



Quarterly Budget Update

Quarter 3
FY 2024

Overview

City Management is pleased to present this quarterly update summarizing the City's overall budget activity through Quarter 3 (March 31, 2024) for Fiscal Year (FY) 2024. The City's fiscal year is July 1st through June 30th. 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 & 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, mid-year revenue estimates, and updated revenue estimates presented at the Spring Financial Workshop on March 28, 2024.

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 is made up of the General Fund, Measure X Fund, Historic Civic Center Fund, and the Pension Stabilization Trust Fund.

The General Fund inflows (revenue and transfers in) for FY 2024 are currently estimated at \$224.6 million. Based on FY 2024 projections, there is an estimated increase of \$8.9 million when compared to the cumulative budget.

The City has received or recorded 71.8% of the estimated General Fund inflows, through the end of Quarter 3 (at the time this information was prepared). Overall, inflows are up by 4.7% when compared to the same quarter of FY 2023.

As of Quarter of FY 2024, the General Fund has expended 49.5% of its cumulative budget. The current savings is primarily due to capital improvement projects which will take multiple years to complete. Comparing Quarter 3 of FY 2024 to FY 2023, expenditures are up by 7.6%, or \$8.8 million.

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 15 (for Fiscal Year Ending June 30, 2023, page 119). This quarterly update highlights four of those reserves. FY 2023 audited amounts are noted in the table. The Pension Stabilization Trust amount has been updated to reflect the FY 2024 contribution.

1	2	3	4
Equal to 3 months of operating expenditures	Been in place for 20-years	Reserve for pension related expenditures – debt service payments for the Pension Obligation Bonds or the City's CalPERS unfunded accrued liability (UAL) contributions.	Unspent Measure X funds that don't roll into next FY will go into the reserve
Adjusted at the end of each fiscal year	Since FY 2022, we no longer add new money into this reserve at the end of the fiscal year		Reserve amount discussed with Council each year through the budget cycle
Emergency Contingency	Budget Balancing	Pension Stabilization	Measure X Reserves
\$45,343,853	\$3,922,049	\$39,297,068	\$43,340,023

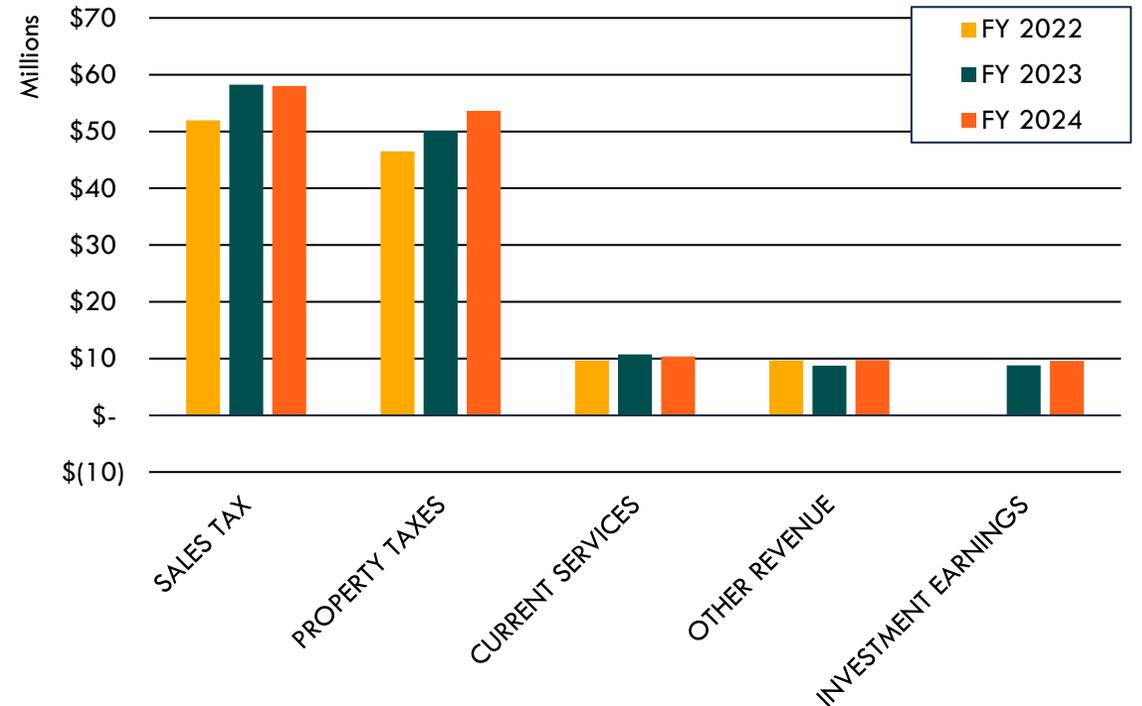
General Fund Inflows

Top Five Revenues

The City's top five General Fund revenue categories account for approximately 88.2% 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.

The bar graph to the right 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 3**



General Fund Inflows **Top Five Revenues**

01 Sales Tax

At the end of Quarter 3, 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 3, the total received is \$58.0 million. At the time this information was prepared, the revenues are down by 0.4%, or \$0.2 million as compared to the prior year.

02 Property Tax

The second largest General Fund revenue category at the end of Quarter 3 is Property Tax. The total for property tax is \$53.6 million, an increase of \$3.5 million, or 7.0%, over the prior fiscal year. The increase is primarily in secured property taxes. The majority of property tax revenues are recorded as revenue and booked as a receivable, once the annual report is received from the County of Riverside (generally November/December). Year-end adjustments "true-up" the amounts to the actual cash received.

03 Current Services

At the end of Quarter 3, a total of \$10.4 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 down 3.3%, or \$0.3 million as compared to Quarter 3 of FY 2023. When comparing to the prior fiscal year, there is a decrease in plan check and engineering and inspection related revenues, as well as police false alarms. In addition, there are increase in after school recreation program, EMS subscription, and special fire equipment inspection.

General Fund Inflows **Top Five Revenues**

04 Other Revenue

The Other Revenue category is the fourth largest category at the end of Quarter 3. Activity in this revenue group includes Rental/Lease Income, Development Agreements, Telecommunication Site Rentals, and Billboard Revenues. At the end of Quarter 3, the total received is \$9.7 million. Overall, the Other Revenues category is up by 11.2%, or \$1.0 million, as compared to the same quarter in FY 2023. This is due to increases in Peg Fees, Damage Recovery, Special District Admin Reimbursements, and Bad Debt Recovery.

05 Investment Earnings

This category is usually not one of the five largest, but as of Quarter 3, FY 2024, it ranks fifth largest. There is a significant difference when compared to the prior year that needs to be explained. The biggest factor in this category's increase is due to how the City must report the unrealized gains/losses from investments. These are book entries and not actual cash. At the end of Quarter 3, this category's total is \$9.6 million which is a positive change of \$0.8 million as compared to FY 2023. If we omit the book entries, the total is \$4.4 million which is a positive change of \$1.4 million as compared to FY 2023.

General Fund Inflows

General Fund Revenues Revenue + Transfers In Quarter 3, FY 2023 to FY 2024

General Fund Revenue Category	Through Q3 FY 2023	Through Q3 FY 2024	\$ Change	% Change
Sales Tax	\$ 32,960,330	\$ 33,622,459	662,130	2.0%
Measure X	25,291,871	24,410,671	(881,200)	-3.5%
Property Tax	50,140,120	53,640,803	3,500,683	7.0%
Other Revenue	8,744,745	9,725,927	981,182	11.2%
Current Services	10,727,229	10,377,381	(349,848)	-3.3%
Other Taxes	7,712,694	8,798,554	1,085,860	14.1%
Payments in Lieu of Services	4,509,077	4,720,825	211,748	4.7%
Intergovernmental Revenues	1,159,408	2,456,635	1,297,227	111.9%
Licenses, Fees & Permits	1,817,503	1,655,516	(161,987)	-8.9%
Utility Service Charges	-	11,494	11,494	N/A
Special Assessments	344,054	394,314	50,260	14.6%
Fines, Penalties & Forfeitures	939,815	946,921	7,106	0.8%
Investment Earnings	2,954,851	4,364,531	1,409,680	47.7%
<i>GASB31 Gain/Loss on Investment</i>	<i>5,849,469</i>	<i>5,228,314</i>	<i>(621,155)</i>	<i>-10.6%</i>
Total Revenues	\$ 153,151,166	\$ 160,354,346	\$ 7,203,180	4.7%
Transfers In	821,658	847,663	26,005	3.2%
Total Inflows	\$ 153,972,824	\$ 161,202,008	\$ 7,229,185	4.7%
<i>Total Inflows (w/o GASB31)</i>	<i>\$ 148,123,355</i>	<i>\$ 155,973,694</i>	<i>\$ 7,850,339</i>	<i>5.3%</i>

General Fund Revenues Revenue + Transfers In FY 2024, Projected Revenues to Quarter 3 Actuals

General Fund Revenue Category	Projected FY 2024	Through Q3 FY 2024	% Received
Sales Tax	\$ 57,027,732	\$ 33,622,459	59.0%
Measure X	41,676,454	24,410,671	58.6%
Property Tax	64,184,995	53,640,803	83.6%
Other Revenue	11,566,470	9,725,927	84.1%
Current Services	13,303,127	10,377,381	78.0%
Other Taxes	14,457,606	8,798,554	60.9%
Payments in Lieu of Services	6,445,705	4,720,825	73.2%
Intergovernmental Revenues	4,763,693	2,456,635	51.6%
Licenses, Fees & Permits	2,256,423	1,655,516	73.4%
Utility Service Charges	12,000	11,494	95.8%
Special Assessments	773,347	394,314	51.0%
Fines, Penalties & Forfeitures	1,299,662	946,921	72.9%
Investment Earnings	5,609,700	4,364,531	77.8%
<i>GASB31 Gain/Loss on Investment</i>	<i>-</i>	<i>5,228,314</i>	<i>N/A</i>
Total Revenues	\$ 223,376,914	\$ 160,354,346	71.8%
Transfers In	1,235,696	847,663	68.6%
Total Inflows	\$ 224,612,610	\$ 161,202,008	71.8%
<i>Total Inflows (w/o GASB31)</i>	<i>\$ 224,612,610</i>	<i>\$ 155,973,694</i>	<i>69.4%</i>

General Fund Expenditures

The FY 2024 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 \$250.4 million, with total outflows of \$251.2 million.

Through Quarter 3, the City has spent \$124.4 million, or 49.5% of the cumulative budget. At this point in the fiscal year, expenditures should be approximately 75% of budget. When comparing the same quarter in FY 2023, outflows are up by 7.6%, or \$8.8 million. The largest expenditure category for the General Fund is Personnel Services.

Personnel Services has an increase of \$6.1 million as compared to the same quarter last fiscal year. The changes are primarily based on current Memorandum of Understanding (MOU) contracts that are good through December 2024.

Materials and Supplies is up by \$2.2 million when compared to Quarter 3 of FY 2023. There are multiple increases and decreases in this category. The primary drivers for change are one-time purchases of minor equipment & furniture in the current fiscal year, and an increase for tree maintenance.

General Fund Outflows Expenditures + Transfers Out Quarter 3, FY 2023 to FY 2024

General Fund Expenditures By Category	Through Q3 FY 2023	Through Q3 FY 2024	% Change
Contractual	9,495,320	10,024,548	5.6%
Materials and Supplies	28,260,441	30,507,033	7.9%
Other Sources	184,958	-	-100.0%
Personnel Services	74,575,964	80,637,468	8.1%
Utilities	3,066,776	3,226,814	5.2%
Total Expenditures	\$ 115,583,459	\$ 124,395,863	7.6%
Transfers Out	-	-	N/A
Total Outflows	\$ 115,583,459	\$ 124,395,863	7.6%

General Fund Outflows Expenditures + Transfers Out Budget to Actuals, Quarter 3, FY 2024

General Fund Expenditures By Department	Cumulative Budget FY 2024	Through Q3 FY 2024	% Spent
CIP / O&M Projects	\$ 46,992,913	\$ 7,065,434	15.0%
City Manager's Office	13,427,404	4,175,583	31.1%
Community Services	18,854,858	12,626,081	67.0%
Debt Service	22,595,308	5,898,196	26.1%
Economic Development	1,604,768	861,182	53.7%
Elected Officials	144,940	91,223	62.9%
Finance	4,613,646	3,403,251	73.8%
Fire	35,030,777	23,380,242	66.7%
General Government	30,029,787	16,611,389	55.3%
Human Resources	2,946,222	1,956,005	66.4%
Information Technology	1,116,937	217,234	19.4%
Legal & Risk Management	2,027,387	1,404,232	69.3%
Planning & Development	10,561,544	5,082,905	48.1%
Police	55,475,930	38,715,420	69.8%
Public Works	5,017,616	2,907,487	57.9%
Total Expenditures	\$ 250,440,037	\$ 124,395,863	49.7%
Transfers Out	791,695	-	0.0%
Total Outflows	\$ 251,231,732	\$ 124,395,863	49.5%

General Fund Expenditures **By Department**

Through March 31, 2024, approximately 75% of the fiscal year is complete. Departments with a variance of 10% or more are explained in the following section.

CIP / O&M Projects (15%)

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 (31.1%)

Current savings are related to the contractual services budget. The contractual services are primarily related to the Homeless Program. There are some billing delays due to contract amendments that were recently approved, retroactive to January 2024.

Debt Services (26.1%)

Quarter 3 is low due to the timing of debt service payments based on approved payment cycles.

Economic Development (53.7%)

Current savings is due to materials and supplies and contractual services.

General Government (55.3%)

Quarter 3 is trending low due to materials and supplies. Insurance premiums are reconciled and recorded at year-end.

Information Technology (19.4%)

Related to Measure X. Current savings due to contractual services, specifically CAD Dispatch services.

Planning & Development (48.1%)

Current savings is due to materials and supplies and contractual services.

Public Works (57.9%)

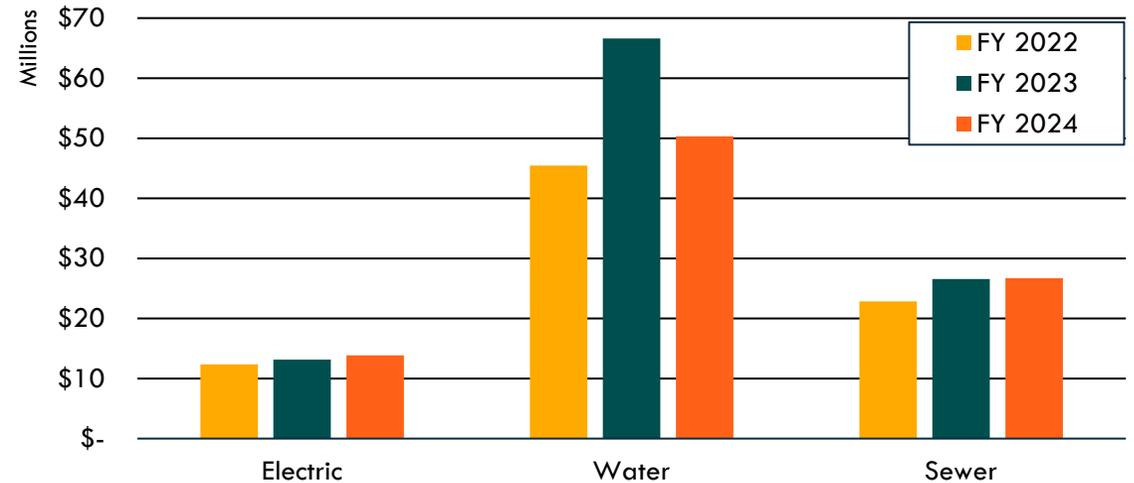
Current savings is due to materials and supplies and contractual services.

Enterprise Funds

Utilities Inflows

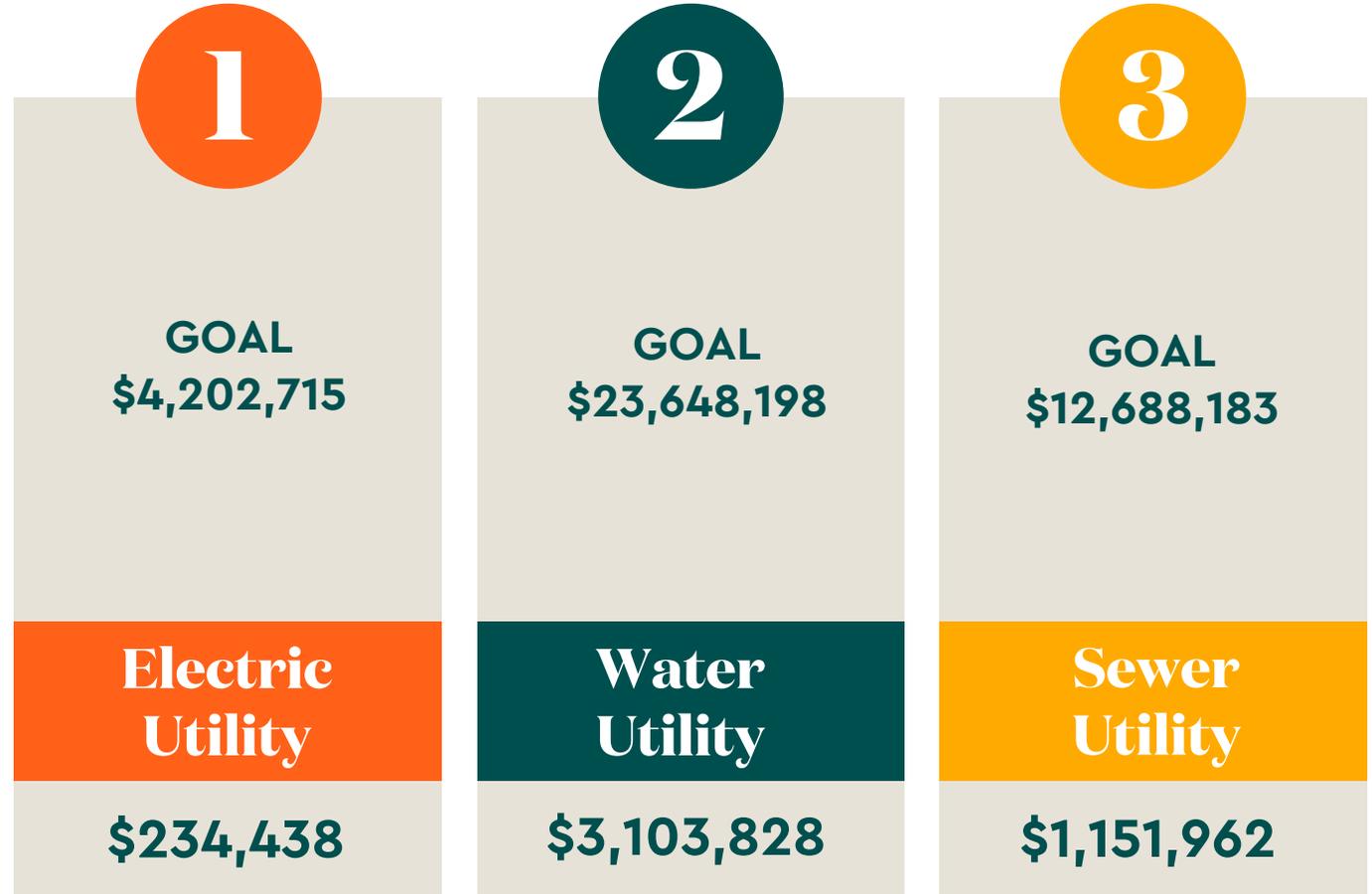
The City operates three utility services through the Utilities Department: electric, water, and sewer. Through the collection of fees and charges, these funds should collect revenues sufficient to finance the costs associated with administration, operations, capital improvement projects (CIP), and debt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

**Enterprise Funds - Utilities
Revenues Compared, Quarter 3
FY 2022 - FY 2023 - FY 2024**



Utilities Funds Reserves

The **Utilities Funds** 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 occurs annually, once the audit and financials are finalized.



Utilities Funds Inflows

Utilities Revenues - Through Quarter 3 FY 2024, revenues received have decreased 14.5%, or \$15.5 million, as compared to the same quarter in Fiscal Year 2023.

Electric

Comparing Quarter 3 FY 2024 revenues to FY 2023, there is an increase of \$0.7 million, or 5.4%. There were decreases in categories: Fines, Penalties & Forfeitures, Investment Earnings, and Intergovernmental Revenues. There were increases in categories: Current Services, Fees & Permits, Other Revenue, and Utility Services 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. Adjusting for GASB31 book entries, Quarter 3 revenues are a net increase of \$1.0 million, or 7.6%

Water

Through the third quarter of FY 2024, there is a decrease of 24.5%, or \$16.3 million, as compared to FY 2023. Other Revenue has a decrease of \$18.9 million, largely due to a one-time lawsuit settlement from last fiscal year. Investment Earnings has an increase of \$1.0 million, due to the unrealized gains/losses from investments which are book entries. There is an increase of \$0.2 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. If GASB31 book entries are excluded, Quarter 3 revenues are a net decrease of \$17.0 million, or 25.9%.

Sewer

Through Quarter 3, there is an increase of 0.5%, or \$0.1 million, when compared to FY 2023. There were decreases in categories: Fines, Penalties, & Forfeitures, Intergovernmental Revenues, and Licenses, Fees & Permits. There were increases in categories: Current Services, Fees & Permits, Investment Earnings, Other Revenue, and Utility Services 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. Excluding GASB31 book entries, Quarter 3 revenues are a net increase of \$0.4 million, or 1.5%.

Utilities Funds Inflows

Utilities Funds Revenues Revenue + Transfers In Quarter 3, FY 2023 to FY 2024

Utilities Funds Revenues Revenue + Transfers In FY 2024, Projected Revenues to Quarter 3 Actuals

Enterprise Funds Fund Type	Through Q3 FY 2023	Through Q3 FY 2024	% Change
Electric	\$ 12,239,658	\$ 13,166,342	7.6%
<i>GASB31 Gain/Loss on Investment</i>	913,547	703,652	-23.0%
Water	65,532,836	48,553,319	-25.9%
<i>GASB31 Gain/Loss on Investment</i>	1,088,853	1,763,490	62.0%
Sewer	23,772,787	24,139,194	1.5%
<i>GASB31 Gain/Loss on Investment</i>	2,786,290	2,549,010	-8.5%
Total Revenues	\$ 106,333,971	\$ 90,875,006	-14.5%
Transfers In - Electric	-	-	N/A
Transfers In - Water	-	-	N/A
Transfers In - Sewer	6	-	-100.0%
Total Inflows	\$ 106,333,977	\$ 90,875,006	-14.5%
Total Inflows (w/o GASB31)	\$ 101,545,287	\$ 85,858,854	-15.4%

Enterprise Funds Fund Type	Projected FY 2024	Through Q3 FY 2024	% Received
Electric	\$ 18,303,718	\$ 13,166,342	71.9%
<i>GASB31 Gain/Loss on Investment</i>	-	703,652	N/A
Water	90,462,031	48,553,319	53.7%
<i>GASB31 Gain/Loss on Investment</i>	-	1,763,490	N/A
Sewer	35,820,439	24,139,194	67.4%
<i>GASB31 Gain/Loss on Investment</i>	-	2,549,010	N/A
Total Revenues	\$ 144,586,188	\$ 90,875,006	62.9%
Transfers In - Electric	-	-	N/A
Transfers In - Water	1,114,779	-	0.0%
Transfers In - Sewer	-	-	N/A
Total Inflows	\$ 145,700,967	\$ 90,875,006	62.4%
Total Inflows (w/o GASB31)	\$ 145,700,967	\$ 85,858,854	58.9%

Utilities Funds Outflows

When comparing the total of utility outflows, Quarter 3 of FY 2024 to FY 2023, outflows are higher by 11.0%, or \$8.1 million.

Electric

Overall, the Electric utility expenditures through Quarter 3 are down by 22.9% when compared to last fiscal year. There is an increase in personnel services and there are decreases in contractual, utilities, and materials and supplies.

At Quarter 3, project expenditures equal a negative 15.5% as compared to the cumulative budget due to an accounting correction. The operating budget expenditures total 64.6% of the current FY 2024 budget.

Water

Overall, the Water utility expenditures are up by 13.4% or \$5.3 million when compared to Quarter 3 in FY 2023. There are increases across all categories: contractual, depreciation, materials and supplies, personnel services, and utilities.

Through Quarter 3, project expenditures are 13.9% of the current expenditure budget. The operating budget transactions total 61.4% of the current FY 2024 budget.

Sewer

The Sewer utility expenditures are up by 26.2%, or \$5.6 million, when compared to Quarter 3 of FY 2023. There were increases across all categories: contractual, materials and supplies, personnel services, and utilities.

At the end of Quarter 3, project expenditures total 9.4% of the cumulative budget. The operating budget expenditures total 65.5% of the current FY 2024 budget.

Utilities Funds Outflows

Utilities Funds Outflows Expenditures + Transfers Out Quarter 3, FY 2023 to FY 2024

Enterprise Funds Expenditures By Category	Through Q3 FY 2023	Through Q3 FY 2024	% Change
Electric			
Contractual	\$ 684,710	\$ (62,259)	-109.1%
Materials and Supplies	706,436	397,529	-43.7%
Personnel Services	253,113	421,209	66.4%
Utilities	10,709,714	8,773,414	-18.1%
Electric Total	12,353,972	9,529,893	-22.9%
Water			
Contractual	\$ 6,482,550	\$ 8,356,443	28.9%
Depreciation	-	53,826	N/A
Materials and Supplies	23,259,720	25,690,377	10.5%
Personnel Services	5,473,267	6,170,211	12.7%
Utilities	4,368,150	4,632,062	6.0%
Water Total	39,583,687	44,902,918	13.4%
Sewer			
Contractual	\$ 2,164,517	\$ 5,455,965	152.1%
Materials and Supplies	12,839,959	14,438,763	12.5%
Personnel Services	4,499,450	5,056,748	12.4%
Utilities	1,779,754	1,915,689	7.6%
Sewer Total	21,283,680	26,867,165	26.2%
Transfers Out - Electric	-	-	N/A
Transfers Out - Water	-	-	N/A
Transfers Out - Sewer	6	-	N/A
Grand Total	\$ 73,221,345	\$ 81,299,976	11.0%

Utilities Funds Outflows Expenditures + Transfers Out Budget to Actuals, Quarter 3, FY 2024

Enterprise Funds Expenditures By Department	Cumulative Budget FY 2024	Through Q3 FY 2024	% Spent
Electric			
CIP / O&M Projects	\$ 1,751,337	\$ (271,066)	-15.5%
Debt Service	85,863	42,987	50.1%
Planning & Development	14,021	1,032	7.4%
Public Works	185,642	47,404	25.5%
Utilities Department	14,890,136	9,709,536	65.2%
Electric Total	16,926,999	9,529,893	56.3%
Water			
CIP / O&M Projects	\$ 52,300,991	\$ 7,253,882	13.9%
Debt Service	383,627	200,560	52.3%
Planning & Development	82,652	34,874	42.2%
Public Works	927,482	544,852	58.7%
Utilities Department	59,955,241	36,868,750	61.5%
Water Total	113,649,993	44,902,918	39.5%
Sewer			
CIP / O&M Projects	\$ 58,998,482	\$ 5,559,002	9.4%
City Manager's Office	3,572	2,030	56.8%
Debt Service	215,364	107,820	50.1%
Planning & Development	35,444	25,365	71.6%
Public Works	597,236	357,010	59.8%
Utilities Department	31,678,585	20,815,937	65.7%
Sewer Total	91,528,683	26,867,165	29.4%
Transfers Out - Electric	-	-	N/A
Transfers Out - Water	-	-	N/A
Transfers Out - Sewer	1,114,779	-	N/A
Grand Total	\$ 223,220,455	\$ 81,299,976	36.4%

Live Work Corona

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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, or contact budget staff at (951) 279-3500.