



City of South Lake Tahoe

Report to City Council

Meeting Date: September 7, 2021

Title: Fiscal Year 2020/21 Quarter End Financial Status Report as of June 2021

Location: Citywide

Responsible Staff Member: Olga Tikhomirova, Director of Finance, (530) 542-7431;
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Background: The Finance Department submits quarterly 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 June 30, 2021” 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 2021 with 75% of the year complete, actual General Fund revenues were at 82.1% of the amended budget, while expenditures were at 65.3% of appropriations. All departmental expenditures were at or below the 75% threshold allocated to the first three quarters of the fiscal year.

See Attachment 2 for further analysis.

Financial Implications: At June 30, 2021, or after the first nine months of the fiscal year, actual General Fund revenues exceeded expenditures by \$1.4 million. This net revenue is largely attributed to strong performance in City’s main revenue categories such as Property tax, TOT and Sales Tax, including Measure Q. The CalPERS annual Unfunded Accrued Liability payment of \$5.4 million made in July 2021 will largely impact the net revenue amount and the percentage of actual expenditures to total budget in the last quarter of FY 2020-21.

Through June 30, the City received two payments for Measure S Sales Tax totaling \$359K, as reflected in the newly established Measure S Sales Tax general fund. The majority of revenue and expenditure activity in this fund will occur in the last fourth quarter of this fiscal year.

Environmental Considerations: None

Policy Implications: Consistent with City’s Financial Policies



CITY OF SOUTH LAKE TAHOE

2020-21 QUARTERLY FINANCIAL REPORT

3rd QUARTER ENDING JUNE 30, 2021

This report summarizes the City’s financial position for the General Fund for Fiscal Year 2020/21 displaying expenditures at the department level and revenues by type. It compares actual revenues and expenditures received through June 2021 to the total budget.

General Fund Financial Condition

As of June 30th, with 75% of the year complete, General Fund revenues are at 82.1% of projections and expenditures are at 65.3% of appropriations.

Revenues by Type	Total Budget as of June 30	Actuals through June 30	As % of Budget
Property Tax	\$ 8,877,425	\$ 8,709,140	98.1%
Transient Occupancy Tax	7,678,401	6,038,098	78.6%
Transient Occupancy Tax - Project Area	4,733,008	3,411,016	72.1%
Sales Tax	5,232,000	4,161,277	79.5%
Measure Q	2,598,000	2,135,779	82.2%
Motor Vehicle License Fees (MVLFF)	2,280,000	2,409,143	105.7%
Franchise Taxes	1,400,000	1,076,810	76.9%
Business License Tax	1,406,600	696,436	49.5%
Finance - Other Revenues	1,138,100	686,317	60.3%
General Government	1,765	8,869	502.5%
Police	1,504,552	909,289	60.4%
Fire	960,017	885,498	92.2%
Public Works	443,700	258,944	58.4%
Development Services	1,119,603	1,364,260	121.9%
Recreation	1,059,400	269,644	25.5%
Transfers In	373,243	373,242	100.0%
Miscellaneous General Fund	12,000	111,381	928.2%
REVENUES TOTAL	\$ 40,817,814	\$ 33,505,142	82.1%

Revenues. The top three revenues, Property Tax, City Transient Occupancy Tax (TOT), and Sales Tax generated approximately 63.3% of the total \$33.5 million General Fund revenues collected through June 30th.

Property Tax and Motor Vehicle License Fees (MVLFF) are received in installments, with the larger portions received in the months of December and May. A clean-up Property Tax payment of approximately \$450K is expected in August. These two revenues to date were higher by 8.0% and 5.6% respectively compared to the same period last year.

Sales tax and Measure Q revenue combined was 41.6% or \$1.8 million above previous year. This increase is for the most part attributed to growing tourist activity in town and increased online sales.

TOT receipts, including TOT from the Project area but excluding TOT audits, were \$2.2 million or 30.3% above last year resulting from the easing of state lodging mandates due to COVID-19. TOT receipts as of June 2021 were \$9.4 million, which is \$217K or 2.2% lower than pre-pandemic TOT revenue as of June 2019.

Overall revenues were \$2.4 million higher than last year due to increases in Property Tax (\$648K), Sales Tax and Measure Q (\$1.8M), and TOT including

Expenditures by Department	Total Budget as of June 30	Actuals through June 30	As % of Budget
General Government	\$ 3,227,911	\$ 1,791,256	55.5%
Finance	2,635,406	1,898,152	72.0%
Miscellaneous General Fund	13,473,123	9,965,349	74.0%
Police	12,059,410	7,234,559	60.0%
Fire	8,848,999	5,689,765	64.3%
Public Works	4,589,612	3,252,616	70.9%
Development Services	2,004,411	1,216,794	60.7%
Recreation	2,287,035	1,030,699	45.1%
EXPENDITURES TOTAL	\$ 49,125,907	\$ 32,079,190	65.3%

Project area (\$2.2M). These increases were offset by a decrease in Transfers-In of \$2.2 million compared to prior FY 2020, where transfers-in of reserve balances of other funds were used to mitigate the economic impact of COVID-19. Building and planning fees revenue has already exceeded the budget by 21.9% for Development Services. Recreation revenue is at 25.5% of total budget due to limited recreation programs and facilities offered this year and projected partial campground closure next year.

Expenditures. Of the \$32.1 million in total actual expenditures through June 30th, approximately \$19.2 million or 59.7% of total expended is personnel expense representing 20 payroll periods, or 76.9% of periods for the year. Out of the remaining 40.3% or approximately \$12.9 million of actual expenditures, \$8.5 million is attributed to transfers-out, \$1.5 million to professional, technical and other contract services, \$1.3 million to miscellaneous general expense including taxes and fees, travel and training, communications etc., \$0.5 million to purchases of tools, parts, software, machinery and equipment, and the remaining \$1.1 million to utilities, general supplies and other miscellaneous expense. The CalPERS annual Unfunded Accrued Liability payment of \$5.4 million (General Fund portion) was made in July 2021 and will largely impact the percentage of actual expenditures to total budget in the last quarter of FY 2020-21.

General Fund – Measure S Sales Tax

In November 2020 South Lake Tahoe voters passed Measure S, a 1% increase of the citywide sales and use tax rate. The tax went into effect on April 1, 2021 and is projected to generate between \$5.4 and \$6.4 million per year in revenue.

Measure S Sales Tax	Total Budget as of June 30	Actuals through June 30	As % of Budget
REVENUES			
Measure S Sales Tax	\$ 2,400,000	\$ 359,481	15.0%
REVENUES TOTAL	\$ 2,400,000	\$ 359,481	15.0%
EXPENDITURES and FINANCING USES			
Transfer out for:			
Equipment - Communications System	441,129	441,129	100.0%
Financing - Communications System	554,643	-	0.0%
Fire Station II Rehab/Staffing	75,000	-	0.0%
Road Reconstruction	\$ 750,000	\$ -	0.0%
EXPENDITURES TOTAL	\$ 1,820,772	\$ 441,129	24.2%

Revenues. The City received Measure S funds in May and June 2021 totaling \$359,481 for Fiscal Year 2020-21.

Expenditures. The top projects to be funded by Measure S revenue include the lease/purchase of a new emergency communications system for Fire, Police, and Public Works; Fire Station II staffing & rehabilitation; and annual road reconstruction. As of June 30th, \$0.4 million has been transferred for the purchase of emergency communications system equipment. The City makes budgeted

transfers to projects when revenue is received. Therefore, the majority of revenue and expenditure activity will occur in the last fourth quarter.