

**CITY OF TEMECULA
AGENDA REPORT**

TO: City Manager/City Council

FROM: Jennifer Hennessy, Director of Finance

DATE: May 14, 2024

SUBJECT: Approve Financial Statements for the 3rd Quarter Ended March 31, 2024

PREPARED BY: Jennifer Hennessy, Director of Finance

RECOMMENDATION: That the City Council:

1. Receive and file the financial statements for the 3rd quarter ended March 31, 2024; and
2. Approve Fiscal Year 2023-24 budget adjustments identified during the preparation of the Fiscal Year 2024-25 Proposed Annual Operating Budget.

SUMMARY: As part of the Annual Operating Budget process, the current year revenues and expenditures are reevaluated to identify any changes that may be necessary to reflect current trends in the economy, projects or programs that will be deferred to the next fiscal year, or expenditures that may not occur as originally planned. Below is a list of adjustments identified for FY 2023-24, which will be reflected in the FY 2024-25 Proposed Annual Operating Budget.

General Fund Adjustments:

- a. Decrease Sales Tax Revenues (001.199.000.4024) by \$1,800,000 to reflect the current trend in Sales Tax activity.
- b. Reduce various Departments' Operating Expenditures by \$21,497, to reflect Departments' needs for the fiscal year.
- c. Reduce Finance Department's Capital Outlay (001.140.999.5610) by \$25,000, for the expansion of the conference room as it has been deferred to next Fiscal Year.

Measure S Fund Adjustments:

- a. Reduce Measure S Sales Tax Revenues (002.199.000.4019) by \$1,500,000, to reflect the current trend in Measure S activity.
- b. Increase Measure S Investment Interest Revenue (002.199.000.4065) by \$249,998, to reflect positive gains in the City's investments.
- c. Reduce Measure S Transfer Out to CIP Fund (002.199.999.7210) by \$530,914, to reflect the deferral of capital projects to future years.

Other Fund Adjustments:

- a. Reduce NPDES Capital Outlay (105.199.999.5610) by \$500,000, to reflect the deferral of the installation of storm drain filter to next fiscal year.
- b. Reduce CRP Community Grant Expenditures (110.199.102.5267) by \$20,937, to

- reflect the deferral of the program to the next fiscal year.
- c. Reduce the CRP Transfer Out to CIP Fund (110.199.192.7210) by \$115,000, to reflect the deferral of the capital project to next fiscal year.
 - d. Increase the DIF Fund Transfer Out to CIP Fund (120.199.999.7210) by \$1,495,468, to reflect the net adjustment to capital projects funded with DIF revenue.
 - e. Reduce the PEG Fund Capital Outlay (125.199.999.5610) by \$105,000 for the creation of a replacement fund for PEG equipment, as this reserve is available in fund balance instead.
 - f. Increase Community Development Block Grant Revenue (140.199.000.4081) by \$44,149, to reflect the anticipate reimbursement for CDBG activity in FY23-24.
 - g. Increase Community Development Block Grant Expenditures (140.199.999.5250) by \$41,486, to reflect the extension of a consultant agreement.
 - h. Increase the CDBG Transfer Out to CIP Fund (140.199.999.7210) by \$2,663, to reflect the change in funding amount for CDBG-funded capital projects.
 - i. Increase Affordable Housing Fund Revenue by \$3,789,640, to reflect the transfer in of SARDA Bond Proceeds to support Affordable Housing Capital Projects, and reduce Revenue by \$750,000 to reflect the deferral of the Motor Car Parkway capital project.
 - j. Reduce Affordable Housing Other Outside Services Expenditures (165.199.999.5250) by \$810,000, to reflect the deferral of the Motor Car Parkway capital project and other operating expenses to next fiscal year.
 - k. Reduce the Vehicle Replacement Expenditures (310.199.999.5610) by \$150,000, to reflect the deferral of the purchase of a replacement Dump Truck to the next fiscal year.
 - l. Reduce Capital Improvement Program Fund Revenue by \$1,345,064, to reflect the deferral of capital projects to the next fiscal year.
 - m. Reduce Capital Improvement Program Fund Expenditures by \$3,813,259, to reflect the deferral of capital projects to the next fiscal year.

BACKGROUND: The attached Financial Statements reflect the unaudited activity of the City for the 3rd Quarter Ended March 31, 2024.

FISCAL IMPACT: None

ATTACHMENTS: City Fund Summaries (Financial Statements)