



MAYOR & COUNCIL COMMUNICATION

DATE: August 19, 2014
CONSENT
ITEM #3
MOTION

AGENDA ITEM: July 2014 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 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 July 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:

- The Ad Valorem Tax revenue for the month/year to date (first of two installments) was 9% lower than budget. This is primarily due to property tax payments/collections being lower than projected. It is anticipated that the majority of those payments/collections will be received by Washington County by the end of the year.
- The Fiscal Disparity revenue for the month/year to date (also first of two installments) was 51% higher than budgeted. This is primarily due to the budget being a conservative estimate due to the nature of the program.
- Building Permit revenue for the month was 4% below budget and the year to date results are at 12% better than budget. There were four new homes started in July bringing the year to date new home starts to 16 compared to 21 in 2013. Although fewer homes, the actual valuations are above the estimates used in the budget resulting in the actual permit fee revenue being better than budgeted.
- The year to date recycling grant revenue was budgeted to be received in June and was actually received 8/15/14. This year to date variance is just a timing issue.
- Plan check fees are 83% better than budget for the month and the year to date results are 31% better than budget. As mentioned previously, the valuations are higher than projected resulting in the revenue also being higher than budgeted.

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:

- Communications – In July there were \$1.2k in newsletter expenses not budgeted for July. This is a timing issue.
- Finance – Audit services expense is higher than budget by \$4.9k for the month and this is also a timing issue. The total expense for the year represents all costs for the audit and is right at the budgeted amount.
- Planning – Salaries are less than budgeted due to the recovery of personnel time spent on developer work. This expense recovery was not included in the 2014 budget. Planning related engineering support costs for July are \$1.5k below budget and on a year to date basis by \$7.4k due to the majority of the workload being new development related and as such is recoverable through the developer escrow funds.
- Engineering – Similarly, the general engineering support is also at 30% below budget for the month and 18% year to date due to the majority of the current work being performed is developer related and recoverable through escrow funds.
- Police – 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 will be paid 8/19/14 so this variance is a timing issue.
- Fire – Repairs and Maintenance for the month were \$12.8k above budget for the month which brings the year to date expense to \$18.4k above budget for the year. As

mentioned last month, the majority of the expenses relate to unforeseen repairs which were needed to the fire equipment fleet and not budgeted for.

- Public Works – The part time salaries are \$2.8k 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 some 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. Contract services included cost of \$4.5k to rent the spray-patcher for street repairs.
- Parks & Recreation – As mentioned with Public Works, all salary costs were budgeted under full-time salaries. In total, the salaries are \$5.8k below budget on a year to date basis. Landscaping materials for the month were \$2.2k 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 July Financial Report.

ATTACHMENT:

1. July Financial Reports