



**Staff Report for the  
City Council Meeting of June 2, 2015**

TO: Nancy Kerry, City Manager

FROM: Debbie McIntyre, Financial Services Manager  
Olga Tikhomirova, Principal Accountant

RE: Fiscal Year 2014/15 Quarter End Financial Status Report as of  
March 2015

**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 March 31, 2015", is an unaudited snapshot of year-to-date actual revenues and expenses for the General Fund. In an effort to provide an opportunity to evaluate the City's fiscal health, the report provides comparative information of the first two quarters of FY 2014/15 actuals to FY 2014/15 budget as of March 31, 2015 and to the prior FY 2013/14 second quarter to date actuals. The following section summarizes General Fund operating revenues and operating expenditures and provides an analysis of any significant variances.

**ISSUE AND DISCUSSION:**

At the end of the second quarter with 50 percent of the year complete, General Fund revenues were at 43.6% of the amended budget, while expenditures were at 40.0% of appropriations. As described in more detail below, revenue performance in the three major categories (Property Tax, Sales Tax, and City TOT) was 9.0% better overall than collections during the same period last fiscal year. Other revenue collections varied. Fire and Parks and Recreation revenues were lower compared to the same period last fiscal year. Police, Development Services, and Public Works revenue increased compared to last fiscal year. On the expense side, all personnel-staffed departments expended 50% or less of total budget for the current fiscal year. Overall, the expenditures were 8.7% lower than for the same period last fiscal year.

General Fund Revenues as of end of 2<sup>nd</sup> Quarter of FY 2014/15

General Fund revenues year-to-date totaled \$14.1 million, up 9.2% or about \$1.2 million compared to prior fiscal year at March 31st. Three major revenues (Property Tax, Sales Tax, and City TOT) were on average 11.1% above last year's actuals for the same period. City TOT increased 27.0% or \$546K. Sales Tax revenue received through March 31st exceeded previous fiscal year collection for the same period by 0.8% or about \$25K. Total Sales Tax revenue collection to date comprised 46.8% of that budgeted line item for the year. The Property Tax revenue remained unchanged from the first quarter with the receipt of the second installment payment pending in May. The TOT revenue from the Project Area was up 24.3% or \$351K.

*Other key variances include:*

Police Department revenues increased by \$202K, or 67.4% compared to last year and covered 38.8% of the annual budgeted revenue for that department. This was mostly due to increase in 9-1-1 fees and service charges revenues in Joint Dispatch division as well as due to the timing difference in receipt of police state funding.

Development Services Department building permit fees and planning fees received totaled 55.0% of the budgeted amount and were 20.6% (\$71K) above last year's actuals.

Fire Department revenues decreased by \$109K or 59.2% compared to last year and resulted from the higher overtime reimbursements in the previous year. Miscellaneous General Fund revenue were 91.2% or \$76K lower compared to last year due to receipt of Sustainability Grant in FY 2013/14.

Combined overall, the General Fund revenues were 9.2% above prior year actuals, but **neutral** and below current year budget.

General Fund Expenses as of end of 2<sup>nd</sup> Quarter of FY 2014/15

General Fund expenses to date totaled \$13.1 million or 40.0% of the total budget at March 31<sup>st</sup> with all departments expending 50% or less of the total budgeted expense. This budget amount does not include mid-year adjustments approved by the City Council on April 21<sup>st</sup>, 2015 that increased the total expense budget by approximately \$1 million including the use of the available fund balance for the purpose of establishing the Capital Improvement Project Account.

In comparison to last year's actuals, overall expenses decreased 8.7%. The primary contributor for this decrease was expenses in the Miscellaneous General Fund category where the last year's expenditures reflect the purchase of two parcels of land totaling \$1.8 million.

Increase in expenditures in most personnel-staff departments compared to the same period in the prior fiscal year is attributed to increase in benefits cost such as CalPERS City contributions, as well as costs of approved additional positions for various departments and divisions. The largest increase in expense was in Development Services Department, 43.4% or \$220K and was primarily attributed to increase in

staffing by approximately 2 Full-Time Equivalent (FTE) positions approved during last fiscal year. Expenditures in Fire Department decreased by \$236K or 10.5%, due to accounting for several Firefighter-Paramedic positions and a portion of that department's expense in a special revenue fund starting in FY 2014/15.

Overall the General Fund expenses were 8.7% below prior year actuals and **positive** and below the current year budget.

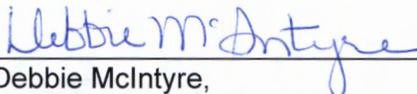
**FINANCIAL AND/OR POLICY IMPLICATIONS:**

FY 2014/15 year-to-date revenues were neutral and below 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, Parks and Recreation fees and the second installment of Property Tax later in the year and 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 third quarter-to-date update to the City Council in August 2015.

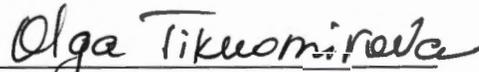
**CITY COUNCIL WORK PLAN:**

- Strategic Priority: Fiscal Sustainability
  - Business Plan Initiative: Balanced Budget

By:



Debbie McIntyre,  
Financial Services Manager



Olga Tikhomirova,  
Principal Accountant

Concurrence,



Mark Carison,  
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 March 31, 2015.



# ***City of South Lake Tahoe***

**FY 2014/15**

**Quarterly Budget and Financial Status Report**

**for the Period Ending**

**March 31, 2015**

**Prepared by the**

**Financial Services Division**

## General Fund Departmental Revenue and Expenditure Analysis

FY 2014-15 Amended Budget and Actuals as of March 31, 2015 (50% of the Year Elapsed)				Year to Date Comparison To Prior Year Actuals		
REVENUES	Budget	YTD Actuals	Percent Received	Actuals Received 3/31/2014	Comparison of YTD 2015 Actuals to YTD 2014 Actuals	\$ increase/ (Decrease)
<b>General Government</b> <i>(Includes City Council, City Clerk, City Attorney, Risk Mgmt, City Manager, Human Resources, Communications/Marketing)</i>	\$ 4,500	\$ 837	18.6%	\$ 306	173.5%	\$ 531
<b>Finance - Major Revenues</b>						
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	3,100,516	46.8%	3,075,272	0.8%	25,244
Transient Occupancy Tax	5,415,850	2,565,551	47.4%	2,019,512	27.0%	546,039
Transient Occupancy Tax - Project Area	4,182,000	1,797,382	43.0%	1,446,423	24.3%	350,959
<b>Finance - Other Revenues</b> <i>(Includes Accounting: \$1.70m Motor Vehicle License fee, \$1.30m Franchise fees; Treasury; Purchasing; Revenue: \$1.09m Business Licenses; Information Technology)</i>	5,169,725	1,687,387	32.6%	1,692,906	-0.3%	(5,519)
<b>Miscellaneous General Fund</b> <i>(Includes non-departmental, Transfers, and other)</i>	166,223	6,704	4.0%	76,511	-91.2%	(69,807)
<b>Police</b> <i>(Includes Emergency Communication System Access fees (911) \$638,000)</i>	1,296,065	502,697	38.8%	300,243	67.4%	202,454
<b>Fire</b>	108,846	75,198	69.1%	184,406	-59.2%	(109,208)
<b>Public Works</b>	871,404	209,797	24.1%	190,606	10.1%	19,191
<b>Development Services</b> <i>(Includes Building permit fees \$600,000)</i>	759,050	417,458	55.0%	346,229	20.6%	71,229
<b>Parks &amp; Recreation</b>	1,390,699	192,656	13.9%	218,383	-11.8%	(25,727)
<b>Total General Fund Revenues</b>	<b>\$ 22,276,279</b>	<b>\$ 14,086,431</b>	<b>43.6%</b>	<b>\$ 12,895,318</b>	<b>9.2%</b>	<b>\$ 1,191,113</b>
EXPENSES	Budget	YTD Actuals	Percent Expended	Actuals Expended 3/31/2014	Comparison of YTD 2015 Actuals to YTD 2014 Actuals	\$ Increase/ (Decrease)
<b>General Government</b> <i>(Includes City Council, City Clerk, City Attorney, Risk Mgmt, City Mgr, Human Resources, Communications/Marketing)</i>	\$ 2,471,186	\$ 1,069,000	43.3%	\$ 989,170	8.1%	\$ 79,830
<b>Finance</b> <i>(Includes Accounting, Treasury, Revenue, Information Technology)</i>	2,014,257	952,505	47.3%	753,804	26.4%	198,701
<b>Miscellaneous General Fund</b> <i>(Includes non-departmental, Transfers, and other)</i>	8,469,845	2,032,162	24.0%	3,775,694	-46.2%	(1,743,532)
<b>Police</b>	8,421,801	4,081,496	48.5%	3,887,436	5.0%	194,060
<b>Fire</b>	4,406,286	2,017,588	45.8%	2,253,289	-10.5%	(235,701)
<b>Public Works</b>	2,852,543	1,329,438	46.6%	1,266,007	5.0%	63,431
<b>Development Services</b>	1,430,174	726,012	50.8%	506,175	43.4%	219,837
<b>Parks &amp; Recreation</b>	2,609,184	847,294	32.5%	860,191	-1.5%	(12,897)
<b>Total General Fund Expenses</b>	<b>\$ 32,675,276</b>	<b>\$ 13,055,495</b>	<b>40.0%</b>	<b>\$ 14,291,766</b>	<b>-8.7%</b>	<b>\$ (1,236,271)</b>
<b>Total Revenues</b>		<b>\$ (14,086,431)</b>				
<b>Total Expenses</b>		<b>\$ 13,055,495</b>				
<b>Net (revenues)/expenses</b>		<b>\$ (1,030,936)</b>				

**General Fund Revenues Performance: NEUTRAL**

Total General Fund Revenues as of March 31, 2015 were \$14,086,431 which is 43.6% of the amended budget.

**General Fund Expenses Performance: POSITIVE**

Total General Fund Expenses as of March 31, 2015 were \$13,055,495 which is 40.0% of the amended budget.