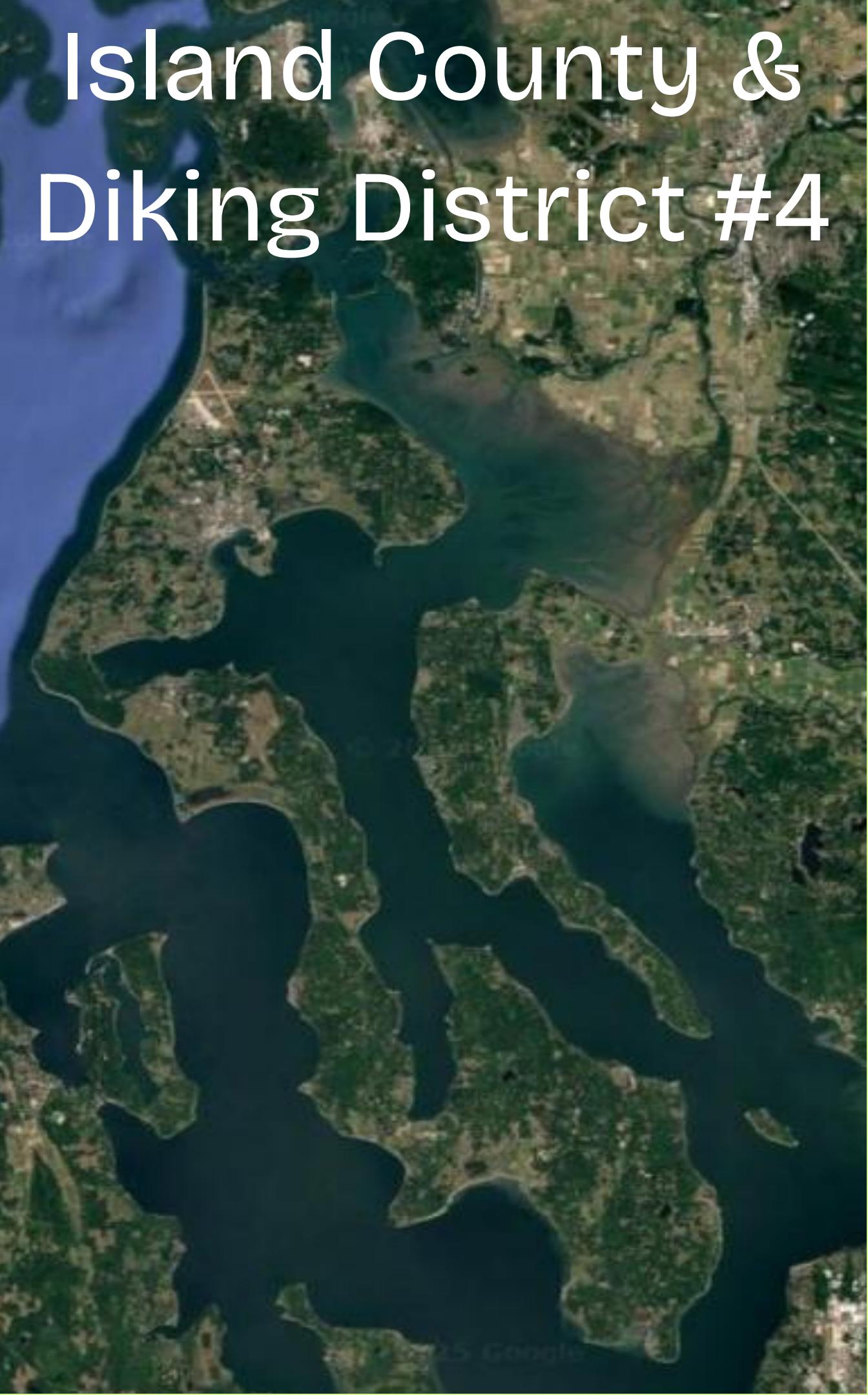




# Proposed 2026 Budget

Presented by Susan Geiger  
Budget Director

Island County &  
Diking District #4





# Introduction to the Proposed 2026 Budget and Levy Hearing

FOSTERING TRANSPARENCY AND FISCAL RESPONSIBILITY IN LOCAL  
GOVERNMENT

The proposed **2026 budget** totals \$164.7 million, emphasizing **transparency** and **accountability**. This budget aims to support essential services while addressing community needs. Through careful planning and open communication, We strive to maintain our commitment to fiscal responsibility and effective governance for the residents of Island County.

# Budget Structure and Key Funds Overview



## Total Departments

The budget encompasses **24** **departments**, each dedicated to specific community services. This structure ensures targeted management and efficient allocation of resources to meet local needs effectively.

## Total Funds

A total of **47 active funds** are utilized to manage the budget, allowing for detailed financial tracking and accountability across various government functions and initiatives, enhancing transparency in financial planning. Each fund has a separate budget.

## Largest Funds

The **largest funds** within the budget include Current Expense, Roads, and Solid Waste, which account for **51.8%** of the overall budget, reflecting essential community services and infrastructure maintenance.

## Balanced Budget

Emphasis is placed on a **balanced budget**, ensuring that expenditures do not exceed available resources. This approach supports sustainable financial practices, fostering stability and confidence in local government operations.



# Total Budget and Key Commitments: \$164.7 Million



- Employee Retention & Support Initiatives
- Focus regarding on-going capacity
- Service Level Evaluation
- Finding Efficiencies

# Presenting Key Budgetary Challenges for 2026

UNDERSTANDING THE FINANCIAL PRESSURES IMPACTING OUR LOCAL GOVERNMENT BUDGET

The **2026 budget faces significant challenges** such as:

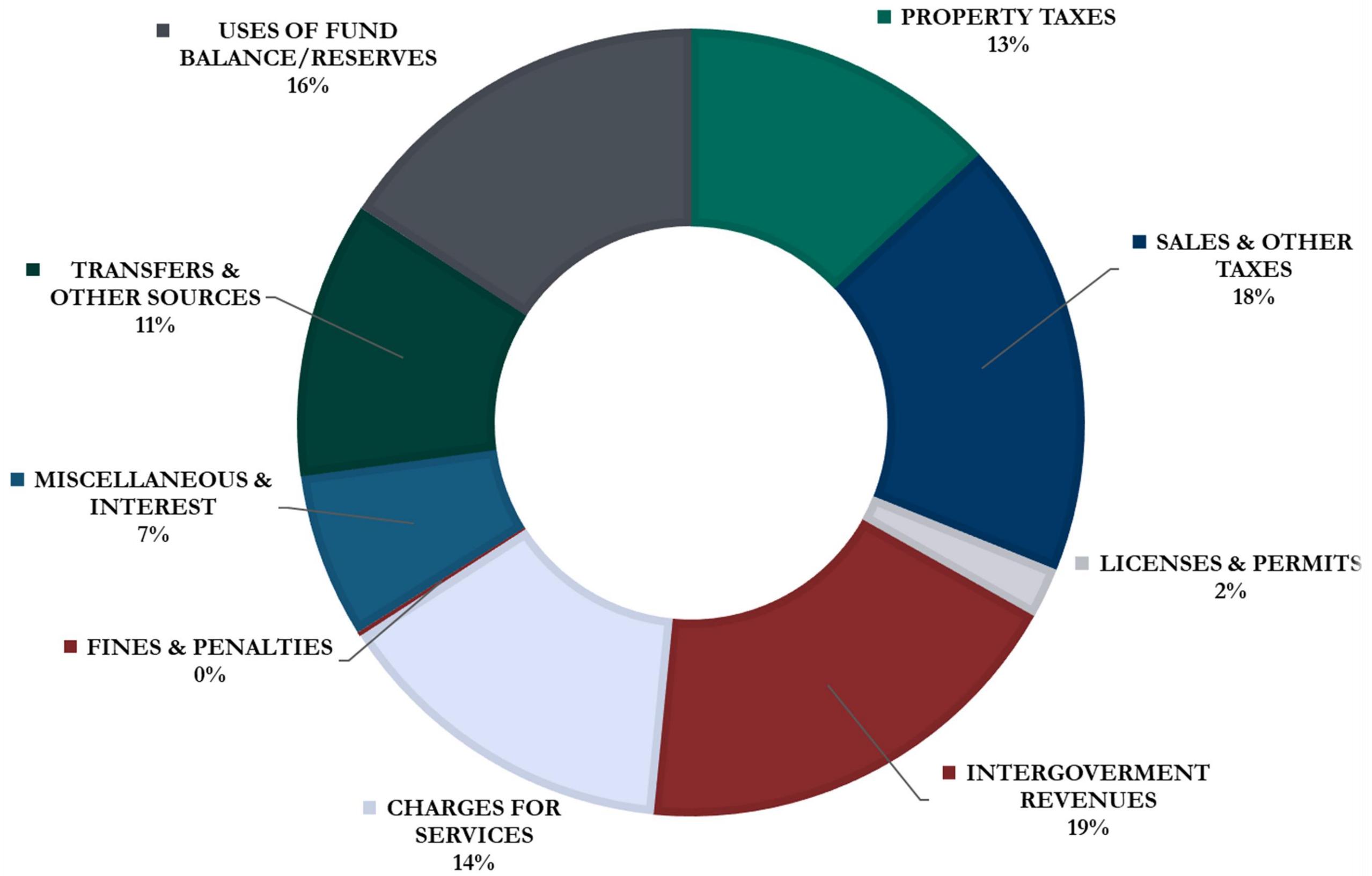
- Expenditures outpacing revenue growth
- Medical Insurance cost increase
- Property & Liability Insurance increase
- Uncertainty in Grant funded programs



# 2026 Proposed Budget - All Funds



TOTAL REVENUES \$164.7 MILLION





# 2026 Proposed Budget

Description	2026	2025	%
	Proposed Budget	Adopted Budget	
<strong>REVENUES</strong>			
FUND BALANCE & RESERVES	\$26.0	\$18.8	38%
PROPERTY TAXES	\$21.5	\$21.2	2%
SALES & OTHER TAXES	\$29.7	\$29.0	2%
LICENSES & PERMITS	\$3.5	\$3.3	6%
INTERGOVERNMENT REVENUES	\$30.3	\$31.2	-3%
CHARGES FOR SERVICES	\$23.6	\$23.4	1%
FINES & PENALTIES	\$0.3	\$0.3	-1%
MISCELLANEOUS & INTEREST	\$11.1	\$10.0	12%
TRANSFERS & OTHER SOURCES	\$18.7	\$4.3	336%
<strong>TOTAL</strong>	<strong>\$164.7</strong>	<strong>\$141.5</strong>	<strong>16%</strong>

# Revenue Breakdown: Total \$164.7 Million



**Sales Tax Revenue**

2% compared to 2025  
Budget



**Property Taxes**

**Increase + New Construction:**

County Current Expense 1.0%  
County Roads 2.7%  
Conservation Futures 1.0%

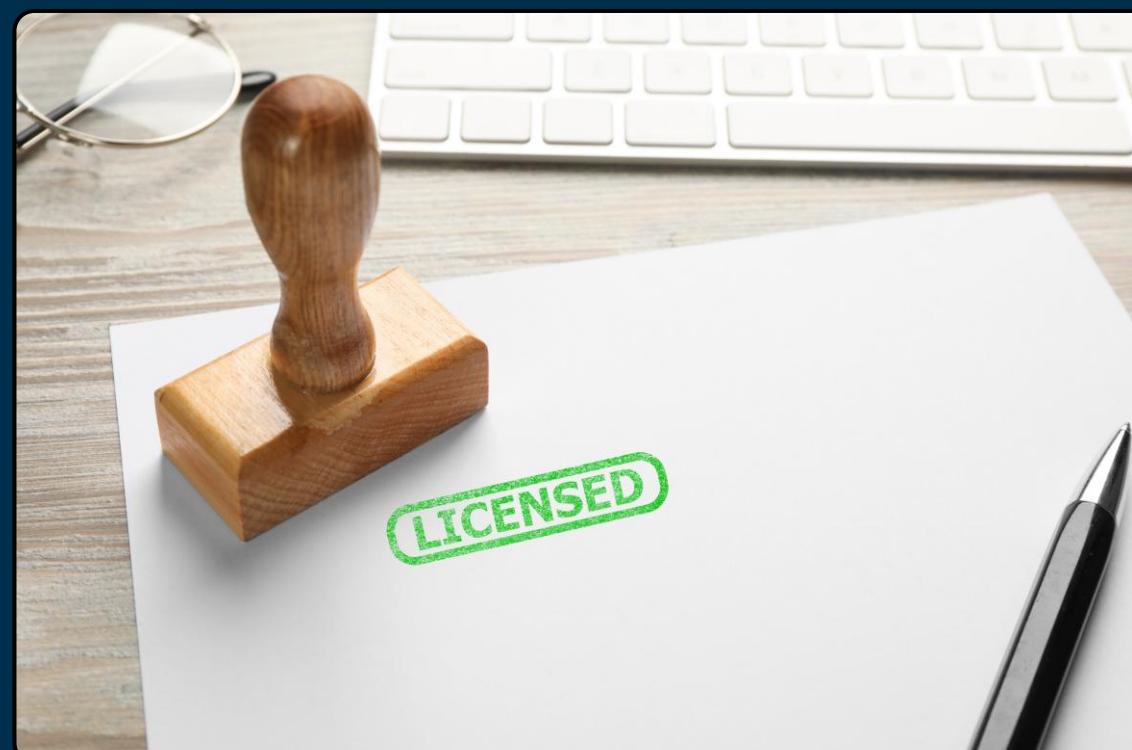


# Revenue Breakdown: Total \$164.7 Million



## Intergovernmental Revenue Sources

Grants & State Funding



## Licenses & Permits

Increasing due to rate changes across the service providing departments in the County



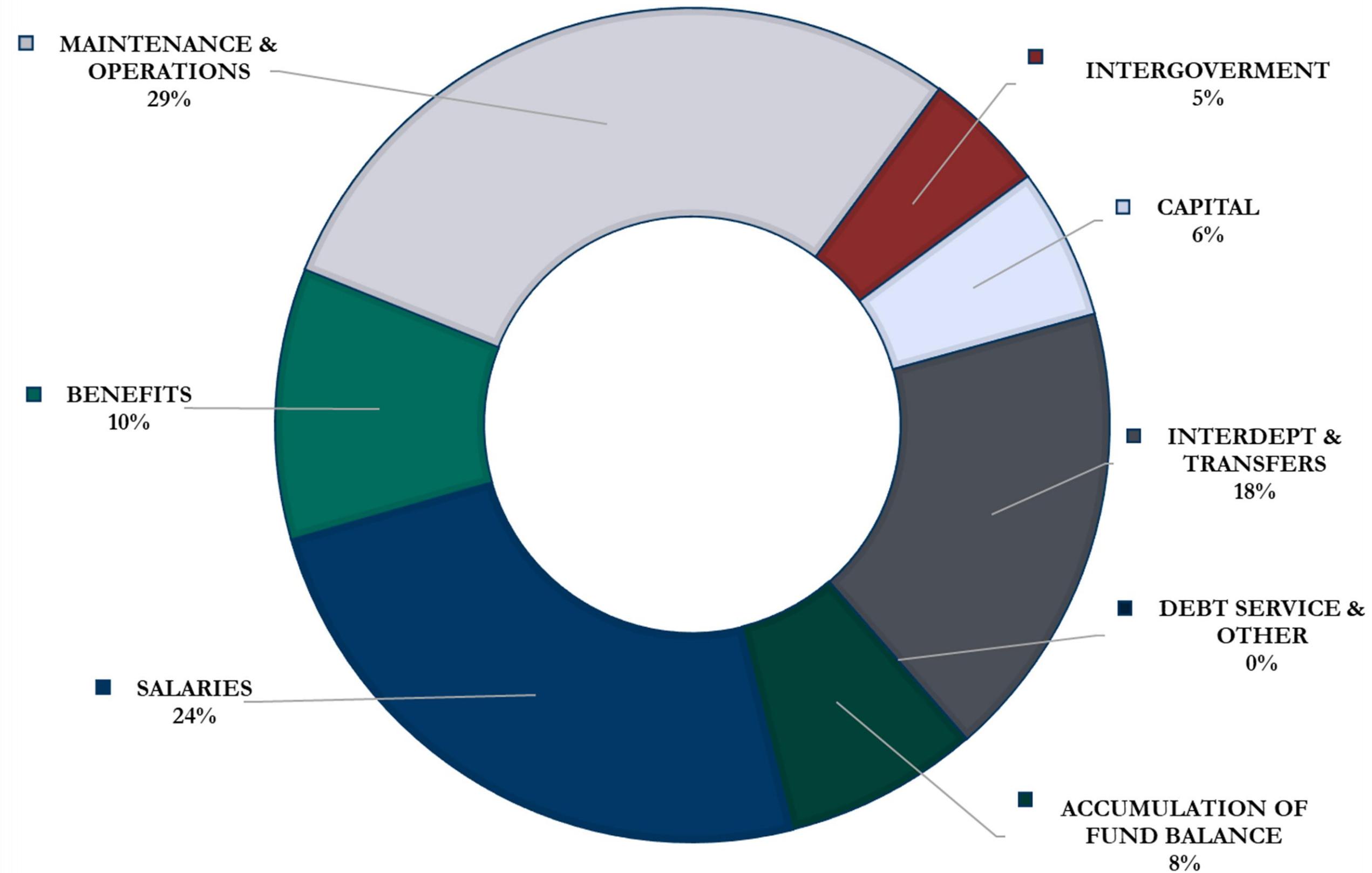
## Interest Revenue

Anticipating yields will be maintained at current levels

# 2026 Proposed Budget - All Funds



TOTAL EXPENDITURE \$164.7 MILLION



# Staffing Overview and Adjustments

The proposed budget reflects a total of **507.64 Full-Time Equivalents (FTE)**, representing a decrease of **6.41 FTE from 2025**. This includes hiring freezes and adjustments to grant-funded positions.

## Key changes to staffing levels and organizational structure in Current Expense

- Continued most hiring frozen positions from 2025
- Reduced 1 frozen Deputy position to add 1 Investigator position (1 FTE)
- Added IT Systems Administrator to Sheriff's Office, removed temporary Animal Control (.80 FTE)
- Adjusted Judge Pro-tem hours in the District & Superior Courts (.08 FTE)
- Added Administrative position to District Court (1 FTE)
- Added Courthouse Facilitator to Superior Court (1 FTE)
- Added a mid-year hire for the Clerk's Office (.50 FTE)
- Reduced a staff person to .75 FTE in Human Resources (-.25 FTE)
- Held staffing for the County Manager for another year (-3 FTE)
- Special Projects Manager contract expired (-1 FTE)





# Staffing Overview and Adjustments

## **Key changes to staffing levels and organizational structure in Other Funds**

- Human Services positions related to Grant funding (1.3 FTE)
- Natural Resources positions related to Grant funding (-1.24)
- Public Health positions reduced due to Grant funding (-2.4 FTE)
- Public Works reduced staffing by (-4.2 FTE)



# Expenditure Categories Breakdown: Total \$164.7 Million



## Salaries: \$40.3 Million

Salaries & Wages total \$40.3 million, up 0%  
6.41 FTE Decrease in staffing  
Includes increase for Non-Represented Staff  
Wage placeholder for bargaining units



## Benefits: \$17.8 Million

Benefits total \$17.3 million, down 1%  
Medical premiums increased 5.0 to 8.8%  
PERS rates decreased for all plans about 3.7%

# Maintenance & Operations and Capital Expenditure

Total combined budget is **\$57.4 million**, a decrease of **\$1.2 million** compared to 2025

## Investment in Roads

A total of **\$15.4 million** is allocated for road maintenance and improvement.

## Solid Waste Management

**\$13.6 million** will support solid waste management projects

## Parks and Recreation

A commitment of **\$1.6 million** is made for parks and recreation

## County Services & Facility investment

An investment of **\$14.2 million** is dedicated to General County Operations & Facilities Maintenance.

## Equipment (ER&R)

**\$4.2 million** is allocated for Equipment Rental & Revolving

## Law & Justice

A commitment of **\$4.1 million** is made for just the Operations & Capital for Law & Justice



# Fund Balance



Use of Fund balance increased by  
\$7.2 to \$26.0 million



**Rural County Economic Development Fund Use - \$2.8 million**  
**REET 2 Transfer - \$13.5 million**  
**County Roads Use - \$6.6 million**  
Numerous other funds use up to \$1 million



# Current Expense Fund Balance

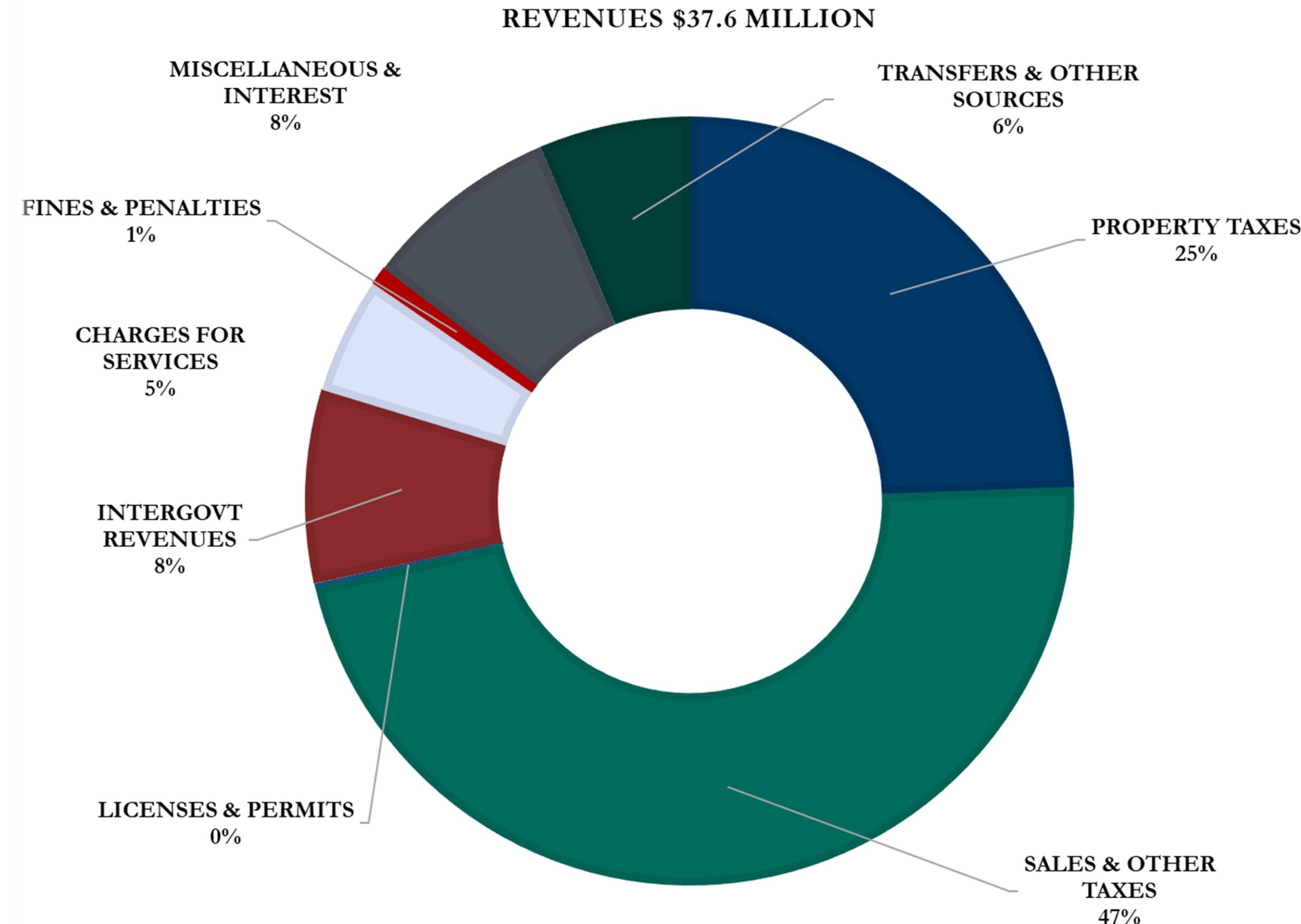
The Current Expense Fund Balance commitments, totaling **\$2 million**, includes

1 Million allocated toward **Jail Project**

1 Million set aside for **Election Office Move**

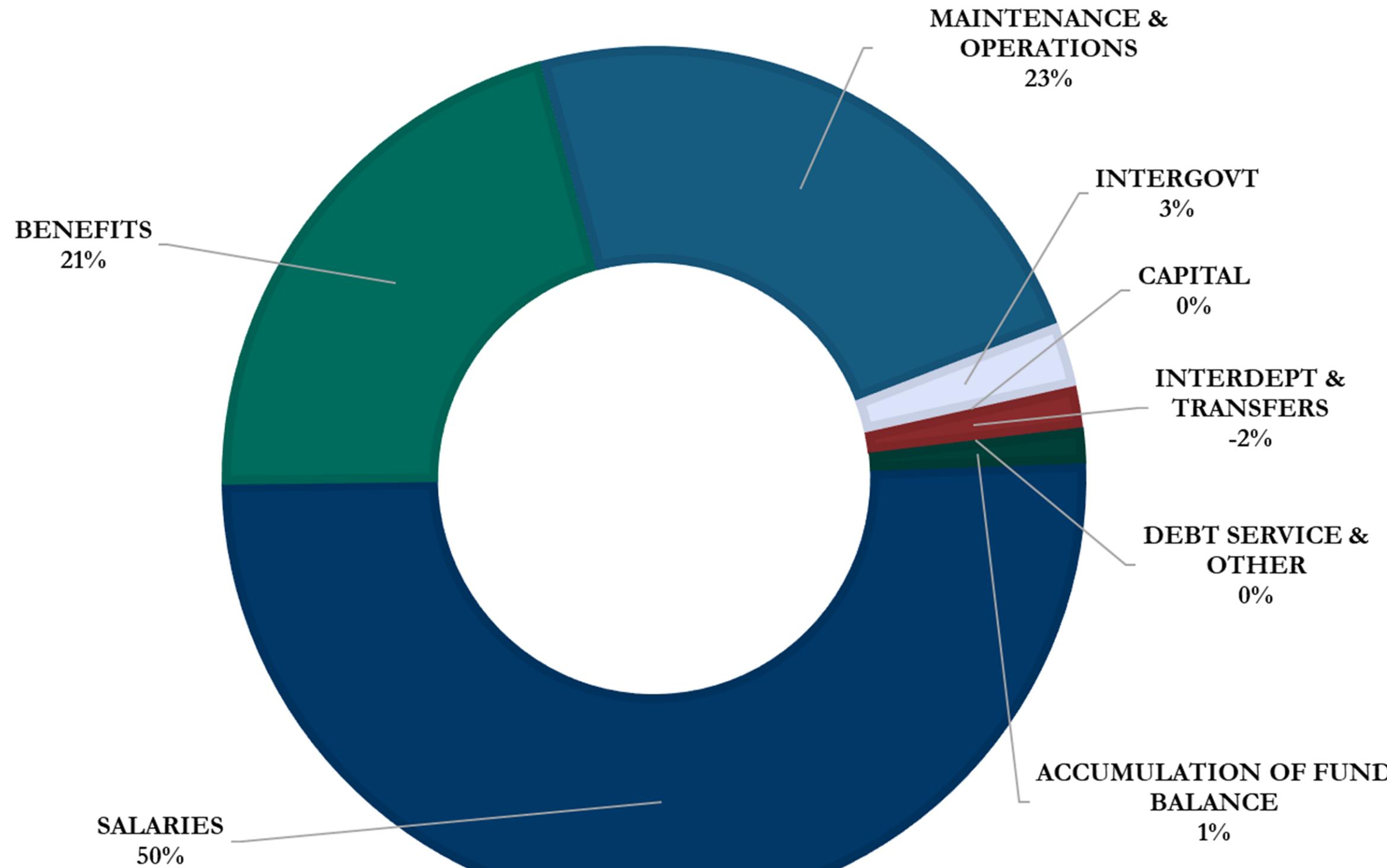


# 2026 Proposed Budget - Current Expense



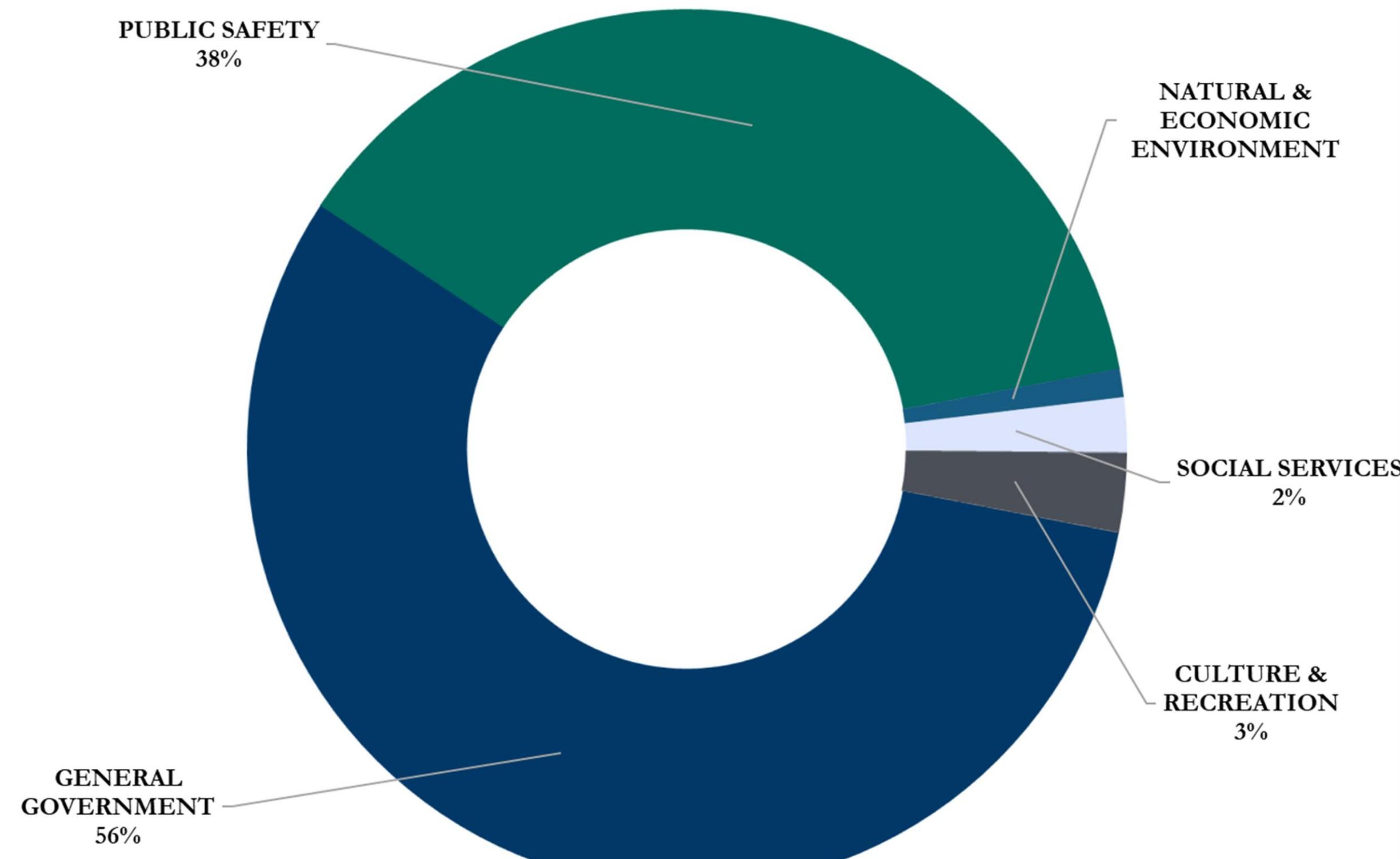
# 2026 Proposed Budget -Current Expense

EXPENDITURES \$37.6 MILLION



# 2026 Proposed Budget -Current Expense

## EXPENDITURE BY FUNCTION





# Current Expense 6 Year Forecast



# Diking District #4

DESCRIPTION	Prior Years Actuals			Date @ 09/30/2025	Year to		\$	%
	2023	2024	2025		2026	Budget	Change	Change
USE OF FUND BALANCE					4,700		(4,700.00)	-100%
LID TAX								-
SPECIAL ASSESSMENTS		4,921		3,102		4,700	4,700.00	
<b>TOTAL REVENUES</b>	<b>-</b>	<b>4,921</b>	<b>3,102</b>	<b>4,700</b>	<b>4,700</b>	<b>-</b>	<b>0%</b>	
INTERFUND SERVICES	2,080	1,471		4,700	4,700		-	0%
DEBT SERVICE								
ACCUM OF ENDING FUND BALANCE								
<b>TOTAL EXPENDITURES</b>	<b>2,080</b>	<b>1,471</b>	<b>-</b>	<b>4,700</b>	<b>4,700</b>	<b>-</b>	<b>0%</b>	



# Real Estate Excise Taxes

- Legislative Change - HB 1791
- Expands use of REET 2 funding to match REET 1
- Eliminates need for separate fund
- Eliminates separate reporting as part of the budget adoption process.
- Requires an update to Island County Code.





# 2026 Budget Plan

- Evaluating programs & services
- Planning for future needs
- Focus on sustainability
- Workforce Support



# Questions ?



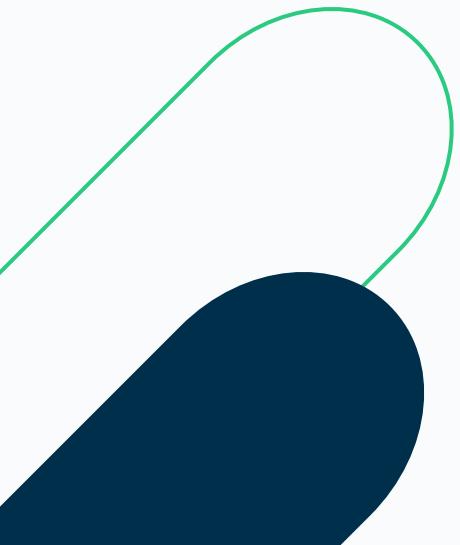


# Request Resolution Adoption

**Resolution #C-55-25:**  
**Adopting the Island County Budget and Diking**  
**District #4 Budget for Fiscal Year 2026**



# 2026 Levy Resolutions





# Levy Limit Increase

- Island County Budget for 2026 adopted December 1, 2025
- Included in 2026 budget are Property Tax Levies
  - Current Expense
  - Roads
  - Conservation Futures
- Hearing to increase 2025 Current Expense & Conservation Futures Levies by 1% in accordance with adopted 2026 budget estimates
- Hearing to increase 2025 Road Levies by 2.7% inclusive of the bank capacity from 2018 and 2024.



# Levy Increase Rate

**Levy Increases limited to 1% or less**

Implicit Price Deflator (IPD) measures inflation and must exceed 1%

When IPD is less than 1%, a separate ordinance setting “substantial need” is required for a 1% lift

The IPD for Island County for 2026 is 2.44%





# Levy Actions

## For Each Levy

Consider setting the Levy amount at 101% of 2025 level for Current Expense and Conservation Futures, and Roads by 102.7%

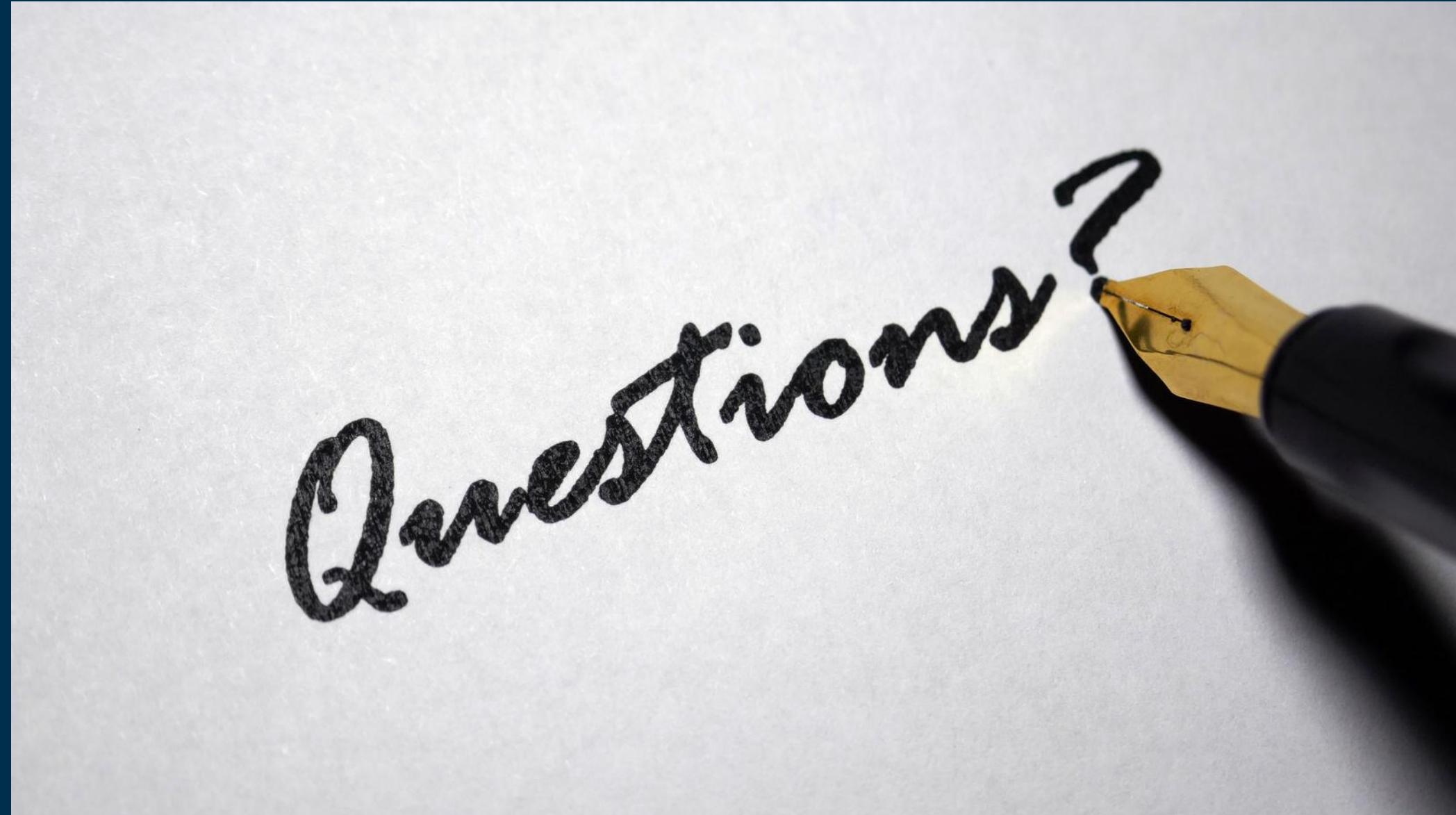
### Increase Amounts:

- Current Expense \$ 97,372.62
- Roads \$ 270,546.84
- Conservation Future \$ 8,298.05





# 2026 Property Tax Levies





# Request Ordinance Adoption

Ordinance #C-56-25: County Current Expense Levy

Ordinance #C-57-25: County Roads Levy

Ordinance #C-58-25: County Conservation Futures Levy