

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 reduced 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)	Non-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

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.