

## **CITY OF NORCO STAFF REPORT**

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager

PREPARED: Gina Schuchard, Finance Officer

DATE: November 7, 2018

SUBJECT: Fiscal Year 2017-2018 Year-End Budget to Actual Report

RECOMMENDATION: Receive and file the Fiscal Year 2017-2018 Year-End Budget to Actual Report.

**SUMMARY:** During Fiscal Year 2017-2018 all key Operating Funds of the City including General Fund, Water Fund and Sewer Fund showed positive financial performance with actual revenues exceeding actual expenditures. Actual General Fund revenues exceeded budget while actual expenditures came in below budget. The combination of better revenue performance and lower expenditures in the General Fund resulted in increased fund balance. Similarly, Water Fund and Sewer Fund performed favorably on both revenues and expenditures resulting in positive addition to reserves and/or working capital.

For Fiscal Year 2017-2018, total actual General Fund revenues of \$19,708,884 were greater than total expenditures of \$19,413,795 by \$295,090. As a result, fund balance increased by \$295,090. This brings FY 2017-2018 year-end fund balance to \$11,652,702 (Attachment 2).

Regarding the Water Fund, total actual revenues of \$11,702,451 exceeded total actual expenditures of \$9,850,247 by \$1,852,204. The Sewer Fund financial performance during the year was also positive as total revenues of \$7,906,249 exceeded total expenditures of \$5,719,590 by \$2,186,659. A summary report of all Funds is included (Attachment 1). A schedule of revenues, expenditures and fund balance for the Landscape Maintenance Districts has also been presented as additional information (Attachment 5).

**BACKGROUND/ANALYSIS:** The City's independent auditors, White, Nelson, Diehl, Evans, LLP, have completed their field-work on the City audit for the Fiscal Year ended June 30, 2018. The Comprehensive Annual Financial Report (CAFR) prepared in accordance with Generally Accepted Accounting Principles (GAAP) will be submitted to the Council at a later date. A presentation will be scheduled with the independent auditors to further review and discuss the CAFR with the City Council. At this time, staff

is presenting this important report as information to show how the various Operating Funds performed relative to the approved budget for Fiscal Year 2017-2018.

### **FY 2017-2018 General Fund Performance**

When the FY 2017-2018 Budget was adopted on June 7, 2017, a projected deficit of \$1.9 million was anticipated for the new fiscal year that began on July 1st. After seven months of activity, revenue and expenditure trends were reviewed and revised. On February 21, 2018, staff presented Mid-Year Budget Amendments to City Council which reduced the deficit by \$875,012 to \$1.1 million. Of the \$875,012 adjustment, \$826,771 was attributed to projected increases in revenue with a \$48,241 net decrease in expenditures. At mid-year, the primary revenue drivers were increased development fees, property taxes and sales tax. The primary expenditure adjustments were a reduction in the Sheriff's budget due to delays in hiring the new Traffic Enforcement team and increases in building maintenance and plan check services. Additionally, separate budget amendments for special projects may be brought forward for City Council consideration during the year independent of the Mid-Year amendment process.

During the FY 2018-2019 Budget process, which starts in February and ends in June, staff again reviewed the FY 2017-2018 revenue and expenditure trends and created a year-end projection. This is different from the Mid-Year Amendment process where the budget is amended through City Council action. The year-end projection does not modify the budget. It is only a snapshot projection of the financial status of the General Fund. During the FY 2018-2019 Budget process, the General Fund was projected to end the year with a \$469,000 deficit.

The fiscal year ends on June 30<sup>th</sup> of each year. For the next few months after fiscal year-end, the City receives revenue and expenditure related invoices that are attributed to the prior year while completing the year-end accounting entries to the General Fund. Year-end accounting entries associated with compensated absences, or vacation and sick leave time earned but not used, are added to the operating department's total expenditures.

The FY 2017-2018 actual revenues were \$19,708,885 or \$163,303 more than the year-end projection of \$19,545,582. Expenditures, including year-end adjustments, totaled \$19,413,795 or \$601,239 less than the year-end projection of \$20,015,034. The decrease in expenditures is primarily attributed to \$446,833 in public safety contract savings. The next section and attachments detail the revenue and expenditure trends.

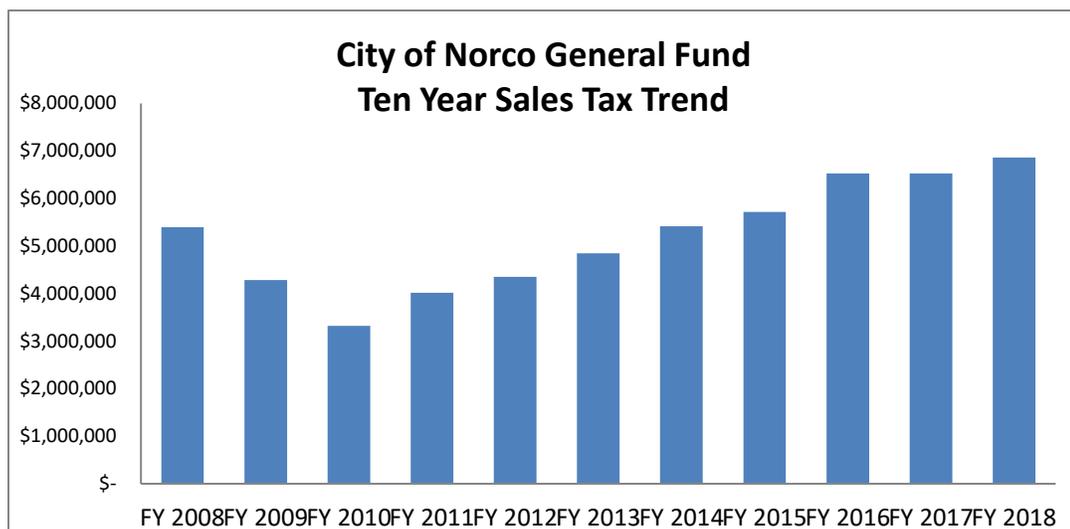
### **FY 2017-2018 General Fund Revenue Performance**

Attachment 1 is a schedule showing General Fund budget to actual data for the Fiscal Year ended June 30, 2018. For the Fiscal Year, total actual revenues were higher than

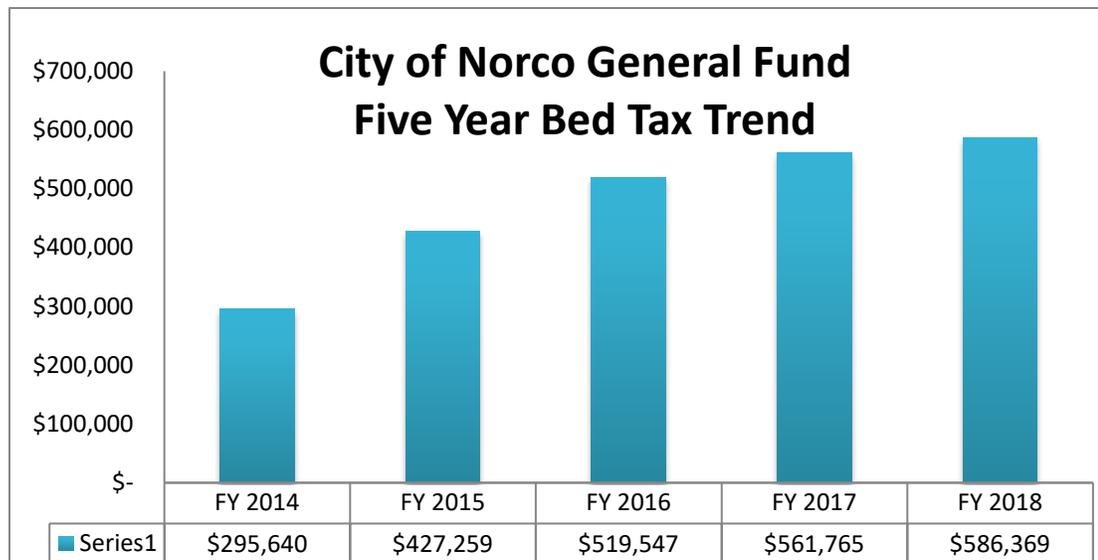
final year-end estimate by \$163,303 and higher than the final approved budget by \$445,705. The following is a recap of the revenues that make up the General Fund.

1. **Sales Tax:** Sales Tax receipts totaled \$6,864,122 or \$272,708 less than the estimated year-end amount. Several events have occurred over the last year that resulted in Sales Tax receipts being lower than expected. In FY 16-17, Sales Tax receipts were estimated to be \$6.7 million but actual receipts were lower at \$6.5 million due to under-advancement in the fourth quarter by the California Department of Tax and Fee Administration (CDTFA) formally the State Board of Equalization. The true-up payment was received in the fall of 2017 during the fiscal year 2017-2018. As a result of the extra payment, FY 17-18 Sales Tax revenue was estimated to be \$7.1 million. During this time, the CDTFA implemented a new reporting software (CROS) which has resulted in delays in reporting by CDTFA and consequently delays in distribution of sales tax receipts. The delay has impacted the FY 2017-2018 sales tax receipts resulting in less than expected revenue. We are working with our sales tax consultants, HdL, to insure we receive all our expected sales tax receipts. In terms of sales tax trends, we are seeing decreases in auto sales, building and construction and fuel and service station receipts as compared to last fiscal year. We anticipate an overall flattening in revenue with a possible mid-year reduction. Sales tax is General Fund's most significant revenue category accounting for over 35% of total revenue during the fiscal year.

Since the end of the recession in Fiscal Year 2010, the City's sales tax receipt has steadily increased and is currently at a record high. The chart below provides a ten year trend of the City's sales tax receipt. It highlights economic development efforts to increase and diversify sales tax base. There is a direct link between City sales tax receipt and the financial health of the General Fund.



2. **Property Tax:** Property Tax receipts totaled \$1,924,931 or \$20,692 less than anticipated for year-end amount. The decrease is attributable to less than anticipated secured and unsecured property tax receipts. Property Tax is 10% of General Fund revenue.
  
3. **Other Taxes:** Other Taxes includes Public Safety Sales Tax, Property Transfer Tax, Business Licenses and Transient Occupancy Tax (TOT). Other Taxes increased by \$15,813 over year-end estimates for a total of \$1,312,426. TOT totaled \$586,369 or \$7,869 more than anticipated for year-end. Property Transfer Tax also increased by \$6,910 as compared to year-end estimates. In recent years, the City has been aggressive with efforts to attract new hotels to the City. As a result two new hotels were built and others are in the pipeline. Even with the limited rebate the City provides to one of the new hotel operators, TOT revenues have more than doubled over the last five years as shown by the chart below. Other Taxes is 7% of General Fund revenues.



4. **Franchise Fees:** Franchise Fees include revenue from Refuse, Electricity, Gas and Cable TV franchises. Franchise fee revenue totaled \$1,561,383 or \$27,292 more than anticipated at year-end. The increase is mostly attributed to the Refuse Franchise Fee. Overall, the trend in franchise fees, excluding refuse, has decreased over the last few years due to lower electricity rates compounded with electricity rebates provided to ratepayers in 2016, lower natural gas costs and fewer cable TV subscribers. Franchise Fees represent 8% of General Fund revenue.
  
5. **Fines and Penalties:** Fines and Penalties totaled \$192,880 or \$22,615 more than anticipated at year-end. The increase is due to increase in parking citations,

code fines and code enforcement citations. Fines & Penalties make up 1% of General Fund revenues.

6. **Community Development Fees:** Community development fees include planning, building and engineering fees. During the year, actual revenue receipts from these sources exceeded year-end projections by \$109,157. The total for Community Development fees was \$948,995 or \$131,900 higher than the amended budget. The increase was due to better than anticipated increase in building, planning and engineering activities. Community Development Fees are 5% of the revenues for FY 2017-2018.
7. **Community Services/Recreation:** These fees include programs, events and activities associated with recreation. During the year, program revenue for Wee People was \$11,859 less than the adopted budget revenue. Events at Ingalls Park contributed \$22,019 more than anticipated. Youth Sports ended the year with \$24,523 more revenue due to field and park rentals. Overall revenue receipts from all Community Services/Recreation sources were \$50,941 more than year-end projections. Community Services/Recreation fees are 4% of total General Fund revenues.
8. **Other Revenues:** These revenues include Emergency Medical Subscriptions, Dog Licenses, Animal Shelter Fees and Reimbursements. Dog Licenses exceeded year-end estimates by \$10,340 due to the demand for multi-year licenses. Ambulance Fines increased by \$23,845 and Penalties increased by \$21,712 for a total of \$45,557 more than anticipated. Overall, Other Revenues totaled \$1,418,033 or \$120,012 more than the year-end projection and is 7% of General Fund revenues.

### **General Fund Expenditures**

Total General Fund expenditures for the Fiscal Year were below the final budget estimate by \$601,239. This net savings were achieved mainly due to public safety contract savings. Savings in the Fire Department came from lower than anticipated expenditures related to salary increases for the CalFire contract totaling \$258,130. The Sheriff's budget was underspent during the fiscal year due to the delay in filling the dedicated Traffic Deputy and Community Service Officer positions. The Sheriff's base contract ended the year \$188,703 less than anticipated. Public Safety savings totaled \$466,833. Expenditure savings were also realized in Recreation, Park Maintenance, City Attorney, City Council, Building & Safety, Non-Departmental professional services and various recreation programs. Senior Center program costs were underspent as compared to budget primarily due to salary savings.

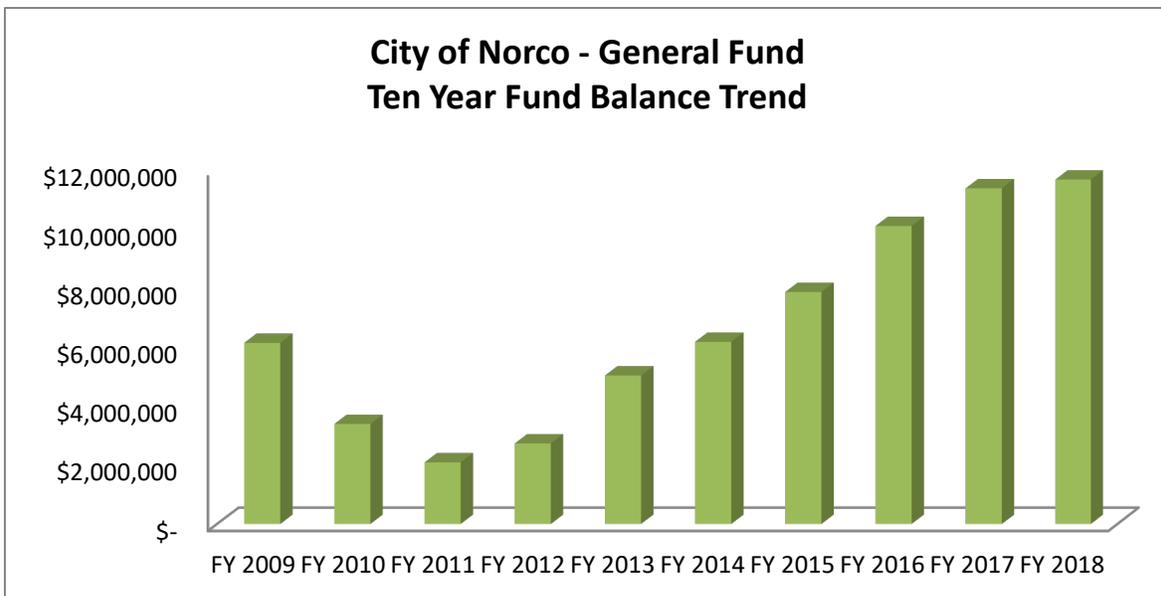
The General Fund savings were offset by expenditures that were over year-end projections. Animal Control exceeded budget estimates due to higher than anticipated

workers compensation costs. Engineering had increased professional services costs while Code Enforcement had increases associated with consultants and legal related costs.

Other departments such as the City Manager, City Clerk, Fiscal and Support exceeded budgets primarily due to year-end accounting adjustments totaling \$47,329 related to compensated leave balances.

**General Fund (Fund Balance)**

Fund balance is the City's "rainy day funds." It provides a measure of the City's ability to mitigate future risks associated with providing important services in times of economic uncertainties. The level of acceptable fund balance depends on the City's specific circumstances including revenue diversification, rate of anticipated increase in expenditures versus increase in revenues, and whether other sources of funds are readily available to provide essential services. To provide funding for emergencies, the City Council has adopted a policy that requires fund balance to be maintained at a minimum level equal to 25% of General Fund's budget. The chart below provides a ten year fund balance trend for the General Fund. While the City now maintains a very healthy fund balance ("rainy day funds"), it is anticipated that future revenues are not likely to offset projected increases in expenditures.



The audited fund balance at the beginning of the fiscal year was \$11,357,612 (Attachment 2). During the Fiscal Year, total revenues exceeded total expenditures by

\$295,090 resulting in estimated ending fund balance of \$11,652,702 as of June 30, 2018.

As previously noted, City Council policy requires a minimum emergency fund balance representing 25% of total General Fund expenditures. For Fiscal Year 2018-2019, total estimated General Fund expenditures are \$20,825,918 resulting in \$5,206,480 required to be maintained as emergency fund balance. As of June 30, 2018, the estimated total fund balance is \$11,652,706 which represents 56% of the FY 2018-2019 estimated General Fund expenditures. A total of \$365,094 of the fund balance has been designated for deposits and donations for special projects and events.

### **Other Fund Balances**

***Special Asset Revenue Fund:*** The City established the Special Asset Revenue Fund in FY 2008 to accumulate revenues generated from one-time asset sales and special revenue receipts. The Fund had achieved a maximum spendable fund balance (cash) of \$1.5 million in FY 2012. This balance dropped to a low of \$0.9 million in FY 2016 following the use of \$0.8 to purchase vacant land parcel previously owned by the Successor Agency. As of the end of FY 2017-2018, the spendable fund balance was \$1.1 million. In addition to the available spendable fund balance, the Special Asset Revenue Fund also has over \$3.9 million in long term receivables from sale of assets. The spendable balance of funds in the Special Asset Revenue Fund can be appropriated for any legal expenditure of the City by the City Council. However, City Council resolution requires a super majority approval for appropriation from the Special Asset Revenue Fund.

### **Other Operating Funds**

Attachment 1 also provides a summary of revenues and expenditures for other Operating Funds. Other Operating Funds included in this report are Water, Sewer, Gas Tax, NPDES, CDBG and Miscellaneous Grants.

### ***Water Fund***

During the Fiscal Year, total actual Water Fund revenues of \$11.7 million exceeded budgeted revenues of \$11.5 million by \$192,000 due to higher than anticipated revenues generated from rate adjustments and consistent consumption trends. Total actual Water Fund expenditures of \$9.8 million were lower than budgeted expenditures of \$10 million by \$203,000 due to savings in water purchases, salaries, benefits, supplies and services. Because of lower expenditures and higher revenues, working capital increased by \$1.9 million. As of June 30, 2018, the Water Fund had working capital balance of \$4.5 million.

As part of the water rate adjustment, the City Council adopted a policy that sets a Rate Stabilization Reserve target of \$2 million and Operating Reserve target equal to three months of operating expenditures. Based on FY 2018 total expenditures, operating

reserve target would be approximately \$2.4 million. From the FY 17-18 working capital balance, \$1.2 million will be allocated to the Rate Stabilization Reserve and Operating Reserve. The policy provides for the Rate Stabilization Reserve to be fully funded by 2026 and the Operating Reserve by 2021. Any working capital above \$1.2 million will be available for transfer to Water Fund capital component for future capital projects. Based on working capital balance \$4.5 million and required operating reserve of \$1.2 million, the estimated amount available for transfer to the Water Fund Capital Project component is \$3.3 million. The transfer to Water Fund capital component will be used to provide funding for unfunded future capital projects currently estimated to be \$24 million. Additional information on the Water Fund is presented as Attachment 3.

### ***Sewer Fund***

For the Sewer Fund, total actual revenues of \$7.9 million exceeded budgeted revenues of \$7.8 million by \$91,642 largely due to the interest income earned on Working Capital balances during the year. Total actual expenditures of \$5.7 million were below budgeted amount of \$6.2 million by \$.5 million. Expenditure savings came from less than anticipated cost for sewer treatment, salaries, benefits and claims settlements. Actual debt service payment exceeded budget by \$57,475 due to a more than anticipated payment on State Revolving Fund loan for the treatment plant expansion. Because of lower expenditures and higher revenues, working capital increased by \$2.2 million. As of June 30, 2018, the Sewer Fund had working capital balance of \$8.0 million.

The City Council has also adopted a policy that requires three months of Operating Reserves which based on FY 2018 expenditures is estimated to be \$1.4 million. Any working capital above this amount will be available for transfer to Sewer Fund capital component for future capital projects. Based on working capital balance \$8.0 million and required operating reserve of \$1.4 million, the estimated amount available for transfer to the Sewer Fund Capital Project component is \$6.6 million. With this existing available balance, and additional revenues being generated from the continued implementation of an increased contract rate for CRC, staff will be determining if the implementation of sewer rate adjustments will continue to be delayed in FY 2020. For more details regarding Sewer Fund budget to actual revenues and expenses, please refer to Attachment 4.

### ***Other Funds***

Gas Tax Fund actual revenues were lower than budget due to a re-allocation of SB1 funds to the Street Improvement Fund for street construction projects. Gas Tax Funds are used for street maintenance projects. Excluding SB1 funds, revenues were slightly less than projected by \$20,000. Expenditures were less than budgeted and more than current year revenues resulting in prior year carryover funds being utilized. Fund balance as of June 30, 2018 is \$547,160. National Pollutant Discharge Elimination System (NPDES) total revenues were \$81,565 compared to actual expenditures of \$83,616. The remaining \$2,051 will be collected in FY 18-19. Fund Balance for NPDES, as of June 30, 2018 is \$103,719.

**Capital Project Funds**

Capital Projects Funds are used to account for financial resources and uses pertaining to the acquisition and construction of governmental infrastructure and other assets such as streets, storms drains, public buildings, trails, park improvements, water, and sewer infrastructure. Except for the water and sewer capital projects which are funded with ongoing revenues derived from user rates, the other capital project categories have no dedicated ongoing revenue source. Please note that street projects are partially funded from limited Measure A receipts. The table below provides summary information regarding the balances available to fund future capital projects for each category. It is to be noted that street, public facilities, parks, trails are estimated to have minimal available balance beyond Fiscal Year 2018-2019 to provide for future capital projects.

Fund Number	Fund Name	Cash As of 6/30/2018	Working	FY 18-19		FY 19-20 Est.
			Capital Contributions	Adopted Other Revenue	FY 18-19 Expenditures	Available Funds
144	Water Capital Fund*	\$ 3,271,549	4,746,455	1,612,081	9,480,000	\$ 150,085
147	Sewer Facilities Development **	3,485,764	7,713,801	2,550,560	4,455,000	9,295,125
148	Sewer Connection Fund	401,027	-	3,975	25,000	380,002
129	Storm Drain Fund	168,405	-	4,907,643	4,801,026	275,022
140	Gen Gov't Improvement Fund	564,779	-	442,163	565,362	441,580
141	Park Improvement Fund	598,761	-	206,110	333,562	471,309
142	Fire Improvement Fund	677,244	-	152,638	125,000	704,882
143	Trails Improvement Fund	206,261	-	2,059	190,000	18,320
146	Public Meeting	71,960	-	7,321	-	79,281
149	Street Improvement Fund	2,713,644	-	3,640,168	6,277,754	76,058
152	Facility Improvement	129,679	-	1,297	15,000	115,976
		<b>\$ 12,289,073</b>	<b>12,460,257</b>	<b>13,526,015</b>	<b>26,267,704</b>	<b>\$ 12,007,641</b>

\* FY 17-18 and FY 18-19 Water Operating Fund 124 Working Capital Contribution

\*\* FY 17-18 and FY 18-19 Sewer Operating Fund 126 Working Capital Contribution

**Landscape Maintenance Districts (LMD)**

As information for the benefits of residents whose property are assessed to pay for the cost of maintaining Landscape Maintenance Districts, this year-end budget to actual report provides revenues and expenditures information for each District. For all Districts, actual revenues and expenditures for the Fiscal Year were reasonably within the amount in the Engineer's Estimate. Also included in the schedule is each District's beginning and ending fund balance. LMD #2 continues to reflect negative fund balance. LMD 4 expenditures included \$731,238 in trail fence improvements. For additional details, please see Attachment 5.

FINANCIAL IMPACT: Not Applicable

RELATIONSHIP TO STRATEGIC PLAN: The FY 2017-2018 Year-End Budget to Actual Report is consistent with Strategic Direction #3 - "Assure financial stability by identifying new revenue sources and continuing prudent financial management."

Attachments: 1) Budget to Actual Report FY 2017-2018  
2) Summary of General Fund Balance  
3) Water Fund Statement of Revenues and Expenses  
4) Sewer Fund Statement of Revenues and Expenses  
5) Schedule of LMD Revenues and Expenses

City of Norco  
General Fund Budget to Actual  
Fourth Quarter Year-End Budget Performance Ending June 30, 2018

GENERAL FUND	A Adopted Budget	B Amended Budget	C Year-End Projection	D FY 17-18 Actual	D-C Actual to Year-End
<b>REVENUES</b>					
Property Taxes	\$ 1,697,430	\$ 1,859,740	\$ 1,945,623	\$ 1,924,931	(\$20,692)
Sales Taxes	6,741,000	7,095,000	7,136,830	6,864,122	(272,708)
Motor Vehicle License Fees	2,438,091	2,451,337	2,453,458	2,453,458	-
Other Taxes	1,242,445	1,254,053	1,296,613	1,312,426	15,813
Franchise Fees	1,421,100	1,513,575	1,534,091	1,561,383	27,292
Intergovernmental	3,271	619	619	6,357	5,738
Fines and Penalties	158,565	165,227	170,265	192,880	22,615
Interest/Lease Income	655,097	687,733	704,930	795,351	90,421
Community Development Fees	714,951	817,095	839,838	948,995	109,157
Community Services/Recreation	738,564	720,494	698,129	749,070	50,941
Other Revenues	1,159,943	1,232,355	1,298,511	1,418,523	120,012
Administrative Overhead/Operating Transfers	1,465,952	1,465,952	1,466,675	1,481,388	14,713
<b>Total Revenues</b>	<b>\$ 18,436,409</b>	<b>\$ 19,263,180</b>	<b>\$ 19,545,582</b>	<b>\$ 19,708,885</b>	<b>\$ 163,303</b>

General Fund	A Adopted Budget	B Amended Budget	C Year-End Projection	D FY 17-18 Actual	C-D Year-End to Actual
<b>EXPENDITURES</b>					
Sheriff	\$ 6,233,897	\$ 5,919,771	\$ 5,754,056	\$ 5,565,353	\$ 188,703
Citizens on Patrol	16,100	16,100	20,255	18,949	1,306
Crossing Guards	47,628	47,628	47,628	51,835	(4,207)
<b>Total Sheriff Protection</b>	<b>6,297,625</b>	<b>5,983,499</b>	<b>5,821,939</b>	<b>5,636,137</b>	<b>185,802</b>
<b>Fire Suppression &amp; EMS (CalFire)</b>	<b>4,306,604</b>	<b>4,306,604</b>	<b>4,302,735</b>	<b>4,044,605</b>	<b>258,130</b>
Norco Animal Rescue Team	2,628	2,628	2,628	1,507	1,121
<b>Total Fire</b>	<b>4,309,232</b>	<b>4,309,232</b>	<b>4,305,363</b>	<b>4,046,112</b>	<b>259,251</b>
Recreation	750,378	780,378	773,951	750,057	23,894
Special Events	55,789	55,789	76,761	59,412	17,349
Park Maintenance	821,962	821,962	832,087	813,060	19,027
Public Buildings/Facilities Maintenance	954,913	1,052,569	1,105,005	1,074,942	30,063
<b>Total Parks, Bldg. &amp; Rec. Svcs</b>	<b>2,583,042</b>	<b>2,710,698</b>	<b>2,787,804</b>	<b>2,697,471</b>	<b>90,333</b>
Animal Control	621,647	625,247	609,263	635,403	(26,140)
<b>Non-Departmental</b>	<b>2,803,127</b>	<b>2,859,952</b>	<b>2,831,409</b>	<b>2,739,603</b>	<b>91,806</b>
City Clerk	326,326	326,326	305,109	318,144	(13,035)
City Manager	355,203	355,203	354,071	363,478	(9,407)
Human Resources	111,038	111,038	101,317	91,739	9,578
Economic Development	264,252	264,252	214,883	231,856	(16,973)
Fiscal & Support Services	640,549	640,549	606,336	615,003	(8,667)
<b>Total Admin, Econ. Dev &amp; Finance</b>	<b>1,697,368</b>	<b>1,697,368</b>	<b>1,581,716</b>	<b>1,620,220</b>	<b>(38,504)</b>
City Council	93,681	93,681	87,636	84,720	2,916
City Attorney	255,000	255,000	255,000	237,726	17,274
<b>Total City Council &amp; City Attorney</b>	<b>348,681</b>	<b>348,681</b>	<b>342,636</b>	<b>322,446</b>	<b>20,190</b>
Engineering	195,532	195,532	182,098	195,195	(13,097)
Inspection	41,571	41,571	38,218	38,251	(33)
Parkway Maintenance	97,554	97,554	67,224	65,039	2,185
<b>Total Public Works &amp; Engineering</b>	<b>334,657</b>	<b>334,657</b>	<b>287,540</b>	<b>298,485</b>	<b>(10,945)</b>
Code Enforcement	143,719	143,719	133,244	159,544	(26,300)
Building & Safety	366,196	421,196	408,861	386,745	22,116
Community Development	378,746	418,746	375,147	386,691	(11,544)
<b>Total Plan., Bldg. Safety &amp; Code</b>	<b>888,661</b>	<b>983,661</b>	<b>917,252</b>	<b>932,981</b>	<b>(15,729)</b>
Youth & Teen	316,332	292,216	296,970	288,010	8,960
Senior Citizens	201,286	208,206	202,231	166,016	36,215
Senior-RCTC	30,911	30,911	30,911	30,911	-
<b>Total Teens &amp; Seniors</b>	<b>548,529</b>	<b>531,333</b>	<b>530,112</b>	<b>484,936</b>	<b>45,176</b>
<b>Total Expenditures</b>	<b>\$ 20,432,569</b>	<b>\$ 20,384,328</b>	<b>\$ 20,015,034</b>	<b>\$ 19,413,795</b>	<b>\$ 601,239</b>

**GENERAL FUND SUMMARY**

REVENUES	18,436,409	19,263,180	19,545,582	19,708,885	163,303
EXPENDITURES	20,432,569	20,384,328	20,015,034	19,413,795	601,239
Revenues Over (Under) Expenditures	(1,996,160)	(1,121,148)	(469,452)	295,090	764,542

**City of Norco**  
**Schedule of Other Funds Revenues & Expenditures**  
**Fourth Quarter Budget Performance Ending June 30, 2018**

Fund Description	Adopted Budget	Amended Budget	FY 17-18 Actual	Variance Amended Budget To Actual
<b><u>WATER FUND</u></b>				
Revenues	10,747,946	11,510,375	11,702,451	192,076
Expenditures	10,053,388	10,053,388	9,850,247	203,141
Revenues Over (Under) Expenditures	694,558	1,456,987	1,852,204	
<b><u>SEWER FUND</u></b>				
Revenues	7,538,268	7,814,607	7,906,249	91,642
Expenditures	6,265,531	6,265,531	5,719,590	545,941
Revenues Over (Under) Expenditures	1,272,737	1,549,076	2,186,659	
<b><u>GAS TAX</u></b>				
Revenues*	764,688	750,561	580,261	(170,300)
Expenditures	770,607	770,607	691,256	79,351
Revenues Over (Under) Expenditures	(5,919)	(20,046)	(110,994)	
<i>* SBI funds were budgeted in Gas Tax Fund initially but now are being received in the Street Improvement Fund.</i>				
<b><u>NPDES FUND</u></b>				
Revenues	93,747	93,747	81,565	(12,182)
Expenditures	142,353	142,353	83,616	58,737
Revenues Over (Under) Expenditures	(48,606)	(48,606)	(2,051)	
<b><u>CDBG</u></b>				
Revenues	314,399	314,399	91,974	(222,425)
Expenditures	314,399	314,399	147,236	167,163
Revenues Over (Under) Expenditures	-	-	(55,262)	
<b><u>MISCELLANEOUS GRANTS</u></b>				
Revenues	60,920	73,837	73,837	-
Expenditures	60,920	73,837	72,549	1,288
Revenues Over (Under) Expenditures	-	-	1,288	

**City of Norco**  
**General Fund - Fund Balance**  
**As of Fiscal Year-Ended June 30, 2018**

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Audited Beginning Balance, June 30, 2017		\$ 11,357,612
Actual Revenues, FY 2017-2018	19,708,885	
Actual Expenditures, FY 2017-2018	19,413,795	
Revenues Over (Under) Expenditures FY2017-2018		295,090
Fund Balance, June 30, 2018 (Unaudited)*		\$ 11,652,702

**City of Norco**  
**General Fund - Fund Balance Designations**  
**As of Fiscal Year-Ended June 30, 2018**

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Estimated Beginning Fund Balance June 30, 2018		\$ 11,652,702
FY 2018-2019 Reserve for Emergency (25% of Budget)		(5,206,480)
Designated for Special Projects*		(365,094)
Estimated Uncommitted Fund Balance June 30, 2018		\$ 6,081,128

*\*Note: \$365,094 of Fund Balance is attributed to Trust Fund Deposits and Donations in FY 17-18*

**City of Norco**  
**Water Fund Statement of Revenues & Expenses**  
**Fourth Quarter Budget Performance Ending June 30, 2018**

Water Fund	FY 2018 Amended Budget	Year-End Actual	Variance
<b>Operating Revenues:</b>			
Charges for Water Services	\$ 11,470,375	\$ 11,582,895	\$ 112,520
Interest Income	25,000	56,323	31,323
Miscellaneous	15,000	\$63,233.05	48,233
<b>Total Revenues</b>	<u>11,510,375</u>	<u>11,702,451</u>	<u>192,076</u>
<b>Expenses:</b>			
Salaries and Benefits	\$ 1,099,606	\$ 1,013,139	\$86,467
Operating Supplies and Services	503,952	303,269	200,683
Water Purchases, Production and Utilities	5,898,458	5,712,710	185,748
Administrative Overhead & Reimbursements to Other Funds	614,391	614,391	-
Contractual Services	657,912	674,590	(16,678)
Debt Service Payments	957,371	957,371	0
Miscellaneous/Small Equipment	60,000	16,382	43,618
Computer, Vehicle Operations & Replacement Charges	179,698	179,698	-
Self Insurance Settlements	32,000	328,697	(296,697)
Post Retirement Health Contributions	50,000	50,000	-
<b>Total Operating Expenses</b>	<u>10,053,388</u>	<u>9,850,247</u>	<u>203,141</u>
<b>Revenues Over (Under) Expenses</b>	<u><u>\$ 1,456,987</u></u>	<u><u>\$ 1,852,204</u></u>	<u><u>\$ 395,217</u></u>

**City of Norco**  
**Sewer Fund Statement of Revenues & Expenses**  
**Fourth Quarter Budget Performance Ending June 30, 2018**

<u>Sewer Fund</u>	<u>FY 2018 Amended Budget</u>	<u>Year-End Actual</u>	<u>Variance</u>
<b>Operating Revenues:</b>			
Charges for Sewer Services	\$ 7,420,000	\$ 7,428,093	8,093
Interest Income	30,000	104,709	74,709
Loan Interest	143,379	146,384	3,005
Corona Loan Repayments	220,228	213,814	(6,414)
Miscellaneous & Bad Debt Recovery	1,000	13,249	12,249
Total Revenues	<u>7,814,607</u>	<u>7,906,249</u>	<u>91,642</u>
<b>Operating Expenses:</b>			
Salaries and Benefits	\$ 1,000,994	\$ 968,238	\$32,756
Operating Supplies & Services	126,600	58,675	67,925
Utilities	47,100	65,822	(18,722)
Contractual Services	2,529,840	2,134,284	395,556
Debt Service Payments	1,787,033	1,844,508	(57,475)
Administrative Overhead & Reimbursement to Other Funds	428,332	428,332	-
Computing, Vehicle Operations and Replacement	150,632	150,632	-
Self Insurance Settlements	25,000	536	24,464
Post Retirement Health Contributions	50,000	50,000	-
Capital Outlay	120,000	18,563	101,437
Total Operating Expenses	<u>6,265,531</u>	<u>5,719,590</u>	<u>545,941</u>
<b>Revenues Over (Under) Expenses</b>	<u><b>\$ 1,549,076</b></u>	<u><b>\$ 2,186,659</b></u>	<u><b>\$ 637,583</b></u>

City of Norco

**Schedule of Landscape Maintenance District Revenues & Expenses**  
**Fourth Quarter Budget Performance Ending June 30, 2018**

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Landscape Maintenance District #1	FY 2018 Adopted Budget	Year-End Actual	Variance
<b>Revenues:</b>			
LMD # 1 Assessments	\$ 11,684	\$ 9,594	\$ (2,090)
Interest Income	-	131	131
Miscellaneous	-	-	-
Total Revenues	<u>\$ 11,684</u>	<u>\$ 9,725</u>	<u>\$ (1,959)</u>
<b>Expenditures:</b>			
Observation	\$ 2,207	\$ 2,262	\$ (55)
Water Charges	3,616	3,647	(31)
Electricity Charges	170	307	(137)
Telephone Charges	189	221	(32)
Landscape Maintenance	2,699	2,718	(19)
Contractual	1,400	1,476	(76)
Administrative Overhead	586	586	-
Admin Fees-Property Taxes	150	152	(2)
Incidentals	-	-	-
Operating Contingency	667	-	667
Total Expenditures	<u>\$ 11,684</u>	<u>\$ 11,369</u>	<u>\$ 315</u>
<b>Revenues Over (Under) Expenditures</b>	<u><u>\$ -</u></u>	<u><u>\$ (1,644)</u></u>	<u><u>\$ (1,644)</u></u>
<b>Fund Balance:</b>			
Beginning Adj. Fund Balance July 1, 2017		\$ 11,909	
Ending Fund Balance June 30, 2018		<u>10,266</u>	
Change in Fund Balance		<u>\$ (1,644)</u>	

City of Norco

**Schedule of Landscape Maintenance District Revenues & Expenses**  
**Fourth Quarter Budget Performance Ending June 30, 2018**

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<u>Landscape Maintenance District #2</u>	<u>FY 2018 Adopted Budget</u>	<u>Year-End Actual</u>	<u>Variance</u>
Revenues:			
LMD # 2 Assessments	\$ 148,474	\$ 144,028	\$ (4,446)
Interest Income	-	(695)	(695)
Miscellaneous Revenue	-	0	0
Total Revenues	<u>\$ 148,474</u>	<u>\$ 143,333</u>	<u>\$ (5,141)</u>
Expenditures:			
Observation	\$ 11,488	\$ 11,310	\$ 178
Equestrian Trails	34,200	34,628	(428)
Water Charges	44,976	58,579	(13,603)
Electricity Charges	5,985	4,679	1,306
Telephone Charges	227	225	2
Landscape Maintenance	35,186	45,123	(9,937)
Wet Lands Area	500	-	500
Park Maintenance	5,228	-	5,228
Contractual	2,500	1,993	508
Administrative Overhead	7,942	7,942	-
Admin Fees-Property Taxes	242	221	21
Operating Contingency	-	-	-
Total Expenditures	<u>\$ 148,474</u>	<u>\$ 164,699</u>	<u>\$ (16,225)</u>
<b>Revenues Over (Under) Expenditures</b>	<u><u>\$ -</u></u>	<u><u>\$ (21,366)</u></u>	<u><u>\$ (21,366)</u></u>
Fund Balance:			
Beginning Adj. Fund Balance July 1, 2017		\$ (26,055)	
Ending Fund Balance June 30, 2018		<u>(47,421)</u>	
Change in Fund Balance		\$ (21,366)	

City of Norco

**Schedule of Landscape Maintenance District Revenues & Expenses**  
**Fourth Quarter Budget Performance Ending June 30, 2018**

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Landscape Maintenance District #3	FY 2018 Adopted Budget	Year-End Actual	Variance
<b>Revenues:</b>			
LMD # 3 Assessments	\$ 86,386	\$ 79,963	\$ (6,423)
Interest Income	-	518	518
Miscellaneous Revenue	-	1,947	1,947
<b>Total Revenues</b>	<b>\$ 86,386</b>	<b>\$ 82,428</b>	<b>\$ (3,958)</b>
<b>Expenditures:</b>			
Observation	\$ 8,934	\$ 9,048	\$ (114)
Equestrian Trails	5,941	5,784	157
Water Charges	29,448	33,956	(4,508)
Electricity Charges	1,942	1,715	227
Telephone Charges	63	61	2
Landscape Maintenance	28,900	28,499	401
Contractual	2,500	1,641	859
Administrative Overhead	5,068	5,068	-
Admin Fees-Property Taxes	266	159	107
Operating Contingency	1,661	-	1,661
<b>Total Expenditures</b>	<b>\$ 84,723</b>	<b>\$ 85,930</b>	<b>\$ (1,207)</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ 1,663</b>	<b>\$ (3,501)</b>	<b>\$ (5,164)</b>
<b>Fund Balance:</b>			
Beginning Fund Balance July 1, 2017		\$ 50,467	
Ending Fund Balance June 30, 2018		46,966	
Change in Fund Balance		\$ (3,501)	

City of Norco

**Schedule of Landscape Maintenance District Revenues & Expenses**  
**Fourth Quarter Budget Performance Ending June 30, 2018**

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Landscape Maintenance District #4	FY 2018 Adopted Budget	Year-End Actual	Variance
<b>Revenues:</b>			
LMD # 4 Assessments	\$ 410,552	\$ 416,015	\$ 5,463
Interest Income	-	10,786	10,786
Miscellaneous Revenue	-	8,261	8,261
<b>Total Revenues</b>	<b>\$ 410,552</b>	<b>\$ 435,062</b>	<b>\$ 24,510</b>
<b>Expenditures:</b>			
Observation	\$ 15,756	\$ 16,186	\$ (430)
Equestrian Trails	74,721	41,189	33,532
Tree Replacement	5,000	2,685	2,315
Water Charges	82,240	101,865	(19,625)
Electricity Charges	7,000	5,640	1,360
Telephone Charges	717	719	(2)
Landscape Maintenance	135,100	159,456	(24,356)
Natural Open Space	12,297	-	12,297
Wet Lands Area	5,135	-	5,135
Park Maintenance	-	1,923	(1,923)
Contractual	3,600	2,643	958
Administrative Overhead	30,724	30,724	-
Admin Fees-Property Taxes	401	374	27
Trail Fence	-	36,378	(36,378)
Incidentals	2,000	4,665	(2,665)
Operating Contingency	15,861	1,080	14,781
Trail Improvements	758,355	731,238	27,117
Storm Sewer Lines	20,000	8,293	11,707
<b>Total Expenditures</b>	<b>\$ 1,168,907</b>	<b>\$ 1,145,058</b>	<b>\$ 23,849</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(\$758,355)</b>	<b>\$ (709,996)</b>	<b>\$ 48,359</b>
<b>Fund Balance:</b>			
Beginning Fund Balance July 1, 2017		\$ 1,021,735	
Ending Fund Balance June 30, 2018		311,740	
Change in Fund Balance		\$ (709,996)	

City of Norco

**Schedule of Landscape Maintenance District Revenues & Expenses**  
**Fourth Quarter Budget Performance Ending June 30, 2018**

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Landscape Maintenance District #5	FY 2018 Adopted Budget	Year-End Actual	Variance
Revenues:			
LMD # 5 Assessments	\$ 54,220	\$ 53,769	(451)
Interest Income	-	1,245	1,245
Miscellaneous Revenue	-	-	-
<b>Total Revenues</b>	<b>\$ 54,220</b>	<b>\$ 55,014</b>	<b>\$ 794</b>
Expenditures:			
Observation	\$ 6,638	\$ 6,786	\$ (148)
Equestrian Trails	7,518	7,320	198
Water Charges	7,816	9,147	(1,331)
Electricity Charges	450	541	(91)
Telephone Charges	66	69	(3)
Landscape Maintenance	15,036	14,909	127
Contractual	2,500	1,744	756
Administrative Overhead	2,956	2,956	-
Admin Fees-Property Taxes	243	144	99
Sewer Lines -Construction	8,000	0	8,000
Operating Contingency	2,379	-	2,379
<b>Total Expenditures</b>	<b>\$ 53,602</b>	<b>\$ 43,616</b>	<b>\$ 9,986</b>
 <b>Revenues Over (Under) Expenditures</b>	 <b>\$ 618</b>	 <b>\$ 11,398</b>	 <b>\$ 10,780</b>
Fund Balance:			
Beginning Fund Balance July 1, 2017		\$ 101,131	
Ending Fund Balance June 30, 2018		112,528	
Change in Fund Balance		\$ 11,398	