

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM: 3.4
(ID # 23437)

MEETING DATE:
Tuesday, November 28, 2023

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Receive and File the Fiscal Year 2023/24 First Quarter Budget Adjustments Report; Approval of the recommendations and associated budget adjustments, All Districts. [\$60,156,358 - 22% General Fund, 78% Department budgets] (4/5 Vote Required)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file the FY 2023/24 First Quarter Budget Adjustments Report;
2. Approve the recommendations and direct the Auditor-Controller to make the budget adjustments contained in Attachment A;
3. Approve Resolution No. 440-9407 amending Ordinance 440 as contained in Attachment B;
4. Approve the revised multi-year budget schedule contained in Attachment C;
5. Receive and file the FY 2022/23 Year-End Validation Report contained in Attachment D.

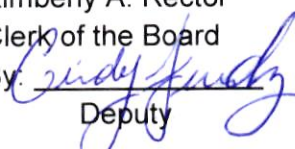
ACTION:Policy, 4/5 Vote Required


Jeff Van Wageningen, County Executive Officer 11/20/2023

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Washington, seconded by Supervisor Spiegel and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington and Perez and Gutierrez
Nays: None
Absent: None
Date: November 28, 2023
xc: E.O., H.R.

Kimberly A. Rector
Clerk of the Board
By: 
Deputy

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$60,156,358	\$ 0	\$60,156,358	\$0
NET COUNTY COST	\$13,082,639	\$ 0	\$13,082,639	\$0
SOURCE OF FUNDS: 22% General Fund, 78% Department Budgets			Budget Adjustment:	Yes
			For Fiscal Year:	23/24

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

This is the second year that the First Quarter Adjustments Report presents a slightly modified format compared to previous quarterly reports. This change is in line with the ongoing efforts of the Executive Office to identify and implement processes that enhance efficiency and effectiveness. One of the initial initiatives in this direction, which was implemented last year, focused on streamlining our budget processes. As a result of a collaborative county evaluation of the First Quarter Report, it was recommended to revise the existing process, making it less resource-intensive for county departments. Under this revised approach, departments will now only be required to submit their time-sensitive or critical adjustments for the quarter.

As of the FY 2023/24 First Quarter Adjustments Report, the county continues to maintain a strong fiscal standing. We are projecting a General Fund reserves balance of \$666 million. This projection is consistent with an estimated discretionary revenue of \$1.175 billion and an anticipated Net County Cost of \$1.125 billion. We anticipate achieving net savings of \$50 million, primarily attributable to higher projected discretionary revenue.

The forecasted General Fund reserves balance of \$666 million is largely the result of favorable economic factors and salary savings driven by challenges in recruitment and retention in FY 2022/23. These factors have contributed to \$624 million realized at year-end FY 2022/23.

The improved position is the result of two key factors.

First, the discretionary revenue for the current fiscal year is projected to increase by \$31.9 million from the adopted budget, rising from \$1.143 billion to \$1.175 billion. The increase is primarily attributed to a \$11 million net increase in property tax revenue, a \$10 million net increase in interest earnings, a \$8.6 million increase in Motor Vehicle in Lieu, as well as an increase of \$5.6 million in the RDA Residual Assets.

Second, it is important to highlight that our FY 2022/23 reserves balance concluded higher than projected in the adopted budget, with an increase from \$368 million to \$624 million. This significant increase is primarily attributed to a substantial decrease in the Net County Cost from the adopted budget projection of \$1.013 billion to \$971 million. This decrease is largely the

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result of salary savings achieved countywide, stemming from ongoing challenges with staff retention and recruitment.

Furthermore, the discretionary revenue projections, initially set at \$1.013 billion, realized a remarkable increase to \$1.138 billion at year-end. This increase of \$125 million in discretionary revenue is mainly attributed to **including a one-time interest earnings boost of \$48 million**, a \$37 million increase in property tax collections, a \$12 million surge in sales and use tax revenues, in addition to higher Motor Vehicle in Lieu.

While the current fiscal year shows promising signs of improvement in the county's outlook and discretionary revenue, it is important to acknowledge the uncertainties surrounding future housing and interest earnings. Challenges lie ahead demand our attention and proactive measures. Therefore, we must remain dedicated to strengthening our reserves, as the economic future remains uncertain.

In addition to a number of adjustments being made in this report to align departmental revenue and expenses that do not impact the General Fund, there are two that will require use of General Fund Appropriations for Contingency: \$18,412 for the Executive Office to provide LAFCO operations the County's share of costs and \$550,000 to Facilities Management for litigation settlement fees. After the recommended adjustments, the General Fund Appropriations for Contingency will have a remaining balance of \$17.3 million.

Evangelina Gregorio
Evangelina Gregorio 11/15/2023

Dave Rogers
Dave Rogers, Chief Administrative Officer 11/16/2023

Sarah Franco
Sarah Franco, Assistant County Executive Officer 11/16/2023