



City of South Lake Tahoe

Report to City Council

Meeting Date: September 8, 2020

Title: Fiscal Year 2019/20 Monthly Financial Status Report - July 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 July 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 July 2020 with 83.3% of the year complete, actual General Fund revenues were at 85.1% of the amended budget, while expenditures were at 84.1% of appropriations. Most departmental expenditures were at or around the 83.3% threshold allocated to the first ten months of the fiscal year. Miscellaneous General Fund category includes transfers-out to other funds and the pre-payment of Unfunded Accrued Liability (UAL), both for the most part completed through the end of this fiscal year resulting in total expenditures being marginally higher than the allocated threshold as of July 2020.

See Attachment 2 for further analysis.

Financial Implications:

The FY 2019/20 General Fund revenues and expenditures analysis through July 2020 in the attached report includes major budget revisions approved by City Council in June 2020, adopted to evaluate and minimize COVID-19 impact on essential services and ensure continued City operations through September 2020. At July 31, 2020, or after the first ten months of the fiscal year, actual General Fund expenditures exceeded revenues by \$2.1

million. The preliminary August results show the revenue receipts in top three revenue categories are better than originally anticipated.

Environmental Considerations: None

Policy Implications: Consistent with City's Financial Policies



CITY OF SOUTH LAKE TAHOE - FINANCIAL SUMMARY

Through July 2020

This report summarizes the City's financial position for the General Fund for 2019/20 fiscal year through July 2020 displaying expenditure at the department level and revenues by type.

General Fund Financial Condition

Based on the budget revision approved in June 2020 due to COVID-19 closures and projected significant budget shortfall, the General Fund was expected to use approximately \$2.9 million in undesignated reserves through the end of the fiscal year. Based on higher than anticipated preliminary revenue results through the end of August, the use of undesignated reserves is projected to be less. The realized excess revenue will remain in fund balance at September 30 and will be available for one-time appropriations in the upcoming fiscal year.

As of July 31st, with 83.3% of the year complete, General Fund revenues were at 85.1% of June projections and

Revenues by Type	Total Budget	Actuals through July 31	As % of Budget
Property Tax	\$ 8,300,500	\$ 8,017,562	96.6%
Transient Occupancy Tax	6,381,997	5,057,705	79.2%
Transient Occupancy Tax - Project Area	3,721,301	3,118,780	83.8%
Sales Tax	4,100,975	3,371,196	82.2%
Measure Q	2,237,025	1,985,078	88.7%
Motor Vehicle License Fees (MVLf)	2,266,000	2,284,264	100.8%
Franchise Taxes	1,400,000	1,087,413	77.7%
Business License Tax	1,531,600	1,382,222	90.2%
Finance - Other Revenues	1,028,056	1,099,971	107.0%
General Government	1,765	6,556	371.4%
Police	1,304,461	1,177,488	90.3%
Fire	663,496	60,613	9.1%
Public Works	577,200	504,965	87.5%
Development Services	1,681,765	1,800,613	107.1%
Recreation	893,770	317,380	35.5%
Transfers In	3,174,716	2,542,216	80.1%
Miscellaneous General Fund	817,000	304,503	37.3%
REVENUES TOTAL	\$ 40,081,627	\$ 34,118,525	85.1%

expenditures were at 84.1% of revised appropriations.

Revenues. The top three revenues, Property Tax, City Transient Occupancy Tax (TOT), and Sales Tax generated approximately 54.0% of the total \$34.1 million General Fund revenues collected to date. The preliminary August results show that these revenues have already met the revised June projections. The budget for these top revenues will be revised upward in September, however, a portion of this increase will be offset with unanticipated new obligations that arose in the past few months.

A majority of other revenues are on track to meet budget projections for this fiscal year.

Expenditures by Department	Total Budget	Actuals through July 31	As % of Budget
General Government	\$ 2,898,525	\$ 2,446,980	84.4%
Finance	2,499,703	2,078,591	83.2%
Miscellaneous General Fund	9,783,675	9,144,924	93.5%
Police	11,516,954	9,406,625	81.7%
Fire	7,737,040	6,572,581	84.9%
Public Works	5,162,175	4,120,589	79.8%
Development Services	1,903,212	1,587,376	83.4%
Recreation	1,524,912	836,671	54.9%
EXPENDITURES TOTAL	\$ 43,026,196	\$ 36,194,337	84.1%

Expenditures. Of the \$36.2 million in total actual expenditures through July 31st, approximately \$25.2 million or 69.6% of total expended is personnel expense representing 22 payroll periods, or 84.6% 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 30.4% or approximately \$11.0 million of actual expenditures, \$5.4 million is attributed to

transfers-out, \$1.6 million to Professional, Technical and other contract services, \$1.9 million to miscellaneous general expense including taxes and fees, travel and training, communications etc., \$0.8 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.