

CITY COUNCIL AGENDA ITEM COVER SHEET

Meeting Date: September 14, 2020

To: Honorable Mayor and Members of the City Council

From: Will Norris, Finance Dir. / Asst. City Manager

Subject: Fourth Quarter Financial Performance Report

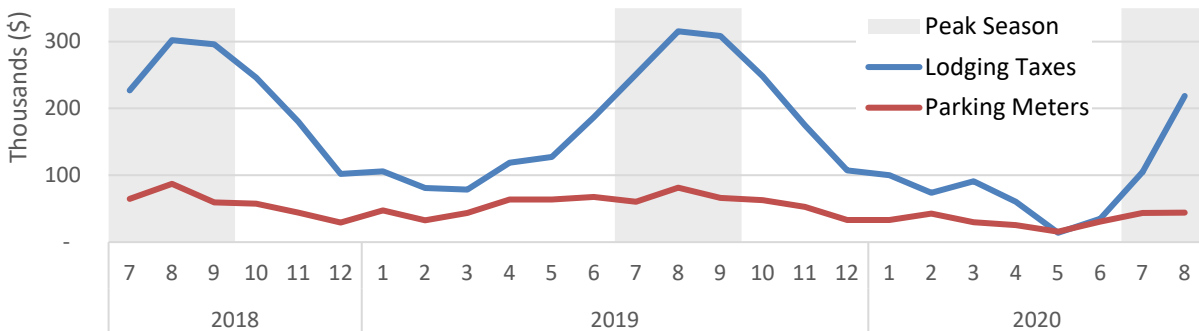
Background:

The Fourth Quarter (Q4) Financial Report includes a full year of unaudited financial data for Fiscal Year (FY) 2019-20. Final yearend numbers are typically reported in the Q1 Financial report to City Council in late October. The unusual financial conditions caused by COVID-19 pandemic necessitates the need for more frequent financial reporting. These numbers should be regarded as a first draft of FY2019-20 results. Changes to FY2019-20 financial statements are expected as part of the normal annual financial audit process.

Discussion:

General Fund

Bottomline revenue trends closely followed assumptions of the FY2019-20 Q3 Financial Report provided to City Council on May 11th and built into the FY2020-21 Adopted Budget. The Q3 Financial Report expected general revenues at \$8,116,323. The unaudited actual amount is \$8,104,472. Pre-COVID revenue expectations for FY2019-20 were \$8,790,978 or \$686,506 higher. The graph below shows a timeseries of the two most COVID19 impacted City revenues, parking meter receipts and lodging taxes. After steep declines early in the pandemic, both revenue sources started to recover in June but are still far below typical. July lodging receipts collected in August were down 40% as compared to the same month the prior year. Parking meter receipts in July were down 28% from the same month the prior year.

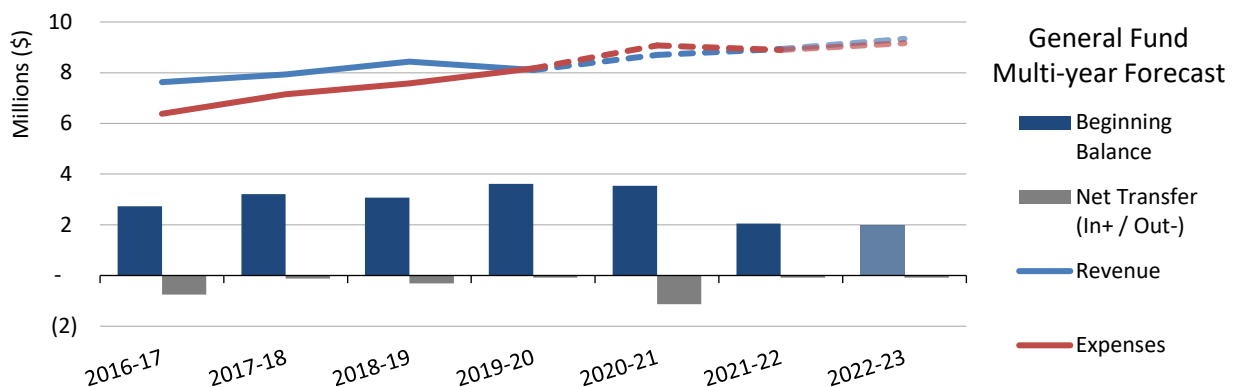


Franchise fees and gas taxes saw a similar but less dramatic declines. Despite anecdotal reports of increased liquor and marijuana sales, those two revenues sources were mostly unchanged from pre-COVID19 expectations.

General Fund expenditures also trended below budget and helped offset soft revenues. Expenses ended the year at \$8,168,689 or \$519,630 below the FY2019-20 Budget. The net result was a \$64,217 decrease in General Fund balance over FY2019-20. This modest Fund Balance decline is relatively positive news in the context of a global pandemic and the City's heavy dependence on tourism related revenues.

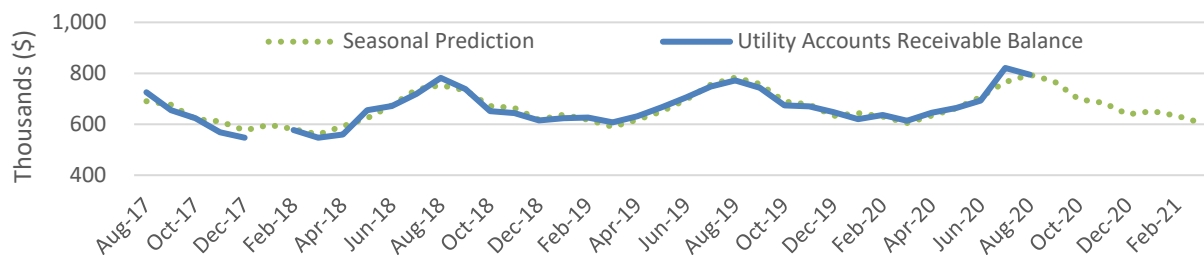
Expenditures were slightly higher than pre-COVID expectations due to pandemic response related activities that have been reimbursed by the Federal government. The Fire/EMS programs ended underbudget due to extended union contract negotiations. Any changes to the budget because of contract negotiations could be accommodated with a mid-year supplemental budget. Engineering came in well above budget due to a spike in May and June spending. Engineering expenses are driven by development activity which surprisingly has not slowed during the pandemic. Engineering expenses are also partially offset by development fees.

Overall, the City's finances are tracking very closely to the COVID19 projections built into FY2020-21 Adopted Budget. Actual carryforward General Fund balance is \$3,544,477 or \$99,933 higher than the \$3,444,544 included in the FY2020-21 Adopted Budget. The FY2020-21 Adopted Budget remains a reliable financial plan, but much depends on how revenues recover over the next several months. The next Q1 Financial report will be ready for City Council in the second regular meeting in October.



Other Major Revenues

Water revenues experienced significant softening at the end of FY2019-20. This is most likely due to a cooler than normal June. Reduced hotel occupancy may have been a factor as well. A worrisome spike in utility account receivable balances in June did not persist. By July, utility account receivable balances settled back into normal seasonal patterns.



Staff Recommendation: Receive quarterly financial report

Attachments: Quarterly Financial Report

GENERAL FUND REVENUE SUMMARY

Resources	Budget	Actual	Actual Over / (Under) Budget	Percent of Budget Received	Prior Year Actual
Taxes					
Current Property Tax	2,428,417	2,399,334	(29,083)	99%	2,315,999
Transient Room Tax	1,659,856	1,225,526	(434,330)	74%	1,557,097
Local Marijuana Tax	107,455	109,606	2,151	102%	87,766
All Other	55,316	82,689	27,373	149%	57,392
Licenses & Permits					
Franchise Fees	803,552	777,172	(26,380)	97%	802,278
Utility Fees	594,832	601,771	6,939	101%	588,237
Parking Meter Receipts	669,165	533,758	(135,407)	80%	661,672
All Other	135,000	121,723	(13,277)	90%	146,682
Fines & Forfeitures					
Parking Fines	190,715	169,597	(21,118)	89%	237,674
Municipal Court Revenue	261,754	227,922	(33,832)	87%	222,909
All Other	36,000	24,844	(11,156)	69%	22,735
Intergovernmental	312,442	428,898	116,456	137%	276,093
Charges for Services					
Ambulance Revenues	777,700	920,080	142,380	118%	858,892
All Other	436,799	272,243	(164,556)	62%	195,568
Interest Earnings	92,933	89,819	(3,114)	97%	98,760
Misc. Revenues	105,069	119,491	14,422	114%	307,392
<i>Sub-total Operating Revenues</i>	<i>8,667,005</i>	<i>8,104,472</i>	<i>(562,533)</i>	<i>94%</i>	<i>8,437,149</i>
Interfund Transfers In	-	-	-		806,101
TOTAL	8,667,005	8,104,472	(562,533)	94%	9,243,250

GENERAL FUND EXPENDITURE SUMMARY

Department	Budget	Actual	Over / (Under) Budget	Percent of Budget Expended	Prior Year Actual
Public Safety - Fire	2,706,204	2,525,363	(180,841)	93%	2,373,777
Public Safety - EMS	1,076,775	1,032,651	(44,124)	96%	897,411
Public Safety - Police	2,494,555	2,439,863	(54,692)	98%	2,278,108
Parks	600,490	460,663	(139,827)	77%	525,325
Planning	589,831	531,337	(58,494)	90%	461,404
Parking	506,752	412,820	(93,932)	81%	417,085
Engineering	252,764	345,819	93,055	137%	271,034
Municipal Court	140,537	131,982	(8,555)	94%	134,911
City Council	25,376	9,836	(15,540)	39%	32,159
<i>Sub-total Dept. Expenditures</i>	<i>8,393,284</i>	<i>7,890,335</i>	<i>(502,949)</i>	<i>94%</i>	<i>7,391,214</i>
Non-Departmental					
Personnel	-	1,169	1,169		-
Materials & Services	248,930	277,186	28,256	111%	188,194
Interfund Transfers Out	-	-	-		1,123,743
Contingency	44,936	-	(44,936)		-
TOTAL	8,687,150	8,168,689	(519,630)	94%	8,703,151

FY2019/20 Beginning Bal.	3,608,694
FY2019/20 Change in Fund Bal.	(64,217)
FY2019/20 Ending Bal.	3,544,477

Pooled Cash & Investments <i>(All Funds, Including URA)</i>	
Jun. 2019	23,841,876
Jun. 2020	27,297,700

OTHER MAJOR REVENUE SOURCES SUMMARY

Revenue	Budget	Actual	Over / (Under) Budget	Percent of Budget Received	Prior Year Actual
Gas Tax - Local	359,256	345,955	(13,301)	96%	342,356
Gas Tax - State	626,611	609,535	(17,076)	97%	534,032
Utility Charges					
Water	2,869,321	2,775,020	(94,301)	97%	2,804,721
Sewer	4,032,636	4,021,543	(11,093)	100%	3,942,288
Storm	533,439	546,096	12,657	102%	521,050