City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MAY 3, 2011**

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

WARD: ALL

SUBJECT: INVESTMENT SUMMARY AND FINANCIAL REPORTS - MARCH 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
March 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							
$ 50,955,337	Local Agency Investment Fund	Varies	Varies	NR	Varies	$ 50,955,337	0.52%	$ 50,955,337
2,919,742	Bank of America	Varies	Varies	AAA	Varies	2,919,742	0.35%	2,919,742
10,486,541	CalTRUST Short Term Fund	Varies	Varies	AA	Varies	10,486,541	0.50%	10,486,541
10,451,809	Heritage Money Market Fund	Varies	Varies	AAA	Varies	10,451,809	0.19%	10,451,809
	CERTIFICATES OF DEPOSIT							
248,000	Medallion Bank	0.80%	04/15/13	AAA	10/15/10	247,494	0.90%	248,293
247,000	GE Money Bank	1.75%	07/23/13	AAA	08/06/10	246,267	1.88%	250,088
247,000	Ally Bank	1.80%	08/06/13	AAA	08/06/10	246,420	1.90%	249,742
162,000	Cache Valley Bank	1.30%	08/12/13	AAA	08/10/10	161,235	1.50%	163,834
249,000	Enterprise Bank & Trust	1.55%	08/12/13	AAA	08/12/10	248,214	1.69%	251,809
248,000	BMW Bank of North America	1.60%	08/13/13	AAA	08/13/10	247,412	1.70%	250,728
249,000	Farm Bureau Bank	0.90%	10/15/13	AAA	10/15/10	248,367	1.00%	249,889
248,000	Franklin Security Bank	0.95%	10/15/13	AAA	10/15/10	247,685	1.00%	249,317
248,000	Essa Bank & Trust	1.00%	10/21/13	AAA	10/20/10	248,000	1.00%	248,627
249,000	Headwaters State Bank	1.00%	10/25/13	AAA	10/25/10	249,000	1.00%	249,199
245,000	Wilmington Trust	1.35%	10/29/13	AAA	10/29/10	245,000	1.35%	245,230
249,000	Middleton Community Bank	1.00%	11/27/13	AAA	10/27/10	248,356	1.10%	249,426
246,000	CIT Bank	2.30%	05/12/14	AAA	09/30/10	251,402	1.57%	251,043
249,000	Flushing Savings Bank	1.60%	10/07/14	AAA	10/07/10	248,146	1.70%	250,205
200,000	Enerbank USA	2.45%	07/07/15	AAA	09/29/10	202,841	2.10%	203,718
	MEDIUM TERM NOTES							
10,000,000	GE Capital Corp	3.00%	12/09/11	AAA	12/19/08	10,048,504	2.27%	10,186,400
10,000,000	GE Capital Corp	5.25%	10/19/12	AAA	07/25/08	9,994,051	5.29%	10,605,000
5,000,000	GE Capital Corp	2.80%	01/08/13	AAA	10/25/10	5,129,531	1.31%	5,116,000
5,000,000	GE Capital Corp	1.88%	09/16/13	AAA	10/25/10	5,043,023	1.52%	4,998,300
5,000,000	GE Capital Corp	1.88%	09/16/13	AAA	10/25/10	5,043,023	1.52%	4,998,300
5,000,000	Rabobank	4.20%	05/13/14	AAA	07/10/09	5,055,077	3.81%	5,293,700
10,000,000	Wells Fargo	4.75%	02/09/15	AAA	05/17/10	10,400,541	3.61%	10,641,100
	MUNICIPAL OBLIGATIONS							
10,000,000	CA State Rans	3.00%	06/28/11	AAA	11/23/10	10,030,084	1.75%	10,057,800
	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%	3,990,231
1,275,000	Fed Home Loan Mtg Corp	4.50%	11/15/11	AAA	01/07/08	1,281,708	3.59%	1,308,341
3,000,000	Fed Natl Mtg Assn	5.00%	02/16/12	AAA	01/07/08	3,034,024	3.60%	3,120,900
8,000,000	Fed Home Loan Bank	4.38%	06/08/12	AAA	01/07/08	8,062,209	3.66%	8,329,760
2,000,000	Fed Farm Credit Bank	5.25%	08/01/12	AAA	01/07/08	2,037,970	3.69%	2,124,600
5,000,000	Fed Home Loan Mtg Corp	5.00%	08/15/12	AAA	01/07/08	5,079,998	3.70%	5,294,750
10,000,000	Fed Home Loan Bank	1.63%	09/26/12	AAA	04/19/10	10,043,076	1.33%	10,146,100
5,000,000	Fed Home Loan Bank**	4.88%	12/14/12	AAA	01/07/08	5,084,814	3.78%	5,343,700
4,325,874	Fed Natl Mtg Assn 555162	5.02%	01/01/13	AAA	05/29/09	4,446,283	3.17%	4,517,640
12,000,000	Fed Home Loan Mtg Corp	1.20%	01/14/13	AAA	07/14/10	11,998,800	1.20%	12,028,800
10,000,000	Fed Natl Mtg Assn	4.38%	03/15/13	AAA	12/20/10	10,671,721	0.90%	10,681,900
10,000,000	Fed Home Loan Mtg Corp	2.50%	04/08/13	AAA	0422/09	10,002,568	2.47%	10,004,400
4,881,222	Fed Natl Mtg Assn 386309	4.85%	06/01/13	AAA	06/26/09	5,047,966	3.14%	5,144,417
15,564,210	Fed Natl Mtg Assn 555648	4.54%	06/01/13	AAA	10/21/09	16,190,833	2.56%	16,282,187
3,167,421	Fed Home Loan Mtg E99428	4.00%	09/01/13	AAA	12/16/08	3,176,057	3.85%	3,242,394
8,163,893	Fed Natl Mtg Assn 555806	5.10%	10/01/13	AAA	07/15/09	8,722,713	2.92%	8,688,587
10,000,000	Fed Home Loan Bank**	3.63%	10/18/13	AAA	02/23/09	10,249,455	2.58%	10,593,300
10,000,000	Fed Natl Mtg Assn**	2.88%	12/11/13	AAA	03/12/09	10,050,559	2.67%	10,428,700
10,000,000	Fed Home Loan Mtg Corp	1.38%	02/25/14	AAA	02/17/11	9,947,750	1.56%	10,004,600
10,000,000	Fed Natl Mtg Assn	2.75%	03/13/14	AAA	02/17/11	10,335,298	1.58%	10,393,800
10,000,000	Fed Home Loan Bank	2.38%	03/14/14	AAA	03/04/11	10,253,956	1.49%	10,259,800
15,000,000	Fed Home Loan Mtg Corp	4.50%	04/02/14	AAA	08/24/09	15,644,099	2.96%	16,305,750
5,000,000	Fed Home Loan Bank	5.38%	06/13/14	AAA	08/24/09	5,354,736	2.98%	5,584,800
8,000,000	Fed Natl Mtg Assn	3.00%	09/16/14	AAA	02/17/11	8,299,210	1.88%	8,371,920
			SUBTOTAL INVESTMENTS			328,067,732		
	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			$ 393,067,732		$ 397,512,552
			MISCELLANEOUS CASH			55,000		
			TOTAL CASH & INVESTMENTS			$ 393,122,732		

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 1.58 years. Market prices of securities are obtained directly through Union Bank. Weighted average yield on cost is 2.521%.

Verified by: _____
Brent A. Mason, Finance Director

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

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

Electric Fund	172,383,304
Sewer Fund	4,497,496
Transportation Funds	1,885,253
General Fund*	45,360,976
Low/Mod Housing	8,287,835
RDA Bond Proceeds 2011	65,018,667
Trust Funds	24,022,325
Water Fund	55,277,154
Park and Recreation Capital Improvement Funds	1,517,197
Internal Service Liability and Workers' Compensation Funds	1,521,479
Other Miscellaneous Funds	13,351,045
Total Cash and Investments	393,122,732

*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
03/01/11	03/01/11	11134 & 11144 Pierce St. Aquisitions	479 - RDA/La Sierra	550 - Sewer	$1,275,000

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					

MARCH 2011 MONTHLY FINANCIAL REPORTS

The following pages include the numerical data for the March 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.

MARCH 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 3/31/2011

	Current Year Total Budget	Prior YTD Revenue	Current YTD Revenue
Taxes	$ 121,965,997	$ 68,870,610	$ 69,782,932
Intergovernmental, including grants	18,666,739	3,877,846	5,437,979
Operating Transfers In	38,917,600	29,806,823	28,993,950
Other Revenues	29,227,903	18,095,586	18,806,377
Grand Total	$ 208,778,239	$ 120,650,865	$ 123,021,238

Expenditure Summary thru 3/31/2011

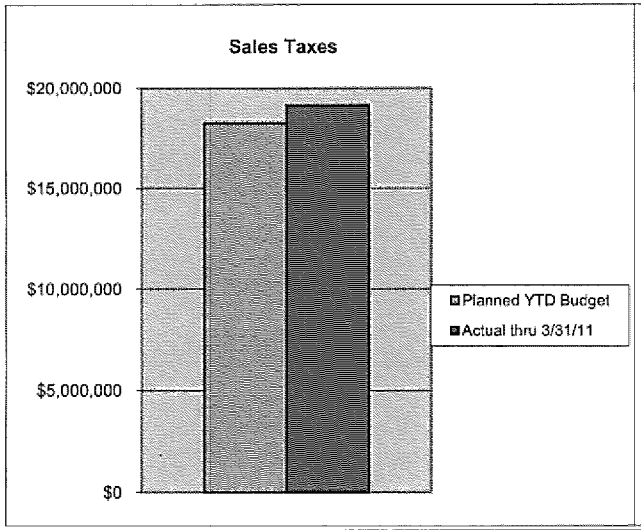
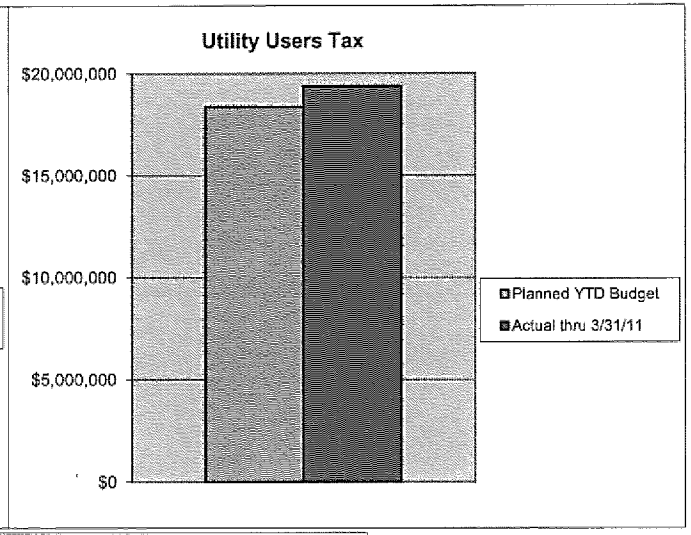
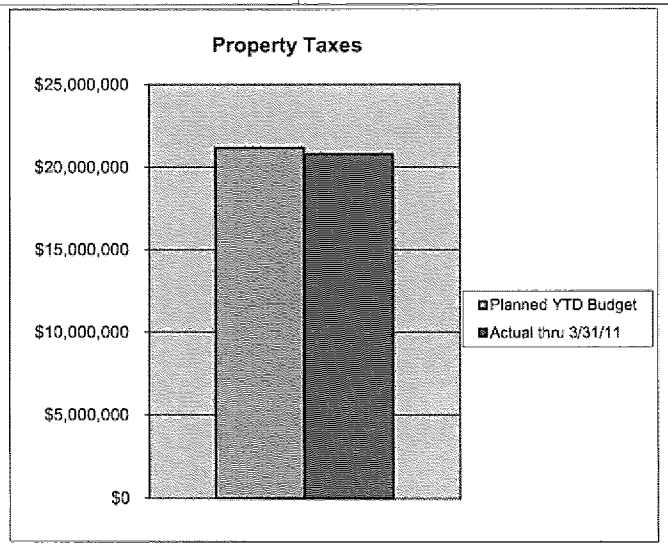
	Current Year Total Budget	Prior YTD Expenditures	Current YTD Expenditures
Personnel	$ 158,523,610	$ 124,652,854	$ 122,554,522
Grants, Programs and Capital Projects	35,622,593	9,220,822	11,896,598
Other Expenditures	69,717,975	37,599,760	38,329,656
Charges to/from Others	(37,354,354)	(23,680,210)	(21,750,629)
Grand Total	$ 226,509,824	$ 147,793,226	$ 151,030,147

City of Riverside, CA
Enterprise Funds

Revenue Summary thru 3/31/2011

	Current Year Total Budget	Prior YTD Revenue	Current YTD Revenue
Charges for Services	$ 438,605,758	$ 314,005,831	$ 321,245,583
Other Revenues	37,054,513	22,680,254	22,450,823
Intergovernmental	9,490,680	3,226,330	1,742,442
Grand Total	$ 485,150,951	$ 339,912,415	$ 345,438,848

Expenditure Summary thru 3/31/2011

	Current Year Total Budget	Prior YTD Expenses	Current YTD Expenses
Personnel	$ 88,976,427	$ 58,886,929	$ 61,525,156
Non-Personnel and Charges to/from Others	235,467,507	148,686,645	149,131,537
Grants, Programs and Capital Projects	522,045,585	87,461,055	97,909,478
Debt Service	89,090,887	57,884,596	60,954,412
Operating Transfers Out	38,917,600	29,806,823	28,993,950
Grand Total	$ 974,498,006	$ 382,726,048	$ 398,514,532

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