

2025 GENERAL FUND FINANCIAL FORECAST

County of Humboldt
STATE OF CALIFORNIA



Purpose

Humboldt County's 5-year Financial Forecast report is intended to provide the Board and public information on trends in anticipated revenues, expenditures and fund balance for the General Fund for the next 5 fiscal years.

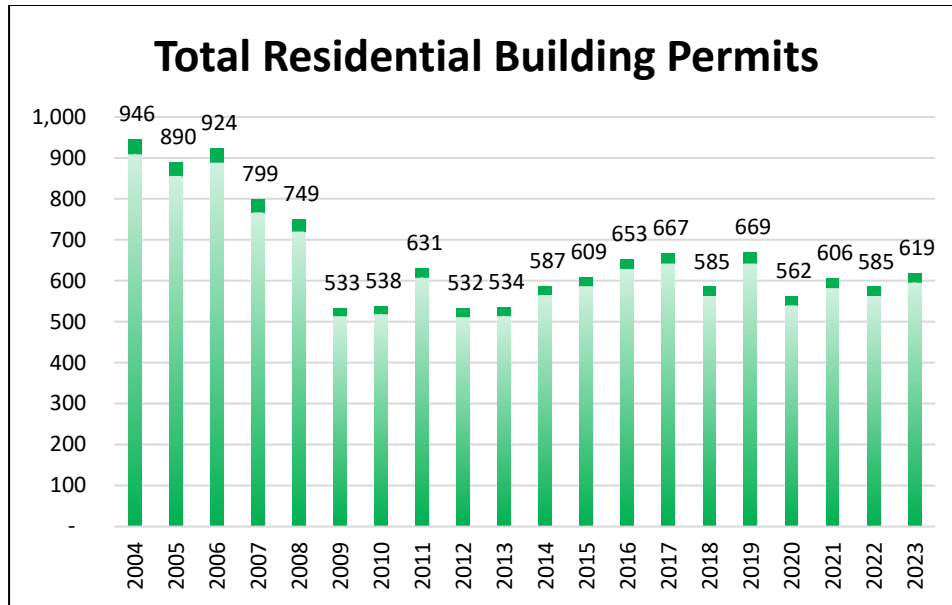
Economic Outlook

Economic indicators for the United States (US), California and Humboldt County show that the economic growth is likely to slow, according to federal Congressional Budget Office (CBO), through FY 2024-25 with Gross Domestic Product (GDP) growth expecting to slow from 2.3% to 1.9% and that over a 10-year outlook growth will average 1.8%. As of 2025, the US economy has experienced continuous annual real GDP growth, following the sharp contraction in 2020 due to the COVID-19 pandemic.

While the CBO expects growth in the federal budget deficit from (\$1.9 trillion) to (\$2.7 trillion) annually, it is anticipated to remain stable as a percentage of GDP.

Local economy: The Humboldt Economic Index is a report that has tracked economic indicators since January 1994 and is produced by the Economics Department at Cal Poly Humboldt. It measures changes in the local economy using data from local business and organizations and uses January 1994 as its baseline. The report includes a Composite Index which is a weighted average of seven individual sectors of the local economy. The March 2025 report states the Composite Index is 101.2 (meaning 1.2% above 1994 levels), recovering from February's 99.2, but it remains 1.4 below the level from 1 year ago. Retail sales have increased 1.9% in March but are still 1.4% lower compared to a year ago. The Index of Home Sales has increased from this time last year by 12.1%, despite the median home price increasing in March to \$430,000 versus \$402,500 in the prior month. The seasonally adjusted unemployment rate for Humboldt County decreased to 4.7% from 5.0% while the national unemployment rate ticked up slightly by 0.1% to 4.1%.

Building permits: The numbers for local building permits have been slowly growing after a small dip during COVID-19 pandemic, but still remain lower compared to pre-recession levels as depicted in the following chart. According to the Humboldt Economic Index, local building permit numbers are on the decline when compared to a year ago and just in the past month, building permits are down 63.6%.



Unemployment: According to the CBO’s 2025 to 2035 Economic Outlook, the national unemployment rate was on average 4.0%, and is expected to rise gradually and approach a rate of 4.4% over the 2026-2035 period as economic growth slows. California and Humboldt County continue to maintain higher unemployment rates than the national averages. The state unemployment rate rose from 5.1% to 5.4% in 2024, the second highest unemployment rate in the nation. Minimum wage hikes have contributed to job losses, the fast food sector was down 23,000 jobs in 2024 after the minimum wage increase to \$20 per hour.

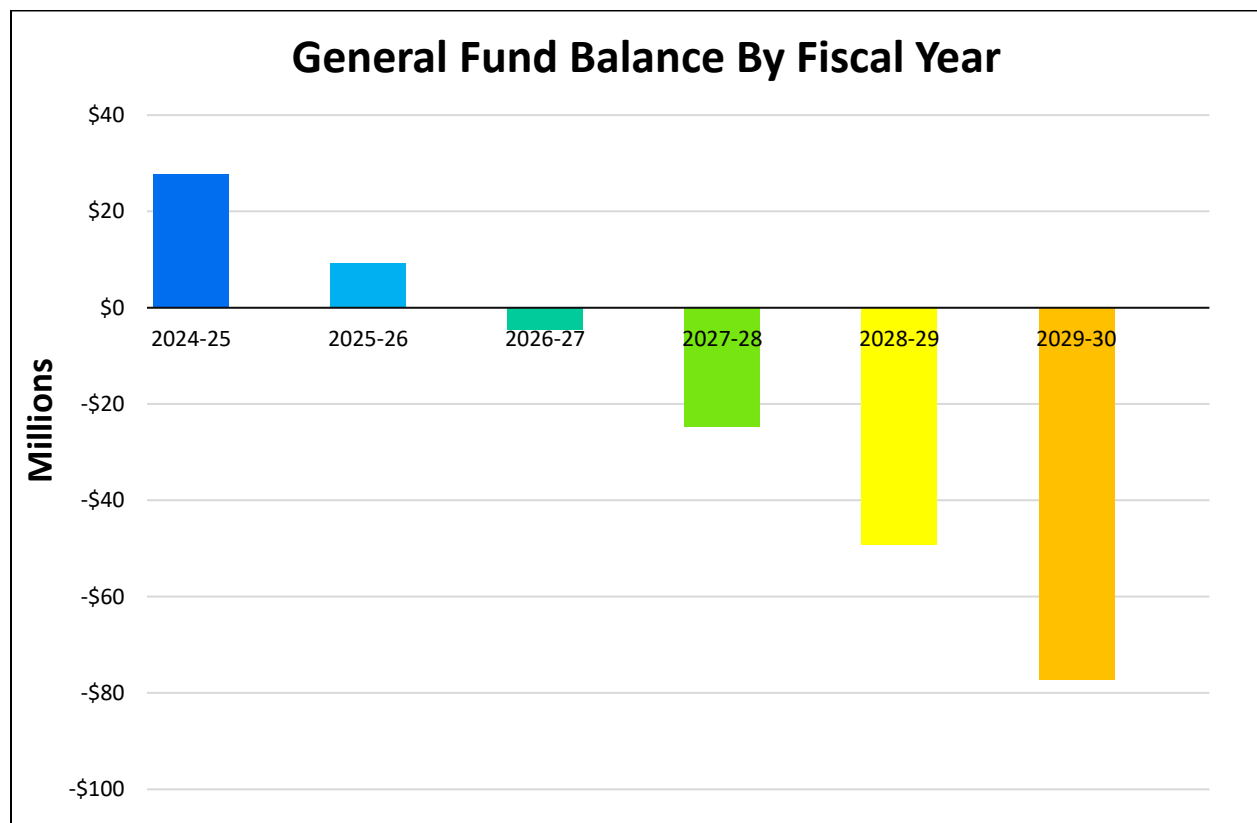
State economy: Beacon Economics Spring 2025 report states California’s economy is stable, with GDP aligning with the national trends. California’s ratio of unemployed persons per job rose from 0.5 (2022) to 1.5 (2025) indicating softening demand. In terms of economic indicators, real median household income is nearly \$90,000, higher than the national average of \$81,000 and taxable sales remain elevated, though they’ve declined 2% annually in recent years. In terms of the state budget outlook, spending is rising faster than revenues with forecasted average annual spending growth at 5.8%, according to the Legislative Analyst’s Office’s (LAO) 2025-26 Fiscal Outlook. While the 2025-26 budget is anticipated to be roughly balanced, ongoing structural budget deficits in the range of \$20-30 billion annually are a significant concern especially as reserves begin to dwindle. Further deficits will require spending cuts, tax increases, or other adjustments.

State and federal governments: The county receives a large amount of revenue that is dedicated to funding mandated state and federal programs. For this reason, the state and federal budgets have the potential to impact the General Fund and programs delivered through various funds, several of which are maintained by the Department of Health & Human Services.

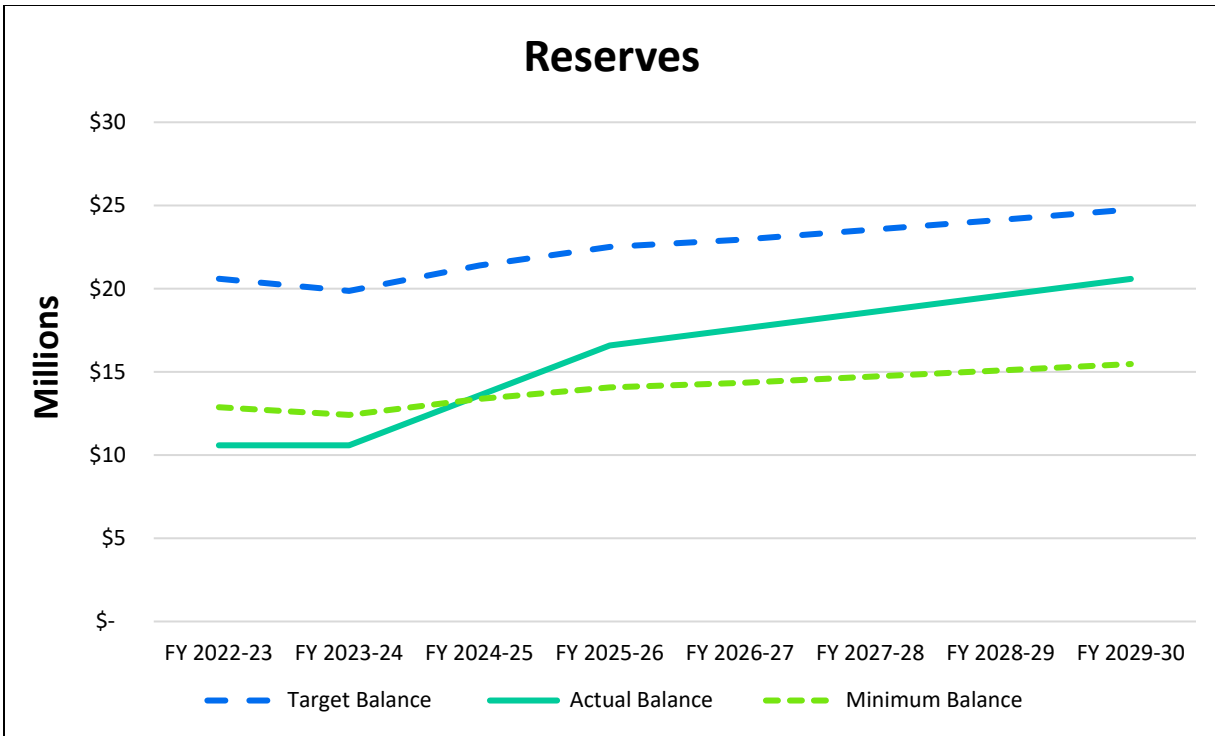
There is significant uncertainty with the new federal administration and the potential impacts that federal budget decisions will have on both the state budget and the county budget. The county receives more than \$100 million, roughly 20% of the county budget, from federal funding sources. Changes to Medicaid funding could have significant impacts on county services. As these changes are unknown at this time, this forecast does not account for any changes to federal and state funding, though this could substantially impact the forecast.

General Overview and County Outlook

The 5-year forecast for the General Fund shows expenditures exceeding revenues in all five years of the forecast. A negative fund balance develops during FY 2026-27 and the gap between revenues and expenditures, exponentially increases resulting in projected fund balance at negative (\$77 million) at the end of the forecast period. Major contributing factors to the declining fund balance is the ongoing structural deficit developed by the simultaneous loss of cannabis excise tax and unprecedented raises in FY 2021-22. This deficit, which the county has been managing primarily with one-time funds including COVID-19 federal funding, is further extended by increasing retirement costs, and slow to moderate revenue growth, particularly sales tax. If any number of these factors change for the better, such as improvements in property or sales tax revenue, forecast figures would need to be revised and the fund balance issue would not portray such a bleak picture. In addition, since the Board cannot adopt a budget utilizing fund balance when fund balance is negative, measures to reduce the negative fund balance and bring forth a balanced budget will be required in future years while expenditures continue to outpace revenues.



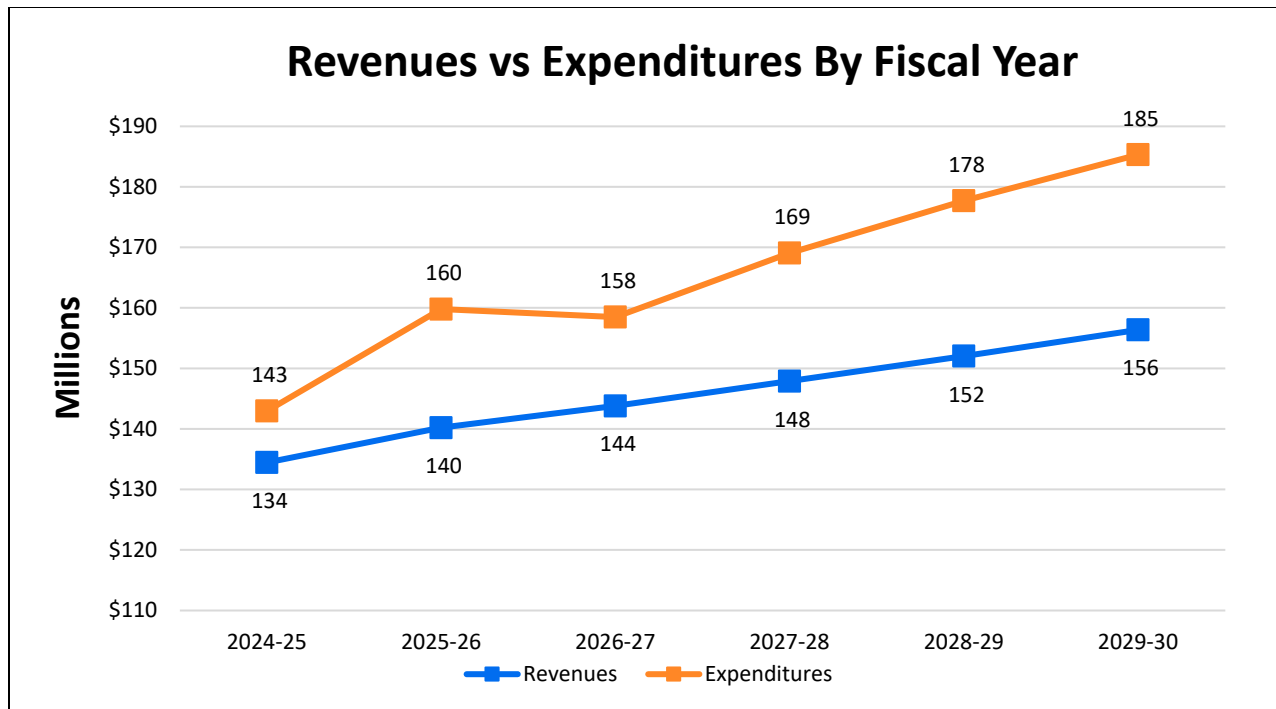
Property tax values and other tax revenues are significant factors in the forecast outcome. A change of 1% in property tax values is equivalent to approximately \$590,000 in revenue in the General Fund in FY 2025-26. There is potential that property taxes could be lower or higher than projected. Property tax assumptions are based on recent trends in Humboldt County with a conservative growth factor of 2%. However, trends and the outlook for steady growth depict increasing property tax revenues throughout the span of the forecast.



The forecast includes contributions to Contingencies, Reserves and Deferred Maintenance. With many unknown variables in both revenues and expenditures, it is important to retain fund balance and continue to contribute to the General Reserves and Contingencies to ensure that negative financial impacts can be absorbed. The Government Finance Officers' Association (GFOA) recommends as a best practice that reserves should equal no less than 2 months of regular operating revenue or expenses, or 16%. In FY 2025-26 that amount would equal \$22 million, and \$25 million at the end of the forecast period. This chart depicts utilizing revenues to set the reserve target balances. Per policy, contributions to the General Reserve are made at 10% of cannabis excise tax revenues until the General Reserve reaches a minimum balance of 10% of General Fund expenditures with a target balance at GFOA recommended levels. Due to the decline of cannabis excise tax revenues, contributions have been sporadic based on the Board's direction.

The Board has made strides toward fiscal sustainability in recent years by prioritizing contributions to Reserves with one-time fund balance. These contributions will allow the Reserves to meet the minimum balance in FY 2025-26. The forecast includes ongoing contributions of \$1 million per year. With these contributions the General Reserve will reach over \$20 million by the end of the forecast period. Healthy reserves are vital to weathering emergencies and natural disasters, as well as economic recessions and minimizing disruptions to programs and services.

Contingencies are forecasted to remain at 2% of General Fund revenues per the Board-approved policy (roughly \$1.5 million to \$1.6 million, on average each year). Deferred maintenance contributions are forecasted as set by policy at 2% of the total deferred facility maintenance identified in the 2008 Facilities Master Plan, \$28.7 million, annually adjusted by the Consumer Price Index (CPI) beginning in FY 2019-20. The deferred maintenance contribution is forecasted at roughly \$700,000 in FY 2025-26.



The General Fund has been budgeting a significant deficit in the last 3 years. Based on the forecast the General Fund is anticipated to see some improvement in FY 2026-27 with an increase in the disparity between revenues and expenditures increasing over time beyond that. There are a number of fiscal concerns/issues, such as lower-than-expected sales tax revenue; fixed costs increasing faster than revenue growth, particularly pension costs; and reliance on fund balance to produce a balanced budget.

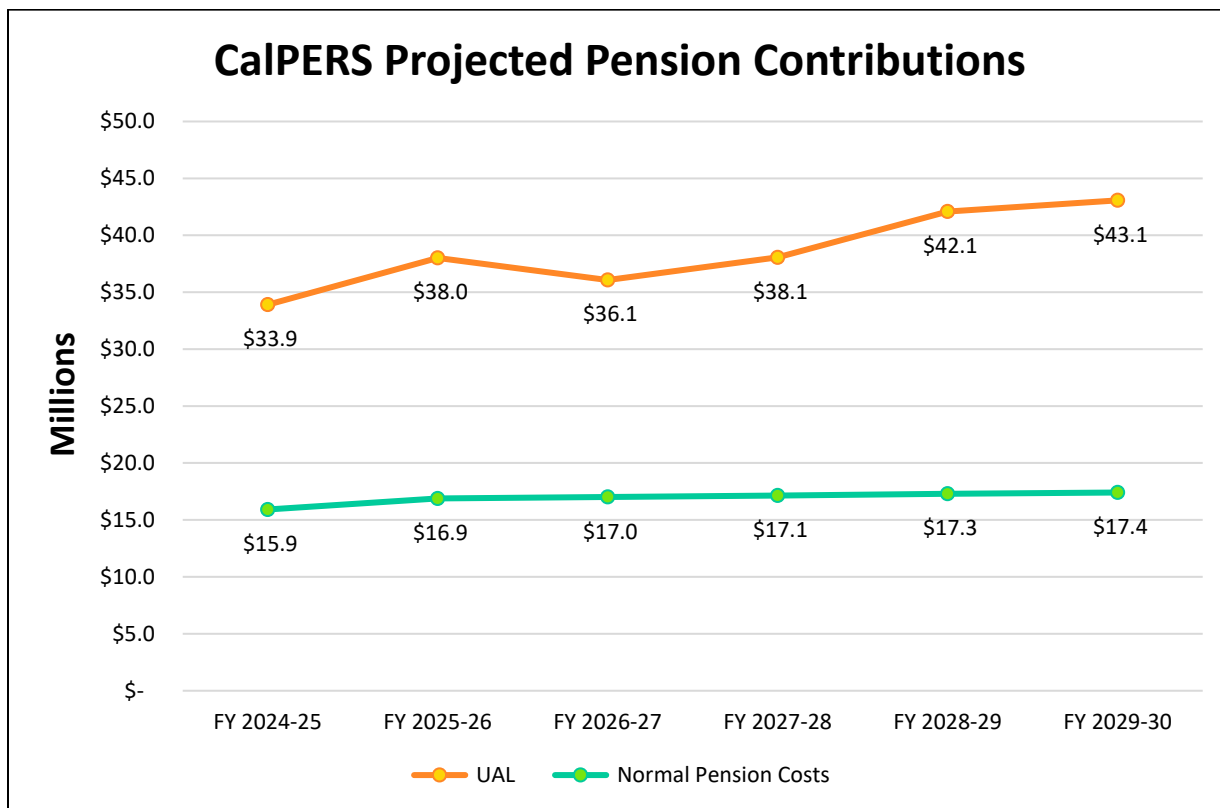
Challenges

There are a number of financial issues that continue to face the county in terms of meeting minimum obligations while still providing programs and services to the residents of Humboldt County. Long-term fiscal stability is a Board priority in safeguarding the public trust by managing resources to ensure sustainability of services. Therefore, the challenges present hurdles that can be managed to coincide with the Board's strategic plan. The main hurdles facing the county are the unfunded liability for the California Employee Pension Retirement System (CalPERS), the decline of the cannabis industry and inflation. The county continues to chip away at its outstanding pension obligations but must continue making increased investment to adequately address this challenge. Several funds, such as Roads, Social Services, Behavioral Health and Aviation, are operating at or near a deficit due to declining revenue or operational imbalances, and if not addressed could further impact the General Fund if funding assistance is required to balance budgets or negative balances cannot be resolved with the department's discretionary funding.

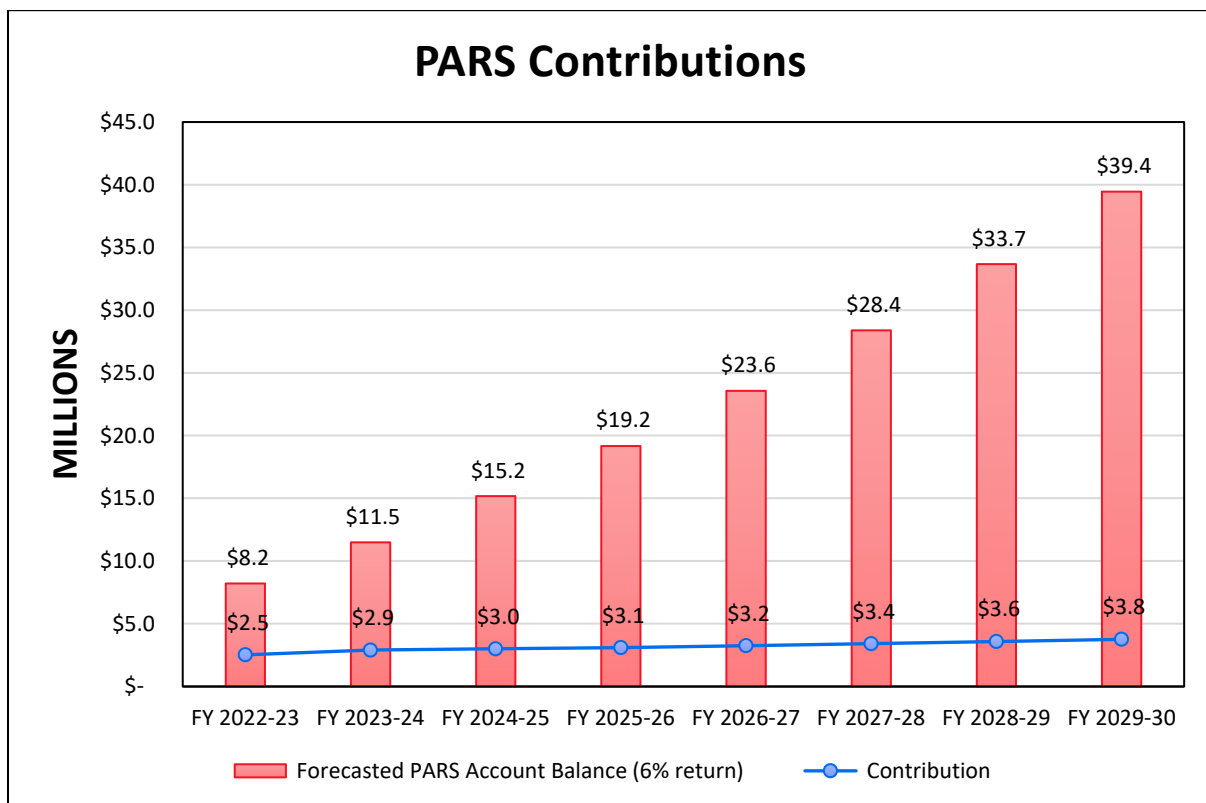
Retirement: Humboldt County provides defined-benefit pensions to its retirees through CalPERS. These plans are pre-funded, meaning both employer and employee make contributions during the working life of the employee and these contributions are then invested and the earnings on the funds are re-invested. If the contribution rates and investment earnings achieve their targets over the working life of the employee, there will be sufficient funds available at the employee's retirement date to pay a defined

benefit over the remainder of the employee's life span. Given that CalPERS is a pre-funded plan, changes to, or a failure to realize, any of the assumptions that underlie its targets for funding must be made up by adjusting employer contributions in future years. The Great Recession prompted CalPERS pension reform due to significant losses in the market. Further, it resulted in an unfunded accrued liability (UAL) for participating agencies. Following 2 years of poor investment returns, at the end of FY 2022-23, the county's UAL had reached \$412 million. FY 2023-24 returns were favorable which will reduce the county's UAL.

CalPERS anticipates an annual investment return of 6.8%. When that return rate is not met in a year or when it is exceeded, the loss or gain is applied to the entity's UAL and in the county's, case amortized over 20 years. The county is required to make a payment on that UAL each year based on the total UAL and amortization schedule of gains and losses, as well as any benefit changes the county may have negotiated prior to pension reform and non-investment losses. Since the implementation of pension reform, the normal cost of pensions has begun to decline, while the UAL costs for the county are currently anticipated to peak around 2030. The county's contribution rates towards pension costs are expected to rise through the full 5 years of the forecast, with a slight reduction in FY 2026-27 due to utilization of one-time fund balance to reduce costs.



Pension stabilization: The Board of Supervisors several years ago approved a Public Agency Retirement Services (PARS) Pension Rate Stabilization Program (PRSP) in order to begin addressing the mounting unfunded liability. As the balance in the PARS trust grows and produces investment returns, those funds can be utilized to reduce the contribution rate increases, thereby reducing the effect of the contribution rate increase on the county and potentially preventing service reductions.



The FY 2024-25 budget development incorporated an annual departmental contribution to PARS equal to 2.0% of salaries totaling \$3.3 million. The Board has approved a 2.0% contribution to PARS since FY 2020-21, though in FY 2020-21 and FY 2021-22, the contributions were not actually collected. Sustained contributions to PARS will be needed to make substantial progress towards reducing the unfunded liability. The county has a long-term pension funding strategy in which continued investment into PARS will allow for future payments to strategically pay down the unfunded liability. Staff anticipates the FY 2025-26 budget will include a reduction in contributions from non-General Fund departments with the overall budgeted contribution reducing to \$3.1 million.

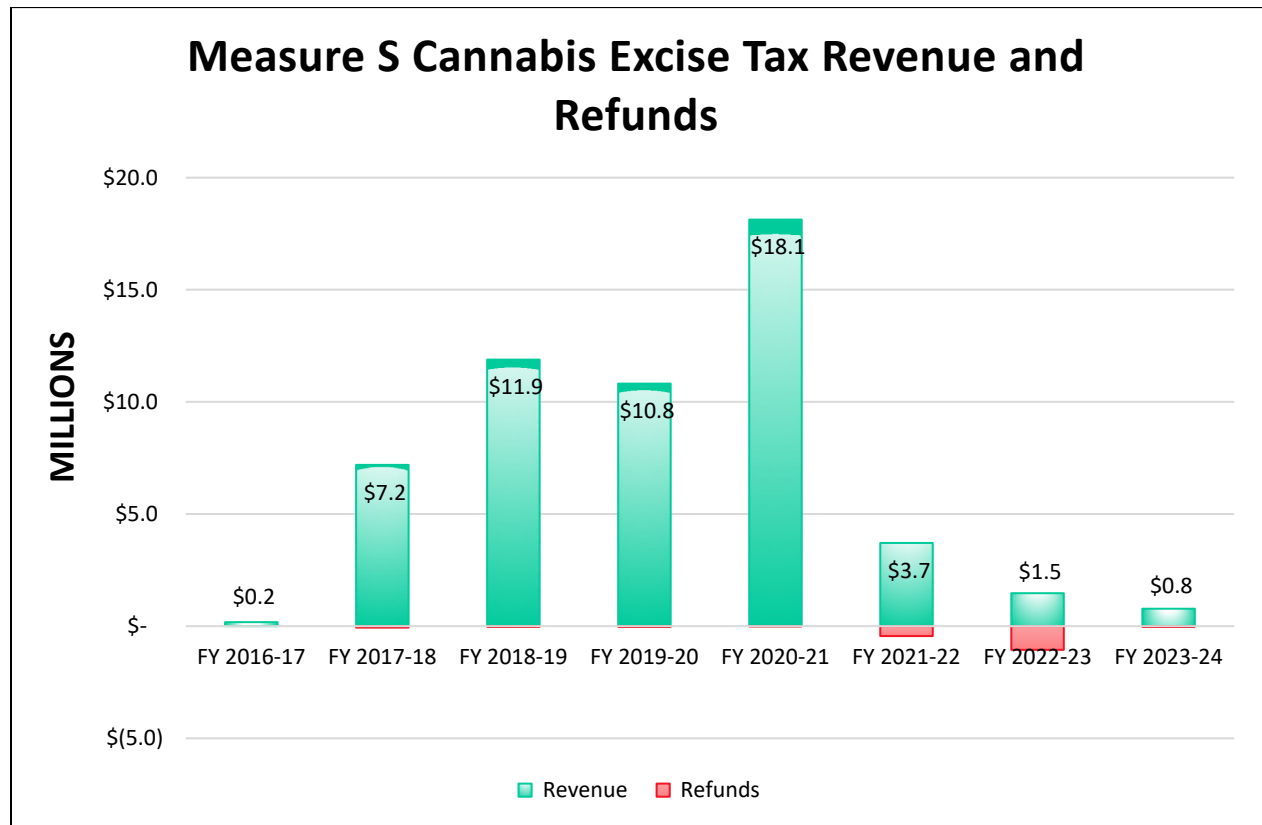
The chart above reflects forecasted contributions at the rate of 2.0% of salaries and increased contribution rates in subsequent years by estimated salary growth. In an effort to depict possible growth rates to include an estimated moderate interest earned rate of 6%.

Cannabis Industry: Humboldt County has long been known for cannabis. Measure S, a local commercial marijuana cultivation excise tax (general tax) on the Nov. 8, 2016 ballot, was approved by the voters. Revenues generated from this measure were intended to maintain essential services, such as public safety, mental health services for children and families, drug prevention and rehabilitation services, environmental clean-up and restoration and other essential services. Revenue from the excise tax is based on the number of permits issued and the actual cultivation square footage.

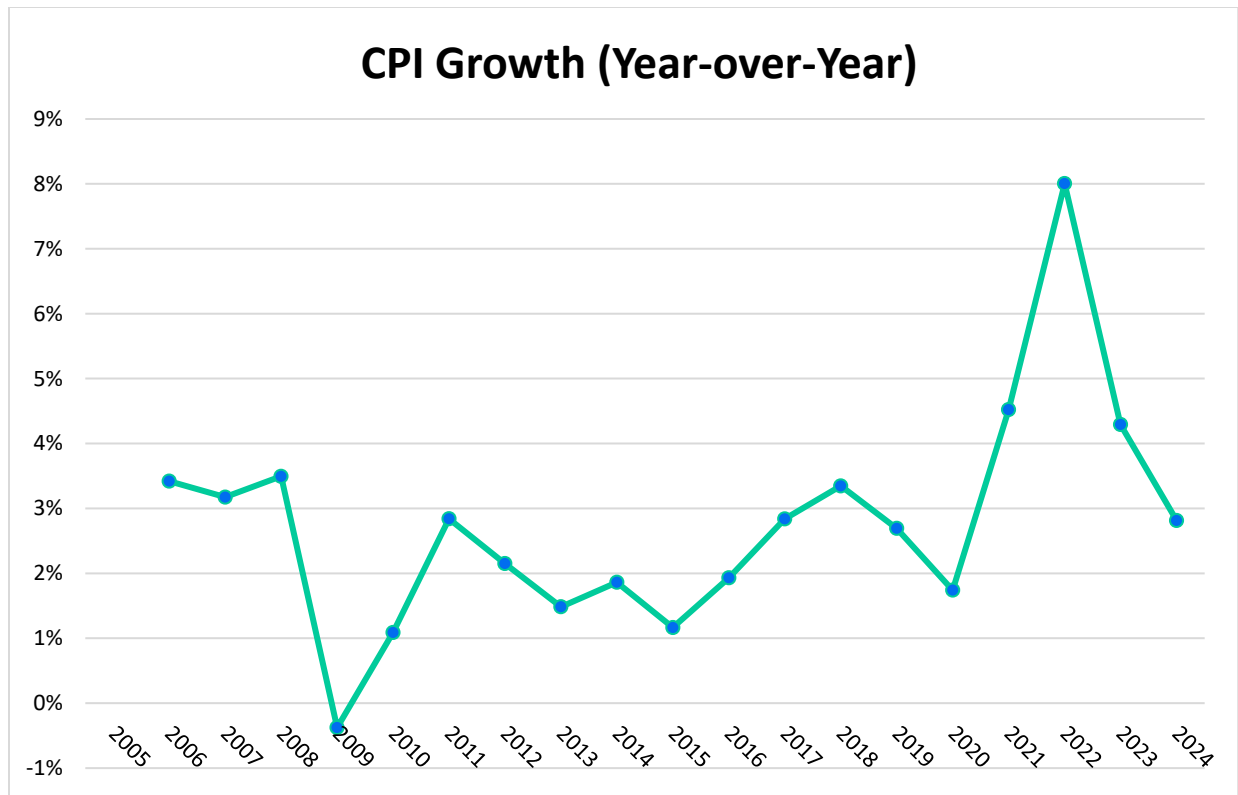
In 2021, less than 5 years after legalization, the Board recognized a downturn in the local cannabis industry. In recognition of this downturn, the Board began taking actions to minimize Measure S impacts

on the cannabis industry in hopes to stabilize it. In 2022, the state also recognized the impact on the cannabis cultivation industry and eliminated the state cultivation tax. Cannabis has continued to struggle, and the Board has waived or reduced Measure S taxes in some form every year since then. The decline of the cannabis industry has been a huge impact to the Humboldt County economy, particularly in the more rural areas, with simultaneous economic impacts from the post-pandemic downturn.

In addition to the local economic impact, the Board increased ongoing county expenditures including expansions of services and salary equity adjustments for county staff in anticipation of ongoing Measure S funding. The decline in this revenue has exacerbated an ongoing structural budget deficit in the General Fund. This funding source is not reliable and is so minimal that staff do not budget for it, and it is not included in the forecast.



Inflation: The Bureau of Labor Statistics produces the CPI for All Urban Consumers by region. The CPI is a government-issued growth factor based on the retail prices of basic household goods and services. For the West region, the average annual CPI over the last decade was 3.3%, over a 1% increase from the prior decade at 2.1%. In just the last 5 years, the average annual CPI was 4.3%. The increasing cost of services and supplies, driving down spending for consumers and increasing costs of providing services for agencies, continues to be a strain on the county. Fortunately, the CBO expects inflation to stabilize by 2027 at around 2%. This is evident in the increases in the county's services and supplies budget. The forecast anticipates these increases in services and supplies costs to continue through the end of the forecast period.

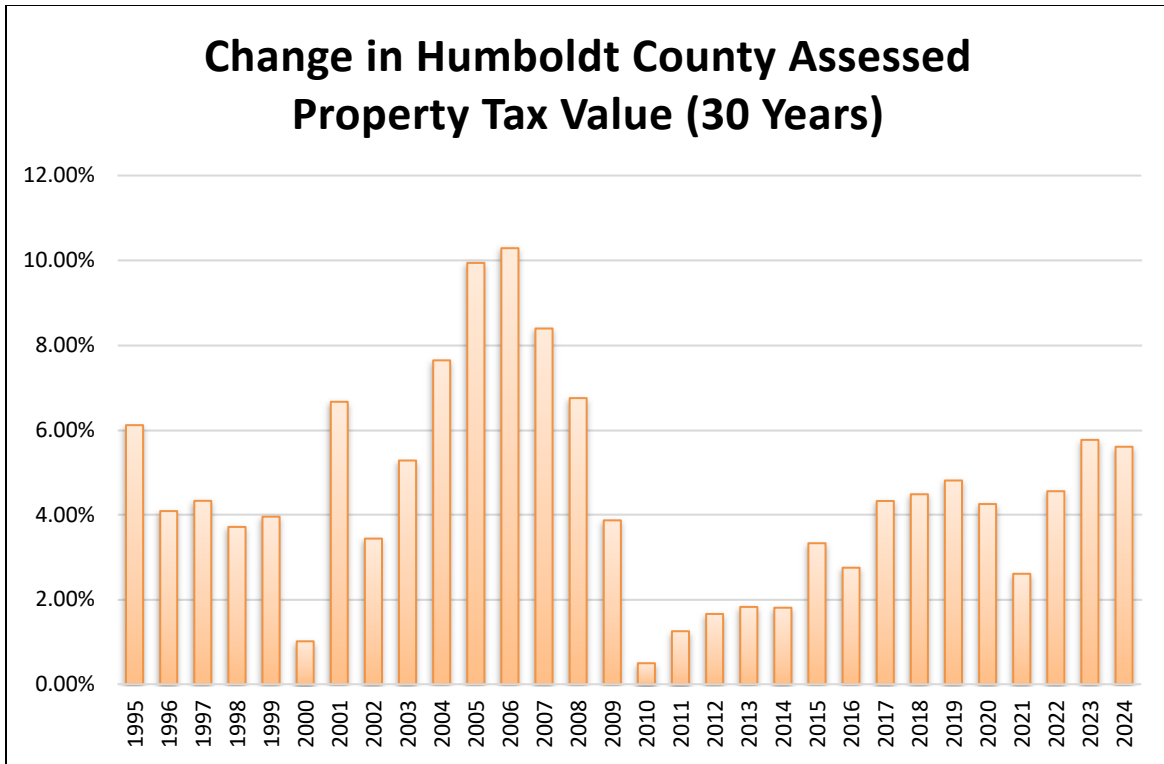


Revenues

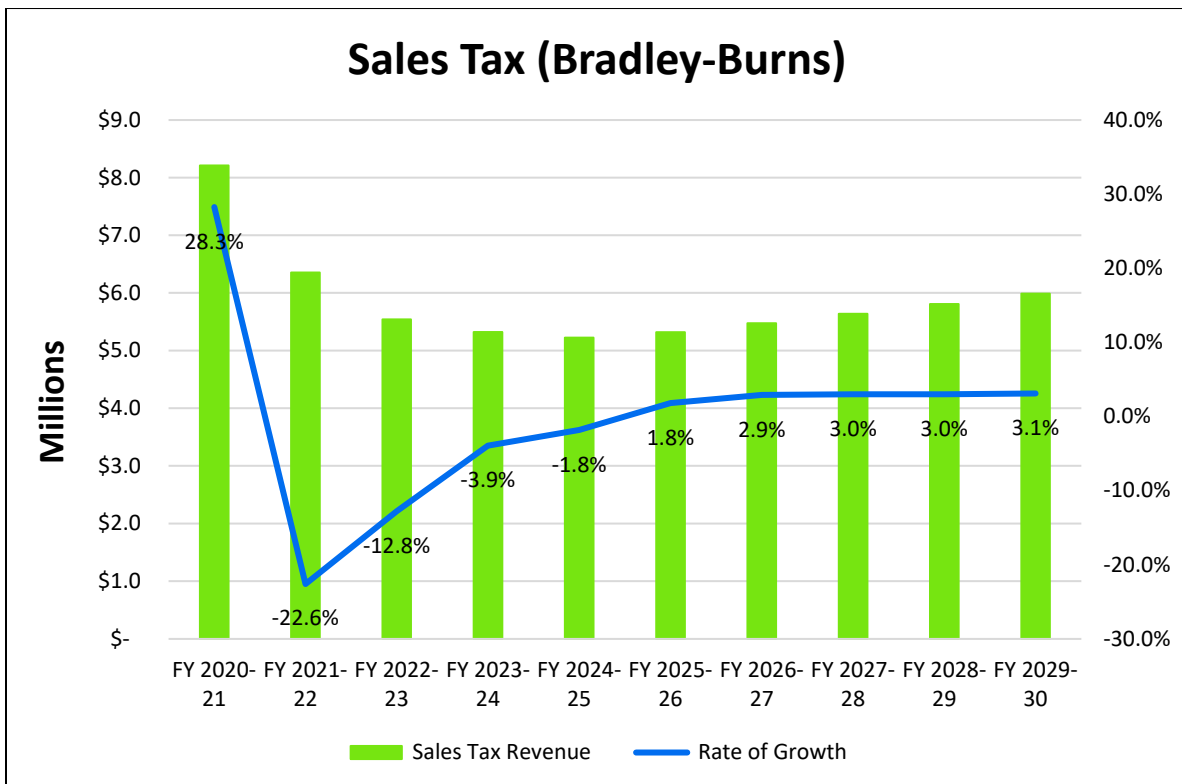
In addition to Cannabis Excise Taxes, the main discretionary funding sources for the General Fund include property tax, sales tax, and transient occupancy tax.

Property tax growth stabilizing: Assessed property values are estimated by combining the CPI (from the LAO and Department of Finance, which cannot exceed 2.0% for property taxes per Proposition 13), and local growth (sales and new construction). Over the last 30 years assessed property tax values in Humboldt County have increased on average by 4.5%. Over the last 5 years the average total value increase has been right on the average at 4.5%, with only one year dipping below 3%. As predicted in the 2019 financial forecast, property tax has stabilized somewhat, however, with current economic conditions, there is a high level of uncertainty of the impact to property tax collections.

With the exception of 2021, likely impacted by the COVID-19 pandemic, assessed property values have seen relatively steady growth since the Great Recession and housing bubble burst. The forecast includes a conservative increase of 2.0% per year beginning in FY 2025-26 due to significant economic uncertainty.



Sales tax: Bradley-Burns Sales Tax is based on state-wide sales tax and is expected to trend in the direction of slow revenue growth over the last several years of the forecast.

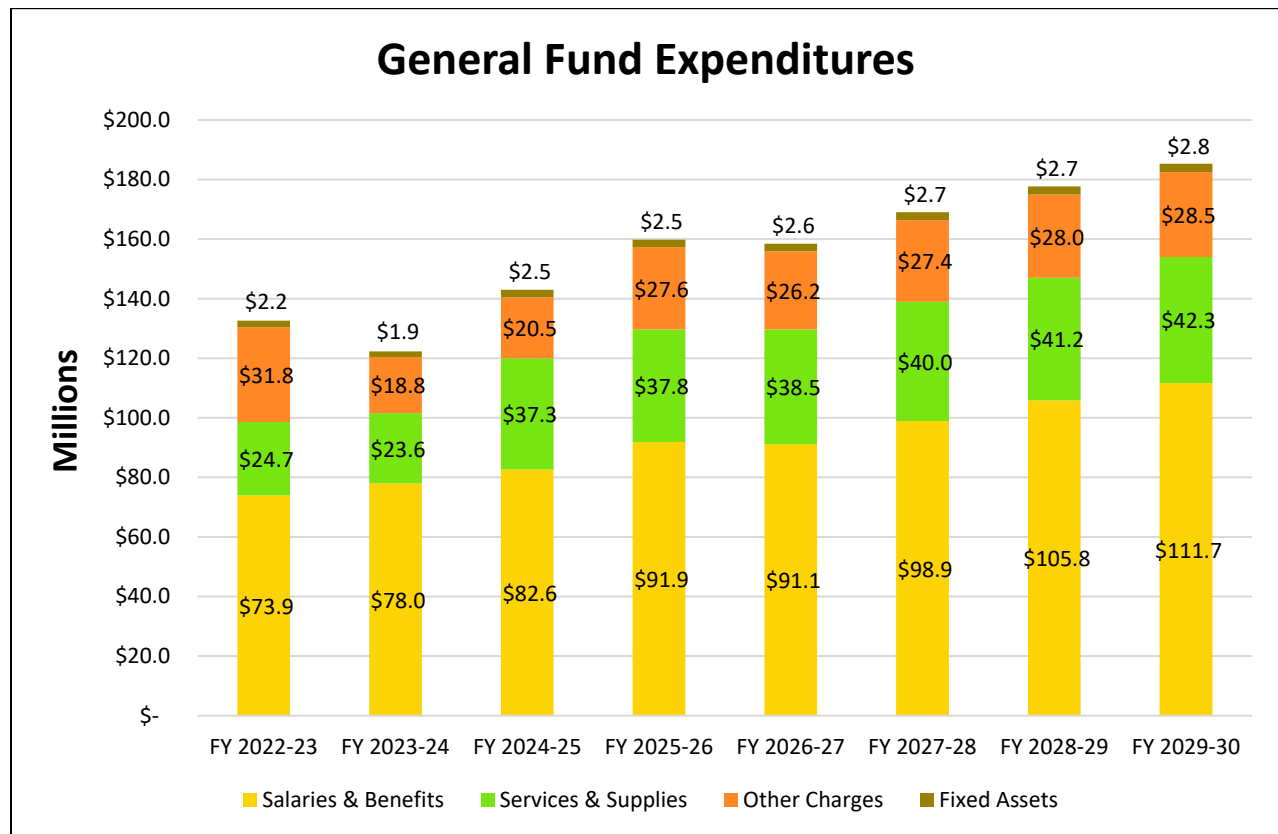


During the COVID-19 pandemic, sales tax in rural counties such as Humboldt performed very well. Since then, the county has seen a sharp decrease back to “normal” rates and then a continued slight decline. It should be noted that the California Department of Tax and Fee Administration beginning in 2023 changed its methodology for allocating sales tax for online purchases from distribution centers. This change resulted in decreases for counties that do not have large distribution centers. Overall sales tax is anticipated to slowly increase over the forecast, resulting in very small increase for the county between 1% to 4% annually.

Transient Occupancy Tax (TOT): In 2022, voters passed Measure J which increased the TOT from 10% to 12% and added campgrounds and RV parks. The first collections of TOT were in January of 2023. TOT revenues have come in above budget after the passage of Measure J but have been inconsistent. As a new revenue source, staff recommend at least 3 years of receipts before projections can be more reliable. This source is difficult to forecast for this reason and there is a high level of uncertainty in the forecast for this revenue source. For the forecast, growth rates for 5 years prior to the passage of Measure J and the COVID-19 pandemic were utilized to come up with an average growth factor. Staff anticipates that FY 2024-25 revenues will be on budget, a steep decrease from the prior year.

Expenditures

Expenditures are generally split out into four major categories depending on the type of cost: salaries and employee benefits; services and supplies; other charges; and fixed assets.



Salaries and wages: Salaries and employee benefits are the costs for employing permanent and extra help workers to conduct county business. Salaries and wages are forecast at 5% increase each successive year to account for step increases. Any change in benefits, wage increases and cost of living increases impact available revenues. Increases to salaries and wages are considered ongoing costs that the county must account for and budget in current and future years. Salaries and benefits for FY 2023-24 represent 57% of General Fund costs increasing to over 60% of General Fund costs in the final year of the forecast.

The county is currently in labor negotiations and has set aside \$5 million of one-time fund balance in the General Fund as a contingency for these negotiations. The outcome of labor negotiations could have a significant impact on the forecast if ongoing salary or benefit increases are approved.

Supplies and services: This category includes the bulk of non-salary expenses, ranging from utilities to office supplies to contracts with outside professionals. These expenses are forecast to increase at a rate slightly below the state LAO anticipated expenditure increases in the recently released FY 2025-26 Budget Outlook for the state.

Other charges: These consist of a number of different expenditures not included in the categories above, including support for persons (such as assistance payments and jail medical expenses), costs related to grants, payments on county debt, contributions to other county funds and non-county agencies and intra-fund transfers which are reimbursements of expenses. Similar to services and supplies, increases related to LAO predictions are forecasted. Contributions are forecasted at policy levels where appropriate.

Fixed Assets: These are expenditures for long-term capital outlays with an expected life in excess of 1 year and an initial value in excess of \$5,000. Fixed assets include capital improvements and ADA compliance improvements. Fixed asset contributions will see increases during the forecast period due to the need to make facility improvements, and funding levels are largely dependent on policy decisions made by the Board. Similar to services and supplies, increases related to LAO predictions are forecasted.

Summary

Considering all of the economic uncertainties, forecasting revenues and expenditures 5 years into the future is a difficult task. This report takes current policies and assumes no changes. That said, this report is intended to provide a baseline to help understand potential impacts of changes in revenues or costs to the county's budget. This report summarizes the County Administrative Office's assessment of the economy and county budget. The forecast focuses on projecting a middle of the road scenario, which assumes continued economic growth at a moderate pace, though likely is more a conservative approach. It is likely that there will be differences between what is being projected and actual amounts, even if key assumptions are correct.

The forecast does not attempt to predict the budgetary decisions that will be made by state and local elected leaders. Difficult choices must be made between the benefits of spending funds now on much-needed services and programs versus increasing Reserves. When an emergency or natural disaster strikes, Reserves can help maintain services. The projections are an estimate of the county's fiscal condition if current law, policies and economic conditions remain mainly unchanged through FY 2029-30.

One example of the type of change that could significantly impact these conditions is a cut to federal spending. Any decrease in revenues from state or federal sources could substantially alter revenue estimates, and if done rapidly could present issues for the county in simultaneously reducing program spending.

With all of that said, the 5-year financial forecast results indicate that the General Fund will continue to experience financial distress. Structural changes will be required to maintain a positive fund balance over the next 5 years. Based on current economic trends it is unlikely that discretionary revenue growth will outpace natural increases in expenditures without targeted spending cuts.

Overall, the forecast underscores the importance of long-term financial planning and fiscal discipline. While the county has made progress in building reserves, structural deficits and dependence on one-time funds and unreliable revenue sources like cannabis taxes leave it vulnerable. The report emphasizes the need for prudent management of labor costs, reevaluation of discretionary spending and non-mandated programs, and careful monitoring of state and federal funding streams—especially given Humboldt County's significant reliance on external funding.

Glossary of Terms

CBO – Congressional Budget Office: A nonpartisan agency of the U.S. Congress that provides independent analyses of budgetary and economic issues to support the congressional budget process.

CPI – Consumer Price Index: A government-issued growth factor based on the retail prices of basic household goods and services.

DHHS – Department of Health and Human Services: An integrated County department providing health and human services previously provided by six separate county departments – Mental Health, Public Health, Social Services, Employment Training, Veterans Services and Public Guardian.

FY – Fiscal Year: The designated accounting and budgeting year for the County. In California, the fiscal year is July 1 through June 30.

GDP – Gross Domestic Product: The total monetary value of all goods and services produced within a country (or region) over a specific period of time, usually measured quarterly or annually.

GFOA – Government Finance Officer’s Association: A non-profit professional association of state, provincial and local government finance officers in the US and Canada that provide resources, education, and advocacy for their members, who are involved in planning, financing, and implementing governmental operations.

LAO – Legislative Analyst’s Office: A nonpartisan governmental agency that provides fiscal and policy advice to the California Legislature.

PARS – Public Agency Retirement Services: a company that provides retirement services to public agencies. The county contracts with PARS for administration of an irrevocable trust for pensions that allows funds to be set aside to help smooth retirement rate increases in future years.

PERS – Public Employee’s Retirement System: Also called CalPERS is an agency in the California executive branch that administers health and retirement benefits for local agencies, public schools and State employers.

PRSP – Pension Rate Stabilization Program: A strategy designed to smooth out the fluctuating costs associated with employer pension contributions, particularly when these costs are tied to investment returns. This allows an employer to make consistent contributions toward retirement, even if investment returns vary significantly.

TOT – Transient Occupancy Tax: A 12% tax charged on lodging accommodations unless the stay is for a period of 31 days or more. The charge is authorized under State Revenue and Taxation Code Section 7280 and voter-approved 2022 Measure J.

UAL – Unfunded Accrued Liability: When a pension or benefit plan's value of assets is less than the total liabilities it has accrued, meaning the plan has insufficient funds to cover future obligations.

2025 General Fund Financial Forecast Table

Forecast Scenario	Actual 2022-23	Actual 2023-24	Adopted Budget 2024-25	Estimated Actual 2024-25	Projected 2025-26	Projected 2026-27	Projected 2027-28	Projected 2028-29	Projected 2029-30	
Beginning Fund Balance (4.10.2025) <i>MZ Fund Balance</i>	31,954,919 <i>8,968,621</i>	30,420,615 <i>7,920,867</i>	36,312,461 <i>6,762,799</i>	36,312,461 <i>6,762,799</i>	28,781,198 <i>s</i>	10,180,203 <i>s</i>	(3,488,388) <i>s</i>	(23,612,418) <i>s</i>	(48,224,961) <i>s</i>	<i>s</i>
Revenues										
Property Taxes	54,322,900	58,309,376	58,191,300	59,048,373	60,229,340	61,433,927	62,662,606	63,915,858	65,194,175	
<i>Assumed Change % or \$</i>					2.0% <i>a</i>	2.0% <i>a</i>	2.0% <i>a</i>	2.0% <i>a</i>	2.0% <i>a</i>	<i>a</i>
Bradley-Burns Sales Tax	5,540,540	5,322,420	5,400,000	5,225,246	5,319,300	5,473,560	5,637,767	5,806,900	5,986,914	
<i>Assumed Change % or \$</i>					1.8% <i>b</i>	2.9% <i>b</i>	3.0% <i>b</i>	3.0% <i>b</i>	3.1% <i>b</i>	<i>b</i>
Measure S Cannabis Tax	420,439	751,410	(100,000)	550,000	-	- <i>#</i>	- <i>#</i>	-	-	
<i>Assumed Change % or \$</i>					0.0% <i>d</i>	<i>d</i>	<i>d</i>	<i>d</i>	<i>d</i>	<i>d</i>
Transient Occupancy Tax	3,553,956	5,409,685	3,440,000	3,440,000	3,500,000	3,762,500	4,044,688	4,348,039	4,674,142	
<i>Assumed Change % or \$</i>					0.0% <i>c</i>	7.5% <i>c</i>	7.5% <i>c</i>	7.5% <i>c</i>	7.5% <i>c</i>	<i>c</i>
Other Taxes	2,350,694	2,226,832	2,016,435	3,375,217	3,813,995	4,309,815	4,870,090	5,503,202	6,218,619	
<i>Assumed Change % or \$</i>		-5.27%		51.57%	13.0% <i>e</i>	13.0% <i>e</i>	13.0% <i>e</i>	13.0% <i>e</i>	13.0% <i>e</i>	<i>e</i>
State Aid Public Safety (Prop 172)	13,246,306	11,155,488	11,290,131	11,069,028	11,279,340	11,572,602	11,896,635	12,241,638	12,596,645	
<i>Assumed Change % or \$</i>					1.9% <i>g</i>	2.6% <i>g</i>	2.8% <i>g</i>	2.9% <i>g</i>	2.9% <i>g</i>	<i>g</i>
Other Gov't'l Agencies	17,548,402	15,625,166	23,943,950	23,126,900	23,126,900	23,126,900	23,126,900	23,126,900	23,126,900	
<i>Assumed Change % or \$</i>					0.0% <i>f</i>	0.0% <i>f</i>	0.0% <i>f</i>	0.0% <i>f</i>	0.0% <i>f</i>	<i>f</i>
Other Revenues and Transfers	21,291,539	11,617,294	15,930,483	14,962,866	15,142,420	15,445,269	16,047,634	16,496,968	16,958,883	
<i>Assumed Change % or \$</i>					1.2% <i>i</i>	2.0% <i>i</i>	3.9% <i>i</i>	2.8% <i>i</i>	2.8% <i>i</i>	<i>i</i>
Charges for Services	10,422,418	13,760,109	13,587,160	13,670,582	17,790,724	18,680,260	19,614,273	20,594,987	21,624,736	
<i>Assumed Change % or \$</i>					3.1% <i>h</i>	5.0% <i>h</i>	5.0% <i>h</i>	5.0% <i>h</i>	5.0% <i>h</i>	<i>h</i>
Total Revenues	128,697,194	124,177,780	133,699,459	134,468,212	140,202,020	143,804,833	147,900,594	152,034,492	156,381,014	
Expenditures										
Salaries & Wages	43,794,852	48,498,492	50,126,702	50,256,824	56,814,786	54,405,525	57,125,801	59,982,091	62,981,196	
<i>Assumed Change % or \$</i>				3.6%	3.1% <i>j</i>	5.0% <i>j</i>	5.0% <i>j</i>	5.0% <i>j</i>	5.0% <i>j</i>	<i>j</i>
Health & Other Insurance/Benefits	12,721,601	13,046,576	14,605,764	13,361,009	14,670,388	16,108,086	17,686,678	19,419,973	21,323,130	
<i>Assumed Change % or \$</i>					9.8% <i>k</i>	9.8% <i>k</i>	9.8% <i>k</i>	9.8% <i>k</i>	9.8% <i>k</i>	<i>k</i>
Retirement & PARS	17,411,806	16,456,682	20,601,356	19,026,514	20,393,278	20,636,173	24,110,600	26,440,388	27,384,520	
<i>Assumed Change % or \$</i>					7.2% <i>l</i>	1.2% <i>l</i>	16.8% <i>l</i>	9.7% <i>l</i>	3.6% <i>l</i>	<i>l</i>
Services & Supplies	24,679,769	23,550,023	41,410,379	37,332,065	37,780,050	38,535,651	40,038,541	41,159,620	42,312,090	
<i>Assumed Change % or \$</i>					1.2% <i>m</i>	2.0% <i>m</i>	3.9% <i>m</i>	2.8% <i>m</i>	2.8% <i>m</i>	<i>m</i>
Other Expenditures	9,917,048	2,083,932	383,211	(933,146)	5,893,878	6,011,756	6,246,214	6,421,108	6,600,899	
<i>Assumed Change % or \$</i>					0.0% <i>n</i>	2.0% <i>n</i>	3.9% <i>n</i>	2.8% <i>n</i>	2.8% <i>n</i>	<i>n</i>
Internal Service & Cost Plan	7,984,774	8,542,534	9,179,961	9,260,782	9,371,911	9,559,350	9,932,164	10,210,265	10,496,152	
<i>Assumed Change % or \$</i>					1.2% <i>o</i>	2.0% <i>o</i>	3.9% <i>o</i>	2.8% <i>o</i>	2.8% <i>o</i>	<i>o</i>
Fixed Assets	2,239,372	1,919,414	4,461,313	2,493,304	2,523,224	2,573,688	2,674,062	2,748,936	2,825,906	
<i>Assumed Change % or \$</i>					1.2% <i>p</i>	2.0% <i>p</i>	3.9% <i>p</i>	2.8% <i>p</i>	2.8% <i>p</i>	<i>p</i>
Contributions	13,855,488	8,189,034	8,012,242	12,177,123	12,350,000	10,657,586	11,245,239	11,320,025	11,397,854	
<i>Assumed Change % or \$</i>					\$ 5,950,000 <i>q,r</i>	\$ 4,257,586 <i>q,r</i>	\$ 4,845,239 <i>q,r</i>	\$ 4,920,025 <i>q,r</i>	\$ 4,997,854 <i>q,r</i>	<i>q,r</i>
Total Expenditures	132,604,710	122,286,687	148,780,928	142,974,475	159,797,515	158,487,814	169,059,301	177,702,406	185,321,747	
Net (Over)/Under	(3,907,516)	1,891,093	(15,081,469)	(8,506,263)	(19,595,495)	(14,682,981)	(21,158,707)	(25,667,914)	(28,940,733)	
Ending Fund Balance	28,047,403	32,311,708	21,230,992	27,806,198	9,185,703	(4,502,778)	(24,647,096)	(49,280,332)	(77,165,694)	

2025 General Fund Financial Forecast Table

Assumption Notes:	<p>a) Property tax increases based on standard 2% growth, supported by county trends.</p> <p>b) Local sales tax increase based on HdL forecast Q1 2025 Report.</p> <p>c) Transient Occupancy Tax is still stabilizing after the implementation of Measure J. FY 2025-26 expected to stay the same as FY 2024-25. Forecast is based on the 5 year average increase prior to the implementation of Measure J and COVID-19 impacts.</p> <p>d) FY 2025-26 based on estimated collections in FY 2024-25. Assuming a decrease to zero after FY 2025-26 as the Board has waived the tax and is seeking to explore alternative options such as a repeal and replace.</p> <p>e) Increase based on trends from prior year county data</p> <p>f) No change assumed; any change to grant revenue should be offset by a corresponding expenditure increase or decrease</p> <p>g) Revenue is tied to state sales tax estimates. Forecast base on HdL statewide growth estimates. Humboldt has lagged behind these estimates, estimated reduced statewide growth estimates by 0.5%.</p> <p>h) Assumes charges for services will be increased based on changes in salary cost. In FY 2025-26, Cost Allocation Plan revenue will be shown as a revenue in this instead of as an offset to expenditures.</p> <p>i) Increase based on half of estimated growth from LAO forecast</p> <p>j) Includes Salaries, Extra Help and OT and is less 1475-Salaries Reimbursed. FY 2025-26 anticipated increase 3.1% based on mid year. Forecast anticipate 5% after that for step increases. FY 2025-26 includes an \$5 million in one-time labor negotiations contingency.</p> <p>k) Includes SUI, FICA, Medicare, Health, Dental & Life. Forecast is based on the 5 year average increase in health insurance, plus the increase in salaries.</p> <p>l) Includes PARS contribution @ 2% of salaries and wages, increase in retirement based on PERS estimates, FY 2025-26 and FY 2026-27 estimate utilizing fund balance to reduce charges.</p> <p>m) Applies LAO growth increase to half of expenses; the remainder are tied to grants with no change assumed</p> <p>n) Other expenditures mostly comprised of transfers, under the current Auditor-Controller, these have been significantly reduced. This also included Cost Allocation Plan revenue as an offset until FY 2024-25. Forecast based on trend in FY 2025-26, adjusting for the previously mentioned accounting changes, and then applying half of the estimated LAO growth.</p> <p>o) Increase based on half of estimated growth from LAO forecast</p> <p>p) Applies CPI increase to half of expenses; the remainder are tied to grants with no change assumed</p> <p>q) Approved FY 2025-26 Reserve Cont \$3 million, Def. Maint and Cont at policy level, anticipated Finance Plan payment</p> <p>r) Included annual contributions to deferred maintenance, reserves at \$1 million and contingencies and anticipated finance plan interest payments, base contributions to other agencies/funds based on trends</p> <p>s) Removed Measure Z fund balance. Unused contingencies are added back into beginning fund balance, estimated at 65% based on historical usage, contingencies estimated at \$1.5 million in FY 2025-26 and historically increasing by roughly 2% per year.</p>
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