

Fiscal Year 2026 Budget Outlook Updated per Board on 4/3/25



Recap of Service Discussions

2

| November | December | January | February | March |
|-----------------|--|---|-------------------------|---|
| Animal Services | Emergency Services Parks Inspections | Strategic Plan Revenue/Expense Rural Fire Districts | Budget Methodologies | Sheriff's Office Emergency Services Animal Services Security Social Services Public Health CoC Information Tech Tax |

FY2025-26 Budget Option(s)

FY2025-26 Recommended Budget Guidelines⁴

- Protect service performance & operational resiliency improvements made possible by our compensation plan
- **Shore up core county functions, ensure proper support of mandates, and at least maintain education operating funding and \$2 billion capital model**
- **Maintain county services with no personnel reductions**
- Continue to enhance the County's physical and cyber security
- Reduce reliance on fund balance to support recurring expenses and balance the budget
- Consider use of bond model flexibility to protect the County's ability to provide and enhance other services for our residents and limit change in property tax rate to provide predictability and stability for our residents and businesses.



FY2025-26 Recommended Budget Guidelines⁵

Today we will discuss a path to a:

- Balanced Budget
- Supports county employees, strengthens selected core services, **and accommodates charter school growth for GCS and a capital allocation for GTCC.**
- Maintains current tax rate (\$0.7305)
- Reduces budgeted fund balance (45% or ~\$15)
- Utilizes bond model capacity (\$34.5 million)

Budget Options in FY2025-26

- Continue performance-based merit program (3%) (\$2.7m/\$2.4m net co.) and compensation maintenance (2%) (\$2.0m/\$1.8m net co.)
- Reinstate the core major technology, vehicle replacement, county capital, and major equipment replacements (\$7.1m/\$7.1m net co.)
- Maintain FY25 school funding and growth in charter school enrollment (\$2.4m/\$2.4m net co.)
- Additional 26 positions in Child Protective Services to strengthen assessments and foster care program to align with recommended state ratios (\$2.6m/\$1.3m net co.)
- Additional 24 EMS positions to support peak unit demand and improve associated response times (\$1.6m/\$0.6m net co.)

Funded through:

Growth in Property and Sales Tax

Department Revenues and Reimbursements

Debt Model Capacity

Budget Options in FY2025-26

7

- Additional 8 positions in Social Services to accommodate demand and processing time standards for residents applying for food and nutrition services **(\$0.6m/\$0.3m net co.)**
- Additional 8 positions in Animal Services to steady operations, expand coverage for animal control, and expand oversight of the foster rescue program **(\$0.6m/\$0.4m net co.)**
- Expand 7 positions in Human Services in programs fully funded with outside sources (no County funds) – Daycare Services (x3), High-Risk Pregnancy Social Work III, Sexually Transmitted Disease Advanced Practice Provider, Certified Medical Coder, and Community Health Education I **(\$0.7m/\$0 net co.)**
- Fund certain Sheriff's Office priorities including replacement of Criminal Justice Information Service-compliant computers, jail management and records systems, and Mobile Command/SERT vehicles **(\$4.8m/\$4.8m net co.)**

Funded through:

Growth in Property and Sales Tax

Department Revenues and Reimbursements

Debt Model Capacity



Debt Model Capacity for One-Time & Unfunded Increases

8

Unfunded Recurring Expenses in FY 24-25 (\$10.7 million):

- \$6.0 million LE pay adjustments
- \$2.4 million increase in FY25 for Education from Fund Balance
- \$1.0 million increase for retiree healthcare
- \$1.3 million FY25 mid-year vehicle

Restart Core Asset Plans in FY 25-26 (\$7.1 million):

- \$1.8 million to restore major technology
- \$2.5 million to restore major equipment
- \$1.3 million to restore vehicle replacements
- \$1.5 million to restore county facilities repair

One-Time in FY 25-26 (\$4.75 million):

- \$1.0 million for CJIS computers
- \$2.5 million to replace JMS/RMS
- \$1.25 million to replace Mobile Command/SERT

\$22.55 million

Medicaid Maximization

9

In North Carolina, **Medicaid Maximization** funds—often referred to as **Medicaid Cost Settlement** or **Medicaid Cost Reimbursement** funds—are federal dollars reimbursed to public health departments for Medicaid-covered services they provide. The use of these funds is generally governed by state and federal regulations, but they are typically considered flexible revenue that can support public health programs.

Allowable purposes include:

- Expansion of public health services
- Staffing and workforce development
- Facility and equipment upgrades
- Technology and data systems
- Community Health Initiatives

Restrictions include:

- Funds should generally be reinvested into Medicaid-eligible services or public health infrastructure.
- Certain capital expenditures may require state approval.
- There are audit and reporting requirements to ensure funds are used appropriately.
- Funds cannot be used for activities unrelated to healthcare service delivery, such as non-health-related capital projects.

\$16.1 million available (6/30/2024)

- \$4.2 million FB budgeted in FY25
- \$3.8 million FB already budgeted in FY26
- **\$3.7 million by moving all eligible positions to MedMax**

\$4.4 million remaining to support future year needs. Actual amount may be more or less depending on final results once the ACFR is completed.

Additional PH fund balance includes \$2.4 million for pregnancy care management



Cyber Security (Capital Fund)

10

- Complete capital repairs at the Truist Building, utilizing one-time resources **(\$1.25 million total)**
- Continue to strengthen information security and improve disaster recovery **(\$2.44 million)**

Capital Fund Balance

\$8.9 million available (March update)

- \$1.25 million Truist Building

Remaining balance of \$7.65 million to address capital items that may arise including probation and parole

ARPA Fund Balance

\$9.5 million available (March update)

- \$2.44 million – Information Security

Remaining balance of \$7.06 million to address additional board priorities

Tax Revaluation Fund

- Including Yearly Aerial Imagery (+\$129,398) to maximize our human resources and work more efficiently. An upgrade to yearly images will allow us to capture new buildings more effectively, which adds to the overall tax base.
- Appeal Pro Software (+\$86,000) to help manage and streamline appeals and provide the citizens of Guilford County with an improved user experience and increase the transparency of the appeal process.

Tax Revaluation Fund

\$453,199 million available

- Appropriated \$58,565 in FY25
- Anticipate adding \$150,000 at FY25 year-end
- Appropriating \$513,117 in FY26

Final year end amounts may vary and a true-up may be necessary for the FY26 transfer to the reval fund.

These will impact the annual transfer to the Tax Revaluation Fund starting in FY27 moving forward by \$54,000.

FY 2026 Option Summary

12

| COUNTY OPS FY 25 Adopted | E \$444.6 | R \$444.6 |
|---|----------------|----------------|
| General Fund FB | | (\$0.3) |
| FY26 Recurring Rev. (Prop/Sales/Other) | | \$6.3 |
| Base Changes – FY 25 merit full-yr, state retire, contracts | \$9.6 | \$2.2 |
| Board Changes – SO pay adj, vehicles, retiree healthcare | \$8.3 | |
| FY 26 Merit + Restart Major equip, tech, vehicles, facility | \$9.8 | \$0.5 |
| FY 26 Adds/Cuts | \$11.5 | \$3.5 |
| | \$483.8 | \$456.8 |
| FD 911 costs to FDs | (\$0.6) | |
| Additional Med Max FB | | \$3.7 |
| ARPA Investment Earnings | | \$0.6 |
| GF Investment Earnings | | \$0.8 |
| GF Prop Tax Transfer to Bond Model | | \$21.3 |
| | \$483.2 | \$483.2 |

| EDUCATION FY 25 Adopted | E \$389.1 | R \$389.1 |
|--|-----------------|-----------------|
| General Fund FB | | (\$14.9) |
| FY26 Recurring Rev. (Prop/Sales/Other) | | \$5.6 |
| GCS Operating – Charter School Growth | \$2.4 | |
| GCS Capital | - | |
| GCS Debt | \$1.4 | |
| GCS Honor School Capital | \$1.0 | |
| GTCC Operating | - | |
| GTCC Capital | \$1.55 | |
| GTCC Debt | \$0.2 | |
| | \$395.65 | \$379.8 |
| GF Prop Tax Transfer to Bond Model | (\$34.5) | (\$34.5) |
| GF Prop Tax Transfer to Bond Model | | \$13.2 |
| GF Investment Earnings | | \$1.1 |
| County Building Construction Fund | | \$1.55 |
| | \$361.15 | \$361.15 |

FY26-27 Budget would require ~4.70 cents (at FY25 value of penny) or ~3.60 cents (at FY25 value + 30%, actual TBD) to shore up existing operations and restore bond model transfer

Guilford County School Funding

GCS Funding

Operating

Goes to GCS

Some Required:

- School facilities, furniture and apparatus
- Buildings for bus and vehicle storage
- Library, science, and classroom equipment
- Water supply and sanitary facilities

- School maintenance and repairs
- Instructional supplies and reference books
- School property insurance
- Fire inspections

Include appropriations sufficient, when added to appropriations from [the State], for current operating expense of the public school system in conformity with the educational goals and policies of the State and the local board of education, within the financial resources and consistent with the fiscal policies of the board of county commissioners."

Capital - Annual

Goes to GCS

Some Required:

- The acquisition of real property for school purposes, including but not limited to school sites, playgrounds, athletic fields, administrative headquarters, and garages.
- The acquisition, construction, reconstruction, enlargement, renovation, or replacement of buildings and other structures, including but not limited to buildings for classrooms and laboratories, physical and career and technical educational purposes, libraries, auditoriums, gymnasiums, administrative

offices, storage, and vehicle maintenance.

- The acquisition or replacement of furniture and furnishings, instructional apparatus, data-processing equipment, business machines, and similar items of furnishings and equipment.
- The acquisition of school buses as additions to the fleet.
- The acquisition of activity buses and other motor vehicles.
- Such other objects of expenditure as may be assigned to the capital outlay fund by the uniform budget format.

Debt Service

Stays with GC

Required once Debt Issued: Annual funding necessary to meet debt service obligations. Timing/Size of issuances and amount of bond premium, impact how much county funding is necessary in a year to meet required debt service payments.

Honor School Capital

Stays with GC

Required once Debt Issued Set aside for future debt repayment associated with \$1.7 billion school bonds, starting at \$50 million the first year, with 2% growth annually thereafter.

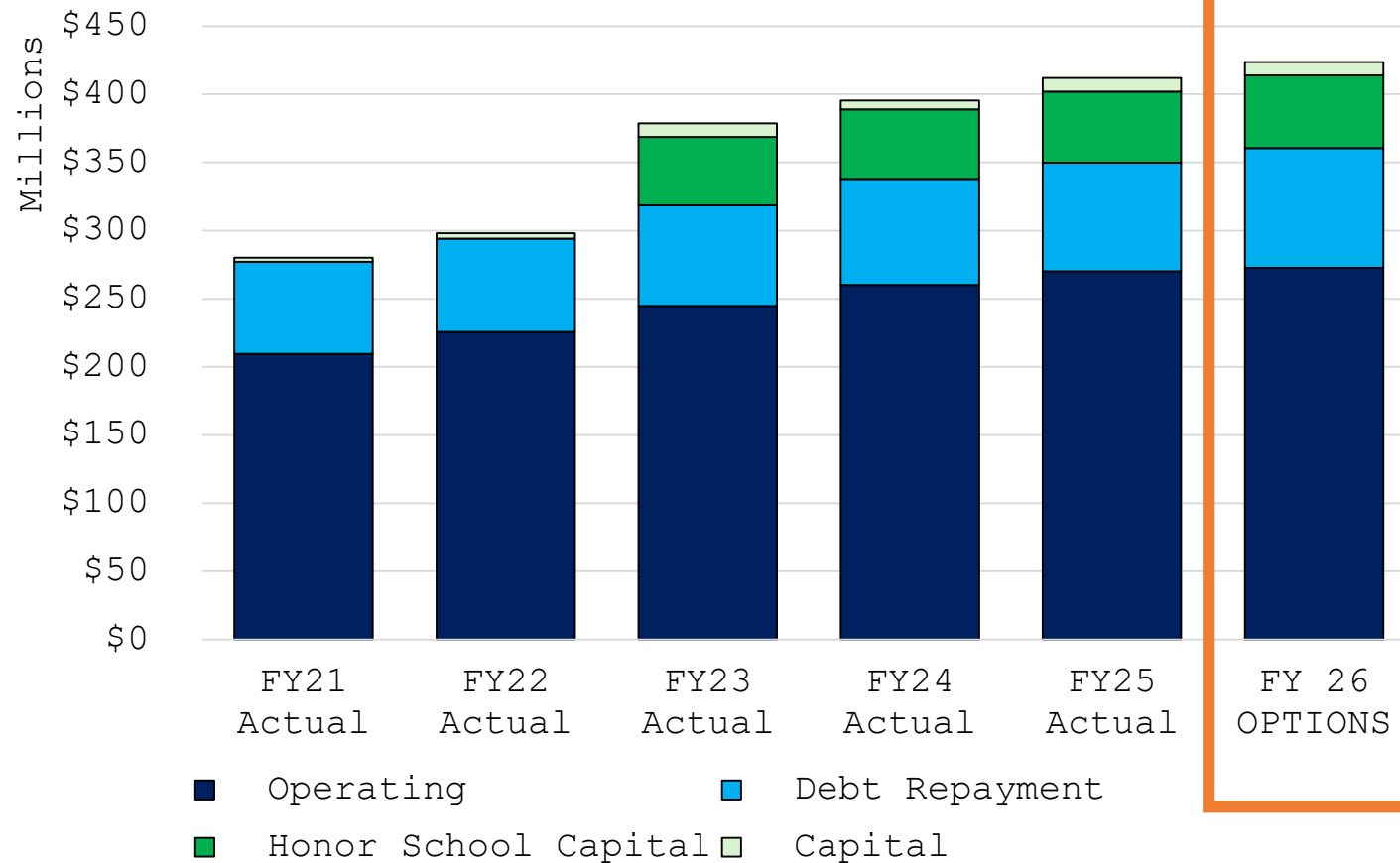
**Supports
\$1.11 billion
existing +
remaining \$1.13
billion for GCS
building projects
Goes to GCS**

Guilford County School Funding

14

GCS Funding

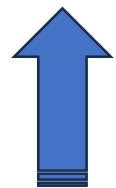
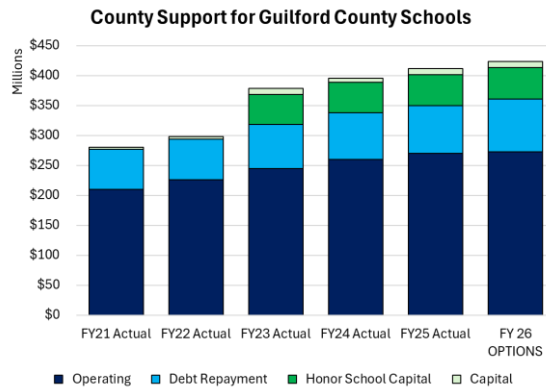
County Support for Guilford County Schools



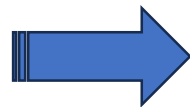
Guilford County School Funding

15

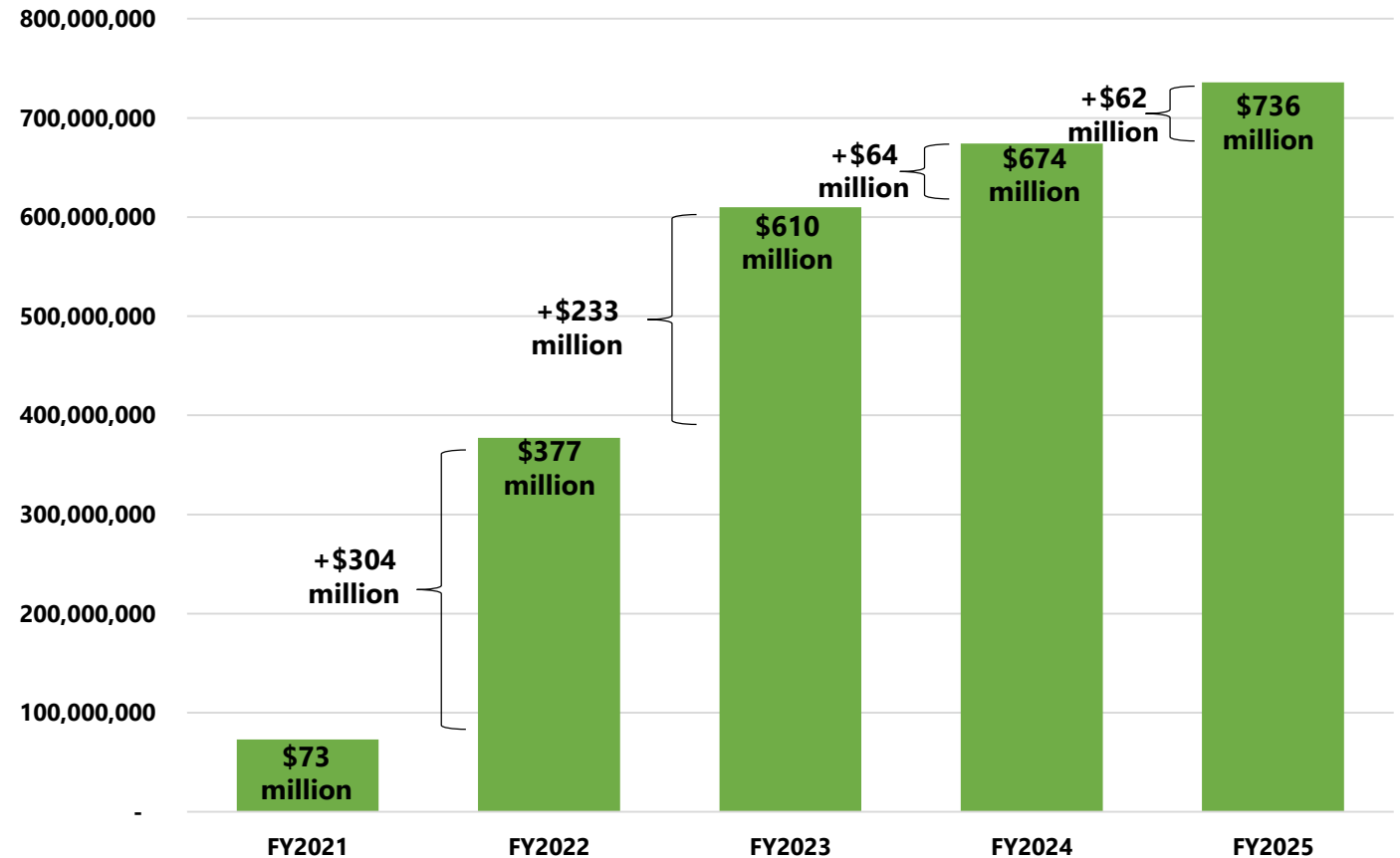
GCS Funding



This allows the County to provide this to GC Schools



GCS Project Ordinance Authorization

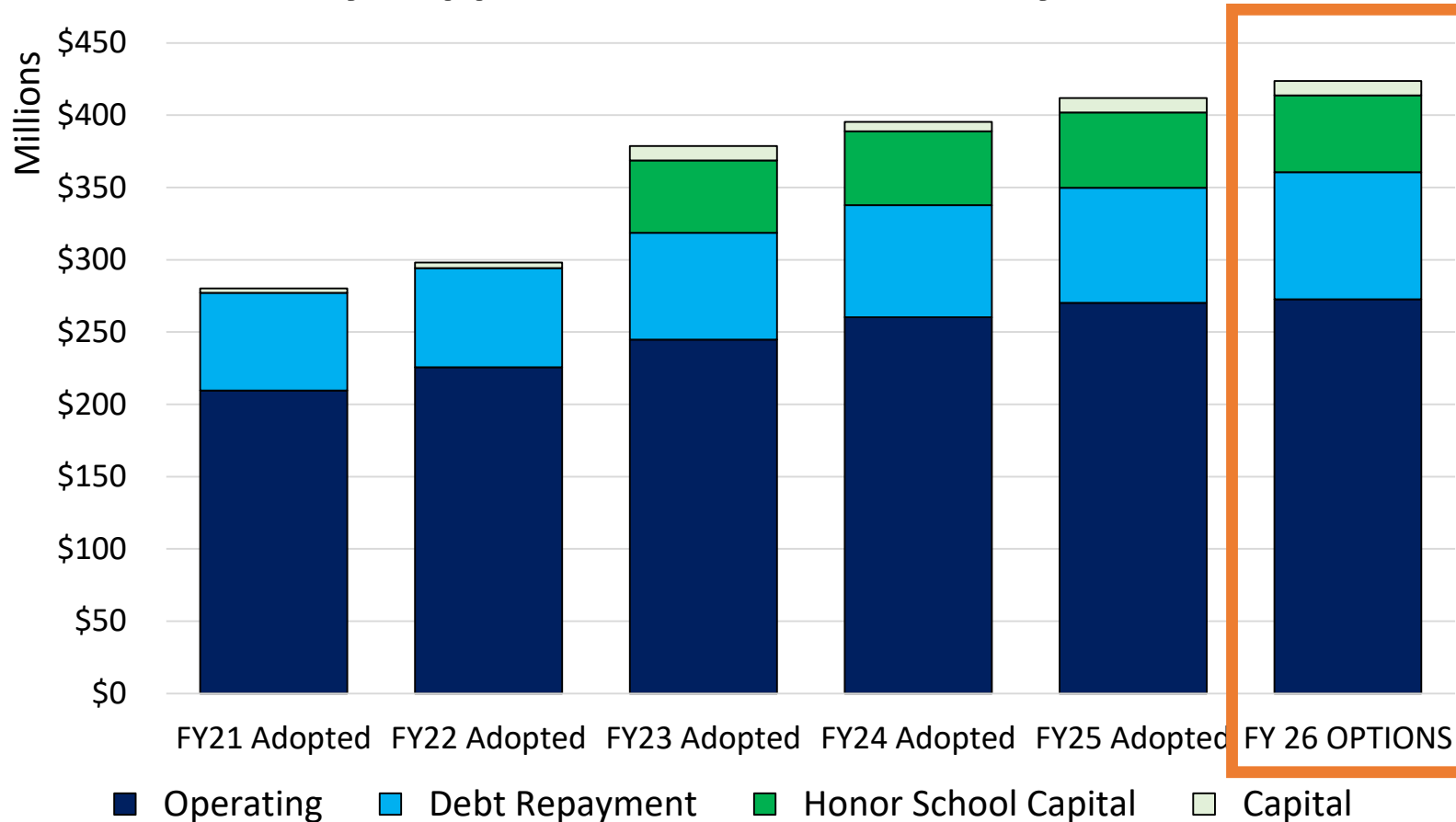


Guilford County School Funding

16

GCS Funding

County Support for Guilford County Schools



Board Feedback?:

Operating?

- +\$2.4M in Options
- ? For Maintenance & Repair

Annual Capital

- \$10M Bond Funds (same as PFY)
- ? For Non-Bond Eligible Capital

Guilford County Schools - Capital

For FY 2025:

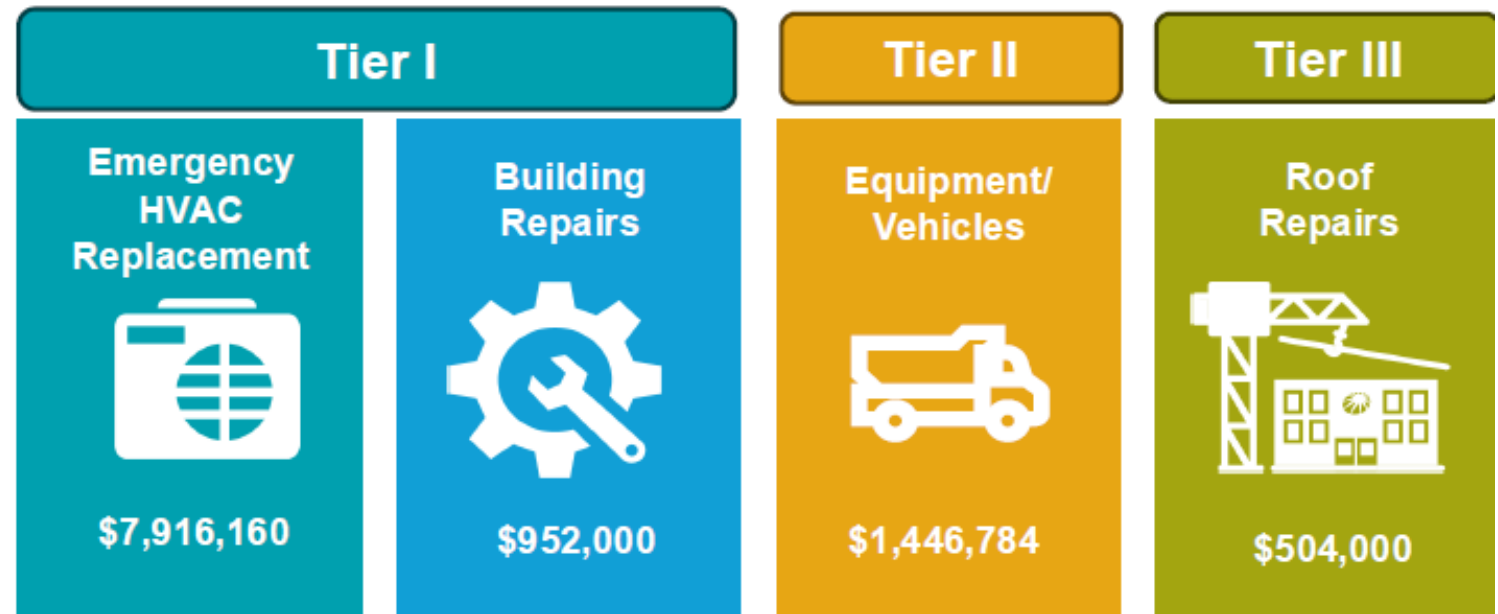
Board appropriated:

- **\$10 million** in FY2025 from bond proceeds for bond-eligible capital needs.
- **\$25 million** intended for maintenance and repair needs

For FY 2026:

Working to understand GCS FY 26 request (right) as what items are capital bond-eligible vs. maintenance & repair

Capital Outlay Fund 2025-2026



= \$10,818,944

FY 2026 Option Summary

18

| COUNTY OPS FY 25 Adopted | E \$444.6 | R \$444.6 |
|---|-----------|-----------|
| General Fund FB | | (\$0.3) |
| FY26 Recurring Rev. (Prop/Sales/Other) | | \$6.3 |
| Base Changes – FY 25 merit full-yr, state retire, contracts | \$9.6 | \$2.2 |
| Board Changes – SO pay adj, vehicles, retiree healthcare | \$8.3 | |
| FY 26 Merit + Restart Major equip, tech, vehicles, facility | \$9.8 | \$0.5 |
| FY 26 Adds/Cuts | \$11.5 | \$3.5 |
| | \$483.8 | \$456.8 |
| FD 911 costs to FDs | (\$0.6) | |
| Additional Med Max FB | | \$3.7 |
| ARPA Investment Earnings | | \$0.6 |
| GF Investment Earnings | | \$0.8 |
| GF Prop Tax Transfer to Bond Model | | \$21.3 |
| | \$483.2 | \$483.2 |

| EDUCATION FY 25 Adopted | E \$389.1 | R \$389.1 |
|--|-----------|-----------|
| General Fund FB | | (\$14.9) |
| FY26 Recurring Rev. (Prop/Sales/Other) | | \$5.6 |
| GCS Operating – Charter School Growth | \$2.4 | |
| GCS Capital | - | |
| GCS Debt | \$1.4 | |
| GCS Honor School Capital | \$1.0 | |
| GTCC Operating | - | |
| GTCC Capital | \$1.55 | |
| GTCC Debt | \$0.2 | |
| | \$395.65 | \$379.8 |
| GF Prop Tax Transfer to Bond Model | (\$34.5) | (\$34.5) |
| GF Prop Tax Transfer to Bond Model | | \$13.2 |
| GF Investment Earnings | | \$1.1 |
| County Building Construction Fund | | \$1.55 |
| | \$361.15 | \$361.15 |

FY26-27 Budget would require ~4.70 cents (at FY25 value of penny) or ~3.60 cents (at FY25 value + 30%, actual TBD) to shore up existing operations and restore bond model transfer

Board Feedback on Options

19

| Expense? | | Sources of Funds | | Co. Funds |
|---------------------------------------|----------------|------------------------------|----------------|---------------|
| GC Operating Reductions | (\$1.2) | - | - | (\$1.2) |
| DSS – Assessments & Foster | \$2.6 | DSS Reimbursement | \$1.3 | \$1.3 |
| DSS – FNS | \$0.6 | DSS Reimbursement | \$0.3 | \$0.3 |
| EMS – Peak Demand | \$1.6 | EMS Revenues | \$1.0 | \$0.6 |
| - Spread Costs to Fire Districts | (\$0.6) | - | - | (\$0.6) |
| Sheriff - CJIS computers | \$1.0 | - | - | \$1.0 |
| Sheriff - JMS/RMS | \$2.5 | - | - | \$2.5 |
| Sheriff Mobile Comnd/SERT | \$1.3 | - | - | \$1.3 |
| Animal Services | \$0.6 | AS Reimbursement | \$0.2 | \$0.4 |
| Security | \$0.7 | - | - | \$0.7 |
| Other Department Operations | \$0.5 | - | - | \$0.5 |
| CoC – ARPA Conversion + Lead | \$0.6 | ARPA Investment Earning | \$0.6 | - |
| No County \$ HHS Enhancements | \$0.7 | HHS Revenue Sources | \$0.7 | - |
| | | MedMax Fund Balance | \$3.7 | (\$3.7) |
| Truist Building Capital Repairs | \$1.25 | County Building Construction | \$1.25 | - |
| Cyber Security and DRP | \$2.44 | ARPA Investment Earnings | \$2.44 | - |
| GCS Operating – Charter School Growth | \$2.4 | - | - | \$2.4 |
| GCS Honor School Capital | \$1.0 | - | - | \$1.0 |
| GTCC Capital | \$1.55 | County Building Construction | \$1.55 | - |
| Adds/Cuts | \$19.54 | | \$13.04 | \$6.50 |

and...

- Utilizing \$34.5 million in bond model capacity?
- Reduce fund balance by 45% or ~\$15 million?

Discussion & Direction