



## City of South Lake Tahoe

*"making a positive difference now"*

### STAFF REPORT CITY COUNCIL MEETING OF DECEMBER 13, 2016

TO: Nancy Kerry, City Manager

FROM: Debbie McIntyre, Deputy Director of Financial Services  
Olga Tikhomirova, Financial Services Supervisor

RE: Fiscal Year 2015/16 Quarter End Financial Status Report as of  
September 2016

#### **RECOMMENDATION:**

Receive Report

#### **BACKGROUND:**

The Financial Services Division submits reports to City Council on a quarterly basis to provide assurance of budget compliance and for informational and comparative purposes throughout the year. Attachment 1, "FY 2015/16 *Quarterly Budget and Financial Status Report for Period Ending September 30, 2016*" covers the entire 2015/16 fiscal year period ending September 30, 2016. In an effort to provide an opportunity to evaluate the City's fiscal health, the report provides comparative information to the prior fiscal year 2014/15. The following section summarizes General Fund operating revenues and operating expenditures (unaudited figures) and provides an analysis of any significant variances.

#### **ISSUE AND DISCUSSION:**

At the end of the fourth quarter with 100 percent of the year complete, General Fund revenues were at 112.3% of the amended budget, while expenditures were at 92.8% of appropriations. As described in more detail below, revenue performance in the three major categories (Property Tax, Sales Tax, and City TOT) was 15.3% better overall than collections during the same period last fiscal year. Other revenue collections varied. Development Services and Recreation revenues were lower compared to last fiscal year. Miscellaneous General Fund, Police, Fire, General Government, and Public Works revenues were, at various levels, higher than last fiscal year. On the expense side, all departments expended less than 100% of their total budget for the current fiscal year.

### FY 2015/16 General Fund Revenues

General Fund revenues totaled \$42.0 million for the fiscal year (unaudited), up 12.9% or about \$4.8 million compared to the prior fiscal year.

Property tax revenue received through September 30, 2016 increased from the previous fiscal year during the same time frame by 5.3% or about \$350K. Actual property tax receipts were on target, marginally exceeding budgeted amounts.

Sales tax revenue received through September 30, 2016 exceeded previous fiscal year collection by 13.7% or about \$940K. Total Sales tax revenue collection for fiscal year 2015/16 exceeded budget by 5.9%.

City TOT revenue was up 25.2% or approximately \$2.0 million compared to the prior fiscal year. City TOT revenue exceeded budgeted amounts by 19.0%. The TOT revenue from the Project Area was up 23.1% or \$1.1 million compared to last fiscal year.

#### *Other key variances:*

Miscellaneous General Fund revenues were \$640K higher than last fiscal year and resulted from the sale of land parcel as well as one-time reclassification of an asset account balance to the revenue account. Police Department revenue collection exceeded previous year's results by 11.1% or approximately \$136K primarily due to the revenue from the police code enforcement program accounted for in the General Fund starting this fiscal year. Fire Department revenues were 36.3% or \$48K higher than last year. This increase is due to transfers in from other funds (Fire EMS and Fire Safety Tax). Public Works Department revenue collection comprised 118.6% of the revenue budget for that department and was primarily due to an increase in Motor Pool service charges revenue.

The decrease of 14.4% or \$317K in Development Services revenue was primarily due to a decrease in transfer of land coverage revenue that was higher last year. Revenue from building fees also came in slightly lower this fiscal year. These decreases were offset by an increase in planning fees and MFD and SRO fees revenue. Total revenue collected by this department exceeded budget by 36.0% or \$499K.

Revenue in the Finance-Other category, while marginally lower compared to the revenue collected prior fiscal year, exceeded budget by \$525K. Primary contributors were revenues from Property Tax in lieu of MVLFF, Franchise Tax, and Business and Profession Tax categories.

Recreation revenue came in lower than budgeted and 4.0% or \$46K lower than last fiscal year.

Combined overall, the General Fund revenues were **positive** and **12.3% above** amended budget for the 2015/16 fiscal year.

### FY 2015/16 General Fund Expenditures

General Fund expenditures totaled \$39.1 million for the year (unaudited) or 92.8% of total amended budget. All departments expended less than total allocated budget.

These savings were due to personnel vacancies, reduction in transfers out, as well as reduction in other various expense categories. Approximately \$292K, or less than 1% of total FY 2015/16 budgeted expense, was re-appropriated into FY 2016/17.

In comparison to last year's actuals, expenses increased 20.6% or about \$6.7 million, primarily due to an increase in Miscellaneous General Fund category (\$4.4 million). The increase in that category was due to an increase in budgeted and completed transfers out to City CIP and TOT Trust fund totaling \$4.9 million, offset by a reduction in transfers out to various funds such as snow removal, debt service, and fire vehicle replacement.

Other major contributors for the increase in total expenditures compared to prior fiscal year were expenditures in Fire (\$732K), Police (\$542K), and Public Works (\$696K) departments. An increase in Public Works expenses resulted primarily from the city-wide maintenance reorganization. Police and Fire expenditures increased due to higher pension cost resulting from payments toward unfunded liabilities for safety groups. Expenditures in the Fire Department also increased due to one-time expenses for the purchase of LifePak (SCBA) equipment.

Overall the General Fund expenses were **positive** and 7.2% below the current year amended budget.

#### **FINANCIAL AND/OR POLICY IMPLICATIONS:**

This revenue, expenditures, and budget analysis includes adjustments for supplemental appropriations approved by the City Council during the year as well as mid-year adjustments.

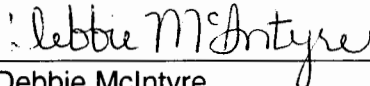
Fiscal year 2015/16 preliminary, unaudited results reflect net revenue of approximately \$2.9 million that is primarily attributed to an increase in the Transient Occupancy Tax, as well as expense savings in various areas and departments. It is recommended that these preliminary and unaudited results be adjusted downward by approximately \$292K that was re-appropriated into FY 2016/17.

(continued)

**CITY COUNCIL WORKPLAN:**

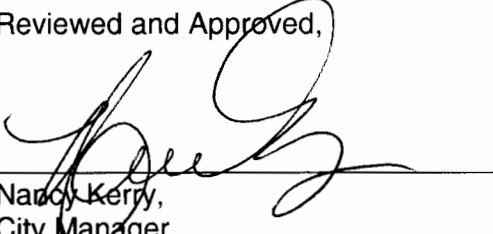
The quarterly budget and financial reporting supports the City Council goals as they relate to Fiscal Sustainability and Public Trust and Accountability.

By:

  
\_\_\_\_\_  
Debbie McIntyre,  
Deputy Director of Financial Services

  
\_\_\_\_\_  
Olga Tikhomirova,  
Financial Services Supervisor

Reviewed and Approved,

  
\_\_\_\_\_  
Nancy Kerry,  
City Manager

Attachments:

1. FY 2015/16 Quarterly Budget and Financial Status Report for the Period Ending September 30, 2016.

# **Attachment 1**

**FY 2015/16**

**Quarterly Budget and Financial Status Report**

**for the Period Ending**

**September 30, 2016**

## General Fund Departmental Revenue and Expenditure Analysis

REVENUES	Budget <sup>(1)</sup>	YTD Actuals	Percent Received	Actuals Received 09/30/2015	Comparison of YTD FY 2016 Actuals to YTD FY 2015 Actuals	\$ Increase/ (Decrease)
<b>General Government</b> <i>(Includes City Council, City Clerk, City Attorney, Risk Mgmt, City Manager, Human Resources, Communications/Marketing)</i>	\$ 16,300	\$ 46,484	285.2%	\$ 40,764	14.0%	\$ 5,720
<b>Finance - Major Revenues</b>						
Property Tax	6,817,093	6,913,751	101.4%	6,563,991	5.3%	349,761
Sales Tax (including Measure Q and Sales Tax Triple Flip)	7,363,823	7,795,924	105.9%	6,855,544	13.7%	940,380
Transient Occupancy Tax	8,170,699	9,722,247	119.0%	7,762,581	25.2%	1,959,665
Transient Occupancy Tax - Project Area	4,938,888	5,825,251	117.9%	4,730,958	23.1%	1,094,292
<b>Finance - Other Revenues</b> <i>(Includes \$1.71m Motor Vehicle License fee, \$1.31m Franchise fees; \$1.20m Business Licenses; Information Technolog and other miscellaneous revenue.)</i>	5,356,417	5,881,125	109.8%	5,885,977	-0.1%	(4,853)
<b>Miscellaneous General Fund</b> <i>(Includes non-departmental, Transfers, and other)</i>	225,698	771,482	341.8%	131,875	485.0%	639,607
<b>Police</b> <i>(Includes Emergency Communication System Access fees (911) \$638,000)</i>	1,330,544	1,363,026	102.4%	1,226,469	11.1%	136,557
<b>Fire</b>	151,622	181,510	119.7%	133,208	36.3%	48,302
<b>Public Works</b>	450,534	534,444	118.6%	531,939	0.5%	2,505
<b>Development Services</b> <i>(Includes Building permit fees \$800,000)</i>	1,387,051	1,886,234	136.0%	2,203,631	-14.4%	(317,397)
<b>Recreation</b>	1,194,955	1,084,289	90.7%	1,129,973	-4.0%	(45,684)
<b>Total General Fund Revenues</b>	<b>\$ 37,403,624</b>	<b>\$ 42,005,766</b>	<b>112.3%</b>	<b>\$ 37,196,910</b>	<b>12.9%</b>	<b>\$ 4,808,856</b>
EXPENSES	Budget <sup>(1)</sup>	YTD Actuals	Percent Expended	Actuals Received 09/30/2015	Comparison of YTD FY 2016 Actuals to YTD FY 2015 Actuals	\$ Increase/ (Decrease)
<b>General Government</b> <i>(Includes City Council, City Clerk, City Attorney, Risk Mgmt, City Mgr, Human Resources, Communications/Marketing)</i>	\$ 2,733,283	\$ 2,552,549	93.4%	\$ 2,427,888	5.1%	\$ 124,661
<b>Finance</b> <i>(Includes Accounting, Treasury, Revenue, Information Technology)</i>	2,516,415	2,185,280	86.8%	2,014,728	8.5%	170,552
<b>Miscellaneous General Fund</b> <i>(Includes non-departmental, Transfers, and other)</i>	14,984,298	13,920,351	92.9%	9,470,636	47.0%	4,449,715
<b>Police</b>	8,946,129	8,547,619	95.5%	8,005,768	6.8%	541,851
<b>Fire</b>	4,858,822	4,723,001	97.2%	3,990,397	18.4%	732,604
<b>Public Works</b>	4,744,301	4,375,436	92.2%	3,679,464	18.9%	695,972
<b>Development Services</b>	1,849,431	1,480,302	80.0%	1,488,346	-0.5%	(8,044)
<b>Recreation</b>	1,506,316	1,325,202	88.0%	1,354,920	-2.2%	(29,718)
<b>Total General Fund Expenses</b>	<b>\$ 42,138,995</b>	<b>\$ 39,109,740</b>	<b>92.8%</b>	<b>\$ 32,432,147</b>	<b>20.6%</b>	<b>\$ 6,677,593</b>
<b>Total Revenues</b>		<b>\$ (42,005,766)</b>				
<b>Total Expenses</b>		<b>\$ 39,109,740</b>				
<b>Net (revenues)/expenses</b>		<b>\$ (2,896,026)</b>				

**General Fund Revenues Performance: POSITIVE**

Total General Fund Revenues as of September 30, 2016 were \$42,005,766 which is 112.3% of the amended budget.

**General Fund Expenses Performance: POSITIVE**

Total General Fund Expenses as of September 30, 2016 were \$39,109,740 which is 92.8% of the amended budget.

<sup>(1)</sup> Includes mid-year adjustments.