



# COUNTY OF RIVERSIDE

Western States Institutional Investors Conference

March 4, 2014



## **BACKGROUND**

### **Ivan M. Chand, Deputy County Executive Officer**

- ❖ Former Assistant Auditor Controller, County of Riverside
- ❖ Former Finance Director, Riverside County Flood Control District
- ❖ Former Chief Financial Officer, Riverside County Transportation Commission



## COUNTY HIGHLIGHTS

- ❖ The County effectively managed its way through the recent economic downturn
- ❖ We are in good shape today!
- ❖ The key to the future is learning from the past and maintaining fiscal discipline



## THE COUNTY EFFECTIVELY MANAGED ITS WAY THROUGH THE RECENT ECONOMIC DOWNTURN

### ❖ Proactive actions

- Across the board budget cuts / hiring freeze / 1,340 early retirements
- Implementation of 2<sup>nd</sup> tier / increased employee contributions
- Prudent use of reserves; maintained above the 15% policy

### ❖ Active financial management practices

- Monthly revenue / expenditure monitoring
- Quarterly board updates



## WE ARE IN GOOD SHAPE TODAY

- ❖ Revenues are up \$34 million (5.8%) over originally adopted FY 13-14 Budget
- ❖ The County has 18,028 employees, down from 18,912 in 2008
  - The County is doing more with less
- ❖ Labor contracts are in place for 2 years
  - 2<sup>nd</sup> Tier implemented and eliminated employer paid member contributions
- ❖ Pension funding is close to target level (80% Funding)
  - Miscellaneous is funded at 80% / Safety is funded at 79%
- ❖ County finances reflect a diverse and rebounding economy



## **THE KEY TO THE FUTURE IS LEARNING FROM THE PAST & MAINTAINING FISCAL DISCIPLINE**

- ❖ Monthly cash flow monitoring / quarterly budget updates to the Board
  
- ❖ Maintaining management policies
  - Reserves / Investment / Debt management / Liquidity / CIP
  - Moderate overall debt levels
  
- ❖ Articulation of primary goals for the County
  - Foster a business centric atmosphere
  - Maintain a healthy environment
  - Leverage technology to delivery County services effectively



# BENCHMARKS IN PLACE

- ❖ County approves the budget health benchmarks
  - Regularly updated
  - Basis for budgeting since FY 05-06

Riverside County Budget Health Benchmarks											
	Target	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14**
<b>Reserve for Economic Uncertainty*</b>	15%	3%	20%	15%	15%	15%	12%	25%	21%	22%	22%
<b>Contingency*</b>	4%	4%	4%	5%	4%	4%	5%	3%	3%	4%	3%
<b>General Obligation Rating</b>											
Moody's		A1	A1	A1	A1	Aa3	Aa3	Aa2	Aa3	Aa3	
S&P		AA-	AA-	AA	AA	AA	AA	AA	AA	AA	
Fitch		--	AA	AA	AA	AA	AA	AA	AA-	AA-	

\*\* Estimate as of the beginning of FY 13-14



## NEAR TERM CHALLENGES

- ❖ Jails are a priority, but the County will only build a jail if it can afford to operate it
  - Indio Correctional Facility has \$20-25 million in capital costs in FY 15/16; Operational costs of \$50 million in FY 16/17
  
- ❖ Riverside County Regional Medical Center is an enterprise fund
  - Additional support from tobacco revenues and RDA pass-throughs
  - Budget shortfall of \$30 million in FY 12/13
  - Monthly reporting to the CEO on financial condition
  - Outside consultant is examining efficiency changes to help implement Affordable Care Act





## **CONTACT INFORMATION**

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# CONCLUSION