



City of Arts & Innovation

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: DECEMBER 19, 2023**

**FROM: FINANCE DEPARTMENT      WARDS: ALL**

**SUBJECT: FISCAL YEAR 2022/23 FOURTH QUARTER REPORT AND CARRYOVER OF UNEXPENDED FUNDS**

## **ISSUE:**

Receive and provide input on the Fiscal Year 2022/23 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 2022/23 Fourth Quarter Financial Report;
2. With at least five affirmative votes, approve a carryover of unexpended funds of approximately \$5.7 million in the General Fund and \$40.0 million in other City funds into Fiscal Year 2023/24; and
3. With at least five affirmative votes, approve staff's recommendation for the use of the projected \$24.8 million in surplus reserves in the General Fund.
4. With at least five affirmative votes, approve staff's recommendation for reallocation of \$15.0 million in General Fund reserves to the Section 115 Trust.

## **BACKGROUND:**

On June 21, 2022, the City Council adopted Resolution No. 23866 approving the Fiscal Year (FY) 2022-2024 Biennial Budget.

On April 18, 2023, the City Council received the Second Quarter Financial Update and approved citywide supplemental appropriations of \$46.5M for all City funds, including \$16.4 million in the General Fund, which leveraged a portion of the projected fiscal year end surplus, and \$7 million in the allocation of General Fund Infrastructure Reserves to support capital needs of the Refuse and Public Parking funds.

On August 1, 2023, the City Council received the Third Quarter Financial Update and approved the allocation of \$10 million in projected General Fund savings to the General Fund Infrastructure Reserve (\$7 million) and the establishment of a Technology Reserve (\$3 million).

## **DISCUSSION:**

Following the close of each fiscal year, the City's independent auditor performs an audit of the City's financial statements. The FY 2022/23 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 by 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 major funds.

### **Economic Developments and Unaudited FY 2022/2023 General Fund Results**

As of June 2023, the uncertainty surrounding California's economic trajectory, whether it will experience a soft landing or a mild recession, remained unknown. Over the past year, the Federal Reserve's primary objective has been to maintain stable prices for the American people. Moreover, robust employment figures have given the Federal Reserve the latitude to raise interest rates as a countermeasure to inflation, with relatively minimal adverse effects on the overall economy. Nevertheless, inflation has persisted above the Federal Reserve's target of 2%. In July 2023, the Federal Reserve raised interest rates by another 25 basis points, bringing the target range to 5.25% to 5.50%, the highest it has been in 22 years. Following this rate hike, Federal Reserve Chairman Jerome Powell noted, "the economy faces challenges due to tighter credit conditions for households and businesses, which are likely to exert pressure on economic activity, employment, and inflation." While inflation has boosted sales tax revenue over this year, the Federal Reserve's tightening policy, designed to curtail demand through higher interest rates, will increase borrowing costs for individuals. This, in turn, may dampen consumer spending on housing, home improvements, vehicles, travel, and other major purchases, directly affecting the City's property and sales tax revenue, which comprises more than half of the General Fund's annual revenue.

The fiscal year-end 2022/23 analysis of the General Fund's unaudited results demonstrates a positive outcome which will aid the City in addressing the challenge of an economic slowdown expected to impact City revenues in the current or upcoming budget fiscal year. As of the date of this report, the City has observed a decline in sales tax revenue, with receipts to date 3.8% below FY 2022/23 revenues. Additionally, the City will need to address the loss of \$8.5 million from the Water General Fund Transfer, which Council directed staff to set aside pending the outcome of current litigation.

### **General Fund**

The adopted FY 2022/23 budget for the General Fund totaled \$305.67 million with a projected \$4.96 million surplus. With the second quarter financial report, staff increased General Fund revenue projections by 4.6% based upon revenue trends and a two-year shift in sales tax revenues produced by the pandemic and change in consumer spending. This provided the City with the opportunity to address critical needs such as street projects and rising costs, as well as subsidizing the Refuse and Public Parking funds' capital needs with a total \$7.00 million cash infusion from the General Fund infrastructure reserve.

The General Fund’s unaudited actuals present a net gain of \$21.65 million net of encumbrances and recommended carryovers. This result is primarily due to continued exceptional sales tax revenue performance and personnel savings resulting from retention and recruitment challenges. Refer to Attachment 1 for an in-depth analysis of these items.

**Revenues:** General Fund revenues were 3.1% (\$10.86 million) higher than the total revenue estimate in the adjusted budget, excluding unbudgeted amounts of \$1.42 million in Fire Mutual Aid, \$2.0 million in insurance reimbursement, and \$3.88 million in March JPA land sale revenues. Sales tax revenue for the fiscal year was 3.2% higher than the prior year, surpassing the original adopted budget projection by 12.2% but slightly below the adjusted budget estimate. However, unlike previous years when sales tax revenue growth was driven by consumption, this year's increase was primarily due to inflationary factors. For the Riverside Metropolitan Statistical Area, the FY 2022/23 average Consumer Price Index (CPI) increased by 6.5%.

**Expenditures:** General Fund expenditures were 3.9% (\$14.15 million) lower than the adjusted budget, inclusive of recommended carryovers. Encumbrances and project/grant appropriations totaling \$7.07 million are carried forward to FY 2023/24 as allowed per the Riverside Municipal Code. An additional \$5.73 million in the carryover of restricted and discretionary funds is recommended for Council approval (refer to Attachment 1, Appendix A).

The expenditure savings as compared to the adjusted budget are primarily attributable to vacancies and supplemental appropriations in personnel. During the fiscal year, the personnel budget was increased by approximately \$18.40 million to accommodate the estimated fiscal impact of employee compensation and benefit increases, including \$11.60 million designated for employee stipends. By fiscal year end, the General Fund experienced a vacancy rate of 11.5%, marking a notable improvement from the 13.0% reported at the end of FY 2021/22. Despite this progress, the City grapples with ongoing challenges in retention, recruitment, and hiring, reflecting trends observed in other public agencies. The City’s experience is consistent with the 2023 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.

**General Fund Outlook:** While the short-term outlook for the General Fund has improved with 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:

- **Water General Fund Transfer** – Although the City has received a temporary reprieve in the Measure C litigation, the City needs to strategically position itself against future challenges to the Water General Fund Transfer to mitigate the risk to City services that would result from the loss of this heavily relied upon revenue source. On September 19, 2023, the City Council directed that all future Water General Fund transfer collections be placed in a reserve account pending the outcome of litigation. Staff will consider the impact of the approximate \$8.50 million annual loss of revenue in the General Fund during the development of the next biennial budget.
- **Deferred Maintenance and Infrastructure** – 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.

- **Rising Pension Costs** – The financial markets continued to impede the financial performance of the CalPERS retirement fund, yielding a 5.8% return on investments for the fiscal year ended June 30, 2023. Although this is less than the 6.8% forecasted return rate, it is an improvement over the disappointing negative 6.1% rate of return at the end of FY 2021/22. Future investment returns below expectations could lead to higher unfunded liabilities and annual required payments.
- **Labor Costs** – With most MOU contracts set to expire in June 2025, the outcome of future labor negotiations holds the potential to significantly impact personnel costs for the City. Balancing the need to provide competitive salary increases to recruit and retain highly qualified employees, while maintaining financial sustainability, will present a challenge.

**Recommended Use of Surplus Reserves:** At the conclusion of FY 2022/23, projected surplus reserves total \$24.77 million. The following details staff's recommendation for the use of the surplus reserves to help fund two of the major fiscal challenges described above:

**Section 115 Trust:** Recognizing the \$8.50 million annual loss stemming from the Water General Fund transfer, staff recommends strategically allocating \$20.00 million of the surplus reserves to offset the annual projected contributions to the Section 115 Trust over the FY 2025-2029 General Fund Five-Year Plan.

The Section 115 Trust was established to support the long-term fiscal management of the CalPERS UAL. The Trust allows the City to smooth the combined Unfunded Actuarial Liability (UAL) and Pension Obligation Bond (POB) payment requirements to avoid spikes in the payment schedules and significant pressure on General Fund finances in future years. This strategic use of surplus reserves will serve as a fiscally prudent solution to ensure the CalPERS UAL is funded, while simultaneously releasing the General Fund's limited incoming resources to sustain critical programs and services.

In addition to the recommended use of FY 2022/23 surplus reserves, staff proposes a strategic reallocation of \$15.00 million from reserves originally earmarked for MOU Impacts towards offsetting the annual projected contributions to the Section 115 Trust throughout the FY 2025-2029 General Fund Five-Year Plan. This will provide additional flexibility for the General Fund to utilize its limited incoming resources in sustaining critical programs and services. In the FY 2021/22 Fourth Quarter Financial Report, the City Council approved staff's recommendation of allocating \$15.00 million from surplus reserves to address 2022 MOU negotiations impacts. However, due to personnel savings resulting from a high vacancy rate in FY 2022/23, these reserves proved unnecessary, allowing for a strategic reallocation to an alternative purpose.

The current value of Trust assets is \$32.69 million. CalPERS UAL payments are expected to reach \$41.58 million in just five years (FY 2028/29), compared to the FY 2023/24 required UAL payment of \$10.30 million. Therefore, staff recommends contributing \$24.77 million from FY 2022/23 surplus reserves to the Section 115 Trust over the FY 2025-29 General Fund Five-Year Plan.

**General Fund Infrastructure Reserves:** Staff recommend allocating the remaining \$4.77 million of the surplus reserves to the Infrastructure Reserves to address the ongoing maintenance and/or replacement of capital assets.

### Measure Z

To help address the service cuts as well as a portion of the City's critical unfunded needs, The City 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 an almost 60% approval rate. The Measure Z tax became effective on April 1, 2017, increasing the City's sales tax rate from 7.75% to 8.75%. Unless approved again by the voters, Measure Z will sunset in March 2036.

**Revenues:** The adopted budget projection of \$76.80 million in total revenues was revised to \$84.43 million in the Second Quarter Financial Report based on FY 2021/22 actual results and performance to date. Total revenues came in at \$85.84 million, which is \$1.41 million higher than the revised budget and 2.3% higher than the prior year.

**Expenditures:** Expenditures recorded in FY 2022/23 total \$69.61 million. Encumbrances of \$24.62 million and capital carryovers of \$11.50 million have been carried forward to FY 2023/24 as provided for in the Riverside Municipal Code. Staff is requesting Council approval of an additional \$12.53 million in discretionary carryovers. Refer to Attachment 1, Appendix B for inception-to-date revenue and expenditure reporting for Measure Z.

**Reserves:** Actual Measure Z revenues of \$85.84 million and expenditures of \$69.61 million produced a net increase in fund reserves of \$16.23 million. Projected unallocated fund reserves (unaudited) are anticipated to total \$58.98 million net of encumbrances and recommended carryovers totaling \$48.65 million. The FY 2022-2024 Amended Biennial Budget includes a Five-Year Spending Plan with a programmed draw on reserves from FY 2023/24 through FY 2027/28 totaling \$38.27 million. Staff recommends that unallocated reserves remain intact and incorporated into the preparation of the FY 2024-26 Biennial Budget.

### Electric Fund

The FY 2022/23 adopted budget for the Electric Fund included a programmed \$21.99 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 deficit of \$1.84 million, inclusive of outstanding encumbrances and carryovers of \$17.33 million.

**Revenues:** Revenues exceeded projections by \$26.90 million, primarily driven by the \$12.00 million sale of excess emissions allowances, which surpassed the amount needed to offset

greenhouse gas emissions. Additionally, revenue included \$4.19 million from the sale of excess electricity to external entities and \$7.00 million in excess revenue from increased developer activity (construction) and unbudgeted donated capital. Conversely, retail sales fell \$5.72 million below projections.

**Expenditures:** Operating expenditures, net of encumbrances and recommended carryovers, are \$16.94 million (3.7%) less than the total budget. This savings is primarily due to a combination of personnel savings of \$14.51 million resulting from a high vacancy rate; operating and maintenance savings of \$9.10 million due to lower “as-needed” operational costs for professional services and building maintenance, as well as timing for implementation of technology projects; and \$13.04 million in debt service savings resulting from an anticipated revenue bond issuance that did not occur in FY 2022/23. Offsetting these savings, power supply costs were \$20.07 million (8.7%) higher than budgeted due to unexpectedly high energy costs.

**Capital Expenditures:** Capital expenditures totaling \$290.95 million were recorded during the fiscal year; this amount includes \$25.67 million of encumbrances and \$238.47 million of unexpended capital project funds that have been carried forward to FY 2023/24 as provided for in the Riverside Municipal Code.

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 \$8.40 million are recommended for Council approval (refer to Attachment 1, Appendix A).

### Water Fund

The adopted budget for the Water Fund in FY 2022/23 projected a \$5.01 million operating gain. Unaudited fiscal year end results present a budgetary operating gain of \$7.19M after outstanding encumbrances and carryovers of \$2.85M.

**Revenues:** Actual revenues fell short of projections by \$2.64 million (2.9%), primarily due to a \$6.13 million decrease in water revenues caused by a year-over-year 13.7% reduction in consumption stemming from a heavy rainy season and water conservation efforts. Partially offsetting this shortfall, the fund generated \$4.06 million in excess miscellaneous revenues, driven by an additional \$1.26 million bond interest revenue earned on cash held by fiscal agent; \$1.49 million in excess land and building rental revenues; and \$1.22 million in unbudgeted donated capital assets.

**Expenditures:** Operating expenditures, net of encumbrances and recommended carryovers, are \$10.35 million (26.4%) less than the total budget. This savings is primarily attributed to a combination of factors, including \$3.23 million in personnel savings due to a high vacancy rate; \$3.79 million in total savings in the system operating budgets for “as-needed” professional service, software maintenance and support, as well as lower energy and water costs; and \$3.33 million in debt service savings due to the timing of principal and interest payments on the 2022 Water Revenue Series A Bond issued in FY 2022/23.

**Capital Expenditures:** Capital expenditures totaling \$64.95 million were recorded during the fiscal year; this amount includes \$10.83 million of encumbrances and \$35.21 million of unexpended capital project funds that have been carried forward to FY 2023/24 as provided for in the Riverside Municipal Code.

**Reserves:** 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 \$0.50M are recommended for Council approval (refer to Attachment 1, Appendix A).

### Refuse Fund

The adopted operating budget for the Refuse Fund projected a draw on fund reserves of \$1.71M due to a decline of recycling revenues precipitated by a reduction in industry demand, rising recycling costs, increased tonnage, and anticipated increases in parking fines assessed for street sweeping. Unaudited fiscal year end results present an operating loss of \$1.29M after FY 2022/23 encumbrances and carryovers of \$10.78M and inclusive of contributions from the General Fund and American Rescue Plan Act (ARPA).

**Revenues:** The Solid Waste rate plan adopted by City Council in September 2020 included a Year 3 increase in rates effective July 1, 2022. The total revenue budget for the Refuse Fund includes a \$5.00 million contribution from the General Fund for the purchase of new refuse vehicles and a \$6.00 million allocation of grant funds from ARPA. The ARPA allocation includes \$4.00 million for refuse and street sweeping vehicles and \$2.00 million for revenue replacement. Actual revenues were \$1.48 million higher than budget due primarily to \$0.69 million excess administrative fees charged to haulers providing residential and commercial solid waste collection services.

**Expenditures:** Operating expenditures, net of encumbrances and recommended carryovers, are \$4.24 million (8.7%) less than the total budget. The savings are partially attributable to personnel savings of \$0.88 million due to high turnover and staffing shortages despite enhanced recruitment and hiring efforts. Moreover, the fund experienced \$2.13 million in savings in non-personnel budgets, which included adjustments to accommodate anticipated increases in operating costs that ultimately did not materialize and were offset by the ARPA allocation for revenue replacement.

**Capital Expenditures:** Capital expenditures totaling \$11,442 were recorded during the fiscal year; this amount includes \$8,910 of encumbrances that have been carried forward to FY 2023/24 as provided for in the Riverside Municipal Code. Capital purchases for vehicle replacement for the Refuse Fund have been initiated utilizing \$4.00 million in ARPA funding and \$5.00 million from the General Fund's Infrastructure Reserve to purchase refuse and street sweeping vehicles.

**Reserves:** The Refuse Fund is projected to end the fiscal year with \$6.19 million in fund reserves following an operating loss of \$1.29 million and cash infusion of a combined \$11M in General Fund contributions and ARPA funding.

Carryovers of approximately \$1.22 million are recommended for Council approval (refer to Attachment 1, Appendix A).

### Sewer Fund

The adopted budget for the Sewer Fund projected a net operating gain of approximately \$2.27 million which would be used to fund \$2.05 million of planned capital projects included in the FY 2022/23 adopted budget and capital improvement plan. Unaudited fiscal year end results present a budgetary operating gain of \$7.55 million after outstanding encumbrances and carryovers of \$2.49 million.

**Revenues:** Revenues exceeded projections by \$5.30 million, primarily due to \$2.06 million in excess wastewater service contract revenues and \$3.78 million in additional sewer connections fees from increased development activity.

**Expenditures:** Operating expenditures, net of encumbrances and recommended carryovers, are \$7.04 million (9.6%) less than the total budget. These savings are partially driven by personnel savings of \$3.16 million due to high vacancies. As of June 30, 2023, the Sewer Fund had 25 vacant positions, representing a vacancy rate of 19.2%. Additionally, \$2.02 million in savings in debt service costs resulted from a non-cash accounting adjustment that reflects the gradual allocation of debt issuance costs over the term of the debt.

**Capital Expenditures:** Capital expenditures totaling \$51.76M were recorded during the fiscal year; this amount includes \$10.66M of encumbrances and \$34.94M of unexpended capital project funds that have been carried forward to FY 2023/24 as provided for in the Riverside Municipal Code.

**Reserves:** The Sewer Fund is expected to end the fiscal year with \$56.62 million in fund reserves; results are pending the completion of the financial audit.

Carryovers of approximately \$0.83M are recommended for Council approval (refer to Attachment 1, Appendix A).

### Enterprise Utility Rates

On September 19, 2023, the City Council adopted resolutions approving and establishing five-year plan rates for Electric, Water, and Refuse Funds. The five-year plan rate increases will allow these enterprise funds to fund operations and capital costs, while maintaining reserve levels.

### Public Parking Fund

The adopted budget for the Parking Fund projected a contribution to fund reserves of \$1.47 million. The adopted budget included new parking rates, which were subsequently rescinded. To account for the rescinded parking rates, the total revenue budget was reduced by \$2.59 million. On April 18, 2023, the City Council approved a new Parking Rate and Hour Schedule effective July 1, 2023, which is expected to begin generating a net gain for the fund in FY 2024/25. Unaudited fiscal year end results present a budgetary operating gain of \$3.74 million after outstanding encumbrances and carryovers of \$0.10 million and inclusive of contributions from the General Fund and ARPA.

**Revenues:** The total revenue budget for the Public Parking Fund includes mid-year budget adjustments for a \$2.00 million contribution from the General Fund for parking garage maintenance and improvements and a \$1.50 million allocation of ARPA grant funds for revenue replacement. Actual revenues exceeded projections by \$0.52 million. Revenues from parking exceeded updated projections by \$0.47M, an 8.8% increase. Nevertheless, parking utilization on weeknights has lagged behind historical trends, likely influenced by reduced discretionary spending. Notably, a slight acceleration has been observed with the return of special events to the downtown area. Daytime activity has also risen as workers have resumed on-site work following the pandemic.

**Expenditures:** Operating expenditures, net of encumbrances and recommended carryovers, are \$1.24 million (15.6%) less than the total budget. These savings are primarily driven by personnel



savings of \$0.38 million due to high vacancies and savings in professional services of \$0.93 million budgeted on an “as-needed” basis.

**Capital Expenditures:** Capital expenditures totaling \$2.15 million were recorded during the fiscal year; this amount includes \$0.27 million of encumbrances and \$1.26 million of unexpended capital project funds that have been carried forward to FY 2023/24 as provided for in the Riverside Municipal Code.

**Reserves:** Following a FY 2022/23 net gain of \$3.74 million, the Public Parking Fund is expected to end the fiscal year with \$3.48 million in fund reserves, inclusive of a combined \$3.5M in General Fund contributions and ARPA funding .

### Carryovers

A total of \$45,688,055 is recommended for Council approval, comprised of \$7,552,687 in restricted funding and \$38,135,368 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, either identified as an emerging need or 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 aligns 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 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 2022/23 in far better condition than projected in the adopted FY 2022/23 budget. This favorable outcome enables the City to maintain a 20% reserve level per the General Fund Reserve Policy and produce surplus reserves. Utilizing \$20.00 million of the surplus reserves, along with reallocating \$15.00 million from the reserve set aside for MOU impacts, will help fund the Section 115 Trust, ensuring the funding of pension related costs and freeing up limited General Fund resources to sustain critical programs and services. Additionally, allocating \$4.77 million of the surplus reserves to the Infrastructure Reserve will aid in addressing ongoing maintenance and or replacement of capital assets. This strategy 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 \$24.77 million after Council approval of carryover recommendations totaling \$5.73 million. With Council approval, the surplus reserves will be fully allocated as previously described to address future pension costs and other fiscal strategies that will enhance the City’s long-term financial health.

Following Council approval of \$12.53 million in carryovers, the Measure Z Fund is expected to end FY 2021/22 with \$58.98 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, Refuse, Sewer, and Public Parking) are expected to end the fiscal year with positive reserve balances within established policy requirements. 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 2022 with the adoption of the FY 2022/23 budget.

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



FY 2022/23

# Financial Report

(Major Funds)



FISCAL YEAR ENDED

JUNE 30, 2023





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# GENERAL FUND

The City adopts a biennial budget and five-year planning process to provide a more informative, long-term outlook on City finances. The following were two primary goals established for the FY 2022-24 budget development cycle:

- Leverage Priority Based Budgeting (PBB) – PBB adds transparency to how public funds are used, providing stakeholders, including the public, with a clearer understanding of how resources are allocated and what outcomes are expected. PBB also ensures the City's limited financial resources are allocated in alignment with its strategic priorities and service needs.
- Long-Term Management of Retirement Costs – The Section 115 Trust Fund was implemented as a financing strategy for planned contributions and withdrawals to/from the Section 115 Trust to smooth the annual fiscal impact of the combined CalPERS Unfunded Actuarial Liability (UAL) and 2020 Pension Obligation Bond payments.

After years of grappling with structural deficits, the two-year budget reflects an unexpected surge in sales tax revenue prompted by the pandemic, contributing to the improvement in the long-term health of the General Fund. The one-time FY 2022/23 budget surplus will help partially offset ongoing fiscal challenges, although it will not provide a comprehensive solution. The City continues to face challenges in funding deferred maintenance and capital infrastructure, rising pension costs, and addressing expiring labor contract needs. For further details on the City's long-term fiscal health, please refer to the section on the General Fund Outlook.

## General Fund Results at a Glance (Unaudited)

**3.1%**  
**Revenues**  
**Exceeded**  
Revised Budget  
Projections\*

**3.9%**  
Projected  
**Expenditure**  
**Savings**

**\$21.65M**  
**NET GAIN**  
Net of Carryovers

The General Fund's **unaudited** actuals present a net gain of \$21.65M net of encumbrances and recommended carryovers, primarily due to revenues performing exceptionally well and actual personnel savings of \$12.83M.

\*Excludes \$1.42M in Fire Mutual Aid, \$2.0M insurance reimbursement, and \$3.88M March JPA land sale revenues which were unbudgeted.

The FY 2022/23 General Fund adopted budget totaled \$305.67M with a projected \$4.96M surplus. Budget adjustments throughout the fiscal year presented a potential \$10.66M shortfall, primarily due to revisions in labor MOUs and the unrepresented employee compensation and benefits package.

### GENERAL FUND SUMMARY

(in millions)	Adopted Budget	Adjusted Budget	Unaudited Actuals
<b>Incoming Resources</b>			
FY 2022/23 Revenue	\$ 310.63	\$ 342.53	\$ 360.69
FY 2022/23 Use of Reserves		7.00	7.00
<b>Total Incoming Resources</b>	<b>\$ 310.63</b>	<b>\$ 349.53</b>	<b>\$ 367.69</b>
<b>Outgoing Resources</b>			
FY 2021/22 Expenditures	\$ 305.67	\$ 349.95	\$ 333.24
FY 2020/21 Encumbrances		6.49	
FY 2020/21 Carryovers		3.75	
FY 2021/22 Encumbrances			7.07
FY 2021/22 Carryovers			5.73
<b>Total Outgoing Resources</b>	<b>\$ 305.67</b>	<b>\$ 360.19</b>	<b>\$ 346.04</b>
<b>Projected Net Gain / (Loss)</b>	<b>\$ 4.96</b>	<b>\$ (10.66)</b>	<b>\$ 21.65</b>

## Revenue

Revenue estimates for the adopted budget were developed using a range of sources, including historical revenue analysis, economic data, input from the City's sales and property tax consultant, City departments, and the County of Riverside. Approximately 79% of the General Fund revenue budget comes from sales and use tax, property taxes, utility users tax, and the General Fund transfers.

Sales and use tax is a major component of the General Fund's revenue stream, constituting approximately 27% of the overall revenue budget. While the onset of the COVID-19 pandemic brought forth concerns of a substantial decline in sales tax revenue due to restrictions on businesses and consumer activity, the outcome defied expectations. An unexpected shift in consumer buying patterns, coupled with pent-up demand and government stimulus measures, resulted in a strong rebound and growth in the City's sales and use tax revenue base. Furthermore, the economy experienced historically high inflation due to heightened consumer and business demand, supply chain disruptions, and tight labor markets, further contributing to the growth of sales and use tax revenue for the City. Uncertain of how consumers and businesses would respond to inflation and its impacts on a slowing economy, the annual growth in sales and use tax was projected at a modest 2.9% over FY 2021/22 projections in the adopted budget.

Other revenues remained steady or demonstrated modest growth despite the impacts of the COVID-19 pandemic. Property taxes were projected at an annual 3.8% growth rate based on the advice of the City's property tax consultant, offset by a projected slowing of Successor Agency property tax revenue. Utility users tax and the General Fund Transfer (GFT) were determined based on electric and water revenue projections.

With the Second Quarter Financial Report, revenue projections were adjusted upward by \$14.41M based on FY 2021/22 actual results and performance to date. Actual revenues exceeded the revised budget by \$10.86M, or 3.1%, excluding unbudgeted amounts of \$1.42M in Fire Mutual Aid revenue, \$2.00M in insurance reimbursement for a City-owned building fire, and \$3.88M in March Joint Power Authority (JPA) land sale revenues. The following table includes the impact of unbudgeted revenues in the Other Revenues and Transfers In category.

## REVENUES BY CATEGORY

### FISCAL YEAR REVENUE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals	\$ Variance	% Variance
Property Taxes	\$ 79.28	\$ 80.78	\$ 82.83	\$ 2.05	2.5%
Sales and Use Tax	83.51	94.44	93.71	(0.73)	-0.8%
Utility Users Tax	32.80	33.10	34.96	1.86	5.6%
Transient Occupancy Tax	7.10	8.41	8.59	0.18	2.1%
Franchise Fees	5.72	5.72	6.42	0.70	12.2%
Licenses & Non-Developer Permits	8.98	9.47	10.50	1.03	10.9%
Non-Development Charges for Services	10.03	9.97	10.83	0.86	8.6%
Developer Fees & Charges for Services	6.80	6.80	7.31	0.51	7.5%
General Fund Transfer	50.81	50.50	50.50	-	0.0%
Measure Z Transfer	18.27	18.27	18.27	-	0.0%
Other Revenues & Transfers In	7.33	9.16	20.86	11.70	127.7%
ARPA Revenue Replacement	-	15.91	15.91	-	0.0%
Use of Infrastructure Reserve	-	7.00	7.00	-	0.0%
<b>Total Revenues &amp; Transfers In</b>	<b>\$ 310.63</b>	<b>\$ 349.53</b>	<b>\$ 367.69</b>	<b>\$ 18.16</b>	<b>5.2%</b>

### *Explanation of Significant Budget Variances*

- **Property Taxes:** Revenues exceeded updated projections by \$2.05M (2.5%), primarily due to Successor Agency property taxes, which are largely unpredictable and pertain to the City's share of taxes remaining after all redevelopment successor agencies' obligations are settled.
- **Sales and Use Tax:** Although slightly below the adjusted budget estimate, Sales and Use Tax increased by 3.2% over the prior year, demonstrating a return to a more traditional year-over-year growth pattern. Unlike previous years where revenue increases were mainly fueled



by consumption, the current growth in sales tax revenue growth is largely attributed to inflationary factors.

- **Utility Users Tax (UUT):** Owing to the surge in natural gas prices in 2022, the UUT on natural gas experienced a 30% increase through January 2023 compared to the same period in the previous year. Accordingly, a \$0.30M adjustment was made in the second quarter to account for this increase, with the expectation that natural gas prices would normalize. Ultimately, the natural gas UUT exceeded the revised projection by \$1.98M (38%).
- **Franchise Fees:** Franchise fees slightly exceeded projections throughout the fiscal year. However, it's important to note that a significant portion of these revenues is paid annually in the fourth quarter, and these final payments contributed to the \$0.70M (12.2%) variance over projections.
- **Licenses & Non-Developer Permits:** Revenues are \$1.03M (10.9%) higher than projected, primarily due to the exceptional performance of business tax revenue, which exceeded projections by \$1.01M. A significant portion of this increase can be attributed to the Business Tax Discovery and Amnesty program for property rentals, which generated nearly \$500K in additional revenue. Additionally, business taxes are calculated based on the type of business, along with additional increments that may include gross receipts. As such, other factors contributing to the strong performance in business tax revenue may be linked to those influencing sales tax revenues, such as increased consumer spending and the impact of inflation.
- **Non-Development Charges for Services:** Revenues exceeded projections by \$0.86M (8.6%), with the main contributing factors being higher-than-expected revenues from the following sources:
  - \$0.29M for the American Medical Response paramedics program
  - \$0.18M for traffic signal repair billings, stemming from claims dating back to 2018
  - \$0.50M from Parks and Recreation, with \$0.15M attributed to Fairmount Golf Course fees and \$0.36M from recreation programs.
- **Other Revenues & Transfers In:** Other Revenues and Transfers In are \$11.7M (127.7%) higher than projected. Some revenues in this line item are largely unpredictable or volatile, while others are unbudgeted. Some of the major contributing factors to the variance are as follows:
  - \$1.42M in unbudgeted Fire Mutual Aid revenue
  - \$2.5M insurance reimbursement for the Orange St Building fire; only \$0.50M of the \$2.50M insurance reimbursement was expected to be received in FY 2022/23, leaving \$2M unbudgeted
  - \$3.88M from the unbudgeted March JPA Land Sale
  - \$1.05M in investment revenue above projection in the adopted budget

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; Fire Mutual



Aid; debt proceeds; required non-operating accounting adjustments (such as adjusting investments to market value), and items moved to other funds during General Fund restructuring in 2015-2017.

10-YEAR REVENUE HISTORY

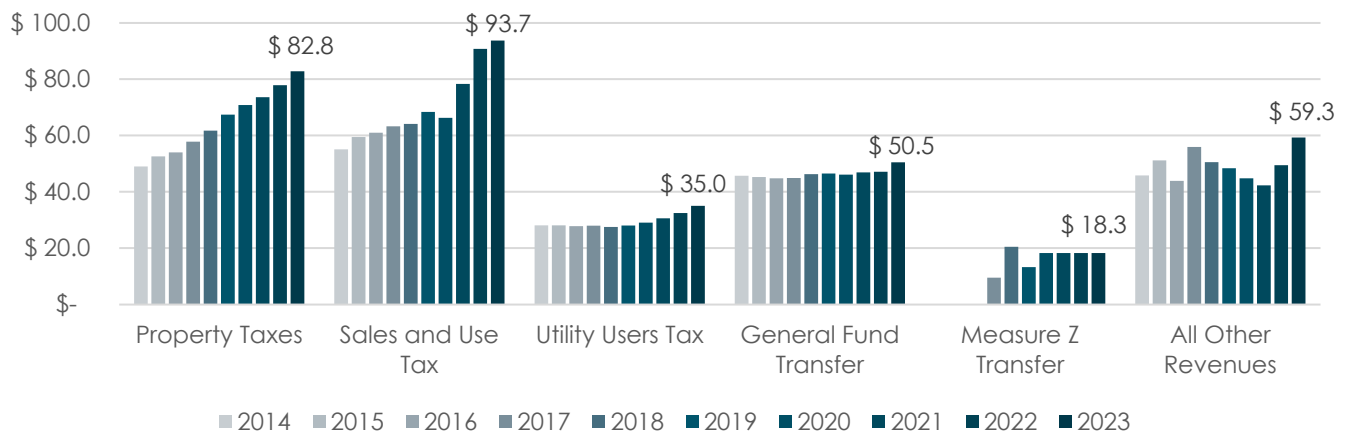
**GENERAL FUND REVENUES – 10-YEAR HISTORY**

(in millions)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Property Taxes	\$ 49.0	\$ 52.6	\$ 54.0	\$ 57.8	\$ 61.7	\$ 67.4	\$ 70.8	\$ 73.6	\$ 77.9	\$ 82.8
Sales and Use Tax	55.1	59.4	61.0	63.3	64.1	68.4	66.3	78.3	90.8	93.7
Utility Users Tax	28.1	28.1	27.8	28.0	27.5	28.0	29.0	30.6	32.5	35.0
General Fund Transfer	45.7	45.3	44.8	44.9	46.2	46.5	46.1	46.9	47.1	50.5
Measure Z Transfer				9.5	20.5	13.2	18.3	18.3	18.3	18.3
All Other Revenues	45.8	51.2	43.9	56.0	50.5	48.4	44.8	42.3	49.5	59.3
<b>Total Revenues*</b>	<b>\$ 223.7</b>	<b>\$ 236.6</b>	<b>\$ 231.5</b>	<b>\$ 259.5</b>	<b>\$ 270.5</b>	<b>\$ 271.9</b>	<b>\$ 275.3</b>	<b>\$ 290.0</b>	<b>\$ 316.1</b>	<b>\$ 339.6</b>
Growth over Prior Year	3.2%	5.8%	-2.2%	12.0%	4.3%	0.5%	1.2%	5.3%	9.0%	7.5%


\*Excludes items that impair comparability from year-to-year, as previously described.

In this view, Property Taxes, Sales and Use Tax, Utility Users Tax, and the General Fund Transfer accounted for 77.1% of all General Fund revenues in 2023. In the past 10 years, the total of these revenue sources as a percent of total revenues has ranged from a low of 73.8% in 2018 to a high of 81.0% in 2016.

**10-YEAR GENERAL FUND REVENUE** (in millions)



As illustrated in the chart, Property Tax has shown steady growth over the past decade. Sales and Use Tax exhibited nominal growth until a surge in fiscal years 2021 and 2022, which culminated in a 37% increase in revenues compared to 2019, driven by the impact of the pandemic and change in consumer spending. Future growth in Sales and Use Tax is expected to return to normal, as indicated by the 3.2% growth rate in 2023, although still subject to economic fluctuations. Following several years of stagnant revenue, Utility Users Tax (UUT) began to increase year-over-year and is now on a steady upward trend. However, a decline may be anticipated next year if natural gas



prices return to normal levels. The General Fund Transfer averaged 0% growth until the current year, with increases in electric and water rates offsetting lower consumption. All Other Revenues will fluctuate based on interest earnings, bad debt write-offs, sale of land and capital assets, and other one-time revenues. The current year increase over the prior year is attributable to strong interest earnings, lower bad debt write-offs, an insurance reimbursement, and monies received from the March JPA land sale.

## Expenditures

The FY 2022/23 expenditure budget is comprised of the adopted budget of \$305.67M, \$10.24M of unexpended funds carried forward from the previous fiscal year, and \$44.28M of budget adjustments occurring during the fiscal year. In the FY 2022/23 second quarter report, supplemental appropriations leveraged \$24.41M in total projected revenue enhancements and personnel savings. Additionally, \$7.00M was utilized from the General Fund Infrastructure Reserve. Major supplemental adjustments posted during the fiscal year included:

- Revisions to various labor MOUs and the unrepresented employee's compensation and benefits package, inclusive of \$11.60M in employee stipends: \$18.69M
- Capital Investment in streets, medians, and City facilities: \$12.55M
- Other needs identified in the FY 2022/23 second quarter report and mid-cycle update, including increased utility costs; animal control; security, vandalism & theft issues at the Heritage House and City parks; and other miscellaneous items: \$3.47M
- Use of Infrastructure Reserves for Refuse (\$5.00M) and Public Parking (\$2.00M) funds' capital needs.

The total adjusted budget for FY 2022/23 is \$360.19M.

Actual expenditures at fiscal year-end are \$333.24M before encumbrances and recommended carryovers totaling \$12.80M. Encumbrances of \$7.05M and grant carryovers of \$0.02M have been carried forward to FY 2023/24 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional \$5.73M in discretionary and restricted carryovers**, detailed in Appendix A of this report. If the carryovers are approved, total expenditures savings for FY 2022/23 will be \$14.15M, or 3.9%, of the total adjusted budget.

## EXPENDITURES BY CATEGORY

### FISCAL YEAR EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	\$ Variance	% Variance
Personnel	\$ 217.56	\$ 226.19	\$ 213.36	\$ (12.83)	-5.7%
CalPERS UAL – Safety	11.16	11.16	11.16	-	0.0%
CalPERS UAL – Miscellaneous	5.05	5.05	5.05	-	0.0%
Non-Personnel Costs	57.35	71.36	72.06	0.70	1.0%
Special Projects	7.14	9.38	8.65	(0.73)	-7.8%
Minor Capital & Grants	0.42	1.49	1.55	0.06	4.0%
Debt Service	32.94	32.94	32.94	-	0.0%
Charges To/From	(17.90)	(18.14)	(19.34)	(1.20)	6.6%
Cost Allocation Plan	(21.65)	(21.65)	(21.65)	-	0.0%
Transfers to Other Funds	0.89	29.32	30.25	0.93	3.2%
Special Districts Fund Support	1.40	1.40	1.44	0.04	2.9%
Convention Center Fund Support	6.00	6.38	6.78	0.40	6.3%
Entertainment Fund Support	4.32	4.32	3.12	(1.20)	-27.8%
Cheech Marin Center Fund Support	0.99	0.99	0.67	(0.32)	-32.3%
<b>Total Expenditures &amp; Transfers Out</b>	<b>\$ 305.67</b>	<b>\$ 360.19</b>	<b>\$ 346.04</b>	<b>\$ (14.15)</b>	<b>-3.9%</b>

\*Unaudited Actuals includes \$7.05M in encumbrances and \$0.02M project/grant carryovers recorded as allowed by the Riverside Municipal Code; and \$5.73M in other carryovers recommended for Council approval (refer to Appendix A).

#### Explanation of Significant Budget Variances

- **Personnel:** Personnel savings is attributable to a high vacancy rate and the supplemental appropriations recorded to account for the potential fiscal impact of increased employee compensation and benefits. Personnel expenditure and savings details are discussed later in this report.
- **Special Projects:** Savings were experienced in the Non-Departmental programs for the City Manager’s Audit Program and the Citywide Fiscal Management account, as well as in the Community and Economic Development Department’s program for the Innovation District.
- **Charges To/From:** Savings of \$1.20M is attributable to an increase in reimbursements for General Fund departments’ direct support service costs to non-General Fund departments and programs funded by alternative revenue sources, such as grants, Gas Tax, and utility revenues.
- **Fund Support:** The General Fund covers debt obligations and provides operating contributions to the Convention Center, Entertainment Fund, and Cheech Marin Center. Total operating revenues for the Fox Performing Arts Theater, the Riverside Municipal Auditorium, and the Box outperformed projected revenues by \$2.74M, resulting in a lower contribution required from the General Fund.

## EXPENDITURES BY DEPARTMENT

### FISCAL YEAR DEPARTMENTAL RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	Overage/ (Savings)	% Variance
Mayor	\$ 0.90	\$ 0.99	\$ 0.93	\$ (0.06)	-6.1%
City Council	1.32	1.50	1.36	(0.14)	-9.3%
City Manager	4.79	6.13	5.48	(0.65)	-10.6%
City Clerk	1.38	1.78	1.76	(0.02)	-1.1%
City Attorney	5.30	5.89	5.26	(0.63)	-10.7%
Human Resources	3.66	4.46	3.95	(0.51)	-11.4%
General Services	4.89	5.43	4.75	(0.68)	-12.5%
Finance	7.68	8.68	7.91	(0.77)	-8.9%
Innovation & Technology	12.24	14.47	13.36	(1.11)	-7.7%
Community Development	17.27	21.61	18.23	(3.38)	-15.6%
Police	114.40	123.23	111.00	(12.23)	-9.9%
Fire	63.14	66.27	65.81	(0.46)	-0.7%
Public Works	18.26	22.70	19.21	(3.49)	-15.4%
Library	8.34	9.76	8.58	(1.18)	-12.1%
Parks, Rec, & Comm. Services	23.10	27.40	26.74	(0.66)	-2.4%
Museum	2.20	2.67	2.18	(0.49)	-18.4%
Non-Departmental	38.45	58.87	71.18	12.31	20.9%
Cost Allocation Plan	(21.65)	(21.65)	(21.65)	-	0.0%
<b>Total Expenditures &amp; Transfers Out</b>	<b>\$ 305.67</b>	<b>\$ 360.19</b>	<b>\$ 346.04</b>	<b>\$(14.15)</b>	<b>-3.9%</b>

\*Unaudited Actuals includes \$7.05M in encumbrances and \$0.02M project/grant carryovers recorded as allowed by the Riverside Municipal Code; and \$5.73M in other carryovers recommended for Council approval (refer to Appendix A).

#### Explanation of Significant Budget Variances

- **City Manager:** The department experienced \$0.26M in personnel savings due to vacancies and \$0.35M in under-expenditures in the budget for professional services.
- **City Attorney:** The department experienced \$0.5M in personnel savings due to vacancies.
- **Human Resources:** The department experienced \$0.44M in personnel savings due to vacancies.
- **General Services:** The department experienced \$0.49M in personnel savings due to vacancies, \$0.2M in under-expenditures in the budget for professional services for building maintenance and \$0.13M in under-expenditures in the budget for building and structure improvements.
- **Community Development:** The department experienced \$2.6M in personnel savings due to vacancies and \$0.29M less expenditures than budgeted for the Innovation District project.

- **Public Works:** The department experienced \$2.45M in personnel savings due to vacancies and \$0.63M of savings in construction and maintenance materials.
- **Library:** The department experienced \$0.70M in personnel savings due to vacancies and \$0.25M in lower-than-budgeted expenditures for professional services and internet provider service costs.
- **Museum:** The department experienced \$0.50M in personnel savings due to vacancies.
- **Non-Departmental:** The \$12.31M overage is attributed to \$3.1M in required accounting entries related to new Governmental Accounting Standards Board (GASB pronouncements) and a \$10M budget adjustment for vacancy savings. The adjustment, recorded with the second quarter mid-cycle budget update, recognized budget savings to date and allowed for the reallocation of the savings to other spending needs..

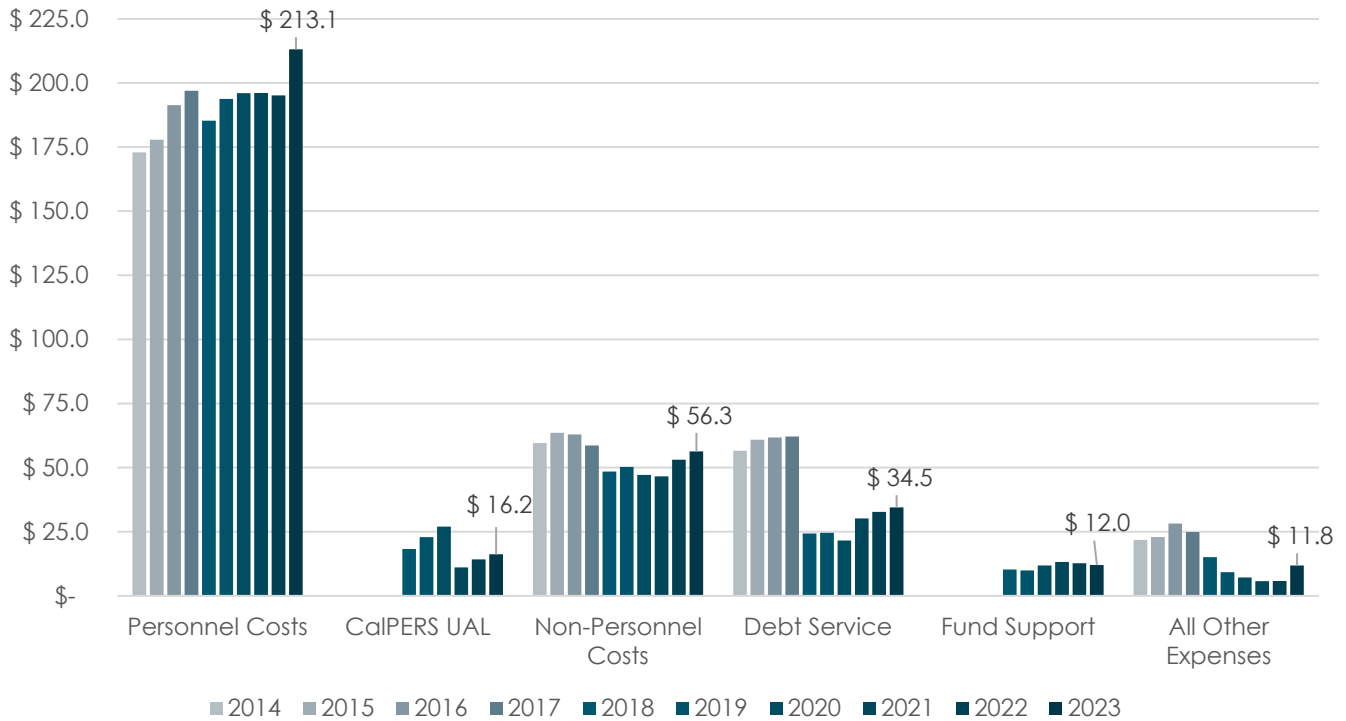
### 10-YEAR EXPENDITURE HISTORY

The following table and chart show the 10-year history of General Fund expenditures, excluding Operating Transfers. The 2023 actuals in the following table will differ from the previous charts as the actuals below do not include carryovers and encumbrances totaling \$12.80M.

#### GENERAL FUND EXPENDITURES – 10-YEAR HISTORY


(in millions)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Personnel Costs	\$ 172.9	\$ 177.9	\$ 191.3	\$ 197.0	\$ 185.2	\$ 193.8	\$ 196.0	\$ 196.0	\$ 195.1	\$ 213.1
CalPERS UAL – Safety					11.4	14.3	17.2	7.2	9.5	11.2
CalPERS UAL – Misc					6.8	8.6	9.8	3.9	4.8	5.0
Non-Personnel Costs	59.6	63.6	62.9	58.6	48.5	50.3	47.1	46.6	53.1	61.4
Special Projects	9.4	13.9	14.6	16.8	7.3	6.8	6.2	4.5	5.4	7.4
Minor Capital	6.5	4.0	8.0	3.9	2.9	2.1	0.8	0.4	0.3	0.7
Grants	5.9	5.1	5.5	4.1	4.9	0.4	0.2	0.8	0.1	0.3
Debt Service	56.6	60.9	61.8	62.2	24.3	24.5	21.6	30.2	32.8	32.9
Charges To/From	(16.4)	(16.9)	(17.2)	(16.7)	(17.4)	(19.5)	(17.2)	(20.6)	(18.6)	(19.3)
Cost Allocation Plan	(18.6)	(18.1)	(20.2)	(19.9)	(18.9)	(24.1)	(26.3)	(23.4)	(23.5)	(21.7)
Fund Support					10.3	9.9	11.9	13.2	12.7	12.0
Total Expenditures	\$ 275.9	\$ 290.4	\$ 306.7	\$ 306.0	\$ 265.3	\$ 267.1	\$ 267.3	\$ 258.8	\$ 271.7	\$ 303.0
Growth over Prior Year	3.3%	5.3%	5.6%	-0.2%	-13.3%	0.7%	0.1%	-3.2%	5.0%	11.5%

## 10-YEAR GENERAL FUND EXPENDITURES (in millions)



### Explanation of Significant Trend Variations

- Personnel Costs:** The 7.5% 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 6.0% reduction in 2018 is due to balancing measures to address the General Fund structural deficit and the shifting of some personnel to Measure Z. The \$18.00M (9.2%) increase in 2023 is attributable to a reduction in the vacancy rate as compared to the prior year, \$11.60M paid for employee stipends, and increases in employee compensation and benefits due to newly negotiated labor agreements.
- CalPERS UAL:** CalPERS separated the Unfunded Actuarial Liability (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.
- 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.
- Special Projects and Fund Support:** 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 Fund Support for transparency. Special projects further declined with restructuring that moved activities funded by restricted funds to the new Grants and Restricted Programs Fund. The decline in 2021 and 2022 is primarily attributable to pandemic effects on events such as the Festival of Lights. In 2023, the \$2.00M increase is due to a \$1.30M increase in Animal Control, which is a service contracted through the County of Riverside, and the resumption of the Festival of Lights following a 2-year hiatus during the pandemic.

## PERSONNEL

### *Explanation of Actual Personnel Expenditures*

During the fiscal year, the personnel budget was increased by approximately \$18.40M to accommodate estimated MOU fiscal impacts, including \$11.60M for employee stipends.

At the end of the fiscal year, the General Fund experienced a high vacancy rate of 11.5%, marking a notable improvement from the 13.0% reported at the end of FY 2021/22. Similar to FY 2021/22 and consistent with respondents to the 2023 State and Local Workforce Survey, the City continued to face challenges related to retention, recruitment, and hiring during FY 2022/23. The Human Resources (HR) Department has endeavored to fill vacant positions through extended job postings and, in some cases, maintained continuous postings; bolstered advertising efforts; and actively participated in hiring and career fair events. Furthermore, HR is actively working to position the City as an employer of choice, focusing on outreach initiatives to attract a diverse and highly skilled workforce while aligning the recruitment and selection process with values of diversity, equity, and inclusion.



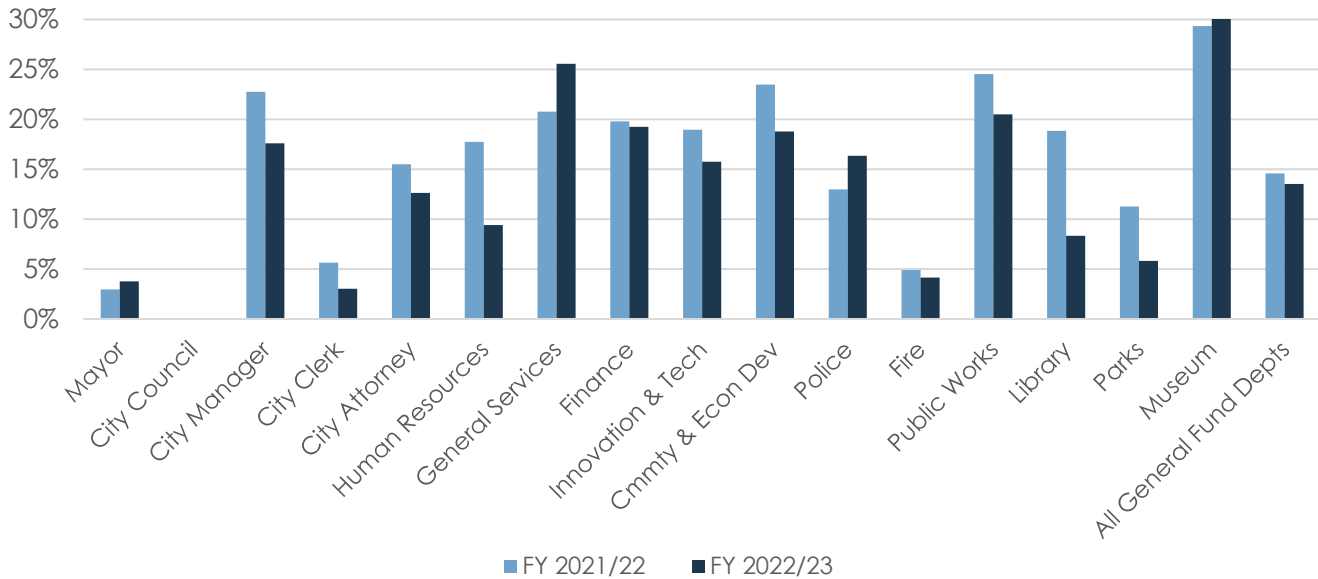
## **2023 STATE AND LOCAL WORKFORCE SURVEY**

**ALTHOUGH THE PRIVATE SECTOR HAS LARGELY RECOVERED, STATE AND LOCAL EMPLOYMENT STILL LAGS ITS PRE-PANDEMIC FEBRUARY 2020 TOTALS. VACANCIES FOR MANY KEY OCCUPATIONS REMAIN HARD TO FILL. 70% OR MORE OF RESPONDENTS REPORTED THAT THEY RECEIVED FEWER QUALIFIED APPLICANTS THAN THERE WERE POSITIONS AVAILABLE TO BE FILLED.**

*Missionsquare Research Institute*  
<https://slge.org/resources/state-and-local-government-workforce-survey-2023>

The following chart depicts the average vacancy rate for FY 2021/22 and FY 2022/23 for each department in the General Fund, as well as the General Fund as a whole. Several departments experienced similar or higher average vacancy rates in FY 2022/23 as compared to the prior year.

### GENERAL FUND AVERAGE FTE VACANCY RATE



### 10-Year Personnel Cost History

#### GENERAL FUND PERSONNEL COSTS – 10-YEAR HISTORY

(in millions)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Salaries	\$104.3	\$104.9	\$117.9	\$115.6	\$116.7	\$122.2	\$124.4	\$124.7	\$122.3	\$140.5
Leave Payoffs	3.6	4.3	3.4	4.0	4.7	5.5	6.1	7.0	6.2	6.7
Overtime	11.6	12.4	13.2	12.3	14.7	15.0	15.4	17.1	17.4	16.1
Insurances	16.0	17.5	19.0	19.0	19.1	20.6	19.7	18.1	21.4	21.6
Retirement	34.6	35.3	40.8	42.6	44.9	49.8	53.6	37.5	38.5	40.5
Payroll Accruals	0.5	1.0	(5.9)	0.6	0.3	0.4	1.1	0.4	0.7	0.5
Other	2.3	2.5	2.9	2.9	3.0	3.2	2.7	2.4	2.8	3.5
<b>Total Personnel &amp; CalPERS UAL Costs</b>	<b>\$172.9</b>	<b>\$177.9</b>	<b>\$191.3</b>	<b>\$197.0</b>	<b>\$203.4</b>	<b>\$216.7</b>	<b>\$223.0</b>	<b>\$207.2</b>	<b>\$209.4</b>	<b>\$229.3</b>
Growth over Prior Year	1.6%	2.9%	7.6%	3.0%	3.3%	6.5%	2.9%	-7.1%	1.1%	9.5%

### Explanation of Significant Trend Variations

- **Salaries:** 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 \$3.90M immediate impact related to the Police MOUs.

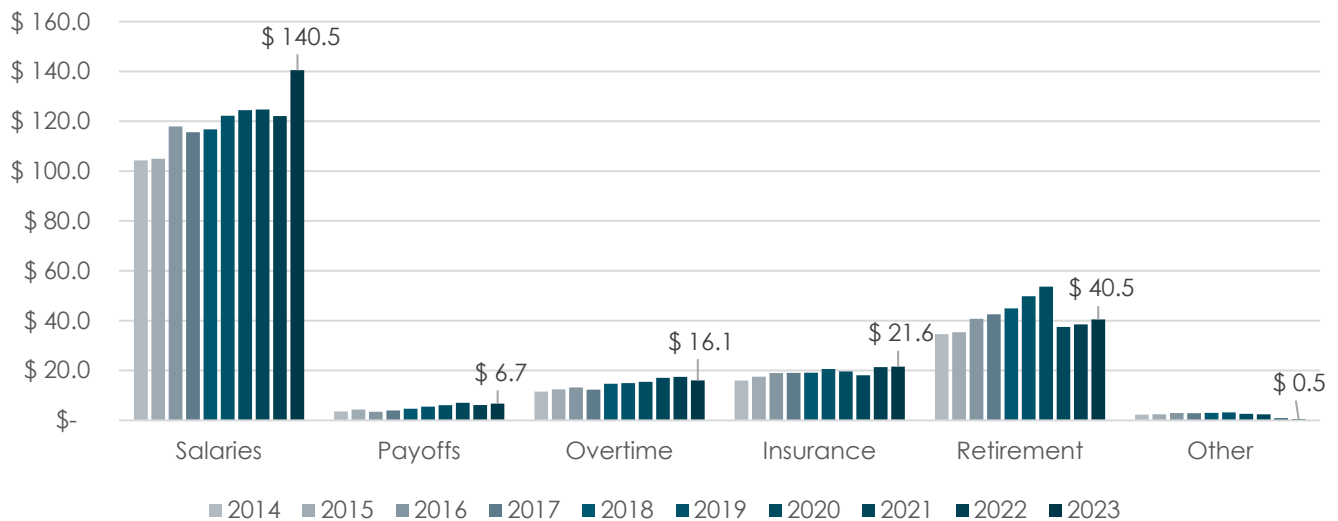


In 2018 and 2019, the Partnership Compensation Model produced maximum salary increases under MOU provisions. The 2018 impact was partially offset by the shifting of some personnel to Measure Z.

In 2023, renegotiation of MOUs resulted in salary increases and employee stipends, leading to a significant growth in salary costs.

- **Overtime:** The 7.5% decrease in overtime in 2023 is attributable to \$1.57M in lower Fire Mutual Aid overtime as compared to the prior year.
- **Retirement:** Retirement costs declined \$16.20M in 2021 due to a lump sum paydown with the issuance of a Pension Obligation Bond (POB).
- **Other:** The 25% increase in other personnel costs includes an increase in deferred compensation benefits; heightened use of temporary services to backfill position vacancies; and higher Medicare costs coinciding with compensation increases.

### 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 2023/24 adopted budget totals \$327.09M, requiring 20% reserves of \$65.42M.

## 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)

<b>Beginning Fund Balance (Audited)</b>	<b>\$ 70.77</b>
<b>FY 2022/23 Activity</b>	
Revenues	\$ 360.69
Use of Infrastructure Reserves	7.00
Expenditures	(333.24)
Encumbrances/Projects/Grants	(7.07)
Restricted Carryovers*	(4.43)
Discretionary Carryovers*	(1.30)
<b>Subtotal</b>	<b>\$ 21.65</b>
Change in Other Reserves	\$ (2.23)
<b>Net Change in Fund Balance</b>	<b>\$ 19.42</b>
<b>Fund Balance Reserves</b>	
15% Emergency Reserve	\$ (49.06)
5% Contingency Reserve	(16.36)
<b>Total Policy Reserves</b>	<b>\$ (65.42)</b>
<b>Projected Surplus Reserves</b>	<b>\$ 24.77</b>

\*Subject to Council approval – refer to Appendix A.



## GENERAL FUND OUTLOOK


While the short-term outlook for the General Fund has improved with 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:

- **Water General Fund Transfer:** Although the City has received a temporary reprieve in the Measure C litigation, the City needs to strategically position itself against future challenges to the Water General Fund Transfer to mitigate the risk to City services that would result from the loss of this heavily relied upon revenue source. On September 19, 2023, the City Council directed that all future Water General Fund transfer collections be placed in a reserve account pending the outcome of litigation. Staff will consider the impact of the approximate \$8.50M annual loss of revenue in the General Fund during the development of the next biennial budget.
- **Deferred Maintenance and Infrastructure:** 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.
- **Rising Pension Costs:** The financial markets continued to impede the financial performance of the CalPERS retirement fund, yielding a 5.8% return on investments for the fiscal year ended June 30, 2023. Although this is less than the 6.8% forecasted return rate, it is an improvement over the disappointing negative 6.1% rate of return at the end of FY 2021/22. Future investment returns below expectations could lead to higher unfunded liabilities and annual required payments.
- **Labor Costs:** With most MOU contracts set to expire in June 2025, the outcome of future labor negotiations holds the potential to significantly impact personnel costs for the City. Balancing the need to provide competitive salary increases to recruit and retain highly qualified employees, while maintaining financial sustainability, will present a challenge.

## RECOMMENDED USE OF SURPLUS RESERVES

At the conclusion of FY 2022/23, projected surplus reserves total \$24.77M. The following details staff's recommendation for the use of the surplus reserves to help fund two of the major fiscal challenges described above:

**Section 115 Trust:** Recognizing the \$8.50M annual loss stemming from the Water General Fund transfer, staff recommends strategically allocating \$20.00M of the surplus reserves to offset the annual projected contributions to the Section 115 Trust over the FY 2025-2029 General Fund Five-Year Plan. The Section 115 Trust was established to support the long-term fiscal management of the CalPERS UAL. The Trust allows the City to smooth the combined UAL and POB payment requirements to avoid spikes in the payment schedules and significant pressure on General Fund



finances in future years. This strategic use of surplus reserves will serve as a fiscally prudent solution to ensure the CalPERS UAL is funded, while simultaneously releasing the General Fund's limited incoming resources to sustain critical programs and services.

In addition to the recommended use of FY 2022/23 surplus reserves, staff proposes a strategic reallocation of \$15.00 million from reserves originally earmarked for MOU Impacts towards offsetting the annual projected contributions to the Section 115 Trust throughout the FY 2025-2029 General Fund Five-Year Plan. This will provide additional flexibility for the General Fund to utilize its limited incoming resources in sustaining critical programs and services. In the FY 2021/22 Fourth Quarter Financial Report, the City Council approved staff's recommendation of allocating \$15.00 million from surplus reserves to address 2022 MOU negotiations impacts. However, due to personnel savings resulting from a high vacancy rate in FY 2022/23, these reserves proved unnecessary, allowing for a strategic reallocation to an alternative purpose.

**General Fund Infrastructure Reserves:** Staff recommend allocating the remaining \$4.77M of the surplus reserves to the Infrastructure Reserves to address the ongoing maintenance and/or replacement of capital assets.

## 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, Fire vehicle replacement, and Police helicopters. Measure Z's current 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 use of Measure Z tax revenue, so they are not reported in the Spending Plan.

## Revenue

The adopted budget projection of \$76.80M in total revenues was revised to \$84.43M in the Second Quarter Financial Report based on FY 2021/22 actual results and performance to date. During the two years of the pandemic, sales tax revenue surged by an impressive 33%, defying expectations

from economists and the City's sales tax consultant. Additionally, although sales tax growth is anticipated to stabilize with the Federal Reserve's actions to correct inflation, the new base level of sales tax revenue is expected to remain relatively steady, serving as a revised foundation for future sales tax projections. Total revenues came in at \$85.84M, which is \$1.41M higher than the revised budget and 2.3% 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 past years.

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	2023
Transaction & Use Tax (TUT)	\$ 12.61	\$ 56.20	\$ 62.29	\$ 62.38	\$ 72.00	\$ 83.16	\$ 84.02
Interest Revenue	-	0.04	0.53	0.76	0.65	0.75	1.82
Total Revenues	\$ 12.61	\$ 56.24	\$ 62.82	\$ 63.14	\$ 72.65	\$ 83.91	\$ 85.84
TUT Growth over Prior Year	100%	346.1%	11.7%	0.5%	15.1%	15.5%	2.3%

## 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. Furthermore, the amount available for carryover and the resources required to fund Measure Z initiative have been impacted by increased costs for materials, equipment, construction, and debt financing due to changes in market conditions related to inflation.

Actual expenditures at fiscal year-end are \$69.61M before encumbrances and carryovers of \$48.65M. Encumbrances of \$24.62M and capital carryovers of \$11.50M have been carried forward to FY 2023/24 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional \$12.53M in discretionary 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 \$85.84M and expenditures of \$69.61M produced a net increase of fund reserves of \$16.23M. Projected unallocated fund reserves (unaudited) are anticipated to total \$58.98M net of encumbrances and recommended carryovers totaling \$48.65M. The FY 2022-2024 Amended Biennial Budget includes a Five-Year Spending Plan with a programmed draw on reserves from FY 2023/24 through FY 2027/28 totaling \$38.27M. Staff recommends that unallocated reserves remain intact and incorporated into the preparation of the FY 2024-26 Biennial Budget.

## MEASURE Z ACTIVITY AND PROJECTED FUND RESERVES

(in millions)	2017	2018	2019	2020	2021	2022	2023
Revenue	\$ 12.61	\$ 56.24	\$ 62.82	\$ 63.14	\$ 72.65	\$ 83.91	\$ 85.84
Expenditures	(9.98)	(36.14)	(40.99)	(49.57)	(50.85)	(67.45)	(69.61)
Encumbrances & Carryovers							(48.65)
<b>Net Change in Fund Balance</b>	<b>\$ 2.63</b>	<b>\$ 20.10</b>	<b>\$ 21.83</b>	<b>\$ 13.57</b>	<b>\$ 21.80</b>	<b>\$16.46</b>	<b>\$(32.42)</b>
Beginning Unallocated Fund Reserves	\$ -	\$ 2.63	\$ 22.73	\$ 39.56	\$ 53.14	\$ 74.94	\$ 91.40
Net Change in Fund Balance	2.63	20.10	21.83	13.57	21.80	16.46	(32.42)
Fund Balance Reserve Policy	-	-	(5.00)	-	-	-	-
<b>Ending Unallocated Fund Reserves</b>	<b>\$ 2.63</b>	<b>\$ 22.73</b>	<b>\$ 39.56</b>	<b>\$ 53.13</b>	<b>\$ 74.94</b>	<b>\$ 91.40</b>	<b>\$ 58.98</b>

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*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.*

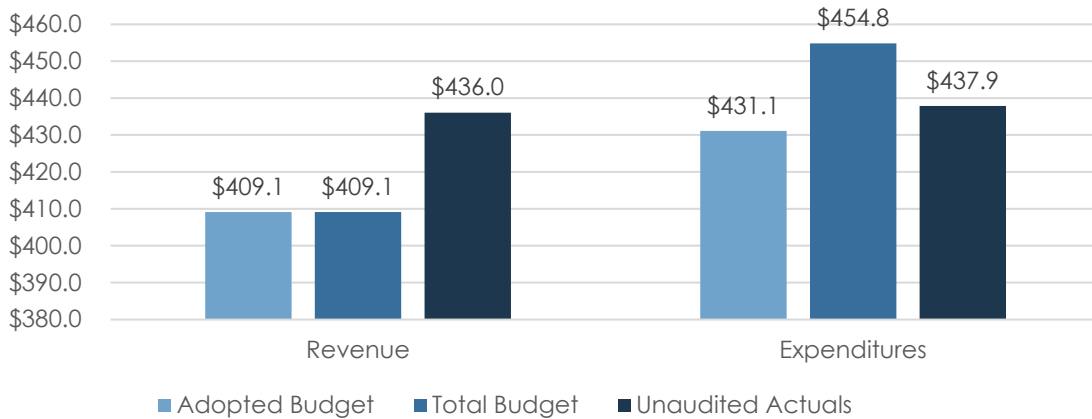
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# ELECTRIC FUND

The FY 2022/23 adopted operating budget for the Electric Fund included a programmed \$21.99M 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 deficit of \$1.84M including outstanding encumbrances and carryovers of \$17.33M.

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 \$17.33M of outstanding encumbrances and carryovers to reflect budgetary savings.

**ELECTRIC FUND BUDGET TO ACTUAL** (in millions)



## Revenue

Total revenues at fiscal year-end are 6.6% (\$26.90M) greater than revenue projections in the total budget.

**FISCAL YEAR OPERATING REVENUE RESULTS**

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals	\$ Variance	% Variance
Retail Sales	\$ 353.21	\$ 353.21	\$ 347.49	\$ (5.72)	-1.6%
Transmission Revenue	32.79	32.79	35.23	2.44	7.4%
Other Operating Revenue	11.75	11.75	26.45	14.70	125.1%
Miscellaneous Revenue	8.50	8.53	17.01	8.48	99.4%
Capital Contributions	2.85	2.85	9.85	7.00	245.6%
<b>Total Revenues</b>	<b>\$ 409.10</b>	<b>\$ 409.13</b>	<b>\$ 436.03</b>	<b>\$ 26.90</b>	<b>6.6%</b>

## Explanation of Significant Budget Variances

- Retail Sales:** Electric revenues were \$5.72M below projections. Residential revenues were 4.4% higher than budget due to 6.7% higher consumption compared to the prior year. However, commercial/industrial revenues were 5.4% below budget due to 6.2% lower consumption compared to the prior year.
- Other Operating Revenue:** The City received an allocation of emissions allowances that exceeded what was needed to offset its greenhouse gas emissions. These surplus allowances were sold at higher-than-anticipated market prices, resulting in an unexpected revenue increase of \$12.00M. Furthermore, revenue from the sale of excess electricity to external entities exceeded projections by an additional \$4.19M.
- Miscellaneous Revenue:** The City received \$1.80M in unexpected revenues resulting from performance liquidated damages for two vendors' failure to deliver 80% of the expected energy for the contract year. Interest revenue exceeded expectations by \$1.19M. The sale of vacant land generated \$5.22M in unbudgeted revenue.
- Capital Contributions:** Revenue exceeded projections by \$7.0M, or 245.6%, due to increased developer activity (construction) and donated underground electrical conduit, donated street lighting, and donated land rights and easements. Revenue from the latter is not budgeted as it is highly unpredictable.

## Expenditures

The FY 2022/23 total expenditure budget for the Electric Fund is comprised of the adopted budget of \$431.09M; \$13.84M of unexpended funds carried forward from the previous fiscal year; and \$9.86M in budget adjustments, which includes \$6.67M for approved MOU impacts and employee stipends. The total adjusted budget for FY 2022/23 is \$454.81M. The following table illustrates budgetary savings of \$16.94M after \$17.33M of encumbrances and carryovers.

### FISCAL YEAR OPERATING EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	\$ Variance	% Variance
Personnel	\$ 71.90	\$ 78.58	\$ 64.07	\$ (14.51)	-18.5%
Power Supply	229.84	229.77	249.84	20.07	8.7%
Operating & Maintenance	28.34	45.38	36.28	(9.10)	-20.1%
Debt Service	58.18	58.75	45.35	(13.40)	-22.8%
General Fund Transfer	42.83	42.33	42.33	-	0.0%
Transfers to Other Funds	-	-	-	-	0.0%
<b>Total Expenditures &amp; Transfers Out</b>	<b>\$ 431.09</b>	<b>\$ 454.81</b>	<b>\$ 437.87</b>	<b>\$ (16.94)</b>	<b>-3.7%</b>

\*Includes \$8.90M in encumbrances and \$0.03M grant carryovers recorded as allowed by the Riverside Municipal Code; and \$8.40M in other carryovers recommended for Council approval (refer to Appendix A).





## Explanation of Significant Budget Variances

- **Personnel:** Personnel costs were \$14.51M, or 18.5%, less than total budget due to a high average annual vacancy rate of 18.7% during the fiscal year. At June 30, 2023, the Electric Fund had 70 vacant positions.
- **Power Supply:** Power supply costs were \$20.07M, or 8.7%, higher than total budget due to a combination of exceptionally elevated winter natural gas prices and elevated power prices, along with global market disturbances.
- **Operating & Maintenance:** Savings of \$9.10M, or 20.1%, were realized in the budgets for professional services, maintenance of buildings, and software, which are utilized on an 'as-needed' basis or as technology projects are implemented.
- **Debt Service:** Savings of \$13.40M, or 22.8%, is primarily attributable to a projected revenue bond issuance that did not occur in FY 2022/23. Additionally, savings resulted from the amortization of debt issuance costs, which includes the premium on debt. This is a non-cash accounting adjustment that reflects the gradual allocation of the costs over the term of the debt.

Actual operating expenditures at fiscal year-end are \$420.54M before encumbrances and carryovers of \$17.33M. Encumbrances of \$8.90M and grant carryovers of \$0.03M have been carried forward to FY 2023/24 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional \$8.40M in operating carryovers**, detailed in Appendix A of this report. If the carryovers are approved, the operating expenditure savings for FY 2022/23 will be \$16.94, or 3.7%, of the total budget.

Capital expenditures totaling \$290.95M were recorded during the fiscal year; this amount includes \$25.67M of encumbrances and \$238.47M of unexpended capital project funds that have been carried forward to FY 2023/24 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.

### Subsequent Event

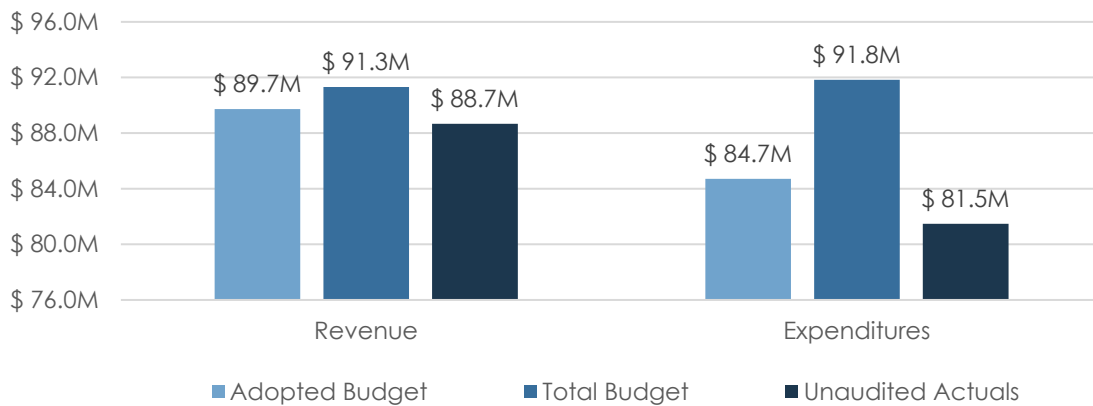
On September 19, 2023, the City Council adopted a resolution approving and establishing the electric utility rate plan for FY 2023/24 through FY 2027/28, which will be effective January 1, 2024. The five-year electric utility rate plan will fund future operating and capital costs, maintain reserve levels and financial metrics that comply with RPU's fiscal and reserve policies, and maintain current bond ratings to keep borrowing costs for capital investments low.

# WATER FUND

The FY 2022/23 adopted operating budget for the Water Fund includes an operating gain of \$5.01M. Unaudited fiscal year end results present a budgetary operating gain of \$7.19M after outstanding encumbrances and carryovers of \$2.85M.

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 \$2.85M of outstanding encumbrances and carryovers to reflect budgetary savings.

**WATER FUND BUDGET TO ACTUAL** (in millions)



## Revenue

Total revenues at fiscal year-end are -2.9% (\$2.64M) less than revenue projections in the total budget.

**FISCAL YEAR OPERATING REVENUE RESULTS**

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals	\$ Variance	% Variance
Retail Sales	\$ 76.01	\$ 76.01	\$ 69.88	\$ (6.13)	-8.1%
Conveyance/Wholesale	5.70	5.70	5.03	(0.67)	-11.8%
Other Operating Revenue	2.60	2.60	2.70	0.10	3.8%
Miscellaneous Revenue	5.41	7.00	11.06	4.06	58.0%
<b>Total Revenues</b>	<b>\$ 89.72</b>	<b>\$ 91.31</b>	<b>\$ 88.67</b>	<b>\$ (2.64)</b>	<b>-2.9%</b>

### Explanation of Significant Budget Variances

- **Retail Sales:** Water revenues were \$6.13M below projections. A heavy rainy season and water conservation resulted in a decrease of 11.6% in residential consumption and a 10.2% decrease in non-residential consumption compared to prior year.
- **Conveyance/Wholesale:** Revenues fell short of projections by \$0.67M, or -11.8%, entirely due to a shortfall in the wholesale of water to external entities.
- **Miscellaneous Revenue:** Revenue exceeded projections by \$4.06M, or 58.0%, due to \$1.26M bond interest revenue earned on cash held by fiscal agent for the 2022 Water Revenue Bonds Series A issuance; \$1.49M in excess land and building rental revenues; and \$1.22M in unbudgeted donated plant assets from developers consisting of transmission mains, transmission and distribution services, and transmission and distribution fire hydrants.

## Expenditures

The FY 2022/23 total expenditure budget is comprised of the adopted budget of \$84.71M; \$4.52M of unexpended funds carried forward from the previous fiscal year; \$2.4M resulting from approved MOUs and employee stipends; and other budget adjustments made during the normal course of business. The total adjusted budget for FY 2022/23 is \$91.83M. The following table shows budgetary savings of \$10.35M after \$2.85M of encumbrances and carryovers.


### FISCAL YEAR OPERATING EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	\$ Variance	% Variance
Personnel	\$ 24.83	\$ 27.21	\$ 23.98	\$ (3.23)	-11.9%
System Operations	27.82	32.36	28.57	(3.79)	-11.7%
Debt Service	24.08	24.09	20.76	(3.33)	--13.8%
General Fund Transfer	7.98	8.17	8.17	-	0.0%
<b>Total Expenditures &amp; Transfers Out</b>	<b>\$ 84.71</b>	<b>\$ 91.83</b>	<b>\$ 81.48</b>	<b>\$ (10.35)</b>	<b>-26.4%</b>

\*Includes \$2.08M in encumbrances and \$0.26M grant carryovers recorded as allowed by the Riverside Municipal Code; and \$0.50M in other carryovers recommended for Council approval (refer to Appendix A).

### Explanation of Significant Budget Variances

- **Personnel:** Personnel costs were \$3.23M, or 11.9%, less than total budget due to a high average annual vacancy rate of 10.2% during the fiscal year. At June 30, 2023, the Water Fund had 17 vacant positions.
- **System Operations:** Savings of \$3.79M, or 11.7%, were realized in the budgets for professional services and software maintenance support that are used on an "as-needed" basis, as well as a decrease in purchased energy and water expenditures due to lower electricity and chemical costs.
- **Debt Service:** Savings of \$3.33M, or 13.8%, is primarily attributable to the 2022 Water Revenue Series A Bond issued in December 2022. Principal and interest payments on the revenue



bonds were budgeted; however, the first principal payment is due in FY 2023/24 and only half the budgeted interest payment was due in FY 2022/23. Additionally, savings resulted from the amortization of the debt issuance costs, which includes the premium on debt. This is a non-cash accounting adjustment that reflects the gradual allocation of the costs over the term of the debt.

Actual operating expenditures at fiscal year-end are \$78.63M before encumbrances and carryovers of \$2.85M. Encumbrances of \$2.08M and grant carryovers of \$0.26M have been carried forward to FY 2023/24 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional \$0.50M in operating carryovers**, detailed in Appendix A of this report. If the carryovers are approved, operating expenditure savings for FY 2022/23 will be \$10.35M, or 11.3% of the total budget.

Capital expenditures totaling \$64.95M were recorded during the fiscal year; this amount includes \$10.83M of encumbrances and \$35.21M of unexpended capital project funds that have been carried forward to FY 2023/24 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.

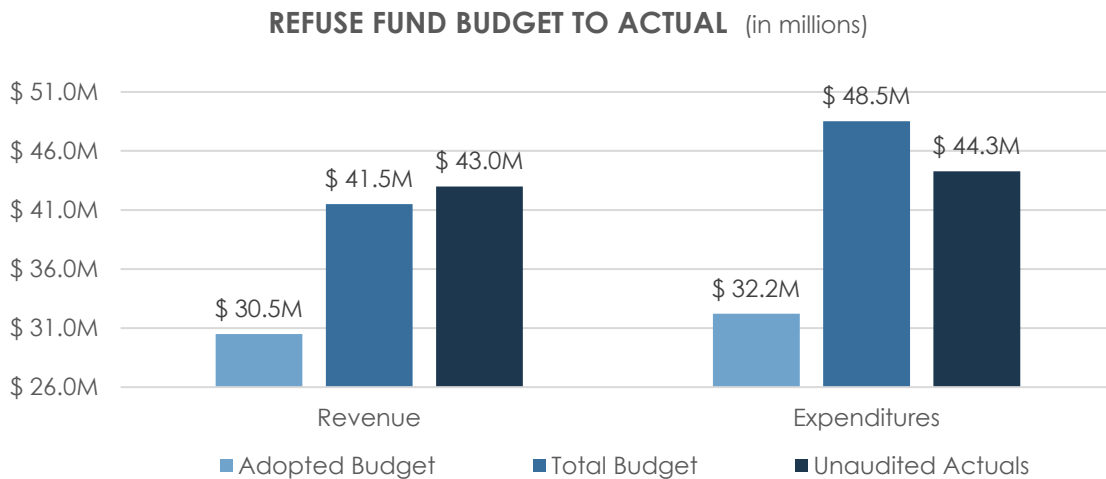
### *Subsequent Event*

On September 19, 2023, the City Council adopted a resolution approving and establishing the water rate plan for FY 2023/24 through FY 2027/28, to be effective October 1, 2023. The five-year water utility rate plan will fund future operating and capital costs, maintain reserve levels and financial metrics that comply with RPU's fiscal and reserve policies, and maintain current bond ratings to keep borrowing costs for capital investments low.

# REFUSE FUND

The adopted operating budget for the Refuse Fund projected a draw on fund reserves of \$1.71M due to a decline of recycling revenues precipitated by a reduction in industry demand, rising recycling costs, increased tonnage, and anticipated increases in parking fines assessed for street sweeping. Unaudited fiscal year end results present an operating loss of \$1.29M after FY 2022/23 encumbrances and carryovers of \$10.78M and inclusive of contributions from the General Fund and American Rescue Plan Act (ARPA).

The Total Budget in the following chart and tables includes the carryover of the previous fiscal year's unexpended funds totaling \$4.41M and adjustments to revenue and expenditure budgets made during the normal course of business. Actual expenditures include \$10.78M 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 3 increase in rates effective July 1, 2022. The total revenue budget for the Refuse Fund includes a \$5.00M contribution from General Fund Infrastructure Reserves for the purchase of new refuse vehicles and a \$6.00M allocation of grant funds from ARPA. The ARPA allocation includes \$4.00M for refuse and street sweeping vehicles and \$2.00M for revenue replacement, which is included in the Miscellaneous Revenue category shown in the following table. Total revenues at fiscal year-end are 3.6% (\$1.48M) greater than revenue projections in the total budget.

## FISCAL YEAR OPERATING REVENUE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals	\$ Variance	% Variance
City Service	\$ 16.17	\$ 16.17	\$ 16.44	\$ 0.27	1.7%
Contracted Service	6.04	6.04	6.13	0.09	1.5%
Administrative Fees	6.85	6.85	7.54	0.69	10.1%
Street Sweeping Fines	1.36	1.36	1.36	0.00	0.0%
Miscellaneous Revenue	0.08	0.08	0.51	0.43	3.9%
American Rescue Plan Act Revenue Replacement	-	6.00	6.00	-	0.0%
General Fund Contribution	-	5.00	5.00	-	0.0%
<b>Total Revenues</b>	<b>\$ 30.50</b>	<b>\$ 41.50</b>	<b>\$ 42.98</b>	<b>\$ 1.48</b>	<b>3.6%</b>

### Explanation of Significant Budget Variances


- Administrative Fees:** Revenues exceeded projections by \$0.69M, or 10.1%, attributable to increased generation of administrative fees charged to haulers providing residential and commercial solid waste collection services.

## Expenditures

The FY 2022/23 total expenditure budget for the Refuse Fund is comprised of the adopted budget of \$32.21M; \$4.41M of unexpended funds carried forward from the previous fiscal year; \$0.87M resulting from the impact of approved MOU and employee stipends; and a combined \$9.00M allocated for the purchase of refuse and street sweeping vehicles. This allocation includes \$4.00M in ARPA funding and \$5.00M from the General Fund's Infrastructure Reserve. Additionally, \$1.30M of the \$2.00M ARPA revenue replacement funding was budgeted to cover excess anticipated operating costs. The following table shows budgetary savings of \$4.24M after \$10.78M of encumbrances and carryovers.

## FISCAL YEAR OPERATING EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	\$ Variance	% Variance
Personnel	\$ 6.37	\$ 7.25	\$ 6.37	\$ (0.88)	-12.1%
Non-Personnel	13.28	16.79	14.66	(2.13)	-12.7%
Special Projects	6.54	7.98	7.38	(0.60)	-7.5%
Minor Capital & Equipment	0.90	11.37	10.97	(0.40)	-3.5%
Debt Service	0.55	0.55	0.55	-	0.0%
Charges To/From Others	4.57	4.57	4.34	(0.23)	-5.0%
<b>Total Expenditures &amp; Transfers Out</b>	<b>\$ 32.21</b>	<b>\$ 48.51</b>	<b>\$ 44.27</b>	<b>\$ (4.24)</b>	<b>-8.7%</b>



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*\*Includes \$9.56M in encumbrances recorded as allowed by the Riverside Municipal Code; and \$1.22M in other carryovers recommended for Council approval (refer to Appendix A).*

### *Explanation of Significant Budget Variances*

- **Personnel:** Personnel costs were \$0.88M, or 12.1%, less than total budget due to a high average annual vacancy rate of 19.7% during the fiscal year. At June 30, 2023, the Refuse Fund had 12 vacant positions.
- **Non-Personnel:** Savings totaling \$2.13M, or 12.7%, primarily result from budget adjustments made to address anticipated increases in operating costs, offset by the ARPA allocation for revenue replacement.

Actual operating expenditures at fiscal year-end are \$33.49M before encumbrances and carryovers of \$10.78M. Encumbrances of \$9.56M have been carried forward to FY 2023/24 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional \$1.22M in operating carryovers**, detailed in Appendix A of this report. If the carryovers are approved, operating expenditure savings for FY 2022/23 will be \$4.24M, or 8.7% of the total budget.

Capital expenditures totaling \$0.01M were recorded during the fiscal year; this amount includes \$0.01M of encumbrances that have been carried forward to FY 2023/24 as provided for in the Riverside Municipal Code.

## **Fund Reserves**

The Refuse Fund is projected to end the fiscal year with \$6.19M in fund reserves following an operating loss of \$1.29M and cash infusion of a combined \$11M in General Fund contributions and ARPA funding.

### *Subsequent Event*

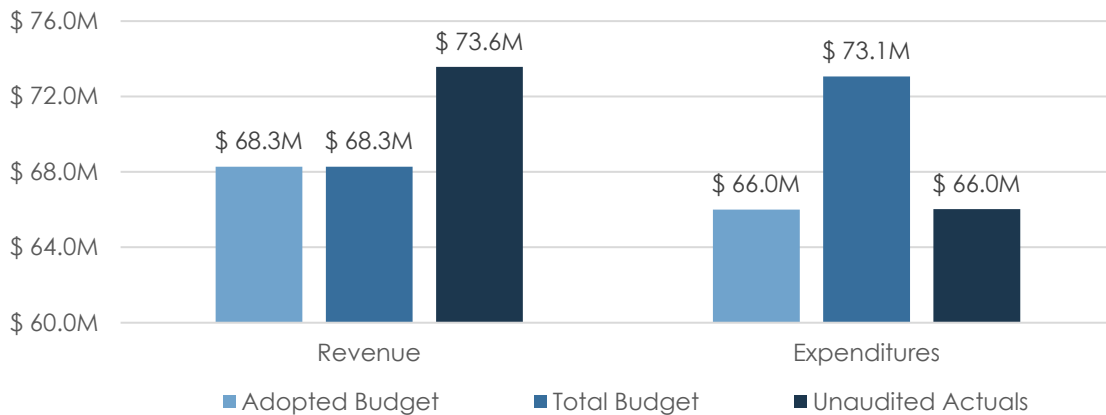
On September 19, 2023, the City Council adopted a resolution approving and establishing the residential solid waste rate structure from November 1, 2023, through June 30, 2028. The five-year residential solid waste rate plan will address challenges to solid waste services provided by the City such as of the rising cost of processing recycling and organics and meeting operational cost increases not covered by CPI (e.g. higher costs of refuse bins, vehicles, maintenance, and repairs). Additionally, Public Works will use the funds to hire additional staff, replace vehicles, address technology deficiencies, obtain software needed to comply with State requirements, and prepare for the on-going maintenance and repair of the Tequesquite Landfill Flare Station.

# SEWER FUND

The adopted budget for the Sewer Fund projected a net operating gain of approximately \$2.27M which would be used to fund \$2.05M of planned capital projects included in the FY 2022/23 adopted budget and capital improvement plan. Unaudited fiscal year end results present a budgetary operating gain of \$7.55M after outstanding encumbrances and carryovers of \$2.49M.

The Total Budget in the following chart and tables includes the carryover of the previous fiscal year's unexpended funds (\$3.76M) and adjustments to the revenue and expenditure budgets made during the normal course of business. Actual expenditures include \$2.49M of outstanding encumbrances and carryovers to reflect budgetary savings.

**SEWER FUND BUDGET TO ACTUAL** (in millions)



## Revenue

Total operating revenues at fiscal year-end are 7.8% (\$5.30M) higher 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	\$ 45.90	\$ 45.90	\$ 46.40	\$ 0.50	1.1%
Commercial Rate Revenue	16.01	16.01	14.99	(1.02)	-6.4%
Wastewater Service Contracts	3.04	3.04	5.10	2.06	67.8%
Miscellaneous Revenue	3.32	3.32	7.08	3.76	113.0%
<b>Total Revenues</b>	<b>\$ 68.27</b>	<b>\$ 68.27</b>	<b>\$ 73.57</b>	<b>\$ 5.30</b>	<b>7.8%</b>



### Explanation of Significant Budget Variances

- **Wastewater Service Contracts:** Revenue from Wastewater Service Contracts with the Rubidoux, Jurupa, and Edgemont Community Service areas exceeds projections by \$2.06M, representing a 67.8% increase. This variance is primarily attributable to surcharges resulting from higher levels of wastewater sent to the Regional Water Quality Control Plant.
- **Miscellaneous Revenue:** Miscellaneous revenues exceeded projections by \$3.76M, or 113.0%, primarily due to sewer connection fees surpassing the budget by \$3.78M, driven by increased housing development activity.

## Expenditures

The FY 2022/23 total expenditure budget for the Sewer Fund is comprised of the adopted budget of \$66.00M; \$3.76M of unexpended funds carried forward from the previous fiscal year; \$1.60M resulting from approved MOUs and employee stipends; and budget adjustments made during the normal course of business. The total adjusted budget for FY 2022/23 is \$73.06M. The following table shows budgetary savings of \$7.04M after \$2.49M of encumbrances and carryovers.

### FISCAL YEAR OPERATING EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	\$ Variance	% Variance
Personnel	\$ 15.64	\$ 17.26	\$ 14.10	\$ (3.16)	-18.3%
Non-Personnel	17.49	22.76	21.63	(1.13)	-5.0%
Special Projects	2.27	2.27	2.14	(0.13)	-5.7%
Minor Capital & Equipment	1.34	1.51	1.28	(0.23)	-15.2%
Debt Service	26.70	26.70	24.68	(2.02)	-7.6%
Charges To/From Others	2.56	2.56	2.19	(0.37)	-14.5%
<b>Total Expenditures &amp; Transfers Out</b>	<b>\$66.00</b>	<b>\$ 73.06</b>	<b>\$ 66.02</b>	<b>\$ (7.04)</b>	<b>-9.6%</b>

\*Includes \$1.67M in encumbrances recorded as allowed by the Riverside Municipal Code; and \$0.83M in other carryovers recommended for Council approval (refer to Appendix A).

### Explanation of Significant Budget Variances

- **Personnel:** Personnel costs were \$3.16M, or 18.3%, less than total budget due to a high average annual vacancy rate of 19.2% during the fiscal year. At June 30, 2023, the Sewer Fund had 25 vacant positions.
- **Minor Capital & Equipment:** Savings of \$0.23M, or 15.2%, were realized in the budget for sewer equipment and construction that is budgeted on an “as needed” basis.
- **Debt Service:** Savings of \$2.02M resulted from the amortization of debt issuance costs, which includes the premium on debt. This is a non-cash accounting adjustment that reflects the gradual allocation of the costs over the term of the debt.

- 
- **Charges To/From Others:** The amount charged to capital projects will vary depending upon project activity.

Actual operating expenditures at fiscal year-end are \$63.53M before encumbrances and carryovers of \$2.49M. Encumbrances of \$1.67M have been carried forward to FY 2023/24 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional \$0.83M in operating carryovers**, detailed in Appendix A of this report. If the carryovers are approved, operating expenditure savings for FY 2022/23 will be \$7.04M, or 9.6% of the total budget.

Capital expenditures totaling \$51.76M were recorded during the fiscal year; this amount includes \$10.66M of encumbrances and \$34.94M of unexpended capital project funds that have been carried forward **to FY 2023/24 as provided for in the Riverside Municipal Code**.

## Fund Reserves

The Sewer Fund is expected to end the fiscal year with \$56.62M in fund reserves following an operating gain of \$7.55M.

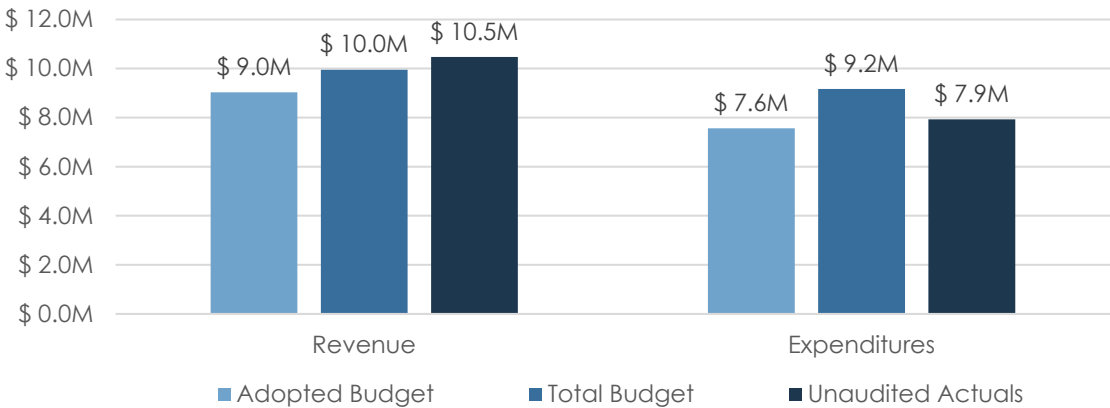


# PUBLIC PARKING FUND

The FY 2022/23 adopted operating budget for the Public Parking Fund included a projected \$1.47M operating gain. Unaudited fiscal year end results present a budgetary operating gain of \$3.74M after outstanding encumbrances of \$0.10M and inclusive of contributions from the General Fund and American Rescue Plan Act (ARPA).

The Total Budget in the following chart includes the carryover of the previous fiscal year's unexpended funds (\$0.19M) and adjustments to the revenue and expenditure budgets made during the normal course of business. Actual expenditures include \$0.10M of outstanding encumbrances and carryovers to reflect budgetary savings.

**PUBLIC PARKING FUND BUDGET TO ACTUAL** (in millions)



## Revenue

Parking revenues in the adopted budget included new parking rates, which were subsequently rescinded. To account for the rescinded parking rates, the revenue budget was reduced by \$2.59M. The total revenue budget for the Public Parking Fund includes a \$2.00M contribution from the General Fund Infrastructure Reserve for parking garage maintenance and improvements and a \$1.50M allocation of grant funds from ARPA for revenue replacement. On April 18, 2023, the City Council approved a new Parking Rate and Hour Schedule effective July 1, 2023, which is expected to begin generating a net gain for the fund in FY 2024/25.

Total operating revenues at fiscal year-end are 5.2% (\$0.52M) higher than revenue projections.

### FISCAL YEAR OPERATING REVENUE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals	\$ Variance	% Variance
User Fees	\$ 7.96	\$ 5.37	\$ 5.84	\$ 0.47	8.8%
Miscellaneous Revenue	1.08	1.08	1.13	0.05	4.6%
American Rescue Plan Act Revenue Replacement	-	1.50	1.50	-	0.0%
General Fund Contribution	-	2.00	2.00	-	0.00
<b>Total Revenues</b>	<b>\$ 9.04</b>	<b>\$ 9.95</b>	<b>\$ 10.47</b>	<b>\$ 0.52</b>	<b>5.2%</b>

#### Explanation of Significant Budget Variances

- User Fees:** Revenues from parking exceeded updated projections by \$0.47M, an 8.8% increase. Nevertheless, parking utilization on weeknights has lagged behind historical trends, likely influenced by reduced discretionary spending. Notably, a slight acceleration has been observed with the return of special events to the downtown area. Daytime activity has also risen as workers have resumed on-site work following the pandemic.

### Expenditures

The FY 2022/23 total expenditure budget for the Public Parking Fund is comprised of the adopted budget of \$7.56M; \$0.19M of unexpended funds carried forward from the previous fiscal year; \$0.22M resulting from approved MOUs and employee stipends; and budget adjustments made during the normal course of business. The total adjusted budget for FY 2022/23 is \$7.97M. The following table shows budgetary savings of \$1.24M after \$0.10M of encumbrances.


### FISCAL YEAR OPERATING EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	\$ Variance	% Variance
Personnel	\$ 1.42	\$ 1.64	\$ 1.26	\$ (0.38)	-23.2%
Non-Personnel	4.70	4.89	3.96	(0.93)	-19.0%
Debt Service	1.77	1.77	1.84	(0.07)	4.0%
Charges To/From Others	(0.33)	(0.33)	(0.33)	-	0.0%
<b>Total Expenditures &amp; Transfers Out</b>	<b>\$ 7.56</b>	<b>\$ 7.97</b>	<b>\$ 6.93</b>	<b>\$ (1.24)</b>	<b>-15.6%</b>

\*Includes \$0.10M in encumbrances recorded as allowed by the Riverside Municipal Code.

#### Explanation of Significant Budget Variances

- Personnel:** Personnel costs were \$0.38M, or 23.2%, less than the total budget due to a high average annual vacancy rate of 29.0% during the fiscal year. At June 30, 2023, the Public Parking Fund had 7 vacant positions.

- 
- **Non-Personnel:** Savings is primarily due to under-expenditures for professional services (\$0.93M savings) budgeted on an “as-needed” basis.

Actual operating expenditures at fiscal year-end are \$6.93M before \$0.10M in encumbrances, which have been carried forward to FY 2023/24 as provided for in the Riverside Municipal Code.

Capital expenditures totaling \$2.15M were recorded during the fiscal year; this amount includes \$0.27M of encumbrances and \$1.26M of unexpended capital project funds that have been carried forward to FY 2023/24 as provided for in the Riverside Municipal Code.

## Fund Reserves

Following a FY 2022/23 net gain of \$3.74M, the Public Parking Fund is expected to end the fiscal year with \$3.48M in fund reserves, inclusive of a combined \$3.5M in General Fund contributions and ARPA funding.

# 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, either identified as an emerging need or not funded in the adopted budget due to budget constraints.

## CARRYOVER SUMMARY BY FUND

	Restricted	Discretionary	Total
General Fund	\$ 1,298,367.30	\$ 4,428,211.69	\$ 5,726,578.99
Measure Z Fund	-	12,534,077.08	12,534,077.08
Grants and Restricted Programs Fund	4,486,236.43	-	4,486,236.43
Gas Tax Fund	-	272,160.76	272,160.76
Housing Authority Fund	665,450.66	-	665,450.66
Special Districts Fund	337,223.18	-	337,223.18
Storm Drain Fund	-	59,474.59	59,474.59
Regional Park Special Capital Fund	-	57,728.45	57,728.45
Measure A Fund	-	2,477,759.58	2,477,759.58
Redevelopment Successor Agency 2007 Bonds	573,593.23	-	573,593.23
Electric Fund	-	8,398,263.01	8,398,263.01
Electric Public Benefits Programs Fund	-	5,519,982.99	5,519,982.99
Water Fund	-	501,492.92	501,492.92
Water Conservation Fund	-	1,199,742.34	1,199,742.34
Refuse Fund	-	1,222,789.51	1,222,789.51
Sewer Fund	-	825,722.19	825,722.19
Central Stores Fund	-	57,160.96	57,160.96
Central Garage Fund	-	580,802.00	580,802.00
CFD 90-1-Highlander Fund	191,816.00	-	191,816.00
<b>Total Recommended Carryovers</b>	<b>\$ 7,552,686.80</b>	<b>\$ 38,135,368.07</b>	<b>\$ 45,688,054.87</b>

**101 - GENERAL FUND**

<b>Department</b>	<b>Description</b>	<b>Amount</b>
<b>Restricted</b>		
Cmnty & Econ Dev	Donations for Hulen Pet Shelter	\$ 14.99
Cmnty & Econ Dev	Homeless Campus (Department of Public Social Services)	599,485.28
Cmnty & Econ Dev	SB-1186 Certified Access Specialist Training	273,014.47
Cmnty & Econ Dev	Seismic Education Training & Supplies	5,004.86
Fire	Paramedic Program Equipment	33,014.50
Museum	Endowment Fund for Botany Exhibit	67,401.49
Parks	ARPA Scholarship Program	179,664.00
Parks	Donation for Hunt Park Exercise Area	500.00
Parks	Maintenance Endowment Fund	14,537.75
Police	Donations for K-9s	4,340.77
Police	Evidence Trust Funds – Renovation of Police Facilities	76,510.16
Police	Vehicle Purchase for PACT	44,879.03
<b>Total Restricted</b>		<b>\$ 1,298,367.30</b>
<b>Discretionary</b>		
City Attorney	Common Area Maintenance Charge (FY 2022/23)	\$ 20,147.76
City Clerk	Destruction of Records/Archival Materials for City Archive	10,977.00
City Clerk	Passport Services Office Reconfiguration	5,000.00
City Clerk	Redistricting Costs	84,184.50
City Manager	On-Call Grant Writing Services	139,800.00
Cmnty & Econ Dev	As-Needed Consulting Services - Building & Safety	55,000.00
Cmnty & Econ Dev	Cannabis Commercial Use	100,000.00
Cmnty & Econ Dev	Downtown Summer Concert Series	32,180.00
Cmnty & Econ Dev	Festival of Lights	390,824.85
Cmnty & Econ Dev	Improvements to Computronix to Enhance Customer Service	97,400.43
Cmnty & Econ Dev	Magnolia Specific Plan	250,000.00
Cmnty & Econ Dev	Northside Heritage Meadows project	129,868.94
Cmnty & Econ Dev	Northside Specific Plan	74,484.00
Cmnty & Econ Dev	Riverside Alive	46,038.75
Finance	Outside Printing Services for Business Tax	7,057.33
Finance	Payment Card Industry (PCI) Compliance	116,572.00
Fire	Clothing/ Linen/Safety Supplies - Turnout Gear	50,545.22
Fire	Training & Exercise Assistance	34,254.07
General Services	Vehicle Access K-Rails	25,900.00
Human Resources	City-Wide Employee Training	91,969.73
Human Resources	Education Reimbursement	33,829.27
Human Resources	Labor Negotiations	50,000.00
Innovation & Tech	Citywide Security Cameras	152,657.00
Innovation & Tech	ERP Needs/Gap Analysis	205,723.07
Innovation & Tech	Infrastructure and Enterprise Applications 24/7 Health Monitoring	45,774.11
Mayor's Office	Computer Equipment Purchase	1,531.08
Mayor's Office	Human Relations Commission	3,000.00

**101 - GENERAL FUND**

<b>Department</b>	<b>Description</b>	<b>Amount</b>
Mayor's Office	Long Night of Arts/Innovation	7,500.00
Museum	Heritage House Projects	98,363.41
Museum	Museum's 100-Year Anniversary Exhibition	50,000.00
Museum	Tourism, Marketing and Promotion (Museum rebranding)	12,978.00
Parks	Security System Retrofitting at Community Centers	285,000.00
Public Works	Landscape Maintenance	1,653,404.17
Public Works	Streets Maintenance Construction Materials	66,247.00
<b>Total Discretionary</b>		<b>\$ 4,428,211.69</b>
<b>Total Carryover Recommendations – General Fund</b>		<b>\$ 5,726,578.99</b>

**110 - MEASURE Z**

<b>Department</b>	<b>Spending Item &amp; Description</b>	<b>Amount</b>
<b>Discretionary</b>		
City Manager	#39 - Public Safety and Engagement Team (PSET) Urban	\$ 950,000.00
City Manager	#49 - Public Safety and Engagement Team (PSET) Wildlands	1,226,394.39
Cmnty & Econ Dev	#19 - General Plan Update	4,327,377.22
Cmnty & Econ Dev	#20 - Homeless Services	465,920.88
Fire	#14 - Fire Vehicle Replacement	496,959.62
Fire	#34 - Clothing/Linen/Safety Supplies - Turnout Gear	17,594.66
General Services	#28 - Annual Deferred Maintenance	20,832.61
Innovation & Tech	#33 - Technology Improvements	2,381,472.53
Police	#12 - Police Vehicle Replacement and Maintenance Plan	-23,127.65
Police	#46 - Park and Neighborhood Specialist (PANS) Program	118,660.45
Police	#47 - Police Helicopter Capital Lease Proceeds	2,411,992.37
Police	#54 - Police K9	140,000.00
<b>Total Discretionary</b>		<b>\$ 12,534,077.08</b>
<b>Total Carryover Recommendations – Measure Z</b>		<b>\$ 12,534,077.08</b>

**215 - GRANTS AND RESTRICTED PROGRAMS**

<b>Department</b>	<b>Spending Item &amp; Description</b>	<b>Amount</b>
<b>Restricted</b>		
City Manager	PEG (Public, Educational, or Governmental Access)	\$ 163,198.20
Cmnty & Econ Dev	Computronix Tech Fee	58,589.00
Cmnty & Econ Dev	Downtown Safety Ambassador Program	65,490.34
Cmnty & Econ Dev	General Plan Surcharge	29,900.00
Cmnty & Econ Dev	Hulen Campus Rehab Sponsorship	16,225.00
Cmnty & Econ Dev	Hulen Rehabilitation	2,033,443.50
Fire	California Fire and Rescue Training Authority Task Force Mobilization Training	140,861.39
Fire	Certified Unified Program Agencies (CUPA)	891,670.00





Fire	CFFJAC Firefighter Joint Apprentice	102,009.98
Fire	Rancho Santiago/Riverside Community College Moreno Valley Inter-Agency Instructional Services Agreement	76,509.63
Human Resources	Donations for the Wellness Program	119,035.98
Library	Donations, Gifts, and Trust Funds	64,574.88
Library	Donations, Gifts, and Trust Funds	5,437.81
Museum	Donations from The Riverside Museum Associates for Museum Projects	13,107.00
Parks	Donation for Aquatics	7,500.00
Parks	Donation for Riverside Arts Academy	32,000.00
Parks	Donation for Senior Programming	840.00
Parks	Donation for Special Events	12,090.84
Parks	Donations from LA84 Foundation for Learn-to-Swim Lessons	2,100.39
Police	Asset Forfeiture	648,652.49
Police	Donation for Shop with a Cop	3,000.00
<b>Total Restricted</b>		<b>\$ 4,486,236.43</b>
<b>Total Carryover Recommendations – Grants and Restricted Programs</b>		<b>\$ 4,486,236.43</b>

**230 – GAS TAX**

Department	Spending Item & Description	Amount
<b>Discretionary</b>		
Public Works	Pavement Management Program	\$ 16,535.36
Public Works	Railroad Project Management	157,196.54
Public Works	Surplus Property Disposal	98,428.86
<b>Total Discretionary</b>		<b>\$ 272,160.76</b>
<b>Total Carryover Recommendations – Gas Tax</b>		<b>\$ 272,160.76</b>

**280 – HOUSING AUTHORITY**

Department	Spending Item & Description	Amount
<b>Restricted</b>		
Cmnty & Econ Dev	Housing Authority Projects (Multiple)	\$ 665,450.66
<b>Total Restricted</b>		<b>\$ 665,450.66</b>
<b>Total Carryover Recommendations – Housing Authority</b>		<b>\$ 665,450.66</b>

**291 – SPECIAL DISTRICTS**

<b>Department</b>	<b>Spending Item &amp; Description</b>	<b>Amount</b>
<b>Restricted</b>		
Parks	Loving Homes Landscape Maintenance District	\$ 45,031.97
Parks	Village at Canyon Crest Landscape Maintenance District	292,191.21
<b>Total Restricted</b>		<b>\$ 337,223.18</b>
<b>Total Carryover Recommendations – Special Districts</b>		<b>\$ 337,223.18</b>

**410 – STORM DRAIN**

<b>Department</b>	<b>Spending Item &amp; Description</b>	<b>Amount</b>
<b>Discretionary</b>		
Public Works	Sycamore Canyon Business Park Habitat Restoration	\$ 5,497.82
Public Works	Miscellaneous Drainage Studies	53,976.77
<b>Total Discretionary</b>		<b>\$ 59,474.59</b>
<b>Total Carryover Recommendations – Storm Drain</b>		<b>\$ 59,474.59</b>

**413 – REGIONAL PARK SPECIAL CAPITAL FUND**

<b>Department</b>	<b>Spending Item &amp; Description</b>	<b>Amount</b>
<b>Discretionary</b>		
Parks	Sycamore Canyon Trail Development	\$ 57,728.45
<b>Total Discretionary</b>		<b>\$ 57,728.45</b>
<b>Total Carryover Recommendations – Regional Park Special Capital Fund</b>		<b>\$ 57,728.45</b>

**432 – MEASURE A**

<b>Department</b>	<b>Spending Item &amp; Description</b>	<b>Amount</b>
<b>Discretionary</b>		
Public Works	Railroad Project Management	\$ 2,523,853.40
Public Works	Railroad Quiet Zone Maintenance	47,331.64
Public Works	Transportation Planning	-93,425.46
<b>Total Discretionary</b>		<b>\$ 2,477,759.58</b>
<b>Total Carryover Recommendations – Measure A</b>		<b>\$ 2,477,759.58</b>

**480 - REDEVELOPMENT SUCCESSOR AGENCY 2007 BONDS**

<b>Department</b>	<b>Spending Item &amp; Description</b>	<b>Amount</b>
<b>Restricted</b>		
Cmmtly & Econ Dev	Unprogrammed 2007 Taxable Bonds	\$ 466,611.41
Cmmtly & Econ Dev	Villegas Park Brown Room Renovation	51,996.86
Cmmtly & Econ Dev	Villegas Park Construction	54,034.39
Cmmtly & Econ Dev	Ward 3 Street Improvements	950.57
<b>Total Restricted</b>		<b>\$ 573,593.23</b>
<b>Total Carryover Recommendations – Redevelopment Successor Agency 2007 Bonds</b>		<b>\$ 573,593.23</b>

**510 - ELECTRIC**

<b>Department</b>	<b>Spending Item &amp; Description</b>	<b>Amount</b>
<b>Discretionary</b>		
RPU - Administration	311 Upgrade Project	\$ 365,578.59
RPU - Administration	Customer Information System (CIS) Disaster Recovery Project	500,000.00
RPU - Administration	Customer Web Portal	600,000.00
RPU - Administration	Department of Homeland Security Recommended Security Projects	150,000.00
RPU - Administration	Electric Fund Cost of Service Analysis (COSA)	300,000.00
RPU – Administration	Mission Square ADA Accommodations (Floors 3-5)	150,651.00
RPU - Administration	Mission Square Heating and Air Conditioning (HVAC) Improvements	1,500,000.00
RPU - Administration	Mission Square Outdoor Concourse Improvements	324,951.00
RPU - Administration	Mission Square Roof Replacement	500,000.00
RPU - Administration	Orange Square Generator	100,000.00
RPU - Administration	Proportional Share of Measure Z Technology Projects	1,001,487.20
RPU - Administration	Software Purchase and Licensing	186,342.22
RPU - Administration	Upgrade Itron Meter Reading Software Solution (MVRS) to Itron Field Collection System (FCS)	100,000.00
RPU - Administration	Workforce Development (WFD) Internal Training	100,000.00
RPU - Electric	Integrated Resource Plan	270,582.70
RPU - Electric	National Joint Apprenticeship and Training Committee (NJATC) Training for Linework Power Line Technicians (PLT)	200,498.83
RPU - Electric	New Trucks Purchased	300,000.00
RPU - Electric	Publicly Accessible Electric Vehicles Charging Stations	500,000.00
RPU - Electric	Stationary Battery Project for RERC	213,068.00
RPU - Electric	Stationary Battery Project for Springs	30,000.00
RPU - Electric	Vehicle Capital Lease Proceeds	632,407.31
RPU - Electric	Vehicles Delayed from Terex due to COVID-19	372,696.16
<b>Total Discretionary</b>		<b>\$ 8,398,263.01</b>
<b>Total Carryover Recommendations – Electric</b>		<b>\$ 8,398,263.01</b>

**511 – ELECTRIC PUBLIC BENEFITS PROGRAM**

<b>Department</b>	<b>Spending Item &amp; Description</b>	<b>Amount</b>
<b>Discretionary</b>		
RPU - Administration	Emergency Recovery Assistance Program (ERAP) in Response to COVID-19	\$ 1,000.00
RPU - Administration	Implement Energy Efficient Measures at Medium and Small Sized Businesses	251,974.99
RPU - Administration	Replacement of Inefficient Lighting at Commercial Sites	50,000.00
RPU - Administration	Unprogrammed Funds	5,217,008.00
<b>Total Discretionary</b>		<b>\$ 5,519,982.99</b>
<b>Total Carryover Recommendations – Electric Public Benefits Program</b>		<b>\$ 5,519,982.99</b>

**520 - WATER**

<b>Department</b>	<b>Spending Item &amp; Description</b>	<b>Amount</b>
<b>Discretionary</b>		
RPU - Water	Seven Oaks Dam Operations and Maintenance	\$ 130,000.00
RPU - Water	Water Fund's Portion of Measure Z Technology Projects	371,492.92
<b>Total Discretionary</b>		<b>\$ 501,492.92</b>
<b>Total Carryover Recommendations – Water</b>		<b>\$ 501,492.92</b>

**521 – WATER CONSERVATION**

<b>Department</b>	<b>Spending Item &amp; Description</b>	<b>Amount</b>
<b>Discretionary</b>		
RPU - Water	Water Energy Community Action Network's Turf Removal Program	\$ 555,293.34
RPU - Water	Water Conservation Surcharge Programs Enhancements	644,449.00
<b>Total Discretionary</b>		<b>\$ 1,199,742.34</b>
<b>Total Carryover Recommendations – Water Conservation</b>		<b>\$ 1,199,742.34</b>

**540- REFUSE**

<b>Department</b>	<b>Spending Item &amp; Description</b>	<b>Amount</b>
<b>Discretionary</b>		
Public Works	Private Hauler Solid Waste Collection Services	\$ 200,000.00
Public Works	Refuse Sideloader (1) and Rearloader (1) Trucks	887,483.63
Public Works	Tequesquite Blower Project for Gas Collection	135,305.88
<b>Total Discretionary</b>		<b>\$ 1,222,789.51</b>
<b>Total Carryover Recommendations – Refuse</b>		<b>\$ 1,222,789.51</b>

**550 – SEWER**

<b>Department</b>	<b>Spending Item &amp; Description</b>	<b>Amount</b>
<b>Discretionary</b>		
Public Works	Agricultural Park Clean-Up	\$ 6,722.19
Public Works	Compressed Natural Gas Vactor Truck	530,000.00
Public Works	Outside Legal Services for Community Service District	150,000.00
Public Works	Portable Engine Driven Diesel Pump and Trailer	85,000.00
Public Works	Replacement Ford F-150 Truck	54,000.00
<b>Total Discretionary</b>		<b>\$ 825,722.19</b>
<b>Total Carryover Recommendations – Sewer</b>		<b>\$ 825,722.19</b>

**640 - CENTRAL STORES**

<b>Department</b>	<b>Spending Item &amp; Description</b>	<b>Amount</b>
<b>Discretionary</b>		
Finance	Central Stores Inventory Vending Machine and Barcode Scanning System	\$ 57,160.96
<b>Total Discretionary</b>		<b>\$ 57,160.96</b>
<b>Total Carryover Recommendations – Central Stores</b>		<b>\$ 57,160.96</b>

**650 - CENTRAL GARAGE**

<b>Department</b>	<b>Spending Item &amp; Description</b>	<b>Amount</b>
<b>Discretionary</b>		
General Services	Fleet Vehicles	\$ 455,002.00
General Services	Payment Card Industry (PCI) Compliance	125,800.00
<b>Total Discretionary</b>		<b>\$ 580,802.00</b>
<b>Total Carryover Recommendations – Central Garage</b>		<b>\$ 580,802.00</b>

**753 – CFD 90-1-HIGHLANDER**

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

# APPENDIX B – MEASURE Z SPENDING PLAN

The Measure Z Spending plan includes only those expenditures and carryovers that utilize current revenues. Expenditures and carryovers related to the use of debt proceeds are not included in the Spending Plan. Refer to the description of the Measure Z Spending Plan on page 17.

Spending Items	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Carryover
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2022/23	FY 2022/23	FY 2022/23
<b>REVENUE</b>										
Transaction & Use Tax	\$ 12,605,474	\$ 56,201,937	\$ 62,283,444	\$ 62,380,085	\$ 71,999,092	\$ 83,156,696	\$ 84,015,703	\$		
Interest Earnings	954	35,265	532,684	755,392	654,898	752,491	1,825,380			
<b>Total Revenues</b>	<b>\$ 12,606,428</b>	<b>\$ 56,237,202</b>	<b>\$ 62,816,128</b>	<b>\$ 63,135,477</b>	<b>\$ 72,653,990</b>	<b>\$ 83,909,187</b>	<b>\$ 85,841,083</b>	<b>\$</b>		
<b>EXPENDITURES</b>										
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	1,673,080			
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	13,751,855	30,937		
6 Public Safety Non-Sworn Positions and Recruitment Costs	-	450,833	795,676	877,104	913,458	897,576	952,016			
7 Police Officer Lateral Hire Incentives and Recruitment Costs	-	-	30,049	9,994	300	46,856	73,986			
8 Additional Public Safety Dispatchers	-	254,112	477,694	566,809	656,263	857,136	1,407,570			
9 Maintain Firefighter Staffing Level	448,496	838,478	992,571	1,291,460	1,406,709	4,137,516	2,178,353			
10 Reinstatement of Fire Captains (Training and Arson)	1,504	522,192	559,538	556,919	469,733	507,235	657,475			
11 Reinstatement of Fire Battalion Chief	-	355,402	368,948	390,025	611,747	396,056	416,987			
12 Revised Police Vehicle Replacement and Maintenance Plan	-	2,434,081	1,738,555	1,199,786	627,585	3,735,056	2,143,480	1,333,037		
13 Refurbish Police Vehicle (Pilot Program)	-	50,000	-	-	-	-	-	-		

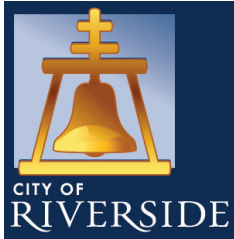
Spending Items	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Carryover
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2022/23	FY 2022/23	FY 2022/23	FY 2022/23
14 Fire Vehicle Replacement and Maintenance Plan	-	823,208	1,607,452	3,143,742	2,521,600	1,572,275	1,706,747	1,706,747	1,706,747	1,706,747	4,006,689
15 Fleet Facility Capital Repairs	-	100,000	-	-	-	-	-	-	-	-	-
16 Additional Fleet Mechanics for Police Department	-	176,329	173,230	202,610	219,713	225,454	149,860	149,860	149,860	149,860	-
17 Additional Fleet Mechanics for Fire Department	-	184,275	221,068	231,352	237,262	244,309	297,025	297,025	297,025	297,025	-
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	18,266,026	18,266,026	18,266,026	18,266,026	-
19 General Plan Update (Includes Zoning Changes)	-	-	33,419	9,525	300,069	37,534	279,886	279,886	279,886	279,886	4,339,567
20 Homeless Services	-	8,775	184,619	528,954	4,197	693,012	503,743	503,743	503,743	503,743	796,669
21 Principal Management Analyst - City Manager's Office	-	108,724	148,684	161,803	175,948	180,941	170,144	170,144	170,144	170,144	-
22 Budget Engagement Commission Support	4,311	10,280	27,000	8,365	23,364	15,648	10,868	10,868	10,868	10,868	310
23 New Downtown Main Library & Archives	8,479	1,541,139	3,386,205	5,119,500	(434,155)	2,751,200	2,738,151	2,738,151	2,738,151	2,738,151	-
24 Eastside Library Site Selection	-	-	-	-	18,900	75,600	-	-	-	-	5,500
25 New Police Headquarters	-	-	-	26,394	43,556	-	-	-	-	-	-
26 Museum Expansion and Rehabilitation	-	-	-	89,053	175	-	1,474	1,474	1,474	1,474	-
27 New Downtown Parking Garage	-	-	-	-	-	-	-	-	-	-	-
28 Annual Deferred Maintenance (Existing Facilities)	-	458,210	1,111,923	1,025,461	838,450	959,363	1,859,493	1,859,493	1,859,493	1,859,493	247,100
29 Maximize Roads/Streets (Pavement Condition Index)	-	58,482	2,276,844	460,494	4,825,070	12,974,269	7,219,089	7,219,089	7,219,089	7,219,089	18,935,753
30 Tree Trimming	-	114,807	890,259	2,018,472	994,585	983,450	1,842,682	1,842,682	1,842,682	1,842,682	1,673,868
31 Ward Action Team - City Attorney's Office	21,907	173,578	263,704	295,205	303,967	326,426	388,006	388,006	388,006	388,006	-
32 Ward Action Team - City Manager's Office	-	-	-	-	-	-	-	-	-	-	-
33 Technology Improvements	-	112,288	433,629	679,248	2,792,116	1,686,690	1,470,850	1,470,850	1,470,850	1,470,850	3,176,936
34 4-Person Staffing on Fire Trucks	-	-	202,119	1,284,098	1,244,499	1,006,903	979,106	979,106	979,106	979,106	17,595
35 Fire Equipment and One-Time Operating Needs	-	-	60,473	64,019	52,466	89,769	-	-	-	-	-
36 Fire Radios	-	-	1,931,769	45,920	-	-	-	-	-	-	-

Spending Items	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Carryover
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2022/23	FY 2022/23	FY 2022/23
37 Recreation – Summer Pools	-	-	50,000	50,000	-	3,006	-	-	-	-
Bourns Family Youth Innovation Center – Furnishing & Operating Costs	-	-	-	183,961	49,536	342,145	(2,808)	-	-	-
39 Public Safety & Engagement Team Program (PSET) – Urban	-	-	21,691	1,226,821	1,518,578	1,126,665	2,657,537	1,190,167	-	-
40 Library Security Guards	-	-	-	121,809	339,822	380,393	-	-	-	-
41 Homeless Temporary Housing	-	-	-	112,204	(112,204)	-	-	-	-	-
42 Orangecrest Fire Station Dormitory Improvements	-	-	-	427	108,384	-	-	-	-	-
43 Public Works Streets Vehicle & Equipment Needs	-	-	-	-	-	-	490,337	2,509,628	-	-
44 Parks, Recreation & Community Services Infrastructure, Vehicles, and Equipment	-	-	-	-	-	11,735	189,894	1,523,575	-	-
45 Motorhome Removal & Disposal	-	-	-	-	-	5,000	9,000	1,500	-	-
46 Park and Neighborhood Safety Specialist (PANSS) Program	-	-	-	-	-	493,808	1,296,852	118,660	-	-
47 Police Helicopter Capital Lease	-	-	-	-	-	-	1,238,158	-	-	-
48 Office of Homeless Solutions Expansion	-	-	-	-	-	-	47,454	-	-	-
49 Public Safety & Engagement Team Program (PSET) - Wildlands	-	-	-	-	-	-	613,870	1,296,840	-	-
50 Public Safety Enterprise Communication System (PSEC) Radios	-	-	-	-	-	-	343,438	-	-	-
51 Office of Sustainability	-	-	-	-	-	-	13,402	-	-	-
52 Sidewalk Repair	-	-	-	-	-	-	371,776	228,224	-	-
53 Mt Rubidoux Trail Resurfacing	-	-	-	-	-	-	1,198,947	581,053	-	-
54 Police K9	-	-	-	-	-	-	-	140,000	-	-
55 PRCS Capital	-	-	-	-	-	-	-	6,492,000	-	-
56 Fire - Analog Simulcast Communication System	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 9,973,447</b>	<b>\$ 36,134,811</b>	<b>\$ 40,988,149</b>	<b>\$ 49,561,260</b>	<b>\$ 50,855,945</b>	<b>\$ 67,454,200</b>	<b>\$ 69,605,809</b>	<b>\$ 48,645,608</b>	<b>\$ 48,645,608</b>	<b>\$ 48,645,608</b>



Spending Items	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Carryover
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2022/23	FY 2022/23
Five-Year Financial Plan Surplus/(Deficit)	\$ 2,632,981	\$ 20,102,391	\$ 21,827,979	\$ 13,574,217	\$ 21,798,045	\$ 16,454,987	\$ 16,235,274	\$ 16,235,274	\$ (48,645,608)
<b>FUND RESERVES</b>									
Beginning Measure Z Unallocated Fund Reserves	\$ -	\$ 2,632,981	\$ 22,735,372	\$ 39,563,351	\$ 53,137,568	\$ 74,935,613	\$ 91,390,600	\$ 91,390,600	\$ 107,625,874
Five-Year Financial Plan Surplus/(Deficit)	2,632,981	20,102,391	21,827,979	13,574,217	21,798,045	16,454,987	16,235,274	16,235,274	(48,645,608)
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	\$ 91,390,600	\$ 107,625,874	\$ 107,625,874	\$ 58,980,266

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 2022/23 Fourth Quarter Report

Finance Department

**City Council**  
December 19, 2023

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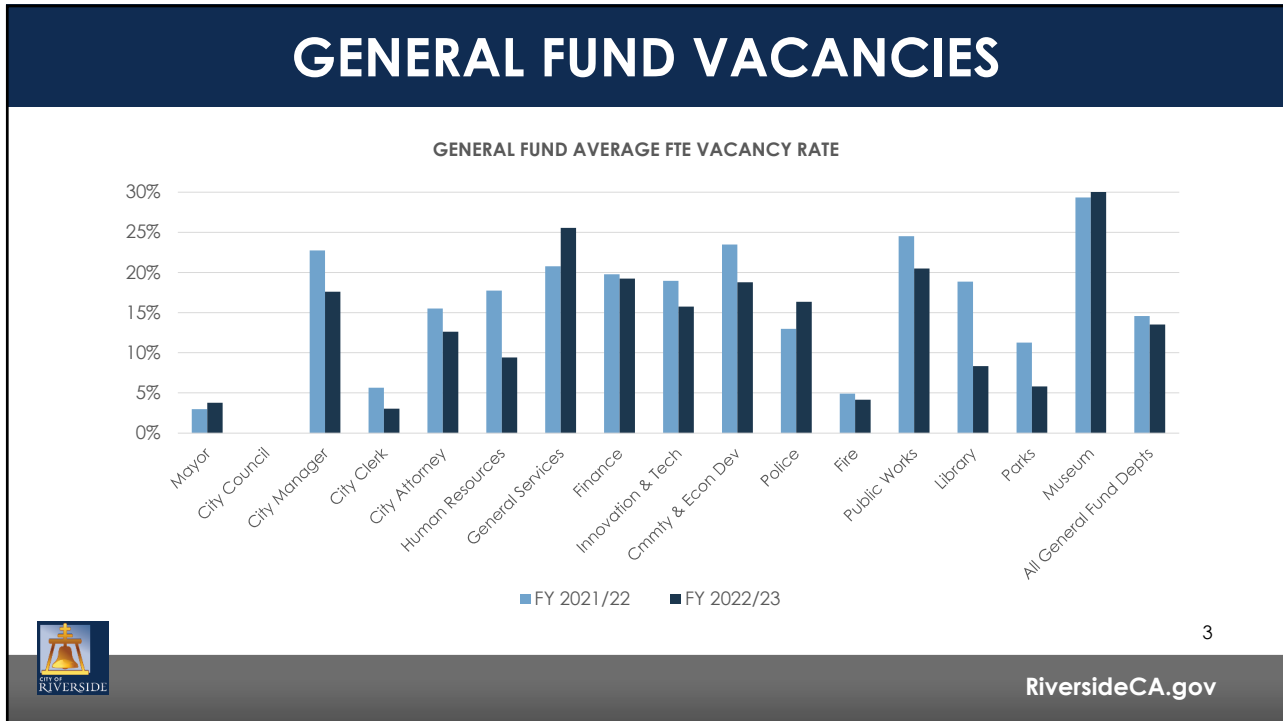
## GENERAL FUND OVERVIEW

Budget Goals	Revenue Highlights	Expenditure Highlights
<p>Two primary goals established:</p> <ul style="list-style-type: none"> <li>• Leverage Priority Based Budgeting (PBB) to add transparency in resource allocation and ensure alignment with strategic priorities and service needs.</li> <li>• Long-Term Management of Retirement Costs through implementation of the Section 115 Trust to smooth annual pension related costs.</li> </ul>	<p>Budget Strategy:</p> <ul style="list-style-type: none"> <li>• Based on prior fiscal year-to-date revenue trends</li> <li>• Shift in consumer buying patterns, pent up demand, and government stimulus</li> </ul> <p>Mid-Cycle Adjustments:</p> <ul style="list-style-type: none"> <li>• \$14.4M increase in projections based on FY 2021/22 audited results, updated trends.</li> </ul> <p>Fiscal Year End Results:</p> <ul style="list-style-type: none"> <li>• \$18.2M above revised projections, due to strong revenue performance</li> </ul>	<p>Budget Strategy:</p> <ul style="list-style-type: none"> <li>• No MOU increases assumed</li> <li>• 4.5% CPI Increase in non-personnel</li> </ul> <p>Budget Adjustments:</p> <ul style="list-style-type: none"> <li>• \$16.0M for capital &amp; other needs</li> <li>• \$7M allocated to Refuse &amp; Public Parking Funds</li> <li>• \$18.7M for MOU increases, including \$11.6M for employee stipends</li> </ul> <p>Fiscal Year End Results:</p> <ul style="list-style-type: none"> <li>• \$14.2M savings, largely in personnel</li> </ul>



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## GENERAL FUND – FUND BALANCE

<i>(in millions)</i>		<i>(in millions)</i>	
<b>Beginning Fund Balance</b>	<b>\$ 70.77</b>	<b>Fund Balance Reserves</b>	
<b>FY 2022/23 Activity</b>		15% Emergency Reserve	\$ (49.06)
Revenues	\$ 360.69	5% Contingency Reserve	(16.36)
Use of Infrastructure Reserves	7.00	<b>Total Policy Reserves</b>	<b>\$ (65.42)</b>
Expenditures	(333.24)	<b>Projected Surplus Reserves</b>	<b>\$ 24.77</b>
Encumbrances/Projects/Grants	(7.07)		
Restricted Carryovers*	(4.43)		
Discretionary Carryovers*	(1.30)		
<b>Subtotal</b>	<b>\$ 21.65</b>		
Change in Other Reserves	(2.23)		
<b>Net Change in Fund Balance</b>	<b>\$ 19.42</b>		

*\*Subject to Council approval*

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## GENERAL FUND – SURPLUS RESERVES

### RECOMMENDED USE OF SURPLUS RESERVES

**Section 115 Trust:** Strategically allocate the \$20.00 million surplus reserves towards offsetting the annual projected contributions to the Section 115 Trust over the FY 2024-26 General Fund Five-Year Plan. In addition, reallocate \$15.00 million from other General Fund Reserves.

**Infrastructure Reserves:** Allocate \$4.77 million of the surplus reserves to the Infrastructure Reserves to address the ongoing maintenance and/or replacement of capital assets.

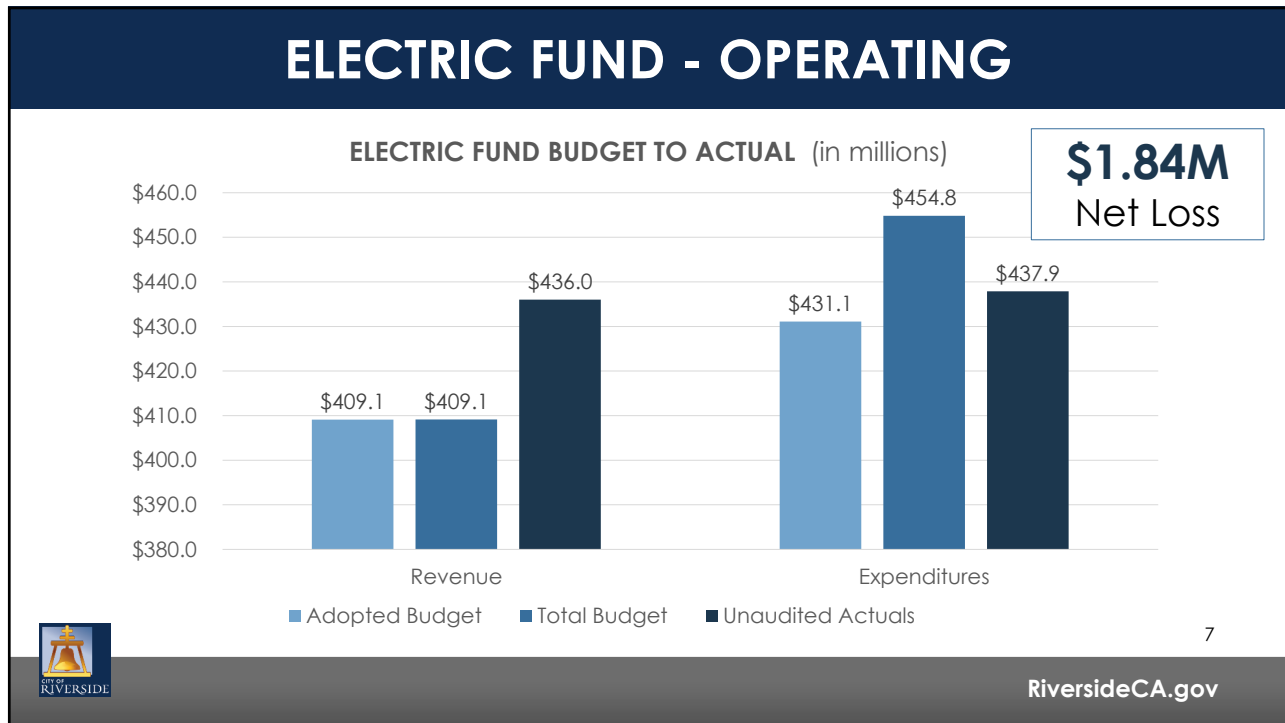


## MEASURE Z FY 2022/23 RESULTS

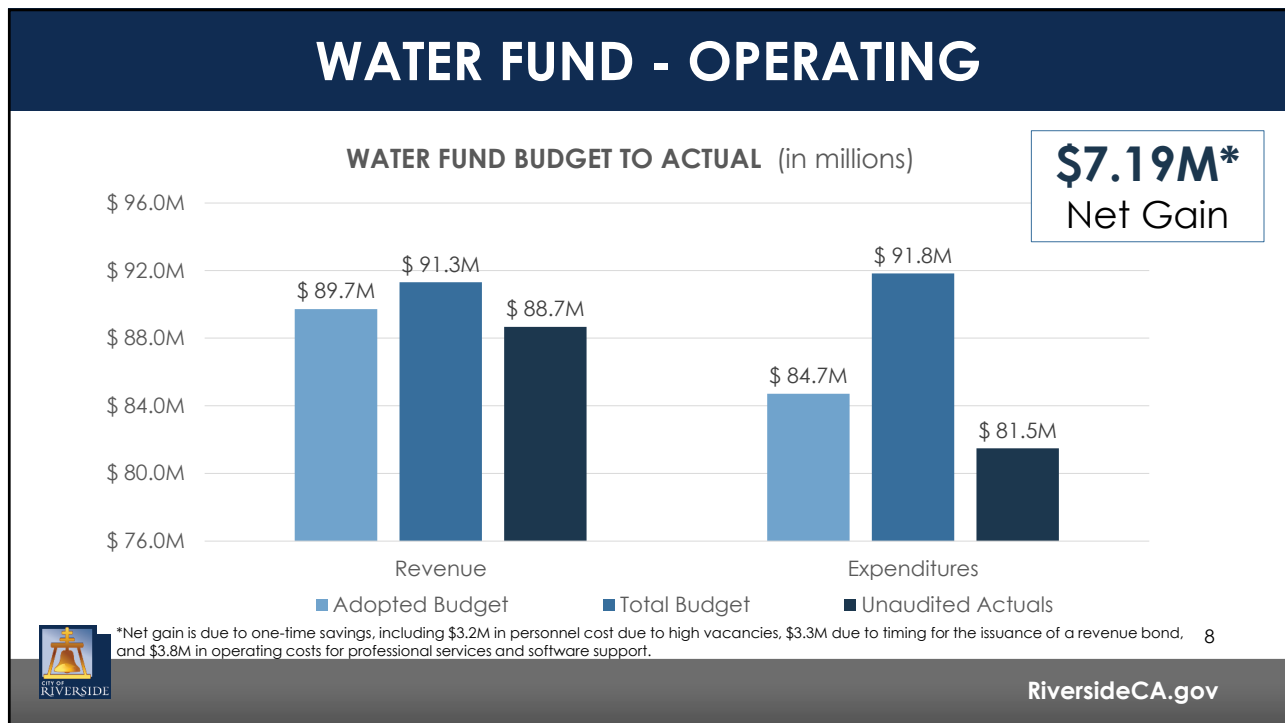
<i>(in millions)</i>	2017	2018	2019	2020	2021	2022	2023
Revenue	\$ 12.61	\$ 56.24	\$ 62.82	\$ 63.14	\$ 72.65	\$ 83.91	\$ 85.84
Expenditures	(9.98)	(36.14)	(40.99)	(49.57)	(50.85)	(67.45)	(69.61)
Encumbrances & Carryovers							(48.65)
<b>Net Change in Fund Balance</b>	<b>\$ 2.63</b>	<b>\$ 20.10</b>	<b>\$ 21.83</b>	<b>\$ 13.57</b>	<b>\$ 21.80</b>	<b>\$16.46</b>	<b>\$ (32.42)</b>
Beginning Unallocated Fund Reserves	\$ -	\$ 2.63	\$ 22.73	\$ 39.56	\$ 53.14	\$ 74.94	\$ 91.40
Net Change in Fund Balance	2.63	20.10	21.83	13.57	21.80	16.46	(32.42)
Fund Balance Reserve Policy	-	-	(5.00)	-	-	-	-
<b>Ending Unallocated Fund Reserves</b>	<b>\$ 2.63</b>	<b>\$ 22.73</b>	<b>\$ 39.56</b>	<b>\$ 53.13</b>	<b>\$ 74.94</b>	<b>\$ 91.40</b>	<b>\$ 58.98</b>

The FY 2022-2024 Amended Budget and updated 5-Year Spending Plan includes a draw on unallocated reserves through FY 2027/28 totaling \$38.27 million.



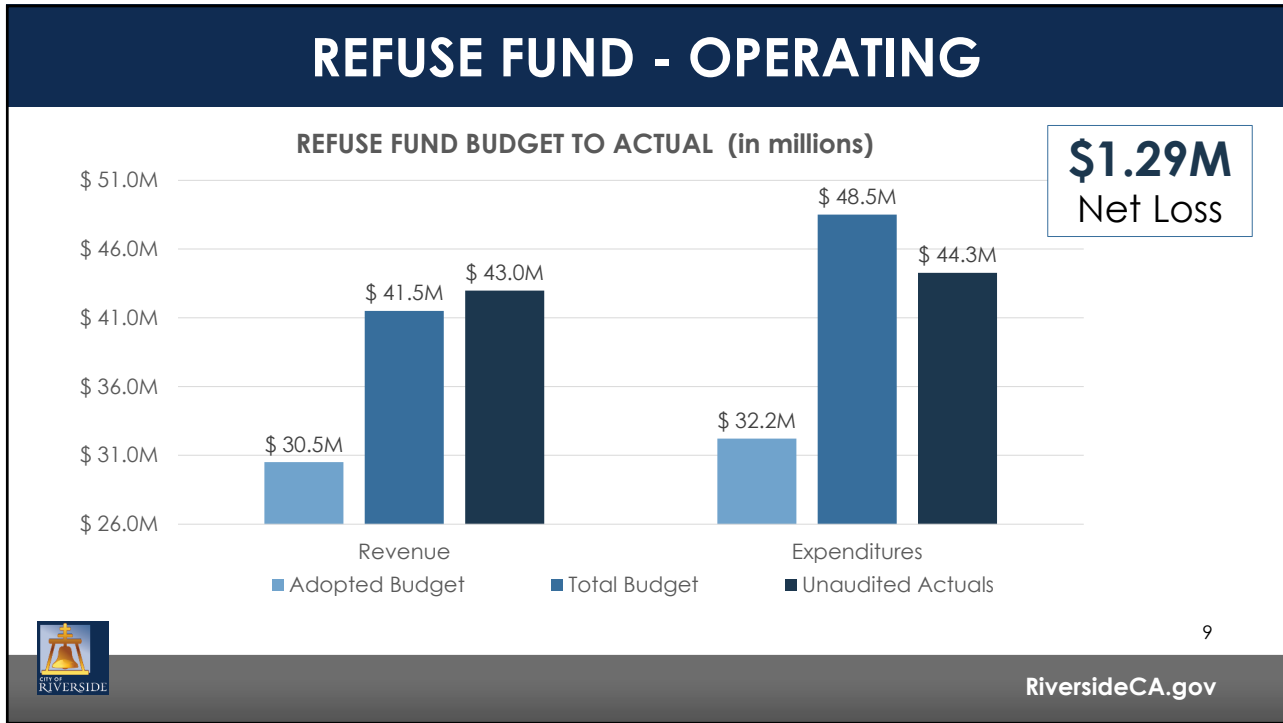


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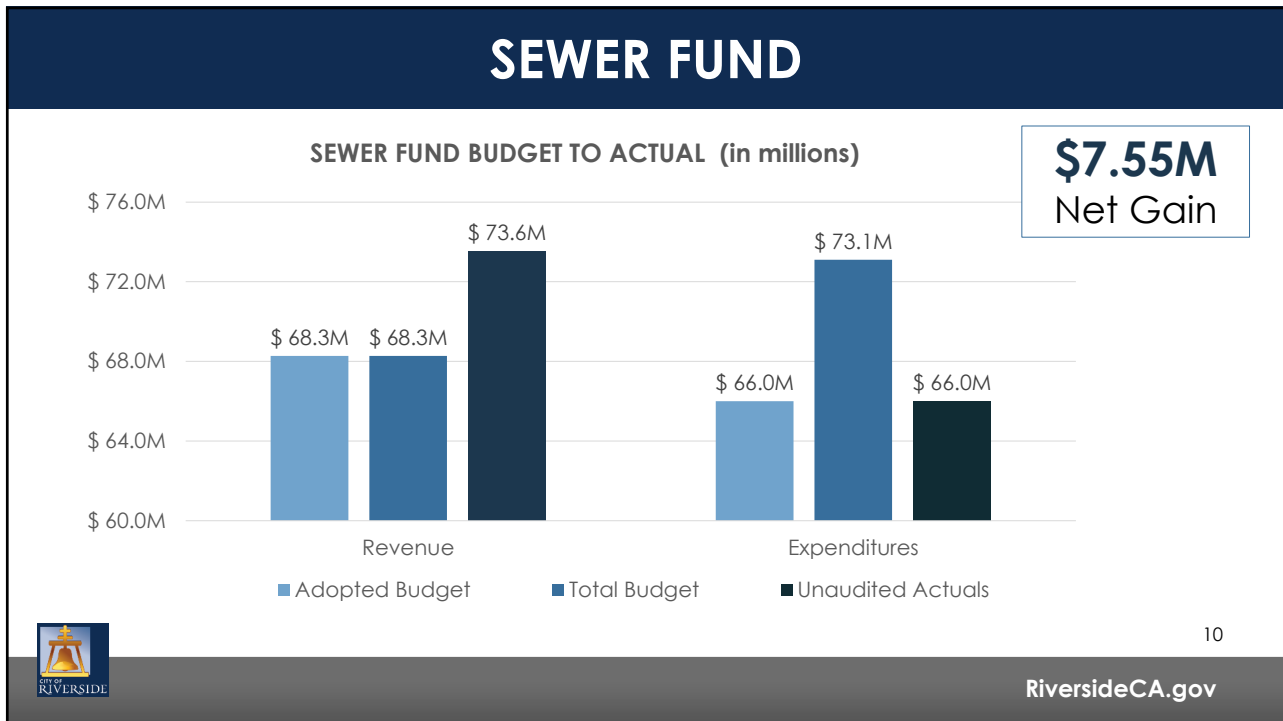


\*Net gain is due to one-time savings, including \$3.2M in personnel cost due to high vacancies, \$3.3M due to timing for the issuance of a revenue bond, and \$3.8M in operating costs for professional services and software support.

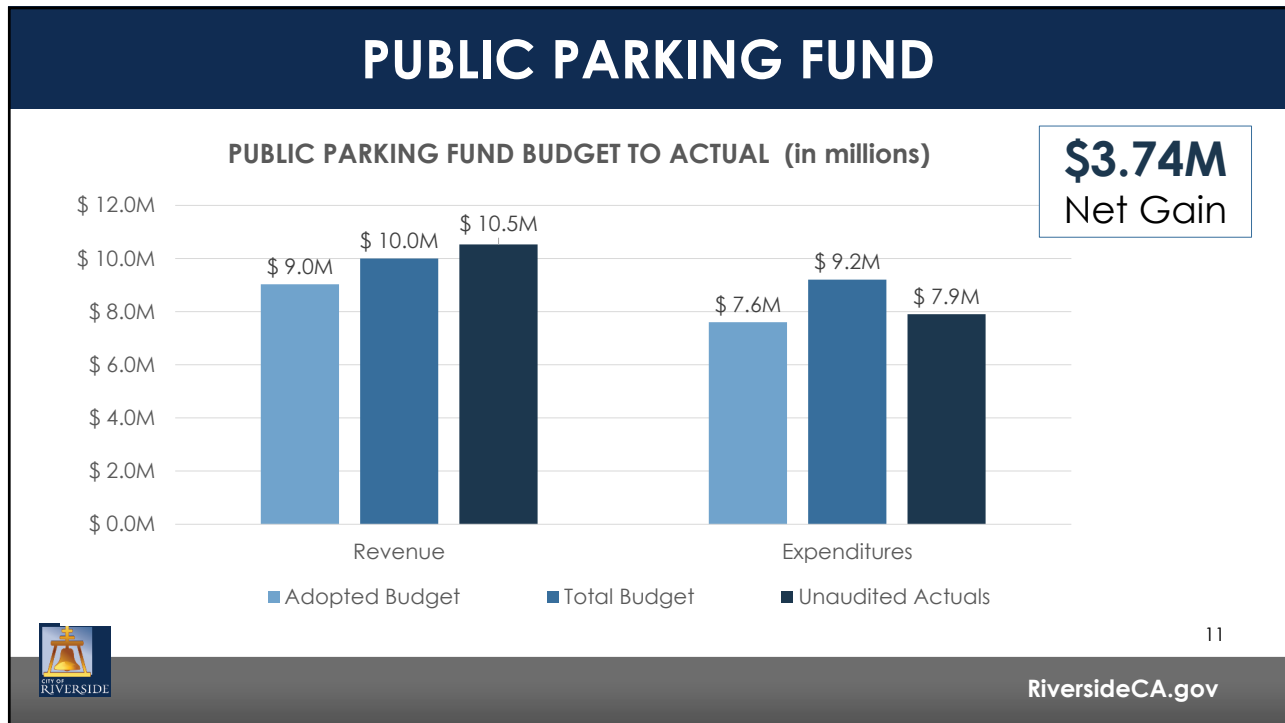
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## CARRYOVERS

Fund	Restricted	Discretionary	Total
General Fund	\$ 1,298,367	\$ 4,428,212	\$ 5,726,579
Measure Z Fund	-	12,534,077	12,534,077
Electric Fund	-	8,398,263	8,398,263
Water Fund	-	501,493	501,493
Refuse Fund	-	1,222,790	1,222,790
Sewer Fund	-	825,722	825,722
Other Funds	6,254,320	10,224,811	16,479,131
<b>Total Carryovers</b>	<b>\$ 7,552,687</b>	<b>\$ 38,135,368</b>	<b>\$ 46,688,055</b>

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# STRATEGIC PLAN ALIGNMENT



## HIGH PERFORMING GOVERNMENT

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### 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 2022/23 Fourth Quarter Financial Report;
2. With at least five affirmative votes, approve a carryover of unexpended funds of approximately \$5.7 million in the General Fund and \$40.0 million in other City funds into Fiscal Year 2023/24; and
3. With at least five affirmative votes, approve staff's recommendation for the use of the projected \$24.8 million in surplus reserves in the General Fund towards the Section 115 Trust and Infrastructure Reserves.
4. With at least five affirmative votes, approve staff's recommendation for reallocation of \$15.0 million in General Fund reserves to the Section 115 Trust.


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# City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: DECEMBER 19, 2023  
FROM: FINANCE DEPARTMENT      WARDS: ALL  
SUBJECT: FISCAL YEAR 2022/23 FOURTH QUARTER CASH, INVESTMENTS, AND DEBT REPORT

## **ISSUE:**

That the City Council receive and provide input on the attached Fiscal Year 2022/23 Fourth Quarter Cash, Investments, and Debt Report.

## **RECOMMENDATION:**

That the City Council:

1. Receive and provide input on the attached Fiscal Year 2022/23 Fourth Quarter Cash, Investments, and Debt Report.

## **BACKGROUND:**

On July 18, 2023, the City Council received and provided input on the Fiscal Year 2022/23 Third Quarter Cash and Investments and Debt report.

## **DISCUSSION:**

It is staff's intention to provide the Cash and Investments and Debt Quarterly reports 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, 2023, the City's pooled investment portfolio's market value was \$994 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 \$181 million. The weighted average yield of the pooled investment portfolio is 2.89% as of June 30, 2023.

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, 2023:

1. Civic Entertainment – Cheech Marin Center (\$3,134,196) 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 (\$2,867,989), Housing Opportunities for Persons with AIDS (\$452,198), and Transportation Uniform Mitigation Fees (\$2,458,531), have negative cash balances due to the timing of expenditures; however, the negative balances are fully offset by receivables.

## **QUARTERLY DEBT REPORT**

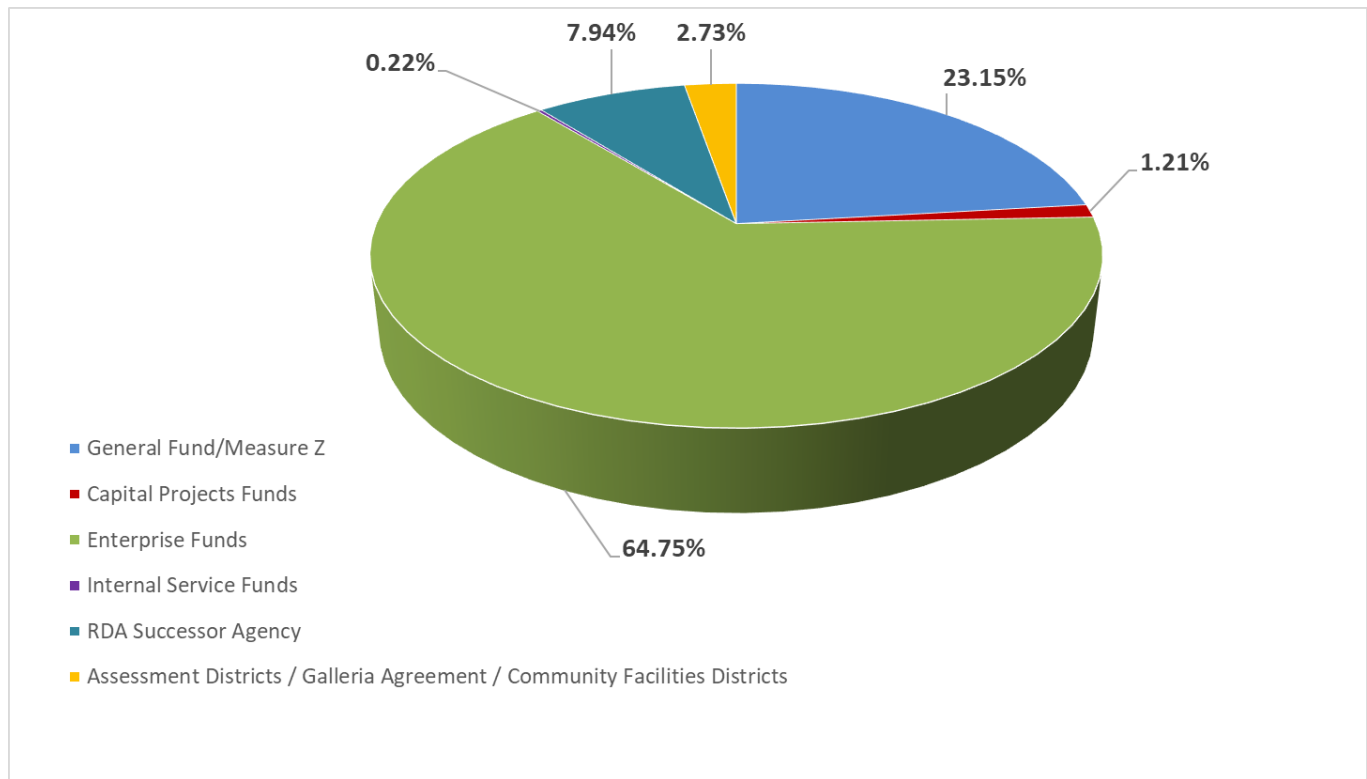
The Finance Department is responsible for managing the City's debt portfolio, which includes issuing new debt and monitoring opportunities to refinance existing debt. The Quarterly Debt Report (Attachment 2) summarizes the composition of the City's debt portfolio, details the revenue sources utilized 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 2023 by debt classification and fund.

### *Debt Summary Analysis*

The City's outstanding principal varies 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 decreased \$27,336,619 from the end of the third quarter of fiscal year 2023. This principal decrease is due to debt service principal payments on the Pension Obligation Bonds, Capital Lease payments, Measure A Certificates of Participation, Fox Entertainment Plaza Loan, and the Convention Center Expansion Loan.

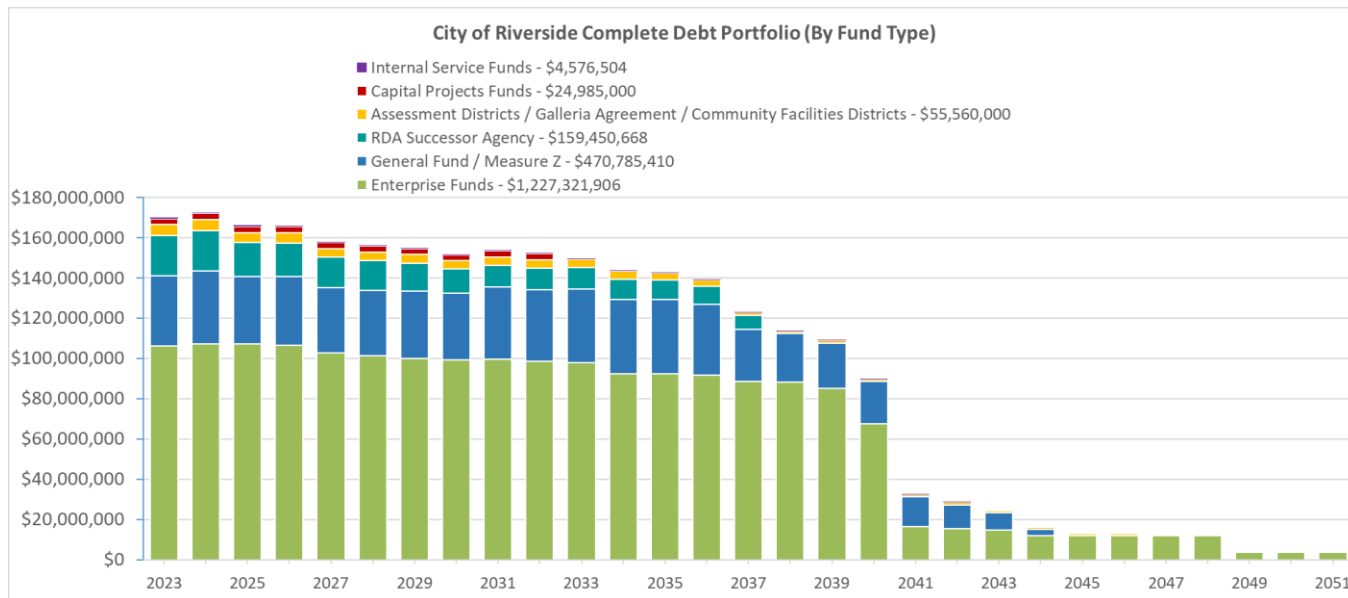
The following chart depicts the composition of the City's debt portfolio at the end of the fourth quarter. The Enterprise funds are responsible for most of the City's debt, which is primarily dedicated to financing capital projects and is offset by the revenues generated by the newly financed facilities. 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 the 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 and/or special tax to finance improvements related to development in those districts.

The following chart provides the City’s debt service obligations at the beginning of fiscal year 2022-2023 using the same classification methodology, depicting aggregate principal and interest payments on all City debt by fund. As illustrated below, the City has a stable debt service curve that results in steadily diminishing annual debt service payments, minimizing large 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 brought to City Council a proposed Refunding of the 2013 Measure A Certificates of Participation. The financing transaction was approved by City Council in June and closed in July of 2023. The Refunding resulted in approximately \$2.3 million net present value (NPV) savings for the City, which will be reflected in the FY 2024 First Quarter Cash, Investment and Debt Report.

Other debt related activities conducted within the fourth quarter include:

- Completion of the annual assessment levy process for the Street Lighting Assessment District and Landscape Maintenance Districts
- Extension of the Letter of Credit for the 2011A Electric Revenue Bonds
- Final compliance documentation submission for the 2004 Pension Obligation Bonds, which fully matured on June 1, 2023

**STRATEGIC PLAN ALIGNMENT:**

This item contributes to Strategic Priority No. 5 High Performing Government Goal No. 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 direct fiscal impact associated with this report.

Prepared by:	Meline Carranza, Debt and Treasury Manager
Approved by:	Kristie Thomas, Assistant Chief Financial Officer/Finance Director
Certified as to availability of funds:	Kristie Thomas, Assistant Chief Financial Officer/Finance Director
Approved by: Treasurer	Edward Enriquez, Assistant City Manager/Chief Financial Officer/City
Approved as to form:	Phaedra A. Norton, City Attorney

Attachments:

1. Cash and Investment Report – Q4
2. Quarterly Debt Report – Q4
3. Presentation

**ATTACHMENT 1**

**CASH AND INVESTMENT REPORT**

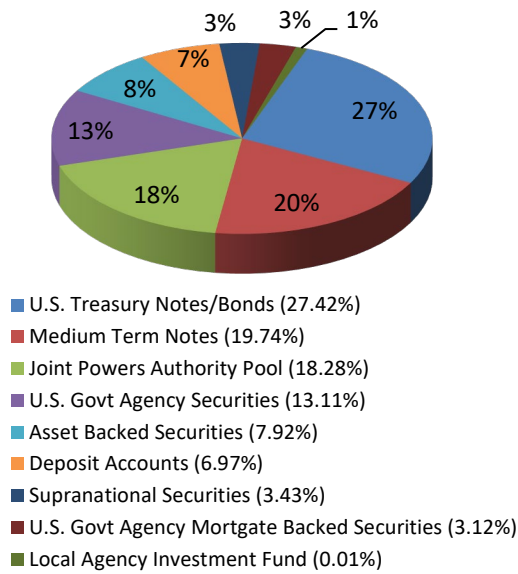




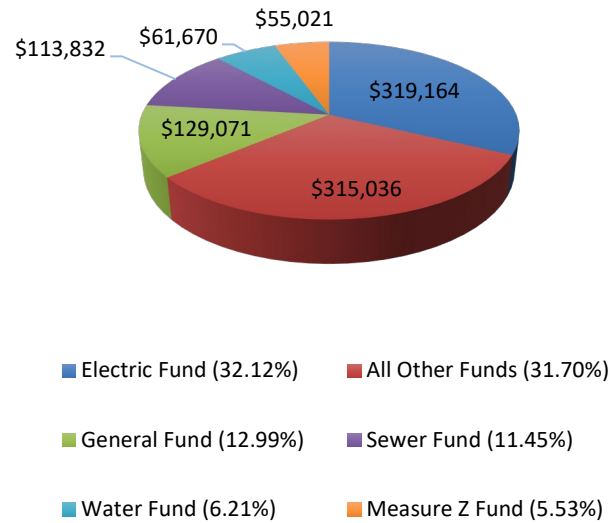
## CITY OF RIVERSIDE Quarterly Investment Report June 30, 2023

	AMORTIZED COST	MARKET VALUE
<b>POOLED INVESTMENT PORTFOLIO</b>		
Deposit Accounts	\$ 69,229,109.17	\$ 69,229,109.17
Joint Powers Authority Pool	181,643,270.59	181,643,270.59
Local Agency Investment Fund	800.19	788.05
Medium Term Notes	208,093,857.63	196,190,783.34
U.S. Govt Agency Mortgage Backed Securities	32,461,427.15	31,006,401.97
Asset Backed Securities	80,375,548.48	78,704,300.14
Supranational Securities	37,090,512.00	34,071,297.37
U.S. Govt Agency Securities	136,980,964.30	130,360,825.07
U.S. Treasury Notes/Bonds	283,525,474.73	272,587,595.55
<b>TOTAL POOLED INVESTMENT PORTFOLIO</b>	<b>1,029,400,964.24</b>	<b>993,794,371.25</b>
<b>INVESTMENTS HELD BY FISCAL AGENT -</b>		
SECTION 115 PENSION TRUST FUND	32,006,562.06	32,694,516.41
OTHER INVESTMENTS HELD BY FISCAL AGENT	146,898,497.89	144,382,426.04
<b>OTHER MISCELLANEOUS CASH</b>	<b>4,420,564.75</b>	<b>4,420,564.75</b>
<b>TOTAL CASH &amp; INVESTMENTS</b>	<b>\$ 1,212,726,588.94</b>	<b>\$ 1,175,291,878.45</b>

**COMPOSITION OF POOLED PORTFOLIO**



**COMPOSITION OF POOLED PORTFOLIO BY FUND**



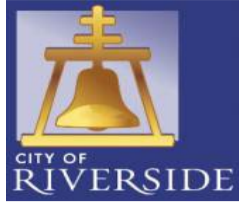
It has been verified that this investment portfolio is in conformity, exclusive of items identified, with the City of Riverside's investment policy which was approved by City Council on 3/11/2020. The Treasurer's cash management program and cash flow analysis indicates that sufficient liquidity is on hand to meet estimated future expenditures for a period of six months. The weighted average maturity of the City's investment portfolio is 1.84 years. Market prices of securities are obtained from Interactive Data Corporation. Weighted average yield on cost for the City's investment portfolio is 2.89%. 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:

  
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 Nancy Garcia, Controller

Approved by:

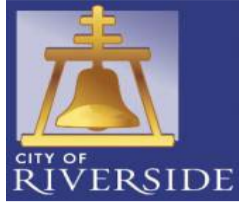
  
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 Edward P. Enriquez, Assistant City Manager/CFO



**CITY OF RIVERSIDE**  
**Pooled Investment Portfolio Holdings**  
**June 30, 2023**

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	*INVEST RATING	PURCH DATE	COST VALUE	MARKET VALUE
<b><u>DEPOSIT ACCOUNTS</u></b>						
Bank of America Checking and Reserve	N/A	Varies	NR	Varies	52,182,871.64	52,182,871.64
Federated Investors Federated Treasury	N/A	Varies	AAA	Varies	17,046,237.53	17,046,237.53
<b>SUBTOTAL DEPOSIT ACCOUNTS</b>					<b>69,229,109.17</b>	<b>69,229,109.17</b>
<b><u>JOINT POWERS AUTHORITY POOL</u></b>						
California Asset Management Program (CAMP)	N/A	Varies	AAA	Varies	181,643,270.59	181,643,270.59
<b>SUBTOTAL JOINT POWERS AUTHORITY POOL</b>					<b>181,643,270.59</b>	<b>181,643,270.59</b>
<b>LOCAL AGENCY INVESTMENT FUND (LAIF)</b>					<b>800.19</b>	<b>788.05</b>
<b><u>MEDIUM TERM NOTES</u></b>						
Toyota Motor Credit Corp	3.450	09/20/23	A+	02/19/19	2,470,070.70	2,417,534.10
Charles Schwab Corp	0.750	03/18/24	A-	03/16/21	1,954,022.50	1,886,084.30
Amazon.com Inc	0.450	05/12/24	AA	05/10/21	3,649,663.70	3,504,154.50
John Deere Capital Corp	0.450	06/07/24	A	06/07/21	2,077,400.00	1,985,382.88
Salesforce.com Inc	0.625	07/15/24	A+	06/29/21	1,064,456.85	1,013,771.37
Royal Bank of Canada	2.250	11/01/24	A	02/06/20	3,037,950.00	2,862,549.00
John Deere Capital Corp	2.050	01/09/25	A	02/06/20	3,024,810.00	2,856,444.00
American Honda Finance	1.500	01/13/25	A-	Various	4,483,050.30	4,240,557.00
Toyota Motor Credit Corp	1.800	02/13/25	A+	05/05/21	2,072,840.00	1,892,422.00
JP Morgan Chase & Co	3.220	03/01/25	A-	08/18/20	3,238,920.00	2,940,660.00
Bank of America Corp	3.458	03/15/25	A-	04/23/20	5,263,900.00	4,900,630.00
Chubb INA Holdings Inc	3.150	03/15/25	A	Various	6,518,943.13	5,742,313.89
Royal Bank of Canada	3.375	04/14/25	A	04/14/22	1,497,420.00	1,444,012.50
Bank of Montreal	1.850	05/01/25	A-	08/12/21	5,162,100.00	4,670,795.00
Caterpillar Financial Service	3.400	05/13/25	A	05/10/22	2,736,520.20	2,652,769.36
Qualcomm Inc	3.450	05/20/25	A	Various	5,245,703.20	4,848,800.00
Morgan Stanley	0.790	05/30/25	A-	Various	7,461,656.65	7,091,264.79
Honeywell Intl	1.350	06/01/25	A	06/23/20	5,119,000.00	4,664,655.00
Royal Bank of Canada	1.150	06/10/25	A	Various	5,044,880.00	4,615,515.00
Northwestern Mutual Gbl	4.000	07/01/25	AA+	06/27/22	6,402,822.30	6,203,242.50
American Honda Finance	1.200	07/08/25	A-	06/22/21	2,017,540.00	1,840,412.00
Toronto Dominion Bank	0.750	09/11/25	A	09/15/20	4,986,850.00	4,526,690.00
National Rural Utilities	3.250	11/01/25	A-	04/14/22	2,994,000.00	2,853,204.00
Simon Property Group	3.300	01/15/26	A-	08/11/21	4,750,593.75	4,162,151.88
Goldman Sachs Group Inc	0.855	02/12/26	BBB+	06/18/21	4,334,706.25	4,031,343.75
Bank of America Corp	2.015	02/13/26	A-	03/04/21	2,066,760.00	1,872,940.00
JP Morgan Chase & Co	2.005	03/13/26	A-	03/12/21	3,086,490.00	2,817,630.00
Citigroup Inc	3.106	04/08/26	BBB+	Various	6,788,825.00	6,086,187.00
Mass Mutual Global funding	4.500	04/10/26	AA+	04/04/23	1,998,620.00	1,955,086.00
JP Morgan Chase & Co	2.083	04/22/26	A-	06/23/21	3,105,570.00	2,809,506.00
Guardian Life Glob Fun	1.250	05/13/26	AA+	02/09/22	2,307,168.00	2,146,946.40
United Health Group Inc	1.150	05/15/26	A+	Various	2,852,118.20	2,712,915.01
Toyota Motor Credit Corp	1.125	06/18/26	A+	Various	4,989,707.50	4,470,605.01
Bank of America Corp	1.319	06/19/26	A-	06/18/21	2,004,120.00	1,832,038.00
Met Tower Global Funding	1.250	09/14/26	AA-	09/07/21	2,927,304.40	2,563,360.31
Bank of Montreal	1.250	09/15/26	A-	Various	2,495,539.50	2,203,957.50
Wal-Mart Stores	1.050	09/17/26	AA	09/08/21	1,332,476.85	1,191,925.38
Morgan Stanley	6.138	10/16/26	A-	10/19/22	1,498,185.00	1,515,124.50





**CITY OF RIVERSIDE**  
**Pooled Investment Portfolio Holdings**  
**June 30, 2023**

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	*INVEST RATING	PURCH DATE	COST VALUE	MARKET VALUE
Metlife	1.875	01/11/27	AA-	01/03/22	4,240,160.70	3,781,760.13
Toronto-Dominion Bank	1.950	01/12/27	A	01/25/22	992,295.35	898,906.00
Charles Schwab Corp	2.450	03/03/27	A-	03/01/22	1,668,196.40	1,495,937.57
Goldman Sachs Group Inc	1.431	03/09/27	BBB+	Various	2,914,727.50	2,903,891.25
Berkshire Hathaway	2.300	03/15/27	AA	03/07/22	4,924,064.25	4,605,367.50
Toyota Motor Credit Corp	3.050	03/22/27	A+	06/14/23	1,881,520.00	1,873,050.00
Amazon.com Inc	3.300	04/13/27	AA	04/25/22	2,994,810.00	2,856,996.00
Virginia Electric Power Corp	3.750	05/15/27	BBB+	Various	5,509,511.95	5,266,404.00
Qualcomm Inc	3.250	05/20/27	A	Various	4,754,650.00	4,734,560.00
Citigroup Inc	1.462	06/09/27	BBB+	06/21/22	1,753,880.00	1,776,162.00
Merck & Co	1.700	06/10/27	A+	06/23/22	3,966,221.40	3,923,735.40
Caterpillar Financial Service	3.600	08/12/27	A	Various	3,213,062.50	3,128,508.50
Wal-Mart Stores	3.950	09/09/27	AA	Various	2,495,938.60	2,452,205.00
Amazon.com Inc	4.550	12/01/27	AA	Various	3,027,460.00	2,981,160.00
Toronto-Dominion Bank	5.156	01/10/28	A	Various	3,980,080.00	3,973,404.00
John Deere Capital Corp	4.750	01/20/28	A	Various	7,069,150.00	6,994,169.00
Bank of America Corp	3.824	01/20/28	A-	Various	2,356,757.55	2,363,867.51
United Health Group Inc	5.250	02/15/28	A+	02/21/23	4,061,040.00	4,078,104.00
Comcast Corp	3.550	05/01/28	A-	Various	4,785,920.00	4,727,435.00
JP Morgan Chase & Co	3.540	05/01/28	A-	06/12/23	1,872,100.00	1,869,692.00
Apple Inc	4.000	05/10/28	AA+	05/08/23	1,571,960.25	1,549,412.55
Merck & Co	4.050	05/17/28	A+	Various	3,997,647.20	3,930,476.00
<b>SUBTOTAL MEDIUM TERM NOTES</b>					<b>208,093,857.63</b>	<b>196,190,783.34</b>

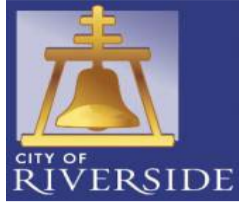
**U.S. GOVERNMENT AGENCY MORTGAGE BACKED SECURITIES**

FHLMC-K723 A2	2.454	08/25/23	NR	07/16/19	4,956,644.92	4,880,845.80
FHLMC-K041 A2	3.171	10/25/24	AAA	07/01/21	5,378,515.63	4,853,565.00
FHLMC-K047 A2	3.329	05/25/25	NR	05/20/22	5,028,906.25	4,817,600.00
FHLMC-K049 A2	3.010	07/25/25	NR	06/23/21	1,789,016.21	1,585,215.27
FHLMC-K059 A2	3.120	09/25/26	AAA	02/18/22	3,128,437.50	2,855,454.00
FHLMC-K073 A2	3.350	01/25/28	NR	05/24/23	5,156,267.97	5,085,349.37
FHLMC-K077 A2	3.850	05/25/28	NR	05/24/23	7,023,638.67	6,928,372.53

<b>SUBTOTAL U.S. GOVERNMENT AGENCY MORTGAGE BACKED SECURITIES</b>					<b>32,461,427.15</b>	<b>31,006,401.97</b>
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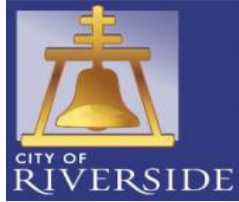
**U.S. GOVERNMENT AGENCY ASSET BACKED SECURITIES**

Honda Auto Receivables	1.610	04/22/24	NR	02/19/20	29,658.12	29,599.31
Hyundai Auto Lease Trust	0.330	06/17/24	AAA	06/08/21	845,990.46	841,447.66
John Deere Owner Trust	1.100	08/15/24	NR	03/04/20	14,840.08	14,815.12
Toyota Auto Receivables Trust	0.440	10/15/24	AAA	07/21/20	234,601.95	233,009.81
Honda Auto Receivables Trust	0.370	10/18/24	AAA	09/22/20	491,099.03	484,366.00
Toyota Lease Owner Trust	0.420	10/21/24	NR	07/27/21	1,580,879.34	1,563,170.88
GM Financial Auto Lease Trust	0.390	10/21/24	AAA	04/18/22	987,299.52	1,002,589.08
John Deere Owner Trust	0.510	11/15/24	NR	07/14/20	89,572.66	88,942.64
Mercedes-Benz Auto Lease Trust	0.400	11/15/24	AAA	06/22/21	1,740,493.85	1,713,012.01
BMW Vehicle Lease Trust	0.330	12/26/24	NR	09/08/21	729,306.79	719,935.10
Hyundai Auto Lease Trust	1.160	01/15/25	AAA	01/11/22	2,074,954.14	2,038,094.05
Toyota Lease Owner Trust	1.960	02/20/25	AAA	02/23/22	4,384,309.80	4,288,775.56
GM Financial Auto Lease Trust	1.900	03/20/25	NR	02/15/22	3,599,969.04	3,529,918.80
BMW Vehicle Lease Trust	1.100	03/25/25	AAA	01/11/22	1,405,182.48	1,381,360.38
Honda Auto Receivables Trust	0.270	04/21/25	NR	02/17/21	456,874.83	446,158.79
Toyota Auto Receivables Owners	0.260	05/15/25	NR	02/02/21	1,672,378.60	1,636,180.94



**CITY OF RIVERSIDE**  
**Pooled Investment Portfolio Holdings**  
**June 30, 2023**

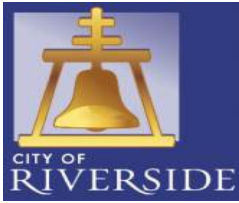
<b>DESCRIPTION OF SECURITY</b>	<b>COUPON RATE</b>	<b>MATURITY DATE</b>	<b>*INVEST RATING</b>	<b>PURCH DATE</b>	<b>COST VALUE</b>	<b>MARKET VALUE</b>
GM Financial Auto Lease Trust	3.420	06/20/25	AAA	05/03/22	2,399,749.68	2,357,376.00
John Deere Owner Trust	0.360	09/15/25	NR	03/02/21	918,125.47	891,421.43
Hyundai Auto Receivables Trust	0.380	09/15/25	AAA	04/20/21	872,947.39	850,144.66
BMW Vehicle Lease Trust	5.160	11/25/25	AAA	02/07/23	894,978.70	888,983.81
Hyundai Auto Receivables Trust	0.380	01/15/26	AAA	07/20/21	3,702,718.66	3,583,074.82
Honda Auto Receivables Trust	0.880	01/21/26	NR	11/16/21	1,749,631.10	1,679,616.75
John Deere Owner Trust	0.520	03/16/26	NR	07/13/21	1,907,987.64	1,827,990.41
Hyundai Auto Receivables Trust	0.740	05/15/26	AAA	11/09/21	1,249,721.00	1,200,843.76
Honda Auto Receivables Trust	1.880	05/15/26	AAA	02/15/22	2,814,576.62	2,689,749.39
BMW Vehicle Owner Trust	3.210	08/25/26	AAA	05/10/22	1,999,896.00	1,944,430.00
GM Financial Securitized Term	0.680	09/16/26	AAA	10/13/21	1,334,965.96	1,274,990.42
John Deere Owner Trust	2.320	09/16/26	NR	03/10/22	1,724,618.43	1,661,576.93
Hyundai Auto Receivables Trust	2.220	10/15/26	AAA	03/09/22	3,079,881.42	2,956,103.92
GM Financial Auto Receivables	1.260	11/16/26	AAA	01/11/22	1,139,900.93	1,088,938.27
GM Financial Securitized ART	3.100	02/16/27	AAA	04/05/22	1,674,649.93	1,620,815.43
John Deere Owner Trust	3.740	02/16/27	NR	07/12/22	2,689,743.11	2,613,453.36
Honda Auto Receivables Owner	5.040	04/21/27	NR	02/16/23	1,849,656.27	1,838,019.40
American Express Credit Trust	3.390	05/17/27	AAA	05/17/22	5,188,851.97	5,008,656.21
John Deere Owner Trust	5.090	06/15/27	NR	10/12/22	3,454,731.89	3,427,601.85
Verizon Master Trust	3.720	07/20/27	AAA	08/02/22	2,349,896.60	2,321,362.90
American Express Credit Trust	3.750	08/16/27	NR	10/28/22	3,868,125.00	3,878,016.00
Mercedes-Benz Auto Receivables	5.210	08/16/27	AAA	11/15/22	6,158,781.55	6,131,762.56
John Deere Owner Trust	5.010	11/15/27	NR	02/22/23	2,814,487.11	2,789,910.21
GM Auto Receivable Trust	4.470	02/16/28	AAA	04/04/23	1,549,957.38	1,522,603.77
John Deere Owner Trust	5.180	03/15/28	NR	06/21/23	2,649,557.98	2,645,481.75
<b>SUBTOTAL U.S. GOVERNMENT AGENCY ASSET BACKED SECURITIES</b>					<b>80,375,548.48</b>	<b>78,704,300.14</b>
<b><u>SUPRANATIONAL SECURITIES</u></b>						
Inter-American Dev Bank	0.500	09/23/24	AAA	09/15/21	8,403,776.60	7,923,481.50
Intl. Bank Recon & Development	0.625	04/22/25	AAA	04/15/20	4,278,378.35	3,969,967.29
Inter-American Dev Bank	0.625	07/15/25	AAA	01/13/21	5,071,967.50	4,635,137.45
Intl. Bank Recon & Development	0.500	10/28/25	AAA	Various	9,994,372.85	9,076,390.01
Inter-American Dev Bank	0.875	04/20/26	AAA	04/13/21	9,342,016.70	8,466,321.12
<b>SUBTOTAL SUPRANATIONAL SECURITIES</b>					<b>37,090,512.00</b>	<b>34,071,297.37</b>
<b><u>U.S. GOVERNMENT AGENCY SECURITIES</u></b>						
FNMA	0.250	07/10/23	AA+	07/08/20	4,445,421.75	4,450,968.22
FHLMC	0.250	08/24/23	AA+	08/19/20	7,507,334.70	7,462,402.52
FHLMC	0.125	10/16/23	AA+	Various	9,961,598.25	9,846,270.01
FHLMC	0.250	11/06/23	AA+	11/03/20	9,331,594.00	9,178,474.04
FHLB	2.750	12/13/24	AA+	02/06/20	5,281,300.00	4,822,920.00
FNMA	1.625	01/07/25	AA+	03/04/20	8,281,440.00	7,585,320.00
FHLMC	1.500	02/12/25	AA+	02/13/20	6,599,914.15	6,234,948.27
FHLB	2.375	03/14/25	AA+	03/19/20	6,346,620.00	5,733,078.00
FNMA	0.625	04/22/25	AA+	04/22/20	5,199,267.40	4,818,291.36
FHLB	0.500	06/13/25	AA+	06/29/20	5,007,400.00	4,573,970.00
FNMA	0.500	06/17/25	AA+	06/17/20	6,506,503.60	5,985,901.16
FHLMC	0.375	07/21/25	AA+	07/21/20	4,606,942.60	4,224,361.07
FNMA	0.375	08/25/25	AA+	Various	7,962,282.50	7,279,592.01
FHLMC	0.375	09/23/25	AA+	Various	7,970,197.55	7,258,936.01
FNMA	0.500	11/07/25	AA+	11/09/20	6,063,215.70	5,514,938.95



**CITY OF RIVERSIDE**  
**Pooled Investment Portfolio Holdings**  
**June 30, 2023**

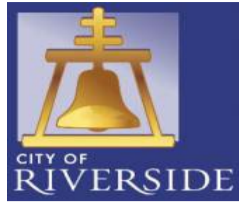
DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	*INVEST RATING	PURCH DATE	COST VALUE	MARKET VALUE
FHLB	4.500	12/12/25	AA+	02/03/23	7,592,925.00	7,435,717.50
FFCB	4.375	06/23/26	AA+	06/20/23	7,745,892.50	7,724,277.75
FHLB	4.500	03/10/28	AA+	Various	10,246,000.00	10,096,350.00
Tennessee Valley Authority	3.875	03/15/28	AA+	Various	10,325,114.60	10,134,108.20
<b>SUBTOTAL U.S. GOVERNMENT AGENCY SECURITIES</b>					<b>136,980,964.30</b>	<b>130,360,825.07</b>
<b><u>U.S. GOVERNMENT TREASURY SECURITIES</u></b>						
US Treasury	1.625	10/31/23	AA+	10/31/19	4,013,437.50	3,952,812.00
US Treasury	2.250	01/31/24	AA+	06/05/19	10,671,445.31	10,307,230.50
US Treasury	2.000	04/30/24	AA+	Various	17,578,257.82	16,916,749.80
US Treasury	0.250	06/15/24	AA+	06/18/21	4,965,429.69	4,760,740.00
US Treasury	1.750	06/30/24	AA+	09/09/19	9,358,759.77	8,921,551.00
US Treasury	1.500	02/15/25	AA+	Various	15,947,968.76	15,573,162.00
US Treasury	1.125	02/28/25	AA+	03/24/20	6,177,656.25	5,623,830.00
US Treasury	1.750	03/15/25	AA+	05/04/22	4,827,539.06	4,729,690.00
US Treasury	2.750	05/15/25	AA+	Various	9,795,000.00	9,605,080.00
US Treasury	3.125	08/15/25	AA+	09/27/22	4,826,171.88	4,829,100.00
US Treasury	0.250	09/30/25	AA+	10/16/20	6,975,937.50	6,340,194.00
US Treasury	4.250	10/15/25	AA+	10/28/22	3,983,750.00	3,955,312.00
US Treasury	0.375	12/31/25	AA+	12/29/20	2,249,824.22	2,028,075.75
US Treasury	0.375	01/31/26	AA+	Various	8,625,488.28	7,855,863.75
US Treasury	4.000	02/15/26	AA+	02/16/23	7,425,585.94	7,384,860.00
US Treasury	0.750	03/31/26	AA+	03/30/21	3,969,843.75	3,615,312.00
US Treasury	0.750	05/31/26	AA+	Various	9,942,773.44	8,982,420.00
US Treasury	0.750	08/31/26	AA+	Various	5,170,878.90	4,682,343.75
US Treasury	1.125	10/31/26	AA+	Various	12,919,453.14	11,689,847.00
US Treasury	1.500	01/31/27	AA+	Various	15,585,117.20	14,946,030.00
US Treasury	2.750	04/30/27	AA+	Various	18,449,570.32	17,948,312.00
US Treasury	3.250	06/30/27	AA+	Various	20,141,015.63	19,234,380.00
US Treasury	4.125	09/30/27	AA+	Various	20,091,445.31	19,888,280.00
US Treasury	3.875	12/31/27	AA+	Various	20,147,968.81	19,719,540.00
US Treasury	3.625	03/31/28	AA+	Various	20,028,125.00	19,534,380.00
US Treasury	3.625	05/31/28	AA+	06/16/23	19,657,031.25	19,562,500.00
<b>SUBTOTAL U.S. GOVERNMENT TREASURY SECURITIES</b>					<b>283,525,474.73</b>	<b>272,587,595.55</b>
<b>TOTAL POOLED CASH &amp; INVESTMENTS</b>					<b>1,029,400,964.24</b>	<b>993,794,371.25</b>

\*The City uses S&P ratings



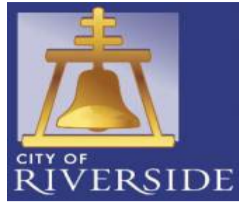
**CITY OF RIVERSIDE**  
**Investments held by Fiscal Agent**  
**Section 115 Pension Trust Fund**  
**June 30, 2023**

DESCRIPTION OF SECURITY	COST VALUE	MARKET VALUE
<b><u>CASH AND EQUIVALENTS</u></b>		
*Cash	28,731.18	28,731.18
First American Government Obligation Fund CL "Z"	1,740,455.12	1,740,455.12
<b>SUBTOTAL CASH AND EQUIVALENTS</b>	<b>1,769,186.30</b>	<b>1,769,186.30</b>
<b><u>MUTUAL FUNDS - EQUITY</u></b>		
Ishares Core - S P500 Etf	3,854,397.25	4,515,042.30
Ishares S P - 500 Growth Etf	1,518,946.26	1,767,497.44
Ishares S P - 500 Value Etf	1,798,038.50	2,043,566.82
Ishares - Russell Mid Cap Etf	1,280,356.08	1,357,627.70
Ishares - Russell 2000 Value Etf	1,097,633.23	1,090,073.60
Ishares - Russell 2000 Growth Etf	1,057,472.56	1,101,191.08
Ishares Core - Msci Eafe Etf	1,894,476.40	1,989,360.00
Vanguard Ftse - Emerging Markets Etf	1,227,977.04	1,192,981.68
Vanguard Real - Estate Etf	530,557.82	505,872.24
<b>SUBTOTAL MUTUAL FUNDS - EQUITY</b>	<b>14,259,855.14</b>	<b>15,563,212.86</b>
<b><u>MUTUAL FUNDS - FIXED INCOME</u></b>		
Ishares Core - U.S. Aggregate Bond Etf	12,289,623.58	11,727,553.50
Ishares Mbs - Etf	947,686.95	945,334.04
Ishares US - Treasury Bond Etf	953,837.89	944,304.40
Vanguard - Short Term Invt Grade #539	1,786,372.20	1,744,925.31
<b>SUBTOTAL MUTUAL FUNDS - FIXED INCOME</b>	<b>15,977,520.62</b>	<b>15,362,117.25</b>
<b>TOTAL ASSETS</b>	<b>32,006,562.06</b>	<b>32,694,516.41</b>
<i>* Includes accrued income</i>		



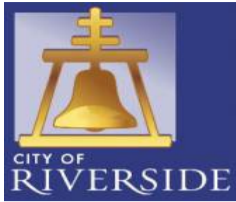
**CITY OF RIVERSIDE**  
**Investments Held by Fiscal Agent**  
**June 30, 2023**

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	*INVEST RATING	PURCH DATE	COST VALUE	MARKET VALUE
<b><u>CASH &amp; MONEY MARKET ACCOUNTS</u></b>						
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	11,271,564.00	11,271,564.00
US Bank Commercial Paper Sweep	N/A	Varies	NR	Varies	330,374.81	330,374.81
US Bank Gcts0170	N/A	Varies	NR	Varies	3,034,504.17	3,034,504.17
US Bank Gcts0185	N/A	Varies	NR	Varies	19.91	19.91
First American Government Obligation CL "Y"	N/A	Varies	AAA	Varies	133,267.75	133,267.75
First American Government Obligation CL "Z"	N/A	Varies	AAA	Varies	5,476,998.11	5,476,998.11
First American Treasury MMF Class "Z"	N/A	Varies	AAA	03/31/23	55,487,711.36	55,487,711.36
<b>SUBTOTAL CASH &amp; MONEY MARKET ACCOUNTS</b>					<b>75,775,016.67</b>	<b>75,775,016.67</b>
<b>LOCAL AGENCY INVESTMENT FUND (LAIF)</b>	<b>N/A</b>	<b>Varies</b>	<b>NR</b>	<b>Varies</b>	<b>1,267,238.38</b>	<b>1,248,012.47</b>
<b><u>MEDIUM TERM NOTES</u></b>						
Charles Schwab Corp	0.750	03/18/24	A-	Various	601,166.80	578,849.42
Amazon.com Inc	0.450	05/12/24	AA	05/10/21	394,423.30	378,697.96
John Deere Capital Corp	0.450	06/07/24	A	06/07/21	369,537.50	353,169.08
Salesforce.com Inc	0.625	07/15/24	A+	06/29/21	94,951.55	90,430.31
American Honda Finance	1.500	01/13/25	A-	Various	695,744.40	659,642.20
Toyota Motor Credit Corp	1.800	02/13/25	A+	05/05/21	777,315.00	709,658.25
Chubb INA Holdings Inc	3.150	03/15/25	A	01/26/21	659,406.00	579,154.20
Caterpillar Financial Service	3.400	05/13/25	A	05/10/22	209,733.30	203,314.44
Morgan Stanley	0.790	05/30/25	A-	05/26/21	640,340.50	607,958.40
Honeywell Intl	1.350	06/01/25	A	06/10/21	717,066.00	653,051.70
Eli Lilly & Co	2.750	06/01/25	A+	06/10/21	699,166.00	623,097.80
PNC Bank	3.250	06/01/25	A	06/10/21	710,365.50	619,423.36
Royal Bank of Canada	1.150	06/10/25	A	02/22/21	607,344.00	553,861.80
Toronto Dominion Bank	0.750	09/11/25	A	02/10/21	650,292.50	588,469.70
Simon Property Group	3.300	01/15/26	A-	08/11/21	678,656.25	594,593.13
Goldman Sachs Group Inc	0.855	02/12/26	BBB+	06/18/21	619,243.75	575,906.25
Bank of America Corp	2.015	02/13/26	A-	03/04/21	620,028.00	561,882.00
JP Morgan Chase & Co	2.005	03/13/26	A-	03/12/21	617,298.00	563,526.00
Citigroup Inc	3.106	04/08/26	BBB+	06/18/21	669,075.00	596,685.00
United Health Group Inc	1.150	05/15/26	A+	Various	130,420.30	117,559.66
Wal-Mart Stores	1.050	09/17/26	AA	09/08/21	119,773.20	107,139.36
Target Corp	1.950	01/15/27	A	01/19/22	264,549.50	242,587.36
Virginia Electric Power Corp	3.750	05/15/27	BBB+	05/16/22	119,625.60	114,903.36
Merck & Co	4.050	05/17/28	A+	05/15/23	600,024.00	589,571.40
<b>SUBTOTAL MEDIUM TERM NOTES</b>					<b>12,265,545.95</b>	<b>11,263,132.14</b>
<b><u>U.S. GOVERNMENT AGENCY ASSET BACKED SECURITIES</u></b>						
Mercedes-Benz Auto Lease Trust	0.400	11/15/24	AAA	06/22/21	161,281.27	158,734.70
BMW Vehicle Lease Trust	0.330	12/26/24	NR	09/08/21	67,320.59	66,455.52
GM Financial Auto Lease Trust	1.900	03/20/25	NR	02/15/22	309,997.33	303,965.24
BMW Vehicle Lease Trust	1.100	03/25/25	AAA	01/11/22	122,544.99	120,467.47
Honda Auto Receivables Trust	0.270	04/21/25	NR	02/17/21	50,539.25	49,353.84
Toyota Auto Receivables Owners	0.260	05/15/25	NR	02/02/21	187,613.02	183,552.27
Hyundai Auto Receivables Trust	0.380	09/15/25	AAA	04/20/21	97,651.76	95,100.94
John Deere Owner Trust	0.360	09/15/25	NR	03/02/21	101,700.02	98,742.05
Hyundai Auto Receivables Trust	0.380	01/15/26	AAA	07/20/21	341,608.20	330,570.01



**CITY OF RIVERSIDE**  
**Investments Held by Fiscal Agent**  
**June 30, 2023**

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	*INVEST RATING	PURCH DATE	COST VALUE	MARKET VALUE
Honda Auto Receivables Trust	0.880	01/21/26	NR	11/16/21	154,967.33	148,766.06
John Deere Owner Trust	0.520	03/16/26	NR	07/13/21	177,386.60	169,949.21
Honda Auto Receivables Trust	1.880	05/15/26	AAA	02/15/22	244,963.15	234,098.97
Hyundai Auto Receivables Trust	0.740	05/15/26	AAA	11/09/21	109,975.45	105,674.25
BMW Vehicle Owner Trust	3.210	08/25/26	AAA	05/10/22	149,992.20	145,832.25
GM Financial Securitized Term	0.680	09/16/26	AAA	10/13/21	114,997.07	109,830.64
John Deere Owner Trust	2.320	09/16/26	NR	03/10/22	179,960.19	173,381.95
GM Financial Auto Receivables	1.260	11/16/26	AAA	01/11/22	99,991.31	95,520.91
GM Financial Securitized ART	3.100	02/16/27	AAA	04/05/22	139,970.75	135,471.15
John Deere Owner Trust	3.740	02/16/27	NR	07/12/22	184,982.33	179,735.64
Honda Auto Receivables Owner	5.040	04/21/27	NR	02/16/23	139,973.99	139,093.36
John Deere Owner Trust	5.090	06/15/27	NR	10/12/22	239,981.38	238,096.80
Verizon Master Trust	3.720	07/20/27	AAA	08/02/22	159,992.96	158,050.24
Mercedes-Benz Auto Receivables	5.210	08/16/27	AAA	11/15/22	414,917.91	413,097.64
<b>SUBTOTAL U.S. GOVERNMENT AGENCY ASSET BACKED SECURITIES</b>					<b>3,952,309.05</b>	<b>3,853,541.11</b>
<b><u>SUPRANATIONAL SECURITIES</u></b>						
Inter-American Dev Bank	0.500	09/23/24	AAA	09/15/21	764,433.90	720,744.75
International Finance Corp	1.375	10/16/24	AAA	07/12/21	1,026,900.00	951,216.00
Intl. Bank Recon & Development	0.500	10/28/25	AAA	01/26/21	1,000,640.00	907,639.00
Inter-American Dev Bank	0.875	04/20/26	AAA	04/13/21	1,040,213.90	942,707.04
<b>SUBTOTAL SUPRANATIONAL SECURITIES</b>					<b>3,832,187.80</b>	<b>3,522,306.79</b>
<b><u>U.S. GOVERNMENT AGENCY SECURITIES</u></b>						
FHLB	4.500	10/03/24	AA+	10/27/22	799,128.00	791,658.41
FFCB	4.500	11/18/24	AA+	11/15/22	809,141.40	802,089.54
FFCB	1.750	02/14/25	AA+	02/10/22	603,384.65	573,654.95
FHLB	4.500	12/12/25	AA+	01/30/23	1,264,562.50	1,239,286.25
<b>SUBTOTAL U.S. GOVERNMENT AGENCY SECURITIES</b>					<b>3,476,216.55</b>	<b>3,406,689.15</b>
<b><u>U.S. GOVERNMENT TREASURY SECURITIES</u></b>						
US Treasury	4.477	08/31/23	A-1+	03/30/23	7,422,094.74	7,509,602.46
US Treasury	2.750	08/31/23	AA+	09/30/22	200,817.03	201,172.20
US Treasury	5.165	09/19/23	A-1+	05/25/23	983,357.22	983,357.22
US Treasury	0.500	11/30/23	AA+	01/30/23	1,448,203.13	1,470,469.50
US Treasury	0.125	02/15/24	AA+	02/23/21	822,679.69	798,606.60
US Treasury	0.250	05/15/24	AA+	05/18/21	2,194,671.88	2,103,664.20
US Treasury	3.250	08/31/24	AA+	09/30/22	1,703,341.53	1,686,488.26
US Treasury	0.375	09/15/24	AA+	09/29/21	1,990,312.50	1,885,078.00
US Treasury	3.000	07/15/25	AA+	09/30/22	247,159.51	240,947.25
US Treasury	3.125	08/15/25	AA+	08/25/22	1,241,503.90	1,207,275.00
US Treasury	4.250	10/15/25	AA+	Various	2,523,849.62	2,496,790.70
US Treasury	0.375	01/31/26	AA+	Various	1,724,482.43	1,571,172.75
US Treasury	0.750	03/31/26	AA+	05/18/21	2,194,070.32	1,988,421.60
US Treasury	0.750	05/31/26	AA+	06/23/21	3,232,099.61	2,919,286.50
US Treasury	1.500	01/31/27	AA+	03/30/22	765,312.50	724,656.00
US Treasury	3.250	06/30/27	AA+	08/25/22	1,486,835.94	1,442,578.50
US Treasury	3.125	08/31/27	AA+	09/30/22	670,665.96	659,893.23
US Treasury	4.125	09/30/27	AA+	Various	2,533,158.21	2,510,895.35



**CITY OF RIVERSIDE**  
**Investments Held by Fiscal Agent**  
**June 30, 2023**

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	*INVEST RATING	PURCH DATE	COST VALUE	MARKET VALUE
US Treasury	3.875	12/31/27	AA+	01/30/23	1,007,656.26	985,977.00
US Treasury	3.625	03/31/28	AA+	05/25/23	987,265.62	976,719.01
US Treasury	3.125	08/31/29	AA+	09/30/22	189,730.51	189,961.00
<b>SUBTOTAL U.S. GOVERNMENT TREASURY SECURITIES</b>					<b>35,569,268.11</b>	<b>34,553,012.33</b>
<b><u>INVESTMENT CONTRACTS</u></b>						
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
<b>SUBTOTAL INVESTMENT CONTRACTS</b>					<b>10,760,715.38</b>	<b>10,760,715.38</b>
<b>TOTAL INVESTMENTS HELD WITH FISCAL AGENT</b>					<b>146,898,497.89</b>	<b>144,382,426.04</b>

\*The City uses S&P ratings

City of Riverside  
Cash Balances by Fund  
As of June 30, 2023

Fund	Cash Balance <sup>1</sup>	Interfund Loan Receivables <sup>2</sup>	Cash Balance + Loan Receivables	
<b>General Fund</b>	101	129,070,457	-	129,070,457
<b>Measure Z</b>	110	55,021,280	-	55,021,280
<b>Pension Trust</b>	115	21,529	-	21,529
<b>Enterprise Funds</b>				
Electric	510	290,012,704	2,002,899	292,015,603
Electric - Public Benefits Program	511	29,151,574	-	29,151,574
Water	520	58,124,565	-	58,124,565
Water - Conservation & Reclamation Program	521	3,545,207	-	3,545,207
Airport	530	1,717,785	-	1,717,785
Refuse Collection	540	15,480,698	-	15,480,698
Sewer Service	550	113,832,278	1,130,944	114,963,222
Special Transit	560	4,633,484	-	4,633,484
Public Parking	570	5,458,203	-	5,458,203
Civic Entertainment (Convention Center, Visitors Bureau, Sports Commission)	580	342,231	-	342,231
Civic Entertainment (Fox, Box, RMA, Showcase)	581	3,486,082	-	3,486,082
Civic Entertainment (Cheech Marin Center)	582	(3,134,196)	-	(3,134,196)
<b>SubTotal - Enterprise Funds</b>		<b>522,650,615</b>	<b>3,133,843</b>	<b>525,784,458</b>
<b>Special Revenue Funds</b>				
Grants and Restricted Programs	215	46,421,678	-	46,421,678
Community Development Block Grant	220	(2,867,989)	-	(2,867,989)
Home Investment Partnership Program	221	607,603	-	607,603
Housing Opportunities for Persons with AIDS	222	(452,198)	-	(452,198)
Community Development Grants	223	13,233,110	-	13,233,110
Neighborhood Stabilization Program	225	311,872	-	311,872
Special Gas Tax	230	32,278,385	-	32,278,385
Air Quality Improvement	240	1,858,111	-	1,858,111
NPDES Storm Drain	260	348,103	-	348,103
Housing Authority	280	644,075	-	644,075
Housing Assets	281	8,573,863	-	8,573,863
Special Districts	Various	821,591	-	821,591
<b>SubTotal - Special Revenue Funds</b>		<b>101,778,204</b>	<b>-</b>	<b>101,778,204</b>
<b>Capital Projects Funds</b>				
Capital Outlay	401	13,203,916	-	13,203,916
Local Park Special Capital Improvements	411	1,324,080	-	1,324,080
Regional Park Special Capital Improvements	413	4,248,399	-	4,248,399
Measure Z Capital Outlay	420	29,287,975	-	29,287,975
Capital Outlay Grants	430	268,280	-	268,280
Transportation Projects	431	102	-	102
Measure A Capital Outlay	432	32,927,695	-	32,927,695
Transportation Development Impact Fees	433	7,514,688	-	7,514,688
Transportation Uniform Mitigation Fees	434	(2,458,531)	-	(2,458,531)
Community Facilities Districts and Assessment Districts	Various	2,051,418	-	2,051,418
<b>SubTotal - Capital Project Funds</b>		<b>88,368,022</b>	<b>-</b>	<b>88,368,022</b>
<b>Debt Service Funds</b>				
Debt Service Fund - General	390	7,569,331	-	7,569,331
Debt Service Fund - Public Works	391	80,488	-	80,488
<b>SubTotal Debt Service Funds</b>		<b>7,649,819</b>	<b>-</b>	<b>7,649,819</b>
<b>Agency Funds</b>				
Successor Agency	Various	33,193,815	-	33,193,815
Community Facilities Districts and Assessment Districts	Various	2,306,397	-	2,306,397
Special Deposits	Various	13,562,933	-	13,562,933
<b>SubTotal Agency Funds</b>		<b>49,063,145</b>	<b>-</b>	<b>49,063,145</b>
<b>Internal Service Funds</b>				
Workers' Compensation Insurance Trust	610	21,752,838	-	21,752,838
Unemployment Insurance Trust	620	355,808	-	355,808
Liability Insurance Trust	630	4,741,613	-	4,741,613
Parada Settlement Fund	631	2,534,925	-	2,534,925
Central Garage	650	10,786,116	-	10,786,116
<b>SubTotal - Internal Service Funds</b>		<b>40,171,300</b>	<b>-</b>	<b>40,171,300</b>
<b>Total - All Funds \$ 993,794,371 \$ 3,133,843 \$ 996,928,214</b>				

<sup>1</sup> Amount reflects each fund's share of the City's pooled investment portfolio.

<sup>2</sup> 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 2022/2023 Fourth Quarter**  
**Summary of Outstanding Debt<sup>1</sup>**

Debt Type By Funding Source	Principal Balance as of 4/1/2023	Q4 New Debt Issued	Q4 Principal Payments	Q4 Interest Payments	Principal Balance 6/30/2023
<b>General Fund/Measure Z</b>					
General Obligation Bonds	\$ 3,380,000	\$ -	\$ -	\$ -	\$ 3,380,000
Pension Obligation Bonds	333,879,538	-	16,600,307	6,069,700	317,279,231
Certificates of Participation	56,717,969	-	-	381,482	56,717,969
Lease Revenue Bonds	45,199,648	-	-	1,072,567	45,199,648
Capital Leases	19,813,434	-	523,506	95,572	19,289,928
Interfund Loans	1,130,945	-	-	28,535	1,130,945
<b>Total General Fund</b>	<b>\$ 460,121,534</b>	<b>\$ -</b>	<b>\$ 17,123,813</b>	<b>\$ 7,647,857</b>	<b>\$ 442,997,721</b>
<b>Capital Projects Funds</b>					
Measure A Certificates of Participation	24,985,000	-	1,760,000	619,369	23,225,000
<b>Total Capital Projects Funds</b>	<b>\$ 24,985,000</b>	<b>\$ -</b>	<b>\$ 1,760,000</b>	<b>\$ 619,369</b>	<b>\$ 23,225,000</b>
<b>Enterprise Funds</b>					
Pension Obligation Bonds	\$ 110,718,958	\$ -	\$ 7,010,443	\$ 1,743,752	\$ 103,708,515
Electric Fund Revenue Bonds	507,370,000	-	-	12,378,121	507,370,000
Electric Fund Capital Leases	(0)	-	-	-	(0)
Water Fund Revenue Bonds	243,300,000	-	-	5,520,462	243,300,000
Water Fund Capital Lease	986,007	-	-	-	986,007
Sewer Fund Revenue Bonds	313,085,000	-	-	-	313,085,000
Lease Revenue Bonds	6,168,000	-	-	134,217	6,168,000
Certificates of Participation	24,582,031	-	-	165,337	24,582,031
Civic Entertainment Fund Loan	6,222,312	-	292,530	119,780	5,929,782
Convention Center Expansion Loan	27,943,700	-	533,477	230,910	27,410,223
Parking Fund Loans	6,957,760	-	327,106	133,937	6,630,654
<b>Total Enterprise Funds</b>	<b>\$ 1,247,333,768</b>	<b>\$ -</b>	<b>\$ 8,163,555</b>	<b>\$ 20,426,516</b>	<b>\$ 1,239,170,212</b>
<b>Internal Service Funds</b>					
Pension Obligation Bonds	\$ 4,576,504	\$ -	\$ 289,250	\$ 72,082	\$ 4,287,254
<b>Total Internal Service Funds</b>	<b>\$ 4,576,504</b>	<b>\$ -</b>	<b>\$ 289,250</b>	<b>\$ 72,082</b>	<b>\$ 4,287,254</b>
<b>RDA Successor Agency</b>					
Lease Revenue Bonds	6,802,353	-	-	165,835	6,802,353
Tax Allocation Bonds	143,085,000	-	-	-	143,085,000
Interfund Loans	2,002,900	-	-	48,554	2,002,900
<b>Total RDA Successor Agency</b>	<b>\$ 151,890,253</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 214,389</b>	<b>\$ 151,890,253</b>
<b>Assessment Districts / Galleria Agreement / Community Facilities Districts</b>					
Assessment Districts	\$ 14,395,000	\$ -	\$ -	\$ -	\$ 14,395,000
Galleria Mall Improvements District Certificates of Participation	5,000	-	-	-	5,000
Lease Revenue Refunding Bonds (Galleria) Series 2019A	13,225,000	-	-	238,756	13,225,000
Community Facilities Districts	24,585,000	-	-	-	24,585,000
<b>Total AD / Galleria / CFDs</b>	<b>\$ 52,210,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 238,756</b>	<b>\$ 52,210,000</b>
<b>Total</b>	<b>\$ 1,941,117,059</b>	<b>\$ -</b>	<b>\$ 27,336,619</b>	<b>\$ 29,218,969</b>	<b>\$ 1,913,780,440</b>

<sup>1</sup> 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 2022/2023 Fourth Quarter  
Outstanding Debt<sup>1</sup>

Debt Type / Issuance	Year Issued (FY)	Final Maturity (FY)	Total Issue Size	Outstanding Principal Balance 4/1/2023	Q4 New Debt Issued	Q4 Principal Payments	Q4 Interest Payments	Principal Balance 6/30/2023
<b>General Obligation</b>								
Measure G Fire Facility Projects General Obligation Bonds 2004	2004	2025	\$ 20,000,000	\$ 3,380,000	\$ -	\$ -	\$ -	\$ 3,380,000
<b>Total General Obligation Bonds</b>			<b>\$ 20,000,000</b>	<b>\$ 3,380,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,380,000</b>
<b>Pension Obligation<sup>2</sup></b>								
Pension Obligation Bonds Series 2004A	2004	2023	\$ 89,540,000	\$ 10,715,000	\$ -	\$ 10,715,000	\$ 315,878	\$ -
Pension Obligation Bonds Series 2017A	2017	2027	31,960,000	16,915,000	-	3,200,000	245,856	13,715,000
Pension Obligation Bonds Series 2020A (Safety)	2020	2045	231,085,000	231,085,000	-	-	4,304,160	231,085,000
Pension Obligation Bonds Series 2020A (Misc)	2020	2043	201,080,000	190,460,000	-	9,985,000	3,019,639	180,475,000
<b>Total Pension Obligation Bonds</b>			<b>\$ 553,665,000</b>	<b>\$ 449,175,000</b>	<b>\$ -</b>	<b>\$ 23,900,000</b>	<b>\$ 7,885,534</b>	<b>\$ 425,275,000</b>
<b>Certificates of Participation</b>								
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	81,300,000	-	-	546,819	81,300,000
Local Measure A Sales Tax Revenue COPs Series 2013A	2013	2033	35,235,000	24,985,000	-	1,760,000	619,369	23,225,000
<b>Total Certificates of Participation</b>			<b>\$ 183,480,000</b>	<b>\$ 106,290,000</b>	<b>\$ -</b>	<b>\$ 1,760,000</b>	<b>\$ 1,166,188</b>	<b>\$ 104,530,000</b>
<b>Lease Revenue Bonds</b>								
California Tower Lease Revenue Bonds Series 2003A	2003	2024	\$ 26,255,000	\$ 4,315,000	\$ -	\$ -	\$ 107,875	\$ 4,315,000
California Tower Lease Revenue Bonds Series 2003B	2003	2024	4,810,000	680,000	-	-	18,632	680,000
Lease Revenue Refunding Bonds Series 2012A	2013	2034	41,240,000	25,700,000	-	-	559,238	25,700,000
Lease Revenue Refunding Bonds (Galleria) Series 2019A	2019	2037	15,980,000	13,225,000	-	-	238,756	13,225,000
Lease Revenue Bonds (Main Library Project) Series 2019B	2019	2037	33,505,000	27,475,000	-	-	686,875	27,475,000
<b>Total Lease Revenue Bonds</b>			<b>\$ 121,790,000</b>	<b>\$ 71,395,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,611,376</b>	<b>\$ 71,395,000</b>
<b>Capital Leases</b>								
Pinnacle #2 - VOIP Phone System	2013	2023	\$ 1,650,000	\$ -	\$ -	\$ -	\$ -	\$ -
BofA #2 - Various Hardware and Software	2018	2028	7,955,000	2,127,954	-	-	-	2,127,954
BofA #3 - Fire, PW and Refuse Vehicles and Equipment	2017	2027	14,500,000	6,904,003	-	-	-	6,904,003
BofA #4 - Police Helicopters	2022	2032	11,291,564	10,781,477	-	523,506	95,572	10,257,971
BofA #2 - Water Fund Vehicles Capital Lease	2018	2028	2,305,000	986,007	-	-	-	986,007
Electric Fund Vehicles Capital Leases - Various	Various	Various	Various	(0)	-	-	-	(0)
<b>Total Capital Leases</b>			<b>\$ 37,701,564</b>	<b>\$ 20,799,441</b>	<b>\$ -</b>	<b>\$ 523,506</b>	<b>\$ 95,572</b>	<b>\$ 20,275,935</b>
<b>Interfund Loans<sup>3</sup></b>								
Reid Park Acquisition Interfund Loan	2011	2028	\$ 720,000	\$ 257,604	\$ -	\$ -	\$ 6,258	\$ 257,604
Riverside Golf Course Acquisition Interfund Loan	2011	2028	4,837,500	1,745,296	-	-	42,296	1,745,296
Utilities Plaza Purchase Interfund Loan	2012	2027	4,469,221	1,130,945	-	-	28,535	1,130,945
<b>Total Interfund Loans</b>			<b>\$ 10,026,721</b>	<b>\$ 3,133,845</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 77,089</b>	<b>\$ 3,133,845</b>
<b>Private Placement Loans</b>								
Fox Entertainment Plaza Loan	2011	2032	\$ 25,000,000	\$ 13,180,072	\$ -	\$ 619,636	\$ 253,716	\$ 12,560,436
Convention Center Expansion Loan <sup>4</sup>	2013	2034	44,650,000	27,943,700	-	533,477	230,910	27,410,223
<b>Total Private Placement Loans</b>			<b>\$ 69,650,000</b>	<b>\$ 41,123,773</b>	<b>\$ -</b>	<b>\$ 1,153,113</b>	<b>\$ 484,627</b>	<b>\$ 39,970,660</b>
<b>Enterprise Revenue Bonds</b>								
Electric Revenue Refunding Bonds (2008) Series A	2008	2029	\$ 84,515,000	\$ 34,465,000	\$ -	\$ -	\$ 197,455	\$ 34,465,000
Electric Revenue Refunding Bonds (2008) Series C	2008	2036	57,325,000	32,150,000	-	-	203,095	32,150,000
Electric Revenue Bonds (2010) Series A	2010	2041	133,290,000	126,110,000	-	-	4,759,065	126,110,000
Electric Revenue Bonds (2011) Series A	2011	2036	56,450,000	33,600,000	-	-	208,203	33,600,000

**CITY OF RIVERSIDE**  
Fiscal Year 2022/2023 Fourth Quarter  
Outstanding Debt<sup>1</sup>

Debt Type / Issuance	Year Issued (FY)	Final Maturity (FY)	Total Issue Size	Outstanding Principal Balance 4/1/2023	Q4 New Debt Issued	Q4 Principal Payments	Q4 Interest Payments	Principal Balance 6/30/2023
Electric Revenue Refunding Bonds (2013) Series A	2014	2044	79,080,000	35,385,000	-	-	868,803	35,385,000
Electric Revenue Refunding Bonds (2019) Series A	2019	2049	283,325,000	245,660,000	-	-	6,141,500	245,660,000
Water Revenue Bonds (2009) Series B	2010	2040	67,790,000	62,760,000	-	-	1,957,921	62,760,000
Water Revenue Bonds (2011) Series A	2011	2036	59,000,000	24,050,000	-	-	133,832	24,050,000
Water Revenue Refunding Bonds (2019) Series A	2019	2049	114,215,000	98,465,000	-	-	2,461,625	98,465,000
Water Revenue Bonds (2022) Series A	2022	2053	58,025,000	58,025,000	-	-	967,083	58,025,000
Sewer Revenue Bonds (2015) Series A	2015	2041	200,030,000	173,610,000	-	-	-	173,610,000
Sewer Revenue Bonds (2018) Series A	2019	2040	153,670,000	139,475,000	-	-	-	139,475,000
<b>Total Enterprise Revenue Bonds</b>			<b>\$ 1,346,715,000</b>	<b>\$ 1,063,755,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,898,583</b>	<b>\$ 1,063,755,000</b>
<b>Tax Allocation Bonds</b>								
2014 Subordinate Tax Allocation Refunding Bonds Series 2014A	2014	2034	\$ 61,250,000	\$ 28,025,000	\$ -	\$ -	\$ -	\$ 28,025,000
2014 Subordinate Tax Allocation Refunding Bonds Series 2014B	2014	2024	1,730,000	385,000	-	-	-	385,000
2018 Tax Allocation Refunding Bonds Series 2018A	2018	2034	74,435,000	74,295,000	-	-	-	74,295,000
2018 Tax Allocation Refunding Bonds, Taxable Series 2018B	2018	2033	40,380,000	40,380,000	-	-	-	40,380,000
<b>Total Tax Allocation Bonds</b>			<b>\$ 177,795,000</b>	<b>\$ 143,085,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 143,085,000</b>
<b>Mello Roos and Assessment District Bonds</b>								
Riverwalk Business Center Assessment District Bonds	2004	2029	\$ 3,755,000	\$ 1,620,000	\$ -	\$ -	\$ -	\$ 1,620,000
Sycamore Canyon Business Park CFD 92-1 Bonds	2005	2034	9,700,000	5,660,000	-	-	-	5,660,000
Hunter Park Assessment District Bonds	2006	2036	15,269,906	9,460,000	-	-	-	9,460,000
Riverwalk Assessment District Refunding Bonds	2011	2026	7,805,000	2,565,000	-	-	-	2,565,000
Auto Center Assessment District Refunding Bonds <sup>5</sup>	2012	2024	4,050,000	750,000	-	-	-	750,000
Riverwalk Vista CFD 2006-1 Bonds	2013	2043	4,415,000	3,660,000	-	-	-	3,660,000
Riverwalk Vista CFD 2006-1 Improv Area No.2 2016 Series A	2016	2046	5,505,000	5,055,000	-	-	-	5,055,000
Riverwalk Vista CFD 2006-1 Improv Area No.2 2016 Series B	2016	2031	1,275,000	790,000	-	-	-	790,000
Highlands CFD 2014-2 2016 Series A	2016	2046	1,800,000	1,740,000	-	-	-	1,740,000
Highlands CFD 2014-2 2016 Series B	2016	2031	810,000	530,000	-	-	-	530,000
Orangetrest CFD 2015-1 Bonds Series 2020 Series A	2020	2050	2,075,000	2,075,000	-	-	-	2,075,000
Orangetrest CFD 2015-1 Bonds Series 2020 Series B	2020	2028	365,000	270,000	-	-	-	270,000
Pomelo CFD 2015-2 Bonds Series 2022	2022	2053	4,805,000	4,805,000	-	-	-	4,805,000
<b>Total Mello Roos and Assessment District Bonds</b>			<b>\$ 61,629,906</b>	<b>\$ 38,980,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 38,980,000</b>
<b>Total</b>				<b>\$ 1,941,117,059</b>	<b>\$ -</b>	<b>\$ 27,336,619</b>	<b>\$ 29,218,969</b>	<b>\$ 1,913,780,440</b>

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

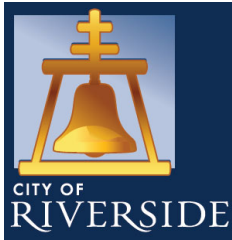
<sup>2</sup> Debt service for these bonds is allocated based on the percentage of CalPERS plan employees budgeted in those Funds.

Payments sent to trustee 8/1 annually, but are actually paid to bondholders in Dec & June.

<sup>3</sup> Beginning outstanding principal balance on interfund loans may be less than prior year projected ending balance due to actual FY 2023 pooled interest rate adjustment at end of FY

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

<sup>5</sup> 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 2022/23 Fourth Quarter Update

Finance Department

**City Council**  
December 19, 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. July 18, 2023, the City Council received and provided input on the Fiscal Year 2022/23 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 - \$994 million
2. Investments held by fiscal agent - \$181 million
3. Weighted average yield of pooled investment portfolio – 2.89%
4. No fund's cash balance is currently a concern



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## DEBT SUMMARY ANALYSIS – FOURTH QUARTER

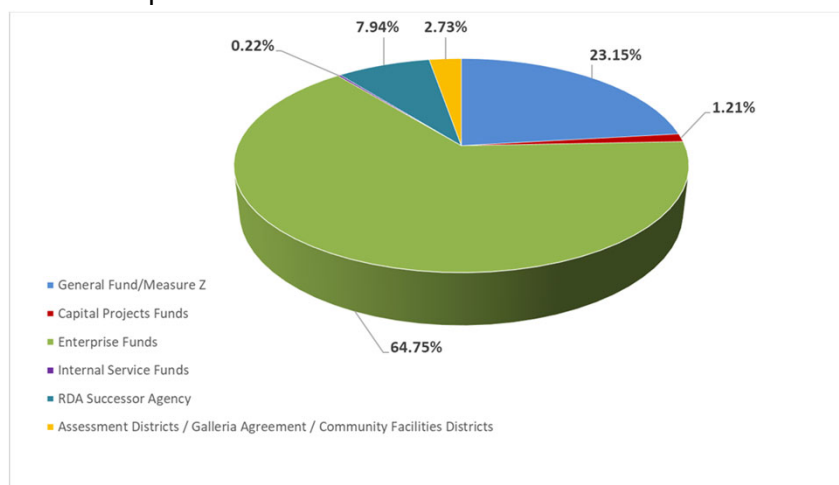
Principal Balance decreased \$27,336,619 due to Debt Service Principal Payments – April 1 through June 30, 2023

- a. Pension Obligation Bonds (\$23,900,000)
- b. Capital Leases (\$523,506)
- c. Certificates of Participation (\$1,760,000)
- d. Private Placement Loans (\$1,153,113)

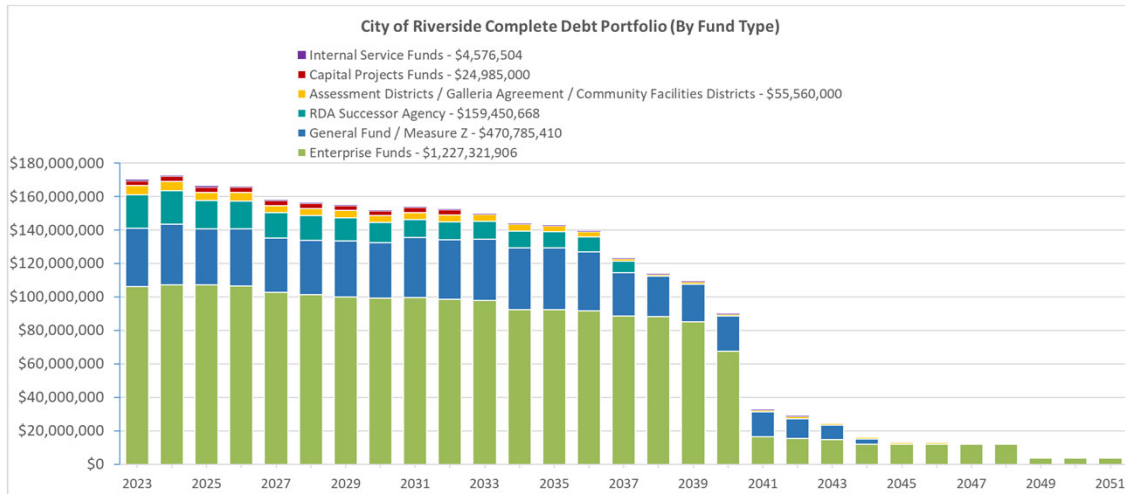


## DEBT SUMMARY ANALYSIS – FOURTH QUARTER

Debt Portfolio composition



## DEBT SUMMARY ANALYSIS – FOURTH QUARTER



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## DEBT ACTIVITIES – FOURTH QUARTER

1. Presented a plan of finance to refund the 2013 Measure A Certificates of Participation to achieve debt service savings
2. Completion of the annual assessment levy process for the Street Lighting Assessment District and Landscape Maintenance Districts
3. Extension to the Letter of Credit for the 2011A Electric Revenue Bonds
4. Final compliance documents submitted for the 2004 Pension Obligation Bonds, which fully matured on June 1, 2023



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## 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



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## RECOMMENDATION

That the City Council receive and provide input on the Fiscal Year 2022/23 Fourth Quarter Cash, Investments, and Debt Report.



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# City Council Memorandum

*City of Arts & Innovation*

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**TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: DECEMBER 19, 2023**  
**FROM: FINANCE DEPARTMENT      WARDS: ALL**  
**SUBJECT: ANNUAL FINANCIAL REVIEW OF THE CITY'S SELF-INSURANCE TRUST FUNDS FOR FISCAL YEAR 2022/23**

**ISSUE:**

Receive, provide input, and forward to the City Council for approval, the annual financial review of the City's Self-Insurance Trust Funds for Fiscal Year (FY) 2022/23.

**RECOMMENDATION:**

That the City Council approve the financial overview of the City's Self-Insurance Trust Funds for FY 2022/23.

**FINANCIAL PERFORMANCE AND BUDGET COMMITTEE RECOMMENDATION:**

This report is published on December 7, 2023, for the December 19, 2023, City Council meeting.

On December 13, 2023, the Financial Performance and Budget Committee will also hear this item for input.

The recommendation is that the Financial Performance and Budget Committee receive, provide input, and forward to the City Council for approval, the annual financial review of the City's Self-Insurance Trust Funds for FY 2022/23.

**BACKGROUND:**

Effective FY 2015/16, City staff began presenting to the City Council, through the Finance Committee and Financial Performance and Budget Committee, a financial and operational review of the City's Self-Insurance Trust Funds, including claim activity. This review includes the Workers' Compensation and General Liability Funds.

The Human Resources Department administers the City's Workers' Compensation program; the Risk Management Division of the Finance Department has the responsibility for the oversight of the General Liability program, and the City Attorney's Office is responsible for administering all third-party claims submitted to the City.

The City purchases commercial insurance to help mitigate the costs of high severity losses, catastrophes, and high-frequency losses if they expend all available funds. The City’s General Liability program consists of a Primary General Liability policy followed by three excess policies. The primary General Liability policy provides the City with an aggregate limit of \$4,000,000, and the Excess General Liability policies provide the City with an additional \$21,000,000 of coverage. Both the primary and excess General Liability policies cover general and auto liability claims, including but not limited to Law Enforcement Liability and Public Officials’ Errors and Omissions. The City also purchases an excess Workers’ Compensation policy with an aggregate limit of \$25,000,000.

Both the General Liability and Workers’ Compensation programs have self-insured retentions (SIR) of \$3,000,000. An SIR is the dollar amount that the City must pay before an insurance policy responds to a loss. This means the City must pay the first \$3,000,000 of the General Liability claims, and the first \$3,000,000 in Workers’ Compensation incurred. The City’s insurance policies will then respond up until the aggregate limit afforded in the policy declarations. The City is responsible for paying any additional claims costs incurred if the City exhausts each of the policy’s aggregate limits in addition to the self-insured retentions. The illustration below shows the thresholds of how large claims against the City may be paid.

General Liability & Workers' Compensation Policy Structure	
General Liability	Workers' Compensation
Allied World National Assurance Company Excess Layer #3 \$10,000,000 Aggregate	Safety National Excess WC \$25,000,000 Aggregate
Allied World National Assurance Excess Layer #2 \$5,000,000 Occurrence \$5,000,000 Aggregate	
Safety National Excess Layer #1 \$3,000,000 Occurrence \$6,000,000 Aggregate	
Safety National Lead Layer \$2,000,000 Occurrence \$4,000,000 Aggregate	
Self-Insured Retention \$3,000,000	Self-Insured Retention \$3,000,000

There have been two claims settled in the last 10 years that exceeded the self-insured retention.

Each year, as the insurance policy is renewed, the existing structure with the \$3.0 million self-insured retention is re-evaluated to determine if a more beneficial (less risk exposure) option exists. This specific structure has been the best option for many years.

All City departments participate in the Risk Management program and make payments to the Self-Insurance Trust Funds based on actuarial estimates of the amounts needed to fund prior and current year claims and incidents that have occurred but have not been reported.

## **DISCUSSION:**

### **Financial Overview**

Attachment 1 provides an overview and analysis of all revenues and expenditures for the Self-Insurance Trust Funds. Historically, the two largest cash outlays in the Funds are claim payments and legal fees. Claim payments in FY 2022/23 for the Workers' Compensation Fund and the General Liability Fund were \$4,549,000 and \$3,139,000, respectively. The City received a total of 37 COVID-19 related Workers' Compensation claims for FY 2022/23; 34 of those claims are now closed and 3 remain open and are represented by legal counsel. The City paid \$139,940 in FY 2022/23 related to the COVID-19 Workers' Compensation claims.

Furthermore, General Liability claims are subdivided into two categories: Bodily Injury and Property Damage claims. Of the total general liability claims paid during FY 2022/23, \$2,926,000 or 91% were bodily injury claims and \$213,000 or 9% were property damage claims. Three bodily injury claims exceeded \$250,000. The largest bodily injury settlement issued in FY 2022/23 was \$1,336,307 for a motorcycle fatality claim. Property damage settlements ranged from \$44 to over \$20,000. The largest Property Damage claim settlement paid in FY 2022/23 was for \$20,647.

While claim payments are driven by many factors, legal fees are a byproduct of claims in process and initiated during the year. For FY 2022/23, legal fees for the Workers' Compensation and General Liability funds were approximately \$146,000 and \$1,016,000, respectively. Factors such as the number, type, and complexity of a lawsuit can yield to higher outside legal expense costs. The City continues to assess and prioritize all available in-house legal resources before exploring alternative defense and outside legal staff.

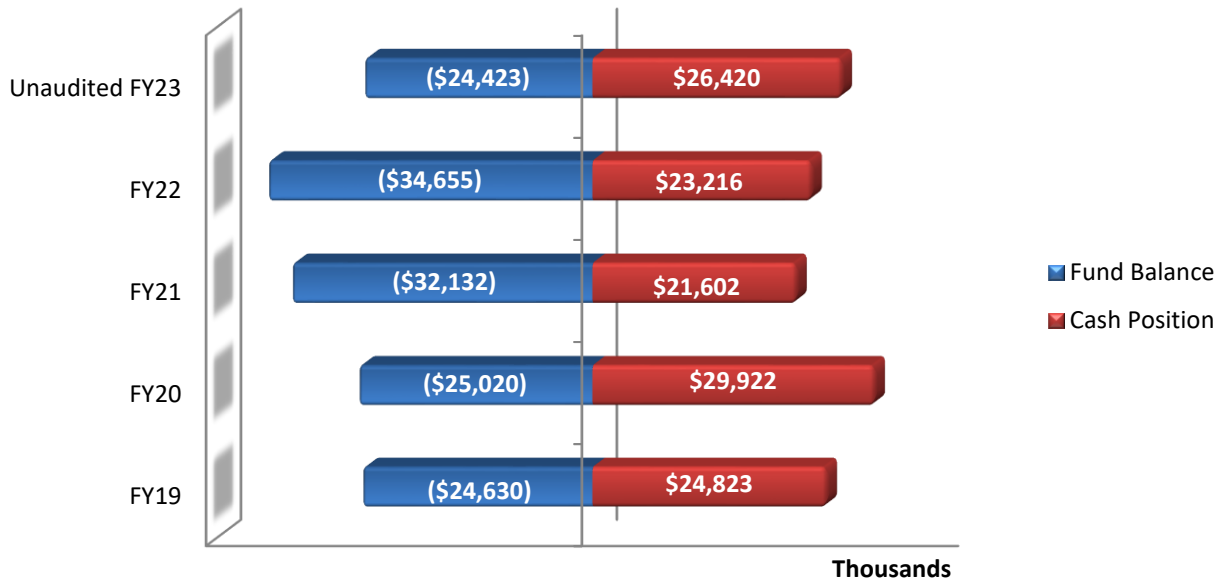
### **Cash Position and Fund Balance**

Total cash currently on hand between both funds is approximately \$26.4 million, an increase of \$3.2 million from the prior year. The increase is primarily a result of additional contributions from the departments (\$2.9 million) to achieve the required policy reserve in FY 2022/23.

The fund balance is negative and reflects the long-term nature of the claims. In other words, there is not enough cash on hand now to cover all potential claims and liability payouts expected in future years. However, from a cash flow perspective the trust fund can meet current obligation as these typically occur over multiple years. Currently, there is sufficient cash on hand to cover 53% of the long-term liabilities.

On November 28, 2017, City Council approved the Self-Insurance Trust Funds Reserve Policy establishing a 40% minimum funding level of the total combined current claims liability outstanding for the Self-Insurance Trust Funds effective June 30, 2018 increasing that minimum level to 50% effective June 30, 2020. In addition, if at any future point of measurement, the cash balance in any of these funds is more than 25 percentage points above the required minimum balance (e.g. above 75% after June 30, 2020), then staff must present a plan to the City Council as part of the subsequent budget process to reduce charges to the contributing City funds in a manner proportionate to the way that the funds were originally contributed. As of June 30, 2023, the unaudited cash on hand is projected to be approximately 53%.

## Cash Position and Fund Balance



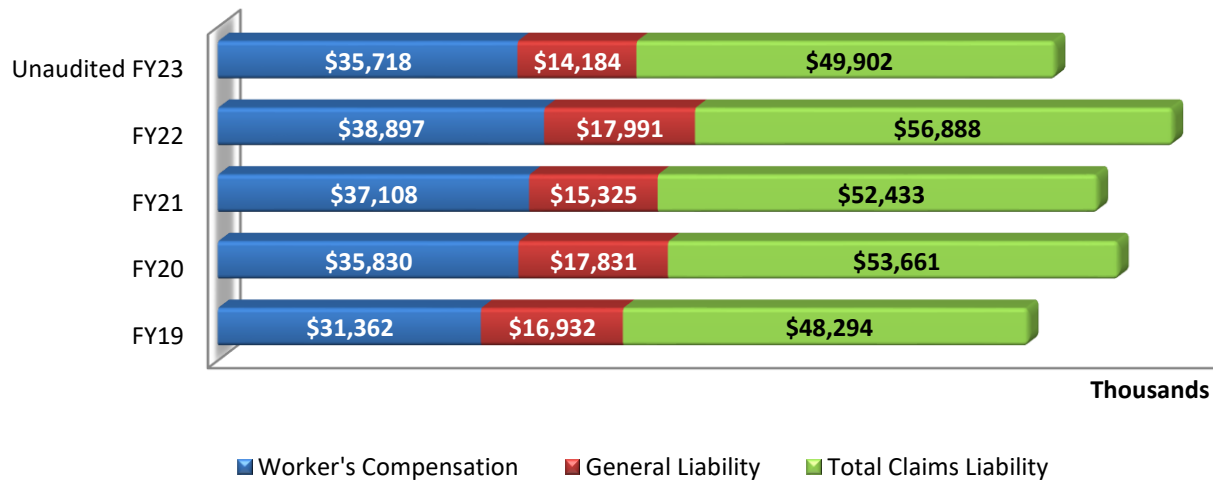
### Claims Liability

It is important to recognize that the claims liability amount recorded in each fund is an estimate of the amount for which that claim will ultimately be settled. These claims are often resolved for less than the total amount reflected in the claims liability figure, and that full amount of cash is not required to service the total claims liability. Additionally, in both funds, but particularly with Workers’ Compensation, the actual outlay of cash is many years away (as many as 30 or more) for much of the outstanding liability.

Being self-insured requires valuing the City’s claims liability for incurred claims losses and maintaining appropriate reserve funds to meet these future liabilities. In accordance with accounting standards, the City engages an actuarial consultant to perform a complex analysis of claims for both the Workers’ Compensation and General Liability funds, the result of which is the determination of the total claims liability for each fund at the end of each fiscal year. The recorded estimate for total claims liability is based on the result of this study and includes an estimate for claims incurred but not reported and for allocated loss adjustment expenses. The actuary’s estimated liability considers the effect of inflation, recent claim settlement trends, frequency and amount of payouts, and other economic and social factors.

The following is a historical look at the trend of claims and judgment liability for the General Liability and Workers’ Compensation funds.

## Claims and Judgment Liability By Fund



The trend for the total claims liability, as determined by the actuary, has been increasing for several years; however, there was a decrease in claims and judgment liability for Worker’s Compensation and General Liability in FY 2022/23 due to an increase in the reserve discounted factor based on a discounted rate of 2.89% versus the prior year discounted rate of 1.00% primarily from the increased interest rates for new investments in FY 2022/23. In addition, the decrease in Worker’s Compensation claims and judgment liability in FY 2022/23 was due to a correction in the loss run which previously excluded insurance reimbursements and payroll disbursements.

### **STRATEGIC PLAN ALIGNMENT:**

This item contributes to **Strategic Priority No. 5 High Performing Government 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 Annual Financial Overview of the City’s Self-Insurance Trust Funds enhances transparency by sharing important information about the funds’ financial position.
2. **Equity** – The Annual Financial Overview of the City’s Self-Insurance Trust Funds Report is available to all members of the public and provides information that can help guide financial decision-making regarding the equitable distribution and fiscal sustainability of internal City services.
3. **Fiscal Responsibility** – The Annual Financial Overview of the City’s Self-Insurance Trust Funds Report demonstrates fiscal responsibility through the monitoring of the Self-Insurance Funds’ financial position.

4. **Innovation** – The Annual Financial Overview of the City’s Self-Insurance Trust Funds Report utilizes the most currently available data to help guide decision-making for the delivery of financially sustainable internal City services.
5. **Sustainability & Resiliency** – The Annual Financial Overview of the City’s Self-Insurance Trust Funds assists in maintaining short-term and long-term financial health by ensuring the Self-Insurance Trust Funds have sufficient reserves to mitigate risk and provide resiliency and contingencies.

**FISCAL IMPACT:**

There is no direct fiscal impact associated with this report. The combined reserve balance for the Self-Insurance Trust Funds effective June 30, 2023, is 53%, complying with the Self-Insurance Trust Funds Reserve Policy which mandates a funding level between 50% and 75%.

Prepared by:	Nancy Garcia, Controller
Approved by:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Edward Enriquez, Assistant City Manager/Chief Financial Officer/City Treasurer
Approved as to form:	Phaedra A. Norton, City Attorney

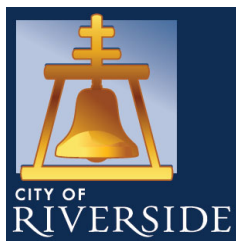
Attachment:

1. Self-Insurance Trust Fund Analysis
2. Presentation

## Attachment 1

### Self Insurance Trust Funds Analysis (Excludes Parada Settlement Fund - Established FY22)

Fund Activity (Thousands)	Audited Data				Unaudited	Projected
	FY19	FY20	FY21	FY22	FY23	FY24
<b>Beginning Fund Balance</b>	\$ (30,850)	\$ (24,630)	\$ (25,020)	\$ (32,132)	\$ (34,654)	\$ (24,423)
Charges for Services-WC	8,854	7,610	5,029	9,235	9,697	10,036
Charges for Services-GL	10,305	9,063	8,235	8,793	11,154	13,385
Interest Income-WC	482	623	(13)	(525)	245	-
Interest Income-GL	113	287	(39)	(476)	570	130
Other Income-WC	(10)	9	2	3	102	-
Other Income-GL	12	1	416	130	43	-
General Fund Contribution-GL	-	-	-	2,500	-	-
Measure Z Fund Contribution-GL	2,500	-	-	-	-	-
<b>Total Revenue</b>	<b>22,257</b>	<b>17,592</b>	<b>13,629</b>	<b>19,660</b>	<b>21,810</b>	<b>23,551</b>
Direct Personnel-WC	606	695	370	365	543	595
Direct Personnel-GL	357	527	737	366	510	568
Prof.Serv & Other Non-Personnel-WC	114	115	112	102	101	155
Prof.Serv & Other Non-Personnel-GL	252	261	311	253	1,052	331
Indirect Charges-WC	540	589	1,242	1,092	1,076	1,116
Indirect Charges-GL	2,200	2,395	3,429	3,751	3,824	3,932
Claims & Judgments-WC	4,231	3,655	3,713	4,825	4,549	4,788
Claims & Judgments-GL	2,389	1,141	7,557	2,796	3,139	2,400
Legal Fees-WC	285	203	201	109	146	442
Legal Fees-GL	1,280	1,782	2,783	2,154	1,016	2,575
Premiums-WC	484	470	563	552	624	685
Premiums-GL	551	568	708	1,106	1,480	1,500
Actuarial Adjustment-WC	2,214	4,468	1,278	1,789	(3,807)	1,500
Actuarial Adjustment-GL	17	899	(2,506)	2,666	(3,179)	0
Misc. Expense-WC	348	214	241	253	502	366
Misc. Expense-GL	-	-	2	3	2	7
Prior Period Adjustment-WC	168	-	-	-	-	-
<b>Total Expense</b>	<b>16,036</b>	<b>17,982</b>	<b>20,741</b>	<b>22,183</b>	<b>11,578</b>	<b>20,960</b>
<b>Ending Fund Balance</b>	<b>\$ (24,630)</b>	<b>\$ (25,020)</b>	<b>\$ (32,132)</b>	<b>\$ (34,654)</b>	<b>\$ (24,423)</b>	<b>\$ (21,831)</b>
<b>Cash Position</b>	<b>\$24,823</b>	<b>\$29,922</b>	<b>\$21,602</b>	<b>\$23,216</b>	<b>\$26,420</b>	<b>\$30,512</b>
Estimated Claims & Judgments	\$48,294	\$53,661	\$52,433	\$56,888	\$49,902	\$51,402
<b>Cash Balance as a % of Total Liability</b>	<b>51%</b>	<b>56%</b>	<b>41%</b>	<b>41%</b>	<b>53%</b>	<b>59%</b>



# FINANCIAL OVERVIEW OF THE CITY'S SELF-INSURANCE TRUST FUNDS

Finance Department

City Council  
December 19, 2023

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## OVERVIEW

- 1. Worker's Compensation Fund** – Administered by Human Resources
- 2. General Liability Fund** – Risk Management Division of the Finance Department has responsibility for the oversight of the program, and the City Attorney's Office is responsible for administering all third-party claims submitted to the City.



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## INSURANCE COVERAGE AND EXPOSURE

1. General Liability – Policy Aggregate Limit of \$25,000,000
  - a) Self-Insured at \$3,000,000 per occurrence
2. Worker's Compensation – Policy Limit Aggregate of \$25,000,000
  - a) Self-Insured at \$3,000,000 per occurrence
3. Two tort liability claims settled in the last ten years exceeded the City's \$3M self-insured retention



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## FINANCIAL OVERVIEW

1. Large Cash Outlays
  - a) Claim Payments
  - b) Legal Fees
2. Worker's Compensation
  - a) Claim Payments 5-year average \$4,200,000
  - b) Legal Fees 5-year average \$189,000
3. General Liability
  - a) Claim Payments 5-year average \$3,400,000
  - b) Legal Fees 5-year average \$1,800,000



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## FINANCIAL OVERVIEW - REVENUE

Self Insurance Trust Funds Analysis (Excludes Parada Settlement Fund - Established FY22)

Fund Activity (Thousands)	Audited Data				Unaudited	Projected
	FY19	FY20	FY21	FY22	FY23	FY24
<b>Beginning Fund Balance</b>	<b>\$ (30,850)</b>	<b>\$ (24,630)</b>	<b>\$ (25,020)</b>	<b>\$ (32,132)</b>	<b>\$ (34,654)</b>	<b>\$ (24,423)</b>
Charges for Services-WC	8,854	7,610	5,029	9,235	9,697	10,036
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Other Income-GL	12	1	416	130	43	-
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<b>Total Revenue</b>	<b>22,257</b>	<b>17,592</b>	<b>13,629</b>	<b>19,660</b>	<b>21,810</b>	<b>23,551</b>



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## FINANCIAL OVERVIEW - EXPENDITURES

Self Insurance Trust Funds Analysis (Excludes Parada Settlement Fund - Established FY22)

Fund Activity (Thousands)	Audited Data				Unaudited	Projected
	FY19	FY20	FY21	FY22	FY23	FY24
Direct Personnel-WC	606	695	370	365	543	595
Direct Personnel-GL	357	527	737	366	510	568
Prof.Serv & Other Non-Personnel-WC	114	115	112	102	101	155
Prof.Serv & Other Non-Personnel-GL	252	261	311	253	1,052	331
Indirect Charges-WC	540	589	1,242	1,092	1,076	1,116
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Misc. Expense-WC	348	214	241	253	502	366
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Prior Period Adjustment-WC	168	-	-	-	-	-
<b>Total Expense</b>	<b>16,036</b>	<b>17,982</b>	<b>20,741</b>	<b>22,183</b>	<b>11,578</b>	<b>20,960</b>



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## FINANCIAL OVERVIEW - FUND BALANCE

Self Insurance Trust Funds Analysis (Excludes Parada Settlement Fund - Established FY22)

Fund Activity (Thousands)	Audited Data				Unaudited	Projected
	FY19	FY20	FY21	FY22	FY23	FY24
Cash Position	\$24,823	\$29,922	\$21,602	\$23,216	\$26,420	\$30,512
Estimated Claims & Judgments	\$48,294	\$53,661	\$52,433	\$56,888	\$49,902	\$51,402
Cash Balance as a % of Total Liability	51%	56%	41%	41%	53%	59%



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## CASH POSITION AND FUND BALANCE

1. Combined cash on hand is approximately \$26.4 million
2. Fund Balance at a deficit
  - a) Reflects long-term nature of many claims
  - b) Sufficient cash on hand to cover 53% of long-term liabilities. Projected to increase to 59% in fiscal year 2023-24.
  - c) Actuarial Adjustments have significant impact on fund balance.

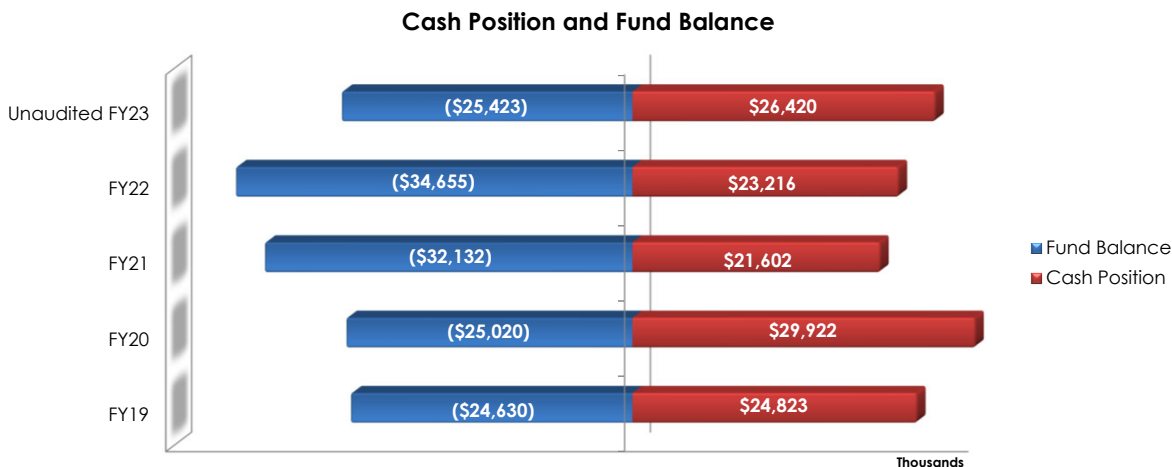


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## CASH POSITION AND FUND BALANCE (CONT.)



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## CLAIMS AND JUDGMENT LIABILITY BY FUND

1. Claims liabilities are estimates of long-term liabilities:
  - a) Basis for determining appropriate level of reserves;
  - b) Actuarial valuation based on historical data;
  - c) Claims often resolved for less than potential liability; and
  - d) Cash on hand not required to service total liability today.

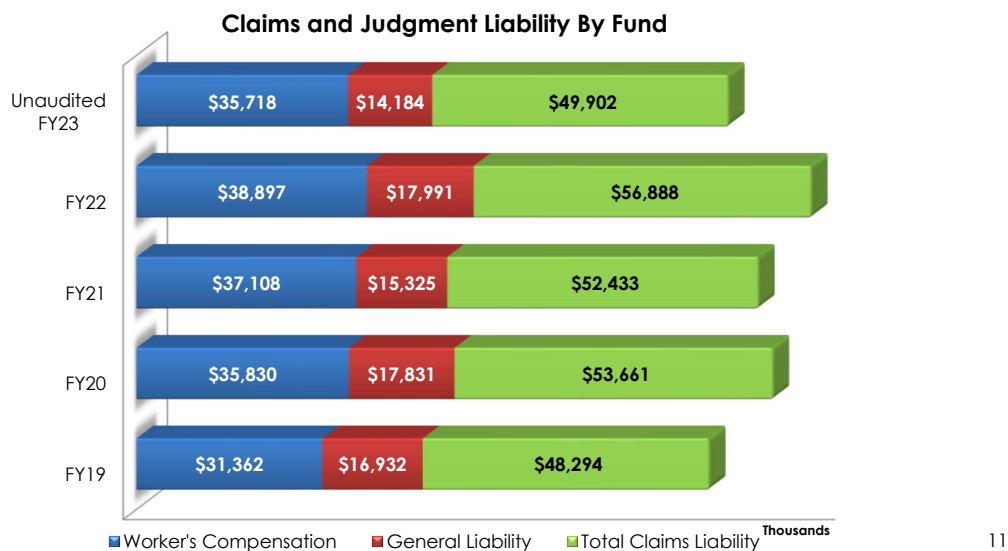


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## CLAIMS AND JUDGMENT LIABILITY BY FUND (CONT.)



## STRATEGIC PLAN ALIGNMENT

### Strategic Priority No. 5 – High Performing Government

Goal No. 5.3 - Enhance communication and collaboration with community members to improve transparency, build public trust and encourage shared decision making.

#### Cross-Cutting Threads



Community Trust



Equity



Innovation



Fiscal Responsibility



Sustainability and Resiliency



## RECOMMENDATION

That the City Council approve the financial overview of the City's Self-Insurance Trust Funds for Fiscal Year 2022-23.





City of Arts & Innovation

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL**                      **DATE: DECEMBER 19, 2023**  
**FROM: FINANCE DEPARTMENT**                                      **WARDS: ALL**  
**SUBJECT: ANNUAL LOCAL AGENCY SPECIAL TAX AND BOND ACCOUNTABILITY**  
**REPORT FOR FISCAL YEAR 2022-2023**

**ISSUE:**

Receive the Annual Local Agency Special Tax and Bond Accountability Report for Fiscal Year 2022-2023 to fulfill the annual reporting requirements of Senate Bill 165.

**RECOMMENDATION:**

That the City Council receive the Annual Local Agency Special Tax and Bond Accountability Report for Fiscal Year 2022-2023 to fulfill the annual reporting requirements of Senate Bill 165.

**BACKGROUND:**

The Local Agency Special Tax and Bond Accountability Act (the “Act”) was enacted through the adoption of California Senate Bill 165. Government Code 50075.1 and 53410 within the Act requires local agencies that have enacted special tax measures and/or local bond measures subject to voter approval to prepare and post an annual report. The report must outline the use of Special Tax revenue for Special Districts and the use of proceeds from local bond measures subject to voter approval.

The current service provider pertaining to the Special Districts is Webb Municipal Finance, LLC. The management of the Special Districts include:

- Preparation of the annual Engineer’s Report, LMDs and SLAD
- Preparation of Special Tax and Assessment apportionments for SLAD, Library Services Parcel Tax, CSA, CFDs, LMDs, and Ads
- Recording and submitting levy data, maps and reports to the County Assessor’s Office
- Coordination with City staff in gathering data and preparing legislative<sup>1</sup> and SEC mandated reporting
- Preparation of tax tables, rate and method of apportionments, boundary maps and sizing analysis for new district formations

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<sup>1</sup> One of the legislative reports, per Senate Bill 165, is the *Annual Local Agency Special Tax and Bond Accountability Report*,

- Liaison between City, developers, property owners, and the County Recorder’s Office

On April 26, 2022, the City Council approved a second amendment to the Professional Consultant Services Agreement with Webb Municipal Finance LLC, extending the terms of the Agreement until March 31, 2024.

The table below illustrates the original amount approved by City Council on April 26, 2022, for costs associated with managing the Special Districts, as well as the actual anticipated fees for Fiscal Year 2023-2024. Most of these fees are passed on to the property owners within the Special Districts each year and are incorporated into the budgets during the annual levy process. Approximately \$12,000 is paid from the General Fund through the professional services budget in Debt and Treasury.

FY 2023-2024	Number of Special Districts	Cost
Approved by Council	20	\$142,748 <sup>2</sup>
Actual	18	\$128,783

**DISCUSSION:**

Per Senate Bill 165, the report must include a) the amounts of funds collected and expended through special tax measurers; b) the status of any project required or authorized to be funded through special tax measures; c) the amount of funds collected and expended through voter approved bond issuances; and d) the status of any project required or authorized to be funded through voter approved bond issuances. The attached report fulfils the annual reporting requirements of the Act, which is applicable to each of the City’s Community Facility Districts as well as the Election of 2003 Fire Facilities General Obligation Bonds.

As required by Senate Bill 165, this annual report includes the taxes received in Fiscal Year 2022-2023 as well as the applicable bond principal, interest, and administrative expenses paid during this time period. The report also includes the total amount of bond proceeds expended as of June 30, 2023 and the status of each project.

**STRATEGIC PLAN ALIGNMENT:**

This item contributes to Strategic Priority No. 5 High Performing Government Goal No. 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 this annual report complies with Senate Bill 165, Local Agency Special Tax and Bond Accountability Act. This report provides transparency for community members to whom the special taxes are administered.
2. **Equity** – The Community Facilities Districts and GO Bonds detailed in this report share the

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<sup>2</sup> Calculation assumes tax levies on all districts. Currently there are two districts that are not levied. One district does not have an existing bond issuance, and the Library Parcel Tax Ballot Measure expired in FY 2021-2022 with no current plans of reintroducing a new ballot.



cost of infrastructure and maintenance services among each property owner within that district. The bonds associated with the funding in each district is spread long-term across the generations of property owners that benefit from it.

3. **Fiscal Responsibility** – Special Taxes are collected annually to pay the costs associated with bonds that were issued within each district. These amounts are administered to property owners within each district, ensuring the cost of the service is borne by those that benefit directly from it.
4. **Innovation** – Utilizing Community Facilities Districts is an innovative way to plan and direct revenue to directly support each new development.
5. **Sustainability & Resiliency** – The formation of a Community Facilities District provides a transparent and equitable way to manage, administer, and report on specific infrastructure related to development within the City. The Annual Special Tax and Bond Accountability Report provides transparent reporting to members in the community who are part of the districts that were formed.

**FISCAL IMPACT:**

There is no fiscal impact associated with the review and approval of this report.

Prepared by: Meline Carranza, Debt & Treasury Manager  
Approved by: Kristie Thomas, Assistant Chief Financial Officer/Finance Director  
Certified as to  
availability of funds: Kristie Thomas, Assistant Chief Financial Officer/Finance Director  
Approved by: Edward Enriquez, Assistant City Manager/Chief Financial Officer/Treasurer  
Approved as to form: Phaedra Norton, City Attorney

Attachments: Special Tax and Bond Accountability Report for Fiscal Year 2022-2023



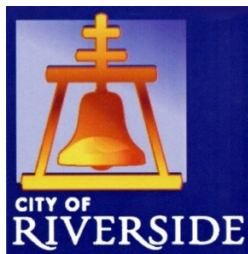
# Annual Special Tax and Bond Accountability Report (SB 165)

As of June 30, 2023

## City of Riverside

Community Facilities Districts and  
General Obligation Bonds

Prepared For



November 2023



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### Sections

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Section 2.	Community Facilities District No. 92-1 _____	2
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Section 4.	Community Facilities District No. 2006-1 IA 1 _____	4
Section 5.	Community Facilities District No. 2006-1 IA 2 _____	5
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Section 9.	Community Facilities District No. 2015-2 (Services) _____	9
Section 10.	City of Riverside Election of 2003 General Obligation Bonds, Series 2004 _____	10

### Tables

Table 2-1.	Improvement Fund Balance for CFD 92-1 _____	2
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The information herein for the City of Riverside was prepared by Webb Municipal Finance, LLC and the City of Riverside, as Administrators. Except as otherwise noted all information is current as of June 30, 2023.

## 1. Senate Bill 165

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### Senate Bill 165

Senate Bill 165 shall be cited as the Local Agency Special Tax and Bond Accountability Act (the “Act”). This Act requires that any local special tax/local bond measure subject to voter approval contain a statement indicating the specific purposes of the special tax, require that the proceeds of the special tax be applied to those purposes, require the creation of an account into which the proceeds shall be deposited, and require an annual report containing specified information concerning the use of the proceeds. The Act only applies to bonds issued on or after January 1, 2001 in accordance with Sections 50075.1 and 53410 of the California Government Code.

Some of the requirements of the Act are handled at the formation (bond issuance) of the Special Tax District and others are handled through annual reports. This section of the report intends to comply with Sections 50075.3 and 53411 of the California Government Code that states:

The chief fiscal officer of the issuing local agency shall file a report with its governing body no later than January 1 after the bonds have been issued and at least once a year thereafter. The Annual report shall contain all of the following:

- (a) The amount of funds collected and expended.
- (b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 50075.1 and Section 53410.

## 2. Community Facilities District No. 92-1

### Community Facilities District No. 92-1 (Sycamore Canyon Business Park)

(a) The amount of funds collected and expended for Community Facilities District No. 92-1 are as follows.

#### Fiscal Year 2022-23 Revenues

Special Taxes Levied <sup>(1)</sup>	\$672,597.38
Less: Delinquency as of 06/30/2023	\$0.00
<b>Total Special Taxes Received</b>	<b>\$672,597.38</b>

#### Fiscal Year 2022-23 Expenditures

Bond Interest - 09/01/2022	\$157,479.38
Bond Interest - 03/01/2023	\$149,023.13
Bond Principal - 09/01/2022	\$330,000.00
Administration	\$24,551.67
<b>Total Expenditures</b>	<b>\$661,054.18</b>

<sup>(1)</sup> Amount enrolled for the Fiscal Year 2022-23 to pay for Principal, Interest, and Administrative Expenses.

(b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 50075.1 and Section 53410 for Community Facilities District No. 92-1 is as follows.

The Community Facilities District No. 92-1 (Special Tax Bonds, 2005 Series A) formed in the City of Riverside was established to finance various public improvements needed to develop property located within CFD No. 92-1, including waterlines in Sycamore Canyon Blvd., Eastridge Ave., and Cottonwood Ave., street and storm drain improvements in Sycamore Canyon Blvd., Eastridge Ave., and Cottonwood Ave., construction of water quality marshes, acquisition of parkland to mitigate impact on endangered species, and incidentals including environmental, engineering, administration, and contingencies.

The following table shows the initial amount deposited to the Improvement Fund, the amount expended, the District's June 30, 2023 Improvement Fund balance, and the project status:

Table 2-1

Improvement Fund Balance for CFD 92-1 as of June 30, 2023

District Name	Initial Amount Deposited to Improvement Fund	Amount Expended	June 30, 2023 Balance	Project Status
CFD 92-1	\$7,489,248.01	\$7,489,248.01	\$0.00	Complete

### 3. Community Facilities District No. 2004-1

#### Community Facilities District No. 2004-1 (Galleria at Tyler)

(a) The amount of funds collected and expended for Community Facilities District No. 2004-1 are as follows.

#### Fiscal Year 2022-23 Revenues

Special Taxes Levied <sup>(1)</sup>	\$1,237,762.46
Less: Delinquency as of 06/30/2023	\$0.00
<b>Total Special Taxes Received</b>	<b>\$1,237,762.46</b>

#### Fiscal Year 2022-23 Expenditures

Bond Interest - 09/01/2022	\$125.00
Bond Interest - 11/01/2022	\$249,487.25
Bond Interest - 03/01/2023	\$125.00
Bond Interest - 05/01/2023	\$238,756.25
Bond Principal - 09/01/2022	\$0.00
Bond Principal - 11/01/2022	\$735,000.00
Administration	\$0.00
<b>Total Expenditures</b>	<b>\$1,223,493.50</b>

<sup>(1)</sup> Amount enrolled for the Fiscal Year 2022-23 to pay for Principal and Interest Expenses.

(b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 50075.1 and Section 53410 for Community Facilities District No. 2004-1 is as follows.

The Community Facilities District No. 2004-1 (2006 Lease Revenue Certificates of Participation) formed in the City of Riverside was established to finance the costs of parking deck additions to create 645 new automobile parking spaces, escalators and elevators associated with the parking deck additions, hardscape, including without limitation, curb, gutter, sidewalks, driveways, and fountains, landscape and landscape irrigation systems, exterior lighting and exterior lighting-related electrical systems, directional and other signage related to public parking, public storm drain system, demolition of public and private facilities necessary to construct the public improvements, including the parking facility within the proposed community facilities district, and the costs of planning and designing the facilities.

The following table shows the initial amount deposited to the Improvement Fund, the amount expended, the District's June 30, 2023 Improvement Fund balance and the project status:

Table 3-1  
Improvement Fund Balance for CFD 2004-1 as of June 30, 2023

District Name	Initial Amount Deposited to Improvement Fund	Amount Expended	June 30, 2023 Balance	Project Status
CFD 2004-1	\$16,987,189.94	\$16,987,189.94	\$0.00	Complete

#### 4. Community Facilities District No. 2006-1 IA 1

##### Community Facilities District No. 2006-1 Improvement Area 1 (Riverwalk Vista)

(a) The amount of funds collected and expended for Community Facilities District No. 2006-1 IA1 are as follows.

##### Fiscal Year 2022-23 Revenues

Special Taxes Levied <sup>(1)</sup>	\$320,041.02
Less: Delinquency as of 06/30/2023	\$6,091.10
<b>Total Special Taxes Received</b>	<b>\$313,949.92</b>

##### Fiscal Year 2022-23 Expenditures

Bond Interest - 09/01/2022	\$94,546.88
Bond Interest - 03/01/2023	\$92,546.88
Bond Principal - 09/01/2022	\$100,000.00
Administration	\$29,948.83
<b>Total Expenditures</b>	<b>\$317,042.59</b>

<sup>(1)</sup> Amount enrolled for the Fiscal Year 2022-23 to pay for Principal, Interest, and Administrative Expenses.

(b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 50075.1 and Section 53410 for Community Facilities District No. 2006-1 IA1 is as follows.

The Community Facilities District No. 2006-1 IA1 (2013 Special Tax Bonds) formed in the City of Riverside was established to finance various public improvements needed to develop property located within CFD No. 2006-1 IA 1; streets and traffic signal facilities and appurtenances thereto, local city facilities including water distribution, street improvements, storm water drainage facilities, water system facilities, including capacity in existing facilities, sewer system facilities, including capacity in existing facilities and sewage treatment capacity, parks and park and recreation facilities, transportation facilities and electric transmission and distribution facilities, rights-of-way and easements necessary for any of such facilities and School District facilities including elementary school, middle school and high school facilities. The types of facilities to be purchased as completed facilities are street improvements including paving, curbs and gutters, sidewalks, perimeter wall, traffic signal facilities, signage, street lights, storm water drainage facilities, water system facilities and sewer system facilities.

The following table shows the initial amount deposited to the Improvement Fund, the amount expended, the District's June 30, 2023 Improvement Fund balance and the project status:

Table 4-1  
Improvement Fund Balance for CFD 2006-1 IA 1 as of June 30, 2023

District Name	Initial Amount Deposited to Improvement Fund	Amount Expended	June 30, 2023 Balance	Project Status
CFD 2006-1 IA 1	\$4,039,750.35	\$4,039,750.35	\$0.00	Complete



## 5. Community Facilities District No. 2006-1 IA 2

### Community Facilities District No. 2006-1 Improvement Area 2 (Riverwalk Vista)

(a) The amount of funds collected and expended for Community Facilities District No. 2006-1 IA2 are as follows.

#### Fiscal Year 2022-23 Revenues

Special Taxes Levied <sup>(1)</sup>	\$391,801.96
Less: Delinquency as of 06/30/2023	\$2,552.82
<b>Total Special Taxes Received</b>	<b>\$389,249.14</b>

#### Fiscal Year 2022-23 Expenditures

Bond Interest - 09/01/2022	\$108,381.26
Bond Interest - 03/01/2023	\$105,968.76
Bond Principal - 09/01/2022	\$155,000.00
Administration	\$19,866.55
<b>Total Expenditures</b>	<b>\$389,216.57</b>

<sup>(1)</sup> Amount enrolled for the Fiscal Year 2022-23 to pay for Principal, Interest, and Administrative Expenses.

(b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 50075.1 and Section 53410 for Community Facilities District No. 2006-1 IA2 is as follows.

The Community Facilities District No. 2006-1 IA 2 (Special Tax Bonds, Series 2016A, and Taxable Special Tax Bonds, Series 2016B) formed in the City of Riverside was established to finance street and road facilities, including street lights and traffic signals, storm water drainage facilities, water system facilities, including capacity in existing facilities, sewer system facilities including capacity in existing facilities and sewage treatment capacity, parks and park and recreation facilities, transportation facilities, and electric transmission and distribution facilities, as well as incidental expenses related to the planning, design and completion of such facilities. The School District Facilities authorized to be financed from the Bond proceeds include the design, construction and acquisition of certain public school facilities of the School District for elementary school, middle school and high school facilities, to be owned and operated by the School District.

The following table shows the initial amount deposited to the Improvement Fund, the amount expended, the District's June 30, 2023 Improvement Fund balance and the project status:

Table 5-1  
Improvement Fund Balance for CFD 2006-1 IA 2 as of June 30, 2023

District Name	Initial Amount Deposited to Improvement Fund	Amount Expended	June 30, 2023 Balance	Project Status
CFD 2006-1 IA 2	\$6,224,919.00	\$5,894,544.19	\$330,374.81	In Progress

## 6. Community Facilities District No. 2014-2

### Community Facilities District No. 2014-2 (The Highlands)

(a) The amount of funds collected and expended for Community Facilities District No. 2014-2 are as follows.

#### Fiscal Year 2022-23 Revenues

Special Taxes Levied <sup>(1)</sup>	\$162,762.00
Less: Delinquency as of 06/30/2023	\$5,307.54
<b>Total Special Taxes Received</b>	<b>\$157,454.46</b>

#### Fiscal Year 2022-23 Expenditures

Bond Interest - 09/01/2022	\$40,762.50
Bond Interest - 03/01/2023	\$39,850.00
Bond Principal - 09/01/2022	\$60,000.00
Administration	\$23,063.15
<b>Total Expenditures</b>	<b>\$163,675.65</b>

<sup>(1)</sup> Amount enrolled for the Fiscal Year 2022-23 to pay for Principal, Interest, and Administrative Expenses.

(b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 50075.1 and Section 53410 for Community Facilities District No. 2014-2 is as follows.

The Community Facilities District No. 2014-2 (Special Tax Bonds, Series 2016A, and Taxable Special Tax Bonds, Series 2016B) formed in the City of Riverside was established to finance street and road facilities, including street lights and traffic signals, storm water drainage facilities, water system facilities, including capacity in existing facilities, sewer system facilities including capacity in existing facilities and sewage treatment capacity, parks and park and recreation facilities, transportation facilities, and electric transmission and distribution facilities, as well as incidental expenses related to the planning, design and completion of such facilities. The School District Facilities authorized to be financed from the Bond proceeds include the design, construction and acquisition of certain public school facilities of the School District for elementary school, middle school and high school facilities, to be owned and operated by the School District.

The following table shows the initial amount deposited to the Improvement Fund, the amount expended, the District's June 30, 2023 Improvement Fund balance and the project status:

Table 6-1  
Improvement Fund Balance for CFD 2014-2 as of June 30, 2023

District Name	Initial Amount Deposited to Improvement Fund	Amount Expended	June 30, 2023 Balance	Project Status
CFD 2014-2	\$2,184,515.00	\$2,056,366.76	\$128,148.24	In Progress

## 7. Community Facilities District No. 2015-1

### Community Facilities District No. 2015-1 (Orangecrest Grove)

(a) The amount of funds collected and expended for Community Facilities District No. 2015-1 are as follows.

#### Fiscal Year 2022-23 Revenues

Special Taxes Levied <sup>(1)</sup>	\$172,179.40
Less: Delinquency as of 06/30/2023	\$1,012.82
<b>Total Special Taxes Received</b>	<b>\$171,166.58</b>

#### Fiscal Year 2022-23 Expenditures

Bond Interest - 09/01/2022	\$46,940.00
Bond Interest - 03/01/2023	\$46,090.00
Bond Principal - 09/01/2022	\$50,000.00
Administration	\$30,000.00
<b>Total Expenditures</b>	<b>\$173,030.00</b>

<sup>(1)</sup> Amount enrolled for the Fiscal Year 2022-23 to pay for Principal, Interest, Administration, and Reserve.

(b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 50075.1 and Section 53410 for Community Facilities District No. 2015-1 is as follows.

The Community Facilities District No. 2015-1 (Special Tax Bonds, Series 2020A, and Taxable Special Tax Bonds, Series 2020B) formed in the City of Riverside was established to finance certain public improvements, including the acquisition of street and road facilities, storm water drainage facilities, parks and park recreation facilities, transportation facilities, and electric transmission and distribution facilities in the City, as well as incidental expenses related to the planning, design and completion of such facilities. The School District Facilities authorized to be financed from the Bonds proceeds include the design, construction, and acquisition of certain public school facilities of the School District for elementary school, middle school and high school facilities, to be owned and operated by the School District.

The following table shows the initial amount deposited to the Improvement Fund, the amount expended, the District's June 30, 2023, Improvement Fund balance and the project status:

Table 7-1

Improvement Fund Balance for CFD 2015-1 as of June 30, 2023

District Name	Initial Amount Deposited to Improvement Fund	Amount Expended	June 30, 2023 Balance	Project Status
CFD 2015-1	\$2,416,305.33	\$1,844,277.32	\$572,028.01	In Progress

## 8. Community Facilities District No. 2015-2 (Facilities)

### Community Facilities District No. 2015-2 (Pomelo Facilities)

(a) The amount of funds collected and expended for Community Facilities District No. 2015-2 are as follows.

#### Fiscal Year 2022-23 Revenues

Special Taxes Levied <sup>(1)</sup>	\$324,674.04
Less: Delinquency as of 06/30/2023	\$2,921.40
<b>Total Special Taxes Received</b>	<b>\$321,752.64</b>

#### Fiscal Year 2022-23 Expenditures

Bond Interest - 09/01/2022	\$55,654.17
Bond Interest - 03/01/2023	\$105,450.00
Bond Principal - 09/01/2022	\$0.00
Administration	\$28,622.11
<b>Total Expenditures</b>	<b>\$189,726.28</b>

<sup>(1)</sup> Amount enrolled for the Fiscal Year 2022-23 to pay for Principal, Interest, Administration, and Reserve.

(b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 50075.1 and Section 53410 for Community Facilities District No. 2015-2 is as follows.

The Community Facilities District No. 2015-2 (Special Tax Bonds, Series 2022A) formed in the City of Riverside was established to finance certain public improvements needed with respect to the development of property located within the District, including the acquisition of street and road facilities, water and sewer improvements, and landscaping and lighting, as well as incidental expenses related to the planning, design and completion of such facilities.

The following table shows the initial amount deposited to the Improvement Fund, the amount expended, the District's June 30, 2023 Improvement Fund balance and the project status:

Table 8-1  
Improvement Fund Balance for CFD 2015-2 as of June 30, 2023

District Name	Initial Amount Deposited to Improvement Fund	Amount Expended	June 30, 2023 Balance	Project Status
CFD 2015-2	\$4,125,756.81	\$4,125,756.81	\$0.00	Complete

## 9. Community Facilities District No. 2015-2 (Services)

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### Community Facilities District No. 2015-2 (Pomelo Services)

(a) The amount of funds collected and expended for Community Facilities District No. 2015-2 (Services) are as follows.

#### Fiscal Year 2022-23 Revenues

Special Taxes Levied <sup>(1)</sup>	\$37,078.56
Less: Delinquency as of 06/30/2023	\$343.32
<b>Total Special Taxes Received</b>	<b>\$36,735.24</b>

#### Fiscal Year 2022-23 Expenditures

Services	\$31,391.28
Reserve	\$3,139.12
Administration	\$2,548.16
<b>Total Expenditures</b>	<b>\$37,078.56</b>

<sup>(1)</sup> Amount enrolled for the Fiscal Year 2022-23 to pay for Services and Administration.

(b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 50075.1 and Section 53410 for Community Facilities District No. 2015-2 (Services) is as follows.

The Services component of the Community Facilities District No. 2015-2 (Special Tax Bonds, Series 2022A) was established to finance certain services such as the maintenance of landscaping in public areas, easements or rights of way, open space, and streets, the operation of storm drainage systems, the removal of graffiti from public improvements, and administration expenses.

## 10. City of Riverside Election of 2003 General Obligation Bonds, Series 2004

### City of Riverside Election of 2003 General Obligation Bonds, Series 2004 <sup>(i)</sup>

(a) The amount of funds collected and expended for the City of Riverside Election of 2003 General Obligation Bonds, Series 2004 are as follows.

#### Fiscal Year 2022-23 Revenues

Property Taxes Levied for GO Bonds <sup>(1)</sup>	\$1,525,900.00
<b>Total Special Taxes Received</b>	<b>\$1,924,775.70</b>

#### Fiscal Year 2022-23 Expenditures

Bond Interest - 08/01/2022	\$135,850.00
Bond Interest - 02/01/2023	\$92,950.00
Bond Principal - 08/01/2022	\$1,560,000.00
Credit for Excess Funds	(\$300,000.00)
<b>Total Expenditures</b>	<b>\$1,488,800.00</b>

<sup>(1)</sup> Estimated amount enrolled for the Fiscal Year 2022-23 to pay for Principal and Interest; actual enrollment may vary, due to revisions in parcels' Assessed Values.

(b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 50075.1 and Section 53410 for the City of Riverside Election of 2003 General Obligation Bonds, Series 2004 is as follows.

The City of Riverside Series 2004 General Obligation Bonds were issued by the City of Riverside in 2004 and authorized at an election of the registered voters in November 2003 to finance the costs of replacing outdated and substandard fire stations to improve emergency services and response times, upgrade training facilities, and construct an emergency operations center to manage major disasters.

The following table shows the initial amount deposited to the Improvement Fund, the amount expended, the June 30, 2023 Improvement Fund balance and the project status:

Table 9-1

Improvement Fund Balance for the City of Riverside Election of 2003 General Obligation Bonds, Series 2004 as of June 30, 2023

Issuance	Initial Amount Deposited to Improvement Fund	Amount Expended	June 30, 2023 Balance	Project Status
2004 GO Bonds	\$19,887,884.00	\$19,887,884.00	\$0.00	Complete

<sup>(i)</sup> Information pertaining to the 2003 General Obligation Bonds, Series 2004 was provided by the City of Riverside.



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