



FY 2024/25 Second Quarter Financial Update

Finance Department

City Council
April 8, 2025

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Fiscal Health and Outlook

- Overall, the City maintains a strong financial position
- Significant uncertainty of future fiscal outlook remains
 - Tariffs
 - Immigration Policies
 - Other Federal Action
- Recommend proactive measures pending additional revenue and economic data



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GENERAL FUND & MEASURE Z RESERVE BALANCES

General Fund	
Policy Reserves	Balance (in millions)
Emergency Reserve (15%)	\$ 54.18
Contingency Reserve (5%)	18.06
Total	\$ 72.24
Other Reserves	
Reserved for Section 115 Trust Contributions	\$ 30.24
Infrastructure Reserve	9.38
Technology Reserve	5.00
Water GFT Escrow	16.63
Section 115 Trust	77.19
Total	\$ 138.44
Total Reserves	\$ 210.68

Measure Z	
	Balance (in millions)
Fund Balance*	\$ 37.90
Policy Reserve	5.00
Total	\$ 42.90
* Reflects projected fund balance as of the end of the second quarter	
* Measure Z fund balance is anticipated to be drawn down over the adopted five-year plan.	



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GENERAL FUND & MEASURE Z OVERVIEW

FY 2024/25 Summary					
	Adopted Budget	Council Approved/ Pending Adjustments*	Q2 Recommended Adjustments	Q2 Recommended Cost Savings Measures	Final Adjusted Budget*
General Fund					
Revenue/Transfers In	\$ 361,227,227	\$ (880,759)	\$ (4,844,363)	\$ 10,817,428	\$ 366,319,533
Expenditure/Transfers Out	361,227,227	4,152,018	2,706,000	(1,765,712)	366,319,533
Surplus/(Deficit)	\$ -	\$ (5,032,777)	\$ (7,550,363)	\$ 12,583,140	\$ (0)
Measure Z					
Revenue/Transfers In	\$ 84,515,000	\$ -	\$ (3,206,000)	\$ -	\$ 81,309,000
Expenditure/Transfers Out	104,283,345	2,075,616	(2,256,806)	(1,910,030)	102,192,125
Surplus/(Deficit)**	\$ (19,768,345)	\$ (2,075,616)	\$ (949,194)	\$ 1,910,030	\$ (20,883,125)
* Excludes carryovers and approved unobligated ARPA adjustments, which do not have a net impact the on surplus/deficit calculation.					
** Measure Z fund balance is anticipated to be drawn down over the adopted five-year plan.					



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GENERAL FUND & MEASURE Z REVENUE ADJUSTMENTS

General Fund					
Revenue Category	Adopted Budget	Amended Budget 12/31/2024	Year-End Projection	\$ Change	% Change
Property Taxes	\$ 92.59	\$ 92.59	\$ 92.59	\$ -	0.0%
Sales Tax	93.84	93.84	91.93	(1.91)	-2.0%
Cannabis Tax	0.50	0.50	-	(0.50)	-100.0%
Utility Users Tax	34.94	34.94	34.94	-	0.0%
Transient Occupancy Tax	8.71	8.71	8.71	-	0.0%
Franchise Fees	6.91	6.91	6.91	-	0.0%
Licenses & Non-Developer Permits	11.96	11.96	11.96	-	0.0%
Non-Development Charges for Services	12.04	12.04	12.04	-	0.0%
Development Fees & Charges	8.46	8.46	8.46	-	0.0%
General Fund Transfer	53.41	53.41	53.45	0.04	0.1%
Measure Z Transfer	18.27	18.27	24.16	5.89	32.2%
Other Revenues & Transfers In	19.61	18.73	21.17	2.45	13.1%
Total Revenues & Transfers In	\$ 361.22	\$ 360.34	\$ 366.31	\$ 5.96	1.66%
Measure Z					
Sales Tax	\$ 83.72	\$ 83.72	\$ 80.51	\$ (3.21)	-3.8%
Interest Earnings	0.80	0.80	0.80	-	0.0%
Total Revenues & Transfers In	\$ 84.52	\$ 84.52	\$ 81.31	\$ (3.21)	-3.8%



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GENERAL FUND & MEASURE Z EXPENDITURE ADJUSTMENTS

General Fund		Measure Z	
Expenditure	Amount (in millions)	Expenditure	Amount (in millions)
Adopted Budget	\$ 361.22	Adopted Budget	\$ 104.28
Supplementals Approved through Second Quarter	2.63	Supplementals Approved through Second Quarter	0.21
Supplementals Approved/Pending in Third Quarter	1.52	Supplementals Approved/Pending in Third Quarter	1.86
Police and Fire Overtime	3.50	Fire Overtime	0.50
Section 115 Trust Transfer Overpayment	(0.79)	Museum Debt Service Payments	(2.91)
Cost Savings Measures	(1.77)	Police Lateral Hiring Incentive	0.16
Total Expenditures	\$ 366.31	Cost Savings Measures	(7.80)
		Transfer to General Fund	5.89
		Total Expenditures	\$ 102.19



Does not include approved carryovers and encumbrances from FY 2023/24.

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ADDRESSING THE PROJECTED DEFICIT

Cost Savings Measures (General Fund and Measure Z) in thousands			
Issue	Amount	Issue	Amount
Unappropriated Revenue and Interest	\$ 4,927.0	Homeless Outreach	\$ 100.0
Vacancy Savings	1,100.0	Tree Maintenance	916.7
Various Parks Programs	1,000.0	Street Pavement Program	83.3
Vehicle Replacement-Fire	2,000.0	Technology Improvements	800.0
Vehicle Replacement-City Wide	1,600.0	Senior Rental Assistance Program	500.0
Vehicle Replacement-Police	500.0	Senior Disabled Program	200.0
Police Radio Savings	365.7	City Manager Professional Services	300.0
Education Reimbursement	100.0		
		Total	\$ 14,492.7



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ENTERPRISE FUNDS

- No significant revenue deviations that require adjustments
- Overall, expenditures are projected to remain within the budgeted appropriation limits at fiscal year-end
- Higher overtime and contractor costs are offset by vacancy savings
- Reserve levels are sufficient to address budgeted deficits



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STRATEGIC PLAN ALIGNMENT



HIGH PERFORMING GOVERNMENT

CROSS-CUTTING THREADS



Community Trust



Equity



Innovation



Fiscal
Responsibility



Sustainability
and Resiliency



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RECOMMENDATIONS

That the City Council:

1. Receive and provide input on the Fiscal Year 2024/25 Second Quarter financial update;
2. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record mid-cycle budget adjustments, including supplemental appropriations, interfund transfers, and other budgetary entries in the amount of \$254,423 of expenditure and \$2,767,065 in revenue adjustments across various funds as detailed in this report.



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RECOMMENDATIONS

MID-CYCLE BUDGET ADJUSTMENTS			
Fund	Revenues	Expenditures	Net Impacts to Fund Balance
101 - General Fund	\$ 5,973,065	\$ 940,288	\$ 5,032,777
110 - Measure Z	-3,206,000	-4,166,836	960,836
215 - Grants and Restricted	0	1,060	-1,060
581 - Entertainment Fund		3,479,911	-3,479,911
Citywide Total	\$ 2,767,065	\$ 254,423	\$ 2,512,642



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