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OFFICE OF THE CITY MANAGER
May 20, 2025

The Honorable Amy Guinn, Mayor
Mayor Pro-Tem Abbie Covington
Council Members Maurice L. Stuart II, Tony Clewis, Eddie Martin, and Oscar Sellers
City of Hamlet, North Carolina

Dear Mayor Guinn and Members of the Hamlet City Council,

As the City Manager and Budget Officer for the City of Hamlet, it is my honor to present for your review and consideration the Recommended Budget for the Fiscal Year 2025–2026, as prepared by City staff and myself.

The Recommended Budget for FY2025–2026 is balanced at \$11,172,400. It is comprised of the following components:

General Fund: \$7,116,850

Powell Bill Fund: \$236,000

Enterprise Fund: \$3,819,550

The proposed budget includes the current property tax rate of \$0.76 per \$100 of assessed value, generating an estimated \$2,500,000 in revenue.

To support capital asset purchases and to balance the General Fund, the budget includes the appropriation of \$504,100 from fund balance.

Chart A: Overview of the Recommended 2025-2026 Budget

General Fund Budget		Powell Bill Budget		Enterprise Fund Budget	
GOVERNING BODY	\$43,200	Total: \$236,000		NON-DEPART. / CAP. RESV.	\$469,600
ADMINISTRATION	\$564,800			ADMIN. AND ENG.	\$784,450
DEPOT/MUSEUM COMPLEX	\$254,800	Major Powell Bill Expenditures:		WATER PLANT	\$664,500
FINANCE	\$205,500			TRANS. & DISTRIBUTION	\$556,000
PUBLIC BLDG.	\$190,800	Personnel	\$171,400	WASTE TREATMENT	\$807,600
POLICE	\$2,117,150	Street Resurfacing & Patching	\$13,000	WASTE COLLECTIONS	\$537,400
FIRE	\$1,413,700	Contracted Services	\$19,800		
STREETS AND HIGHWAYS	\$746,500	Curb, Gutter, & Sidewalks	\$29,000		
SANITATION	\$421,000	Other	\$2,800	TOTAL	\$3,819,550
SENIOR CENTER	\$203,300	Powell Bill funding is allocated to participating communities through funds collected from motor vehicle fuel taxes and taxes on vehicles purchased and titled in North Carolina		Enterprise Funding is the account for water and sewer system funding	
RECREATION / LAKE PROJ.	\$294,500				
HORTICULTURE	\$210,600				
NON-DEPART. / CAP. RESV.	\$451,000				
TOTAL	\$7,116,850				

The Recommended Budget was developed through a collaborative effort between City staff and the Hamlet City Council (“Council”), incorporating both administrative insight and policy direction. The

process included consultation with the City Manager, Department Heads, and other key staff members.

Following the review and finalization of individual line items, capital requests and organizational priorities were discussed during a special meeting of the Council held on March 4, 2025.

Manager and Staff's Recommended Budget for the 2025-2026 Fiscal Year

The proposed budget reflects a disciplined approach, with expenditures reduced in comparison to the past four fiscal years. Revenues have been budgeted conservatively, acknowledging anticipated cost increases across various sectors.

Property taxes remain the largest single source of General Fund revenue. Following the recent county-wide revaluation, property tax revenue has experienced a modest increase compared to the previous fiscal year. According to estimates provided to the City in April 2024, real property values were projected to rise, while personal property values were expected to decline. However, the net result is an overall increase in total property value. The Recommended Budget sets the property tax rate at \$0.76 per \$100 of assessed value, projecting approximately \$2,500,000 in ad valorem property tax revenue for the upcoming fiscal year. This is in line with the current fiscal year's actual revenue of \$2,511,304.74, supporting the reliability of the City's revenue projections. City staff and the City Council have worked collaboratively to prioritize investments in the community's most critical needs while maintaining a strong commitment to fiscal responsibility and the effective stewardship of taxpayer dollars.

The second largest source of General Fund revenue is sales tax. The Recommended Budget projects \$1,450,000 in total sales tax revenue, consistent with the amount budgeted in the current fiscal year. While sales tax collections have shown steady growth in recent years, that upward trend has recently begun to stabilize. Given this shift, maintaining a conservative projection for the upcoming fiscal year is a prudent approach. This will allow for mid-year adjustments as broader economic trends become clearer. Sustained economic growth will be essential to ensure that revenues continue to outpace expenditures. With inflation beginning to level off, consumer spending is expected to increase modestly, potentially contributing to stable or improved sales tax collections over time.

Our most valuable asset as an organization is our people. City employees are at the heart of every service we deliver to the community, and their dedication is essential to fulfilling our mission. In recent years, the Police and Fire Departments received market-based pay adjustments following a period of wage stagnation. However, this left other departments with compensation levels that fell below current market benchmarks. Using salary data provided by the North Carolina League of Municipalities, the proposed budget includes market pay adjustments for those departments that did not previously receive them. In addition, the budget provides for a 4% cost-of-living adjustment (COLA) for the Police and Fire Departments to help maintain competitiveness in a tight labor market and to address the continued rise in wage expectations. This investment in our workforce reflects our ongoing commitment to fair compensation, the retention of skilled personnel, and the delivery of high-quality services to the residents of Hamlet.

The proposed 2025–2026 budget reflects a strategic focus on critical investments in both our workforce and core services. In addition to providing a 4% cost-of-living adjustment or market-based pay increases for City employees, the budget also prioritizes key operational enhancements. These include contracting with engineering firms to address essential infrastructure repairs, acquiring new departmental equipment to enhance the ability of staff to serve and protect the community effectively, and actively pursuing over \$21 million in grant funding to support urgently needed infrastructure improvements. With the expiration of American Rescue Plan Act (ARPA) funding on the horizon, it is imperative that we adopt a more conservative approach to budgeting. Consequently, capital improvement projects included in this budget are limited to those that address immediate

and essential needs, ensuring we remain fiscally responsible while still advancing the City's most pressing priorities.

Lastly, the Recommended Budget includes a 10% increase in utility service rates, along with a \$3.00 monthly increase for residential garbage collection and a \$4.00 monthly increase for commercial garbage collection. These adjustments were reviewed and formally adopted by the City Council during the Public Hearing held on May 13, 2025. We remain committed to minimizing financial impacts on our residents and customers, especially during times of economic uncertainty. However, these rate adjustments are necessary to ensure the City's long-term fiscal sustainability and to continue delivering essential services to a high standard. At present, the fund balances for both the General Fund and Enterprise Funds are below desired levels. The adjustments outlined in the Recommended Budget are designed to stabilize these funds and support the City's overall financial health—ensuring reliable service delivery for all residents, customers, and stakeholders.

CONCLUSION

In conclusion, the Recommended Budget is balanced and has been prepared in full compliance with North Carolina General Statute §159-11. It reflects the City's ongoing commitment to restoring, renovating, and repairing critical infrastructure and facilities throughout Hamlet.

A public hearing on the Recommended Budget is scheduled for Tuesday, June 10, 2025, during the Regular Monthly Hamlet City Council Meeting at 6:00 p.m. Any member of the public wishing to offer comments or ask questions may do so during this hearing, prior to the adoption of the Budget Ordinance.

The Recommended Budget is available for public review at Hamlet City Hall during normal business hours. A public notice regarding both the document's availability and the scheduled hearing will be published in the Richmond County Daily Journal.

I would like to extend my sincere thanks to the City Council for their thoughtful input throughout the budget process, and to the city staff, whose dedication and hard work have been instrumental in preparing this Recommended Budget. Their collaboration and professionalism continue to be the cornerstone of our collective success.

It is with gratitude and respect that I, as Budget Officer and City Manager, formally submit this Recommended Budget to the Hamlet City Council on this day, May 16, 2025.

Respectfully Submitted,

A handwritten signature in black ink that reads "T. John Terziu". The signature is written in a cursive, flowing style.

T. John Terziu
City Manager

Attachments:

Draft Budget Ordinance

Manager and Staff's Recommended Budget for the 2025-2026 Fiscal Year