

**POWER POINTS**

**FAC  
MEETING**

**MAY 8, 2024**

# Financial Advisory Commission Meeting

May 8, 2024



# Financial Advisory Commission Meeting 5/8/2024

## Business Session Item No. 1 Approve The Fiscal Year 2024/25 Meeting Dates



### Proposed Meeting Dates

Wednesday	August 14	Quarterly
Wednesday	October 2	Special
Wednesday	November 13	Quarterly
Wednesday	December 4	Special
Wednesday	February 12	Quarterly
Wednesday	April 9	Special
Wednesday	May 7	Quarterly
Wednesday	June 11	Special





# QUESTIONS & DISCUSSION

**Financial Advisory Commission Meeting**  
**5/8/2024**  
**Study Session Item No. 1**  
**Discuss The Fiscal Year 2024/25 Investment Policy**



# Proposed Edits

- Extend maximum maturity by 30 days to account for new issue CD and Treasury settle dates
- Raise Government Agency bond limits to \$30 million per issuer
- Update Appendices C and D with correct bank names/staff titles

## Extended Settlement Example

1 <GO> to send to VCON & MSG ,View other options under Settings			
T 2 %	04/30/29 Govt	Send (VCON)	Settings
04/22/2024	13:52:21	Trade Date	04/22/24 13:52:21
Trade Information			
Trader	MATTHEW D'AVANZO	CUSIP	91282CEM9
At	STIFEL NICOLAUS & CO INC	ISIN	US91282CEM91
BUY	1000 M	of T 2 %	04/30/29
Price	92.130000	Yield	4.657558
Settlement	04/30/24	Issuer	US TREASURY N/...
		Dated	05/02/22
		<input type="checkbox"/> Round Price	
Notes			
Trade date was 4/22/2024, normal settlement for US Treasuries is "T+1", which is essentially next business day. Broker had to extend settlement for us to be able to buy this security, which is allowed by the SEC rules, but only used in limited circumstances.			
Trade Numbers			
View Amounts in USD			
Principal		USD	921,300.00
Accrued	( 0 days )		0.00
Total		USD	921,300.00

Australia 61 2 9777 8600 Brazil 5511 2385 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000 Japan 81 3 4555 0200 Singapore 65 6312 1000 U.S. 1 212 515 2000 Corporate 2024 Bloomberg's FINANCE L.P. SN 3086501 EDT GMT+4:00 HST+5:02-173 22-Apr-2024 13:52:34

# Agency Bond Holdings

As of 4/30/24

Federal Farm Credit Bank	\$20,000,000
Federal Home Loan Bank	\$20,000,000
Federal National Mortgage Association	\$12,000,000
Federal Home Loan Mortgage Corporation	\$ 9,400,000
Total Agency Bonds	\$61,400,000
Portfolio (Rounded)	\$230,000,000
	26.70%

# GSE and SUPRA Total Debt Outstanding

4/3/2024	Debt Outstanding \$ Billions <sup>1</sup>	TOTAL ISSUES	WTD AVG FXD COUP	WTD AVG MTY	WTD AVG YRS
<b>FNMA</b>	114	1,317	2.40	1/14/2027	2.8
<b>FHLMC</b>	167	2,822	3.06	2/14/2027	2.9
<b>FHLB</b>	1,196	10,143	3.32	7/7/2025	1.3
<b>FFCB</b>	422	3,545	2.90	3/10/2027	2.9
<b>FAMCA</b>	25	1,619	2.95	2/23/2027	2.9
<b>IADB</b>	112	643	2.56	2/16/2028	3.9
<b>IBRD</b>	268	1,294	2.09	2/24/2030	5.9
<b>Total:</b>	<b>2,304</b>	<b>21,383</b>			

# Appendices

- Removed reference to Bank of the West, as transition to BMO is now complete
- Removed BNY Mellon as an approved custodian bank, assets have been transferred to US Bank
- Change staff title from Accounting Manager to Finance Manager

## Financial Advisory Commission Meeting 5/8/2024

Study Session Item No. 2  
**Discuss The Fiscal Year 2024/25 Preliminary  
Proposed Budget**







# BUDGET OVERVIEW

- Focus on General Fund and Internal Service Funds
- Revenues & Expenses
  - Changes from FY 23/24
  - Discuss assumptions and major variances
- Measure G Summary

## General Fund Revenues

General Fund Revenues	2023/24 Original	2023/24 Current	2024/25 Proposed	Change Current v. Proposed	% Change
Taxes	62,630,000	62,630,000	63,270,000	640,000	1%
License & Permits	2,521,300	2,521,300	2,386,500	(134,800)	-5%
Intergovernmental	9,178,000	9,178,000	11,253,000	2,075,000	23%
Charges for Services	963,200	963,200	1,028,700	65,500	7%
Fines & Assessment	465,500	465,500	341,000	(124,500)	-27%
Other/Misc.	2,720,100	2,720,100	2,435,100	(285,000)	-10%
<b>Total Revenues</b>	<b>78,478,100</b>	<b>78,478,100</b>	<b>80,714,300</b>	<b>2,236,200</b>	<b>3%</b>

### Top 3 Revenue Sources:

- ✓ Sales Tax revenue \$27.5 million
- ✓ Transient Occupancy Tax (TOT) \$15.3 million
- ✓ Property Tax revenue \$11.8 million





# General Fund Expenses

General Fund Expenditures	2023/24 Original	2023/24 Current	2024/25 Proposed	Change Current v. Proposed
City Council	317,900	317,900	346,400	28,500
City Manager Department	1,588,360	1,588,360	1,641,100	52,740
Marketing & Community Relations	1,814,660	1,814,660	1,932,600	117,940
City Attorney	800,000	800,000	800,000	-
City Clerk Department	1,169,670	1,169,670	1,406,570	236,900
Human Resources	651,800	701,300	745,900	44,600
Police	18,583,800	18,618,300	19,643,300	1,025,000
Fire	9,889,120	10,247,120	10,547,110	299,990
Community Services Admin.	888,160	1,038,160	716,400	(321,760)
Wellness Center Operations	837,870	837,870	683,600	(154,270)
Recreational Programs & Events	1,578,150	1,578,150	1,956,000	377,850
Code Compliance/Animal Control	1,713,340	1,713,340	1,821,340	108,000
Public Safety Admin	322,300	322,300	269,890	(52,410)
Parks Maintenance	4,144,950	4,219,450	4,649,300	429,850
Public Buildings	1,715,750	1,715,750	1,875,750	160,000
Public Works Administration	821,900	821,900	835,797	13,897
Public Works Dev. Services	532,900	532,900	539,383	6,483
Streets Department- Traffic	885,750	885,750	1,036,550	150,800
Engineering Services	1,007,600	1,404,100	1,234,400	(169,700)
Design & Development Admin.	811,600	811,600	826,800	15,200
Planning	707,400	707,400	856,900	149,500
Building	1,398,700	1,398,700	1,513,600	114,900
The Hub	1,341,700	1,341,700	1,499,875	158,175
Finance	1,957,270	1,957,270	2,103,500	146,230
Centralized Services	17,348,100	44,253,481	21,770,600	(22,482,881)
<b>Total Expenditures</b>	<b>72,828,750</b>	<b>100,797,131</b>	<b>81,252,665</b>	<b>(19,544,466)</b>

# General Fund Expenditure Assumptions

Salaries & Benefits

- Annual step increases & CalPERS rate increase
- Labor market adjustments

Contract Services/Maintenance & Operations

- Contract rate increases
- Rise in cost of supplies & materials
- One-time expenditures such as election costs, fee studies, equipment replacement

Utilities/Internal Service Charges

- One-time purchases in FY 2023/24 (machinery/equipment & park upgrades)
- Insurance premium reduction

## General Fund Variances

Division	Change from PY	
Police	\$1,025,000	Salary & Benefits, estimated 5% rate increase
Fire	\$299,990	Salary & Benefits, disaster prep supplies, roof repairs, and Emergency Operations Center enhancements
City Clerk	\$236,900	Salary & Benefits, election services for November 2024, comprehensive fee study, STVR compliance software enhancements
Recreation Programs & Special Events	\$377,850	Expanded hours, increased events, conversion of P/T to F/T staff (reduction in Wellness Center Operations), and pool contract increase (year-round programming)
Parks Maintenance	\$429,850	Pending landscape contract to include increased service levels and tree inventory asset management
Streets- Traffic	\$150,000	Storm drain cleaning and sign inventory replacement

## Internal Service Funds

INTERNAL SERVICE FUNDS SUMMARY			
Fund	Current FY 23/24	Proposed FY 24/25	Variance
Equipment Replacement	2,331,044	1,358,750	(972,294)
Information Technology	3,277,620	3,217,945	(59,675)
Park Equipment	3,092,200	2,000,000	(1,092,200)
Insurance Fund	1,118,000	1,058,000	(60,000)
	<b>9,818,864</b>	<b>7,634,695</b>	<b>(2,184,169)</b>

- Support the City's internal operations
- Revenues derived from the General Fund based on employee and equipment allocations

# General Fund Summary

GENERAL FUND FY 2023/24 PROPOSED BUDGET SUMMARY	
Revenues	\$ 80,714,300
Less Operating/CIP Expenses	(81,252,665)
Preliminary Budget Surplus	(538,365)
Less Measure G Reserves	-
<b>BUDGET SURPLUS</b>	<b>\$ (538,365)</b>

MEASURE G SALES TAX SUMMARY	
Measure G Sales Tax Revenue	\$ 15,500,000
Police Services	(7,300,000)
Capital Improvements	(8,200,000)
<b>Available for Appropriation</b>	<b>\$ -</b>



## FY 2024/25 Budget Schedule

- May 21 – City Council, Study Session #1
- June 4 – City Council, Study Session #2
- June 5 – Financial Advisory Commission
- June 12 – Housing Commission
- June 18 – City Council, Adoption



For the latest budget information visit:  
[www.laquintaca.gov/business/finance/budget](http://www.laquintaca.gov/business/finance/budget)

# Discussion & Questions



## Financial Advisory Commission Meeting 5/8/2024

### Departmental Report Item No. 2 Fourth Quarter 2023 (October-December) Sales Tax Update for the City of La Quinta

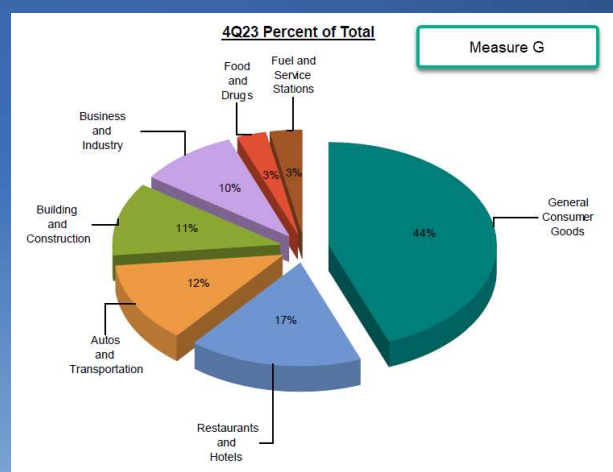
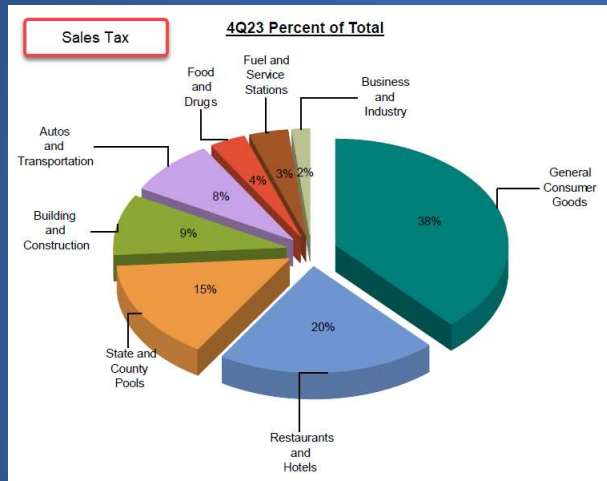




# Summary

- Sales Taxes are starting to trend downward – total receipts (on a cash basis) down 6% to LY
- The County and State also saw declines
- Overall consumers seem to be paring back some spending in light of persistently high prices

## Major Industry Groups



## Sales and MG as Compared to Budget

	Sales Tax		MG	
Thru February 22-23	\$	8,522,411	\$	10,592,307
Thru February 23-24	\$	8,127,488	\$	10,336,994
Variance		-4.63%		-2.41%
Budgeted Variance		-0.78%		-2.41%

\*Covers cash receipts through April 2024 for the sales period of February

The Financial Advisory Commission  
Will Hold a Special Meeting on  
**June 5, 2024**



