



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JANUARY 24, 2023

FROM: FINANCE DEPARTMENT WARDS: ALL

SUBJECT: FISCAL YEAR 2021/22 FOURTH QUARTER REPORT AND CARRYOVER OF UNEXPENDED FUNDS

ISSUE:

Receive and provide input on the Fiscal Year 2021/22 Fourth Quarter Financial Report; approve citywide carryovers; and provide direction on the use of surplus General Fund reserves.

RECOMMENDATIONS:

That the City Council:

1. Receive and provide input on the Fiscal Year 2021/22 Fourth Quarter Financial Report;
2. With at least five affirmative votes, approve a carryover of unexpended funds of approximately \$3.3 million in the General Fund and \$39.3 million in other City funds into Fiscal Year 2022/23; and
3. Approve staff's recommendation on the use of the projected \$34.7 million in surplus reserves in the General Fund.

BACKGROUND:

On June 22, 2021, the City Council adopted Resolution No. 23720, approving the Fiscal Year (FY) 2021/22 Annual Budget.

On January 18, 2022, the City Council received and provided input on the FY 2021/22 First Quarter Financial Update and approved mid-cycle budget adjustments. Budget adjustments related to rescinding the adopted vacancy savings balance measure in the General Fund were not recorded because they were approved contingent upon the certification of the General Fund Transfer election results (Measure C). The City received a final ruling on the Measure C certification late in the fiscal year, which did not leave sufficient time to roll back the vacancy savings target. All positions are funded in the adopted FY 2022-2024 Biennial Budget.

On March 15, 2022, the City Council received the FY 2021/22 Second Quarter Financial Update and approved supplemental appropriations and interfund transfers.

The City Council received the FY 2021/22 Third Quarter Financial Update on June 14, 2022.

DISCUSSION:

Following the close of each fiscal year, the City's independent auditor performs an audit of the City's financial statements. The FY 2021/22 Fourth Quarter Financial Report precedes the audit report and therefore presents **unaudited financial projections; however, we do not anticipate any material changes to the financial data.** The audit report is expected to be completed in late December, followed by presentations to the Financial Performance and Budget Committee and City Council.

Refer to Attachment 1 for a comprehensive Financial Report of the City's General Fund and Measure Z.

General Fund

The adopted FY 2021/22 budget for the General Fund was balanced with a \$10 million balancing measure in the form of a vacancy savings target to offset a projected structural deficit. The Fire Department's \$2 million vacancy savings target was accommodated via a transfer of fourteen (14) Fire personnel to the Measure Z Fund for the adopted budget year only.

The General Fund's unaudited actuals present a net gain of \$31.45 million net of encumbrances and recommended carryovers. This result is primarily due to continued exceptional sales tax revenue performance and significant personnel savings resulting from retention and recruitment challenges. Refer to Attachment 1 for an in-depth analysis of these items.

General Fund revenues were 2.6% (\$10.77 million) higher than the total revenue estimate in the adjusted budget, excluding unbudgeted Fire Mutual Aid revenues. Sales tax projections were increased by 19% (nearly \$13 million) in the First Quarter Financial Report based on FY 2020/21 actual performance. Staff maintained that projection throughout the fiscal year, pending sales tax results of the fourth calendar quarter – the holiday season – which is a strong indicator of the stability of sales tax revenue trends. The results of the fourth calendar quarter were received late in the fiscal year, which precluded a formal revenue adjustment. Final sales tax results ended \$9.62 million above the First Quarter adjusted projection. Unlike prior year increases in sales tax revenue, which were driven by consumption, the current trend and increase in sales tax revenue is predominantly the result of inflationary factors. Sales tax revenue in the General Fund has increased by 33% since FY 2018/19.

The net result of personnel savings exceeding the \$7.89 million vacancy savings target by \$10.62 million is attributable to significantly higher vacancy rates experienced by most departments in FY 2021/22 as compared to that for FY 2020/21. The City faced retention, recruitment, and hiring issues during FY 2021/22, consistent with other public agencies per a 2022 Workforce Survey conducted by MissionSquare Research Institute in collaboration with the International Public Management Association for Human Resources (IPMA-HR) and the National Association of State Personnel Executives (NASPE). Refer to Attachment 1 for a comparison of vacancy rates per department in the last two fiscal years and HR strategies to fill position vacancies.

Encumbrances and project/grant appropriations totaling \$6.5 million are carried forward to FY 2022/23 as allowed per the Riverside Municipal Code. An additional \$3.3 million in the carryover of restricted and discretionary funds is recommended for Council approval (refer to Attachment 1,

Appendix A).

The General Fund is expected to end the fiscal year with \$34.7 million in surplus reserves. The General Fund Reserve policy adopted by City Council on September 6, 2016, states: "If at any time the Surplus Reserves exceed 10% of the General Fund expenditure budget during a fiscal year (for a total of a 25% General Fund Reserve balance), staff must present a plan to the City Council with options for appropriate uses for the excess funds to bring the General Fund Reserve balance to the 25% level or below."

In recent months, the City entered MOU negotiations with each of the City's bargaining units with a strategic fiscal plan to utilize anticipated surplus reserves to help fund salary increases and stipends for City employees over the next three fiscal years, in addition to the adopted budget surpluses of approximately \$5 million in FY 22/23 and \$7 million in FY 23/24, increases in annual sales tax projections, and other factors. The MOU impacts in the General Fund are expected to exceed \$48 million over three years. Staff recommends allocating \$15 million of surplus reserves toward future MOU impacts.

While the short-term outlook for the General Fund has improved with continuing strong performance in sales tax revenue and modest growth in other revenue sources, there are still significant financial issues that present challenges to the long-term fiscal health of the General Fund:

- The financial markets continue to impede the financial performance of the CalPERS retirement fund, which ended in negative territory with a revised 7.5% loss on investments for fiscal year ending June 30, 2022. Positive investment gains in the previous fiscal year will allow the City to face the immediate fiscal impact to the required UAL payments; however, future investment returns, if negative, will significantly increase the City's unfunded liability and annual payment requirements putting added pressure on personnel costs.
- The City needs to formally establish a long-term program for infrastructure investment in much needed deferred maintenance and capital investments. Current needs are typically addressed with one-time revenues and savings which is an unsustainable practice. While over \$1.6 billion in capital asset investments were made during the Riverside Renaissance period in the mid-2000's, planning for the ongoing maintenance of those investments was not included in subsequent budgets.
- While the City has received a temporary reprieve in the Measure C litigation, the City needs to strategically position itself against future challenges to the General Fund Transfer to mitigate the risk to City services that would result from the loss of this heavily relied upon revenue source.

Staff recommends the following use of surplus reserves which will help fund employee salary increases and two major fiscal challenges described above:

RECOMMENDED USE OF SURPLUS RESERVES

(in millions)

Projected Surplus Reserves	\$ 34.70
Proposed Use of Surplus Reserves	
MOU Impacts	\$(15.00)
Capital Replacement Fund	(10.00)
Section 115 Trust	(9.70)
Total	\$(34.70)
Remaining Surplus Reserves	\$ 0.00

A Capital Replacement Fund was established to accumulate resources for the maintenance and/or replacement of capital assets with an infusion of \$10.62 million of FY 2020/21 surplus reserves. The City needs to establish a long-term revolving program for infrastructure investment in much needed deferred maintenance and capital investments. Current needs are typically addressed with one-time revenues and savings, which is an unsustainable practice. Staff recommends setting aside additional reserves of \$10 million from FY 2021/22 surplus reserves. A policy for the ongoing use and replenishment of capital replacement reserves will be created and presented for City Council consideration at a future date.

The Section 115 Trust was established to support the long-term fiscal management of the CalPERS UAL. The establishment of the Trust will allow the City to smooth the combined UAL and POB payment requirements to avoid spikes in the payment schedules and significant pressure to General Fund finances in future years. The current value of Trust assets is \$19.4 million. Staff recommends contributing \$9.7 million from FY 2021/22 surplus reserves to the Section 115 Trust.

Measure Z

To help address the service cuts as well as a portion of the City’s critical unfunded needs, at staff’s recommendation, the Mayor and the City Council placed a measure on the November 8, 2016 ballot for a one-percent increase in the City’s sales tax rate. The November 8, 2016, Measure Z ballot presented to voters asked them to consider a yes or no vote to:

“...prevent cutting police, firefighters, paramedics, 911 emergency response, antigang/drug programs, homelessness reduction and youth after-school/senior/disabled services; to repair local streets/potholes/infrastructure; and to provide other general services, shall a one-cent transaction and use tax (sales tax) be implemented providing \$48,000,000 annually through 2036 unless extended by the voters, requiring independent audits with no funds to Sacramento, all funds remaining for Riverside?”

The residents of Riverside approved Measure Z with almost 60% approval. The Measure Z tax became effective April 1, 2017, increasing the City’s sales tax rate from 7.75% to 8.75%. Measure Z will sunset in 2037 unless it is approved again in a mandatory election in November 2036.

Total revenues for the Measure Z Fund came in \$8.81 million higher than the revised budget and 15.5% higher than the previous fiscal year. Sales tax revenue in the Measure Z fund has increased

by nearly 34% since FY 2018/19. Expenditures recorded in FY 2021/22 total \$67.86 million. Encumbrances of \$18.65M and capital carryovers of \$13.93M have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code. Staff is requesting Council approval of an additional \$16.47M in discretionary (non-capital) carryovers. Refer to Attachment 1, Appendix B for inception-to-date revenue and expenditure reporting for Measure Z.

Actual Measure Z revenues of \$83.91M and expenditures of \$67.86M produced a net increase of fund reserves of \$16.05M. Projected unallocated fund reserves (unaudited) are anticipated to total \$42.09M net of encumbrances and recommended carryovers totaling \$49.05M. The FY 2022-2024 Biennial Budget includes a Five-Year Spending Plan with a programmed draw on reserves through FY 2026/27 totaling \$33M. Staff recommends that unallocated reserves remain intact pending a mid-cycle budget update which will incorporate the fiscal impact of MOU negotiations for Measure Z's 181 funded positions.

Electric Fund

The FY 2021/22 adopted budget for the Electric Fund included a programmed \$7.4 million operating deficit and draw on fund reserves. This is a financial strategy employed to draw reserves down to keep rate increases as low as possible. Unaudited fiscal year-end results present a budgetary operating gain of \$5.7 million, inclusive of outstanding encumbrances and carryovers of \$13.8 million.

Revenues came in \$6.91 million less than projected, primarily due to fiscal year-end accounting adjustments, including a \$10.5 million write-down of investments to market value. Retail sales came in as projected. Operating expenditures net of encumbrances and recommended carryovers are \$32.40 million (7.8%) less than total budget, primarily resulting from personnel savings of \$29.69 million due to a high vacancy rate during the fiscal year. Power supply costs that came in \$14.33 million (6.6%) higher-than-budget due to higher-than-expected energy costs. The net effect of significant expenditure savings offsetting revenue losses is an operating gain of \$5.69 million. The Electric Fund's reserve level at fiscal year-end is expected to be within established policy levels; results are pending the completion of the financial audit.

Carryovers totaling \$9.2 million are recommended for Council approval (refer to Attachment 1, Appendix A).

Water Fund

The FY 2021/22 adopted budget for the Water Fund included a projected \$7.2 million operating gain with approximately \$3.4 million to be used to fund \$21.5 million in capital projects in FY 2021/22 supplemented by bond proceeds. Revenues are \$4.2 million (4.9%) above projections largely due to one-time unbudgeted items. Expenditures are \$8.0 million (7.6%) below budget primarily as a result of personnel savings generated by a high vacancy rate throughout the fiscal year. Unaudited fiscal year-end results present a budgetary operating gain of \$13.9 million, inclusive of outstanding encumbrances and carryovers of \$4.52 million. The Water Fund's reserve level at fiscal year-end is expected to be within established policy levels; results are pending the completion of the financial audit.

Carryovers of approximately \$966,000 are recommended for Council approval (refer to Attachment 1, Appendix A).

Refuse Fund

The FY 2021/22 adopted budget for the Refuse fund included a projected \$1 million net operating loss due to rising costs outpacing revenues. In addition to the budgeted deficit, the carryover of FY 2020/21 unexpended operating funds totaling \$3.02 million in the form of encumbrances and carryovers presented a potential operating loss of \$3.99 million. The Refuse Fund began FY 2021/22 with fund reserves of \$6.52 million. Unaudited fiscal year-end results present a budgetary operating loss of \$3.15 million, inclusive of outstanding encumbrances and carryovers of \$4.41 million. Capital expenditures totaling \$0.04 million were recorded during the fiscal year, inclusive of \$0.02 million of encumbrances that have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code. The Refuse Fund is expected to end FY 2021/22 with \$3.33 million in fund reserves; results are pending the completion of the financial audit. In the absence of a rate increase or other corrective action, fund reserves are projected to be almost fully depleted by the end of FY 2023/24 based on the adopted FY 2022-2024 biennial budget and the estimated \$1.2 million fiscal impact of MOU negotiations over the contract period of July 1, 2022, through June 30, 2025.

In April 2022, the Public Works Department initiated the emergency services provision of its contract with Burrtec to temporarily provide additional residential solid waste collection services due to extended vacancies in the Solid Waste Division. A combination of the onboarding process for new staff, delayed equipment arrivals, and staffing availability challenges have proven to be impediments to restoring service to pre-pandemic levels. On June 28 and October 18, 2022, staff presented a comprehensive update to the City Council regarding hiring, vacancies, and the state of equipment for the Public Works Solid Waste Division.

Carryovers of approximately \$114,000 are recommended for Council approval (refer to Attachment 1, Appendix A).

Sewer Fund

The FY 2021/22 adopted budget for the Sewer Fund Included a projected \$4.6 million net operating gain to be used alongside fund reserves to fund \$22 million of planned capital projects. Actual revenues are within 2% of projections; expenditures savings of 15% are projected at fiscal year-end and are primarily attributable to personnel savings of \$5.44 million due to vacancies and attrition. At June 30, 2022, the Sewer Fund had 21.00 FTE vacancies, representing a vacancy rate of 18%. Unaudited fiscal year-end results present a budgetary operating gain of \$4.73 million, inclusive of outstanding encumbrances and carryovers of \$10.21 million. The Sewer Fund is expected to end the fiscal year with \$55.54 million in fund reserves; results are pending the completion of the financial audit.

Carryovers of approximately \$16,000 are recommended for Council approval (refer to Attachment 1, Appendix A).

Public Parking Fund

The Public Parking Fund has been monitored throughout FY 2021/22 as a fund with ongoing financial concerns. Public Parking Fund reserves at the beginning of FY 2021/22 are \$1.57 million, or \$0.26 million net of prior year encumbrances. The adopted FY 2021/22 budget projected a draw on fund reserves of \$0.92 million due to the lingering impacts of the pandemic on parking revenues, maintenance costs of aging infrastructure, and parking fees not keeping pace with operating costs. Actual revenues are \$650,000 (10.5%) higher than projected. A \$1.3 million American Rescue Plan Act (ARPA) allocation for revenue replacement funding helped to offset operating revenues which came in \$650,000 lower than projected. Expenditure savings of \$1.9

million (22.0%) are attributable to a personnel savings resulting from a high vacancy rate and deferred costs to help offset lagging revenues. Unaudited fiscal year end results present a budgetary operating gain of \$0.25 million after outstanding encumbrances of \$0.19 million. Ending fund reserves are projected at \$1.81 million, inclusive of \$1.3 million in ARPA revenue replacement funds.

Entertainment Fund

The Fox Theater received a Shuttered Venue Operator Grant totaling \$3.48 million. The grant amount will be used to offset the venue's operating losses driven by the effects of the pandemic, and the excess FY 2021/22 General Fund subsidy will remain intact in the fund to address the critical unfunded capital maintenance needs of the Fox Theater.

Carryovers

A total of \$42,625,857 is recommended for Council approval, comprised of \$4,902,211 in restricted funding and \$37,723,645 in discretionary funding.

Restricted Carryovers represent appropriations of funding designated for a specific use per a third-party agreement, including donations, endowments, and grant matches.

Discretionary Carryovers include amounts appropriated for a specific purpose in previous periods but unexpended due to timing or for other reasons. Discretionary carryovers may also include a reallocation of amounts from their original purpose to a new purpose, which was not funded in the adopted budget due to budget constraints.

Refer to Attachment 1, Appendix A for a detailed listing of carryover requests.

STRATEGIC PLAN ALIGNMENT:

The reporting and presentation of financial results align with **Strategic Priority 5 – High Performing Government** and **Goal 5.3** – Enhance communication and collaboration with community members to improve transparency, build public trust and encourage shared decision-making.

Financial reporting aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – Presentation of financial results provides a transparent view and communication of City finances in a forum that accommodates community engagement and the involvement of the Budget Engagement Commission.
2. **Equity** – The financial report is available to all members of the public via the City website, and the presentation of the financial report in a public forum accommodates community engagement from all members of the public.
3. **Fiscal Responsibility** – The financial report and proposed recommendations, including the use of surplus reserves, demonstrate the City's commitment to responsible management of the City's financial resources.
4. **Innovation** – The proposed recommendations, including the use of surplus reserves demonstrate innovative monitoring and management of City finances.

- 5. **Sustainability & Resiliency** – The financial reports, methodologies, and strategies implemented by staff, including recommendations regarding the use of surplus reserves that invest in the City’s future, demonstrate the City’s commitment to the long-term fiscal health of the City and sustainable provision of City services.

FISCAL IMPACT:

The General Fund ended FY 2021/22 in far better condition than the adopted FY 2021/22 budget projected, thereby allowing the City to maintain a 20% reserve level per the General Fund Reserve Policy and producing surplus reserves that will help to fund the fiscal impact of recent and ongoing MOU negotiations, as well as continue critical fiscal strategies that will contribute to the long-term financial health of the General Fund. As a result of the current year’s financial performance, General Fund surplus reserves are expected to be \$34.7 million after Council approval of carryover recommendations totaling \$3.33 million. With Council approval, the surplus reserves will be fully allocated as previously described to MOU fiscal impacts and other fiscal strategies that will enhance the City’s long-term financial health.

Following Council approval of \$16.47 million in carryovers, the Measure Z Fund is expected to end FY 2021/22 with \$41.94 million in unallocated reserves, the majority of which was allocated to critical unfunded needs during the development of the FY 2022-2024 Biennial Budget.

The City’s major enterprise funds (Electric, Water, and Sewer) are expected to end the fiscal year with positive reserve balances within established policy requirements. While the Public Parking Fund experienced a slight operating gain, it will continue to be monitored as a fund with ongoing financial concerns until a new parking rates and hour schedule is adopted. The Refuse Fund experienced an operating loss as revenues were not able to keep pace with costs and operations continue to rely on contracted collection services due to extended vacancies. The final results are pending the conclusion of the City’s financial audit.

There is no new fiscal impact for the approval of carryovers because the funding was approved by the City Council in June 2021 with the adoption of the FY 2021/22 budget.

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Approved as to availability of funds: Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer
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Approved as to form: Phaedra A. Norton, City Attorney

- Attachments:
- 1. Financial Report and Carryover Recommendations
 - 2. Presentation



FY 2021/22

23-0204 - Financial Report

(Major Funds)



FISCAL YEAR ENDED

JUNE 30, 2022





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GENERAL FUND

The City adopted a biennial budget and five-year planning process in 2016 to provide a more informative, long-term outlook on City finances. Several circumstances prompted the City to adopt a one-year budget for Fiscal Year (FY) 2021/22, including:

- The unpredictable impacts of the COVID-19 Pandemic on City finances;
- The pending outcome of the legal challenge to the General Fund Transfer (GFT) from the Electric Fund and ongoing contingency planning efforts; and,
- The application of Priority Based Budgeting (PBB) in the FY 2022-2024 biennial budget.

Through the adoption of a one-year budget, the City would be able to focus on immediate fiscal challenges and balancing measures. The City Manager's direction to departments for the FY 2021/22 budget was to maintain a flat budget in discretionary non-personnel costs with exceptions including new spending approved by the City Council during the current fiscal year and non-discretionary items, such as election costs. The FY 2021/22 General Fund adopted budget totaled \$286.97M with the incorporation of a \$10M balancing measure spread proportionally among City departments as vacancy savings targets.

***Balancing Measure:** A balancing measure comprised of a \$7.89M vacancy savings target and \$2.11M from other methods was incorporated into the budget to address the General Fund's projected structural deficit.*

General Fund Results at a Glance (Unaudited)

2.6%
Revenues Exceeded
Revised Budget Projections*

*Excludes \$2.99M unbudgeted Fire Mutual Aid revenue

6.3%
Projected
Expenditure Savings

\$31.45
NET GAIN
Net of Carryovers

The General Fund's **unaudited** actuals present a net gain of \$31.45M net of encumbrances and recommended carryovers, primarily due to revenues performing exceptionally well and actual personnel savings exceeding the vacancy savings target by \$10.62M.

GENERAL FUND SUMMARY

(in millions)	Adopted Budget	Adjusted Budget	Unaudited Actuals
Incoming Resources	\$ 286.97	\$ 301.83	\$ 312.60
FY 2021/22 Expenditures	\$ 286.97	\$ 289.09	\$ 271.32
FY 2020/21 Encumbrances		4.98	
FY 2020/21 Carryovers		2.48	
FY 2021/22 Encumbrances			6.50
FY 2021/22 Carryovers			3.33
Total Outgoing Resources	\$ 286.97	\$296.55	\$281.15
Projected Net Gain / (Loss)	\$ -	\$ 5.28	\$31.45

Revenue

When developing revenue projections for the adopted budget, staff considered the ongoing impact of the pandemic and potential recovery period for individual revenues, projecting some revenues below FY 2018/19 actuals – the City’s most recent “normal” year. Other revenues remained steady or demonstrated growth despite the impacts of the COVID-19 pandemic, such as sales tax. Utility Users Tax and the General Fund Transfer (GFT) were based on electric and water revenue projections with no contingencies for the legal challenge to the Electric GFT: contingency planning continued separately from the budget development process pending the placement of a measure on the November 2021 ballot seeking to reaffirm the Electric GFT.

With the First Quarter Financial Report, revenue projections were adjusted upward by \$13.68 million based on FY 2020/21 actual results, performance to date, and potential COVID-19 impacts through the end of the fiscal year. Despite the significant adjustment, third quarter analysis revealed that General Fund revenue projections may exceed revised revenue estimates. Actual revenues came in higher than the revised budget by \$7.79M, or 2.6% excluding \$2.99M in Fire Mutual Aid revenues which are not budgeted. The following table includes the impact of Fire Mutual Aid revenue in the Other Revenues and Transfers In category.

ALTHOUGH SALES TAX THROUGH THE THIRD QUARTER OF FY 2021/22 HAS CONTINUED A STRONG UPWARD TREND, IT IS PREDOMINANTLY THE RESULT OF INFLATIONARY FACTORS. ACTUAL RESULTS THROUGH THE END OF THE FISCAL YEAR DEPEND ON HOW CONSUMERS AND RETAILERS RESPOND TO INFLATION AND ITS IMPACTS ON SLOWING THE ECONOMY. CONSUMERS MAY MOVE TOWARD ESSENTIALS VERSUS DISCRETIONARY MERCHANDISE.

– City of Riverside Fiscal Update, Quarter Ending March 31, 2022

FISCAL YEAR REVENUE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals	\$ Variance	% Variance
Property Taxes	\$ 76.67	\$ 76.94	\$ 77.87	\$ 0.93	1.2%
Sales and Use Tax	68.27	81.16	90.78	9.62	11.9%
Utility Users Tax	31.07	31.56	32.47	0.91	2.9%
Transient Occupancy Tax	6.12	6.12	8.76	2.64	43.1%
Franchise Fees	5.40	5.62	5.95	0.33	5.9%
Licenses & Non-Developer Permits	8.38	8.78	9.47	0.69	7.9%
Non-Development Charges for Services	9.78	8.95	10.38	1.43	16.0%
Developer Fees & Charges for Services	6.93	6.71	6.91	0.20	3.0%
General Fund Transfer	48.21	48.21	47.14	(1.07)	-2.2%
Measure Z Transfer	18.27	18.27	18.27	-	0.0%
Other Revenues & Transfers In	7.87	9.51	4.60	(4.91)	-51.6%
Total Revenues & Transfers In	\$ 286.97	\$ 301.83	\$ 312.60	\$ 10.77	3.6%

Explanation of Significant Budget Variances

- Sales and Use Tax:** This year experienced exceptional sales tax revenue performance; however, unlike prior year increases in sales tax revenues, which were driven by consumption, the current trend and increases in sales tax revenue is predominantly the result of inflationary factors. Overall, sales tax revenue has grown by 33% since FY 2018/19.
- Transient Occupancy Tax:** Transient Occupancy Tax outperformed projections by \$2.64M, or 43.1%, not only exhibiting a strong rebound following the COVID-19 pandemic but exceeding pre-pandemic revenues by 22%.
- Non-Development Charges for Services:** These revenues are recovering from the pandemic more quickly than anticipated, with Parks and Recreation revenue reaching 93% of pre-pandemic revenue levels.
- Other Revenues & Transfers In:** Other Revenues and Transfers In are \$4.9M, or 51.6%, less than total budget due to a \$6.5M write-down of investments to market value and \$1M in excess bad debt write-offs, offset by \$2.99M in unbudgeted Fire Mutual Aid revenue.

The following table and chart present the 10-year history of General Fund revenues with the impact of **General Fund restructuring and debt proceeds removed to accommodate year-over-year comparability**. The following are not included for any fiscal year: Fire Bond property tax; proceeds from debt; entertainment venue revenues; grants; and capital projects.

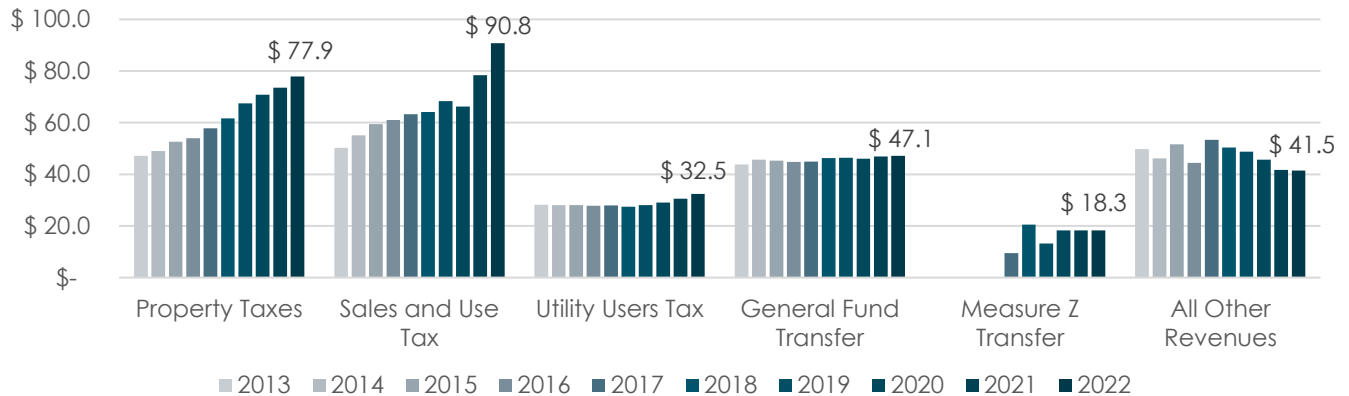
GENERAL FUND REVENUES – 10-YEAR HISTORY

(in millions)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Property Taxes	\$ 47.1	\$ 49.0	\$ 52.6	\$ 54.0	\$ 57.8	\$ 61.7	\$ 67.4	\$ 70.8	\$ 73.6	\$ 77.9
Sales and Use Tax	50.2	55.1	59.4	61.0	63.3	64.1	68.4	66.3	78.3	90.8
Utility Users Tax	28.2	28.1	28.1	27.8	28.0	27.5	28.0	29.0	30.6	32.5
General Fund Transfer	43.8	45.7	45.3	44.8	44.9	46.2	46.5	46.1	46.9	47.1
Measure Z Transfer					9.5	20.5	13.2	18.3	18.3	18.3
All Other Revenues	53.3	49.1	55.2	48.3	52.8	49.9	48.5	45.9	41.7	41.5
Total Revenues*	\$ 222.6	\$ 227.0	\$ 240.6	\$ 235.9	\$ 256.3	\$ 269.9	\$ 272.0	\$ 276.4	\$ 289.4	\$ 308.1
Growth over Prior Year		2.0%	5.9%	-2.0%	8.6%	5.4%	0.7%	1.6%	4.7%	6.5%

*Excludes items that impair comparability from year-to-year, as previously described. 2022 revenues reported in this table exclude grant/intergovernmental revenue totaling \$4.5M.

Property Taxes, Sales and Use Tax, Utility Users Tax, and the General Fund Transfer accounted for 80.6% of all General Fund revenues in 2022. In the past 10 years, the total of these revenue sources as a percent of total revenues has ranged from a low of 73.9% in 2018 to a high of 80.6% in 2022.

10-YEAR GENERAL FUND REVENUE (in millions)



Expenditures

The FY 2021/22 expenditure budget is comprised of the adopted budget of \$286.97M, \$7.46M of unexpended funds carried forward from the previous fiscal year, and \$2.12M of budget adjustments made during the normal course of business. The total adjusted budget for FY 2021/22 is \$296.55M. This includes a \$10M balancing measure in the form of a vacancy savings target of \$7.89M and other savings of \$2.11M to offset a projected structural deficit.

Actual expenditures at fiscal year-end are \$271.32M before encumbrances and recommended carryovers totaling \$9.83M. Encumbrances of \$6.50M and grant carryovers of \$0.004M have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional \$3.33M in discretionary and restricted carryovers**, detailed in

Appendix A of this report. If the carryovers are approved, total expenditures savings for FY 2021/22 will be \$15.40M, or 5.2%, of the total budget.

EXPENDITURES BY CATEGORY

FISCAL YEAR EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	\$ Variance	% Variance
Personnel	\$ 205.88	\$ 205.81	\$ 195.19	\$ (10.62)	-5.2%
CalPERS UAL – Safety	9.81	9.48	9.48	-	0.0%
CalPERS UAL – Miscellaneous	4.92	4.76	4.76	-	0.0%
Non-Personnel Costs	54.49	60.95	58.88	(2.07)	-3.4%
Special Projects	8.74	7.96	7.05	(0.91)	-11.4%
Minor Capital & Grants	0.43	1.35	0.96	(0.39)	-28.9%
Debt Service	32.77	32.77	32.77	-	0.0%
Charges To/From	(17.46)	(17.53)	(18.58)	(1.05)	6.0%
Cost Allocation Plan	(23.53)	(23.53)	(23.53)	-	0.0%
Special Districts Fund Subsidy	1.40	1.41	1.41	-	0.0%
Convention Center Fund Subsidy	4.82	6.66	6.98	0.32	4.8%
Entertainment Fund Subsidy	3.67	4.75	4.13	(0.62)	-13.1%
Cheech Marin Center Fund Subsidy	0.34	0.34	0.17	(0.17)	-50.0%
Transfers to Other Funds	0.69	1.37	1.48	0.11	8.0%
Total Expenditures & Transfers Out	\$ 286.97	\$ 296.55	\$ 281.15	\$ (15.40)	-5.2%

*Unaudited Actuals includes \$6.5M in encumbrances and \$0.004M project/grant carryovers recorded as allowed by the Riverside Municipal Code; and \$3.33M in other carryovers recommended for Council approval (refer to Appendix A).

Explanation of Significant Budget Variances

- **Personnel:** Personnel savings is attributable to an abnormally high vacancy rate; Personnel expenditure and savings details are discussed later in this report.
- **Special Projects:** Much of the savings in this category was experienced in the Non-Departmental programs for the City Manager's Audit Program, Citywide Fiscal Management account, and Public Works' Animal Control program.
- **Minor Capital & Grants:** Much of the savings in this category is attributable to under-expenditure of the Building and Structures Improvements budget in General Services and Automotive Equipment budget in Parks, Recreation & Cultural Services (PRCS). The PRCS savings were fully offset by unbudgeted Non-Personnel costs.
- **Fund Subsidies:** The General Fund subsidizes the debt and net operating losses of the Convention Center, Entertainment Fund, and Cheech Marin Center. The Fox Theater applied grant proceeds from a FY 2020/21 Shuttered Venue Operator Grant to current year

operations which resulted in subsidy savings. The Cheech Marin Center opened later than anticipated, thereby requiring a reduced subsidy than originally budgeted.

EXPENDITURES BY DEPARTMENT

FISCAL YEAR DEPARTMENTAL RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	Overage/ (Savings)	% Variance
Mayor	\$ 0.84	\$ 0.86	\$ 0.84	\$ (0.02)	-2.3%
City Council	1.32	1.32	1.25	(0.07)	-5.3%
City Manager	4.66	4.71	4.05	(0.66)	-14.0%
City Clerk	1.97	1.98	1.89	(0.09)	-4.5%
City Attorney	5.08	5.10	4.70	(0.40)	-7.8%
Human Resources	3.41	3.64	3.36	(0.28)	-7.7%
General Services	4.59	4.61	4.04	(0.57)	-12.4%
Finance	7.09	7.51	6.93	(0.58)	-7.7%
Innovation & Technology	11.86	12.97	11.85	(1.12)	-8.6%
Community Development	15.76	17.38	14.75	(2.63)	-15.1%
Police	108.75	109.31	105.14	(4.17)	-3.8%
Fire	58.99	59.36	61.49	2.13	3.6%
Public Works	17.85	18.55	14.87	(3.68)	-19.6%
Library	7.91	8.20	7.86	(0.34)	-4.1%
Parks, Rec, & Comm. Services	22.20	23.21	22.04	(1.17)	-5.0%
Museum	2.04	2.31	1.99	(0.32)	-13.9%
Non-Departmental	36.18	39.06	37.63	(1.43)	-3.7%
Cost Allocation Plan	(23.53)	(23.53)	(23.53)	-	0.0%
Total Expenditures & Transfers Out	\$ 286.97	\$ 296.55	\$ 281.15	\$(15.40)	-5.2%

*Unaudited Actuals includes \$6.5M in encumbrances and \$0.004M project/grant carryovers recorded as allowed by the Riverside Municipal Code; and \$3.33M in other carryovers recommended for Council approval (refer to Appendix A).

Explanation of Significant Budget Variances

- **City Manager:** Savings are primarily attributable to personnel vacancies and internal audit services that were budgeted to be contracted out but did not occur.
- **General Services:** Savings are primarily attributable to personnel vacancies and under-expenditure of the Building and Structures Improvements budget.
- **Community Development:** This department ended the fiscal year with savings of \$1.8M in personnel savings due to vacancies, \$0.3M in training, and \$0.2M in professional services.

- **Fire:** The department exceeded its total budget by \$.10M after excluding unbudgeted, reimbursable Mutual Aid costs of \$2.03M. The overage is attributable to vacancies and mandated staffing requirements.
- **Public Works:** The department ended the fiscal year with \$2.4M in personnel savings due to vacancies, and \$0.9M of savings in construction and maintenance materials.
- **Museum:** The departmental savings are primarily attributable to personnel vacancies.

10-YEAR EXPENDITURE HISTORY

The following table shows the history of General Fund expenditures **with the impact of General Fund restructuring and nonrecurring items removed to accommodate year-over-year comparability**. Grants, capital projects and operating transfers are not included for any fiscal year. The effects of General Fund restructuring are most evident in the Minor Capital, Grants, Debt Service, and Fund subsidies categories. The 2022 actuals in the following table will differ from the previous charts as the actuals below do not include encumbrances and carryovers totaling \$9.83M.

GENERAL FUND EXPENDITURES – 10-YEAR HISTORY

(in millions)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Personnel Costs	\$ 170.1	\$ 172.9	\$ 177.9	\$ 191.3	\$ 197.0	\$ 185.2	\$ 193.8	\$ 196.0	\$ 196.1	\$ 195.1
CalPERS UAL – Safety						11.4	14.3	17.2	7.2	9.5
CalPERS UAL – Misc						6.8	8.6	9.8	3.9	4.8
Non-Personnel Costs	55.2	59.6	63.6	62.9	58.6	48.5	50.3	47.1	46.7	51.3
Special Projects	8.7	9.4	13.9	14.6	16.8	7.3	6.8	6.2	4.5	5.4
Minor Capital	4.4	6.5	4.0	8.0	3.9	2.9	2.1	0.8	0.3	0.3
Grants	4.1	5.9	5.1	5.5	4.1	4.9	0.4	0.2	0.7	0.1
Debt Service	57.2	56.6	60.9	61.8	62.2	24.3	24.5	21.6	30.2	32.8
Charges To/From	(16.1)	(16.4)	(16.9)	(17.2)	(16.7)	(17.4)	(19.5)	(17.2)	(20.6)	(18.6)
Cost Allocation Plan	(17.9)	(18.6)	(18.1)	(20.2)	(19.9)	(18.9)	(24.1)	(26.3)	(23.4)	(23.5)
Fund Subsidies						10.3	9.9	11.9	13.2	12.7
Operating Transfers	0.4	3.3	3.3	3.3	-	5.0	4.4	13.3	3.3	1.5
Total Expenditures	\$ 266.1	\$ 279.2	\$ 293.7	\$ 310.0	\$ 306.0	\$ 270.3	\$ 271.5	\$280.6	\$262.1	\$271.4
Growth over Prior Year	3.5%	4.9%	5.2%	5.5%	-1.3%	-11.7%	0.4%	3.4%*	-6.6%	3.5%

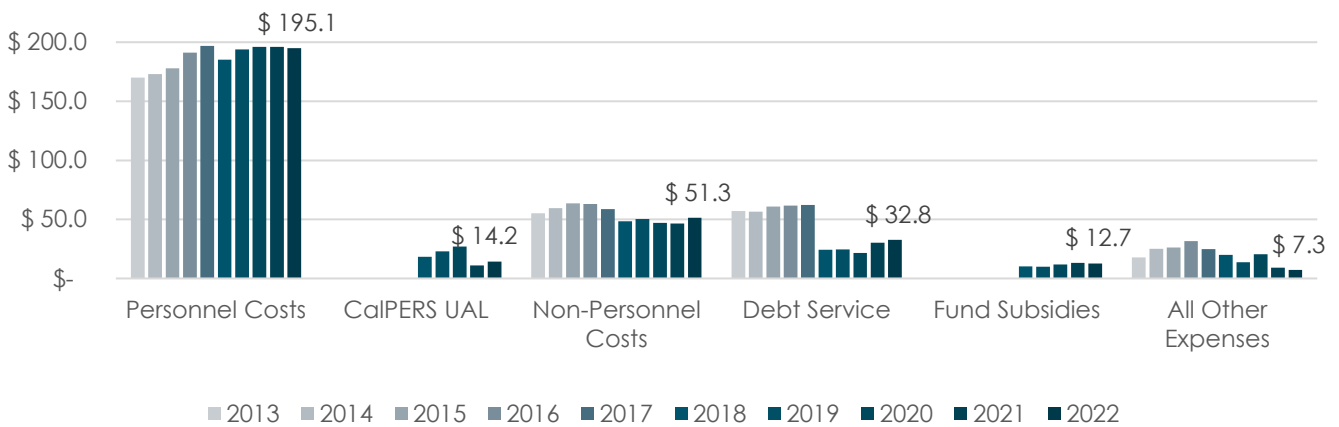
*Includes a transfer of \$9.35M to establish the Section 115 Trust for the fiscal management of the CalPERS UAL. With this transaction excluded, the 2020 growth is -0.1% and the FY 2020/21 decrease as compared to the prior year is -3.4%.

Total General Fund expenditures continued to increase through 2016, at which time the General Fund structural deficit was actively addressed via a combination of balancing measures and Measure Z resources. Measure Z allowed the City to maintain critical operating needs, expand safety services, and address other critical unfunded needs. Total expenditures have remained relatively flat in recent years, with 2022 costs just 0.4% higher than 2018.

Explanation of Significant Trend Variations

- Personnel Costs:** The spike in 2016 is due to an additional pay period in the fiscal year and the impact of MOU negotiations. The Partnership Compensation Model produced maximum salary increases under MOU provisions in 2018 and 2019. The reduction in 2018 is due to balancing measures to address the General Fund structural deficit and the shifting of some personnel to Measure Z.
- CalPERS UAL:** CalPERS separated the UAL from normal retirement costs in 2018 and established a UAL payment methodology to address unfunded retirement costs. In 2021, the City issued a Pension Obligation Bond which shifted some CalPERS UAL costs to the Debt Service category and resulted in a net savings of \$7.2M in 2021.
- Special Projects and Fund Subsidies:** The entertainment venues that are now housed in the Convention Center and Entertainment Funds were moved into the General Fund in 2015 and later removed and established as enterprise funds in 2018. General Fund support of these funds is recorded as a Fund Subsidy for transparency.
- Debt Service:** Through 2017, citywide activity related to outstanding Pension Obligation Bonds were passed through the General Fund for accumulation before sending the resources to the Debt Service Fund to make the annual debt payment. This intermediate step was discontinued in 2018.

10-YEAR GENERAL FUND EXPENDITURES (in millions)



Personnel

GENERAL FUND VACANCY SAVINGS TARGETS

The \$10M budget balancing measure spread proportionally among City departments as vacancy savings targets was to be achieved through the departments' choice to hold positions vacant or reduce non-personnel budgets in lieu of vacancy savings. Some departments elected to offset all or a portion of their vacancy savings target with other methods, thereby resulting in approximately

\$7.89M to be achieved through vacancy savings as reflected in the table below. Due to mandated staffing levels in the Fire Department, 14 firefighters were transferred from the General Fund to Measure Z to achieve their vacancy target of approximately \$2M.

GENERAL FUND VACANCY SAVINGS

Department	Vacancy Savings Target (in millions)	Target FTE Reduction	Actual Overage / (Savings) (in millions)	Actual Average Vacant FTE
Mayor	\$ -	-	\$ 0.03	0.23
City Council	-	-	(0.03)	-
City Manager	(0.21)	3.00	(0.47)	6.95
City Clerk	(0.06)	-	(0.12)	0.62
City Attorney	(0.23)	3.00	(0.49)	5.27
Human Resources	(0.18)	2.00*	(0.66)	5.50
General Services	(0.18)	3.00*	(0.36)	6.23
Finance	(0.29)	4.00	(0.94)	10.88
Innovation & Technology	(0.43)	5.00*	(1.34)	11.23
Community & Economic Development	(0.66)	7.00*	(2.51)	25.00
Police	(4.01)	31.00	(7.58)	65.50
Fire	-	-	2.36	10.73
Public Works	(0.79)	12.00*	(3.23)	32.62
Library	(0.26)	3.00	(0.94)	11.31
Parks, Recreation & Community Services	(0.51)	6.00	(1.86)	17.01
Museum	(0.08)	3.00*	(0.37)	3.96
Totals	\$ (7.89)	82.00	\$ (18.51)	213.04

*Includes partial unfunding of some or all FTE via delayed recruitment.

In January 2022, considering strong sales tax revenue performance and voter approval of Measure C to continue the Electric GFT, staff recommended that the City Council rescind the adopted \$10M vacancy savings target to allow departments to recruit for and fill all vacant positions. However, the City faced a legal challenge related to the certification of Measure C results. On January 18, 2022, the City Council authorized staff to rescind the vacancy savings target contingent upon a successful certification of Measure C.

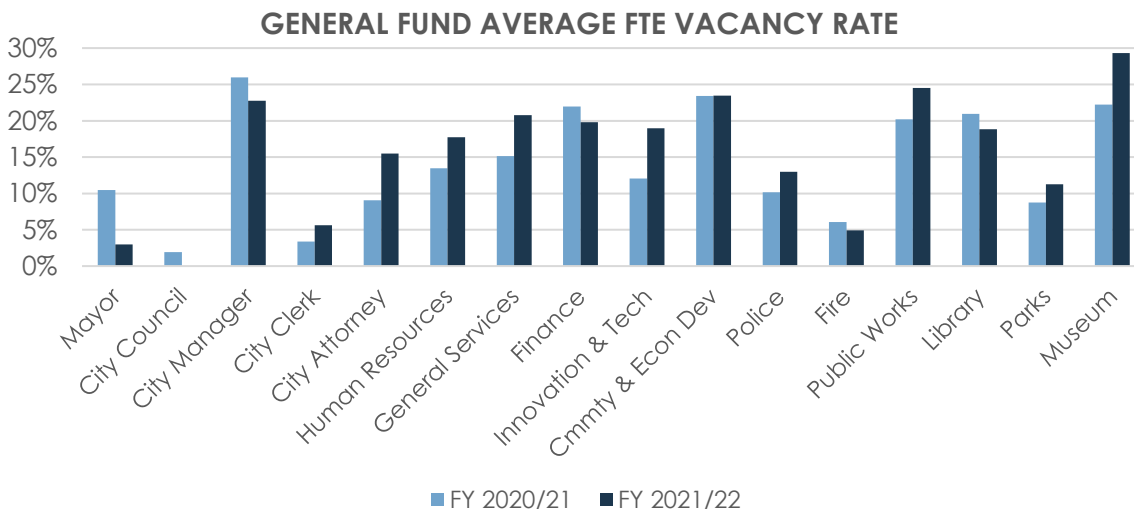
The City received a ruling on the Measure C certification late in April 2022 which did not present an immediate fiscal impact to the City; however, given the timing, staff determined there was no benefit to formally rescinding the vacancy savings target. Staff reported to the City Council through the FY 2021/22 Third Quarter Financial Update that these budget adjustments were not recorded.

EXPLANATION OF ACTUAL PERSONNEL EXPENDITURES

The net result of personnel savings exceeding the \$7.89M vacancy savings target by \$10.62M is mostly attributable to significantly higher vacancy rates experienced by most departments in FY 2021/22 as compared to that for FY 2020/21. Fire Department personnel expenditures exceeded budget by \$0.33M due to vacancies and related overtime to maintain mandated staffing levels.

Consistent with other public agencies per the 2022 Workforce Survey, the City faced retention, recruitment, and hiring issues during FY 21/22. The Human Resources (HR) Department is trying to stay ahead of the curve to attract and retain the best talent while addressing issues, such as an increase in the number of applicants who do not meet the minimum qualifications; decrease in the number of applications submitted for many positions, thereby making it difficult to fill specialized positions; and an increase in the number of failed background checks and/or physicals. HR is posting positions longer and/or on a continuous basis; increasing advertisements efforts; and participating in hiring and/or career fair events. In addition, HR is undertaking efforts to position the City as an employer of choice by increasing outreach efforts to attract a diverse and highly skilled workforce and aligning the recruitment and selection process with diversity, equity, and inclusion values.

The chart below depicts the average vacancy rate for FY 2020/21 and FY 2021/22 for each department in the General Fund. Several departments experienced similar or significantly higher vacancy rates in FY 2021/22 as compared to the prior year.



2022 Workforce Survey

Eighty-one percent of state and local governments are hiring new employees but face workforce challenges that are impacting total employment, according to a new research report from MissionSquare Research Institute conducted in collaboration with the International Public Management Association for Human Resources (IPMA-HR) and the National Association of State Personnel Executives (NASPE).

<https://slge.org/resources/state-and-local-government-workforce-survey-2022>

10-YEAR PERSONNEL COST HISTORY

GENERAL FUND PERSONNEL & CALPERS UAL COSTS – 10-YEAR HISTORY

(in millions)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Salaries	\$ 103.2	\$ 104.3	\$ 104.9	\$ 117.9	\$ 115.6	\$ 116.7	\$ 122.2	\$ 124.4	\$ 124.7	\$ 122.1
Leave Payoffs	3.3	3.6	4.3	3.4	4.0	4.7	5.5	6.1	7.0	6.2
Overtime	11.1	11.6	12.4	13.2	12.3	14.7	15.0	15.4	17.1	17.4
Insurances	16.3	16.0	17.5	19.0	19.0	19.1	20.6	19.7	18.1	21.4
Retirement	33.7	34.6	35.3	40.8	42.6	44.9	49.8	53.6	37.5*	38.5
Payroll Accruals	0.3	0.5	1.0	(5.9)	0.6	0.3	0.4	1.1	0.4	0.8
Other	2.2	2.3	2.5	2.9	2.9	3.0	3.2	2.7	2.4	3.0
Total Personnel & CalPERS UAL Costs	\$ 170.1	\$ 172.9	\$ 177.9	\$ 191.3	\$ 197.0	\$ 203.4	\$ 216.7	\$ 223.0	\$ 207.2	\$ 209.4
Growth over Prior Year	1.3%	1.6%	2.9%	7.5%	3.0%	3.2%	6.5%	2.9%	-7.1%	1.1%

* Due to the changes implemented by CalPERS regarding the unfunded liability in 2018, retirement costs increased \$19.9M from 2013 to 2020 before declining \$16.2M in 2021 due to a lump-sum paydown with the issuance of a Pension Obligation Bond (POB).

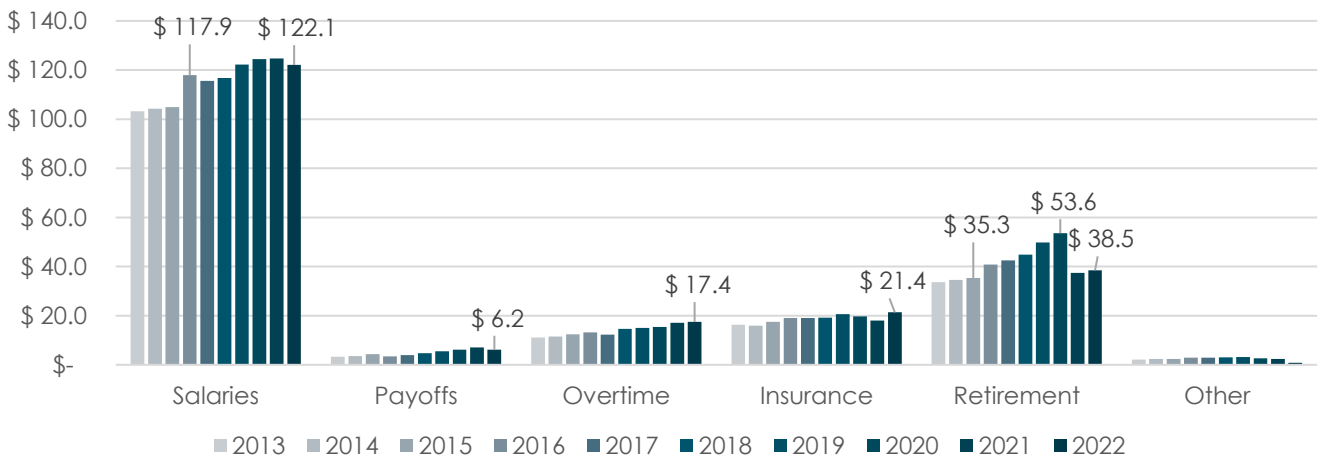
Explanation of Significant Trend Variations

In 2016, the spike in salary costs is attributable to several factors, including:

- 27 biweekly pay periods in 2016, as compared to the usual 26 pay periods per year.
- Renegotiation of Memoranda of Understanding (MOU), which included an estimated \$3.9M immediate impact related to the Police MOUs.

In 2018 and 2019, the Partnership Compensation Model produced maximum salary increases under MOU provisions. The 2018 impact was partially offset by and the shifting of some personnel to Measure Z.

10-YEAR GENERAL FUND PERSONNEL COSTS



Maintaining Reserves

The City's policy reserve level is 20%, comprised of a 15% Emergency Reserve and a 5% Contingency Reserve.

At each fiscal year end, fund reserves are calculated as a percentage of the following year's adopted budget. Since adopted appropriations typically increase from year to year, a 20% corresponding increase in reserves is required to maintain the reserve level (\$200,000 for each \$1M increase in appropriations). However, this annual increase in the reserve requirement is not formally incorporated into the adopted budget. Therefore, General Fund savings is typically needed at the end of each fiscal year to ensure that the reserve level is maintained.

The required increase in the 20% General Fund policy reserve based on the adopted FY 2022/23 budget is \$3.74M.

The FY 2022/23 adopted budget totals \$305.67M, requiring 20% reserves of \$61.13M.

Fund Reserves

The beginning fund balance includes all amounts available to spend at the end of the previous fiscal year and 20% policy reserves. Current year activity, including new encumbrance and carryover balances, required accounting changes in other fund reserves, and recomputed policy reserves are subtracted or added to the beginning fund balance to arrive at the new balance of projected surplus reserves. This amount is available for allocation per Council direction.

FUND BALANCE

(in millions)

Beginning Fund Balance (Audited)	\$ 64.69
FY 2021/22 Activity	
Revenues	\$ 312.60
Expenditures	(271.32)
Encumbrances/Projects/Grants	(6.50)
Restricted Carryovers*	(0.89)
Discretionary Carryovers*	(2.44)
Subtotal	\$ 31.45
Change in Other Reserves	\$ (0.31)
Net Change in Fund Balance	\$ 31.14
Fund Balance Reserves	
15% Emergency Reserve	\$ (45.85)
5% Contingency Reserve	(15.28)
Total Policy Reserves	\$ (61.13)
Projected Surplus Reserves	\$ 34.70

*Subject to Council approval – refer to Appendix A.

GENERAL FUND OUTLOOK

While the short-term outlook for the General Fund has improved with continuing strong performance in sales tax revenue and modest growth in other revenue sources, there are still significant financial issues that present challenges to the long-term fiscal health of the General Fund:

- The financial markets continue to impede the financial performance of the CalPERS retirement fund, which ended in negative territory with a revised -7.5% return on investments for fiscal year ended June 30, 2022. Positive investment gains in the previous fiscal year will allow the City to face the immediate fiscal impact to the required UAL payments; however, future investment returns, if negative, will significantly increase the City's unfunded liability and annual payment requirements putting added pressure on personnel costs.
- The City needs to formally establish a long-term program for infrastructure investment in much needed deferred maintenance and capital investments. Current needs are typically addressed with one-time revenues and savings which is an unsustainable practice. While over \$1.6 billion in capital asset investments were made during the Riverside Renaissance period in the mid-2000's, planning for the ongoing maintenance of those investments was not included in subsequent budgets.
- While the City has received a temporary reprieve in the Measure C litigation, the City needs to strategically position itself against future challenges to the General Fund Transfer to mitigate the risk to City services that would result from the loss of this heavily relied upon revenue source.

RECOMMENDED USE OF SURPLUS RESERVES

At the end of FY 2021/22, the City has surplus reserves totaling \$34.70M. Staff recommends using surplus reserves as detailed in the following table to help fund employee salary increases and two major fiscal challenges described above.

RECOMMENDED USE OF SURPLUS RESERVES

(in millions)

Projected Surplus Reserves	\$ 34.70
Proposed Use of Surplus Reserves	
MOU Impacts	\$(15.00)
Capital Replacement Fund	(10.00)
Section 115 Trust	(9.70)
Total	\$(34.70)
Remaining Surplus Reserves	\$ 0.00



Justification for Use of Reserves

- **MOU Impacts:** In recent months, the City entered MOU negotiations with each of the City's bargaining units with a strategic fiscal plan to utilize anticipated surplus reserves to help fund salary increases and stipends for City employees over the next three fiscal years, in addition to the adopted budget surpluses of approximately \$5M in FY 2022/23 and \$7M in FY 2023/24, increases in annual sales tax projections, and other factors. The MOU impacts in the General Fund are expected to exceed \$48M over three years. Staff recommends allocating \$15M of surplus reserves toward the future MOU impacts.
- **Capital Replacement Fund:** A Capital Replacement Fund was established to accumulate resources for the maintenance and/or replacement of capital assets with an infusion of \$10.62M of FY 2020/21 surplus reserves approved by Council in the prior year. The City needs to establish a formal long-term revolving program for infrastructure investment in much needed deferred maintenance and capital investments. Current needs are typically addressed with one-time revenues and savings, which is an unsustainable practice. Staff recommends setting aside additional reserves of \$10M from FY 2021/22 surplus reserves. A policy for the ongoing use and replenishment of capital replacement reserves will be created and presented for City Council consideration at a future date.
- **Section 115 Trust:** The Section 115 Trust was established to support the long-term fiscal management of the CalPERS UAL. The establishment of the Trust will allow the City to smooth the combined UAL and POB payment requirements to avoid spikes in the payment schedules and significant pressure to General Fund finances in future years. The current value of Trust assets is \$19.4M. Staff recommends contributing \$9.7M from FY 2021/22 surplus reserves to the Section 115 Trust.

MEASURE Z FUNDS

The financial reporting of Measure Z focuses on a Spending Plan format, which is a different presentation method than the financial reporting of other funds. The spending plan methodology provides a transparent and accessible illustration of Measure Z activity without the “noise” of formal accounting requirements and debt-funded capital projects:

- Measure Z activity is tracked in two funds as required by accounting rules: the Measure Z operating fund and the Measure Z capital fund. The capital fund includes all major capital activity, while the operating fund includes all other activity. Fund resources are transferred from the operating fund to the capital fund as needed to fund approved capital projects. These interfund transfers have a net zero impact and are not reported in the Spending Plan.
- Some Measure Z capital items are funded by debt, including Library construction and Fire vehicle replacement. Measure Z resources are used to pay the annual debt obligations, and these debt payments are reported in the Spending Plan. The spending of debt proceeds for capital purposes do not represent a current use of Measure Z tax revenue, so they are not reported in the Spending Plan.

Revenue

The budgeted projection of \$64.80M in total revenues was revised to \$74.35M in the First Quarter Financial Report based on FY 2020/21 actual results, performance to date, and potential COVID-19 impacts through the end of the fiscal year. Transaction & Use Tax continued to perform strongly during the fiscal year, prompting the City’s sales tax consultant, HdL, to increase revenue projections for year-over-year growth in Measure Z tax revenue over prior year actuals to 6.5% in the second quarter followed by a revised increase of 12.5% in the third quarter. Total revenues came in at \$83.16M, which is \$8.81M higher than the revised budget and 15.5% higher than the prior year. The current year increase in Measure Z revenue is predominantly the result of inflationary factors rather than increased consumption compared to prior year.

The following table reports the revenue history for Measure Z since inception.

MEASURE Z REVENUES SINCE INCEPTION						
(in millions)	2017	2018	2019	2020	2021	2022
Transaction & Use Tax (TUT)	\$ 12.61	\$ 56.20	\$ 62.29	\$ 62.38	\$ 72.00	\$ 83.16
Interest Revenue	-	0.04	0.53	0.76	0.65	0.75
Total Revenues	\$ 12.61	\$ 56.24	\$ 62.82	\$ 63.14	\$ 72.65	\$ 83.91
TUT Growth over Prior Year	100%	345.7%	10.8%	0.1%	15.4%	15.5%

Expenditures

Measure Z expenditures are inconsistent due to the number of long-term initiatives and projects financed by Measure Z resources. This results in an accumulation of resources and carryover of funding in spending items of those types. Actual expenditures at fiscal year-end are \$67.86M before encumbrances and carryovers of \$48.90M. Encumbrances of \$18.65M and capital carryovers of \$13.93M have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional \$16.32M in discretionary (non-capital) carryovers**, detailed in Appendix A of this report.

For inception-to-date expenditure reporting by funded item, refer to the Measure Z Spending Plan in Appendix B of this report.

Unallocated Fund Reserves

Actual Measure Z revenues of \$83.91M and expenditures of \$67.86M produced a net increase of fund reserves of \$16.05M. Projected unallocated fund reserves (unaudited) are anticipated to total \$42.09M net of encumbrances and recommended carryovers totaling \$49.05M. The FY 2022-2024 Biennial Budget includes a Five-Year Spending Plan with a programmed draw on reserves through FY 2026/27 totaling \$33M. Staff recommends that unallocated reserves remain intact pending a mid-cycle budget update which will incorporate the fiscal impact of MOU negotiations for Measure Z's 181 funded positions.

MEASURE Z ACTIVITY AND PROJECTED FUND RESERVES

(in millions)	2017	2018	2019	2020	2021	2022
Revenue	\$ 12.61	\$ 56.24	\$ 62.82	\$ 63.14	\$ 72.65	\$ 83.91
Expenditures	(9.98)	(36.14)	(40.99)	(49.56)	(50.85)	(67.86)
Encumbrances & Carryovers						(49.05)
Net Change in Fund Balance	\$ 2.63	\$ 20.10	\$ 21.83	\$ 13.58	\$ 21.80	\$ (33.00)
Beginning Unallocated Fund Reserves	\$ -	\$ 2.63	\$ 22.73	\$ 39.56	\$ 53.14	\$ 74.94
Net Change in Fund Balance	2.63	20.10	21.83	13.58	21.80	(33.00)
Fund Balance Reserve Policy	-	-	(5.00)	-	-	-
Ending Unallocated Fund Reserves	\$ 2.63	\$ 22.73	\$ 39.56	\$ 53.14	\$ 74.94	\$ 41.94

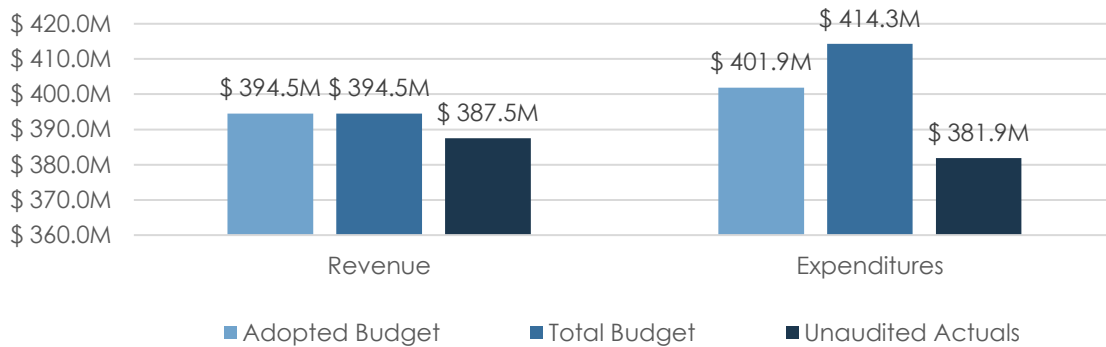
The Measure Z Reserve Policy adopted by City Council on April 2, 2019, requires a minimum \$5M contingency reserve level. This amount was removed from unallocated fund reserves in 2019 and is held intact, separately of unallocated reserves reported in the Spending Plan.

ELECTRIC FUND

The FY 2021/22 adopted budget for the Electric Fund includes a programmed \$7.44M operating deficit and draw on fund reserves. This is a financial strategy employed to draw reserves down to keep rate increases as low as possible. Unaudited fiscal year end results present an operating gain of \$5.69M including outstanding encumbrances and carryovers of \$13.84M.

The Total Budget in the following chart and tables includes the carryover of the previous fiscal year's unexpended funds and adjustments to the revenue and expenditure budgets made during the normal course of business. Actual expenditures include \$13.84M of outstanding encumbrances and carryovers to reflect budgetary savings.

ELECTRIC FUND BUDGET TO ACTUAL (in millions)



Revenue

Total revenues at fiscal year-end are 1.8% (\$6.94M) less than revenue projections in the adopted budget.

FISCAL YEAR OPERATING REVENUE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals	\$ Variance	% Variance
Retail Sales	\$ 338.83	\$ 338.83	\$ 337.88	\$ (0.95)	-0.3%
Transmission Revenue	31.48	31.48	32.25	0.77	2.4%
Other Operating Revenue	14.58	14.58	18.84	4.26	29.2%
Miscellaneous Revenue	7.02	7.05	(9.09)	(16.14)	-228.9%
Capital Contributions	2.55	2.55	7.67	5.12	200.8%
Total Revenues	\$ 394.46	\$ 394.49	\$ 387.55	\$ (6.94)	-1.8%

Explanation of Significant Budget Variances

- Other Operating Revenue:** The City was allocated more allowances than were necessary to cover its greenhouse gas emissions. These allowances were sold at higher-than-anticipated market prices, thereby generating \$7.7M more in revenue than was anticipated. These gains were offset by lower-than-anticipated miscellaneous service revenues and outside sales.
- Miscellaneous Revenue:** The variance in this category is primarily due to fiscal year-end adjustments, including a \$10.5M write-down of investments to market value at fiscal year-end and a \$5.7M increase of the San Onofre Nuclear Generating Station (SONGS) decommissioning liability recorded as an extraordinary item in a revenue account.
- Capital Contributions:** Revenue in this category is \$5.12M, or 200.8%, more than projections due to increased developer activity (construction) and donated plant assets from developers consisting of underground conduit and underground conductors and devices. Revenue from the latter is not budgeted as it is highly unpredictable.

Expenditures

The FY 2021/22 total expenditure budget for the Electric Fund is comprised of the adopted budget of \$401.90M; \$11.83M of unexpended funds carried forward from the previous fiscal year; and budget adjustments made during the normal course of business. The total adjusted budget for FY 2021/22 is \$414.25M. The following table illustrates budgetary savings of \$32.39M after \$13.84M of encumbrances and carryovers.


FISCAL YEAR OPERATING EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	\$ Variance	% Variance
Personnel	\$ 71.06	\$ 70.87	\$ 41.18	\$ (29.69)	-41.9%
Power Supply	216.21	216.01	230.34	14.33	6.6%
Operating & Maintenance	20.63	33.36	25.41	(7.95)	-23.8%
Debt Service	53.38	53.39	45.49	(7.90)	-14.8%
General Fund Transfer	40.62	40.62	39.44	(1.18)	-2.9%
Transfers to Other Funds	-	-	-	-	0.0%
Total Expenditures & Transfers Out	\$ 401.90	\$ 414.25	\$ 381.86	\$ 32.39	-7.8%

*Includes \$4.65M in encumbrances and \$0.03M grant carryovers recorded as allowed by the Riverside Municipal Code; and \$9.15M in other carryovers recommended for Council approval (refer to Appendix A).

Explanation of Significant Budget Variances

- Personnel:** Personnel costs were \$29.69M, or 41.9%, less than total budget due to vacancies and attrition. At June 30, 2022, the Electric Fund had 98.25 FTE vacancies, representing a vacancy rate of 21%.

- 
- **Power Supply:** Power supply costs were \$14.33M, or 6.6%, higher than total budget due to higher-than-expected energy costs.
 - **Operating & Maintenance:** A portion of the savings for professional services was due to ongoing COVID-19 restrictions that reduced customer engagement activities while others were related to services that are used on an “as-needed” basis. The Electric Fund also experienced savings in its budgets for maintenance of buildings and software that are used “as-needed” or as technology projects are implemented. Budgets for these items are included annually; therefore, no carryover is needed.
 - **Debt Service:** Savings in this category were due to delaying a bond issuance and heavy vehicles capital lease to FY 2022/23. Additional savings resulted from interest costs on the variable rate debt.

Actual operating expenditures at fiscal year-end are \$368.02M before encumbrances and carryovers of \$13.84M. Encumbrances of \$4.65M and grant carryovers of \$0.04M have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional \$9.15M in operating carryovers**, detailed in Appendix A of this report. If the carryovers are approved, the operating budget savings for FY 2021/22 will be \$32.39M, or 7.8%, of the total budget.

Capital expenditures totaling \$280.75M were recorded during the fiscal year; this amount includes \$19.41M of encumbrances and \$230.73M of unexpended capital project funds that have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code.

Fund Reserves

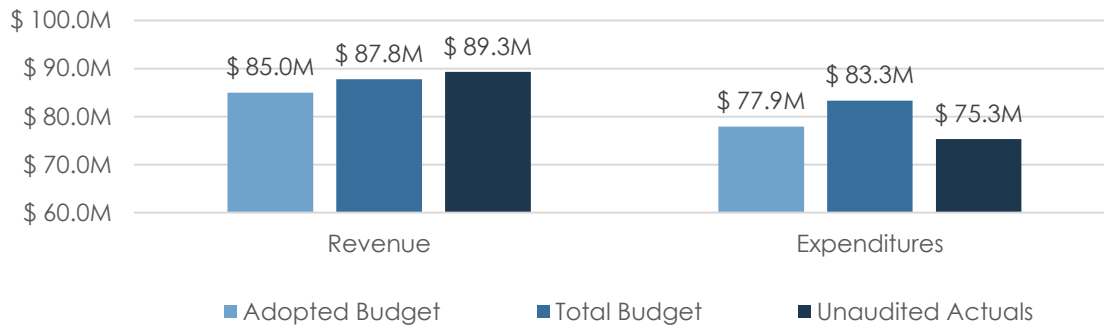
Reserve levels at fiscal year-end are expected to be within established policy levels; results are pending the completion of the financial audit.

WATER FUND

The Water Fund is in a healthy position with estimated reserve levels within the required policy reserve range. The adopted budget includes an operating gain of \$7.18M, with approximately \$3.4M to be used to fund \$21.5M in capital projects in FY 2021/22, supplemented by bond proceeds. Unaudited fiscal year end results present a budgetary operating gain of \$13.91M after outstanding encumbrances and carryovers of \$4.52M.

The Total Budget in the following chart and tables includes the carryover of the previous fiscal year’s unearned grant revenue, unexpended funds, and adjustments to the revenue and expenditure budgets made during the normal course of business. Actual expenditures include \$4.52M of outstanding encumbrances and carryovers to reflect budgetary savings.

WATER FUND BUDGET TO ACTUAL (in millions)



Revenue

Total revenues at fiscal year-end are 1.6% (\$1.40M) more than revenue projections in the adopted budget.

FISCAL YEAR OPERATING REVENUE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals	\$ Variance	% Variance
Retail Sales	\$ 70.98	\$ 70.98	\$ 72.86	\$ 1.88	2.6%
Conveyance/Wholesale	5.96	5.96	4.28	(1.68)	-28.2%
Other Operating Revenue	2.27	2.27	2.39	0.12	5.3%
Miscellaneous Revenue	5.83	8.63	9.71	1.08	12.5%
Total Revenues	\$ 85.04	\$ 87.84	\$ 89.24	\$ 1.40	1.6%

Explanation of Significant Budget Variances

- Conveyance/Wholesale:** Revenue in this category was adversely impacted due to unforeseen events causing several production wells to shut down during the summer months and overall reduced demand from other utilities.
- Miscellaneous Revenue:** Revenue in this category is higher than projections due to a payment of \$1.6M from Southern California Edison compensating the Water Utility for the loss of potential savings from the solar projects resulting from a change of the time-of-use time period and rates charged during that time and \$2.1M in donated plant assets from developers consisting of transmission mains, transmission and distribution services, and transmission and distribution fire hydrants. Revenue from the latter is not budgeted. These revenues are offset by a \$1.9M write-down of investments to market value at fiscal year-end.

Expenditures

The FY 2021/22 total expenditure budget is comprised of the adopted budget of \$77.86M; \$5.0M of unexpended funds carried forward from the previous fiscal year; and budget adjustments made

during the normal course of business. The total adjusted budget for FY 2021/22 is \$83.30M. The following table shows budgetary savings of \$7.97M after \$4.52M of encumbrances and carryovers.

FISCAL YEAR OPERATING EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	\$ Variance	% Variance
Personnel	\$ 24.56	\$ 24.52	\$ 17.04	\$ (7.48)	-30.5%
System Operations	25.06	30.54	31.66	1.12	3.7%
Debt Service	20.65	20.65	18.92	(1.73)	-8.4%
General Fund Transfer	7.59	7.59	7.71	0.12	1.6%
Total Expenditures & Transfers Out	\$ 77.86	\$ 83.30	\$ 75.33	\$ (7.97)	-9.6%

*Includes \$3.21M in encumbrances and \$0.35M grant carryovers recorded as allowed by the Riverside Municipal Code; and \$0.97M in other carryovers recommended for Council approval (refer to Appendix A).

Explanation of Significant Budget Variances

- Personnel:** Personnel costs were \$7.48M (30.5%) less than total budget due to vacancies and attrition. At June 30, 2022, the Water Fund had 16.50 FTE vacancies, representing a vacancy rate of 10%.

Actual operating expenditures at fiscal year-end are \$70.81M before encumbrances and carryovers of \$4.52M. Encumbrances of \$3.21M and grant carryovers of \$0.34M have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional \$0.97M in operating carryovers**, detailed in Appendix A of this report. If the carryovers are approved, operating budget savings for FY 2021/22 will be \$7.97M, or 9.6% of the total budget.

Capital expenditures totaling \$57.47M were recorded during the fiscal year; this amount includes \$5.92M of encumbrances and \$29.94M of unexpended capital project funds that have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code.

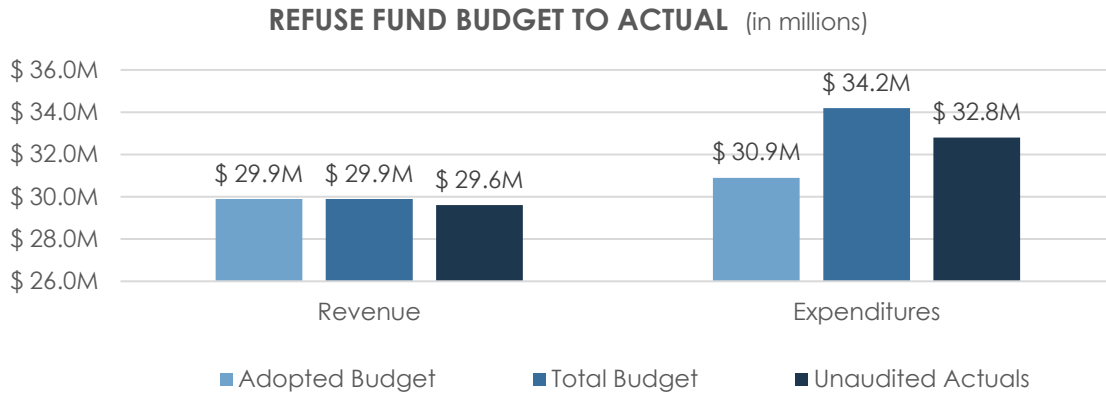
Fund Reserves

The Water Fund is expected to end the fiscal year with reserves within required policy levels; results are pending the completion of the financial audit.

REFUSE FUND

The adopted operating budget for the Refuse Fund projected a draw on fund reserves of \$0.97M due to rising costs outpacing revenues. In addition to the budgeted deficit, the carryover of FY 2020/21 unexpended operating funds totaling \$3.02M in the form of encumbrances and carryovers presented a potential operating loss of \$3.99M in FY 2021/22. Unaudited fiscal year end results present an operating loss of \$3.14M after FY 2021/22 encumbrances and carryovers of \$4.41M.

The Total Budget in the following chart and tables includes the carryover of the previous fiscal year's unexpended funds (\$3.02M) and adjustments to revenue and expenditure budgets made during the normal course of business. Actual expenditures include \$4.41M of outstanding encumbrances and carryovers to reflect budgetary savings.



Revenue

The Solid Waste rate plan adopted by City Council in September 2020 included a Year 2 increase in rates effective July 1, 2021.

FISCAL YEAR OPERATING REVENUE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals	\$ Variance	% Variance
City Service	\$ 15.91	\$ 15.91	\$ 15.66	\$ (0.25)	-1.6%
Contracted Service	6.19	6.19	6.01	(0.18)	-2.9%
Administrative Fees	6.80	6.80	6.90	0.10	1.5%
Street Sweeping Fines	0.91	0.91	1.20	0.29	31.9%
Miscellaneous Revenue	0.08	0.08	(0.16)	(0.24)	-300.0%
Total Revenues	\$ 29.89	\$ 29.89	\$ 29.61	\$ (0.28)	-0.9%

Explanation of Significant Budget Variances

- Street Sweeping Fines:** This item was budgeted conservatively based on historical trends and ongoing vacancies in the Public Parking Fund. In the third quarter, Public Works hired three Parking Control Representatives, thereby increasing staffing from six to nine, which contributed to the ability to issue more street sweeping citations throughout the remainder of the fiscal year.
- Miscellaneous Revenue:** The variance in this category is due to a \$0.2M write-down of investments to market value at fiscal year-end.

Expenditures

The FY 2021/22 total expenditure budget for the Refuse Fund is comprised of the adopted budget of \$30.86M; \$3.02M of unexpended funds carried forward from the previous fiscal year; and budget adjustments made during the normal course of business. The following table shows budgetary savings of \$0.72M after \$4.41M of encumbrances and carryovers.

FISCAL YEAR OPERATING EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	\$ Variance	% Variance
Personnel	\$ 6.18	\$ 6.17	\$ 4.40	\$ (1.77)	-28.7%
Non-Personnel	12.77	14.04	14.62	0.58	4.1%
Special Projects	5.71	6.71	6.99	0.28	4.2%
Minor Capital & Equipment	0.88	1.83	1.50	(0.33)	-18.0%
Debt Service	0.38	0.49	0.49	-	0.0%
Charges To/From Others	4.94	4.93	4.75	(0.18)	-3.7%
Total Expenditures & Transfers Out	\$ 30.86	\$ 34.17	\$ 32.75	\$ (0.72)	-4.2%

*Includes \$4.30M in encumbrances recorded as allowed by the Riverside Municipal Code; and \$0.11M in other carryovers recommended for Council approval (refer to Appendix A).

Explanation of Significant Budget Variances

- Personnel:** Personnel costs were \$1.77M, or 28.7%, less than total budget due to vacancies and attrition. At June 30, 2022, the Refuse Fund had 26.75 FTE vacancies, representing a vacancy rate of 43%.
- Minor Capital & Equipment:** Savings in this category are due to management of costs to offset other unbudgeted cost increases, such as those impacted by increasing recycling costs and tonnage as well as the impact of State mandates and costs incurred as operations continued to rely on Burrtec Waste Industries for emergency route assistance.

In April 2022, the Public Works Department initiated the emergency services provision of its contract with Burrtec to temporarily provide additional residential solid waste collection services due to extended vacancies in the Solid Waste Division. A combination of the onboarding process for new staff, delayed equipment arrivals, and staffing availability challenges have proven to be impediments to restoring service to pre-pandemic levels. On June 28 and October 18, 2022, staff presented a comprehensive update to the City Council regarding hiring, vacancies, and the state of equipment for the Public Works Solid Waste Division.

Actual operating expenditures at fiscal year-end are \$29.04M before encumbrances and carryovers of \$4.41M. Encumbrances of \$4.30M have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional**



\$0.11M in operating carryovers, detailed in Appendix A of this report. If the carryovers are approved, operating budget savings for FY 2021/22 will be \$1.44M, or 4.2% of the total budget.

Capital expenditures totaling \$0.04M were recorded during the fiscal year; this amount includes \$0.02M of encumbrances that have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code.

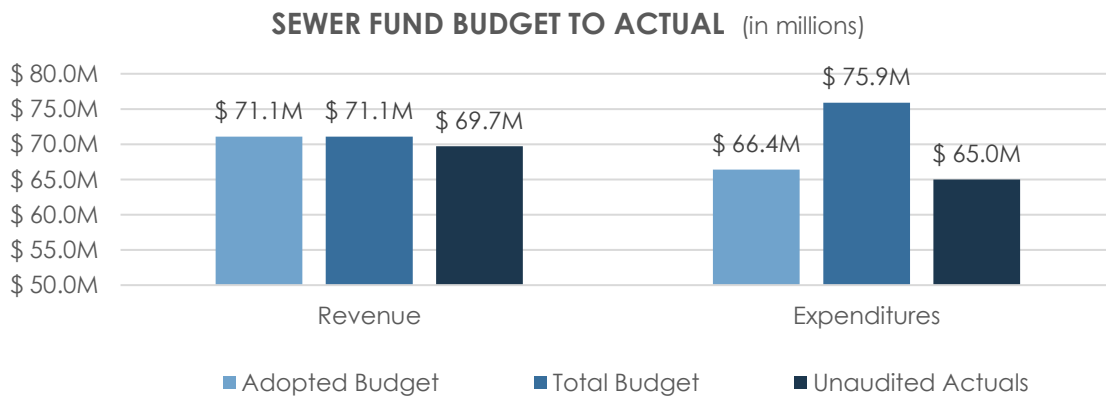
Fund Reserves

The Refuse Fund is projected to end the fiscal year with \$3.33M in fund reserves following an operating loss of \$3.14M.

SEWER FUND

The adopted budget for the Sewer Fund projected a net operating gain of approximately \$4.64M which would be used alongside fund reserves to fund \$22M of planned capital projects included in the FY 2021/22 adopted budget and capital improvement plan. Unaudited fiscal year end results present a budgetary operating gain of \$4.73M after outstanding encumbrances and carryovers of \$10.21M.

The Total Budget in the following chart and tables includes the carryover of the previous fiscal year's unexpended funds (\$3.07M) and adjustments to the revenue and expenditure budgets made during the normal course of business. Actual expenditures include \$10.21M of outstanding encumbrances and carryovers to reflect budgetary savings.



Revenue

Total operating revenues at fiscal year-end are 1.9% (\$1.38M) lower than revenue projections in the adopted budget.

FISCAL YEAR OPERATING REVENUE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals	\$ Variance	% Variance
Residential Rate Revenue	\$ 46.05	\$ 46.05	\$ 46.34	\$ 0.29	0.6%
Commercial Rate Revenue	15.61	15.61	15.88	0.27	1.7%
Wastewater Service Contracts	4.89	4.89	5.45	0.56	11.5%
Miscellaneous Revenue	4.53	4.56	2.03	(2.53)	-55.5%
Total Revenues	\$ 71.08	\$ 71.11	\$ 69.70	\$ (1.41)	-2.0%

Explanation of Significant Budget Variances

- Wastewater Service Contracts:** Revenue from Wastewater Service Contracts with the Rubidoux, Jurupa and Edgemont Community Service areas are \$0.56M, or 11.4%, more than projections primarily due to surcharges resulting from the strength of the wastewater sent to the Water Quality Control Plant.
- Miscellaneous Revenue:** A write-down of investments at fiscal year-end to market value resulted in a \$3.77M revenue reduction, partially offset by higher than anticipated sewer connection fees due to an increase in development activity.

Expenditures

The FY 2021/22 total expenditure budget for the Sewer Fund is comprised of the adopted budget of \$66.44M; \$3.07M of unexpended funds carried forward from the previous fiscal year; and budget adjustments made during the normal course of business. The total adjusted budget for FY 2021/22 is \$75.88M. The following table shows budgetary savings of \$10.91M after \$10.21M of encumbrances and carryovers.

FISCAL YEAR OPERATING EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	\$ Variance	% Variance
Personnel	\$ 15.67	\$ 15.64	\$ 10.20	\$ (5.44)	-34.8%
Non-Personnel	16.50	19.02	16.93	(2.09)	-11.0%
Special Projects	2.21	2.21	2.06	(0.15)	-6.8%
Minor Capital & Equipment	1.68	8.62	7.94	(0.68)	-7.9%
Debt Service	26.54	26.54	24.45	(2.09)	-7.9%
Charges To/From Others	3.84	3.85	3.39	(0.46)	-11.9%
Total Expenditures & Transfers Out	\$ 66.44	\$ 75.88	\$ 64.97	\$ (10.91)	-14.4%

*Includes \$3.76M in encumbrances and \$6.44M in carryovers recorded as allowed by the Riverside Municipal Code; and \$0.01M in other carryovers recommended for Council approval (refer to Appendix A).



Explanation of Significant Budget Variances

- **Personnel:** Personnel costs were \$5.44M, or 34.8%, less than total budget due to vacancies and attrition. At June 30, 2022, the Sewer Fund had 21.00 FTE vacancies, representing a vacancy rate of 18%.
- **Non-Personnel:** Maintenance and repair of equipment and buildings was lower than anticipated, with \$700,000 savings at fiscal year-end. Other major areas of savings occurred in electric utility costs, professional services, and training.
- **Charges To/From Others:** The amount charged to capital projects will vary depending upon project activity.

Actual operating expenditures at fiscal year-end are \$54.76M before encumbrances and carryovers of \$10.21M. Encumbrances of \$3.76M grant carryovers of \$6.44M have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional \$0.01M in operating carryovers**, detailed in Appendix A of this report. If the carryovers are approved, operating budget savings for FY 2021/22 will be \$10.91M, or 14.4% of the total budget.

Capital expenditures totaling \$43.60M were recorded during the fiscal year; this amount includes \$1.72M of encumbrances and \$38.29M of unexpended capital project funds that have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code.

Fund Reserves

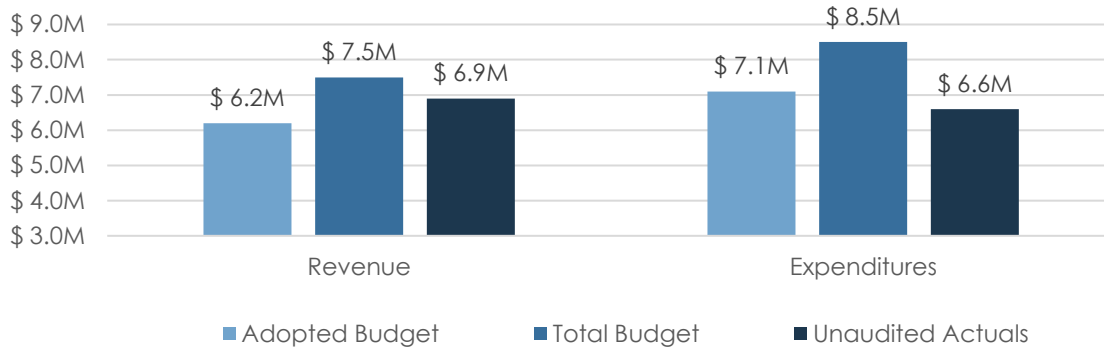
The Sewer Fund is expected to end the fiscal year with \$55.54M in fund reserves following an operating gain of \$4.73M.

PUBLIC PARKING FUND

The Public Parking Fund has been monitored throughout FY 2021/22 as a fund with ongoing financial challenges. Public Parking Fund reserves at the beginning of FY 2021/22 were \$1.57M, or \$0.26M net of prior year encumbrances. The adopted FY 2021/22 budget projected a draw on fund reserves of \$0.92M due to the lingering impacts of the pandemic on parking revenues, maintenance costs of aging infrastructure, and parking fees not keeping pace with operating costs. Unaudited fiscal year end results present a budgetary operating gain of \$0.25M after outstanding encumbrances of \$0.19M.

The Total Budget in the following chart includes the carryover of the previous fiscal year's unexpended funds (\$1.31M) and adjustments to the revenue and expenditure budgets made during the normal course of business. Actual expenditures include \$0.19M of outstanding encumbrances to reflect budgetary savings.

PUBLIC PARKING FUND BUDGET TO ACTUAL (in millions)



Revenue

Total operating revenues at fiscal year-end are 10.6% (\$0.66M) more than revenue projections, entirely attributable to revenue replacement funds from the American Rescue Plan Act.

FISCAL YEAR OPERATING REVENUE RESULTS

(in millions)	Adopted Budget	Unaudited Actuals	\$ Variance	% Variance
User Fees	\$ 5.08	\$ 4.50	\$ (0.58)	-11.4%
Miscellaneous Revenue	1.12	1.05	(0.07)	-5.9%
American Rescue Plan Act Revenue Replacement	-	1.30	1.30	N/A
Total Revenues	\$ 6.20	\$ 6.85	\$ 0.65	10.5%

Explanation of Significant Budget Variances

- **User Fees:** Parking fines are 20% less than projected due to personnel vacancies resulting in reduced parking enforcement activity. Parking revenues also continue to lag due to the ongoing impact of the COVID-19 Pandemic on parking activity and a scaled back Festival of Lights event.
- **American Rescue Plan Act Revenue Replacement:** A \$1.3M American Rescue Plan Act (ARPA) allocation for revenue loss has offset other revenue losses.

Expenditures

The FY 2021/22 total expenditure budget for the Public Parking Fund is comprised of the adopted budget of \$7.12M; \$1.31M of unexpended funds carried forward from the previous fiscal year; and budget adjustments made during the normal course of business. The total adjusted budget for FY 2021/22 is \$8.46M. The following table shows budgetary savings of \$1.86M after \$0.19M of encumbrances and carryovers.

FISCAL YEAR OPERATING EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	\$ Variance	% Variance
Personnel	\$ 1.35	\$ 1.35	\$ 0.80	\$ (0.55)	-40.7%
Non-Personnel	4.27	4.73	3.44	(1.29)	-27.3%
Equipment Outlay	-	0.88	0.88	-	0.0%
Debt Service	1.76	1.76	1.75	(0.01)	-0.6%
Charges To/From Others	(0.26)	(0.26)	(0.27)	(0.01)	3.8%
Total Expenditures & Transfers Out	\$ 7.12	\$ 8.46	\$ 6.60	\$ (1.86)	-22.0%

**Includes \$0.19M in encumbrances recorded as allowed by the Riverside Municipal Code.*

Explanation of Significant Budget Variances

- Personnel:** Personnel costs were \$0.55M, or 40.4%, less than total budget due to vacancies and attrition. At June 30, 2022, the Public Parking Fund had 5.00 FTE vacancies, representing a vacancy rate of 28%.
- Non-Personnel:** Much of the savings in the Non-Personnel category is due to professional services (\$0.89M savings). In the third quarter, Public Works switched from Republic Parking Services to Parking Concepts, Inc. for parking management services, which resulted in \$0.44M in savings. Court fees for parking citations were \$0.35M lower-than-budget due to vacancies adversely impacting the ability to issue parking citations. Maintenance of Garage 3 did not occur as planned, which resulted in \$0.32M in savings to offset lagging revenues.

Actual operating expenditures at fiscal year-end are \$6.42M before encumbrances of \$0.19M. Encumbrances of \$0.19M have been carried forward to FY 2022/23 as provided for in the Riverside Municipal Code.

Subsequent Event

On February 15, 2022, the City Council adopted revised parking rates and hours, and approved moving forward with a Parking Access and Revenue Control System (PARCS) contract. On July 19, 2022, the City Council engaged staff in a discussion of the impacts of the Parking Ecosystem Sustainability Plan (PESP) on the Public Parking program and, in response to community feedback, ultimately directed staff through a motion to reinstate the parking program rates and hours of operation in place prior to July 1, 2022. Immediately following the City Council meeting, staff began addressing everything tied to the rescinded parking rates and hour schedule such as garage and street signage, mobile apps, meter and garage rates, monthly permit fees, parking website, and updating the Five-Year Financial Plan.

Fund Reserves

Following a FY 2021/22 net gain of \$0.25M, the Public Parking Fund is expected to end the fiscal year with \$1.81M in fund reserves, inclusive of ARPA revenue replacement funds of \$1.3M.

CONVENTION CENTER, ENTERTAINMENT AND CHEECH MARIN CENTER FUNDS

The General Fund subsidizes 100% of the debt obligations of the Convention Center and Entertainment funds, as well as net operating deficits of the Convention Center, Sports Commission, Riverside Visitor's Bureau (RVB), Fox Theater, Box Theater, Municipal Auditorium, and the Cheech Marin Center. In January 2022, the City Council approved an increase in the General Fund Subsidy for these funds totaling \$2.9M based on operating activity to date and the continued impact of the COVID-19 pandemic on tourism.

Convention Center Fund

The Convention Center Fund, which tracks the activities of the Convention Center, Sports Commission, and Riverside Visitor's Bureau, is continuing to experience impacts from the COVID-19 Pandemic with shortfalls requiring increased subsidies from the General Fund. The estimated required subsidy was increased by \$1.8M (38%) in January 2022 based on activity to date but required an additional \$0.4M subsidy at fiscal year-end to offset operating losses of \$3.95M and debt service costs of \$3.03M. The Convention Center recorded an operating loss of \$2.15M; the Sports Commission and Riverside Visitor's Bureau, which are reported together, recorded an operating loss of \$1.8M.

FISCAL YEAR RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals	\$ Variance	% Variance
Operating Revenue	\$ 11.04	\$ 11.04	\$ 5.61	\$ (5.43)	-49.2%
General Fund Subsidy	4.82	6.66	6.98	0.32	4.8%
Total Revenue and Subsidy	\$ 15.86	\$ 17.70	\$ 12.59	\$ (5.11)	-28.9%
Operating Expenses	\$ 12.81	\$ 12.81	\$ 9.56	\$ (3.25)	-25.4%
Debt Service	3.05	3.05	3.03	(0.02)	-0.7%
Total Expenses	\$ 15.86	\$ 15.86	\$ 12.59	\$ 3.27	-20.6%
Actual Net Gain / (Loss)			\$ -		

Entertainment Fund

The Entertainment Fund includes the Fox Theater, The Box, and the Riverside Municipal Auditorium. The estimated required subsidy was increased by \$1.08M (29%) in January 2022 based on activity to date but required \$0.62M less than budgeted. The Fox Theater received a Shuttered Venue Operator Grant totaling \$3.48 million. The grant amount will be used to offset the venue's operating losses, and the excess FY 2021/22 General Fund subsidy will remain intact in the fund to address the critical unfunded capital maintenance needs of the Fox Theater. The amount available for future capital needs of the Fox Theater is \$3.48M.

FISCAL YEAR RESULTS BY VENUE

(in millions)	Fox Theater	The Box	Municipal Auditorium	Total
Operating Revenue	\$ 3.49	\$ 0.01	\$ 2.82	\$ 6.32
Grant Revenue	3.48	-	-	3.48
General Fund Subsidy	3.01	0.87	0.26	4.14
Total Revenues and Subsidy	\$ 9.98	\$ 0.88	\$ 3.08	\$ 13.94
Operating Expenses	\$ 2.96	\$ 0.13	\$ 3.06	\$ 6.15
Debt Service	3.41	0.75	0.02	4.18
Total Expenses	\$ 6.37	\$ 0.88	\$ 3.08	\$ 10.33
Net Amount	\$ 3.61	\$ -	\$ -	\$ 3.61

Excluding the grant, the actual fund results are shown in the following table. Fox Theater operating revenues exceeded operating costs by \$530,000; The Box recorded an operating loss of \$120,000, and the Municipal Auditorium recorded an operating loss of \$240,000.

FISCAL YEAR RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals	\$ Variance	% Variance
Operating Revenue	\$ 7.41	\$ 7.41	\$ 6.26	\$ (1.15)	-15.5%
General Fund Subsidy	3.67	4.75	4.13	(0.62)	-13.1%
Total Revenue and Subsidy	\$ 11.08	\$ 12.17	\$ 10.40	\$ (1.77)	-14.6%
Operating Expenses	\$ 7.94	\$ 7.97	\$ 5.04	\$ 2.93	36.8%
Debt Service	3.14	3.14	2.98	0.16	5.1%
Total Expenses	\$ 11.08	\$ 11.11	\$ 8.02	\$ 3.09	27.8%
Actual Net Gain / (Loss)			\$ 2.37		

Cheech Marin Center

The Cheech Marin Center opened in June 2022, slightly later than anticipated and budgeted for. Operating expenses occurred throughout the fiscal year and management fee costs began in May 2022. The Cheech posted a net operating loss of \$0.17M for the fiscal year which was covered by a General Fund subsidy.

FISCAL YEAR RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals	\$ Variance	% Variance
Operating Revenue	\$ 0.13	\$ 0.13	\$ 0.08	\$ (0.05)	-38.5%
General Fund Subsidy	0.34	0.34	0.17	(0.17)	-50.0%
Total Revenue and Subsidy	\$ 0.47	\$ 0.47	\$ 0.25	\$ (0.22)	-46.8%
Operating Expenses	\$ 0.47	\$ 0.47	\$ 0.25	\$ 0.22	46.8%
Total Expenses	\$ 0.47	\$ 0.47	\$ 0.25	\$ 0.22	46.8%
Actual Net Gain / (Loss)			\$ -		

APPENDIX A – CARRYOVER RECOMMENDATIONS

Restricted Carryovers represent appropriations of funding designated for a specific use per a third-party agreement, including donations, endowments, and grant matches.

Discretionary Carryovers include amounts appropriated for a specific purpose in previous periods, but unexpended due to timing or for other reasons. Discretionary carryovers may also include a reallocation of amounts from their original purpose to a new purpose, which was not funded in the adopted budget due to budget constraints.

CARRYOVER SUMMARY BY FUND

	Restricted	Discretionary	Total
General Fund	\$ 890,184	\$ 2,442,594	\$ 3,332,778
Measure Z Fund	-	16,472,798	16,472,798
Grants and Restricted Programs Fund	2,251,839	-	2,251,839
Gas Tax Fund	-	338,490	338,490
Housing Authority Fund	541,559	-	541,559
Special Districts Fund	275,369	-	275,369
Storm Drain Fund	46,859	-	46,859
Regional Park Special Capital Fund	59,696	-	59,696
Measure A Fund	-	2,433,909	2,433,909
Redevelopment Successor Agency 2007 Bonds Fund	634,898	-	634,898
Electric Fund	-	9,154,491	9,154,491
Electric Public Benefits Programs Fund	-	5,371,501	5,371,501
Water Fund	-	965,891	965,891
Water Conservation Fund	-	266,637	266,637
Refuse Fund	-	113,812	113,812
Sewer Fund	9,991	6,722	16,713
Convention Center Fund	-	98,595	98,595
Central Stores Fund	-	58,205	58,205
CFD 90-1-Highlander Fund	191,816	-	191,816
Total Recommended Carryovers	\$ 4,902,211	\$ 37,723,645	\$ 42,625,856

101 - GENERAL FUND

Department	Description	Amount
Restricted		
Cmnty & Econ Dev	Donations for Hulen Pet Shelter	\$ 518.75
Cmnty & Econ Dev	Homeless Campus (Department of Public Social Services)	411,676.80
Cmnty & Econ Dev	SB-1186 Certified Access Specialist Training	274,655.47
Cmnty & Econ Dev	Seismic Education Training & Supplies	5,197.35
Fire	Paramedic Program Equipment	46,277.60
Museum	Donated funds for California Naturalist Classes	2,340.96
Museum	Endowment Fund for Botany Exhibit	67,401.49
Parks	Maintenance Endowment Fund	15,650.50
Police	Riverside Reward Program	10,000.00
Police	Evidence Trust Funds – Renovation of Police Facilities	56,465.52
Total Restricted		\$ 890,184.44
Discretionary		
City Clerk	Redistricting Costs	\$ 237,472.50
Cmnty & Econ Dev	Improvements to Computronix to Enhance Customer Service	154,445.43
Cmnty & Econ Dev	Northside Heritage Meadows Project	22,177.00
Cmnty & Econ Dev	Festival of Lights	445,218.83
Cmnty & Econ Dev	Cannabis Commercial Use	100,000.00
Cmnty & Econ Dev	Innovation District	163,000.00
Finance	Priority Based Budgeting Contract	46,000.00
Finance	Payment Card Industry (PCI) Compliance Audit	50,000.00
Human Resources	City-Wide Employee Training	211,798.55
Human Resources	Education Reimbursement	40,000.00
Human Resources	Labor Negotiations	182,488.00
Innovation & Tech	Internal Service Fund Feasibility Study	89,715.34
Innovation & Tech	Conference Room Upgrades	40,000.00
Innovation & Tech	Additional Microsoft Office 365 Government Level 3 Licenses	34,300.00
Library	SBCERA ILS Pension Liability	12,025.22
Library	Security Guards	510,000.00
Museum	Heritage House Projects	39,903.00
Museum	Tourism, Marketing and Promotion (Museum Rebranding)	14,050.00
Museum	Museum's 100-Year Anniversary Exhibition	50,000.00
Total Discretionary		\$ 2,442,593.87
Total Carryover Recommendations – General Fund		\$ 3,332,778.31

110 - MEASURE Z

Department	Spending Item & Description	Amount
Discretionary		
Cmnty & Econ Dev	#19 - General Plan Update	\$ 4,221,782.61
Cmnty & Econ Dev	#20 - Homeless Services	621,702.91

110 - MEASURE Z

Department	Spending Item & Description	Amount
Fire	#14 - Fire Vehicle Replacement (Cash Funding)	1,895,942.30
General Services	#28 - Annual Deferred Maintenance	105,507.37
Innovation & Tech	#33 - Technology Improvements	2,068,011.39
Police	#7 – Police Officer Lateral Hire Incentives and Recruitment Costs	153,143.59
Police	#12 - Police Vehicle Replacement and Maintenance Plan	863,791.70
Police	#46 - Park and Neighborhood Specialist (PANS) Program	102,980.47
Police	#47 - Police Helicopter Capital Lease	2,463,023.83
Public Works	#30 - Tree Trimming	5,415.00
Multiple	#39 - Public Safety & Engagement Team (Urban)	3,971,497.26
Total Discretionary		\$ 16,472,798.43
Total Carryover Recommendations – Measure Z		\$ 16,472,798.43

215 - GRANTS AND RESTRICTED PROGRAMS

Department	Spending Item & Description	Amount
Restricted		
City Manager	PEG (Public, Educational, or Governmental Access)	\$ 200,254.34
CEDD	Donations for Pallet Shelter	6,000.00
CEDD	Downtown Safety Ambassador Program	65,490.34
CEDD	Hulen Campus Rehab Sponsorship	16,225.00
Human Resources	Donations for the Wellness Program	56,671.76
Fire	Certified Unified Program Agencies (CUPA)	910,491.00
Fire	CFFJAC Firefighter Joint Apprentice	45,663.93
Fire	Rancho Santiago/Riverside Community College Moreno Valley Inter-Agency Instructional Services Agreement	44,001.10
Fire	California Fire and Rescue Training Authority Task Force Mobilization Training	140,861.39
Library	Donations, Gifts, and Trust Funds	33,805.21
Library	Donations, Gifts, and Trust Funds	40,673.36
Museum	Donations from The Riverside Museum Associates for Museum Projects	15,339.00
Parks	Donations from LA84 Foundation for Learn-to-Swim Lessons	2,100.39
Police	Asset Forfeiture	668,307.83
Police	Donation for Shop With a Cop	3,000.00
Police	Donations for the Night Out Event	2,954.51
Total Restricted		\$ 2,251,839.16
Total Carryover Recommendations – Grants and Restricted Programs		\$ 2,251,839.16

230 – GAS TAX

Department	Spending Item & Description	Amount
Discretionary		
Public Works	Pavement Management Program	\$ 21,935.36
Public Works	Railroad Project Management	316,440.29
Public Works	Surplus Property Disposal	114.51
Total Discretionary		\$ 338,490.16
Total Carryover Recommendations – Gas Tax		\$ 338,490.16

280 – HOUSING AUTHORITY

Department	Spending Item & Description	Amount
Restricted		
Cmnty & Econ Dev	Housing Authority Projects (Multiple)	\$ 541,558.85
Total Restricted		\$ 541,558.85
Total Carryover Recommendations – Housing Authority		\$ 541,558.85

291 – SPECIAL DISTRICTS

Department	Spending Item & Description	Amount
Restricted		
Parks & Recreation	Loving Homes Landscape Maintenance District	\$ 19,141.50
Parks & Recreation	Village at Canyon Crest Landscape Maintenance District	256,227.66
Total Restricted		\$ 275,369.16
Total Carryover Recommendations – Special Districts		\$ 275,369.16

410 – STORM DRAIN

Department	Spending Item & Description	Amount
Restricted		
Public Works	Sycamore Canyon Business Park Habitat Restoration	\$ 5,497.82
Public Works	Miscellaneous Drainage Studies	41,361.10
Total Restricted		\$ 46,858.92
Total Carryover Recommendations – Storm Drain		\$ 46,858.92

413 – REGIONAL PARK SPECIAL CAPITAL FUND

Department	Spending Item & Description	Amount
Restricted		
Parks	Sycamore Canyon Trail Development	\$ 59,696.22
Total Restricted		\$ 59,696.22
Total Carryover Recommendations – Regional Park Special Capital Fund		\$ 59,696.22

432 – MEASURE A

Department	Spending Item & Description	Amount
Discretionary		
Public Works	Pavement Management System	\$ 102,396.94
Public Works	Planning and Investigations	373,414.51
Public Works	Railroad Project Management	1,913,200.28
Public Works	Transportation Planning	19,257.66
Public Works	Railroad Quiet Zone Maintenance	25,639.14
Total Discretionary		\$ 2,433,908.53
Total Carryover Recommendations – Measure A		\$ 2,433,908.53

480 - REDEVELOPMENT SUCCESSOR AGENCY 2007 BONDS

Department	Spending Item & Description	Amount
Restricted		
Cmnty & Econ Dev	Villegas Park Brown Room Renovation	\$ 51,996.86
Cmnty & Econ Dev	Unprogrammed 2007 Taxable Bonds	527,915.89
Cmnty & Econ Dev	Villegas Park Construction	54,034.39
Cmnty & Econ Dev	Ward 3 Street Improvements	950.57
Total Restricted		\$ 634,897.71
Total Carryover Recommendations – Redevelopment Successor Agency 2007 Bonds		\$ 634,897.71

510 - ELECTRIC

Department	Spending Item & Description	Amount
Discretionary		
RPU - Administration	Advance Metering Infrastructure (AMI) Project	\$ 1,738,119.78
RPU - Administration	Customer Information System (CIS) Disaster Recovery Project	1,833,533.00
RPU - Administration	Upgrade Itron Meter Reading Software Solution (MVRS) to Itron Field Collection System (FCS)	56,000.00
RPU - Administration	311 Upgrade Project	282,740.00
RPU - Administration	Mission Square and Utilities Operations Center (UOC) Compliance Upgrades	150,000.00
RPU - Administration	Mission Square Heating and Air Conditioning (HVAC) Improvements	1,500,000.00
RPU - Administration	Mission Square Roof Replacement	500,000.00

510 - ELECTRIC

Department	Spending Item & Description	Amount
RPU - Administration	Mission Square Outdoor Concourse Improvements	319,976.00
RPU - Administration	Proportional Share of Measure Z Technology Projects	877,172.26
RPU - Administration	Electric Fund Cost of Service Analysis (COSA)	108,154.92
RPU - Administration	Workforce Development (WFD) Internal Training	175,000.00
RPU - Electric	Vehicle Capital Leases	240,000.00
RPU - Electric	Integrated Resource Plan 2023	244,430.75
RPU - Electric	Utility Line Clearance and Vegetation Management	56,233.81
RPU - Electric	Vehicles Delayed from Terex due to COVID-19	121,636.25
RPU - Electric	Work and Asset Management Optimization Project - Phase 1	233,381.00
RPU - Electric	National Joint Apprenticeship and Training Committee (NJATC) Training for Linework Power Line Technicians (PLT)	164,197.28
RPU - Electric	Electric Vehicle Lease Extension	553,916.26
Total Discretionary		\$ 9,154,491.31
Total Carryover Recommendations – Electric		\$ 9,154,491.31

511 – ELECTRIC PUBLIC BENEFITS PROGRAM

Department	Spending Item & Description	Amount
Discretionary		
RPU - Administration	Emergency Recovery Assistance Program (ERAP) in Response to COVID-19	\$ 2,871,500.68
RPU - Administration	Replacement of Inefficient Lighting at Commercial Sites	1,250,000.00
RPU - Administration	Implement Energy Efficient Measures at Medium and Small Sized Businesses	1,250,000.00
Total Discretionary		\$ 5,371,500.68
Total Carryover Recommendations – Electric Public Benefits Program		\$ 5,371,500.68

520 - WATER

Department	Spending Item & Description	Amount
Discretionary		
RPU - Water	Advance Metering Infrastructure (AMI) Project	\$ 635,369.08
RPU - Water	Water Fund's Portion of Measure Z Technology Projects	330,521.85
Total Discretionary		\$ 965,890.93
Total Carryover Recommendations – Water		\$ 965,890.93

521 – WATER CONSERVATION

Department	Spending Item & Description	Amount
Discretionary		
RPU - Water	Water Energy Community Action Network's Turf Removal Program	\$ 22,209.00
RPU - Water	Proportional Share of Measure Z Technology Projects	23,644.00
RPU - Water	Water Conservation Surcharge Programs Enhancements	220,784.00
Total Discretionary		\$ 266,637.00
Total Carryover Recommendations – Water Conservation		\$ 266,637.00

540- REFUSE

Department	Spending Item & Description	Amount
Discretionary		
Public Works	Tequesquite Blower Project for Gas Collection	\$ 113,812.00
Total Discretionary		\$ 113,812.00
Total Carryover Recommendations – Refuse		\$ 113,812.00

550 – SEWER

Department	Spending Item & Description	Amount
Discretionary		
Public Works	Agricultural Park Clean-Up	\$ 6,722.19
Total Discretionary		\$ 6,722.19
Restricted		
Public Works	University of California Riverside (UCR) Wastewater Study	\$ 9,990.65
Total Restricted		\$ 9,990.65
Total Carryover Recommendations – Sewer		\$ 16,712.84

580 – CONVENTION CENTER

Department	Spending Item & Description	Amount
Discretionary		
General Services	Convention Center Capital Projects	\$ 98,595.00
Total Discretionary		\$ 98,595.00
Total Carryover Recommendations – Convention Center		\$ 98,595.00

640 - CENTRAL STORES

Department	Spending Item & Description	Amount
Discretionary		
Finance	Central Stores Inventory Vending Machine and Barcode Scanning System	\$ 58,205.36
Total Discretionary		\$ 58,205.36
Total Carryover Recommendations – Central Stores		\$ 58,205.36

753 – CFD 90-1-HIGHLANDER

Department	Spending Item & Description	Amount
Restricted		
Finance	Community Facilities District 90-1 Irrigation Maintenance	\$ 191,816.00
Total Restricted		\$ 191,816.00
Total Carryover Recommendations – CFD 90-1 – Highlander		\$ 191,816.00

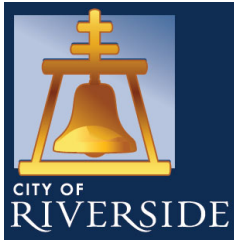
APPENDIX B – MEASURE Z SPENDING PLAN

Spending Items	Actual FY 2016/17	Actual FY 2017/18	Actual FY 2018/19	Actual FY 2019/20	Actual FY 2020/21	Actual FY 2021/22	Carryover FY 2021/22
REVENUE							
Transaction & Use Tax	\$ 12,605,474	\$ 56,201,937	\$ 62,283,444	\$ 62,380,085	\$ 71,999,092	\$ 83,156,696	\$ -
Interest Earnings	954	35,265	532,684	755,392	654,898	752,491	-
Total Revenues	\$ 12,606,428	\$ 56,237,202	\$ 62,816,128	\$ 63,135,477	\$ 72,653,990	\$ 83,909,187	\$ -
EXPENDITURES							
1 20% General Fund Reserve	\$ 5,549,224	\$ 15,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
2 Payoff of the Balloon \$32 million Pension Obligation Bond	-	1,706,290	1,673,554	1,674,490	1,674,500	1,679,490	-
3 Funding for Workers' Compensation and General Liability	-	2,500,000	2,500,000	-	-	-	-
4 Measure Z Spending Contingency - General Fund Balancing Measure	-	-	-	-	-	-	-
5 Additional Sworn Police Positions	-	2,671,321	5,588,853	7,639,210	10,163,726	10,745,658	2,838
6 Public Safety Non-Sworn Positions and Recruitment Costs	-	450,833	795,676	877,104	913,458	897,576	-
7 Police Officer Lateral Hire Incentives and Recruitment Costs	-	-	30,049	9,994	300	46,856	153,144
8 Additional Public Safety Dispatchers	-	254,112	477,694	566,809	656,263	857,136	-
9 Maintain Firefighter Staffing Level	448,496	838,478	992,571	1,291,460	1,406,709	4,137,516	-
10 Reinstatement of Fire Captains (Training and Arson)	1,504	522,192	559,538	556,919	469,733	507,235	-
11 Reinstatement of Fire Battalion Chief	-	355,402	368,948	390,025	611,747	396,056	-
12 Revised Police Vehicle Replacement and Maintenance Plan	-	2,434,081	1,738,555	1,199,786	627,585	3,735,056	1,251,990
13 Refurbish Police Vehicle (Pilot Program)	-	50,000	-	-	-	-	-
14 Fire Vehicle Replacement and Maintenance Plan	-	823,208	1,607,452	3,143,742	2,521,600	1,572,275	2,106,437
15 Fleet Facility Capital Repairs	-	100,000	-	-	-	-	-
16 Additional Fleet Mechanics for Police Department	-	176,329	173,230	202,610	219,713	225,454	-
17 Additional Fleet Mechanics for Fire Department	-	184,275	221,068	231,352	237,262	244,309	-

Spending Items		Actual FY 2016/17	Actual FY 2017/18	Actual FY 2018/19	Actual FY 2019/20	Actual FY 2020/21	Actual FY 2021/22	Carryover FY 2021/22
18	General Fund Support - Maintain Existing Services	3,939,526	5,482,007	13,238,623	18,266,026	18,266,026	18,266,026	-
19	General Plan Update (Includes Zoning Changes)	-	-	33,419	9,525	300,069	37,534	4,619,453
20	Homeless Services	-	8,775	184,619	528,954	4,197	693,012	1,080,444
21	Principal Management Analyst - City Manager's Office	-	108,724	148,684	161,803	175,948	180,941	-
22	Budget Engagement Commission Support	4,311	10,280	27,000	8,365	23,364	15,648	600
23	New Downtown Main Library & Archives	8,479	1,541,139	3,386,205	5,119,500	(434,155)	2,751,200	-
24	Eastside Library Site Selection	-	-	-	-	18,900	75,600	5,500
25	New Police Headquarters	-	-	-	26,394	43,556	-	26,003
26	Museum Expansion and Rehabilitation	-	-	-	89,053	175	-	9,991
27	New Downtown Parking Garage	-	-	-	-	-	-	-
28	Annual Deferred Maintenance (Existing Facilities)	-	458,210	1,111,923	1,025,461	838,450	959,363	606,593
29	Maximize Roads/Streets (Pavement Condition Index)	-	58,482	2,276,844	460,494	4,825,070	12,974,269	10,279,842
30	Tree Trimming	-	114,807	890,259	2,018,472	994,585	983,450	21,965
31	Ward Action Team - City Attorney's Office	21,907	173,578	263,704	295,205	303,967	326,426	-
32	Ward Action Team - City Manager's Office	-	-	-	-	-	-	-
33	Technology Improvements	-	112,288	433,629	679,248	2,792,116	1,686,690	3,295,807
34	4-Person Staffing on Fire Trucks	-	-	202,119	1,284,098	1,244,499	1,006,903	41,769
35	Fire Equipment and One-Time Operating Needs	-	-	60,473	64,019	52,466	89,769	-
36	Fire Radios	-	-	1,931,769	45,920	-	-	-
37	Recreation – Summer Pools	-	-	50,000	50,000	-	3,006	-
38	Bourns Family Youth Innovation Center – Furnishing & Operating Costs	-	-	-	183,961	49,536	342,145	-
39	Public Safety & Engagement Team Program (PSET) – Urban	-	-	21,691	1,226,821	1,518,578	1,126,665	4,827,874
40	Library Security Guards	-	-	-	121,809	339,822	380,393	-

Spending Items	Actual FY 2016/17	Actual FY 2017/18	Actual FY 2018/19	Actual FY 2019/20	Actual FY 2020/21	Actual FY 2021/22	Carryover FY 2021/22
41 Homeless Temporary Housing	-	-	-	112,204	(112,204)	-	-
42 Orangecrest Fire Station Dormitory Improvements	-	-	-	427	108,384	-	-
43 Public Works Streets Vehicle & Equipment Needs	-	-	-	-	-	-	2,000,000
44 Parks, Recreation & Community Services Infrastructure, Vehicles, and Equipment	-	-	-	-	-	11,735	1,963,663
45 Motorhome Removal & Disposal	-	-	-	-	-	5,000	1,500
46 Park and Neighborhood Safety Specialist (PANSS) Program	-	-	-	-	-	493,808	139,150
47 Police Helicopter Capital Lease	-	-	-	-	-	405,226	16,616,788
Total Expenditures	\$ 9,973,447	\$ 36,134,811	\$ 40,988,149	\$ 49,561,260	\$ 50,855,945	\$ 67,859,426	\$ 49,051,350
Five-Year Financial Plan Surplus/(Deficit)	\$ 2,632,981	\$ 20,102,391	\$ 21,827,979	\$ 13,574,217	\$ 21,798,045	\$ 16,049,761	\$(49,051,350)
FUND RESERVES							
Beginning Measure Z Unallocated Fund Reserves	\$ -	\$ 2,632,981	\$ 22,735,372	\$ 39,563,351	\$ 53,137,568	\$ 74,935,613	\$ 90,985,374
Five-Year Financial Plan Surplus/(Deficit)	2,632,981	20,102,391	21,827,979	13,574,217	21,798,045	16,049,761	(49,051,350)
Permanent Policy Reserve Set-Aside			(5,000,000)				
Ending Measure Z Unallocated Fund Reserves	\$ 2,632,981	\$ 22,735,372	\$ 39,563,351	\$ 53,137,568	\$ 74,935,613	\$90,985,374	\$ 41,934,024

The Measure Z Reserve Policy adopted by City Council on April 2, 2019, requires a minimum \$5M contingency reserve level. This amount was removed from unallocated fund reserves in 2019 and is held intact, separately of unallocated reserves reported in the Spending Plan.



FY 2021/22 Fourth Quarter Report

Finance Department

City Council
January 24, 2023

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GENERAL FUND OVERVIEW

Budget Strategy

Focused on immediate fiscal challenges:

- Unpredictable impacts of COVID-19 pandemic
- Rising retirement costs
- Projected structural deficit
- Upcoming MOU negotiations
- Challenge to the Electric GFT

Balancing measures included:

- \$10.0M balancing measure allocated to departments
- Flat non-personnel costs with exceptions

Revenue Highlights

Budget Strategy:

- Based on prior fiscal year-to-date revenue trends
- Gradual recovery from the pandemic

Mid-Cycle Adjustments:

- \$13.7M increase in projections based on FY 2021/22 audited results, updated trends.

Fiscal Year End Results:

- \$10.8M above revised projections, primarily in sales tax.

Expenditure Highlights

Budget Strategy:

- \$10M balancing measure allocated to departments
- Flat non-personnel costs with exceptions

Mid-Cycle Adjustments:

- Rescind \$10M balancing measure upon certification of Measure C; not recorded due to late ruling

Fiscal Year End Results:

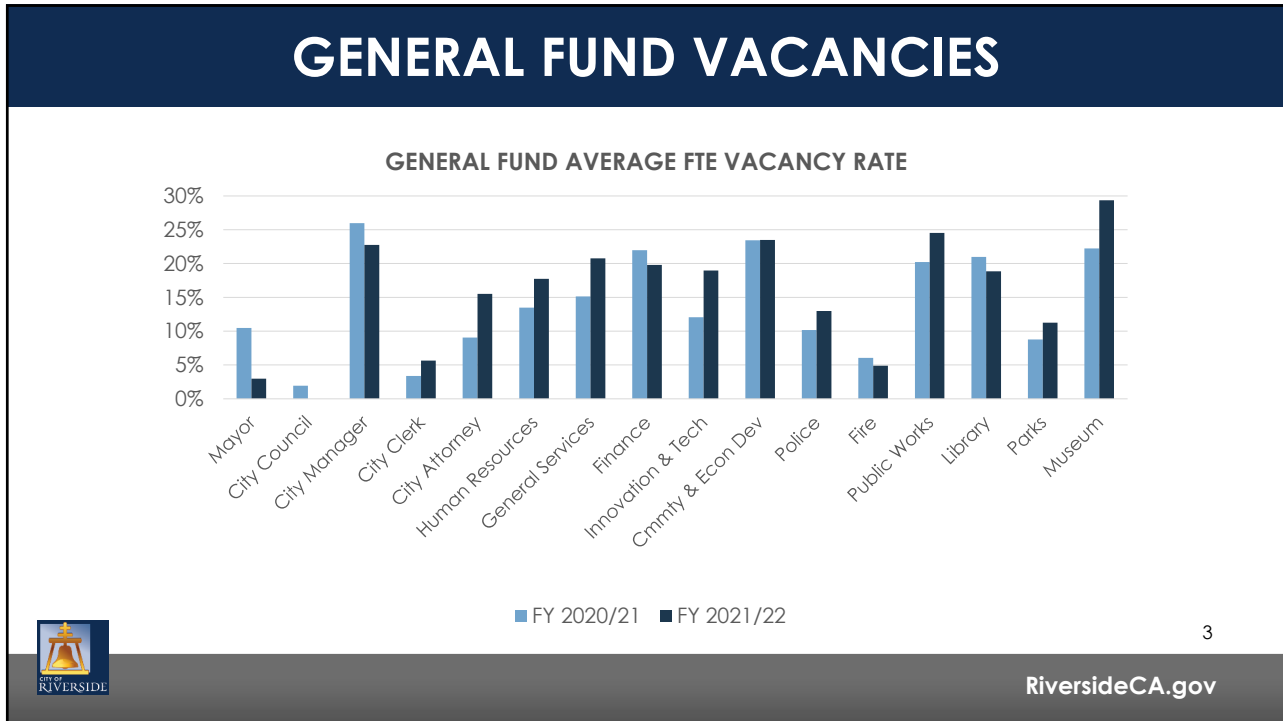
- \$15.4M savings, largely due to vacancies

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GENERAL FUND – FUND BALANCE


(in millions)

Beginning Fund Balance	\$ 64.69
FY 2021/22 Activity	
Revenues	\$ 312.60
Expenditures	(271.32)
Encumbrances	(6.50)
Restricted Carryovers*	(0.89)
Discretionary Carryovers*	(2.44)
Subtotal	\$ 31.45
Change in Other Reserves	(0.31)
Net Change in Fund Balance	\$ 31.14

(in millions)

Fund Balance Reserves	
15% Emergency Reserve	\$ (45.85)
5% Contingency Reserve	(15.28)
Total Policy Reserves	\$ (61.13)
<hr/>	
Projected Surplus Reserves	\$ 34.70

**Subject to Council approval*


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GENERAL FUND – SURPLUS RESERVES

RECOMMENDED USE OF SURPLUS RESERVES (in millions)

Projected Surplus Reserves	\$34.70
Proposed Use of Surplus Reserves	
MOU Impacts	\$(15.00)
Capital Replacement Fund	(10.00)
Section 115 Trust	(9.70)
Total	\$(34.70)
<hr/>	
Remaining Surplus Reserves	\$0.00



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MEASURE Z FY 2021/22 RESULTS

<i>(in millions)</i>	2017	2018	2019	2020	2021	2022
Revenue	\$12.61	\$ 56.24	\$ 62.82	\$ 63.14	\$ 72.65	\$ 83.91
Expenditures	(9.98)	(36.14)	(40.99)	(49.56)	(50.85)	(67.86)
Encumbrances & Carryovers						(49.05)
Net Change in Fund Balance	\$ 2.63	\$ 20.10	\$ 21.83	\$ 13.58	\$ 21.80	\$(33.00)
Beginning Unallocated Fund Reserves	\$ -	\$ 2.63	\$ 22.73	\$ 39.56	\$ 53.14	\$ 74.94
Net Change in Fund Balance	2.63	20.10	21.83	13.58	21.80	(33.00)
Fund Balance Reserve Policy	-	-	(5.00)	-	-	-
Ending Unallocated Fund Reserves	\$ 2.63	\$ 22.73	\$ 39.56	\$ 53.14	\$ 74.94	\$ 41.94

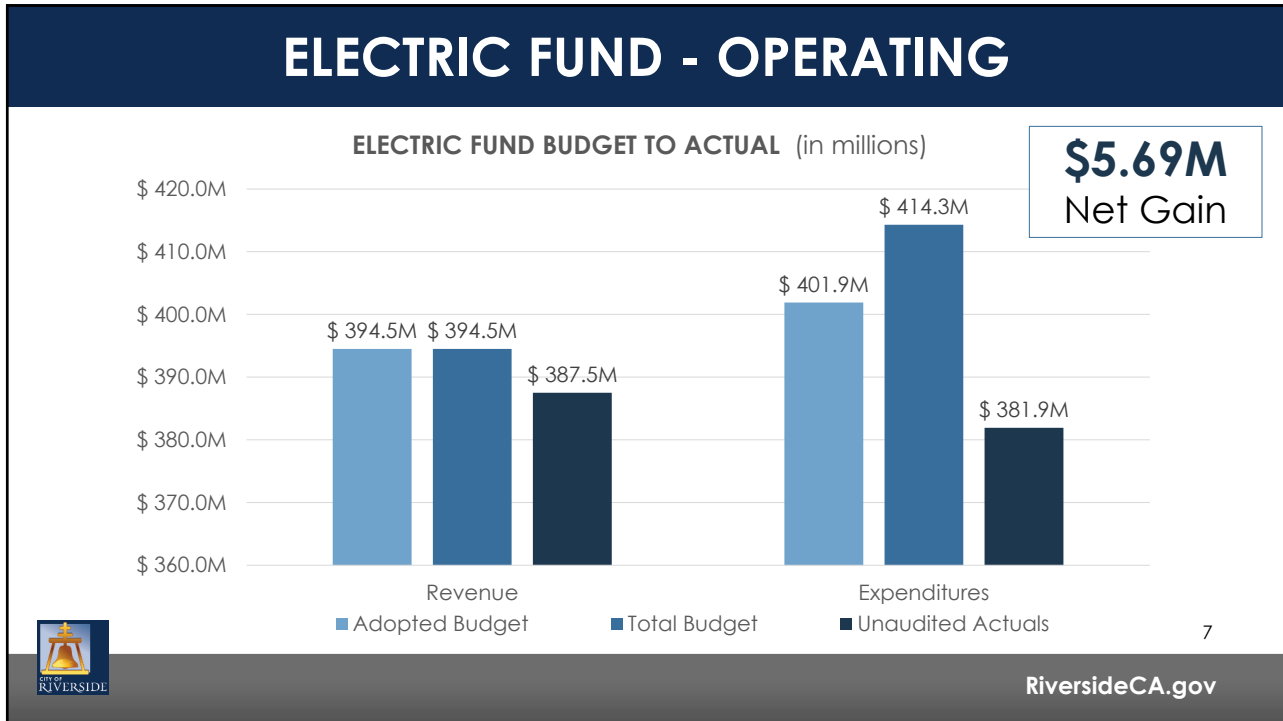
The FY 2022-2024 Adopted Budget and updated 5-Year Spending Plan includes a draw on unallocated reserves through FY 2026/27 totaling \$33 million.

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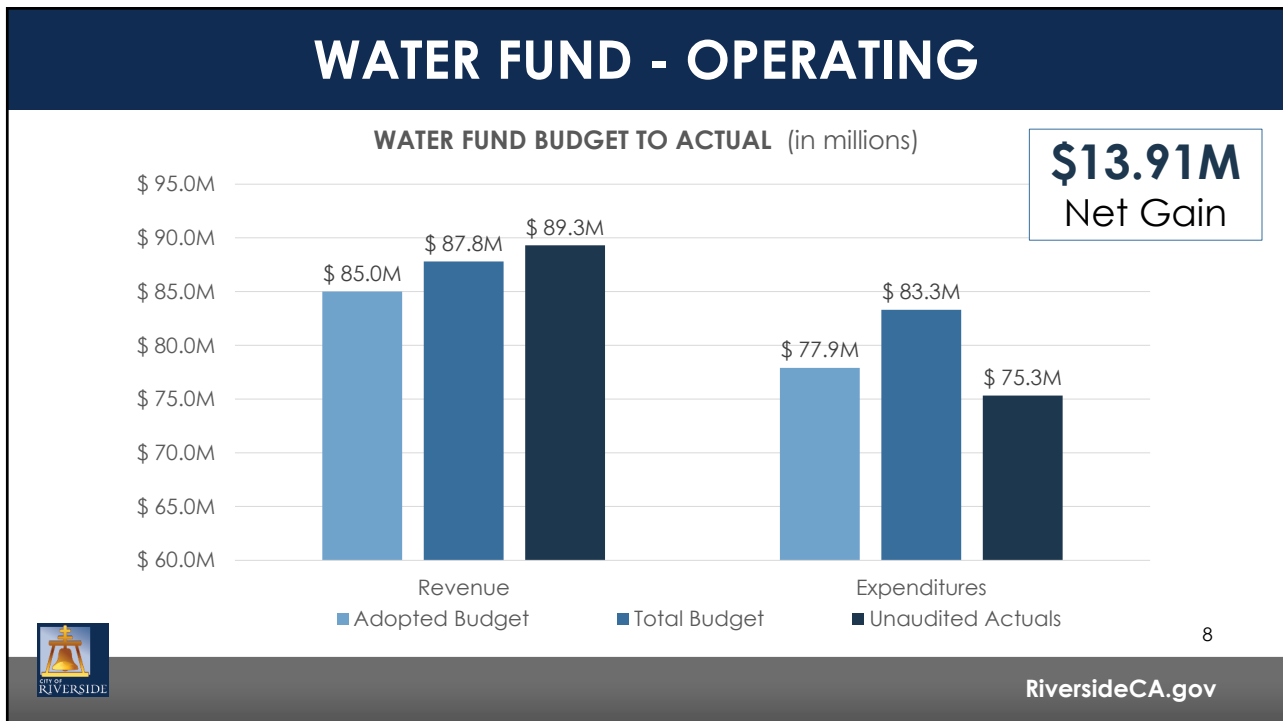


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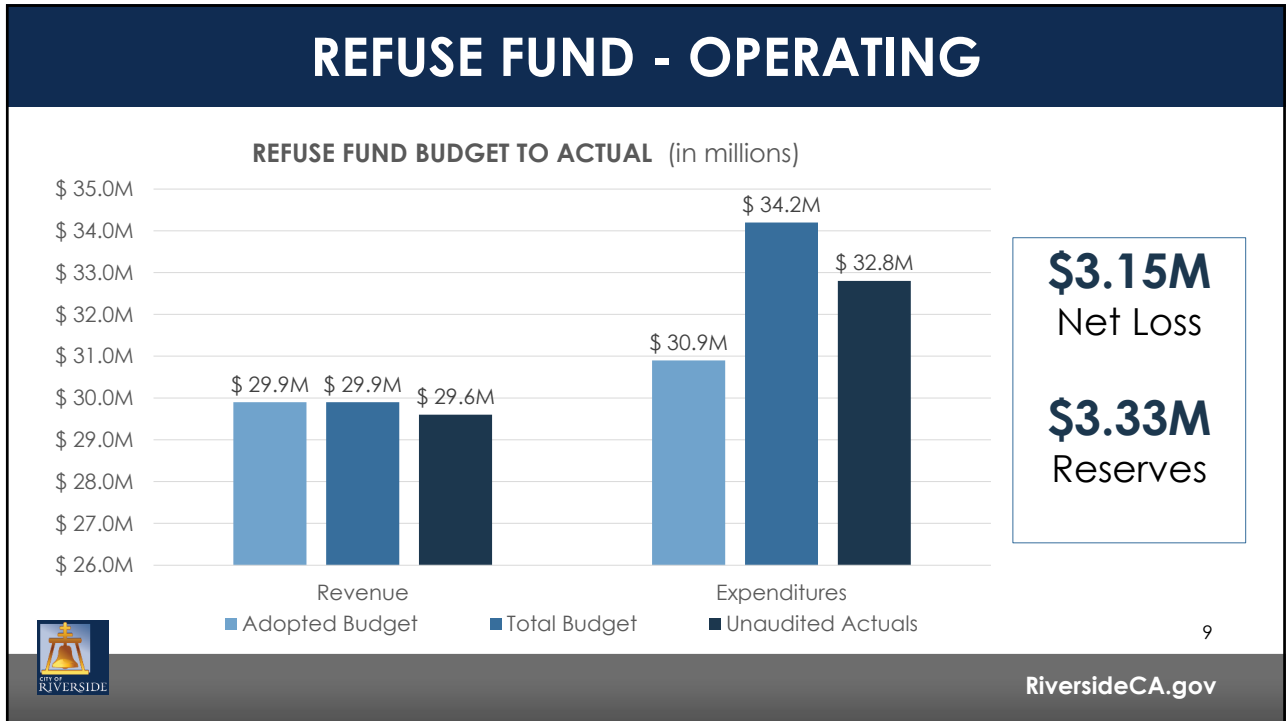
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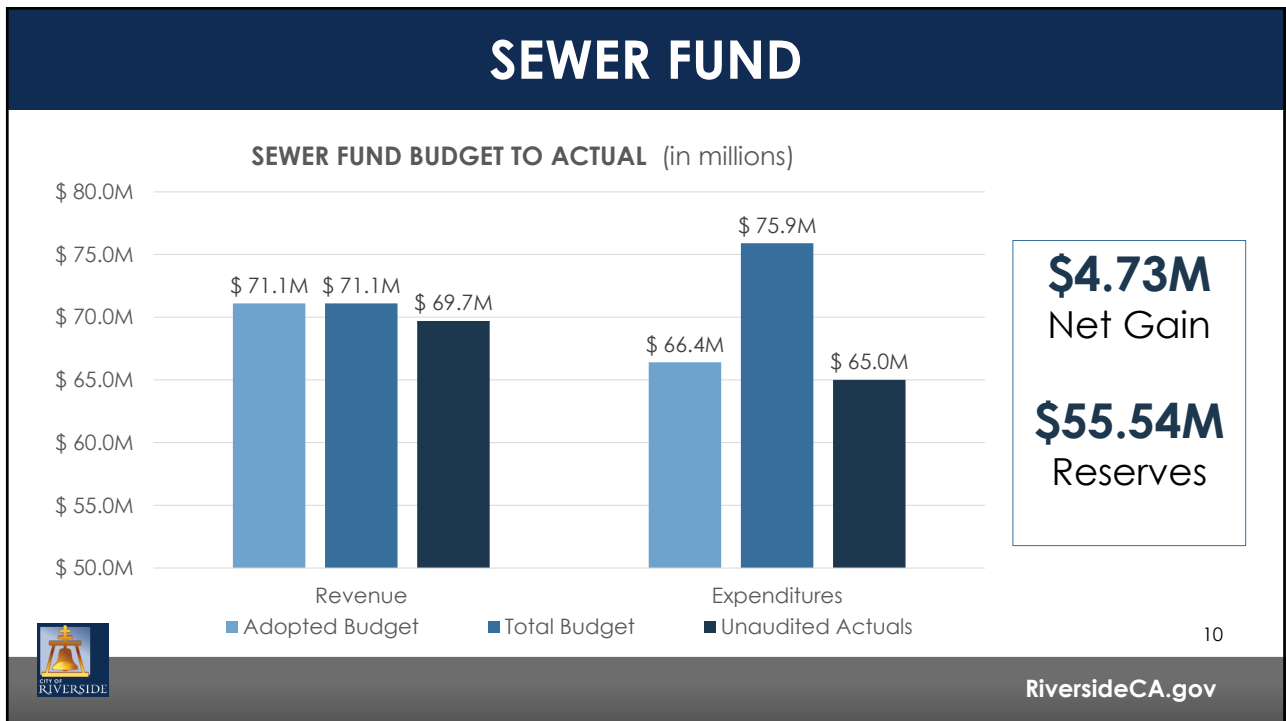
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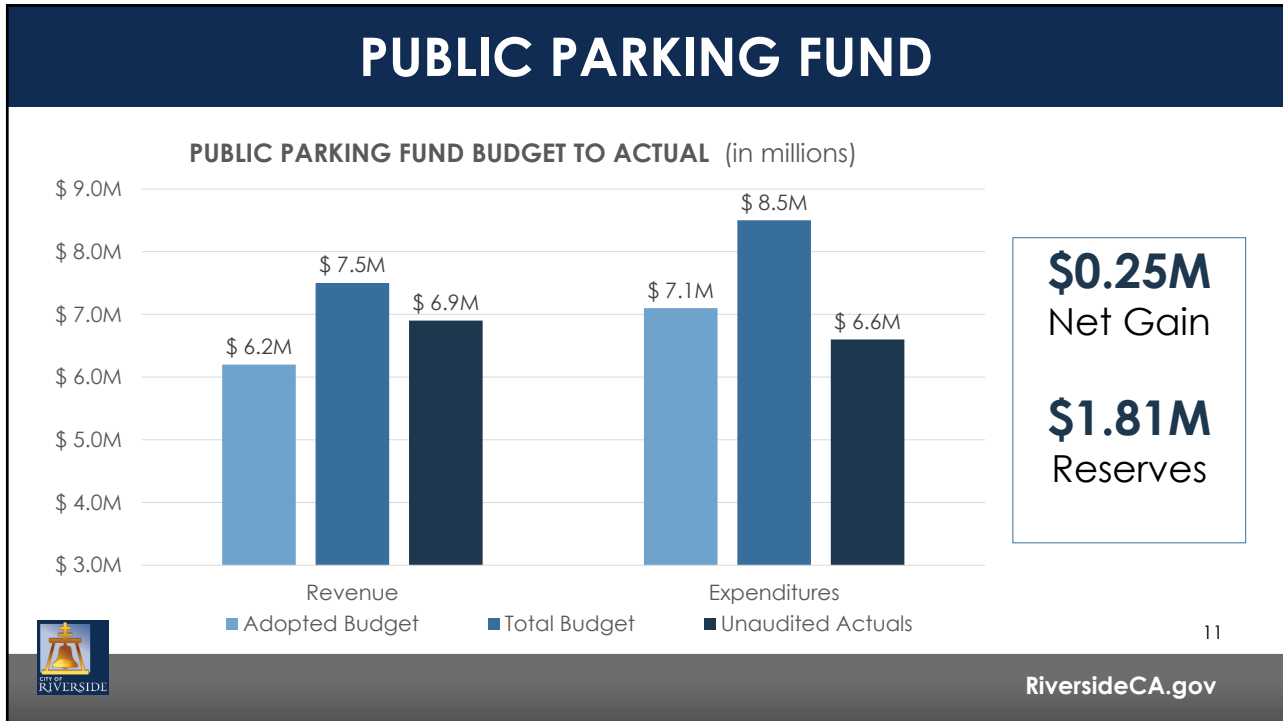
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CARRYOVERS

Fund	Restricted	Discretionary	Total
General Fund	\$890,184	\$2,442,594	\$3,332,778
Measure Z Fund	-	16,472,798	16,472,798
Electric Fund	-	9,154,491	9,154,491
Water Fund	-	965,891	965,891
Refuse Fund	-	113,812	113,812
Sewer Fund	9,991	6,722	16,713
Other Funds	4,002,036	8,567,337	12,569,373
Total Carryovers	\$4,902,211	\$37,723,645	\$42,625,856

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STRATEGIC PLAN ALIGNMENT

 **HIGH PERFORMING GOVERNMENT**

CROSS-CUTTING THREADS

**Community Trust**

**Equity**

**Innovation**

**Fiscal Responsibility**


**Sustainability and Resiliency**

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RECOMMENDATIONS

That the City Council:

1. Receive and provide input on the Fiscal Year 2021/22 Fourth Quarter Financial Report;
2. With at least five affirmative votes, approve a carryover of unexpended funds of approximately \$3.3 million in the General Fund and \$39.3 million in other City funds into fiscal year 2022/23; and
3. Approve staff's recommendation on use of the \$34.7 million in surplus reserves in the General Fund.

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City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JANUARY 24, 2023
FROM: FINANCE DEPARTMENT WARDS: ALL
SUBJECT: FISCAL YEAR 2021/22 FOURTH QUARTER CASH, INVESTMENTS, AND DEBT REPORT

ISSUE:

Fiscal Year 2021/22 Fourth Quarter Cash, Investments, and Debt Report.

RECOMMENDATIONS:

That the City Council:

1. Receive and provide input on the attached Fiscal Year 2021/22 Fourth Quarter Cash, Investments, and Debt Report.

BACKGROUND:

On June 14, 2022, the City Council received and provided input on the Fiscal Year 2021/22 Third Quarter Cash and Investments and Debt report.

DISCUSSION:

It is staff's intention to provide the Cash and Investments and Debt Quarterly report at the same City Council meeting as the Quarterly Financial Report for the General Fund and other City funds in order to provide a comprehensive review of all City Finance activities and to obtain City Council input related to those activities.

QUARTERLY CASH AND INVESTMENT REPORT

Sound investment practices are an essential component of the City's strong fiscal management. The Finance Department is responsible for managing the City's investment portfolio, focusing first on the safety of investments, and then on liquidity and an appropriate rate of return. The investment results and portfolio composition are summarized and reported to the City Council each quarter. As of June 30, 2022, the City's pooled investment portfolio's market value was \$989 million. The market value of investments held for the Section 115 Pension Trust Fund, fiscal agents (bond proceeds and reserve funds primarily), and other miscellaneous cash amounts to an additional \$119 million. The weighted average yield of the pooled investment portfolio is 1.23% as of June 30, 2022.

The authority to manage the City's investment program is provided by the California Government Code Sections 53600-53610, which allows the City Council to delegate to the Treasurer/CFO for a one-year period the authority to invest or to reinvest all funds of the City. In accordance with the City Charter and under authority granted by the City Council, the Chief Financial Officer is designated the responsibilities of the Treasurer and is responsible for investing the unexpended cash in the City Treasury consistent with the City's adopted investment policy.

The Cash and Investment Report, including a listing of cash balances by fund, is included in Attachment 1. These cash balances reflect each fund's share of the City's pooled investment portfolio. Also shown are interfund loan receivables, which are treated as available cash due to the Chief Financial Officer/Treasurer's authorization to move loan receivables to other funds as needed.

All listed funds have a positive cash balance except for the following funds as of June 30, 2022:

1. Civic Entertainment – Cheech Marin Center (\$2,885,811) has a negative cash balance due to a pending submittal of a grant reimbursement and receivables to offset expenses and negative cash.
2. Community Development Block Grant (\$252,594), Home Investment Partnership Program (\$498,155), Housing Opportunities for Persons with AIDS (\$333,468), and Transportation Uniform Mitigation Fees (\$1,783,124) have negative cash balances due to the timing of expenditures; however, the negative balances are fully offset by receivables.

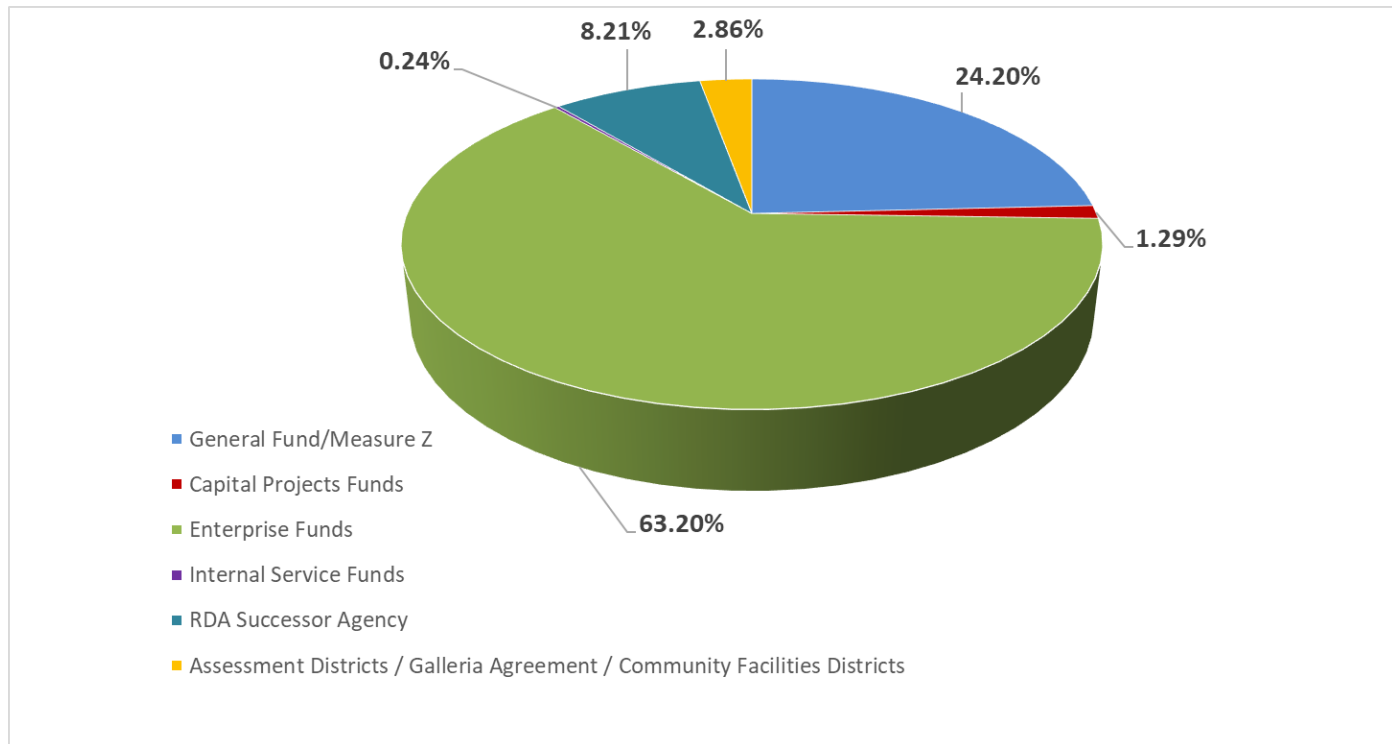
QUARTERLY DEBT REPORT

The Finance Department is responsible for managing the City's debt portfolio, which includes issuing new debt and monitoring opportunities to refinance existing debt. The Quarterly Debt Report (Attachment 2) summarizes the composition of the City's debt portfolio, details the revenue sources utilized to pay the debt service associated with each outstanding debt, and provides detailed information regarding the total principal and interest payments made in the fourth quarter of Fiscal Year 2022 by debt classification and fund.

Debt Summary Analysis

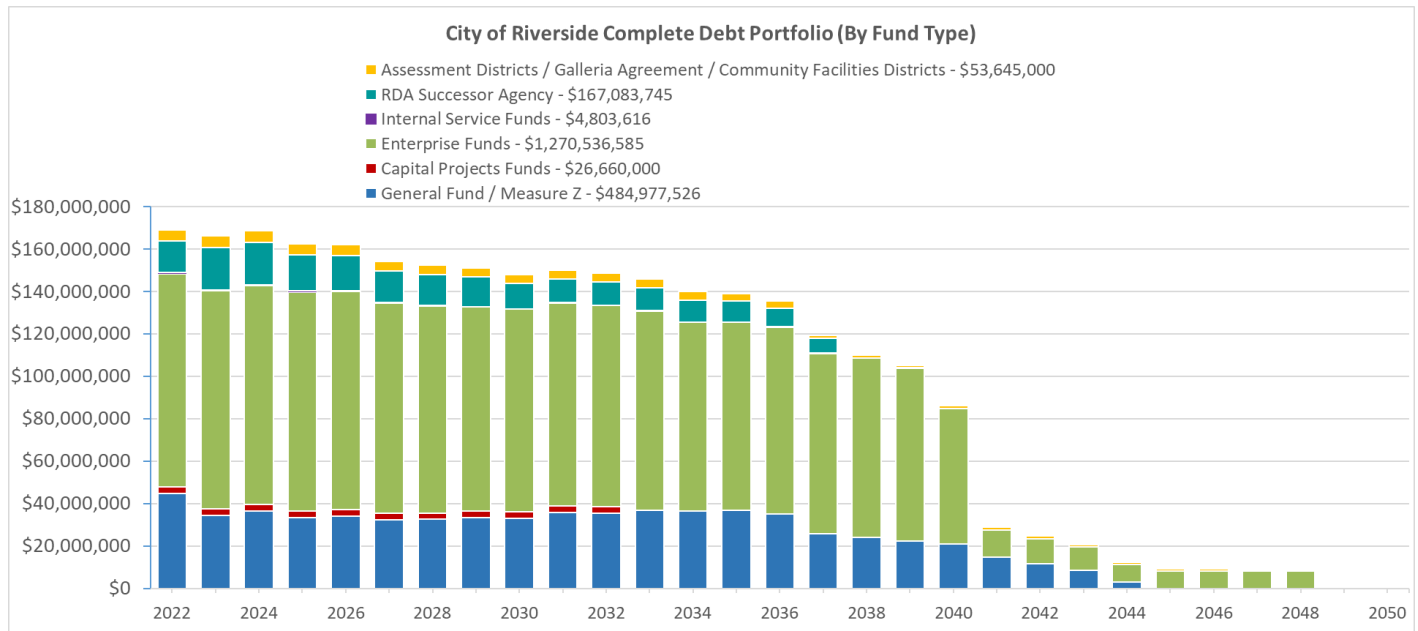
The City's outstanding principal varies quarterly as a result of debt service payments, bond calls, new debt issuances, and refunding and defeasance activity. At the end of the fourth quarter, the City's outstanding principal balance increased \$12,939,896 from the end of the third quarter of fiscal year 2022. This principal increase is due to a new \$11,291,564 capital lease for the purchase of two police helicopters and a new \$4,805,000 limited obligation bond issuance for CFD 2015-2 (Pomelo). This was offset partially by \$3,156,668 in debt service principal payments on the Ryan Bonaminio Park Loan, Measure A Certificates of Participation, Electric Fund Capital Leases, Fox Entertainment Plaza Loan, and the Convention Center Expansion Loan.

The chart below depicts the composition of the City's debt portfolio at the end of the fourth quarter. The Enterprise funds are responsible for most of the City's debt and are primarily for capital project financing offset by the revenues generated by the newly financed facilities. The General Fund and Measure Z have the next largest percentage of debt, providing financing for projects and equipment related to public safety, downtown revitalization, and public facility and infrastructure improvements. Payment of debt service for the City's Pension Obligation Bonds is allocated among many of the funds, distributing debt service in alignment with departmental staffing costs.



For purposes of this report, the Sewer, Water, Electric, Refuse, Special Transit, Civic Entertainment, Convention Center, and Parking funds are consolidated under the classification of Enterprise Funds. Measure Z and the General Fund are grouped together. Measure A is classified under Capital Projects Funds. While the Assessment Districts, Galleria Agreement, and Community Facilities Districts are part of the City debt portfolio, they aren't classified as City obligations. They are offset by individual Assessment and Community Facilities Districts which are separate legal entities from the City, formed to issue debt and levy assessments or special tax to finance improvements related to development in those districts.

The following bar chart provides the City's debt service obligations using the same classification methodology, depicting the aggregate principal and interest payments on all City debt instruments by fund. As illustrated below, the City has a stable debt service curve that results in steadily diminishing annual debt service payments, minimizing upward spikes in payments that could negatively impact the City's ability to pay debt service in any one fiscal year.



Debt Related Activities in Fourth Quarter

Finance staff regularly monitor the market to identify opportunities to maximize debt service savings through refunding and to issue debt when rates are most advantageous. Within the fourth quarter Debt Division staff obtained \$11,291,564 in capital lease financing to purchase two new police helicopters and issued \$4,805,000 in limited obligation bonds for CFD 2015-2 (Pomelo.)

Other debt related activities conducted within the fourth quarter includes:

- Legislative requirements for annual Business Improvement District, Landscape Maintenance and Streetlight Maintenance District, Special Tax and Assessment District, and General Obligation Bond levies.
- Completed formation of new Community Facilities District (CFD) 2021-3 Bridle Ridge.
- Submitted Continuing Disclosure Annual Reports for Enterprise, General Fund, and Successor to the Redevelopment Agency Debt.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 5 – High Performing Government** and **Goal 5.3 – Enhance communication and collaboration with community members, to improve transparency, build public trust, and encourage shared decision-making.**

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The preparation and approval of the debt and investment quarterly report ensures transparency and demonstrates compliance with City Debt and Investment Policies.
2. **Equity** – The debt and investment portfolios detailed in this report are used to share and offset the long-term cost of growth, development, and expansion among Riverside businesses and residents.
3. **Fiscal Responsibility** – The Quarterly Report demonstrates fiscal responsibility and accountability to show the current financial situation of the City and closely related

agencies.

4. **Innovation** – Innovative stewardship of investments and municipal debt is an effective way to track, fund, and finance, repair and improvements while ensuring sufficient cash to meet obligations.
5. **Sustainability & Resiliency** – Quarterly accounting and reporting helps to ensure City funds are used in a sustainable way without compromising future needs.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

Prepared by: Heidi Schrader, Debt and Treasury Manager
Certified as to
availability of funds: Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer
Approved by: Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Cash and Investment Report
2. Quarterly Debt Report

ATTACHMENT 1

CASH AND INVESTMENT REPORT

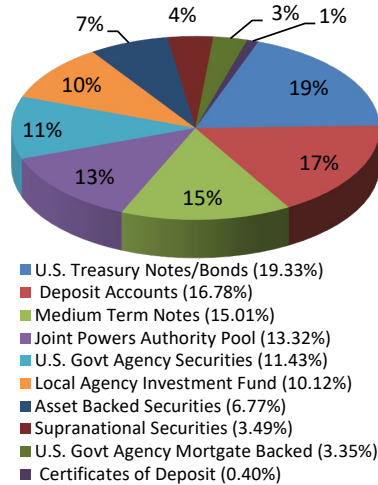




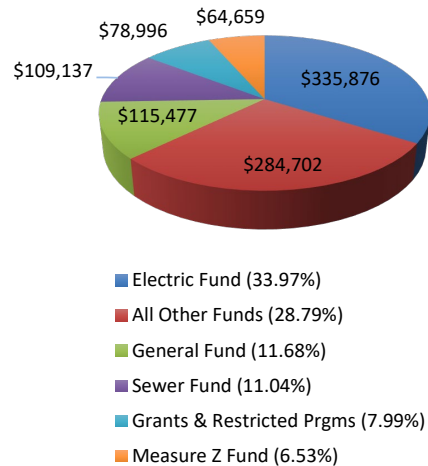
CITY OF RIVERSIDE Quarterly Investment Report June 30, 2022

	AMORTIZED COST	MARKET VALUE
POOLED INVESTMENT PORTFOLIO		
Deposit Accounts	\$ 165,877,455.67	\$ 165,877,455.67
Joint Powers Authority Pool	131,755,887.22	131,755,887.22
Local Agency Investment Fund (LAIF)	100,118,217.50	100,118,217.50
Certificates of Deposit	3,974,475.71	3,973,172.00
Medium Term Notes	158,451,946.98	148,471,902.08
U.S. Govt Agency Mortgage Backed Securities	34,003,415.18	33,108,091.81
Asset Backed Securities	68,736,886.14	66,956,337.94
Supranational Securities	37,090,512.00	34,457,769.11
U.S. Govt Agency Securities	119,069,564.65	113,001,105.94
U.S. Treasury Notes/Bonds	197,193,499.45	191,126,684.95
TOTAL POOLED INVESTMENT PORTFOLIO	1,016,271,860.50	988,846,624.22
INVESTMENTS HELD BY FISCAL AGENT -		
SECTION 115 PENSION TRUST FUND	20,103,998.43	19,423,387.15
OTHER INVESTMENTS HELD BY FISCAL AGENT	98,423,435.19	96,401,434.26
OTHER MISCELLANEOUS CASH	3,672,018.57	3,672,018.57
TOTAL CASH & INVESTMENTS	\$ 1,138,471,312.69	\$ 1,108,343,464.20

COMPOSITION OF POOLED PORTFOLIO



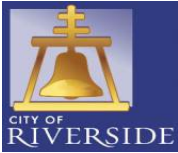
COMPOSITION OF POOLED PORTFOLIO BY FUND



It has been verified that this investment portfolio is in conformity, exclusive of items identified, with the City of Riverside's investment policy which was approved by City Council on 3/11/2020. The Treasurer's cash management program and cash flow analysis indicates that sufficient liquidity is on hand to meet estimated future expenditures for a period of six months. The weighted average maturity of the City's investment portfolio is 1.58 years. Market prices of securities are obtained from Interactive Data Corporation. Weighted average yield on cost for the City's investment portfolio is 1.23%. The cash held and invested with fiscal agents is subject to the investment provisions of the related trust indentures associated with the bond transaction which generated the cash.

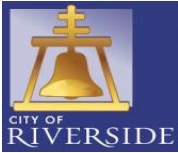
Verified by: 
Nancy Garcia, Controller

Approved by: 
Edward P. Enriquez, Chief Financial Officer/Treasurer



CITY OF RIVERSIDE
Pooled Investment Portfolio Holdings
June 30, 2022

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	*INVEST RATING	PURCH DATE	COST VALUE	MARKET VALUE
<u>DEPOSIT ACCOUNTS</u>						
Bank of America Checking and Reserve	N/A	Varies	NR	Varies	142,395,412.38	142,395,412.38
Federated Investors Federated Treasury	N/A	Varies	AAA	Varies	18,309,514.35	18,309,514.35
Citizens Business Bank	N/A	Varies	NR	Varies	5,172,528.94	5,172,528.94
SUBTOTAL DEPOSIT ACCOUNTS					165,877,455.67	165,877,455.67
<u>JOINT POWERS AUTHORITY POOL</u>						
California Asset Management Program (CAMP)	N/A	Varies	AAA	Varies	131,755,887.22	131,755,887.22
SUBTOTAL JOINT POWERS AUTHORITY POOL					131,755,887.22	131,755,887.22
LOCAL AGENCY INVESTMENT FUND (LAIF)	N/A	Varies	NR	Varies	100,118,217.50	100,118,217.50
<u>CERTIFICATES OF DEPOSIT</u>						
Westpac Banking Corp NY Yankee CD	0.300	10/26/22	A-1+	05/25/22	3,974,475.71	3,973,172.00
SUBTOTAL CERTIFICATES OF DEPOSIT					3,974,475.71	3,973,172.00
<u>MEDIUM TERM NOTES</u>						
Exxon Mobil Corp	1.902	08/16/22	AA-	08/13/19	2,375,000.00	2,371,867.38
Berkshire Hathaway	2.750	03/15/23	AA	05/09/19	4,451,187.75	4,434,764.95
Toyota Motor Credit Corp	3.450	09/20/23	A+	02/19/19	2,470,070.70	2,435,861.16
Charles Schwab Corp	0.750	03/18/24	A	03/16/21	1,954,022.50	1,876,436.37
Amazon.com Inc	0.450	05/12/24	AA	05/10/21	3,649,663.70	3,477,984.70
John Deere Capital Corp	0.450	06/07/24	A	06/07/21	2,077,400.00	1,966,463.20
Salesforce.com Inc	0.625	07/15/24	A+	06/29/21	1,064,456.85	1,008,676.41
Royal Bank of Canada	2.250	11/01/24	A	02/06/20	3,037,950.00	2,898,486.00
John Deere Capital Corp	2.050	01/09/25	A	02/06/20	3,024,810.00	2,907,090.00
American Honda Finance	1.500	01/13/25	A-	Various	4,483,050.30	4,273,708.50
Toyota Motor Credit Corp	1.800	02/13/25	A+	05/05/21	2,072,840.00	1,908,338.00
JP Morgan Chase & Co	3.220	03/01/25	A-	08/18/20	3,238,920.00	2,948,457.00
Chubb INA Holdings Inc	3.150	03/15/25	A	Various	6,518,943.13	5,849,449.43
Bank of America Corp	3.458	03/15/25	A-	04/23/20	5,263,900.00	4,931,445.00
Royal Bank of Canada	3.375	04/14/25	A	04/14/22	1,497,420.00	1,481,032.50
Bank of Montreal	1.850	05/01/25	A-	08/12/21	5,162,100.00	4,744,185.00
Caterpillar Financial Service	3.400	05/13/25	A	05/10/22	2,736,520.20	2,735,405.02
Qualcomm Inc	3.450	05/20/25	A	Various	5,245,703.20	4,978,965.00
Morgan Stanley	0.790	05/30/25	A-	Various	7,461,656.65	6,964,964.44
Honeywell Intl	1.350	06/01/25	A	06/23/20	5,119,000.00	4,710,480.00
Royal Bank of Canada	1.150	06/10/25	A	Various	5,044,880.00	4,630,215.00
American Honda Finance	1.200	07/08/25	A-	06/22/21	2,017,540.00	1,847,472.00
Toronto Dominion Bank	0.750	09/11/25	A	09/15/20	4,986,850.00	4,518,650.00
National Rural Utilities	3.250	11/01/25	A-	04/14/22	2,994,000.00	2,929,044.00
Simon Property Group	3.300	01/15/26	A-	08/11/21	4,750,593.75	4,236,229.38
Goldman Sachs Group Inc	0.855	02/12/26	BBB+	06/18/21	4,334,706.25	3,983,542.50
Bank of America Corp	2.015	02/13/26	A-	03/04/21	2,066,760.00	1,876,136.00
JP Morgan Chase & Co	2.005	03/13/26	A-	03/12/21	3,086,490.00	2,811,744.00
Citigroup Inc	3.106	04/08/26	BBB+	Various	6,788,825.00	6,125,049.00
JP Morgan Chase & Co	2.083	04/22/26	A-	06/23/21	3,105,570.00	2,807,724.00



CITY OF RIVERSIDE
Pooled Investment Portfolio Holdings
June 30, 2022

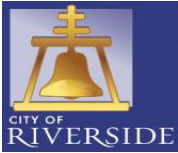
DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	*INVEST RATING	PURCH DATE	COST VALUE	MARKET VALUE
Guardian Life Glob Fun	1.250	05/13/26	AA+	02/09/22	2,307,168.00	2,166,924.00
United Health Group Inc	1.150	05/15/26	A+	Various	2,852,118.20	2,722,956.00
Toyota Motor Credit Corp	1.125	06/18/26	A+	Various	4,989,707.50	4,521,275.01
Bank of America Corp	1.319	06/19/26	A-	06/18/21	2,004,120.00	1,816,542.00
Met Tower Global Funding	1.250	09/14/26	AA-	09/07/21	2,927,304.40	2,604,233.81
Bank of Montreal	1.250	09/15/26	A-	Various	2,495,539.50	2,217,577.50
Wal-Mart Stores	1.050	09/17/26	AA	09/08/21	1,332,476.85	1,215,580.25
Metlife	1.875	01/11/27	AA-	01/03/22	4,240,160.70	3,857,507.91
Toronto-Dominion Bank	1.950	01/12/27	A	01/25/22	992,295.35	905,863.01
Charles Schwab Corp	2.450	03/03/27	A	03/01/22	1,668,196.40	1,559,698.17
Goldman Sachs Group Inc	1.431	03/09/27	BBB+	Various	2,914,727.50	2,884,183.25
Berkshire Hathaway	2.300	03/15/27	AA	03/07/22	4,924,064.25	4,658,660.93
Amazon.com Inc	3.300	04/13/27	AA	04/25/22	2,994,810.00	2,946,708.00
Virginia Electric Power Corp	3.750	05/15/27	BBB+	Various	4,008,326.95	3,966,032.00
Citigroup Inc	1.462	06/09/27	BBB+	06/21/22	1,753,880.00	1,770,370.00
Merck & Co	1.700	06/10/27	A+	06/23/22	3,966,221.40	3,987,924.30
SUBTOTAL MEDIUM TERM NOTES					158,451,946.98	148,471,902.08

U.S. GOVERNMENT AGENCY MORTGAGE BACKED SECURITIES

FHLMC - K026 A2	2.510	11/25/22	NR	04/16/19	9,191,882.71	9,230,674.63
FHLMC - K723 A2	2.454	08/25/23	NR	07/16/19	9,486,656.88	9,315,526.78
FHLMC - K041 A2	3.171	10/25/24	AAA	07/01/21	5,378,515.63	4,976,565.00
FHLMC - K047 A2	3.329	05/25/25	NR	05/20/22	5,028,906.25	4,986,275.00
FHLMC - K049 A2	3.010	07/25/25	NR	06/23/21	1,789,016.21	1,635,539.40
FHLMC - K059 A2	3.120	09/25/26	AAA	02/18/22	3,128,437.50	2,963,511.00
SUBTOTAL U.S. GOVERNMENT AGENCY MORTGAGE BACKED SECURITIES					34,003,415.18	33,108,091.81

U.S. GOVERNMENT AGENCY ASSET BACKED SECURITIES

Honda Auto Receivables	1.610	04/22/24	NR	02/19/20	1,497,432.36	1,488,336.67
Hyundai Auto Lease Trust	0.330	06/17/24	AAA	06/08/21	2,789,581.50	2,717,513.01
John Deere Owner Trust	1.100	08/15/24	NR	03/04/20	1,066,525.58	1,055,798.98
Toyota Auto Receivables Trust	0.440	10/15/24	AAA	07/21/20	1,305,448.56	1,287,710.07
Honda Auto Receivables Trust	0.370	10/18/24	AAA	09/22/20	1,774,369.40	1,742,491.54
GM Financial Auto Lease Trust	0.390	10/21/24	AAA	04/18/22	1,572,855.47	1,567,973.70
Toyota Lease Owner Trust	0.420	10/21/24	NR	07/27/21	2,484,966.45	2,394,401.87
John Deere Owner Trust	0.510	11/15/24	NR	07/14/20	603,145.95	593,294.71
Mercedes-Benz Auto Lease Trust	0.400	11/15/24	AAA	06/22/21	2,589,804.46	2,507,438.57
BMW Vehicle Lease Trust	0.330	12/26/24	NR	09/08/21	1,624,832.30	1,577,376.14
Hyundai Auto Lease Trust	1.160	01/15/25	AAA	01/11/22	2,074,954.14	2,004,582.80
Toyota Lease Owner Trust	1.960	02/20/25	AAA	02/23/22	4,384,309.80	4,273,906.03
GM Financial Auto Lease Trust	1.900	03/20/25	NR	02/15/22	3,599,969.04	3,504,466.80
BMW Vehicle Lease Trust	1.100	03/25/25	AAA	01/11/22	1,719,742.86	1,660,651.40
Honda Auto Receivables Trust	0.270	04/21/25	NR	02/17/21	1,129,979.32	1,103,145.55
Toyota Auto Receivables Owners	0.260	05/15/25	NR	02/02/21	4,144,230.69	4,047,505.46
GM Financial Auto Lease Trust	3.420	06/20/25	AAA	05/03/22	2,399,749.68	2,387,743.20
Hyundai Auto Receivables Trust	0.380	09/15/25	AAA	04/20/21	1,474,844.83	1,424,690.70
John Deere Owner Trust	0.360	09/15/25	NR	03/02/21	1,624,687.68	1,562,450.50
Hyundai Auto Receivables Trust	0.380	01/15/26	AAA	07/20/21	4,713,959.40	4,526,404.72
Honda Auto Receivables Trust	0.880	01/21/26	NR	11/16/21	1,749,631.10	1,669,032.75
John Deere Owner Trust	0.520	03/16/26	NR	07/13/21	2,204,803.31	2,092,397.27



CITY OF RIVERSIDE
Pooled Investment Portfolio Holdings
June 30, 2022

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	*INVEST RATING	PURCH DATE	COST VALUE	MARKET VALUE
Honda Auto Receivables Trust	1.880	05/15/26	AAA	02/15/22	2,814,576.62	2,725,111.42
Hyundai Auto Receivables Trust	0.740	05/15/26	AAA	11/09/21	1,249,721.00	1,194,440.00
BMW Vehicle Owner Trust	3.210	08/25/26	AAA	05/10/22	1,999,896.00	1,979,170.00
GM Financial Securitized Term	0.680	09/16/26	AAA	10/13/21	1,334,965.96	1,267,518.42
John Deere Owner Trust	2.320	09/16/26	NR	03/10/22	1,724,618.43	1,681,062.53
Hyundai Auto Receivables Trust	2.220	10/15/26	AAA	03/09/22	3,079,881.42	2,985,139.11
GM Financial Auto Receivables	1.260	11/16/26	AAA	01/11/22	1,139,900.93	1,090,717.80
GM Financial Securitized ART	3.100	02/16/27	AAA	04/05/22	1,674,649.93	1,659,829.53
American Express Credit Trust	3.390	05/17/27	AAA	05/17/22	5,188,851.97	5,184,036.69

SUBTOTAL U.S. GOVERNMENT AGENCY ASSET BACKED SECURITIES					68,736,886.14	66,956,337.94
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SUPRANATIONAL SECURITIES

Inter-American Dev Bank	0.500	09/23/24	AAA	09/15/21	8,403,776.60	7,953,841.60
Intl. Bank Recon & Development	0.625	04/22/25	AAA	04/15/20	4,278,378.35	4,011,907.96
Inter-American Dev Bank	0.625	07/15/25	AAA	01/13/21	5,071,967.50	4,681,324.75
Intl. Bank Recon & Development	0.500	10/28/25	AAA	Various	9,994,372.85	9,179,620.00
Inter-American Dev Bank	0.875	04/20/26	AAA	04/13/21	9,342,016.70	8,631,074.80

SUBTOTAL SUPRANATIONAL SECURITIES					37,090,512.00	34,457,769.11
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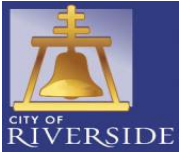
U.S. GOVERNMENT AGENCY SECURITIES

FHLMC	0.375	05/05/23	AA+	05/05/20	4,758,000.80	4,660,354.16
FNMA	0.250	05/22/23	AA+	05/20/20	7,651,898.25	7,500,386.08
FHLMC	0.250	06/26/23	AA+	06/24/20	5,588,633.40	5,455,380.13
FNMA	0.250	07/10/23	AA+	07/08/20	4,445,421.75	4,337,027.15
FHLMC	0.250	08/24/23	AA+	08/19/20	7,507,334.70	7,291,654.20
FHLMC	0.125	10/16/23	AA+	Various	9,961,598.25	9,650,930.01
FHLMC	0.250	11/06/23	AA+	11/03/20	9,331,594.00	9,014,902.62
FHLB	2.750	12/13/24	AA+	02/06/20	5,281,300.00	4,969,165.00
FNMA	1.625	01/07/25	AA+	03/04/20	8,281,440.00	7,730,984.00
FHLMC	1.500	02/12/25	AA+	02/13/20	6,599,914.15	6,354,419.51
FHLB	2.375	03/14/25	AA+	03/19/20	6,346,620.00	5,889,222.00
FNMA	0.625	04/22/25	AA+	04/22/20	5,199,267.40	4,876,367.23
FHLB	0.500	06/13/25	AA+	06/29/20	5,007,400.00	4,649,920.00
FNMA	0.500	06/17/25	AA+	06/17/20	6,506,503.60	6,053,885.20
FHLMC	0.375	07/21/25	AA+	07/21/20	4,606,942.60	4,275,230.88
FNMA	0.375	08/25/25	AA+	Various	7,962,282.50	7,354,976.00
FHLMC	0.375	09/23/25	AA+	Various	7,970,197.55	7,343,560.01
FNMA	0.500	11/07/25	AA+	11/09/20	6,063,215.70	5,592,741.76

SUBTOTAL U.S. GOVERNMENT AGENCY SECURITIES					119,069,564.65	113,001,105.94
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U.S. GOVERNMENT TREASURY SECURITIES

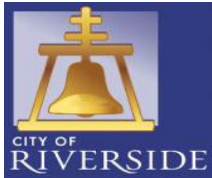
US Treasury	1.625	05/31/23	AA+	10/31/19	7,020,781.25	6,919,339.00
US Treasury	0.125	05/31/23	AA+	06/18/21	6,233,398.44	6,094,968.75
US Treasury	2.625	06/30/23	AA+	Various	9,934,024.79	9,972,270.00
US Treasury	1.625	10/31/23	AA+	10/31/19	12,441,656.25	12,191,717.20
US Treasury	2.875	11/30/23	AA+	01/09/19	3,044,882.81	2,998,125.00
US Treasury	2.250	01/31/24	AA+	06/05/19	10,671,445.31	10,388,437.50
US Treasury	2.000	04/30/24	AA+	Various	17,578,257.82	17,109,768.00



CITY OF RIVERSIDE
Pooled Investment Portfolio Holdings
June 30, 2022

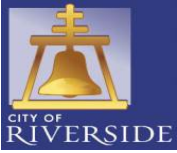
DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	*INVEST RATING	PURCH DATE	COST VALUE	MARKET VALUE
US Treasury	0.250	06/15/24	AA+	06/18/21	4,965,429.69	4,745,510.00
US Treasury	1.750	06/30/24	AA+	09/09/19	9,358,759.77	9,036,093.75
US Treasury	1.500	02/15/25	AA+	Various	15,947,968.76	15,875,442.00
US Treasury	1.125	02/28/25	AA+	03/24/20	6,177,656.25	5,716,404.00
US Treasury	1.750	03/15/25	AA+	05/04/22	4,827,539.06	4,839,060.00
US Treasury	2.750	05/15/25	AA+	Various	9,795,000.00	9,932,810.00
US Treasury	0.250	09/30/25	AA+	10/16/20	6,975,937.50	6,402,536.00
US Treasury	0.375	12/31/25	AA+	12/29/20	2,249,824.22	2,053,037.25
US Treasury	0.375	01/31/26	AA+	Various	8,625,488.28	7,965,921.25
US Treasury	0.750	03/31/26	AA+	03/30/21	3,969,843.75	3,678,592.00
US Treasury	0.750	05/31/26	AA+	Various	9,942,773.44	9,161,330.00
US Treasury	0.750	08/31/26	AA+	Various	5,170,878.90	4,785,495.75
US Treasury	1.125	10/31/26	AA+	Various	12,919,453.14	12,000,118.00
US Treasury	1.500	01/31/27	AA+	Various	15,585,117.20	15,428,143.50
US Treasury	2.750	04/30/27	AA+	Various	13,757,382.82	13,831,566.00
SUBTOTAL U.S. GOVERNMENT TREASURY SECURITIES					197,193,499.45	191,126,684.95
TOTAL POOLED CASH & INVESTMENTS					1,016,271,860.50	988,846,624.22

*The City uses S&P ratings



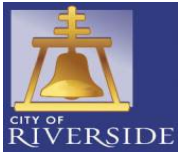
CITY OF RIVERSIDE
Investments held by Fiscal Agent
Section 115 Pension Trust Fund
June 30, 2022

DESCRIPTION OF SECURITY	COST VALUE	MARKET VALUE
<u>CASH AND EQUIVALENTS</u>		
Cash	39,082.44	39,082.44
First American Government Obligation Fund CL "Z"	1,960,732.45	1,960,732.45
SUBTOTAL CASH AND EQUIVALENTS	1,999,814.89	1,999,814.89
<u>MUTUAL FUNDS - EQUITY</u>		
Ishares Core - S P500 Etf	2,522,065.24	2,581,253.20
Ishares S P - 500 Growth Etf	1,040,982.57	1,037,778.60
Ishares S P - 500 Value Etf	1,177,485.04	1,187,791.86
Ishares - Russell Mid Cap Etf	872,669.28	833,014.78
Ishares - Russell 2000 Value Etf	712,519.91	689,463.60
Ishares - Russell 2000 Growth Etf	746,250.06	650,701.74
Ishares Core - Msci Eafe Etf	956,043.06	895,461.60
Vanguard Ftse - Emerging Markets Etf	608,316.22	580,351.10
Vanguard Real - Estate Etf	331,713.83	326,720.46
SUBTOTAL MUTUAL FUNDS - EQUITY	8,968,045.21	8,782,536.94
<u>MUTUAL FUNDS - FIXED INCOME</u>		
Ishares Core - U.S. Aggregate Bond Etf	6,870,607.14	6,460,747.20
Vanguard High - Yield Corporate Adm	202,999.38	187,507.80
Vanguard - Short Term Invt Grade #539	2,062,531.81	1,992,780.32
SUBTOTAL MUTUAL FUNDS - FIXED INCOME	9,136,138.33	8,641,035.32
TOTAL ASSETS	20,103,998.43	19,423,387.15



CITY OF RIVERSIDE
Investments Held by Fiscal Agent
June 30, 2022

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	*INVEST RATING	PURCH DATE	COST VALUE	MARKET VALUE
<u>CASH & MONEY MARKET ACCOUNTS</u>						
Cash - Custodial Cash Account US Bank	N/A	Varies	NR	Varies	40,576.56	40,576.56
Cash - Bank of America Equipment Lease	N/A	Varies	NR	Varies	11,985,281.98	11,985,281.98
US Bank Commercial Paper Sweep	N/A	Varies	NR	Varies	665,416.85	665,416.85
US Bank Gcts0170	N/A	Varies	NR	Varies	17,021,260.48	17,021,260.48
US Bank Gcts0185	N/A	Varies	NR	Varies	4,665,847.18	4,665,847.18
First American Government Obligation CL "Y"	N/A	Varies	AAA	Varies	543,014.04	543,014.04
First American Prime Obligations Fund CL " Z "	N/A	Varies	AAA	Varies	10,179,301.30	10,179,301.30
SUBTOTAL CASH & MONEY MARKET ACCOUNTS					45,100,698.39	45,100,698.39
LOCAL AGENCY INVESTMENT FUND (LAIF)	N/A	Varies	NR	Varies	1,244,036.23	1,244,036.23
<u>MEDIUM TERM NOTES</u>						
Charles Schwab Corp	0.750	03/18/24	A	Various	601,166.80	575,888.40
Amazon.com Inc	0.450	05/12/24	AA	05/10/21	394,423.30	375,869.76
John Deere Capital Corp	0.450	06/07/24	A	06/07/21	369,537.50	349,803.56
Salesforce.com Inc	0.625	07/15/24	A+	06/29/21	94,951.55	89,975.83
American Honda Finance	1.500	01/13/25	A-	Various	695,744.40	664,799.10
Toyota Motor Credit Corp	1.800	02/13/25	A+	05/05/21	777,315.00	715,626.75
Chubb INA Holdings Inc	3.150	03/15/25	A	01/26/21	659,406.00	589,959.60
Caterpillar Financial Service	3.400	05/13/25	A	05/10/22	209,733.30	209,647.83
Morgan Stanley	0.790	05/30/25	A-	05/26/21	640,340.50	597,130.24
Eli Lilly & Co	2.750	06/01/25	A+	06/10/21	699,166.00	640,201.90
Honeywell Intl	1.350	06/01/25	A	06/10/21	717,066.00	659,467.20
PNC Bank	3.250	06/01/25	A	06/10/21	710,365.50	641,019.60
Royal Bank of Canada	1.150	06/10/25	A	02/22/21	607,344.00	555,625.80
Toronto Dominion Bank	0.750	09/11/25	A	02/10/21	650,292.50	587,424.50
Simon Property Group	3.300	01/15/26	A-	08/11/21	678,656.25	605,175.63
Goldman Sachs Group Inc	0.855	02/12/26	BBB+	06/18/21	619,243.75	569,077.50
Bank of America Corp	2.015	02/13/26	A-	03/04/21	620,028.00	562,840.80
JP Morgan Chase & Co	2.005	03/13/26	A-	03/12/21	617,298.00	562,348.80
Citigroup Inc	3.106	04/08/26	BBB+	06/18/21	669,075.00	600,495.00
United Health Group Inc	1.150	05/15/26	A+	Various	130,420.30	117,994.76
Wal-Mart Stores	1.050	09/17/26	AA	09/08/21	119,773.20	109,265.65
Target Corp	1.950	01/15/27	A	01/19/22	264,549.50	246,167.78
Virginia Electric Power Corp	3.750	05/15/27	BBB+	05/16/22	119,625.60	118,980.96
SUBTOTAL MEDIUM TERM NOTES					11,665,521.95	10,744,786.95
<u>U.S. GOVERNMENT AGENCY ASSET BACKED SECURITIES</u>						
Mercedes-Benz Auto Lease Trust	0.400	11/15/24	AAA	06/22/21	239,981.88	232,349.53
BMW Vehicle Lease Trust	0.330	12/26/24	NR	09/08/21	149,984.52	145,603.95
GM Financial Auto Lease Trust	1.900	03/20/25	NR	02/15/22	309,997.33	301,773.54
BMW Vehicle Lease Trust	1.100	03/25/25	AAA	01/11/22	149,977.58	144,824.25
Honda Auto Receivables Trust	0.270	04/21/25	NR	02/17/21	124,997.71	122,029.38
Toyota Auto Receivables Owners	0.260	05/15/25	NR	02/02/21	464,913.70	454,062.74
Hyundai Auto Receivables Trust	0.380	09/15/25	AAA	04/20/21	164,982.64	159,372.18
John Deere Owner Trust	0.360	09/15/25	NR	03/02/21	179,965.40	173,071.44
Hyundai Auto Receivables Trust	0.380	01/15/26	AAA	07/20/21	434,904.00	417,600.44
Honda Auto Receivables Trust	0.880	01/21/26	NR	11/16/21	154,967.33	147,828.62



CITY OF RIVERSIDE
Investments Held by Fiscal Agent
June 30, 2022

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	*INVEST RATING	PURCH DATE	COST VALUE	MARKET VALUE
John Deere Owner Trust	0.520	03/16/26	NR	07/13/21	204,981.72	194,531.27
Honda Auto Receivables Trust	1.880	05/15/26	AAA	02/15/22	244,963.15	237,176.66
Hyundai Auto Receivables Trust	0.740	05/15/26	AAA	11/09/21	109,975.45	105,110.72
BMW Vehicle Owner Trust	3.210	08/25/26	AAA	05/10/22	149,992.20	148,437.75
GM Financial Securitized Term	0.680	09/16/26	AAA	10/13/21	114,997.07	109,186.98
John Deere Owner Trust	2.320	09/16/26	NR	03/10/22	179,960.19	175,415.23
GM Financial Auto Receivables	1.260	11/16/26	AAA	01/11/22	99,991.31	95,677.00
GM Financial Securitized ART	3.100	02/16/27	AAA	04/05/22	139,970.75	138,732.03
SUBTOTAL U.S. GOVERNMENT AGENCY ASSET BACKED SECURITIES					3,619,503.93	3,502,783.71
<u>SUPRANATIONAL SECURITIES</u>						
Inter-American Dev Bank	0.500	09/23/24	AAA	09/15/21	764,433.90	723,506.40
International Finance Corp	1.375	10/16/24	AAA	07/12/21	1,026,900.00	963,328.00
Intl. Bank Recon & Development	0.500	10/28/25	AAA	01/26/21	1,000,640.00	917,962.00
Inter-American Dev Bank	0.875	04/20/26	AAA	04/13/21	1,040,213.90	961,052.02
SUBTOTAL SUPRANATIONAL SECURITIES					3,832,187.80	3,565,848.42
<u>U.S. GOVERNMENT AGENCY SECURITIES</u>						
FFCB	0.125	02/03/23	AA+	01/26/21	854,521.20	842,517.86
FHLB	0.125	03/17/23	AA+	03/17/21	779,142.00	766,064.52
FFCB	0.125	04/13/23	AA+	04/06/21	1,033,633.80	1,013,774.22
FFCB	1.750	02/14/25	AA+	02/10/22	603,384.65	585,649.08
SUBTOTAL U.S. GOVERNMENT AGENCY SECURITIES					3,270,681.65	3,208,005.68
<u>U.S. GOVERNMENT TREASURY SECURITIES</u>						
US Treasury	1.875	09/30/22	AA+	02/16/18	2,902,617.18	3,000,450.00
US Treasury	2.125	12/31/22	AA+	02/16/18	2,929,335.94	2,994,141.00
US Treasury	0.125	02/15/24	AA+	02/23/21	997,187.50	956,055.00
US Treasury	0.250	05/15/24	AA+	05/18/21	2,194,671.88	2,092,664.20
US Treasury	0.375	09/15/24	AA+	09/29/21	1,990,312.50	1,889,376.00
US Treasury	0.375	01/31/26	AA+	Various	1,724,482.43	1,593,184.25
US Treasury	0.750	03/31/26	AA+	05/18/21	2,194,070.32	2,023,225.60
US Treasury	0.750	05/31/26	AA+	06/23/21	3,232,099.61	2,977,432.25
US Treasury	1.500	01/31/27	AA+	03/30/22	765,312.50	748,031.20
SUBTOTAL U.S. GOVERNMENT TREASURY SECURITIES					18,930,089.86	18,274,559.50
<u>INVESTMENT CONTRACTS</u>						
Trinity Plus	0.047	10/01/29	NR	03/31/20	6,411,744.65	6,411,744.65
Trinity Plus	0.047	10/01/35	NR	03/31/20	4,348,970.73	4,348,970.73
SUBTOTAL INVESTMENT CONTRACTS					10,760,715.38	10,760,715.38
TOTAL INVESTMENTS HELD WITH FISCAL AGENT					98,423,435.19	96,401,434.26

*The City uses S&P ratings

**City of Riverside
Cash Balances by Fund
As of June 30, 2022**

Fund	Cash Balance ¹	Interfund Loan Receivables ²	Cash Balance + Loan Receivables	
General Fund	101	115,476,400	-	115,476,400
Measure Z	110	64,659,092	-	64,659,092
Pension Trust	115	184,994	-	184,994
Enterprise Funds				
Electric	510	310,843,889	2,454,345	313,298,234
Electric - Public Benefits Program	511	25,032,044	-	25,032,044
Water	520	56,632,427	-	56,632,427
Water - Conservation & Reclamation Program	521	3,329,359	-	3,329,359
Airport	530	1,610,251	-	1,610,251
Refuse Collection	540	5,597,656	-	5,597,656
Sewer Service	550	109,137,341	1,442,409	110,579,750
Special Transit	560	3,287,087	-	3,287,087
Public Parking	570	1,994,514	-	1,994,514
Civic Entertainment (Convention Center, Visitors Bureau, Sports Commission)	580	63,828	-	63,828
Civic Entertainment (Fox, Box, RMA, Showcase)	581	3,343,032	-	3,343,032
Civic Entertainment (Cheech Marin Center)	582	(2,885,811)	-	(2,885,811)
SubTotal - Enterprise Funds		517,985,617	3,896,754	521,882,371
Special Revenue Funds				
Grants and Restricted Programs	215	78,996,068	-	78,996,068
Community Development Block Grant	220	(252,594)	-	(252,594)
Home Investment Partnership Program	221	(498,155)	-	(498,155)
Housing Opportunities for Persons with AIDS	222	(333,468)	-	(333,468)
Community Development Grants	223	5,868,598	-	5,868,598
Neighborhood Stabilization Program	225	162,781	-	162,781
Special Gas Tax	230	29,694,724	-	29,694,724
Air Quality Improvement	240	1,681,241	-	1,681,241
NPDES Storm Drain	260	40,258	-	40,258
Housing Authority	280	1,811,423	-	1,811,423
Housing Assets	281	8,302,142	-	8,302,142
Special Districts	Various	676,480	-	676,480
SubTotal - Special Revenue Funds		126,149,498	-	126,149,498
Capital Projects Funds				
Capital Outlay	401	2,046,273	-	2,046,273
Storm Drain	410	2,527,960	-	2,527,960
Local Park Special Capital Improvements	411	769,017	-	769,017
Regional Park Special Capital Improvements	413	3,523,443	-	3,523,443
Measure Z Capital Outlay	420	17,778,514	-	17,778,514
Capital Outlay Grants	430	1,622,809	-	1,622,809
Transportation Projects	431	210	-	210
Measure A Capital Outlay	432	25,979,222	-	25,979,222
Transportation Development Impact Fees	433	6,710,001	-	6,710,001
Transportation Uniform Mitigation Fees	434	(1,783,124)	-	(1,783,124)
Community Facilities Districts and Assessment Districts	Various	2,025,283	-	2,025,283
SubTotal - Capital Project Funds		61,199,608	-	61,199,608
Debt Service Funds				
Debt Service Fund - General	390	4,331,926	-	4,331,926
Debt Service Fund - Public Works	391	56,862	-	56,862
SubTotal Debt Service Funds		4,388,788	-	4,388,788
Agency Funds				
Successor Agency	Various	27,850,804	-	27,850,804
Community Facilities Districts and Assessment Districts	Various	536,203	-	536,203
Special Deposits	Various	13,211,751	-	13,211,751
SubTotal Agency Funds		41,598,758	-	41,598,758
Internal Service Funds				
Workers' Compensation Insurance Trust	610	19,237,832	-	19,237,832
Unemployment Insurance Trust	620	256,044	-	256,044
Liability Insurance Trust	630	3,999,638	-	3,999,638
Parada Settlement Fund	631	21,698,505	-	21,698,505
Central Garage	650	12,011,850	-	12,011,850
SubTotal - Internal Service Funds		57,203,869	-	57,203,869
Total - All Funds \$ 988,846,624 \$ 3,896,754 \$ 992,743,378				

¹ Amount reflects each fund's share of the City's pooled investment portfolio.

² Amounts shown are interfund loans outstanding. Interfund loan receivable balances are treated as available cash due to the ability to move loan receivables to other funds as needed.

CITY OF RIVERSIDE
Fiscal Year 2021/2022 Fourth Quarter
Summary of Outstanding Debt¹

Debt Type By Funding Source	Principal Balance as of 4/1/2022	Q4 New Debt Issued	Q4 Principal Payments	Q4 Interest Payments	Projected Principal Balance 6/30/2022
General Fund/Measure Z					
General Obligation Bonds	\$ 4,940,000	\$ -	\$ -	-	\$ 4,940,000
Pension Obligation Bonds	333,879,538	-	-	-	333,879,538
Certificates of Participation	59,787,577	-	-	509,192	59,787,577
Lease Revenue Bonds	47,848,478	-	-	1,138,788	47,848,478
Ryan Bonaminio Park Loan	230,049	-	230,049	3,509	-
Capital Leases	11,002,580	11,291,564	-	-	22,294,144
Interfund Loans	1,477,730	-	-	52,944	1,477,730
Total General Fund	\$ 459,165,952	\$ 11,291,564	\$ 230,049	\$ 1,704,433	\$ 470,227,467
Capital Projects Funds					
Measure A Certificates of Participation	26,660,000	-	1,675,000	661,244	24,985,000
Total Capital Projects Funds	\$ 26,660,000	\$ -	\$ 1,675,000	\$ 661,244	\$ 24,985,000
Enterprise Funds					
Pension Obligation Bonds	\$ 110,718,958	\$ -	\$ -	-	\$ 110,718,958
Electric Fund Revenue Bonds	524,130,000	-	-	11,349,293	524,130,000
Electric Fund Capital Leases	501,098	-	137,461	2,278	363,637
Water Fund Revenue Bonds	192,190,000	-	-	4,128,432	192,190,000
Water Fund Capital Lease	1,218,356	-	-	-	1,218,356
Refuse Fund Capital Lease	593,263	-	-	-	593,263
Sewer Fund Revenue Bonds	322,855,000	-	-	-	322,855,000
Lease Revenue Bonds	6,625,200	-	-	145,647	6,625,200
Certificates of Participation	25,912,423	-	-	220,688	25,912,423
Civic Entertainment Fund Loan	6,790,902	-	281,585	130,725	6,509,317
Convention Center Expansion Loan	30,038,033	-	517,706	235,938	29,520,327
Parking Fund Loans	7,593,555	-	314,867	146,176	7,278,688
Total Enterprise Funds	\$ 1,229,166,788	\$ -	\$ 1,251,619	\$ 16,359,177	\$ 1,227,915,169
Internal Service Funds					
Pension Obligation Bonds	\$ 4,576,504	\$ -	\$ -	-	\$ 4,576,504
Total Internal Service Funds	\$ 4,576,504	\$ -	\$ -	\$ -	\$ 4,576,504
RDA Successor Agency					
Lease Revenue Bonds	9,201,322	-	-	226,566	9,201,322
Tax Allocation Bonds	147,795,000	-	-	-	147,795,000
Interfund Loans	2,512,889	-	-	87,754	2,512,889
Total RDA Successor Agency	\$ 159,509,211	\$ -	\$ -	\$ 314,320	\$ 159,509,211
Assessment Districts / Galleria Agreement / Community Facilities Districts					
Assessment Districts	\$ 16,315,000	\$ -	\$ -	-	\$ 16,315,000
Galleria Mall Improvements District Certificates of Participation	5,000	-	-	-	5,000
Lease Revenue Refunding Bonds (Galleria) Series 2019A	13,960,000	-	-	249,488	13,960,000
Community Facilities Districts	20,475,000	4,805,000	-	-	25,280,000
Total AD / Galleria / CFDs	\$ 50,755,000	\$ 4,805,000	\$ -	\$ 249,488	\$ 55,560,000
Total	\$ 1,929,833,454	\$ 16,096,564	\$ 3,156,668	\$ 19,288,662	\$ 1,942,773,350

¹ Excludes water stock acquisition rights, copier leases, development agreements, and amortization of premiums and discounts on outstanding debt, none of which are material.

CITY OF RIVERSIDE
Fiscal Year 2021/2022 Fourth Quarter
Outstanding Debt¹

Debt Type / Issuance	Year Issued (FY)	Final Maturity (FY)	Total Issue Size	Outstanding Principal Balance 4/1/2022	Q4 New Debt Issued	Q4 Principal Payments	Q4 Interest Payments	Projected Principal Balance 6/30/2022
General Obligation								
Measure G Fire Facility Projects General Obligation Bonds 2004	2004	2025	\$ 20,000,000	\$ 4,940,000	\$ -	\$ -	\$ -	\$ 4,940,000
Total General Obligation Bonds			\$ 20,000,000	\$ 4,940,000	\$ -	\$ -	\$ -	\$ 4,940,000
Pension Obligation²								
Pension Obligation Bonds Series 2004A	2004	2023	\$ 89,540,000	\$ 10,715,000	\$ -	\$ -	\$ -	\$ 10,715,000
Pension Obligation Bonds Series 2017A	2017	2027	31,960,000	16,915,000	-	-	-	16,915,000
Pension Obligation Bonds Series 2020A (Safety)	2020	2045	231,085,000	231,085,000	-	-	-	231,085,000
Pension Obligation Bonds Series 2020A (Misc)	2020	2043	201,080,000	190,460,000	-	-	-	190,460,000
Total Pension Obligation Bonds			\$ 553,665,000	\$ 449,175,000	\$ -	\$ -	\$ -	\$ 449,175,000
Certificates of Participation								
Galleria Mall Improvements COPs Series 2006A	2006	2037	\$ 19,945,000	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
Riverside Renaissance Projects Refunding COPs Series 2008A	2008	2037	128,300,000	85,700,000	-	-	729,881	85,700,000
Local Measure A Sales Tax Revenue COPs Series 2013A	2013	2033	35,235,000	26,660,000	-	1,675,000	661,244	24,985,000
Total Certificates of Participation			\$ 183,480,000	\$ 112,365,000	\$ -	\$ 1,675,000	\$ 1,391,125	\$ 110,690,000
Lease Revenue Bonds								
California Tower Lease Revenue Bonds Series 2003A	2003	2024	\$ 26,255,000	\$ 6,265,000	\$ -	\$ -	156,625	\$ 6,265,000
California Tower Lease Revenue Bonds Series 2003B	2003	2024	4,810,000	995,000	-	-	27,263	995,000
Lease Revenue Refunding Bonds Series 2012A	2013	2034	41,240,000	27,605,000	-	-	606,863	27,605,000
Lease Revenue Refunding Bonds (Galleria) Series 2019A	2019	2037	15,980,000	13,960,000	-	-	249,488	13,960,000
Lease Revenue Bonds (Main Library Project) Series 2019B	2019	2037	33,505,000	28,810,000	-	-	720,250	28,810,000
Total Lease Revenue Bonds			\$ 121,790,000	\$ 77,635,000	\$ -	\$ -	\$ 1,760,489	\$ 77,635,000
Capital Leases								
Pinnacle #2 - VOIP Phone System	2013	2023	\$ 1,650,000	\$ 92,098	\$ -	\$ -	\$ -	\$ 92,098
US Bank - Various Vehicles, Software, and Hardware	2016	2022	4,450,000	-	-	-	-	-
BofA #2 - Various Hardware and Software	2018	2028	7,955,000	3,154,988	-	-	-	3,154,988
BofA #3 - Fire Vehicles and Equipment	2017	2027	14,500,000	8,348,757	-	-	-	8,348,757
BofA #4 - Police Helicopters	2022	2032	11,291,564	-	11,291,564	-	-	11,291,564
BofA #2 - Water Fund Vehicles Capital Lease	2018	2028	2,305,000	1,218,356	-	-	-	1,218,356
Electric Fund Vehicles Capital Leases - Various	Various	Various	Various	501,098	-	137,461	2,278	363,637
Total Capital Leases			\$ 42,151,564	\$ 13,315,297	\$ 11,291,564	\$ 137,461	\$ 2,278	\$ 24,469,400
Interfund Loans³								
Reid Park Acquisition Interfund Loan	2011	2028	\$ 720,000	\$ 323,902	\$ -	\$ -	11,327	\$ 323,902
Riverside Golf Course Acquisition Interfund Loan	2011	2028	4,837,500	2,188,987	-	-	76,427	2,188,987
Utilities Plaza Purchase Interfund Loan	2012	2027	4,469,221	1,477,730	-	-	52,944	1,477,730
Total Interfund Loans			\$ 10,026,721	\$ 3,990,619	\$ -	\$ -	\$ 140,698	\$ 3,990,619
Private Placement Loans								
Pinnacle - Ryan Bonaminio Park Loan	2013	2022	\$ 4,000,000	\$ 230,049	\$ -	\$ 230,049	\$ 3,509	\$ -
Fox Entertainment Plaza Loan	2011	2032	25,000,000	14,384,457	-	596,452	276,901	13,788,005
Convention Center Expansion Loan ⁴	2013	2034	44,650,000	30,038,033	-	517,706	235,938	29,520,327
Total Private Placement Loans			\$ 73,650,000	\$ 44,652,539	\$ -	\$ 1,344,207	\$ 516,348	\$ 43,308,332

CITY OF RIVERSIDE
Fiscal Year 2021/2022 Fourth Quarter
Outstanding Debt¹

Debt Type / Issuance	Year Issued (FY)	Final Maturity (FY)	Total Issue Size	Outstanding Principal Balance 4/1/2022	Q4 New Debt Issued	Q4 Principal Payments	Q4 Interest Payments	Projected Principal Balance 6/30/2022
Enterprise Revenue Bonds								
Electric Revenue Refunding Bonds (2008) Series A	2008	2029	\$ 84,515,000	\$ 34,465,000	\$ -	\$ -	\$ 251,556	\$ 34,465,000
Electric Revenue Refunding Bonds (2008) Series C	2008	2036	57,325,000	32,150,000	-	-	256,316	32,150,000
Electric Revenue Bonds (2010) Series A	2010	2041	133,290,000	128,600,000	-	-	3,242,677	128,600,000
Electric Revenue Bonds (2011) Series A	2011	2036	56,450,000	35,550,000	-	-	280,441	35,550,000
Electric Revenue Refunding Bonds (2013) Series A	2014	2044	79,080,000	36,355,000	-	-	893,053	36,355,000
Electric Revenue Refunding Bonds (2019) Series A	2019	2049	283,325,000	257,010,000	-	-	6,425,250	257,010,000
Water Revenue Bonds (2009) Series B	2010	2040	67,790,000	65,315,000	-	-	1,357,901	65,315,000
Water Revenue Bonds (2011) Series A	2011	2036	59,000,000	24,050,000	-	-	199,906	24,050,000
Water Revenue Refunding Bonds (2019) Series A	2019	2049	114,215,000	102,825,000	-	-	2,570,625	102,825,000
Sewer Revenue Bonds (2015) Series A	2015	2041	200,030,000	179,430,000	-	-	-	179,430,000
Sewer Revenue Bonds (2018) Series A ⁵	2019	2040	153,670,000	143,425,000	-	-	-	143,425,000
Total Enterprise Revenue Bonds			\$ 1,288,690,000	\$ 1,039,175,000	\$ -	\$ -	\$ 15,477,725	\$ 1,039,175,000
Tax Allocation Bonds								
2014 Subordinate Tax Allocation Refunding Bonds Series 2014A	2014	2034	\$ 61,250,000	\$ 32,415,000	\$ -	\$ -	\$ -	\$ 32,415,000
2014 Subordinate Tax Allocation Refunding Bonds Series 2014B	2014	2024	1,730,000	565,000	-	-	-	565,000
2018 Tax Allocation Refunding Bonds Series 2018A	2018	2034	74,435,000	74,435,000	-	-	-	74,435,000
2018 Tax Allocation Refunding Bonds, Taxable Series 2018B	2018	2033	40,380,000	40,380,000	-	-	-	40,380,000
Total Tax Allocation Bonds			\$ 177,795,000	\$ 147,795,000	\$ -	\$ -	\$ -	\$ 147,795,000
Mello Roos and Assessment District Bonds								
Riverwalk Business Center Assessment District Bonds	2004	2029	\$ 3,755,000	\$ 1,800,000	\$ -	\$ -	\$ -	\$ 1,800,000
Sycamore Canyon Business Park CFD 92-1 Bonds	2005	2034	9,700,000	5,990,000	-	-	-	5,990,000
Hunter Park Assessment District Bonds	2006	2036	15,269,906	10,280,000	-	-	-	10,280,000
Riverwalk Assessment District Refunding Bonds	2011	2026	7,805,000	3,135,000	-	-	-	3,135,000
Auto Center Assessment District Refunding Bonds	2012	2024	4,050,000	1,100,000	-	-	-	1,100,000
Riverwalk Vista CFD 2006-1 Bonds	2013	2043	4,415,000	3,760,000	-	-	-	3,760,000
Riverwalk Vista CFD 2006-1 Improv Area No.2 2016 Series A	2016	2046	5,505,000	5,140,000	-	-	-	5,140,000
Riverwalk Vista CFD 2006-1 Improv Area No.2 2016 Series B	2016	2031	1,275,000	860,000	-	-	-	860,000
Highlands CFD 2014-2 2016 Series A	2016	2046	1,800,000	1,750,000	-	-	-	1,750,000
Highlands CFD 2014-2 2016 Series B	2016	2031	810,000	580,000	-	-	-	580,000
Orangecrest CFD 2015-1 Bonds Series 2020 Series A	2020	2050	2,075,000	2,075,000	-	-	-	2,075,000
Orangecrest CFD 2015-1 Bonds Series 2020 Series B	2020	2028	365,000	320,000	-	-	-	320,000
Pomelo CFD 2015-2 Bonds Series 2022	2022	2053	4,805,000	-	4,805,000	-	-	4,805,000
Total Mello Roos and Assessment District Bonds			\$ 61,629,906	\$ 36,790,000	\$ 4,805,000	\$ -	\$ -	\$ 41,595,000
Total			\$ 1,929,833,454	\$ 1,929,833,454	\$ 16,096,564	\$ 3,156,668	\$ 19,288,662	\$ 1,942,773,350

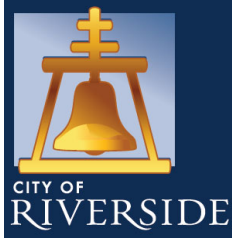
¹ Excludes water stock acquisition rights, copier leases, development agreements, and amortization of premiums and discounts on outstanding debt, none of which are material.

² Debt service for these bonds is allocated based on the percentage of CalPERS plan employees budgeted in those Funds. Payments sent to trustee 8/1 annually, but are actually paid to bondholders in

³ Beginning outstanding principal balance on interfund loans may be less than prior year projected ending balance due to actual FY 2021 pooled interest rate adjustment at end of FY

⁴ Debt service for this loan is primarily funded from a voter-approved increase in the transient occupancy tax rate from 11% to 13%.

⁵ Under the terms of an existing development agreement, increased incremental sales tax resulting from the expansion of the Auto Center funds the debt service on these bonds.



Cash and Investments Debt Administration Report FY 2021/22 Fourth Quarter Update

Finance Department

City Council
January 24, 2023

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BACKGROUND

1. Improve reporting of treasury and debt administrative activities
 - A. Separate process for management of investment and debt
 - B. Different metrics of performance for debt and investments
2. Keep Council updated on debt and investment portfolio management activities
3. June 14, 2022, City Council received and provided input on the Third Quarter Report



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TREASURY FINANCIAL GOALS

1. Safety of Principal
2. Liquidity for Cash Flow
3. Yield return on investment
 - A. Ensure sufficient cash on hand to meet obligations
 - B. Adhere to City Investment Policy and bond covenants related to Permitted Investments for Bond Proceeds
 - C. Annual requirement to delegate investment authority to Chief Financial Officer/Treasurer



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CASH AND TREASURY PERFORMANCE – END OF Q4

1. Pooled Investment Portfolio - \$989 million
2. Investments held by fiscal agent - \$119 million
3. Weighted average yield of pooled investment portfolio – 1.23%
4. No fund's cash balance is currently a concern



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DEBT SUMMARY ANALYSIS – END OF Q4

Principal Balance increased \$12,939,896 due to issuance of \$4,805,000 limited obligation bonds for CFD 2015-2 (Pomelo) and new \$11,291,564 capital lease to purchase 2 Police Helicopters

Offset by Debt Service Principal Payments – April 1 through June 30, 2022

- a. Certificates of Participation (\$1,675,000)
- b. Capital Leases (\$137,461)
- c. Private Placement Loans (\$1,344,207)



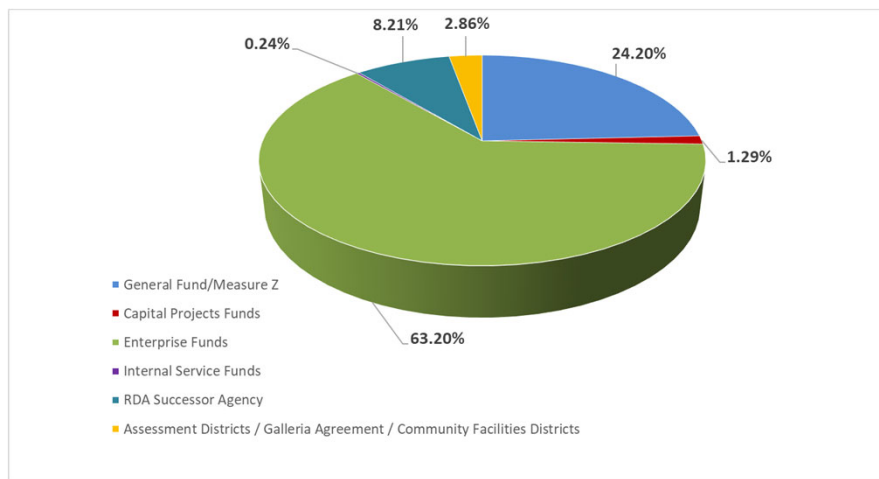
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DEBT SUMMARY ANALYSIS – END OF Q4

Debt Portfolio composition

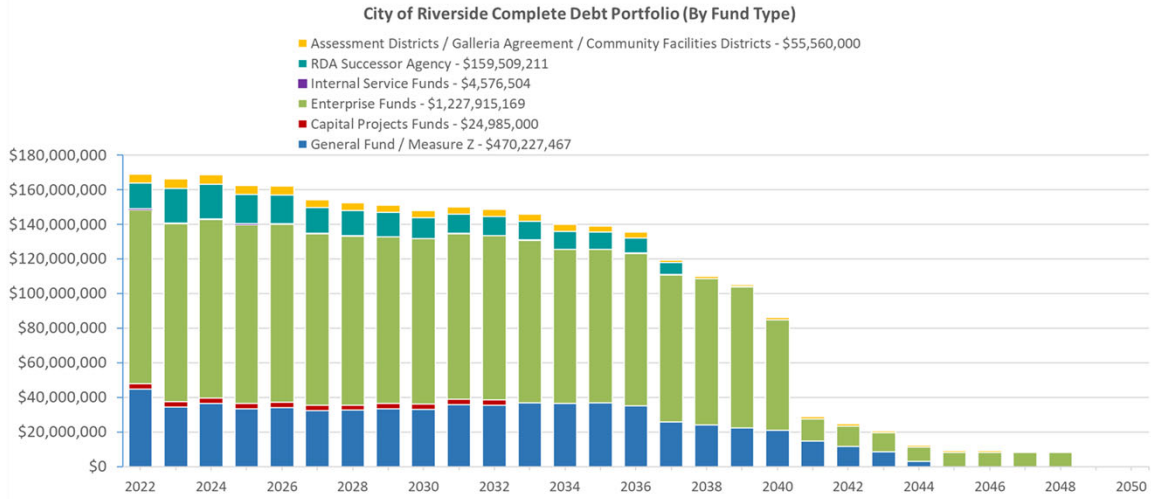


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DEBT SUMMARY ANALYSIS – END OF Q4



DEBT ACTIVITIES – Q4

1. Annual Continuing Disclosure Reports for Enterprise, General Fund, and Successor to the Redevelopment Agency
2. Legislative requirements for annual Business Improvement District, Landscape Maintenance and Streetlight Maintenance District, Special Tax and Assessment District, and General Obligation Bond levies.
3. Formation of CFD 2021-3 (Bridle Ridge)
4. Public issuance of \$4,805,000 new money Bonds for CFD 2015-2 (Pomelo)
5. Issuance of \$11,291,564 in Capital Lease financing to purchase two new Police Helicopters



STRATEGIC PLAN ALIGNMENT



High performing government - Enhance communication and collaboration with community members, to improve transparency, build public trust, and encourage shared decision-making.

Cross-Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability & Resiliency



Equity



Innovation



RECOMMENDATION

That the City Council receive and provide input on the Fiscal Year 2021/22 Fourth Quarter Cash and Investments and Debt Report.

