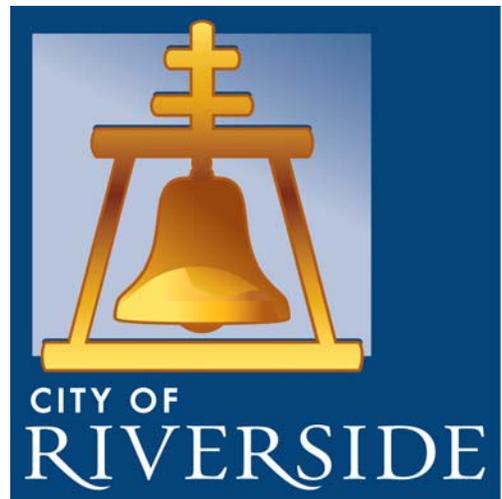


BUDGET SUMMARY



Budget Summary

Overview of the Annual Budget

The City's total combined Annual Budget for fiscal year 2006/07 amounts to \$754,909,957. This equates to an increase of 4.1% over the previous year's Annual Budget excluding interfund transfers, or 4.0% excluding interfund transfers and charges to and from others.

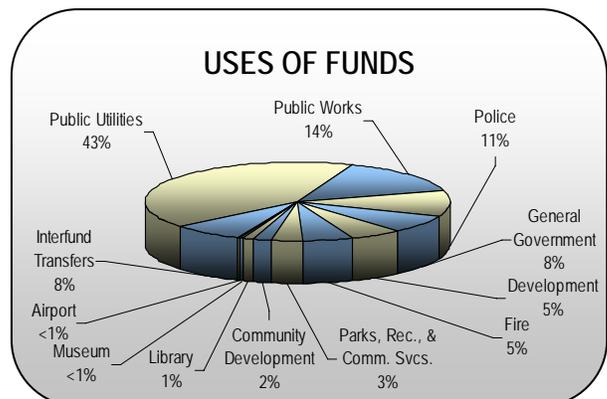
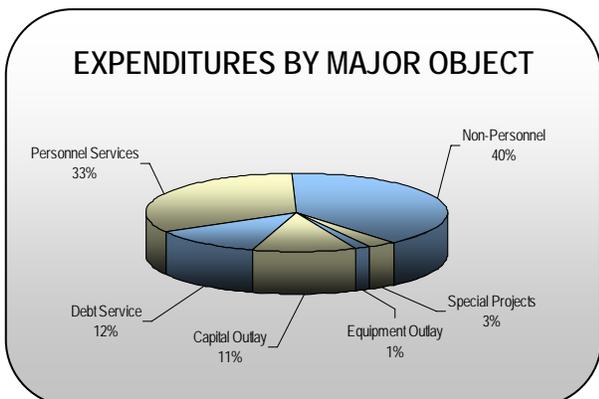
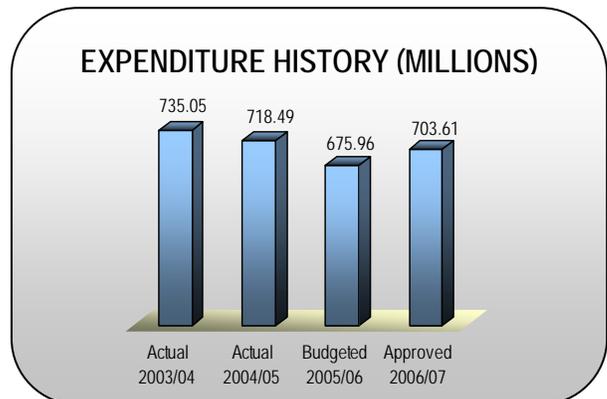
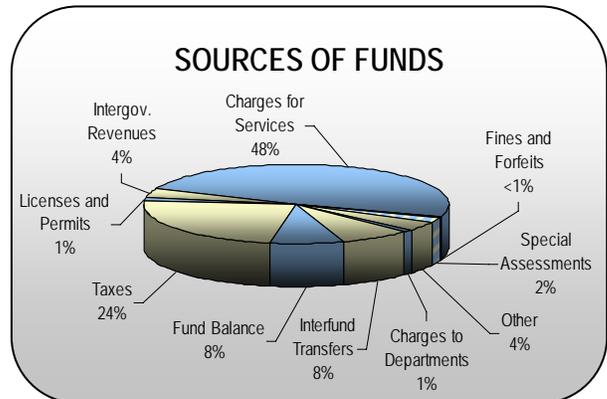
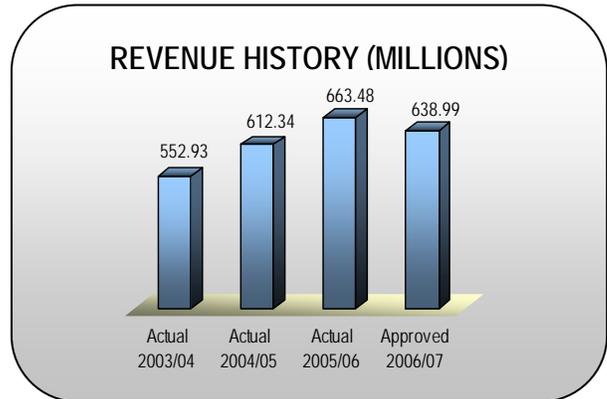
In this Section, the fund structure of the City's funds is described along with other relevant information required to understand the Sections that follow. Subsequently each of the City's Major Funds, defined as any fund constituting more than 5.0% of the City's Annual Budget, is summarized and described. They are:

- The General Fund
- The Electric Fund
- The Water Fund
- The Sewer Funds in Aggregate

Additionally, due to their material nature to the City's operations, the Refuse Fund and the Airport Fund are also reported as Major Funds, though they comprise less than 5.00% of the City's Annual Budget.

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, City Clerk's Office, Office of the City Manager, and the Human Resources, General Services, and Information Systems Departments.

Grant-funded expenditures are not budgeted, which accounts for the higher historical actual expenditures shown for fiscal years 2003/04 and 2004/05. Grants received are also not included in historical revenues.



Budget Summary

REVENUE HISTORY BY REVENUE CATEGORY

	Actual 2003/04	Actual 2004/05	Actual 2005/06	Approved 2006/07	Change
Charges for Services	331,758,561	349,501,854	366,197,688	366,875,655	0.19%
Taxes	113,191,151	140,882,749	168,523,034	177,818,100	5.52%
Intergovernmental Revenues	38,422,293	28,427,887	28,676,690	28,315,513	-1.26%
Special Assessments	13,617,875	15,651,959	14,076,011	14,377,800	2.14%
Licenses and Permits	8,406,851	9,286,961	10,072,225	10,222,480	1.49%
Charges to Departments	7,119,164	11,288,292	9,738,652	8,307,629	-14.69%
Fines and Forfeits	3,058,074	3,036,854	3,227,486	3,495,000	8.29%
Other	37,355,297	54,265,697	62,968,243	29,582,252	-53.02%
Total Revenues	552,929,266	612,342,253	663,480,029	638,994,429	-3.69%
Interfund Transfers				57,090,494	
Fund Balance				58,825,034	
				Total Sources of Funds	754,909,957

EXPENDITURE HISTORY BY MAJOR OBJECT

	Actual 2003/04	Actual 2004/05	Budgeted 2005/06	Approved 2006/07	Change
Personnel Services	169,914,106	193,925,722	219,661,224	236,733,676	7.77%
Non-Personnel	238,276,691	245,835,228	270,603,815	283,963,814	4.94%
Special Projects	38,981,262	45,641,071	29,948,564	21,607,239	-27.85%
Equipment Outlay	22,290,171	28,211,418	8,767,051	10,722,365	22.30%
Capital Outlay	74,034,591	155,212,468	83,619,881	80,708,045	-3.48%
Debt Service	208,808,877	76,382,720	79,478,707	86,224,339	8.49%
Direct Operating Budget	752,305,698	745,208,627	692,079,242	719,959,478	4.03%
Charge From Others	49,747,838	55,202,512	76,760,757	81,796,244	6.56%
Charge To Others	(67,006,130)	(81,922,366)	(92,882,777)	(98,145,254)	5.67%
Total Expenditures	735,047,406	718,488,773	675,957,222	703,610,468	4.09%
Interfund Transfers				57,090,494	
Managed Savings				(5,791,005)	
				Total Uses of Funds	754,909,957

EXPENDITURE HISTORY BY ORGANIZATIONAL UNIT

	Actual 2003/04	Actual 2004/05	Budgeted 2005/06	Approved 2006/07	Change
Public Utilities	355,880,886	345,808,446	316,062,302	318,582,339	0.80%
Public Works	73,157,747	102,462,826	101,212,891	109,354,840	8.04%
Police	68,358,858	75,979,278	76,651,661	83,065,995	8.37%
General Government	56,221,551	51,595,451	56,471,129	58,385,615	3.39%
Development	103,246,042	45,891,711	38,311,406	40,894,414	6.74%
Fire	31,855,991	34,701,952	36,736,607	39,775,139	8.27%
Parks, Recreation, & Community Services	20,975,134	31,739,410	25,330,790	26,084,840	2.98%
Community Development	7,416,368	7,564,685	12,140,233	14,635,648	20.55%
Library	6,799,237	7,820,950	9,855,639	9,600,589	-2.59%
Museum	1,350,052	1,514,338	2,137,712	2,029,718	-5.05%
Airport	1,210,336	3,041,124	1,046,852	1,201,331	14.76%
Non-Departmental / Other	8,575,204	10,368,602	-	-	---
Total Expenditures	735,047,406	718,488,773	675,957,222	703,610,468	4.09%
Interfund Transfers				57,090,494	
Managed Savings				(5,791,005)	
				Total Uses of Funds	754,909,957

Budget Summary

Fund Structure

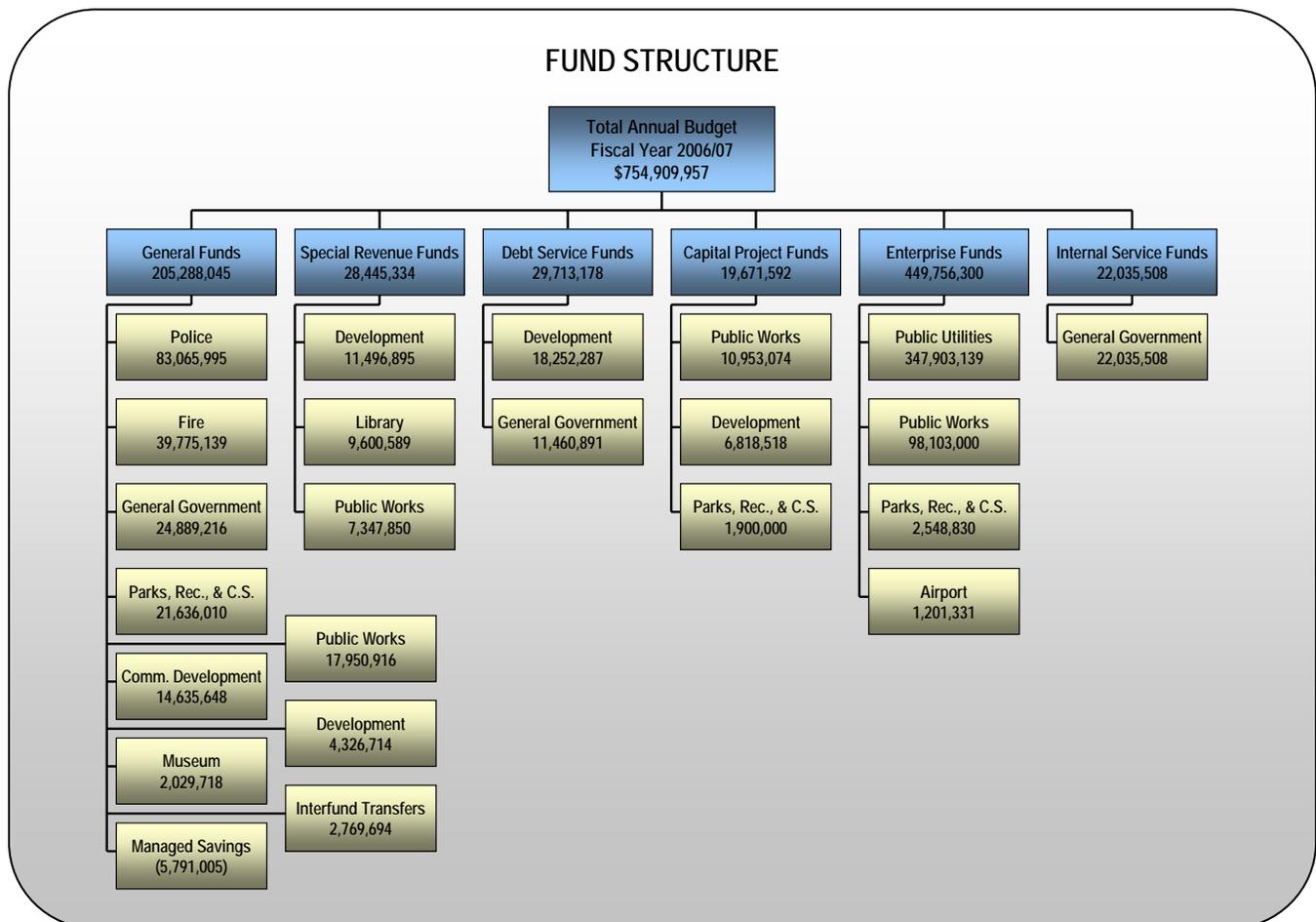
The City organizes its resources into six main fund categories: General Funds, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Enterprise Funds, and Internal Service Funds. Within each category are multiple funds that each relate to a Department. Funds are categorized primarily for 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 six 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.

General Funds

The General Funds fund category includes three funds, the largest of which is the City's 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.

The Central Services Fund is also included in this fund category. This fund is used to budget services provided by various City Departments for the benefit of other City Departments. The Central Services Fund is completely allocated to other funds through the City's Cost Allocation Plan; therefore the budget for this fund is typically zero other than periodic interfund transfers. Finally, the Landscape Maintenance Districts Fund is included in this category. This fund has a minimal budget and is used to account for monies expended for landscape maintenance districts throughout the City.



Budget Summary

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 Development Department's budget includes various Special Revenue Funds. Several of these funds are used to account for the portion of Redevelopment tax increment monies that California Redevelopment Law requires be set aside for the development of low and moderate income housing in the City's various redevelopment areas. Other funds 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 Riverside Public Library is entirely budgeted in a Special Revenue Fund. The accounting reasons for the Library remaining in a Special Revenue Fund are no longer extant; therefore in fiscal year 2007/08 the Library Fund is to be eliminated and the Riverside Public Library will be budgeted in the General Fund.

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.

The final Special Revenue Fund is the Special Designations Fund. This fund is used to account for funds set aside by the City Council for specific future purposes. These specific future purposes each benefit a particular Department. When expenditures are to be made, they are budgeted in the appropriate fund(s) and transferred from the Special Designations Fund.

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 included in this category are Development Department funds associated with the City's various redevelopment areas; funds used to account for debt service payments for the City's various assessment districts and community facilities districts (CFDs); and the Certificates of Participation Debt Service Fund used to account for debt service associated with certificates of participation issued by the Riverside Municipal Improvements Corporation and financed via lease payments from the City.

Capital Project Funds

Capital Project 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 Development Department's budget includes various Capital Projects Funds. These funds are used to account for costs associated with the acquisition, relocation, demolition, and sale of property in the City's various redevelopment areas.

Finally, the Parks, Recreation, and Community Services Department's budget includes two Capital Projects Funds. These funds include the 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.

Budget Summary

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 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 four Enterprise Funds. These funds include the Refuse Collection Fund, used to account for expenditures associated with the City's refuse collection services; the Sewer Service and Sewer Projects Funds, 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 in downtown Riverside. The Refuse and Sewer Funds are 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 is entirely budgeted in an Enterprise Fund. The Airport Fund is described in more detail later in this Section.

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 Office of the City Manager's budget. They are the Workers' Compensation Insurance Trust Fund, the Unemployment Insurance Trust Fund, and the

Liability Insurance Trust Fund. Additionally, the Office of the City Manager's 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.

Redevelopment Agency Fund

It is worth mentioning that there is one fund that is not categorized into the fund categories outlined above. The Redevelopment Agency Fund is shown in various tables throughout the Annual Budget. This fund is entirely allocated through a distribution of costs to the Development Department's various other funds. It therefore has a budget of zero dollars and is not an appropriated fund. This fund is mentioned here to provide context for the tables where it appears due to costs budgeted in the fund that are allocated to other funds.

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. These funds are appropriated as-needed through supplemental appropriations approved by the City Council during the budget year.

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 source of funds in the fund receiving the transfer and as a use of funds 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 majority of the transferred funds originate. A summary of the City's interfund transfers is provided on the facing page.

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 \$900.6 million

Budget Summary

in debt currently outstanding, only \$18.5 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 \$14.6 billion, resulting in a debt limit of \$548.0 million and a current ratio of debt to assessed value of 3.4%. The remaining outstanding debt detailed in the table below is supported by other specific revenue streams and is not subject to the legal debt limit.

SUMMARY OF INTERFUND TRANSFERS

Receiving/Sending Fund	Transfer to General Fund	Transfer from General Fund
102 Central Services Fund	1,047,637	-
210 Library Fund	-	1,572,057
510 Electric Fund	25,392,800	-
520 Water Fund	3,928,000	-
540 Refuse Fund	-	150,000
Total General Fund	30,368,437	1,722,057
Sewer Transfer (550 to 551)	25,000,000	-
Total Transfers	57,090,494	

SUMMARY OF CITYWIDE DEBT OBLIGATIONS

Debt Issue	Budgeted Fund	Year of Issuance	Year of Final Maturity	Total Issue Size	Outstanding Principal 6/30/2007	2006/07 Principal	2006/07 Interest	Total Budgeted Payment
General Obligation Debt								
Measure G Fire Facility Projects Bonds	General Fund	2004	2025	20,000,000	18,530,000	515,000	872,595	1,387,595
Pension Obligation Debt								
Pension Obligation Bonds (2004)	General Fund	2004	2023	89,540,000	85,765,000	1,390,000	4,906,814	6,296,814
Pension Obligation Bonds (2005) Series A	General Fund	2005	2020	30,000,000	28,685,000	630,000	1,363,550	1,993,550
Pension Obligation Bonds (2005) Series B	General Fund	2005	2025	30,000,000	30,000,000	-	1,449,000	1,449,000
Certificates of Participation Debt								
Capital Improvement Projects Refunding	General Fund	1999	2010	6,360,000	2,280,000	660,000	221,365	881,365
Riverside Public Financing Authority Projects	General Fund	2003	2034	53,185,000	50,200,000	1,125,000	2,363,750	3,488,750
Total General Fund Debt					215,460,000	4,320,000	11,177,074	15,497,074
Sewer Debt								
Sewer Refunding Bonds	Sewer Fund	1993	2013	49,145,000	24,865,000	3,285,000	1,584,125	4,869,125
Total Sewer Fund Debt					24,865,000	3,285,000	1,584,125	4,869,125
Electric Utility Debt								
Electric Revenue Bonds (1998)	Electric Fund	1998	2019	98,730,000	47,315,000	5,585,000	2,618,719	8,203,719
Electric Revenue Bonds (2001)	Electric Fund	2001	2015	47,215,000	29,125,000	3,035,000	1,356,081	4,391,081
Electric Revenue Bonds (2003)	Electric Fund	2003	2014	75,405,000	53,880,000	6,980,000	2,466,450	9,446,450
Electric Revenue Bonds (2004) Series A	Electric Fund	2004	2015	27,500,000	24,885,000	2,615,000	1,310,363	3,925,363
Electric Revenue Bonds (2004) Series B	Electric Fund	2004	2030	82,500,000	82,500,000	-	2,919,584	2,919,584
Electric Revenue/Refunding Bonds (2005) Series A & B	Electric Fund	2005	2036	115,725,000	115,125,000	600,000	3,693,284	4,293,284
Total Electric Fund Debt					352,830,000	18,815,000	14,364,480	33,179,480
Water Utility Debt								
Water Revenue Bonds (1991)	Water Fund	1991	2011	50,950,000	12,950,000	3,235,000	-	3,235,000
Water Revenue Bonds (1998)	Water Fund	1998	2019	30,965,000	20,990,000	275,000	1,077,126	1,352,126
Water Revenue Bonds (2001)	Water Fund	2001	2017	20,000,000	4,850,000	390,000	208,933	598,933
Water Revenue Bonds (2005)	Water Fund	2005	2036	61,125,000	60,725,000	400,000	1,947,467	2,347,467
Total Water Fund Debt					99,515,000	4,300,000	3,233,525	7,533,525
Redevelopment Agency Debt								
Multiple Project Loans - Riverside Public Financing Authority	Redev. Funds	1991	2018	5,645,000	180,000	10,000	15,200	25,200
Univ. Corridor/Sycamore Canyon Tax Allocation Bonds Series A	Redev. Funds	1999	2028	17,025,000	14,750,000	405,000	708,703	1,113,703
Univ. Corridor/Sycamore Canyon Tax Allocation Bonds Series B	Redev. Funds	1999	2028	6,055,000	5,315,000	130,000	297,453	427,453
Casa Blanca Tax Allocation Bonds Series A	Redev. Funds	1999	2026	20,395,000	16,865,000	560,000	803,795	1,363,795
Merged Project Area Tax Allocation and Refunding Bonds	Redev. Funds	2003	2034	40,435,000	36,680,000	1,280,000	1,668,968	2,948,968
California Towers Lease Revenue Bonds Series A	Redev. Funds	2003	2025	26,255,000	23,740,000	635,000	1,074,583	1,709,583
California Towers Lease Revenue Bonds Series B	Redev. Funds	2003	2025	4,810,000	4,200,000	150,000	212,176	362,176
Arlington Tax Allocation Bonds Series A	Redev. Funds	2004	2035	4,550,000	4,475,000	40,000	207,365	247,365
Arlington Tax Allocation Bonds Series B	Redev. Funds	2004	2025	2,975,000	2,800,000	90,000	156,475	246,475
Multiple Project Areas Housing Tax Allocation Bonds Series A	Redev. Funds	2004	2035	24,115,000	23,045,000	565,000	1,022,771	1,587,771
ERAF Loan Program Through CSCDA	Redev. Funds	2005	2016	1,465,000	1,360,000	105,000	65,695	170,695
Total Redevelopment Agency Debt					133,410,000	3,970,000	6,233,182	10,203,182
Assessment District & Community Facilities District Debt								
Community Facilities District 90-2 Tyler Mall Bonds	Asmt. Funds	1991	2012	17,960,000	1,788,315	443,715	746,285	1,190,000
Sycamore Canyon Business Park No. 1 Bonds	Asmt. Funds	1992	2013	4,416,947	2,070,000	255,000	186,788	441,788
Auto Center Assessment District Bonds	Asmt. Funds	1999	2025	6,341,504	5,225,000	180,000	276,033	456,033
Highlander CFD 90-1 Refunding Bonds	Asmt. Funds	2001	2016	14,325,000	10,145,000	910,000	501,373	1,411,373
Riverwalk Assessment District Bonds	Asmt. Funds	2001	2027	10,198,078	9,270,000	250,000	563,340	813,340
Public Financing Authority Refunding Bonds Series A	Asmt. Funds	2001	2017	16,730,000	10,495,000	1,285,000	458,271	1,743,271
Public Financing Authority Refunding Bonds Series B	Asmt. Funds	2001	2017	1,620,000	1,170,000	90,000	63,653	153,653
Riverwalk Business Center Assessment District Bonds	Asmt. Funds	2005	2030	3,755,000	3,595,000	80,000	209,328	289,328
Sycamore Canyon Business Park CFD 92-1 Bonds	Asmt. Funds	2005	2035	9,700,000	9,530,000	170,000	475,728	645,728
Hunter Park Assessment District Bonds	Asmt. Funds	2006	2037	15,269,906	15,269,906	-	745,434	745,434
Canyon Springs Assessment District Refunding Bonds	Asmt. Funds	2004	2012	8,680,000	5,950,000	1,075,000	237,075	1,312,075
Total Assessment District Debt					74,508,221	4,738,715	4,463,305	9,202,020
Total Debt					900,588,221	39,428,715	41,055,691	80,484,406

Budget Summary – General Fund

Overview of the General Fund

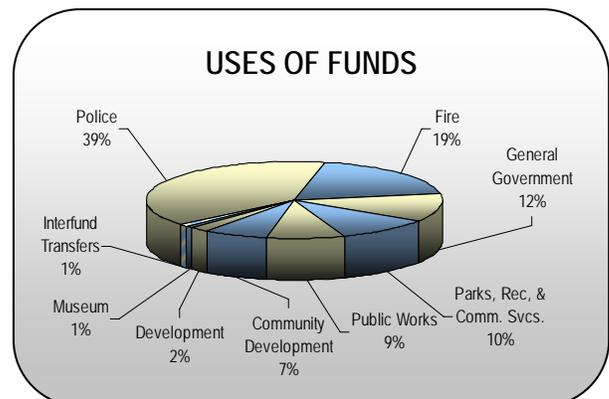
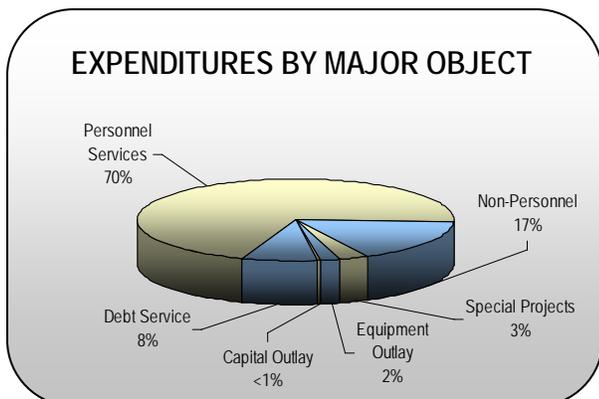
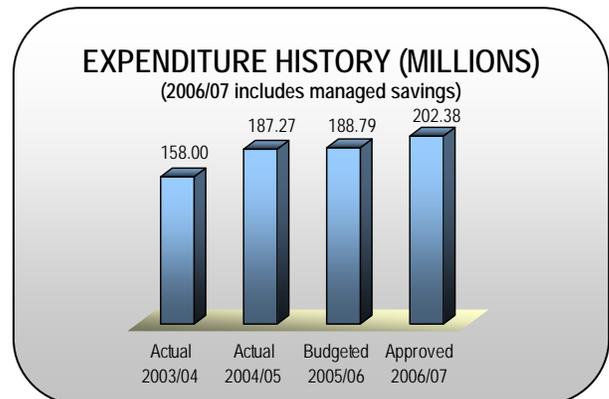
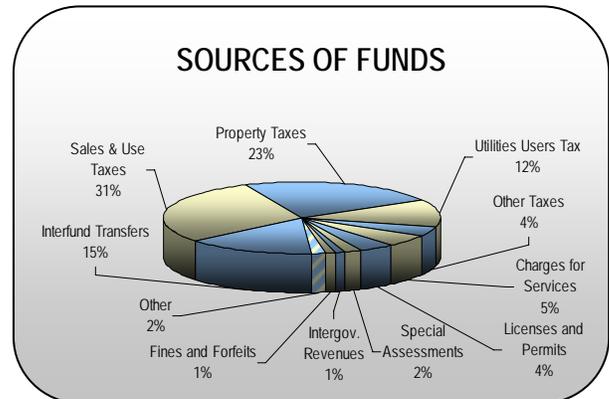
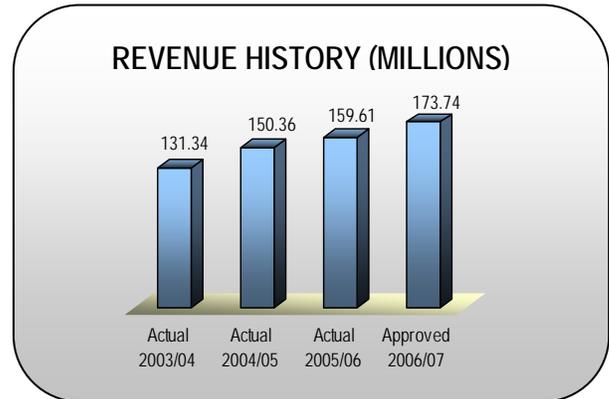
The City's General Fund budget for fiscal year 2006/07 amounts to \$204,104,272. This equates to an increase of 10.3% over the previous year's Annual Budget excluding interfund transfers, or 9.2% excluding interfund transfers and charges to and from others.

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 robust General Fund budget increase this year represents an 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 transfer \$1.7 million out to the Library and Refuse funds in fiscal year 2006/07 to supplement these funds' primary revenues. The General Fund will receive \$29.3 million from the Electric and Water Funds, which is a transfer of certain operating revenues as authorized by the City Charter. A \$1.0 million transfer from the Central Services Fund is associated with the anticipated elimination of this Fund in fiscal year 2007/08.



General Fund – Budget Summary

REVENUE HISTORY BY REVENUE CATEGORY

	Actual 2003/04	Actual 2004/05	Actual 2005/06	Approved 2006/07	Change
Sales & Use Taxes	47,608,493	54,485,783	57,263,184	60,230,000	5.18%
Property Taxes	14,898,649	30,407,115	38,689,478	47,757,000	23.44%
Utilities Users Tax	21,361,604	22,134,951	23,501,590	24,987,000	6.32%
Charges for Services	10,058,568	11,289,759	11,571,103	11,156,135	-3.59%
Other Taxes	7,430,589	7,898,296	8,387,159	8,903,000	6.15%
Licenses and Permits	6,538,470	7,374,776	8,367,349	8,402,200	0.42%
Special Assessments	3,723,586	3,744,008	3,577,316	3,905,000	9.16%
Intergovernmental Revenues	13,114,406	2,604,878	2,788,098	2,580,000	-7.46%
Fines and Forfeits	1,966,552	1,778,005	1,906,011	2,355,000	23.56%
Other	4,640,559	8,640,965	3,561,660	3,460,500	-2.84%
Total Revenues	131,341,476	150,358,536	159,612,948	173,735,835	8.85%
Interfund Transfers				30,368,437	
Total Sources of Funds				204,104,272	

EXPENDITURE HISTORY BY MAJOR OBJECT

	Actual 2003/04	Actual 2004/05	Budgeted 2005/06	Approved 2006/07	Change
Personnel Services	108,909,514	124,159,987	132,362,078	145,571,089	9.98%
Non-Personnel	28,503,653	33,079,573	32,650,542	34,595,966	5.96%
Special Projects	10,728,432	10,129,751	7,295,401	6,106,664	-16.29%
Equipment Outlay	4,065,617	6,793,331	4,282,493	3,971,539	-7.26%
Capital Outlay	3,648,483	7,672,337	738,281	703,795	-4.67%
Debt Service	3,931,433	12,848,328	12,284,275	16,020,709	30.42%
Direct Operating Budget	159,787,132	194,683,307	189,613,070	206,969,762	9.15%
Charge From Others	18,653,785	21,391,927	24,872,912	27,339,433	9.92%
Charge To Others	(20,443,525)	(28,806,563)	(25,700,000)	(26,135,975)	1.70%
Total Expenditures	157,997,395	187,268,675	188,785,982	208,173,220	10.27%
Interfund Transfers				1,722,057	
Managed Savings				(5,791,005)	
Total Uses of Funds				204,104,272	

EXPENDITURE HISTORY BY ORGANIZATIONAL UNIT

	Actual 2003/04	Actual 2004/05	Budgeted 2005/06	Approved 2006/07	Change
Police	68,358,858	75,979,278	76,651,661	83,065,995	8.37%
Fire	31,855,991	34,701,952	36,736,607	39,775,139	8.27%
General Government	18,556,126	28,851,885	24,982,001	24,889,216	-0.37%
Parks, Recreation, & Community Services	17,451,112	24,513,011	20,320,997	21,499,874	5.80%
Public Works	12,123,450	13,316,649	13,976,582	17,950,916	28.44%
Community Development	7,416,368	7,564,685	12,140,233	14,635,648	20.55%
Development	885,435	826,874	1,840,189	4,326,714	135.12%
Museum	1,350,055	1,514,341	2,137,712	2,029,718	-5.05%
Total Expenditures	157,997,395	187,268,675	188,785,982	208,173,220	10.27%
Interfund Transfers				1,722,057	
Managed Savings				(5,791,005)	
Total Uses of Funds				204,104,272	

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 7.75% 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.

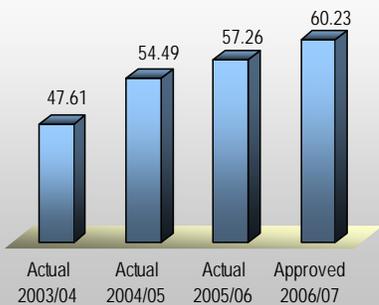
Sales and Use Tax revenues are the largest single revenue source for the General Fund, representing 34.7% of total estimated revenues in fiscal year 2006/07. In each of the past 12 years these revenues have increased, with growth rates in recent years higher than 10% annually. This growth is dependent upon the economy and local commercial trends, and sustained growth at the 10% level is improbable. For fiscal year 2006/07, budgeted Sales and Use Tax revenues are estimated to grow slightly, at a level that is in line with the previous year’s actual growth rate and that does not take into account continued retail growth in the City of Riverside that may well result in higher actual revenues. The budgeted amount of \$60.2 million represents an increase of 5.2%.

Property Taxes

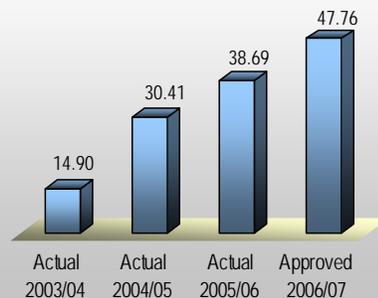
Property taxes are levied at one percent of assessed value, as established in 1978 by California’s Proposition 13. The County of Riverside administers the property tax program and the City of Riverside receives approximately 12% of the receipts generated by property taxes levied within the City limits. The balance of the assessment received is allocated between various schools, Riverside County, and the City’s Redevelopment Agency. The increase in revenues between fiscal years 2003/04 and 2004/05 is partially attributable to the State’s swap of certain Property Tax revenues for Vehicle License Fee revenues previously received by the City.

Property Tax revenues are the second largest single revenue source for the General Fund, representing 27.5% of total estimated revenues in fiscal year 2006/07. Property Tax revenues have increased in recent years as a result of the booming housing market in Southern California, 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). For fiscal year 2006/07, budgeted Property Tax revenues are estimated to grow significantly, though at a lower level than in the previous fiscal year. While growth is slowing, early indications are that this level of growth is achievable given recent trends in existing home prices, annexations, home construction, and new retail and commercial developments throughout the City. The budgeted amount of \$47.8 million represents an increase of 23.4%. This increase is partially attributable to the ERAF III shift, which diverted certain Property Tax revenues to the State in fiscal years 2004/05 and 2005/06.

HISTORICAL SALES & USE TAX REVENUE
(MILLIONS)



HISTORICAL PROPERTY TAX REVENUE
(MILLIONS)



General Fund – Budget Summary

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.

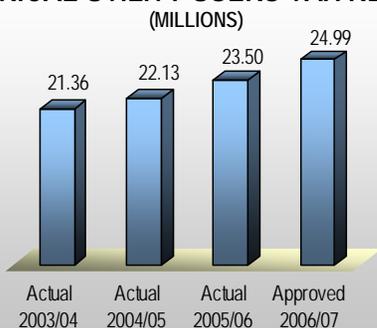
Utility Users Tax revenues represent 14.4% of total estimated General Fund revenues in fiscal year 2006/07. These revenues are largely predictable and increase at a steady and measurable rate as the customer base of the City's utilities increases. For fiscal year 2006/07, budgeted Utility Users Tax revenues are estimated to grow at a rate just slightly higher than the previous year. The budgeted amount of \$25.0 million represents an increase of 6.3%.

Charges for Services

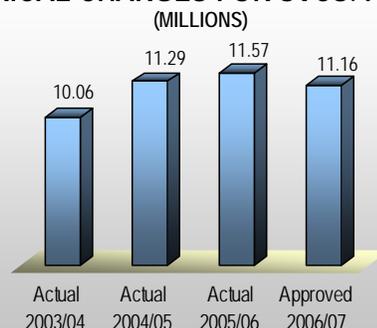
The City has developed service fees that are designed to recover a specified portion of the service cost. This is referred to as the recovery level and is established by the City Council. For most development related services the recovery level is 100 percent. The primary revenue source in this category is fees for processing various development-related applications.

Charges for Services revenue represents 6.4% of total estimated General Fund revenues in fiscal year 2006/07. 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 2006/07, budgeted Charges for Services are estimated to decrease as a result of slowing usage of development and building-related City services. The budgeted amount of \$11.2 million represents a decrease of 3.6%.

HISTORICAL UTILITY USERS TAX REVENUE



HISTORICAL CHARGES FOR SVCS. REVENUE

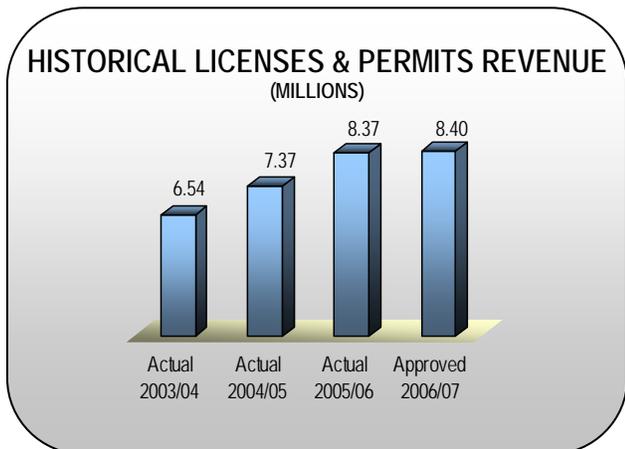


Budget Summary – General Fund

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 4.8% of total estimated General Fund revenues in fiscal year 2006/07. 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 2006/07, budgeted Licenses and Permits revenues are estimated to remain virtually flat as a result of slowing construction. The budgeted amount of \$8.4 million represents an increase of 0.4%.



General Fund – Budget Summary

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Budget Summary – Electric Fund

Overview of the Electric Fund

The City's Electric Fund budget for fiscal year 2006/07 amounts to \$285,033,574. This equates to an increase of 4.2% over the previous year's Annual Budget excluding interfund transfers, or 4.8% excluding interfund transfers and charges to and from others.

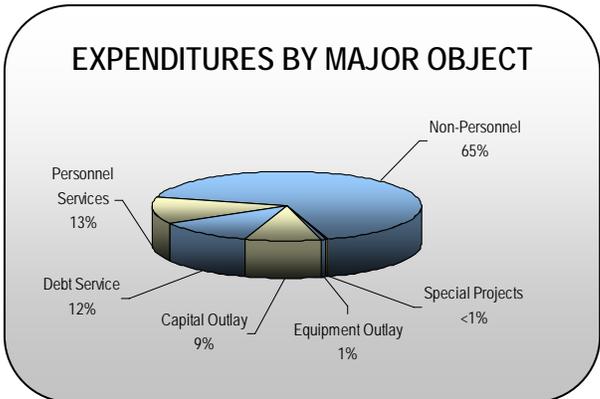
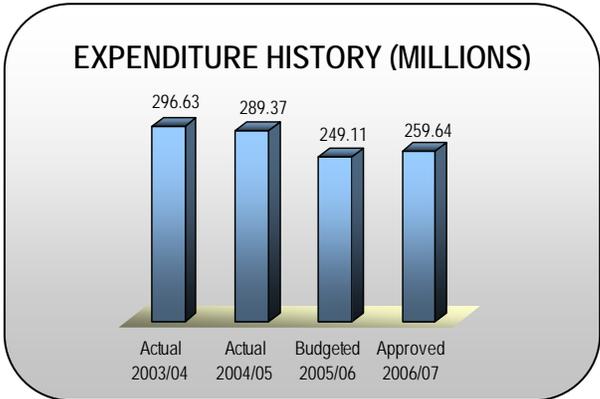
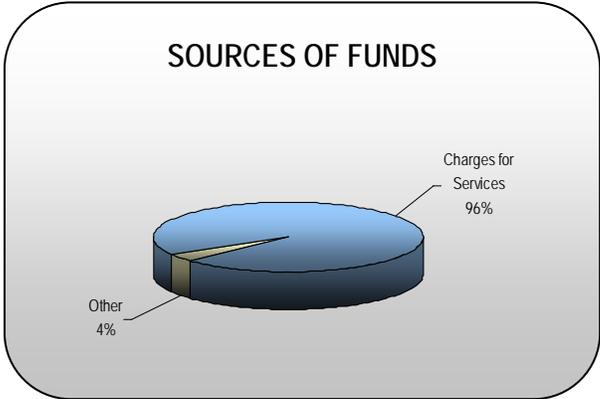
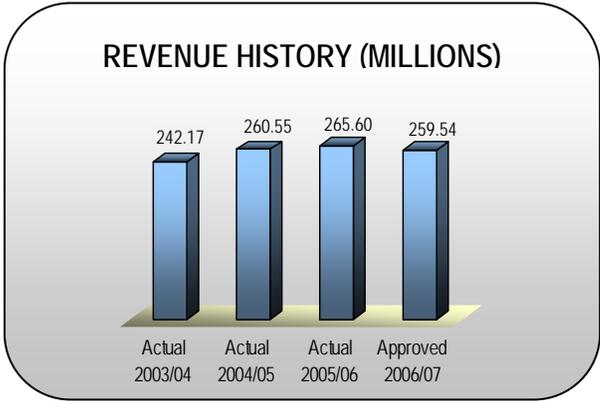
The operating and capital expenditures of the Electric Utility component of Riverside Public Utilities are budgeted in the Electric Fund. In addition to offering lower residential rates than its competitors, Riverside Public Utilities also bolsters economic development within the City by offering discounted 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 revenue is primarily tied to growth in the customer base of the Utility 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 \$249.9 million represents a decrease of 0.9%.

An important part of the overall Electric Fund financial picture is interfund transfers. The Electric Fund will transfer \$25.4 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 2003/04	Actual 2004/05	Actual 2005/06	Approved 2006/07	Change
Charges for Services	232,349,411	241,347,452	252,075,102	249,885,000	-0.87%
Other	9,816,844	19,206,288	13,526,773	9,654,000	-28.63%
Total Revenues	242,166,255	260,553,740	265,601,875	259,539,000	-2.28%
Interfund Transfers				-	
			Total Sources of Funds	259,539,000	

EXPENDITURE HISTORY BY MAJOR OBJECT

	Actual 2003/04	Actual 2004/05	Budgeted 2005/06	Approved 2006/07	Change
Personnel Services	22,284,431	25,912,655	32,092,615	34,014,889	5.99%
Non-Personnel	152,019,017	149,426,749	167,140,478	174,785,380	4.57%
Special Projects	295,381	209,874	225,000	225,000	0.00%
Equipment Outlay	1,212,245	347,886	875,789	1,451,499	65.74%
Capital Outlay	27,501,190	94,568,729	23,602,000	25,036,000	6.08%
Debt Service	96,854,747	25,587,172	30,228,000	30,728,000	1.65%
Direct Operating Budget	300,167,011	296,053,065	254,163,882	266,240,768	4.75%
Charge From Others	7,212,598	7,049,430	7,791,826	8,416,981	8.02%
Charge To Others	(10,749,427)	(13,735,528)	(12,842,519)	(15,016,975)	16.93%
Total Expenditures	296,630,184	289,366,969	249,113,189	259,640,774	4.23%
Interfund Transfers				25,392,800	
			Total Uses of Funds	285,033,574	

Budget Summary – Water Fund

Overview of the Water Fund

The City's Water Fund budget for fiscal year 2006/07 amounts to \$57,154,824. This equates to a decrease of 9.3% from the previous year's Annual Budget excluding interfund transfers, or 12.0% excluding interfund transfers and charges to and from others.

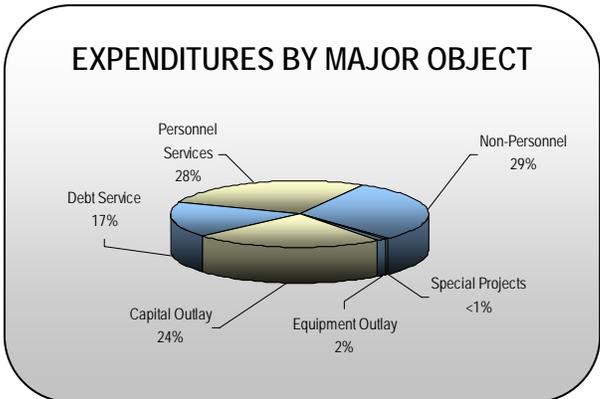
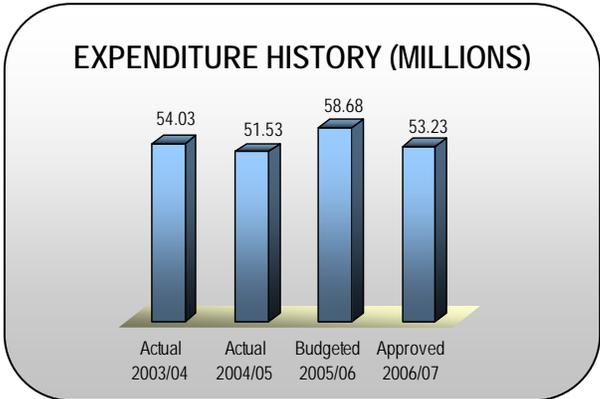
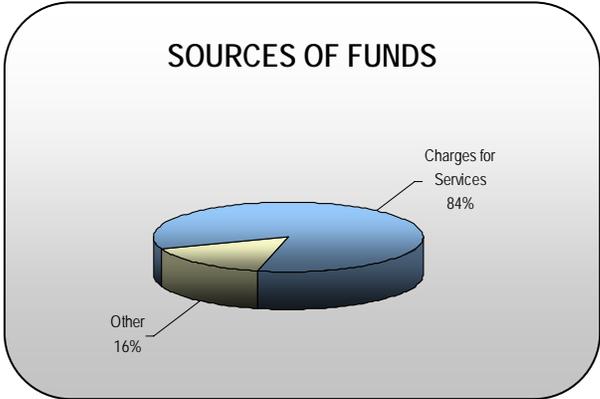
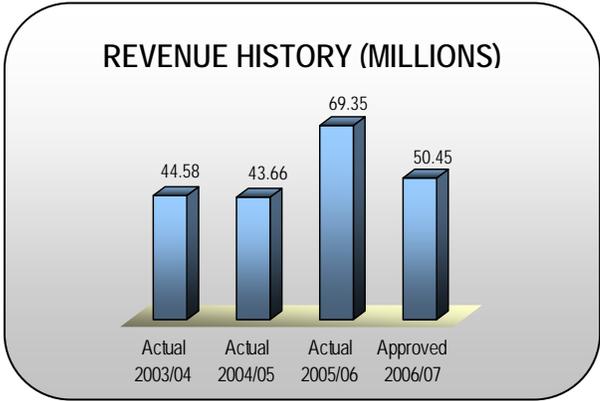
The operating and capital expenditures of the Water Utility component of Riverside Public Utilities are budgeted in the Water Fund. Expenditures in the Water Fund range from personnel maintaining water lines to capital expenditures to construct new water lines as the City grows.

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 revenues is primarily tied to growth in the customer base of the Utility 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 \$42.5 million represents an increase of 14.5%.

An important part of the overall Water Fund financial picture is interfund transfers. The Water Fund will transfer \$3.9 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 2003/04	Actual 2004/05	Actual 2005/06	Approved 2006/07	Change
Charges for Services	32,252,531	33,559,450	37,145,635	42,523,000	14.48%
Other	12,332,089	10,105,346	32,206,120	7,922,000	-75.40%
Total Revenues	44,584,620	43,664,796	69,351,755	50,445,000	-27.26%
Interfund Transfers				-	
			Total Sources of Funds	50,445,000	

EXPENDITURE HISTORY BY MAJOR OBJECT

	Actual 2003/04	Actual 2004/05	Budgeted 2005/06	Approved 2006/07	Change
Personnel Services	9,873,493	11,160,940	12,708,616	13,465,663	5.96%
Non-Personnel	13,181,858	14,232,906	14,341,195	14,649,374	2.15%
Special Projects	156,177	131,201	15,000	15,000	0.00%
Equipment Outlay	295,482	1,040,393	453,010	800,000	76.60%
Capital Outlay	22,094,378	16,085,779	19,625,000	11,534,000	-41.23%
Debt Service	6,424,472	6,497,383	8,321,000	8,321,000	0.00%
Direct Operating Budget	52,025,860	49,148,602	55,463,821	48,785,037	-12.04%
Charge From Others	5,584,841	5,998,586	6,804,280	8,026,787	17.97%
Charge To Others	(3,576,250)	(3,618,074)	(3,585,000)	(3,585,000)	0.00%
Total Expenditures	54,034,454	51,529,117	58,683,101	53,226,824	-9.30%
Interfund Transfers				3,928,000	
			Total Uses of Funds	57,154,824	

Budget Summary – Sewer Fund

Overview of the Sewer Funds

The City's Sewer Fund/Sewer Projects Fund budget for fiscal year 2006/07 amounts to \$50,557,256. This equates to an increase of 4.3% over the previous year's Annual Budget excluding interfund transfers, or 4.0% excluding interfund transfers and charges to and from others.

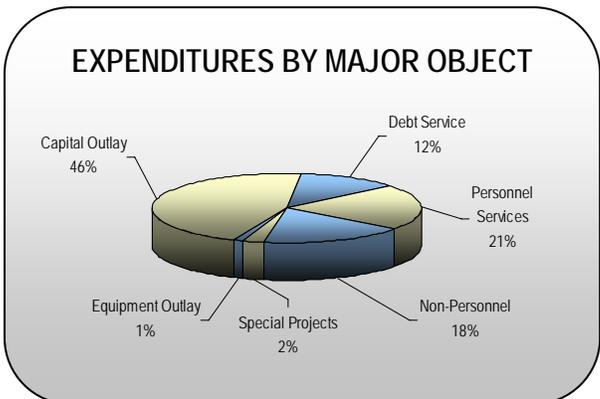
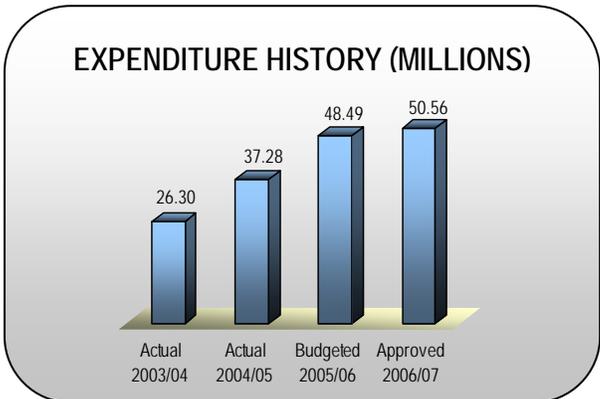
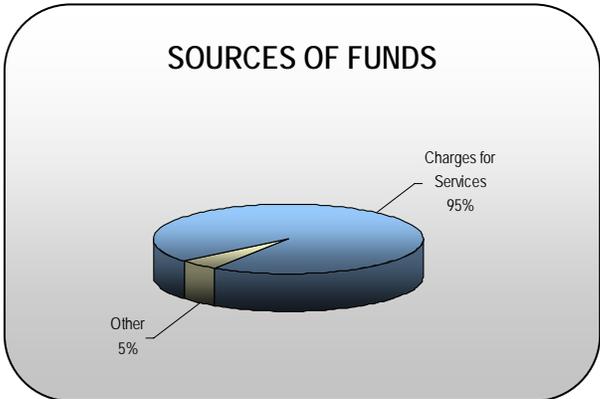
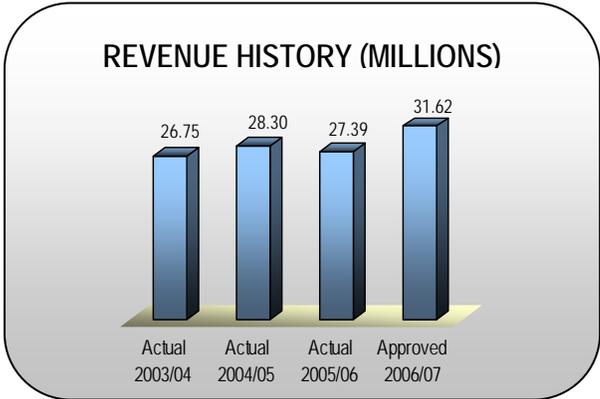
The operating and capital expenditures related to the City's sewer system and treatment plant are budgeted in the Sewer Fund and Sewer Projects Fund. Though these are two separate funds, they are presented here in aggregate to gain a better perspective on the total cost of operations. Expenditures in 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 Wastewater Treatment 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 revenues is primarily tied to growth in the customer base 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 \$30.2 million represents an increase of 18.0%.

The Sewer Projects Fund is primarily funded by an interfund transfer from the Sewer Fund. This transfer amounts to \$25,000,000 in fiscal year 2006/07. This transfer has been omitted as a use of funds for the Sewer Fund and as a source of funds for the Sewer Projects Fund in this summary to provide a more accurate picture of the operational costs of the sewer system as a whole.



Sewer Fund – Budget Summary

REVENUE HISTORY BY REVENUE CATEGORY

	Actual 2003/04	Actual 2004/05	Actual 2005/06	Approved 2006/07	Change
Charges for Services	24,306,212	25,466,308	25,570,003	30,166,400	17.98%
Other	2,442,131	2,838,096	1,815,512	1,450,200	-20.12%
Total Revenues	26,748,343	28,304,404	27,385,515	31,616,600	15.45%
Interfund Transfers				-	
			Total Sources of Funds	31,616,600	

EXPENDITURE HISTORY BY MAJOR OBJECT

	Actual 2003/04	Actual 2004/05	Budgeted 2005/06	Approved 2006/07	Change
Personnel Services	6,607,599	7,177,712	10,251,510	10,111,003	-1.37%
Non-Personnel	6,351,246	8,238,025	7,599,618	8,322,901	9.52%
Special Projects	978,750	1,158,255	1,196,478	1,181,421	-1.26%
Equipment Outlay	463,626	165,441	110,000	555,500	405.00%
Capital Outlay	5,131,272	13,087,188	20,620,000	21,415,000	3.86%
Debt Service	4,998,674	5,267,011	5,775,936	5,775,936	0.00%
Direct Operating Budget	24,531,167	35,093,632	45,553,542	47,361,761	3.97%
Charge From Others	1,770,906	2,199,221	2,941,061	3,202,995	8.91%
Charge To Others	-	(10,846)	(7,500)	(7,500)	0.00%
Total Expenditures	26,302,076	37,282,008	48,487,103	50,557,256	4.27%
Interfund Transfers				-	
			Total Uses of Funds	50,557,256	

Budget Summary – Refuse Fund

Overview of the Refuse Fund

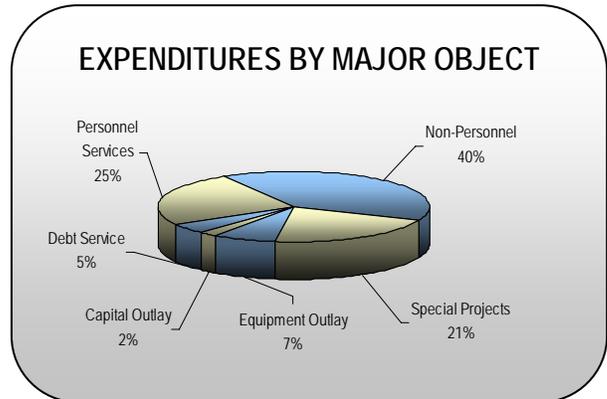
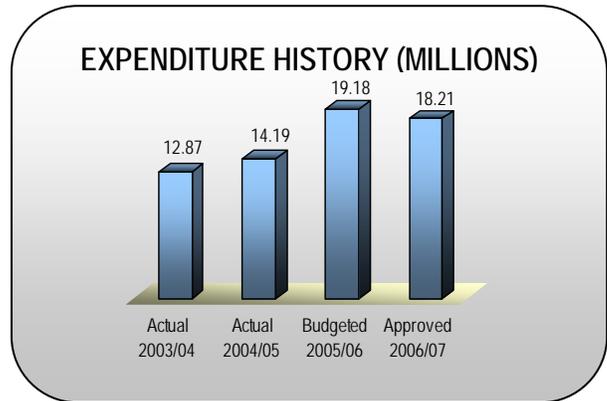
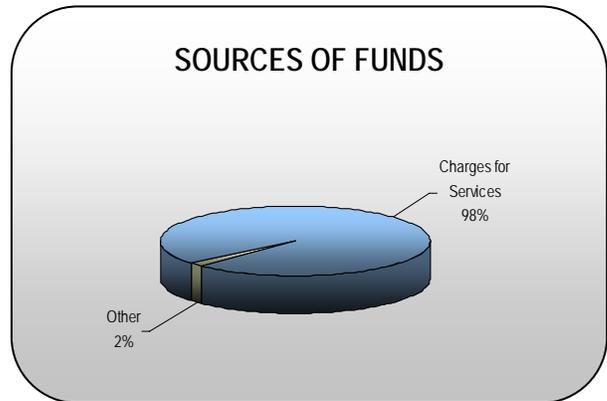
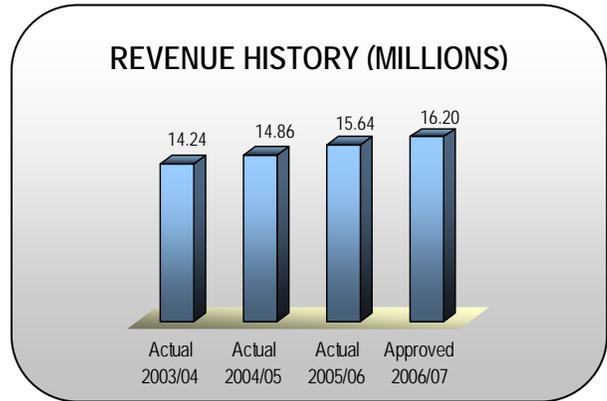
The City's Refuse Fund budget for fiscal year 2006/07 amounts to \$18,210,447. This equates to a decrease of 5.1% over the previous year's Annual Budget excluding interfund transfers, or 7.4% excluding interfund transfers and charges to and from others.

The operating and capital expenditures related to the City's refuse collection services are budgeted in the Refuse Fund. 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.

Refuse Fund Revenue Sources

The Refuse Fund is supported almost exclusively by Charges for Services. These charges include residential refuse collection 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 Refuse Fund Charges for Services revenues is primarily tied to growth in the customer base and/or demand. The Public Works Department prepares revenue projections based upon analysis of various statistics and trends. The results of this analysis are included in the Annual Budget. The budgeted amount of \$15.9 million represents an increase of 5.2%.



Refuse Fund – Budget Summary

REVENUE HISTORY BY REVENUE CATEGORY

	Actual 2003/04	Actual 2004/05	Actual 2005/06	Approved 2006/07	Change
Charges for Services	13,758,563	14,492,119	15,160,650	15,948,464	5.20%
Other	484,072	372,005	475,574	254,000	-46.59%
Total Revenues	14,242,635	14,864,124	15,636,224	16,202,464	3.62%
Interfund Transfers				150,000	
			Total Sources of Funds	16,352,464	

EXPENDITURE HISTORY BY MAJOR OBJECT

	Actual 2003/04	Actual 2004/05	Budgeted 2005/06	Approved 2006/07	Change
Personnel Services	2,323,827	2,692,755	4,089,927	4,120,474	0.75%
Non-Personnel	4,517,355	5,061,129	6,400,405	6,628,510	3.56%
Special Projects	2,748,141	2,844,406	3,463,964	3,446,888	-0.49%
Equipment Outlay	727,395	867,676	2,166,057	1,237,021	-42.89%
Capital Outlay	144,446	399,090	1,006,593	385,000	-61.75%
Debt Service	1,075,586	804,698	792,000	777,000	-1.89%
Direct Operating Budget	11,536,750	12,669,754	17,918,946	16,594,893	-7.39%
Charge From Others	1,369,949	1,554,734	1,643,632	1,995,327	21.40%
Charge To Others	(32,024)	(31,299)	(379,773)	(379,773)	0.00%
Total Expenditures	12,874,678	14,193,190	19,182,805	18,210,447	-5.07%
Interfund Transfers				-	
			Total Uses of Funds	18,210,447	

Budget Summary – Airport Fund

Overview of the Airport Fund

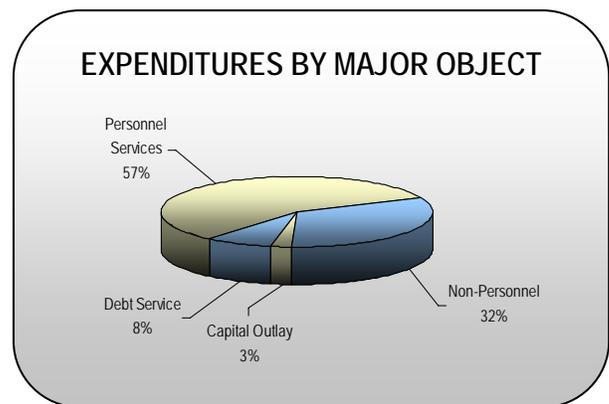
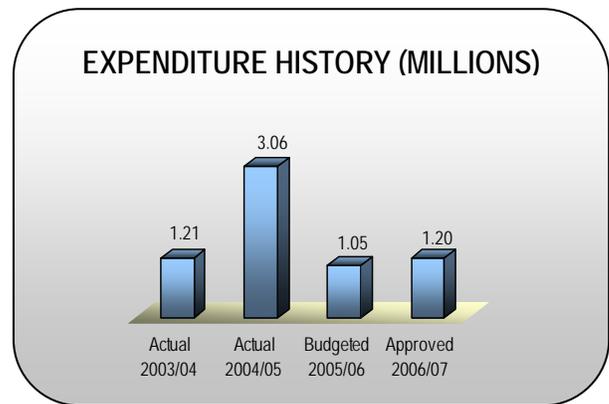
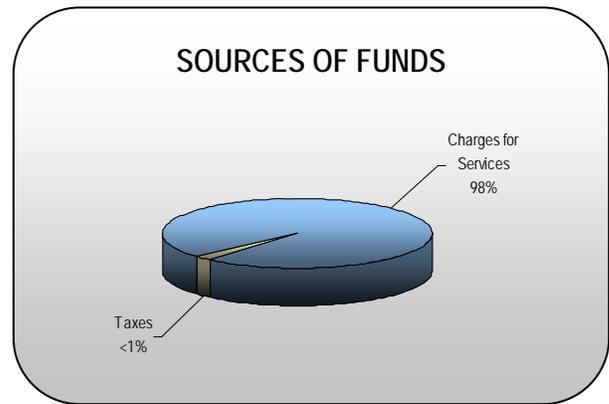
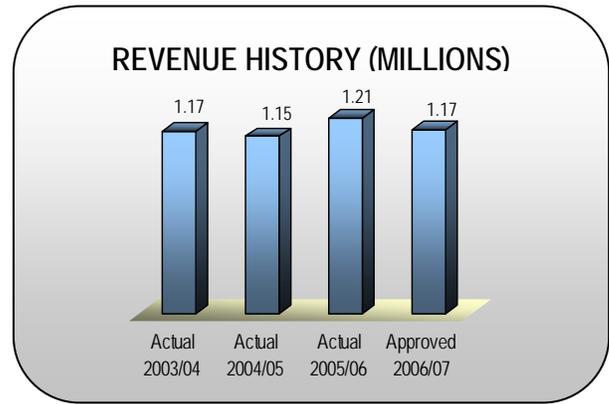
The City's Airport Fund budget for fiscal year 2006/07 amounts to \$1.2. This equates to an increase of 14.8% over the previous year's Annual Budget excluding interfund transfers, or 8.9% excluding interfund transfers and charges to and from others.

The operating and capital expenditures of the Riverside Airport are budgeted in the Airport Fund. The Riverside 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. Expenditures in the Airport Fund range from maintaining the terminal building to capital expenditures to reconstruct or expand the airfield.

Airport Fund Revenue Sources

The Airport Fund is supported almost exclusively by Charges for Services. These charges include leases, fuel flowage charges, and landing fees. 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 Airport Fund Charges for Services revenues is primarily tied to growth in the customer base of the Airport and/or the number of leased facilities on the Airport. The Riverside Airport projects revenue based upon an analysis of historical trends. The results of this analysis are included in the Annual Budget. The budgeted amount of \$1.1 million represents a decrease of 1.4%.



Airport Fund – Budget Summary

REVENUE HISTORY BY REVENUE CATEGORY

	Actual 2003/04	Actual 2004/05	Actual 2005/06	Approved 2006/07	Change
Taxes	115,901	65,353	49,379	25,000	-49.37%
Charges for Services	1,050,885	1,087,516	1,161,578	1,144,824	-1.44%
Total Revenues	1,166,786	1,152,869	1,210,957	1,169,824	-3.40%
Interfund Transfers				-	
			Total Sources of Funds	1,169,824	

EXPENDITURE HISTORY BY MAJOR OBJECT

	Actual 2003/04	Actual 2004/05	Budgeted 2005/06	Approved 2006/07	Change
Personnel Services	372,351	467,182	520,590	570,884	9.66%
Non-Personnel	218,168	258,297	291,665	323,061	10.76%
Special Projects	67,888	1,919,160	-	-	---
Equipment Outlay	9,959	19,094	-	-	---
Capital Outlay	215,668	60,482	25,000	25,000	0.00%
Debt Service	129,607	114,937	80,882	80,882	0.00%
Direct Operating Budget	1,013,641	2,839,152	918,137	999,827	8.90%
Charge From Others	200,886	239,316	128,715	201,504	56.55%
Charge To Others	-	(22,537)	-	-	---
Total Expenditures	1,214,531	3,055,933	1,046,852	1,201,331	14.76%
Interfund Transfers				-	
			Total Uses of Funds	1,201,331	

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