



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE:** APRIL 24, 2012
FROM: OFFICE OF THE CITY MANAGER **ITEM NO:** 22
FINANCE DIVISION **WARDS:** ALL

SUBJECT: INVESTMENT SUMMARY AND FINANCIAL REPORTS - FEBRUARY 29, 2012

ISSUE:

The item for City Council consideration is receipt of the monthly financial reports and investment summary.

RECOMMENDATION:

That the City Council receive these reports.

BACKGROUND:

Sound investment practices are essential to good fiscal management. The Finance Director/Treasurer is responsible for managing the City's investment portfolio. Cash flow is monitored on a daily basis and unexpended cash is directed towards investments that exhibit first safety, then liquidity and an appropriate return on investment. The investment results are summarized and reported to the City Council at each month-end.

Sound management practices include monitoring revenue and expenditures against the City Council approved budget. Attached are budgeted revenue and expenditures as compared to actual for the General Fund and for the enterprise funds, together with comments on significant variances.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

Prepared by: Scott Catlett, Assistant Finance Director
Certified as to availability of funds: Brent A. Mason, Finance Director/Treasurer
Approved by: Brent A. Mason, Finance Director/Treasurer for Scott C. Barber, City Manager
Approved as to form: Gregory P. Priamos, City Attorney

Attachment:

1. Investment Report(s)



CITY OF RIVERSIDE
Schedule of Cash and Investments
February 29, 2012

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	INVEST RATING	PURCH DATE	COST BASIS	YIELD ON MATURITY	ESTIMATED MKT VALUE
<u>MONEY MARKET ACCOUNTS</u>							
CALTRUST Investment Trust of California	Varies	Varies	AA	Varies	18,211,262.32	0.54%	18,224,673.68
CALTRUST Heritage Money Market Fund - Select Class	Varies	Varies	AAA	Varies	3,064,904.36	0.07%	3,064,904.36
CNI Charter Government Money Market Fund - Class N	Varies	Varies	Aaa	Varies	434,770.13	0.01%	434,770.13
Local Agency Investment Fund	Varies	Varies	NR	Varies	98,640,661.05	0.38%	98,640,661.05
Bank of America	Varies	Varies	Coll. ¹	Varies	11,427,702.89	0.25%	11,427,702.89
Citizens Business Bank	Varies	Varies	Coll. ¹	Varies	5,004,549.31	0.40%	5,004,549.31
SUBTOTAL MONEY MARKET ACCOUNTS					136,783,850.06		
<u>CERTIFICATES OF DEPOSIT</u>							
Medallion Bank (FDIC Gtd)	0.80%	04/15/13	FDIC ²	10/15/10	247,719.85	0.90%	249,700.54
GE Money Bank (FDIC Gtd)	1.75%	07/23/13	FDIC ²	08/06/10	246,551.96	1.88%	250,776.38
Ally Bank (FDIC Gtd)	1.80%	08/06/13	FDIC ²	08/06/10	246,641.14	1.90%	250,635.10
Cache Valley Bank (FDIC Gtd)	1.30%	08/12/13	FDIC ²	08/10/10	161,526.23	1.51%	164,424.82
Enterprise Bank & Trust (FDIC Gtd)	1.55%	08/12/13	FDIC ²	08/12/10	248,512.99	1.69%	252,719.81
BMW Bank of North America (FDIC Gtd)	1.60%	08/13/13	FDIC ²	08/13/10	247,635.49	1.70%	251,671.64
Compass Bank (FDIC Gtd)	1.00%	09/30/13	FDIC ²	09/30/11	248,000.00	1.00%	248,413.66
Farm Bureau Bank (FDIC Gtd)	0.90%	10/15/13	FDIC ²	10/15/10	248,593.05	1.00%	251,790.04
Franklin Security Bank (FDIC Gtd)	0.95%	10/15/13	FDIC ²	10/15/10	247,797.34	1.00%	251,060.32
Essa Bank & Trust (FDIC Gtd)	1.00%	10/21/13	FDIC ²	10/20/10	248,000.00	1.00%	248,366.79
Headwaters State Bank (FDIC Gtd)	1.00%	10/25/13	FDIC ²	10/25/10	249,000.00	1.00%	251,370.23
Wilmington Trust Company (FDIC Gtd)	1.35%	10/29/13	FDIC ²	10/29/10	245,000.00	1.35%	247,356.65
Middleton Community Bank (FDIC Gtd)	1.00%	11/27/13	FDIC ²	10/27/10	248,575.34	1.10%	251,605.29
CIT Bank (FDIC Gtd)	2.30%	05/12/14	FDIC ²	09/30/10	249,850.57	1.57%	252,468.82
Aurora Bank FSB (FDIC Gtd)	1.50%	05/23/14	FDIC ²	05/23/11	248,000.00	1.50%	249,667.55
GE Capital Financial Inc (FDIC Gtd)	1.45%	06/10/14	FDIC ²	06/10/11	246,717.56	1.50%	248,313.30
Discover Bank (FDIC Gtd)	1.35%	06/16/14	FDIC ²	06/15/11	246,715.91	1.40%	248,399.50
Transportation Alliance Bank Inc (FDIC Gtd)	1.15%	07/07/14	FDIC ²	08/01/11	248,000.00	1.73%	248,887.34
American Express Centurion Bank (FDIC Gtd)	1.20%	08/11/14	FDIC ²	08/11/11	247,391.62	1.30%	249,136.09
Goldman Sachs Bank USA (FDIC Gtd)	1.15%	08/25/14	FDIC ²	08/24/11	247,382.87	1.25%	249,061.94
Flushing Savings Bank (FDIC Gtd)	1.60%	10/07/14	FDIC ²	10/07/10	248,361.09	1.71%	253,899.57
Safra National Bank (FDIC Gtd)	1.00%	11/17/14	FDIC ²	11/16/11	247,057.50	1.14%	248,760.12
Barclays Bank/Delaware (FDIC Gtd)	1.25%	12/15/14	FDIC ²	12/14/11	248,000.00	1.25%	248,555.02
World Financial Capital (FDIC Gtd)	1.00%	01/23/15	FDIC ²	12/23/11	248,625.62	1.06%	249,355.07
EnerBank USA (FDIC Gtd)	2.45%	07/07/15	FDIC ²	09/29/10	202,262.63	2.11%	207,475.40
National Republic Bank (FDIC Gtd)	1.40%	08/05/15	FDIC ²	08/05/11	249,000.00	1.81%	249,700.44
Bank of the West/San Francisco CA (FDIC Gtd)	1.40%	09/14/15	FDIC ²	09/15/11	249,000.00	1.40%	251,944.92
Wells Fargo Bank NA (FDIC Gtd)	1.05%	04/29/16	FDIC ²	04/29/11	247,000.00	1.75%	239,590.00
SUBTOTAL CERTIFICATES OF DEPOSIT					6,806,918.76		
<u>MEDIUM TERM NOTES</u>							
General Electric Capital Corp	5.25%	10/19/12	AA+ / Aa2	07/25/08	4,998,666.41	5.29%	5,148,755.00
General Electric Capital Corp	2.80%	01/08/13	AA+ / Aa2	10/25/10	5,063,076.66	1.31%	5,095,565.00
General Electric Capital Corp	1.88%	09/16/13	AA+ / Aa2	10/25/10	5,027,247.87	1.52%	5,067,735.00
General Electric Capital Corp	1.88%	09/16/13	AA+ / Aa2	10/25/10	5,027,247.87	1.52%	5,067,735.00
General Electric Capital Corp	5.90%	05/13/14	AA+ / Aa2	02/07/12	5,524,214.95	1.07%	5,518,595.00
Rabobank Nederland	4.20%	05/13/14	AA / Aaa	07/10/09	5,040,766.94	3.81%	5,251,800.00
Berkshire Hathaway Finance Corp	4.85%	01/15/15	AA+ / Aa2	10/13/11	7,647,217.72	1.55%	7,785,505.00
Wells Fargo Bank NA	4.75%	02/09/15	A+ / A1	05/17/10	10,314,870.65	3.61%	10,757,390.00
Toyota Motor Credit Corp	2.80%	01/11/16	AA- / Aa3	09/16/11	10,326,346.30	1.92%	10,474,880.00
SUBTOTAL MEDIUM TERM NOTES					58,969,655.37		



CITY OF RIVERSIDE
Schedule of Cash and Investments
February 29, 2012

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	INVEST RATING	PURCH DATE	COST BASIS	YIELD ON MATURITY	ESTIMATED MKT VALUE
U.S. GOVT AGENCY							
Federal Home Loan Bank	4.88%	12/14/12	AA+ / Aaa	01/07/08	5,042,315.62	3.78%	5,180,470.00
Federal National Mortgage Association Pool	4.83%	01/01/13	AA+ / Aaa	05/29/09	4,250,563.24	3.17%	4,305,241.34
Federal National Mortgage Association Pool	4.85%	06/01/13	AA+ / Aaa	06/26/09	4,808,223.02	3.14%	4,924,678.03
Federal National Mortgage Association Pool	4.54%	06/01/13	AA+ / Aaa	10/21/09	15,328,748.03	2.56%	15,534,571.06
Federal Home Loan Mortgage Corporation Pool	4.00%	09/01/13	AA+ / Aaa	12/16/08	1,512,353.23	3.85%	1,532,456.69
Federal National Mortgage Association Pool	5.16%	10/01/13	AA+ / Aaa	07/15/09	8,139,872.22	2.92%	8,363,691.01
Federal Home Loan Bank	3.63%	10/18/13	AA+ / Aaa	02/23/09	10,165,980.24	2.58%	10,528,370.00
Federal National Mortgage Association	2.88%	12/11/13	AA+ / Aaa	03/12/09	10,034,680.80	2.67%	10,446,920.00
Federal Home Loan Mortgage Corporation	1.38%	02/25/14	AA+ / Aaa	02/17/11	4,982,002.67	1.56%	5,111,330.00
Federal Home Loan Bank	2.38%	03/14/14	AA+ / Aaa	03/04/11	5,088,112.28	1.49%	5,198,240.00
Federal Home Loan Mortgage Corporation	4.50%	04/02/14	AA+ / Aaa	08/24/09	7,216,476.72	2.96%	7,581,917.00
Federal Home Loan Bank	5.38%	06/13/14	AA+ / Aaa	08/24/09	5,262,377.12	2.98%	5,554,220.00
Federal Home Loan Mortgage Corporation	1.10%	08/08/14	AA+ / Aaa	08/08/11	9,999,342.20	1.12%	10,025,090.00
Federal Home Loan Mortgage Corporation	1.00%	08/20/14	AA+ / Aaa	12/27/11	10,085,492.11	0.65%	10,129,000.00
Federal National Mortgage Association	3.00%	09/16/14	AA+ / Aaa	02/17/11	1,027,723.86	1.88%	1,062,983.00
Federal Home Loan Mortgage Corporation	1.27%	01/26/15	AA+ / Aaa	07/26/11	12,000,000.00	1.27%	12,037,500.00
Federal National Mortgage Association	1.00%	04/24/15	AA+ / Aaa	10/24/11	20,000,000.00	1.00%	20,038,340.00
Federal National Mortgage Association	2.36%	07/28/15	AA+ / Aaa	02/06/12	8,496,117.37	0.54%	8,476,840.00
Federal Home Loan Mortgage Corporation	1.75%	09/10/15	AA+ / Aaa	02/06/12	5,206,491.31	0.57%	5,198,705.00
Federal Home Loan Mortgage Corporation	4.75%	01/19/16	AA+ / Aaa	08/29/11	11,413,893.74	1.03%	11,496,380.00
Federal Home Loan Mortgage Corporation	2.50%	05/27/16	AA+ / Aaa	02/06/12	8,581,372.07	0.76%	8,536,280.00
Federal Home Loan Mortgage Corporation	2.00%	08/25/16	AA+ / Aaa	02/06/12	7,359,669.01	0.83%	7,330,799.00
Federal National Mortgage Association	1.25%	09/28/16	AA+ / Aaa	02/06/12	8,143,027.22	0.85%	8,115,928.00
Federal National Mortgage Association	1.38%	11/15/16	AA+ / Aaa	12/27/11	10,072,732.03	1.22%	10,191,470.00
SUBTOTAL U.S. GOVT AGENCY					194,217,566.11		
TOTAL INVESTMENTS					396,777,990.30		
MISCELLANEOUS CASH					55,000.00		
TOTAL CASH & INVESTMENTS					396,832,990.30		

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 03/01/2011. 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 pooled investment portfolio is 1.68 years. Market prices of securities are obtained from Interactive Data Corporation. Weighted average yield on cost is 1.342%.

Verified by: Jason G. Al-Imam
 Jason G. Al-Imam, Controller

Approved by: Brent A. Mason
 Brent A. Mason, Finance Director/Treasurer

¹ Collateralized in accordance with Section 53652 of the CA state code.

² Rated Superior by IDC Financial Publishing, Inc.

**CITY OF RIVERSIDE
POOLED CASH AND INVESTMENTS BY FUND
FEBRUARY 29, 2012**

Electric Fund	202,786,291
Sewer Fund	22,641,533
Transportation Funds	7,257,671
General Fund	18,044,312
Redevelopment Agency	40,007,449
Trust Funds	26,580,180
Water Fund	70,959,916
Park and Recreation Capital Improvement Funds	2,485,314
Internal Service Liability and Workers' Compensation Funds	1,723,654
Other Miscellaneous Funds	4,346,670
Total Cash and Investments	<u><u>396,832,990</u></u>

INTERFUND LOANS – NEW LOANS DURING THE MONTH

Date of Change	Date of City Council Approval	Loan Purpose	Payable Fund	Receivable Fund	Current Amount
None					

INTERFUND LOANS – FISCAL YEAR END RECEIVABLE FUND CHANGES

Date of Change	Date of City Council Approval	Loan Purpose	Payable Fund	Receivable Fund	Current Amount
None					

FEBRUARY 2012 MONTHLY FINANCIAL REPORTS

The following pages include the numerical data for the February 2012 monthly financial reports and graphs for selected General Fund Revenues. A review of the attached revenue and expenditure summaries indicates that all categories are essentially as anticipated and there are no unusual items to report.

Explanations of significant variances from the prior year follow:

GENERAL FUND

Revenues

Taxes – The City’s two major sources of revenues are property and sales taxes. Property taxes are expected to increase this year as a result of the dissolution of the Redevelopment Agency. Sales tax revenue is showing improvement over the prior year. Sales taxes for the first two quarters of the 2011/12 fiscal year have shown increases on an adjusted basis of 10.9% and 6.1%, respectively, however, projections provided by the State Board of Equalization report that this level of increase is not likely to continue. Other tax revenues, including utility users tax, transient occupancy tax and property transfer tax have all increased over the prior year; however, it remains uncertain whether they will increase to the amounts budgeted.

Intergovernmental, including grants - Intergovernmental Revenues consist mainly of federal and state grants. The funding for grants is not received evenly throughout the year. Motor vehicle in-lieu taxes are also included in the budget for this category. This program has been suspended for cities which will result in a budget shortfall of approximately \$1 million.

Expenditures

Personnel – The increase in personnel expenditures is due mainly to an increase in retirement costs for the current year.

Grants, Programs and Capital Projects - Grants, Programs and Capital Projects are not expended evenly during the year and vary from year to year due to the nature of the projects in any given year.

Other Expenditures – The increase in this category is due mainly to an increase in liability insurance expense. The City’s goals for the 2011/12 fiscal year include funding the Liability Insurance Trust Fund at the required level.

Charges to/from – The increase in Charges to/from is due to an increase in allocated charges associated with the increase in the current year budgeted expenditures as compared to the prior year.

FEBRUARY 2012 MONTHLY FINANCIAL REPORTS (Continued)

ENTERPRISE FUNDS

Revenues

Charges for Services – Revenues increased from the prior year due to rate increases in the Water and Sewer Funds, and an increase in consumption.

Intergovernmental - Intergovernmental Revenues in the Enterprise Funds consist mainly of federal and state grants. The funding for grants is not received evenly throughout the year.

Expenditures

Personnel – The increase in personnel expenditures is due mainly to an increase in retirement costs for the current year.

Grants, Programs and Capital Projects - Grants, Programs and Capital Projects are not expended evenly during the year and vary from year to year due to the nature of the projects in any given year. Expenditures for the following projects are included in the current year: Transmission line expansion, 91 Freeway project with RCTC and Electric, Water and Sewer System Upgrades.

Debt Service – The increase in debt service is due to the issuance of new debt in the prior year. Debt service payments are being made as planned.

**City of Riverside, CA
General Fund**

Revenue Summary thru 2/29/2012

	Current Year Total Budget	Prior YTD Revenue	Current YTD Revenue
Taxes	\$ 132,657,832	\$ 64,724,725	\$ 67,264,158
Intergovernmental, including grants	17,049,302	4,718,968	3,316,478
Operating Transfers In	39,791,080	25,686,067	26,479,047
Other Revenues	36,676,247	18,756,589	18,208,829
Grand Total	<u>\$ 226,174,461</u>	<u>\$ 113,886,349</u>	<u>\$ 115,268,512</u>

Expenditure Summary thru 2/29/2012

	Current Year Total Budget	Prior YTD Expenditures	Current YTD Expenditures
Personnel	\$ 162,710,358	\$ 104,655,362	\$ 107,076,024
Grants, Programs and Capital Projects	39,537,206	9,613,449	11,568,653
Other Expenditures	73,801,234	33,380,147	36,679,739
Charges to/from Others	(35,532,311)	(18,274,690)	(19,437,540)
Grand Total	<u>\$ 240,516,487</u>	<u>\$ 129,374,268</u>	<u>\$ 135,886,876</u>

City of Riverside, CA
Enterprise Funds

Revenue Summary thru 2/29/2012

	Current Year Total Budget	Prior YTD Revenue	Current YTD Revenue
Charges for Services	\$ 450,927,719	\$ 290,022,762	\$ 310,743,091
Other Revenues	27,085,335	18,862,409	17,438,734
Intergovernmental	39,361,029	1,410,418	3,031,376
Grand Total	<u>\$ 517,374,083</u>	<u>\$ 310,295,589</u>	<u>\$ 331,213,201</u>

Expenditure Summary thru 2/29/2012

	Current Year Total Budget	Prior YTD Expenses	Current YTD Expenses
Personnel	\$ 93,457,112	\$ 51,587,048	\$ 54,792,108
Non-Personnel and Charges to/from Others	237,269,954	133,984,231	137,334,915
Grants, Programs and Capital Projects	505,671,579	81,699,952	83,499,841
Debt Service	81,581,567	60,936,150	65,440,388
Operating Transfers Out	39,791,080	25,686,067	26,479,047
Grand Total	<u>\$ 957,771,292</u>	<u>\$ 353,893,448</u>	<u>\$ 367,546,299</u>

**City of Riverside, CA
Revenue Charts
July 1, 2011, - February 29, 2012**

