



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: April 14, 2026

DATE: April 7, 2026

TO: Board of County Commissioners

FROM: Lori Cooke, Division Director - Budget, Finance
(775) 328-2072, lcooke@washoecounty.gov

Abbe Yacoben, Chief Financial Officer
(775) 328-2016, ayacoben@washoecounty.gov

THROUGH: Kate Thomas, County Manager

SUBJECT: Recommendation to acknowledge status report and possible direction to staff on the County Manager's recommended Fiscal Year 2027 Budget (July 1, 2026 through June 30, 2027) with estimated appropriations of approximately [\$1,133,146,149] which incorporates Board priorities of funding for existing contractual obligations, supplies, utilities, personnel costs, capital improvements and operations, and maintaining the County's assets and infrastructure needs, and direct the County Manager to return to the Board of County Commission with the certified Tentative and Final Budget for adoption at a public hearing to be scheduled on May 19, 2026. (All Commission Districts). FOR POSSIBLE ACTION

SUMMARY

The purpose of this item is to provide a status report and possible direction to staff on the County Manger's recommended Fiscal Year 2027 budget (July 1, 2026 through June 30, 2027); and direct the County Manager to return to the Board of County Commission (BCC) with the certified Tentative and Final Budget incorporating the approved County Manager's recommendations for adoption at the public hearing to be scheduled for May 19, 2026.

Washoe County Strategic Objective supported by this item: Fiscal Sustainability

PREVIOUS ACTION

On March 17, 2026, the Board of County Commissioners acknowledged the presentation of the Washoe County Financial Outlook for Fiscal Year 2027 and Budget. The overview includes a Mid-Year General Fund 2026 review, economic, revenue and expenditure trends, Board of County Commissioner strategic goals, known cost increases, unquantified/outstanding cost impacts, and a general outlook for Fiscal Year 2027 and Budget.

AGENDA ITEM # _____

On January 27, 2026, the Board of County Commissioners held a budget workshop. The purpose of the Budget Workshop is to provide the Board with information in preparation for the budget process. Topics of discussion include national and regional economic updates, review of county financials, review of updated five-year forecast, an overview of county services, and a strategic overlook. This item was discussion only.

On January 20, 2026, the Board of County Commissioners acknowledged the presentation of the Washoe County Financial Outlook for Fiscal Year 2027 and Budget. The overview included a review of the General Fund's financial results for Fiscal Year 2025, a Mid-Year 2026 review, and economic, revenue and expenditure trends, Board of County Commissioner strategic goals, known cost increases, unquantified/outstanding cost impacts, and a general outlook for Fiscal Year 2027 and Budget.

On December 16, 2025, the Board of County Commissioners acknowledged receipt of the Washoe County Annual Comprehensive Financial Report (ACFR), auditor's report, and report on internal control for the fiscal year ended June 30, 2025 as presented; approve the re-appropriation of [\$117,880,477.50] for the fiscal year 2026 budget, consisting of [\$68,481,627.22] for purchase order encumbrances committed in fiscal year 2025 and [\$49,398,850.28] for spending of restricted contributions and fees; and, authorize the Comptroller to proceed with distribution of the ACFR for public record, as required by law.

On November 18, 2025, the Board of County Commissioners acknowledged the receipt of the Interim Financial Report for Washoe County Governmental Funds for the Three Months Ended September 30, 2025 – Unaudited

On October 28, 2025, the Board of County Commissioners received a presentation on the unaudited FY2025 year-end general fund budget-to-actual revenue and expenditures in addition to potential updates on the FY2026 budget-to-actual revenue and expenditures.

On July 22, 2025, the Washoe County Finance Department held a public event for “Budget 101” and the “Washoe Checkbook”. The presentation outlined basic county budgeting and how to use the Washoe Checkbook, an online interactive tool for viewing revenue and expenditures across all county departments – which was launched in April 2025.

BACKGROUND

The Washoe County Board of County Commissioners has a clear vision and is actively updating the Strategic Plan with long-term goals and shorter-term initiatives and benchmarks. The Board met in January 2026 for a public Budget Workshop.

The current fiscal landscape warrants continued caution. The reality for FY27 is that there are similar challenges to recent years. The continuing trend of flattening revenue growth, including C-Tax and Property Tax (i.e., although both are still reflecting growth, the rate of growth is flattening), final ARPA spend down, and uncertainty with State/Federal grants, demands immediate consideration. These challenges are compounded by expenditures continuing to significantly outpace revenues. The adopted Fiscal Year 2026 budget included a five-year General Fund forecast reflecting unsustainable structural deficits (ongoing expenditures exceeding revenues).

In designing the Fiscal Year 2027 budget process, County leadership collectively expanded on the FY 2026 process, with a focus on a more efficient, collaborative, communicative, and strategic process to determine methods of executing the Board's vision with very finite resources. As part of that goal, the annual budget process was updated-including:

- Monthly financial updates to the Board

- Distributed and collated Strategic Planning feedback with responses from Elected Officials and Department Heads
- Held the second annual all-department Budget Congress
- Held a follow-up all-department Budget Congress (Budget Congress 2.1)
- Continued individual briefings with Commissioners-including additional follow-up
- Continued process improvement based on best practices and stakeholder feedback.

Thanks to the organization's collective discipline and cooperation, we have been able to weather some significant fiscal challenges in the recent past. This includes various unplanned emergency responses (N. Valleys flooding, Davis Creek Fire, Hidden Valley flooding, etc.), the AT&T Sales Tax Refund, our COVID-19 response, the Incline Settlement payments, historically high inflationary impacts, historically high PERS contribution rate increases, implementation of classification and compensation updates (Korn Ferry), and multi-year collective bargaining agreements, etc. The impacts of these challenges were met without requiring budget reductions. This is quite an achievement, and we are grateful to all departments for their teamwork and innovation, but we still face a challenging outlook over the next five years.

Based on our various challenges, Fiscal Year 2027 continues to embody themes from prior years. This means there are no identified resources for additional personnel without permanent offsets. Success will require working together to identify and implement creative and innovative solutions based on a service inventory and using technology to help us get the work done and maintain our focus on our customers. For the second year, instead of submitting above-base budget requests as usual, departments participated in the Budget Congress and discussed the top concerns, ideas to help alleviate these concerns, and discussion about areas of assistance or support overcoming stigmas concerning service levels. The Fiscal Year 2027 base budget was updated as in prior years to account for known impacts (i.e., central services, personnel, BCC-approved contracts, etc.).

One of the County's most volatile sources of revenue is Consolidated Tax (C-Tax). As it is comprised mainly of sales taxes, C-Tax is the first major source of revenue to show signs of softening as the economy slows. The County's C-Tax receipts have been slowing over the past two years. In addition, due to the modernization of technology systems at the State of Nevada Department of Taxation, the information we have available is not comparable for annual trends. For example, the November 2024 distribution, received in February 2025, was approximately half of the anticipated amount. The final FY25 C-Tax distribution was received in September 2025, making year-to-date comparisons based on prior year distributions extremely challenging. The County has responded by revising its Fiscal Year 2026 year-end forecast for C-Tax from the originally budgeted increase of 2.5% to an estimated increase of 4.5% over the prior fiscal year. In addition, the Fiscal Year 2027 Budget assumes a 3.0% increase in Consolidated Tax (C-Tax) with annual increases expected in the five-year forecast of 2.5% in Fiscal Years 2028 through 2031.

The largest source of Washoe County revenue is property tax. Property tax revenue is estimated to increase 5.2% across all funds. General Fund property tax is likewise estimated to increase 5.2%.

The General Fund's structural deficit can be explained simply by combining three factors:

1. Property tax is ~52% of General Fund revenues; a General Fund P-Tax increase of 5.2% results in an effective rate of increase, as an offset to expenditures, of 2.7%.

2. C-Tax, which is ~31% of General Fund revenues; a C-Tax increase of 3.0% results in an effective rate of increase of 1.0%, and
3. The combined revenue increase of ~ 3.7% is utilized to fund total uses, which are rising at a higher rate than 3.7%.

Increases above 3.7% result in a structural deficit.

Due to the familiar and ongoing picture of increasing costs outpacing increasing revenues, the County Manager’s Fiscal Year 2027 Recommended Budget reflects a vigilant and restrained approach for service delivery, which emphasizes careful monitoring, risk mitigation, and measured action. It also adheres to the BCC strategic vision focus areas as well as the County’s continued goals over the last several years of:

- Maintain Services
 - Make progress on Fundamental Service Review
- Commitment to Our Employees: Keep Employees Working
 - No layoffs/furloughs
- Use Reserves Wisely
 - Stabilize expenditure growth to bring into alignment with revenues.
 - Stabilization will ensure sufficient working cash to pay the bills and preserve fund balance for compliance with the Board’s policy and Nevada Revised statute.

Total Fiscal Year 2027 appropriations for 22 Governmental and 6 Proprietary funds are \$1.13 billion, see chart below.

Washoe County Budget				
	Fiscal Year 2026	Fiscal Year 2027	Change from Prior Year	
	Final	Tentative	\$	%
Total Budget Appropriations*				
Governmental Funds				
General Fund	\$ 549,296,292	\$ 588,374,936	\$ 39,078,644	7%
Special Revenue Funds	\$ 324,466,280	\$ 328,250,653	\$ 3,784,373	1%
Capital Project Funds	\$ 48,873,241	\$ 47,554,028	\$ (1,319,213)	-3%
Debt Service Funds	\$ 13,251,261	\$ 12,015,282	\$ (1,235,979)	-9%
Total Governmental Funds	\$ 935,887,074	\$ 976,194,899	\$ 40,307,825	4%
Proprietary Funds				
Enterprise Funds	32,054,659	37,061,374	\$ 5,006,715	16%
Internal Service Funds	108,047,286	119,889,876	\$ 11,842,589	11%
Total Proprietary Funds	140,101,945	156,951,250	\$ 16,849,305	12%
Total Appropriations - All Funds	1,075,989,019	1,133,146,149	57,157,130	5%

*Total appropriations include expenditures, contingencies and transfers out

** Capital Project Funds' budgets do not reflect carry forward projects from prior years

FY27 budget re-appropriation is estimated at \$80 million. The budget will be re-appropriated (increased) during the year-end process and included with acceptance of the annual audit.

Notable highlights for the Fiscal Year 2027 Recommended Budget, for all funds, include:

- General Fund - budgeted salary savings of three percent (3.0%)-representing savings based on *normal* turnover
- No net new positions
 - Note there may be reallocation between departments
- Reclassifications that result in higher pay grades only approved with a validated permanent offset
- Remaining ARPA-funded positions will be funded with already accrued ARPA interest beginning in FY27
- Due to urgent funding issues and community public health needs, an increase of the General Fund transfer to Northern Nevada Public Health (see additional information below)
- Due to urgent funding issues and infrastructure needs, an increase of the General Fund transfer to the Roads Fund (see additional information below)
- Library – FY27 recommended budget is flat (i.e., no above base, no reductions) and is reflected entirely in the General Fund
- No General Fund budget carryforward for encumbrances (Purchase Orders)
 - No “automatic” carry forward for any fund
- General Fund Transfers Out of \$96.4 million, supporting:
 - Indigent Fund - \$26.3million
 - Homelessness Fund - \$21.7 million
 - Transfer to Capital Projects - \$14.4 million (\$400k = one-time)
 - Health District - \$11.5 million
 - Roads Fund - \$10.6 million
 - Debt Service Fund - \$5.1 million
 - Senior Services Fund - \$3.4 million
 - Golf Fund \$3.0 million (\$3 million = one-time)
 - Regional CAD/RMS \$344 thousand
- Contingency of \$9.6 million, or ~2%

The county’s total levied property tax rate remains at \$1.3917 per \$100 of assessed valuation. This rate has been the same since Fiscal Year 2005 (23 years). The statutory maximum rate is \$3.66 per \$100 of assessed valuation. Most areas of the county are at the \$3.66 maximum due to the overlapping rates of different non-county entities (i.e., City of Reno, City of Sparks, Truckee Meadows Fire Protection District, Washoe County School District, General Improvement Districts, etc.).

As the largest fund, the General Fund Fiscal Year 2027 Tentative/Recommended appropriations are \$588.4 million, see chart on following page:

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Washoe County FY 2027 General Fund Tentative Budget						
Sources and Uses	FY 2025 Actual	FY 2026 Final	FY 2026 Estimated	FY 2027 Tentative	FY27 Tent. vs. FY26 Year-End Estimate	
					% Var.	\$ Var.
Revenues and Other Sources:						
Taxes	259,935,878	285,086,625	285,086,625	299,830,766	5.2%	14,744,141
Licenses and permits	14,490,574	14,995,691	14,128,370	14,353,370	1.6%	225,000
Consolidated taxes - Actual	162,944,143	162,079,122	170,276,630	175,384,929	3.0%	5,108,299
SCCRT AB104	20,506,418	20,126,294	20,710,879	21,332,205	3.0%	621,326
Other intergovernmental	9,009,766	10,939,052	10,934,532	10,925,177	-0.1%	(9,355)
Charges for services	27,944,315	30,519,218	29,337,203	29,849,230	1.7%	512,027
Fine and forfeitures	7,495,633	6,768,382	7,068,382	7,068,382	0.0%	-
Miscellaneous	21,519,700	9,379,305	14,965,165	11,402,070	-23.8%	(3,563,095)
Miscellaneous - One Time	-	-	-	10,000,000		10,000,000
Total revenues	523,846,426	539,893,689	552,507,785	580,146,129	5.0%	27,638,344
Other sources, transfers in	1,027,284	943,367	943,367	861,945	-8.6%	(81,422)
Other sources, transfers in - one-time		6,000,000	6,000,000	1,700,000	-71.7%	(4,300,000)
Other sources, debt issued (GASB 87)	22,133,906					
TOTAL SOURCES	547,007,615	546,837,056	559,451,152	582,708,074	4.2%	23,256,922
Uses:						
Expenditures and Other Uses:						
Salaries and wages	225,380,196	234,388,088	227,106,349	247,384,071	8.9%	20,277,722
Vacancy Savings		(7,073,962)	(162,422)	(7,429,904)	4474.4%	(7,267,482)
<i>Subtotal</i>	225,380,196	227,314,126	226,943,927	239,954,167	5.7%	13,010,240
Employee benefits	123,523,337	140,695,145	137,394,539	145,484,679	5.9%	8,090,140
Vacancy Savings		(4,247,629)	(1,031,156)	(4,357,617)	322.6%	(3,326,461)
<i>Subtotal</i>	123,523,337	136,447,516	136,363,383	141,127,062	3.5%	4,763,679
Services and supplies	76,708,040	92,494,771	93,659,339	100,672,082	7.5%	7,012,743
Settlement payments (one-time)	1,656					-
Capital outlay	1,184,372	479,507	520,716	515,707	-1.0%	(5,009)
Capital outlay (GASB 87)	22,133,906					
Debt Service (GASB 87)	7,268,272					
Total expenditures	456,199,780	456,735,920	457,487,365	482,269,018	5.4%	24,781,653
Transfers out	81,411,659	85,760,372	85,782,372	93,060,919	8.5%	7,278,547
Transfers out (one-time)	-		17,000,000	3,400,000	-80.0%	(13,600,000)
Contingency	-	6,800,000	6,372,064	9,645,000	51.4%	3,272,936
TOTAL USES	537,611,438	549,296,292	566,641,801	588,374,937	3.8%	21,733,136
Net Change in Fund Balance	9,396,177	(2,459,236)	(7,190,649)	(5,666,863)	-21.2%	1,523,786
Beginning Fund Balance	154,152,738	141,217,062	163,548,915	156,358,267		
Ending Fund Balance	163,548,915	138,757,826	156,358,267	150,691,404		
Unassigned Ending Fund Balance	\$ 157,738,255	\$ 129,207,826	\$ 146,927,202	\$ 143,638,940		
Unassigned Ending Fund Balance%	30.7%	23.8%	26.2%	24.8%		
*as % of Expense & Transfers less Capital						

The Fiscal Year 2027 Tentative/Recommended Budget reflects total sources and uses for the General Fund balanced with an anticipated decrease in fund balance of \$5.7 million. This net use is a combination of anticipated revenue of \$10 million received for grants/donations to “pay back” the General Fund \$17 million FY26 transfer, a one-time \$1.7 million transfer for ARPA interest – used in future years for staffing costs, offset with the contingency budget of

\$9.6 million, and one time transfers out of \$3.4 million. The County will continue to prepare and monitor a five-year forecast of the General Fund to identify possible structural deficits based on the cumulative impact of forecasted revenues and expenditures to ensure long-term fiscal sustainability.

Any necessary Fiscal Year 2026 year-end financial actions will be included with the Fiscal Year 2027 Final Budget adoption on May 19, 2026.

Next Steps

- May 19: Public Hearing of Fiscal Year 2027 Washoe County Tentative Budget and Adoption of Final Budget
- May 26: Special Meeting (continuation-if necessary) for Fiscal Year 2027 Final Budget
- June 1: Fiscal Year 2027 Final Budget due to the State Department of Taxation
- *Note: Frequent updates and briefings will be scheduled and held with Commissioners and/or during Board meetings throughout Fiscal Year 2027.

FISCAL IMPACT

Total Fiscal Year 2027 recommended budgeted expenditures and transfers out for all funds are \$1,133,146,149. The recommended Fiscal Year 2027 General Fund budget is balanced, with total expenses, contingency and transfers out of \$588,374,936 and use of fund balance of \$5,666,863.

The total unassigned fund balance for the General Fund at the end of Fiscal Year 2027 is budgeted at \$143,638,940 or 24.8% of budgeted expenditures (less capital outlay) and transfers out. The Board of County Commissioner's policy level is between 10% - 17 percent-but it is not illegal for ending fund balance to exceed the maximum.

Additional information and/or financial updates may need to be incorporated in the Fiscal Year 2027 Final Budget, which is scheduled for Board approval on May 19, 2026.

RECOMMENDATION

It is recommended that the Board acknowledge the status report and possible direction to staff on the County Manager's recommended Fiscal Year 2027 Budget (July 1, 2026 through June 30, 2027) with estimated appropriations of approximately [\$1,133,146,149] which incorporates Board priorities of funding for existing contractual obligations, supplies, utilities, personnel costs, capital improvements and operations, and maintaining the County's assets and infrastructure needs, and direct the County Manager to return to the Board of County Commission with the certified Tentative and Final Budget for adoption at a public hearing to be scheduled on May 19, 2026.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be *"Move to acknowledge status report and possible direction to staff on the County Manager's recommended Fiscal Year 2027 Budget (July 1, 2026 through June 30, 2027) with estimated appropriations of approximately [\$1,133,146,149] which incorporates Board priorities of funding for existing contractual obligations, supplies, utilities, personnel costs, capital improvements and operations, and maintaining the County's assets and infrastructure needs, and direct the County Manager to return to the Board of County Commission with the certified Tentative and Final Budget for adoption at a public hearing to be scheduled on May 19, 2026."*