

# QUARTERLY FINANCIAL REPORT



FOURTH QUARTER ENDED  
JUNE 30, 2025





CITY OF SANTA MARIA, CA

# QUARTERLY FINANCIAL REPORT

**MAYOR**

Alice Patino

**MAYOR PRO TEM**

Carlos Escobedo

**COUNCIL**

Gloria Soto

Maribel Aguilera-Hernandez

Gloria Flores

**CITY MANAGER**

David W. Rowlands

**REPORT PREPARED BY**

Rebecca Campbell

Director of Finance

206 East Cook Street

Santa Maria, CA 93454

(805)925-0951 Ext. 2215

[www.cityofsantamaria.org](http://www.cityofsantamaria.org)

## TABLE OF CONTENTS

|   |   |
|---|---|
| <b>ECONOMIC INDICATORS</b> .....                | 1 |
| <b>FUND BALANCE SUMMARY</b> .....               | 2 |
| GENERAL FUND                                    |   |
| MEASURE U FUND                                  |   |
| <b>GENERAL FUND</b> .....                       | 3 |
| <b>MEASURE U FUND</b> .....                     | 7 |
| <b>ENTERPRISE FUNDS</b> .....                   | 8 |
| WATER/WASTEWATER FUND                           |   |
| SOLID WASTE FUNDS                               |   |
| PUBLIC TRANSIT FUNDS                            |   |
| <b>FY 2025-26 MID-CYCLE BUDGET REVIEW</b> ..... | 9 |

## ECONOMIC INDICATORS

The nation's gross domestic product — the broadest measure of economic activity — grew at an annual rate of 3 percent in April, May and June. That was a turnaround from the three previous months when the economy contracted at a 0.5 percent pace – the first decline in three years. Imports surged early in the year, as businesses tried to stockpile foreign goods before the tariffs took effect. That had the effect of depressing GDP in January, February and March, because imports are subtracted from the government's measure of economic activity. Averaging the first- and second-quarter GDP measures, the U.S. economy grew at an annual rate of 1.25 percent during the first half of the year. That is a slowdown from each of the two previous years, when the economy grew nearly 3 percent.

Unemployment remained relatively low at 4.1 percent as of June. The jobless rate remained in a narrow range of 4.0 to 4.2 percent since May 2024. The U.S. labor market has cooled during the past year and the pullback in job growth has largely been attributed to employers reining in hiring rather than conducting mass layoffs. Economists say the tariff-driven economic uncertainty is why hiring is weak.

Inflation was 2.7 percent for the 12 months ending in June, up 0.3 percent from May. The full impact of tariffs was yet to come, according to economists, who predict higher inflation in coming months. Retail sales increased 0.6 percent in June after an unrevised 0.9 percent drop in May, the Commerce Department said.

Nationally, single-family homebuilding dropped to an 11-month low in June according to the Commerce Department. The average rate on the popular 30-year fixed mortgage hovered just under 7 percent in the first six months of the year.

California's unemployment rate rose slightly in June, by 0.1 percentage point, to 5.4 percent in June, tying Nevada for the highest rate in the nation. California lost a net 6,100 jobs. The unemployment rate in Santa Barbara County was 4.7 percent, compared to 4.3 percent a year ago. Santa Maria's jobless rate in June was 5.3 percent (2,900 people), compared to 4.8 percent a year ago.

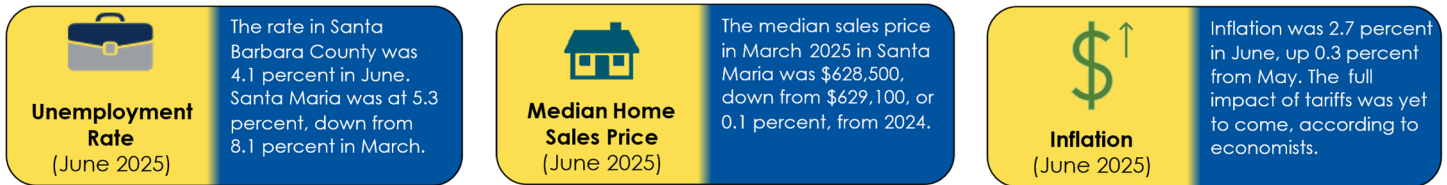
California's new \$321 billion State budget was signed in late June by Governor Gavin Newsom. It is the third year in a row the budget has reduced funding or stopped some programs. The plan freezes enrollment by adults without legal status in Medi-Cal, the State's health insurance program for the poor, starting in January. Public transit agencies and the University of California and California State University also avoid funding cuts under this spending plan.

California's median home price fell for the second straight month in June, slipping below the \$900,000 mark for the first time in three months, according to the California Association of Realtors. The median home sales price in Santa Maria continues to fluctuate around \$600,000 – most of those houses are previously owned. The City has issued only 83 permits for construction of new single-family homes from January 2021 through May 2025 as builders focus more on accessory dwelling units and new apartments. Through the first six months of 2025, homes in the 93454 Zip Code (east of Broadway) saw the median sales price of \$605,000, and in the 93458 Zip Code (west of Broadway) the median sales price was \$593,500, according to the Santa Maria Association of Realtors. The median price means half sold for more, and half sold for less. Sales activity was slower than a year ago.

Despite strong demand and rising prices, new permits remain subdued, and developers are cautious amid economic uncertainty." Its forecast for the California economy is that it will grow slower than the nation's in 2025, with several quarters of negative job growth. A recovery from California's 2025 economic doldrums could begin in mid-2026, and economic growth is expected to increase in 2027.

## ECONOMIC INDICATORS (CONTINUED)

### KEY STATISTICS



## GENERAL FUND & MEASURE U FUND BALANCE SUMMARY

### General Fund:

The table below shows revenues are at 105.1 percent of projections while expenditures are at 92.0 percent of appropriations through the fourth quarter of Fiscal Year 2024-25. Year-end results have a favorable impact on fund balance by reducing the budgeted draws on reserves for unfunded pensions (\$3.2M) and Local Economic Augmentation Fund (LEAF) (\$5.2M).

| GENERAL FUND                           |                   |                    |                    |                         |                           |
|--|-------------------|--------------------|--------------------|-------------------------|---------------------------|
| (in thousands)                         | Adopted Budget    | Amended Budget     | Year-End Estimates | 4 <sup>th</sup> Quarter | Percent of Amended Budget |
| Beginning Fund Balance                 | \$ 8,570          | \$ 10,072          | \$ 10,072          | \$ 10,072               |                           |
| Cancelled Reserves:                    |                   |                    |                    |                         |                           |
| Unfunded Pensions                      | -                 | 3,188              | -                  | -                       | 0.0%                      |
| LEAF                                   | 8,336             | 5,148              | 419                | -                       | 0.0%                      |
| Revenues                               | 91,813            | 93,619             | 94,852             | 98,420                  | 105.1%                    |
| Expenditures                           | 108,719           | 112,094            | 105,343            | 103,177                 | 92.0%                     |
| <b>(Use)/Provision of Fund Balance</b> | <b>\$ (8,570)</b> | <b>\$ (18,475)</b> | <b>\$ (10,491)</b> | <b>\$ (4,757)</b>       |                           |
| <b>Ending Fund Balance</b>             | <b>\$ -</b>       | <b>\$ (67)</b>     | <b>\$ -</b>        | <b>\$ 5,315</b>         |                           |

### Measure U Fund:

The table below shows revenues are at 97.1 percent of projections while expenditures are at 96.4 percent of appropriations. Year-end results have a favorable impact on fund balance by reducing the draw on reserves by \$576 thousand, thereby increasing fund balance available in FY 2025-26.

| MEASURE U FUND                         |                   |                    |                    |                         |                           |
|--|-------------------|--------------------|--------------------|-------------------------|---------------------------|
| (in thousands)                         | Adopted Budget    | Amended Budget     | Year-End Estimates | 4 <sup>th</sup> Quarter | Percent of Amended Budget |
| Beginning Fund Balance                 | \$ 4,414          | \$ 12,164          | \$ 12,164          | \$ 12,164               |                           |
| Revenues                               | 26,716            | 26,716             | 25,705             | 25,946                  | 97.1%                     |
| Expenditures                           | 31,130            | 37,575             | 36,550             | 36,229                  | 96.4%                     |
| <b>(Use)/Provision of Fund Balance</b> | <b>\$ (4,414)</b> | <b>\$ (10,859)</b> | <b>\$ (10,845)</b> | <b>\$ (10,283)</b>      |                           |
| <b>Ending Fund Balance</b>             | <b>\$ -</b>       | <b>\$ 1,305</b>    | <b>\$ 1,319</b>    | <b>\$ 1,881</b>         |                           |

It is important to note the results presented in this report are estimates because the City's annual audit for FY 2023-24 and FY 2024-25 are not finalized.

**GENERAL FUND**

Budget:

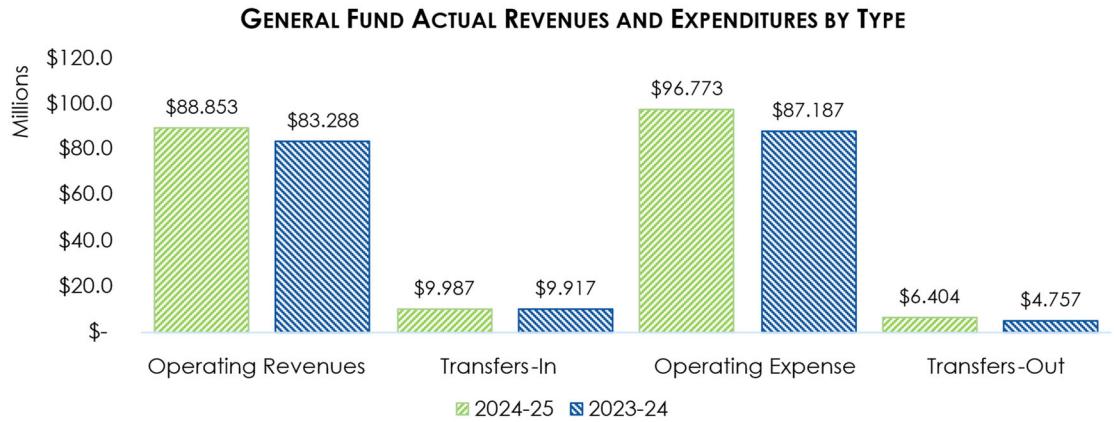
The table below presents the budget as adopted, amended and estimated along with expenditures through June 30, 2025. General Fund appropriations adopted on June 18, 2024, were \$108.72 million compared to budgeted sources of \$100.15 million, inclusive of an \$8.34 million draw from the Local Economic Augmentation Fund (LEAF), and the use of \$8.57 million of available General Fund balance. At the end of FY 2023-24 there were several projects, contracts, and transactions that were not yet completed. The remaining appropriations for those were carried forward into FY 2024-25. Amended General Fund appropriations are \$112.09 million compared to amended sources of \$101.96 million, inclusive of a \$5.15 million transfer in from LEAF, the use of \$3.19 million from the reserves for unfunded pensions, and the use of \$10.07 million of available General Fund balance. Revenue and expenditure variances are discussed later in this report.

| <b>GENERAL FUND</b>                       |                       |                       |                           |                       |                                  |
|---|-----------------------|-----------------------|---------------------------|-----------------------|----------------------------------|
| (in millions)                             | <b>Adopted Budget</b> | <b>Amended Budget</b> | <b>Year-End Estimates</b> | <b>2024-25 Actual</b> | <b>Percent of Amended Budget</b> |
| <b>Beginning Fund Balance</b>             | \$ 8,570              | \$ 10,072             | \$ 10,072                 | \$ 10,072             |                                  |
| <b>Cancelled Reserves</b>                 |                       |                       |                           |                       |                                  |
| Unfunded Pensions                         | \$ -                  | \$ 3,188              | \$ -                      | \$ -                  | 0.0%                             |
| LEAF                                      | 8,336                 | 5,148                 | 419                       | -                     | 0.0%                             |
| <b>Total Cancelled Reserves</b>           | <b>\$ 8,336</b>       | <b>\$ 8,336</b>       | <b>\$ 419</b>             | <b>\$ -</b>           | <b>0.0%</b>                      |
| <b>Revenues &amp; Transfers In</b>        |                       |                       |                           |                       |                                  |
| Sales Tax                                 | \$ 31,872             | \$ 31,872             | \$ 30,621                 | \$ 30,763             | 96.5%                            |
| Property Tax                              | 26,498                | 26,498                | 27,699                    | 27,996                | 105.7%                           |
| Hotel/Bed Tax                             | 4,274                 | 4,274                 | 4,023                     | 3,838                 | 89.8%                            |
| Licenses, Permits & Fees                  | 3,196                 | 3,196                 | 4,593                     | 5,536                 | 173.2%                           |
| All Other Revenues                        | 25,973                | 27,779                | 27,916                    | 30,287                | 109.0%                           |
| <b>Total Revenues &amp; Transfers In</b>  | <b>\$ 91,813</b>      | <b>\$ 93,619</b>      | <b>\$ 94,852</b>          | <b>\$ 98,420</b>      | <b>105.1%</b>                    |
| <b>Total Resources</b>                    | <b>\$ 108,719</b>     | <b>\$ 112,027</b>     | <b>\$ 105,343</b>         | <b>\$ 108,492</b>     |                                  |
| <b>Expenses &amp; Transfers Out</b>       |                       |                       |                           |                       |                                  |
| Staffing                                  | \$ 73,048             | \$ 72,929             | \$ 67,077                 | \$ 67,109             | 92.0%                            |
| Contracts & Services                      | 10,184                | 12,522                | 12,052                    | 11,423                | 91.2%                            |
| Materials & Supplies                      | 4,257                 | 4,478                 | 5,005                     | 4,733                 | 105.7%                           |
| Maintenance & Operations                  | 10,835                | 10,859                | 10,843                    | 10,751                | 99.0%                            |
| Capital Outlay                            | 1,800                 | 2,501                 | 2,487                     | 2,490                 | 99.6%                            |
| Debt Service                              | 267                   | 267                   | 267                       | 267                   | 100.0%                           |
| Transfers                                 | 8,328                 | 8,538                 | 7,612                     | 6,404                 | 75.0%                            |
| <b>Total Expenses &amp; Transfers Out</b> | <b>\$ 108,719</b>     | <b>\$ 112,094</b>     | <b>\$ 105,343</b>         | <b>\$ 103,177</b>     | <b>92.0%</b>                     |
| <b>(Use)/Provision of Fund Balance</b>    | <b>\$ (16,906)</b>    | <b>\$ (18,475)</b>    | <b>\$ (10,491)</b>        | <b>\$ (4,757)</b>     |                                  |
| <b>Ending Fund Balance</b>                | <b>\$ -</b>           | <b>\$ (67)</b>        | <b>\$ -</b>               | <b>\$ 5,315</b>       |                                  |

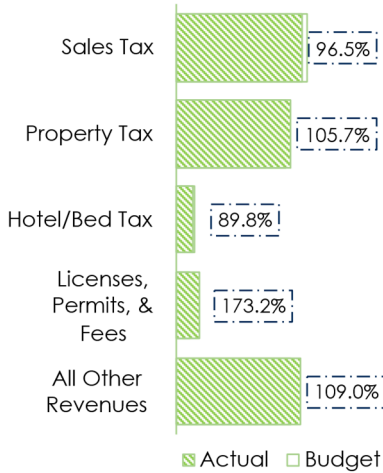
## GENERAL FUND (CONTINUED)

### Year-Over-Year Comparison:

The chart to the right compares revenue receipts, expenditures, and transfers through the year ending June 30, 2025, versus the year ending June 30, 2024.



### REVENUES



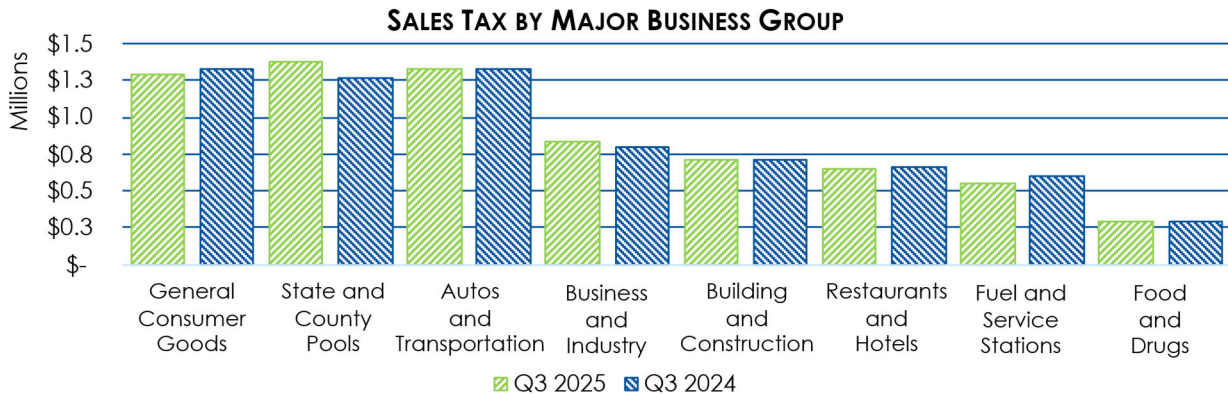
### Major Revenues:

Through the fourth quarter, receipts for four major General Fund revenue sources (Sales Tax, Property Tax, Hotel Tax, and Licenses, Permits, & Fees) are at 103.5 percent of projections and account for 68.9 percent of total General Fund revenues.

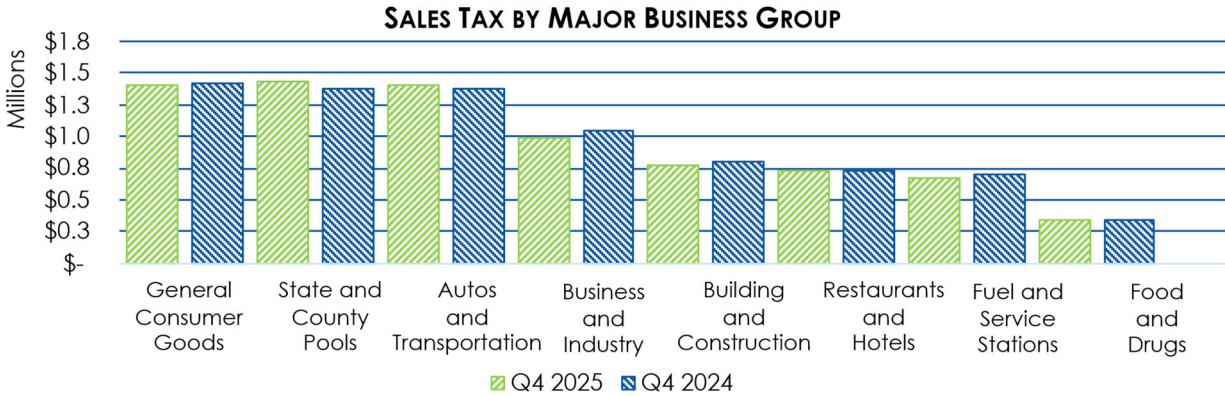
### Revenue Variances:

Receipts from Property Tax and Licenses, Permits & Fees are higher than the fourth quarter receipts from the prior year by 5.7 percent, or \$1.3 million, and 50.3 percent, or \$1.9 million, respectively offsetting lower receipts from Sales Tax and Hotel Tax of 3.3 percent, or \$1.1 million, and 3.7 percent, or \$149 thousand, respectively.

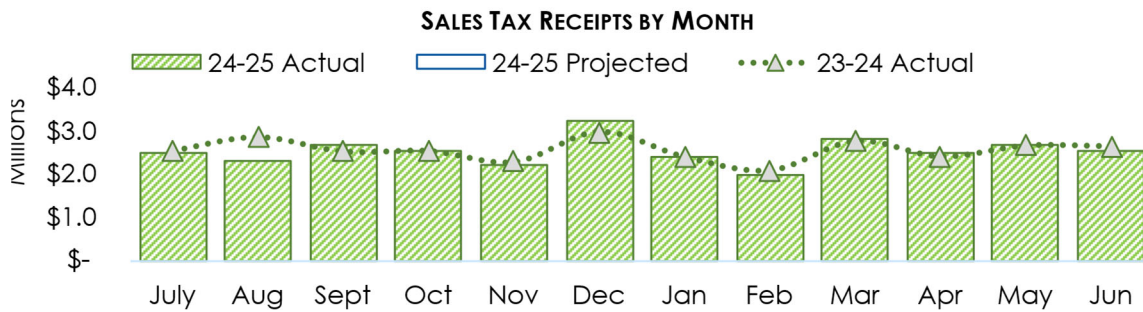
- Sales Tax:** The charts below display activity by major business group for the fourth quarter of FY 2024-25 as compared to the same period of FY 2023-24. Sales Tax receipts for FY 2024-25 were less than the same quarter of FY 2023-24 for three of the year's four quarters. Receipts for the first quarter were 3.3 percent, or \$269 thousand, less. Receipts for the second quarter were 2.0 percent, or \$162 thousand less. Receipts for the fourth quarter were 0.1 percent, or \$10 thousand less. The only quarter experiencing an increase was the third quarter, which was 0.4 percent, or \$26 thousand, more.



## GENERAL FUND (CONTINUED)

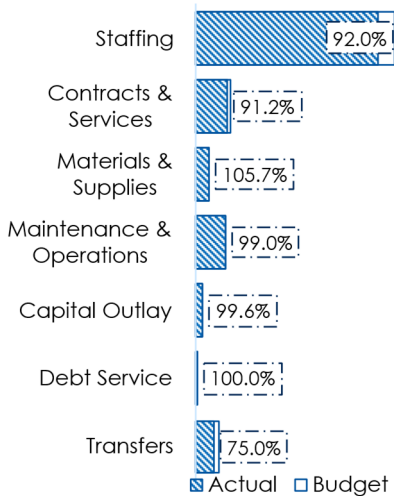


Receipts through the fourth quarter of FY 2024-25 are 3.3 percent, or \$1.1 million, less than those for the same period last year.



- *Hotel/Bed Tax:* Through June, Transient Occupancy Tax (TOT) receipts are 3.7 percent, or \$149 thousand, less than last fiscal year and behind estimates by 4.6 percent, or \$185 thousand.
- *Licenses, Permits, & Fees:* Receipts for FY 2024-25 of \$5.536 million exceeds projections by 73.2 percent, or \$2.34 million, and is 50.3 percent, or \$1.852 million, more than that through FY 2023-24. This is due to a marked increase in development, including strong commercial activity as well as Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs). The proliferation of ADUs in Santa Maria is among the highest in the state on a per-capita basis, with unit counts exceeding those of cities with much larger populations. Permit activity is anticipated to continue to exceed projections during FY 2025-26 as development remains strong and housing prices remain high, driving residents to seek more affordable alternatives.

**EXPENDITURE CATEGORIES**



Expenditures:

Through the fourth quarter, operating expenditures, excluding debt service and transfers, are at 93.4 percent of total budget. Expenditures, as shown above in the Expenditure Categories chart above on the right, are within budget except for Materials & Supplies.

Expenditure Variances:

Financial Reporting policies require an explanation of variances greater than 5 percent of major categories and departmental variances greater than 10 percent.

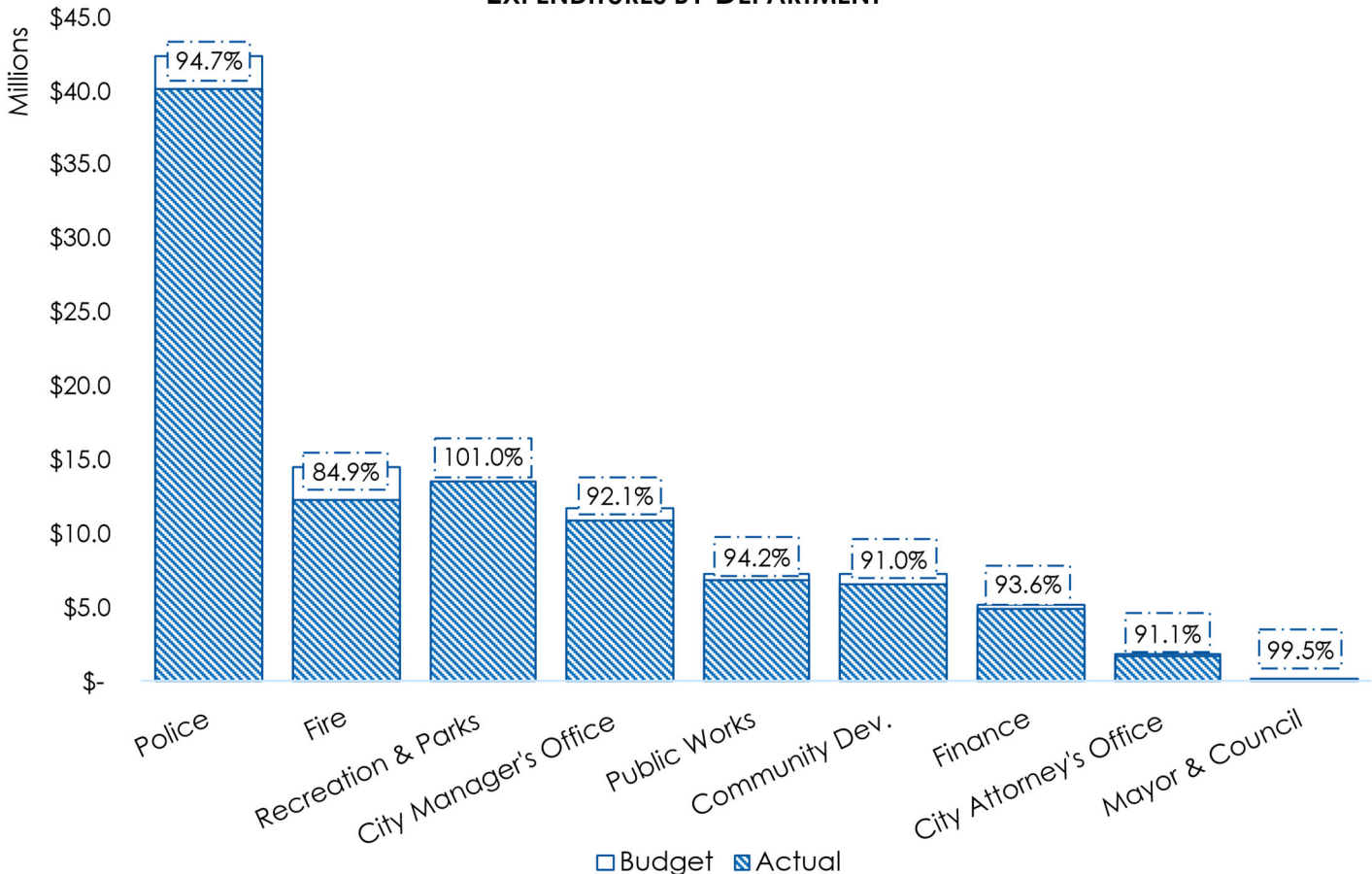
## GENERAL FUND (CONTINUED)

- *Staffing*: Under budget by 8.0 percent, or \$5.82 million, due to vacancies mostly experienced in the Police and Fire departments. The City has maintained a hiring chill for non-public safety positions.
- *Contracts & Services*: Under budget by 8.8 percent, or \$1.1 million.
- *Materials & Supplies*: Over budget by 5.7 percent, or \$255 thousand, due to a significant increase in the amount of watering required of the Recreation & Parks Department necessitated by Senate Bill (SB) 1383, which requires the spreading of a pre-defined amount of compost each year. Once placed at appropriate depths the compost needs to be watered regularly until it has been locked into the ground.
- *Transfers Out*: Under budget by 25.0 percent, or \$2.13 million. The General Fund subsidy of the Library Fund is under budget due to the budgeted draw down of the Library Fund's fund balance, as well as savings from vacant positions and lower-than-anticipated operating costs.

The chart to the right presents percentages of budget spent by department.

- *Fire Department*: Under budget by 15.1 percent, or \$2.18 million, largely due to vacancies, as well as overtime savings.

**GENERAL FUND YEAR-TO-DATE ACTUAL EXPENDITURES BY DEPARTMENT**



## MEASURE U FUND

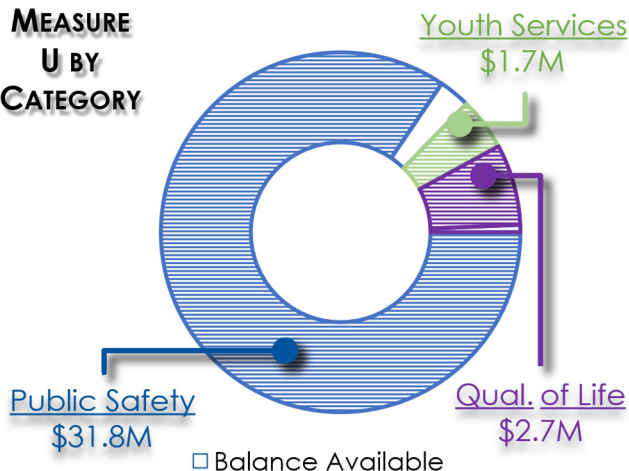
The table below presents the budget as adopted, amended, and estimated along with unaudited actual expenditures as of June 30, 2025. Measure U Fund appropriations adopted on June 20, 2024, were \$31.1 million compared to budgeted sources of \$26.7 million and the use of \$4.4 million of available Measure U Fund balance. Amended Measure U Fund appropriations are \$37.6 million compared to amended sources of \$26.7 million and the use of \$10.9 million of available Measure U Fund balance.

| (in millions)         | MEASURE U FUND   |                  |                    |                  |                           |
|-----------------------|------------------|------------------|--------------------|------------------|---------------------------|
|                       | Adopted Budget   | Amended Budget   | Year-End Estimates | 2024-25 Actual   | Percent of Current Budget |
| <b>Revenue</b>        | \$ 26,716        | \$ 26,716        | \$ 25,705          | \$ 25,946        | 97.1%                     |
| <b>Expenses</b>       |                  |                  |                    |                  |                           |
| Community Development | \$ 824           | \$ 824           | \$ 824             | 821              | 99.6%                     |
| City Manager's Office | 1,435            | 1,435            | 1,420              | 1,381            | 96.3%                     |
| Finance               | 3                | 3                | 3                  | 3                | 100.0%                    |
| Library               | 1,015            | 1,015            | 1,015              | 994              | 97.9%                     |
| Recreation & Parks    | 3,071            | 3,489            | 3,254              | 2,975            | 85.3%                     |
| Fire                  | 11,946           | 17,939           | 17,164             | 17,217           | 96.0%                     |
| Police                | 12,836           | 12,870           | 12,870             | 12,839           | 99.8%                     |
| <b>Total Expenses</b> | <b>\$ 31,130</b> | <b>\$ 37,575</b> | <b>\$ 36,550</b>   | <b>\$ 36,229</b> | <b>96.4%</b>              |

Revenues received through the fourth quarter are at 97.1 percent of budget, or \$25.9 million. Expenditures are at 96.4 percent of budget, or \$1.3 million under budget, primarily due to a delay in the operation of Regional Dispatch noted below.

The City Manager's Office budget includes costs of maintaining the City's mass notification system database, a position for the Public, Education, and Government (PEG), and the Motorola Backhaul Refresh and Refresh of CAD/RMS capital projects. The Finance budget is for the annual independent audit of Measure U financial activity. The Fire Department budget includes the City's proportional cost of participating in the Regional Dispatch, which was anticipated to begin in early 2025 but began in May 2025, as well as funding for the Fire Station 1 Expansion project and fleet expenses.

**MEASURE U BY CATEGORY**



Through June, Measure U expended 87.7 percent on Public Safety, 4.8 percent on Youth Services, and 7.5 percent on Quality of Life.

## ENTERPRISE FUNDS

The Statement of Revenues and Expenses through the fourth quarter ending June 30, 2025, for the three enterprise funds, are shown in the table below.

| (in thousands)                             | ENTERPRISE FUNDS      |                    |                   |
|--|-----------------------|--------------------|-------------------|
|  | Water /<br>Wastewater | Solid<br>Waste     | Public<br>Transit |
| <b>Revenues</b>                            |                       |                    |                   |
| Charges for Service                        | \$ 59,371             | \$ 35,007          | \$ 683            |
| Interest Income                            | 3,080                 | 1,094              | 204               |
| Other Revenue                              | 1,975                 | 432                | 15,671            |
| <b>Total Revenues</b>                      | <b>\$ 64,426</b>      | <b>\$ 36,533</b>   | <b>\$ 16,558</b>  |
| <b>Expenses</b>                            |                       |                    |                   |
| Operating                                  | \$ 17,909             | \$ 31,866          | \$ 8,186          |
| Capital                                    | 5,448                 | 17,038             | 8,168             |
| State Water Payment                        | 24,709                | -                  | -                 |
| Debt Service                               | 3,622                 | -                  | -                 |
| <b>Total Expenses</b>                      | <b>\$ 51,688</b>      | <b>\$ 48,904</b>   | <b>\$ 16,354</b>  |
| <b>(Use)/Provision of Fund<br/>Balance</b> | <b>\$ 12,738</b>      | <b>\$ (12,371)</b> | <b>\$ 204</b>     |

### Water/Wastewater Funds:

Revenues exceeded expenditures by \$12.7 million, which is \$1.6 million more than last year. Revenues increased 3.5 percent, or \$2.1 million, compared to the prior year due to higher sewer service charges and revenues generated through sales of metered water. Expenses are \$586 thousand more than last year. Water and Wastewater operational expenses are under budget by 64.9 percent due to personnel savings from vacant positions and timing of maintenance and contractual agreements.



### Solid Waste Funds:

The Solid Waste Fund reports refuse collection and disposal activities. Revenues are at \$36.5 million, or 100.2 percent of budget. Operating expenditures are at \$31.9 million, or 86.1 percent, of budget. The underexpenditure is primarily attributable to personnel savings from vacant positions. Capital expenditures are at \$17.0 million, or 57.4 percent, of budget. The underexpenditure results from delays of planned projects.

### Public Transit Funds:

The City operates the Santa Maria Regional Transit (SMRT) and Breeze Transit systems, which are funded by a combination of Federal grants, State transportation funds, and user fares. Fare revenue is \$683 thousand, which is about \$57 thousand more than last year. The farebox ratio is 8.3 percent based on fares received and operating expenses recorded to date.



## FY 2025-26 MID-CYCLE BUDGET REVIEW

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The City Council adopted the FY 2025-26 Mid-Cycle Budget on June 3, 2025. Public engagement occurred at the City' Council's meeting, during which budget presentations and discussions were conducted and feedback was received. Information on the public meetings related to the development of the FY 2025-26 Mid-Cycle Budget is available on the City's website at: <https://www.cityofsantamaria.org/services/departments/city-clerk-records/agendas-reports-meeting-videos>.

## MAYOR & COUNCIL



Gloria Soto  
**Councilmember**  
District 3



Maribel Aguilera-Hernandez  
**Councilmember**  
District 4



Alice Patino  
**Mayor**  
At-Large

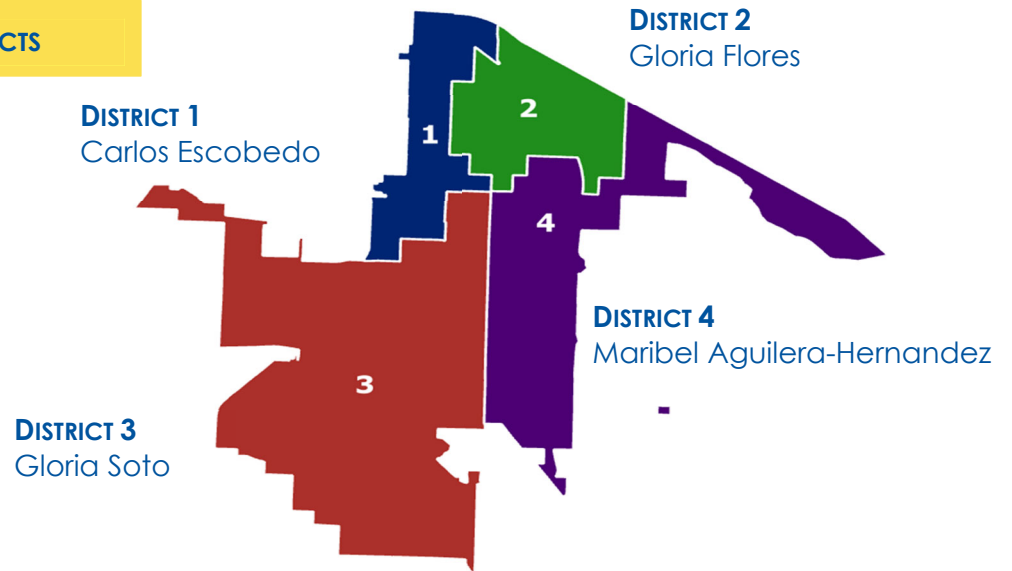


Carlos Escobedo  
**Councilmember**  
District 1



Gloria Flores  
**Councilmember**  
District 2

### CITY OF SANTA MARIA DISTRICTS



## EXPLORE

the City's budget online at

[www.cityofsantamaria.org/services/departments/city-manager-s-office/city-budget](http://www.cityofsantamaria.org/services/departments/city-manager-s-office/city-budget)



**City of Santa Maria, California**

110 E. Cook Street  
Santa Maria, CA 93454  
[cityofsantamaria.org](http://cityofsantamaria.org)