



2022-23 Quarterly Financial Report 2nd Quarter Ending December 31, 2022 (unaudited)

OVERVIEW

This financial report summarizes the City’s financial position for the quarter ending December 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

Through the second quarter, the General Fund is performing as anticipated. 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 second quarter compared to the adjusted budget as it stood on December 31, 2022 (unaudited). Major differences in budget-to-actual and year-over-year comparisons are explained in this report.

Revenues

The table below shows second quarter budget-to-actual revenues for fiscal years 2021-22 and 2022-23. The preliminary numbers for the General Fund revenues came in overall on budget or 41.8% and is consistent with the prior year activity. Of this, Property Tax increased 6.9% and Consolidated Tax increased 4.6% over the previous year. There is significant uncertainty in the economy as inflation soars and interest rates climb. An economic slowdown is anticipated.

| | 2021-22 | | | 2022-23 | | |
|-------------------------|-----------------------|-----------------------|--------------|-----------------------|------------------------|--------------|
| | AMENDED | 12/31/2021 | % OF | AMENDED | 12/31/2022 | % OF |
| | BUDGET | ACTUALS | BUDGET | BUDGET | ACTUALS (unaudited) | BUDGET |
| Revenues | | | | | | |
| Property Tax | \$ 66,329,038 | \$ 35,072,138 | 52.9% | \$ 69,759,029 | \$ 37,500,430 | 53.8% |
| Franchise Fees | 28,728,964 | 10,301,228 | 35.9% | 29,796,449 | 11,387,581 | 38.2% |
| Business Licenses | 25,839,560 | 12,739,152 | 49.3% | 26,570,521 | 13,281,806 | 50.0% |
| Consolidated Tax | 96,024,387 | 31,274,011 | 32.6% | 101,752,502 | 32,706,488 | 32.1% |
| Intergovernmental | 16,476,389 | 5,969,734 | 36.2% | 17,431,050 | 4,170,652 | 23.9% |
| Charges for Services | 14,507,249 | 8,150,532 | 56.2% | 13,862,030 | 7,984,988 | 57.6% |
| Fines and Forfeits | 2,768,761 | 1,498,726 | 54.1% | 2,685,422 | 1,731,533 | 64.5% |
| Special Assessments | 2,915,274 | 1,673,680 | 57.4% | 3,156,763 | 1,875,032 | 59.4% |
| Miscellaneous | 3,150,498 | 1,014,569 | 32.2% | 2,021,233 | 1,415,594 | 70.0% |
| Other Financing Sources | 2,986,000 | 19,559 | 0.7% | 2,916,000 | 760,515 | 26.1% |
| Total Revenues | \$ 259,726,120 | \$ 107,713,327 | 41.5% | \$ 269,950,999 | \$ 112,814,619 | 41.8% |



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 41.8% of budget through the second 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

| | 12/31/2021 ACTUALS | 12/31/2022 ACTUALS (unaudited) | % CHANGE |
|------------------------|-----------------------|--------------------------------------|-------------|
| Property Tax | \$ 35,072,138 | \$ 37,500,430 | 6.9% |
| Franchise Fees | 10,301,228 | 11,387,581 | 10.5% |
| Business Licenses | 12,739,152 | 13,281,806 | 4.3% |
| Consolidated Tax | 31,274,011 | 32,706,488 | 4.6% |
| Intergovernmental | 5,969,734 | 4,170,652 | -30.1% |
| Charges for Services | 8,150,532 | 7,984,988 | -2.0% |
| Fines and Forfeits | 1,498,726 | 1,731,533 | 15.5% |
| Special Assessments | 1,673,680 | 1,875,032 | 12.0% |
| Miscellaneous | 1,014,569 | 1,415,594 | 39.5% |
| Other Financing Source | 19,559 | 760,515 | 3788.4% |
| Total Revenues | \$ 107,713,327 | \$ 112,814,619 | 4.7% |

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 December 2022 CTAX receipts are under budget for FY 2022/23 by 1.4%.

Fines and forfeitures have increased 15.5% over the prior year due to parking ticket fines and delinquent license penalties. Intergovernmental revenues have decreased by 30.1% mainly due to a decreased in sales taxes collected in the Tessera District. 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 4.7% higher than the same quarter last year.

| | 2021-22 AMENDED BUDGET | 12/31/2021 ACTUALS | % OF BUDGET | 2022-23 AMENDED BUDGET | 12/31/2022 ACTUALS (unaudited) | % OF BUDGET |
|--------------|------------------------------|-----------------------|----------------|------------------------------|--------------------------------------|----------------|
| Revenues | \$ 259,726,120 | \$ 107,713,327 | 41.5% | \$ 269,950,999 | \$ 112,814,619 | 41.8% |
| Expenditures | \$ 281,767,776 | \$ 109,448,861 | 38.8% | \$ 275,752,995 | \$ 120,868,242 | 43.8% |

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% higher than prior year actuals but remain within budget as of the second quarter of the fiscal year. 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 second quarter expenses are trending higher at 53.7%. Debt service is pending an augmentation for the medium term obligation approved by Council for the Tasers, body cameras, and fleet cameras for the Police Department. The augmented amount will be reflected in the next quarterly report. Public Safety Dispatch services have been included in the Police totals below for year over year comparison purposes.



| | 2021-22 AMENDED BUDGET | 12/31/2021 ACTUALS | % OF BUDGET | 2022-23 AMENDED BUDGET | 12/31/2022 ACTUALS (unaudited) | % OF BUDGET |
|---------------------------|------------------------------|-----------------------|----------------|------------------------------|--------------------------------------|----------------|
| City Council | \$ 1,639,479 | \$ 744,113 | 45.4% | \$ 1,809,842 | \$ 821,739 | 45.4% |
| City Attorney | 5,103,628 | 2,293,562 | 44.9% | 5,189,933 | 2,561,808 | 49.4% |
| City Clerk | 1,500,315 | 516,488 | 34.4% | 1,609,546 | 650,826 | 40.4% |
| City Manager | 13,181,340 | 5,178,363 | 39.3% | 14,970,475 | 5,758,889 | 38.5% |
| Civil Service | 861,119 | 285,717 | 33.2% | 932,138 | 416,725 | 44.7% |
| Community Development | 4,949,291 | 1,970,421 | 39.8% | 5,460,042 | 2,373,171 | 43.5% |
| Finance | 3,218,267 | 1,386,650 | 43.1% | 2,780,066 | 1,231,655 | 44.3% |
| Fire | 60,269,396 | 29,642,463 | 49.2% | 62,415,970 | 30,793,112 | 49.3% |
| Human Resources | 1,982,820 | 712,671 | 35.9% | 3,353,833 | 1,218,936 | 36.3% |
| Information Technology | 8,561,875 | 4,607,222 | 53.8% | 11,422,924 | 6,135,505 | 53.7% |
| Municipal Court | 8,709,610 | 3,820,975 | 43.9% | 9,107,118 | 4,235,306 | 46.5% |
| Parks & Recreation | 13,545,515 | 5,458,590 | 40.3% | 15,023,993 | 6,728,433 | 44.8% |
| Police | 90,982,194 | 44,144,361 | 48.5% | 96,060,957 | 46,985,896 | 48.9% |
| Public Works | 10,346,462 | 4,638,429 | 44.8% | 11,109,070 | 5,063,953 | 45.6% |
| Debt Service | 428,777 | 227,136 | 53.0% | 240,000 | 688,457 | 286.9% |
| Intergovernmental | 16,376,548 | 3,819,152 | 23.3% | 21,467,501 | 3,230,472 | 15.0% |
| Transfers Out | 40,111,140 | - | 0.0% | 12,799,587 | 1,973,364 | 15.4% |
| Total Expenditures | \$ 281,767,776 | \$ 109,446,313 | 38.8% | \$ 275,752,995 | \$ 120,868,248 | 43.8% |

OTHER GOVERNMENTAL FUNDS

In addition to the General Fund, this report summarizes the City’s second 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 December 31.

Capital Project Funds

| | 2021-22 AMENDED BUDGET | 12/31/2021 ACTUALS | % OF BUDGET | 2022-23 AMENDED BUDGET | 12/31/2022 ACTUALS (unaudited) | % OF BUDGET |
|--------------|------------------------------|-----------------------|----------------|------------------------------|--------------------------------------|----------------|
| Revenues | \$ 85,886,895 | \$ 3,094,539 | 3.6% | \$ 81,634,968 | \$ 69,883,415 | 85.6% |
| Expenditures | \$ 118,716,062 | \$ 4,791,845 | 4.0% | \$ 134,235,747 | \$ 27,246,294 | 20.3% |

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 Springs Community Aquatic and Fitness Center 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 March 2023. Council approved Phase II of the project in October, which is the final phase of construction including build out of the interior improvements and site improvements. 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 May 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 includes the vertical construction of the pools and building starting in December 2022. The project is estimated to be completed summer 2024.



Moana Springs Community Aquatic and Fitness Center (Rendering)



Public Safety Center (Rendering)

Special Revenue Funds

| | 2021-22 AMENDED BUDGET | 12/31/2021 ACTUALS | % OF BUDGET | 2022-23 AMENDED BUDGET | 12/31/2022 ACTUALS (unaudited) | % OF BUDGET |
|--------------|------------------------------|-----------------------|----------------|------------------------------|--------------------------------------|----------------|
| Revenues | \$ 51,465,483 | \$ 19,501,281 | 37.9% | \$ 47,262,828 | \$ 22,076,279 | 46.7% |
| Expenditures | \$ 72,456,908 | \$ 15,837,251 | 21.9% | \$ 75,080,564 | \$ 28,102,475 | 37.4% |

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 for the first two quarters of the current fiscal year.

Debt Service Funds

| | 2021-22 AMENDED BUDGET | 12/31/2021 ACTUALS | % OF BUDGET | 2022-23 AMENDED BUDGET | 12/31/2022 ACTUALS (unaudited) | % OF BUDGET |
|--------------|------------------------------|-----------------------|----------------|------------------------------|--------------------------------------|----------------|
| Revenues | \$ 24,367,994 | \$ 10,938,953 | 44.9% | \$ 89,519,607 | \$ 72,524,341 | 81.0% |
| Expenditures | \$ 31,614,524 | \$ 16,348,485 | 51.7% | \$ 87,560,072 | \$ 74,373,658 | 84.9% |

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. A large portion of debt payments are made in December each year resulting in the budget to actual amounts being higher at the end of the second quarter.

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 | 12/31/2021 ACTUALS | % OF BUDGET | 2022-23 AMENDED BUDGET | 12/31/2022 ACTUALS (unaudited) | % OF BUDGET |
|--------------|------------------------------|-----------------------|----------------|------------------------------|--------------------------------------|----------------|
| Revenues | \$ 13,014,000 | \$ 6,249,269 | 48.0% | \$ 12,811,000 | \$ 5,145,100 | 40.2% |
| Expenditures | \$ 13,779,922 | \$ 4,655,201 | 33.8% | \$ 15,081,458 | \$ 5,814,555 | 38.6% |

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.

Sewer Enterprise Funds

| | 2021-22 AMENDED BUDGET | 12/31/2021 ACTUALS | % OF BUDGET | 2022-23 AMENDED BUDGET | 12/31/2022 ACTUALS (unaudited) | % OF BUDGET |
|--------------|------------------------------|-----------------------|----------------|------------------------------|--------------------------------------|----------------|
| Revenues | \$ 150,713,201 | \$ 81,951,850 | 54.4% | \$ 123,322,015 | \$ 46,591,251 | 37.8% |
| Expenditures | \$ 230,764,231 | \$ 63,464,691 | 27.5% | \$ 220,180,520 | \$ 41,580,595 | 18.9% |

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 second 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 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 | 12/31/2021 ACTUALS | % OF BUDGET | 2022-23 AMENDED BUDGET | 12/31/2022 ACTUALS (unaudited) | % OF BUDGET |
|--------------|------------------------------|-----------------------|----------------|------------------------------|--------------------------------------|----------------|
| Revenues | \$ 52,834,523 | \$ 23,762,759 | 45.0% | \$ 55,206,383 | \$ 25,252,678 | 45.7% |
| Expenditures | \$ 66,497,588 | \$ 25,877,798 | 38.9% | \$ 61,338,383 | \$ 24,159,899 | 39.4% |

REDEVELOPMENT AGENCY (RDA)

| | 2021-22 AMENDED BUDGET | 12/31/2021 ACTUALS | % OF BUDGET | 2022-23 AMENDED BUDGET | 12/31/2022 ACTUALS (unaudited) | % OF BUDGET |
|--------------------------|------------------------------|-----------------------|----------------|------------------------------|--------------------------------------|----------------|
| RDA 1 & RDA 2 | | | | | | |
| General Funds | | | | | | |
| Revenues | \$ 5,042,524 | \$ 2,153,137 | 42.7% | \$ 5,140,442 | \$ 2,929,065 | 57.0% |
| Expenditures | \$ 3,409,014 | \$ 631,507 | 18.5% | \$ 3,209,014 | \$ 579,007 | 18.0% |
| Debt Funds | | | | | | |
| Revenues | \$ 3,006,000 | \$ 903,151 | 30.0% | \$ 2,868,746 | \$ 1,305,867 | 45.5% |
| Expenditures | \$ 2,930,481 | \$ 412,095 | 14.1% | \$ 2,933,718 | \$ 353,854 | 12.1% |

