



**FINANCE DEPARTMENT**

# **THIRD-QUARTER FINANCIAL REVIEW FISCAL YEAR 2024**

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Finance Committee – May 21, 2024

# Objective

- A. Receive a report from staff on the status of revenues and expenditures in relation to budget for the nine months ended March 31, 2024;
- B. Accept the Fiscal Year (FY) 2024 Interim Financial Statements for the nine months ended March 31, 2024;
- C. Approve proposed third-quarter (Q3) adjustments to FY2024 revenue and expenditure appropriations as detailed in the attached Schedule of Proposed Q3 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 23-081 for authorized positions for Fiscal Year 2024; the Human Resources Department requests Council approval for the following adjustments, including the following position changes, & the corresponding salary document updates.

# Agenda

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



# FY2024 Annual Financial Review Process

- Monthly financial statements
- Quarterly financial statements & projections
  - ✓ • **Q1** – Finance Committee December 2023
  - ✓ • **Q2** – City Council March 2024
  - ✓ • **Q3** – Finance Committee May 2024
  - **Q4** – Finance Committee September 2024
- Annual Comprehensive Financial Report – December 2024

# General Fund Overview

# General Fund Financial Overview

- Revised budget includes carryforward appropriation from FY2023 for encumbrance & commitments continuing into FY2024
- Tax revenue softening
- Business License renewal by calendar year
- FY2024 projection to revised budget

GENERAL FUND \$ MILLIONS	FY2024 ADOPTED BUDGET	FY2024 REVISED BUDGET	ACTUALS FY2024 THROUGH Q3	FY2024 PROJECTION	ACTUALS PERCENT OF REVISED BUDGET (Q3)	VARIANCE (PROJECTION VS. REVISED BUDGET)
<b>Revenues</b>						
Annual FY2024 Revenues	\$171.7	\$175.3	\$116.8	\$171.0	67%	(\$4.3)
Use of Prior Year Revenues/Reserves <b>Encumbrance Carryover</b>		\$2.7		\$2.7		
Use of Prior Year Revenues/Reserves <b>Commitment Carryover</b>		\$6.6		\$6.6		
<b>Revenues Total With Carryovers</b>	<b>\$171.7</b>	<b>\$184.7</b>	<b>\$116.8</b>	<b>\$180.3</b>	<b>64%</b>	<b>(\$4.3)</b>
Annual FY2024 Expenditures	\$174.6	\$184.7	\$128.6	\$184.0	70%	\$0.7
<b>Surplus / (Deficit)</b>	<b>(\$2.9)</b>	<b>\$0</b>	<b>(\$11.8)</b>	<b>(\$3.6)</b>		<b>\$ 3.6</b>

# Measure C Financial Overview

- Budget includes the use of prior year funds that have accumulated
- Priority to program all available Measure C funds for capital projects as identified in the 5-year Capital Improvement Plan

MEASURE C \$ MILLIONS	FY2024 ADOPTED BUDGET	FY2024 REVISED BUDGET	ACTUALS FY2024 THROUGH Q3	FY2024 PROJECTION	ACTUALS PERCENT OF REVISED BUDGET (Q3)
<b>Revenues</b>					
Annual FY2024 Revenues	\$31.9	\$31.9	\$23.8	\$31.5	75%
Use of Prior Year Revenue/Reserves	\$14.9	\$17.2	\$15.4	\$15.3	
<b>Revenues Total</b>	<b>\$46.8</b>	<b>\$49.1</b>	<b>\$39.2</b>	<b>\$46.8</b>	80%
<b>Annual FY2024 Expenditures</b>	<b>\$46.8</b>	<b>\$49.1</b>	<b>\$39.2</b>	<b>\$46.8</b>	80%
<b>Surplus/(Deficit)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

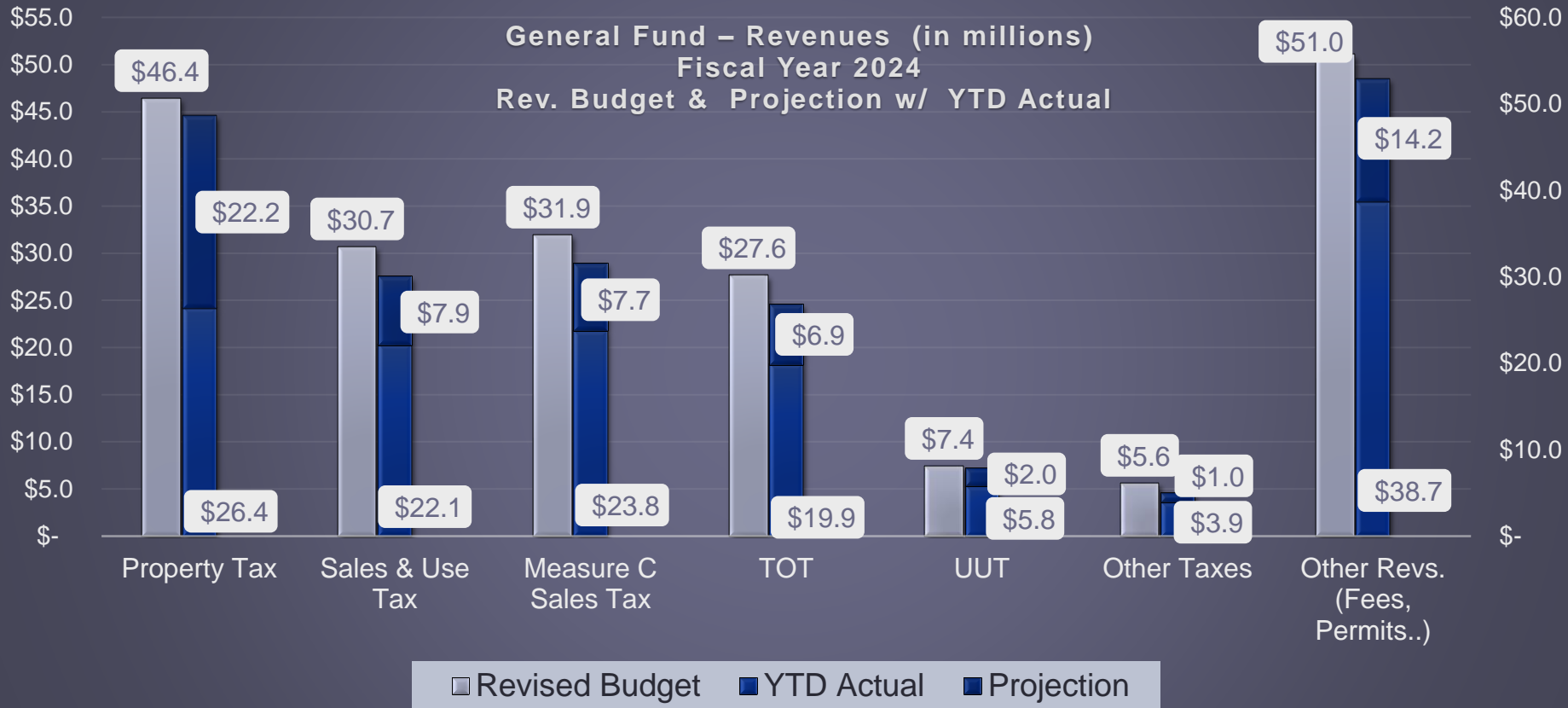
# Carryforwards

- Appropriation from a prior fiscal year that is carried forward into the current fiscal year to be encumbered &/or spent \$9.4M
- Routine annual budget process after budget adoption
- City Council resolution adopted every year to authorize
- City Administrator review of all requests
- 37 General Fund requests for one-time projects totaling \$6.5M
- Many other one-time & capital project requests



# General Fund Tax Summary (9 months ended March 31, 2024)

\$ MILLIONS	REVISED BUDGET	YTD ACTUAL Q3	VARIANCE	** PROJECTED FULL-YEAR	% VAR. BUDGET WITH ACTUAL	PRIOR YEAR YTD ACTUAL	CHANGE FROM FY23
Property Tax	\$46.3	\$26.4	(\$19.9)	\$48.6	57%	\$24.3	8.6%
Sales & Use Tax	\$30.6	\$22.1	(\$8.5)	\$30.0	73%	\$22.0	0.0%
Measure C Sales Tax	\$31.9	\$23.7	(\$8.2)	\$31.5	75%	\$23.7	0.0%
Transient Occupancy Tax	\$27.5	\$19.8	(\$7.7)	\$26.8	72%	\$20.0	(1.0%)
Utility Users Tax	\$7.3	\$5.8	(\$1.5)	\$7.8	80%	\$6.0	(3.3%)
Business License	\$2.8	\$2.4	(\$0.4)	\$2.7	86%	\$2.3	4.3%
Cannabis Excise Tax	\$1.5	\$0.8	(\$0.7)	\$1.3	54%	\$0.9	(11.0%)
Property Transfer tax	\$1.2	\$0.6	(\$0.6)	\$0.9	50%	\$0.7	(14.3%)
<b>Total Taxes</b>	<b>\$149.1</b>	<b>\$101.6</b>	<b>(\$47.5)</b>	<b>\$149.6</b>	<b>69%</b>	<b>\$99.9</b>	<b>1.7%</b>



# Short-Term Rental Enforcement Program

- 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.
- Transient Occupancy Tax (TOT) payments collected as a part of this program are as follows:

STR TOT	# SETTLEMENTS	GENERAL FUND	MEASURE B
FY2024 Nine Months	40	\$450,000	\$90,000



# General Fund – Expenditures

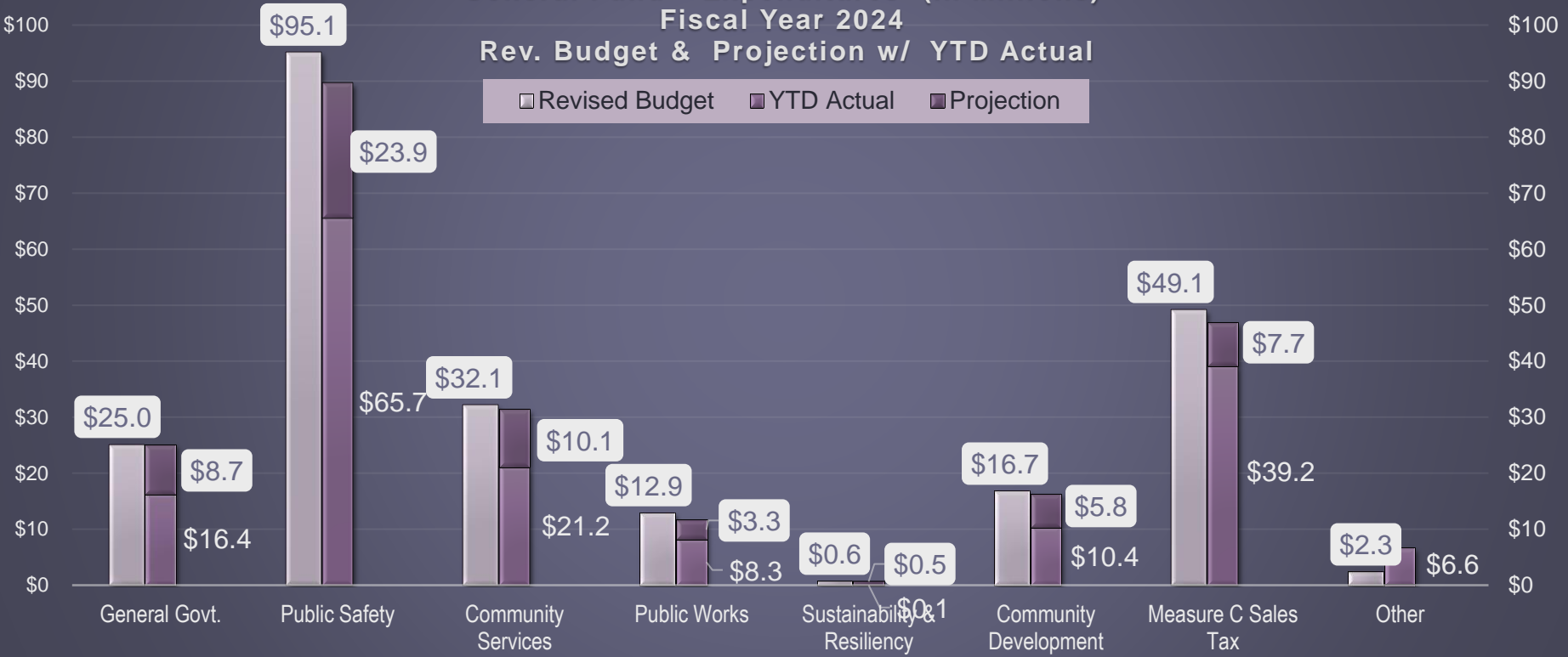
\$ MILLIONS	REVISED BUDGET	YTD ACTUAL (W/O ENCUMBRANCE)	% VARIANCE	** PROJECTED FULL-YEAR	YTD VARIANCE (W/O ENCUMBRANCE)	ENCUMBRANCE	REMAINING BUDGET AFTER ENCUMBRANCES
Mayor & Council	\$3.4	\$2.6	76%	\$3.4	\$0.8	\$0.4	\$0.4
City Attorney	\$6.5	\$3.5	54%	\$6.5	\$3.0	\$0.1	\$2.9
City Administrator	\$4.2	\$3.0	71%	\$4.2	\$1.2	\$0.1	\$1.1
Human Resources	\$3.0	\$2.1	72%	\$3.0	\$0.8	\$0.2	\$0.6
Finance	\$7.9	\$5.0	63%	\$7.9	\$2.9	\$0.7	\$2.2
<b>General Government</b>	<b>\$25.0</b>	<b>\$16.2</b>	<b>65%</b>	<b>\$25.0</b>	<b>\$8.7</b>	<b>\$1.5</b>	<b>\$7.2</b>
Police	\$60.2	\$38.4	64%	\$52.2	\$21.8	\$0.9	\$20.9
Fire	\$34.9	\$27.2	78%	\$37.4	\$7.7	\$0.2	\$7.5
<b>Public Safety</b>	<b>\$95.1</b>	<b>\$65.6</b>	<b>69%</b>	<b>\$89.6</b>	<b>\$29.5</b>	<b>\$1.1</b>	<b>\$28.4</b>

# General Fund – Expenditures

\$ MILLIONS	REVISED BUDGET	YTD ACTUAL (W/O ENCUMBRANCE)	% VARIANCE	** PROJECTED FULL-YEAR	YTD VARIANCE (W/O ENCUMBRANCE)	ENCUMBRANCE	REMAINING BUDGET AFTER ENCUMBRANCES
Parks & Recreation	\$23.8	\$15.9	67%	\$23.6	\$7.9	\$0.8	\$7.1
Library	\$8.3	\$5.3	64%	\$7.7	\$3.0	\$0.1	\$2.9
<b>Community Services</b>	<b>\$32.1</b>	<b>\$21.2</b>	<b>66%</b>	<b>\$31.3</b>	<b>\$10.9</b>	<b>\$0.9</b>	<b>\$10.0</b>
Public Works	\$12.9	\$8.2	64%	\$11.5	\$4.7	—	\$4.7
Sustainability & Resiliency	\$0.6	\$0.1	17%	\$0.6	\$0.5	—	\$0.5
Community Development	\$16.7	\$10.4	62%	\$16.2	\$6.3	\$0.7	\$5.6
Measure C Sales Tax	\$49.1	\$39.1	80%	\$46.8	\$10.0	—	\$10.0
Non-Departmental	\$2.3	\$6.6	287%	\$2.4	(\$4.3)	—	(\$4.3)
<b>Total <u>All General Funds</u></b>	<b>\$233.8</b>	<b>\$167.7</b>	<b>72%</b>	<b>\$223.6</b>	<b>\$66.1</b>	<b>\$4.4</b>	<b>\$61.7</b>



### General Fund – Expenditures (in Millions) Fiscal Year 2024 Rev. Budget & Projection w/ YTD Actual



# Enterprise Funds Overview



# Enterprise Funds Revenues & Expenses (1 of 2)

\$ MILLIONS	REVISED BUDGET	YTD ACTUAL	PROJECTED YEAR END	YTD %	ENCUMBERED	LAST YEAR ACTUAL	% VARIANCE
<b>Solid Waste Fund</b>							
Revenues	\$38.3	\$29.0	\$39.3	76%	—	\$25.8	12%
Expenses	\$40.7	\$26.1	\$37.8	64%	\$6.7	\$23.9	9%
<b>Add / (Use) Reserves</b>	<b>(\$2.4)</b>	<b>\$2.9</b>	<b>\$1.5</b>			<b>\$1.9</b>	
<b>Clean Energy Fund</b>							
Revenues	\$47.7	\$34.7	\$53.3	73%	—	\$24.9	39%
Expenses	\$39.6	\$21.8	\$39.4	55%	\$2.2	\$25.2	(13%)
<b>Add / (Use) Reserves</b>	<b>\$8.1</b>	<b>\$12.9</b>	<b>\$13.9</b>			<b>(\$0.3)</b>	
<b>Water Fund</b>							
Revenues	\$74.7	\$55.9	\$74.4	75%	—	\$51.9	8%
Expenses	\$81.0	\$52.0	\$75.0	64%	\$5.9	\$46.2	13%
<b>Add / (Use) Reserves</b>	<b>(\$6.3)</b>	<b>\$3.9</b>	<b>(\$0.6)</b>			<b>\$5.7</b>	
<b>Wastewater Fund</b>							
Revenues	\$29.1	\$21.7	\$29.0	75%	—	\$20.1	8%
Expenses	\$30.4	\$20.3	\$29.0	67%	\$2.2	\$19.0	7%
<b>Add / (Use) Reserves</b>	<b>(\$1.3)</b>	<b>\$1.4</b>	<b>\$0</b>			<b>\$1.1</b>	



# Enterprise Funds Revenues & Expenses (2 of 2)

\$ MILLIONS	REVISED BUDGET	YTD ACTUAL	PROJECTED YEAR END	YTD %	ENCUMBERED	LAST YEAR ACTUAL	% VARIANCE
<b>Airport Fund</b>							
Revenues	\$30.9	\$21.9	\$30.9	71%	—	\$18.7	17%
Expenses	\$33.4	\$21.1	\$33.0	63%	\$2.7	\$21.0	0%
<b>Add / (Use) Reserves</b>	<b>(\$2.5)</b>	<b>\$0.8</b>	<b>(\$2.1)</b>			<b>(\$2.3)</b>	
<b>Waterfront Fund</b>							
Revenues	\$19.0	\$14.8	\$19.0	78%	—	\$14.0	6%
Expenses	\$19.3	\$13.3	\$19.3	69%	\$0.9	\$13.6	(2%)
<b>Add / (Use) Reserves</b>	<b>(\$0.3)</b>	<b>\$1.5</b>	<b>(\$0.3)</b>			<b>\$0.4</b>	
<b>Golf Fund</b>							
Revenues	\$4.2	\$3.2	\$4.5	76%	—	\$2.9	10%
Expenses	\$3.8	\$2.3	\$4.0	61%	\$1.2	\$2.1	10%
<b>Add / (Use) Reserves</b>	<b>\$0.4</b>	<b>\$0.9</b>	<b>\$0.5</b>			<b>\$0.8</b>	
<b>Downtown Parking Fund</b>							
Revenues	\$11.6	\$7.8	\$10.4	67%	—	\$7.4	5%
Expenses	\$12.0	\$8.4	\$12.2	70%	\$0.7	\$7.4	14%
<b>Add / (Use) Reserves</b>	<b>(\$0.4)</b>	<b>(\$0.6)</b>	<b>(\$1.8)</b>			<b>\$0</b>	

# Proposed Budget Amendments



# Proposed Budget Adjustments

## General Fund

- Increase appropriation in Fire Department payroll to meet fiscal year trend related to minimum staffing overtime \$3.1M
- Decrease Measure C transfer-out appropriation by \$14.9M to align Measure C revenue budget
- Decrease appropriation in benefits-retirement UAL to account for prepayment discount achieved (\$1.6M) & increase appropriation to transfer out excess UAL authority to transfer-in to cover Other Post Employment Benefits (OPEB) fund reserve shortfall \$1.6M
- Library salary savings for print & digital collections



# Proposed Budget Adjustments

## Other Funds

- Increase revenue & expenditure appropriations in the Streets Grant Capital Fund in the amount of \$1.2M to support awarded Highway Safety Improvement Project grant funds, for the Cliff Drive at Alan Drive & San Andres Street Highway Safety Improvement Project
- Increase appropriation to transfer-out \$600K from the Facilities Operating Fund (6300) reserve to the Facilities Capital Fund (6310) for storm remediation costs for the Eastside Library & 625 Laguna Water Building
- Increase estimated revenue (SIT Fund 6100) related to Insurance Premiums received to align with adopted department allocations (clerical adjustment) \$305K



# Position Changes

# Position Changes – Quarter 3

1. Reclassification of a vacant position of Electronics Communication Technician II to an Administrative Analyst I
2. Mayor & Council compensation per City Charter requirement
3. Create an hourly Special Investigator II, position in City Attorney's Office
4. Add a .50 FTE Community Development Programs Specialist position in Community Development Department
5. Add 1 FTE Associate Planner in Sustainability & Resilience Department
6. Create an hourly Administrative Investigator for Human Resources Department
7. Reclassify a Library Technician to an Outreach Coordinator

# Staff Recommendations

- A. Receive a report from staff on the status of revenues and expenditures in relation to budget for the nine months ended March 31, 2024;
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# Questions, Public Comment, & Discussion