



CITY OF WILSON

North Carolina

INCORPORATED 1849

OFFICE OF CITY MANAGER

May 15, 2025

Honorable Mayor Carlton Stevens
Members of City Council
City of Wilson, North Carolina

Dear Mayor and Members of City Council:

Pursuant to Section 159-11 of the North Carolina General Statutes, I am pleased to present the Fiscal Year 2025-26 (FY 2026) Proposed Budget for your consideration. The budget is balanced, meets the requirements of the North Carolina Local Government Budget and Fiscal Control Act, and adheres to the City's financial management guidelines.

The FY 2026 Budget totals \$274,003,270 and maintains the City's current tax rate of \$0.525 cents per \$100 of taxable valuation. The Municipal Service District 1 and 2 rate remains unchanged at \$0.18 cents per \$100 of taxable valuation. All real property in North Carolina must be assessed by the County Government at least every eight years. The current tax valuations were updated January 1, 2024.

Municipal budgets include a great deal of estimates on an annual basis. These estimates are based on the best knowledge we have at the time. Wilson's record of accomplishment for budget estimates, as proven by audit reports, has been impressive. The City's budget has experienced revenue growth over the past few years and the current year has revenue growth at a slower rate in reaction to inflation and economic factors. The city continues to experience strong growth with new industries and housing. In the next year there are potential challenges as the economy is projected to continue to have slower revenue growth. Supply chain challenges improved in the current year with some manufacturers continuing to have long lead times for delivery. Cost of goods and services have moderated compared to the past two years. With conservative budgeting and careful financial planning, the General Fund Balance at the end of FY 2025 is expected to remain above our threshold of 25% of expenditures.

We are proud that the City of Wilson remains in a strong financial position as indicated by our AA bond rating by Fitch, AA- bond rating from Standard & Poor's, and Aa3 from Moody's. Your financial stewardship and commitment to maintaining a strong financial position results in favorable independent fiscal ratings. Financial planning and management are essential for providing quality services to our community. It supports and enhances our economic development activities focused on growth and opportunities for Wilson.

There are no recommended changes to the Electric, Gas, Water and Sewer Rates, or Stormwater Fees. The solid waste fee is recommended to increase \$1.00 due to increase in disposal cost. Permitting fees will increase to help support growing operating and capital needs in this area. Parks and recreation fees for Wedgewood will increase to help cover some portion of the cost of those services. Broadband fees will increase to cover the cost of providing programming services. Costs are contained to the extent possible; however, rising costs of essential goods and services are unavoidable.

City Council has provided specific direction to preserve high levels of City services for our citizens. The budget continues to meet and exceed our service benchmarks in a fiscally responsible manner. Technology, resourceful employees, proper equipment, adequate staffing levels and a commitment to excellent customer service will allow us to serve our citizens well, while efficiencies, conservative budgeting, and maintaining our comparatively low tax rate ensures value.

BUDGET PRIORITIES

The City has experienced considerable growth in recent years. Continued growth and development throughout the City are projected for FY 2026. City Council has been explicit in prioritizing the revitalization of the heart of our City, Historic Downtown Wilson. Our progress is apparent and transformative.

The proposed budget upholds the commitment to City Council's established redevelopment efforts. With your support and patience, we will continue building an impactful program and broaden the scope of our redevelopment momentum. Private investment is growing in Historic Downtown Wilson and throughout the city. The budget also prioritizes projects necessary to accommodate planned growth and economic development initiatives.

On March 11, 2021, the American Rescue Plan was signed into law. Included in the bill is direct financial assistance to local governments. Wilson was allocated \$15,762,456.88. Based on allowable use and needs covering all of Wilson, projects have been approved that include improvements to recreational facilities, additional software for public safety, support for the RIDE transportation program, residential and commercial redevelopment, demolition of substandard structures, and infrastructure improvements. Funding for these projects was appropriated separately in FY 2022 through 2025. Progress on the approved projects continues with no additional funding required within the FY 2026 budget.

On December 29, 2022, the Federal omnibus appropriations package included \$16.5 million in funding for Wilson. The City is using the funds for a water quality and greenway project, neighborhood park improvements, sewer collection system improvements, and for the Wilson RIDE program.

On September 22, 2023, the North Carolina General Assembly ratified House Bill 259, the 2023 Appropriations Act, effective July 1, 2023. As a result of this legislation, the City was awarded \$23,550,000 for water and wastewater infrastructure projects, of which \$1,050,000 will be used for repair of Lake Wilson dam. A \$1,150,000 directed grant is for capital costs and equipment purchases for parks and recreation projects at Lake Wilson Park and Reid Street Community Center. Other city of Wilson appropriations include \$1,610,000 in directed grants to nonprofit and other local organizations to support economic development projects, operations, and fund equipment or improvements.

OUTDOOR SPORTS AND RECREATION FACILITY (STADIUM):

In December 2023, City Council approved to move forward with a transformational project for Wilson and surrounding areas. An Outdoor Sports and Recreation Facility is being constructed to be the new home for the Wilson Warbirds, an affiliate Minor League Baseball Team of the Milwaukee Brewers. The venue will support baseball, other sporting events, festivals, outdoor concerts and community events. Special Obligation Bonds to finance construction were sold in March 2024 with groundbreaking May 2024. The FY 2026 budget reflects expenditures and associated revenues for completion of construction of the facility along with any scheduled debt payments. Spring 2026 should be an exciting time as we plan for the first pitch.

INVESTMENT IN WORKFORCE:

The proposed budget continues the pursuit of investing in our greatest asset, our employees.

The need to maintain competitive wages in the current labor market is a prevalent issue. Employees need and deserve pay that is competitive with the market. Funding is included for a 3% average merit increase effective July 1, 2025. The merit increase will continue to provide pay increases for employees based on their performance. We systematically review market-based competitiveness by evaluating positions for a few departments each year. The proposed budget includes recommended market-based changes for positions in financial services, public works, water resources, stormwater, and broadband. Pay range minimums and maximums will increase five (5%) percent to ensure that we are competitive in the market.

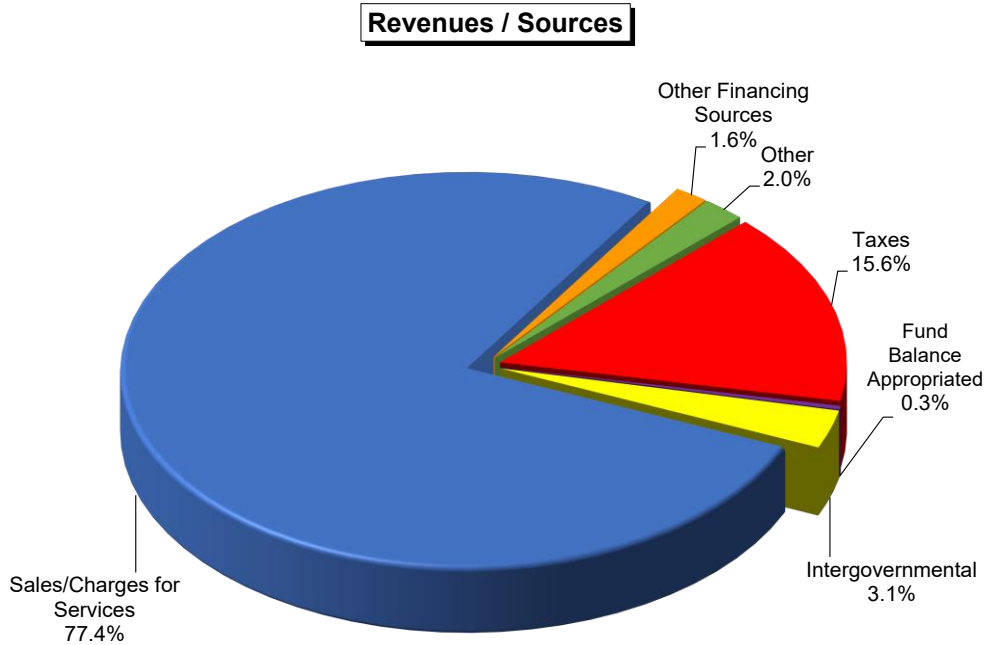
The proposed budget also maintains our highly competitive employee benefits package. The budget continues to allocate funding for the City's health plan which is important for recruitment and retention. There are no changes to the employee portions of the health plan premiums recommended in the FY 2026 budget.

All regular full-time employees are covered under the North Carolina Local Governmental Employees' Retirement System (NCLGERS). Employees contribute 6% of their annual salary on a tax-deferred basis. The LGERS Board of Trustees sets the rate for contributions. The employer contribution rate to the Local Government Retirement System will increase approximately 1%, impacting the citywide budget by approximately \$545,670.

Maintaining a strong team requires us to define strategic roles for each team member and through collaboration bring different strengths to the table. Our continuous staffing management plan takes into consideration not only the staff needed to maintain efficient operations, but also processes that can be improved by technology advances or additional training. As a result, staffing levels may vary from year-to-year as we shift staff between various divisions and departments to meet operational needs. One shift will be the availability of two police officers as Barton College has requested a reduction of officers committed to their contract. Overall, staffing levels for FY 2026 are held constant in the recommended budget.

REVENUE OUTLOOK:

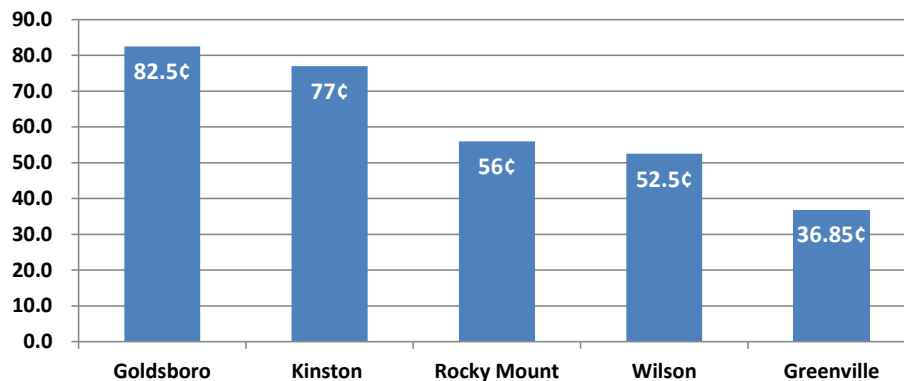
Our FY 2025 adopted budget proved sufficient for continuing operations with available revenues in an inflationary economy. Careful consideration has been given to grow revenues conservatively in the FY 2026 budget. Economic forecasts indicate signs of revenue growth slowing due to the continued impact of inflation and changes in consumer spending. The citywide sources of revenue are in the chart below. Fund specific revenue information is provided following the chart.



General Fund

The primary revenue source for the General Fund is property taxes at 48.3% of total revenues compared to 45.4% in the prior year. Ad valorem tax revaluation occurred in FY2025 with actual valuation outperforming expectations by 6.9%. With the recent revaluation, FY 2026 property tax revenue is expected to have minimal growth. Growth in tax base is expected once current housing developments and new industrial facilities complete construction. Property taxes are budgeted at a rate of \$0.525 per \$100 of valuation.

Property tax rates per \$100 valuation



Sales Tax is the second largest contributor to the General Fund at 17.3% comparing to 17.4% in the prior year. Over the past 4 years, sales taxes experienced strong growth with an average of 7.5%. Current year sales tax estimates are 4.6% lower than the prior year. FY 2026 is budgeted conservatively in anticipation of continued reductions. Sales tax revenue is based on taxable retail sales. Collections of sale tax vary as consumer spending increases or decreases. Economic factors such as inflation impact consumer spending.

Sales for service fee-based revenues represent 13% of the General Fund source of revenue. Revenue in this category increased \$901,040 due to expected increases in Parks and Recreation and Public Works revenues.

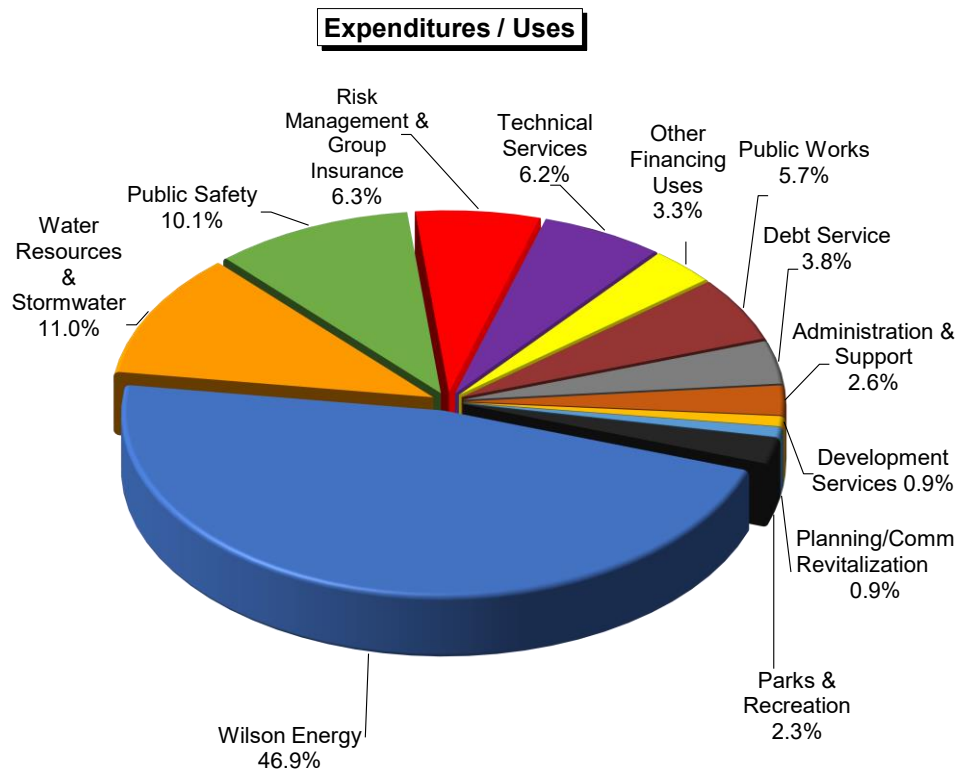
The remaining 21.8% of General Fund revenue is comprised of licenses, permits, assessments, investment income, interfund transfers, proceeds from installment purchase financing, and miscellaneous income. Major impacts in FY 2026 include stadium rent, increased permitting fee revenues, occupancy tax revenues from the Wilson County Tourism Development Authority and a \$1 million contribution from Wilson County to provide support for the debt payment on the outdoor sports and recreation facility.

Enterprise Funds

Electric, Gas, Water, Sewer, Stormwater and Broadband revenues are based on consumption and each utility is expected to cover its cost of operations. Consumption for electric and gas is highly influenced by changes in the weather. No fee or rate increases are recommended for Electric, Gas, Water, Sewer, or Stormwater.

INVESTMENT IN OPERATIONS:

The budget focuses on continuation of essential services, prioritizing our workforce, expansion of infrastructure to accommodate growth, and funding economic development initiatives. The citywide use of expenditures is in the chart below. Fund specific expenditure information is provided following the chart.



General Fund Expenditures

Departmental budgets increased by 1.8% over the FY 2025 budget. Budgeted items include merit pay, essential costs of goods and services, and an expected 5% increase for solid waste disposal. Where possible, costs have been offset by increases in user-based fees.

General Fund capital for FY 2025 is \$1,947,440. Significant items include police vehicles, police replacement tasers and cameras; fire replacement personal protective equipment and stationary air system; public works replacement refuse equipment, street maintenance, and parks replacement playground equipment and gymnastics floor. There are no expected financed items.

There is no Fund Balance appropriated for FY 2026. Conservative budgeting and prudent monitoring of revenues and expenditures has allowed the City to maintain a healthy fund balance to support needs during emergencies or a slower economic interval. The City will be above its target fund balance of 25% of expenditures and estimated to be about 47% of expenditures at the end of FY 2025. As planned in the financial model for the new stadium, 2 cents of the FY 2025 tax rate and other revenues identified in the plan will be reserved for future debt payments.

Enterprise Fund Expenditures

The Electric Fund is budgeted at a similar level to the prior year budget. Careful consideration and planning were conducted to ensure that expenditures for coming economic development projects were included and electric purchase cost increases were factored in without requiring a rate increase to the customer. Capital purchases include the customary equipment and electric system components typically funded each year. There is no fund balance appropriated.

The Gas Fund is budgeted approximately 1% less than the prior year primarily related to the fluctuating cost of natural gas. Capital items include the essential components to safely maintain the gas system. There is no fund balance appropriated.

The Water Resources Fund is budgeted 5% more than the prior year. Increases are related to changes in industrial customer base. Capital items include customary equipment to maintain the water and sewer systems. Several large grant funded capital projects started in the prior year and will continue in FY 2026. There is fund balance appropriated of \$425,000 for capital projects.

The Broadband Fund is budgeted 1% more than the prior year. Programming cost increases are partially covered by user-based fee increases. There is no fund balance appropriated.

The Stormwater Fund is budgeted consistently with the prior year. Capital items include customary equipment to maintain the stormwater system. There is no fund balance appropriated.

The Mass Transit Fund is budgeted 4% less than the prior year. The RIDE program continues to be successful and is covered in the next budget year by partial grant funding. There are transfers from the General Fund, Electric Fund, and Gas Fund that collectively total \$420,210. There is no fund balance appropriated.

The Industrial Air Center Fund is budgeted less than the prior year. Costs have historically exceeded the sources of revenue. The General Fund transfer is \$70,610. There is no fund balance appropriated.

DEBT SERVICE:

The total debt service amount in the FY 2026 budget is \$11,388,140, a decrease of \$239,490 from the prior year. Debt was added in FY 2025 for the lead service line inventory; however, no additional debt is recommended in FY 2026. All funds have successfully complied with debt service targets and debt covenants.

CONCLUSION:

The proposed FY 2026 budget continues the City's tradition of conservative budgeting. It upholds our comparatively high levels of service and maintains a tax rate set to cover essential services. Most departmental priorities have been funded.

With a relatively low property tax rate, the continuation of high levels of services, reasonable capital outlay, expanding our economic development efforts, and the allocation of funds for impactful and important community investments, I trust the budget meets City Council's priorities. I look forward to working with you in the coming weeks toward adoption of our FY 2026 Budget.

Respectfully submitted,



Rodger H. Lentz
City Manager