

FY27 Budget Development Update



December 3, 2025

1

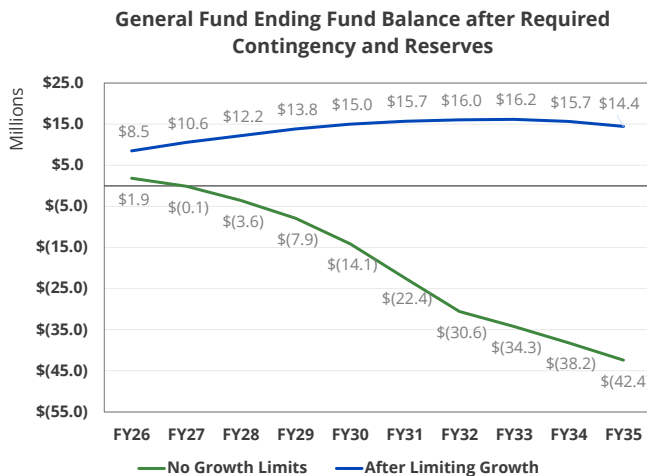
FY26 Budget Initiative

- **The County implemented a series of strategies to reset the expenditure curve and achieve financial sustainability in the General Fund (GF).**
 1. Expenditure growth in the GF was capped at 3.3%.
 2. Internal Service Fund charges were capped at 8%.
 - Actual ISF charges increased by 6%.
 3. \$1.0 million of ongoing GF expenditures were re-allocated to other funding sources.



2

Long-Range Forecast Model



- FY26 budget initiatives successfully reset the expenditure curve.
- Without limits to expenditure growth, the County GF was facing a budget shortfall as early as FY27.
- The County in a stronger position to absorb unknown costs or revenue losses.



3

FY27 Budget Approach

- ISF charges and General Fund expenditures will be limited in FY27.
 - Staff is seeking direction and approval from the Board on the following:
 - Consider increase of limited expenditure growth in the General Fund (between 4% and 6%).
 - Maintain a cap of 8% on ISF charges.
 - Exceptions may be authorized by the Budget Officer but limited to safety, maintenance, IT reserves and BOCC expansion.



4

GF Limited Growth Scenarios

Goal: Financial Sustainability > 5 Years

Scenario	Years of Financial Sustainability	Ending Fund Balance after Contingency/Reserves (in millions)											
		FY26 Budget	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37
1) 4% in FY27, 5% in FY28 and beyond	9	\$ 7.9	\$ 8.8	\$ 9.4	\$ 9.8	\$ 9.7	\$ 9.1	\$ 8.0	\$ 6.7	\$ 4.6	\$ 1.7	\$ (3.4)	\$ (11.1)
2) 5% in FY27 and beyond	8	7.9	8.4	8.5	8.5	7.9	6.8	5.1	3.1	0.4	(3.2)	(9.0)	(17.5)
3) 6% growth in FY27, 5% in FY28 and beyond	6	7.9	8.0	7.7	7.2	6.1	4.4	2.2	(0.4)	(3.8)	(8.0)	(14.7)	(24.0)

- Placeholders for Pay Equity and Market Study are included in these scenarios.
- 6% limited growth isn't viable without additional discretionary funds in the GF (i.e., TLT revenue).
- Finance and Admin recommends option 2 and limiting growth to 5%, which allows the County to better provide core services while maintaining financial sustainability through FY34.



5

Estimated Budget Savings - PRELIMINARY

- The table reflect savings departments may need to meet baseline budgets.
 - Departments receiving GF transfers will also be limited; required savings are uncertain due to other factors (e.g., State funding).
- Preliminary analysis indicates most funds can absorb limited-growth savings within baseline budgets and current service levels.
- Limited growth impact forms are not expected to be used during the FY27 budget process.

General Fund Departments	Possible Budget Savings Needed			Annual Program Expense Savings (5-year Avg)
	4%	5%	6%	
Assessor	\$ 147,000	\$ 76,000	\$ 5,000	\$ 519,000
Clerk	None	None	None	303,000
District Attorney	None	None	None	490,000
PVAB	None	None	None	126,000
Property Management	25,000	18,000	12,000	213,000
Tax	None	None	None	191,000
Veterans'	None	None	None	97,000



6

Next Steps

- **Get direction and approval from the BOCC on December 17th.**
- **GF and ISF departments receive final baseline budget numbers after 12/17.**
- **Report out to Budget Committee on approved FY27 approach at Mid-Year meeting in January.**
- **February/March – Budget Kickoffs**

