



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Elizabeth Gibbs, City Manager

PREPARED BY: Elizabeth Gibbs, City Manager

MEETING DATE: June 9, 2026

SUBJECT: Resolution No. 2026-89 Establishing a Continuing Budget and Authorizing City Expenditures/Appropriations Until the Operating Budget is Adopted for Fiscal Year 2026-2027, No Later Than September 30, 2026

STAFF RECOMMENDATION:

Adopt Resolution No. 2026-89

BACKGROUND:

The City of Banning operates on a fiscal year that begins July 1 and ends June 30. State law requires the City Council to adopt an annual budget before the start of each fiscal year, which serves as a financial plan for conducting City affairs. Fiscal Year 2026-2027 commences on July 1, 2026.

The City Council will be reviewing the proposed Fiscal Year 2026-2027 Operating Budget and Capital Improvement Program, and has not yet approved the final adoption. Expenditures for essential City operations, including employee compensation, vendor payments, utility costs, debt service, and public safety services, must continue uninterrupted beginning July 1, 2026, regardless of whether the annual budget has been formally adopted.

California Constitution Article XVI, Section 18(a), prohibits cities from incurring indebtedness or liability exceeding income and revenue provided for a given year without voter approval. To remain in compliance with this constitutional requirement while continuing operations, the City Council must formally authorize expenditure authority by adopting this continuing resolution.

Resolution No. 2026-89 authorizes emergency spending authority until September 30, 2026, for all City funds and operations at the same levels established in the Fiscal Year 2025-2026 Adopted Budget. This approach is consistent with the practice of other California general law cities in similar circumstances.

Key provisions of Resolution No. 2026-89 include:

- Spending authority is capped at one-quarter (1/4) of the Fiscal Year 2025-2026 Adopted Budget for all City funds, departments, and programs.
- Authorized expenditures are limited to routine and essential functions only, including payroll and vendor expenses, as determined by the City Manager.
- The authorization expires on September 30, 2026, or upon formal adoption of the FY 2026-2027 Annual Budget, whichever occurs first.
- The City Manager retains authority to determine what constitutes essential functions during the continuing resolution period.

The resolution does not authorize new programs, new capital projects, or any expenditure beyond those

already contemplated in the prior year's adopted budget. It is a bridge measure only, intended to maintain lawful continuity of operations during the period of budget deliberations.

JUSTIFICATION:

This resolution is adopted pursuant to authority under California Constitution Article XVI, Section 18(a), which requires that City expenditures not exceed income and revenues provided for in a given year without voter approval. The resolution provides the necessary legal framework to continue City operations in compliance with this constitutional requirement pending formal budget adoption. The City Attorney has reviewed this resolution as to form.

FISCAL IMPACT:

Adoption of this resolution continues appropriations at Fiscal Year 2025-2026 Adopted Budget levels on a pro-rated monthly basis through September 30, 2026, or upon formal adoption of the FY 2026-2027 Annual Budget, whichever occurs first. There is no new fiscal impact beyond what was previously authorized by the Council in the FY 2025-2026 adopted budget. All expenditures made under this resolution will be subject to reconciliation and roll-forward accounting upon adoption of the FY 2026-2027 Annual Budget.

ATTACHMENTS:

1. [Resolution_No._2026-89 v2.docx](#)