



Town of Mocksville

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May 6, 2025

The Honorable Will Marklin, Mayor
Town Board of Commissioners
Town of Mocksville, North Carolina

Dear Mayor and Board of Commissioners:

In accordance with N.C.G.S. 59-11, I am pleased to submit for your consideration a proposed budget for Fiscal Year 2025-2026. The budget is balanced with respect to revenues and expenditures and meets all requirements of the North Carolina Local Government Budget and Fiscal Control Act.

Additionally, in accordance with NCGS 159-11(c), I am including the revenue-neutral tax rate as required in reappraisal years. The statutory calculation increases the current year’s revenue by the average annual growth rate experienced by the local government’s tax base since the last reappraisal. The average percentage increase is 4.87%. Please note that the “revenue-neutral” aspect of the revenue neutral tax rate refers to the aggregate tax burden for the entire jurisdiction, not the tax burden for individual taxpayers.

Fiscal Year 2025-2026 Tax Revaluation

2024-2025 Property Base Value	\$1,290,100,390
2025-2026 Property Base Value (Revaluation)	\$1,634,201,960
Difference (Base Value)	\$ 344,110,570

Revenue-Neutral Tax Rate adjusted for Growth \$0.2401 cents per \$100 dollars of value

Town Vision Statement

The Town of Mocksville will effectively balance its historic roots and values with the need to revitalize, renew and modernize the Town for the benefit of all its citizens. The Town will become a leading destination for safe and sustainable residential, commercial and industrial development with a vibrant downtown district.

The proposed fiscal year 2025-2026 budget, with input from the Leadership Team and the Board of Commissioners is intended as an incremental step toward achieving the Town’s vision.

Overview of Fiscal Year 2025-2026 Budget

On Tuesday, March 25, 2025 town staff facilitated a budget session to seek Board input to complete a final proposed budget for consideration. Given the ongoing multi-year strategic initiatives, the Board communicated a desire to keep the current tax rate of \$0.29 cents per \$100 dollars of value for the 2025-2026 budget year and re-assess next year. Therefore, the proposed 2025-2026 General Fund Budget is balanced at **\$8,484,803**.

General Fund Priorities

1. **Support land use planning and policies that provide for sustainable growth while balancing small town characteristics**
 - Invest in updating the Town's Comprehensive Plan, Land Use Plan and Zoning Ordinance.
 - Provide updated public input opportunities to guide future development.
 - Re-establish the Town as a North Carolina Main Street Program community.
2. **Ongoing investment in sustainable infrastructure**
 - Completion of pedestrian friendly sidewalk projects connecting people to downtown.
 - Re-establish an annual street paving and maintenance program.
 - Ongoing engagement with the Development Finance Initiative to create a transformative public/private partnership for the former Energy United property adjacent to downtown.
 - Fund requested Capital Improvement Plan priorities for greater work efficiency and safety.
3. **Retain and recruit a highly skilled workforce**
 - Invest in Town staff with a one-time five percent over-all pay increase.
 - Conduct a pay study to guide future thinking as it relates to competitiveness with surrounding employers. The current pay study was crafted in 2019.
 - Recruit one additional firefighter that creates two firefighters per shift. This provides for internal departmental safety and efficiency.
 - Increase Board compensation to keep parity with other like sized units of government and acknowledge the investment of time elected officials make for the betterment of the town.

Fund Balance

Based on our most recent audit for the period ending June 30, 2024, unassigned fund balance was **\$9,945,804** which was **160%** of General Fund expenditures. Maintaining a healthy fund balance is essential for sound fiscal management of the Town and can be a valuable asset for emergencies and one-time opportunities. I am pleased to report to the Board that the budget does not appropriate any fund balance for FY 2025-2026.

Debt

The Town budgeted to make its last payment **\$100,000** on debt service in the General Fund for FY 2025-2026. This will close out the REDLG loan through USDA to extend utilities to Gildan in 2015 as an economic development project with Davie Industrial Center, LLC.

General Fund Revenues

Ad Valorem (real property) taxes account for the largest source of revenue for the General Fund and make up **51.6%** of all General Fund revenues.

It is recommended the Ad Valorem tax rate be set at **the current rate of (\$0.29/\$100)** which will generate **\$4,379,114** for FY 2025-2026. Of note, the top ten largest tax payers attribute approximately forty percent of these revenues. This speaks positively to on-going economic development initiatives.

Projected Sales and Use tax collections are budgeted at **\$1,500,000**. This is in line with recent years. Given the current economic uncertainties and a three-month lag in receiving sales tax revenue from the state, our team will closely monitor.

Contracted Services

There will be a **3%** increase for the law enforcement contract with Davie County Sheriff's Office as stipulated in year two of the current five-year agreement. **Budgeted: \$1,545,000**

There will be a **5.2%** increase for residential trash and recycling pick up from Republic Services. Residents will see an increase of \$4.86 per billing cycle with their water and sewer bill. It is recommended the General Fund no longer subsidize this service from real property taxes. **Budgeted: \$475,032**

General Fund Capital Projects

The Capital Improvement Plan (CIP) is a multi-year plan for capital related expenditures of \$5,000 or more. The 2026-2030 CIP is presented as a separate document for your review. The capital requests as presented by department heads has been incorporated into the proposed 2025-2026 budget. The majority of capital items are for equipment end of life replacement.

Overview of FY 2025-2026 Water and Sewer Enterprise Fund

The Water and Sewer Fund was established as an enterprise-type activity for the Town. It is meant to be self-sustaining with its own revenue stream. The Town owns and operates a 2.0 MGD water treatment plant and 1.0 MGD wastewater treatment plant. Of note: The Town will enter into a bulk water purchase agreement with Davie County Public Utilities by year end 2025. The Town's Water Treatment Plant will be decommissioned and water will then be provided by the new Davie County water treatment plant in Cooleemee. Calculations have shown this approach toward the regionalization of utilities will slow the rate of increasing year over year costs.

It is proposed the FY 2025-2026 budget for the Water and Sewer Fund be set at **\$5,949,296**. This includes a **6%** water rate and **14%** sewer rate increase recommended by a rate study conducted by Raftelis. The rate increases are necessary to keep up with on-going state and federal regulations to operate these systems.

Debt

The Water and Sewer Fund includes annual debt service of **\$239,852** for a 20-year loan. The loan paid for needed capacity upgrades to the wastewater treatment plant.

Water and Sewer Fund Capital Projects

As with the General Fund, the Board of Commissioners approved the establishment of Capital Reserve Funds for the Water and Sewer Enterprise Fund. Capital Reserve Funds serve as a long-range financial planning tool to finance future capital projects. Proposed budget capital projects for FY 2025-2026 are \$250,000 for ongoing water line replacements and \$250,000 for ongoing sewer line replacements.

Conclusion

I want to thank our leadership team of Brian Moore, Chris Vaughn, Emily Quance, Jeanette Pitts and Frank Carter, who have enthusiastically engaged since my arrival on March 17th. I am also grateful to Assistant Manager/Finance Director Lynn Trivette and Administrative Specialist Lead Rana Gaither for providing the "heavy lifting" to the proposed budget enclosed with this message. It will come as no surprise to you that the transition has been a seamless one due to such professionalism coupled with the desire to be their best.

Our "Town Team" is committed to providing the information you need, sound recommendations for good government when requested, and thorough and cost-effective implementation of services for town residents.

Yours in public service,

H. Lee Rollins

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Town Manager