

# Financial Review in Summary

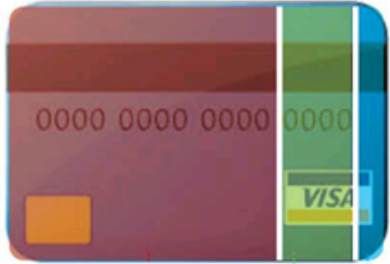
Kerry D. Eden

Assistant City Manager/Administrative Services Director

December 14, 2016

- ▶ City Council requested study session to discuss unfunded liabilities and pension obligations
- ▶ Contracted with KPMG to review pension and OPEB (Other Post Employment Benefits) liabilities and perform sustainability analysis
- ▶ Financial Review
  - Quick overview of sales and property taxes
  - Over last 10 years, have faced economic fluctuations and projected shortfalls
  - Steps taken or considered to mitigate shortfall projections

# Sales Taxes – General Fund

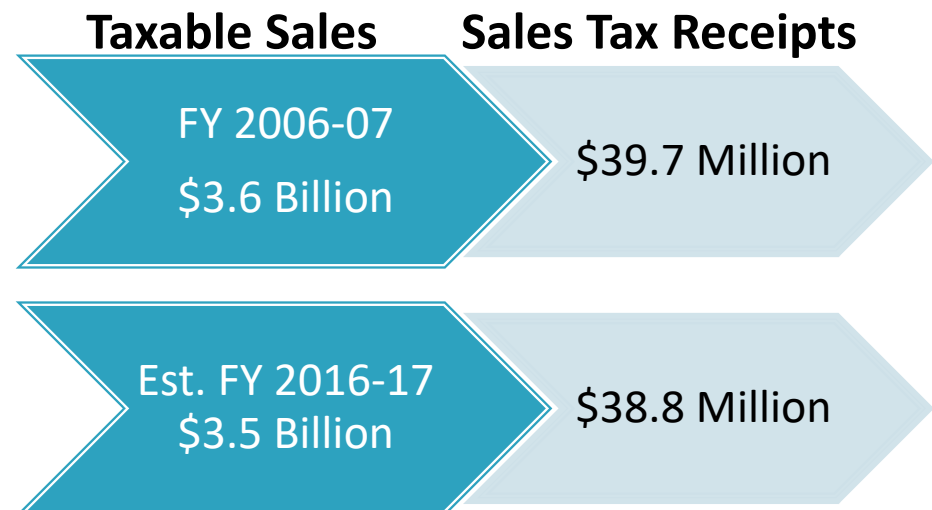


The City's sales tax rate is 8.00%. This means for every \$100 you spend, you spend another \$8 in sales tax. Here's a breakdown of where it goes:

- City General Fund - \$1.25
- County Transportation - \$0.25
- State of California - \$6.50

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= \$8.00 total tax paid (on a \$100 purchase)

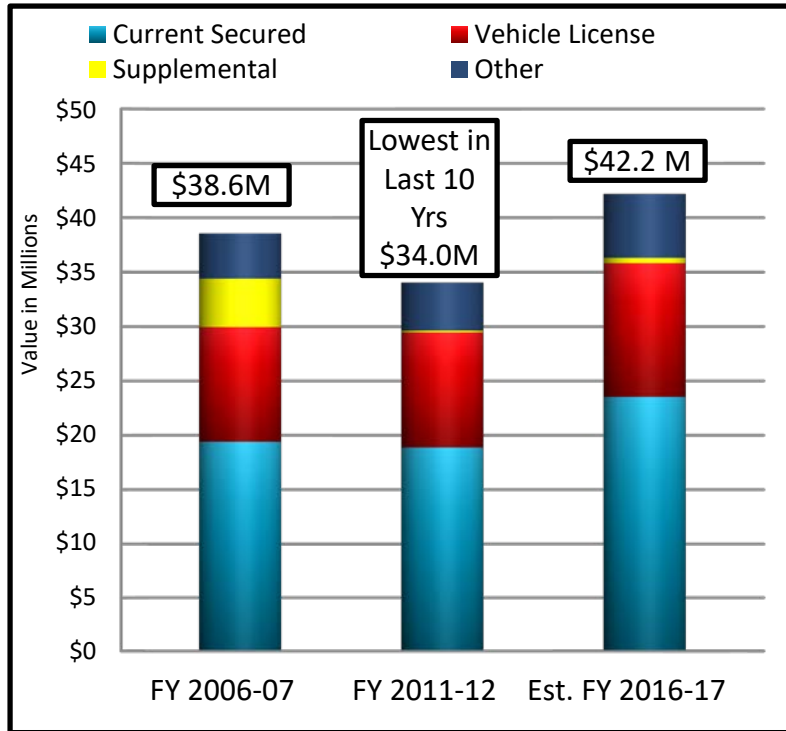


# Sales Taxes – Regional Comparison

## FY 2015-16 Sales Tax Allocations (Gross Receipts)

City	Total \$	Corona \$ Difference	Corona % Difference	Per Capita Sales Tax \$
Riverside	61,570,924	23,435,921	61%	190
<b>Corona</b>	<b>38,135,003</b>	N/A	N/A	<b>232</b>
Temecula	35,455,288	(2,679,715)	-7%	325
Murrieta	14,726,895	(23,408,108)	-61%	129
Lake Elsinore	9,137,899	(28,997,104)	-76%	150
Norco	6,159,328	(31,975,675)	-84%	256
<i>Source: HdL Companies</i>				

# Property Taxes – General Fund

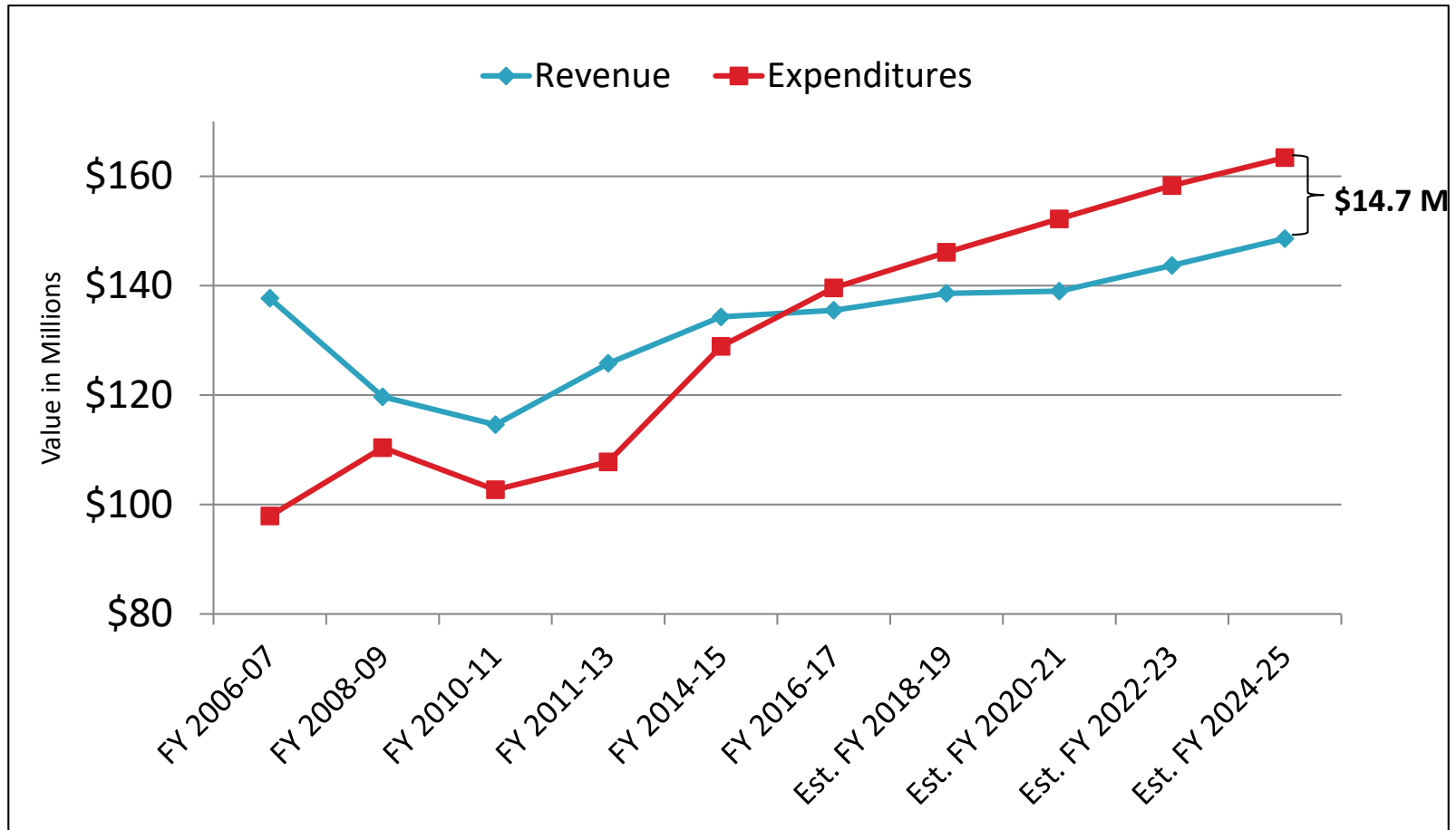


Example: Home valued at \$500,000  
1% secured property tax = \$400 to City of Corona General Fund

Corona's Median Home Price - \$440,000  
(2nd Qtr 2015 data)

# Revenue and Expenditures

## General Fund



# What have we done to mitigate budget shortfalls?

FY 2007-08	\$5 Million in reductions 28 vacant positions eliminated (full time)
FY 2008-09	\$10.5 Million in reductions 112 vacant and filled positions eliminated (full and part time) 56 vehicles eliminated
FY 2010-11	\$5.3 Million in reductions 57 vacant and filled positions eliminated (full and part time) 14 vehicles eliminated
FY 2011-12	Early Retirement Incentive Plan (PARS) 48 full time positions eliminated (full time) 24 vacant positions eliminated (full time) Refunded City Hall Lease Revenue Bonds
FY 2012-13	Eliminated and extended life cycle of fleet vehicles Refunded several utility bonds

# What have we done to mitigate budget shortfalls?

FY 2013-14	Consolidated departments to reduce costs and streamline operations Maintenance Services separated from Public Works Parks and LMD Maintenance merged with Maintenance Services Recreation Services merged with Library 14 vacant and filled positions eliminated (full and part time)
FY 2015-16	Department reorganizations to reduce operating costs Administrative Services Department of Water and Power 6 vacant and filled positions eliminated (full time) Refunded Corporation Yard Lease Revenue Bonds
FY 2016-17	Implemented zero based budgeting Pre-funded PERS contribution for cash flow savings Formation of two Citywide Community Facility Districts 2016-1 Public Services 2016-3 Maintenance Services



# Full Time Staffing Levels

FY 2006-07 to FY 2016-17

PERS Group	FY 2006-07 Authorized Full Time Positions	FY 2016-17 Adopted Full Time Positions	Change	% Change
Miscellaneous	569	371	(198)	(34.8%)
Fire	133	113	(20)	(15.0%)
Police	191	162	(29)	(15.2%)
<b>Totals</b>	<b>893</b>	<b>646</b>	<b>(247)</b>	<b>(27.7%)</b>

<b>Payroll \$ (All Funds)</b>	<b>\$102.7 M</b>	<b>\$112.7 M</b>	<b>\$10.0 M</b>	<b>9.7%</b>
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# What have we done/considered to mitigate Pension/OPEB liability?

November 2011	Early Retirement Incentive Program (PARS) Estimated savings of \$5 Million per fiscal year
January 2015 and April 2015	Met with PARS to discuss various programs including: Pre-funding retiree health obligation through Section 115 Trust PARS alternate retirement system Defined contribution plan options Leave reduction program
November 2015	Met with Save Pensions, Inc. to discuss their program, which was for the City to obtain a loan and secure the loan with life insurance policies through certain type of trust
June 2016	Met with PARS to discuss options for pension and OPEB liabilities including pre-funding pension obligation through Section 115 Trust, introducing a “profit-sharing” type of defined contribution plan, with benefit distribution flexibility for the City upon employee leaving

# What have we done/considered to mitigate Pension/OPEB liability?

Other	Networked with other municipalities, rating agencies, and professional organizations throughout the year for open discussion on pension funding and cost containment
Other	Benchmark with comparable cities to share experience and insights throughout the year
FY 2016-17	Contracted with KPMG to review pension and OPEB (Other Post Employment Benefits) liabilities and perform sustainability analysis