



May 12, 2026

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 2026-2027. This proposed budget directly reflects the goals and priorities expressed in the Town's Comprehensive Plan at the annual budget workshop. Budget decisions were made with fiscal responsibility and Comprehensive Plan alignment at the forefront.

The proposed annual budget was prepared in accordance with North Carolina General Statutes Chapter 159, Article 3, The Local Government Budget and Fiscal Control Act. All funds within the proposed budget are balanced, and all revenues and expenditures are identified for FY2026-2027. I want to thank Town staff for their commitment to developing a budget that provides excellent service for the Town's residents.

The overall financial status of the Town is healthy. **The proposed General Fund and Water/Sewer Fund budgets for Fiscal Year 2026-2027 total \$5,009,800.** In comparison, the approved budget for Fiscal Year 2025-2026 budget was \$4,614,942 for an increase of \$394,858 (including \$131,416 from the Rural Fire District).

For the General Fund, ad valorem property and vehicle tax revenue is projected to increase by \$122,402 in Fiscal Year 2026-2027 with total sales tax revenue projected to increase by \$8,100. In accordance with discussions held by the Town Board of Commissioners during its public budget workshops, it is proposed to raise the ad valorem property tax rate by \$0.015 (1.5¢) from \$0.39 (39¢) per \$100 of valuation to \$0.405 (40.5¢) per \$100 of valuation. This is the first tax rate increase in over 16 years, outside of revaluation adjustments. The primary intent of this increase is to build capital reserve for fire apparatus replacement and cover rising operational costs. It is also recommended to increase waste disposal fees from \$5.00 to \$6.00 a month to help offset increases in waste disposal costs.

Due to pass-through increases from the Water and Sewer Authority of Cabarrus County (WSACC), the sewer rate is proposed to be increased by \$1.00 to sewer base rates for customers and flat-rate sewer customers. A total \$0.50 (50¢) increase is also proposed for water base rates. Tiered water and sewer rates will also increase by \$0.20 (20¢) per tier level. These rate increases are proposed to cover increased operating costs and to build capital reserve to implement the remainder of the 2007 Water & Sewer Master Plan.

TOWN OF MOUNT PLEASANT

An equal opportunity provider, employer, and lender.

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GENERAL FUND SUMMARY

General Fund Fiscal Year 2026-27 Budget: \$3,351,092

General Fund Balance

Entering Fiscal Year 2026-2027, the Town is estimated to have an unreserved General Fund balance of \$2,301,144 in addition to the 42% (\$1,322,667) set aside per Town policy.

General Fund Revenues

For Fiscal Year 2026-2027, it is proposed to raise the ad valorem property tax rate by \$0.015 (1.5¢) from \$0.39 (39¢) per \$100 of valuation to \$0.405 (40.5¢) per \$100 of valuation. The Rural Tax rate for fire service is also proposed to increase \$0.015 (1.5¢) from \$0.11 (11¢) per \$100 of valuation to \$0.125 (12.5¢) per \$100 of valuation. This is the first request to increase the property tax rate in 16 years.

The proposed budget includes covering increased costs from the Cabarrus County Sheriff's office, increased electric costs, increased waste disposal costs, increased state health plan and retirement system costs, cost of living adjustment for full-time employees who have not received an increase in two budget years, cost of living adjustment for part-time fire-fighters, and reserve for capital costs identified in the Capital Improvements List as needs during the next 10 years. 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 2026-2027 is \$333,603,000. The total General Fund revenues for Fiscal Year 2026-2027 are projected to be \$3,351,093. Each penny on the tax rate generates an estimated \$32,068. Projections for Fiscal Year 2026-2027 indicate a \$144,884 increase in Ad Valorem tax revenue totaling \$1,310,558 at a 97% collection rate. The Town has historically maintained a good collection rate ranging between 98-99%. Estimated State collected local sales tax revenues are estimated to remain steady at \$400,000. The combined total additional revenue for the upcoming fiscal year from Ad Valorem and Sales tax is estimated at \$144,884.

The Town continues to be cautious with projected collection rates (97%) and the anticipated Ad Valorem (personal property taxes). This is lowered from an estimated 98% collection rate from the previous fiscal year due to uncertain economic conditions.

General Fund Expenditures

The Cabarrus County Sheriff's office requested an increase of \$11,649 for the law enforcement contract. There is also a 10% administrative fee of \$22,972 charged by Cabarrus County to administer the contract for a total cost of \$252,688.

Electric and telecommunications costs are expected to increase. Duke Energy has provided guidance to expect a 13% increase in utility costs for fiscal year 2026-2027. Based on estimates from Windstream/Kinetic telecommunications costs are expected increase \$1,200.

Waste Pro is passing along an increase of \$11,223 for Fiscal Year 2026-2027 in waste disposal fees and contract services. Town Staff recommends continuing to contract the Town's solid waste and recycling services with Waste Pro. A contract review conducted in prior to the previous fiscal year budget revealed

this contract still has significantly lower rates than other solid waste providers. It is recommended to increase waste disposal fees from \$5.00 to \$6.00 a month to help offset part of the Waste Pro increase.

In Fiscal Year 2026-2027, the Town's required employer contribution to the Local Government Employee Retirement System is required to increase from 14.35% to 17.5% (including a 2.4% State Health Plan Surcharge), a \$15,613 impact. Rates for the State Health Plan have not increased in the past five years. However, the Town has been notified to expect a projected increase of 6% this year, a total impact of \$6,435. The Town is usually notified in the month of August with any increase with an effective date January 1, 2027. Currently, Delta Dental provides our dental and vision coverage with an expected 10% increase, a total of \$715.

A 5.5% cost-of-living adjustment is proposed for employees, who have not received an increase in the past two budget years, despite a combined annual inflation rate of 5.6% during that time period. The total impact of this adjustment is \$47,555. The fire department has also requested a \$1 per hour increase in part-time firefighter pay to \$18 in order to stay competitive for labor with other fire departments in the area. The total impact of this increase is \$38,372.

The Town continues to make debt service payments of \$235,088 for the Fire Department Renovation/Addition and fire apparatus. The annual debt service for McAllister Park project and the Town Hall vehicle is currently \$98,709. These amounts are reflected in the proposed budget.

The Fire Department has requested an increase in the Rural Fire Tax rate of \$0.015 (1.5¢) in order to partially fund the increase in part-time pay, to build capital reserve for aging apparatus replacement, training facility, and future building needs.

In Fiscal Year 2026-2027, a total of \$33,777 will be placed the Infrastructure & Sidewalk Capital Reserve Fund. By the end of Fiscal Year 2025-2026, the Town will be able to pave Erbach Lane, Oberhaus Street, and Waldeck Court with accrued funds. The reserve fund is intended to be paired with Powell Bill funds to complete street paving projects in accordance with the Pavement Condition Rating list and Capital Improvements List, with a goal of paving three streets annually. 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.

A one-time use of unreserved fund balance of \$40,500 is requested for an articulator loader for Public Works.

WATER & SEWER FUND SUMMARY

Water & Sewer Fund Fiscal Year 2026-27 Budget: \$1,658,708

Water & Sewer Fund Balance

The Water & Sewer Fund Balance is currently \$202,489. (A reimbursement of \$419,000 for State Funded ARPA projects is anticipated). As projects are completed, reimbursement requests are filed.

Water & Sewer Fund Revenues & Expenditures

The Town has been able to complete a large number of water and sewer projects in the last two years utilizing state-administered federal American Recovery Plan Act (ARPA) funds. These projects included 4+ miles of new water mains and lines to improve water quality and fire flow, the Lower Adams Creek Sewer Outfall, and rehabilitation of the Water Treatment Plant, including new components, pumps, and tank maintenance. Some fund balance was appropriated (through budget amendments) to complete Water Treatment Plant rehabilitation project beyond the earmarked state funds available. This has depleted the Water and Sewer Fund Balance. It is necessary to rebuild capital reserves to be able to complete projects identified in the 2007 Water and Sewer Master Plan and properly maintain the distribution and collection systems into the future.

The Town has been notified by the Water and Sewer Authority of Cabarrus County (WSACC) that there will be a wholesale rate increase which will result in a \$1.00 increase in the sewer base rate, including flat-rate sewer customers. Because of pass-through increases from the Water and Sewer Authority of Cabarrus County (WSACC), the sewer rate is proposed to be increased by \$1.00 to sewer base rates for customers and flat-rate sewer customers. A total \$0.50 increase is also proposed for water base rates. Tiered water and sewer rates would also increase by \$0.20 per tier level. These rate increases are proposed to cover increased operating costs and to build capital reserve to implement the remainder of the 2007 Water & Sewer Master Plan. A new fee schedule reflecting these changes is included in the budget packet.

SUMMARY OF RECOMMENDATIONS

General Fund Recommendations

1. Continue contracting for solid waste services with Waste Pro and increase waste disposal fees from \$5.00 to \$6.00 to offset increased operating costs.
2. Continue contracting with Cabarrus County Sheriff's Department for Law Enforcement services (\$11,649 increase)
3. Budget \$33,777 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. Provide a 5.5% cost-of-living adjustment for employees and a \$1.00/hr increase for part-time firefighters.
5. Comply with Local Government Employee Retirement System requirements to contribute 17.5% (including a 2.4% State Health Plan Surcharge).
6. Budget for a one-time unreserved fund balance appropriation of \$40,500 for an articulator loader for public works.
7. Fund capital reserves in accordance with the five-year fiscal plan and Capital Projects List for apparatus, equipment, and facilities.

Water & Sewer Fund Recommendations

1. Pass-through sewer rate increases from the Water and Sewer Authority of Cabarrus County (WSACC), of \$1.00 to sewer base rates for customers and flat-rate sewer customers.
2. Increase water base rates by \$0.50 and tiered water and sewer rates by \$0.20 per tier level to cover increased operating costs and to build capital reserve to implement the remainder of the 2007 Water & Sewer Master Plan.

The total proposed budget for the Town of Mount Pleasant for Fiscal Year 2026-2027 is balanced with revenues and expenditures of \$5,009,800 with a recommended municipal tax rate of \$0.405 per 100 dollars of valuation and a rural fire district tax rate of \$0.125 per 100 dollars of valuation, and a \$1.00 to sewer base rates for customers and flat-rate sewer customers. A total \$0.50 increase is also proposed for water base rates. Tiered water and sewer rates will also increase by \$0.20 per tier level.

Respectfully,

Terry R. Holloway, Town Manager