



# City Council Memorandum

City of Arts & Innovation

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**TO: HONORABLE MAYOR AND CITY COUNCIL                      DATE: JANUARY 19, 2021**

**FROM: FINANCE DEPARTMENT    WARDS: ALL**

**SUBJECT: FISCAL YEAR 2019/20 FOURTH QUARTER FINANCIAL REPORT, MEASURE Z UPDATE, AND CARRYOVER OF UNEXPENDED FUNDS**

**ISSUE:**

Receive and provide input on the Fiscal Year 2019/20 Fourth Quarter Financial Report and Measure Z update; 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 2019/20 Fourth Quarter Financial Report and Measure Z update;
2. Approve a carryover of unexpended funds of approximately \$1.3 million in the General Fund and \$32.9 million in other City funds into fiscal year 2020/21; and
3. Provide direction to staff on the use of approximately \$15.6 million of surplus reserves in the General Fund.

**BACKGROUND:**

On June 12, 2018, the City Council adopted Resolution No. 23316 approving the FY 2018-2020 Biennial Budget. On June 18, 2019, the City Council adopted Resolution No. 23457 approving amendments to the FY 2019/20 budget.

On October 27, 2020, the City Council received a FY 2019/20 financial update which included preliminary FY 2019/20 General Fund financial results. Based on unaudited data, General Fund revenues were nearly in line with pre-COVID revenue projections and staff projected potential expenditure savings of \$17 million in the General Fund.

**DISCUSSION:**

Following the close of each fiscal year, the City's independent auditor performs an audit of the City's financial statements. The FY 2019/20 Fourth Quarter Financial Report precedes the audit

report and therefore presents **unaudited financial projections**. The audit report is expected to be completed in late January, followed by presentations to the Financial Performance and Budget Committee and City Council.

GENERAL FUND FINANCIAL ANALYSIS

**Overview**

The General Fund’s FY 2019/20 unaudited actuals present a net loss of \$4.8 million, with \$284.2 million in expenditures and encumbrances outpacing revenues of \$279.5 million. However, a concerted savings effort resulted in a net budgetary savings of \$17.0 million. This amount represents fund balance that was set aside for use (appropriated) in prior fiscal years but not actually expended by the fiscal year end.

GENERAL FUND SUMMARY					
	Amended Budget	Adjusted Budget	Unaudited Actuals	Over/(Under) Budget	% Variance
<b>Incoming Resources</b>	<b>\$279,136,415</b>	<b>\$278,798,165</b>	<b>\$279,452,623</b>	<b>\$654,458</b>	<b>0.2%</b>
FY 2019/20 Expenditures	\$280,372,427	\$292,679,357	\$280,476,459		
FY 2018/19 Carryovers		4,250,802			
FY 2018/19 Encumbrances		3,574,467			
FY 2019/20 Encumbrances			3,729,408		
<b>Total Outgoing Resources</b>	<b>\$280,372,427</b>	<b>\$300,504,626</b>	<b>\$284,205,867</b>	<b>\$(16,298,759)</b>	<b>-5.4%</b>
<b>Projected Net Gain / (Loss)</b>	<b>\$(1,236,012)</b>	<b>\$(21,706,461)</b>	<b>\$(4,753,244)</b>	<b>\$16,953,217</b>	

Revenues: During the development of the FY 2018-2020 Budget, the approach was conservative with declining growth rates projected in the General Fund’s major revenue sources in anticipation of a slowing economy. The mid-cycle update included a rebalancing of revenues based on FY 2017/18 actuals and FY 2018/19 performance to date, with total revenues expected to come in as originally projected. This projection held through the FY 2019/20 Second Quarter Financial report for the period of July through December 2019. In March 2020, the COVID-19 pandemic prompted a state of emergency to be declared at all levels of government. Fiscal mitigation for FY 2019/20 focused on expenditures with no adjustment to revenues due to the uncertainty of ongoing and future events. While the pandemic did have a noticeable impact on some General Fund revenues, total revenues for the fund exceeded the budget projection by approximately \$650,000.

Expenditures: In March 2020, the City took immediate and decisive action to restrict spending to offset the potential impact of the pandemic on City finances. While some expenditures increased as a result of the pandemic, the effort resulted in total expenditure savings of \$16.3 million. Of this amount, \$13.6 million is personnel savings primarily due to the suspension of recruitment implemented by the City Manager’s Office that was preceded by a managed hiring process implemented in the prior fiscal year. Additional savings were realized as a result of spending restrictions employed to offset potential impacts of the pandemic on City finances. The most notable expenditure overages are related to the unavoidable subsidies of the Convention Center and Entertainment funds.

## Revenues

Overall, General Fund revenues are within 0.2% of projections, approximately \$650,000 higher than anticipated. Pandemic impacts were expected for sales tax revenue due to the stay-at-home Order and restricted business operations, but those impacts did not materialize. However, the impacts of the pandemic are clearly seen in other revenue categories. Transient Occupancy Tax is nearly 17% lower than projected as result of travel and entertainment restrictions. Charges for Services is 21% lower than projections, including Parks and Recreation revenue that came in \$1.5 million lower than projections and 40% lower than prior year actuals. Other revenues in the Charges for Services category were also impacted by reduced activity during the pandemic, such as police alarm fees, fire inspection fees, and library fees. Revenue in other categories, including sales of City property; interest and the increase in the value of City investments; and administrative citations and penalties made up for the lagging revenues.

GENERAL FUND REVENUES					
Revenue Category	Amended Budget	Adjusted Budget	Unaudited Actuals	Over/(Under) Budget	% Variance
Property Tax	\$70,194,896	\$70,194,896	\$70,805,354	\$610,458	0.9%
Sales Tax	66,159,534	66,159,534	66,273,220	113,686	0.2%
Utility Users Tax	28,837,533	28,837,533	29,043,610	206,077	0.7%
Transient Occupancy Tax	7,158,960	7,158,960	5,958,727	(1,200,233)	-16.8%
Franchise Fees	4,764,768	4,764,768	5,442,512	677,744	14.2%
Licenses & Non-Dev Permits	8,781,815	8,781,815	8,569,067	(212,748)	-2.4%
Intergovernmental	2,199,173	2,591,165	3,191,575	600,409	23.2%
Non-Dev Charges for Services	11,249,161	11,019,901	8,688,736	(2,331,165)	-21.2%
Developer Fees & Charges	7,872,527	7,872,527	8,012,906	140,379	1.8%
Fines and Forfeitures	1,190,334	1,190,334	1,885,829	695,495	58.4%
Special Assessments	504,727	504,727	563,032	58,305	11.6%
Miscellaneous Revenue	4,523,059	5,033,878	5,773,451	739,573	14.7%
Other Financing Sources	540,202	346,101	856,321	510,220	147.4%
General Fund Transfer	46,893,700	46,076,000	46,076,000	-	0.0%
Transfer from Measure Z	18,266,026	18,266,026	18,266,026	-	0.0%
Other Transfers In	-	-	46,257	46,257	100.0%
<b>Total Revenues</b>	<b>\$279,136,415</b>	<b>\$278,798,165</b>	<b>\$279,452,623</b>	<b>\$654,458</b>	<b>0.2%</b>

Of the City's General Fund revenues, Property Tax, Sales and Use Tax, Utility Users Tax, Transient Occupancy Tax, and the General Fund Transfer comprise nearly 80% of all General Fund revenues. During the development of the FY 2018-2020 Budget, a 2% growth over FY 2018/19 projections in these major revenue sources was projected for FY 2019/20. At mid-cycle, the projections were improved by 2% to a total of 4% growth on the basis of strong property tax revenues partially offset by a reduction in the General Fund Transfer based on actuals. FY 2019/20 actuals ended 0.3% higher than prior year actuals.

The following table provides a five-year historical view of the actual revenues generated by each of these sources by year.

GENERAL FUND MAJOR REVENUES FIVE-YEAR HISTORY (in millions)							
Fiscal Year	Property Tax	Sales Tax	Transient Occupancy Tax	Utility Users Tax	General Fund Transfer	Total	Growth over Prior Year
FY 2015/16	\$54.0 M	\$61.0 M	\$6.1 M	\$27.8 M	\$44.8 M	\$193.7 M	1.6%
FY 2016/17	57.8 M	63.3 M	6.6 M	28.0 M	44.9 M	200.5 M	3.4%
FY 2017/18	61.7 M	64.1 M	6.8 M	27.5 M	46.2 M	206.4 M	2.8%
FY 2018/19	67.4 M	68.4 M	7.2 M	28.0 M	46.5 M	217.4 M	5.1%
FY 2019/20	70.8 M	66.3 M	6.0 M	29.0 M	46.1 M	218.2 M	0.3%
Growth over Prior Year	5.0%	-3.1%	-16.8%	3.7%	-0.8%	0.3%	

FY 2019/20 major revenue sources were influenced as follows:

- Property tax increased 5% over the prior year in response to a continued healthy housing market.
- Sales taxes were projected to decline in FY 2019/20 in response to a slowing economy and ended the fiscal year in line with the pre-pandemic budget projections, at 3.1% lower than the prior year.
- Transient Occupancy Tax (TOT) was adjusted downward during mid-cycle due to reduced hotel room availability during renovations and an increase in long-term stays (more than thirty consecutive days) that are not subject to TOT. TOT was further impacted by the pandemic due to travel and entertainment restrictions and ended the fiscal year 17% lower than prior year.
- Utility Users Tax was boosted by scheduled water and electric rate increases, accompanied by a 2.8% growth over the prior year in other utilities such as cable tv and gas.
- The FY 2019/20 General Fund Transfer is based on FY 2018/19 audited revenues; mild weather and reduced electric and water consumption in FY 2018/19 contributed to a decline in revenues as compared to FY 2017/18.

### Expenditures

The total General Fund expenditure budget in FY 2019/20 was approximately \$300.5 million, comprised of a \$280.4 million amended budget; \$7.8 million carried over from prior years; \$0.9 million in supplemental appropriations (Attachment 1); \$11.6 million in supplemental transfers to other funds (Attachment 1); and other minor budget adjustments.

General Fund operating expenditures are \$16.3 million less than the adjusted budget; approximately \$1.3 million of unexpended funds will be requested to be carried forward to FY 2020/21 (Attachment 2).

GENERAL FUND EXPENDITURES					
Expenditure Category	Amended Budget	Adjusted Budget	Unaudited Actuals	Over/(Under) Budget	% Variance
Personnel	\$233,779,010	\$236,587,910	\$222,978,864	\$(13,609,046)	-5.8%
Non-Personnel	51,972,648	55,927,588	50,147,626	(5,779,961)	-10.3%
Special Programs	6,935,549	7,550,149	6,494,785	(1,055,363)	-14.0%
Minor Capital	587,746	1,996,559	1,413,344	(583,215)	-29.2%
Debt Service	21,569,111	21,569,111	21,569,110	(1)	0.0%
Charges to/from Others	(44,624,191)	(45,320,095)	(43,539,455)	1,780,639	-3.9%
Transfers Out	10,152,554	22,193,404	25,141,592	2,948,188	13.3%
<b>Total Expenditures</b>	<b>\$280,372,427</b>	<b>\$300,504,626</b>	<b>\$284,205,867</b>	<b>\$(16,298,759)</b>	<b>-5.4%</b>

The expenditure variance of budget to actual includes:

- Personnel: The amended personnel budget represents approximately 83% of the General Fund budget. In March 2020, all recruitment efforts for vacant positions were suspended in response to the pandemic. As a result of this action and the City Manager’s ongoing Managed Hiring initiative, actual personnel costs for FY 2019/20 are 78% of total General Fund spending, with a total savings of \$13.6 million.
- Non-Personnel, Special Programs, and Minor Capital: In March 2020, in response to the pandemic, all City spending was restricted to essential and emergency needs. Additional savings occurred with the minimum staffing order and necessary service reductions, such as construction and maintenance materials; motor pool equipment rental; recreational program supplies; utilities; general office expense; and employee training. In total, spending in these three categories is \$7.4 million under budget. Approximately \$107,000 of capital and grant funding has been carried over; Council approval will be requested to carry over an additional \$1.3 million (Attachment 2).
- Charges to/from Others represents amounts charged to the General Fund for services rendered by other departments (e.g. 311 Call Center services provided by Riverside Public Utilities to General Fund departments), and vice versa (e.g. qualifying personnel services and materials charged to capital projects that are managed in other funds, such as the Gas Tax Fund). As a result of the pandemic, capital activity did not occur at the pace anticipated, resulting in \$1.8 million less charges out to other funds than budgeted.
- Transfers Out are \$2.9 million higher than budgeted.
  - General Fund Restructuring accounts for approximately \$1 million in unbudgeted transfers, with funds moved to the Grants and Restricted Programs Fund and the Capital Projects Fund.
  - Convention Center Fund Subsidy: As a direct result of the pandemic and the resulting temporary cessation of operations, the subsidy to the Convention Center, Riverside Visitor’s Bureau, and Sports Commission exceeded budget by \$1.3 million.
  - Entertainment Fund Subsidy: As a direct result of the pandemic and the resulting temporary cessation of operations, the subsidy to the Fox, Box, and Municipal Auditorium exceeded budget by \$1.1 million.

### Fund Balance and Reserves

General Fund reserves are calculated as a percentage of the following year’s adopted budget. The FY 2020/21 emergency budget adopted by City Council on June 16, 2020 is \$271,400,277. Through a series of balancing measures intended to offset the impacts of the pandemic and reduce the unfunded pension liability, the adopted emergency budget is approximately \$9 million less than the amended FY 2019/20 budget, and therefore requires \$1.8 million less in reserves than that required in FY 2018/19 to achieve the 20% reserve target.

<b>GENERAL FUND BALANCE AND RESERVES YEAR-END PROJECTION</b>	
<b>Beginning Fund Balance (Audited)</b>	<b>\$76,533,191</b>
<b>FY 2019/20 Activity:</b>	
Revenues	\$279,452,623
Expenditures	(280,476,459)
Encumbrances	(3,729,408)
Capital Project & Grant Carryovers	(107,477)
Increase in Other Required Reserves	(542,252)
<b>Projected Change in Fund Balance</b>	<b>\$(5,402,973)</b>
<b>Projected Ending Fund Balance</b>	<b>\$71,130,218</b>
<b>Fund Balance Reserves:</b>	
Policy Reserve Requirement (15%)	\$(40,710,000)
Target Reserve (5%)	(13,570,000)
<b>Total Reserves</b>	<b>\$(54,280,000)</b>
<b>Available Fund Balance</b>	<b>\$16,850,218</b>
<b>Requested Carryovers:</b>	
Discretionary	\$(499,627)
Restricted Funds	(763,779)
<b>Total Carryovers</b>	<b>\$(1,263,406)</b>
<b>Projected Surplus Reserves</b>	<b>\$15,586,812</b>

Approximately \$1.3 million of unexpended funds is requested for carryover into fiscal year 2020/21, including approximately \$500,000 in discretionary funds and \$764,000 in restricted funds. Refer to Attachment 2 for details.

The General Fund Reserve policy adopted by City Council on September 6, 2016 states: “If at any time the Surplus Reserves exceed 10% of the General Fund expenditure budget during a fiscal year (for a total of a 25% General Fund Reserve balance), staff must present a plan to the City Council with options for appropriate uses for the excess funds to bring the General Fund Reserve balance to the 25% level or below.” The \$15.6 million in surplus reserves results in a reserve level of 25.7%. Reducing total reserves to the required 25% level would require a use of approximately \$2,017,000 in surplus reserves.

Balancing measures included the adopted FY 2020/21 emergency budget are listed in Attachment 3 for reference. Additionally, the City is currently addressing a legal challenge to the General Fund

Transfer from the Electric Fund. The Electric General Fund Transfer at risk for loss represents between 6.7% and 11.4% of total FY 2019/20 revenues.

On January 14, 2021, the Budget Engagement Commission (BEC) will receive the FY 2019/20 Fourth Quarter Financial Report and Measure Z Update and is expected to provide recommendations for the allocation of the surplus reserves of \$15.6 million. Due to the timing of this report, the BEC's recommendations will be verbally shared with the City Council.

### MEASURE Z

The FY 2018-2023 Measure Z Spending Plan was approved by the City Council on June 12, 2018, with the adoption of the FY 2018-2020 Two-Year Budget. During FY 2019/20, three new spending items were approved by City Council since budget adoption and added to the Measure Z spending plan:

- Homeless Temporary Housing: On December 17, 2019, the City Council adopted a resolution declaring the establishment of emergency housing at public facilities to be of urgent necessity for the preservation of life, health, and property and allocated one-time Measure Z funding totaling \$2,364,000 for temporary housing solutions. There are no ongoing operational costs. This funding was ultimately reimbursed through the use of a state grant; as such the Measure Z allocation was not needed.
- Orangecrest Fire Station Dormitory Improvements: On March 3, 2020, the City Council approved one-time funding in the amount of \$100,000 to renovate the Orangecrest fire station to accommodate firefighters of all genders.
- Library Security Guards: Due to the increase in incidents reported at City libraries and risk to the safety of the public and Library staff, on March 17, 2020, the City Council approved \$951,377 of funding for FY 2019/20 through FY 2021/22 for increased security at City libraries through FY 2021/22. There are no ongoing costs beyond the approved time period, although the security issues may become an unfunded need if Measure Z funding is discontinued after FY 2021/22.

Measure Z funds some spending items through debt. Payment of debt obligations are provided for in the Measure Z Spending Plan, while the use of debt proceeds is tracked separately. The following analysis does not include the use of debt proceeds or related carryovers because they do not impact Measure Z unallocated fund reserves.

Measure Z is expected to end the fiscal year with an unallocated fund balance of \$24.9 million due to revenues performing better than expected and some expenditure savings. Measure Z spending is inconsistent due to the nature of the items funded; \$30.4 million in open purchase orders and carryover funding is expected to be spent in future years as the various projects and spending initiatives pick up pace. Within the spending plan, capital project carryovers of \$13.1 million have been recorded; the remaining \$14.3 million in non-capital carryovers will be presented to Council for approval. An additional \$2.7 million of capital lease proceeds for fire vehicles will also be requested for carryover; this amount is outside of the spending plan because the spending plan pays the debt obligations.

Refer to Attachment 4 for a detailed schedule of Measure Z activity since inception.

**MEASURE Z ACTIVITY AND PROJECTED FUND BALANCE**

<b>Activity</b>	<b>FY 2016/17 Actuals</b>	<b>FY 2017/18 Actuals</b>	<b>FY 2018/19 Actuals</b>	<b>FY 2019/20 Actuals</b>
Revenue	\$12,606,428	\$56,237,202	\$62,816,127	\$63,135,477
Expenditures	(9,973,447)	(36,134,811)	(40,988,149)	(49,603,436)
Encumbrances and Carryovers				(28,177,644)
<b>Net Change in Fund Balance</b>	<b>\$2,632,981</b>	<b>\$20,102,391</b>	<b>\$21,827,978</b>	<b>\$(14,645,603)</b>
Beginning Unallocated Fund Balance	\$-	\$2,632,981	\$22,735,372	\$39,563,350
Net Change in Fund Balance	2,632,981	20,102,391	21,827,978	(14,645,603)
Fund Balance Reserve Policy	-	-	(5,000,000)	
<b>Ending Unallocated Fund Balance</b>	<b>\$2,632,981</b>	<b>\$22,735,372</b>	<b>\$39,563,350</b>	<b>\$24,917,747</b>

The Measure Z Reserve Policy adopted by City Council on April 2, 2019 requires a minimum \$5 million contingency reserve level to provide for a measured and thoughtful reduction in expenditures during times of economic downturn, rather than making immediate and drastic budget cuts without the time for proper evaluation. This amount was permanently set aside from unallocated reserves in FY 2018/19, as shown in the preceding table. The policy also states that if the \$5 million minimum reserve requirement is projected to be met in each fiscal year for the duration of the Measure Z tax (FY 2035/36), City staff shall present a plan to the City Council to allocate surplus reserves to new spending initiatives. Since only five years of the spending plan are approved at a time and are subject to change with the adoption of each budget, the only spending items that could cause the reserves to fall below the required \$5 million are debt obligations. At this time, the debt obligations funded by Measure Z are minimal, with FY 2019/20 debt payments accounting for 13.3% of FY 2019/20 revenue received.

In December 17, 2020, the BEC received a baseline budget report for FY 2020/21. The report included staff’s recommendation to allocate an additional \$6 million in Measure Z funding to the General Fund to help offset the potential impacts of the pandemic on General Fund revenues, for a total FY 2020/21 contribution of \$24.3 million. Staff anticipates that the BEC will continue to review the Measure Z spending plan and spending priorities during the FY 2020/21 budget development cycle and provide recommendations to staff and Council for the allocation of the \$24.9 million in surplus reserves and potential reallocation of current spending items.

**SEWER FUND**

The overall financial position of the Sewer Enterprise fund is healthy, and the fund is operating in accordance with the 2016 Sewer Fund Reserve Policy objectives. The pandemic had a minor impact on the fund, resulting in lower commercial revenues and some expenditure savings. Overall, the fund is expected to end the fiscal year with a net gain of approximately \$7.8 million; about \$3.6 million better than projected.

On July 21, 2020, the Public Works Department presented the 2019 Integrated Master Plan for Wastewater Collection and Treatment Facilities and Environmental Review (Plan) to the City Council. The Plan recommended capital improvements totaling nearly \$500 million over the next 20 years to ensure regulatory compliance, the repair and/or replacement of aging infrastructure, continued reliable and cost effective wastewater service, and the City’s General Plan is supported for planned growth of the community. The 2019 Wastewater Master Plan’s financial plan and sewer rate plan have been delayed due to the pandemic and are anticipated to be completed in December 2021. These aspects of the plan will include a 5-year sewer service rate plan and

alternatives to fund the proposed capital projects.

The following analysis focuses on operations and does not include FY 2019/20 capital project expenditures and encumbrances of approximately \$15 million and carryovers of unexpended funds of approximately \$16 million.

### Revenues

The Sewer Fund’s FY 2019/20 operating revenues are approximately \$1.4 million higher than projected.

SEWER FUND REVENUES					
Revenue Category	Amended Budget	Adjusted Budget	Unaudited Actuals	Over/(Under) Budget	% Variance
Residential Rate Revenue	\$45,474,574	\$45,474,574	\$45,181,526	\$(293,048)	-0.6%
Commercial Rate Revenue	15,464,786	15,464,786	14,033,493	(1,431,293)	-9.3%
Wastewater Service Contract	3,787,625	3,787,625	4,152,689	365,064	9.6%
Miscellaneous Revenue	3,712,453	3,712,453	6,516,607	2,804,154	75.5%
<b>Total Revenues</b>	<b>\$68,439,438</b>	<b>\$68,439,438</b>	<b>\$69,884,315</b>	<b>\$1,444,877</b>	<b>2.1%</b>

- Commercial Rate Revenue came in lower than expected due to the pandemic and related business closures.
- Miscellaneous Revenues were bolstered by a \$1 million adjustment of investments to market value, as well as interest revenue coming in approximately \$960,000 higher than anticipated.

### Expenditures

FY 2019/20 operating expenditures and encumbrances are approximately \$6.1 million less than the adjusted budget. The adjusted budget includes approximately \$4 million in prior year encumbrances carried forward to FY 2019/20.

SEWER FUND EXPENDITURES					
Expenditure Category	Amended Budget	Adjusted Budget	Unaudited Actuals	Over/(Under) Budget	% Variance
Personnel	\$15,477,047	\$15,477,047	\$14,601,244	\$(875,803)	-5.7%
Non-Personnel	14,574,728	17,207,622	16,005,324	(1,202,298)	-7.0%
Special Programs	2,098,963	2,098,963	1,910,991	(187,972)	-9.0%
Minor Capital & Equipment	1,266,500	2,619,598	1,790,943	(828,655)	-31.6%
Debt Service	27,068,596	27,068,596	23,858,721	(3,209,875)	-11.9%
Charges to/from Others	3,773,438	3,793,649	3,955,312	161,663	4.3%
<b>Total Expenditures</b>	<b>\$64,259,272</b>	<b>\$68,265,475</b>	<b>\$62,122,535</b>	<b>\$(6,142,940)</b>	<b>-9.0%</b>

- Minor Capital and Equipment purchases did not occur as expected due to the pandemic and resulting restriction on city-wide spending to emergency and essential needs.
- Debt Service savings are directly attributable to the issuance of the Series 2018A Refunding Sewer Revenue Bonds; the estimated costs of the debt issuance were budgeted

in FY 2019/20 but the actual costs were recorded in FY 2018/19.

**REFUSE FUND**

The Refuse (Solid Waste) Fund ended FY 2019/20 in a deficit position with a net loss of approximately \$1.7 million. The Public Works Department has endeavored to address the long-term fiscal health of the Refuse Fund, engaging R3 Consulting Group, Inc. (R3) to provide a Solid Waste and Recycling Program Strategy and Economic Study to review City solid waste collection operations, finances, and contract services. Following a number of Council meeting discussions during calendar years 2019 and 2020, on September 15, 2020, the City Council approved the 2020-2025 rate increase for residential and commercial solid waste collection services, effective January 1, 2021. As a result of this action, the Refuse Fund is anticipated to achieve fiscal solvency in future fiscal years.

**Revenues**

The Refuse Fund's operating revenues are approximately \$83,000 higher than projected.

REFUSE FUND REVENUES					
Revenue Category	Amended Budget	Adjusted Budget	Unaudited Actuals	Over/(Under) Budget	% Variance
City Service	\$13,084,122	\$13,084,122	\$13,420,970	\$336,848	2.6%
Contracted Service	4,996,107	4,996,107	5,175,332	179,225	3.6%
Administrative Fees	5,896,596	5,896,596	6,228,324	331,728	5.6%
Street Sweeping Fines	1,250,000	1,250,000	284,039	(965,961)	-77.3%
Miscellaneous Revenue	215,140	215,140	416,140	201,000	93.4%
<b>Total Revenues</b>	<b>\$25,441,965</b>	<b>\$25,441,965</b>	<b>\$25,524,805</b>	<b>\$82,840</b>	<b>0.3%</b>

- Street Sweeping Fines continued to be impacted by a sign replacement project during which fines were not assessed, and by the pandemic, when fees were suspended.

**Expenditures**

Actual operating expenditures and encumbrances are approximately \$1.5 million less than the adjusted budget. The adjusted budget includes approximately \$946,000 in prior year encumbrances carried forward to FY 2019/20.

REFUSE FUND EXPENDITURES					
Expenditure Category	Adopted Budget	Adjusted Budget	Unaudited Actuals	Over/(Under) Budget	% Variance
Personnel	\$6,193,369	\$6,193,369	\$5,650,579	\$(542,790)	-8.8%
Non-Personnel	9,282,364	10,217,421	10,006,563	(210,858)	-2.1%
Special Programs	4,758,753	5,280,721	5,232,214	(48,507)	-0.9%
Minor Capital & Equipment	1,477,547	1,911,875	1,213,298	(698,577)	-36.5%
Debt Service	167,402	167,402	183,075	15,673	9.4%
Charges to/from Others	4,935,936	5,001,467	4,967,249	(34,218)	-0.7%
<b>Total Expenditures</b>	<b>\$26,815,371</b>	<b>\$28,772,255</b>	<b>\$27,252,978</b>	<b>\$(1,519,277)</b>	<b>-5.3%</b>

- Minor Capital and Equipment purchases did not occur as expected due to the pandemic

and resulting restriction on city-wide spending to emergency and essential needs.

**RIVERSIDE PUBLIC UTILITIES (RPU)**

For the Electric and Water Funds, capital projects are budgeted on a program basis with many active projects in progress at the same time, ranging from less than \$50,000 in size to multi-million dollars in major projects that require Board of Public Utilities (Board) approval. Major capital projects require several months, and in some cases cross fiscal years or span multiple fiscal years to complete. The total budget will not be fully spent for any given year due to the timing of projects and extenuating circumstances that may cause a project to be delayed. Due to the long-term nature of capital projects and related grant funding, those items are excluded from the following analysis which focuses on operations.

**Electric Fund**

The overall financial position of the Electric Fund is healthy and fund reserves are compliant with policy objectives. The second year of the electric rate plan became effective on January 1, 2020. The fund is projected to end the fiscal year with a net operating gain of approximately \$10.5 million.

Approximately 48% of the Electric Fund’s total capital budget was spent or committed in FY 2019/20, with \$42 million in expenditures and \$28 million in encumbrances. Ongoing work in significant capital projects to date includes substations and recurring obligation to serve projects.

**Revenues**

Total operating revenues for the Electric Fund are in line with projections, with 0.8% higher revenues than anticipated. Retail sales and transmission revenue fell short due to lower consumption but were offset by higher than anticipated revenues in other categories.

<b>ELECTRIC FUND REVENUES</b>					
<b>Revenue Category</b>	<b>Amended Budget</b>	<b>Adjusted Budget</b>	<b>Unaudited Actuals</b>	<b>Over/(Under) Budget</b>	<b>% Variance</b>
Retail Sales	\$321,960,000	\$321,960,000	\$310,714,132	\$(11,245,868)	-3.5%
Transmission Revenue	37,058,719	37,058,719	34,816,959	(2,241,760)	-6.0%
Other Operating Revenue	11,759,619	12,839,619	13,960,057	1,120,438	8.7%
Miscellaneous Revenue	8,996,356	9,030,472	17,227,245	8,196,773	90.8%
Capital Contributions	2,300,000	2,300,000	9,491,557	7,191,557	312.7%
<b>Total Revenues</b>	<b>\$382,074,694</b>	<b>\$383,188,810</b>	<b>\$386,209,949</b>	<b>\$3,021,139</b>	<b>0.8%</b>

- Retail Sales: Total retail sales are 3.5% less than projected due to lower than anticipated consumption. Residential sales are 2.4% higher than budget and consumption is 4.2% higher than projections. Commercial and industrial revenues are 7.1% lower than budget, while actual consumption is 7.4% lower than projections due to the impact of business shutdowns as a result of the pandemic and commercial and industrial revenues and consumption trending lower than projections throughout the fiscal year.
- Transmission Revenue: Transmission revenue fluctuates similar to energy load; revenues are 6.0% less than projected primarily due to reduced usage.

- **Miscellaneous Revenue:** Interest earnings and the adjustment of investment value to market resulted in revenues approximately \$8 million higher than budget; the market value of investments increased by \$4.6 million. While the adjustment does not produce immediate cash, it is reflected as an increase in asset value, which in turn increases fund balance.
- **Capital Contributions** are \$7.2 million higher than projections; these are donated land rights and easements for general access to electrical system assets, new electric service charges and required distribution facilities installed by developers.

## Expenditures

Operating expenditures and encumbrances are \$44.5 million less than budgeted.

<b>ELECTRIC FUND EXPENDITURES</b>					
<b>Expenditure Category</b>	<b>Amended Budget</b>	<b>Adjusted Budget</b>	<b>Unaudited Actuals</b>	<b>Over/(Under) Budget</b>	<b>% Variance</b>
Personnel	\$73,147,790	\$73,147,790	\$64,340,146	\$(8,807,644)	-12.0%
Power Supply	221,664,491	218,890,385	204,215,831	(14,674,554)	-6.7%
Operating & Maintenance	22,376,737	41,937,885	28,999,966	(12,937,919)	-30.9%
Debt Service	46,645,101	46,664,050	38,448,332	(8,215,718)	-17.6%
Transfers Out	-	-	163,000	163,000	100.0%
General Fund Transfer	40,200,700	39,557,800	39,557,800	-	0.0%
<b>Total Expenditures</b>	<b>\$404,034,819</b>	<b>\$420,197,910</b>	<b>\$375,725,075</b>	<b>\$(44,472,835)</b>	<b>-10.6%</b>

- **Personnel:** Savings of \$8.8 million (12% of total personnel budget) are primarily attributable to staffing turnovers and high vacancy rates. Recruitment for vacant positions was suspended in March through the end of the fiscal year in response to the pandemic and minimum staffing levels.
- **Power Supply** costs are lower than budget due to lower than anticipated consumption.
- **Operating and maintenance** costs are 31% of budget, largely due to City-wide spending restrictions imposed in March in response to the pandemic. If approved, requested carryovers of \$5.8 million will reduce the savings in this category to \$7.1 million (17%).
- **Debt Service:** Savings in debt service are primarily due to the issuance of new debt in 2019 and the related refunding savings.
- **Unbudgeted Transfers Out** are the result of fiscal year end accounting adjustments to allocate ineligible pension liability costs from the Successor Agency to the Redevelopment Agency to all other City funds on the same basis used for the original debt allocation.

## Water Fund

The overall financial position of the Water Fund is healthy and fund reserves are compliant with policy objectives. The second year of the water rate plan became effective in July 1, 2019. The fund is projected to end the fiscal year with a net operating gain of approximately \$4 million.

Approximately 45% of the Water Fund’s total capital budget was spent or committed in FY

2019/20, with \$18.5 million in expenditures and \$2.9 million in encumbrances. Ongoing work in significant capital projects to date includes distribution pipelines and distribution facilities.

## Revenues

FY 2019/20 operating revenues in the Water Fund are \$3.5 million lower than projected.

WATER FUND REVENUES					
Revenue Category	Amended Budget	Adjusted Budget	Unaudited Actuals	Over/(Under) Budget	% Variance
Retail Sales	\$65,589,000	\$65,589,000	\$62,130,322	\$(3,458,678)	-5.3%
Conveyance & Wholesale	7,298,000	7,298,000	5,130,209	(2,167,791)	-29.7%
Other Operating Revenue	1,790,703	1,790,703	1,883,565	92,862	5.2%
Miscellaneous Revenue	3,983,000	3,983,000	5,156,628	1,173,628	29.5%
Capital Contributions	2,050,000	2,050,000	3,129,358	1,079,358	52.7%
Transfers In	-	-	(259,925)	(259,925)	100.0%
<b>Total Revenues</b>	<b>\$80,710,703</b>	<b>\$80,710,703</b>	<b>\$77,170,157</b>	<b>\$(3,540,546)</b>	<b>-4.4%</b>

- Retail Sales: Retail sales are 5.3% lower than projected due to higher than anticipated precipitation resulting in lower than anticipated consumption. Precipitation through June has exceeded forecasts by 5.3 inches (or 79%) which has resulted in less overall water usage.
- Conveyance and Wholesale revenue is 29.7% lower than projected due to reduced sales and deliveries to Western Municipal Water District (WMWD) due to reduced demand from WMWD and less sales than anticipated to neighboring water utilities.
- Miscellaneous Revenue: Interest earnings and the adjustment of investment value to market resulted revenues in approximately \$1 million higher than budget; the market value of investments increased by \$575,000. While the adjustment does not produce immediate cash, it is reflected as an increase in asset value, which in turn increases fund balance.
- Capital Contributions are \$1.1 million higher than projections; these are donated land rights and easements for general access to water system assets, new water service charges and required distribution facilities installed by developers.
- The unbudgeted Transfer In is the result of fiscal year end accounting adjustment: the recent move of all Water Conservation Fund personnel to the Water Fund required a corresponding move of associated pension liabilities.

## Expenditures

Operating expenditures and encumbrances are \$3.9 million less than budgeted.

WATER FUND EXPENDITURES					
Expenditure Category	Adopted Budget	Adjusted Budget	Unaudited Actuals	Over/(Under) Budget	% Variance
Personnel	\$23,840,048	\$23,840,048	\$23,894,027	\$53,979	0.2%
System Operations	24,860,950	27,235,355	25,219,387	(2,015,968)	-7.4%
Debt Service	19,446,914	19,446,914	17,495,264	(1,951,650)	-10.0%
Transfers Out	-	-	59,185	59,185	100.0%
General Fund Transfer	6,693,000.0	6,518,200.0	6,518,200.0	-	0.0%
<b>Total Expenditures</b>	<b>\$74,840,912</b>	<b>\$77,040,517</b>	<b>\$73,186,063</b>	<b>\$(3,854,454)</b>	<b>-5.0%</b>

- System Operations: Savings of \$2 million is largely due to City-wide spending restrictions imposed in March in response to the pandemic. The savings will be partially offset by carryover requests of approximately \$565,000, if approved by Council.
- Debt Service: Savings in debt service are primarily due to the issuance of new debt in 2019 and the related refunding savings.
- Unbudgeted Transfers Out are the result of fiscal year end accounting adjustments to allocate ineligible pension liability costs from the Successor Agency to the Redevelopment Agency to all other City funds on the same basis used for the original debt allocation.

### CARRYOVER OF UNEXPENDED FY 2019/20 FUNDS

Unexpended FY 2019/20 funds are available for carryover and spending in FY 2020/21. Restricted funds designated for specific spending purposes are required to be carried over (e.g. such as donated, trust, and intergovernmental funds). Discretionary carryover requests include expenditures approved by City Council during FY 2019/20 where the funds were not encumbered prior to fiscal year end. Summary of carryover requests recommended for Council approval:

CARRYOVER REQUESTS – ALL CITY FUNDS			
Fund Type	Discretionary	Restricted Purpose	Total
101 - General Fund	\$499,627	\$763,779	\$1,263,406
110 - Measure Z Fund	14,750,219	-	14,750,219
2xx - Special Revenue	759,890	4,112,376	4,872,266
4xx - Capital	1,627,573	579,091	2,206,664
510 - Electric Fund	5,822,179	-	5,822,179
511- Electric Public Benefit Programs	4,719,250	-	4,719,250
520 - Water Fund	565,412	-	565,412
<b>Total Carryover Requests</b>	<b>\$28,744,150</b>	<b>\$5,455,246</b>	<b>\$34,199,396</b>

Refer to Attachment 2 for a detailed listing of carryover requests.

**FISCAL IMPACT:**

The General Fund ended FY 2019/20 in better condition than projected, with revenues meeting projections, and significant savings due to concerted fiscal restraint in the face of the pandemic. As a result, the City is able to maintain the aspirational 20% General Fund reserve goal and is projected to end the year with \$15.6 million in surplus reserves. Looking forward, the General Fund will continue to be challenged by a structural deficit, potential impacts of the pandemic, and a legal challenge to the General Fund Transfer from the Electric Fund.

Three Enterprise Funds (Sewer, Electric, and Water) are anticipated to end the fiscal year better than expected with net operating gains. Although the Refuse Fund is expected to end the fiscal year with a draw on fund reserves, recent action by the City Council to adopt a new rate plan is anticipated to improve the fiscal health of the fund in future fiscal years.

There is no fiscal impact for the approval of carryovers because the funding was approved by the City Council in June 2019 with the adoption of the FY 2019/20 budget.

Prepared by:	Kristie Thomas, Assistant Chief Financial Officer
Approved as to availability of funds:	Edward Enriquez, Chief Financial Officer/City Treasurer
Approved by:	Moises Lopez, Deputy City Manager
Approved as to form:	Kristi J. Smith, Interim City Attorney

**Attachments:**

1. General Fund Supplemental Appropriations
2. Carryover of Unexpended Funds
3. FY 2020/21 Balancing Measures
4. Measure Z Spending Plan
5. Presentation

**FY 2019/20 SUPPLEMENTAL APPROPRIATIONS (PREVIOUSLY APPROVED)**

FY 2019/20 supplemental appropriations approved by City Council and recorded through the fourth quarter total are listed below. Most of the supplemental appropriations were funded by donations, sales, or deposits, as indicated in the description.

<b>SUPPLEMENTAL APPROPRIATIONS</b>		
<b>Council Date</b>	<b>Description</b>	<b>Amount</b>
Multiple	Donations	\$ 8,067
Jan 10, 2017	Perpetual approval of appropriation of fees received under Senate Bill 1186 legally restricted for staff training and certification as Certified Access Specialists	75,704
Oct 01, 2019	March 3, 2020 elections	150,000
Oct 01, 2019	Appropriate vending machine receipts for parks supplies/services	3,051
Jan 14, 2020	Collection services contract funded by revenue recovery	50,000
Feb 11, 2020	Debt training funded by special deposits fund transfer	7,500
Mar 17, 2020	Assessment engineer services contract (Webb) fully funded by deposits	33,000
Apr 7, 2020	Library internet services approximately 90% funded by provider rebate	146,016
Apr 21, 2020	Critical technology needs fully funded by sale of IP addresses	200,000
Apr 21, 2020	Eliminate Fire Prevention transfer to Grants and Restricted Programs Fund	189,046
Jun 30, 2020	SCPPA Audit (50% share with RPU)	57,750
<b>Total FY 2019/20 Supplementals through June 30, 2020</b>		<b>\$ 920,134</b>

**FY 2019/20 INTERFUND TRANSFERS (PREVIOUSLY APPROVED)**

Interfund transfers are a type of supplemental appropriations where fund assets are transferred to another fund. The interfund transfer is a Transfer Out expenditure type.

<b>INTERFUND TRANSFERS</b>		
<b>Council Date</b>	<b>Description</b>	<b>Amount</b>
Feb 11, 2020	Section 115 Pension Trust Fund	\$9,353,900
Feb 11, 2020	General Fund restructuring – transfer Fire Bond activity to Debt Service Fund	\$2,200,043
<b>Total FY 2019/20 Interfund Transfers through June 30, 2020</b>		<b>\$ 11,553,943</b>

## FY 2019/20 CARRYOVER REQUESTS - SUMMARY

Council approval is required for all carryovers other than carryovers for capital projects and grants. The carryover requests are labeled as Discretionary or Restricted Purpose and are defined in their respective sections.

Total Carryover Requests by Fund			
Fund	Discretionary	Restricted Purpose	Total
101 - General Fund	\$ 499,627	\$ 763,779	\$ 1,263,406
110 - Measure Z Fund	14,750,219		14,750,219
215 - Grants and Restricted Programs Fund		1,192,231	1,192,231
230 - Gas Tax Fund	365,398		365,398
240 - Air Quality Management District Fund	394,492	58,986	453,478
280 - Housing Authority Fund		2,633,927	2,633,927
291 - Special Districts Fund		227,232	227,232
410 - Storm Drain Fund		5,498	5,498
432 - Measure A Fund	1,627,573		1,627,573
480 - Redevelopment Successor Agency 2007 Bonds Fund		573,593	573,593
510 - Electric Fund	5,822,179		5,822,179
511 - Electric Public Benefit Programs Fund	4,719,250		4,719,250
520 - Water Fund	565,412		565,412
<b>Total Carryover Requests</b>	<b>\$ 28,744,150</b>	<b>\$ 5,455,246</b>	<b>\$ 34,199,396</b>

## FY 2019/20 CARRYOVER REQUESTS - DISCRETIONARY

Discretionary carryover requests include expenditures approved by City Council during FY 2019/20 where the funds were not encumbered prior to fiscal year end, or funding desired for a specific purpose for which there are no available funds in the adopted FY 2020/21 Emergency Budget.

Discretionary Carryover Requests		
Department	Description	Amount
<b>101 - General Fund</b>		
Community & Economic Development (CEDD)	Continued improvements to Computronix to enhance customer service.	\$ 147,695
City Clerk's Office	FY 2019/20 election costs billed in FY 2020/21	119,554
Finance	Formation of a Citywide Community Facility District, approved by the City Council on March 17, 2020	30,000
Innovation & Technology	Use of FY 2019/20 IP address sales revenue, approved by the City Council on April 21, 2020	200,000
Mayor	Human Relations Commission – equipment purchases initiated in FY 2019/20 but not encumbered by fiscal year end	2,378
<b>Total General Fund</b>		<b>\$ 499,627</b>

<b>Discretionary Carryover Requests</b>		
<b>Department</b>	<b>Description</b>	<b>Amount</b>
<b>110 - Measure Z Fund</b>		
Police	#12 - PD Vehicle Replacement and Maintenance Plan	\$ 1,225,373
Fire	#14 - Fire Vehicle Replacement (Lease Proceeds)	2,660,540
Fire	#14 - Fire Vehicle Replacement (Cash Funding)	29,623
CEDD	#19 - General Plan Update	4,953,381
CEDD	#20 - Homeless Services	254,573
General Services	#28 - Annual Deferred Maintenance	143,460
Innovation & Technology	#33 - Technology Improvements	2,769,670
Fire	#34 - Four-Person Staffing on Fire Trucks	21,699
Fire	#35 - Fire Equipment and One-Time Operating Needs	125,508
Parks, Recreation & Community Services (PRCS)	#38 - Arlington Youth Innovation Center Year 1 Operating Costs	416,039
Multiple	#39 - Public Safety & Engagement Team	2,103,403
Library	#40 - Library Security – One-time equipment purchases approved by Council not completed in FY 2020/21	46,950
<b>Total Measure Z Fund</b>		<b>\$14,750,219</b>
<b>230 - Gas Tax Fund</b>		
Public Works	Railroad Project Management	\$ 332,928
Public Works	Pavement Management Program	32,470
<b>Total Gas Tax Fund</b>		<b>\$ 365,398</b>
<b>240 - Air Quality Management District Fund</b>		
Public Works	Continued improvements to Computronix to enhance customer service.	\$341,049
Public Works	Rule 2202 Compliance: Mitigate the effects of mobile emissions from employees commuting to and from work	53,443
<b>Total Air Quality Management District Fund</b>		<b>\$ 394,492</b>
<b>432 - Measure A Fund</b>		
Public Works	Transportation Planning	\$ 43,200
Public Works	Pavement Management System	36,718
Public Works	Planning and Investigations	97,756
Public Works	Railroad Project Management	1,447,188
Public Works	Railroad Quiet Zone Maintenance	2,711
<b>Total Measure A Fund</b>		<b>\$ 1,627,573</b>
<b>510 - Electric Fund</b>		
Electric	Southern California Public Power Authority (SCPPA) audit	\$ 57,750
Electric	Mission Square HVAC Improvements	150,000
Electric	Mission Square elevator modernization	175,685
Electric	Mission Square elevator modernization - Consultant	15,925

Discretionary Carryover Requests		
Department	Description	Amount
Electric	Mission Square garage Electric Vehicle (EV) stations	100,000
Electric	Mission Square - convert ground space to retail	237,212
Electric	Mission Square - new boilers	150,000
Electric	Advance Metering Infrastructure (AMI) project	243,640
Electric	Electric Fund's portion of Measure Z technology projects	667,231
Electric	Customer Information System (CIS) Disaster Recovery project	1,967,000
Electric	Work and Asset Management Optimization project - Phase 1	551,090
Electric	Streetlight Metal Pole Painting project	313,637
Electric	Utility Line Clearance and Vegetation Management	780,761
Electric	Vehicles delayed from Terex due to COVID-19	42,248
Electric	Clean Fuel Reward RPU Contributions	370,000
<b>Total Electric Fund</b>		<b>\$ 5,822,179</b>

**511 - Electric Public Benefit Programs Fund**

Electric	Emergency Recovery Assistance Program (ERAP) in response to COVID-19	\$ 4,719,250
<b>Total Electric Public Benefit Programs Fund</b>		<b>\$ 4,719,250</b>

**520 - Water Fund**

Water	Operation Data Management System (ODMS) technology project	\$ 293,300
Water	Water Fund's portion of Measure Z technology projects	272,112
<b>Total Water Fund</b>		<b>\$ 565,412</b>

**FY 2019/20 CARRYOVER REQUESTS – RESTRICTED PURPOSE**

Restricted Purpose carryover requests represent the appropriation of funding restricted for a specific purpose through a variety of means, including (but not limited to) legal restrictions or donations and endowments restricted for a specific purpose.

Restricted Purpose Carryover Requests		
Department	Description	Amount
<b>101 - General Fund</b>		
CEDD	Homeless Campus (Department of Public Social Services (DPSS) restrictions)	\$ 110,120
CEDD	Donations for Hulen Pet Shelter	519
CEDD	Seismic Education Training & Supplies	6,937
CEDD	SB-1186 Certified Access Specialist Training	214,898
City Manager's Office	PEG (Public, Educational, or Governmental access)	233,078
Library	Measure I	29,218
Library	Donations, Gifts, and Trust Funds	76,711
Museum	Endowment Fund for Botany Exhibit	69,460

### Restricted Purpose Carryover Requests

Department	Description	Amount
Museum	Donated funds for California Naturalist classes	2,341
PRCS	Maintenance Endowment Fund	20,497
<b>Total General Fund</b>		<b>\$ 763,779</b>

#### 215 - Grants and Restricted Programs Fund

CEDD	Downtown Safety Ambassador Prog	\$ 65,490
CEDD	Hulen Campus Rehab Sponsorship	50,000
CEDD	Donations for Pallet Shelter	6,000
Fire	Certified Unified Program Agencies (CUPA)	98,701
Human Resources	Donations for the Wellness Program	16,387
Museum	Save America Grant Matching Funds	15,000
Museum	Donations from The Riverside Museum Associates for Museum projects	17,439
Police	Donations for K-9s	3,000
Police	Donations for the Night Out Event	23,723
Police	Asset Forfeiture	883,496
PRCS	Donations from LA84 Foundation for Learn-to-Swim Lessons	12,995
<b>Total Grants and Restricted Programs Fund</b>		<b>\$ 1,192,231</b>

#### 240 - Air Quality Management District Fund

Public Works	City Pass Program	\$ 4079
Public Works	RCTC Grant Matching Funds	54,907
<b>Total Air Quality Management District Fund</b>		<b>\$ 58,986</b>

#### 280 - Housing Authority Fund

CEDD	Tiny Homes	\$ 5,707
CEDD	Entrada Housing Project	(96,839)
CEDD	1705 and 1733 7th St Apts	1,677
CEDD	1740 Loma Vista St Apartments	561,130
CEDD	3943 10th - HA	924
CEDD	HA Property Mgmt	7,161
CEDD	3015 Redwood Dr.	2,750
CEDD	7th St Conceptual Plan	5,147
CEDD	Lime & 4th Street- HA	2,024
CEDD	3753 Myers St - HA	1,096
CEDD	3893 3rd St - HA	2,537
CEDD	4350 La Sierra Project Improve	9,775
CEDD	2550 14th St-HA	906
CEDD	2719 11th St-HA	2,485
CEDD	2882 Mission Inn-HA	883
CEDD	11049 Bogart-HA	1,446
CEDD	6835 Capistrano Way	11

### Restricted Purpose Carryover Requests

Department	Description	Amount
CEDD	3842 2nd St - HA	1,752
CEDD	11502 Anacapa Place	5,529
CEDD	4941 Bushnell Avenue	261
CEDD	3337-3339 Fifth Street	150,726
CEDD	Housing First	12,443
CEDD	St Michaels Housing Project	2,000,000
CEDD	3rd & Fairmount Youth Aged	11,010
CEDD	Jurupa Royale	(93,099)
CEDD	2656 & 2666 14th Street	3,792
CEDD	11502 Anacapa Place	5,000
CEDD	10370 Gould Street	1,500
CEDD	2831 Mulberry Street	1,500
CEDD	3337-3359 5th Street-HA	12,570
CEDD	1725 7th Street-HA	12,123
<b>Total Housing Authority Fund</b>		<b>\$ 2,633,927</b>

#### 291 - Special Districts Fund

PRCS	Loving Homes Landscape Maintenance District	\$ 7,288
PRCS	Village at Canyon Crest Landscape Maintenance District	219,944
<b>Total Special Districts Fund</b>		<b>\$ 227,232</b>

#### 410 - Storm Drain Fund

Public Works	Sycamore Canyon Business Park Habitat Restoration	\$ 5,498
<b>Total Storm Drain Fund</b>		<b>\$ 5,498</b>

#### 480 - Redevelopment Successor Agency 2007 Bonds Fund

CEDD	Villegas Park Construction	\$ 54,034
CEDD	Ward 3 Street Improvements	951
CEDD	Brown Room Renovation	51,997
CEDD	Unprogrammed 2007 Taxable Bonds	466,611
<b>Total Redevelopment Successor Agency 2007 Bonds Fund</b>		<b>\$ 573,593</b>

## FY 2020/21 EMERGENCY BUDGET – GENERAL FUND BALANCING MEASURES

The pre-pandemic proposed budget included a deficit of approximately \$11.5 million, largely attributable to rising personnel and retirement costs; \$1.4 million in one-time projected election costs; discontinuing budget balancing on unreliable one-time revenues such as sales of City property; and a 36% reduction of Measure Z support based on a 2017 five-year General Fund plan that projected strong revenue growth and significant one-time revenues. Public engagement and recommendations from the Budget Engagement Commission and City Council would have resulted in specific direction as to how to close the budget gap, but these discussions did not occur due to the pandemic and stay-at-home order. As a result, staff recommended closing the initial budget gap with vacancy savings targets and the gap caused by the contingency revenue reduction with other balancing measures. Council subsequently approved the following balancing measures in the General Fund budget:

- Vacancy Savings Targets:** The General Fund has a total of 1,476.65 full-time equivalent (FTE) positions. A vacancy snapshot taken of the City’s human resources system on March 13, 2020 showed 139.50 vacant positions across all General Fund departments. The budgeted value of these positions was quantified, and a vacancy savings target of approximately \$15.7 million was incorporated into the emergency budget as a balancing measure. The following table lists the impact on the workforce of each City department.

General Fund Vacancy Savings Targets				
City Department	Workforce FTE	Vacant on March 13, 2020	% Unfunded	Adopted FY 2020/21
01 - Mayor	7.25	1.00	13.8%	\$ 105,864
02 - City Council	14.00	-	-	-
11 - City Manager	30.55	5.00	16.4%	646,414
12 - City Clerk	10.00	-	-	-
13 - City Attorney’s Office	34.00	2.50	7.4%	302,349
21 - Human Resources	30.00	2.00	6.7%	158,331
22 - General Services	30.00	3.00	10.0%	222,649
23 - Finance	55.00	12.00	21.8%	1,184,789
24 - Innovation & Technology	59.25	8.00	13.5%	1,094,486
28 - Community & Economic Development	106.25	21.00	19.8%	2,272,556
31 - Police	506.00	35.00	6.9%	4,260,438
35 - Fire	234.00	14.00	6.0%	1,928,713
41 - Public Works	134.00	16.00	11.9%	1,559,811
51 - Library	60.00	8.00	13.3%	757,995
52 - Parks, Recreation & Community Services	152.85	9.00	5.9%	857,662
53 - Museum	13.50	3.00	22.2%	302,441
<b>Total Budgeted FTE</b>	<b>1,476.65</b>	<b>139.50</b>	<b>9.4%</b>	<b>\$ 15,654,498</b>

- Pension Obligation Bond (POB) Issuance:** On June 11, 2020, the City completed a highly successful POB sale which was expected to guarantee a savings of at least \$7 million to the General Fund in FY 2020/21; this expenditure reduction was included in the adopted budget as a savings target. Actual savings in FY 2020/21 have been quantified at

\$7.2 million, exceeding the savings target and eliminating the need for the balancing measure.

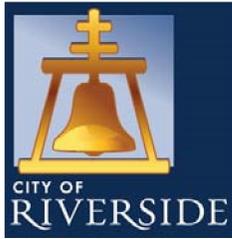
- **Maintain Measure Z FY 2019/20 Support Level:** Preserves the Measure Z contribution to the General Fund at the same level as FY 2019/20 (\$18.3 million) to help offset \$6.5 million of the deficit resulting from the COVID-19 revenue reduction.
- **Allocate Unspent Measure Z Contingency (2019-2021):** A total of \$6 million was programmed in the 2018-2023 Measure Z spending plan's Spending Contingency line item over three years from FY 2018/19 through FY 2020/21. The amount has not been expended and will be used to help offset General Fund revenue reductions resulting from COVID-19.
- **Section 115 Trust:** In 2019, Council approved the establishment of a Section 115 Pension Trust for the long-term management of pension costs. Approximately \$6.2 million of the \$9.4 million current value is budgeted as an interfund transfer to be allocated to the City's required CalPERS UAL payment in FY 2020/21.

MEASURE Z SPENDING PLAN 2017-2021						
	Actuals FY 2016/17	Actuals FY 2017/18	Actuals FY 2018/19	Actuals FY 2019/20 <sup>1</sup>	Carryovers FY 2019/20 <sup>2</sup>	Projected FY 2020/21
<b>REVENUE</b>						
Transaction & Use Tax	\$ 12,605,474	\$ 56,201,937	\$ 62,283,444	\$ 62,380,085	\$ -	\$ 61,456,284
Interest Earnings	954	35,265	532,684	755,392	-	300,000
<b>Total Revenues</b>	<b>\$ 12,606,428</b>	<b>\$ 56,237,202</b>	<b>\$ 62,816,127</b>	<b>\$ 63,135,477</b>	<b>\$ -</b>	<b>\$ 61,756,284</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
3 Funding for Workers Comp and General Liability	-	2,500,000	2,500,000	-	-	-
4 Measure Z Spending Contingency - General Fund Balancing Measure	-	-	-	-	-	6,000,000
5 Additional Sworn Police Positions	-	2,671,321	5,588,853	7,639,210	-	10,598,698
6 Public Safety Non-Sworn Positions and Recruitment Costs	-	450,833	795,676	877,104	-	1,087,572
7 Police Officer Lateral Hire Incentives and Recruitment Costs	-	-	30,049	9,994	-	200,000
8 Additional Dispatchers	-	254,112	477,694	566,809	-	862,112
9 Reinstatement of Fire Squad	448,496	838,478	992,571	1,291,460	-	1,392,682
10 Reinstatement of Captains (Training and Arson)	1,504	522,192	559,538	556,919	-	590,104
11 Reinstatement of Battalion Chief	-	355,402	368,948	390,025	-	387,294
12 Revised PD Vehicle Replacement and Maintenance Plan	-	2,434,081	1,738,555	1,199,786	1,295,576	2,138,146
13 Refurbish PD Vehicle (Pilot Program)	-	50,000	-	-	-	-
14 Revised Fire Vehicle Replacement and Maintenance Plan	-	823,208	1,607,452	3,143,742	569,210	3,811,618
15 Fleet Facility Capital Repairs Needed	-	100,000	-	-	-	-
16 Additional Fleet Mechanics for Police Department	-	176,329	173,230	202,610	-	219,427
17 Additional Fleet Mechanics for Fire Department	-	184,275	221,068	231,352	-	240,750
18 General Fund Support - Maintain Existing Services	3,939,526	5,482,007	13,238,623	18,266,026	-	18,266,026
19 General Plan Update	-	-	33,419	9,525	4,957,056	-
20 Homeless Services	-	8,775	184,619	571,204	735,402	500,000
21 Principal Analyst - City Manager's Office	-	108,724	148,684	161,803	-	170,345
22 Budget Engagement Commission Support	4,311	10,280	27,000	8,291	-	32,400
23 New Downtown Main Library	8,479	541,139	2,386,205	3,819,500	-	2,755,580
23a. New Downtown Main Library - Archives	-	1,000,000	1,000,000	1,300,000	-	-
24 Eastside Library Site Selection	-	-	-	-	100,000	-
25 New Police Headquarters	-	-	-	26,394	69,559	-
26 Museum Expansion and Rehabilitation	-	-	-	89,053	10,167	-
27 Downtown Parking Garage	-	-	-	-	-	-
28 Annual Deferred Maintenance (Existing Facilities)	-	458,210	1,111,923	1,025,461	404,406	1,000,000
29 Maximize Roads/Streets (Pavement Condition Index)	-	58,482	2,276,844	460,494	12,329,180	7,875,000
30 Tree Trimming	-	114,807	890,259	2,018,472	-	1,000,000

MEASURE Z SPENDING PLAN 2017-2021							
	Actuals FY 2016/17	Actuals FY 2017/18	Actuals FY 2018/19	Actuals FY 2019/20 <sup>1</sup>	Carryovers FY 2019/20 <sup>2</sup>	Projected FY 2020/21	
31	Ward Action Team - City Attorney's Office	21,907	173,578	263,704	295,205	-	305,403
32	Ward Action Team - City Manager's Office	-	-	-	-	-	-
33	Technology Improvements	-	112,288	433,629	679,248	4,774,835	2,000,000
34	4-Person Staffing on Fire Trucks	-	-	202,119	1,284,098	21,699	1,361,096
35	Fire Equipment	-	-	60,473	64,019	125,508	-
36	Contingency – Fire Radios	-	-	1,931,769	45,920	19,679	-
37	Recreation – Summer Pools	-	-	50,000	50,000	-	-
38	Bourns Family Youth Innovation Center – Furniture, Fixtures, Equip.	-	-	-	183,961	416,039	-
39	Public Safety & Engagement Team Program (PSET)	-	-	21,691	1,226,821	2,202,614	2,800,000
40	Library Security Guards	-	-	-	121,809	47,141	372,829
41	Homeless Temporary Housing	-	-	-	112,204	-	-
42	Orangecrest Fire Station Dormitory Improvements	-	-	-	427	99,573	-
	<b>Total Expenditures</b>	<b>\$ 9,973,447</b>	<b>\$ 36,134,811</b>	<b>\$ 40,988,149</b>	<b>\$ 49,603,436</b>	<b>\$ 28,177,644</b>	<b>\$ 67,641,582</b>
	<b>Five-Year Financial Plan Surplus/(Deficit)</b>	<b>\$ 2,632,981</b>	<b>\$ 20,102,391</b>	<b>\$ 21,827,978</b>	<b>\$ 13,532,041</b>	<b>\$(28,177,644)</b>	<b>\$ (5,885,298)</b>
<b>FUND RESERVES</b>							
	<b>Beginning Measure Z Fund Reserve</b>	<b>\$ -</b>	<b>\$ 2,632,981</b>	<b>\$ 22,735,372</b>	<b>\$ 39,563,350</b>	<b>\$ 53,095,391</b>	<b>\$ 24,917,747</b>
	Five-Year Financial Plan Surplus/(Deficit)	2,632,981	20,102,391	21,827,978	13,532,041	(28,177,644)	(5,885,298)
	Permanent Policy Reserve Set-Aside	-	-	(5,000,000)	-	-	-
	<b>Ending Measure Z Fund Reserve</b>	<b>\$ 2,632,981</b>	<b>\$ 22,735,372</b>	<b>\$ 39,563,350</b>	<b>\$ 53,095,391</b>	<b>\$ 24,917,747</b>	<b>\$ 19,032,449</b>

<sup>1</sup> Unaudited and subject to change.

<sup>2</sup> Non-capital amounts are subject to Council approval.



# FY 2019-2020 FOURTH QUARTER FINANCIAL REPORT AND MEASURE Z UPDATE

Finance Department

City Council Meeting  
January 19, 2021

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## BACKGROUND

- June 2018: FY 2018-2020 Two-Year Budget adopted
- June 2019: FY 2019/20 Amended Budget adopted
- November 2020: Interim Financial Report
  - General Fund potential \$17M in savings



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## GENERAL FUND OVERVIEW

### FY 2019/20 Amended Budget

Revenue & Transfers In	\$279,136,415
Expenditures & Transfers Out	280,372,427
Surplus/(Deficit)	\$(1,236,012)

### General Fund Reserves (in millions)

Emergency Reserves (15%)	\$40.7 M
Economic Contingency Reserves (5%)	13.6 M
Projected Surplus Reserves	15.6 M

### Quarter 4 Highlights

% of Total Budget



Revenues 100%



Expenditures 95%



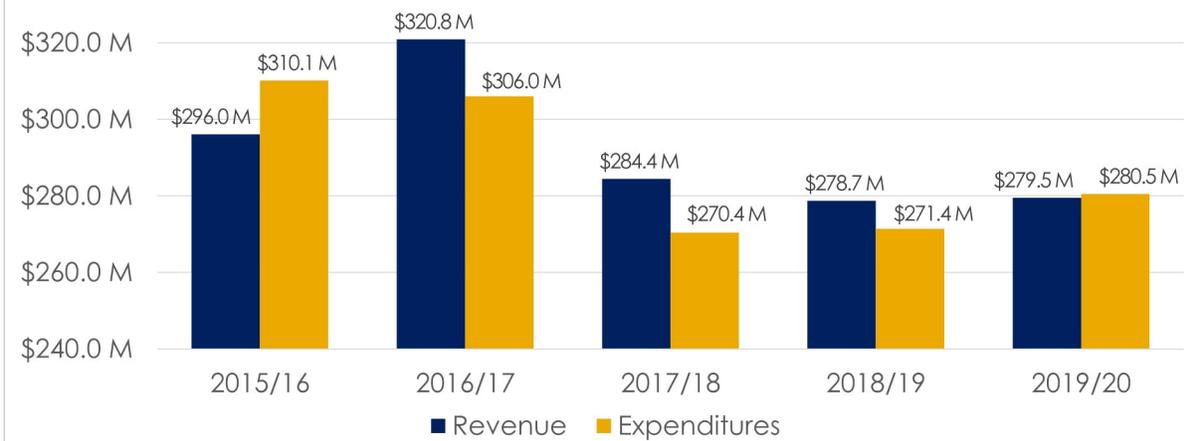
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## GENERAL FUND FIVE-YEAR

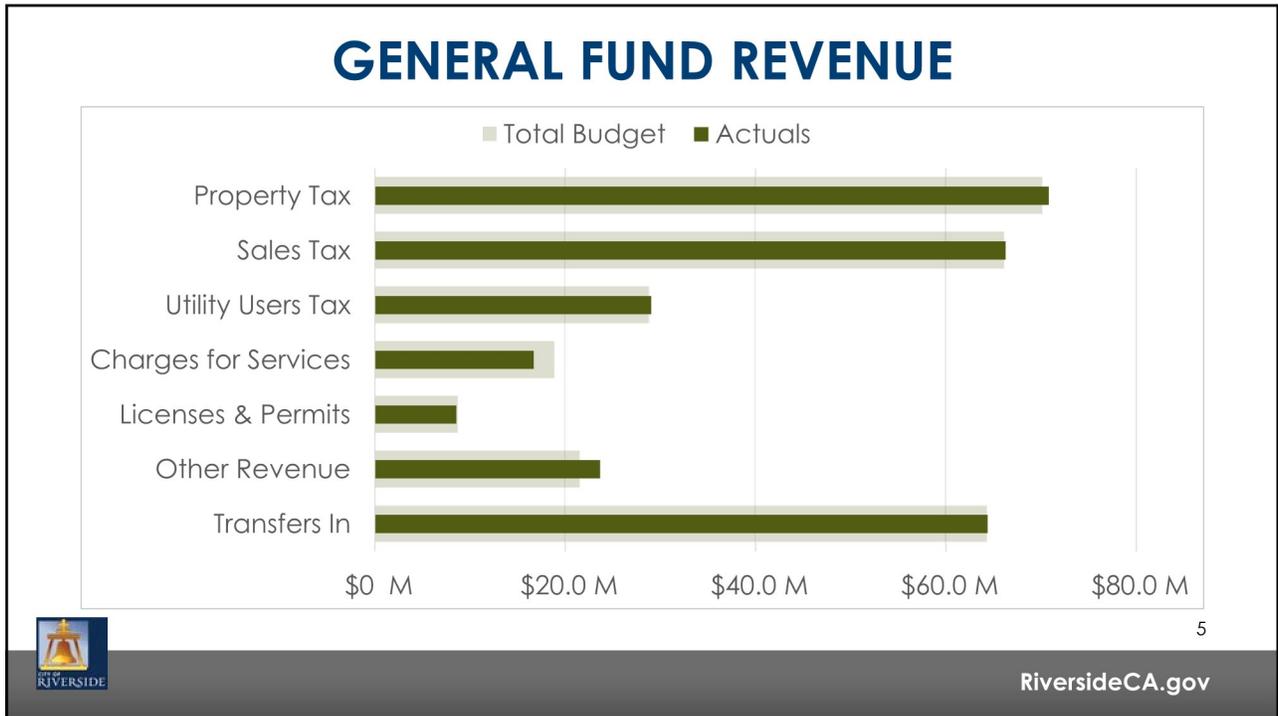
Five Year Revenue and Expenditures - General Fund



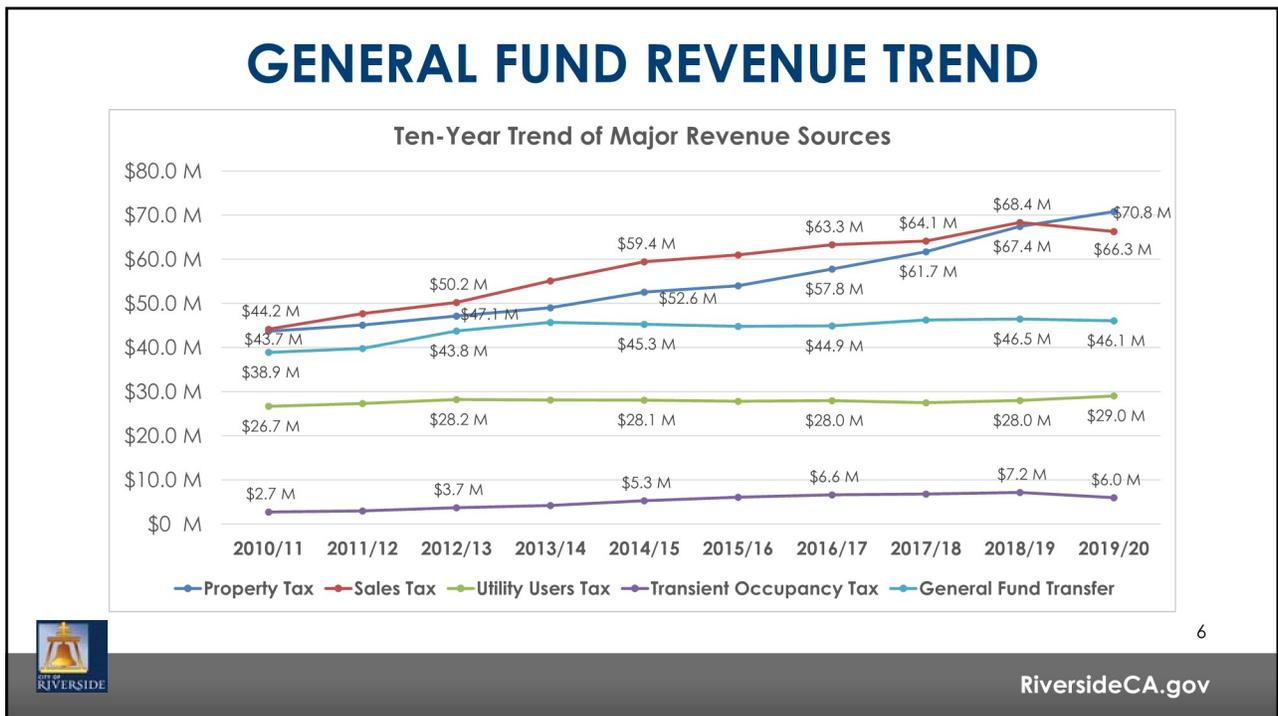
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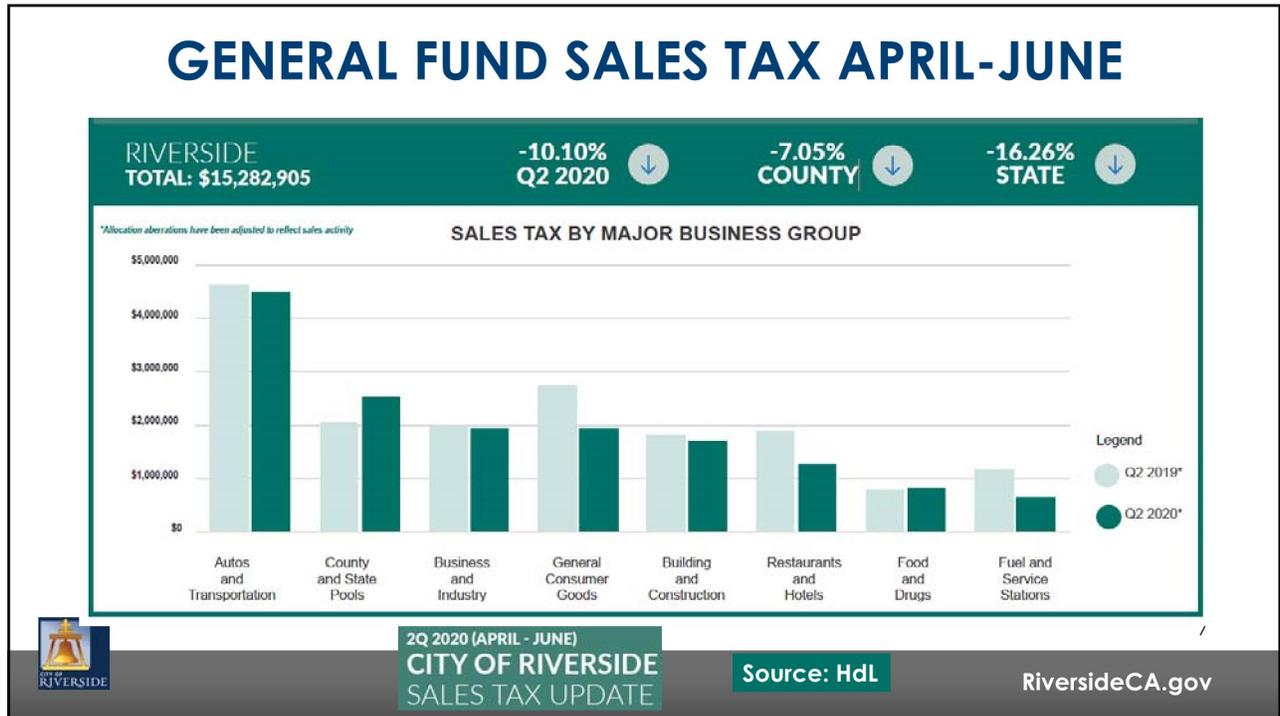
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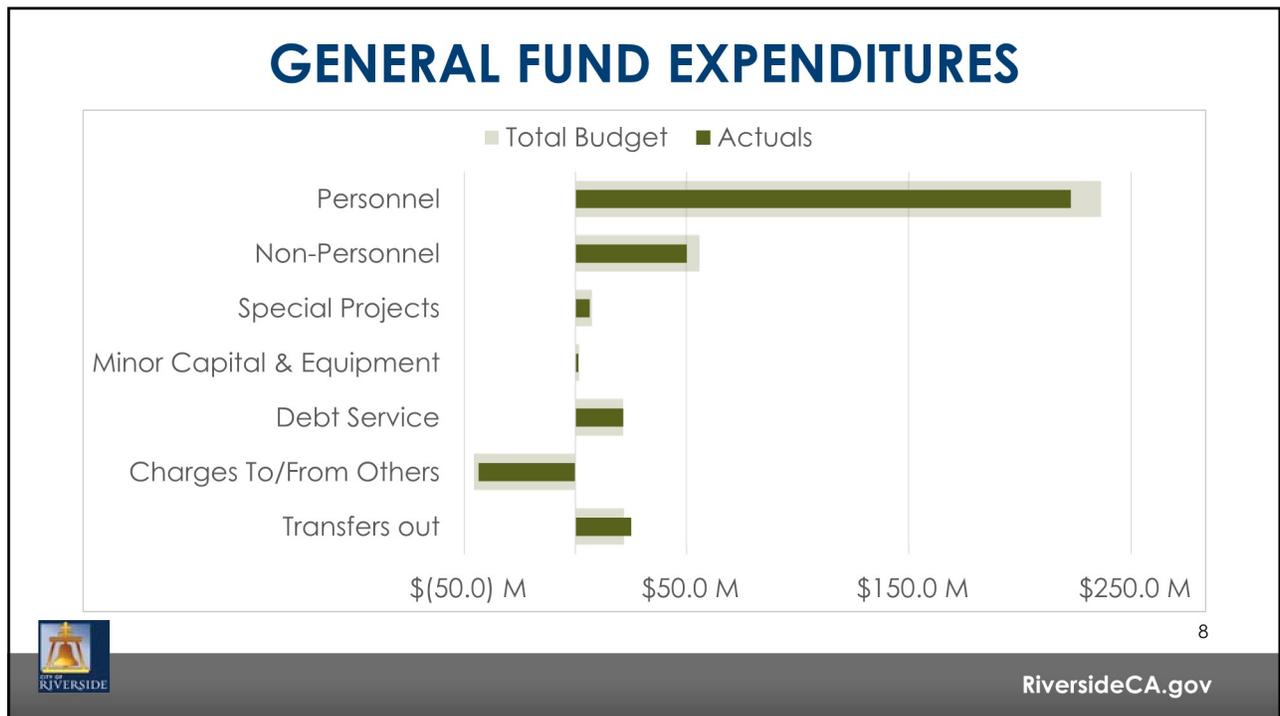
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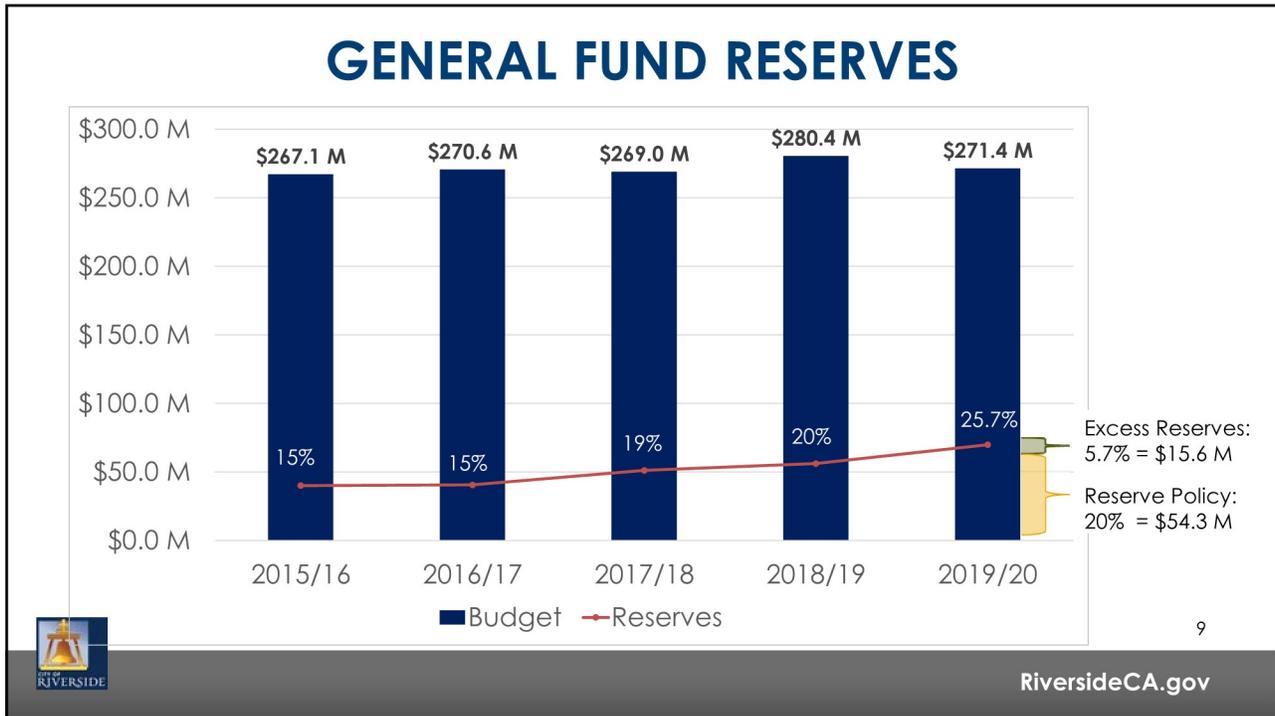
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## MEASURE Z OVERVIEW

### MEASURE Z SUMMARY

	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2019/20 Actuals
Revenue	\$12,606,428	\$56,237,202	\$62,816,127	\$63,135,477
Expenditures	(9,973,447)	(36,134,811)	(40,988,149)	(49,603,436)
(Unexpended) / Carryovers				(28,177,644)
<b>Net Change in Fund Balance</b>	<b>\$2,632,981</b>	<b>\$20,102,391</b>	<b>\$21,827,978</b>	<b>\$(14,645,603)</b>

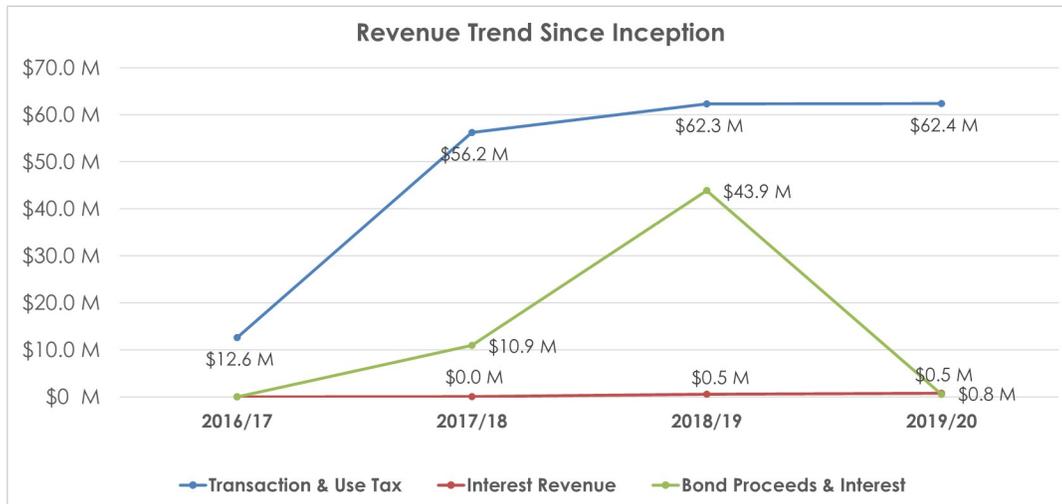
### MEASURE Z UNALLOCATED FUND RESERVES

Beginning Unallocated Fund Balance	\$-	\$2,632,981	\$22,735,372	\$39,563,350
Net Change in Fund Balance	2,632,981	20,102,391	21,827,978	(14,645,603)
Policy Reserve	-	-	(5,000,000)	-
<b>Ending Unallocated Fund Balance (Projected)</b>	<b>\$2,632,981</b>	<b>\$22,735,372</b>	<b>\$39,563,350</b>	<b>\$24,917,747</b>

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## MEASURE Z REVENUE TREND

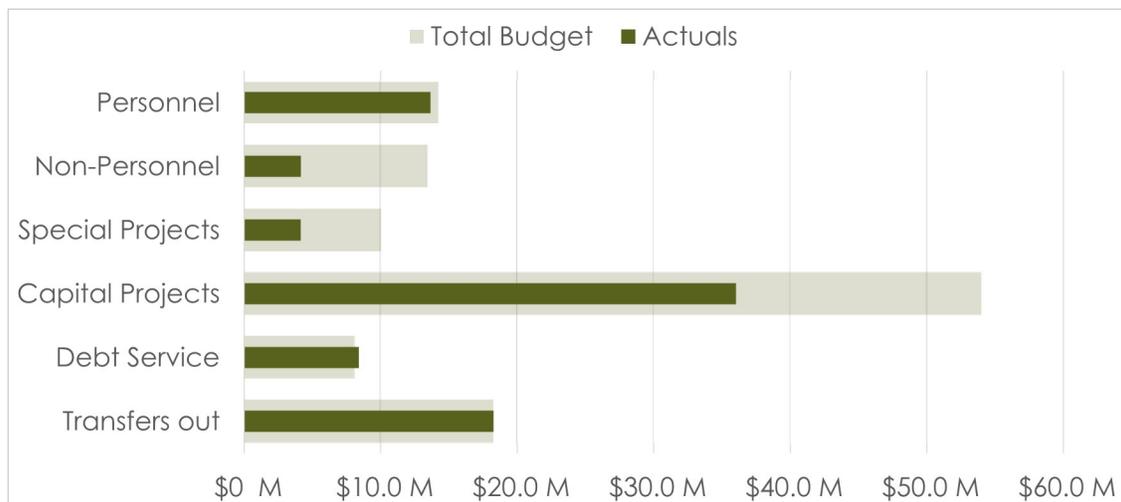


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## MEASURE Z EXPENDITURES



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## SEWER FUND OVERVIEW

### FY 2019/20 Amended Budget - Operating

Revenue & Transfers In	\$68,439,438
Expenditures & Transfers Out	64,259,272
Surplus/(Deficit)	\$4,180,166

### Quarter 4 Highlights

% of Total Budget



Revenues 102%



Expenditures 91%

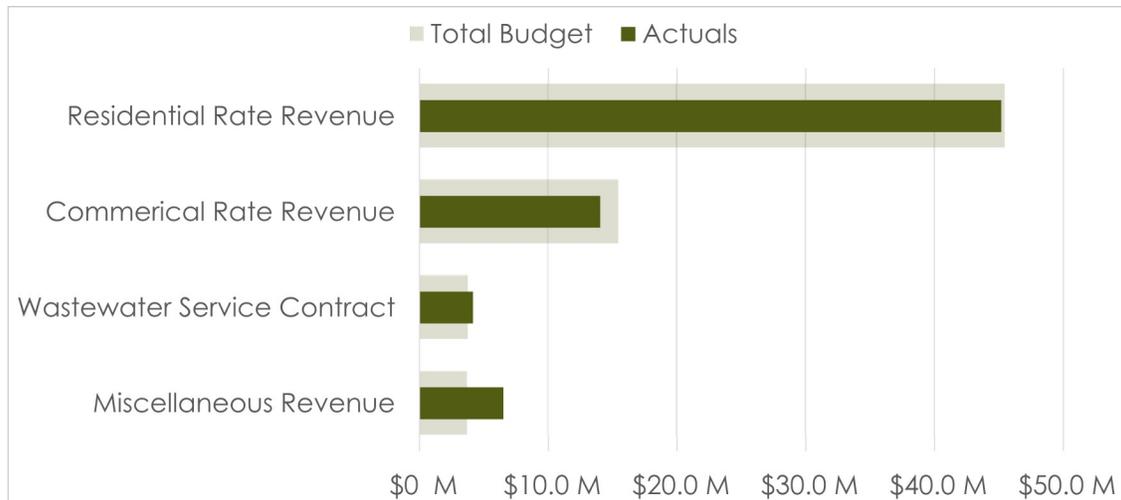
### Fund Reserves

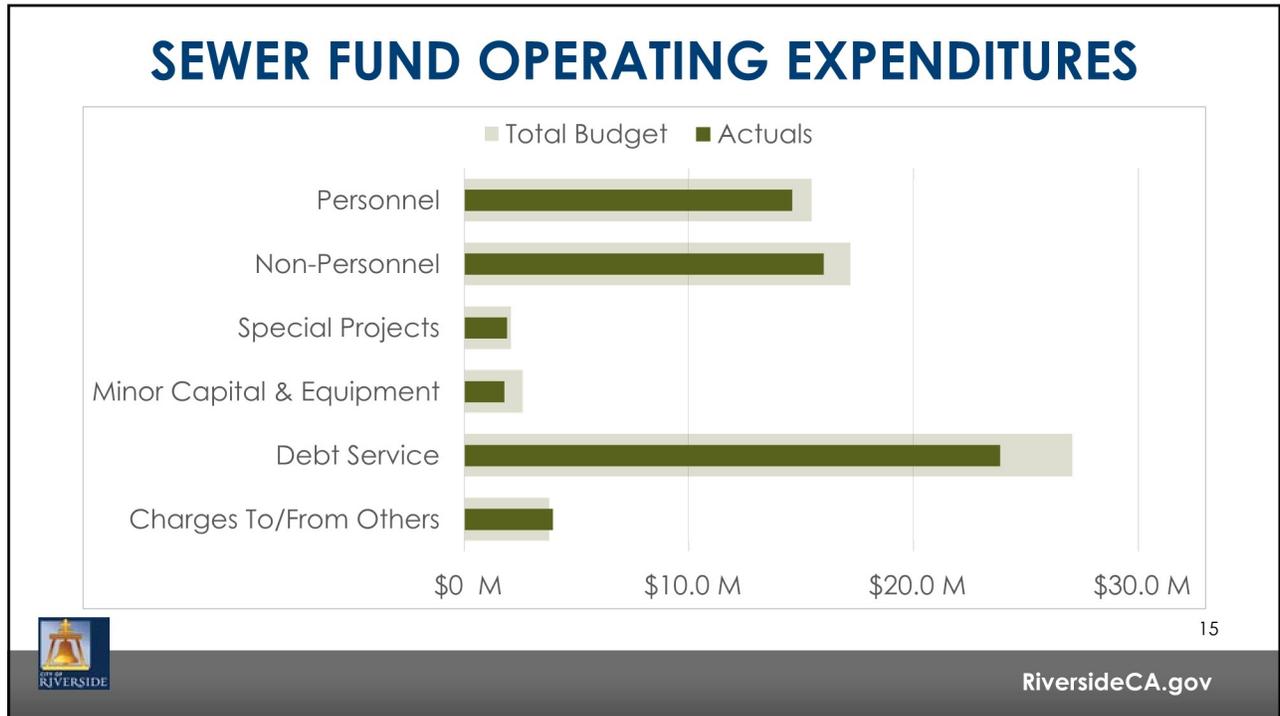
Beginning Balance <sup>1</sup>	\$99,455,823
Revenues	69,884,316
Operating Expenditures	62,122,535
Capital Expenditures & Carryovers	31,013,130
Estimated Ending Reserves	\$76,204,474



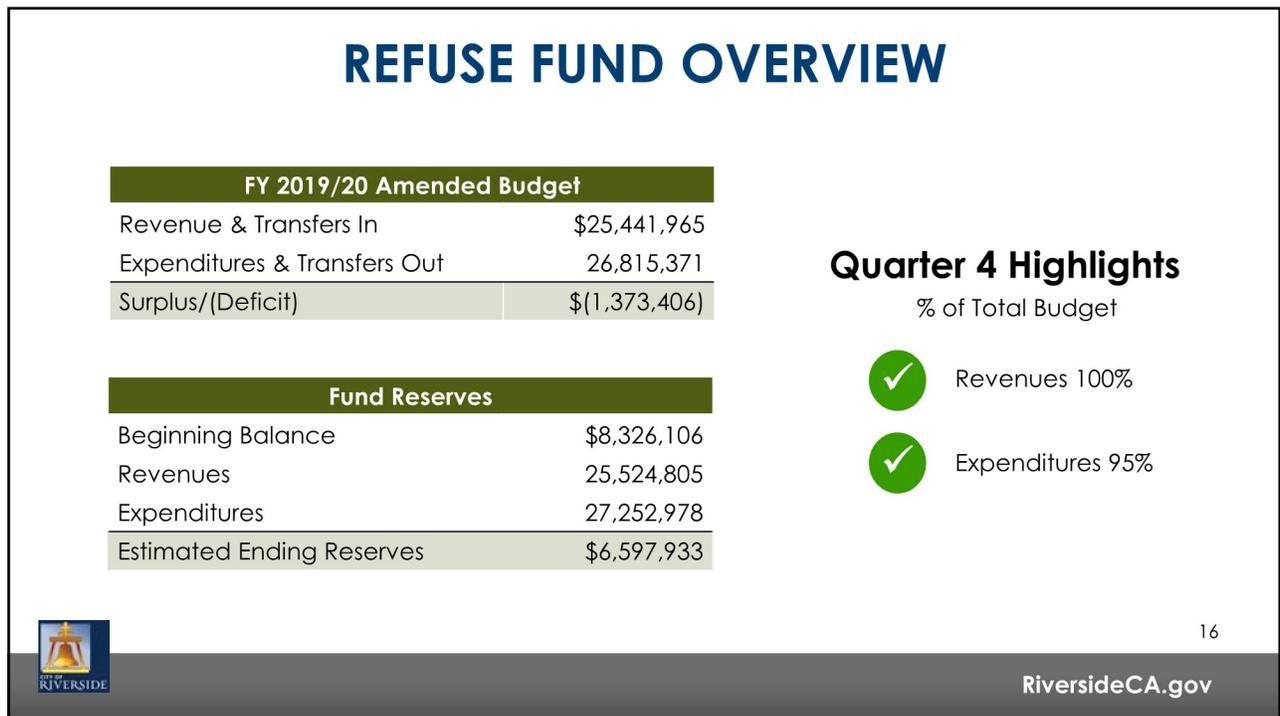
<sup>1</sup> Includes bond cash available for capital projects.

## SEWER FUND OPERATING REVENUE

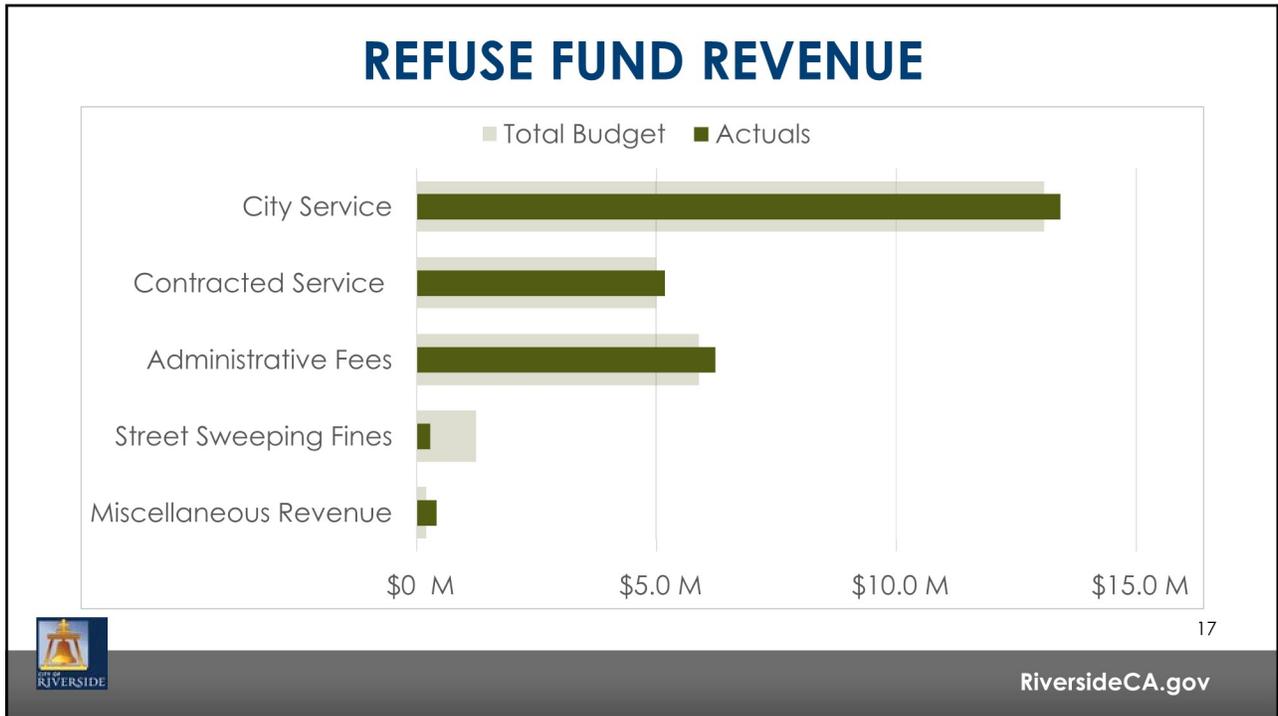




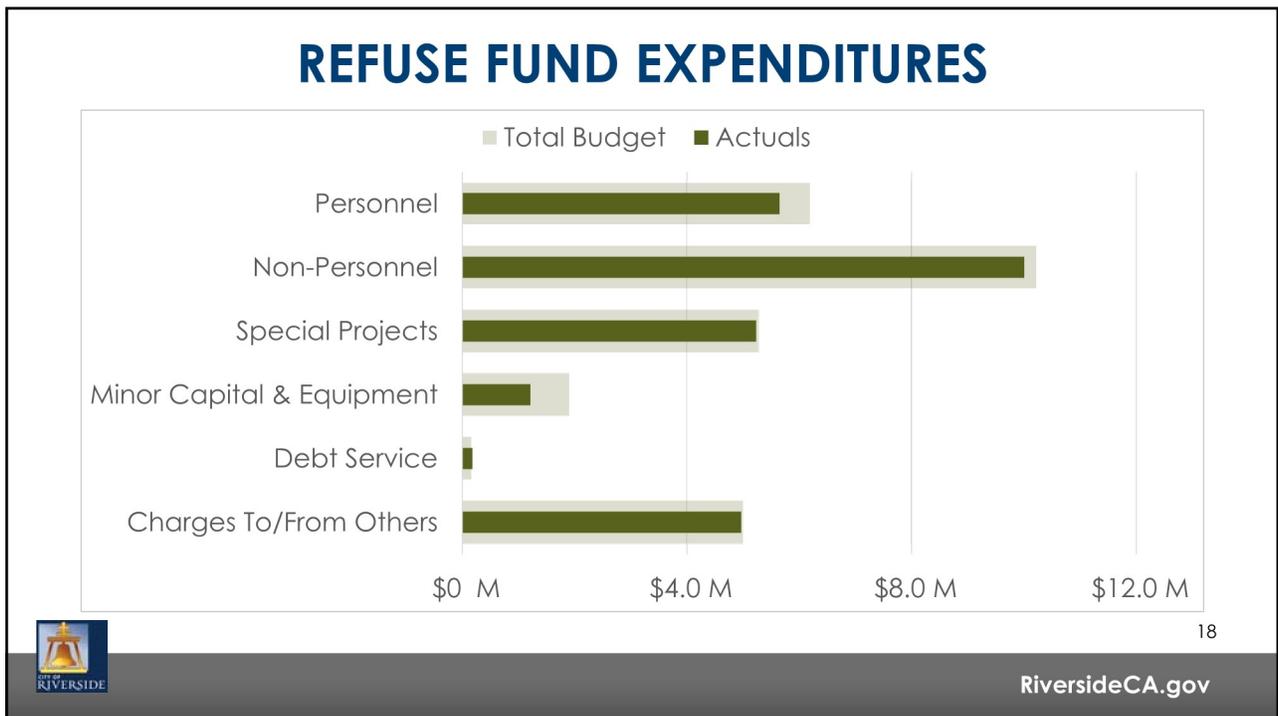
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## ELECTRIC FUND OVERVIEW

### FY 2019/20 Amended Budget - Operating

Revenue & Transfers In	\$382,074,694
Expenditures & Transfers Out	404,034,819
Surplus/(Deficit)*	\$(21,960,125)

### Unrestricted, Undesignated Cash Reserves (Preliminary/Unaudited)

Cash Reserves	\$193 M
Available Line of Credit	\$35 M
Minimum Reserve Level	\$141 M
Maximum Reserve Level	\$221 M

### Quarter 4 Highlights

% of Total Budget

- ✓ Revenues 101%
- ✓ Expenditures 89%

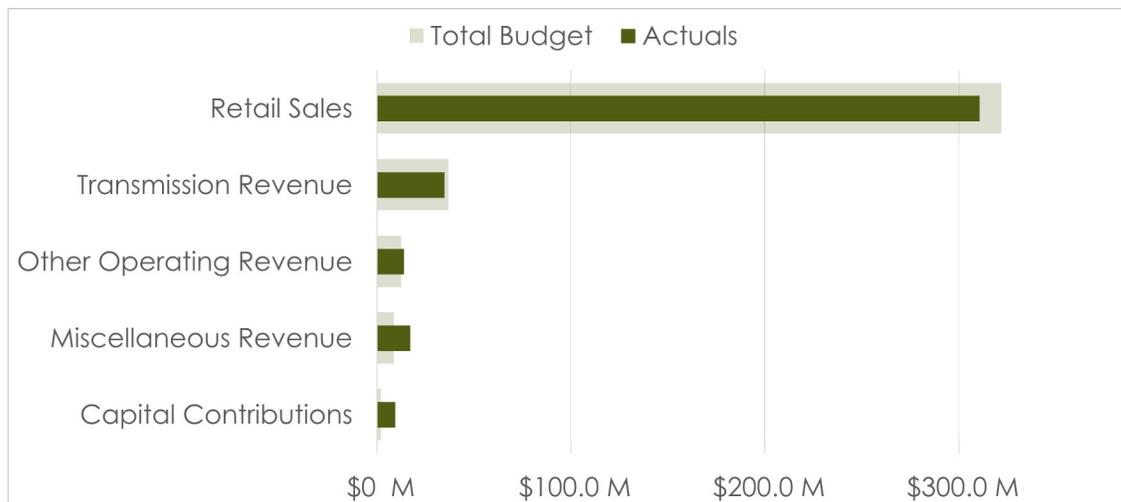


\*Strategic drawdown of cash reserves.

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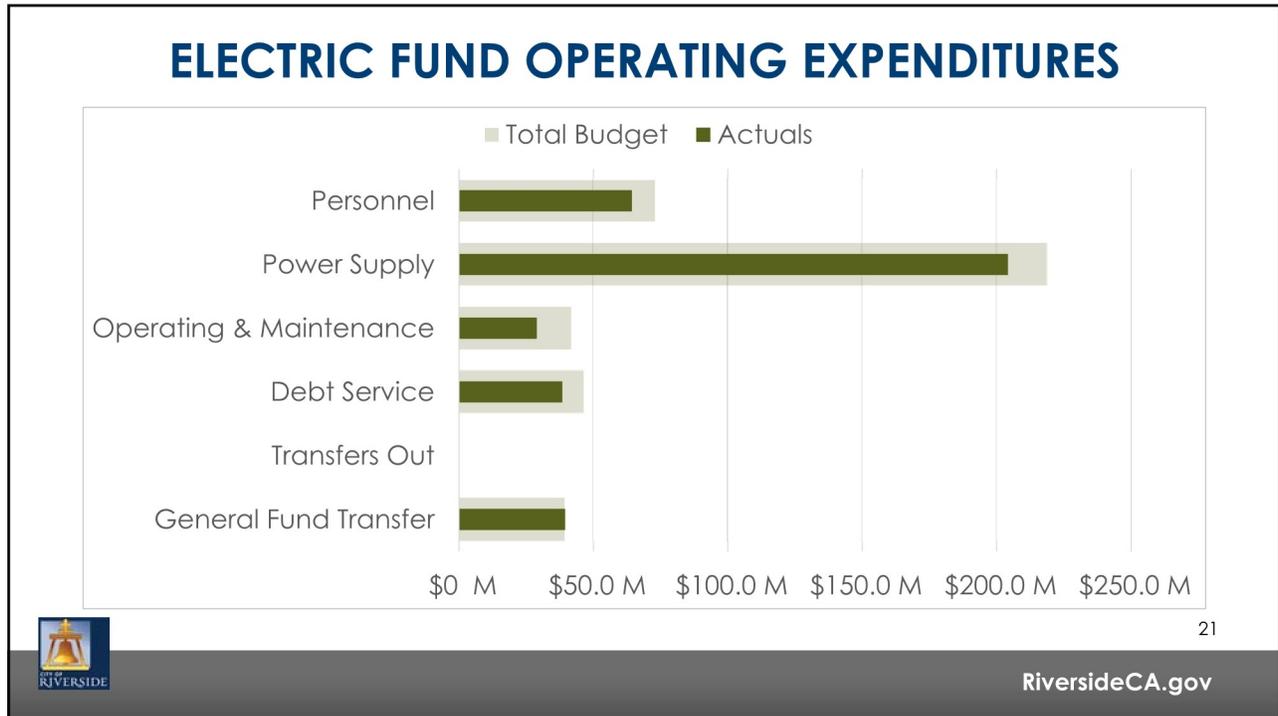
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## ELECTRIC FUND OPERATING REVENUE



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## WATER FUND OVERVIEW

**FY 2019/20 Amended Budget - Operating**

Revenue & Transfers In	\$80,710,703
Expenditures & Transfers Out	74,840,912
Surplus/(Deficit)	\$5,869,791

**Unrestricted, Undesignated Cash Reserves (Preliminary/Unaudited)**

Cash Reserves	\$29 M
Available Line of Credit	\$25 M
Minimum Reserve Level	\$46 M
Maximum Reserve Level	\$70 M

**Quarter 4 Highlights**

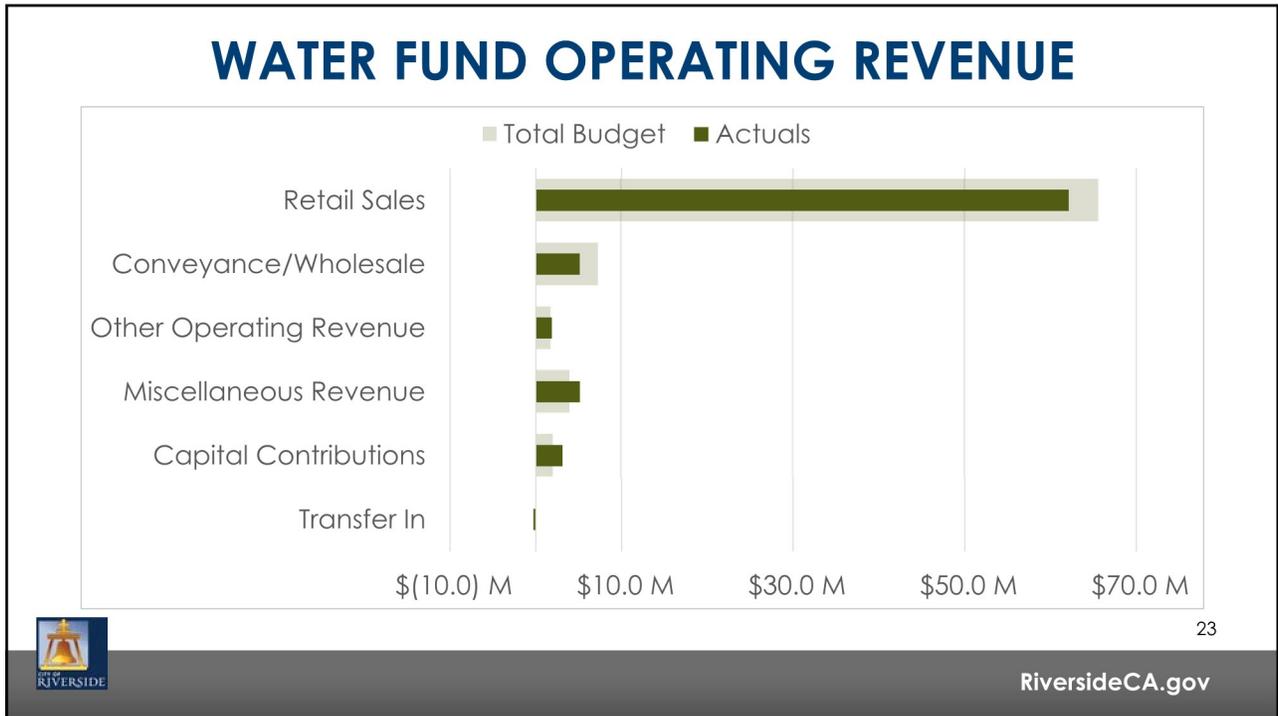
% of Total Budget

- ✓ Revenues 96%
- ✓ Expenditures 95%

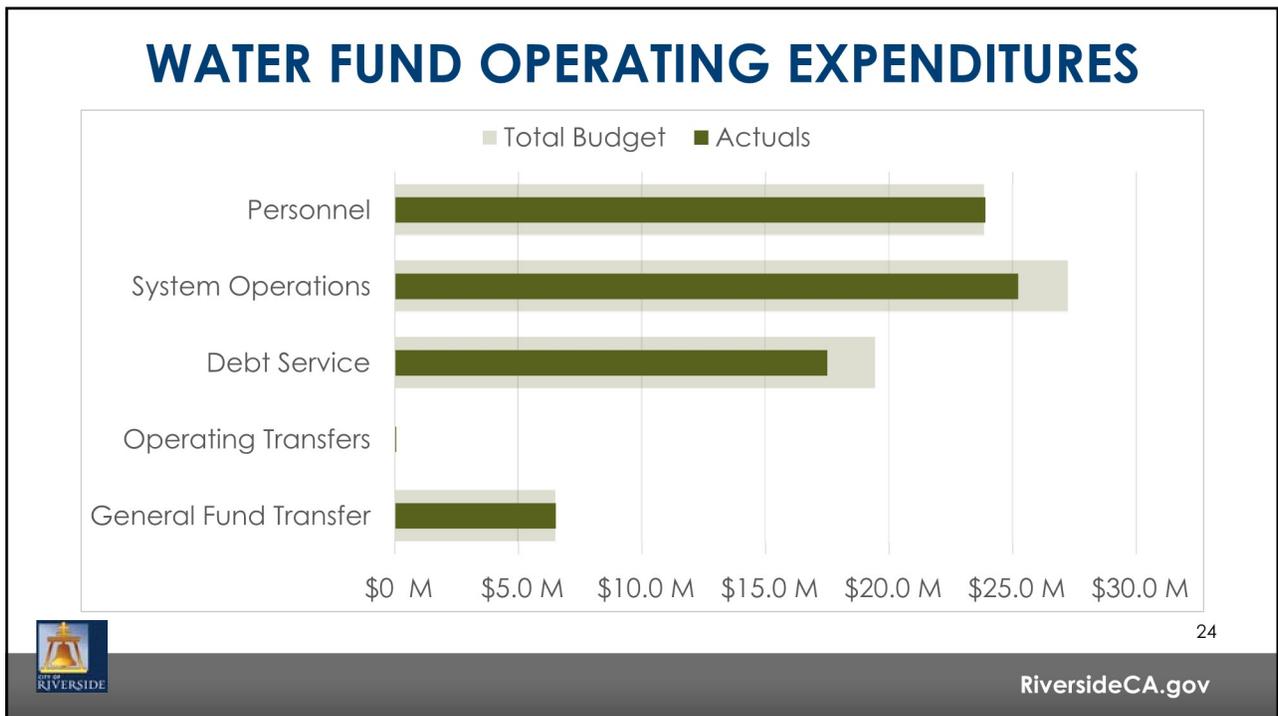
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## CARRYOVER OF UNEXPENDED FUNDS

Fund Type	Discretionary	Restricted Purpose	Total
101 - General Fund	\$499,627	\$763,779	\$1,263,406
110 - Measure Z Fund	14,750,219	-	14,750,219
2xx - Special Revenue	759,890	4,112,376	4,872,266
4xx - Capital	1,627,573	579,091	2,206,664
510 - Electric Fund	5,822,179	-	5,822,179
511- Electric Public Benefit Programs	4,719,250	-	4,719,250
520 - Water Fund	565,412	-	565,412
<b>Total Carryover Requests</b>	<b>\$28,744,150</b>	<b>\$5,455,246</b>	<b>\$34,199,396</b>



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## RECOMMENDATIONS

That the City Council:

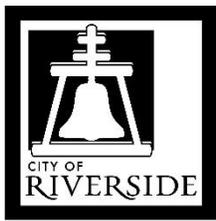
1. Receive and provide input on the Fiscal Year 2019/20 Fourth Quarter Financial Report and Measure Z update;
2. Approve a carryover of unexpended funds of approximately \$1.3 million in the General Fund and \$32.9 million in other City funds into fiscal year 2020/21; and
3. Provide direction to staff on the use of approximately \$15.6 million of surplus reserves in the General Fund.



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# City Council Memorandum

City of Arts & Innovation

.....

**TO: HONORABLE MAYOR AND CITY COUNCIL**      **DATE: JANUARY 19, 2021**

**FROM: FINANCE DEPARTMENT**      **WARDS: ALL**

**SUBJECT: FISCAL YEAR 2019/20 FOURTH QUARTER CASH, INVESTMENTS, AND DEBT REPORT**

**ISSUE:**

Receive and provide input on the attached Fiscal Year 2019/20 Fourth Quarter Cash, Investments, and Debt Report.

**RECOMMENDATIONS:**

That the City Council receive and provide input on the attached Fiscal Year 2019/20 Fourth Quarter Cash, Investments, and Debt Report.

**BACKGROUND:**

On June 16, 2020, the City Council received and provided input on the Fiscal Year 2019/20 Third Quarter Cash and Investments and Debt report.

**DISCUSSION:**

The General Fund and Measure Z Quarterly Financial report has been separated from the Cash Investments and Debt Quarterly report as of April 23, 2019 to increase financial accountability and transparency as it relates to the City's Debt and Investment activities. It is staff's intention to provide the Cash and Investments and Debt Quarterly report at the same City Council meeting as the Quarterly Financial Report for the General Fund and Measure Z 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, 2020, the City's pooled investment portfolio's market value was \$820 million, with 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 amounting to

an additional \$178 million. The weighted average yield of the pooled investment portfolio is 1.20%.

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:

1. Community Development Block Grant (\$596,032), Housing Opportunities for Persons with AIDS (\$577,768), Capital Outlay - Grants (\$905,729), and Transportation Uniform Mitigation Fees (\$1,889,495) have negative cash balances due to the timing of expenditures; however, the negative balances are fully offset by grant receivables.

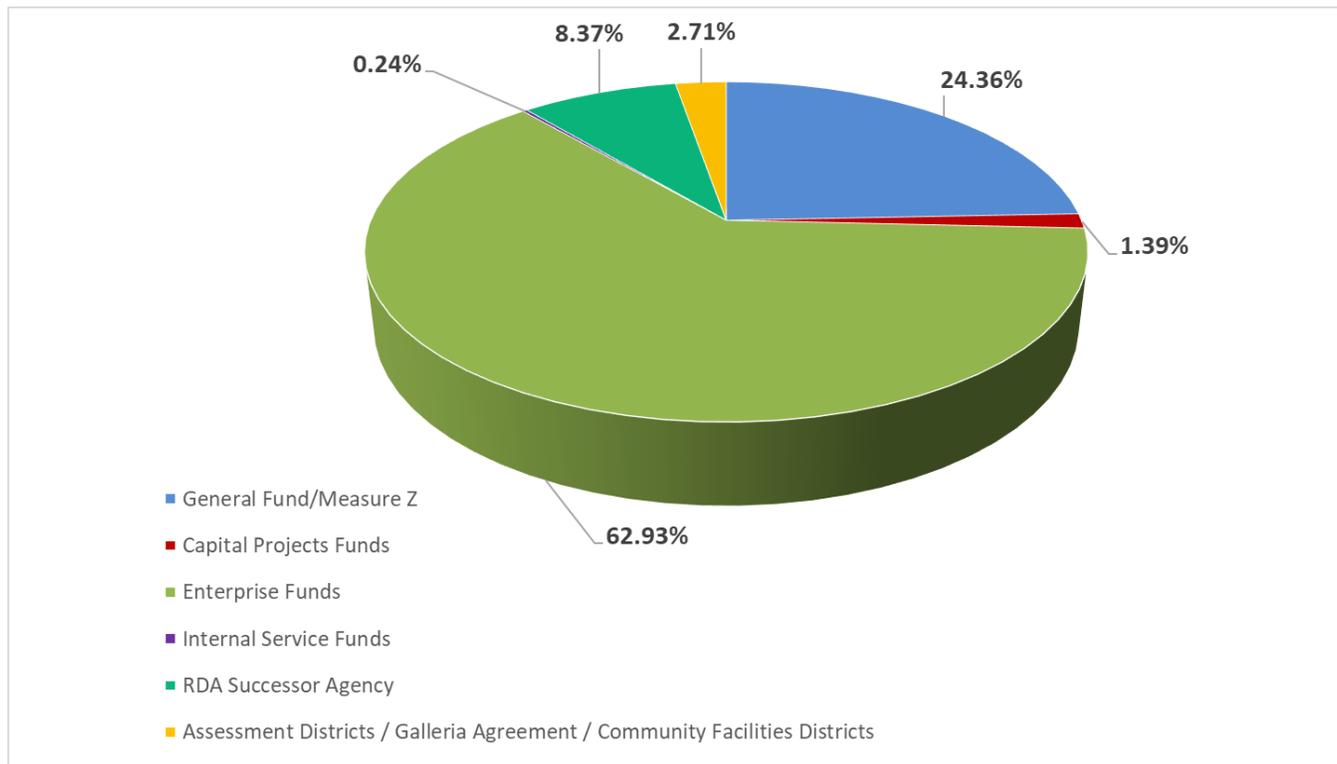
### QUARTERLY DEBT REPORT

The Finance Department is responsible for managing the City's debt portfolio, which includes issuing new debt and monitoring opportunities to refinance existing debt as opportunities to reduce financing costs arise. 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 2020 by debt classification and fund.

### **Debt Summary Analysis**

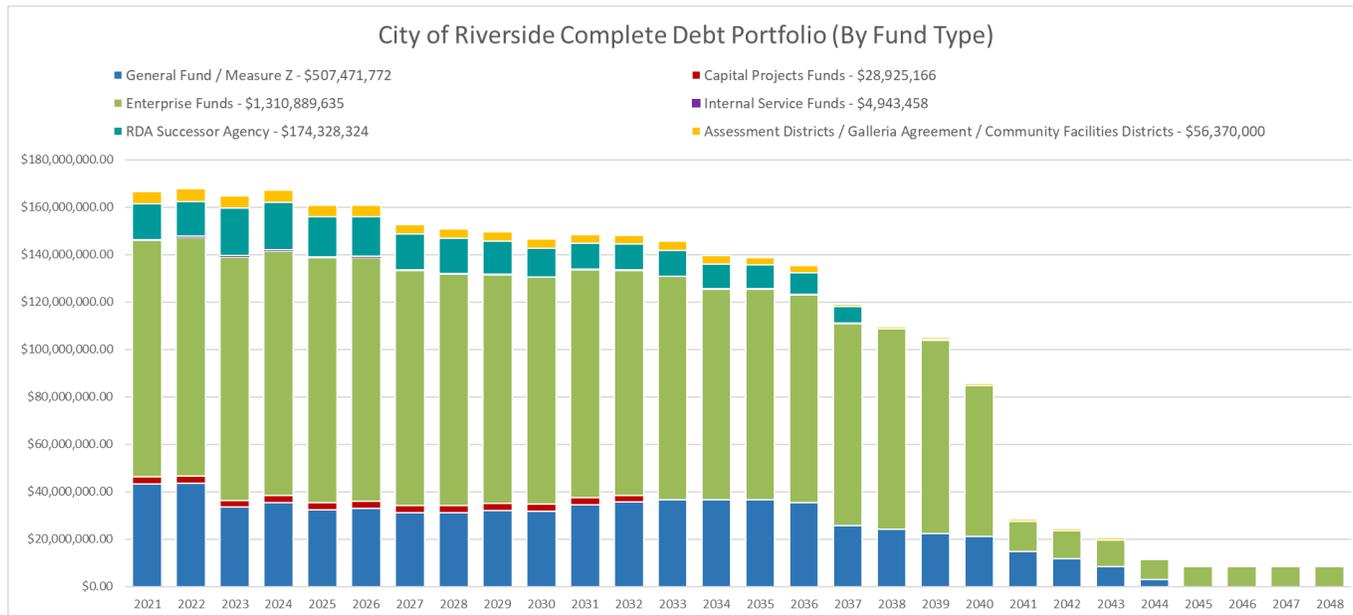
The City's outstanding principal varies quarterly as a result of debt service payments, bond calls, new debt issuances, and refunding and defeasance activity. At the end of the fourth quarter, the City's outstanding principal balance increased \$429,185,939 from the end of the third quarter of fiscal year 2020. This principal increase is primarily due to a \$432,165,000 issuance of Pension Obligation Bonds used to paydown a significant portion of the City's unfunded accrued liability with CalPERS, as well as \$2,979,061 debt service principal payments on the City's 2013A Measure A Sales Tax Certificates of Participation, Capital Leases, and Private Placement Loans.

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



For purposes of this report, the Sewer, Water, Electric, Refuse, Special Transit, Civic Entertainment, Convention Center, and Parking funds are consolidated under the classification of Enterprise Funds. Measure Z and the General Fund are grouped together. Measure A and the City’s Parks Special Capital fund are 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 City obligations. They are paid by individual Improvement Districts that are separate legal entities from the City, formed to issue debt and levy assessments or special tax to pay debt service within those districts.

The following bar chart provides the City’s debt service portfolio using the same classification methodology, outlining the principal and interest payments on all City debt instruments by fund. As illustrated below, the City has a stable debt service curve that results in steadily diminishing annual debt service payments and that minimizes any upward spikes in payments that could negatively impact the City’s ability to pay debt service.



**Debt Related Activities in Fourth Quarter**

Finance staff regularly monitors the market in order to identify opportunities to maximize debt service savings through refunding and to issue debt when rates are most advantageous. Within the fourth quarter, the Financing Team completed the remarketing of the Electric 2011A Privately placed variable rate bonds to the public market and the issuance of the 2020A Pension Obligation Bonds. Staff also prepared financial reports related to annual debt expenses and long-term obligations. The land secured financing team began the process of forming a new Community Facilities District, CFD 2015-2 (Pomelo), which has the City’s first service special tax, to help offset the cost of new development within the City.

Other debt related activities conducted within the fourth quarter include:

- Legislative requirements for annual Business Improvement District, Landscape Maintenance and Streetlight Maintenance District, Special Tax and Assessment District, and General Obligation Bond levies.
- Continuing Disclosure Annual Reports for Enterprise, General Fund, and Successor to the Redevelopment Agency Debt.

**FISCAL IMPACT:**

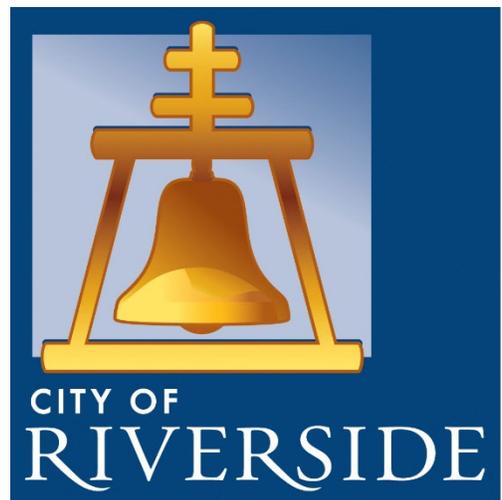
There is no direct fiscal impact associated with this report.

Prepared by: Heidi Schrader, Debt Manager  
 Certified as to availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer  
 Approved by: Moises Lopez, Deputy City Manager  
 Approved as to form: Kristi J. Smith, Interim City Attorney

- Attachments:
1. Cash and Investment Report
  2. Quarterly Debt Report
  3. Presentation

**ATTACHMENT 1**

**CASH AND INVESTMENT REPORT**

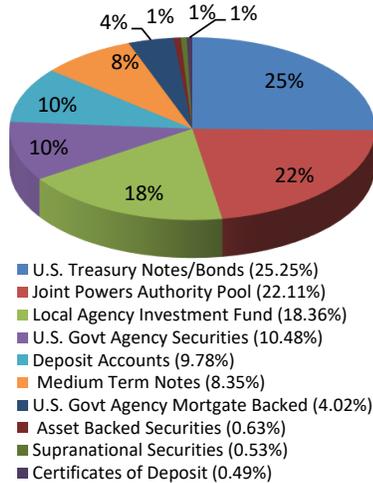




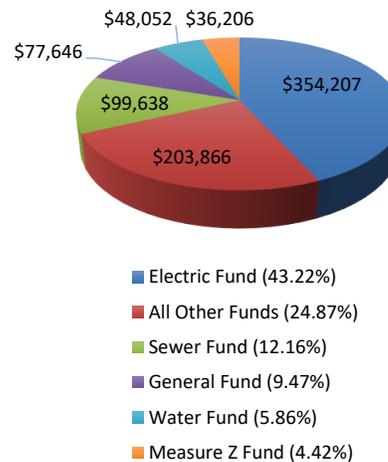
## CITY OF RIVERSIDE Quarterly Investment Report June 30, 2020

	AMORTIZED COST	MARKET VALUE
<b>POOLED INVESTMENT PORTFOLIO</b>		
Deposit Accounts	\$ 80,147,420.41	\$ 80,147,420.41
Joint Powers Authority Pool	181,234,181.19	181,234,181.19
Local Agency Investment Fund (LAIF)	150,000,000.00	150,521,352.47
Certificates of Deposit	3,944,020.00	4,013,384.47
Medium Term Notes	65,698,567.94	68,442,688.21
U.S. Govt Agency Mortgage Backed Securities	31,859,808.98	32,942,947.39
Asset Backed Securities	5,039,297.47	5,128,793.78
Supranational Securities	4,278,378.35	4,329,737.96
U.S. Govt Agency Securities	84,457,748.50	85,858,777.90
U.S. Treasury Notes/Bonds	200,423,466.43	206,995,342.85
<b>TOTAL POOLED INVESTMENT PORTFOLIO</b>	<b>807,082,889.27</b>	<b>819,614,626.63</b>
<b>INVESTMENTS HELD BY FISCAL AGENT -</b>		
<b>SECTION 115 PENSION TRUST FUND</b>	<b>9,326,941.16</b>	<b>9,384,440.92</b>
<b>OTHER INVESTMENTS HELD BY FISCAL AGENT</b>	<b>164,957,039.68</b>	<b>166,252,067.54</b>
<b>OTHER MISCELLANEOUS CASH</b>	<b>2,421,011.00</b>	<b>2,421,011.00</b>
<b>TOTAL CASH &amp; INVESTMENTS</b>	<b>\$ 983,787,881.11</b>	<b>\$ 997,672,146.09</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 1.12 years. Market prices of securities are obtained from Interactive Data Corporation. Weighted average yield on cost for the City's investment portfolio is 1.20%. The cash held and invested with fiscal agents is subject to the investment provisions of the related trust indentures associated with the bond transaction which generated the cash.

Verified by:   
Nancy Garcia, Controller

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



**CITY OF RIVERSIDE**  
**Pooled Investment Portfolio Holdings**  
**June 30, 2020**

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	INVEST RATING	PURCH DATE	AMORTIZED COST	MARKET VALUE
<b><u>DEPOSIT ACCOUNTS</u></b>						
Bank of America Checking and Reserve	Varies	Varies	NR	Varies	74,484,329.23	74,484,329.23
Bank of America Custodial Cash	Varies	Varies	AAA	Varies	505,546.85	505,546.85
Citizens Business Bank	Varies	Varies	NR	Varies	5,157,544.33	5,157,544.33
<b>SUBTOTAL DEPOSIT ACCOUNTS</b>					<b>80,147,420.41</b>	<b>80,147,420.41</b>
<b><u>JOINT POWERS AUTHORITY POOL</u></b>						
California Asset Management Program (CAMP)	Varies	Varies	AAA	Varies	181,234,181.19	181,234,181.19
<b>SUBTOTAL JOINT POWERS AUTHORITY POOL</b>					<b>181,234,181.19</b>	<b>181,234,181.19</b>
<b><u>LOCAL AGENCY INVESTMENT FUND (LAIF)</u></b>						
	Varies	Varies	NR	Varies	<b>150,000,000.00</b>	<b>150,521,352.47</b>
<b><u>CERTIFICATES OF DEPOSIT</u></b>						
Bank of Wisconsin Dells	1.50%	07/17/20	NR	02/05/16	249,000.00	249,163.10
Bridgewater Bank	1.50%	08/17/20	NR	02/05/16	249,000.00	249,453.43
Unity Bank	1.50%	08/26/20	NR	02/05/16	249,000.00	249,351.09
Barclays Bank Delaware	2.20%	09/16/20	NR	09/09/15	247,000.00	248,142.87
Bank Of Charles Town	1.80%	09/30/20	NR	09/22/15	249,000.00	249,938.73
HSBC Bank USA, National Association	3.10%	11/17/20	NR	11/18/15	246,000.00	248,757.91
Enerbank USA Inc.	1.90%	01/28/21	NR	01/15/16	247,000.00	249,526.81
The State Bank and Trust Company	1.60%	02/17/21	NR	02/05/16	249,000.00	250,633.44
Citibank, N.A.	3.00%	07/13/21	NR	07/10/18	244,877.50	252,192.71
BMW Bank of North America Inc.	3.00%	07/13/21	NR	07/10/18	244,877.50	252,192.71
Wells Fargo Bank, National Association	3.00%	07/13/21	NR	07/10/18	244,877.50	252,195.41
Discover Bank	3.00%	07/19/21	NR	07/10/18	244,877.50	252,306.15
Ally Bank	3.00%	07/19/21	NR	07/10/18	244,877.50	252,306.15
Medallion Bank	3.00%	07/20/21	NR	07/10/18	244,877.50	252,327.71
Merrick Bank Corporation	2.95%	07/20/21	NR	07/10/18	244,877.50	252,198.35
Hanmi Bank	2.95%	08/17/21	NR	07/10/18	244,877.50	252,697.90
<b>SUBTOTAL CERTIFICATES OF DEPOSIT</b>					<b>3,944,020.00</b>	<b>4,013,384.47</b>
<b><u>MEDIUM TERM NOTES</u></b>						
Cisco Systems, Inc.	2.20%	02/28/21	AA	03/12/18	5,202,692.00	5,364,675.90
American Honda Finance Corp.	3.38%	12/10/21	A	10/03/18	5,447,384.00	5,658,767.70
Apple, Inc.	2.30%	05/11/22	AA	02/20/18	7,301,625.00	7,765,530.00
Berkshire Hathaway Finance Corp.	3.00%	05/15/22	AA	03/12/19	5,136,191.29	5,335,917.08
Oracle Corp.	2.50%	05/15/22	A	02/19/19	2,542,655.20	2,657,326.03
Exxon Mobil Corp.	1.90%	08/16/22	AA	08/13/19	2,375,000.00	2,449,026.38
Oracle Corp.	2.50%	10/15/22	A	03/12/19	5,943,780.00	6,275,226.00
Berkshire Hathaway Finance Corp.	2.75%	03/15/23	AA	05/09/19	4,451,187.75	4,696,837.97
Chevron Corp.	3.19%	06/24/23	AA	02/19/19	5,057,700.00	5,357,475.00
Toyota Motor Credit Corp.	3.45%	09/20/23	A	02/06/19	2,470,070.70	2,641,276.35
Royal Bank of Canada	2.25%	11/01/24	A	02/06/20	3,037,950.00	3,156,480.00
John Deere Capital Corp.	2.05%	01/09/25	A	02/06/20	3,024,810.00	3,170,028.00
Bank of America Corp.	3.46%	03/15/25	A	04/23/20	5,263,900.00	5,423,210.00
Chubb INA Holdings, Inc.	3.15%	03/15/25	A	05/28/20	3,324,622.00	3,370,176.80
Honeywell Intl	1.35%	06/01/25	A	06/23/20	5,119,000.00	5,120,735.00
<b>SUBTOTAL MEDIUM TERM NOTES</b>					<b>65,698,567.94</b>	<b>68,442,688.21</b>



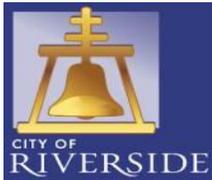
**CITY OF RIVERSIDE**  
**Pooled Investment Portfolio Holdings**  
**June 30, 2020**

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	INVEST RATING	PURCH DATE	AMORTIZED COST	MARKET VALUE
<b><u>U.S. GOVERNMENT AGENCY MORTGAGE BACKED SECURITIES</u></b>						
FHMS K019 A2	2.27%	03/25/22	NR	07/10/19	11,815,668.35	12,051,477.39
FHMS K026 A2	2.51%	11/25/22	NR	04/16/19	9,948,046.88	10,400,150.00
FHMS K723 A2	2.45%	08/25/23	NR	07/16/19	10,096,093.75	10,491,320.00
<b>SUBTOTAL U.S. GOVERNMENT AGENCY MORTGAGE BACKED SECURITIES</b>					<b>31,859,808.98</b>	<b>32,942,947.39</b>
<b><u>U.S. GOVERNMENT AGENCY ASSET BACKED SECURITIES</u></b>						
Honda Auto Receivables	1.61%	04/22/24	NR	02/19/20	2,924,426.70	2,995,890.30
John Deere Owner Trust	1.10%	08/15/24	NR	03/04/20	2,114,870.77	2,132,903.48
<b>SUBTOTAL U.S. GOVERNMENT AGENCY ASSET BACKED SECURITIES</b>					<b>5,039,297.47</b>	<b>5,128,793.78</b>
<b><u>SUPRANATIONAL SECURITIES</u></b>						
Intl. Bank Recon & Development	0.63%	4/22/025	AAA	04/15/20	4,278,378.35	4,329,737.96
<b>SUBTOTAL SUPRANATIONAL SECURITIES</b>					<b>4,278,378.35</b>	<b>4,329,737.96</b>
<b><u>U.S. GOVERNMENT AGENCY SECURITIES</u></b>						
Federal Home Loan Mortgage Corp.	2.38%	02/16/21	AAA	04/25/18	7,931,968.00	8,107,168.00
Federal National Mortgage Association	2.63%	01/11/22	AAA	01/11/19	9,222,537.20	9,452,574.03
Federal Farm Credit Bank	0.25%	05/06/22	AAA	04/30/20	6,082,265.70	6,091,382.43
Federal Home Loan Mortgage Corp.	0.38%	05/05/23	AAA	05/05/20	4,758,000.80	4,772,366.48
Federal National Mortgage Association	0.25%	05/22/23	AAA	05/20/20	7,651,898.25	7,666,941.25
Federal Home Loan Mortgage Corp.	0.25%	06/26/23	AAA	06/24/20	5,588,633.40	5,596,278.62
Federal Home Loan Bank	2.75%	12/13/24	AAA	02/06/20	5,281,300.00	5,510,540.00
Federal National Mortgage Association	1.63%	01/07/25	AAA	03/04/20	8,281,440.00	8,428,264.00
Federal Home Loan Mortgage Corp.	1.50%	02/12/25	AAA	02/13/20	6,599,914.15	6,920,778.45
Federal Home Loan Bank	2.38%	03/14/25	AAA	03/19/20	6,346,620.00	6,535,548.00
Federal National Mortgage Association	0.63%	4/22/025	AAA	04/22/20	5,199,267.40	5,252,201.00
Federal Home Loan Bank	0.50%	06/13/25	AAA	06/29/20	5,007,400.00	5,002,245.00
Federal National Mortgage Association	0.50%	06/17/25	AAA	06/17/20	6,506,503.60	6,522,490.64
<b>SUBTOTAL U.S. GOVERNMENT AGENCY SECURITIES</b>					<b>84,457,748.50</b>	<b>85,858,777.90</b>
<b><u>U.S. GOVERNMENT TREASURY SECURITIES</u></b>						
United States Treasury	2.63%	11/15/20	AAA	11/03/17	1,025,195.31	1,008,984.00
United States Treasury	1.63%	11/30/20	AAA	01/01/16	4,046,872.00	4,023,436.00
United States Treasury	2.38%	12/31/20	AAA	07/26/18	2,578,164.06	2,628,030.60
United States Treasury	2.00%	01/15/21	AAA	07/26/18	4,813,292.97	4,947,853.40
United States Treasury	2.00%	02/28/21	AAA	Various	11,684,658.21	11,637,459.50
United States Treasury	2.25%	03/31/21	AAA	08/08/16	2,946,020.00	2,843,531.60
United States Treasury	2.25%	06/15/21	AAA	09/26/18	10,923,515.63	11,256,949.00
United States Treasury	2.63%	06/30/21	AAA	11/03/17	3,430,945.31	3,465,742.40
United States Treasury	2.25%	07/31/21	AAA	Various	8,090,941.41	7,922,561.50
United States Treasury	2.13%	09/30/21	AAA	11/15/16	12,739,250.00	12,802,737.50
United States Treasury	2.88%	10/15/21	AAA	01/09/19	12,354,794.92	12,675,405.75
United States Treasury	2.00%	11/15/21	AAA	01/09/19	8,015,199.41	8,338,375.00
United States Treasury	1.88%	11/30/21	AAA	08/08/17	5,428,687.50	5,529,934.80
United States Treasury	2.13%	12/31/21	AAA	04/05/18	1,231,494.14	1,286,377.50
United States Treasury	1.88%	02/28/22	AAA	08/08/17	11,045,117.19	11,310,233.00
United States Treasury	1.88%	05/31/22	AAA	08/08/17	1,755,058.59	1,807,011.50



**CITY OF RIVERSIDE**  
**Pooled Investment Portfolio Holdings**  
**June 30, 2020**

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	INVEST RATING	PURCH DATE	AMORTIZED COST	MARKET VALUE
United States Treasury	2.00%	07/31/22	AAA	09/26/18	2,414,843.75	2,595,312.50
United States Treasury	1.88%	08/31/22	AAA	10/13/17	2,595,835.94	2,695,773.60
United States Treasury	1.88%	09/30/22	AAA	Various	4,916,943.36	5,191,405.00
United States Treasury	2.13%	12/31/22	AAA	12/01/18	5,977,761.72	6,397,137.10
United States Treasury	2.38%	01/31/23	AAA	04/05/18	1,235,498.05	1,320,752.50
United States Treasury	1.63%	05/31/23	AAA	10/31/19	12,436,812.50	12,922,151.60
United States Treasury	2.63%	06/30/23	AAA	Various	14,404,335.94	15,559,181.50
United States Treasury	1.63%	10/31/23	AAA	10/31/19	12,441,656.25	12,991,418.00
United States Treasury	2.88%	11/30/23	AAA	01/09/19	3,044,882.81	3,272,694.00
United States Treasury	2.25%	01/31/24	AAA	06/05/19	10,671,445.31	11,267,812.50
United States Treasury	2.00%	04/30/24	AAA	10/31/19	12,637,828.13	13,244,750.00
United States Treasury	1.75%	06/30/24	AAA	09/09/19	9,358,759.77	9,811,863.50
United States Treasury	1.13%	02/28/25	AAA	03/24/20	6,177,656.25	6,240,468.00
<b>SUBTOTAL U.S. GOVERNMENT TREASURY SECURITIES</b>					<b>200,423,466.43</b>	<b>206,995,342.85</b>
<b>TOTAL POOLED CASH &amp; INVESTMENTS</b>					<b>807,082,889.27</b>	<b>819,614,626.63</b>



**CITY OF RIVERSIDE**  
**Investments held by Fiscal Agent**  
**Section 115 Pension Trust Fund**  
**June 30, 2020**

DESCRIPTION OF SECURITY	AMORTIZED COST	MARKET VALUE
<b><u>CASH AND EQUIVALENTS</u></b>		
Cash	2,267.81	2,267.81
First American Government Obligation Fund CL "Z"	396,604.81	396,604.81
<b>SUBTOTAL CASH AND EQUIVALENTS</b>	<b>398,872.62</b>	<b>398,872.62</b>
<b><u>MUTUAL FUNDS - EQUITY</u></b>		
Ishares Core - S P500 Etf	1,013,100.65	1,008,660.33
Ishares S P - 500 Growth Etf	311,877.74	335,511.33
Ishares S P - 500 Value Etf	361,913.43	322,249.38
Ishares Msci - Eafe Etf	391,184.89	367,654.80
Ishares - Russell Mid Cap Etf	208,903.54	190,923.20
Ishares - Russell 2000 Value Etf	167,977.83	132,837.98
Ishares - Russell 2000 Growth Etf	142,602.05	136,741.07
Vanguard Ftse - Emerging Markets Etf	205,067.91	193,534.46
Vanguard Real - Estate Etf	55,647.72	49,473.90
<b>SUBTOTAL MUTUAL FUNDS - EQUITY</b>	<b>2,858,275.76</b>	<b>2,737,586.45</b>
<b><u>MUTUAL FUNDS - FIXED INCOME</u></b>		
Ishares Core - U.S. Aggregate Bond Etf	4,950,402.99	5,112,937.13
Vanguard - Short Term Invt Grade #539	1,119,389.79	1,135,044.72
<b>SUBTOTAL MUTUAL FUNDS - FIXED INCOME</b>	<b>6,069,792.78</b>	<b>6,247,981.85</b>
<b>TOTAL ASSETS</b>	<b>9,326,941.16</b>	<b>9,384,440.92</b>



**CITY OF RIVERSIDE**  
**Investments Held by Fiscal Agent**  
**June 30, 2020**

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	INVEST RATING	PURCH DATE	AMORTIZED COST	MARKET VALUE
<b><u>CASH &amp; MONEY MARKET ACCOUNTS</u></b>						
Cash	Varies	Varies	NR	Varies	2,852,414.77	2,852,414.77
US Bank Gcts0170	1.20%	Varies	NR	Varies	11,155,230.65	11,155,230.65
US Bank Gcts0185	1.20%	Varies	NR	Varies	71,661,691.33	71,661,691.33
First American Government Obligation	0.00%	Varies	AAA	Varies	293,169.17	293,169.17
First American Prime Obligations Fund CL " Z "	0.02%	Varies	AAA	Varies	28,046,258.13	28,046,258.13
<b>SUBTOTAL CASH &amp; MONEY MARKET ACCOUNTS</b>					<b>114,008,764.05</b>	<b>114,008,764.05</b>
<b>LOCAL AGENCY INVESTMENT FUND (LAIF)</b>	<b>0.51%</b>	<b>Varies</b>	<b>NR</b>	<b>Varies</b>	<b>9,617,613.76</b>	<b>9,664,863.12</b>
<b><u>BONDS, DEBENTURES, NOTES &amp; AGREEMENTS</u></b>						
US Bank Na C P	0.10%	09/01/20	NR	04/20/20	665,348.54	665,348.54
US Treasury Note	2.00%	09/30/20	AAA	02/16/18	2,974,218.76	3,013,560.00
US Treasury Note	2.38%	12/31/20	AAA	02/16/18	3,000,000.00	3,032,340.00
Apple Inc	2.25%	02/23/21	AA	01/23/18	2,999,917.00	3,053,159.60
FNMA Debt	1.38%	02/26/21	AAA	03/30/16	370,735.63	373,726.85
US Treasury Note	2.13%	06/30/21	AAA	02/16/18	2,966,953.12	3,058,020.00
US Treasury Note	2.13%	09/30/21	AAA	02/16/18	2,959,804.68	3,072,660.00
US Treasury Note	2.00%	12/31/21	AAA	02/16/18	2,939,882.82	3,081,810.00
US Treasury Note	1.88%	03/31/22	AAA	02/16/18	2,918,437.50	3,088,950.00
US Treasury Note	2.13%	06/30/22	AAA	02/16/18	2,942,695.32	3,117,180.00
US Treasury Note	1.88%	09/30/22	AAA	02/16/18	2,902,617.18	3,114,840.00
US Treasury Note	2.13%	12/31/22	AAA	02/16/18	2,929,335.94	3,146,130.00
Invt Agmt-Trinity Plus Fdg Co Gic	4.68%	10/01/29	NR	05/14/08	6,411,744.65	6,411,744.65
Invt Agmt-Trinity Plus Fdg Co Gic	4.68%	10/01/35	NR	05/14/08	4,348,970.73	4,348,970.73
<b>SUBTOTAL BONDS, DEBENTURES, NOTES &amp; AGREEMENTS</b>					<b>41,330,661.87</b>	<b>42,578,440.37</b>
<b>TOTAL INVESTMENTS HELD BY FISCAL AGENT</b>					<b>164,957,039.68</b>	<b>166,252,067.54</b>

City of Riverside  
Cash Balances by Fund  
As of June 30, 2020

Fund		Cash Balance <sup>1</sup>	Interfund Loan Receivables <sup>2</sup>	Cash Balance + Loan Receivables
<b>General Fund</b>	101	<b>77,645,960</b>	-	<b>77,645,960</b>
<b>Measure Z</b>	110	<b>36,206,471</b>	-	<b>36,206,471</b>
<b>Enterprise Funds</b>				
Electric	510	335,262,392	3,383,403	338,645,795
Electric - Public Benefits Program	511	18,944,444	-	18,944,444
Water	520	45,261,426	-	45,261,426
Water - Conservation & Reclamation Program	521	2,790,304	-	2,790,304
Airport	530	1,432,728	-	1,432,728
Refuse Collection	540	7,193,874	-	7,193,874
Sewer Service	550	99,637,493	2,079,142	101,716,635
Special Transit	560	1,855,675	-	1,855,675
Public Parking	570	2,586,597	-	2,586,597
Civic Entertainment (Convention Center, Visitors Bureau, Sports Commission)	580	196,265	-	196,265
Civic Entertainment (Fox, Box, RMA, Showcase)	581	151,877	-	151,877
<b>SubTotal - Enterprise Funds</b>		<b>515,313,075</b>	<b>5,462,545</b>	<b>520,775,620</b>
<b>Special Revenue Funds</b>				
Grants and Restricted Programs	215	324,725	-	324,725
Community Development Block Grant	220	(596,032)	-	(596,032)
Home Investment Partnership Program	221	878,093	-	878,093
Housing Opportunities for Persons with AIDS	222	(577,768)	-	(577,768)
Community Development Grants	223	9,866,767	-	9,866,767
Neighborhood Stabilization Program	225	137,858	-	137,858
Special Gas Tax	230	23,372,790	-	23,372,790
Air Quality Improvement	240	942,607	-	942,607
NPDES Storm Drain	260	204,156	-	204,156
Housing Authority	280	7,362,123	-	7,362,123
Housing Assets	281	3,888,826	-	3,888,826
Special Districts	291	391,211	-	391,211
<b>SubTotal - Special Revenue Funds</b>		<b>46,195,355</b>	-	<b>46,195,355</b>
<b>Capital Projects Funds</b>				
Capital Outlay	401	2,876,854	-	2,876,854
Storm Drain	410	695,378	-	695,378
Local Park Special Capital Improvements	411	252,008	-	252,008
Regional Park Special Capital Improvements	413	2,999,157	-	2,999,157
Measure Z Capital Outlay	420	21,217,710	-	21,217,710
Capital Outlay Grants	430	(905,729)	-	(905,729)
Measure A Capital Outlay	432	22,035,561	-	22,035,561
Transportation Development Impact Fees	433	6,820,757	-	6,820,757
Transportation Uniform Mitigation Fees	434	(1,889,495)	-	(1,889,495)
Community Facilities Districts and Assessment Districts	Various	2,213,947	-	2,213,947
<b>SubTotal - Capital Project Funds</b>		<b>56,316,149</b>	-	<b>56,316,149</b>
<b>Debt Service Funds</b>				
Debt Service Fund - General	390	2,414,603	-	2,414,603
Debt Service Fund - Public Works	391	93,353	-	93,353
<b>SubTotal Debt Service Funds</b>		<b>2,507,956</b>	-	<b>2,507,956</b>
<b>Agency Funds</b>				
Successor Agency	Various	28,072,355	-	28,072,355
Community Facilities Districts and Assessment Districts	Various	3,780,742	-	3,780,742
Special Deposits	Various	11,508,592	-	11,508,592
<b>SubTotal Agency Funds</b>		<b>43,361,689</b>	-	<b>43,361,689</b>
<b>Internal Service Funds</b>				
Workers' Compensation Insurance Trust	610	19,750,399	-	19,750,399
Unemployment Insurance Trust	620	346,254	-	346,254
Liability Insurance Trust	630	10,729,911	-	10,729,911
Central Stores	640	333,730	-	333,730
Central Garage	650	10,907,678	670,166	11,577,844
<b>SubTotal - Internal Service Funds</b>		<b>42,067,972</b>	<b>670,166</b>	<b>42,738,137</b>
<b>Total - All Funds</b>		<b>\$ 819,614,626</b>	<b>\$ 6,132,711</b>	<b>\$ 825,747,337</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 2019/20 Fourth Quarter**  
**Summary of Outstanding Debt<sup>1</sup>**

Debt Type By Funding Source	Principal Balance as of 4/1/2020	Q4 New Debt Issued	2005/2017 POB Reallocation	Q4 Principal Payments	Q4 Interest Payments	Principal Balance as of 6/30/2020
<b>General Fund/Measure Z</b>						
General Obligation Bonds	\$ 7,795,000	\$ -	\$ -	\$ -	\$ -	\$ 7,795,000
Pension Obligation Bonds	39,571,671	320,131,267	253,328	-	-	359,956,266
Certificates of Participation	65,717,500	-	-	-	212,009	65,717,500
Lease Revenue Bonds	52,816,480	-	-	-	1,244,113	52,816,480
Ryan Bonaminio Park Loan	1,329,489	-	-	216,535	17,022	1,112,953
Capital Leases	17,994,431	-	-	-	-	17,994,431
Interfund Loans	2,079,142	-	-	-	47,378	2,079,142
<b>Total General Fund</b>	<b>\$ 187,303,712</b>	<b>\$ 320,131,267</b>	<b>\$ 253,328</b>	<b>\$ 216,535</b>	<b>\$ 1,520,522</b>	<b>\$ 507,471,772</b>
<b>Capital Projects Funds</b>						
Local Park Impact Fee Fund Interfund Loans	\$ 670,166	\$ -	\$ -	\$ -	27,461	\$ 670,166
Measure A Certificates of Participation	29,775,000	-	-	1,520,000	739,119	28,255,000
<b>Total Capital Projects Funds</b>	<b>\$ 30,445,166</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,520,000</b>	<b>\$ 766,580</b>	<b>\$ 28,925,166</b>
<b>Enterprise Funds</b>						
Pension Obligation Bonds	\$ 11,753,694	\$ 107,582,827	\$ 288,755	\$ -	\$ -	\$ 119,625,276
Electric Fund Revenue Bonds	555,520,000	-	-	-	11,406,482	555,520,000
Electric Fund Capital Leases	1,643,700	-	-	199,365	7,931	1,444,336
Water Fund Revenue Bonds	205,165,000	-	-	-	4,274,290	205,165,000
Water Fund Capital Lease	1,666,981	-	-	-	-	1,666,981
Sewer Fund Revenue Bonds	340,995,000	-	-	-	-	340,995,000
Sewer Fund Loans	332,575	-	-	-	-	332,575
Lease Revenue Bonds	7,473,600	-	-	-	166,857	7,473,600
Certificates of Participation	28,482,501	-	-	-	91,888	28,482,501
Civic Entertainment Fund Capital Lease	521,999	-	-	-	-	521,999
Civic Entertainment Fund Loan	7,865,055	-	-	260,907	151,402	7,604,148
Convention Center Expansion Loan	34,045,806	-	-	490,508	266,040	33,555,298
Parking Fund Loans	8,794,667	-	-	291,745	169,297	8,502,922
<b>Total Enterprise Funds</b>	<b>\$ 1,204,260,579</b>	<b>\$ 107,582,827</b>	<b>\$ 288,755</b>	<b>\$ 1,242,526</b>	<b>\$ 16,534,187</b>	<b>\$ 1,310,889,635</b>
<b>Internal Service Funds</b>						
Pension Obligation Bonds	\$ 480,742	\$ 4,450,906	\$ 11,810	\$ -	\$ -	\$ 4,943,458
<b>Total Internal Service Funds</b>	<b>\$ 480,742</b>	<b>\$ 4,450,906</b>	<b>\$ 11,810</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,943,458</b>
<b>RDA Successor Agency</b>						
Pension Obligation Bonds <sup>2</sup>	\$ 553,893	\$ -	\$ (553,893)	\$ -	\$ -	\$ -
Lease Revenue Bonds	13,544,921	-	-	-	336,536	13,544,921
Tax Allocation Bonds	157,400,000	-	-	-	-	157,400,000
Interfund Loans	3,383,403	-	-	-	76,055	3,383,403
<b>Total RDA Successor Agency</b>	<b>\$ 174,882,217</b>	<b>\$ -</b>	<b>\$ (553,893)</b>	<b>\$ -</b>	<b>\$ 412,591</b>	<b>\$ 174,328,324</b>
<b>Assessment Districts / Galleria Agreement / Community Facilities Districts</b>						
Assessment Districts	\$ 19,250,000	\$ -	\$ -	\$ -	\$ -	\$ 19,250,000
Galleria Mall Improvements District Certificates of Participation	5,000	-	-	-	-	5,000
Lease Revenue Refunding Bonds (Galleria) Series 2019A	15,375,000	-	-	-	269,273	15,375,000
Community Facilities Districts	21,740,000	-	-	-	-	21,740,000
<b>Total AD / Galleria / CFDs</b>	<b>\$ 56,370,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 269,273</b>	<b>\$ 56,370,000</b>
<b>Total</b>	<b>\$ 1,653,742,415</b>	<b>\$ 432,165,000</b>	<b>\$ -</b>	<b>\$ 2,979,061</b>	<b>\$ 19,503,152</b>	<b>\$ 2,082,928,354</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> Pension Obligations under RDA Successor Agency were reallocated to General and Enterprise funds at end of FY 2020 as 2005 and 2017 POBs were not recognized obligations of Riverside RDA

**CITY OF RIVERSIDE**  
Fiscal Year 2019/20 Fourth Quarter  
Outstanding Debt<sup>1</sup>

Debt Type / Issuance	Year Issued	Final Maturity	Total Issue Size	Outstanding Principal Balance 7/1/2019	Outstanding Principal Balance 4/1/2020	Q4 New Debt Issued	Q4 Principal Payments	Q4 Interest Payments	Outstanding Principal Balance 6/30/2020
<b>General Obligation</b>									
Measure G Fire Facility Projects General Obligation Bonds 2004	2004	2024	\$ 20,000,000	\$ 9,085,000	\$ 7,795,000	\$ -	\$ -	\$ -	\$ 7,795,000
<b>Total General Obligation Bonds</b>			<b>\$ 20,000,000</b>	<b>\$ 9,085,000</b>	<b>\$ 7,795,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,795,000</b>
<b>Pension Obligation<sup>2</sup></b>									
Pension Obligation Bonds Series 2004A	2004	2023	\$ 89,540,000	\$ 37,225,000	\$ 29,260,000	\$ -	\$ -	\$ -	\$ 29,260,000
Pension Obligation Bonds Series 2005A	2005	2020	30,000,000	2,795,000	-	-	-	-	-
Pension Obligation Bonds Series 2017A	2017	2027	31,960,000	26,100,000	23,100,000	-	-	-	23,100,000
Pension Obligation Bonds Series 2020A (Safety)	2020	2045	231,085,000	-	-	231,085,000	-	-	231,085,000
Pension Obligation Bonds Series 2020A (Misc)	2020	2043	201,080,000	-	-	201,080,000	-	-	201,080,000
<b>Total Pension Obligation Bonds</b>			<b>\$ 583,665,000</b>	<b>\$ 66,120,000</b>	<b>\$ 52,360,000</b>	<b>\$ 432,165,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 484,525,000</b>
<b>Certificates of Participation</b>									
Galleria Mall Improvements COPs Series 2006A	2006	2036	\$ 19,945,000	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
Riverside Renaissance Projects Refunding COPs Series 2008A	2008	2037	128,300,000	98,200,000	94,200,000	-	-	303,895	94,200,000
Local Measure A Sales Tax Revenue COPs Series 2013A	2013	2033	35,235,000	29,775,000	29,775,000	-	1,520,000	739,119	28,255,000
<b>Total Certificates of Participation</b>			<b>\$ 183,480,000</b>	<b>\$ 127,980,000</b>	<b>\$ 123,980,000</b>	<b>\$ -</b>	<b>\$ 1,520,000</b>	<b>\$ 1,043,014</b>	<b>\$ 122,460,000</b>
<b>Lease Revenue Bonds</b>									
California Tower Lease Revenue Bonds Series 2003A	2003	2024	\$ 26,255,000	\$ 11,365,000	\$ 9,785,000	\$ -	\$ -	244,625	\$ 9,785,000
California Tower Lease Revenue Bonds Series 2003B	2003	2024	4,810,000	1,840,000	1,570,000	-	-	43,018	1,570,000
Lease Revenue Refunding Bonds Series 2012A	2012	2033	41,240,000	32,780,000	31,140,000	-	-	695,238	31,140,000
Lease Revenue Refunding Bonds (Galleria) Series 2019A	2019	2036	15,980,000	15,980,000	15,375,000	-	-	269,273	15,375,000
Lease Revenue Bonds (Main Library Project) Series 2019B	2019	2036	33,505,000	33,505,000	31,340,000	-	-	764,625	31,340,000
<b>Total Lease Revenue Bonds</b>			<b>\$ 121,790,000</b>	<b>\$ 95,470,000</b>	<b>\$ 89,210,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,016,778</b>	<b>\$ 89,210,000</b>
<b>Capital Leases</b>									
Pinnacle #2 - VOIP Phone System	2012	2022	\$ 1,650,000	\$ 622,383	\$ 449,787	\$ -	\$ -	\$ -	\$ 449,787
BofA #1 - Convention Center, Fox, Muni, RPD Dispatch	2013	2021	3,668,000	1,094,669	552,103	-	-	-	552,103
US Bank - Various Vehicles, Software, and Hardware	2014	2022	4,450,000	2,145,725	1,443,973	-	-	-	1,443,973
BofA #2 - Various Hardware and Software	2017	2025	7,955,000	6,095,093	5,138,010	-	-	-	5,138,010
BofA #3 - Fire Vehicles and Equipment	2017	2027	14,500,000	12,499,490	11,145,841	-	-	-	11,145,841
BofA #2 - Water Fund Vehicles Capital Lease	2017	2027	2,305,000	1,883,505	1,666,981	-	-	-	1,666,981
Electric Fund Vehicles Capital Leases - Various	Various	Various	Various	2,273,868	1,643,700	-	199,365	7,931	1,444,336
<b>Total Capital Leases</b>			<b>\$ 34,528,000</b>	<b>\$ 26,614,734</b>	<b>\$ 22,040,395</b>	<b>\$ -</b>	<b>\$ 199,365</b>	<b>\$ 7,931</b>	<b>\$ 21,841,030</b>
<b>Interfund Loans<sup>3</sup></b>									
Riverside Renaissance Debt Service Interfund Loan #73	2011	2020	\$ 3,460,000	\$ 1,373,049	\$ 670,166	\$ -	\$ -	27,461	\$ 670,166
Riverside Renaissance Debt Service Interfund Loan #79	2011	2019	3,402,000	636,659	-	-	-	-	-
Reid Park Acquisition Interfund Loan	2011	2028	720,000	491,755	437,183	-	-	9,835	437,183
Riverside Golf Course Acquisition Interfund Loan	2011	2028	4,837,500	3,311,008	2,946,221	-	-	66,220	2,946,221
Utilities Plaza Purchase Interfund Loan	2012	2027	4,469,221	2,368,907	2,079,142	-	-	47,378	2,079,142
<b>Total Interfund Loans</b>			<b>\$ 16,888,721</b>	<b>\$ 8,181,377</b>	<b>\$ 6,132,712</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 150,894</b>	<b>\$ 6,132,712</b>
<b>Private Placement Loans</b>									
Pinnacle - Ryan Bonaminio Park Loan	2012	2021	\$ 4,000,000	\$ 1,329,489	\$ 1,116,206	\$ -	\$ 216,535	\$ 17,022	\$ 899,671
Fox Entertainment Plaza Loan	2010	2032	25,000,000	17,201,937	16,659,722	-	552,652	320,700	16,107,070
Convention Center Expansion Loan <sup>4</sup>	2012	2034	44,650,000	35,490,039	34,045,806	-	490,508	266,040	33,555,298
<b>Total Private Placement Loans</b>			<b>\$ 73,650,000</b>	<b>\$ 54,021,465</b>	<b>\$ 51,821,734</b>	<b>\$ -</b>	<b>\$ 1,259,696</b>	<b>\$ 603,762</b>	<b>\$ 50,562,038</b>
<b>State of California Revolving Fund Loans</b>									
Sewer Cogeneration Project Loan	2003	2021	\$ 5,374,978	\$ 658,391	\$ 332,575	\$ -	\$ -	\$ -	\$ 332,575
<b>Total State of California Revolving Fund Loans</b>			<b>\$ 5,374,978</b>	<b>\$ 658,391</b>	<b>\$ 332,575</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 332,575</b>

**CITY OF RIVERSIDE**  
Fiscal Year 2019/20 Fourth Quarter  
Outstanding Debt<sup>1</sup>

Debt Type / Issuance	Year Issued	Final Maturity	Total Issue Size	Outstanding Principal Balance 7/1/2019	Outstanding Principal Balance 4/1/2020	Q4 New Debt Issued	Q4 Principal Payments	Q4 Interest Payments	Outstanding Principal Balance 6/30/2020
<b>Enterprise Revenue Bonds</b>									
Electric Revenue Refunding Bonds (2008) Series A	2008	2029	\$ 84,515,000	\$ 34,465,000	\$ 34,465,000	\$ -	\$ -	109,563	\$ 34,465,000
Electric Revenue Refunding Bonds (2008) Series C	2008	2035	57,325,000	32,150,000	32,150,000	-	-	98,140	32,150,000
Electric Revenue Bonds (2010) Series A	2010	2040	133,290,000	133,290,000	133,290,000	-	-	3,239,740	133,290,000
Electric Revenue Bonds (2010) Series B	2010	2019	7,090,000	2,210,000	-	-	-	-	-
Electric Revenue Bonds (2011) Series A	2011	2035	56,450,000	41,025,000	39,275,000	-	-	66,362	39,275,000
Electric Revenue Refunding Bonds (2013) Series A	2013	2043	79,080,000	38,990,000	38,155,000	-	-	938,053	38,155,000
Electric Revenue Refunding Bonds (2019) Series A	2019	2048	283,325,000	283,325,000	278,185,000	-	-	6,954,625	278,185,000
Water Revenue Bonds (2009) Series A	2009	2020	31,895,000	4,630,000	2,360,000	-	-	56,000	2,360,000
Water Revenue Bonds (2009) Series B	2009	2039	67,790,000	67,790,000	67,790,000	-	-	1,358,688	67,790,000
Water Revenue Bonds (2011) Series A	2011	2035	59,000,000	24,050,000	24,050,000	-	-	85,476	24,050,000
Water Revenue Refunding Bonds (2019) Series A	2019	2048	114,215,000	114,215,000	110,965,000	-	-	2,774,125	110,965,000
Sewer Revenue Bonds (2015) Series A	2015	2040	200,030,000	195,240,000	190,230,000	-	-	-	190,230,000
Sewer Revenue Bonds (2018) Series A <sup>5</sup>	2018	2039	153,670,000	153,670,000	150,765,000	-	-	-	150,765,000
<b>Total Enterprise Revenue Bonds</b>			<b>\$ 1,327,675,000</b>	<b>\$ 1,125,050,000</b>	<b>\$ 1,101,680,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>15,680,773</b>	<b>\$ 1,101,680,000</b>
<b>Tax Allocation Bonds</b>									
2014 Subordinate Tax Allocation Refunding Bonds Series 2014A	2014	2034	\$ 61,250,000	\$ 45,835,000	\$ 41,675,000	\$ -	\$ -	-	\$ 41,675,000
2014 Subordinate Tax Allocation Refunding Bonds Series 2014B	2014	2024	1,730,000	1,080,000	910,000	-	-	-	910,000
2018 Tax Allocation Refunding Bonds Series 2018A	2018	2034	74,435,000	74,435,000	74,435,000	-	-	-	74,435,000
2018 Tax Allocation Refunding Bonds, Taxable Series 2018B	2018	2033	40,380,000	40,380,000	40,380,000	-	-	-	40,380,000
<b>Total Tax Allocation Bonds</b>			<b>\$ 177,795,000</b>	<b>\$ 161,730,000</b>	<b>\$ 157,400,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 157,400,000</b>
<b>Mello Roos and Assessment District Bonds</b>									
Riverwalk Business Center Assessment District Bonds	2004	2029	\$ 3,755,000	\$ 2,280,000	\$ 2,130,000	\$ -	\$ -	-	\$ 2,130,000
Sycamore Canyon Business Park CFD 92-1 Bonds	2005	2034	9,700,000	6,905,000	6,615,000	-	-	-	6,615,000
Hunter Park Assessment District Bonds	2006	2036	15,269,906	11,560,000	11,155,000	-	-	-	11,155,000
Riverwalk Assessment District Refunding Bonds	2011	2026	7,805,000	4,700,000	4,200,000	-	-	-	4,200,000
Auto Center Assessment District Refunding Bonds	2012	2024	4,050,000	2,085,000	1,765,000	-	-	-	1,765,000
Riverwalk Vista CFD 2006-1 Bonds	2013	2043	4,415,000	4,035,000	3,945,000	-	-	-	3,945,000
Riverwalk Vista CFD 2006-1 Improv Area No.2 2016 Series A	2016	2046	5,505,000	5,370,000	5,295,000	-	-	-	5,295,000
Riverwalk Vista CFD 2006-1 Improv Area No.2 2016 Series B	2016	2031	1,275,000	1,065,000	1,000,000	-	-	-	1,000,000
Highlands CFD 2014-2 2016 Series A	2016	2046	1,800,000	1,780,000	1,770,000	-	-	-	1,770,000
Highlands CFD 2014-2 2016 Series B	2016	2031	810,000	720,000	675,000	-	-	-	675,000
Orangetrest CFD 2015-1 Bonds Series 2020 Series A&B	2020	2050	2,440,000	-	2,440,000	-	-	-	2,440,000
<b>Total Mello Roos and Assessment District Bonds</b>			<b>\$ 56,824,906</b>	<b>\$ 40,500,000</b>	<b>\$ 40,990,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ 40,990,000</b>
<b>Total</b>				<b>\$ 1,715,410,967</b>	<b>\$ 1,653,742,415</b>	<b>\$ 432,165,000</b>	<b>\$ 2,979,061</b>	<b>\$ 19,503,152</b>	<b>\$ 2,082,928,354</b>

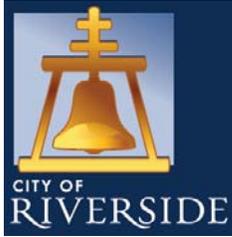
<sup>1</sup> Excludes water stock acquisition rights, copier leases, development agreements, and amortization of premiums and discounts on outstanding debt, none of which are material.

<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 2020 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 2019/20 FOURTH QUARTER UPDATE

Finance Department

City Council  
January 19, 2021

RiversideCA.gov

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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; and
3. June 16, 2020 City Council received and provided input on 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; and
  - C. Annual requirement to delegate investment authority to Chief Financial Officer/Treasurer.



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## CASH AND TREASURY PERFORMANCE – Q4

1. Pooled Investment Portfolio - \$820 million;
2. Investments held by fiscal agent - \$178 million;
3. Weighted average yield of pooled investment portfolio – 1.2%; and
4. No fund's cash balance is currently a concern.



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## DEBT SUMMARY ANALYSIS – Q4

1. Principal Balance increased \$429,185,939 due to:

A. New Debt Issuance:

a) 2020A Pension Obligation Bonds (\$432,165,000)

B. Debt payments:

a. Certificates of Participation(\$1,520,000)

b. Capital Leases (\$199,365)

c. Private Placement Loans (\$1,259,696)

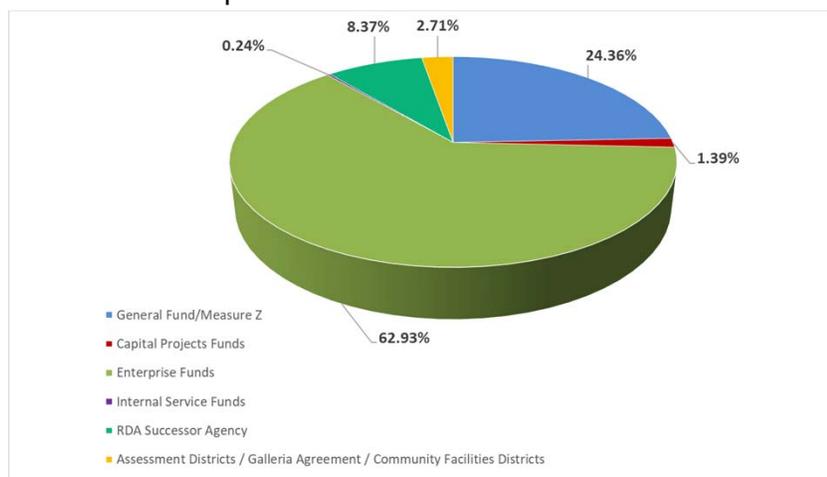


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## DEBT SUMMARY ANALYSIS – Q4

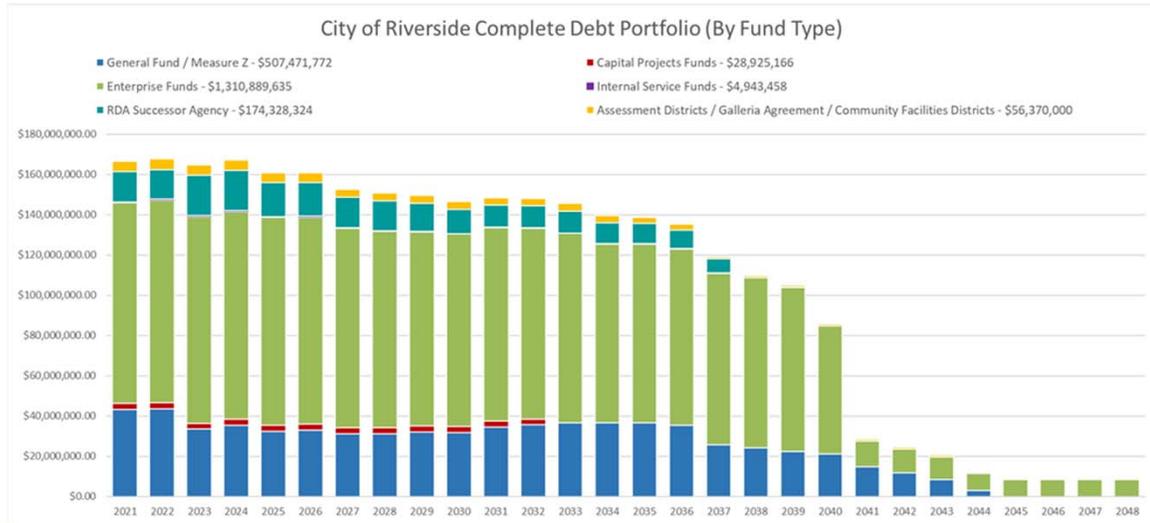
Debt Portfolio composition



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## DEBT SUMMARY ANALYSIS – Q4



## DEBT ACTIVITIES – Q4

1. 2020A Pension Obligation Bond Issuance;
2. Completion of 2011A Electric Revenue Remarketing from Private Placement to Public Offering;
3. Preparation of Annual Disclosure Reports Enterprise, General Fund, Special Districts and Successor to the Redevelopment Agency Debt;
4. Began Process of Formation – CFD 2015-2 (Pomelo); and
5. Preparation of Annual Levy for Business Improvement Districts, Landscape Maintenance and Streetlight Maintenance Districts, Special Tax and Assessment Districts and General Obligation Bonds.



## RECOMMENDATION

That the City Council receive and provide input on the Fiscal Year 2019/20 Fourth Quarter Cash and Investments and Debt Report.

