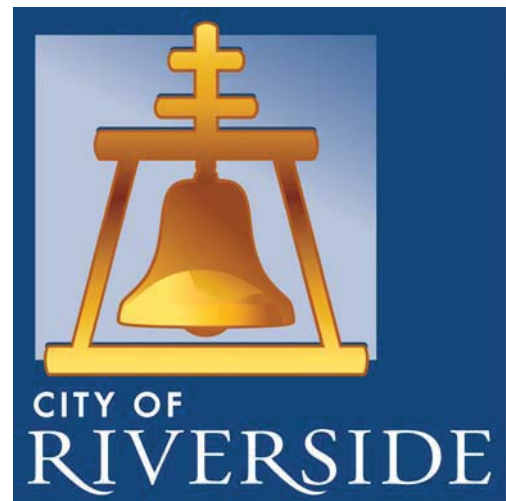


ATTACHMENT A

FINANCIAL REPORT



General Fund and Measure Z Summary
FY 2017/18 First Quarter Estimates
As of September 30, 2017

GENERAL FUND	FY 2017-18 MID-CYCLE BUDGET	PROJECTED (1ST QTR)¹	DIFFERENCE (Amended vs Mid- Cycle Projections)
BEGINNING: General Fund Reserve	\$ 41,497,820	\$ 41,497,820	\$ -
REVENUES/TRANSFERS IN <i>(See A-3)</i>	\$ 272,070,107	\$ 271,966,343	\$ (103,764)
EXPENDITURES/TRANSFERS OUT <i>(See A-4)</i>	\$ 256,849,633	\$ 254,424,633	\$ (2,425,000)
PROJECTED SURPLUS/(DEFICIT)	\$ 15,220,474	\$ 17,541,710	\$ 2,321,236
ENDING: General Fund Reserve	\$ 56,718,294	\$ 59,039,530	\$ 2,321,236
	<i>22.1%</i>	<i>23.2%</i>	
Measure Z			
Measure Z	FY 2017-18 MID-CYCLE BUDGET	PROJECTED (1ST QTR)¹	DIFFERENCE (Amended vs Mid- Cycle Projections)
BEGINNING: Measure Z Fund Reserve	\$ 2,606,428	\$ 2,606,428	\$ -
REVENUES/TRANSFERS IN <i>(See A-3)</i>	\$ 51,557,000	\$ 51,557,000	\$ -
EXPENDITURES/TRANSFERS OUT <i>(See A-4)</i>	\$ 47,235,944	\$ 46,197,522	\$ (1,038,422)
ENDING: Measure Z Reserve	\$ 6,927,484	\$ 7,965,906	\$ 1,038,422

¹ Excludes Budget Adjustments and FY 16/17 Carryovers

General Fund Revenue Summary
FY 2017/18 First Quarter Estimates
As of September 30, 2017

	FY 17/18 Budgeted Revenues			FY 17/18 1st Qtr Projection	
	Amended Budget	Budget Adjustments	Total Budget	Projected Revenue	Projected Surplus / (Deficit)
Sales & Use Taxes	66,417,450		66,417,450	64,855,930	(1,561,520)
Property Taxes	61,485,324		61,485,324	62,229,024	743,700
Utility Users Tax	28,291,424		28,291,424	28,370,996	79,572
Franchise Fees	5,372,500		5,372,500	4,769,391	(603,109)
Transient Occupancy Tax	6,868,575		6,868,575	6,952,807	84,232
General Fund Transfer	45,981,500		45,981,500	46,245,700	264,200
Charges for Services	16,555,619		16,555,619	16,795,348	239,729
Licenses & Permits	10,453,740		10,453,740	10,036,717	(417,023)
Fines & Forfeitures	1,413,539		1,413,539	2,045,000	631,461
Special Assessments	495,000		495,000	511,727	16,727
Intergovernmental Revenue	1,584,815	399,292	1,984,107	1,967,223	(16,884)
Other Financing Sources	863,494	400,000	1,263,494	967,000	(296,494)
Miscellaneous Revenues	5,804,723	708,945	6,513,668	6,345,313	(168,355)
Transfers In	20,482,404		20,482,404	21,382,404	900,000
Total Projected Revenue/Transfers In	272,070,107	1,508,237	273,578,344	273,474,580	(103,764)

BUDGET ADJUSTMENTS

Intergovernmental Revenue

The revenue increase of \$400,000 represents revenue from a Helicopter Equipment Use agreement with the City of Corona.

Other Financing Sources

The revenue increase of \$400,000 represents anticipated income from the sale of a police helicopter; these funds will be applied toward the purchase of a fixed-wing aircraft for the Police Department

Miscellaneous Revenues

The revenue increase of approximately \$700,000 represents the transfer of donations from Trust and Agency Funds to various City departments.

EXPLANATION OF DEVIATIONS (More than \$500,000)

Sales Tax

The revenue is approximately \$1.5 million lower than projections in the First Quarter, based on slower growth experienced during FY 2016-17. Historically, sales tax revenues have been the most subjective General Fund revenue to the economy and the hardest to predict.

Property Tax

The revenue is approximately \$750,000 higher than projections in the First Quarter based on Successor Agency properties being sold and placed back on the County roll.

Franchise Fee

The revenue is approximately \$600,000 lower than anticipated due to So. Cal Gas changing its franchise fee calculation methodology due to recent litigation.

General Fund Transfers

The revenue is approximately \$900,000 higher than projected based on a cost recovery for past due sewer expenditures born by the General Fund and not by the Sewer Fund. For a number of years now, the City's Liability Fund (and, by extension, the General Fund) were utilized to pay for claims related to sewer laterals from the sewer main to the resident's property line. Effective FY 2016/17, the Sewer Fund has begun to pay these costs, estimated at \$450,000 per year. In addition, the General Fund will recover the \$1.35 million incorrectly charged there for these claims over the past three-year period (\$450,000 per year). In FY 2017/18 and FY 2018/19, the total savings to the General Fund will be approximately

Fines and Forfeits

The revenue is approximately \$630,000 higher than anticipated due to Code Enforcement activities, including administrative citations, rehabilitation reimbursements, and receipt of deferred revenues.

General Fund Expenditure Summary
 FY 2017/18 First Quarter Projections
 As of September 30, 2017

	FY 17/18 Operating Budget (1)			FY 17/18 1st Qtr Projection		
	Amended Budget	Budget Adjustments	FY 16/17 Carryovers	Total Budget	Projected Expenditures	Projected Surplus / (Deficit)
City Attorney	5,852,649		921,455	6,774,104	6,374,104	400,000
City Clerk	1,598,503		206,899	1,805,402	1,805,402	-
City Council	1,197,805		(12,401)	1,185,404	1,185,404	-
City Manager	4,844,953		100,943	4,945,896	4,945,896	-
Community & Economic Development	13,534,578	2,061,367	712,527	16,308,472	16,308,472	
Finance	7,782,067		459,675	8,241,742	8,241,742	-
Fire	47,940,059		48,599	47,988,658	48,738,658	(750,000)
General Services	4,334,168	1,000,000	166,082	5,500,250	5,500,250	-
Human Resources	3,048,932		853,698	3,902,630	3,627,630	275,000
Innovation & Technology	11,086,046		1,688,485	12,774,531	12,774,531	-
Library	6,754,907	325,693	84,897	7,165,497	7,165,497	
Mayor	830,259		-	830,259	830,259	-
Museum	3,827,305	(2,122,090)	328,715	2,033,930	2,033,930	-
Non-Departmental	7,474,202		(33,406)	7,440,796	7,440,796	-
Non-Departmental - Community Livability	25,000		4,403	29,403	29,403	-
Parks, Recreation & Community Services	18,267,032	203,975	133,349	18,604,356	18,604,356	-
Police	97,757,542	1,039,292	(491,739)	98,305,095	98,305,095	-
Public Works	24,301,611		1,420,289	25,721,900	25,221,900	500,000
Subtotal	260,457,618	2,508,237	6,592,470	269,558,325	269,133,325	425,000
Allocated Costs, Utilization Charges and Operating Transfers	(3,607,985)			(3,607,985)	(3,607,985)	-
Debt Service Reallocation (2)		(2,000,000)		(2,000,000)	-	2,000,000
Total	256,849,633	508,237	6,592,470	263,950,340	265,525,340	2,425,000

(1) FY 17/18 Operating Budget includes the 2016-18 Biennial Budget as adopted for FY 17/18, Mid-cycle adjustments approved by City Council on June 20, 2017, FY 16/17 operating carryovers approved by City Council on November 14, 2017, and FY 16/17 encumbrances carried forward for purchase commitments originating in FY 16/17.
 (2) Reimbursement from the Debt Service Fund (Fund 390) to the General Fund for debt service payments originally budgeted for Pension Obligation Bond debt, now paid for by Measure Z.

DEPARTMENTS WITH PROJECTED OPERATING DEFICITS
Fire:
 Due to the constant staffing requirement of 211 of the department's 242 full-time equivalent positions, the Fire Department is not expected to meet its managed savings target of \$750,000.

BUDGET ADJUSTMENTS
Community & Economic Development
 The budget increase of approximately \$2 million represents the Total Budget of the Arts & Cultural Affairs Division, transferred from the Museum to Community & Economic Development.
General Services
 On November 14, 2017, City Council approved the supplemental appropriation of \$1 million from the FY 2016-17 General Fund surplus for citywide building repair and maintenance needs.
Library
 The City Council has approved several Library Department requests in FY 2017-18 to spend donated funds. All supplemental appropriations are offset by donation revenues.
Museum
 The budget decrease of approximately \$2.1 million represents the effects of the shuttering of the Museum, including the transfer of the Arts & Cultural Affairs Division to Community & Economic Development and the transfer of an employee position to Parks, Recreation & Community Services to staff the Nature Center.
Parks, Recreation & Community Services
 The budget increase of approximately \$200,000 includes the transfer of funds from the Museum to staff a full-time position at the Nature Center, and the use of donated funds approved by City Council on September 12, 2017.
Police
 The budget increase of approximately \$1 million includes City Council's approval of approximately \$600,000 for the purchase of a fixed-wing aircraft; \$399,000 for a Helicopter Equipment Use agreement with the City of Corona; and \$40,000 in supplemental appropriations for the purchase of two police dogs and related costs. All supplemental appropriations are offset by revenues.

Measure Z Expenditure Summary
FY 2017/18 First Quarter Projections
As of September 30, 2017

Measure Z Funding Item	FY 17/18 1st Qtr Projection		
	FY 17/18 Adopted Budget	Projected Expenditures	Projected Surplus / (Deficit)
20% General Fund Reserve	15,000,000	15,000,000	-
\$32M Pension Bond Payoff	1,900,800	1,900,800	-
Worker's Comp	2,500,000	2,500,000	-
Spending Contingency	1,000,000	-	1,000,000
Sworn Police Positions ¹	3,700,000	3,700,000	-
Public Safety Non-Sworn Positions ¹	903,500	903,500	-
Additional Dispatchers ¹	260,000	260,000	-
Fire Squad Reinstatement	792,798	792,798	-
Fire Captains Reinstatement	450,025	450,025	-
Battalion Chief Reinstatement	282,595	282,595	-
PD Vehicle Replace/Maintain	2,704,822	2,704,822	-
PD Vehicle Refurbish	50,000	50,000	-
Fire Vehicle Replace/Maintain	1,690,000	1,651,578	38,422
Fleet Facility Capital Repairs	100,000	100,000	-
Fleet Mechanics - PD ¹	181,000	181,000	-
Fleet Mechanics - Fire ¹	181,000	181,000	-
Funding Gap - Existing Services	5,482,404	5,482,404	-
General Plan Update	2,000,000	2,000,000	-
Homeless Services	500,000	500,000	-
Principal Analyst - City Mgr Office ¹	165,000	165,000	-
Budget Engagement Comm. Exp.	27,000	27,000	-
Eastside Library Site Selection	100,000	100,000	-
Annual Deferred Maint-Facilities	1,000,000	1,000,000	-
Road/Street Paving	2,875,000	2,875,000	-
Tree Trimming	1,000,000	1,000,000	-
Ward Action Team - City Atty ¹	225,000	225,000	-
Ward Action Team - City Mgr ¹	165,000	165,000	-
Technology Improvements	2,000,000	2,000,000	-
Subtotal Projected Expenditures	47,235,944	46,197,522	1,038,422
Measure Z Projected Revenue	51,557,000	51,557,000	-
MEASURE Z PROJECTED SURPLUS/(DEFICIT)	4,321,056	5,359,478	1,038,422

¹Savings projected due to vacancies during recruitment period.