



City of South Lake Tahoe

Report to City Council

Meeting Date: August 11, 2020

Title: Fiscal Year 2019/20 Monthly Financial Status Report - June 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 June 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 June 2020 with 75.0% of the year complete, actual General Fund revenues were at 77.6% of the amended budget, while expenditures were at 66.9% of appropriations. All departmental expenditures were below the 75.0% threshold allocated to the first nine months of the fiscal year with the exception of Finance and Development Services.

See Attachment 2 for further analysis.

Financial Implications:

FY 2019/20 General Fund budgeted revenues and expenditures through June 2020 in the attached report include major changes approved by City Council in June 2020, adopted to reduce COVID-19 impacts on essential services and ensure continued City operations through September 2020. At June 30, 2020, or after the first nine months of the fiscal year, actual General Fund revenues exceeded expenditures by \$2.6 million. The CalPERS annual Unfunded Accrued Liability payment of \$4.8 million will largely impact this positive gap between revenues and expenditures starting in July.

Environmental Considerations: None

Policy Implications: Consistent with City's Financial Policies



CITY OF SOUTH LAKE TAHOE - FINANCIAL SUMMARY

Through June 2020

This report summarizes the City's financial position for the General Fund for 2019/20 fiscal year through June 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 budget is expected to use approximately \$2.2 million in undesignated reserves through the end of the fiscal year. Revenues may be revised upwards based on June through September hotel activity and other fluctuations, which would require the use of less undesignated reserves.

As of June 30th, with 75% of the year complete, General Fund revenues were at 77.6% of revised projections and expenditures were at 66.9% of revised appropriations.

Revenues by Type	Total Budget	Actuals through June 30	As % of Budget
Property Tax	\$ 8,300,500	\$ 8,060,757	97.1%
Transient Occupancy Tax	6,381,997	4,410,829	69.1%
Transient Occupancy Tax - Project Area	3,721,301	2,916,517	78.4%
Sales Tax	4,100,975	2,773,826	67.6%
Measure Q	2,237,025	1,674,770	74.9%
Motor Vehicle License Fees (MVLFF)	2,266,000	2,284,264	100.8%
Franchise Taxes	1,400,000	1,087,413	77.7%
Business License Tax	1,531,600	692,262	45.2%
Finance - Other Revenues	1,028,056	872,873	84.9%
General Government	1,765	4,776	270.6%
Police	1,304,461	1,068,858	81.9%
Fire	663,494	59,828	9.0%
Public Works	577,200	475,274	82.3%
Development Services	1,681,765	1,596,916	95.0%
Recreation	893,770	328,313	36.7%
Transfers In	3,174,716	2,542,216	80.1%
Miscellaneous General Fund	817,000	254,821	31.2%
REVENUES TOTAL	\$ 40,081,625	\$ 31,104,513	77.6%

Revenues. The top three revenues, Property Tax, City Transient Occupancy Tax (TOT), and Sales Tax generated approximately 54.4% of the total \$31.1 million General Fund revenues collected to date. TOT for both the City and the Project Area, reflects May revenue received in June. Property Tax and Motor Vehicle License Fees (MVLFF) are received in installments, in the months of December and April. A small clean-up Property Tax payment of approximately \$360K is expected in August.

In order to balance the budget through the end of this fiscal year, June 2020 budget revisions included an increase to Miscellaneous General Fund revenue. This revenue will be reviewed and revised accordingly prior to the end of the year based on actual vs anticipated receipts during the summer months. Recreation revenues are impacted by reservation refunds and limited occupancy. Other revenues are on track to meet budget projections for this fiscal year.

Expenditures by Department	Total Budget	Actuals through June 30	As % of Budget
General Government	\$ 2,898,525	\$ 1,722,997	59.4%
Finance	2,499,703	1,932,988	77.3%
Miscellaneous General Fund	9,783,674	6,861,760	70.1%
Police	10,908,254	7,174,124	65.8%
Fire	7,672,040	4,803,974	62.6%
Public Works	5,300,875	3,751,131	70.8%
Development Services	1,903,212	1,451,565	76.3%
Recreation	1,589,912	759,488	47.8%
EXPENDITURES TOTAL	\$ 42,556,195	\$ 28,458,027	66.9%

Expenditures. Of the \$28.5 million in total actual expenditures through June 30th, approximately \$18.5 million or 64.9% of total expended is personnel expense representing 20 payroll periods, or 76.9% of periods for the year. Out of the remaining 35.1% or approximately \$10.0 million of actual

expenditures, \$5.4 million is attributed to transfers, \$1.5 million to Professional, Technical and other contract services, \$1.1 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 \$1.2 million - to utilities, general supplies and other miscellaneous expense. The CalPERS annual Unfunded Accrued Liability payment of \$4.8 million (General Fund portion) is scheduled for July 2020 and will largely impact the percentage of actual expenditures to total budget beginning with the July 2020 report. Overall, the General Fund expenditures are projected to end the year at or below budget.