



**Staff Report for the
City Council Meeting of March 17, 2015**

TO: Nancy Kerry, City Manager

FROM: MaryAnne Brand, Financial Services Manager
Debbie McIntyre, Financial Services Manager

RE: Fiscal Year 2014/15 Quarter End Financial Status Report as of
December 2014

RECOMMENDATION:

Receive Report

BACKGROUND:

The Financial Services Division submits reports to Council on a quarterly basis to provide assurance of budget compliance and for informational and comparative purposes throughout the year. Attachment 1, "FY 2014/15 *Quarterly Budget and Financial Status Report for Period Ending December 31, 2014*", is an unaudited snapshot of year-to-date actual revenues and expenses for the General Fund for that period. In an effort to provide an opportunity to evaluate the City's fiscal health, the report provides comparative information of first quarter FY 2014/15 actuals to FY 2014/15 budget and to prior FY 2013/14 first quarter actuals. The following section summarizes General Fund operating revenues and operating expenditures (unaudited figures) and provides an analysis of any significant variances.

ISSUE AND DISCUSSION:

At the end of the first quarter with 25 percent of the year complete, General Fund revenues were at 25.8% of the amended budget, while expenditures were at 19.2% of appropriations. As described in more detail below, revenue performance in the three major categories (Property Tax, Sales Tax, and City TOT) was 6.5% better overall than collections during the same period last fiscal year. Other revenue collections varied. Fire and Public Works revenues were lower compared to the same period last fiscal year. Police, Development Services, and Parks and Recreation revenue increased compared to last fiscal year. On the expense side, all personnel-staffed departments expended less than 25% of the total budget for the current fiscal year. These expenditures were higher than for the same period last fiscal year.

FY 2013/14 General Fund Revenues

General Fund revenues year-to-date totaled \$8.3 million, up 11.2% or about \$0.8 million compared to the first quarter of the prior fiscal year. Three major revenues (Property Tax, Sales Tax, and City TOT) were on average 15.3% above last year's actuals for the same period. City TOT increased 39.2% or \$152K. Sales tax revenue received through December 31st exceeded previous fiscal year first quarter collection by 1.0% or about \$18K. Total Sales tax revenue collection for the first quarter of 2014/15 comprised 26.7% of the total budget for the year. The first installment of Property tax was 5.6% above last year's. The TOT revenue from the Project Area was up 49.0% or \$170K.

Other key variances include:

Development Services Department building permit fees and planning fees received totaled 30.6% of the total annual budget and were 5.7% (\$13K) above last year's actuals. Police Department revenue increased by \$154K or 154.8% and was mostly due to the timing difference in receipt of police state funding. Additionally, Joint Dispatch revenue received through December 31st was \$52K or 80.0% higher than for the same period last fiscal year due to increase in 9-1-1 fees and service charges. Parks and Recreation revenue was up 12.4% or \$9K and was attributed to stronger revenue collection at the golf course and campground and increased fees revenue from recreation programs. Public Works department revenue decreased 17.5% or \$16K compared to last year's due to reduction in internal snow repair charges for Motor Pool.

Combined overall, the general fund revenues were **neutral** and flat to current year budget.

FY 2013/14 General Fund Expenses

General Fund expenses year-to-date totaled \$6.2 million or 19.2% of the total budget at December 31st. All departments expended less than 25% budget allocated to the first quarter. As stated in the City Manager's budget message at the budget adoption meeting, amendments to the FY 2014-15 budget were expected following the changes to wage and benefits package resulting from new employee agreements.

In comparison to last year's actuals, overall expenses decreased 17.0%. The primary contributing factor was expenses in Miscellaneous General fund category where last year's expenditures reflect the purchase of two parcels land totaling \$1.8 million. Increase in expenditures in all personnel-staff departments compared to the first quarter of prior fiscal year is attributed to increases in benefits cost such as CalPERS City contributions, as well as costs of approved additional positions for various departments and divisions.

The largest *percentage* increase in expense compared to last year was in Development Services department, 41.6% or \$96K and was attributed to increase in staffing by approximately 2 Full-Time Equivalent (FTE) positions approved during last fiscal year. The largest dollar increase was in Police department, \$196K or 11.4%, and was due to a change in percentage allocation of the Police Chief position charged to the Police

Department, as well as an increase in the pass-through portion of police state funding to the City of Placerville.

Overall the general fund expenses were **positive** and below the current year budget.

FINANCIAL AND/OR POLICY IMPLICATIONS:

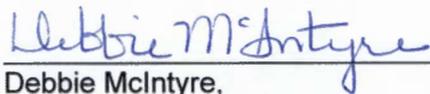
FY 2014/15 first quarter revenues were neutral and flat to amended budget and expenses were positive and below amended budget. It is important to note that the City receives large revenues such as TOT, Business License, and Parks and Recreation fees later in the year as well as incurs large seasonal expenditures during summer months in Parks and Recreation. The Financial Services division will continue to monitor the General Fund revenues and expenditures and will bring the next quarter update to the City Council reflecting the results of the first two quarters.

This revenue, expenditure, and budget analysis does not include adjustments for supplemental appropriations that are currently being finalized by the departments. Mid-year adjustments are scheduled to be presented at the April 7th City Council meeting.

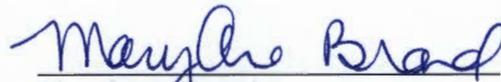
STRATEGIC PLAN AND BUSINESS PLAN RELEVANCE:

- Strategic Priority: Fiscal Sustainability
 - Business Plan: Financial Accounting and Reporting

By:



Debbie McIntyre,
Financial Services Manager



MaryAnne Brand,
Financial Services Manager

Concurrence,



Mark Carlson,
Administrative Services Director

Reviewed and Approved,



Nancy Kerry,
City Manager

Attachments:

1. FY 2014/15 Quarterly Budget and Financial Status Report for the Period Ending December 31, 2014.



City of South Lake Tahoe

FY 2014/15

Quarterly Budget and Financial Status Report

for the Period Ending

December 31, 2014

Prepared by the

Financial Services Division

General Fund Departmental Revenue and Expenditure Analysis

FY 2014-15 Amended Budget and Actuals as of December 31, 2014 (25% of the Year Elapsed)				Year to Date Comparison To Prior Year Actuals		
	Budget	YTD Actuals	Percent Received	Actuals Received 12/31/2013	Comparison of YTD 2014 Actuals to YTD 2013 Actuals	\$ Increase/ (Decrease)
REVENUES						
General Government <i>(Includes City Council, City Clerk, City Attorney, Risk Mgmt, City Manager, Human Resources, Communications/Marketing)</i>	\$ 4,500	\$ 247	5.5%	\$ 241	2.5%	\$ 6
Finance - Major Revenues						
Property Tax	6,282,850	3,530,248	56.2%	3,344,520	5.6%	185,728
Sales Tax (including Measure Q and Sales Tax Triple Flip)	6,629,067	1,771,474	26.7%	1,753,279	1.0%	18,195
Transient Occupancy Tax	5,415,850	539,471	10.0%	387,549	39.2%	151,922
Transient Occupancy Tax - Project Area	4,182,000	515,483	12.3%	345,953	49.0%	169,530
Finance - Other Revenues <i>(Includes Accounting: \$1.70m Motor Vehicle License fee, \$1.29m Franchise fees; Treasury; Purchasing; Revenue: \$1.09m Business Licenses; Information Technology)</i>	5,169,725	1,268,353	24.5%	1,111,676	14.1%	156,677
Miscellaneous General Fund <i>(Includes non-departmental, Transfers, and other)</i>	166,223	1,728	1.0%	4,239	-59.2%	(2,511)
Police <i>(Includes Emergency Communication System Access fees (911) \$638,000)</i>	1,296,065	252,782	19.5%	99,224	154.8%	153,558
Fire	108,846	43,381	39.9%	43,969	-1.3%	(588)
Public Works	815,734	76,066	9.3%	92,146	-17.5%	(16,080)
Development Services <i>(Includes Building permit fees \$600,000)</i>	759,050	232,531	30.6%	219,942	5.7%	12,589
Parks & Recreation	1,390,699	83,893	6.0%	74,652	12.4%	9,241
Total General Fund Revenues	\$ 32,220,609	\$ 8,315,658	25.8%	\$ 7,477,390	11.2%	\$ 838,268
EXPENSES						
	Budget	YTD Actuals	Percent Expended	Actuals Expended 12/31/2013	Comparison of YTD 2014 Actuals to YTD 2013 Actuals	\$ Increase/ (Decrease)
General Government <i>(Includes City Council, City Clerk, City Attorney, Risk Mgmt, City Mgr, Human Resources, Communications/Marketing)</i>	\$ 2,471,186	\$ 481,385	19.5%	\$ 444,317	8.3%	\$ 37,068
Finance <i>(Includes Accounting, Treasury, Purchasing, Revenue, Information Technology)</i>	2,014,257	402,044	20.0%	319,297	25.9%	82,747
Miscellaneous General Fund <i>(Includes non-departmental, Transfers, and other)</i>	8,469,845	1,045,691	12.3%	2,809,746	-62.8%	(1,764,055)
Police	8,421,801	1,909,937	22.7%	1,714,094	11.4%	195,843
Fire	4,406,286	1,020,434	23.2%	995,295	2.5%	25,139
Public Works	2,646,873	609,389	23.0%	560,705	8.7%	48,684
Development Services	1,430,174	327,380	22.9%	231,218	41.6%	96,162
Parks & Recreation	2,609,184	431,505	16.5%	429,893	0.4%	1,612
Total General Fund Expenses	\$ 32,469,606	\$ 6,227,765	19.2%	\$ 7,504,565	-17.0%	\$ (1,276,800)

Total Revenues	\$ (8,315,658)
Total Expenses	\$ 6,227,765
Net (revenues)/expenses	<u>\$ (2,087,893)</u>

General Fund Revenues Performance: NEUTRAL

Total General Fund Revenues as of December 31, 2014 were \$8,315,658 which is 25.8% of the amended budget.

General Fund Expenses Performance: POSITIVE

Total General Fund Expenses as of December 31, 2014 were \$6,227,765 which is 19.2% of the amended budget.