

## 2021-22 Quarterly Financial Report 3<sup>rd</sup> Quarter Ending March 31, 2022 (unaudited)

### OVERVIEW

This financial report summarizes the City’s financial position for the quarter ending March 31, 2022, 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

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 third quarter compared to the adjusted budget as it stood on March 31, 2022 (unaudited). Major differences in budget-to-actual and year-over-year comparisons are explained in this report.

#### Revenues

The table below shows budget-to-actual revenues through the third quarter for fiscal years 2020-21 and 2021-22. The City of Reno has experienced significant growth over the last year. Median housing prices have continued to climb. It is anticipated that housing prices will start to level off or even contract slightly with rising interest rates. Regionally, tourism has returned to normal as well as unemployment.

	2020-21 AMENDED BUDGET	03/31/2021 ACTUALS	% OF BUDGET	2021-22 AMENDED BUDGET	03/31/2022 ACTUALS (unaudited)	% OF BUDGET
<b>Revenues</b>						
Property Tax	\$ 59,978,058	\$ 57,821,614	96.4%	\$ 64,129,038	\$ 61,653,586	96.1%
Franchise Fees	27,226,910	13,689,588	50.3%	27,228,964	17,321,389	63.6%
Business Licenses	23,401,819	17,771,383	75.9%	25,129,780	20,086,340	79.9%
Consolidated Tax	78,514,071	47,893,424	61.0%	85,024,387	54,774,659	64.4%
Intergovernmental	36,534,998	35,933,138	98.4%	13,044,162	9,619,385	73.7%
Charges for Services	13,772,862	9,553,332	69.4%	13,090,191	11,526,583	88.1%
Fines and Forfeits	3,016,761	1,744,039	57.8%	2,468,761	2,266,598	91.8%
Special Assessments	2,874,110	2,815,645	98.0%	2,915,274	2,759,476	94.7%
Miscellaneous	1,617,149	3,099,366	191.7%	1,542,510	2,021,800	131.1%
Other Financing Sources	2,136,000	1,513,673	70.9%	1,786,000	1,210,225	67.8%
<b>Total Revenues</b>	<b>\$ 249,072,738</b>	<b>\$ 191,835,202</b>	<b>77.0%</b>	<b>\$ 236,359,067</b>	<b>\$ 183,240,041</b>	<b>77.5%</b>

For fiscal year 2021-22, the City budgeted for property taxes to increase 5.5%. The projected increase was estimated to be 3% from existing properties and the remaining increase from growth. Actual property tax revenues are currently exceeding prior year totals by 6.6% and are at 96.1% of total budget. 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 sizeable increases in consolidated tax (CTAX) each year. As of February, CTAX receipts are 12% above budget for FY2021-22.

Overall, total revenues are at 77.5% of budget through the third quarter of the fiscal year. Franchise Fees and Charges for Services are currently experiencing significant year-over-year increases signaling a return of economic activity following the business closures seen in 2020.

Fines and forfeitures have increased 30% over the prior year due to parking ticket fines, traffic fines, and delinquent license penalties. At the beginning of the prior year there was a moratorium on fines on late payments due to the pandemic. The moratorium expired and late fines are being assessed according to applicable laws and regulations.

	03/31/2021 ACTUALS	03/31/2022 ACTUALS (unaudited)	% CHANGE
Property Tax	\$ 57,821,614	\$ 61,653,586	6.6%
Franchise Fees	13,689,588	17,321,389	26.5%
Business Licenses	17,771,383	20,086,340	13.0%
Consolidated Tax	47,893,424	54,774,659	14.4%
Intergovernmental	35,933,138	9,619,385	-73.2%
Charges for Services	9,553,332	11,526,583	20.7%
Fines and Forfeits	1,744,039	2,266,598	30.0%
Special Assessments	2,815,645	2,759,476	-2.0%
Miscellaneous	3,099,366	2,021,800	-34.8%
Other Financing Source	1,513,673	1,210,225	-20.0%
<b>Total Revenues</b>	<b>\$ 191,835,202</b>	<b>\$ 183,240,041</b>	<b>-4.5%</b>

	2020-21 AMENDED BUDGET	03/31/2021 ACTUALS	% OF BUDGET	2021-22 AMENDED BUDGET	03/31/2022 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 249,072,738	\$ 191,835,202	77.0%	\$ 236,359,067	\$ 183,240,041	77.5%
Expenditures	\$ 272,067,302	\$ 191,892,742	70.5%	\$ 255,285,880	\$ 175,009,082	68.6%



## Expenditures

The table below shows the budget-to-actual expenditures for fiscal years 2020-21 (FY 21) and 2021-22 (FY 22) by department. General Fund expenditures are approximately 6.4% below budget as of the third quarter of the fiscal year. Overall, the majority of department expenditures are well below budget due to significant salary savings. Police and Fire are both trending near or above



budget due to overtime and severance payouts for long time employee retirements. Reno Fire began a new academy in January to accommodate the 30 new firefighter positions that were added at mid-year. Of those positions, 20 are SAFER grant funded for the first three years. Adjustments are pending in the Public Works budget to move the budget assigned for utilities from Intergovernmental. This change is to provide more oversight and analysis of those bills as they are processed and paid going forward.

	2020-21 AMENDED BUDGET	03/31/2021 ACTUALS	% OF BUDGET	2021-22 AMENDED BUDGET	03/31/2022 ACTUALS (unaudited)	% OF BUDGET
City Council	\$ 1,654,141	\$ 1,080,476	65.3%	\$ 1,629,676	\$ 1,113,504	68.3%
City Attorney	4,826,257	3,196,970	66.2%	5,103,628	3,385,720	66.3%
City Clerk	1,515,559	813,737	53.7%	1,500,315	812,215	54.1%
City Manager	7,527,656	23,243,392	308.8%	12,691,480	7,047,673	55.5%
Civil Service	754,265	424,571	56.3%	861,119	477,607	55.5%
Community Development	3,497,698	2,302,368	65.8%	4,906,939	3,162,704	64.5%
Finance	2,799,977	1,987,905	71.0%	3,118,267	2,163,911	69.4%
Fire	52,425,581	42,871,649	81.8%	56,717,648	43,973,609	77.5%
Human Resources	1,561,941	593,886	38.0%	1,695,820	1,078,204	63.6%
Information Technology	7,411,821	7,921,375	106.9%	8,052,541	5,868,864	72.9%
Municipal Court	7,979,010	5,449,857	68.3%	8,257,504	5,694,257	69.0%
Neighborhood Services	3,713,055	2,146,080	57.8%	-	44,313	0.0%
Parks & Recreation	12,215,063	8,033,524	65.8%	13,440,781	8,191,283	60.9%
Police	85,193,177	61,624,293	72.3%	87,616,874	64,745,468	73.9%
Public Works	7,061,169	4,073,049	57.7%	10,241,462	6,300,719	61.5%
Debt Service	459,024	459,023	100.0%	428,777	655,912	153.0%
Intergovernmental	18,593,792	9,617,322	51.7%	16,433,211	6,673,573	40.6%
Transfers Out	5,384,148	16,053,266	298.2%	21,909,132	13,619,545	62.2%
Other Financing Uses	47,493,968	-	0.0%	680,706	-	0.0%
<b>Total Expenditures</b>	<b>\$ 272,067,302</b>	<b>\$ 191,892,742</b>	<b>70.5%</b>	<b>\$ 255,285,880</b>	<b>\$ 175,009,082</b>	<b>68.6%</b>

## 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 2020-21 and 2021-22 as they stood on March 31.

### Capital Project Funds

	2020-21 AMENDED BUDGET	03/31/2021 ACTUALS	% OF BUDGET	2021-22 AMENDED BUDGET	03/31/2022 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 8,213,304	\$ 30,177,471	367.4%	\$ 55,687,887	\$ 21,592,132	38.8%
Expenditures	\$ 27,578,194	\$ 25,553,036	92.7%	\$ 61,552,106	\$ 7,087,188	11.5%

Capital Project Funds account for financial resources that are restricted, committed or assigned to the improvement, acquisition or construction of capital assets. For the 2021-22 fiscal year the City of Reno put an emphases on repairing or replacing outdated and dilapidated roofs on a number city buildings, as well as ADA upgrades to pedestrian ramps and sidewalks. As of March 31 only 11.5% of the Capital Projects funds had been expended mostly due to the time required to complete projects as well as slowdowns of work during the winter months.



About Picture:  
Replacement of ramp at California building to become ADA compliant

## Special Revenue Funds

	2020-21 AMENDED BUDGET	03/31/2021 ACTUALS	% OF BUDGET	2021-22 AMENDED BUDGET	03/31/2022 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 41,689,689	\$ 41,075,413	98.5%	\$ 43,812,483	\$ 33,417,977	76.3%
Expenditures	\$ 43,478,774	\$ 23,538,908	54.1%	\$ 59,312,547	\$ 26,858,942	45.3%



Special Revenue Funds account for the proceeds from specific revenue sources that are legally restricted to expenditures for specific purposes. The transient occupancy tax, or room tax, revenue was affected the most by business closures and tourism as it is dependent on both the occupancy levels and room rates. For FY 22, Room tax receipts have returned to normal levels.

## Debt Service Funds

	2020-21 AMENDED BUDGET	03/31/2021 ACTUALS	% OF BUDGET	2021-22 AMENDED BUDGET	03/31/2022 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 25,780,074	\$ 17,378,975	67.4%	\$ 26,367,994	\$ 19,564,556	74.2%
Expenditures	\$ 25,166,586	\$ 12,067,048	47.9%	\$ 27,893,324	\$ 15,925,312	57.1%

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 made all necessary debt payments at the end of last fiscal year.

The City is currently in the process of issuing a bond for \$60 million to cover the remaining costs of the Public Safety Center (\$31 million), Moana Aquatic Center (\$27 million), and the design of a new Fire Headquarter building (\$2 million).



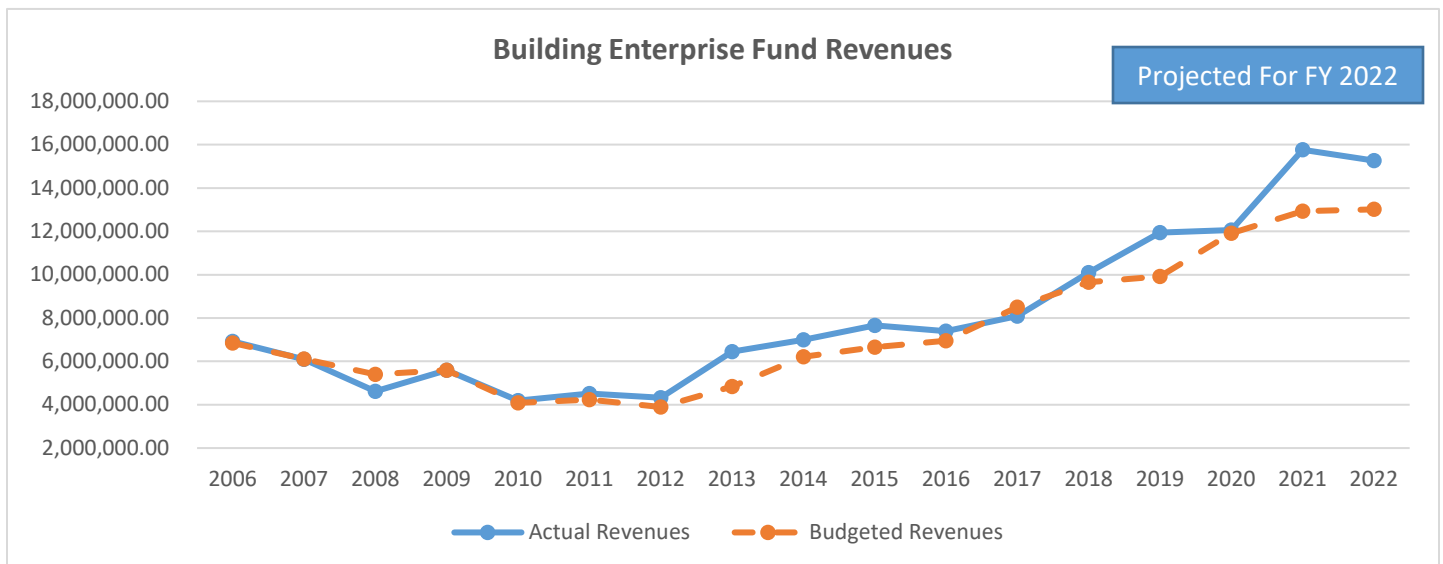
## PROPRIETARY FUNDS

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

	2020-21 AMENDED BUDGET	03/31/2021 ACTUALS	% OF BUDGET	2021-22 AMENDED BUDGET	03/31/2022 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 12,930,962	\$ 11,292,987	87.3%	\$ 13,014,000	\$ 9,582,802	73.6%
Expenditures	\$ 11,112,406	\$ 6,261,590	56.3%	\$ 13,779,922	\$ 7,207,129	52.3%

Development in the Reno area continues to show strong signs of significant growth. The number of building permits issued increased on average 13% annually for the last three fiscal years. With high-rise student housing projects, large-scale industrial buildings, and numerous housing developments increasing in recent years, valuation has been steadily increasing.



### Sewer Enterprise Funds

	2020-21 AMENDED BUDGET	03/31/2021 ACTUALS	% OF BUDGET	2021-22 AMENDED BUDGET	03/31/2022 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 139,098,670	\$ 78,626,528	56.5%	\$ 150,645,057	\$ 94,874,359	63.0%
Expenditures	\$ 198,595,971	\$ 65,463,634	33.0%	\$ 230,696,087	\$ 87,314,261	37.8%

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.

Sierra Nevada Construction began work on the Lear sewer force main on Lear boulevard in North Valleys to replace the force main which had been installed in the 1980's. The nearly \$8 million project is replacing 5,055 feet of two parallel 10-

inch diameter pipes with two 24-inch diameter pipes from the lift station at the intersection of Moya Blvd and Lear Blvd to the connection with the sewer interceptor at Stead Boulevard and Norton Drive. The project is scheduled to be complete in July 2022.

## 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.

	2020-21 AMENDED BUDGET	03/31/2021 ACTUALS	% OF BUDGET	2021-22 AMENDED BUDGET	03/31/2022 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 50,202,595	\$ 42,618,607	84.9%	\$ 51,334,523	\$ 36,153,420	70.4%
Expenditures	\$ 59,311,929	\$ 39,816,459	67.1%	\$ 60,992,638	\$ 36,857,921	60.4%

## REDEVELOPMENT AGENCY (RDA)

	2020-21 AMENDED BUDGET	03/31/2021 ACTUALS	% OF BUDGET	2021-22 AMENDED BUDGET	03/31/2022 ACTUALS (unaudited)	% OF BUDGET
<b>RDA 1 &amp; RDA 2</b>						
<b>General Funds</b>						
Revenues	\$ 2,586,047	\$ 2,867,482	110.9%	\$ 3,589,495	\$ 4,655,604	129.7%
Expenditures	\$ 2,511,214	\$ 1,212,990	48.3%	\$ 2,209,014	\$ 1,070,746	48.5%
<b>Debt Funds</b>						
Revenues	\$ 1,099,297	\$ 1,684,891	153.3%	\$ 1,429,319	\$ 1,741,893	121.9%
Expenditures	\$ 2,933,033	\$ 472,256	16.1%	\$ 2,930,481	\$ 415,980	14.2%

Council created RDA 1 in 1983. Over the course of its existence, the Agency has issued bonds to raise capital for various redevelopment projects. Council created RDA 2 on August 24, 2005, which is set to expire on August 25, 2035. At the April 28, 2021 Council meeting, staff presented Council with six options for addressing the debt obligations of RDA 1. Council chose "option 3" which was to extend the life of RDA 1 by 15 years to July 2043 and pay bonds with support from RDA 2. RDA 2 will be paid back as tax increment exceeds debt payments which is estimated to occur in FY2026. This option allows the project area to pay the bonds in full without an event of default caused by using reserves.

On September 22, 2021, Council adopted Ordinance No. 6604 which amended the redevelopment plan for the RDA 1 to extend such plan to July 2043 to facilitate existing debt service payments. On September 22, 2021, Council adopted Ordinance No. 6605, which amended the redevelopment plan for RDA 2 to authorize the use of tax increment generated in RDA 2 to make an interfund loan pursuant to NRS 354.6118 to RDA 1. The Loan will prevent a default on the 2007 Bonds. Sufficient money is available in the General Fund of RDA 2 to make the Loan to the Debt Service Fund of RDA 1, and such money is not restricted as to its use. The Loan will not compromise the economic viability of the General Fund of RDA 2, and RDA 2 has sufficient cash flow from tax increment to pay the existing Baseball obligation and provide an interfund loan in the amount needed to supplement the debt service payment requirements for RDA 1.