

Quarterly

Budget Update

QUARTER 1
FY 2024

NOVEMBER 1
2023



city of
corona

Quarterly Budget Update | Quarter 1, FY 2024

November 1, 2023

OVERVIEW

City management is pleased to present this quarterly update summarizing the City's overall budget activity through Quarter 1 (September 30, 2023) for Fiscal Year (FY) 2024. The City's fiscal year is July 1 through June 30. For audited information, or to find greater detail, please refer to the City's annual financial statement, which is released by December 31st following the end of the fiscal year.

BUDGET ADJUSTMENTS AND REVENUE ESTIMATES

The revenue projections and budget expenditures presented in this update include budget adjustments approved by the City Council, continuing appropriations, and prior year encumbrances.

GENERAL FUND FINANCIAL CONDITION

The City's General Fund is the primary source of discretionary resources that funds many of the services provided to the citizens of the City of Corona.

The General Fund inflows (revenue and transfers in) for FY 2024 are currently estimated at \$214.0 million. This represents an increase of \$0.3 million over the adopted inflows amount of \$213.7 million.

The City has received or recorded 13.3% of the estimated General Fund inflows, through the end of Quarter 1 (at the time this information was prepared). Overall, inflows are up by 7.9% when compared to the same quarter of FY 2023.

As of Quarter 1 of FY 2024, The General Fund has expended 14.7% of its cumulative budget. The current savings is primarily due to capital improvement projects which will take multiple years to complete.

Comparing Quarter 1 of FY 2024 to FY 2023, expenditures are up by 2.2%, or \$735,666.

General Fund Reserves

The General Fund has multiple reserves in fund balance for various purposes. For the full list, please reference the City's financial statements, Note 14 (for Fiscal Year Ending June 30, 2023, page 112). This quarterly update will highlight four of those reserves. Noted are the unaudited FY 2023 amounts, which total \$118.0 million. This represents an increase of \$18.9 million over the FY 2022 noted reserves. The final amounts may be adjusted once the FY 2023 financial statements are issued.

June 30, 2023	
Emergency Contingency	\$ 45,343,853
Budget Balancing	\$ 3,922,049
Pension Stabilization	\$ 35,429,248
Measure X Reserves	\$ 33,296,679
Total of Noted Reserves	\$ 117,991,829

Quarterly Budget Update | Quarter 1, FY 2024

November 1, 2023

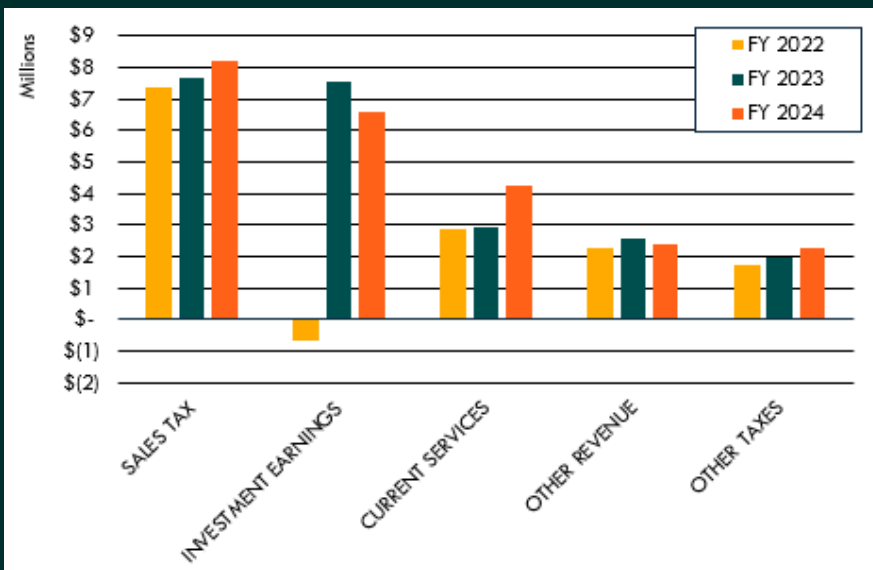
GENERAL FUND INFLOWS

Top Five Revenues

The City's top five General Fund revenue categories account for approximately 83.4% of the total estimated General Fund inflows for FY 2024. Focusing on these sources can provide a useful understanding of the City's income position. Details of the categories will be described in the following paragraphs.

The bar graph below illustrates the performance of the top five revenues as compared to the same quarter of the prior two fiscal years.

General Fund Revenues
Top 5 Revenues Compared
Quarter 1



1

Sales Tax. At the end of Quarter 1, Sales Tax is the largest General Fund revenue category. This category includes the City's portion of sales tax, Measure X, Prop. 172 sales tax, and allowance for sales tax agreements. As of Quarter 1, the total received is \$8.2 million. At the time this information was prepared, the revenues are up by 6.4%, or \$0.5 million as compared to the prior year.

2

Investment Earnings. Interest on Investments are down by \$1.0 million when compared to Quarter 1 of FY 2023. The biggest factor in this category's decrease is due to how the City must report the unrealized gains/losses from investments. These are book entries and not actual cash.

Quarterly Budget Update | Quarter 1, FY 2024

November 1, 2023

3

Current Services. At the end of Quarter 1, a total of \$4.2 million has been received in the Current Services category. Items in this revenue group include plan check fees, engineering and inspection fees, recreation revenues, and the Emergency Medical Services Program. Current Services are up 44.6%, or \$1.3 million as compared to Quarter 1 of FY 2023.

When comparing to the prior fiscal year, there is an increase in animal shelter fees and charges, fire service agreements, and cannabis program related revenues. Plan check and inspection related revenues are also experiencing increases, as well as reimbursement for public safety emergency response and recreation program revenues. In addition, there are decreases in police false alarms and EMS subscription.

General Fund Inflows = Revenue + Transfers In Quarter 1, FY 2023 to FY 2024

General Fund Revenue Category	Through Q1 FY 2023	Through Q1 FY 2024	\$ Change	% Change
Sales Tax	\$ 4,585,915	\$ 4,781,698	195,783	4.3%
Measure X	3,114,481	3,411,311	296,830	9.5%
Property Tax	1,659,608	1,868,705	209,097	12.6%
Other Revenue	2,603,059	2,423,435	(179,624)	-6.9%
Current Services	2,938,369	4,249,382	1,311,013	44.6%
Other Taxes	1,948,652	2,293,961	345,309	17.7%
Payments in Lieu of Services	1,475,716	1,530,335	54,619	3.7%
Intergovernmental Revenues	(489,373)	504,748	994,122	-203.1%
Licenses, Fees & Permits	624,107	607,031	(17,075)	-2.7%
Utility Service Charges	-	3,208	3,208	N/A
Fines, Penalties & Forfeitures	156,744	197,463	40,718	26.0%
Investment Earnings	7,557,424	6,593,390	(964,034)	-12.8%
Total Revenues	\$ 26,174,702	\$ 28,464,668	\$ 2,289,966	8.7%
Transfers In	204,663	-	(204,663)	-100.0%
Total Inflows	\$ 26,379,366	\$ 28,464,668	\$ 2,085,302	7.9%

4

Other Revenues. The Other Revenues category is the fourth largest category at the end of the Quarter 1. Activity in this revenue group includes Rental/Lease Income, Development Agreements, Telecommunication Site Rentals, and Billboard Revenues. At the end of Quarter 1, the total received is \$2.4 million. Overall, the Other Revenues category is down by 6.9%, or \$179,624 as compared to the same quarter in FY 2023.

5

Other Taxes. At the end of Quarter 1, a total of \$2.3 million has been received in the Other Taxes category. Items in this category include Franchise Fees, Transient Occupancy Taxes (TOT), and Business Licenses Taxes. Through the end of Quarter 1, revenues are up by 17.7%, or \$345,309 as compared to FY 2023.

Franchise Fees and Cannabis Tax are all higher when comparing to Quarter 1 of the prior year.

General Fund Inflows = Revenue + Transfers In Budget to Actuals, Quarter 1, FY 2024

General Fund Revenue Category	Cumulative Budget FY 2024	Through Q1 FY 2024	% Received
Sales Tax	54,128,947	4,781,698	8.8%
Measure X	43,798,200	3,411,311	7.8%
Property Tax	61,040,500	1,868,705	3.1%
Other Revenue	10,961,059	2,423,435	22.1%
Current Services	11,758,683	4,249,382	36.1%
Other Taxes	14,743,951	2,293,961	15.6%
Payments in Lieu of Services	6,445,705	1,530,335	23.7%
Intergovernmental Revenues	2,656,905	504,748	19.0%
Licenses, Fees & Permits	2,215,550	607,031	27.4%
Utility Service Charges	9,800	3,208	32.7%
Fines, Penalties & Forfeitures	843,700	197,463	23.4%
Investment Earnings	3,465,795	6,593,390	190.2%
Special Assessments	679,215	-	0.0%
Total Revenues	\$ 212,748,010	\$ 28,464,668	13.4%
Transfers In	1,235,696	-	0.0%
Total Inflows	\$ 213,983,706	\$ 28,464,668	13.3%

Quarterly Budget Update | Quarter 1, FY 2024 November 1, 2023

General Fund Expenditures

The FY 2023 budget was adopted with \$201.8 million in General Fund expenditures. With continuing appropriations of \$21.3 million, and encumbrances (committed purchase orders) of \$5.3 million, the beginning outflow budget was \$228.3 million. Through Council Actions and other authorized adjustments, the cumulative budget is \$232.9 million, with total outflows of \$233.0 million.

Through Quarter 1, the City has spent \$34.3 million, or 14.7% of the cumulative budget. At this point in the fiscal year, expenditures should be approximately 25% of budget. The largest expenditure category for the General Fund is Personnel Services.

Personnel Services. The Personnel Services is an increase of \$1.4 million as compared to the same quarter last fiscal year. The changes are primarily based on current MOU contracts that are good through December 2024.

Materials and Supplies. The Materials and Supplies category is down by \$1.3 million when compared to Quarter 1 of FY 2023. There are multiple increases and decreases in this category. The primary drivers are one-time expenditures in last fiscal year for technical rescue equipment and furniture/equipment purchases.

Quarterly Budget Update | Quarter 1, FY 2024

November 1, 2023

General Fund Outflows Expenditures + Transfers Out Budget to Actuals, Quarter 1, FY 2024

General Fund Expenditures By Department	Cumulative Budget FY 2024	Through Q1 FY 2024	% Spent
CIP / O&M Projects	\$ 32,929,928	\$ 1,965,346	6.0%
City Manager's Office	12,065,359	1,017,731	8.4%
Community Services	18,185,799	2,908,850	16.0%
Debt Service	22,595,308	1,068,811	4.7%
Economic Development	1,604,768	232,766	14.5%
Elected Officials	144,874	29,887	20.6%
Finance	4,613,646	899,511	19.5%
Fire	34,739,398	7,313,093	21.1%
General Government	29,736,840	5,198,067	17.5%
Human Resources	2,926,222	653,215	22.3%
Information Technology	1,116,937	31,820	2.8%
Legal & Risk Management	2,022,134	407,176	20.1%
Planning & Development	10,159,921	1,323,453	13.0%
Police	55,185,281	10,622,761	19.2%
Public Works	4,866,457	649,050	13.3%
Total Expenditures	\$ 232,892,873	\$ 34,321,538	14.7%
Transfers Out	125,039	-	0.0%
Total Outflows	\$ 233,017,912	\$ 34,321,538	14.7%

General Fund Outflows Expenditures + Transfers Out Quarter 1, FY 2023 to FY 2024

General Fund Expenditures By Category	Through Q1 FY 2023	Through Q1 FY 2024	% Change
Contractual	1,520,295	2,544,969	67.4%
Materials and Supplies	7,224,743	5,889,690	-18.5%
Other Sources	184,958	-	-100.0%
Personnel Services	23,467,609	24,861,441	5.9%
Utilities	1,188,268	1,025,437	-13.7%
Total Expenditures	\$ 33,585,872	\$ 34,321,538	2.2%
Transfers Out	-	-	N/A
Total Outflows	\$ 33,585,872	\$ 34,321,538	2.2%

General Fund Expenditures by Department. Through September 30, 2023, approximately 25% of the fiscal year is complete. Departments with a variance of 10% are explained in the following section.

CIP / O&M Projects. This budget does not follow the normal trends as these are multi-year projects. Any unspent encumbrances (purchase orders) or remaining balance carries forward to the next fiscal year to continue the project activities.

City Manager's Office. Current savings are related to the contractual services budget. The contractual services are primarily related to the Homeless Program.

Debt Services. Quarter 1 is low due to the timing of debt service payments based on approved payment cycles.

Information Technology. Related to Measure X. There are some personnel savings due to vacancies and operating costs have not had any expenditures through Q1 as the funded activity has not started yet.

Planning & Development. Current savings is due to vacancies, materials and supplies, and contractual services.

Public Works. The Public Works Department currently has savings due to personnel vacancies, materials and supplies, and contractual services.

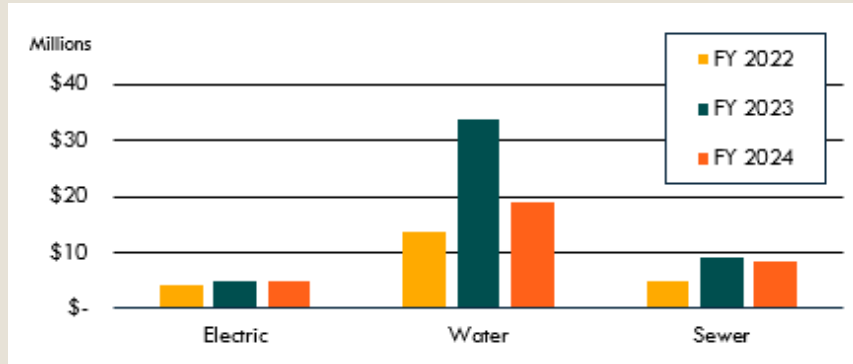
Quarterly Budget Update | Quarter 1, FY 2024

November 1, 2023

ENTERPRISE FUNDS - UTILITIES INFLOWS

The City operates three utility services through the Utilities Department (formerly the Department of Water and Power): electric, water, and sewer. Through the collection of fees and charges, these funds should collect revenues sufficient to finance the costs associated with administration, operations, capital improvement projects (CIP), and debt service.

Enterprise Funds - Utilities Revenues Compared, Quarter 1 FY 2022 - FY 2023 - FY 2024



The Reserve Policy for Utilities Department Operating Funds was approved by the City Council on May 18, 2022. Commencing with FY 2022, the target reserve amount for each of the operating funds shall be set at ninety (90) days. To build the target reserve amount, the Utilities Department shall annually contribute ten percent (10%) of the difference between actual operating revenues and actual operating expenses for each of the Utilities Department Operating Funds at the beginning of each fiscal year until the target reserve is met. Depending on the fund, it will take time to hit the target reserve amount. If the reserve amount exceeds the target reserve amount, the additional funds shall remain in reserves.

The reserve process will occur annually, once the audit and financials are finalized. Utility Reserve preliminary balance is shown below. The final amounts may be adjusted once the FY 2023 financial statements are issued.

June 30, 2023	
Water Utility	\$ 3,343,911
Sewer Utility	\$ 1,228,956
Electric Utility	\$ 234,438
Total of Noted Reserves	\$ 4,807,305

Quarterly Budget Update | Quarter 1, FY 2024

November 1, 2023

Enterprise Funds Fund Type	Through Q1 FY 2023	Through Q1 FY 2024	%
			Change
Electric	\$ 4,914,279	\$ 4,999,189	1.7%
Water	33,583,841	18,906,452	-43.7%
Sewer	9,122,135	8,470,184	-7.1%
Total Revenues	\$ 47,620,255	\$ 32,375,824	-32.0%
Transfers In - Electric	-	-	N/A
Transfers In - Water	-	-	N/A
Transfers In - Sewer	6	-	-100.0%
Total Inflows	\$ 47,620,261	\$ 32,375,824	-32.0%

Enterprise Funds - Utilities
Inflows = Revenues + Transfers In
Quarter 1, FY 2023 to FY 2024

Enterprise Funds - Utilities
Inflows = Revenues + Transfers In
Budget to Actuals
Quarter 1, FY 2024

Enterprise Funds Fund Type	Cumulative Budget FY 2024	Through Q1 FY 2024	%
			Received
Electric	\$ 17,864,624	\$ 4,999,189	28.0%
Water	81,040,938	18,906,452	23.3%
Sewer	35,688,095	8,470,184	23.7%
Total Revenues	\$ 134,593,657	\$ 32,375,824	24.1%
Transfers In - Electric	-	-	N/A
Transfers In - Water	-	-	N/A
Transfers In - Sewer	6	-	N/A
Total Inflows	\$ 134,593,663	\$ 32,375,824	24.1%

Enterprise Funds-Utilities Revenues

Through Quarter 1 FY 2024, revenues received have decreased 32.0%, or \$15.2 million, as compared to the same quarter in Fiscal Year 2023.

Electric. Comparing Quarter 1 FY 2024 revenues to FY 2023, there is an increase of \$0.1 million, or 1.7%. There were decrease in categories: Current Services, Fines, Penalties & Forfeitures, Investment Earnings, and Utility Service Charges. There were increases in categories: Fees & Permits and Other Revenue. The change in the Investment Earnings category is due to how the City must report the unrealized gains/losses from investments. These are book entries and not actual cash.

Water. Through the first quarter of FY 2024, there is a decrease of 43.7%, or \$14.7 million, as compared to FY 2023. Other Revenue has a decrease of \$19.0 million, largely due to a one-time lawsuit settlement from last fiscal year. Investment Earnings has an increase of \$564,241, due to the unrealized gains/losses from investments which are book entries. There is an increase of \$3.6 million in Intergovernmental Revenues. This is due to how we record revenue for grants. It is spread over several years and is recognized in the period in which it is earned.

Sewer. Through Quarter 1, there is a decrease of 7.1%, or \$0.7 million, when compared to FY 2023. The decrease is across all categories. Current Services, Fees & Permits, Fines, Penalties & Forfeitures, Investment Earnings, and Utility Service Charges. The change in the Investment Earnings category is due to how the City must report the unrealized gains/losses from investments. These are book entries and not actual cash.

Quarterly Budget Update | Quarter 1, FY 2024

November 1, 2023

ENTERPRISE FUNDS-UTILITIES OUTFLOWS

When comparing the total of utility outflows, Quarter 1 of FY 2024 to FY 2023, outflows are higher by 4.6%, or \$1.0 million.

Electric. Overall, the Electric utility expenditures through Quarter 1 are down by 11.2% when compared to last fiscal year. There is a decrease in contractual, materials and supplies and utilities. There is an increase of \$15,994 in personnel services.

Water. Overall, the Water utility expenditures are up by 5.5% or \$675,977 when compared to Quarter 1 in FY 2023. There are increases in personnel services and materials and supplies. Some decreases are seen in contractual and utilities.

Sewer. The Sewer utility expenditures are up by 12.7%, or \$726,339, when compared to Quarter 1 of FY 2023. There was a decreases in utilities, but an increase in contractual, materials and supplies, and personnel services.

Enterprise Funds - Utilities Outflows = Expenditures + Transfers Out Quarter 1, FY 2023 to FY 2024

Enterprise Funds - Utilities Outflows = Expenditures + Transfers Out Budget to Actuals, Quarter 1, FY 2024

Enterprise Funds Expenditures By Category	Through Q1 FY 2023	Through Q1 FY 2024	% Change
Electric			
Contractual	\$ 93,676	\$ 55,629	-40.6%
Materials and Supplies	312,199	383,319	22.8%
Personnel Services	64,671	80,665	24.7%
Utilities	3,095,399	2,646,757	-14.5%
Electric Total	3,565,945	3,166,371	-11.2%
Water			
Contractual	\$ 1,079,920	\$ 1,000,916	-7.3%
Materials and Supplies	7,796,898	8,531,146	9.4%
Personnel Services	1,689,562	1,798,693	6.5%
Utilities	1,754,189	1,665,791	-5.0%
Water Total	12,320,569	12,996,546	5.5%
Sewer			
Contractual	\$ 583,009	\$ 888,236	52.4%
Materials and Supplies	3,153,468	3,642,288	15.5%
Personnel Services	1,385,140	1,412,630	2.0%
Utilities	597,669	502,471	-15.9%
Sewer Total	5,719,286	6,445,625	12.7%
Transfers Out - Electric	-	-	N/A
Transfers Out - Water	-	-	N/A
Transfers Out - Sewer	6	-	N/A
Grand Total	\$ 21,605,805	\$ 22,608,542	4.6%

Enterprise Funds Expenditures By Department	Cumulative Budget FY 2024	Through Q1 FY 2024	% Spent
Electric			
CIP / O&M Projects	\$ 1,676,013	\$ 1,539	0.1%
Debt Service	85,863	-	0.0%
Planning & Development	14,021	1,032	7.4%
Public Works	185,642	14,569	7.8%
Utilities Department	16,237,756	3,149,230	19.4%
Electric Total	18,199,295	3,166,371	17.4%
Water			
CIP / O&M Projects	\$ 54,534,916	\$ 596,226	1.1%
Debt Service	383,627	-	0.0%
Planning & Development	82,652	11,858	14.3%
Public Works	927,482	152,016	16.4%
Utilities Department	59,709,508	12,236,446	20.5%
Water Total	115,638,186	12,996,546	11.2%
Sewer			
CIP / O&M Projects	\$ 56,618,827	\$ 744,409	1.3%
City Manager's Office	3,572	524	14.7%
Debt Service	215,364	-	0.0%
Planning & Development	35,444	8,367	23.6%
Public Works	597,236	99,454	16.7%
Utilities Department	30,902,689	5,592,871	18.1%
Sewer Total	88,373,132	6,445,625	7.3%
Transfers Out - Electric	-	-	N/A
Transfers Out - Water	-	-	N/A
Transfers Out - Sewer	1,114,779	-	N/A
Grand Total	\$ 223,325,392	\$ 22,608,542	10.1%

Live Work Corona

LiveWork.CoronaCA.gov

What do you think? We value your opinion.

Is there anything additional you'd like to see in future reports? This will be an evolving process to capture the areas that are of most interest to the City Council and the community. Please let us know. We appreciate the feedback! Please share your ideas at BudgetPrep@CoronaCA.gov, Julie.Kennicutt@CoronaCA.gov, or contact Budget staff at (951) 279-3500.