



## CITY OF MENIFEE

SUBJECT: Fiscal Year 2023/24 Mid-Year Budget Adjustment Review and Capital Improvement Program Status Update

MEETING DATE: February 7, 2024

TO: Mayor and City Council

PREPARED BY: Margarita Cornejo, Deputy Finance Director

REVIEWED BY: Travis Hickey, Chief Financial Officer

APPROVED BY: Rebekah Kramer, Acting City Manager

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### **RECOMMENDED ACTION**

1. Accept the Fiscal Year 2023/24 mid-year budget review and approve the additional budget revenue and appropriations recognitions as presented; and
2. Approve a resolution updating the City's Authorized Position Listing, approving additional staffing changes; and
3. Receive an update on the fiscal year 2023/24 Capital Improvement Program.

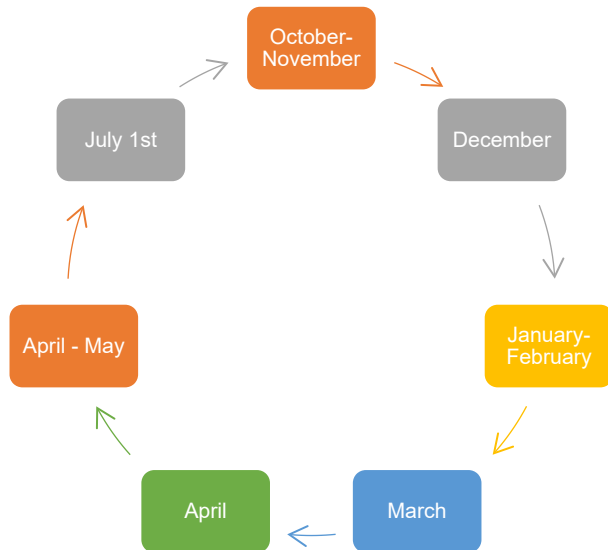
### **DISCUSSION**

In June 2023, the City adopted its first biennial budget, incorporating Fiscal Years (FY) 2023/24 and 2024/25. The biennial budget was introduced with the aim of adopting a more comprehensive perspective as it launches into the initiatives outlined in the new 2023-2028 Strategic Plan, and to simplify and consolidate budgetary procedures. As presented during the budget adoption process, the biennial budget process incorporates the following mid-year/mid-cycle review meetings:

**TABLE 1: MID-YEAR/MID-CYCLE REVIEW MEETINGS/TENTATIVE SCHEDULE**

Description	Anticipated Timeline
<b>Year 1 Mid-Year Review (FY 2023/24):</b> Comprehensive review of year 1 year-to-date actuals for expenditures & revenues, and projections for rest of the fiscal year.	February 2024
<b>Mid-Cycle Review (FY 2024/25):</b> Comprehensive review of ending year 1 (FY 2023/24), and adjustments for Year 2 (FY2024/25).	April 2024
<b>Year 2 Mid-Year Review (FY 2024/25):</b> Comprehensive review of year-to-date actuals for expenditures & revenues, and projected rest of the fiscal year.	February 2025

The City's biennial budget process/timeline is summarized below:



- **July 1:** New Fiscal Year
- **October - November:** Internal Review and Baseline Revenue/Expenditure Analysis for two-year Cycle.
- **December:** Long Term Financial Projection. Mid-Year Review initial analysis for Year 1.
- **January- February:** Department two-year Budget Development Kick-Off, Personnel Requests. Quality of Life Mid-Year Review. (Mid-Year Review, Year 1)
- **March:** City Departments, City Executive Office, Finance Department Budget Review Meetings (two-year Budget Development or Year 2 Mid-Cycle adjustments analysis).
- **April:** Year 1, Mid-Cycle Review/Adjustments for Year 2.

The mid-year budget review is presented to the City Council as an opportunity for the City Manager and the Finance Department to:

- Provide an overall update of the City's budget year underway.
- Present any additional necessary budget adjustments identified during the mid-year review process for City Council's consideration and approval.
- Update City Council on the Capital Improvement Program (CIP).

As a part of the mid-year review, the Finance Department worked with the various City departments along with the City's Executive Office to review/analyze the following:

- **Adopted Budget vs. Adjusted Budget** (Summary of Adjustments): Provides a comprehensive summary of the adopted budget to adjusted budget as of January 25, 2024.
- **Current Economic Outlook & Revenue Analysis** (National, State, Regional and Local): Provides the economic background and analysis for any recommended changes to the City's revenues for the remainder of the fiscal year.
- **General Fund & Quality of Life Funds** (Mid-Year Budget Recommendations):
  - Operating revenues vs. operating expenditures
  - Staffing/personnel review
- **Capital Improvement Program (CIP) Review/Update**
- **Special Revenue & Other Funds** (Mid-Year Budget Recommendations):
  - Revenue and/or expenditure adjustments
  - American Rescue Plan (ARP) funds update
- **Fiduciary Funds** (Mid-Year Budget Adjustment Recommendations)
- **Fiscal Policy and Strategic Plan/Long-Term Financial Planning**

Overall performance through the first half of the fiscal year is generally meeting budgeted expectations, but there are some operational matters that will be presented for Council's consideration and there are some variances in several City funds that should be addressed to keep the budget in alignment through the end of the fiscal year and to place the City in the best possible position for the upcoming budget cycle.

In summary, for the citywide budget the City's Executive Office's (CEO) mid-year recommendations include a recommended increase in total revenue appropriations of \$20,711,161 across all funds and an increase in total expenditure appropriations of \$2,690,460. The citywide budget, as adopted, does not include Bonded Community Facilities Districts (CFDs)(Infrastructure) or the corresponding fiduciary funds, as these funds are managed and used exclusively for the purpose of the CFD bond issuance, administration, reimbursements, and debt service payments. mid-year budget adjustments for these funds are discussed in a separate section of the staff report.

The CEO's request includes an increase in revenue of \$2,922,746 for the General Fund, \$50,000 for Quality of Life, \$27,500 for the Internal Service Funds (ISF), and \$17,710,915 for Special Revenue & Other Funds for a total increase of \$20,711,161.

On the personnel/staffing side, FY2023/24 includes requests for four position reclassifications, elimination of one part-time position and the addition of personnel for the Aquatics Program that are considered critical at this time. Staffing requests include:

- 1 reclassification request (Accounting Technician I) - Finance Department
- 3 reclassification requests (Principal Engineer, Senior Engineer, and Associate Engineer) - Public Works & Engineering Department
- Elimination of 0.5 FTE part-time position (Senior Engineer) -,Public Works & Engineering Department
- 27 Part-Time positions equivalent to 4.62 Full-Time Equivalent (FTEs) (Specialist/Pool Manager, Water Swim Instructors, Lifeguards) to support the Aquatics Program previously approved by City Council on December 6, 2023 – Community Services Department

The proposed reclassifications will ensure that staff in the Finance and Public Works and Engineering Departments are appropriately classified based upon their assigned scope of work and able to meet the operational needs of each department. The identified reclassifications combined with the elimination of the part-time Senior Engineer will result in a slight cost increase of \$425.

Specific to the General Fund and Quality of Life Fund, expenditure appropriations for the proposed FY2023/24 mid-year recommendations includes requests to be funded from available excess fund balance and/or on-going revenue in the amount of \$1,891,055 for the General Fund and expenditure appropriations in the amount of \$500,000 for the Quality of Life Fund. Other operational adjustments, such as additional support services, were reviewed and analyzed and will be absorbed within the current year budget through salary savings.

The recommended use of Quality of Life funds was presented at the Quality of Life Committee meeting on January 23, 2024. The Committee reviewed the presented use of available funds and made a motion to recommend use of funds as presented.

Other revenue sources and Special Revenue sources, such as Development Impact Fees (DIF), have also been reviewed for year-to-date actual and actual tax roll assessments/enrollments for County Service Areas (CSAs), Lighting & Landscape Maintenance Districts (LLMDs), and CFD charges. The City's Executive Office's mid-year recommendations for Special Revenue Funds includes expenditure appropriations requests of \$299,405 to cover some additional technology capital outlays (IT equipment, secure entry badge system for Community Services headquarters and Lazy Creek, Audio Visual (AV) equipment), and adjustments in projected utility costs in various special districts (LLMDs, CFDs).

Table 2 below summarizes the recommended adjustments by fund type:

**TABLE 2: SUMMARY OF MID-YEAR RECOMMENDED APPROPRIATIONS**

Summary of Mid-Year Appropriation Adjustments by Fund (Revenues)				
Fund Type	Adopted Budget FY2023/24	Adjusted Budget FY2023/24 <sup>(1)</sup>	Mid-Year Adjustments Recommended	Adjusted Budget with Mid-Year Adjustment FY2023/24
General Fund	\$70,722,556	\$71,552,491	\$2,922,746	\$74,475,237
Quality of Life	21,038,120	21,038,120	50,000	21,088,120
<b>General Fund TOTAL:</b>	<b>\$91,760,676</b>	<b>\$92,590,611</b>	<b>\$2,972,746</b>	<b>\$95,563,357</b>
Internal Service Funds (ISFs)	\$8,460,614	\$8,460,614	\$27,500	\$8,488,114
All Other Special Revenue Funds	27,902,979	44,150,605	17,710,915	61,861,520
<b>All Funds Total:</b>	<b>\$128,124,269</b>	<b>\$145,201,830</b>	<b>\$20,711,161</b>	<b>\$165,912,991</b>

Summary of Mid-Year Appropriation Adjustments by Fund (Expenditures)				
Fund Type	Adopted Budget FY2023/24	Adjusted Budget FY2023/24 <sup>(1)</sup>	Mid-Year Adjustments Recommended	Adjusted Budget with Mid-Year Adjustment FY2023/24
General Fund	\$71,955,476	\$88,383,809	\$1,891,055	\$90,274,864
Quality of Life	25,079,745	37,276,430	500,000	37,776,430
<b>General Fund TOTAL:</b>	<b>\$97,035,221</b>	<b>\$125,660,239</b>	<b>\$2,391,055</b>	<b>\$128,051,294</b>
Internal Service Funds (ISFs)	\$9,065,880	\$10,469,771	\$200,343	10,670,114
All Other Special Revenue Funds	29,723,969	102,086,532	99,062	102,185,594
<b>All Funds Total:</b>	<b>\$135,825,070</b>	<b>\$238,216,542</b>	<b>\$2,690,460</b>	<b>\$240,907,002</b>

(1) See Attachment Listing of FY2023/24 Budget Amendment Resolutions (BARs) Items through February 1, 2024 to see detail of budget adjustments (carry overs and new appropriations).

The adjusted citywide budget includes the one-time use of available fund balance, primarily for CIP projects carried over from the prior year(s). Use of available fund balance does not use any City Reserve Funds.

In addition to the citywide budget represented above, the following adjustments with relation to the City's bonded CFD (Infrastructure and Fiduciary Funds) are requested, revenue appropriations in the amount of \$29,434,051 and expenditure appropriations in the amount of \$28,829,971 to reflect recent CFD bond issuances.

### **Adopted Citywide Budget vs. Adjusted Citywide Budget as of January 25, 2024**

The adopted citywide FY2023/24 budget totaled \$128,124,269 in revenue and \$135,825,075 in expenditures for all funds, excluding Fiduciary Funds, and supported 330.40 (302 full-time and 28.4 part-time) positions. The City's General Fund total adopted budget, inclusive of Quality of Life Measure, totaled projected revenues of \$91,760,676 and total projected expenditures of \$97,035,221, including the planned use of surplus fund balance in the amount of \$5,274,545 for high priority capital infrastructure projects, and \$90,783,835 in operating expenses, resulting in a balanced operating budget.

The adopted budget is adjusted throughout the year by including appropriations that are carried forward from the prior fiscal year for projects that were planned for and authorized by the City Council, however, not fully completed. In addition, throughout the year the City Council approves adjustments to the adopted budget in separate City Council action agenda items. The summary of expenditure adjustments through February 1, 2024, totals \$102,391,472, and the total revenue adjustments through February 1, 2024, totaled \$17,077,561, which is comprised of the following:

<u>Expenditures</u>		<u>Revenue</u>	
FY2022/23 Carry-Over Appropriations	\$90,170,744	FY2022/23 Carry-Over Appropriations	\$6,835,679
FY2023/24 Added Appropriations	12,220,728	FY2023/24 Added Appropriations	10,241,882
	<b>\$102,391,472</b>		<b>\$17,077,561</b>

Since July 1, 2023 and as summarized in the attached budget amendment summary, staff presented 22 budget amendments requesting to increase revenues and expenditure appropriations in the General Fund, Quality of Life, and/or other Special Revenues. Additionally, pursuant to the adopted budget policy, eligible existing encumbrances, CIP budgets, grants and capital outlays/projects have been carried forward under City Manager approval.

Table 3 provides a breakdown of the adopted budget versus the adjusted budget by fund type.

**TABLE 3: FY2023/24 ADOPTED VS ADJUSTED BUDGET (AS OF FEBRUARY 1, 2024)**

General Fund				
General Fund Fiscal Year 2023/24 Operating & Capital Budget				
Category	Adopted Budget June 2023	Carry-Over From FY2022/23	Budget Resolutions FY2023/24	Adjusted Budget FY2023/24 (Before FY23/24 Mid-Year Adjustments)
<b>Revenue:</b>				
Sales Tax	\$12,880,452	\$-	\$-	\$12,880,452
Property Tax	21,480,342	-	-	21,480,342
Building/Engineering/	12,648,213	-	-	12,648,213
Vehicle License Fee	10,726,533	-	-	10,726,533
Franchise Fees	4,875,000	-	-	4,875,000
Other	8,112,016	-	829,935	8,941,951
<b>Total Revenue</b>	<b>\$70,722,556</b>		<b>\$829,935</b>	<b>\$71,552,491</b>
<b>Expenditures:</b>				
Personnel <sup>(1)</sup>	\$33,877,684	\$-	\$-	\$33,897,685
Operating Expenses <sup>(1)</sup>	26,963,248	4,177,898	20,563	31,144,548
Capital Outlays <sup>(1)(2)</sup>	1,790,000	24,229	-	1,804,229
Transfers & Allocations	8,041,623	-	-	8,041,623
Capital Projects (CIP) <sup>(1)(3)</sup>	1,282,921	10,415,959	1,789,683	13,495,724
Debt	-	-	-	-
<b>Total Expenditure</b>	<b>\$71,955,476</b>	<b>\$14,618,086</b>	<b>\$1,810,246</b>	<b>\$88,383,809</b>
<b>Use of Fund Balance <sup>(3)</sup></b>	<b>\$1,232,920</b>	<b>\$14,618,086</b>	<b>\$980,311</b>	<b>\$16,831,318</b>

(1) FY2023/24 Adjusted Budget includes net budget transfers between Personnel and Operating Expenses/Capital Outlays of approximately \$20k, and transfer from Operating Expenses to CIP of \$7,161 for CIP 22-08: Normandy Road Pedestrian Improvements Project with no increase in overall budget appropriations.

(2) Capital Outlays category includes capital outlays and 1x studies/consulting services.

(3) Use of fund balance corresponds to use of revenues previously collected for approved carry-over expenditures and/or new approved appropriations approved by Council. This does not use City Reserve Funds.

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Quality of Life (Measure DD) Fiscal Year 2023/24 Operating & Capital Budget				
Category	Adopted Budget June 2023	Carry-Over From FY2023/24	Budget Resolutions FY2023/24	Adjusted Budget FY2023/24 (Before FY23/24 Mid-Year Adjustments)
<b>Revenue:</b>				
Sales Tax	\$20,913,120	-	-	\$20,913,120
Interest Earnings	125,000	-	-	125,000
<b>Total Revenue</b>	<b>\$21,038,120</b>	<b>-</b>	<b>-</b>	<b>\$21,038,120</b>
<b>Expenditures:</b>				
Menifee Police Department	\$7,592,849	\$789,255	-	\$8,382,104
Fire Department	12,140,268	-	-	12,140,268
Code Enforcement	378,163	-	-	378,163
Capital Projects (CIP) <sup>(1)</sup>	4,968,465	11,407,431	-	16,375,896
<b>Total Expenditure</b>	<b>\$25,079,745</b>	<b>\$12,196,686</b>	<b>\$-</b>	<b>\$37,276,430</b>
<b>Use of Fund Balance<sup>(2)</sup></b>	<b>\$4,041,625</b>	<b>\$12,196,686</b>	<b>\$-</b>	<b>\$16,238,311</b>
<b>General Fund &amp; Quality of Life Expenditures:</b>	<b>\$97,035,221</b>			<b>\$125,660,239</b>

(1) Includes planned use of fund balance in the amount of \$4,041,625 for high priority CIP projects.

(2) Use of fund balance corresponds to use of revenues previously collected for approved carry-over expenditures and/or new approved appropriations approved by Council. This does not use City Reserve Funds.

Special Revenue & Other Funds Fiscal Year 2023/24 Operating & Capital Budget				
Category	Adopted Budget June 2023	Carry-Over From FY 2023/24	Budget Resolutions FY 2023/24	Adjusted Budget FY 2023/24 (Before FY23/24 Mid-Year Adjustments)
<b>Revenue:</b>				
Internal Service Funds (ISF)	\$8,460,614	\$ -	\$ -	\$8,460,614
Gas Tax & Other Special Revenue Funds	10,174,543	6,835,679	7,360,320	24,370,542
LLMD Funds	880,007	-	-	880,007
CFD Funds (Maintenance)	5,814,215	-	6,464	5,820,679
CSA Funds	1,908,731	-	1,585,460	3,494,191
DIF/Quimby/RBBD Funds	7,369,623	-	219,088	7,588,711
Capital Project Fund	-	-	240,615	240,615
Debt Service Fund	1,755,860	-	-	1,755,860
<b>Total Revenue</b>	<b>\$36,363,593</b>	<b>\$6,835,679</b>	<b>\$9,411,947</b>	<b>\$52,611,219</b>
<b>Expenditures:</b>				
Personnel <sup>(1)</sup>	\$6,211,909	\$6,617	\$-	\$6,198,521
Operating Expenses <sup>(1)</sup>	12,486,027	2,556,678	271,533	15,339,966
Capital Outlays <sup>(1)</sup>	930,602	1,400,189	-	2,331,531
Transfers & Allocations	2,613,736	1,007,500	1,028,460	4,649,697
Capital Projects (CIP)	14,881,715	58,384,987	9,104,025	82,370,727
Debt	1,665,860	-	-	1,665,860
<b>Total Expenditure</b>	<b>\$38,789,849</b>	<b>\$63,355,372</b>	<b>\$10,431,045</b>	<b>\$112,556,303</b>
<b>Use of Fund Balance<sup>(2)</sup></b>	<b>\$2,426,256</b>			<b>\$59,945,084</b>
<b>Citywide Total Expenditures:</b>	<b>\$135,825,070</b>			<b>\$238,216,542</b>

(1) FY2023/24 Adjusted Budget includes budget transfers of approximately \$5.7k (Salary savings) from Personnel category to Operating Expenses and/or capital outlays. This reflects a budget transfer between Personnel and other categories, with no increase in overall budget appropriations.

(2) Use of fund balance corresponds to use of revenues previously collected for approved carryover expenditures and/or new approved appropriations approved by Council. This does not use City Reserve Funds.

The General Fund and Quality of Life adjusted budget shown in Table 3 above do not include the proposed mid-year adjustments.

### **Current Economic Outlook (National, State, Regional & Local) & Revenue Analysis**

The FY 2023/24 budget as adopted in June 2023, incorporated a two-year budget with anticipated steady growth across its principal revenues. As the City continues to grow, development related revenue, property tax, and sales tax revenue have steadily increased year-over-year. However, against a national financial background of deliberate interest rate increases by the Federal Reserve in efforts to rein in inflation, the City's principal revenues, from development to sales activity have overall experienced a flattening in growth. In the first half of the current year, the City's main revenues (Sales Tax, Quality of Life, Property Tax and Development related fees) have all experienced modest growth. The overall economy seems to move into the "soft landing" rather than the recession feared by some. There are some positive economic signs, as well as some new warning signs of an overall slowdown. On the inflation side, the peak rates of 9.1% (nationally) and 8.3% (California) experienced in June 2022, were at 3.1% and 3.2% respectively by October 2023. Residential permits activity experienced a decline as construction loans are now more expensive.

Nationally, the overall economy experienced an average growth of 3.1% in real Gross Domestic Product (GDP) during the first three quarters of 2023. It is anticipated that GDP will slow to below 1% during the first half of 2024. Increased interest rates to help rein in inflation, have also slowed spending. Housing permits, consumer confidence, manufacturing data, and consumer spending reflect a general sentiment of slowed growth. For instance, the Conference Board Leading Economic Index (LEI) for the U.S. fell by 0.5% in November 2023. The U.S. LEI has maintained a downward trajectory for the last several months with a 3.5% contraction since May 2023. Amongst the leading indicators are the continued deterioration of new manufacturing orders, consumers' expectations of business conditions, and credit conditions.

State-wide, California's labor market is projected to grow at a more modest rate as it returns to pre-pandemic levels. However, in development of its upcoming state budget, there is also consensus that the state economy will experience a continued economic slow-down through the balance of 2024. Overall projections indicate a generally weaker economy through 2024, with a rebound to stronger growth in 2025.

As the City moves through the second half of the current fiscal year, overall recommendations for adjustments are fiscally conservative. Within the City of Menifee, development activity during the first half of 2023 continued the upward trajectory experienced in the second half of fiscal year 2022/23. It is important to note that overall activity reflects a more modest growth pattern in line with the pre-pandemic years.

The City's top six budgeted revenue sources for the General Fund, inclusive of Quality of Life (Measure DD) are listed in Table 4 on the following page. Together, these six revenue sources represent 91.02% of the budgeted General Fund revenues as adopted in June 2023.



**TABLE 4: TOP SIX CITY REVENUES**

Revenue Description		Mid-Year Review/Analysis & Recommendations
1.	Sales Tax	In the first half of FY2023/24 sales tax revenue has experienced a general slowdown compared to prior years. The original adopted amount represented growth from the FY2022/23 Adjusted budget and historical growth trends. Year-to-date actuals received reflect revenues in alignment with the adopted budget. Revised projections, incorporating updated projections for the balance of the year include a recommendation for <b>No mid-year adjustments.</b>
2.	Quality of Life (Measure DD)	The first half of FY2023/24 Quality of Life revenue has experienced a general slowdown compared to prior years. The original adopted amount represented growth from the FY2022/23 Adjusted budget and historical growth trends. Year-to-date actuals received reflect revenues in alignment with the adopted budget. Revised projections, incorporating updated projections for the balance of the year include a recommendation for <b>No mid-year adjustments.</b>
3.	Property Tax	HdL projections received in January 2024 indicate property tax revenue is expected to meet adopted budget numbers. Compared to FY2022/23, the taxable assessed value has increased by 10.7%. During the budget development and adoption, property taxes were projected to increase based on anticipated property value appreciation and new construction. Current projections for the balance of the year are projected to meet adopted budget. Recommendation for balance of the year includes <b>No mid-year adjustments.</b>
4.	Building/Planning/Engineering/Fire Fees (Development Fees)	In line with the last few months of FY2022/23, in the first half of FY 2023/24, activity has overall experienced consistent activity (Building & Safety, Planning, Engineering and Fire). Recommendation for balance of the year includes <b>No mid-year adjustments.</b>
5.	Vehicle License Fee (VLF)	Revised HdL projections reflect VLF revenue expected to meet adopted budget projections. Recommendation for balance of the year includes <b>No mid-year adjustments.</b>
6.	Franchise Fees	Solid Waste Franchise Fees received for the first 1st quarter of FY2023/24 are trending higher than originally forecast. Other franchise revenues (gas and electricity) are collected later in the year. Cable TV franchise revenues are trending slightly lower than projected monthly average. Recommendation for balance of the year includes <b>No mid-year adjustments.</b>

Economic conditions will continue to be closely monitored and factored during the FY2024/25 Mid-Cycle Review (Year 2) scheduled to be presented for adoption in June 2024. Table 5 on the following page provides an overall summary of some of the Key Economic Indicators incorporated as part of the mid-year review process.

**TABLE 5: SUMMARY OF KEY ECONOMIC INDICATORS (NATIONAL, STATE, LOCAL)**

Indicator	National	State	Regional/Local
<b>GDP ( ↓ )</b>	1% Forecast for FY 2023/24, slower growth	---	---
<b>Unemployment ( ↓ )</b>	3.7% November 2023	4.9% November 2023	5.1% / 5.3%
<b>Inflation ( + )</b>	9.1% (June 2022)/ 3.1% (October 2023)	8.3% (June 2022)/ 3.2% (October 2023)	7.5% (November 2022)/ 4.3% (Nov. 2023)
<b>Residential Permits ( ↓ )</b>	6.1% increase Dec. 2023 to December 2022/ Annual 2023 were 11.7% below 2022 totals	1.7% decrease September 2022 to October 2023 (SFR decrease of 13.5% over prior year, and MFR 1.3 decrease from over prior year)	---

Note: Sources include, UCLA Economic Forecast (December 2023), State of CA Budget 2024 (January 2024), U.S. Census Bureau and U.S. Department of Housing and Urban Development Monthly New Residential Construction (December 2023)., California Department of Finance Economic Update (December 2023), HdL January 2024 Property Tax and Sales Tax projections.

## **General Fund & Quality of Life Funds (Mid-Year Budget Recommendations)**

### **Revenue Adjustments**

Based on the revenue analysis discussed in the preceding section relative to the City's top six revenue sources, no budget adjustments are recommended for these revenues. However, staff is recommending the following adjustments to revenues for the General Fund and Quality of Life Funds and as reflected in Table 6 and 7 on the following pages, principally related to increased interest earnings, recreation fees, and CEQA revenue to match the adjusted expenditures for FY2023/24.

**TABLE 6: FY2023/24 MID-YEAR GENERAL FUND & QUALITY OF LIFE REVENUE PROPOSED REVENUE ADJUSTMENTS**

No.	Fund	Description	FY2023/24 Mid-Year Revenue Adjustment Amount (\$)	Justification
1	General Fund	Interest Income	\$250,000	Higher interest revenue receipts based on YTD actuals.
2	General Fund	Class Registration Fee	50,000	Anticipated increased recreation classes based on YTD activity. Offsets corresponding expenditure appropriation request.
3	General Fund	City Activity/Program Fees (Aquatics Program)	14,500	Fees charged for the Aquatics Program will begin collection in FY23/24.
4	General Fund	CEQA Revenue	2,608,246	Based on Adjusted FY2023/24 CEQA budget including carryover encumbrances. Expenditures are fully paid by developer.
5	Quality of Life	Interest Income	50,000	Higher interest revenue receipts based on YTD actuals.
<b>TOTAL:</b>			<b>\$2,972,746</b>	

### **Expenditure Analysis & Adjustments**

Overall, budgetary expenditures within the General Fund, including Quality of Life, are in line with their original budget projections. The mid-year appropriation requests are reflective of critical expenditures needed to support Council priorities and on-going operations.

The General Fund recommended mid-year budget for FY2023/24 includes Revenue adjustment net increase of \$2,922,746, and expenditure appropriation adjustment requests of \$1,891,055. The majority of the revenue adjustments are derived from CEQA revenue adjustments to match expenditure appropriations. Interest revenue is also adjusted to reflect higher than projected interest earnings, with a combined recommended adjustment of \$300,000. Table 7 on the following page depicts the recommended revenue and expenditures adjustments by category within the General Fund.

**TABLE 7: FY2023/24 MID-YEAR ADJUSTMENT RECOMMENDATIONS (GENERAL FUND)**

General Operating & Capital Budget Year-to-Date (YTD) & Fund Balance						
Fund Type	Adopted Budget 2023/24	Adjusted Budget 2023/24	Mid-Year Adjustments Recommended	Adjusted FY2023/24 Budget with Mid-Year Adjustment	YTD Actuals 2023/24 as of 1/26/2024	Percentage (%) YTD to Adjusted Budget
<b>Revenue:</b>						
Sales Tax	\$12,880,452	\$12,880,452	\$-	\$12,880,452	\$4,661,934	36.19%
Property Tax	21,480,342	21,480,342	-	21,480,342	7,979,724	37.15%
Development Fees	12,648,213	12,648,213	-	12,648,213	7,858,760	62.13%
Vehicle License Fee	10,726,533	10,726,533	-	10,726,533	-	0.00%
Franchise Fees	4,875,000	4,875,000	-	4,875,000	747,974	15.34%
Other	8,112,016	8,941,951	2,922,746	11,864,697	8,451,398	94.51%
<b>Total Revenue</b>	<b>\$70,722,556</b>	<b>\$71,552,491</b>	<b>\$2,922,746</b>	<b>\$74,475,237</b>	<b>\$29,699,790</b>	<b>41.51%</b>
<b>Expenditures:</b>						
Personnel	\$33,877,684	\$33,897,685	\$78,000	\$33,975,685	\$17,247,773	50.88%
Operating Expenses	26,963,248	31,144,548	1,813,055	32,957,603	9,089,308	29.18%
Capital Outlays	1,790,000	1,804,229	-	1,804,229	77,386	4.29%
Transfers & Allocations	8,041,623	8,041,623	-	8,041,623	8,041,623	100.00%
Capital Projects (CIP)	1,282,921	13,495,724	-	13,495,724	1,168,751	8.66%
Debt	-	-	-	-	-	0.00%
<b>Total Expenditures</b>	<b>\$71,955,476</b>	<b>\$88,383,809</b>	<b>\$1,891,055</b>	<b>\$90,274,864</b>	<b>\$35,624,841</b>	<b>40.31%</b>
<b>Unassigned Fund Balance (6/30/2023)<sup>(1)</sup></b>	<b>\$24,032,268</b>	<b>\$24,032,268</b>		<b>\$24,032,268</b>		
<b>Fund Balance Adjustments</b>	<b>-</b>	<b>1,450,000<sup>(2)</sup></b>		<b>1,450,000<sup>(2)</sup></b>		
<b>Use of Fund Balance <sup>(1)</sup></b>	<b>(\$1,232,921)</b>	<b>(\$16,831,318)</b>		<b>(\$15,799,627)</b>		
<b>Estimated Unassigned Fund Balance (6/30/2024)<sup>(1)</sup></b>	<b>\$22,799,347</b>	<b>\$8,650,950</b>		<b>\$9,682,641<sup>(3)</sup></b>		

- (1) Net of required 35% Reserve Requirement of \$31,520,593, Committed Fund Balances, and Assigned Fund Balances.
- (2) On 12/6/2023, \$450,000 from Assigned Fund Balance was moved from Assigned to Unassigned Fund Balance and corresponding expenditure appropriation of \$450,000 approved. 1/18/2024 \$1,000,000 from Committed Fund Balance from Community Center was moved to Unassigned Fund Balance and corresponding expenditure appropriation of \$1,000,000 approved.
- (3) Pursuant to adopted Fund Balance Policy, Surplus Fund Balance will be considered a surplus if over 40% of the budgeted operating expenditures. Based on adopted FY2023/24 adopted operating expenditure, estimated Surplus Fund Balance at 6/30/24 would be \$5,179,699.

The Quality of Life recommended mid-year budget revenue adjustment for FY2023/24 is \$21,088,120 a total increase of \$50,000, and a recommended \$500,000 increase in expenditure appropriations for a revised expenditure budget of \$37,776,430 from the 2023/24 adjusted budget (current). Table 8 below depicts the recommended revenue and expenditure adjustments by category within the Quality of Life Fund.

**TABLE 8: FY2023/24 MID-YEAR ADJUSTMENT RECOMMENDATIONS (QUALITY OF LIFE)**

Quality of Life Operating & Capital Budget Year-to-Date (YTD) & Fund Balance						
Fund Type	Adopted Budget 2023/24	Adjusted Budget 2023/24	Mid-Year Adjustments Recommended	Adjusted Budget with FY23/24 Mid-Year Adjustments	YTD Actuals 2022/23 as of 1/26/2024	Percentage (%) YTD to Adjusted Budget
<b>Revenue:</b>						
Sales Tax <sup>(1)</sup>	\$20,913,120	\$20,913,120	\$ -	\$20,913,120	\$6,992,218	33.43%
Interest	125,000	125,000	50,000	175,000	147,054	117.64%
<b>Total Revenue</b>	<b>\$21,038,120</b>	<b>\$21,038,120</b>	<b>\$50,000</b>	<b>\$21,088,120</b>	<b>\$7,139,272</b>	<b>33.93%</b>
<b>Expenditures:</b>						
Personnel	\$6,973,012	\$6,944,760	\$ -	\$6,994,760	\$3,268,546	47.06%
Operating Expenses	13,138,268	13,144,172	-	13,144,172	-	0.00%
Capital Outlays	-	761,603	-	761,603	208,091	27.32%
Transfers & Allocations	-	-	-	-	-	0.00%
Capital Projects (CIP)	4,968,465	16,375,896	500,000	16,875,896	426,481	2.60%
Debt	-	-	-	-	-	0.00%
<b>Total Expenditures</b>	<b>\$25,079,745</b>	<b>\$37,276,430</b>	<b>\$500,000</b>	<b>\$37,776,430</b>	<b>\$3,903,118</b>	<b>10.47%</b>
<b>Unassigned Fund Balance (6/30/2023)<sup>(2)</sup></b>	<b>\$17,516,685</b>	<b>\$17,516,685</b>		<b>\$17,516,685</b>		
<b>Use of Fund Balance</b>	<b>(\$4,041,624)</b>	<b>(\$16,238,310)</b>		<b>(\$16,688,310)</b>		
<b>Estimated Unassigned Fund Balance (6/30/2024)<sup>(2)</sup></b>	<b>\$13,475,062</b>	<b>\$1,278,375</b>		<b>\$828,375</b>		

(1) Reflects revenues collected through October 2023.

(2) Net of Assigned Fund Balances.

### Personnel/Mid-Year Requests

Personnel expenditures year-to-date actuals are 50.17% of the adjusted budget for General Fund and Quality of Life. The Fiscal Year 2023/24 budget currently includes a total of 330.40 full-time equivalent personnel.

As part of the mid-year process, departments reviewed organizational structure and operations to identify critical staffing needs. Staff is requesting approval of the following: reclassification of four positions, elimination of a part time (.5 FTE) position and addition of 27 part-time personnel (equivalent to 4.62 FTEs) to support the Aquatics Program. If the FY2023/24 mid-year personnel requests are approved, the updated personnel total will be 334.52, 302 full-time and 32.5 part-time FTE.

**TABLE 9: FY2023/24 MID-YEAR PERSONNEL REQUESTS**

No.	Department	Position Title	FY2023/24 Mid-Year Appropriation Request	Prorated FY2023/24 Total Personnel Costs <sup>(1)</sup>	Justification
1	Finance <sup>(1)</sup>	Accounting Technician I (Reclassification from Accounting Assistant)	\$ -	\$ 2,225	Operational Need – Align position with current function/assignments of position and overall department. organization. <b>Full Year Additional Cost FY2024/25: \$6,674.</b>
2	Community Services	27 part-time staff = 4.62 FTE ( <b>Aquatics Program</b> )	78,000	78,000	Aquatics Program was pre-approved by Council on 12/6/2023. <b>Full Year Cost FY2024/25: \$210,700.</b>
3	Engineering <sup>(1)</sup>	PT Senior Engineer (Position Eliminated)	-	(25,218)	Operational Need - Eliminating position to consolidate and re-structure department positions. <b>Full Year Savings FY2024/25: (\$75,653).</b>
4	Engineering <sup>(1)</sup>	Principal Engineer (Reclassification from Sr. Traffic Engineer)	-	8,875	Operational Need – Align position with current function/assignments of position and overall department organization. <b>Full Year Additional Cost FY2024/25: \$26,625.</b>
5	Engineering <sup>(1)</sup>	Senior Engineer (Reclassification from Associate Engineer)	-	6,078	Operational Need – Align position with current function/assignments of position and overall department. <b>Full Year Additional Cost FY2024/25: \$18,234.</b>
6	Engineering <sup>(1)</sup>	Associate Engineer (Reclassification from Assistant Engineer)	-	8,465	Operational Need – Align position with current function/assignments of position and overall department. <b>Full Year Additional Cost FY2024/25: \$25,394.</b>
<b>TOTAL</b>			<b>\$ 78,000</b>	<b>\$ 78,425</b>	

(1) Prorated to begin 3/1/2024, 4 months. No additional expenditure appropriation is needed in the current year, as other budget savings accomplished during the year accommodate the additional expenses needed for the balance of the year. On-going increases in General Fund revenues include the capacity to absorb the positions in the upcoming years.

### Operations & Maintenance/Mid-Year Requests

Year-to-date, operations and maintenance expenditures are 18.21% of the adjusted budget for General Fund and Quality of Life. Larger expenses, such as dispatch and fire services are anticipated to be received later in the fiscal year and are therefore not yet realized. The requests outlined in Table 10 below are made from the General fund: the Instructor Payment Request (No. 3) would be offset by corresponding revenue, the Aquatics Program (No. 4) would be funded by program fees, as well as supported by on-going revenue, the remainder of the identified requests are one-time expenses to be funded with available excess fund balance. No Quality of Life fund appropriations will be required for the identified operations and maintenance expenditures.

**TABLE 10: FY2023/24 MID-YEAR OPERATIONS & MAINTENANCE REQUESTS**

No.	Department	Description	Increase/(Decrease)	Justification
1	HR/Risk Management	Insurance Premium Costs & Claims Expenses	\$ 698,555	Increase from overall insurance premium increases beyond originally budgeted as well as increasing claims expenses based on YTD actuals.
2	Community Services	Support tree maintenance in unfunded areas (LLMD & CSA).	35,000	Increase in the cost of tree maintenance and trimming for FY 2023/24.
3	Community Services	Instructor Payments	50,000	Increase in instructor payments due to the increase in classes offered. Offset by \$50,000 in new revenue.
4	Community Services	Aquatics Program	29,500	Operating costs of the Aquatics program for FY 2023-24. This also includes costs for supplies and venue rental. Total Aquatics Program (Personnel & Operating Costs is \$107,500 for FY2023/24, and anticipated at \$231,850 for FY2024/25)
5	General Services (Non-Departmental)	Unfunded Pension Liability (FY2023/24) adjustment	1,000,000	Outstanding Unfunded Pension Liability for FY2023/24 adjustment significantly higher than projected during budget adoption.
<b>TOTAL</b>			<b>\$ 1,813,055</b>	

### Other Operational Adjustments

Other operational adjustments were reviewed and analyzed and will be absorbed within the current year budget through salary savings. Of note, operational adjustments include budget transfer of savings for \$200k for legal services to support increased legal activity (litigation, labor negotiations etc). Some items will also be incorporated within the FY2024/25 mid-cycle process.

### **Capital Outlay/Mid-Year Requests**

Year-to-date capital outlay expenditures are 11.13% of the adjusted budget for General Fund and Quality of Life. The City has continued to experience delays in realized expenditures for larger capital outlays, such as vehicle purchases, due to supply shortages. There are no appropriation requests from the General Fund or Quality of Life fund as part of the FY2023/24 mid-year review.

### **Special Revenue & Other Funds (Mid-Year Budget Recommendations)**

Recommended FY2023/24 mid-year budget adjustments for Special Revenue and Other Funds sources include increases of \$17,738,415 in revenues and \$299,405 in additional expenditure appropriations. The expenditure appropriation requests include the following:

- Additional appropriations of \$200,343 for technology capital outlays (equipment replacements (\$110,000), badge reader system for CSD facility Kay Cenicerros campus, and Lazy Creek Recreation Center (\$38,043), laptop computer for Aquatics Program and additional software licenses (\$7,300), as well as web compliance upgrades to ensure the City website adheres with ADA requirements (\$15,000) and additional data back-up capacity to accommodate growth (\$30,000)).
- Audio Visual (A/V) equipment (dual channel communications headset and teleprompters) to support A/V operations (\$14,000)
- \$85,062 for special districts (LLMDs, CSAs, CFDs (maintenance) increased utility costs).

The largest proposed revenue adjustment increases are represented by the following:

- Corresponding carryovers of Transportation Uniform Mitigation Fee (TUMF) related revenues (\$16.6 million) to align with previously carried over expenditures (CIP projects); and
- Increased Quimby Fees based on year-to-date trends.
- Increased Interest revenue based on year-to-date actuals and trends.

Table 11 on the following page details the recommended adjustments (revenues and/or expenditure appropriations) for the Special Revenue and Other Funds:



**TABLE 11: FY2023/24 MID-YEAR ADJUSTMENT RECOMMENDATIONS (SPECIAL REVENUE & OTHER FUNDS)**

Fund Category Type	Revenue Adjustment (\$)	Expenditure Adjustment (\$)	Justification/Explanation
Internal Service Funds (ISF)	\$27,500	\$200,343	Higher interest revenue, and appropriations for Technology capital outlays
Gas Tax & Other Special Revenue Funds	16,715,470	14,000	Corresponding carryovers of TUMF related revenues to align with previously carried over expenditures (Budget and encumbrances).  Higher interest revenue receipts based on YTD actuals.
LLMD Funds	19,175	38,100	Higher interest revenue receipts based on YTD actuals.  Additional appropriations in several special districts for higher YTD actuals on utilities.
CFD Funds (Maintenance)	91,672	46,962	Higher interest revenue receipts based on YTD actuals.  Additional appropriations in several special districts for higher YTD actuals on utilities.
CSA Funds	13,270	-	Higher interest revenue receipts based on YTD actuals.
DIF/Quimby/RBBD Funds	865,128	-	Overall YTD actuals revenues are trending higher than budgeted.  Additionally, effective July 1, 2023 new DIF fee schedule was effective, new funds were set up from Parks DIF, Circulation/Transportation DIF, and Drainage DIF. Budget adjustments between the old funds (included as part of the budget adoption) and new funds (to account revenues now being received in new DIF).
Debt Service	6,200	-	Higher interest revenue receipts based on YTD actuals.
<b>TOTAL:</b>	<b>\$17,738,415</b>	<b>\$299,405</b>	

### Capital Improvement Program (CIP) Review & Update

At budget adoption, the FY2023/24 CIP program included a total of 32 projects and funding totaling \$21,133,101. Including FY2023/24 mid-year requests of \$500,000, the CIP Budget would be updated to reflect the requests summarized in Table 12 on the following page.

### FY2023/24 Mid-Year CIP Requests

There is an appropriation request for \$500,000 from Quality of Life funds to cover two CIP projects, the 2024 Pavement Management Program (PMP) Update (CIP 24-23) and the

Americans with Disability Act (ADA) Self-Evaluation and Transition Plan (CIP 24-24) required to receive federal funding, with a budget request of \$250,000 for each of the projects.

**TABLE 12: FY 2023/24 ADOPTED vs. FY 2023/24 ADJUSTED BUDGET (CIP) UPDATE (Including FY2023/24 Mid-Year Requests)**

No.	Project Category	No. of Original Projects	FY2023/24 Adopted Budget: Project Costs	No. of Active Projects	FY2023/24 Adjusted Budget: Project Costs
1	Transportation	7	\$8,251,470	14	\$67,403,512
2	Traffic Signals	2	733,300	5	2,408,798
3	Street Improvements	5	2,342,331	12	4,220,478
4	Pavement Management <sup>(1)</sup>	4	4,730,000	11	10,800,211
5	Drainage	-	-	-	-
6	Streetlights	-	-	1	250,000
7	Public Facilities <sup>(2)</sup>	4	2,176,000	12	15,898,260
8	Parks, Trails and Recreation	9	2,625,000	20	10,552,584
9	Information Technology	1	275,000	1	1,208,504
	<b>Total</b>	<b>32</b>	<b>\$21,133,101</b>	<b>76</b>	<b>\$112,742,347</b>

(1) Includes the FY2023/24 mid-year request of \$250,000 for CIP 24-23: 2024 Pavement Management Program.

(2) Includes the FY2023/24 mid-year request of \$250,000 for CIP 24-24: 2024 Americans with Disability Act (ADA) Self-Evaluation and Transition Plan.

In total, the Fiscal Year 2023/24 CIP Budget, inclusive of: (1) the current year adopted budget funding, (2) additional appropriations requests since July 1, 2023, (3) FY2023/24 mid-year requests discussed above, and prior year budget and encumbrance carryovers for on-going projects will be \$112,742,347.

In summary, the following updates have occurred from July 2023 through February 2024 (prior to the FY2023/24 mid-year requests):

- Budget carryovers of \$80,208,377 (encumbrances and appropriated budget) for previously approved CIP projects underway.
- One budget transfer from operating expenses in the amount of \$7,161 for CIP 22-08: Normandy Road Pedestrian Improvements Project.
- Additional budget appropriations totaling \$10,893,708, for the following Projects (listed in Table 13):

**TABLE 13: ADDITIONAL CIP APPROPRIATIONS THRU FEBRUARY 1, 2024**

Council Date	Project	Appropriation Amount (\$)
7/19/2023	CIP 13-03: Holland Overpass Fair Share	\$240,615
8/2/2023	CIP 23-08: Quail Valley Streetlights	150,000
8/16/2023	CIP 20-13: Paloma Wash Pedestrian Bridge (SB 821 Bicycle & Pedestrian Grant) <sup>(1)</sup>	690,120
11/1/2023	CIP 22-03: McCall Blvd. Widening (RCTC Regional Arterial Improvement Grant) <sup>(1)</sup>	3,140,000
11/1/2023	CIP 24-04: Romoland Elementary School ATP (CalTrans ATP Grant) <sup>(1)</sup>	255,000
11/15/2023	CIP 13-03 Holland Overpass WRCOG <sup>(1)</sup>	1,500,000

Council Date	Project	Appropriation Amount (\$)
12/6/2023	CIP 19-15 Central Park Amphitheater <sup>(1)</sup>	3,755,973
12/6/2023	CIP 24-12: La Ladera Park Enhancements (CSA 145 Quimby Fees) (Fund 480) <sup>(1)</sup>	200,000
12/6/2023	CIP 24-12: La Ladera Park Enhancements (CSA 145 Quimby Fees)	(200,000)
1/17/2024	CIP 23-10: Community Center Project <sup>(1)</sup>	1,000,000
1/17/2024	CIP 24-01: Citywide Traffic Signal Safety Improvement (HSIP 11 Grant)	162,000
<b>TOTAL</b>		<b>\$10,893,708</b>

(1) These project appropriations include total additional revenue appropriations of \$7,329,402 including grants funds and use of American Rescue Plan Fund (ARP). Additionally, \$1,000,000 was appropriated using the Assigned Committed Fund Balance for CIP 23-10: Community Center.

### **Bonded CFDs: (Infrastructure) Funds and Fiduciary Funds**

Through its established CFD policy, the City works with developers on the formation and bond issuance of infrastructure CFDs used to finance eligible public improvements and/or fees. During the first half of FY2023/24 the City had several CFD bond issuances. The CFD bond issuances completed after July 1, 2023, included CFD 2021-1 (Banner Park), CFD 2021-2 (Sumac Ridge), and CFD 2022-1 (Quartz Ranch). These represent the bond proceeds which will be applied against eligible CFD reimbursements. It is important to note, the related debt is not an obligation of the City, but of the CFD and respective properties. The following requested adjustments for the bonded CFDs are outlined below in Table 14.

**TABLE 14: Bonded CFDs FY2023/24 Mid-Year Appropriation Requests**

Fund Category Type	Revenue Adjustment (\$)	Expenditure Adjustment (\$)	Justification/Explanation
CFD Funds (Infrastructure)	\$26,594,453	\$28,463,848	Based on YTD Actuals Including higher interest earnings as well as 3 bond issuances (CFD proceeds) and related costs.
CFD Funds (Fiduciary)	2,839,598	366,123	Based on YTD Actuals Including higher interest earnings as well as 3 bond issuances (CFD proceeds used to establish Reserve Requirement within the Fiduciary Fund for term of CFD.
<b>TOTAL</b>	<b>\$29,434,051</b>	<b>\$28,829,971</b>	

### **American Rescue Plan (ARP) Funds**

As presented in June 2022, the City has received just over \$13 million in direct federal assistance as part of the American Rescue Plan (ARP) program. Funding is to be used to address the impacts of Covid-19.

As of February 1, 2024, the remaining available balance of ARP funds is \$0. Per the ARP federal guidelines, all ARP funds must be encumbered by December 31, 2024, and fully expended by December 31, 2026. All funded projects are underway and expected to be completed by the expenditure deadline.

### **Fiscal Policy and Strategic Plan/Long-Term Financial Planning**

Year to year, and even in times of economic prosperity, the City's concerted approach to its spending plans has been that of fiscal prudence and thinking of the needs of the Menifee community now and in the future. Long-term financial planning essentially combines (1) financial forecasting with financial strategy to identify future challenges and opportunities, (2) fiscal imbalances and (3) strategies to secure financial sustainability. Therefore, in the City's budgetary oversight and implementation of the City's vision to build a safe, thriving, and premier place to live, work and call home, the City consciously budgets with these key strategies, policies and tools in mind. This is carried out through the following methods:

- **Structurally Balanced Budget / Strategic Plan:** The City aims to develop a structurally balanced budget where recurring revenues match recurring expenditures. The City also develops an overall budget that reflects and aligns with the strategic plan, objectives, goals, and priorities, provides conservative estimates of revenue and expenditures, and provides actual revenue/expenditure history to assist with future forecasts and projections anchored to a 5-year financial forecast. A budget forecast is essentially a financial plan projecting revenue and expenditures for a defined period of time.
- **10-year Financial Forecast** – Beginning with FY2022/23 the City has expanded efforts in using analytics to take a long-term view through the lens of a rolling 10-year financial forecast model. Taking the longer view will help the City better respond to any unforeseen financial crisis, bring financial perspective to planning, stimulate long-term thinking, address a particular issue or proposal, and heighten financial discipline and sustainability.
- **Reserve Policy:** In September 2021, the City Council adopted an updated reserve fund balance policy to set aside funds for future emergencies. This policy establishes a minimum 12.5% fund balance reserve for natural disasters and catastrophic events; a 12.5% reserve for economic slowdown due to the onset of a recession or other economic crisis; and a 10% reserve to offset the timing of grant reimbursements and the collections of property taxes. Pursuant to the adopted policy, the City plans to review the policy every three (3) years, and tentatively has considered increasing the reserve fund percentage to 40% in FY 2024/25.
- **Unfunded Pension Liability:** Historically, the City proactively pays off any annual unfunded pension liability adjustments and currently does not have any outstanding unfunded pension liability balance through the most recent fiscal year completed.

- **Infrastructure Needs:** With an adopted five (5) year CIP Program which identifies over 150 projects, estimated at nearly \$577 million, the City continues to strategize on funding the wide range of infrastructure needs, year by year.
- **Capital Asset Financing:** The City enters into long-term financing arrangements only in the case where funding may be necessary to purchase or lease a long-term strategic asset.

## **STRATEGIC PLAN OBJECTIVE**

Regular City Business

## **FISCAL IMPACT**

### **Summary of Revenue & Expenditures by Fund Type**

Table 15 provides an overall summary of all revenue and expenditure mid-year adjustments requests by fund type and amount.

**TABLE 15: FY2023/24 MID-YEAR ADJUSTMENTS RECOMMENDATIONS**

<b>Fund Category</b>	<b>Proposed FY2023/24 Revenue Adjustments</b>	<b>Proposed FY2023/24 Expenditure Adjustments</b>
General Fund	\$2,922,746	\$1,891,055
Quality of Life Fund	50,000	500,000
Internal Service Funds (ISF)	27,500	200,343
Gas Tax & Other Special Revenue Funds	16,715,470	14,000
LLMD Funds	19,175	38,100
CFD Funds (Maintenance)	91,672	46,962
CSA Funds	13,270	-
DIF/Quimby/RBBD Funds	865,128	-
Debt Service	6,200	-
<b>Sub-Total Citywide Budget</b>	<b>\$20,711,161</b>	<b>\$2,690,460</b>
CFD Funds (Infrastructure) & Fiduciary Funds	\$29,434,051	\$28,829,971
<b>TOTAL ALL FUNDS</b>	<b>\$50,145,212</b>	<b>\$31,520,431</b>

## **ATTACHMENTS**

1. Resolution - Authorized Position Listing
2. Resolution Exhibit A - Authorized Position Listing
3. FY2023/24 Adopted Budget Amendment Resolution Summary
4. Budget Amendment Resolution - Mid-Year Adjustments