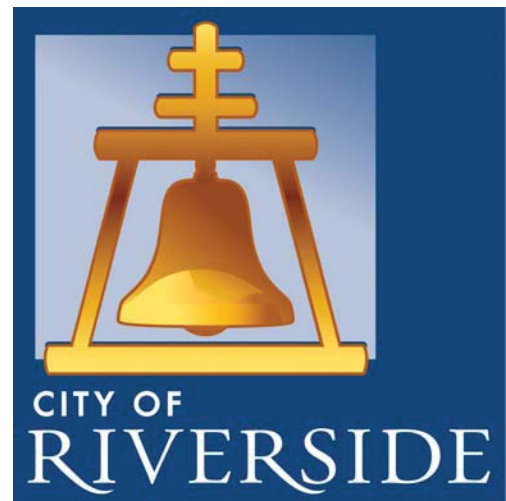


ATTACHMENT A

FINANCIAL REPORT



General Fund and Measure Z Summary

FY 2016/17 4th Quarter Projections

As of June 30, 2017

GENERAL FUND	ADOPTED	PROJECTED (3RD QTR)	PROJECTED (4TH QTR)	DIFFERENCE (3RD VS 4TH QTR PROJECTIONS)
OPERATING REVENUES/TRANSFERS IN <i>(See A-3)</i>	\$ 266,444,469	\$ 266,761,564	\$ 272,016,136	\$ 5,254,572
OPERATING EXPENDITURES/TRANSFERS OUT <i>(See A-4)</i>	\$ 266,417,939	\$ 269,824,076	\$ 269,385,795	\$ (438,281)
PROJECTED SURPLUS/(DEFICIT)	\$ 26,530	\$ (3,062,512)	\$ 2,630,341	\$ 5,692,853
Operating General Fund Reserve (Without Measure Z)	\$ 33,185,259	\$ 30,096,217	\$ 35,789,070	\$ 5,692,853
	12.5%	11.2%	13.3%	
General Fund Reserve Transfer In From Measure Z		\$ 9,488,750	\$ 9,488,750	
Allocation to fund capital needs and Self-Insurance Liability Trust Funds Reserve	\$ -	\$ -	\$ (3,780,000)	
ENDING: General Fund Reserve (With Measure Z)	\$ 33,185,259	\$ 39,584,967	\$ 41,497,820	\$ 5,692,853
	12.5%	14.7%	15.4%	

MEASURE Z	ADOPTED	PROJECTED (3RD QTR)	PROJECTED (4TH QTR)	DIFFERENCE (3RD VS 4TH QTR PROJECTIONS)
OPERATING REVENUES/TRANSFERS IN <i>(See A-3)</i>	\$ 10,000,000	\$ 10,000,000	\$ 12,606,428	\$ 2,606,428
OPERATING EXPENDITURES/TRANSFERS OUT <i>(See A-4)</i>	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ -
PROJECTED SURPLUS/(DEFICIT)	\$ -	\$ -	\$ 2,606,428	\$ 2,606,428

General Fund

FY 2016-17 4th Quarter Expenditures and Carryovers

Department	Total Budget (1)	FY 16/17 Expenditures	Available Balance	Encumbrances (2)	Restricted Carryovers (3)	Special Project Carryovers (4)	Operating Carryover	Offsetting Revenue	Operating Surplus/ (Deficit) (5)	Department Surplus/ (Deficit)
Mayor	1,120,148	1,064,328	55,820	4,299	26,426	25,095	-		-	51,521
City Council	1,736,108	1,748,509	(12,401)	-	-	-	(12,401)		(12,401)	(12,401)
City Manager	5,804,377	5,601,987	202,390	43,640	-	98,595	60,155		60,155	158,750
City Clerk	1,848,373	1,641,124	207,249	978	-	-	206,271		206,271	206,271
City Attorney	5,461,087	4,275,653	1,185,434	147,048	-	236,773	801,612		801,612	1,038,385
Human Resources	4,504,188	3,355,313	1,148,875	108,723	-	269,921	770,230		770,230	1,040,152
General Services	5,291,815	4,883,916	407,899	141,057	238,824	1,949	26,069		26,069	266,842
Finance	9,242,111	8,740,676	501,436	108,361	-	41,761	351,314		351,314	393,075
Innov & Tech	13,846,345	12,095,505	1,750,841	326,441	-	-	1,424,391		1,424,391	1,424,391
CEDD	20,170,338	16,123,860	4,046,478	1,425,371	2,113,608	234,957	272,542		272,542	2,621,107
Police	116,738,519	112,105,175	4,633,343	2,265,459	2,423,024	16,136	(881,251)		(881,251)	1,557,909
Fire	57,747,625	58,915,301	(1,167,676)	118,949	915,013	-	(2,201,637)	1,299,703	(901,934)	13,078
Public Works	19,600,878	17,783,438	1,817,441	805,143	371,723	-	640,575		640,575	1,012,298
Library	9,542,393	9,085,025	457,368	88,243	287,995	21,790	59,340		59,340	369,125
PRCS	24,852,063	22,217,940	2,634,123	426,064	1,684,902	523,157	-	-	-	2,208,059
Museum	4,807,437	3,986,877	820,560	123,937	77,125	329,787	289,710		289,710	696,623
Non-Dept	19,109,013	17,492,884	1,616,129	466,215	678,584	679,744	(208,413)		(208,413)	1,149,915
Comm Liv	250,000	245,597	4,403	-	-	-	4,403		4,403	4,403
TOTAL	321,672,820	301,363,107	20,309,713	6,599,930	8,817,224	2,479,666	1,602,910	1,299,703	2,902,613	14,199,502

(1) Total Budget includes prior year carryovers, supplemental appropriations, General Fund grants, etc.

(2) Encumbrances represent the purchase order balances, which are anticipated to be paid in FY 2017/18.

(3) Restricted Carryover balances includes grants, capital project funds, and other special revenue items (e.g. Measure I - Library).

(4) Special Project carryovers include funds set aside from past City Council direction (e.g. Commissions, animal control, shopping carts, etc.).

(5) Per City Manager's Carryover Policy, discretionary carryovers are based on ending fiscal year balances in the General Fund, less any-one time corrections. This is the net of the Operating Carryover and Offsetting Revenue columns.

General Fund

FY 2016-17 4th Quarter Expenditures and Carryovers

DEPARTMENTS WITH NEGATIVE OPERATING DEFICITS

Operating deficits are calculated as the total available carryover after the restricted carryovers, discretionary spending carryovers, and offsetting revenue are applied to the Available Balance. Overall, the department may be in a surplus state.

City Council:

Excess expenditures resulted from leave payouts to departing employees.

Police:

Despite significant savings in Non-Personnel, those savings were mitigated by \$886K excess Overtime and \$908K in unbudgeted payoffs.

Fire:

Overtime exceeded budget by \$757K and leave payoffs exceeded budget by \$94K; excess benefit costs were also noted.

Non-Departmental:

Excesses in several sections contributed to the overall non-departmental deficit, including Developer Agreements, Property Maintenance, and Employee Parking.

Measure Z

FY 2016-17 4th Quarter

Department	Total Budget	FY 16/17 Expenditures	Available Balance	Encumbrances	Restricted Carryovers	Discretionary Carryovers	Operating Carryover	Offsetting Revenue	Operating Surplus/ (Deficit)	Department Surplus/ (Deficit)
City Attorney	56,250	21,907	34,343	-	-	-	34,343		34,343	34,343
Finance	5,000	4,311	689	-	-	-	689		689	689
Fire	450,000	450,000	-	-	-	-	-		-	-
General Fund Reserve	9,488,750	9,488,750	-	-	-	-	-		-	-
TOTAL	10,000,000	9,964,968	35,032	-	-	-	35,032	-	35,032	35,032

General Fund and Measure Z Revenue Summary
FY 2016/17 4th Quarter Estimates

GENERAL FUND	ACTUALS	ADOPTED	PROJECTED (4th QTR)	DIFFERENCE (Adopted vs 4th Qtr Projections)	DIFFERENCE (3rd Qtr vs 4th Qtr Projections)
	FY 2015-16	FY 2016-17	FY 2016-17	FY 2016-17	FY 2016-17
Sales & Use Taxes	\$ 60,976,046	\$ 66,567,942	\$ 63,280,447	\$ (3,287,495)	\$ (1,494,149)
Property Taxes	\$ 53,337,211	\$ 56,730,769	\$ 57,251,935	\$ 521,166	\$ 1,237,993
Utilities Users Tax	\$ 27,828,010	\$ 28,577,109	\$ 27,957,999	\$ (619,110)	\$ 167,705
Franchise Fees	\$ 5,729,647	\$ 5,590,000	\$ 4,813,881	\$ (776,119)	\$ (461,119)
Transient Occupancy Tax	\$ 6,093,430	\$ 6,541,500	\$ 6,621,721	\$ 80,221	\$ 80,221
Property Transfer Tax	\$ 2,208,091	\$ 2,684,000	\$ 2,274,013	\$ (409,987)	\$ (25,987)
General Fund Transfer	\$ 44,789,400	\$ 45,075,000	\$ 45,802,400	\$ 727,400	\$ 900,000
Charges for Services - Development & Building	\$ 4,349,030	\$ 4,505,786	\$ 5,339,703	\$ 833,917	\$ 331,048
Special Revenue - Entertainment	\$ 11,796,183	\$ 11,151,690	\$ 14,889,038	\$ 3,737,348	\$ 1,611,038
Charges for Services	\$ 10,372,477	\$ 10,692,514	\$ 11,206,556	\$ 514,042	\$ 357,495
Licenses and Permits	\$ 9,076,943	\$ 9,825,167	\$ 9,814,735	\$ (10,432)	\$ 88,584
Fines and Forfeits	\$ 1,937,189	\$ 1,737,000	\$ 1,967,706	\$ 230,706	\$ 526,706
Special Assessments	\$ 4,423,681	\$ 4,504,237	\$ 4,443,233	\$ (61,004)	\$ (121,004)
Intergovernmental Revenues	\$ 2,899,758	\$ 1,520,000	\$ 2,721,506	\$ 1,201,506	\$ 501,657
Other	\$ 7,796,640	\$ 10,741,756	\$ 13,631,263	\$ 2,889,507	\$ 1,554,384
Projected Total Revenues / Transfers In*	\$ 253,613,736	\$ 266,444,469	\$ 272,016,136	\$ 5,571,667	\$ 5,254,572

MEASURE Z	FINAL	ADOPTED	PROJECTED (4th QTR)	DIFFERENCE (Adopted vs 4th Qtr Projections)	DIFFERENCE (3rd Qtr vs 4th Qtr Projections)
	FY 2015-16	FY 2016-17	FY 2016-17	FY 2016-17	FY 2016-17
<i>Measure Z Revenue</i>	\$ -	\$ 10,000,000	\$ 12,606,428	\$ 2,606,428	\$ 2,606,428
Projected Total Measure Z Revenues / Transfers In	\$ -	\$ 10,000,000	\$ 12,606,428	\$ 2,606,428	\$ 2,606,428

Material Changes between Third and Fourth Quarter are described below:

¹ Sales Tax revenue was approximately \$1.5 million lower than projections in the 3rd Quarter based on slower growth and large corrections of approximately \$500,000 that negatively impacted the City (e.g. CDW - County Pool, T-Mobile - point of sale, large tool manufacturer - point of sale). Additionally, the City continues to be impacted by the loss of a used car dealership (Paul Blanco) and increasing competition from surrounding cities (e.g. new CarMax in Marietta).

² Property Tax revenue was approximately \$1.2 million higher than projections in the 3rd Quarter based on Successor Agency properties being sold and placed back on the County roll.

³ Utility Users Tax (UUT) revenues was approximately \$165,000 higher than projections in the 3rd Quarter based on higher consumption of natural gas.

⁴ Franchise Fee revenue was approximately \$460,000 lower than anticipated due to So. Cal Gas changing its franchise fee calculation methodology due to recent litigation.

⁵ General Fund Transfer - For a number of years now, the City's Liability Fund (and, by extension, the General Fund) were utilized to pay for claims related to sewer laterals from the sewer main to the resident's property line. Effective FY 2016/17, the Sewer Fund has begun to pay these costs, estimated at \$450,000 per year. In addition, the General Fund will recover the \$1.35 million incorrectly charged there for these claims over the past three-year period (\$450,000 per year). In FY 2016/17 and FY 2017/18, the total savings to the General Fund will be approximately \$900,000 per year.

⁶ Charges for Services - Development revenue was approximately \$330,000 higher than anticipated activity. Revenues were mostly related to inspection and plan check fees. These increases are attributed to the investment being made in Riverside and the changes made to expedite development (e.g. One-Stop Shop).

⁷ Special Revenue - Entertainment revenue was approximately \$1.6 million more than projections for the Muni Auditorium and Convention Center. The majority of the revenue increases are offset by expenditure increases in the same category on the expenditure side.

⁸ Charges for Services - revenue was approximately \$360,000 more in various GrowRiverside, Parks, Recreation and Community Services revenues (park rentals, special recreation programs) and AMR Paramedic program.

⁹ Fines and Forfeits revenue was approximately \$525,000 higher than anticipated due to Code Enforcement activities, including administrative citations, rehabilitation reimbursements, and receipt of deferred revenues.

¹⁰ Special Assessment revenue is approximately \$120,000 lower than projections due to less assessment needed on the Riverwalk LMD. These revenue decreases are offset by lower expenditures.

¹¹ Intergovernmental revenue is approximately \$500,000 more due to revenues from other agencies (municipal aide) and are offset by additional Fire expenditures. In addition, the City has received for storm drain damage revenues from federal and state agencies, which were not budgeted for.

¹² Other Revenues is higher than estimates by approximately \$1.55 million. The increase is associated with the Bond Anticipation Note (BAN) refinancing into a 2017A Pension Obligation Bond (POB); the refinancing created a savings of approximately \$1.5 million.

PARTNERSHIP COMPENSATION MODEL CALCULATIONS

During the current two-year budget process, the City and Labor Unions embarked on a partnership where the City and its employees shared in the City's successes and challenges. This relationship between the City and its employees is referred to as the Partnership Compensation Model (PCM). Annual raises are subject to a Balance Revenue Index (BRI), which includes sales and use tax, property tax, utility user tax, and transient occupancy tax. The major categories presented in the 4th Quarter Revenue Summary, include multiple revenue accounts, some of which are not applicable to the PCM calculation.

REVENUE CATEGORY	FY 2015-16		FY 2016-17	
	Audited Financials			
Sales Tax ¹	\$	59,409,127	\$	74,269,796.17
Property Tax ²	\$	50,449,889	\$	54,157,937
Utility Users Tax (UUT)	\$	27,828,010	\$	27,957,999
Transient Occupancy Tax (TOT)	\$	6,093,430	\$	6,621,721
TOTAL	\$	143,780,456	\$	163,007,453
BRI %				13.37%
PCM ³ %				6.69%

NOTES:

¹ Includes Measure Z revenues; excludes Prop 172 statewide public safety use tax.

² Includes secured, successor agency, in-lieu(VLF), supplemental, and unsecured; excludes Measure I (Library) and Measure G (GO Fire Bonds).

³ PCM salary increases subject to limits; pay increases for each employee group are outlined below.

BARGAINING UNIT	FY 2017-18	
	RAISE ⁴	PERS GIVEBACK
Police	6%	1.50%
Police Supervisory	6%	1.50%
Police Management	6%	1.50%
Fire	4%	0%
Fire Management	4%	0%
SEIU-General	4%	0%
SEIU-Refuse	4%	0%
IBEW	4%	2%
IBEW Supervisory	4%	2%
Unrepresented	4%	2%