



BOARD OF COMMISSIONERS

AGENDA REQUEST & STAFF REPORT

MEETING DATE: December 3, 2025

SUBJECT: FY 2027 Budget Development Discussion

RECOMMENDED MOTION:

No motion. This work session provides a discussion and seeks general feedback on FY 2027 expenditure growth limits in the General Fund (GF) and on Internal Service Fund (ISF) charges. Staff will return on December 17, 2025 for Board direction.

BACKGROUND AND POLICY IMPLICATIONS:

The County implemented a series of strategies in FY 2026 to reset the expenditure curve and achieve structural balance and financial sustainability for the GF.

1. Expenditure growth in the GF was capped at 3.3%.
2. ISF charges were capped at 8% (actual charges were 6%).
3. \$1million of ongoing GF expenditures were reallocated to other funding sources.

Without limits to expenditure growth, the County was facing a budget shortfall as early as FY 2027. However, because of these initiatives, the County saved \$2.5 million in ongoing General Fund costs and successfully reset the expenditure growth curve, achieving financial sustainability beyond FY 2035. Overall, due to these strategies, the County is better positioned to absorb unforeseen costs or revenue losses. However, the long-term growth of Property Tax revenue in the GF, which comprises 84% of the fund's revenue, is limited; therefore, the County needs to ensure expenditures continue to align with revenue to maintain structural financial balance.

The Budget Office has conducted several iterations of the GF long-range forecast model to determine the sustainable level of expenditure growth while maintaining financial sustainability for more than five years. Staff will present three options for Board consideration to maintain financial stability:

1. 4% growth in FY 2027; 5% in FY 2028 and beyond, achieves financial sustainability through FY 2035 (nine years).
2. 5% growth in FY 2027 and beyond, achieves financial sustainability through FY 2034 (eight years).

3. 6% in FY 2027; 5% in FY 2028 and beyond, achieves financial sustainability through FY 2032 (six years).

Finance and Administration recommend Option Two, which limits growth in the General Fund to 5%. This approach allows the County to better provide core services while maintaining financial sustainability for eight years. Preliminary analysis suggests that potential savings required by General Fund departments with a baseline budget growth of 5% would be minimal, with most funds able to accommodate limited-growth savings through naturally occurring Personnel and Materials & Services (M&S) savings. Savings required for services which receive a GF transfer vary by funding source.

Finance and Administration also recommend maintaining an 8% cap on ISF charges for FY 2027, though some exceptions may be authorized by the Budget Officer for items related to safety, maintenance, IT reserves, and Board of County Commissioners expansion.

Staff seeks Board feedback for the proposed limited growth strategy. The Board's guidance on these items will assist staff in preparing the FY 2027 budget. Staff plan to return to the Board on December 17th for further direction.

BUDGET IMPACTS:

Following the Board's decision on December 17th, General Fund and ISF departments will receive baseline budget allocations reflecting the approved level of expenditure growth, enabling departments to begin developing their budgets.

ATTENDANCE:

Cam Sparks, Budget & Financial Planning Manager
Robert Tintle, Chief Financial Officer