

2020-21 Quarterly Financial Report 4th Quarter Ending June 30, 2021(unaudited)

OVERVIEW

This financial report summarizes the City’s financial position for the quarter ending June 30, 2021, 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 an update on the City’s fiscal status based on the most recent financial information available.

GENERAL FUND SUMMARY

Through the fourth quarter, the General Fund has performed as expected. 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 fourth quarter compared to the adjusted budget as it stood on June 30, 2021 (unaudited). Major differences in budget-to-actual and year-over-year comparisons are explained in this report.

Amended Budget amounts were updated in the second half of the year to include amounts received from grants and to true up expenses incurred using the Coronavirus Relief Funds. The City of Reno was awarded \$51.5 million from the State and Local Fiscal Recovery Funds (SLFRF) through the American Rescue Plan Act of 2021 (ARPA). Half of the funds were received in May 2021 and placed into a capital fund with the other half to follow twelve months later. These funds are to provide a substantial infusion of resources to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable fiscal recovery.

Revenues

Property tax, consolidated tax, business licenses, and franchise fees are the City’s major tax revenues, and account for over 65% of total General Fund budgeted revenues. The table below shows fourth quarter budget-to-actual revenues for fiscal years 2019-20 and 2020-21.

	2019-20 AMENDED BUDGET	6/30/2020 ACTUALS	% OF BUDGET	2020-21 AMENDED BUDGET	6/30/2021 ACTUALS (unaudited)	% OF BUDGET
Revenues						
Property Tax	\$ 55,762,585	\$ 56,895,818	102.0%	\$ 59,978,058	\$ 60,789,590	101.4%
Franchise Fees	27,143,450	27,914,203	102.8%	26,216,910	26,738,063	102.0%
Business Licenses	21,451,300	21,187,421	98.8%	22,811,819	23,796,273	104.3%
Consolidated Tax	73,742,930	71,946,998	97.6%	81,514,071	85,628,594	105.0%
Intergovernmental	10,822,331	31,576,838	291.8%	40,764,972	41,575,359	102.0%
Charges for Services	13,252,680	11,593,705	87.5%	13,634,932	13,725,449	100.7%
Fines and Forfeits	2,584,566	2,756,096	106.6%	2,848,761	2,607,547	91.5%
Special Assessments	2,700,000	2,694,758	99.8%	2,874,110	2,862,048	99.6%
Miscellaneous	4,253,042	7,330,072	172.3%	3,184,680	4,482,970	140.8%
Other Financing Sources	2,626,624	2,627,347	100.0%	1,873,678	2,092,360	111.7%
Total Revenues	\$ 214,339,508	\$ 236,523,256	110.3%	\$ 255,701,991	\$ 264,298,253	103.4%

For fiscal year 2020-21, the City budgeted for property taxes to increase 5.5%. The projected increase was estimated to be 3% from existing properties and the remaining 2.5% from growth. Actual property tax revenues exceeded budget by 6.8% for a total growth of 12.3% over the previous year. The City continues to see housing price increases with record sales, record high median housing prices, and record high average rents in the Reno-Sparks area.

The City continues to have steady increases in consolidated tax (CTAX) each year and even with the pandemic. As of June, CTAX receipts are 9% above expected budget for FY2020-21.

	6/30/2020 ACTUALS	6/30/2021 ACTUALS (unaudited)	% CHANGE
Property Tax	\$ 56,895,818	\$ 60,789,590	6.8%
Franchise Fees	27,914,203	26,738,063	-4.2%
Business Licenses	21,187,421	23,796,273	12.3%
Consolidated Tax	71,946,998	85,628,594	19.0%
Intergovernmental	31,576,838	41,575,359	31.7%
Charges for Services	11,593,705	13,725,449	18.4%
Fines and Forfeits	2,756,096	2,607,547	-5.4%
Special Assessments	2,694,758	2,862,048	6.2%
Miscellaneous	7,330,072	4,482,970	-38.8%
Other Financing Sources	2,627,347	2,092,360	-20.4%



Overall, total revenues are at 103.4% of budget through the fourth quarter of the fiscal year. Intergovernmental revenues are up 31.7% from last year primarily due to the Coronavirus Relief Fund funding received from the State of Nevada through the federal government’s Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The City received \$46.7M in federal assistance stimulus funds through the CARES Act. The majority of the public assistance funds were put back into the community to support social distancing requirements, residential eviction relief programs, small business impact relief programs, food distribution, COVID-related mental health response, COVID contact tracing, COVID-related communications, socially distanced programming, and remote education relief. Funds were also used to reimburse the City for COVID-related expenses, the City’s share of the Regional Emergency Center Operations (EOC), and enhance the City’s ability to operate safely, work remotely, and maintain services throughout the pandemic. The City was also awarded \$51.5M in federal funds through ARPA, half of which were received prior to June 30, 2021 but will be recognized in Fiscal Year 2022. These funds have been placed into a capital fund pending an approved spending plan.

The City along with its regional partners, Washoe County and the City of Sparks, has taken on a major initiative to create the Nevada Cares Campus on East 4th Street. The campus is a central location for temporary housing for the unsheltered population. It includes 46,000 new square feet of housing at an estimated cost of \$17 million. This large project was substantially completed in the spring of 2021 and ongoing operating costs will be shared by the regional partners.

	2019-20 AMENDED BUDGET	6/30/2020 ACTUALS	% OF BUDGET	2020-21 AMENDED BUDGET	6/30/2021 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 214,339,508	\$ 236,523,256	110.3%	\$ 255,701,991	\$ 264,298,253	103.4%
Expenditures	\$ 223,779,471	\$ 209,250,444	93.5%	\$ 287,238,830	\$ 268,610,132	93.5%

Expenditures

The table below shows the budget-to-actual expenditures for fiscal years 2019-20 (FY 20) and 2020-21 (FY 21) by department. General Fund expenditures are approximately 6.5% below budget through fiscal year end. Year-end adjustments and reconciliations are currently underway. No material differences from these unaudited numbers are anticipated. The final audit will be completed in December 2021. Overall, the majority of department expenditures are as expected, with a few exceptions. The City Manager's department experienced a 323% increase between FY 20 and FY 21 due to many of the CARES fund programs being managed and expensed through that department. Human resources has spent roughly 50% of their budget because of open positions that were not filled throughout the year. Overall, expenses are lower than expected due to vacancy savings and because departments were very aware of the potential spending issues that could have arisen because of the COVID-19 Pandemic. Purchases were reviewed closely to determine if expenses were necessary or could be deferred until a future time.



	2019-20 AMENDED BUDGET	6/30/2020 ACTUALS	% OF BUDGET	2020-21 AMENDED BUDGET	6/30/2021 ACTUALS (unaudited)	% OF BUDGET
City Council	\$ 1,587,946	\$ 1,456,563	91.7%	\$ 1,548,753	\$ 1,454,122	93.9%
City Attorney	4,698,522	4,245,377	90.4%	4,826,257	4,467,349	92.6%
City Clerk	1,300,795	999,825	76.9%	1,543,138	1,142,499	74.0%
City Manager	7,043,881	5,942,972	84.4%	26,813,513	25,113,233	93.7%
Civil Service	693,731	585,000	84.3%	766,265	574,157	74.9%
Community Development	3,578,457	2,913,168	81.4%	3,504,056	3,132,271	89.4%
Finance	2,894,211	2,595,717	89.7%	2,902,572	2,788,895	96.1%
Fire	53,616,940	51,685,340	96.4%	58,425,874	57,913,337	99.1%
Human Resources	1,472,611	1,267,830	86.1%	1,582,579	811,009	51.2%
Information Technology	7,410,017	6,362,714	85.9%	10,210,775	9,325,036	91.3%
Municipal Court	8,093,141	7,435,559	91.9%	8,345,098	7,756,387	92.9%
Neighborhood Services	3,441,588	3,055,386	88.8%	3,879,912	3,113,108	80.2%
Parks & Recreation	11,862,458	10,037,456	84.6%	13,525,696	11,019,545	81.5%
Police	85,889,387	81,669,809	95.1%	86,148,469	83,941,819	97.4%
Public Works	6,707,034	6,063,361	90.4%	7,249,856	5,819,951	80.3%
Debt Service	538,370	490,165	91.0%	459,024	459,023	100.0%
Intergovernmental	14,094,968	13,588,654	96.4%	22,045,835	16,308,948	74.0%
Transfers Out	8,855,414	8,855,548	100.0%	33,461,158	33,469,443	100.0%
Total Expenditures	\$ 223,779,471	\$ 209,250,444	93.5%	\$ 287,238,830	\$ 268,610,132	93.5%

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 2019-20 and 2020-21 as they stood on June 30, 2021.

Capital Project Funds

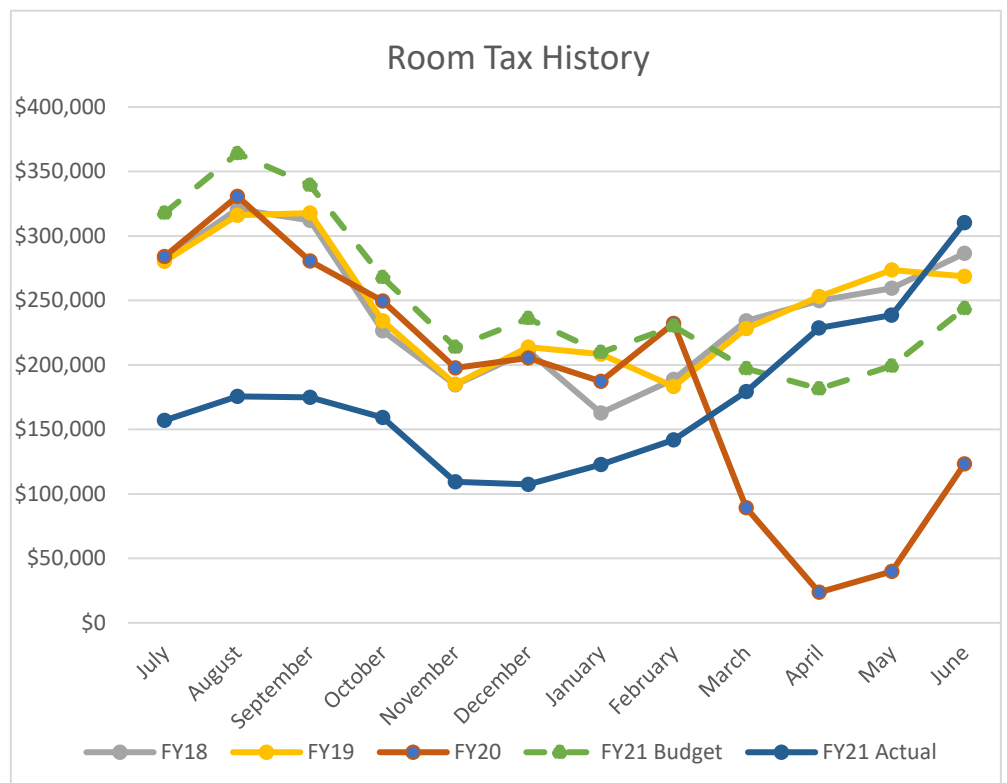
	2019-20 AMENDED BUDGET	6/30/2020 ACTUALS	% OF BUDGET	2020-21 AMENDED BUDGET	6/30/2021 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 35,499,473	\$ 35,876,973	101.1%	\$ 45,784,368	\$ 71,608,588	156.4%
Expenditures	\$ 57,562,418	\$ 27,311,562	47.4%	\$ 69,222,182	\$ 40,565,341	58.6%

Capital Project Funds account for financial resources that are restricted, committed or assigned to the improvement, acquisition or construction of capital assets. The Nevada Cares Campus Shelter structure was substantially completed in May. In April, a Capital Project Funding Plan for the Public Safety Center and the Moana Pool was approved by Council. A contract for \$393,352 was awarded to Bruce Purves in April 2021 for Fire Station 6 and 10 to include upgrading the open air sleeping quarters with walls, doors, lighting, flooring, HVAC duct work, plumbing, and electrical improvements to make six individual fully functional dormitory bunk rooms at each location. This project also includes construction of a new bathroom for female firefighters. Fire Station 6, Mira Loma Station, construction started in May 2021 and is 60% complete. Fire Station 10, North Virginia Station, construction started in June 2021 and is 55% complete. Both are expected to be complete by the end of September 2021.

Special Revenue Funds

	2019-20 AMENDED BUDGET	6/30/2020 ACTUALS	% OF BUDGET	2020-21 AMENDED BUDGET	6/30/2021 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 41,512,570	\$ 45,311,684	109.2%	\$ 42,913,419	\$ 55,330,183	128.9%
Expenditures	\$ 59,098,592	\$ 39,396,401	66.7%	\$ 66,542,239	\$ 43,643,853	65.6%

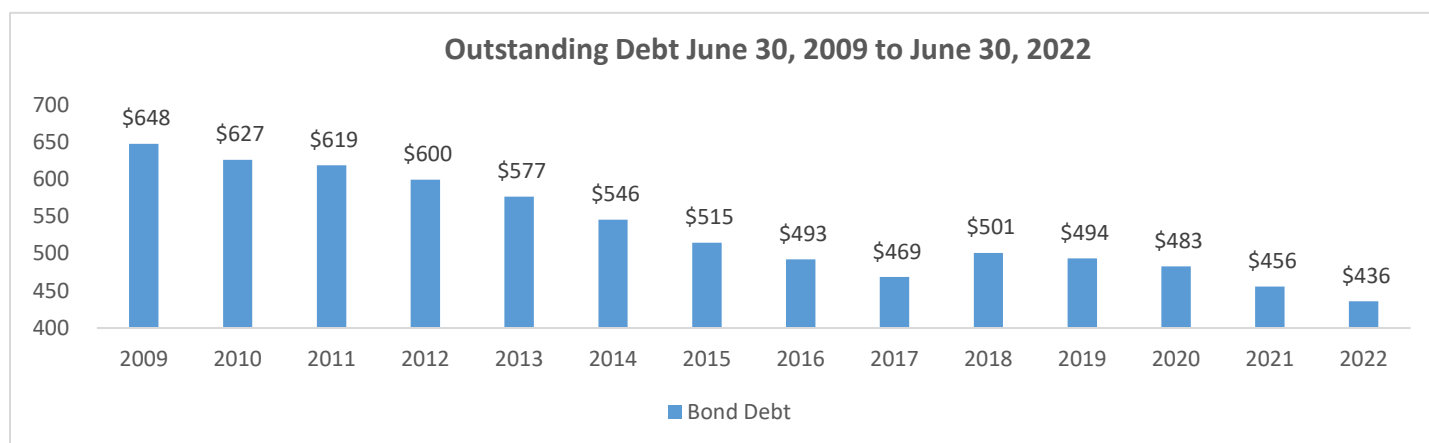
Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The transient occupancy tax, or room tax, revenue source was affected the most by COVID-19 as it is dependent on both the occupancy levels and room rates in the City's hotel stock. Due to travel restrictions, capacity limits and cancellation of events amid the pandemic, this revenue source decreased 50% in the first half of the year but experienced a rebound through spring and summer 2021. This revenue source will be monitored closely in the coming year and estimates will be adjusted accordingly.



Debt Service Funds

	2019-20 AMENDED BUDGET	6/30/2020 ACTUALS	% OF BUDGET	2020-21 AMENDED BUDGET	6/30/2021 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 30,954,222	\$ 31,790,821	102.7%	\$ 25,006,377	\$ 29,249,696	117.0%
Expenditures	\$ 33,886,919	\$ 33,279,909	98.2%	\$ 29,092,533	\$ 28,091,483	96.6%

Debt Service Funds account for the accumulation of financial resources that are restricted, committed or assigned for the repayment of debt principal and interest. The City has made all necessary debt payments at the end of the current fiscal year.



PROPRIETARY FUNDS

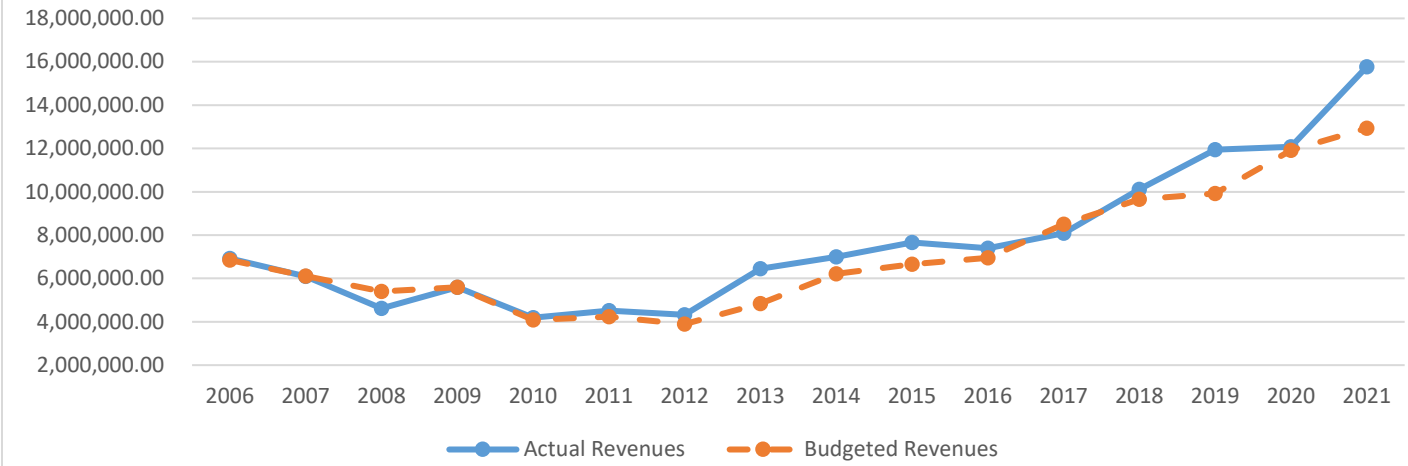
Proprietary funds are used to account for activities for which a user fee is charged for goods or services. The City of Reno currently operates two Enterprise Funds: the Building Enterprise Fund and the Sewer Enterprise Fund. The Building Enterprise Fund accounts for resources provided by the issuance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

	2019-20 AMENDED BUDGET	6/30/2020 ACTUALS	% OF BUDGET	2020-21 AMENDED BUDGET	6/30/2021 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 11,915,818	\$ 12,067,811	101.3%	\$ 12,930,962	\$ 15,764,344	121.9%
Expenditures	\$ 13,421,141	\$ 13,056,135	97.3%	\$ 12,152,244	\$ 8,703,442	71.6%

While there was a slowdown in development during the initial months of COVID, the number of building permit applications and types of complicated projects picked up significantly during the current fiscal year. In particular, the high-rise student housing projects, large scale industrial buildings and numerous housing development projects have increased, creating building permits with high valuations and increased revenue. Permit values have risen to about \$1.3 Billion annually; an all-time high for the City of Reno. Trends point to continued growth.

Building Enterprise Fund Revenues



Sewer Enterprise Funds

	2019-20 AMENDED BUDGET	6/30/2020 ACTUALS	% OF BUDGET	2020-21 AMENDED BUDGET	6/30/2021 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 88,519,536	\$ 103,149,963	116.5%	\$ 139,201,810	\$ 109,261,062	78.5%
Expenditures	\$ 148,091,534	\$ 70,539,947	47.6%	\$ 221,920,467	\$ 114,073,075	51.4%

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 end of the fiscal year. Sewer revenues are growing year over year because of growth within the City of Reno which translates into more residential and commercial accounts that are billed each quarter.



The plant expansion at the Reno Stead Water Reclamation Facility is moving along and has passed the 50% completion mark. Of special note is the new recycled water tank that will allow for increased utilization of recycled water. Construction is on track and slated for completion by the end of Fiscal Year 2022.



About Picture:
Above - Looking NE & Down at launder rebar and forms placed at Secondary Clarifier #4
Right - Looking NW at forms installed for Splitter Box

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 department 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 accounts for the operations of the self-funded workers compensation program.

	2019-20 AMENDED BUDGET	6/30/2020 ACTUALS	% OF BUDGET	2020-21 AMENDED BUDGET	6/30/2021 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 58,615,496	\$ 58,047,916	99.0%	\$ 54,309,797	\$ 56,153,315	103.4%
Expenditures	\$ 58,726,785	\$ 48,719,084	83.0%	\$ 65,828,270	\$ 52,552,055	79.8%

Internal service fund revenues are over budget and expenditures are under budget for the fiscal year. The year-end accounting adjustments could change ending balances depending on estimated assumptions; no material differences from these unaudited numbers are anticipated.

REDEVELOPMENT AGENCY (RDA)

	2019-20 AMENDED BUDGET	6/30/2020 ACTUALS	% OF BUDGET	2020-21 AMENDED BUDGET	6/30/2021 ACTUALS (unaudited)	% OF BUDGET
RDA 1 & RDA 2						
General Funds						
Revenues	\$ 1,822,478	\$ 2,524,417	138.5%	\$ 2,586,047	\$ 3,412,937	132.0%
Expenditures	\$ 2,259,014	\$ 2,207,240	97.7%	\$ 2,511,214	\$ 2,011,228	80.1%
Debt Funds						
Revenues	\$ 830,125	\$ 1,125,578	135.6%	\$ 1,099,297	\$ 1,849,104	168.2%
Expenditures	\$ 2,933,622	\$ 2,926,757	99.8%	\$ 2,933,033	\$ 2,926,168	99.8%

Currently the Downtown Project Area (RDA 1) is generating approximately \$1.6 million and Redevelopment Project Area 2 (RDA2) \$2.5 million as of June 30, 2021. In December, Fraser & Associates was hired to assist the Reno Redevelopment Agency (Agency) with the preparation of tax increment projections for the RDA 1 and RDA 2. The projections were prepared to assist the City in analyzing the impact that the COVID-19 pandemic may have on the tax increment revenues of each Project Area under different impact assumptions. Council reviewed analyses of options available to ensure RDA 1 could continue to pay its current obligations and approved staff to move forward with the extension of RDA 1 for an additional 15 years and draft an interfund loan agreement between RDA 1 and RDA 2. With the agreement, RDA 2 would loan up to \$3 million to RDA 1 to be paid back with future tax increment. The extension of RDA 1 will result in an estimated \$127 million in additional tax increment over the 15 years. The extension and loan agreement will go to Council in the fall 2021.

