City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JUNE 7, 2011**

FROM: CITY MANAGER - FINANCE **ITEM NO:** 18

WARD: ALL

SUBJECT: INVESTMENT SUMMARY AND FINANCIAL REPORTS - APRIL 30, 2011

ISSUE:

The City Manager's Office prepares monthly financial reports and an investment summary for City Council review.

RECOMMENDATIONS:

That the City Council receive and file these reports.

BACKGROUND:

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

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

FISCAL IMPACT:

None.

Prepared by:	Paul C. Sundeen, Assistant City Manager/CFO/Treasurer
Certified as to availability of funds:	Paul C. Sundeen, Assistant City Manager/CFO/Treasurer
Approved by:	Paul C. Sundeen, Assistant City Manager/CFO/Treasurer for Bradley J. Hudson, City Manager
Approved as to form:	Gregory P. Priamos, City Attorney

Attachments: Investment Report(s)

CITY OF RIVERSIDE
Schedule of Cash and Investments
April 30, 2011

FACE VALUE	DESCRIPTION OF SECURITY	COUPON RATE	MATURITY DATE	INVEST RATING	PURCH DATE	COST BASIS	YIELD TO MATURITY	ESTIMATED MKT VALUE
	MONEY MARKET ACCOUNTS							
$ 43,934,423	Local Agency Investment Fund	Varies	Varies	NR	Varies	$ 43,934,423	0.56%	$ 43,934,423
2,860,968	Bank of America	Varies	Varies	AAA	Varies	2,860,968	0.35%	2,860,968
10,491,118	CalTRUST Short Term Fund	Varies	Varies	AA	Varies	10,491,118	0.57%	10,491,118
10,453,453	Heritage Money Market Fund	Varies	Varies	AAA	Varies	10,453,453	0.16%	10,453,453
	CERTIFICATES OF DEPOSIT							
248,000	Medallion Bank	0.80%	04/15/13	AAA	10/15/10	247,494	0.90%	248,489
247,000	GE Money Bank	1.75%	07/23/13	AAA	08/06/10	246,267	1.88%	250,199
247,000	Ally Bank	1.80%	08/06/13	AAA	08/06/10	246,420	1.90%	249,868
162,000	Cache Valley Bank	1.30%	08/12/13	AAA	08/10/10	161,235	1.50%	163,916
249,000	Enterprise Bank & Trust	1.55%	08/12/13	AAA	08/12/10	248,214	1.69%	251,938
248,000	BMW Bank of North America	1.60%	08/13/13	AAA	08/13/10	247,412	1.70%	250,859
249,000	Farm Bureau Bank	0.90%	10/15/13	AAA	10/15/10	248,367	1.00%	250,076
248,000	Franklin Security Bank	0.95%	10/15/13	AAA	10/15/10	247,685	1.00%	249,490
248,000	Essa Bank & Trust	1.00%	10/21/13	AAA	10/20/10	248,000	1.00%	248,808
249,000	Headwaters State Bank	1.00%	10/25/13	AAA	10/25/10	249,000	1.00%	249,391
245,000	Wilmington Trust	1.35%	10/29/13	AAA	10/29/10	245,000	1.35%	245,414
249,000	Middleton Community Bank	1.00%	11/27/13	AAA	10/27/10	248,356	1.10%	249,613
246,000	CIT Bank	2.30%	05/12/14	AAA	09/30/10	251,402	1.57%	251,267
249,000	Flushing Savings Bank	1.60%	10/07/14	AAA	10/07/10	248,146	1.70%	250,539
200,000	Enerbank USA	2.45%	07/07/15	AAA	09/29/10	202,841	2.10%	203,876
247,000	Wells Fargo Bank, N.A.	1.75%	04/29/16	AAA	04/29/11	247,000	1.75%	247,000
	MEDIUM TERM NOTES							
10,000,000	GE Capital Corp	3.00%	12/09/11	AAA	12/19/08	10,048,504	2.27%	10,167,100
10,000,000	GE Capital Corp	5.25%	10/19/12	AAA	07/25/08	9,994,051	5.29%	10,620,400
5,000,000	GE Capital Corp	2.80%	01/08/13	AAA	10/25/10	5,129,531	1.31%	5,132,700
5,000,000	GE Capital Corp	1.88%	09/16/13	AAA	10/25/10	5,043,023	1.52%	5,033,450
5,000,000	GE Capital Corp	1.88%	09/16/13	AAA	10/25/10	5,043,023	1.52%	5,033,450
5,000,000	Rabobank	4.20%	05/13/14	AAA	07/10/09	5,055,077	3.81%	5,347,900
10,000,000	Wells Fargo	4.75%	02/09/15	AAA	05/17/10	10,400,541	3.61%	10,754,600
	MUNICIPAL OBLIGATIONS							
10,000,000	CA State Rans	3.00%	06/28/11	AAA	11/23/10	10,030,084	1.75%	10,035,600
	U.S. GOV'T AGENCY							
3,880,000	Fed Home Loan Bank	4.88%	11/15/11	AAA	01/07/08	3,908,832	3.59%	3,976,573
1,275,000	Fed Home Loan Mtg Corp	4.50%	11/15/11	AAA	01/07/08	1,281,708	3.59%	1,304,249
3,000,000	Fed Natl Mtg Assn	5.00%	02/16/12	AAA	01/07/08	3,034,024	3.60%	3,110,370
8,000,000	Fed Home Loan Bank	4.38%	06/08/12	AAA	01/07/08	8,062,209	3.66%	8,316,160
2,000,000	Fed Farm Credit Bank	5.25%	08/01/12	AAA	01/07/08	2,037,970	3.69%	2,120,200
5,000,000	Fed Home Loan Mtg Corp	5.00%	08/15/12	AAA	01/07/08	5,079,998	3.70%	5,285,550
10,000,000	Fed Home Loan Bank	1.63%	09/26/12	AAA	04/19/10	10,043,076	1.33%	10,161,200
5,000,000	Fed Home Loan Bank**	4.88%	12/14/12	AAA	01/07/08	5,084,814	3.78%	5,342,200
4,318,277	Fed Natl Mtg Assn 555162	5.02%	01/01/13	AAA	05/29/09	4,438,686	3.17%	4,508,627
12,000,000	Fed Home Loan Mtg Corp	1.20%	01/14/13	AAA	07/14/10	11,998,800	1.20%	12,021,480
10,000,000	Fed Natl Mtg Assn	4.38%	03/15/13	AAA	12/20/10	10,671,721	0.90%	10,693,200
4,871,744	Fed Natl Mtg Assn 386309	4.85%	06/01/13	AAA	06/26/09	5,038,488	3.14%	5,142,419
15,533,779	Fed Natl Mtg Assn 555648	4.54%	06/01/13	AAA	10/21/09	16,160,402	2.56%	16,263,712
3,032,621	Fed Home Loan Mtg E99428	4.00%	09/01/13	AAA	12/16/08	3,041,257	3.85%	3,105,404
8,150,733	Fed Natl Mtg Assn 555806	5.10%	10/01/13	AAA	07/15/09	8,709,553	2.92%	8,694,143
10,000,000	Fed Home Loan Bank**	3.63%	10/18/13	AAA	02/23/09	10,249,455	2.58%	10,640,900
10,000,000	Fed Natl Mtg Assn**	2.88%	12/11/13	AAA	03/12/09	10,050,559	2.67%	10,485,400
10,000,000	Fed Home Loan Mtg Corp	1.38%	02/25/14	AAA	02/17/11	9,947,750	1.56%	10,080,200
10,000,000	Fed Natl Mtg Assn	2.75%	03/13/14	AAA	02/17/11	10,335,298	1.58%	10,466,400
10,000,000	Fed Home Loan Bank	2.38%	03/14/14	AAA	03/04/11	10,253,956	1.49%	10,341,600
15,000,000	Fed Home Loan Mtg Corp	4.50%	04/02/14	AAA	08/24/09	15,644,099	2.96%	16,397,400
5,000,000	Fed Home Loan Bank	5.38%	06/13/14	AAA	08/24/09	5,354,736	2.98%	5,621,050
8,000,000	Fed Natl Mtg Assn	3.00%	09/16/14	AAA	02/17/11	8,299,210	1.88%	8,445,440
10,000,000	Fed Natl Mtg Assn	1.63%	10/26/15	AAA	04/11/11	9,720,100	2.28%	9,873,100
			SUBTOTAL INVESTMENTS			320,763,334		

	RDA TAX ALLOCATION BONDS							
17,300,000	Downtown/Airport/Hunter Park	5.00%	11/1/2041	NR	03/08/11	17,300,000	5.00%	$ 17,300,000
5,000,000	Arlington	5.00%	11/1/2041	NR	03/08/11	5,000,000	5.00%	5,000,000
5,000,000	Magnolia Center	5.00%	11/1/2041	NR	03/08/11	5,000,000	5.00%	5,000,000
20,000,000	La Sierra/Arlanza	5.00%	11/1/2041	NR	03/08/11	20,000,000	5.00%	20,000,000
17,700,000	University Corridor/Sycamore	5.00%	11/1/2037	NR	03/08/11	17,700,000	5.00%	17,700,000
			SUBTOTAL RDA BONDS			65,000,000		
			TOTAL ALL INVESTMENTS			$ 385,763,334		$ 391,122,881
			MISCELLANEOUS CASH			55,000		
			TOTAL CASH & INVESTMENTS			$ 385,818,334		

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 March 01, 2011. The Treasurer's cash management program and cash flow analysis indicates that sufficient liquidity is on hand to meet estimated future expenditures for a period of six months. The weighted average maturity of the pooled investment portfolio is 1.69 years. Market prices of securities are obtained directly through Union Bank. Weighted average yield on cost is 2.558%.

Verified by: Brent A. Mason

Brent A. Mason, Finance Director

Approved by: Paul C. Sundeen

Paul C. Sundeen, Assistant City Manager/CFO/Treasurer

CITY OF RIVERSIDE
POOLED CASH AND INVESTMENTS BY FUND
APRIL 30, 2011

Electric Fund	171,955,866
Sewer Fund	6,918,640
Transportation Funds	2,244,767
General Fund*	41,016,924
Low/Mod Housing	6,344,117
RDA Bond Proceeds 2011	65,045,271
Trust Funds	24,633,728
Water Fund	55,500,998
Park and Recreation Capital Improvement Funds	545,762
Internal Service Liability and Workers' Compensation Funds	1,095,168
Other Miscellaneous Funds	796,993
Total Cash and Investments	376,098,234

*Includes RDA Debt Service and RDA Capital Projects Funds.

INTERFUND LOANS – NEW LOANS DURING THE MONTH

Effective Date	Date of City Council Approval	Loan Purpose	Payable Fund	Receivable Fund	Current Amount

INTERFUND LOANS – FISCAL YEAR END RECEIVABLE FUND CHANGES

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

APRIL 2011 MONTHLY FINANCIAL REPORTS

The following pages include the numerical data for the April 2011 monthly financial reports and graphs for selected General Fund Revenues. A review of the attached revenue and expenditure summaries indicates that all categories are essentially as anticipated and there are no unusual items to report.

Explanations of significant variances from the prior year follow:

GENERAL FUND

Revenues

Taxes – The City's two major sources of revenues are property and sales taxes. Property taxes are expected to be slightly lower this year due to reassessments and the related economic conditions. Sales tax revenue is showing improvement over the prior year. Sales taxes for the first two quarters of the 2010/11 fiscal year have shown increases on an adjusted basis of 2.5% and 9.3%, respectively. Other tax revenues, including utility users tax, transient occupancy tax and property transfer tax have all increased over the prior year.

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

Operating Transfers In – The decrease in Operating Transfers In is due to a one-time settlement for transmission revenues in the prior year.

Other Revenues – The increase in Other Revenues is due to overall improvement in licenses, permits and building revenues.

Expenditures

Personnel – The decrease in personnel costs is due to reductions in staffing and related benefit costs.

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

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

APRIL 2011 MONTHLY FINANCIAL REPORTS (Continued)

ENTERPRISE FUNDS

Revenues

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

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

Expenditures

Personnel – The increase in Personnel is due to additional authorized positions and related benefit costs.

Grants, Programs and Capital Projects - Grants, Programs and Capital Projects are not expended evenly during the year and vary from year to year due to the nature of the projects in any given year. Expenditures for the following projects are included in the current year: Riverside Energy Resources Center-Units 3 and 4, and Electric, Water and Sewer System Upgrades.

Debt Service – Debt service expense increased as planned.

Operating Transfers Out - The decrease in Operating Transfers Out is due to a one-time settlement for transmission revenues in the prior year.

City of Riverside, CA
General Fund

Revenue Summary thru 4/30/2011

	Current Year Total Budget	Prior YTD Revenue	Current YTD Revenue
Taxes	$ 121,965,997	$ 76,304,843	$ 77,361,032
Intergovernmental, including grants	18,666,739	4,548,073	5,929,631
Operating Transfers In	38,917,600	32,975,343	32,301,833
Other Revenues	31,243,803	20,044,580	20,801,178
Grand Total	$ 210,794,139	$ 133,872,839	$ 136,393,674

Expenditure Summary thru 4/30/2011

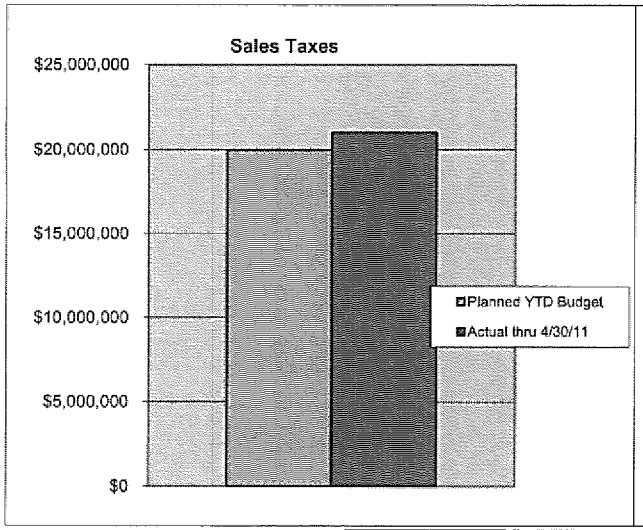
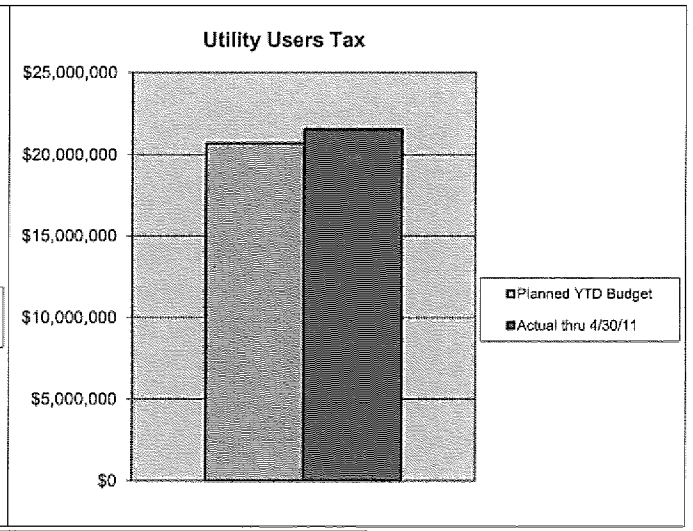
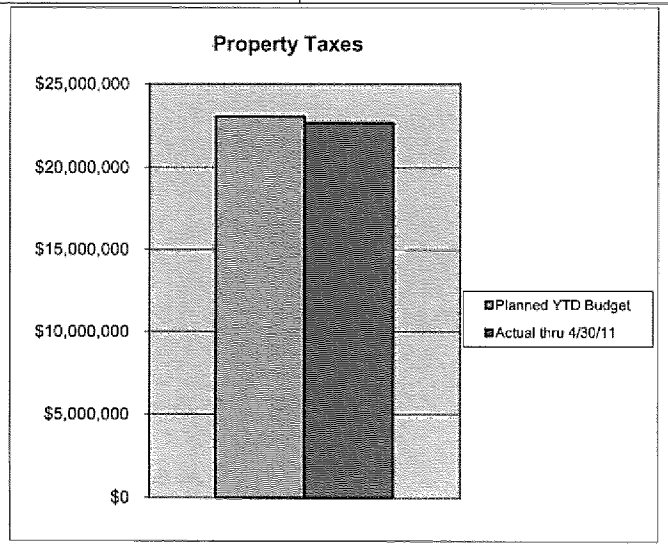
	Current Year Total Budget	Prior YTD Expenditures	Current YTD Expenditures
Personnel	$ 158,438,610	$ 137,724,352	$ 134,043,727
Grants, Programs and Capital Projects	37,687,207	10,327,391	13,268,463
Other Expenditures	69,754,261	41,223,035	42,116,624
Charges to/from Others	(37,354,354)	(26,498,613)	(24,423,829)
Grand Total	$ 228,525,724	$ 162,776,165	$ 165,004,985

City of Riverside, CA
Enterprise Funds

Revenue Summary thru 4/30/2011

	Current Year Total Budget	Prior YTD Revenue	Current YTD Revenue
Charges for Services	$ 438,605,758	$ 347,207,477	$ 354,194,612
Other Revenues	37,395,513	24,254,120	24,601,286
Intergovernmental	35,746,058	3,413,430	2,072,526
Grand Total	$ 511,747,329	$ 374,875,027	$ 380,868,424

Expenditure Summary thru 4/30/2011

	Current Year Total Budget	Prior YTD Expenses	Current YTD Expenses
Personnel	$ 88,976,427	$ 64,943,165	$ 68,264,195
Non-Personnel and Charges to/from Others	235,447,943	163,987,690	165,779,548
Grants, Programs and Capital Projects	541,400,527	102,565,049	110,666,470
Debt Service	89,090,887	61,609,557	66,509,079
Operating Transfers Out	38,917,600	32,975,343	32,301,833
Grand Total	$ 993,833,384	$ 426,080,804	$ 443,521,124

City of Riverside, CA
Revenue Charts
July 1, 2010 - April 30, 2011