



# City of South Lake Tahoe

## Report to City Council

**Meeting Date: May 12, 2020**

**Title:** Fiscal Year 2019/20 Quarter End Financial Status Report as of March 2020

**Location:** Citywide

**Responsible Staff Member:** Olga Tikhomirova, Financial Services Manager, (530) 542-7431; Andrew Black, Accountant, (530) 542-6061

### Description/Analysis

#### Background:

The Finance Department submits a quarterly report to City Council providing assurance of budget compliance and for informational and comparative purposes throughout the year. Attachment 2, “FY 2019/20 Quarterly Budget and Financial Status Report for Period Ending March 31, 2020” is an unaudited snapshot of year-to-date actual revenues and expenditures 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 two quarters FY 2019/20 actuals to FY 2019/20 budget and to prior fiscal year 2018/19 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 39.8% of the amended budget, while expenditures were at 33.3% of appropriations. As described in more detail below, revenue performance in the three major categories (Property Tax, Sales Tax, and City TOT) was 2.8% lower than collections during the same period last fiscal year. Total revenues exceeded last year’s second quarter to date actuals by \$0.4 million. Expenditures by department were 32.3% lower overall compared to last fiscal year and were below the 50% threshold for the 6 out of 12 months period for all staffed departments.

#### FY 2019/20 General Fund Revenues

General Fund revenues received through March 31<sup>st</sup> totaled \$18.7 million, up 2.0% compared to the second quarter of the prior fiscal year. Property Tax revenue remained unchanged from the previous quarter with 54.7% of total budget received year-to-date. The next semi-

annual Property Tax payment, due in May, will be reflected on the next quarterly report. Sales tax revenue was 2.7% or \$87K below previous year collection. City TOT revenue was down \$181K or 4.7% compared to the prior fiscal year. The TOT revenue from the Project Area was up \$37K or 1.4% compared to last fiscal year.

*Other key variances:*

Finance-Other Revenues show a decrease of \$107K over FY 2018/19 2<sup>nd</sup> quarter actuals due to lower interest earnings. Miscellaneous General Fund revenue was \$204K or 351.6% higher due to one-time transfers of residual balances from the City's capital project funds after project completion. Police revenue increased \$66K or 14.2% primarily due to an increase in POST Training reimbursements and an increase in contract revenue for dispatch services with California Tahoe Emergency Services Operation Authority (CTESOA). Fire revenue decreased \$129K or 70% primarily due to lower overtime reimbursements. Public Works revenue decrease of \$78K or 19% is attributed to a decrease in engineering permits and motor pool service charges. Development Services revenue increased \$639K or 139.1% primarily due to an increase in building fees in the first two quarters compared to last fiscal year. Recreation revenue was \$62K or 17.1% higher than last year. This increase is largely attributable to a new event support services contract with SnowGlobe.

FY 2019/20 General Fund Expenditures

General Fund expenditures totaled \$16.3 million or 33.3% of the total budget at March 31<sup>st</sup>. All departments expended less than 50% of the budget allocated to the first two quarters.

The overall expenses were below last year's first two quarters actuals by 32.3% or \$7.8 million. This decrease is primarily due to lower transfers-out to the City CIP Fund and Fire vehicle replacement fund, and prepayment of CalPERS Unfunded Accrued Liability (UAL) for the Miscellaneous group accounted for in the prior fiscal year. Police and Fire expenses were also lower due to this prepayment.

Other variances in expenditures were due to timing, salary increases, vacancies in the current or last fiscal year, and changes in budgeted expenditures.

**Financial Implications:**

FY 2019/20 year-to-date revenues and expenses were below amended budget estimates with General Fund revenues exceeding expenditures by \$2.4 million for the first two quarters. The City receives a large portion of revenues such as TOT, Business License, and Parks and Recreation fees later in the year as well as incurs additional seasonal expenditures during summer months in Recreation. The Finance department 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 three quarters, in August 2020.

This revenue, expenditures, and budget analysis does not include the mid-year adjustments for supplemental appropriations presented at the City Council meeting on April 28<sup>th</sup>.

**Environmental Considerations:** None

**Policy Implications:** Consistent with City's Financial Policies

**FY 2019/20**  
**Quarterly Budget and Financial Status Report**  
**for the Period Ending**  
**March 31, 2020**

# General Fund Departmental Revenue and Expenditure Analysis

FY 2019-20 Amended Budget and Actuals as of March 31, 2020 (50% of the year elapsed)				Year to Date Comparison to Prior Year Actuals		
	Budget	YTD Actuals	Percent Received	Comparison of YTD		
				Actuals Received 03/31/2019	FY 2020 Actuals to YTD FY 2019 Actuals	\$ Increase/ (Decrease)
<b>REVENUES</b>						
<b>General Government</b> <i>(Includes City Council, City Clerk, City Attorney, Risk Mgmt, City Manager, Human Resources, Communications/Marketing)</i>	\$ 1,765	\$ 1,220	69.1%	\$ 5,513	-77.9%	\$ (4,293)
<b>Finance - Major Revenues</b>						
Property Tax	8,104,000	4,433,457	54.7%	4,484,769	-1.1%	(51,312)
Sales Tax (including Measure Q)	8,263,000	3,173,458	38.4%	3,260,917	-2.7%	(87,459)
Transient Occupancy Tax (projected actuals)	11,456,783	3,676,430	32.1%	3,857,453	-4.7%	(181,023)
Transient Occupancy Tax - Project Area (projected actuals)	6,743,000	2,639,212	39.1%	2,601,939	1.4%	37,273
<b>Finance - Other Revenues</b> (projected actuals) <i>(Includes \$2.2m Motor Vehicle License fee, \$1.4m Franchise fees; \$1.6m Business Licenses; Information Technology and other miscellaneous revenue)</i>	6,528,171	2,045,780	31.3%	2,152,925	-5.0%	(107,145)
<b>Miscellaneous General Fund</b> <i>(Includes non-departmental, Transfers, and other)</i>	262,216	261,461	99.7%	57,892	351.6%	203,569
<b>Police</b> <i>(Includes Emergency Communication System Access fees (911) \$600,000)</i>	1,448,552	533,404	36.8%	467,098	14.2%	66,306
<b>Fire</b>	763,494	55,030	7.2%	183,545	-70.0%	(128,515)
<b>Public Works</b>	577,200	331,917	57.5%	409,752	-19.0%	(77,835)
<b>Development Services</b> <i>(Includes Building permit fees \$900,000)</i>	1,431,765	1,098,868	76.7%	459,677	139.1%	639,191
<b>Recreation</b>	1,375,900	426,014	31.0%	363,737	17.1%	62,277
<b>Total General Fund Revenues</b>	<b>\$ 46,955,846</b>	<b>\$ 18,676,251</b>	<b>39.8%</b>	<b>\$ 18,305,217</b>	<b>2.0%</b>	<b>\$ 371,034</b>
<b>EXPENSES</b>						
	Budget	YTD Actuals	Percent Expended	Actuals Expended 03/31/2019	FY 2020 Actuals to YTD FY 2019 Actuals	\$ Increase/ (Decrease)
<b>General Government</b> <i>(Includes City Council, City Clerk, City Attorney, Risk Mgmt, City Mgr, Human Resources, Communications/Marketing)</i>	\$ 3,133,518	\$ 1,112,783	35.5%	\$ 956,484	16.3%	\$ 156,299
<b>Finance</b> <i>(Includes Accounting, Treasury, Revenue, Information Technology)</i>	2,729,533	1,274,632	46.7%	1,113,654	14.5%	160,978
<b>Miscellaneous General Fund</b> <i>(Includes non-departmental, Transfers, and other)</i>	14,253,114	2,203,485	15.5%	10,006,906	-78.0%	(7,803,421)
<b>Police</b>	11,319,333	4,767,900	42.1%	4,932,463	-3.3%	(164,563)
<b>Fire</b>	8,139,217	2,958,600	36.3%	3,295,415	-10.2%	(336,815)
<b>Public Works</b>	5,615,607	2,490,958	44.4%	2,256,090	10.4%	234,868
<b>Development Services</b>	2,020,956	953,241	47.2%	913,446	4.4%	39,795
<b>Recreation</b>	1,710,524	529,233	30.9%	572,646	-7.6%	(43,413)
<b>Total General Fund Expenses</b>	<b>\$ 48,921,802</b>	<b>\$ 16,290,832</b>	<b>33.3%</b>	<b>\$ 24,047,104</b>	<b>-32.3%</b>	<b>\$ (7,756,272)</b>
<b>Total Revenues</b>		\$ (18,676,251)				
<b>Total Expenses</b>		\$ 16,290,832				
<b>Net (revenues)/expenses</b>		\$ (2,385,419)				
<b>General Fund Revenues Performance</b>						
Total General Fund Revenues as of March 31, 2020 were \$18,676,251 which is 39.8% of the amended budget.						
<b>General Fund Expenses Performance</b>						
Total General Fund Expenses as of March 31, 2020 were \$16,290,832 which is 33.3% of the amended budget.						