Town of Fairview

Agenda
Town Council BUDGET WORKSHOP
April 25, 2016
7:00 pm

(Meeting to be held at the Old Fairview School)

1. **Call the meeting to order:** ---*Mayor Thomas*

2. **"Budget Workshop"** Discuss the proposed budget for fiscal year 2016-2017 ----
   Darrell Baucom, Finance Office

3. **Closed Session**
   As permitted by NCGS § 143-318.11(a)(5)
   For the purpose of contract negotiations and possible land acquisition

4. **Adjournment**

7:44 PM
04/20/16
Accrual Basis

Town of Fairview
Profit & Loss Budget Overview
July 2016 through June 2017

	Jul '16 - J...
Ordinary Income/Expense	
Income	
Ad Valorem taxes	70,500.00
Cable TV franchise taxes	
Fund balance appropriated	103,695.52
Investment income	2,400.00
Motor vehicle taxes	7,600.00
PARTF grant	150,000.00
PARTF Grant reimbursement	
Sales and use tax	24,000.00
Utility Franchise taxes	169,000.00
Zoning fees	3,000.00
Total Income	530,195.52
Expense	
Advertising and Promotion	600.00
Audit fees	7,000.00
Bank Service Charges	
Capital outlay	300,000.00
Charitable Contributions	52,568.00
Collection fees	1,200.00
Computer and Internet Expenses	6,000.00
Dues and Subscriptions	5,250.00
Elections expense	3,000.00
Grants	5,000.00
Insurance Expense	5,000.00
Legal fees	6,000.00
Maintenance/Renovations	
Office Supplies	4,200.00
Park Maintenance	6,000.00
Payroll Expenses	33,382.68
Payroll taxes	5,569.80
Planning and zoning	39,425.04
Professional Fees	2,000.00
Public Safety	30,000.00
Rent Expense	3,000.00
Repairs and Maintenance	1,000.00
Solid Waste Manage cost share	8,000.00
Telephone Expense	3,600.00
Training fees	1,200.00
Travel Expense	1,200.00
Zoning administration	
Total Expense	530,195.52
Net Ordinary Income	
Net Income	

7:31 PM

04/20/16

Accrual Basis

Town of Fairview
Profit & Loss Budget Overview
July 2016 through June 2017

	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17	TOTAL Jul '16 - Ju...
Ordinary Income/Expense													
Income													
Ad Valorem taxes			2,500.00	5,000.00	8,000.00	19,000.00	18,000.00	14,000.00	1,500.00	500.00	500.00	1,500.00	70,500.00
Cable TV franchise taxes												103,695.52	103,695.52
Fund balance appropriated	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	2,400.00
Investment income	637.00	633.00	633.00	633.00	633.00	633.00	633.00	633.00	633.00	633.00	633.00	633.00	7,600.00
Motor vehicle taxes	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	12,500.00	150,000.00
PARTF grant													
PARTF Grant reimbursement	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	24,000.00
Sales and use tax			43,000.00			41,000.00			35,000.00			50,000.00	169,000.00
Utility Franchise taxes	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	3,000.00
Zoning fees													
Total Income	15,587.00	15,583.00	61,083.00	20,583.00	23,583.00	75,583.00	33,583.00	29,583.00	52,083.00	16,083.00	16,083.00	170,778.52	530,195.52
Expense													
Advertising and Promotion	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	600.00
Audit fees		1,300.00	1,400.00	1,500.00		2,800.00							7,000.00
Bank Service Charges													
Capital outlay	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	300,000.00
Charitable Contributions	13,142.00			13,142.00			13,142.00			13,142.00			52,568.00
Collection fees	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	1,200.00
Computer and Internet Expenses	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	6,000.00
Dues and Subscriptions	4,400.00	425.00				425.00							5,250.00
Elections expense						3,000.00							3,000.00
Grants		5,000.00											5,000.00
Insurance Expense	5,000.00												5,000.00
Legal fees	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	6,000.00
Maintenance/Renovations													
Office Supplies	2,000.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	4,200.00
Park Maintenance	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	6,000.00
Payroll Expenses	2,781.89	2,781.89	2,781.89	2,781.89	2,781.89	2,781.89	2,781.89	2,781.89	2,781.89	2,781.89	2,781.89	2,781.89	33,382.68
Payroll taxes	464.15	464.15	464.15	464.15	464.15	464.15	464.15	464.15	464.15	464.15	464.15	464.15	5,569.80
Planning and zoning	3,285.42	3,285.42	3,285.42	3,285.42	3,285.42	3,285.42	3,285.42	3,285.42	3,285.42	3,285.42	3,285.42	3,285.42	39,425.04
Professional Fees	2,000.00												2,000.00
Public Safety	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	30,000.00
Rent Expense	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	3,000.00
Repairs and Maintenance	1,000.00												1,000.00
Solid Waste Manage cost share												8,000.00	8,000.00
Telephone Expense	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	3,600.00
Training fees	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	1,200.00
Travel Expense	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	1,200.00
Zoning administration													
Total Expense	63,973.46	43,356.46	38,031.46	51,273.46	36,631.46	42,856.46	49,773.46	36,631.46	36,631.46	49,773.46	36,631.46	44,631.46	530,195.52
Net Ordinary Income	-48,386.46	-27,773.46	23,051.54	-30,690.46	-13,048.46	32,726.54	-16,190.46	-7,048.46	15,451.54	-33,690.46	-20,548.46	126,147.06	
Net Income	**-48,386.46**	**-27,773.46**	**23,051.54**	**-30,690.46**	**-13,048.46**	**32,726.54**	**-16,190.46**	**-7,048.46**	**15,451.54**	**-33,690.46**	**-20,548.46**	**126,147.06**	

6:21 PM
04/20/16
Accrual Basis

Actual

Town of Fairview
Profit & Loss
May 2015 through April 2016

May 15 to April 16

	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	TOTAL
Ordinary Income/Expense													
Income													
Ad Valorem taxes	714.68	2,584.88	0.00	112.41	2,695.10	5,310.30	8,205.18	19,695.41	18,288.76	14,112.40	1,610.08	0.00	73,329.20
Cable TV franchise taxes	603.00	0.00	754.33	0.00	0.00	660.34	0.00	0.00	649.70	0.00	0.00	0.00	2,667.37
Fund balance appropriated	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest on delinquent taxes	161.12	12.98	25.30	1.11	9.71	16.82	8.80	18.70	21.48	50.71	49.83	0.00	376.56
Investment income	299.40	290.07	300.04	298.73	287.00	293.70	281.72	292.48	293.25	274.40	294.02	0.00	3,204.81
Motor vehicle taxes	724.72	146.58	657.15	698.55	806.35	715.41	646.07	564.66	1,380.58	1,714.11	692.68	0.00	8,746.86
PARTF grant	0.00	12,527.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,527.50
PARTF Grant reimbursement	0.00	0.00	-12,527.50	0.00	0.00	0.00	18,032.50	0.00	0.00	0.00	0.00	0.00	5,505.00
Sales and use tax	1,867.10	1,907.62	2,061.17	1,940.07	2,029.11	1,908.60	1,869.27	1,942.44	1,763.08	1,870.77	2,242.32	0.00	21,401.55
Sales and use tax refund	0.00	0.00	0.00	0.00	130.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	130.26
Utility Franchise taxes	0.00	50,093.10	0.00	0.00	43,188.53	0.00	0.00	41,019.59	0.00	0.00	32,797.35	0.00	167,098.57
Zoning fees	500.00	0.00	400.00	100.00	500.00	200.00	400.00	100.00	0.00	200.00	385.00	0.00	2,785.00
Total Income	4,870.02	67,562.73	-8,329.51	3,150.87	49,646.06	9,105.17	29,443.54	63,633.28	22,396.85	18,222.39	38,071.28	0.00	297,772.68
Expense													
Advertising and Promotion	0.00	62.19	0.00	159.20	0.00	194.02	0.00	0.00	0.00	119.40	52.24	0.00	587.05
Audit fees	0.00	0.00	0.00	1,260.00	1,358.00	1,470.00	0.00	2,712.00	0.00	0.00	0.00	0.00	6,800.00
Bank Service Charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24.51	0.00	0.00	0.00	0.00	24.51
Capital outlay	14,315.00	-16,885.00	0.00	2,860.00	1,895.00	6,255.00	3,100.00	4,900.00	0.00	0.00	8,050.00	0.00	24,490.00
Charitable Contributions	0.00	0.00	0.00	0.00	198,694.36	0.00	0.00	0.00	13,142.31	0.00	0.00	13,142.31	224,978.98
Collection fees	31.45	21.58	4.08	2.02	60.19	98.70	133.87	319.61	304.68	248.42	44.49	0.00	1,269.09
Computer and Internet Expenses	245.00	-1,537.50	2,147.50	440.00	732.00	305.00	305.00	45.00	620.65	321.00	1,555.00	305.00	5,483.65
Depreciation Expense	0.00	1,986.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,986.60
Dues and Subscriptions	0.00	0.00	4,331.00	409.00	0.00	0.00	0.00	0.00	0.00	403.00	0.00	0.00	5,143.00
Elections expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,721.33	0.00	0.00	0.00	0.00	2,721.33
Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,000.00	0.00	0.00	0.00	4,000.00
Insurance Expense	0.00	0.00	5,083.98	0.00	0.00	-752.00	175.00	100.00	100.00	0.00	0.00	0.00	4,706.98
Legal fees	450.00	600.00	375.00	712.50	450.00	934.74	375.00	300.00	375.00	337.50	622.50	412.50	5,944.74
Meals and Entertainment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	178.05	0.00	178.05
Miscellaneous Expense	2.20	0.00	0.00	0.00	10.00	74.72	0.00	150.00	-0.80	0.00	0.00	0.00	236.12
Office Supplies	50.05	205.94	93.82	102.99	117.59	112.73	161.94	221.98	263.88	245.49	201.66	25.62	1,803.69
Park Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	100.00
Park start-up and nonreimburse	0.00	0.00	0.00	22,833.59	9,500.00	600.00	613.81	1,490.00	0.00	0.00	0.00	0.00	35,037.40
Payroll Expenses	6,788.59	4,772.36	6,858.01	6,622.83	6,789.78	6,113.89	6,616.60	6,504.98	5,752.05	6,194.29	-27,966.28	5,952.65	40,997.75
Payroll taxes	0.00	0.00	0.00	0.00	0.00	-252.00	0.00	15.16	0.00	0.00	4,122.90	0.00	3,886.06
Planning and zoning	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30,463.59	0.00	30,463.59
Postage and Delivery	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	29.34	29.34
Professional Fees	0.00	676.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	825.00	1,400.00	0.00	2,901.99
Public Safety	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	30,000.00
Rent Expense	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	250.00	3,000.00
Repairs and Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	479.29	0.00	0.00	0.00	479.29
Solid Waste Manage cost share	6,963.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,963.00
Telephone Expense	295.01	295.01	296.10	294.96	295.02	294.84	294.80	296.33	295.83	295.96	295.96	165.28	3,415.10
Training fees	0.00	0.00	0.00	0.00	0.00	40.00	175.00	850.00	0.00	0.00	0.00	0.00	1,065.00
Travel Expense	43.13	34.50	49.98	25.88	34.50	25.88	34.50	34.50	248.26	304.71	37.48	33.60	906.92
Total Expense	31,931.43	-7,017.33	21,989.47	38,472.97	222,686.44	18,265.52	14,735.52	23,535.40	28,331.15	12,044.77	21,807.59	22,816.30	449,599.23
Net Ordinary Income	-27,061.41	74,580.06	-30,318.98	-35,322.10	-173,040.38	-9,160.35	14,708.02	40,097.88	-5,934.30	6,177.62	16,263.69	-22,816.30	-151,826.55
Net Income	**-27,061.41**	**74,580.06**	**-30,318.98**	**-35,322.10**	**-173,040.38**	**-9,160.35**	**14,708.02**	**40,097.88**	**-5,934.30**	**6,177.62**	**16,263.69**	**-22,816.30**	**-151,826.55**

Town of Fairview
Fiscal Year 2016-17 Budget
Assumptions and Explanations

Page 7 7 8 8

Revenue

Ad valorem: based upon projected real and personal property values of $359,822,207 from Union County using 98% collection rate for ad valorem taxes at $.02 per hundred assessment rate.

Funds balance appropriated – funds needed to balance the budget, since expenses are exceeding revenue.

Investment income: Projected .35% rate on average money market balance of $700,000; balance is currently $957,000.

Motor Vehicle taxes: based upon estimated values of $39,236,346 and using 98% collection rates at $.02 per hundred assessment rate.

Sales and use tax: NC League estimates slight growth of 3.75% for 2016-17.

Franchise taxes: NC League estimates slight growth for 2014-15. I estimated no change in franchise taxes and included Cable TV franchise tax in this category.

Zoning fees: based upon recent trends showing an increasing amount of zoning fee revenue.

Expenses

Advertising: based upon current trends

Audit fees: based upon slight increase from last year's audit by Moyer, Smith, Roller for $6,800. I have a call into them for a more exact number.

Capital Outlay: Not sure what to plan for this; used $300,000 for park, etc.

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Contributions: Town's contribution to the Fire Department for quarterly payments to the Bank.

Collection fees: based upon 1.5% of ad valorem taxes and motor vehicle taxes

Computer and internet: based upon reimbursements to staff and estimated computer maintenance, etc. See spreadsheet of this year's incurred expenses. 10

Dues and subscriptions: School of Govt Foundation – 450 - NC League of Municipalities – 4,300 (Current year plus slight increase); Union County Chamber of Commerce – 500 11

Elections expense: based upon estimate using 15-16 expense from UC Elections Board.

Grants: Used estimate of $5,000 for grants to solicited donations from organizations.

Liability insurance: Based upon current year amounts paid with slight estimated increase from NC League of Municipalities. Amount required to increase General Liability limit from $1 million to $5 million is $1,000 annual charge. 12

Legal fees: based on trend of about $500 per month.

Office supplies: based upon recent trends of $200 per month, plus estimated $1,800 from Ed for new chairs for meeting room.

Park Maintenance: estimated $500 per month for maintenance; not sure what to use.

Payroll expenses: See worksheet documenting budgeted amount. Used 4.25% increase for staff. 13

Payroll taxes: Total salaries at 7.65% rate for employer taxes. 13

Planning and zoning: 15/16 rate of pay is $37,818 per year. Used 4.25% rate of increase for Planning and Zoning officer. 13

Professional fees: Possible studies by N Focus and others. Actual for 15/16 is $2,902, thus far.

Postage: included with office expenses.

Printing: included with office expenses.

Public Safety: $30,000 payment to Fairview VFD; $2,500 per month

Rent - $250 per month for 12 months

Repairs and Maintenance: Misc repair and maintenance items that may occur.

Solid Waste Management: Used budgeted amount of $8,000. I have a call into Union County to get their estimate of the amount.

Telephone: estimated $300 per month based on recent trends

Training fees: used nominal amount of $100 per month.

Travel: estimated $1,200 for the year.

UNION COUNTY
Office of the Tax Administrator
500 N. Main Street
P.O. Box 97
Monroe, NC 28111-0097

704-283-3746
704-283-3616 Fax

John C. Petoskey
Tax Administrator

MEMORANDUM

TO: Town of Fairview

FROM: Robin E. Merry, Assessment Division Director

DATE: April 11, 2016

RE: Taxable Value Estimates for FY2016 - 2017

Attached are the taxable value estimates for fiscal year 2016 – 2017. The assessed value report is of April 6, 2016 and includes total taxable value estimates for real property and personal property. Public Services values are provided by the State.

Total taxable value is market value minus any known exemptions, exclusions, and/or deferment and represents the value that is taxable by the taxing authority.

Please be advised taxable value estimates are based on what has been processed up to the date of the report.

Projected total taxable value for real and personal property is **359,822,207**
Projected total taxable value for motor vehicles is **39,236,346**

*.02 rate
.98 collection rate

Taxable values may change before tax bills are sent out due to data processing, appeals, new exemptions, exclusions, and deferments.

70,525
= 70,500

*.02 rate
*.98 collection rate

7,690
= 7,600

7

Executive Summary

Please read through the entire memo for important caveats and context related to each of the League's projections for the revenue sources listed below. However, we have collected all of the projections in the memo in the table below for your reference and for simplification purposes. The hyperlinks will direct to the section of this document that provides further information. These are all statewide projections, and as is explained in the memo below, your local economic conditions may dictate deviations from these statewide forecasts.

Revenue Source	Projected Change from FY14-15 to FY 15-16	Projected Change from FY15-16 to FY16-17
Local Sales Tax	4.5%	3.75%
Powell Bill	n/a	0.0%
Electricity Sales Tax	9.0%	3.5%
Telecommunications Sales Tax	- 12.0%	- 2.0%
Sales Tax on Piped Natural Gas	- 2.0%	- 2.0%
Solid Waste Disposal Tax	- 2.0%	1.5%
Local Video Programming Revenues	- 5.5%	- 2.0%
Beer and Wine Taxes	- 6.0%	5.0%

Sales tax increase

Any questions related to this document should be directed to Chris Nida, Director of Research & Policy Analysis. For your convenience, this document also includes N.C. Department of Revenue contacts for any other questions. Special thanks to NCLM Advocacy Communication Associate Ben Brown, Dr. Linda Millsaps and Paige Worsham of the N.C. Association of County Commissioners, and Cindy Matthews of the Local Government Division in the N.C. Department of Revenue for their assistance in preparing this document.

Franchise tax used flat % ~~increase~~ change

00002095703791-100095512292015

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
$243,708.00	12-29-2015	01-05-2021	2095703791-100	0004 / 6B	170585	4091	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: FAIRVIEW FIRE AND RESCUE ASSOCIATION
7402 Concord Hwy
Monroe, NC 28110

Lender: Yadkin Bank
101 W. Main St
Elkin, NC 28621

Principal Amount: $243,708.00 Date of Note: December 29, 2015

PROMISE TO PAY. FAIRVIEW FIRE AND RESCUE ASSOCIATION ("Borrower") promises to pay to Yadkin Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of Two Hundred Forty-three Thousand Seven Hundred Eight & 00/100 Dollars ($243,708.00), together with interest on the unpaid principal balance from December 29, 2015, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 2.950%, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

Jan April July Oct.

÷ 3 = 13,142.31

PAYMENT. Borrower will pay this loan in 59 payments of $4,380.77 each payment and an irregular last payment estimated at $4,380.80. Borrower's first payment is due February 5, 2016, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on January 5, 2021, and ~~will be for all principal~~ and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any late charges; and then to any unpaid collection costs. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method. This calculation method results in a higher effective interest rate than the numeric interest rate stated in this Note.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Yadkin Bank, PO Box 888 Elkin, NC 28621-0888.

LATE CHARGE. If a payment is 15 days or more late, Borrower will be charged 4.000% of the unpaid portion of the regularly scheduled payment. This late charge shall be paid to Lender by Borrower to compensate Lender for Lender's extra costs and expenses caused by the late payment.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the total sum due under this Note will continue to accrue interest at the interest rate under this Note. If judgment is entered in connection with this Note, interest will continue to accrue after the date of judgment at the rate in effect at the time judgment is entered.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Change in Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach of the

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Accrual Basis

Town of Fairview
Transaction Detail By Account
May 2015 through April 2016

Type	Date	Num	Adj	Name	Memo	Debit	Credit	Balance
Computer and Internet Expenses								
Check	05/11/2015	101291		Computer Networld	Monthly support	200.00		200.00
Check	05/11/2015	101295		Darrell H. Baucom	expense reimbursement	45.00		245.00
Check	06/08/2015	101324		Computer Networld	Computer and email hosting	260.00		505.00
Check	06/08/2015	101325		Darrell H. Baucom	Expense reimbursement	45.00		550.00
General Journal	06/30/2015	MSRaje	*		record prepaid computer expenses		1,842.50	-1,292.50
General Journal	07/01/2015	MSRaje	*		Computer expenses for 15/16	1,842.50		550.00
Check	07/13/2015	101334		Computer Networld	Server and email hosting fee	260.00		810.00
Check	07/13/2015	101349		Darrell H. Baucom	expense reimbursement	45.00		855.00
Check	08/10/2015	101357		Computer Networld	Monthly computer support and revie...	395.00		1,250.00
Check	08/10/2015	101378		Darrell H. Baucom	expense reimbursement	45.00		1,295.00
Check	09/14/2015	101384		One Source Docum...	Laserfiche support services for one ...	427.00		1,722.00
Check	09/14/2015	101389		Computer Networld	Monthly support for IT and email	260.00		1,982.00
Check	09/14/2015	101407		Darrell H. Baucom	expense reimbursement	45.00		2,027.00
Check	10/12/2015	101420		Computer Networld	Computer support	260.00		2,287.00
Check	10/12/2015	101422		Darrell H. Baucom	reimburse expenses	45.00		2,332.00
Check	11/09/2015	101440		Darrell H. Baucom	expense reimbursement	45.00		2,377.00
Check	11/24/2015	101460		Computer Networld	Computer and email hosting	260.00		2,637.00
Check	12/14/2015	101471		One Source Docum...	Silver software support	0.00		2,637.00
Check	12/14/2015	101486		Darrell H. Baucom	expense reimbursement	45.00		2,682.00
Check	01/11/2016	101494		Computer Networld	2 months of internet email and service	520.00		3,202.00
Check	01/11/2016	101496		Darrell H. Baucom	Monthly allowance	45.00		3,247.00
Check	01/11/2016	101496		Darrell H. Baucom	Mozy back and tax forms	55.65		3,302.65
Bill	02/03/2016	3687		Computer Networld	Computer support for January	260.00		3,562.65
Bill	02/08/2016	0206...		Darrell H. Baucom_	expense reimbursement	45.00		3,607.65
Check	02/08/2016	101534		Division of Archives...	Charge for storing minutes on comp...	16.00		3,623.65
Bill	03/01/2016	NSE2...		EZ Task.Com Inc.	Annual support and maintenance	1,250.00		4,873.65
Bill	03/03/2016	3706		Computer Networld	Monthly server and email support	260.00		5,133.65
Bill	03/12/2016	0312...		Darrell H. Baucom_	Expense reimbursement	45.00		5,178.65
Bill	04/01/2016	3726		Computer Networld	monthly support charges	260.00		5,438.65
Bill	04/09/2016	0409...		Darrell H. Baucom_	expense reimbursement	45.00		5,483.65
Total Computer and Internet Expenses						7,326.15	1,842.50	5,483.65
TOTAL						**7,326.15**	**1,842.50**	**5,483.65**

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Accrual Basis

Town of Fairview
Transaction Detail By Account
May 2015 through April 2016

Type	Date	Num	Adj	Name	Memo	Debit	Credit	Balance
Dues and Subscriptions								
Check	07/13/2015	101354		NC League of Municipal...	Dues for 15/16	4,331.00		4,331.00
Check	08/10/2015	101382		UNC School of Govt	dues for 15/16	409.00		4,740.00
Check	12/14/2015	101489		Union County Chamber ...	annual dues - check lost for $4...	0.00		4,740.00
Bill	02/13/2016	990145		Union County Chamber ...	Replace lost check for payment...	403.00		5,143.00
Total Dues and Subscriptions						5,143.00	0.00	5,143.00
TOTAL						**5,143.00**	**0.00**	**5,143.00**

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Accrual Basis

Town of Fairview
Transaction Detail By Account
May 2015 through April 2016

Type	Date	Num	Adj	Name	Memo	Debit	Credit	Balance
Insurance Expense								
General Journal	07/01/2015	MSRaje	*		release prepaid wc insurance ...	1,446.00		1,446.00
Check	07/13/2015	101337		Interlocal Risk Fina...	15/16 P&C Insurance exp	3,637.98		5,083.98
Deposit	10/09/2015			Travelers	Refund of work comp insurance	0.00		5,083.98
Deposit	10/09/2015			Travelers	Refund on wc insurance		752.00	4,331.98
Check	11/09/2015	101456		RLI Surety Bond	Bond for finance officer	175.00		4,506.98
Check	12/14/2015	101462		RLI Surety Bond	Bond for public official	100.00		4,606.98
Check	01/11/2016	101507		RLI Surety Bond	Land use administrator bond	100.00		4,706.98
Total Insurance Expense						5,458.98	752.00	4,706.98
TOTAL						**5,458.98**	**752.00**	**4,706.98**

Town of Fairview
Payroll expense for 16/17

	Ed	Darrell	Teresa	Town Council	Planning Board	Total
Monthly salary/stipend	3,151.51			825.00	475.00	
Hourly rate		57.78	16.00			
Estimated number of hours per month		12.00	55.00			
Estimated monthly pay		693.36	880.00			
Estimated annual pay	37,818.12	8,320.32	10,560.00	9,900.00	5,700.00	
Adjusted for attendance at 80%					4,560.00	
Adjusted for no meeting dates 10/12					3,800.00	
Estimated annual salary/stipends	37,818.12	8,320.32	10,560.00	9,900.00	3,800.00	70,398.44
Increase rate per NC Compensation study	4.25%	4.25%	4.25%			
Salary increase	1,607.27	353.61	448.80			2,409.68
Estimated salary for 16/17	39,425.39	8,673.93	11,008.80	9,900.00	3,800.00	72,808.12
Employer tax rate						0.0765
Estimated employer payroll taxes						5,569.82

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NCLM SURVEY ON ANTICIPATED COST-OF-LIVING ADJUSTMENTS AND MERIT INCREASES FOR FY 16-17
April 2016

Survey Analysis	All Respondents	Below 2,500	2,500 - 4,999	5,000 - 9,999	10,000 - 24,999	25,000 - 99,999	100,000 and Over	Undecided	Comments
Number of cities responding	240	107	43	26	33	23	8		Responses represent 55.2% of all cities and towns that have employees. 233 reported last year.
# Cities giving ***one*** cost-of-living adjustment in fiscal year	83	26	23	14	15	4	1	40	**CPI-U (US - All Urban Consumers)**: 2015 - 0.7%; 2014 - 1.7%; 2013 - 1.5%; 2012 - 1.7%; 2011 - 2.9%; 2010 - 1.5%; 2009 - 2.7%; 2008 - 0.1%; 2007 - 4.1%; 2006 - 2.5%; 2005 - 3.4%; 2004 - 3.3%; 2003 - 1.9%; 2002 - 1.0% **Previous Average COLA**: 2015 - 1.10%; 2014 - 0.72%; 2013 - 0.86%; 2012 - 0.99%; 2011 - 0.48%; 2010 - 0.41%; 2009 - 0.51%; 2008 - 2.70%; 2007 - 2.75%; 2006 - 2.89%; 2005 - 2.89%; 2004 - 2.69%; 2003 - 2.20%; 2002 - 1.82%
# Cities giving ***multiple*** cost-of-living adjustments in fiscal year	2	1	0	0	0	1	0	0	
Average cost-of-living anticipated by respondents with ***one date***	1.10%	0.99%	1.26%	1.43%	1.10%	0.88%	0.33%		
Average cost-of-living anticipated by respondents with multiple dates — 1st	3.50%	6.00%	N/A	N/A	N/A	1.00%	N/A		
Average cost-of-living anticipated by respondents with multiple dates — 2nd	3.50%	6.00%	N/A	N/A	N/A	1.00%	N/A		
Number of cities reporting 0% cost-of-living	69	32	11	5	9	10	2		28.75% of all respondents reported that they are not recommending a cost-of-living adjustment. 16.67% of respondents were undecided. Last year 36.05% did not anticipate recommending cost-of-living adjustments.
Average cost-of-living ***without those reporting 0% adjustment*** for cities with ***one date***	2.21%	2.21%	1.86%	1.21%	1.15%	3.06%	1.00%		**Average Adjustments**: 2015 - 2.21%; 2014 - 2.12%; 2013 - 2.12%; 2012 - 2.67%; 2011 - 2.29%; 2010 - 2.30%; 2009 - 2.61%; 2008 - 3.27%; 2007 - 2.92%; 2006 - 3.17%; 2005 - 2.86%; 2004 - 2.63%; 2003 - 2.68%; 2002 - 2.60%; 2001 - 3.18%
Range of cost-of-living reported for cities with ***one date***	1.0-5.0%	1.0-5.0%	1.0-3.0%	0.7-3.0%	.07-3.0%	1.25-1.0%	1.0-1.0%		**Range of Adjustments**: 2015 - 1.0 - 5.0%; 2014 - 1.0 - 5.0%; 2013 - 1.0 - 5.0%; 2012 - 1.0 - 5.0%; 2011 - 1.0 - 5.0%; 2010 - 0.5 - 5.0%; 2009 - 1.0 - 5.0%; 2008 - 1.0 - 5.0%; 2007 - 0.5 - 5.0%; 2006 - 0.5 - 6.0%; 2005 - 1.0 - 5.5%; 2004 - 1.0 - 7.5%; 2003 - 1.0 - 9.5%; 2002 - 1.0 - 10.0%; 2001 - 1.0 - 10.0%
Average ***merit increase*** anticipated	1.24%	0.71%	1.40%	1.38%	1.41%	2.37%	2.63%	7	Anticipated merit increase has increased by 0.13% compared to last year
Number of employers reporting 0% merit increase	106	65	17	9	12	3	0		44.17% of total respondents to this question reported that they do not plan to recommend any merit adjustment and 2.92% were undecided. Last year 48.099% did not recommend any merit.
Average merit increase ***without*** those reporting 0%	2.45%	2.36%	2.39%	2.33%	2.35%	2.81%	2.63%		**Average Merit**: 2015 - 2.45%; 2014 - 2.53%; 2013 - 2.76%; 2012 - 2.65%; 2011 - 2.42%; 2010 - 2.57%; 2009 - 2.36%; 2008 - 2.82%; 2007 - 2.76%; 2006 - 2.76%; 2005 - 2.79%; 2004 - 2.81%
Average % of employees receiving merit increase ***(for towns giving a merit increase)***	84.35%	73.15%	79.00%	90.80%	96.20%	89.20%	85.83%		The percentage of municipal employees who will be eligible for a merit increase this year has increased compared to last year. 4.230% more employees will be eligible for merit increases than last year.

4.25%