



May 13, 2025

Honorable Mayor Tony Lapish and Town Board of Commissioners
8590 Park Drive
Mount Pleasant, NC 28124

In accordance with the North Carolina Budget and Fiscal Control Act, I respectfully present for your review the proposed budget for the Town of Mount Pleasant for Fiscal Year 2025-2026.

The overall financial status of the Town is healthy. The proposed General Fund and Water/Sewer Fund budgets for Fiscal Year 2025-2026 total \$4,614,942. In comparison, the approved/amended budget for Fiscal Year 2024-2025 budget was \$4,539,657 for an increase of \$75,285 (including \$54,317 from the Rural Fire District). Ad Valorem Tax and Local Option Sales Tax (General Fund) provide additional revenue to offset increases in operating expenses and Capital Project loan payments. We propose continuing with an ad valorem property tax rate of \$0.39 per \$100 of valuation. Because of pass-through increases from the Water and Sewer Authority of Cabarrus County (WSACC), the sewer rate is proposed to be increased by \$2.50 to sewer base rates for customers and flat-rate sewer customers. There is no proposed increase in water rates.

GENERAL FUND

General Fund Balance

Entering Fiscal Year 2025-2026, the Town is estimated to have an unreserved General Fund balance of \$2,251,555 in addition to the 42% (\$1,278,641) set aside per Town policy.

General Fund Revenues

For Fiscal Year 2025-2026, Town staff are proposing to keep the property tax rate at \$.39 per \$100 of valuation. The Rural Tax rate for fire service is proposed at \$.11 per \$100 of valuation.

Keeping the tax rate for both the municipal and rural fire district at the current rates will continue to fund increased costs from the Cabarrus County Sheriff's office, increases in electric costs, and converting three (3) part-time firefighter positions to three (3) full-time positions with benefits. It is anticipated that an increase in tax base from new developments currently under construction will allow the Town to keep the tax rate low while still completing necessary capital improvements on aging infrastructure.

Estimated Cabarrus County total tax value (property and vehicle) for the Town in Fiscal Year 2025-2026 is \$300,666,862. The total General Fund revenues for Fiscal Year 2025-2026 are projected to be \$2,939,789 which includes a one-time use of \$23,821 of unreserved General Fund balance for Highway 49/Highway 73 interchange landscape maintenance. Each penny on the tax rate generates an estimated \$29,446. Projections for Fiscal Year 2025-2026 indicate a **\$7,242 increase** in Ad Valorem tax revenue totaling \$1,154,149 at a 98% collection rate. The Town has historically maintained a good collection rate ranging between 98-99%. Estimated State collected local sales tax revenues will be slightly higher, increasing revenue by approximately \$25,000. The combined total additional revenue from Ad Valorem and Sales tax is estimated at \$32,000.

TOWN OF MOUNT PLEASANT

An equal opportunity provider, employer, and lender.

8590 Park Drive | PO Box 787 | Mount Pleasant, NC 28124 | 704.436.9800 | mtpleasantnc.gov

We continue to be cautious in our projected collection rates (98%) and the anticipated Ad Valorem (personal property taxes).

General Fund Expenditures

The Cabarrus County Sheriff's office requested an increase of \$68,387 for the law enforcement contract (\$219,126). We anticipate an increase in electric costs, an increase in solid waste collection costs, and an increase in medical benefits for employees (will have this information in August 2025).

The Town is proposing converting three (3) part-time Firefighter positions to three (3) full-time positions with benefits: a \$63,974 increase, requiring 3 full-time individuals to be hired. The Cabarrus County Staffing Grant (\$27,240) will help with funding these positions. Transitioning to a Fire Department with full-time positions has been a goal for several years.

This year, we are not proposing an increase in salaries for employees. However, we propose a lump sum payment for actively employed full-time and actively employed part-time employees at the following rates:

- \$725 for full-time employees (not on probation).
- \$200 for part-time employees who have worked 500+ hours (from November 12, 2024–November 10, 2025)
- \$100 for part-time employees who have worked 250 to 499 hours (from November 12, 2024–November 10, 2025)

The lump sum will be paid on November 24, 2025.

In Fiscal Year 2025-2026, the Town's required employer contribution to the Local Government Employee Retirement System will increase from 13.6% to 14.35% of salary (\$30,706 which includes all full-time employees including the three (3) new firefighter positions.)

The Town's medical insurance carrier, Aetna continues to be a significant expense. Rates have not increased in the past four years, and we are not budgeting for an increase. However, the final percentage increase, if any, will not be known until after the State's budget is adopted. We are usually notified in the month of August with any increase with an effective date January 1, 2026. Currently, Municipal Trust provides our dental and vision coverage and will be replaced by the Hilb Group on July 1, 2025, and the rates are not expected to have significant change, if any.

We are recommending continuing contracting the Town's solid waste services along with recycling services with Waste Pro. Waste Pro is passing along a rate increase of \$20,416 for Fiscal Year 2025-2026 in waste disposal fees and contract services. This amount is still significantly less than rates from other solid waste providers. Town staff are recommending an increase in Waste Disposal Fees from \$3.25 to \$5.00 a month to help offset part of the Waste Pro increase and recommending an increase in extra can fees from \$12 per month to \$15 per month to cover the full cost of pickup costs from Waste Pro.

In Fiscal Year 2025-2026, the Town recommends setting aside \$32,000 for the Infrastructure & Sidewalk Capital Reserve Fund. In Fiscal Year 2024-2025, the Town was able to pave several streets through the USDA Project: A Street, B Street, C Street, Reid Street, and Wade Street. With the anticipated increase in tax base from the new developments currently under construction, the Town's goal for the future is to match the annual Powell Bill Funds with an equal contribution to the Infrastructure and Sidewalk Capital Reserve Fund to continue and accelerate the resurfacing of older streets in the Town.

The Town continues to make capital reserve annual payments of \$194,776 and \$93,492 for the Fire Department Renovation/Addition and McAllister Park projects. These amounts are reflected in the proposed budget. Also, the new park concession stand/restroom building has been well-utilized in its first year.

The Town recommends a one-time use of Fund Balance of \$50,000 to pave/repair portions of the parking area with a public parking easement lease, located adjacent to the public parking lot in the northwest quadrant of downtown.

WATER & SEWER FUND

Water & Sewer Fund Balance

The Water & Sewer Fund Balance is currently \$1,097,781. (We are expecting to be reimbursed \$45,440 from USDA project expended funds and \$321,500 in reimbursement for expended State Funded projects. Water and sewer fund balance was used to start these projects. Once projects are completed, funds will be reimbursed.) It is anticipated that additional fund balance appropriations may be necessary during Fiscal Year 2025-2026 for water treatment system improvements to comply with current NCDEQ regulations. Improvements are currently being engineered, and the final costs are not yet known.

Water & Sewer Fund Revenues & Expenditures

The Town has been notified by the Water and Sewer Authority of Cabarrus County (WSACC) that there will be a wholesale sewer rate increase which will result in a \$2.50 increase in the sewer base rate, including flat-rate sewer customers. This is a pass-through increase for the WSACC facility expansion at the Rocky River Regional Wastewater Treatment Plant (RRRWTP). A new fee schedule reflecting these changes will be presented at the June Town Board Meeting.

SUMMARY OF RECOMMENDATIONS

General Fund Recommendations

1. Continue contracting for solid waste services with Waste Pro increasing Waste Disposal Fees from \$3.25 to \$5.00 to offset Waste Pro's increased costs and increase extra can fees from \$12 per month to \$15 per month to cover the full cost of pickup costs from Waste Pro.
2. Continue contracting with Cabarrus County Sheriff's Department for Law Enforcement services (\$68,387 increase)
3. Continue budgeting \$32,000 for the Infrastructure & Sidewalk Capital Reserve fund to make priority street and sidewalk improvements above state Powell Bill funding. Make it a goal for future fiscal years to match Powell Bill funding.
4. Converting three (3) part-time firefighter positions to three (3) full-time positions with benefits (\$63,974 increase)
5. Comply with Local Government Employee Retirement System requirements to contribute 14.35% of employees' salaries.
6. Propose a Lump Sum payment for actively employed full-time and actively employed part-time employees at the following rates:
 - \$725 for full-time employees (not on probation).
 - \$200 for part-time employees who have worked 500+ hours (from November 12, 2024–November 10, 2025)
 - \$100 for part-time employees who have worked 250 to 499 hours (from November 12, 2024–November 10, 2025)
7. Propose \$23,821 for Highway 49/Highway 73 interchange landscape maintenance.
8. Propose the one-time use of \$50,000 for repairs to the public parking lot behind the Smokehouse Restaurant.

Water & Sewer Fund Recommendations

1. Increase sewer base rates \$2.50 increase in the sewer base rate, including flat-rate sewer customers. This is a pass-through increase from WSACC.

The total proposed budget for the Town of Mount Pleasant for Fiscal Year 2025-2026 is balanced with revenues and expenditures of \$4,539,657 with a recommended municipal tax rate of \$0.39 per 100 dollars of valuation and a rural fire district tax rate of \$0.11 per 100 dollars of valuation, and a \$2.50 increase to sewer base rate customers and flat-rate sewer customers and is hereby submitted for your review and consideration.

Respectfully,

Terry R. Holloway, Town Manager