



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JANUARY 13, 2026**
FROM: FINANCE DEPARTMENT **WARDS: ALL**
SUBJECT: FISCAL YEAR 2024/25 FOURTH QUARTER CASH, INVESTMENTS, AND DEBT REPORT

ISSUE:

That the City Council receive and provide input on the Fiscal Year 2024/25 Fourth Quarter Cash, Investments, and Debt Report.

RECOMMENDATION:

That the City Council receive and provide input on the Fiscal Year 2024/25 Fourth Quarter Cash, Investments, and Debt Report.

BACKGROUND:

The Cash, Investments, and Debt report is prepared quarterly to provide an overview of the City's cash and investment portfolio, and debt management activities and portfolio. It is staff's intention to provide the Cash, Investments and Debt 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.

On July 15, 2025, the City Council received for consideration the Fiscal Year 2024/25 Third Quarter Cash and Investments and Debt report.

DISCUSSION:

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 quarterly.

As of June 30, 2025, the City's pooled investment portfolio's market value was \$1.059 billion. 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 \$328 million. The weighted average yield of the pooled investment portfolio is 3.74% as of June 30, 2025.

The authority to manage the City's investment program is provided by the California Government Code Sections 53600-53610, which allow the City Council to delegate to the Treasurer/Chief Financial Officer (CFO) the authority to invest or to reinvest all funds of the City for a one-year period. In accordance with the City Charter and under authority granted by the City Council, the CFO 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 CFO/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, 2025:

1. **Federal and Special Program Funds:** The following funds have temporary negative cash balances resulting from a timing difference between eligible program expenditures and corresponding grant reimbursements.
 - HOME Investment Partnership Program: (\$1,553,110)
 - Housing Opportunities for Persons with AIDS: (\$4,241,876)
 - Neighborhood Stabilization Program: (\$127,423)
2. **Capital Outlay Grants (\$17,024,733):** The negative balance is due to a timing difference between eligible capital project expenditures and the corresponding grant reimbursements.
3. **Transportation Uniform Mitigation Fee (TUMF) Fund (\$7,753,026):** The negative balance reflects a timing difference between capital project expenditures and project funding revenue receipts.

Quarterly Debt Report

The Finance Department is responsible for managing the City's debt portfolio, including issuing new debt and monitoring opportunities to refinance existing debt obligations. 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 obligation, and presents the total principal and interest payments made in the fourth quarter of Fiscal Year (FY) 2024/25 by debt classification and fund.

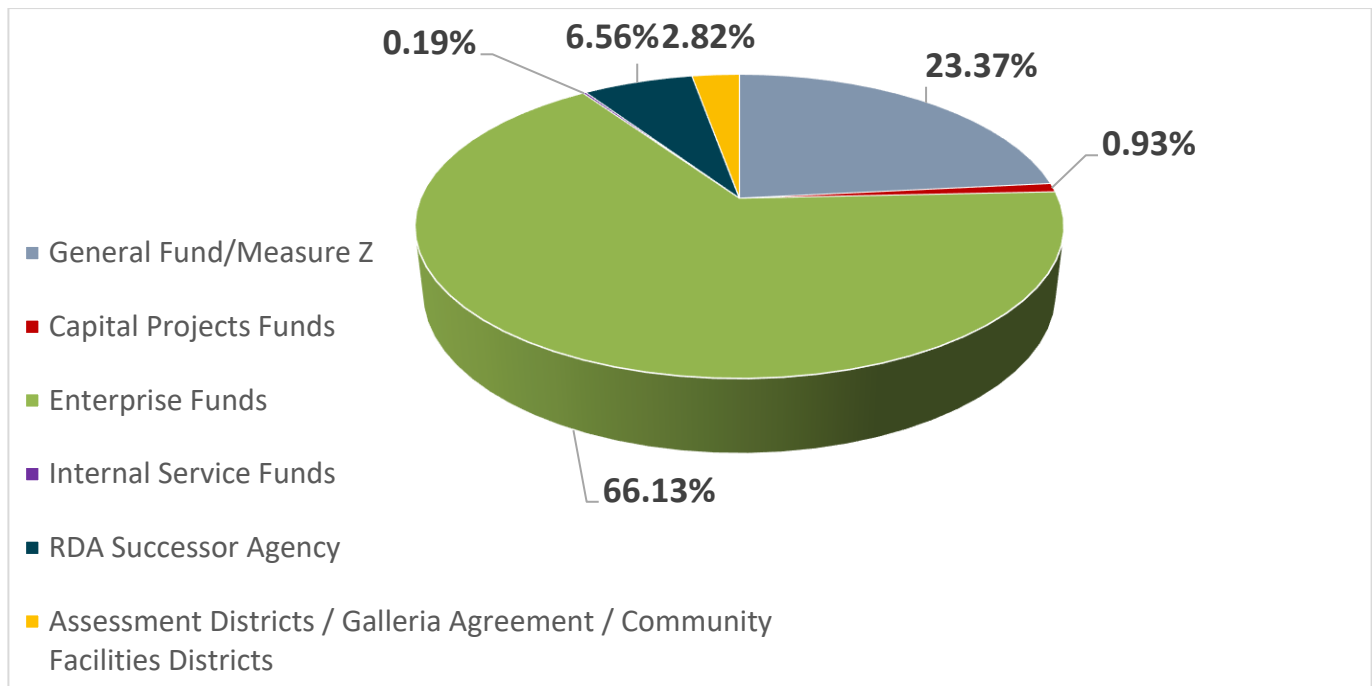
Debt Summary Analysis

The City's outstanding principal varies as a result of debt service payments, bond calls, new debt issuances, and refunding and defeasance activity. At the close of the fourth quarter of FY 2024/25, the City's outstanding principal balance increased \$19,580,239 compared with the balance at the end of the third quarter, due to the issuance of bonds to fund the current Museum Project. Net City debt has decreased year-over-year by \$40,922,374 due to refunding opportunities, and principal paydowns that were executed during the Fiscal Year.

Additionally, debt service principal payments were made on the following bonds:

- Bank of America Capital Lease #4 (Police Helicopters)
- Convention Center Expansion Loan
- Fox Entertainment Plaza Loan
- Local Measure A Certificate of Participation Series 2023A
- Pension Obligation Bonds Series 2017A
- Pension Obligation Bonds Series 2020A (Safety) & (Misc.)

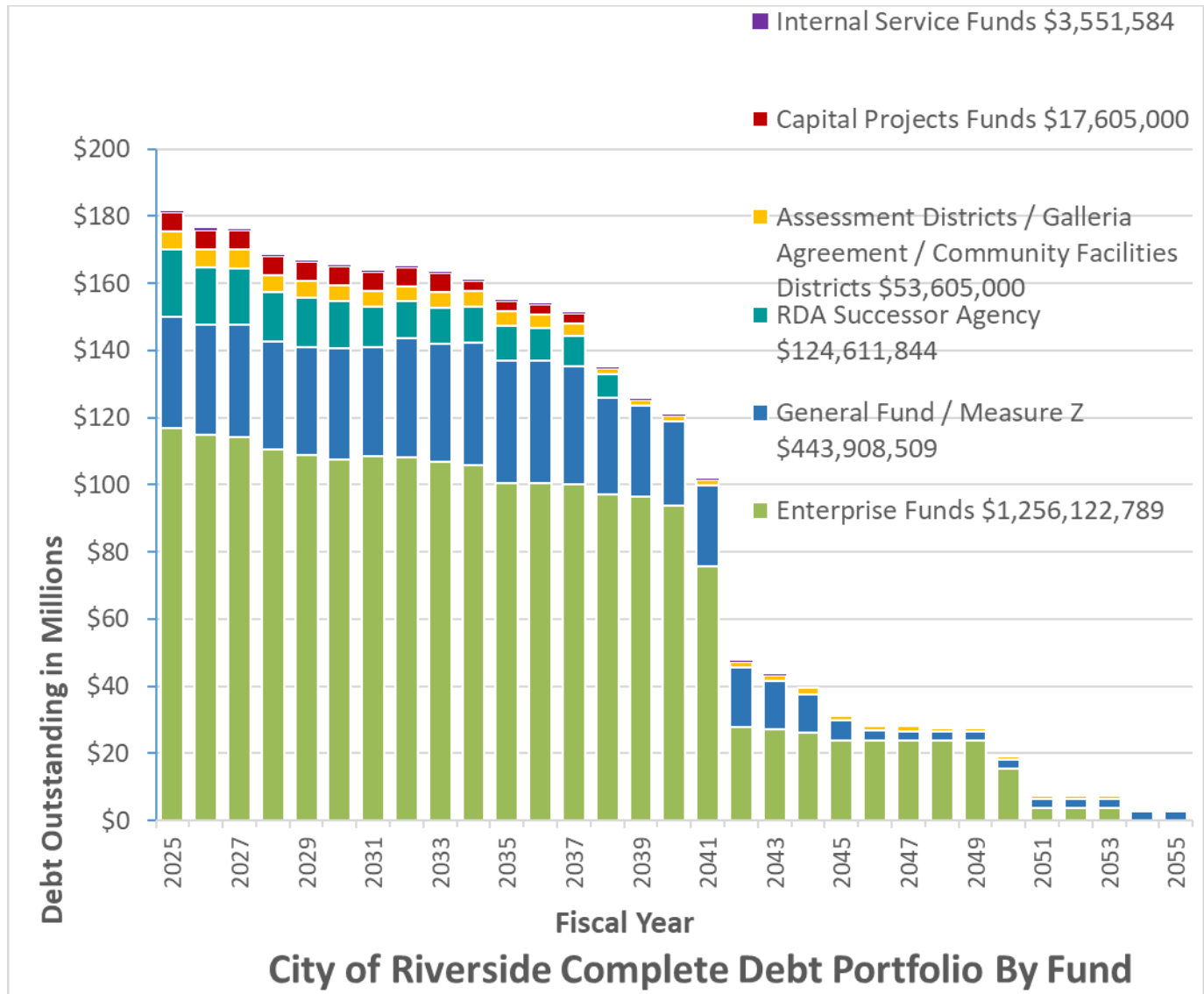
The following chart illustrates the composition of the City's debt portfolio at the end of the fourth quarter. The majority of the City's debt is held by the Enterprise funds, primarily issued to finance capital projects, with repayment offset by the revenues generated by the newly financed facilities. The General Fund and Measure Z carry the next largest percentage of debt, providing financing for projects and equipment related to public safety, downtown revitalization, and public facility and infrastructure improvements. Debt service for the City's Pension Obligation Bonds is allocated to multiple funds, aligning payments with departmental staffing costs.



For the purposes of this report, the Sewer, Water, Electric, Refuse, Special Transit, 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 is classified under Capital Projects Funds. While the Assessment Districts, Galleria Agreement, and Community Facilities Districts are part of the City debt portfolio, they are not classified as City obligations. They are offset by individual Assessment and Community Facilities Districts which are separate legal entities from the City, formed to issue debt and levy assessments and/or special tax to finance improvements related to development in those districts.

The following chart displays the City's debt service obligations at the end of FY 2024/25 using the same classification methodology, depicting annual aggregate principal and interest payments on all City debt by fund. As illustrated, the City maintains a stable debt service curve resulting in

steadily decreasing annual payments and minimizing large upward spikes that could negatively affect the City's ability to meet debt service obligations in any given fiscal year.



Debt Related Activities in the Fourth Quarter

Finance staff regularly monitors the market to identify opportunities for maximizing debt service savings through refunding and issuing debt when rates are most favorable.

Other debt related activities conducted in the fourth quarter include:

1. Finalized the financing for the Museum Reconstruction Project and Soroptimist Stones projects, construction begins June 2025, and the financing closed May 8, 2025.
2. Advanced the 2025A Sewer Revenue Bond Issuance Refinancing of the 2015A Sewer Revenue Bonds with an anticipated closing date of August 28, 2025.
3. Finalized the renewal process for Riverside Public Utilities' Revolving Lines of Credit (RLOC) to support liquidity, align with fiscal policy, and preserve strong credit ratings. The RLOC closed June 2, 2025.

4. Continued the renewal process for Riverside Public Utilities' Letter of Credit in connection with the 2011 RPU Variable Water Revenue Bonds with an anticipated closing date of September 18, 2025.
5. Adopted resolutions to receive and file the Engineer Reports required for the annual levies on the Landscape Maintenance and Citywide Street and Lighting Districts.
6. Filed the FY 2024/25 Second Quarter Cash, Investments and Debt Report. (The FY 2024/25 Third Quarter report was filed in July 2025.)
7. Finalized the reporting for Assembly Bill 2854 in relation to the City's Tax Revenue Sharing Agreements and the reporting requirement filing and posting deadline of April 30, 2025.

FISCAL IMPACT:

There is no direct fiscal impact associated with this report.

Prepared by: Meline Carranza, Debt and Treasury Manager
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Certified as to
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Approved by: Edward Enriquez, Assistant City Manager/CFO/City Treasurer
Approved as to form: Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. Cash and Investment Report – Q4
2. Quarterly Debt Report – Q4