



County Administrator's Office
County Office Building, Room 213
7 Court Street
Belmont, New York 14813
Phone: 585-268-9217

November 5, 2025

To the Allegany County Board of Legislators:

I am pleased to present to you and the residents of Allegany County the Tentative Budget for Fiscal Year 2026. My Deputy Budget Officer Terri Ross and I worked together to prepare the Tentative Budget, and it is now complete and filed. The consolidated total for the nine major appropriation funds is \$158,593,704 and represents an increase of \$4,201,972 from the 2025 final budget.

The Tentative Budget calls for a tax levy increase of \$691,110 (2.22% more than 2025) and the use of \$10,500,000 in available General Fund Balance Account (\$500,000 more than 2025). However, consistent with our longstanding trend of tax rate decreases, the average County tax rate will decrease approximately \$0.52 per thousand if this tentative proposal is adopted by the Board of Legislators as a final budget. That would place the average tax rate per thousand at \$12.25, which is the lowest that tax rate has been since 2003.

This proposal keeps the County at the Property Tax Cap and under the New York Constitutional Tax Limit. The Board may choose to exceed these benchmarks and is considering a Local Law to allow them to exceed the tax cap; however, if exceeded, the Comptroller may withhold certain local assistance payments as a consequence. For example, any New York State Aid Allegany County could receive associated with Raise the Age, is conditioned on staying under the Tax Cap. Of note, although often referenced as being a Tax Cap of 2%, the percentage of the Tax Cap is dependent on several factors and is determined for the County by the New York State Comptroller and the current proposed increase of 2.22% meets the Tax Cap as determined by the Comptroller's formula.

Additionally, the County's ability to budget and stay under the Property Tax Cap and the Constitutional Tax Limit are two of several facts examined by rating agencies. Our history of budgeting under those thresholds has contributed to the County's success in maintaining a high credit rating. That in turn has led to tax savings when the County's bonded debt becomes eligible for refunding at better rates. For example, the County has twice refunded a bond originally secured in 2006 to construct the Public Safety Complex/Jail to realize an overall budgetary savings of \$953,000 on interest on the outstanding debt. The bond originally secured in 2010 to finance the construction of the Courthouse was also refunded to realize a \$1,448,209 in budgetary savings on its outstanding debt.

Despite the utilization of a total of \$12,293,085 across our fund balance accounts, we will retain an unappropriated fund balance moving forward of approximately \$24,000,000. This ensures that sufficient funds will remain available to fund County operations in the future. A healthy general fund balance is important for several reasons.

First, it allows the County to pay cash rather than borrow money when considering projects and equipment purchases. In less financially stable years, such as the early 2000s, significant repairs and purchases of equipment were either delayed due to lack of available funds or required issuing revenue anticipation notes which added interest and financing fees to the total cost of the purchases.

Additionally, the strength of our fund balance is part of the formula that maintains the County's high credit rating which allows the County to issue bonds at the best rates available should the County need

to invest in a project that requires borrowing. Of particular note this year, the County recently bid the construction of a new Department of Public Works complex which will require bonding debt of approximately \$37,000,000. The strength of the County's financial statements will be important factors in securing the best rate possible as we move forward with this significant construction project in 2026.

Finally, a healthy fund balance helps guard against potential volatility in future budget years. Allegany County relies heavily on Federal and State grants, accounting for over 25% of all County revenue. While often a stable source of revenue, unexpected delays and cuts to funding has occurred throughout 2025 at both the Federal and State level. Examples include the lack of Federal funding for SNAP and HEAP benefits during the recent federal shutdown as well as the State's lack of funding to cover the cost of the State mandated expanded eligibility for childcare assistance. As a result of these lack of Federal or State funds, a temporary suspension of some benefits to Allegany County citizens occurred in 2025. At this time, it remains uncertain if additional gaps in Federal and State funding or suspensions of benefits will continue in 2026. While the County has not committed local tax dollars to fill these temporary funding gaps in 2025, having a healthy fund balance allows the County some flexibility to consider continuing services and maintaining existing personnel should the outlook on Federal and State funding worsen in 2026 and beyond.

Overall, cautiously using a portion, but not all of the fund balances each year, ensures that the County can plan well into the future and is the most significant contribution to maintaining financial stability in the budget process. This strategy has allowed the County to decrease the tax rate for what will be the sixteenth consecutive year.

The budget process for the 2026 budget remained true to our traditional practices and within statutory requirements. The only change from previous years was the elimination of the informal budget review of the Department estimates held during a Budget Committee session. The role of the Budget Officers was to guide the budget process and prepare a Tentative Budget. The role of the Department Heads was to collaborate with the Budget Officers throughout the process to provide the participation and cooperation instrumental in the completion of this document. Working together, a fiscal framework was created in the Tentative Budget to guide the day-to-day operations of County government in 2026.

The budget process followed this timeline:

- July 14, 2025: the Budget Officers distributed guidance to Department Heads and their Finance Staff on preparing budget estimates for revenues and expenditures. The Departments were instructed to make the submissions to the Budget Officers by August 15, 2025.
- Upon receiving the submission of the budget estimates, the Budgets Officers compiled the submissions, conducted an initial review, and explored and inquired for any errors or incomplete information. In collaboration with the Department Heads, the Budget Officers corrected any errors and made further reductions to the submissions of estimates.
- November 5, 2025: the Budget Officers prepared and filed the Tentative Budget.

The main cost drivers for the 2026 Tentative Budget were the steady increases associated with personnel costs including rising costs to health insurance, retirement, and contractual salary increases. Other substantial cost drivers were disbursed across several cost centers combined with the County's dedication to a significant investment in infrastructure associated with equipment, roads, and bridges. Throughout the budget process, the Budget Officers, with the cooperation of the Department Heads, were able to reduce the original level of requested appropriations and increase projected revenue resulting in an overall decrease from the original budget estimate of approximately \$12,000,000. These reductions were spread across several departments. As occurs every year, mandated services such as

Medicaid, Safety Net, Child Welfare, Special Education/Pre-K, Indigent Defense, and Probation add significant costs that cannot be cut or eliminated due to the mandate to provide those services. Together, these enumerated services, along with our mandated retirement bill from the State, form our top seven most costly mandates, representing a total of \$26,812,814 of costs, for which we receive only \$7,637,692 of Federal or State aid to offset those costs.

The Tentative Budget was filed with the Clerk of the Board of Legislators on November 5, 2025, and in the coming weeks, will be reviewed by the Ways and Means Committee as well as the full Board of Legislators where it will be subject to further amendment.

The Tentative Budget, in its entirety, will be posted and made available on the County's website at www.alleganyco.gov for public inspection and will be subject to a mandatory Public Hearing on November 20, 2025, at 7:00 p.m. in the Legislative Chambers of the County Office Building.

Respectfully,

A handwritten signature in black ink that reads "Carissa M. Knapp". The signature is written in a cursive, flowing style.

Carissa M. Knapp,
County Administrator