



FY 2024/25 & 2025/26 Financial and Economic Update

Finance Department

City Council
August 19, 2025

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1

Fiscal Health and Outlook



Overall, the City maintains
a strong financial position



Significant uncertainty of
future fiscal outlook remains



2

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2

Tariffs

- Ongoing federal negotiations and policy statements continue to influence consumer and capital markets.
- Major U.S. banks report mixed outlooks on tariffs, noting consumer and business resilience alongside risks from inflationary pressures and cautious spending.
- Auto sales continue to increase.
- Driving up local procurement and private sector costs.



3

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3

Economic Indicators

- Inflation
 - Increased from 2.8% in May to 2.9% in June
- Interest Rates
 - Unchanged for 8 months
- Housing Market and Property Taxes
 - Projected 2%–3% growth in prices with less sales



4

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4

Economic Indicators

- City Building & Safety
 - Experienced a modest overall 10.79% decrease in operational volume and revenue in FY 2024/25
- Unemployment
 - Increased from 4.8% to 5.9% in June
- Gas Prices on the decline



5

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5

Other Federal Policies

- Reduced Federal Spending
 - May result in direct or indirect impact to local governments
- Immigration Policies
 - May contribute to local workforce and labor shortages, decreased local consumer spending, reduced population growth and tax base, and potentially strain local resources.



6

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6

FY 2024/25 Budget

- There remains risk of having a net deficit for FY 2024/25 year-end
 - Revenue likely to be aligned with mid-year budget
 - Personnel cost exceeding budget
 - Non personnel savings
- Approximate \$4.19 million year-end surplus is needed to maintain the City's 20% policy reserves



7

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7

RECOMMENDATIONS

That the City Council:

1. Receive and provide input on the Fiscal Year 2024/25 & 2025/26 Financial & Economic Update;
2. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record:
 - a. An increase of \$1,976,457 in revenue and appropriate an equal amount in expenditures in the General Fund, Fire Operations-Mutual Aid revenue and expenditure accounts for FY 2024/25;
 - b. A supplemental appropriation in the Parking Fund, Professional Services account in the amount of \$182,932 to pay for invoices for services provided in FY 2024/25;



8

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8

RECOMMENDATIONS

- c. An interdepartmental transfer of 1.0 FTE and related budget transfer of \$164,525 for the move of one Principal Management Analyst from Human Resources to the Community and Economic Development Department for FY 2025/26;
 - d. A supplemental appropriation of \$90,979 in the General Fund, Fire Administration Professional Services account and increase 1.0 FTE for a Fire Community Preparedness Instructor in the Fire Department for FY 2025/26.
3. Approve a reduction of 4.0 FTEs and related budget of \$602,009 in the General Fund, Housing & Human Services Department, and Community & Economic Development Department, for FY 2025/26.

9



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