

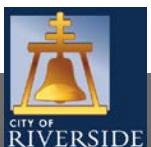
Budget 101

Finance Department

Budget Engagement Commission Meeting
February 23, 2017

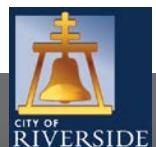
BACKGROUND

- **June 21, 2016**
 - City Council Adopts FY 2016-2018 Two-Year Budget
 - Culmination of many public meetings addressing the City's long-term financial outlook and current financial position
 - More than \$10 million in General Fund Reductions
- **December 20, 2016**
 - City Council receives First Quarter Financial Update for FY 2016-17
 - Projected deficits in the General Fund (\$3.5 million in FY 16-17 and \$4.9 million in FY 17-18)

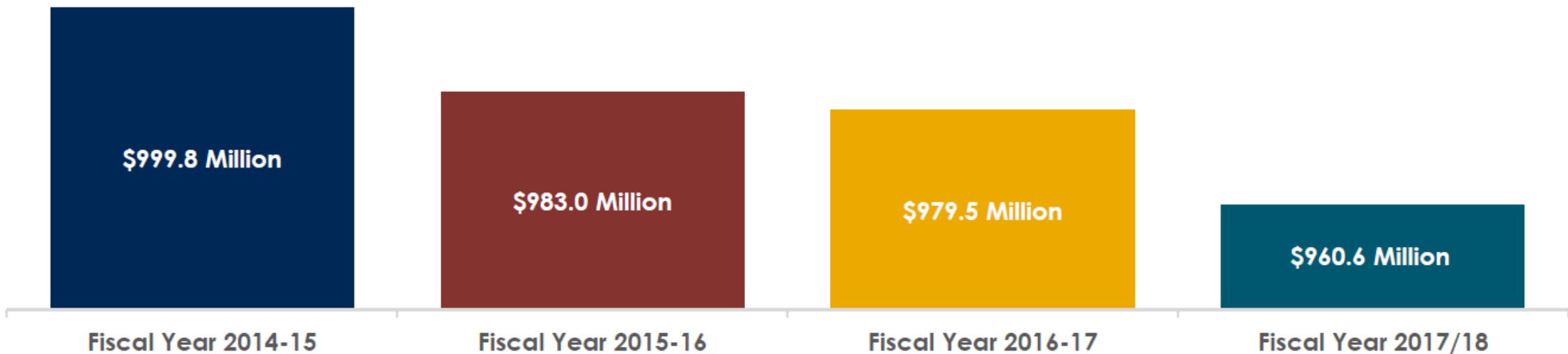


ATTACHMENTS

- FY 2016-2018 Two-Year Budget
- FY 2016-2018 Budget-in-Brief
- FY 2016-17 First Quarter Financial Update



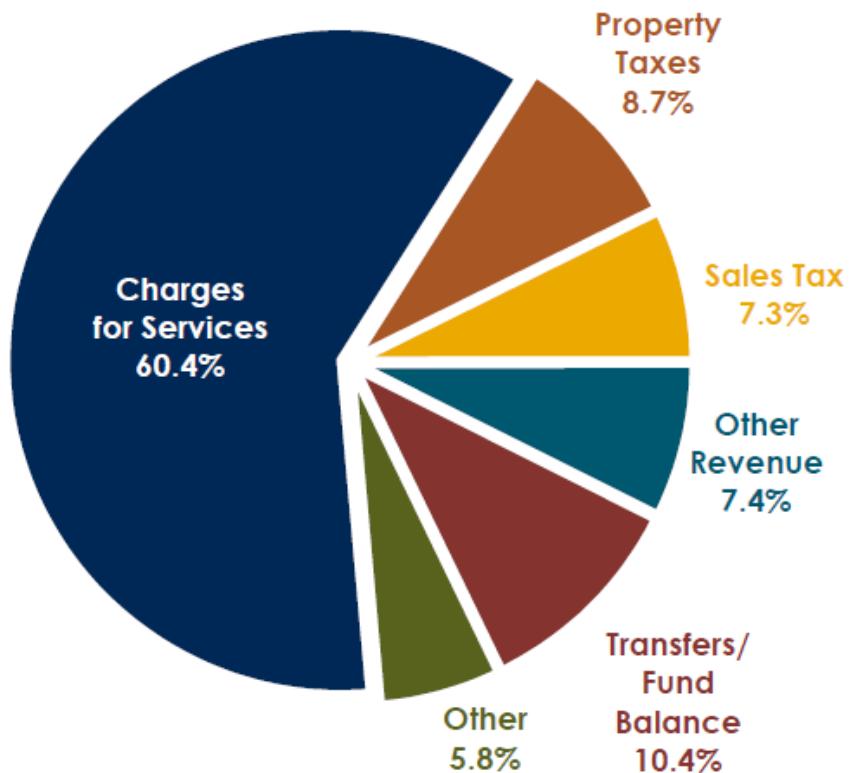
TOTAL ANNUAL SPENDING (ALL FUNDS)



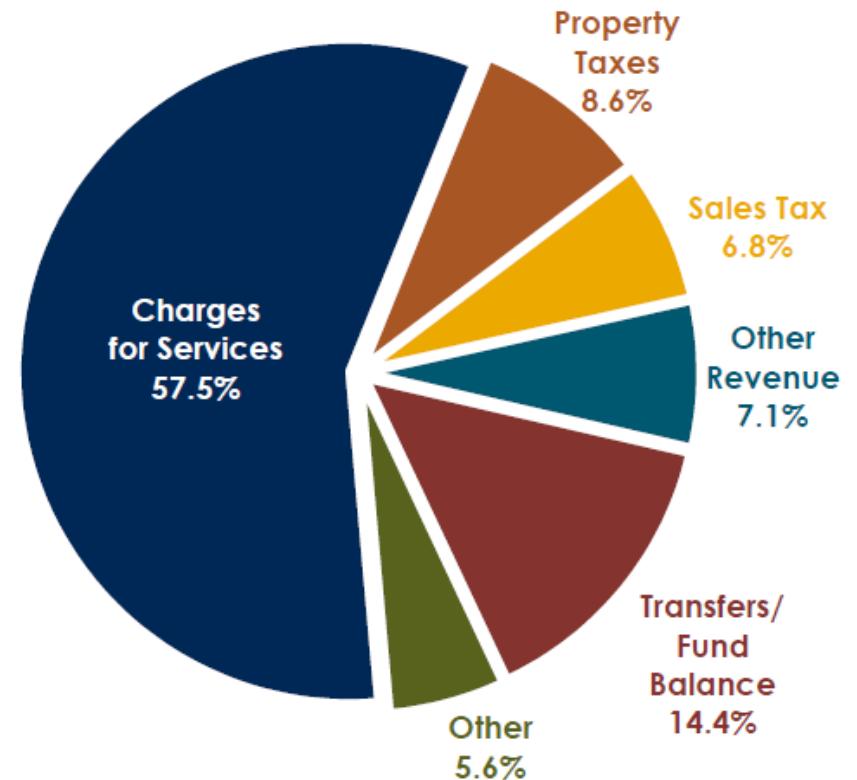
HOW IS THE BIENNIAL BUDGET FUNDED?

More than 76% of the 2016-17 budget and 73% of the 2017-18 budget is funded with Charges for Services and Taxes

FY 2016-17



FY 2017-18



HOW IS THE MONEY SPENT?

Most of the money budgeted for spending for FYs 2016-17 and 2017-18 will be for operating Public Utilities (51.9%), Public Works/Community Development (23.5%), and Public Safety (17.0%). The balance will be for general government services.



	FY 2016/17	FY 2017/18
Public Utilities	\$510.5 Million	\$496.4 Million
Public Safety	\$162.6 Million	\$166.7 Million
Public Works/Community Development	\$233.1 Million	\$222.8 Million
Other	\$73.3 Million	\$74.7 Million

Public Utilities
51.9%

Public Works/Community Development
23.5%

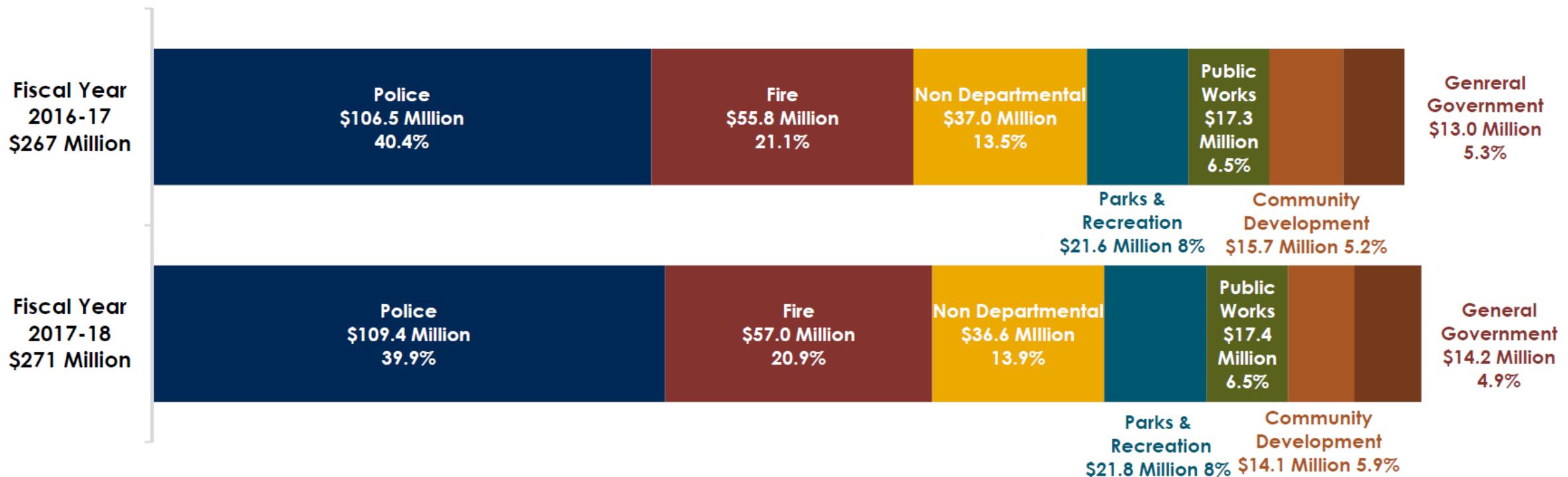
Public Safety
17.0%

Other
7.6%



GENERAL FUND SPENDING

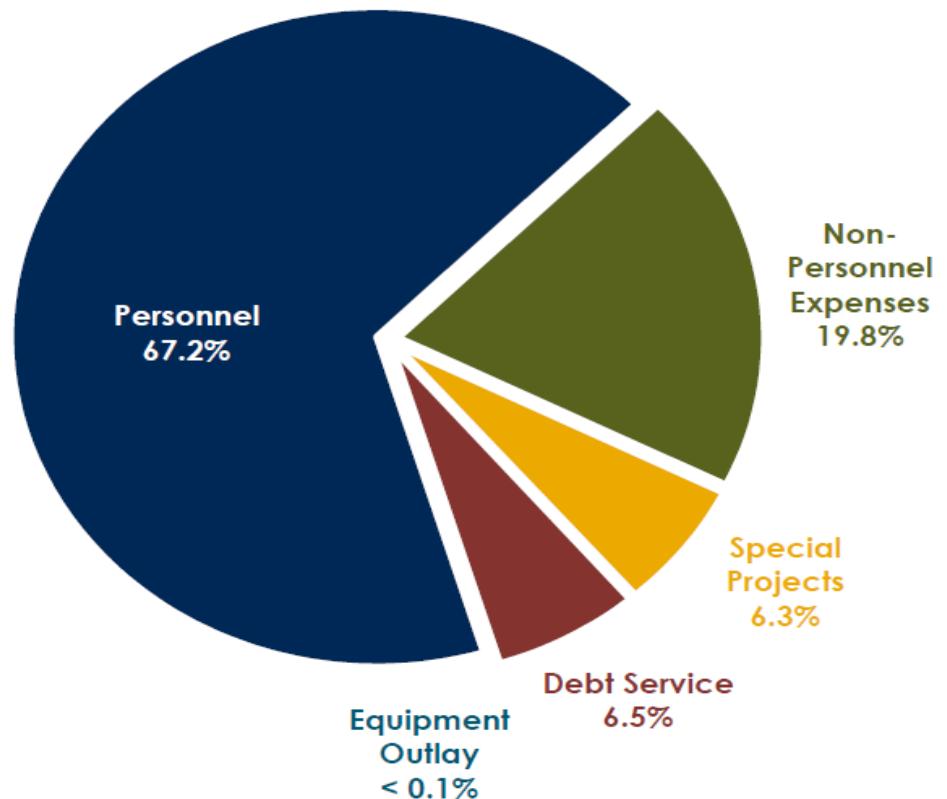
The most complex City fund is the General Fund. It receives most of the City's taxes (such as Property and Sales taxes), and pays for services provided by 16 different departments. Some of the core services paid using the General Fund are police, fire, parks, recreation, libraries, and street maintenance. Riverside Public Utilities and other business enterprises of the City have their own distinct revenue sources and are accounted for in other funds. Total budgeted spending for the General Fund is \$267.6 million for fiscal year 2016-17 and \$270.2 million for 2017-18. The Police and Fire department budgets reflect more than 60% of General Fund spending. The Non Departmental section of the budget reflects activities that are associated with multiple departments or that serve the entire city. Some examples of Non Departmental activities are Riverside Convention Center and Municipal Auditorium operations.



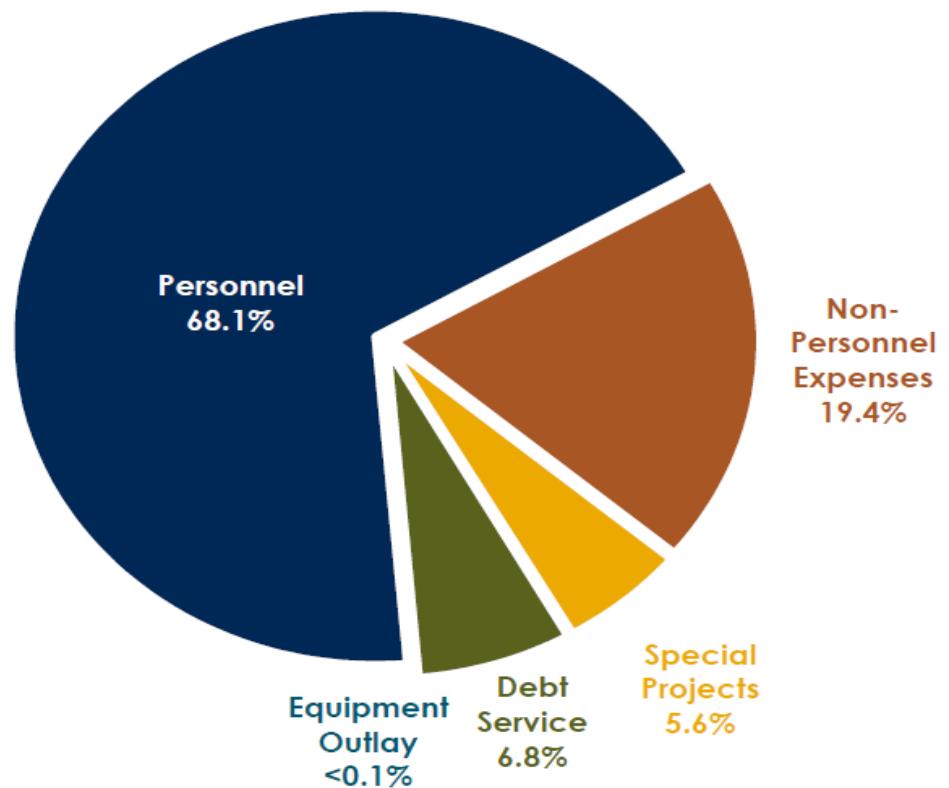
COST CATEGORIES FOR GENERAL FUND SPENDING

Personnel expenses (comprised of salary and benefits) make up more than 67% of the budgeted costs for 2016-17 and 68% for 2017-18. Non-Personnel cost such as contract services and supplies reflect the next largest spending category with about 20% of the budget.

FY 2016-17



FY 2017-18

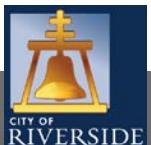
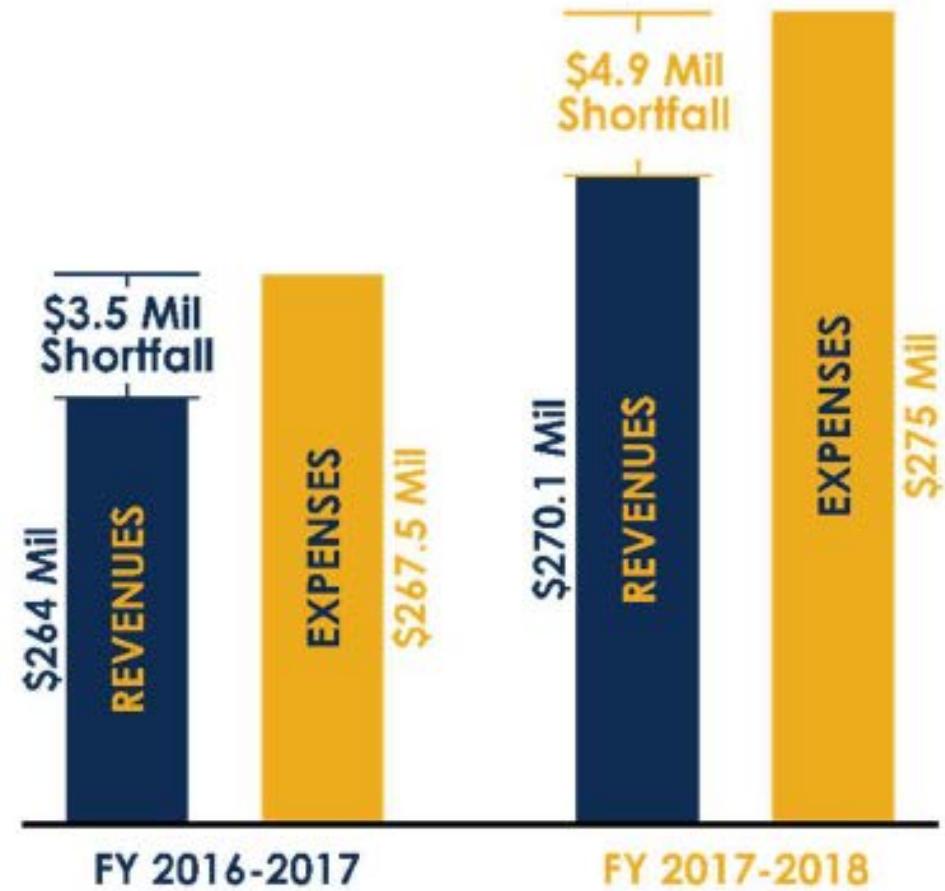


First Quarter Financial Update

Adopted Budget

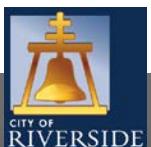


1st Quarter Projections



Factors Contributing to Projected Shortfall

	FY 2016-2017	FY 2017-2018
Adopted Surplus	\$26,530	\$2,078,014
Union Contracts	\$(819,081)	\$(3,396,309)
Lower Revenues	\$(2,426,858)	\$(3,395,908)
Insufficient Funds for Parks Debt	\$(600,000)	\$(600,000)
Transfers for Sewer Claims	\$900,000	\$900,000
Other	\$(52,004)	
Fire Department Maintenance	\$(500,000)	\$(500,000)
Estimated Shortfall	\$(3,471,413)	\$(4,914,203)



General Fund Reserve Outlook (Based on 1st Quarter Projections)

15% Reserve	\$39.1 Mil	\$40.1 Mil	\$41.3 Mil
Projected Gap	\$5.9 Mil	\$10.4 Mil	\$16.5 Mil
Projected Reserve	\$33.2 Mil (12.7%)	\$29.7 Mil (11.1%)	\$24.8 Mil (9%)
	FY 2015-2016 Actual	FY 2016-2017 1st Quarter Projection	FY 2017-2018 1st Quarter Projection

RECOMMENDATIONS

That the Budget Engagement Commission receive an introduction to the fiscal year (FY) 2016-2018 Two-Year Budget, which includes the FY 2016-17 first quarter update.

