



## **FY 2016-2018 Two-Year Budget: FY 2017-18 1<sup>ST</sup> Quarter Update**

**Finance Department**

City Council  
December 12, 2017

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### **BACKGROUND**

1. December 2015, the City Council approved the move to a two-year budget in the context of a five-year plan.
2. June 21, 2016: FY 2016-2018 Two-Year Budget Adoption.
3. June 20, 2017: Mid-Cycle Update:
  - a) Adjustments were intentionally minimal and cost neutral; and
  - b) Necessary funding for restructuring and strategic staffing changes for several departments.



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## GENERAL FUND BOTTOM LINE

The First Quarter analysis projects the City to be in a surplus position by year-end of approximately \$2.3 million.



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## GENERAL FUND REVENUES (1<sup>ST</sup> Quarter)

1. Sales Tax
  - a) \$1.5 million lower
2. Property Tax
  - a) \$750,00 million higher
3. Franchise Fee
  - a) \$600,000 lower



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## GENERAL FUND REVENUES (1<sup>ST</sup> Quarter)

1. General Fund Transfers
  - a) \$900,000 higher
  - b) Recovery of Sewer expenditures in the Liability Fund
  
2. Fines and Forfeits
  - a) \$630,000 higher



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## GENERAL FUND EXPENDITURES (1<sup>ST</sup> Quarter)

1. Fire Department
  - a) A reduction of \$750,000
  - b) Managed savings target will not be met due to constant staffing requirements for the majority of positions
  
2. Debt
  - a) Reduction of \$2 million
  - b) Bond Anticipation Note (BAN) refinancing into a 2017A Pension Obligation Bond (POB)
  - c) Measure Z



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## GENERAL FUND RESERVE

### FY 2017-18 First Quarter Report

1. \$59 million
2. 23.2%



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## MEASURE Z : FY 2017-18

1. May 16, 2017 - City Council approval of Five-Year Spending Plan:
  - a) Estimated Revenues of \$51.5 million
  - b) Estimated Expenditures of \$47.2 million
    - 1) 33 initiatives
2. No changes to projections on revenues
3. \$1 million estimated savings on expenditures:
  - a) Measure Z Contingency



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## DEBT AND INVESTMENT REPORTS

1. The quarterly investment report:
  - a) Report shows cash balances by fund
  - b) No fund's cash balance is currently a major concern
  - c) Staff proposal to increase Self-Insurance Liability Fund Reserve
2. The quarterly debt report:
  - a) There have been no major additional changes to the City's debt portfolio through June 30, 2017



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## RECOMMENDATIONS

That the City Council receive the attached FY 2017-18 First Quarter Financial Report for the General Fund, analysis of Measure Z, as well as cash and investment reports and debt report for all funds.



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