

## STAFF REPORT

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**Date:** June 14, 2023

**To:** Mayor and City Council

**Thru:** Doug Thornley, City Manager

**Subject:** Staff Report (For Possible Action): Resolution to augment the budget of the City of Reno, Nevada for FY 22/23; and approval of budget revisions for period April 1, 2023 through June 30, 2023.

**From:** Vicki Van Buren, Director of Finance

**Department:** Finance

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### **Summary:**

The City adopts an annual budget each year. The annual budget is the overall plan for City services for the fiscal year. As we proceed through the fiscal year, the plan changes and evolves requiring resources to be reallocated or added through budget augmentations. Budget augmentations must be adopted by resolution, and information forwarded to the Nevada Department of Taxation for approval. Augmentations of appropriations of a fund which receives ad valorem taxes must be noticed in the local newspaper prior to Council approval. The Augmentations to the General Fund was noticed as required.

### **Alignment with Strategic Plan:**

Fiscal Sustainability

Arts, Parks, and Historical Resources

Public Safety

### **Previous Council Action:**

April 12, 2023 – Council approved budget augmentations/revisions for the third quarter through March 31, 2023.

January 11, 2023 – Council approved budget augmentations/revisions for the second quarter through December 31, 2022.

October 26, 2022 – Council approved budget augmentations/revisions for the first quarter through September 30, 2022.

May 18, 2022 - Council adopted the FY 22/23 Budget

**Background:**

Council previously adopted the FY 22/23 budget being augmented on May 18, 2022.

**Discussion:**

The principle budget development period for the City begins with budget planning in October and November and leads to budget adoption in May, with funding available on July 1 of each fiscal year. The focus from staff during this process is long-term planning to sustain City operations and meet Council goals. During the year, however, issues arise that require a more immediate response rather than waiting until the next budget cycle for funding. Instead of each individual request coming to Council at different times during the year, staff combines these requests into one report that is presented to Council quarterly as we progress through the fiscal year.

General Fund

The additional appropriations to the General Fund included in the proposed augmentation are \$7,343,189 and are related to the addition of grants and reimbursements; franchise fee audit recovery; revenues coming in higher than anticipated in business licenses, fire service charges, parking tickets, delinquent penalties, and interest earnings. Included in the grants and reimbursements are awards to the Parks & Recreation Department, Public Safety grants, and grants awarded to the Municipal Courts.

The one-time Franchise Audit Recovery fee is proposed to move to the Risk Fund to support the rising cost of insurance premiums. The remainder of the revenues anticipated above budget are proposed to support the current and anticipated public safety cash outs/severance pays that are expected to occur before June 30, as well as increased costs in public safety supplies due to inflation.

A detailed list of the included augmentations in the general fund is shown below.

The following items are included as General Fund budget augmentations:

• General Fund	
Fire Grants & Other Reimbursements	\$ 134,873
Police Grants & Other Reimbursements	444,149
Municipal Courts Grants	589,305
Parks Grants	29,634
Other Grants and Reimbursements	60,960
Revenues higher than anticipated:	
Business Licenses	900,000

Franchise Fee Audit Recovery (Telephone)	2,684,268
Fire Inspection Fees	1,000,000
Parking Ticket Fines	500,000
Delinquent Penalties	500,000
Interest Earnings	500,000
<b>TOTAL General Fund</b>	<b>\$ 7,343,189</b>

#### Other Funds

The proposed augmentations in the HUD State Housing Funds & the Community Assistance Fund include additional grants. The Community Assistance Fund also includes a \$2,500 operating transfer to close out an existing community contract. The Room Tax fund includes the addition of a grant for public art. The Debt/Event Center Fund includes the estimate of bond proceeds for the refunding of the 2013A Bonds as previously approved by Council. The refunding is anticipated to occur prior to June 30.

#### General Capital Project Fund

Proposed augmentations in the General Capital Project Fund total \$32,768,143. This is primarily accounting recognition of half of the ARPA fund revenue. Also, the recognition of the second portion of the Pennington Grant for the Moana Springs Aquatic Fitness Center. A detailed list of the included augmentations in the General Capital Project Fund is shown below.

- General Capital Project Funds

ARPA Revenue recognition	\$25,759,998
Pennington Grant recognition (Moana Pool – second portion)	4,500,000
Fund Balance carryforward for Moana parking lot	1,500,000
NV Energy grant for Moana solar project	800,000
Transfer from Parks (GF) for California Building HVAC	200,000
ReLeaf Reno donation (CM Duerr)	8,145
<b>TOTAL General Capital Projects Funds</b>	<b>\$32,768,143</b>

#### Medical Fund & Workers' Compensation Fund & Fleet Fund

Proposed augmentations in these funds are due to higher than anticipated claims and higher costs due to inflation.

#### Risk Insurance Fund

The realignment of the City's property insurance cycle to September 30, 2023, as previously approved by Council, allocates fund balance to cover the cost to extend the City's current property insurance from June 30, 2023, to September 30, 2023, for a cost of \$357,526. Additionally, the

one-time franchise fee recovery (General Fund) in the amount of \$2,684,268 is proposed as a transfer to the Risk Fund to support the increased cost of insurance premiums.

The remainder of the augmentation are budget revisions, which are transfers between line items. These revisions reflect moving budgeted funds into the correct account numbers.

**Financial Implications:**

Augmentations are funded by various sources per the attachment. All other items are revisions that move allocations between line items but do not increase the overall budget.

**Legal Implications:**

Augmentations to the current budget are required to be adopted by a resolution of Council in accordance with NRS 354.598005.

**Recommendation:**

Staff recommends Council adopt the Resolution approving the budget augmentations herein, direct staff to forward the approved resolution and attachments to the Department of Taxation as required by NRS 354.598005, approve revisions on the attached list, and record these changes in the minutes.

**Proposed Motion:**

I move to approve staff recommendation.

**Attachments:**

02 Resolution

FY23 4<sup>th</sup> Qtr.

Staff Presentation