



MAYOR & COUNCIL COMMUNICATION

DATE: September 1, 2015
CONSENT
ITEM #3
MOTION

AGENDA ITEM: July 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 July 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 July 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 0.9% above budget for the month bringing the year to date total revenue to 0.8% below budget. The most significant budget to actual revenue variances are as follows:

- The first installment of property tax proceeds were received on 7/2/15 for \$1,302,869 which was 4% lower than budgeted. It is anticipated that the second installment will be slightly above this amount and that the year will come in very close to the budgeted amount.
- Building Permit revenue was 9.9% below budget for the month bringing the year to date to 32.9% below budget. In July there were 13 new home starts to the budgeted 11 new home starts per month. Although more homes than budgeted for the month, the fee revenue is slightly lower due to there being a six-plex and a tri-plex included in July which have a lower home valuation which results in lower fees. The year to date new home starts is at 58, of which 8 were open space new homes. The 2015 budget did not include any open space new homes.
- The second installment for MSA maintenance was received in July. This installment was budgeted in August based on when received in prior years. The variance is a timing issue.

Expenses:

Total expenses for the month were 109% above budget bringing the year to date expenses to 6.8% less than budget. The variance for the month is primarily due to the payment related to the annual seal coating project being paid in July which was budgeted in June. All departments continue to manage to the bottom line.

The following summarizes variances of note:

General:

- Administration salary expense was higher than budgeted for the month and year to date due to the payout of PTO balances to prior employee's.
- Building Inspection – The building inspection expenses are 72.7% below budget for the month and 47.9% below budget year to date primarily due to the building permit volume being 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 as well as the purchase of the truck budgeted in July for \$23k is on hold as well.

- Streets – As mentioned in June, the 2015 budget anticipated that the 2015 seal coating and crack filling projects would be completed in June. \$140.8k was paid in July and the variance is a timing issue as mentioned previously.

In summary, as discussed during the 2015 budget process, expenses are being closely monitored until the development ramps up to cover growth driven expenses. Year to date actual expenses continue to be less than budgeted and the net income through July is better than budget due to everyone managing to the bottom line.

LIBRARY FUND:

Revenues: Revenues on a year to date basis far exceeded budget as a result of recovering the delinquent rent from a prior tenant of \$15k.

Expenses: Expenses for the month of July slightly above budget for the month. This was due to the catch up billing for the library card reimbursements. On a year to date basis the actual expenses are 9.4% below budget.

On a net income basis, the July results are 3.4% above budget. The year to date results far exceed budget due to the collection of the delinquent rent mentioned earlier.

The ending July cash balance in the library fund is \$235.4k (large increase due to receipt of levy proceeds of \$115.6k).

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

ATTACHMENT:

1. July Financial Reports