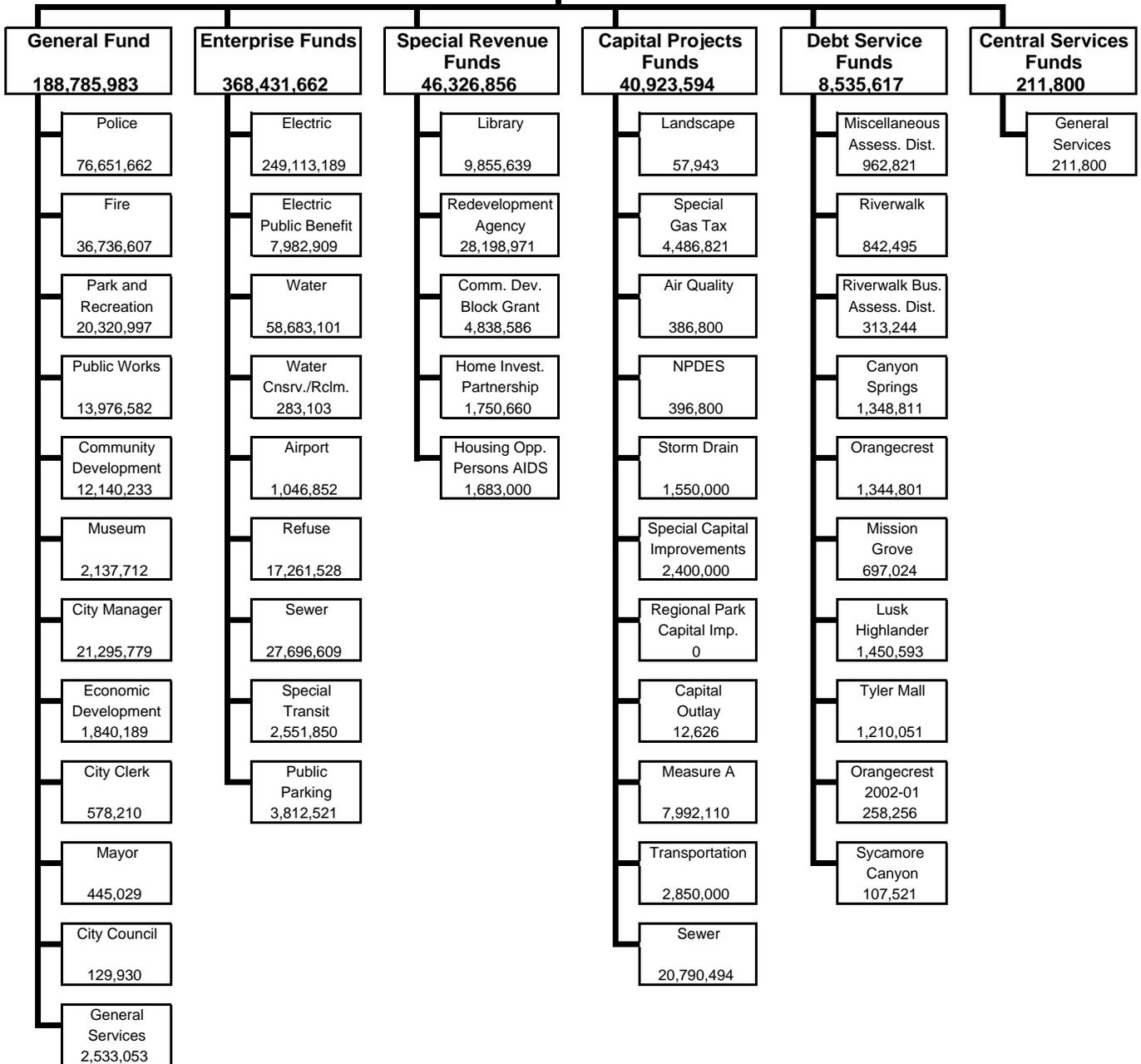


# Financial Organizational Chart

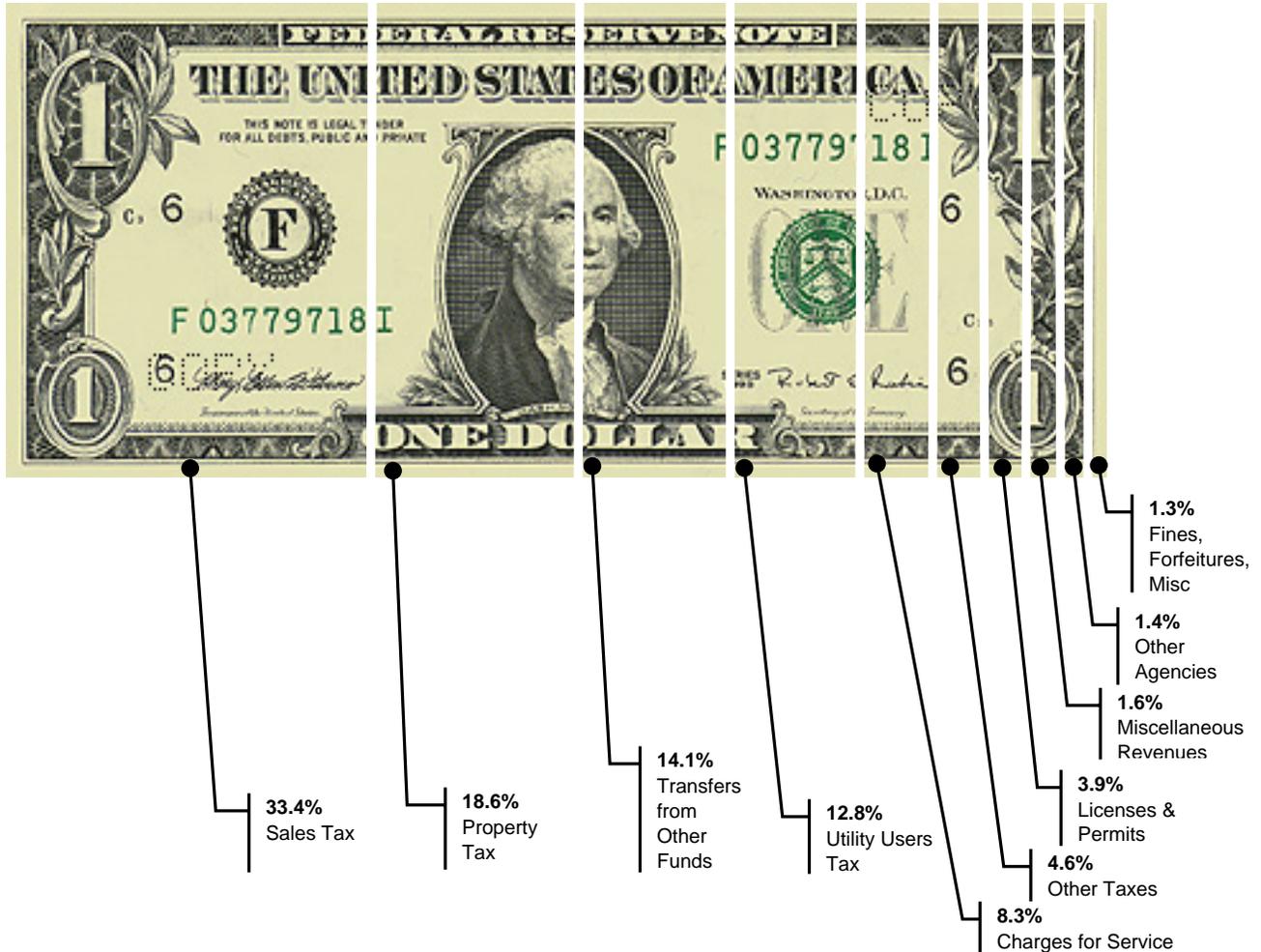
**Total City Budget**  
**FY 2005/06**  
**\$653,215,512**



# Where It Comes From

FY 2005/06

Total General Fund Resources = \$179.5 Million

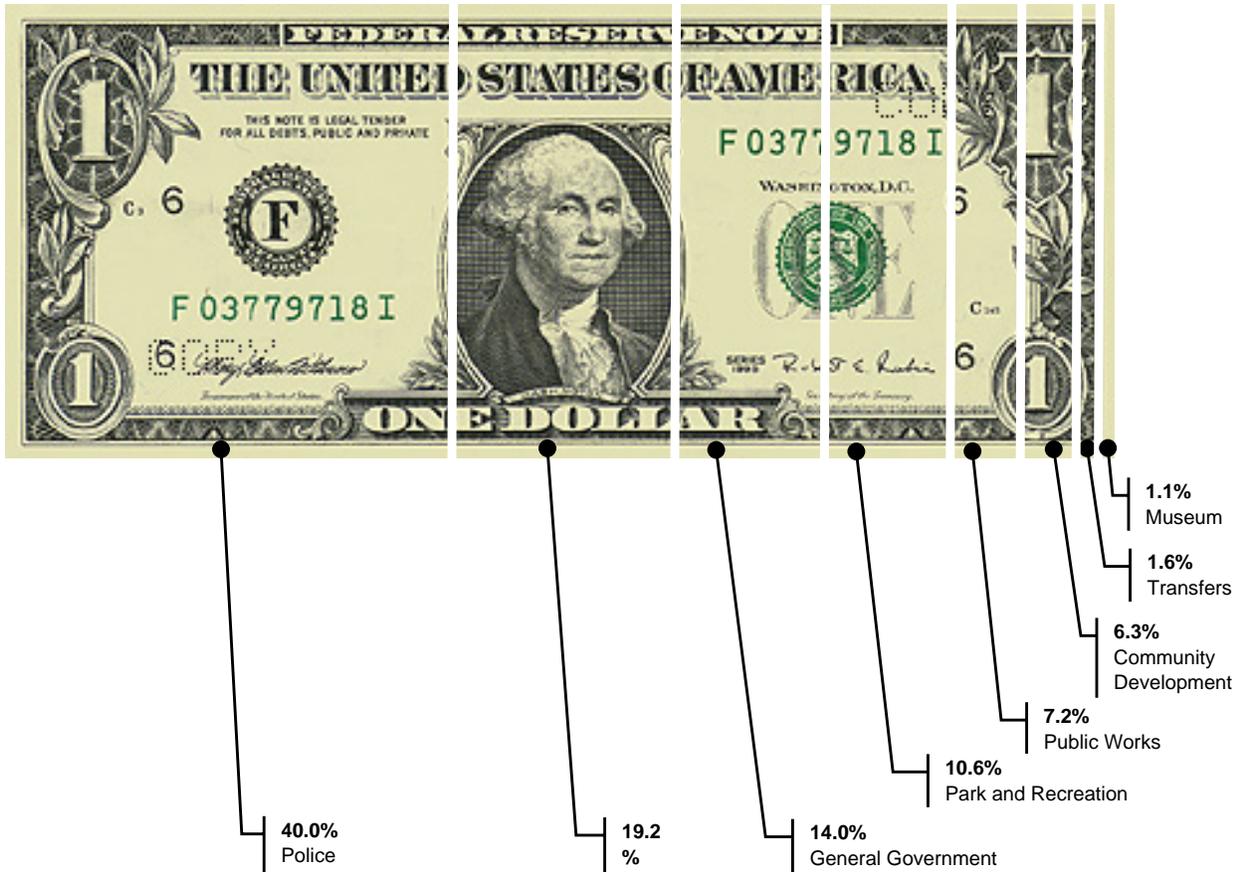


REVENUES	AMOUNT	PERCENT
Sales Taxes	59,934,000	33.4%
Property Taxes	33,256,000	18.6%
Utility Users Tax	22,965,000	12.8%
Charge for Services	14,784,140	8.3%
Other Taxes	8,178,000	4.6%
Licenses & Permits	7,038,180	3.9%
Misc. Revenues	3,017,700	1.6%
Other Agencies	2,653,000	1.4%
Fines, Forfeitures, Misc	2,415,000	1.3%
Revenues	154,241,020	
Transfers from Other Funds	25,302,735	14.1%
<b>Total Resources</b>	<b>\$ 179,543,755</b>	<b>100.0%</b>

# Where It Goes

FY 2005/06

Total General Fund Requirements = \$191.9 Million



SERVICE AREA	AMOUNT	PERCENT
Police	\$ 76,651,662	40.0%
Fire	36,736,607	19.2%
Park & Recreation	20,320,997	10.6%
Public Works	13,976,582	7.2%
Community Development	12,140,233	6.3%
Museum	2,137,712	1.1%
General Government	26,822,190	14.0%
Direct Operating Budget	188,785,983	
Transfers	3,125,094	1.6%
<b>Total Budget Requirements</b>	<b>191,911,077</b>	<b>100.0%</b>

## REVENUES AND FUND GROUPS

### FUND GROUPS

The City organizes its resources into seven main fund categories: General, Central Services, Special Revenue, Enterprise, Debt Service, Capital Project, and Internal Service. These groups and their major revenue sources are briefly described in the sections that follow.

**Table 1. All Funds Revenue Summary (1)**

	Actual FY 01/02	Actual FY 02/03	Actual FY 03/04	Projected FY 04/05	Projected FY 05/06	Projected FY 06/07
General Fund	\$118,103,265	\$124,227,631	\$131,340,503	\$150,355,990	\$154,241,020	\$167,655,946
Central Services Fund	423,527	325,453	48,790	161,784	50,000	50,000
Special Revenue Funds	16,899,101	23,457,463	23,048,320	26,747,519	23,696,025	23,407,850
Enterprise Funds	316,568,265	299,924,906	339,297,322	359,816,367	373,438,875	362,159,719
Debt Service Funds	28,801,264	24,701,843	26,231,317	30,643,489	28,977,632	30,429,745
Capital Project Funds	17,429,993	19,707,204	18,278,421	24,374,629	9,718,865	10,335,920
Internal Service Funds	16,521,228	18,182,739	14,679,778	20,238,386	18,506,258	19,117,204
<b>Totals</b>	<b>\$514,746,643</b>	<b>\$510,527,239</b>	<b>\$552,924,451</b>	<b>\$612,338,164</b>	<b>\$608,628,675</b>	<b>\$613,156,384</b>

(1) Total revenues by fund type excluding transfers.

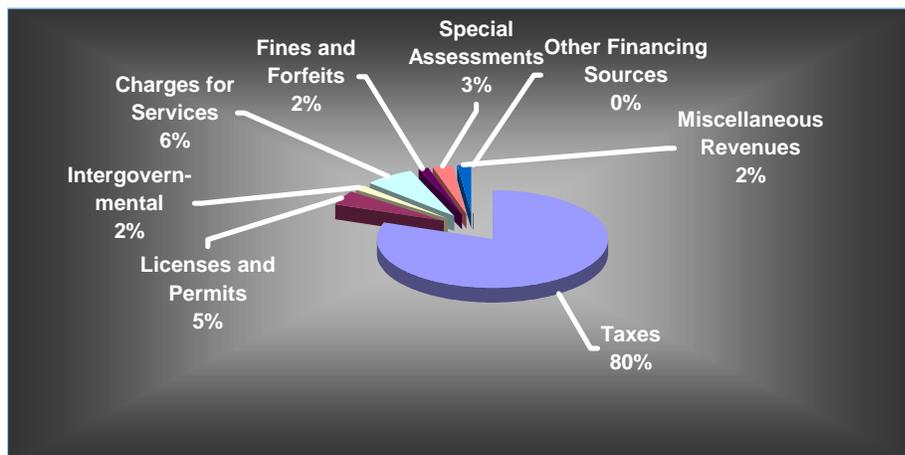
### GENERAL FUND

The General Fund is the City's primary operating fund for core services including police, fire, parks, recreation, and street maintenance.

The City's principal General Fund revenue sources include taxes (mainly sales, utility users, and property), license and permit fees, and charges for services. Combined, these revenues comprise approximately 90 percent of the General Fund revenues.

General Fund revenue sources are expected to generate \$154.2 million in FY 2005/06, an increase of 2.5 percent from the previous year's projected revenues of \$150.4 million. Table 2 provides a four-year summary of General Fund revenues by category.

**Figure 1. General Fund Revenue by Source**



## REVENUES AND FUND GROUPS

**Table 2. General Fund Revenues by Category**

<b>Revenue</b>	<i>Actual 03/04</i>	<i>Projected 04/05</i>	<i>Projected 05/06</i>	<i>Projected 06/07</i>
Taxes	\$91,299,335	\$114,926,145	\$124,333,000	\$137,183,000
Licenses and Permits	6,538,470	7,374,776	7,038,180	7,263,580
Intergovernmental	13,114,406	2,604,878	2,653,000	2,805,000
Charges for Services	10,058,568	11,289,759	10,804,140	10,959,166
Fines and Forfeits	1,966,552	1,778,005	2,315,000	2,385,500
Special Assessments	3,723,586	3,744,008	3,980,000	3,905,000
Miscellaneous Revenues	4,549,392	4,168,382	3,017,700	3,054,700
Other Financing Sources	90,194	4,470,037	100,000	100,000
<b>Total</b>	<b>\$131,340,503</b>	<b>\$150,355,990</b>	<b>\$154,241,020</b>	<b>\$167,655,946</b>

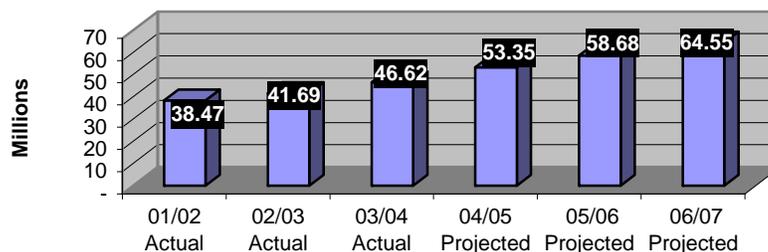
The top three performing FY 2005/06 revenues for the General Fund are (in millions) Sales and Use Taxes (\$59.9), Utility Users Taxes (\$23.0), and Property Taxes (\$29.3). The remainder of this section discusses these and other revenue sources, highlighting significant trends and changes.

### Taxes and Franchise Fees

**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 7.75 percent of the transaction value. Included in this rate are 1 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. The City's share of LPSA monies is expected to increase by 10 percent over projected revenues for FY 2005/06.

Sales Tax revenue has increased each year for the past 11 years. The amount of the increase is dependent upon the economy and local commercial trends but it has averaged 11 percent over the past 3 years. A 10 percent increase over projected revenues is budgeted for FY 2005/06.

**Figure 2. Sales Tax Growth over a Six-Year Period**



## REVENUES AND FUND GROUPS

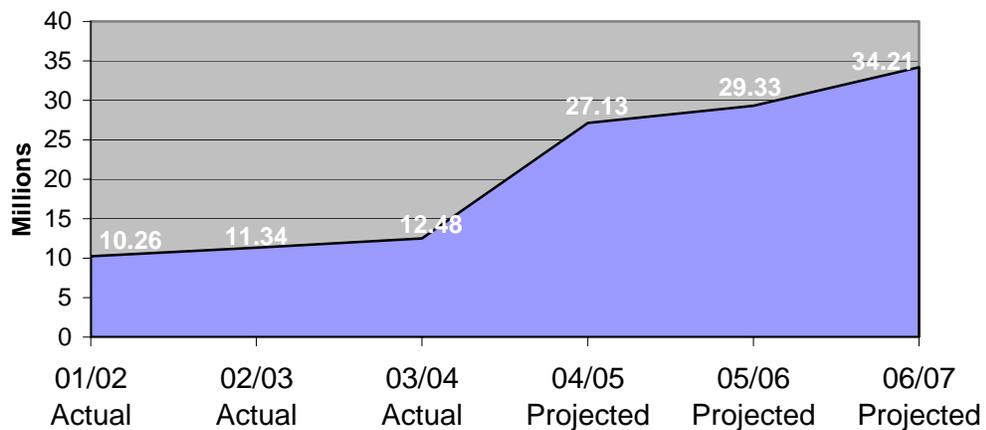
**Utility Users Taxes (UUT)** are imposed on telephone, electrical, gas, water, and cable television services within the City limits, at a rate of 6.5 percent of taxable services.

UUT is the General Fund's second highest revenue generator. It is estimated to increase by 3.7 percent in FY 2005/06, producing \$23.0 million in revenue.

**Property taxes** are levied at 1 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 percent 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 City's Redevelopment Agency.

Property tax revenues are projected to increase 8 percent to a total of \$29.3 million for FY 2005/06. The increase between FY 2003/04 and FY 2004/05 is primarily a result of the State's swapping of Property Tax proceeds for Vehicle License fees and does not represent an economic gain to the City.

**Figure 3. Property Tax Growth Over a Six-Year Period**



**Transient Occupancy Taxes (TOT)** are imposed on lodging facilities such as hotels and motels. The City's current tax rate is 11 percent of the hotel/motel rate. The TOT is expected to increase 4 percent in FY 2005/06.

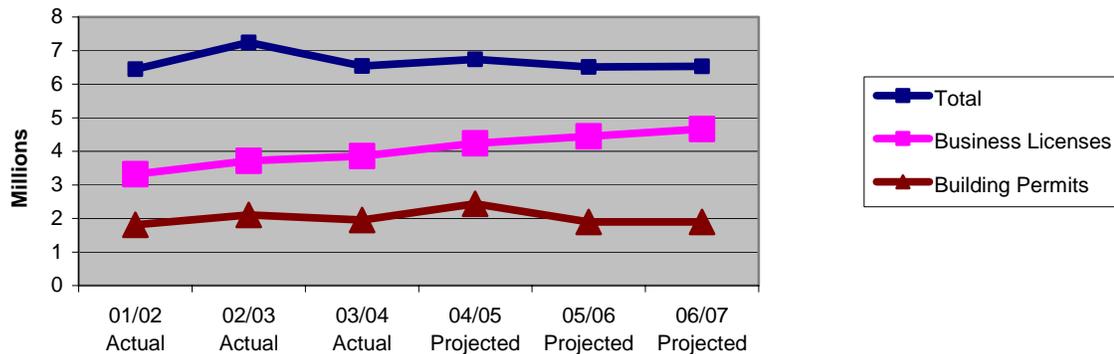
**Franchise Fees** are levied by the City on various service providers, including gas and electric utilities, refuse, cable television and taxicab companies. Fees range from 2 percent of gross receipts for natural gas, to 15 percent for refuse companies. Franchise fee revenue is anticipated to increase 3 percent for FY 2005/06.

## REVENUES AND FUND GROUPS

### 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. Licenses and permits comprise approximately 4 percent of General Fund revenues. Figure 4 demonstrates the trends in these two revenue sources, as well as the trend for total revenue derived from licenses and permits.

**Figure 4. Licenses and Permits Revenues**



**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. Business Licenses are anticipated to generate \$4.4 million in FY 2005/06.

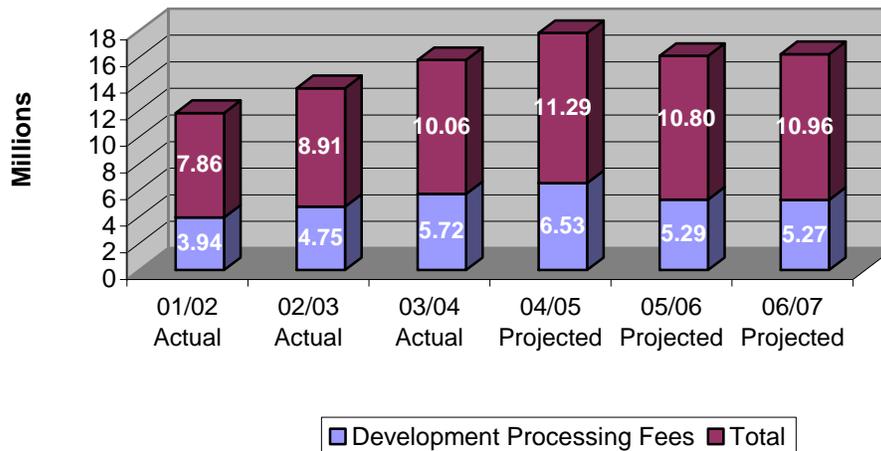
**Building Permits** are issued by the City and required for various types of construction that occurs within the City limits. Building Permit fees are estimated to generate \$1.9 million in FY 2005/06.

### Charges for Services

Charges for Services comprise approximately 7 percent of General Fund revenues. 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. For most development related services the recovery level is 100 percent. The primary revenue source in this category is processing fees for various development related applications. Charges for Services are anticipated to generate \$10.8 million in cost recovery dollars for FY 2005/06.

## REVENUES AND FUND GROUPS

Figure 5. Charges for Services



### 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 are: Library, Special Gas Tax, Air Quality Improvement, Housing and Community Development, Redevelopment Agency, Special Designation, and the National Pollution Discharge Elimination System (NPDES). The main revenue sources for these types of funds are Intergovernmental Revenues, Taxes and Miscellaneous Revenues.

Special Revenue Funds total \$23.7 million for FY 2005/06, a 11.4 percent reduction from projected FY 2004/05. This reflects the reduction in funding for Community Development Block Grant, HOME and HOPWA programs. Below is a four-year summary of revenues for these funds.

Table 3. Special Revenue Funds

Revenue	Actual 03/04	Projected 04/05	Projected 05/06	Projected 06/07
Taxes	\$7,847,412	\$9,044,206	\$9,004,000	\$9,675,000
Intergovernmental Revenues	13,411,583	14,467,161	12,957,246	12,987,246
Charges for Services	10,645	8,339	6,300	6,300
Fines & Forfeits	199,763	210,489	165,600	175,000
Miscellaneous Revenues	1,332,164	2,422,116	1,166,079	167,504
Special Assessments	246,753	595,208	396,800	396,800
<b>Total</b>	<b>\$23,048,320</b>	<b>\$26,747,519</b>	<b>\$23,696,025</b>	<b>\$23,407,850</b>

## REVENUES AND FUND GROUPS

### 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 charges. Enterprise Funds included in this category are: Electric, Electric - Public Benefits Surcharge, Water, Water - Conservation and Reclamation Program, Airport, Refuse, Transportation, and Parking. Enterprise Fund revenues for FY 2005/06 total \$373.4 million representing a 3.8 percent increase over projected FY 2004/05. Table 4 provides a four-year summary of revenues for this category.

**Table 4. Enterprise Fund Revenues**

<b>Revenue</b>	<i>Actual 03/04</i>	<i>Projected 04/05</i>	<i>Projected 05/06</i>	<i>Projected 06/07</i>
Charges for Services	\$309,602,453	\$322,143,454	\$333,828,303	\$344,036,531
Miscellaneous Revenues	24,163,471	29,962,634	23,746,600	12,272,000
Other Financing Sources	1,021,417	2,793,811	10,763,700	706,000
Taxes	-	-	-	-
Intergovernmental Revenue	1,749,841	1,955,923	2,312,672	2,357,588
Licenses and Permits	1,868,381	1,912,185	1,987,600	1,987,600
Fines and Forfeits	891,759	1,048,360	800,000	800,000
<b>Total</b>	<b>\$339,297,322</b>	<b>\$359,816,367</b>	<b>\$373,438,875</b>	<b>\$362,159,719</b>

### DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources and payment of long-term debt obligations for the City and related entities. Funds included in this category are: Debt Service, Riverside Municipal Improvements Corporation, various Redevelopment Agency funds, and land secured special financing districts.

Debt service revenues for FY 2005/06 total \$29.0 million, a 5.4 percent decrease over projected FY 2004/05. Table 5 presents a four-year summary of revenues for these funds.

**Table 5. Debt Service Fund Revenues**

<b>Revenue</b>	<i>Actual 03/04</i>	<i>Projected 04/05</i>	<i>Projected 05/06</i>	<i>Projected 06/07</i>
Special Assessments	\$7,988,604	\$9,770,318	\$8,508,000	\$8,508,000
Miscellaneous Revenues	3,432,950	3,148,011	3,151,632	3,183,745
Taxes	13,928,503	16,847,045	16,436,000	17,856,000
Charges to Departments	881,260	878,115	882,000	882,000
<b>Total</b>	<b>\$26,231,317</b>	<b>\$30,643,489</b>	<b>\$28,977,632</b>	<b>\$30,429,745</b>

### CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for the acquisition and construction of major capital facilities, other than those financed by proprietary funds. Funds included in this category are: Capital Outlay, Special Capital Improvements, Regional Park Special Capital Improvements, Storm Drain, Measure "A" Projects, Transportation Development Impact Fee, and various Redevelopment Agency Projects. Capital Project Fund revenues for FY 2005/06 total \$9.7 million, a 60 percent

## REVENUES AND FUND GROUPS

decrease from projected FY 2004/05. Most of the decline is attributed to a one-time sale of a Redevelopment asset in FY 2004/05. The revenue is listed under Other Financing Sources. The remainder of the decline is due to development fees that are reported on a cash basis and not projected in 2005/06. Below is a four-year summary of revenues in this area.

**Table 6. Capital Project Funds**

<b>Revenue</b>	<i>Actual 03/04</i>	<i>Projected 04/05</i>	<i>Projected 05/06</i>	<i>Projected 06/07</i>
Charges for Services	\$4,297,294	\$6,852,722	\$300,000	\$200,000
Miscellaneous Revenue	2,059,831	2,915,445	974,241	1,366,296
Intergovernmental Revenues	10,262,364	9,465,278	8,025,000	8,350,000
Impact Fees	1,594,308	1,510,120	350,000	350,000
Special Assessments	64,624	32,305	69,624	69,624
Other Financing Sources	-	3,598,759	-	-
<b>Total</b>	<b>\$18,278,421</b>	<b>\$24,374,629</b>	<b>\$9,718,865</b>	<b>\$10,335,920</b>

## 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 basis. Funds in this category include: Workers' Compensation, Unemployment Compensation, Public Liability, Central Stores, Central Services, and Central Garage.

Total projected Internal Service Fund revenues for FY 2005/06 total \$18.5 million, a 8.6 percent decrease from projected FY 2004/05. Table 7 provides a four-year revenue summary for this group.

**Table 7. Internal Service Funds**

<b>Revenue</b>	<i>Actual 03/04</i>	<i>Projected 04/05</i>	<i>Projected 05/06</i>	<i>Projected 06/07</i>
Miscellaneous Revenue	\$652,273	\$620,629	\$575,000	\$575,000
Charges to Departments	6,237,904	10,410,177	8,860,537	9,152,824
Charges for Services	7,789,601	9,207,580	9,070,721	9,389,380
<b>Total</b>	<b>\$14,679,778</b>	<b>\$20,238,386</b>	<b>\$18,506,258</b>	<b>\$19,117,204</b>

# REVENUES AND FUND GROUPS

## FUND DESCRIPTIONS AND SIGNIFICANT BUDGETARY CHANGES

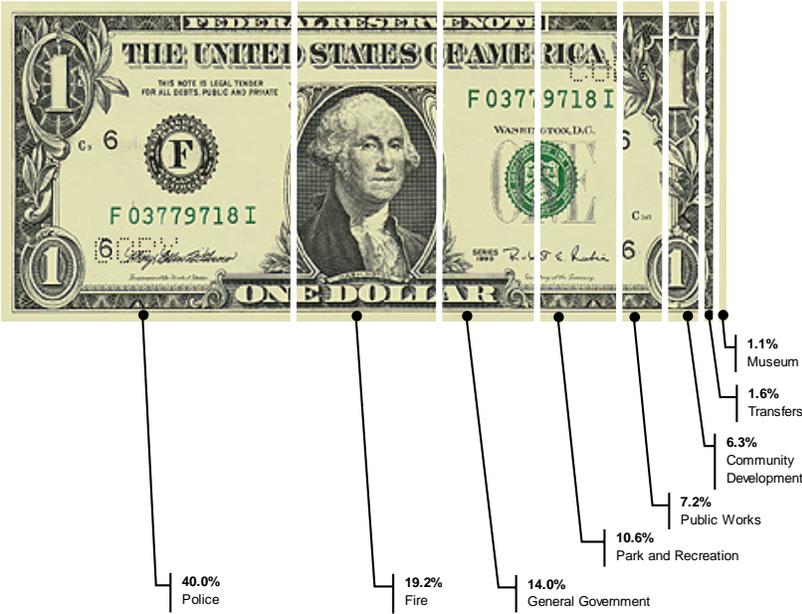
The following is a brief description of a select group of City funds, and a summary of the significant changes within each fund.

### General Fund (101)

#### Overview

The General Fund provides core City services including police, fire, parks, recreation, street maintenance, planning, and animal control. The FY 2005/06 General Fund expenditure budget, excluding transfers, is \$188.8 million. Transfers to the Library and Refuse Funds total \$3.1 million, for a total General Fund requirement of approximately \$191.9 million. This figure represents an increase of \$16.5 million or 9.4 percent over the current budget year. The primary reason for this increase is the impact from previously negotiated salary increases and rising pension and workers compensation costs. Figure 6 depicts how the General Fund budget is distributed.

Figure 6. Distribution of General Fund by Department



#### Economic Contingency Reserve

Through prudent budgeting, the City has an Economic Contingency Reserve of 15 percent of General Fund expenditures, or \$27 million for FY 2005/06. This reserve provides for the mitigation of risk and the stabilization of basic City services that can be impacted from unexpected revenue or expenditure fluctuations.

## **REVENUES AND FUND GROUPS**

### **Central Services Fund (102)**

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The Central Services Fund includes those departments that serve the City's operating departments. Central Services departments are Finance, Human Resources, Information Systems, and General Services. The Central Services Fund budget of \$32.9 million reflects an increase of 31.9 percent or \$6.0 million. Almost half of the increase, \$2.5 million, relates to personnel costs that reflect previously negotiated salary increases, rising pension and worker's compensation costs and additional staffing. Another \$1.3 million is attributed to increased capital improvements.

### **Development Fund (170)**

---

The City places a high premium on its development activities. Over the course of the past year, Riverside's Redevelopment Agency has made great progress in implementing the Economic Development Strategies authored by John Husing, a local economist. The Redevelopment Agency has structured financial assistance packages for downtown restaurant development and stimulated development in the designated project areas with new businesses, expansions and relocations. Examples include:

- Arlington - Magnolia Avenue Streetscape Project California Square and Van Buren development
- Casa Blanca - Learning Center campus and Indiana Avenue business expansion
- Magnolia Center - Merrill Avenue revitalization
- University Corridor - Streetscape projects and continued property consolidations for development
- Downtown/Airport - Mixed-use development, Stalder Building site, Fox Theater rehabilitation and Municipal Airport expansion
- Arlanza/La Sierra - project area validation and "Five Points" rehabilitation, and implement community mobilization effort in the Arlanza Neighborhood.

The Agency's efforts have attracted numerous businesses to Riverside generating millions of dollars in revenue for the City.

The Redevelopment Fund budget is \$5.7 million or 2.9 percent below FY 2004/05. The reduction reflects the change in funding source from Redevelopment to General Fund for the Economic Development related activities.

### **Library Fund (210)**

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The Library Fund is responsible for the operation of the Central Library and the La Sierra, Marcy, Arlington, and Casa Blanca branch libraries. The Library Fund budget of \$9.9 million reflects an increase of \$2.3 million or 30.0 percent over FY 2004/05. The increase is largely attributable to previously negotiated salary and benefits increases, and for planning and construction related to the new Arlington and Orangecrest branch locations.

## **REVENUES AND FUND GROUPS**

### **Measure "C"**

On March 5, 2002 the voters of Riverside approved Measure "C" by a 69 percent majority vote. This measure provides an annual \$19 per parcel special property tax for a period of ten years, with the revenues restricted for library purposes. Through Measure "C", the City will receive an estimated annual supplemental appropriation of \$1.2 million for the Library Fund, through FY 2011/12.

For FY 2005/06, Measure "C" monies provide 13 percent of the Library's direct operating budget. The passage of Measure "C" has enabled completion of space plans for new facilities in Arlington and Orangecrest and increased library hours, with all branches open 60 hours per week and the Main Library open 65 hours per week.

### **General Fund Transfer**

A General Fund transfer of approximately \$3 million is necessary to balance the Library Fund budget. This level of support is needed in order to maintain current service levels.

### **Electric Fund (510) and Water Fund (520)**

---

The City operates its own Riverside Public Utilities (RPU) to provide electricity and water services to its residents. In addition to offering lower residential rates than its competitors, RPU also bolsters economic development within the City by offering discounted commercial rates to large power users and high tech companies. The combined Electric and Water budgets total \$316.1 million for FY 2005/06, an increase of 11 percent over FY 2004/05.

Being enterprise funds, the capital and operational costs must be recovered through rates, fees or reimbursements. A utility rate increase may be necessary due to increased power costs, weather related issues and inflation.

### **Airport Fund (530)**

---

The City operates the Riverside Municipal Airport in an enterprise fund. Revenues are generated through leases, fuel flow charges and landing fees. The Airport's budget totals \$1.0 million for FY 2005/06, which is consistent with the prior year.

The Riverside Municipal Airport serves the needs of local business jets, cargo aircraft, police and military helicopters, and private pilots and leases open space for short-term projects.

## **REVENUES AND FUND GROUPS**

### **Refuse Fund (540)**

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The Refuse Fund records the transactions associated with the provision of residential trash service. The City provides approximately 70 percent of residential service, with the remainder provided by private companies. Commercial refuse service is provided solely by the private sector. The FY 2005/06 budget for the Refuse Fund is \$17.3 million which represents a 14.6 percent increase from FY 2004/05.

### **Sewer Service And Projects Funds (550 and 551)**

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The Wastewater Treatment plant serves the residential and commercial sewer needs within the City, as well as the Jurupa, Rubidoux, and Edgemont Community Service Districts. The Sewer and Sewer Project Fund budgets total \$48.4 million, an \$19.2 million or 65.8 percent increase over FY 2004/05. The change is primarily from a \$15.8 million increase in capital projects budgeted in the 551 fund.