



2022-23 Quarterly Financial Report 3rd Quarter Ending March 31, 2023 (unaudited)

OVERVIEW

This financial report summarizes the City’s financial position for the quarter ending March 31, 2023, 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 third 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 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 third 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 71.5% and is consistent with the prior year activity. Of this, Property Tax increased 6.6% and Consolidated Tax increased 2.0% over the previous year.

	2021-22			2022-23		
	AMENDED	03/31/2022	% OF	AMENDED	03/31/2023	% OF
	BUDGET	ACTUALS	BUDGET	BUDGET	ACTUALS	BUDGET
					(unaudited)	
Revenues						
Property Tax	\$ 66,329,038	\$ 61,653,586	93.0%	\$ 69,759,029	\$ 65,713,090	94.2%
Franchise Fees	28,728,964	17,493,890	60.9%	29,796,449	21,325,572	71.6%
Business Licenses	25,839,560	20,086,340	77.7%	26,570,521	20,873,785	78.6%
Consolidated Tax	96,024,387	54,774,659	57.0%	101,752,502	55,887,553	54.9%
Intergovernmental	16,476,389	9,619,385	58.4%	17,809,676	9,574,088	53.8%
Charges for Services	14,507,249	11,605,222	80.0%	14,032,866	13,836,159	98.6%
Fines and Forfeits	2,768,761	2,266,598	81.9%	2,685,422	2,637,163	98.2%
Special Assessments	2,915,274	2,759,476	94.7%	3,156,763	2,998,634	95.0%
Miscellaneous	3,150,498	2,094,023	66.5%	3,356,948	3,463,574	103.2%
Other Financing Sources	2,986,000	1,210,225	40.5%	8,870,985	2,218,515	25.0%
Total Revenues	\$ 259,726,120	\$ 183,563,404	70.7%	\$ 277,791,161	\$ 198,528,133	71.5%

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 71.5% of budget through the third 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.

Consolidated tax (CTAX) is softening due to inflation and recession worries. Fiscal years 2010/11 through 2021/22 showed steady increases, with an average increase of 7.8%.

For fiscal year 2022/23, a 6% increase over the prior fiscal year was budgeted for CTAX and as of March 2023 CTAX receipts are under budget by 5%. Fines and forfeitures have increased 16.3% over the prior year due to parking ticket fines and delinquent license penalties. 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 8.2% higher than the same quarter last year.

March 2023 marked the two-year anniversary of the American Rescue Plan Act (ARPA) and a significant step in identifying the funding of over \$51 million in priorities through Council’s direction and investment in the City of Reno. This one-time funding provides the opportunity to identify projects that will benefit residents and future generations that make the City of Reno home. These investments come after a significant amount of ongoing public engagement and due diligence to identify projects that address the community’s needs and align with the strategic priorities of Council.

	03/31/2022 ACTUALS	03/31/2023 ACTUALS (unaudited)	% CHANGE
Property Tax	\$ 61,653,586	\$ 65,713,090	6.6%
Franchise Fees	17,493,890	21,325,572	21.9%
Business Licenses	20,086,340	20,873,785	3.9%
Consolidated Tax	54,774,659	55,887,553	2.0%
Intergovernmental	9,619,385	9,574,088	-0.5%
Charges for Services	11,605,222	13,836,159	19.2%
Fines and Forfeits	2,266,598	2,637,163	16.3%
Special Assessments	2,759,476	2,998,634	8.7%
Miscellaneous	2,094,023	3,463,574	65.4%
Other Financing Source	1,210,225	2,218,515	83.3%
Total Revenues	\$ 183,563,404	\$ 198,528,133	8.2%



	2021-22 AMENDED BUDGET	03/31/2022 ACTUALS	% OF BUDGET	2022-23 AMENDED BUDGET	03/31/2023 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 259,726,120	\$ 183,563,404	70.7%	\$ 277,791,161	\$ 198,528,133	71.5%
Expenditures	\$ 281,767,776	\$ 174,368,694	61.9%	\$ 285,945,565	\$ 191,925,036	67.1%



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 third quarter of the fiscal year.

Many departments are showing a savings due to open positions that have not been filled yet. The Information Technology Department has software maintenance contracts that are paid at the beginning of the year so their third quarter expenses are trending higher at 71.7%. The Fire Department is pending an augmentation for grants and strike team reimbursements. 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	03/31/2022 ACTUALS	% OF BUDGET	2022-23 AMENDED BUDGET	03/31/2023 ACTUALS (unaudited)	% OF BUDGET
City Council	\$ 1,639,479	\$ 1,113,504	67.9%	\$ 1,808,842	\$ 1,164,104	64.4%
City Attorney	5,103,628	3,385,720	66.3%	5,189,933	3,782,362	72.9%
City Clerk	1,500,315	813,953	54.3%	1,609,546	1,041,111	64.7%
City Manager	13,181,340	7,089,458	53.8%	15,095,674	9,341,925	61.9%
Civil Service	861,119	477,607	55.5%	952,138	648,577	68.1%
Community Development	4,949,291	3,156,922	63.8%	5,468,042	3,553,048	65.0%
Finance	3,218,267	2,160,585	67.1%	2,780,066	1,836,063	66.0%
Fire	60,269,396	43,972,232	73.0%	63,761,079	46,744,230	73.3%
Human Resources	1,982,820	1,116,050	56.3%	3,353,833	1,932,432	57.6%
Information Technology	8,561,875	5,874,910	68.6%	11,422,924	8,195,356	71.7%
Municipal Court	8,709,610	5,694,257	65.4%	9,132,118	6,352,044	69.6%
Parks & Recreation	13,545,515	8,163,262	60.3%	15,070,387	10,194,066	67.6%
Police	90,982,194	64,746,207	71.2%	102,517,160	72,143,098	70.4%
Public Works	10,346,462	6,765,955	65.4%	11,156,770	7,273,843	65.2%
Debt Service	428,777	655,912	153.0%	845,701	688,457	81.4%
Intergovernmental	16,376,548	5,562,614	34.0%	21,480,765	9,467,241	44.1%
Transfers Out	40,111,140	13,619,545	34.0%	14,300,587	7,567,078	52.9%
Total Expenditures	\$ 281,767,776	\$ 174,368,694	61.9%	\$ 285,945,565	\$ 191,925,036	67.1%

OTHER GOVERNMENTAL FUNDS

In addition to the General Fund, this report summarizes the City’s third 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 March 31.

Capital Project Funds

	2021-22 AMENDED BUDGET	03/31/2022 ACTUALS	% OF BUDGET	2022-23 AMENDED BUDGET	03/31/2023 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 85,886,895	\$ 21,667,818	25.2%	\$ 85,682,420	\$ 80,315,271	93.7%
Expenditures	\$ 118,716,062	\$ 7,085,692	6.0%	\$ 144,925,923	\$ 42,221,976	29.1%

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 (Central Station).

Construction at the Public Safety Center commenced in January 2022 with Phase 1 which includes the interior demolition, seismic structural improvements, backbone plumbing/electrical/HVAC and procurement of some long lead equipment and other specialty items. Plenium Builders completed Phase 1 of construction in the west part of the building and is nearing completion of Phase 1 in the east part of the building. Council approved Phase 2 of the project in October, which is the final phase of construction including build out of the interior improvements and site improvements. Phase 2 of construction has begun on the west side of the building. The new Public Safety Center (PSC) will house RPD Headquarters with workspaces for critical social service agencies and evidence storage. Estimated completion of Phase 2 is May 2024. The total project budget is \$70 million.

In July, Council awarded the construction contract for the Moana Springs Community Aquatics and Fitness Center. The facility will be a two-level building and includes an indoor competition pool, indoor multi-use pool, outdoor heated soaking pool, multi-purpose room for classes and meetings, locker rooms on the first floor, and a fitness center on the second floor. 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. Guaranteed Maximum Price (GMP) for Phase 1 was awarded to CORE Construction in July 2022. The Phase 2 GMP was approved in January 2023 by Council. The project is estimated to be completed summer 2024.

The old Reno Police Department location is planned for demolition upon completion of the Public Safety Center project to make way for construction of the Reno Fire Department Central Station. The Central Station will relocate fire administration from City Hall and Station #1 at 4th Street and Valley Road. Council approved consultant agreements to begin schematic design of the Central Station at the March 8 Council meeting.



Special Revenue Funds

	2021-22 AMENDED BUDGET	03/31/2022 ACTUALS	% OF BUDGET	2022-23 AMENDED BUDGET	03/31/2023 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 51,465,483	\$ 33,483,306	65.1%	\$ 47,262,828	\$ 38,022,949	80.5%
Expenditures	\$ 72,456,908	\$ 26,859,558	37.1%	\$ 83,863,244	\$ 41,297,354	49.2%

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 current fiscal year.

Debt Service Funds

	2021-22 AMENDED BUDGET	03/31/2022 ACTUALS	% OF BUDGET	2022-23 AMENDED BUDGET	03/31/2023 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 24,367,994	\$ 19,581,417	80.4%	\$ 92,245,978	\$ 79,439,657	86.1%
Expenditures	\$ 31,614,524	\$ 16,291,641	51.5%	\$ 90,366,443	\$ 79,486,828	88.0%

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	03/31/2022 ACTUALS	% OF BUDGET	2022-23 AMENDED BUDGET	03/31/2023 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 13,014,000	\$ 9,611,668	73.9%	\$ 12,811,000	\$ 7,507,881	58.6%
Expenditures	\$ 13,779,922	\$ 7,211,154	52.3%	\$ 15,081,458	\$ 8,734,790	57.9%

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. 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.

The 2024 Northern Nevada International Code Council (NNICC) code adoption process will begin in August 2023. This process will provide opportunities for the involvement of industry and jurisdictional partners to produce the 2024 Northern Nevada Code Amendments and result in a regional building code adoption process that will be in effect for six years upon approval by local governmental bodies.

Sewer Enterprise Funds

	2021-22 AMENDED BUDGET	03/31/2022 ACTUALS	% OF BUDGET	2022-23 AMENDED BUDGET	03/31/2023 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 150,713,201	\$ 112,879,633	74.9%	\$ 123,322,015	\$ 75,495,262	61.2%
Expenditures	\$ 230,764,231	\$ 89,210,612	38.7%	\$ 220,700,336	\$ 72,397,799	32.8%

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 third 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	03/31/2022 ACTUALS	% OF BUDGET	2022-23 AMENDED BUDGET	03/31/2023 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 52,834,523	\$ 36,226,609	68.6%	\$ 55,206,383	\$ 43,111,052	78.1%
Expenditures	\$ 66,497,588	\$ 36,836,639	55.4%	\$ 61,727,666	\$ 39,039,640	63.2%

REDEVELOPMENT AGENCY (RDA)

	2021-22 AMENDED BUDGET	03/31/2022 ACTUALS	% OF BUDGET	2022-23 AMENDED BUDGET	03/31/2023 ACTUALS (unaudited)	% OF BUDGET
RDA 1 & RDA 2						
General Funds						
Revenues	\$ 5,042,524	\$ 4,660,791	92.4%	\$ 5,140,442	\$ 6,493,027	126.3%
Expenditures	\$ 3,409,014	\$ 1,070,746	31.4%	\$ 3,209,014	\$ 1,551,197	48.3%
Debt Funds						
Revenues	\$ 3,006,000	\$ 1,742,887	58.0%	\$ 2,868,746	\$ 2,329,375	81.2%
Expenditures	\$ 2,930,481	\$ 415,980	14.2%	\$ 2,933,718	\$ 360,128	12.3%

