COUNTY BUDGET WORKSHOP #1

Fiscal Year 2027

Preliminary Review for Commissioners Court

Presented by the Department of Budget & Management Office

AGENDA

- **01 Welcome & Purpose of Workshop**
  Goals for this first session
- **02 Budget Development Calendar**
  Key dates through adoption
- **03 FY 2026 Financial Snapshot**
  Where we stand today
- **04 Revenue Outlook for FY 2027**
  Property tax, sales tax & other sources
- **05 Expenditure Framework**
  Major cost drivers and priorities
- **06 Preliminary Challenges & Options**
  Discussion points for Court
- **07 Public Comment & Next Steps**
  How to stay involved

PURPOSE OF WORKSHOP #1

This is the first of a series of public workshops designed to build a transparent, balanced, and sustainable FY 2027 budget.

Inform the Court

Present current financial position, revenue trends, and expenditure pressures so Commissioners have a common baseline.

Identify Trade-offs

Surface the major choices facing the County so the Court can deliberate options with full context.

Set Direction

Establish preliminary guidance on service levels, reserves, and capital investment for staff to refine in subsequent workshops.

FY 2027 BUDGET DEVELOPMENT CALENDAR

Workshop #1
Today

Baseline review & preliminary priorities

Workshop #2
August 18

Revenue update & expenditure options

Discuss Tax Rate, Take Record Vote
August 18

Schedule public hearing or meeting

Proposed Budget
September 15

Budget Officer proposes budget

Public Hearings (Tax Rate & Budget)
September 22

Statutory public hearings & Court deliberation

Adoption (Tax Rate & Budget)
September 22

Final budget and tax rate adopted by Commissioners Court

FY 2026 FINANCIAL SNAPSHOT

$429.7 M	**$344.2 M**	**53%/20%**	**$0.5750**
Adopted Budget	**General Fund**	**Total FB/Unassign FB**	**Tax Rate**
Total General Fund	Current Day to Day Expenditures	Of GF current expenditures	Per $100 valuation

Key Observations (to be updated with actual figures)

- Property tax remains the largest General Fund revenue source; valuation growth has been moderated by market conditions.
- Interest revenues have been significantly higher than projected; staff continues to monitor economic indicators.
- Personnel costs (salaries, benefits, pensions) continue to represent the majority of operating expenditures.
- Reserves remain within the policy target range, providing capacity for one-time needs or economic uncertainty.

REVENUE OUTLOOK - FY 2027

Major Revenue Sources

Property Tax (Ad Valorem)
Primary GF source; dependent on certified values & rate

Fees, Fines & Charges
Service-related; limited growth potential

Intergovernmental
State / federal grants & reimbursements

Interest & Other
Investment earnings and miscellaneous

Planning Considerations

1. Certified taxable values are available; preliminary estimates will be refined to account for TIRZ agreements.

2. No assumption of a tax rate increase is made at this stage; the Court will set the rate after public hearings.

3. Grant funding is treated as restricted and is not used to support ongoing operations.

4. Staff will present updated revenue scenarios at Workshop #2.

EXPENDITURE REQUEST INCREASES

Major Cost Categories & Drivers: Base Operating Day to Day Budget - $344,211,177

Personnel & Benefits ~55-65%	Operations & Maintenance ~20-25%	Capital & Debt ~10-15%	Other ~5-10%
*Health Insurance: $11.0M *COLA 5%: $8.9M *(29)ARPA Positions: $2.5M *(11) New Positions: $0.9M *Pay Plan Increases: $1.6M *Current Year Actions: $0.8M *Probate Court II: $0.1M *Other Adj:$0.2M TOTAL: $26.0M	*Dept-wide Request: $12.0M *IT County-wide: $5.6M *Willacy Jail Contract: $1.5M *Tyler System: $0.4M *Other Software: $0.3M TOTAL: $20.0M	*Still under review.	*Still under review.

KEY CHALLENGES FOR FY 2027

Rising Personnel Costs

Market pressure on wages, health-insurance premiums, and pension contributions continue to outpace general revenue growth.

Infrastructure & Deferred Maintenance

Aging facilities, roads, and technology systems require sustained investment to avoid higher long-term costs.

Service Demand Growth

Population and caseload growth in public safety, health, and social services place ongoing pressure on operating budgets.

Revenue Uncertainty

Property valuation trends and potential state/federal funding changes require conservative planning.

Reserve Policy Discipline

Maintaining policy-level reserves while funding one-time needs and capital projects remains a balancing act.

Public Expectations

Residents expect transparent, efficient services; any proposed changes must be clearly communicated and justified.

NEXT STEPS

1	**Capture Court Direction**	Budget Office will document guidance from Court's discussion and circulate a summary.
2	**Department Submissions**	Budget Office will continue to review departments FY 2027 budget requests that are consistent with Court priorities.
3	**Revenue Update**	Staff will refine property-tax and forecasts as truth and taxation calculations and collections data arrive.
4	**Workshop #2**	A second workshop will present updated numbers, expenditure options, and preliminary trade-offs.
5	**Proposed Budget**	The proposed budget will be filed and made available for public inspection prior to formal hearings.
6	**Adoption**	Commissioners Court will hold required hearings and adopt the final FY 2027 budget by year-end.

QUESTIONS & DISCUSSION

Thank You

We welcome questions from the Court and members of the public.

County Budget Office
Materials will be posted on the County website following this workshop.