



City of South Lake Tahoe

Report to City Council

Meeting Date: March 2, 2021

Title: Fiscal Year 2020/21 Quarter End Financial Status Report as of December 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 quarterly and monthly reports to City Council to provide assurance of budget compliance and for informational and comparative purposes throughout the year.

Attachment 2, "FY 2020/21 Quarterly Budget and Financial Status Report for Period Ending December 31, 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 December 2020 with 25.0% of the year complete, actual General Fund revenues were at 27.2% of the amended budget, while expenditures were at 22.4% of appropriations. The majority of departmental expenditures were below the 25.0% threshold allocated to the first quarter of the fiscal year.

See Attachment 2 for further analysis.

Financial Implications:

FY 2020/21 actual General Fund revenues exceeded expenditures by \$1.6 million through December 2020. This net revenue is primarily attributed to the first of two main Property tax installments received, accounting for 56% of the Property tax budget. Property tax is the largest General Fund revenue source in 2020/21 representing approximately 21 percent of the total budget.

This revenue, expenditure and budget analysis does not include the mid-year adjustments for supplemental appropriations that are scheduled to be presented at the City Council meeting on March 16, 2021. Additionally, FY 2019/20 year-end results are being finalized

pending audit completion. The results will be presented as part of the Comprehensive Annual Financial Report (CAFR) submission to City Council in April 2021.

Environmental Considerations: None

Policy Implications: Consistent with City's Financial Policies



CITY OF SOUTH LAKE TAHOE - FINANCIAL SUMMARY

QE December 2020

This report summarizes the City's financial position for the General Fund for Fiscal Year 2020/21 displaying expenditure at the department level and revenues by type. It compares actual revenues and expenditures received through December 2020 to the total budget.

General Fund Financial Condition

As of December 31st, with 25.0% of the year complete, General Fund revenues are at 27.2% of projections and expenditures are at 22.4% of appropriations.

Revenues by Type	Total Budget as of December 31	Actuals through December 31	As % of Budget
Property Tax	\$ 8,442,000	\$ 4,733,500	56.1%
Transient Occupancy Tax	7,741,916	1,402,707	18.1%
Transient Occupancy Tax - Project Area	4,733,008	714,093	15.1%
Sales Tax	5,232,000	1,133,374	21.7%
Measure Q	2,598,000	553,525	21.3%
Motor Vehicle License Fees (MVLFF)	2,280,000	1,196,311	52.5%
Franchise Taxes	1,400,000	-	0.0%
Business License Tax	1,406,600	98,112	7.0%
Finance - Other Revenues	1,074,585	159,404	14.8%
General Government	1,765	2,441	138.3%
Police	1,448,552	274,311	18.9%
Fire	798,794	(145,482)	-18.2%
Public Works	577,200	87,797	15.2%
Development Services	1,119,603	364,575	32.6%
Recreation	1,375,900	14,563	1.1%
Transfers In	373,243	373,243	100.0%
Miscellaneous General Fund	12,000	103,315	861.0%
REVENUES TOTAL	\$ 40,615,166	\$ 11,065,789	27.2%

Revenues. The top three revenues, Property Tax, City Transient Occupancy Tax (TOT), and Sales Tax generated approximately 70.7% of the total \$11.1 million General Fund revenues collected through December 31st. The first installment of Property Tax was 6.8% or \$300K higher than last year. Sales tax and Measure Q revenue was 18.4% or \$262K above previous year. TOT receipts, including TOT from the Project area but excluding TOT audits were 35% higher than last year. These positive results are much needed and will offset TOT revenue decline resulted from December and January lodging closures. A negative revenue amount in Fire is due to an accounting entry for Fire Strike Team overtime reimbursements attributed to the previous fiscal year. This revenue was received and recorded in January 2021 offsetting the negative entry.

Expenditures by Department	Total Budget as of December 31	Actuals through December 31	As % of Budget
General Government	\$ 3,162,691	\$ 628,599	19.9%
Finance	2,524,768	588,059	23.3%
Miscellaneous General Fund	9,657,896	1,969,084	20.4%
Police	10,572,213	2,452,901	23.2%
Fire	7,460,185	1,991,489	26.7%
Public Works	5,311,509	1,177,140	22.2%
Development Services	1,910,479	430,749	22.5%
Recreation	1,689,179	219,489	13.0%
EXPENDITURES TOTAL	\$ 42,288,920	\$ 9,457,510	22.4%

Expenditures. Of the \$9.5 million in total actual expenditures through December 31st, approximately \$6.6 million or 69.5% of total expended is personnel expense representing 7 payroll periods, or 26.9% of periods for the year. Out of the remaining 30.5% or approximately \$2.9 million of actual expenditures, \$1.4 million is attributed

to transfers-out, \$.4 million to Professional, Technical and other contract services, \$.5 million to miscellaneous general expense including taxes and fees, travel and training, communications etc., \$.2 million to purchases of tools, parts, software, machinery and equipment, and the remaining \$.4 million to utilities, general supplies and other miscellaneous expense. In order to balance the budget in the midst of the COVID pandemic, the full 12 months' worth of CalPERS Unfunded Accrued Liability (UAL) was not required to be included in the adopted budget. However, in order to make a prepayment again this year and save at least \$100K in interest to CalPERS, it will require \$4.3 million in additional funding. This additional funding will be requested with the mid-year budget adjustments.