



# Budget Workshop - Revenue

## Fiscal Year 2019-20 & 2020-21

March 26, 2019

Kerry Eden, Assistant City Manager/Administrative Services Director

# Budget Process

**Budget = Spending plan for money coming in and money going out**

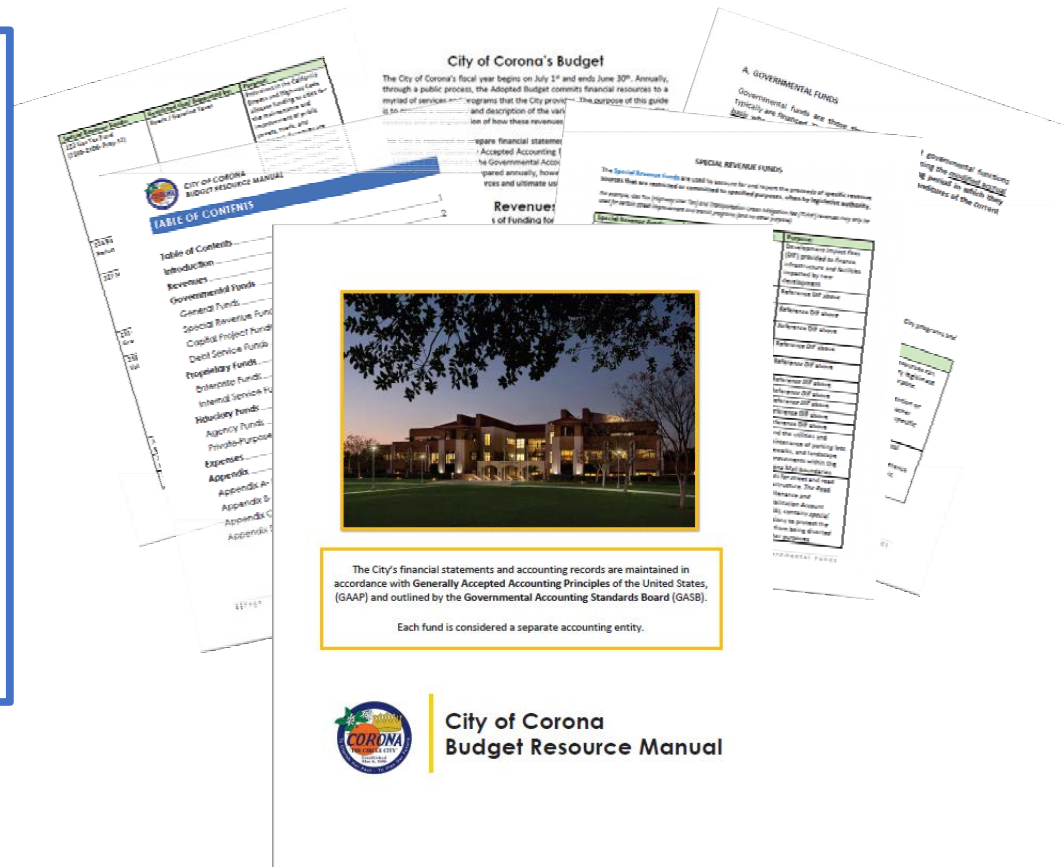
- ❖ **Jan/Feb – Departments preparing information for submittal**
- ❖ **Mar – Review of submittals, Budget Workshop #1 (Revenue)**
- ❖ **Apr – Budget Workshop #2 (Non-Discretionary Expenditures) and Budget Workshop #3 (Discretionary Expenditures)**
- ❖ **May – Budget Workshop #4 (Summary)**
- ❖ **June – Budget Adoption**
- ❖ **July – Start of FY 2019-20**



# Budget Resource Manual

## What's included:

- ❖ Information on revenue sources
- ❖ Defining Governmental, Proprietary, and Fiduciary Funds
- ❖ Information on expenditures
- ❖ Appendix with additional information
- ❖ Manual can be found on City website at [www.CoronaCa.Gov/Businesses/Finance](http://www.CoronaCa.Gov/Businesses/Finance)



# Fund Accounting

## What is fund accounting?

Fund accounting is a system to segregate financial resources to ensure and demonstrate compliance with finance-related legal requirements.

## What is a fund?

A fund is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that are comprised of its assets, liabilities, fund equity, revenues, and expenses. Funds are divided into various types according to legal restrictions imposed upon them or by their uses.



# Fund Accounting – Fund Types

## Fund Types

- ❖ **Governmental**
  - General Funds
  - Special Revenue Funds
  - Capital Project Funds
  - Debt Service Funds
- ❖ **Proprietary**
  - Enterprise Funds
  - Internal Service Funds
- ❖ **Fiduciary**
  - Agency Funds
  - Private Purpose Trust Funds

## Fund Balance (Reserves)

- ❖ **Excess revenue over expenditures**
- ❖ **Emergency or one-time expenditures**
- ❖ **Not meant to fund continuing operational activities**

# Where Does the Revenue Come From?

## **Governmental Funds**

- Primarily supported by taxes and user fees
- Property Taxes, Sales Tax, Transient Occupancy Tax, Business License Tax
- Franchise Fees, Building Fees, Facility Rentals, Recreation Revenues, Services to Other Funds, Developer Impact Fees, Trash/Recycling Fees
- Also includes funding from other governments – Fire Mutual Aid, State and Federal Grants

## **Proprietary Funds**

- Primarily supported by user fees and internal service charges
- Utility Fees (Water, Water Reclamation, Electric), Bus Fares, Airport Tie-Downs and Rentals
- Also includes funding from other governments – State and Federal Grants

## **Fiduciary Funds**

- Activities include special taxes and assessments, Successor Agency, and AB109 PACT Fund
- Custodial in nature and assets belong to designated owners

# How Are Revenue Projections Developed?



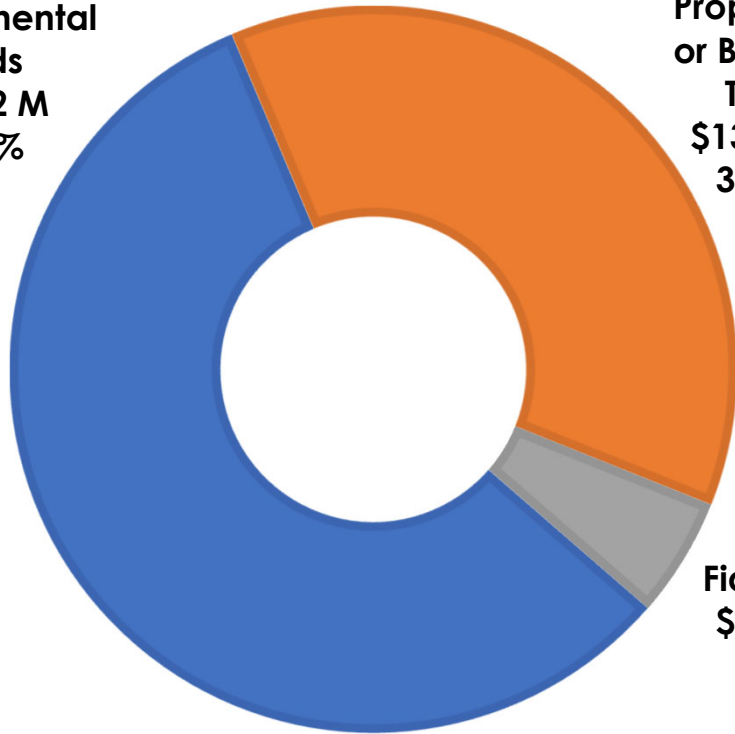
# Revenue Estimates – All Funds

Note: Draft – may include revisions at final budget presentation

**Estimates FY 2019-20**  
**\$351.3 Million**

<u>Governmental Funds</u>	
General Funds	\$ 137,804,932
Special Revenue	34,459,822
Capital Projects	26,829,982
Debt Service	2,112,350
Subtotal	<u>201,207,086</u>
<u>Proprietary or Business Type</u>	
Enterprise	113,623,574
Internal Service	17,786,425
Subtotal	<u>131,409,999</u>
<u>Fiduciary Funds</u>	
Agency Funds	7,370,250
Private Purpose Trust	11,344,434
Subtotal	<u>18,714,684</u>
<b>Total</b>	<b><u><u>\$ 351,331,769</u></u></b>

**Governmental  
Funds  
\$201.2 M  
57.3%**



**Proprietary  
or Business  
Type  
\$131.4 M  
37.4%**

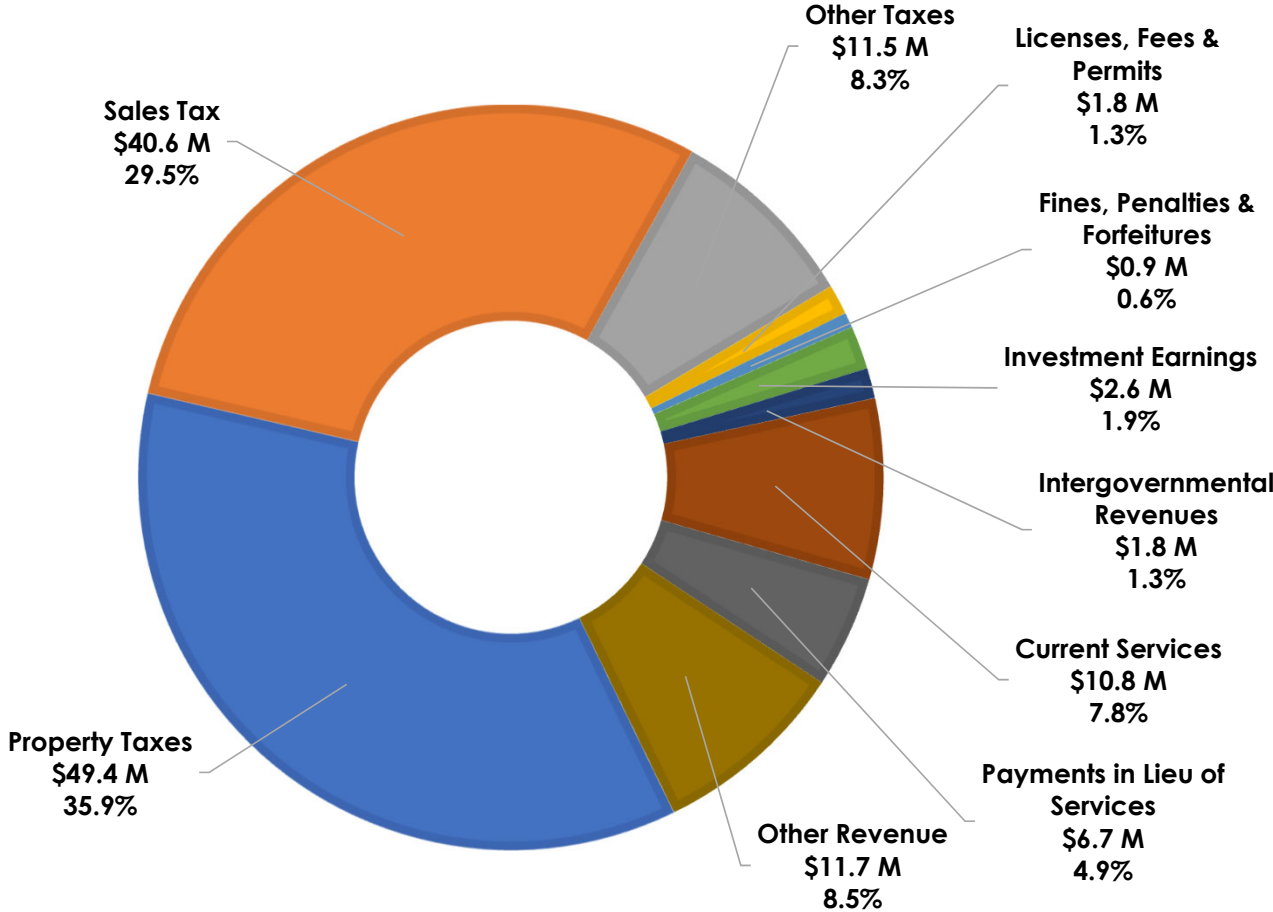
**Fiduciary  
\$18.7 M  
5.3%**



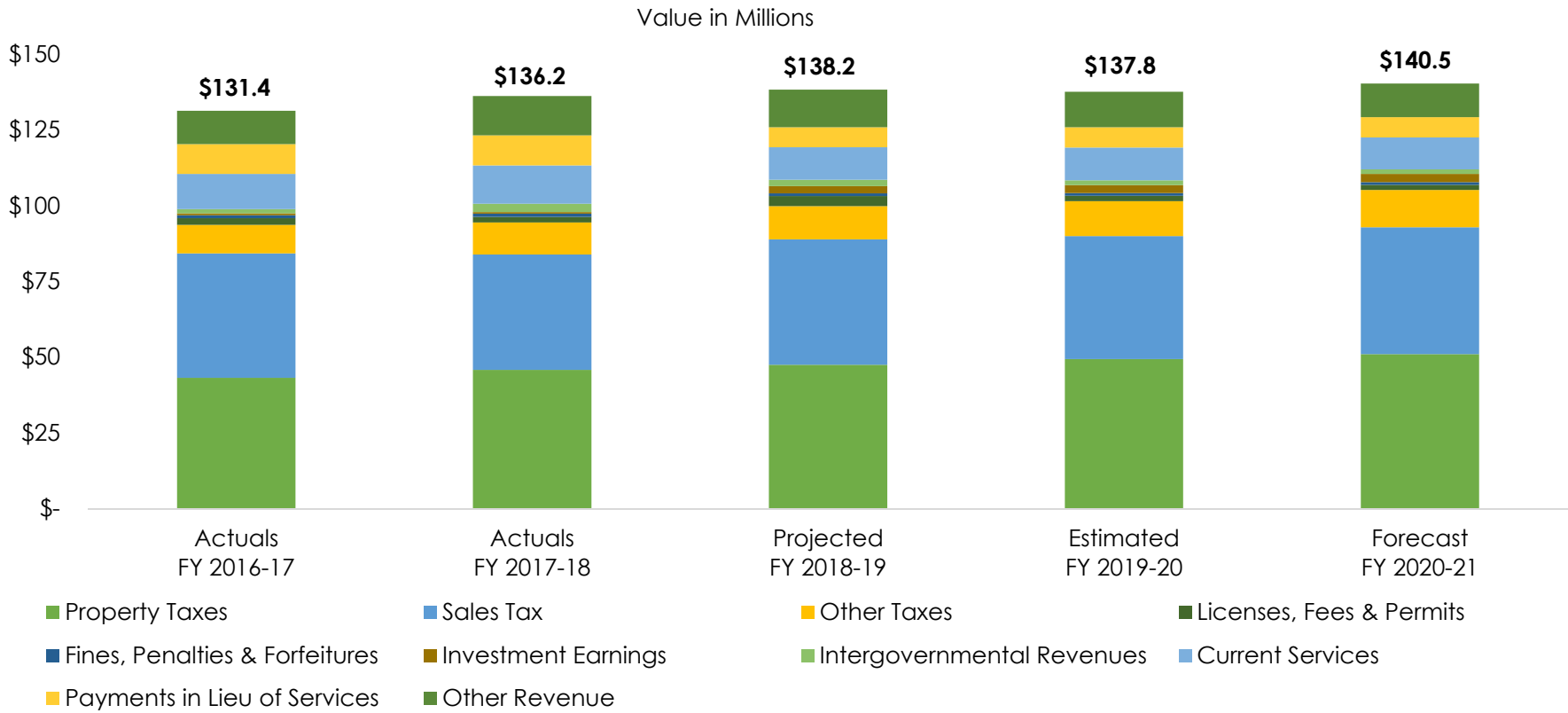
# Revenues – General Fund

**Estimates FY 2019-20**  
**\$137.8 Million**

- ❖ The City's primary operating fund – accounts for most City programs and services which are supported by taxes and/or fees
- ❖ Revenues can be used for any legitimate governmental purpose
- ❖ Subvention, grants, or other items may be restricted for specific uses

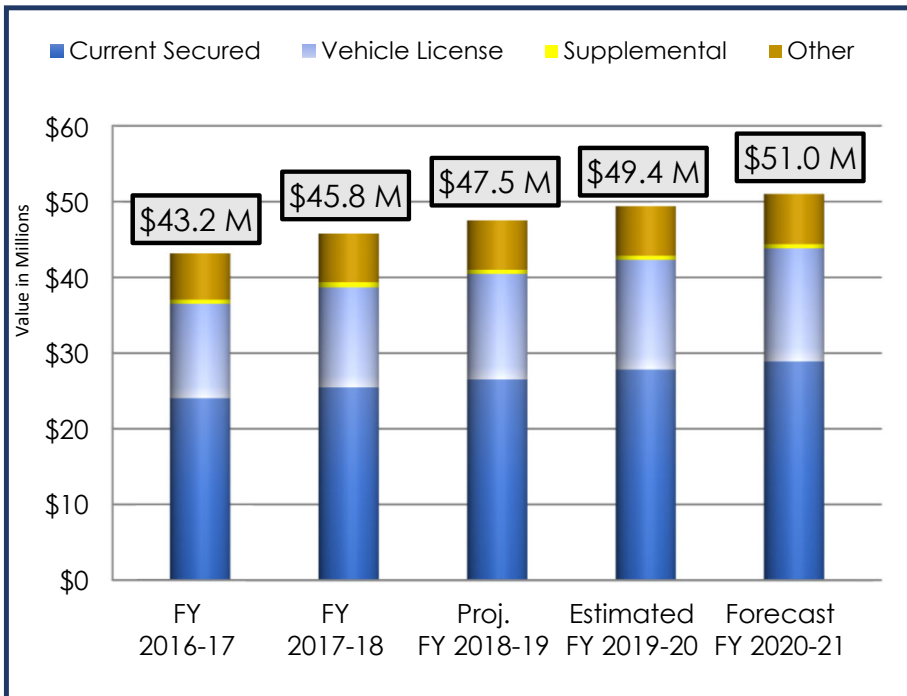


# Revenues – General Fund



Note: FY 2018-19 sales tax receipts are increased from FY 2017-18 activity that was delayed due to the implementation of the new State of California's sales tax reporting system.

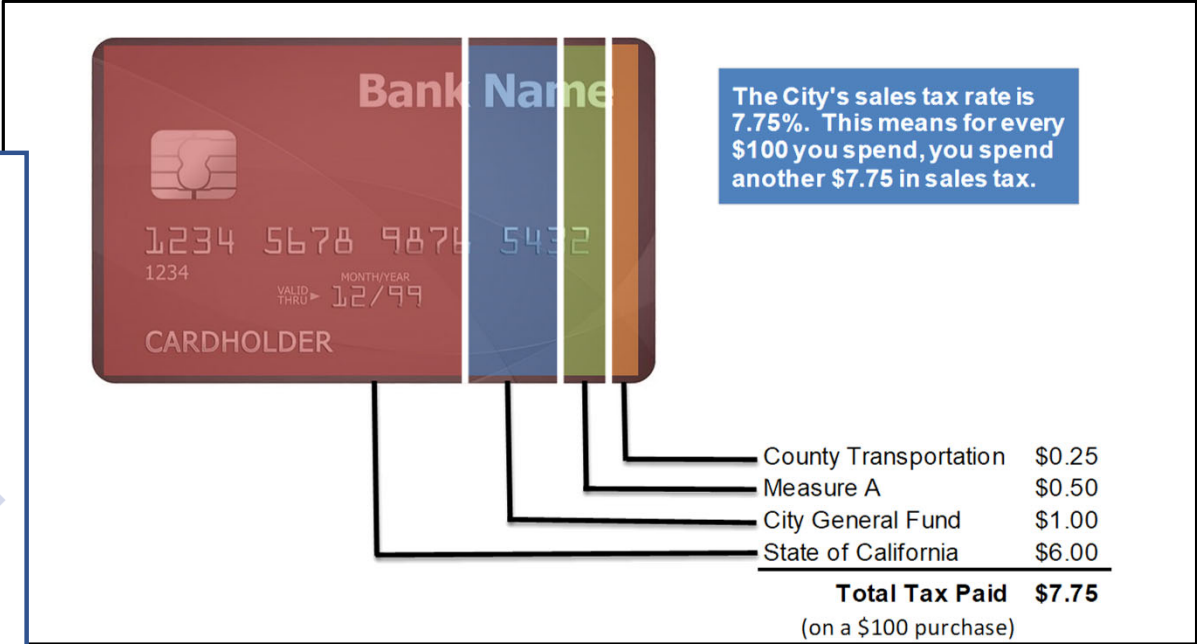
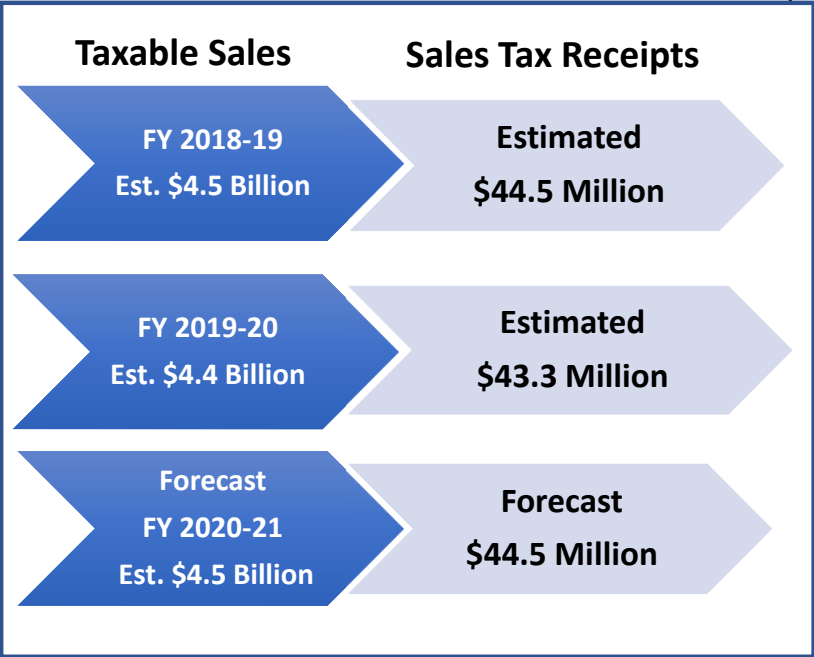
# Revenues – General Fund – Property Taxes



Example: Home valued at \$500,000  
1% secured property tax = \$400 to City of Corona General Fund

**Corona's Median Home Price – approx. \$530,000**  
(4th Qtr 2018 data)

# Revenues – General Fund – Sales Tax



Note: FY 2018-19 sales tax receipts are increased from FY 2017-18 activity that was delayed due to the implementation of the new State of California's sales tax reporting system.



# Revenues – General Fund – Other Taxes



## Business License Tax:

- An annual regulatory permit for conducting business within city.
- \$2.2 M FY 2018-19
- \$2.2 M FY 2019-20
- \$2.3 M FY 2020-21



## Property Transfer Tax:

- A tax collected when a real property exchanges hands or is sold.
- \$1.0 M FY 2018-19
- \$0.9 M FY 2019-20
- \$0.9 M FY 2020-21



## Half Cent Public Safety Sales Tax

(Prop 172):

- Revenues to be used for public safety purposes.
- \$2.3 M FY 2018-19
- \$2.3 M FY 2019-20
- \$2.4 M FY 2020-21



# Revenues – General Fund – Motor Vehicle Fees

**\$13.9 M FY 2018-19 / \$14.5 M FY 2019-20 / \$14.9 M FY 2020-21**

A tax on the ownership of a registered vehicle in place of taxing vehicles as personal property. By law, all revenues fund city and county services, but the state legislature controls the tax rate and the allocation among local governments.



**Public Goods**



# Revenues – General Fund – Franchise Fees

**\$5.7 M FY 2018-19 / \$5.8 M FY 2019-20 / \$5.9 M FY 2020-21**

An annual fee charged by the City to private companies as compensation for using public property as right-of-way for delivering their services. These revenues are primarily generated by:



Refuse



Electric



Gas

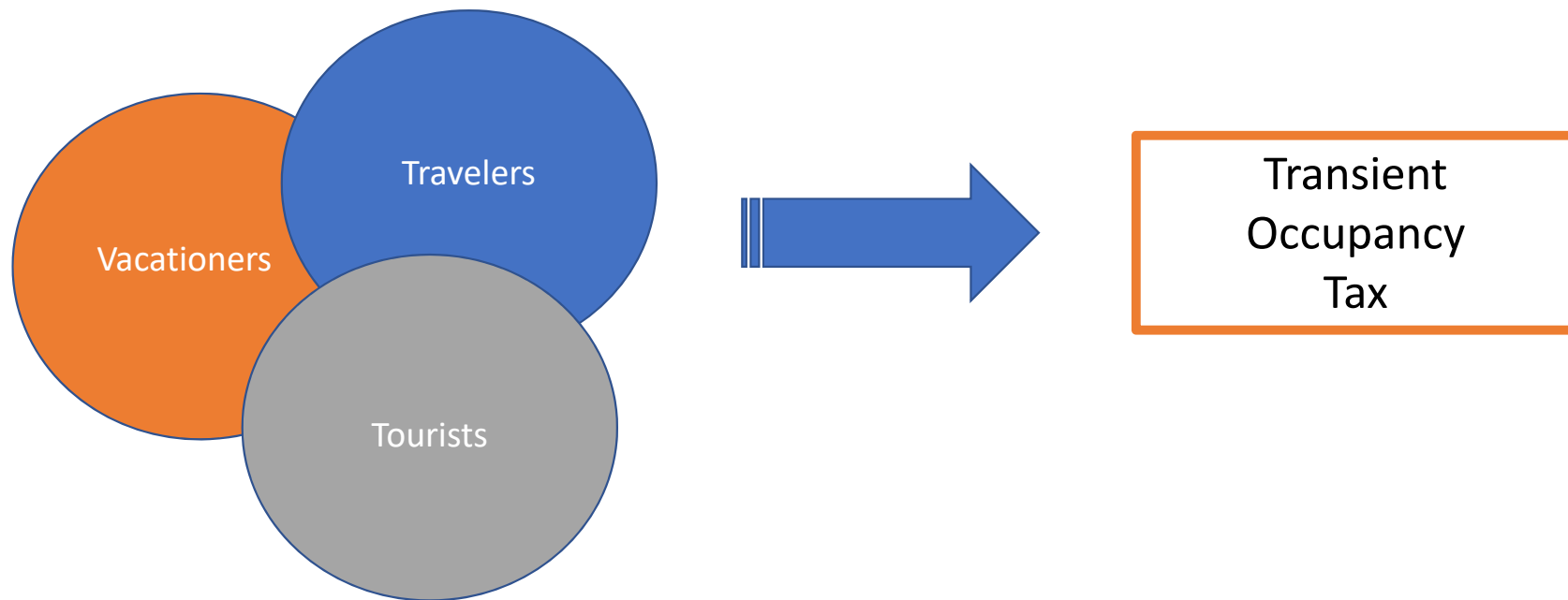


Cable

# Revenues – General Fund – Transient Occupancy Tax

**\$2.8 M FY 2018-19 / \$3.0 M FY 2019-20 / \$3.4 M FY 2020-21**

A tax charged to visitors and tourists when they rent accommodations (a room or other living space) in a hotel, inn, motel, or other lodging place.





# Revenues – General Fund – Current Services

**\$10.7 M FY 2018-19 / \$10.8 M FY 2019-20 / \$10.5 M FY 2020-21**

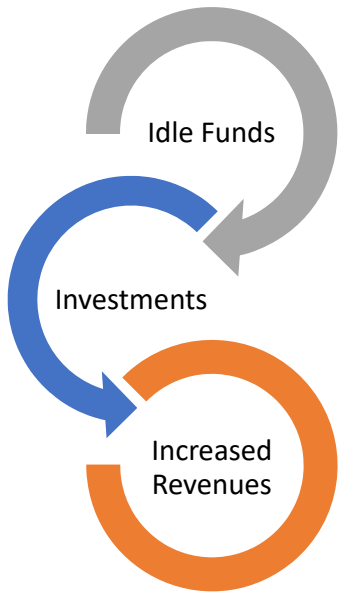
User Fees are charges for services such as engineering, planning and building fees, emergency medical services program, and recreation fees.



# Revenues – General Fund – Interest Income/ Rents and Leases

**\$10.2 M FY 2018-19 / \$10.2 M FY 2019-20 / \$10.0 M FY 2020-21**

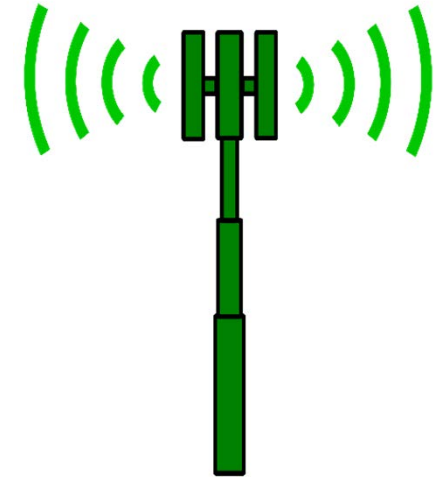
Lease and interest earnings consist of investment earnings on account balance, office leases, and cellular site leases.



**Investment Earnings**



**Office Leases**

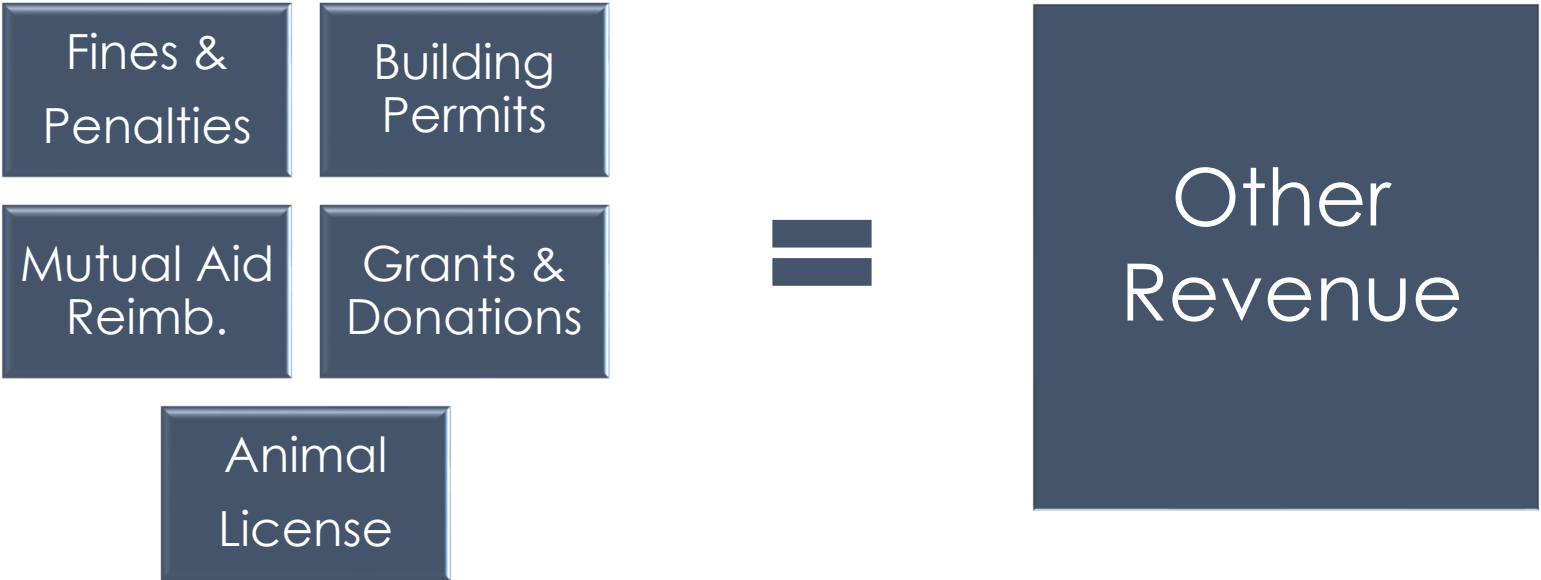


**Cell Site Leases**

# Revenues – General Fund – Other Revenues

**\$10.9 M FY 2018-19 / \$9.3 M FY 2019-20 / \$8.1 M FY 2020-21**

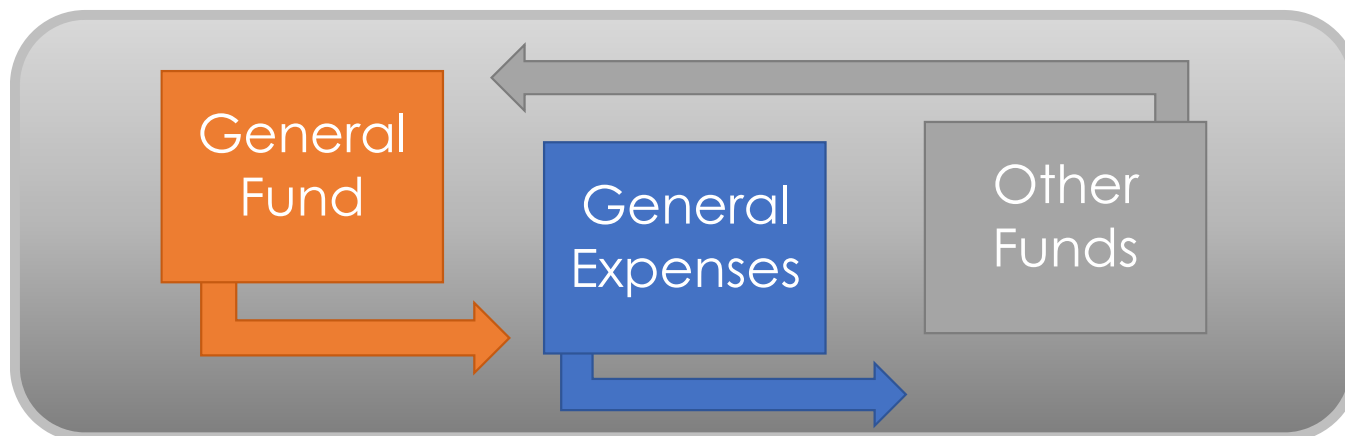
Other revenues include fines, penalties, intergovernmental, building permits and occupancy fees, alarm permits, donations, and other miscellaneous revenues.



# Revenues – General Fund – Payments in Lieu of Services

**\$6.6 M FY 2018-19 / \$6.7 M FY 2019-20 / \$6.8 M FY 2020-21**

Overhead Reimbursements and transfers to the general fund represent each transferring fund's share of overhead costs which are paid by the general fund. Examples of costs paid by the general fund and proportionately reimbursed by other benefiting funds are general administrative costs, liability insurance premiums, building use and maintenance, retiree medical insurance, and self-insurance expenditures.





# Revenues – General Fund

## Year Over Year Comparisons By Category

GENERAL FUND REVENUES + TRANSFERS IN	Mid Yr Estimates 2018-19	Year End (YE) Projected 2018-19	YE Projected to Mid Yr Changes	Forecast 2019-20	Forecast 2020-21
Property Tax	\$ 47,476,866	\$ 47,512,166	\$ 35,300 ↑	\$ 49,388,441 ↑	\$ 51,009,132 ↑
Sales Tax	41,416,827	41,416,827	-	40,559,315 ↓	41,865,012 ↑
Other Revenue	11,770,174	12,404,417	634,243 ↑	11,733,075 ↓	11,154,028 ↑
Current Services	10,600,047	10,681,163	81,116 ↑	10,796,537 ↑	10,538,152 ↓
Payments in Lieu of Services	6,636,026	6,636,026	-	6,699,400 ↑	6,763,400 ↑
Other Taxes - Franchise Tax	5,698,000	5,720,000	22,000 ↑	5,831,000 ↑	5,945,000 ↑
Other Taxes - Transient Occupancy	2,750,000	2,750,000	-	3,034,250 ↑	3,422,000 ↑
Investment Earnings	2,395,917	2,395,917	-	2,635,318 ↑	2,696,868 ↑
Other Taxes - Business Licenses	2,307,000	2,200,000	(107,000) ↓	2,244,000 ↑	2,289,000 ↑
Licenses, Fees & Permits	3,331,842	3,282,298	(49,544) ↓	1,794,823 ↓	1,728,900 ↓
Intergovernmental Revenue	1,774,268	2,147,660	373,392 ↑	1,759,073 ↓	1,680,554 ↓
Fines, Forfeitures & Penalties	881,100	892,700	11,600 ↑	893,100 ↑	896,300 ↑
Other Taxes - PEG Fees	182,000	187,000	5,000 ↑	189,100 ↑	196,100 ↑
Other Taxes - Special Assessments	100,000	100,000	-	247,500 ↑	459,500 ↑
<b>Total Revenues</b>	<b>\$ 137,320,067</b>	<b>\$ 138,326,174</b>	<b>\$ 1,006,107 ↑</b>	<b>\$ 137,804,932 ↓</b>	<b>\$ 140,643,946 ↑</b>
<i>Year over Year Change \$</i>				\$ (521,242)	\$ 2,839,014
<i>Year over Year Change %</i>				-0.4%	2.1%

# Revenues – General Fund – Changes Since Mid Year

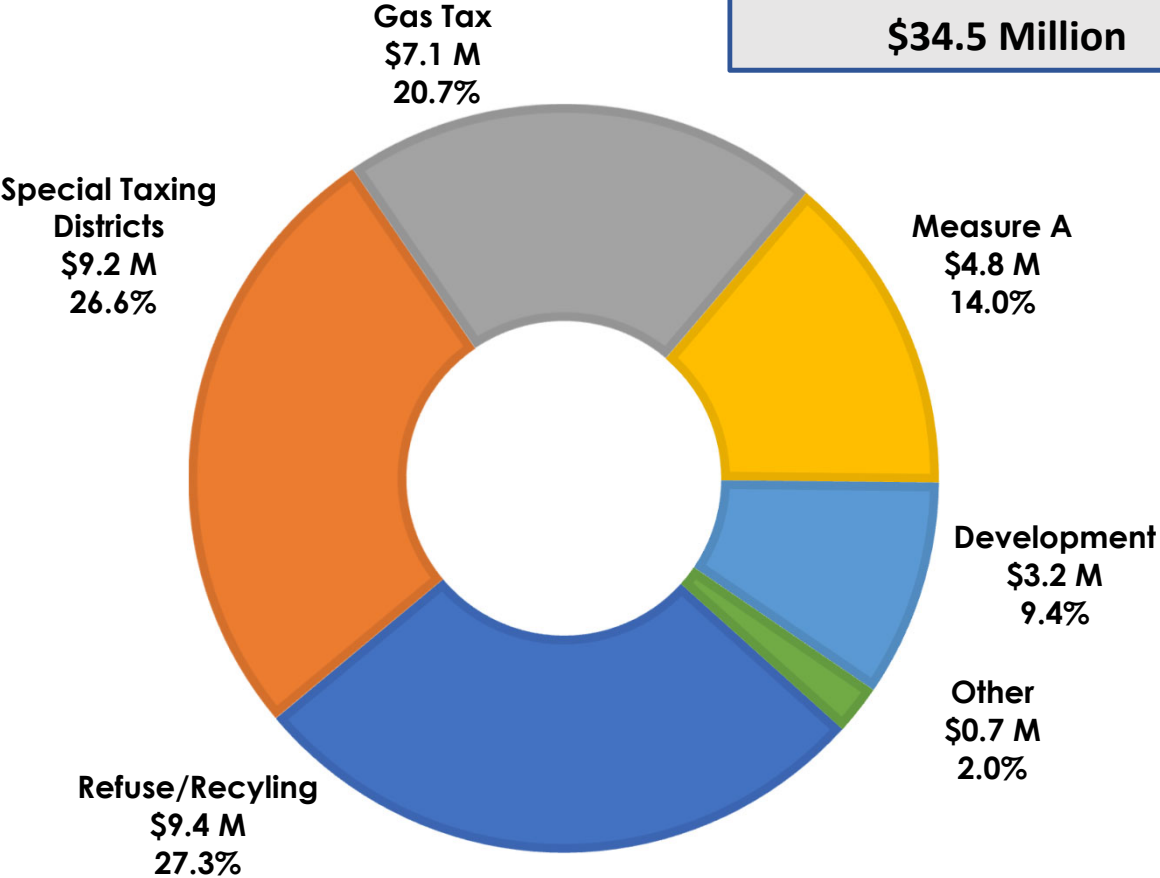
GENERAL FUND REVENUES + TRANSFERS IN	Mid Yr Estimates 2018-19	Year End (YE) Projected 2018-19	Mid Yr to YE Projected Changes	Comments
Property Tax	\$ 47,476,866	\$ 47,512,166	\$ 35,300 ↑	Increase in property transfer tax activity
Sales Tax	41,416,827	41,416,827	-	
Other Revenue	11,770,174	12,404,417	634,243 ↑	\$357K Development & Fair Share Agreements, \$192K Miscellaneous Income/Refunds, \$41K Miscellaneous Rental/Lease Income (includes \$21K for Historic Civic Center), \$27K Damage Recovery, \$7K Police Donations, and \$10K in various smaller line items
Current Services	10,600,047	10,681,163	81,116 ↑	Increases \$165K: \$44K Annexation Fee, \$30K Special Fire Inspection activity, \$25K Paramedic Program, \$20K Plan Check Fire, \$8K Third Party Plan Check Community Development, and \$8K Senior Center activities, \$7K Fire Prevention Bureau Inspections, and \$22K in smaller line items Decreases (\$83K): (\$32K) Reimbursed Expense Public Works activity, (\$25K) EMS Direct Billed, (\$20K) Emergency Response Expense Reimbursement, and \$6K in various smaller line items
Payments in Lieu of Services	6,636,026	6,636,026	-	
Other Taxes - Franchise Tax	5,698,000	5,720,000	22,000 ↑	Increase in activity - based on gross revenue of cable vendors
Other Taxes - Transient Occupancy	2,750,000	2,750,000	-	
Investment Earnings	2,395,917	2,395,917	-	
Other Taxes - Business Licenses	2,307,000	2,200,000	(107,000) ↓	2 additional months of activity/watching monthly trends as compared to prior years
Licenses, Fees & Permits	3,331,842	3,282,298	(49,544) ↓	Decrease in electrical permit activity and animal licenses
Intergovernmental Revenue	1,774,268	2,147,660	373,392 ↑	Increases: \$211K Federal Grant Revenues, \$101K Fire Mutual Aid, and \$73K CalPERS reimbursement Decrease: (\$12K) Motor Vehicle in Lieu
Fines, Forfeitures & Penalties	881,100	892,700	11,600 ↑	Increases: \$10K Parking Fines activity and \$1,600 in smaller line items
Other Taxes - PEG Fees	182,000	187,000	5,000 ↑	Increase in activity - based on gross revenue of cable vendors
Other Taxes - Special Assessments	100,000	100,000	-	
<b>Total Revenues</b>	<b>\$ 137,320,067</b>	<b>\$ 138,326,174</b>	<b>\$ 1,006,107 ↑</b>	

# Revenues – Governmental – Special Revenue Funds

❖ Specific revenue sources that are restricted or committed to specific purposes, often by legislative authority

- Gas Tax Funds
- Measure A Fund
- Refuse/Recycling Fund
- Development (Developer Impact Funds, Park Development Fund)
- Special Taxing District Funds (CFD/LMD)
- Other (Grants, Trip Reduction and Asset Forfeiture)

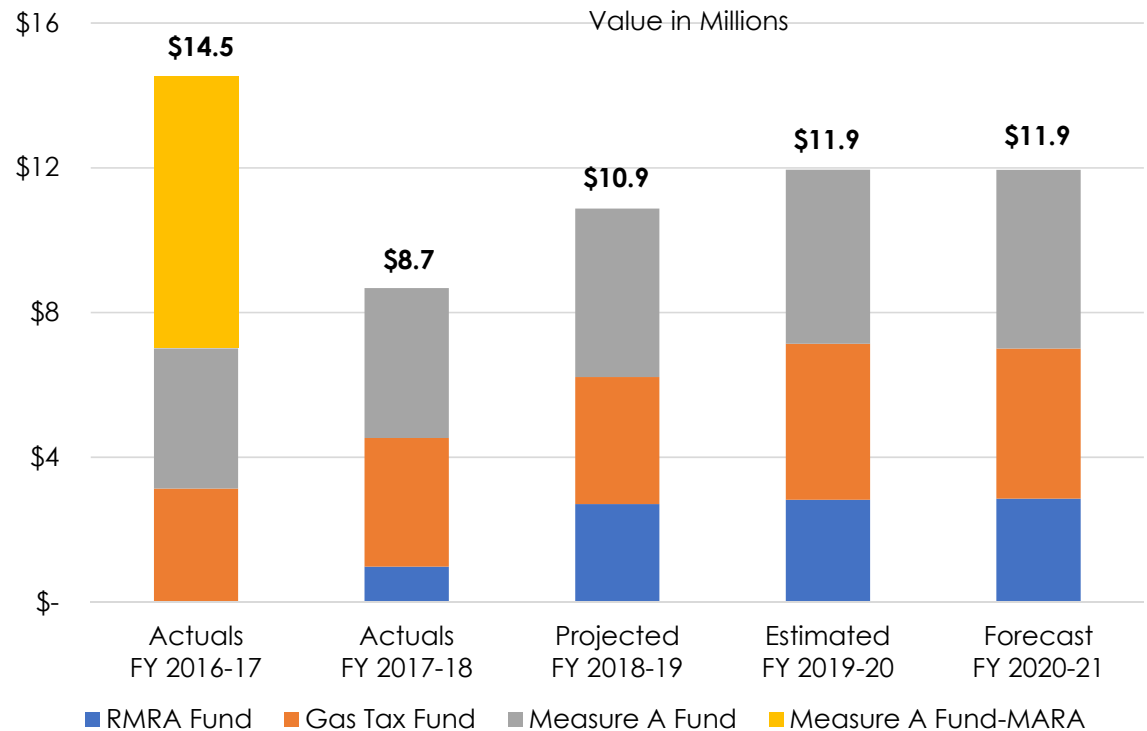
**Estimates FY 2019-20**  
**\$34.5 Million**



# Revenues – Special Revenue Funds – Roads Related

RMRA (Road Maintenance and Rehabilitation Account, Gas Tax, and Measure A Funds - Restricted for the maintenance and improvement of public streets, roads, and highways

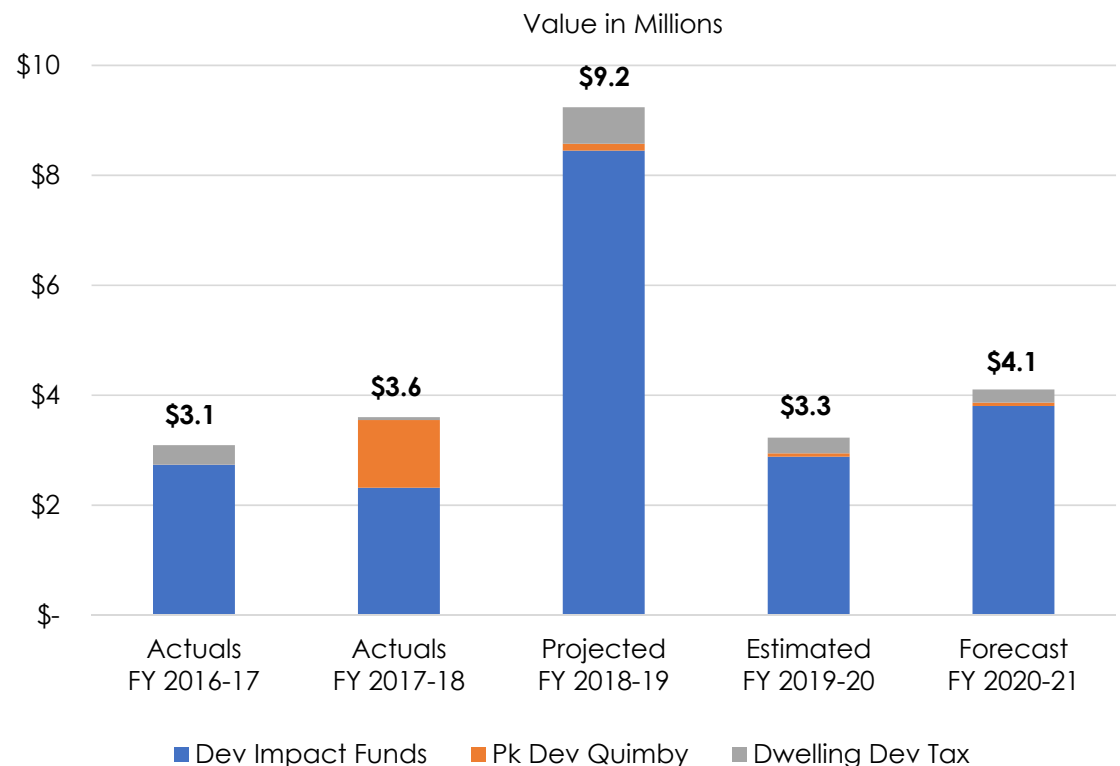
- ❖ Gas Tax
  - From Gasoline Taxes
  - Used for capital improvement projects and operating costs
- ❖ RMRA (new in FY 2017-18)
  - From Gasoline Taxes
  - Used for capital improvement projects
- ❖ Measure A
  - 0.25% Sales Tax in Riverside County
  - Used for capital improvement projects
  - FY 2016-17 included \$7.5M from Measure A Regional Arterial (MARA) Funds



# Revenues – Special Revenue Funds – Development

Special Revenue Funds – Developer Impact Funds, Park Dedication (Quimby) Fund, and Dwelling Development Tax

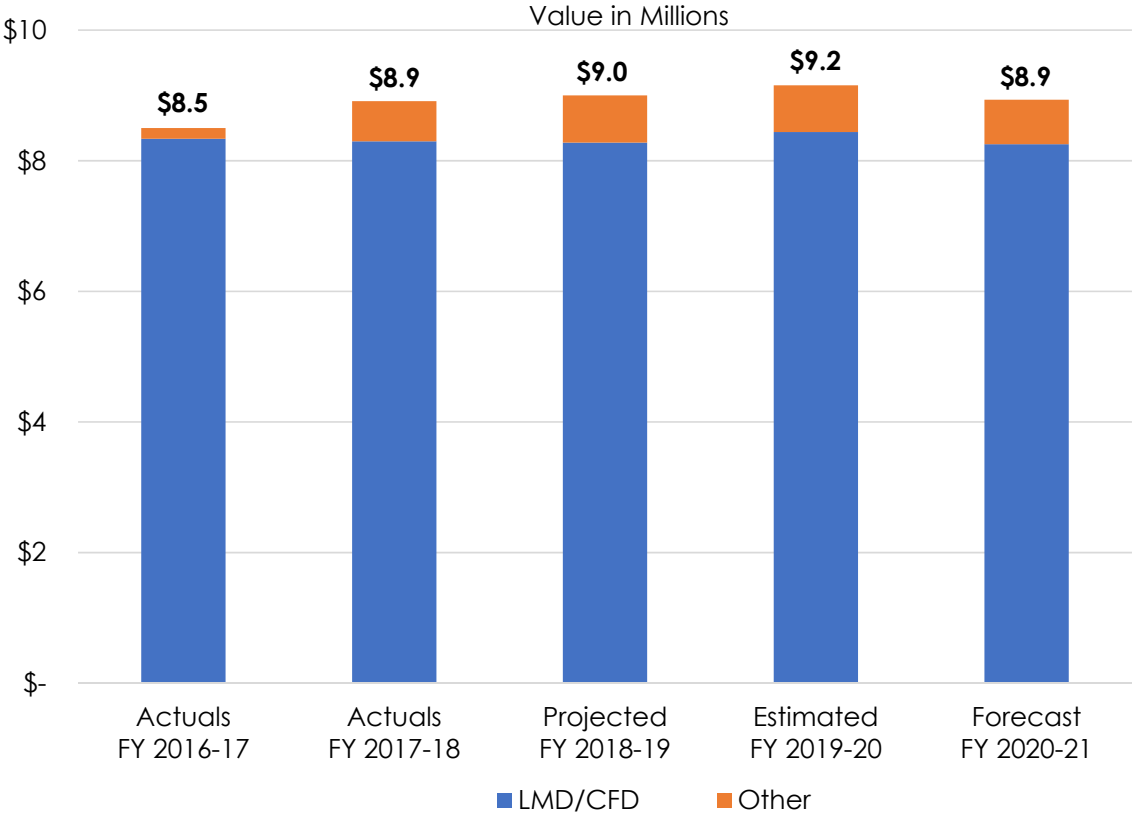
- ❖ Developer Impact Funds and Park Development (Quimby) Fund
  - From developer fees and interest on investments
  - Used for infrastructure and facilities impacted by new development
- ❖ Dwelling Development Tax
  - Taxes from developers
  - Used to offset the burden resulting from new development



Note: Increase in FY 2018-19 based on current development activity – Promenade Apartments, Arantine Hills, and Other

# Revenues – Special Revenue Funds – Special Taxing Districts

- ❖ Community Facilities Districts (CFD), Lighting Maintenance District (LMD), Landscape Maintenance Districts (LMD), and Corona Mall Business Improvement District
  - From special assessments (included on property tax bills)
  - Used for capital improvements or maintenance of improvements in a designated area
- ❖ Eagle Glen Homeowners' Association (HOA)
  - From direct billings to HOA
  - Use for maintenance and operations of lighting within Eagle Glen





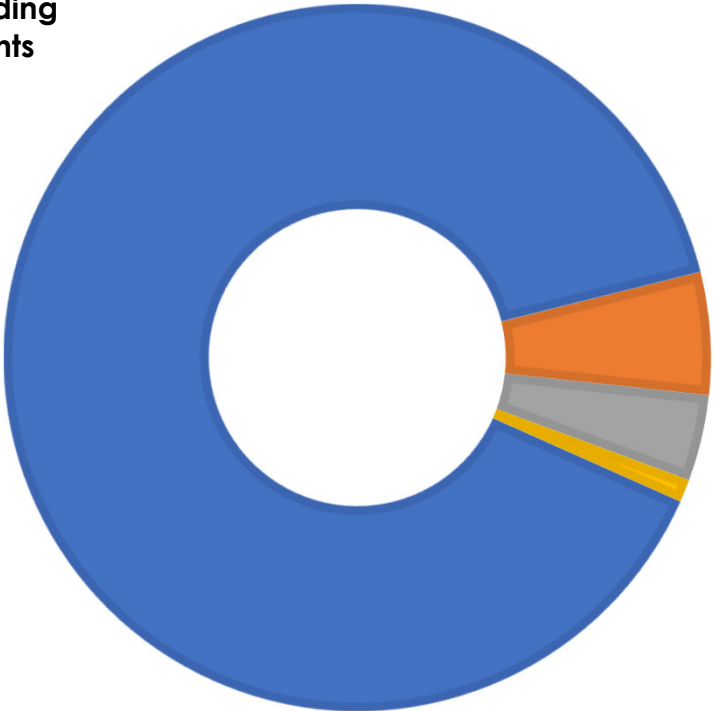
# Revenues – Governmental – Capital Projects Funds

❖ Financial resources that are restricted or assigned to capital expenditures, including acquisition or construction of capital facilities and capital assets.

- Planned Local Drainage - County Service Area 152 (NPDES) Fund
- Low Moderate Income Housing Asset Fund
- Grant/Funding Agreement Funds
- Housing & Community Development Funds

**Estimates FY 2019-20**  
**\$26.8 Million**

**Grants/Funding Agreements**  
**\$20.0 M**  
**89.5%**



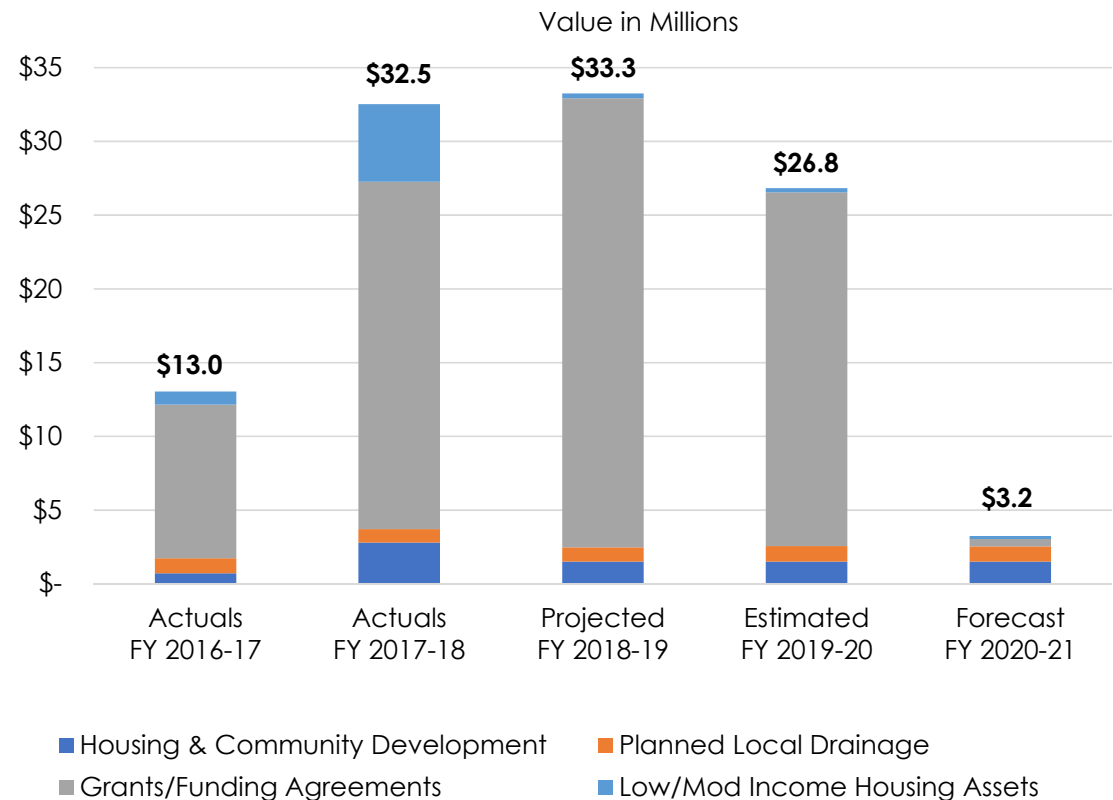
**Housing & Community Dev.**  
**\$1.5 M**  
**5.6%**

**Planned Local Drainage**  
**\$1.1 M**  
**3.9%**

**Low Mod Income Housing Assets**  
**\$0.3 M**  
**1.0%**

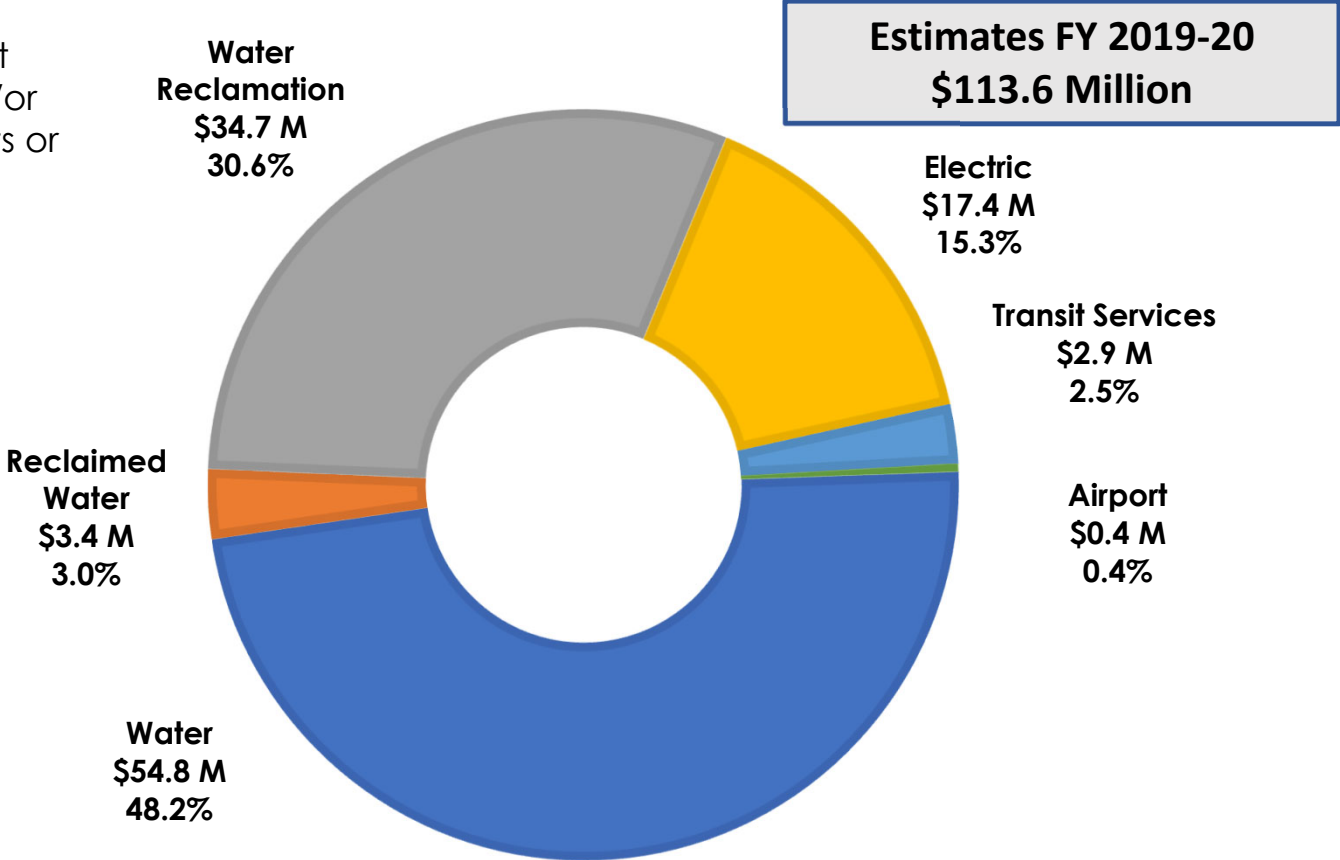
# Revenues – Capital Project Funds

- ❖ Grants/Funding Agreements
  - Various sources such as TUMF Funding and agreements with governmental agencies and/or developers
  - Used for capital improvement projects
- ❖ Planned Local Drainage (NPDES)
  - From User Fees
  - Used for capital improvement projects and operating costs
- ❖ Housing & Community Development
  - Federal Funding – CDBG and Home Fund
  - Used for community based needs, based on Federal guidelines
- ❖ Low/Moderate Income Housing Assets (Corona Housing Authority)
  - Payments from affordable housing agreement loans funded prior to RDA dissolution
  - Used for affordable housing projects and programs



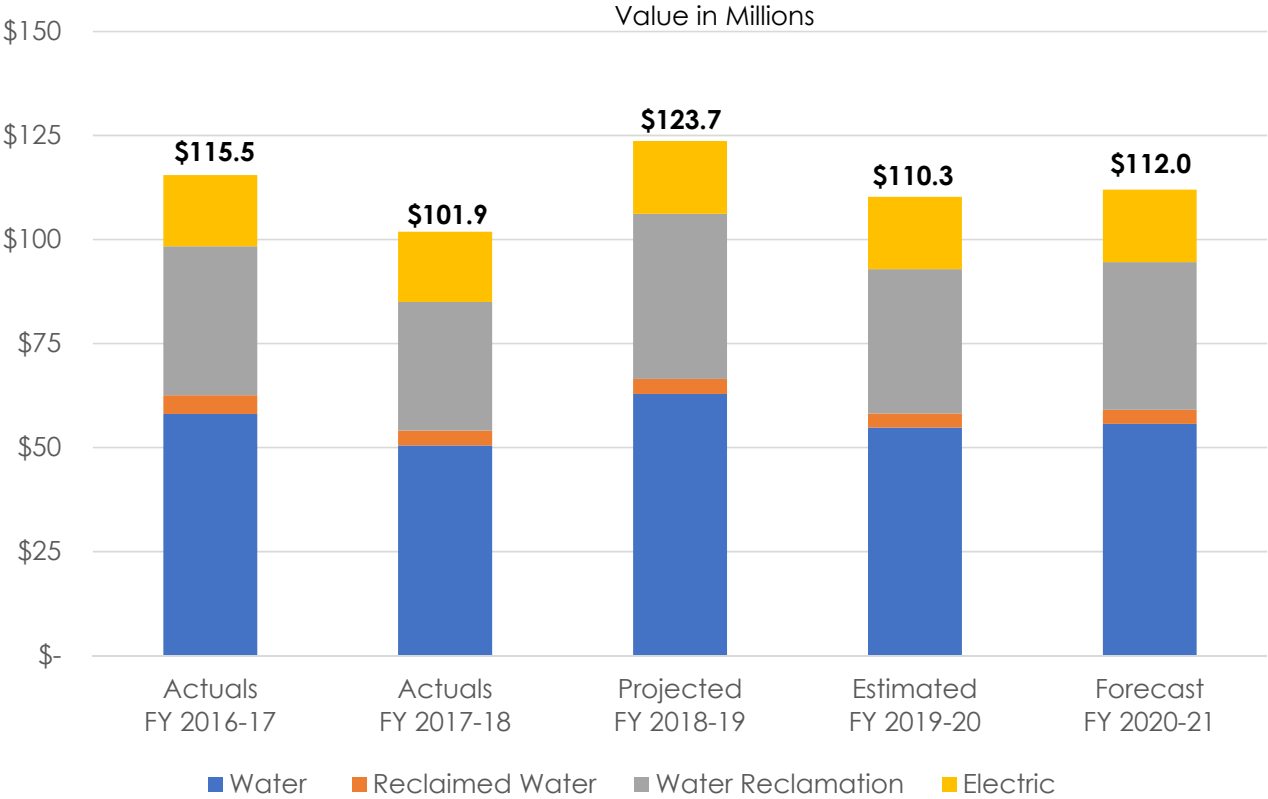
# Revenues – Proprietary Funds – Enterprise

- ❖ Self-supporting activities that are supported by rates and/or fees. May also include grants or reimbursements from other government agencies
- ❖ Enterprise Funds
  - Water
  - Reclaimed Water
  - Water Reclamation
  - Electric
  - Airport
  - Transit Services



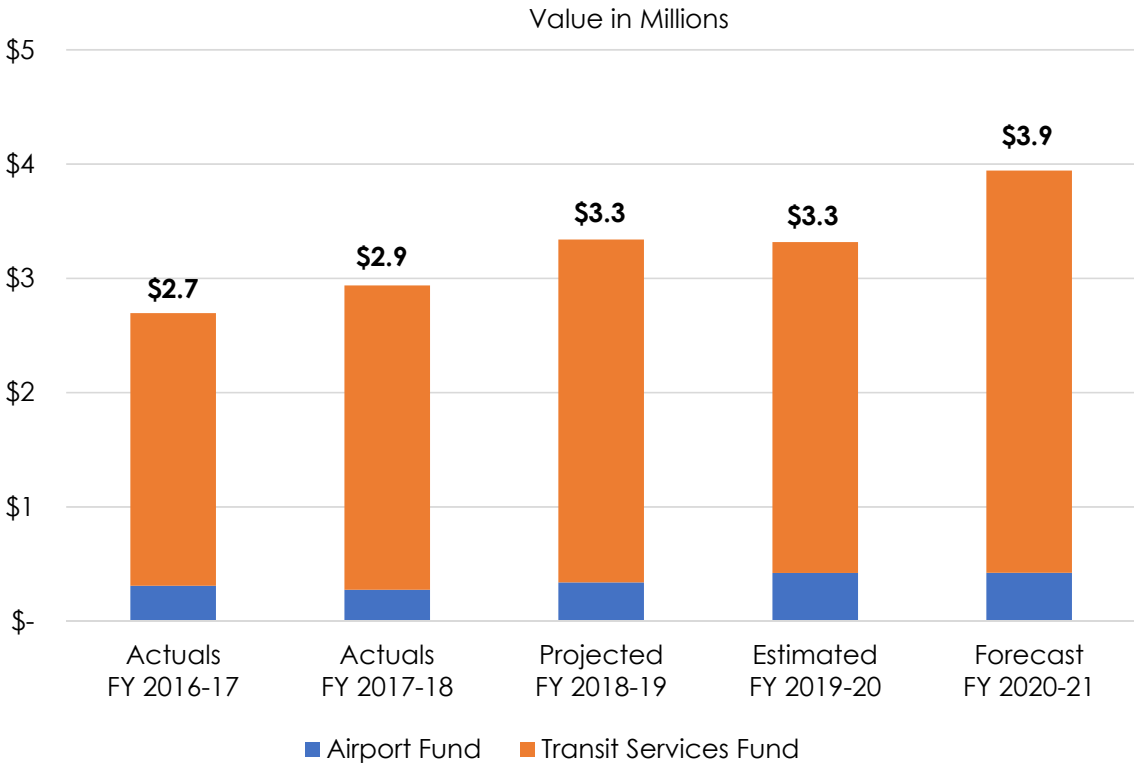
# Revenues – Enterprise Funds – Utilities

- ❖ Water Utility Funds
- ❖ Water Reclamation Utility Funds
- ❖ Electric Utility Funds
  - From user fees, developer fees, and grants/agreements
  - Used for operations and capital improvement projects to maintain the utility systems and meet the demands of commercial, industrial, and residential growth



# Revenues – Enterprise Funds – Other

- ❖ Airport Fund
  - From rental fees and grants
  - Used to provide services and improvements to the Corona Municipal Airport
  
- ❖ Transit Services Fund
  - From transit user fees and grants
  - Used to provide transit services within the City of Corona

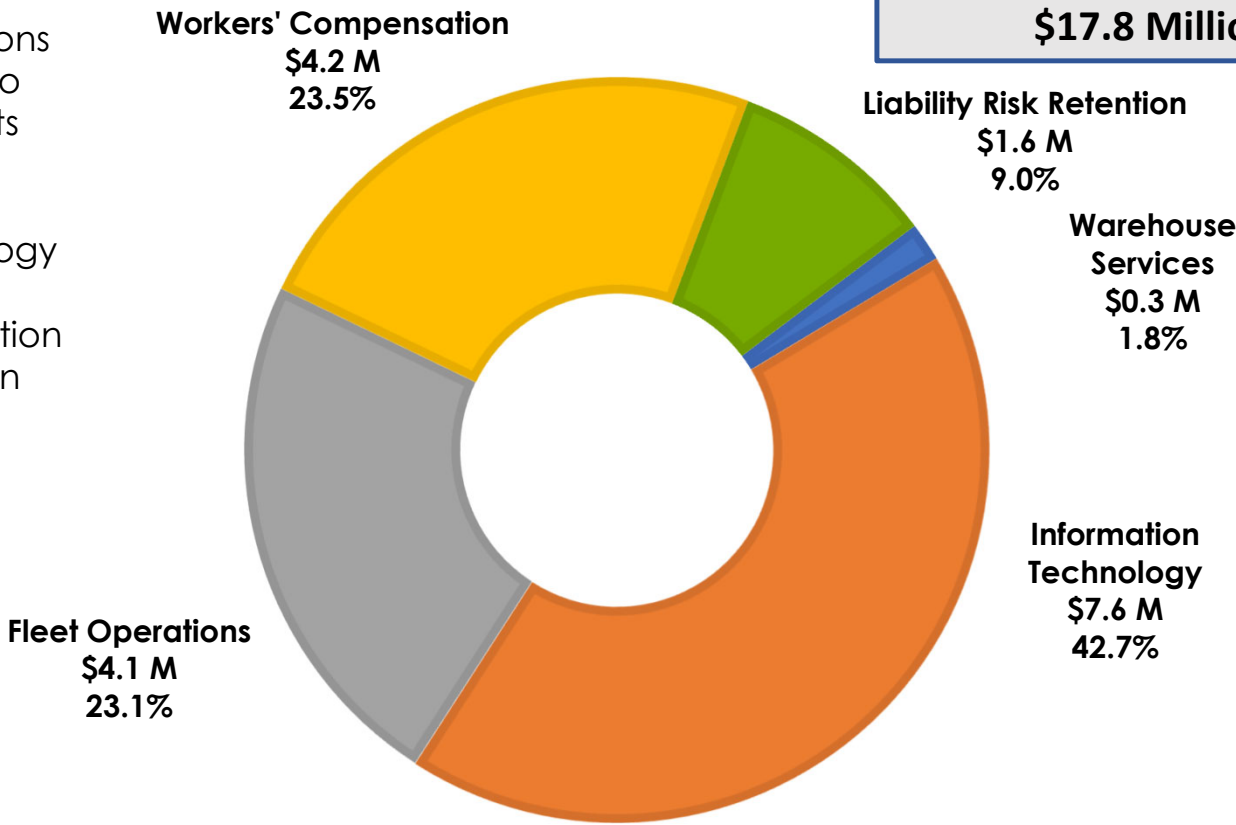


# Revenues – Proprietary Funds – Internal Service Funds

❖ Funds to account for departments or functions that provide services to other City departments

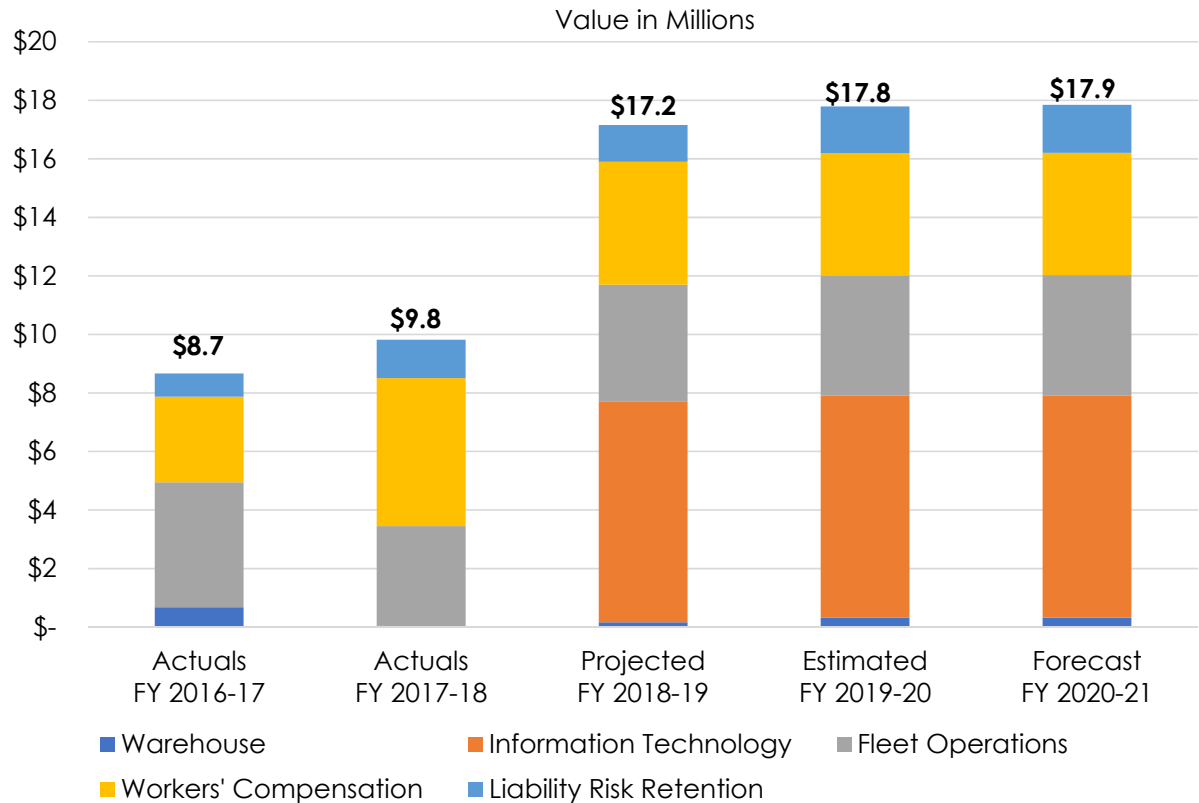
- Warehouse Services
- Information Technology
- Fleet Operations
- Workers' Compensation
- Liability Risk Retention

**Estimates FY 2019-20**  
**\$17.8 Million**



# Revenues – Internal Service Funds

- ❖ Warehouse, Information Technology, and Fleet Operations
  - From all funds – shared services by usage allocation
  - Used to fund operations for the Warehouse, Information Technology, and Fleet
- ❖ Workers' Compensation
  - From all funds – allocated through the payroll process
  - Self-funded, used to fund operational needs of workers' compensation
- ❖ Liability Risk Retention
  - From all funds – shared services by anticipated allocation
  - Self-funded, used to fund operational needs of liability claims



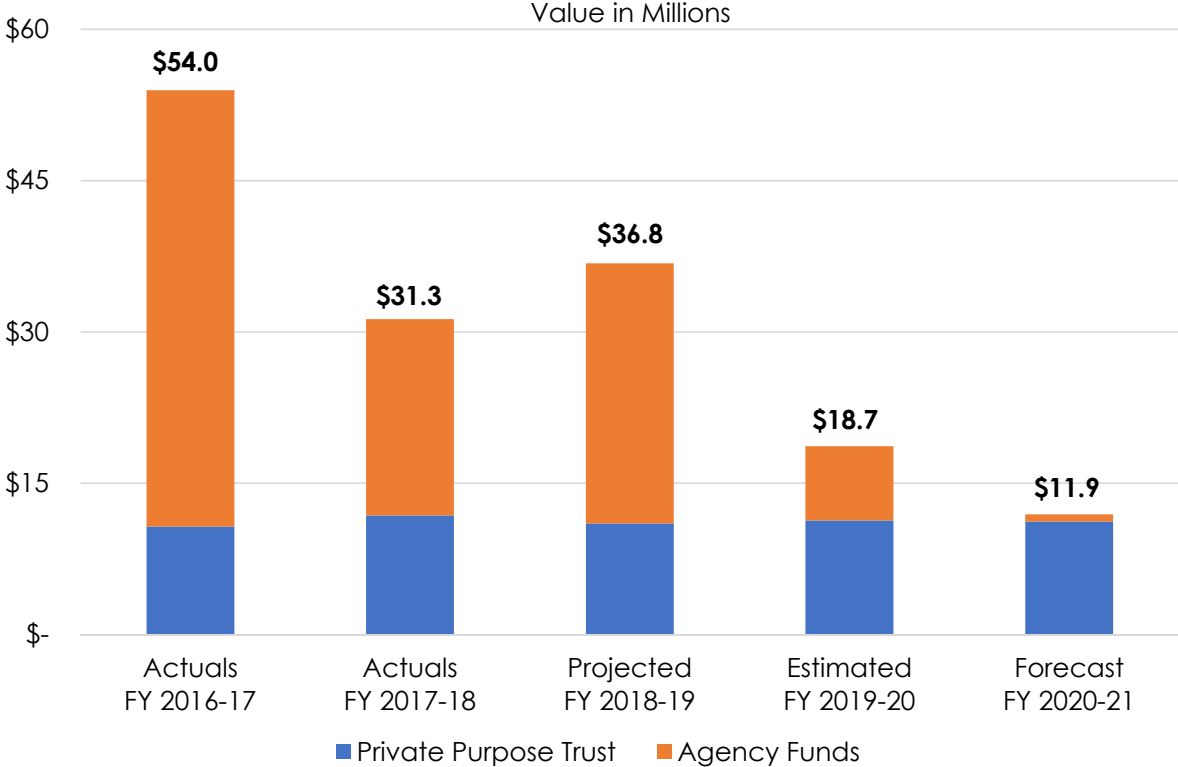
Note: FY 2018-19: Accounting change for IT, moving from General Fund to Internal Service Fund



# Revenues – Fiduciary Funds

❖ Custodial in nature. The City has responsibility to oversee transactions, but the assets belong to designated owners.

- AB109 PACT Fund
- Special Taxes and Assessments
- Private Purpose Trust (Successor Agency Funds)



# How Does Revenue Increase?



- ❖ Property Tax – N/A
- ❖ Sales Tax – Ballot Measure
- ❖ TOT – Ballot Measure
- ❖ User Fees – User Fee Study (recently completed in 2018)
- ❖ Grant Opportunities
- ❖ Economic Conditions
- ❖ New Development

- ❖ Developer Impact Fee Study
- ❖ Refuse/Recycling Rate Increases
- ❖ Special Assessments
- ❖ Grant Opportunities

- ❖ Utility Rate Study (currently in progress)
- ❖ Grant Opportunities
- ❖ Review Bus Fare

## Next Steps

- ❖ **April 9, 2019 – Budget Workshop #2 (Non-Discretionary Expenditures)**
- ❖ **April 15, 2019 – Budget Workshop #3 (Discretionary Expenditures)**
- ❖ **May 23, 2019 – Budget Workshop #4 (Summary)**
- ❖ **June 19, 2019 – Tentative Budget Adoption**
- ❖ **July 1, 2019 – Start of FY 2019-20**

# QUESTIONS?

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