



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		Balance (in millions)
Policy Reserves		
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.



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.



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	
Expenditure	Amount (in millions)
Adopted Budget	\$ 361.22
Supplementals Approved through Second Quarter	2.63
Supplementals Approved/Pending in Third Quarter	1.52
Police and Fire Overtime	3.50
Section 115 Trust Transfer Overpayment	(0.79)
Cost Savings Measures	(1.77)
Total Expenditures	\$ 366.31

Measure Z	
Expenditure	Amount (in millions)
Adopted Budget	\$ 104.28
Supplementals Approved through Second Quarter	0.21
Supplementals Approved/Pending in Third Quarter	1.86
Fire Overtime	0.50
Museum Debt Service Payments	(2.91)
Police Lateral Hiring Incentive	0.16
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

