Fourth-Quarter Financial Review Fiscal Year 2026

Finance Committee Meeting
September 15, 2026

Recommendation to Finance Committee

A. Receive a report from staff on the status of revenues and expenditures in relation to budget for the twelve months ended June 30, 2026;

B. Accept the Fiscal Year (FY) 2026 Interim Financial Statements for the twelve months ended June 30, 2026;

C. Adopt, by reading of title only, a Resolution of the Council of the City of Santa Barbara Amending Resolution 2026-036, to Approve Proposed Fourth-Quarter (Q4) Adjustments to FY2026 Revenue and Expenditure Appropriations as Detailed in the Attached Schedule of Proposed Q4 Adjustments; and

D. Adopt, by reading of title only, a Resolution of the Council of the City of Santa Barbara Amending the Position Salary Control Resolution 2026-072 for Authorized Positions for Fiscal Year 2026. Changes Are Effective September 19, 2026.

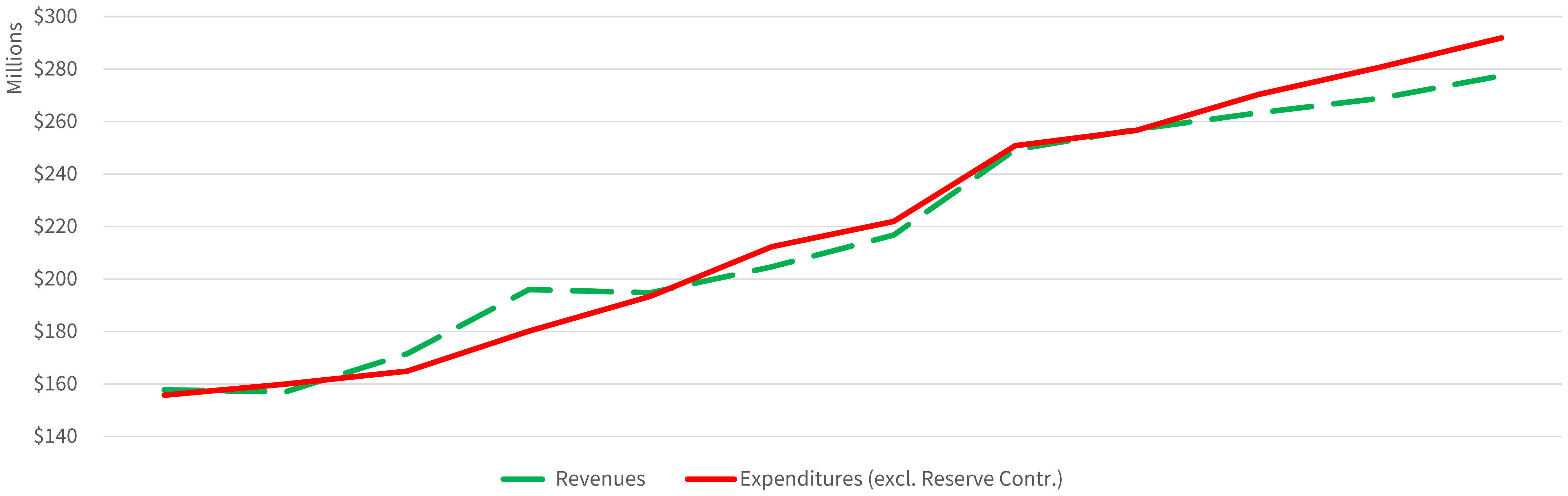
Agenda

1. General Fund Overview
2. Enterprise Funds Overview
3. Proposed Budget Adjustments
4. Position Changes
5. Public Comment, Questions, & Discussion

Financial Reporting Timeline

General Fund Overview

General Fund Multi-Year Forecast *



Revenue & Expense	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Projection	FY 2027 Budget	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast
Revenue	$157.7	$157.0	$171.6	$196.0	$194.8	$204.6	$216.8	$249.3	$257.1	$263.4	$268.9	$277.5
Expenditure	$155.7	$159.9	$164.9	$180.1	$193.4	$212.3	$221.9	$250.8	$256.7	$270.3	$280.8	$291.9
Surplus /(Deficit)	**$2.0**	**($2.9)**	**$6.6**	**$15.9**	**$1.4**	**($7.7)**	**($5.1)**	**($1.6)**	**$0.3**	**($7.0)**	**($11.9)**	**($14.4)**

* Includes Measure C sales tax revenues & expenditures but does NOT include the annual reserve contribution.

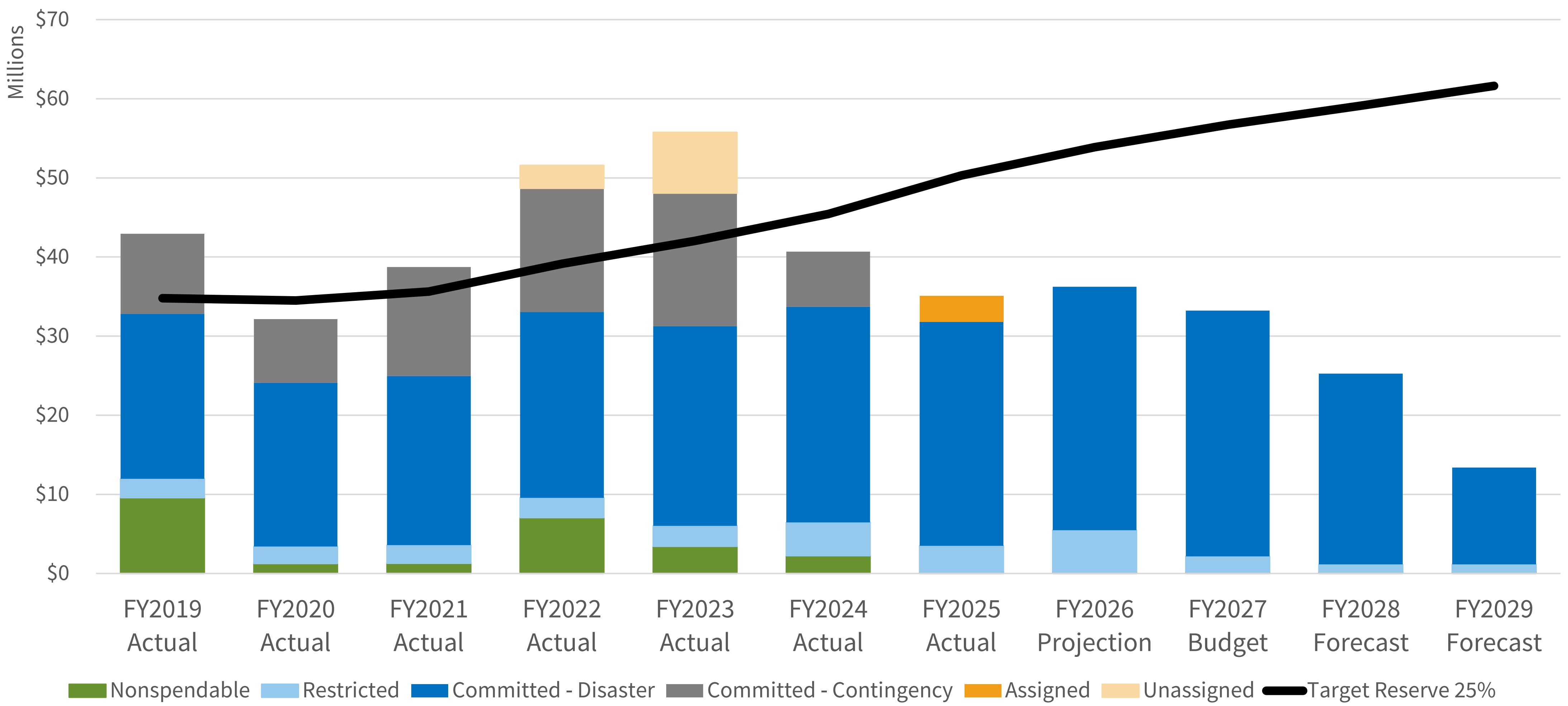
General Fund Projection *

$ MILLIONS	FY 2024 Actual	FY 2025 Actual	FY 2026 Projection	FY 2027 Budget	FY 2028 Forecast
Revenues	$204.6	$216.8	$249.3	$257.1	$263.3
Expenditures	$212.3	$221.9	$250.8	$256.7	$270.3
Surplus / (Deficit)	**($7.7)**	**($5.1)**	**($1.6)**	**$0.3**	**($7.0)**
Reserve Policy Target (25.0%)**	$45.4	$50.3	$53.2	$56.7	$59.1
Actual / Projected Reserve Level	$40.7	$35.1	$36.2	$33.2	$25.2
Difference	**($4.8)**	**($15.2)**	**($17.7)**	**($23.5)**	**($33.9)**
Actual / Projected Reserve Percent	**22.4%**	**18.4%**	**16.7%**	**15.0%**	**10.7%**

* Includes Measure C sales tax revenues & expenditures

** Reserve Policy target for 15.0% disaster & 10.0% contingency reserves only. Other reserves include non-spendable, restricted & assigned.

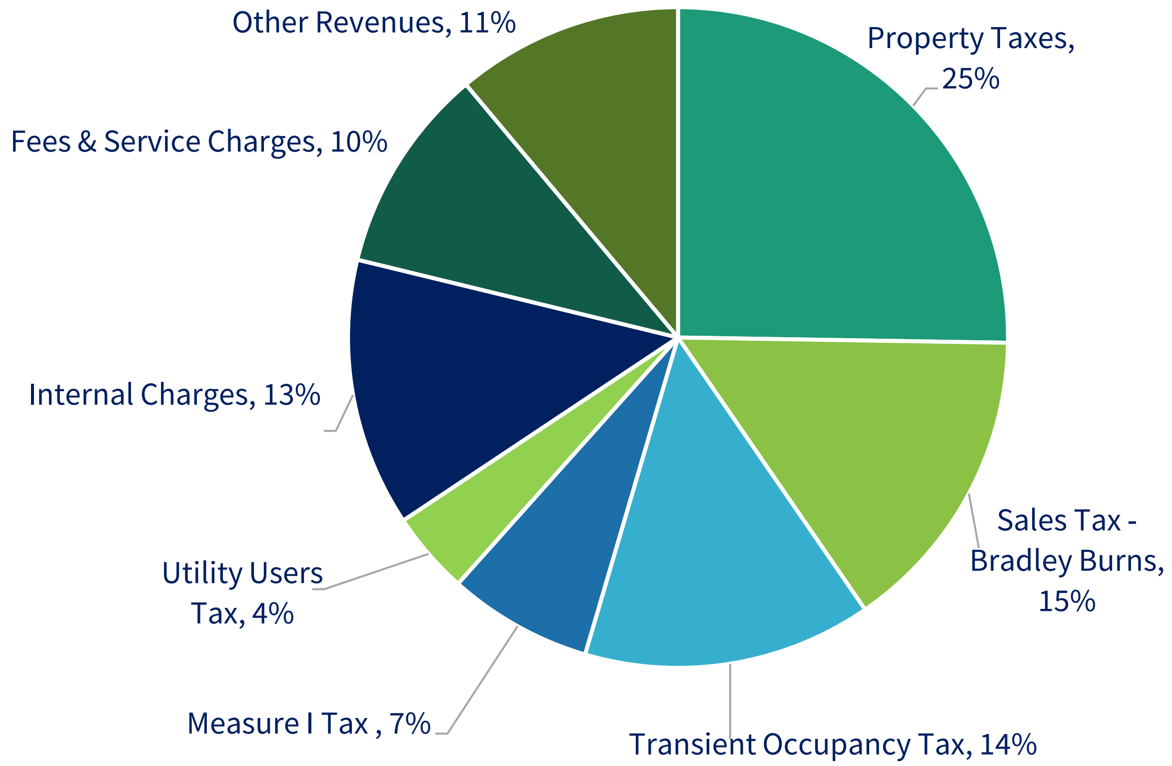
General Fund Reserves Model



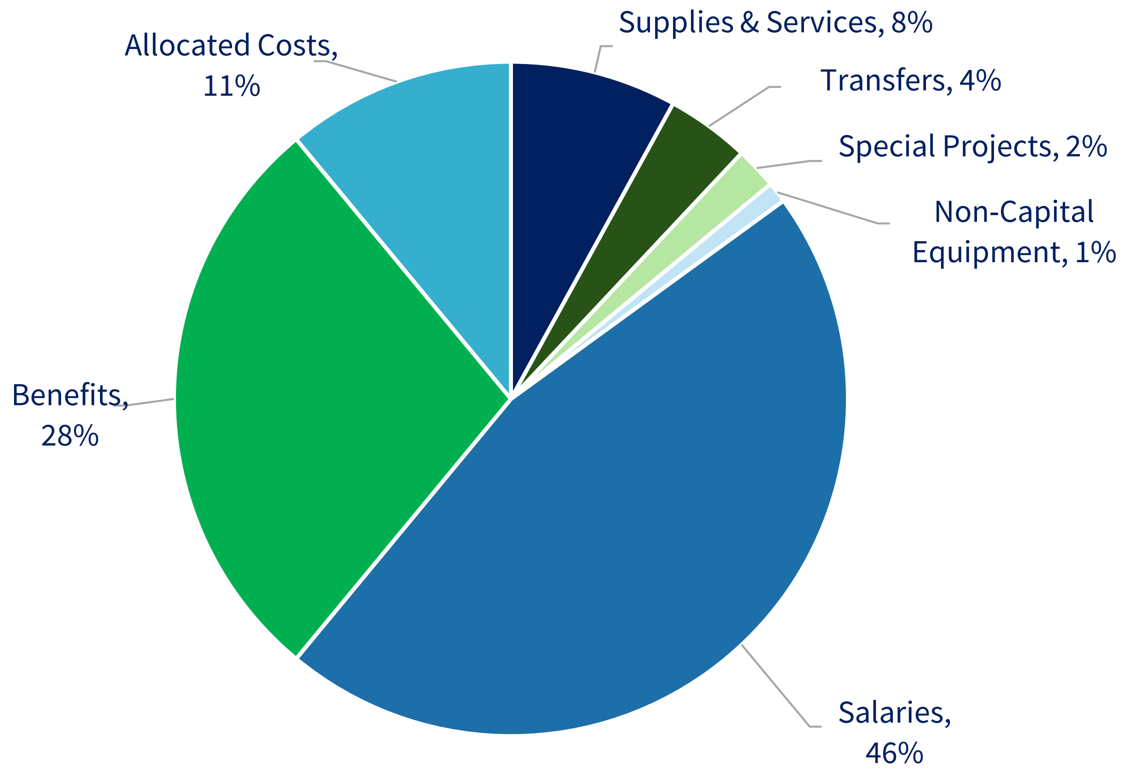
General Fund Revenue & Expenditure

Adopted Budget FY 2026 – Percentage Allocation

General Fund Revenue



General Fund Expenditure



General Fund Overview

- Revised Budget includes Carryforward appropriation from FY2025 for encumbrance & commitments continuing into FY2026.
- Tax revenue came in at 98.0% of budget
- Fire mutual aid revenue
- Expenditure control measures created savings

General Fund ($ Millions)	FY 2026 Adopted Budget	FY 2026 Revised Budget	FY 2026 Q4 Actual	Actual % of Revised Budget	FY 2026 Projections	FY 2025 Q4 Actual
Revenues	$208.7	$209.6	$207.0*	98.8%	$215.0	$181.6
Expenditures	$210.3	$219.4	$207.9	94.8%	$216.6	$189.1
Surplus / (Deficit)	($1.6)	($9.8)	($0.9)		($1.6)	($7.5)
Measure C	**FY 2026 Adopted Budget**	**FY 2026 Revised Budget**	**FY 2026 Q4 Actual**	**Actual % of Revised Budget**	**FY 2026 Projections**	**FY 2025 Q4 Actual**
Revenues	$34.2	$34.3	$31.9	93.2%	$34.3	$31.5
Expenditures	$35.1	$78.8	$31.5	40.2%	$31.5	$42.7
Surplus / (Deficit)	($0.9)	($44.5)	$0.4		$2.7	($11.1)

*Additional Measure I revenue for FY2026 – $12.8.0M

General Fund Tax Summary (Q4 – Fiscal Year 2026)

Tax Source	Adopted Budget ($ Millions)	Revised Budget ($ Millions)	YTD Actual ($ Millions)	% Used with Adopted Budget	FY 2026 Projection	FY 2025 Q4 Actual ($ Millions)
Property Tax	$53.6	$53.6	$53.6	**100.0%**	$53.6	$50.7
Sales & Use Tax	$32.0	$32.0	$29.3	**91.7%**	$32.2	$29.3
Measure C Sales Tax	$34.2	$34.3	$31.9	**93.2%**	$34.3	$31.5
Measure I Sales Tax	$15.1	$15.1	$12.8	**85.1%**	$15.1	$0.0
Transient Occupancy Tax	$29.6	$29.6	$32.2	**108.9%**	$29.6	$29.1
Utility Users Tax	$8.2	$8.2	$9.5	**116.2%**	$8.2	$9.1
Business Tax Certificates	$3.0	$3.0	$2.7	**92.2%**	$3.0	$2.7
Cannabis Excise Tax	$1.0	$1.0	$0.8	**76.6%**	$1.0	$1.1
Property Transfer Tax	$1.0	$1.0	$1.0	**100.5%**	$1.0	$0.9
TOTAL TAXES	**$177.6**	**$177.6**	**$173.9**	**97.9%**	**$178.0**	**$154.4**

Short-Term Rental

The Short-Term Rental (STR) Enforcement Pilot Program was launched by the City Attorney's Office on August 1, 2023.

The Pilot Program was funded by the City Council on April 25, 2023, with the goal of increasing the enforcement of illegal short-term rentals operating in the City & gain a better understanding of the type, seasonality, location, & number of short-term rentals existing in the City.

Fiscal Year 2025

Period	General Fund	Measure B
12 Months	$3,400,000	$650,000

Fiscal Year 2026

Description	Period	General Fund	Measure B
GF STR	12Months	$2,700,000	$545,000
GF STR Settlements	N/A	$1,000,000	$219,000

General Fund Expenditures FY 2026 (1 of 2)

Department	Adopted Budget ($ Millions)	Revised Budget ($ Millions)	Q4 Exclude Encumbrance ($ Millions)	% Used with Revised Budget	Encumbrance	FY 2026 Projection
Mayor & Council	$3.4	$3.6	$3.4	94.4%	$0.0	$3.6
City Attorney	$5.6	$5.9	$5.2	88.1%	$0.3	$5.9
City Administrator	$8.6	$10.7	$9.2	86.0%	$0.7	$9.1
Human Resources	$2.9	$3.1	$2.8	90.3%	$0.1	$3.1
Finance	$8.3	$9.2	$8.3	90.2%	$0.5	$9.1
General Government	**$28.8**	**$32.5**	**$28.9**	**88.9%**	**$1.6**	**$30.8**
Police	$61.2	$62.4	$62.3	99.8%	$0.5	$62.4
Fire	$42.4	$46.1	$44.3	96.1%	$0.1	$46.1
Public Safety	**$103.6**	**$108.5**	**$106.6**	**98.2%**	**$0.6**	**$108.5**

General Fund Expenditures FY 2026 (2 of 2)

Department	Adopted Budget ($ Millions)	Revised Budget ($ Millions)	Q4 Exclude Encumbrance ($ Millions)	% Used with Revised Budget	Encumbrance	FY 2026 Projection
Parks & Recreation	$28.0	$28.3	$26.2	92.6%	$0.4	$28.3
Library	$9.9	$9.9	$9.5	96.0%	$0.0	$9.3
Community Services	**$37.9**	**$38.2**	**$35.7**	**93.5%**	**$0.4**	**$37.6**
Public Works	$15.2	$15.2	$13.5	88.8%	$0.0	$13.2
Sustainability & Resilience	$0.3	$0.5	$0.3	60.0%	$0.0	$0.3
Community Development	$16.0	$17.3	$15.8	91.3%	$0.6	$17.3
Subtotal Expenditures	**$201.8**	**$212.2**	**$199.7**	**94.1%**	**$3.0**	**$207.7**
Measure C Sales Tax	$35.1	$78.8	$31.5	40.0%	$0.0	$31.5
Non - Departmental	$8.5	$7.2	$8.2	113.9%	$0.0	$8.7
Total Expenditures	**$245.4**	**$298.2**	**$239.4**	**80.3%**	**$3.0**	**$247.9**

Tier 1 Savings by General Fund Departments

FY 2026 savings include:

- Transferring positions to Enterprise Funds.
- Minor fee adjustments.
- Library reorganization.
- Increase parking citation revenues.
- Hold positions vacant.
- Clean Community taking on General Fund expenses.

Department	FY 2026	FY 2027
City Administrator's Office	$0	$150,000
Community Development	$70,000	$317,335
Finance	$71,000	$1,240,100
Fire	$48,000	$158,900
Information Technology	$0	$74,038
Library	$224,186	$67,509
Parks & Recreation	$0	$91,248
Police	$557,000	$1,340,000
Public Works	$57,500	$376,729
Sustainability & Resilience	$315,000	$648,000
Total	**$1,342,686**	**$4,463,859**

Enterprise Funds Overview

Enterprise Funds Operating Position FY 2026
(1 of 3)

Enterprise Fund	Adopted Budget ($ Millions)	Revised Budget ($ Millions)	Q4 FY 2026 ($ Millions)	% Used with Revised Budget	FY 2026 Projection ($ Millions)	Q4 FY 2025 ($ Millions)
Water						
Revenues	$86.8	$86.8	$86.0	99.0%	$86.0	$80.0
Expenses	$89.3	$92.2	$83.7	91.0%	$84.1	$78.4
Operating Income (Loss)	**($2.5)**	**($5.6)**	**$2.3**		**$1.9**	**$1.6**
Wastewater						
Revenues	$34.5	$38.0	$37.9	100.0%	$37.9	$32.0
Expenses	$37.2	$38.5	$35.0	91.0%	$35.1	$32.3
Operating Income (Loss)	**($2.7)**	**($0.5)**	**$2.9**		**$2.8**	**($0.3)**
Solid Waste						
Revenues	$43.0	$43.2	$43.3	100.0%	$44.1	$40.4
Expenses	$42.4	$45.1	$43.3	96.0%	$43.8	$39.0
Operating Income (Loss)	**$0.6**	**($1.9)**	**$0.0**		**$0.3**	**$1.4**

Enterprise Funds Operating Position FY 2026
(2 of 3)

Enterprise Fund	Adopted Budget ($ Millions)	Revised Budget ($ Millions)	Q4 FY 2026 ($ Millions)	% Used with Revised Budget	FY 2026 Projection ($ Millions)	Q4 FY 2025 ($ Millions)
Clean Energy						
Revenues	$47.8	$47.8	$43.8	92.0%	$45.8	$47.7
Expenses	$50.6	$52.6	$41.6	79.0%	$43.1	$58.8
Operating Income (Loss)	**($2.8)**	**($4.8)**	**$2.2**		**$2.7**	**($11.1)**
Airport						
Revenues	$35.6	$41.6	$36.5	88.0%	$41.1	$33.8
Expenses	$41.9	$50.3	$43.6	87.0%	$50.3	$35.8
Operating Income (Loss)	**($6.3)**	**($8.7)**	**($7.1)**		**($9.2)**	**($2.0)**
Waterfront						
Revenues	$20.8	$20.8	$20.9	100.0%	$20.8	$20.9
Expenses	$22.7	$22.8	$22.2	97.0%	$22.8	$20.5
Operating Income (Loss)	**($1.9)**	**($2.0)**	**($1.3)**		**($2.0)**	**$0.4**

Enterprise Funds Operating Position FY 2026
(3 of 3)

Enterprise Fund	Adopted Budget ($ Millions)	Revised Budget ($ Millions)	Q4 FY 2026 ($ Millions)	% Used with Revised Budget	FY 2026 Projection ($ Millions)	Q4 FY 2025 ($ Millions)
Downtown Parking						
Revenues	$10.2	$10.3	$10.8	105.0%	$10.3	$11.4
Expenses	$10.3	$10.5	$9.9	94.0%	$10.5	$11.7
Operating Income (Loss)	**($0.1)**	**($0.2)**	**$0.9**		**($0.2)**	**($0.3)**
Golf						
Revenues	$5.3	$5.3	$5.1	90.0%	$5.3	$5.0
Expenses	$5.7	$6.3	$6.0	95.0%	$6.3	$4.3
Operating Income (Loss)	**($0.5)**	**($1.0)**	**($0.9)**		**($1.0)**	**$0.7**

Proposed Budget Amendments

General & Special Funds

- Increase in estimated revenue & corresponding appropriations from Airport to General Fund for project – PD Staff time at Airport.

  $380.6K Revenue / Expenditure

- Increase in estimated revenue & corresponding appropriation from Local Housing Trust Fund to General Fund for Revenue from Inclusionary Housing Fee

  $246.8K Revenue / Expenditure

- Increase in appropriation for the Parks Restroom Building Renewal project to fund the Shoreline Park Restroom renovation.

  $116.2K Expenditure

Enterprise Funds

- For the Airport Fund: Increase in estimated revenue for reimbursement for FY2026 storm damage mitigation that is subject to insurance coverage and increase by the same amount expense.

  $730.0K Revenue / Expense

- Decrease in appropriation to align the budget for Enterprise Fund vehicle replacements with anticipated actual costs, especially reflecting deferred vehicle replacements.

  $1.0M Expense

- Decrease in appropriation to align the budget for General Fund vehicle replacements with anticipated actual costs, especially reflecting deferred vehicle replacements.

  $3.5M Expense

Position & Salary Changes

Position & Salary Changes

- City Administrator's Office
  - 1.0 FTE – Rental Housing Programs Manager *(New Classification)*
- City Attorney's Office
  - 1. 0 FTE – Deputy City Attorney
  - (0.5) FTE – Assistant City Attorney
- Risk Management
  - Reclassification Risk Analyst I to Administrative Analyst I
- Parks & Recreation
  - 1.0 FTE – Parks Planning Manager *(New Classification)*
  - (2.0) FTEs – Neighborhood Outreach Services Supervisor I
– Senior Recreation Supervisor
- Salary Adjustments
  - Assistant City Attorney V
  - Risk Manager

Public Comment, Questions, & Discussion