

May 26, 2026

The Honorable Reid Washam, Mayor
Members of the Town Council
McAdenville, North Carolina

Subject: Proposed Budget for Fiscal Year 2026-2027

Dear Members of the Town Council:

It is my privilege to present the proposed Fiscal Year 2026-2027 Municipal Budget for the Town of McAdenville. This document serves as our financial blueprint for the coming year and has been prepared in full accordance with Chapter 159, Article 3 of the North Carolina General Statutes, known as the Local Government Budget and Fiscal Control Act.

Executive Summary

The proposed budget reflects the Town's continued commitment to high-quality public service, prudent fiscal management, and strategic investment in long-term infrastructure. It also embodies the shared vision of the Council and staff to enhance quality of life while preserving McAdenville's unique small-town character and sense of community.

As municipalities in our region continue to navigate evolving economic conditions, including inflationary pressure, managing growth, and transitions within longstanding industries, McAdenville remains focused on thoughtful planning and stability. While these conditions require careful financial planning, they also create opportunities to strengthen operations, modernize infrastructure, and position the Town for long-term success.

This budget reflects a balanced and measured approach that prioritizes essential services, infrastructure maintenance, and responsible stewardship of public resources. Staff and Council remain committed to maintaining financial stability while continuing to invest in projects and initiatives that support resident well-being, strengthen economic vitality, and preserve the character that makes McAdenville special.

Budget Highlights

The total proposed budget for FY2026-2027 is **\$2,366,300.00**, reflecting an increase of 12.6% or \$266,300.00 over the prior year. This funding will support vital public services, infrastructure enhancements, and capital improvements, including:

- **Maintain current service levels for Police, Fire Protection, & Waste Collection**
- **Street Resurfacing and Pedestrian Safety Improvements**
- **Complete Engineering of the River Link Sidewalk Connector**
- **Modernization of aging water infrastructure**, primarily through secured grant funding

The proposed budget positions the Town to continue advancing critical infrastructure improvements while maintaining the elevated level of service residents expect. Through conservative budgeting practices, strategic grant funding, and careful operational planning, McAdenville remains well positioned for long-term stable and future growth.

Water / Sewer Fund

Over the past three years, the Water & Sewer Fund has experienced significant revenue declines resulting from the loss of the Town’s industrial customer base. Coats International announced the closure of its McAdenville operations in October 2023, followed by Mannington Mills with the closure of the Complex 46 plant in December 2025. Historically, these textile manufacture facilities were the system’s largest water users and provided a stable and dependable source of revenue for the Town. The closure of the Mannington Mills facility alone is projected to reduce water sale revenues by approximately 25% in FY2026-2027. In response to these ongoing challenges, staff maintained a conservative budgeting approach to ensure adequate cash flow for normal operations and essential maintenance activities without the use of fund balance reserves.

Current capital improvement projects identified in the Town’s Water & Sewer system are estimated to cost just over \$16.7 million dollars.

Sewer Collection	Note	
Pharr Line - Northern Section	2030	
Pharr Line - Southern Section	2030	\$ 4,926,617.00
Poplar Street & Aviary Court	2030	
Water Distribution		
Correct Cross-Connetion at Industrial Facilities		
Wesleyan Drive Interconnect	2026	\$ 3,749,048.00
Ford Drive & Oak Drive - Line Replacement		
Poplar Street & Aviary Court - Line Replacement	2026	\$ 3,269,750.00
Pine Street & Fir Street - Line Replacement		
McAdenville System - PRV Replacement	2026	\$ 325,000.00
Ford Drive PRV & Line Extension - 6" HP Fireline	2027	\$ 275,000.00
Main Street - New 12" Extension	2027-28	\$ 4,000,000.00
Mockingbird Line - Abandon 2" & reconnect customers	2029	\$ 200,000.00
	Total:	\$ 16,745,415.00

Current Water & Sewer reserves of \$1.9 million can be utilized for maintenance projects and emergency repairs but the Town remains dependent on grant funding for larger capital improvement projects. To date, the Town has been awarded over \$7 million dollars in grant funding from the Division of Water Infrastructure (DWI); an achievement that significantly advances critical system improvements while minimizing future debt obligations and taxpayer burden. The Water System Improvements grant for \$3,749,048.00 and the Water System Rehabilitation grant award for \$3,269,750.00 are in construction and on schedule to be completed by December 2026. A new grant award from DWI for \$4 million dollars is pending for the Main Street Interconnect Project. This project will support the merger efforts with the City of Gastonia by consolidating the Town’s two water systems and providing the capacity and redundancy necessary to support future development. Engineering for the watermain extension is expected to begin in FY2026-2027 once the grant award is finalized. There are two additional maintenance projects planned in the new budget including a PRV replacement project and fire line extension for Ford Drive which will be funded with Water & Sewer reserves. Staff’s successful efforts in obtaining grant funding for major capital improvements for water infrastructure will reduce the current CIP by 70% with remaining projects totaling just over \$5 million dollars.

The Town contracts with the City of Gastonia for bulk water purchases and sewer treatment. The City of Gastonia is proposing a 7.5% increase in municipal wholesale rates in FY2026-2027. This increase combined with the 25% reduction in revenues due to the Mannington Mills closure required careful adjustments to maintain operation stability. To generate the funding necessary to support the Water & Sewer operations a 5% rate increase and implementation of Industrial Availability Fees are necessary. For the average residential customer using 5,000 gallons per month, the increase will be approximately \$5.88 monthly. McAdenville’s rates will remain within the median range of similar sized municipalities according to the UNC School of Government utility rate dashboard. The new rate schedule will be effective on all billings after July 1, 2026.

General Fund

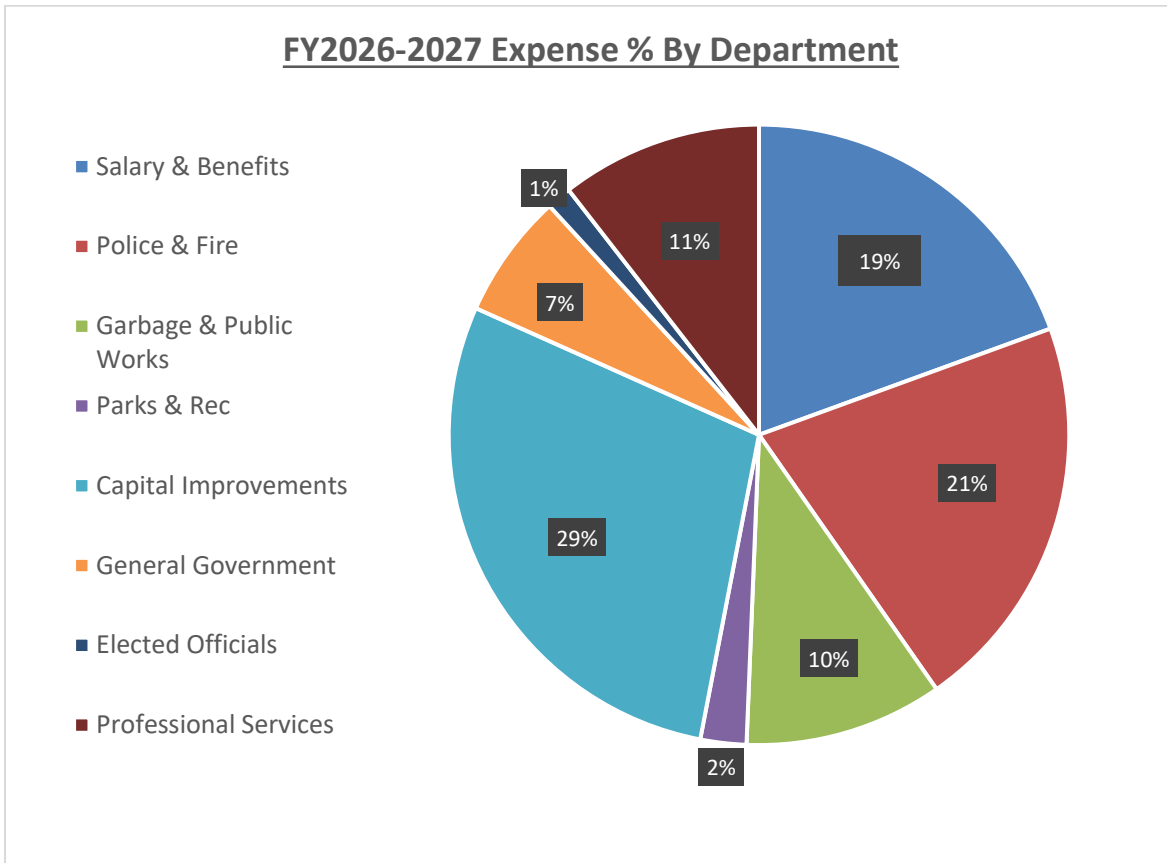
The recommended General Fund budget includes a modest adjustment to the ad valorem tax rate to \$0.42 per \$100 assessed valuation. This adjustment is necessary to maintain the Town’s financial stability, preserve current service levels, and support planned capital investments. Fund Balance appropriations in the amount of \$350,000 were necessary to balance the budget.

Gaston County’s projected total net taxable value for McAdenville is \$161,736,284.00 as of January 1, 2026. Estimated revenues are \$670,257.80 at a 98.67% collection rate. It is important to note that the real property valuation remained static, but the personal property valuation decreased by 49.5% or \$19 million dollars in FY2026-2027 mainly due to the closure of the Mannington Mills manufacturing facility.

The department breakdown for expenditures in the General Fund is as follows:

Salary & Benefits	\$ 342,000
Police & Fire	\$ 367,000

Trash & Public Works	\$ 182,000
Parks and Recreation	\$ 42,100
Capital Improvements	\$ 504,200
General Government	\$ 114,450
Elected Officials	\$ 22,600
Professional Services	\$ 185,000
Total	\$ 1,759,350



General Fund expenditures are projected to increase by 5.17% from FY2026 to FY2027, with the largest increase occurring within Capital Improvements. This increase is primarily attributable to the River Link Connector Project, which required a local match of \$350,000 in support of the Town’s \$2.5 million CMAQ grant award. The River Link Connector Project represents a transformational investment in pedestrian connectivity, accessibility, and regional mobility. Excluding the capital investment associated with the River Link Connector Project, overall FY2027 expenditures would have increased by only 1.8%, reflecting the Town’s continued commitment to conservative and disciplined budgeting practices.

Public safety services remain among the Town’s highest operational priorities, with Police and Fire protection representing approximately 21% of the total General Fund budget, excluding Capital Improvements. In 2025, the Town successfully negotiated a five-year law enforcement service agreement with Gaston County that provides fixed costs for the first two years of the contract, offering greater budget stability and predictability. Gaston County also assumed

management responsibilities for the annual Christmas Town event; however, the cost of traffic control services continues to rise, and recruiting and retaining adequate event staffing has become increasingly competitive. To ensure sufficient coverage and maintain public safety during this nationally recognized event, the FY2026-2027 budget includes adjustments to officer compensation that align hourly pay with standard off-duty rates, along with additional incentives for shifts worked on Christmas Eve and Christmas Day.

The Town also renegotiated its Fire Service Agreement with the Cramerton Fire Department, resulting in a 10% increase under a new three-year term. Planned improvements to the Fire Station include substantial electrical upgrades and the installation of a backup generator. In addition to strengthening emergency response capabilities, the generator will allow the facility to serve as a centralized emergency shelter for residents during severe weather events or other emergencies.

Salary and benefit expenditures for Town staff account for approximately 19% of the current expense budget. The proposed budget includes merit-based salary adjustments of up to 5% and does not add any new staff positions. Maintaining a qualified, professional, and service-oriented workforce remains essential to the Town's ability to deliver high-quality public services efficiently and responsibly. As municipalities continue to face increased competition for skilled employees, the Town recognizes the importance of offering competitive compensation, strong benefits, and opportunities for professional training and development. Continued investment in employees not only supports retention and organizational stability, but also ensures that residents continue to receive responsive, knowledgeable, and effective municipal services.

Powell Bill Fund

The N.C. Department of Transportation administers the Powell Bill program providing annual street aid to qualified incorporated municipalities. Powell Bill funds are used primarily to resurface municipal streets but can also be used to plan, construct, and maintain bike paths, greenways, or sidewalks. NCDOT funding is anticipated to remain static in FY2026-2027 with grant awards estimated at \$32,000. Multiple street resurfacing projects are needed within the Town limits, so the new on-call engineering contract will be utilized for a formal Street Inventory and Assessment. This study will provide a data driven framework for prioritizing future resurfacing projects and maximizing available funding resources. Resurfacing needs are expected to exceed annual grant revenues so \$68K in Powell Bill reserves will be utilized to complete as many projects as possible.

Closing Reflections

The FY2026-2027 budget reflects a year defined by meaningful progress, strategic investment, and thoughtful adaptation to changing economic conditions. The closure of Mannington Mills presented a significant fiscal impact—one that required candid reassessment of both the General and Water & Sewer Funds. At the same time, the Town's continued success in securing grant funding has substantially reduced the long-term capital burden on local taxpayers and preserved the Town's ability to invest in infrastructure without reliance on debt financing.

McAdenville enters FY2026-2027 from a position of measured strength. The Town's modest size has always been one of its greatest assets—it allows for nimble decision-making, direct

accountability to residents, and a close connection between policy and impact. The projects and priorities reflected in this budget were developed with that accountability in mind, and with confidence that the Council and community share a commitment to the responsible stewardship of public resources.

It is a privilege to serve the residents of McAdenville and to support the Council in this important work. I look forward to presenting this budget for your consideration and remain available to address any questions as you deliberate on its adoption.

Respectfully Submitted,

Lesley Dellinger

Lesley Dellinger
Town Administrator