

TOWN OF MARS HILL

FY 2024 – 2025

BUDGET MESSAGE



June 3, 2024

**Nathan R. Bennett
Town Manager**

TOWN OF MARS HILL BUDGET MESSAGE

FISCAL YEAR 2024-2025

*To the Town of Mars Hill Mayor and Board of Aldermen
and Citizens of the Town of Mars Hill:*

In accordance with North Carolina General Statute 159-11, the Town of Mars Hill Fiscal Year 2024-2025 proposed budget is respectfully submitted for your review and consideration. The proposed budget sets forth a plan of operations for all Town departments, programs, and initiatives for the coming year. This proposed budget is balanced in accordance with the Local Government Budget and Fiscal Control Act with General Fund revenues and expenditures each totaling \$3,100,995, a 4.7% increase over the prior year. The Water and Sewer Fund is balanced with revenues and expenditures each totaling \$1,322,581, an 8.9% increase over the prior year.

INTRODUCTION

This budget message will introduce the Town of Mars Hill Fiscal Year 2024-2025 proposed budget. The budgeting process begins in early spring with management requesting proposed appropriation use plans from departments, agencies, and other Town-supported entities. Management takes those requests and develops a balanced budget in line with expected revenue from numerous sources. This document will provide a summary of how the Town plans to utilize its fiscal resources and will highlight significant impacts to the Town's budget. I am pleased to present this budget that provides the tools and resources necessary for an effective and efficient government for the Citizens of the Town of Mars Hill.

REVENUES

It is the priority of elected officials and management to operate Town government in a professional, efficient, business-like manner. This budget provides a priority spending plan that attempts to minimize the tax burden on the Town taxpayer. The Town's primary general fund sources of revenue are property, sales, and utility franchise taxes. The high inflationary growth from prior years appears to have stabilized as the April consumer price index was down to 3.4% growth over the prior year.

Regarding property taxes for Fiscal Year 2024-2025, management recommends no change to the current property tax rate. The property tax rate is recommended to be maintained at the current rate of \$0.47 (forty-seven) cents per \$100 (one-hundred dollars) of valuation. This tax rate is based on the preliminary value of \$201,126,253 for properties inside the Town of Mars Hill as provided by the Madison County Tax Office. However, the County tax office shares that the provided valuation is not the final value and stress that the valuation for Mars Hill properties will change due to appeals and exemptions that have yet to be worked by the county into this appraisal number at resulting from the Madison County mass real property reappraisal is to be effective this fiscal year. County tax officials recommend the Town use only 90% of that valuation for budgeting purposes due to those outstanding appeals and exemptions. The valuation at 90% would be \$181,013,628, which is only a 4.54% increase from the current year valuation of \$173,146,936. Given the information provided by the county, I recommend the current tax rate remain at \$0.47 per \$100 of valuation as the estimated value is less than the Town's historical year to year average. The amount of property tax expected for appropriation in the budget with a collection rate of 97% would be \$848,795.

Ultimately, property tax combined with investment interest income, miscellaneous fees and other general fund sources, including specific function revenue sources such as the Madison County fire tax levy for the Mars Hill Fire District and state Powell Bill funds for street maintenance, are anticipated to total \$3,100,995.

The water and sewer fund is an enterprise function which is required by the State of North Carolina to be supported only by the revenue generated from the service provided. In keeping with established Town policy, management recommends a 2.5% increase to water and sewer usage fees. This increase is necessary to keep the water and sewer fund solvent while providing safe drinking water, processing wastewater, and making necessary capital improvements to the water and sewer system. The system is financially strong and consistent stewardship is necessary to maintain that status. The Water and Sewer Fund anticipates total revenue from customer charges, fees, and miscellaneous sources totaling \$1,322,581.

EXPENDITURES AND INITIATIVES

The Town of Mars Hill is dedicated to sound fiscal management, capital planning and responsible day-to-day operations. Accurate budget projections and a disciplined approach to budget administration have allowed the Town to successfully maintain essential public services, enhance public safety, make strategic investments to support community and economic development while maintaining financial stability. This budget is a comprehensive document that addresses the fiscal needs of some 12 departments and affiliated agencies. The intention of this section is to highlight some of the larger appropriations for departments and key initiatives included in the budget.

1. **Fire Department:** The Mars Hill Fire Department is a Town department that also serves county residents in the surrounding Mars Hill Fire District. The Department has a small full and part-time paid staff with 30 volunteers. It is vital that the Department has the equipment and resources needed to respond to any emergency whether it be a manmade or natural disaster. There is funding in this budget to fully fund increased personnel costs, including health insurance and retirement contributions mandated by the N.C. State Health Plan and Local Government Retirement System respectively. There is also funding recommended for capital equipment, including replacement of equipment, response gear, and new apparatus. The total fire department budget is recommended for an appropriation of \$930,876 utilizing the revenue from the fire tax district and additional town funds.

2. **Police Department:** The Town is committed to providing our citizens and visitors with a professional police force to ensure the safety and security of our community. Mars Hill continues to experience community growth with an expanded response area and increased service calls. The Department focuses on community policing activities and ensuring officer safety. As always, funding is included for increased personnel costs for health insurance, retirement contributions, and supplemental retirement expenses. This budget also proposes to fund the acquisition of a replacement patrol vehicle for other needed equipment and training. The total police department budget is recommended for an appropriation of \$779,141.

3. **Water and Sewer System:** The Town continually makes capital improvements to the water and sewer system. The Town expects to begin construction this fiscal year on the \$700,000 grant-funded project to install 1,200 LF of new sewer line and 2,200 LF of new water line from the new sewer pump station at I-26 Exit 11 southward along Calvin Edney Road. In a second project, the Town is in the process of replacing an aging sewer pump station and rehabilitate an associated second station serving the Woodhaven/South Main Street service area. This project will continue into FY 2025. Other capital projects are planned with appropriations in this budget.

4. **Bailey Mountain Preserve and Park:** The Town is currently in the process of a capital improvement project at the Bailey Mountain Preserve and Park located on Forest Street, which serves as the public gateway entrance to the iconic Bailey Mountain. The project work will continue into FY 2025 to provide a number of recreational amenities to include construction of restroom facilities, parking enhancements, accessible walking trails, picnic shelters, a nature/discovery center, amphitheater, and other improvements. This budget includes funds to continue this important project as well as other planning and related initiatives.

5. **Employee Compensation:** Town employees work hard to provide a safe, secure, healthy, and prosperous community. To keep good employees in all sectors of Town employment, particularly in the current highly competitive job market, compensation commensurate with the knowledge and skills in consideration of the current labor market and economic circumstances is necessary. This budget recommends an across-the-board cost-of-living pay increase of \$3,000 per year for all permanent full-time employees and \$1,500 per year for permanent part-time employees. In addition to compensation, the N.C. Local Government Retirement System has increased the employer (Town) contribution rate an additional 0.80% (to 13.64%) for all general employees and 1.0% (to 15.04%) for law enforcement officers who are members of the system requiring a significant additional contribution from the Town. The N.C. State Health Plan has not released rates for the next enrollment period effective January 1, 2025, however, an anticipated increase of 2% in those rates has been included in this budget.

BUDGET SUMMARY

The leadership of the Mayor and Board of Aldermen together with the diligent work of Town employees, has resulted in a financially stable, effective, and efficient Town government. This has allowed the Town of Mars Hill to undertake a number of capital projects for the long-term improvement of our community while at the same time providing excellent day-to-day services our citizens deserve. The goal of this proposed budget is to provide the financial resources to continue the excellent work that all departments, agencies, and community partners do in order to move the Town of Mars Hill forward.

Respectfully submitted this 3rd day of June, 2024.



NATHAN R. BENNETT,
Town Manager