



Report to City Council

TO: Mayor and City Council
Mayor and City Council Acting in its Capacity as President and Members of the Board of Directors of the Moreno Valley Community Services District (CSD)
Mayor and City Council Acting in its Capacity as Chairman and Commissioners of the Moreno Valley Housing Authority (HA)
Mayor and City Council Acting in its Capacity as Members of the Moreno Valley Successor Agency (SA)
Mayor and City Council Moreno Valley Community Foundation (MVCF)

FROM: Launa Jimenez, Chief Financial Officer

AGENDA DATE: November 19, 2024

TITLE: OPERATING AND CIP BUDGET - FY 2024-25 FIRST QUARTER AND CARRYOVERS FROM FY 2023-24 (REPORT OF: FINANCIAL & MANAGEMENT SERVICES)

TITLE SUMMARY: Fiscal Year 2024/25 First Quarter Operating & CIP Budget Review and Approval of the First Quarter Operating & CIP Budget Amendments, and Review of the Operating and CIP Carryovers from Fiscal Year 2023/24

Recommendation(s)

That the City Council:

1. Receive and file the Fiscal Year (FY) 2024/25 First Quarter Operating Budget Review.
2. Receive and file the Fiscal Year (FY) 2024/25 First Quarter CIP Budget Review.
3. Adopt Resolution No. 2024-XX. A resolution of the City Council of the City of Moreno Valley, California, adopting the revised operating and CIP budgets for Fiscal Year 2024/25.

4. Approve the Moreno Valley Community Foundation Budget.
5. Receive and file the Fiscal Year 2024/25 Carryover Memo.

That the CSD:

1. Adopt Resolution No. CSD 2024-XX. A resolution of the City Council of the City of Moreno Valley, California, adopting the revised operating and CIP budgets for Fiscal Year 2024/25.

That the Housing Authority:

1. Adopt Resolution No. HA 2024-XX. A resolution of the City Council of the City of Moreno Valley, California, adopting the revised operating and CIP budgets for Fiscal Year 2024/25.

That the Moreno Valley Community Foundation:

1. Adopt Resolution No. MVCF 2024-XX. A resolution of the City Council of the City of Moreno Valley, California, adopting the revised operating and CIP budgets for Fiscal Year 2024/25.

That the City Council as Successor Agency:

1. Adopt Resolution No. SA 2024-XX. A resolution of the City Council of the City of Moreno Valley, California, adopting the revised operating and CIP budgets for Fiscal Year 2024/25.

SUMMARY

This report provides the First Quarter Financial Summary (Operating and CIP Budget Reviews), which updates the Mayor and City Council regarding current year financial trends through September 30, 2024. This report also requests the approval of certain FY 2024/25 revenue and expenditure budget amendments.

At the end of FY 2023/24, all unexpended appropriations lapse and revert to fund balance. Once the fiscal year-end closing process has identified the items that are encumbered by purchase order, contract, or other commitment at June 30th, these items may become a carryover budget pursuant to City Council Resolution 2023-24 adopted May 2, 2023. A copy of the Carryover Memo for FY 2023/24 has been included for transparency.

DISCUSSION

Based on a long-term practice of maintaining a structurally balanced budget and being identified as one of the most fiscally fit cities in the Country, on May 2, 2023, the City

Council continued this trend and adopted the Two-Year Operating Budget for Fiscal Years 2023/24 – 2024/25, while adhering to those past practices. Additionally, as established after the last recession, the budget continues to fund and maintain separate reserves specifically established for periods of economic uncertainty or natural disasters. The budget included all component units of the City, including the General Fund, Community Services District, Housing Authority, Successor Agency, and the Moreno Valley Community Foundation. During the two-year budget period, the City Council will be updated of the City’s financial condition through the process of Quarterly Budget Reviews. This ongoing process ensures a forum to review expenditure and revenue changes from the estimates made in the budget document. Additionally, any significant changes in projected revenue or unanticipated expenditures that may occur will be presented to the City Council.

This report provides the FY 2024/25 First Quarter Financial Summary for the first three months, July thru September. The First Quarter Financial Summary will focus primarily on the City’s General Fund. This review will also present three-month operational results from other key funds.

The City Council’s direction of “Maintain a Balanced General Fund Budget” serves as a foundation for the fiscal status of City operations. Ongoing funding is directed to sustain ongoing operational expenses; one-time funding is directed toward one-time expenditures. This report identifies the budget adjustments as recommended by the City Manager.

FISCAL YEAR 2024/25 FIRST QUARTER REVIEW:

This First Quarter Report updates the Mayor and City Council regarding current year financial trends and provides the opportunity for the City Council to review the recommended actions as they relate to revenues and expenditures.

General Fund Revenue Update

Revenue receipts do not follow an even schedule. Although 25% of the fiscal year has elapsed, based on historic trends revenues are estimated to be at approximately 11% of the budgeted amount. Actual revenues received are currently 12% of budget. As the FY 2024/25 revenue estimates were developed prior to the adoption of the budget on May 2, 2023, the revenue estimates may require adjustments based on the FY 2024/25 actuals and revised projections throughout the year. Although there will be variances in some of the amounts budgeted, the total is expected to remain within 1% of the amended budget for the year. It should be noted that the lag in timing of revenue receipts helps illustrate the need for an operating cash reserve throughout each fiscal year.

FISCAL YEAR 2024/25 BUDGET ADJUSTMENTS

The FY 2024/25 General Fund revenue budget, as amended, totals approximately \$158.5 million. Based on economic activity and revenue collections through September 2024, staff is recommending a First Quarter budget increase of \$1.7 million, to approximately

\$160.2 million.

The FY 2024/25 General Fund expenditures budget as currently amended totals approximately \$159 million. The recommended First Quarter budget amendments increase expenditures by \$1.2 to \$160.2 million. *The fund continues to be structurally balanced, without the use of fund balance for ongoing operations.* The specific budget adjustments for the General Fund are summarized in Exhibit A.

Fund	Type (Rev/Exp)	FY 2024/25 Amended Budget (1)	Proposed Adjustments	FY 2024/25 Amended Budget	Proposed Adjustments (%)
General Fund	Rev	\$158,555,789	\$1,703,381	\$160,259,170	<1%
General Fund	Exp	\$159,019,425	\$1,235,069	\$160,254,494	<1%
	Net Total	\$(463,636)	\$468,312	\$4,676	

1. Includes FY 2023/24 carryover amounts.

Summaries of Other Major Funds

The following provides a summary of some of the proposed budget adjustments to other major funds. A complete list of all changes are identified in Exhibit A to the Resolutions.

Gas Tax (Fund 2000)

Budgeting for revenue received.

MVU (Fund 6010 & 6011)

Budgeting for projected expenditures.

ALTERNATIVES

1. Approve Recommended Actions as set forth in this staff report, including the approval of the budget adjustments, as presented in Exhibit A. The approval of these items will allow ongoing activities to be carried out in the current fiscal year and the City is able to modify budgets and operations as necessary through this quarterly review, while retaining a structurally balanced General Fund budget. Staff recommends this alternative.
2. Do not approve proposed Recommended Actions as set forth in this staff report, including the resolutions adopting the budget adjustments to the budget, as presented in Exhibit A. *Staff does not recommend this alternative.*

FISCAL IMPACT

The City's Operating and CIP Budgets provide the funding and expenditure plan for all funds. As such, they serve as the City's financial plan for the fiscal year. The fiscal impacts for the proposed budget amendments are identified in Exhibit A.

NOTIFICATION

Publication of the agenda

PREPARATION OF STAFF REPORT

Prepared By:
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Concurred By:
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Financial Resources Division Manager

Department Head Approval:
Launa Jimenez
Chief Financial Officer

Approved by:
Brian Mohan
Assistant City Manager

Approved by:
Mike Lee
City Manager

CITY COUNCIL GOALS

Advocacy: Develop cooperative intergovernmental relationships and be a forceful advocate of City policies, objectives, and goals to appropriate external governments, agencies and corporations.

Community Image, Neighborhood Pride and Cleanliness: Promote a sense of community pride and foster an excellent image about our City by developing and executing programs which will result in quality development, enhanced neighborhood preservation efforts, including home rehabilitation and neighborhood restoration.

Positive Environment: Create a positive environment for the development of Moreno Valley's future.

Public Facilities and Capital Projects: Ensure that needed public facilities, roadway improvements, and other infrastructure improvements are constructed and maintained.

Public Safety: Provide a safe and secure environment for people and property in the community, control the number and severity of fire and hazardous material incidents, and provide protection for citizens who live, work and visit the City of Moreno Valley.

Revenue Diversification and Preservation: Develop a variety of City revenue sources and policies to create a stable revenue base and fiscal policies to support essential City services, regardless of economic climate.

CITY COUNCIL STRATEGIC PRIORITIES

- 1. Economic Development**
- 2. Public Safety**
- 3. Library**
- 4. Infrastructure**
- 5. Beautification, Community Engagement, and Quality of Life**
- 6. Youth Programs**

Report Approval Details

Document Title:	STAFFREPORT_FMS_OPERATINGANDCIPBUDGET_FY2024-25FIRSTQUARTERANDCARRYOVERSFROMFY2023-24.docx
Attachments:	<ul style="list-style-type: none">- FY 2024-25 First Quarter Operating Budget Review.pdf- FY 2024-25 First Quarter CIP Budget Review.pdf- Moreno Valley Coummunity Foundation Budget.pdf- Carryover FY 2023-24 Memo_Exhibits.pdf- City Resolution 2024-XX.pdf- CSD Resolution 2024-XX.pdf- HA Resolution 2024-XX.pdf- MVCF Resolution 2024-XX.pdf- SA Resolution 2024-XX.pdf
Final Approval Date:	Nov 14, 2024

This report and all of its attachments were approved and signed as outlined below:

Natalia Lopez

Launa Jimenez

Brian Mohan

Mike Lee

Patty Rodriguez