



2023-24 Quarterly Financial Report 2nd Quarter Ending December 31, 2023 (unaudited)

OVERVIEW

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

The second quarter of FY24 is trending as expected for both revenues and expenditures. 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. Major differences in budget-to-actual and year-over-year comparisons are explained in this report. The table above shows second quarter budget-to-actual revenues for fiscal years 2022-23 and 2023-24.

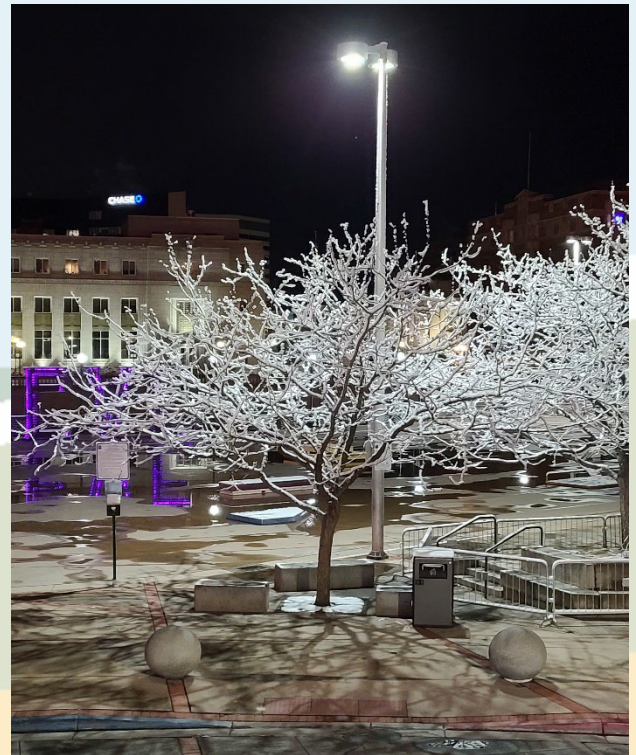
Property Tax and Consolidated Tax (CTAX) are both coming in on budget for the year. As the two largest revenue sources in the General Fund, both are proving to be on target and the expectation is that these will remain steady through the end of the year. All other revenues are trending as anticipated up to the mid-year point. There are some timing differences in revenue receipts in franchise fees and charges for services and those will align better in the third quarter.

Revenues

	2022-23			2023-24		
	AMENDED BUDGET	12/31/2022 ACTUALS	% OF BUDGET	AMENDED BUDGET	12/31/2023 ACTUALS (unaudited)	% OF BUDGET
Revenues						
Property Tax	\$ 69,759,029	\$ 37,493,316	53.7%	\$ 75,940,375	\$ 40,101,700	52.8%
Franchise Fees	32,480,717	12,598,482	38.8%	36,545,590	11,273,814	30.8%
Business Licenses	27,470,521	13,318,945	48.5%	29,676,441	14,344,186	48.3%
Consolidated Tax	101,752,502	32,706,488	32.1%	99,100,000	33,127,676	33.4%
Intergovernmental	19,579,192	5,850,120	29.9%	17,354,269	6,323,277	36.4%
Charges for Services	16,619,277	9,284,003	55.9%	18,946,194	13,745,311	72.5%
Fines and Forfeits	3,685,422	1,723,538	46.8%	3,295,000	1,631,981	49.5%
Special Assessments	3,156,763	1,875,032	59.4%	3,675,282	2,088,402	56.8%
Miscellaneous	4,120,904	1,418,327	34.4%	4,393,931	1,633,451	37.2%
Other Financing Sources	8,870,985	6,673,146	75.2%	3,741,000	1,880,519	50.3%
Total Revenues	\$ 287,495,312	\$ 122,941,398	42.8%	\$ 292,668,082	\$ 126,150,317	43.1%

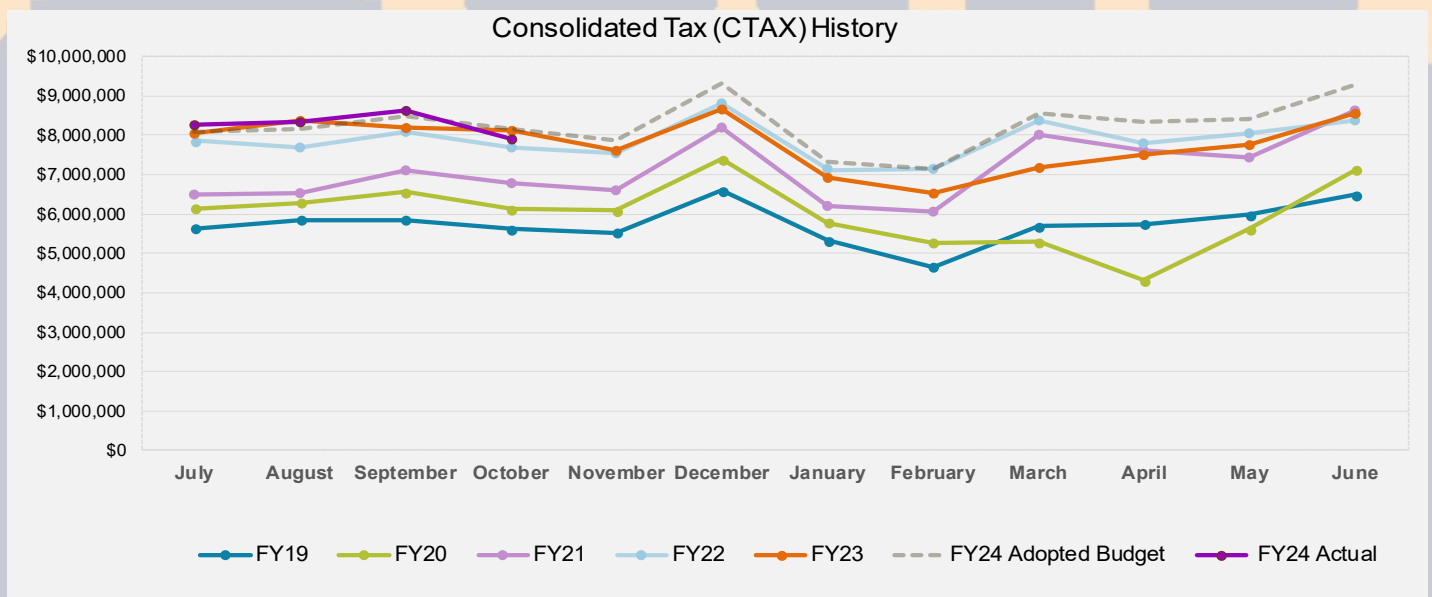
2ND QUARTER ENDING DECEMBER 31, 2023

	12/31/2022 ACTUALS	12/31/2023 ACTUALS (unaudited)	% CHANGE
Property Tax	\$ 37,493,316	\$ 40,101,700	7.0%
Franchise Fees	12,598,482	11,273,814	-10.5%
Business Licenses	13,318,945	14,344,186	7.7%
Consolidated Tax	32,706,488	33,127,676	1.3%
Intergovernmental	5,850,120	6,323,277	8.1%
Charges for Services	9,284,003	13,745,311	48.1%
Fines and Forfeits	1,723,538	1,631,981	-5.3%
Special Assessments	1,875,032	2,088,402	11.4%
Miscellaneous	1,418,327	1,633,451	15.2%
Other Financing Source	6,673,146	1,880,519	-71.8%
Total Revenues	\$ 122,941,398	\$ 126,150,317	2.6%



Property tax is showing a year over year increase of 7%. The larger receipts of franchise fees come in quarterly so timing issues between the quarters account for the year over year change of -10.5% as there are some revenues that did not post until January. Overall, electric, gas and sanitation franchise fees are trending about 15% over budget. Cable television and telephone franchise fees are coming in slightly below budget. Overall, franchise fees are expected to trend about 10% over budget for the year. Business licenses are trending slightly above budget at this time. CTAX is trending 1.3% above the same period last year. This confirms the flattening of the CTAX budget that was anticipated when the budget was developed. The chart below shows the monthly trends of CTAX. As of December 31, four months of CTAX have been recorded (July – October).

Timing differences in revenue receipts occur in categories of intergovernmental, charge for services, and other financing sources. These can include grant receipts, fire strike team reimbursements, and recording of indirect cost allocations. These differences will smooth out as the year progresses.



	2022-23 AMENDED BUDGET	12/31/2022 ACTUALS	% OF BUDGET	2023-24 AMENDED BUDGET	12/31/2023 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 287,495,312	\$ 122,941,398	42.8%	\$ 292,668,082	\$ 126,150,317	43.1%
Expenditures	\$ 296,649,716	\$ 129,207,292	43.6%	\$ 301,222,394	\$ 139,841,749	46.4%

Expenditures

The table below shows the budget-to-actual expenditures for fiscal years 2022-23 (FY23) and 2023-24 (FY24) by department. In the General Fund, expenditures are 46.4% expended as compared to budget. Department expenditures are trending as anticipated. Using a straight-line methodology for expenditures, at the mid-point of the year the overall expenses should be less than 50% expended, so 46.4% is within budget. Some departments have contracts that incur more expenses early in the year, but those even as the year progresses. For example, various software maintenance contracts are paid at the beginning of the year, so mid-year expenses will trend higher, and then level out for the remainder of the year.

Timing differences in expenditures occur in various other categories of debt service, intergovernmental, and transfers. These can include timing of debt payments, retiree benefits, and transfers to capital funds. Intergovernmental includes the transfer of \$5 million to the Risk Internal Service Fund as approved by Council with the first quarter budget augmentation. Other items causing timing difference can include items pending augmentation, such as grants and reimbursements. For ease of comparison, Public Safety Dispatch services have been included in the Police totals below for year over year analysis purposes.

	2022-23 AMENDED BUDGET	12/31/2022 ACTUALS	% OF BUDGET	2023-24 AMENDED BUDGET	12/31/2023 ACTUALS (unaudited)	% OF BUDGET
City Council	\$ 1,744,159	\$ 827,001	47.4%	\$ 1,919,511	\$ 879,881	45.8%
City Attorney	5,189,933	2,580,146	49.7%	5,717,825	2,707,489	47.4%
City Clerk	1,609,546	658,144	40.9%	1,862,523	708,468	38.0%
City Manager	15,562,222	5,779,786	37.1%	15,279,164	8,037,681	52.6%
Civil Service	952,138	421,739	44.3%	1,023,848	462,968	45.2%
Community Development	5,538,042	2,399,605	43.3%	6,872,917	2,824,252	41.1%
Finance	2,686,840	1,230,485	45.8%	2,973,672	1,357,368	45.6%
Fire	67,923,359	31,519,160	46.4%	68,954,278	34,723,598	50.4%
Human Resources	3,447,059	1,252,653	36.3%	3,318,607	1,500,539	45.2%
Information Technology	11,586,424	6,155,815	53.1%	13,920,040	5,928,143	42.6%
Municipal Court	9,527,051	4,267,581	44.8%	10,189,374	4,720,044	46.3%
Parks & Recreation	14,930,346	6,842,204	45.8%	16,183,489	7,055,834	43.6%
Police	105,943,489	54,140,045	51.1%	108,931,027	52,025,026	47.8%
Public Works	11,178,770	5,113,837	45.7%	10,605,696	4,650,814	43.9%
Debt Service	845,701	688,457	81.4%	605,701	528,864	87.3%
Intergovernmental	23,436,905	3,357,272	14.3%	18,998,217	7,415,781	39.0%
Transfers Out	14,547,732	1,973,364	13.6%	13,866,505	4,315,000	31.1%
Total Expenditures	\$ 296,649,716	\$ 129,207,292	43.6%	\$ 301,222,394	\$ 139,841,749	46.4%

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 2022-23 and 2023-24 as they stood on December 31.

Capital Project Funds

	2022-23			2023-24		
	AMENDED BUDGET	12/31/2022 ACTUALS	% OF BUDGET	AMENDED BUDGET	12/31/2023 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 127,990,776	\$ 70,168,329	54.8%	\$ 19,090,032	\$ 12,573,942	65.9%
Expenditures	\$ 189,194,566	\$ 27,267,714	14.4%	\$ 98,959,221	\$ 40,878,868	41.3%

Construction of the Public Safety Center is well underway and has moved into the second and final stage of construction. The new Public Safety Center (PSC) will house the Reno Police Department (RPD) Headquarters with workspaces for critical social service agencies and evidence storage. Estimated completion is this summer. Funding for this project is from several sources including General Obligation Bonds, General Capital Improvement Funds, and Pennington Foundation Pledge.

The construction of the Moana Springs Community Aquatics and Fitness Center is also well underway. 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 project is estimated to be completed this fall.

The current 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.

The budget for FY2022-23 includes the proceeds of the \$60 million bond used for these three projects. The expenditures for both years include remaining unspent budget carried forward to complete projects that were already under construction and overlap fiscal years.

Special Revenue Funds

	2022-23			2023-24		
	AMENDED BUDGET	12/31/2022 ACTUALS	% OF BUDGET	AMENDED BUDGET	12/31/2023 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 51,471,604	\$ 24,023,351	46.7%	\$ 49,776,717	\$ 23,163,529	46.5%
Expenditures	\$ 88,072,020	\$ 28,204,143	32.0%	\$ 82,248,600	\$ 25,337,126	30.8%



Special Revenue Funds account for the proceeds from specific revenue sources that are legally restricted to expenditures for specific purposes. These include Room Tax, Street Fund, Community Development Block Grants (CDBG), Housing Funds, Forfeiture Funds, Court Funds and other revenue from legally restricted sources. The transient occupancy tax, or room tax, revenue has been strong for the past year and reflects the tourism and events occurring in the local area. The expenditures include the carryforward of unspent prior year funds to complete projects already under construction and overlap fiscal years.

Debt Service Funds

	2022-23 AMENDED BUDGET	12/31/2022 ACTUALS	% OF BUDGET	2023-24 AMENDED BUDGET	12/31/2023 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 120,269,202	\$ 73,198,518	60.9%	\$ 35,948,000	\$ 10,261,650	28.5%
Expenditures	\$ 125,353,220	\$ 76,039,351	60.7%	\$ 28,229,713	\$ 12,920,123	45.8%

Debt Service Funds account for the accumulation of financial resources that are restricted, committed or assigned for the repayment of debt including principal and interest. The debt funds for FY23 include the proceeds from the \$60 million General Obligation Debt that was issued in July 2022.

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

	2022-23 AMENDED BUDGET	12/31/2022 ACTUALS	% OF BUDGET	2023-24 AMENDED BUDGET	12/31/2023 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 12,811,000	\$ 5,210,541	40.7%	\$ 12,175,000	\$ 4,905,980	40.3%
Expenditures	\$ 15,081,458	\$ 5,959,054	39.5%	\$ 17,331,572	\$ 7,054,089	40.7%

Development activity in Reno remains strong. Residential construction has slowed but new commercial construction activity has increased. Total valuation remains high due to the complexity of projects being submitted. Over the last several years, staffing levels have increased to manage the higher workloads and reduce time to complete projects.

Sewer Enterprise Funds

	2022-23 AMENDED BUDGET	12/31/2022 ACTUALS	% OF BUDGET	2023-24 AMENDED BUDGET	12/31/2023 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 126,612,788	\$ 49,288,515	38.9%	\$ 99,438,887	\$ 46,992,142	47.3%
Expenditures	\$ 223,991,109	\$ 45,753,474	20.4%	\$ 219,921,985	\$ 41,694,213	19.0%

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. A portion of bond proceeds that overlapped fiscal years were recorded in FY23 for the sewer plant expansion project along with the corresponding expenditures. The expenditures for both years include remaining unspent budget carried forward to complete projects that were already under construction and overlap fiscal years.

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.

	2022-23 AMENDED BUDGET	12/31/2022 ACTUALS	% OF BUDGET	2023-24 AMENDED BUDGET	12/31/2023 ACTUALS (unaudited)	% OF BUDGET
Revenues	\$ 58,190,651	\$ 28,249,332	48.5%	\$ 61,364,643	\$ 45,168,217	73.6%
Expenditures	\$ 68,869,460	\$ 24,336,297	35.3%	\$ 75,126,566	\$ 39,753,714	52.9%

REDEVELOPMENT AGENCY (RDA)

	2022-23 AMENDED BUDGET	12/31/2022 ACTUALS	% OF BUDGET	2023-24 AMENDED BUDGET	12/31/2023 ACTUALS (unaudited)	% OF BUDGET
RDA 1 & RDA 2						
General Funds						
Revenues	\$ 5,765,442	\$ 3,911,119	67.8%	\$ 6,966,088	\$ 4,734,361	68.0%
Expenditures	\$ 3,834,014	\$ 1,393,155	36.3%	\$ 12,691,341	\$ 1,128,217	8.9%
Debt Funds						
Revenues	\$ 2,868,746	\$ 1,292,965	45.1%	\$ 2,952,000	\$ 1,946,204	65.9%
Expenditures	\$ 2,933,718	\$ 353,854	12.1%	\$ 2,928,177	\$ 291,081	9.9%

