CITY OF RENO

Memorandum

DATE: November 3, 2025

TO: Mayor and City Council

THROUGH: Jackie Bryant, City Manager

FROM: Matt Taylor, Assistant Finance Director

DEPT: Finance

SUBJECT: Quarterly Financial Report – September 30, 2025

Attached is the quarterly financial report for July 1, 2025 through September 30, 2025. This report will be shared on reno.gov for Reno constituents to review and be updated on the status of revenues and expenses.

2025-26 Quarterly Financial Report
1st Quarter Ending September 30, 2025
(unaudited)

OVERVIEW

This financial report summarizes the City's financial position for the quarter ending September 30, 2025, for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Building Enterprise Fund, Sewer Funds, Internal Service Funds, and RDA 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.

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, 2025 (unaudited). Major differences in budget-to-actual and year-over-year comparisons are explained in this report.

Revenues

	2024-25 AMENDED BUDGET	9/30/2024 ACTUALS (unaudited)	% OF BUDGET	2025-26 AMENDED BUDGET	9/30/25 ACTUALS (unaudited)	% OF BUDGET
Revenues						
Property Tax	$ 82,850,984	$ 26,352,177	31.8%	$ 88,995,575	$ 28,370,698	31.9%
Franchise Fees	42,888,222	2,974,642	6.9%	37,290,632	2,460,338	6.6%
Business Licenses	31,614,981	7,451,372	23.6%	30,507,846	8,824,026	28.9%
Consolidated Tax	102,159,200	8,310,099	8.1%	98,940,309	7,125,349	7.2%
Intergovernmental	16,310,817	2,258,331	13.8%	11,719,799	1,044,004	8.9%
Charges for Services	30,954,990	6,117,122	19.8%	25,144,107	6,705,288	26.7%
Fines and Forfeits	3,348,000	833,953	24.9%	3,630,523	1,284,586	35.4%
Special Assessements	3,838,343	1,434,762	37.4%	3,838,343	1,490,720	38.8%
Miscellaneous	5,042,876	471,042	9.3%	8,175,115	1,078,273	13.2%
Other Financing Sources	5,641,496	866,791	15.4%	3,619,601	914,623	25.3%
Total Revenues	**$ 324,649,909**	**$ 57,070,291**	**17.6%**	**$ 311,861,850**	**$ 59,297,905**	**19.0%**

Total revenues are 19.0% of budget as compared to 17.6% of budget last year. Business licenses and charges for services are trending slightly higher this year. Charges for services include fire strike team reimbursements, with amounts and timing varying from year to year. Fines and forfeits are higher due to collections on delinquent penalties on business license payments and increased activity from parking tickets.

The first quarter results for FY26 are significant as they provide an early indication of financial health, operational efficiency, and progress toward annual goals. These findings aid in identifying budget variances, revenue shortfalls, or unexpected expenditures, thus facilitating 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.

	9/30/2024 ACTUALS (unaudited)	9/30/25 ACTUALS (unaudited)	% CHANGE
Property Tax	$ 26,352,177	$ 28,370,698	7.7%
Franchise Fees	2,974,642	2,460,338	-17.3%
Business Licenses	7,451,372	8,824,026	18.4%
Consolidated Tax	8,310,099	7,125,349	-14.3%
Intergovernmental	2,258,331	1,044,004	-53.8%
Charges for Services	6,117,122	6,705,288	9.6%
Fines and Forfeits	833,953	1,284,586	54.0%
Special Assessments	1,434,762	1,490,720	3.9%
Miscellaneous	471,042	1,078,273	128.9%
Other Financing Sources	866,791	914,623	5.5%
Total Revenues	**$ 57,070,291**	**$ 59,297,905**	**3.90%**

Overall, revenues are trending 3.9% over last year for the same quarter. Property tax receipts are coming in as anticipated; however, consolidated tax revenues (CTax) show a decline of -14.3%. The CTax receipts shown represent one month of distribution (July). Challenges are continuing with the Department of Taxation and their switch to a new financial system. The change began almost a year ago, and consistent reporting and distribution has yet to occur. The July distribution shown on this report includes some cycle shifts that occurred when the June distribution was delayed. The delay in June effectively shifted the collection period out an additional week in June which resulted in one less week of collections in July. The cycle shifts and future distributions are expected to return to normal patterns starting with the September allocation. Until normal cycles and distributions can be received, projections and estimates for this year and next are nearly impossible.

Fines and forfeits are higher due to delinquency charges on business licenses and increased activity in parking tickets. Charges for Services are higher than the prior year mainly from reimbursements for Fire strike teams. Miscellaneous is higher with the addition of reimbursement for the cost of the Reno Tahoe Airport fire personnel through regionalization of resources. This positive trend in revenue collection, particularly from business licenses and service charges, supports a stable fiscal outlook for the City. As we move forward, it is crucial to sustain this momentum by continually monitoring and adjusting financial strategies to address any emerging variances. The increased activity in fines and forfeits also contributes significantly to this favorable financial position, reflecting effective enforcement and compliance measures.

	2024-25 AMENDED BUDGET	9/30/2024 ACTUALS (unaudited)	% OF BUDGET	2025-26 AMENDED BUDGET	9/30/25 ACTUALS (unaudited)	% OF BUDGET
Revenues	$ 324,649,909	$ 57,070,291	17.6%	$ 311,861,850	$ 59,297,905	19.0%
Expenditures	$ 332,761,372	$ 72,286,395	21.7%	$ 321,321,850	$ 70,927,649	22.1%

Expenditures

The next table includes a comparison of the budget-to-actual expenditures for fiscal years 2024-25 (FY24) and 2025-26 (FY26) by department. At the first quarter mark, all departments should be trending at or below 25% expended. Many departments are well under 25%, resulting in an overall average of 22.1% expended. Information technology has many contracts for software maintenance due at the beginning of the fiscal year, so this department always has higher spending during the first quarter, but this does level off as the year progresses.

Public works also has some contracts that are due at the beginning of the year and are at 26.5% of budget for this first quarter. These are normal trends for these departments and don't create any cause for concern. At this time, approximately $5 million in encumbrances are anticipated to be carried forward for payment in fiscal year 2026. These encumbrances include contracts or services in process but not completed by June 30.

The first quarter's fiscal performance underscores the importance of vigilant financial management and proactive planning. By closely monitoring both revenue streams and expenditure patterns, the City can continue to navigate economic uncertainties and maintain sound financial footing.

	2024-25 AMENDED BUDGET	9/30/24 ACTUALS (unaudited)	% OF BUDGET	2025-26 AMENDED BUDGET	9/30/25 ACTUALS (unaudited)	% OF BUDGET
City Council	$ 1,889,279	$ 428,371	22.7%	$ 2,733,567	$ 540,765	19.8%
City Attorney	6,425,437	1,377,212	21.4%	6,638,940	1,446,467	21.8%
City Clerk	2,030,149	334,934	16.5%	1,678,643	372,685	22.2%
City Manager	12,247,511	2,369,654	19.3%	9,272,544	2,103,829	22.7%
Business Licenses	1,841,738	369,837	20.1%	1,915,975	349,874	18.3%
Code Compliance & Parking	2,817,630	503,130	17.9%	2,091,454	410,091	19.6%
Communications	1,753,954	339,599	19.4%	1,845,371	339,909	18.4%
Community Engagement	2,735,539	376,142	13.8%	2,526,876	387,606	15.3%
Civil Service	1,136,118	217,687	19.2%	1,191,541	218,381	18.3%
Development Services	3,475,810	437,178	12.6%	5,271,206	859,188	16.3%
Finance	3,244,720	691,828	21.3%	3,390,034	625,806	18.5%
Fire	83,958,322	19,521,392	23.3%	84,723,303	20,590,521	24.3%
Housing & Neighborhood Dev	625,198	92,537	14.8%	588,361	142,093	24.2%
Human Resources	4,111,514	848,423	20.6%	3,495,642	659,317	18.9%
Information Technology	15,100,738	6,340,414	42.0%	13,577,098	5,064,548	37.3%
Municipal Court	11,615,509	2,395,220	20.6%	11,760,860	2,404,948	20.4%
Office of Policy & Strategy	1,554,502	267,318	17.2%	1,192,216	270,471	22.7%
Parks & Recreation	19,670,769	3,929,555	20.0%	18,207,258	3,863,317	21.2%
Police	112,652,522	23,706,005	21.0%	112,794,263	24,366,405	21.6%
Public Safety Dispatch	9,574,736	1,933,395	20.2%	9,979,829	2,055,893	20.6%
Public Works	2,196,801	646,584	29.4%	2,287,006	606,979	26.5%
Maintenance & Operations	10,291,419	2,027,294	19.7%	9,076,265	1,790,386	19.7%
Intergovernmental	10,415,879	1,403,186	13.5%	8,936,079	1,445,434	16.2%
Debt Service	605,701	-	0.0%	605,701	-	0.0%
Transfers Out	10,789,877	1,729,500	16.0%	5,541,818	12,736	0.2%
Total Expenditures	**$ 332,761,372**	**$ 72,286,395**	**21.7%**	**$ 321,321,850**	**$ 70,927,649**	**22.1%**

OTHER GOVERNMENTAL FUNDS

In addition to the General Fund, this report summarizes the City's fourth 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 2024-25 and 2025-26 as they stood on September 30, 2025.

Capital Project Funds

	2024-25 AMENDED BUDGET	9/30/2024 ACTUALS (unaudited)	% OF BUDGET	2025-26 AMENDED BUDGET	9/30/2025 ACTUALS (unaudited)	% OF BUDGET
Revenues	$ 35,436,179	$ 2,964,825	8.4%	$ 4,744,930	$ 946,465	19.9%
Expenditures	$ 83,393,034	$ 6,382,337	7.7%	$ 10,822,138	$ 2,942,419	27.2%

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 entire anticipated 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 Public Safety Center and the Moana Springs Community Aquatics and Fitness Center, two large capital projects in recent years, were completed two months into the prior fiscal year in August of 2024. The FY25 budget includes the carryforward of funds to complete those projects. The capital project funds also include the remaining balance of ARPA funds which are expected to be completed in December 2026.

Special Revenue Funds

	2024-25 AMENDED BUDGET	9/30/2024 ACTUALS (unaudited)	% OF BUDGET	2025-26 AMENDED BUDGET	9/30/2025 ACTUALS (unaudited)	% OF BUDGET
Revenues	$ 54,080,813	$ 12,803,194	23.7%	$ 55,343,291	$ 18,612,152	33.6%
Expenditures	$ 74,016,183	$ 8,393,409	11.3%	$ 60,240,745	$ 11,075,847	18.4%

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 FY2026 included the neighborhood streets program, bridge program, street preventative maintenance, and traffic safety program. Court fund projects for FY2026 include elevator replacement and Mills Lane chiller replacement. These projects will modernize the elevator at the Reno Municipal Court to meet current regulatory standards and will replace a large HVAC unit at the Mills B. Lane Justice Center, which houses the Reno Municipal Court and the Washoe County District Attorney's Office.

The transient occupancy tax (room tax revenue) reflects tourism and events occurring in the local area and has remained relatively flat over the years. 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

	2024-25 AMENDED BUDGET	9/30/2024 ACTUALS (unaudited)	% OF BUDGET	2025-26 AMENDED BUDGET	9/30/2025 ACTUALS (unaudited)	% OF BUDGET
Revenues	$ 57,744,220	$ 3,982,379	6.9%	$ 32,550,182	$ 3,062,936	9.4%
Expenditures	$ 60,323,525	$ 6,700,039	11.1%	$ 27,407,875	$ 6,508,434	23.7%

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. The debt funds for FY25 included the proceeds and payoff from refunding the 2013 Capital Improvement Bonds. These bonds were refunded to take advantage of lower interest rates while maintaining the existing scheduled payoff date.

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

	2024-25 AMENDED BUDGET	9/30/2025 ACTUALS (unaudited)	% OF BUDGET	2025-26 AMENDED BUDGET	9/30/25 ACTUALS (unaudited)	% OF BUDGET
Revenues	$ 10,550,000	$ 2,848,873	27.0%	$ 10,602,814	$ 3,539,199	33.4%
Expenditures	$ 19,813,893	$ 3,401,894	17.2%	$ 15,153,153	$ 2,986,284	19.7%

Development activity in Reno remains consistent with the previous year. Residential construction has slowed but new commercial construction activity has increased. Total valuation remains high due to the complexity and number of projects being submitted.

Sewer Enterprise Funds

	2024-25 AMENDED BUDGET	9/30/2024 ACTUALS (unaudited)	% OF BUDGET	2025-26 AMENDED BUDGET	9/30/2025 ACTUALS (unaudited)	% OF BUDGET
Revenues	$ 215,008,983	$ 23,007,036	10.7%	$ 258,839,640	$ 21,948,613	8.5%
Expenditures	$ 386,507,720	$ 15,933,218	4.1%	$ 343,726,319	$ 16,101,077	4.7%

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 are growing year over year because of CPI adjustments to rates 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 FY25 for the advanced purified water project so the budget numbers for FY25 appear high as this project was delayed and is not anticpated to start construction now until mid-2026. Funding is now anticipated in the FY26 budget and expenditures include projects being 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.

	2024-25 AMENDED BUDGET	9/30/2024 ACTUALS (unaudited)	% OF BUDGET	2025-26 AMENDED BUDGET	9/30/2025 ACTUALS (unaudited)	% OF BUDGET
Revenues	$ 66,584,639	$ 16,536,121	24.8%	$ 60,194,941	$ 14,712,954	24.4%
Expenditures	$ 80,305,949	$ 14,418,974	18.0%	$ 71,245,239	$ 18,025,019	25.3%

REDEVELOPMENT AGENCY (RDA)

The purpose of the Reno Redevelopment Agency (RDA) is to attract and assist private investment, facilitate development in the City's urban core and surrounding areas, and increase property values in the region. The Redevelopment Agency (RDA) focuses on revitalizing and rejuvenating specific areas within the city that require economic development and urban renewal. By leveraging tax increment financing and other financial tools, the RDA aims to stimulate private investment, improve infrastructure, and enhance the overall quality of life for residents and businesses in targeted districts.

Key projects often include the renovation of historic buildings, the development of affordable housing, and the creation of public spaces that foster community engagement and cultural activities. The efforts of the RDA play a crucial role in driving sustainable growth and ensuring the equitable distribution of resources across the city. Together, these efforts will help improve the quality of life for our citizens, create value, and enhance the City's position as the economic, civic, recreational, cultural. and entertainment hub for the region.

	2024-25 AMENDED BUDGET	9/30/2024 ACTUALS (unaudited)	% OF BUDGET	2025-26 AMENDED BUDGET	9/30/2025 ACTUALS (unaudited)	% OF BUDGET
RDA 1 & RDA 2						
General Funds						
Revenues	$ 12,056,090	$ 3,391,434	28.1%	$ 13,271,153	$ 3,745,864	28.2%
Expenditures	$ 15,526,909	$ 586,177	3.8%	$ 13,259,528	$ 2,077,012	15.7%
Debt Funds						
Revenues	$ 3,236,000	$ 1,534,286	47.4%	$ 2,894,000	$ 1,949,221	67.4%
Expenditures	$ 4,155,649	$ 1,385	0.0%	$ 2,931,514	$ 1,500	0.1%