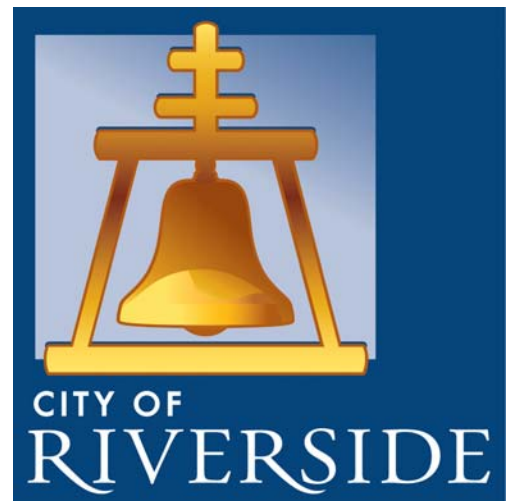

ATTACHMENT A

FINANCIAL REPORT



General Fund and Measure Z Summary
 FY 2017-18 Third Quarter Estimates
 As of March 31, 2018

GENERAL FUND	FY 2017-18 MID-CYCLE BUDGET	PROJECTED (2ND QUARTER)¹	PROJECTED (3RD QUARTER)¹	DIFFERENCE (Amended vs 3rd Quarter Projections)	DIFFERENCE (2nd vs 3rd 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	\$ 254,174,633	\$ 254,375,633	\$ (2,474,000)	\$ 201,000
PROJECTED SURPLUS/(DEFICIT)	\$ 15,220,474	\$ 17,791,710	\$ 17,590,710	\$ 2,370,236	\$ (201,000)
ENDING: General Fund Reserve	\$ 56,718,294	\$ 59,289,530	\$ 59,088,530	\$ 2,370,236	\$ (201,000)
	22.1%	23.3%	23.2%		

MEASURE Z	FY 2017-18 MID-CYCLE BUDGET	PROJECTED (2ND QUARTER)¹	PROJECTED (3RD QUARTER)¹	DIFFERENCE (Amended vs 3rd Quarter Projections)	DIFFERENCE (2nd vs 3rd 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	\$ 46,674,592	\$ 46,674,592	\$ (561,352)	\$ -
PROJECTED SURPLUS/(DEFICIT)	\$ 4,321,056	\$ 4,882,408	\$ 4,882,408	\$ 561,352	\$ -
ENDING: Measure Z Reserve	\$ 6,927,484	\$ 7,488,836	\$ 7,488,836	\$ 561,352	\$ -

¹Excludes Budget Adjustments and FY 2016-17 Carryovers

General Fund Revenue Summary
FY 2017-18 Third Quarter Estimates
As of March 31, 2018

FY 2017-18 Budgeted Revenues						
Amended Budget	Budget Adjustments	Total Budget	2nd Quarter Projected Revenue	3rd Quarter Projected Revenue	Projected Surplus / (Deficit)	Difference (2nd Qtr vs 3rd Qtr Projections)
Sales & Use Taxes	66,417,450	66,417,450	64,855,930	64,855,930	(1,561,520)	-
Property Taxes	61,485,324	61,485,324	62,229,024	62,229,024	743,700	-
Utility Users Tax	28,291,424	28,291,424	28,370,996	28,370,996	79,572	-
Franchise Fees	5,372,500	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	45,981,500	45,981,500	46,245,700	46,245,700	264,200	-
Charges for Services	16,555,619	16,555,619	16,795,348	16,795,348	239,729	-
Licenses & Permits	10,453,740	10,453,740	10,036,717	10,036,717	(417,023)	-
Fines & Forfeitures	1,413,539	1,413,539	2,045,000	2,045,000	631,461	-
Special Assessments	495,000	495,000	511,727	511,727	16,727	-
Intergovernmental Revenue	1,584,815	1,984,107	1,967,223	1,967,223	(16,884)	-
Other Financing Sources	863,494	1,263,494	967,000	967,000	(296,494)	-
Miscellaneous Revenues	5,804,723	1,421,742	6,345,313	6,345,313	(168,355)	-
Transfers In	20,482,404	20,482,404	21,382,404	21,382,404	900,000	-
Total Projected Revenue/Transfers In	\$ 272,070,107	\$ 2,221,034	\$ 273,474,580	\$ 273,474,580	\$ (103,764)	\$ -

BUDGET ADJUSTMENTS

Intergovernmental Revenue

The revenue increase of \$399,292 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 \$1.4 million 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 tax 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 Third Quarter Estimates
As of March 31, 2018

	FY 2017-18 Operating Budget (1)			Total Budget	2nd Quarter Projected Expenditures	3rd Quarter Projected Expenditures	Projected Surplus / (Deficit)	Difference (2nd Qtr vs 3rd Qtr Projections)
	Amended Budget	Budget Adjustments	FY 16/17 Carryovers					
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	5,146,896	(201,000)	201,000	
Community & Economic Development	13,534,578	2,061,367	712,527	16,308,472	16,058,472	250,000	-	
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	1,752,089	(491,739)	99,017,892	99,017,892	-	-	
Public Works	24,301,611		1,420,289	25,721,900	25,221,900	500,000	-	
Subtotal	\$ 260,457,618	\$ 3,221,034	\$ 6,592,470	\$ 270,271,122	\$ 269,596,122	\$ 474,000	\$ 201,000	
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	\$ 3,221,034	\$ 6,592,470	\$ 266,663,137	\$ 264,189,137	\$ 2,474,000	\$ 201,000	

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

City Manager's Office

Unanticipated personnel changes are expected to result in a shortfall of approximately \$201,000.

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 temporary closure 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

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 \$1.75 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, \$40,000 in supplemental appropriations for the purchase of two police dogs and related costs, and an allocation of approximately \$700 thousand in Asset Forfeiture Funds. All supplemental appropriations are offset by revenues.

Measure Z Revenue and Expenditure Summary
FY 2017-18 Third Quarter Estimates
As of March 31, 2018

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

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.