

ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: April 24, 2023
Item No.: 10.d

Department Approval

Michelle Dietrick

City Manager Approval

Sam J. Truog

Item Description: Receive 2023 First Quarter Financial Report

BACKGROUND

The first quarter of 2023 is complete and financial results are available. The Finance Director prepared the attached first quarter financial report for Council review. This report shows budget versus actual performance for the period ending March 31, 2023.

The financial report includes those programs and services that constitute the City's core functions and for which changes in financial trends can have a near-term impact on the ability to maintain current service levels. Programs such as debt service and tax increment financing which are governed by pre-existing obligations and restricted revenues are not shown. In addition, expenditures in the City's capital improvement funds are not shown as these expenditures are specifically tied to pre-established capital reserve funds. Unlike some of the City's operating budgets, these reserve funds are not typically susceptible to year-to-year fluctuations. In these instances, annual reviews are considered sufficient. Enterprise funds do record both operations and capital within the fund as the revenues and reserves pay for operations and capital improvements.

The information is presented strictly on a cash basis which measures only the *actual* revenues that have been deposited and the *actual* expenditures that have been paid, except for the Enterprise funds (Water, Sewer, Storm and Recycling) where revenues are based on amounts billed in the first three months of the year. This is in contrast with the City's audited year-end financial report which attempts to measure revenues earned but not collected, as well as costs incurred but not yet paid.

It should be noted that some of the City's revenue streams such as property taxes and intergovernmental revenues, are non-recurring or are received intermittently throughout the year. This can result in wide revenue fluctuations from month to month. In addition, some of the City's expenditures are also non-recurring and subject to wide fluctuations. The financial report footnotes those areas where fluctuations occur during the year. At this point in time 25% of the year has passed and that sets the estimated benchmark for the first quarter report.

General Fund Summary - The General Fund includes the activities associated with the City's police, fire, streets, administration & finance, legal, and other general functions. Property tax revenue and state aids are the largest revenue sources for this fund. The general fund reserves carry the operations in this fund until property taxes are received from Ramsey County in June. State Aids are received in May, September and October. As a result, first quarter revenues are only at 3%. Expenditures are trending

below the benchmark as several cost areas are paid out in the later part of the year as footnoted on the report.

Parks and Recreation Fund Summary – Revenues are running slightly ahead of 25%, this is due to several park building rentals reserved at the beginning of the year and program participation reserved in advance of the various programs. As this programs are seasonal, the expenditures are tracking below 25% as many of the programs are operated in the summer and fall.

Information Technology Fund Summary – Antennae lease payments are lagging slightly but that is a function of the due dates on the various leases. Some leases are annual payments and some are monthly. Expenditures in this fund meet the expected 25%. This fund will be merged into the general fund as part of the 2024 budget process.

Community Development Fund – This fund has some seasonality with building permits. However, the Community Development Director has noted that there is a definite reduction in building activity. Expenditures are currently tracking less than anticipated which may be related to the slowdown in building activity. Sufficient reserves exist in this fund to weather any under-performance on the revenue side.

Communications Fund Summary – Cable franchise fees are the largest revenue source for this fund. Franchise fees are received a month after the end of the quarter so there is a lag until year end when we record accruals. Expenditures are below 25% as North Suburban Cable Commission has not billed the city for their services in 2023.

License Center Fund Summary – The License Center revenues are on point and expenditures are tracking below the benchmark. If this trend continues this fund should end the year in the approved reserve level range of 10-15%.

Sanitary Sewer Fund Summary – The Sanitary Sewer Fund revenues and expenditures are near expected levels. Capital expenditures and transfer out will occur later in the year. Revenues are trending higher as a result of billing the City of Falcon Heights for their portion of the 2022 sewer relining project in 2023. Expenditures are tracking slightly higher as we have four months of MCES charges paid through March 31.

Water Fund Summary – Water Fund revenues and expenditures are near expected levels. Expenditures can fluctuate during the year based on water consumption. The first quarter is historically low as this is the winter quarter where little to no external water is used. Expenditures are slightly lower due to this as well as internal charges for administration and IT charges which will be allocated in the next quarter. In the first quarter utility bills, \$437,426 of the under billing has been billed. For those accounts that are spread over all 4 quarters, we will be billing \$137,291 per quarter through the end of the year, which will be a total of \$411,872 over the three remaining quarters.

Storm Sewer Fund Summary – Storm Sewer Fund revenues are trending slightly higher than expected as the budget amount was conservative and based on the 2022 budget. For the 2024 budget, a more refined revenue projection will be used. The rate increases approved have factored in future capital needs in this fund. Expenditures are slightly lower at this point as a result of internal charges for administration and IT charges that are done on a quarterly basis after the quarter ends. Capital expenditures and transfer out will occur later in the year.

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Recycling Fund Summary –Recycling Fund revenues are near expected levels. Expenditures are below expected as the new sustainability specialist will be on payroll by June 1, 25% of that position is charged to this fund.

Golf Course Fund Summary – The golf course activity is seasonal in nature, which impacts both the revenues and the expenditures in this fund. Building rental revenue is currently at almost 50% of the amount budgeted. Some of this rent may be for dates later in the year.

The City’s overall financial condition remains strong and Finance has not noted any worrisome variances in the operating funds for the first quarter of 2023. Variances that have occurred are noted and explained on the attached financial report. There are no budget adjustments for the first quarter of 2023.

POLICY OBJECTIVE

The information presented above satisfies the reporting requirements in the City’s Operating Budget Policy.

BUDGET IMPLICATIONS

Not applicable.

RACIAL EQUITY IMPACT SUMMARY

There is no equity impact

STAFF RECOMMENDATION

Not applicable.

REQUESTED COUNCIL ACTION

For informational purposes only. No formal Council action is requested

Prepared by: Michelle Pietrick, Finance Director
Attachments: A: First Quarter Financial Report

City of Roseville
Quarterly Financial Report
As of March 31, 2023 **Description**

	2023 Original Budget	2023 Amended Budget	Actual thru March 2023	Benchmark 25% Percent of Budget	
GENERAL OPERATING FUND					
GENERAL FUND - REVENUES					
Taxes	\$ 16,214,872	\$ 16,214,872	\$ 2,153	0.01%	A
Intergovernmental	\$ 1,807,000	\$ 1,807,000	\$ 219,382	12.14%	B
Charges for Services	\$ 1,271,800	\$ 1,271,800	\$ 259,708	20.42%	C
Licenses & Permits	\$ 469,000	\$ 469,000	\$ 84,817	18.08%	C
Other Revenues	\$ 233,463	\$ 233,463	\$ 45,768	19.60%	C
Transfers In	\$ 497,100	\$ 497,100	\$ -	0.00%	E
Total Revenues	\$ 20,493,235	\$ 20,493,235	\$ 611,828	2.99%	
GENERAL FUND - EXPENDITURES					
General Government					
City Council	\$ 289,240	\$ 289,240	\$ 129,401	44.74%	I
Administration	\$ 1,457,559	\$ 1,457,559	\$ 202,476	13.89%	H
Elections	\$ 102,126	\$ 102,126	\$ 25,158	24.63%	
Legal Services	\$ 395,238	\$ 395,238	\$ 61,725	15.62%	G
Finance	\$ 825,110	\$ 825,110	\$ 179,351	21.74%	
Central Services	\$ 53,500	\$ 53,500	\$ 2,969	5.55%	F
General Insurance	\$ 70,000	\$ 70,000	\$ 17,500	25.00%	
Total General Government	\$ 3,192,773	\$ 3,192,773	\$ 618,580	19.37%	
Public Safety					
Police	\$ 10,317,535	\$ 10,317,535	\$ 1,840,087	17.83%	F
Fire	\$ 3,980,339	\$ 3,980,339	\$ 690,735	17.35%	F
Fire Relief	\$ 46,500	\$ 46,500	\$ -	0.00%	
Total Public Safety	\$ 14,344,374	\$ 14,344,374	\$ 2,530,822	17.64%	
Public Works					
Administration	\$ 1,091,993	\$ 1,091,993	\$ 186,467	17.08%	H
Streets	\$ 1,241,625	\$ 1,241,625	\$ 161,225	12.98%	F,K
Central Garage	\$ 227,520	\$ 227,520	\$ 125,385	55.11%	F
Building Maintenance	\$ 424,950	\$ 424,950	\$ 111,688	26.28%	
Street Lighting	\$ 190,000	\$ 190,000	\$ 17,163	9.03%	L
Total Public Works	\$ 3,176,088	\$ 3,176,088	\$ 601,928	18.95%	
Total Expenditures	\$ 20,713,235	\$ 20,713,235	\$ 3,751,330	18.11%	
Revenues Over (Under) Expenditures	\$ (220,000)	\$ (220,000)	\$ (3,139,502)		
OTHER OPERATING FUNDS					
PARKS AND RECREATION FUNDS					
Taxes	\$ 3,125,230	\$ 3,125,230	\$ -	0.00%	A
Other Revenues	\$ 2,501,910	\$ 2,501,910	\$ 832,674	33.28%	J
Transfers In	\$ 20,500	\$ 20,500	\$ -	0.00%	
Expenditures - Operating	\$ 5,647,640	\$ 5,647,640	\$ 919,996	16.29%	J
Revenues Over (Under) Expenditures	\$ -	\$ -	\$ (87,322)		
INFORMATION TECHNOLOGY FUND					
Taxes	\$ 110,677	\$ 110,677	\$ -	0.00%	A
Other Revenues	\$ 530,864	\$ 530,864	\$ 125,802	23.70%	
Transfers In	\$ 165,000	\$ 165,000	\$ -	0.00%	E
Expenditures - Operating	\$ 857,141	\$ 857,141	\$ 214,269	25.00%	H
Revenues Over (Under) Expenditures	\$ (50,600)	\$ (50,600)	\$ (88,467)		
COMMUNITY DEVELOPMENT FUND					
Revenues	\$ 1,998,420	\$ 1,998,420	\$ 353,309	17.68%	
Expenditures - Operating	\$ 1,810,479	\$ 1,810,479	\$ 296,754	16.39%	
Revenues Over (Under) Expenditures	\$ 187,941	\$ 187,941	\$ 56,555		

City of Roseville
Quarterly Financial Report
As of March 31, 2023

Description	2023 Original Budget	2023 Amended Budget	Actual thru March 2023	Benchmark 25% Percent of Budget	
COMMUNICATIONS FUND					
Taxes	\$ 126,890	\$ 126,890	\$ -	0.00%	A
Other Revenues	\$ 422,500	\$ 422,500	\$ -	0.00%	D
Expenditures - Operating	\$ 575,390	\$ 575,390	\$ 98,577	17.13%	
Revenues Over (Under) Expenditures	\$ (26,000)	\$ (26,000)	\$ (98,577)		
LICENSE CENTER FUND					
Revenues	\$ 2,101,000	\$ 2,101,000	\$ 534,482	25.44%	
Expenditures - Operating	\$ 1,892,830	\$ 1,892,830	\$ 338,192	17.87%	
Transfers Out	\$ 302,000	\$ 302,000		0.00%	E
Revenues Over (Under) Expenditures	\$ (93,830)	\$ (93,830)	\$ 196,290		
ENTERPRISE FUNDS					
WATER UTILITY FUND					
Operating Revenues and Grants	\$ 7,330,000	\$ 7,330,000	\$ 1,820,222	24.83%	N
Transfers In	\$ 500,000	\$ 500,000	\$ -	0.00%	
Expenditures - Operating	\$ 6,764,085	\$ 6,764,085	\$ 1,148,171	16.97%	F
Transfers Out, Capital & Debt Service	\$ 1,166,100	\$ 1,166,100	\$ -	0.00%	H
Revenues Over (Under) Expenditures	\$ (100,185)	\$ (100,185)	\$ 672,051		
SANITARY SEWER UTILITY FUND					
Operating Revenues and Grants	\$ 6,000,000	\$ 6,000,000	\$ 1,782,006	29.70%	N,O
Expenditures - Operating	\$ 4,339,099	\$ 4,339,099	\$ 1,204,675	27.76%	M
Transfers Out and Capital	\$ 1,085,000	\$ 1,085,000	\$ 88,770	8.18%	H
Revenues Over (Under) Expenditures	\$ 575,901	\$ 575,901	\$ 488,561		
STORM WATER UTILITY FUND					
Operating Revenues and Grants	\$ 2,179,929	\$ 2,179,929	\$ 663,706	30.45%	N
Expenditures - Operating	\$ 1,363,700	\$ 1,363,700	\$ 142,537	10.45%	F
Transfers Out and Capital	\$ 1,470,000	\$ 1,470,000	\$ 88,085	5.99%	H
Revenues Over (Under) Expenditures	\$ (653,771)	\$ (653,771)	\$ 433,084		
RECYCLING UTILITY FUND					
Revenues	\$ 955,500	\$ 955,500	\$ 233,862	24.48%	N
Expenditures - Operating	\$ 987,425	\$ 987,425	\$ 151,485	15.34%	P
Revenues Over (Under) Expenditures	\$ (31,925)	\$ (31,925)	\$ 82,377		
GOLF COURSE FUND					
Revenues	\$ 425,800	\$ 425,800	\$ 50,302	11.81%	J
Expenditures	\$ 495,860	\$ 495,860	\$ 65,970	13.30%	J
Revenues Over (Under) Expenditures	\$ (70,060)	\$ (70,060)	\$ (15,668)		

Tickmark Explanations for Budget VS Actual Variances

- A. Taxes will be received in June/July and December/January
- B. State Aids and other grants received later in the year
- C. Majority of these revenues are received later in the year
- D. Franchise fees are received quarterly at the end of the following month
- E. Majority of transfers are recorded at year end
- F. Internal allocations for Garage, Phones, copier and IT costs are done quarterly at the end of the following month
- G. Legal service invoices for two months only - this is normal
- H. Professional services, training, capital costs occur later in the year
- I. NYFS contract paid in the first quarter which skews the percentage of budget used
- J. Parks & Rec is seasonal in nature - fees and building rental come in higher first quarter and then smooth out, expenditures occur more heavily in summer and fall
- K. Professional services and maintenance costs occur later in the year
- L. Based on lag in invoicing, only 2 months of electric costs paid in the 1st quarter
- M. Sanitary Sewer has 4 months of MCES charges
- N. Utility revenues are based on service delivery, bills issued in Jan and Feb of 2023 are partially accrued back to the 2022 books as they are for services delivered in 2022. This is an annual occurrence. Also includes \$437,426 of under billings billed in 1st quarter.
- O. Includes \$165,000 billed to Falcon Heights for their portion of the 2022 sewer lining project
- P. Budget includes 35% of the new sustainability specialist which will be filled by June 1.