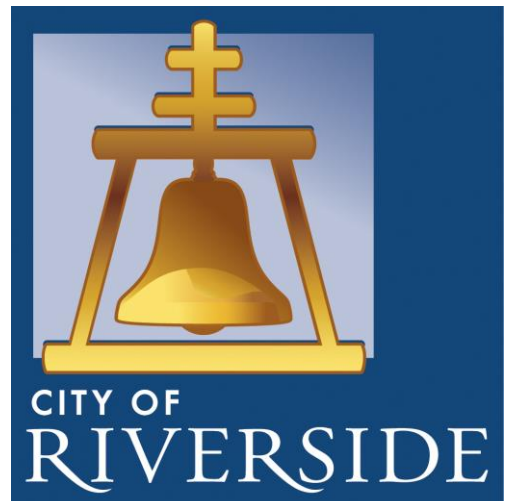


BUDGET SUMMARY



BUDGET SUMMARY

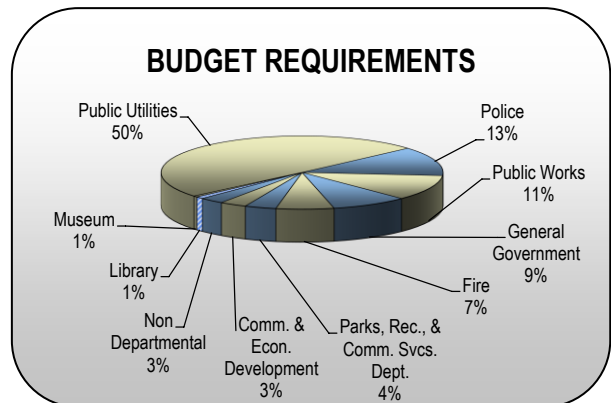
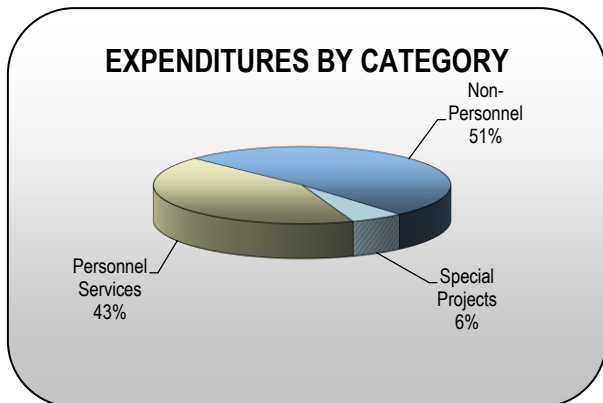
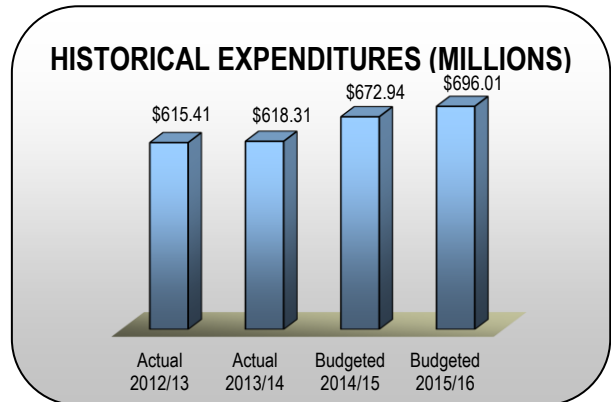
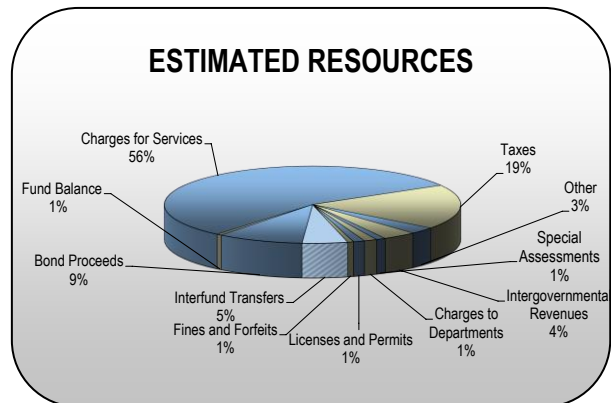
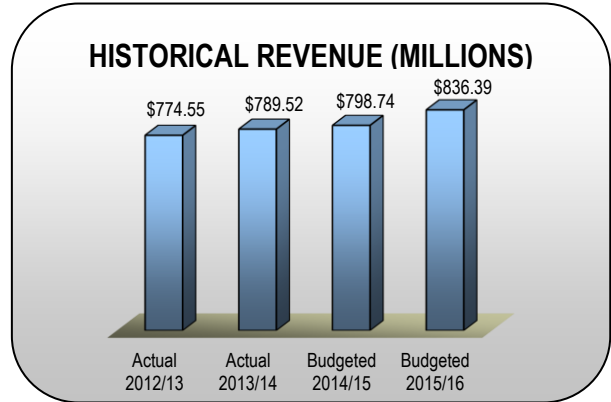
Overview of the Annual Budget

The City's total combined Annual Budget for fiscal year 2015/16 amounts to \$983,038,637. This equates to an increase of 7.48% versus the previous year's Budget, excluding interfund transfers and managed savings. The increase in the current operations, or operating, budget – the Citywide total Budget excluding debt service, capital projects, equipment purchases, charges to/from others, interfund transfers, and managed savings – is 3.43%.

Included in the \$983 million total Annual Budget amount are the City's Internal Service Funds and transfers to the General Fund from the Electric and Water Funds. These expenditures and transfers are found in the budget twice, because the revenue to the Internal Service Funds is a budgeted expenditure in the City's other funds and the interfund transfers are revenue to the General Fund that is then spent by the General Fund departments. When these two items are excluded from the total, the adjusted total Annual Budget amounts to \$908,389,967.

In this Section, the fund structure of the City's funds is described, significant changes between the current year's Annual Budget and the prior fiscal year are discussed, and other relevant information required to understand the Sections that follow is provided. Subsequently, each of the City's Major Funds, defined as any fund constituting more than 5.00% of the City's Annual Budget, is summarized and described. The City's major funds are:

- The General Fund
- The Electric Fund
- The Water Fund
- The Sewer Fund



BUDGET SUMMARY

REVENUE HISTORY BY REVENUE CATEGORY

	Actual 2012/13	Actual 2013/14	Budgeted 2014/15	Budgeted 2015/16	Change
Charges for Services	511,482,392	513,633,593	525,601,900	546,351,273	3.95%
Taxes	157,036,006	167,473,433	172,951,447	183,748,602	6.24%
Intergovernmental Revenues	24,465,354	26,315,764	28,404,296	36,025,302	26.83%
Licenses and Permits	10,049,619	10,510,834	11,197,186	12,040,204	7.53%
Special Assessments	11,844,744	11,001,899	12,505,528	10,307,375	-17.58%
Fines and Forfeits	9,939,635	10,648,712	8,911,316	6,318,500	-29.10%
Charges to Departments	12,430,282	11,894,131	13,522,903	13,723,063	1.48%
Other	37,305,057	38,036,807	25,644,958	27,874,268	8.69%
Total Revenues \$	774,553,089	789,515,173	\$ 798,739,534	\$ 836,388,587	4.71%
Interfund Transfers			47,599,702	48,621,302	
Bond Proceeds			48,104,500	92,344,500	
Fund Balance			22,156,613	5,684,248	
Total Resources \$			\$ 916,600,349	\$ 983,038,637	

EXPENDITURE HISTORY BY BUDGET CATEGORY

	Actual 2012/13	Actual 2013/14	Budgeted 2014/15	Budgeted 2015/16	Change
Personnel Services	263,412,475	267,210,740	281,006,750	297,196,420	5.76%
Non-Personnel	324,130,587	320,180,406	357,823,683	358,712,528	0.25%
Special Projects	27,868,140	30,922,176	34,107,578	40,099,870	17.57%
Current Operations Budget \$	615,411,202	\$ 618,313,322	\$ 672,938,011	\$ 696,008,818	3.43%
Equipment Outlay	9,124,802	12,558,836	7,766,642	7,607,524	-2.05%
Debt Service	169,132,559	167,031,821	142,554,392	145,996,821	2.41%
Operating Grants	3,661,033	4,271,565	-	-	---
Capital Outlay & Grants	208,688,488	237,358,947	79,751,442	115,689,907	45.06%
Charges From Others	99,753,363	105,290,959	128,974,814	134,186,062	4.04%
Charges To Others	(132,348,220)	(139,294,346)	(156,683,654)	(158,671,797)	1.27%
Total Budget \$	973,423,227	\$ 1,005,531,104	\$ 875,301,647	\$ 940,817,335	7.48%
Interfund Transfers			47,599,702	48,321,302	
Managed Savings			(6,301,000)	(6,100,000)	
Total Budget Requirements \$			\$ 916,600,349	\$ 983,038,637	

EXPENDITURE HISTORY BY ORGANIZATIONAL UNIT

	Actual 2012/13	Actual 2013/14	Budgeted 2014/15	Budgeted 2015/16	Change
Riverside Public Utilities	281,645,535	296,005,347	339,870,437	345,279,366	1.59%
Police Department	84,842,481	87,578,720	88,378,601	89,746,918	1.55%
Public Works Department	68,250,254	69,670,492	75,915,613	77,801,416	2.48%
General Government	60,582,659	58,032,930	58,747,968	61,142,411	4.08%
Fire Department	43,574,346	44,378,950	42,956,347	46,093,575	7.30%
Non Departmental	15,885,183	17,505,356	20,391,924	25,045,784	22.82%
Parks, Recreation, & Community Services Dept.	19,262,642	20,756,903	20,836,927	21,543,216	3.39%
Community & Economic Development Department	32,614,612	15,642,436	16,862,138	19,495,977	15.62%
Riverside Public Library	5,971,299	5,822,134	5,833,969	6,105,783	4.66%
Museum & Cultural Affairs Department	2,782,191	2,920,054	3,144,087	3,754,372	19.41%
Current Operations Budget \$	615,411,202	\$ 618,313,322	\$ 672,938,011	\$ 696,008,818	3.43%

BUDGET SUMMARY

Overview of the Annual Budget (Continued)

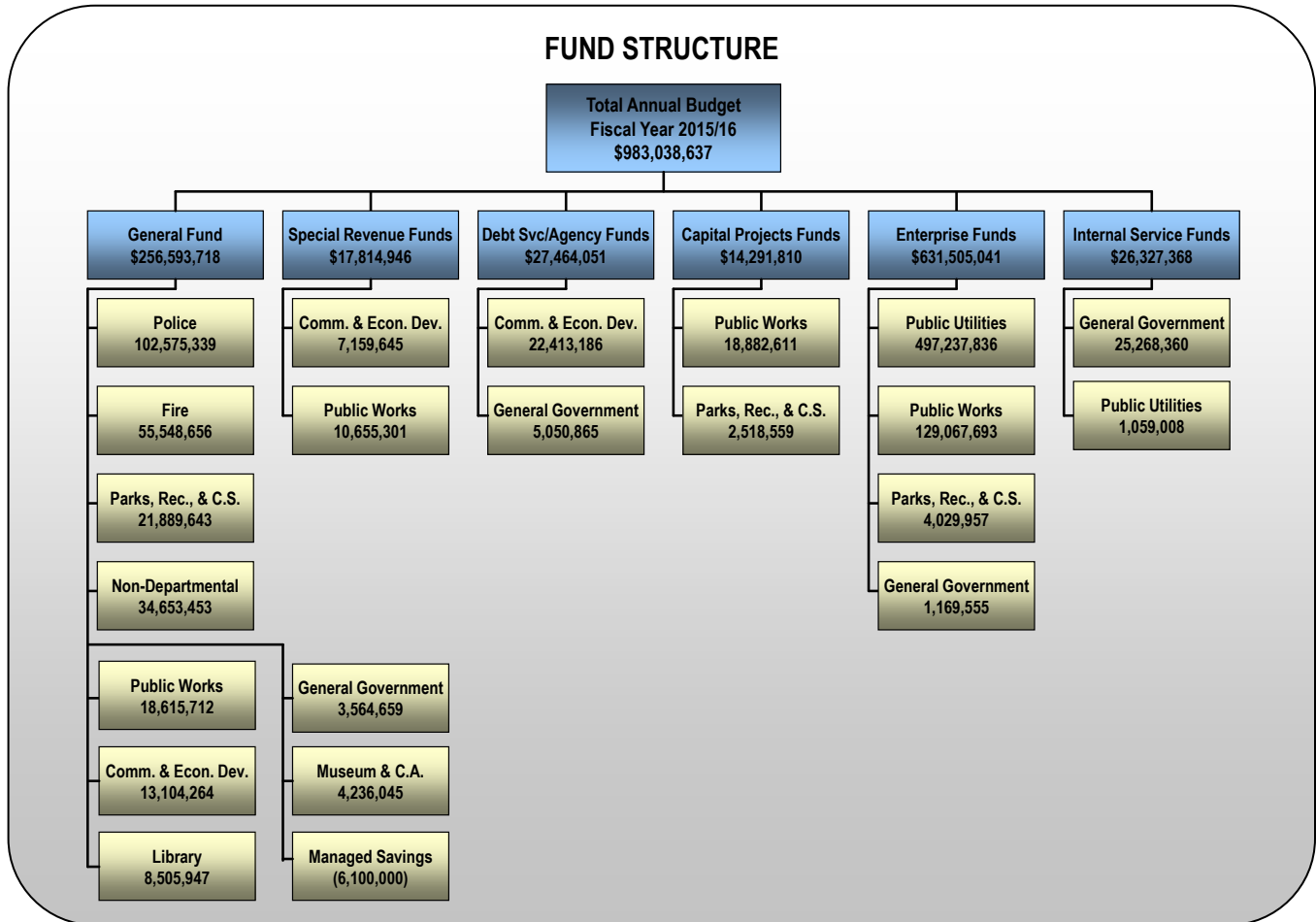
The term “General Government” is used to refer to a combination of all City Departments that are not public service Departments. These Departments include the Office of the Mayor, City Council, Office of the City Attorney, Office of the City Clerk, Office of the City Manager, and the Human Resources, Finance, General Services, and Innovation & Technology Departments.

Grant revenue and expenditures are not typically budgeted because exact amounts and dates of award are not known at the time of budget adoption. However, historical actual expenditures shown for fiscal years 2012/13 and 2013/14 include grants and other supplemental appropriations. As a result, actual amounts shown for the first two fiscal years shown in tables for the Capital Outlay & Grants and Operating Grants expenditure categories routinely and significantly exceed budgeted amounts shown in the second two fiscal years shown.

Fund Structure

The City organizes its resources into seven main fund categories: General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Enterprise Funds, Internal Service Funds, and Agency Funds. Within each category are multiple funds that each relate to a Department. Funds are categorized primarily for accounting purposes; therefore the Annual Budget typically discusses funds as they relate to Departments rather than categories. Below is a diagram illustrating the relationship between the seven fund categories and the City’s various Departments. Each Department may have more than one fund within each category.

As can be seen from the following descriptions of fund categories, in many cases individual City Departments span multiple funds within a single category, or in some cases multiple categories. The reasons for this separation of activities are primarily of an accounting nature and can be reviewed in more detail in the City’s CAFR.



BUDGET SUMMARY

General Fund

The General Fund is the City's primary operating fund where core City services such as police, fire, parks, recreation, and street maintenance are budgeted. The General Fund is described in more detail later in this Section.

Special Revenue Funds

Special Revenue Funds are used to account for specific monies that are legally restricted for use for a particular purpose. Funds included in this category relate to City Departments as follows.

The Community & Economic Development Department's budget includes Special Revenue Funds, which are used to account for Federal grants received from the Department of Housing and Urban Development (HUD) to be used for the development of a viable urban community by providing decent housing, a suitable living environment, and expanding economic opportunities principally for persons of low and moderate incomes.

The Public Works Department's budget includes three Special Revenue Funds. These funds include the Special Gas Tax Fund, used to account for the construction and maintenance of City streets funded by the City's share of state gasoline taxes; the Air Quality Improvement Fund, used to account for qualified air pollution reduction programs funded by the South Coast Air Quality Management District; and the National Pollution Discharge Elimination System (NPDES) Fund, used to account for storm drain maintenance and inspection required for California storm water permits funded by a special assessment district of Riverside County.

A final fund included in this category is the Successor Agency Administration Fund. Subsequent to the dissolution of the Redevelopment Agency, this fund has been used to track administrative expenditures related to the Successor Agency.

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources and payment of long-term debt obligations of the City and related entities. Funds in this category are the Debt Service Fund – General, used to account for debt service associated with certain General Fund-related debt service and the Debt Service Fund – Public Works, used to account for debt service associated with transportation projects.

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by Enterprise Funds or the General Fund.

The Public Works Department's budget includes four Capital Projects Funds. These funds include the Storm Drain Fund, used to account for the acquisition, construction, and installation of storm drains in the City; the Capital Outlay Fund, used to account for the construction and installation of street and highway capital improvements; the Measure A Fund, used to account for transportation improvements funded by the 1/2% sales tax approved by Riverside County voters in 1988; and the Transportation Development Impact Fees Fund, used to account for transportation improvements funded by impact fees.

The Parks, Recreation, and Community Services Department's budget includes two Capital Projects Funds. These funds include the Local Park Special Capital Improvements Fund, used to account for capital projects to construct parks and recreation facilities funded by impact fees; and the Regional Park Special Capital Improvements Fund, used to account for capital projects to construct regional parks and recreation facilities funded by impact fees.

Enterprise Funds

Enterprise Funds are used to account for activities that are financed and operated in a manner similar to private businesses. The City's intent is that the operational and capital costs of providing these services be recovered primarily through user fees and charges.

Riverside Public Utilities is budgeted in four Enterprise Funds. These funds include the Electric Fund, used to account for expenditures of the City's electric utility; the Electric Public Benefits Charge Fund, used to account for public benefits funds related to the City's electric utility; the Water Fund, used to account for expenditures of the City's water utility; and the Water Conservation and Reclamation Program Fund, used to account for public benefits funds related to the City's water utility. The Electric and Water Funds are described in more detail later in this Section.

The Public Works Department's budget includes three Enterprise Funds. These funds include the Refuse Collection Fund, used to account for expenditures

BUDGET SUMMARY

associated with the City's refuse collection services; the Sewer Service Fund, used to account for expenditures related to the City's sewer system; and the Public Parking fund, used to account for expenditures related to the various parking facilities operated by the City principally in downtown Riverside. The Sewer Fund is described in more detail later in this Section.

The Parks, Recreation, and Community Services Department's budget includes an Enterprise Fund. The Special Transit fund is used to account for expenditures related to the City's fleet of minibuses, which are used to transport senior citizens and disabled persons.

Finally, the Riverside Airport, a Division of the General Services Department, is entirely budgeted in an Enterprise Fund.

Internal Service Funds

Internal Service Funds are used to account for the operational and capital cost of providing centralized services to City Departments. The costs of these services are recovered through the City's Cost Allocation Plan or other cost reimbursement methods. Funds in this category include the City's insurance-related funds, which are budgeted in the Human Resources Department and Finance Department. They are the Workers' Compensation Insurance Trust Fund, the Unemployment Insurance Trust Fund, and the Liability Insurance Trust Fund. Riverside Public Utilities' budget includes the Central Stores Fund, used to account for purchases; and the General Services Department's budget includes the Central Garage Fund, used to account for vehicle maintenance and motor pool functions.

Agency Funds

Agency Funds are used to account for funds that held by the City as an agent for another entity.

A number of Agency Funds, budgeted in the Finance Department, are used to account for debt service payments for the various assessment districts (ADs) and community facilities districts (CFDs) located throughout the City.

The Community & Economic Development Department's budget also includes various Agency Funds, which are used to account for financial obligations related to the Successor Agency to the City's former Redevelopment Agency.

Funds Not Budgeted

There are certain City funds that do not appear in the budget and that have not been described in this Section, either because they are no longer active or because they are never budgeted in the Annual Budget. Funds in the second category include the Capital Projects Funds related to the City's assessment districts and CFDs, certain Public Works Capital Projects Funds, and certain Capital Projects Funds used to account for expenditures associated with bond or certificate of participation issues completed mid-year in prior budget years. Appropriations were or are made to these funds on an as-needed basis through supplemental appropriations approved by the City Council during the budget year.

Summary of Significant Budget Adjustments

Detailed listings by department of significant budget adjustments can be found in Section I of the Annual Budget. This summary is intended as a high-level overview of significant structural changes to the budget or organization. Please refer to Section I for a detailed discussion of specific budgetary adjustments at the department level.

Fund Reorganizations

Funds 751, 753, and 757 have been inactivated due to the maturity of related debt for the Orangecrest and Highlander Community Facilities Districts. These funds remain in various schedules with prior year activity included for historical purposes. There were no other material changes to the City's fund structure.

Department Reorganizations

During fiscal year 2014/15 or effective at the beginning of fiscal year 2015/16, the following reorganizations occurred throughout the City. A reorganization can be defined as the transfer of a particular function from one department to another department or one fund to another fund that has no impact on the net Annual Budget.

1. The Economic Development Division of the Office of the City Manager was split and transferred to the Economic Development Division of the Community and Economic Development Department and the Communications Division of the Office of the City Manager.
2. The Intergovernmental Relations Division of the Office of the City Manager was merged into the

BUDGET SUMMARY

- Communications Division of the Office of the City Manager.
3. The Broadcasting Division of the General Services Department was merged into the Communications Division of the Office of the City Manager.
 4. The various General Fund Divisions of the Human Resources Division were consolidated into a single Division.

Programmatic and Staffing Changes

Citywide staffing increased by 41.94 full time equivalents. Additional staffing authorizations were kept to a minimum; however, certain additional staffing requests were approved, the majority of which facilitate addressing identified City Council priorities. Each department's summary in Section I outlines the reasons for the increases or decreases in personnel.

The non-personnel components of the budget were increased primarily to address identified City Council priorities as articulated in the City Manager's Budget Message. Each department's summary in Section I outlines the reasons for significant increases or decreases in expenditures.

Interfund Transfers

Throughout the Annual Budget reference is made to interfund transfers. An interfund transfer is a transfer of funds from one City fund to another City fund. These transfers appear as a resource in the fund receiving the transfer and as a budget requirement in the fund that is sending the transfer. While this does result in the revenue and expenditure being "double counted" in the Annual Budget, this presentation provides a truer picture of the actual expenditures for the City's Enterprise Funds, from which the transferred funds originate. Transfers for fiscal year 2015/16 are budgeted at \$39,330,300 from the Electric Fund to the General Fund and \$6,503,800 from the Water Fund to the General Fund. Both transfers are made as authorized by City Charter Section 1204(f) and Section 1204.1. Additionally, a water settlement transfer related to the voter-approved passage of Measure A in 2013 (which supported the continued transfer of water utility funds to the General Fund) results in an operating transfer of \$2,487,202 from the General Fund to the Water Fund.

Outstanding Debt

As discussed in the City's Debt Management Policy, found in the Guide to the Budget Section, the City's legal debt limit is set by State of California Statute at 15% of the City's adjusted assessed valuation. Of the \$1.93 billion in debt currently outstanding, only \$13.4 million is supported by tax revenues (the Measure G Fire Facility Projects Bonds) and is therefore subject to the legal debt limit. The City's assessed valuation for the current fiscal year is \$17.9 billion, resulting in a debt limit of \$670.0 million and a current ratio of debt to assessed value of 2.00%. The remaining outstanding debt detailed in the table on the following page is supported by other specific revenue streams and is not subject to the legal debt limit.

During fiscal year 2014/15, four debt transactions were completed. The General Fund entered into a capital lease financing agreement totaling \$4.45 million to purchase public safety vehicles and computer hardware and completed a routine renewal of the City's outstanding pension obligation notes, which amortize following the completion of amortization of the City's 2005 pension obligation bonds. Additionally, the Sewer Fund issued revenue bonds totaling \$200.03 million to fund the continuation of the Sewer Fund's capital improvement program. Lastly, the Redevelopment Successor Agency issued refunding bonds in the amount of \$62.98 million, which replaced existing outstanding debt and reduced ongoing interest costs.

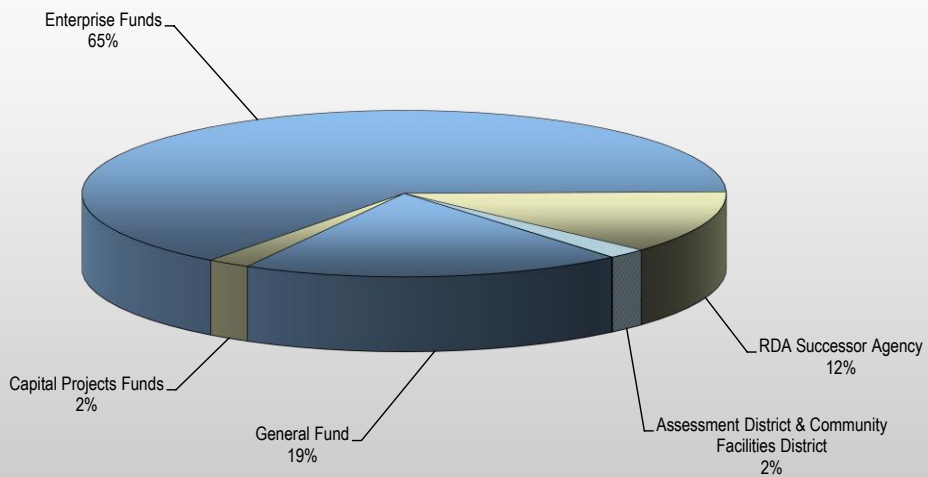
Bond proceeds totaling \$92.34 million are included in the Electric Fund, Water Fund, and Sewer Fund portions of the Annual Budget that relate to various debt issues. These funds are reflected as a resource in the various revenue tables but are not included in revenue to avoid skewing historical comparisons, as bond proceeds are not included in historical revenues.

BUDGET SUMMARY

LEGAL DEBT LIMIT CALCULATION

	As of June 30, 2015
Fiscal Year 2014/15 Assessed Valuation	17,867,012,000
Conversion Percentage	25.00%
Adjusted Assessed Valuation for Calculation Purposes	4,466,753,000
Debt Limit Percentage	15.00%
Legal Debt Limit	\$ 670,012,950
Less: Outstanding General Obligation Debt Payable from Property Taxes	
Measure G Fire Facility Projects Bonds	13,395,000
Remaining Debt Capacity	\$ 656,617,950

SUMMARY OF CITYWIDE DEBT OBLIGATIONS



Note: Categories not shown represent less than 1% of the City's debt portfolio.

BUDGET SUMMARY**SUMMARY OF CITYWIDE DEBT OBLIGATIONS**

Debt Issuance	Outstanding Principal Balance 6/30/2015	New Debt Issued During Fiscal Year	2015/16 Principal Payments	2015/16 Interest Payments	2015/16 Total Payments	Projected Principal Balance 6/30/2016
General Fund						
General Obligation	13,395,000	-	965,000	634,073	1,599,073	12,430,000
Pension Obligation	108,725,000	-	7,930,000	4,625,979	12,555,979	100,795,000
Certificates of Participation	151,135,000	-	4,445,000	5,634,347	10,079,347	146,690,000
Lease Revenue Bonds	38,615,000	-	1,370,000	1,702,075	3,072,075	37,245,000
Capital Leases	14,967,193	-	2,960,746	267,113	3,227,859	12,006,447
Interfund Loans	3,646,607	-	367,238	44,684	411,922	3,279,369
Private Placement Financings	45,574,907	-	2,093,623	1,409,810	3,503,433	43,481,284
Total General Fund	376,058,706	-	20,131,607	14,318,080	34,449,687	355,927,099
Capital Projects Funds						
Local Park Impact Fee Fund Interfund Loans	6,862,000	-	676,475	85,775	762,250	6,185,525
Measure A Certificates of Participation	35,235,000	-	1,285,000	1,711,088	2,996,088	33,950,000
Total Capital Projects Funds	42,097,000	-	1,961,475	1,796,863	3,758,338	40,135,525
Enterprise Funds						
Electric Fund Revenue Bonds	582,660,000	-	15,825,000	25,519,114	41,344,114	566,835,000
Electric Fund Capital Leases	1,719,868	-	506,527	36,538	543,064	1,213,341
Water Fund Revenue Bonds	198,740,000	-	5,260,000	8,046,366	13,306,366	193,480,000
Sewer Fund Revenue Bonds	419,820,000	-	7,660,000	16,123,073	23,783,073	412,160,000
Sewer Fund Loans	3,725,001	-	745,268	71,593	816,861	2,979,734
Parking Fund Interfund Loans	334,455	-	116,819	4,181	121,000	217,636
Parking Fund Loans	21,186,791	-	939,974	806,730	1,746,704	20,246,817
Total Enterprise Funds	1,228,186,115	-	31,053,587	50,607,595	81,661,183	1,197,132,527
Internal Service Funds						
Central Garage Fund Interfund Loans	1,352,794	-	333,090	16,910	350,000	1,019,704
Total Internal Service Funds	1,352,794	-	333,090	16,910	350,000	1,019,704
RDA Successor Agency						
Tax Allocation Bonds	203,020,000	-	6,950,000	9,962,350	16,912,350	196,070,000
Lease Revenue Bonds	19,440,000	-	1,410,000	929,909	2,339,909	18,030,000
Interfund Loans	16,005,850	-	5,122,376	172,110	5,294,485	10,883,474
Loans	1,915,000	-	740,000	46,509	786,509	1,175,000
Total RDA Successor Agency	240,380,850	-	14,222,376	11,110,877	25,333,252	226,158,474
Housing Authority						
3836-3844 Second Street Acquisition Interfund Loan	458,151	-	458,151	4,295	462,446	-
Total Housing Authority	458,151	-	458,151	4,295	462,446	-
Assessment District & Community Facilities District						
Assessment Districts	25,615,000	-	1,180,000	1,232,736	2,412,736	24,435,000
Community Facilities Districts	12,300,000	-	320,000	610,740	930,740	11,980,000
Total AD & CFD	37,915,000	-	1,500,000	1,843,476	3,343,476	36,415,000
Total	\$1,926,448,616	\$ -	\$ 69,660,286	\$ 79,698,096	\$ 149,358,382	\$1,856,788,330

NOTE: Excludes water stock acquisition rights, copier leases, development agreements, and amortization of premiums and discounts on outstanding debt, none of which are material.

BUDGET SUMMARY – GENERAL FUND

Overview of the General Fund

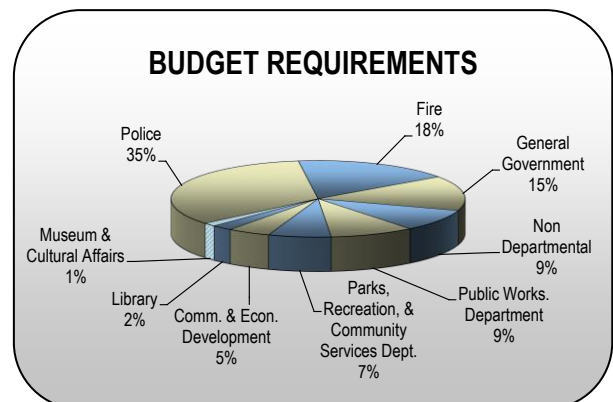
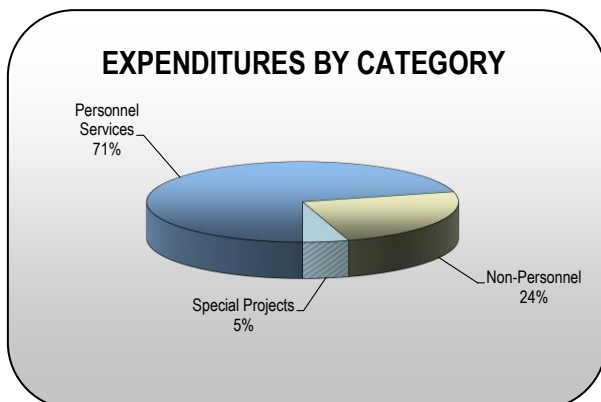
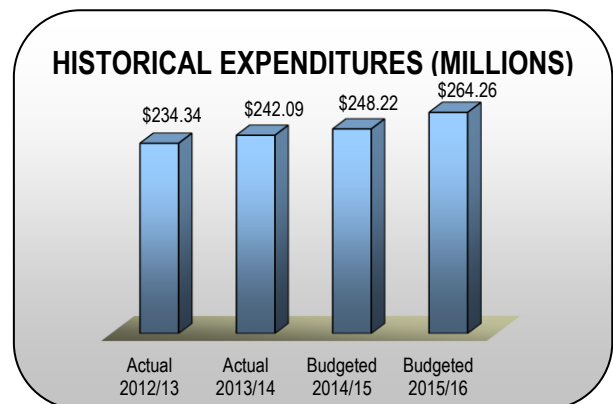
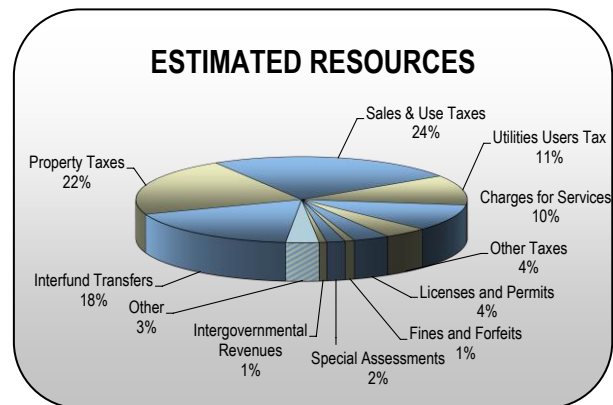
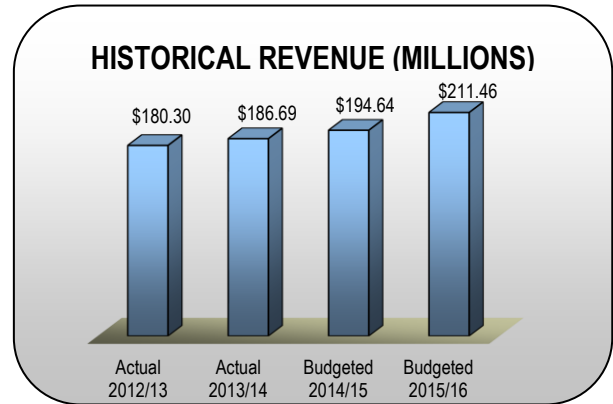
The City's General Fund budget for fiscal year 2015/16 amounts to \$256,593,718, including managed savings. This equates to an increase of 6.70% versus the previous year's Annual Budget. The increase in the current operations budget is 6.46%.

Core city services such as police, fire, parks, recreation, and street maintenance are budgeted in the General Fund. Therefore, the General Fund's growth can be more closely tied to the growth of the City and the economic activity within the City than the Annual Budget as a whole. The General Fund budget increase this year reflects the current economic conditions while cautiously increasing the City's investment in public safety, transportation, economic development, and other critical needs as outlined in the City Manager's Budget Message.

General Fund Revenue Sources

The General Fund is supported by a diverse set of revenue sources. Included are tax revenues, fees charged for services, licenses and permits, and other more minor sources. In the pages that follow, each of the major General Fund revenue sources is described with information about historical trends, current budgeted revenues, and forecast methodology.

An important part of the overall General Fund financial picture is interfund transfers. The General Fund will receive \$46.1 million from the Electric and Water Funds, which is a transfer of certain operating revenues as authorized by the City Charter.



REVENUE HISTORY BY REVENUE CATEGORY

	Actual 2012/13	Actual 2013/14	Budgeted 2014/15	Budgeted 2015/16	Change
Sales & Use Taxes	50,221,641	55,096,217	57,455,000	62,949,000	9.56%
Property Taxes	48,461,980	50,594,467	53,112,173	56,351,073	6.10%
Utilities Users Tax	28,205,535	28,092,419	28,153,000	29,082,000	3.30%
Charges for Services	14,057,711	15,737,711	17,575,434	25,716,677	46.32%
Other Taxes	8,662,650	9,235,680	9,310,000	11,021,000	18.38%
Licenses and Permits	7,394,763	7,692,490	8,421,200	9,093,500	7.98%
Special Assessments	4,406,084	4,218,863	4,570,430	4,621,843	1.12%
Fines and Forfeits	6,233,990	7,282,865	5,005,800	2,418,500	-51.69%
Intergovernmental Revenues	1,687,510	1,787,929	1,418,400	1,897,000	33.74%
Other	10,966,973	6,952,718	9,622,863	8,309,025	-13.65%
Total Revenues	\$ 180,298,837	\$ 186,691,359	\$ 194,644,300	\$ 211,459,618	8.64%
Interfund Transfers			45,412,500	46,134,100	
Fund Balance			-	-	
Total Resources	\$ 240,056,800	\$ 257,593,718			

EXPENDITURE HISTORY BY BUDGET CATEGORY

	Actual 2012/13	Actual 2013/14	Budgeted 2014/15	Budgeted 2015/16	Change
Personnel Services	170,116,025	172,906,222	175,685,290	187,629,686	6.80%
Non-Personnel	55,397,658	59,634,264	64,301,951	64,032,157	-0.42%
Special Projects	8,830,724	9,548,909	8,233,415	12,598,225	53.01%
Current Operations Budget	\$ 234,344,407	\$ 242,089,395	\$ 248,220,656	\$ 264,260,068	6.46%
Equipment Outlay	4,167,383	6,504,924	211,642	218,142	3.07%
Debt Service	48,538,765	46,656,386	17,290,040	18,147,990	4.96%
Operating Grants	3,043,005	3,608,062	-	-	---
Capital Outlay & Grants	3,477,890	3,674,559	390,000	442,302	13.41%
Charges From Others	57,256,222	59,931,168	79,522,188	81,833,613	2.91%
Charges To Others	(84,902,563)	(86,315,716)	(101,763,928)	(104,695,599)	2.88%
Total Budget	\$ 265,925,109	\$ 276,148,778	\$ 243,870,598	\$ 260,206,516	6.70%
Interfund Transfers			2,487,202	2,487,202	
Managed Savings			(6,301,000)	(6,100,000)	
Total Budget Requirements	\$ 240,056,800	\$ 256,593,718			

EXPENDITURE HISTORY BY ORGANIZATIONAL UNIT

	Actual 2012/13	Actual 2013/14	Budgeted 2014/15	Budgeted 2015/16	Change
Police Department	84,842,482	87,578,721	88,378,601	89,746,918	1.55%
Fire Department	43,574,346	44,378,951	42,956,347	46,093,575	7.30%
General Government	33,090,998	34,232,238	35,880,384	38,946,854	8.55%
Non Departmental	15,885,192	17,184,563	20,391,924	24,509,104	20.19%
Public Works Department	21,921,757	22,762,803	23,883,013	24,486,688	2.53%
Parks, Recreation, & Community Services Dept.	16,518,158	17,643,174	17,675,658	18,177,311	2.84%
Community & Economic Development Department	9,757,982	9,566,755	10,076,673	12,439,463	23.45%
Riverside Public Library	5,971,300	5,822,135	5,833,969	6,105,783	4.66%
Museum & Cultural Affairs Department	2,782,192	2,920,055	3,144,087	3,754,372	19.41%
Current Operations Budget	\$ 234,344,407	\$ 242,089,395	\$ 248,220,656	\$ 264,260,068	6.46%

BUDGET SUMMARY – GENERAL FUND

Sales and Use Taxes

Sales and Use Taxes are imposed on retail transactions, usually at the point of sale. They are collected and remitted to the California State Board of Equalization, which administers the program. In Riverside County, Sales Tax is assessed at the rate of 8.00% of the transaction value. Included in this rate are one percentage point for local sales tax, 0.5 percentage point for Measure “A” transportation programs, and 0.5 percentage point for Local Public Safety Augmentation (LPSA). The Board of Equalization distributes Sales Tax monies on the basis of point of sale data, while Use Tax monies are allocated from various dollar pools at County or State levels based on taxable sales for the defined areas. The LPSA monies are distributed via the County of Riverside to cities based on their proportionate share of property tax losses due to the State’s Educational Revenue Augmentation Fund (ERAF) shifts.

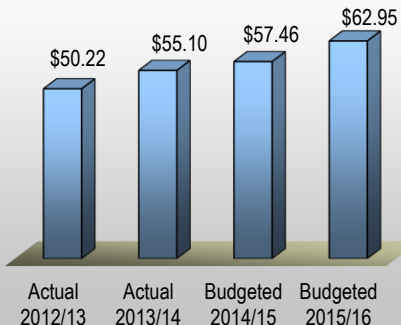
Sales and Use Tax revenues are one of the two largest revenue sources for the General Fund, representing 29.77% of total estimated revenues in fiscal year 2015/16. Following the downturn in the economy beginning in 2007, sales tax revenues declined sharply. Recent years have seen a steadily increasing trend, which is anticipated to continue. For fiscal year 2015/16, budgeted Sales and Use Tax revenues are estimated to increase from the prior year’s budgeted revenues based on forecast data prepared by outside expert consultants and validated by the City staff. The budgeted amount of \$62.95 million represents an increase of 4.28%.

Property Taxes

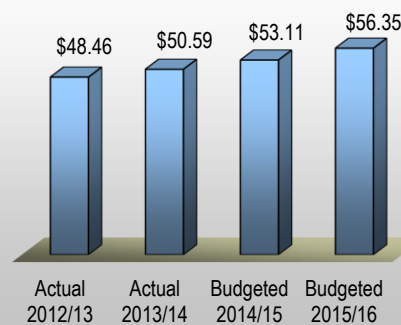
Property taxes are levied at one percent of assessed value, as established in 1978 by California’s Proposition 13. The County of Riverside administers the property tax program and the City of Riverside receives approximately 12% of the receipts generated by property taxes levied within the City limits. The balance of the assessment received is allocated between various schools, Riverside County, and the Successor Agency.

Property Tax revenues are one of the two largest revenue sources for the General Fund, representing 26.65% of total estimated revenues in fiscal year 2015/16. Property Tax revenues fell slightly during the recession as a result of the depressed housing market in Southern California. Due to the City’s older housing stock, new retail and commercial construction, annexations, and higher assessed values for properties as they are sold (Proposition 13 also limits annual increases in assessed value so that properties are often assessed considerably below actual value until resold), decreases were not as high as those seen in surrounding communities. In recent years, slow but steady growth has been experienced. For fiscal year 2015/16, budgeted Property Tax revenues are estimated to increase versus the previous fiscal year based on forecast data prepared by outside expert consultants and validated by City staff. The budgeted amount of \$56.35 million represents an increase of 6.10%.

HISTORICAL SALES & USE TAX REVENUE
(MILLIONS)



HISTORICAL PROPERTY TAX REVENUE
(MILLIONS)



Utility Users Taxes

Utility Users Taxes are imposed on telephone, electrical, gas, water, and cable television services within the City limits at a rate of 6.5 percent of taxable services.

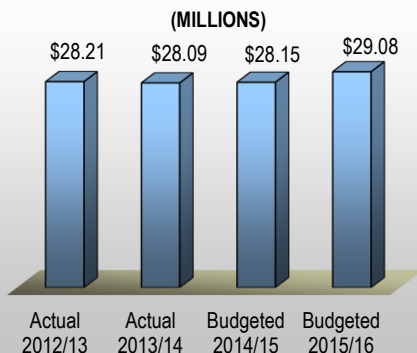
Utility Users Tax revenues represent 13.75% of total estimated General Fund revenues in fiscal year 2015/16. These revenues are largely predictable and increase at a steady and measurable rate as the customer base of the City's utilities increases. For fiscal year 2015/16, budgeted Utility Users Tax revenues have also been adjusted to reflect growing competition in the cable and satellite television market. The budgeted amount of \$29.08 million represents an increase of 3.30%, which is based on staff's internal forecasts and the forecast provided by an external expert consultant.

Charges for Services

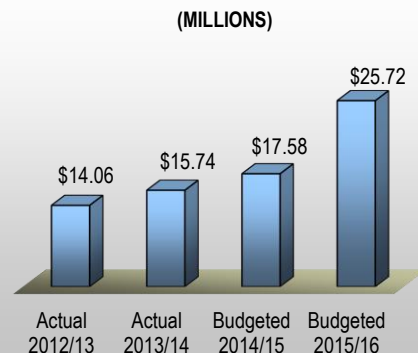
The City has developed service fees that are designed to recover a specified portion of the service cost. This is referred to as the recovery level and is established by the City Council. The primary revenue source in this category is fees for processing various development-related applications.

Charges for Services revenue represents 11.68% of total estimated General Fund revenues in fiscal year 2015/16. Revenue from many Charges for Services remains relatively steady and increases each year with the growth in the City's population and inflation. Certain Charges for Services, however, are tied to the construction industry and are thus more closely tied to current economic trends. For fiscal year 2015/16, budgeted Charges for Services are estimated to increase primarily as a result of an accounting change to the City's contract for operation of the Riverside Convention Center. This change now requires recording the revenue and expenditures associated with operating the facility in the General Fund. The budgeted amount of \$25.72 million represents an increase of 46.32%.

HISTORICAL UTILITY USERS TAX REVENUE



HISTORICAL CHARGES FOR SVCS. REVENUE



BUDGET SUMMARY – GENERAL FUND

Licenses and Permits

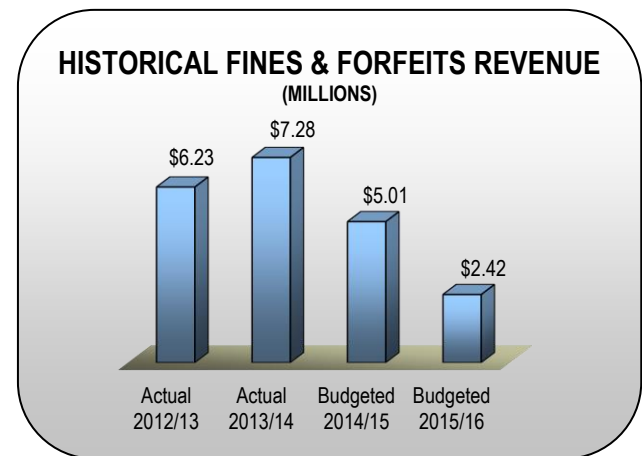
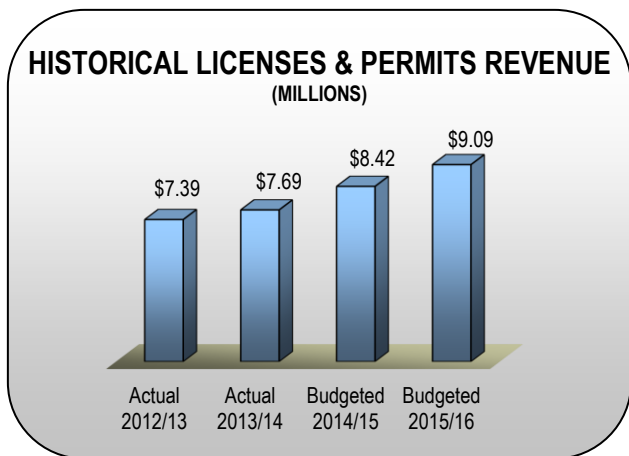
Licenses and permits generate revenue from a wide variety of activity, ranging from business and animal licenses, to building-related permits. The most significant revenue sources are Business Licenses and Building Permit Fees. Business Licenses are required for all establishments conducting business within the City limits and are renewed annually. License fees are based on gross sales, the type of business, and the number of employees. Building Permits are issued by the City and required for various types of construction within the City limits.

Licenses and Permits revenue represents 4.30% of total estimated General Fund revenues in fiscal year 2015/16. Revenue from some Licenses and Permits remains relatively steady and increases each year with the growth in the City's population and inflation. Other Licenses and Permits, however, are tied to the construction industry and are thus more closely tied to current economic trends. For fiscal year 2015/16, budgeted Licenses and Permits revenues are estimated to increase primarily as a result of continued increases in development activity. The budgeted amount of \$9.09 million represents an increase of 7.98%.

Fines and Forfeits

Fines and Forfeits revenue is generated primarily by fines paid to the City for violations of the municipal code or for traffic violations.

Fines and Forfeits revenue represents 1.14% of total estimated General Fund revenues in fiscal year 2015/16. Revenue from most Fines & Forfeits sources remains relatively steady and increases each year with the growth in the City's population and inflation. With the implementation mid-year in fiscal year 2006/07 of the City's Photo Red Light Enforcement Program, however, there was a significant increase in Fines and Forfeits revenue for fiscal year 2007/08. These revenues were designated for traffic safety-related expenditures and offset expenditures budgeted in the Non Departmental budget for that purpose. This program was terminated during fiscal year 2013/14, and so for fiscal year 2014/15, budgeted Fines and Forfeits revenues are estimated to decrease. The budgeted amount of \$2.42 million represents a decrease of 51.69%.



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BUDGET SUMMARY – ELECTRIC FUND

Overview of the Electric Fund

The City's Electric Fund budget for fiscal year 2015/16 amounts to \$395,801,511. This equates to an increase of 0.27% versus the previous year's Annual Budget. This increase is primarily attributable to slightly higher personnel costs, offset by slightly lower capital projects expenditures. The increase in the current operations budget is 1.31%.

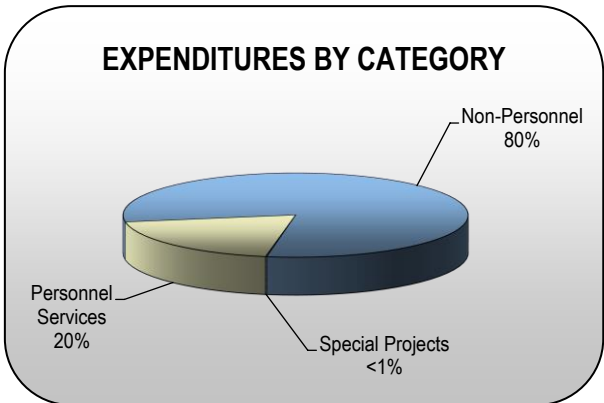
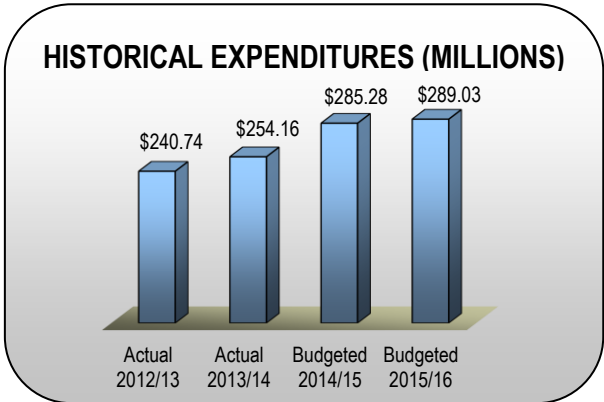
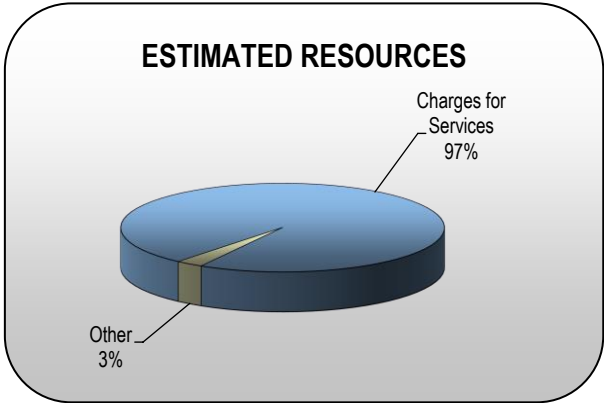
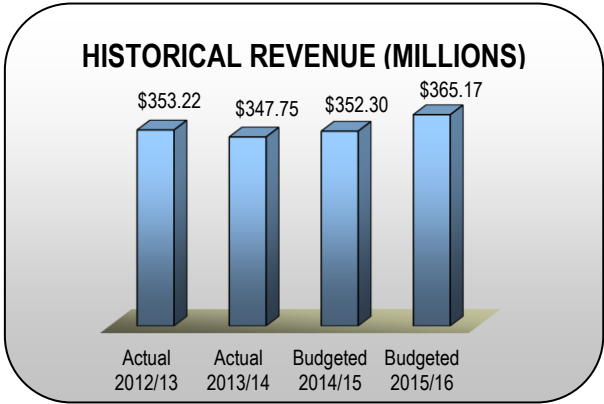
The operating and capital expenditures of the Electric Utility component of Riverside Public Utilities are budgeted in the Electric Fund. In addition to offering lower residential rates than its competitors, Riverside Public Utilities also bolsters economic development within the City by offering discounted commercial rates to large power users and high tech companies. Expenditures in the Electric Fund range from personnel operating the City's power plants to capital expenditures to construct new transmission lines as the City grows.

Electric Fund Revenue Sources

The Electric Fund is supported almost exclusively by Charges for Services. These charges include charges for residential and commercial electricity usage by the Utility's customers as well as other miscellaneous items. As an Enterprise Fund, capital and operational cost are recovered through charges for services. Rate increases may be necessary due to increased costs or inflation.

Growth in Electric Fund Charges for Services is primarily tied to growth in the customer base of the Utility, rates, and/or electricity demand. Riverside Public Utilities prepares revenue projections based upon an analysis of various statistics and trends. The results of this analysis are included in the Annual Budget. The budgeted amount of \$353.82 million represents an increase of 3.26%.

An important part of the overall Electric Fund financial picture is interfund transfers. The Electric Fund will transfer \$39.33 million out to the General Fund, which is a transfer of certain operating revenues as authorized by the City Charter. These funds are used by the City to augment the provisioning of core city services such as police, fire, parks, and street maintenance.



ELECTRIC FUND – BUDGET SUMMARY

REVENUE HISTORY BY REVENUE CATEGORY

	Actual 2012/13	Actual 2013/14	Budgeted 2014/15	Budgeted 2015/16	Change
Charges for Services	339,090,800	335,461,828	342,648,900	353,821,950	3.26%
Other	14,131,831	12,291,371	9,652,371	11,346,592	17.55%
Total Revenues	\$ 353,222,631	\$ 347,753,199	\$ 352,301,271	\$ 365,168,542	3.65%
Interfund Transfers			-	-	
Bond Proceeds			29,215,000	30,612,000	
Fund Balance			13,204,719	20,969	
Total Resources			\$ 394,720,990	\$ 395,801,511	

EXPENDITURE HISTORY BY BUDGET CATEGORY

	Actual 2012/13	Actual 2013/14	Budgeted 2014/15	Budgeted 2015/16	Change
Personnel Services	49,137,486	49,318,188	55,765,122	57,610,611	3.31%
Non-Personnel	191,237,302	203,478,598	229,228,195	231,130,422	0.83%
Special Projects	366,652	1,364,404	286,133	286,133	0.00%
Current Operations Budget	\$ 240,741,440	\$ 254,161,190	\$ 285,279,450	\$ 289,027,166	1.31%
Equipment Outlay	1,407,553	703,037	1,924,822	2,133,490	10.84%
Debt Service	47,285,799	48,945,172	43,499,000	44,623,000	2.58%
Operating Grants	-	-	-	-	---
Capital Outlay & Grants	36,562,014	37,048,114	35,557,000	30,612,000	-13.91%
Charges From Others	11,968,285	13,478,318	16,084,309	14,847,602	-7.69%
Charges To Others	(24,421,073)	(26,417,769)	(25,990,791)	(24,772,047)	-4.69%
Total Budget	\$ 313,544,018	\$ 327,918,062	\$ 356,353,790	\$ 356,471,211	0.03%
Interfund Transfers			38,367,200	39,330,300	
Total Budget Requirements			\$ 394,720,990	\$ 395,801,511	

BUDGET SUMMARY – WATER FUND

Overview of the Water Fund

The City’s Water Fund budget for fiscal year 2015/16 amounts to \$85,012,056. This equates to an increase of 3.24% from the previous year’s Annual Budget. This increase is primarily attributable to an increase in capital expenditures versus the prior year’s budget. The decrease in the current operations budget is 0.18%.

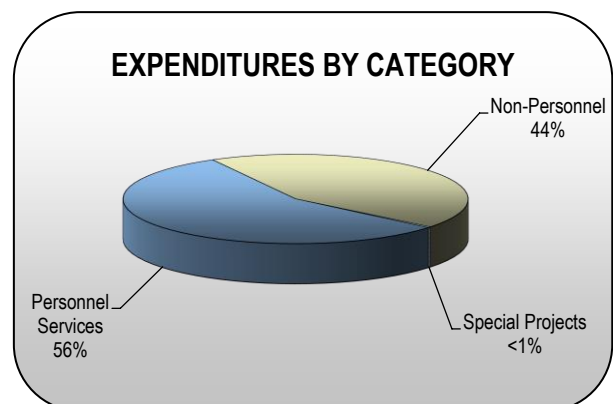
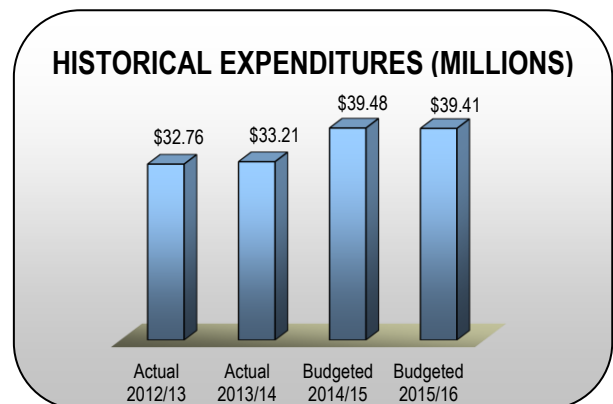
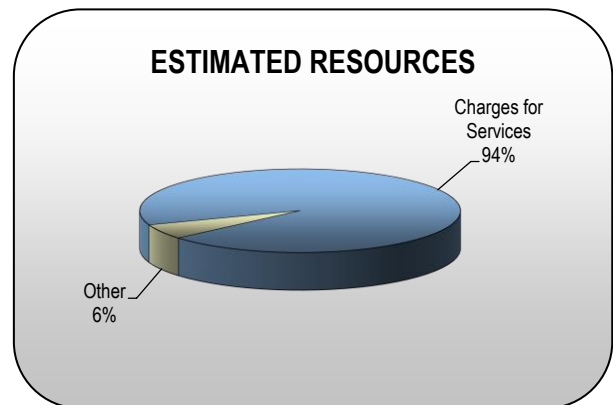
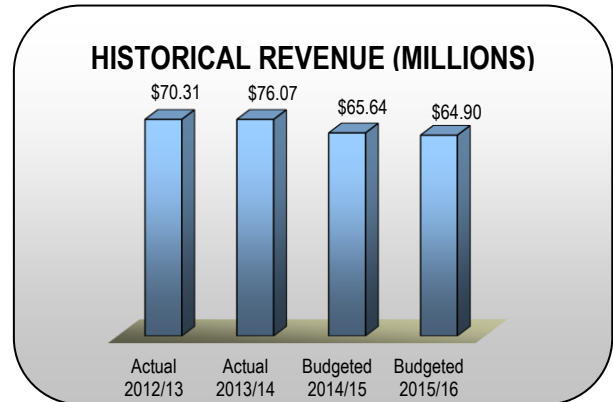
The operating and capital expenditures of the Water Utility component of Riverside Public Utilities are budgeted in the Water Fund. Expenditures in the Water Fund range from personnel maintaining water lines to capital expenditures to construct new water lines as the City grows.

Water Fund Revenue Sources

The Water Fund is supported almost exclusively by Charges for Services. These charges include residential and commercial water usage by the Utility’s customers as well as other miscellaneous items. As an Enterprise Fund, capital and operational cost are recovered through charges for services. Rate increases may be necessary due to increased costs or inflation.

Growth in Water Fund Charges for Services is primarily tied to growth in the customer base of the Utility, rates, and/or water demand. Riverside Public Utilities prepares revenue projections based upon an analysis of various statistics and trends. The results of this analysis are included in the Annual Budget. The budgeted amount of \$61.14 million represents a decrease of 3.38%. This decrease is the result of conservation due to the ongoing drought.

An important part of the overall Water Fund financial picture is interfund transfers. The Water Fund will transfer \$6.50 million out to the General Fund, which is a transfer of certain operating revenues as authorized by the City Charter. These funds are used by the City to augment the provisioning of core city services such as police, fire, parks, and street maintenance.



WATER FUND – BUDGET SUMMARY

REVENUE HISTORY BY REVENUE CATEGORY

	Actual 2012/13	Actual 2013/14	Budgeted 2014/15	Budgeted 2015/16	Change
Charges for Services	67,442,494	67,643,916	63,277,250	61,138,518	-3.38%
Other	2,865,893	8,426,675	2,359,500	3,757,856	59.26%
Total Revenues	\$ 70,308,387	\$ 76,070,591	\$ 65,636,750	\$ 64,896,374	-1.13%
Interfund Transfers			2,487,202	2,487,202	
Bond Proceeds			12,413,000	16,095,000	
Fund Balance			1,806,374	1,533,480	
Total Resources			\$ 82,343,326	\$ 85,012,056	

EXPENDITURE HISTORY BY BUDGET CATEGORY

	Actual 2012/13	Actual 2013/14	Budgeted 2014/15	Budgeted 2015/16	Change
Personnel Services	17,782,970	18,248,758	21,143,065	22,026,480	4.18%
Non-Personnel	14,932,330	14,896,505	18,096,593	17,260,152	-4.62%
Special Projects	46,611	66,554	240,000	120,000	-50.00%
Current Operations Budget	\$ 32,761,911	\$ 33,211,817	\$ 39,479,658	\$ 39,406,632	-0.18%
Equipment Outlay	114,220	584,712	1,125,000	134,229	-88.07%
Debt Service	14,181,090	13,085,233	13,941,000	17,076,000	22.49%
Operating Grants	-	-	-	-	---
Capital Outlay & Grants	24,886,539	22,148,719	18,377,000	16,095,000	-12.42%
Charges From Others	9,592,735	10,047,863	9,580,368	11,269,395	17.63%
Charges To Others	(6,147,698)	(5,574,962)	(6,905,000)	(5,473,000)	-20.74%
Total Budget	\$ 75,388,797	\$ 73,503,382	\$ 75,598,026	\$ 78,508,256	3.85%
Interfund Transfers			6,745,300	6,503,800	
Total Budget Requirements			\$ 82,343,326	\$ 85,012,056	3.24%

BUDGET SUMMARY – SEWER FUND

Overview of the Sewer Fund

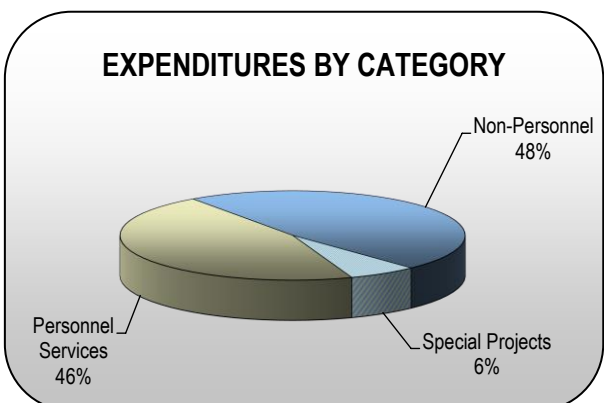
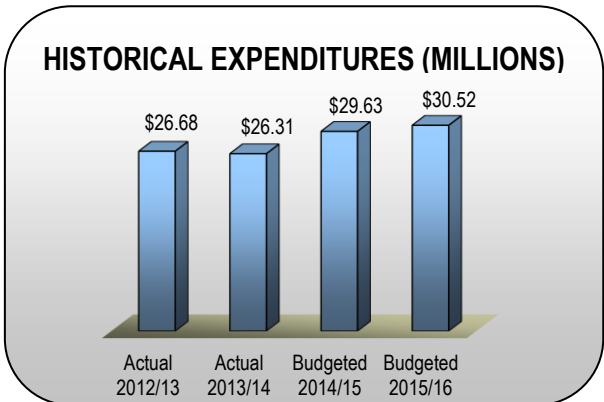
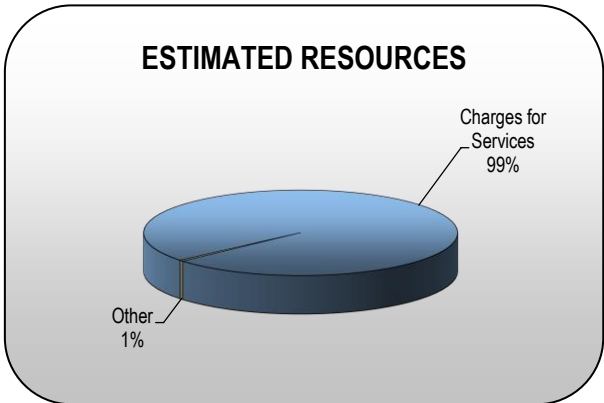
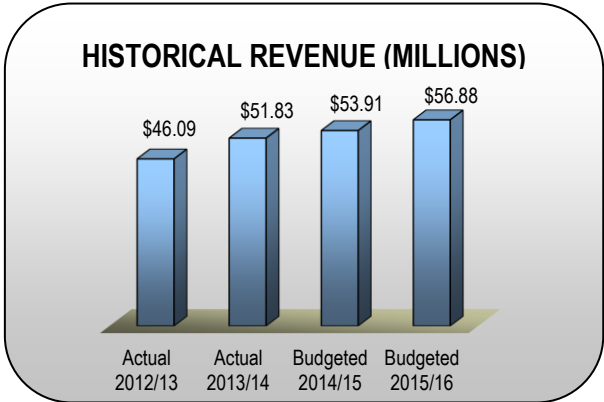
The City's Sewer Fund budget for fiscal year 2015/16 amounts to \$99,371,080. This equates to an increase of 71.21% versus the previous year's Annual Budget. The increase is primarily attributable to an increase in capital projects budgeted in fiscal year 2015/16. The increase in the current operations budget is 3.03%.

The operating and capital expenditures related to the City's sewer system and treatment plant are budgeted in the Sewer Fund. Expenditures in the Sewer Funds include the cost of constructing and maintaining sewer lines and facilities and well as the operational costs associated with the City's Water Quality Control Plant, which serves the residential and commercial sewer needs within the City as well as the Jurupa, Rubidoux, and Edgemont Community Service Districts.

Sewer Funds Revenue Sources

The Sewer Fund is supported almost exclusively by Charges for Services. These charges include residential and commercial sewer usage charges and other miscellaneous items. As an Enterprise Fund, capital and operational cost are recovered through charges for services. Rate increases may be necessary due to increased costs or inflation.

Growth in Sewer Fund Charges for Services is primarily tied to growth in the customer base, rates, and/or demand. The Public Works Department prepares revenue projections based upon an analysis of various statistics and trends. The results of this analysis are included in the Annual Budget. The budgeted amount of \$56.16 million represents an increase of 4.66% and reflects an ongoing multi-year rate increase.



SEWER FUND – BUDGET SUMMARY

REVENUE HISTORY BY REVENUE CATEGORY

	Actual 2012/13	Actual 2013/14	Budgeted 2014/15	Budgeted 2015/16	Change
Charges for Services	44,842,164	48,852,721	53,659,829	56,160,641	4.66%
Other	1,250,978	2,979,598	251,650	714,972	184.11%
Total Revenues	\$ 46,093,142	\$ 51,832,319	\$ 53,911,479	\$ 56,875,613	5.50%
Interfund Transfers			-	-	
Bond Proceeds			6,476,500	45,637,500	
Fund Balance			-	-	
Total Resources	\$ 60,387,979	\$ 102,513,113			

EXPENDITURE HISTORY BY BUDGET CATEGORY

	Actual 2012/13	Actual 2013/14	Budgeted 2014/15	Budgeted 2015/16	Change
Personnel Services	13,297,526	12,868,867	13,569,443	13,961,217	2.89%
Non-Personnel	11,691,237	11,713,683	14,098,099	14,590,587	3.49%
Special Projects	1,691,916	1,728,829	1,960,214	1,972,389	0.62%
Current Operations Budget	\$ 26,680,679	\$ 26,311,379	\$ 29,627,756	\$ 30,524,193	3.03%
Equipment Outlay	606,435	217,982	1,071,795	1,204,030	12.34%
Debt Service	14,443,763	12,514,426	18,888,324	18,897,622	0.05%
Operating Grants	-	-	-	-	---
Capital Outlay & Grants	47,815,615	104,481,791	6,485,500	45,637,500	603.69%
Charges From Others	5,449,494	5,427,089	4,550,762	5,471,064	20.22%
Charges To Others	(3,046,010)	(3,026,359)	(2,583,825)	(2,363,329)	-8.53%
Total Budget	\$ 91,949,976	\$ 145,926,308	\$ 58,040,312	\$ 99,371,080	71.21%
Interfund Transfers			-	-	
Total Budget Requirements	\$ 58,040,312	\$ 99,371,080			

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