



CITY OF MENIFEE

SUBJECT: Adoption of the Fiscal Year 2023/2024 and 2024/2025 Budgets and Revised Policy FN-13

MEETING DATE: June 21, 2023

TO: Mayor and City Council

PREPARED BY: Margarita Cornejo, Acting Chief Financial Officer

REVIEWED BY: Rochelle Clayton, Assistant City Manager

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Adopt revised Long-Term Financial Planning & Budget Procedures Policy (FN-13); and
2. Adopt a resolution approving the Fiscal Year 2023/2024 and 2024/2025 Budgets; and
3. Adopt a resolution approving the GANN Appropriations Limit; and
4. Adopt a resolution approving the Classification and Compensation Plan known as the Authorized Position Listing.

DISCUSSION

As a municipal government, the City of Menifee currently operates on a fiscal year budget cycle from July 1 through June 30. Historically, each year the City prepares a budget plan identifying the projected revenues and expenditures for the upcoming fiscal year, analyzed, organized, and recommended to best serve the needs of the diverse Menifee community.

Recognizing the value of long-range financial planning, beginning with the Fiscal Year (FY) 2023/2024 and 2024/2025 budget cycle, the City desires to take a longer view and present a biennial budget as the City's population surpasses the mid-size city threshold of 100,000 and reaches its 15th year since incorporation. Many local cities such as Murrieta, Perris, Wildomar, Moreno Valley and Banning currently have biennial budgets and consider spending in two-year cycles.

In development of the recommended biennial budget, the City's foundation principle is to produce a structurally balanced budget that deliberately concentrates on the City's strategic priorities and fiscal policies. The Finance Department leads this effort with City departments, City Council and

the Menifee community. The following key components of the process were reviewed and analyzed:

- **Budget Development Process and Timeline**
- **Strategic Plan Alignment and Implementation**
 - Final action items of FY 2018-2023 Strategic Plan
 - New FY 2023-2028 Strategic Plan
- **Current Economic Outlook and Revenue Analysis**
 - (national, state, regional and local) Provides the economic background and analysis for any recommended changes to the City's revenues for the upcoming fiscal year.
- **General Fund and Quality of Life Funds**
 - Operating Revenues and Operating Expenditures Analysis and recommendations
 - Staffing/personnel review
- **Special Revenue Other Funds**
 - Revenue and Expenditure Analysis and recommendations
 - American Rescue Plan (ARP) Funds update
- **Capital Improvement Program (CIP) and Upcoming FY 2023-2028 CIP**
- **Agency/Custodial Funds (Fiduciary)**
 - Trust Fund/Bonded CFDs annual appropriations
- **Fiscal Policies and Long-Term Financial Planning**
- **GANN Appropriation Limit**
- **Budget Policy Update (FN-13)**

Budget Development Process (2-Year Budget) and Timeline

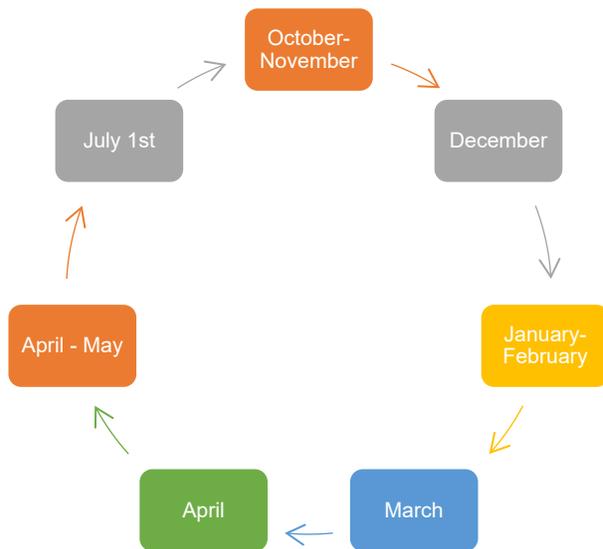
The Finance Department has historically prepared a one-year budget with a base 5-year financial forecast for incorporation within the annual City Budget. However, the City desires to take a longer view as it embarks on its new 2023-2028 Strategic Plan efforts and looks to streamlining/consolidating budget processes. Now, more than ever, it's crucial to capture and formalize financial budget estimates on a longer-term basis to help strengthen the City's wherewithal for a potential downturn in the economy and to allow capacity for the planning, implementation and testing of the new Enterprise Resource Planning (ERP) Financial Management System.

To further support this effort, the City engaged Urban Futures to develop a 10-year financial planning model to assist with developing future financial forecasts and running of specific financial scenarios. The Finance Department along with the City Executive Office has worked with City departments to determine what needs to be accomplished over the next two fiscal years with particular emphasis on our overall strategic goals and areas of strategic priority. The biennial budget process incorporates two Mid-Year reviews at approximately 6-month intervals to revisit and recalibrate the budget estimates and projections as necessary, as well as one Mid-Cycle review at the end of Year one (1) and in anticipation for Year two (2). Mid-Year/Mid-Cycle budget reviews will provide City Council with an update on revenue and expenditure assumptions, fund balances and possible recommended adjustments to the budget. The three reviews estimated dates are anticipated are summarized in Table 1.

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

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

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



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

Public Engagements and Commission/Committee Recommendations

Incorporated as part of the biennial budget process are various public meetings, intended to provide the public an opportunity for engagement in the budget development process, and to provide any feedback. In the development of the FY 2023/2024 and FY 2024/2025 Budget, Table 2 lists all public meetings that were held.

TABLE 2: PUBLIC ENGAGEMENT & COMMISSION/COMMITTEE MEETINGS SUMMARY

Meeting Description & Purpose	Meeting Date	Recommended Action (If Applicable)
Capital Improvement Program (CIP) Workshop Meeting #1: Provide background on CIP Program and tentative projects for upcoming FY 2023-2028 CIP Plan.	April 5, 2023	N/A
Capital Improvement Program (CIP) Workshop Meeting #2: Provide updated CIP Program and tentative projects based on feedback received during Workshop Meeting #1.	April 19, 2023	N/A
Quality of Life (Measure DD) Meeting: Provide proposed revenues and expenditures plan for Quality of Life Funds for upcoming budget cycle.	April 25, 2023	Quality of Life (Measure DD) Oversight Committee voted 5-0 to recommend the City Council approve, as proposed, the Quality of Life (Measure DD) Budget for FY 2023/2024 and FY 2024/2025.
FY 2023/2024 & FY 2024/2025 Budget Workshop: Present proposed budget, including personnel, operating and maintenance, capital outlays, and CIP for City Council and public input.	May 3, 2023	N/A
Planning Commission Review: Present proposed CIP to the Planning Commission for conformance with the City's General Plan.	May 10, 2023	The Planning Commission voted 5-0 to determine the FY 2023/2024 and FY 2024/2025 CIP is consistent with the City's General Plan.
FY 2023/2024 & FY 2024/2025 Budget Adoption: Present budget for final Council consideration/approval.	June 21, 2023	Councils' consideration of formal approval of budget.

Citywide Budget and Fiduciary Summary

On May 3, 2023, the City Council reviewed the recommended FY 2023/2024 & FY 2024/2025 budgets, including the CIP projects for the City of Menifee at the Budget Workshop. This recommended biennial budget illustrates revenue and expenditure projections for the next two fiscal years reflective of continued economic growth, albeit at a slower pace, for the regional and local economy.

Table 3 provides the details of the City's main fund categories, and the corresponding budget sections impacted by the respective funds. The **Operating Budget** represents annual revenues and expenditures of the General Fund/Quality of Life, and Special Revenue & Other funds, including:

- Personnel
- Operating & Maintenance Costs (including contract services)
- Capital Outlays & One Time Studies
- Debt Service

The **Capital Improvement Program (CIP) Budget** represents the City's major infrastructure projects (non-recurring, with a cost of \$50,000 or more and with a useful life of five or more years) and is developed in conjunction with the Operating Budget. Funding sources can include General Fund, Quality of Life Measure, and Special Revenue & Other Funds.

Collectively, the Operating Budget and CIP Budget are referred to as the “**Citywide Budget**”.

TABLE 3: SUMMARY OF MAIN FUND CATEGORIES

Main Fund Category	Funds Included	Budget Section
General Fund & Quality of Life	General Fund Quality of Life (Measure DD)	CITYWIDE BUDGET: Operating Budget & CIP
Special Revenue & Other Funds	Gas Tax & Other Special Revenue Funds (CDBG, LLMDs, CSAs, CFDs, DIF/RBBD/Quimby)	CITYWIDE BUDGET: Operating Budget, CIP
Agency/Custodial Funds	Trust Fund and Bonded CFDs	FIDIUCIARY: N/A, not a part of Operating Budget, Special Revenue & Other Funds Budget & CIP Budget. Appropriations represent revenues/expenditures separate from the Operating Budget & CIP Budget.

In addition to the various funds represented in the Operating Budget and/or CIP Budget, the City’s FY 2023/2024 and FY 2024/2025 Budget includes revenue and expenditure appropriations for various **Agency/Custodial Funds (Fiduciary)**. These are fiduciary funds that cannot be used to support government services/programs. Specifically, the City has included appropriations for several bonded Community Facilities Districts (CFDs), to recognize the annual special taxes collected for the respective debt services and corresponding expenditures. It is important to note these Agency/Custodial Funds are not a part of the Operating and/or CIP Budgets. Like the Annual Comprehensive Financial Report (ACFR) and financial statements, the associated revenues and expenditures for all Fiduciary are represented fully separate from other funds.

In summary, the proposed Citywide Budget for FYs 2023/2024 and 2024/2025 total revenues and expenditures are summarized in Table 4.

TABLE 4: TOTALS SUMMARY FYs 2023/2024 & 2024/2025 PROPOSED CITYWIDE BUDGET

Description	Proposed Budget FY 2023/2024	Proposed Budget FY 2024/2025
Total Revenues	\$128,124,269	\$132,517,315
Total Expenditures	\$135,825,070	\$130,782,481
Fund Balance +/-	(\$7,700,801)	\$1,734,834

* Use of Fund Balance reflects deliberate use of fund balance for capital outlays/CIP.

The proposed Budget supports a proposed workforce of 330.40 (302 full-time and 28.4 part-time) positions.

The proposed Citywide Budget and Fiduciary for FYs 2023/2024 and 2024/2025 total revenues and expenditures are summarized in Table 5.

TABLE 5: TOTALS SUMMARY FYs 2023/2024 and 2024/2025 PROPOSED CITYWIDE BUDGET AND FIDICIARY

Description	Proposed Budget FY 2023/2024	Proposed Budget FY 2024/2025
Total Revenues	\$131,221,308	\$135,674,980
Total Expenditures	\$137,319,033	\$132,240,341
Fund Balance +/-	(\$6,097,725)	\$3,434,639

* Use of Fund Balance reflects deliberate use of fund balance for capital outlays/CIP.

The proposed Citywide Budget is summarized in Table 6.

TABLE 6: SUMMARY DETAIL FYs 2023/2024 and 2024/2025 PROPOSED CITYWIDE BUDGET OPERATING BUDGET (GENERAL FUND & QUALITY OF LIFE)

(Personnel, Operating & Maintenance, One-Time Studies, Capital Outlays, and Transfers & Allocations)

Revenue	Proposed Budget FY 2023/2024	Proposed Budget FY 2024/2025
General Fund	\$70,722,556	\$73,083,894
Quality of Life	\$21,038,120	\$21,584,750
TOTAL REVENUE	\$91,760,676	\$94,668,644
Expenditures	Proposed Budget FY 2023/2024	Proposed Budget FY 2024/2025
General Fund	\$70,672,556	\$73,033,894
Quality of Life	\$20,111,279	\$21,188,710
TOTAL EXPENDITURE	\$90,783,835	\$94,222,604
Revenues over Expenditures	\$976,841*	\$446,040*

*Used in Capital Budget

OPERATING BUDGET (SPECIAL REVENUE & OTHER FUNDS)

(Non-CIP Expenditures)

Revenue	Proposed Budget FY 2023/2024	Proposed Budget FY 2024/2025
Special Revenue & Other Funds	\$26,117,828	\$27,639,423
TOTAL REVENUE	\$26,117,828	\$27,639,423
Expenditures	Proposed Budget FY 2023/2024	Proposed Budget FY 2024/2025
Personnel, Capital Outlays, Operating & Maintenance, Debt Service	\$23,908,134	\$24,207,665
TOTAL EXPENDITURE	\$23,908,134	\$24,207,664
Revenues over Expenditures	\$2,209,694	\$3,431,758

TOTAL OPERATING BUDGET:

TOTAL REVENUES	\$117,878,504	\$122,308,067
TOTAL EXPENDITURES	\$114,691,969	\$118,430,268
Revenues over Expenditures	\$3,186,535	\$3,877,799
Use of Fund Balance	\$ -	\$ -

TOTAL CAPITAL BUDGET:
 (CIP)

Revenue	Proposed Budget FY 2023/2024	Proposed Budget FY 2024/2025
General Fund	\$50,000	\$50,000
Quality of Life	\$926,841	\$396,040
Special Revenue & Other Funds	\$10,245,765	\$10,209,248
TOTAL REVENUE	\$11,222,606	\$10,655,288
Expenditures	Proposed Budget FY 2023/2024	Proposed Budget FY 2024/2025
Capital Improvement Program (CIP)	\$21,133,101	\$12,352,212
TOTAL EXPENDITURE	\$21,133,101	\$12,352,212
Revenues over Expenditures	(\$9,910,495)	(\$1,696,924)
Use of Fund Balance		
General Fund	\$1,232,921	\$ -
Quality of Life	\$4,041,624	\$ -
Special Revenue & Other	\$4,635,950	\$1,696,924
	\$9,910,495	\$1,696,924

As proposed, the FY 2023/2024 and FY 2024/2025 are presented as balanced budgets (operating expenditures are less than operating revenues). The General Fund, including Quality of Life, represents 67.56% (FY 2023/2024) and 72.39% (FY 2024/2025) of the Citywide Budget.

The CIP Budget for FY 2023/2024 of \$21,133,101 represents 15.56% of the Citywide Budget, and CIP Budgets, and \$12,352,212, or 9.44% of the FY 2024/2025 Citywide Budget. As indicated previously, funding for the CIP is derived from the General Fund, Quality of Life, and Special Revenue & Other Funds categories.

Special Revenue & Other Funds total \$38,789,849 (FY 2023/2024) and \$36,113,838 (FY 2024/2025) and is made up revenue sources such as Development Impact Fees (DIF), ARP Funds, CSAs, LLMDs, and CFDs. The Special Revenue & Other Funds represent 28.56% (FY 2023/2024) and 27.61% (FY 2024/2025) of the Citywide Budget. For FY 2023/2024, \$14,881,715, 70.42% and for FY 2024/2025, \$11,906,172, 96.39% of the Special Revenue & Other Funds fund the respective year's CIP.

Regarding personnel, the proposed budgets for FY 2023/2024 and FY 2024/2025 incorporate a total of **330.40 FTE** (Full-Time Equivalent) personnel, reflecting a net increase of 9 FTE from the FY 2022/2023 current personnel total. No additional personnel requests are included for the proposed FY 2024/2025 Budget. Additional requested will be revisited and reviewed as part of the Mid-Cycle review in April 2024.

Staffing requests outlined below are focused on support for the Engineering Department (CIP and/or Land Development), cybersecurity, field services (parks/right-of-way maintenance and street maintenance), and public safety. Staffing requests are summarized in the following table:

TABLE 7: FYs 2023/2024 & 2024/2025 PROPOSED NEW PERSONNEL REQUESTS

FY 2023/2024	FY 2024/2025
1 Project Manager (CIP)	No additional personnel requests are included as for the proposed FY 2024/2025 Budget. Additional requested will be revisited and reviewed as part of the Mid-Cycle review in April 2024.
1 Sr. Public Works Inspector	
1 Cybersecurity Manager	
1 Heavy Equipment Operator	
1 Street Maintenance Worker I/II	
1 Sr. Park/Landscape Maintenance Worker	
1 Park/Landscape Maintenance Worker II	
2 FTE (4 Part-Time) Cadets (Menifee PD)	
TOTAL: 9 FTE	

There are also requests for a total of seven (7) existing personnel reclassifications, and 0.6 FTE (non-city personnel) addition as administrative support to the Fire Safety contract with the County of Riverside. Additional information on the various personnel requests are included within the Staffing/Personnel section of the Staff Report.

The following table summarizes the recommended expenditure appropriations by Fund/Function for the General Fund (General Fund and Quality of Life) Budget, Special Revenue & Other Funds, and Agency/Custodial Funds:

TABLE 8: FYs 2023/2024 & 2024/2025 PROPOSED EXPENDITURE APPROPRIATION SUMMARY BY FUND/FUNCTION

General Fund & Quality of Life					
Fund/Function	FY 21/22 Actuals	FY 22/23 Adopted	FY 22/23 Adjusted	FY 23/24 Proposed	FY 24/25 Proposed
GENERAL GOVERNMENT					
City Attorney	\$817,063	\$1,217,783	\$1,279,810	\$1,250,822	\$1,292,969
City Clerk	\$892,209	\$1,293,296	\$1,266,546	\$994,130	\$1,252,129
City Council	\$268,067	\$337,640	\$337,640	\$282,335	\$297,335
City Executive Office	\$1,810,360	\$1,639,105	\$1,674,500	\$1,904,461	\$1,969,640
Communications	-	\$785,450	\$742,450	\$734,045	\$761,355
Economic Development	\$1,442,741	\$1,488,437	\$1,612,160	\$1,786,046	\$1,750,142
Finance	\$2,074,018	\$3,794,247	\$3,476,160	\$3,831,095	\$3,728,955
Human Resources & Risk Management	\$2,877,805	\$3,922,410	\$4,182,697	\$4,136,040	\$4,288,044
Non-Departmental	\$7,078,820	\$2,893,263	\$3,633,013	\$3,040,550	\$3,856,258
	\$17,261,082	\$17,371,631	\$18,204,976	\$17,959,524	\$19,196,827
DEVELOPMENT SERVICES					
CEQA	\$0	\$0	\$0	\$2,000,000	\$2,000,000
Community Development (Planning, Building & Safety)	\$5,693,553	\$9,098,964	\$13,510,813	\$6,607,399	\$6,198,863

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Engineering	\$3,377,356	\$4,662,388	\$4,558,182	\$5,506,722	\$5,557,604
	\$9,070,909	\$13,761,352	\$18,068,995	\$14,114,121	\$13,756,467
PUBLIC SAFETY					
Animal Control ⁽¹⁾	\$730,772	\$692,418	\$692,418	\$705,891	\$720,025
Code Enforcement	\$801,839	\$1,302,772	\$1,304,696	\$1,344,538	\$1,418,088
Fire	\$12,619,002	\$17,929,254	\$18,747,509	\$19,794,693	\$20,794,633
Menifee Police Department	\$22,730,680	\$27,430,879	\$28,812,641	\$29,408,328	\$30,254,998
	\$36,882,293	\$47,355,323	\$49,557,264	\$51,253,450	\$53,187,744
PUBLIC WORKS					
Public Works	\$1,068,302	\$1,279,117	\$1,510,662	\$1,281,139	\$1,356,777
	\$1,068,302	\$1,279,117	\$1,510,662	\$1,281,139	\$1,356,777
COMMUNITY SERVICES					
Community Services	\$3,481,814	\$4,633,035	\$5,520,578	\$4,945,781	\$5,453,324
	\$3,481,814	\$4,633,035	\$5,520,578	\$4,945,781	\$5,453,324
CIP					
CIP (Engineering/ Administration)	\$918,774	\$1,058,815	\$992,537	\$1,229,820	\$1,271,465
CIP Projects	\$2,918,213	\$600,000	\$24,789,636	\$6,251,386	\$446,040
	\$3,836,987	\$1,658,815	\$25,782,173	\$7,481,206	\$1,717,505
TOTAL GENERAL FUND & QUALITY OF LIFE EXPENDITURES	\$71,601,388	\$86,059,273	\$118,644,648	\$97,035,221	\$94,668,644

Special Revenue & Other Funds					
Fund/Function	FY 21/22 Actuals	FY 22/23 Adopted	FY 22/23 Adjusted	FY 23/24 Proposed	FY 24/25 Proposed
SPECIAL REVENUES & OTHER FUNDS					
AQMD	\$171,330	\$160,000	\$160,000	\$45,000	\$0
CDBG Program	\$589,768	\$537,438	\$1,093,276	\$527,847	\$527,847
CFDs (Infrastructure)	\$2,411,897	-	-	-	-
CFDs (Maintenance)	\$1,934,663	\$4,388,147	\$5,133,384	\$5,720,231	\$5,033,598
CFDs (Maint.)(Streetlight Retrofit Debt Service)	\$47,293	\$45,130	\$45,130	\$45,421	\$45,421
CSAs	\$1,031,416	\$1,415,705	\$1,494,355	\$1,354,226	\$2,254,291
CSAs (Streetlight Retrofit Debt Service)	\$577,249	\$554,721	\$554,721	\$558,643	\$558,643
DIF/RBBD/Quimby	\$6,114,483	\$10,085,199	\$38,409,949	\$8,813,707	\$6,071,661
Gas Tax (CIP Program)	\$205,934	-	\$240,000	\$128,190	\$58,000
Gas Tax (Street Maint.)	\$1,581,575	\$2,922,079	\$2,995,331	\$2,975,565	\$3,128,976
Gas Tax (Streetlight Retrofit Project Debt Service)	\$274,728	\$64,046	\$64,046	\$64,578	\$64,578
Grant Fund	\$5,109,724	\$2,010,210	\$9,291,101	\$531,369	-
LLMD 89-1C	\$667,939	\$907,947	\$986,350	\$938,826	\$930,688
LLMD 89-1C (Streetlight Retrofit Debt Service)	\$10,536	\$10,124	\$10,124	\$10,197	\$10,197

Measure A (CIP)	\$347,530	\$1,968,032	\$3,601,438	\$2,536,883	\$2,098,762
Measure A (TRIP Debt Service)	\$1,080,703	\$1,076,754	\$1,076,754	\$1,077,022	\$1,080,487
PEG Fund	\$218,254	\$40,000	\$62,650	\$49,000	-
SB1 Road Maint. Rehab. Program	\$661,431	\$2,915,000	\$4,894,454	\$2,441,404	\$2,774,000
SLESF	\$99,679	\$152,000	\$152,000	\$150,000	\$150,000
TUMF Fund	\$676,902	-	\$20,824,770	-	-
	\$23,813,035	\$29,252,532	\$91,089,833	\$27,968,109	\$24,787,149
CAPITAL PROJECT FUND					
CIP Projects	\$1,270,715	\$2,474,099	\$6,437,143	\$0	\$258,679
	\$1,270,715	\$2,474,099	\$6,437,143	\$0	\$258,679
DEBT SERVICE					
Debt Service	\$8,128,075	\$1,750,825	\$1,750,825	\$1,755,860	\$1,759,325
	\$8,128,075	\$1,750,825	\$1,750,825	\$1,755,860	\$1,759,325
INTERNAL SERVICES FUNDS (ISFs)					
Facilities	\$448,080	\$893,421	\$899,840	\$1,310,756	\$1,207,578
Fleet	\$1,289,850	\$2,732,447	\$3,093,320	\$1,939,872	\$1,993,278
Information Technology	\$3,329,754	\$5,932,274	\$6,760,427	\$5,815,252	\$6,107,828
	\$5,067,683	\$9,558,142	\$10,753,587	\$9,065,880	\$9,308,684
TOTALS:	\$38,279,509	\$43,035,598	\$110,031,388	\$38,789,849	\$36,113,837

CITYWIDE BUDGET	\$109,880,896	\$129,094,871	\$228,676,036	\$135,825,070	\$130,782,481
TOTAL:					

Agency/Custodial Funds					
Fund/Function	FY 21/22 Actuals	FY 22/23 Adopted	FY 22/23 Adjusted	FY 23/24 Proposed	FY 24/25 Proposed
Bonded CFDs	\$57,539	\$234,076	\$347,326	\$1,493,963	\$1,457,860
Trust Fund	-	-	-	-	-
	\$57,539	\$234,076	\$347,326	\$1,493,963	\$1,457,860
FIDUCIARY FUNDS EXPENDITURES	\$57,539	\$234,076	\$347,326	\$1,493,963	\$1,457,860

CITYWIDE APPROPRIATIONS (EXPENDITURES)	\$109,938,435	\$129,328,947	\$229,023,362	\$137,319,033	\$132,240,341
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(1) Annual Debt Service expenses for Animal Shelter JPA is paid through DIF 528 (Animal Shelter)

Total expenditure appropriations across all funds (Citywide Budget and Fiduciary) are recommended at **\$137,319,033** and **\$132,240,341** in total for FYs 2023/2024 & 2024/2025, respectively. This represents for FY 2023/2024 a net increase over the prior fiscal year (adopted) of 6.18% or \$7,990,086 and for FY 2024/2025 a net decrease of 3.70% or \$5,078,692 over the prior year proposed budget. In terms of the overall appropriations, the recommended budget increase results primarily from the following:

- ✓ \$4 million in FY 2023/2024 from prior year adopted and \$1.12 million in FY 2024/2025 from prior year proposed for General Fund mostly due to increase labor costs associated with Union contracts, increased building lease costs, increased insurance premiums (General Liability,

Workers' Compensation, Cyber Liability). FY 2023/2024 and FY 2024/2025 also include \$500k per year for Menifee PD patrol vehicle replacements, based on the prolonged anticipated vehicle order to delivery lead time, and in preparation of replacing vehicles in a phased/staggered approach. Lastly, FY 2023/2024 includes the deliberate use of \$1.2 million excess Fund Balance towards high priority CIP projects.

- ✓ \$6.9 million in FY 2023/2024 from prior year adopted and decrease of \$3.5 million in FY 2024/2025 from prior year proposed for Quality of Life mostly due to the Fire Services contract increase which is estimated to increase in the amount of \$1.8 million and \$932k in the following year. FY 2023/2024 also includes the deliberate use of excess Fund Balance of \$4 million towards high priority CIP projects.
- ✓ \$1.2 million in FY 2023/2024 from prior year adopted and \$36k in FY 2024/2025 from prior year proposed for Additional Agency/Funds (Bonded CFDs) formation and debt issuance activity in the upcoming year(s).

Projected Revenue (Citywide and fiduciary) across all funds is recommended at **\$131,221,308** and **\$135,674,980**, respectively for FY 2023/2024 & FY 2024/2025. This represents for FY 2023/2024 a net increase over the prior fiscal year adopted budget of 6.06% or \$7.4 million and for FY 2024/2025 a net increase 3.39% or \$4.4 million over prior year proposed budget.

In terms of the overall revenue, the revenue increase is mostly attributed to:

- ✓ \$2.7 million in FY 2023/2024 from prior year adopted and \$2.3 million from proposed for General Fund mostly due to overall projected growth for the City's 6 top revenues in the next two years.
- ✓ \$2.9 million for Quality of Life mostly due to continued increased sales tax receipts.
- ✓ \$1.7 million in FY 2023/2024 from prior year adopted and \$1.4 million in FY 2024/2025 from prior year proposed for Special Revenue & Other Funds mostly related to additional CFD annexations levied and maintenance service responsibilities assumed by the City, as well as continued growth in DIF revenues.
- ✓ \$2.5 million in FY 2023/2024 from prior year adopted and \$60k in FY 2024/2025 from prior year proposed for Additional Agency/Funds (Bonded CFDs) formation and debt issuance activity in the upcoming year(s) and corresponding special tax levies.

The City Executive Office is strategically leveraging departmental reserves, net assets, and reserved funding sources to recommend a FY 2023/2024 and FY 2024/2025 balanced budget.

The following table summarizes the recommended budgets by overall fund type:

TABLE 9: SUMMARY OF CITYWIDE BUDGET RECOMMENDED BUDGET BY FUND TYPE FOR FYs 2023/2024 & 2024/2025

Summary of Recommended Revenues by Fund					
Fund Type	FY 22/23 Adopted	FY 22/23 Adjusted	FY 22/23 Projected Year-End	FY 23/24 Proposed	FY 24/25 Proposed
General Fund	\$67,933,273	\$71,717,528	\$71,717,528	\$70,722,556	\$73,083,894
Quality of Life	\$18,126,000	\$20,099,000	\$20,099,000	\$21,038,120	\$21,584,750
General Fund TOTAL:	\$86,059,273	\$91,816,528	\$91,816,528	\$91,760,676	\$94,668,644

Internal Service Funds (ISFs)	\$8,074,333	\$8,086,343	\$8,086,343	\$8,460,614	\$9,308,685
All Other Special Revenue Funds	\$29,068,103	\$63,456,224	\$63,456,224	\$27,902,979	\$28,539,986
All Funds TOTAL:	\$123,201,709	\$163,359,096	\$163,359,096	\$128,124,269	\$132,517,315
Summary of Recommended Expenditure Appropriations by Fund					
Fund Type	FY 22/23 Adopted	FY 22/23 Adjusted	FY 22/23 Projected Year-End	FY 23/24 Proposed	FY 24/25 Proposed
General Fund	\$67,933,273	\$85,537,068	\$85,537,068	\$71,955,477	\$73,083,894
Quality of Life	\$18,126,000	\$33,107,580	\$33,107,580	\$25,079,744	\$21,584,750
General Fund TOTAL:	\$86,059,273	\$118,644,648	\$118,644,648	\$97,035,221	\$94,668,644
Internal Service Funds (ISFs)	\$9,558,142	\$10,753,587	\$10,753,587	\$9,065,880	\$9,308,684
All Other Special Revenue Funds	\$33,477,456	\$99,277,801	\$99,277,801	\$29,723,969	\$26,805,153
All Funds TOTAL:	\$129,094,871	\$228,676,036	\$228,676,036	\$135,825,070	\$130,782,481
Fund Balance +/-	(\$5,893,162)	(\$65,316,940)	(\$65,316,940)	(\$7,700,801)	\$1,734,834

TABLE 10: SUMMARY OF PROPOSED FIDICIARY FOR FYs 2023/2024 & 2024/2025 (TRUST FUND/BONDED CFDs)

Summary of Recommended Revenues by Fund					
Fund Type	FY 22/23 Adopted	FY 22/23 Adjusted	FY 22/23 Projected Year-End	FY 23/24 Proposed	FY 24/25 Proposed
Agency/Custodial Funds:	\$519,668	\$1,315,485	\$1,315,485	\$3,097,039	\$3,157,665
Agency/Custodial TOTAL:	\$519,668	\$1,315,485	\$1,315,485	\$3,097,039	\$3,157,665
Summary of Recommended Expenditure Appropriations by Fund					
Fund Type	FY 22/23 Adopted	FY 22/23 Adjusted	FY 22/23 Projected Year-End	FY 23/24 Proposed	FY 24/25 Proposed
Agency/Custodial Funds:	\$234,076	\$347,326	\$347,326	\$1,493,963	\$1,457,860
Agency/Custodial TOTAL:	\$234,076	\$347,326	\$347,326	\$1,493,963	\$1,457,860
Fund Balance +/-	\$285,592	\$968,159	\$968,159	\$1,603,076	\$1,699,805

TOTAL REVENUE & EXPENDITURE APPROPRIATIONS (CITYWIDE BUDGET & FIDICIARY):

	FY 22/23 Adopted	FY 22/23 Adjusted	FY 22/23 Projected Year-End	FY 23/24 Proposed	FY 24/25 Proposed
Total Revenues:	\$123,721,377	\$164,674,580	\$164,674,580	\$131,221,308	\$135,674,980
Total Expenditures:	\$129,328,947	\$229,023,362	\$229,023,362	\$137,319,033	\$132,240,341
Fund Balance +/-	(\$5,607,570)	(\$64,348,781)	(\$64,348,781)	(\$6,097,725)	\$3,434,639

Note: The Proposed Budget includes the deliberate one-time use of the available excess fund balance, primarily for CIP projects. Use of available excess fund balance does not use any City Reserve Funds.

The following table summarizes the recommended appropriations by category according to Fiscal Year.

TABLE 11: SUMMARY OF CITY-WIDE BUDGET & FIDUCIARY RECOMMENDED BUDGET BY FUND TYPE & EXPENDITURE CATEGORY FOR FYs 2023/2024 & 2024/2025

General Fund				
General Fund Proposed FYs 23/24 & 24/25 Budget				
Category	FY 21/22 Actuals	FY 22/23 Adjusted	FY 23/24 Proposed	FY 24/25 Proposed
Revenue:				
Sales Tax	\$12,077,445	\$12,638,739	\$12,880,452	\$13,469,380
Property Tax	\$17,649,773	\$19,679,390	\$21,480,342	\$22,801,919
Building/Engineering/ Planning/Fire Fees	\$16,376,617	\$11,323,000	\$12,648,213	\$13,280,624
Vehicle License Fee	\$8,496,978	\$9,563,237	\$10,726,533	\$11,141,656
Franchise Fees	\$4,673,457	\$4,520,000	\$4,875,000	\$5,055,000
Other	\$5,745,210	\$13,993,163	\$8,112,016	\$7,335,315
Total Revenue:	\$65,019,480	\$71,717,528	\$70,722,556	\$73,083,894
Expenditures:				
Personnel	\$23,827,196	\$32,091,189	\$33,877,685	\$35,476,787
Operating & Maintenance	\$26,297,853	\$32,758,086	\$26,963,248	\$27,770,848
Capital Outlays & One-Time Studies	\$370,787	\$430,822	\$1,790,000	\$911,000
Transfers & Allocations	\$6,907,697	\$7,793,987	\$8,041,623	\$8,875,259
Capital Projects (CIP)	\$152,900	\$12,462,984	\$1,282,921	\$50,000
Debt Issuance & Debt Service	0	0	0	0
Total Expenditures:	\$57,556,433	\$85,537,068	\$71,955,477	\$73,083,894
Use of Fund Balance	\$7,463,047	(\$13,819,540)	(\$1,232,921)	\$0

Quality of Life (Measure DD)				
Quality of Life (Measure DD) Proposed FYs 23/24 & 24/25 Budget				
Category	FY 21/22 Actuals	FY 22/23 Adjusted	FY 23/24 Proposed	FY 24/25 Proposed
Revenue:				
Sales Tax	\$19,607,014	\$19,974,000	\$20,913,120	\$21,449,750
Interest Revenue	\$40,650	\$125,000	\$125,000	\$135,000
Other	(\$151,505)	0	0	0
Total Revenue:	\$19,496,159	\$20,099,000	\$21,038,120	\$21,584,750
Expenditures:				
Personnel	\$4,579,291	\$6,451,740	\$6,973,011	\$7,138,783
Operating & Maintenance	\$6,464,078	\$12,028,274	\$13,138,268	\$14,049,927
Capital Outlays & One-Time Studies	\$236,273	\$2,300,914	0	0
Transfers & Allocations	0	0	0	0
Capital Projects (CIP)	\$2,765,313	\$12,326,651	\$4,968,465	\$396,040
Debt Issuance & Debt Service	0	0	0	0
Total Expenditures:	\$14,044,955	\$33,107,580	\$25,079,744	\$21,584,750
Use of Fund Balance	\$5,451,204	(\$13,008,580)	(\$4,041,624)	\$0

GENERAL FUND & QUALITY OF LIFE TOTALS

	FY 21/22 Actuals	FY 22/23 Adjusted	FY 23/24 Proposed	FY 24/25 Proposed
Revenues	\$84,515,638	\$91,816,528	\$91,760,676	\$94,668,644
Expenditures	\$71,601,388	\$118,644,648	\$97,035,221	\$94,668,644
Use of Fund Balance	\$12,914,251	(\$26,828,119)	(\$5,274,545)	\$0

Gas Tax & Special Tax Revenue Funds				
Gas Tax & Special Tax Revenue Funds Proposed FYs 23/24 & 24/25 Budget				
Category	FY 21/22 Actuals	FY 22/23 Adjusted	FY 23/24 Proposed	FY 24/25 Proposed
Revenue:				
Internal Service Funds (ISF)	\$7,008,108	\$8,086,343	\$8,460,614	\$9,308,685
Gas Tax & Other Special Revenue Funds	\$14,315,416	\$40,037,702	\$10,174,543	\$10,078,440
LLMD Funds	\$828,459	\$936,548	\$880,007	\$886,189
CFD Funds (Maintenance)	\$3,543,847	\$5,042,222	\$5,814,215	\$5,945,332
CFD Funds (Infrastructure)	\$14,115,209	\$140,442	0	0
CSA Funds	\$2,061,942	\$1,900,433	\$1,908,731	\$1,909,576
DIF/Quimby/RBBD Funds	\$8,494,707	\$9,409,018	\$7,369,623	\$7,702,445
Capital Project Fund	(\$14,472)	\$4,234,506	0	\$258,679
Debt Service Fund (Transfer In)	\$8,135,339	\$1,755,325	\$1,755,860	\$1,759,325
Total Revenue:	\$58,488,556	\$71,542,540	\$36,363,593	\$37,848,671

Expenditures:				
Personnel	\$3,351,975	\$5,094,348	\$6,211,904	\$6,362,543
Operating & Maintenance	\$8,748,163	\$14,721,803	\$12,486,031	\$12,984,631
Capital Outlays & One-Time Studies	\$1,284,836	\$4,133,971	\$930,602	\$562,948
Transfers & Allocations	\$6,220,917	\$5,975,303	\$2,613,737	\$2,628,218
Capital Projects (CIP)	\$10,180,250	\$78,440,371	\$14,881,715	\$11,906,172
Debt Issuance & Debt Service	\$8,493,367	\$1,665,592	\$1,665,860	\$1,669,325
Total Expenditures:	\$38,279,509	\$110,031,388	\$38,789,849	\$36,113,837
Use of Fund Balance	\$20,209,047	(\$38,488,848)	(\$2,426,256)	\$1,734,834

TOTAL CITYWIDE BUDGET

	FY 21/22 Actuals	FY 22/23 Adjusted	FY 23/24 Proposed	FY 24/25 Proposed
Revenues:	\$143,004,194	\$163,359,069	\$128,124,269	\$132,517,315
Expenditures:	\$109,880,896	\$228,676,036	\$135,825,070	\$130,782,481
Use of Fund Balance	\$33,123,298	(\$65,316,967)	(\$7,700,801)	\$1,734,834

Agency/Custodial Funds (Trust Fund/Bonded CFDs)				
Agency/Custodial Funds Proposed FYs 23/24 & 24/25 Budget				
Category	FY 21/22 Actuals	FY 22/23 Adjusted	FY 23/24 Proposed	FY 24/25 Proposed
Revenue:				
Special Assessment	\$0	\$546,778	\$3,097,039	\$3,157,665
Interest Revenue	\$23,538	\$38,710	0	0
Other	\$1,518,811	\$729,997	0	0
Total Revenue:	\$1,542,349	\$1,315,485	\$3,097,039	\$3,157,665
Expenditures:				
Personnel	\$0	\$0	\$0	\$0
Operating & Maintenance	\$5,520	\$56,000	\$81,623	\$87,735
Capital Outlays & One-Time Studies	0	0	0	0
Transfers & Allocations	0	\$178,076	\$113,163	\$113,163
Capital Projects (CIP)	0	0	0	0
Debt Issuance & Debt Service	\$52,019	\$113,250	\$1,299,177	\$1,256,962
Total Expenditures:	\$57,539	\$347,326	\$1,493,963	\$1,457,860
Use of Fund Balance	\$1,484,810	\$968,159	\$1,603,076	\$1,699,805

TOTAL CITYWIDE & FIDICUARY REVENUES & EXPENDITURES

	FY 21/22 Actuals	FY 22/23 Adjusted	FY 23/24 Proposed	FY 24/25 Proposed
Total Revenues:	\$144,546,543	\$164,674,553	\$131,221,308	\$135,674,980
Total Expenditures:	\$109,938,435	\$229,023,362	\$137,319,033	\$132,240,341
Use of Fund Balance	\$34,608,107	(\$64,348,808)	(\$6,097,725)	\$3,434,639

Strategic Plan Alignment and Implementation:

In the development of the recommended budgets for FY 2023/2024 and FY 2024/2025, staff has integrated City Council’s new adopted Strategic Plan (2023 - 2028) goals and has addressed them in the following ways:



Connectivity and
Mobility



Unique Identity



Engagement and
Social Infrastructure



Thriving
Economy



Safety
and Vibrant
Community

- ✓ Continued investment in the City infrastructure needs, with a robust CIP proposed for the next two (2) years, and additional staffing to support program delivery.
- ✓ Expanded communication efforts concentrated on meeting the needs of the diverse Menifee community.
- ✓ Strategic Plan specific action items have been incorporated as part of the FY 2023/2024 and FY 2024/2025 Budgets.

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

The proposed FYs 2023/2024 and 2024/2025 Budget reflects a cautiously optimistic fiscal outlook, with steadily increasing revenues against the backdrop of an overall uncertain national and local economy. At a more localized level, the City of Menifee continues to see steady growth. During FY 2022/2023 five of the six top City’s main revenues (Sales Tax, Quality of Life, Property Tax, Franchise Fees) experienced some growth, however, at a slower pace than the prior two fiscal years. However, development related fees did see a significant decrease in the first half of FY 2022/2023, particularly compared to the last two fiscal years where the City had experienced record revenue receipts in this category. During the FY 2022/2023 Mid-Year Review process, development revenue was adjusted down by 20% from the originally adopted amounts, based on year-to-date actuals and projected revenues for the balance of the fiscal year. Since the Mid-Year review in March, development revenue has seen some recovery. Entering into the next fiscal year, projections reflect modest growth from the revised FY 2022/2023 adjusted budget. The following fiscal year (FY 2024/2025) also reflects growth, but at a slower rate than the last two fiscal years.

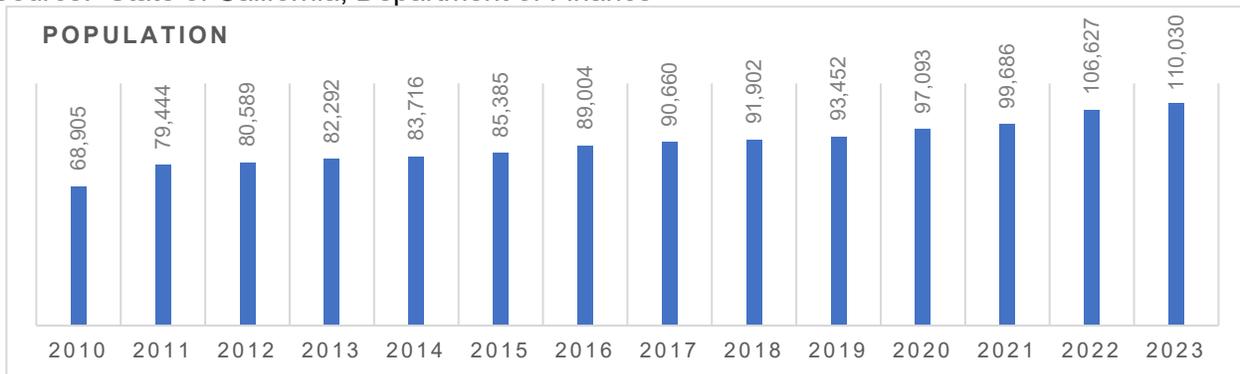
The U.S. and California economies have seen continued deceleration of inflation and steady through slowing job growth within a tight labor market. U.S. Gross Domestic Product (GDP) grew by 1.1% in the first quarter of 2023, buoyed by strong consumption as American consumers have remained resilient. However, between March and December 2022, the Federal Reserve raised rates 7x and indicated its intent to maintain high target rates until historically high inflation is slowed down to around 2%. This in turn has started to impact key sectors of the economy, including housing and consumer spending. National indicators, such as the U.S. Conference Board Leading Economic Index (LEI), which incorporates data on items like, average weekly hours in

manufacturing, initial unemployment claims, manufacturer new orders, building permits for new private housing, and others, continue to show month over month declines (LEI in April 2023 had a decline of 0.6, following a decline of 1.2 in March), pointing to a worsening economic outlook. Other indicators, such as the Coincident Economic Index (CEI), which include things like payroll employment, personal income less transfer payments, and manufacturing trade and sales, still show positive increases. In particular, the labor market and income growth remain positive. High interest rates and concerns over the financial and technology sectors are expected to impact interest-sensitive spending. Most economists expect, on the optimistic side, slower growth compared to prior years and in some forecasts a mild, short-lived recession.

Relative to the City of Menifee, development activity as discussed in the first section did reflect a notable decrease in the first half of the current fiscal year. The combination of inflation on items such as construction material and increasing interest rates impacted building activity. Even with slower development, the City of Menifee continues to see activity growth in residential, commercial, and industrial areas in the current months and entering into FY 2023/2024 and FY 2024/2025.

Per the State of California’s Department of Finance 2023 population numbers, the City’s population now stands at 110,034, reflecting a growing community, with anticipated continued growth.

Source: State of California, Department of Finance



General Fund & Quality of Life Funds Recommended Budget Summary

Revenue Analysis & Recommendation

The FY 2023/2024 proposed General fund revenue is \$70,722,556 and the Quality of Life totals \$21,038,120, for a combined total of **\$91,760,676**. The FY 2024/2025 proposed General fund revenue is \$73,083,894 and the Quality of Life totals \$21,584,750, for a combined total of **\$94,668,644**.

Based on the revenue analysis discussed in the preceding section relative to the City’s top six revenue sources in the upcoming fiscal years, Staff is recommending the following revenues for the General Fund and Quality of Life Funds as reflected in Table 12.

TABLE 12: TOP 6 CITY REVENUES

Revenue Description		FY 23/24	FY 24/25	Review/Analysis & Recommendations
1.	Sales Tax	\$12,880,452	\$13,469,380	Expecting 3.61% and 3.35% increases in sales tax revenue over the next two years.
2.	Quality of Life (Measure DD) *includes interest	\$21,038,120	\$21,584,750	Expecting 4.67% and 2.60% increases in sales tax revenue over the next two years.
3.	Property Tax	\$21,480,342	\$22,801,919	Expecting 9.15% and 6.15% appreciation in taxable value in the next two budget years.
4.	Building/Planning/Engineering/Fire Fees (Development Fees)	\$12,648,213	\$13,280,624	Activity has notably decreased in FY 2022/23 across development activities (Building & Safety, Planning, Engineering and Fire). However, revenues have shown slight increases in the second half of FY2022/23 and are projected to increase by 11.70% (from adjusted budget) and 5.00% in FY24/25 over based on upcoming residential, commercial, and industrial projects underway.
5.	Vehicle License Fee (VLF)	\$10,726,533	\$11,141,656	Expecting 12.67% and 3.87% increases in VLF revenue over the next two years.
6.	Franchise Fees	\$4,875,000	\$5,055,000	Projected increases of 7.85% and 3.69% have been incorporated for Franchise Fees: Solid Waste, Gas & Electric and Cable TV.

The City's top six (6) budgeted revenue sources for the General Fund, inclusive of Quality of Life (Measure DD) are listed in the table below. Together, these six (6) revenue sources represent 95.18% and 92.25% respectively of the total General Fund and Quality of Life revenues as proposed for FYs 2023/2024 and 2024/25 budgets. Interest from the City's Investments Portfolio is also discussed below.

Both **Sales Tax and Property Tax** revenue receipts have seen steady increases throughout the course of FY 2022/2023. Both are projected to experience increases in the upcoming budget years due to expected population growth and additional commercial/industrial developments coming online. However, the impacts of prolonged inflation, global supply chain instability and federal reserve interest rate hikes, higher prices are incorporated amid a slower growth environment into FY 2023/2024 and FY 2024/2025 (HDL projections - Sales and Property Tax Consultant).

The **Quality of Life** (Measure DD) revenue continues to provide integral funding to the City serving as a key funding source for public safety and infrastructure services and projects. Forecast revenues reflect estimates based on year-to-date actual trends, with slower growth, to account for the impact of the overall national economy and inflationary situation (HDL projections - Sales and Property Tax Consultant).

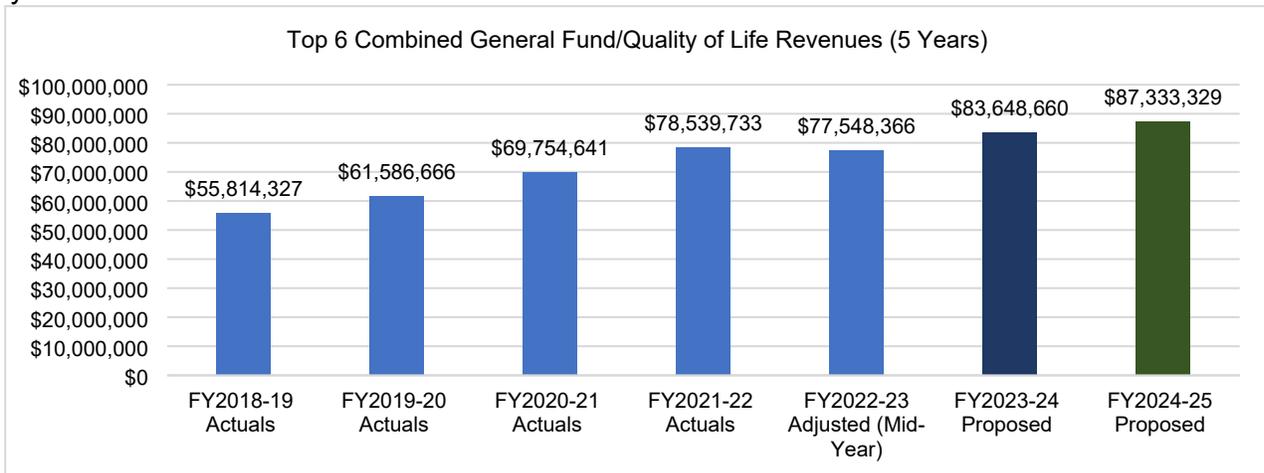
Development/Permitting Fees are proposed as an overall decrease from the FY 2022/2023 adopted budget, of 8.94% or \$1.2 million decrease, and 11.70%, \$1.3 million increase from the FY 2022/2023 Mid-Year adjusted Budget. For FY 2024/2025, revenue is projected to increase by 5%, \$632k from the proposed FY 2023/2024 amount. Revenue projections continued to be conservative to allow for any development slowdown caused by inflation, rate increases, and price

increases to building. Effective January 1, 2023, the City implemented an updated Citywide fee schedule, impacting all fees, including development/permitting fees. The newly adopted Fee Schedule captures current costs for City services. FY 2023/2024 and FY 2024/2025 development/permitting revenue would reflect revenue based on the new fee schedule. Various commercial projects are anticipated to be constructed during FY 2023/2024, as well as several industrial projects, currently under environmental review, that are expected to move through the entitlement process in the 3rd and 4th quarter of FY 2022/2023. While the City’s development activity continues to be busy through May, as FY 2023/2024 commences, staff will review any significant changes in development revenue and provide adjustment recommendations during the Mid-Year Budget review process.

Franchise Fees, including electric, solid waste, and natural gas are forecast to increase by 10.16% or \$450,000 for the FY 2022/2023 adopted budget based on year-to-date actual trends. Solid Waste and electric franchise revenues, in particular, have experienced steady growth during the current year. Cable TV franchise revenue is projected to decrease based on historical trends as well as overall national trends of Cable TV customers transitioning to streaming services.

Vehicle License Fees are expected to increase slightly as well going into the upcoming fiscal year.

The follow table provides the City’s Top 6 Revenue Sources Year over Year for the last five fiscal years:



Interest Income from the City’s Investment Portfolio continues to deliver strong results even though the fair market value of the underlying investments has dipped along with the broader market. Interest income, Citywide across all funds, is projected to total \$1.6 million through June 30, 2023, 88.59% or \$751,585 over prior year actuals. Specific to the General Fund and Quality of Life funds, interest income is projected to total an estimated \$815,000, 78.28% or \$446,029 over prior year actuals. The City of Menifee’s portfolio is experiencing a higher rate of return in the latter part of FY 2022/2023 due to securing recent investments at higher rates of return related to US Treasuries and LAIF. Projected interest for FY 2023/2024 and FY 2024/2025 factor in continued increased earnings based on current trends and projections.

Expenditure Analysis & Recommendations

The proposed FY 2023/2024 General Fund Budget (General Fund & Quality of Life) budget of **\$97,035,221** reflects \$88,993,836 of recurring revenue and expenditures, and \$8,041,386 of one-time capital outlays, studies, and projects.

The proposed FY 2024/2025 General Fund Budget (General Fund & Quality of Life) budget of **\$94,664,644** reflects \$93,311,604 of recurring revenue and expenditures, and \$1,357,040 of one-time capital outlays, studies, and projects.

In development of the expenditure side of the budget plan, the City incorporates analysis of the following areas:

- **Personnel Costs:** Calculated based on existing workforce, and labor negotiation commitments such as annual cost of living adjustments, etc. The FY 2023/2024 and FY 2024/2025 proposed budgets reflect existing Cost of Living Adjustment (COLA) adjustments effective July 1, 2023, with the various represented groups, and anticipated annual merit increases. COLA and additional benefit changes for FY 2024/2025 will be negotiated during FY 2023/2024. In the development of the Budget, the Finance Department incorporated initial estimates. However, final updates will be reflected as part of the Mid-Cycle review process in the spring 2024.
- **Operations & Maintenance costs:** On-going commitments, such as leases, contract services (fire and dispatch)
- **Capital Outlays & One Time Studies**

The total proposed FY 2023/2024 General Fund and Quality of Life (Measure DD) Budget expenditures is **\$97,035,221** and the total FY 2024/2025 General Fund and Quality of Life (Measure DD) Budget expenditures is **\$94,668,644**, consisting of the following two (2) main components.

- **Operating Budget (General Fund/Measure DD), Proposed FY 2023/2024: \$90,785,835, FY 2024/2025: \$94,222,604**
 - o Operations & Maintenance Costs
 - o Personnel Costs
 - o Contract Services
 - o Capital Outlays & One-Time Studies

FY 2023/2024 includes a one-time revenue transfer from the Commerce Point Developer Agreement payment which will be used for the EDC-SG Specific Plan. As previously discussed, FY 2023/2024 and FY 2024/2025 also include \$500k per year for Menifee PD patrol vehicle replacements, based on the prolonged anticipated vehicle order to delivery lead time, and in preparation of replacing vehicles in a phased/staggered approach.

- **Capital Budget (General Fund/Measure DD), Proposed FY 2023/2024: \$6,251,386, FY 2024/2025: \$446,040**
 - o Infrastructure Projects

Deliberate use of excess fund balance in both General Fund and Quality of Life fund balance in FY 2023/2024 in the amount of \$5,274,545 towards high priority CIP projects is included as part of the recommended budget.

Recommended budget requests are reflective of critical positions and needs for ongoing operations.

Staffing/Personnel Recommendations

As part of the annual budget process, the City of Menifee reviewed its organizational structure and operations and identified personnel needs required for the next two fiscal years.

TABLE 13: RECOMMENDED PERSONNEL REQUESTS (FY 2023/2024 & FY 2024/2025)

No.	Department	Position Title	FTE	Salary & Benefits	2023/24 Personnel Costs	Justification
1	Engineering (CIP)	Project Manager <i>Funding Source: General Fund</i>	1	\$172,975	\$186,025	Operational Need – Augment/support City's multi-year CIP Program. Full Year Cost FY2023/24: \$186,025.
2	Engineering (Construction Inspection)	Senior Public Works Inspector * <i>Funding Source: General Fund</i>	1	\$159,677	\$222,727	Operational Need – Augment/support City's multi-year CIP Program and Land Development operations. Full Year Cost FY2023/24: \$222,727.
3	Information Technology (IT)	Cybersecurity Manager <i>Funding Source: General Fund</i>	1	\$208,764	\$223,185	Operational Need – Augment and provide dedicated position to proactive cybersecurity efforts. Full Year Cost FY2023/24: \$223,183.
4	Menifee PD	Cadets (4)(Part-Time) = 2 FTE <i>Funding Source: General Fund</i>	2	\$89,565	\$94,565	Provides support to Menifee PD operations with dedicated/paid cadet program. Full Year Cost FY2023/24: \$94,565.
5	Engineering - Public Works	Heavy Equipment Operator <i>Funding Source: Gas Tax</i>	1	\$114,208	\$122,417	Operational Need – Augment/support Streets Maintenance/Public Works field operations. Full Year Cost FY2023/24: \$122,417.
6	Engineering - Public Works	Street Maintenance Worker I/II <i>Funding Source: Gas Tax</i>	1	\$106,330	\$110,760	Operational Need – Augment/support Streets Maintenance/Public Works field operations. Full Year Cost FY2023/24: \$110,760.
7	Community Services - Parks	Senior Park/Landscape Maintenance Worker <i>Funding Source: Special Districts</i>	1	\$113,448	\$126,607	Operational Need – Augment/support Parks/Landscape Maintenance field operations. Full Year Cost FY2023/24: \$126,607.

No.	Department	Position Title	FTE	Salary & Benefits	2023/24 Personnel Costs	Justification
8	Community Services - Parks	Park/Landscape Maintenance Worker II** <i>Funding Source: Special Districts</i>	1	\$53,317	\$66,197	Operational Need – Augment/support Parks/Landscape Maintenance field operations. Full Year Cost: \$106,634 (position requested for ½ year to begin January 2024).
TOTAL			9	\$1,018,284	\$1,152,483	

* Includes 1x capital outlay cost of \$50k for vehicle purchase.

** Requested for ½ year, beginning January 2023. Costs reflect half of a year.

Lastly, several departments have submitted personnel reclassification requests as part of the budget process. The proposed FY 2023/2024 and FY 2024/2025 budgets include the fiscal impact of the requested reclassifications, estimated as a net (\$2,432) decrease, as one position will be reclassified to a lower grade. However, approval of the reclassifications will be contingent on further review/evaluation by the City Executive Office and Human Resources Department.

No additional personnel requests are included for the proposed FY 2024/2025 Budget. Additional requested will be revisited and reviewed as part of the Mid-Cycle review in April 2024.

Special Revenue & Other Funds

The City uses Special Revenue Funds & Other Funds to account for restricted revenues received by the City and its component units. Restricted revenues cannot be deposited into the General Fund and must be accounted for separately. Some of these revenues fund ongoing operations, and some of these revenues fund the CIP, or both. For example, Gas Tax funds a portion of routine rights-of-way maintenance such as street maintenance, street sweeping, traffic signal maintenance, but can also be used to fund street improvements capital projects. Additionally, the City has a number of special districts, Lighting and Landscape Maintenance Districts (LLMDs), County Service Areas (CSAs) and Community Facilities Districts (CFDs), which fund maintenance and operations of parks, open space, roads, street lighting, street sweeping of specific services and capital improvements included within the specific special district.

As part of the Citywide budget development process, respective expenditures and revenues are developed for each Special Revenue & Other Funds. Some of the main Special Revenue & Other Funds include, but are not limited to:

1. **Internal Services Funds (ISFs):** Information Technology, Fleet, and Facilities.
2. **Special Districts:** LLMDs, CSAs, CFDs
3. **DIF/RBBD/Quimby:** Appropriations directed towards the CIP Program.

Of note specific to the Special Revenue & Other Funds are the following appropriations:

- DIF 528 (Animal Shelter) includes appropriations of \$195,172 for FY 2023/2024 and for FY 2024/2025 \$204,930 to pay towards the Animal Shelter debt service to which the City participates for animal sheltering services, as part of a Joint Powers Authority (JPA).
- Appropriations of \$50,000 per year are included within DIF 17 Library to pay for annual library fees due to the County of Riverside

- Appropriations for a new Street Sweeping Vehicle estimated at \$500k are appropriated across DIF 524, Gas Tax, and various CFDs.

Total Special Revenue & Other Funds are summarized in Table 14. For Revenue/Expenditure Summary Category please see Table 11.

TABLE 14: TOTALS SUMMARY FYs 2023/2024 & 2024/2025 SPECIAL REVENUE & OTHER FUNDS BUDGETS

Description	FY 23/24	FY 24/25
Total Revenues	\$36,363,593	\$37,848,671
Total Expenditures	38,789,849	\$36,113,837
Fund Balance +/-	(\$2,426,256)	\$1,734,834

Proposed CIP

The proposed FY 2023/2024 includes 32 projects with a proposed budget of \$21,133,101 and 21 projects with a proposed budget of \$12,352,212 for FY 2024/2025. The proposed projects address high priority infrastructure needs of the community. The following tables summarize the proposed FY 2023/2024 and FY 2024/2025 CIP and FY 2023-2028 CIP by Project Category:

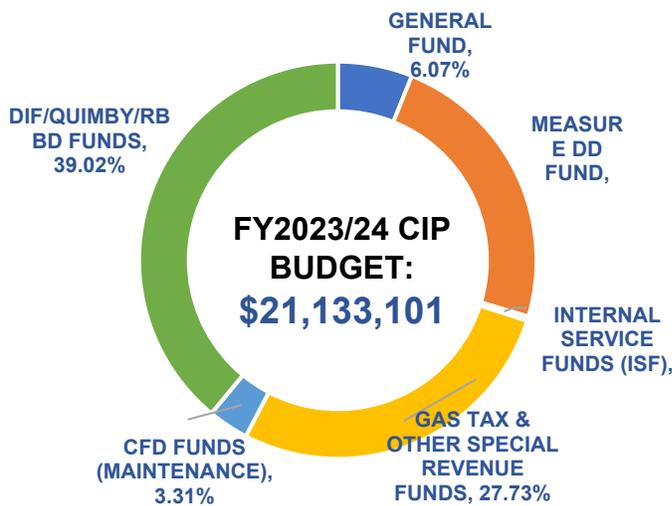
TABLE 15: PROPOSED FYs 2023/2024 & 2024/25 CIP BUDGET

PROJECT CATEGORY	FY 23/24		FY 24/25	
	# OF PROJECTS	REQUESTED AMOUNT (\$)	# OF PROJECTS	REQUESTED AMOUNT (\$)
Transportation	7	\$8,251,470	3	\$2,859,237
Traffic Signals	2	\$733,300	2	\$1,378,094
Street Improvements	5	\$2,342,331	3	\$1,692,000
Pavement Management (PMP)	4	\$4,730,000	4	\$4,132,000
Drainage	0	-	3	\$749,000
Streetlights	0	-	0	-
Public Facilities	4	\$2,176,000	1	\$108,548
Parks, Trails, and Recreation	9	\$2,625,000	3	\$1,200,000
Technology Infrastructure	1	\$275,000	2	\$233,333
TOTAL	32	\$21,133,101	21	\$12,352,212

The proposed FY 2023/2024 and FY 2024/2025 were developed within the context of a 2023-2028 CIP Plan. The following table provides the current CIP Budget.

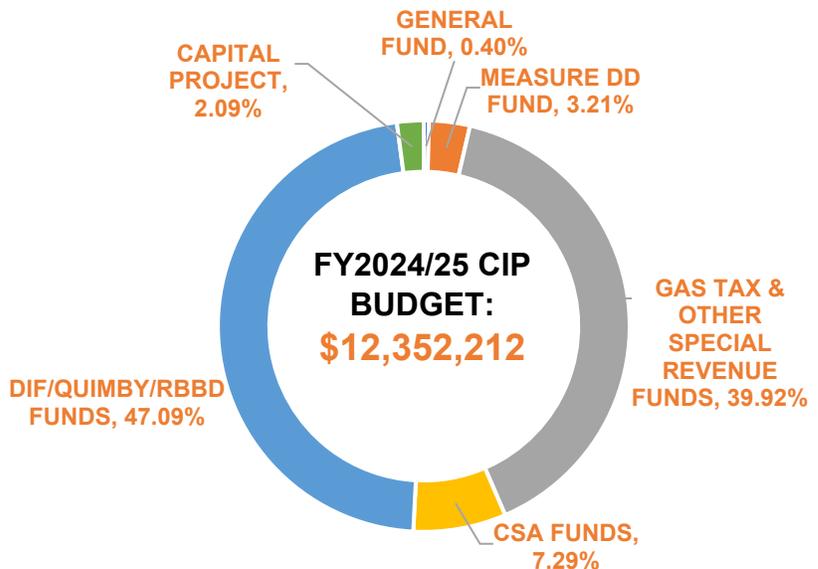
TABLE 16: CIP 5 YEAR SUMMARY BY PROJECT CATEGORY

PROJECT CATEGORY	FY 2023-2028	
	# of Projects	Estimated Cost
Transportation	35	\$402,826,737
Traffic Signals	25	20,433,494
Street Improvements	30	32,634,238
Pavement Management (PMP)	33	33,787,614
Drainage	10	20,140,000
Streetlights	4	2,600,000
Public Facilities	22	175,737,319
Parks, Trails, and Recreation	29	46,152,063
Technology Infrastructure	3	1,933,333
TOTALS	191	\$736,244,798



General Fund: \$1,282,921
Quality of Life: \$4,968,465
Internal Service Funds: \$75,000
Gas Tax & Other Special Revenue Funds: \$5,860,947
CFD Funds (Maintenance): \$700,000
DIF/QUIMBY/RBBD: \$8,245,768
TOTAL: \$21,133,101

General Fund: \$50,000
Quality of Life: \$396,040
CSA Funds: \$900,000
Gas Tax & Other Special Revenue Funds: \$4,930,762
Capital Project: \$258,679
DIF/QUIMBY/RBBD: \$5,816,731
TOTAL: \$12,352,212



American Rescue Plan (ARP) Funds

On March 11, 2021, Congress and the executive branch, passed the \$1.9 trillion ARP economic stimulus plan intended to address the on-going impacts of the unprecedented COVID-19 pandemic. All local governments, including the City of Menifee received direct funding to help bridge budget shortfalls and mitigate the impacts of COVID-19. The ARP provides that the funds can be used for COVID-19 related expenses incurred between March 3, 2021, and December 31, 2024.

The City of Menifee has received just over \$13 million in direct federal assistance as part of the ARP Program. As of February 1, 2023, the remaining available balance of ARP funds is \$2,531,369. As the City navigates the impacts of Covid-19, short and long-term, the City’s plan and strategy for the use of these funds is a phased-in approach/plan and to maximize the use of the funding that truly meets the needs of the community. Cognizant of the requirements to expend all funding by December 2024, the City’s approach will be to expend the remaining funds in this budget cycle.

Table 17 provides a historical summary of all ARP approved expenditures to date.

TABLE 17: ARP SUMMARY OF APPROVED EXPENDITURES THROUGH FY 2022/2023 MID-YEAR

CATEGORY	PROJECT DESCRIPTION	AMOUNT (\$)
Support Public Health Response	Menifee PD: Micro-Robots	\$9,999
Replace Public Sector Revenue Loss (Government Services)	FY 21/22 Salaries (Personnel Costs)	\$3,616,644
Replace Public Sector Revenue Loss (Government Services)	Human Resources: Neo-Gov Training Module	\$61,513
Replace Public Sector Revenue Loss (Government Services)	Information Technology: Smart Cities & Broadband Master Plan	\$162,050
Support Public Health Response	Mass Notification System - Would provide a dedicated system/solution to communicate with public regarding public health (Covid-19) updates and other emergency alerts	\$120,000
Water & Sewer Infrastructure	Holland Road Sewer & Recycled Water Improvements - Adding recycled water/sewer components for existing properties.	\$500,000
Replace Public Sector Revenue Loss (Government Services)	M.E.N.U Grant Program - Provides direct economic support to start-up businesses	\$500,000
Support Public Health Response	City Hall/PD HQ Enhanced Cleaning Services, PPE, Masks, Covid-19 Testing etc.	\$157,459
Replace Public Sector Revenue Loss (Government Services)	FY 21/22 Salaries (Personnel Costs) & Home Repair Program (\$500k)	\$2,010,210
Replace Public Sector Revenue Loss (Government Services)	Fire Station #68 Tenant Improvements Project	\$329,429
Replace Public Sector Revenue Loss (Government Services)	New Fire Station #5 Construction	\$1,000,000
Replace Public Sector Revenue Loss (Government Services)	Purchase of Sun City Property - Provides an opportunity to use funding as one-time use to help address/alleviate spacing needs.	\$2,215,000
TOTAL		\$10,682,304

As part of the FY 2023/2024 Budget, staff is recommending using ARP funds for the following high priorities:

TABLE 18: ARP FUNDING RECOMMENDATIONS SUMMARY FOR FY 2023/2024

CATEGORY	PROJECT DESCRIPTION	AMOUNT (\$)
Replace Public Sector Revenue Loss (Government Services)	CIP Program: Paloma Wash Pedestrian Bridge Project	\$531,369
TOTAL		\$531,369

No ARP funding recommendations are included for FY 2024/2025 at this time as part of the proposed budget(s). If approved, the remaining balance of ARP funds will be an estimated \$2 million.

Fiscal Policy and Long-Term Financial Planning:

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

- **Structurally Balanced Budget / Strategic Plan:** The City aims to develop a structurally balanced budget where recurring revenues match recurring expenditures. The City also develops an overall budget that reflects and aligns with the current Strategic Plan, objectives, goals and priorities, provides conservative estimates of revenue and expenditures, and provides actual revenue/expenditure history to assist with future forecasts and projections anchored to a 5-year financial forecast. A budget forecast is essentially a financial plan projecting revenue and expenditures for a defined period of time.
- **10-year Financial Forecast:** The City has recently expanded efforts in using analytics to take a long-view through the lens of a rolling 10-year financial forecast model. Taking the longer view will help the City better respond to an unforeseen financial crisis, bring financial perspective to planning, stimulate long-term thinking, address a particular issue or proposal, and heighten financial discipline and sustainability.
- **Cash & Treasury:** The City has a well-defined Investment Policy which aligns with Government Code Sections 53600 et. seq. The criteria for selecting investments and portfolio mix/balance are dictated by the Government Code. The order of priority is safety, liquidity and yield.
- **Reserve/Fund Balance Policy:** In September 2021, the City Council adopted an updated Reserve Fund Balance Policy to set aside funds for future emergencies. This Policy establishes a minimum 12.5% Fund balance reserve for natural disasters and catastrophic events; a 12.5% reserve for economic slowdown due to the onset of a recession or other economic crisis; and a 10% reserve to offset the timing of grant reimbursements and the

collections of property taxes. Pursuant to the adopted Policy, the City plans to review the Policy every three (3) years and will review the option of increasing the Reserve Fund percentage to 40% in FY 2024/2025 during the Mid-Cycle analysis and review process. The 35% reserve requirements for FYs 2023/2024 and 2024/25, would be as follows:

TABLE 19: FY 2023/2024 AND FY 2024/2025 RESERVE REQUIREMENT SUMMARY

FY2023/24	FY2024/25
Operating Stabilization Reserve (12.5%) = \$11,257,355	Operating Stabilization Reserve (12.5%) = \$11,687,701
Economic Uncertainty Reserve (12.5%) = \$11,257,355	Operating Stabilization Reserve (12.5%) = \$11,687,701
Unassigned Fund Balance (10%) = \$9,005,884	Unassigned Fund Balance (10%) = \$9,350,160
Total: \$31,520,594	Total: \$32,725,562

*Calculated based on Operating Expenditures.

Staff have reviewed and confirmed that the existing fund balance will accommodate the corresponding reserve fund requirement increases needed based on the proposed budgets.

- **Unfunded Pension Liability:** The City proactively pays off any annual unfunded pension liability adjustments and currently does not have any outstanding unfunded pension liability balance.
- **Infrastructure Needs:** With an adopted five (5) year CIP Plan which identifies over 191 projects, estimated at nearly \$736 million, the City continues to strategize on funding the wide range of infrastructure needs, year by year.
- **Capital Asset Financing:** The City enters into long-term financing arrangements only in the case where funding may be necessary to purchase or lease a long-term strategic asset.

Agency/Custodial Funds (Fiduciary)

Included as part of the proposed overall revenue and expenditure appropriations are applicable agency/custodial funds, which represent Fiduciary appropriations. Specific to the proposed FY 2023/2024 and FY 2024/2025 Fiduciary appropriations are the revenues and expenditures for various bonded CFDs (Facilities). Revenues represent the annual special tax levies collected to pay all related expenditures for the CFDs, including administration costs, annual enrollment costs, and annual debt service payments. Summary information on the Fiduciary appropriation can be found in Tables 8, 10, and 11 of the previous sections.

Gann Initiative Appropriation Limit:

The City is required by state law to establish an appropriation limit each fiscal year. The appropriations limitation imposed by the state, otherwise known as the Gann Limit, creates a restriction on the amount of revenue that can be appropriated. Only those revenues received from proceeds of taxes are subject to this limit. Assessment on real property or persons, such as LLMDs, CFDs assessments etc., for special benefit conferred are not considered “proceeds of taxes” for purposes of the Gann Limit calculation. This means that only certain revenues from funds such as the General Fund, Quality of Life Measure, etc. are subject to the appropriation

limit. Certain items, such as certain types of debt service costs, and qualified outlays are excluded from the Appropriations Subject to Limitation.

Utilizing the most current price factor and population data provided by the State of California, the City’s FY 2023/2024 appropriation limit is estimated to be **\$61,365,981** (Attachment 3). The actual amount of appropriations contained in the Budget that is subject to the limit is **\$60,505,339**. The difference between the City’s appropriation limit and the amount proposed to be appropriated that is subject to the limit is **\$860,642**. As a result, the City, in accordance with State law, is below its appropriation limit.

Pursuant to state law the following actions must be completed with respect to the Gann Limit:

TABLE 20: GANN LIMIT ADOPTION PROCEDURES & ANNUAL REVIEW

Category	Description	Status
Adoption Procedures	1. 15 days prior to establishing the Appropriations Limit, make available to public, documentation used in the determination of the Appropriation Limit.	Completed. Appropriations Limit for FY 23/24 made available May 23, 2023. FY 24/25 will be added as part of Mid-Cycle review in April 2024.
	2. By resolution of the governing board at a regularly scheduled meeting, establish its Appropriations Limit	Included as part of recommended actions to Budget Adoption (FY 23/24). FY 24/25 will be added as part of Mid-Cycle review in April 2024.
	3. Publish the Appropriations Limit and the Appropriations Subject to Limitation in the annual budget of the government entity.	Included as part of FY 23/24 & FY 24/25 Proposed Budget (staff report & budget book) FY 24/25 will be added as part of Mid-Cycle review in April 2024.
Annual Review	4. Provide the Appropriations Limit and Appropriations Subject to Limitation to the State Controller’s Office, included with filing of the Annual Statement of Financial Transactions.	To be completed with corresponding year-end/ACFR/State Controller’s Reports.

Long-Term Financial Planning & Budget Procedures Policy (FN-13) Update and Annual Budget Resolution:

FN-13, Budget Procedures Policy was formally adopted by City Council in 2013, establishing a policy on the City’s budget procedures, from development to regular management. As the City transitions to a biennial budget cycle, staff has reviewed the existing policy and is presenting an updated policy for adoption as part of the FY 2023/2024 and FY 2024/2025 Budget. Key updates/revisions include the following:

- Reassigned as City Council Policy No. 15 (CC-15)
- Biennial Budget Process defined with updated budget development timeline.
- Long-Term Financial Planning section, formally incorporating the management of the City’s forecast (5-Year managed within the 10-year model) as part of the biennial budget process.
- Clarification/streamlining of appropriation carry-overs as follows:
 - o Eligible grant-funded projects/program appropriations may be carried forward in the next fiscal year, upon approval of the City Manager and so long as the grant performance periods extends into the new fiscal year; and

- Appropriations for encumbrances (Purchases Orders, contracts) underway may be carried forward into the new fiscal year upon approval of the City Manager; and
- Unexpended budget appropriations, for authorized but not yet started CIP projects previously approved by the City Council that the City is saving funds for, will be transferred to an assigned fund balance reserve account and held there until such time as the project is ready to move forward or by City Council action the funds are transferred to another project or back to unassigned fund balance.

The update of the policy is intended to capture the biennial budget process conversion, as well as comprehensively updating the policy to capture other elements of the budget process, including but not limited to, long-term financial planning and the CIP Budget development.

Additionally, over the past two years the purchase and/lease of vehicles has been particularly challenging. Facing overall supply shortages and increasing prices, there have been several instances where the previously approved purchases were canceled out by vendors. The City then had to seek vehicles elsewhere and return for Council approval, often at increased prices. To address this operational challenge, the proposed FY 2023/2024 and FY 2024/2025 Budget adoption resolution requests authorization for the City Manager to execute agreements and/or issue Purchase Orders for vehicle purchases and/or leases provided that:

- The vehicles purchases/leases are part of the approved budget appropriations.
- All applicable purchasing requirements, such as bidding, are satisfied.

As part of the Mid-Year review process and in June of each year, staff would present a summary of the vehicles purchased during the year.

Assigned Fund Balance (Fleet Replacement & Self Insured Retention (SIR)):

Pursuant to the City's adopted Fund Balance Policy for the General Fund (CC-07), section A.iv, the City Council has authorized the City Manager or designee as the official authorized to assign fund balance to a specific purpose as approved by the fund balance policy. As the city continues to grow in size and age, two areas the City is experiencing year over year consistent expanded activity are:

- Vehicle purchases
- Insurance/Risk related claims

With respect to vehicles, the City maintains a combination of hybrid, fuel, regular city hall vehicles, and patrol vehicles of different ages. Additionally, as specific personnel, such as officers or field staff are added in, the fleet inventory expands. As vehicles reach the end of their lifecycle, and require replacement, the City would like to financially plan ahead for the anticipated larger costs, but having a dedicated Assigned Fund Balance for Vehicle/Fleet Replacement. Staff's recommendation is to allow the City Manager to designate revenues exceeding expenditures at the close of the previous fiscal year and when available, towards the Assigned Fund Balance for Vehicle/Fleet Replacement, up to an Assigned Fund Balance of \$500,000.

With respect to insurance, the City currently participates as a member in a risk-pool JPA (California Intergovernmental Risk Authority)(CIRA). Through CIRA, the City covers all insurance related

expenses and claims. As a member, the City has a \$150,000 per incident Self Insured Retention (SIR), meaning the City is responsible for the first \$150,000 in a general liability claims expenses, before the risk pool covers any amount above that. As a larger and older organization, the amount of claims the City can experience in any given year could potentially represent a significant amount. To proactively address this, it is the recommendation of staff that going forward to allow the City Manager to designate revenues exceeding expenditures at the close of the previous fiscal year and when available, towards the existing Assigned Fund Balance for SIR (currently \$75,000), up to an assigned fund balance of \$300,000.

The corresponding Budget adoption resolution includes clauses to allow the City Manager to designate revenues exceeding expenditures at the close of the previous fiscal year and when available, towards:

1. Assigned Fund Balance for Vehicle/Fleet Replacement up to a balance of \$500,000; and
2. Increasing Assigned Fund Balance for SIR up to a balance of \$300,000.

STRATEGIC PLAN OBJECTIVE

Regular City Business

FISCAL IMPACT

The Budget, when adopted, establishes a financial plan of expenditures based on the goals set by City Council. FY 2023/2024 Operating Budget (General Fund & Quality of Life) revenues and transfers-in are \$91,760,676, expenditures and transfers-out are \$90,783,835, FY 2023/2024 Operating Budget (General Fund & Quality of Life) revenues and transfers-in are \$94,668,644, expenditures and transfers-out are \$94,222,604, representing a balanced Operating Budget that serves the community and supports the City's strategic priorities. The proposed Citywide Budget and Fiduciary Funds budget is for FY 2023/2024 \$128,124,269 in revenues and transfers-in and \$135,825,070 in expenditures and transfers-out, and for FY 2023/2024 \$132,517,315 in revenues and transfers-in and \$130,782,481 in expenditures and transfers-out. Citywide budget expenditures, in particular with respect to CIP related expenditures, reflect deliberate use of fund balance(s) for larger projects.

ATTACHMENTS

1. Revised Policy (CC-15) Redlined
2. Revised Policy (CC-15)
3. Resolution – Budget Adoption
4. Resolution – FY 2023-2024 GANN
5. Exhibit A – GANN Appropriation Limit Calculation
6. Resolution – Class and Comp
7. Exhibit A – Authorized Position Listing
8. Proposed Budget Book