

**CITY OF TEMECULA  
AGENDA REPORT**

**TO:** City Manager/City Council

**FROM:** Jennifer Hennessy, Director of Finance

**DATE:** October 22, 2019

**SUBJECT:** Approve Financial Statements for the 4th Quarter Ended June 30, 2019

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**PREPARED BY:** Jennifer Hennessy, Director of Finance

**RECOMMENDATION:** That the City Council:

1. Receive and file the Financial Statements for the 4th Quarter Ended June 30, 2019;
2. Approve the following FY2018-19 Appropriations:
  - a. Increase Revenue and Transfer Out accounts by \$69,730 in Fund 160 – Supplemental Law Enforcement Services (SLESF) to reflect higher than anticipated revenue.
  - b. Increase the Transfer In account in the General Fund by \$69,730 from Fund 160.
3. Approve the following FY2019-20 Appropriations:
  - a. Transfer \$2,000,000 of year-end General Fund Operating Budget surplus to Fund 701 - Section 125 Pension Trust, in accordance with Budget Policy XII.B.2.
  - b. Appropriate \$1,000,000 of year-end Measure S Operating Budget surplus to Capital Improvement Project PW-18-17 Playground Equipment Enhancement and Safety Surfacing.

In addition to the above recommendations, staff also recommends the addition of three new Capital Improvement Projects. Prior to Council appropriating funding to the projects, the Planning Commission must first make findings that the projects are consistent with the General Plan, therefore the recommendations below are to assign (i.e. reserve) the funding for these projects, and the request to appropriate funds will come back to Council once the Planning Commission findings have been made:

- a. Assign \$1,100,000 of year-end Measure S Operating Budget surplus to establish a new Capital Improvement Project for the Community Recreation Center Splash pad and Shade Structures.
- b. Assign \$250,000 of year-end Measure S Operating Budget surplus to establish a new Capital Improvement Project for City Facility Security Improvements.
- c. Assign \$750,000 of year-end Measure S Operating Budget available fund balance for a new Capital Improvement Project for Old Town Security and Sound System Upgrade.

**BACKGROUND:** The attached Financial Statements reflect the unaudited activity of the City for the 4th Quarter Ended June 30, 2019.

The General Fund closed Fiscal Year 2018-19 with a Fund Balance of \$33,713,904, including \$7,656,743 in surplus funds, as compared to the Annual Operating Budget. The Measure S Fund closed Fiscal Year 2018-19 with \$6,764,066 in Fund Balance, including \$3,391,187 in surplus funds. Year-end surplus represents a one-time increase in Fund Balance, and because the Reserve for Economic Uncertainty and the Secondary Reserve are both fully funded, this surplus is categorized as “Unassigned Fund Balance.”

Per Budget Policy III.H – Unassigned Fund Balance-General Fund, any year-end operating surplus shall be appropriated for the following purposes:

- 1) Public Safety equipment or non-recurring programs
- 2) Asset management reserves
- 3) Capital improvement projects
- 4) Reduction in unfunded liabilities related to CalPERS pension and Other Post-Employment Benefits
- 5) Reduction, or avoidance, of City debt

Staff is recommending the following appropriations, in accordance with the aforementioned Budget Policy:

- \$2,000,000 transfer of General Fund Unassigned Fund Balance to Fund 701 - Section 125 Pension Trust, in accordance with Budget Policy XII.B.2
- \$2,350,000 transfer of Measure S Unassigned Fund Balance to Fund 201 – Capital Improvement Program for the following projects:
  - \$1,000,000 to augment the Playground Equipment Enhancement and Safety Surfacing Project for the replacement/upgrade of Winchester Creek Park, Steven Linen Park, John Magee Park and resurfacing at two Wolf Creek park sites.
  - \$250,000 to establish a new project – City Facility Security to install security enhancements to City-owned facilities.
  - \$1,100,000 to establish a new project – Community Recreation Center Splash pad & Shade Structures to replace the CRC kiddie pool with a splash pad and increase the number of shade structures in the pool area.
- Assign \$750,000 in Measure S Fund Balance to fund a new project – Old Town Surveillance & Sound System Upgrade, which will commence in Fiscal Year 2020-21.

All remaining surplus amounts will be deposited in the unassigned fund balance for each respective fund.

**FISCAL IMPACT:** The Fiscal Impacts are noted in the attached Financial Statements.

**ATTACHMENTS:** Quarterly Financial Report Q4’18-19 and Financial Statements (Includes the Following)  
1. Combining Balance Sheet as of June 30, 2019.  
2. Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual for Fiscal Year Ended June 30, 2019

(General Fund, Special Revenue Funds, Capital Improvement Fund, Debt Service Fund).

3. Combining Statement of Net Position as of June 30, 2019.

4. Combining Statement of Revenues, Expenses and Changes in Net Position for Fiscal Year Ended June 30, 2019 (Internal Service Funds).

5. Statement of Net Position - Fiduciary Fund California Employee Retiree Benefit Trust (CERBT) Fund and Pension Rate Stabilization Fund as of June 30, 2019.

6. Statement of Changes in Fiduciary Net Position – Fiduciary Fund (CERBT) and Pension Rate Stabilization Fund for Fiscal Year Ended June 30, 2019.

7. CIP Budget – Playground Equipment Enhancement

8. CIP Budget – CRC Splash pad & Shade Structures

9. CIP Budget – City Facility Security

10. CIP Budget – Old Town Surveillance & Sound System Upgrade