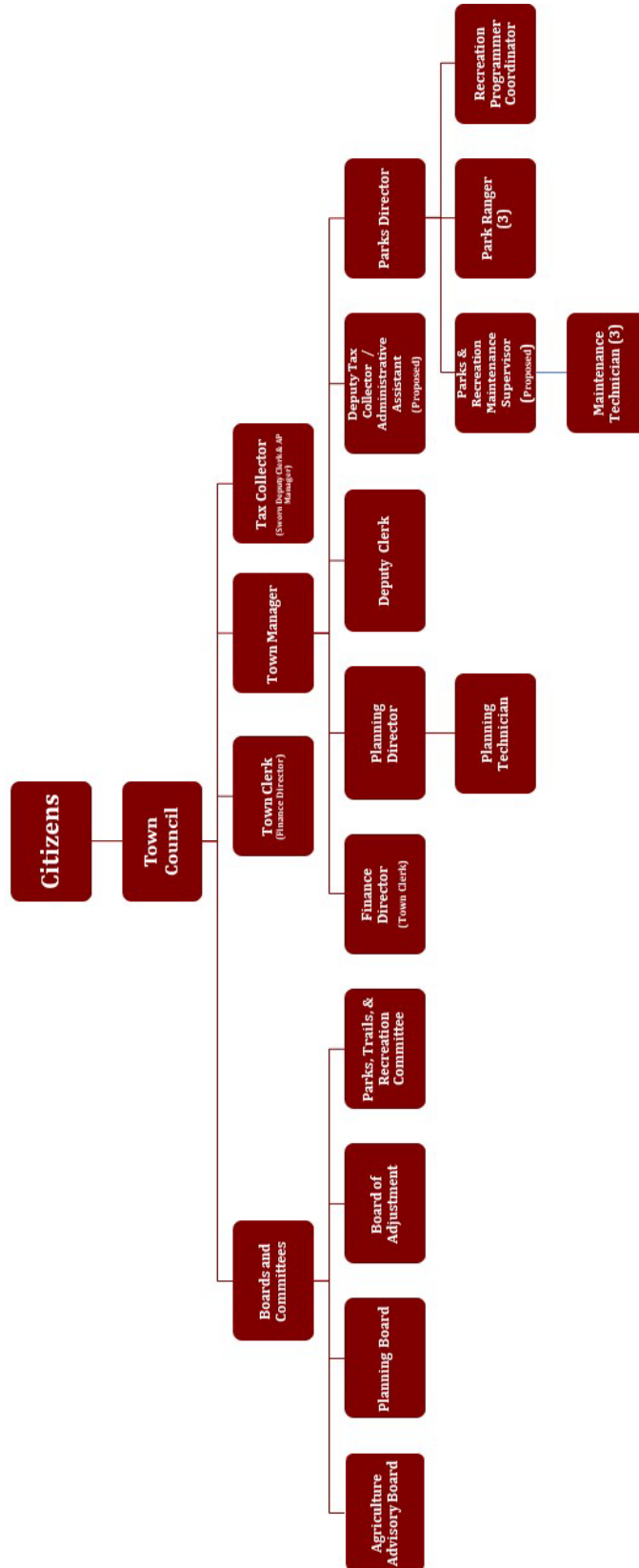
This committee is charged with advising the Town Council on matters related to the provision of parks and recreation programs and facilities. Its purpose is to review policies and procedures and make recommendations advising Town Council on items affecting parks and recreation facilities and services, including the implementation of the Parks and Recreation Masterplan.

This committee consists of seven members who serve two year terms. Members of this committee are not required to live within the Town’s corporate limits.

Temporary Boards

Occasionally ad hoc boards are created for specific projects with defined purposes and time limits. Examples include steering committees for planning projects such as the 2040 Comprehensive Plan or the Bike and Pedestrian Plan steering committee.

Organizational Chart



Employees by Department

	FY 21-22 Actual	FY 22-23 Actual	FY 23-24 Recommended
Administration			
Administrative Assistant	0	1	.5
Deputy Clerk / Accounting Clerk	1	1	1
Finance Director / Town Clerk	1	1	1
Tax Collector	1	1	0
Town Manager	1	1	1
	4	4	3.5
Tax Collections			
Tax Collector	0	0	1
Deputy Tax Collector	0	0	.5
	0	0	1.5
Planning			
Planning Director	0	0	1
Planning Technician	0	0	1
Zoning Administrator	0	1	0
	0	1	2
Park			
Parks and Recreation Director	1	1	1
Recreation Program Coordinator	0	1	1
Maintenance Supervisor	0	0	1
Maintenance Technician	3	3	3
Park Rangers (PT)	3	3	3
	7	8	9
Subtotal Full-Time	8	10	13
Total (Includes PT)	11	13	16

The change in personnel from FY 22-23 to FY 23-24 is a result of adding two new full-time positions – a Deputy Tax Collector and a Parks and Recreation Maintenance Supervisor. Both the Town Clerk and Tax Collector are planning to retire in approximately two years. As such the new Deputy Tax Collector position will split its time between administrative duties and tax collection duties. This will allow the existing Deputy Town Clerk to continue training to replace the existing Town Clerk. The other half of the Deputy Tax Collector’s

responsibilities will be tax collections, as it is anticipated once the Tax Collector retires, the Deputy Tax Collector will become the full time Tax Collector.

The Parks Department addition is a maintenance supervisor position. This position will oversee the day-to-day needs of the Maintenance Technicians and ensure maintenance staff have what is necessary to complete their duties. One of the Maintenance Technicians' positions in Parks is vacant as of the date of the budget presentation. It is expected that this position will remain unfilled until January of 2024. Therefore, the salary line item in Parks and Recreation only accounts for 50% of one of the Maintenance Technicians' salaries. The other two are fully funded.

Financial Structure



Fund Structure

The Town’s financial system is established in accordance with the North Carolina Local Government Budget and Fiscal Control Act (NCGS 159) and Generally Accepted Accounting Principles (GAAP). The accounts of the Town are segregated by fund, which is an independent entity that possesses a set of self-balancing accounts to carry out specific activities.

Governmental Funds

The Town has one major governmental fund, the general fund. The general fund is the principle operating fund for Town government. It provides resources for the functional areas of general government, development, public safety, general services, parks and recreation, and non-departmental expenditures. The majority of revenue within the general fund comes from property taxes and sales tax revenue.

Proprietary Funds

Proprietary funds represent “business-like” activities undertaken by local governments. Common examples of this are public utilities such as water and wastewater. These services are paid for by assessing fees to the end users, while property tax revenue may supplement these funds, they generally are considered self-funded. These funds are also referred to as enterprise funds.

The Town of Mills River does not currently have any proprietary funds.

Basis of Budget and Accounting

Budgetary Accounting

The Local Government Fiscal Control Act requires local governments to maintain an accounting system with available funds as defined by GAAP. This allows the Town to track the difference between an appropriation and the accumulated expenditures and encumbrances applied against that appropriation.

The basis of budgeting and accounting determine when a transaction is recognized. The Town's basis of budgeting and basis of accounting are the same, with all funds being maintained on a *modified accrual basis*. The modified accrual basis recognizes revenues when they become measurable (that is, when the check or cash is received by the Town) and available, and expenditures at the time the liability is incurred (when invoices are paid, not when those checks are cashed). All revenues and expenditures must be included in the annual budget ordinance.

Financial Policies

Revenue

As provided by the North Carolina Local Government Budget and Fiscal Control Act, the Town will operate under an annual balanced budget adopted and administered in accordance with NCGS 159-8. The tax rate is calculated each year based on the cost of providing general government services and demand for new services. The estimated rate of tax collection of the tax levy shall not exceed the actual tax collection rate of the preceding fiscal year. For example, if collections in year one is 99%, the estimated collections in year two may not exceed 99%. Other revenue sources, such as sales tax and franchise fees, are estimated based in a conservative manner based upon historical and economic trends, and growth patterns.

In addition to major revenue sources such as property and sales tax, the Town adopts a fee schedule each year to assess fees for certain services. For example, permit fees for zoning permits or shelter reservation fees. The purpose of these fees is to offset the cost of providing the service, it is not intended to create “profit” from offering these services.

Capital Improvements

The Town has historically maintained a five-year capital improvement plan which is updated and adopted annually. The Government Finance Officers Association (GFOA) defines capital assets as tangible items such as land, buildings, improvements, and equipment as well as intangible items including technology, easement acquisition, or similar⁷. The Town sets the threshold for capital expenditures at \$5,000.

Capital projects are reported as part of the total annual operating budget for accounting purposes, however, the funds are not assigned to projects until a contract is signed, purchase made, or otherwise obligated. As these are one-time expenditures, they are typically paid for by an appropriation of fund balance. Once a project is complete any ongoing operational or maintenance needs are accounted for in the following year’s annual operating budget.

Fund Balance

Fund Balance is a measurement of available financial resources and is the difference between total assets and total liabilities of a given fund. The Government Accounting Standards Board (GASB) classifies fund balance according to the strength of the constraints which control the purposes for which specified amounts may be spent. Beginning with the most restrictive, fund balance is reported in the following categories.

⁷ Government Finance Officers Association (GFOA), “Establishing Appropriate Capitalization Thresholds for Capital Assets,” approved by the GFOA executive board on February 24, 2006.

1. **Non-spendable** – Includes amounts that are not in a spendable form or are required to be maintained intact. Examples include inventory or prepaid items.
2. **Restricted** – Includes amounts that can be used only for specific purposes determined by a formal action of the Town Council. Commitments may be changed or lifted only by the Town council taking the same formal action that imposed the commitment originally
3. **Committed** – These funds are spendable but set aside for a specific purpose by Council action.
4. **Assigned** – These funds are also spendable but designated for some purpose and is neither restricted nor committed.
5. **Unassigned** – The residual classification of the General Fund and includes all amounts not contained in other classification.

The North Carolina Department of Treasury recommends local governments maintain a minimum fund balance of eight percent to draw from in the event of an emergency or to cover operations should a disruption in revenue occur. Eight percent is roughly equivalent to one month of expenditures.

Many communities, including Mills River, have adopted fund balance policies setting a minimum amount to be kept in reserve much higher than the State’s recommendation of eight percent. On May 28, 2020, the Town adopted Policy 2020-004 setting a minimum fund balance amount between 65%-75% of the annual operating budget. The actual cash value of the general fund is not as useful of a financial metric as is the percentage of the fund balance.

As of April 30, 2023, the Town’s general fund balance was \$8,477,857. This is *not* the value of cash available for appropriation. It is but a snapshot of the Town’s financial position at a given point in the year. This is equivalent to a fund balance percentage of 147.63%.

Debt

Debt is typically utilized for the purchase or construction of major capital assets. Depending upon the amount of debt, its use, and the length of the term there are varying methods of approval. Small amounts for short periods may typically be approved by Town Council (e.g., vehicle financing). While significant amounts of debt for a long term require authorization by the North Carolina Local Government Commission. Examples include the construction of Town Hall which was originally financed for 40 years. The Town of Mills River does not currently have any debt, however, in FY24 the Town is anticipating financing the acquisition of land which will result in financing \$2,400,000 for 13 years at five percent. This is equivalent to a monthly obligation of \$21,093.12.

Financial Summaries

Exhibit 3

**Town of Mills River, North Carolina
Balance Sheets
Governmental Funds
June 30, 2020**

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Project Fund</u>	
Assets			
Cash and Cash Equivalents	\$ 4,212,954	\$ 309,125	\$ 4,522,079
Taxes Receivable - Net	48,690	-	48,690
Due from Other Governments	268,574	3,947	272,521
Restricted Cash and Cash Equivalents	20,192	-	20,192
Total Assets	<u>4,550,410</u>	<u>313,072</u>	<u>4,863,482</u>
Liabilities			
Accounts and Construction Payable	30,669	25,185	55,854
Total Liabilities	<u>30,669</u>	<u>25,185</u>	<u>55,854</u>
Deferred Inflows of Resources			
Property Taxes Receivable	48,690	-	48,690
Prepaid Taxes	2,943	-	2,943
Prepaid Rent and Rental Deposits	150	-	150
Total Deferred Inflows of Resources	<u>51,783</u>	<u>-</u>	<u>51,783</u>
Fund Balance			
Restricted			
Stabilization by State Statute	268,574	3,947	272,521
Flood Cleanup and Riverbank Restoration	20,192	-	20,192
Committed			
Cultural and Recreation	-	283,940	283,940
Assigned			
Building Maintenance	40,869	-	40,869
Unassigned	4,138,323	-	4,138,323
Total Fund Balance	<u>4,467,958</u>	<u>287,887</u>	<u>4,755,845</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 4,550,410</u>	<u>\$ 313,072</u>	<u>\$ 4,863,482</u>

Town of Mills River balance sheet ending June 30, 2020

General Fund Revenues

In normal years, that is, years without an influx of funding from the federal government (i.e., ARPA funding), most of the General Fund Revenues are generated from ad valorem property taxes (real, personal, and motor vehicle) and sales and use taxes. This year however, behind property tax collections the next largest source of revenue of \$2,017,500, comes from ARPA funding. Of this total, \$17,500 is earmarked for the Mills River Farm Market, \$1.5 million is earmarked for property acquisition, and the remaining \$500,000 is planned for farmland preservation efforts. Other significant sources of revenue include sales tax, an appropriation of fund balance, grants, and Powell Bill (restricted) funds. Below is a detailed breakdown of all revenue expected for FY24.

REVENUE:	FY 23 (Adopted)	FY 23 (Amended)	FY 24 (Recomm)	Value Change	Percent Change	Percent of Budget	FY24 Adopted
10-3100-1222 TAXES-AD VALOREM	\$ 2,825,000	\$ 2,825,000	\$ 3,680,000	\$ 855,000	30.27%	38.84%	\$ -
10-3112-1222 TAXES-MOTOR VEHICLES	\$ 220,000	\$ 220,000	\$ 215,000	\$ (5,000)	-2.27%	2.27%	\$ -
10-3116-1600 AMOUNTS REFUNDED	\$ -	\$ -	\$ -	\$ -			\$ -
10-3117-1700 PENALTIES	\$ 2,500	\$ 2,500	\$ 2,500	\$ -	0.00%	0.03%	\$ -
10-3117-1704 PENALTIES DUE TO H CO SCHOOL	\$ -	\$ -	\$ -	\$ -			\$ -
10-3261-1201 CABLE TELEVISION FRANCHISE T	\$ 17,000	\$ 17,000	\$ 17,000	\$ -	0.00%	0.18%	\$ -
10-3262-1201 TELECOMMUNICATIONS SRV FRA	\$ 28,000	\$ 28,000	\$ 28,000	\$ -	0.00%	0.30%	\$ -
10-3263-1201 ELECTRIC POWER FRANCHISE T/	\$ 310,000	\$ 310,000	\$ 315,000	\$ 20,000	6.45%	3.48%	\$ -
10-3264-1201 PIPED NATURAL GAS FRANCHISE	\$ 17,000	\$ 17,000	\$ 19,500	\$ 3,000	17.65%	0.21%	\$ -
10-3315-1201 STATE SHARED REVENUES	\$ 1,080,000	\$ 1,080,000	\$ 1,400,000	\$ 320,000	29.63%	14.78%	\$ -
10-3322-1201 ABC SALES TAX	\$ 30,000	\$ 30,000	\$ 30,500	\$ 500	1.67%	0.32%	\$ -
10-3330-8000 MISCELLANEOUS REVENUE	\$ 100	\$ 100	\$ 100	\$ -	0.00%	0.00%	\$ -
10-3333-8410 CONTRIBUTIONS-DESIGNATED	\$ -	\$ -	\$ -	\$ -			\$ -
10-3334-8650 LEASE AGREEMENT-HOOPER PRC	\$ -	\$ -	\$ -	\$ -			\$ -
10-3334-8651 LEASE AGREEMENT-WRIGHT PRC	\$ -	\$ -	\$ -	\$ -			\$ -
10-3339-8900 NEWSLETTER REVENUE	\$ -	\$ -	\$ -	\$ -			\$ -
10-3340-1700 PENALTIES AND VIOLATIONS	\$ 1,000	\$ 1,000	\$ 1,000	\$ -	0.00%	0.01%	\$ -
10-3340-4100 PERMITS AND FEES	\$ 13,000	\$ 13,000	\$ 13,000	\$ -	0.00%	0.14%	\$ -
10-3411-8700 INTEREST ON INVESTMENTS	\$ 3,000	\$ 3,000	\$ 45,000	\$ 42,000	1400.00%	0.47%	\$ -
10-3613-8600 PICNIC SHELTER RENTAL FEES	\$ 7,000	\$ 7,000	\$ 7,000	\$ -	0.00%	0.07%	\$ -
10-3613-8640 PARK - RENTAL FEES	\$ 500	\$ 500	\$ 500	\$ -	0.00%	0.01%	\$ -
10-3613-8641 PARK - FIELD RENTAL FEES	\$ 7,000	\$ 7,000	\$ 7,000	\$ -		0.07%	\$ -
10-3833-3302 GRANT FUNDS - PARK	\$ 240,000	\$ 240,000	\$ 263,000	\$ 23,000	9.58%	2.78%	\$ -
10-3833-3603 GRANT FUNDS - BIKE/PED/MRV	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -
10-3834-2300 RESTRICTED FEDERAL FUNDS	\$ -	\$ -	\$ 2,017,500	\$ 2,000,000		21.11%	\$ -
10-3834-8001 REIMBURSEMENTS AND REBATE	\$ -	\$ -	\$ -	\$ -		0.00%	\$ -
10-3835-2300 POWELL BILL	\$ 156,000	\$ 156,000	\$ 156,000	\$ -	0.00%	1.65%	\$ -
10-3991-9900 FUND BALANCE APPROPRIATED	\$ 260,410	\$ 785,410	\$ 1,256,171	\$ 997,761	383.15%	13.28%	\$ -
TOTAL REVENUE	\$ 5,217,510	\$ 5,742,510	\$ 9,473,771	\$ 4,256,261	81.58%	100.00%	\$ -

Ad Valorem Taxes

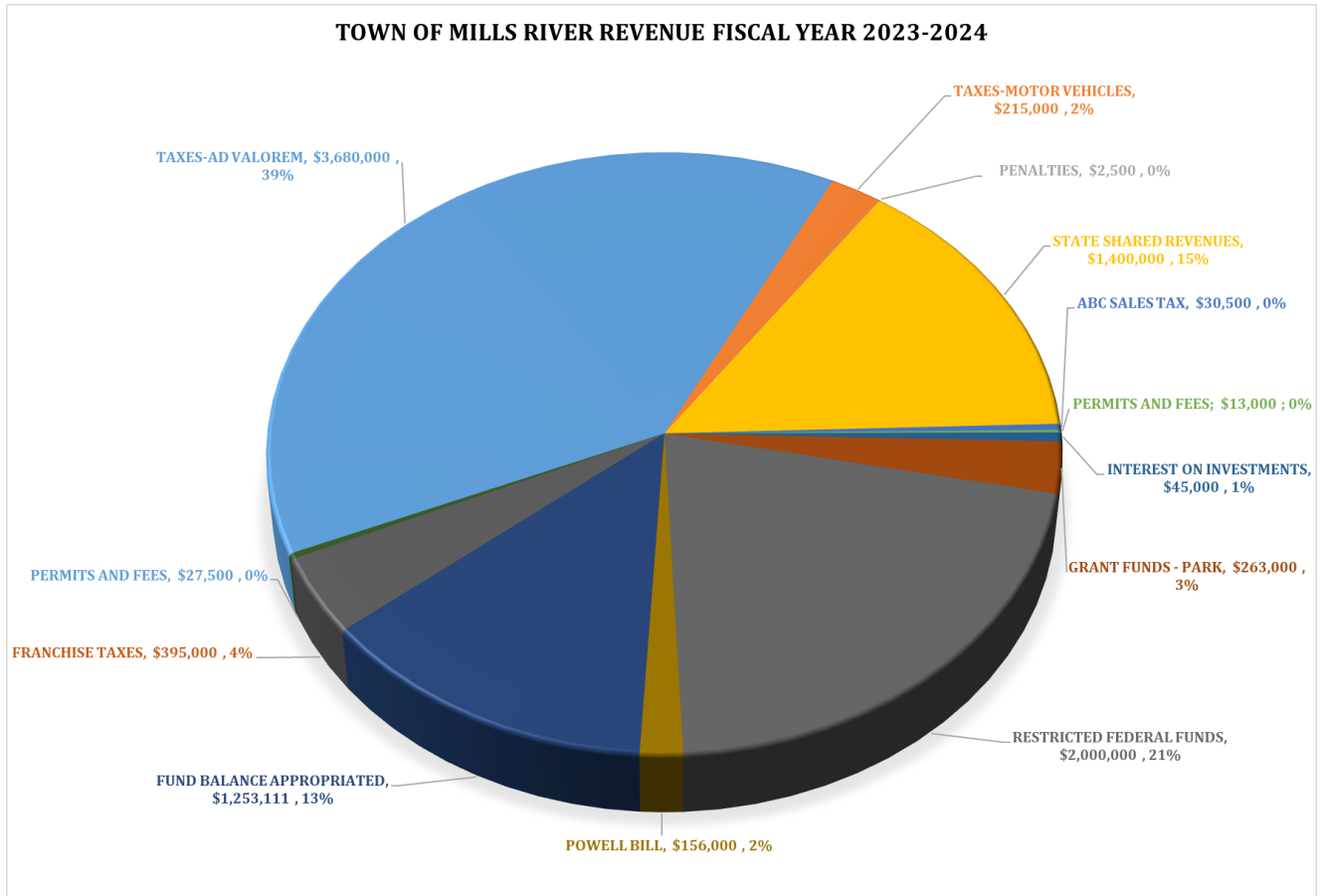
Ad Valorem Taxes are taxes paid on real and personal property located within the Town of Mills River. Taxes for real and personal property are levied based upon preceding valuations of the property and the tax rate established by the Town Council. Actual values to be billed are calculated by Henderson County. Each year revenues are based upon an estimated collection rate, typically between 97%-99%. The Fiscal Year 2024 budget has been developed assuming a 98% collection rate.

Motor vehicle taxes are collected by the North Carolina Department of Motor Vehicles at the time of registration. Typically, collections for these taxes are 100%. The motor vehicle

taxes are collected by the state and distributed to local governments. Ad Valorem taxes are the Town’s main revenue source, representing 61.82% of General Fund revenues (excluding grants, restricted revenues, and fund balance appropriation).

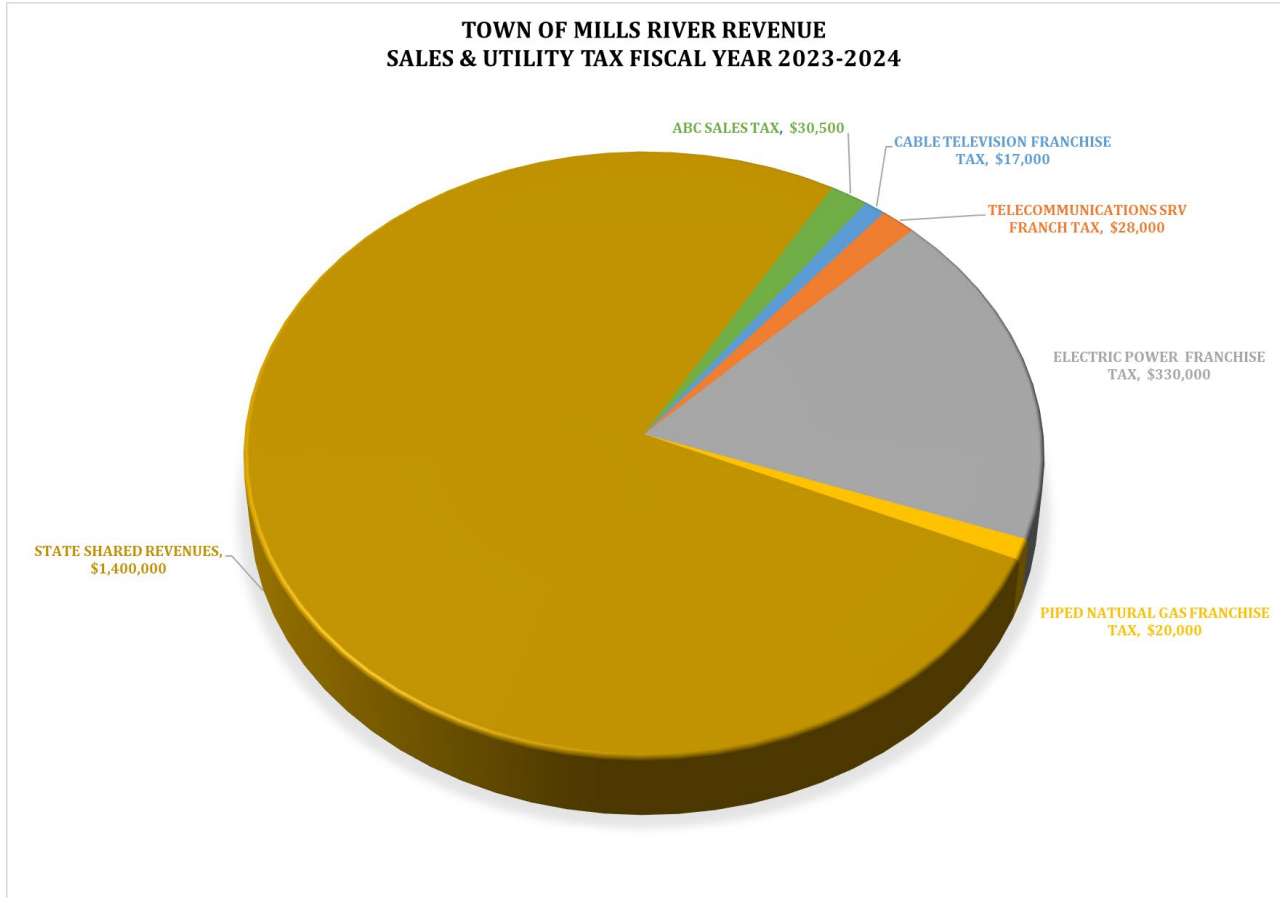
The Henderson County Tax Assessor’s office has provided an estimated assessed value of property within the Town of \$2,090,944,457.

The Town may budget based upon the collection rate up to that of the previous year. For the fiscal year ending June 30, 2022, the collection rate was 99.19%. This budget is based upon a collection rate of 98% on a tax levy of \$.18 per \$100 of assessed value for a budgeted levy of \$3,680,000.



Unrestricted Intergovernmental

Unrestricted intergovernmental revenue is comprised of utility franchise taxes, beer and wine taxes (ABC sales tax), and sales tax (state shared revenues). These estimates are made based upon the North Carolina League of Municipalities annual revenue forecasts and historical trend data.



Utility Franchise Tax

The Utility Franchise Tax is a portion of state collected taxes from utility companies. Tax on electricity, piped natural gas, and telecommunications is a percentage (varying by type of utility) of gross receipts attributed to the municipality and distributed by the state quarterly.

Revenue Projections from the North Carolina League of Municipalities (NCLM) estimate an increase of 1% for electricity sales tax; an increase of 3.25% for piped natural gas; a decrease of 7.5% in telecommunications taxes; and a decrease in revenues from cable television tax of 1.75%. For budgeting purposes this budget includes no changes to telecommunication taxes or cable television. The Town is anticipating a slight increase over the League’s projection for electricity and is budgeting for a 1.61% increase. Piped natural

gas revenues are also anticipated to exceed the League’s estimates. The Town is expecting revenues approximately 14% over the current fiscal year, which is equivalent to an increase of \$2,500.

Beer and Wine Taxes

Beer and Wine Taxes are distributed by the state on a per capita basis when beer and/or wine are legally sold anywhere within the State of North Carolina. This revenue source has been nearly flat for the last decade and has averaged \$30,995 annually. The NCLM revenue projection for the beer and wine taxes anticipates a 1.75% increase in this revenue source. This is a reliably low source of revenue for the Town. However, this year’s revenue is expected to exceed the current year by 1.67%, or \$500.

Local Option Sales & Use Tax

The State levies two half-cent local sales taxes (Article 40 and 42) and a one-cent local sales tax (Article 39) in addition to the state sales tax of 4.25 percent. Article 39 and 42 taxes are returned to the county in which the goods were delivered, while article 40 is distributed on a per capita basis.

Henderson County used the ad valorem method which bases the Town share using the proportion of the tax levy across all local governments within the County.

While NCLM projects a sales tax increase of 3.75%, this revenue source is budgeted with a projected increase of 29.63% over the FY23 *budgeted* number, which was an estimate created in the spring of 2022 with actual receipts as of April 2022. While this is a significant increase year-over-year in estimated revenue, it is essentially flat when compared to current year receipts and estimated receipts to be collected by June 30, 2023. As of the date of the budget presentation (May 11, 2023) the Town had received \$1,319,462 in sales tax. An additional \$100,000 is expected in June of 2023.

Restricted Intergovernmental

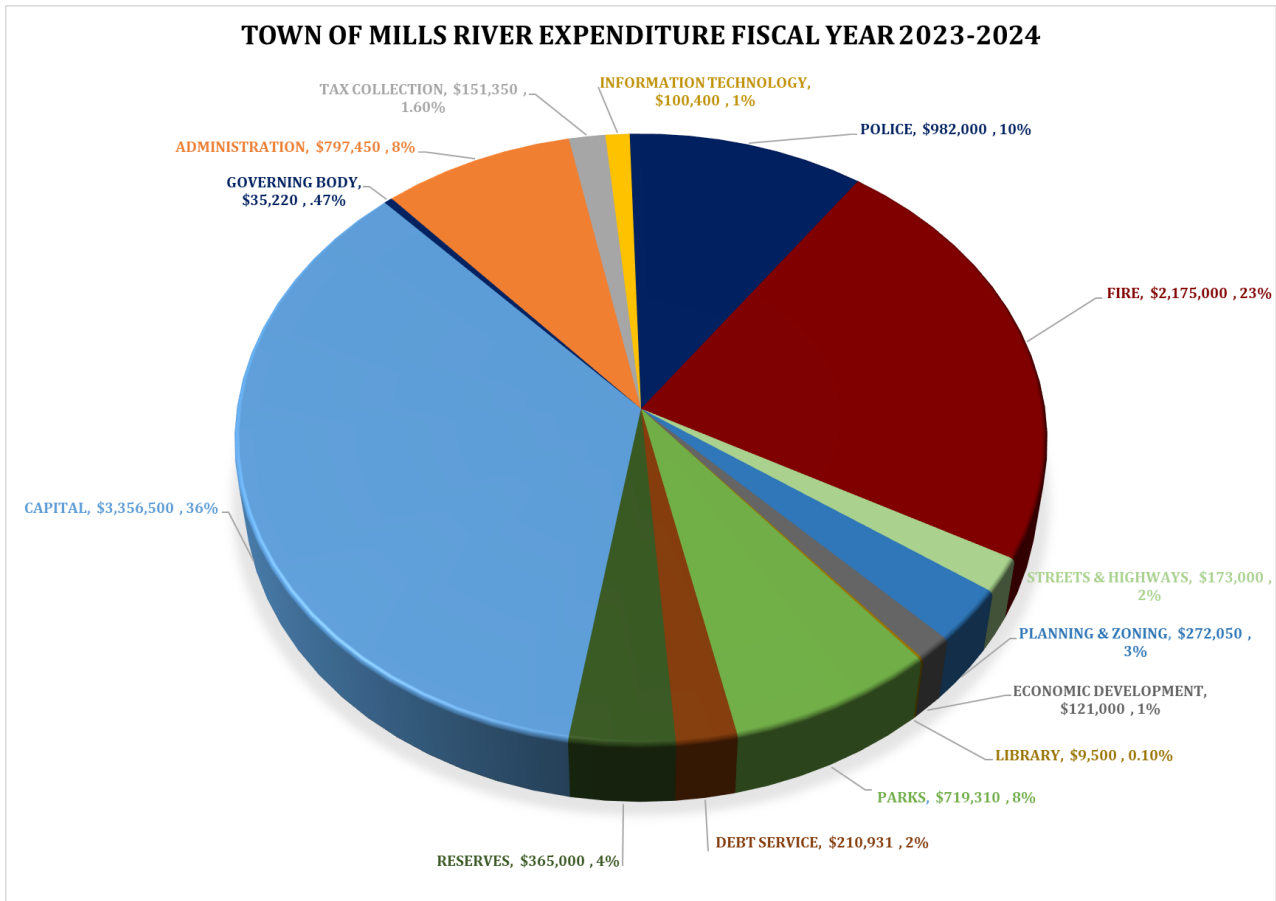
Restricted intergovernmental revenue generally consists of funds from other governments, provided to the Town, with specific restrictions. Examples include Powell Bill funding which is used for the maintenance of public roads and sidewalks (not state or private roads), and other sources such as grants.

Currently the only restricted intergovernmental funds the Town receives come from the state in the form of Powell Bill funds.

General Fund Expenditures

The Town’s General Fund is used to account for traditional public services when financial best practices or laws do not require funds from sources to account for these services. In Mills River the General Fund provides resources for the following service categories: General Government and Administration, Planning and Zoning, Public Safety, and Parks and Recreation. A summary breakdown of these expenditures is included in the table below.

	FY 23 (Approved)	FY 23 (Amended)	FY 24 (Recomm)	Value Change	Percent Change	Percent of Budget	
GOVERNING BODY	\$ 35,220	\$ 35,220	\$ 35,220	\$ -	0.00%	0.37%	\$ -
INTERFUND TRANSFER	\$ 223,000	\$ 223,000	\$ 365,000	\$ 142,000	63.68%	3.85%	\$ -
ADMINISTRATION	\$ 786,800	\$ 783,800	\$ 802,510	\$ 15,710	2.00%	8.47%	\$ -
TAX COLLECTION	\$ 4,500	\$ 4,500	\$ 151,350	\$ 146,850	3263.33%	1.60%	\$ -
INFORMATION TECHNOLOGY	\$ -	\$ -	\$ 100,400	\$ 100,400	0.00%	1.06%	\$ -
POLICE	\$ 914,000	\$ 914,000	\$ 982,000	\$ 68,000	7.44%	10.37%	\$ -
FIRE	\$ 1,640,000	\$ 1,765,000	\$ 2,175,000	\$ 535,000	32.62%	22.96%	\$ -
STREETS & HIGHWAYS	\$ 170,000	\$ 170,000	\$ 173,000	\$ 3,000	1.76%	1.83%	\$ -
PLANNING & ZONING	\$ 248,475	\$ 248,475	\$ 272,050	\$ 23,575	9.49%	2.87%	\$ -
ECONOMIC DEVELOPMENT	\$ 94,500	\$ 94,500	\$ 121,000	\$ 26,500	28.04%	1.28%	\$ -
LIBRARY	\$ 9,000	\$ 9,000	\$ 9,500	\$ 500	5.56%	0.10%	\$ -
PARKS	\$ 564,515	\$ 564,515	\$ 719,310	\$ 154,795	27.42%	7.59%	\$ -
DEBT SERVICE	\$ -	\$ -	\$ 210,931	\$ 210,931	0.00%	2.23%	\$ -
CAPITAL	\$ 527,500	\$ 930,500	\$ 3,356,500	\$ 2,829,000	536.30%	35.43%	\$ -
TOTAL EXPENDITURE	\$ 5,217,510	\$ 5,742,510	\$ 9,473,771	\$ 4,256,261	81.58%	100.00%	\$ -



Interfund Transfer (Capital Reserves)

The operating budget is required to be balanced each year, thus, the appropriate way to save for projects is to transfer funds from the general fund to a capital reserve fund. The purpose of capital reserve funds is to plan for major capital expenditures in later years.

Beginning in FY21 (July 1, 2020 – June 30, 2021) the Town allocated funding to a capital reserve account for parks and recreation projects. That first year \$.0025 of a penny of tax rate (\$34,500) was transferred to this fund. In FY23 this rate was \$.0125 (\$223,000) which included a transfer to the parks capital reserve fund of \$111,500 and \$111,500 to the expansion or construction of a new town hall.

For FY24 this amount has increased to \$.0175. This will transfer \$209,000 to the parks account and \$156,500 to the town hall account.

3991 INTERFUND TRANSFER	FY23	FY24	Value	Percent	Percent of	FY24
EXPENDITURE:	(Adopted)	(Recomm)	Change	Change	Budget	Adopted
10-3991-9900 INTERFUND TRANSFER	\$ 223,000	\$ 365,000	\$ 142,000	64%	3.85%	\$ -
TOTAL EXPENDITURE	\$ 223,000	\$ 365,000	\$ 142,000	64%	3.85%	\$ -

Governing Board

The governing board is the elected body of the Town and is known as the Mills River Town Council. Elected officials receive a small stipend for travel to and from meetings for official Town business, their time preparing and attending Town Council meetings, and representing the Town within the community and across the state. While this is not a “department” of the Town’s operations, it is treated as such for budgeting purposes. There are no changes proposed within this department for FY24.

4110 GOVERNING BODY- COUNCIL	FY23	FY24	Value	Percent	Percent of	FY24
EXPENDITURE:	(Adopted)	(Recomm)	Change	Change	Budget	Adopted
10-4110-0021 SALARIES AND WAGES - COUNCIL	\$ 29,000	\$ 29,000	\$ -	0.00%	0.31%	\$ -
10-4110-1181 SOCIAL SECURITY CONTRIBUTIONS	\$ 2,220	\$ 2,220	\$ -	0.00%	0.02%	\$ -
10-4110-2020 FOOD AND PROVISIONS	\$ 1,000	\$ 1,000	\$ -	0.00%	0.01%	\$ -
10-4110-2099 MISC. EXPENSE	\$ 500	\$ 500	\$ -	0.00%	0.01%	\$ -
10-4110-3011 TRAVEL-MILEAGE/COUNCIL	\$ 500	\$ 500	\$ -	0.00%	0.01%	\$ -
10-4110-3012 TRAVEL SUBSISTENCE	\$ 500	\$ 500	\$ -	0.00%	0.01%	\$ -
10-4110-3095 TRAINING	\$ 1,500	\$ 1,500	\$ -	0.00%	0.02%	\$ -
TOTAL EXPENDITURE	\$ 35,220	\$ 35,220	\$ -	0.00%	0.37%	\$ -



Top from Left to Right: Councilmember James Cantrell, Mayor Pro Tem Randy Austin, Councilmember Sandra Goode, Bottom Left to Right: Councilmember Jeff Young, Mayor Shanon Gonce.

Administration

Functions of this department include day-to-day management of Town operations, financial management, human resources, and records management. The Administration Department consists of the Town Manager, Finance Director and Town Clerk, Deputy Town Clerk, and Administrative Assistant. In previous years, this department also included Tax Collections and nearly all information technology (IT) expenses including telephone and internet service, software contracts, and general IT support.

For FY24 this department shows decreases in several line items, especially salaries and benefits. This is due to the fact a new department for both tax collections and IT have been created to provide clarity regarding the true cost of these two items.

Note to reader, the administration budget is shown in part below, and the remainder on the following page.

4120 ADMINISTRATION	FY23	FY24	Value	Percent	Percent of	FY24
EXPENDITURE:	(Adopted)	(Recomm)	Change	Change	Budget	Adopted
10-4120-0021 SALARIES AND WAGES-REGULA	\$ 307,000	\$ 283,500	\$ (23,500)	-7.65%	2.99%	\$ -
10-4120-0026 SALARIES AND WAGES-TEMP &	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -
10-4120-1180 FRINGE BENEFITS-INSURANCE,	\$ 52,200	\$ 54,200	\$ 2,000	3.83%	0.57%	\$ -
10-4120-1181 SOCIAL SECURITY CONTRIBUTIC	\$ 24,200	\$ 22,000	\$ (2,200)	-9.09%	0.23%	\$ -
10-4120-1182 RETIREMENT-LCGERS	\$ 50,250	\$ 49,000	\$ (1,250)	-2.49%	0.52%	\$ -
10-4120-1183 UNEMPLOYMENT CONTRIBUTIC	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -
10-4120-1991 ACCOUNTING	\$ 23,000	\$ 23,000	\$ -	0.00%	0.24%	\$ -
10-4120-1992 LEGAL	\$ 12,000	\$ 12,000	\$ -	0.00%	0.13%	\$ -
10-4120-1193 CIVIL ENGINEERING	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -
10-4120-1994 CODIFICATION / INDEXING	\$ 8,500	\$ 8,500	\$ -	0.00%	0.09%	\$ -
10-4120-1999 OTHER-PROFESSIONAL SERVICE	\$ 3,000	\$ 17,500	\$ 14,500	483.33%	0.18%	\$ -
10-4120-2010 HOUSEHOLD AND CLEANING SU	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -
10-4120-2020 FOOD AND PROVISIONS	\$ 1,500	\$ 1,500	\$ -	0.00%	0.02%	\$ -
10-4120-2022 COMMUNITY RELATIONS	\$ 8,000	\$ 8,000	\$ -	0.00%	0.08%	\$ -
10-4120-2023 COMMUNITY SERVICES	\$ 70,780	\$ 53,500	\$ (17,280)	-24.41%	0.56%	\$ -
10-4120-2051 VEHICLES - MOTOR FUELS & LU	\$ 750	\$ 750	\$ -	0.00%	0.01%	\$ -
10-4120-2054 VEHICLES - TIRES, PARTS, SERV	\$ 800	\$ 800	\$ -	0.00%	0.01%	\$ -
10-4120-2059 VEHICLES - OTHER SUPPLIES	\$ 100	\$ 100	\$ -	0.00%	0.00%	\$ -
10-4120-2060 OFFICE SUPPLIES AND MATERL	\$ 5,000	\$ 5,000	\$ -	0.00%	0.05%	\$ -
10-4120-2090 EO - SUPPLIES AND MATERIALS	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -
10-4120-2099 MISCELLANEOUS EXPENSE	\$ 1,200	\$ 1,200	\$ -	0.00%	0.01%	\$ -
10-4120-3011 TRAVEL - MILEAGE	\$ 3,000	\$ 2,500	\$ (500)	-16.67%	0.03%	\$ -

Town of Mills River Annual Budget FY24 – DRAFT – May 11, 2023

4120 ADMINISTRATION	FY23	FY24	Value	Percent	Percent of	FY24
EXPENDITURE:	(Adopted)	(Recomm)	Change	Change	Budget	Adopted
10-4120-3012 TRAVEL-SUBSISTENCE	\$ 8,000	\$ 6,500	\$ (1,500)	-18.75%	0.07%	\$ -
10-4120-3021 TELEPHONE SERVICE	\$ 7,500	\$ -	\$ (7,500)	-100.00%	0.00%	\$ -
10-4120-3025 POSTAGE	\$ 1,200	\$ 1,260	\$ 60	5.00%	0.01%	\$ -
10-4120-3026 INTERNET ACCESS	\$ 6,750	\$ -	\$ (6,750)	-100.00%	0.00%	\$ -
10-4120-3027 NEWSLETTER EXPENDITURES	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -
10-4120-3031 ELECTRICITY	\$ 3,000	\$ 3,000	\$ -	0.00%	0.03%	\$ -
10-4120-3033 NATURAL GAS	\$ 2,500	\$ 2,500	\$ -	0.00%	0.03%	\$ -
10-4120-3034 WATER	\$ 750	\$ 800	\$ 50	6.67%	0.01%	\$ -
10-4120-3035 SEWER	\$ 1,500	\$ 1,600	\$ 100	6.67%	0.02%	\$ -
10-4120-3051 BUILDINGS/GROUNDS-IMPROV	\$ 25,000	\$ 30,000	\$ 5,000	20.00%	0.32%	\$ -
10-4120-3070 ADVERTISING	\$ 1,000	\$ 1,000	\$ -	0.00%	0.01%	\$ -
10-4120-3091 LEGAL ADVERTISING	\$ 1,000	\$ 1,000	\$ -	0.00%	0.03%	\$ -
10-4120-3094 CONTRACTED SERVICES	\$ 14,000	\$ 3,000	\$ (11,000)	-78.57%	0.03%	\$ -
10-4120-3095 TRAINING-EMPL EDUCATIONAL	\$ 10,000	\$ 12,000	\$ 2,000	20.00%	0.13%	\$ -
10-4120-3191 DUES AND SUBSCRIPTIONS	\$ 15,500	\$ 15,500	\$ -	0.00%	0.16%	\$ -
10-4120-4000 FIXED CHARGES & OTHER EXPEN	\$ 1,300	\$ 1,300	\$ -	0.00%	0.01%	\$ -
10-4120-4040 SERVICE AND MAINTENANCE-E	\$ 8,500	\$ 8,500	\$ -	0.00%	0.09%	\$ -
10-4120-4050 INSURANCE & BONDING (LIAB &	\$ 25,000	\$ 55,000	\$ 30,000	120.00%	0.58%	\$ -
10-4120-5010 OFFICE EQPT, FURN, SOFTWARE	\$ 15,000	\$ 15,000	\$ -	0.00%	0.16%	\$ -
10-4120-6803 HENDERSON COUNTY BOARD O	\$ -	\$ 5,000	\$ 5,000	0.00%	0.05%	\$ -
10-4120-6004 H CO CONTRACTS-Signs, Etc.	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -
10-4120-6805 MAINT CONTRACTS-SOFTWARE	\$ 28,000	\$ 20,000	\$ (8,000)	-28.57%	0.21%	\$ -
10-4120-9791 CONTINGENCY	\$ 41,020	\$ 77,500	\$ 36,480	88.93%	0.82%	\$ -
TOTAL EXPENDITURE	\$ 787,800	\$ 803,510	\$ 15,710	1.99%	8.47%	\$ -

Tax Collections

This department has previously been accounted for within the administration department. This year it is being separated for additional transparency and accountability.

4140 COLLECTION EXPENSE	FY23 (Adopted)	FY24 (Recomm)	Value Change	Percent Change	Percent of Budget	FY24 Adopted
EXPENDITURE:						
10-4140-0021 SALARIES AND WAGES-REGULA	\$ -	\$ 85,100	\$ 85,100	0%	0.90%	\$ -
10-4140-1180 FRINGE BENEFITS-INSURANCE,	\$ -	\$ 31,000	\$ 31,000	0%	0.33%	\$ -
10-4140-1181 SOCIAL SECURITY CONTRIBUTIO	\$ -	\$ 6,550	\$ 6,550	0%	0.07%	\$ -
10-4140-1182 RETIREMENT-LGERS	\$ -	\$ 18,200	\$ 18,200	0%	0.19%	\$ -
10-4140-2060 OFC SUPP & MATERIALS	\$ -	\$ -	\$ -	0%	0.00%	\$ -
10-4140-3011 TRAVEL MILEAGE	\$ -	\$ 600	\$ 600	0%	0.01%	\$ -
10-4140-3012 TRAVEL SUBSISTENCE	\$ -	\$ 1,500	\$ 1,500	0%	0.02%	\$ -
10-4140-3025 POSTAGE	\$ -	\$ -	\$ -	0%	0.00%	\$ -
10-4140-3041 PRINTING	\$ -	\$ -	\$ -	0%	0.00%	\$ -
10-4140-3091 LEGAL ADVERTISING	\$ -	\$ -	\$ -	0%	0.00%	\$ -
10-4140-3095 TRAINING	\$ -	\$ 350	\$ 350	0%	0.00%	\$ -
10-4140-3191 DUES AND SUBSCRIPTIONS	\$ -	\$ 50	\$ 50	0%	0.00%	\$ -
10-4140-5010 OFC EQPT, FURN, SOFTWARE	\$ -	\$ -	\$ -	0%	0.00%	\$ -
10-4140-6000 TAX COLLECTIONS	\$ 4,500	\$ -	\$ (4,500)	-100%	0.00%	\$ -
10-4140-9791 CONTINGENCY	\$ -	\$ 8,000	\$ 8,000	0%	0.08%	\$ -
TOTAL EXPENDITURE	\$ 4,500	\$ 151,350	\$ 146,850	3263%	1.60%	\$ -

Information Technology

This is a new department this year. Previously nearly all IT needs for the town were accounted for within the administration budget. Similar to the Tax Collections department, this department has been created to better account for the true cost of various expenditures to the Town.

4210 INFORMATION TECHNOLOGY	FY23 (Adopted)	FY24 (Recomm)	Value Change	Percent Change	Percent of Budget	FY24 Adopted
EXPENDITURE:						
10-4210-3021 TELEPHONE SERVICE	\$ -	\$ 7,500	\$ 7,500	0%	0.08%	\$ -
10-4210-3026 INTERNET ACCESS	\$ -	\$ 6,750	\$ 6,750	0%	0.07%	\$ -
10-4210-6805 MAINTENANCE CONTRACTS - SC	\$ -	\$ 64,000	\$ 64,000	0%	0.68%	\$ -
10-4210-3094 CONTRACTED SERVICES	\$ -	\$ 12,150	\$ 12,150	0%	0.13%	\$ -
10-4210-5010 OFC EQPT, FURN, SOFTWARE	\$ -	\$ -	\$ -	0%	0.00%	\$ -
10-4210-9791 CONTINGENCY	\$ -	\$ 10,000	\$ 10,000	0%	0.11%	\$ -
TOTAL EXPENDITURE	\$ -	\$ 100,400	\$ 100,400	0%	1.06%	\$ -

Police

In 2016 the Town entered into an agreement with the Henderson County Sheriff and Henderson County for the provision of law enforcement services within the municipal boundaries of Mills River. This department includes the full cost of six full-time deputies including salaries, benefits, and equipment.

4310 POLICE	FY23 (Adopted)	FY24 (Recomm)	Value Change	Percent Change	Percent of Budget	FY24 Adopted
EXPENDITURE:						
10-4310-6800 POLICE/SHERIFF	\$ 914,000	\$ 982,000	\$ 68,000	7.44%	10.37%	\$ -
TOTAL EXPENDITURE	\$ 914,000	\$ 982,000	\$ 68,000	7.44%	10.37%	\$ -

Fire Protection

The Town has a contract with Mills River Fire and Rescue to provide fire protection within the corporate limits of the Town. The Town bills property owners and collects taxes on behalf of the department. The Department’s current districtwide tax rate is \$0.10, which in combination with the Town’s rate of \$0.08, generates the full tax levy of \$0.18 per \$100 of property value. The funds collected by the Town are a pass through and the Town does not withhold any. Due to increased property values, it is expected revenues to the Department will increase by approximately 33% in FY24.

4340 FIRE EXPENDITURE:	FY23 (Adopted)	FY24 (Recomm)	Value Change	Percent Change	Percent of Budget	FY24 Adopted
10-4340-0021 SALARIES AND WAGES - REGUL	\$ -	\$ -	\$ -			\$ -
10-4340-1181 SOCIAL SECURITY CONTRIBUTIO	\$ -	\$ -	\$ -			\$ -
10-4340-3011 MILEAGE	\$ -	\$ -	\$ -			\$ -
10-4340-3094 CONTRACTED SERVICES	\$ -	\$ -	\$ -			\$ -
10-4340-6810 MILLS RIVER FIRE - PROPERTY	\$ 1,640,000	\$ 2,175,000	\$ 535,000	32.62%	22.96%	\$ -
TOTAL EXPENDITURE	\$1,640,000	\$2,175,000	\$2,175,000	32.62%	22.96%	\$ -



Streets & Highways

The Town maintains streetlights at key intersections within the Town and makes monthly payments to Duke Energy for their use. In FY22 the Town entered the Powell Bill program, which is a program established by North Carolina General Statute and provides funds to municipalities for the maintenance of public ways within its corporate limits. In the past these funds were tied directly to the gas tax and are now (and have been for several years) allocated from a direct appropriation by the General Assembly.

Mills River currently maintains approximately .42 miles of public roadway (Town Center Drive). These funds may also be used for the construction and maintenance of sidewalks, bike paths, and other similar infrastructure. Part of these funds will be used as the Town’s match for a grant to construct a new handicap accessible entrance to the playground.

Seventy five percent of the Powell Bill revenue is provided on a per capita basis and 25% comes from the miles of roadway maintained by the Town. This year’s budget shows no change in Powell Bill revenue as the North Carolina General Assembly’s budget as of the date of the budget presentation indicated there would be no change in the distribution formula or total amount to be distributed.

There is a slight increase in streets and highway lights to account for increase in the cost of powering the Town’s streetlights.

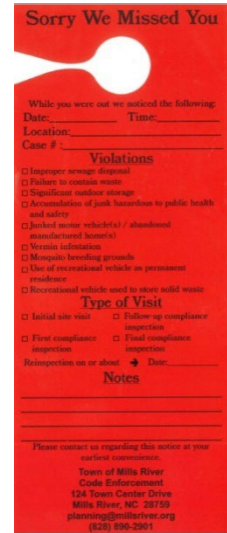
4510 STREETS & HIGHWAYS	FY23 (Adopted)	FY24 (Recomm)	Value Change	Percent Change	Percent of Budget	FY24 Adopted
EXPENDITURE:						
10-4510-1999 OTHER PROFESSIONAL SERVICE	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -
10-4510-3054 STREET MAINTENANCE	\$ 156,000	\$ 156,000	\$ -	0.00%	1.65%	\$ -
10-4510-6820 STREETS AND HIGHWAYS-LIGHT	\$ 14,000	\$ 17,000	\$ 3,000	21.43%	0.18%	\$ -
TOTAL EXPENDITURE	\$ 170,000	\$ 173,000	\$ 3,000	1.76%	1.83%	\$ -

Planning & Zoning

The Planning and Zoning Department is responsible for permitting all construction activities within the Town. This includes single family homes, commercial and industrial projects, and recently watershed administration. Furthermore, amendments to the Town code, planning projects (e.g., comprehensive planning), and code enforcement are the responsibility of this department.

As of the calendar year 2022 the Town now also is responsible for watershed permitting and enforcement. This was for many years managed by Henderson County.

Permit activity has grown significantly since 2019 and it is expected this trend will continue. In 2019 the Town Planner issued 144 zoning permits. By December 31, 2022, the Zoning Administrator had issued 205 zoning permits.



4910 PLANNING & ZONING	FY23	FY24	Value	Percent	Percent of	FY24
EXPENDITURE:	(Adopted)	(Recomm)	Change	Change	Budget	Adopted
10-4910-0021 SALARIES AND WAGES-REGULA	\$ 123,300	\$ 140,100	\$ 16,800	13.63%	1.48%	\$ -
10-4910-0026 SALARIES AND WAGES - PART T	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -
10-4910-1180 FRINGE BENEFITS-INSURANCE,	\$ 26,000	\$ 31,000	\$ 5,000	19.23%	0.33%	\$ -
10-4910-1181 SOCIAL SECURITY CONTRIBUTIO	\$ 9,800	\$ 11,000	\$ 1,200	12.24%	0.12%	\$ -
10-4910-1182 RETIREMENT-LGERS	\$ 21,375	\$ 25,200	\$ 3,825	17.89%	0.27%	\$ -
10-4910-1992 PLANNING - LEGAL	\$ 1,500	\$ 1,500	\$ -	0.00%	0.02%	\$ -
10-4910-1993 BOA - LEGAL	\$ 3,000	\$ 3,000	\$ -	0.00%	0.03%	\$ -
10-4910-1999 OTHER - PROFESSIONAL SERVIC	\$ 27,000	\$ 15,000	\$ (12,000)	-44.44%	0.16%	\$ -
10-4910-2060 PLANNING - OFC SUPP & MATEP	\$ 750	\$ 1,000	\$ 250	33.33%	0.01%	\$ -
10-4910-2090 EO - SUPPLIES & MATERIALS	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -
10-4910-3011 TRAVEL MILEAGE	\$ 500	\$ 750	\$ 250	50.00%	0.01%	\$ -
10-4910-3012 TRAVEL SUBSISTENCE	\$ 1,000	\$ 1,750	\$ 750	75.00%	0.02%	\$ -
10-4910-3025 POSTAGE	\$ 1,000	\$ 1,000	\$ -	0.00%	0.01%	\$ -
10-4910-3039 NUISANCE ABATEMENT	\$ 10,000	\$ 10,000	\$ -	0.00%	0.11%	\$ -
10-4910-3091 PLANNING- LEGAL ADVERTISING	\$ 750	\$ 750	\$ -	0.00%	0.01%	\$ -
10-4910-3092 BOA -LEGAL ADVERTISING	\$ 750	\$ 750	\$ -	0.00%	0.01%	\$ -
10-4910-3095 TRAINING-EMPL EDUCATIONAL	\$ 3,500	\$ 3,500	\$ -	0.00%	0.04%	\$ -
10-4910-3191 DUES AND SUBSCRIPTIONS	\$ 750	\$ 1,250	\$ 500	66.67%	0.01%	\$ -
10-4910-5010 PLANNING-OFCEQPT, FURN, SO	\$ 17,500	\$ 5,000	\$ (12,500)	-71.43%	0.05%	\$ -
10-4910-9791 CONTINGENCY	\$ -	\$ 20,000	\$ 20,000	0.00%	0.21%	\$ -
TOTAL EXPENDITURE	\$ 248,475	\$ 272,550	\$ 24,075	9.69%	2.87%	\$ -

Economic Development

The Town partners with two economic development agencies in Henderson County – Agribusiness Henderson County (AgHC) and the Henderson County Partnership for Economic Development (HCPED). These agencies assist the Town with economic development opportunities by working with landowners, existing business, and potential new businesses to connect willing sellers and buyers, expand businesses or relocate existing businesses to the Town.

The budget below represents a slight increase in funding to AgHC and a significant increase in funding to HCPED. The increase to HCPED includes a contribution of \$25,000 to the Economic Investment Fund (EIF). The EIF is a partner organization to HCEPD and is set up to accept and use funds for the purpose of product development, examples include due diligence efforts or land acquisition.

In addition to the two groups mentioned above, the Town has several economic development incentives with existing businesses in Town. The total of these incentives is \$54,000. Each incentive is on a schedule and will expire in the years ahead according to individual agreements. These incentives are paid only after the business has paid its annual tax bill and proven they are in compliance with the original incentive agreement (e.g. number of jobs created).

4920 ECONOMIC DEVELOPMENT	FY23	FY24	Value	Percent	Percent of	FY24
EXPENDITURE:	(Adopted)	(Recomm)	Change	Change	Budget	Adopted
10-4920-1995 ECON DEVEL - AGRICULTURE	\$ 16,500	\$ 17,000	\$ 500	3.03%	0.18%	\$ -
10-4920-1996 ECON DEVEL - HCPED	\$ 20,000	\$ 50,000	\$ 30,000	150.00%	0.53%	\$ -
10-4920-1999 ECON DEVEL - PROF SRVC OTH	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -
10-4920-4099 ECON DEVEL - MISC, INCENTIVE	\$ 58,000	\$ 54,000	\$ (4,000)	-6.90%	0.57%	\$ -
TOTAL EXPENDITURE	\$ 94,500	\$ 121,000	\$ 26,500	28.04%	1.28%	\$ -



New FedEx Facility – Completed in 2022

Library

The Town provides a space for a public library within Town Hall and Henderson County provides staff and resources to operate the library. A small increase in this department is required to ensure all ancillary services to support the library are covered. Namely cleaning supplies and services.

6110 LIBRARY	FY23	FY24	FY24	Value	Percent	Percent of	FY24
EXPENDITURE:	(Adopted)	(Recomm)	(Proposed)	Change	Change	Budget	Adopted
10-6110-3030 LIBRARY - UTILITIES	\$ 6,000	\$ 6,000	\$ 6,000	\$ -	0%	0.06%	\$ -
10-6110-3094 CONTRACTED SERVICES	\$ 3,000	\$ 3,500	\$ 3,500	\$ 0.17	17%	0.04%	\$ -
TOTAL EXPENDITURE	\$ 9,000	\$ 9,500	\$ 9,500	\$ 0.06	6%	0.10%	\$ -

Parks

The Town’s park and recreation amenities are the most popular and most visible of all Town Services. From January 1, 2022 to December 31, 2022 the park saw over 150,000 vehicles. Assuming 2.5 people per vehicle, this is 375,000 visitors to the park in 12 months. This high usage and popularity translate to high maintenance and operational costs.

In FY20 the Town added one full-time Park Maintenance Technician and in FY22 a third full-time Park Maintenance Technician was added. The addition of these personnel is a direct response to the need to provide additional services and assuming other services in-house; namely, the new baseball field and lawn maintenance. In FY23 the Town added a Recreation Program Coordinator to begin offering programming and events at Mills River Park. For FY24 it is recommended that a Parks and Recreation Maintenance Supervisor be added to this department. This position will be involved in the day-to-day responsibilities of park maintenance and will also have the added authority of supervising the maintenance staff.

6130 PARKS	FY23	FY24	Value	Percent	Percent of	FY24
EXPENDITURE:	(Adopted)	(Recomm)	Change	Change	Budget	Adopted
10-6130-0021 SALARIES AND WAGES-REGULA	\$ 241,500	\$ 311,200	\$ 69,700	28.86%	3.28%	\$ -
10-6130-0022 OVERTIME	\$ 7,000	\$ 7,000	\$ -	0.00%	0.07%	\$ -
10-6130-0026 SALARIES AND WAGES - PART T	\$ 34,000	\$ 34,000	\$ -	0.00%	0.36%	\$ -
10-6130-1180 FRINGE BENEFITS-INSURANCE,	\$ 73,000	\$ 86,000	\$ 13,000	17.81%	0.91%	\$ -
10-6130-1181 SOCIAL SECURITY CONTRIBUTIO	\$ 21,850	\$ 25,400	\$ 3,550	16.25%	0.27%	\$ -
10-6130-1182 RETIREMENT-LGERS	\$ 41,850	\$ 57,500	\$ 15,650	37.40%	0.61%	\$ -
10-6130-1999 OTHER-PROFESSIONAL SERVICE	\$ 7,000	\$ 7,000	\$ -	0.00%	0.07%	\$ -
10-6130-2051 MTR FUELS & LUBRICANTS	\$ 3,500	\$ 5,000	\$ 1,500	42.86%	0.05%	\$ -
10-6130-2054 VEHICLES-TIRES, PARTS, SERVIC	\$ 3,000	\$ 5,000	\$ 2,000	66.67%	0.05%	\$ -
10-6130-2090 EO - SUPPLIES & MATERIALS	\$ -	\$ -	\$ -			\$ -
10-6130-2092 PARKS - SUPPLIES	\$ 9,000	\$ 10,000	\$ 1,000	11.11%	0.11%	\$ -
10-6130-2093 PARKS - EQUIPMENT	\$ 5,000	\$ 2,000	\$ (3,000)	-60.00%	0.02%	\$ -
10-6130-2094 PROGRAMMING	\$ 30,000	\$ 37,500	\$ 7,500	25.00%	0.40%	\$ -
10-6130-2099 PARKS-MISC. EXPENSE	\$ 1,000	\$ 1,000	\$ -	0.00%	0.01%	\$ -
10-6130-3011 TRAVEL MILEAGE	\$ 1,100	\$ 1,800	\$ 700	63.64%	0.02%	\$ -
10-6130-3012 TRAVEL SUBSISTENCE	\$ 4,200	\$ 5,000	\$ 800	19.05%	0.05%	\$ -
10-6130-3030 PARKS- UTILITIES	\$ 6,000	\$ 8,600	\$ 2,600	43.33%	0.09%	\$ -
10-6130-3051 PARK FACILITIES-IMPROVES & I	\$ 23,000	\$ 23,000	\$ -	0.00%	0.24%	\$ -
10-6130-3052 EQUIPMENT-SAFETY, ETC.	\$ 1,200	\$ 1,500	\$ 300	25.00%	0.02%	\$ -
10-6130-3053 BUILDINGS, STRUCTURES, & IMI	\$ 24,000	\$ 24,000	\$ -	0.00%	0.25%	\$ -
10-6130-3054 ATHLETIC FIELD MAINTENANC	\$ 13,000	\$ 13,000	\$ -	0.00%	0.14%	\$ -
10-6130-3094 PARKS - CONTRACTED SERVICE	\$ 11,500	\$ 11,500	\$ -	0.00%	0.12%	\$ -
10-6130-3095 TRAINING-EMPL EDUCATIONAL	\$ 2,000	\$ 2,500	\$ 500	25.00%	0.03%	\$ -
10-6130-3191 DUES AND SUBSCRIPTIONS	\$ 815	\$ 1,810	\$ 995	122.09%	0.02%	\$ -
10-6130-9791 CONTINGENCY	\$ -	\$ 38,000	\$ 38,000	0.00%	0.40%	\$ -
TOTAL EXPENDITURE	\$ 564,515	\$ 719,310	\$ 154,795	27.42%	7.59%	\$ -

Debt Service

This department accounts for the financing costs associated with the acquisition of land adjacent to Town Hall. In FY25 the monthly payments will remain the same, however, the annual expenditure will increase. This year’s budget assumes payments beginning in September of 2023, resulting in just 10 payments for the year.

9100 DEBT SERVICE	FY23 (Adopted)	FY24 (Recomm)	Value Change	Percent Change	Percent of Budget	FY24 Adopted
EXPENDITURE:						
10-9100-7000 DEBT SRVC EQUIPMENT-PRINCI	\$ -	\$ -	\$ -		0.00%	\$ -
10-9100-7001 DEBT SRVC EQUIPMENT-INTER	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -
10-9100-7002 DEBT SERVICE-USDA PRINCIPAL	\$ -	\$ 112,355	\$ 112,355		3.31%	\$ -
10-9100-7003 DEBT SERVICE-USDA INTEREST	\$ -	\$ 98,576	\$ 98,576	0.00%	0.58%	\$ -
10-9930-9700 INTERFUND TRANSFERS	\$ -	\$ -	\$ -			\$ -
10-9930-9710 TRANSFER-FUND BALANCE	\$ -	\$ -	\$ -			\$ -
10-9100-7002 DEBT SERVICE - USDA	\$ -	\$ -	\$ -		1.06%	\$ -
	\$ -	\$ -	\$ -	0.00%	0.00%	\$ -
TOTAL EXPENDITURE			\$ -			
	\$ -	\$ 210,931	\$ 210,931	0.00%	18.14%	\$ -

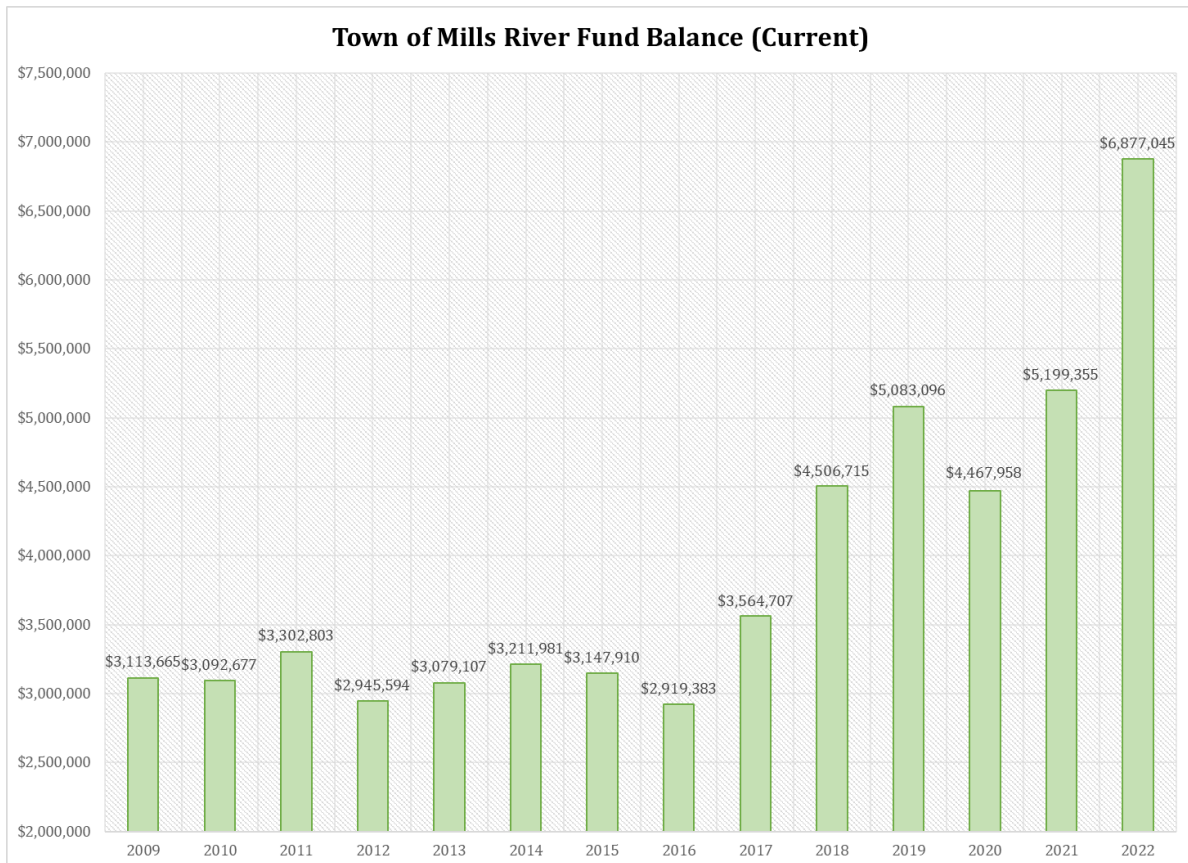
Fund Balance

General Fund

Fund balance is a necessary tool to avoid cash flow interruptions, eliminate the need for short-term borrowing, and act as a reserve for emergencies. A positive change in fund balance increases the funds available; a negative change in fund balance reduces the funds available.

At the close of FY22 (June 30, 2022) the Town’s ending fund balance of \$6,877,045 represented an increase of \$1,675,820 over FY21. Of this total amount approximately 81% is unassigned and available for appropriation.

Fund balance is not intended, nor is it considered responsible, to be used to cover operating expenditures. As with previous budgets, the FY23 budget shows an appropriation of fund balance to the operating budget (considered a revenue) only for the purpose of capital expenditures. As of April 30, 2023, the Town had a fund balance of 147.63% (\$8,477,857). This exceeds the Town’s minimum amount of 65-75%. Fund balance for the fiscal year ending June 30, 2022, is expected to increase due in part to greater than anticipated sales tax revenue and higher than expected interest on investments.



Schedule of Fees

APPLICATIONS & PERMITS	
Communications Towers	\$250
Manufactured Home Parks	\$250
Rezoning Request	\$500
Text Amendment	\$500
Board of Adjustment Appeal Request	\$350
Variance Request	\$350
Vested Rights Request	\$250
Annexation	\$250
Watershed Permit	
Low Density Development	\$250
Low Density Single-Family Residential	\$25
High Density Development	\$500
High Density Single-Family Residential	\$100
Sign Permit	
Permanent Signs	\$100
Temporary Sign	\$25
Special Use Permit	
Major	\$750
Minor	\$500
Amendment	\$350
Subdivision Permit	
Major	\$350 + \$5 per lot
Final Plat Review	\$100
Minor	\$100
Family	\$25
Exempt	\$0
Temporary Use Permit	\$100
Zoning Verification/Determination Letter	\$100
Zoning Permit	
Residential	
Per Dwelling Unit	\$25
Additions or Remodel	\$25
Unattached Buildings	\$25
Commercial	
New Construction	\$250
Food Park	\$200
Addition or Remodel	\$125
Industrial	
New Construction	\$300
Addition or Remodel	\$150
Special Events	\$25
Temporary Vendor Locations	\$25
Penalties	
Failure to Secure Permit	\$50+fee
Failure to Pay Fines (Past Due or Unpaid Fines)	5%

ORDINANCE COPIES	
Complete Set	
Printed Version	\$ 45.00
CD Version	\$ 5.00
Manufactured Home Parks	\$ 8.00
Subdivision Ordinance	\$ 8.00
Vested Rights	\$ 5.00
Zoning Ordinance	\$ 20.00
Copies (per page)**	
Black and White	\$ 0.20
Color	\$ 0.25
11 x 17 Maps	\$ 1.00
Large Scale Maps	\$ 10.00

**Minimum Charge \$ 2.00

PARKS & RECREATION	
	Per Hour
Picnic Shelter*	
Large (Willow Oak)	\$25
Small (Hickory)	\$15
Fields (Soccer, Baseball, Softball, Multi-use)	
Practice	\$10
Games	\$30
Tournaments (per game/field)	\$100
Special Events	
Use of Park Outside Shelter (four hour increments)	\$250
Additional Staff - Per Employee Per Hour*	
Games	\$20
Tournaments	\$20
Events	\$20
* Two Hour Minimum	

Capital Improvement Plan Fiscal Years 2024-2028



Construction of the Town's pollinator garden – May 10, 2023

**CAPITAL IMPROVEMENT PLAN MESSAGE
FISCAL YEAR 2024-2028**

Mayor Gonce, Mayor Pro-Tem Austin, and Councilmembers Goode, Cantrell, and Young:

I am pleased to present the recommended Fiscal Year 2024-2028 Capital Improvement Plan (CIP) for your review and consideration. The Plan includes 12 projects totaling \$3,356,500.

The Town's CIP represents a guide for maintenance and acquisition of capital assets as well as investment in new tools such as software. The CIP is an important management tool, as it evaluates the effects of capital costs on the Town's operating budget and allows for planning beyond the immediate fiscal year. In a growing community like Mills River, it is critical to look beyond just the next year.

The CIP is not an adopted budget. Only the first year of the CIP (FY24) will become part of the Town's annual budget document, if approved. It is a dynamic planning tool, as it is evaluated annually and adjusted according to Town Council's goals and financial considerations.

Town Council will find that the recommended CIP addresses several large investments. Notably, the acquisition of two new parcels totaling nearly 70 acres. Moreover, further investment in Mills River Park is planned to create additional amenities, improve habitat, and provide universal access to the playground.

The Town is in a strong financial position, as it has been for many years. With conservative budgeting practices over the last 20 years, the Town now has the ability to make significant investment in capital projects without increasing the tax rate or other fees.

Sincerely,



Daniel Cobb, AICP, CFM, CZO
Town Manager

OVERVIEW OF THE CAPITAL IMPROVEMENT PLAN

The Capital Improvement Plan (CIP) is the planning mechanism by which the Town Council allocates limited financial resources to implement long-term goals. These goals are typically outlined in long-range planning documents such as the *Making Mills River 2040* Comprehensive Plan, the system-wide Parks and Recreation Masterplan, and other previously approved projects.

The purpose of the CIP is to forecast and match projected revenues and major capital needs over a minimum five-year period. Capital planning is an important management tool that strengthens the linkage between community infrastructure needs and the financial capacity of the town.

The CIP is a multi-year plan for major capital expenditures such as the acquisition of land, construction, or significant renovation of public facilities such as Town Hall, construction of new transportation infrastructure, capital equipment to support operations, or any combination thereof. The minimum threshold for capital projects to be considered in the CIP is \$5,000.

The development of this CIP was based on (1) public access to local government, (2) additional public facilities, and (3) provision of tools necessary to ensure continued high quality service delivery.

Once adopted by the Town Council, the CIP becomes a statement of Town policy regarding the need, priority, timing, and funding of future capital projects. The CIP is a plan. As such, projects and funding mechanisms are subject to change based on new or shifting service needs, special financing opportunities, emergency needs, or other directives or priorities established by Town Council.

Future needs and financial constraints may result in changes in priority over the five-year planning cycle of the document. The CIP represents the best judgement of the Town at the time the Plan is adopted. Priorities established in the CIP guide subsequent decisions made by staff and the various boards and commissions appointed by Town Council.

The Town of Mills River achieves five major objectives as a component of the Town's budget and financial planning process:

1. Helps the Town rationally and intelligently plan for the repair, replacement, and acquisition of capital items that are necessary in providing high quality services to the citizens of Mills River.
2. Assists in fiscal planning by forecasting capital demands together with future revenues and expenditures.
3. Ensures better coordination, evaluation, and planning of projects to serve the community and its needs.

4. Serves, together with the annual budget and other financial plans, as a guide to decision-making for the Town Council, Town Manager, and staff.
5. Serves as a systematic and comprehensive analysis of capital needs, increasing the probability of making rational budgetary judgements since improvements are identified, prioritized, and matched to the projected fiscal resources of the Town.

RELATIONSHIP TO THE ANNUAL OPERATING BUDGET

All of the recommended CIP projects are funded through a combination of appropriated fund balance (shown as “local”) and grant funds. The CIP and the Annual Operating Budget are directly linked as CIP projects become authorized through the adoption of the Annual Operating Budget.

It is worth considering, as some CIP projects are completed, they will have direct and ongoing impacts to the Town’s operating budget. For example, if the Town acquires additional land or builds a new park at a satellite location, those facilities generate additional maintenance needs in the form of property or facilities maintenance.

The majority of funding for the CIP this year came from the Town’s ARPA funding, a total of \$2,000,000. The remaining funds are one-time transfers from unassigned fund balance to the operating budget once projects are initiated.

CAPITAL IMPROVEMENT PLAN STRUCTURE

In order to group projects with similar items, the CIP is organized into five functional categories:

1. Public Facilities
2. Transportation
3. Parks & Recreation
4. Community Development
5. Equipment

CAPITAL IMPROVEMENT FUNDING

The sources of funding used to execute the Plan are as important as the capital projects contained in the Plan. Capital improvements for the Town of Mills River are typically funded using one of two sources; cash or debt financing.

Cash: Cash funds come from sources such unassigned fund balance or capital reserves.

General Fund: General Fund revenue such as ad valorem taxes, sales taxes, utility taxes and other similar revenue are used to fund Town operations and may be used to fund capital projects such as facility improvements, transportation system improvements, and other similar projects. Compared to other sources, general fund resources are a flexible revenue source without restrictions on their use.

Debt Financing: Municipalities in North Carolina have the authority to utilize several types of debt mechanisms, including general obligation bonds, revenue bonds, traditional lease-purchase, or installment financing. The mechanism selected varies depending on the level of funding needed, the term of the need, and current debt market conditions. General obligation bonds are approved by voters and are backed by the Town's taxing authority to repay the bonds. In the past the Town has borrowed money to construct Town Hall and has since paid that obligation.

CAPITAL IMPROVEMENT PLAN DEVELOPMENT

The process of developing the CIP is on-going throughout the fiscal year, beginning after July 1st. Staff monitors service delivery, analyzes existing programs, and ensures items such as maintenance are considered for upcoming budget cycles.

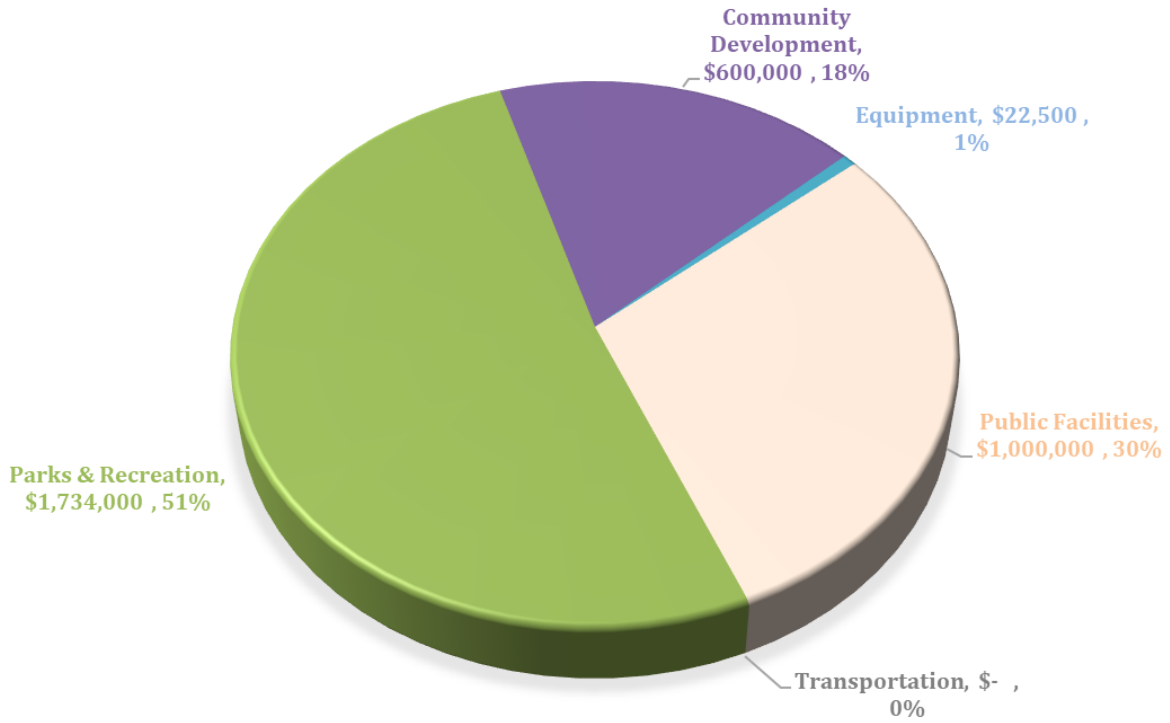
The formal process of submitting projects for consideration begins immediately following Council's visioning session in March. Oftentimes several capital projects are discussed and warrant further consideration. These projects are analyzed throughout the months of March and April and programmed into the Plan as appropriate.

**OVERVIEW OF FISCAL YEARS 2024-2028
CAPITAL IMPROVEMENT PLAN**

Below is a summary of the recommended Capital Improvement Plan for the period FY 2024-2028. These categories are described in detail in the following pages.

Capital Projects	FY23	FY24	FY25	FY26	FY27	FY28	FUTURE YEARS
Public Facilities							
Total Expense	\$ 100,000	\$ 1,000,000	\$ 150,000	\$ -	\$ -	\$ -	\$ 3,000,000
Revenue Sources							
Local	\$ 100,000	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -
Grant	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
To Be Determined	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000,000
Total Revenue	\$ 100,000	\$ 1,000,000	\$ 150,000	\$ -	\$ -	\$ -	\$ 3,000,000
Transportation							
Total Expense	\$ -	\$ -	\$ 300,000	\$ -	\$ -	\$ -	\$ 11,650,000
Revenue Sources							
Local	\$ -	\$ -	\$ 240,000	\$ -	\$ -	\$ -	\$ -
Grant	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
To Be Determined	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,650,000
Total Revenue	\$ -	\$ -	\$ 300,000	\$ -	\$ -	\$ -	\$ 11,650,000
Parks & Recreation							
Total Expense	\$ 370,000	\$ 1,734,000	\$ 1,257,500	\$ 1,378,500	\$ 874,000	\$ 644,600	\$ 1,133,000
Revenue Sources							
Local	\$ 370,000	\$ 971,000	\$ 757,500	\$ -	\$ 7,500	\$ 142,440	\$ -
Grant	\$ -	\$ 763,000	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
To Be Determined	\$ -	\$ -	\$ 600,000	\$ 1,378,500	\$ 866,500	\$ 502,160	\$ 1,133,000
Total Revenue	\$ 370,000	\$ 1,734,000	\$ 1,357,500	\$ 1,378,500	\$ 874,000	\$ 644,600	\$ 1,133,000
Community Development							
Total Expense	\$ -	\$ 600,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Revenue Sources							
Local	\$ 29,975	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Grant	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
To Be Determined	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 29,975	\$ 600,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Equipment							
Total Expense	\$ 6,000	\$ 22,500	\$ -	\$ 7,500	\$ -	\$ -	\$ -
Revenue Sources							
Local	\$ 6,000	\$ 22,500	\$ -	\$ 7,500	\$ -	\$ -	\$ -
Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
To Be Determined	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 6,000	\$ 22,500	\$ -	\$ 7,500	\$ -	\$ -	\$ -
	FY22	FY23	FY24	FY25	FY26	FY27	FUTURE YEARS
Total Revenue	\$ 505,975	\$ 3,356,500	\$ 1,907,500	\$ 1,386,000	\$ 874,000	\$ 644,600	\$ 15,783,000
Total Expense	\$ 476,000	\$ 3,356,500	\$ 1,807,500	\$ 1,386,000	\$ 874,000	\$ 644,600	\$ 15,783,000
Total Revenue By Source							
Local	\$ 505,975	\$ 1,093,500	\$ 1,247,500	\$ 7,500	\$ 7,500	\$ 142,440	\$ -
Grant	\$ -	\$ 2,263,000	\$ 60,000	\$ -	\$ -	\$ -	\$ -
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
To Be Determined	\$ -	\$ -	\$ 600,000	\$ 1,378,500	\$ 866,500	\$ 502,160	\$ 15,783,000

TOWN OF MILLS RIVER CAPITAL EXPENDITURES FISCAL YEAR 2023-2024



PUBLIC FACILITIES

	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FUTURE YEARS
Public Facilities							
Cell Tower Improvements	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Solar Panels	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town Complex Pavement Resurfacing	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -
Building Maintenance	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Conference Room Upgrades	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Meeting Room Audio and Visual	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town Hall Expansion / Relocation / Acquisition	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ 3,000,000
Total Expense	\$ 100,000	\$ 1,000,000	\$ 150,000	\$ -	\$ -	\$ -	\$ 3,000,000
Revenue							
Local (Fund Balance Appropriated)	\$ 100,000	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -
Grant	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
To Be Determined	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000,000
Total Revenue	\$ 100,000	\$ 1,000,000	\$ 150,000	\$ -	\$ -	\$ -	\$ 3,000,000

Town Hall Expansion

As Mills River continues to grow so does the need to provide adequate facilities and space for the Town to operate from. Town Hall currently serves town functions such as tax bill payment, zoning permits, and parks and recreation. It also is home to the Mills River Branch of the Henderson County Library and contains a meeting space for boards and committees. As the Town continues to grow and provide services additional space will be required.

Included in FY24 are funds for the acquisition of land. It is possible this new land will be a more suitable location for Town Hall than the current structure. As such, funds are being allocated within this category of capital expenditure.

Funding

The source of revenue for this project is revenue replacement funds from the American Rescue Plan Act.

TRANSPORTATION

	FY23	FY 24	FY 25	FY 26	FY 27	FY 28	FUTURE YEARS
Transportation							
191 Match (R-2588B)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mills River Valley Trail - Engineering	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ -
Mills River Valley Trail Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,650,000
Town Center Drive Resurfacing	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Total Expense	\$ -	\$ -	\$ 300,000	\$ -	\$ -	\$ -	\$ 11,650,000
Revenue							
Local (Fund Balance Appropriated)	\$ -	\$ -	\$ 240,000	\$ -	\$ -	\$ -	\$ -
Grant	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
To Be Determined	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,650,000
Total Revenue	\$ -	\$ -	\$ 300,000	\$ -	\$ -	\$ -	\$ 11,650,000

Mills River Valley Trail

This project is a planned multiuse path along Highway 280 from its intersection with 191 South to the French Broad River. The total project cost for this effort was originally \$300,000, of which the Town is responsible for a 20% match, which was \$60,000. Recent estimates place the design costs over \$1 million.

Conserving Carolina has completed its original effort to raise the Town’s original match requirement of \$60,000.

Note to future readers and Elected Officials: Once design contracts are signed and funds expended for that purpose, the Town is obligated to complete the construction of the trail within 10 years.

Due to uncertainty around actual costs it is recommended this project be placed on hold until FY25.

Funding

These funds are included in this plan for accounting purposes. As these are grant funds the Town needs to budget for the full amount even if an agency such as Conserving Carolina is providing a grant to the Town.

PARKS AND RECREATION

	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FUTURE YEARS
Parks & Recreation							
Mills River Park							
Park Lighting: Tennis, Baseball, Basketball	\$ -	\$ -	\$ -	\$ 630,000	\$ -	\$ -	\$ -
Streambank Restoration (DEQ)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Trail Connections to Greenway	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,440	\$ -
Environmental Education Signs & Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional Picnic Shelter / Outdoor Classroom	\$ -	\$ -	\$ -	\$ 156,000	\$ -	\$ -	\$ -
Additional Picnic Shelter / Restroom	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional Benches, Bench Swings, & Picnic Table	\$ -	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -
Managed Meadow and Butterfly Garden	\$ 55,000	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ -
Maintained Greenspace	\$ -	\$ 175,000	\$ -	\$ -	\$ -	\$ -	\$ -
Story Walk for Library	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000
Shade (Along Trail and Dog Park)	\$ -	\$ -	\$ 7,500	\$ 7,500	\$ 7,500	\$ -	\$ -
Sundial / Solar Education	\$ -	\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ -
Bike Pump Stations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Skate Plaza	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000
Dog Park Improvements: Shade, Seating, etc.	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Cooling / Misting stations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000
Traffic Control and Calming Devices	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Playground Access (stairs/slide/sidewalks)	\$ 300,000	\$ 314,000	\$ -	\$ -	\$ -	\$ -	\$ -
Truck and Trailer	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -
UTV/Golf Cart	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -
Mower	\$ -	\$ 100,000	\$ -	\$ 25,000	\$ -	\$ -	\$ -
Maintenance Facilities	\$ -	\$ 75,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -
Land Acquisition	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
CivicRec Registration Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mills River Park	\$ 370,000	\$ 1,734,000	\$ 657,500	\$ 878,500	\$ 7,500	\$ 142,440	\$ 305,000

Managed Meadow

Included as a priority in the system wide Parks and Recreation Masterplan were improvements to the rear of the Town’s property at Mills River Park. One of these improvements is greater access to the currently unmaintained meadow which was once used for agricultural production. This project will begin the transition of this area from its current state of unmaintained grasses to a meadow and walking trail meant to attract native pollinators and other flora and fauna.

This project is a carryover from FY23.

Maintained Greenspace

Included as a priority in the system wide Parks and Recreation Masterplan were improvements to the rear of the Town’s property at Mills River Park. One of these improvements is greater access to the currently unmaintained meadow which was once used for agricultural production. This project will convert approximately four acres of unusable land to a managed greenspace setting. Similar to a finished surface like the Town’s soccer /multipurpose fields.

Playground Access

When Town hall was built it was placed on fill dirt, elevating it above the surrounding natural topography of the area. Since the construction of the playground, park users have been precariously walking and sliding down the hill between the parking area and playground area. This improvement will achieve two main purposes. First, it will provide a wheelchair accessible route from the parking area to the playground, and secondly, it will provide a safe set of steps for users to take advantage of, rather than the steep hillside.

The project was funded in FY23 for accounting purposes as the Town planned to apply for grant funding to help offset the cost. The Town has since received a Parks and Recreation Trust Fund (PARTF) in the amount of \$263,000. The remainder of the cost of this project will come from Powell Bill funding (for the sidewalk portion) and an appropriation of fund balance.

UTV / Golf Cart

Town Staff currently utilize a Polaris UTV which is over a decade old and has outlived its safe, useful life. In need of constant repairs, many of which decrease its safety, have proven no long to be cost effective. This funding is set aside for a replacement vehicle, likely another electric golf cart similar to the kind purchased in FY22.

This purchase was funded in FY23 and in July of 2022 the golf cart was ordered, however, it has not been received. These funds are being reprogrammed to FY24 to pay for that golf cart once delivered.

Mower

This line item represents additional equipment necessary to maintain the new maintained greenspace.

Maintenance Facilities

This project is funded for upgrades or renovations the Town may make once it acquires the dairy next to Town Hall.

Land Acquisition

These funds are to be used for the acquisition of additional real estate adjacent to Town Hall. Approximately 34 acres of land.

Funding

The PARTF grant will cover \$263,000 of the cost of the playground access project. The land acquisition funds are a combination of ARPA (\$500,000) and an appropriation of fund balance (\$500,000). The remainder of funds for the projects listed will come from an appropriation of fund balance.

COMMUNITY DEVELOPMENT

	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FUTURE YEARS
Community Development							
Ordinance Update	\$ -	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Farmland Preservation	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expense	\$ -	\$ 600,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Revenue							
Local (Fund Balance Appropriated)	\$ 29,975	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Grant	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
To Be Determined	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 29,975	\$ 600,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -

Ordinance Update

As with all land development ordinances, amendments and changes are not uncommon. However, as they begin to happen on an increasingly frequent basis it is usually a strong indicator that the ordinances have not kept up with development patterns and need to be overhauled. This project includes hiring a consultant to complete a full review of all the Town’s codes, community input, and drafting updated code language. This project will span multiple fiscal years.

Farmland Preservation

These funds are intended to serve as seed money for the Town’s farmland preservation efforts. This project is being funded entirely by ARPA dollars.

Funding

These projects will be completed with a combination of an appropriation of fund balance as well as ARPA funding.

EQUIPMENT

	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FUTURE YEARS
Equipment							
Computer Replacement / Monitors /Etc.	\$ 6,000	\$ 7,500	\$ -	\$ 7,500	\$ -	\$ -	\$ -
Server	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expense	\$ 6,000	\$ 22,500	\$ -	\$ 7,500	\$ -	\$ -	\$ -
Revenue							
Local (Fund Balance Appropriated)	\$ 6,000	\$ 22,500	\$ -	\$ 7,500	\$ -	\$ -	\$ -
Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
To Be Determined	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 6,000	\$ 22,500	\$ -	\$ 7,500	\$ -	\$ -	\$ -

Computer Replacement

The Town maintains a computer replacement schedule such that every three years a certain number of machines are replaced. For FY24 the Town Clerk and Planning Director are due for replacement machines.

Server

The Town’s server is beyond its useful life and is in constant need of maintenance as its storage capacity can no longer be increased and the Town’s files have exceeded its ability to support.

Appendix

Nonprofit Funding Requests

10-4120-2023 COMMUNITY SERVICES	FY21	FY22	FY23	FY 24	FY24
EXPENDITURE:	(Approved)	(Approved)	(Adopted)	(Recomm)	Adopted
MILLS RIVER FARM MARKET	\$ 3,500	\$ -	\$ 32,280	\$ 19,500	\$ -
MILLS RIVER LIFE ENRICHMENT CENTER	\$ 500	\$ -	\$ 10,000	\$ 10,000	\$ -
MILLS RIVER PARTNERSHIP	\$ -	\$ -	\$ 9,500	\$ -	\$ -
SMART START PARTNERSHIP FOR CHILDREN	\$ -	\$ 8,000	\$ 10,000	\$ 15,000	\$ -
HOUSING ASSISTANCE CORPORATION	\$ -	\$ 10,000	\$ 6,500	\$ 6,500	\$ -
LITERACY CONNECTION	\$ -	\$ -	\$ 2,500	\$ 2,500	\$ -
TOTAL EXPENDITURE	\$ 4,000	\$ 18,000	\$ 70,780	\$ 53,500	\$ -

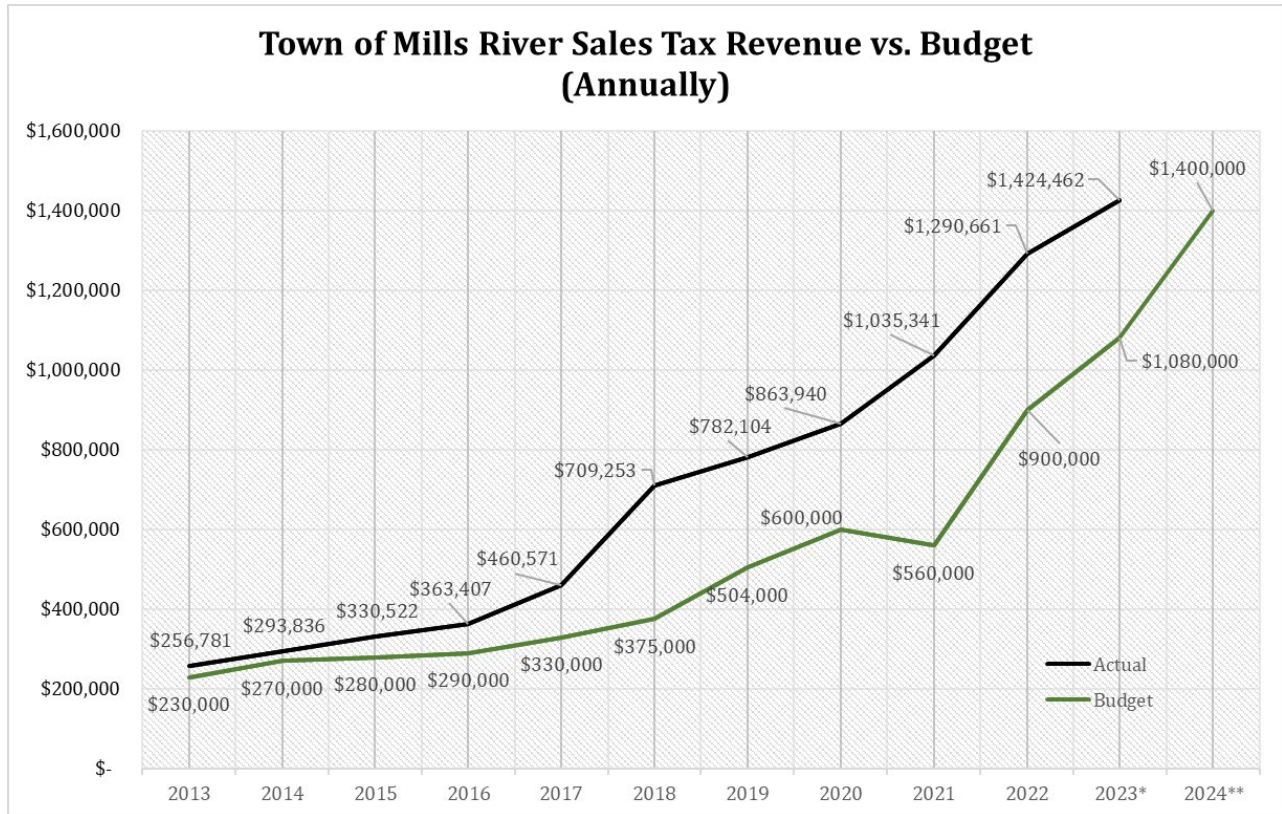
Pay & Classification Schedule

Town of Mills River Classification & Pay Plan FY24					
Grade	FLSA	Job Title	Minimum	Midpoint	Maximum
7	NE	Park Ranger	\$ 28,849	\$ 36,061	\$ 43,139
8	NE	Parks Maintenance Technician	\$ 29,434	\$ 36,792	\$ 44,150
9			\$ 30,905	\$ 38,632	\$ 46,358
10	NE	Administrative Assistant	\$ 32,451	\$ 40,563	\$ 48,676
11	NE	Accounting Clerk	\$ 34,073	\$ 42,591	\$ 51,110
12			\$ 35,776	\$ 44,721	\$ 53,664
13	NE	Deputy Tax Collector	\$ 37,565	\$ 46,956	\$ 56,348
14	NE	Planning Technician	\$ 39,443	\$ 49,305	\$ 59,166
15	NE	Recreation Programmer	\$ 41,416	\$ 51,770	\$ 62,123
16	NE	Deputy Clerk	\$ 43,486	\$ 54,358	\$ 65,230
17	NE	Tax Collector / AP Manager	\$ 45,661	\$ 57,076	\$ 68,492
18	NE	P&R Maintenance Supervisor	\$ 47,944	\$ 59,930	\$ 71,915
19	NE	Town Clerk	\$ 50,341	\$ 62,926	\$ 75,511
20			\$ 52,858	\$ 66,073	\$ 79,288
21	NE	Zoning Administrator	\$ 55,502	\$ 69,377	\$ 83,252
22	E	Parks & Recreation Director	\$ 58,276	\$ 72,846	\$ 87,415
23			\$ 61,191	\$ 76,488	\$ 91,786
24	E	Planning Director	\$ 64,250	\$ 80,313	\$ 96,376
25			\$ 67,462	\$ 84,328	\$101,194
26	E	Finance Director	\$ 70,835	\$ 88,544	\$106,253
27			\$ 74,377	\$ 92,971	\$111,565
28			\$ 78,096	\$ 97,620	\$117,144
29			\$ 82,001	\$102,501	\$123,002
30			\$ 86,101	\$107,626	\$129,152
31	E	Town Manager	\$ 90,407	\$113,008	\$135,609

Supplementary Financial Information⁸

Sales Tax Revenue

Fiscal Year	Budget	Actual
2013	\$ 230,000	\$ 256,781
2014	\$ 270,000	\$ 293,836
2015	\$ 280,000	\$ 330,522
2016	\$ 290,000	\$ 363,407
2017	\$ 330,000	\$ 460,571
2018	\$ 375,000	\$ 709,253
2019	\$ 504,000	\$ 782,104
2020	\$ 600,000	\$ 863,940
2021	\$ 560,000	\$1,035,341
2022	\$ 900,000	\$1,290,661
2023*	\$1,080,000	\$1,424,462
2024**	\$1,400,000	



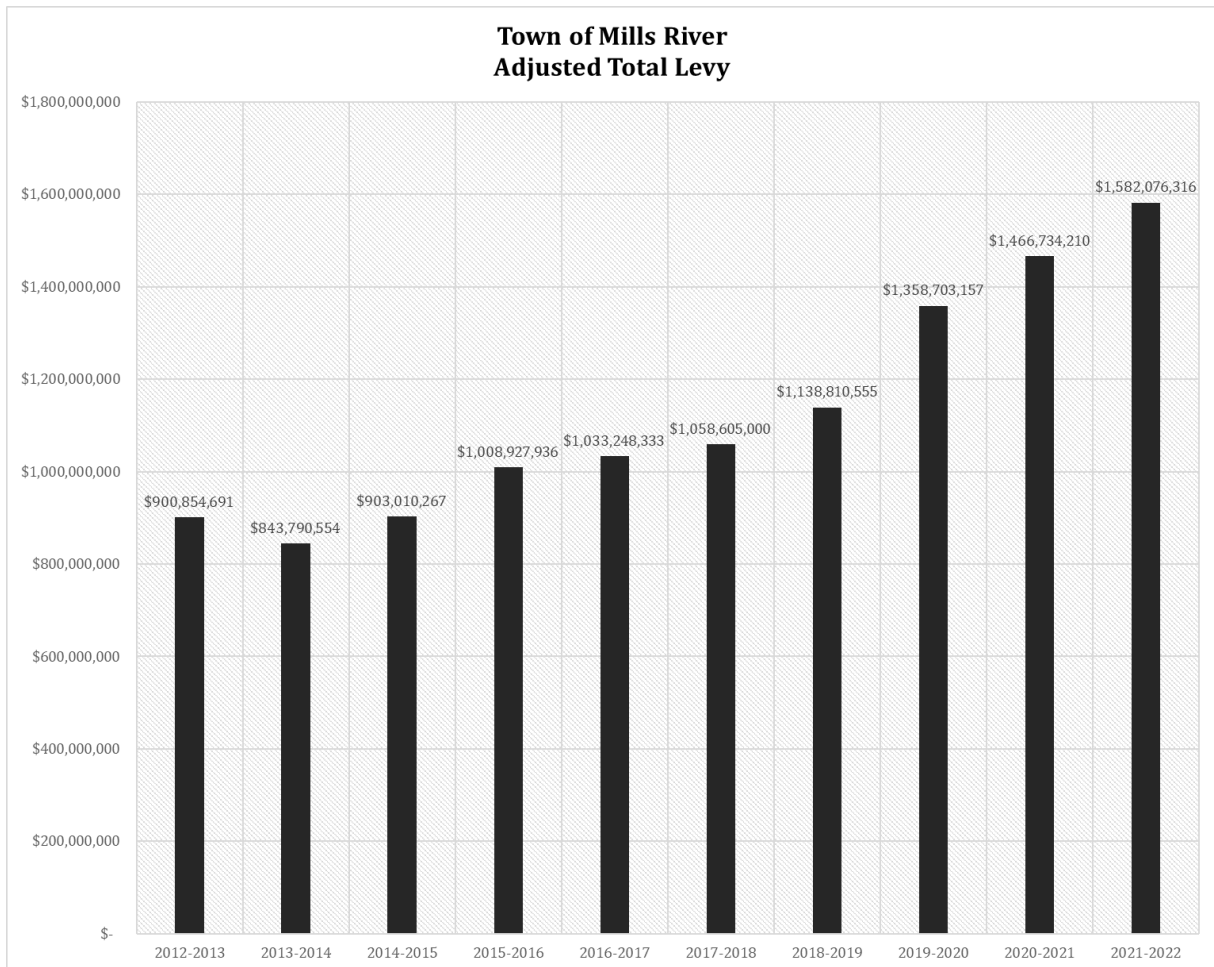
⁸ Unless otherwise noted, all revenue data are current dollars (not adjusted for inflation)

*Estimated collections in March 2023 for fiscal year ending June 30, 2023.

**Estimated in March 2023 for fiscal year 2024 beginning July 1, 2023

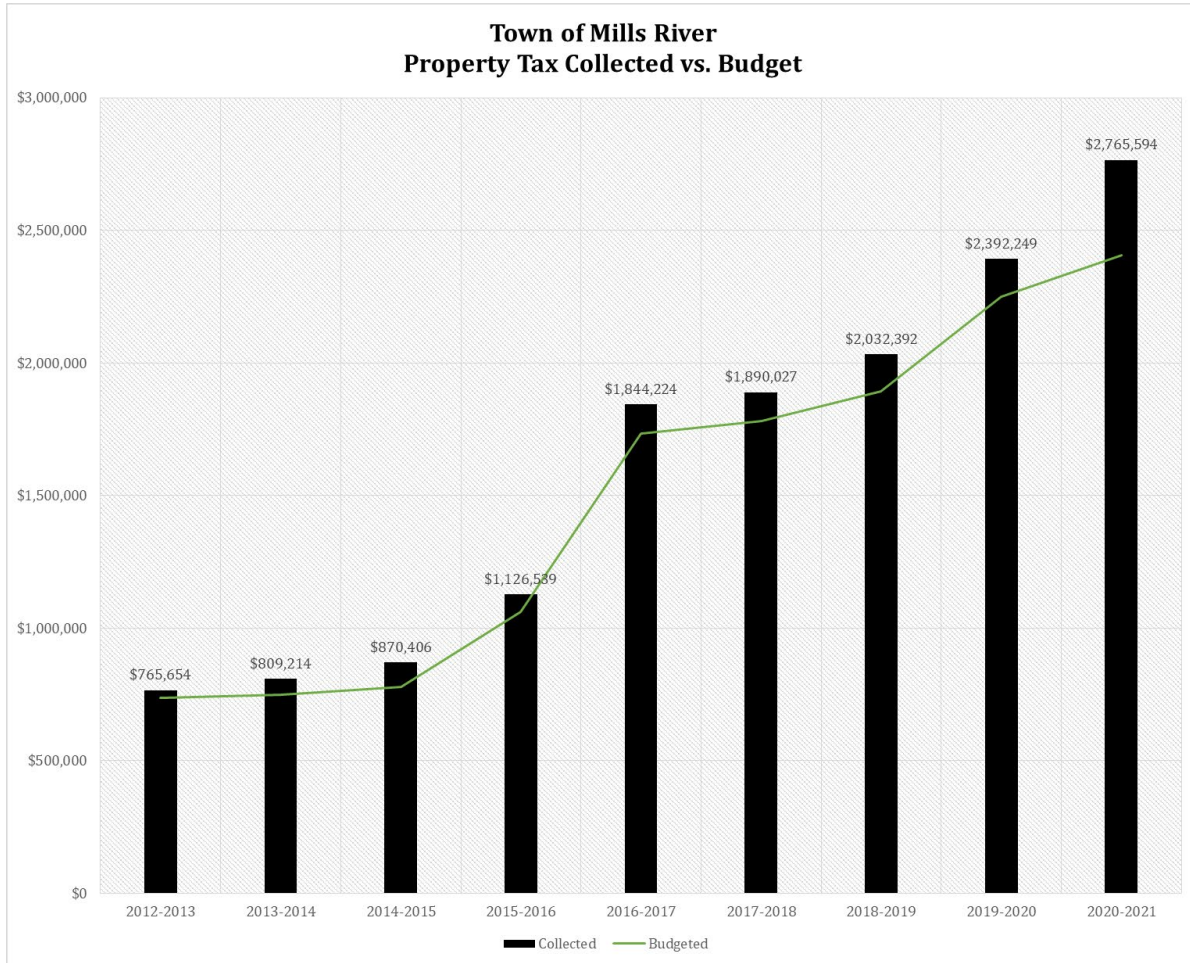
Property Tax Levy

Fiscal Year	Adjusted Total Levy
2012-2013	\$ 900,854,691
2013-2014	\$ 843,790,554
2014-2015	\$ 903,010,267
2015-2016	\$ 1,008,927,936
2016-2017	\$ 1,033,248,333
2017-2018	\$ 1,058,605,000
2018-2019	\$ 1,138,810,555
2019-2020	\$ 1,358,703,157
2020-2021	\$ 1,466,734,210
2021-2022	\$ 1,582,076,316
2022-2023	

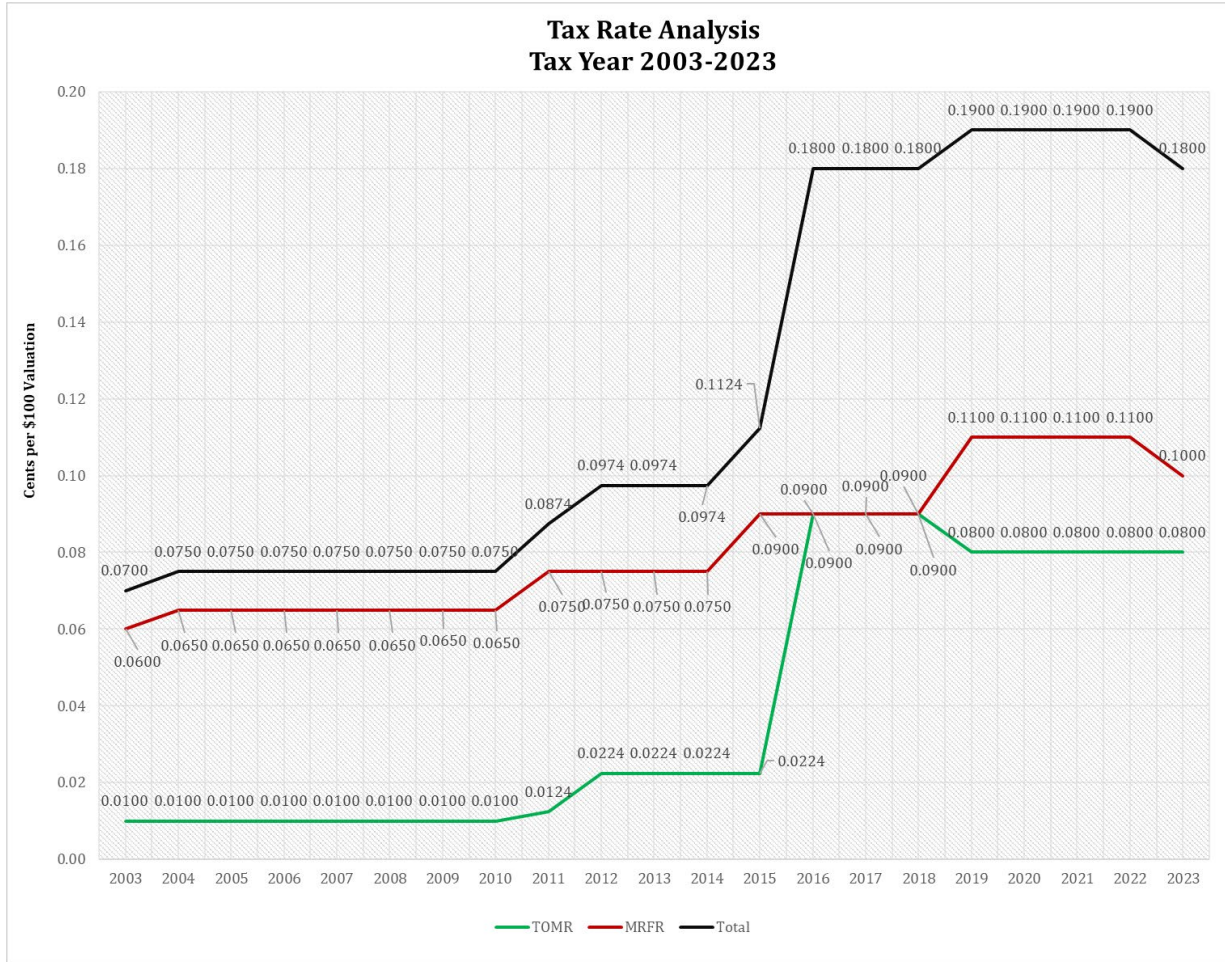


Property Tax Revenue

Fiscal Year	Collected	Budgeted
2012-2013	\$ 765,654	\$ 738,103
2013-2014	\$ 809,214	\$ 749,535
2014-2015	\$ 870,406	\$ 777,500
2015-2016	\$ 1,126,539	\$ 1,062,500
2016-2017	\$ 1,844,224	\$ 1,732,500
2017-2018	\$ 1,745,503	\$ 1,664,000
2018-2019	\$ 1,877,352	\$ 1,893,500
2019-2020	\$ 2,392,249	\$ 2,249,000
2020-2021	\$ 2,555,472	\$ 2,405,000
2021-2022	\$ 2,748,930	\$ 2,545,000
2022-2023*	\$ 2,874,542	\$ 2,825,000
2023-2024**	\$ -	\$ 3,680,000

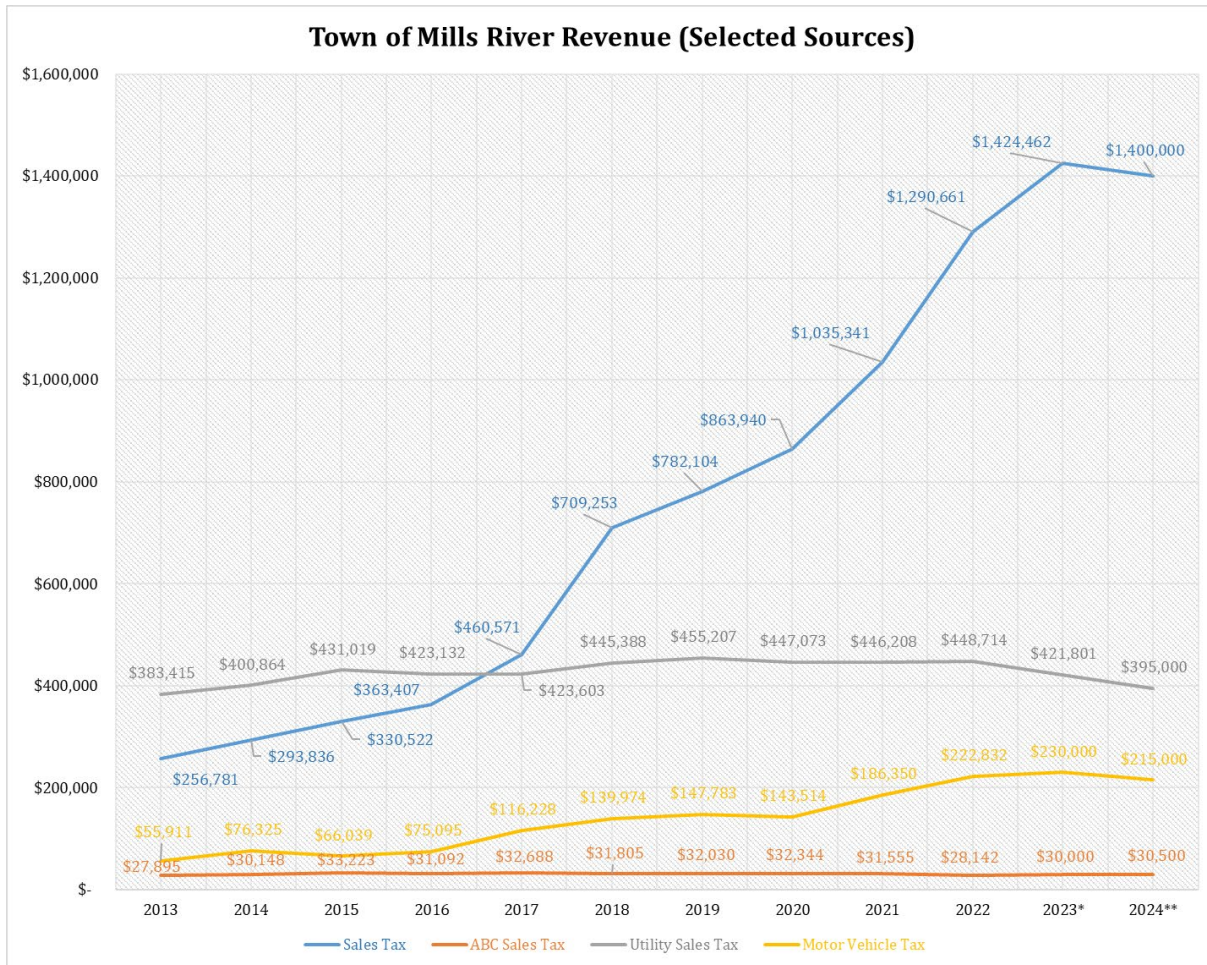


Property Tax Rate History



Revenue History

Fiscal Year	Sales Tax	ABC Sales Tax	Utility Sales Tax	Motor Vehicle Tax
2013	\$ 256,781	\$ 27,895	\$ 383,415	\$ 55,911
2014	\$ 293,836	\$ 30,148	\$ 400,864	\$ 76,325
2015	\$ 330,522	\$ 33,223	\$ 431,019	\$ 66,039
2016	\$ 363,407	\$ 31,092	\$ 423,132	\$ 75,095
2017	\$ 460,571	\$ 32,688	\$ 423,603	\$ 116,228
2018	\$ 709,253	\$ 31,805	\$ 445,388	\$ 139,974
2019	\$ 782,104	\$ 32,030	\$ 455,207	\$ 147,783
2020	\$ 863,940	\$ 32,344	\$ 447,073	\$ 143,514
2021	\$ 1,035,341	\$ 31,555	\$ 446,208	\$ 186,350
2022	\$ 1,290,661	\$ 28,142	\$ 448,714	\$ 222,832
2023*	\$ 1,424,462	\$ 30,000	\$ 421,801	\$ 230,000
2024**	\$ 1,400,000	\$ 30,500	\$ 395,000	\$ 215,000

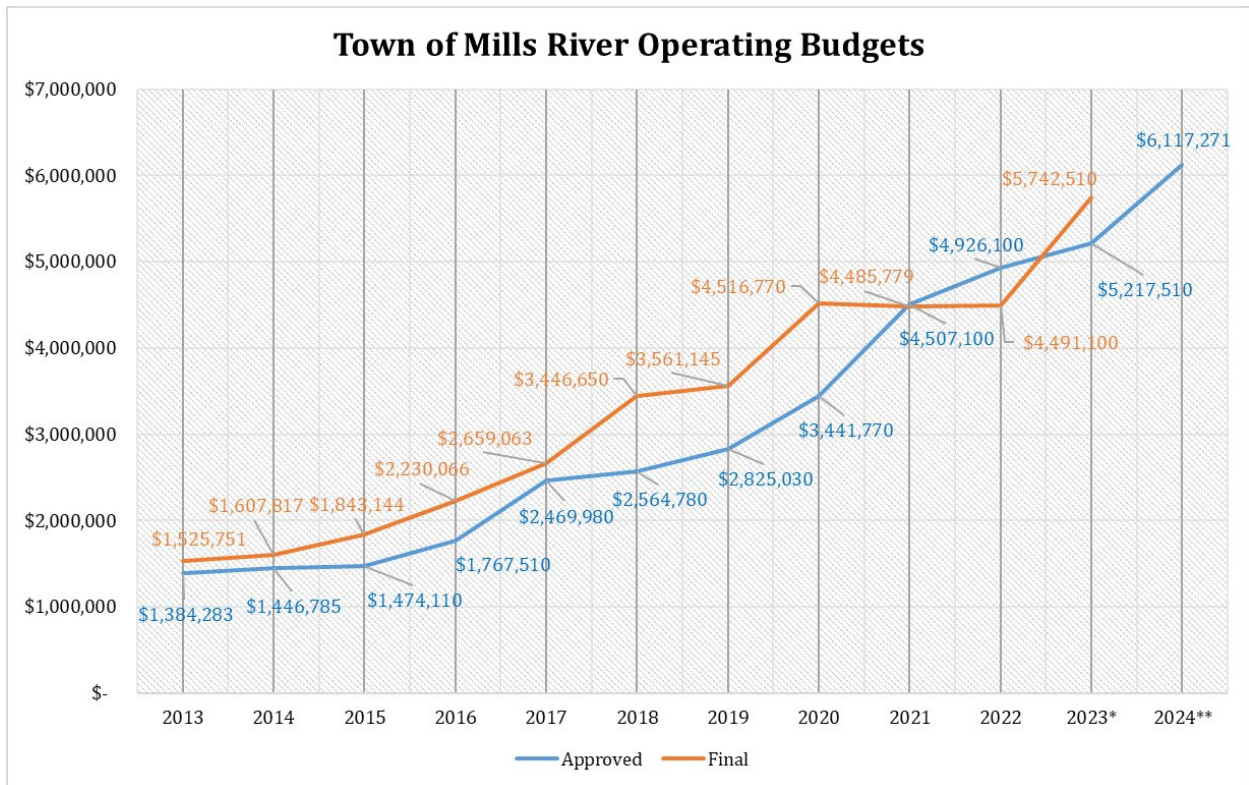


*Estimated collections in March 2023 for fiscal year ending June 30, 2023.

**Estimated in March 2023 for fiscal year 2024 beginning July 1, 2023

Historical Operating Budgets

Fiscal Year	Approved	Final
2013	\$ 1,384,283	\$ 1,525,751
2014	\$ 1,446,785	\$ 1,607,817
2015	\$ 1,474,110	\$ 1,843,144
2016	\$ 1,767,510	\$ 2,230,066
2017	\$ 2,469,980	\$ 2,659,063
2018	\$ 2,564,780	\$ 3,446,650
2019	\$ 2,825,030	\$ 3,561,145
2020	\$ 3,441,770	\$ 4,516,770
2021	\$ 4,507,100	\$ 4,485,779
2022	\$ 4,926,100	\$ 4,491,100
2023*	\$ 5,217,510	\$ 5,742,510
2024**	\$ 6,117,271	\$ -




*Estimated final budget as of March 2023 for fiscal year ending June 30, 2023.

**Recommended Budget in May 2023 for fiscal year 2024 beginning July 1, 2023

Law Enforcement Cost Breakdown

SHERIFF'S DEPUTY COST - MILLS RIVER		
FY 23-24 ESTIMATED SHERIFF'S DEPUTY COSTS		
Deputy Salary & Benefits	Notes	FY24 Projected Pay
Regular Hourly	FY24 projected pay is based on salary average of current deputies. Includes vacation, sick and holiday	\$56,771.50
Retention, Misc & Holiday Pay		\$4,843.67
Employers Portion of:		
FICA	7.65%	\$4,713.56
401K(LE)	7%	\$4,313.06
LEOBRS	14.10%	\$8,687.74
Medical Insurance		\$12,824.00
Dental Insurance		\$693.00
Subtotal Deputy Salary & Benefits		\$92,846.53
Expenses associated with a Deputy	Notes	FY24 Projected Cost
Dodge Durango	Prorated over a 3 Year Period	\$15,918.00
Patrol Vehicle Accessories	Prorated over a 3 Year Period	\$6,987.00
Taser X-26	Prorated over a 3 Year Period	\$387.00
Taser Battery	Prorated over a 2 Year Period	\$41.00
Ballistic Vest	Prorated over a 5 Year Period	\$156.00
Uniforms and Boots		\$700.00
Incidental Equipment Costs		\$161.00
Cell Phone/Service		\$650.00
Computer and Licenses	Prorated over a 3 Year Period	\$1,691.00
In-Car Printer	Prorated over a 3 Year Period	\$119.00
Watchguard In Car Camera	Prorated over a 3 Year Period	\$2,134.00
Golden Eagle Radar	Prorated over a 3 Year Period	\$804.00
Vehicle Maintenance		\$2,750.00
Training/Overtime		\$2,000.00
Ammunition		\$500.00
Fuel (35 gallons/week @ \$3.25)		\$5,915.00
Firearm Maintenance Costs		\$200.00
Subtotal Associated Expenses		\$41,113.00
Allocated Costs Associated with a Deputy	Notes	FY24 Projected Cost
All Indirect Costs		\$17,280.00
Insurance and Bonding		\$636.00
Workers Compensation		\$1,064.00
Subtotal Allocated Costs:		\$18,980.00
TOTAL COST OF PROVIDING A DEPUTY *1,944 HOURS PER YEAR		\$152,939.53
TOTAL COST PER HOUR		\$78.67
TOTAL COST OF PROVIDING A DEPUTY 40 HOURS PER WEEK, 52 WEEKS PER YEAR		\$163,639
*1,944 hours = 40 hours a week x 52 weeks less two weeks of vacation (80 hours), less 7 sick days (56 hours)		
TOTAL CONTRACT AMOUNT FOR FY24 - Annual Deputy Cost x		\$981,834

Fund Balance Policy

	TOWN OF MILLS RIVER	Policy Number: 2020-004
Policy Name	Unassigned Fund Balance Policy	Adopted: 05-28-20

SECTION 1. Purpose

The Mills River Town Council hereby establishes an Available Fund Balance Policy for the purpose of improving and maintaining fiscal responsibility as required under the Local Government Budget and Fiscal Control Act, NC General Statute Chapter 150. This policy defines the level of Available Fund Balance and establishes guidelines for preserving an adequate fund balance in the Town of Mills River’s General Fund in order to sustain financial stability and to provide prudent management of the Town’s financial reserves.

SECTION 2. Definitions

- 2.1 Fund Balance is a measurement of available financial resources and is the difference between total assets and total liabilities in each fund.

- 2.2 An accounting distinction is made between the portions of governmental fund balance that is spendable and non-spendable. Government Accounting Standards Board (GASB) Statement 54 distinguishes fund balance classified based on the relative strength of the constraints that control the purposes for which specified amounts can be spent. Beginning with the most restrictive constraints, fund balance amounts will be reported in the following five categories:
 - a. **Non-spendable** – Includes amounts that are not in a spendable form or are required to be maintained intact. Examples include inventory or prepaid items.

 - b. **Restricted** – Includes amounts that can be used only for specific purposes determined by a formal action of the Town Council. Commitments may be changed or lifted only by the Town council taking the same formal action that imposed the commitment originally

 - c. **Committed** – These funds are spendable but set aside for a specific purpose by Council action.

 - d. **Assigned** – These funds are also spendable but designated for some purpose and is neither restricted nor committed.

- e. **Unassigned** – The residual classification of the General Fund and includes all amounts not contained in other classification.
- 2.3 The legal definition of available fund balance in North Carolina is defined in the Local Government Budget and Fiscal Control Act (LGBFCA) section §159-8(a). The statute states “appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget year.”
- 2.4 Percent available fund balance shall be defined as and match the calculation used by the Local Government Commission (LGC). The calculation is defined as the LGBFCA definition of available fund balance, divided by the total actual operating expenditures plus transfers out minus installment purchases and issuance of capital leases for the fiscal year. This calculation will match the calculation used by the LGC in reporting on local government fund balances.

SECTION 3. Objectives

- 3.1 The Town’s management and Council recognize that it is essential to maintain adequate available fund balance to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances.
- 3.2 The fund balance also provides cash flow liquidity for the Town’s operations and increases potential for investment income.
- 3.3 Ample fund balance enhances short term and long term financial credit by helping to achieve the highest credit and bond ratings possible to provide the City the ability to borrow at the lowest possible rate.
- 3.4 A fund balance policy promotes long-term financial stability by establishing clear and consistent guidelines.
- 3.5 Adequate available fund balance will provide funding flexibility during unanticipated emergencies and natural disasters.

SECTION 4. Guidelines

- 4.1 The Town commits to maintaining reserves required by law, ordinance, and/or bond covenants.
- 4.2 The North Carolina Local Government Commission (LGC) is charged with overseeing the fiscal health of North Carolina cities and counties and recommends that a minimum of at least eight percent (8%) of annual budgeted expenditures be

maintained for available fund balance for the purposes of cash flow. They further recommend that local governments maintain adequate funds. The LGC's meaning of adequate is an available fund balance that is able to meet operating needs, cash-flow shortfalls, and unforeseen needs and to take advantage of unexpected opportunities. LGC staff consider the average percent available fund of comparable sized NC cities or counties to be a good guide of what is adequate. The percent available fund balance level at 50% of the average percent available fund balance of their respective population group is the guide recommended by the LGC. Additionally, the LGC may send written notices if the percent available falls below this mark or if the percent available drops a large amount in consecutive years. Higher levels may be set based on the current operating needs of the Town and the individual fund and future funding needs.

- 4.3 Town Council hereby establishes a goal for percent available fund balance for the General Fund to be at a minimum of sixty-five to seventy-five percent (65%-75%) of the annual operating budget. The Town will adjust this goal as appropriate based upon the recommendation from the LGC, modifications in North Carolina law, and potential changes in the Town's financial outlook.
- 4.4 All expenditures drawn from fund balance will require Town Council approval unless previously authorized by Council for expenditure within the Town's annual budget
- 4.5. If fund balance falls below the goal levels, the Town Manager shall implement a plan to restore percent available fund balance within thirty-six (36) months and include within the annual budget the plan to restore fund balance to required levels.
- 4.6 Town Council may, from time to time, appropriate fund balances that will reduce the percent available fund balance below the minimum goal in the General Fund for the purpose of a declared fiscal emergency or other such global purpose as to protect the long-term fiscal security of the Town. In such circumstances, Council will adopt a plan to restore the percent available fund balance to the policy level within thirty-six (36) months from the date of the appropriation. If restoration cannot be accomplished within such time period without severe hardship to the Town, then Council will establish a different but appropriate time period.
- 4.7 The Town Manager is charged to annually monitor and report to Town Council during the preparation of the annual operating budget regarding the status and forecast of percent available fund balance and or retained earnings and compliance with the stated range goals.

SECTION 5. Capital Reserves

- 5.1 Under North Carolina General Statute § 159-18 the Town is authorized to establish and maintain a capital reserve for any purpose for which bonds may be issued. The

Town of Mills River may vote to either establish or fund an existing capital reserve fund annually in its budget process, following applicable legal procedures. Any established capital reserve funds are defined annually in the Town's budget ordinance.

- 5.2 If the percent available fund balance exceeds five (5) percentage points higher than the stated goal in any fund, the Town Manager may choose to transfer remaining spendable fund balance that is not restricted, committed, or assigned to a capital reserve fund or capital projects fund for purposes approved by the City Council.

SECTION 6. Order of Expenditure of Funds

- 6.1 When multiple categories of fund balance are available for expenditure (e.g., a project is being funded partly by a grant, funds set aside by Town Council, and available fund balance), the Town will start with the most unrestricted category and spend those funds first before moving down to the next category with available funds.

Glossary of Terms

AD VALOREM TAX: A tax levied in proportion to the value of a property.

APPROPRIATION: The legal authority to incur obligations and to make expenditures for specific purposes.

APPROPRIATED FUND BALANCE: The amount of fund balance appropriated as a revenue source for the current fiscal year.

ASSESSED VALUATION: The value established by the County tax assessor for real or personal property for use as a basis to levy property taxes.

BALANCED BUDGET: As defined by the North Carolina Local Government Budget and Fiscal Control Act, is when the sum of estimated net revenues and appropriated fund balance is equal to appropriations for each fund.

BUDGET: A plan of financial activity for a specified period (fiscal year beginning July 1 and ending June 30) designating planned revenues and expenses for the budget period.

BUDGET AMENDMENT: The legal mechanism used to revise a budget appropriation.

BUDGET MESSAGE: The opening section of the budget that provides the Town Board and the public with a general summary of the most important aspects of the budget, changes from current and previous fiscal years, and the views and recommendations of the Town Manager.

BUDGET ORDINANCE: The official enactment by the Town Board to

establish legal authority for the Town officials to obligate and expend resources.

CAPITAL EXPENDITURE: An expenditure for an asset that exceeds a predetermined dollar amount and a predetermined number of years of useful life.

CAPITAL OUTLAY: Expenditures for the acquisition of capital assets, including land, buildings, permanent improvements, machinery, large tools, rolling, and stationary equipment.

CASH MANAGEMENT: The activity of forecasting cash flows, improving cash availability for investment, and establishing/maintaining banking relationships.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): A report containing the Town's annual financial statements, auditor's report of the financial statement, various tables and graphs as supplemental data, and a transmittal letter describing the year's activity.

CONTINGENCY: A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

DEBT SERVICE: The cost of paying principal and interest on borrowed money according to a predetermined payment schedule.

DEPARTMENT: An organizational unit responsible for carrying out a major governmental function.

ENCUMBRANCE: The commitment of appropriated funds to purchase an item or service.

ENTERPRISE FUND: A fund used to account for operations in which the cost of providing services are financed or recovered primarily through user charges.

ESTIMATED REVENUE: The amount of projected revenue to be collected during the fiscal year.

EXPENDITURE: The amount of net financial resources expended during the reporting period for current operations, capital outlay, long-term debt principal retirement, and interest.

FISCAL YEAR: The twelve-month period to which the annual operating budget applies. The fiscal year for the Town of Mills River begins July 1st and ends June 30th.

FUND: An accounting entity that possesses a set of self-balancing accounts segregated to carry out specific activities.

FUND BALANCE: The amount of assets in excess of the liabilities or appropriated for expenditures; surplus funds.

FUND BALANCE APPROPRIATED: The amount representing the fund's equity to be used to offset expenditures; Fund balance available for appropriation equals cash and investments less the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts.

GENERAL FUND: The principal operating fund for Town government; The General Fund is used to account for all Town government activities, except those activities with a legal, contractual, or managerial requirement to be accounted for in a separate fund. The General Fund provides resources for the functional

areas of general government, development, public protection, general services, parks, and non-departmental expenditures.

GFOA: Government Finance Officers Association.

GRANT: A contribution by a government or other organization to support a particular function.

INSTALLMENT PURCHASE AGREEMENT: A method of financing the acquisition of assets where the purchase price is paid in a series of partial payments over a specified period.

INTERFUND TRANSFERS: The movement of money between funds of the same government entity.

INTERGOVERNMENTAL REVENUE: Funds received from federal, state, and other local government sources for a specified purpose.

INVESTMENT EARNINGS: Revenue earned on investments with a third party.

LEVY: To impose taxes for the support of governmental activities. The levy amount represents the total dollar amount of property taxes to be collected through real and personal property tax billings.

LOCAL GOVERNMENT BUDGET & FISCAL CONTROL ACT (LGBFCA): North Carolina General Statute that governs all financial activities of local governments within the state.

LONG-TERM DEBT: Debt with a maturity of more than one year after the date of issuance.

MODIFIED ACCRUAL ACCOUNTING: The accounting method of recording revenues when measurable and available and recording expenditures when liability is incurred and unmatured principal and interest on general long-term debt are recognized when due.

NORTH CAROLINA LEAGUE OF MUNICIPALITIES (NCLM): A service and advocacy organization representing municipalities in North Carolina.

OBJECTIVES: Something to be accomplished in specific, well-defined, and measurable terms that can be achieved within a specific time frame.

OPERATING EXPENSES: The portion of the budget pertaining to the daily operations that provide basic governmental services; includes appropriations for such expenditures as supplies, utilities, materials, and travel.

OUTSTANDING DEBT: Existing debt service obligations due in future years.

PERSONAL PROPERTY: Visible and movable property not permanently affixed to real property; includes but not limited to automobiles, boats, trailers, and equipment.

PROPERTY TAX: A tax levied on the assessed value of real and personal property. The property tax rate is expressed as a dollar value per \$100 of assessed valuation.

RECLASSIFICATION: A change in position title and/or the associated pay range

based on changes in the job skills required for a given position.

REAL PROPERTY: Land, buildings, and items permanently affixed to land or buildings.

RESERVE: An account used to set aside budgeted revenues that are not required for expenditure in the current budget year or to earmark revenues for a specific future purpose.

RESOLUTION: A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

REVALUATION: The process used by the assessor to place a new value on real property and improvements for determining the assessed value for property tax purposes. A revaluation would be performed on all taxable properties in the same year by the County Tax Assessor.

REVENUE: Sources of income including tax payments, fees from specific services, receipts from other governments, fines, grants, shared revenues, and interest income.

SOURCE OF REVENUE: Classification of revenues according to their source or point of origin.

TAX BASE: The assessed valuation of all taxable real and personal property within the Town limits.