

June 1, 2026

Honorable Mayor and Board of Commissioners:

It is my pleasure to present the Town of Mount Olive's Fiscal Year (FY) 2026–2027 budget totaling **\$11,045,849**. This budget represents a increase of **0.2%** over the FY 2025–2026 adopted budget and projects sufficient revenues to fund expenditures from July 1, 2026, through June 30, 2027.

A significant factor in developing this year's budget was the Town's General Fund Balance. Fund balance serves as an important indicator of financial stability, reflecting the resources available to support operations and respond to unforeseen circumstances. While fund balance includes cash reserves, it may also include receivables and inventory that are not immediately spendable but still represent available resources.

The Town of Mount Olive's current Fund Balance Ratio is **21.10%**, an improvement from **15.87% in FY 2023** and **16.52% in FY 2024**. However, it remains below the **34% threshold recommended by the North Carolina Local Government Commission (LGC)**. Increasing the Town's fund balance remains a key financial objective to strengthen long-term fiscal health and sustainability.

An uncertain economic environment, coupled with restrictions associated with the current utility moratorium, were major considerations in preparing this budget. Revenue assumptions and benchmarking include a decrease in the current property tax rate only nominally from .75 cents to **.72 cents per \$100 of assessed valuation**, keeping water and sewer rates unchanged, and adjusting selected fees as necessary to offset rising operational costs associated with inflation.

Although the Town is undertaking several important initiatives, this budget remains focused on core operations and fiscal responsibility. The **\$265,106 increase in General Fund expenditures** is primarily attributable to additional personnel costs and salary adjustments within the Public Works department. The budget includes a **3% Cost-of-Living Adjustment (COLA)** for employees, effective with the first full pay period of FY 2026–2027.

The Town will continue its retirement contribution program with employer contributions of **5% for sworn law enforcement personnel and the Town Manager**, and **4% for all other eligible employees**. The FY 2026–2027 budget also accounts for an anticipated **+20% increase in annual healthcare premiums**, reflecting the Town's ongoing commitment to maintaining competitive employee benefits while addressing rising healthcare costs.

The FY 2026–2027 budget is balanced as required by **North Carolina General Statute §159-11**.

New Initiatives for FY 2026–2027

The Town of Mount Olive will undertake several organizational initiatives to improve efficiency, communication, and service delivery:

- **Departmental Restructuring:** Consolidating divisions where appropriate to improve coordination and reduce operational costs.
- **Position Reorganization:** Realigning positions and responsibilities to better match organizational needs, employee expertise, and the Town's strategic goals.
- **Operational Efficiency Improvements:** Evaluating policies and procedures to enhance customer service and maximize available resources.
- **Financial Sustainability:** Continuing efforts to strengthen the Town's financial position through responsible budgeting and long-term planning.

Highlights of the FY 2026–2027 Budget

General Fund – \$5,905,506 (Increased over FY 2025-2026): Growth in tax revenues, combined with the Town's decision to maintain the current tax rate, will support ongoing efforts to improve financial stability while making critical investments in infrastructure and municipal services. Building the General Fund Balance toward the LGC-recommended level of 34% remains a strategic priority.

Key service areas supported by the General Fund include:

Public Safety

- Police Department
- Fire Department
 - Waylin Fund

Public Works

- Street and sidewalk maintenance
- Refuse collection and limb pickup

Parks and Recreation

- Maintenance of parks and recreational facilities

Development Services (New)

- Planning
- Inspections
- Code Enforcement
- Cemetery operations

Water and Sewer Fund – \$4,036,040 (Decreased from FY 2025-2026)

The Water and Sewer Fund continues to prioritize infrastructure improvements and regulatory compliance.

Water System Improvements

Funds are allocated for critical upgrades to the water treatment and distribution system, including filter improvements and the installation of new water meters to improve operational efficiency and customer service.

Sewer System Improvements

Sewer revenues will support capital improvements, equipment purchases, and system repairs necessary to modernize infrastructure, enhance service quality, and maintain operational reliability.

Continued investment in water and sewer infrastructure is essential to meeting the requirements of the Town's **Special Order of Consent (SOC)**, addressing ongoing **Inflow and Infiltration (I&I)** challenges, and ultimately removing the current utility moratorium.

Major operational areas include:

- Water Treatment Plant
- Wastewater Treatment Plant
- Sewer Collection and Water Distribution Systems

Other Funds:

Waylin Fire Fund - \$722,921 (Increase over FY 2025-2026)

This revenue comes from the following sources:

- Wayne County property and sales taxes: **\$234,119.00**
- Duplin County contributions, property, MV, and sales taxes: **\$83,802.00**
- Town contribution: **\$375,000.00**
- Interest: **\$30,000.00**

Expenses are equal to the revenue generated for this department.

Municipal Airport Fund – \$135,282 (Decreased from FY 2025-2026)

Revenue Breakdown

- **Hanger Rent:** The airport generates **\$42,600** in revenue from **hanger rentals**, providing consistent income from private pilots and other aviation businesses renting the space for the aircraft.
- **Lease of Helipad:** The **lease of the helipad** brings in **\$14,400** annually, adding another revenue stream.
- **Sales of Jet Fuel and AV Gas:** The sales of Jet Fuel and AV Gas contribute to the airport's revenue, with total sales expecting to bring in **\$950** for the upcoming fiscal year. The sales of these fuels are crucial for general aviation and commercial aviation operations and additionally add consistent revenue flow.

Use of Revenue

- **Operating Expenses:** Covering the ongoing costs of running the airport, including maintenance for equipment and buildings, mowing, utilities, airport management and staffing, and supplies to ensure the smooth operation of the municipal airport.
- **Contingency:** **\$19,002** is allocated for contingency

Expenses are equal to the estimated revenue, which is **\$135,282.00**.

The Airport Fund budget reflects anticipated operational needs and available revenues while maintaining essential airport services.

Powell Bill Fund – \$246,100 (Decreased from FY 2025-2026)

Powell Bill revenues will continue to support the maintenance and improvement of the Town's transportation infrastructure, including the repair and paving of roads.

BUDGET SUMMARY

The recommended budget is summarized below:

Fund	Estimated	Estimated
	Revenues	Expenditures
Balance		
Appropriated General Fund	\$ 5,905,506	\$ 5,905,506
General Fund Capital Reserve		
Utility Fund	4,036,040	4,036,040
Occupancy Tax		
Powell Aid Fund	246,100	246,100
Municipal Airport Fund	135,282	135,282
Waylin Fire Fund	722,921	722,921
Subtotal	\$11,045,849	\$11,045,849
Plus Appropriation of Fund Balance	\$	
Total Budget FY26-27	\$11,045,849	\$11,045,849

This budget reflects the Town's commitment to fiscal responsibility, operational efficiency, infrastructure investment, and quality public services. While challenges remain, particularly regarding fund balance growth and utility system improvements, this budget positions the Town to continue moving forward while maintaining essential services and investing in its future.

On behalf of all Town employees, I want to thank the staff who have spent numerous hours preparing this proposed budget; the Finance Director and finance department, other department directors and budget experts who have worked diligently to provide their most effective,

efficient, and safe budget recommendations. I also want to thank you for your leadership and direction in ultimately determining how government services will be provided to our community.

Respectfully submitted,

Octavius Murphy

Town Manager

Town of Mount Olive