



# Fiscal Year 2025-26

## Revised Recommended Budget

Office of the County Executive

September 3, 2025

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Amanda Thomas, Chief Fiscal Officer

# Overview of Budget Changes

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- FY 2025-26 Recommended Budget approved on June 4, 2025
- Revised Recommended Budget reflects changes to Approved Budget based on new information available:
  - Re-budgeting of grants, capital projects, and other contractual obligations from FY 2024-25
  - Actual unaudited ending fund balances
  - Changes in dedicated funding and associated expenditures
  - Revised estimates of discretionary revenues
- Additional resources available are not sufficient to fund prioritized growth and reserves identified in the Recommended Budget

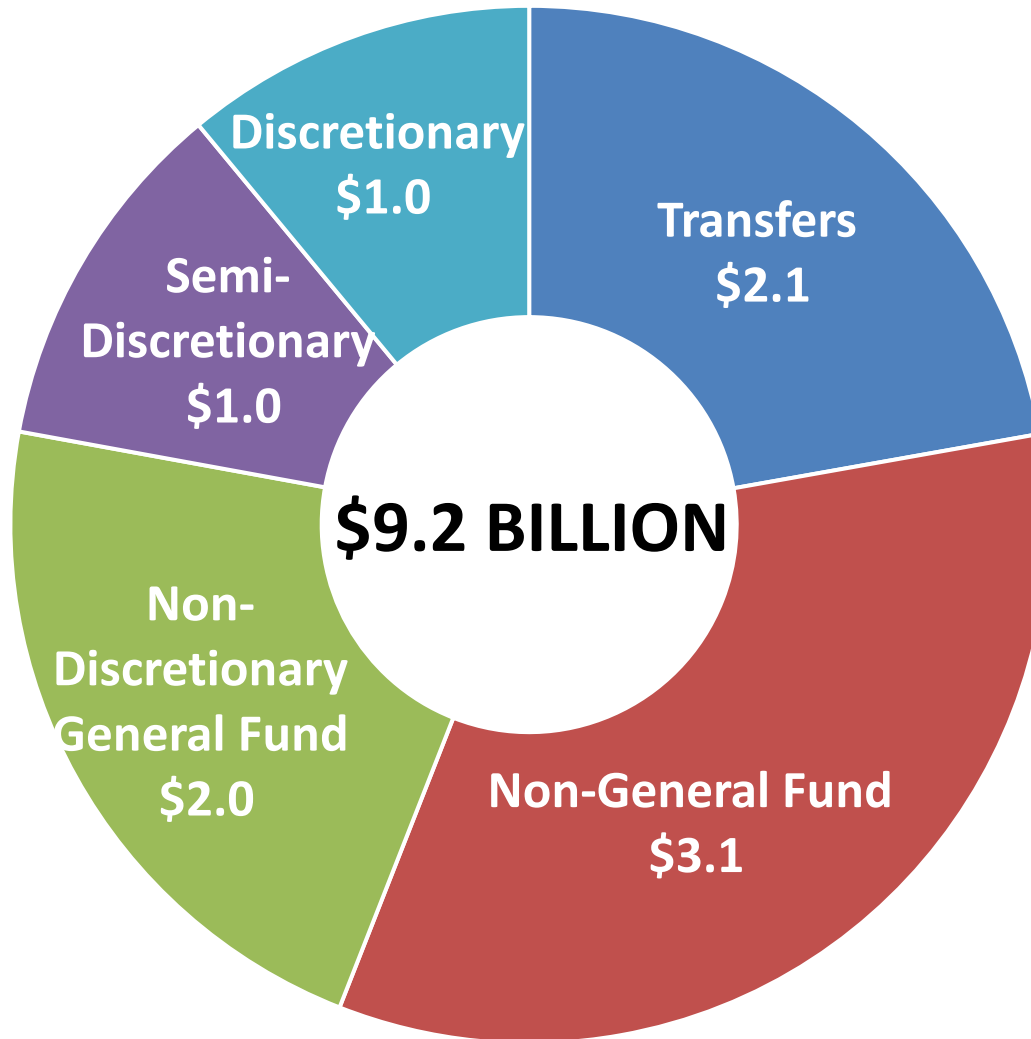
# All Funds Budget

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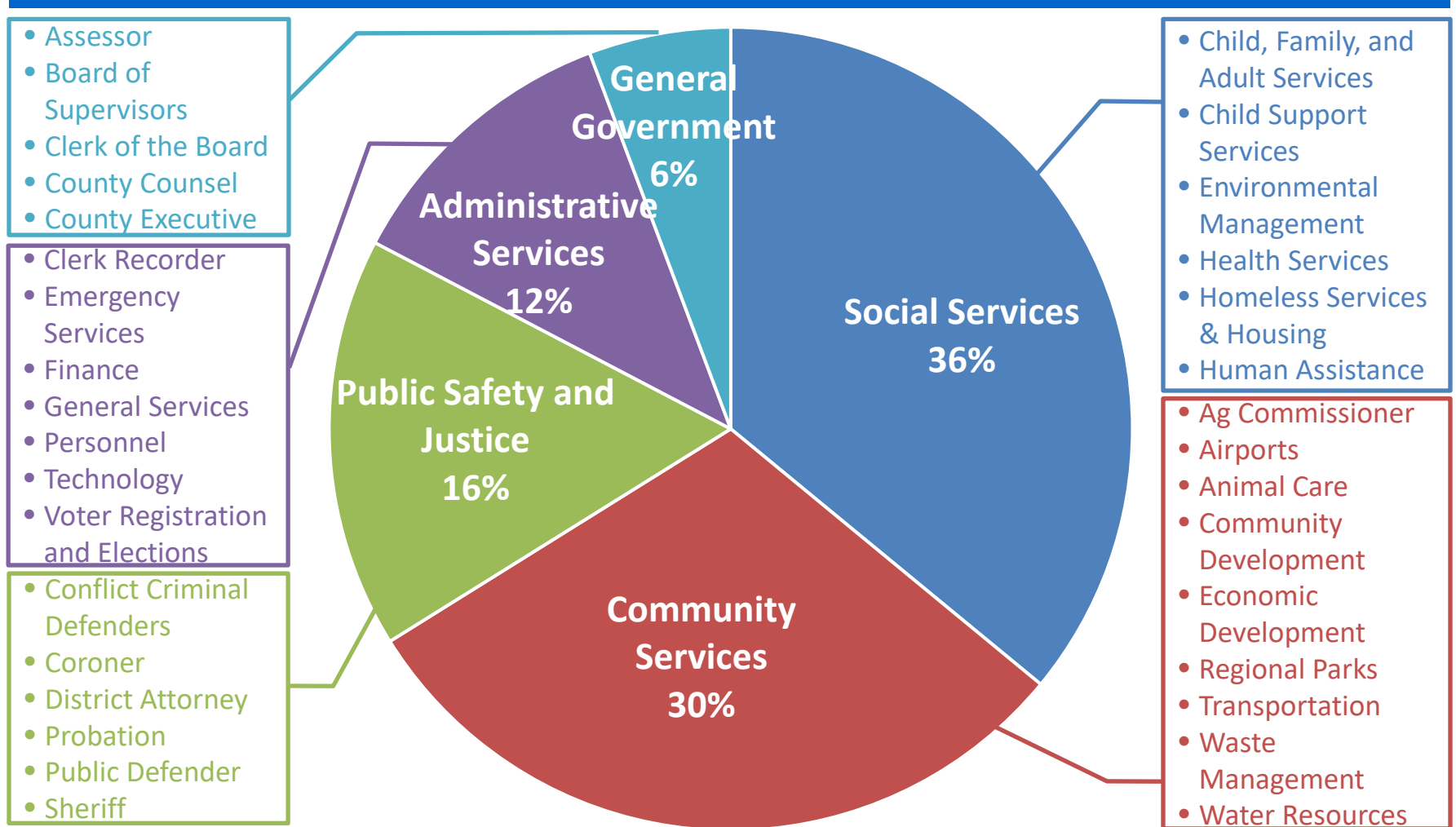
- \$9.2 billion in total appropriations, \$239 million increase compared to Approved Budget
- General Fund: \$16 million appropriation increase
- Other funds: \$223 million appropriation increase
  - Nearly all base budget changes, with \$529k non-General Fund growth
- \$9.2 billion total appropriations include \$2.1 billion of transfers between County funds

# All Funds Appropriations

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# All Funds Net Appropriations: \$7.1B



*Note: Semi-discretionary resources reflected in functional area receiving reimbursements.*

# General Fund Overview

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- Increase in discretionary resources available results primarily from one-time fund balance carryforward and reserve releases to fund related expenditures
  - Largest component is \$19 million interim cost settlement received for behavioral health services
- Additional growth recommended to meet County obligations
- Remaining available resources only partially fund the reserve contribution called for in County's reserve policy
- Prioritized growth and reserves not recommended for funding due to lack of available resources

# Cost Settlement

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- County receives cost settlements from State based on reported expenditures for behavioral health services
- \$19 million cost settlement received in FY 2024-25 based on preliminary review of FY 2016-17 services and costs and remains subject to full audit
  - Final audits may result in disallowed costs requiring repayment of substantial amounts
- State has indicated that cost reports for remaining seven fiscal years must be completed by 2027
  - Multiple fiscal years of recoupments may be due in a single fiscal year
- To provide source of funding for amounts that may be owed, cost settlement is recommended to be held in reserve

# General Fund Discretionary Resources

## Discretionary Resources Available

↑ **\$2M** | **\$73M total**  
Fund balance

+

↑ **\$4M** | **\$21M total**  
Reserve releases

+

↑ **\$2M** | **\$945M total**  
Discretionary revenue

**\$19M**

Cost settlement

=

## Use of Discretionary Resources

↑ **\$5M** | **\$1.04B total**  
Net County Cost

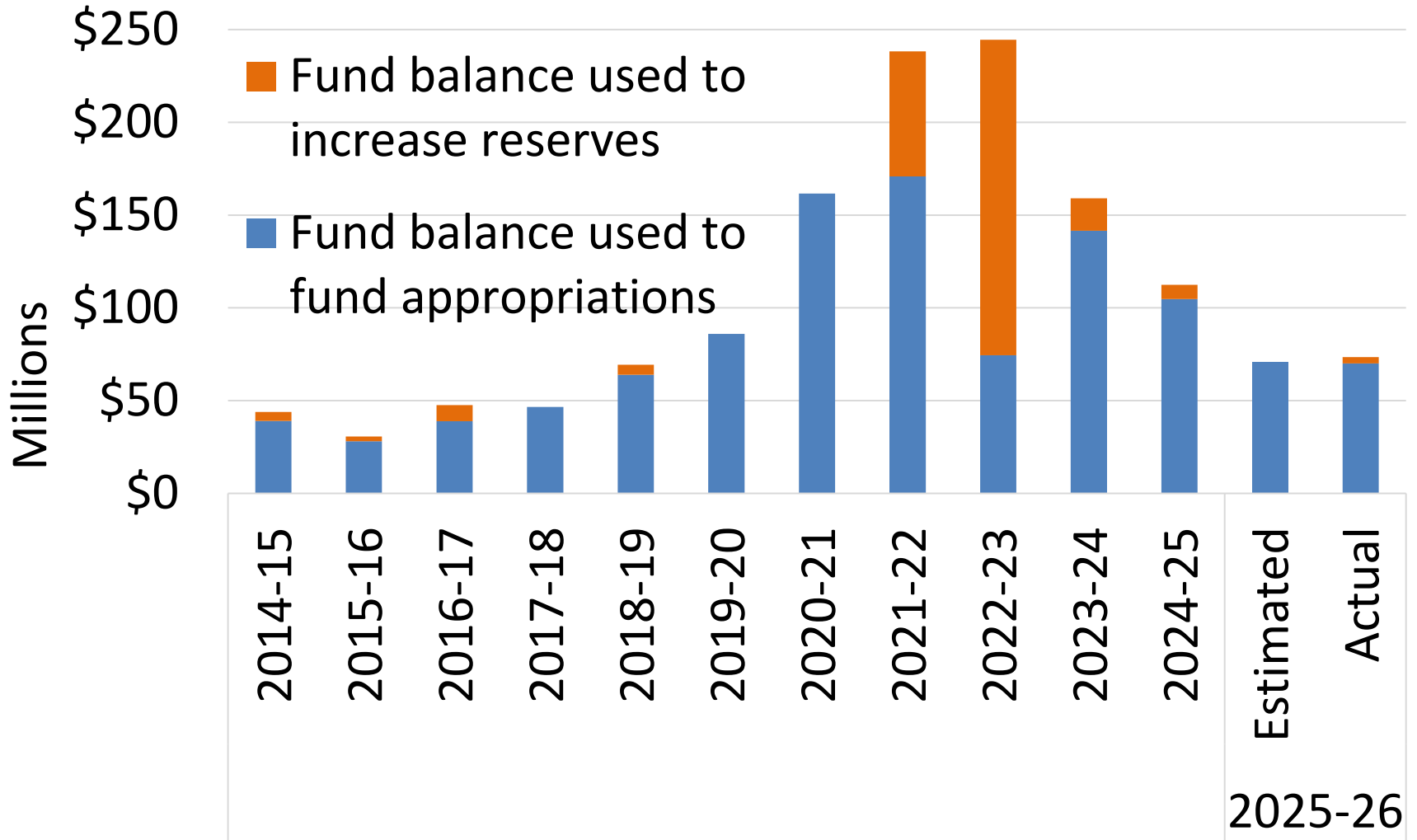
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↑ **\$3M** | **\$3M total**  
Reserve contributions (non-cost settlement)

**\$19M**

Cost settlement reserve

# Available Fund Balance Carry-Forward



# General Fund Appropriations

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- Base appropriation increase of \$12 million:
  - Re-budgeting of projects, grants, and other obligations from prior fiscal year
  - Additional State-funded programs and other costs already approved by the Board but not yet reflected in the budget
  - Maintains contingency at \$9 million, consistent with Board's contingency policy
- \$4 million recommended growth (\$2 million Net County Cost)

# New or Enhanced Programs (Growth)

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- Approved Budget included \$70 million in growth, including \$45 million in the General Fund
- Approved Budget also prioritized additional \$20 million of General Fund growth
  - Not recommended due to lack of available resources
- Revised Recommended Budget includes additional General Fund growth of \$4 million
  - \$2 million Net County Cost for new County obligations
  - \$2 million funded with departmental revenue

# Additional Recommended Growth

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- **Sheriff – Intensive Outpatient Program (IOP) Expansion:** \$0.5 million Net County Cost to fund five positions for 5 months for mid-year IOP expansion to comply with Mays consent decree
- **Correctional Health – IOP Expansion -** \$1.8 million Net County Cost for one-time facility improvements and 5-months of expanded mental health services for mid-year implementation
- **Health Services – Behavioral Health Services Act -** \$1.4 million State funding to add nine positions
- **Public Defender – State Prison Unit -** \$0.5 million State funding to add two limited term positions

# General Fund Reserves

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- \$18 million net reserve increase from Approved Budget
  - \$19 million for Audit Report Payback/Litigation Settlement due to cost settlement
  - \$3 million required contribution to Teeter reserves
  - \$4 million release from ARPA-related reserves
  - \$0.6 million contribution to General Reserves, short of \$3.8 million required to maintain balance of 10% of discretionary revenue
- \$20 million reserve for jail capital improvements prioritized in Approved budget not funded due to lack of resources
- Recommended discretionary, non-dedicated reserves total \$214 million
  - 5.5% of total revenue compared to policy target of 17%

# City of Isleton Loan Request

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- City of Isleton requested \$800,000 loan to be repaid over 10 years with interest
  - Proceeds would be used to repay \$500,000 bridge loan from private lender and amounts owed to State Employment Development Department and Small Cities Organized Risk Effort
  - Loan payments, if not made, would be deducted from city property tax revenues
- Not included in budget and not recommended due to:
  - Impact to County General Fund
  - Repayment risk due to size of loan compared to available revenue and history of financial mismanagement
  - Not a long-term solution to structural issues

# FY 2026-27 Budget Development

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- In prior years, Board budget priorities adopted in December following resident survey or focus groups
  - Public budget workshops also held in December
- To provide more opportunity for Board input for FY 2026-27 budget, instead proposing a Board workshop in December to include:
  - Overview of fiscal environment and outlook
  - Summary of prior year survey results and focus groups
  - Opportunity for public comment and input
  - Board input on initial allocation of discretionary resources

# Recommended Actions

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1. Approve the FY 2025-26 Adopted Budget resolutions
2. Authorize the Director of Finance to transfer money between funds
3. Direct the Department of Personnel Services to prepare an administrative Salary Resolution Amendment (SRA)
4. Approve project changes and new projects for inclusion in the County's Capital Improvement Plan (CIP)
5. Consider the loan request from the City of Isleton and provide direction to staff as needed