2024-25 Quarterly Financial Report
2nd Quarter Ending December 31, 2024 (unaudited)

OVERVIEW

This financial report summarizes the City's financial position for the quarter ending December 31, 2024, 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 experiencing revenues slightly less than 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, 2024 (unaudited). Major differences in budget-to-actual and year-over-year comparisons are explained in this report.

Revenues

	2023-24 AMENDED BUDGET	12/31/2023 ACTUALS	% OF BUDGET	2024-25 AMENDED BUDGET	12/31/2024 ACTUALS (unaudited)	% OF BUDGET
Revenues						
Property Tax	$ 75,940,375	$ 40,101,700	52.8%	$ 82,850,984	$ 43,357,012	52.3%
Franchise Fees	36,645,590	12,315,947	33.6%	42,888,222	13,067,392	30.5%
Business Licenses	29,682,441	14,678,873	49.5%	31,614,981	12,970,504	41.0%
Consolidated Tax	99,100,000	33,127,676	33.4%	102,159,200	33,132,692	32.4%
Intergovernmental	17,354,269	6,324,880	36.4%	16,055,729	6,141,797	38.3%
Charges for Services	18,946,194	13,923,169	73.5%	24,919,661	12,080,462	48.5%
Fines and Forfeits	3,310,549	1,613,489	48.7%	3,348,000	1,782,812	53.3%
Special Assessements	3,675,282	2,088,402	56.8%	3,838,343	2,210,774	57.6%
Miscellaneous	4,287,931	1,734,684	40.5%	3,373,612	1,635,222	48.5%
Other Financing Sources	3,741,000	1,900,858	50.8%	3,361,000	1,687,367	50.2%
Total Revenues	**$ 292,683,631**	**$ 127,809,678**	**43.7%**	**$ 314,409,732**	**$ 128,066,034**	**40.7%**

The table above shows second quarter budget-to-actual revenues for fiscal years 2023-24 and 2024-25. The second quarter of 2024-25 is trending slightly less than expected for revenues and expenditures are trending as anticipated. Three major revenue sources, consolidated taxes, franchise fees and business licenses, are trending below budget for the year so far. Consolidated taxes are showing zero growth over last year and business licenses are trending 11.6% below last year. Franchise fees are showing growth over last year but are still trending less than budgeted. Total revenues are at 40.7% of budget as compared to 43.7% of budget last year. This is mainly due to the three major sources as discussed.

	12/31/2023 ACTUALS	12/31/2024 ACTUALS (unaudited)	% CHANGE
Property Tax	$ 40,101,700	$ 43,357,012	8.1%
Franchise Fees	12,315,947	13,067,392	6.1%
Business Licenses	14,678,873	12,970,504	-11.6%
Consolidated Tax	33,127,676	33,132,692	0.0%
Intergovernmental	6,324,880	6,141,797	-2.9%
Charges for Services	13,923,169	12,080,462	-13.2%
Fines and Forfeits	1,613,489	1,782,812	10.5%
Special Assessements	2,088,402	2,210,774	5.9%
Miscellaneous	1,734,684	1,635,222	-5.7%
Other Financing Sources	1,900,858	1,687,367	-11.2%
Total Revenues	**$ 127,809,678**	**$ 128,066,034**	**0.2%**

Total revenues are at 40.7% of budget through the second quarter of the fiscal year. Franchise Fees are greater than the prior year actuals but are coming in less than anticipated due to a milder winter than in prior years and also consumers changing spending patterns. Business licenses are trending less due to some business closures being seen in the area. Continued high inflation is contributing to the ability of businesses being sustainable.

Consolidated tax (CTAX) for the month of October came in only 0.2% over the last year. Overall, with four months of receipts, CTAX is exactly flat or 0.0% growth over last year. The Federal Reserve started decreasing interest rates in September. This process took much longer than was initially expected by the Federal Reserve. Inflation remained strong and rate cuts were withheld because inflation still remained above the 2% target rate. For this reason, growth has not proceeded as anticipated when the budget was developed. CTAX receipts trend two months behind so as of December, only four months of CTAX (July - October) have been received for the current fiscal year.

Timing differences in revenue receipts occur in categories of franchise fees, intergovernmental, miscellaneous 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. Overall, revenues are 0.2% higher than the same quarter last year.

	2023-24 AMENDED BUDGET	12/31/2023 ACTUALS	% OF BUDGET	2024-25 AMENDED BUDGET	12/31/2024 ACTUALS (unaudited)	% OF BUDGET
Revenues	$ 292,683,631	$ 127,809,678	43.7%	$ 314,409,732	$ 128,066,034	40.7%
Expenditures	$ 302,222,394	$ 141,117,257	46.7%	$ 329,161,092	$ 152,971,268	46.5%

Expenditures

The table below shows the budget-to-actual expenditures for fiscal years 2023-24 (FY24) and 2024-25 (FY25) by department. In the General Fund, expenditures are 46.5% expended as compared to budget. Department expenditures are trending as anticipated. The Information Technology Department has software maintenance contracts that are paid at the beginning of the year, so their second quarter expenses are trending higher at 57.8%.

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.

	2023-24 AMENDED BUDGET	12/31/2023 ACTUALS	% OF BUDGET	2024-25 AMENDED BUDGET	12/31/2024 ACTUALS (unaudited)	% OF BUDGET
City Council	$ 1,919,511	$ 879,881	45.8%	$ 1,997,972	$ 880,339	44.1%
City Attorney	5,717,825	2,708,834	47.4%	6,425,437	3,005,213	46.8%
City Clerk	1,862,523	708,677	38.0%	2,030,149	744,524	36.7%
City Manager	15,279,164	7,443,516	48.7%	18,388,003	7,172,596	39.0%
Civil Service	1,023,848	462,971	45.2%	1,136,118	508,403	44.7%
Development Services	6,872,917	3,457,793	50.3%	8,565,860	3,987,679	46.6%
Finance	2,973,672	1,356,122	45.6%	3,244,720	1,508,561	46.5%
Fire	68,954,278	34,735,444	50.4%	76,130,298	40,445,034	53.1%
Human Resources	3,318,607	1,500,849	45.2%	4,111,514	1,906,701	46.4%
Information Technology	13,920,040	5,928,143	42.6%	14,808,074	8,556,967	57.8%
Municipal Court	10,189,374	4,720,744	46.3%	11,195,570	5,373,284	48.0%
Parks & Recreation	16,183,489	7,155,649	44.2%	19,511,886	8,584,571	44.0%
Police	99,902,947	47,672,430	47.7%	111,343,019	51,564,972	46.3%
Public Safety Dispatch	9,028,080	4,365,888	48.4%	9,489,686	4,236,471	44.6%
Public Works	2,589,118	1,255,592	48.5%	2,196,801	1,115,668	50.8%
Maintenance & Operations	8,016,578	3,376,674	42.1%	10,291,419	4,807,335	46.7%
Debt Service	605,701	605,701	100.0%	605,701	605,701	100.0%
Intergovernmental	18,998,217	8,467,349	44.6%	13,238,988	3,720,061	28.1%
Contingency	1,000,000	-	0.0%	700,000	-	0.0%
Transfers Out	13,866,505	4,315,000	31.1%	13,749,877	4,247,188	30.9%
Total Expenditures	**$ 302,222,394**	**$ 141,117,257**	**46.7%**	**$ 329,161,092**	**$ 152,971,268**	**46.5%**

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 2023-24 and 2024-25 as they stood on December 31, 2024.

Capital Project Funds

	2023-24 AMENDED BUDGET	12/31/2023 ACTUALS	% OF BUDGET	2024-25 AMENDED BUDGET	12/31/2024 ACTUALS (unaudited)	% OF BUDGET
Revenues	$ 19,090,032	$ 12,865,692	67.4%	$ 13,134,376	$ 7,954,538	60.6%
Expenditures	$ 98,959,221	$ 40,568,035	41.0%	$ 61,070,982	$ 18,283,286	29.9%

The Public Safety Center and the Moana Springs Community Aquatics and Fitness Center were completed in August 2024. The FY25 budget includes the carryforward of funds to complete those projects in the current fiscal year.

The previous Reno Police Department location is planned for demolition soon to make way for construction of the Reno Fire Department Central Station. The Central Station would relocate fire administration from City Hall and Station #1 at 4th Street and Valley Road.

Special Revenue Funds

	2023-24 AMENDED BUDGET	12/31/2023 ACTUALS	% OF BUDGET	2024-25 AMENDED BUDGET	12/31/2024 ACTUALS (unaudited)	% OF BUDGET
Revenues	$ 49,776,717	$ 23,303,843	46.8%	$ 52,312,799	$ 23,811,097	45.5%
Expenditures	$ 82,248,600	$ 25,350,829	30.8%	$ 67,776,013	$ 25,535,590	37.7%

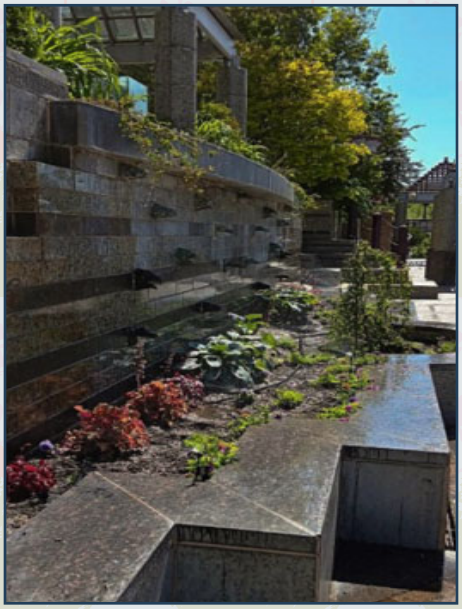
Special Revenue Funds account for the proceeds from specific revenue sources that are legally restricted to expenditures for specific purposes. These include Room Tax, Street Fund, Community Development Block Grants (CDBG), Housing Funds, Forfeiture Funds, Court Funds and other revenue from legally restricted sources.

The transient occupancy tax, or room tax, revenue reflects the tourism and events occurring in the local area and remains relatively flat because the number of hotel rooms available have not grown downtown.

Debt Service Funds

	2023-24 AMENDED BUDGET	12/31/2023 ACTUALS	% OF BUDGET	2024-25 AMENDED BUDGET	12/31/2024 ACTUALS (unaudited)	% OF BUDGET
Revenues	$ 35,948,000	$ 10,335,140	28.8%	$ 33,778,909	$ 35,609,211	105.4%
Expenditures	$ 28,229,713	$ 15,236,579	54.0%	$ 28,416,938	$ 39,432,271	138.8%

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 FY25 included the proceeds and payoff from refunding the 2013 Capital Improvement Bonds in the amount of $24.8M. These bonds were refunded to take advantage of lower interest rates while maintaining the existing scheduled payoff date. The FY25 Amended Budget will be augmented to reflect the refunding of the bonds in the third quarter of FY25.



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

	2023-24 AMENDED BUDGET	12/31/2023 ACTUALS	% OF BUDGET	2024-25 AMENDED BUDGET	12/31/2024 ACTUALS (unaudited)	% OF BUDGET
Revenues	$ 12,175,000	$ 4,765,233	39.1%	$ 10,550,000	$ 5,246,684	49.7%
Expenditures	$ 17,981,572	$ 7,054,157	39.2%	$ 20,134,304	$ 7,494,835	37.2%

Development activity in Reno remains consistent with the previous year. Residential construction has slowed but new commercial construction activity has increased. Total valuation remains high due to the complexity of projects being submitted.

Sewer Enterprise Funds

	2023-24 AMENDED BUDGET	12/31/2023 ACTUALS	% OF BUDGET	2024-25 AMENDED BUDGET	12/31/2024 ACTUALS (unaudited)	% OF BUDGET
Revenues	$ 99,438,887	$ 47,431,543	47.7%	$ 214,687,424	$ 50,304,416	23.4%
Expenditures	$ 241,321,985	$ 38,721,927	16.0%	$ 386,186,161	$ 37,894,163	9.8%

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 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 anticipated in FY24 for the advanced purified water project so the budget numbers for FY24 appear high as this project was delayed and is not anticpated to start construction now until mid-2025. Funding is now anticipated in the FY25 budget and expenditures include projects being completed over multiple 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.

	2023-24 AMENDED BUDGET	12/31/2023 ACTUALS	% OF BUDGET	2024-25 AMENDED BUDGET	12/31/2024 ACTUALS (unaudited)	% OF BUDGET
Revenues	$ 61,364,643	$ 44,582,465	72.7%	$ 66,538,642	$ 34,149,529	51.3%
Expenditures	$ 79,126,566	$ 39,992,078	50.5%	$ 76,305,949	$ 31,034,293	40.7%

REDEVELOPMENT AGENCY (RDA)

The purpose of the Reno Redevelopment Agency (RDA) is to attract and assist private investment, facilitate development in the City's urban core and surrounding areas, and increase property values in the region. Together, these efforts will help improve the quality of life for our citizens, create value, and enhance the City's position as the economic, civic, recreational, cultural. and entertainment hub for the region.

	2023-24 AMENDED BUDGET	12/31/2023 ACTUALS	% OF BUDGET	2024-25 AMENDED BUDGET	12/31/2024 ACTUALS (unaudited)	% OF BUDGET
RDA 1 & RDA 2						
General Funds						
Revenues	$ 6,966,088	$ 4,860,656	69.8%	$ 9,156,090	$ 5,879,998	64.2%
Expenditures	$ 12,691,341	$ 1,225,183	9.7%	$ 13,089,178	$ 1,583,558	12.1%
Debt Funds						
Revenues	$ 2,952,000	$ 1,952,339	66.1%	$ 3,981,964	$ 2,535,490	63.7%
Expenditures	$ 2,928,177	$ 315,081	10.8%	$ 2,955,649	$ 230,326	7.8%