City of Arts & Innovation

City Council Memorandum

TO: **HONORABLE MAYOR AND CITY COUNCIL** **DATE: DECEMBER 14, 2021**

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

SUBJECT: **FISCAL YEAR 2020/21 FOURTH QUARTER REPORT AND CARRYOVER OF UNEXPENDED FUNDS**

ISSUE:

Receive and provide input on the Fiscal Year 2020/21 Fourth Quarter Financial Report; approve citywide carryovers; and provide direction on the use of surplus General Fund reserves.

RECOMMENDATIONS:

That the City Council:

1. Receive and provide input on the Fiscal Year 2020/21 Fourth Quarter Financial Report;

2. With at least five affirmative votes, approve a carryover of unexpended funds of approximately $2.3 million in the General Fund and $38.7 million in other City funds into fiscal year 2021/22; and

3. Approve staff's recommendation on use of the $47 million in surplus reserves in the General Fund contingent upon a successful certification of the General Fund Transfer election results.

BACKGROUND:

On June 16, 2020, the City Council adopted Resolution No. 23592 approving the Fiscal Year (FY) 2020/21 (Emergency) Annual Budget. The adopted budget was the product of a truncated budget process prompted by the COVID-19 pandemic and Orders that limited the City's ability to receive the usual level of engagement in the budget process. Further, the impacts of the COVID-19 pandemic on City finances were largely unknown at the time of budget adoption due to the ongoing shut-down Order and uncertainty at all levels of the economy. As a part of the adoption of the emergency budget, staff committed to the City Council and the public that interim reports and recommendations to the adopted budget would be made as needed. Throughout the fiscal year, the City's Chief Financial Officer has provided updates to the City Council via a standing item on the agenda.

On October 27, 2020, the City Council received an interim financial update that reported on the preliminary results of fiscal year ending June 30, 2020, as well as economic developments observed since the adoption of the FY 2020/21 emergency budget.

On April 13, 2021, the City Council received the FY 2020/21 Second Quarter Financial Update.

On June 15, 2021, the City Council received the FY 2020/21 Third Quarter Financial Update.

DISCUSSION:

Following the close of each fiscal year, the City's independent auditor performs an audit of the City's financial statements. The FY 2020/21 Fourth Quarter Financial Report precedes the audit report and therefore presents **unaudited financial projections**. The audit report is expected to be completed in December, followed by presentations to the Financial Performance and Budget Committee and City Council.

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

General Fund

The General Fund's unaudited actuals present a net gain of $28.6 million after carryovers, primarily due to sales tax revenues performing exceptionally well despite the pandemic. The emergency budget included a 10% contingency revenue reduction for the potential effects of the pandemic on City revenues, but sales tax exceeded the contingency estimate by $18.7 million. CARES Act funding for public safety costs of $5.8 million also added to strong revenue performance.

General Fund revenues were 9.8% ($26.6 million) higher than the total revenue estimate in the adopted budget, which included a 10% ($28.1 million) contingency revenue reduction.

Encumbrances and project/grant carryovers totaling $5.0 million will be carried forward as allowed per the Riverside Municipal Code. An additional $2.3 million in the carryover of restricted and discretionary funds is recommended for Council approval (refer to Attachment 1, Appendix A). If Council approves additional recommended carryovers of $2.3 million, expenditures will be 2.2% ($5.9 million) less than budgeted.

As a result of positive financial performance, the following two balancing measures adopted in the FY 2020/21 emergency budget are not required, and the funding remained intact in the respective funds:

1. Allocating $6 million from the unexpended Measure Z Spending Contingency line item to the General Fund.

2. Transferring $6.2 million of the Section 115 Trust's $9.4 million value (at the time of budget adoption) to the General Fund to help pay for the FY 2020/21 UAL payment.

The General Fund is expected to end the fiscal year with a $47.1 million in surplus reserves, which includes the $15.6 million prior year surplus. 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." Staff recommends the following use of surplus reserves, which will bring the General Fund Reserve balance to the 20% level:

RECOMMENDED USE OF SURPLUS RESERVES
(in millions)

Projected Surplus Reserves	**$47.08**
Proposed Use of Surplus Reserves	
Electric GFT Settlement	$24.00
General Liability Fund Pre-Payment	2.50
Section 115 Trust	10.00
Capital Replacement Fund	10.58
Total	**$47.08**
Remaining Surplus Reserves	**$-**

The City is currently responding to a legal challenge to the certification of the results of the Measure C ballot measure that was approved by voters in November 2021. For the moment, we should hold onto all surplus funds in the event the court does not uphold the November 2nd election. Should an injunction on the certification of Measure C results be upheld, the recommendations for the use of surplus reserves should be reconsidered in the context of the fiscal impact of an injunction on City finances.

Measure Z

As with the General Fund, Measure Z tax revenue projection was downgraded 10% as a contingency measure for the potential impact of the pandemic on revenue performance. Total revenues came in $16.5 million higher than budgeted and 15.1% higher than the previous fiscal year.

Total expenditures recorded in FY 2020/21 were $50.9 million. An additional $36.2 million in unexpended funds allocated to various spending items has accumulated and is expected to be carried over. Expenditure savings of $8.3 million are primarily attributable to personnel savings and $6 million allocated to General Fund balancing measures which were not needed and have been returned to Measure Z unallocated reserves.

Measure Z unallocated reserves are projected to be $38.8 million at fiscal year-end, inclusive of $14.0 million in unallocated reserves from the previous fiscal year, $16.5 million in higher-than-expected revenues, and $8.3 million in expenditure savings.

Electric Fund

The FY 2020/21 adopted budget for the Electric Fund includes a programmed $16.4 million operating deficit and draw on fund reserves. This is a financial strategy employed to draw reserves down to keep rate increases as low as possible. Unaudited fiscal year-end results present a budgetary operating loss of $16.7M, including outstanding encumbrances and carryovers of $11.8M. Reserve levels at fiscal year-end are expected to be within established policy levels; results are pending the completion of the financial audit.

Water Fund

The adopted budget for the Water Fund included a projected $7.1M operating gain to be used to fund capital projects in FY 2020/21, supplemented by a $1.1M draw on reserves and $22.4M of bond proceeds. Unaudited fiscal year-end results present a budgetary operating gain of $9.1M after outstanding encumbrances and carryovers of $5.0M. The Water Fund is expected to end the fiscal year with reserves within policy levels; results are pending the completion of the financial audit.

Refuse Fund

In the adopted budget, the Refuse fund was originally projected to end FY 2020/21 in a deficit position of approximately $1.4 million. The approval of the Solid Waste Rate Plan, which took effect on January 1, 2021, resulted in an increase to revenue forecasts; unfortunately, revenues resulting from the rate increase were not as high as anticipated and were offset by increases in recycling and disposal costs, resulting in an operating deficit of $1.22M before encumbrances and carryovers and budgetary deficit of $4.28M after encumbrances and carryovers. The Refuse Fund is expected to end the fiscal year with $3.33M in fund reserves, following a FY 2020/21 net loss of $4.28M.

Sewer Fund

The FY 2020/21 adopted budget for the Sewer Fund Included a projected net operating gain of $7.6M which would be used to help fund capital projects of $14.0M. Unaudited fiscal year-end results show that the fund will perform on target, with a net operating gain of $7.6M after outstanding encumbrances and carryovers of $3.07M. The Sewer Fund is expected to end the fiscal year with $71.4M in fund reserves, following a FY 2020/21 net gain of $7.6M.

Carryovers

A total of $38,688,027 is recommended for Council approval, consisting of $3,802,286 in restricted funding and $34,885,741 in discretionary funding.

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

Discretionary Carryovers include amounts appropriated for a specific purpose in previous periods, but unexpended due to timing or for other reasons. Discretionary carryovers may also include a reallocation of amounts from their original purpose to a new purpose, e.g., use of savings to fund the July 4th fireworks show, which was not funded in the adopted budget due to budget constraints.

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

STRATEGIC PLAN ALIGNMENT:

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

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

1. **Community Trust** – Presentation of financial results provides a transparent view and communication of City finances in a forum that accommodates community engagement and the involvement of the Budget Engagement Commission.

2. **Equity** – The financial report is available to all members of the public via the City website, and the presentation of the financial report in a public forum accommodates community engagement from all members of the public.

3. **Fiscal Responsibility** – The financial report and proposed recommendations for the use of surplus reserves demonstrate the City's commitment to responsible management of the City's financial resources.

4. **Innovation** – The proposed recommendations for the use of surplus reserves demonstrate innovative ideas for the long-term fiscal health of the City.

5. **Sustainability & Resiliency** – The financial report includes proposed recommendations regarding the use of surplus reserves that invests in the City's future and plans for the long-term fiscal health of the City.

FISCAL IMPACT:

The General Fund ended FY 2020/21 in far better condition than projected despite the pandemic, allowing the City to maintain a 20% reserve level per the General Fund Reserve Policy and producing surplus reserves. As a result of the prior year's surplus ($15.64 million) and current year's financial performance, General Fund surplus reserves are expected to be $47.08 million after Council approval of carryover recommendations totaling $2.3 million. For the moment, we should hold onto all surplus funds in the event the court does not uphold the November 2nd election. Should an injunction on the certification of Measure C results be upheld, the recommendations for the use of surplus reserves should be reconsidered in the context of the fiscal impact of an injunction on City finances. If the certification of Measure C is upheld, the recommended use of surplus reserves will enable the City to address current needs of the Electric GFT Settlement and self-insurance reserves, as well as bolster the long-term financial stability of the General Fund and preservation of City infrastructure.

Following Council approval of $36.2 million in carryovers, the Measure Z Fund is expected to end the 2020/21 fiscal year with $38.8 million in unallocated reserves.

The City's major enterprise funds (Electric, Water, and Sewer) are expected to end the fiscal year with positive reserve balances within established policy requirements. The final results are pending the conclusion of the City's financial audit.

There is no new fiscal impact for the approval of carryovers because the funding was approved by the City Council in June 2020 with the adoption of the FY 2020/21 budget.

Prepared by: Kristie Thomas, Assistant Chief Financial Officer
Approved as to availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer

Approved by: Kris Martinez, Interim Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

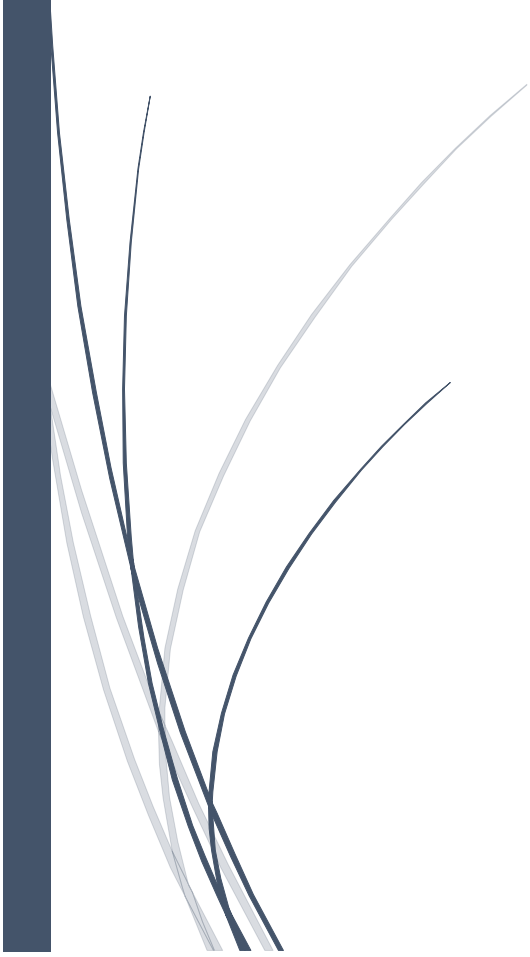
Attachments:

1. Financial Report and Carryover Recommendations
2. Presentation

FY 2020/21

21-3856 - Financial Report

(Major Funds)



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GENERAL FUND

With the onset of the COVID-19 pandemic in March of 2020, the City shifted course from its normal two-year budget cycle to an emergency budget for Fiscal Year (FY) 2020/21 given all the uncertainty. Many Southern California cities and local agencies implemented severe austerity measures in response to the pandemic, slashing revenue projections by 20% or more and permanently reducing staffing levels. However, Finance staff determined that the City of Riverside's revenue demographics did not warrant such drastic measures and instead recommended a 10% contingency revenue reduction from the original anticipated budget. As a result, the following balancing measures were adopted in the Fiscal Year 2021 emergency budget to close an estimated $15 million (M) structural deficit and to offset the contingency revenue reduction:

- Vacancy savings target of $15.7M, achieved through an immediate suspension of recruitment for existing vacant positions.
- Anticipated $7M savings from the issuance of a Pension Obligation Bond in June 2020.
- Maintaining the Measure Z support level rather than adopting a programmed $6.5M reduction predicated on a General Fund five-year plan that projected strong, continued revenue growth and significant one-time revenues such as the sale of City property to offset increasing operating costs.
- Allocating $6M from the unexpended Measure Z Spending Contingency line item to the General Fund.
- Transferring $6.2M of the Section 115 Trust's $9.4M value (at the time of budget adoption) to the General Fund to help pay for the FY 2020/21 UAL payment.

General Fund Results at a Glance

9.8%
Revenues Exceeded
Adopted Budget Projections

2.2%
Projected
Expenditure Savings

$28.6M NET GAIN
After Carryovers

The General Fund's **unaudited** actuals present a net gain of $28.6M, primarily due to revenues performing exceptionally well despite the pandemic. The emergency budget included a 10% contingency revenue reduction for the potential effects of the pandemic on City revenues, but sales tax exceeded the contingency estimate by $18.7M. CARES Act funding for public safety costs of $5.8M also added to strong revenue performance.

GENERAL FUND SUMMARY

(in millions)	Adopted Budget	Adjusted Budget	Unaudited Actuals
Incoming Resources	$ 271.40	$ 271.37	$ 298.03
FY 2020/21 Expenditures	$ 271.40	$ 270.31	$ 262.14
FY 2019/20 Encumbrances		3.73	
FY 2019/20 Carryovers		1.32	
FY 2020/21 Encumbrances			4.81
FY 2020/21 Carryovers			2.48
Total Outgoing Resources	$ 271.40	$275.36	$ 269.43
Projected Net Gain / (Loss)	**$ -**	**$ (3.99)**	**$ 28.60**

Revenue

While the fiscal impact of COVID-19 on General Fund revenues could not be reasonably estimated in time for budget adoption, staff recommended, and the City Council approved, that the City plan for a 10% revenue reduction in FY 2020/21 totaling $28.1M. The estimated 10% reduction was based on the City's revenue demographics and revenue declines experienced immediately following previous economic recessions such as the 2008 Great Recession as well as limited data available during the pandemic.

CONTINGENCY REVENUE REDUCTIONS AND BALANCING MEASURES

(in millions)	Initial Projection	Contingency Reduction	Adopted
Property Taxes	$ 72.30	$ (1.45)	$ 70.85
Sales and Use Tax	69.46	(9.82)	59.64
Transient Occupancy Tax	7.74	(5.03)	2.71
Licenses & Non-Developer Permits	9.75	(2.93)	6.82
Non-Development Charges for Services	11.00	(1.10)	9.90
Other Revenues and Transfers In	110.53	(7.75)*	102.78
Total Contingency Revenue Reductions	$ 280.78	$ (28.08)	$ 252.70
Balancing Measures – Transfers In	-	$18.70	$18.70
Total Revenues and Transfers In	**$ 280.78**	**$ (9.38)**	**$ 271.40**

**Uncategorized revenue reduction to achieve a total 10% reduction in General Fund revenue projections.*

Actual revenues came in $26.6M higher than the adopted emergency budget and $17.3M higher than pre-pandemic projections. Due to the excellent performance of revenues, **the $6M use of Measure Z contingency funding and the $6.2M transfer from the Section 115 Trust were not recorded**; that funding remained intact in those respective funds rather than being transferred to the General Fund.

FISCAL YEAR REVENUE RESULTS

(in millions)	Adopted Budget	Unaudited Actuals	$ Variance	% Variance
Property Taxes	$ 70.85	$ 73.59	$ 2.74	3.9%
Sales and Use Tax	59.64	78.32	18.68	31.3%
Utility Users Tax	30.07	30.58	0.51	1.7%
Transient Occupancy Tax	2.71	5.80	3.09	114.0%
Franchise Fees	5.26	5.53	0.27	5.1%
Licenses & Non-Developer Permits	6.82	8.64	1.82	26.7%
Non-Development Charges for Services	9.90	8.15	(1.75)	-17.7%
Developer Fees & Charges for Services	7.25	6.40	(0.85)	-11.7%
General Fund Transfer	48.69	46.87	(1.82)	-3.7%
Measure Z Transfer	24.27	18.27	(6.00)	-24.7%
Section 115 Trust Transfer	6.17	-	(6.17)	-100.0%
CARES Act Funding	-	5.82	5.82	100.0%
Other Revenues & Transfers In*	(0.23)	10.06	10.29	-4,473.9%
Total Revenues & Transfers In	**$ 271.40**	**$ 298.03**	**$ 26.63**	**9.8%**

**Includes the uncategorized revenue reduction to achieve a total 10% reduction in General Fund revenue projections.*

PENT UP DEMAND FOR TRAVEL AND EXPERIENCES, THE RETURN OF COMMUTERS WITH MORE COSTLY FUEL, AND LABOR SHORTAGES ARE PUTTING UPWARD PRESSURE ON PRICES AND WILL AFFECT CONSUMER'S DISCRETIONARY INCOME AND TIGHTEN GROWTH BY THE START OF 2022. PUBLIC AGENCIES WILL NEED TO CONTINUE EVALUATING THEIR SALES TAX STRATEGIES, ECONOMIC DEVELOPMENT TACTICS AND REVENUE MEASURES TO ADJUST.

HdL; October 2021

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

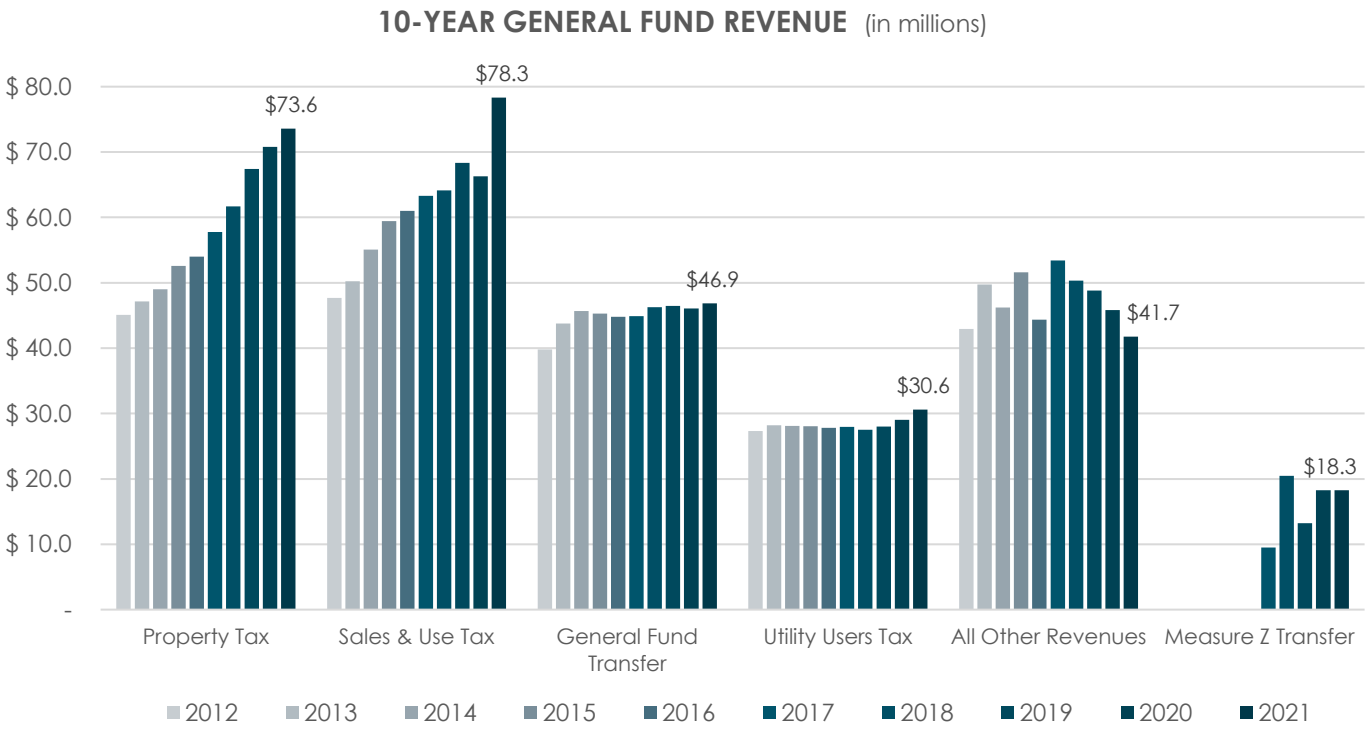
10-YEAR REVENUE HISTORY

GENERAL FUND REVENUES – 10-YEAR HISTORY

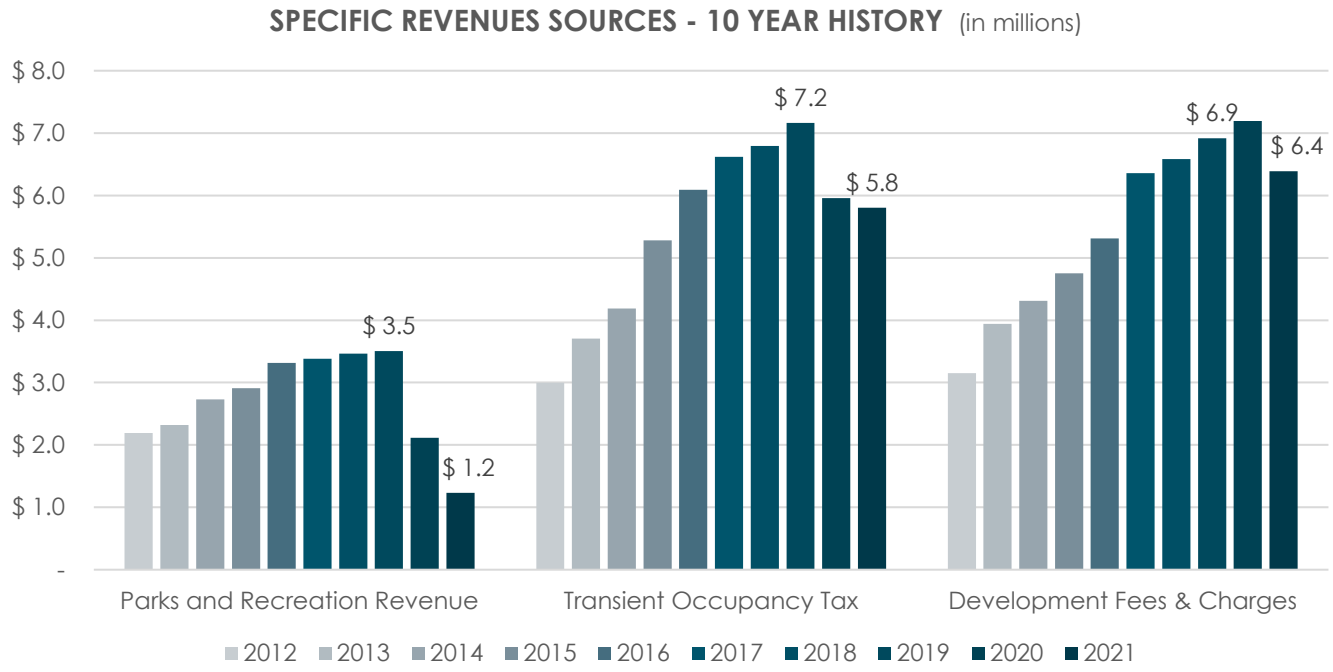
(in millions)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Property Taxes	$ 45.1	$ 47.1	$ 49.0	$ 52.6	$ 54.0	$ 57.8	$ 61.7	$ 67.4	$ 70.8	$73.6
Sales and Use Tax	47.7	50.2	55.1	59.4	61.0	63.3	64.1	68.4	66.3	78.3
Utility Users Tax	27.3	28.2	28.1	28.1	27.8	28.0	27.5	28.0	29.0	30.6
General Fund Transfer	39.8	43.8	45.7	45.3	44.8	44.9	46.2	46.5	46.1	46.9
Measure Z Transfer						9.5	20.5	13.2	18.3	18.3
All Other Revenues	46.2	53.3	49.1	55.2	48.3	52.8	49.9	48.5	45.9	41.7
Total Revenues*	$ 206.1	$ 222.6	$ 227.0	$ 240.6	$ 235.9	$ 256.3	$ 269.9	$ 272.0	$ 276.4	$ 289.4
Growth over Prior Year		8.0%	2.0%	5.9%	-2.0%	8.6%	5.4%	0.7%	1.6%	4.7%

**Excludes items that impair comparability from year-to-year, as previously described. 2021 revenues reported in this table exclude grant/intergovernmental revenue totaling $8.6M.*

Property Taxes, Sales and Use Tax, Utility Users Tax, and the General Fund Transfer accounted for 79.3% of all General Fund revenues in 2021. In the past 10 years, the total of these revenue sources as a percent of total revenues has ranged from a low of 75.7% in 2017 to a high of 80.9% in 2016.



Some revenues continued to be impacted by the pandemic through 2021. The following chart includes labels for the 2019 revenue (the last full year of pre-pandemic revenues) and the 2021 revenue.



Expenditures

Prior to the onset of the pandemic, the proposed budget presented a structural deficit of approximately $15M, due to years of revenues not keeping pace with rising costs. The introduction of the CalPERS UAL in 2016, which set a 20-year payment schedule for agencies to fully fund the Unfunded Accrued Liability, exacerbated the structural deficit. With the onset of the pandemic and resulting freeze of recruitment efforts, staff recommended – and City Council approved – the adoption of a $15.7M vacancy savings target as a balancing measure for the General Fund. The vacancy targets per department were directly tied to a point in time vacant positions as of March 13, 2020 per the City's Human Resources (HR) system. This did not account for any outstanding job offers or other items pending outside of the HR system.

The FY 2020/21 expenditure budget is comprised of the adopted emergency budget of $271.4M, $5.0M of unexpended funds carried forward from the previous fiscal year, and numerous budget adjustments made during the normal course of business. The total adjusted budget for FY 2020/21 is $275.4M.

Encumbrances of $4.8M and project/grant carryovers of $0.2M have been carried forward to FY 2021/22 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional $2.3M in carryovers**, included in Appendix A of this report. If the carryovers are approved, total expenditures savings for FY 2020/21 will be $5.93M, or 2.2% of the total budget.

EXPENDITURES BY CATEGORY

FISCAL YEAR EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	$ Variance	% Variance
Personnel	$ 200.08	$ 199.52	$ 196.09	$ 3.43	1.7%
CalPERS UAL – Safety	19.66	7.21	7.21	-	0.0%
CalPERS UAL – Miscellaneous	10.22	3.86	3.86	-	0.0%
POB Issuance – UAL Savings	(7.00)	-	-	-	0.0%
Non-Personnel Costs	54.39	57.95	52.30	5.65	9.7%
Special Projects	6.42	6.20	5.43	0.77	12.4%
Minor Capital & Grants	0.45	1.27	1.71	(0.44)	-34.6%
Debt Service	18.65	30.20	30.20	-	0.0%
Charges To/From	(20.10)	(20.93)	(20.65)	(0.28)	1.3%
Cost Allocation Plan	(23.08)	(23.42)	(23.42)	-	0.0%
Special Districts Fund Subsidy	1.20	1.20	1.14	0.06	5.0%
Convention Center Fund Subsidy	5.20	5.20	7.12	(1.92)	-36.9%
Entertainment Fund Subsidy	3.83	3.83	4.95	(1.12)	-29.2%
Transfers to Other Funds	1.48	3.27	3.49	(0.22)	-6.7%
Total Expenditures & Transfers Out	**$ 271.40**	**$ 275.36**	**$ 269.43**	**$ 5.93**	**2.2%**

**Includes $4.81 in encumbrances and $0.21M project/grant carryovers recorded as allowed by the Riverside Municipal Code; and $2.27M in other carryovers recommended for Council approval (refer to Appendix A).*

Explanation of Budget Overages

- **Minor Capital & Grants:** This category includes 100% reimbursable Mutual Aid expense that is not budgeted due to its unpredictability. The Fire Department routinely assists as needed outside of City limits and is reimbursed for the related costs.
- **Charges To/From:** The amount charged to capital projects will vary depending upon project activity.
- **Convention Center Fund Subsidy:** The General Fund subsidizes the debt and net operating losses of the Convention Center, Riverside Visitor's Bureau, and Sports Commission. The subsidy budget was not adjusted due to the unpredictable effect of the pandemic on the venues.
- **Entertainment Fund Subsidy:** The General Fund subsidizes the debt and net operating losses of the Fox, Box, and Municipal Auditorium. The subsidy budget was not adjusted due to the unpredictable effect of the pandemic on the venues.
- **Transfers to Other Funds:** The budget overage is attributable to ongoing General Fund restructuring; in FY 2020/21, the fund balance attributable to the General Plan Surcharge and the Technology Fee, each of which are restricted in use of funding, were transferred to the Grants and Restricted Programs fund.

EXPENDITURES BY DEPARTMENT

FISCAL YEAR DEPARTMENTAL RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	$ Variance	% Variance
Mayor	$ 0.85	$ 0.81	$ 0.67	$ 0.14	17.3%
City Council	1.50	1.43	1.20	0.23	16.1%
City Manager	4.54	4.22	3.70	0.52	12.3%
City Clerk	3.17	2.33	1.76	0.57	24.5%
City Attorney	5.39	4.96	5.03	(0.07)	-1.4%
Human Resources	3.61	3.63	3.14	0.49	13.5%
General Services	4.69	4.55	3.78	0.77	16.9%
Finance	6.68	6.45	6.36	0.09	1.4%
Innovation & Technology	10.40	10.52	10.24	0.28	2.7%
Community Development	14.99	14.65	13.01	1.64	11.2%
Police	115.80	107.22	103.65	3.57	3.3%
Fire	63.29	58.24	63.79	(5.55)	-9.5%
Public Works	14.84	14.07	13.94	0.13	0.9%
Library	7.52	7.41	6.52	0.89	12.0%
Parks, Rec, & Comm. Services	21.64	21.67	18.53	3.14	14.5%
Museum	1.95	2.22	2.06	0.16	7.2%
Non-Departmental	13.62	34.40	35.47	(1.07)	-3.1%
Cost Allocation Plan	(23.08)	(23.42)	(23.42)	-	0.0%
Total Expenditures & Transfers Out	**$ 271.40**	**$ 275.36**	**$ 269.43**	**$ 5.93**	**2.2%**

**Includes $4.81 in encumbrances and $0.21M project/grant carryovers recorded as allowed by the Riverside Municipal Code; and $2.27M in other carryovers recommended for Council approval (refer to Appendix A).*

Explanation of Budget Overages

- **City Attorney:** An unfunded position included in the department's vacancy savings target was filled, causing a budget overage of $190,000 in Personnel, offset by savings in other categories for a net budget overage of $71,800.
- **Fire:** $3.13M of the budget overage is attributable to Mutual Aid costs which are 100% reimbursable. Mutual Aid expense is not budgeted due to its unpredictability. Fire exceeded its Personnel budget by $2.5M and did not achieve its vacancy savings target of $1.9M. In Fire-Operations, the overtime budget of $8.5M was overspent by $1.7M representing 41% of base salary costs.
- **Non-Departmental:** The budget overage is directly attributable to the increased fund subsidies for the Convention Center and Entertainment Funds.

10-YEAR EXPENDITURE HISTORY

The following tables and charts show the 10-year history of General Fund expenditures. The effects of General Fund restructuring are most evident in the Minor Capital, Grants, Debt Service, and Fund subsidies categories. In 2018 Measure Z became effective, and some personnel costs were shifted from the General Fund to Measure Z. In 2021, the City issued a Pension Obligation Bond which shifted some CalPERS UAL costs to the Debt Service category and resulted in a net savings of $7.2M in 2021.

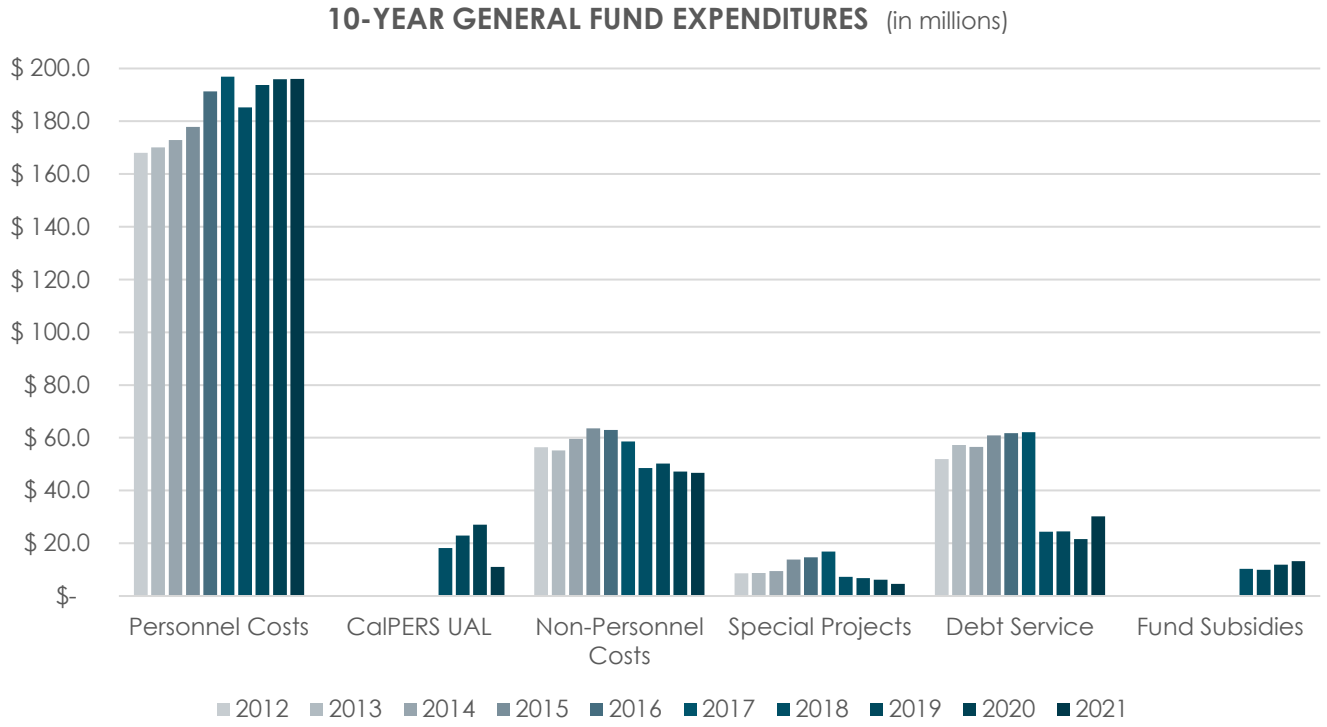
The 2021 actuals in the following table will differ from the previous charts: the actuals below do not include carryovers and encumbrances totaling $7.3M.

GENERAL FUND EXPENDITURES – 10-YEAR HISTORY

(in millions)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Personnel Costs	$168.0	$ 170.1	$ 172.9	$ 177.9	$ 191.3	$ 197.0	$ 185.2	$ 193.8	$ 196.0	$ 196.1
CalPERS UAL – Safety							11.4	14.3	17.2	7.2
CalPERS UAL – Misc							6.8	8.6	9.8	3.9
Non-Personnel Costs	56.4	55.2	59.6	63.6	62.9	58.6	48.5	50.3	47.1	46.7
Special Projects	8.6	8.7	9.4	13.9	14.6	16.8	7.3	6.8	6.2	4.5
Minor Capital	3.0	4.4	6.5	4.0	8.0	3.9	2.9	2.1	0.8	0.3
Grants	6.2	4.1	5.9	5.1	5.5	4.1	4.9	0.4	0.2	0.7
Debt Service	51.9	57.2	56.6	60.9	61.8	62.2	24.3	24.5	21.6	30.2
Charges To/From	(15.1)	(16.1)	(16.4)	(16.9)	(17.2)	(16.7)	(17.4)	(19.5)	(17.2)	(20.6)
Cost Allocation Plan	(21.8)	(17.9)	(18.6)	(18.1)	(20.2)	(19.9)	(18.9)	(24.1)	(26.3)	(23.4)
Fund Subsidies							10.3	9.9	11.9	13.2
Operating Transfers	-	0.4	3.3	3.3	3.3	-	5.0	4.4	13.3*	3.3
Total Expenditures	$257.2	$266.1	$279.2	$293.7	$310.0	$306.0	$270.3	$271.5	$280.6	$262.1
Growth over Prior Year		3.5%	4.9%	5.2%	5.5%	-1.3%	-11.7%	0.4%	3.4%*	-6.6%

**Includes a transfer of $9.35M to establish the Section 115 Trust for the long-term fiscal management of the CalPERS UAL. With this transaction excluded, the 2020 growth over the prior year is -0.1%.*

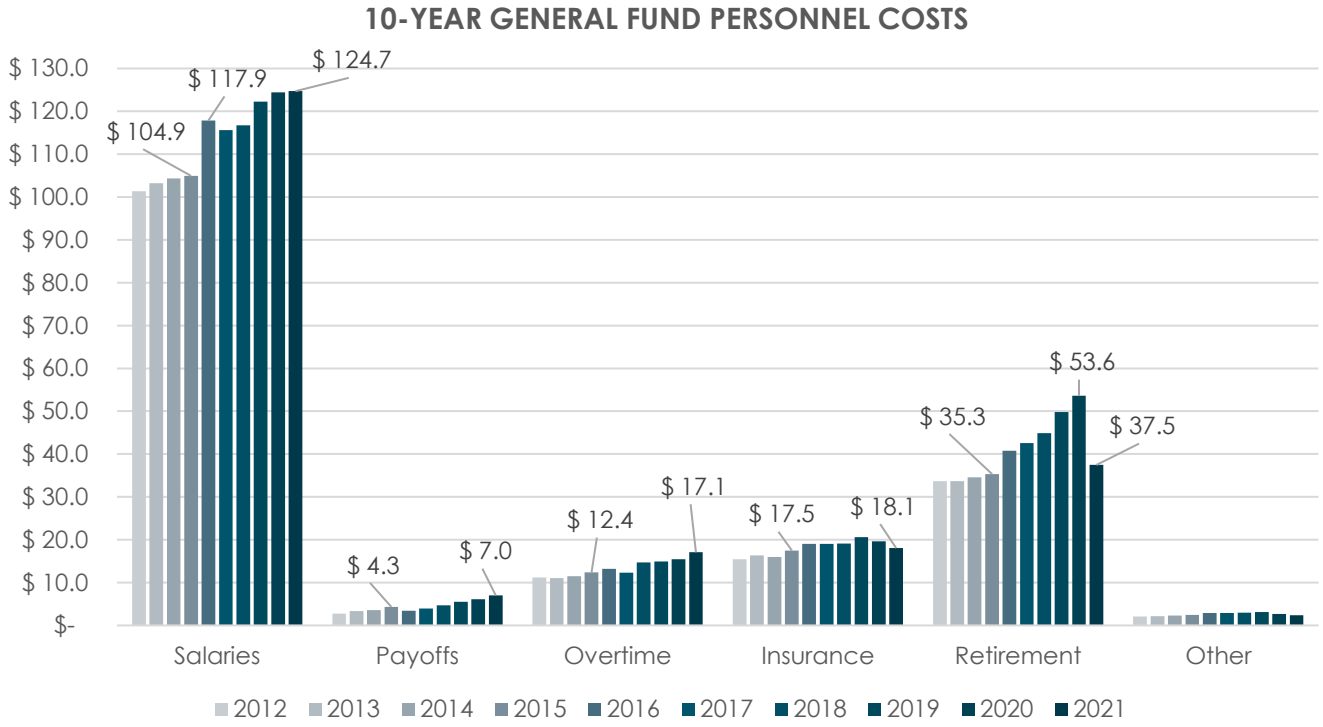
In the following chart, **the impact of General Fund restructuring and nonrecurring items have been removed to accommodate year-over-year comparability**: grants and capital projects are not included for any fiscal year; operating transfers are also excluded. Some General Fund restructuring can still be observed in the Debt Service category: through 2017, citywide activity related to outstanding Pension Obligation Bonds were passed through the General Fund for accumulation before sending the resources to the Debt Service Fund to make the annual debt payment. In 2018, the Special Districts Fund, Convention Center Fund, and Entertainment Fund were established to provide transparency to the General Fund subsidy of those activities.



Personnel costs have risen 23.3% ($39.2M) in the past ten years, including a $23.4M increase in salaries and $5.9M increase in overtime costs. Due to the changes implemented by CalPERS regarding the unfunded liability in 2018, retirement costs increased $19.9M over ten years before declining $16.2M in 2021 due to a lump-sum paydown with the issuance of a Pension Obligation Bond (POB). The combined cost of the 2021 UAL payment and POB debt payment was $7.2M less as compared to the original 2021 UAL payment and is expected to save the City an estimated $175M over the life of the debt.

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

(in millions)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Salaries	$101.3	$103.2	$104.3	$104.9	$117.9	$115.6	$116.7	$122.2	$124.4	$124.7
Leave Payoffs	2.7	3.3	3.6	4.3	3.4	4.0	4.7	5.5	6.1	7.0
Overtime	11.2	11.1	11.6	12.4	13.2	12.3	14.7	15.0	15.4	17.1
Insurances	15.4	16.3	16.0	17.5	19.0	19.0	19.1	20.6	19.7	18.1
Retirement	33.7	33.7	34.6	35.3	40.8	42.6	44.9	49.8	53.6	37.5
Payroll Accruals	1.6	0.3	0.5	1.0	(5.9)	0.6	0.3	0.4	1.1	0.4
Other	2.1	2.2	2.3	2.5	2.9	2.9	3.0	3.2	2.7	2.4
Total Personnel & CalPERS UAL Costs	$168.0	$170.1	$172.9	$177.9	$191.3	$197.0	$203.4	$216.7	$223.0	$207.2
Growth over Prior Year		1.3%	1.6%	2.9%	7.5%	3.0%	3.2%	6.5%	2.9%	-7.1%



In 2016, the spike in salary costs is attributable to a number of factors, including:

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

The Partnership Compensation Model was introduced in 2017, with the first salary increases under the model effective in FY 2017/18, with annual salary increases based on the Balanced Revenue Index (growth in key revenue sources) annually from January 2018 through January 2021.

FY 2020/21 remained flat compared to the prior year, largely attributable to:

- Suspension of recruitment and the adoption of a $15.7M vacancy savings target.
- SEIU and Unpresented groups foregoing minimum scheduled salary increases.
- Nearly flat revenue growth presenting salary increases of 0.22% and 2% for the Police and Fire groups, respectively.

Maintaining Reserves

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

At each fiscal year end, fund reserves are calculated as a percentage of the following year's adopted budget. Since adopted appropriations typically increase from year to year, a 20% corresponding increase in reserves is required to maintain the reserve level ($200,000 for each $1M increase in appropriations). However, this **annual increase in the reserve requirement is not formally incorporated into the adopted budget** because the required increase in reserves for a future budget year is not known at the time of development. For example, when developing the 2021 budget, the 2022 budget appropriations – and therefore increase in required reserves – had not yet been developed. Therefore, **General Fund savings is typically needed at the end of each fiscal year to ensure that the reserve level is maintained**.

The required increase in General Fund reserves based on the adopted FY 2021/22 budget is $3.12M.

Fund Reserves

The beginning fund balance includes all amounts available to spend at the end of the previous fiscal year, including $15.64M in surplus reserves, $5.05M in encumbrances and carryovers, and $54.28M in policy reserves. Current year activity, including new encumbrance and carryover balances, required accounting changes in other fund reserves, and recomputed policy reserves are subtracted or added to the beginning fund balance to arrive at the new balance of projected surplus reserves. This amount is available for allocation per Council direction.

FUND BALANCE
(in millions)

Beginning Fund Balance (Audited)	**$ 74.97**
FY 2020/21 Activity	
Revenues	$ 298.03
Expenditures	(262.14)
Encumbrances	(4.81)
Project/Grant Carryovers	(0.21)
Restricted Carryovers*	(0.67)
Discretionary Carryovers*	(1.60)
Subtotal	**$ 28.60**
Change in Other Reserves	$ 0.91
Net Change in Fund Balance	**$ 29.51**
Fund Balance Reserves	
15% Emergency Reserve	$ (43.05)
5% Contingency Reserve	(14.35)
Total Policy Reserves	**$ (57.40)**
Projected Surplus Reserves	**$ 47.08**

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

RECOMMENDED USE OF SURPLUS RESERVES

At the end of FY 2019/20, the City had $15.64M surplus reserves which Council directed to be set aside for future fiscal challenges, such as the legal challenge to the

Electric GFT and unpredictable impacts of COVID-19 on City finances. At the end of FY 2020/21, that amount increased to $47.08M. Staff recommends Council approval for the use of surplus reserves as detailed in the following table. The recommendations are directly intended to enhance the financial stability of City finances and preserve City infrastructure.

RECOMMENDED USE OF SURPLUS RESERVES
(in millions)

Projected Surplus Reserves	**$ 47.08**
Proposed Use of Surplus Reserves	
Electric GFT Settlement	$ 24.00
General Liability Fund Pre-Payment	2.50
Section 115 Trust	10.00
Capital Replacement Fund	10.58
Total	**$ 47.08**
Remaining Surplus Reserves	**$ -**

Justification for Use of Reserves

Should the injunction on the certification of Measure C results be upheld, the following recommendations should be reconsidered in context of the fiscal impact of an injunction on City finances.

- **Electric GFT Settlement:** On November 2, 2021, Riverside voters approved the Measure C ballot measure which reaffirms the electric transfer to the General Fund as currently provided for in the Riverside Municipal Code. According to the Parada settlement, should voters authorize these current city budget and electric rate-setting practices by passing the Measure, the City will then, consistent with this mutually-agreed-upon settlement, also issue utility credits totaling $24M over a five-year period to local utility ratepayers subsequent to formal certification of the election results.
- **General Liability Fund Pre-Payment:** A series of large claims settlements in FY 2020/21 resulted in Self-Insurance Trust Funds falling below policy reserve levels. Staff recommends a pre-payment of General Fund rates totaling $2.5M to immediately bolster fund reserves and reduce the need for significant rate increases to General Fund departments.

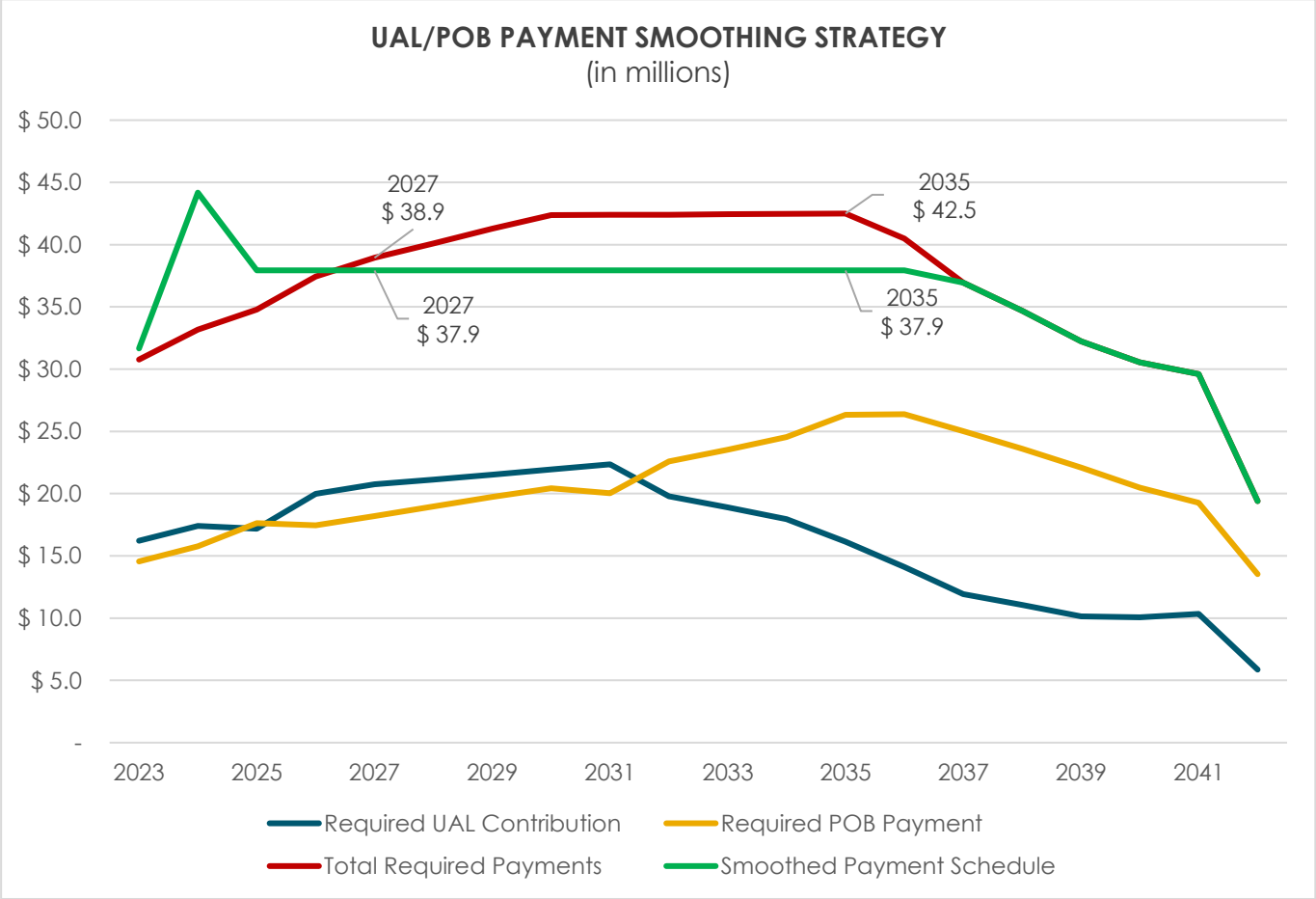
- **Capital Replacement Fund:** The City has endured significant fiscal challenges since the Great Recession that were addressed through a variety of means, the most significant of which has been a reallocation of capital funding to ongoing operations. A Capital Replacement Fund will provide for the accumulation of resources and associated expenditures for the maintenance and/or replacement of assets.

> Capital asset renewal and replacement strategies "help governments prudently manage their substantial investments in capital improvements and give them a strategic tool to use in optimizing asset repair and replacement."
>
> Government Finance Officers Association (GFOA)

- **Section 115 Trust:** The Section 115 Trust was established to support the long-term fiscal management of the CalPERS UAL. The issuance of the Pension Obligation Bond (POB) significantly reduced annual payment requirements and provided some smoothing of the payment obligations. However, the combined annual payments for the CalPERS UAL and the POB still contain some payment spikes that will place pressure on City finances in the coming years. The Section 115 Trust should be leveraged to smooth the payment schedule and minimize the impact of the UAL and POB payment obligations on annual City finances. This will require a build-up of Section 115 Trust assets to a minimum of approximately $40M by 2027. Staff recommends contributing $10M of surplus reserves to the Section 115 Trust, which will bring Trust assets to a total balance of approximately $20.7M.

The following chart illustrates a potential payment smoothing strategy, which currently requires a significant cash infusion of approximately $12M to the Section 115 Trust during the 2022-2024 budget cycle. Staff will continue to refine the long-term payment strategy during the development of the 2022-2024 Biennial Budget and work with its actuary to update the financial impact to the City from recent developments regarding changes to the CalPERS discount rate and recent investment portfolio gains for the fiscal year ended June 30, 2021.

The proposed payment schedule in the following chart will result in a fiscal impact of $37.9M to the General Fund annually for a period of twelve years, from 2025 through 2036. Section 115 Trust assets would be leveraged beginning in 2027 and thereafter, to achieve the annual budget impact of $37.9M.



MEASURE Z FUNDS

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

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

The adopted FY 2020/21 emergency budget included several actions to support the General Fund and preserve Measure Z resources in response to the unknown potential impacts of the COVID-19 pandemic on City finances:

- Maintaining the Measure Z support level rather than adopting a programmed $6.5M reduction predicated on a General Fund five-year plan that projected strong, continued revenue growth and significant one-time revenues such as the sale of City property to offset increasing operating costs.
- Allocating $6M from the unexpended Measure Z Spending Contingency line item to the General Fund.
- Deferring the Police Headquarters to 2023.
- Deferring the Museum Renovation to 2023.
- Eliminating the Downtown Parking Garage spending item.

Revenue

As with the General Fund, the Measure Z tax revenue projection was downgraded 10% as a contingency measure for the potential impact of the pandemic on revenue performance. The original projection of $62.9M in total revenues was reduced to $56.2M. Total revenues came in at $72.7M, which is $16.5M higher than budgeted. Tax revenue came in at $72.0M, a 15.4% increase over FY 2019/20 tax revenue, making up for nearly flat revenue growth in the previous fiscal year. This increase was driven by unprecedented federal stimulus dollars, pent up demand from consumers that were confined to their homes for the better part of a year and general inflation due to the increased demand exacerbating supply chain constraints.

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

MEAURE Z REVENUES SINCE INCEPTION

(in millions)	2017	2018	2019	2020	2021
Transaction & Use Tax **(TUT)**	$ 12.61	$ 56.20	$ 62.29	$ 62.38	$72.00
Interest Revenue	-	0.04	0.53	0.76	0.65
Total Revenues	$ 12.61	$ 56.24	$ 62.82	$ 63.14	$ 72.65
TUT Growth over Prior Year	100%	345.7%	10.8%	0.1%	15.4%

Expenditures

Measure Z expenditures are inconsistent due to the number of long-term initiatives and projects financed by Measure Z resources. This results in an accumulation of resources and carryover of funding in spending items of those types. In total, encumbrances and carryovers included in the Spending Plan total $36.2M, with $14.0M in discretionary (non-capital) carryovers requiring Council approval. An additional $1.13M carryover of capital lease proceeds will also require Council approval; because this represents the expenditure of debt proceeds, this amount is accounted for separately from the Spending Plan as previously described.

There are three items of particular note in FY 2020/21:

- $6M from the unexpended Measure Z Spending Contingency line item (Spending Item #4) was allocated to the General Fund as a balancing measure. Due to exceptional revenue performance in the General Fund, this allocation was not needed, and the funding will be returned to Measure Z unallocated fund balance.
- The Library project (Spending Item #23) was funded through a combination of Measure Z cash (a $3.3M direct allocation for Library Archives) and debt proceeds. The use of the cash allocation reported in the Spending Plan in previous years was overstated; a portion of the reported amounts were funded by debt proceeds and therefore should be excluded from the Spending Plan. (Only debt obligations and cash-funded spending is reportable in the spending plan, as previously described.) The correction resulted in a credit amount being reported for the Library in the Spending Plan for FY 2020/21.
- The Homeless Temporary Housing item (Spending Item #41) was an allocation of funding pending grant reimbursement. All grant proceeds have been received, and the amount reported as a use of Measure Z funding in FY 2019/20 has been offset by a corresponding credit amount in FY 2020/21.

For detailed expenditure reporting, refer to the Measure Z Spending Plan in Appendix B of this report.

Unallocated Fund Reserves

Actual Measure Z revenues and expenditures produced a net gain of $21.8M. Encumbrances and recommended carryovers totaling $36.2M are subtracted to arrive at the projected unallocated fund reserves (unaudited). The FY 2021/22 adopted Spending Plan includes a $0.8M increase to unallocated reserves, with no expectation of drawing on the FY 2020/21 ending unallocated reserve balance of $38.8M. Therefore, this full amount is available for allocation to new spending items.

MEAURE Z ACTIVITY AND PROJECTED FUND RESERVES

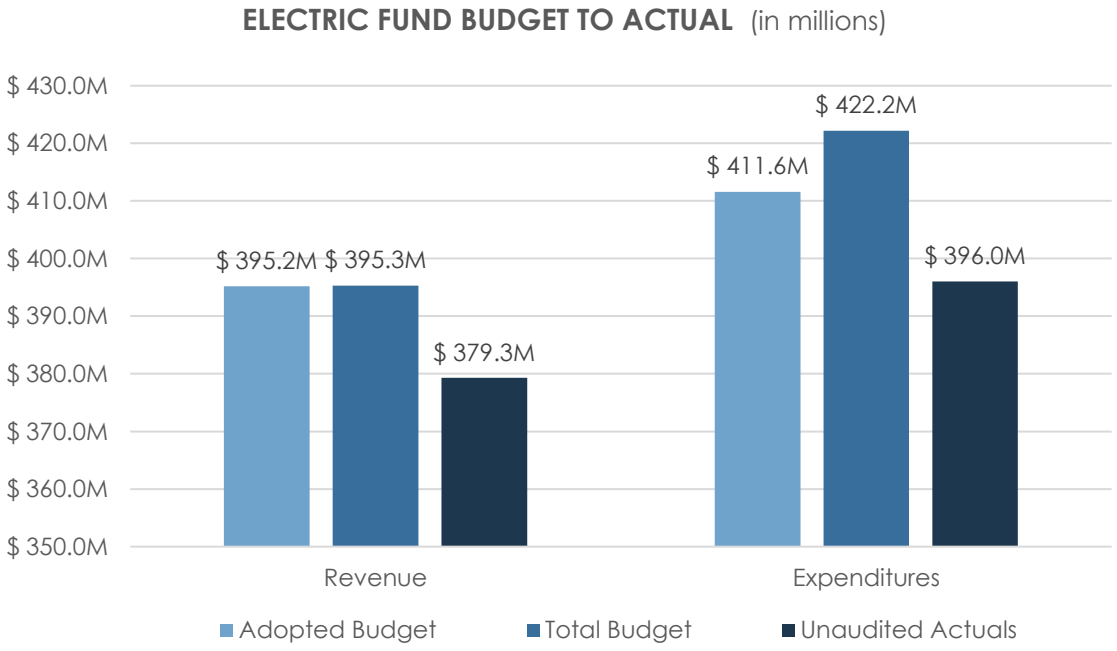
(in millions)	2017	2018	2019	2020	2021
Revenue	$ 12.61	$ 56.24	$ 62.82	$ 63.14	$72.65
Expenditures	(9.98)	(36.14)	(40.99)	(49.56)	(50.85)
Encumbrances & Carryovers					(36.16)
Net Change in Fund Balance	**$ 2.63**	**$ 20.10**	**$ 21.83**	**$13.58**	**$(14.36)**
Beginning Unallocated Fund Reserves	$ -	$ 2.63	$ 22.73	$ 39.56	$53.14
Net Change in Fund Balance	2.63	20.10	21.83	13.58	(14.36)
Fund Balance Reserve Policy	-	-	(5.00)	-	-
Ending Unallocated Fund Reserves	**$ 2.63**	**$ 22.73**	**$ 39.56**	**$ 53.14**	**$38.78**

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

ELECTRIC FUND

The FY 2020/21 adopted budget for the Electric Fund includes a programmed $16.4 million operating deficit and draw on fund reserves. This is a financial strategy employed to draw reserves down to keep rate increases as low as possible. Unaudited fiscal year end results present a budgetary operating loss of $16.7M including outstanding encumbrances and carryovers of $11.8M.

The Total Budget in the following chart includes the carryover of the previous fiscal year's unexpended funds and adjustments to the revenue and expenditure budgets made during the normal course of business. Actual expenditures include $11.8M of outstanding encumbrances and carryovers to reflect budgetary savings.



Revenue

Total revenues at fiscal year-end are 4% ($15.94M) less than revenue projections in the adopted budget. Due to the unprecedented Local Emergency due to COVID-19, the City Council delayed the implementation of the third year of the Electric Rate Plan originally effective January 1, 2021 until July 1, 2021. The estimated reduction in electric revenues due to the delay is approximately $4.4M. Retail sales are 3% ($9.91M) under projections, with a shift from commercial sales to residential sales likely due to business closures during the pandemic and residential customers being at home more than usual because of the pandemic. Residential revenues came in 9.9% higher than projected, while commercial sales came in 10.7% lower than projected.

FISCAL YEAR OPERATING REVENUE RESULTS

(in millions)	Adopted Budget	Unaudited Actuals	$ Variance	% Variance
Retail Sales	$ 332.32	$ 322.41	$ (9.91)	-3.0%
Transmission Revenue	36.89	32.31	(4.58)	-12.4%
Other Operating Revenue	13.78	12.13	(1.65)	-12.0%
Miscellaneous Revenue	9.80	7.39	(2.41)	-24.6%
Capital Contributions	2.45	5.06	2.61	106.5%
Total Revenues	**$ 395.24**	**$ 379.30**	**$ (15.94)**	**-4.0%**

Expenditures

The FY 2020/21 total expenditure budget for the Electric Fund is comprised of the adopted budget of $411.57M; $13.19M of unexpended funds carried forward from the previous fiscal year; and numerous budget adjustments made during the normal course of business. The total adjusted budget for FY 2020/21 is $422.18M. The following chart shows budgetary savings of $26.15M after $11.82M of encumbrances and carryovers.

FISCAL YEAR OPERATING EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	$ Variance	% Variance
Personnel	$ 76.16	$ 71.21	$ 68.80	$ 2.41	3.4%
Power Supply	227.15	226.71	210.84	15.87	7.0%
Operating & Maintenance	22.55	35.25	32.61	2.64	7.5%
Debt Service	44.33	47.63	43.82	3.81	8.0%
General Fund Transfer	41.38	41.38	39.90	1.48	3.6%
Transfers to Other Funds	-	-	.06	(.06)	-100.0%
Total Expenditures & Transfers Out	**$ 411.57**	**$ 422.18**	**$ 396.03**	**$ 26.15**	**6.2%**

**Includes $4.53M in encumbrances and $0.03M grant carryovers recorded as allowed by the Riverside Municipal Code; and $7.26M in other carryovers recommended for Council approval (refer to Appendix A).*

Actual operating expenditures at fiscal year-end are $384.20M before encumbrances and carryovers of $11.83M. Encumbrances of $4.53M and grant carryovers of $0.03M have been carried forward to FY 2021/22 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional $7.26M in operating carryovers**, detailed in Appendix A of this report. If the carryovers are approved, the operating budget savings for FY 2020/21 will be $26.15M, or 6.2% of the total budget.

Capital expenditures totaling $271.59M were recorded during the fiscal year; this amount includes $22.80M of encumbrances and $209.65M of unexpended capital project funds that have been carried forward to FY 2021/22 as provided for in the Riverside Municipal Code.

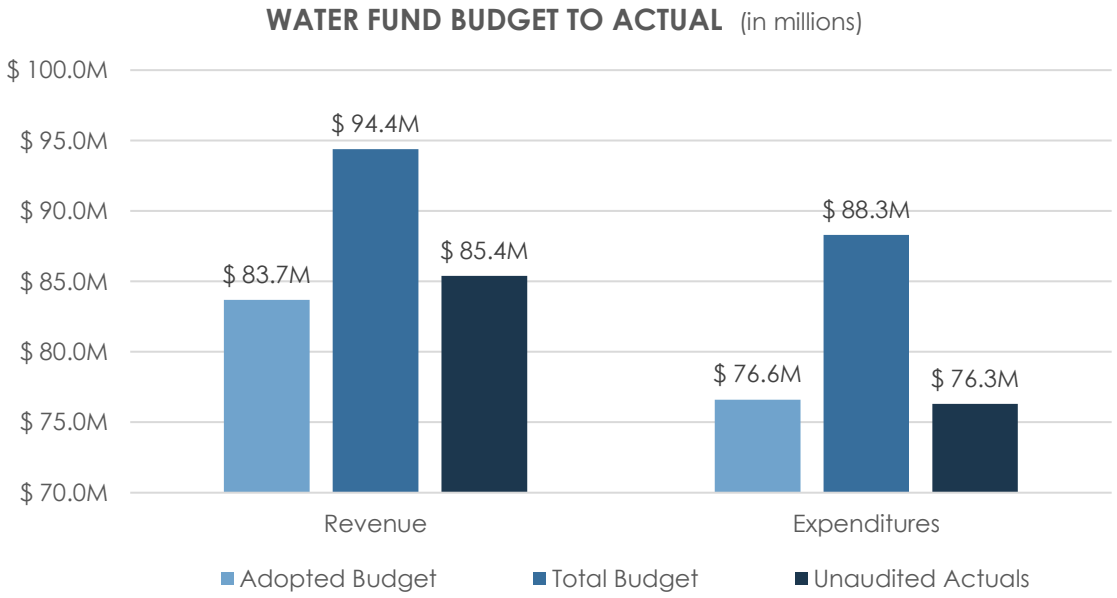
Fund Reserves

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

WATER FUND

The adopted budget for the Water Fund included a projected $7.1M operating gain to be used to fund capital projects in FY 2020/21, supplemented by a $1.1M draw on reserves and $22.4M of bond proceeds. Unaudited fiscal year end results present a budgetary operating gain of $9.1M after outstanding encumbrances and carryovers of $5.0M.

The Total Budget in the following chart includes the carryover of the previous fiscal year's unearned grant revenue, unexpended funds, and adjustments to the revenue and expenditure budgets made during the normal course of business. Actual expenditures include $5.0M of outstanding encumbrances and carryovers to reflect budgetary savings.



Revenue

Total revenues at fiscal year-end are 2% ($1.69M) higher than revenue projections in the adopted budget. Retail sales are 2.9% ($2.0M) higher than projections; residential revenues came in 4.1% higher than projected, while commercial sales came in 0.9% lower than projected.

FISCAL YEAR OPERATING REVENUE RESULTS

(in millions)	Adopted Budget	Unaudited Actuals	$ Variance	% Variance
Retail Sales	$ 68.84	$ 70.84	$ 2.00	2.9%
Conveyance/Wholesale	6.44	5.91	(0.53)	-8.2%
Other Operating Revenue	2.27	2.43	0.16	7.0%
Miscellaneous Revenue	6.14	6.20	0.06	1.0%
Total Revenues	**$ 83.69**	**$ 85.38**	**$ 1.69**	**2.0%**

Expenditures

The FY 2020/21 total expenditure budget for the Water Fund is comprised of the adopted budget of $76.57M; $9.34M of unexpended funds carried forward from the previous fiscal year; and numerous budget adjustments made during the normal course of business. The total adjusted budget for FY 2020/21 is $88.29M. The following chart shows budgetary savings of $12.0M after $5.0M of encumbrances and carryovers.

FISCAL YEAR OPERATING EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	$ Variance	% Variance
Personnel	$ 25.97	$ 24.42	$ 20.61	$ 3.81	15.6%
System Operations	24.44	36.74	30.34	6.40	17.4%
Debt Service	18.86	19.83	18.35	1.48	7.5%
General Fund Transfer	7.30	7.30	6.97	0.33	4.5%
Transfers to Other Funds	-	-	.02	(.02)	-100.0%
Total Expenditures & Transfers	**$ 76.57**	**$ 88.29**	**$ 76.29**	**$ 12.00**	**13.6%**

**Includes $1.73M in encumbrances and $2.49M grant carryovers recorded as allowed by the Riverside Municipal Code; and $0.78M in other carryovers recommended for Council approval (refer to Appendix A).*

Actual operating expenditures at fiscal year-end are $71.29M before encumbrances and carryovers of $5.0M. Encumbrances of $1.73M and grant carryovers of $2.49M have been carried forward to FY 2021/22 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional $0.78M in operating carryovers**, detailed in Appendix A of this report. If the carryovers are approved, operating budget savings for FY 2020/21 will be $12.0M, or 13.6% of the total budget.

Capital expenditures totaling $15.34M were recorded during the fiscal year; this amount includes $7.53M of encumbrances and $28.65M of unexpended capital project funds that have been carried forward to FY 2021/22 as provided for in the Riverside Municipal Code.

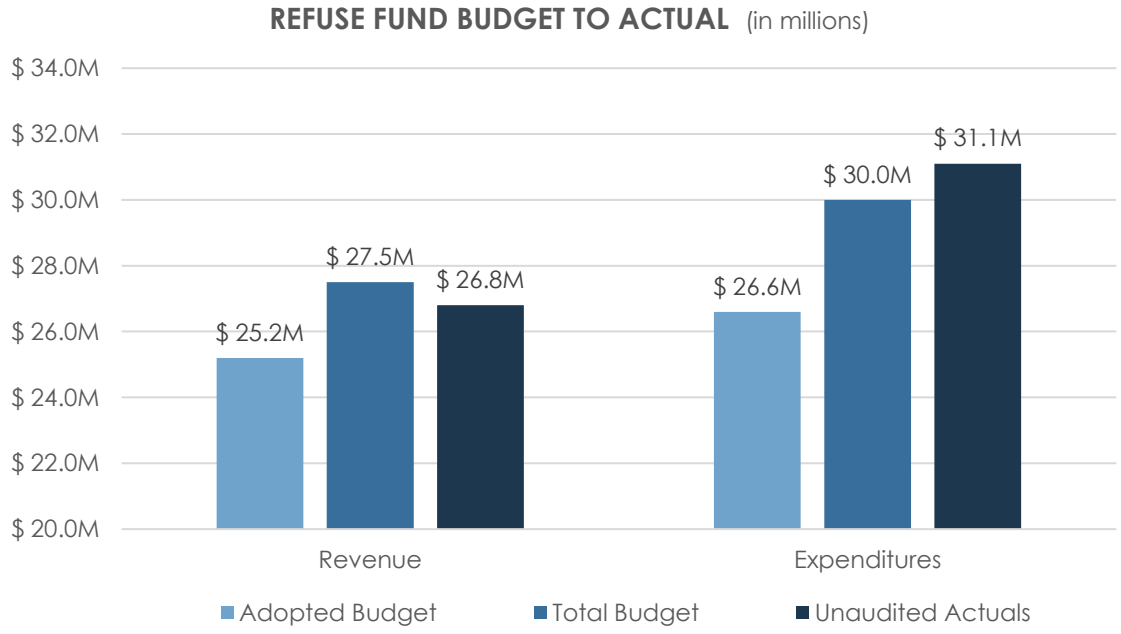
Fund Reserves

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

REFUSE FUND

In the adopted budget, the Refuse fund was originally projected to end FY 2020/21 in a deficit position of approximately $1.4 million. The approval of the Solid Waste Rate Plan, which took effect on January 1, 2021, resulted in an increase to revenue forecasts; unfortunately, revenues resulting from the rate increase were not as high as anticipated and were offset by increases in recycling and disposal costs, resulting in an operating deficit of $1.22M before encumbrances and carryovers and budgetary deficit of $4.28M after encumbrances and carryovers.

The Total Budget in the following chart includes the carryover of the previous fiscal year's unexpended funds ($0.67M) and adjustments to the revenue and expenditure budgets made during the normal course of business. Actual expenditures include $3.06M of outstanding encumbrances and carryovers to reflect budgetary savings.



Revenue

On September 15, 2020, the City Council approved the Solid Waste Rate Plan, which took effect on January 1, 2021. The projected impact of the rate increase for FY 2020/21 was $2.3M; the revenue budget was adjusted accordingly, as shown in the City Service line item of the following

table, in the Total Budget column. Unfortunately, City Service revenues fell short of revised projections by $1.34M. Stronger revenue performance in other line items reduced the revenue shortfall for the fiscal year to $0.68M, or 2.5% less than the total budget.

FISCAL YEAR OPERATING REVENUE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals	$ Variance	% Variance
City Service	$ 13.08	$ 15.38	$ 14.04	$ (1.34)	-8.7%
Contracted Service	5.00	5.00	5.43	0.43	8.6%
Administrative Fees	5.90	5.90	6.12	0.22	3.7%
Street Sweeping Fines	1.16	1.16	0.88	(0.28)	-24.1%
Miscellaneous Revenue	0.08	0.08	0.37	0.29	362.5%
Total Revenues	**$ 25.22**	**$ 27.52**	**$ 26.84**	**$ (0.68)**	**-2.5%**

Expenditures

The FY 2020/21 total expenditure budget for the Refuse Fund is comprised of the adopted budget of $26.64M; $0.67M of unexpended funds carried forward from the previous fiscal year; and numerous budget adjustments made during the normal course of business. On April 13, 2021, the City Council approved a supplemental appropriation of $2.5M to cover increased costs resulting from additional residential tonnage during the pandemic and changes in the recycling market. This supplemental appropriation, along with other budget adjustments made during the fiscal year resulted in a total adjusted budget for FY 2020/21 of $29.99M. The following chart shows a budgetary overspend of $1.12M after $3.06M of encumbrances and carryovers.

FISCAL YEAR OPERATING EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	$ Variance	% Variance
Personnel	$ 5.62	$ 5.30	$ 4.92	$ 0.38	7.2%
Non-Personnel	9.57	11.57	13.08	(1.51)	-13.1%
Special Projects	4.71	5.71	6.04	(0.33)	-5.8%
Minor Capital & Equipment	1.68	2.14	1.76	0.38	17.8%
Debt Service	0.09	0.29	0.29	0.00	0.0%
Charges To/From Others	4.97	4.98	5.02	(0.04)	-0.8%
Total Expenditures & Transfers	**$ 26.64**	**$ 29.99**	**$ 31.11**	**$ (1.12)**	**-3.7%**

**Includes $1.84M in encumbrances recorded as allowed by the Riverside Municipal Code; and $1.22M in other carryovers recommended for Council approval (refer to Appendix A).*

Actual operating expenditures at fiscal year-end are $28.05 before encumbrances and carryovers of $3.06M. Encumbrances of $1.84M have been carried forward to FY 2021/22 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional $1.22M in**

operating carryovers, detailed in Appendix A of this report, including $1.1M for the replacement of three natural gas refuse trucks. If the carryovers are approved, the operating budget overspend for FY 2020/21 will be $1.12M, or 3.7% of the total budget.

Changes in the recycling market have resulted in revenues no longer offsetting the cost of processing, transportation, and residential disposal and have resulted in the implementation of new organics processing and recycling rates. In previous discussions with the City Council, staff shared projections of $1.5 million of increased costs associated with residential recycling. However, the recycling impacts have carried over to the commercial sector as well. As a result, the cost of processing recyclable materials was added to the City's waste processing agreement with the Agua Mansa Transfer Material Recovery Facility (MRF). Lastly, an increase in residential tonnage was an unanticipated effect of the pandemic and is likely attributed to more residents being quarantined in their homes. The addition of a new commercial organics processing and recycling rate implemented January 1, 2021, in addition to the residential component of the Solid Waste Rate Plan, should help offset future costs.

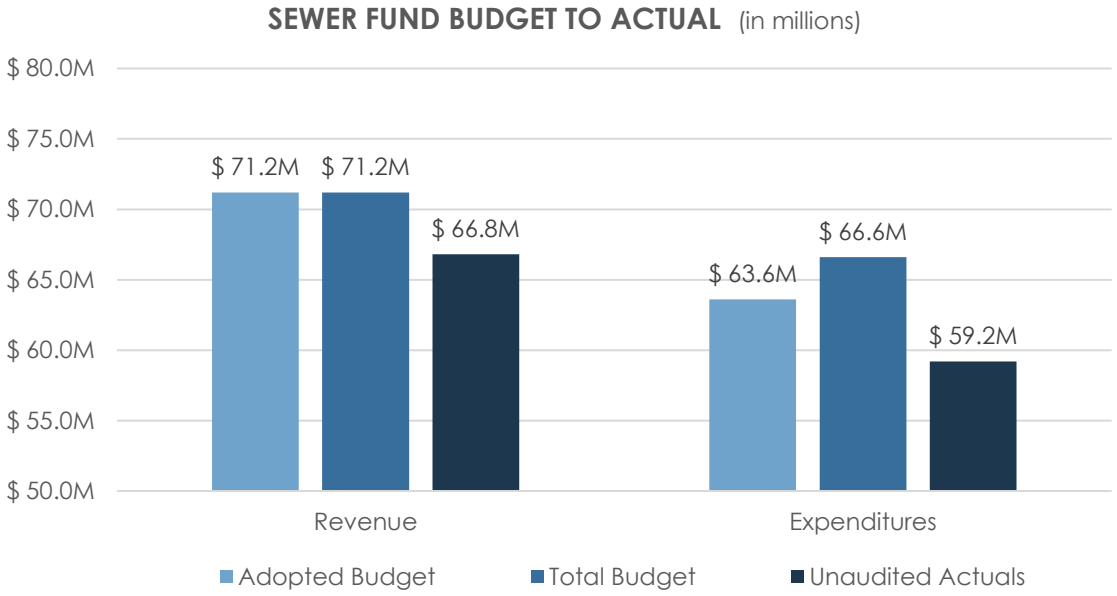
Fund Reserves

The Refuse Fund is expected to end the fiscal year with $3.33M in fund reserves, following a FY 2020/21 net loss of $4.28M.

SEWER FUND

The FY 2020/21 adopted budget for the Sewer Fund Included a projected net operating gain of $7.6M which would be used to help fund capital projects of $14.0M. Unaudited fiscal year end results show that the fund will perform on target, with a net operating gain of $7.6M after outstanding encumbrances and carryovers of $3.07M.

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



Revenue

Total operating revenues at fiscal year-end are 6.2% ($4.45M) lower than revenue projections in the adopted budget. Wastewater Service Contracts and Miscellaneous Revenue - Improvement Fees from Rubidoux, Edgemont, and Jurupa are $3.14M less than projections due to decreased demand during the pandemic. A write-down of investments resulted in an additional $0.9M revenue reduction.

FISCAL YEAR OPERATING REVENUE RESULTS

(in millions)	Adopted Budget	Unaudited Actuals	$ Variance	% Variance
Residential Rate Revenue	$ 45.63	$ 45.73	$ 0.10	0.2%
Commercial Rate Revenue	15.47	15.17	(0.30)	-1.9%
Wastewater Service Contract	5.55	2.91	(2.64)	-47.7%
Miscellaneous Revenue	4.56	2.95	(1.61)	-35.7%
Total Revenues	**$ 71.21**	**$ 66.76**	**$ (4.45)**	**-6.2%**

Expenditures

The FY 2020/21 total expenditure budget for the Sewer Fund is comprised of the adopted budget of $63.55M; $3.43M of unexpended funds carried forward from the previous fiscal year; and numerous budget adjustments made during the normal course of business. The total adjusted budget for FY 2020/21 is $66.58M. The following chart shows budgetary savings of $7.36M after $3.07M of encumbrances and carryovers.

FISCAL YEAR OPERATING EXPENDITURE RESULTS

(in millions)	Adopted Budget	Total Budget	Unaudited Actuals*	$ Variance	% Variance
Personnel	$ 14.37	$ 13.42	$ 13.22	$ 0.2	1.5%
Non-Personnel	15.46	18.66	15.44	3.22	17.3%
Special Projects	2.15	2.15	1.96	0.19	8.8%
Minor Capital & Equipment	1.89	2.05	1.02	1.03	50.2%
Debt Service	26.03	26.63	24.54	2.09	7.8%
Charges To/From Others	3.65	3.674	3.02	0.65	17.7%
Transfers to Other Funds	-	-	0.01	(0.01)	-100.0%
Total Expenditures & Transfers	**$ 63.55**	**$ 66.58**	**$ 59.21**	**$ 7.37**	**11.1%**

**Includes $3.06M in encumbrances recorded as allowed by the Riverside Municipal Code; and $0.01M in other carryovers recommended for Council approval (refer to Appendix A).*

Actual operating expenditures at fiscal year-end are $56.15M before encumbrances and carryovers of $3.07M. Encumbrances of $4.69M have been carried forward to FY 2021/22 as provided for in the Riverside Municipal Code. **Staff is requesting Council approval of an additional $0.01M in operating carryovers**, detailed in Appendix A of this report. If the carryovers are approved, operating budget savings for FY 2020/21 will be $7.36M, or 11.1% of the total budget.

Capital expenditures totaling $32.90M were recorded during the fiscal year; this amount includes $1.63M of encumbrances and $19.94M of unexpended capital project funds that have been carried forward to FY 2021/22 as provided for in the Riverside Municipal Code.

Fund Reserves

The Sewer Fund is expected to end the fiscal year with $71.4M in fund reserves, following a FY 2020/21 net gain of $7.6M.

APPENDIX A – CARRYOVER RECOMMENDATIONS

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

Discretionary Carryovers include amounts appropriated for a specific purpose in previous periods, but unexpended due to timing or for other reasons. Discretionary carryovers may also include a reallocation of amounts from their original purpose to a new purpose, e.g., use of savings to fund the July 4th fireworks show, which was not funded in the adopted budget due to budget constraints.

CARRYOVER SUMMARY BY FUND

	Restricted	Discretionary	Total
General Fund	$ 674,771	$ 1,593,406	$ 2,268,177
Measure Z Fund	-	15,076,294	15,076,294
Development Fund	-	450	450
Grants and Restricted Programs Fund	1,529,598	-	1,529,598
Gas Tax Fund	-	349,985	349,985
NPDES Storm Drain	-	290	290
Housing Authority Fund	746,659	930	747,589
Special Districts Fund	258,533	-	258,533
Storm Drain Fund	19,132	-	19,132
Measure A Fund	-	1,606,665	1,606,665
Redevelopment Successor Agency 2007 Bonds Fund	573,593	-	573,593
Electric Fund	-	7,260,227	7,260,227
Electric Public Benefits Programs Fund	-	6,764,076	6,764,076
Water Fund	-	782,362	782,362
Water Conservation	-	123,644	123,644
Airport Fund	-	690	690
Refuse Fund	-	1,218,512	1,218,512
Sewer Fund	-	14,430	14,430
Special Transit Fund	-	2,620	2,620
Public Parking Fund	-	1,210	1,210
Workers' Compensation Trust Fund	-	570	570
Liability Insurance Trust Fund	-	490	490
Central Stores Fund	-	85,470	85,470
Central Garage Fund	-	3,420	3,420
Total Recommended Carryovers	**$ 3,802,286**	**$ 34,885,741**	**$ 38,688,027**

101 - GENERAL FUND

Department	Description	Amount
Restricted		
Cmmty & Econ Dev	Donations for Hulen Pet Shelter	$ 518.75
Cmmty & Econ Dev	Homeless Campus (Department of Public Social Services)	230,320.19
Cmmty & Econ Dev	SB-1186 Certified Access Specialist Training	280,475.47
Cmmty & Econ Dev	Seismic Education Training & Supplies	6,936.86
Human Resources	Donations for the Wellness Program	46,679.90
Library	Donations, Gifts, and Trust Funds	5,860.46
Museum	Donated funds for California Naturalist classes	2,340.96
Museum	Endowment Fund for Botany Exhibit	69,459.79
Museum	Save America Grant Matching Funds	15,000.00
Parks	Maintenance Endowment Fund	17,178.33
Total Restricted		**$ 674,770.71**
Discretionary		
City Clerk	(4) Monitors for Brown Act Required Agenda Postings	$ 7,000.00
Cmmty & Econ Dev	Improvements to Computronix to enhance customer service	154,445.43
Cmmty & Econ Dev	Northside Heritage Meadows project	104,868.94
Cmmty & Econ Dev	Festival of Lights	15,890.00
Cmmty & Econ Dev	Northside Development - Consultant	366,325.00
Finance	Fees & Charges Study	21,355.00
Finance	Cost Allocation Plan Study	32,000.00
Finance	Priority Based Budgeting Contract	46,000.00
Human Resources	City-Wide Employee Training	78,551.19
Innovation & Tech	Internal Service Fund feasibility study	100,000.00
Innovation & Tech	Software to accelerate development of custom programs	89,723.61
Library	SBCERA ILS Pension Liability	226,629.98
Mayor	Human Relations Commission	3,986.65
Mayor	Long Night of Arts/Innovation	7,500.00
Mayor	College Council of Riverside	1,906.00
Museum	Heritage House Projects	39,903.00
Museum	Tourism, Marketing and Promotion (Museum rebranding)	12,661.22
Parks & Recreation	Fireworks Show	99,750.00
Non-Departmental	Excess Unemployment due to COVID-19	184,910.00
Total Discretionary		**$ 1,593,406.02**
Total Carryover Recommendations – General Fund		**$ 2,268,176.73**

110 - MEASURE Z

Department	Spending Item & Description	Amount
Discretionary		
Cmmty & Econ Dev	#19 - General Plan Update	$ 3,740,644.00
Cmmty & Econ Dev	#20 - Homeless Services	1,058,338.88
Fire	#14 - Fire Vehicle Replacement (Cash Funding)	1,195,413.81
Fire	#14 - Fire Vehicle Replacement (Lease Proceeds)	1,125,313.23
Fire	#14 - Fire Apparatus Door Repair	186,145.75
General Services	#28 - Annual Deferred Maintenance	140,102.70
Innovation & Tech	#33 - Technology Improvements	2,011,884.61
Parks & Recreation	#38 - Youth Innovation Center Year 1 Operating Costs	366,503.05
Police	#12 - Police Vehicle Replacement and Maintenance Plan	1,862,770.99
Multiple	#39 - Public Safety & Engagement Team	3,389,176.95
Total Discretionary		**$ 15,076,293.97**
Total Carryover Recommendations – Measure Z		**$ 15,076,293.97**

170 – DEVELOPMENT

Department	Spending Item & Description	Amount
Discretionary		
Non-Departmental	Excess Unemployment due to COVID-19	$ 450.00
Total Discretionary		**$ 450.00**
Total Carryover Recommendations – Development		**$ 450.00**

215 - GRANTS AND RESTRICTED PROGRAMS

Department	Spending Item & Description	Amount
Restricted		
City Manager	PEG (Public, Educational, or Governmental access)	$ 254,390.86
CEDD	Donations for Pallet Shelter	6,000.00
CEDD	Downtown Safety Ambassador Prog	65,490.34
CEDD	Hulen Campus Rehab Sponsorship	16,225.00
Human Resources	Donations for the Wellness Program	16,386.72
Fire	Certified Unified Program Agencies (CUPA)	632,965.00
Fire	CFFJAC Firefighter Joint Apprentice	-2,609.54
Fire	Rancho Santiago/RCCD MoVal	14,850.68
Library	Donations, Gifts, and Trust Funds	18,174.78
Library	Donations, Gifts, and Trust Funds	93,386.76
Museum	Donations from The Riverside Museum Associates for Museum projects	15,339.00
Parks	Donations from LA84 Foundation for Learn-to-Swim Lessons	12,995.00
Police	Asset Forfeiture	359,280.55
Police	Donations for K-9s	3,000.00
Police	Donations for the Night Out Event	23,723.26
Total Restricted		**$ 1,529,598.41**
Total Carryover Recommendations – Grants and Restricted Programs		**$ 1,529,598.41**

230 – GAS TAX

Department	Spending Item & Description	Amount
Discretionary		
Public Works	Pavement Management Program	$ 24,110.21
Public Works	Railroad Project Management	316,440.29
Public Works	Surplus Property Disposal	9,434.13
Total Discretionary		**$ 349,984.63**
Total Carryover Recommendations – Gas Tax		**$ 349,984.63**

260 - NPDES STORM DRAIN

Department	Spending Item & Description	Amount
Discretionary		
Non-Departmental	Excess Unemployment due to COVID-19	$ 290.00
Total Discretionary		**$ 290.00**
Total Carryover Recommendations – NPDES Storm Drain		**$ 290.00**

280 – HOUSING AUTHORITY

Department	Spending Item & Description	Amount
Discretionary		
Non-Departmental	Excess Unemployment due to COVID-19	$ 930.00
Total Discretionary		**$ 930.00**
Restricted		
Cmmty & Econ Dev	Housing Authority Projects (multiple)	$ 746,659.29
Total Restricted		**$ 746,659.29**
Total Carryover Recommendations – Housing Authority		**$ 747,589.29**

291 – SPECIAL DISTRICTS

Department	Spending Item & Description	Amount
Restricted		
Parks & Recreation	Loving Homes Landscape Maintenance District	15,753.84
Parks & Recreation	Village at Canyon Crest Landscape Maintenance District	242,778.70
Total Restricted		**$ 258,532.54**
Total Carryover Recommendations – Special Districts		**$ 258,532.54**

410 – STORM DRAIN

Department	Spending Item & Description	Amount
Restricted		
Public Works	Sycamore Canyon Business Park Habitat Restoration	5,497.82
Public Works	Misc Drainage Studies	13,634.04
Total Restricted		**$ 19,131.86**
Total Carryover Recommendations – Storm Drain		**$ 19,131.86**

432 – MEASURE Z

Department	Spending Item & Description	Amount
Discretionary		
Public Works	Pavement Management System	$ 69,953.50
Public Works	Planning and Investigations	229,268.05
Public Works	Railroad Project Management	1,281,045.61
Public Works	Transportation Planning	26,397.63
Total Discretionary		**$ 1,606,664.79**
Total Carryover Recommendations – Measure A		**$ 1,606,664.79**

480 - REDEVELOPMENT SUCCESSOR AGENCY 2007 BONDS

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

510 - ELECTRIC

Department	Spending Item & Description	Amount
Discretionary		
RPU - Administration	Advance Metering Infrastructure (AMI) project	$ 984,022.22
RPU - Administration	Customer Information System (CIS) Disaster Recovery project	1,833,533.00
RPU - Administration	Upgrade Itron Meter Reading Software Solution (MVRS) to Itron Field Collection System (FCS)	56,000.00
RPU - Administration	Mission Square and Utilities Operations Center (UOC) compliance upgrades	150,000.00
RPU - Administration	Mission Square - convert ground space to retail	500,000.00
RPU - Administration	Mission Square elevator modernization	170,276.95
RPU - Administration	Mission Square Heating and Air Conditioning (HVAC) Improvements	1,500,000.00
RPU - Administration	Mission Square - new boilers	150,000.00
RPU - Administration	Proportional share of Measure Z technology projects	784,339.04
RPU - Administration	Electric Fund Cost of Service Analysis (COSA)	107,222.40
RPU - Administration	Workforce Development (WFD) Internal Training	75,000.00
RPU - Electric	Clean Fuel Reward Riverside Public Utilities Contributions	129,679.95
RPU - Electric	Utility Line Clearance and Vegetation Management	276,066.42
RPU - Electric	Vehicles delayed from Terex due to COVID-19	146,813.11
RPU - Electric	Work and Asset Management Optimization project - Phase 1	334,314.00
Non-Departmental	Excess Unemployment due to COVID-19	62,960.00
Total Discretionary		**$ 7,260,227.09**
Total Carryover Recommendations – Electric		**$ 7,260,227.09**

511 – ELECTRIC PUBLIC BENEFITS PROGRAM

Department	Spending Item & Description	Amount
Discretionary		
RPU - Administration	Emergency Recovery Assistance Program (ERAP) in response to COVID-19	$ 3,082,370.35
RPU - Administration	Replacement of inefficient lighting at commercial sites	1,250,000.00
RPU - Administration	Implement energy efficient measures at medium and small sized businesses	1,250,000.00
RPU - Administration	Replacement of inefficient lighting at manufacturing and warehouse customers	181,706.00
RPU - Administration	Low-income direct install program for insulation of Heating and Air Conditioning (HVAC), LED light bulbs and other measures	1,000,000.00
Total Discretionary		**$ 6,764,076.35**
Total Carryover Recommendations – Electric Public Benefits Program		**$ 6,764,076.35**

520 - WATER

Department	Spending Item & Description	Amount
Discretionary		
RPU - Water	Advance Metering Infrastructure (AMI) project	$ 461,300.00
RPU - Water	Water Fund's portion of Measure Z technology projects	300,191.96
Non-Departmental	Excess Unemployment due to COVID-19	20,870.00
Total Discretionary		**$ 782,361.96**
Total Carryover Recommendations – Water		**$ 782,361.96**

521 – WATER CONSERVATION

Department	Spending Item & Description	Amount
Discretionary		
RPU - Water	Water Energy Community Action Network's Turf Removal Program	$ 100,000.00
RPU - Water	Proportional share of Measure Z technology projects	23,644.00
Total Discretionary		**$ 123,644.00**
Total Carryover Recommendations – Water Conservation		**$ 123,644.00**

530 - AIRPORT

Department	Spending Item & Description	Amount
Discretionary		
Non-Departmental	Excess Unemployment due to COVID-19	$ 690.00
Total Discretionary		**$ 690.00**
Total Carryover Recommendations – Airport		**$ 690.00**

540- REFUSE

Department	Spending Item & Description	Amount
Discretionary		
Public Works	Replacement of Three (3) Natural Gas Refuse Trucks	$ 1,100,000.00
Public Works	Tequesquite Blower Project for Gas Collection	113,812.00
Non-Departmental	Excess Unemployment due to COVID-19	$ 4,700.00
Total Discretionary		**$ 1,218,512.00**
Total Carryover Recommendations – Refuse		**$ 1,218,512.00**

550 - SEWER

Department	Spending Item & Description	Amount
Discretionary		
Non-Departmental	Excess Unemployment due to COVID-19	$ 14,430.00
Total Discretionary		**$ 14,430.00**
Total Carryover Recommendations – Sewer		**$ 14,430.00**

560 - Special Transit

Department	Spending Item & Description	Amount
Discretionary		
Non-Departmental	Excess Unemployment due to COVID-19	$ 2,620.00
Total Discretionary		**$ 2,620.00**
Total Carryover Recommendations – Special Transit		**$ 2,620.00**

570 – Public Parking

Department	Spending Item & Description	Amount
Discretionary		
Non-Departmental	Excess Unemployment due to COVID-19	$ 1,210.00
Total Discretionary		**$ 1,210.00**
Total Carryover Recommendations – Public Parking		**$ 1,210.00**

610 - WORKERS' COMPENSATION TRUST

Department	Spending Item & Description	Amount
Discretionary		
Non-Departmental	Excess Unemployment due to COVID-19	$ 570.00
Total Discretionary		**$ 570.00**
Total Carryover Recommendations – Workers' Compensation Trust		**$ 570.00**

610 - LIABILITY INSURANCE TRUST

Department	Spending Item & Description		Amount
Discretionary			
Non-Departmental	Excess Unemployment due to COVID-19	$	490.00
Total Discretionary		**$**	**490.00**
Total Carryover Recommendations – Liability Insurance Trust		**$**	**490.00**

640 - CENTRAL STORES

Department	Spending Item & Description		Amount
Discretionary			
Finance	Central Stores inventory vending machine and barcode scanning system.	$	84,780.34
Non-Departmental	Excess Unemployment due to COVID-19	$	690.00
Total Discretionary		**$**	**85,470.34**
Total Carryover Recommendations – Central Stores		**$**	**85,470.34**

650 – CENTRAL GARAGE

Department	Spending Item & Description		Amount
Discretionary			
Non-Departmental	Excess Unemployment due to COVID-19	$	3,420.00
Total Discretionary		**$**	**3,420.00**
Total Carryover Recommendations – Central Garage		**$**	**3,420.00**

APPENDIX B – MEASURE Z SPENDING PLAN

	Spending Items	Actual FY 2016/17	Actual FY 2017/18	Actual FY 2018/19	Actual FY 2019/20	Actual FY 2020/21	Carryover FY 2020/21
REVENUE							
	Transaction & Use Tax	12,605,474	56,201,937	62,283,444	62,380,085	71,999,092	-
	Interest Earnings	954	35,265	532,684	755,392	654,898	-
	Total Revenues	**$ 12,606,428**	**$ 56,237,202**	**$ 62,816,128**	**$ 63,135,477**	**$ 72,653,990**	**$ -**
EXPENDITURES							
1	20% General Fund Reserve	$ 5,549,224	$ 15,000,000	$ -	$ -	$ -	$ -
2	Payoff of the Balloon $32 million Pension Obligation Bond	-	1,706,290	1,673,554	1,674,490	1,674,500	-
3	Funding for Workers' Compensation and General Liability	-	2,500,000	2,500,000	-	-	-
4	Measure Z Spending Contingency - General Fund Balancing Measure	-	-	-	-	-	-
5	Additional Sworn Police Positions	-	2,671,321	5,588,853	7,639,210	10,163,726	5,445
6	Public Safety Non-Sworn Positions and Recruitment Costs	-	450,833	795,676	877,104	913,458	-
7	Police Officer Lateral Hire Incentives and Recruitment Costs	-	-	30,049	9,994	300	-
8	Additional Dispatchers	-	254,112	477,694	566,809	656,263	-
9	Maintain Firefighter Staffing Level	448,496	838,478	992,571	1,291,460	1,406,709	-
10	Reinstatement of Captains (Training and Arson)	1,504	522,192	559,538	556,919	469,733	-
11	Reinstatement of Battalion Chief	-	355,402	368,948	390,025	611,747	-
12	Revised PD Vehicle Replacement and Maintenance Plan	-	2,434,081	1,738,555	1,199,786	627,585	2,806,137
13	Refurbish Police Vehicles	-	50,000	-	-	-	-
14	Revised Fire Vehicle Replacement and Maintenance Plan	-	823,208	1,607,452	3,143,742	2,521,600	1,859,228
15	Fleet Facility Capital Repairs	-	100,000	-	-	-	
16	Additional Fleet Mechanics for Police Department	-	176,329	173,230	202,610	219,713	-
17	Additional Fleet Mechanics for Fire Department	-	184,275	221,068	231,352	237,262	-
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	300,069	4,656,987
20	Homeless Services	-	8,775	184,619	528,954	4,197	1,273,455
21	Principal Analyst - City Manager's Office	-	108,724	148,684	161,803	175,948	-
22	Budget Engagement Commission Support	4,311	10,280	27,000	8,365	23,364	300
23	New Downtown Main Library	8,479	541,139	2,386,205	3,819,500	(434,155)	1,553,912
23 a.	New Downtown Main Library - Archives		1,000,000	1,000,000	1,300,000	-	-
24	Eastside Library Site Selection	-	-	-	-	18,900	81,100
25	New Police Headquarters	-	-	-	26,394	43,556	26,003
26	Museum Expansion and Rehabilitation	-	-	-	89,053	175	9,991

	Spending Items	Actual FY 2016/17	Actual FY 2017/18	Actual FY 2018/19	Actual FY 2019/20	Actual FY 2020/21	Carryover FY 2020/21
27	Downtown Parking Garage	-	-	-	-	-	-
28	Annual Deferred Maintenance (Existing Facilities)	-	458,210	1,111,923	1,025,461	838,450	565,956
29	Maximize Roads/Streets (Pavement Condition Index)	-	58,482	2,276,844	460,494	4,825,070	15,379,111
30	Tree Trimming	-	114,807	890,259	2,018,472	994,585	5,415
31	Ward Action Team - City Attorney's Office	21,907	173,578	263,704	295,205	303,967	-
32	Ward Action Team - City Manager's Office	-	-	-	-	-	-
33	Technology Improvements	-	112,288	433,629	679,248	2,792,116	3,982,718
34	4-Person Staffing on Fire Trucks	-	-	202,119	1,284,098	1,244,499	-
35	Fire Equipment	-	-	60,473	64,019	52,466	73,042
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	49,536	366,503
39	Public Safety & Engagement Team Program (PSET)	-	-	21,691	1,226,821	1,518,578	3,484,036
40	Library Security Guards	-	-	-	121,809	339,822	7,806
41	Homeless Temporary Housing	-	-	-	112,204	(112,204)	-
42	Orangecrest Fire Station Dormitory Improvements	-	-	-	427	108,384	-
43	PW Streets Vehicle & Equipment Needs	-	-	-	-	-	-
44	PRCSD Infrastructure, Vehicles, and Equipment	-	-	-	-	-	-
45	Motorhome Removal & Disposal	-	-	-	-	-	-
46	Park and Neighborhood Safety Specialist (PANSS) Program	-	-	-	-	-	-
	Total Expenditures	**$ 9,973,447**	**$ 36,134,811**	**$ 40,988,149**	**$ 49,561,260**	**$ 50,855,945**	**$ 36,156,824**
	Five-Year Financial Plan Surplus/(Deficit)	**$ 2,632,981**	**$ 20,102,391**	**$ 21,827,979**	**$ 13,574,217**	**$ 21,798,045**	**$(36,156,824)**
	FUND RESERVES						
	Beginning Measure Z Unallocated Fund Reserves	**$ -**	**$ 2,632,981**	**$ 22,735,372**	**$ 39,563,351**	**$ 53,137,568**	**$ 74,935,613**
	Five-Year Financial Plan Surplus/(Deficit)	2,632,981	20,102,391	21,827,979	13,574,217	21,798,045	(36,156,824)
	Permanent Policy Reserve Set-Aside			(5,000,000)			
	Ending Measure Z Unallocated Fund Reserves	**$ 2,632,981**	**$ 22,735,372**	**$ 39,563,351**	**$ 53,137,568**	**$ 74,935,613**	**$ 38,778,789**

City of Arts & Innovation

City Council Memorandum

TO: **HONORABLE MAYOR AND CITY COUNCIL** **DATE: DECEMBER 14, 2021**

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

SUBJECT: **FISCAL YEAR 2020/21 FOURTH QUARTER CASH, INVESTMENTS, AND DEBT REPORT**

ISSUE:

That the City Council receive and provide input on the attached Fiscal Year 2020/21 Fourth Quarter Cash, Investments, and Debt Report.

RECOMMENDATION:

That the City Council:

1. Receive and provide input on the attached Fiscal Year 2020/21 Fourth Quarter Cash, Investments, and Debt Report.

BACKGROUND:

On June 15, 2021, the City Council received and provided input on the Fiscal Year 2020/21 Third Quarter Cash and Investments and Debt report.

DISCUSSION:

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

QUARTERLY CASH AND INVESTMENT REPORT

Sound investment practices are an essential component of the City's strong fiscal management. The Finance Department is responsible for managing the City's investment portfolio, focusing first on the safety of investments and then on liquidity and an appropriate rate of return. The investment results and portfolio composition are summarized and reported to the City Council each quarter. As of June 30, 2021, the City's pooled investment portfolio's market value was $885 million. The market value of investments held for the Section 115 Pension Trust Fund, fiscal agents (bond proceeds and reserve funds primarily), and other miscellaneous cash amounts to an additional $123 million. The weighted average yield of the pooled investment portfolio is 0.82% as of June

30, 2021.

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

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

All listed funds have a positive cash balance except for the following funds as of June 30, 2021:

1. Civic Entertainment – Cheech Marin Center ($960,739), Community Development Block Grant ($89,824), Housing Opportunities for Persons with AIDS ($1,059,720), Capital Outlay Grants ($283,079), and Transportation Uniform Mitigation Fees ($3,090,603) have negative cash balances due to the timing of expenditures; however, the negative balances are fully offset by receivables.

2. Local Park Special Capital Improvements ($233,675) development fees received will fully offset the negative balance, and the fund will return to positive in Fiscal Year 2021/22.

3. Unemployment Insurance Trust ($91,361) due to an increase in unemployment claims related to the COVID-19 pandemic. This account is being monitored, and there are plans to bring this account into positive in Fiscal Year 2021/22.

QUARTERLY DEBT REPORT

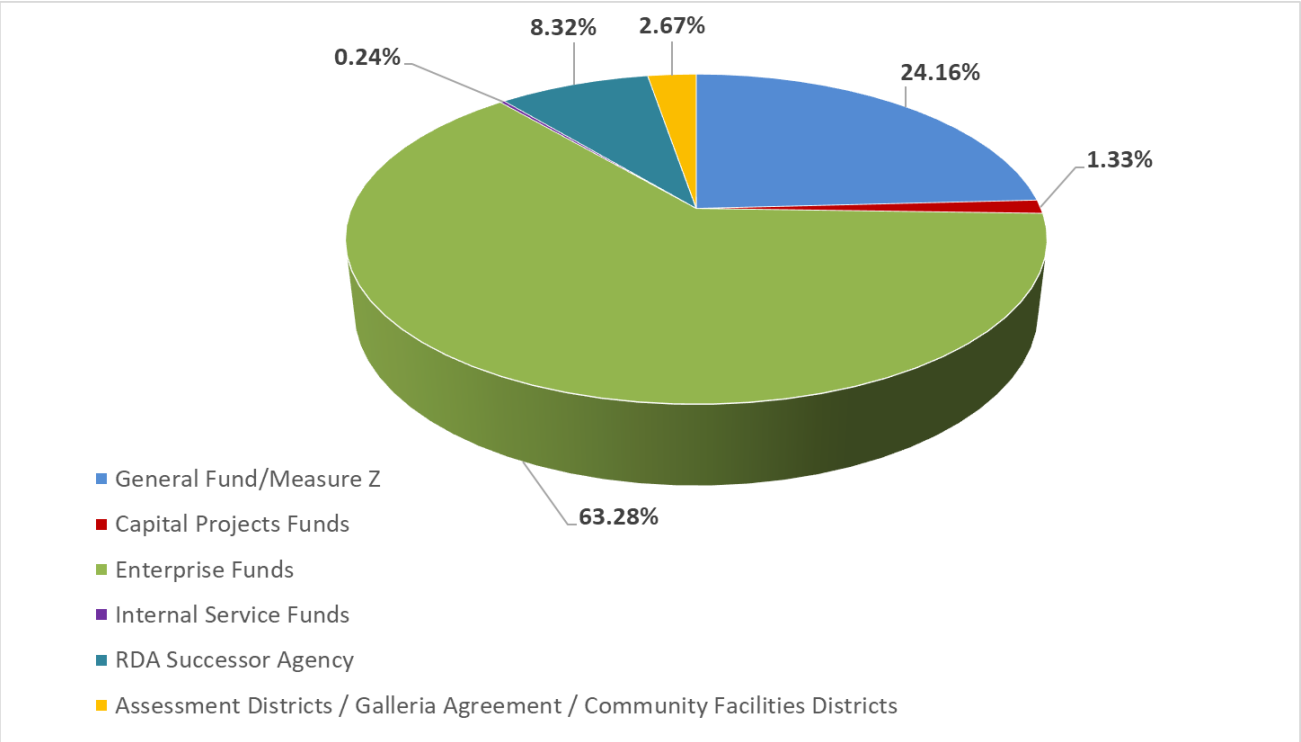
The Finance Department is responsible for managing the City's debt portfolio, which includes issuing new debt and monitoring opportunities to refinance existing debt. The Quarterly Debt Report (Attachment 2) summarizes the composition of the City's debt portfolio, details the revenue sources utilized to pay the debt service associated with each outstanding debt, and provides detailed information regarding the total principal and interest payments made in the fourth quarter of Fiscal Year 2021 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 decreased $3,029,463 from the end of the third quarter of fiscal year 2021. This principal decrease is primarily due to debt service principal payments on the Ryan Bonaminio Park Loan, Measure A Certificates of Participation 2013A, Electric Fund Capital Leases, Fox Entertainment Plaza Loan, and the Convention Center Expansion Loan.

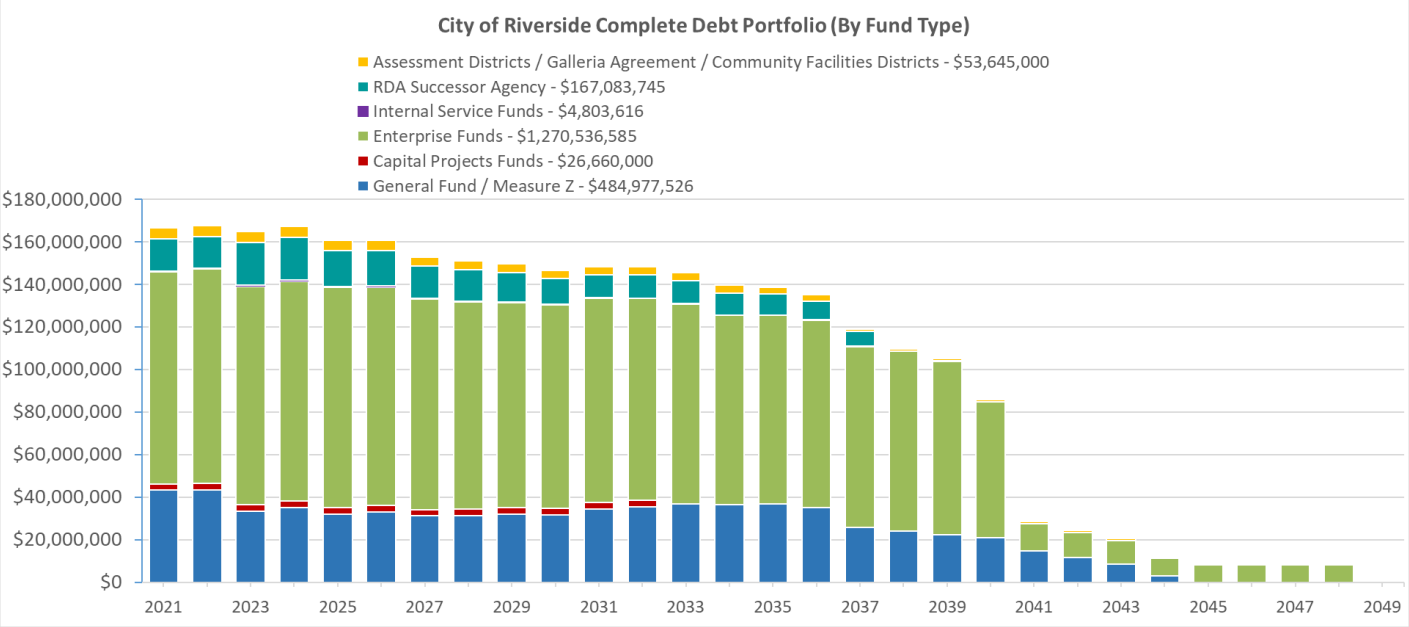
The chart below depicts the composition of the City's debt portfolio at the end of the fourth quarter. The Enterprise funds are responsible for the majority of the City's debt, and are primarily for capital project financing offset by the revenues generated by the newly financed facilities. The General Fund and Measure Z have the next largest percentage of debt, providing financing for projects

and equipment related to public safety, downtown revitalization, and public facility and infrastructure improvements. 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 costs.



For purposes of this report, the Sewer, Water, Electric, Refuse, Special Transit, Civic Entertainment, Convention Center, and Parking funds are consolidated under the classification of Enterprise Funds. Measure Z and the General Fund are grouped together. Measure A, 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 classified as City obligations. They are offset by individual Improvement Districts which are separate legal entities from the City, formed to issue debt and levy assessments or special tax to finance improvements related to development in those districts.

The following bar chart provides the City's debt service portfolio using the same classification methodology, depicting the aggregate principal and interest payments on all City debt instruments by fund. As noted in the following chart, 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 monitor the market to identify opportunities to maximize debt service savings through refunding and to issue debt when rates are most advantageous. Within the fourth quarter, the Financing Team prepared financial reports related to annual debt expenses and long-term obligations. Staff reviewed proposals for a new Citywide debt collaboration system and selected DebtBook as the most compatible system. Staff also began the process of evaluating a Citywide banking vendor through a competitive RFP process. The land secured financing team began the process of forming a new Community Facilities District JCFA with Riverside Unified School District.

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.
- Conducted a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing for the purpose of approving financing for the Oasis Senior Affordable Housing project.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority No. 5 – High Performing Government** and specifically, **Goal No. 5.3** – Enhance communication and collaboration with community members, to improve transparency, build public trust, and encourage shared decision-making.

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

1. **Community Trust** – The preparation and approval of the debt and investment quarterly report ensures transparency and demonstrates compliance with City Debt and Investment Policies.

2. **Equity** – The debt and investment portfolios detailed in this report are used to share and

offset the long-term cost of growth, development, and expansion among Riverside businesses and residents.

3. **Fiscal Responsibility** – The Quarterly Report demonstrates fiscal responsibility and accountability to show the current financial situation of the City and closely related agencies.

4. **Innovation** – Innovative stewardship of investments and municipal debt is an effective way to track, fund, and finance, repair and improvements while ensuring sufficient cash to meet obligations.

5. **Sustainability & Resiliency** – Quarterly accounting and reporting helps to ensure City funds are used in a sustainable way without compromising future needs.

FISCAL IMPACT:

There is no direct fiscal impact associated with this report.

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

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

ATTACHMENT 1

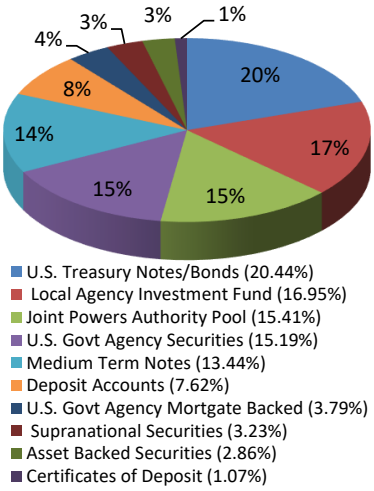
CASH AND INVESTMENT REPORT

CITY OF
RIVERSIDE

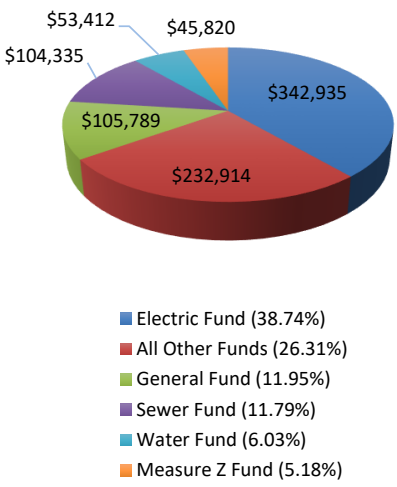
CITY OF RIVERSIDE
Quarterly Investment Report
June 30, 2021

	AMORTIZED COST	MARKET VALUE
POOLED INVESTMENT PORTFOLIO		
Deposit Accounts	$ 67,428,398.40	$ 67,428,398.40
Joint Powers Authority Pool	136,399,765.80	136,399,765.80
Local Agency Investment Fund (LAIF)	150,000,000.00	150,000,000.00
Certificates of Deposit	9,459,019.42	9,462,744.56
Medium Term Notes	117,887,872.52	118,940,357.51
U.S. Govt Agency Mortgage Backed Securities	32,887,220.36	33,527,117.23
Asset Backed Securities	25,254,700.26	25,310,522.56
Supranational Securities	28,686,735.40	28,579,472.30
U.S. Govt Agency Securities	134,374,367.55	134,492,305.04
U.S. Treasury Notes/Bonds	177,975,554.71	181,064,183.10
TOTAL POOLED INVESTMENT PORTFOLIO	**880,353,634.42**	**885,204,866.50**
INVESTMENTS HELD BY FISCAL AGENT -		
SECTION 115 PENSION TRUST FUND	**9,842,325.66**	**10,696,859.59**
OTHER INVESTMENTS HELD BY FISCAL AGENT	**109,032,310.22**	**109,666,585.67**
OTHER MISCELLANEOUS CASH	**2,623,783.00**	**2,623,783.00**
TOTAL CASH & INVESTMENTS	**$ 1,001,852,053.30**	**$ 1,008,192,094.76**

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 1.59 years. Market prices of securities are obtained from Interactive Data Corporation. Weighted average yield on cost for the City's investment portfolio is 0.82%. 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, 2021

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	*INVEST RATING	PURCH DATE	COST VALUE	MARKET VALUE
DEPOSIT ACCOUNTS						
Bank of America Checking and Reserve	N/A	Varies	NR	Varies	59,494,879.58	59,494,879.58
Federated Investors Federated Treasury	N/A	Varies	AAA	Varies	2,766,159.60	2,766,159.60
Citizens Business Bank	N/A	Varies	NR	Varies	5,167,359.22	5,167,359.22
SUBTOTAL DEPOSIT ACCOUNTS					**67,428,398.40**	**67,428,398.40**
JOINT POWERS AUTHORITY POOL						
California Asset Management Program (CAMP)	N/A	Varies	AAA	Varies	136,399,765.80	136,399,765.80
SUBTOTAL JOINT POWERS AUTHORITY POOL					**136,399,765.80**	**136,399,765.80**
LOCAL AGENCY INVESTMENT FUND (LAIF)	N/A	Varies	NR	Varies	**150,000,000.00**	**150,000,000.00**
CERTIFICATES OF DEPOSIT						
BMW Corp	3.000	07/13/21	NR	07/10/18	244,877.50	245,260.93
Citibank NA	3.000	07/13/21	NR	07/10/18	244,877.50	245,260.93
Wells Fargo Bank NA	3.000	07/13/21	NR	07/10/18	244,877.50	245,260.93
Discover Bank	3.000	07/19/21	NR	07/10/18	244,877.50	245,381.47
Ally Bank	3.000	07/19/21	NR	07/10/18	244,877.50	245,381.47
Merrick Bank	2.950	07/20/21	NR	07/10/18	244,877.50	245,394.70
Medallion Bank Utah	3.000	07/20/21	NR	07/10/18	244,877.50	245,401.56
Hanmi Bank	2.950	08/17/21	NR	07/10/18	244,877.50	245,927.57
Bank of Nova Scotia Houston	0.200	06/23/22	A-1	06/29/21	7,499,999.42	7,499,475.00
SUBTOTAL CERTIFICATES OF DEPOSIT					**9,459,019.42**	**9,462,744.56**
MEDIUM TERM NOTES						
American Honda Finance	3.375	12/10/21	A-	10/03/18	5,447,384.00	5,524,665.00
Apple Inc	2.300	05/11/22	AA+	02/20/18	7,301,625.00	7,622,977.50
Berkshire Hathaway	3.000	05/15/22	AA	03/12/19	5,136,191.29	5,207,312.64
Exxon Mobil Corp	1.902	08/16/22	AA-	08/13/19	2,375,000.00	2,418,925.63
Berkshire Hathaway	2.750	03/15/23	AA	05/09/19	4,451,187.75	4,602,150.72
Chevron Corp	3.191	06/24/23	AA-	02/19/19	5,057,700.00	5,249,060.00
Toyota Motor Credit Corp	3.450	09/20/23	A+	02/19/19	2,470,070.70	2,583,082.71
Charles Schwab Corp	0.750	03/18/24	A	03/16/21	1,954,022.50	1,966,196.29
Amazon.com Inc	0.450	05/12/24	AA	05/10/21	3,649,663.70	3,648,165.15
John Deere Capital Corp	0.450	06/07/24	A	06/07/21	2,077,400.00	2,073,803.68
Royal Bank of Canada	2.250	11/01/24	A	02/06/20	3,037,950.00	3,142,860.00
John Deere Capital Corp	2.050	01/09/25	A	02/06/20	3,024,810.00	3,137,853.00
Toyota Motor Credit Corp	1.800	02/13/25	A+	05/05/21	2,072,840.00	2,065,452.00
JP Morgan Chase & Co	3.220	03/01/25	A-	08/18/20	3,238,920.00	3,187,422.00
Bank of America Corp	3.458	03/15/25	A-	04/23/20	5,263,900.00	5,344,290.00
Chubb INA Holdings Inc	3.150	03/15/25	A	Various	6,518,943.13	6,432,635.85
Comcast Corp	3.100	04/01/25	A-	06/21/21	4,720,625.00	4,731,768.13
Morgan Stanley	0.790	05/30/25	BBB+	Various	7,461,656.65	7,435,289.30
Honeywell Intl	1.350	06/01/25	A	06/23/20	5,119,000.00	5,096,935.00
Royal Bank of Canada	1.150	06/10/25	A	Various	5,044,880.00	5,028,560.00
American Honda Finance	1.200	07/08/25	A-	06/22/21	2,017,540.00	2,014,726.00
Toronto Dominion Bank	0.750	09/11/25	A	09/15/20	4,986,850.00	4,954,525.00

CITY OF RIVERSIDE
Pooled Investment Portfolio Holdings
June 30, 2021

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	*INVEST RATING	PURCH DATE	COST VALUE	MARKET VALUE
Goldman Sachs Group Inc	0.855	02/12/26	BBB+	06/18/21	4,334,706.25	4,344,265.63
Bank of America Corp	2.015	02/13/26	A-	03/04/21	2,066,760.00	2,062,784.00
JP Morgan Chase & Co	2.005	03/13/26	A-	03/12/21	3,086,490.00	3,098,262.00
Citigroup Inc	3.106	04/08/26	BBB+	06/18/21	4,683,525.00	4,683,700.00
JP Morgan Chase & Co	2.083	04/22/26	A-	06/23/21	3,105,570.00	3,103,224.00
United Health Group Inc	1.150	05/15/26	A+	Various	1,188,834.05	1,185,610.28
Toyota Motor Credit Corp	1.125	06/18/26	A+	Various	4,989,707.50	4,988,740.00
Bank of America Corp	1.319	06/19/26	A-	06/18/21	2,004,120.00	2,005,116.00
SUBTOTAL MEDIUM TERM NOTES					**117,887,872.52**	**118,940,357.51**
U.S. GOVERNMENT AGENCY MORTGAGE BACKED SECURITIES						
FHLMC - K019 A2	2.272	03/25/22	NR	07/10/19	11,054,063.52	11,138,382.63
FHLMC - K026 A2	2.510	11/25/22	NR	04/16/19	9,948,046.88	10,261,170.00
FHLMC - K723 A2	2.454	08/25/23	NR	07/16/19	10,096,093.75	10,340,580.00
FHLMC - K049 A2	3.010	07/25/25	NR	06/23/21	1,789,016.21	1,786,984.60
SUBTOTAL U.S. GOVERNMENT AGENCY MORTGAGE BACKED SECURITIES					**32,887,220.36**	**33,527,117.23**
U.S. GOVERNMENT AGENCY ASSET BACKED SECURITIES						
John Deere Owner Trust	2.910	07/17/23	NR	06/21/21	1,422,884.06	1,421,975.27
Honda Auto Receivables	1.610	04/22/24	NR	02/19/20	2,924,426.70	2,965,748.18
Hyundai Auto Lease Trust	0.330	06/17/24	AAA	06/08/21	2,789,581.50	2,784,913.83
John Deere Owner Trust	1.100	08/15/24	NR	03/04/20	2,114,870.77	2,131,279.16
Toyota Auto Receivables Trust	0.440	10/15/24	AAA	07/21/20	1,944,850.24	1,949,691.34
Honda Auto Receivables Trust	0.370	10/18/24	AAA	09/22/20	2,124,687.84	2,127,732.75
John Deere Owner Trust	0.510	11/15/24	NR	07/14/20	969,852.17	972,406.57
Mercedes-Benz Auto Lease Trust	0.400	11/15/24	AAA	06/22/21	2,589,804.46	2,588,720.54
Honda Auto Receivables Trust	0.270	04/21/25	NR	02/17/21	1,129,979.32	1,129,202.22
Toyota Auto Receivables Owners	0.260	05/15/25	NR	02/02/21	4,144,230.69	4,141,418.72
John Deere Owner Trust	0.360	09/15/25	NR	03/02/21	1,624,687.68	1,622,895.64
Hyundai Auto Receivables Trust	0.380	09/15/25	AAA	04/20/21	1,474,844.83	1,474,538.34
SUBTOTAL U.S. GOVERNMENT AGENCY ASSET BACKED SECURITIES					**25,254,700.26**	**25,310,522.56**
SUPRANATIONAL SECURITIES						
Intl. Bank Recon & Development	0.625	04/22/25	AAA	04/15/20	4,278,378.35	4,281,127.15
Inter-American Dev Bank	0.625	07/15/25	AAA	01/13/21	5,071,967.50	5,029,007.15
Intl. Bank Recon & Development	0.500	10/28/25	AAA	Various	9,994,372.85	9,880,950.01
Inter-American Dev Bank	0.875	04/20/26	AAA	04/13/21	9,342,016.70	9,388,387.99
SUBTOTAL SUPRANATIONAL SECURITIES					**28,686,735.40**	**28,579,472.30**
U.S. GOVERNMENT AGENCY SECURITIES						
FNMA	2.625	01/11/22	AA+	Various	9,222,537.20	9,237,569.41
FFCB	0.250	05/06/22	AA+	04/30/20	6,082,265.70	6,096,960.87
FHLMC	0.375	05/05/23	AA+	05/05/20	4,758,000.80	4,772,038.04
FNMA	0.250	05/22/23	AA+	05/20/20	7,651,898.25	7,674,194.13
FHLMC	0.250	06/26/23	AA+	06/24/20	5,588,633.40	5,604,254.54
FNMA	0.250	07/10/23	AA+	07/08/20	4,445,421.75	4,454,492.13

CITY OF RIVERSIDE
Pooled Investment Portfolio Holdings
June 30, 2021

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	*INVEST RATING	PURCH DATE	COST VALUE	MARKET VALUE
FHLMC	0.250	08/24/23	AA+	08/19/20	7,507,334.70	7,513,218.95
FHLMC	0.125	10/16/23	AA+	Various	9,961,598.25	9,960,640.00
FHLMC	0.250	11/06/23	AA+	11/03/20	9,331,594.00	9,329,931.48
FHLB	2.750	12/13/24	AA+	02/06/20	5,281,300.00	5,369,540.00
FNMA	1.625	01/07/25	AA+	03/04/20	8,281,440.00	8,285,016.00
FHLMC	1.500	02/12/25	AA+	02/13/20	6,599,914.15	6,816,875.19
FHLB	2.375	03/14/25	AA+	03/19/20	6,346,620.00	6,380,514.00
FNMA	0.625	04/22/25	AA+	04/22/20	5,199,267.40	5,205,446.46
FHLB	0.500	06/13/25	AA+	06/29/20	5,007,400.00	4,962,020.00
FNMA	0.500	06/17/25	AA+	06/17/20	6,506,503.60	6,481,610.24
FHLMC	0.375	07/21/25	AA+	07/21/20	4,606,942.60	4,566,573.63
FNMA	0.375	08/25/25	AA+	Various	7,962,282.50	7,884,608.00
FHLMC	0.375	09/23/25	AA+	Various	7,970,197.55	7,877,952.00
FNMA	0.500	11/07/25	AA+	11/09/20	6,063,215.70	6,018,849.97
SUBTOTAL U.S. GOVERNMENT AGENCY SECURITIES					**134,374,367.55**	**134,492,305.04**
U.S. GOVERNMENT TREASURY SECURITIES						
US Treasury	1.875	11/30/21	AA+	08/08/17	5,428,687.50	5,440,500.00
US Treasury	2.125	12/31/21	AA+	04/05/18	1,231,494.14	1,262,743.75
US Treasury	1.875	02/28/22	AA+	08/08/17	11,045,117.19	11,131,483.00
US Treasury	1.875	05/31/22	AA+	08/08/17	1,755,058.59	1,778,505.75
US Treasury	0.125	05/31/22	AA+	06/24/21	8,002,812.50	8,001,872.00
US Treasury	2.000	07/31/22	AA+	09/26/18	2,414,843.75	2,551,172.50
US Treasury	1.875	08/31/22	AA+	10/13/17	2,595,835.94	2,653,016.60
US Treasury	1.875	09/30/22	AA+	Various	4,916,943.36	5,108,010.00
US Treasury	2.125	12/31/22	AA+	12/20/18	5,977,761.72	6,277,760.10
US Treasury	2.375	01/31/23	AA+	04/05/18	1,235,498.05	1,293,163.75
US Treasury	0.125	02/28/23	AA+	06/24/21	7,988,750.00	7,990,000.00
US Treasury	1.625	05/31/23	AA+	10/31/19	12,436,812.50	12,726,950.80
US Treasury	0.125	05/31/23	AA+	06/18/21	7,480,078.13	7,483,590.00
US Treasury	2.625	06/30/23	AA+	Various	14,404,335.94	15,184,226.00
US Treasury	1.625	10/31/23	AA+	10/31/19	12,441,656.25	12,776,364.80
US Treasury	2.875	11/30/23	AA+	01/09/19	3,044,882.81	3,183,399.00
US Treasury	2.250	01/31/24	AA+	06/05/19	10,671,445.31	11,009,008.50
US Treasury	2.000	04/30/24	AA+	10/31/19	12,637,828.13	12,951,700.80
US Treasury	0.250	06/15/24	AA+	06/18/21	4,965,429.69	4,969,920.00
US Treasury	1.750	06/30/24	AA+	09/09/19	9,358,759.77	9,606,994.50
US Treasury	1.125	02/28/25	AA+	03/24/20	6,177,656.25	6,111,096.00
US Treasury	0.250	09/30/25	AA+	10/16/20	6,975,937.50	6,854,806.00
US Treasury	0.375	12/31/25	AA+	12/29/20	2,249,824.22	2,208,251.25
US Treasury	0.375	01/31/26	AA+	Various	8,625,488.28	8,578,080.00
US Treasury	0.750	03/31/26	AA+	03/30/21	3,969,843.75	3,983,908.00
US Treasury	0.750	05/31/26	AA+	Various	9,942,773.44	9,947,660.00
SUBTOTAL U.S. GOVERNMENT TREASURY SECURITIES					**177,975,554.71**	**181,064,183.10**
TOTAL POOLED CASH & INVESTMENTS					**880,353,634.42**	**885,204,866.50**

**The City uses S&P ratings*

CITY OF RIVERSIDE
Investments held by Fiscal Agent
Section 115 Pension Trust Fund
June 30, 2021

DESCRIPTION OF SECURITY	COST VALUE	MARKET VALUE
CASH AND EQUIVALENTS		
Cash	2,550.45	2,550.45
First American Government Obligation Fund CL "Z"	127,285.21	127,285.21
SUBTOTAL CASH AND EQUIVALENTS	**129,835.66**	**129,835.66**
MUTUAL FUNDS - EQUITY		
Ishares Core - S P500 Etf	742,566.01	1,024,499.36
Ishares S P - 500 Growth Etf	258,319.07	383,505.29
Ishares S P - 500 Value Etf	309,809.04	375,153.24
Ishares - Russell Mid Cap Etf	188,478.99	248,575.88
Ishares - Russell 2000 Value Etf	191,654.05	249,152.31
Ishares - Russell 2000 Growth Etf	187,884.23	246,858.48
Ishares Core - Msci Eafe Etf	331,411.25	413,002.62
Vanguard Ftse - Emerging Markets Etf	245,729.28	305,710.99
Vanguard Real - Estate Etf	98,819.92	118,381.77
SUBTOTAL MUTUAL FUNDS - EQUITY	**2,554,671.84**	**3,364,839.94**
MUTUAL FUNDS - FIXED INCOME		
Ishares Core - U.S. Aggregate Bond Etf	5,681,664.10	5,708,373.68
Vanguard High - Yield Corporate Adm	280,260.22	283,977.68
Vanguard - Short Term Invt Grade #539	1,195,893.84	1,209,832.63
SUBTOTAL MUTUAL FUNDS - FIXED INCOME	**7,157,818.16**	**7,202,183.99**
TOTAL ASSETS	**9,842,325.66**	**10,696,859.59**

CITY OF RIVERSIDE
Investments Held by Fiscal Agent
June 30, 2021

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	*INVEST RATING	PURCH DATE	COST VALUE	MARKET VALUE
CASH & MONEY MARKET ACCOUNTS						
Cash - Custodial Cash Account US Bank	N/A	Varies	NR	Varies	44,774.14	44,774.14
Cash - Bank of America Equipment Lease	N/A	Varies	NR	Varies	693,717.98	693,717.98
US Bank Commercial Paper Sweep	N/A	Varies	NR	Varies	665,383.10	665,383.10
US Bank Gcts0170	N/A	Varies	NR	Varies	11,923,528.65	11,923,528.65
US Bank Gcts0185	N/A	Varies	NR	Varies	27,776,267.44	27,776,267.44
First American Government Obligation CL "Y"	N/A	Varies	AAA	Varies	530,530.62	530,530.62
First American Prime Obligations Fund CL " Z "	N/A	Varies	AAA	Varies	10,425,227.11	10,425,227.11
SUBTOTAL CASH & MONEY MARKET ACCOUNTS					**52,059,429.04**	**52,059,429.04**
LOCAL AGENCY INVESTMENT FUND (LAIF)	**N/A**	**Varies**	**NR**	**Varies**	**1,237,275.24**	**1,237,377.90**
DISCOUNT COMMERCIAL PAPER						
Mufg Bk Ltd	0.100	07/26/21	A-1	04/27/21	999,750.00	999,920.00
SUBTOTAL DISCOUNT COMMERCIAL PAPER					**999,750.00**	**999,920.00**
MEDIUM TERM NOTES						
Charles Schwb Corp	0.750	03/18/24	A	Various	601,166.80	603,396.00
Amazon Medium Term Note	0.450	05/12/24	AA	05/10/21	394,423.30	394,127.05
John Deere Owner Trust	0.450	06/07/24	A	06/07/21	369,537.50	368,841.90
Toyota Motor Medium Term Note	1.800	02/13/25	A+	05/05/21	777,315.00	774,285.00
Chubb Ina Holdings, Inc.	3.150	03/15/25	A	01/26/21	659,406.00	648,558.00
Comcast Corporate	3.100	04/01/25	A-	06/21/21	674,375.00	675,262.50
Morgan Stanley	0.790	05/30/25	BBB+	05/26/21	640,340.50	637,740.80
PNC Bank	3.250	06/01/25	A	06/10/21	710,365.50	706,758.00
Eli Lilly & Co.	2.750	06/01/25	A+	06/10/21	699,166.00	695,162.00
Honeywell Intl	1.350	06/01/25	A	06/10/21	717,066.00	712,908.00
Royal Bank of Canada	1.150	06/10/25	A	02/22/21	607,344.00	603,204.00
Toronto Dominion Bank	0.750	09/11/25	A	02/10/21	650,292.50	643,831.50
Goldman Sachs Group Inc	0.855	02/12/26	BBB+	06/18/21	619,243.75	620,412.50
Bank of America Corp.	2.015	02/13/26	A-	03/04/21	620,028.00	618,630.00
JP Morgan Chase & Co.	2.005	03/13/26	A-	03/12/21	617,298.00	619,440.00
Citigroup, Inc	3.106	04/08/26	BBB+	03/12/21	669,075.00	668,868.75
United Health Group Inc.	1.150	05/15/26	A+	Various	130,420.30	129,996.10
SUBTOTAL MEDIUM TERM NOTES					**10,156,863.15**	**10,121,422.10**
U.S. GOVERNMENT AGENCY ASSET BACKED SECURITIES						
Mercedes-Benz Auto Lease Trust	0.400	11/15/24	AAA	06/22/21	239,981.88	239,887.20
Honda Auto Receivables Trust	0.270	04/21/25	NR	02/17/21	124,997.71	124,920.00
Toyota Auto Receivables Owners	0.260	05/15/25	NR	02/02/21	464,913.70	464,632.65
John Deere Owner Trust	0.360	09/15/25	NR	03/02/21	179,965.40	179,767.80
Hyundai Auto Receivables Trust	0.380	09/15/25	AAA	04/20/21	164,982.64	164,952.15
SUBTOTAL U.S. GOVERNMENT AGENCY ASSET BACKED SECURITIES					**1,174,841.33**	**1,174,159.80**

CITY OF RIVERSIDE
Investments Held by Fiscal Agent
June 30, 2021

DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	*INVEST RATING	PURCH DATE	COST VALUE	MARKET VALUE
SUPRANATIONAL SECURITIES						
Intl. Bank Recon & Development	0.500	10/28/25	AAA	01/26/21	1,000,640.00	987,690.00
Inter-American Dev Bank	0.875	04/20/26	AAA	04/13/21	1,040,213.90	1,044,905.95
SUBTOTAL SUPRANATIONAL SECURITIES					**2,040,853.90**	**2,032,595.95**
U.S. GOVERNMENT AGENCY SECURITIES						
FFCB	0.125	02/03/23	AA+	01/26/21	779,142.00	854,375.85
FHLB	0.125	03/17/23	AA+	03/17/21	854,521.20	778,689.60
FFCB	0.125	04/13/23	AA+	04/06/21	1,033,633.80	1,032,547.05
SUBTOTAL U.S. GOVERNMENT AGENCY SECURITIES					**2,667,297.00**	**2,665,612.50**
U.S. GOVERNMENT TREASURY SECURITIES						
US Treasury Note	2.125	09/30/21	AA+	02/16/18	2,959,804.68	3,015,450.00
US Treasury Note	2.000	12/31/21	AA+	02/16/18	2,939,882.82	3,028,830.00
US Treasury Note	1.875	03/31/22	AA+	02/16/18	2,918,437.50	3,040,320.00
US Treasury Note	2.125	06/30/22	AA+	02/16/18	2,942,695.32	3,060,600.00
US Treasury Note	1.875	09/30/22	AA+	02/16/18	2,902,617.18	3,064,920.00
US Treasury Note	2.125	12/31/22	AA+	02/16/18	2,929,335.94	3,087,180.00
US Treasury Note	0.125	02/15/24	AA+	02/23/21	997,187.50	993,560.00
US Treasury Note	0.250	05/15/24	AA+	05/18/21	2,194,671.88	2,187,966.00
US Treasury Note	0.375	01/31/26	AA+	02/23/21	1,724,482.43	1,714,930.00
US Treasury Note	0.750	03/31/26	AA+	05/18/21	2,194,070.32	2,190,122.00
US Treasury Note	0.750	05/31/26	AA+	06/23/21	3,232,099.61	3,231,475.00
SUBTOTAL U.S. GOVERNMENT TREASURY SECURITIES					**27,935,285.18**	**28,615,353.00**
INVESTMENT CONTRACTS						
Invt Agmt-Trinity Plus Fdg Co Gic	0.047	10/01/29	NR	03/31/20	6,411,744.65	6,411,744.65
Invt Agmt-Trinity Plus Fdg Co Gic	0.047	10/01/35	NR	03/31/20	4,348,970.73	4,348,970.73
SUBTOTAL INVESTMENT CONTRACTS					**10,760,715.38**	**10,760,715.38**
TOTAL INVESTMENTS HELD WITH FISCAL AGENT					**109,032,310.22**	**109,666,585.67**

**The City uses S&P ratings*

City of Riverside
Cash Balances by Fund
As of June 30, 2021

Fund		Cash Balance [1]	Interfund Loan Receivables [2]	Cash Balance + Loan Receivables
General Fund	101	**105,788,955**	**-**	**105,788,955**
Measure Z	110	**45,820,171**	**-**	**45,820,171**
Enterprise Funds				
Electric	510	321,508,919	2,925,134	324,434,053
Electric - Public Benefits Program	511	21,425,696	-	21,425,696
Water	520	50,372,966	-	50,372,966
Water - Conservation & Reclamation Program	521	3,039,367	-	3,039,367
Airport	530	1,359,200	-	1,359,200
Refuse Collection	540	4,963,838	-	4,963,838
Sewer Service	550	104,334,862	1,764,786	106,099,648
Special Transit	560	1,405,364	-	1,405,364
Public Parking	570	1,371,862	-	1,371,862
Civic Entertainment (Convention Center, Visitors Bureau, Sports Commission)	580	538,645	-	538,645
Civic Entertainment (Fox, Box, RMA, Showcase)	581	422,094	-	422,094
Civic Entertainment (Cheech Marin Center)	582	(960,739)	-	(960,739)
SubTotal - Enterprise Funds		**509,782,074**	**4,689,920**	**514,471,994**
Special Revenue Funds				
Grants and Restricted Programs	215	39,901,029	-	39,901,029
Community Development Block Grant	220	(89,824)	-	(89,824)
Home Investment Partnership Program	221	256,181	-	256,181
Housing Opportunities for Persons with AIDS	222	(1,059,720)	-	(1,059,720)
Community Development Grants	223	12,698,927	-	12,698,927
Neighborhood Stabilization Program	225	150,327	-	150,327
Special Gas Tax	230	25,388,941	-	25,388,941
Air Quality Improvement	240	1,336,373	-	1,336,373
NPDES Storm Drain	260	387,001	-	387,001
Housing Authority	280	5,385,389	-	5,385,389
Housing Assets	281	7,831,525	-	7,831,525
Special Districts	291	409,039	-	409,039
SubTotal - Special Revenue Funds		**92,595,188**	**-**	**92,595,188**
Capital Projects Funds				
Capital Outlay	401	2,142,038	-	2,142,038
Local Park Special Capital Improvements	411	(233,675)	-	(233,675)
Regional Park Special Capital Improvements	413	3,187,958	-	3,187,958
Measure Z Capital Outlay	420	22,456,425	-	22,456,425
Capital Outlay Grants	430	(283,079)	-	(283,079)
Measure A Capital Outlay	432	20,003,831	-	20,003,831
Transportation Development Impact Fees	433	5,880,800	-	5,880,800
Transportation Uniform Mitigation Fees	434	(3,090,603)	-	(3,090,603)
Community Facilities Districts and Assessment Districts	Various	2,120,910	-	2,120,910
SubTotal - Capital Project Funds		**52,184,605**	**-**	**52,184,605**
Debt Service Funds				
Debt Service Fund - General	390	4,311,843	-	4,311,843
Debt Service Fund - Public Works	391	86,472	-	86,472
SubTotal Debt Service Funds		**4,398,315**	**-**	**4,398,315**
Agency Funds				
Successor Agency	Various	26,986,040	-	26,986,040
Community Facilities Districts and Assessment Districts	Various	438,011	-	438,011
Special Deposits	Various	12,711,793	-	12,711,793
SubTotal Agency Funds		**40,135,844**	**-**	**40,135,844**
Internal Service Funds				
Workers' Compensation Insurance Trust	610	18,118,910	-	18,118,910
Unemployment Insurance Trust	620	(91,361)	-	(91,361)
Liability Insurance Trust	630	3,563,220	-	3,563,220
Central Stores	640	129,055	-	129,055
Central Garage	650	12,779,890	-	12,779,890
SubTotal - Internal Service Funds		**34,499,714**	**-**	**34,499,714**
	Total - All Funds	**$ 885,204,866**	**$ 4,689,920**	**$ 889,894,786**

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

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

CITY OF RIVERSIDE
Fiscal Year 2020/21 Fourth Quarter
Summary of Outstanding Debt[1]

Debt Type By Funding Source	Principal Balance as of 4/1/2021	Q4 New Debt Issued	Q4 Principal Payments	Q4 Interest Payments	Principal Balance as of 6/30/2021
General Fund/Measure Z					
General Obligation Bonds	$ 6,415,000	$ -	$ -	$ -	$ 6,415,000.00
Pension Obligation Bonds	348,249,376	-	-	-	348,249,376
Certificates of Participation	62,787,420	-	-	512,897	62,787,420
Lease Revenue Bonds	50,381,790	-	-	1,195,696	50,381,790
Ryan Bonaminio Park Loan	679,833	-	223,190	10,367	456,643
Capital Leases	14,922,511	-	-	-	14,922,511
Interfund Loans	1,764,786	-	-	25,644	1,764,786
Total General Fund	**$ 485,200,716**	**$ -**	**$ 223,190**	**$ 1,744,605**	**$ 484,977,526**
Capital Projects Funds					
Local Park Impact Fee Fund Interfund Loans	$ -	$ -	$ -	$ -	$ -
Measure A Certificates of Participation	28,255,000	-	1,595,000	701,119	26,660,000
Total Capital Projects Funds	**$ 28,255,000**	**$ -**	**$ 1,595,000**	**$ 701,119**	**$ 26,660,000**
Enterprise Funds					
Pension Obligation Bonds	$ 116,227,008	$ -	$ -	$ -	$ 116,227,008
Electric Fund Revenue Bonds	540,165,000	-	-	11,687,811	540,165,000
Electric Fund Capital Leases	1,044,127	-	134,742	4,996	909,385
Water Fund Revenue Bonds	198,830,000	-	-	4,270,861	198,830,000
Water Fund Capital Lease	1,445,306	-	-	-	1,445,306
Sewer Fund Revenue Bonds	332,150,000	-	-	-	332,150,000
Sewer Fund Loans	-	-	-	-	-
Lease Revenue Bonds	7,059,600	-	-	156,507	7,059,600
Certificates of Participation	27,212,580	-	-	222,294	27,212,580
Civic Entertainment Fund Capital Lease	-	-	-	-	-
Civic Entertainment Fund Loan	7,338,218	-	271,049	141,261	7,067,169
Convention Center Expansion Loan	32,070,459	-	502,397	250,767	31,568,063
Parking Fund Loans	8,205,561	-	303,085	157,957	7,902,475
Total Enterprise Funds	**$ 1,271,747,858**	**$ -**	**$ 1,211,273**	**$ 16,892,454**	**$ 1,270,536,585**
Internal Service Funds					
Pension Obligation Bonds	$ 4,803,616	$ -	$ -	$ -	$ 4,803,616
Total Internal Service Funds	**$ 4,803,616**	**$ -**	**$ -**	**$ -**	**$ 4,803,616**
RDA Successor Agency					
Lease Revenue Bonds	11,443,610	-	-	283,331	11,443,610
Tax Allocation Bonds	152,715,000	-	-	-	152,715,000
Interfund Loans	2,925,135	-	-	41,731	2,925,135
Total RDA Successor Agency	**$ 167,083,745**	**$ -**	**$ -**	**$ 325,062**	**$ 167,083,745**
Assessment Districts / Galleria Agreement / Community Facilities Districts					
Assessment Districts	$ 17,820,000	$ -	$ -	$ -	$ 17,820,000
Galleria Mall Improvements District Certificates of Participation	5,000	-	-	-	5,000
Lease Revenue Refunding Bonds (Galleria) Series 2019A	14,675,000	-	-	259,662	14,675,000
Community Facilities Districts	21,145,000	-	-	-	21,145,000
Total AD / Galleria / CFDs	**$ 53,645,000**	**$ -**	**$ -**	**$ 259,662**	**$ 53,645,000**
Total	**$2,010,735,935**	**$ -**	**$ 3,029,463**	**$ 19,922,900**	**$ 2,007,706,472**

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

CITY OF RIVERSIDE

Fiscal Year 2020/21 Fourth Quarter

Outstanding Debt[1]

Debt Type / Issuance	Year Issued (FY)	Final Maturity (FY)	Total Issue Size	Outstanding Principal Balance 7/1/2020	Outstanding Principal Balance 4/1/2021	Q4 New Debt Issued	Q4 Principal Payments	Q4 Interest Payments	Projected Principal Balance 6/30/2021
General Obligation									
Measure G Fire Facility Projects General Obligation Bonds 2004	2004	2025	$ 20,000,000	$ 7,795,000	$ 6,415,000	$ -	$ -	$ -	$ 6,415,000
Total General Obligation Bonds			$ 20,000,000	$ 7,795,000	$ 6,415,000	$ -	$ -	$ -	$ 6,415,000
Pension Obligation[2]									
Pension Obligation Bonds Series 2004A	2004	2023	$ 89,540,000	$ 29,260,000	$ 20,445,000	$ -	$ -	$ -	$ 20,445,000
Pension Obligation Bonds Series 2017A	2017	2027	31,960,000	23,100,000	20,040,000	-	-	-	20,040,000
Pension Obligation Bonds Series 2020A (Safety)	2020	2045	231,085,000	231,085,000	231,085,000	-	-	-	231,085,000
Pension Obligation Bonds Series 2020A (Misc)	2020	2043	201,080,000	201,080,000	197,710,000	-	-	-	197,710,000
Total Pension Obligation Bonds			$ 553,665,000	$ 484,525,000	$ 469,280,000	$ -	$ -	$ -	$ 469,280,000
Certificates of Participation									
Galleria Mall Improvements COPs Series 2006A	2006	2037	$ 19,945,000	$ 5,000	$ 5,000	$ -	$ -	$ -	$ 5,000
Riverside Renaissance Projects Refunding COPs Series 2008A	2008	2037	128,300,000	94,200,000	90,000,000	-	-	735,191	90,000,000
Local Measure A Sales Tax Revenue COPs Series 2013A	2013	2033	35,235,000	28,255,000	28,255,000	-	1,595,000	701,119	26,660,000
Total Certificates of Participation			$ 183,480,000	$ 122,460,000	$ 118,260,000	$ -	$ 1,595,000	$ 1,436,310	$ 116,665,000
Lease Revenue Bonds									
California Tower Lease Revenue Bonds Series 2003A	2003	2024	$ 26,255,000	$ 9,785,000	$ 8,085,000	$ -	$ -	$ 202,125	$ 8,085,000
California Tower Lease Revenue Bonds Series 2003B	2003	2024	4,810,000	1,570,000	1,290,000	-	-	35,346	1,290,000
Lease Revenue Refunding Bonds Series 2012A	2013	2034	41,240,000	31,140,000	29,415,000	-	-	652,113	29,415,000
Lease Revenue Refunding Bonds (Galleria) Series 2019A	2019	2037	15,980,000	15,375,000	14,675,000	-	-	259,662	14,675,000
Lease Revenue Bonds (Main Library Project) Series 2019B	2019	2037	33,505,000	31,340,000	30,095,000	-	-	745,950	30,095,000
Total Lease Revenue Bonds			$ 121,790,000	$ 89,210,000	$ 83,560,000	$ -	$ -	$ 1,895,195	$ 83,560,000
Capital Leases									
Pinnacle #2 - VOIP Phone System	2013	2023	$ 1,650,000	$ 449,787	$ 273,058	$ -	$ -	$ -	$ 273,058
BofA #1 - Convention Center, Fox, Muni, RPD Dispatch	2015	2021	3,668,000	552,103	-	-	-	-	-
US Bank - Various Vehicles, Software, and Hardware	2016	2022	4,450,000	1,443,973	728,816	-	-	-	728,816
BofA #2 - Various Hardware and Software	2018	2028	7,955,000	5,138,010	4,158,155	-	-	-	4,158,155
BofA #3 - Fire Vehicles and Equipment	2017	2027	14,500,000	11,145,841	9,762,481	-	-	-	9,762,481
BofA #2 - Water Fund Vehicles Capital Lease	2018	2028	2,305,000	1,666,981	1,445,306	-	-	-	1,445,306
Electric Fund Vehicles Capital Leases - Various	Various	Various	Various	1,444,336	1,044,127	-	134,742	4,996	909,385
Total Capital Leases			$ 34,528,000	$ 21,841,030	$ 17,411,943	$ -	$ 134,742	$ 4,996	$ 17,277,202
Interfund Loans[3]									
Riverside Renaissance Debt Service Interfund Loan #73	2011	2021	$ 3,460,000	$ 670,166	$ -	$ -	$ -	$ -	$ -
Reid Park Acquisition Interfund Loan	2011	2028	720,000	437,183	377,575	-	-	5,392	377,575
Riverside Golf Course Acquisition Interfund Loan	2011	2028	4,837,500	2,946,221	2,547,560	-	-	36,339	2,547,560
Utilities Plaza Purchase Interfund Loan	2012	2027	4,469,221	2,079,142	1,764,786	-	-	25,644	1,764,786
Total Interfund Loans			$ 13,486,721	$ 6,132,712	$ 4,689,921	$ -	$ -	$ 67,375	$ 4,689,921
Private Placement Loans									
Pinnacle - Ryan Bonaminio Park Loan	2013	2022	$ 4,000,000	$ 899,671	$ 679,833	$ -	$ 223,190	$ 10,367	$ 456,643
Fox Entertainment Plaza Loan	2011	2032	25,000,000	16,107,069	15,543,778	-	574,134	299,218	14,969,644
Convention Center Expansion Loan[4]	2013	2034	44,650,000	33,555,298	32,070,459	-	502,397	250,767	31,568,063
Total Private Placement Loans			$ 73,650,000	$ 50,562,038	$ 48,294,071	$ -	$ 1,299,721	$ 560,352	$ 46,994,349
State of California Revolving Fund Loans									
Sewer Cogeneration Project Loan	2003	2021	$ 5,374,978	$ 332,575	$ -	$ -	$ -	$ -	$ -
Total State of California Revolving Fund Loans			$ 5,374,978	$ 332,575	$ -	$ -	$ -	$ -	$ -

CITY OF RIVERSIDE

Fiscal Year 2020/21 Fourth Quarter

Outstanding Debt[1]

Debt Type / Issuance	Year Issued (FY)	Final Maturity (FY)	Total Issue Size	Outstanding Principal Balance 7/1/2020	Outstanding Principal Balance 4/1/2021	Q4 New Debt Issued	Q4 Principal Payments	Q4 Interest Payments	Projected Principal Balance 6/30/2021
Enterprise Revenue Bonds									
Electric Revenue Refunding Bonds (2008) Series A	2008	2029	$ 84,515,000	$ 34,465,000	$ 34,465,000	$ -	$ -	$ 240,377	$ 34,465,000
Electric Revenue Refunding Bonds (2008) Series C	2008	2036	57,325,000	32,150,000	32,150,000	-	-	247,195	32,150,000
Electric Revenue Bonds (2010) Series A	2010	2041	133,290,000	133,290,000	130,990,000	-	-	3,301,435	130,990,000
Electric Revenue Bonds (2011) Series A	2011	2036	56,450,000	39,275,000	37,450,000	-	-	286,876	37,450,000
Electric Revenue Refunding Bonds (2013) Series A	2014	2044	79,080,000	38,155,000	37,275,000	-	-	916,053	37,275,000
Electric Revenue Refunding Bonds (2019) Series A	2019	2049	283,325,000	278,185,000	267,835,000	-	-	6,695,875	267,835,000
Water Revenue Bonds (2009) Series A	2009	2020	31,895,000	2,360,000	-	-	-	-	-
Water Revenue Bonds (2009) Series B	2010	2040	67,790,000	67,790,000	67,790,000	-	-	1,404,048	67,790,000
Water Revenue Bonds (2011) Series A	2011	2036	59,000,000	24,050,000	24,050,000	-	-	192,064	24,050,000
Water Revenue Refunding Bonds (2019) Series A	2019	2049	114,215,000	110,965,000	106,990,000	-	-	2,674,750	106,990,000
Sewer Revenue Bonds (2015) Series A	2015	2041	200,030,000	190,230,000	184,965,000	-	-	-	184,965,000
Sewer Revenue Bonds (2018) Series A[5]	2019	2040	153,670,000	150,765,000	147,185,000	-	-	-	147,185,000
Total Enterprise Revenue Bonds			$ 1,320,585,000	$ 1,101,680,000	$ 1,071,145,000	$ -	$ -	$ 15,958,672	$ 1,071,145,000
Tax Allocation Bonds									
2014 Subordinate Tax Allocation Refunding Bonds Series 2014A	2014	2034	$ 61,250,000	$ 41,675,000	$ 37,160,000	$ -	$ -	$ -	37,160,000
2014 Subordinate Tax Allocation Refunding Bonds Series 2014B	2014	2024	1,730,000	910,000	740,000	-	-	-	740,000
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
Total Tax Allocation Bonds			$ 177,795,000	$ 157,400,000	$ 152,715,000	$ -	$ -	$ -	$ 152,715,000
Mello Roos and Assessment District Bonds									
Riverwalk Business Center Assessment District Bonds	2004	2029	$ 3,755,000	$ 2,130,000	$ 1,970,000	$ -	$ -	$ -	$ 1,970,000
Sycamore Canyon Business Park CFD 92-1 Bonds	2005	2034	9,700,000	6,615,000	6,310,000	-	-	-	6,310,000
Hunter Park Assessment District Bonds	2006	2036	15,269,906	11,155,000	10,730,000	-	-	-	10,730,000
Riverwalk Assessment District Refunding Bonds	2011	2026	7,805,000	4,200,000	3,680,000	-	-	-	3,680,000
Auto Center Assessment District Refunding Bonds	2012	2024	4,050,000	1,765,000	1,440,000	-	-	-	1,440,000
Riverwalk Vista CFD 2006-1 Bonds	2013	2043	4,415,000	3,945,000	3,855,000	-	-	-	3,855,000
Riverwalk Vista CFD 2006-1 Improv Area No.2 2016 Series A	2016	2046	5,505,000	5,295,000	5,220,000	-	-	-	5,220,000
Riverwalk Vista CFD 2006-1 Improv Area No.2 2016 Series B	2016	2031	1,275,000	1,000,000	930,000	-	-	-	930,000
Highlands CFD 2014-2 2016 Series A	2016	2046	1,800,000	1,770,000	1,760,000	-	-	-	1,760,000
Highlands CFD 2014-2 2016 Series B	2016	2031	810,000	675,000	630,000	-	-	-	630,000
Orangecrest CFD 2015-1 Bonds Series 2020 Series A	2020	2050	2,075,000	2,075,000	2,075,000	-	-	-	2,075,000
Orangecrest CFD 2015-1 Bonds Series 2020 Series B	2020	2028	365,000	365,000	365,000	-	-	-	365,000
Total Mello Roos and Assessment District Bonds			$ 56,824,906	$ 40,990,000	$ 38,965,000	$ -	$ -	$ -	$ 38,965,000
Total				**$ 2,082,928,355**	**$ 2,010,735,935**	**$ -**	**$ 3,029,463**	**$ 19,922,900**	**$ 2,007,706,472**

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

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

[3] Beginning outstanding principal balance on interfund loans may be less than prior year projected ending balance due to actual FY 2018 pooled interest rate adjustment at end of FY

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

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

Cash and Investments
Debt Administration Report
FY 2020/21 Fourth Quarter Update

Finance Department

City Council

December 14, 2021

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Background

1. Improve reporting of treasury and debt administrative activities
   A. Separate process for management of investment and debt
   B. Different metrics of performance for debt and investments
2. Keep Council updated on debt and investment portfolio management activities
3. June 15, 2021 City Council received and provided input on the Third Quarter Report

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Treasury Financial Goals

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

Cash and Treasury Performance – End of Q4

1. Pooled Investment Portfolio - $885 million
2. Investments held by fiscal agent - $123 million
3. Weighted average yield of pooled investment portfolio – 0.82%
4. No fund's cash balance is currently a concern

Debt Summary Analysis – End of Q4

1. Principal Balance decreased $3,029,463 due to

   A. Debt Service Principal Payments – May 1 through June 30, 2021

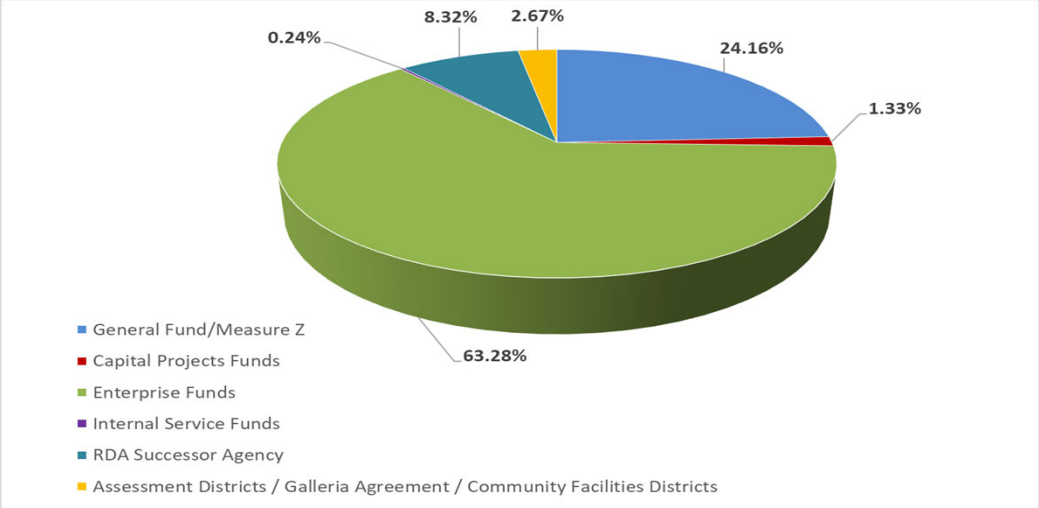
      a. Certificates of Participation ($1,595,000)

      b. Capital Leases ($134,742)

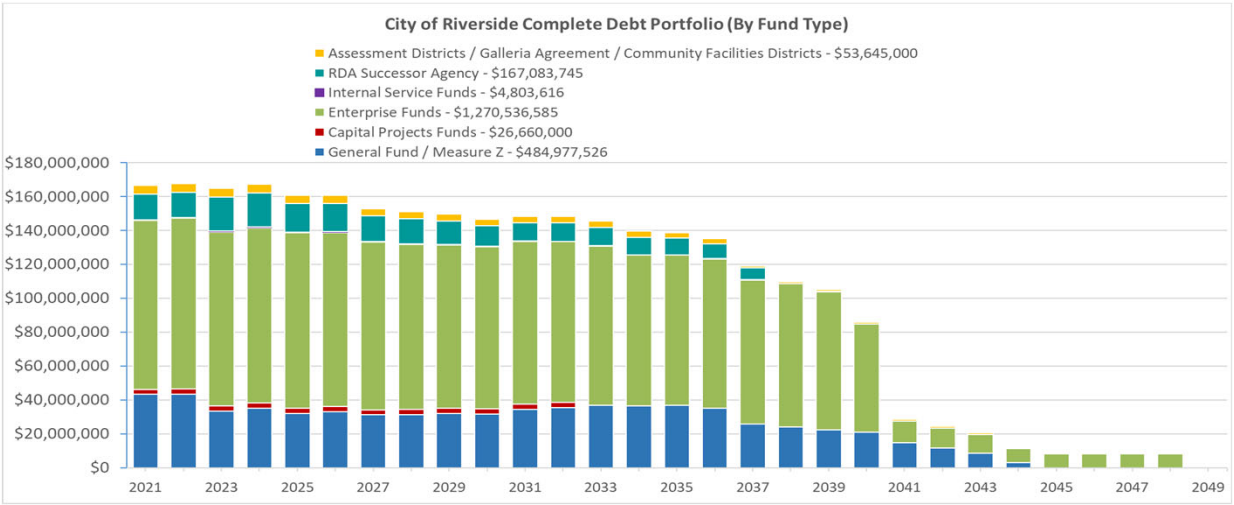
      c. Private Placement Loans ($1,299,721)

Debt Summary Analysis – End of Q4

Debt Portfolio composition



Debt Summary Analysis – End of Q4



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Debt Activities – Q4

1. Completed procurement process and selected new City Debt Collaboration software system.
2. Began procurement process to identify and select a new City Banking vendor.
3. Completed a new Joint Community Facilities District with Riverside Unified School District.
4. Completed legislative requirements for annual levy of all Business Improvement Districts, Landscape Maintenance Districts, Streetlight Maintenance District, Special Tax and Assessment Districts and General Obligation Bonds.
5. Conducted TEFRA Hearing providing approval of tax-exempt financing for Oasis Affordable Senior Housing Project.

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STRATEGIC PLAN ALIGNMENT

This item contributes to **Strategic Priority No. 5 High Performing Government Goal No. 5.3** – Enhance communication and collaboration with community members, to improve transparency, build public trust, and encourage shared decision-making.

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

1. **Community Trust** – The preparation and approval of the debt and investment quarterly report ensures transparency and demonstrates compliance with City Debt and Investment Policies.
2. **Equity** – The debt and investment portfolios detailed in this report are used to share and offset the long-term cost of growth, development, and expansion among Riverside businesses and residents.
3. **Fiscal Responsibility** – The Quarterly Report demonstrates fiscal responsibility and accountability to show the current financial situation of the City and closely related agencies.
4. **Innovation** – Innovative stewardship of investments and municipal debt is an effective way to track, fund, and finance, repair and improvements while ensuring sufficient cash to meet obligations.
5. **Sustainability & Resiliency** – Quarterly accounting and reporting helps to ensure City funds are used in a sustainable way without compromising future needs.

Recommendation

1. Receive and provide input on the Fiscal Year 2020/21 Fourth Quarter Cash and Investments and Debt Report.