

FY 2026-27 Forecast



Five-Year General Fund Projections

(All number in millions)

	FY 25-26 Projected	FY 26-27 Projected	FY 27-28 Projected	FY 28-29 Projected	FY 29-30 Projected	FY 30-31 Projected
General Fund Revenue						
General Purpose Tax Revenue	\$ 418.5	\$ 429.7	\$ 443.2	\$ 459.1	\$ 475.6	\$ 492.7
Other General Purpose Revenue	\$ 52.7	\$ 52.3	\$ 52.4	\$ 52.5	\$ 52.6	\$ 52.7
Use of 1x Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total General Purpose General Fund*	\$ 471.1	\$ 482.0	\$ 495.6	\$ 511.6	\$ 528.2	\$ 545.4

Departmental Revenue	\$ 267.8	\$ 263.9	\$ 267.8	\$ 271.8	\$ 275.9	\$ 280.1
Total General Fund Revenue	\$ 738.9	\$ 745.9	\$ 763.4	\$ 783.4	\$ 804.1	\$ 825.5

General Fund Expenditures						
Salary and Benefits	\$ 465.4	\$ 474.1	\$ 485.1	\$ 502.1	\$ 516.9	\$ 517.6
Other Expenditures	\$ 273.5	\$ 276.5	\$ 288.0	\$ 296.2	\$ 306.0	\$ 323.3
Total General Fund Expenditures	\$ 738.9	\$ 750.6	\$ 773.1	\$ 798.2	\$ 823.0	\$ 841.0

Total Surplus (Deficit)*	\$ -	\$ (4.7)	\$ (9.6)	\$ (14.8)	\$ (18.9)	\$ (15.5)
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*Deficit line is annual, not cumulative

Out Year Projections: Key Drivers

- Insurance Costs continue to soar:
 - Employer cost of employee health insurance increasing 14% in 2026-27
 - General Liability insurance increasing 23% for General Fund
- Reduction on Other Post Employment Benefit costs
 - Strong stock returns and Board decision to fund has led to reduction to unfunded liability
- Revenues:
 - Property Tax shows moderate growth (est. 4%)
 - Minimal growth in Sales Tax and TOT

General Fund – Mild Economic Downturn Scenario

(All number in millions)

General Fund Revenue	FY 25-26 Projected	FY 26-27 Projected	FY 27-28 Projected	FY 28-29 Projected	FY 29-30 Projected	FY 30-31 Projected
General Purpose Tax Revenue	\$ 417.2	\$ 424.0	\$ 438.7	\$ 452.7	\$ 470.7	\$ 486.4
Other General Purpose Revenue	\$ 52.7	\$ 52.3	\$ 52.4	\$ 52.5	\$ 52.6	\$ 52.7
Use of 1x Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total General Purpose General Fund*	\$ 469.9	\$ 476.4	\$ 491.1	\$ 505.2	\$ 523.3	\$ 539.2

Departmental Revenue	\$ 267.8	\$ 257.6	\$ 260.4	\$ 264.3	\$ 268.2	\$ 272.2
Total General Fund Revenue	\$ 737.7	\$ 733.9	\$ 751.5	\$ 769.5	\$ 791.5	\$ 811.4

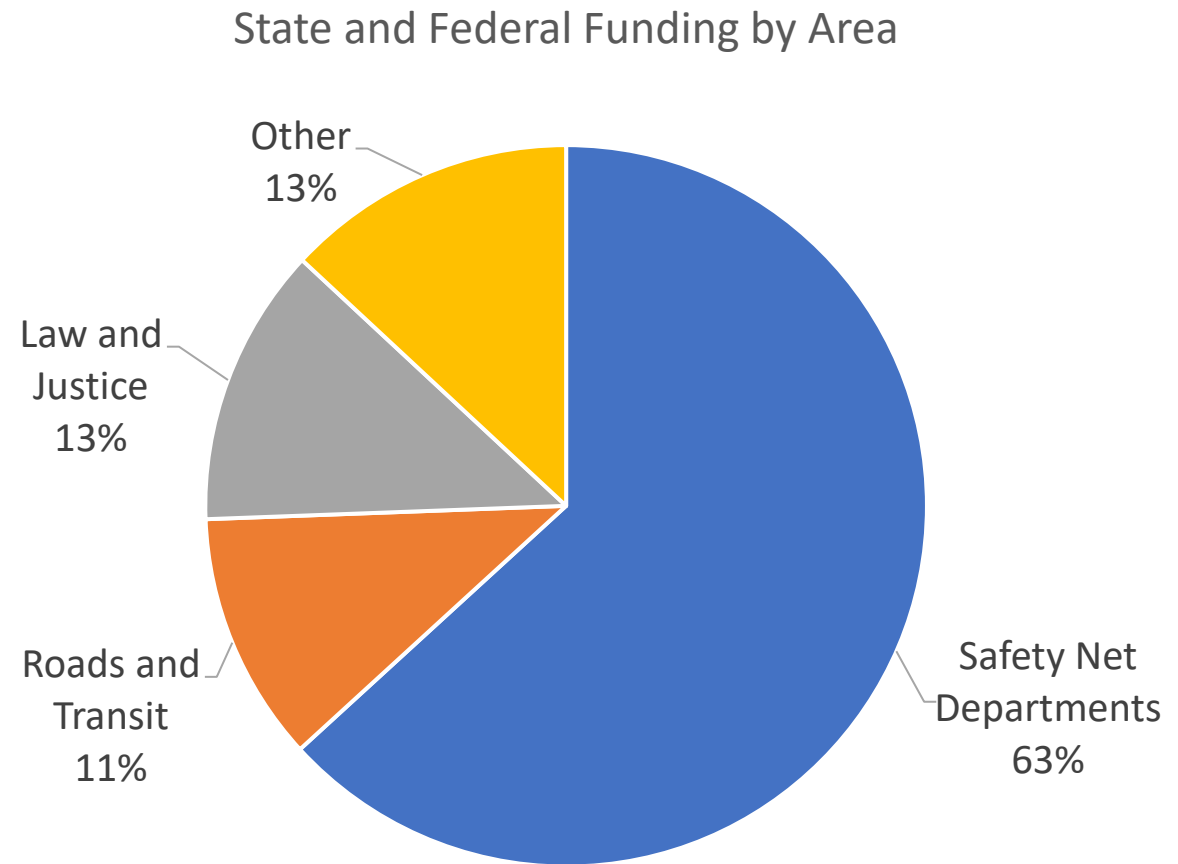
General Fund Expenditures						
Salary and Benefits	\$ 465.4	\$ 474.1	\$ 485.1	\$ 502.1	\$ 516.9	\$ 517.6
Other Expenditures	\$ 273.5	\$ 277.2	\$ 288.6	\$ 296.7	\$ 306.4	\$ 323.7
Total General Fund Expenditures	\$ 738.9	\$ 751.3	\$ 773.7	\$ 798.7	\$ 823.4	\$ 841.3

Total Surplus (Deficit)*	\$ (1.2)	\$ (17.3)	\$ (22.1)	\$ (29.2)	\$ (31.8)	\$ (29.9)
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*Deficit is annual, not cumulative

State and Federal Overview

- State and federal revenues account for 38% of budget
- Almost 2/3 is related to safety net departments
- Much state revenue is related to specific sources, especially sales tax

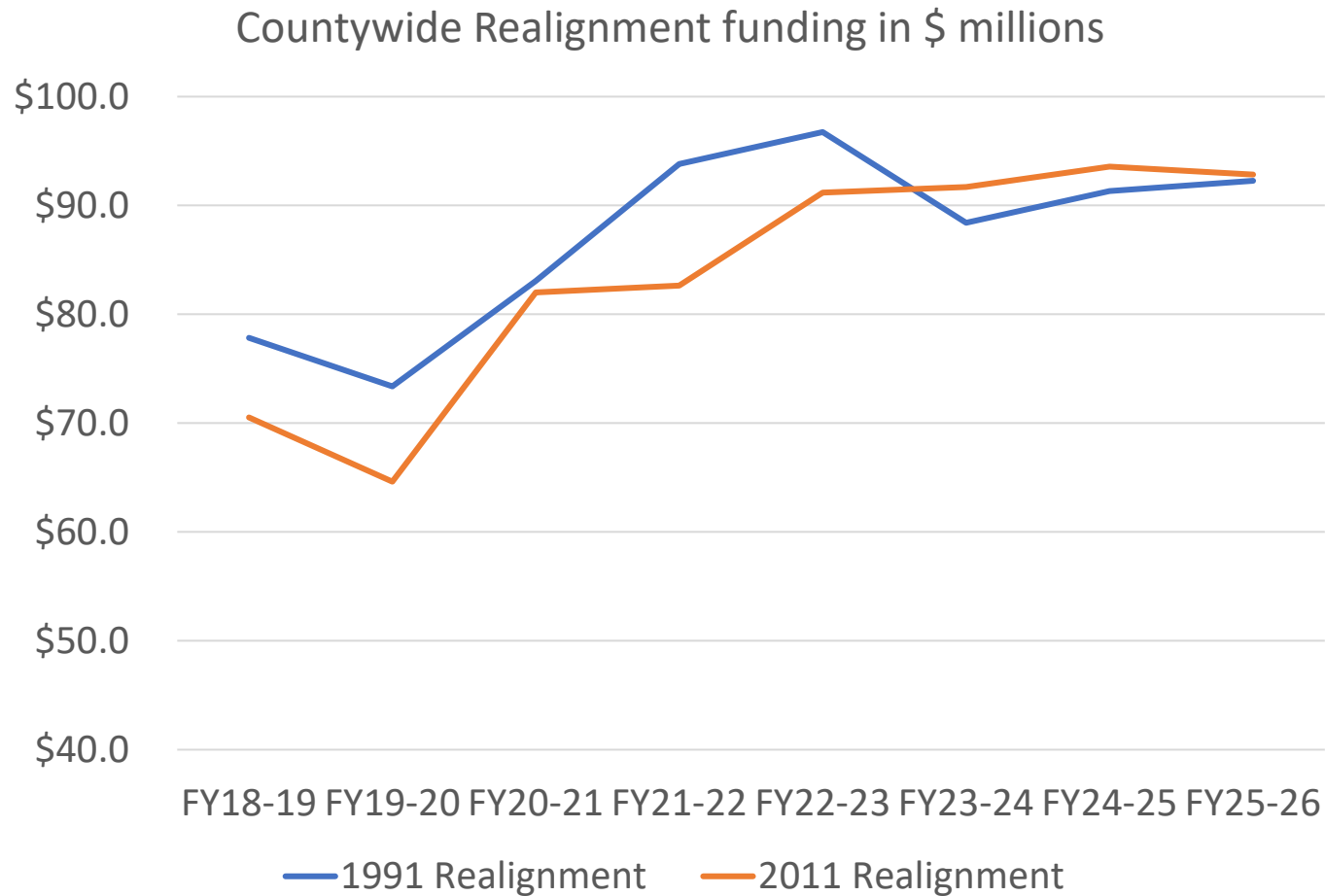


State Budget

Legislative Analyst's Office State Projections (In billions)

	2025-26	2026-27	2027-28	2028-29	2029-30
Personal Income Tax	\$130.4	\$125.2	\$133.6	\$141.4	\$151.9
Corporation Tax	\$41.7	\$41.7	\$41.5	\$43.0	\$45.2
Sales Tax	\$34.0	\$34.3	\$35.4	\$36.5	\$37.5
Other Revenues	\$10.0	\$11.7	\$8.5	\$8.9	\$9.2
Transfers	\$6.5	(\$0.6)	(\$1.6)	(\$3.3)	(\$2.6)
Total Revenues and Transfers	\$222.6	\$212.4	\$217.4	\$226.4	\$241.3
Total Spending	\$232.2	\$235.9	\$252.3	\$263.2	\$277.5
Estimated Budget Deficit	(\$10.4)	(\$23.5)	(\$34.9)	(\$36.8)	(\$36.2)

State Revenues - Realignment



- Tied to Sales Tax and Vehicle License Fees
- 2025-26 estimates from State Budget
 - 2.3% growth for 1991 Realignment
 - 2.8% growth for 2011 Realignment
- Per HdL 2011 Realignment projected to grow from 2.8% to 3.5% per year over next 5 years
- Impacted Department: Health, Human Services, Law and Justice departments

HR 1 Federal Impacts

- SNAP (CalFresh)
 - Expanded Work Requirements for SNAP (CalFresh)
 - Impacts 13,000 Sonoma County Residents; awaiting State guidance on implementation
 - Reduced federal contribution effective October 1, 2026
 - Estimated to increase County contribution by \$2.8 million

HR 1 Federal Impacts

- Medicaid (Medi-Cal)
 - Work requirements for adults age 19-64, effective Jan 1, 2027
 - Could impact 30,100 Sonoma County clients
 - Increased workload for staff – verifications
 - Potential impact on Medi-Cal reimbursement for services
- Indigent Healthcare – indirect impact
 - County obligation to provide indigent healthcare – eligibility, structure/providers, and ultimate cost under evaluation

Next Steps

- January – Mid-Year Estimates Completed
- March – 2026-27 Recommended Budgets submitted to CAO
- April 20-22 – Budget Workshops
- June 9-19 – Scheduling Two-week Budget Hearings