

Item Title: FY 2026 End of Year Budget Revisions

Specific Action Requested:

That the Board of Commissioners approves budget revisions to the FY 2026 General Fund, Health and Dental Fund, Solid Waste Fund, Major Facilities Fund and County Capital Improvement Fund as described below.

Item Summary:

Purpose: In compliance with the *North Carolina Local Government Budget and Fiscal Control Act* (G.S. 159, Article 3), Wake County is required to maintain a balanced budget covering the fiscal year beginning July 1 and ending June 30 for all governmental and proprietary funds except funds authorized by project ordinances.

Background: At the end of each fiscal year, budgetary actions are needed to keep the County in compliance with State statutes and County policy. Staff recommends budget amendments, outlined below, to conclude fiscal year 2026.

Strategic Plan: This action supports routine County operations and procedures.

Fiscal Impact: The fiscal impact of the requested amendments for each of the funds listed below are described in detail in this item summary and the attached budget memos.

FY 2026 Budget Revisions:

GENERAL FUND

	<u>Revenues</u>	<u>Expenditures</u>
Amended as of 06.15.2026	2,206,186,528.80	2,206,186,528.80
Human Services		(450,000.00)
General Government		(400,000.00)
Infrastructure		(600,000.00)
Public Safety	2,550,000.00	4,000,000.00
Proposed Amended Total	\$2,208,736,528.80	\$2,208,736,528.80

The Sheriff's Office will be increased by \$4,000,000 to address overtime in the detention. The Office is utilizing all available, certified staff to cover staffing needs at detention facilities. Fund Balance in the amount of \$2,550,000 will be appropriated to amend the Sheriff's Office budget to complement the reallocation of appropriations from the Human Services, General Government and Infrastructure functions.

GENERAL FUND FUND BALANCE

That the Board of Commissioners commits for these purposes with the final specific amounts determined after financial records are closed for the 2026 fiscal year:

- i. Approximately \$11,000,000 of FY 2026 behavioral health funding for use in subsequent fiscal years for behavioral health purposes with the final specific amount determined after financial records are closed for the 2026 fiscal year.

GASB Statement 54 defines “Committed” fund balance as amounts that are subject to an internally enforceable spending constraint placed on it by the governing board before the end of the fiscal year. This requires that any commitment of fund balance be approved by formal action of the County’s Board of Commissioners. Amendments or modifications of this committed fund balance must also be approved by formal action of the Board of Commissioners. Staff recommends formally adopting the funds identified above as committed fund balance within the County’s General Fund for the fiscal year ending June 30, 2026, to indicate these funds are not generally available and that authority to spend these funds requires additional Board action.

HEALTH AND DENTAL FUND

	<u>Revenues</u>	<u>Expenditures</u>
Amended as of 6.15.2026	89,036,000	89,036,000
Appropriated Fund Balance	2,000,000	
Health and Dental Claims		2,000,000
Proposed Amended Total	\$91,036,000	\$91,036,000

The Health and Dental Fund collects health and dental insurance premiums paid by the employer and employees and provides funding for claims payouts through the County’s self-insurance program. The appropriation of additional fund balance is necessary to account for higher than anticipated claims costs for FY 2026.

SOLID WASTE OPERATING FUND

	<u>Revenues</u>	<u>Expenditures</u>
Amended as of 6.15.2026	19,379,000	19,379,000
Appropriated Fund Balance	359,074	
Partner Rebates		359,074
Proposed Amended Total	19,738,074	\$19,738,074

Rebate payments are calculated for municipal partners within Wake County based on the tonnage amounts municipalities haul and report to the County once operating expenses are paid as governed by an interlocal agreement. Improvements in the financial model and tonnage tracking revealed municipal partners were owed additional payment by the County for tonnages recorded from FY2021-FY2024. The appropriation of fund balance from the Solid Waste Operating Fund is necessary to account for these one-time corrected rebate payments owed to municipal partners. This information has been shared

with the Solid Waste Technical Advisory Committee, and all parties are in agreement about the solution.

MAJOR FACILITIES FUND

	<u>Revenues</u>	<u>Expenditures</u>
Amended as of 6.15.2026	92,232,000	92,232,000
Prepared Food and Beverage Taxes	1,366,000	
Town of Cary Holdback from Occupancy Tax Proceeds		350
Centennial Authority for Operating Support		95,446
Raleigh Convention Center		1,079,874
Reserve for Future Appropriation		190,330
Total Adjustments	1,366,000	1,366,000
Proposed Amended Total	\$93,598,000	\$93,598,000

The Major Facilities fund includes Occupancy Tax and Prepared Food and Beverage Tax revenues, and the expenditures are governed through an interlocal agreement between the County and the City of Raleigh. Revenues generated by Prepared Food and Beverage Taxes are projected to exceed the FY 2026 Amended Budget.

The distribution of additional tax revenues is outlined by the enabling legislation and a series of amendments associated with the original Interlocal Agreement. This action adjusts the budgeted revenues and expenditures in line with the projected end of year collections. These expenditures are based on a percent of actual revenues collected, including the distribution to the Raleigh Convention Center, Centennial Authority (management of the Lenovo Center), and Town of Cary Hold Harmless.

A portion of the expenditures are based on a fixed annual distribution such as the Raleigh Holdback and competitive project allocation. These projects remain unchanged in the revised budget.

COUNTY CAPITAL IMPROVEMENT FUND

Element	Project	Current Appropriation	Appropriation Adjustment	Revised Appropriation
Libraries	Holly Springs Library Renovation	\$2,400,000	\$419,808	\$2,819,808

Appropriate unrealized revenue and increase budget for the Holly Springs Library Renovation project by \$419,808 in the County Capital Libraries element.

Attachments:

1. Budget Memo – FY 2026 Human Services
2. Budget Memo – FY 2026 General Government
3. Budget Memo – FY 2026 Infrastructure
4. Budget Memo – FY 2026 Public Safety
5. Budget Memo – FY 2026 Health and Dental Fund
6. Budget Memo – FY 2026 Solid Waste Fund
7. Budget Memo – FY 2026 Major Facilities Fund
8. Budget Memo – FY 2026 County Capital Fund – Libraries