

TABLE OF CONTENTS

Section

- I Introduction
- II Revenue
- III Expenditures
 - A. Departmental
 - B. Education
 - C. Debt Service
- IV Conclusion

Attachments

- 1 Rowan County Manager's Budget Summary - FY 2026
Recommended Budget - Revenues
- 2 Rowan County Manager's Budget Summary - FY 2026
Recommended Budget - Expenditures
- 3 FY 2026 Budget Requests with Manager's
Recommendations – New Positions and Upgrades
- 4 FY 2026 Budget Requests with Manager's
Recommendations – Special Appropriations
- 5 FY 2026 Budget Requests with Manager's
Recommendations – Vehicles
- 6 FY 2026 Recommended Fee Changes

Supporting Information

- A Budget Workbook – Proposed Budget
- B Budget Ordinance

I. Introduction

As the Manager and Budget Officer for Rowan County, it's a true honor to present the proposed operating budget of the General Fund for the Fiscal Year 2026 (FY 2026). The requested expenditures for the General Fund total \$288,217,811, a 20.68% increase of \$49,398,563 over last year's budget.

The recommended FY 2026 General Fund budget is in the amount of \$215,404,572, a 9.80% decrease of \$23,414,676 compared to last year's budget. The recommended budget is balanced and prepared in accordance with the Local Government Budget and Fiscal Control Act.

This budget message summarizes the attachments, budget workbook, and budget ordinance.

II. Revenue

This section is a general summary of the revenue recommended in Schedule 1.

Property Tax

The projected tax base for FY 2026 is \$21,225,000,000 and includes real property, personal property and vehicles, with a tax collection rate of 98.00%, same as last year's rate. This is a 5.47% increase over last year's \$20,125,000,000 tax base creating a \$2,304,000 increase over last year's ad valorem tax revenue.

The current year's tax rate is 58. The recommended tax rate for FY 2026 will remain the same at 58 cents.

Sales Tax

Of the seven cents of sales tax charged on purchases in the County, Rowan County Government receives 2¼ cents. In addition, the County receives an allocation of Article 44.524(c) sales tax, which is restricted for education and economic development expenditures. The County shares proceeds with the municipalities in the amount of \$4,900,000 for the hold harmless provision in the Medicaid Relief Swap Project initiated by the State in FY 2008. In March of 2024 the County was notified of a reduction in the hold harmless refund provided by the State. The Article 46 ¼ cent sales tax, approved by the voters in the November 2010 referendum, is dedicated to public safety.

For FY 2026, the recommended budget includes projected sales tax revenue at \$40,000,000, this is flat or a 0% increase over FY 2025 adopted budget. The recommended sales tax revenue makes up approximately 18.57% of the overall general fund revenue.

Since the pandemic we have seen a significant increase in our sales tax revenue and in FY 2025 we adjusted our projection to be more in line with our actual revenues. This adjustment, along with uncertainty of consumer spending as it relates to changes at the federal level around tariffs are contributing factors as to why sales tax is budgeted flat for FY 2026. Projections provided by the state cautiously projected a 2% increase, prior to tariffs. Remaining conservative on this projection for FY 2026 is the best approach.

As outlined in the North Carolina General Statutes, the local option ½ cent sales tax known as Article 40 (enacted in 1983) requires that 30% of the proceeds be restricted for public school capital outlay; the local option ½ cent sales tax known as Article 42 (enacted in 1988) restricts 60% of its proceeds for the same purpose. Staff estimate that these restricted revenues will provide \$7,900,000 to Rowan County for School Capital. The recommended debt service for schools far exceeds the restricted proceeds, and all but \$1,000,000 of the restricted proceeds will be allocated for the retirement of debt associated with school construction.

The below chart shows 10 years of Sales Tax Revenue:

Fiscal Year	Total Sales Tax Revenue
2016	\$ 20,430,780
2017	\$ 23,650,001
2018	\$ 24,514,531
2019	\$ 26,614,717
2020	\$ 28,531,122
2021	\$ 32,160,793
2022	\$ 38,664,060
2023	\$ 43,073,092
2024	\$ 41,969,786
2025 Projection	\$ 40,000,000
2026 Budget	\$ 40,000,000

Lottery Revenues

In the past, State law required 40% of lottery proceeds to be set aside for school construction. In the 2013 North Carolina Legislative Session, this 40% earmark was eliminated. Now, 100% of the funds are paid to the State to be appropriated to the counties at its discretion. The recommended County budget includes \$1,300,000 in lottery funding to pay school debt payments as promised with the lottery approval in 2005.

Fees

This budget recommends increasing fees in the Tax Assessor, Planning, Emergency Services, Health, Parks & Recreation, and Animal Services departments. A detailed fee schedule adjustment can be found in Schedule 3.

Fund Balance

All local governments in North Carolina maintain a fund balance to provide cash flow, in part because property taxes, the largest revenue source for local governments, do not become due until January 5th of each fiscal year. The FY 2026 recommended fund balance appropriation to balance the budget is \$10,604,361

This is \$26,996,578 less than last year's approved fund balance appropriation of \$37,600,939, or a 71.8% decrease. This increase covers several one-time capital expenditures outlined in the expenditure sections. There is \$0 budgeted in contingency.

As of June 30, 2024, Rowan County had a Total Fund Balance of \$154,273,795. The below chart shows the amount in each fund balance category:

Fund Balance Category	Amount
Non-spendable	\$ 138,528
Restricted by State Statute	20,305,824
Restricted	9,479,272
Committed	2,159,902
Assigned	54,635,834
Unassigned	67,554,435
	<u>\$ 154,273,795</u>

III. Expenditures – (A) Departmental

This section is a general summary of the expenditures recommended in Schedule 2.

A - Capital

One-time Capital Expenditures

The recommended budget includes \$602,000 for large one-time capital items, as listed below:

<u>Item</u>	<u>Cost</u>	<u>Funding Source</u>
Sewer System Upgrade Facilities	\$ 63,000	General Fund Fund Balance
Odyssey Install Courthouse	40,000	General Fund Fund Balance
800 Radios Transit	136,000	54%Grants 46% General Fund
Playground Sloan Park	100,000	General Fund Fund Balance
Election Equipment Upgrades	23,000	General Fund Fund Balance
HVAC – DSS	30,000	General Fund Fund Balance
CRAVC – Telecom	<u>210,000</u>	General Fund Fund Balance
Total	<u>\$602,000</u>	

Vehicles

Schedule 6 provides a list of requested vehicles and estimated cost. The proposed budget includes 20 vehicle purchases, at a purchase cost of \$1,595,880 for the departments as follows:

<u>Department</u>	<u>Vehicles</u>	<u>Estimated Cost</u>
Emergency Services	1	\$ 225,000
Facilities	1	50,802
Transit *	3	342,081
Sheriff	<u>15</u>	<u>977,997</u>
Total	<u>20</u>	<u>\$ 1,595,880</u>

**Ninety percent of the transit vehicles' expense will be reimbursed to the County through the DOT CTP Capital Grant.*

B – Operational Expense Highlights

Health Insurance

The County's self-insured employee health plan is budgeted at \$1,145 per employee per month for all full-time employees in all funds. This recommendation is a \$55 increase per employee per month for FY 2026 and will be paid by the County. Employees hired after January 2012 will also see a monthly increase from \$109 to \$114.50 for their portion. The estimated overall increase to the budget is \$628,320. This is a 5.04% increase over last year's insurance cost.

Employee Pay

During FY 2025, the county hired an outside consultant to conduct a pay study for public safety. This included employees in the Sheriff's Office, Emergency Services (Management, Medical Services and Fire) and Animal Services. The FY 2026 budget includes the following recommendations from the pay study. In addition, this budget recommends hiring a consultant to study the grade placement recommendations for all non-public safety positions.

1. Make pay grade changes as shown in the table below. (Appendix A)
2. Each employee's pay will be brought up to at least the minimum of their new grade.
3. The pay differential in the amount of \$2,600 a year to all deputies who work full-time in the Patrol, Sheriff's Office Criminal Apprehension Team (SOCAT), and Detention remains the same.

4. This budget does not include a Cost-of-Living Adjustment (COLA).
5. Add a \$500 in-grade progression increase to each employee's base pay, excluding the County Attorney and County Manager. The range of this increase is approximately 0.32% to 1.49%. The pay scale will not increase by \$500 for each grade. This increase shall be added after the grade changes listed in Appendix A.
6. Add a 4% in-grade progression increase to all County employees, excluding the County Attorney and County Manager. The sole purpose of the progression increase is to move employees toward the mid-point of their prospective pay grade. The pay scale will not increase by 4% for each grade. This increase shall be added after the grade changes listed in Appendix A and the \$500 in-grade progression increase.
7. Make additional adjustments for length of service in current position for public safety employees as follows:
 - a. Below 3 years in current position as of 06/30/25 = no adjustment
 - b. 3-4 years in current position as of 06/30/25 = 1%
 - c. 5-8 years in current position as of 06/30/25 = 2%
 - d. 9+ years in current position as of 06/30/25 = 3%

These in-grade adjustments shall be added after the grade changes listed in Appendix A, the \$500 in-grade progression increase and 4% in-grade progression increase.

8. The FY 2026 budget recommends the continued implementation of an on-going Longevity Program as outlined in the Personnel Policy Manual 5.9 Longevity / Merit Program and Bonus Pay with an appropriation of \$227,410. The program will run annually and independently from other types of increases that may be implemented in any given year, such as cost-of-living adjustments. The formula will be applied to pay after other increases. All eligible employees will receive between 0.5% and 2.0% longevity pay in FY 2025, to take effect on January 1, 2026. Unlike the in-grade progression increases the County Attorney and County Manager remain eligible for this increase.

The Longevity Program increases an employee's salary base pay based on the following formula:

- a. 0.5% increase for benefitted employees with at least one (1), but less than five (5), continuous years of service as of June 30th
- b. 1.0% increase for benefitted employees with at least five (5), but less than ten (10), continuous years of service as of June 30th

- c. 1.5% increase for benefitted employees with at least ten (10), but less than fifteen (15), continuous years of service as of June 30th
- d. 2.0% increase for benefitted employees with at least fifteen (15) continuous years of service as of June 30th

The above formula for part-time benefitted employees will be pro-rated based upon average hours worked per week.

APPENDIX A

Current PG	Recommended PG	POSITION CLASS TITLE	DEPARTMENT
5	6	Animal Shelter Attendant	Animal Services
7	8	Veterinary Assistant	Animal Services
11	14	Emergency Services Planner	Emergency Services
14	15	Deputy (80 hr and 85.5 hr)	Sheriff's Office
14	15	Detention Officer (80hr and 85.5 hr)	Sheriff's Office
15	16	Corporal (80 hr and 85.5 hr)	Sheriff's Office
15	16	Detention Corporal (80 hr and 85.5 hr)	Sheriff's Office
16	19	Animal Shelter Assistant Director	Animal Services
17	19	911 Section Chief	Emergency Services
17	18	Detective (80 hr and 85.5 hr)	Sheriff's Office
17	18	EMS Captain	Emergency Services
18	19	Det. Sergeant (80 hr and 85.5 hr)	Sheriff's Office
18	19	Sergeant (80 hr and 85.5 hr)	Sheriff's Office
19	22	911 Division Chief	Emergency Services
20	21	Det. Lieutenant (80 hr and 85.5 hr)	Sheriff's Office
20	21	Lieutenant (80 hr and 85.5 hr)	Sheriff's Office
23	24	Captain	Sheriff's Office
25	28	Animal Services Director	Animal Services
25	26	Veterinarian	Animal Services

The \$500 progression increase estimated cost of \$479,000, the in-grade progressive pay increase estimated cost of \$2,890,734, and additional adjustment for public safety estimated cost of \$240,000.

Progressive Pay shall not be moved to a department unless it is needed. If departments lapse salary from vacant positions is such that the department has enough currently budgeted to cover the increase for progressive pay, then funds will not be moved by way of a budget amendment to the department.

Positions Requested and Eliminated

The FY 2026 budget included a request for 39 positions at a total cost of \$2,821,833. The requested budget also included \$341,977 in requested position upgrades for 25 positions. The proposed budget includes the elimination of 10 full-time vacant positions. These positions total \$713,063 in salaries and benefits. Below is a listing of the positions:

<u>Department</u>	<u>Position</u>
County Manager	Administrative Assistant I
Facilities	Custodial Worker
Tax Collector	Office Assistant II
Information Technology	IT Business Analyst III
Health	Office Assistant III
DSS	Social Worker II
DSS	IM Caseworker I
DSS	Office Assistant III
Library	Librarian I
Parks & Recreation	Park Maintenance I

Special Appropriations to Non-County Agencies

Annually, many agencies and non-profit groups request funds from Rowan County to provide their services. These special grants and appropriations are made on an annual basis with consideration to continue the funding. A complete listing of the requests can be found in Attachment 5.

Article 46 Sales Tax Expenditures

The recommended budget includes expending \$5,623,730 million in public safety projects that can be covered with Article 46 sales tax. Below table shows a list of those projects and budgeted cost. Revenues are projected at \$5,600,000; the difference will be covered by available funds from previous years.

Description	Budgeted Amount
Radio Debt Service - FY2023	\$ 1,742,000
Telecom Debt Service - FY2024 Budget	1,486,000
NEW - South EMS Station Debt Service	1,715,000
Sheriff Department Vehicles	680,730
	\$ 5,623,730

III. Expenditures – (B) Education

Education

Rowan County Schools make up approximately 33.62%, or \$72,425,225, of the recommended County budget. This includes \$55,957,558 for operating, and \$16,468,000 for debt service. Operating costs consist of current expense and recurring capital.

	<u>FY 2025 Original Budget</u>	<u>FY 2026 Requested Budget</u>	<u>Difference in Requested and Original</u>	<u>% Increase/ (Decrease)</u>
RCCC	\$ 6,278,636	\$ 32,998,636	\$ 26,720,000	425.6%
Rowan-Salisbury Schools	42,837,171	62,570,872	19,733,701	46.1%
Kannapolis City Schools	3,242,427	3,454,064	211,637	59.8%
Charter Schools	<u>3,484,143</u>	<u>4,815,352</u>	<u>1,331,209</u>	38.2%
Total	<u>\$ 55,842,377</u>	<u>\$ 103,838,924</u>	<u>\$ 47,996,547</u>	86.0%

The total recommended amount to be paid directly to Rowan County Schools in the FY 2026 budget is \$55,957,225, a 0.2%, or \$114,848 increase.

	<u>FY 2025 Original Budget</u>	<u>FY 2026 Recommended Budget</u>	<u>Difference in Recommended and Original</u>	<u>% Increase/ (Decrease)</u>
RCCC	\$ 6,278,636	\$ 3,778,636	\$ (2,500,000)	(39.8%)
Rowan-Salisbury Schools	42,837,171	43,991,689	1,154,518	2.7%
Kannapolis City Schools	3,242,427	3,275,977	33,550	1.0%
Charter Schools	<u>3,484,143</u>	<u>4,910,923</u>	<u>1,426,780</u>	41.0%
Total	<u>\$ 55,842,377</u>	<u>\$ 55,957,225</u>	<u>\$ 114,848</u>	0.2%

Rowan-Cabarrus Community College

For FY 2026, the College requested \$32,998,636. This request does not include a request for funding of the project approved by the bond that was approved by the voters in FY 2020. The budget estimates paying two semi-annual debt payments for the bond referendum in FY 2026, this was budgeted FY 2025 and estimates increases the our debt service by \$4,301,000.

Public Schools (Elementary through High School)

Current Expense

The appropriations for public schools' current expense and capital outlay are made in accordance with the projected average daily membership (ADM) of each school unit. Historically estimates were provided by the State Department of Public Instruction. The State has changed the way it funds schools and no longer provides this estimate. For the FY25-26 budget these estimates were received from the respective school systems. The

estimated average daily membership percentages for school year 2025-26 are provided below:

School System	FY 2023		FY 2024		FY 2025		FY 2026	
	Students	%	Students	%	Students	%	Students	%
Rowan-Salisbury Schools	18,396	88.1	18,180	88.0	17,994	86.3	17,860	84.2
Kannapolis City Schools	1,391	6.6	1,325	6.4	1,362	6.5	1,330	6.3
Charter Schools	1,104	5.3	1,143	5.6	1,496	7.2	2,028	9.5
Totals	<u>20,891</u>	<u>100.0</u>	<u>20,648</u>	<u>100.0</u>	<u>20,852</u>	<u>100.0</u>	<u>21,218</u>	<u>100.0</u>

According to estimates provided by the schools systems for the average daily memberships, it is projected that Rowan-Salisbury Schools will lose 134 students, Kannapolis City Schools will loss 32 students, and Charter Schools will gain 532 students.

This budget recommends that per pupil funding for current operating expenses increase by 3.5% over FY 2025 to \$2,411.03. Proposed current operating and capital expense and debt service for the School Systems is summarized below:

School System	FY 2025	Total Proposed Funding for FY 2026
Rowan-Salisbury Schools (Current Operating)	\$ 41,520,537	\$ 42,673,996
Rowan-Salisbury Schools (Current Capital)	929,634	930,693
Debt Service	4,870,800	10,974,150
Debt Service for \$16 Million *	1,500,000	0
Debt Service for \$55 Million **	<u>5,014,000</u>	<u>0</u>
Total	<u>\$ 53,834,971</u>	<u>\$ 54,578,839</u>

*This was the estimated amount to pay the debt service on \$16 million dollars for FY 2025. The actual debt service payment is included in the Debt Service amount in the FY 2026 column.

** This was the estimated amount to pay the debt service on \$55 million dollars for FY 2025. The actual debt service payment is included in the Debt Service amount in the FY 2026 column.

School System	FY 2025	Total Proposed Funding for FY 2026
Kannapolis City Schools (Current Operating)	\$ 3,144,615	\$ 3,177,893
Kannapolis City Schools (Current Capital)	70,366	69,307
Debt Service for \$2 Million*	254,000	0
Debt Service	<u>208,200</u>	<u>138,850</u>
Total	<u>\$ 3,677,181</u>	<u>\$ 3,386,050</u>

*This was the estimated amount to pay the debt service on \$2 million dollars for FY 2025. The actual debt service payment is included in the Debt Service amount in the FY 2026 column.

Charter Schools	\$ 3,473,561	\$ 4,889,569
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Important Note: The annual appropriation made to the School Systems for classroom teachers' supplies, or as a separate education appropriation, is not part of the current expense funding reflected above and has been continued in the Budget.

Schools Special Appropriation

Since FY 1999, the Board of County Commissioners has appropriated a sum of County funds for the purpose of providing supplies and materials to classroom teachers, or as a separate education appropriation. The appropriation made by the Board has been in the amount of \$375,000 to Rowan-Salisbury Schools, with a comparable amount to the other School Systems based upon average daily membership (ADM). I have included the funds for this appropriation in the Budget.

Schools Capital Outlay

The Board has routinely appropriated the proceeds from the restricted portions of the local option sales taxes for debt service to the public schools for use in capital outlay and technology. It is anticipated that the following amounts will be received and be eligible for distribution in FY 2026, detailed below:

	<u>FY 2025</u>	<u>FY 2026</u>	<u>Difference</u>
Estimated Revenue from Article 40 Restricted	\$ 2,600,000	\$ 2,500,000	\$ (100,000)
Estimated Revenue from Article 42 Restricted	5,400,000	5,400,000	0
Estimated for Principal Payments for Debt	(8,533,000)	(7,759,000)	774,000

Appropriation of Expanded Sales Tax Base Revenue

The recommended budget includes \$1,000,000 of the expanded sales tax to be spent on education. The funds are allocated based on ADM percentages to Rowan-Salisbury Schools, Kannapolis City Schools, and Charter Schools in the amounts of \$841,738, \$62,683, and \$95,579, respectively.

III. Expenditures – (C) Debt Service

Debt Service

The below table summarizes the proposed debt service payments in the FY 2026 all funds proposed budget:

Description	Payment
Radio Equipment - 2023	\$ 1,742,000
Rowan Community Center - Ag Center 2023	2,792,000
Telecom Project - 2024 Budget	1,486,000
South EMS Station - 2025 Budget	1,715,000
RCCC - Bond 2011	862,250
RCCC - HVAC/Dental - 2016	126,750
RCCC - Paving/Notification System - 2020	65,000
RCCC 2020 Bond Techn Building, Fire Decontamination Station, Career Promise Building, and Renovation Fine Arts Program	4,301,000
KCS - Elem School 2025	138,850
RSS - Central Office - 2015	527,500
RSS - Roofs - 2017	677,500
RSS - West Elementary School - 2018	2,865,500
RSS - HVAC - 2020	701,000
RSS - 3-8 School 2025	4,803,450
RSS - Roofs 2025	1,399,200
NEW - DNP Train - 2026 Budget	407,616
Estimated Issuance Costs	454,000
	<u>\$ 25,064,616</u>
Airport - Hangar - 2016	\$ 284,000
Airport - Hangar - 2024	1,555,000
	<u>\$ 1,839,000</u>
Total Debt Service	<u>\$ 26,903,616</u>

IV. CONCLUSIONS FROM THE PROPOSED FY 2025 BUDGET

Rowan County is fortunate to have a professional and solid Finance Department under the leadership of Finance Director Anna Bumgarner. Much of the credit for this budget goes to Anna Bumgarner, Siobhan Allen, and Samantha Rosenhaus.

If you have any questions regarding the proposed budget, please contact staff or myself.

Sincerely,

Aaron Church

**SUBMISSION OF
PROPOSED ANNUAL BUDGET
TO THE
ROWAN COUNTY
BOARD OF COMMISSIONERS**



**Fiscal Year 2026
Fund 201 - Fire District Fund**

Aaron Church, County Manager

May 19, 2025

The Fire District Fund was established by the Board of Commissioners to account for fire and special service district taxes levied by the Board for the purpose of providing fire services to the unincorporated areas of Rowan County. For fiscal year 2026, the County received budget requests from 22 fire and service districts. The following eleven districts have proposed tax rate increases which are not recommended:

	<u>Current Tax Rate</u>	<u>FY 2026 Levy at Current Tax Rate</u>	<u>Proposed Tax Rate</u>	<u>FY 2026 Levy at Proposed Tax Rate</u>	<u>Increase in Levy</u>
Bostian Heights	0.0900	\$ 1,264,788	0.1100	\$ 1,545,852	\$ 281,064
Cleavland Community	0.0936	686,768	0.1300	953,844	267,076
East Landis	0.0425	41,119	0.0825	79,818	38,699
East Rowan Service	0.0700	40,851	0.0900	52,522	11,671
Locke Township	0.0975	1,580,198	0.1175	1,904,342	324,144
Mt. Mitchell	0.0726	134,426	0.1000	185,159	50,733
Rockwell Rural	0.0995	967,542	0.1300	1,264,125	296,583
Scotch Irish	0.0900	161,227	0.1200	214,969	53,742
South Rowan Service	0.0900	6,841	0.1100	8,361	1,520
South Salisbury	0.0900	697,239	0.1150	890,916	193,677
Woodleaf	0.0750	403,246	0.0850	457,012	53,766

The Board of Commissioners may choose to have budget work sessions to discuss these requests and determine an appropriate funding level for each volunteer fire department. If you have questions, staff can provide additional information at the budget work sessions.

Each request has a section that reads, *“The Board of Directors recommends a tax rate of ____ cents per \$100 valuation. We certify that this budget has been proposed by the Fire Department Board and approved by a majority of the District’s Fire Commissioners.”* The tax rate proposals are certified under the signature of the Chairman of the Fire Department Board and Chairman of the Fire Commission appointed by the Board of Commissioners. Proposed tax rates range from 5.5 cents to 13 cents.

I. ESTIMATED AVAILABLE REVENUES FOR FY 2026

It is estimated that Rowan County will receive the following revenues to be recorded in Fund 201 for fiscal year 2026:

Ad valorem taxes	<u>\$ 12,646,681</u>
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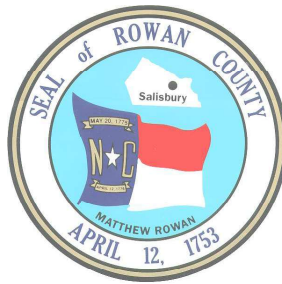
A worksheet is provided that details estimated property tax valuation, proposed tax rate and proposed tax levy for each fire district for fiscal year 2026. The worksheet also shows the current ISO rating for each district. Please see Schedule 7.

II. CONTINUATION EXPENDITURE BUDGET FOR FY 2026

The Fund will support the following expenditures:

Public safety:	
Fire Districts	<u>\$ 12,646,681</u>

**SUBMISSION OF
PROPOSED ANNUAL BUDGET
TO THE
ROWAN COUNTY
BOARD OF COMMISSIONERS**



Fiscal Year 2026

Fund 202 - Emergency Telephone System Fund

Aaron Church, County Manager

May 19, 2025

ROWAN COUNTY**Fund 202 – Emergency Telephone System Fund****For the Fiscal Year 2026**

The Emergency Telephone System Fund was established in accordance with North Carolina General Statutes that provided counties with the opportunity to secure funding from telephone ratepayers to support the cost of an emergency 911 telecommunications response system. The Statutes required any surcharge authorized by the Board of Commissioners to be accounted for in a separate Fund. For the period July 1, 1997 through December 31, 2007, the Board of Commissioners established a 65 cents per month fee on all telephone landlines for the purpose of providing emergency 911 dispatching and related services.

In May 1999, the North Carolina General Assembly authorized the “Wireless Telephone Surcharge Fund”, which included the provision that mobile telephone providers must develop technology to identify the location of mobile telephone users in the event of a call for emergency assistance. It also provided revenues to local governments who operate emergency 911 response services for the development of technological capabilities to receive and process location information. From July 1, 1999 through December 31, 2007, the statewide wireless fee was set at 70 cents per month.

Effective January 1, 2008, House Bill 1755 preempted local authority to set an emergency 911 landline fee and substituted a statewide rate of 70 cents on all voice communications service connections, including landline, wireless and voice over internet protocol (VoIP). The North Carolina 911 Board subsequently changed the rate effective July 1, 2010 and July 1, 2018 to 60 cents and 65 cents, respectively. The County receives distributions of combined landline, wireless and VoIP fees from the State on a monthly basis.

I. ESTIMATED AVAILABLE REVENUES FOR FY 2026

The estimated revenues for Fund 202 for fiscal year 2026 are as follows:

Emergency 911 fees	\$ 351,387
Appropriated fund balance	<u>476,563</u>
 Total estimated revenues	 <u>\$ 827,950</u>

II. EXPENDITURE BUDGET FOR FY 2026

The Emergency Telephone System Fund supports the operations of the 911 telecommunications program.

The Fund will support the following expenditures:

Public safety:	
Emergency 911 program	<u>\$ 827,950</u>

**SUBMISSION OF
PROPOSED ANNUAL BUDGET
TO THE
ROWAN COUNTY
BOARD OF COMMISSIONERS**



**Fiscal Year 2026
Fund 206 – Opioid Settlement Fund**

Aaron Church, County Manager

May 19, 2025

The Opioid Settlement Fund was established in accordance with the Memorandum of Agreement (MOA) between the State of North Carolina and Local Governments on proceeds relating to the settlement of opioid litigation. The MOA requires the funds shall not be commingled with any other funds, a Special Revenue Fund be established for tracking purposes, the funds are to be used for opioid remediation activities only, and the Governing Body must approve a budget authorizing the expenditures prior to obligation and disbursement of the funds.

I. ESTIMATED AVAILABLE REVENUES FOR FY 2026

It is estimated that Rowan County will receive the following revenues to be used in Fund 206 for fiscal year 2026:

Settlement Payments	<u>\$ 1,216,128</u>
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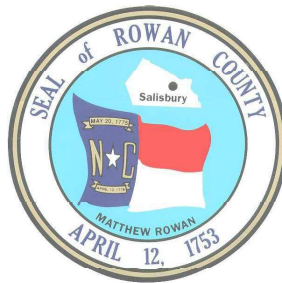
II. CONTINUATION EXPENDITURE BUDGET FOR FY 2026

The Opioid Settlement Fund supports the operations related to the Opioid expenditures consistent with the terms of the MOA.

The Fund will support the following expenditures:

Opioid Expenditures	<u>\$1,216,128</u>
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**SUBMISSION OF
PROPOSED ANNUAL BUDGET
TO THE
ROWAN COUNTY
BOARD OF COMMISSIONERS**



Fiscal Year 2026
Fund 501 - Risk Management Fund

Aaron Church, County Manager

May 19, 2025

On July 1, 1992, the Board of Commissioners approved a plan to operate the County's workers' compensation program as a self-insured entity. Under the plan, premiums charged to each department were set aside in a separate Fund as opposed to being remitted to an insurance company. Actual claims were handled internally and deducted from the actual cash in the Fund. Specific stop-loss insurance was obtained to protect the County against a catastrophic accident. The plan to self-insure the County for workers' compensation was developed as a means of controlling the County's costs. Effective July 1, 2012, the County began contracting with the North Carolina Association of County Commissioners (NCACC) to assist with the management of workers' compensation claims.

From July 1, 1998 through June 30, 2013, Rowan County participated in the Carolina Governmental Alliance with Cabarrus County for professional liability, general liability, and property and vehicle insurance coverage. Effective July 1, 2013, the County transferred all policies to the NCACC Liability and Property Risk Pool. Under the NCACC, the County operates as a self-insured group but has the "buying-power" benefit of participating in an insurance pool with 138 governmental members.

I. ESTIMATED AVAILABLE REVENUES FOR FY 2026

It is estimated that the County will transfer \$850,000 from the General, Opioid, Landfill and Airport Funds to the Risk Management Fund for workers' compensation premiums and claims. Transfers are made bi-weekly to reflect these costs in individual department budgets. The costs are primarily based on rates assigned by insurance rating companies to various classifications of employees in accordance with the relative risk of the jobs. These rates are revised annually, based on occurrence history and costs of medical care.

It is recommended that \$1,487,366 be transferred from the General Fund to the Risk Management Fund for professional and property liability insurance to be purchased through the NCACC for the payment of insurance costs and claims. This is an increase from FY25.

The estimated revenues for Fund 501 for fiscal year 2026 are as follows:

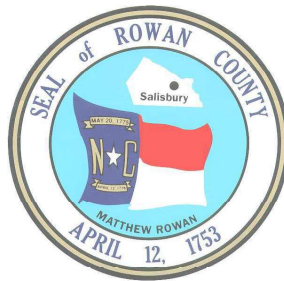
Charges for services	\$ 850,000
Investment earnings	90,000
Insurance Settlements	150,000
Transfer from 101	<u>1,487,366</u>
Total estimated revenues	<u>\$ 2,577,366</u>

II. CONTINUATION EXPENDITURE BUDGET FOR FY 2026

For fiscal year 2026, it is estimated that the risk management programs will support the claims incurred by employees injured while working on the job and other professional and property liability claims. Adequate reserves will be available to address major incidents. In addition, insurance to provide stop loss maximums will be acquired.

Administration	\$ 76,217
Professional and property liability	1,745,000
Workers' compensation	<u>756,149</u>
Total estimated expenditures	<u>\$ 2,577,366</u>

**SUBMISSION OF
PROPOSED ANNUAL BUDGET
TO THE
ROWAN COUNTY
BOARD OF COMMISSIONERS**



Fiscal Year 2026

Fund 601 - Landfill Fund

Aaron Church, County Manager

May 19, 2025

During fiscal year 1990, Rowan County opened the Rowan County Landfill for the disposal of solid waste by County citizens. Two types of cells were created, one for municipal solid waste and one for construction and demolition (C&D) debris. Effective July 1, 2008, due to requirements contained in Senate Bills 6 and 1492, the County ceased operation of the C&D debris cell. All waste taken to the Landfill is now disposed of in the municipal solid waste cell.

Also, effective July 1, 2008, the North Carolina General Assembly enacted a \$2 per ton statewide “tipping tax”. The proceeds of the excise tax were first used to pay entities that had incurred expenditures but were denied landfill permits due to passage of the new law. The remaining proceeds of the tax are distributed as follows: 50% to the Inactive Hazardous Sites Cleanup Fund to help pay for assessment and remediation of pre-1983 landfills, 37.5% to both cities and counties on a per capita basis for solid waste management programs and services, and 12.5% to the Solid Waste Management Trust Fund for grants to local governments and State agencies. For fiscal year 2026, it is estimated that the County will collect and remit \$370,000 to the State for this tax and receive \$85,000 to supplement solid waste programs and services.

I. ESTIMATED AVAILABLE REVENUES FOR FY 2026

It is estimated that the Board can expect to receive from various revenue sources approximately \$9,560,969, for fiscal year 2026. This amount includes several significant areas as shown below.

Charges for services	\$ 8,520,969
Scrap tire and white goods disposal tax	305,000
Solid waste disposal tax	85,000
Investment earnings	<u>650,000</u>
Total estimated revenues	<u>\$ 9,560,969</u>

II. CONTINUATION EXPENDITURE BUDGET FOR FY 2026

For fiscal year 2026, the Landfill Fund will continue to support the disposal of solid waste in Rowan County primarily through the use of tipping fees. It is estimated that the following program operations will be provided:

Administration	\$ 494,975
Solid waste operations	6,599,833
Recycling operations	977,608
Sanitation operations	<u>1,488,553</u>
Total estimated expenditures	<u>\$9,560,969</u>

**SUBMISSION OF
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ROWAN COUNTY
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Fiscal Year 2026

Fund 603 - Airport Fund

Aaron Church, County Manager

May 19, 2025

Effective July 1, 2007, Rowan County began accounting for airport grants and operations in Fund 603, the Airport Fund. This Fund is an enterprise fund, indicating that grant funds and charges for services should support operations and capital improvements. In fiscal year 2026, a General Fund transfer of \$1,839,000 due to debt service payments. Fund balance appropriation of \$182,436 is recommended to balance the Airport Fund budget.

I. ESTIMATED AVAILABLE REVENUES FOR FY 2026

It is estimated that the Airport can expect to realize and collect the following revenues:

State grants	\$ 573,155
Charges for services	1,550,200
Interest revenue	90,000
Transfer from 101	1,839,000
Appropriated fund balance	<u>182,436</u>
Total estimated revenues	<u>\$ 4,234,791</u>

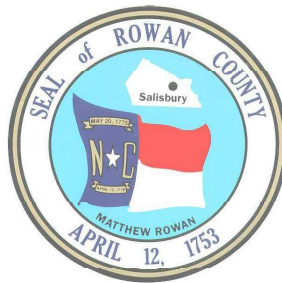
II. CONTINUATION AND EXPANSION EXPENDITURE BUDGET FOR FY 2026

The objective of the continuation expenditure budget is to provide for the operation and maintenance of the Airport. As in all the continuation budgets, minimum adjustments are made based on historical costs and anticipated inflationary costs.

The Fund will support the following expenditures:

Airport grant projects	\$ 610,551
Airport operations	1,785,240
Debt service	<u>1,839,000</u>
Total estimated expenditures	<u>\$ 4,234,791</u>

**SUBMISSION OF
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ROWAN COUNTY
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Fiscal Year 2026

Fund 605 - Water Fund

Aaron Church, County Manager

May 19, 2025

In May 2017, Rowan County entered into an Agreement with the City of Salisbury for operation of the Northeast Rowan Water (NERW) System to provide potable water to citizens in this area of the County. The System began operations in July 2018 and has an identification number of 20-80-082. It is accounted for in Fund 605, the Water Fund. FY26 includes a transfer from General Fund of \$378,867 to balance the fund.

I. ESTIMATED AVAILABLE REVENUES FOR FY 2026

It is estimated the County will receive the following revenues during fiscal year 2026:

Sale of water	\$ 250,000
Transfer from 101	378,867
Investment earnings	<u>30,000</u>
Total estimated revenues	<u>\$ 658,867</u>

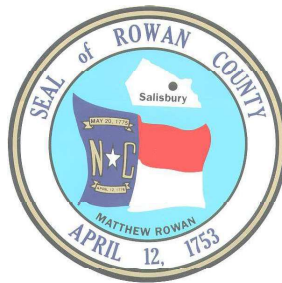
II. CONTINUATION EXPENDITURE BUDGET FOR FY 2026

The objective of the continuation expenditure budget is to provide for the operation and maintenance of the water system. As in all the continuation budgets, minimum adjustments may be made based on historical costs and anticipated inflationary costs.

The Fund will support the following expenditures:

Purchase of water	\$ 160,000
Water flushing fees	250,000
Water operations	182,867
Operation fees - City of Salisbury	<u>66,000</u>
Total estimated expenditures	<u>\$ 658,867</u>

**SUBMISSION OF
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ROWAN COUNTY
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Fiscal Year 2026

Fund 701 – DSS Trust Fund

Aaron Church, County Manager

May 19, 2025

In Fiscal Year 2021 the implementation of GASB Statement No. 84 *Fiduciary Activities* required Agency Funds managing funds under the Social Security's Representative Payee Program (DSS Trust Fund) to establish revenue and expenditure budgets and to manage the funds accordingly. Rowan County established Fund 701, the DSS Trust Fund to do so.

I. ESTIMATED AVAILABLE REVENUES FOR FY 2026

It is estimated the County will receive the following funds during fiscal year 2026:

Total estimated funds received	<u>\$ 450,000</u>
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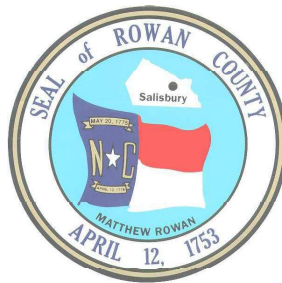
II. CONTINUATION DISTRIBUTION BUDGET FOR FY 2026

The objective of the continuation expenditure budget is to provide for distributions as needed from the DSS Trust Accounts. As in all the continuation budgets, minimum adjustments may be made based on historical costs and anticipated inflationary costs.

The Fund will support the following distributions:

Total estimated distribution	<u>\$ 450,000</u>
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**SUBMISSION OF
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TO THE
ROWAN COUNTY
BOARD OF COMMISSIONERS**



**Fiscal Year 2026
Fund 702 – Fines and Forfeitures Fund**

Aaron Church, County Manager

May 19, 2025

In Fiscal Year 2021 the implementation of GASB Statement No. 84 *Fiduciary Activities* required Agency Funds managing penalties, fines and forfeitures collected by the County to be turned over to the school system to establish revenue and expenditure budgets and to manage the funds accordingly. Rowan County established Fund 702, the Fines and Forfeiture Fund to do so.

I. ESTIMATED AVAILABLE REVENUES FOR FY 2026

It is estimated the County will collect the following penalties, fines and forfeitures during fiscal year 2026:

Total collected	<u>\$ 800,000</u>
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II. CONTINUATION EXPENDITURE BUDGET FOR FY 2026

The objective of the continuation expenditure budget is to provide for the distribution of penalties, fines and forfeitures collected. As in all the continuation budgets, minimum adjustments may be made based on historical costs and anticipated inflationary costs.

The Fund will support the following distributions:

Total estimated distributions	<u>\$ 800,000</u>
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**SUBMISSION OF
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Fiscal Year 2026

Fund 703 – American Rescue Plan Act (ARPA) Fund

Aaron Church, County Manager

May 19, 2025

The American Rescue Plan Act (“ARPA”) was signed into law on March 11, 2021 with the intent to combat the COVID-19 pandemic, including the public health and economic impacts. Rowan County established the ARPA Fund to support the cost of Rowan County’s responses to the public health emergency, negative economic impacts, prevention and mitigation caused by the COVID-19 pandemic. Along with investments in water, sewer and broadband. It is accounted for in Fund 703, the ARPA Fund.

I. ESTIMATED AVAILABLE REVENUES FOR FY 2026

It is estimated the County will receive the following revenues during fiscal year 2026:

Disaster reimbursement	\$ 9,470,000
Interest - ARPA	<u>300,000</u>
Total estimated revenues	<u>\$ 9,770,000</u>

II. EXPENDITURE BUDGET FOR FY 2026

The County intends to use these funds for renovations to relocate the health department.

The Fund will support the following expenditures:

Transfer to Capital Project Fund	\$ 9,670,000
Grant Expenditures	<u>100,000</u>
Total estimated expenditures	<u>\$ 9,770,000</u>