



# MAYOR & COUNCIL COMMUNICATION

**DATE:** September 16, 2014

**CONSENT**

**ITEM#** 5

**AGENDA ITEM:** August 2014 Financial Reporting

**SUBMITTED BY:** Cathy Bendel, Finance Director

**THROUGH:** Cathy Bendel, Finance Director

**REVIEWED BY:** Finance Committee

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**SUGGESTED ORDER OF BUSINESS:**

- Introduction of Item ..... City Administrator
- Report/Presentation.....City Administrator
- Questions from Council to Staff..... Mayor Facilitates
- Call for Motion ..... Mayor & City Council
- Discussion..... Mayor & City Council
- Action on Motion..... Mayor Facilitates

**POLICY RECOMMENDER:** Finance

**FISCAL IMPACT:** NA

**SUMMARY AND ACTION REQUESTED:** As part of its Consent Agenda, the City Council is asked to accept the August 2014 Financial Reporting Packet. No specific motion is needed as this is recommended to be part of the overall approval of the *Consent Agenda*.

**BACKGROUND INFORMATION:** The City of Lake Elmo has fiduciary authority and responsibility to conduct normal business operations and report the financial (unaudited) statement to the City Council. City guidelines suggest the Council be updated on a regular basis.

**STAFF REPORT:** Attached please find the comparative financial statements for the month of August 2014 reflecting the monthly and year to date detail, comparing the actual results to the 2014 Budget.

The most significant budget to actual variances are highlighted below:

Revenues:

- Building Permit revenue for the month was 3% below budget and the year to date results are 9% better than budget. There was one new home started in August bringing the year to date new home starts to 17 compared to 23 in 2013 and 20 in 2012. Although fewer homes, the valuation amount to date is very close to 2013 due to the average home values being greater than the values used to estimate revenues in the 2014 budget. In addition, a new commercial building permit was issued in August which was valued at \$1.4M.
- Zoning and subdivision fees are well above budget for the month due to the budget assuming there would be very few zoning exceptions requested. This has not been the case, resulting in \$6.7k in revenue for the month and \$14.4k on a year to date basis.
- Plan check fees for the month are 24% better than budget and the year to date results are 30% better than budget. As mentioned previously, the valuations are higher than projected resulting in the revenue also being higher than budgeted.
- Miscellaneous permits for August includes a special fuel tank permit for \$7.5k. Due to the unusual nature of this permit, it has been broken out.

Expenses:

Most departments were at or below budget for the month due to diligently managing expenditures to the bottom line. A few items to note:

- Administration – In August a temporary employee was utilized to cover the front desk in the absence of the full-time employee. This expense shows up in contract services expense.
- Elections – In August the election judge expenses were paid out and are reflected under part-time salaries. The expense was split between August and September in the budget resulting in the variance being a timing issue. It is anticipated that the full year expense will come in below budget.
- Police – As mentioned in July, the cost for policing services is billed each year in two installments. The amounts were budgeted in June and December. The bill for the first half of the year was billed and paid 8/19/14 resulting in the timing related variance.
- Public Works – The part time salaries are \$3k higher than budget for the month due to all salaries being budgeted in the full time salary line item. On a year to date basis, the sum of the two salary expense lines are above budget due to the extra costs for snow removal as well as the summer focus on street repairs.
- Streets – Due to the summer focus on street repairs, the street maintenance expenses are higher than budgeted for the month but within the full year budgeted amount. New signs were purchased and installed throughout the City resulting in the majority of the expense. Contract services for August included the cost of \$4.5k to rent the spray-patcher for street repairs for a second month due to the good results in July.

- Tree Program – In August the City Right of Way's were trimmed. This was budgeted to be done earlier in the summer. On a year to date basis the expense is 7% more than budgeted.
- Parks & Recreation – As mentioned with Public Works, all salary costs were budgeted under full-time salaries. In total, the salaries are \$1.8k more than budget for the month and \$4k below budget on a year to date basis. Landscaping materials for the month were \$1.4k higher than budget due to having the resources available to focus on the parks initiative.

**RECOMMENDATION:** Based on the aforementioned, the staff recommends the City Council accept the attached August Financial Report.

**ATTACHMENT:**

1. August Financial Reports