

WARREN COUNTY BOARD OF SUPERVISORS
FY2027 Budget: Alternate Tax Rate Options

April 13, 2026

Richard Jamieson, Ph.D.

Warren County Supervisor, North River District

Introduction

FY2027 presents a genuine fiscal challenge — a historically out-of-line spending increase that reflects years of deferred needs, unfunded mandates, and many external cost pressures outside the county's control. I believe the adopted expenditure budget is a legitimate response to those accumulated pressures. The question before the Board throughout the Spring budget season was ascertaining justification for need. Now the question before the Board is how best to fund them — in a way that is fiscally sound, analytically grounded, and fair to the residents and businesses who will bear the cost.

This document presents an alternative tax rate option for the Board's consideration. It is offered in the spirit of the Board's shared responsibility to examine every available tool before asking the public for more. The county holds excess reserves above its policy requirement. Its debt service obligations are scheduled to decline significantly within three years. There are revenue opportunities within the Board's direct authority that remain unexecuted. And there are oversight obligations that residents reasonably expect to be fulfilled before any new taxes are imposed.

The analysis that follows is offered constructively, as one Board member's contribution to a decision that deserves the fullest possible deliberation. The Board has an opportunity to limit increases to the tax burden on Warren County residents and businesses while fully funding its adopted budget expenditures. This document explains how.

The Governing Philosophy

The following principles inform this alternative proposal:

- A permanent tax increase should not be used to finance what is, at its core, a one-time step-up in spending when the cash flow to bridge the gap can be specifically identified. The debt service schedule alone is sufficient to close the majority of the gap by FY2030 without any discretionary revenue action.
- It is incumbent on the Board to make good faith efforts to bring revenue to the county before adding to the permanent tax burden. Negotiating a Valley Health community benefit agreement, county-owned property sales, and revenues from economic development activity are not abstract aspirational projections — they are commitments the Board can and should make. Voting for this alternative means voting to execute these actions.
- Excess reserves are taxpayers' savings. They were accumulated from prior tax collections. Using them strategically — on a defined schedule, for a defined purpose, with a clear path to self-sufficiency — is exactly what they are for. Preserving them indefinitely while imposing a 21% permanent rate increase is not fiscal prudence. The data supports a responsible and conservative deployment of this capital.
- Reserve policy should be focused on its true objective — ensuring the county can always meet its cash obligations — rather than treated as an arbitrary static threshold. The Davenport presentation on April 7 confirmed that ratings agencies are more analytical today than in the past. The AUMA cash flow

analysis provides five years of actual data to inform that evaluation. The Board is obliged to use that evidence when making decisions about the deployment of taxpayer capital.

- Real estate taxes are paid by businesses as well as residents. Warren County is making a deliberate investment in economic development — recruiting new businesses and growing the non-residential tax base. A 21% increase in real estate taxes imposed on the commercial and industrial properties we are simultaneously working to attract and retain sends a contradictory signal.
- There are Board actions that are appropriate prerequisites to raising taxes on citizens. One is to provide an oversight function that gives citizens confidence that taxes already on the books are being fully collected before new ones are added. Another is to provide the public with an independent, arm's length review of the county's audit history — a reasonable expectation given the delays and material weaknesses that have persisted since 2021.
- Future Boards retain full authority to raise taxes if this strategy falls short. If the committed revenues do not materialize, a future Board can raise the rate at that time — with real data and demonstrated necessity, not projections, and only by the amount genuinely needed. This is a more honest and accountable ask of taxpayers than permanently pricing in a risk that has not yet materialized.

The Spending Decision and the Advertised Tax Rate

The Board of Supervisors adopted a FY2027 expenditure budget of \$9,975,000 in new spending above the prior year baseline. This increase is historically out of line — approximately 10% — and reflects an accumulation of deferred decisions, unfunded mandates, and in many cases external cost increases that are outside the discretionary control of the county government. This increase should not be treated as establishing a new annual growth baseline. Future budgets should normalize to growth at or below inflation after accounting for all available efficiency improvements.

The tax rate advertised as the maximum for FY2027 is a 10-cent increase in the real estate tax rate — from \$.479 to \$.579 per \$100 of assessed value, a 21% increase. Combined with other tax rates, fees, and a new cigarette tax, this rate is projected to generate \$9,975,000 in new revenue, fully matching the adopted expenditure budget. The advertised maximum rate would add approximately \$350 per year to the tax bill on a median-valued home. As required by law, the Board advertised this *maximum* rate; it is not obligated to adopt it if the budget can be funded without doing so.

The County's Excess Reserve Position

As the Davenport presenter noted during the April 7, 2026 presentation, credit ratings agencies are more analytical in their evaluation of reserves than in times past. The practical implication is that analysis of actual cash flow historical data is more informative than a static policy statement when evaluating how much reserve capital can be responsibly deployed. The purpose of a reserve fund is to ensure the county never finds itself unable to meet its cash obligations — and the data shows clearly what that requires.

Warren County's fiscal policy states: "*Undesignated fund balance at close of each fiscal year (June 30) should be at least 15% of Total Annual Operating Budget.*" The relevant periods of cash flow risk are the months of May and November — the seasonal trough points when the county's balance is at its lowest. The Board's evaluation of reserve adequacy should be grounded in actual cash flow patterns at those points, not in a static year-end figure applied uniformly throughout the year.

Five years of actual cash flow data analyzed by Atlantic Union Municipal Advisors (AUMA) reveal patterns that repeat year after year within a relatively narrow band of variability. The county's balance declines twice per year — corresponding to the semi-annual tax remittance cycle — with an average first drawdown of \$15M (January through April) and an average second drawdown of \$25M (summer through November). The average January 1 total balance has been approximately \$36M; in January 2026 it was \$41M — \$5M above the historical average. Based on these patterns, the first 2026 trough is projected at approximately \$26M, and the second trough at approximately \$21M. Both are well above any level of cash flow risk. The AUMA analysis further shows that the weekly average county sweep balance has never fallen below \$22.5M.

The county's undesignated reserves were accumulated from prior years' tax collections. A responsible fiscal strategy deploys them strategically during a period of identified need rather than preserving them indefinitely while raising taxes to cover a gap the reserves can help address. Based on the AUMA data and the county's current cash position, between \$10M and \$15M of reserve capital can be deployed for productive purposes without operational risk. The \$10M figure represents the conservative end of this range, leaving a nominal \$12M above the policy requirement. Even in the worst historically observed deviation year (FY2023, a \$6M variance), the margin of safety above the policy requirement would remain at \$6M. Deploying \$15 million of reserve capital would be more aggressive, leaving margins of \$7M (nominal) and \$1M (worst case) respectively. I am not advocating for the latter.

Deploying less than \$10 million — while imposing a permanent 21% tax increase — is not merely a conservative posture, it would be so risk-averse as to be considered cash hoarding of idle capital at the taxpayer's expense.

Important note: No element of this strategy deploys 100% of the excess reserve capital in a single year. All draws are executed year by year, allowing the Board to monitor results and adjust as real events unfold. The Board can plan responsibly based on the AUMA historical cash flow analysis and revise accordingly — as a responsible alternative to permanent maximal tax increases in the present.

An Alternative: A 5-Cent Increase with a Bridge Strategy

A 5-cent real estate tax increase — 50% or less of the advertised maximum — generates \$3,750,000 per year less than a 10-cent increase, creating an annual funding gap. That gap can be closed through three mechanisms: a time-limited draw on excess reserves, a scheduled decrease in debt service obligations, and Board commitments to identified new revenue sources.

Time-Limited Draw on Excess Reserves

The excess reserves represent funds taxpayers have already contributed — capital held above what is necessary for the reserve fund to serve its purpose. A portion of this excess can be drawn to cover the annual funding gap during the bridge period, providing time for the recurring revenue sources described below to come online.

Scheduled Decrease in Debt Service Obligations

The county's debt service obligations are scheduled to decrease by \$843,000 in FY2029 and by nearly \$3 million per year in FY2030 relative to the FY2027 level. This is not a projection — it is on the county's own

published debt schedule and requires no Board action. This scheduled relief is the structural foundation of the bridge strategy: the gap that needs to be covered shrinks significantly as these payments step down. The full \$3.75M gap applies in FY2027 and FY2028; the remaining gap after debt service relief is approximately \$2.9M in FY2029 and \$809K in FY2030.

Board Commitments to New Revenue Sources

The bridge period provides the time to develop recurring revenue sources that, once established, reduce and ultimately eliminate the need for reserve draws. The following three revenue streams are within the Board's direct authority to pursue:

- **Valley Health Community Benefit Agreement** — Valley Health is a tax-exempt nonprofit occupying a nearly \$100 million campus on 150 acres of Warren County land. It uses county services without contributing to the tax base that funds them. Negotiating a formal community benefit agreement — an established practice between localities and large nonprofit healthcare systems across the country — would provide a recurring annual revenue stream. This is an achievable commitment the Board can make as part of adopting this strategy.
- **County-owned property sales** — Warren County holds property that is not actively serving a public purpose. Selling underutilized assets generates immediate proceeds and, ultimately, recurring property tax revenue from private ownership. Identifying and executing these sales is a straightforward Board action.
- **Economic development revenue** — The FY2027 budget restores funding for an Economic Development office. This is a deliberate investment in growing the non-residential tax base. Projecting modest returns from that investment beginning in the final years of the bridge period is not speculative — it is the stated purpose of the investment. If modest returns cannot be projected with confidence, the case for the ED investment itself deserves reexamination.

These commitments are not guarantees of specific revenue amounts. They are directions of effort the Board accepts as obligations when it adopts this strategy. The Board's obligation is to monitor progress annually and adjust the plan as results accumulate. The following table illustrates one scenario.

Warren County FY2027–FY2031 — Option B — 5 Cents					
<i>Bridge gap = delta between 10¢ and 5¢ or less option. Offsets close the gap year by year.</i>					
	FY2027	FY2028	FY2029	FY2030	Notes
BRIDGE GAP (delta vs. 10¢ proposal)					
Annual bridge gap (5¢ vs. 10¢)	\$3,750,000	\$3,750,000	\$3,750,000	\$3,750,000	FY 27 Tax Gap
OFFSETS CLOSING THE GAP					
State school contribution increase (one-time)	\$1,828,000				
Debt service relief vs. FY27	-	-	\$843,000	\$2,941,000	Scheduled reduction — FY29 onward
REMAINING Gap after Debt Pmt Reduction	\$3,750,000	\$3,750,000	\$2,907,000	\$809,000	
Other Offsets					
Valley Health Community Benefit Agreement (recurring)	-	\$500,000	\$500,000	\$500,000	Begins FY28 — recurring
Property sale proceeds (one-time)	\$500,000	\$2,000,000	-	-	Sell unused county property
Investment interest on reserves (~3.8%)	\$972,800	\$955,730	\$944,548	\$907,975	VIP or MINT
Economic development revenue (projected)	-	-	\$500,000	\$750,000	Results from new businesses
Total offsets	\$3,300,800	\$3,455,730	\$2,787,548	\$5,098,975	Sum of all offset lines above
RESERVE DRAW					
Excess Reserve draw (gap minus offset)	\$449,200	\$294,270	\$962,452	-	Positive = draw needed; zero if offsets cover gap
ANNUAL SURPLUS / (GAP)					
Annual surplus / (gap)	(\$449,200)	(\$294,270)	(\$962,452)	\$1,348,975	Positive = self-sustaining; negative = reserve draw needed
CUMULATIVE Excess Reserve Draw	\$449,200	\$743,470	\$1,705,921	\$1,705,921	Running total of reserve draws
REMAINING Excess Reserve Balance	\$9,550,800	\$6,156,530	\$3,194,079	\$1,694,079	
CAPITAL PROJECTS					
FY 27 Budget Capital and Asset Replacement	\$1,272,000				Specific to FY 27 itemized
Other Capital Projects (e.g., Roof replacement)	\$1,828,000	\$2,000,000	\$1,500,000	\$1,500,000	Future capital project needs, e.g. roofs
CUMULATIVE Capital and Asset Repl.	\$3,100,000	\$5,100,000	\$6,600,000	\$8,100,000	Total capital and asset replacement from excess reserves
REMAINING Excess Reserve Balance	\$6,450,800	\$4,156,530	\$1,694,079	\$194,079	Remaining balance of excess reserve

Commitments Prior to Raising Taxes

Addressing the Audit Delays and Expenses

- Warren County has incurred significant delays and expenses associated with its annual audit completions for FY2024 and FY2025. Conditions identified as material weaknesses in audits going back to 2021 have persisted over an extended period and will almost certainly appear again in the FY2024 and FY2025 audits. The Board of Supervisors should take steps to address this matter in an objective, arm's length manner.
- Many citizens have called for a forensic audit. A targeted alternative exists: an Agreed-Upon Procedures (AUP) engagement — an independent fact-finding process in which a CPA firm, under a scope of work defined by the Board, examines specific areas of concern and produces actionable findings with prescribed remedies related to the county's audit history.
- An AUP engagement, undertaken as a precondition to any tax increase, would be a meaningful good faith gesture to restore public confidence in the county's financial management.

Oversight of Existing Tax Collection Efforts

- Warren County collects a meals tax established by a 2003 referendum, under which 100% of the proceeds are dedicated to capital improvements in the Warren County Public Schools system. The Board has a fiduciary interest in ensuring these funds are being collected fully and directed appropriately.
- Before any new taxes are imposed, the Board should obtain from the Treasurer a list of all businesses in the county that remitted meals taxes in 2025. The information would not divulge any payment data per allowances for confidentiality in state statute, it would merely be a list of names with no financial information attached — and would simply confirm the scope of compliance. Ensuring that existing tax obligations are being met in full is a prerequisite to asking for more.

Summary

This document presents a 5-cent real estate tax increase — 50% of the advertised maximum — supported by a four-year bridge strategy that uses tools already within the Board's authority and on the county's own published schedules.

The strategy rests on six independent revenue mechanisms, each with a different source, timeline, and risk profile: a one-time state school contribution, investment interest on existing reserve balances, a Valley Health community benefit agreement, proceeds from the sale of county-owned property, projected economic development revenue, and a scheduled reduction in debt service obligations of nearly \$3 million per year beginning in FY2030. This is a multifaceted strategy with no single point of failure. No individual revenue source is essential to the plan succeeding. The debt service reduction alone — certain, scheduled, and requiring no Board action — closes the majority of the FY2030 gap without any discretionary revenue effort. Every other offset is additive margin.

The strategy productively deploys up to \$9.8 million of the \$10 million excess reserve across the three-year bridge period. Notably, only \$1.7 million to close the annual spending gap. The other \$8.1 million may be

used for capital projects deemed necessary, including deferred facility needs and asset replacement. The 15% policy reserve is honored throughout. The FY27 budget gap bridged is not only closed by FY2030 but has a surplus of approximately \$1.35 million.

Adoption of this alternative is not merely a vote on a tax rate. It is a vote to execute: to negotiate the Valley Health community benefit agreement, to sell underutilized county property, to hold the Economic Development investment accountable for returns, and to provide citizens with the independent financial oversight they are owed before new taxes are imposed. These are rational, executable commitments — not abstract projections. ***The Board takes on the obligation to monitor outcomes and adjust annually as real data accumulates.***

If any individual revenue source falls short, the remaining reserve can absorb the difference with an adjustment in capital spending. If the strategy as a whole falls short, future Boards can reduce capital project draws or raise taxes at that time — with demonstrated necessity and real data, and only by the amount genuinely needed. Raising the maximum rate today permanently prices in a risk that has not yet materialized, using a one-time spending spike as the justification for a permanent fiscal baseline. The Board has better options. I believe one of them is presented here.

Anticipated Questions and Responses

The following addresses questions likely to arise in public deliberation or community discussion.

Q: Doesn't drawing from reserves "rob the future"?

The strategy draws only \$1.7 million from the \$10 million **excess** reserve to close the bridge gap — 17% of the available capital. An additional \$8.1 million of the excess reserve is available for productive capital project deployment, potentially bringing total use to \$9.8 million over four years. Future Boards inherit a self-sustaining budget, a fully intact policy reserve, and completed capital projects.

What would genuinely compromise the future is permanently embedding a 21% tax increase to fund a one-time out-of-line spending adjustment — locking every future resident and business owner into a higher permanent baseline rather than using reserves accumulated specifically for periods of identified need.

Q: The revenue projections are speculative — what if they don't materialize?

This is precisely where the no-single-point-of-failure design matters. The six offset mechanisms are independent of one another. The debt service reduction is not a projection — it is on the county's own published debt schedule, requires no Board action, and is as certain as any figure in the budget. Investment interest is already being earned. These two sources alone provide a substantial base of reliable offsets.

The community benefit agreement, property sales, and ED revenue require Board commitment — which is accountability, not speculation. If this Board is unwilling to commit to executing these actions, it should explain to taxpayers why it continues to invest in economic development, hold county-owned property, or undertake serious engagement with Valley Health to negotiate a community benefit agreement. And if any individual source falls short in a given year, the remaining reserve balance absorbs the difference without requiring immediate corrective action. If the strategy as a whole falls short, future Boards can raise taxes then — only by the amount justified at that time and only when the shortfall is confirmed by actual data.

Q: The 15% reserve policy exists for a reason — shouldn't we protect it?

The policy is explicitly and fully preserved under this proposal. The Warren County fiscal policy states: "Undesignated fund balance at close of each fiscal year should be at least 15% of Total Annual Operating Budget." This is a point-in-time test at fiscal year end — not a continuous floor or minimum cash balance requirement at any other point during the year.

Furthermore, as the Davenport presentation confirmed, ratings agencies increasingly evaluate reserves analytically using actual cash flow data rather than static policy target figures. The AUMA analysis provides exactly that foundation. The reserve policy was designed to ensure the county can always meet its cash obligations. The AUMA data shows the county's trough balances — the actual risk periods — remain well above any level of operational concern under all scenarios in this proposal.

Q: What if economic conditions deteriorate and the county needs those reserves?

This proposal does not deploy reserves in a single lump sum. It is a year-by-year draw that the Board monitors and adjusts as conditions unfold. The Board retains full discretion to slow, pause, or stop draws in any given year. That flexibility is a structural feature of the bridge strategy that a permanent tax increase does not offer — once the rate is raised, it cannot easily be lowered.

The AUMA analysis shows five years of consistent, repeatable seasonal patterns within a narrow band of variability. Even in the worst observed year, trough balances remained well above operational risk levels. The \$10 million excess reserve deployed here sits entirely above those trough levels.

Q: Why not simply adopt the advertised rate and avoid the complexity?

The advertised maximum rate permanently raises the tax rate to fund what is a one-time catch-up in spending. The bridge strategy is more complex because responsible governance is more complex — it involves making specific commitments, deploying available capital productively, monitoring results, and adjusting as necessary.

Adopting the maximum rate requires no commitment and no accountability from the Board. It transfers the entire burden of this spending decision permanently to taxpayers and businesses while leaving \$10 million in excess reserves sitting idle. The Board has better options available, and the public has a right to see them considered.

Q: Shouldn't the AUP engagement and meals tax oversight be resolved before this budget discussion?

Yes — and that is the position taken here. These are not conditions unique to the alternative proposal; they are obligations the Board should fulfill before imposing any new taxes on citizens. Before asking residents and businesses to pay more, the Board owes them two assurances: that existing taxes are being fully collected from all obligated parties, and that prior financial management concerns have been examined objectively by an independent party.

An AUP engagement and a meals tax compliance review are not obstacles to the budget process — they are reasonable prerequisites to public trust. A Board that raises taxes without first addressing these questions has not fully met its fiduciary obligations to the community it serves.

Supervisor Richard Jamieson

North River District · Warren County Board of Supervisors

Expenditures

\$9,975,000

Schools ----- \$5,056,393

Fire/Rescue ----- \$816,046

- 6 Fire Operational positions..\$660,000
- Salary/Benefit Increases.....\$156,046
- Operational Needs.....Cost Recovery Funded
- Fire Station Enhancement....Audit/Carryover Funding
- Cancer Prevention....Audit/Carryover Funding

Sheriff & E-911 ----- \$858,405

- 2 Deputies (funded)\$135,000
- 1 HIDTA Deputy.....\$56,862
- 1 FOIA Clerk\$79,855
- Operational Increases.....\$135,471
- Maintenance Serv Contract...\$451,217
- Call Handling Equipment....Audit/Carryover Funding
- 7 Sheriff Vehicles....Audit/Carryover Funding

Economic Development ----- \$270,700

- 1 Director Salary & Benefits\$185,000
- 1 Support Staff Salary & Benefits.....\$85,700

Social Services & CSA ----- \$1,706,794

- Local Match CSA Increase.....\$966,919
- SNAP.....\$395,106
- Personnel & Operating Passthru..\$344,769

Refuse/Public Works Infrastructure ----- \$1,142,920

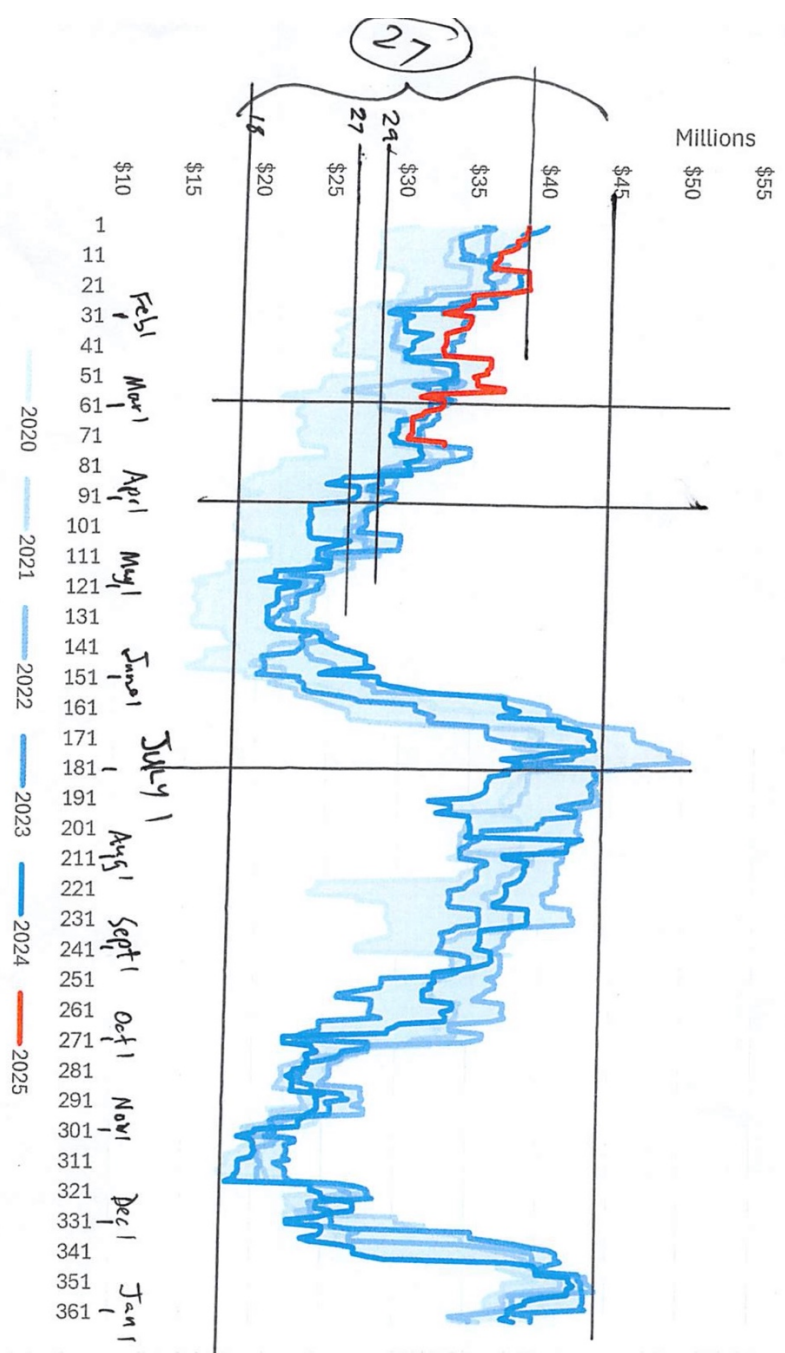
- Disposal Fees.....\$400,000
- Hauling Fees.....\$300,000
- Refuse Fees.....\$180,000
- Recycling Fees.....\$50,000
- Salary/Benefit Increases (Refuse)...\$63,900
- Road Improvements (asphalt).\$50,000
- Building Repairs.....\$40,000
- Building Maintenance\$59,020

General ----- \$57,917

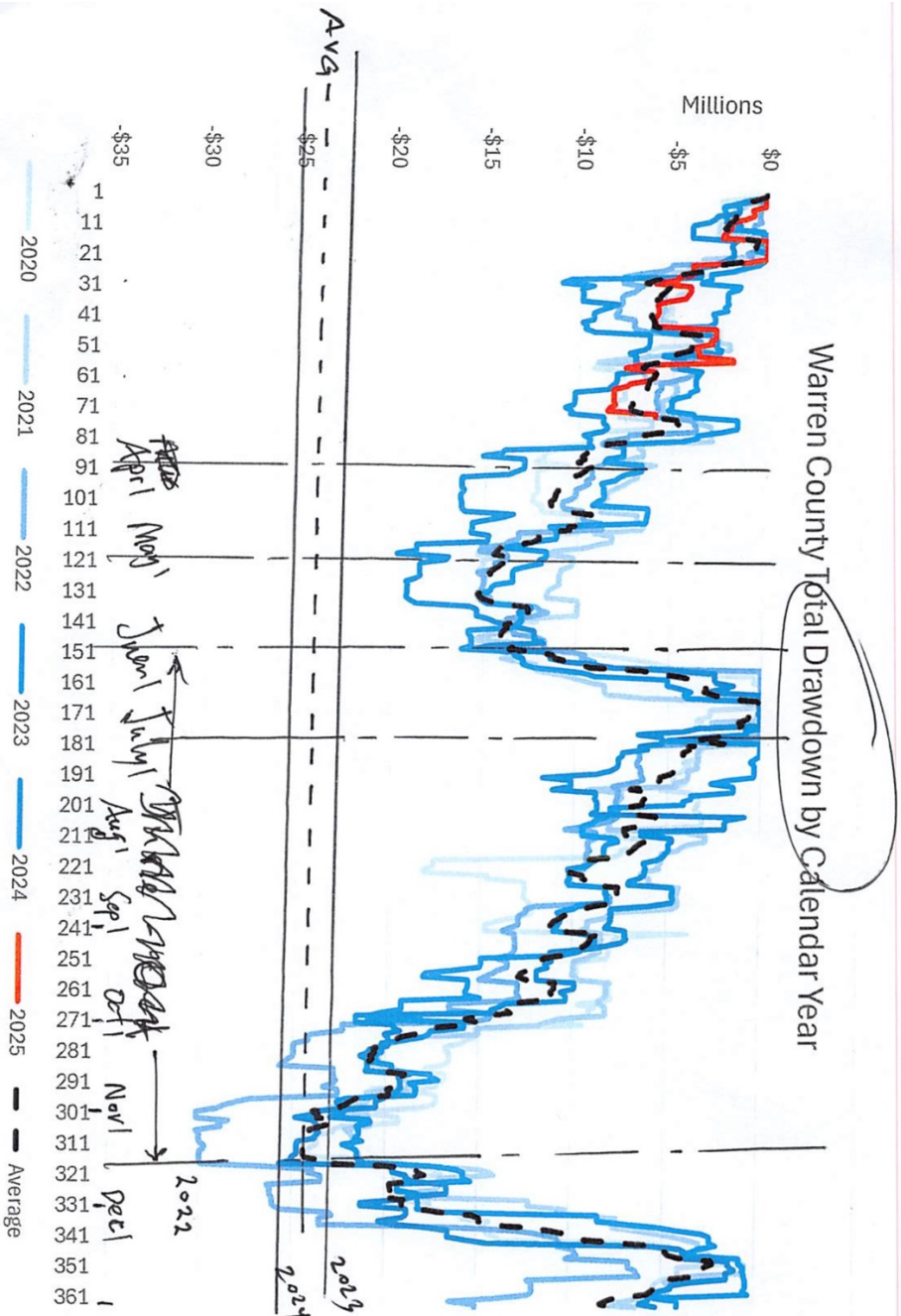
- Service Agreements/Subscription Increases...\$57,917
- IT Server Replacement....Audit/Carryover Funding
- ADA Voter Equipment....Audit/Carryover Funding
- Fantasyland Replacement....Audit/Carryover Funding

Undesignated Funding ----- \$65,825

Warren County Total Balance by Calendar Year

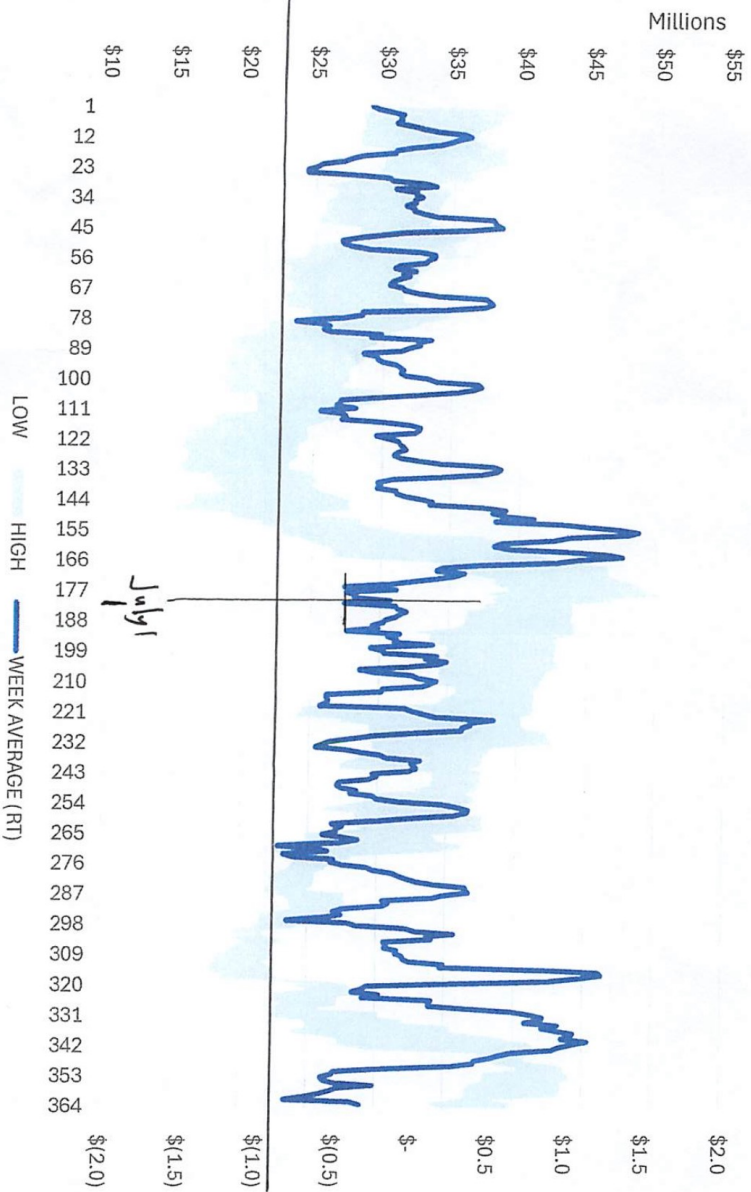


- Total balances have increased over the past five years
- Balances in 2025 are at or above the historic range
- Trends in 2025 are closely following trends seen in recent years
- Our baseline forecast is based upon the actual experience in recent years



- Outflows from Jan. 1 through late-April average \$15 million (max \$20 million - FY24)
- Outflows from late-June through late-October average \$25 million (max \$31 million - FY23)
- Over the past five years, there were only 8 days when outflows exceeded \$5 million
- On average 15 days per year have outflows exceeding \$2 million

Warren County Sweep Balance vs Average Daily Change



- Monthly inflows during the middle of each month, reliably
- Except for the month of July when new fiscal year spend exceeds monthly inflows