



FY 2026 Operating Plan Preview

May 12, 2025

What we will Cover



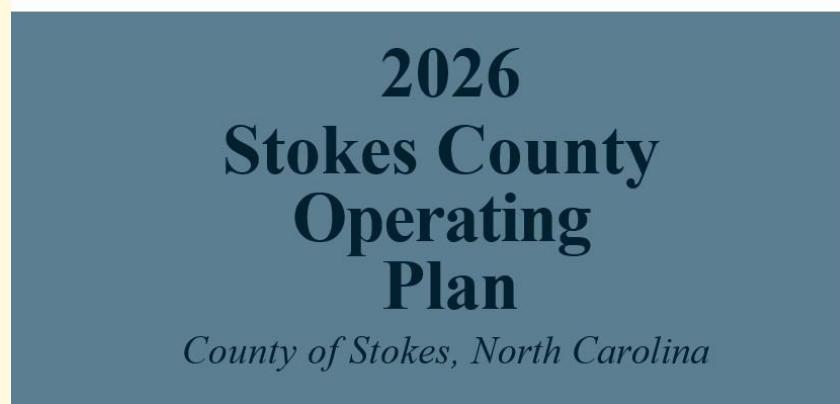
- Introduction to the 2026 Stokes County Operating Plan
- FY 2026 General Fund Overview
- FY 2026 School Current Expense Fund
- FY 2026 Fire District Funds
- FYs 2026-2030 Five-Year Financial Forecasts and Significant Initiatives
- Key Upcoming Dates

FY 2026 Stokes County Operating Plan (Under Development)

Stokes County Operating Plan



- All new, five-year operating plan
- Purpose:
 - Policy document
 - Operations guide
 - Financial plan
 - Communications device
- Lays out operational plans over a five-year horizon and allocates resources to complete those plans
- Describes the process used to develop and prioritize those plans



Major Components of the Stokes County Operation Plan



Section

- Budget in Brief
- Budget Message
- About County Services
- Operating Plan Guide
- Determination of Operational Priorities
- General Fund Summary
- Specialty Funds Summary
- Enterprise Funds Summary
- Capital Project Fund
- Five-Year Financial Forecast
- Capital Improvement Plan
- Budget Ordinance

Status

- draft complete
- draft complete
- draft complete
- under development
- draft complete
- under development
- under development
- under development
- draft complete
- draft complete
- draft complete
- draft complete

FY 2026 General Fund Budget

FY 2026 General Fund Budget Overview



- Calls for \$74.64 million budget
- Is resourced by a property tax rate of \$0.58 (reduction of 9.0 cents compared to FY25)
- Includes \$6.7 million of appropriated fund balance compared to \$5.6 million in the FY 2025 adopted budget
- Expects ending fund balance of 38.5% of budgeted expenditures
- Includes:
 - Completion of the new Animal Shelter (carry-over)
 - Replacement ambulance
 - New transfer station scales
 - 3 new FTE

Proposed Tax Rate after Revaluation



Proposed General Fund Tax Rates

- FY 2025 General Fund Tax Rate is \$0.67
- After revaluation, the revenue neutral tax rate is \$0.5410
- Correcting the revenue neutral rate for the effects of inflation results in a rate of \$0.6058

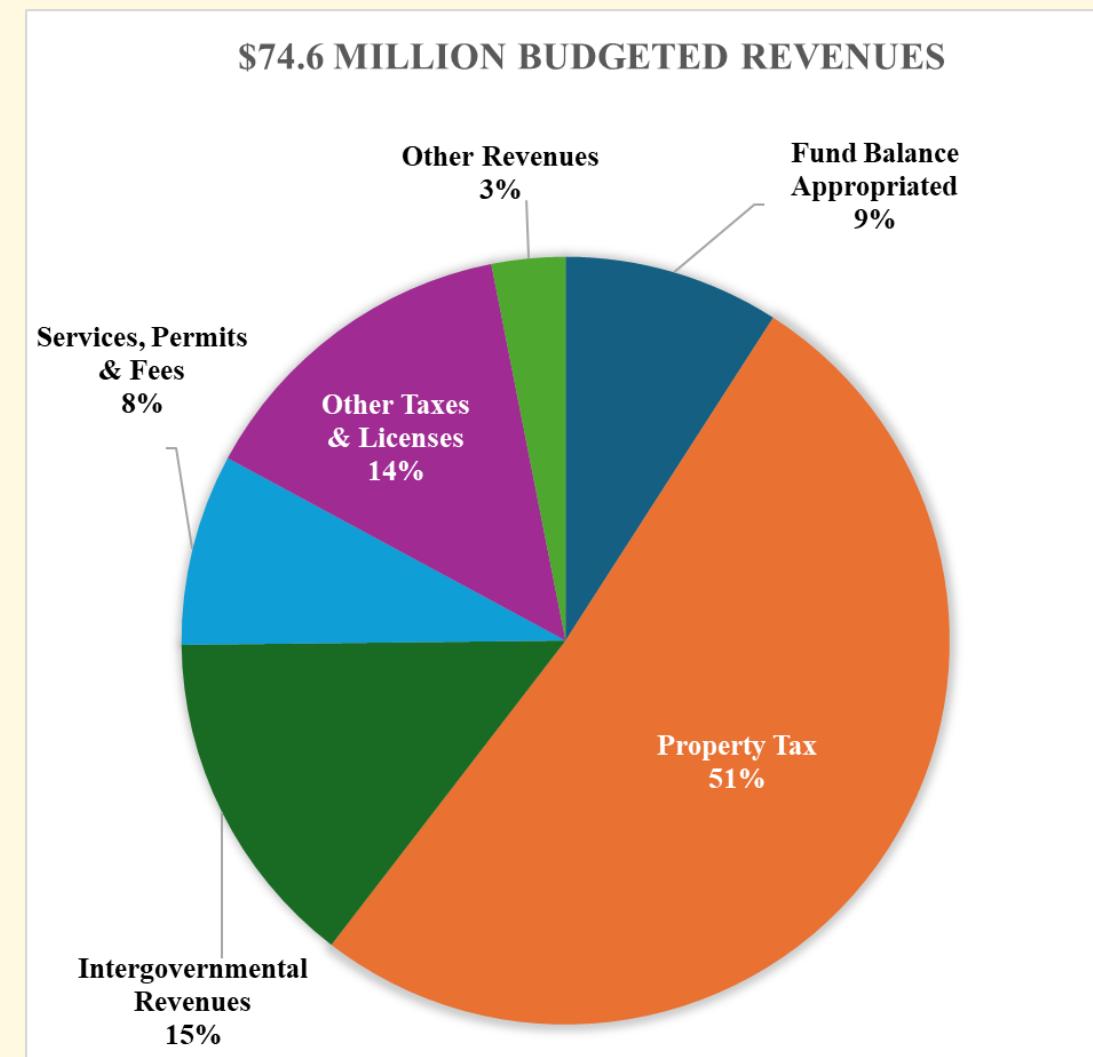
<u>R.N.</u>	<u>Proposed</u>	<u>CPI Adj'd</u>
\$0.5410	← \$0.58 →	\$0.6058

- At the proposed rate, the average property owner would pay \$39 more per \$100,000 in real property valuation

FY 2026 General Fund Revenues



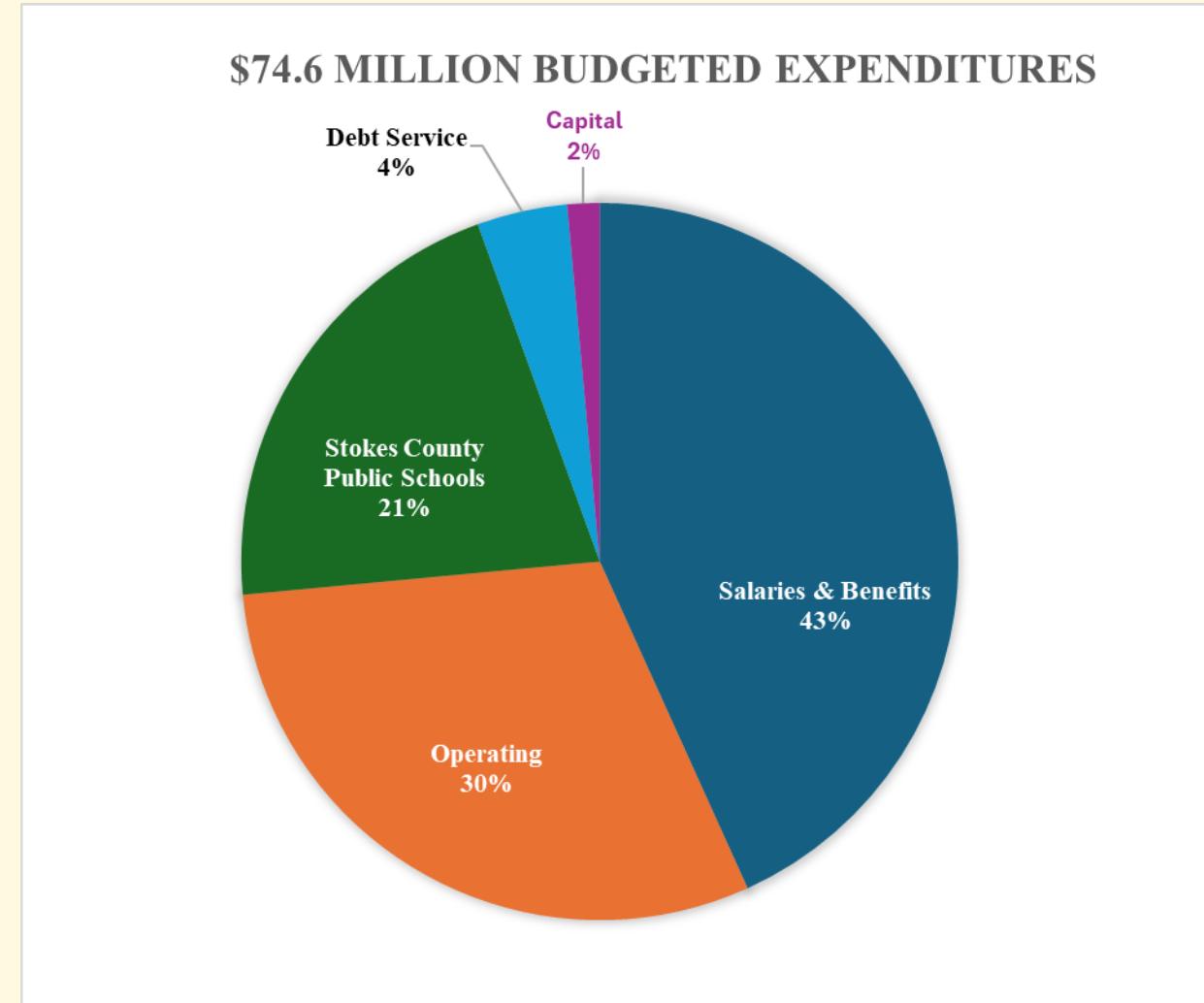
- \$74.6 Million in Total Revenues
- Assumes 2.0% increase in sales tax revenues over FY 2025 adopted budget
- Assumes \$402,550 growth in billed Services, Permits & Fees due to updated fees and charges schedule



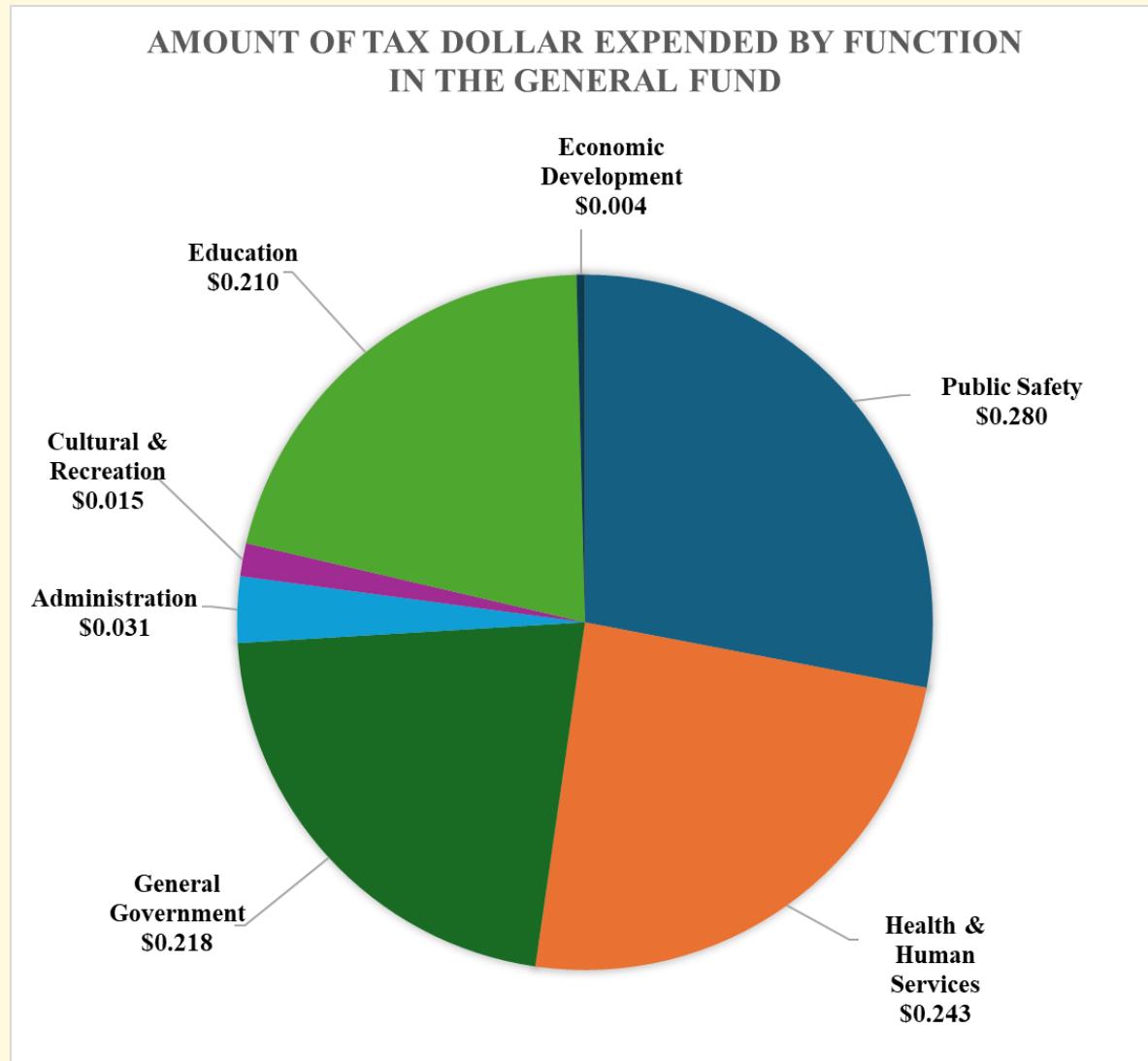
FY 2026 General Fund Expenditures by Type



- Average merit pay increase of 2% plus cost-of-living adjustment of 2.9%
- Three new full-time equivalents (FTEs):
 - Environmental Health Specialist
 - Deputy Department of Social Services Director (50% paid by North Carolina)
 - Emergency Medical Services Training Officer
- Fourth shift of paramedics to switch to a 24-72 schedule
- 2.9% increase in school operations funding



FY 2026 General Fund Expenditures by Function



FY 2026 Significant Capital



Capital Item	Cost
New animal shelter (will roll funds forward from FY 2025 budget)	\$1,900,000
Ambulance replacement	\$306,000
EMS Supervisor/Medical Examiner transport truck	\$200,000
Solid waste transfer station scales replacement	\$100,000
Building component replacement in accordance with real property capital improvement plan	\$172,000

FY 2026 School Current Expense Fund

FY 2026 School Current Expense Fund

Stokes County Schools Request



Current General Fund 5-year forecasts calls for \$15,527,325 total, \$1,911,846 less than requested but \$437,485 more than FY25

Revenues	FY25 Final Budget	FY26 Request	Change	Percent Change	FY26 Mgmt Rec
County Appropriation	\$14,815,960	\$17,145,441	\$2,329,481	15.72%	\$15,253,445
Fines & Forfeitures	\$160,000	\$160,000	-	0.0%	\$160,000
Poplar Springs Operating Transfer from 4-cent Fund	\$113,880	\$133,730	\$19,850	17.4%	\$113,880
Other, non-Stokes County Funding	\$129,000	\$134,000	\$5,000	3.8%	\$134,000
Appropriated Fund Balance	\$1,799,507	\$0.0	(\$1,799,507)	(100.0%)	\$1,911,846
Total	\$17,018,347	\$17,574,171	\$555,824	3.27%	\$17,574,171

Some fund balance appropriated would be justified. FY24 Audit showed that \$420K was added to fund balance last year, resulting in a \$3.6M in end of year fund balance after having appropriated 1.055M in fund balance at the start of the year.

Request reflects expenditures including a \$908,930 (9.2%) increase in Stokes County paid salaries & benefits. Other operating expenses projected to be lower, in the aggregate.

FY 2026 School Current Expense Fund

Stokes County Schools Request



- Board chairs, vice-chairs and key staff met on May 7
- Stokes County Schools reports that they expect to end this FY with approximately \$2.2 million in fund balance
- Group reached consensus that approximately \$1.5 million in fund balance was appropriate and sufficient
- Group reached consensus to mutually work together to achieve a budget and supporting County funding that will result in Stokes County appropriating \$700K in fund balance, resulting in an expected, unappropriated fund balance of \$1.5 million after budget adoption
- Stokes County Schools agreed to update their salaries and benefits request in line with edition 3 of Senate Bill 257
- **Agreement will result in an increase in the school funding recommendation, and may result in a higher recommended tax rate**

FY 2026 SCOPE Fund (Opioid Settlement)

FY 2026 SCOPE Fund



Positions
Opioid Prevention Coordinator
Community Paramedic
Licensed Clinical Social Worker
Peer Support Specialist
Accountability & Recovery Court Coordinator (50% SCOPE funded)

Budgeted Revenue:	\$600,000
Budgeted Expenditures:	\$451,529
Added to Fund Balance:	\$148,471
Projected End of Year Fund Balance:	\$1,877,616

Recommend completing a strategic plan in FY 2026 to cover the life of the fund (through FY 2039) before contemplating any significant, new expenditures.

FY 2026 Fire District Funds

FY 2026 Fire District Funds



	FY 2025 rate	Revenue Neutral Rate	CPI Adjusted RN Rate	Proposed FY 2026 rate	Total 2026 Revenue
Stokes County Service District	\$0.10	\$0.0830	\$0.0915	\$0.09	\$3,303,011
King Fire District	\$0.10	\$0.0761	\$0.0874	\$0.09	\$745,433
Rural Hall Fire District	\$0.08	\$0.0618	\$0.0711	\$0.09	\$138,722
Walnut Cove Fire District	\$0.10	\$0.0798	\$0.0906	\$0.09	\$494,140

Revenues do not include sales tax distribution

Funding plan accommodates the hiring of paid staff at each Stokes County Fire Service District fire department to address daytime responsiveness shortfalls (details still being worked on; results may change recommendations slightly)

FYs 2026-2030 Five Year Financial Forecasts and Significant Initiatives

Five-Year General Fund Forecast



- Developed to meet key financial metrics:
 - Fund balance (>30%)
 - Debt Service Ratio (<10%)
- Incorporates:
 - Anticipated/planned staffing changes
 - Planned projects and operating costs changes resulting from projects
 - Capital improvement plan and operating cost changes resulting from projects
- Key financial assumptions:
 - 3.1% annual growth in real & personal property tax base, plus key anticipated projects
 - 2.0% cost of living increase salaries & benefits, plus average of 2.0% merit
 - 2.0% annual inflationary increase in operating costs
 - End of year revenues will be 101% of budgeted revenues
 - End of year expenditures will be 91% of budgeted expenditures

Significant Projects, Plans & Initiatives



OFI #	Title/Description	2026	2027	2028	2029	2030
25-01	Address pay salary compression (50% solution), added to operating	\$400K	→			
25-02	Improve EMS staffing and performance (24/72, +\$3), added to operating	\$675K	→			
25-04	Update Comprehensive Plan		\$200K			
25-05	Implement use and personal property tax compliance program, add to operating	\$20K	→			
25-06	Develop & implement annual resident survey, add to operating	\$20K	→			
25-07	Complete broadband expansion county-wide ahead of BEAD cycle		\$1M			
25-09	Add 3 rd floor to DSS building or build new structure (fund with debt)				\$1.5M	
25-10	Add Mountain View Rd greenbox site	\$530K				
25-12	Renovate plumbing in Jail			\$225K	\$225K	\$450K
25-15	Demo old Danbury School				\$200K	
25-17	Remodel King health facility	\$100K				
25-19	Replace an elementary school and begin school consolidation (debt service, possible grants				\$50M	

Projected Staffing Changes



OFI #	Title/Description	2026	2027	2028	2029	2030
25-S1	Environmental health specialist	\$73K	→			
25-S4	Deputy DSS director (50% paid by state)	\$95K	→			
25-S6	Animal wellness technician		\$53K	→		
25-S13	EMS training officer	\$80K	→			
25-S9	Building inspector or planner		\$68K	→		

Significant Capital Investments



OFI #	Title/Description	Cost	Year
25-C1	Replace front load solid waste truck (#138, 2016 model, 224,953 miles)	\$415K	27-28
25-C2	Replace transfer station scales	\$100K	26
25-C3	Replace one ambulances	\$306K	26
25-C4	Replace EMS Supervisor/medical examiner transport truck (240K miles)	\$200K	26
25-C5	Replace one ambulance	\$336K	27
25-C6	Replace one ambulance	\$369K	28
25-C7	Replace ventilators (EMS)	\$210K	29
25-C8	Replace one ambulance	\$406K	30
25-C9	Replace Lucas CPR devices	\$200K	30
	Building Component Replacements (Capital Improvement Plan)	\$2.1M	26-30

Five-year plan also accommodates other [Capital Improvement Plan](#) requirements for anticipated fleet vehicle replacements and other capital additions

Total CIP investment over the five-year horizon = \$6,223,000

Five-Year General Fund Forecast



	Budget	Forecast				
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Population	46,353	45,659	45,825	45,992	46,160	46,328
Property Tax Rate	0.670	0.580	0.580	0.580	0.580	0.580
Operating Revenues						
Property Tax Revenue	\$ 34,192,298	\$ 38,327,834	\$ 39,498,584	\$ 41,062,024	\$ 42,687,726	\$ 44,492,773
Intergovernmental Revenues - (Restricted & Unrestricted)	13,073,006	10,738,006	10,915,472	11,096,488	11,281,124	11,469,453
Permits & Fees	592,083	598,004	598,004	598,004	598,004	598,004
Sales & Services	5,021,401	5,421,651	5,421,651	5,421,651	5,444,501	5,464,851
Other Operating Revenues	145,690	1,115,419	1,147,899	1,179,065	1,211,191	1,244,308
Interest Income	750,150	1,083,285	1,041,395	954,195	948,455	932,628
Other Taxes & Licenses	10,264,000	10,461,500	10,662,950	10,868,429	11,078,018	11,291,798
Operating Revenues	64,038,628	67,745,699	69,285,955	71,179,856	73,249,018	75,493,814
Other Financing Sources (OFS)	113,880	113,880	113,880	113,880	113,880	113,880
Total GF Revenues & OFS	\$ 64,152,508	\$ 67,859,579	\$ 69,399,835	\$ 71,293,736	\$ 73,362,898	\$ 75,607,694
Operating Expenditures						
Personnel in FTEs	362.0	365.0	367.0	367.0	367.0	367.0
Salaries and Benefits	\$ 27,403,114	\$ 32,273,579	\$ 33,670,090	\$ 35,247,035	\$ 36,931,206	\$ 38,496,352
Operating	25,186,037	21,265,411	20,531,301	20,941,927	21,560,766	21,991,981
Stokes County Public Schools	15,089,840	15,641,325	15,954,152	16,273,235	16,598,700	16,930,674
Debt Service	943,432	3,038,076	3,007,669	2,563,956	2,758,550	2,474,039
Contingency	350,000	350,000	357,000	364,140	371,423	378,851
Operating Expenditures	68,622,423	72,568,391	73,520,212	75,390,293	78,220,644	80,271,897
Other Financing Uses (OFU)	993,177	991,591	991,591	991,591	991,591	991,591
Capital Expenditures	-	1,084,500	973,000	872,000	675,000	836,000
Total GF Expenditures & OFU	69,615,600	74,644,482	75,484,803	77,253,884	79,887,235	82,099,488
Revenues Over (Under) Exp	\$ (5,463,092)	\$ (6,784,903)	\$ (6,084,968)	\$ (5,960,148)	\$ (6,524,337)	\$ (6,491,794)

Between 0.5733 and 0.6420, increase by 0.01 since last update

5 new FTEs

Five-Year General Fund Forecast Continued



Projected Impact on Fund Balance in the General Fund:

Beginning Fund Balance	\$ 26,299,521	\$ 30,001,088	\$ 28,712,151	\$ 28,198,168	\$ 28,006,825	\$ 27,479,256
Budgeted Revenues Over (Under)						
Exp	(5,463,092)	(6,784,903)	(6,084,968)	(5,960,148)	(6,524,337)	(6,491,794)
Budget to Actual Variance ¹	7,476,976	5,495,966	5,570,985	5,768,805	5,996,768	6,198,888
Projected Revenues Over (Under)						
Expenditures	2,013,884	(1,288,937)	(513,983)	(191,343)	(527,569)	(292,906)
Projected Ending GF Bal	\$ 30,001,088	\$ 28,712,151	\$ 28,198,168	\$ 28,006,825	\$ 27,479,256	\$ 27,186,350
% of Total Budget	43.1%	38.5%	37.4%	36.3%	34.4%	33.1%

¹ Assumes actual operating revenues of 101% of budget and actual operating and salary expenditures of 91% of budget

Projected annual end-of-year impact on combined fund balance (100 & 211)

Projected annual end-of year fund balance

Revenue per Penny of Property Tax

Rate	511,295.33	663,319.18	683,853.29	711,291.72	739,822.20	771,504.06
------	------------	------------	------------	------------	------------	------------

Tax Rate Needed to Balance Forecast

Operating Revenues	\$ 64,152,508	\$ 67,859,579	\$ 69,399,835	\$ 71,293,736	\$ 73,362,898	\$ 75,607,694
Operating Expenditures	69,615,600	74,644,482	75,484,803	77,253,884	79,887,235	82,099,488
Debt Service as % of total exp	1.36%	4.07%	3.98%	3.32%	3.45%	3.01%
Policy Minimum for FB graph	30%	30%	30%	30%	30%	30%

Debt service well below 10%

* Operating Expense for FY 25-26 includes one-time amount of \$1,136,685 for Riverstreet Contract

Updated School Capital (4 cent) Fund Five-Year Financial Forecast



	Budget		Forecast			
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Population	46,353	46,605	46,802	46,955	47,075	47,168
Property Tax Rate	0.040	0.040	0.040	0.040	0.040	0.040
Operating Revenues						
Property Tax Revenue	\$ 2,009,092	\$ 2,605,368	\$ 2,686,109	\$ 2,793,933	\$ 2,906,050	\$ 3,030,536
IRS Interest Refund-QSCAB/QZAB & Lottery	1,248,000	1,248,000	1,248,000	1,248,000	450,000	450,000
Permits & Fees	-	-	-	-	-	-
Sales & Services	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Other Taxes & Licenses	-	-	-	-	-	-
Operating Revenues	3,257,092	3,853,368	3,934,109	4,041,933	3,356,050	3,480,536
Other Financing Sources (OFS)	911,820	911,820	911,820	911,820	911,820	911,820
Total Dedicated Debt Revenues & OFS	\$ 4,168,912	\$ 4,765,188	\$ 4,845,929	\$ 4,953,753	\$ 4,267,870	\$ 4,392,356
Operating Expenditures						
Debt Service	3,628,673	3,600,315	3,571,957	3,543,598	6,437,698	5,943,470
Operating Expenditures	3,628,673	3,600,315	3,571,957	3,543,598	6,437,698	5,943,470
Other Financing Uses (OFU)	114,000	114,000	114,000	114,000	114,000	114,000
Total Dedicated Debt Expenditures & OFU	3,742,673	3,714,315	3,685,957	3,657,598	6,551,698	6,057,470
Revenues Over (Under) Exp	\$ 426,240	\$ 1,050,873	\$ 1,159,973	\$ 1,296,154	\$ (2,283,828)	\$ (1,665,114)
Projected Impact on Fund Balance in the Dedicated Debt Fund:						
Beginning Fund Balance	\$ 2,431,320	\$ 2,857,560	\$ 3,908,433	\$ 5,068,405	\$ 6,364,560	\$ 4,080,732
Budgeted Revenues Over (Under) Exp	426,240	1,050,873	1,159,973	1,296,154	(2,283,828)	(1,665,114)
Budget to Actual Variance ¹						
Projected Revenues Over (Under) Expenditures	426,240	1,050,873	1,159,973	1,296,154	(2,283,828)	(1,665,114)
Projected Ending Dedicated Debt Bal	\$ 2,857,560	\$ 3,908,433	\$ 5,068,405	\$ 6,364,560	\$ 4,080,732	\$ 2,415,618
% of Total Budget	76.4%	105.2%	137.5%	174.0%	62.3%	39.9%

Maintained 4 cents

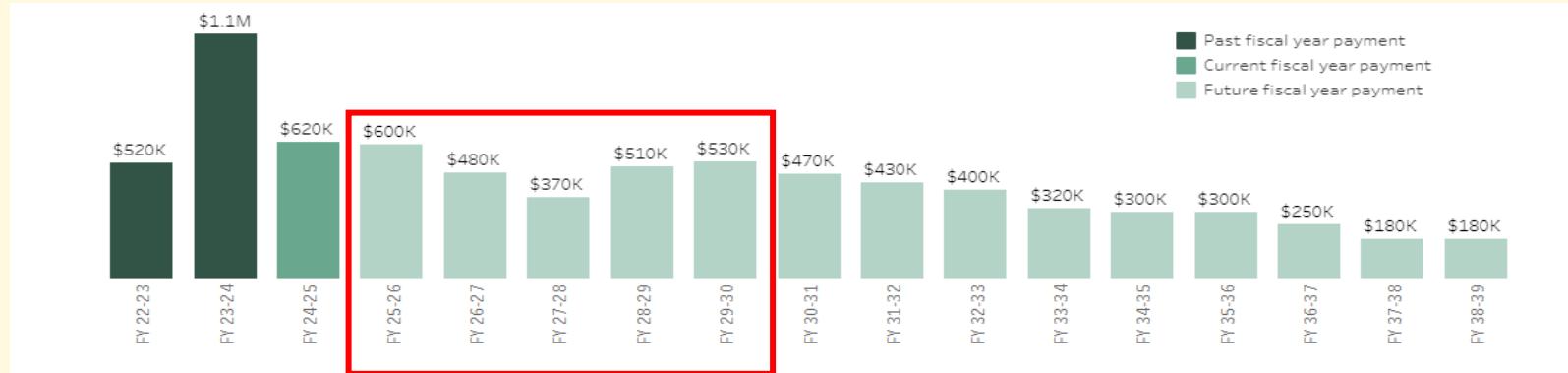
Impact of \$50M School Construction (20 years, 5% interest)

\$50M may not be sustainable

\$45M probably is; can get to \$50 (or more) with some combination of:

- Grant(s)
- Increase annual funding
- Use of fund balance from General Fund
- Longer term

Five-Year SCOPE Fund Forecast



At current program levels, SCOPE funding runs out in the final year

	Budget						Forecast											
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	FY 2038	FY 2039			
Revenues	\$ 258,836	\$ 600,000	\$ 480,000	\$ 370,000	\$ 510,000	\$ 530,000	\$ 470,000	\$ 430,000	\$ 400,000	\$ 320,000	\$ 300,000	\$ 300,000	\$ 250,000	\$ 180,000	\$ 180,000			
Interest Income	55,926	67,839	70,728	69,949	72,872	75,993	76,896	76,096	73,819	68,500	61,822	54,322	44,448	31,501	17,461			
Total Revenues	314,762	667,839	550,728	439,949	582,872	605,993	546,896	506,096	473,819	388,500	361,822	354,322	294,448	211,501	197,461			
<hr/>																		
Expenditures																		
Operating Expenditures	258,836	451,530	466,727	482,486	498,861	515,880	533,577	551,983	571,136	591,073	611,834	633,462	656,003	679,506	704,021			
Total Expenditures	258,836	451,530	466,727	482,486	498,861	515,880	533,577	551,983	571,136	591,073	611,834	633,462	656,003	679,506	704,021			
Revenues Over (Under) Exp	\$ 55,926	\$ 216,309	\$ 84,002	\$ (42,538)	\$ 84,012	\$ 90,113	\$ 13,320	\$ (45,888)	\$ (97,317)	\$ (202,573)	\$ (250,012)	\$ (279,140)	\$ (361,556)	\$ (468,004)	\$ (506,560)			
<hr/>																		
Projected Impact on Fund Balance in the Opioid Settlement Fund:																		
Beginning Fund Balance	\$ 1,605,380	\$ 1,661,306	\$ 1,877,616	\$ 1,961,617	\$ 1,919,080	\$ 2,003,092	\$ 2,093,204	\$ 2,106,524	\$ 2,060,636	\$ 1,963,319	\$ 1,760,745	\$ 1,510,734	\$ 1,231,593	\$ 870,038	\$ 402,033	\$ 402,033	\$ 402,033	\$ 402,033
Projected Revenues Over (Under) Expenditures	55,926	216,309	84,002	(42,538)	84,012	90,113	13,320	(45,888)	(97,317)	(202,573)	(250,012)	(279,140)	(361,556)	(468,004)	(506,560)			
Projected Ending Opioid Fund Bal	\$ 1,661,306	\$ 1,877,616	\$ 1,961,617	\$ 1,919,080	\$ 2,003,092	\$ 2,093,204	\$ 2,106,524	\$ 2,060,636	\$ 1,963,319	\$ 1,760,745	\$ 1,510,734	\$ 1,231,593	\$ 870,038	\$ 402,033	\$ (104,527)			
% of Total Budget	641.8%	415.8%	420.3%	397.7%	401.5%	405.8%	394.8%	373.3%	343.8%	297.9%	246.9%	194.4%	132.6%	51.2%	-14.8%			

Key Dates

Key Upcoming Dates



- May 22-23: Half day budget work sessions
- May 27: Public Hearing on the budget (special meeting, 5:30 pm)
- Jun 9: Adopt budget