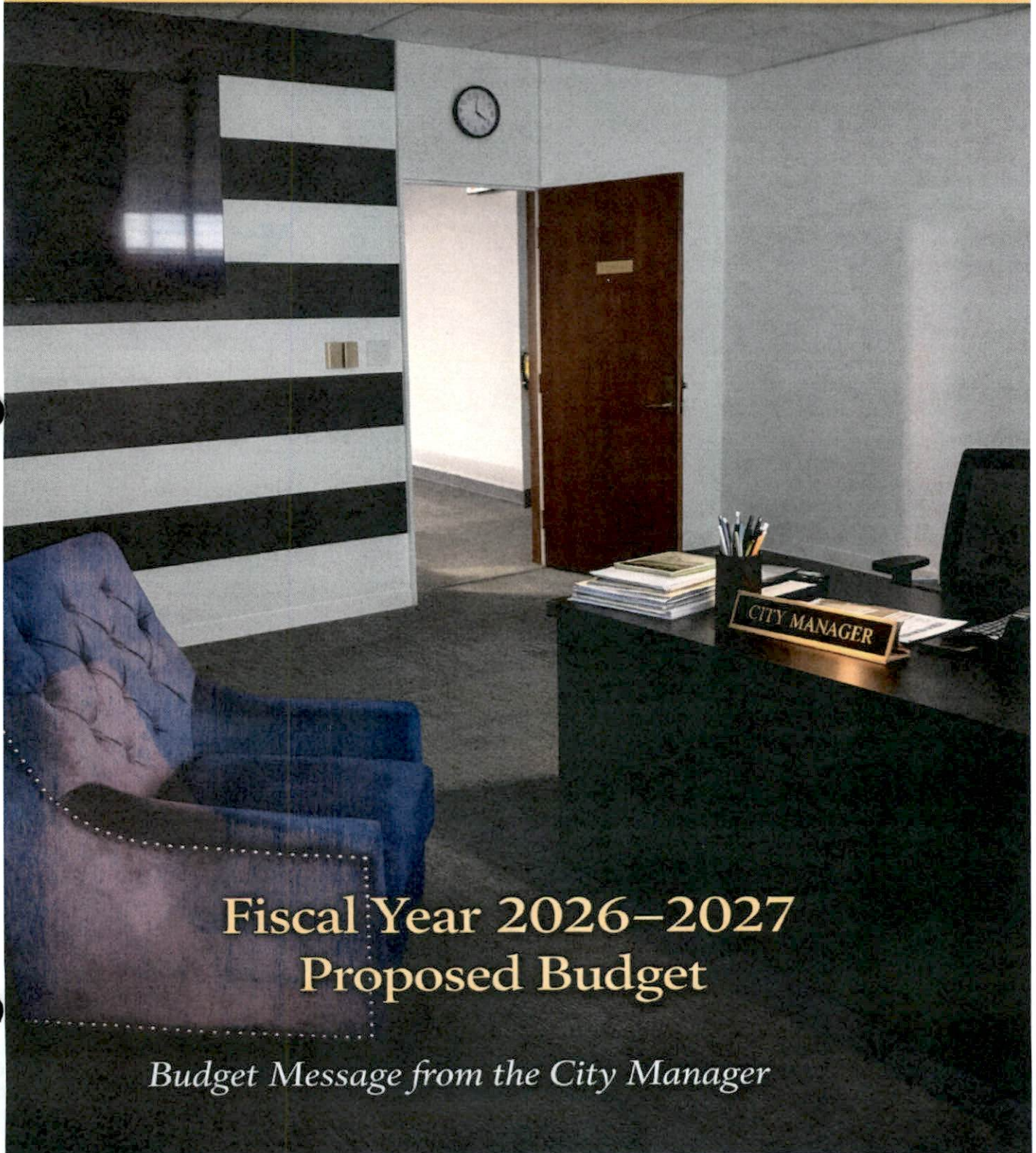


# Budget Message



**Fiscal Year 2026–2027  
Proposed Budget**

*Budget Message from the City Manager*

MAYOR  
EDWARD KIRK RIVERS  
MAYOR PRO-TEM  
JOHNSON BIGGS  
CITY MANAGER  
REGINALD GOODSON  
CITY CLERK  
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FREDERICK D. GIBBS (JAVIS)  
RONNIE MORRIS  
JOSEPH W. PEEL  
TIM JACKSON  
ROSE M. WHITEHURST

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## CITY OF ELIZABETH CITY

April 6, 2026

Honorable Mayor, Members of City Council, and Citizens of Elizabeth City:

I am pleased to present the City of Elizabeth City's budget message. This balanced budget constitutes the City's revenue and expense authorization for Fiscal Year (FY) 2026-27 as required by North Carolina law. This budget reflects our commitment to responsible fiscal management, strategic investment in critical infrastructure, continued service improvements for our residents, and competitive salaries for City employees.

As proposed, the General Fund has a recommended tax rate of \$.59 per \$100 valuation, which reflects no increase. Tax revenues must be based on the prior year's tax collection rate. The prior year's collection rate for the total levy was 97.08, 96.78% for ad-valorem and 100.00% for registered motor vehicles through the North Carolina Vehicle Tax System (NCVTS) billed and collected through the State. Based on this collection rate, a \$.59 tax rate on an implied taxable valuation of \$1,816,000,000 would generate \$10,332,000.

The FY 2025-26 annual budget includes all the City's funds that are funded and operate on an annual basis: General, Electric, Water/Sewer, Stormwater, and Solid Waste. The annual operating budgets for the General Fund, Electric Fund, Water/Sewer Fund, Stormwater Fund and Solid Waste Fund are \$33,179,758, \$38,585,815 \$16,222,800 \$674,000, and \$2,754,000, respectively. The FY 2026-27 Budget include increased utility rates for Electric, and Solid Waste to allow for an appropriate amount of available funds in each fund to continue to operate and purchase some needed new equipment to replace the outdated equipment. Once the Feasibility Study has been completed that will include recommendations to the City's rate structure for the City services for water and sewer and electricity, Council and staff can revisit those rates.

### **Financial Overview**

The City's General Fund balance remains strong; as of June 30, 2025, the City's General fund balance available was 71.25%, which is significantly higher than the 45-46%, which per the Local Government Commission (LGC) is needed to stay in line with our peers. This solid financial position will allow us to fund essential capital across the General Fund departments again for the second consecutive year. In the FY 2026-27 Budget, currently, \$3,500,000 of fund balance is appropriated, we are fortunate to be able to fund much needed capital (e.g., outlay and improvements) as well as some additional one-time (e.g., non-reoccurring) operational needs.

## Capital Investments

Due to the strong fund balance in the General Fund, this budget prioritizes one-time payments of \$3,065,115 in capital investment that is concentrated in public safety, street and fleet equipment, parks facilities, facilities and buildings, and technology improvements that support long-term service reliability, some of which include:

- Police Department: \$500,000 for new metal structure at the armory, body cameras, mobile command unit, and upgrade electrical infrastructure
- Fire Department: \$73,500 for replacing 5 SCBA's, and Rescue Jack for vehicle stabilization
- Public Works Department: \$791,000 for fleet maintenance equipment, street equipment, and street resurfacing.
- Parks & Recreation Department: \$1,181,615 for repairs at Coast Guard Park and construction of Mariner's Wharf Stage.
- IT Department: \$62,000 for fiber upgrades.
- Multiple Departments: Continuation of the Capital Lease Agreement with Enterprise for leased vehicles for several City Departments.

## One-Time Operating

- Legislative: \$50,000 for Community Outreach
- Police Department: \$80,000 Upgrade Radio system, purchase of Apprehensive K-9, and Community Safety Initiative
- Fire Department: \$70,000 Purchase Firefighters turnout gear
- Multiple Departments: Upgrade of various equipment to enhance efficiency and deliver better, more reliable services to our citizens.

## New Positions

This budget strategically adds positions in critical service areas, including public safety, utility operations, and sanitation, to ensure service levels are maintained and operational demands are met. The new positions requested in the FY 2026-27 Budget include:

- Administration: Hiring of Public Information Officer to help provide transparent and accurate information to the public.
- Police Department: Hiring of five sworn positions that were previously frozen. On March 23, 2026, the City Council unanimously voted to unfreeze these five positions. These five positions will support patrol coverage, response times, and public safety operations.
- Public Utilities Department: Hiring of two plant maintenance positions, and one Water Plant Operator. These positions will support operational reliability and regulatory compliance.
- Public Works Department: Hiring of one Equipment Specialist position, Street Technician and a part-time Street Sweeper. These positions will support service delivery and equipment operations.

## Employee Health Plan

The FY 2025-26 Budget included a transition from Cigna to Blue Cross and Blue Shield, resulting in cost savings of \$113,000. Those savings allow us to reduce the rate for coverage of dependents from \$1,283 per month to \$771 per month. The FY 2026-27 Budget continues our relationship with Blue Cross and Blue Shield.

## Employee Compensation & Benefits

- A 3% Cost of Living (COLA) raise for employees.
- Continued longevity pay and a \$500 Christmas bonus for employees.

The employees received a \$1,000 bonus last fiscal year; the 3% COLA will increase the employee's annual salary and has a direct benefit on their monthly retirement contribution. The bonus does not increase the employee's annual salary and thus no benefit towards their retirement.

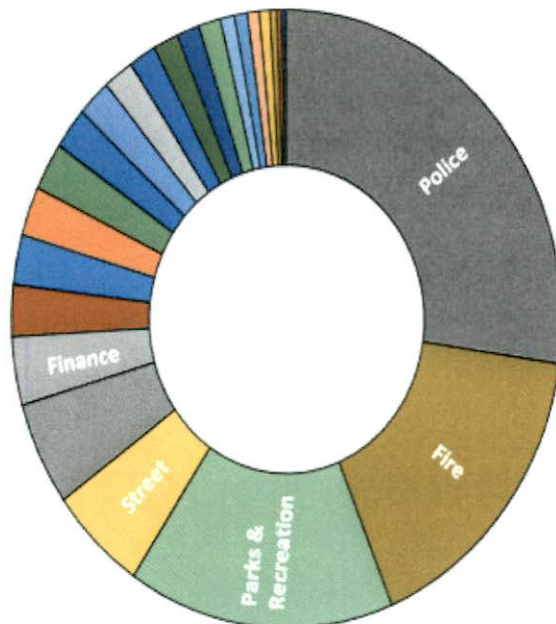
## Continuation of the Vehicle Fleet Program

This is the second year that the City will participate in the Enterprise Vehicle Fleet Program. The FY 2025-26 budget purchased thirty new vehicles to the fleet at a cost of \$599,009.00. The FY 2026-27 Budget identifies the purchase of thirty vehicles at a cost of \$385,500.00.

## General Fund Overview

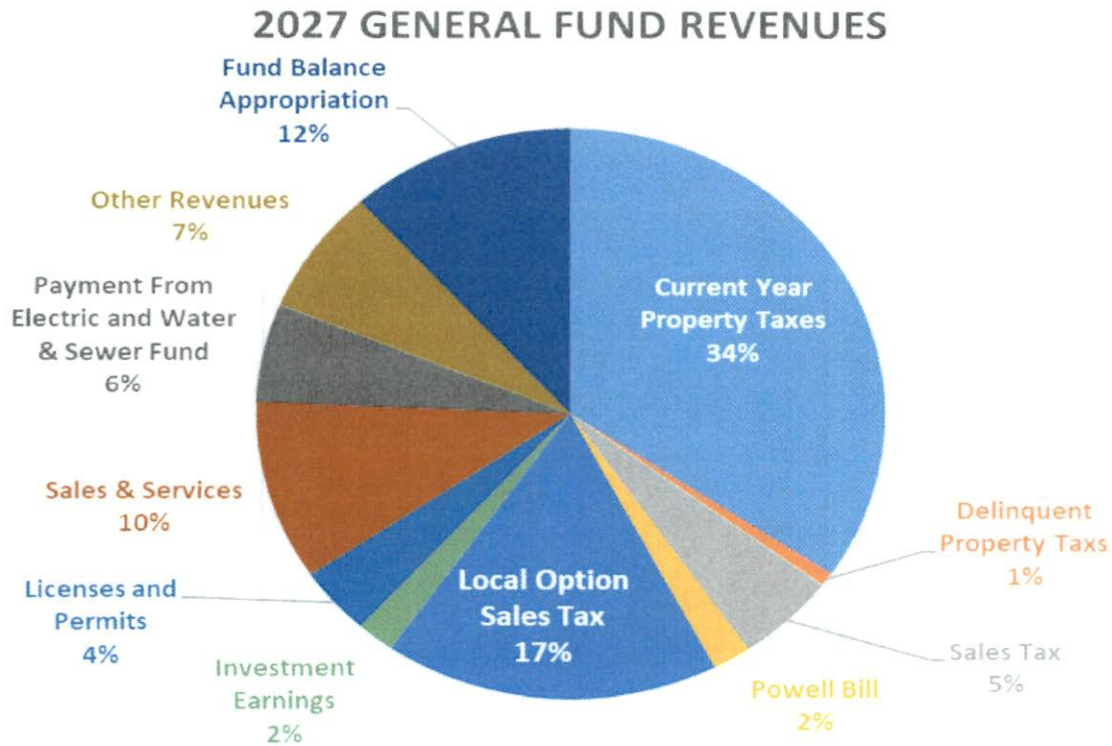
The General Fund is the City's primary governmental fund; it accounts for approximately 36% of the City's total operating funds, which are depicted as follows:

### 2027 General Fund Expenditures



## General Fund Revenues

The General Fund's primary sources of revenue consist of Property Tax and Local Option Sales Tax. Other significant revenues in the General Fund include Powell Bill Funds, Investment Earnings, Licenses and Permits, Sales and Services and other Sales Taxes, and Other revenues. In addition, the General Fund received other funding sources from the Electric Fund and Water & Sewer Fund for return on investment and cost allocation. As shown in the following pie chart, approximately 51% of all General Fund revenues are from Property Tax and Local Option Sales Tax revenues:



## Property Tax Revenue

Property Tax revenues consist of Real Property Values, Personnel Property Values, Public Service Companies, and Registered Motor Vehicles.

For FY 2025-2026, the assessed value is expected to increase with the opening commercial, multi-family developments, and single-family dwellings coming on-line by June 30, 2026. Although historically, our property tax rate growth has been very modest, growth in the assessed values does increase the tax base which does help funding to provide services and improvements for our community.

## Local Option Sales Tax Revenue

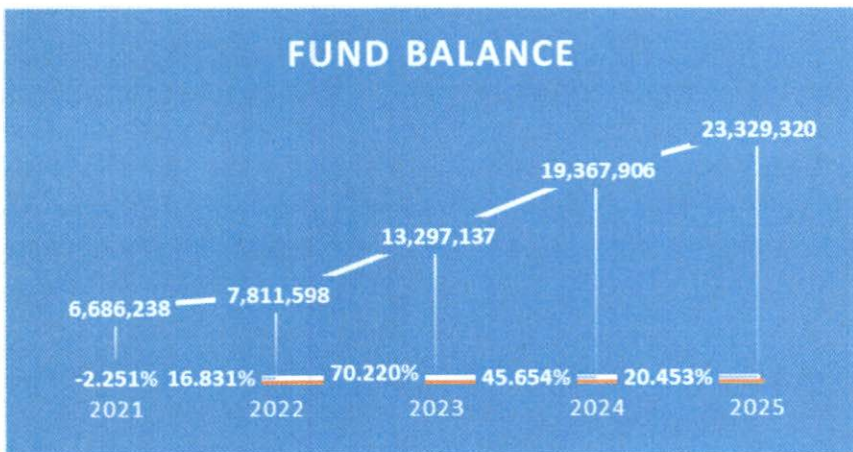
Local Option Sales Tax revenues have continued to increase since FY 2020-21, which is a representation of the continued growth of the City and its regional impact on Northeastern North Carolina. Local Option Sales Tax revenues are projected to end FY 2025-26 at approximately \$5,527,500, which is an increase of approximately 1% from the prior FY 2024-25 actual. The following line graph depicts the change in Local Option Sales Tax revenues (in millions) for the City since FY 2021:



### Fund Balance Appropriated

Fund Balance Appropriated is included when projected expenditures exceed the projected revenues for a balanced budget. There was no fund balance appropriated in the original budget for FY 2025-26. However, because of the significant growth in our General Fund's fund balance as of June 30, 2025 at 71%, which is higher than the LGC recommended percentage to be in line with our peers, the City appropriated fund balance in the original FY 2026-27 budget for much needed capital purchases. Because of strong fiscal management, the fund balance as of the end of FY 2024-25 was at 71.25%. This strong fund balance again allows the City to appropriate fund balance in the FY 2026-27 proposed budget. Therefore, it is being recommended in the original budget as of July 1, 2026. The intended use of this fund balance appropriation is for one-time capital outlay and operating needs, which is an allowed use of fund balance and is planned spending of fund balance.

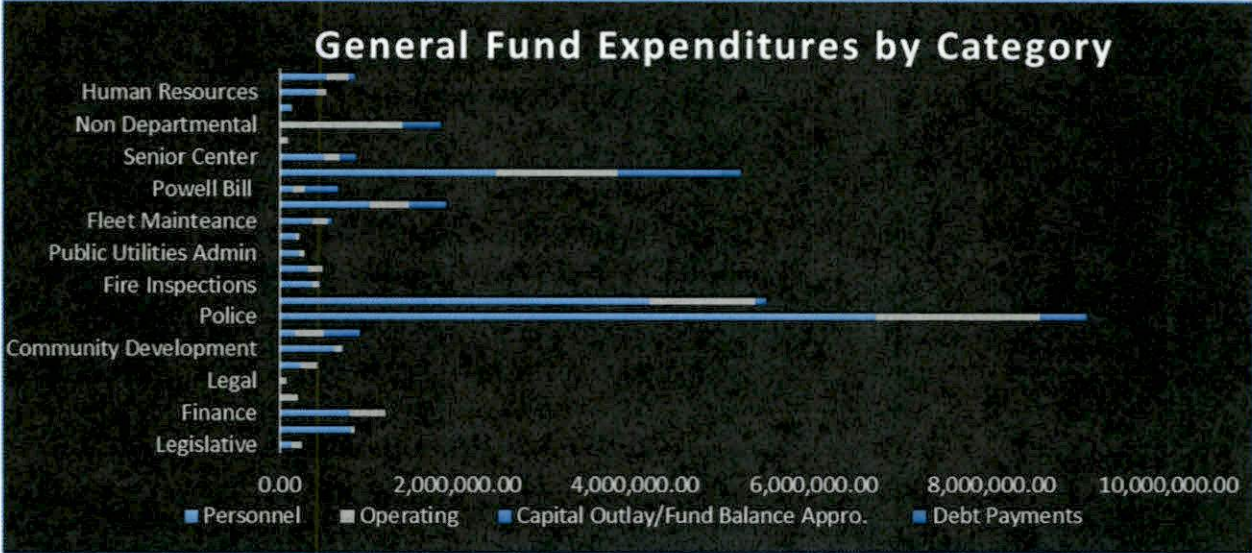
The following shows the total General Fund balance for the past five fiscal years, along with the percentage growth each year.



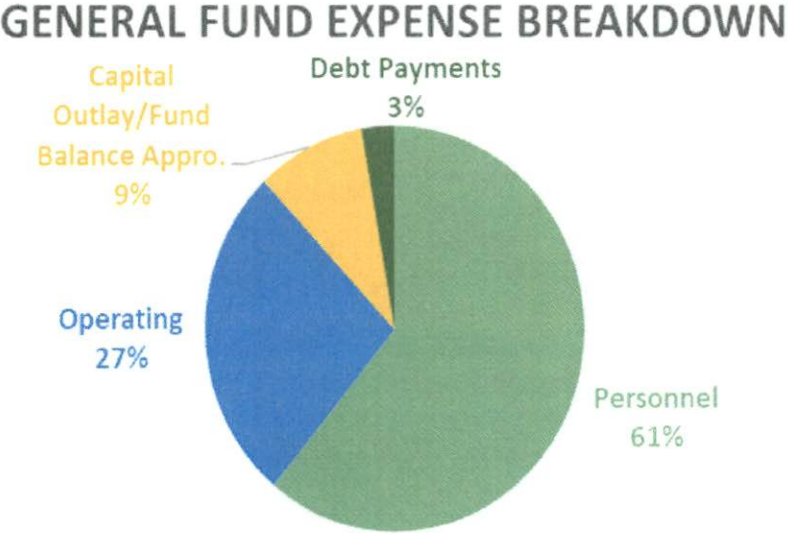
### General Fund Expenses

According to the North Carolina Local Government Budget and Fiscal Control Act, each local government must project an annual balanced budget, assuming all revenues will be used to pay

for expenditures on a one-to-one basis; therefore, revenues must equal expenditures. General Fund proposed expenditures for the FY 2026-27 Budget is \$33,179,758, respectively. The following is a breakdown by category:



The following is the percentage allocation of General Fund expenditures by expense category for the FY 2026-27 Budget:



## **OTHER FUNDS**

### **Electric Fund**

The Electric Fund is an Enterprise Fund established to support the City's Electric Management Program, which includes Electric Distribution and Energy Management services. The FY 2026–27 budget includes a proposed 4% rate increase for electric services.

Revenues for the Electric Fund totaled \$33,631,974 in FY 2023–24 and \$35,972,538 in FY 2024–25, and are projected to reach \$37,394,237 by the end of FY 2025–26. For FY 2026–27, revenues are projected at \$38,585,815.

### **Capital Investments**

- Purchasing: \$68,500 for gate repair, building improvements, and the purchase of a new dump trailer.
- Electric Distribution: \$885,000 for purchase of a new bucket truck, breakers, switches, and infrastructure.
- Energy Management: \$100,000 for purchase of a generator for the substation.

### **Water and Sewer Fund**

The Water and Sewer Fund is an Enterprise Fund established to implement the City's Water and Sewer Management Program. This fund includes the Water Treatment Plant, Wastewater Treatment Plant, and Water and Sewer Maintenance. Actual revenues increased from \$12,896,957 in FY 2023–24 to \$14,550,041 in FY 2024–25. Based on current trends, revenues are projected to total \$15,600,000 by fiscal year-end 2025–26, with the FY 2026–27 budget set at \$16,222,800.

### **Capital Investments**

- Water Treatment: \$370,966.42 for the repair and replacement of decant piping, internal decant valves and isolation valves for each unit.
- Wastewater Treatment: \$568,000 for repairs and upgrades to aeration basins, lime batch tank replacement, and 6" bypass pump
- Water & Sewer Maintenance: \$1,450,500.00 for pump stations upgrades and lift station cleanings, various line replacements and upgrades, hydrant replacements. New machinery and Vac truck

### **Stormwater Fund**

The Stormwater Fund is an Enterprise Fund established to support the City's Stormwater Management Program. Revenues are generated through a dedicated stormwater fee to fund program operations and ongoing infrastructure needs.

Stormwater Fund revenues totaled \$848,562 in FY 2023–24 and \$705,568 in FY 2024–25, and are projected to reach \$684,422 by the end of FY 2025–26. Revenues for FY 2026–27 are projected at \$674,000.

## **Solid Waste Fund**

The Solid Waste Fund is an Enterprise Fund established to support the City's Solid Waste Management Program. The FY 2026–27 budget includes a proposed \$6 increase in collection service rates.

Revenues for the Solid Waste Fund totaled \$2,003,320 in FY 2023–24 and \$2,157,532 in FY 2024–25, and are projected to reach \$2,200,000 by the end of FY 2025–26. For FY 2026–27, revenues are projected at \$2,754,000.

## **Capital Investments**

- Sanitation: \$730,000 to purchase a new trash truck and a new leaf truck

## **Future Considerations**

While this budget does not include all the City's department's requests, it does position the City to increase the level of service to our citizens in several areas including, but not limited to, police, fire, infrastructure, streets, parks, technology, new positions, security cameras, building and ground improvements, capital needs, etc... The City is experiencing a tremendous amount of growth in the Halstead Boulevard Extended Corridor area. Due to this growth, the electric and the water and sewer infrastructure must be upgraded to support the growth. The \$130,000,000 Five Year Capital Improvement Plan identified \$32,000,000 for three capital projects that include an electric substation, ten deep water wells, and a fire station. The City Council hired a Bond Attorney, and a Financial Consultant to guide them through the process of selecting the most appropriate bond (e.g., financing type), and the best method to fund the three projects. The most urgent capital project is the electric substation that is vital to growth of this area. The City Council has been progressive in funding over \$500,000 of electrical equipment in an effort to decrease the amount of time it takes to bring the electrical substation on-line. This progressive move by the City Council will result in the completion of the electrical substation in the summer of 2027, decreasing the original timeline by more than a year.

A Water and Sewer rate study was completed in 2024. An Electric Cost of Service Study was completed in March 2026 by Utility Financial Solutions, a company that was recommended by EletriCities. The results of the Cost of Service Study were submitted to Raftellis to include in a comprehensive feasibility/rate study for electric and Water & Sewer. The comprehensive feasibility/rate study was not completed before this FY 2026-27 Budget and this budget message. Therefore, the Budget Team included rate increases for all the enterprise funds to increase the available funding of the electric fund to purchase equipment and add new positions to increase the level of service to the citizens. The comprehensive feasibility/rate study for these Enterprise Funds will be completed prior to the adoption of the FY 2026-27 Budget and adjustments to the FY 2026-27 Budget will be considered by the City Council.

City staff remains dedicated to sound fiscal management and making strategic investments that enhance services and infrastructure while maintaining financial stability. I appreciate the support of the City Council in ensuring that this budget aligns with the needs of Elizabeth City's residents. Together, we will continue to make responsible and impactful decisions for our community.

## **SUMMARY**

The FY 2026-27 Budget balances revenues with expenditures as required by State law. The budget was created with the goal of addressing the objectives and priorities established by the City Council, and providing financial resources necessary to continue City services at current and future levels, fund some capital outlay and projects, add several positions to help maintain the City's operations, continue the vehicle fleet program, provide a 3% COLA for the employees, and continue the employees' health plan with Blue Cross and Blue Shield.

I would like to thank the City's department heads and staff for their dedication and commitment in the preparation of this FY 2026-27 Budget. I would specifically like to recognize the contributions of the Budget Team: Chief of Staff Monica Cole, Interim Finance Director/ Budget Manager Brian Lewis, Senior Accountant Heather Corbett, Data Processing Manager/ Internal Auditor LaToya Harper, and Financial Consultant Susan Tezai.

Respectfully submitted,

Reginald Goodson, Esq.  
City Manager