



TOWN OF MIDLAND

FY24-25 Budget

Annual Budget
Fiscal Year (FY)2024-2025
Town of Midland, North Carolina

Table of Contents

Table of Contents.....	2
Budget Message.....	3-8
Town Goals.....	9
General Fund.....	10-13
Revenue Summary.....	10
Expenditure Summary.....	11
Expenditure Summary Line Items.....	12
Fund Balance.....	13
Powell Bill.....	14
FY 2024-2025 Budget Ordinance.....	15-16

BUDGET MESSAGE

DATE: May 14, 2024
TO: The Honorable Mayor John Crump,
Members of the Midland Town Council
FROM: Town Manager Doug Paris
RE: FY 24-25 Annual Budget

Pursuant to the North Carolina Local Budget and Fiscal Control Act §159-11 of the North Carolina General Statutes (NCGS), I respectfully present the Fiscal Year (FY) 2024-2025 Budget to the Midland Town Council for consideration.

Town Growth

The Town of Midland is a thriving community experiencing sustained growth due to our excellent quality life and proximity to the Charlotte marketplace. As a result, the town's tax base has also experienced sustained growth, which is a sign of a healthy community. For FY2024-2025 the town's tax base grew 42.7% as a result of new tax base growth and revaluation. This growth rate was higher than prior years due to revaluation and the fact that Midland Crossing is going vertical, which upon completion will add \$45.2M to the town's tax base.

Fiscal Year	Valuation	Growth Rate
FY20-21	\$535,372,522	21.17%
FY21-22	\$577,439,607	7.8%
FY22-23	\$641,394,322	11.1%
FY23-24	\$669,682,948	4.4%
FY24-25	\$955,701,941	42.7%

The Forestar/Pulte/Carolina Ridge project is expected to break ground during FY24-25, however we do not expect vertical construction to begin until FY25-26. This project is projected to add \$547.2M to the town's tax base when completed. We expect full buildout to take 8-10 years.

Town Property Tax Rate

Midland historically has the lowest municipal tax rate within Cabarrus County, 22 cents per \$100 in valuation for FY2023-2024. Ten of the 22 cents per \$100 in valuation goes to support the Midland Volunteer Fire Department. Cabarrus County citizens who live just outside the town limits also pay 10 cents in addition to their county taxes due to being located in the Midland Fire District. As a result, the net property tax impact on town residents has historically been 12 cents per \$100 in assessed valuation. Midland does not charge a monthly trash fee to residents, resulting in the 12 cents net rate for town residents providing extraordinary value compared to municipalities in Cabarrus County who have both a higher tax rate and also charge a monthly trash fee.

Below is a chart comparing municipal tax bills for a \$350,000 home based on FY2023-2024 property tax rates:

Town/City	Tax Rate	Town Tax Bill
Midland	.22	\$770
Harrisburg	.435	\$1,522.50
Concord	.48	\$1,680
Mt. Pleasant	.505	\$1,767.50
Kannapolis	.63	\$2,205

Midland’s property tax rate is conservative and provides an excellent value for town residents. If your home was located in a neighboring jurisdiction within Cabarrus County, the municipal property tax bill would be double or more. Midland achieves this level of value through conservative financial management and limited government.

FY2024-2025 is a revaluation year. The last revaluation year was four years ago during FY2020-2021 when the town’s tax base increased by 21.17%. The FY2024-2025 revaluation increased the town’s tax base by double that amount (42.7%) due to home sale prices the last 4 years exceeding the assessment values set during the prior revaluation. The most recent NC Realtors Market Snapshot (03/24) reveals that while the number of home sales in NC declined 13.3% year over year, the median sales price in NC actually increased 7.1% year over year. Staff will continue to monitor this data.

The revenue neutral rate for Midland’s current 10 cent fire tax is 8.5 cents. The FY2024-2025 recommended town budget leaves this rate at 10 cents to fully fund the fire department’s 5-year strategic plan. Midland Volunteer Fire Department has asked the Cabarrus County Commission to keep the fire tax rate 10 cents in the Midland fire district that surrounds the town limits. From an equity standpoint this is important - that someone who lives inside the town and someone who lives just outside the town pay the same fire tax rate since they are serviced by the same fire department.

The revenue neutral rate for Midland’s remaining 12 cent municipal tax is 10 cents. The FY2024-2025 recommended budget lowers the remaining municipal rate to 10 cents, which will lower the combined fire/municipal rate from 22 cents per \$100 in valuation to 20 cents per \$100 in valuation. This will maintain Midland’s position of having a conservative tax rate that provides excellent value compared to other jurisdictions in Cabarrus County. If the Town Council desires to drop the tax rate further, the Town Manager can provide options to do so.

General Fund Revenues

As provided to Midland by Cabarrus County, the total assessed value of property located in the Town of Midland is \$955,701,941 for FY 2024-2025. The proposed ad valorem tax rate of \$0.20 per \$100 of assessed valuation at a collection rate of approximately 97.5% is projected to generate \$1,863,617. This is the town’s largest revenue source.

Other significant General Fund revenue sources for Midland are the following: gas line revenue, sales taxes, franchise taxes, and Midland’s Capital Recovery Fee (CRF).

The decision to assist the City of Monroe with the gas line has continued to pay off for the citizens of Midland. Revenue from the pipeline is a significant revenue source for the town. It is projected to generate \$277,915 for FY2024-2025. This amount is larger than the prior year due to increased commercial and industrial usage. Excellent leadership by the town board in partnering with the City of Monroe continues to result in excellent revenue diversification for the town. This was one of the town's best financial decisions.

Sales tax revenue for FY2024-2025 is projected to be \$500,000. Despite the lingering impacts of Covid-19, receipts during the prior three years were strong. FY21-22 receipts totaled \$464,968. FY22-23 receipts totaled \$537,333. Staff is forecasting \$500,000 for the upcoming year to be conservative based on a sustained inverted yield curve and other signs that point to economic slowing.

The State levies franchise tax on total gross receipts of various utilities. Each town's share of utility franchise tax is based on actual receipts from electric and telephone services within the municipal boundaries during the fiscal year. This amount is also affected by weather conditions. Franchise taxes are projected to bring in \$195,749 for the Town of Midland during FY2024-2025.

Investment income is budgeted at \$120,000 during FY24-25, which is the same as prior year, due to rates remaining high and the Federal Reserve signaling that they will delay predicted rate decreases.

Midland's \$8.50 Capital Recovery Fee (CRF) is projected to generate \$89,192 for FY2024-2025. As the town grows and new sewer customers are added to the system, this will become an important revenue source that can fund additional debt issuances for water and sewer infrastructure expansion.

Other revenue sources include planning services fees and business registration fees which are conservatively projected to bring in \$5,000 and \$1,500 respectively for the Town of Midland during FY2024-2025.

General Fund Expenditures

Below is a highlight of major General Fund Expenditures for FY2024-2025.

Fire Protection: The Town of Midland contracts with Midland Volunteer Fire & Rescue, Inc. and Flowe's Store Volunteer Fire Department for fire protection services within the town limits. Historically, the contracted amount equals each department's unincorporated fire tax rate for the amount of tax base they serve within the town limits. This is recommended to be 10 cents for both Midland Volunteer Fire & Rescue, Inc and Flowes Store Volunteer Fire Department out of Midland's overall 20 cent tax levy for FY2024-2025.

During FY16-17 Midland Volunteer Fire & Rescue Inc. requested that their fire tax rate be increased from 6.4 cents to 8 cents. This request was approved and the additional funds were spent hiring part-time staffing due to a decline in volunteers. During FY19-20 Midland Volunteer Fire & Rescue Inc. requested a 2 cent increase from 8 cents to 10 cents, which was also approved. The additional funds went towards more part-time staffing and a ladder truck. During FY22-23 the town voted to use American Rescue Plan (ARP) funds to add 6 fulltime firefighters due to a decline in availability of part-time firefighters. The 6 fulltime firefighters are funded through an ARP grant project ordinance and

special revenue fund as recommended by the UNC School of Government. This is to keep the federal funds from being co-mingled with the General Fund.

For FY24-25 ten cents at a 97.5% collection rate minus collection costs totals \$912,122. This funding amount will allow the department to fully fund their 5-year plan, beginning with bringing the Fire Chief and Deputy Fire Chief positions in-house as municipal staff. Once complete, these two positions will work with the Town Manager to continue improving fire service and life safety within the community.

Police Services: The Town of Midland provides enhanced police protection through an agreement with the Cabarrus County Sheriff's Department. Four officers will be dedicated to the Town of Midland, with the Town of Midland and Cabarrus County splitting the cost of the arrangement. Costs for this contract have steadily increased from \$151,194 per year, to \$172,652 per year, to an estimated \$250,000 per year after the enactment of the public safety salary market study by the Cabarrus County Commission. \$250,000 is allocated in the FY2024-2025 budget to account for these increased costs.

The FY2021-2022 budget increased the allocation toward future vehicle replacement from \$17,000 to \$30,000 per year. This continues for FY2024-2025. Vehicle fuel for the officers has increased from \$14,000 to \$15,000 due to inflation.

Four years prior, the town board voted to budget \$800 for off-duty traffic control to cover the first two weeks of school, after which the School Resource Officer can choose to continue traffic control or maintain his presence in the drop off area. The FY2024-2025 budget maintains that arrangement and continues to allocate \$800.

Sanitation Services: The Town of Midland contracts with Waste Pro for sanitation services. The cost increased from \$15.25 per unit to \$16.04 per unit due to a contractually allowed CPI adjustment. The current count is 1,637 homes and 13 small businesses. The town is projecting the number of occupied households to increase to 1,800 during the current fiscal year as Midland Crossing goes vertical. As a result, sanitation costs are projected to be \$346,464 during the upcoming year.

Planning & Zoning: During FY16-17, the Town of Midland transitioned planning & zoning providers from NFOCUS to Benchmark. NFOCUS provided planning & zoning service to the town two days a week for \$227,619.57 a year. During FY16-17, Benchmark provided planning & zoning service to the town four days a week and continued during FY17-18 at a rate of \$78,200. After discussions, the town and Benchmark agreed to bring that position in-house. This allowed the town to provide full five day a week service for the first time in our history.

For FY24-25 planning services continue in-house with a full-time Planning Director and part-time Code Enforcement Officer. Total personnel and benefits costs for the Planning Department are projected to be \$133,428 for FY24-25.

Public Works/Engineering: The Town of Midland will continue to provide Public Works & Engineering services to town residents and other customers for FY24-25 through a contract with The Wooten Company. The town began its relationship with The Wooten Company during FY16-17. The projected cost for FY24-25 for this service is \$99,840 up from \$95,680 during FY23-24. The increase from The Wooten Company will go towards retaining the current staff member.

Other Items: The FY2024-2025 budget includes \$55,500 in the Public Event Fund for the anticipated Independence Day fireworks and concert event. This amount includes the cost of the fireworks vendor, bands, event manager, portable lighting, portable power, porta-johns, hand washing stations, traffic control, Sheriff security, EMS on-site, and sanitation.

The budget includes \$40,000 in the special projects section of the Advertising/PR line-item for design, legal, and site-prep work related to a new welcome sign at the Cabarrus-Mecklenburg County line on HWY 24/27. Construction would be funded through an anticipated capital project ordinance approved at a later date by Town Council. The budget also includes \$120,000 for the purchase and upfit of a building in Old Midland to be used by the town for storage. The town currently leases storage space.

Debt Service

FY24-25 will be the tenth year of debt service for the Town of Midland. Payment of \$48,218 will be due during the fiscal year to cover the debt payment for the Cabarrus Acres Phase 1 Sewer Project. The \$8.50 Capital Recovery Fee (CRF) revenue will be used to make the debt payment.

Powell Bill Funds & Expenditures

Powell Bill revenues for FY24-25 include a projected \$152,810 direct appropriation from the State of North Carolina based on the latest distribution received from the state.

During a prior legislative session, the General Assembly made a change to the Powell Bill statutes that directed municipalities to use the funds primarily for paving. During FY16-17 the town completed a pavement condition rating (PCR) study of all 8.05 miles of town-owned roads, which was presented to the Town Council. The PCR rates the condition of all town-owned streets so that paving funds go to the worst condition streets first. This allows for paving funds to be allocated annually based on need rather than random request. During FY16-17 the town resurfaced the McManus Meadows neighborhood, during FY17-18 the town resurfaced Old Camden Estates, during FY18-19 the town resurfaced the White Tail Lane subdivision, and during FY19-20 the town resurfaced the rail road crossing at Broadway in Old Midland and rebuilt Widenhouse Rd. From FY20-21 through FY22-23 the town paused paving projects to save up the revenue needed to complete the next project on the PCR list, Turner Plantation aka (Gelding, Pelham), which was an expensive FDR project completed at the end of FY23-24.

For FY2024-2025 the Town Engineer will update the PCR study and make recommendations regarding future paving projects.

Capital Projects

Capital projects are usually not included in fiscal year budgets other than updates on end-of-year progress. This is because capital projects have their own budget ordinances that typically exist outside of fiscal year budgets. The below is a summary of the town's capital projects.

- **Cabarrus Acres Sewer Phase I:** Completed, ninth year of debt service.
- **Cabarrus Acres Sewer Phase II:** Postponed/Canceled
- **Historic Old Midland Sewer Phase 1:** Completed

- **Midland Main Street:** Paused
- **Midland Town Hall & Library Building:** Paused
- **Carolina Thread Trail:** Completed
- **Crossroads Pump Station Expansion:** Paused
- **CMAQ Rob Wallace Park Walkway:** Completed
- **HWY 24/27 Sewer Extension Project:** Closing on Completion
- **Memorial at Rob Wallace Park:** Completed
- **FD Station 2 Crossing:** Paused

Utility Capital Reserve

The FY24-25 budget projects \$200,000 will go into the Utility Capital Reserve.

Fund Balance

As of June 30, 2023 the Town of Midland’s governmental funds reported combined ending fund balances of \$7,508,862 with approximately \$2,640,806 committed for the utility capital reserve.

No fund balance is budgeted to balance the FY2024-2025 budget.

Future Path

Staff are closing in on the completion of the HWY 24/27 sewer project. Upon completion and receipt of reimbursement funds from the state, staff will run a cash balance for the town and call a retreat for the Town Council. At the retreat, the Town Council will review the cash position of the town and discuss where they want to go in the future. One critical item that will need to be resolved is the Muddy Creek Plant expansion timeline.

Summary

The Town Council adopted a mission and set goals for the upcoming fiscal year. These goals can be read immediately following the budget message. Goal two, in summary, states to continue to recruit new development to the Midland area so that the Midland tax base grows to enable improved services while keeping a low tax-rate. Because of sustained town growth, this budget is able to provide enhanced municipal services to our citizens while offering the lowest tax rate of any municipality in Cabarrus County. A Public Hearing for the FY2024-2025 budget will be set for Tuesday, June 11, 2024 at 6:00pm.

Respectfully submitted,

Doug Paris

Doug Paris
Town Manager



TOWN OF MIDLAND

TOWN COUNCIL MISSION STATEMENT:

The Town Council will continuously strive to provide the best leadership possible by making well informed decisions for the Town through listening, research, knowledge, sound financial analysis, and transparency to move the Town of Midland forward into the 21st Century.

FY24-25 TOWN COUNCIL GOALS:

1. Improve the water and sewer infrastructure in the Town of Midland and recruit retail amenities by completing the HWY 24/27 sewer expansion assessment project.
2. Attract new voluntary annexations along with industrial and commercial development to the Midland area so Midland citizens have local jobs, local amenities, and so that the Midland tax base grows to enable improved services while keeping a low tax-rate.
3. Support a new Town Library and assist library staff and Friends of the Midland Library as they work to grow traffic to the library.
4. Continue to improve the town's communication strategies by implementing the new town brand and leveraging the town's social media presence.
5. Begin design work for a new welcome sign at the Cabarrus-Mecklenburg County Line.
6. Consider action regarding the future of youth sports in the Midland community when funds are available to operate it in an excellent fashion.

FY2024-2025 General Fund *Revenue Summary*

<i>General Fund Revenues</i>	
Real Property Taxes	\$1,708,080
Vehicle Property Taxes	\$155,537
Sales Taxes	\$500,000
Gas Pipeline Revenue	\$277,915
Beer and Wine Tax	\$22,543
Solid Waste Disposal Tax	\$4,010
Refunds/Other	\$750
Franchise Taxes	\$195,749
Permits; Zoning Fees; Maps, Etc.	\$5,000
Investment Income	\$120,000
Business Registration	\$1,500
Capital Recovery Fee Revenue	\$89,192
Fund Balance Appropriation	\$0
Total:	\$3,080,276

FY2024-2025 General Fund *Expenditure Summary*

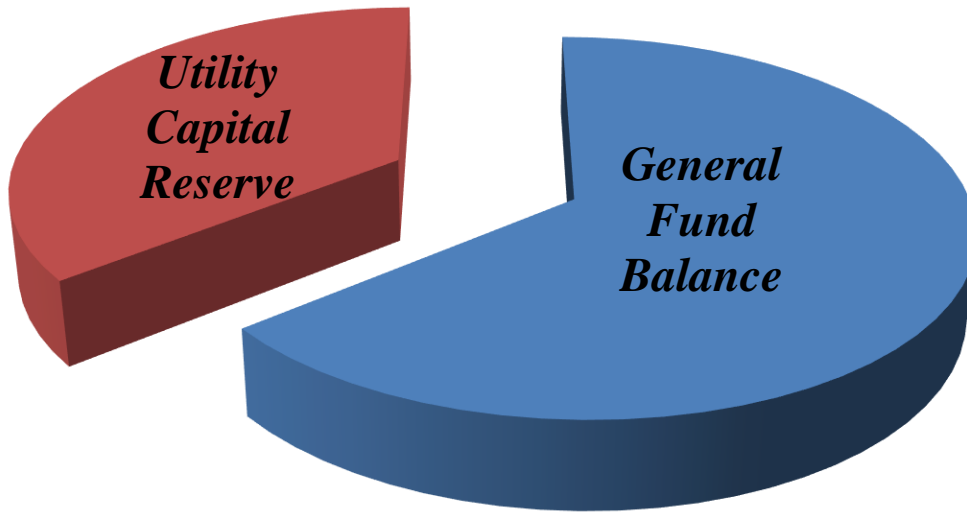
<i>General Fund Expenditures</i>	
General Government	\$1,012,132
Public Safety	\$1,225,194
Sanitation	\$346,464
Planning and Public Works	\$243,268
Utility Capital Fund	\$200,000
Parks and Recreation	\$5,000
Debt Service	\$48,218
Total	\$3,080,276

FY2024-2025 General Fund *Expenditure Summary Line Items*

<u>General Government</u>	
Salaries	\$334,724
Payroll Taxes (7.65%)	\$25,606
Employee Benefits	\$81,970
Insurance	\$24,000
Tax Collection Fees	\$16,700
Legal	\$75,000
Audit Fees	\$20,000
Dues	\$14,833
Supplies/Office	\$10,000
Advertising/Public Relations	\$53,323
Training	\$15,000
Lease Expense-Copier	\$3,000
Telephone/Internet	\$18,600
Misc. Operating Expenses	\$9,500
Public Event Fund	\$55,500
Janitorial Services	\$3,000
Rent Expense	\$88,440
Grants/Contributions	\$2,600
Election Fees	0
Travel/Town Truck	\$12,000
Technology Expense	\$27,336
Street Sign Replacement	\$1,000
Capital Outlay	\$120,000
Total General Government	\$1,012,132
<u>Public Safety</u>	
Fire Protection	\$925,394
Police Protection	\$250,000
Police Vehicle Fuel	\$15,000
Police Vehicle Maintenance	\$4,000
Police Vehicle Insurance	-
Police Protection Reserve	\$30,000
Police Protection Equipment	\$0
Traffic Control-Bethel School	\$800
Total Public Safety	\$1,225,194

<u>Sanitation</u>	
Total Sanitation	\$346,464
<u>Planning and Public Works</u>	
Planning/Zoning	\$133,428
Public Works/Engineering	\$99,840
Planning; Code Admin	\$10,000
P&Z Related Expenses	
Total Planning & Public Works	\$243,268
<u>Parks and Recreation</u>	
CTT Upkeep	\$5,000
Total Parks & Recreation	\$5,000
<u>Utility Capital Fund</u>	
Main Street Project	-
Utility CIP Projects	
Attorney Sewer	
Admin. Sewer	
Misc Engineering	
Utility CIP Reserve	\$200,000
Total Utility CIP	\$200,000
<u>Debt Service</u>	
Cabarrus Acres Ph. 1 SRF Loan	\$48,218
Total Debt Service	\$48,218
Total Expenses-General Fund	\$3,080,276

Governmental Funds as of June 30, 2023
Fund Balance



Fund Balance Reserves (as of June 30, 2023)	
General Fund Balance	\$4,868,056
Utility Capital Reserve	\$2,640,806
Total:	\$7,508,862

FY2024-2025 Powell Bill
Revenue Summary

<u>Powell Bill Revenues</u>	
Powell Bill	\$152,810
Powell Bill Fund Balance Appropriation	-
Powell Bill Investment Income	\$6,000
Total:	\$158,810

FY2024-2025 Powell Bill
Expenditure Summary

<u>Powell Bill Expenditures</u>	
PB Capital Reserve	
Signage	
Street Paving/Repair	\$158,810
Engineering/Surveying/Site Insp.	
Total:	\$158,810

FY 2024-2025 Budget Ordinance

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

Section 1

The following amounts are hereby appropriated in the General Fund for the operation of the Town Government and its activities for the fiscal year beginning July 1, 2024 and ending June 30, 2025.

General Government	\$	1,012,132
Public Safety		1,225,194
Sanitation		346,464
Planning and Public Works		243,268
Utility Capital Fund		200,000
Parks and Recreation		5,000
Debt Service		48,218
Streets		<u>158,810</u>
	\$	<u>3,239,086</u>

Section 2

It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning July 1, 2024 and ending June 30, 2025:

Real Property Taxes	\$	1,708,080
Vehicle Property Taxes		155,537
Sales Taxes		500,000
Franchise Taxes		195,749
Beer & Wine Tax		22,543
Solid Waste Disposal Tax		4,010
Permit/Zoning and Subdivision Review		5,000
Refunds/Other		750
Gas Pipeline Revenue		277,915
Business Registration		1,500
Investment Income		120,000
Capital Recovery Fee Revenue		89,192
Fund Balance Appropriation		0
Powell Bill		<u>158,810</u>
	\$	<u>3,239,086</u>

Section 3

There is hereby levied a tax at the rate of twenty-two cents (\$0.20) per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2025, for the purpose of raising the revenue listed "Property Taxes" in the General Fund in Section 2 of the ordinance.

This rate is based on a total valuation of property for the purposes of taxation of \$955,701,941 and an estimated collection rate of approximately 97.5% for Real Property Tax and 97.5% for Vehicle Property Tax.

Section 4

The Town Manager is hereby authorized to transfer appropriations as contained herein under the following conditions:

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

Section 5

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

Adopted this the 11th day of June 2024