

Attachment E:

Update on the City of Rocky Mount



NORTH CAROLINA
DEPARTMENT OF STATE TREASURER

BRADFORD B. BRINER
STATE TREASURER OF NORTH CAROLINA

STATE AND LOCAL GOVERNMENT FINANCE DIVISION
AND THE LOCAL GOVERNMENT COMMISSION

DENISE H. CANADA
DIVISION DIRECTOR

To: Local Government Commission Members
From: Denise Canada, Secretary, Local Government Commission
Date: September 29, 2026 *Denise H. Canada*
Re: Rocky Mount's Financial Condition

Since my last update in July, Rocky Mount has continued to provide monthly financial reports and updated cash projections. The new information includes preliminary FY 2026 results, July activity for the current fiscal year, and cash balances through August 31.

The City is making measurable progress. Spending has declined, utility revenues have increased, and the City's cash position is substantially better than projected earlier this year. However, the General Fund remains thin on cash and the Transit Fund continues to have a negative cash balance.

The City's overall cash position continues to improve.

- The City's cash and investments increased from \$26.1 million at April 30 to \$30.6 million at August 31. These numbers exclude approximately \$6.8 million in unspent State appropriations.
- The August 2026 balance is considerably higher than the \$13.9 million reported in August 2025.
- The City now projects a total cash balance of approximately \$50 million at December 31. This is a significant improvement from the City's May forecast, which anticipated a \$29.6 million balance at December 31.

Despite the total cash balance, the General Fund remains weak.

- General Fund cash, including Powell Bill funds, declined from \$9.9 million at June 30, 2025, to \$4.4 million at June 30, 2026.
- The balance declined further to approximately \$3.9 million at July 31 and an estimated \$3.2 million at August 31.
- The City projects that General Fund cash will increase during the fall as property tax revenues are collected, reaching approximately \$22.6 million by December 31.
- Although that projection is encouraging, the General Fund has little room for an unexpected revenue shortfall or unplanned expenditure. The inclusion of restricted Powell Bill funds in the reported balance also means that not all of this cash is available for general operations.

Preliminary FY 2026 results show improvement, but some fund spent more than they generated.

- For the funds included in the City's report, preliminary revenues totaled \$250.2 million and expenditures totaled \$250.0 million. These figures remain preliminary while the City completes its FY 2026 year-end close and audit.
- The following table summarizes FY 2026 revenue and expenditures.

Fund	Revenue	Expenditures	Difference
General Fund	\$83,284,949	\$87,354,992	(\$4,070,043)
Powell Bill Fund	\$2,296,266	\$169,617	\$2,126,649
Public Transportation Fund	\$5,287,921	\$5,217,885	\$70,036
E-911 Fund	\$185,107	\$139,579	\$45,528
Electric Fund	\$91,826,802	\$86,074,280	\$5,752,522
Gas Fund	\$26,961,193	\$28,577,714	(\$1,616,521)
Water Fund	\$14,785,121	\$15,574,062	(\$788,941)
Sewer Fund	\$19,693,478	\$21,279,592	(\$1,586,114)
Stormwater Fund	\$5,901,717	\$5,633,237	\$268,480
TOTAL, ALL FUNDS	\$250,222,554	\$250,020,958	\$201,596

Spending reductions are improving the City's financial position.

- In July 2026, General Fund expenditures were 24.4% lower than in the prior July. This included reductions in wages and benefits, operating expenditures, and capital spending.
- The City reduced its budgeted full-time positions from 1,021 in FY 2026 to 867 in FY 2027. Only 751 of those positions were filled as of July 31.
- As a result of these staffing reductions and other cost controls, wages and benefits across the reported funds were \$1.8 million, or 23.8%, lower than in July 2025.

Utility revenues have improved following the rate increases.

- The City increased electric, natural gas, water, and sewer rates by 15% and its stormwater rate by 33%, effective April 1. An additional natural gas rate adjustment took effect July 1.
- Combined utility sales revenue was 36.5% higher in July than in the prior July. Spending also declined in most of the utility funds.
- These results are encouraging, particularly given the preliminary shortfalls reported by several utility funds for FY 2026. However, one month of activity is not enough to determine whether the new rates will fully support utility operations and capital needs.

The Transit Fund and Event Center continue to require attention.

- The Transit Fund's negative cash balance improved from approximately \$1.8 million at July 31 to \$834,000 at August 31. The City's current projection shows the Fund remaining negative through December.
- The Event Center reported a preliminary FY 2026 operating loss of approximately \$1.1 million before debt service. Debt service totaled an additional \$3.1 million.
- July's Event Center operating loss improved from approximately \$181,000 in the prior year to \$113,000. However, the facility continues to require substantial General Fund support.

Overall, the City has reduced spending, strengthened its cash position, and improved utility revenues. These are meaningful steps. At the same time, its financial position remains fragile, particularly within the General Fund. LGC staff will continue to review the City's monthly reports and monitor whether these improvements can be sustained throughout FY 2027.