CITY OF TEMECULA
AGENDA REPORT

TO: City Manager/City Council

FROM: Jennifer Hennessy, Director of Finance

DATE: November 18, 2025

SUBJECT: Approve Financial Statements for the 4th Quarter Ended June 30, 2025

PREPARED BY: Catlin Dorset, Management Analyst

RECOMMENDATION: That the City Council:

1. Receive and file the financial statements for the 4^{th} quarter ended June 30, 2025; and

2. Approve Fiscal Year 2024-25 Budget Adjustments outlined in the attached Exhibit A; and

3. Appropriate the following Fiscal Year 2025-26 Expenditures:

   a. Appropriate $1,000,000 transfer into the General Fund from the Pension Trust (PARS), to supplement surplus General Fund Balance for an Additional Discretionary Payment (ADP) towards the CalPERS Pension Unfunded Liability.

   b. Appropriate $4,000,000 ADP towards the CalPERS Pension Unfunded Liability from surplus General Fund Balance.

   c. Appropriate $2,000,000 of the year-end General Fund surplus to the Fire Facility Acquisition Fund, to pay back a portion of the $5 million advance from this Fund to make an ADP in FY 2025-26.

BACKGROUND: The attached Financial Statements reflect the preliminary results for Fiscal Year Ended June 30, 2025.

FISCAL IMPACT: Noted in the attached Fund Summaries. The above request will appropriate $4,000,000 of the General Fund year-end surplus to accelerate the goal of the City's Debt/Liability Paydown Strategy, adopted by Council in December 2022, and achieve 100% funding status in the City's Pension by June 30, 2027 (two years earlier than originally planned).

ATTACHMENTS:
1. Exhibit A – 2024-25 Budget Adjustments
2. City Fund Summaries