FY 2024 Proposed Budget Overview

Julie Kennicutt
Budget Manager
May 17, 2023

Agenda

- FY 2024 Budget Overview
- Special Revenue Funds
- Proprietary Funds
  - Enterprise Funds
  - Internal Service Funds
- General Fund
  - Measure X
  - General Fund Forecast

FY 2024 Budget Overview

Strategic Goals

Financial Stability

Ensure the City has adequate and sustainable financial funding to delivery high-quality services to residents.

Strong Economy

Expand the local economy by supporting local businesses, providing opportunities for new business, and ensuring there are ample opportunities for job seekers.

Sound Infrastructure

Sustain high quality service delivery by investing in public infrastructure, including parks, buildings, equipment, roads, and technology.

Safe Community

Protect our quality of life by ensuring the community is safe and clean.

Sense of Place

Build community through celebrating our rich heritage, increasing access to recreational and cultural activities, and improving the relationship between the City and residents.

High-Performing Government

Improve the efficiency and effectiveness of the City's services to bring government into the 21st century.

FY 2024 Budget Process

Jan/Feb

Departments prepare budget information for next fiscal year

March

Review/consolidation of FY 2024 budget information

April

- April 13, 2023 Spring Financial Workshop
- CFD/LMD budget preparation

May

- FY 2024 Overview to City Council
- CIP information to Planning Commission

June

- CIP information to Parks & Rec Commission
- June 21, 2023 Tentative Budget Adoption

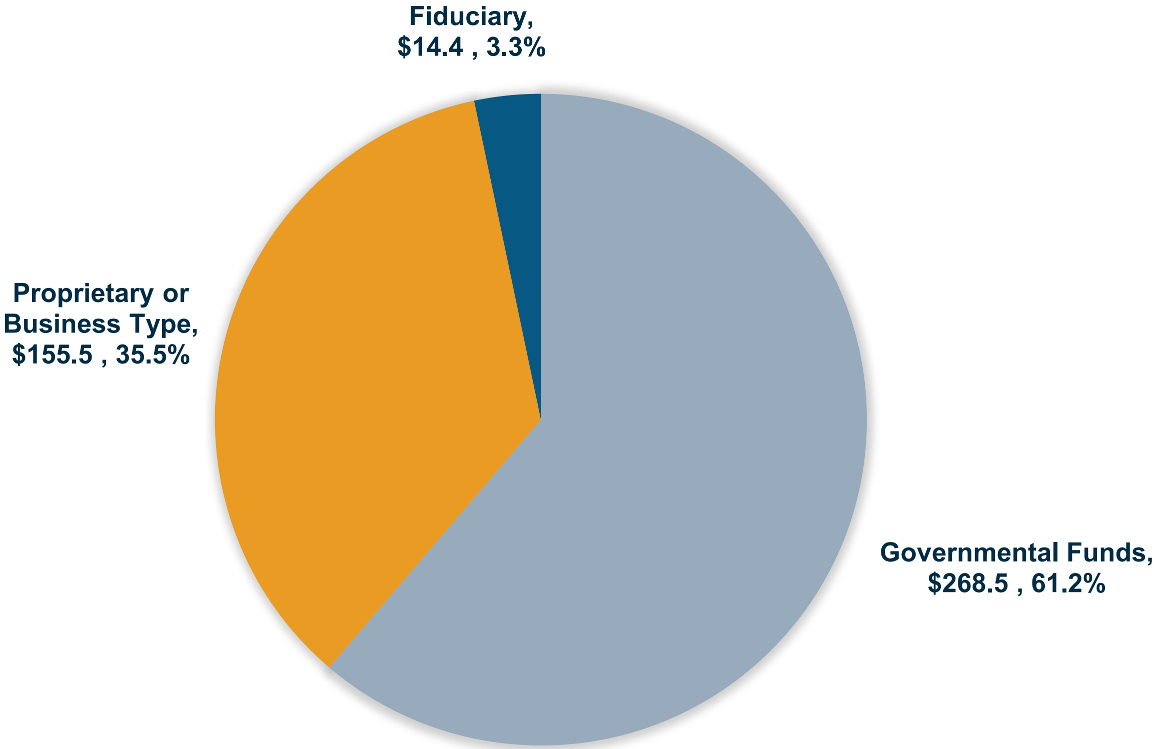
July

July 1, 2023
FY 2024 Begins

Revenue Estimates – All Funds

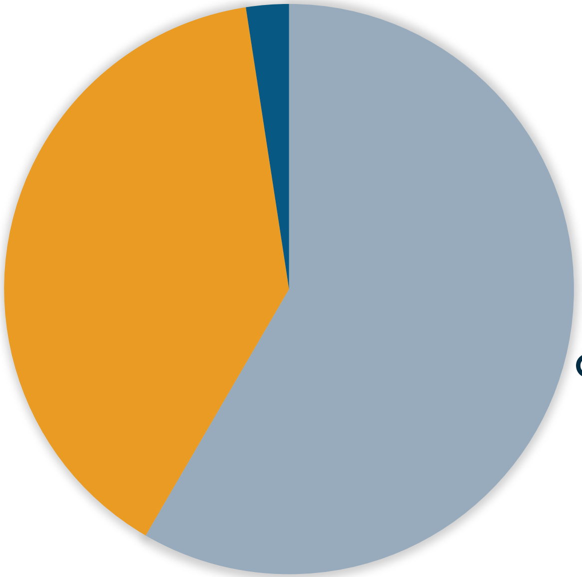
Estimated FY 2024
$438.4 Million

Governmental Funds	
General Fund	$ 212,401,795
Special Revenue	39,416,597
Capital Projects	16,640,350
Subtotal	268,458,742
Proprietary or Business Type	
Enterprise	128,097,667
Internal Service	27,451,887
Subtotal	155,549,554
Fiduciary Funds	
Agency Funds	6,736,773
Private Purpose Trust	7,635,383
Subtotal	14,372,156
Total	**$ 438,380,452**



Expenditure Budget – All Funds

Proposed FY 2024
$437.3 Million



Governmental Funds	
General Fund	$ 201,730,163
Special Revenue	38,067,854
Capital Projects	15,549,900
Subtotal	255,347,917
Proprietary or Business Type	
Enterprise	145,144,794
Internal Service	26,195,569
Subtotal	171,340,363
Fiduciary Funds	
Agency Funds	7,621,669
Private Purpose Trust	2,967,553
Subtotal	10,589,222
Total	**$ 437,277,502**

Special Revenue Funds

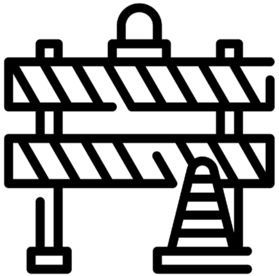
Special Revenue Funds

- **Specific revenue sources that are restricted or committed to specific purposes, often by legislative authority**
- **Special Revenue Funds**
  - Roads Related
    - Gas Tax
    - Road Maintenance and Rehabilitation (RMRA)
    - Measure A
  - Special Taxing Districts (CFDs and LMDs)
  - Refuse/Recycling
  - Other
    - Development (Developer Impact Funds, Park Development Fund)
    - Trip Reduction
    - Asset Forfeiture
    - Grants/Endowments

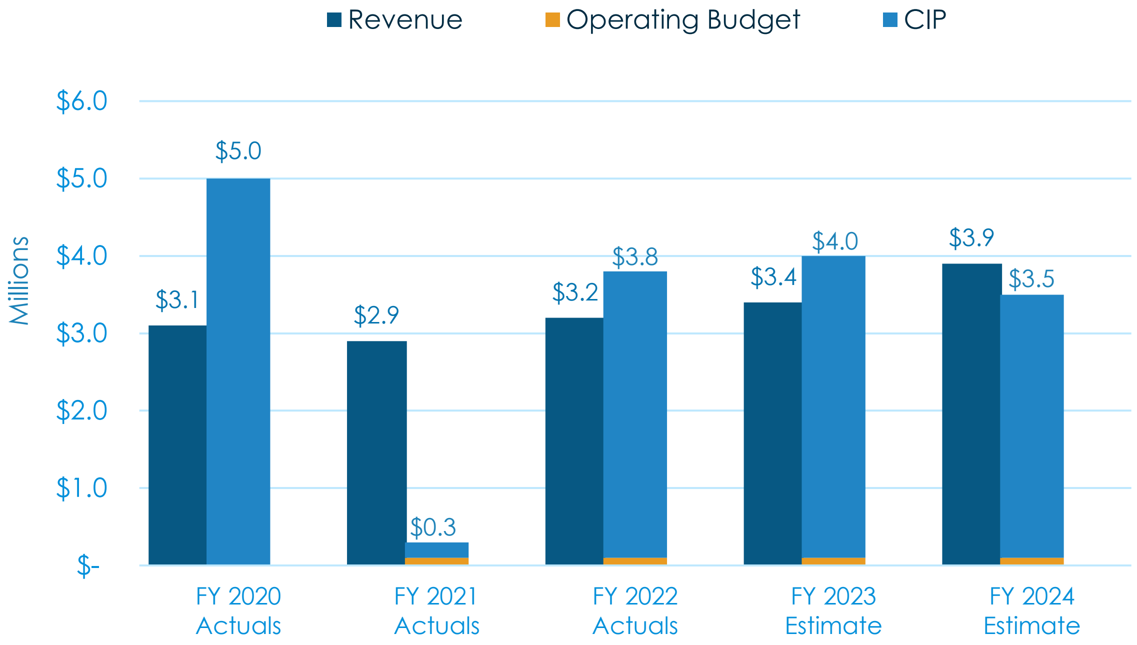
90.3% of Special Revenue Funds Operating Budget

Special Revenue Funds – Roads Related

Road Maint. & Rehabilitation Account (RMRA)



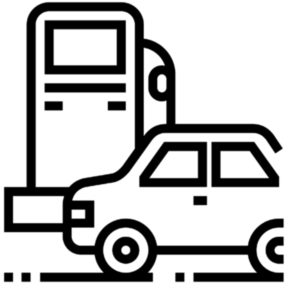
- ✓ ***Collected from gasoline taxes***
- ✓ ***Used for capital improvements related to roads***



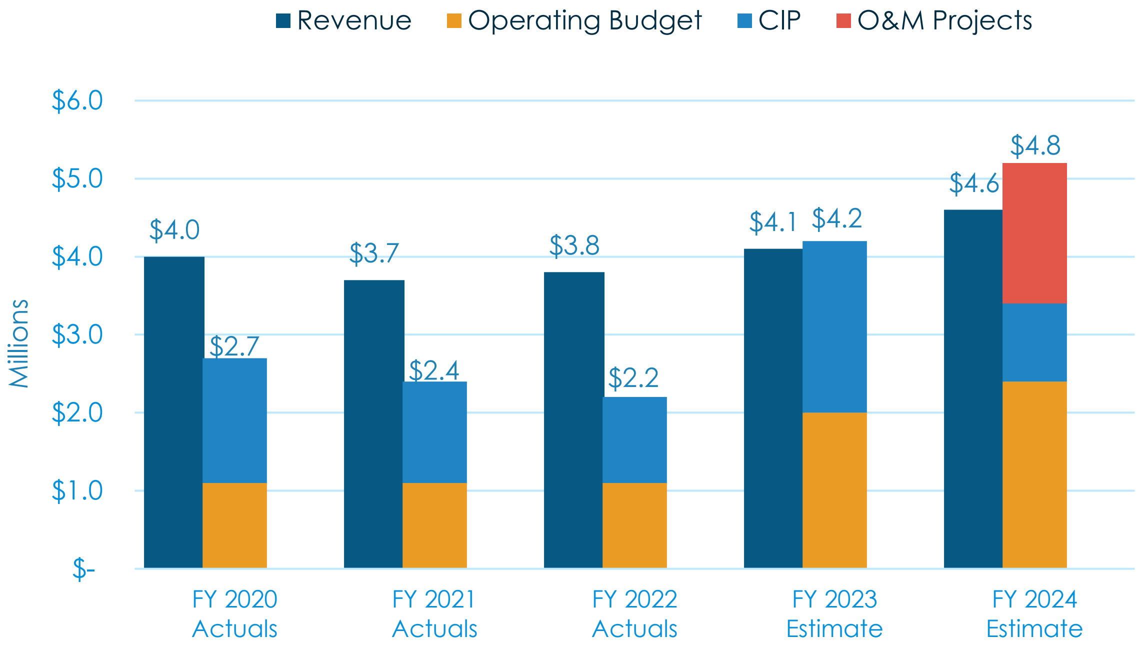
- ✓ Revenues – increase of $500K compared to the FY 2023 year-end estimate
  - ✓ Increases in Investment Earnings and Intergovernmental Revenues
- ✓ Expenditures – decrease of $500K compared to the FY 2023 year-end estimate
  - ✓ Decrease in Capital Improvement Projects

Special Revenue Funds – Roads Related

Gas Tax



- ✓ ***Collected from gasoline taxes***
- ✓ ***Used for capital improvements related to roads and operating costs***

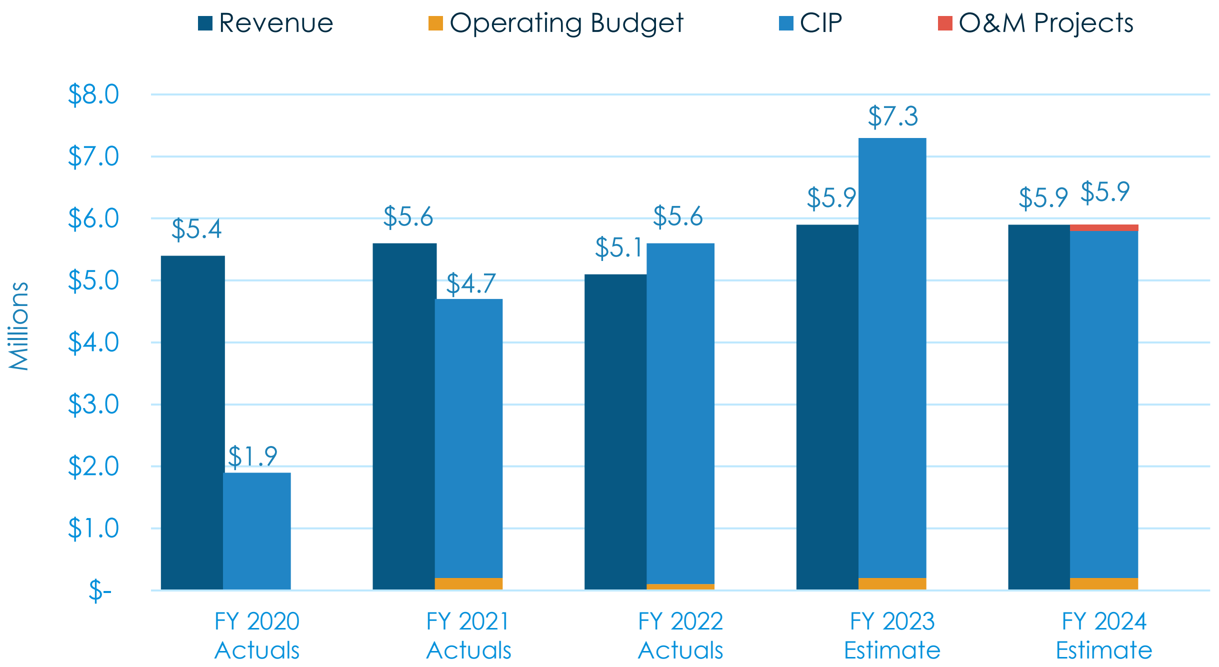


- ✓ Revenues – increase of $500K compared to the FY 2023 year-end estimate
  - ✓ Increases in Investment Earnings and Intergovernmental Revenues
- ✓ Expenditures – increase of $600K compared to the FY 2023 year-end estimate
  - ✓ Increase in Operating Budget +$450K, decrease in Capital Improvement Projects ($1.6M), increase in O&M Projects +$1.8M
- ✓ FY 2024 expenditures over revenues by $200K will use existing fund balance

Special Revenue Funds – Roads Related

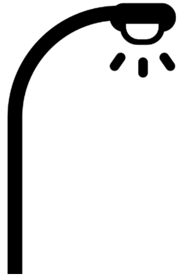
Measure A

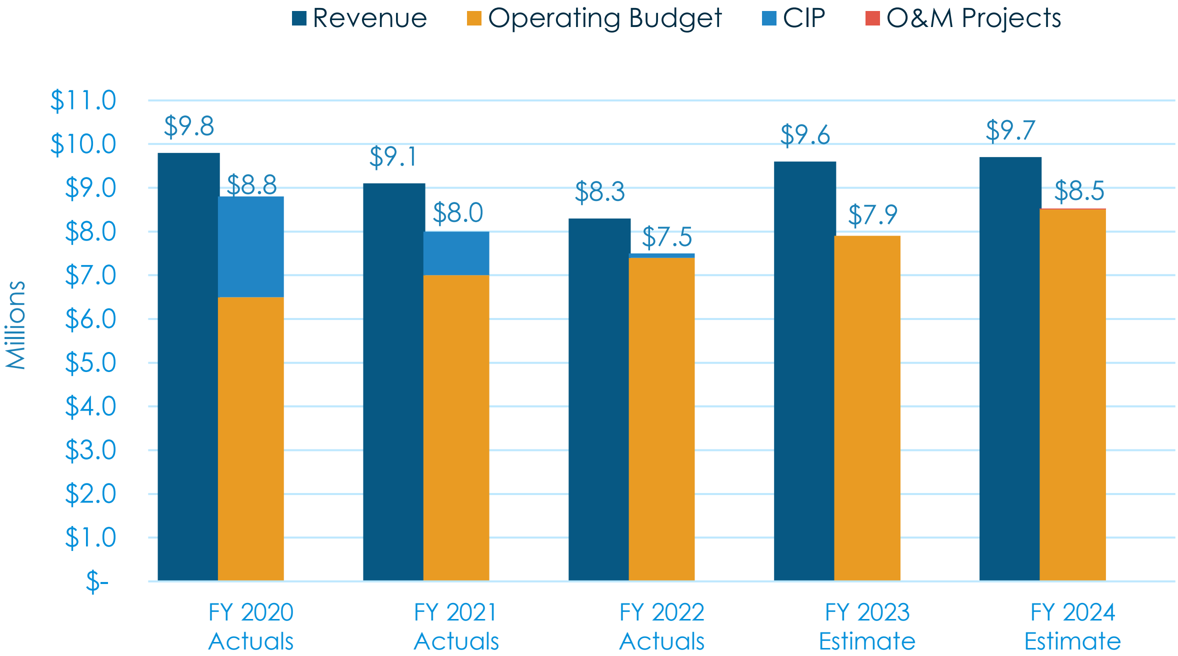
- ✓ ***0.5% Sales Tax in Riverside County***
- ✓ ***Used for capital improvements related to roads***



- ✓ Revenues – no change compared to the FY 2023 year-end estimate
- ✓ Expenditures – decrease of $1.4M compared to the FY 2023 year-end estimate
  - ✓ Decrease in Operating Budget ($10K), decrease in Capital Improvement Projects ($1.5M), increase in O&M Projects +$100K

Special Revenue Funds
Special Taxing Districts

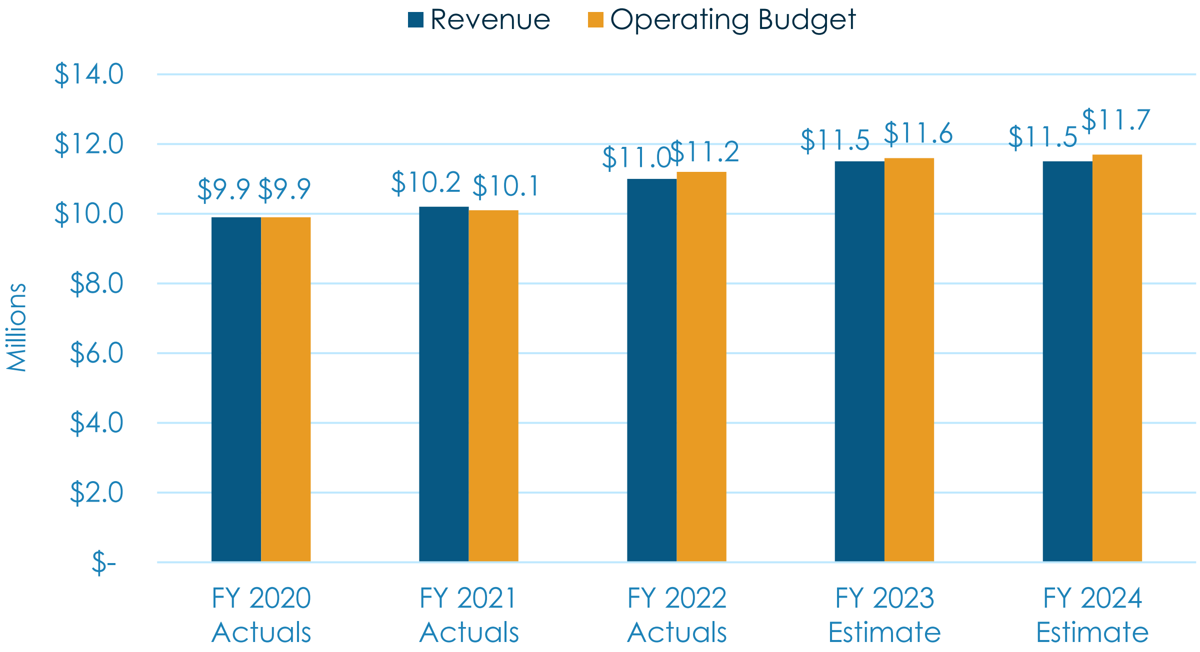




- ✓ ***Community Facilities Districts (CFD), Lighting Maintenance District (LMD), and Landscape Maintenance Districts (LMD)***
- ✓ ***Eagle Glen Homeowners' Association (HOA)***

- ✓ Revenues – increase of $100K compared to the FY 2023 year-end estimate
  - ✓ Increase in Special Assessments
- ✓ Expenditures – increase of $600K compared to the FY 2023 year-end estimate
  - ✓ Increase in Operating Budget +$150K, increase in O&M Projects +$21K

Special Revenue Funds
Refuse/Recycling



- ✓ ***Effectively a pass-thru fund for contract with Waste Management***
- ✓ ***Includes beverage container/recycling grant activity***

- ✓ Revenues – flat compared to the FY 2023 year-end estimate
- ✓ Expenditures – increase of $100K compared to the FY 2023 year-end estimate

- ✓ FY 2024 expenditures over revenues by $200K will be settled with a transfer from the General Fund

Questions and Discussion on FY 2024 Proposed Budget – Special Revenue Funds

Proprietary Funds

Enterprise Funds

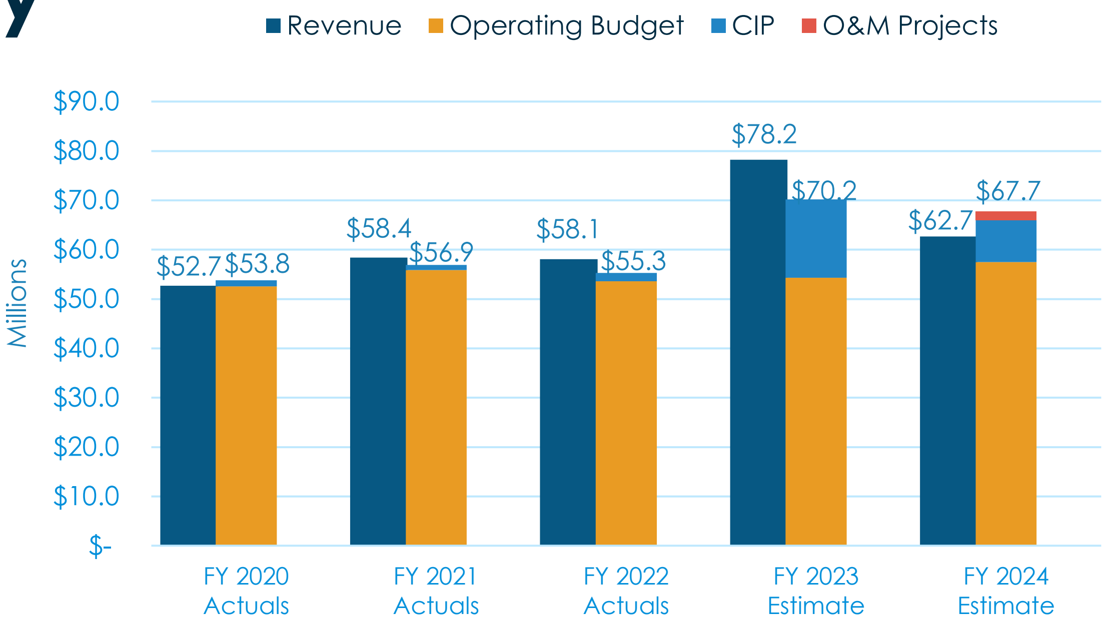
Proprietary Funds – Enterprise Funds

- **Programs or activities that are supported by rates and/or fees**
- **May also include grants or reimbursements from other government agencies**
- **Enterprise Funds**
  - Water
  - Reclaimed Water
  - Sewer
  - Electric
  - Airport
  - Transit Services

Proprietary Funds – Enterprise Funds

Water Utility

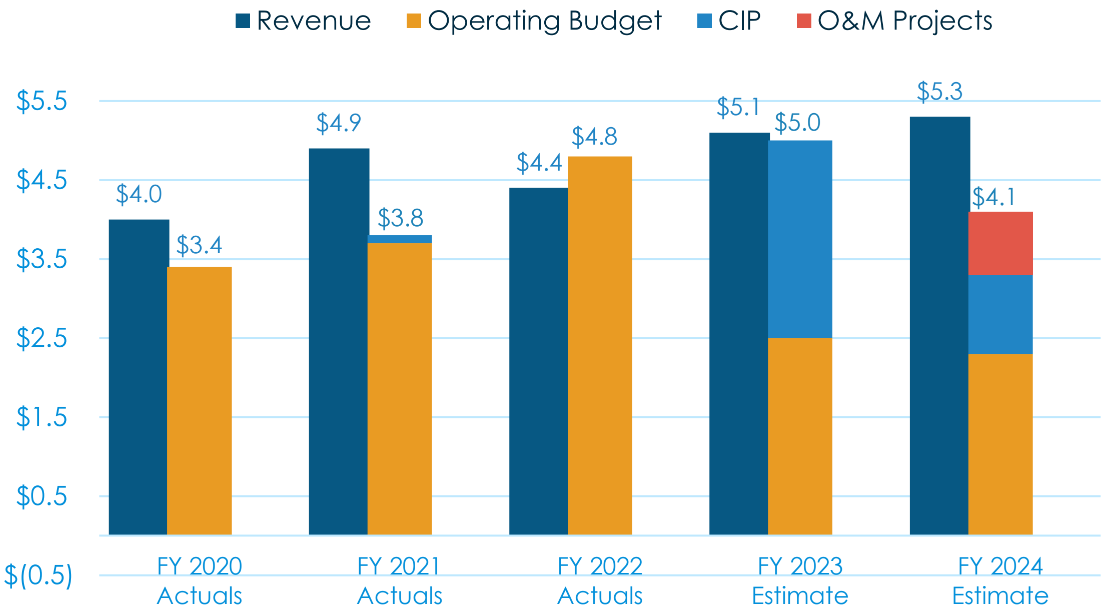
- ✓ ***Existing Fund Balance Total $14.3M***



- ✓ Revenues - net decrease of $15.5M (-19.9%) compared to the FY 2023 year-end estimate
  - ✓ Decrease of $19.1M from a one-time settlement, increases in other areas to partially offset the amount
- ✓ Expenditures – net decrease of $2.5M compared to the FY 2023 year-end estimate
  - ✓ Decreases in materials & supplies and contractual services, and Capital Improvement Projects
- ✓ FY 2024 expenditures over revenues by $5.0M will use existing fund balance

Proprietary Funds – Enterprise Funds

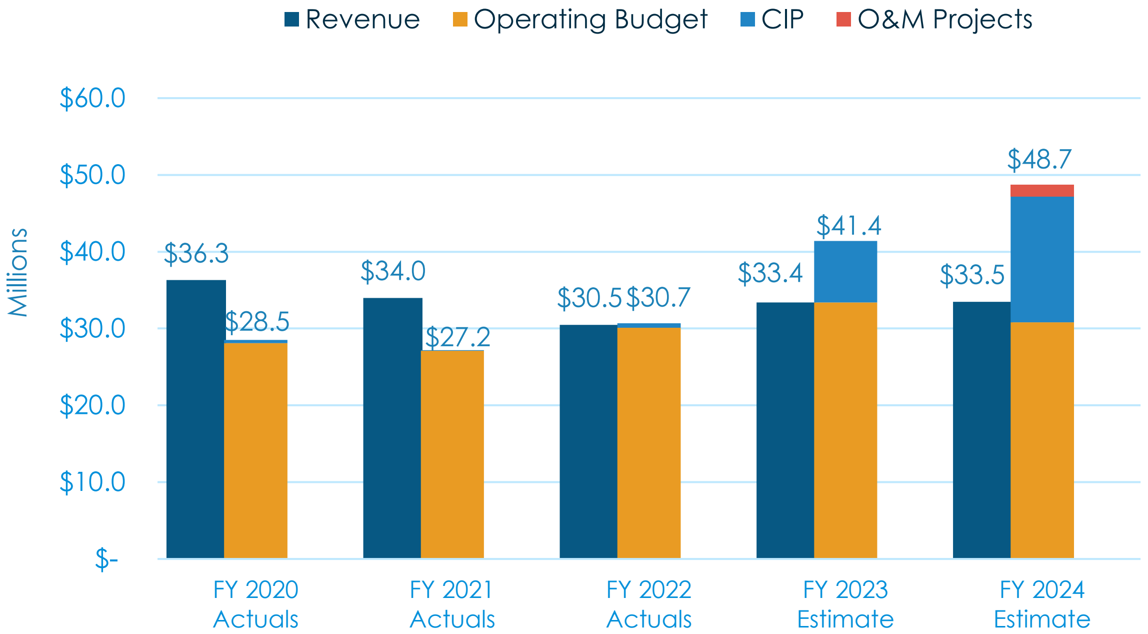
Reclaimed Water



- ✓ ***Existing Fund Balance Total $850K***

- ✓ Revenues - net increase of $200K compared to the FY 2023 year-end estimate
  - ✓ Increase in Utility Service Charges
- ✓ Expenditures – net decrease of $900K compared to the FY 2023 year-end estimate
  - ✓ Decreases in Operating Budget and Capital Improvement Projects

Proprietary Funds – Enterprise Funds
Sewer Utility

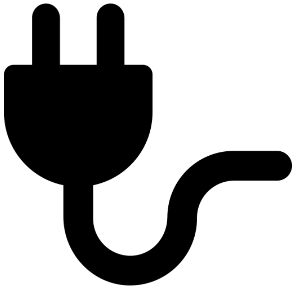


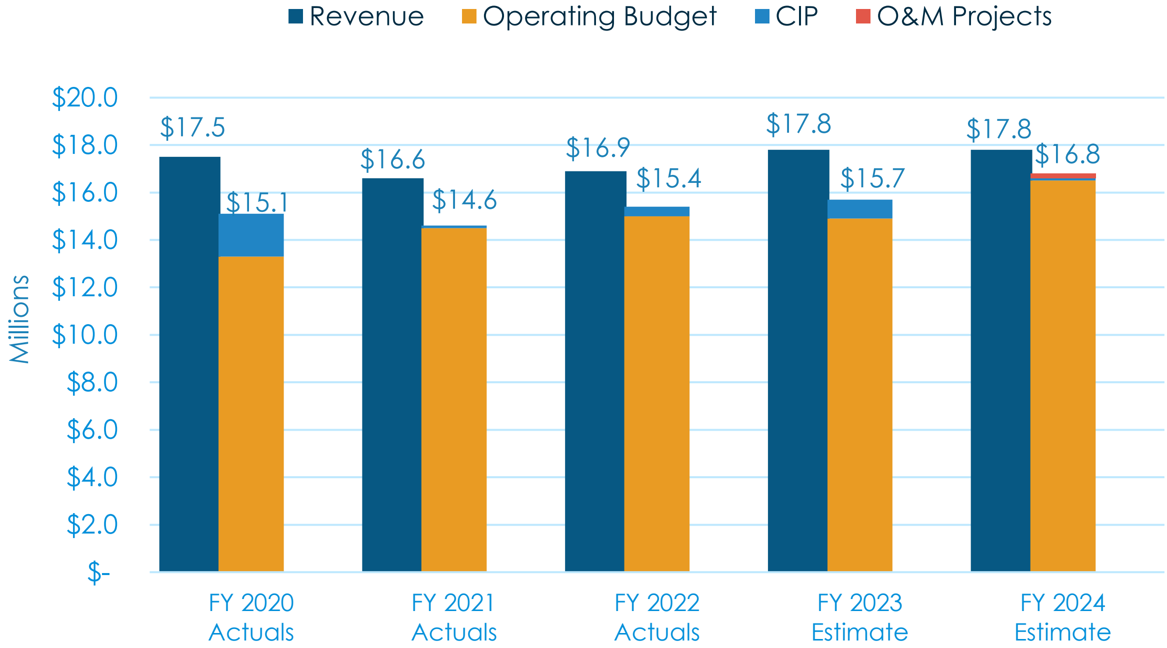
✓ ***Existing Fund Balance Total $34.1M***

- ✓ Revenues – increasing by $100K compared to the FY 2023 year-end estimate
- ✓ Expenditures – increase of $7.3M compared to the FY 2023 year-end estimate
  - ✓ Increase in Capital Improvement Projects and O&M Projects +$9.8M
  - ✓ Decrease in Materials and Supplies ($2.7M)
- ✓ FY 2024 expenditures over revenues by $15.2M will use existing fund balance

Proprietary Funds – Enterprise Funds

Electric Utility



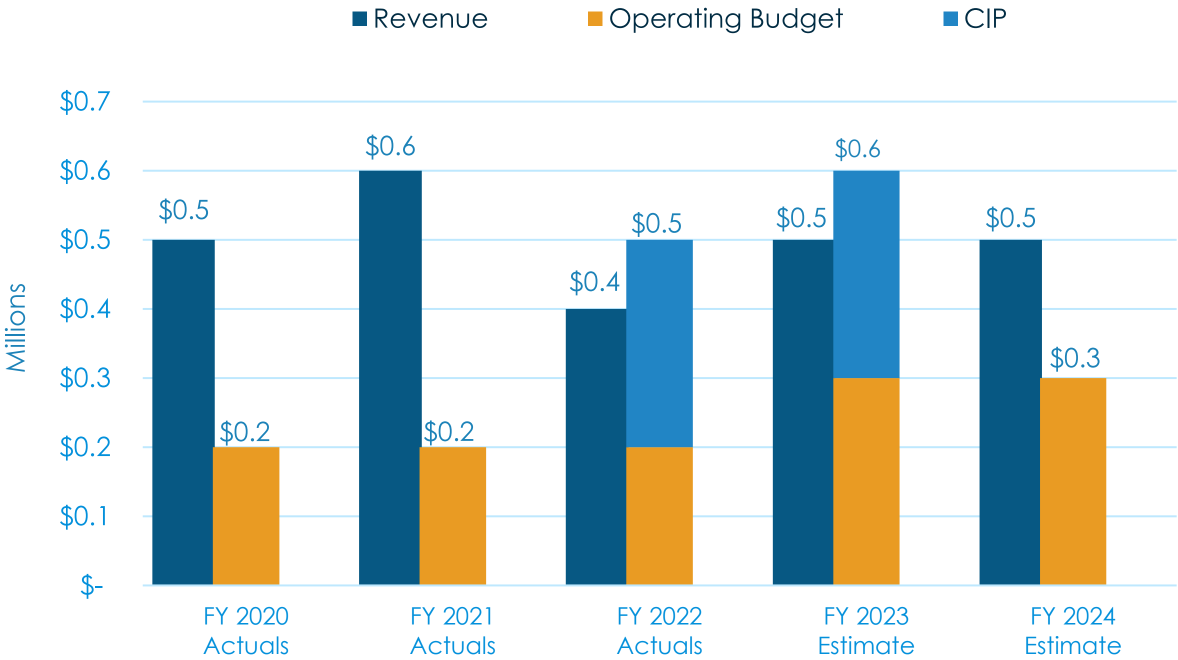


✓ ***Existing Fund Balance Total $16.3M***

- ✓ Revenues – flat compared to the FY 2023 year-end estimate
- ✓ Expenditures – net increase of $1.1 M compared to FY 2023 year-end estimate
  - ✓ Increase in Wholesale Energy +$2.1M
  - ✓ Decrease in Capital Improvement Projects and O&M Projects ($600K)

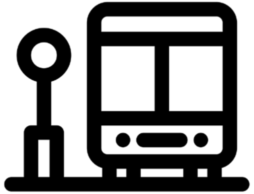
Proprietary Funds – Enterprise Funds

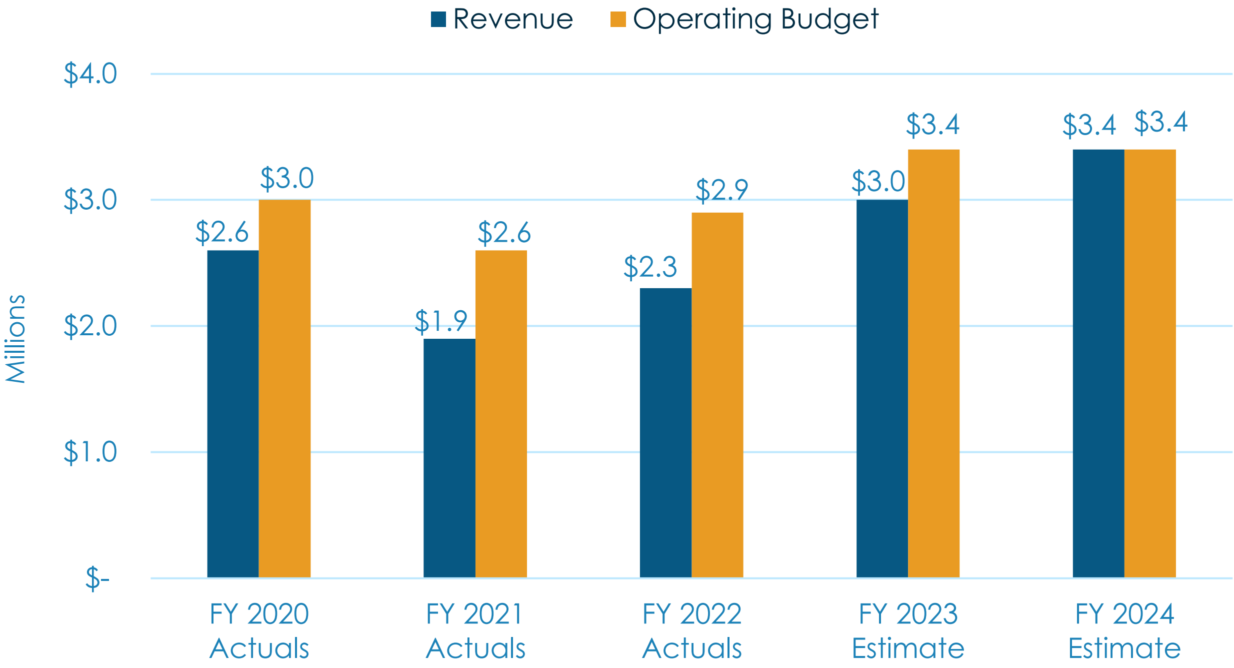
Airport



- ✓ Revenues – flat compared to the FY 2023 year-end estimate
- ✓ Expenditures – decrease of $300K compared to FY 2023 year-end estimate
  - ✓ Decrease in Capital Improvement Projects ($300K)

Proprietary Funds – Enterprise Funds
Transit Services





- ✓ Revenues – net increase of $400K compared to the FY 2023 year-end estimate
  - ✓ Increase in Intergovernmental Revenues
- ✓ Expenditures – flat compared to the FY 2023 year-end estimate

Questions and Discussion on FY 2024 Proposed Budget – Enterprise Funds

Proprietary Funds

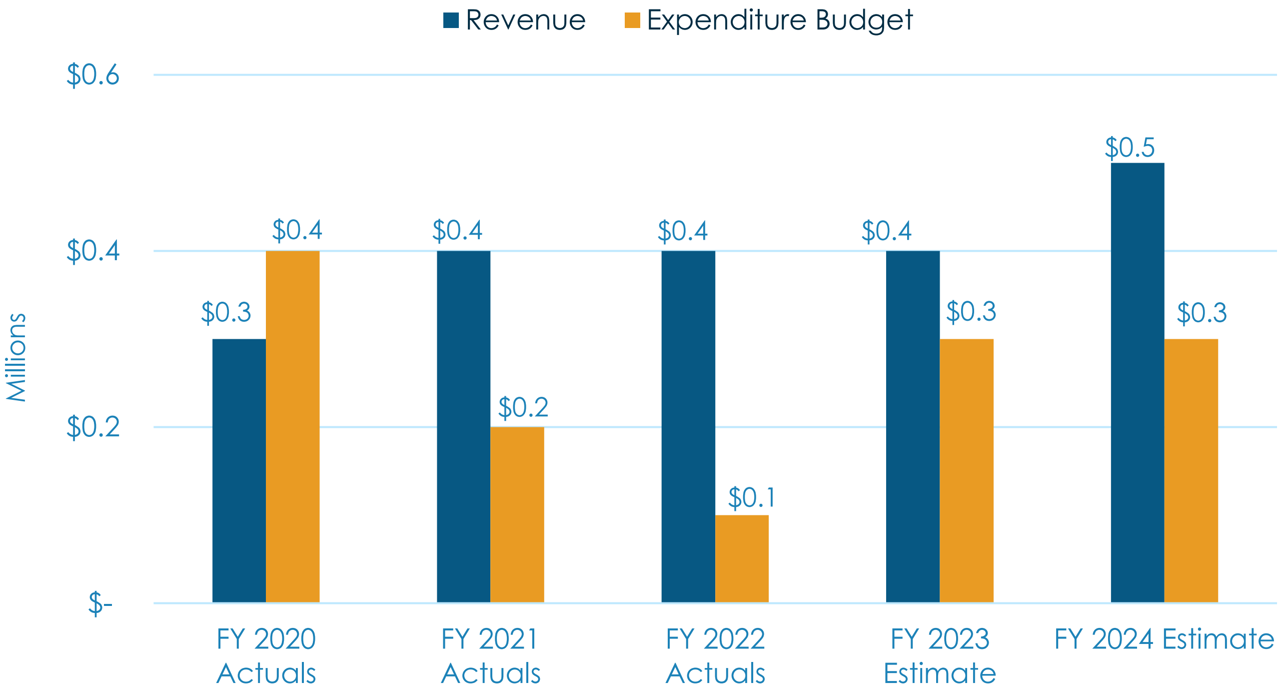
Internal Service Funds

Proprietary Funds – Internal Service Funds

- **Funds to account for departments or functions that provide services to other City departments**
  - Warehouse Services
  - Information Technology
  - Fleet Operations
  - Workers' Compensation
  - Liability Risk Retention

Proprietary Funds – Internal Service Funds

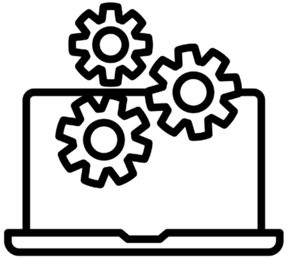
Warehouse Services

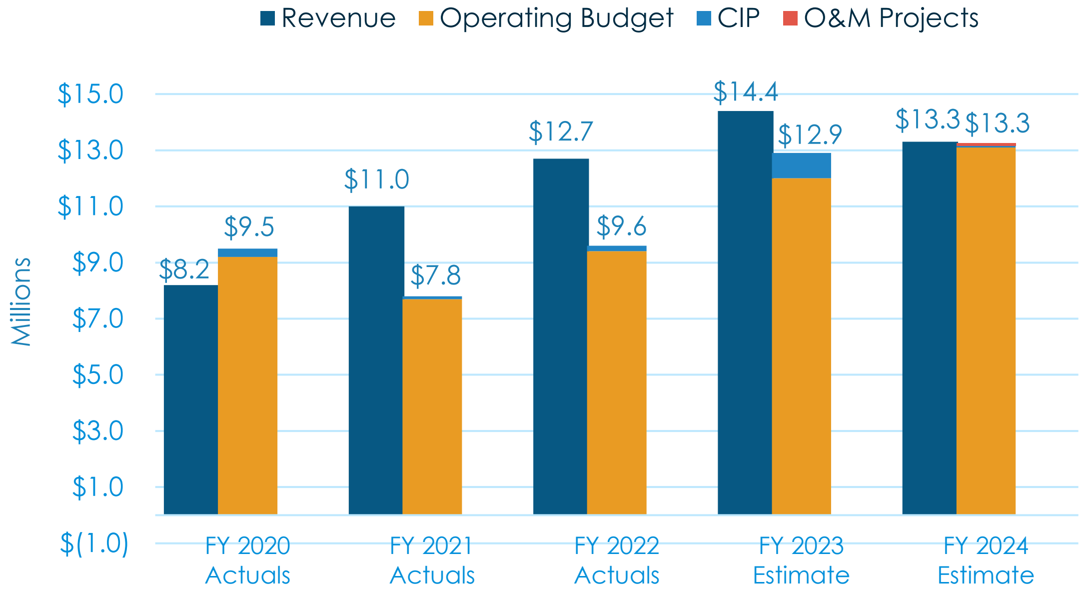


- ✓ Revenues – net increase of $85K compared to the FY 2023 year-end estimate
  - ✓ Increase in Internal Service Charges
- ✓ Expenditures – decrease of $42K compared to the FY 2023 year-end estimate

Proprietary Funds – Internal Service Funds

Information Technology

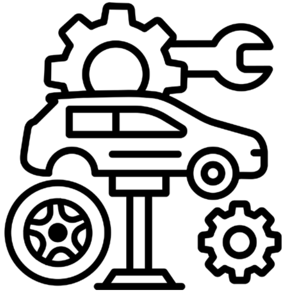


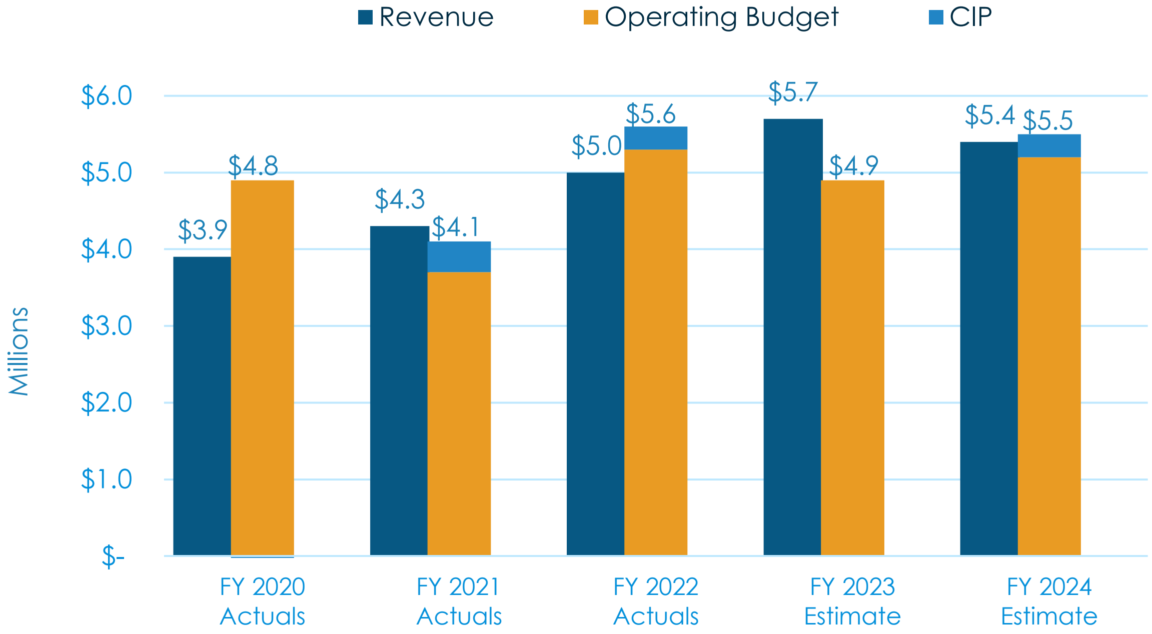


- ✓ Revenues – net decrease of $1.1M compared to the FY 2023 year-end estimate
  - ✓ Decrease in Internal Service Charges
- ✓ Expenditures – net increase of $400K compared to the FY 2023 year-end estimate
  - ✓ Increase in Operating Budget +$1.1M, decrease in Capital Improvement Projects ($900K), increase in O&M Projects +$100K

Proprietary Funds – Internal Service Funds

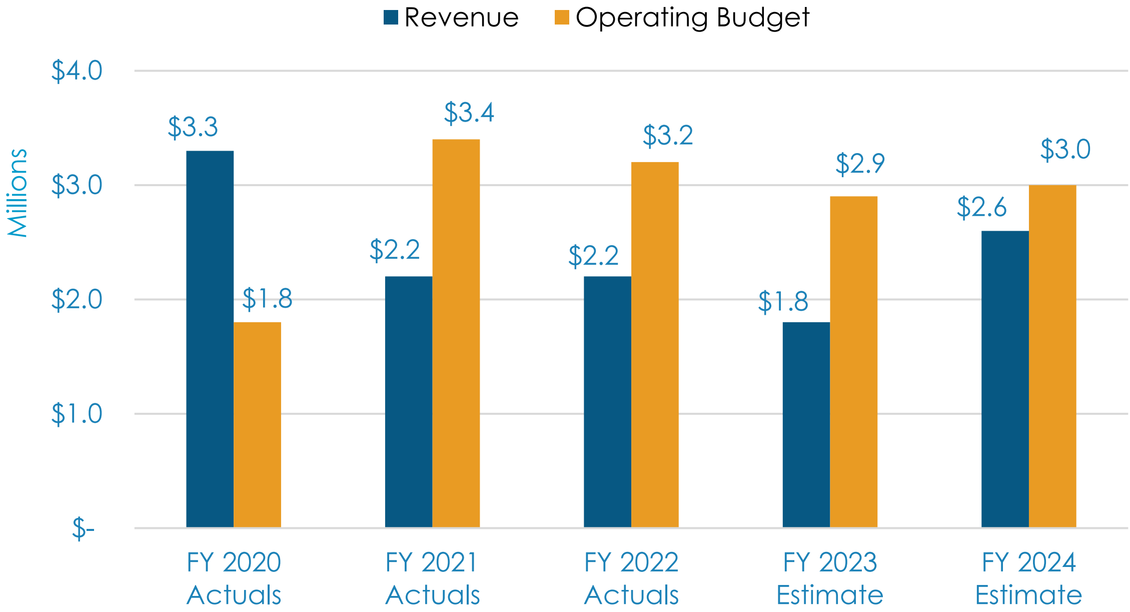
Fleet Operations





- ✓ Revenues – net decrease by $300K compared to the FY 2023 year-end estimate
  - ✓ Decrease in Internal Service Charges
- ✓ Expenditures – increase of $600K compared to the FY 2023 year-end estimate
  - ✓ Increase primarily related to fuel budget
- ✓ FY 2024 expenditures over revenues by $100K will use existing fund balance

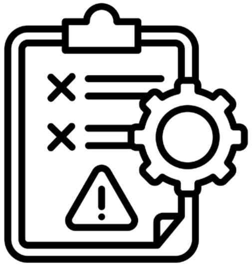
Proprietary Funds – Internal Service Funds
Workers' Compensation

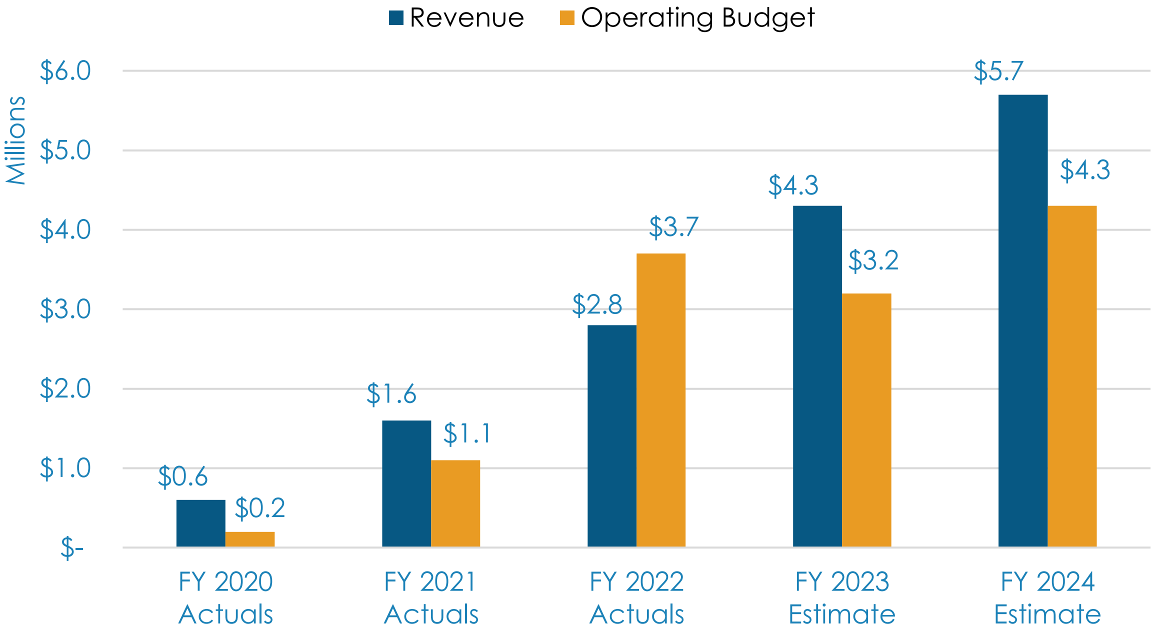


- ✓ Revenues – net increase by $800K compared to the FY 2023 year-end estimate
  - ✓ Increase in Internal Service Charges
- ✓ Expenditures – net increase of $100K compared to the FY 2023 year-end estimate
  - ✓ Increase primarily related to insurance premiums
- ✓ FY 2024 expenditures over revenues by $400K will use existing fund balance

Proprietary Funds – Internal Service Funds

Liability Risk Retention





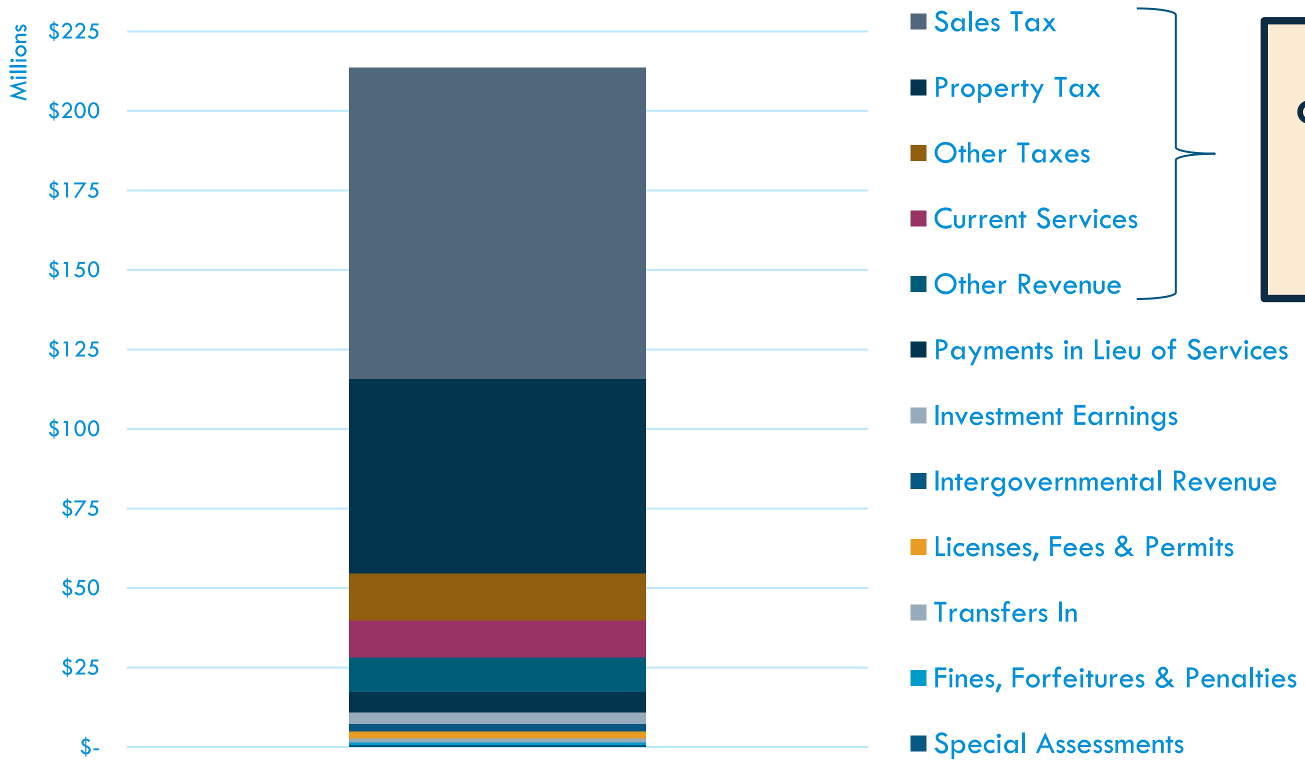
- ✓ Revenues – net increase by $1.4M compared to the FY 2023 year-end estimate
  - ✓ Increase in Internal Service Charges
- ✓ Expenditures – net increase of $1.1M compared to the FY 2023 year-end estimate
  - ✓ Increase primarily related to insurance premiums

Questions and Discussion on FY 2024 Proposed Budget – Internal Service Funds

General Fund

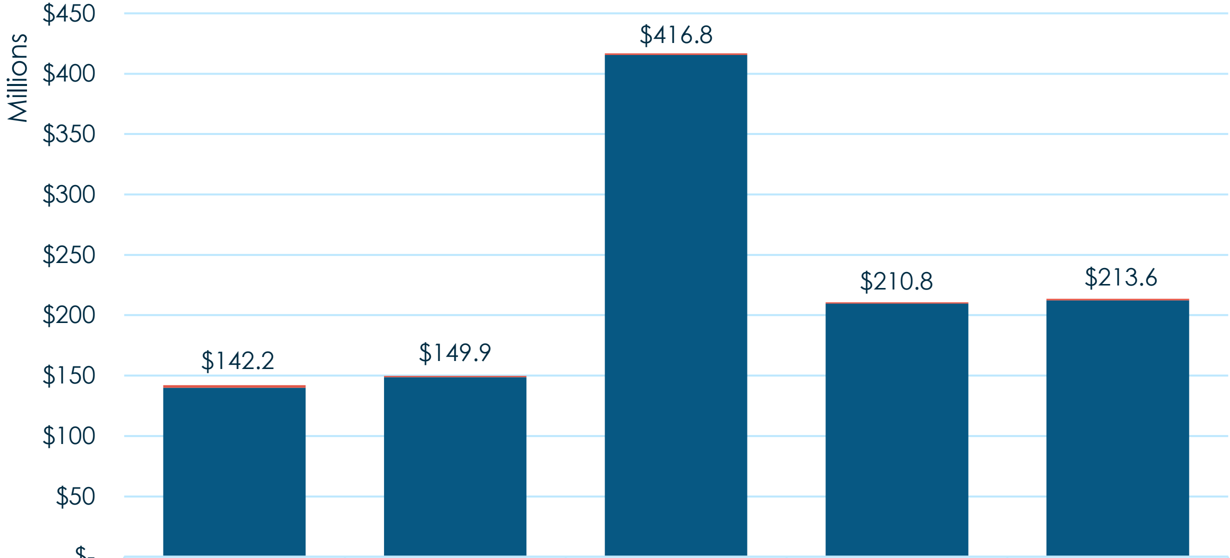
Measure X
General Fund Forecast

General Fund Inflows – FY 2024 Estimated $213.6 Million



These 5 categories make up 92% of General Fund Inflows

General Fund Inflows – FY 2024 Estimated $213.6 Million



	FY 2020 Actuals	FY 2021 Actuals	FY 2022 Actuals	FY 2023 Projected	FY 2024 Estimate
Transfers In	2.3	1.2	1.2	1.1	1.2
Revenue	139.9	148.7	415.6	209.7	212.4
Total Inflows	142.2	149.9	416.8	210.8	213.6

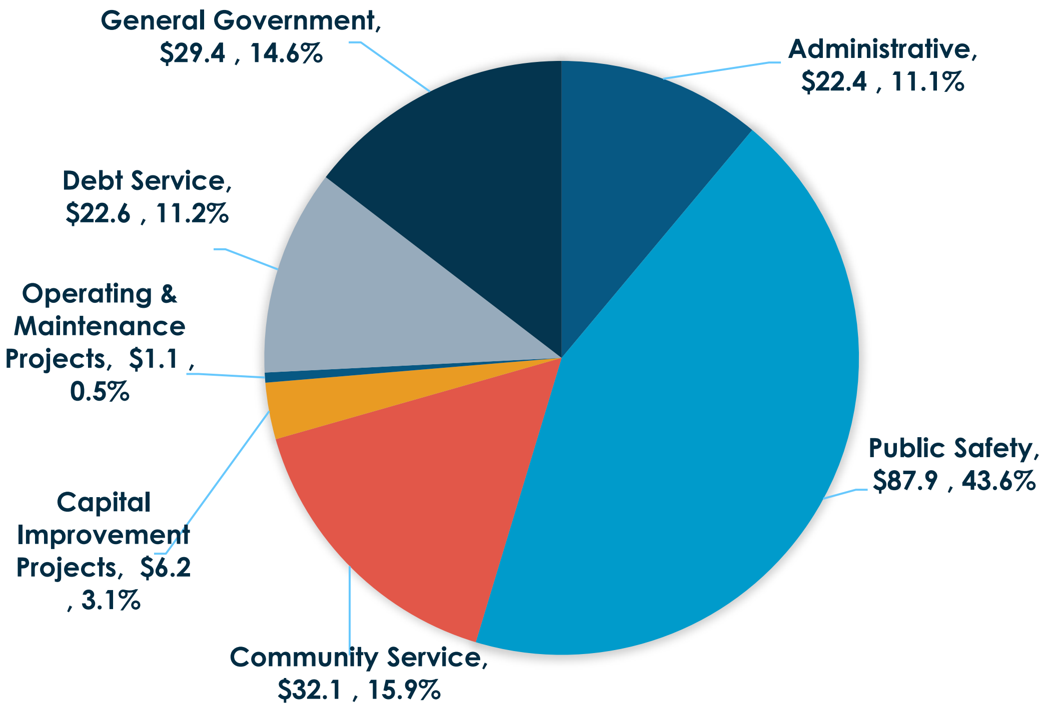
General Fund Inflows

Year Over Year Comparison

Totals Inflows Revenues + Transfers In	Estimated FY 2023	Estimated FY 2024	Variance		Comments
Property Tax	$ 59,638,155	$ 61,040,500	$ 1,402,345	↑	Increases in Secured Property Tax and Vehicle License Property Tax
Sales Tax	54,610,106	54,128,947	(481,159)	↓	Decrease of $569K in Sales Tax and increase of $65K in Prop 172 Allocation
Sales Tax - Measure X	43,789,700	43,789,200	(500)	↓	Temporary flattening of Sales Tax Receipts in FY 2024
Other Revenue	11,421,443	10,920,859	(500,584)	↓	Decreases of $194K for Rent/Lease Agreements, $300K in Fair Share Development Agreement, $63K for Misc. Income/Refunds, and $16K in Library Donations
Other Taxes	11,579,545	14,743,951	3,164,406	↑	Increases of $200K in Transient Occupancy Tax, $158K in Franchises, $24K in Business License Taxes, and $2.8M in Cannabis Taxes
Current Services	12,769,074	11,698,743	(1,070,331)	↓	Various increases and decreases throughout the various fees
Payments in Lieu of Services	6,052,862	6,445,705	392,843	↑	Increase in Reimbursement for Services to Other Funds (Cost Allocation Plan)
Intergovernmental Revenue	2,312,731	2,429,630	116,899	↑	Decrease of $325K in Federal Grant Revenue and increase of $400K in Fire Mutual Aid Reimbursement
Investment Earnings	3,751,510	3,465,795	(285,715)	↓	Decrease in Interest on Investments
Licenses, Fees & Permits	2,260,850	2,215,550	(45,300)	↓	Various increases and decreases throughout the various fees
Fines, Forfeitures & Penalties	889,522	843,700	(45,822)	↓	Decrease of $64K in Admin. Fines & Penalties and increase of $19K in Vehicle Code Fines
Special Assessments	672,490	679,215	6,725	↑	Based on number of units within special assessment areas
Total Revenues	**$ 209,747,988**	**$ 212,401,795**	**$ 2,653,807**	↑	
Transfers In	**$ 1,133,226**	**$ 1,235,696**	**$ 102,470**		Estimated transfer based on Gas Tax Fund revenues, Section 2107.
Total Inflows	**$ 210,881,214**	**$ 213,637,491**	**$ 2,756,277**	↑	

General Fund FY 2024 Expenditure Budget

Proposed FY 2024
$201.7 Million

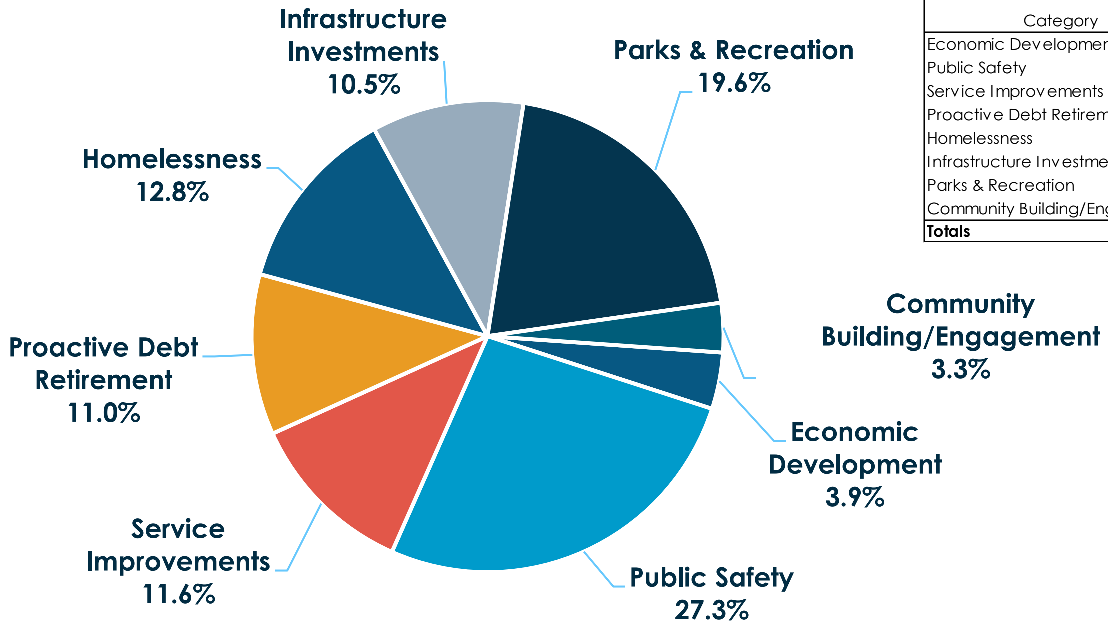


General Fund	
City Manager's Office	$ 10,409,428
Economic Development	1,590,768
Elected Officials	144,874
Finance	4,583,538
Human Resources	2,903,393
Information Technology	700,097
Legal & Risk Management	2,022,134
Administrative Departments	22,354,232
Fire	33,560,501
Police	54,355,320
Public Safety Departments	87,915,821
Community Services	17,639,929
Planning & Development	9,514,409
Public Works	4,962,864
Community Service Departments	32,117,202
Capital Improvement Projects	6,216,000
Debt Service	22,595,308
General Government	29,416,840
Operating & Matinentance Projects	1,114,760
Other	59,342,908
Total Operating Budget	**$ 201,730,163**

General Fund FY 2024 Expenditure Budget

Department	Personnel	Contractual	Materials and Supplies	Utilities	Projects	Grand Total	% of Total
City Manager's Office	$ 3,295,239	$ 6,327,309	$ 774,552	$ 12,328	$ -	$ 10,409,428	
Economic Development	884,183	556,000	147,435	3,150	-	1,590,768	
Elected Officials	108,124	-	33,150	3,600	-	144,874	
Finance	3,847,858	692,280	43,400	-	-	4,583,538	
Human Resources	2,041,641	379,132	481,120	1,500	-	2,903,393	
Information Technology	129,322	560,475	10,300	-	-	700,097	
Legal & Risk Management	1,767,571	233,148	19,195	2,220	-	2,022,134	
Subtotal Administrative Departments	12,073,938	8,748,344	1,509,152	22,798	-	22,354,232	11.1%
Fire	30,261,298	431,300	2,819,338	48,565	-	33,560,501	
Police	46,394,945	1,485,230	6,294,601	180,544	-	54,355,320	
Subtotal Public Safety	76,656,243	1,916,530	9,113,939	229,109	-	87,915,821	43.6%
Community Services	8,381,038	3,784,019	5,336,875	137,997	-	17,639,929	
Planning & Development	6,331,303	2,437,264	721,446	24,396	-	9,514,409	
Public Works	2,787,052	942,650	1,197,019	36,143	-	4,962,864	
Subtotal Community Service Departments	17,499,393	7,163,933	7,255,340	198,536	-	32,117,202	15.9%
Capital Improvement Projects (CIP)	-	-	-	-	6,216,000	6,216,000	
Debt Service	-	3,000	22,592,308	-	-	22,595,308	
General Government	8,689,142	1,343,395	15,073,161	4,311,142	-	29,416,840	
Operating & Maintenance Projects (O&I	-	-	-	-	1,114,760	1,114,760	
Subtotal Other	8,689,142	1,346,395	37,665,469	4,311,142	7,330,760	59,342,908	29.4%
Grand Total	**$ 114,918,716**	**$ 19,175,202**	**$ 55,543,900**	**$ 4,761,585**	**$ 7,330,760**	**$ 201,730,163**	
% of Total	57.0%	9.5%	27.5%	2.4%	3.6%		

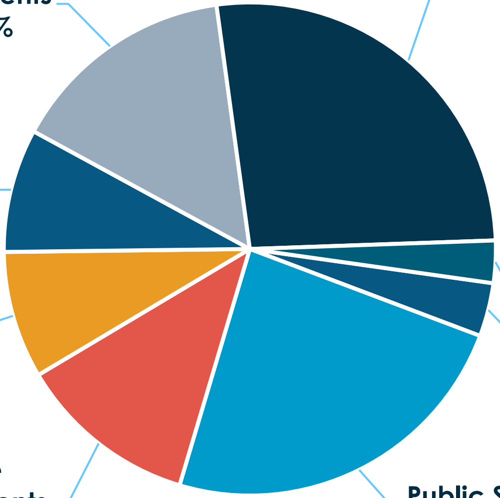
Proposed Measure X Allocations – FY 2024 Only



Category	Prev. Approved Recurring	FY 2024 New Recurring	FY 2024 New One Time	Total FY 2024 Funding	FY 2024 Reserves
Economic Development	$ 296,547	$ 146,400	$ 275,000	$ 717,947	$ 1,000,000
Public Safety	5,635,406	1,952,073	3,246,370	10,833,849	1,000,000
Service Improvements	4,057,532	34,940	1,049,380	5,141,852	-
Proactive Debt Retirement	2,886,976	-	-	2,886,976	2,000,000
Homelessness	5,678,068	-	-	5,678,068	-
Infrastructure Investments	225,290	243,749	2,156,218	2,625,257	2,000,000
Parks & Recreation	2,143,792	225,151	1,729,000	4,097,943	4,906,351
Community Building/Engagement	657,393	457,230	385,000	1,499,623	-
Totals	**$ 21,581,004**	**$ 3,059,543**	**$ 8,840,968**	**$ 33,481,515**	**$ 10,906,351**

FY 2024 Grand Total: Total FY 2024 Funding + FY 2024 Reserves $ 44,387,866

Proposed Measure X Allocations Cumulative (FY 2022 - FY 2024)

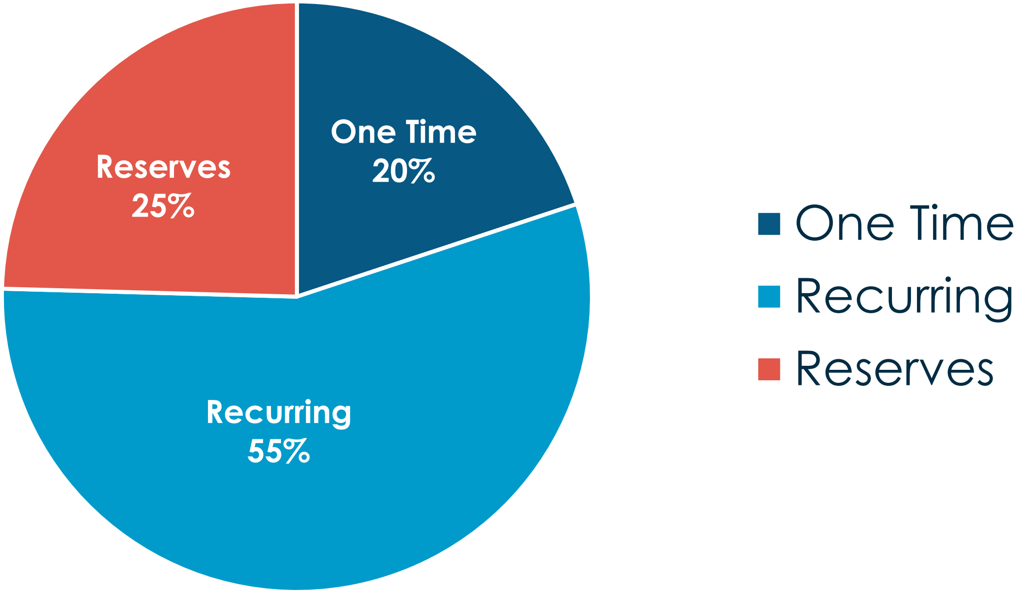


Category	Cumulative Recurring	Cumulative One Time	Cumulative Funding	Cumulative Reserves	% of Total
Economic Development	$ 1,104,085	$ 385,000	$ 1,489,085	$ 3,000,000	3.5%
Public Safety	16,709,262	9,798,958	26,508,220	4,037,531	23.9%
Service Improvements	13,926,391	1,232,620	15,159,011	-	11.9%
Proactive Debt Retirement	4,676,505	4,000,000	8,676,505	2,000,000	8.3%
Homelessness	10,371,074	-	10,371,074	-	8.1%
Infrastructure Investments	1,350,220	5,922,619	7,272,839	11,804,372	14.9%
Parks & Recreation	6,175,125	5,926,556	12,101,681	21,940,056	26.6%
Community Building/Engagement	1,978,354	1,575,265	3,553,619	-	2.8%
Totals	**$ 56,291,016**	**$ 28,841,018**	**$ 85,132,034**	**$ 42,781,959**	**100.0%**

Grand Total: Cumulative Funding + Cumulative Reserves $ 127,913,993

FY 2022 Actuals	39,163,529
FY 2023 Estimate	44,362,598
FY 2024 Estimate	44,387,866
Cumulative Total	$ 127,913,993

Measure X Investments Cumulative (FY 2022 - FY 2024)



General Fund Financial Forecast

	Actuals FY 2022	Adopted FY 2023	Projected FY 2023	Proposed FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028
Revenues	$ 415,570,311	$ 194,828,187	$ 209,747,988	$ 212,401,795	$ 219,131,983	$ 223,671,049	$ 228,453,104	$ 232,464,366
Transfers In	1,197,681	1,200,000	1,133,226	1,235,696	1,248,100	1,260,600	1,273,200	1,285,900
Inflows	**416,767,992**	**196,028,187**	**210,881,214**	**213,637,491**	**220,380,083**	**224,931,649**	**229,726,304**	**233,750,266**
Personnel Expenditures	(97,649,553)	(111,028,409)	(111,651,788)	(114,918,716)	(117,889,161)	(120,695,329)	(123,574,061)	(126,552,896)
Operating Expenditures	(40,754,779)	(45,198,111)	(46,791,615)	(56,885,379)	(54,208,500)	(54,349,200)	(55,149,900)	(54,926,200)
Debt Service / Principal Payments	(21,241,571)	(21,369,124)	(21,517,158)	(22,595,308)	(23,351,092)	(24,081,001)	(23,807,499)	(21,868,212)
Capital Improvement Projects	(8,052,861)	(4,913,858)	(4,756,970)	(6,216,000)	(5,817,103)	(3,765,000)	(3,654,000)	(3,465,000)
O&M Projects	-	-	-	(1,114,760)	(9,080,000)	(5,650,000)	(5,000,000)	(5,000,000)
Transfers Out	(269,916)	-	-	-	-	-	-	-
POB - Cost of Issuance (One Time)	(223,055,857)	-	-	-	-	-	-	-
Estimated Savings at Fiscal Year End	-	-	9,000,000	-	-	-	-	-
Outflows	**(391,024,537)**	**(182,509,503)**	**(175,717,531)**	**(201,730,163)**	**(210,345,856)**	**(208,540,530)**	**(211,185,461)**	**(211,812,309)**
Inflows Over Outflows	**$ 25,743,455**	**$ 13,518,684**	**$ 35,163,683**	**$ 11,907,328**	**$ 10,034,227**	**$ 16,391,119**	**$ 18,540,843**	**$ 21,937,958**
Less Measure X Reserves	(23,327,465)	(13,106,797)	(24,804,811)	(10,906,351)	(9,338,061)	(13,174,929)	(13,861,135)	(15,175,102)
Less Pension Trust Reserves			(2,553,668)	(642,220)	(655,064)	(661,600)	(668,200)	(674,900)
Add Park Bond Reserve Funding - Skyline Project*				600,000				
Remaining Inflows Over Outflows	**$ 2,415,990**	**$ 411,887**	**$ 7,805,204**	**$ 958,757**	**$ 41,102**	**$ 2,554,590**	**$ 4,011,508**	**$ 6,087,956**

**Pending discussion at June Parks & Recreation Commission Meeting*

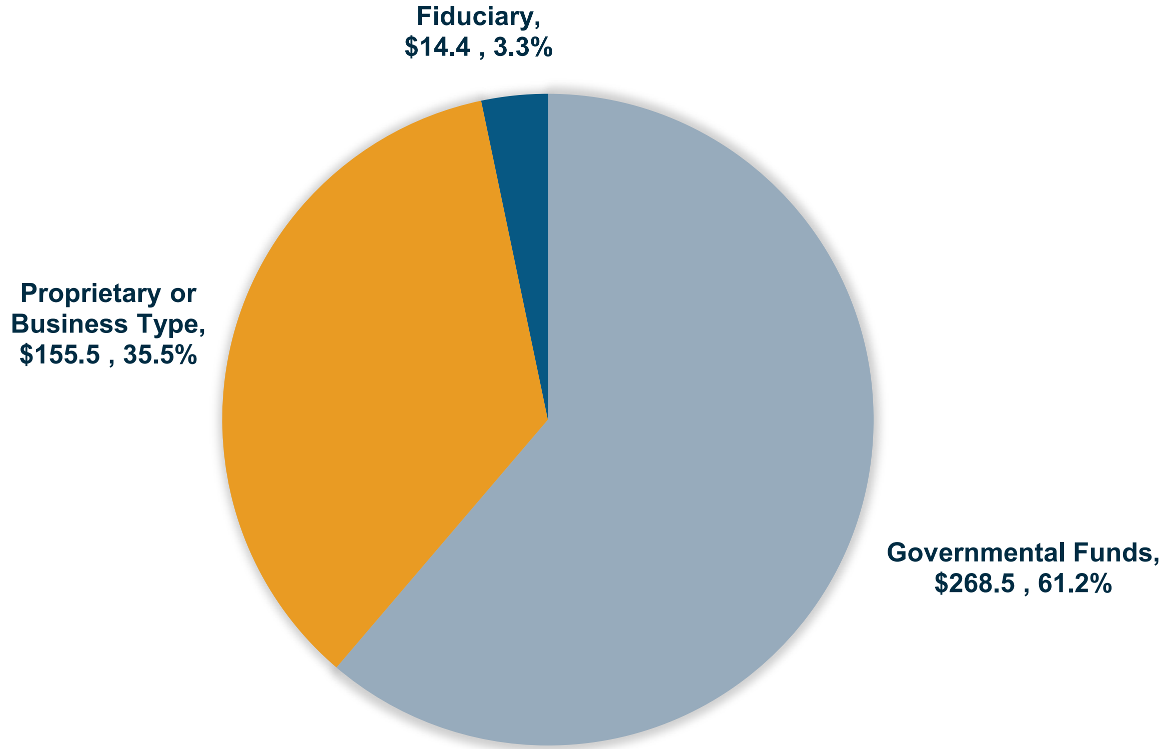
Questions and Discussion on FY 2024 Proposed Budget – General Fund and Measure X

FY 2024 Budget Overview Summary

Revenue Estimates – All Funds

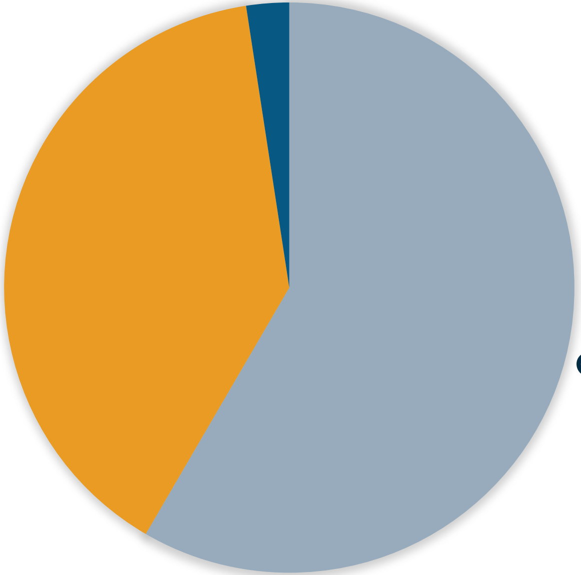
Estimated FY 2024
$438.4 Million

Governmental Funds	
General Fund	$ 212,401,795
Special Revenue	39,416,597
Capital Projects	16,640,350
Subtotal	268,458,742
Proprietary or Business Type	
Enterprise	128,097,667
Internal Service	27,451,887
Subtotal	155,549,554
Fiduciary Funds	
Agency Funds	6,736,773
Private Purpose Trust	7,635,383
Subtotal	14,372,156
Total	**$ 438,380,452**



Expenditure Budget – All Funds

Proposed FY 2024
$437.3 Million



Governmental Funds	
General Fund	$ 201,730,163
Special Revenue	38,067,854
Capital Projects	15,549,900
Subtotal	255,347,917
Proprietary or Business Type	
Enterprise	145,144,794
Internal Service	26,195,569
Subtotal	171,340,363
Fiduciary Funds	
Agency Funds	7,621,669
Private Purpose Trust	2,967,553
Subtotal	10,589,222
Total	**$ 437,277,502**

What's next?

- **CIP information to Planning and Parks & Recreation Commissions**
  - May 22, 2023 & June 13, 2023

- **FY 2024 Budget Adoption**
  - June 21, 2023

Questions?

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