



## 2023 - 2024 BUDGET

**Requested Action:** Motion to adopt the 2023-2024 budget for the Town of Boiling Springs with   (A, B, or C)   tax increase *(or any other option discussed)*

**Option A.** With no change in the tax rate, the following items are removed from the proposed budget:

1. \$5,000 – Council Expenses (removed)
2. \$8,000 – Reduce funding for the YMCA (from the proposed \$48k to \$40k).
3. \$5,000 – Downtown Enhancements (removed)
4. \$2,000 – Reduce funding for park maintenance/memorial (\$2k to \$0)
5. \$4,000 – Cut range improvements for the Police Department (\$10k to \$6k)
6. \$2,000 – Reduce community events (\$15k down to \$13k)

**Option B.** With a ½ cent tax increase, staff recommends the following be removed: *(or any combination of the above)*

1. \$5,000 – Council Expenses
2. \$5,000 – Downtown Enhancements
3. \$4,000 – Range Improvements for the Police Department

**Option C.** A one-cent increase keeps all the above items in the budget and costs the average taxpayer less than \$20 per year. **Staff recommends this option.**

## SUMMARY

The manager's proposed budget for this year includes a one-cent tax increase. This generates about \$33,000 in revenue for the Town and costs the average taxpayer around \$20 per year. Based on feedback at the last two Council meetings, we have included options in your packet for a one-cent increase, a half-cent increase, and no increase.

We discussed more of the specifics in our previous meetings, but for the benefit of the public and to recap I'd offer the following points in support of the proposed budget:

- Council and staff met in March to develop a strategic plan for the year. There were 6 priorities with more than a dozen objectives, most of which need some level of funding. If we want to continue to push our plans forward, we must pay for those plans.



- We increased salaries this past year. The salary study brought about an increase for some of our staff and council. As those costs increased, so did the need to continue to try and recruit and retain employees. As a result, we have additional increases and benefits in the budget to stay competitive so that we don't lose good people and we can attract more of the same caliber.
- We don't have a lot of new items in this budget. Many departmental items stayed the same, but the cost of these items increased. Last year alone we spent \$8,000 just on garbage truck tires which is higher than any previous year.
- We have the opportunity to do more with a small contribution that proportionally affects taxpayers and keeps us on track from an inflationary perspective so that we aren't working to squeeze the budget so tightly that it results in the need for a larger increase at a later date. In all reality, with our current projects and level of service, the *minimum* amount that taxes should be raised is one cent.
- We need to be able to prepare for growth and development in a proactive way. Personally, I feel we'll see the tax base grow in the coming years, but those funds aren't realized until after development is completed and those taxes are assessed later. Our goal should be to take a proactive stance, be nimble, and be prepared. That's what we've tried to do with this budget.

Based on the feedback of the Manager's proposed budget at the two budget workshops, staff is providing the following points for the Council's consideration of the final budget:

- A one-cent tax increase provides approximately \$33,000 in revenue for Town services.
  1. On a house valued at \$225,000:
    - \$0.0037 is \$832.50 per year or \$69.36 per month (current rate).
    - \$0.0038 is \$855 per year, \$71.25 per month.
    - **That's an increase of \$22.50 per year or \$1.86 per month.**
- History of tax increases (values are per \$100 valuation):
  1. The Town raised taxes in FY 17-18 by 4 cents (from 0.33 to 0.37) to cover the 3.75 cents for the fire tax.
  2. It was raised 1 cent in FY 18-19 (from 0.37 to 0.38). Then again raised by 1 cent in FY 19-20 (from 0.38 to 0.39) to cover needs including park improvements.
  3. It remained 0.39 in FY 20-21.
  4. FY 21-22 was the revaluation year. The rate was still 0.39. NC General Statutes require that the revenue neutral rate of 0.35 be presented during revaluation years. Council lowered the rate to 0.37.
- Current taxes around us are:
  1. City of Shelby - \$0.5225
  2. Kings Mtn - \$0.43 (proposed is \$0.48)
  3. Cleveland County - \$0.57



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- We have the option to change the tax rate by any increment. So, it could be 1 cent, ½ cent, etc.

**We have prepared three budget ordinances for Council’s consideration. They reflect no change in the tax rate, a ½ cent increase in the tax rate, and a 1 cent increase in the tax rate. A summary of differences is in the previous section and the full ordinances are attached.**

Staff recommends the 1 cent increase to continue to provide existing services (which have rising costs) and to push forward the planned projects we have strategized for implementation.

### MATERIALS PROVIDED

Budget Ordinances: No Tax Increase, ½ Cent Increase, 1 Cent Increase

Provided for Reference: 2023-2024 Strategic Plan