



# City of South Lake Tahoe

## Report to City Council

**Meeting Date: February 15, 2022**

**Title:** Fiscal Year 2021/22 Quarter End Financial Status Report as of December 2021

**Location:** Citywide

**Responsible Staff Member:** Olga Tikhomirova, Director of Finance, (530) 542-7431; Andrew Black, Financial Services Supervisor, (530) 542-6016

### 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 2021/22 Quarterly Budget and Financial Status Report for Period Ending December 31, 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 December 2021 with 25.0% of the year complete, actual General Fund revenues were at 21.5% of the amended budget, while expenditures were at 19.4% of appropriations. All 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 2021/22 actual General Fund revenues exceeded expenditures by \$.8 million through December 2021. 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 second largest General Fund revenue source in 2021/22 representing approximately 19 percent of the total budget. Overall revenues were approximately \$.7 million lower than the same period last year primarily due to decreases in TOT and Sales Tax revenue, including Measure Q, resulting from the Caldor Fire incident.

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 15, 2022. Additionally, FY 2020/21 year-end results are being finalized pending audit completion. The results will be presented as part of the Annual Comprehensive Financial Report (ACFR) submission to City Council in April 2022.

**Environmental Considerations:** None

**Policy Implications:** Consistent with City's Financial Policies



# CITY OF SOUTH LAKE TAHOE

## 2021-22 QUARTERLY FINANCIAL REPORT

### 1<sup>st</sup> QUARTER ENDING DECEMBER 31, 2021

This report summarizes the City’s financial position for the General Fund for Fiscal Year 2021-22 displaying expenditures at the department level and revenues by type. It compares actual revenues and expenditures received through December 2021 to the total budget.

#### General Fund Financial Condition

As of December 31<sup>st</sup>, with 25% of the year complete, General Fund revenues are at 21.5% of projections and expenditures are at 19.4% of appropriations.

Revenues by Type	Total Budget as of December 31	Actuals through December 31	As % of Budget
Property Tax	\$ 9,175,180	\$ 5,107,551	55.7%
Transient Occupancy Tax	10,227,113	794,717	7.8%
Transient Occupancy Tax - Project Area	6,742,177	634,578	9.4%
Sales Tax	6,300,650	743,835	11.8%
Measure Q	3,192,325	396,296	12.4%
Motor Vehicle License Fees (MVLFF)	2,285,000	1,253,973	54.9%
Franchise Taxes	1,500,000	-	0.0%
Business License Tax	1,647,000	132,557	8.0%
Finance - Other Revenues	1,072,050	96,884	9.0%
General Government	281,765	-	0.0%
Police	1,506,552	261,472	17.4%
Fire	1,322,244	168,263	12.7%
Public Works	463,300	151,575	32.7%
Development Services	1,498,003	517,625	34.6%
Recreation	1,079,400	47,464	4.4%
Transfers In	70,000	70,000	100.0%
Miscellaneous General Fund	12,000	3,654	30.5%
<b>REVENUES TOTAL</b>	<b>\$ 48,374,759</b>	<b>\$ 10,380,444</b>	<b>21.5%</b>

**Revenues.** The top three revenues, Property Tax, City Transient Occupancy Tax (TOT), and Sales Tax generated 67.8% of the total \$10.4 million General Fund revenues collected through December 31<sup>st</sup>. The first installment of Property Tax was 7.9%, or \$374K higher than last year due to rising property values in South Lake Tahoe. TOT receipts, including TOT from the Project area but excluding TOT audits, were \$.7 million or 49.0% lower than last year for the same time frame. Sales tax and Measure Q revenue combined was 48.2% or approximately \$.5 million below previous year. These decreases can be attributed to loss of revenue due to the Caldor Fire.

Overall revenues were \$.7 million lower than the same period last fiscal year.

Expenditures by Department	Total Budget as of December 31	Actuals through December 31	As % of Budget
General Government	\$ 4,233,809	\$ 638,832	15.1%
Finance	2,536,250	605,379	23.9%
Miscellaneous General Fund	11,051,245	1,850,289	16.7%
Police	12,802,828	2,667,827	20.8%
Fire	9,599,359	2,031,581	21.2%
Public Works	3,880,659	893,997	23.0%
Development Services	2,119,058	384,172	18.1%
Recreation	3,137,589	502,613	16.0%
<b>EXPENDITURES TOTAL</b>	<b>\$ 49,360,797</b>	<b>\$ 9,574,690</b>	<b>19.4%</b>

**Expenditures.** Of the \$9.6 million in total actual expenditures through December 31<sup>st</sup>, approximately \$6.8 million or 71.0% of total expended is personnel expense representing 7 payroll periods, or 26.9% of periods for the year. Out of the remaining 29.0% or approximately \$2.8 million of actual expenditures, \$1.6 million is attributed to transfers-out, \$.3 million to professional, technical and other contract services, \$.4 million to miscellaneous general expense including

taxes and fees, travel and training, communications etc., \$.3 million to purchases of tools, parts, software, machinery and equipment, and the remaining \$.2 million to utilities, general supplies and other miscellaneous expense.

**Measure S Sales Tax General Fund**

In November 2020 South Lake Tahoe voters passed Measure S, a 1% city-wide sales and use tax rate increase. 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 December 31	Actuals through December 31	As % of Budget
<b>REVENUES</b>			
Measure S Sales Tax	\$ 6,384,650	\$ 870,946	13.6%
<b>REVENUES TOTAL</b>	<b>\$ 6,384,650</b>	<b>\$ 870,946</b>	<b>13.6%</b>
<b>EXPENDITURES and FINANCING USES</b>			
Transfer out for:			
PAYGO - Communications System	1,712,000	-	0.0%
Financing - Communications System	554,643	-	0.0%
Fire Station II Rehabilitation	500,000	-	0.0%
Fire Station II Staffing	396,010	-	0.0%
Fire Marshall postion (50%) & vehicle	171,000	-	0.0%
Stromwater Management Program	50,000	50,000	100.0%
Road Reconstruction	2,500,000	-	0.0%
Vehicle and Equipment Replacement	500,000	-	0.0%
<b>EXPENDITURES TOTAL</b>	<b>\$ 6,383,653</b>	<b>\$ 50,000</b>	<b>0.8%</b>

**Revenues.** The City received Measure S Sales Tax totaling \$.9 million as of December 31<sup>st</sup>, 2021.

**Expenditures.** The City Council allocated a significant portion of the total projected annual revenue during the FY 21/22 budget adoption to several projects including the emergency communications system for Fire, Police, and Public Works partially financed by a lease/purchase agreement, Fire Station II staffing and rehabilitation, Stormwater management, annual road reconstruction, and vehicle/equipment replacement. As of December 31<sup>st</sup>, \$50K has been transferred out to these projects and programs.