



General Fund Mid Year Update

February 20, 2019

Administrative Services

Kerry Eden, Assistant City Manager/Administrative Services Director

GENERAL FUND FINANCIAL FORECAST COMPONENTS



- Revenues and Transfers In
- Expenditures and Transfers Out
 - Personnel
 - Operating
 - Capital Improvement Projects
- Projected Fund Balance
- Reserves

WHAT'S CHANGED SINCE BUDGET ADOPTION?

■ REVENUE

- Updated information on property and sales tax data
- Amended revenue estimates from departmental activity and fee study revisions approved November 2018

GENERAL FUND REVENUES + TRANSFERS IN	Adopted 2018-19	Mid Yr Estimates 2018-19	Changes
Property Tax	\$ 47,430,900	\$ 47,476,866	\$ 45,966 ↑
Sales Tax	40,927,811	41,416,827	489,016 ↑
Other Revenue	11,481,805	11,770,174	288,369 ↑
Current Services	10,931,959	10,600,047	(331,912) ↓
Payments in Lieu of Services	7,643,491	6,636,026	(1,007,465) ↓
Other Taxes - Franchise Tax	5,362,000	5,698,000	336,000 ↑
Other Taxes - Transient Occupancy	2,687,000	2,750,000	63,000 ↑
Investment Earnings	2,384,875	2,395,917	11,042 ↑
Other Taxes - Business Licenses	2,307,000	2,307,000	-
Licenses, Fees & Permits	2,064,310	3,331,842	1,267,532 ↑
Intergovernmental Revenue	1,577,242	1,774,268	197,026 ↑
Fines, Forfeitures & Penalties	998,000	881,100	(116,900) ↓
Other Taxes - PEG Fees	205,000	182,000	(23,000) ↓
Other Taxes - Special Assessments	103,000	100,000	(3,000) ↓
Total Revenues	\$ 136,104,393	\$ 137,320,067	\$ 1,215,674 ↑
Transfers In	1,458,859	1,467,844	8,985 ↑
Total Revenues + Transfers In	\$ 137,563,252	\$ 138,787,911	\$ 1,224,659 ↑

Note: Detailed list of revenues reported within revenue categories can be found at www.coronaca.gov/businesses/finance

REVENUES – Other Revenues and Current Services

- Miscellaneous Rental/Lease Income, Telecom Site Rentals, Special District Admin. Reimbursement

Adopted	Mid Year	Change
\$11,481,805	\$11,770,174	\$288,369

- Changes: Insurance Proceeds from Canyon Fire, Miscellaneous Rental/Lease Income, Damage Recovery

Other Revenues



- Plan Check Fees, Engineering and Inspection Fees, EMS and Paramedic Activity, Recreation Programs, Fire and Police Agreements

Adopted	Mid Year	Change
\$10,931,959	\$10,600,047	(\$331,912)

- Changes: Engineering and inspection fees as a number of projects anticipated for FY 2018-19 pulled permits late FY 2017-18

Current Services



REVENUES – Licenses, Fees & Permits and Payments in Lieu of Services

- Building related permits, Occupancy Fees, Animal Licenses

Adopted	Mid Year	Change
\$2,064,310	\$3,331,842	\$1,267,532

- Change: Primarily occupancy fees and building fees from projects that moved forward quicker than anticipated

Licenses, Fees & Permits



- Overhead reimbursements to the General Fund that represent each transferring fund's share of overhead costs

Adopted	Mid Year	Change
\$7,643,491	\$6,636,026	(\$1,007,465)

- New consulting firm engaged for analysis plus budget reductions in FY 2018-19 are resulting in lower reimbursable overhead costs

Payments in Lieu of Services



REVENUES – Other Taxes

- Annual fees charged by the City to private companies for using public property as right-of-way for delivering their services.

Adopted	Mid Year	Change
\$5,362,000	\$5,698,000	\$336,000

- Change: Increase in refuse/recycling franchise fees approved after budget adoption

Franchise Fees

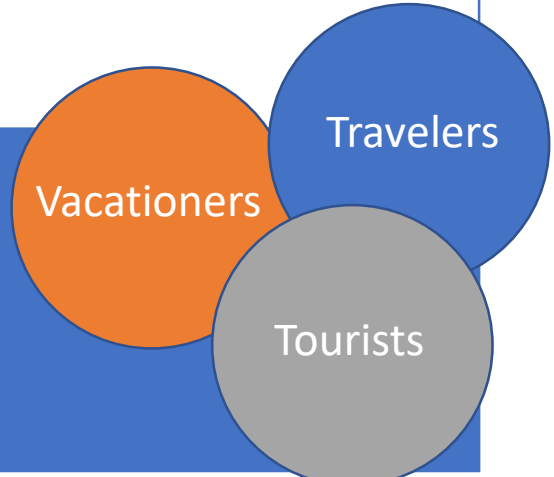


- Tax charged to visitors and tourists when they rent accommodations in a hotel, inn, motel, or other lodging space.

Adopted	Mid Year	Change
\$2,687,000	\$2,750,000	\$63,000

- Increase in activity for various hotels plus Airbnb estimates

Transient Occupancy Tax



WHAT'S CHANGED SINCE BUDGET ADOPTION?

■ EXPENDITURES

- Additional PERS contributions included with adopted budget
- PERS Actuarial Reports received August 2018 (impacts future contributions)
- Police MOUs approved October 2018
- Other items approved by City Council since budget adoption (Examples: Zoll Auto Pulse equipment, Police and Fire operational audits, Corona Airport Waterline CIP, Multiple Grants)

	Adopted	Mid Yr Estimates	
EXPENDITURES + TRANSFERS OUT	2018-19	2018-19	Changes
Salaries and Benefits	\$ (94,927,686)	\$ (94,949,974)	\$ (22,288)
Additional Contribution to PERS Unfunded Liability	(6,000,000)	(6,000,000)	-
Services and Supplies	(15,779,420)	(16,035,090)	(255,670)
Professional/Contractual Services	(5,263,609)	(5,580,182)	(316,573)
Motor Pool	(2,831,715)	(2,831,715)	-
Utilities (Gas, Water, Electric)	(3,206,272)	(3,206,272)	-
Debt Service	(4,257,373)	(4,257,373)	-
Capital Improvement Projects	(4,574,042)	(4,858,166)	(284,124)
Total Expenditures	\$ (136,840,117)	\$ (137,718,772)	\$ (878,655)
Transfers Out	(120,266)	(120,266)	-
Total Expenditures + Transfers Out	\$ (136,960,383)	\$ (137,839,038)	\$ (878,655)

FINANCIAL FORECAST – ADOPTED BUDGET

<i>Description</i>	<i>Adopted 2019</i>	<i>Forecast 2020</i>	<i>Forecast 2021</i>	<i>Forecast 2022</i>	<i>Forecast 2023</i>
Total Revenues	\$ 136,104,393	\$ 137,883,208	\$ 139,810,670	\$ 143,083,200	\$ 145,898,050
<i>Expenditure Categories</i>					
Personnel Costs	(94,927,686)	(97,960,439)	(101,279,995)	(104,121,851)	(106,834,956)
PERS Unfunded Liability-Additional Contribution	(6,000,000)	(6,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Operating Costs + Capital Outlays	(27,081,016)	(26,865,387)	(27,266,100)	(27,539,000)	(27,814,000)
Debt Service / Principal Payments	(4,257,373)	(4,248,973)	(4,242,872)	(4,244,772)	(4,249,372)
Capital Improvement Projects (CIP)	(4,574,042)	(5,067,420)	(2,000,000)	(2,000,000)	(2,000,000)
Total Expenditures	(136,840,117)	(140,142,219)	(138,788,967)	(141,905,623)	(144,898,328)
Transfers In	1,458,859	1,594,599	1,431,637	1,456,523	1,481,906
Transfers Out	(120,266)	(120,266)	(120,266)	(120,266)	(120,266)
Net Transfers	\$ 1,338,593	\$ 1,474,333	\$ 1,311,371	\$ 1,336,257	\$ 1,361,640
Change in Fund Balance	\$ 602,869	\$ (784,678)	\$ 2,333,074	\$ 2,513,834	\$ 2,361,361

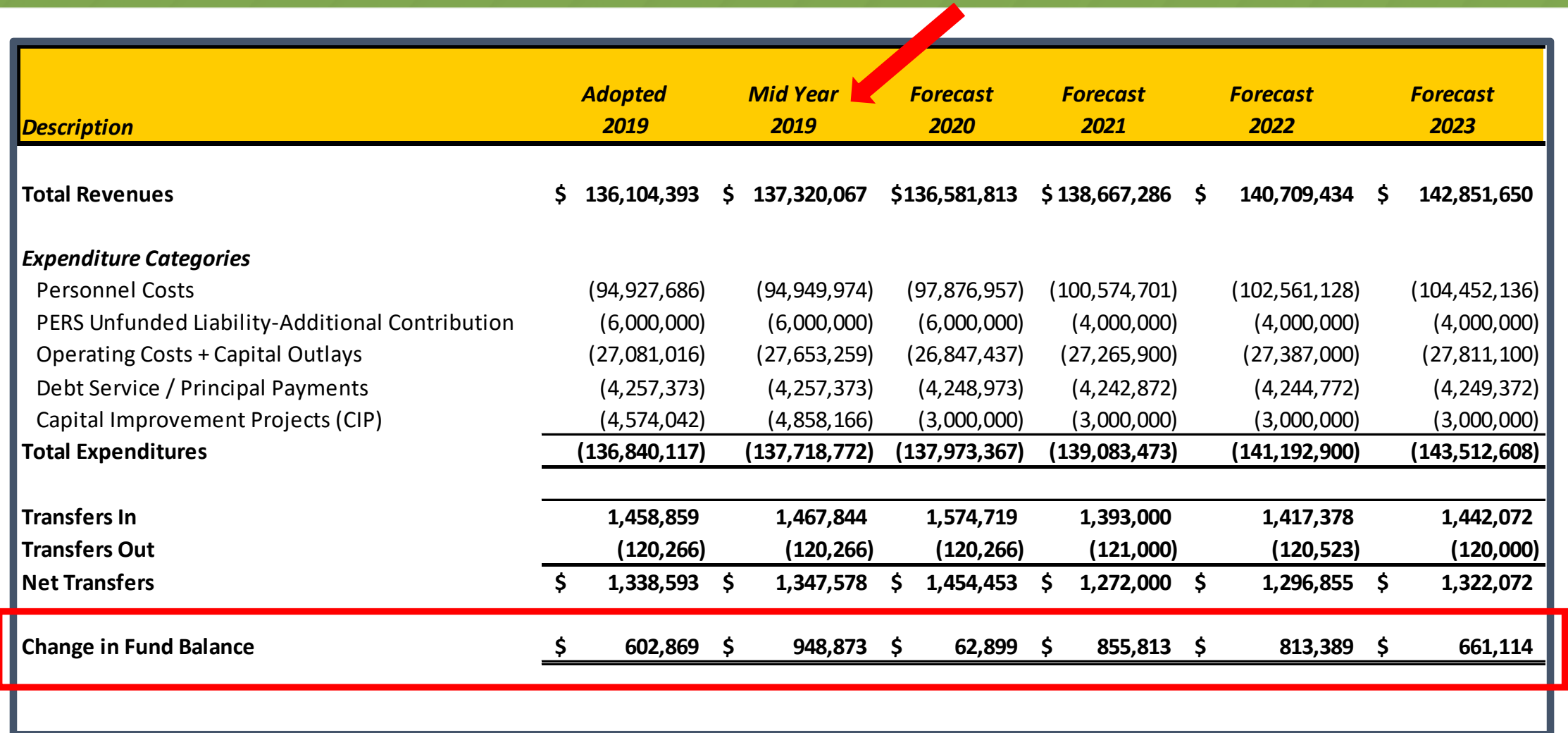
FINANCIAL FORECAST – MID YEAR UPDATE

Includes development related activity

<i>Description</i>	<i>Adopted 2019</i>	<i>Mid Year 2019</i>	<i>Forecast 2020</i>	<i>Forecast 2021</i>	<i>Forecast 2022</i>	<i>Forecast 2023</i>
Total Revenues	\$ 136,104,393	\$ 137,320,067	\$136,967,763	\$ 140,186,386	\$ 142,894,034	\$ 145,732,750
Expenditure Categories						
Personnel Costs	(94,927,686)	(94,949,974)	(97,876,957)	(100,574,701)	(102,561,128)	(104,452,136)
PERS Unfunded Liability-Additional Contribution	(6,000,000)	(6,000,000)	(6,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Operating Costs + Capital Outlays	(27,081,016)	(27,653,259)	(26,847,437)	(27,265,900)	(27,387,000)	(27,811,100)
Debt Service / Principal Payments	(4,257,373)	(4,257,373)	(4,248,973)	(4,242,872)	(4,244,772)	(4,249,372)
Capital Improvement Projects (CIP)	(4,574,042)	(4,858,166)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Total Expenditures	(136,840,117)	(137,718,772)	(137,973,367)	(139,083,473)	(141,192,900)	(143,512,608)
Transfers In	1,458,859	1,467,844	1,574,719	1,393,000	1,417,378	1,442,072
Transfers Out	(120,266)	(120,266)	(120,266)	(121,000)	(120,523)	(120,000)
Net Transfers	\$ 1,338,593	\$ 1,347,578	\$ 1,454,453	\$ 1,272,000	\$ 1,296,855	\$ 1,322,072
Change in Fund Balance	\$ 602,869	\$ 948,873	\$ 448,849	\$ 2,374,913	\$ 2,997,989	\$ 3,542,214

FINANCIAL FORECAST – MID YEAR UPDATE

Excludes development related activity



<i>Description</i>	<i>Adopted 2019</i>	<i>Mid Year 2019</i>	<i>Forecast 2020</i>	<i>Forecast 2021</i>	<i>Forecast 2022</i>	<i>Forecast 2023</i>
Total Revenues	\$ 136,104,393	\$ 137,320,067	\$136,581,813	\$ 138,667,286	\$ 140,709,434	\$ 142,851,650
<i>Expenditure Categories</i>						
Personnel Costs	(94,927,686)	(94,949,974)	(97,876,957)	(100,574,701)	(102,561,128)	(104,452,136)
PERS Unfunded Liability-Additional Contribution	(6,000,000)	(6,000,000)	(6,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Operating Costs + Capital Outlays	(27,081,016)	(27,653,259)	(26,847,437)	(27,265,900)	(27,387,000)	(27,811,100)
Debt Service / Principal Payments	(4,257,373)	(4,257,373)	(4,248,973)	(4,242,872)	(4,244,772)	(4,249,372)
Capital Improvement Projects (CIP)	(4,574,042)	(4,858,166)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Total Expenditures	(136,840,117)	(137,718,772)	(137,973,367)	(139,083,473)	(141,192,900)	(143,512,608)
Transfers In	1,458,859	1,467,844	1,574,719	1,393,000	1,417,378	1,442,072
Transfers Out	(120,266)	(120,266)	(120,266)	(121,000)	(120,523)	(120,000)
Net Transfers	\$ 1,338,593	\$ 1,347,578	\$ 1,454,453	\$ 1,272,000	\$ 1,296,855	\$ 1,322,072
Change in Fund Balance	\$ 602,869	\$ 948,873	\$ 62,899	\$ 855,813	\$ 813,389	\$ 661,114

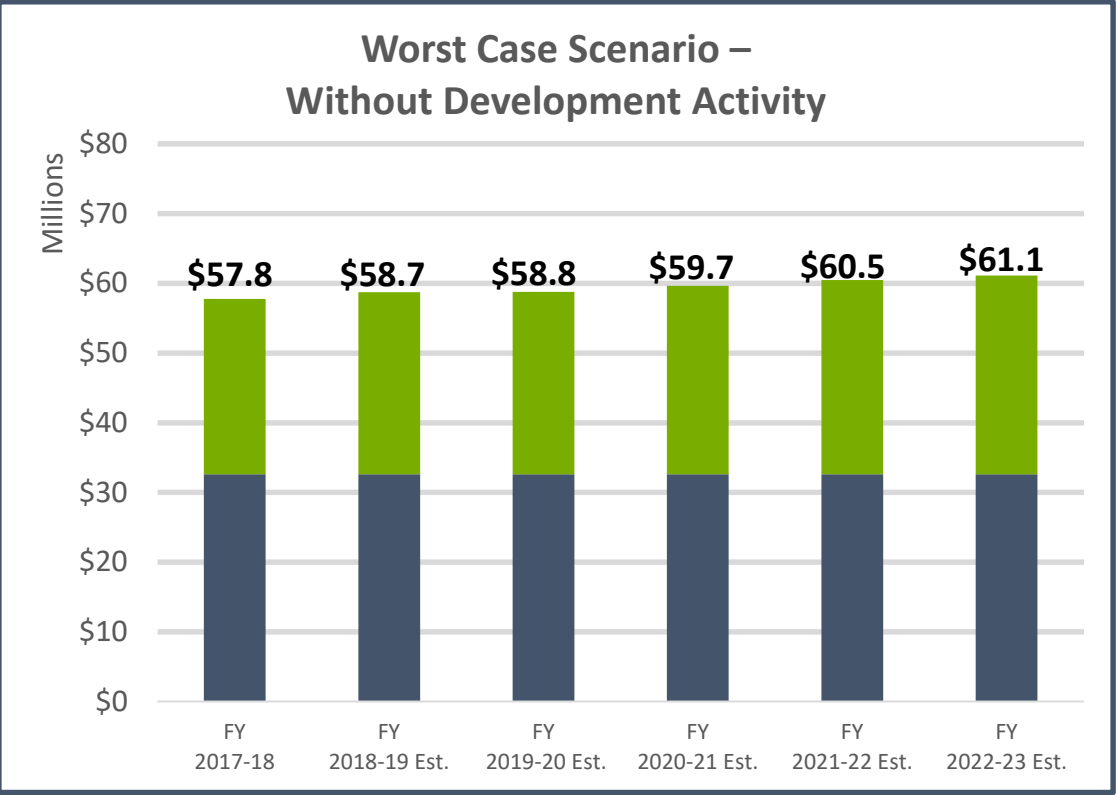
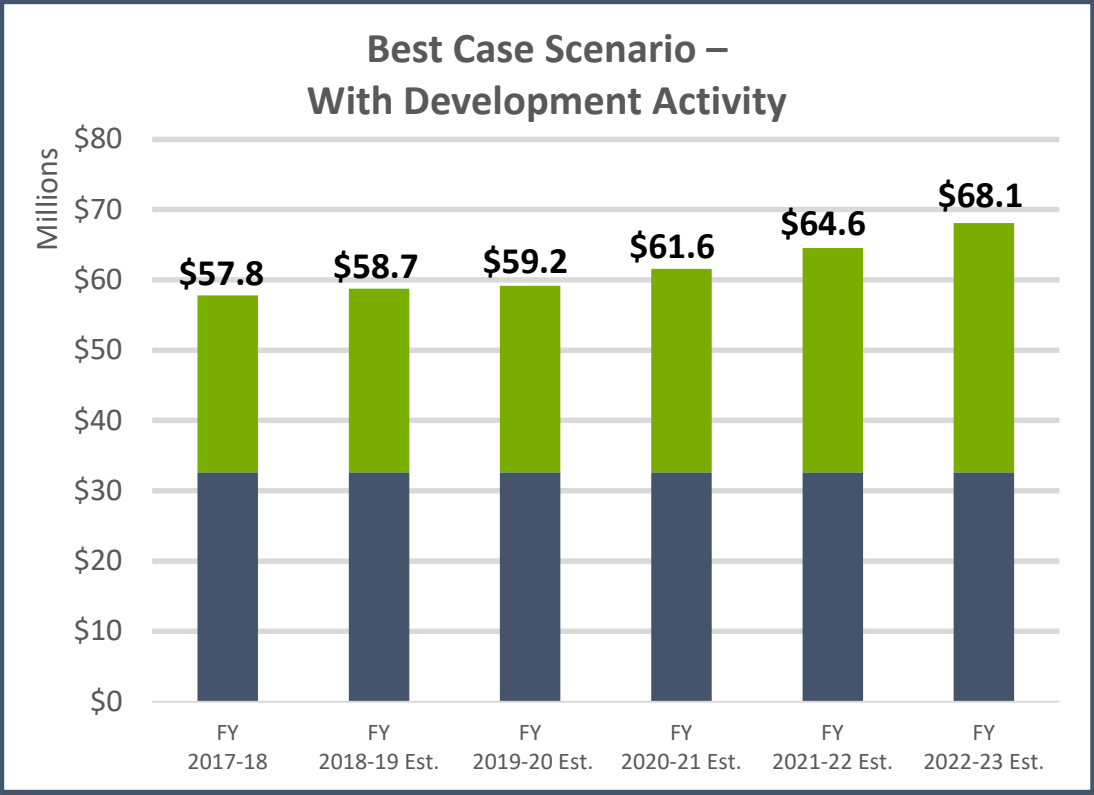
COMPARISON OF FORECASTS

With and Without Development Related Activity (Property Tax, Sales Tax, TOT)

<i>Description</i>	<i>Adopted 2019</i>	<i>Mid Year 2019</i>	<i>Forecast 2020</i>	<i>Forecast 2021</i>	<i>Forecast 2022</i>	<i>Forecast 2023</i>
<i>Best case scenario - with development related activity</i>						
Total Revenues	\$ 136,104,393	\$ 137,320,067	\$136,967,763	\$ 140,186,386	\$ 142,894,034	\$ 145,732,750
Total Expenditures	(136,840,117)	(137,718,772)	(137,973,367)	(139,083,473)	(141,192,900)	(143,512,608)
Net Transfers	1,338,593	1,347,578	1,454,453	1,272,000	1,296,855	1,322,072
Change in Fund Balance	\$ 602,869	\$ 948,873	\$ 448,849	\$ 2,374,913	\$ 2,997,989	\$ 3,542,214
<i>Worst case scenario - without development related activity</i>						
Total Revenues	\$ 136,104,393	\$ 137,320,067	\$136,581,813	\$ 138,667,286	\$ 140,709,434	\$ 142,851,650
Total Expenditures	(136,840,117)	(137,718,772)	(137,973,367)	(139,083,473)	(141,192,900)	(143,512,608)
Net Transfers	1,338,593	1,347,578	1,454,453	1,272,000	1,296,855	1,322,072
Change in Fund Balance	\$ 602,869	\$ 948,873	\$ 62,899	\$ 855,813	\$ 813,389	\$ 661,114
Difference	\$ -	\$ -	\$ (385,950)	\$ (1,519,100)	\$ (2,184,600)	\$ (2,881,100)

RESERVES

Best and Worst Case Scenarios



■ Emergency Contingency Reserve

■ Budget Balancing Measures Reserve

FY 2022-23 Estimated Emergency Contingency Reserve - \$32.6 million is equal to 2.7 months of estimated operating costs (General Fund and Information Technology).

WHAT'S NEXT?

Budget Preparation

Departments are currently reviewing and preparing budget requests for submittal

Public Budget Workshops

Multiple public workshops to discuss FY 2019-20 budget

Tentative dates:

March 26 – Revenue

April 2 – Non-discretionary expenses

April 9 – Discretionary expenses

May 23 – Budget Workshop

Confirmed dates will be announced at a later time

Budget Adoption

Tentatively scheduled for June 5, 2019 City Council meeting



GASB 68 Accounting Report – Misc. Plan

Schedule of Changes in Net Pension Liability and Related Ratios for the Measurement Periods Ended June 30

Measurement Period	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY:					
Service Cost	\$4,516,596	\$4,540,608	\$4,295,676	\$4,563,432	\$5,035,483
Interest on Total Pension Liability	24,208,803	23,517,716	23,066,815	22,262,610	21,435,216
Changes of Benefit Terms	0	0	0	0	0
Changes of Assumptions	(1,534,054)	20,736,400	0	(5,796,569)	0
Difference between Expected and Actual Experience	(536,160)	(5,673,578)	(1,961,004)	(1,751,061)	0
Benefit Payments, Including Refunds of Employee Contributions	(17,027,780)	(15,593,323)	(14,718,032)	(13,719,331)	(13,231,513)
Net Change in Total Pension Liability	\$9,627,405	\$27,527,823	\$10,683,455	\$5,559,081	\$13,239,186
Total Pension Liability – Beginning	346,910,456	319,382,633	308,699,178	303,140,097	289,900,911
Total Pension Liability – Ending (a)	\$356,537,861	\$346,910,456	\$319,382,633	\$308,699,178	\$303,140,097
PLAN FIDUCIARY NET POSITION					
Contributions – Employer	\$20,944,590	\$10,548,137	\$8,408,391	\$8,615,040	\$7,535,692
Contributions – Employee	1,905,754	1,875,784	1,975,493	2,099,982	2,168,466
Net Investment Income	18,381,353	22,406,369	1,044,158	4,430,161	29,675,543
Benefit Payments, Including Refunds of Employee Contributions	(17,027,780)	(15,593,323)	(14,718,032)	(13,719,331)	(13,231,513)
Net Plan to Plan Resource Movement	(531)	0	0	0	0
Administrative Expense	(334,672)	(289,120)	(121,423)	(224,286)	0
Other Miscellaneous Income/(Expense) ¹	(635,548)	0	0	0	0
Net Change in Fiduciary Net Position	\$23,233,166	\$18,947,847	\$(3,411,413)	\$1,201,566	\$26,148,188
Plan Fiduciary Net Position – Beginning ²	\$214,770,887	\$195,823,040	\$199,234,453	\$198,032,887	\$171,884,699
Plan Fiduciary Net Position – Ending (b)	238,004,053	214,770,887	195,823,040	199,234,453	198,032,887
Plan Net Pension Liability/(Asset) – (a)-(b)	\$118,533,808	\$132,139,569	\$123,559,593	\$109,464,725	\$105,107,210
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.75%	61.91%	61.31%	64.54%	65.33%
Covered Payroll	\$24,554,723	\$24,590,351	\$25,968,300	\$26,820,056	\$27,891,234
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	482.73%	537.36%	475.81%	408.15%	376.85%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Plan's Net Pension Liability/(Asset)	\$169,056,793	\$118,533,808	\$77,282,821

Full GASB 68 Accounting Report can be found at www.coronaca.gov/businesses/finance

Funded Ratio



GASB 68 Accounting Report – Safety Police Plan

Schedule of Changes in Net Pension Liability and Related Ratios for the Measurement Periods Ended June 30

Measurement Period	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY:					
Service Cost	\$5,925,006	\$5,711,294	\$4,874,596	\$4,735,543	\$4,618,139
Interest on Total Pension Liability	17,126,542	16,152,688	15,292,872	14,549,722	13,684,244
Changes of Benefit Terms	0	0	0	0	0
Changes of Assumptions	(583,544)	14,785,639	0	(3,951,003)	0
Difference between Expected and Actual Experience	1,568,431	(1,030,480)	(1,847,830)	642,707	0
Benefit Payments, Including Refunds of Employee Contributions	(10,101,119)	(8,569,669)	(8,102,489)	(7,482,701)	(7,151,132)
Net Change in Total Pension Liability	\$13,935,316	\$27,049,472	\$10,217,149	\$8,494,268	\$11,151,251
Total Pension Liability – Beginning	240,635,219	213,585,747	203,368,598	194,874,330	183,723,079
Total Pension Liability – Ending (a)	\$254,570,535	\$240,635,219	\$213,585,747	\$203,368,598	\$194,874,330
PLAN FIDUCIARY NET POSITION					
Contributions – Employer	\$7,944,109	\$7,414,869	\$7,032,238	\$6,390,487	\$5,431,639
Contributions – Employee	1,706,509	1,841,663	1,599,970	1,517,507	1,462,671
Net Investment Income	13,353,137	16,030,928	707,298	2,973,078	19,983,092
Benefit Payments, Including Refunds of Employee Contributions	(10,101,119)	(8,569,669)	(8,102,489)	(7,482,701)	(7,151,132)
Net Plan to Plan Resource Movement	(390)	0	0	0	0
Administrative Expense	(242,374)	(205,265)	(84,027)	(155,162)	0
Other Miscellaneous Income/(Expense) ¹	(460,273)	0	0	0	0
Net Change in Fiduciary Net Position	\$12,199,599	\$16,512,526	\$1,152,990	\$3,243,209	\$19,726,270
Plan Fiduciary Net Position – Beginning ²	\$155,540,079	\$139,027,553	\$137,874,563	\$134,631,354	\$114,905,084
Plan Fiduciary Net Position – Ending (b)	167,739,678	155,540,079	139,027,553	137,874,563	134,631,354
Plan Net Pension Liability/(Asset) – (a)-(b)	\$86,830,857	\$85,095,140	\$74,558,194	\$65,494,035	\$60,242,976
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.89%	64.64%	65.09%	67.80%	69.09%
Covered Payroll	\$18,658,498	\$17,998,531	\$17,276,613	\$16,848,270	\$15,848,108
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	465.37%	472.79%	431.56%	388.73%	380.13%

← Funded Ratio

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Plan's Net Pension Liability/(Asset)	\$125,045,972	\$86,830,857	\$55,823,980

Full GASB 68 Accounting Report can be found at www.coronaca.gov/businesses/finance

QUESTIONS?



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