Manager's Recommended Budget

Fiscal Year 2026-2027

Presented May 18, 2026

Fiscal Year 2026-2027

- At the adoption of FY25-26 Budget, the challenges facing FY26-27 Budget were known
- Faced a $13M deficit to keep spending level
- Gap between Revenues & Expenditures grew to nearly $23M with Budget Requests
- Cost Increases, Continued Reliance on Non-Recurring Revenues to Balance the Budget, & Cuts being made at the State & Federal levels all contributed to the challenges of presenting a balanced budget

How We Got Here (Pre-FY26-27)

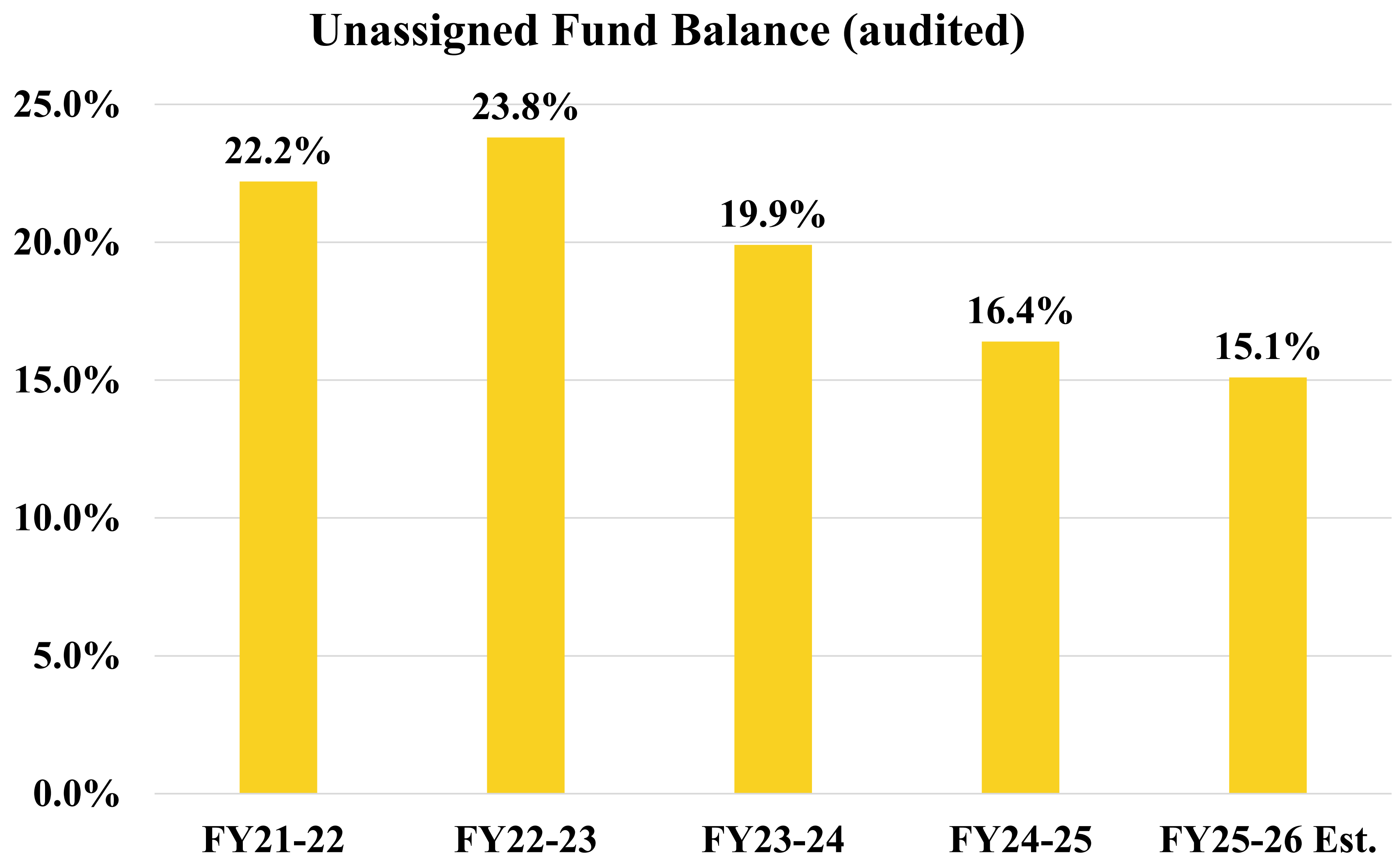
After last revaluation, property tax rate was lowered from 65.0 cents to 43.2 cents

Result: revenue growth was not captured

Property Tax Base has grown, but not nearly enough to offset the deficit

Have depleted Unassigned Fund Balance to fill revenue gap

5 Year Fund Balance Trend



Depletion of Fund Balance:

FY26-27 Recommended Budget

- Too low for emergencies
- Noncompliance with Policy
- Threatens bond rating ahead of debt issuance
- Not structurally balanced budgeting
- Need sustainable, recurring revenue

Fund Balance and the FY26–27 Gap

~~Portion of budget gap proposed to be covered by fund balance~~

Unsustainable and limited

FY25–26 Fund Balance Depletion & Budget Gap

Revenue Gap from FY25-26 Appropriated Fund Balance = $12.9M

Low fund balance levels → Bond rating, reduced ability to respond to emergencies → Service cuts → Understanding Board and Community Priorities

Board's Goals for FY26–27

- Support of the County workforce & long-term competitiveness
- Community stability & public safety drivers
- Managing growth without losing identity
- Service focus
- Fiscal discipline & tax sensitivity

Expanding Public Engagement to Understand Community Priorities

FY26-27 Recommended Budget

Revaluation Meetings

Public Surveys

Library Outreach

Department Outreach

Planning Future Town Hall Forums

Civic Group Presentations

Reach Under-represented Residents

Budget Survey Responses (889)

Alamance County strategic goals ranked in priority order by survey respondents:

1. Education
2. Public Safety
3. Quality of Life
4. Smart Development
5. Accountability

Community Priorities

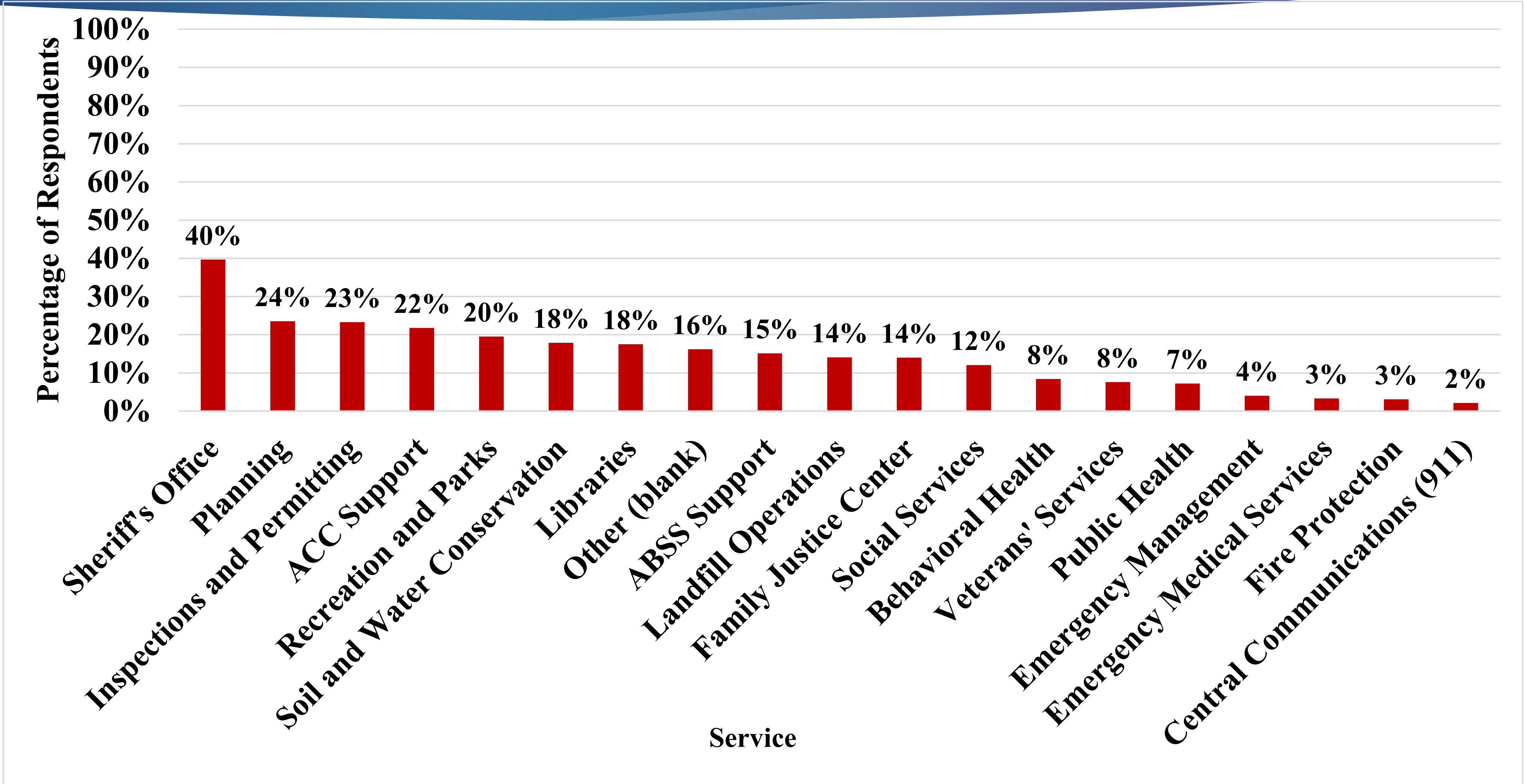
What are the top priorities for funding?

- ABSS Support 78%
- Emergency Medical Services 59%
- Social Services 35%
- Public Health 33%
- Libraries 33%

Community Priorities

FY26-27 Recommended Budget

Where should the County cut spending?



Fiscal Year 2026-2027

- Total General Fund: $239.1M (-1.2%)
- Total All Funds: $278.6M (-3.0%)
- General Fund Revenues & Expenditures are reduced by $3.0M (-1.2%)*
- Stability and Sustainability are key themes

*The General Fund expenditure budget has not decreased from a prior year since implementation of the finance system in FY15-16

Revenues

FY26-27 Recommended Budget

Revenues: State & Federal Funding Cuts

State/Federal reductions: ($2,893,380)

County backfill for unfunded mandates: +$2,013,379

Services required to continue even as State/Federal funding declines

An Increased Burden on Alamance County Residents:

FY26-27 Recommended Budget

EMS

- State Medicaid Managed Care-related fees: +$175,000

Sheriff

- State Court Fee cuts: -$120,237

Health

- State Medicaid Managed Care-related fees: +$624,898
- Federal cuts to Women's Health & Refugee Health: -$131,438

Social Services

- State cuts to Adult Protective Services: -$79,821
- State SNAP Administration cuts: -$875,032
- State Foster Care cuts: -$588,584
- State Child Support cuts: -$251,531
- TANF & Crisis Support: -$77,920

State is also Impacting Property Tax Revenues

Pending legislative bills may remove local control of revaluation cycles, the amount of tax levy, and impose tax rate caps

Blue Ridge Housing Loophole

An increasing number of apartment developers are taking advantage of the property tax exemption intended for non-profit affordable housing.

-$650,000 IN FY26-27

17% INCREASE

This will continue to decrease property tax revenue without increasing Alamance County affordable housing.

Property Tax Base

- Natural growth: $4,777,137
- Values increased 3.6% on average, which matches the April Southeast Region Consumer Price Index as a measure of inflation
- Collection rate: 99.10%

Penny equivalent = $2,748,694

+$95,907 from FY25-26 Adopted

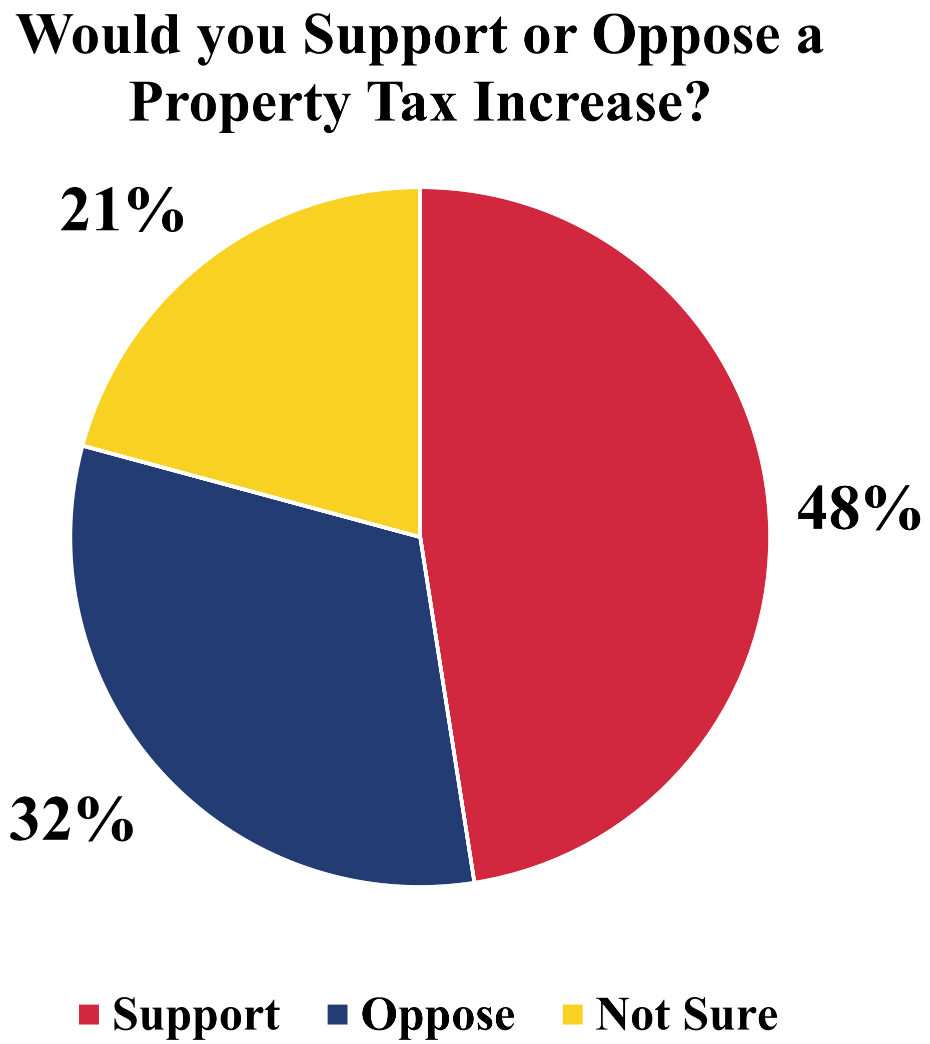
Property Tax Rate Adjustment

Recommended Increase: 2.25 cents

2.25 cents = $6,184,562 in new revenue

+$65 on the annual tax bill for a $289K home

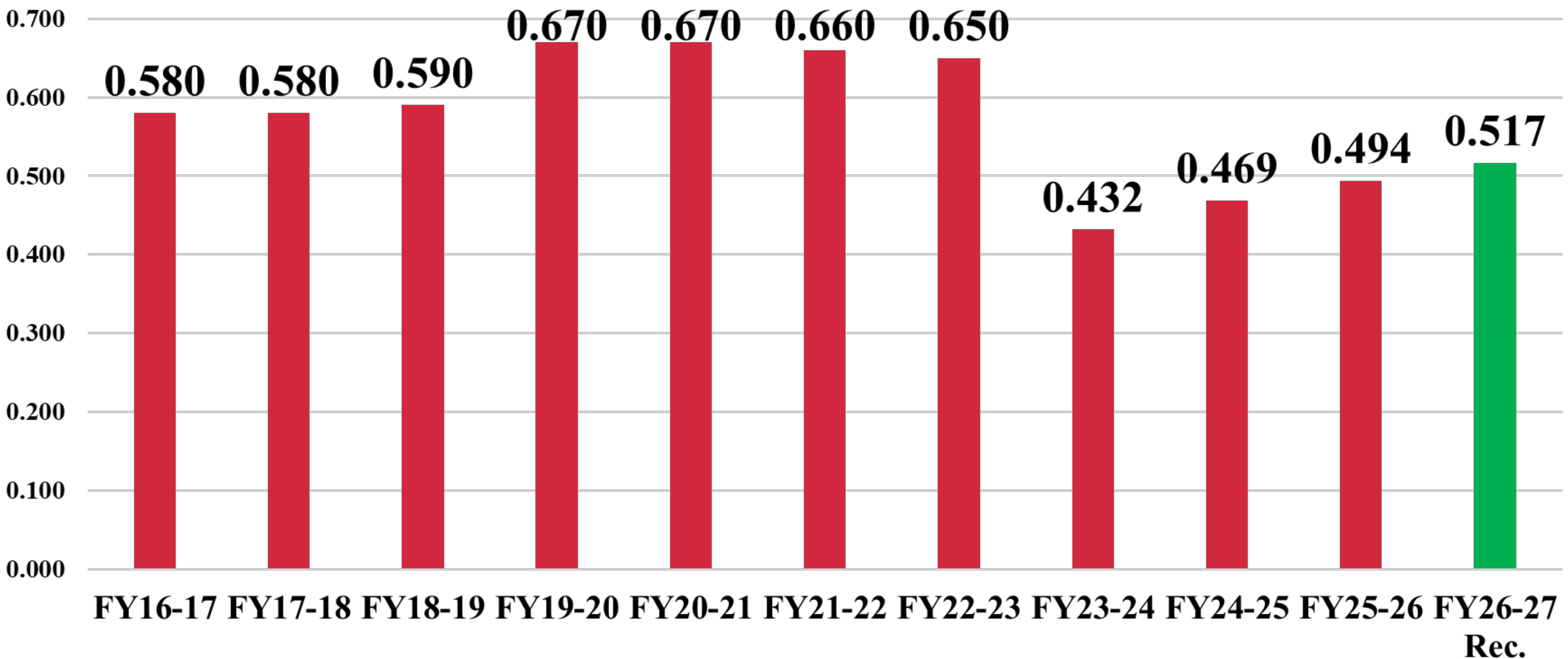
Budget Survey Responses



Option	Count
Support	419
Oppose	283
Not Sure	182

Property Tax Rate 10 Year Trend

FY26-27 Recommended Budget

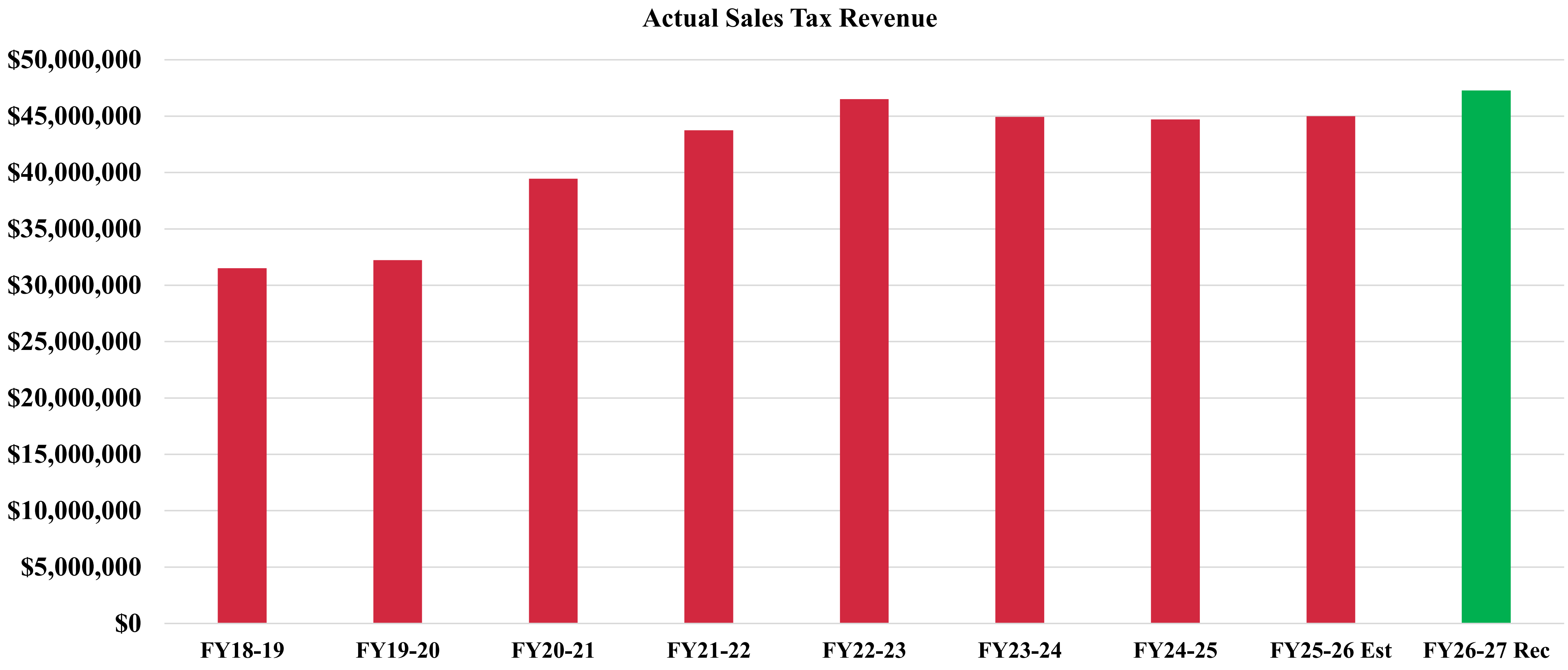


Regional Tax Increases

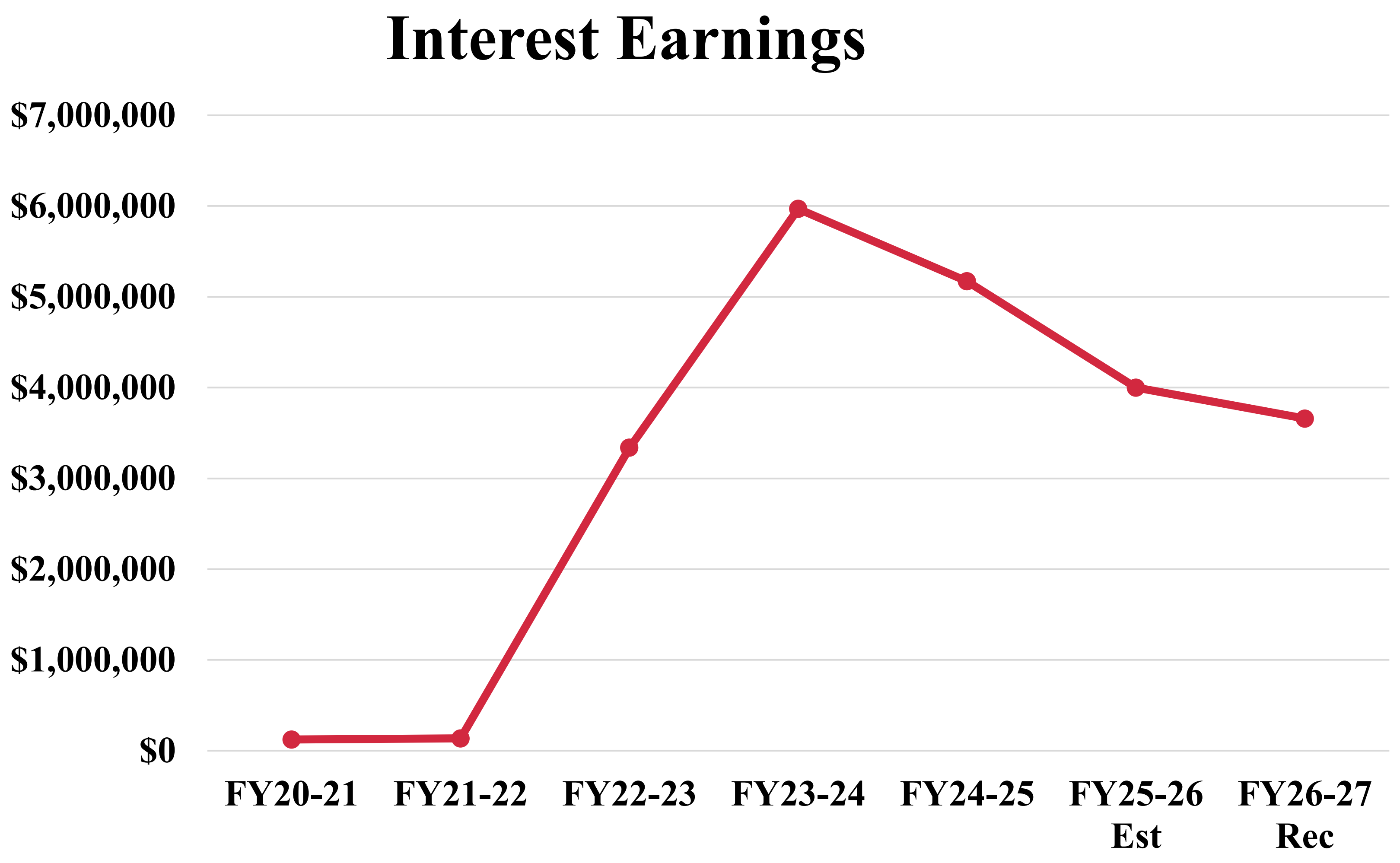
- Orange County: **+3.75** to 67.58 cents
- Wake County: **+2.0** to 53.71 cents
- Guilford County: **-11.15** to 61.90 (revenue-neutral = 53.26 cents)
- City of Burlington: **+7.0** to 55.36 cents
- City of Graham: **+3.0** to 33.99 cents
- City of Mebane: **+2.0** to 39 cents
- Town of Elon: **+5.0** to 40 cents

Sales Tax Levels Stabilizing

FY26-27 Recommended Budget



Declining Interest Earnings



Expenditures

FY26-27 Recommended Budget

Expenditures

General Fund Expenditures will decrease by **1.2%**

Cut $23M from Requests

The "No List:"

FY26-27 Recommended Budget

- $5.2M ABSS & ACC Current Expense, Repairs & Maintenance
- $8.3M ABSS CIP (security cameras, paving repairs, new school design, staff laptops)
- $900K contracted services county-wide (detainee food & health care, property tax reval, Animal Shelter increase)
- $96K in uniforms & clothing stipends across depts
- $120K Whole Blood Program in EMS to reduce community fatalities
- $50K in training across all depts

Education

Maintain 60/40 split between County and education

Backfill operating support not provided from the State

Education: ABSS

Current Expense: $58,763,376
(+$1.5M or +2.5%)

Average Daily Membership*: 25,242
(-212 or -1%)

Current Expense Per Pupil: $2,328
(+$76.61 or +3.4%)

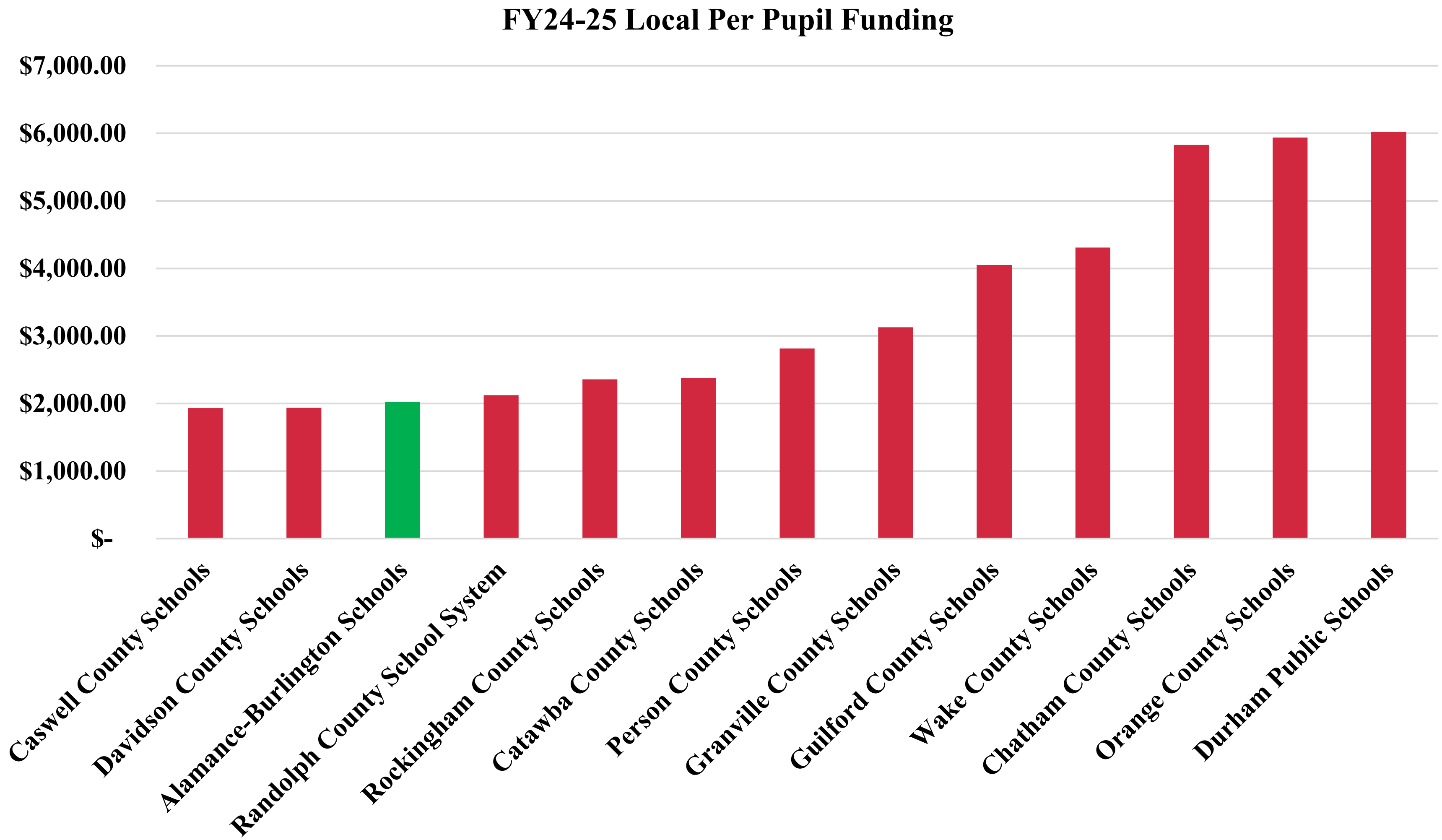
*Includes charter school enrollment

Education: ABSS

FY26-27 Recommended Budget

FY24-25:

- ABSS ranked **100th** out of 115 in the state for Local Per Pupil Funding
- ABSS ranked **11th** out of 13 in our benchmark counties for Local Per Pupil Funding



ABSS Funding

- Current Expense: $58.7M
- Repair & Maintenance Funds: $4.8M
- Fines & Forfeitures: $800K
- Debt Service: $11.4M
- Capital Projects: $9.4M

Total ABSS Funding: $85,177,826

Education: ACC

Current Expense: $4,877,822 (+0%)

Capital Outlay: $640,000 (+$104K or +19.4%)

Debt Service: $3,983,076 (-$412K or -9.4%)

ACC Funding

- Current Expense: $4.88M
- Repair & Maintenance Funds: $6.4K
- Debt Service: $4.0M
- Capital Projects: $6.4K

Total ACC Funding: $10,140,698

County Departments

Personnel: $95,107,184
(-$512K or -0.5%)

Operations/Programs: $39,563,086
(+$105K or +0.04%)

Capital Outlay: $5,751,909
(+$58K or +10.0%)

County Spending Highlights

Most cost increases had to be absorbed by departments

- Price of gas: $2.90/gallon in May 2025 to over $4.00 in May 2026
- 3 new buildings to open, leading to increased utilities, snow removal, day-to-day repairs & maintenance
- Reviewed and adjusted fees
- 24 new positions requested: 3 recommended:
    - 1 Foreign Language Interpreter II (offset in contracted services, generates savings)
    - 1 Substance Abuse Education Specialist (Opioid Settlement Funds)
    - 1 Tourism Marketing & Communications Coordinator (Occupancy Tax Revenues)

Examples of New Positions Not Recommended

- 4 Telecommunicators dedicated to Fire Services
- 2 Environmental Health Specialists
- 2 Correctional Case Analysts
- 2 HR Analysts
- 3 Parks Tech/Coordinators
- 2 DSS Social Workers and 1 DSS Program Integrity Officer

Reductions from FY25–26 Funding Levels

FY26-27 Recommended Budget

Maintain Mandated Services

Program Cuts

Maintain Mandated Services

Mandated Services & Mandated Funding:

- Social Services
- Public Health
- Unemployment
- Retirement Contributions
- Law Enforcement Separation Allowance
- Debt Service

Mandated Services & Discretionary Funding:

- Board of Commissioners
- Elections
- Inspections
- Public Health
- Court Facilities
- Education Facilities
- Emerg. Mgt
- County Attorney
- Tax
- EMS
- CCOMM
- Finance
- Detention
- Medical Examiner
- Mental Health
- Register of Deeds
- Sheriff
- Social Services
- Soil and Water
- Solid Waste
- Health Benefits

Discretionary Services & Discretionary Funding:

- Administration *(County Manager, Human Resources, Clerk to Board, Budget)*
- Facilities Maintenance
- Veteran Services
- GIS
- Library
- Planning
- Parks
- Cooperative Extension
- Information Technology
- Education Operating
- Econ. Devel.
- Court Services
- Animal Shelter
- Transportation
- Fire Marshal
- Fire Services

Eliminating Vacant Positions

FY26-27 Recommended Budget

41 positions eliminated throughout the Current Fiscal Year:

- 35 Sheriff (ICE program & consolidating positions)
- 5 Health (consolidating and clean-up of old position classifications)
- 1 Fire Marshal (replaced with non-permanent hourly)

9 vacant positions will be eliminated July 1 (-$820K):

- Clerk to the Board's Office (1)
- County Manager's Office (1)
- Information Technology (2)
- Detention (1)
- Emergency Medical Services (4)

Program Cuts

- ICE Detention
- Refugee Health
- Crisis Support & Weatherization
- Reduction of Operating Hours: Libraries Close at 7PM instead of 8PM based on usage data
- Expanded Food & Nutrition Education

Investing in our Workforce

- Cost of Living Adjustment 2%
- Merit Pay
- Compression Study
- Sworn Law Enforcement Pay Plan

Supporting Outside Agencies

- Nonprofits funded through occupancy tax revenues, the Airport, and the Rescue Squad will receive level funding

- Volunteer Fire Departments Requesting Tax Increases:
  - 54 E. Swepsonville: 0.060 to 0.075 (.015 increase)
  - Eli Whitney: .086 to .110 (.024 increase)
  - Faucette: .090 to .120 (.030 increase)
  - Swepsonville: .060 to .075 (.015 increase)

Capital Improvement Plan

$8.0M for Facility Improvements (+0.0%)
Roofing & HVAC Replacement
$1.4M for Technology (+0.0%)
Equipment Replacement

$585K for Facility Improvements (+100.0%)
Flooring & Roof Replacements, Parking Lot Repairs

$2.9M for Facility Improvements* (-37.7%)
$6.6M for Tech., Equipment, & Vehicles* (+83.0%)
$3.1M for Landfill Improvements, Equip., Vehicles* (-73.3%)

*No General Fund Used: Funded with One-Time Capital Reserves: Courthouse & Remaining ARPA interest; Enterprise Fund

5 Year Capital Improvement Plan ABSS

FY26-27 Recommended Budget

Project Costs	FY25-26 Revised	FY26-27 Recommend	FY27-28 Recommend	FY28-29 Recommend	FY29-30 Recommend	FY30-31 Recommend	FY27-31 Total
Roofing	$2,713,500	$2,775,000	$3,820,000	$5,029,698	$5,080,000	$4,845,000	$21,549,698
HVAC	$5,286,500	$5,225,000	$4,180,000	$2,970,302	$2,920,000	$4,555,000	$19,850,302
Technology	$1,400,000	$1,400,000	$1,400,000	$1,400,000	$1,400,000	-	$5,600,000
Total Project Costs	**$9,400,000**	**$9,400,000**	**$9,400,000**	**$9,400,000**	**$9,400,000**	**$9,400,000**	**$47,000,000**
Revenue							
Total Revenue	**$9,400,000**	**$9,400,000**	**$9,400,000**	**$9,400,000**	**$9,400,000**	**$9,400,000**	**$47,000,000**

5 Year Capital Improvement Plan
Alamance Community College

FY26-27 Recommended Budget

Project Costs	FY25-26 Revised	FY26-27 Recommend	FY27-28 Recommend	FY28-29 Recommend	FY29-30 Recommend	FY30-31 Recommend	FY27-31 Total
Facilities Improvements	-	$585,407	$300,000	$300,000	$300,000	$300,000	$1,785,407
Total Project Costs	**-**	**$585,407**	**$300,000**	**$300,000**	**$300,000**	**$300,000**	**$1,785,407**
Revenue							
Total Revenue	**-**	**$585,407**	**$300,000**	**$300,000**	**$300,000**	**$300,000**	**$1,785,407**

5 Year Capital Improvement Plan Alamance County

FY26-27 Recommended Budget

Project Costs	FY25-26 Revised	FY26-27 Recommend	FY27-28 Recommend	FY28-29 Recommend	FY29-30 Recommend	FY30-31 Recommend	FY27-31 Total
Facilities Improvements	$2,111,534	$364,446	$8,676,347	$4,649,794	$4,202,247	$4,204,804	$22,097,638
Technology	$878,900	$2,663,056	$2,331,844	$1,408,507	$954,976	$751,928	$8,110,311
Equipment/ Vehicles	$2,762,200	$4,003,125	$3,958,125	$3,697,000	$3,727,000	$3,698,000	$19,083,250
Landfill	$11,591,843	$3,087,500	$1,097,500	$1,097,500	$1,675,000	$1,900,000	$8,857,500
Total Project Costs	**$17,344,477**	**$10,118,127**	**$16,063,816**	**$10,852,801**	**$10,559,223**	**$10,554,732**	**$58,148,699**
Revenue							
Total Revenue	**$17,344,477**	**$10,118,127**	**$16,063,816**	**$10,852,801**	**$10,559,223**	**$10,554,732**	**$58,148,699**

Long-Term Outlook: Need for Revenue Stability

Future service cuts likely without new revenue

Options: property tax increase or 1/4 cent sales tax

Fiscal Year 2026-2027

This Recommended Budget:

- Incorporates input from the Community Budget Survey
- Reduces spending
- Reduces positions
- Stops appropriating Fund Balance for recurring & ongoing costs
- Protects core services
- Invests in the County workforce
- Maintains required education funding
- Plans responsibly for future needs

Next Steps

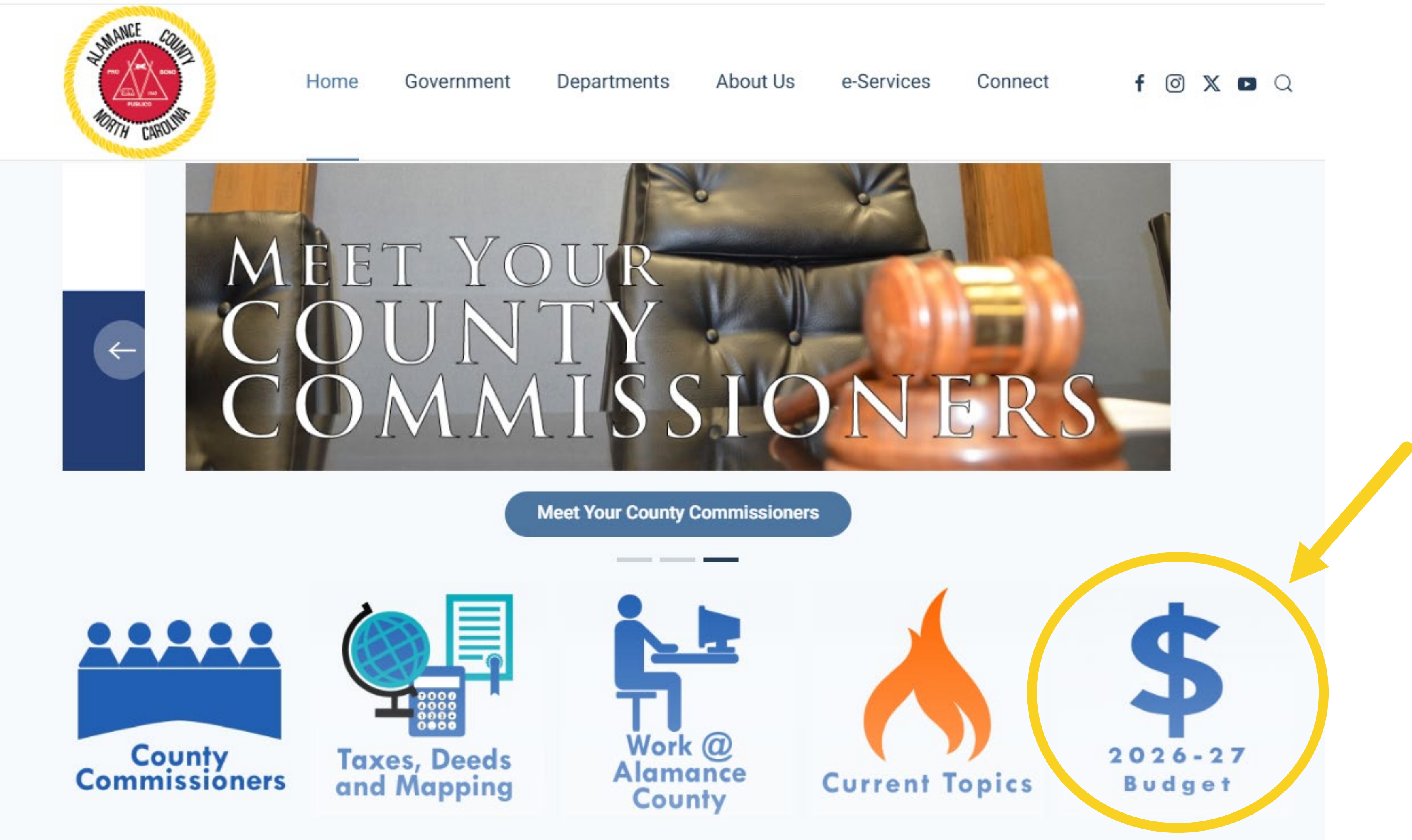
June 1: Budget Public Hearing- Historic Courthouse 6:30PM

June 9: Budget Work Session- Board Room 9:30AM

June 15: Adoption of FY26-27 Budget Ordinances (Operating & CIP)- Board Room 6:30PM

Budget Information

FY26-27 Recommended Budget



Manager's Recommended Budget

Fiscal Year 2026-2027

Presented May 18, 2026