



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: FEBRUARY 11, 2020

FROM: FINANCE DEPARTMENT WARDS: ALL

SUBJECT: FISCAL YEAR 2019/20 FIRST QUARTER FINANCIAL REPORT AND MEASURE Z UPDATE, AND RELATED INTERFUND TRANSFERS AND SUPPLEMENTAL APPROPRIATIONS

ISSUES:

That the City Council receive and provide input on the attached Fiscal Year 2019/20 First Quarter Financial Report and Measure Z update; approve miscellaneous interfund transfers (\$2,368,736) and supplemental appropriations (\$7,500); and approve a \$4.4 million allocation of General Fund Surplus reserves to the Section 115 Pension Liability Trust.

RECOMMENDATIONS:

That the City Council:

1. Receive and provide input on the attached Fiscal Year 2019/20 First Quarter Financial Report and Measure Z update;
2. Approve General Fund interfund and interdepartmental transfers in the amount of \$2,368,736;
3. Approve a supplemental appropriation in the amount of \$7,500 from the Special Deposits Fund to the General Fund; and
4. Approve the allocation of General Fund surplus reserves in the amount of \$4.4 million to the Section 115 Pension Liability Trust.

BACKGROUND:

On June 12, 2018, the City Council adopted Resolution No. 23316 approving the Fiscal Year (FY) 2018-2020 Two-Year Budget. On June 18, 2019, the City Council adopted Resolution No. 23457 approving amendments to the Fiscal Year (FY) 2019/20 Budget.

DISCUSSION:

FINANCIAL REPORT

Throughout the fiscal year, City departments and the Budget Office monitor and analyze all City funds for potential issues that require attention and mitigating action. For the first quarter report, City departments analyzed financial status for all funds and appropriations under their purview. The results of the City's major funds as well as areas of concern in other funds (if any) are reported in the quarterly financial report.

General Fund

The General Fund's FY 2018-2020 Two-Year budget is balanced over two (2) years, with a projected shortfall of \$1.2 million in FY 2019/20 funded by savings realized in FY 2018/19. As of June 30, 2019, the General Fund carries a 20% reserve balance and \$4.4 million (1.6%) in surplus reserves. \$1.2 million is separately reserved to offset the adopted FY 2019/20 shortfall. \$4.9 million is reserved for Pension Stability and investment in the Section 115 Pension Trust. On January 16, 2020, the Budget Engagement Commission voted to recommend to the City Council that the surplus reserves of \$4.4 million be allocated to the Section 115 Pension Liability Trust.

The FY 2019/20 First Quarter analysis projects total General Fund revenues to come in as estimated. As of September 30, 2019, all General Fund departments, with the exception of the Police Department, expect to end the fiscal year within their appropriation limits. The Police Department is projecting a budget shortfall of approximately 7.6% (\$4.4 million) of the department's total budget. The overage is attributable to overtime trends due to an increase in significant criminal events. If no mitigating actions or offsetting savings are identified, the budget shortfall will reduce General Fund reserves by 1.6%.

Supplemental appropriations recorded in the first quarter total \$8,117 and are entirely related to donations received and appropriated by City Departments in compliance with the City's donation policy.

Measure Z

The FY 2018-2023 Measure Z Spending Plan was approved by the City Council on June 12, 2018, with the adoption of the FY 2018-2020 Two-Year Budget. Subsequent updates to the Spending Plan include the allocation of funding for the Public Safety and Engagement Team Program, security guards at City libraries, and increased allocations for street projects. As of June 30, 2019, Measure Z held \$18.7 million in unallocated fund reserves. Separately, \$5 million is held in reserves to ensure sufficient funding for ongoing costs in the event of under-performing revenues.

Measure Z's FY 2018/19 revenue outperformed expectations; however, the City's sales tax consultant projects a potential 2% to 3% decrease in revenue in FY 2019/20. At this time, no revenue adjustments for FY 2019/20 are recommended. Staff will continue to work with the City's consultant to track sales tax trends, economic factors, and actual revenues received, and may recommend adjustments in future quarterly reports.

Measure Z expenditures are 15% of total budget at September 30, 2019, reflective of large projects that have yet to ramp up and record significant expenditures, such as technology projects, the update of the General Plan, and street projects.

MEASURE Z SUMMARY				
Category	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2019/20 Allocations
Revenue	\$12,606,428	\$56,222,806	\$62,692,745	\$59,000,000
Spending Allocations	9,973,447	36,134,811	61,702,430	62,360,436
Carryovers			(20,714,281)	20,714,281
Net Change in Fund Balance	2,632,981	20,087,995	21,704,596	(24,074,717)
Fund Balance Reserve	-	-	5,000,000	-
Fund Balance	\$2,632,981	\$22,720,976	\$39,425,572	\$15,350,855

Sewer Fund

The overall financial position of the Sewer Enterprise fund is good and operating in accordance with the 2016 Sewer Fund Reserve Policy objectives. Revenue and expenditures are tracking in line with the Sewer Fund financial model and five-year plan projections. Staff projects total revenues will exceed expenditures by the end of FY 2019/20.

Refinancing of the 2009A Sewer Revenue Bonds bolstered the Sewer Fund’s financial stability in FY 2018/19. The Public Works Wastewater Division is in the process of completing a Wastewater Treatment and Collection Master Plan Update project, which includes a comprehensive financial and cost of service analysis and evaluation of various rate structure alternatives for consideration. The outcome of this study will inform future rate discussions.

Refuse Fund

The Refuse Fund is operating at a deficit, as projected in the FY 2018-2020 Two-Year Budget. The most recent projections predict a \$4.1 million use of fund reserves in FY 2019/20 and ending fund reserves of \$4.2 million at fiscal year ending June 30, 2020. Public Works has retained a consultant to perform a comprehensive review of refuse operations to optimize services and cash flow; the results of the study were presented to City Council in January 2020.

Refuse Fund revenue and expenditures are tracking at 23% and 19% respectively in the first quarter. Expenditures are artificially low in the first quarter due fluctuating expenditure requirements during the fiscal year, including debt and contract payments. The fund is expected to end the fiscal year in line with budget.

Revenue projections have been reduced by approximately \$800,000 as a result of lower than expected parking citations and curbside materials. Parking citations were temporarily suspended during a sign replacement project; revenue activity is expected to return to normal in the third quarter as signs are replaced and the routes are scheduled for enforcement. Curbside revenue represents revenue received in excess of the cost of recycling services. This residual revenue is no longer expected to be received due to a decline in market demand for recyclables. Projections for other revenues remain unchanged.

Electric Fund

The first quarter analysis of the Electric Fund shows operating revenues and expenses trending

on target. Overall, Electric revenues are trending at 28% of total budget at September 30, 2019 due to higher retail sales in the first quarter of the fiscal year and higher interest revenue as a result of rebalancing the investment portfolio. Weather can significantly impact retail revenues, which will be monitored throughout the remainder of FY 2019/20.

At September 30, 2019, Electric Fund expenditures, excluding capital projects, are trending slightly lower than 25% of the total budget. Capital projects are progressing consistently with the Capital Improvement Program (CIP). The Electric Fund's completed capital improvements during the first three months of FY 2019/20 included projects in the Substation, Underground and Recurring categories which are part of the Utility 2.0 initiative. Completed projects in these categories benefit system reliability and mitigate the potential for widespread, prolonged customer outages, as well as fulfil the City's obligation to expand facilities to meet customer needs.

Water Fund

The first quarter analysis of the Water Fund shows operating revenues and expenses trending on target. Overall, Water revenues are trending at 29% of total budget at September 30, 2019, which is more than anticipated primarily due to higher interest revenue resulting from rebalancing the investment portfolio. Retail sales are typically higher during the summer months but are 3.6% lower than expected for the first quarter due to milder temperatures. Weather, including precipitation, can significantly impact retail revenues, which will be monitored throughout the remainder of FY 2019/20.

At September 30, 2019, Water Fund expenditures, excluding capital projects, are trending less than 25% of the total budget, primarily due to the timing of debt service payments. Capital projects are progressing consistently with the CIP and include:

- Installation of recycled water infrastructure which benefits all Water customers by freeing up water supply through making recycled water available for landscaping and irrigation needs.
- Installation of new mains which provides water to new customers and supports the City's development and growth.
- Pipeline and distribution facilities replacements along with well rehabilitations which help address aging infrastructure and improve system reliability to maintain a high level of service to Water customers.

Interfund and Interdepartmental Transfers; Supplemental Appropriation Requests

Riverside Municipal Code Sec. 1104 requires the affirmative vote of at least five City Council members to authorize the transfer of appropriations between City funds and to authorize supplemental appropriations. The following transfers and supplemental appropriations are recommended for Council approval:

- **General Fund \$2,200,043 Interfund Transfer to the Debt Service Fund:** As part of the General Fund restructuring to remove non-operating activity out of the General Fund, property tax revenue collected to pay the Fire and Emergency Facilities Bond (Measure G) will be recorded in the Debt Service fund. The fund reserves attributable to property taxes designated for bond payments must be transferred from the General Fund to the Debt Service Fund.
- **General Fund \$7,500 Interfund Transfer and Supplemental Appropriation:** A drawdown of \$7,500 in funds on hand is requested from Special Deposits Fund 720,

account 225087 (Debt Administration Fees) to cover staff training costs for the Debt & Treasury Administration Division. The training ensures that staff are up-to-date and able to ensure City compliance with requirements for debt disclosures, debt issuances, and other mandatory reporting.

- **General Fund \$161,193 Interdepartmental Transfer:** A Senior Performance Analyst position was transferred from the City Manager's Office to the Innovation & Technology department to assist with software licensing compliance and other needs corresponding to the position's job responsibilities.
- **General Fund \$4.4 Million Supplemental Appropriation to Section 115 Pension Liability Trust:** The Budget Engagement Commission recommends the appropriation of \$4.4 million in General Fund surplus reserves to the Section 115 Pension Liability Trust. The Chief Financial Officer concurs with this recommendation.

FISCAL IMPACT:

The City's General Fund is currently operating under an adopted FY 2018-2020 Two-Year Budget, balanced over two fiscal years. The fund reserve goal of 20% has been achieved as of June 30, 2019. Fund reserves of \$1.2 million are intact to balance the projected FY 2019/20 shortfall. The potential shortfall resulting from excess Police overtime costs could present a \$4.4 million draw on fund balance at fiscal year-end, in the absence of offsetting savings.

If approved by City Council, the allocation of \$4.4 million to the Section 115 Pension Liability Trust (Trust) will bring the Trust amount to approximately \$9.3 million. Amounts in the Trust are legally restricted for use to pay the City's pension obligations and can be used to offset growing pressure on the General Fund in future fiscal years as needed, and as approved by City Council.

The Enterprise Funds (Electric, Water, Refuse and Sewer) are all expected to remain within their appropriation limits. Planned operational analyses for both Refuse and Sewer will incorporate long-term financial outlooks for the respective funds.

Prepared by: Kristie Thomas, Budget Manager
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer
Approved by: Carlie Myers, Deputy City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Quarterly Financial Report
2. Measure Z Financial Summary
3. Presentation

GENERAL FUND

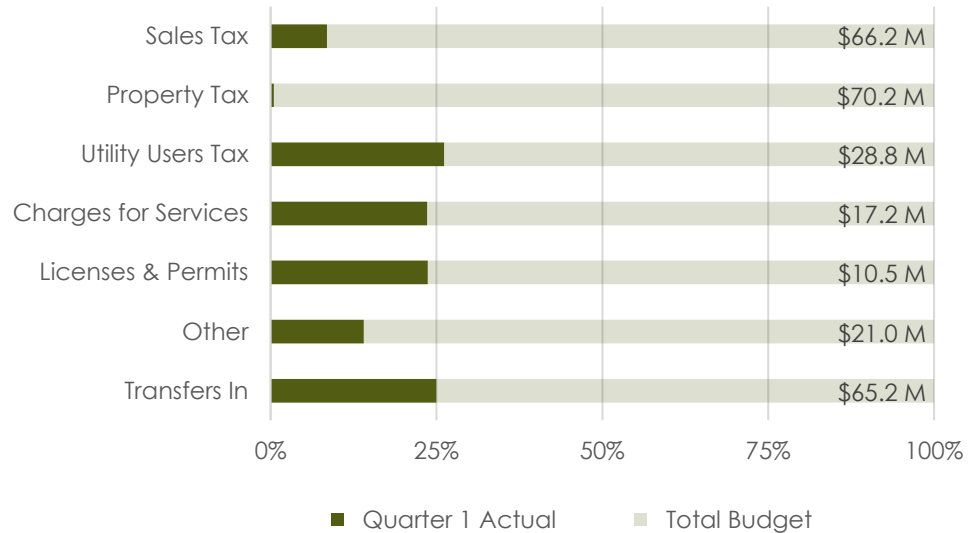
The General Fund is used to account for the **core administrative and operational functions of the City**. The General Fund is primarily supported by property and sales tax, followed by other incoming resources including other taxes, fees, service revenue, and transfers in from other funds. These resources fund public safety, development, culture, recreation, and supporting administrative services.

Quarter 1 Summary

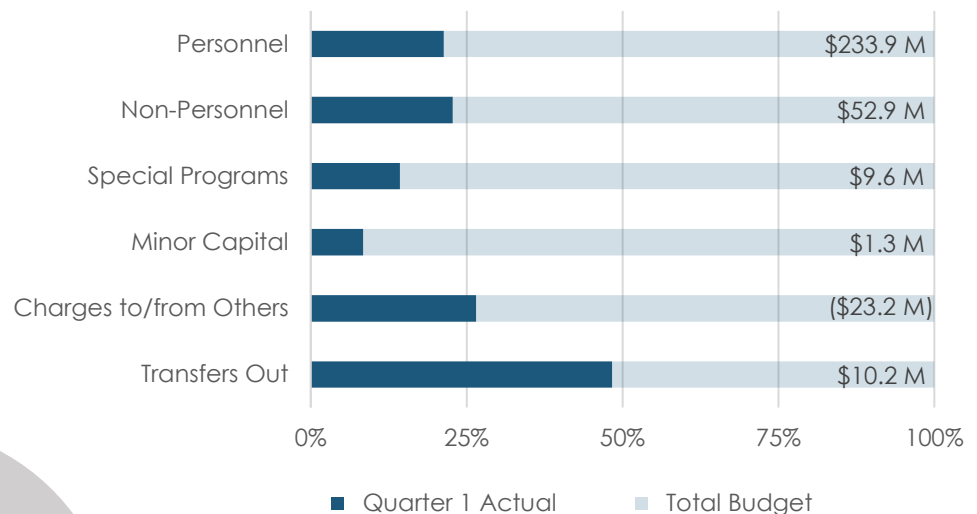
At the end of the first fiscal quarter, 14% of projected revenues have been collected; this is consistent with the historical timing of revenues, which do not come in regularly throughout the year.

Expenditures are 22% of total budget at the end of the first quarter. Apart from the Police Department, City departments reported no areas of concern and expect to remain within their appropriation limits this fiscal year. The Police Department reports a **potential \$4.4 million overage** in overtime costs due to significant crime events. If no mitigating actions or offsetting savings are identified, the budget shortfall will reduce General Fund reserves by 1.6%.

REVENUE



EXPENDITURES



General Fund Reserves



20%

General Fund Reserve

General Fund Emergency (15%)
Economic Contingency Reserves (5%)

\$4.9 Million

Pension Stability Reserve

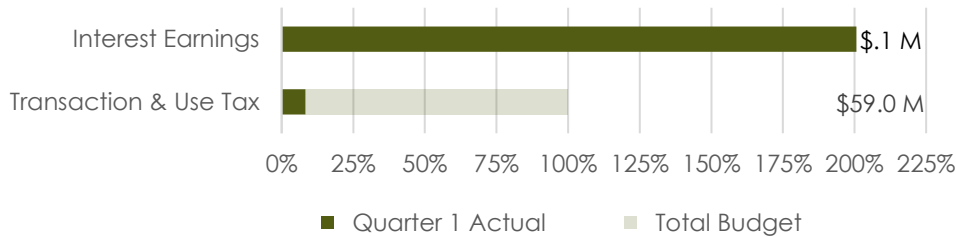
\$4.4 Million

Surplus Reserves

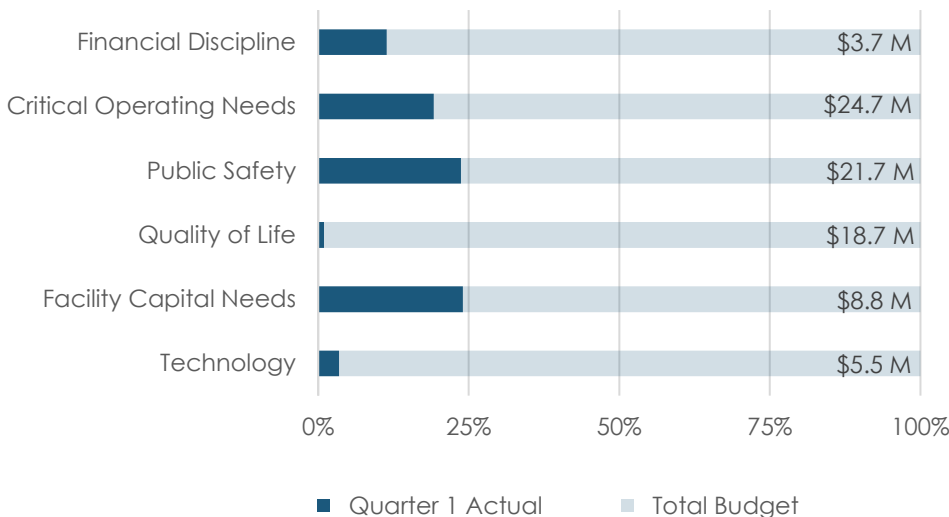
MEASURE Z

Measure Z is a one-cent transaction and use tax approved by Riverside voters in November 2016. Measure Z was passed to **restore critical services** eliminated during the recession and **address other critical needs**, such as first responder staffing and vehicles, road and tree maintenance, and building repair and maintenance. A separate fund and Measure Z Spending Plan is maintained to provide accountability and transparency into the use of Measure Z revenue.

REVENUE



EXPENDITURES



Quarter 1 Summary

Transaction & Use Tax is performing better than expected in the first quarter, at 9% higher than the same period in the prior year. Interest revenues reflect the high amount of cash on hand for pending projects.

Expenditures are 15% of total budget at the end of the first quarter. Project expenditures are not spent evenly throughout the fiscal year; this can be observed in the Quality of Life and Technology categories. Not reflected in the Spending Plan is the use of debt proceeds for the new Main Library: \$3.4 million was expended in the first quarter. The Spending Plan reports the debt obligations for Library construction.

\$15.4
Million

Amount available for allocation to new spending initiatives as of September 30, 2019

Join the
Conversation



Budget Engagement Commission Meetings

February 13, 5PM – Council Chambers

March 12, 5PM – Council Chambers



\$5
Million

Reserve to ensure available funding of ongoing costs in the event of under-performing revenues.

SEWER FUND

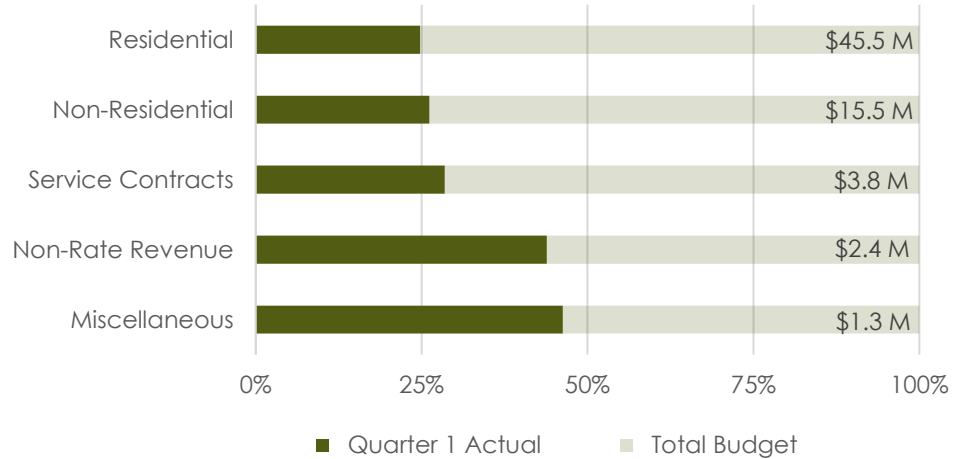
The Sewer Fund reports financial activity related to the **collection and treatment of wastewater** generated within the City and the communities of Edgemont, Highgrove, Jurupa, and Rubidoux. The City serves 93,000 customers within City limits alone. Services are provided through 800 miles of gravity lines, lift stations and the Riverside Regional Water Quality Control Plant (RWQCP) that has the capacity to treat 46 million gallons of sewage a day.

Quarter 1 Summary

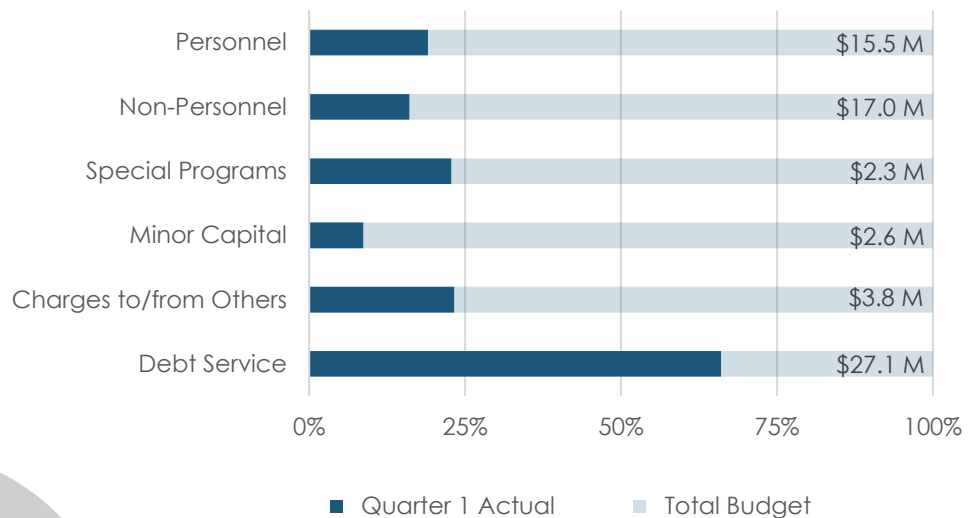
At the end of the first fiscal quarter, 26% of projected revenues have been collected. Connection fees are higher than expected due to new development in the City. In the Miscellaneous category, favorable market conditions are contributing to interest revenues coming in higher than projected.

Operating expenditures are 37% of total budget at quarter end due to the timing of required debt payments. Overall, expenditures are expected to fall in line with budget by the end of the fiscal year.

REVENUE



EXPENDITURES



Wastewater Master Plan



Infrastructure Assessment



Regulatory Compliance



Rate Plan



Capital Improvement Plan



Utility Services/Land Use/Energy Development Committee

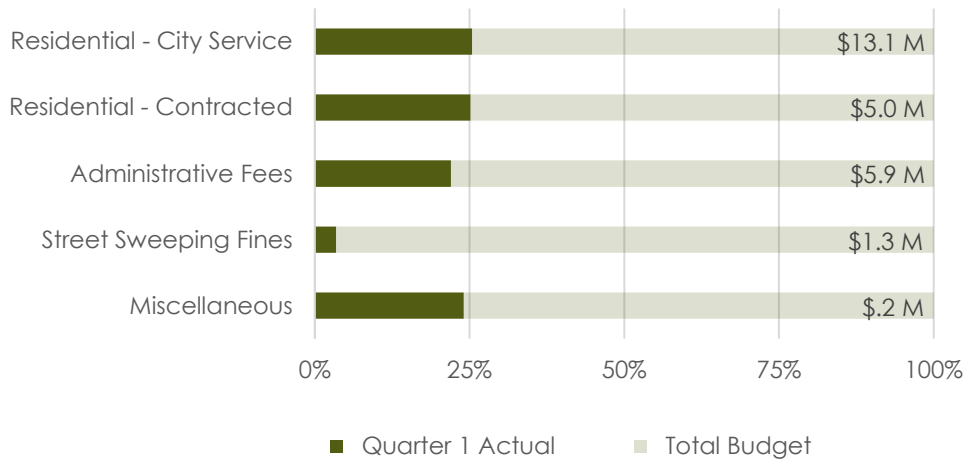


March 9, 1PM – Council Chambers

REFUSE FUND

The Refuse Fund tracks financial activity related to solid waste services including **trash, recyclables, and green waste collection**. The City provides services directly to two-thirds of Riverside's residents, while a contracted hauler provides services to the remaining one-third. Commercial services are entirely contracted out. Currently, refuse rates are insufficient to cover the costs of operations; rising costs associated with State compliance requirements are also placing pressure on the Refuse Fund.

REVENUE

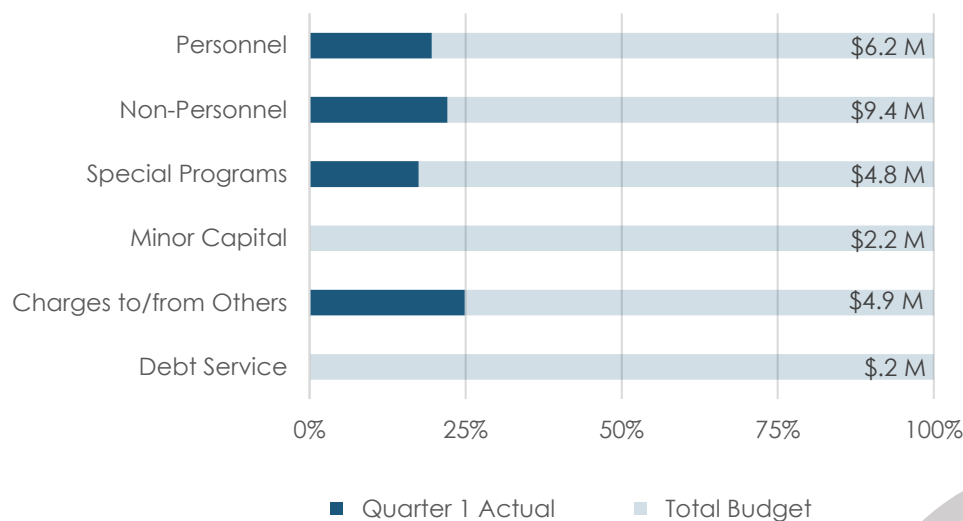


Quarter 1 Summary

Revenues are 23% at quarter end. Street Sweeping fines were temporarily suspended due to a sign replacement program; this revenue projection will be reduced by \$668,000. Additionally, curbside material revenue projections of \$135,000 will be eliminated due to recent changes in the recycling industry.

Expenditures are trending at 19% at the end of the first quarter. Minor capital and debt expenditures do not occur evenly throughout the year, resulting in the current lag in spending.

EXPENDITURES



Strategy & Economic Study

Summary of major findings presented to City Council in January 2020



Additional **resources** needed to operate to industry standards



Residential **rates** are not covering the cost of operations



Adjustments needed to meet regulatory **compliance**

ELECTRIC FUND

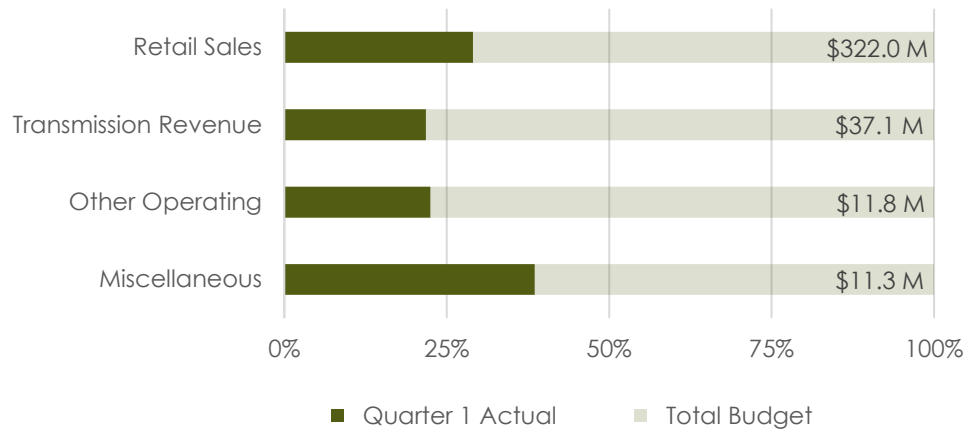
The Electric Fund reports financial activity related to the **generation, transmission, and distribution of electricity** over a 90-square-mile territory to more than 109,000 metered electric customers. Charges for service through rates are the primary source of funding for electric operations and the capital improvement program. More than one-half of the Electric Fund's costs go toward the purchase of power.

Quarter 1 Summary

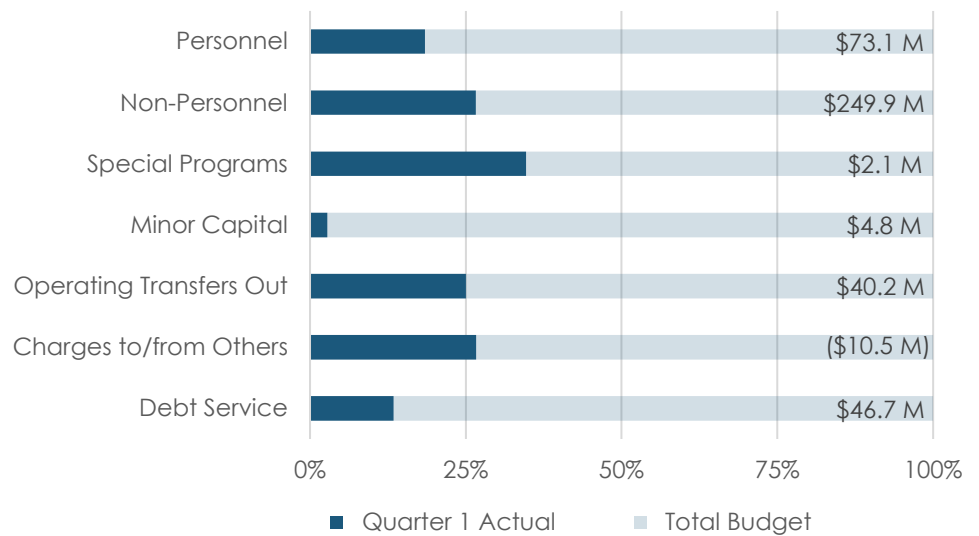
Electric revenues are trending at 28% of total budget at September 30, 2019 due to higher retail sales in the first quarter of the fiscal year and due to higher interest revenue as a result of rebalancing the investment portfolio.

Operating expenditures are 23% of total budget at the end of the first quarter. Minor capital expenditures will vary throughout the year but are expected to come in as budgeted.

REVENUE



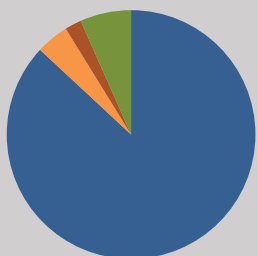
EXPENDITURES



Electric Capital Projects



Learn about our major capital projects at:
<https://riversideca.gov/utilities/projects>



- Bond Proceeds
- Reserves
- Rates
- Contributions in Aid

Completed in Quarter 1

Substation
Underground
Recurring Maintenance &
Repairs

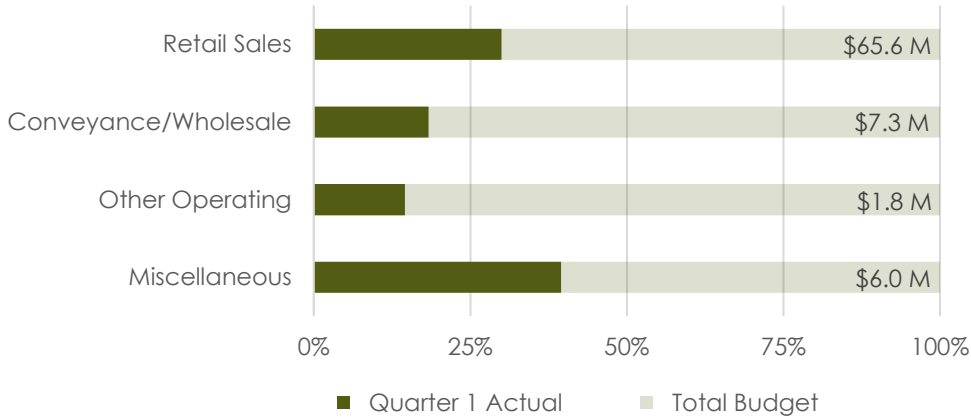
\$7.3
Million

Capital Project
Spending in
Quarter 1

WATER FUND

The Water Fund reports financial activity related to the delivery of water to more than 65,000 metered water customers over 74.2 square-mile territory that covers the majority of the City of Riverside. 100% of Riverside's water comes from groundwater basins fed by rain and snow falling in the San Bernardino Mountains and local foothills. Charges for service through rates are the primary source of funding for operations and the capital improvement program.

REVENUE

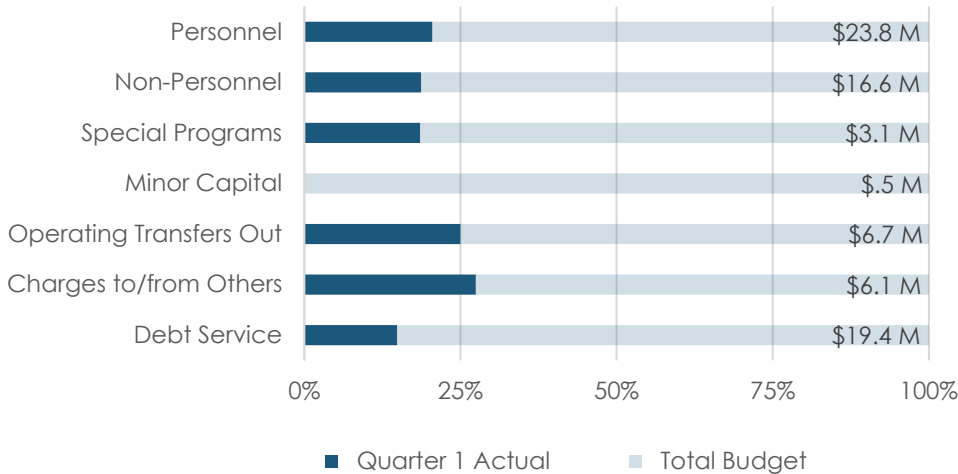


Quarter 1 Summary

Water revenues are trending at 29% of total budget at September 30, 2019, which is more than anticipated primarily due to higher interest revenue due to rebalancing the investment portfolio. Retail sales are typically higher during the summer months but are 3.6% lower than expected for the first quarter due to milder temperatures.

Operating expenditures are 20% of total budget at the end of the first quarter, primarily because debt payments and other spending does not occur evenly throughout the year. Overall, expenditures are expected to correspond with the total budgeted at the end of the fiscal year.

EXPENDITURES



Learn about our major capital projects at:
<https://riversideca.gov/utilities/projects>



Water Capital Projects

\$2.6
Million

Capital Project Spending in Quarter 1

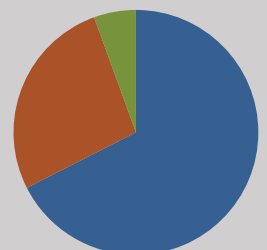
625

Meter Replacements

281

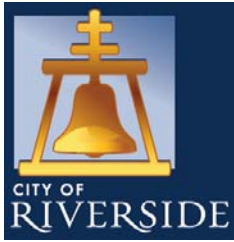
Service Lateral Replacements

- Bond Proceeds
- Rates
- Contributions in Aid



Measure Z
FY 2019/20 Quarter 1 Financial Update

Spending Item	Category	Total Budget	FY 2019/20 Expenditures
Financial Discipline/ Responsibility			
2 Payoff of the Balloon \$32 million Pension Obligation Bond	Financial Discipline	1,674,490	418,622
4 Measure Z Spending Contingency	Financial Discipline	2,000,000	-
Total Financial Discipline/ Responsibility		3,674,490	418,622
Public Safety			
5 Additional Sworn Police Positions	Public Safety	8,068,849	1,431,788
6 Public Safety Non-Sworn Positions and Recruitment Costs	Public Safety	1,148,157	177,911
7 Police Officer Lateral Hire Incentives and Recruitment Costs	Public Safety	658,671	9,994
8 Additional Dispatchers	Public Safety	644,859	116,352
9 Reinstatement of Fire Squad	Public Safety	942,565	276,088
10 Reinstatement of Captains (Training and Arson)	Public Safety	585,486	120,967
11 Reinstatement of Battalion Chief	Public Safety	416,296	84,577
12 Revised PD Vehicle Replacement and Maintenance Plan	Public Safety	2,509,151	498,731
14 Revised Fire Vehicle Replacement and Maintenance Plan	Public Safety	3,712,952	1,925,659
16 Additional Fleet Mechanics for Police Department (2)	Public Safety	218,153	34,403
17 Additional Fleet Mechanics for Fire Department (2)	Public Safety	228,155	48,788
34 4-Person Staffing on Fire Trucks	Public Safety	1,069,497	348,272
35 Fire Equipment and One-Time Operating Needs	Public Safety	189,527	64,019
36 Contingency - Fire Radios	Public Safety	568,231	-
38 Arlington Youth Innovation Center Furniture, Fixtures & Equip.	Public Safety	600,000	2,456
37 Recreation - Summer Pools	Public Safety	50,000	12,500
40 Library Security Guards	Public Safety	122,000	-
Total Public Safety		21,732,549	5,152,504
Critical Operating Needs			
18 Funding Gap - Existing Services	Critical Operating Needs	18,266,026	4,566,506
19 General Plan Update	Critical Operating Needs	4,966,581	7,050
20 Homeless Services	Critical Operating Needs	1,306,606	126,902
21 Principal Analyst - City Manager's Office	Critical Operating Needs	161,100	34,820
22 Budget Engagement Commission Support	Critical Operating Needs	27,000	2,346
Total Critical Operating Needs		24,727,313	4,737,624
Facility Capital Needs			
23 New Downtown Main Library and Archives	Facility Capital Needs	4,840,735	1,279,875
24 Eastside Library Site Selection	Facility Capital Needs	100,000	-
25 New Police Headquarters	Facility Capital Needs	2,132,000	533,000
26 Museum Expansion and Rehab	Facility Capital Needs	99,220	23,995
28 Annual Deferred Maintenance	Facility Capital Needs	1,651,736	282,957
Total Facility Capital Needs		8,823,691	2,119,827
Quality of Life			
29 Maximize Roads/Streets (Pavement Condition Index)	Quality of Life	12,789,674	2,924
30 Tree Trimming	Quality of Life	2,018,534	975
31 Ward Action Team - City Attorney's Office	Quality of Life	282,065	65,240
32 Ward Action Team - City Manager's Office	Quality of Life	142,883	3,480
39 Public Safety and Engagement Team (PSET)	Quality of Life	3,429,435	104,815
Total Quality of Life		18,662,591	177,434
Technology			
33 Technology Improvements	Technology	5,454,083	187,802
Total Technology		5,454,083	187,802
Expenditures		83,074,717	12,793,812



FY 2018-2020 TWO-YEAR BUDGET: FY 2019/20 FIRST QUARTER UPDATE

Finance Department

City Council
February 11, 2020

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GENERAL FUND OVERVIEW

FY 2019/20 Adopted Budget	
Revenue & Transfers In	\$279,136,415
Expenditures & Transfers Out	280,372,427
Surplus/(Deficit)	\$(1,236,012)

General Fund Reserves (in millions)	
Emergency Reserves (15%)	\$42.0 M
Economic Contingency Reserves (5%)	14.0 M
Budgeted Use of Reserves	1.2 M
Pension Stabilization Reserves	4.9 M
Surplus Reserves*	4.4 M

* Budget Engagement Commission recommends allocation to Section 115 Pension Liability Trust



Quarter 1 Highlights

- ✓ Revenues 14%
- ✓ Expenditures 23%



Watch Item

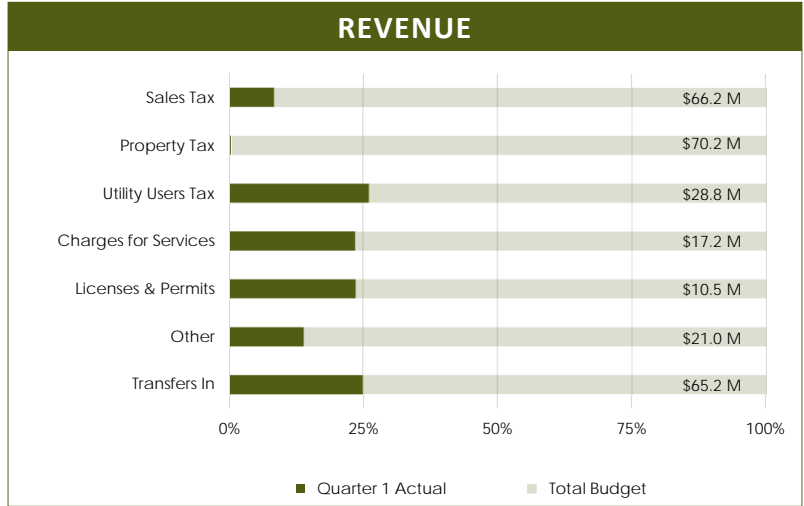
Police Department overtime trend:
Potential \$4.4 M excess for the fiscal year

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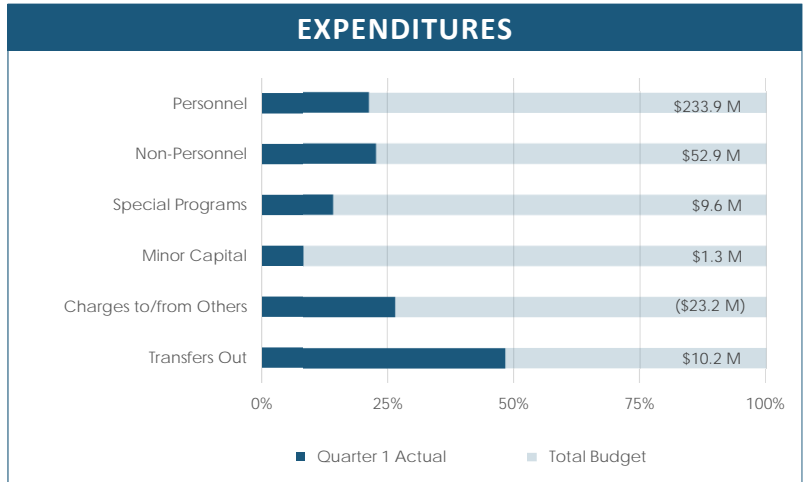
GENERAL FUND REVENUE



3

3

GENERAL FUND EXPENDITURES



Includes prior fiscal year carryovers.

4

4

MEASURE Z OVERVIEW

MEASURE Z SUMMARY				
	FY 2016/17 Actuals	FY 2017/18 Actuals	FY 2018/19 Actuals	FY 2019/20 Allocations
Revenue	\$12,606,428	\$56,222,806	\$62,692,745	\$59,000,000
Spending Allocations	9,973,447	36,134,811	61,702,430	62,360,436
Carryovers			(20,7147,281)	20,714,281
Net Change in Fund Balance	2,632,981	20,087,995	21,704,596	(24,074,717)
Fund Balance Reserve	-	-	5,000,000	-
Fund Balance	\$2,632,981	\$22,720,976	\$39,425,572	\$15,350,855

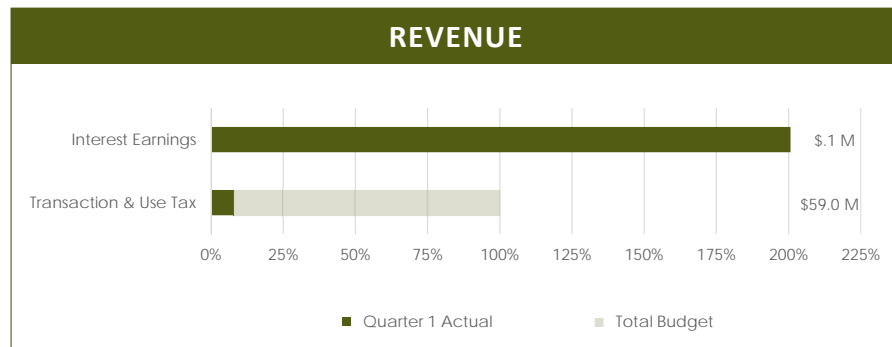


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MEASURE Z REVENUE

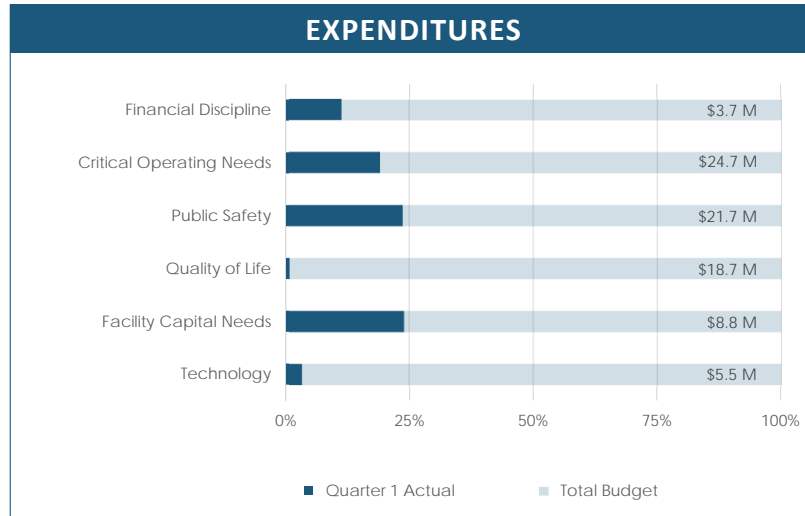


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MEASURE Z EXPENDITURES



Includes prior fiscal year carryovers.

7



7

SEWER FUND OVERVIEW

FY 2019/20 Adopted Budget

Revenue & Transfers In	\$68,439,438
Expenditures & Transfers Out	64,989,311
Surplus/(Deficit)	\$3,450,127

Fund Reserves

Beginning Balance	\$99,455,823
Estimated Revenues	68,439,438
Budgeted Expenditures*	99,313,151
Estimated Ending Reserves	\$68,582,109

** Includes prior fiscal year carryovers.*

Quarter 1 Highlights

- ✓ Revenues 26%
- ✓ Expenditures 37%

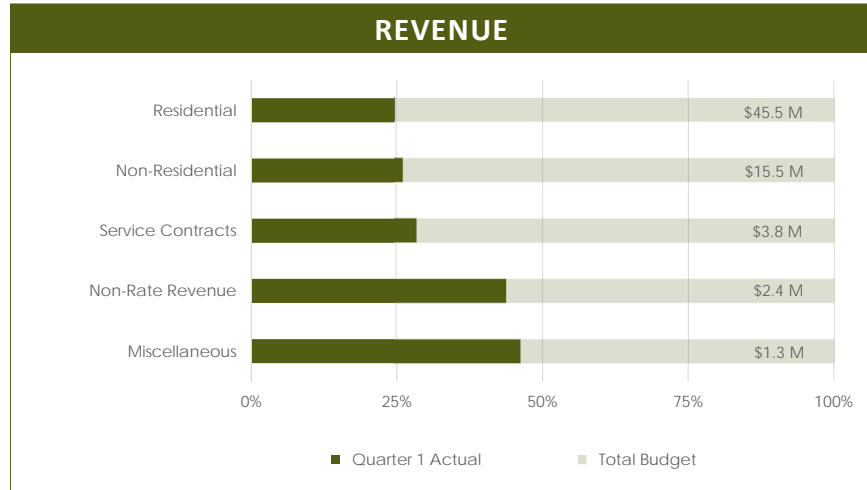
Expenditures occur unevenly throughout the year.

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SEWER FUND REVENUE

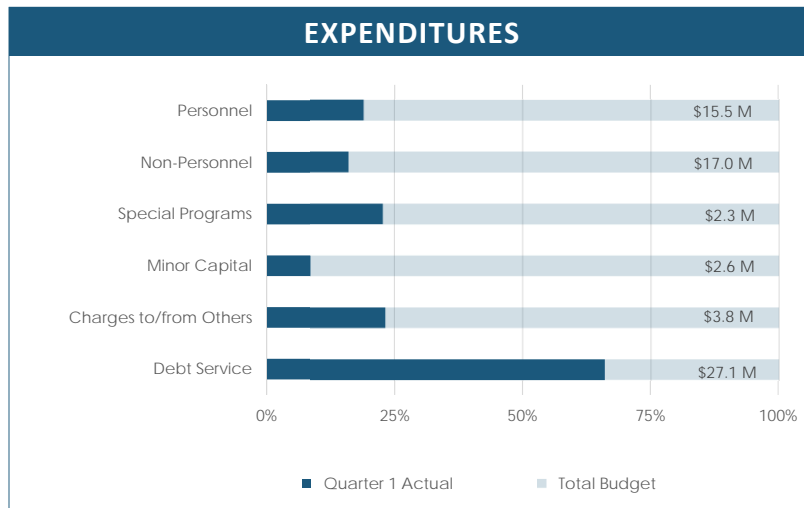


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SEWER FUND EXPENDITURES



Includes prior fiscal year carryovers; excludes capital projects.



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REFUSE FUND OVERVIEW

FY 2019/20 Adopted Budget

Revenue & Transfers In	\$25,441,965
Expenditures & Transfers Out	26,815,371
Surplus/(Deficit)	\$(1,373,406)

Fund Reserves

Beginning Balance	\$8,326,106
Estimated Revenues*	24,638,821
Budgeted Expenditures*	28,772,255
Estimated Ending Reserves	\$4,192,672



* Includes revenue adjustments and prior fiscal year expenditure carryovers.

Quarter 1 Highlights



Revenues 23%



Expenditures 19%



Expenditures occur unevenly throughout the year.

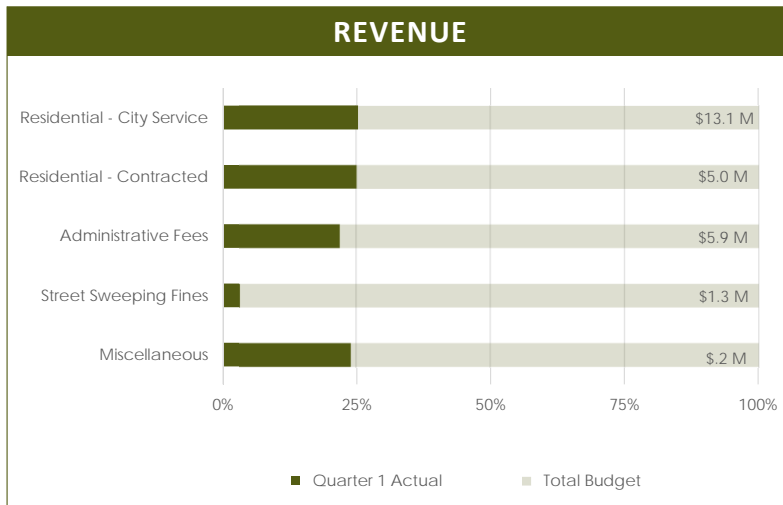
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REFUSE FUND REVENUE

REVENUE



Revenue Reductions

- Parking Fine revenue reduced \$668,000 due to the suspension of street sweeping fines during a sign replacement program.
- Curbside Material Revenue (Recyclables) reduced from \$135,000 to \$0 due to changes in the recycling market.

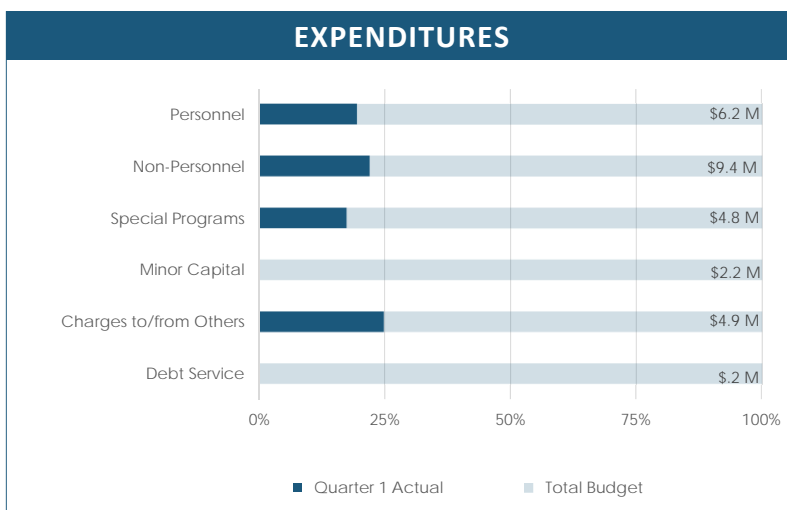


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REFUSE FUND EXPENDITURES



* Includes prior fiscal year carryovers; excludes capital project budget.

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ELECTRIC FUND OVERVIEW

FY 2019/20 Adopted Operating Budget

Revenue & Transfers In	\$382,074,694
Expenditures & Transfers Out	404,034,819
Surplus/(Deficit)*	\$(21,960,125)

Unrestricted, Undesignated Cash Reserves

Cash Reserves	\$185 M
Available Line of Credit	\$35 M
Minimum Reserve Level	\$131 M
Maximum Reserve Level	\$209 M

Quarter 1 Highlights

- ✓ Revenues 28%
- ✓ Expenditures 23%

Expenditures occur unevenly throughout the year.

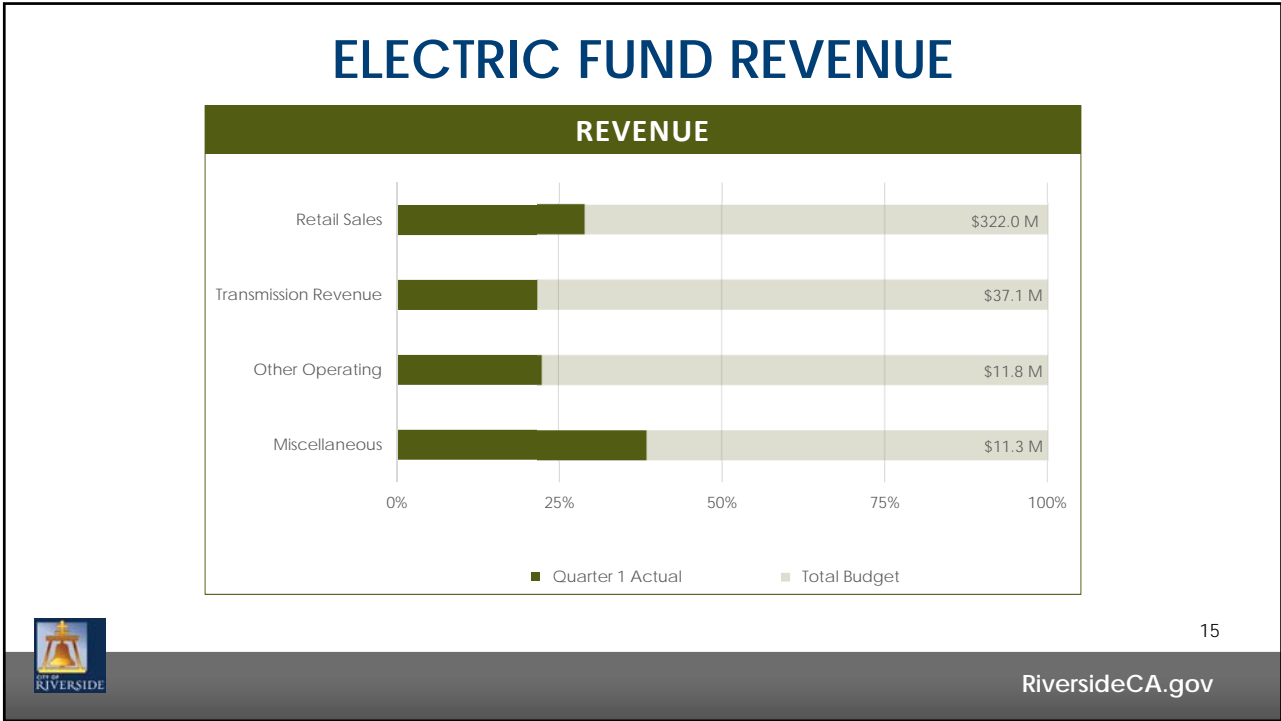
*Strategic drawdown of cash reserves.

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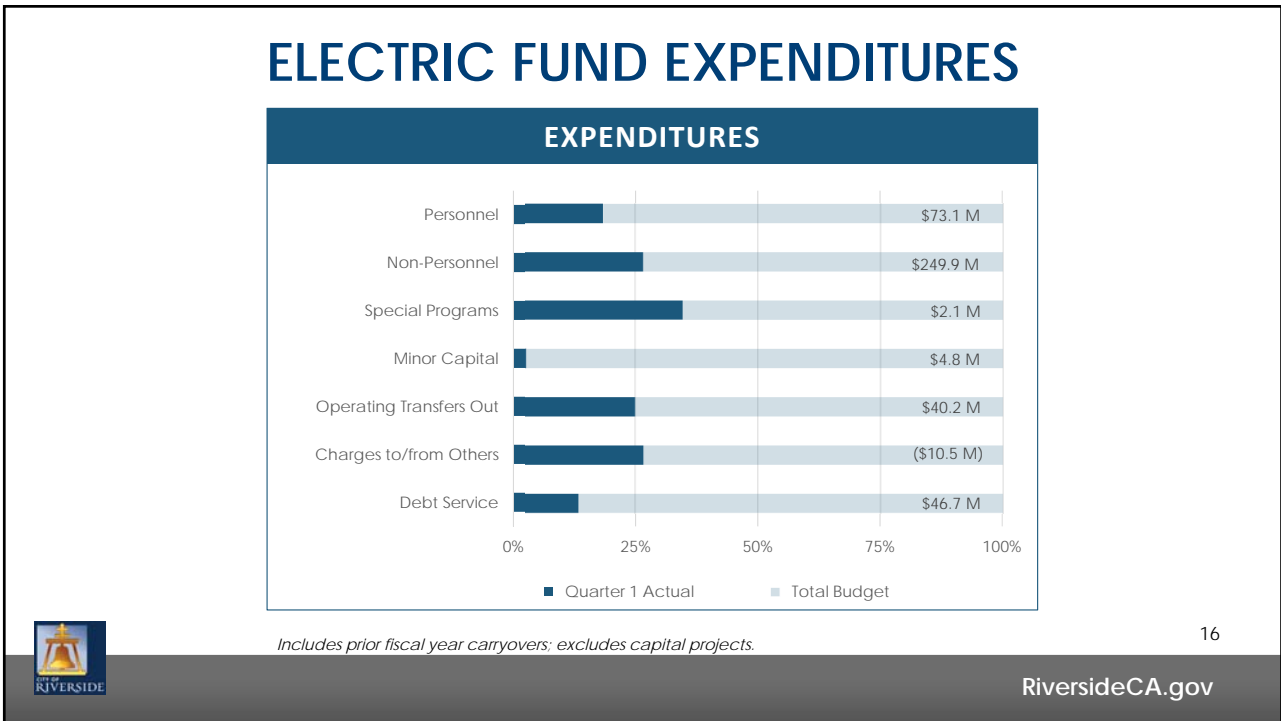


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WATER FUND OVERVIEW

FY 2019/20 Adopted Operating Budget

Revenue & Transfers In	\$80,710,703
Expenditures & Transfers Out	74,840,912
Surplus/(Deficit)	\$5,869,791

Unrestricted, Undesignated Cash Reserves

Cash Reserves	\$31 M
Available Line of Credit	\$25 M
Minimum Reserve Level	\$39 M
Maximum Reserve Level	\$59 M

Quarter 1 Highlights



Revenues 29%



Expenditures 20%

Expenditures occur unevenly throughout the year.

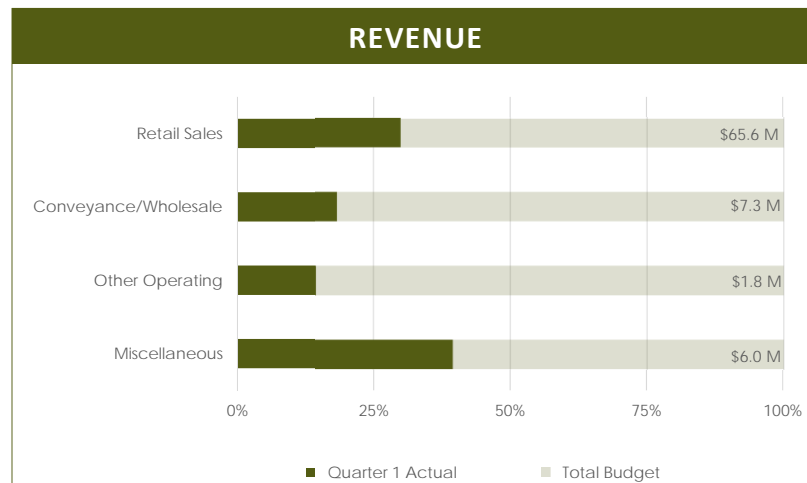


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WATER FUND REVENUE

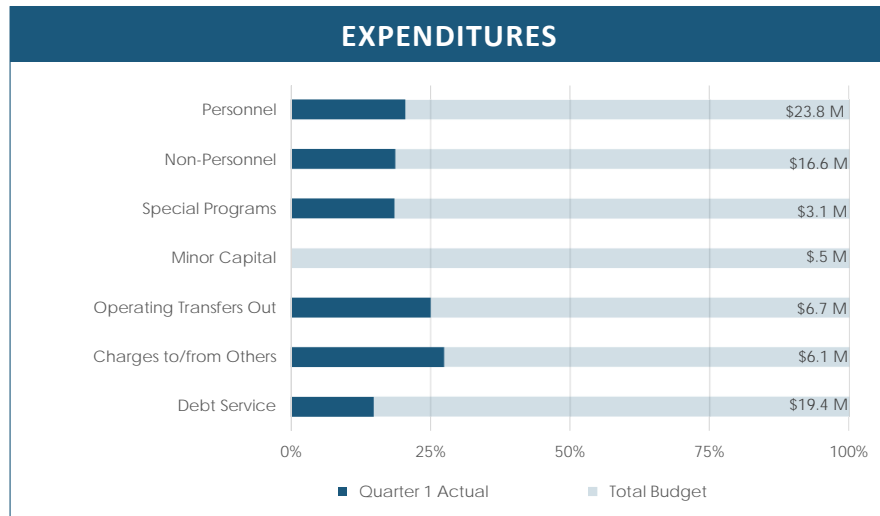


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WATER FUND EXPENDITURES



** Includes prior fiscal year carryovers; excludes capital project budget.*



TRANSFERS AND SUPPLEMENTALS

1. General Fund \$2,200,043 Million Interfund Transfer to the Debt Service Fund: Move fund reserves related to Fire debt to Debt Service Fund.
2. General Fund \$7,500 Interfund Transfer and Supplemental Appropriation: Use of funds on hand in the Debt Administration Fees deposit account for Debt Division staff training.
3. General Fund \$161,193 Interdepartmental Transfer: Transfer Senior Performance Analyst from City Manager's Office to Innovation & Technology.
4. General Fund \$4.4 Million Supplemental Appropriation to Section 115 Pension Liability Trust.



RECOMMENDATIONS

That the City Council:

1. Receive and provide input on the attached Fiscal Year 2019/20 First Quarter Financial Report and Measure Z update;
2. Approve General Fund interfund and interdepartmental transfers in the amount of \$2,368,736;
3. Approve a supplemental appropriation in the amount of \$7,500 from the Special Deposits Fund to the General Fund; and
4. Approve the allocation of General Fund surplus reserves in the amount of \$4.4 million to the Section 115 Pension Liability Trust.



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