



## MAYOR & COUNCIL COMMUNICATION

**DATE:** April 21, 2015  
**CONSENT  
ITEM  
MOTION** #3

**AGENDA ITEM:** March 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 March 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 March 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 23.1% 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 49% below budget for the month and 55% 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 March is 1/12<sup>th</sup> of the total budgeted for the year. This represents 4 new home starts compared to the budgeted 11 new home starts per month. The year to date new home starts is at 12 of which 2 were open space new homes rather than the new developer activity.
- Sewer Permit revenue for the month was 100% below budget due to there being no new sewer permits in the month of March.
- Zoning and permit revenue was 100% above budget due to the budget for March being zero.
- Fine revenue for the month was 8% better than budget. This is primarily due to the fine activity ramping up in the spring as mentioned last month.

### Expenses:

Total expenses for the month were 2.1% less than budgeted bringing the year to date expenses to 11.6% less than budget. All departments are managing to the bottom line.

The following summarizes variances of note:

#### General:

1. YTD - 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. YTD - The Liability and Auto insurance was budgeted in February and the invoice has now been received and will be paid in April.
- Mayor and Council – As mentioned previously, the year to date amount in Dues and Subscriptions 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 during the year.

- Finance – Audit Services – The audit service fees were budgeted later in the year consistent with the billing for the last two audits. However, the audit fieldwork was scheduled earlier this year resulting in the expense showing up earlier. The audit expenses are right at budget and this variance is merely a timing issue.
- Planning and Zoning – Total expenses for the planning department for the month are 21% higher than budgeted bringing the year to date to 7% higher than budgeted. This is primarily due to retaining the intern longer than anticipated in the budget as well as incurring more engineering expenses that were not recoverable through the developer escrows.
- Prosecution legal expenses are 12% higher than budget for the month and the majority of the cost increase is covered by the increase in fine revenue mentioned earlier.
- Building Inspection – The building inspection expenses are 40.7% below budget for the month due to the building permit volume being far below the level anticipated in the plan. As a result, the contracted inspector continues to be utilized until the permit volume ramp up to a level justifying a staff addition.
- Sand & Salt – Due to better weather in March, there was no salt expense for the month of March. It appears the harsh weather is over and it appears the remaining budgeted amounts will suffice for the fall demands.

In summary, as discussed during the 2015 budget process, expenses are being closely monitored until the development ramps up to cover growth driven expenses. Although the net income for the month was 8.8% below budget, this is a result of timing issues. Even with this, year to date actuals are at 4% better than budget due to everyone managing to the bottom line.

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

**ATTACHMENT:**

1. March Financial Reports