

following:

- **Business-Driven Taxes** are projected at \$22.8 million, \$0.9 million or 4.2% above budget. This is due primarily to year-to-date and projected collections for Business, Professional, and Occupational Licenses (BPOL) and the Bank Franchise Tax, for which substantial data is not available until March and May, respectively. BPOL revenues are primarily driven by stronger than anticipated local economic activity during CY 2025.
- **Consumer-Driven Taxes** are projected to end the year at \$60.6 million, \$0.7 million or 1.1% above budget. This is primarily due to the year-to-date trends in Sales Tax and Meals Tax revenues, which are slightly stronger than anticipated in the FY 26 Revised Budget.
- **Other Local Taxes** are projected to end the year at \$17.1 million, \$1.2 million or 7.3% above budget. This is primarily due to the year-to-date trends in Public Service Corporation Taxes, and Recordation and Sellers Taxes, which are stronger than anticipated in the FY 26 Budget. This is also due to stronger than anticipated year-to-date collections in delinquencies, penalties, and interest.
- **Other Local Revenues** are projected to end the year at \$19.2 million, \$0.4 million or 1.9% above budget. This is primarily due to decreases in the revenue from various county fines and an increase in Interest revenue related to the interest rates remaining higher than anticipated in the adopted and revised budgets.
- **State Revenues** are projected to end the year at \$29.5 million, \$0.04 million or 0.2% below budget. This is primarily due to reimbursement rates and corresponding projected expenditures in the Department of Social Services, which were lower than what was Adopted in the FY 26 budget.
- **Federal Revenues** are projected to be \$8.2 million, \$0.05 million or 0.6% below budget. This is primarily due to corresponding projected expenditures in the Department of Social Services, which were lower than what was Adopted in the FY 26 budget.

General Fund Expenditure Projections

General Fund expenditures are forecasted to total \$494.2 million at the end of FY 26. This amount is \$6.9 million or 1.4% below appropriations through the third quarter. These projections include June 3, 2026 supplemental appropriations of \$17.5 million to provide one-time funding for the Capital Improvement Program, Housing Fund, and Economic Development Fund based on discussion and direction from the Board of Supervisors during the FY 27 budget development process. The difference between appropriated and projected expenditures is due primarily to the following:

- **Departmental operational** savings of approximately \$5.8 million across all departments. The majority of these savings include: \$1.8 million in salary and related benefit savings above the budgeted salary lapse; \$1.5 million in savings related to equipment and supplies purchases; \$0.9 million in savings in Social Services related to direct service programs; as well as other smaller operating savings across departments primarily based on year-to-date activity.

- **Other Non-Departmental** is estimated to be approximately \$0.9 million under the revised budget due to projected unspent funds primarily in the Salary Reserve and Reserve for Contingencies.

Projected Change in Fund Balance

The adopted and revised budgeted amounts for uses of the General Fund's fund balance represent a structurally balanced budget and those amounts were budgeted as part of the FY 26 Adopted and FY 27 Budget development process. Any use of fund balance shown in the table is above and beyond the County's Financial Management Policy requirements of a 10% unassigned fund balance and 2% Budget Stabilization Reserve.

Based on projected revenues of \$486.1 million and projected expenditures of \$494.2 million, the General Fund's fund balance is projected to decrease \$8.1 million (equal to projected revenues less projected expenditures), which is less than the \$18.8 million budgeted use of fund balance. Once the FY 26 audit is complete, staff will report on the General Fund's fund balance including policy and obligated uses, and any amount that may be available for Board policy decisions.