

MotionCount

Municipal Credit Surveillance

Municipal Intelligence — Fiscal Health Signals Across U.S. Cities – Q1 2026

Data through March 30, 2026

313 items filtered from 1,518 raw legislative hits across 40 cities

iban@motioncount.com

This report synthesizes fiscal health signals extracted from city council agendas, budget documents, audit reports, and bond proceedings across 40 U.S. cities during January–March 2026. Items are identified at agenda stage, typically days to weeks before they appear on EMMA or terminal services. It identifies structural patterns: the post-stimulus fiscal cliff now materializing in multiple jurisdictions, the scale of infrastructure debt being assumed, and the reserve positions that separate resilient credits from vulnerable ones.

Metric	Value
Raw agenda hits scanned	1,518
Items after filtering	313 (79.4% noise reduction)
Jurisdictions with activity	40 of 577 monitored
Identified par volume	\$18.4B+
Key pending items	5 GO bond elections (May–Nov 2026)

Source: public legislative records, January–March 2026. All figures from official city documents.

1. The Post-ARPA Fiscal Cliff Is No Longer Projected. It Is Here.

Simultaneous structural deficits. The most consequential pattern in this quarter's data is the simultaneous materialization of structural deficits in cities that used American Rescue Plan Act funds to plug operating gaps rather than fund one-time capital needs. Buffalo, Oakland, Los Angeles, San Francisco, and Austin each show the signature: ARPA exhaustion or one-time revenue dependence coinciding with expenditure growth that outpaces organic revenue.

BUFFALO, NY

The sharpest case. Buffalo presents the most acute distress in this surveillance set. The city's FY 2025–2026 First Quarter GAP Report reveals a projected deficit of \$42.8 million according to the Comptroller, versus the Administration's \$2.3 million estimate. The divergence itself is a credit signal: it reflects fundamentally different assumptions about revenue performance and expenditure control.

Several structural indicators are now flashing simultaneously. The city's unassigned fund balance is at zero, violating its own Charter requirement of maintaining at least 30 days of prior-year expenditures. The Emergency Stabilization Fund has been drawn down by \$20.7 million in a single year. S&P has revised the city's outlook to Negative, citing reserve drawdown and a projected budget gap exceeding \$50 million. The city's proposed solution is to sell four municipal parking ramps to a newly created public authority for an estimated \$45 million—a one-time transaction that requires state legislative approval and has no sponsor in the New York State Senate as of this writing.

The Popular Annual Financial Report for FY 2024–2025 reveals the underlying arithmetic: excluding \$39.5 million in ARPA funds used for operations, the city's true operational deficit was \$54.3 million. Overtime exceeded budget by \$17.1 million. Legal settlements exceeded budget by \$15.1 million. Health insurance exceeded budget by \$14.9 million. The Solid Waste Fund carries a cumulative deficit of \$28.3 million owed to the General Fund with no remediation plan beyond hoped-for rate increases.

OAKLAND, CA

Structural imbalance persists. Oakland's Q2 FY 2025–2026 report projects a \$64.8 million operating shortfall in the General Purpose Fund. Revenues are estimated at \$784 million, 7.1% below the adjusted budget, while expenditures are projected \$4.9 million over budget. Property tax assessed value growth has decelerated sharply to 0.8% (from 4.6% the prior year), driven by a \$346 million decline in commercial property values from Proposition 8 appeals. The city's Vital Services Stabilization Fund, its rainy-day reserve, has a zero balance after being fully consumed in FY 2023–2024. All three rating agencies maintain negative outlooks on the city's GO bonds.

LOS ANGELES, CA

Scale amplifies risk. Los Angeles's Mid-Year Financial Status Report projects \$209.4 million in year-end overspending across city departments, driven by Fire (\$70.6 million, including wildfire response), Police (\$38.6 million, from unbudgeted sworn hiring and overtime), and the City Attorney (\$14.7 million, litigation costs). The Reserve Fund stands at \$432 million (5.29% of General Fund revenue), but covering the remaining \$37.8 million unfunded gap would push it below the 5% policy floor. A proposed

November 2026 ballot measure to repeal the city’s business tax could eliminate over \$740 million in annual General Fund revenue starting FY 2027–2028—a tail risk that dwarfs the current-year overspending problem.

AUSTIN, TX

Social services under pressure. Austin’s fiscal stress appears not in the general fund aggregate but in targeted program areas. The city is conducting a comprehensive review of its \$74.2 million social services portfolio, driven by a \$5.4 million reduction already taken in FY 2025–2026 and an anticipated \$16.8 million cut for FY 2026–2027. The city’s 85% reliance on General Fund revenue for social services—an outlier among peers—makes these programs structurally vulnerable to any revenue softening.

SAN FRANCISCO, CA

The billion-dollar horizon. San Francisco’s Five-Year Financial Plan projects a two-year deficit of \$936.6 million for FY 2026–2027 and FY 2027–2028, growing to a cumulative \$1.17 billion by FY 2029–2030. The current-year picture is healthier: the Controller’s Sixth-Month Report projects a General Fund ending balance of \$614.6 million, \$89.4 million above prior estimates, driven by strong business tax revenue (up \$155.2 million from litigation outcomes and business sales) and a rebound in real property transfer tax.

But these are substantially non-recurring gains. The gap between strong current-year performance and a nearly \$1 billion projected two-year deficit is itself the signal: it indicates a structural mismatch between expenditure commitments and sustainable revenue large enough that even a favorable year cannot close it. The Board of Supervisors’ budget priorities motion acknowledges as much, directing departments to cut vacant management positions before frontline roles.

2. The Scale of New Infrastructure Debt

Cities in this surveillance set are authorizing and issuing debt at a pace that reflects genuine infrastructure need, favorable market windows, and in some cases, the cumulative scale of commitment across multiple instruments by a single issuer.

City	Instrument	Amount	Purpose
San Francisco	Airport Revenue Bonds	\$9.0B	Terminal 3, airfield, utilities (Ascent Program Phase 1.5)
Austin	Multiple (see below)	\$3.0B+	Airport (\$1.4B), W/WW revenue (\$575M), WIFIA (\$1.0B)
Houston	HOT/Special Revenue	\$1.6B	Convention center expansion (Series 2026C + 2026D)
Nashville	GO Improvement + Refunding	\$1.49B	\$660M new money + \$825M refunding via tender offer
Fort Worth	GO Election + WIFIA	\$1.19B	\$845M GO (May 2026 ballot) + \$348M Mary's Creek WIFIA
Kansas City	Waterworks Revenue	\$750M	System rehabilitation (voter authorization April 2026)
San Francisco	GO Bond (June ballot)	\$535M	Earthquake safety, fire stations, police, Potrero Yard
Denver	GO Vibrant Denver	\$410M	Infrastructure and facilities (Series 2026A + 2026B)
Fort Lauderdale	Stormwater Revenue	\$450M	Fortify Lauderdale Phase II (\$330M) + WIFIA refi (\$120M)

Selected major debt issuances and authorizations, Q1 2026. Amounts reflect par/authorization ceilings. Identified at agenda stage.

AUSTIN: THE CROSS-ISSUER VIEW

Austin's aggregate position is obscured by the table because each instrument moves through council independently. Across airport revenue bonds, water/wastewater revenue bonds, and the revised WIFIA application, the city is committing over \$3 billion in enterprise debt in a single quarter, with a \$700 million GO bond election and \$165 million in GO bonds for the 2027 CIP also under discussion. No single instrument is unusual. The aggregate is. The city's concurrent shift in debt policy—from specific debt-to-assessed-value ratios to a broader goal of maintaining its AAA rating—may reflect awareness that the prior metrics would bind under this issuance volume.

WIFIA AND THE FEDERAL PIPELINE

WIFIA loans are scaling rapidly. Austin (\$1 billion), Fort Worth (\$348 million, running to 2059), and Fort Lauderdale (\$120 million refinancing) are all active. Below-market rates and deferred principal make these attractive, but they are multi-decade obligations that will constrain utility rate-setting for a generation. The convergence of airport expansion programs carries analogous duration risk: San Francisco's \$9 billion Ascent Program and Austin's \$1.4 billion in airport bonds are revenue-backed, not tax-backed, but at this scale, any sustained drop in passenger volume becomes a system-level event.

3. Reserve Positions: The Dividing Line

Reserve adequacy is the clearest differentiator between credits under pressure and those with room to maneuver. The surveillance data reveals a wide dispersion.

City	Reserve Metric	Level	Policy	Status
Buffalo	Unassigned Fund Balance	\$0	30 days exp.	Non-compliant
Oakland	VSSF (Rainy Day)	\$0	16.7% target	Depleted
San Jose	Budget Stabilization	\$12.5M	n/a	Down from \$63M
Los Angeles	Reserve Fund	5.29%	5.0% min	At risk
Boston	Unassigned GF Balance	24.3%	15.0% min	Strong
Charlotte	General Fund Balance	16.0%	16.0% min	At policy floor
Boise	Net Position Change	+\$112M	n/a	Strong
Detroit	Rainy Day Fund	\$150M	10% recurring	At target

Selected reserve positions as reported in Q1 2026 documents. Identified at agenda stage.

San Jose’s trajectory is instructive. The city’s Budget Stabilization Reserve dropped from \$63 million to \$12.5 million in eighteen months, and the city now faces a projected \$56 million General Fund shortfall for FY 2026–2027 while simultaneously needing \$45 million for City Hall foundation water intrusion and \$35 million for at-risk ERAF funds. The reserve that existed to absorb exactly this kind of shock has been largely consumed before the shock arrived.

CHARLOTTE, NC

Erosion at the top of the credit spectrum. Charlotte has held its AAA rating continuously since 1977, the highest-rated city in this surveillance set. It maintains the lowest property tax rate among North Carolina’s 13 largest cities, raised only once in seven years.

But the FY 2025 surplus of \$11.58 million left only \$10,000 for future pay-as-you-go capital programs after meeting reserve requirements. The fund balance policy floor of 16% is being met but not exceeded. The FY 2027 baseline projects a \$3.8 million gap before any new compensation adjustments, which typically cost approximately \$21 million annually. Employee benefit costs have risen sharply: sworn fire benefits increased 97% since FY 2021. Police recruitment remains a challenge, with starting pay below regional benchmarks. The operational margin that supports a AAA rating is narrowing from within, even as the formal reserve ratio holds. This is the kind of signal that does not trigger a rating action in the current quarter but reshapes the analytical baseline for subsequent ones.

DETROIT, MI

The post-crisis counterpoint. Detroit is the most important positive case study in this dataset. Twelve years after the largest municipal bankruptcy in U.S. history, the city is presenting its thirteenth consecutive balanced budget—a \$1.55 billion General Fund operation with a \$3 billion all-funds total. The \$150 million Rainy Day Fund sits at 10% of the recurring budget. Credit ratings of Baa1 (Moody’s) and AA- (S&P) are investment-grade and stable.

The budget funds \$161.2 million in legacy pension obligations while investing \$58.8 million in capital (fleet, facilities, roads) and \$20 million in violence intervention and homeless services. The spending mix

reflects a city managing legacy costs and current needs simultaneously, without deferring either.

The question for other stressed credits is whether similar restructuring is achievable through normal political processes, or whether it requires the external forcing function that bankruptcy provides. Buffalo's fiscal trajectory, in particular, invites this comparison.

4. Pension and OPEB Liabilities: Divergent Trajectories

The surveillance data captures pension systems at very different points in their funding arcs. Three cases illustrate the range.

PROVIDENCE, RI

Deep underfunding. The Employee Retirement System actuarial valuation as of July 1, 2025, shows a funded ratio of 31.4% on an actuarial value basis, up from 28.0% in 2024. The unfunded liability is \$1.27 billion. The Actuarially Determined Contribution for FY 2027 is \$121.7 million, representing 57.9% of projected payroll. The plan's funded ratio of 31.4% is far below the NASRA median of 77.8%. While projections indicate full funding by FY 2041, this timeline depends on sustained 7.0% investment returns and stable contribution discipline—assumptions that are non-trivial over a 15-year horizon.

OAKLAND, CA

PFRS approaching full funding. Oakland's closed Police and Fire Retirement System presents the opposite trajectory. The plan reached 95.3% funding on an actuarial basis (100.9% on market value) as of July 2025, with the employer contribution for FY 2026–2027 projected at zero. The \$54.9 million Pension Obligation Bond was paid off in December 2025. This is a success story, but it applies only to the closed legacy plan. The city's ongoing CalPERS obligations remain a significant cost driver in its structural deficit.

BUFFALO, NY

OPEB as credit overhang. Buffalo's \$1.1 billion in OPEB obligations creates a permanent drag on the city's unrestricted net position, which stands at negative \$1.43 billion. The OPEB liability increased by \$68.2 million in the most recent fiscal year. Unlike pension obligations, OPEB liabilities are typically pay-as-you-go, meaning they represent a claim on future operating budgets rather than a funded trust—making them particularly sensitive to the kind of fiscal stress the city is currently experiencing.

LOS ANGELES, CA

A bright spot. The LACERS 115 Trust for postemployment healthcare reached 108.2% funding as of June 30, 2025, generating a net OPEB surplus of \$318 million. The trust's fiduciary net position grew 28.3% to \$821.5 million, driven by a 74.6% increase in net investment income. The LAFPP pension fund reached 100.5% funding for pension benefits, its first time above 100% since 2004. These are strong results, though they exist in tension with the city's current-year operating overspending.

5. Revenue Strategies: Structural Repairs vs. Routine Adjustments

Cities in this surveillance set are pursuing revenue measures at markedly different scales and for different purposes. The distinction matters for credit analysis: a city closing a structural gap through voter-approved taxes is making a different kind of fiscal commitment than one adjusting fees to keep pace with inflation. Both appear as "revenue increases" in a scan, but they carry different signals about

the issuer's fiscal trajectory.

STRUCTURAL GAP CLOSERS

Los Angeles is the most aggressive, proposing four ballot measures for 2026 with combined potential revenue exceeding \$500 million annually: a 0.5% permanent sales tax increase (\$327 million), a 2% permanent transient occupancy tax increase (\$45 million) with a temporary 2% surcharge (\$89 million during 2027–2028), a 5% parking occupancy tax increase (\$67 million), and a cannabis business tax parity measure (\$60–80 million). The scale is proportionate to the problem: the city's mid-year report projects \$209 million in overspending, and the forward-looking threat of a business tax repeal ballot measure could eliminate \$740 million in annual revenue. These are not incremental adjustments. They are attempts to rebuild the General Fund revenue base.

San Francisco has two business tax measures heading to voters: an initiative ordinance changing rates based on the ratio of executive-to-employee pay (the "Overpaid Executive Tax"), and a broader business tax reform (the "Small Business and Economic Recovery Act"). Additionally, a Board-sponsored ordinance would halve the real property transfer tax rate on commercial transactions over \$10 million—a rate cut designed to stimulate transaction volume in a market where high rates have suppressed deal flow. This is a bet that the Laffer curve applies to transfer taxes at current San Francisco levels. San Jose's proposed 2% transient occupancy tax increase (\$10 million annually) is more modest in scale but is being presented alongside a \$56 million projected shortfall, meaning it closes less than 20% of the gap.

BURDEN REDISTRIBUTION

Boston is exploring a structural reclassification: treating large apartment buildings (30+ units) as commercial property for tax purposes. This would shift burden from homeowners and small landlords to corporate landlords, with a supplemental 50% exemption for buildings where 80% of units are rented below 80% of AMI. The proposal is designed to be levy-neutral—not a revenue increase, but a redistribution. Baltimore is pursuing a similar rebalancing through its homestead tax credit adjustment, increasing the cap from 4% to 6% annual growth while concurrently reducing the effective residential rate, resulting in 85% of homeowners seeing an average \$58 decrease.

ROUTINE ADJUSTMENTS

Several cities are making fee and rate adjustments that reflect cost recovery rather than structural repair. Fort Lauderdale is implementing its first business tax rate increase since 2004—a 5% adjustment projected to generate \$800,000 over nine years—alongside water rate increases of 22.5% (FY 2025) and 9% (FY 2026) driven by infrastructure project costs. Baltimore's \$0.13 per-trip increase in the passenger-for-hire excise tax (\$2 million annually) is similarly scaled to inflation. Kansas City's 6% sewer rate increase and Corpus Christi's creation of a stabilization fund from unspent contingency dollars represent proactive fiscal housekeeping rather than crisis response. These are the measures of cities that still have operational margin to work with.

6. Audit Findings and Internal Control Weaknesses

Revenue leakage, budget process failures, and contract management deficiencies. Audit findings in this quarter's data cluster around three themes.

Boise's FY 2025 ACFR disclosed a material weakness: a \$1.9 million impact fee revenue overstatement due to incorrect data entry and insufficient review controls, plus a \$1.04 million cash transfer timing error in the Airport Fund. Buffalo's management letter identified \$13.6 million in encumbrances and \$14.1 million in unfunded appropriations, with total General Fund expenditures exceeding the authorized budget by \$58.9 million. The city's auditors have flagged recurring reliance on one-time revenues and consistent revenue shortfalls against budget for multiple years.

Buffalo's Erie Basin Marina audit found the city received only \$930 in rent and profit-sharing over a decade during which the operator generated approximately \$10 million in revenue. No rent was collected for the 2023, 2024, or 2025 seasons. Five audit reports since 2014 have documented this pattern. The Comptroller has requested the RFQ process be halted until remediation is complete.

San Antonio's data reveals a different enforcement gap: a cascade of Short-Term Rental permit revocations for failure to report and pay Hotel Occupancy Tax, suggesting either inadequate taxpayer education or systemic non-compliance in the STR sector. Detroit's Auditor General found that the DEGA, administering a \$2.75 million equitable economic development program funded by ARPA, missed multiple performance schedule deadlines, and the Mayor's office had not responded to audit findings as of February 2026.

7. Forward-Looking Signals

Several items in the surveillance set are not yet credit events but represent conditions that could become material in subsequent quarters.

FEDERAL FUNDING UNCERTAINTY

Los Angeles, San Francisco, and Oakland each flag potential federal funding disruptions. San Francisco has established a dedicated risk reserve; Los Angeles cites impacts from a partial government shutdown and tariff policies. The risk remains unquantified in most jurisdictions but is correlated across the surveillance set, meaning it could affect multiple credits simultaneously.

BOND ELECTIONS IN 2026

Fort Worth (\$845 million, May), San Francisco (\$535 million, June), Miami (amount TBD, August), and Austin (up to \$700 million, November) all have GO bond elections scheduled or under development in 2026. The aggregate voter-authorization volume suggests cities are moving to lock in borrowing capacity ahead of potential economic deterioration.

PROPERTY TAX DYNAMICS

Oakland's commercial property assessed values declined 2.8% (\$346 million) from Proposition 8 reassessment appeals. Nashville's 45% median property value increase from the 2025 reappraisal

enabled a rate reduction to \$2.814 per \$100 (lowest in Metro history) while still generating a 30.9% revenue increase. Fort Worth faces projected property tax revenue shortfalls and anticipated General Fund deficits in both FY 2026 and FY 2027, prompting denial of a 50% property tax exemption request for a 280-unit affordable housing development. These opposing trajectories—commercial contraction on the coasts and residential appreciation in the Sun Belt—will shape fiscal capacity divergence in the years ahead.

The common thread across this quarter's data is the collision between deferred costs coming due and revenue bases that have not kept pace. The cities that built reserves and diversified revenue during the post-pandemic recovery have options. Those that used one-time funds for recurring expenses are now discovering the cost of that choice.

Methodology and Limitations

MotionCount continuously ingests municipal agendas as posted across public meeting portals. This report scanned 1,518 raw legislative hits across 40 cities, filtering to 313 relevant items—a 79.4% noise reduction rate. Items are identified at agenda stage, typically days to weeks before they appear on EMMA or terminal services.

MotionCount's national coverage extends to 577 municipalities; the 40-city count in this report is constrained by which jurisdictions had actionable activity in Q1 2026, not by monitoring limits.

Par amounts reflect authorized ceilings; actual issuance may differ. Refunding savings estimates are subject to market conditions at pricing. All data is drawn from public meeting materials; no privileged information is used. This report reflects editorial judgment applied to source material and does not constitute investment advice or a credit rating.

Personalized briefs available. This report applies a broad municipal credit surveillance lens across the national pipeline. MotionCount also produces profile-specific intelligence briefs—including sales intelligence, policy analysis, and issuer-level deep analysis with source PDF extraction (TICs, NPV savings, coverage ratios, tax rate impacts)—configured for your coverage universe and analytical priorities. Contact iban@motioncount.com to scope a customized brief.

Report generated March 31, 2026.