



2021-22 Quarterly Financial Report 4th Quarter Ending June 30, 2022 (unaudited)

OVERVIEW

This financial report summarizes the City's financial position for the quarter ending June 30, 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 fourth quarter compared to the adjusted budget as it stood on June 30, 2022 (unaudited). Major differences in budget-to-actual and year-over-year comparisons are explained in this report. Through the fourth quarter, the General Fund has performed as expected.

Revenues

Amended Budget amounts were updated in the second half of the year to include amounts received from grants and to adjust revenues closer to actuals. Overall, total revenues are 100.3% of budget through the fiscal year. Franchise Fees and Charges for Services experienced significant year-over-year increases signaling the return of economic activity. Fines and forfeitures have increased 14.2% over the prior year due to parking ticket fines, traffic fines, and delinquent license penalties. Some year-end accounting entries are still pending so these actuals represent the currently available data.

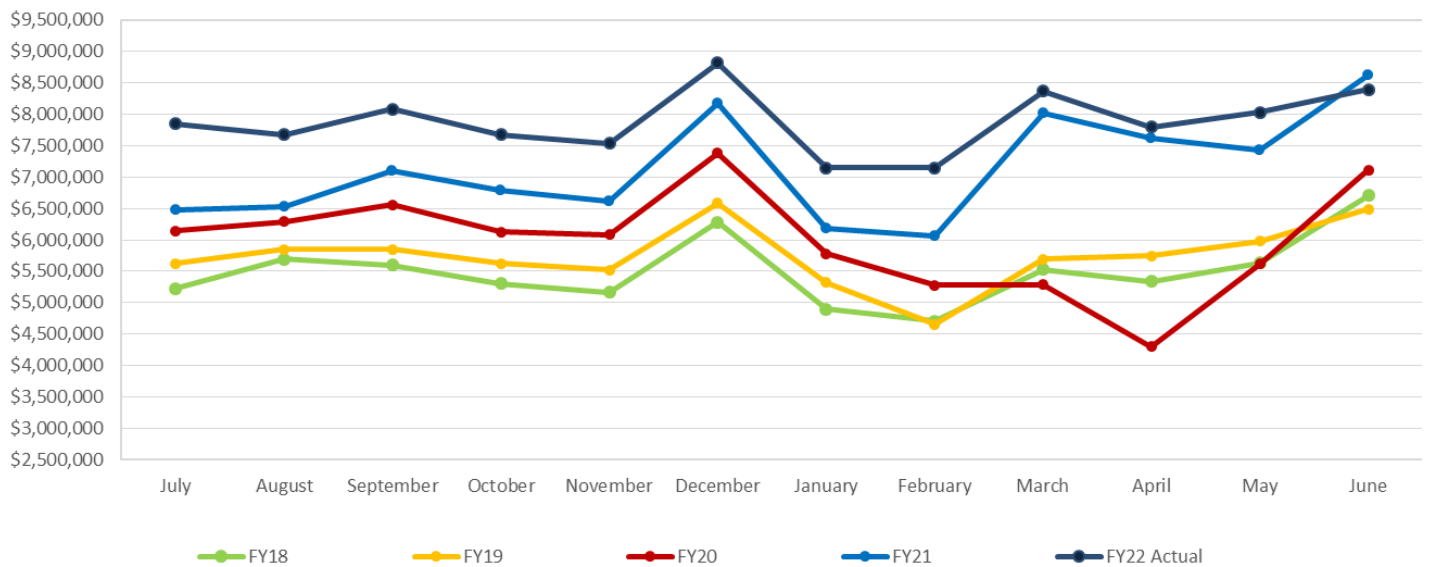
	2020-21 AMENDED BUDGET	06/30/2021 ACTUALS	% OF BUDGET	2021-22 AMENDED BUDGET	06/30/2022 ACTUALS (unaudited)	% OF BUDGET
Revenues						
Property Tax	\$ 59,978,058	\$ 61,017,108	101.7%	\$ 66,329,038	\$ 65,601,314	98.9%
Franchise Fees	27,226,910	26,847,526	98.6%	28,728,964	31,874,775	110.9%
Business Licenses	23,401,819	23,680,870	101.2%	25,839,560	26,402,071	102.2%
Consolidated Tax	78,514,071	85,628,594	109.1%	96,024,387	94,501,974	98.4%
Intergovernmental	36,534,998	41,280,867	113.0%	16,476,389	14,324,725	86.9%
Charges for Services	13,772,862	13,432,330	97.5%	14,507,249	15,100,828	104.1%
Fines and Forfeits	3,016,761	2,715,373	90.0%	2,768,761	3,100,303	112.0%
Special Assessments	2,874,110	2,862,048	99.6%	2,915,274	2,778,087	95.3%
Miscellaneous	1,617,149	5,109,542	316.0%	3,150,498	4,000,567	127.0%
Other Financing Sources	2,136,000	1,975,807	92.5%	2,986,000	2,941,238	98.5%
Total Revenues	\$ 249,072,738	\$ 264,550,064	106.2%	\$ 259,726,120	\$ 260,625,883	100.3%

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. Regionally, tourism has returned to pre-pandemic levels as well as unemployment. Actual property tax revenues exceeded prior year totals by 7.5%. The City has seen the housing market slow down following the federal interest rate increases. Housing prices are starting to decline and the time on the market has normalized following the fast paced market that was typical for the last year. The large change in Intergovernmental revenues was due to the federal CARES stimulus funds in FY21.

	06/30/2021 ACTUALS	06/30/2022 ACTUALS (unaudited)	% CHANGE
Property Tax	\$ 61,017,108	\$ 65,601,314	7.5%
Franchise Fees	26,847,526	31,874,775	18.7%
Business Licenses	23,680,870	26,402,071	11.5%
Consolidated Tax	85,628,594	94,501,974	10.4%
Intergovernmental	41,280,867	14,324,725	-65.3%
Charges for Services	13,432,330	15,100,828	12.4%
Fines and Forfeits	2,715,373	3,100,303	14.2%
Special Assessments	2,862,048	2,778,087	-2.9%
Miscellaneous	5,109,542	4,000,567	-21.7%
Other Financing Source	1,975,807	2,941,238	48.9%
Total Revenues	\$ 264,550,064	\$ 260,625,883	-1.5%

Actual CTAX revenues exceeded prior year totals by 10.4%. With the exception of the first three months of the pandemic, the City has continued to have sizeable increases in consolidated tax (CTAX) each year. As of February, CTAX was trending 12% above budget and the budget was amended accordingly to recognize the increased revenue. Receipts for June did show a decline as compared to last year and that was anticipated due to the return of travel outside the area following the end of the school year.

Consolidated Tax (CTAX) History





	2020-21 AMENDED BUDGET	06/30/2021 ACTUALS	% OF BUDGET	2021-22 AMENDED BUDGET	06/30/2022 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 249,072,738	\$ 264,550,064	106.2%	\$ 259,726,120	\$ 260,625,883	100.3%
Expenditures	\$ 287,253,830	\$ 272,705,519	94.9%	\$ 281,767,776	\$ 270,153,198	95.9%

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 4.1% below budget for the fiscal year. Overall, the majority of department expenditures are below budget due to salary savings from vacant positions during the year. The Police Department came in slightly above budget for the year at 100.7%. This is mainly caused by severance payouts from retirements. A reorganization for FY22 eliminated the Neighborhood Services Department and those services are now being provided within the City Manager's Office and Development Services. During FY21, many of the expenditures for the Federal CARES stimulus funds occurred through the City Manager's Office and are reflected in the FY21 numbers. Debt Service exceeded budget due to the new medium term obligation for the Police dash cameras.

	2020-21 AMENDED BUDGET	06/30/2021 ACTUALS	% OF BUDGET	2021-22 AMENDED BUDGET	06/30/2022 ACTUALS (unaudited)	% OF BUDGET
City Council	\$ 1,548,753	\$ 1,454,690	93.9%	\$ 1,639,479	\$ 1,548,064	94.4%
City Attorney	4,826,257	4,468,278	92.6%	5,103,628	4,661,328	91.3%
City Clerk	1,543,138	1,142,557	74.0%	1,500,315	1,194,342	79.6%
City Manager	26,813,513	25,157,219	93.8%	13,181,340	10,524,638	79.8%
Civil Service	766,265	574,196	74.9%	861,119	706,240	82.0%
Development Services	3,504,056	3,134,398	89.5%	4,949,291	4,445,437	89.8%
Finance	2,902,572	2,789,346	96.1%	3,218,267	3,118,340	96.9%
Fire	58,425,874	57,894,649	99.1%	60,269,396	60,224,744	99.9%
Human Resources	1,582,579	809,759	51.2%	1,982,820	1,661,454	83.8%
Information Technology	10,210,775	9,322,012	91.3%	8,561,875	7,985,303	93.3%
Municipal Court	8,345,098	7,757,691	93.0%	8,709,610	8,246,819	94.7%
Neighborhood Services	3,879,912	3,142,011	81.0%	-	-	0.0%
Parks & Recreation	13,540,696	11,057,909	81.7%	13,545,515	11,804,008	87.1%
Police	86,148,469	83,969,352	97.5%	90,982,194	91,636,962	100.7%
Public Works	7,249,856	5,836,516	80.5%	10,346,462	10,027,883	96.9%
Debt Service	459,024	459,023	100.0%	428,777	655,912	153.0%
Intergovernmental	22,045,835	20,264,088	91.9%	16,376,548	11,600,582	70.8%
Transfers Out	33,461,158	33,471,824	100.0%	40,111,140	40,111,140	100.0%
Total Expenditures	\$ 287,253,830	\$ 272,705,519	94.9%	\$ 281,767,776	\$ 270,153,198	95.9%

4th QUARTER ENDING JUNE 30, 2022

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 2020-21 and 2021-22 as they stood on June 30.

Capital Project Funds

	2020-21 AMENDED BUDGET	06/30/2021 ACTUALS	% OF BUDGET	2021-22 AMENDED BUDGET	06/30/2022 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 8,213,304	\$ 47,354,747	576.6%	\$ 85,886,895	\$ 68,181,755	79.4%
Expenditures	\$ 27,578,194	\$ 31,609,108	114.6%	\$ 118,716,062	\$ 39,254,811	33.1%

Capital Project Funds account for financial resources that are restricted, committed or assigned to the improvement, acquisition or construction of capital assets. 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 the other half were received in May, 2022 and placed into a capital fund. These funds are to provide a substantial infusion of resources to help create a foundation for a strong and equitable fiscal recovery following the pandemic. For the 2021-22 fiscal year the City of Reno put an emphasis on repairing or replacing outdated and dilapidated roofs on a number of city buildings, as well as ADA upgrades to pedestrian ramps and sidewalks.

Council approved moving forward to issue General Obligation bonds in the amount of \$60 million dollars to provide the additional funding needed to complete the Public Safety Center, Moana Pool and the design of a Fire Station Headquarters. Construction at the Public Safety Center commenced in January 2022. An agreement for a roof-mounted solar system was approved by Council in April 2022 and this work is anticipated to begin in the summer of 2023. Construction is scheduled to be complete in 2024.

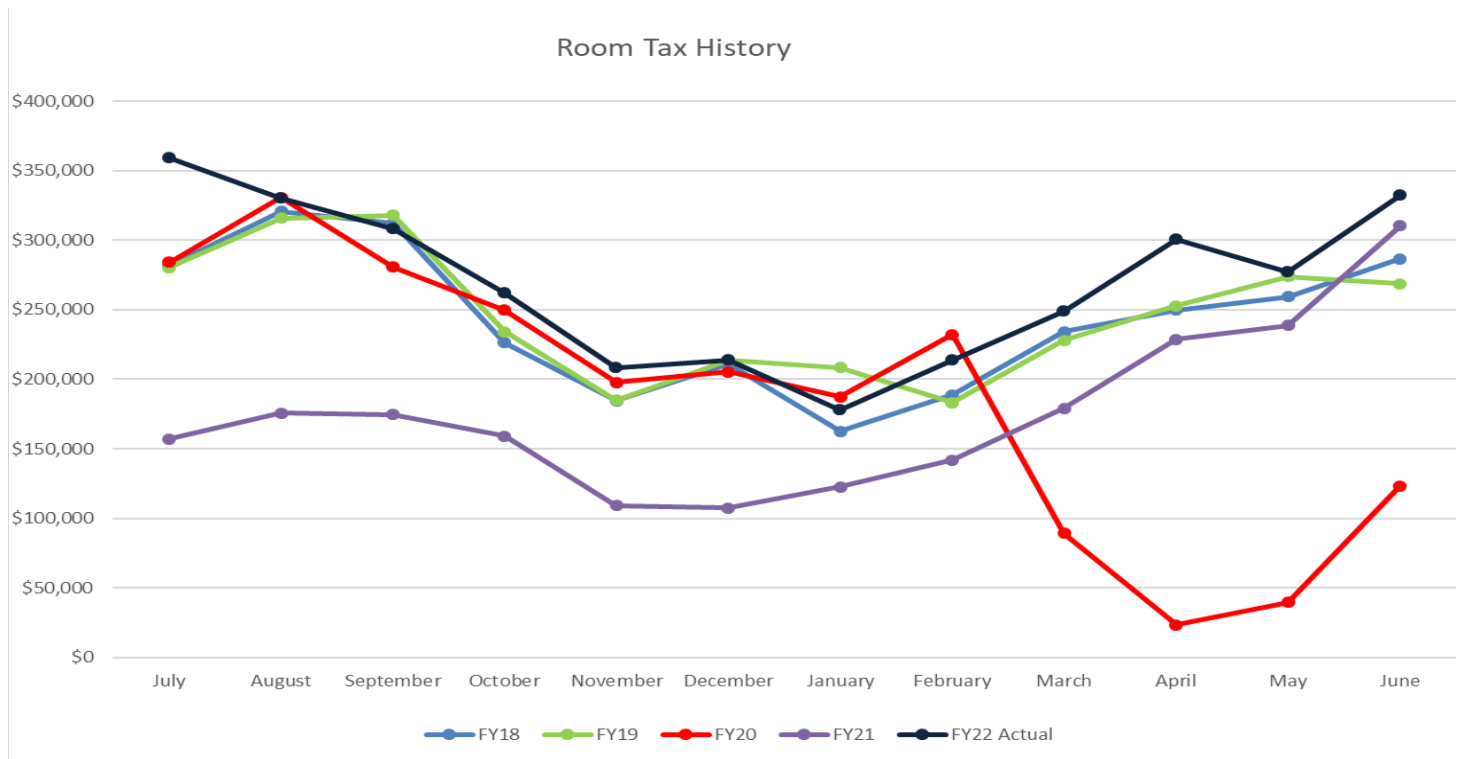
As of year-end only 33.1% of the Capital Projects funds had been expended mostly due to the time required to complete projects as well as slowdowns of work during the winter months.



Special Revenue Funds

	2020-21 AMENDED BUDGET	06/30/2021 ACTUALS	% OF BUDGET	2021-22 AMENDED BUDGET	06/30/2022 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 41,689,689	\$ 51,405,899	123.3%	\$ 51,465,483	\$ 52,132,146	101.3%
Expenditures	\$ 43,478,774	\$ 45,401,069	104.4%	\$ 72,456,908	\$ 45,829,881	63.3%

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 COVID-19 as it is dependent on both the occupancy levels and room rates. For FY 22, Room tax receipts returned to pre-pandemic levels.



Debt Service Funds

	2020-21 AMENDED BUDGET	06/30/2021 ACTUALS	% OF BUDGET	2021-22 AMENDED BUDGET	06/30/2022 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 25,780,074	\$ 30,044,139	116.5%	\$ 24,367,994	\$ 30,034,159	123.3%
Expenditures	\$ 25,166,586	\$ 28,091,485	111.6%	\$ 31,614,524	\$ 31,473,786	99.6%

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 made all necessary debt payments at the end of last 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

	2020-21 AMENDED BUDGET	06/30/2021 ACTUALS	% OF BUDGET	2021-22 AMENDED BUDGET	06/30/2022 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 12,930,962	\$ 15,592,855	120.6%	\$ 13,014,000	\$ 12,930,698	99.4%
Expenditures	\$ 11,112,406	\$ 7,374,392	66.4%	\$ 13,779,922	\$ 9,638,308	69.9%

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	06/30/2021 ACTUALS	% OF BUDGET	2021-22 AMENDED BUDGET	06/30/2022 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 139,098,670	\$ 132,683,884	95.4%	\$ 150,713,201	\$ 148,254,983	98.4%
Expenditures	\$ 198,595,971	\$ 153,282,220	77.2%	\$ 230,764,231	\$ 135,650,640	58.8%

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 and reached it’s useful life. 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 Blvd and Norton Drive.



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	06/30/2021 ACTUALS	% OF BUDGET	2021-22 AMENDED BUDGET	06/30/2022 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 50,202,595	\$ 59,409,848	118.3%	\$ 52,834,523	\$ 55,709,542	105.4%
Expenditures	\$ 59,311,929	\$ 51,926,396	87.5%	\$ 66,497,588	\$ 55,532,381	83.5%

REDEVELOPMENT AGENCY (RDA)

	2020-21 AMENDED BUDGET	06/30/2021 ACTUALS	% OF BUDGET	2021-22 AMENDED BUDGET	06/30/2022 ACTUALS (unaudited)	% OF BUDGET
RDA 1 & RDA 2						
General Funds						
Revenues	\$ 2,586,047	\$ 3,425,511	132.5%	\$ 5,042,524	\$ 5,152,168	102.2%
Expenditures	\$ 2,511,214	\$ 2,011,228	80.1%	\$ 3,409,014	\$ 2,849,753	83.6%
Debt Funds						
Revenues	\$ 1,099,297	\$ 1,839,558	167.3%	\$ 3,006,000	\$ 3,074,314	102.3%
Expenditures	\$ 2,933,033	\$ 2,926,168	99.8%	\$ 2,930,481	\$ 2,923,616	99.8%

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. 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 funds are 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 maximum amount of \$3 million to supplement the debt service payment requirements for RDA 1.

For FY2022, \$1.2 million was loaned from RDA 2 to RDA 1 and a 2% interest rate will apply until paid back in full. For FY2023 and FY2024, it is anticipated that \$1 million and \$800,000 in additional loan funds will be needed at which point the outstanding bonds in RDA 1 will be paid off. The tax increment projections show sufficient funds available from RDA 1 at that point to begin paying back the loan to RDA 2.

