



MAYOR & COUNCIL COMMUNICATION

DATE: November 18, 2014
CONSENT
ITEM #3
MOTION

AGENDA ITEM: October 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 October 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 October 2014 reflecting the monthly and year to date detail, comparing the actual results to the 2014 Budget.

GENERAL FUND:

The most significant budget to actual variances are highlighted below:

Revenues:

- Building Permit revenue for the month was 37% below budget bringing the year to date results to 19% better than budget. This was primarily due to two large commercial projects which were permitted in September and not included in the 2014 budget. There was one new home start in October bringing the year to date new home starts to 21 compared to 31 in 2013 and 28 in 2012. Although fewer homes, the valuation amount to date is very close to 2013 since the average home values of those being built are far greater than the values used to estimate revenues in the 2014 budget. In addition, two new commercial building permits were issued in September at a combined value of \$4.2M.
- The State fire aid monies budgeted to be received in September as in prior years were received in early October resulting in the budget variance for the month. Supplemental aid was received in the amount of \$12k. Due to the uncertainty surrounding whether supplemental funds being available, the annual budget assumes there are none received.
- Zoning and subdivision fees are above budget for the month due to the budget assuming there would be no zoning exceptions requested in the month of October. In October there was a developer exception requested resulting in revenue for the month being slightly above budget and being \$18.2k ahead of budget on a year to date basis.
- Plan check fees for the month are 23% less than budget and the year to date results are 44% better than budget. As mentioned under building permits, this is all a result of the higher than budgeted average home valuations in 2014.

Expenses:

Most departments were at or below budget for the month due to the on-going diligent management of expenditures to the bottom line. A few items to note:

- Administration – General administration legal expenses continue to be under budget for the month by \$2.1k resulting at year to date expenses being \$18.6k below budget. This is a result of minimal litigation activity, the majority of the legal expenses being recoverable through developer offset of escrows, as well as utilization of our City Clerk where possible to assist to save costs.
- Fire – Radio expense for the month was zero compared to a budgeted amount of \$3.8k due to paying for the quarterly amounts before the quarter starts rather than in the first month of a quarter. This is just a timing issue.
- Fire Relief – The fire aid amount distributed to the fire relief was greater than budget due to receiving supplemental state aid as mentioned previously.

- Building Inspection – Inspector contract services are slightly above budget for the month due to support being needed due to the two large commercial projects which began in September.
- Public Works – The part time salaries are \$1.1k 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 sum 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.
- Public Works – Engineering support services for the month were higher than budgeted due to right of way work being needed primarily due to development and project related activity. These costs are recovered through the fees charged to the vendors.
- Public Works – Repairs and maintenance for the month were \$2k above budget due to repairs needed to the fleet in preparation of the winter season.

LIBRARY FUND:

Revenues:

- Rental income is slightly above budget for the month due to one of the renters paying the receipt of the September received in October by one renter. On a year to date basis, the rental income is slightly below budget due to the library deciding to no longer rent out one of the previous rental offices due to needing the space.

Expenses:

- Library Collection Maintenance (books, dvd's and other library service items) is below budget for the month and slightly above budget on a year to date basis due to an active push to expand resource materials at the library for patron use.
- Building – property tax was not budgeted for 2014. The amount paid represents the assessed property taxes based on the rental square footage.

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

ATTACHMENT:

1. October Financial Reports