



2022-23 Quarterly Financial Report 1st Quarter Ending September 30, 2022 (unaudited)

OVERVIEW

This financial report summarizes the City's financial position for the quarter ending September 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

Through the first quarter, the General Fund has outperformed expectation. 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, 2022 (unaudited). Major differences in budget-to-actual and year-over-year comparisons are explained in this report.

Revenues

The table below shows first quarter budget-to-actual revenues for fiscal years 2021-22 and 2022-23. The audit is not complete yet for FY22 but the preliminary numbers for the General Fund revenues came in overall on budget or 100.3% of budget. Of this, Property Tax increased 7.5% and Consolidated Tax increased 10.4% over the previous year. The first quarter of FY23 is trending as expected for both revenues and expenditures.

	2021-22			2022-23		
	AMENDED	09/30/2021	% OF	AMENDED	09/30/2022	% OF
	BUDGET	ACTUALS	BUDGET	BUDGET	ACTUALS (unaudited)	BUDGET
Revenues						
Property Tax	\$ 66,329,038	\$ 21,198,523	32.0%	\$ 69,759,029	\$ 22,580,633	32.4%
Franchise Fees	28,728,964	2,336,980	8.1%	29,796,449	3,229,455	10.8%
Business Licenses	25,839,560	6,730,103	26.0%	26,570,521	6,610,481	24.9%
Consolidated Tax	96,024,387	7,849,224	8.2%	101,752,502	8,047,287	7.9%
Intergovernmental	16,476,389	1,989,548	12.1%	16,979,387	1,897,902	11.2%
Charges for Services	14,507,249	3,003,109	20.7%	13,533,764	3,774,616	27.9%
Fines and Forfeits	2,768,761	692,738	25.0%	2,685,422	842,786	31.4%
Special Assessments	2,915,274	1,118,770	38.4%	3,156,763	1,263,462	40.0%
Miscellaneous	3,150,498	562,468	17.9%	1,892,187	325,805	17.2%
Other Financing Sources	2,986,000	-	0.0%	2,916,000	-	0.0%
Total Revenues	\$ 259,726,120	\$ 45,481,463	17.5%	\$ 269,042,024	\$ 48,572,428	18.1%



For fiscal year 2022-23, the City budgeted for property taxes to increase 5.0%. The projected increase is estimated to be 3% from existing properties and the remaining increase from growth. Consolidated tax (CTAX) was budgeted to increase 6.0%.

Overall, total revenues are at 18.1% of budget through the first quarter of the fiscal year. Franchise Fees are significantly higher than the prior year due to an audit of franchise fees that recovered unpaid revenues from FY16-FY19. Going forward, franchise fees are anticipated to increase by an estimated 1% due to the correction of the revenue collection on the fees.

The City continues to have steady increases in consolidated tax (CTAX) each year. Fiscal years 2010/11 through 2021/22 reflect those increases, with an average increase of 7.8%. For fiscal year 2022/23, the City budgeted a 6% increase over the prior fiscal year and as of August 2023 CTAX receipts are exceeding budget for FY 2022/23 by an additional 0.4%.

	09/30/2021 ACTUALS	09/30/2022 ACTUALS (unaudited)	% CHANGE
Property Tax	\$ 21,198,523	\$ 22,580,633	6.5%
Franchise Fees	2,336,980	3,229,455	38.2%
Business Licenses	6,730,103	6,610,481	-1.8%
Consolidated Tax	7,849,224	8,047,287	2.5%
Intergovernmental	1,989,548	1,897,902	-4.6%
Charges for Services	3,003,109	3,774,616	25.7%
Fines and Forfeits	692,738	842,786	21.7%
Special Assessments	1,118,770	1,263,462	12.9%
Miscellaneous	562,468	325,805	-42.1%
Other Financing Source	-	-	0.0%
Total Revenues	\$ 45,481,463	\$ 48,572,428	6.8%

Fines and forfeitures have increased 21.7% over the prior year due to parking ticket fines and delinquent license penalties. Charges for Services are mainly higher in the current year due to a timing difference in when the indirect cost for services were recorded. This will become much closer once the second quarter report is compiled. Miscellaneous revenues include reimbursements for restitution and property damage so those amounts can fluctuate from year to year depending on the reimbursements received. Overall, revenues are 6.8% higher than the same quarter last year.

	2021-22 AMENDED BUDGET	09/30/2021 ACTUALS	% OF BUDGET	2022-23 AMENDED BUDGET	09/30/2022 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 259,726,120	\$ 45,481,463	17.5%	\$ 269,042,024	\$ 48,572,428	18.1%
Expenditures	\$ 281,767,776	\$ 51,112,004	18.1%	\$ 268,042,024	\$ 51,580,322	19.2%

Expenditures

The table below shows the budget-to-actual expenditures for fiscal years 2021-22 (FY22) and 2022-23 (FY23) by department. In the General Fund, expenditures are approximately 5% below budget as of the first quarter of the fiscal year. Overall, the majority of department expenditures are as expected. Many departments are showing a savings due to open positions that have not been filled yet. The Information Technology Dept. has software maintenance contracts that are paid at the beginning of the year so their first quarter expenses are trending higher at 35.6%. Public Safety Dispatch services have been included in the Police totals below for year over year comparison purposes.



	2021-22 AMENDED BUDGET	09/30/2021 ACTUALS	% OF BUDGET	2022-23 AMENDED BUDGET	09/30/2022 ACTUALS (unaudited)	% OF BUDGET
City Council	\$ 1,639,479	\$ 307,953	18.8%	\$ 1,809,842	\$ 330,163	18.2%
City Attorney	5,103,628	1,067,721	20.9%	5,189,933	1,161,184	22.4%
City Clerk	1,500,315	239,044	15.9%	1,603,546	293,304	18.3%
City Manager	13,181,340	2,801,471	21.3%	13,133,333	2,114,046	16.1%
Civil Service	861,119	137,621	16.0%	932,138	191,852	20.6%
Development Services	4,949,291	917,779	18.5%	5,444,042	1,040,891	19.1%
Finance	3,218,267	670,707	20.8%	3,299,793	544,010	16.5%
Fire	60,269,396	13,991,012	23.2%	60,421,325	13,707,720	22.7%
Human Resources	1,982,820	333,096	16.8%	2,556,068	500,897	19.6%
Information Technology	8,561,875	2,732,390	31.9%	9,549,132	3,400,064	35.6%
Municipal Court	8,709,610	1,689,455	19.4%	9,107,118	1,954,996	21.5%
Parks & Recreation	13,545,515	2,608,097	19.3%	14,635,302	2,990,926	20.4%
Police	90,982,194	20,015,179	22.0%	94,429,021	20,312,000	21.5%
Public Works	10,346,462	2,321,323	22.4%	11,464,037	2,283,791	19.9%
Debt Service	428,777	-	0.0%	240,000	-	0.0%
Intergovernmental	16,376,548	1,279,157	7.8%	20,998,780	754,476	3.6%
Transfers Out	40,111,140	-	0.0%	13,228,614	-	0.0%
Total Expenditures	\$ 281,767,776	\$ 51,112,004	18.1%	\$ 268,042,024	\$ 51,580,322	19.2%

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 2021-22 and 2022-23 as they stood on September 30.

Capital Project Funds

	2021-22 AMENDED BUDGET	09/30/2021 ACTUALS	% OF BUDGET	2022-23 AMENDED BUDGET	09/30/2022 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 85,886,895	\$ 1,287,310	1.5%	\$ 72,198,454	\$ 5,677,557	7.9%
Expenditures	\$ 118,716,062	\$ 2,795,650	2.4%	\$ 96,702,770	\$ 9,532,563	9.9%

In July, the City issued 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 with Phase I which includes the interior demolition, seismic structural improvements, backbone plumbing/electrical/HVAC and procurement of some long lead equipment and other specialty items. Phase I is scheduled to be complete in February 2023. Council approved Phase II of the project in October, which is the final phase of construction. These improvements will complete the remaining building for citizens of Reno and provide quality of space for Reno Police Department (RPD) operations. The new Public Safety Center (PSC) will house RPD Headquarters with workspaces for critical social service agencies and evidence storage. Estimated completion of Phase II is April 2024.

In July, Council awarded the construction contract for the Moana Springs Community Aquatics and Fitness Center. The first phase will include procurement of long lead construction materials and site improvements. The second phase will include the vertical construction of the pools and building. The project is estimated to be completed summer 2024.



Special Revenue Funds

	2021-22 AMENDED BUDGET	09/30/2021 ACTUALS	% OF BUDGET	2022-23 AMENDED BUDGET	09/30/2022 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 51,465,483	\$ 8,939,014	17.4%	\$ 47,262,828	\$ 11,525,145	24.4%
Expenditures	\$ 72,456,908	\$ 7,465,358	10.3%	\$ 56,402,947	\$ 12,692,746	22.5%

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 and continue to remain strong.

Debt Service Funds

	2021-22 AMENDED BUDGET	09/30/2021 ACTUALS	% OF BUDGET	2022-23 AMENDED BUDGET	09/30/2022 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 24,367,994	\$ 5,979,359	24.5%	\$ 89,948,634	\$ 66,329,391	73.7%
Expenditures	\$ 31,614,524	\$ 3,733,458	11.8%	\$ 87,989,099	\$ 257,431	0.3%

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 debt funds for FY23 include the proceeds from the \$60 million General Obligation Debt that was issued in July.

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

	2021-22 AMENDED BUDGET	09/30/2021 ACTUALS	% OF BUDGET	2022-23 AMENDED BUDGET	09/30/2022 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 13,014,000	\$ 3,440,509	26.4%	\$ 12,811,000	\$ 2,573,018	20.1%
Expenditures	\$ 13,779,922	\$ 1,703,166	12.4%	\$ 15,053,209	\$ 2,520,090	16.7%

Development activity in Reno remains strong. The City issued a total of 10,888 building permits during FY22, which was a 3.6% increase from FY21. Building permits have increased an average of 8.5% year over year from FY11 through FY22. New single family construction has slowed but new commercial construction activity has increased. Although new construction activity has decreased, valuation remains high due to the complexity of projects being submitted.

In FY22, a record number of apartment units were created totaling 2,402. The total number of housing units created increased 19% between FY21 and FY22, with an average increase of 23% from FY18 to FY22.

Projects currently in plan review and under construction include Element Hotel, Here Reno, GMH Academy Reno, Ryland Apartments, State Street Apartments, Reno Ballpark, Stevenson Street Apartments, Valley Road Multi-Family, Latigo Reno, State Street Apartments, and Arlington Apartments.

Sewer Enterprise Funds

	2021-22 AMENDED BUDGET	09/30/2021 ACTUALS	% OF BUDGET	2022-23 AMENDED BUDGET	09/30/2022 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 150,713,201	\$ 20,433,171	13.6%	\$ 123,322,015	\$ 20,118,260	16.3%
Expenditures	\$ 230,764,231	\$ 20,313,115	8.8%	\$ 191,726,441	\$ 14,858,674	7.7%

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 growth within the City of Reno which translates into more residential and commercial accounts that are billed each quarter. Bond proceeds were recorded in FY22 for the sewer plant expansion project along with the corresponding expenditures.

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.

	2021-22 AMENDED BUDGET	09/30/2021 ACTUALS	% OF BUDGET	2022-23 AMENDED BUDGET	09/30/2022 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 52,834,523	\$ 11,701,265	22.1%	\$ 55,206,383	\$ 7,381,388	13.4%
Expenditures	\$ 66,497,588	\$ 11,085,029	16.7%	\$ 60,166,209	\$ 9,501,228	15.8%

REDEVELOPMENT AGENCY (RDA)

	2021-22 AMENDED BUDGET	09/30/2021 ACTUALS	% OF BUDGET	2022-23 AMENDED BUDGET	09/30/2022 ACTUALS (unaudited)	% OF BUDGET
RDA 1 & RDA 2						
General Funds						
Revenues	\$ 5,042,524	\$ 1,280,236	25.4%	\$ 5,140,442	\$ 1,742,331	33.9%
Expenditures	\$ 3,409,014	\$ -	0.0%	\$ 3,209,014	\$ -	0.0%
Debt Funds						
Revenues	\$ 3,006,000	\$ 542,996	18.1%	\$ 2,868,746	\$ 822,035	28.7%
Expenditures	\$ 2,930,481	\$ 1,250	0.0%	\$ 2,933,718	\$ 1,385	0.0%

