CITY OF RENO

Memorandum

DATE: November 13, 2026

TO: Mayor and City Council

THROUGH: Jackie Bryant, City Manager

FROM: Matt Taylor, Assistant Finance Director

DEPT: Finance

SUBJECT: Quarterly Financial Report – September 30, 2026

Attached is the quarterly financial report for July 1, 2026, through September 30, 2026. This report will be shared on reno.gov for Reno constituents to review and be updated on the status of revenues and expenses. The amounts shown for September 30, 2026 are not audited balances.

2026-27 Quarterly Financial Report
1st Quarter Ending September 30, 2026
(unaudited)

OVERVIEW

This financial report summarizes the City's financial position for the quarter ending September 30, 2026, for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Building Enterprise Fund, Sewer Funds, and Internal Service Funds. The purpose of this report is to provide City Council, City management, and the Reno community with an update on the City's fiscal status based on the most recent financial information available. The fiscal year 2026 audit is progressing as planned. The audited Annual Comprehensive Financial Report will be presented to the Council in December. Results remain consistent with expectations, and there are no additional updates at this time.

GENERAL FUND SUMMARY

The tables presented in this report include budget-to-actual comparisons between the current fiscal year and the previous fiscal year to show results of the first quarter compared to the adjusted budget as it stood on September 30. Major differences in budget-to-actual and year-over-year comparisons are explained in this report.

Revenues

	2025-26 AMENDED BUDGET	9/30/25 ACTUALS (unaudited)	% OF BUDGET	2026-27 AMENDED BUDGET	9/30/26 ACTUALS (unaudited)	% OF BUDGET
Revenues						
Property Tax	$ 88,995,575	$ 28,370,697	31.9%	$ 93,370,744	$ 30,454,564	32.6%
Franchise Fees	38,890,632	2,629,386	6.8%	39,651,500	2,096,717	5.3%
Licenses	30,507,846	8,823,947	28.9%	33,307,500	7,721,829	23.2%
Consolidated Tax	98,940,309	7,125,349	7.2%	107,272,500	9,670,831	9.0%
Intergovernmental	15,248,815	1,044,003	6.8%	12,165,527	796,750	6.5%
Charges for Services	29,646,483	6,979,810	23.5%	22,579,767	9,882,198	43.8%
Fines and Forfeits	3,630,523	1,285,625	35.4%	4,340,613	1,003,831	23.1%
Special Assessements	3,988,000	1,490,720	37.4%	4,146,188	1,611,240	38.9%
Miscellaneous	11,820,131	1,326,324	11.2%	12,996,781	3,394,372	26.1%
Other Financing Sources	7,419,601	914,623	12.3%	2,763,900	843,917	30.5%
Total Revenues	**$ 329,087,915**	**$ 59,990,485**	**18.2%**	**$ 332,595,020**	**$ 67,476,249**	**20.3%**

This financial report presents the first quarter results for fiscal year 2027, covering the period from July through September. Overall, revenue is tracking in line with expectations for the quarter ending September 30, 2026. Total revenues are 20.3% of budget as compared to 18.2% of budget last year. Limited information is currently available for the major revenue sources because revenue receipts are reported at different times. Only one quarter of property tax revenue and one month of consolidated tax revenue (July) have been received. Most franchise fees are also collected

quarterly; so far, only sanitation and telephone fees are available. Electric, natural gas, cable television, and sewer franchise fees have not yet been recorded.

	9/30/25 ACTUALS (unaudited)	9/30/26 ACTUALS (unaudited)	% CHANGE
Property Tax	$ 28,370,697	$ 30,454,564	7.3%
Franchise Fees	2,629,386	2,096,717	-20.3%
Licenses	8,823,947	7,721,829	-12.5%
Consolidated Tax	7,125,349	9,670,831	35.7%
Intergovernmental	1,044,003	796,750	-23.7%
Charges for Services	6,979,810	9,882,198	41.6%
Fines and Forfeits	1,285,625	1,003,831	-21.9%
Special Assessments	1,490,720	1,611,240	8.1%
Miscellaneous	1,326,324	3,394,372	155.9%
Other Financing Sources	914,623	843,917	-7.7%
Total Revenues	**$ 59,990,485**	**$ 67,476,249**	**12.5%**

Overall, revenues are 12.5% over last year. Property tax receipts are coming in as anticipated compared to budget. Year-over-year revenues are generally tracking close to budget, although timing differences in licenses receipts have caused some fluctuations. Consolidated tax revenue shows a significant difference compared to last year because prior year reporting cycle changes impacted July 2025 receipts amid the Department of Taxation's system challenges. Current consolidated tax receipts indicate a stable, growing economy as compared to the budget. Charges for services include unanticipated fire strike-team reimbursements, while miscellaneous revenue includes airport fire reimbursement billings.

	2025-26 AMENDED BUDGET	9/30/25 ACTUALS (unaudited)	% OF BUDGET	2026-27 AMENDED BUDGET	9/30/26 ACTUALS (unaudited)	% OF BUDGET
Revenues	$ 329,087,915	$ 59,990,485	18.2%	$ 332,595,020	$ 67,476,249	20.3%
Expenditures	$ 343,542,046	$ 71,299,317	20.8%	$ 342,415,162	$ 76,814,084	22.4%

The next table includes a comparison of the budget-to-actual expenditures for fiscal years 2025-26 (FY26) and 2026-27 (FY27) by department. For the first quarter, expenses should be at or below 25%. Overall, departments are managing well, with expenditures averaging 22.4% of their budgets. Information Technology typically reports higher spending early in the year because software maintenance agreements are paid upfront; its expenses are expected to level off as the year progresses. Housing and Neighborhood Development also shows elevated costs because grant reimbursements and cost allocations are awaiting adjustment. These figures will be corrected before the next quarterly report.

The first quarter results for FY27 are significant as they provide an early indication of financial health, operational efficiency, and progress toward annual goals. These results help identify any budget variances, revenue shortfalls, or unexpected expenditures, allowing timely adjustments to plans and resource allocation. Overall, the first quarter's performance sets the tone for the rest of the fiscal year and supports informed decision-making moving forward.

The FY28 budget process is underway. Key outstanding items include the open collective bargaining contracts with Local 39 and the PERS Board's November 19, 2026 decision on rates for the next two years.

Expenditures

	2025-26 AMENDED BUDGET	9/30/25 ACTUALS (unaudited)	% OF BUDGET	2026-27 AMENDED BUDGET	9/30/26 ACTUALS (unaudited)	% OF BUDGET
City Council	$ 1,683,405	$ 372,264	22.1%	$ 1,804,219	$ 361,819	20.1%
City Attorney	6,638,940	1,450,138	21.8%	6,653,157	1,345,824	20.2%
City Clerk	1,595,455	374,030	23.4%	1,670,297	394,795	23.6%
City Manager	7,874,136	1,651,531	21.0%	6,090,045	1,512,011	24.8%
Business Licensing	1,915,975	359,024	18.7%	1,770,431	366,612	20.7%
Code Compliance & Parking	2,091,454	413,632	19.8%	2,294,590	444,640	19.4%
Communications	1,845,371	346,412	18.8%	1,796,327	346,139	19.3%
Community Engagement	2,815,361	407,629	14.5%	3,204,364	414,232	12.9%
Council & Executive Operations	2,755,281	450,378	16.3%	2,839,367	407,100	14.3%
Civil Service	1,191,541	218,334	18.3%	1,224,324	210,634	17.2%
Development Services	3,756,158	640,757	17.1%	2,899,728	649,414	22.4%
Finance	3,577,997	626,768	17.5%	3,353,869	619,076	18.5%
Fire	95,338,089	20,719,099	21.7%	87,447,547	21,917,940	25.1%
Housing & Neighborhood Dev	589,861	142,094	24.1%	377,693	140,937	37.3%
Human Resources	3,591,078	662,408	18.4%	3,856,217	718,827	18.6%
Information Technology	17,903,211	5,066,529	28.3%	14,760,427	4,638,701	31.4%
Municipal Court	11,805,360	2,406,832	20.4%	12,203,026	2,363,294	19.4%
Office of Policy & Strategy	1,244,716	271,575	21.8%	1,341,642	256,539	19.1%
Parks & Recreation	20,046,262	4,156,969	20.7%	21,028,947	4,537,785	21.6%
Police	117,177,047	24,444,237	20.9%	126,638,039	27,613,843	21.8%
Public Safety Dispatch	9,979,829	2,057,439	20.6%	9,983,049	2,140,332	21.4%
Public Works	2,957,931	754,066	25.5%	2,079,605	529,369	25.5%
Maintenance & Operations	9,263,186	1,849,000	20.0%	9,717,759	2,034,682	20.9%
Intergovernmental	9,750,883	1,445,671	14.8%	10,347,330	1,919,537	18.6%
Debt Service	6,097,519	-	0.0%	6,097,163	-	0.0%
Transfers Out	56,000	12,500	0.0%	936,000	930,000	99.4%
Total Expenditures	**$ 343,542,046**	**$ 71,299,317**	**20.8%**	**$ 342,415,162**	**$ 76,814,084**	**22.4%**

OTHER GOVERNMENTAL FUNDS

In addition to the General Fund, this report summarizes the City's first quarter financial position for the Capital Project Funds, Special Revenue Funds, and Debt Service Funds. The tables below show budget-to-actual revenues and expenditures for fiscal years 2025-26 and 2026-27 as they stood on September 30.

Capital Project Funds

	2025-26 AMENDED BUDGET	9/30/25 ACTUALS (unaudited)	% OF BUDGET	2026-27 AMENDED BUDGET	9/30/26 ACTUALS (unaudited)	% OF BUDGET
Revenues	$ 14,939,577	$ 1,246,569	8.3%	$ 11,592,022	$ 7,251,761	62.6%
Expenditures	$ 48,554,817	$ 2,932,310	6.0%	$ 19,975,592	$ 4,851,775	24.3%

The timing and nature of capital projects can result in fluctuating spending patterns and make comparing year-over-year budget to actuals difficult. It is common for a project to require multiple years to complete. These capital project funds will have the full project cost included in the budget for the fiscal year the project begins but may take multiple fiscal

years to complete. When this occurs, the following year remaining project budgets are rolled forward and amended to increase the new year budget and facilitate project completion.

The FY26 budget includes the carryforward of funds for prior year outstanding projects. The current year revenues include one-time property sales and grants. The property sales have been earmarked for the new financial system (ERP) as that project progresses.

Special Revenue Funds

	2025-26 AMENDED BUDGET	9/30/25 ACTUALS (unaudited)	% OF BUDGET	2026-27 AMENDED BUDGET	9/30/26 ACTUALS (unaudited)	% OF BUDGET
Revenues	$ 62,622,690	$ 18,857,215	30.1%	$ 57,061,520	$ 12,397,413	21.7%
Expenditures	$ 80,560,348	$ 11,117,565	13.8%	$ 71,596,327	$ 10,013,311	14.0%

Special Revenue Funds account for the proceeds from specific revenue sources that are legally restricted to expenditures for specific purposes. These include Room Tax, Street Fund, Community Development Block Grants (CDBG), Housing Funds, Forfeiture Funds, Court Funds and other revenue from legally restricted sources.

Street Fund projects for FY27 included the neighborhood streets program, bridge program, street preventative maintenance, and traffic safety program. The timing of street projects can result in fluctuating spending patterns and make comparing year-over-year budget to actuals difficult. It is common for a project to require multiple years to complete.

The transient occupancy tax (room tax revenue) reflects tourism and events occurring in the local area and has grown this year due to increased tourism in the area. These funds are used to support Parks and Recreation, Special Events, and Arts and Culture initiatives or programs which improve or better the City as a final destination for tourism and visitors.

Debt Service Funds

	2025-26 AMENDED BUDGET	9/30/25 ACTUALS (unaudited)	% OF BUDGET	2026-27 AMENDED BUDGET	9/30/26 ACTUALS (unaudited)	% OF BUDGET
Revenues	$ 32,553,175	$ 3,127,477	9.6%	$ 31,734,950	$ 1,460,292	4.6%
Expenditures	$ 34,084,014	$ 6,508,434	19.1%	$ 28,206,307	$ 8,569,343	30.4%

Debt Service Funds are utilized to manage the accumulation and disbursement of resources for the payment of debt principal and interest. These funds ensure that the city meets its debt obligations on time and maintains a strong credit rating, which is crucial for the City's financial health and its ability to finance future projects. The City's Debt Service Funds include debt payments for general obligation bonds, revenue bonds, and special assessment bonds. Bonds have been issued over the years to finance a variety of capital projects, including infrastructure improvements, public safety facilities, and recreational amenities. Managing these funds effectively is essential to maintaining the city's fiscal stability and ensuring that it can continue to provide high-quality services and facilities to its residents.

PROPRIETARY FUNDS

Proprietary funds are used to account for activities for which a user fee is charged for goods or services. The City of Reno currently operates two Enterprise Funds: the Building Enterprise Fund and the Sewer Enterprise Fund. The Building Enterprise Fund accounts for resources provided by the issuance of building permits. The Sewer Enterprise Fund accounts for the provision of sewer services and connection fee revenues restricted for capital projects.

Building Enterprise Fund

	2025-26 AMENDED BUDGET	9/30/25 ACTUALS (unaudited)	% OF BUDGET	2026-27 AMENDED BUDGET	9/30/26 ACTUALS (unaudited)	% OF BUDGET
Revenues	$ 10,602,814	$ 3,615,625	34.1%	$ 13,946,600	$ 3,522,871	25.3%
Expenditures	$ 15,512,649	$ 2,988,007	19.3%	$ 15,139,796	$ 2,597,466	17.2%

Development activity is anticipated to increase compared with the previous year. The total number of building permits has been steady over the past six months. Total valuation remains high due to the complexity and number of projects being submitted.

Sewer Enterprise Funds

	2025-26 AMENDED BUDGET	9/30/25 ACTUALS (unaudited)	% OF BUDGET	2026-27 AMENDED BUDGET	9/30/26 ACTUALS (unaudited)	% OF BUDGET
Revenues	$ 260,787,240	$ 34,557,756	13.3%	$ 198,180,979	$ 34,489,224	17.4%
Expenditures	$ 413,864,722	$ 27,770,292	6.7%	$ 288,258,052	$ 17,097,097	5.9%

The Sanitary Sewer Fund accounts for the provision of sewers services and connection fee revenues restricted for capital projects. Sewer services are billed quarterly, and revenues have come in as expected through the first quarter of the fiscal year. Sewer revenues grow year over year because of rate adjustments and growth within the City of Reno, which translates into more residential and commercial accounts that are billed each quarter. Bond proceeds were anticipated in FY26 for the advanced purified water project so the budget numbers for FY26 appear high as this project was delayed. Funding is now approved and will be received, on a reimbursement basis, as construction is completed over multiple years.

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis. The City of Reno operates four internal services funds. The Motor Vehicle Fund accounts for the acquisition of motor vehicles and the operations of the motor vehicle maintenance facility. The Risk Retention fund accounts for the operations of the self-funded general insurance program. The Self-funded medical plan accounts for the operations of the self-funded group health and accident insurance program. The Self-Funded Workers Compensation fund accounts for the operations of the self-funded workers compensation program.

	2025-26 AMENDED BUDGET	9/30/25 ACTUALS (unaudited)	% OF BUDGET	2026-27 AMENDED BUDGET	9/30/26 ACTUALS (unaudited)	% OF BUDGET
Revenues	$ 60,207,941	$ 14,973,659	24.9%	$ 70,973,597	$ 16,456,081	23.2%
Expenditures	$ 95,387,805	$ 18,258,718	19.1%	$ 103,203,203	$ 17,081,357	16.6%