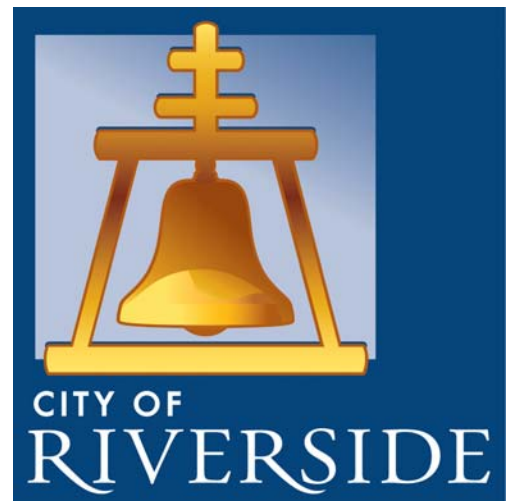


# ATTACHMENT A

## FINANCIAL REPORT



**General Fund and Measure Z Summary**  
*FY 2017-18 Second Quarter Estimates*  
*As of December 31, 2017*

GENERAL FUND	FY 2017-18 MID-CYCLE BUDGET	PROJECTED (1ST QUARTER) <sup>1</sup>	PROJECTED (2ND QUARTER) <sup>1</sup>	DIFFERENCE (Amended vs 2nd Quarter Projections)	DIFFERENCE (1st vs 2nd Quarter Projections)
BEGINNING: General Fund Reserve	\$ 41,497,820	\$ 41,497,820	\$ 41,497,820	\$ -	\$ -
REVENUES/TRANSFER IN (See A-3)	\$ 272,070,107	\$ 271,966,343	\$ 271,966,343	\$ (103,764)	\$ -
EXPENDITURES/TRANSFERS OUT (See A-4)	\$ 256,849,633	\$ 254,424,633	\$ 254,174,633	\$ (2,675,000)	\$ (250,000)
PROJECTED SURPLUS/(DEFICIT)	\$ 15,220,474	\$ 17,541,710	\$ 17,791,710	\$ 2,571,236	\$ 250,000
ENDING: General Fund Reserve	\$ 56,718,294	\$ 59,039,530	\$ 59,289,530	\$ 2,571,236	\$ 250,000
	22.1%	23.2%	23.3%		

MEASURE Z	FY 2017-18 MID-CYCLE BUDGET	PROJECTED (1ST QUARTER) <sup>1</sup>	PROJECTED (2ND QUARTER) <sup>1</sup>	DIFFERENCE (Amended vs 2nd Quarter Projections)	DIFFERENCE (1st vs 2nd Quarter Projections)
BEGINNING: Measure Z Reserve	\$ 2,606,428	\$ 2,606,428	\$ 2,606,428	\$ -	\$ -
REVENUES/TRANSFER IN (See A-5)	\$ 51,557,000	\$ 51,557,000	\$ 51,557,000	\$ -	\$ -
EXPENDITURES/TRANSFERS OUT (See A-5)	\$ 47,235,944	\$ 46,197,522	\$ 46,674,592	\$ (561,352)	\$ 477,070
PROJECTED SURPLUS/(DEFICIT)	\$ 4,321,056	\$ 5,359,478	\$ 4,882,408	\$ 561,352	\$ (477,070)
ENDING: Measure Z Reserve	\$ 6,927,484	\$ 7,965,906	\$ 7,488,836	\$ 561,352	\$ (477,070)

<sup>1</sup>Excludes Budget Adjustments and FY 2016-17 Carryovers

**General Fund Revenue Summary**  
FY 2017-18 Second Quarter Estimates  
As of December 31, 2017

	FY 2017-18 Budgeted Revenues			1st Quarter Projected Revenue	2nd Quarter Projected Revenue	Projected Surplus / (Deficit)	Difference (1st Qtr vs 2nd Qtr Projections)
	Adopted Budget	Budget Adjustments	Total Budget				
Sales & Use Taxes	70,140,574		66,417,450	64,855,930	64,855,930	(1,561,520)	-
Property Taxes	62,665,814		61,485,324	62,229,024	62,229,024	743,700	-
Utility Users Tax	29,180,764		28,291,424	28,370,996	28,370,996	79,572	-
Franchise Fees	5,682,700		5,372,500	4,769,391	4,769,391	(603,109)	-
Transient Occupancy Tax	6,868,575		6,868,575	6,952,807	6,952,807	84,232	-
General Fund Transfer	46,142,500		45,981,500	46,245,700	46,245,700	264,200	-
Charges for Services	15,633,171		16,555,619	16,795,348	16,795,348	239,729	-
Licenses & Permits	10,499,737		10,453,740	10,036,717	10,036,717	(417,023)	-
Fines & Forfeitures	1,745,065		1,413,539	2,045,000	2,045,000	631,461	-
Special Assessments	4,494,029		495,000	511,727	511,727	16,727	-
Intergovernmental Revenue	1,525,000	399,292	1,984,107	1,967,223	1,967,223	(16,884)	-
Other Financing Sources	885,355	400,000	1,263,494	967,000	967,000	(296,494)	-
Miscellaneous Revenues	6,755,136	708,945	6,513,668	6,345,313	6,345,313	(168,355)	-
Transfers In	11,289,982		20,482,404	21,382,404	21,382,404	900,000	-
<b>Total Projected Revenue/Transfers In</b>	<b>\$ 273,508,402</b>	<b>\$ 1,508,237</b>	<b>\$ 273,578,344</b>	<b>\$ 273,474,580</b>	<b>\$ 273,474,580</b>	<b>\$ (103,764)</b>	<b>\$ -</b>

**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**

**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 Fees**

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 \$900,000 per year.

**Fines and Forfeitures**

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 Second Quarter Estimates  
As of December 31, 2017

	FY 2017-18 Operating Budget (1)				1st Quarter Projected Expenditures	2nd Quarter Projected Expenditures	Projected Surplus / (Deficit)	Difference (1st Qtr vs 2nd Qtr Projections)
	Amended Budget	Budget Adjustments	FY 16/17 Carryovers	Total Budget				
City Attorney	5,852,649		921,455	6,774,104	6,374,104	6,374,104	400,000	-
City Clerk	1,598,503		206,899	1,805,402	1,805,402	1,805,402	-	-
City Council	1,197,805		(12,401)	1,185,404	1,185,404	1,185,404	-	-
City Manager	4,844,953		100,943	4,945,896	4,945,896	4,945,896	-	-
Community & Economic Development	13,534,578	2,061,367	712,527	16,308,472	16,308,472	16,058,472	250,000	(250,000)
Finance	7,782,067		459,675	8,241,742	8,991,742	8,991,742	(750,000)	-
Fire	47,940,059		48,599	47,988,658	47,988,658	47,988,658	-	-
General Services	4,334,168	1,000,000	166,082	5,500,250	5,225,250	5,225,250	275,000	-
Human Resources	3,048,932		853,698	3,902,630	3,902,630	3,902,630	-	-
Innovation & Technology	11,086,046		1,688,485	12,774,531	12,774,531	12,774,531	-	-
Library	6,754,907	325,693	84,897	7,165,497	7,165,497	7,165,497	-	-
Mayor	830,259		-	830,259	830,259	830,259	-	-
Museum	3,827,305	(2,122,090)	328,715	2,033,930	2,033,930	2,033,930	-	-
Non-Departmental	7,474,202		(33,406)	7,440,796	7,440,796	7,440,796	-	-
Non-Departmental - Community Livability	25,000		4,403	29,403	29,403	29,403	-	-
Parks, Recreation & Community Services	18,267,032	203,975	133,349	18,604,356	18,604,356	18,604,356	-	-
Police	97,757,542	1,039,292	(491,739)	98,305,095	98,305,095	98,305,095	-	-
Public Works	24,301,611		1,420,289	25,721,900	25,221,900	25,221,900	500,000	-
<b>Subtotal</b>	<b>\$ 260,457,618</b>	<b>\$ 2,508,237</b>	<b>\$ 6,592,470</b>	<b>\$ 269,558,325</b>	<b>\$ 269,133,325</b>	<b>\$ 268,883,325</b>	<b>\$ 675,000</b>	<b>\$ (250,000)</b>
Allocated Costs, Utilization Charges and Operating Transfers	(3,607,985)			(3,607,985)	(3,607,985)	(3,607,985)	-	-
Debt Service Reallocation (2)	-			-	(2,000,000)	(2,000,000)	2,000,000	-
<b>Total</b>	<b>\$ 256,849,633</b>	<b>\$ 2,508,237</b>	<b>\$ 6,592,470</b>	<b>\$ 265,950,340</b>	<b>\$ 263,525,340</b>	<b>\$ 263,275,340</b>	<b>\$ 2,675,000</b>	<b>\$ (250,000)</b>

**NOTES**

(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 Revenue and Expenditure Summary

FY 2017-18 Second Quarter Estimates

As of December 31, 2017

Measure Z Funding Item	FY 2017-18 Budget			1st Quarter Projection	2nd Quarter Projection	Projected Surplus / (Deficit)	Difference (1st Qtr vs 2nd Qtr Projections)
	Adopted Budget	Budget Adjustments	Total Budget				
1 20% General Fund Reserve	15,000,000		15,000,000	15,000,000	15,000,000	-	-
2 \$32M Pension Bond Payoff	1,900,800		1,900,800	1,900,800	1,675,000	225,800	(225,800)
3 Worker's Comp	2,500,000		2,500,000	2,500,000	2,500,000	-	-
4 Spending Contingency	1,000,000	(1,000,000)	-	-	-	-	-
5 Sworn Police Positions	3,700,000		3,700,000	3,700,000	3,700,000	-	-
6 Public Safety Non-Sworn Positions	903,500		903,500	903,500	903,500	-	-
8 Additional Dispatchers I	260,000		260,000	260,000	260,000	-	-
9 Fire Squad Reinstatement	792,798		792,798	792,798	792,798	-	-
10 Fire Captains Reinstatement	450,025		450,025	450,025	450,025	-	-
11 Battalion Chief Reinstatement	282,595		282,595	282,595	282,595	-	-
12 PD Vehicle Replace/Maintain	2,704,822	(382,870)	2,321,952	2,704,822	2,014,822	307,130	(690,000)
12a PD Fixed Wing Aircraft	-	382,870	382,870	-	382,870	-	382,870
13 PD Vehicle Refurbish	50,000		50,000	50,000	50,000	-	-
14 Fire Vehicle Replace/Maintain	1,690,000		1,690,000	1,651,578	1,661,578	28,422	10,000
15 Fleet Facility Capital Repairs	100,000		100,000	100,000	100,000	-	-
16 Fleet Mechanics - PD I	181,000		181,000	181,000	181,000	-	-
17 Fleet Mechanics - Fire I	181,000		181,000	181,000	181,000	-	-
18 Funding Gap - Existing Services	5,482,404		5,482,404	5,482,404	5,482,404	-	-
19 General Plan Update	2,000,000		2,000,000	2,000,000	2,000,000	-	-
20 Homeless Services	500,000		500,000	500,000	500,000	-	-
21 Principal Analyst - City Mgr Office I	165,000		165,000	165,000	165,000	-	-
22 Budget Engagement Comm. Exp.	27,000		27,000	27,000	27,000	-	-
23a New Downtown Main Library Archives	-	1,000,000	1,000,000	-	1,000,000	-	1,000,000
24 Eastside Library Site Selection	100,000		100,000	100,000	100,000	-	-
28 Annual Deferred Maint-Facilities	1,000,000		1,000,000	1,000,000	1,000,000	-	-
29 Road/Street Paving	2,875,000		2,875,000	2,875,000	2,875,000	-	-
30 Tree Trimming	1,000,000		1,000,000	1,000,000	1,000,000	-	-
31 Ward Action Team - City Atty I	225,000		225,000	225,000	225,000	-	-
32 Ward Action Team - City Mgr I	165,000		165,000	165,000	165,000	-	-
33 Technology Improvements	2,000,000		2,000,000	2,000,000	2,000,000	-	-
<b>Subtotal Projected Expenditures</b>	<b>\$ 47,235,944</b>	<b>\$ -</b>	<b>\$ 47,235,944</b>	<b>\$ 46,197,522</b>	<b>\$ 46,674,592</b>	<b>\$ 561,352</b>	<b>\$ 477,070</b>
Measure Z Projected Revenue	51,557,000		51,557,000	51,557,000	51,557,000	-	-
<b>MEASURE Z PROJECTED SURPLUS/(DEFICIT)</b>	<b>\$ 4,321,056</b>	<b>\$ -</b>	<b>\$ 4,321,056</b>	<b>\$ 5,359,478</b>	<b>\$ 4,882,408</b>	<b>\$ 561,352</b>	<b>\$ (477,070)</b>

### BUDGET ADJUSTMENTS

#### Spending Contingency and New Main Library Archives

On December 19, 2017, the City Council approved the allocation of Contingency Funds for FY 2017/18 and FY 2018/19 for Archives for the New Main Library project.

#### PD Vehicle Replace/Maintain and PD Fixed Wing Aircraft

On November 17, 2017, City Council approved an amendment to the Measure Z Spending Plan to reallocate funds from the vehicle replacement account to fund a portion of the purchase of a fixed wing aircraft.