



FY 2026-27 Entering Budget Conditions

This document summarizes how the county closed the FY 2025–26 budget gap and provides context for the FY 2026–27 budget cycle. Importantly, it must be noted last year’s gap was not structurally closed — it was bridged through a combination of a property tax increase, fund reallocation, deferred maintenance, and a draw on reserves. The underlying structural imbalance between recurring revenues and recurring expenditures remains.

Terminology:

Recurring adjustments reflect permanent structural changes to the budget (they affect every future year). *Non-recurring adjustments* are one-time actions that do not repeat. Relying on non-recurring measures to close a structural gap is a temporary fix — not a structural solution. The budget is not truly balanced until recurring revenues cover recurring expenditures without drawing on reserves. Importantly, as reserves are drawn down, the options available to close future gaps become fewer and more difficult. A healthy reserve gives the commission flexibility; a depleted one forces harder choices.

How Last Year’s Budget Gap Was Closed (FY 2025–26)

The county faced a shortfall of approximately \$4.86 million. It was confronted in two parts: *new revenue* and *expenditure adjustments*.

Part 1: New Revenue

The only source of new revenue was a 16% property tax rate increase, which generated approximately \$2,997,662 in additional tax revenue.

Part 2: Fund Adjustments

Expenditures were deferred or reallocated across the General Fund (101) and Highway Fund (131). Note: Fund 171 is the county’s Capital Equipment Fund, used to consolidate and plan for long-term capital purchases.

General Fund (101) Adjustments

| Item | Type | Amount |
|---|----------------|--------------------|
| Use of budgeted fund balance (expenditures over revenues) | Recurring* | \$268,242 |
| Sheriff vehicles moved to Fund 171 (Capital Equipment Fund) | Recurring* | \$300,000 |
| EMA vehicle moved to Fund 171 (Capital Equipment Fund) | Non-recurring* | \$55,000 |
| Ambulance overtime removed from budget | Recurring* | \$238,544 |
| Ambulance remount X2; deferred | Recurring* | \$360,000 |
| Total 101 Fund Adjustments | | \$1,221,786 |



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Highway Fund (131) Adjustment

| Item | Type | Amount |
|--|------------|------------------|
| Equipment moved to Fund 171 (Capital Equipment Fund) — 5-year avg. \$492,527 | Recurring* | \$450,000 |
| Total 131 Fund Adjustment | | \$450,000 |

Combined Adjustment Summary

| Component | Amount |
|---|--------------------|
| General Fund (101) adjustments | \$1,221,786 |
| Highway Fund (131) adjustments | \$450,000 |
| Increased property tax collection rate assumption (97.5% → 98.5%) | \$189,514 |
| Total Adjustments | \$1,861,300 |

* Recurring = permanent structural change. Non-recurring = one-time action.

Current Reserve Position

The county's reserve position remains stable, though the unassigned General Fund balance has declined from approximately 38% of the annual budget (October) to 32% today.

| Fund | Balance |
|---|---------------------|
| General Fund (101) — Total fund balance | ~\$9,300,000 |
| General Fund (101) — Unassigned balance (~32% of annual budget) | ~\$7,900,000 |
| Fund 151 (restricted) | \$1,153,925 |
| Fund 171 — Capital Equipment Fund (restricted) | \$176,195 |
| Fund 189 (restricted) | \$2,168,294 |
| Total unobligated across restricted funds | ~\$3,500,000 |

What This Means Going Forward

The county is not facing an immediate liquidity problem — i.e. we are not “broke” — but several structural issues require Commission attention:

1. The county is spending more than it takes in, year over year; this practice has been ongoing for over two decades.
2. Even after a significant tax increase, last year's \$1.8M shortfall was again covered by dipping into reserves. This practice is unsustainable. Unsustainable things have an expiration date — ours is looming.
3. Reserves are being depleted. The county will need those reserves for future equipment, maintenance, and emergencies. They need guardrails.
4. As reserves are depleted, the commission's balanced-budget options get much harder — and much more painful.