

# FY 25-26 Budget Narrative Report – June 10, 2025

## Executive Summary

The County is diligently working to address an initial financial shortfall of \$11,367,502 across all departmental funds for Fiscal Year 25-26. Through a combination of strategic measures, we are on track to achieve a balanced budget. Our initial mitigation efforts include utilizing \$3,956,150 from existing special department reserve funds and revenues carried over from previous fiscal years. Furthermore, an unexpected surplus of \$140,996 in revenues over budgeted expenditures has been successfully applied, and significant cost reductions totaling \$1,022,141 have been achieved through salary and benefit adjustments directed by the Board and Administration.

Despite these substantial initial efforts, the General Fund and Public Safety departments currently show a remaining budget deficit of \$7,552,348. This figure accounts for \$3,977,751 allocated for currently vacant positions (\$1,165,277 from the General Fund and \$2,812,474 from Public Safety), and \$332,691 designated for fixed asset requests. This year's budget policy states that these may be withheld with Board approval. It is important to note that further proposed adjustments, detailed in the following section, will fully address this remaining deficit, ensuring a balanced budget for the fiscal year.

## Proposed Adjustments to Achieve Balance

To achieve a balanced budget, several key adjustments are proposed:

1. **Vacancy Contingency Fund Reduction:** Based on historical hiring trends, it is recommended to reduce the Vacancy Contingency Fund by \$994,438. This adjustment will budget the fund at 75% of its current level, resulting in a new total of \$2,983,313 for this fund.
2. **Comp Study Reserve Fund Utilization:** The full amount of the Comp Study Reserve Fund, totaling \$2,548,387, will be utilized to offset a portion of the remaining deficit.

Following these proposed adjustments, a residual balance of -\$4,009,523 remains. This final amount is expected to be covered by the County's Fund Balance Carryover, thereby achieving a balanced budget.

## Departmental Financial Overview (Selected Funds)

### Chart Description:

This chart would effectively illustrate the initial large negative bar representing the \$11,367,502 shortfall. Subsequent positive bars would show the contributions from each mitigation effort (Reserve Funds, Revenue Surplus, Salary/Benefit Adjustments, Vacancy Fund Reduction, Comp Study Fund, and finally Fund Balance Carryover), cumulatively working towards bringing the total balance to zero, representing a balanced budget. **Exhibit A**

FUND	FUND NAME	REVENUE	EXPENDITURE	BALANCE (-/+)	REVENUE +	DEFICIT AMOUNT COVERED	DEFICIT AMOUNT COVERED
						BY RESERVE FUNDS / PREVIOUS YEARS REVENUES	BY GENERAL FUND
101	GENERAL FUND	46,670,324	49,369,051	(2,698,727)			(2,698,727)
102	ROAD FUND	20,601,610	20,601,610	-			-
103	CAPITAL OUTLAY	13,962,586	13,962,586	-			-
104	FISH & GAME	3,000	18,127	(15,127)		15,127	
105	FIRE FUND	6,594,920	9,048,438	(2,453,518)		2,453,518	
106	PUBLIC SAFETY	39,817,402	44,671,023	(4,853,621)			(4,853,621)
107	RISK MANAGEMENT	8,770,002	8,720,124	49,878			
108	SOCIAL SERVICES	55,451,700	55,451,700	-			
110	DEBT SERVICES FUND	1,468,349	1,462,349	6,000			
112	HEALTH SERVICES	37,470,968	37,471,591	(623)		623	
113	CHILD SUPPORT	2,377,599	2,377,599	-			
115	BUILDING & SAFETY	1,461,379	1,461,379	-			
116	SENIOR NUTRITION	528,014	528,014	-			
117	TRANSPORTATION OPERATIONS	2,996,083	4,267,558	(1,271,475)		1,271,475	
211	DENTAL INSURANCE	728,010	728,010	-			
212	MEDICAL	17,005,000	17,005,000	-			
213	VISION	124,889	124,889	-			
220	TC SOLID WASTE MGMT AGY	923,211	923,211	-			
257	TC IHSS PULIC AUTHORITY	481,424	481,424	-			
259	TC ABANDON VEH ABATEMENT	60,200	60,200	-			
527	TC TRANS COMM ADM	899,447	1,045,854	(146,407)		146,407	
601	AIR POLLUTION DISTRICT	473,863	473,863	-			
602	LOS MOJINOS LIGHTING	21,445	13,795	7,650	7,650		
603	TC FLOOD CTRL/WATER CONSV	4,361,572	4,284,104	77,468	77,468		
604	TC FLOOD ZONE #3	480,484	480,484	-			
605	TC SANITATION DIST #1	555,230	555,230	-			
609	AB 923	119,300	119,300	-			
610	DMV AB2766 AIR POLL	233,000	233,000	-			
611	CARL MOYER AIR POLL	578,652	578,652	-			
614	DEVELOPMENT FUND	31,000	100,000	(69,000)		69,000	
712	TIDE	109,537	109,537	-			
<b>Total</b>		<b>265,360,200</b>	<b>276,727,702</b>	<b>(11,367,502)</b>	<b>140,996</b>	<b>3,956,150</b>	<b>(7,552,348)</b>
TOTAL GENERAL FUND BUDGET DEFICIT							(7,552,348)
REDUCE VACANCY CONTINGENCY FUND TO 75%							(994,438)
Comp Study Reserve Fund							(2,548,387)
Est. Fund Balance Carryover							(4,009,523)
TOTAL GENERAL FUND BUDGET DEFICIT							-

## Conclusion

This report provides a detailed overview of the County's financial position for FY 25-26 and the strategic adjustments planned to achieve a balanced budget. The Administration will continue to engage in discussions with the Board and present additional recommendations as needed, based on ongoing departmental budget presentations.