

June 6, 2025

The Honorable Mayor and Town Commissioners
Town of Fairmont
421 South Main Street
Fairmont, NC 28340

Mayor and Board of Commissioners,

The following information is details on the upcoming 2025-2026 Fiscal Year Budget and comprises the budget message for our Governing Body and Citizens of the Town of Fairmont. The total budget is \$4,712,963. Here, we discuss the town's annual operating budget which is composed of three permanent funds: General Fund, Powell Bill Fund, and the Water and Sewer Fund.

General Fund

The total budget for the General Fund is \$2,832,531. The tax rate remains the same at \$0.73 per hundred-dollar valuation. The current valuation for properties located within our town limits is \$1,046,735.00 and the tax revenue of \$983,931.00 is based on a 94% collection rate. Based on our current Solid Waste contract, we will see a 4.9% increase in sanitation expenses. Expenses for the General Fund include a proposed 2.5% pay raise for employees. I have estimated other expenses to the best of our ability due to the unknown impact of inflation and market conditions.

Powell Bill

The total budget for Powell Bill is \$156,058. We estimate receiving \$100,640 from our annual state allocation and using \$55,418 in fund balance. One part-time employee will be paid out of this fund. Our current plans are to pave two streets this coming fiscal year – Linden and Mulberry Streets. These have been deemed a priority by the Town Manager because of the school on Linden Street and the Rural Fire Department being located on Mulberry. Paving these streets allows for safer roads for our buses and first responder vehicles.

Water/Sewer Fund

The total budget for the Water/Sewer Fund is \$1,724,224.00. The minimum usage for water customers is 1,000 gallons, since 50% of our 1,180 customers use 2,000 gallons of water or less each month. The town remains on the Distressed Utility List and the Local Government Commission is closely monitoring our finances.

Expenses for the Water/Sewer Fund include pay raises for our employees to retain our employees who maintain an aging water/sewer infrastructure. We have used liberal analysis to estimate expenses for the water/sewer fund using current known, but unaddressed issues, and unforeseen repairs. The water/sewer fund budget may be amended during this fiscal year as we seek to amend our interlocal agreement with partner towns in our system. On or about 1 January 2026, Fairmont may assume the overall ownership, operation, and maintenance of four additional water systems along with the collections systems.

Other Considerations

Financial. It is of my view that the town remains in a favorable financial position. While risks have been minimized, we cannot prevent what we cannot predict. The staff and I are committed to running an effective and efficient government while at the same time reducing costs without reducing the level of service that our board of commissioners and citizens expect of the town. The Town was appropriated \$300,000 for the purchase of Public Works Vehicles and \$7,000,000 for water repair projects. The funding for those two projects was rescinded, due to no fault of the town.

Community Development. Over the last year, the town has seen considerable interest in development projects. The town approved three subdivisions in the extra-territorial jurisdiction during the last fiscal year. The current plans are for the town to consider three additional subdivisions in the current fiscal year. Numerous homes have been replaced through the NC Rebuild Program and the CDBG-NR Programs, enhancing the quality of life for our citizens and increasing property values and tax revenue for the town.

Town-owned facilities and properties. Plans are underway to recommend the repurpose of some of our town-owned facilities and properties to enhance and generate revenue. With the allocation of \$3.25million, we will also see the planning, design, and construction of our new Town Hall complex during this fiscal year. These complex initial designs are to create an efficient space for our Administration, Police, and Utility Collections Departments, along with a meeting space for the Board of Commissioners and Planning Board.

Critical needs (unfunded). While this draft budget contains Capital Outlay for two new Police Vehicles, this budget inclusion should satisfy their near-term needs, and we do not expect to purchase additional vehicles for the Police Department until the 2027-2028 budget season. The Public Works Department will receive a new vehicle this upcoming fiscal year along with the rest of the fleet receiving upgraded vehicles through the NCDOT Surplus Program. We have applied for grant funding for other critical needs such as a new sewer flusher/vacuum truck, fire truck, and Public Work Utility Vehicles through Federal and State agencies.

Lastly, this budget does not contain appropriations for properties with significant Code Enforcement issues, Small Business Assistance, and minor home repairs for the most vulnerable of our population. The Town Manager will continue to work with property owners to correct property deficiency issues, and partner with community organizations to raise funds for small business assistance and minor home repairs.

This budget has been prepared in accordance with the North Carolina Local Government Budget and Fiscal Control Act as required by NC GS 159-7. As required, all funds with the budget are balanced along with all revenue and expenditure estimates being identified for FY 2025-2026.

Respectfully submitted,



Jerome Chestnut
Town Manager