



City Council Staff Report

Subject: Fiscal Year 2024/25 Second Quarter: Financial Report and Strategic Plan Update

Date: February 25, 2025

Submitted By: Zonousia Lee, Budget Officer
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Department: Administrative Services - Finance

Recommendation:

- A. Adopt a Resolution of the City Council of the City of Rocklin Accepting the Quarterly Financial Reports for the Quarter Ended December 31, 2024, and Amending the Fiscal Year 2024/25 Operating Budget.
- B. Receive an Update on the 2023-2025 Strategic Plan Regarding Progress Made on the Work Plan for the Quarter Ended December 31, 2024.

Background:

Fiscal Year (FY) 2024/25 Second Quarter Financial Report

The quarterly financial report (Attachment 2) provides an overview of the City of Rocklin's current financial position. The City's departments and the Finance Division evaluate budget-to-actual performance to ensure fiscal stability, identify potential concerns, recommend necessary adjustments, and implement operational changes as required. This process ensures that the City remains financially sound while proactively addressing any emerging issues.

Other FY 2024/25 Second Quarter Adjustments

During the quarterly financial review, staff identified necessary adjustments to the FY 2024/25 Operating Budget to ensure alignment with staffing needs and budgetary requirements. The budget amendments are detailed in Exhibit B to the Resolution (Attachment 3).

FY 2023/24 General Fund Excess Resources

Following the completion of the annual financial audit, staff identified a one-time General Fund surplus of approximately \$7.89 million for Fiscal Year (FY) 2023/24, primarily due to higher-than-budgeted revenues, such as sales tax and interest earnings, coupled with operational savings resulting primarily from vacant positions.

Each year, as part of the budget adoption process, the City Council reaffirms the Key Management Practices (KMP), which outlines the reserve policy and provide guidance on how surplus fund should be allocated. In accordance with the reserve policy, 5% of the current fiscal year's General Fund revenue budget is automatically allocated to City reserves without further City Council approval. The remaining surplus may be used for one-time expenditures and startup costs for new programs or projects, subject to City Council approval.

General Fund Reserve: \$3.34 million

Consistent with the KMP and to ensure the City maintains adequate financial reserves, \$3.34 million or 5% of the General Fund revenue budget will be allocated to various reserve funds as follows:

- Building Reserve: \$750,000
- Park Infrastructure Reserve: \$750,000
- Economic Reserve: \$500,000
- Fleet Capital Reserve: \$1.34 million

These allocations will strengthen the City's financial position by reinforcing critical reserves that support infrastructure, economic stability, and capital needs.

Recommended Use of General Fund Surplus: \$4.55 million

After careful consideration, staff recommends using the remaining \$4.55 million to support City Council priorities and enhance core City services. The proposed allocations, detailed in Attachment 4, are identified as follows:

- Amphitheater Upgrades: \$250,000
- CAD to CAD: \$150,000
- Clover Valley: \$2.0 million
- Corporation Yard Generator: \$200,000
- Facilities Assessment: \$250,000
- Fleet Parking Lot: \$200,000
- In Lieu/Inclusionary Housing Fee Study: \$150,000
- Northwest Community Parks Master Plan: \$300,000
- Professional Development: \$150,000
- Public Safety Communications Upgrade: \$500,000
- Public Works Organizational Assessment: \$75,000
- Shade Sails: \$145,568
- User Fee Study: \$75,000
- Website Refresh: \$100,000

In addition to the General Fund allocations, staff recommends that the City Council authorize the redirection of \$1 million originally allocated to fund IRS Section 115 trust retirees health to the pension trust. In 2014, the City established an irrevocable trust under IRS Section 115 to prefund retiree health costs and ensure the long-term stability of these obligations. With the retiree health trust projected to be fully funded by the end of the current fiscal year, reallocating these funds to the pension trust, established in 2023, provides an opportunity to address pension liabilities in a financially prudent manner. This redirection aligns with the City's ongoing efforts to manage long-term obligations and maintain fiscal responsibility.

The proposed allocations and commitments align with the City's strategic priorities, ensuring financial stability, public safety enhancements, infrastructure improvements, and high-quality community services. Staff recommends that the City Council approve the proposed allocations as outlined in this report and budget amendments reflected in Attachment 3.

2023-2025 Strategic Plan Update

On May 9, 2023, the City Council endorsed the results of the 2023-2025 Strategic Plan along with the accompanying Two-Year Work Plan. These documents were created through a collaborative effort between the City Council and City staff, following a Strategic Planning workshop held on March 22, 2023. The plan revolves around five strategic outcomes, or "Pillars," each supported by guiding directional statements that inform the development of the Two-Year Work Plan.

Spanning from July 1, 2023, to June 30, 2025, the Two-Year Work Plan outlines specific projects and programs that align with these strategic priorities. Identified as key focus areas, these initiatives are supported by allocated resources to ensure progress over the during the plan's current lifespan.

The attached Strategic Plan Program Update (Attachment 5) offers a detailed summary of the progress made on the Work Plan from October – December 2024. This update tracks staff-recommended and City Council-approved initiatives, showcasing advancements across the five strategic pillars. This update serves as a snapshot of ongoing efforts under the 2023-2025 Strategic Plan. Staff remain dedicated to advancing the strategic goals and working towards realizing the City's vision for the future.

Fiscal Impact:

Sufficient funds are available in their respective funds in FY 2024/25 Operating Budget to support the staff recommendations.

ATTACHMENTS:

1. [Resolution](#)
2. [Resolution Exhibit A - FY25 Second Quarter Financial Report](#)
3. [Resolution Exhibit B - Budget Amendments](#)
4. [FY 2023/24 Year End Excess Resources - Funding Recommendations](#)
5. [2023-2025 Strategic Plan Update \(October - December 2024\)](#)