City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MARCH 1, 2011**

FROM: CITY MANAGER - FINANCE **ITEM NO:** 21

WARD: ALL

SUBJECT: INVESTMENT SUMMARY AND FINANCIAL REPORTS - JANUARY 31, 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
January 31, 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							
$ 74,555,337	Local Agency Investment Fund	Varies	Varies	NR	Varies	$ 74,555,337	0.56%	$ 74,555,337
3,306,035	Bank of America	Varies	Varies	AAA	Varies	3,306,035	0.35%	3,306,035
10,476,433	CalTRUST Short Term Fund	Varies	Varies	AA	Varies	10,476,433	0.47%	10,476,433
10,448,704	Heritage Money Market Fund	Varies	Varies	AAA	Varies	10,448,704	0.18%	10,448,704
	CERTIFICATES OF DEPOSIT							
248,000	Medallion Bank	0.80%	04/15/13	AAA	10/15/10	247,432	0.90%	247,881
247,000	GE Money Bank	1.75%	07/23/13	AAA	08/06/10	246,188	1.88%	249,828
247,000	Ally Bank	1.80%	08/06/13	AAA	08/06/10	246,358	1.90%	249,450
162,000	Cache Valley Bank	1.30%	08/12/13	AAA	08/10/10	161,154	1.50%	163,649
249,000	Enterprise Bank & Trust	1.55%	08/12/13	AAA	08/12/10	248,131	1.69%	2,515,249
248,000	BMW Bank of North America	1.60%	08/13/13	AAA	08/13/10	247,350	1.70%	250,440
249,000	Farm Bureau Bank	0.90%	10/15/13	AAA	10/15/10	248,305	1.00%	249,518
248,000	Franklin Security Bank	0.95%	10/15/13	AAA	10/15/10	247,654	1.00%	248,977
248,000	Essa Bank & Trust	1.00%	10/21/13	AAA	10/20/10	248,000	1.00%	248,201
249,000	Headwaters State Bank	1.00%	10/25/13	AAA	10/25/10	249,000	1.00%	248,778
245,000	Wilmington Trust	1.35%	10/29/13	AAA	10/29/10	245,000	1.35%	244,819
249,000	Middleton Community Bank	1.00%	11/27/13	AAA	10/27/10	248,295	1.10%	249,007
246,000	CIT Bank	2.30%	05/12/14	AAA	09/30/10	251,835	1.57%	250,549
249,000	Flushing Savings Bank	1.60%	10/07/14	AAA	10/07/10	248,085	1.70%	249,685
200,000	Enerbank USA	2.45%	07/07/15	AAA	09/29/10	203,008	2.10%	204,114
	MEDIUM TERM NOTES							
10,000,000	GE Capital Corp	3.00%	12/09/11	AAA	12/19/08	10,066,036	2.27%	10,226,800
10,000,000	GE Capital Corp	5.25%	10/19/12	AAA	07/25/08	9,993,093	5.29%	10,666,400
5,000,000	GE Capital Corp	2.80%	01/08/13	AAA	10/25/10	5,147,803	1.31%	5,131,000
5,000,000	GE Capital Corp	1.88%	09/16/13	AAA	10/25/10	5,047,394	1.52%	5,013,950
5,000,000	GE Capital Corp	1.88%	09/16/13	AAA	10/25/10	5,047,394	1.52%	5,013,950
5,000,000	Rabobank	4.20%	05/13/14	AAA	07/10/09	5,059,491	3.81%	5,320,150
10,000,000	Wells Fargo	4.75%	02/09/15	AAA	05/17/10	10,426,494	3.61%	10,646,900
	MUNICIPAL OBLIGATIONS							
10,000,000	CA State Rans	3.00%	06/28/11	AAA	11/23/10	10,060,851	1.75%	10,070,800
	U.S. GOVT AGENCY							
3,880,000	Fed Home Loan Bank	4.88%	11/15/11	AAA	01/07/08	3,920,365	3.59%	4,018,671
1,275,000	Fed Home Loan Mtg Corp	4.50%	11/15/11	AAA	01/07/08	1,284,391	3.59%	1,316,909
3,000,000	Fed Natl Mtg Assn	5.00%	02/16/12	AAA	01/07/08	3,043,684	3.60%	3,143,190
8,000,000	Fed Home Loan Bank	4.38%	06/08/12	AAA	01/07/08	8,075,290	3.66%	8,376,960
2,000,000	Fed Farm Credit Bank	5.25%	08/01/12	AAA	01/07/08	2,045,090	3.69%	2,140,840
5,000,000	Fed Home Loan Mtg Corp	5.00%	08/15/12	AAA	01/07/08	5,094,998	3.70%	5,334,000
10,000,000	Fed Natl Mtg Assn	0.63%	09/24/12	AAA	12/20/10	9,979,016	0.75%	10,020,700
10,000,000	Fed Home Loan Bank	1.63%	09/26/12	AAA	04/19/10	10,050,309	1.33%	10,176,100
5,000,000	Fed Home Loan Bank**	4.88%	12/14/12	AAA	01/07/08	5,097,246	3.78%	5,388,600
10,000,000	Fed Home Loan Mtg Corp	0.63%	12/28/12	AAA	12/20/10	9,967,007	0.79%	10,000,100
4,342,945	Fed Natl Mtg Assn 555162	5.02%	01/01/13	AAA	05/29/09	4,480,528	3.17%	4,563,350
12,000,000	Fed Home Loan Mtg Corp	1.20%	01/14/13	AAA	07/14/10	11,998,800	1.20%	12,044,160
10,000,000	Fed Home Loan Bank	3.38%	02/27/13	AAA	04/19/10	10,380,026	1.57%	10,551,600
10,000,000	Fed Natl Mtg Assn	4.38%	03/15/13	AAA	12/20/10	10,757,472	0.90%	10,768,000
10,000,000	Fed Home Loan Mtg Corp	2.50%	04/08/13	AAA	0422/09	10,002,881	2.47%	10,040,400
4,900,049	Fed Natl Mtg Assn 386309	4.85%	06/01/13	AAA	06/26/09	5,085,412	3.14%	5,198,070
15,631,630	Fed Natl Mtg Assn 555648	4.54%	06/01/13	AAA	10/21/09	16,330,463	2.56%	16,446,663
3,488,421	Fed Home Loan Mtg E99428	4.00%	09/01/13	AAA	12/16/08	3,497,950	3.85%	3,576,678
8,193,965	Fed Natl Mtg Assn 555806	5.10%	10/01/13	AAA	07/15/09	8,808,604	2.92%	8,784,668
10,000,000	Fed Home Loan Bank**	3.63%	10/18/13	AAA	02/23/09	10,273,911	2.58%	10,676,800
10,000,000	Fed Natl Mtg Assn**	2.88%	12/11/13	AAA	03/12/09	10,055,245	2.67%	10,495,000
15,000,000	Fed Home Loan Mtg Corp	4.50%	04/02/14	AAA	08/24/09	15,697,724	2.96%	16,462,350
5,000,000	Fed Home Loan Bank	5.38%	06/13/14	AAA	08/24/09	5,382,426	2.98%	5,651,500
					TOTAL INVESTMENTS	$ 344,529,698		$ 351,921,915
					MISCELLANEOUS CASH	55,000		
					TOTAL CASH & INVESTMENTS	$ 344,584,698		

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 February 09, 2010. 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 1.43 years. Market prices of securities are obtained directly through Union Bank. Weighted average yield on cost is 1.895%.

Verified by: _____
for Brent A. Mason, Finance Director

Approved by: _____
Paul C. Sundeen, Assistant City Manager/CFO/Treasurer

CITY OF RIVERSIDE
POOLED CASH AND INVESTMENTS BY FUND
JANUARY 31, 2011

Electric Fund	185,439,777
Sewer Fund	10,176,135
Transportation Funds	2,474,170
General Fund	3,737,635
Redevelopment Agency	37,253,223
Trust Funds	26,072,063
Water Fund	53,479,579
Park and Recreation Capital Improvement Funds	2,163,737
Internal Service Liability and Workers' Compensation Funds	7,721,125
Other Miscellaneous Funds	16,067,254
Total Cash and Investments	344,584,698

INTERFUND LOANS – NEW LOANS DURING THE MONTH

Effective Date	Date of City Council Approval	Loan Purpose	Payable Fund	Receivable Fund	Current Amount
02/01/11	01/25/11	Doty Trust Park	La Sierra/Arlanza	Sewer	4,900,000
02/01/11	01/25/11	Reid Park/Riverside Golf Course	Downtown/Airport/Hunter Park/Northside	Electric	5,557,500

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					

JANUARY 2011 MONTHLY FINANCIAL REPORTS

The following pages include the numerical data for the January 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 revenues are received on a one-quarter delay. The first quarter of 2010/11, reported in December 2010, showed an adjusted increase of 2.5% over the first quarter of the prior year. 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 decrease in Other Revenues is due to revenue received in the prior year for CNG credits earned by the City.

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.

JANUARY 2011 MONTHLY FINANCIAL REPORTS (Continued)

ENTERPRISE FUNDS

Revenues

Charges for Services – Revenues have increased slightly as compared to the prior year. The increase is due to rate increases. Current economic conditions including foreclosures as well as conservation and unusually mild weather conditions are contributing factors to the slow revenue growth despite approved rate increases.

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 1/31/2011

	Current Year Total Budget	Prior YTD Revenue	Current YTD Revenue
Taxes	$ 121,965,997	$ 40,627,157	$ 41,768,437
Intergovernmental, including grants	16,758,357	2,810,441	3,171,864
Operating Transfers In	38,917,600	23,521,202	22,382,291
Other Revenues	28,832,248	14,232,270	14,059,638
Grand Total	$ 206,474,202	$ 81,191,070	$ 81,382,230

Expenditure Summary thru 1/31/2011

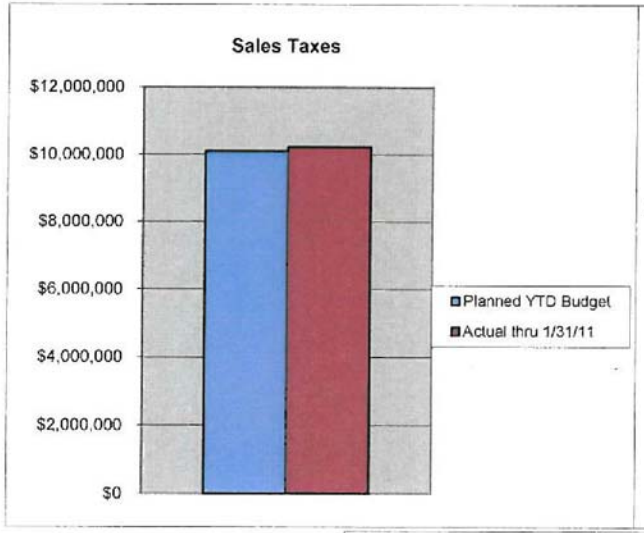
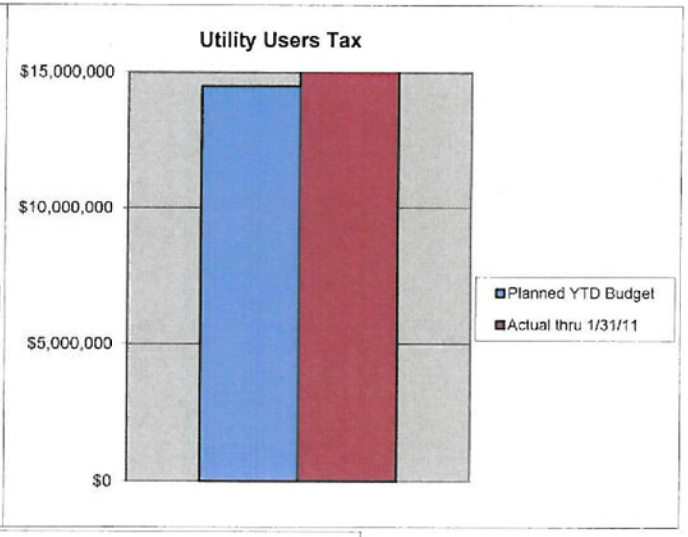
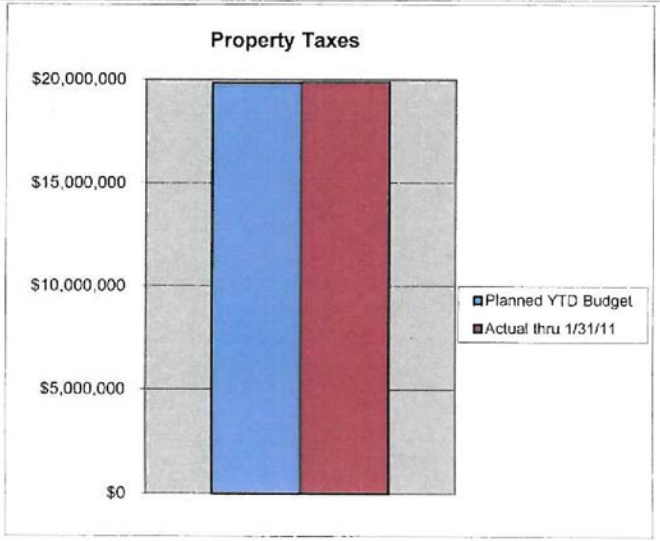
	Current Year Total Budget	Prior YTD Expenditures	Current YTD Expenditures
Personnel	$ 158,539,610	$ 94,267,497	$ 92,396,361
Grants, Programs and Capital Projects	33,508,817	7,110,120	8,212,568
Other Expenditures	68,628,822	29,022,391	28,618,053
Charges to/from Others	(36,631,112)	(18,303,296)	(16,901,117)
Grand Total	$ 224,046,137	$ 112,096,712	$ 112,325,865

City of Riverside, CA
Enterprise Funds

Revenue Summary thru 1/31/2011

	Current Year Total Budget	Prior YTD Revenue	Current YTD Revenue
Charges for Services	$ 438,605,758	$ 254,597,386	$ 259,042,430
Other Revenues	37,054,513	18,536,001	18,415,484
Intergovernmental	9,540,680	2,880,965	1,398,716
Grand Total	$ 485,200,951	$ 276,014,352	$ 278,856,630

Expenditure Summary thru 1/31/2011

	Current Year Total Budget	Prior YTD Expenses	Current YTD Expenses
Personnel	$ 88,976,427	$ 43,983,036	$ 45,908,795
Non-Personnel and Charges to/from Others	235,400,029	116,482,579	116,876,754
Grants, Programs and Capital Projects	521,528,064	66,628,818	72,919,063
Debt Service	89,090,887	48,860,870	50,790,116
Operating Transfers Out	39,069,120	23,464,783	22,529,703
Grand Total	$ 974,064,527	$ 299,420,086	$ 309,024,430

City of Riverside, CA
Revenue Charts
July 1, 2010 - January 31, 2011