



MAYOR & COUNCIL COMMUNICATION

DATE: March 17, 2015

CONSENT

ITEM #3

MOTION

AGENDA ITEM: February 2015 Financial Reporting

SUBMITTED BY: Cathy Bendel, Finance Director

THROUGH: Cathy Bendel, Finance Director

REVIEWED BY: Finance Committee

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 February 2015 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 February 2015 reflecting the monthly and year to date detail, comparing the actual results to the 2015 Budget.

GENERAL FUND:

Revenues:

Total revenue for the month was 17.8% below the budget for the month bringing the year to date total revenue to 23% below budget. The most significant budget to actual revenue variances are as follows:

- Building Permit revenue was 74% below budget for the month and 57% below budget on a year to date basis. The budget was compiled for the full year only and the amount shown for the month of February is 1/12th of the total budgeted for the year. This represents 3 new home starts compared to the budgeted 11 new home starts per month.
- Sewer Permit revenue for the month was 100% below budget due to there being no new sewer permits in the month of February.
- Zoning and permit revenue was 100% above budget due to the budget for February being zero.
- Fine revenue for the month was 40% below budget. This is primarily a timing issue as there is very little court activity in February and the budget amount represents 1/12th of the annual budgeted amount. Fine revenue typically increases in the spring and summer.

Expenses:

Total expenses for the month were 12.4% less than budgeted bringing the year to date expenses to 14.8% less than budget. All departments are managing to the bottom line.

The following summarizes variances of note:

General:

1. The Workers Compensation insurance premium was paid in February for 2015. There was an 18% rate increase for 2015 which was not known at the time of the preparation of the 2015 budget. This had the greatest impact to the Fire and Public works departments due to their rates.
 2. The Liability and Auto insurance was budgeted in February but has not yet been billed to the City for 2015.
- Mayor and Council – As mentioned last month, the year to date amount represents the 2015 portion of the League of MN Cities annual dues as well as the annual contribution of \$5,000 made to the Youth Services Bureau in January for 2015. These amounts were spread out in the budget so the expense will catch up later in the year.

- Building Inspection – The building inspection expenses are 21% below budget due to their utilization of a contracted inspector until the permit volume ramps up to a level justifying a staff addition.
- Sand & Salt – Salt expense for the month were \$7.2k below budget but a purchase of snow blades was necessary for approximately the same amount resulting in ice and snow expenses being 1.5% below budget for February.

In summary, as discussed during the 2015 budget process, expenses are being closely monitored until the development ramps up to cover growth driven expenses. As a result, the net income for the month was 7% better than budgeted and on a year to date basis was 8.5% better than budgeted.

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

ATTACHMENT:

1. February Financial Reports