



**Staff Report for the
City Council Meeting of September 1, 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
June 2015

RECOMMENDATION:

Receive Report

BACKGROUND:

The Financial Services Division submits reports to City 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 June 30, 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 three quarters of FY 2014/15 actuals to FY 2014/15 budget as of June 30, 2015 and to the prior FY 2013/14 third 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 third quarter with 75 percent of the year complete, General Fund revenues were at 75.1% of the amended budget, while expenditures were at 65.1% of appropriations. As described in more detail below, revenue performance in the three major categories (Property Tax, Sales Tax, and City TOT) was 7.3% better overall than collections during the same period last fiscal year. Other revenue collections varied. Police, Public Works, and Development Services revenue increased compared to last fiscal year. Fire and Parks and Recreation revenues were lower compared to the same period last fiscal year. On the expense side, all personnel-staffed departments expended less than 75% of budget for the current fiscal year with the exception of the Public Works department. Overall, the expenditures were 3.3% lower than for the same period last fiscal year.

General Fund Revenues as of end of 3rd Quarter of FY 2014/15

General Fund revenues year-to-date totaled \$24.5 million, up 8.5% or about \$1.9 million compared to prior fiscal year at June 30th. Three major revenues (Property Tax, Sales Tax, and City TOT) were on average 8.9% above last year's actuals for the same period. City TOT increased 19.2% or \$584K. Sales Tax revenue received through June 30th exceeded previous fiscal year collection for the same period by 2.6% or about \$125K. Total Sales Tax revenue collection to date comprised 73.5% of that budgeted line item for the year. The Property Tax revenue received was 5.0% or \$300K above last year at June 30th. The TOT revenue from the Project Area was up 17.7% or \$390K compared to the same period last fiscal year.

Other key variances include:

Police Department revenues increased by \$227K, or 30.0% compared to last year and covered 70.5% of the annual budgeted revenue for that department. The increase was due to receiving a private donation for K9 and fluctuation in 9-1-1 fees revenue offset by a decrease in service charges revenue in Joint Dispatch division as well as due to the timing difference in receipt of police state grant funding.

Development Services Department building permit fees and planning fees received totaled 89.4% of the budgeted amount and were 31.1% (\$203K) above last year's actuals.

Fire Department revenues decreased by \$180K or 58.0% compared to last year and resulted primarily from accounting for EMS revenue in a Special Revenue fund in the current fiscal year. Miscellaneous General Fund revenues were 86.8% or \$290K lower compared to last year due to receipt of Sustainability Grant in FY 2013/14 and a reduction in transfers in from the Parking Management Program eliminated at the end of the last fiscal year.

Combined overall, the General Fund revenues were 8.5% above prior year actuals, but **neutral** and flat to current year amended budget.

General Fund Expenses as of end of 3rd Quarter of FY 2014/15

General Fund expenses to-date totaled \$22.0 million or 65.1% of the total budget at June 30th with all departments expending less than 75% of the total budgeted expense with the exception of the Public Works Department.

In comparison to last year's actuals, overall expenses decreased 3.3%. 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 the Development Services Department, 36.1% or \$278K and was attributed to the increase in staffing by approximately 2 Full-Time Equivalent (FTE) positions approved during last fiscal year as

well as salary savings from vacant positions during the same period last fiscal year. Expenditures in the Public Works Department increased by \$172K or 7.2% compared to last year and comprised 87.2% of the total budget at June 30th. The increase was due to greater than last year authorized expenses in Motor Pool and a one-time expense for the purchase of the Asset Management software. Expenditures in the Fire Department decreased by \$492K or 14.8%, 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 3.3% below prior year actuals and **positive** and below the current year amended budget.

FINANCIAL AND/OR POLICY IMPLICATIONS:

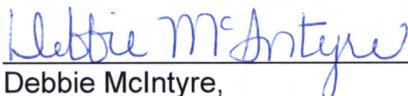
This revenue, expenditure, and budget analysis includes adjustments for supplemental appropriations approved by the City Council during the year as well as mid-year adjustments.

Overall, revenues for the first three quarters of FY 2014/15 were neutral and flat to amended budget and expenses were positive and below amended budget. The Financial Services division continues to monitor the General Fund revenues and expenditures and will bring the preliminary year-end results to the City Council in November 2015 after the final quarter-end reconciliation.

CITY COUNCIL WORK PLAN:

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

By:



Debbie McIntyre,
Financial Services Manager



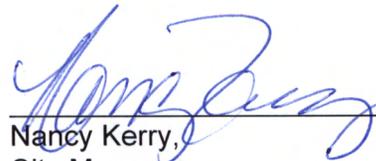
Olga Tikhomirova,
Principal Accountant

Concurrence,

Reviewed and Approved,



Mark Carlson,
Administrative Services Director



Nancy Kerry,
City Manager

Attachments:

1. FY 2014/15 Quarterly Budget and Financial Status Report for the Period Ending June 30, 2015.



City of South Lake Tahoe

FY 2014/15

Quarterly Budget and Financial Status Report

for the Period Ending

June 30, 2015

Prepared by the

Financial Services Division

General Fund Departmental Revenue and Expenditure Analysis

FY 2014-15 Amended Budget and Actuals as of June 30, 2015 (75% of the Year Elapsed)				Year to Date Comparison To Prior Year Actuals		
	Budget	YTD Actuals	Percent Received	Actuals Received 6/30/2014	Comparison of YTD 2015 Actuals to YTD 2014 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	\$ 37,123	825.0%	\$ 4,751	681.4%	\$ 32,372
Finance - Major Revenues						
Property Tax	6,282,850	6,272,156	99.8%	5,971,098	5.0%	301,058
Sales Tax (including Measure Q and Sales Tax Triple Flip)	6,656,630	4,892,411	73.5%	4,766,957	2.6%	125,454
Transient Occupancy Tax	5,415,850	3,627,188	67.0%	3,042,747	19.2%	584,441
Transient Occupancy Tax - Project Area	4,182,000	2,589,967	61.9%	2,200,272	17.7%	389,695
Finance - Other Revenues <i>(Includes Accounting: \$1.71m Motor Vehicle License fee, \$1.30m Franchise fees; Treasury; Purchasing; Revenue: \$1.09m Business Licenses; Information Technology)</i>	5,220,028	4,210,759	80.7%	3,669,017	14.8%	541,742
Miscellaneous General Fund <i>(Includes non-departmental, Transfers, and other)</i>	166,223	44,127	26.5%	333,833	-86.8%	(289,706)
Police <i>(Includes Emergency Communication System Access fees (911) \$638,000)</i>	1,394,065	983,258	70.5%	756,554	30.0%	226,704
Fire	108,846	130,388	119.8%	310,720	-58.0%	(180,332)
Public Works	871,404	335,090	38.5%	313,633	6.8%	21,457
Development Services <i>(Includes Building permit fees \$600,000)</i>	959,050	857,681	89.4%	654,253	31.1%	203,428
Parks & Recreation	1,390,699	533,666	38.4%	571,580	-6.6%	(37,914)
Total General Fund Revenues	\$ 32,652,145	\$ 24,513,814	75.1%	\$ 22,595,415	8.5%	\$ 1,918,399
EXPENSES						
	Budget	YTD Actuals	Percent Expended	Actuals Expended 6/30/2014	Comparison of YTD 2015 Actuals to YTD 2014 Actuals	\$ Increase/ (Decrease)
General Government <i>(Includes City Council, City Clerk, City Attorney, Risk Mgmt, City Mgr, Human Resources, Communications/Marketing)</i>	\$ 2,614,768	\$ 1,522,492	58.2%	\$ 1,427,716	6.6%	\$ 94,776
Finance <i>(Includes Accounting, Treasury, Revenue, Information Technology)</i>	2,052,010	1,415,114	69.0%	1,207,408	17.2%	207,706
Miscellaneous General Fund <i>(Includes non-departmental, Transfers, and other)</i>	9,405,269	5,880,335	62.5%	6,952,587	-15.4%	(1,072,252)
Police	8,285,081	5,856,192	70.7%	5,826,057	0.5%	30,135
Fire	4,256,947	2,832,825	66.5%	3,324,473	-14.8%	(491,648)
Public Works	2,946,926	2,570,286	87.2%	2,398,688	7.2%	171,598
Development Services	1,569,347	1,047,586	66.8%	769,459	36.1%	278,127
Parks & Recreation	2,637,670	872,086	33.1%	832,717	4.7%	39,369
Total General Fund Expenses	\$ 33,768,018	\$ 21,996,916	65.1%	\$ 22,739,105	-3.3%	\$ (742,189)

Total Revenues	\$ (24,513,814)
Total Expenses	\$ 21,996,916
Net (revenues)/expenses	<u>\$ (2,516,898)</u>

General Fund Revenues Performance: NEUTRAL

Total General Fund Revenues as of June 30, 2015 were \$24,521,149 which is 75.1% of the amended budget.

General Fund Expenses Performance: POSITIVE

Total General Fund Expenses as of June 30, 2015 were \$21,995,857 which is 65.1% of the amended budget.