



**COUNTY OF RIVERSIDE  
FISCAL YEAR 2015/16  
THIRD QUARTER  
BUDGET REPORT**

PRESENTED BY THE  
*COUNTY EXECUTIVE OFFICE*  
*MAY 16, 2016*

# OVERVIEW

FY 15/16 third quarter results:

- ▶ Most revenues are tracking estimates, with minor adjustments.
- ▶ Overall, expenses are projected to remain within appropriations.
- ▶ Several departments project year-end deficits likely to persist into the future absent course correction.
- ▶ Current year adjustments are manageable.
- ▶ Net Contingency draws total \$13.8 million, leaving \$22.8 million.

FY 16/17 continues to present challenges.

- ▶ Departments asked to absorb cost increases within net county cost allocations.
- ▶ 15 departments requested \$132.6 million in additional funding.
- ▶ Need to minimize structural imbalance to preserve GF reserves.

# FY 15/16 DISCRETIONARY REVENUE

General Fund Projected Discretionary Revenue (in millions)			
	Budgeted Estimate	Current Quarter Estimate	Variance
Property Taxes	\$ 318.6	\$ 318.6	\$ -
RDA Residual Assets	7.3	7.3	-
Motor Vehicle In Lieu	220.9	220.9	-
Tax Loss Reserve Overflow	25.0	25.0	-
Fines and Penalties	22.4	20.7	(1.7)
Sales & Use Taxes *	29.0	28.5	(0.5)
Tobacco Tax	10.0	10.0	-
Documentary Transfer Tax	14.4	14.4	-
Franchise Fees	4.1	4.1	-
Interest Earnings	4.0	4.0	-
Misc. Federal and State	25.0	25.0	-
Realignment	35.0	35.0	-
Other (Prior Year & Misc.)	18.3	20.7	2.4
<b>Total</b>	<b>734.0</b>	<b>734.3</b>	<b>0.3</b>
Prop. 172 Public Safety Sales Tax	168.8	168.8	-
	<b>\$ 902.8</b>	<b>\$ 903.1</b>	<b>\$ 0.3</b>

\* Bradley Burns sales and use tax does not include Prop. 172 public safety sales tax revenue, which is reported separately.

# FY 15/16 CONTINGENCY ADJUSTMENTS

Use of General Fund Appropriations for Contingency				
	Cost Adjustment	Revenue Adjustment	Total Adjustment	Balance Available
<b>Beginning Balance:</b>				<b>\$ 35,515,211</b>
<b>Adjustments to date:</b>	597,644	1,658,669	1,061,025	<b>36,576,236</b>
<b>Actions recommended in this report:</b>				
5/16/2016 Fines & Penalties		(1,669,063)	(1,669,063)	
Executive Office Consulting Costs	306,519		(306,519)	
Workers Comp Loan	2,011,006		(2,011,006)	
Excess Tax Sale Proceeds		2,400,000	2,400,000	
Fire Credit	(20,324,024)		20,324,024	
Court Facilities	1,000,000		(1,000,000)	
Public Defender Labor & Staffing	1,500,000		(1,500,000)	
Correctional Health	4,500,000		(4,500,000)	
Parks Community Center & Operations	500,000		(500,000)	
Sheriff	25,000,000		(25,000,000)	
	14,493,501	730,937	(13,762,564)	
<b>Total adjustments to Contingency =</b>	<b>15,091,145</b>	<b>2,389,606</b>	<b>(12,701,539)</b>	
<b>Contingency balance upon approval of this report =</b>				<b>22,813,672</b>

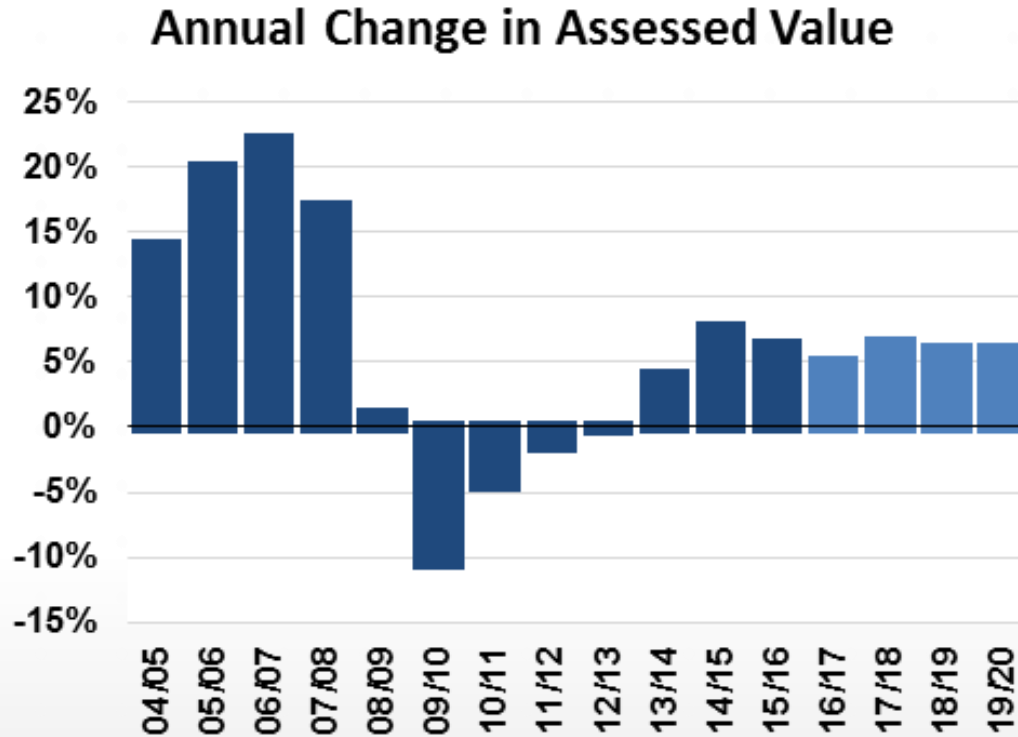
# FY 15/16 FUND BALANCE & DESIGNATIONS

General Fund Commitments and Designations (in millions)			
	FY 13/14 Ending Balances	FY 15/16 Beginning Balances	Balance upon Approval
Economic uncertainty	\$124.7	\$124.7	\$124.7
Budget stabilization	53.9	53.9	50.6
Disaster relief	15.0	15.0	15.0
SB90 deferral	1.4	1.4	1.4
Historic courthouse remodel	0.5	0.5	0.0
CAC remodel	0.5	0.5	0.5
Community improvement	0.0	2.0	2.0
ACO internal audits unit	0.1	0.1	0.1
DPSS realignment growth	4.3	4.3	4.3
Legal liabilities	3.7	3.7	2.5
<b>TOTAL</b>	<b>\$204.1</b>	<b>\$206.10</b>	<b>\$201.1</b>

# SETTING THE STAGE FOR FY 16/17

- ▶ \$5.5 billion recommended county budget.
- ▶ \$3.1 billion general fund budget
  - ▶ 24% funded by discretionary revenue
- ▶ Current baseline net county cost rolled into FY 16/17.
  - ▶ FY 15/16 one-time allocations removed from FY 16/17 allocations
- ▶ Incremental cost of inmate care projected in excess of \$40 million.
- ▶ Revenues estimated to grow by only \$15 million.
- ▶ Without spending cuts, reserves will be drawn down to cover projected shortfall.

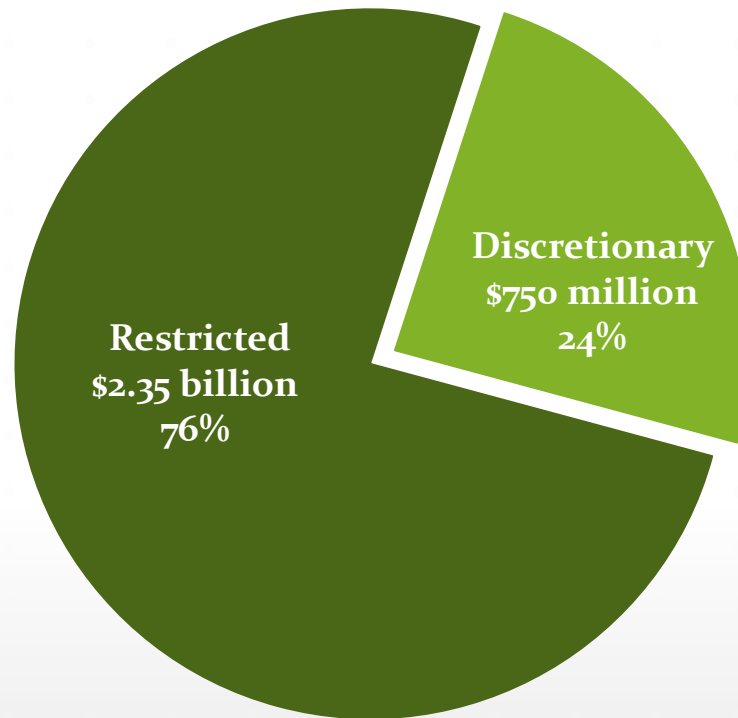
# CHANGES TO THE PROPERTY TAX ROLL DRIVE DISCRETIONARY REVENUE



Source of forward projections: Beacon Economics

# FY 16/17 ESTIMATED GENERAL FUND REVENUE

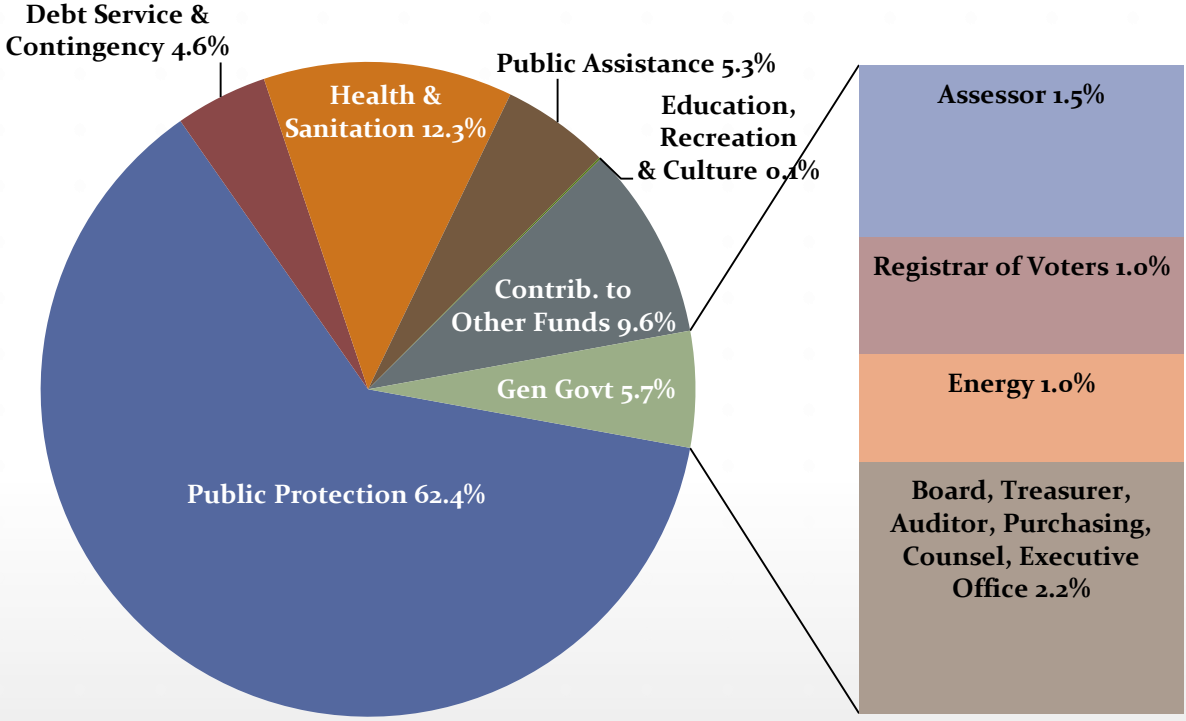
## Ratio of Discretionary to Restricted General Fund Revenue





# MANAGING PUBLIC SAFETY SPENDING IS KEY

## FY 15/16 Discretionary General Fund Allocations (by function)



# SUMMARY OF FY 16/17 POLICY ITEMS

<b>Department</b>	<b>Requests</b>
Board of Supervisors	\$ 0.4
Assessor	2.0
Registrar of Voters	1.1
District Attorney	18.9
Public Defender	3.3
Sheriff	51.5
Probation	5.2
Planning	1.2
Animal Services	3.6
Correctional Health	5.0
Correctional Behavioral Health	8.2
DPSS	11.2
Veterans Services	0.4
Contributions to Other Funds	
DPSS Homeless Fund	0.2
Facilities Management	0.6
Parks	2.7
PSEC (radio system)	1.4
Medical Center	10.0
EDA Administration	4.4
Child Support Services	1.6
	<b>\$ 132.6</b>

# FY 16/17 BUDGET STRATEGY

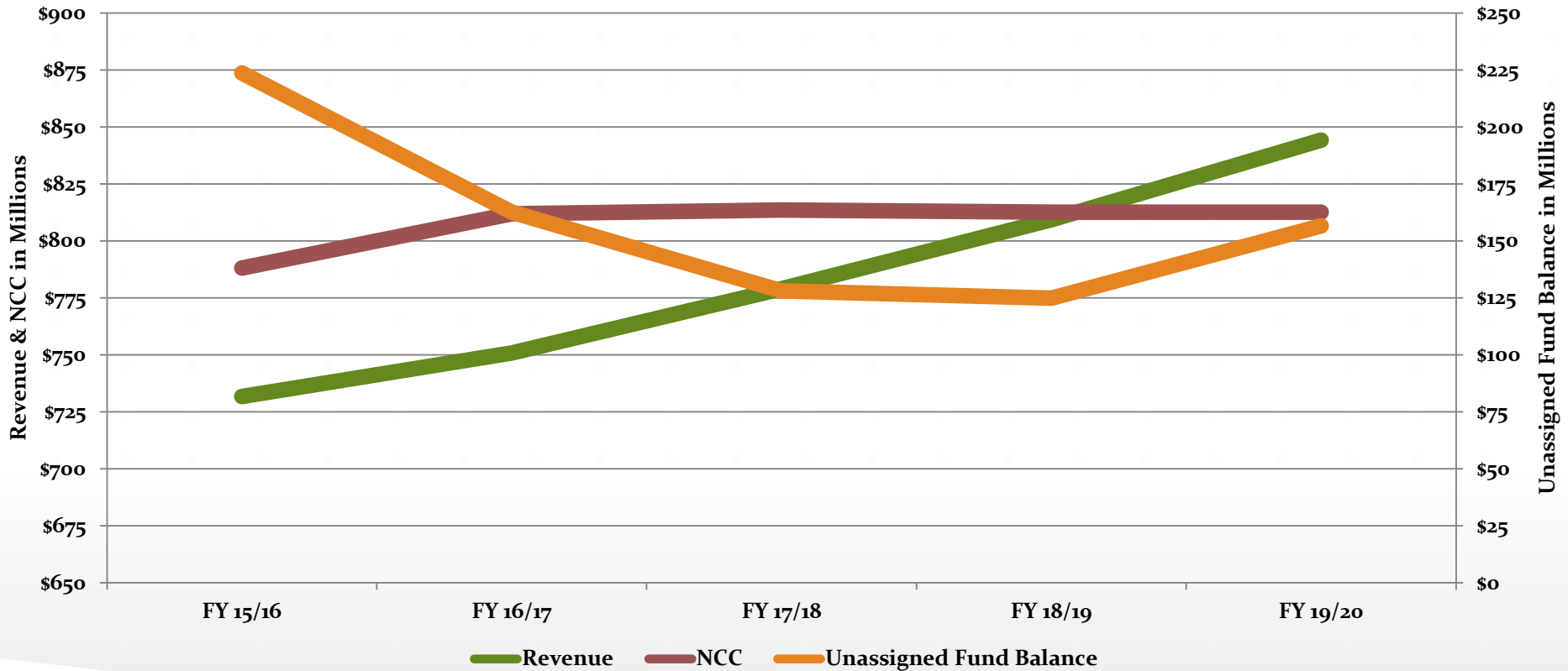
- ▶ Rollover current discretionary spending levels, with exceptions:
  - ▶ \$25 million to Sheriff to achieve structural balance.
  - ▶ \$5 million for Correctional Health to address inmate health care settlement.
  - ▶ \$8.2 million for Correctional Behavioral Health to address settlement.
  - ▶ Potential others as required to maintain existing mission-critical staffing .
- ▶ Control Position Counts:
  - Limit hiring to mission-critical positions.
  - Delete unfunded vacant positions with no current operational purpose.
  - Capture salary savings by deleting non-essential funded vacant positions.
  - Tie together position authorization with Board-approved appropriations.

# FY 16/17 BUDGET STRATEGY (CONTINUED)

- ▶ Maximize Departmental Revenues:
  - ▶ No backfilling of departmental revenue shortfalls.
  - ▶ Tap departmental reserves as allowable.
- ▶ Apply one-time revenues to rebuilding reserves or mission critical one-time costs.
- ▶ Capture Efficiencies:
  - ▶ Implement and expand on KPMG and California Forward findings.
  - ▶ Improve efficiencies in all operations with an initial systematic approach to improving internal services (KPMG).
- ▶ Limit labor cost increases to merit raises.

# MULTI-YEAR FORECAST

## Multi-Year Forecast



# FY 16/17 BUDGET CALENDAR

- ▶ Approval of Recommended Budget – June 20
- ▶ Budget Hearings:
  - ▶ DAY 1 – Monday, June 20 – 8:30 a.m.
    - ▶ Budget Overview
    - ▶ Public Protection
    - ▶ Human Services
    - ▶ Board Deliberations
  - ▶ DAY 2 – Tuesday, June 21 – 1:00 p.m.
    - ▶ General Government
    - ▶ Public Ways
    - ▶ Internal Services
    - ▶ Board Deliberations
- ▶ Approval of Board-directed adjustments & Adopted Budget – July 26

# RECOMMENDATIONS

- ▶ Receive and file the third quarter report and all its attachments.
- ▶ Approve the recommendations and associated budget adjustments contained in Attachment A.