



City of South Lake Tahoe

Report to City Council

Meeting Date: October 6, 2020

Title: Fiscal Year 2019/20 Monthly Financial Status Report - August 2020

Location: Citywide

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

Description/Analysis

Background:

Due to the need for more frequent evaluations of the City's fiscal health in the wake of the COVID-19 crisis, the Finance Department submits this monthly report to City Council that provides assurance of budget compliance and can be used for informational and comparative purposes.

Attachment 2, "*FY 2019/20 Monthly Budget and Financial Status Report August 2020*" is an unaudited snapshot of year-to-date actual revenues and expenditures for the General Fund for that period.

Issue and Discussion:

At the end of August 2020 with 91.7% of the year complete, actual General Fund revenues were at 88.0% of the amended budget, while expenditures were at 87.6% of appropriations. All departmental expenditures were below the 91.7% threshold allocated to the first eleven months of the fiscal year.

See Attachment 2 for further analysis.

Financial Implications:

The FY 2019/20 General Fund revenues and expenditures analysis in the attached report includes actuals through August 2020 and the final total budget for FY 2019/20 including major revisions approved by City Council in September 2020. As a result of these changes, the expected use of General Fund undesignated fund balance previously projected to complete FY 2019/20 operations due to COVID-19 economic downturn, was reduced to zero.

At August 31, 2020, or after the first eleven months of the fiscal year, actual General Fund expenditures exceeded revenues by \$0.4 million. This net expense is attributed to the

purchase of Police body worn cameras funded from undesignated excess reserves approved by City Council on July 28, 2020. Preliminary, as of August 31, the City's General Fund is projected to finish the fiscal year with positive, net revenue results.

Environmental Considerations: None

Policy Implications: Consistent with City's Financial Policies



CITY OF SOUTH LAKE TAHOE - FINANCIAL SUMMARY

Through August 2020

This report summarizes the City's financial position for the General Fund for 2019/20 fiscal year displaying expenditure at the department level and revenues by type. It compares actual revenues and expenditures received through August 2020 to the total budget including revisions approved in September 2020.

General Fund Financial Condition

Based on the budget revisions approved in September 2020, the use of General Fund undesignated fund balance proposed to complete operations for FY 2019/20 was reduced from \$2.2m to zero. The budget for the City's top three revenue sources was revised upward, however, the increase was partially offset with unanticipated new obligations that arose in the past few months. The remaining budgeted net expense reflects the usage of fund balance for the purchase of Police body worn cameras. After the completion of the fiscal year, any realized excess revenue will remain in fund balance and will be available for one-time appropriations in the upcoming fiscal year.

As of August 31st, with 91.7% of the year complete, General Fund revenues were at 88.0% of final projections and expenditures were at 87.6% of revised appropriations.

Revenues by Type	Total Budget as of Sept 30	Actuals through August 31	As % of Budget
Property Tax	\$ 8,632,708	\$ 8,632,709	100.0%
Transient Occupancy Tax	7,996,978	6,496,000	81.2%
Transient Occupancy Tax - Project Area	4,671,818	3,779,503	80.9%
Sales Tax	4,829,367	4,160,068	86.1%
Measure Q	2,562,578	2,191,541	85.5%
Motor Vehicle License Fees (MVLf)	2,266,000	2,284,264	100.8%
Franchise Taxes	1,400,000	1,312,756	93.8%
Business License Tax	1,531,600	1,572,174	102.6%
Finance - Other Revenues	1,028,056	1,252,407	121.8%
General Government	1,765	8,057	456.5%
Police	1,312,736	1,296,197	98.7%
Fire	844,246	80,812	9.6%
Public Works	577,200	536,151	92.9%
Development Services	1,825,765	1,938,588	106.2%
Recreation	893,770	339,853	38.0%
Transfers In	2,578,216	2,542,216	98.6%
Miscellaneous General Fund	1,095,119	350,856	32.0%
REVENUES TOTAL	\$ 44,047,922	\$ 38,774,153	88.0%

Expenditures by Department	Total Budget as of Sept 30	Actuals through August 31	As % of Budget
General Government	\$ 3,026,525	\$ 2,634,158	87.0%
Finance	2,539,703	2,224,645	87.6%
Miscellaneous General Fund	11,029,827	9,388,744	85.1%
Police	11,566,805	10,584,728	91.5%
Fire	7,845,540	7,150,913	91.1%
Public Works	5,162,175	4,534,339	87.8%
Development Services	1,991,712	1,713,365	86.0%
Recreation	1,524,912	913,075	59.9%
EXPENDITURES TOTAL	\$ 44,687,199	\$ 39,143,967	87.6%

Revenues. The top three revenues, Property Tax, City Transient Occupancy Tax (TOT), and Sales Tax generated approximately 55.4% of the total \$38.8 million General Fund revenues collected through August 31. These and most other revenues are on track to meet budget projections for this fiscal year. This includes budgeted revenue in Fire that reflects pending FEMA and overtime reimbursements.

Expenditures. Of the \$39.1 million in total actual expenditures through August 31st, approximately \$27.1 million or 69.3% of total expended is personnel expense representing 24 payroll periods, or 92.3% of periods for the year. Included in personnel expense is the CalPERS annual Unfunded Accrued Liability pre-payment of \$4.8 million (General Fund portion) that was paid in July 2020. Out of the remaining 30.7% or approximately \$12.0 million of actual expenditures, \$5.4 million is attributed to transfers-out, \$1.9 million to Professional, Technical and other contract services, \$2.1 million to miscellaneous general expense including taxes and fees, travel and training, communications etc., \$1.3 million to purchases of tools, parts, software, machinery and equipment, and

the remaining \$1.3 million - to utilities, general supplies and other miscellaneous expense. Overall, the General Fund expenditures are projected to end the year at or below budget.