



MAYOR & COUNCIL COMMUNICATION

DATE: January 21, 2014
CONSENT
ITEM #4
MOTION

AGENDA ITEM: December 2013 Financial Reporting

SUBMITTED BY: Cathy Bendel, Finance Director

THROUGH: Cathy Bendel, Finance Director

REVIEWED BY: Dean Zuleger, City Administrator

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 December 2013 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 a summary of what is currently projected to be the 2013 year end surplus. In addition is the comparative report for December reflecting the monthly and year to date detail, comparing the actual results to the 2013 Budget. Please note that some minor adjustments will be necessary as part of the normal year end close process but the numbers should be substantially complete.

The most significant variances are highlighted below:

Revenues:

- Building Permit revenue for the month was 4% above budget. On a year to date basis actual activity continues to be above plan by 12%.
- Utility Permit revenue for the month and year to date continues to be well above budget due to the extensive development work along Hudson Boulevard and the need to relocate numerous utilities. These amounts represent the ROW permit fees.
- As a reminder, although the state fire aid revenue is above budget, the net impact to the General Fund is zero due 100% of those funds being forwarded on to the Fire Relief Fund.
- Plan review fees for the month were 50% above budget bringing the year to date revenue to 40% above budget.
- Fines for the month were 46% above budget due to accruing the January funds received for December fines into the year-end number. On a year to date basis the fine revenue was under budget due to the decrease in number of fines issued which is a good trend.
- Interest earnings have not been calculated as all of the year end investment statements have yet to be received.

Expenses:

Most departments continue to be below budget for the month and on a year to date basis as all Departments continue to be very cost conscious. A few key items to note:

- The membership with the Greater MSP was recently renewed for 2013 and is included in the Mayor and Council department expenses. This expense was not included in the 2013 budget.
- Assessor costs under the Administration department for the month were above plan as the budget did not include the final true up for the year in it projections. Currently the assessor is paid a flat \$2k per month with the balance due in December based on the parcels in the City.
- Legal Publishing costs for the Administration department are higher than budget for the month and on a year to date basis due to the increased codification activity related to the initiative to update the City Code.
- On a year to date basis the elections expenses are below plan due to the decision to not add the new precincts which were budgeted for. It is anticipated that these precincts will be added in the 2015-2016 election season.

- On a year to date basis, the newsletter expenses in the Communication department are \$7.5k below plan due to strategic issuance of the newsletter and some significant cost savings with the vendor.
- The Planning Department has incurred expenses above the amounts budgeted for many expense items due to the City expansion initiative. The majority of the expenses were related to additional staffing needs, external Engineering support and Contractor expenses.
- For the 2013 budget all of the telephone expense was budgeted under the City Hall department. In 2013 it was decided to track actual expenses within each department. As a result, the telephone expenses reported under City Hall look under budget while the other departments look over budget. Overall, the total expense was very close to budget.
- The law enforcement contracted costs were budget at \$560k for the year for support from Washington County. The actual costs incurred were \$497k resulting in a savings of \$63k.
- Conferences and training for the Fire Department for the year appear to be under budget by \$9.1k but this is a result of booking the receipt of county reimbursements back to the departmental expense rather than reporting it as income.
- Engineering costs are above budget in the Building Inspection department on a year to date basis by \$8.1k due to all the additional work necessary due to the growth initiative.
- Inspector contract services were not budgeted in 2013 resulting in a variance to budget of \$7.1k. These costs are to ensure there is no interruption of service when the City Inspector is out of the office as well as to assist when volumes necessitate more help.
- The Cost for the Permit Works software and licenses of \$16.3k is reflected in the year to date Info technology costs for the Building Inspection department. This expense was not budgeted.
- Personnel costs in the Public Works department were above budget for the year due to a large number of unforeseen weather events.
- On a year to date basis the street maintenance material costs were \$11.8k above budget due to the street repair initiative in 2013.
- Sand and salt for the month came in over budget by \$34.4k due to the constant snow and ice in December. Also impacted were the fuel costs and the repairs and maintenance on the equipment.

- Under repairs and maintenance under the Parks and Recreation department there is a \$1k credit for the insurance funds received toward the repairs made related to the storm damage last summer.
- The \$200k loan repayment is reflected under other financing for the month of December. This represents the second of three installments toward paying back the internal loan.
- Please note that the salary and benefit expenses are based on more accurate departmental allocations than we had in August 2012 when the 2013 budget was initially compiled. As a result, some departments are above budget, while others are under but overall, personnel expenses are below budget.

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

ATTACHMENT:

1. December Financial Reports