

## BOARD REPORT

To: Members of the Siskiyou County Board of Supervisors  
From: Sherry Lawson, Deputy County Administrator  
Subject: Mid-Year Budget Review

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### INTRODUCTION

The Fiscal Year 2025-26 Mid-Year Budget Review provides the Board and the public with an overview of the County’s financial position for the six-month period ending December 31, 2025. The report summarizes General Fund performance to date and provides updated year-end projections. Based on current information, and absent any major unforeseen changes, the County General Fund is expected to close the fiscal year in balance through the use of one-time funds.

Throughout the fiscal year, the Board may approve additional appropriations that adjust the budgets originally adopted during the September budget hearing. As a result, Adjusted Budget amounts can change over time.

This mid-year projection was developed collaboratively with all departments using six months of actual activity along with updated revenue and expenditure estimates for the remainder of FY 2025-26. Staff will continue monitoring actuals and refining projections as part of the upcoming FY 2026-27 Recommended Budget process.

### MID-YEAR RESULTS

As of January 5, 2026, the General Fund Operating Fund realized revenues of \$19,108,158 and expenditures of \$29,574,997, achieving 43% and 54% of the Adjusted Budget, respectively.

	<b>2025-26 Adjusted</b>	<b>January 5,</b>	<b>Percentage</b>	<b>Projected Total</b>	<b>Under</b>
	<b>Budget</b>	<b>2025 Actuals</b>	<b>of Budget</b>	<b>June 30, 2026</b>	<b>Budget</b>
Total Revenue	\$ 44,154,122	\$ 19,108,158	43%	\$ 43,380,430	\$ (773,692)
Total Expenditures	\$ 54,794,337	\$ 29,574,997	54%	\$ 53,925,916	\$ (868,421)

Year-end revenue and expenditure projections, including salaries and benefits, are based on departmental input and current trends. Updated projections indicate revenues will come in below original estimates; however, projected expenditure savings are expected to partially offset the shortfall. After accounting for both factors, the remaining estimated deficit of \$6,281,654 is expected to be covered through available fund balance carryforward and other one-time resources, resulting in a balanced year-end position as of June 30, 2026.

<b>General Fund Balance 2/17/2026</b>		\$ 4,417,419
General Fund Committed Accounts		\$ (153,587)
Appropriation 25/26		\$ (53,925,916)
Revenue 25/26		\$ 43,380,430
Budget Stabilization/LATCF		\$ 6,281,654
<b>General Fund Unassigned Balance 6/30/26 (Projected)</b>		\$ 0

## NON-GENERAL FUND

Non-General Fund budgets are supported by dedicated revenue sources restricted to specific programs or purposes. Unlike the General Fund, which supports broad County operations, these funds are legally or administratively designated for particular services, projects, or activities. Non-General Funds include Special Revenue, Internal Service, Enterprise, Debt Service, and Capital Funds. Each fund maintains its own balance and is monitored to ensure ongoing fiscal stability.

At mid-year, Non-General Funds were reviewed and no significant budget adjustments are required at this time. However, departments that rely on state or federal program funding may experience future cost or revenue pressures associated with recently enacted legislation and federal policy changes.

Health and Human Services Agency (HHS) programs in particular may see increased personnel costs related to implementation of SB 525 (Health Care Worker Minimum Wage). Beginning July 1, 2025, covered classifications receive scheduled wage increases of 3.5% annually, reaching \$25 per hour by 2033. As these adjustments take effect, related salary compaction impacts across classifications may also require evaluation.

In addition, federal changes associated with H.R. 1 may affect certain HHS program funding streams or administrative requirements over time. While specific impacts are still evolving, potential effects could include reduced or constrained federal support, increased eligibility or reporting workload, and added pressure on safety-net services. The County has not yet experienced direct fiscal impacts; however, these issues are being monitored closely given their potential to affect program costs and service demand in future budget cycles.

Non-General Fund departments continue to monitor fund balances and operate within available resources, with ongoing support from the budget team to address emerging issues. Staff will continue working with departments to respond to funding changes while maintaining prudent financial management.

## CONCLUSION

The Fiscal Year 2025-26 Mid-Year Budget Review reflects the County's financial status at the midpoint of the fiscal year. Although both revenues and expenditures are trending below original estimates, the County is projected to end the year in balance through the use of one-time funds. Non-General Funds remain stable, with departments managing within their available resources.

Looking ahead, the County will need to remain aware of fiscal risks associated with policy changes, economic conditions, and external funding shifts. Staff will continue monitoring budget performance and will provide updates and recommendations as needed to maintain fiscal stability. Ongoing coordination across departments and careful financial planning will be important as we move through the remainder of FY 2025-26 and prepare the FY 2026-27 budget.