



City of South Lake Tahoe

Report to City Council

Meeting Date: May 17, 2022

Title: Fiscal Year 2021/22 Quarter End Financial Status Report as of March 2022

Location: Citywide

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

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 March 31, 2022" 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 March 2022 with 50.0% of the year complete, actual General Fund revenues were at 42.5% of the amended budget, while expenditures were at 39.0% of appropriations. All departmental expenditures, with the exception of the Finance department, were at or below the 50.0% threshold allocated to the first two quarters of the fiscal year.

See Attachment 2 for further analysis.

Financial Implications: FY 2021/22 General Fund budgeted revenues and expenditures through March 2022 in the attached report include the mid-year budget adjustments for supplemental appropriations that were adopted by City Council on March 15, 2022. At March 31, 2022, or after the first six months of the fiscal year, actual General Fund expenditures exceeded revenues by \$0.7 million primarily due to the timing of completed transfers out to Capital Improvement Program (CIP) projects.

Overall revenues were approximately \$1.8 million higher than the same period last year due to strong performance in several revenue categories, including Property Tax, Transient Occupancy Tax, Parks and Recreation, and Building Fees revenue.

Environmental Considerations: This is not a "project" subject to review under the California Environmental Quality Act (CEQA) Guidelines section 15378(b)(2) (continuing administrative or maintenance activities, such as purchases for supplies)

Policy Implications: Consistent with City's Financial Policies



CITY OF SOUTH LAKE TAHOE

2021-22 QUARTERLY FINANCIAL REPORT

2nd QUARTER ENDING MARCH 31, 2022

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 March 2022 to the total budget. This revenue, expenditures, and budget analysis includes the mid-year adjustments for supplemental appropriations adopted by the City Council on March 15th.

General Fund Financial Condition

As of March 31st, with 50% of the year complete, General Fund revenues are at 42.5% of projections and expenditures are at 39.0% of appropriations.

Revenues. The top three revenues, Property Tax, City Transient Occupancy Tax (TOT), and Sales Tax generated 58.5% of the total \$20.9 million General Fund revenues collected through March 31st.

Revenues by Type	Total Budget as of March 31	Actuals through March 31	As % of Budget
Property Tax	\$ 9,175,180	\$ 5,107,552	55.7%
Transient Occupancy Tax	10,227,113	3,443,281	33.7%
Transient Occupancy Tax - Project Area	6,742,177	2,723,890	40.4%
Sales Tax	6,300,650	2,337,873	37.1%
Measure Q	3,192,325	1,318,406	41.3%
Motor Vehicle License Fees (MVLFF)	2,285,000	1,281,003	56.1%
Franchise Taxes	1,500,000	570,436	38.0%
Business License Tax	1,647,000	207,580	12.6%
Finance - Other Revenues	1,072,050	497,087	46.4%
General Government	281,765	7,215	2.6%
Police	1,514,552	639,953	42.3%
Fire	1,552,244	735,798	47.4%
Public Works	463,300	302,511	65.3%
Development Services	1,548,003	916,893	59.2%
Parks and Recreation	1,205,400	325,994	27.0%
Transfers In	70,000	70,000	100.0%
Miscellaneous General Fund	389,500	397,137	102.0%
REVENUES TOTAL	\$ 49,166,259	\$ 20,882,609	42.5%

Property Tax revenue remained unchanged from the previous quarter with 55.7% of total budget received year-to-date, which was 7.9% or \$374K higher than last year. The next semi-annual Property Tax payment is due in May and will be reflected on the next quarterly report.

TOT receipts, including TOT from the Project area but excluding TOT audits were \$396K or 6.9% above last year reflecting increased tourist activity in town.

Sales tax and Measure Q revenue was 6.2% or \$243K below previous year. The decline is attributed to a loss of sales tax revenue due to the Caldor Fire.

Overall revenues were \$1.8 million higher than last year. This positive result is due to increases in Property Tax and TOT, as well as in Parks and Recreation revenue, mostly in the Campground (\$285K), and Building and Planning Fees (\$289K). Additional revenue from the American Rescue Plan Act (ARPA) funding added to the General Fund through March 31st (\$427K) also attributed to the increase.

Expenditures by Department	Total Budget as of March 31	Actuals through March 31	As % of Budget
General Government	\$ 4,530,515	\$ 1,555,925	34.3%
Finance	2,535,290	1,343,243	53.0%
Miscellaneous General Fund	16,399,462	6,108,854	37.3%
Police	13,058,507	5,070,881	38.8%
Fire	9,659,528	3,863,064	40.0%
Public Works	3,960,353	1,905,596	48.1%
Development Services	2,176,898	797,130	36.6%
Parks and Recreation	3,402,639	1,113,100	32.7%
EXPENDITURES TOTAL	\$ 55,723,192	\$ 21,757,793	39.0%

Expenditures. Of the \$21.8 million in total actual expenditures through March 31st, approximately \$12.8 million or 58.8% of total expended is personnel expense representing 13 payroll periods, or 50.0% of periods for the year. Out of the remaining 41.2% or approximately \$9 million of actual expenditures, \$5.3 million is attributed to transfers-out, \$1.3 million to professional, technical and other contract services, \$.9 million to miscellaneous general expense including taxes and fees, travel and training, communications etc., \$.7 million to purchases of tools, parts, software, machinery and equipment, and the remaining \$.8 million to utilities, general supplies and other miscellaneous expense.

All departments expended less than 50% of the budget allocated to the first two quarters, with the exception of the Finance department where expenditures included annual software contract payments made earlier compared to the previous year.

The overall expenditures exceeded last year’s first two quarters actuals by 20.9% or approximately \$3.8 million. The biggest increase was in the Miscellaneous General Fund category (\$2.4 million) due to increases in transfers out, primarily to City CIP (an increase of \$1.5 million), Housing Fund (an increase of \$286K), VHR Program (an increase of \$375K), and other miscellaneous increases in transfers out, primarily those approved during mid-year.

Measure S Sales Tax General Fund

Measure S, a 1% city-wide sales and use tax, went into effect on April 1, 2021. In FY 2021/22 budget, this revenue is projected to generate approximately \$6.4 million.

Measure S Sales Tax	Total Budget as of March 31	Actuals through March 31	As % of Budget
REVENUES			
Measure S Sales Tax	\$ 6,440,000	\$ 2,688,035	41.7%
REVENUES TOTAL	\$ 6,440,000	\$ 2,688,035	41.7%
EXPENDITURES and FINANCING USES			
Transfer out for:			
PAYGO - Communications System	1,764,520	52,520	3.0%
Financing - Communications System	554,643	554,643	100.0%
Fire Station II Rehabilitation	500,000	-	0.0%
Fire Station II Staffing	396,010	-	0.0%
Fire Marshall position (50%) & vehicle	171,000	90,000	52.6%
Stromwater Management Program	50,000	50,000	100.0%
Road Reconstruction	2,500,000	2,500,000	100.0%
Vehicle and Equipment Replacement	500,000	500,000	100.0%
EXPENDITURES TOTAL	\$ 6,436,173	\$ 3,747,163	58.2%

Revenues. The City received Measure S Sales Tax totaling \$2.7 million as of March 31st, 2022.

Expenditures. During the FY 21/22 budget adoption, the City Council allocated the majority of the projected annual revenue 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 March 31st, \$3.7 million has been transferred out to these projects and

programs.