



ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)



FISCAL YEAR ENDED JUNE 30, 2024

**CITY OF MENIFEE
CALIFORNIA**

CITY OF MENIFEE, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

Prepared by:
Finance Department

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF MENIFEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

	<u>Page Number</u>
INTRODUCTORY SECTION (unaudited)	
Letter of Transmittal	i
Listing of Elected Officials	viii
Organizational Chart	ix
Executive Staff	x
GFOA Award of Financial Reporting Achievement	xi
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Government - Wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet - Governmental Funds	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Fiduciary Net Position - Fiduciary Funds	19
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	20
Notes to Financial Statements	21

**CITY OF MENIFEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

TABLE OF CONTENTS

	<u>Page Number</u>
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	51
Budgetary Comparison Schedule - Development Impact Fees	52
Budgetary Comparison Schedule - Grants Fund	53
TUMF Fees Funds – Special Revenue Fund.....	54
Schedule of the City’s Proportionate Share of the Pension Plan’s Net Pension Liability and Related Ratios as of the Measurement Date	55
Schedule of the Pension Plan’s Contributions	56
Schedule of Changes in the Total OPEB Liability and Related Ratios	57
Notes to the Required Supplementary Information	58
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Non-major Governmental Funds Descriptions	59
Combining Balance Sheet - Non-major Governmental Funds	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds	66
Budgetary Comparison Schedules - Special Revenue Funds	
Gas Tax	70
SB 1	71
Measure A	72
Air Quality Management District	73
Landscape and Lighting Maintenance District	74
Community Facilities District - Audie Murphy Ranch	75
Community Facilities District - Hidden Hills	76
Community Facilities District - 2014-1 Town Center	77
Community Facilities District - 2014-2 Commerce Point	78
Community Facilities District - 2015-2 Citywide	79
Community Facilities District - 2017-1 Maintenance Services	80
Public Education and Governmental Access	81
County Service Areas (CSA)	82
Maintenance CFD	83
Budgetary Comparison Schedule - Capital Projects Fund	
Bonded CFDs	84
Capital Projects Fund	85
Budgetary Comparison Schedule - Debt Service Fund	
Debt Service	86

**CITY OF MENIFEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

TABLE OF CONTENTS

	<u>Page Number</u>
 STATISTICAL SECTION (unaudited)	
Statistical Section Descriptions	87
Net Position	88
Changes in Net Position	90
Fund Balances of Governmental Funds	92
Changes in Fund Balances of Governmental Funds	94
Major Revenues by Source - Governmental Funds	96
Assessed Value and Estimated Actual Value of Taxable Property	97
Assessed Value and Estimated Actual Value of Taxable Property by Use Category	98
Direct and Overlapping Property Tax Rates	99
Principal Property Taxpayers	100
Property Tax Levies and Collections	101
Ratio of Outstanding Debt by Type	102
Ratio of General Bonded Debt Outstanding	103
Direct and Overlapping Bonded Debt	104
Legal Debt Margin Information	105
Demographic and Economic Statistics	106
Principal Employers	107
Full and Part-time City Employees by Program	108
Capital Asset Statistics by Function/Program	109
Operating Indicators by Function/Program	110
Miscellaneous Statistics	111
Taxable Sales by Category	112
Top 25 Sales Tax Producers	113
Measure DD 1% Sales Tax - Revenues and Expenditures History	114

THIS PAGE INTENTIONALLY LEFT BLANK

INTRODUCTORY SECTION

January 30, 2025

Honorable Mayor, Members of the City Council & Citizens of the City of
Menifee, California

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) for the City of Menifee (City) for the fiscal year ended June 30, 2024. The City annually issues a report on its financial position and activity, audited by an independent firm of certified public accountants. The City's Finance Department prepared this report in accordance with generally accepted accounting principles (GAAP), as set forth by the Governmental Accounting Standards Board (GASB) and other sources. This ACFR also conforms to GASB Statement No. 34 financial report standards, providing the reader a dual-perspective financial report. The report contains a citywide view of all governmental activities, as well as a focus on the financial position and operating results of the City's major funds.

Responsibility for the accuracy of the data, and the completeness and fairness of the presentations including disclosures, rests with the City. To provide a reasonable basis for making these presentations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the presentation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. Also, all disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Rogers, Anderson, Malody & Scott, LLP, Certified Public Accountants, have issued unmodified opinions on the City of Menifee's financial statements for the year ended June 30, 2024. The independent auditor's report is located at the front of the financial section of this report.

Generally accepted accounting principles requires that management provide a narrative introduction overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A which can be found immediately following the report of the independent auditors.

Ricky Estrada
Mayor

Bob Karwin
Mayor Pro Tem
District 1

Vacant
Councilmember
District 2

Dan Temple
Councilmember
District 3

Dean Deines
Councilmember
District 4

Armando G. Villa
City Manager

Profile of the City of Menifee

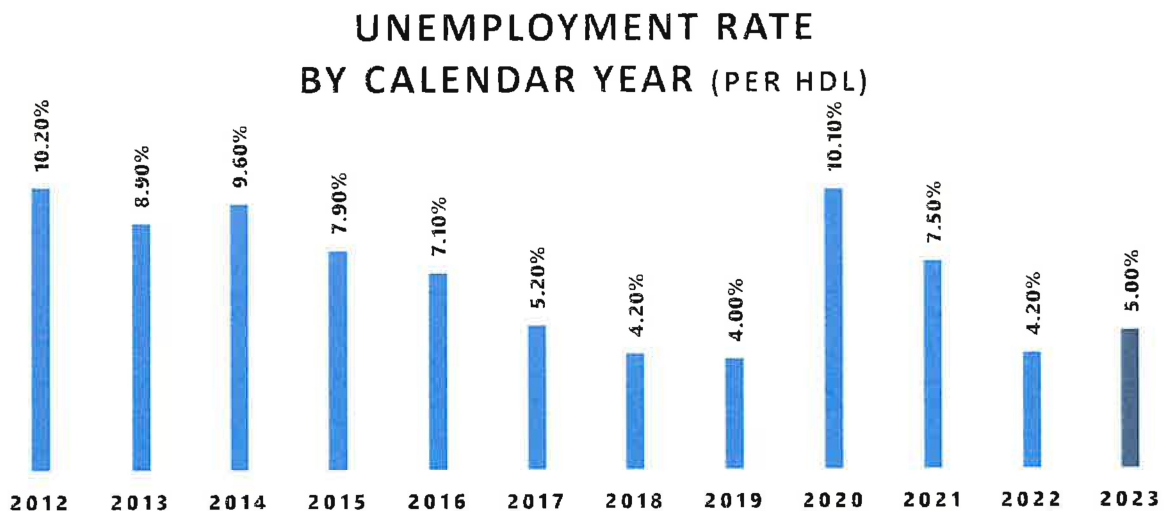
The City of Menifee is located approximately 80 miles southeast of Los Angeles in the southwestern portion of Riverside County. The City incorporated on October 1, 2008 as a general law City. As of 2024, the City has slightly more than 111,560 residents and covers an area of over 46 square miles. As a general law city, Menifee is governed by a five-member City Council operating under the Council/Manager form of government. Beginning with the November 2012 election, the Council consists of four Council Members elected by district who serve a four-year term on a staggering basis, and a Mayor elected at large who serves a four year term. The City Council is responsible for passing City ordinances, resolutions, adopting the annual budget, appointing commissions and committees, and setting policy. The City Council appoints the City Attorney and City Manager who in turn appoints the heads of the various departments and other city staff.

The City provides a wide range of services including planning, building, public works, engineering, parks and recreation, police and general administrative activities. Services are also provided to the City and its citizens by contract and by the direct services of other government agencies and organizations. These services include animal control through Animal Friends of the Valley for animal field services and participation as a member of the Joint Powers Authority (JPA) for animal sheltering services. Fire protection services are provided through contract with the County of Riverside while water and sewer services are provided by the Eastern Municipal Water District (EMWD). Library services and public health services are provided by the County of Riverside. Franchise agreements for electricity services are provided through Southern California Edison (SCE), natural gas through Sempra Utilities (SoCalGas), refuse collection through a franchise agreement with Waste Management, public transit through the Riverside Transit Agency (RTA), and cable service through state franchise agreements with Mediacom, Charter and Frontier.

Although the City is distinctively residential in character, the City has the potential for a strong economic base and staff is working diligently to enhance this opportunity. Currently the major commercial bases are anchored by the Countryside Marketplace, Center Pointe, Newport Towne Square, Menifee Plaza, Cherry Hills Plaza, and other key focal points near the I-215, Newport Road and McCall Boulevard. The City has experienced significant growth over the past fiscal year, welcoming several new businesses, including Papa Smash Burgers, Savage Spin Studio, Lady R Bistro, and Los Amigos Restaurant. Looking ahead, the City anticipates further expansion with the introduction of key establishments such as Rancho Family Medical Center, Rady's Children's Medical Center, Scripps Exploring Academy, and the Velo Training Facility. These developments are expected to enhance the local economy and provide residents with increased access to diverse services and amenities. The City also saw the addition of the Football Stadium and Kinesiology Building at MSJC and Family and Civic Courthouse completed during 2024. Other future development projects include amenities such as entertainment venues, restaurants and other retail, offices, and lodging.

Local Economy

Mirroring the national, state and regional economies, the City of Menifee's local economy reflects the impacts of decelerating national historic inflation, continued international supply chain issues, and higher interest rates. Relative to the unemployment rate during the Covid-19 pandemic, the unemployment rate has significantly improved over the past few years. However, there was a slight increase from 4.2% to 5.0% in 2023, in line with a softening labor market experienced at the statewide level over the last year. The existing high-interest rate environment and more cautious lending from banks have impacted credit conditions that in turn have affected job growth in credit-sensitive sectors. During the FY2023-24 period the City and local region experienced a markedly slower pace of permitting activity compared to the prior year. Statewide and locally an overall decline in permit activity was experienced because of increased interest rates slowing the demand for housing and making construction loans more expensive. Locally, the number of building permits issued has experienced a notable decrease of 35.87% (from 6,261 to 4,015), while the number of planning applications increased modestly by 1.79% (from 336 to 342).



Comparable to national trends, retail sales activity during the FY2023-24 period was marked by overall slower growth. While net Bradley Burns Sales tax collections increased significantly from \$12,287,692 in fiscal year 2022-23 to \$16,976,710 in fiscal year 2023-24, \$4,047,938, or 86.33%, of the \$4,689,018 increase is directly attributable as one time sales tax revenue resulting from the construction of the Nova Park Battery Storage project. A clause within the development agreement of the project conditioned the sales tax associated with the materials of construction for the project be reported and remitted to the City. Excluding the Nova Park associated sales tax remittances, the overall Bradley Burns sales tax change from 2022-23 to 2023-24 was an increase \$641,080 or 5.22% from the prior year. Similarly, for Quality of Life (Measure DD) Sales Tax collections increased from \$19,634,904 in fiscal year 2022-23 to \$24,088,083 in fiscal year 2023-24, a 22.68% increase. However, \$4,050,832 of the increase corresponds to one time sales tax revenue resulting from the construction of the Nova Park

Battery Storage project. Excluding the Nova Park Project remittances, the increase in Quality of Life revenue from FY2022-23 to FY2023-24 was \$402,347 or 2.05%. This was the seventh full year of collection of this 1% additional sales tax that was passed by the voters in November 2016. While both Bradley Burns Sales Tax and Quality of Life Sales Tax collection reflected overall increases from the prior year, the increases were: 1) principally attributed to one time sales tax revenue associated with the Nova Park Battery Storage Project and 2) excluding the Nova Park revenues, modest and reflecting the overall national financial conditions signaling a potential economic slowdown in the upcoming year. As the City enters the new fiscal year, projected revenues in sales tax (Bradley Burns and Quality of Life) are forecast to be modest growth from the FY2022-23 amounts.

As part of the State of California's Fiscal Year 2011-12 Budget, the Governor signed Senate Bill 89 (SB 89), which shifted millions of Vehicle License Fee (VLF) revenues to fund state law enforcement grants. This legislation particularly impacted newly incorporated cities such as Menifee, which received a special allocation from VLF revenues. The impact due to SB 89 for the City of Menifee in Fiscal Year 2016-17 was estimated to be a loss of approximately \$4.3 million, which the City addressed through budgetary measures. In the State of California budget for fiscal year 2017-18 SB 130 was introduced, signed and made into law. With SB 130 the City of Menifee's annual VLF revenues were restored. In fiscal year 2022-23 the City received \$9,578,382, in fiscal year 2023-24 the City received \$10,726,737 an increase of 10.73%.

Budget Process

Beginning with Fiscal Year 2023-24, the City has transitioned from an annual budget cycle to a biennial budget process, developing and adopting two consecutive and discrete 12 month budgets in a consolidated process. In doing so, the City's main objectives were to streamline the budget development process as well as align this with long-term financial planning. With a biennial budget process the City is able to examine budgetary decisions with a longer-term view. Additionally, incorporated as part its biennial budget process is the update of its 10-year financial forecast for its principal funds. As was included in the regular one year budget process, staff presents two mid-year reviews (Year 1 and Year 2) examining progress and adjustments of revenues and expenses for the current year underway, and one mid-cycle process, examining any significant budgetary adjustments needed for the second year.

The City's operating budget and five-year capital improvement plan is adopted in the biennial budget cycle by the City Council no later than the close of the prior fiscal year and serves as the foundation for planning and controlling the City's finances. The budget process begins early in winter and encompasses budget workshops with the public and City Council in order to promote transparency and to develop goals and objectives with the community's best interest at heart. As the City of Menifee is still relatively new and growing, the primary goal for the City continues to be maintaining a good balance between augmenting City staff and services, and utilizing existing resources efficiently as well as minimizing costs as much as possible.

During the year, supplemental appropriations are made to the adopted budget and approved by City Council as necessary. The City Manager is authorized to approve operating transfers between departments within a fund without limits and may reduce expenditure appropriations within a fund as a method of fiscal control. The Chief Financial Officer may decrease revenue estimates to reflect changes in the economy within the fiscal year. Annually, staff prepares and presents mid-year budget adjustments to City Council for their approval. This process incorporates updating beginning fund balances per the annual audit report and adjusting the budget as dictated by changes in the City's goals and objectives or due to economic or legislative changes. All appropriations lapse at year-end, except those approved for carryover through encumbrances or by Council resolution.

Long-term Financial Planning

The City has adopted a fund balance policy in compliance with GASB Statement No. 54, which sets the goal of maintaining the General Fund unrestricted balance in an amount equal to thirty-five percent (35%) of general fund expenditures. 12.5% of these reserves are committed or set aside for use specifically in the case of the declaration of a state or federal emergency, or a local emergency as defined in Menifee Municipal Code 1.10.010. The City's Finance Committee, made up of two City Councilmembers and Finance staff, has made it a priority to work with staff to develop necessary and appropriate fiscal policies to guide the City's future operations. The Finance Committee and City staff will also be working together on the development of a long-term financial plan for the City. At the end of FY 2023-24, the agency reviewed its financial capacity to increase the fund balance policy threshold, and following Council approval, has formally increased its fund balance policy threshold from 35% to 40% effective July 1, 2024.

During the City's budget process, the City's engineering staff takes a five-year capital project budget to City Council for adoption. For FY2023-24 in the five year capital project budget there were a total of 32 projects identified with requested funding totaling \$21,133,101, from various sources. These 32 projects consist of seven transportation projects, two traffic signal projects, five street improvement projects, four pavement management projects, one technology infrastructure, and four facility projects and nine parks, trails and recreation projects. As a fast-growing community, Menifee continues to prioritize funding resources and efforts into capital projects. During FY2023-24 a total of 20 capital improvement projects were completed including facilities, park, trails, and recreation, street improvements, traffic signals and transportation projects. Additionally, significant construction progress continued for the Holland Road Overpass Project, a \$35 million infrastructure investment to support much needed traffic mitigation efforts. Design and pre-construction efforts on the Bradley Road Bridge and the widening of Scott Road west to Bundy Canyon Road continued through FY2023-24. These projects are vital to alleviate traffic congestion and improve safety, and the City continues to aggressively seeking various methods of funding and is also looking into local, regional and state collaborations. On the recreation side, construction on the Central Park Amphitheater Project progressed throughout the year, continuing through the upcoming year. Similarly, construction approached completion at the end of the fiscal year for the City's newest fire station, Quail Valley Station #5, a new state-

of-the-art facility that will provide a significant increase in the amount of personnel and equipment that can be utilized at the station.

User fees and development impact fees are collected under the updated fee schedules effective January 1, 2023 and July 1, 2023, respectively. The City conducted a comprehensive citywide user fee study and development impact fee (DIF) study update during FY2021-22 and formally updated a new fee schedule on October 5, 2022, with an effective date of January 1, 2023. The user fee study examined all existing fees for service and provide an updated fee schedule reflecting the costs to provide each service. The DIF study update was conducted to review the existing impact fees to ensure that these are compatible to today's construction costs and meet the future needs of the City. These fees are imposed on new construction and bring much needed financial relief to the City by expanding current and future roadways and constructing new public facilities. The implementation date of any new fees related to the 2022 DIF Study Update were presented for City Council consideration and adopted on November 16, 2022. The updated DIF fees schedule was effective July 1, 2023, with a five year phase-in for commercial/retail and office development.

In April 2015 the City adopted its first city-wide Community Facility District (CFD) for facility maintenance. This city-wide CFD provides maintenance services such as street lighting, street sweeping, landscape maintenance and storm drainage maintenance to those residential and commercial projects that annex into the maintenance CFD. This maintenance CFD will assess only new construction to help minimize the fiscal impact that expanding development imposes on the City. The formation of the new CFDs will allow the City to continue to provide quality services that our residents and community expect, and the level of services that make the City of Menifee one of the premier cities in Riverside County.

Lastly, beginning February 2023, the City has embarked on the implementation of a new and more robust financial system, enterprise resource system (ERP) to replace the system used through the present. The overarching goals of this system conversion are to streamline business processes, improve data accuracy, enhance operational efficiency, and gain a unified view of all critical business functions across departments by centralizing data in a single system. In the implementation of the project, the City has established an executive steering committee, core team, and included other departments in the phased-in implementation of the new ERP. The City successfully went live with the financials component of the new ERP in July 2024, including closing of the FY2023-24 year. Efforts for the human resources and payroll components of the ERP project will continue through FY2024-25 year, with a target go live date in the spring of 2025.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded the City its Certificate of Achievement for Excellence in Financial Reporting for the Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2023. Since incorporation, the City has been bestowed this prestigious award every year that has been

submitted. In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The City believes the current ACFR continues to meet the high standards associated with the Certificate of Achievement Program and we are submitting it to GFOA to determine its eligibility for another certificate.

The City's ACFR was prepared through the combined efforts of City staff. Special recognition is due to the Finance Department. With their support and coordination, the entire department assisted in closing the books for the year and ensuring timely and accurate reporting. Credit must also be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Armando G. Villa".

Armando G. Villa
City Manager

A handwritten signature in blue ink, appearing to read "Travis Hickey".

Travis Hickey
Chief Financial Officer

THIS PAGE INTENTIONALLY LEFT BLANK

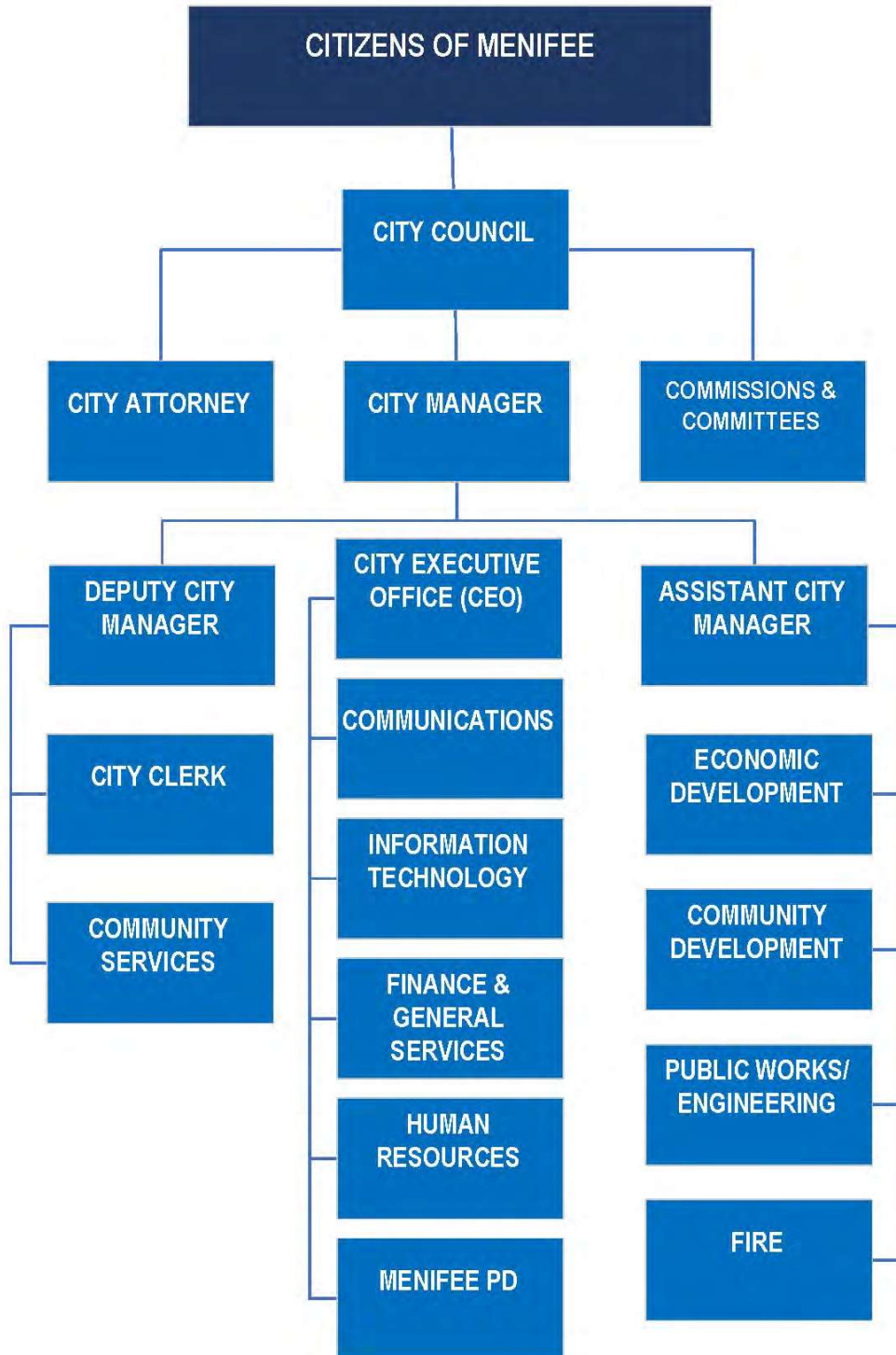
CITY OF MENIFEE

Elected Officials

Bill Zimmerman – Mayor
Dean Deines– Mayor Pro Tem
Bob Karwin – Councilmember
Ricky Estrada – Councilmember
Lesa A. Sobek – Councilmember

CITY OF MENIFEE ORGANIZATIONAL CHART

(BY DEPARTMENT)
Fiscal Year 2023/24



City of Menifee Executive Staff



ARMANDO VILLA
City Manager



BRYAN JONES
Assistant City Manager



REBEKAH KRAMER
Deputy City Manager



MARK SCOVILLE
Fire Division Chief



TRAVIS HICKEY
Chief Financial Officer



RON PUCCINELLI
Chief Information Officer



STEPHANIE ROSEEN
City Clerk



CHERYL KITZEROW
Community Development
Director



ANGELA RIVERA
Human Resources
Director



CHRIS KARRER
Police Chief



NICK FIDLER
Public Works Director



JEFF MELCHING
City Attorney

City of Menifee ACFR Team

Travis Hickey, Chief Financial Officer (CFO)

Lauri Lockwood, Financial Analyst

Margarita Cornejo, Deputy Finance Director

Melissa Cortes, Senior Accountant

Ann-Marie Etienne, Finance Manager

Dominic Tartaglia, Principal Accountant

Colin O'Connell, Accountant



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Menifee
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscca.net

Independent Auditor's Report

To the Honorable City Council
City of Menifee, California

PARTNERS

Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradford A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)
Terry P. Shea, CPA (Partner Emeritus)

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Moretin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
John Maldonado, CPA, MSA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA
Jeffrey McKennan, CPA
Monica Wysocki, CPA
Jacob Weatherbie, CPA, MSA
Bolim Han, CPA, MAcc
Anny Gonzalez, CPA

MEMBERS

American Institute of
Certified Public Accountants

PCPS The AICPA Alliance
for CPA Firms

Governmental Audit
Quality Center

California Society of
Certified Public Accountants

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Menifee (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the entity, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2024, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and OPEB schedules, and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information included in the Annual Report

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2025 on our consideration of entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering entity's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
January 30, 2025

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF MENIFEE MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Menifee, California, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information beyond what we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and with the City's financial statements, which follow this discussion.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows or resources at June 30, 2024, by \$573.032 million (*net position*). Of this amount, \$94.6 million is restricted for public works, future capital projects and debt service.
- As of June 30, 2024, the City's governmental funds reported combined ending fund balances of \$203.2 million.
- At June 30, 2024, the Unassigned Fund Balance for the General Fund was \$74.6 million, an additional \$11.3 million was Committed for use in the event of an emergency, \$5.5 million for the McCall Blvd project improvement, as well as an additional \$4.8 million for the construction of a future City Hall, \$11.3 million was Assigned for economic uncertainty, and \$2.1 million for various assignments of fund balance. Council action in 2021 set fund balance requirements at Committed of 12.5%, Assigned of 12.5% and Unassigned Fund Balance of 10% for a total required Fund Balance of 35% of budgeted expenditures. The ending General Fund balance for FY2023-24 compared to the ending Fund balance of \$90.2 on June 30, 2023, an increase of \$19.4 million, principally driven from one time sales tax revenues and operational savings. The fund balance amounts are reviewed each year as part of the budget process.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's Basic Financial Statements. The City's Basic Financial Statements consist of three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them reported as *net position*. Over time increases in the net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present information about the functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the City include general government, engineering and public works, public safety, community development and recreation services.

The Government-wide Financial Statements can be found in the Table of Contents under the heading Basic Financial Statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detailed information about the individual funds—not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City of Menifee uses primarily *governmental funds* and one *fiduciary fund* for accounting and reporting purposes.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The City maintains various individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet, and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances. The General Fund, the Development Impact Fees Fund, the Grants Fund, the TUMF Fees Fund, and the Bonded CFD Fund are considered to be major funds, and are presented in individual columns in the fund statements. Data from other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report. The Governmental Fund Financial Statements can be found in the Table of Contents under the heading Basic Financial Statements.

Proprietary Funds

Proprietary funds are generally used to account for services for which the City charges customers (either outside customers, or internal units or departments of the City). Proprietary Funds provide the same type of information as shown in the Government-Wide Financial Statements: albeit in more detail. Proprietary Funds utilize the same method used by the private sector businesses: the accrual basis of accounting. The City currently does not maintain any separate proprietary funds.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Menifee's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one fiduciary fund – the Custodial Fund, which is used to hold deposits that the City holds on behalf of outside parties. The Fiduciary Funds Financial Statements can be found in the Table of Contents under the heading Basic Financial Statements.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Basic Financial Statements can be found in the Table of Contents under the heading Notes to Financial Statements.

Government-wide Financial Analysis

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

For fiscal year ending June 30, 2024 the City of Menifee's total net position increased 17.2 percent from \$488.8 million for fiscal year ending 2023, to \$573.0 million for fiscal year ending 2024. The largest portion of the City's net position, \$366.4 million or 63.9 percent, reflects its investment in capital assets (e.g. land, buildings, improvements other than buildings, equipment, infrastructure and construction in progress); less any related debt used to acquire those assets, which is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the city's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Of the remaining total, \$94.6 million is restricted to specifically stipulated spending agreements originated by law, contract or other agreements with external parties.

Summary of Net Position

June 30, 2024 and 2023

	Governmental Activities	
	2023	2024
Assets:		
Current and other assets	\$ 204,286,090	\$ 234,078,170
Restricted assets	10,771,121	15,499,177
Capital and intangible assets	343,726,602	391,954,095
Total assets	558,783,813	641,531,442
Deferred Outflows of Resources:		
OPEB related	1,081,734	1,282,640
Pension related	6,841,187	10,176,204
Deferred charges on refunding	859,170	813,951
Total deferred outflows of resources	8,782,091	12,272,795
Liabilities:		
Other liabilities	45,934,862	46,069,315
Long-term liabilities	31,975,979	33,907,137
Total liabilities	77,910,841	79,976,452
Deferred Inflows of Resources:		
OPEB related	728,083	690,003
Pension related	156,006	105,619
Total deferred inflows of resources	884,089	795,622
Net Position:		
Net investment in capital assets	317,756,598	366,417,603
Restricted	80,052,911	94,559,622
Unrestricted	90,961,465	112,054,938
Total net position	<u>\$ 488,770,974</u>	<u>\$ 573,032,163</u>

As shown above, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$573.0 million at June 30, 2024. Deferred outflows is defined as "a consumption of net assets by the government that is applicable to a future reporting period" and deferred inflows is defined as "an acquisition of net assets by the government that is applicable to a future reporting period". For further information on the deferred outflows and inflows, see Notes 7 and 8 in the Basic Financial Statements section of this report.

Overall, Citywide governmental fund revenues for the fiscal year ending June 30, 2024, totaled \$186.6 million. This figure compares with the prior year total of \$175.9 million, a (6.1%) increase.

- Total program revenues of \$96.6 million were 51.76 percent of total revenues
- Total general revenues of \$90.0 million were 48.24 percent of total revenues.

Total related current year expenses accumulated to \$95.9 million, compared with prior year expenses of \$120.0 million. Public Safety expenses accounted for 46.17% of total current expenses. Engineering and Public Works expenses, which accounts for 6.34% of the total expenses, were used primarily for street maintenance costs and design costs. The overall largest category, General Government, includes expenses related to the management and administration of the City, such as finances, management, and legal expense services, accounted for 28.55% of total expenses.

Summary of Changes in Net Position
For the Years Ended June 30, 2024 and 2023

	Governmental Activities	
	<u>2023</u>	<u>2024</u>
Revenues		
Program revenues:		
Charges for services	\$ 46,428,763	\$ 44,218,494
Operating grants and contributions	12,278,329	12,041,584
Capital grants and contributions	48,472,712	40,366,619
General revenues:		
Property taxes	30,117,514	33,849,512
Sales taxes	31,922,596	41,064,793
Other taxes	5,721,774	6,144,757
Motor vehicle in-lieu (unrestricted)	109,295	135,915
Use of money & property	550,807	8,327,212
Other revenues	319,330	535,387
Total revenues	<u>175,921,120</u>	<u>186,684,273</u>
Expenses		
General government	33,033,004	27,374,493
Public safety	43,999,757	44,266,879
Community development	9,365,371	8,906,681
Recreation services	9,507,152	8,634,157
Engineering and public works	22,646,459	6,075,482
Interest expense	1,463,336	622,071
Total expenses	<u>120,015,079</u>	<u>95,879,763</u>
Change in Net Position	55,906,041	90,804,510
Net position, beginning of year, as previously reported	432,864,933	488,770,974
Restatement - correction of an error	-	(6,543,321)
Net position, beginning of year, restated	<u>432,864,933</u>	<u>482,227,653</u>
Net position, end of year	<u>\$ 488,770,974</u>	<u>\$ 573,032,163</u>

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Below, the Statement of Revenues, Expenditures, and Change in Fund Balances shows the governmental activities fund balances for the two fiscal years ending June 30, 2024 and 2023. Governmental funds are divided into two categories consisting of major and non-major funds. During the year ending June 30, 2024, five funds were classified as major governmental funds, consisting of the General Fund, the Development Impact Fees Fund, the Grants Fund, the TUMF Fund, and the Bonded CFD Fund. All other funds were classified as non-major funds. A major fund is any individual fund that meets the criteria of the following combined two tests: 1) a fund is classified as a major fund if the corresponding total revenues, expenses or (expenditures), assets or liability for that fund are at least 10 percent of the total of the aggregate for all funds and; 2) at least 5 percent of the total aggregate for all funds combined. The General Fund is always classified as a major fund while all other funds must meet the qualifications to be a major fund.

Summary of Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Years Ended June 30, 2024 and 2023

Fiscal Year 2022-2023	General	Development Impact Fees	Grants Fund	TUMF Fund	Bonded CFD's Fund	Other Governmental Funds	Total Governmental Funds
Total revenues:	\$ 93,506,486	\$ 13,938,294	\$ 6,593,924	\$ 1,315,335	\$ 11,274,669	\$ 16,360,753	\$ 142,989,461
Total expenditures:	84,078,507	11,253,400	3,234,510	2,060,925	12,225,891	11,942,771	124,796,004
Revenues over (under) expenditures	9,427,979	2,684,894	3,359,414	(745,590)	(951,222)	4,417,982	18,193,457
Total other financing sources (uses)	3,857,079	-	(2,674,894)	-	(100,000)	227,560	1,309,745
Net change in fund balances	13,285,058	2,684,894	684,520	(745,590)	(1,051,222)	4,645,542	19,503,202
Fund balances, beginning	76,905,707	38,568,870	890,650	(412,708)	11,703,311	22,006,016	149,661,846
Fund balances, ending	\$ 90,190,765	\$ 41,253,764	\$ 1,575,170	\$ (1,158,298)	\$ 10,652,089	\$ 26,651,558	\$ 169,165,048
Fiscal Year 2023-2024	General	Development Impact Fees	Grants Fund	TUMF Fund	Bonded CFD's Fund	Other Governmental Funds	Total Governmental Funds
Total revenues:	\$ 106,478,150	\$ 15,883,053	\$ 4,751,231	\$ 11,208,327	\$ 25,292,460	\$ 22,698,394	\$ 186,311,615
Total expenditures:	90,659,586	12,417,702	2,880,646	10,988,369	20,497,137	16,991,501	154,434,941
Revenues over (under) expenditures	15,818,564	3,465,351	1,870,585	219,958	4,795,323	5,706,893	31,876,674
Total other financing sources (uses)	3,573,984	219,088	(1,150,000)	-	-	(440,364)	2,202,708
Net change in fund balances	19,392,548	3,684,439	720,585	219,958	4,795,323	5,266,529	34,079,382
Fund balances, beginning	90,190,765	41,253,764	1,575,170	(1,158,298)	10,652,089	26,651,558	169,165,048
Fund balances, ending	\$ 109,583,313	\$ 44,938,203	\$ 2,295,755	\$ (938,340)	\$ 15,447,412	\$ 31,918,087	\$ 203,244,430

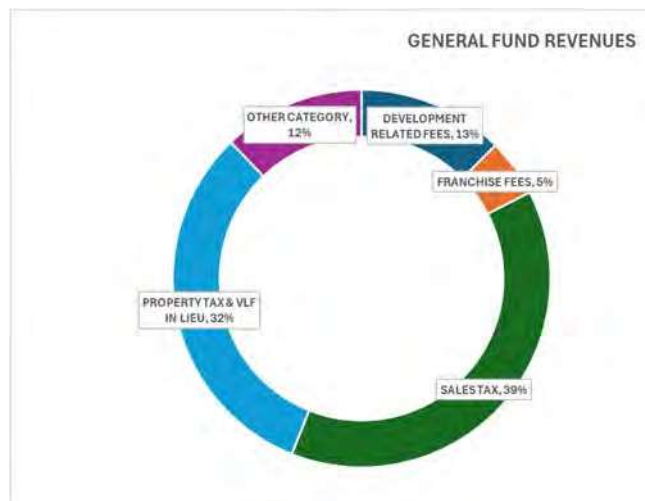
As of fiscal year ending 2024, the City's total governmental funds reported a combined ending fund balance of \$203.2 million, an increase of \$34,079,382 from the prior fiscal year. The General Fund, which is the chief operating fund of the City, had a fund balance of \$109,583,313 as of June 30, 2024. This is an increase of \$19,392,548 over the prior year. This increase is also due primarily because of an increase in one time sales tax revenues in Sales Tax, including Quality of Life (Measure DD) sales tax, increased property tax revenues compared to the prior year, and one-time operational savings. Lastly, investment income rose \$7.31 million, during fiscal year 2023-24, the City proactively expanded its investments efforts with investments made in a significantly higher interest rate environment.

As indicated in the previous table, the City's total governmental funds ending fund balances, is \$203.2 million of which \$73.6 million represents unassigned fund balance, which is available for spending at the government's discretion, less allocations as noted in Note 11. The remainder of fund balance, \$129.6 million, is either non-spendable, restricted (to indicate that it be spent only for the specific purposes stipulated by constitution, enabling legislation or external providers); committed (can be used only for specific purposes determined by formal action of a government's legislative body); or assigned (intended to be used for specific purposes but does not meet the higher criteria of restricted or committed).

General Fund Financial Highlights

As of June 30, 2024, unassigned fund balance of the General Fund is \$74.6 million, with an additional \$11.3 million committed by Council action for emergencies, \$5.5 million for the McCall Blvd. project improvement and \$4.8 million for a future City Hall; \$11.3 million is assigned for economic uncertainty, \$569,680 for fire safety, \$934,463 for general plan update, \$223,872 for the Bradley Bridge Project, and \$442,660 for eligible technology updates (Technology surcharge).

Overall, General Fund revenues for the fiscal year ending June 30, 2024 totaled \$106.5 million, compared to \$93.5 million for the previous year. General Fund revenues can be broken down into five major categories shown below. By far, sales tax is the City's single largest source of revenue. Sales tax revenues, including both Bradley Burns and the Quality of Life Funds have increased 28.64%, or \$9.1 million over prior year. However, most of the increase experienced, just over \$8 million, was from one-time sales tax revenue proceeds generated from the construction of the Nova Park Battery Storage Project. As a condition of the respective development agreement for this project, construction costs associated with the project were required to be remitted to the City of Menifee. Excluding the one-time sales tax revenue associated with Nova Park, the sales tax revenues increase compared to the prior year were 3.27%, or just over \$1 million. Property tax revenue, including VLF in Lieu revenue, is the City's second largest source of revenue. Property taxes have increased 6% from prior year, reflecting continued appreciation in assessed values and new development. Both property and sales tax, including Quality of Life sales tax and VLF in Lieu revenues combined represent 70% of the City's total General Fund revenues. Development related fees (building, planning, fire and engineering permits and fees) decreased by 0.84% from the prior year as FY2023-24 reflected an overall decrease and slowing down in development activity experienced over the year principally attributable to increased interest rates and construction costs.



General Fund expenditures totaled \$90.7 million for the fiscal year ending June 30, 2024, compared to \$84.1 million for the previous year. This increase of \$6.6 million was due to overall personnel cost increases of \$3 million, and well as increases of \$2.2 million in capital program project expenditures and increases in operational costs of \$1.4 million compared to FY2022-23. By the end of FY2022-23 the City had an approved workforce of 330.40 FTEs, with an original approved workforce of 315.40, compared to an ending workforce of 332.50 FTEs for FY2023-24, with the addition of 2.10 FTEs during the year.

The overall personnel increase of \$3 million compared to FY2022-23 amount is reflective of the overall increase of 10 FTEs between the two years, and filling of the positions in FY2023-24. Other larger operational increases includes \$800,000 in insurance premiums and claims expenses, \$495,000 in fire contract costs, and \$390,000 in dispatch services. Similar to the prior year, the City has noted increases year over year within these main categories. Additionally, construction for several large capital projects, funded in part with General Fund, commenced and/or continued through FY2023-24.

General Fund Budgetary Highlights

Differences between the General Fund original budget expenditures and the final amended budget were \$50.9 million. The differences between the General Fund original budget revenues and the final amended budget were approximately \$6 million and are briefly summarized as follows:

Revenues:

In closing out FY2023-24, all five of the City's top five revenues had final year actuals higher than adjusted budget amounts. In total Property Tax, Development revenue (planning, engineering and building permit activity), VLF, and Franchise Fee revenue totaled \$2.6 million higher than the adjusted budget. Sales Tax revenue actuals, including the seventh year of collections of the City's Quality of Life (Measure DD) 1% sales tax, were approximately \$7.2 million more than the adjusted budget, principally drive by one-time sales tax revenues, including Quality of Life, associated with the construction of the Nova Park Battery Storage site. Regular sales tax and Quality of Life revenues, excluding the Nova Park associated sales tax revenues, were \$828k less than adjusted budget, throughout the fiscal year, signaling slowing retail activity, reflecting overall national retail trends and economic conditions.

In total General Fund revenues, net of transfers and SBITA/Lease Acquisition, were \$4.2 million higher than the adjusted budget primarily due to the combined impact of: one-time revenue sales tax and Quality of Life revenues receipts of \$8 million from construction of the Nova Park Battery Storage Park Project), increased property taxes, VLF, and Franchise fee revenue. Development revenue was just under \$1 million higher than the adjusted budget, however, it is noted the FY2024/25 adopted and adjusted budget were conservatively adopted anticipating lower numbers than previous years. Additionally, interest earning throughout the year performed strongly exceeding adjusted budget projections by \$642,000. The City has made deliberate efforts to consolidate and maximize investment activity in adherence with its investment policy.

Expenditures:

Total General Fund expenditures were approximately \$42.2 million less than the budgeted amounts, excluding interfund transfers, and were mostly due to one-time savings (unfilled authorized positions and operating and maintenance savings) and also due to deferred expenditures (professional services including multi-year environmental studies (CEQA) activity and multi-year capital projects) underway that will be completed in future years.

Personnel expenditures totaled \$1.6 million less than the adjusted budget, which was attributable to unfilled authorized positions. The largest operational savings of FY2023-24 were represented from the Fire contract totaling \$2.9 million, dispatch contract of \$221,000, and approximately \$3.9 million in operational savings including various professional services agreements.

The majority of the \$42.2 of expenditure actuals to budget variance is represented by expenditures not yet incurred. Approximately \$25.3 million of the total \$42.2 million is represented by multi-year capital projects that will be completed in future years, with expenses to be realized as project activity commences. Similarly existing contracts and/or projects underway totaling \$4.8 million will be carried forward into the new fiscal year for completion.

Anticipating spending for capital items that were budgeted but incomplete at year end will be rolled into the subsequent year's budget, along with any operating budget carryovers. Budget carryovers, except for encumbrances, will require council approval for addition to the next budget.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental activities as of June 30, 2024, totals \$391.9 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Summary of Changes in Capital Assets

June 30, 2024

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 28,794,607	\$ -	\$ -	\$ 28,794,607
Right-of-way	415,800	435,000	-	850,800
Construction in progress	50,327,367	37,670,055	(12,043,702)	75,953,720
Total capital assets, not being depreciated	79,537,774	38,105,055	(12,043,702)	105,599,127
Capital assets, being depreciated:				
Building and improvements	31,812,983	1,416,729	-	33,229,712
Equipment and furniture	4,837,959	860,949	-	5,698,908
Vehicles	8,411,023	729,060	-	9,140,083
Software and website design	772,239	-	-	772,239
Infrastructure	337,303,340	44,449,467	-	381,752,807
Right-to-use	8,278,993	2,245,856	(318,917)	10,205,932
Total capital assets, being depreciated	391,416,537	49,702,061	(318,917)	440,799,681
Less accumulated depreciation	(133,771,030)	(20,992,600)	318,917	(154,444,713)
Total capital assets, being depreciated, net	257,645,507	28,709,461	-	286,354,968
 Governmental Activities				
Capital Assets, net	<u>\$ 337,183,281</u>	<u>\$ 66,814,516</u>	<u>\$ (12,043,702)</u>	<u>\$ 391,954,095</u>

Total capital assets increased 16.24% from prior year. During the current fiscal year, the City accepted \$33.8 million in infrastructure improvements from development projects and had an additional \$10.6 million in construction in progress.

During FY2023-24 the City also acquired 13 new city vehicles totaling \$0.7 million for Police, Fire, and Public Works departments.

Additional information on the City's capital assets can be found within Note 4 – Capital Assets and Note 5 – Long-term Liabilities in the notes to the basic financial statements section of this report.

Long-term Liabilities

At the end of the current fiscal year, the City had total unsecured debt outstanding of \$28.9 million.

During Fiscal Year 2011-12, the City issued \$20 million in Certificates of Participation through the California Communities Total Road Improvement Program (TRIP). The proceeds from this financing were used to fund various capital road improvements and are being repaid from a combination of future Gas Tax and Measure "A" revenues. This original TRIP debt was refinanced in 2020, resulting in anticipated savings exceeding \$4 million for the balance of the debt. The current outstanding balance for this project is \$14,960,000.

In June of 2019 the City entered into a financing agreement with Banc of America through the support and regional efforts of the Western Riverside Council of Governments (WRCOG) with Southern California Edison (SCE) to work with the City in the purchase and retrofit of approximately 6,300 streetlights from SCE, known as the Streetlight Retrofit Project. The initial debt for the Streetlight Retrofit Project was \$6,550,000 and with a financing period of fifteen years. In the fall of 2021, taking advantage of the lower interest rate market, the City refinanced the Streetlight Retrofit Project, resulting in anticipated savings of over \$400k for the balance of the debt. The current outstanding balance for this project is \$5,057,262.

Other debts include the City's liabilities arising from employee's accrued leave, or compensated absences of \$2,627,278, lease liabilities of \$6,001,205, represented by various vehicle, real property, equipment leases, and subscription liabilities of \$331,975 further detailed within Note 5- Long-Term Liabilities.

Summary of Changes in Long-Term Liabilities June 30, 2024

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024	Long- Term	Due Within One Year
Transportation Revenues COP, 2020	\$ 15,640,000	\$ -	\$ (680,000)	\$ 14,960,000	\$ 14,270,000	\$ 690,000
Distribution Facilities						
Financing Agreement	5,485,266	-	(428,004)	5,057,262	4,616,365	440,897
Lease liabilities	5,175,405	2,122,283	(1,296,482)	6,001,206	4,703,114	1,298,092
Subscription liabilities	528,503	80,425	(276,953)	331,975	231,885	100,090
Compensated absences	2,178,377	649,859	(200,958)	2,627,278	2,101,822	525,456
Long-term liabilities total	<u>\$ 29,007,551</u>	<u>\$ 2,852,567</u>	<u>\$ (2,882,397)</u>	<u>\$ 28,977,721</u>	<u>\$ 25,923,186</u>	<u>\$ 3,054,535</u>

Additional information on the City's long-term liabilities can be found within Note 1 – Summary of Significant Accounting Policies, Note 5 – Long-Term Liabilities, Note 7 – Pension Plan, and Note 8 – Post Employment Benefits in the notes to the basic financial statements section of this report

Economic Factors and Next Year's Budget

The city has experienced significant and steady increase in the City's sales tax base since fiscal year 2017-18, with the adoption of the Quality of Life measure, and as consumers changed their spending habits during the pandemic. With this additional revenue source, the city has been able to prioritize services in the areas of public safety and infrastructure. However, over the past two years inflationary pressures continue to influence the City's financial landscape in the coming fiscal year, impacting both income and expenditures. Inflation is driving up costs in all City funds in areas such as personnel, supplies, purchased services, and capital investments. In addition to inflation, unemployment, which has increased slightly over the past year, is expected to lead to a reduction in sales tax and other City revenues as consumers cut back on discretionary spending.

As the City continues to mature and workforce expand, rising retirement costs will play significant impact on the City's long-term financial stability. The City has commenced some proactive efforts beginning with FY2024-25 to help mitigate significant fluctuations in year over year pension liability.

On June 21, 2023, the City Council adopted the City's Fiscal Year 2023-2025 Biennial Budget. Within the adoption, the fiscal year 2023-24 citywide budget totaled \$135 million in funding for citywide operations, including \$21.1 million for capital projects. On February 7, 2024, the City Council adopted an amended Fiscal Year 2023-24 budget totaling \$241 million for citywide operations, including \$140.5 million for capital projects. The adjusted budget reflected prior year carryovers, addition of the Aquatics Program, and some minor personnel adjustments.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Travis Hickey, Chief Financial Officer, City of Menifee, 29844 Haun Road, Menifee, CA 92586 or by telephone to (951) 672-6777. The entire ACFR is also available on the City's website: www.cityofmenifee.us.

THIS PAGE INTENTIONALLY LEFT BLANK

Basic Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF MENIFEE

**STATEMENT OF NET POSITION
JUNE 30, 2024**

	Governmental Activities
Assets:	
Cash and investments	\$ 215,602,148
Receivables:	
Accounts	17,079,892
Accrued interest	1,156,755
Prepaid items	234,200
Restricted assets:	
Cash with fiscal agent	15,499,177
Other current assets	5,175
Capital assets, not being depreciated	105,599,127
Capital assets, depreciated, net	286,354,968
Total Assets	641,531,442
Deferred Outflows of Resources:	
OPEB related	1,282,640
Pension related	10,176,204
Deferred charge on refunding	813,951
Total Deferred Outflows of Resources	12,272,795
Liabilities:	
Accounts payable	13,540,495
Accrued liabilities	2,620,794
Accrued interest	45,142
Deposits payable	27,124,537
Unearned revenue	2,670,644
Long-term liabilities, due within one year	3,054,535
Current portion of total OPEB liability	67,703
Due beyond one year:	
Total OPEB liability	3,768,324
Net Pension liability	1,161,092
Long-term liabilities, due beyond one year	25,923,186
Total Liabilities	79,976,452
Deferred Inflows of Resources:	
OPEB related	690,003
Pension related	105,619
Total Deferred Inflows of Resources	795,622
Net Position:	
Net investment in capital assets	366,417,603
Restricted for:	
Community development projects	18,986,084
Public works	74,958,469
Debt service	615,069
Unrestricted	112,054,938
Total Net Position	\$ 573,032,163

The accompanying notes are an integral part of these financial statements.

CITY OF MENIFEE

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities
Governmental activities:					
General government	\$ 27,374,493	\$ 14,555,941	\$ 2,555,282	\$ -	\$ (10,263,270)
Public safety	44,266,879	15,767,680	374,723	-	(28,124,476)
Community development	8,906,681	1,770,478	1,276,934	-	(5,859,269)
Recreation services	8,634,157	1,057,150	-	-	(7,577,007)
Engineering and public works	6,075,482	11,067,245	7,834,645	40,366,619	53,193,027
Interest on long-term debt	622,071	-	-	-	(622,071)
Total governmental activities	<u>\$ 95,879,763</u>	<u>\$ 44,218,494</u>	<u>\$ 12,041,584</u>	<u>\$ 40,366,619</u>	<u>746,934</u>
General Revenues:					
Taxes:					
Property tax, levied for general purpose					33,849,512
Sales tax - Shared State revenue					41,064,793
Transient occupancy tax					507,446
Franchise taxes					4,765,363
Other taxes					871,948
Unrestricted:					
Vehicle license fees					135,915
Use of money and property					8,327,212
Other					535,387
Total General Revenues					<u>90,057,576</u>
Change in net position					90,804,510
Net Position					
Beginning of year, as previously reported					488,770,974
Restatement - correction of an error					(6,543,321)
Beginning of year, as restated					<u>482,227,653</u>
End of year					<u>\$ 573,032,163</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MENIFEE

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2024

	Special Revenue Funds				Capital Projects Fund	Total Non-Major Governmental Funds	Total Governmental Funds
	General	Development Impact Fees	Grants	TUMF Fees (formerly non-major)	Bonded CFDs (formerly non-major)		
Assets							
Cash and investments	\$ 131,990,053	\$ 47,434,680	\$ 5,107,514	\$ -	\$ -	\$ 31,069,901	\$ 215,602,148
Receivables:							
Accounts, grants and taxes	9,435,496	-	553,119	5,498,051	-	1,593,226	17,079,892
Accrued interest	771,921	216,602	33,812	-	62,672	71,748	1,156,755
Prepaid items	44,888	-	39,835	-	-	149,477	234,200
Other current assets	5,175	-	-	-	-	-	5,175
Due from other funds	6,085,621	-	-	-	-	-	6,085,621
Restricted assets:							
Cash and investments with fiscal agents	-	-	-	-	15,384,740	114,437	15,499,177
Total Assets	\$ 148,333,154	\$ 47,651,282	\$ 5,734,280	\$ 5,498,051	\$ 15,447,412	\$ 32,998,789	\$ 255,662,968
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 8,628,727	\$ 2,713,079	\$ 767,881	\$ 350,770	\$ -	\$ 1,080,038	\$ 13,540,495
Accrued liabilities	2,620,130	-	-	-	-	664	2,620,794
Deposits payable	27,124,537	-	-	-	-	-	27,124,537
Unearned revenue	-	-	2,670,644	-	-	-	2,670,644
Due to other funds	-	-	-	6,085,621	-	-	6,085,621
Total Liabilities	38,373,394	2,713,079	3,438,525	6,436,391	-	1,080,702	52,042,091
Deferred Inflows of Resources:							
Unavailable revenues	376,447	-	-	-	-	-	376,447
Total Deferred Inflows of Resources	376,447	-	-	-	-	-	376,447
Fund Balances:							
Nonspendable:							
Prepaid items	44,888	-	39,835	-	-	149,477	234,200
Restricted for:							
Community development projects	-	-	-	-	-	18,986,084	18,986,084
Engineering and public works	-	44,938,203	2,255,920	-	15,447,412	12,316,934	74,958,469
Debt service	-	-	-	-	-	465,592	465,592
Committed to:							
Emergency contingency	11,257,355	-	-	-	-	-	11,257,355
City hall	4,750,000	-	-	-	-	-	4,750,000
McCall Blvd project improvement	5,540,317	-	-	-	-	-	5,540,317
Assigned to:							
Economic uncertainty	11,257,355	-	-	-	-	-	11,257,355
Fire safety	569,680	-	-	-	-	-	569,680
General plan update	934,463	-	-	-	-	-	934,463
Technology	442,660	-	-	-	-	-	442,660
Bradley Bridge	223,872	-	-	-	-	-	223,872
Unassigned	74,562,723	-	-	(938,340)	-	-	73,624,383
Total Fund Balances	109,583,313	44,938,203	2,295,755	(938,340)	15,447,412	31,918,087	203,244,430
Total Liabilities, Deferred Inflows of Resource and Fund Balances	\$ 148,333,154	\$ 47,651,282	\$ 5,734,280	\$ 5,498,051	\$ 15,447,412	\$ 32,998,789	\$ 255,662,968

The accompanying notes are an integral part of these financial statements.

CITY OF MENIFEE

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

Fund balances of governmental funds \$ 203,244,430

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of depreciation have not been included as financial resources in governmental fund activity. 391,954,095

Long-term liabilities and compensated absences that have not been included in the governmental fund activity:

Certificates of Participation	\$ (14,960,000)	
Debt Agreement 2019	(5,057,262)	
Net pension liability	(1,161,092)	
Total OPEB liability	(3,836,027)	
Subscriptions	(331,975)	
Lease liabilities	(6,001,206)	
Compensated absences	<u>(2,627,278)</u>	(33,974,840)

Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds. (45,142)

Deferred inflows and outflows of resources not due and payable, or owed and receivable, respectively, in the current period, are not reported in the funds:

Pension related deferred outflows of resources	10,176,204
OPEB related deferred outflows of resources	1,282,640
Deferred charge on refunding	813,951
Pension related deferred inflows of resources	(105,619)
OPEB related deferred inflows of resources	(690,003)

Revenues reported as unavailable and unearned in the governmental funds are recognized in the statement of activities. 376,447

Net position of governmental activities \$ 573,032,163

The accompanying notes are an integral part of these financial statements.

CITY OF MENIFEE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Special Revenue Funds				Capital Projects Fund	Total Non- Major Governmental Funds	Total Governmental Funds
	General	Development Impact Fees	Grants	TUMF Fees (formerly non- major)	Bonded CFDs (formerly non- major)		
Revenues:							
Taxes	\$ 70,494,188	\$ -	\$ -	\$ -	\$ -	\$ 52,499	\$ 70,546,687
Licenses and permits	11,419,395	-	-	-	-	-	11,419,395
Intergovernmental	11,464,282	-	4,540,721	11,208,327	-	9,091,003	36,304,333
Charges for services	7,102,415	-	-	-	-	10,488,581	17,590,996
Use of money and property	5,070,556	2,662,016	210,510	-	1,101,711	1,237,310	10,282,103
Fines and forfeitures	483,068	-	-	-	-	-	483,068
Developer participation	-	13,221,037	-	-	-	24,070	13,245,107
Miscellaneous	444,246	-	-	-	68,411	-	512,657
Contributions from property owners	-	-	-	-	24,122,338	1,804,931	25,927,269
Total Revenues	106,478,150	15,883,053	4,751,231	11,208,327	25,292,460	22,698,394	186,311,615
Expenditures:							
Current:							
General government	20,659,828	49,856	363,142	-	8,248,115	347,421	29,668,362
Public safety	44,868,882	175,804	368,260	-	-	152,517	45,565,463
Community development	9,123,916	-	78,771	-	-	-	9,202,687
Parks and recreation	4,490,330	-	150,931	-	-	3,303,822	7,945,083
Engineering and public works	5,455,679	-	663,506	-	-	3,618,508	9,737,693
Capital outlay	5,771,960	12,192,042	1,256,036	10,988,369	12,249,022	7,895,069	50,352,498
Debt service:							
Principal retirement	276,953	-	-	-	-	1,108,004	1,384,957
Interest and fiscal charges	12,038	-	-	-	-	566,160	578,198
Total Expenditures	90,659,586	12,417,702	2,880,646	10,988,369	20,497,137	16,991,501	154,434,941
Excess of revenues over(under) expenditures	15,818,564	3,465,351	1,870,585	219,958	4,795,323	5,706,893	31,876,674
Other Financing Sources (Uses):							
Transfers in	1,371,276	219,088	-	-	-	2,871,435	4,461,799
Transfers out	-	-	(1,150,000)	-	-	(3,311,799)	(4,461,799)
Subscription/lease acquisition	2,202,708	-	-	-	-	-	2,202,708
Total Other Financing Sources (Uses)	3,573,984	219,088	(1,150,000)	-	-	(440,364)	2,202,708
Net Change in Fund Balances	19,392,548	3,684,439	720,585	219,958	4,795,323	5,266,529	34,079,382
Fund Balances (Deficit)							
Beginning of year, as previously reported	90,190,765	41,253,764	1,575,170	-	-	36,145,349	169,165,048
Change from major to non-major	-	-	-	(1,158,298)	10,652,089	(9,493,791)	-
Beginning of year, as restated	90,190,765	41,253,764	1,575,170	(1,158,298)	10,652,089	26,651,558	169,165,048
End of year	\$ 109,583,313	\$ 44,938,203	\$ 2,295,755	\$ (938,340)	\$ 15,447,412	\$ 31,918,087	\$ 203,244,430

The accompanying notes are an integral part of these financial statements.

CITY OF MENIFEE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Net change in fund balances - total governmental funds \$ 34,079,382

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense or allocated to the appropriate functional expense. The capital and intangible asset activity is reconciled as follows:

Cost of assets capitalized:	
Capitalized expenditures	5,834,438
Additional costs capitalized	25,548,004
Contributed capital assets	44,380,972
Depreciation/amortization expense	(20,992,600)

Governmental funds report proceeds from issuance of debt and lease/SBITA acquisitions as other financing sources or uses, and do not report the respective long term liabilities. For the Statement of Activities these amounts been reclassified to long term debt in the Statement of Net Position. This is the amount for the current year: (2,202,708)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repayments	\$ 2,681,439	
Amortization of deferred charges	(45,219)	2,636,220

Accrued interest for long-term liabilities. This is the change in accrued interest for the current period. 1,346

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in compensated absences for the current period. (448,901)

Revenues reported as unavailable and unearned revenue in the governmental funds are recognized in the statement of activities. These are included in the intergovernmental revenues under the modified accrual basis of accounting in the governmental fund activity when they are measurable and available. 372,658

Deferred inflows and outflows of resources not due and payable, or owed and receivable, respectively, in the current period, are not reported in the funds:

Pension related net adjustment	2,365,355
OPEB related net adjustment	(769,656)

Change in net position of governmental activities \$ 90,804,510

The accompanying notes are an integral part of these financial statements.

CITY OF MENIFEE

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	<u>Bonded CFD Custodial Fund</u>
Assets:	
Cash and investments	\$ 1,534,484
Cash and investments with fiscal agents	5,029,994
Receivables:	
Accounts	24,462
Accrued interest	<u>20,490</u>
Total Assets	<u>6,609,430</u>
Liabilities:	
Total Liabilities	<u>-</u>
Net Position:	
Net position restricted for other purposes	<u>6,609,430</u>
Total Net Position	<u><u>\$ 6,609,430</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF MENIFEE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Bonded CFD Custodial Fund</u>
Additions:	
Interest income	\$ 50,413
Contributions from property owners	<u>5,673,749</u>
Total Additions	<u>5,724,162</u>
Deductions:	
Administrative expenses	187,688
Interest paid to bondholders	<u>2,059,158</u>
Total Deductions	<u>2,246,846</u>
Change in Net Position	3,477,316
Net position	
Beginning of year	<u>3,132,114</u>
End of year	<u>\$ 6,609,430</u>

The accompanying notes are an integral part of these financial statements.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The City of Menifee, California (the City), was incorporated on October 1, 2008, under the laws of the State of California and enjoys all the rights and privileges applicable to a General Law City. The City is governed by an elected five-member board. As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be incomplete. Under this definition, it is determined that there are no component units for this reporting entity, and these financial statements present the financial reporting entity that consisted solely of the City as the primary government.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The fiduciary funds are reported on the accrual basis of accounting. Major individual governmental funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 1: Summary of Significant Accounting Policies (continued)

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. However, grant revenues are considered available within 6 months of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City's fiduciary fund financial statements report a custodial fund. The custodial fund is reported using the economic resources measurement focus and the accrual basis of accounting.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Governmental funds with assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures equal to at least 10% of their fund-type total, and at least 5% of the combined total of governmental funds and enterprise fund, as applicable, are required to be reported as a major fund. A governmental fund may also be presented as a major fund in the basic financial statements, even if it does not meet the size criteria just described, if the City's officials believe that the fund is particularly important to the financial statement users (because of public interest, reporting consistency, or otherwise). The General Fund is always reported as a major fund.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. All general tax receipts and fee revenue not allocated by law, Council policy, or contractual agreement to other funds are accounted for in the General Fund. General Fund expenditures include operations traditionally associated with activities, which are not required to be accounted for or paid by another fund.

The Development Impact Fees (DIF) Fund – This fund is used to account for 9 separate DIF Funds. Fees are charged to new development to pay for future infrastructure costs such as roads, fire facilities, parks and libraries.

The Grants Fund – This fund accounts for all of the various miscellaneous grants, in order to properly segregate and track grant funding. Grants are budgeted upon being awarded by a third-party agency and approved by the City Council. Only grants that are approved at the time of the adoption of this budget are listed in this budget document.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 1: Summary of Significant Accounting Policies (continued)

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The TUMF Fees Fund – This fund tracks revenues and expenditures associated with the regional transportation mitigation fee program. These funds are generated from impact fees assessed by Western Riverside Council of Governments (WRCOG) on all new residential and commercial development. These funds are later divided among the three (3) zones comprising of the Northern, Central and Southern zones. The City of Menifee is located within the Central zone along with the Cities of Perris, Moreno Valley and Riverside County. The City is eligible to receive TUMF funds on major road and bridge projects located within the City. These projects must first be approved by WRCOG and the Central zone Technical Advisory Committee (TAC). The City uses these funds to supplement capital projects relating to road and bridge improvements and they are treated as grant funding.

The Bonded CFDs Fund – This fund is used to account for 6 separate Bonded CFD funds (capital projects). Proceeds received by the issuance of bonds under the Mello-Roos Community Facilities Act of 1982, are accounted for under the respective Bonded CFD fund and used to pay for the specific eligible public facilities/improvements financed by the CFD.

Additionally, the City reports the following fund types:

The custodial fund is used to account for third party contributions received by the City for which the City's responsibility is essentially custodial. The Bonded CFD fund is used to account for contributions from property owners for payment on outstanding debt that the City is not directly liable for.

d. Assets, Liabilities and Net Position or Equity

Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For financial statement presentation purposes, cash and cash equivalents are shown as both restricted and unrestricted cash and investments in the governmental funds.

Investments are reported at fair value. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. All trade and property tax receivables are shown net of an allowance for uncollectable.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 1: Summary of Significant Accounting Policies (continued)

d. Assets, Liabilities and Net Position or Equity (continued)

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (\$50,000 for infrastructure) and an estimated useful life in excess of two or more years. Assets are generally capitalized as a whole unit or system and not by the individual units that comprise the system. For example, a phone system is capitalized as one entire system and not on the individual components such as the phones, phone server, installation costs, and wiring.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of acquisition.

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks and similar items) and intangible assets, are reported in the governmental activities column in the government-wide financial statements. In accordance with generally accepted accounting principles, the City has reported all general infrastructure assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, infrastructure and intangible assets of the primary government, as well as its component units, are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years	\$ Threshold
Equipment and furniture	2-10	\$ 5,000
Vehicles	2-10	5,000
Software	2-10	5,000
Infrastructure	20-50	50,000

Intangible Assets

Intangible Right to Use assets are related to equipment or real property that the City has obtained the right to utilize for a specified period of time through the use of a lease or subscription agreement. The lift of the right to use asset is for the same period as the lease/subscription and amortized on a straight-line basis over that period.

Compensated Absences

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Normally, an employee cannot accrue more than his regular annual entitlement. Payment for vacation not taken is payable at the end of the cumulative time.

Sick leave is payable when an employee is unable to work because of illness. Upon termination an employee will not be paid for any unused sick leave, with the exception for the City Manager pursuant to employment contract.

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Note 1: Summary of Significant Accounting Policies (continued)

d. Assets, Liabilities and Net Position or Equity (continued)

All unpaid vacation and sick leave, if applicable, is recorded as a liability in the government-wide financial statements. Compensated absence liabilities are expected to be liquidated by the General Fund in future periods.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from taxes and intergovernmental revenues. These amounts are unavailable and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance

In the fund financial statements, government funds report the following fund balance classification:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, the City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution.

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Note 1: Summary of Significant Accounting Policies (continued)

d. Assets, Liabilities and Net Position or Equity (continued)

Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Manager is authorized to assign amounts to a specific purpose, which was established by the governing body in Resolution No. 2011-226 approved on June 21, 2011.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes in the General Fund, and deficit fund balances in any other funds.

An Emergency Contingency commitment of fund balance has been established through Resolution 21-1076. This reserve is set at a minimum of 12.5% of General Fund operating expenditures. The specified uses include the declaration of a state or federal emergency or a local emergency as defined in Section 1.10.010 of the Menifee Municipal Code. City Council may, by majority vote of the members, change the amount of this commitment and/or the specific uses through adoption of resolution.

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate. However, if expenditures incurred for a specific purpose exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 1: Summary of Significant Accounting Policies (continued)

d. Assets, Liabilities and Net Position or Equity (continued)

Property Taxes

Property tax revenue is recognized on the modified accrual basis, that is, in the fiscal year for which the taxes have been levied providing they become available. Available means then due or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The County of Riverside collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January proceeding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively.

Unsecured personal property taxes become due on the first of March each year and are delinquent on August 31.

Functional Classifications

Expenditures of the governmental funds are classified by function. Functional classifications are defined as follows:

- General Government includes legislative activities, City Clerk, City Attorney, City Manager as well as management or supportive services across more than one functional area.
- Public Safety includes those activities which involve police protection, fire protection and animal control services.
- Community Development includes those activities which involve planning, building and safety and code enforcement.
- Parks and Recreation includes activities which provide recreation, cultural and educational services.
- Engineering and Public Works includes all maintenance, engineering and capital improvements which relate to streets and other public facilities.

e. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 1: Summary of Significant Accounting Policies (continued)

f. Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. The General Fund has been used to liquidate the liability in prior years.

Generally accepted accounting principles requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2022
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	July 1, 2022 to June 30, 2023

g. Other Postemployment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are reported at fair value. The General Fund has been used to liquidate the liability in prior years.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2023
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	July 1, 2022 to June 30, 2023

h. Implementation of New Pronouncement

Governmental Accounting Standards Board has issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. Budgetary Data

General Budget Policies

The City Council approves each year's budget prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the City Council. Supplemental appropriations, where required during the period, are approved by the City Manager. In most cases, expenditures may not exceed appropriations at the function level. At fiscal year-end, all operating budget appropriations lapse.

Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue and similar governmental funds. Encumbrances represent the estimated amount of the expenditure ultimately to result if unperformed contracts in process at year-end are completed. They do not constitute expenditures or estimated liabilities.

Budget Basis of Accounting

Budgets for all governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

b. Deficit Fund Balances

The following funds present a fund balance deficit as of the year ended June 30, 2024:

<u>Fund</u>	<u>Fund Balance Deficit</u>
TUMF Fees	\$ (938,340)

Note 3: Cash and Investments

As of June 30, 2024, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	
Cash and investments	\$ 215,602,148
Cash with fiscal agent	15,499,177
Fiduciary funds	
Cash and investment	1,534,484
Cash with fiscal agent	5,029,994
	<hr/>
Total Cash and Investments	<u>\$ 237,665,803</u>

CITY OF MENIFEE

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Note 3: Cash and Investments (continued)

Cash and investments held by the City consist of the following:

Cash on hand	\$ 12,300
Deposits with financial institutions	20,121,693
Investments	<u>217,531,810</u>
Total Cash and Investments	<u>\$ 237,665,803</u>

The City maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy which authorizes it to invest in various investments. Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on average daily cash balances.

Deposits with financial institutions

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
Note 3: Cash and Investments (continued)
Investments Authorized by the California Government Code and the Entity's Investment Policy

The table below identifies the investment types that are authorized by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Investment Types Authorized by City's Investment Policy	*Maximum Maturity	*Maximum Percentage of Portfolio	*Maximum Investment In One Issuer
U.S. Treasury securities	5 years	None	None
Federal Agency Securities	5 years	20%	None
Municipal securities	5 years	30%	5%
Negotiable certificates of deposit	5 years	30%	5%
Commercial Paper	270 days	25%	5%
Bankers acceptance	180 days	40%	5%
Local Agency Investment Fund	N/A	None	\$75 million
Federally insured time deposits (CDs)	5 years	20%	None
Non-negotiable certificates of deposit	5 years	20%	None
Certificate of deposit placement service	5 years	30%	None
Collateralized bank deposits	N/A	N/A	N/A
Repurchase agreements	1 year	None	None
Local government investment pools	N/A	None	None
Corporate medium term notes	5 years	30%	5%
Asset/mortgage backed securities	5 years	20%	5%
Supranationals	5 years	30%	10%
Mutual funds	N/A	10%	None
Money market mutual funds	N/A	20%	20%

* Based on state law requirements or investment policy requirements, whichever is more restrictive

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

Fair Value

Generally Accepted Accounting Principles (GAAP), establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

CITY OF MENIFEE

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Note 3: Cash and Investments (continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy does not limit investments in Federal Agency Securities and Treasury Obligations to ratings issued by nationally recognized statistical rating organizations. The City's investment policy does restrict investments in Corporate Medium-Term Notes (MTN's) to those rated A or better by a nationally recognized statistical rating organization. Presented below are the City's investments and the actual rating as of fiscal year end for each investment type:

Investment Type	Amount	Minimum legal rating	Rating at year end						Not rated
			A+	A	A-	AA	AA-	Aaa (or similar)	
State investment pool (LAIF)	\$ 11,208,871	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,208,871
Money market funds	870,132	N/A	-	-	-	-	-	870,132	-
U.S. Treasury obligations	57,973,948	N/A	-	-	-	-	-	57,973,948	-
Federal agency securities	35,494,016	N/A	-	-	-	-	-	35,494,016	-
U.S. corporate medium term notes	30,090,573	N/A	12,213,717	4,604,633	3,827,738	107,636	9,092,307	244,542	-
Supranational	1,767,022	N/A	-	-	-	-	-	1,767,022	-
Asset-backed securities	1,141,083	N/A	-	-	-	-	-	1,141,083	-
California asset management program (CAMP)	77,125,117	N/A	-	-	-	-	-	77,125,117	-
Held by bond trustee and escrow agent:									
Cash with fiscal agents	1,861,048	N/A	-	-	-	-	-	-	1,861,048
	<u>\$ 217,531,810</u>		<u>\$ 12,213,717</u>	<u>\$ 4,604,633</u>	<u>\$ 3,827,738</u>	<u>\$ 107,636</u>	<u>\$ 9,092,307</u>	<u>\$ 174,615,860</u>	<u>\$ 13,069,919</u>

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment in LAIF is unrated.

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2024, the City held deposits with financial institutions in excess of Federal Depository Insurance Corporation (FDIC) limits. These funds were held in collateralized accounts as required by the California Government Code as stated above.

CITY OF MENIFEE

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 3: Cash and Investments (continued)

Concentration of Credit Risk

The City's investment policy imposes restrictions on percentages that the City can invest in certain types of investments and with any one issuer for certain types of investments. Generally accepted accounting principles requires a separate disclosure if any single issuer comprises more than 5% of the total investment value. At June 30, 2024, the City's had no single issuer of more than 5%. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2024, the City had the following investments and remaining maturities:

	Investments Maturities			Fair Value
	1 year or less	1 year to 3 years	3 years to 5 years	
State investment pool (LAIF)	\$ 11,208,871	\$ -	\$ -	\$ 11,208,871
Money market funds	870,132	-	-	870,132
U.S. Treasury obligations	11,539,420	25,270,126	21,164,402	57,973,948
Federal agency securities	4,736,643	24,296,394	6,460,979	35,494,016
U.S. corporate medium term notes	524,574	4,996,606	24,569,393	30,090,573
CMO	-	-	-	-
Supranational	-	140,750	1,626,272	1,767,022
Asset-backed securities	-	278,278	862,805	1,141,083
California asset management program (CAMP)	77,125,117	-	-	77,125,117
<i>Held by bond trustee and escrow agent:</i>				
Cash with fiscal agents	1,861,048	-	-	1,861,048
Total investments	<u>\$ 107,865,805</u>	<u>\$ 54,982,154</u>	<u>\$ 54,683,851</u>	<u>\$ 217,531,810</u>

Fair Value Measurements

Generally accepted accounting principles, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability.

The valuation technique used for level 2 investments include "inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly". Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; interest rates and yield curves observable at commonly quoted intervals; implied volatilities; credit spreads, and market-corroborated inputs.

CITY OF MENIFEE

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 3: Cash and Investments (continued)

Fair Value Measurements (continued)

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2024:

Investments by Fair Value Hierarchy	Total	Level 1	Level 2	Level 3
U.S. Treasury obligations	\$ 57,973,948	\$ -	\$ 57,973,948	\$ -
Federal agency securities	35,494,016	-	35,494,016	-
U.S. corporate medium term notes	30,090,573	-	30,090,573	-
Supranational	1,767,022	-	1,767,022	-
Asset-backed securities	1,141,083	-	1,141,083	-
Total Investments by Fair Value Hierarchy	126,466,642	\$ -	\$ 126,466,642	\$ -
Investments outside the Fair Value Hierarchy				
State investment pool (LAIF)	11,208,871			
California asset management program (CAMP)	77,125,117			
Money market funds	870,132			
Held by bond trustee and escrow agent:				
Cash with fiscal agents	1,861,048			
Total Investments	\$ 217,531,810			

The remainder of this page left intentionally blank

CITY OF MENIFEE

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Deletions/ Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 28,794,607	\$ -	\$ -	\$ 28,794,607
Right-of-way	415,800	435,000	-	850,800
Construction in progress	50,327,367	37,670,055	(12,043,702)	75,953,720
Total capital assets, not being depreciated	79,537,774	38,105,055	(12,043,702)	105,599,127
Capital assets, being depreciated/amortized:				
Building and improvements	31,812,983	1,416,729	-	33,229,712
Equipment and furniture	4,837,959	860,949	-	5,698,908
Vehicles	8,411,023	729,060	-	9,140,083
Software and website design	772,239	-	-	772,239
Infrastructure	337,303,340	44,449,467	-	381,752,807
Right-to-use				
Land	175,347	-	(175,347)	-
Buildings	6,545,089	1,897,134	-	8,442,223
Vehicles and equipment	644,153	268,297	-	912,450
Subscriptions	914,404	80,425	(143,570)	851,259
Total capital assets, being depreciated/amortized	391,416,537	49,702,061	(318,917)	440,799,681
Less accumulated depreciation/amortization:				
Building and improvements	(7,735,610)	(1,507,607)	-	(9,243,217)
Equipment and furniture	(2,476,617)	(652,388)	-	(3,129,005)
Vehicles	(3,829,840)	(1,237,904)	-	(5,067,744)
Software and website design	(551,280)	(38,818)	-	(590,098)
Infrastructure	(116,233,809)	(15,792,326)	-	(132,026,135)
Right-to-use				
Land	(116,898)	(58,449)	175,347	-
Buildings	(2,246,924)	(1,310,456)	-	(3,557,380)
Vehicles and equipment	(281,700)	(99,386)	-	(381,086)
Subscriptions	(298,352)	(295,266)	143,570	(450,048)
Total accumulated depreciation/amortization	(133,771,030)	(20,992,600)	318,917	(154,444,713)
Total capital assets, being depreciated/amortized, net	257,645,507	28,709,461	-	286,354,968
Governmental activities capital assets, net	\$ 337,183,281	\$ 66,814,516	\$ (12,043,702)	\$ 391,954,095

Depreciation/amortization expense was charged to the following functions in the statement of activities:

Governmental Activities:	
General government	\$ 527,310
Public safety	3,073,183
Community development	2,646
Parks and recreation	1,917,523
Engineering and public works	15,471,938
Total Depreciation/Amortization Expense - Governmental Activities	<u>\$ 20,992,600</u>

CITY OF MENIFEE

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Note 5: Long-Term Liabilities

The following is a schedule of changes in long-term liabilities for the fiscal year ended June 30, 2024:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Long-term liabilities					
Certificates of Participation, Series 2020 (TRIP)	\$ 15,640,000	\$ -	\$ (680,000)	\$ 14,960,000	\$ 690,000
Direct Borrowings:					
Distribution Facilities					
Financing Agreement	5,485,266	-	(428,004)	5,057,262	440,897
Lease liabilities	5,175,405	2,122,283	(1,296,482)	6,001,206	1,298,092
Subscription liabilities	528,503	80,425	(276,953)	331,975	100,090
Other long-term liability:					
Compensated absences	2,178,377	649,859	(200,958)	2,627,278	525,456
Total long-term debt	<u>\$ 29,007,551</u>	<u>\$ 2,852,567</u>	<u>\$ (2,882,397)</u>	<u>\$ 28,977,721</u>	<u>\$ 3,054,535</u>

Transportation Revenue Certificates of Participation Bonds, Series 2020

The 2020 Certificates of Participation Bonds were issued to refund the 2012B Certificate of Participation Bonds for \$16,990,000. The bonds mature annually through 2042, in amounts ranging from \$1,835,000 to \$2,305,000. Interest rates vary from 0.435% to a maximum of 3.238% and are payable semiannually on December 1 and June 1. This transaction resulted in an economic gain of \$1.8 million and a net savings in debt service costs of \$4.3 million.

Assets irrevocably pledged as collateral for the bonded debt are all of the revenues and all money in the Pledged Tax Fund (the "Gas Tax Account" and the "Measure A Receipts Account") and in the funds or accounts so specified and provided for in the 2020 Installment Sale Agreement.

In the event of default the Trustee may, by notice in writing to the City, declare the entire principal amount of the unpaid 2020 Installment Sale Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable.

The annual debt service requirements on these bonds are as follows:

Certificates of Participation, Series 2020 TRIP			
Year Ending June 30	Principal	Interest	Total
2025	\$ 690,000	\$ 390,487	\$ 1,080,487
2026	700,000	383,166	1,083,166
2027	710,000	373,352	1,083,352
2028	720,000	361,978	1,081,978
2029	730,000	348,141	1,078,141
2030-2034	3,900,000	1,493,734	5,393,734
2035-2039	4,470,000	931,357	5,401,357
2040-2044	3,040,000	198,813	3,238,813
Totals	<u>\$ 14,960,000</u>	<u>\$ 4,481,028</u>	<u>\$ 19,441,028</u>

CITY OF MENIFEE

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Note 5: Long-Term Liabilities (continued)

Distribution Facilities Financing Agreement – Direct borrowing:

On July 6, 2018, the City entered into a financing agreement to purchase Certain Southern California Edison Company Street Light Facilities. The agreement calls for the conveyance and sale of 6,310 LS-1 electric streetlights facilities. The term of the agreement is 15 years, expiring on 2034. Interest rate is set at 4.30% and debt payments are payable semiannually on December 1 and June 1.

The agreement was refinanced on September 10, 2021 for \$6,335,581 with an interest rate of 2.99% with payments due in December and June of every year. The refinancing did not extend the life of the agreement and will therefore continue to expire in 2034. The refinancing resulted in economic gain of approximately \$400,738 over the term of the agreement with an annual average cash flow savings of approximately \$30,826.

In the event of default, the lessor may, by notice in writing to the City, declare the entire principal amount of the unpaid Agreement and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable.

The annual debt service requirements on this borrowing is as follows:

Distribution Facilities Financing Agreement			
Year Ending June 30	Principal	Interest	Total
2025	\$ 440,897	\$ 147,941	\$ 588,838
2026	454,178	134,660	588,838
2027	467,860	106,885	574,745
2028	481,953	120,978	602,931
2029	496,471	92,366	588,837
2030-2034	2,715,903	228,284	2,944,187
Totals	<u>\$ 5,057,262</u>	<u>\$ 831,114</u>	<u>\$ 5,888,376</u>

The remainder of this page left intentionally blank

CITY OF MENIFEE

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 5: Long-Term Liabilities (continued)

Lease Liabilities

The City has entered into a leases (as the lessee) for various vehicles and equipment. The lease terms range from 33 to 60 months. Monthly fixed payments range from \$390 to \$1,195 with interest rates ranging from 0.411% to 0.736%. The leases have guaranteed residual values ranging from \$3,265 to \$10,372.

The City has entered into a leases (as the lessee) for various buildings. The lease terms range from 33 to 86 months. Monthly fixed payments range from \$1,352 to \$47,760 with interest rates ranging from 0.308% to 2.287%.

Future payments on the total lease liabilities are as follows.

Leases			
Year Ending June 30	Principal	Interest	Total
2025	\$ 1,298,092	\$ 48,674	\$ 1,346,766
2026	1,358,613	36,743	1,395,356
2027	1,432,577	23,817	1,456,394
2028	1,406,212	10,722	1,416,934
2029	505,712	1,039	506,751
Totals	<u>\$ 6,001,206</u>	<u>\$ 120,995</u>	<u>\$ 6,122,201</u>

See note 4 for the net book value of right-to-use assets acquired through leases.

Subscription Liabilities

The City has entered into a subscriptions for the use of various software packages. The terms range from 18 to 58 months. Annual fixed payments range from \$7,020 to \$136,207 with interest rates ranging from 2.0237% to 2.3657%.

Future payments on the total lease liabilities are as follows.

Subscriptions			
Year Ending June 30	Principal	Interest	Total
2025	\$ 100,090	\$ 6,930	\$ 107,020
2026	95,431	10,034	105,465
2027	136,454	4,344	140,798
Totals	<u>\$ 331,975</u>	<u>\$ 21,308</u>	<u>\$ 353,283</u>

See note 4 for the net book value of right-to-use assets acquired through leases.

Compensated Absences

The City's liability for vested and unpaid compensated absences (accrued vacation and sick pay) in the governmental activities has been accrued and amounts to \$2,627,278 as of June 30, 2024. These liabilities have been described in Note 1.

CITY OF MENIFEE

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 6: Interfund Receivable, Payable and Transfers

Due to/from other funds balances as of June 30, 2024 were as follows:

Funds	Total
<i>Due From Other Funds:</i>	
Due to General Fund	
TUMF Fund	\$ 6,085,621
 Total	 <u>\$ 6,085,621</u>

These represent borrowings from other governmental funds to cover temporary cash deficit.

Transfers in and out for the year ended June 30, 2024 were as follows:

Transfers in	Transfers out	Amount
General Fund	Grants Fund (a)	\$ 150,000
	Nonmajor Governmental Funds (b)	1,221,276
Development Impact Fees	Nonmajor Governmental Funds (b)	219,088
Nonmajor Governmental Funds	Grants Fund (c)	1,000,000
	Nonmajor Governmental Funds (d)	1,871,435
Total transfers		<u>\$ 4,461,799</u>

(a) To fund police salaries and benefits.

(b) To repay the fund for the Lazy Creek CIP Project and for Fleet Services.

(c) To fund the ARPA Fire Station CIP Project

(d) To fund the debt service payments and Citywide CFD transfers.

Note 7: Pension Plan

General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City participates in three rate plans (two miscellaneous and one safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 7: Pension Plan (continued)

General Information about the Pension Plan (continued)

Benefits provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plans' provisions and benefits in effect as of June 30, 2024 are summarized as follows:

	Miscellaneous		Safety
	Prior to January 1, 2013	On or after January 1, 2013	On or after January 1, 2013
Hire date			
Benefit formula	2.7% @ 55	2% @ 62	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 67	52 - 67	50 - 57
Monthly benefits, as a % of eligible compensations	2.0% to 2.7%	1.0% to 2.5%	2.0% to 2.7%
Required employee contribution rates	8.00%	7.25%	13.75%
Required employer contribution rates	16.87%	8.00%	14.50%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2024 were \$5,881,952. The actual employer payments of \$3,383,586 made to CalPERS by the City during the measurement period ended June 30, 2023 differed from the City's proportionate share of the employer's contributions of \$1,054,888 by \$2,328,698, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 7: Pension Plan (continued)***Net Pension Liability (Asset)***

The City's net pension liability (asset) for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability (asset) of the Plan is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability (asset) is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The collective total pension liability for the June 30, 2023 measurement period was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. The collective total pension liability was based on the following assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Fair value of assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increase	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 7: Pension Plan (continued)

Net Pension Liability (Asset) (continued)

The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return ^{1,2}
Global equity - cap-weighted	30.0%	4.54%
Global equity - non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real assets	15.0%	3.21%
Leverage	(5.00%)	(0.59%)
Total	100.0%	

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

Change of Assumptions

There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 7: Pension Plan (continued)***Net Pension Liability (Asset) (continued)******Subsequent Events***

There were no subsequent events that would materially affect the results presented in this disclosure.

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

Proportionate Share of Net Pension Liability

The following table shows the City's proportionate share of the Plan's net pension liability (asset) over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability (Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at: 6/30/2022 (VD)	\$ 19,749,641	\$ 19,608,598	\$ 141,043
Balance at: 6/30/2023 (MD)	26,716,025	25,554,933	1,161,092
Net changes during 2022-23	\$ 6,966,384	\$ 5,946,335	\$ 1,020,049

Valuation Date (VD), Measurement Date (MD).

The City's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. The Local Government's proportionate share of the net pension liability for the Plan as of the June 30, 2022 and 2023 measurement dates was as follows:

Proportion - June 30, 2022	0.00122%
Proportion - June 30, 2023	0.00931%
Change - Increase (Decrease)	0.00809%

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 7: Pension Plan (continued)

Proportionate Share of Net Pension Liability (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Local Government's proportionate share of the net pension liability (asset) of the Plan as of the measurement date, calculated using the discount rate of 6.9%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.9%) or 1 percentage-point higher (7.9%) than the current rate:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Miscellaneous Plan's Net Pension Liability (Asset)	\$ 3,742,339	\$ 769,230	\$ (1,677,894)
Safety Plan's Net Pension Liability (Asset)	1,041,147	391,862	(138,975)

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected 5 year straight-line amortization
and actual earnings

All other amounts Straight-line amortization over the average expected
remaining services lives of all members that are
provided with benefits (active, inactive and retired) as
of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2023 is 3.8 years, which was obtained by dividing the total service years of 600,538 (the sum of remaining service lifetimes of the active employees) by 160,073 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

CITY OF MENIFEE

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Note 7: Pension Plan (continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2022), the City's net pension liability/(asset) was \$141,043. For the measurement period ending June 30, 2023 (the measurement date), the City incurred a pension expense) of \$3,516,598.

As of June 30, 2024, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 69,311	\$ -
Differences between expected and actual experience	68,066	8,559
Differences between Projected and Actual Investment Earnings	178,172	-
Differences between Employer's Contributions and Proportionate Share of Contributions	2,910,725	-
Change in Employer's Proportion	1,067,978	97,060
Pension Contributions Made Subsequent to Measurement Date	5,881,952	-
Total	<u>\$ 10,176,204</u>	<u>\$ 105,619</u>

The amounts above are net of outflows and inflows recognized in the 2022-23 measurement period expense. Contributions subsequent to the measurement date of \$5,881,952 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability (asset) in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources, Net
2025	\$ 2,050,255
2026	1,381,618
2027	751,690
2028	5,070
2029	-
Thereafter	-

Payable to the Pension Plan

As of June 30, 2024, the City reported a payable of \$766,628 for the outstanding amount of contributions to the pension plan required for the year then ended.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 8: Other Post-Employment Benefits***Plan Description***

The City has established a single-employer Retiree Healthcare Plan (HC Plan). This coverage is available for employees who satisfy the requirements for retirement under the California Public Employees Retirement System (PERS), which is age 50 or older with at least five years of State or public agency service. The healthcare coverage provided by PERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 75. Medical plan benefits are provided through PERS, as permitted by the Public Employees' Medical and Hospital and Care Act (PEMHCA). A separate financial report is not prepared for the HC Plan.

Employees Covered

As of the June 30, 2023 measurement date, the following current and former employees were covered by the benefit terms under the HC Plan:

Active employees	280
Inactive employees or beneficiaries currently receiving benefits	4
Total	<u>284</u>

Contributions

The HC Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the City and the bargaining units. For the fiscal year ended June 30, 2024, the City's cash contributions were \$9,385 in payments for benefits.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2023 and was calculated based on the following actuarial methods and assumptions from the valuation dated June 30, 2023:

Actuarial Assumptions:

Discount Rate	3.65%
Inflation	2.50%
Salary Increases	2.75% per year
Investment Rate of Return	3.65%
Mortality Rate	2021 CalPERS Mortality for Miscellaneous and Schools Employees, and Safety Employees, respectively
Pre-Retirement Turnover	4.0% per year
Healthcare Trend Rate	

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65% percent.

Change of Assumptions

The discount rate changed from 3.54% to 3.65% for the measurement date June 30, 2023.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 8: Other Post-Employment Benefits (continued)

Changes in Total OPEB Liability

The changes in the total OPEB liability for the HC Plan are as follows:

	Total OPEB Liability
Balance at June 30, 2023	
(Measurement Date June 30, 2022)	<u>\$ 2,827,385</u>
Changes recognized for the measurement period:	
Service Cost	670,308
Interest	111,120
Changes of assumptions	28,355
Experience (gains)/losses	249,879
Contributions - employer	-
Net investment income	-
Expected Minus Actual Benefit Payment	-
Benefit payments	<u>(51,020)</u>
Net Changes	<u>1,008,642</u>
Balance at June 30, 2024	
(Measurement Date June 30, 2023)	<u><u>\$ 3,836,027</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2023:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability \$	4,509,483	\$ 3,836,027	\$ 3,291,727

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the Authority if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2023:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability \$	3,073,817	\$ 3,836,027	\$ 4,856,757

OPEB Plan Fiduciary Net Position

The City is not prefunding with an OPEB trust. Plan Fiduciary Net Position was \$0 at June 30, 2024. The City does not have assets accumulated in a trust that meets the criteria of GASB 75 to pay related benefits.

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 8: Other Post-Employment Benefits (continued)

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The City determined that it was not reasonable to rerun prior valuations under GASB 75. Therefore, the transition approach was used as provided in GASB 75, Paragraph 244. This means that there are no deferred inflows/outflows in the first year of implementation of GASB 75 with the exception of employer contributions after the measurement date.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2024, the City recognized OPEB expense of \$820,435. The City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 9,385	\$ -
Changes of assumptions	700,693	688,999
Differences between expected and actual experience	572,562	1,004
Total	<u>\$ 1,282,640</u>	<u>\$ 690,003</u>

The \$9,385 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2023 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2025	\$ 39,007
2026	39,007
2027	39,007
2028	39,007
2029	39,007
Thereafter:	388,217

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 9: Risk Management

The City of Menifee ("City") is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Member Entity obtains insurance coverage.

Beginning July 1, 2021, The City is a member of the California Intergovernmental Risk Authority (CIRA) (Authority), a joint powers authority, which provides joint protection programs for public entities covering automobile, general liability, errors and omission losses, workers' compensation, and property claims. Under the General Liability program, the «Type» has a «Liability_Retention» retention limit similar to a deductible, with the Authority being responsible for losses above that amount up to \$1 million. The Authority has additional coverage of \$39 million in excess of its \$1 million retention limit through affiliated risk management authorities. The Authority also provides \$600 million aggregate property coverage to its members with such coverage provided by purchased insurance.

Liabilities of the member entity are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example, from salvage or subrogation, are another component of the claims liability estimate.

The Authority covers workers' compensation claims up to its self-insurance limit of \$500,000. The Local Agency Workers Compensation Excess Pool provides excess coverage to statutory limits. Financial statements of CIRA may be obtained from its administrative office located at 2330 E. Bidwell Street, Suite 150, Folsom, CA 95630; www.cira-jpa.org or by calling (916) 927-7727.

Note 10: Tax Abatements

The City periodically enters into tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within their jurisdiction. The abatements may be granted to any business located within or promising to relocate to the City.

The City has agreed to abate 50% of taxes collected for a period of ten years with a not-to-exceed amount of \$1,000,000. For the fiscal year ended June 30, 2024, the City abated certain taxes totaling \$173,052 under this program. The developer has covenanted to operating the business within the City continuously over the period of the agreement.

Note 11: Commitments and Contingencies

Litigation

The City is involved as a defendant in various legal proceedings. While it is not feasible to predict or determine the outcome in these cases, it is the opinion of the City that the outcome will have no material adverse effect on the financial position of the City.

CITY OF MENIFEE

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 11: Commitments and Contingencies (continued)

Grants

The City has received State and Federal funds for specific purposes that are subject to audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed that any required reimbursements will not be material.

Construction Commitments

No material construction commitments existed as of June 30, 2024.

Additional Allocations of Fund Balance

The City has various other allocations for the General Fund unassigned fund balance, which is further detailed below to show the total funds available as of June 30, 2024.

Purpose	Amount
Public Facilities	\$ 3,700,000
Internal Service Operations	6,626,171
Encumbered Items	31,081,450
CIRA (SIR & Insurance Premium)	500,000
Fleet Replacement	1,000,000
Cash flow - 10% minimum	9,458,093
Unallocated	22,197,009
Total Unassigned Fund Balance	<u>\$ 74,562,723</u>

Note 12: Prior Period Restatements

As a result of the implementation of GASB 100, as described in Note 1, the City is required to restate its June 30, 2023 governmental funds' fund balance and net position. The TUMF Fund and the Bonded CFD funds were previously reported as non-major funds, and qualified as major for the year ending June 30, 2024. This qualifies as a change to or within the financial reporting entity, under the guidance of GASB 100. There was a correction to the roads infrastructure from the initial recording causing an overall decrease to the infrastructure balance and related depreciation. This qualifies as a correction of an error under the guidance of GASB 100.

	TUMF Fees	Bonded CFDs	Total Non-Major Governmental Funds
Fund balance, as previously reported	\$ -	\$ -	\$ 36,145,349
Change from major to non-major	(1,158,298)	10,652,089	(9,493,791)
Fund balance, as restated	<u>\$ (1,158,298)</u>	<u>\$ 10,652,089</u>	<u>\$ 26,651,558</u>

	Governmental Activities
Beginning net position, as previously reported	\$ 488,770,974
Correction of an error	(6,543,321)
Beginning net position, as restated	<u>\$ 482,227,653</u>

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF MENIFEE

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 90,190,765	\$ 90,190,765	\$ 90,190,765	\$ -
Resources (Inflows):				
Taxes	61,548,914	61,548,914	70,494,188	8,945,274
Licenses and permits	10,120,376	10,120,376	11,419,395	1,299,019
Intergovernmental	11,177,311	11,177,311	11,464,282	286,971
Charges for services	6,481,912	9,154,658	7,102,415	(2,052,243)
Use of money and property	625,000	952,500	5,070,556	4,118,056
Fines and forfeitures	878,000	898,563	483,068	(415,495)
Miscellaneous	66,000	66,000	444,246	378,246
Transfers in	9,323,777	10,133,149	1,371,276	(8,761,873)
SBITA/Lease acquisition	-	2,202,708	2,202,708	-
Amounts Available for Appropriation	190,412,055	196,444,944	200,242,899	3,797,955
Charges for Appropriation (Outflows):				
General government	20,450,880	24,353,151	20,659,828	3,693,323
Public safety	49,656,628	50,351,672	44,868,882	5,482,790
Community development	9,522,251	13,142,752	9,123,916	4,018,836
Parks and recreation	4,316,478	5,051,624	4,490,330	561,294
Engineering and public works	5,818,065	10,988,716	5,455,679	5,533,037
Debt service:				
Principal retirement	-	276,953	276,953	-
Interest and fiscal charges	-	12,038	12,038	-
Capital outlay	8,288,092	28,705,143	5,771,960	22,933,183
Transfers out	8,048,710	8,648,710	-	8,648,710
Total Charges to Appropriations	106,101,104	141,530,759	90,659,586	50,871,173
Budgetary Fund Balance, June 30	\$ 84,310,951	\$ 54,914,185	\$ 109,583,313	\$ 54,669,128

CITY OF MENIFEE

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT IMPACT FEES – SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Budgetary Fund Balance, July 1	\$ 41,253,764	\$ 41,253,764	\$41,253,764	\$ -
Resources (Inflows):				
Use of money and property	208,400	291,565	2,662,016	2,370,451
Developer participation	7,161,223	7,943,186	13,221,037	5,277,851
Transfers in	-	219,088	219,088	-
Amounts Available for Appropriation	48,623,387	49,707,603	57,355,905	7,648,302
Charges for Appropriation (Outflows):				
General government	700,000	50,000	49,856	144
Public safety	195,172	195,172	175,804	19,368
Capital outlay	7,918,535	36,808,447	12,192,042	24,616,405
Total Charges to Appropriations	8,813,707	37,053,619	12,417,702	24,635,917
Budgetary Fund Balance, June 30	\$ 39,809,680	\$ 12,653,984	\$ 44,938,203	\$ 32,284,219

CITY OF MENIFEE

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GRANT FUNDS – SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,575,170	\$ 1,575,170	\$ 1,575,170	\$ -
Resources (Inflows):				
Intergovernmental	1,209,216	12,569,220	4,540,721	(8,028,499)
Use of money and property	-	30,000	210,510	180,510
Amounts Available for Appropriation	2,784,386	14,174,390	6,326,401	(7,847,989)
Charges for Appropriation (Outflows):				
General government	304,745	1,175,682	363,142	812,540
Public safety	-	1,017,763	368,260	649,503
Community development	-	105,299	78,771	26,528
Parks and recreation	-	715,402	150,931	564,471
Engineering and public works	223,101	687,898	663,506	24,392
Capital outlay	531,369	7,627,619	1,256,036	6,371,583
Transfers out	150,000	1,150,000	1,150,000	-
Total Charges to Appropriations	1,209,215	12,479,663	4,030,646	8,449,017
Budgetary Fund Balance, June 30	\$ 1,575,171	\$ 1,694,727	\$ 2,295,755	\$ 601,028

CITY OF MENIFEE

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
TUMF FEES FUND – SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (1,158,298)	\$ (1,158,298)	\$ (1,158,298)	\$ -
Resources (Inflows):				
Intergovernmental	-	19,763,845	11,208,327	(8,555,518)
Amounts Available for Appropriation	(1,158,298)	18,605,547	10,050,029	(8,555,518)
Charges for Appropriation (Outflows)				
Capital outlay	-	19,763,845	10,988,369	8,775,476
Total Charges to Appropriations	-	19,763,845	10,988,369	8,775,476
Budgetary Fund Balance (Deficit), June 30	\$ (1,158,298)	\$ (1,158,298)	\$ (938,340)	\$ 219,958

CITY OF MENIFEE

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE PENSION PLAN'S NET PENSION LIABILITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE
LAST TEN YEARS**

Measurement Date	Employer's Proportion of the Collective Net Pension Liability ¹	Employer's Proportionate Share of the Collective Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll	Pension's Plans Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2014	0.00921%	\$ 288,345	\$ 2,658,666	10.85%	83.02%
6/30/2015	0.00368%	252,740	3,376,969	7.48%	89.51%
6/30/2016	0.00420%	363,319	4,222,698	8.60%	89.67%
6/30/2017	0.00556%	551,431	4,350,553	12.67%	88.92%
6/30/2018	0.00519%	499,769	5,130,794	9.74%	91.91%
6/30/2019	0.00023%	23,598	6,773,265	0.35%	99.71%
6/30/2020	0.00236%	256,708	10,202,569	2.52%	97.57%
6/30/2021	-0.03945%	(2,133,291)	17,087,839	-12.48%	115.27%
6/30/2022	0.00122%	141,043	20,641,512	0.68%	99.29%
6/30/2023	0.00931%	1,161,092	25,329,014	4.58%	95.65%

¹ Proportion of the collective net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk pools excluding the 1959 Survivors Risk Pool.

CITY OF MENIFEE

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PENSION PLAN'S CONTRIBUTIONS
LAST TEN YEARS**

<u>Fiscal Year</u>	<u>Actuarially Determined Contributions</u>	<u>Contributions in Relation to the Actuarially Determined Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2015	\$ 525,168	\$ (525,168)	\$ -	\$ 3,376,969	15.55%
6/30/2016	447,484	(447,484)	-	4,222,698	10.60%
6/30/2017	461,164	(461,164)	-	4,350,553	10.60%
6/30/2018	524,088	(524,088)	-	5,130,794	10.21%
6/30/2019	727,566	(1,360,520)	(632,954)	6,773,265	20.09%
6/30/2020	1,089,277	(1,089,277)	-	10,202,569	10.68%
6/30/2021	1,631,504	(2,053,455)	(421,951)	17,087,839	12.02%
6/30/2022	2,881,799	(2,881,799)	-	20,641,512	13.96%
6/30/2023	3,383,586	(3,383,586)	-	25,329,014	13.36%
6/30/2024	3,709,952	(5,881,952)	(2,172,000)	26,066,270	22.57%

Notes to Schedule:

Changes in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

CITY OF MENIFEE

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS LAST TEN YEARS*

Measurement Period	2023	2022	2021	2020	2019
Total OPEB Liability					
Service Cost	\$ 670,308	\$ 857,974	\$ 606,096	\$ 449,840	\$ 71,218
Interest on the Total OPEB Liability	111,120	67,079	44,239	38,328	10,868
Actual and expected experience difference	245,953	-	32,710	364,149	91,138
Changes in assumptions	28,355	(754,285)	313,441	(1,232)	453,877
Changes in benefit terms	-	-	-	-	-
Expected Minus Actual Benefit Payments	3,926	1,591	407	-	-
Benefit payments	(51,020)	(41,422)	(16,144)	(12,360)	(775)
Net change in Total OPEB Liability	1,008,642	130,937	980,749	838,725	626,326
Total OPEB Liability, beginning	2,827,385	2,696,448	1,715,699	876,974	250,648
Total OPEB Liability, ending	\$ 3,836,027	\$ 2,827,385	\$ 2,696,448	\$ 1,715,699	\$ 876,974
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 20,641,512	\$ 20,641,512	\$ 17,087,839	\$ 10,202,569	\$ 6,773,265
Net OPEB liability as a percentage of covered employee payroll	18.58%	13.70%	15.78%	16.82%	12.95%
Measurement Period	2018				
Total OPEB Liability					
Service Cost	\$ 74,816				
Interest on the Total OPEB Liability	8,305				
Actual and expected experience difference	-				
Changes in assumptions	(13,488)				
Changes in benefit terms	-				
Expected Minus Actual Benefit Payments	-				
Benefit payments	(256)				
Net change in Total OPEB Liability	69,377				
Total OPEB Liability, beginning	181,271				
Total OPEB Liability, ending	\$ 250,648				
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%				
Covered employee payroll	\$ 5,130,794				
Net OPEB liability as a percentage of covered employee payroll	4.89%				

Notes to schedule:

The City does not have assets accumulated in a trust that meets the criteria of GASB 75 to pay related benefits. Benefits are not based on a measure of pay, therefore covered employee payroll is used.

Changes Since the Prior Valuation:

The discount rate of 3.65% was used in the valuation. The interest rate used in the prior valuation was 2.54%.

* Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Fiscal year 2017-18 was the first year of implementation.

CITY OF MENIFEE

REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Notes to the Required Supplementary Information:

Budget Basis of Accounting

Budgets for all governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), with the exception of the Veteran's Memorial Fund which does not have an adopted budget.

SUPPLEMENTAL SCHEDULES

THIS PAGE INTENTIONALLY LEFT BLANK

NON-MAJOR GOVERNMENTAL FUNDS DESCRIPTIONS

SPECIAL REVENUE FUNDS

Gas Tax

Used to account for revenue and expenditures of money apportioned under Street and Highways Code, Sections 2103, 2105, 2106, 2107 and 2107.5 of the State of California. These funds are earmarked for maintenance, rehabilitation or improvement of public streets. Section 2107.5 funds can be used for engineering and gas tax audit costs. In addition, beginning in FY 2010/11, the new excise tax on fuel, which took the place of Traffic Congestion Relief/Proposition 42 funds, is recorded in the Gas Tax Fund.

SB1

Used to account for revenue and expenditures of the Road Maintenance and Rehabilitation Account to address deferred maintenance on the State Highway System and the local streets and road system. A percentage of this new RMRA funding will be apportioned by formula to eligible cities and counties pursuant to Streets and Highways Code section 2032(h) for basic road maintenance, rehabilitation, and critical safety projects on the local streets and roads system.

Measure A

Represents funds apportioned by the Riverside County Transportation Commission (RCTC) and received by the City as a result of the voter-approved initiative that increased sales tax by 1/2 percent in Riverside County to fund transportation projects. Measure "A" funds were originally approved by voters in 1988, and an extension was approved in 2002 which will fund projects through 2039.

Air Quality Management District

This fund was established to account for the City's share of vehicle registration fees collected under Assembly Bill 2766 passed during the 1990 State Legislative session. This fee was levied to fund programs to reduce air pollution from mobile sources such as cars, trucks and buses. Allocations to agencies are made through an apportionment basis and also through a competitive process. The South Coast Air Quality Management District distributes these funds to the City.

Landscape and Lighting Maintenance

Upon incorporation, the City acquired the responsibility of a portion of one LLMD which included both street lighting and traffic signals. In January 2015, the City requested from the County of Riverside to become solely responsible for all LLMDs located exclusively within the City jurisdiction. This resulted in the City acquiring 24 individual LLMD zones. These LLMDs had originally been established by Riverside County prior to the City's incorporation, and maintained responsibility for the maintenance of these zones until January 2015.

CFD Audie Murphy Ranch

In January 2012 the Audie Murphy Ranch Community Facility District (CFD) was formed. This CFD encompasses approximately 1,059.3 gross acres and upon full build out will contain approximately 2,129 residential dwelling units. Each July 1, commencing on July 1, 2013, the maximum special tax for developed property shall be increased based on the percentage change in the Consumer Price Index, with a maximum annual increase of six percent (6%) and a minimum annual increase of two percent (2%) per fiscal year. The assessed fees will be used towards street lighting, landscaping, street sweeping, water quality basin improvements, parks, trails and recreation improvements.

CFD Hidden Hills

In June 2012 the Hidden Hills Community Facility District (CFD) was formed. This CFD boundary includes approximately 157 gross acres and upon full build out will contain 511 single family homes. Services provided by the CFD include landscape maintenance, park and trails maintenance, as well as incidental costs such as capital replacement and administrative costs. The maximum special tax for developed property shall be increased based on the percentage change in the Consumer Price Index, with a maximum annual increase of six percent (6%) and a minimum annual increase of two percent (2%) per fiscal year.

CFD 2014-1 Town Center

In August 2014 the Menifee Town Center Community Facility District (CFD) was formed. This CFD encompasses approximately 149 gross acres of mix use development consisting of retail, commercial and residential housing units. Beginning July 1, 2015 and each year thereafter, the maximum special tax for developed property shall be increased based on the percentage change in the Consumer Price Index with a maximum annual increase of six percent (6%) and a minimum annual increase of two percent (2%) per fiscal year. The assessed fees will be used towards street lighting, landscaping, street sweeping, water quality basin improvements, parks, trails and recreation improvements.

CFD 2014-2 Commerce Point

In August 2014 the Commerce Point Community Facility District (CFD) was formed. This CFD boundary includes approximately 46 taxable acres of commercial real estate. Services provided by the CFD include landscape maintenance, street lighting, water quality improvements, graffiti removal, street sweeping, and park and trails maintenance. On July 1 of each year, and commencing July 1, 2016, the maximum special tax for developed property shall be the greater of the increased based on the percentage change in the Consumer Price Index or two percent (2%) per fiscal year.

Veteran's Memorial

In August 2009, the City Council instructed staff to set up the fund to receive donations along with the Riverside County's donation of \$25,000 and the City's match of \$25,000 to construct a Veteran's Memorial. Construction began in 2010 and the Memorial was completed in 2011. Citizens can purchase personalized bricks that are added to the Memorial.

2015-2 Citywide CFD

In April 2015 the City-Wide Community Facility District (CFD) was formed under Resolution No. 15- 430. CFD No. 2015-2 (Maintenance Services) currently consists of one Tax Zone consisting of one residential tract that will include 359 residential units. Services provided by the CFD include landscape maintenance, street lighting, water quality improvements, graffiti removal, public street sweeping, and park and trails maintenance. On July 1 of each year, and commencing July 1, 2016, the maximum special tax for developed property shall be the greater of the increased based on the percentage change in the Consumer Price Index or two percent (2%) per fiscal year.

2017-1 Maintenance Services CFD

In December 2017 the Community Facilities District (CFD) 2017-1 was formed. This CFD boundary includes approximately 104 acres of vacant commercial and residential property within the City (TR 36299-1 and PM 9504). The improvements proposed to be maintained include items such as landscaping, lighting, storm drains, water quality improvements, graffiti, streets, streetlights, traffic signals, street sweeping, and trail maintenance. On July 1 of each year, and commencing July 1, 2019, the maximum special tax for developed property shall be the greater of the increased based on the percentage change in the Consumer Price Index or two percent (2%), whichever is greater, per fiscal year.

Public Education and Government Access

This fund will be used to acquire equipment for and broadcasting on a future City cable channel. Used to account for revenue and expenditures of money pursuant to section 611 of the Communications Act. Local Franchising authorities (The City) may require cable operations to remit funds and set aside channels for public, educational, or governmental use.

County Service Areas (CSA)

Upon incorporation, the City assumed responsibility for seven (7) County Service Area Districts within the City limits. These districts were established by the County of Riverside to provide a mechanism through special assessments to fund services such as street lighting, street sweeping, park maintenance, road maintenance, and law enforcement services to property owners within each district. Each CSA fund provides a unique set of services to the residents within that individual district.

Maintenance CFD

On September 18, 2019, the City Council adopted Resolution No. 19-830 declaring its intent to annex territory to CFD No. 2017-1 and commence the annexation proceedings for the territory to be annexed, also known as Annexation No. 1. Subsequently, the city has continued to annex additional zones into the Maintenance CFD. Services provided by the CFD include landscape maintenance, street lighting, water quality improvements, graffiti removal, public street sweeping, and park and trails maintenance. On July 1 of each year, and commencing July 1, 2019, the maximum special tax for developed property shall be the greater of the increased based on the percentage change in the Consumer Price Index or two percent (2%) per fiscal year. Specific improvements and applicable maximum special tax rates are established and applied per the corresponding Rate and Method of Apportionment (RMA) of the respective annexed tax zone.

CAPITAL PROJECTS FUND

Capital Projects Fund

This fund is used to account for the project completion of street and highways capital improvements financed through various sources including, but not limited to, developer contributions and grants.

DEBT SERVICE FUND

Debt Service

Debt Service Funds are used to track revenues and expenditures related to repayment of principal and interest costs associated with borrowing money for long-term obligations. In May 2012 the City issued Certificates of Participation in the amount of \$20.0 million under the Total Road Improvement Program (TRIP) financing. These proceeds were used for the construction of the Newport Road/I-215 interchange and will be paid back over a 30 year period. In 2020, the TRIP financing was refinanced in 2020 in a favorable low interest environment, resulting in anticipated interest savings exceeding \$4 million of the balance of the debt service schedule. In June 2019, the City entered into a financing agreement for \$6,550,000 with Banc of America to purchase and retrofit Certain Southern California Edison Company Street Light Facilities. In 2021, the City refinanced the Streetlight Retrofit Project in 2020 in a favorable low interest environment, resulting in anticipated interest savings exceeding \$400k of the balance of the debt service schedule. Currently, the City has only the TRIP debt and Streetlight Retrofit Project outstanding debt accounted for in this fund.

CITY OF MENIFEE

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	Special Revenue Funds				
	Gas Tax	SB1	Measure A	Air Quality Management District	Landscape and Lighting Maintenance
Assets					
Cash and investments	\$ 1,219,016	\$ 2,281,893	\$ 3,892,815	\$ 310,232	\$ 3,732,512
Receivables:					
Accounts, grants and taxes	393,278	494,868	558,188	-	29,309
Accrued interest	1,140.00	4,252.00	10,920.00	-	-
Prepaid items	-	-	-	-	-
Restricted assets:					
Cash and investments with fiscal agents	-	-	-	-	-
Total Assets	\$ 1,613,434	\$ 2,781,013	\$ 4,461,923	\$ 310,232	\$ 3,761,821
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 210,677	\$ 61,727	\$ 285,669	\$ -	\$ 53,331
Accrued liabilities	-	-	-	-	85
Total Liabilities	210,677	61,727	285,669	-	53,416
Fund Balances:					
Nonspendable:					
Prepaid items	-	-	-	-	-
Restricted for:					
Community development projects	-	-	-	-	-
Engineering and public works	1,402,757	2,719,286	4,176,254	310,232	3,708,405
Debt service	-	-	-	-	-
Total Fund Balances	1,402,757	2,719,286	4,176,254	310,232	3,708,405
Total Liabilities and Fund Balances	\$ 1,613,434	\$ 2,781,013	\$ 4,461,923	\$ 310,232	\$ 3,761,821

CITY OF MENIFEE

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS (continued)
JUNE 30, 2024

Special Revenue Funds			
CFD Audie Murphy Ranch	CFD Hidden Hills	CFD 2014-1 Town Center	CFD 2014-2 Commerce Point
\$ 4,244,222	\$ 876,173	\$ 197,061	\$ 74,577
16,487	1,216	31	-
20,268	-	767	-
-	-	-	-
-	-	-	-
\$ 4,280,977	\$ 877,389	\$ 197,859	\$ 74,577
\$ 185,911	\$ 9,224	\$ 155	\$ 391
-	-	-	-
185,911	9,224	155	391
-	-	-	-
4,095,066	868,165	197,704	74,186
-	-	-	-
-	-	-	-
4,095,066	868,165	197,704	74,186
\$ 4,280,977	\$ 877,389	\$ 197,859	\$ 74,577

CITY OF MENIFEE

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS (continued)
JUNE 30, 2024

	Special Revenue Funds				
	Veteran's Memorial	2015-2 Citywide CFD	CFD 2017-1 Maintenance Services	Public, Education and Governmental Access	County Service Areas
Assets					
Cash and investments	\$ 4,293	\$ 4,131,174	\$ 705,273	\$ 665,394	\$ 1,907,337
Receivables:					
Accounts, grants and taxes	-	6,466	592	28,278	40,238
Accrued interest	-	-	-	3,934	6,305
Prepaid items	-	-	-	-	-
Restricted assets:					
Cash and investments with fiscal agents	-	-	-	-	-
Total Assets	\$ 4,293	\$ 4,137,640	\$ 705,865	\$ 697,606	\$ 1,953,880
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ 97,123	\$ 30,392	\$ -	\$ 72,630
Accrued liabilities	-	579	-	-	-
Total Liabilities	-	97,702	30,392	-	72,630
Fund Balances:					
Nonspendable:					
Prepaid items	-	-	-	-	-
Restricted for:					
Community development projects	4,293	4,039,938	675,473	697,606	1,881,250
Engineering and public works	-	-	-	-	-
Debt service	-	-	-	-	-
Total Fund Balances	4,293	4,039,938	675,473	697,606	1,881,250
Total Liabilities and Fund Balances	\$ 4,293	\$ 4,137,640	\$ 705,865	\$ 697,606	\$ 1,953,880

CITY OF MENIFEE

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS (concluded)
JUNE 30, 2024

Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Total Non-Major Governmental Funds
Maintenance CFD	Capital Projects	Debt Service	
\$ 1,429,284	\$ 5,047,490	\$ 351,155	\$ 31,069,901
6,382	17,893	-	1,593,226
-	24,162	-	71,748
-	-	149,477	149,477
-	-	114,437	114,437
\$ 1,435,666	\$ 5,089,545	\$ 615,069	\$ 32,998,789
\$ 13,325	\$ 59,483	\$ -	\$ 1,080,038
-	-	-	664
13,325	59,483	-	1,080,702
-	-	149,477	149,477
1,422,341	5,030,062	-	18,986,084
-	-	-	12,316,934
-	-	465,592	465,592
1,422,341	5,030,062	615,069	31,918,087
\$ 1,435,666	\$ 5,089,545	\$ 615,069	\$ 32,998,789

CITY OF MENIFEE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Special Revenue Funds				
	Gas Tax	SB1	Measure A	Air Quality Management District	Landscape and Lighting Maintenance
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,009,264	2,839,543	3,131,206	110,990	-
Charges for services	-	-	107,175	-	887,132
Use of money and property	36,549	68,046	75,749	5,828	165,180
Developer participation	-	-	-	-	-
Contributions from property owners	-	-	-	-	-
Total Revenues	3,045,813	2,907,589	3,314,130	116,818	1,052,312
Expenditures					
Current:					
General government	-	-	-	-	38,415
Public safety	-	-	-	-	-
Parks and recreation	-	-	-	-	619,842
Engineering and public works	2,348,290	-	226,640	-	82,953
Capital outlay	70,339	2,121,525	2,176,316	44,996	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	2,418,629	2,121,525	2,402,956	44,996	741,210
Excess (Deficiency) of Revenues Over (Under) Expenditures	627,184	786,064	911,174	71,822	311,102
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	(476,482)	-	(1,077,022)	-	(10,197)
Total Other Financing Sources (Uses)	(476,482)	-	(1,077,022)	-	(10,197)
Net Change in Fund Balances	150,702	786,064	(165,848)	71,822	300,905
Fund Balances (Deficit)					
Beginning of year, as previously reported	1,252,055	1,933,222	4,342,102	238,410	3,407,500
Change from major to non-major	-	-	-	-	-
Beginning of year, as restated	1,252,055	1,933,222	4,342,102	238,410	3,407,500
End of year	\$ 1,402,757	\$ 2,719,286	\$ 4,176,254	\$ 310,232	\$ 3,708,405

CITY OF MENIFEE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS (continued)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Special Revenue Funds				
CFD Audie Murphy Ranch	CFD Hidden Hills	CFD 2014-1 Town Center	TUMF Fees (formerly non-major)	CFD 2014-2 Commerce Point
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
2,331,033	287,035	17,119	-	29,048
159,145	37,243	5,239	-	1,208
-	-	-	-	-
-	-	-	-	-
2,490,178	324,278	22,358	-	30,256
13,625	-	-	-	-
-	-	-	-	-
1,263,562	161,545	2,869	-	6,225
143,388	832	155	-	4,869
496,342	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,916,917	162,377	3,024	-	11,094
573,261	161,901	19,334	-	19,162
-	-	-	-	-
(32,237)	-	-	-	(412)
(32,237)	-	-	-	(412)
541,024	161,901	19,334	-	18,750
3,554,042	706,264	178,370	(1,158,298)	55,436
-	-	-	1,158,298	-
3,554,042	706,264	178,370	-	55,436
\$ 4,095,066	\$ 868,165	\$ 197,704	\$ -	\$ 74,186

CITY OF MENIFEE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Special Revenue Funds				
	Veteran's Memorial	2015-2 Citywide CFD	CFD 2017-1 Maintenance Services	Public, Education and Governmental Access	County Service Areas
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 52,499
Intergovernmental	-	-	-	-	-
Charges for services	-	1,638,913	231,713	120,315	3,458,296
Use of money and property	(468)	106,092	46,876	15,573	103,016
Developer participation	-	-	-	-	-
Contributions from property owners	-	-	-	-	-
Total Revenues	(468)	1,745,005	278,589	135,888	3,613,811
Expenditures					
Current:					
General government	-	-	-	-	15,693
Public safety	-	-	-	-	152,517
Parks and recreation	-	521,784	76,537	-	650,212
Engineering and public works	-	337,033	92,752	-	377,896
Capital outlay	-	-	-	49,943	198,933
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	-	858,817	169,289	49,943	1,395,251
Excess (Deficiency) of Revenues Over (Under) Expenditures	(468)	886,188	109,300	85,945	2,218,560
Other Financing Sources (Uses)					
Transfers in	-	115,575	-	-	-
Transfers out	-	(10,300)	(2,472)	-	(1,587,102)
Total Other Financing Sources (Uses)	-	105,275	(2,472)	-	(1,587,102)
Net Change in Fund Balances	(468)	991,463	106,828	85,945	631,458
Fund Balances (Deficit)					
Beginning of year, as previously reported	4,761	3,048,475	568,645	611,661	1,249,792
Change from major to non-major	-	-	-	-	-
Beginning of year, as restated	4,761	3,048,475	568,645	611,661	1,249,792
End of year	\$ 4,293	\$ 4,039,938	\$ 675,473	\$ 697,606	\$ 1,881,250

CITY OF MENIFEE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS (concluded)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Special Revenue Funds	Capital Projects Fund		Debt Service Fund		Total Non-Major Governmental Funds
Maintenance CFD	Bonded CFD (formerly non-major)	Capital Projects	Debt Service		
\$ -	\$ -	\$ -	\$ -	\$ 52,499	
-	-	-	-	9,091,003	
995,049	-	385,753	-	10,488,581	
27,526	-	338,409	46,099	1,237,310	
-	-	24,070	-	24,070	
-	-	1,804,931	-	1,804,931	
1,022,575	-	2,553,163	46,099	22,698,394	
184,418	-	-	95,270	347,421	
-	-	-	-	152,517	
1,246	-	-	-	3,303,822	
3,700	-	-	-	3,618,508	
-	-	2,736,675	-	7,895,069	
-	-	-	1,108,004	1,108,004	
-	-	-	566,160	566,160	
189,364	-	2,736,675	1,769,434	16,991,501	
833,211	-	(183,512)	(1,723,335)	5,706,893	
-	-	1,000,000	1,755,860	2,871,435	
(115,575)	-	-	-	(3,311,799)	
(115,575)	-	1,000,000	1,755,860	(440,364)	
717,636	-	816,488	32,525	5,266,529	
704,705	10,652,089	4,213,574	582,544	36,145,349	
-	(10,652,089)	-	-	(9,493,791)	
704,705	-	4,213,574	582,544	26,651,558	
\$ 1,422,341	\$ -	\$ 5,030,062	\$ 615,069	\$ 31,918,087	

CITY OF MENIFEE

BUDGETARY COMPARISON SCHEDULE
GAS TAX
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Budgetary Fund Balance, July 1	\$ 1,252,055	\$ 1,252,055	\$ 1,252,055	\$ -
Resources (Inflows):				
Intergovernmental	3,039,482	3,039,482	3,009,264	(30,218)
Use of money and property	2,000	9,600	36,549	26,949
Amounts Available for Appropriation	4,293,537	4,301,137	4,297,868	(3,269)
Charges for Appropriation (Outflows):				
Engineering and public works	2,498,660	2,820,974	2,348,290	472,684
Capital outlay	193,190	253,503	70,339	183,164
Transfers out	476,482	476,482	476,482	-
Total Charges to Appropriations	3,168,332	3,550,959	2,895,111	655,848
Budgetary Fund Balance, June 30	\$ 1,125,205	\$ 750,178	\$ 1,402,757	\$ 652,579

CITY OF MENIFEE

**BUDGETARY COMPARISON SCHEDULE
SB1
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,933,222	\$ 1,933,222	\$ 1,933,222	\$ -
Resources (Inflows):				
Intergovernmental	2,620,845	2,620,845	2,839,543	218,698
Use of money and property	15,000	33,000	68,046	35,046
Amounts Available for Appropriation	4,569,067	4,587,067	4,840,811	253,744
Charges for Appropriation (Outflows):				
Capital outlay	2,441,404	4,501,201	2,121,525	2,379,676
Total Charges to Appropriations	2,441,404	4,501,201	2,121,525	2,379,676
Budgetary Fund Balance, June 30	\$ 2,127,663	\$ 85,866	\$ 2,719,286	\$ 2,633,420

CITY OF MENIFEE

BUDGETARY COMPARISON SCHEDULE
MEASURE A
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Budgetary Fund Balance, July 1	\$ 4,342,102	\$ 4,342,102	\$ 4,342,102	\$ -
Resources (Inflows):				
Intergovernmental	3,018,000	3,018,000	3,131,206	113,206
Charges for services	-	-	107,175	107,175
Use of money and property	10,000	28,000	75,749	47,749
Amounts Available for Appropriation	7,370,102	7,388,102	7,656,232	268,130
Charges for Appropriation (Outflows):				
Engineering and public works	-	748,612	226,640	521,972
Capital outlay	2,536,883	5,037,796	2,176,316	2,861,480
Transfers out	1,077,022	1,077,022	1,077,022	-
Total Charges to Appropriations	3,613,905	6,863,430	3,479,978	3,383,452
Budgetary Fund Balance, June 30	\$ 3,756,197	\$ 524,672	\$ 4,176,254	\$ 3,651,582

CITY OF MENIFEE

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY MANAGEMENT DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Budgetary Fund Balance, July 1	\$ 238,410	\$ 238,410	\$ 238,410	\$ -
Resources (Inflows):				
Intergovernmental	119,775	119,775	110,990	(8,785)
Use of money and property	225	250	5,828	5,578
Amounts Available for Appropriation	358,410	358,435	355,228	(3,207)
Charges for Appropriation (Outflows):				
Capital outlay	45,000	165,049	44,996	120,053
Total Charges to Appropriations	45,000	165,049	44,996	120,053
Budgetary Fund Balance, June 30	\$ 313,410	\$ 193,386	\$ 310,232	\$ 116,846

CITY OF MENIFEE

**BUDGETARY COMPARISON SCHEDULE
LANDSCAPE AND LIGHTING MAINTENANCE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Budgetary Fund Balance, July 1	\$3,407,500	\$3,407,500	\$ 3,407,500	\$ -
Resources (Inflows):				
Charges for services	879,822	879,822	887,132	7,310
Use of money and property	-	19,175	165,180	146,005
Amounts Available for Appropriation	4,287,322	4,306,497	4,459,812	153,315
Charges for Appropriation (Outflows):				
General government	38,575	38,579	38,415	164
Parks and recreation	713,078	759,610	619,842	139,768
Engineering and public works	186,992	211,590	82,953	128,637
Transfer out	10,197	10,197	10,197	-
Total Charges to Appropriations	948,842	1,019,976	751,407	268,569
Budgetary Fund Balance, June 30	\$3,338,480	\$ 3,286,521	\$ 3,708,405	\$ 421,884

CITY OF MENIFEE

**BUDGETARY COMPARISON SCHEDULE
 COMMUNITY FACILITIES DISTRICT – AUDIE MURPHY RANCH
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Budgetary Fund Balance, July 1	\$ 3,554,042	\$ 3,554,042	\$ 3,554,042	\$ -
Resources (Inflows):				
Charges for services	2,331,355	2,331,355	2,331,033	(322)
Use of money and property	18,500	42,500	159,145	116,645
Amounts Available for Appropriation	5,903,897	5,927,897	6,044,220	116,323
Charges for Appropriation (Outflows):				
General government	10,625	13,625	13,625	-
Parks and recreation	1,551,067	1,551,066	1,263,562	287,504
Engineering and public works	342,494	465,313	143,388	321,925
Capital outlay	700,329	1,192,752	496,342	696,410
Transfers out	32,237	32,237	32,237	-
Total Charges to Appropriations	2,636,752	3,254,993	1,949,154	1,305,839
Budgetary Fund Balance, June 30	\$ 3,267,145	\$ 2,672,904	\$ 4,095,066	\$ 1,422,162

CITY OF MENIFEE

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY FACILITIES DISTRICT – HIDDEN HILLS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Budgetary Fund Balance, July 1	\$ 706,264	\$ 706,264	\$ 706,264	\$ -
Resources (Inflows):				
Charges for services	287,163	287,163	287,035	(128)
Use of money and property	-	5,700	37,243	31,543
Amounts Available for Appropriation	993,427	999,127	1,030,542	31,415
Charges for Appropriation (Outflows):				
Parks and recreation	257,526	258,226	161,545	96,681
Engineering and public works	20,956	20,256	832	19,424
Total Charges to Appropriations	278,482	278,482	162,377	116,105
Budgetary Fund Balance, June 30	\$ 714,945	\$ 720,645	\$ 868,165	\$ 147,520

CITY OF MENIFEE

BUDGETARY COMPARISON SCHEDULE
CFD 2014-1 TOWN CENTER
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Budgetary Fund Balance, July 1	\$ 178,370	\$ 178,370	\$ 178,370	\$ -
Resources (Inflows):				
Charges for services	17,119	17,119	17,119	-
Use of money and property	-	1,700	5,239	3,539
Amounts Available for Appropriation	195,489	197,189	200,728	3,539
Charges for Appropriation (Outflows):				
Parks and recreation	14,147	14,547	2,869	11,678
Engineering and public works	2,550	2,150	155	1,995
Total Charges to Appropriations	16,697	16,697	3,024	13,673
Budgetary Fund Balance, June 30	\$ 178,792	\$ 180,492	\$ 197,704	\$ 17,212

CITY OF MENIFEE

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY FACILITIES DISTRICT – 2014-2 COMMERCE POINT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Budgetary Fund Balance, July 1	\$ 55,436	\$ 55,436	\$ 55,436	\$ -
Resources (Inflows):				
Charges for services	29,048	29,048	29,048	-
Use of money and property	-	210	1,208	998
Amounts Available for Appropriation	84,484	84,694	85,692	998
Charges for Appropriation (Outflows):				
Parks and recreation	8,149	8,150	6,225	1,925
Engineering and public works	8,285	8,284	4,869	3,415
Transfer out	412	412	412	-
Total Charges to Appropriations	16,846	16,846	11,506	5,340
Budgetary Fund Balance, June 30	\$ 67,638	\$ 67,848	\$ 74,186	\$ 6,338

CITY OF MENIFEE

BUDGETARY COMPARISON SCHEDULE
COMMUNITY FACILITIES DISTRICT – 2015-2 CITYWIDE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,048,475	\$ 3,048,475	\$ 3,048,475	\$ -
Resources (Inflows):				
Charges for services	1,639,813	1,649,318	1,638,913	(10,405)
Use of money and property	-	16,435	106,092	89,657
Transfers in	288,885	288,885	115,575	(173,310)
Amounts Available for Appropriation	4,977,173	5,003,113	4,909,055	(94,058)
Charges for Appropriation (Outflows):				
Parks and recreation	825,187	852,747	521,784	330,963
Engineering and public works	804,822	824,228	337,033	487,195
Capital outlay	-	34,000	-	34,000
Transfers out	183,610	183,610	10,300	173,310
Total Charges to Appropriations	1,813,619	1,894,585	869,117	1,025,468
Budgetary Fund Balance, June 30	\$ 3,163,554	\$ 3,108,528	\$ 4,039,938	\$ 931,410

CITY OF MENIFEE

BUDGETARY COMPARISON SCHEDULE
COMMUNITY FACILITIES DISTRICT – 2017-1 MAINTENANCE SERVICES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Budgetary Fund Balance, July 1	\$ 568,645	\$ 568,645	\$ 568,645	\$ -
Resources (Inflows):				
Charges for services	238,453	238,453	231,713	(6,740)
Use of money and property	-	2,600	46,876	44,276
Amounts Available for Appropriation	807,098	809,698	847,234	37,536
Charges for Appropriation (Outflows):				
Parks and recreation	96,421	98,021	76,537	21,484
Engineering and public works	133,729	132,127	92,752	39,375
Transfers out	2,472	2,472	2,472	-
Total Charges to Appropriations	232,622	232,620	171,761	60,859
Budgetary Fund Balance, June 30	\$ 574,476	\$ 577,078	\$ 675,473	\$ 98,395

CITY OF MENIFEE

**BUDGETARY COMPARISON SCHEDULE
PUBLIC, EDUCATION AND GOVERNMENTAL ACCESS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Budgetary Fund Balance, July 1	\$ 611,661	\$ 611,661	\$ 611,661	\$ -
Resources (Inflows):				
Charges for services	135,000	135,000	120,315	(14,685)
Use of money and property	5,000	12,000	15,573	3,573
Amounts Available for Appropriation	751,661	758,661	747,549	(11,112)
Charges for Appropriation (Outflows):				
Capital outlay	49,000	63,000	49,943	13,057
Total Charges to Appropriations	49,000	63,000	49,943	13,057
Budgetary Fund Balance, June 30	\$ 702,661	\$ 695,661	\$ 697,606	\$ 1,945

CITY OF MENIFEE

BUDGETARY COMPARISON SCHEDULE
COUNTY SERVICE AREAS (CSA)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Budgetary Fund Balance, July 1	\$ 1,249,792	\$ 1,249,792	\$ 1,249,792	\$ -
Resources (Inflows):				
Taxes	-	-	52,499	52,499
Charges for services	1,898,731	3,494,111	3,458,296	(35,815)
Use of money and property	10,000	13,350	103,016	89,666
Amounts Available for Appropriation	3,158,523	4,757,253	4,863,603	106,350
Charges for Appropriation (Outflows):				
General government	24,680	24,680	15,693	8,987
Public safety	168,181	168,180	152,517	15,663
Parks and recreation	720,964	733,528	650,212	83,316
Engineering and public works	440,403	649,397	377,896	271,501
Capital outlay	-	250,000	198,933	51,067
Transfers out	558,643	1,587,102	1,587,102	-
Total Charges to Appropriations	1,912,871	3,412,887	2,982,353	430,534
Budgetary Fund Balance, June 30	\$ 1,245,652	\$ 1,344,366	\$ 1,881,250	\$ 536,884

CITY OF MENIFEE

BUDGETARY COMPARISON SCHEDULE
MAINTENANCE CFD
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Budgetary Fund Balance, July 1	\$ 704,705	\$ 704,705	\$ 704,705	\$ -
Resources (Inflows):				
Charges for services	962,963	997,969	995,049	(2,920)
Use of money and property	-	2,980	27,526	24,546
Amounts Available for Appropriation	1,667,668	1,705,654	1,727,280	21,626
Charges for Appropriation (Outflows):				
General government	563,469	571,658	184,418	387,240
Parks and recreation	22,516	22,192	-	22,192
Engineering and public works	68,155	66,755	1,246	65,509
Capital outlay	-	-	3,700	(3,700)
Transfers out	115,575	115,575	115,575	-
Total Charges to Appropriations	769,715	776,180	304,939	471,241
Budgetary Fund Balance, June 30	\$ 897,953	\$ 929,474	\$ 1,422,341	\$ 492,867

CITY OF MENIFEE

BUDGETARY COMPARISON SCHEDULE
BONDED CFD – MAJOR FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Budgetary Fund Balance, July 1	\$ 10,652,089	\$ 10,652,089	\$ 10,652,089	\$ -
Resources (Inflows):				
Use of money and property	-	1,046,125	1,101,711	55,586
Miscellaneous	-	35,094	68,411	33,317
Contributions from property owners	-	25,513,234	24,122,338	(1,390,896)
Amounts Available for Appropriation	10,652,089	37,246,542	35,944,549	(1,301,993)
Charges for Appropriation (Outflows):				
General government	-	14,913,119	8,248,115	6,665,004
Capital outlay	-	15,330,000	12,249,022	3,080,978
Debt service:				
Bond issuance costs	-	1,390,897	-	1,390,897
Total Charges to Appropriations	-	31,634,016	20,497,137	11,136,879
Budgetary Fund Balance, June 30	\$ 10,652,089	\$ 5,612,526	\$ 15,447,412	\$ 9,834,886

CITY OF MENIFEE

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Budgetary Fund Balance, July 1	\$ 4,213,574	\$ 4,213,574	\$ 4,213,574	\$ -
Resources (Inflows):				
Charges for services	-	-	385,753	385,753
Use of money and property	-	40,000	338,409	298,409
Developer participation	-	264,685	24,070	(240,615)
Contributions from property owners	-	-	1,804,931	1,804,931
Transfers in	-	-	1,000,000	1,000,000
Amounts Available for Appropriation	4,213,574	4,518,259	7,766,737	3,248,478
Charges for Appropriation (Outflows):				
Capital outlay	-	5,694,698	2,736,675	2,958,023
Total Charges to Appropriations	-	5,694,698	2,736,675	2,958,023
Budgetary Fund Balance, June 30	\$ 4,213,574	\$ (1,176,439)	\$ 5,030,062	\$ 6,206,501

CITY OF MENIFEE

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Budgetary Fund Balance, July 1	\$ 582,544	\$ 582,544	\$ 582,544	\$ -
Resources (Inflows):				
Use of money and property	-	6,200	46,099	39,899
Transfers in	1,755,860	1,755,860	1,755,860	-
Amounts Available for Appropriation	2,338,404	2,344,604	2,384,503	39,899
Charges for Appropriation (Outflows):				
General government	90,000	90,000	95,270	(5,270)
Debt service:				
Principal retirement	840,834	1,108,004	1,108,004	-
Interest and fiscal charges	825,026	557,856	566,160	(8,304)
Total Charges to Appropriations	1,755,860	1,755,860	1,769,434	(13,574)
Budgetary Fund Balance, June 30	\$ 582,544	\$ 588,744	\$ 615,069	\$ 26,325

STATISTICAL SECTION DESCRIPTIONS

This section of the City of Menifee's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends Schedules – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. As a newly incorporated City, information relative to the exact City boundaries prior to incorporation is not readily available in most cases. Therefore, trend information will be developed over time and reported annually.

- Net Position
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds
- Major Revenues by Source – Governmental Funds

Revenue Capacity Schedules – These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.

- Assessed Value and Estimated Actual Value of Taxable Property
- Direct and Overlapping Property Tax Rates
- Principal Property Tax Payers
- Property Tax Levies and Collections

Debt Capacity Schedules – These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

- Ratio of Outstanding Debt by Type
- Ratio of General Bonded Debt Outstanding
- Direct and Overlapping Bonded Debt
- Legal Debt Margin

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

- Demographic and Economic Statistics
- Principal Employers
- Full-time and Part-time City Employees by Program

Operating Information – These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information related to the services the City provides and the activities it performs.

- Capital Asset Statistics by Function/Program
- Operating Indicators by Function/Program
- Miscellaneous Statistics
- Taxable Sales by Category
- Top 25 Sales Tax Producers
- Measure DD 1% Sales Tax – Revenues and Expenditures History

Sources: Unless otherwise noted, the information in these schedules is derived from various internal and other governmental and non-governmental sources where reliability of the data could be ascertained.

CITY OF MENIFEE

NET POSITION

As of June 30,	2015	2016	2017	2018
GOVERNMENTAL ACTIVITIES				
Net Investment in Capital Assets	\$ 25,425,778	\$ 51,416,214	\$ 69,469,330	\$ 110,924,809
Restricted for:				
Community Development Projects	1,182,477	4,448,198	4,660,916	5,363,977
Public Safety	(360,254)	-	-	12,472
Public Works	23,094,019	23,908,504	20,471,018	32,360,079
Capital Projects	20,022,031	9,619,732	4,772,166	-
Debt service	1,354,467	1,359,694	1,358,034	1,371,931
Unrestricted	12,103,855	10,903,072	14,504,934	26,052,076
Total Governmental Activities				
Net Position	\$ 82,822,373	\$ 101,655,414	\$ 115,236,398	\$ 176,085,344
PRIMARY GOVERNMENT				
Net Investment in Capital Assets	\$ 25,425,778	\$ 51,416,214	\$ 69,469,330	\$ 110,924,809
Restricted for:				
Community Development Projects	1,182,477	4,448,198	4,660,916	5,363,977
Public Safety	(360,254)	-	-	12,472
Public Works	23,094,019	23,908,504	20,471,018	32,360,079
Capital Projects	20,022,031	9,619,732	4,772,166	-
Debt service	1,354,467	1,359,694	1,358,034	1,371,931
Unrestricted	12,103,855	10,903,072	14,504,934	26,052,076
Total Primary Government				
Net Position	\$ 82,822,373	\$ 101,655,414	\$ 115,236,398	\$ 176,085,344

Source: City Finance Department

2019	2020	2021	2022	2023	2024
\$156,771,192	\$ 215,774,004	\$ 259,935,987	\$ 276,956,837	\$ 317,756,598	\$ 366,417,603
6,373,715	4,569,409	5,239,814	11,312,169	14,895,725	18,986,084
191,737	-	-	-	-	-
44,929,363	40,108,013	49,139,697	61,290,160	64,574,642	74,958,469
-	-	-	-	-	-
7,884,527	1,572,272	556,027	563,291	582,544	615,069
30,064,613	36,384,684	51,217,507	82,742,476	90,961,465	112,054,938
\$246,215,147	\$ 298,408,382	\$ 366,089,032	\$ 432,864,933	\$ 488,770,974	\$ 573,032,163
\$156,771,192	\$ 215,774,004	\$ 259,935,987	\$ 276,956,837	\$ 317,756,598	\$ 366,417,603
6,373,715	4,569,409	5,239,814	11,312,169	14,895,725	18,986,084
191,737	-	-	-	-	-
44,929,363	40,108,013	49,139,697	61,290,160	64,574,642	74,958,469
-	-	-	-	-	-
7,884,527	1,572,272	556,027	563,291	582,544	615,069
30,064,613	36,384,684	51,217,507	82,742,476	90,961,465	112,054,938
\$246,215,147	\$ 298,408,382	\$ 366,089,032	\$ 432,864,933	\$ 488,770,974	\$ 573,032,163

CITY OF MENIFEE

CHANGES IN NET POSITION

For the Year Ended June 30,	2015	2016	2017	2018
EXPENSES				
Governmental Activities:				
General Government	\$ 4,160,012	\$ 4,236,457	\$ 5,158,876	\$ 6,265,963
Public Safety	19,413,871	20,927,524	18,129,742	25,497,233
Community Development	3,091,768	3,255,560	3,403,182	4,925,868
Recreation Services	1,903,871	1,145,208	1,664,348	3,034,270
Engineering and Public Works	7,292,714	10,361,131	8,281,676	6,082,233
Interest on Long-term Debt	918,204	902,716	891,605	917,342
Total Governmental Activities Expenses	36,780,440	40,828,596	37,529,429	46,722,909
PROGRAM REVENUES				
Governmental Activities:				
Charges for Services	12,407,481	12,764,259	19,257,460	27,218,239
Operating Contributions and Grants	3,777,617	3,041,014	3,578,315	4,722,133
Capital Contributions and Grants	9,151,362	16,930,639	3,107,374	33,885,278
Total Governmental Activities Program Revenues	25,336,460	32,735,912	25,943,149	65,825,650
Total Net Revenues (Expenses)	\$ (11,443,980)	\$ (8,092,684)	\$ (11,586,280)	\$ 19,102,741
GENERAL REVENUES AND OTHER				
CHANGES IN NET POSITION				
Governmental Activities:				
Taxes:				
Property Tax	\$ 14,634,225	\$ 14,577,983	\$ 12,369,587	\$ 18,876,904
Transient Occupancy Tax	190,972	217,122	225,956	232,117
Sales Taxes	5,924,347	7,137,168	8,661,218	18,005,117
Franchise Tax	3,586,271	3,084,175	2,973,633	3,076,719
Other Taxes	409,003	460,751	582,937	615,333
Motor Vehicle in-lieu tax, unrestricted	34,308	34,451	39,873	47,721
Use of Money and Property	151,450	253,336	221,371	613,165
Other	84,370	94,005	92,689	166,682
Loss on Disposal of Asset	-	-	-	-
Total Governmental Activities	25,014,946	25,858,991	25,167,264	41,633,758
Special item	-	1,066,734	-	-
Restatement	168,345	-	-	-
Change in Net Position	\$ 13,570,966	\$ 17,766,307	\$ 13,580,984	\$ 60,736,499

Source: City Finance Department

2019	2020	2021	2022	2023	2024
\$ 8,177,727	\$ 9,907,689	\$ 14,183,374	\$ 12,323,993	\$ 33,033,004	\$ 27,374,493
27,595,237	29,559,843	27,853,563	31,656,830	43,999,757	44,266,879
5,347,196	5,253,832	5,408,287	6,437,034	9,365,371	8,906,681
4,082,858	5,432,196	3,546,483	1,083,554	9,507,152	8,634,157
16,979,928	18,331,483	16,251,977	3,257,056	22,646,459	6,075,482
863,713	1,108,218	569,679	1,240,597	1,463,336	622,071
63,046,659	69,593,261	67,813,363	55,999,064	120,015,079	95,879,763
33,823,689	24,835,036	30,631,445	35,013,739	46,428,763	44,218,494
5,141,336	5,530,426	8,057,443	10,832,899	12,278,329	12,041,584
46,785,288	38,642,004	34,739,876	17,727,525	48,472,712	40,366,619
85,750,313	69,007,466	73,428,764	63,574,163	107,179,804	96,626,697
\$ 22,703,654	\$ (585,795)	\$ 5,615,401	\$ 7,575,099	\$ (12,835,275)	\$ 746,934
\$ 20,771,353	\$ 22,361,021	\$ 24,076,949	\$ 26,024,300	\$ 30,117,514	\$ 33,849,512
238,464	189,032	506,967	529,006	430,098	507,446
20,384,878	21,102,457	27,476,156	31,684,459	31,922,596	41,064,793
3,141,174	6,289,806	3,653,129	4,055,791	4,433,059	4,765,363
623,801	801,896	1,126,860	1,523,574	858,617	871,948
44,113	73,963	73,963	115,162	109,295	135,915
2,011,031	1,805,179	48,592	(4,886,350)	550,807	8,327,212
211,335	155,676	665,758	185,488	319,330	535,387
-	-	-	(30,628)	-	-
47,426,149	52,779,030	57,628,374	59,200,802	68,741,316	90,057,576
-	-	-	-	-	-
-	-	-	-	-	(6,543,321)
\$ 70,129,803	\$ 52,193,235	\$ 63,243,775	\$ 66,775,901	\$ 55,906,041	\$ 84,261,189

CITY OF MENIFEE

FUND BALANCES OF GOVERNMENTAL FUNDS

As of June 30,	2015	2016	2017	2018
GENERAL FUND:				
Nondisposable	\$ 2,173,477	\$ 1,880,909	\$ 64,540	\$ 28,073
Committed	6,546,700	6,546,700	3,543,729	3,543,729
Assigned	40,836	226,500	461,890	4,396,969
Unassigned	(486,600)	1,268,621	8,547,350	16,886,664
Total General Fund	8,274,413	9,922,730	12,617,509	24,855,435
ALL OTHER GOVERNMENTAL FUNDS				
Nondisposable	-	-	-	-
Restricted for Community Development Projects	1,184,687	4,180,264	4,660,916	5,363,977
Restricted for Public Safety	194,826	267,934	234,782	12,472
Restricted for Engineering/Public Works	25,022,383	23,908,504	19,781,187	32,360,079
Restricted for Capital Projects	20,022,031	9,619,732	5,461,997	-
Restricted for Debt Service	1,354,467	1,359,694	1,358,034	1,371,931
Unassigned	-	-	-	(154)
Total All Other Governmental Funds	47,778,394	39,336,128	31,496,916	39,108,305
TOTAL GOVERNMENTAL FUNDS	\$ 56,052,807	\$ 49,258,858	\$ 44,114,425	\$ 63,963,740

The City of Menifee was incorporated during fiscal year 2008-2009. No information prior to that date is available.

- 1 Fund balance classification reflects GASB 54 implementation beginning Fiscal Year 2011.
- 2 Establish \$15,000 self-insurance, retention reserve.
- 3 Certificates of Participations issued for capital construction.
- 4 Establish emergency reserve of 20% of General Fund expenditures and \$250,000 towards construction of new City Hall.
- 5 Transferred proceeds from Certificates of Participation to debt service fund.
- 6 Transferred proceeds from Certificates of Participation to capital project fund.

Source: City Finance Department

2019	2020	2021	2022	2023	2024
\$ 65,751	\$ 13,473	\$ -	\$ -	\$ -	\$ 44,888
3,543,729	5,688,958	7,642,510	13,365,638	15,155,133	21,547,672
13,437,218	8,701,430	9,349,272	12,362,984	18,539,728	13,428,030
18,089,574	27,202,215	39,321,579	51,177,085	56,272,032	74,562,723
35,136,272	41,606,076	56,313,361	76,905,707	89,966,893	109,583,313
-	-	174,389	166,085	237,451	189,312
6,373,715	4,569,409	5,839,667	12,368,526	14,895,725	18,986,084
191,737	-	-	-	-	-
44,929,363	40,165,976	48,539,844	60,237,030	64,798,514	74,958,469
-	-	-	-	-	-
7,884,527	1,572,272	381,638	397,206	424,763	465,592
-	(57,963)	(446,980)	(412,708)	(1,158,298)	(938,340)
59,379,342	46,249,694	54,488,558	72,756,139	79,198,155	93,661,117
\$ 94,515,614	\$ 87,855,770	\$ 110,801,919	\$ 149,661,846	\$ 169,165,048	\$ 203,244,430

CITY OF MENIFEE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

For the Year Ended June 30,	2015	2016	2017	2018
REVENUES				
Taxes	\$ 24,744,819	\$ 25,477,199	\$ 24,813,331	\$ 34,743,397
Licenses and permits	5,463,643	6,832,170	8,061,714	10,867,727
Intergovernmental	9,151,033	6,369,501	5,748,048	12,580,822
Charges for services	658,972	1,630,272	6,219,925	6,677,180
Use of money and property	151,449	254,526	221,382	613,165
Fines and forfeitures	502,613	553,986	655,544	718,890
Developer participation	6,079,281	4,518,711	5,295,110	9,078,142
Miscellaneous	54,509	77,778	95,359	128,323
Contributions from property owners	-	-	-	-
Total Revenues	46,806,319	45,714,143	51,110,413	75,407,646
EXPENDITURES				
Current:				
General government	4,087,029	4,253,708	5,391,081	6,151,518
Public safety	19,336,968	20,836,489	21,350,629	25,062,622
Community development	2,838,474	3,154,443	3,643,590	4,872,304
Parks and recreation	2,075,562	1,182,854	2,461,119	2,833,753
Engineering and public works	11,457,614	20,576,193	5,947,990	9,438,808
Capital outlay	997,142	1,200,818	16,157,949	5,898,238
Debt service:				
Principal retirement	360,000	370,000	380,000	390,000
Interest and fiscal charges	944,388	933,587	922,488	911,088
Bond issuance costs	-	-	-	-
Total Expenditures	42,097,177	52,508,092	56,254,846	55,558,331
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,709,142	(6,793,949)	(5,144,433)	19,849,315
OTHER FINANCING SOURCES (USES)				
Transfers in	1,566,639	1,645,900	1,442,815	1,475,606
Transfers out	(1,566,639)	(1,645,900)	(1,442,815)	(1,475,606)
Other debts issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Lease/subscription acquisition	-	-	-	-
Total Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	4,709,142	(6,793,949)	(5,144,433)	19,849,315
Fund Balances, beginning of year	51,343,665	56,052,807	49,258,858	44,114,425
Restatements	-	-	-	-
Fund Balances, end of year	\$ 56,052,807	\$ 49,258,858	\$ 44,114,425	\$ 63,963,740
DEBT SERVICE AS A PERCENTAGE OF NON CAPITAL EXPENDITURES	3.17%	2.54%	3.25%	2.62%

Source: City Finance Department

2019	2020	2021	2022	2023	2024
\$ 38,523,243	\$ 44,111,372	\$ 49,468,537	\$ 56,042,702	\$ 58,634,584	\$ 70,546,687
10,765,702	10,011,450	10,914,819	13,343,572	10,929,850	11,419,395
13,820,929	16,762,108	19,146,908	23,165,414	26,597,128	36,304,333
8,428,907	8,177,911	9,431,071	10,803,623	20,327,036	17,590,996
2,011,031	1,805,179	63,611	(4,886,358)	1,232,839	10,282,103
942,403	598,244	329,487	438,833	306,549	483,068
14,077,226	5,559,177	9,600,934	10,262,446	13,877,821	13,245,107
162,935	117,986	630,271	114,987	278,328	512,657
-	-	-	14,110,185	10,805,326	25,927,269
88,732,376	87,143,427	99,585,638	123,395,404	142,989,461	186,311,615
8,169,511	9,981,475	13,962,912	18,688,827	31,107,678	29,668,362
27,389,574	33,869,480	29,174,294	34,950,472	42,281,642	45,565,463
5,693,505	5,196,946	5,377,780	6,811,947	8,740,384	9,202,687
3,592,890	3,977,479	4,943,713	5,752,300	7,309,632	7,945,083
13,436,193	20,997,861	7,041,057	5,528,660	6,546,643	9,737,693
5,143,341	18,164,545	13,332,826	17,605,427	25,957,044	50,352,498
410,000	475,088	2,585,843	7,250,613	1,432,841	1,384,957
895,488	1,140,397	540,059	1,202,754	1,420,140	578,198
-	-	306,935	40,000	-	-
64,730,502	93,803,271	77,265,419	97,831,000	124,796,004	154,434,941
24,001,874	(6,659,844)	22,320,219	25,564,404	18,193,457	31,876,674
2,444,198	11,477,822	5,509,717	6,051,725	5,074,330	4,461,799
(2,444,198)	(11,477,822)	(5,509,717)	(6,051,725)	(5,074,330)	(4,461,799)
6,550,000	-	17,885,000	6,355,581	-	-
-	-	(17,372,007)	-	-	-
-	-	-	6,939,942	1,309,745	2,202,708
6,550,000	-	512,993	13,295,523	1,309,745	2,202,708
30,551,874	(6,659,844)	22,833,212	38,859,927	19,503,202	34,079,382
63,963,740	94,515,614	87,855,770	110,801,919	149,661,846	169,165,048
-	-	112,937	-	-	-
\$ 94,515,614	\$ 87,855,770	\$ 110,801,919	\$ 149,661,846	\$ 169,165,048	\$ 203,244,430
2.19%	2.14%	4.89%	10.54%	2.89%	1.89%

CITY OF MENIFEE**MAJOR REVENUES BY SOURCE – GOVERNMENTAL FUNDS**

Fiscal Year	Property Tax	Sales Tax	Motor Vehicle In Lieu Tax	Franchise Tax	Total
2015	\$ 14,634,225	\$ 5,924,347	\$ 34,308	\$ 3,586,271	\$ 24,179,151
2016	14,577,983	7,137,168	34,451	3,084,175	24,833,777
2017	12,369,587	8,661,218	39,873	2,973,633	24,044,311
2018	18,876,904	18,005,117	47,721	3,076,719	40,006,461
2019	20,771,353	20,384,878	44,113	3,141,174	44,341,518
2020	22,361,021	21,102,457	73,963	6,289,086	49,826,527
2021	24,076,949	27,476,156	73,963	3,653,129	55,280,197
2022	26,024,300	31,684,459	115,162	4,055,791	61,879,712
2023	30,118,595	31,922,596	109,295	4,433,059	66,583,545
2024	33,849,512	41,064,793	135,915	4,765,363	79,815,584

Source: City Finance Department

CITY OF MENIFEE

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Fiscal Year	Secured	Unsecured	SBE Nonunitary	Exemptions	Total Taxable Assessed Value	Percent Change
2015	\$ 6,987,584,499	\$ 92,460,808	\$ 346,628,271	\$ (19,962,118)	\$ 7,406,711,460	3.59%
2016	7,686,424,297	95,234,280	295,028,271	(131,240,361)	7,945,446,487	10.65%
2017	8,204,501,816	94,227,737	253,828,271	(144,682,408)	8,407,875,416	7.27%
2018	8,712,740,063	99,807,071	105,828,271	(21,427,691)	8,896,947,714	5.82%
2019	9,492,168,800	113,916,759	118,100,000	(21,889,314)	9,702,296,245	5.82%
2020	10,257,311,309	119,918,747	13,800,000	(1,199,425)	10,389,830,631	9.05%
2021	11,130,368,586	140,615,466	-	-	11,270,984,052	7.09%
2022	12,129,504,862	174,182,957	-	-	12,303,687,819	9.05%
2023	13,872,320,886	165,575,367	-	-	14,037,896,253	14.10%
2024	15,324,067,513	212,134,718	-	-	15,536,202,231	10.67%

In 1978, California voters passed Proposition 13 which set the property tax rate at 1.00% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: HdL Companies, Riverside County Assessor

CITY OF MENIFEE

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY BY USE CATEGORY

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Dry Farm	Other	Exemptions	Total Taxable Assessed Value	Percent Change	Total Direct Rate
2015	\$ 5,837,398,400	\$ 419,946,710	\$ 78,550,017	\$ 20,875,554	\$ 1,069,902,897	\$ (19,962,118)	\$ 7,406,711,460	10.65%	0.14230
2016	6,349,493,758	444,912,094	79,232,788	21,615,968	1,070,534,347	(20,342,468)	7,945,446,487	7.27%	0.14069
2017	6,823,268,713	465,564,229	80,678,726	21,511,185	1,038,617,091	(21,764,528)	8,407,875,416	5.82%	0.13943
2018	7,368,551,565	522,390,630	86,731,580	20,505,027	920,196,603	(21,427,691)	8,896,947,714	5.82%	0.13809
2019	8,050,646,652	592,624,119	97,305,521	20,895,440	962,713,827	(21,889,314)	9,702,296,245	9.05%	0.13739
2020	8,789,370,483	634,623,902	96,855,473	84,679,342	785,500,856	(1,199,425)	10,389,830,631	7.09%	0.13697
2021	9,605,927,556	718,201,265	92,954,481	61,632,016	792,268,734	-	11,270,984,052	8.48%	0.14302
2022	10,521,453,404	768,722,082	96,436,403	69,173,323	847,902,607	-	12,303,687,819	9.16%	0.14144
2023	12,057,202,958	923,154,976	133,416,320	71,921,568	852,200,431	-	14,037,896,253	14.10%	0.13998
2024	13,384,289,668	990,033,611	151,418,983	88,860,932	921,599,037	-	15,536,202,231	10.67%	0.13890

In 1978, California voters passed Proposition 13 which set the property tax rate at 1.00% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time it is sold to new owner. At that point, the new assessed value is reassessed at the purchase price sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: HdL Companies, Riverside County Assessor

CITY OF MENIFEE

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Agency	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Basic Levy*	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Eastern Municipal Water Imp District	0.15800	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000	0.05000	0.03750	0.03750
Menifee School Debt Service	0.03275	0.03010	0.03269	0.06080	0.06303	0.06277	0.06111	0.06319	0.06201	0.06063
Metropolitan Water District Original Area	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Perris Union High School Debt Service	0.06303	0.06236	0.06092	0.01320	0.01320	0.08244	0.08569	0.01320	0.01320	0.08173
Mt. San Jacinto Jr. College	-	0.01394	0.01320	0.05675	0.05243	0.01320	0.01320	0.08859	0.08859	0.01320
Total Direct & Overlapping Tax Rates	1.25728	1.14596	1.14711	1.18425	1.18216	1.21191	1.21350	1.21848	1.20480	1.19656
City of Menifee Share of 1% per Prop 13	0.12740	0.12740	0.12740	0.12904	0.12903	0.12903	0.12643	0.12643	0.12643	0.12643
Total Direct Rate**	0.06617	0.14552	0.14227	0.14069	0.13943	0.13809	0.14302	0.14144	0.13998	0.13890

This schedule shows information for all city tax rate areas.

*In 1978, California voters passed Proposition 13 which set the property tax rate at 1.00% fixed amount. This 1.00% is shared by all taxing

**Total Direct Rate is the weighted average of all individual direct rates applied by the government entity.

Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city

Source:HdL Companies

CITY OF MENIFEE

PRINCIPAL PROPERTY TAX PAYERS

Taxpayer	2024			2015		
	Total Assessed Value	Percent of Total City Taxable Assessed Value	Rank	Total Assessed Value	Percent of Total City Taxable Assessed Value	Rank
MG Artesa Apartments LLC	\$ 159,119,999	1.02%	1			
Newport Property LLC	110,492,520	0.71%	2			
Malcolm Jerome and Maxine Winer	95,173,703	0.61%	3			
Antelope Ridge Apartments LLC	50,229,489	0.32%	4	\$ 42,145,595	0.57%	5
Cantabria Development LP	48,777,964	0.31%	5			
Pulte Home Company	37,340,335	0.24%	6			
Forterra Pipe and Precast LLC	36,348,368	0.23%	7			
PHH Real Estate	34,615,186	0.22%	8	31,670,681	0.43%	6
Minor Ranch	32,135,655	0.21%	9			
Scott Road Partners	31,827,113	0.20%	10			
Inland Empire Energy Center, LLC				346,600,000	4.68%	1
Donahue Schriber Realty Group				50,255,472	0.68%	2
Carrington Place Limited				45,322,291	0.61%	3
Stark Menifee Land				43,679,952	0.59%	5
Strata Cantabria LLC				31,177,716	0.42%	6
Target Corporation				23,074,208	0.31%	8
HCP HB2 Carrington Cherry Hills				21,162,993	0.29%	9
Wal Mart Stores Inc				19,545,486	0.26%	10
Totals	636,060,332	4.09%		654,634,394	8.84%	
All Other	14,900,141,899	95.91%		6,752,077,066	91.16%	
City Total	\$ 15,536,202,231	100.00%		\$ 7,406,711,460	100.00%	

Source: HDL Companies

CITY OF MENIFEE

PROPERTY TAX LEVIES AND COLLECTIONS

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of Levy		Amount Collected in Subsequent Year	Total Tax Collections	Percentage of Levy
		Amount	Percentage of Levy			
2015	\$ 10,165,063	\$ 10,091,501	99.28%	\$ 73,562	\$ 10,165,064	100%
2016	10,903,160	10,707,116	98.20%	196,044	10,903,161	100%
2017	11,592,282	11,391,985	98.27%	200,297	11,592,283	100%
2018	12,027,685	11,935,913	99.24%	91,772	12,027,686	100%
2019	13,268,770	13,077,732	98.56%	191,038	13,268,771	100%
2020	14,397,065	14,170,014	98.42%	227,051	14,397,066	100%
2021	16,382,479	16,347,132	99.78%	35,348	16,382,481	100%
2022	17,649,773	17,263,608	97.81%	386,165	17,649,774	100%
2023	20,540,213	20,423,009	99.43%	117,205	20,540,215	100%
2024	22,834,638	22,655,541	99.22%	179,097	22,834,639	100%

With the passage of Resolution 10-138 in June 2010, the City of Menifee agreed to participate in the Riverside County Teeter Program. Under the Teeter Plan, the City is paid in full each year for the actual amount of property taxes levied, regardless of the amount of delinquencies.

Source: County of Riverside

CITY OF MENIFEE

RATIO OF OUTSTANDING DEBT BY TYPE

Fiscal Year	Certificates of Participation	Distribution Facilities Financing	County Repayment (1)	Other liabilities	Total Governmental Activities	Percentage of Personal Income	Per Capita (2)
2015	\$ 20,206,344	\$ -	\$ 1,057,619	\$ -	\$ 21,263,963	1.14%	\$ 249.04
2016	19,815,936	-	1,057,619	-	20,873,555	1.10%	235.80
2017	19,415,528	-	-	-	19,415,528	1.00%	214.16
2018	19,005,120	-	-	-	19,005,120	0.09%	206.80
2019	18,144,304	6,550,000	-	-	24,694,304	1.09%	264.25
2020	17,688,896	6,499,912	-	-	24,188,808	0.99%	249.13
2021	16,040,392	6,120,786	-	-	22,161,178	0.84%	222.31
2022	16,315,000	5,900,754	-	5,922,140	28,137,894	0.84%	216.74
2023	15,640,000	5,485,266	-	5,703,908	26,829,174	0.80%	243.83
2024	14,960,000	5,057,262	-	6,333,181	26,350,443	0.71%	236.20

(1) County Repayment is not bonded debt

(2) See the schedule of demographic and economic statistics for population data.

Source: City Finance Department

CITY OF MENIFEE

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Fiscal Year	Population	Assessed Value	Total General Obligation Bonds	Less Debt Service Fund (1)	Net Bonded Debt	Percent of Debt to Assessed Value (2)	Debt per Capita
2015	85,385	\$ 7,406,711,460	\$ -	\$ -	\$ -	0.00%	-
2016	88,524	7,945,446,487	-	-	-	0.00%	-
2017	90,660	8,407,875,416	-	-	-	0.00%	-
2018	91,902	8,896,947,714	-	-	-	0.00%	-
2019	93,452	9,702,296,245	-	-	-	0.00%	-
2020	97,093	10,389,830,631	-	-	-	0.00%	-
2021	99,686	11,270,984,052	-	-	-	0.00%	-
2022	106,627	12,303,687,819	-	-	-	0.00%	-
2023	110,034	14,037,896,253	-	-	-	0.00%	-
2024	111,560	15,536,202,231	-	-	-	0.00%	-

(1) Amounts available for repayment of general obligation bonds.

(2) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

Source: City Finance Department

CITY OF MENIFEE

DIRECT AND OVERLAPPING BONDED DEBT JUNE 30, 2024

	Total Debt	Percent Applicable to City	City's Share of Debt
Direct Debt			
City of Menifee-County Loan Repayment	\$ -	0.0%	\$ -
City of Menifee-Certificates of Participation	14,960,000	100.0%	14,960,000
City of Menifee-Distribution Facilities Financing Agreement	5,057,262	100.0%	5,057,262
Lease Liabilities	6,001,206	100.0%	6,001,206
Subscription Liabilities	331,975	100.0%	331,975
Total Direct Debt	\$ 25,620,671	100.0%	\$ 26,350,443
Direct and Overlapping Tax and Assessment Debt			
Metropolitan Water District	\$ 18,210,000	0.384%	\$ 69,926
Riverside County Flood Control & Water Conservation District	2,755,000	19.393%	534,277
Eastern Municipal Water District Improvement Districts	11,040,000	79.029-100.	9,223,868
Mount San Jacinto Community College District	242,210,000	10.793	28,939,251
Perris Union High School District	292,042,191	57.517	170,546,799
Menifee Union School District	152,811,292	75.293	114,726,134
Perris Union High School District Community Facilities District No.	30,100,000	61.140	18,403,140
Menifee Union School District Community Facilities Districts	187,130,000	37.715-100.	183,866,698
Romoland School District Community Facilities Districts	203,770,000	54.833-100.	191,199,145
Eastern Municipal Water District Community Facilities Districts	83,997,000	64.257-100.	81,403,845
City of Menifee Community Facilities District Nos. 2016-2 and 20	53,460,000	100	53,460,000
Riverside County Community Facilities Districts	25,800,000	29.197-95.871	19,864,182
Eastern Municipal Water District 1915 Act Bonds	1,600,000	64.200	1,028,112
Total Direct and Overlapping Tax and Assessment Debt			\$ 873,265,377
Overlapping General Fund Debt:			
Riverside County General Fund Obligations	\$ 1,169,217,035	3.916%	\$ 45,786,539
Riverside County Pension Obligations	670,785,000	3.916	26,267,941
Perris Union High School District Certificates of Participation	40,124,346	58.398	23,431,816
Menifee Union School District Certificates of Participation	32,715,875	75.077	24,562,097
City of Menifee Distribution Facilities Financing Agreement	5,057,262	100.000	5,057,262
Total Gross Overlapping General Fund Debt			\$ 125,105,655
Less: Riverside County Supported Obligations			-
Total Net Overlapping General Fund Debt			\$ 125,105,655
Overlapping Tax Increment Debt (Riverside County Successor Agency)	\$ 216,419,785	2.176-10.959%	\$ 12,954,751
Total Direct Debt			\$ 26,350,443
Total Gross Overlapping Debt			\$1,011,325,783
Total Net Overlapping Debt			\$1,011,325,783
Total Direct and Overlapping Debt			\$1,036,946,454
Gross Combined Total Debt			\$1,036,946,454
Net Combined Total Debt			\$1,036,946,454
Ratios to 2022-23 Assessed Valuation:			
Total Direct Debt	0.03%		
Total Direct and Overlapping Tax and Assessment Debt	5.62%		
Gross Combined Total Debt	6.51%		
Net Combined Total Debt	6.51%		

The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total assessed value.

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

CITY OF MENIFEE

LEGAL DEBT MARGIN INFORMATION

	2019	2020	2021	2022	2023	2024
Assessed valuation	\$ 9,702,296,245	\$ 10,389,830,631	\$ 11,270,984,052	\$ 12,303,687,819	\$ 14,037,896,253	\$ 15,536,202,231
Debit Limit Percentage	15%	15%	15%	15%	15%	15%
Debt limit	1,455,344,437	1,558,474,595	1,690,647,608	1,845,553,173	2,105,684,438	2,330,430,335
Total Net Debt Applicable to the Limit General Obligation Bonds:	-	-	-	-	-	-
Legal debt margin	<u>\$ 1,455,344,437</u>	<u>\$ 1,558,474,595</u>	<u>\$ 1,690,647,608</u>	<u>\$ 1,845,553,173</u>	<u>\$ 2,105,684,438</u>	<u>\$ 2,330,430,335</u>
Total Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Section 43605 of the Government Code of the State of California limits the amount of indebtedness for public improvements to 15% of the assessed valuation of all real and personal property of the City.

The City of Menifee has no general obligation indebtedness.

Only last five years shown.

Source: City Finance Department, HdL Companies

CITY OF MENIFEE

DEMOGRAPHIC AND ECONOMIC STATISTICS

Fiscal Year	Population	Personal Income (In 1000)	Per Capita Personal Income	Median Home Price	Occupied Housing Units	Persons per Household	Median Age	Unemployment Rate
2015	85,385	\$ 1,868,959	\$ 22,333	\$ 280,000	29,383	2.91	37.9	9.60%
2016	88,524	1,891,622	21,253	300,000	30,226	2.93	38.7	7.90%
2017	90,660	1,936,648	21,253	325,000	31,253	3.94	37.4	7.10%
2018	91,902	2,055,023	22,667	340,000	31,253	2.94	37.4	4.70%
2019	93,452	2,264,845	24,235	350,000	31,222	2.99	37.9	4.50%
2020	97,093	2,450,076	25,234	374,000	33,348	2.91	37.9	4.00%
2021	99,686	2,647,056	26,553	450,000	34,256	2.91	37.7	10.10%
2022	106,627	2,871,857	26,933	560,000	36,308	2.94	38.0	7.50%
2023	110,034	3,340,202	30,356	525,000	37,979	2.89	37.3	4.20%
2024	111,560	3,699,561	33,162	555,000	38,989	2.86	37.3	5.00%

Source: Riverside County Center for Demographic Research, California Department of Finance E-5

CITY OF MENIFEE

PRINCIPAL EMPLOYERS

Employer	2024		Rank
	Number of Employees	Percentage of Employment	
Mt San Jacinto College District	1,604	28.11%	1
Menifee Union School District	1,505	26.38%	2
Romoland Elementary School District	793	13.90%	3
Menifee Global Medical Center	362	6.34%	4
Stater Brothers	348	6.10%	5
City of Menifee	345	6.05%	6
United Parcel Service (UPS)	232	4.07%	7
Southern California Edison	189	3.31%	8
Texas Roadhouse	188	3.29%	9
Olive Garden	140	2.45%	10
Total Employment Listed	5,706	100.00%	

Source: Menifee Valley Chamber of Commerce, City of Menifee Business License Division

Information for the nine years prior is not currently available.

CITY OF MENIFEE

FULL AND PART-TIME CITY EMPLOYEES BY PROGRAM

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
FUNCTION	Full Time Equivalent	Full Time Equivalent	Full Time Equivalent	Full Time Equivalent	Full Time Equivalent	Full Time Equivalent	Full Time Equivalent	Full Time Equivalent	Full Time Equivalent	Full Time Equivalent
City Manager	2	2	1	4	4	5	5	8	10	10
Administrative Services	4.5	5	6	0	0	0	0	0	0	0
City Clerk	2	2	2	3	3	5	5	6	6	6
Emergency Services	0	0	0	0				0	0	0
Finance	6	6	7	10	12.5	13.5	13.5	17	21	21
Human Resources	1	1	0	4	8.5	6.5	6.5	8	9	9
Information Technology	0	0	0	2	5	8	8	13	14	15
Economic Development	2	2	3	3	5	3.5	3.5	4	5	5
Community Development	4	4	5	11	13.5	13	13	15	15.5	15.5
Code Enforcement	5	4	4	7	7	5	6	8	8	8
Fire	0	0	0	1	2	2	2	2	2	1
Engineering/ Pub Works	10	12	16	24	32	33	33	44.5	46.5	50
Building/Safety	7	8	9	12	14	12	12	15	15	15
Community Services	3	13	18.58	21.55	31.68	23.39	23.39	44.2	48.4	55
Police	0	0	0	0	76	77	78	118	120	122
Total	46.50	59.00	71.58	102.55	214.18	206.89	208.89	302.70	320.40	332.50

Part-Time Employees are expressed as Full-Time Equivalents.

Source: City Finance Department

CITY OF MENIFEE

CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM

As of June 30,	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
FUNCTION										
Public Works										
Streets (Miles)	265	317.9	317.9	317.9	317.9	327.1	341.0	347.2	355.9	386.3
Traffic Signals	67	73	68	71	72	75	84	89	99	94
Community Services										
Parks	7	7	8	11	12	14	14	15	21	22
Park Acreage	39	39	45	53.7	58.7	79.1	79.0	85.1	100.1	118.2

Source: City Public Works Department, Community Services

CITY OF MENIFEE

OPERATING INDICATORS BY FUNCTION/PROGRAM

As of June 30,	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
FUNCTION										
Police Services										
Physical Arrests	1,061	1,295	1,412	1,385	1,500	1,582	1,403	1,154	1,471	1,617
Parking Citations	1,763	330	230	569	435	241	473	356	528	836
Traffic Citations	3,438	3,720	1,733	4,422	5,927	2,492	2,877	3,835	7,125	7,244
Calls for Service	44,395	47,728	47,926	47,961	49,291	48,615	52,152	50,342	73,192	74,456
Fire Services										
Medical/Public service Calls	7,220	9,741	10,081	9,342	10,071	9,172	10,232	10,612	11,031	11,059
Fire calls	130	144	184	182	167	193	225	210	188	183
All other calls	1,810	1,310	1,499	2,158	1,552	2,315	1,494	2,327	2,359	2,431
Total	9,160	11,195	11,764	11,682	11,790	11,680	11,951	13,149	13,578	13,673
Public Works										
Potholes/Skinpatch (square feet)	16,121	12,335	18,215	31,458	135,277	63,348	16,358	20,052	104,000	426
Curb Refurbishment/Painting (linear feet)	12,877	285	3,254	983	722	3,540	7,276	39,246	1,200	100
Right of Way Clearing (linear feet)	116,237	14,020,200	13,853,520	4,475,936	886,818	20,006	988,916	381,828	1,600	2,348
Traffic Signs repaired/replaced	729	213	275	821	418	461	1,176	572	638	472
Building & Safety										
Building Permits Issued	2,969	4,031	4,365	5,179	6,232	6,147	6,778	5,959	6,261	4,015
Building Inspections Completed	10,655	13,410	15,417	21,522	23,540	25,480	33,567	30,736	28,363	32,225
Community Development										
Planning Applications Completed	189	275	327	259	208	348	393	402	336	342

Source: City Finance Division, City Community Development Department, City Building Department,
City Police Services Department, City Public Works Department

CITY OF MENIFEE

MISCELLANEOUS STATISTICS

JUNE 30, 2024

Geographic Location:	The City of Menifee is located approximately 80 miles south east of Los Angeles in the southwestern portion of Riverside County
Population:	111,560
Area in square miles:	46
Form of Government:	Council-Manager
Date of Incorporation:	October 1, 2008
Number of Full Time Employees:	332.50
Public Safety:	
Police Department	Menifee City Police Department as of 6/30/2024, 122 FTE
Fire Department	Riverside County/Cal Fire Department contract, 70 FTE, 4 Fire Stations
Library:	2 branches, Riverside County Library System
Recreation:	25 Parks owned by Valley Wide Recreation and Park District 23 Parks owned by the City
Schools:	
Elementary	15
Middle Schools	6
High Schools	3
Community Colleges	1

Source: City Finance Department

CITY OF MENIFEE

TAXABLE SALES BY CATEGORY LAST TEN CALENDAR YEARS (IN THOUSANDS OF DOLLARS)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Apparel Stores	\$ 27,964	\$ 30,952	\$ 34,074	\$ 35,524	\$ 38,787	\$ 41,407	\$ 30,146	\$ 45,691	\$ 50,614	\$ 54,560
General Merchandise	66,085	68,839	69,651	71,315	75,403	76,332	81,531	105,862	107,512	96,989
Food Stores	23,456	26,677	28,867	31,793	36,815	39,660	47,444	48,980	53,328	55,199
Eating and Drinking Places	80,576	91,283	102,449	116,287	125,691	144,016	143,668	180,789	207,493	219,715
Building Materials	40,526	72,621	79,070	87,091	93,238	91,679	111,335	144,990	147,040	131,018
Auto Dealers and Suppliers	33,916	41,301	54,074	57,404	55,065	60,944	52,579	61,433	67,121	74,146
Service Stations	102,256	91,394	84,643	95,334	117,995	123,332	104,514	153,057	182,819	165,105
Other Retail Stores	103,300	118,629	130,023	140,778	146,801	143,542	132,786	178,792	180,933	173,766
All other Outlets	39,131	45,703	51,449	53,236	60,917	62,444	56,727	229,999	261,708	359,805
Total	\$ 517,210	\$ 587,399	\$ 634,299	\$ 688,762	\$ 750,711	\$ 783,357	\$ 760,729	\$1,149,592	\$1,258,568	\$1,330,303

Source: State of California Board of Equalization and the HdL Companies

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available.

**TOP 25 SALES TAX PRODUCERS
FOR FISCAL YEAR ENDED JUNE 30, 2024 AND JUNE 30, 2014**

Source: HdL Reports

CITY OF MENIFEE

MEASURE DD 1% SALES TAX REVENUES AND EXPENDITURES HISTORY JUNE 30, 2022

Fiscal Year	2017	2018	2019	2020	2021
Revenues					
1% Transaction Tax	\$ 1,369,814	\$ 9,961,049	\$ 11,416,810	\$ 12,617,232	\$ 16,724,722
Interest Income	-	24,668	96,362	141,559	4,951
Total Revenue:	<u>1,369,814</u>	<u>9,985,717</u>	<u>11,513,172</u>	<u>12,758,791</u>	<u>16,729,673</u>
Expenditures					
Code Enforcement	-	-	188,042	234,261	263,112
County Sheriff Services	-	2,404,849	1,869,310	3,573,072	-
County Fire Services	-	1,969,424	1,768,811	3,893,526	3,353,950
Capital Equipment	-	-	-	593,105	1,305,108
Capital Projects-Roads	-	2,852,248	3,791,111	1,646,995	942,402
Menifee Police	-	-	273,779	4,855,886	4,906,555
Total Expenditures:	<u>-</u>	<u>7,226,521</u>	<u>7,891,053</u>	<u>14,796,845</u>	<u>10,771,127</u>
Cumulative Balance:	<u>\$ 1,369,814</u>	<u>\$ 4,129,010</u>	<u>\$ 7,751,129</u>	<u>\$ 5,713,075</u>	<u>\$ 11,671,621</u>
	2022	2023	2024		
Revenues					
1% Transaction Tax	\$ 19,607,014	\$ 19,634,904	\$ 24,088,083		
Interest Income	(110,856)	236,870	499,582		
Total Revenue:	<u>19,496,159</u>	<u>19,871,774</u>	<u>24,587,665</u>		
Expenditures					
Code Enforcement	319,706	357,907	387,426		
County Sheriff Services	-	-	-		
County Fire Services	5,171,600	10,928,976	12,140,268		
Capital Equipment	42,319	460,204	252,619		
Capital Projects-Roads	2,765,313	748,442	2,787,065		
Menifee Police	5,746,016	6,966,283	7,120,472		
Total Expenditures:	<u>14,044,955</u>	<u>19,461,812</u>	<u>22,687,850</u>		
Cumulative Balance:	<u>\$ 17,122,825</u>	<u>\$ 17,532,786</u>	<u>\$ 19,432,601</u>		

The City's citizens voted and approved the 1% sales tax in November 2016 with the implementation date of January 2017. No information prior to that year is available.

Source: City Finance Department