

# 2026-27 General Fund Budget Outlook & Five-Year Forecast

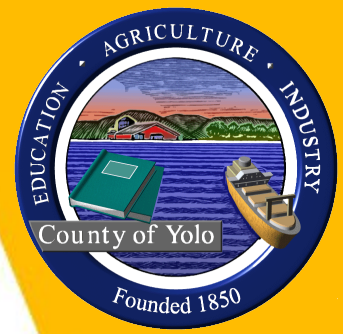
January 27, 2026

Tom Haynes, Chief Financial Officer  
Laura Liddicoet, Chief Budget Official



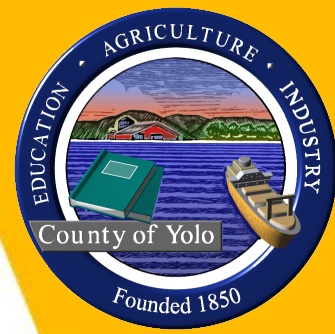
# 2026-27 General Fund Budget Outlook

- Yolo County continues to face a structural budget deficit
  - Ongoing expenditures exceed and are outpacing ongoing revenues
- Solving the structural deficit will require structural solutions
  - Some combination of revenue increases and expenditure reductions
- Will not be solved in a single year
  - Deficit is the result of long-term trends that have compounded over many years
  - Will likely take several years to correct



# Requested Actions

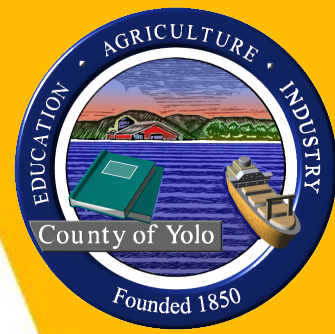
1. Approve 2026-27 Budget Principles and Budget Calendar
2. Provide direction to staff on 2026-27 budget development process and scenarios to address structural deficit, including:
  - a. Assumption of new revenues
  - b. Timeframe for implementing reductions



# General Fund Five Year Forecast

## In \$ Thousands

	2026-27	2027-28	2028-29	2029-30	2030-31
	Projected	Projected	Projected	Projected	Projected
<b>Beginning Fund Balance</b>	<b>7,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
<b>Total Revenue</b>	171,375	176,767	182,413	188,395	194,730
<b>Total Expenditures</b>	205,307	216,979	227,010	236,759	246,995
<b>Ending Fund Balance</b>	<b>(26,932)</b>	<b>(35,213)</b>	<b>(39,597)</b>	<b>(43,365)</b>	<b>(47,265)</b>
<b>Potential Additional Expenditures</b>	<b>3,105</b>	<b>3,194</b>	<b>3,286</b>	<b>3,377</b>	<b>3,473</b>
Pension Supplemental	2,105	2,194	2,286	2,377	2,473
Contingency	1,000	1,000	1,000	1,000	1,000
<b>Adjusted Ending Fund Balance</b>	<b>(30,037)</b>	<b>(38,407)</b>	<b>(42,883)</b>	<b>(46,742)</b>	<b>(50,738)</b>



# General Fund Five Year Forecast

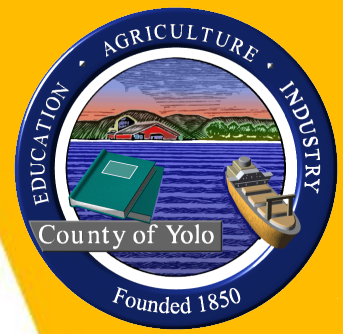
## Key Assumptions

### Revenues

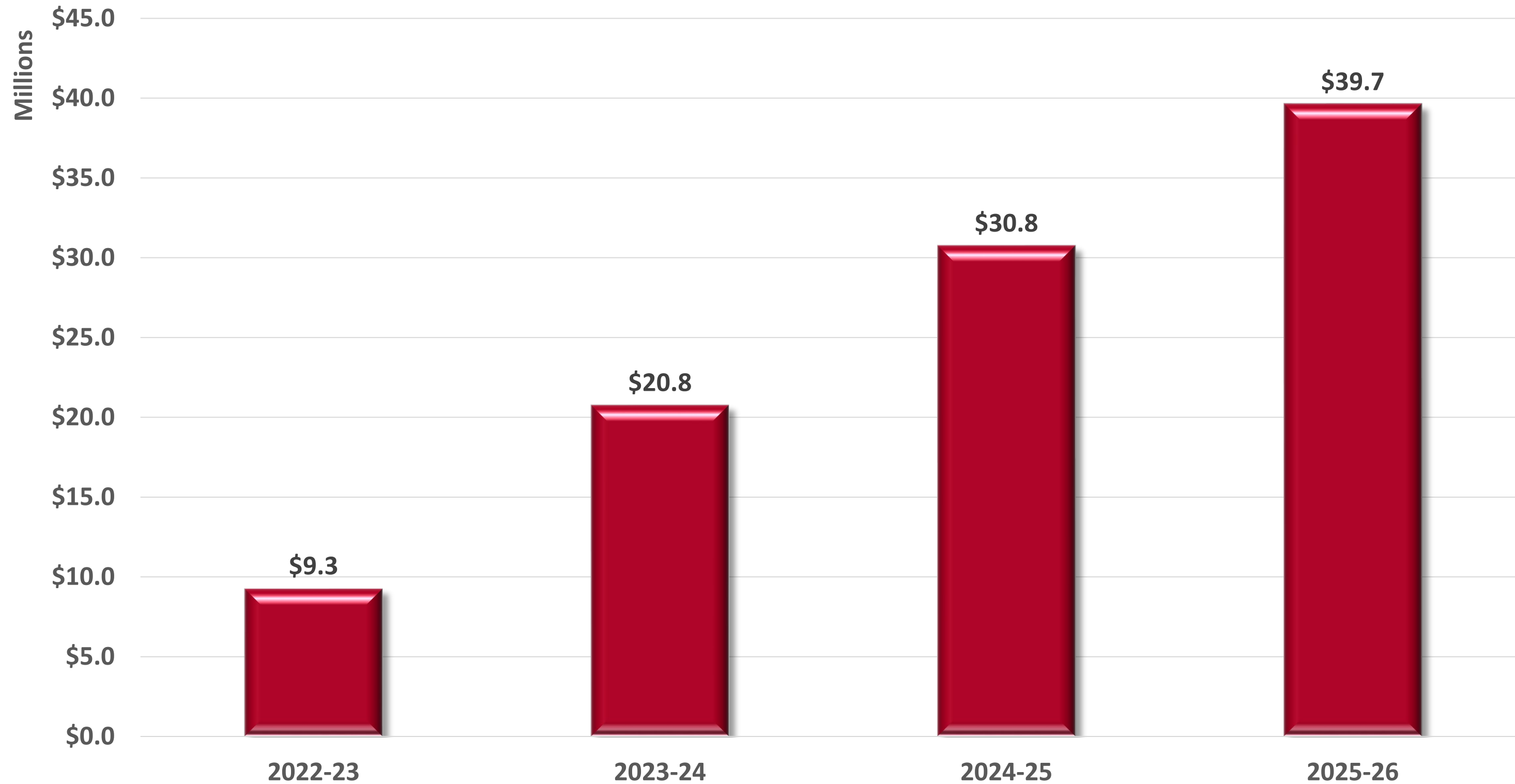
- Property Tax – 4% Growth
- Sales Tax/Prop. 172 – 3% Growth
- RDA Pass-Through – 7% Growth
- Gradual decline in Interest Earnings
- Continuing decline in fund balances

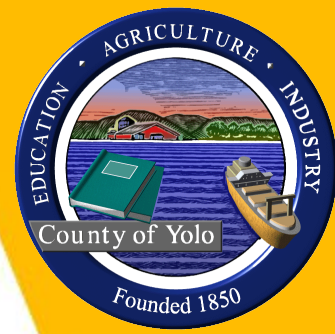
### Expenditures

- Includes all authorized and funded positions
- No vacancy or salary savings
- Salary Growth – 4.5% (average)
- Pension/OPEB – Based on current valuation reports
- No GF backfill for impacts of Federal policy changes

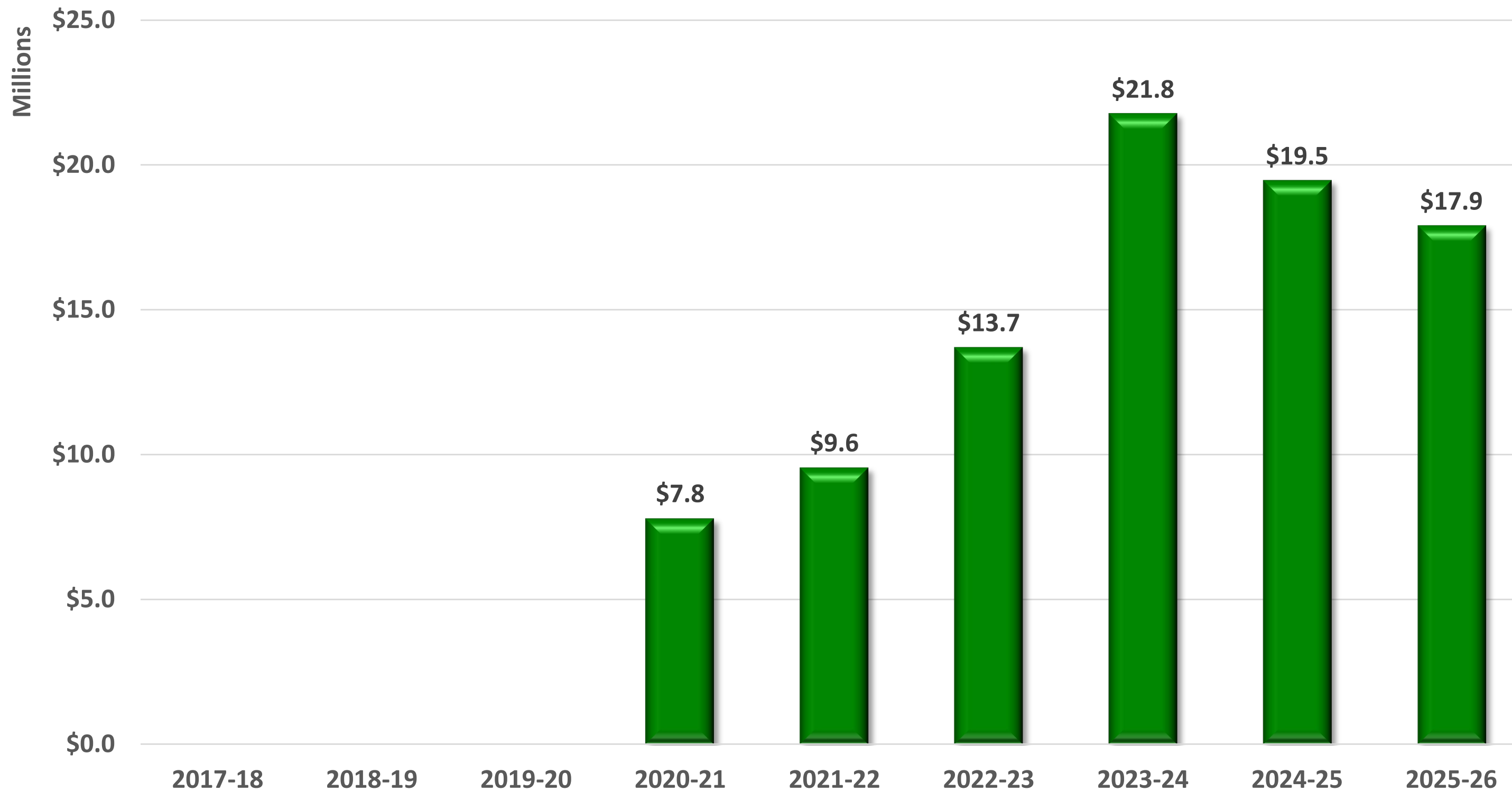


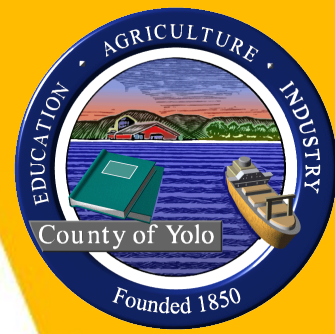
# Initial Base Budget Deficit



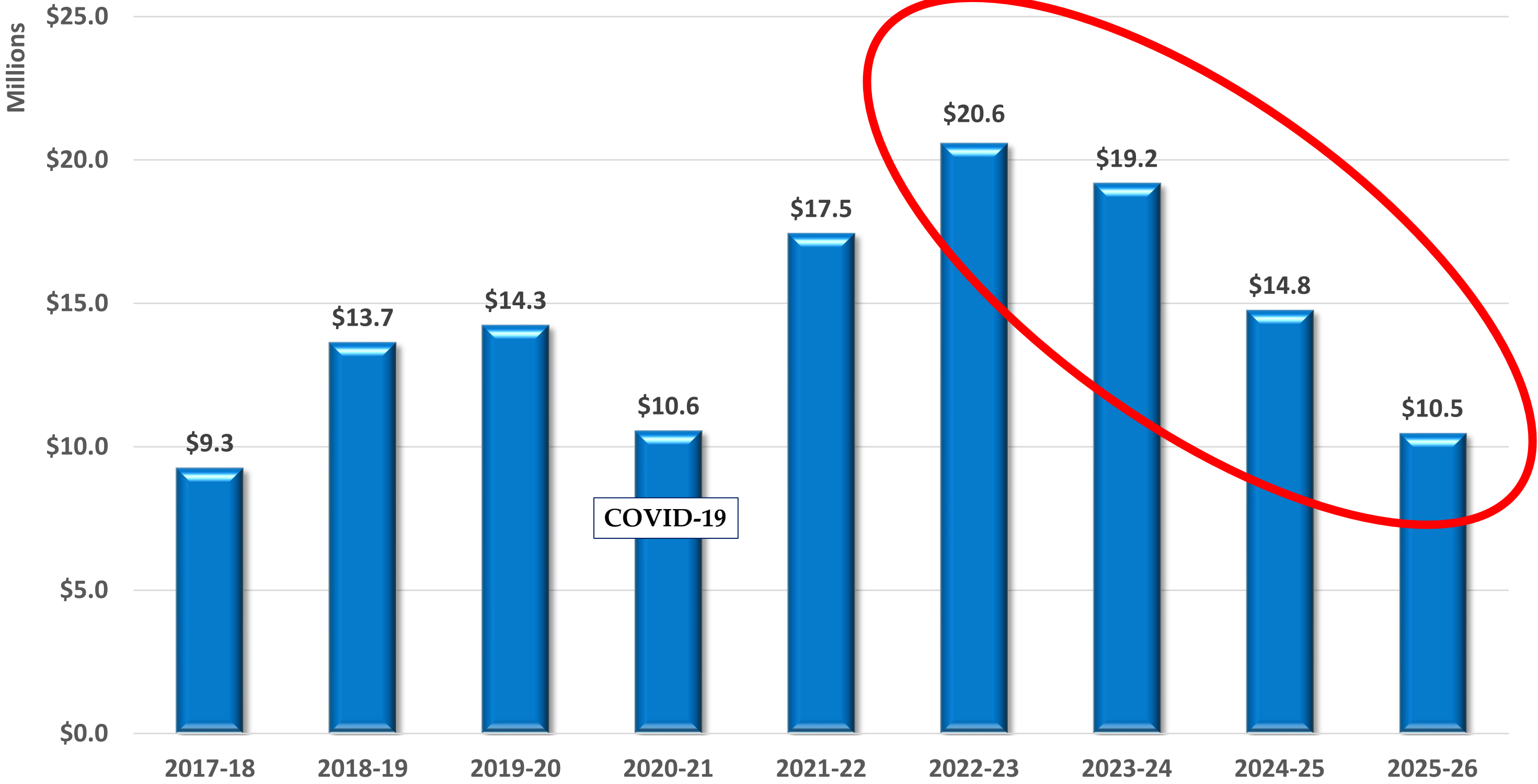


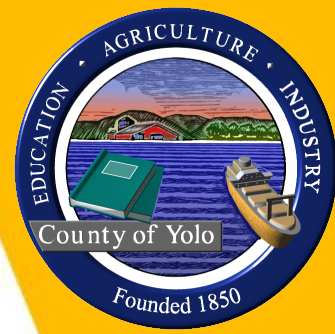
# Use of Vacancy Savings to Balance Budget



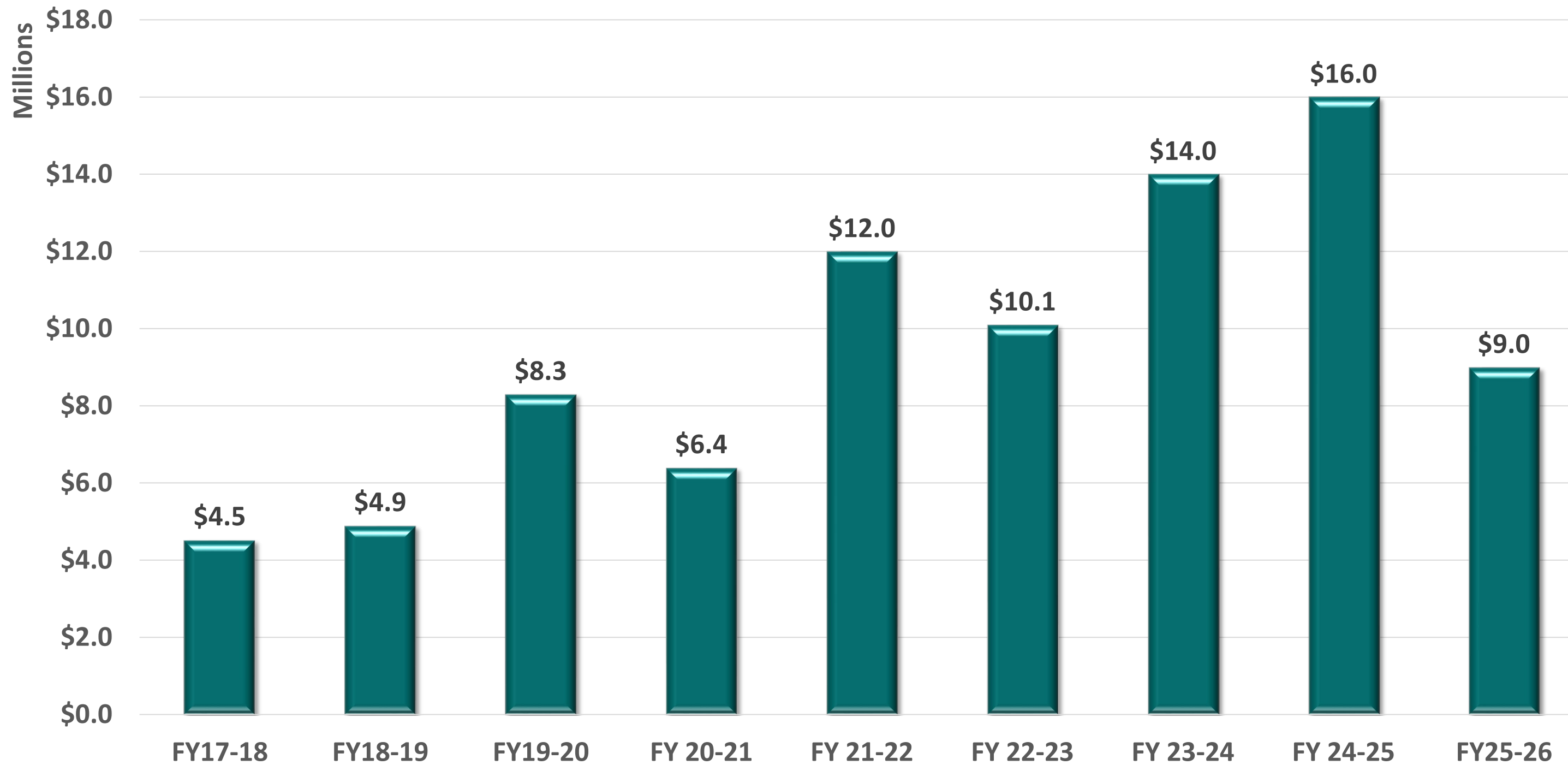


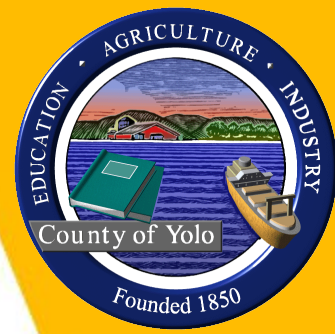
# General Fund Unassigned Fund Balance



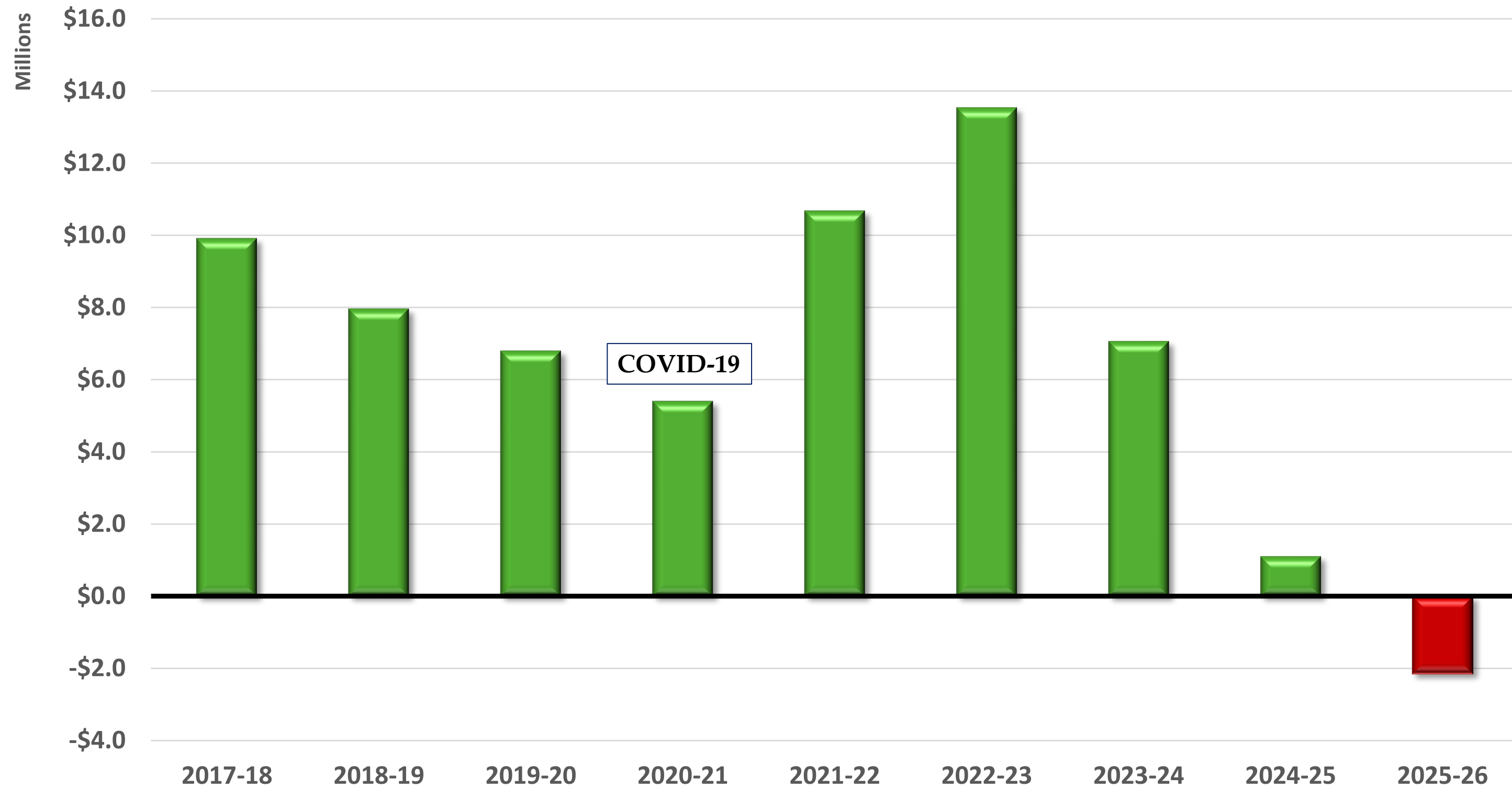


# General Fund Unassigned Fund Balance Used to Balance the Recommended Budget





# Contributions to Reserves and Contingencies



# More Aggressive Measures to Balance Budget

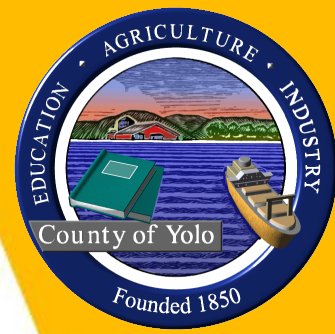
Unfunding General Fund Positions

Reducing travel & training and other non-personnel budgets

Utilizing policy reserves for purposes not intended

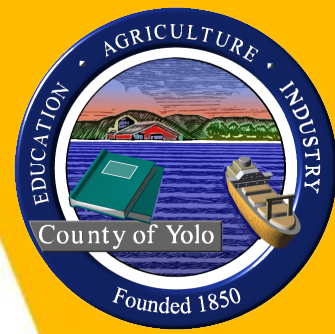
Eliminating supplemental pension charges

Reliance on Chula Vista Fund

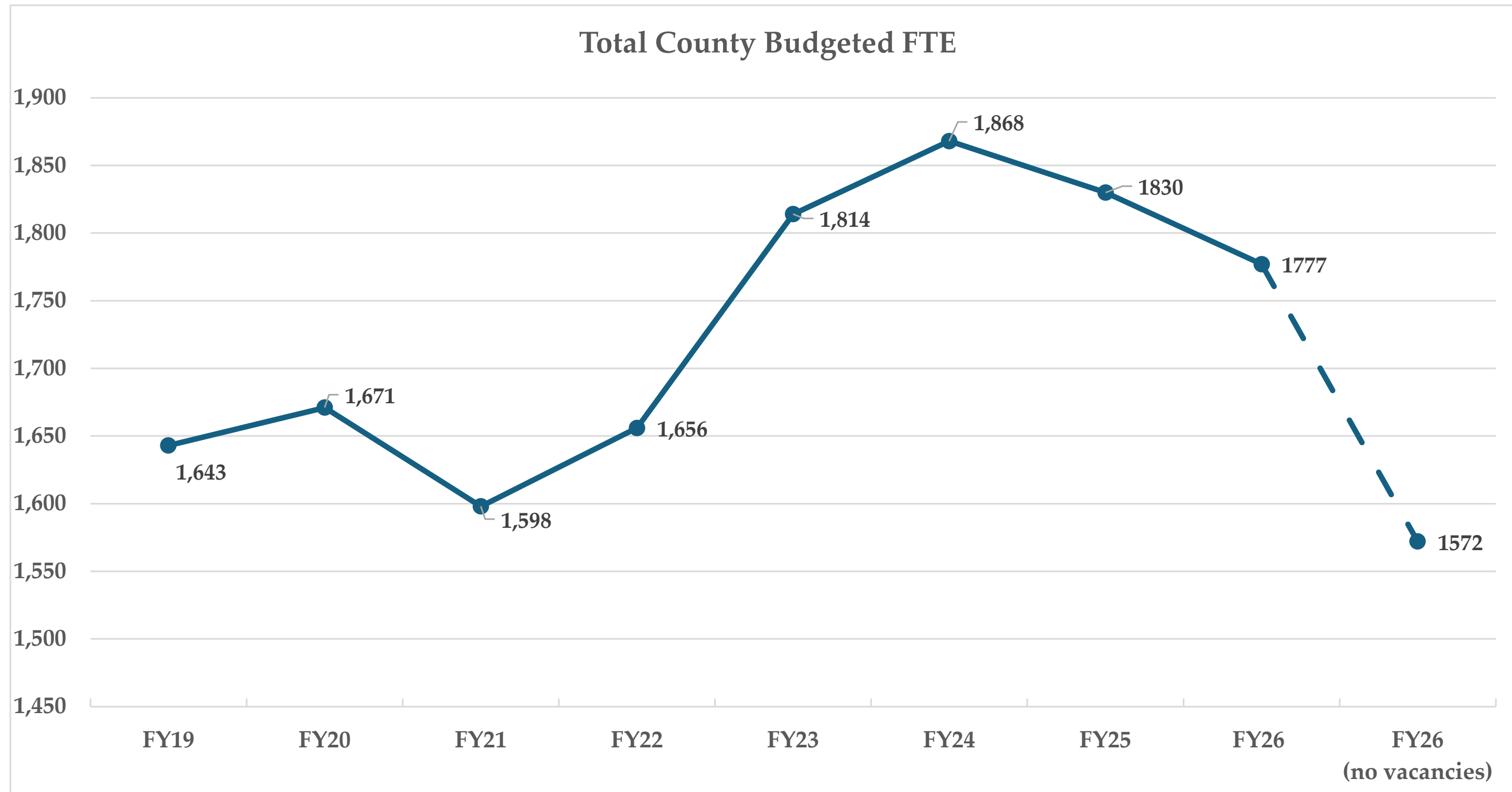


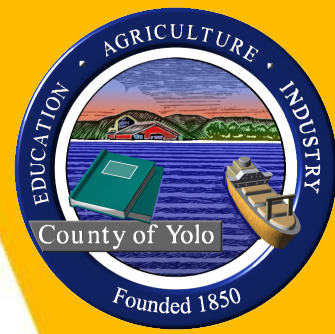
# Key Points

- Increased reliance on variety of maneuvers to balance the budget over the last several years
- These actions reflect steps taken to begin “right sizing” the organization
- Combined with Five-Year Forecast, reflects continuing deterioration of General Fund capacity and need for further right sizing
- Majority of the least disruptive tools have already been used
  - Further right sizing will require position reductions



# Full-Time Equivalent Positions





# Options to Address Structural Deficit

- Some combination of increased revenues and decreased expenditures is required to solve the structural deficit
- Board has begun to discuss new revenue options, but many require voter approval and cannot be implemented immediately
- Expenditure reductions are required in 2026-27 to make progress on addressing structural deficit
- Magnitude of reductions depends on future revenue assumptions, and how aggressively the County acts to resolve the deficit

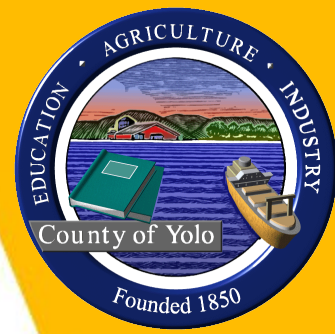
# Staff Recommendation

Implement reductions over  
3 years to address  
structural deficit

Set initial reduction targets  
with assumption of no new  
revenues

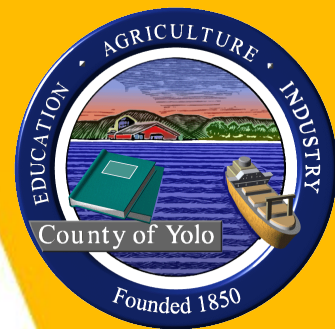
Continue to develop  
strategies and timelines for  
revenue enhancement

Adjust reduction targets in  
future years if new  
revenues materialize



# Staff Recommendation

- Provides a dual track approach that ensures progress toward financial sustainability with continued emphasis on the need for new revenues
- Positions the County to address structural deficit over a reasonable timeframe without reliance on the uncertainty of new revenue sources
- Allows flexibility in reducing future reduction targets if new revenues materialize
- Largely preserves the County's reserves to safeguard against future risks, such as recession or natural disaster

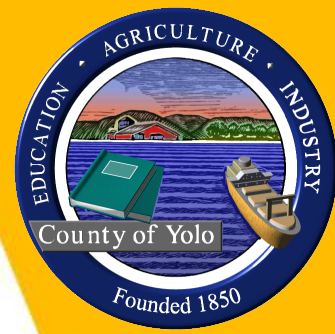


# Staff Recommendation – Scenario A

Assumes no new revenue

<i>In \$ Millions</i>	2026-27	2027-28	2028-29	2029-30	2030-31	Reserve Balances
<b>Adjusted Deficit</b>	<b>(26,932)</b>	<b>(20,213)</b>	<b>(9,597)</b>	<b>1,635</b>	<b>(2,265)</b>	
New Revenue	0	0	0	0	0	
Reductions	15,000	15,000	15,000	0	0	
One-Time Funding Sources	11,932	5,213	0	0	0	
<b>Total Solutions</b>	<b>26,932</b>	<b>20,213</b>	<b>15,000</b>	<b>0</b>	<b>0</b>	
<i>Suplus/(Deficit)</i>	<i>0</i>	<i>0</i>	<i>5,403</i>	<i>1,635</i>	<i>(2,265)</i>	
<b>One-Time Funding Detail</b>						
General Reserve	0	0	0	0	0	23,951
Pension Trust Reserve	4,420	2,538	0	0	0	2,386
Chula Vista Fund Reserve	3,376	2,000	0	0	0	6,000*
Other One-Time Funding	4,136	675	0	0	0	
<b>Total One-Time Funding</b>	<b>11,932</b>	<b>5,213</b>	<b>0</b>	<b>0</b>	<b>0</b>	

\* The Chula Vista Fund earns approx. \$2 million per year. Reflects projected balance at 6/30/2031.

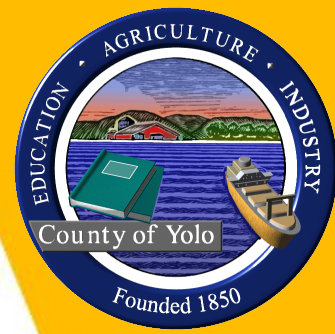


# Staff Recommendation – Scenario B

Assumes \$10 million in new revenue

<i>In \$ Millions</i>	2026-27	2027-28	2028-29	2029-30	2030-31	Reserve Balances
<b>Adjusted Deficit</b>	<b>(26,932)</b>	<b>(20,213)</b>	<b>(6,597)</b>	<b>(3,768)</b>	<b>(4,168)</b>	
New Revenue	0	3,000	3,500	3,500	0	
Reductions	15,000	15,000	3,097	0	0	
One-Time Funding Sources	11,932	2,213	0	268	4,168	
<b>Total Solutions</b>	<b>26,932</b>	<b>20,213</b>	<b>6,597</b>	<b>3,768</b>	<b>4,168</b>	
<i>Suplus/(Deficit)</i>	<i>0</i>	<i>0</i>	<i>(0)</i>	<i>0</i>	<i>0</i>	
<b>One-Time Funding Detail</b>						
General Reserve	0	0	0	0	0	23,951
Pension Trust Reserve	4,420	213	0	0	2,168	2,543
Chula Vista Fund Reserve	3,376	2,000	0	268	2,000	3,732*
Other One-Time Funding	4,136	0	0	0	0	
<b>Total One-Time Funding</b>	<b>11,932</b>	<b>2,213</b>	<b>0</b>	<b>268</b>	<b>4,168</b>	

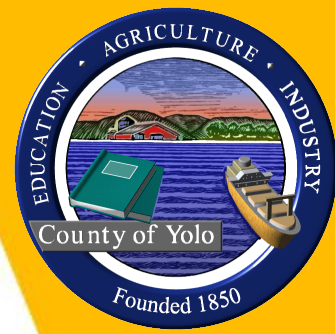
\* The Chula Vista Fund earns approx. \$2 million per year. Reflects projected balance at 6/30/2031.



# Notable One-Time Funding Options

Source	Balance (6/30/25)	Purpose
General Reserve	\$24.0 million	Protect essential services from unanticipated events such as severe recession, natural disasters, or state/federal funding reductions.
Pension Trust	\$19.8 million	Ensure ability to make required pension contributions and pay down unfunded liability more quickly. General Fund contributions account for approx. 47%.
Chula Vista Fund	\$3.4 million*	Accumulate temporary resources to help address fiscal cliff. Can be used to build reserves, pay down liabilities, or protect essential services from unanticipated events.

\* Projected balance as of 6/30/26



# Alternative Scenarios

## Option 1

### **Implement reductions aggressively over 1-2 years**

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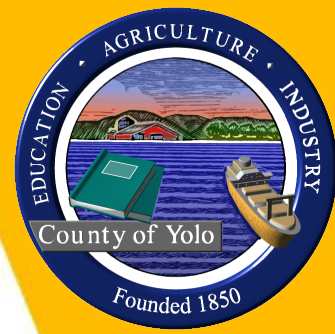
- Would allow County to achieve structural balance more quickly
- Preserves County reserve balances
- Immediate and significant impact to County services & programs

## Option 2

### **Spread reductions over 4-5 years and pair with new revenue assumptions**

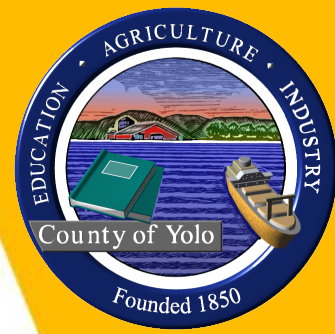
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- Would reduce the reductions needed in 2026-27
- May reduce overall reductions if new revenues come to fruition
- Depletes County reserve balances
- Risks larger reductions in the future if new revenues do not materialize



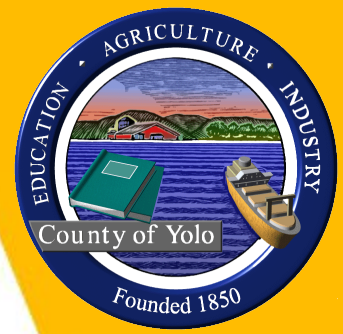
# County Full-Time Equivalent Positions

- Authorized County FTE: 1,824.35
- Funded FTE (2025-26 Adopted Budget): 1777.0
- Funded and Vacant FTE (12/29/25): 205.17
- Average FTE Salary and Benefit Cost (Projected 2026-27 Recommended Budget):  
\$178,587



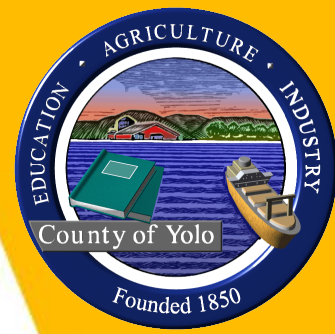
# General Fund Full-Time Equivalent Positions

- Authorized FTE: 427.0
- Funded FTE (2025-26 Adopted Budget): 410.6
- Funded and Vacant FTE (1/20/26): 65.0
- Approximate value of vacant General Fund positions: \$11.4 million



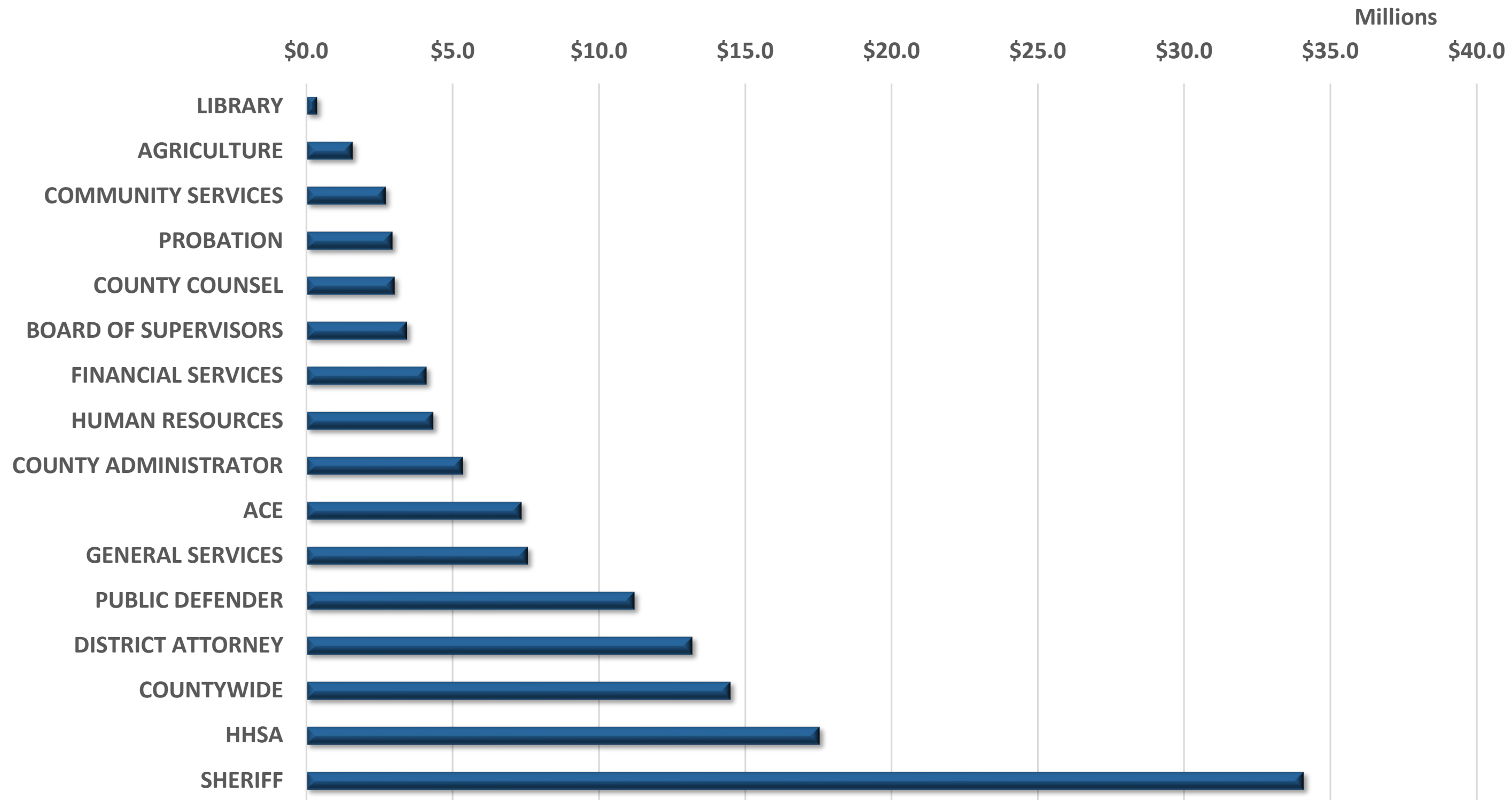
# Requested Actions

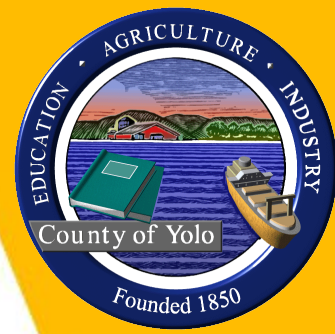
1. Approve 2026-27 Budget Principles and Budget Calendar
2. Approve staff recommendation on approach to addressing the structural budget deficit, including a \$15 million reduction target for 2026-27 as reflected in Scenario A



# Net County Cost by Department

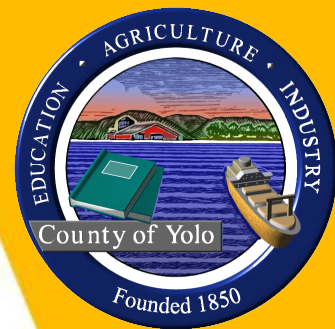
## 2025-26 Adopted Budget





# Next Steps

- January 28 – Budget instructions sent to departments & budget system open
- February 27 – Budget submissions due from departments
- March 24 – Budget Development Update to Board
- April 28 – Budget Development Update to Board
- June 9 – 2026-27 Recommended Budget Hearing



# Questions/Discussion