

FY 2022/23 Fourth Quarter Report

Finance Department

Budget Engagement Commission
December 14, 2023

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GENERAL FUND OVERVIEW

Budget Goals

Two primary goals established:

- Leverage Priority Based Budgeting (PBB) to add transparency in resource allocation and ensure alignment with strategic priorities and service needs.
- Long-Term Management of Retirement Costs through implementation of the Section 115 Trust to smooth annual pension related costs.

Revenue Highlights

Budget Strategy:

- Based on prior fiscal year-to-date revenue trends
- Shift in consumer buying patterns, pent up demand, and government stimulus

Mid-Cycle Adjustments:

- \$14.4M increase in projections based on FY 2021/22 audited results, updated trends.

Fiscal Year End Results:

- \$18.2M above revised projections, due to strong revenue performance

Expenditure Highlights

Budget Strategy:

- No MOU increases assumed
- 4.5% CPI Increase in non-personnel

Budget Adjustments:

- \$16.0M for capital & other needs
- \$7M allocated to Refuse & Public Parking Funds
- \$18.7M for MOU increases, including \$11.6M for employee stipends

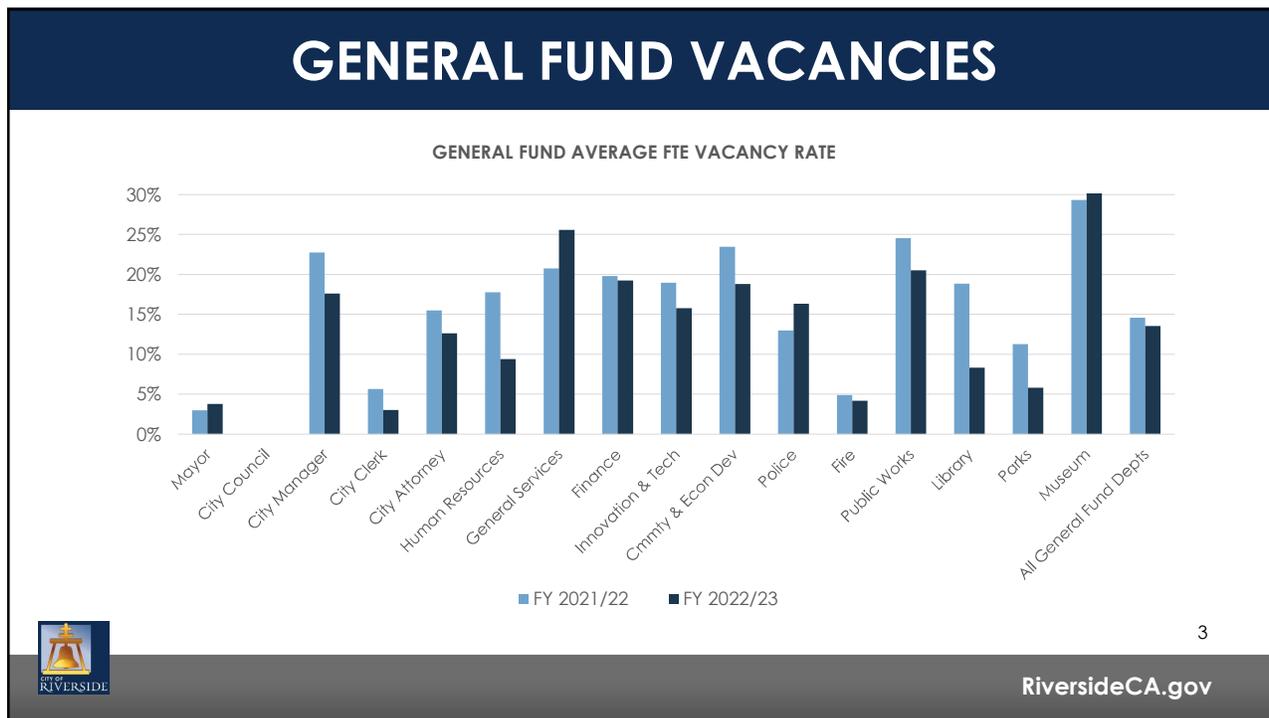
Fiscal Year End Results:

- \$14.2M savings, largely in personnel



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GENERAL FUND – FUND BALANCE

(in millions)

Beginning Fund Balance	\$ 70.77
FY 2022/23 Activity	
Revenues	\$ 360.69
Use of Infrastructure Reserves	7.00
Expenditures	(333.24)
Encumbrances/Projects/Grants	(7.07)
Restricted Carryovers*	(4.43)
Discretionary Carryovers*	(1.30)
Subtotal	\$ 21.65
Change in Other Reserves	(2.23)
Net Change in Fund Balance	\$ 19.42

(in millions)

Fund Balance Reserves	
15% Emergency Reserve	\$ (49.06)
5% Contingency Reserve	(16.36)
Total Policy Reserves	\$ (65.42)
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Projected Surplus Reserves	\$ 24.77

**Subject to Council approval*


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GENERAL FUND – SURPLUS RESERVES

RECOMMENDED USE OF SURPLUS RESERVES

Section 115 Trust: Strategically allocate the \$20.00 million surplus reserves towards offsetting the annual projected contributions to the Section 115 Trust over the FY 2024-26 General Fund Five-Year Plan. In addition, reallocate \$15.00 million from other General Fund Reserves.

Infrastructure Reserves: Allocate \$4.77 million of the surplus reserves to the Infrastructure Reserves to address the ongoing maintenance and/or replacement of capital assets.

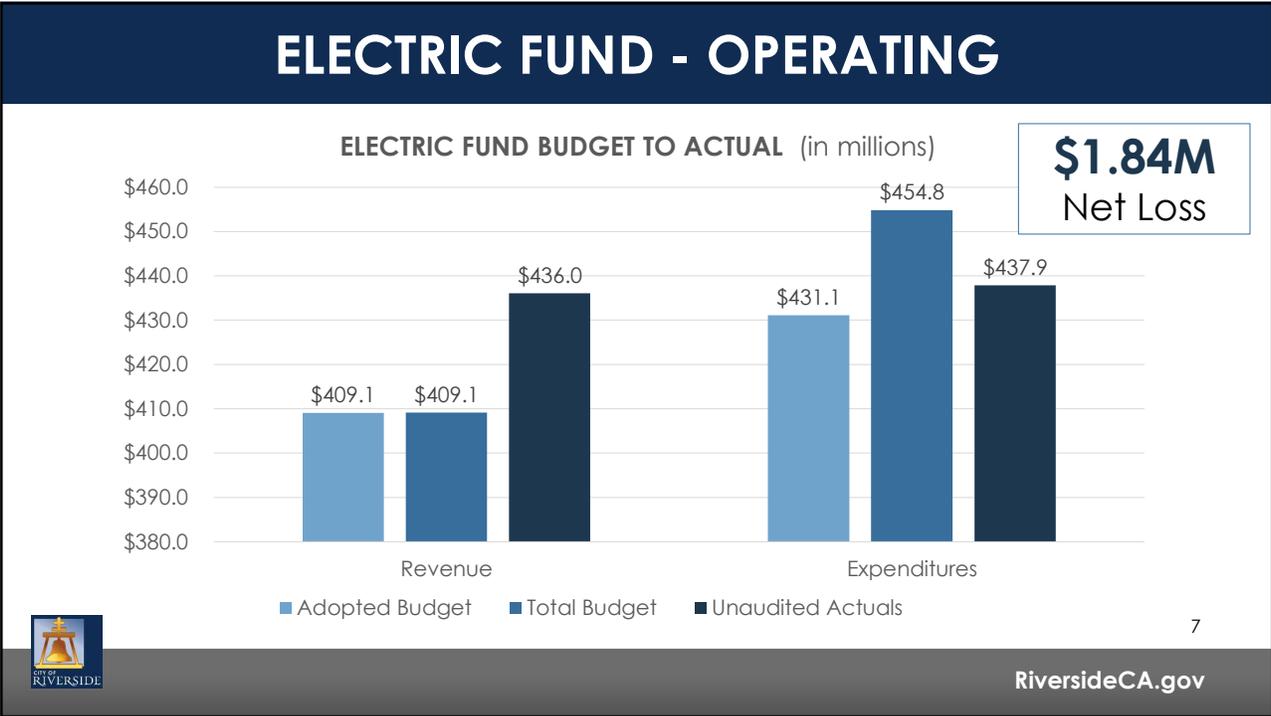


MEASURE Z FY 2022/23 RESULTS

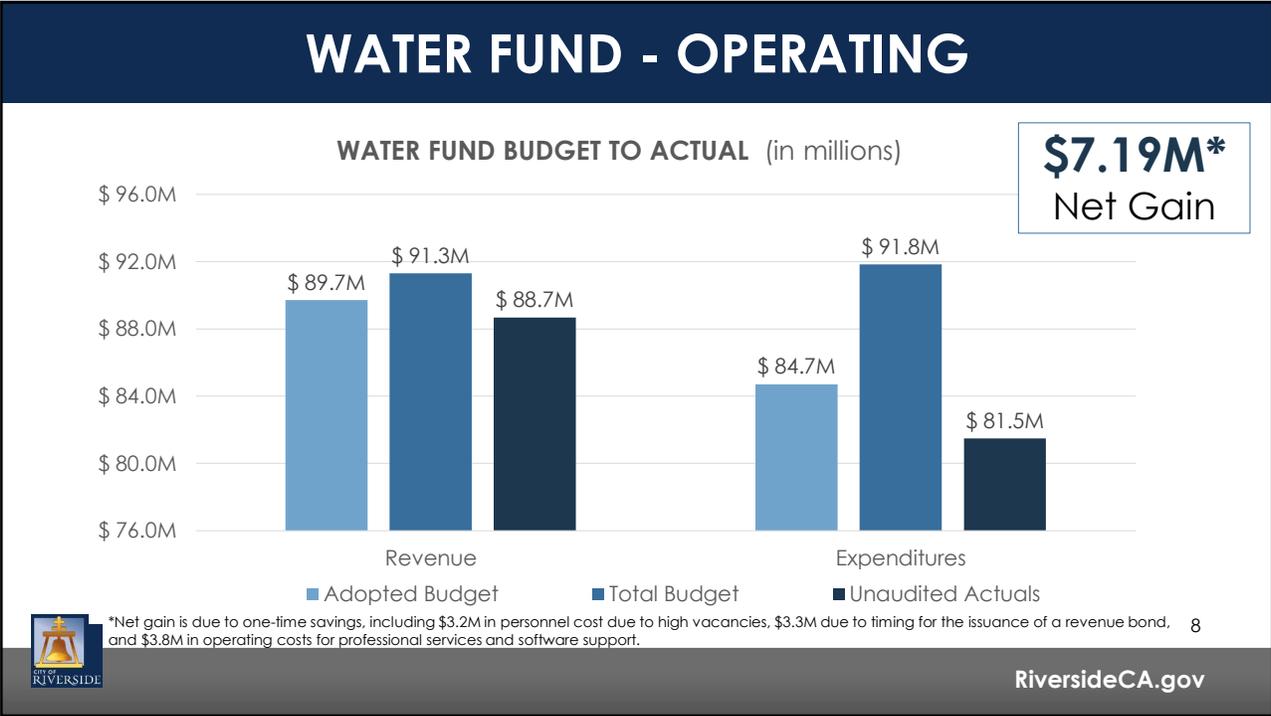
<i>(in millions)</i>	2017	2018	2019	2020	2021	2022	2023
Revenue	\$ 12.61	\$ 56.24	\$ 62.82	\$ 63.14	\$ 72.65	\$ 83.91	\$ 85.84
Expenditures	(9.98)	(36.14)	(40.99)	(49.57)	(50.85)	(67.45)	(69.61)
Encumbrances & Carryovers							(48.65)
Net Change in Fund Balance	\$ 2.63	\$ 20.10	\$ 21.83	\$ 13.57	\$ 21.80	\$16.46	\$ (32.42)
Beginning Unallocated Fund Reserves	\$ -	\$ 2.63	\$ 22.73	\$ 39.56	\$ 53.14	\$ 74.94	\$ 91.40
Net Change in Fund Balance	2.63	20.10	21.83	13.57	21.80	16.46	(32.42)
Fund Balance Reserve Policy	-	-	(5.00)	-	-	-	-
Ending Unallocated Fund Reserves	\$ 2.63	\$ 22.73	\$ 39.56	\$ 53.13	\$ 74.94	\$ 91.40	\$ 58.98

The FY 2022-2024 Amended Budget and updated 5-Year Spending Plan includes a draw on unallocated reserves through FY 2027/28 totaling \$38.27 million.



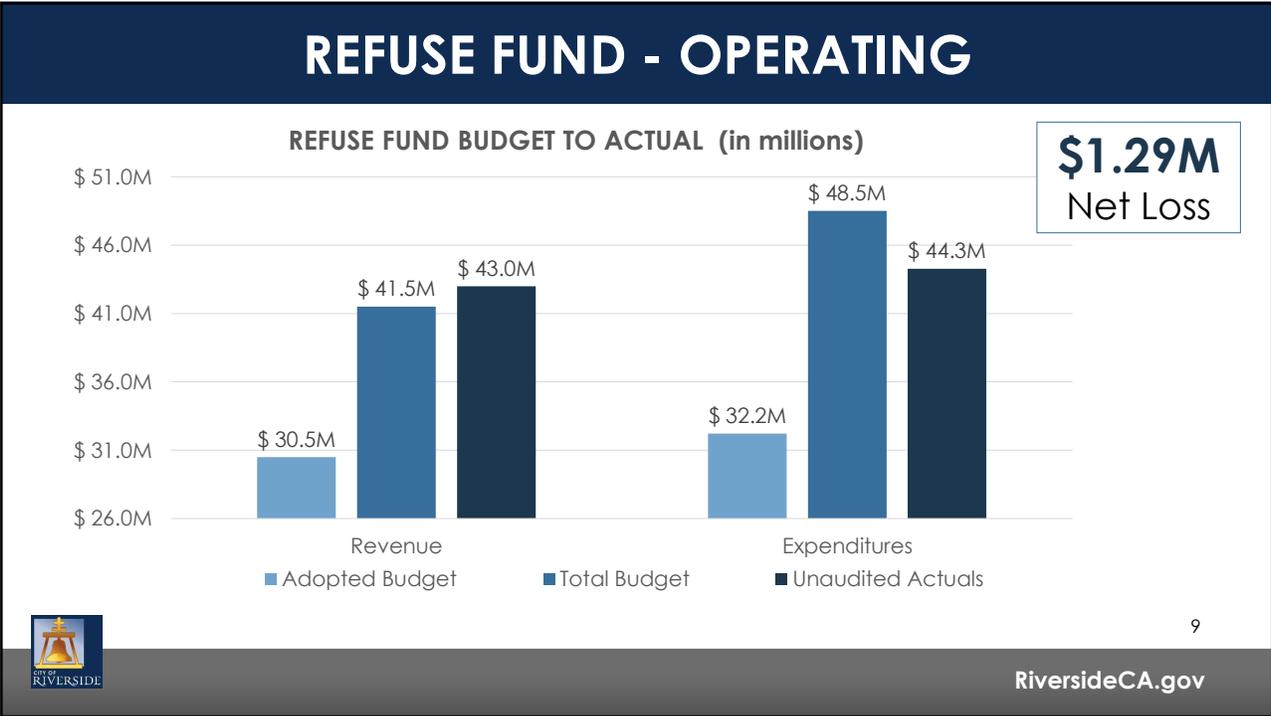


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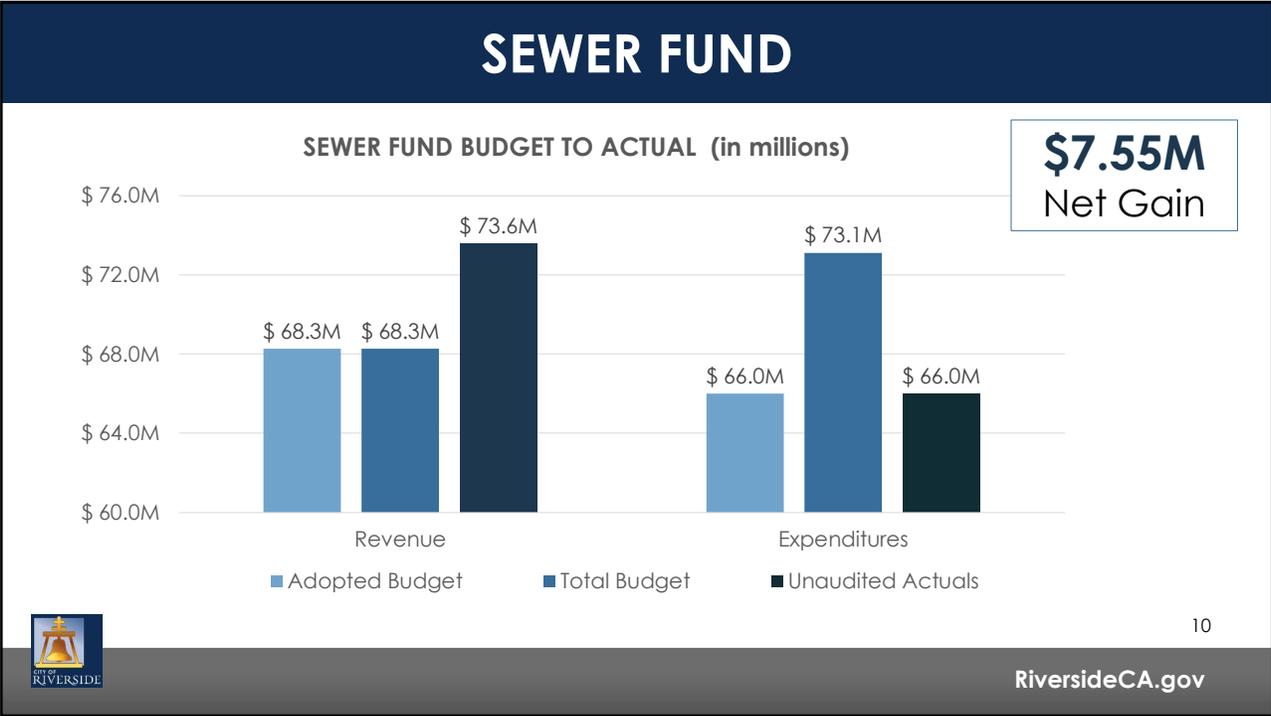


*Net gain is due to one-time savings, including \$3.2M in personnel cost due to high vacancies, \$3.3M due to timing for the issuance of a revenue bond, and \$3.8M in operating costs for professional services and software support.

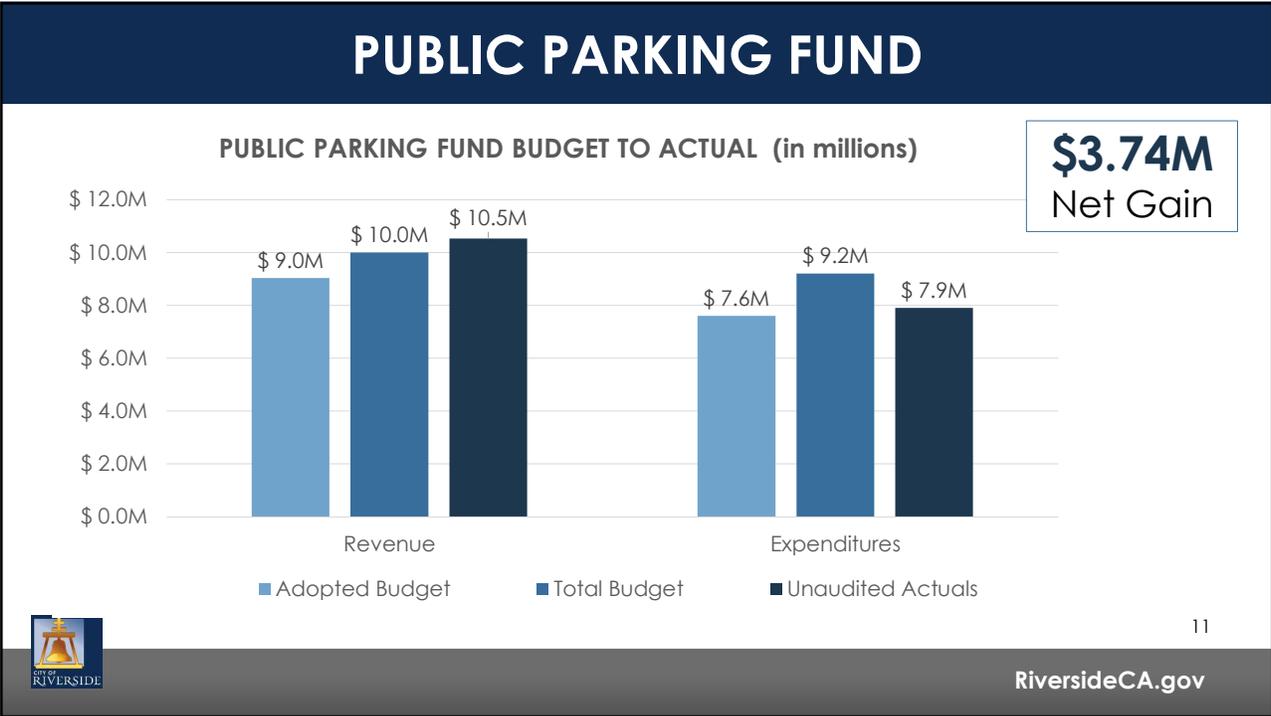
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CARRYOVERS

Fund	Restricted	Discretionary	Total
General Fund	\$ 1,298,367	\$ 4,428,212	\$ 5,726,579
Measure Z Fund	-	12,534,077	12,534,077
Electric Fund	-	8,398,263	8,398,263
Water Fund	-	501,493	501,493
Refuse Fund	-	1,222,790	1,222,790
Sewer Fund	-	825,722	825,722
Other Funds	6,254,320	10,224,811	16,479,131
Total Carryovers	\$ 7,552,687	\$ 38,135,368	\$ 46,688,055

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STRATEGIC PLAN ALIGNMENT



HIGH PERFORMING GOVERNMENT

CROSS-CUTTING THREADS



Community Trust



Equity



Innovation



Fiscal
Responsibility



Sustainability
and Resiliency



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RECOMMENDATIONS

That Budget Engagement Commission:

1. Receive and provide input on the Fiscal Year 2022/23 Fourth Quarter Financial Report;

And recommend that the City Council:

2. With at least five affirmative votes, approve a carryover of unexpended funds of approximately \$5.7 million in the General Fund and \$40.0 million in other City funds into Fiscal Year 2023/24;
3. With at least five affirmative votes, approve staff's recommendation for the use of the projected \$24.8 million in surplus reserves in the General Fund towards the Section 115 Trust and Infrastructure Reserves; and
4. With at least five affirmative votes, approve staff's recommendation for reallocation of \$15.0 million in General Fund reserves to the Section 115 Trust.



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