

  
**ROSEVILLE**  
**REQUEST FOR COUNCIL ACTION**

Date: November 8, 2021  
Item No.: 9.e

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Department Approval

*Michelle Dietrick*

City Manager Approval

*Samuel J. Truogler*

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Item Description: Receive 2021 3rd Quarter Financial Report

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2 In an effort to keep the Council informed on the City's financial condition and budget performance, a  
3 comparison of the 2021 revenues and expenditures for the period ending September 30, 2021 (unaudited)  
4 is shown below. This comparison is presented in accordance with the City's Operating Budget Policy,  
5 which reads in part as follows:

6  
7 *The Finance Department will prepare regular reports comparing actual expenditures to*  
8 *budgeted amounts as part of the budgetary control system. These reports shall be*  
9 *distributed to the City Council on a periodic basis.*

10  
11 The comparisons shown below includes those programs and services that constitute the City's core  
12 functions and for which changes in financial trends can have a near-term impact on the ability to maintain  
13 current service levels. Programs such as debt service and tax increment financing which are governed by  
14 pre-existing obligations and restricted revenues are not shown. In addition, expenditures in the City's  
15 vehicle and equipment replacement programs are not shown as these expenditures are specifically tied to  
16 pre-established capital reserve funds. Unlike some of the City's operating budgets, these reserve funds  
17 are not typically susceptible to year-to-year fluctuations. In these instances, annual reviews are considered  
18 sufficient.

19  
20 The information is presented strictly on a cash basis which measures only the *actual* revenues that have  
21 been deposited and the *actual* expenditures that have been paid. This is in contrast with the City's audited  
22 year-end financial report which attempts to measure revenues earned but not collected, as well as costs  
23 incurred but not yet paid.

24  
25 It should be noted that some of the City's revenue streams such as property taxes, are non-recurring or  
26 are received intermittently throughout the year. This can result in wide revenue fluctuations from month  
27 to month. In addition, some of the City's expenditures are also non-recurring and subject to wide  
28 fluctuations. To accommodate these differences, a comparison is made to historical results to identify  
29 whether any unusual trends exist.

32 **Citywide Financial Summary**

33 The following table depicts the 2021 revenues and expenditures for the fiscal period ending September  
 34 30, 2021 for the City’s core programs and services (unaudited).

35

	2021	2021	%
<b>Revenues</b>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General Property Taxes	\$ 17,335,045	\$ 9,234,474	53.3%
Intergovernmental Revenue	\$ 1,831,215	\$ 1,459,816	79.7%
Licenses & Permits	\$ 2,002,710	\$ 1,612,927	80.5%
Charges for Services	\$ 24,570,082	\$ 16,936,588	68.9%
Fines and Forfeits	\$ 92,000	\$ 47,330	51.4%
Cable Franchise Fees	\$ 384,740	\$ 216,714	56.3%
Rentals & Leases	\$ 525,183	\$ 410,946	78.2%
Donations	\$ 48,000	\$ 46,763	97.4%
Other	\$ 482,871	\$ 728,129	150.8%
Interest earnings	\$ 85,000	\$ 37,951	44.6%
Total Revenue	\$ 47,356,846	\$ 30,731,638	64.9%
<b>Expenditures</b>			
General Government	\$ 3,010,850	\$ 2,215,659	73.6%
Public Safety	\$ 12,497,335	\$ 8,117,273	65.0%
Public Works	\$ 2,787,700	\$ 1,739,335	62.4%
Recreation	\$ 5,208,430	\$ 3,105,825	59.6%
Information Technology	\$ 3,497,756	\$ 2,531,632	72.4%
Communications	\$ 452,161	\$ 363,504	80.4%
Community Development	\$ 1,777,175	\$ 1,108,181	62.4%
License Center	\$ 2,094,750	\$ 1,190,610	56.8%
Sanitary Sewer	\$ 6,031,320	\$ 4,757,399	78.9%
Water	\$ 7,342,915	\$ 6,123,994	83.4%
Storm Sewer	\$ 2,566,705	\$ 2,978,825	116.1%
Golf & Community Bldg.	\$ 450,795	\$ 301,530	66.9%
Recycling	\$ 662,785	\$ 389,992	58.8%
Total Expenditures	\$ 48,380,677	\$ 34,923,759	72.2%

37

38 Table Comments:

39 ❖ ‘% Actual’ column depicts the percentage received/spent compared to the budget

40

41 Revenue and Expenditure Comments

42 Overall, revenues and expenditures were near expected levels. Some of the City’s revenues are still  
 43 impacted by COVID – specifically Fines and Forfeits and License & Permits in the General Fund,  
 44 Building Rental in the Parks & Recreation and Golf Course funds and License & Passport Revenues in  
 45 the License Center Fund. Greater detail can be found in the individual Fund summaries below.

46

47 **General Fund Summary**

48 The following table depicts the 2021 financial activity for the General Fund for the fiscal period ending  
 49 September 30, 2021 (unaudited). The General Fund includes the activities associated with the City’s  
 50 police, fire, streets, administration & finance, legal, and other general functions.  
 51

	2021	2021	%
<b>Revenues</b>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General Property Taxes	\$ 14,270,440	\$ 7,610,764	53.3%
Intergovernmental Revenue	1,743,715	938,220	53.8%
Licenses & Permits	542,000	216,742	40.0%
Charges for Services	1,317,500	949,684	72.1%
Fines and Forfeits	92,000	47,330	51.4%
Donations	-	380	
Other: Admin Chrg./Transfer	233,630	506,034	216.6%
Interest earnings	40,000	37,515	93.8%
<b>Total Revenue</b>	<b>\$ 18,239,285</b>	<b>\$ 10,306,669</b>	<b>56.5%</b>
<b>Expenditures</b>			
General Government	\$ 3,010,850	\$ 2,215,659	73.6%
Public Safety	12,497,335	8,117,273	65.0%
Public Works	2,787,700	1,739,335	62.4%
<b>Total Expenditures</b>	<b>\$ 18,295,885</b>	<b>\$ 12,072,267</b>	<b>66.0%</b>

53 Comments:

54 General Fund revenues and expenditures are tracking near expected levels overall. The General Fund is  
 55 currently in good financial condition with \$7.6 million in available cash reserves or 42% of the annual  
 56 operating budget. The City’s Cash Reserve Policy establishes a target reserve level of 35-50% for the  
 57 General Fund.  
 58

59 **Recreation Fund Summary**

60 The following table depicts the 2021 financial activity for the Recreation Fund for the fiscal period ending  
 61 September 30, 2021 (unaudited).  
 62

	2021	2021	%
<b>Revenues</b>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General Property Taxes	\$ 2,864,605	\$ 1,517,745	53.0%
Charges for Services	2,148,575	1,263,968	58.8%
Rentals & Leases	73,500	34,095	46.4%
Donations	48,000	46,383	96.6%
Other	22,000	38,029	172.9%
Interest earnings	15,000	429	2.9%
<b>Total Revenue</b>	<b>\$ 5,171,680</b>	<b>\$ 2,900,649</b>	<b>56.1%</b>
<b>Expenditures</b>			
Recreation	5,208,430	3,105,825	59.6%
<b>Total Expenditures</b>	<b>\$ 5,208,430</b>	<b>\$ 3,105,825</b>	<b>59.6%</b>

64 Comments:

65 Recreation Fund revenues and expenditures are near expected levels overall. Rentals are lagging as a  
 66 result of COVID restrictions. The Recreation Fund is currently in good financial condition with \$1.3  
 67 million in available cash reserves for operational needs or 25% of the annual operating budget. The City’s  
 68 Cash Reserve Policy establishes a target reserve level of 20-30% for this Fund.  
 69

70 **Information Technology Fund Summary**

71 The following table depicts the 2021 financial activity for the Information Technology Fund for the fiscal  
 72 period ending September 30, 2021 (unaudited).

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	2021	2021	%
<b>Revenues</b>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General Property Taxes	\$ 150,000	\$ 79,474	53.0%
Charges for Services	2,949,417	2,429,874	82.4%
Rentals & Leases	451,683	376,851	83.4%
Other: Transfer In	118,741	38,592	32.5%
Interest earnings	2,000	(325)	-16.3%
Total Revenue	\$ 3,671,841	\$ 2,924,466	79.6%
<b>Expenditures</b>			
Information Technology	3,497,756	2,531,632	72.4%
Total Expenditures	\$ 3,497,756	\$ 2,531,632	72.4%

75

76 Comments:

77 Information Technology revenues and expenditures are tracking near expected levels for this time of year.  
 78 Capital expenditures will occur in the 4<sup>th</sup> quarter. The Information Technology Fund is currently in good  
 79 financial condition with \$501376 in available cash reserves for operational needs or 14% of the operating  
 80 budget. The City’s Cash Reserve Policy establishes a target reserve level of 10-15% for this Fund  
 81 excluding any long-term capital replacement needs.

82

83 **Communications Fund Summary**

84 The following table depicts the 2021 financial activity for the Communications Fund for the fiscal period  
 85 ending September 30, 2021 (unaudited).

86

	2021	2021	%
<b>Revenues</b>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
General Property Taxes	\$ 50,000	\$ 26,491	53.0%
Cable Franchise Fees	\$ 384,740	\$ 216,714	56.3%
Interest earnings	1,000	190	19.0%
Total Revenue	\$ 435,740	\$ 243,395	55.9%
<b>Expenditures</b>			
Communications	452,161	363,504	80.4%
Total Expenditures	\$ 452,161	\$ 363,504	80.4%

88

89 Comments:

90 Communications Fund revenues are near expected levels. Expenditures are running slightly higher due  
 91 to re-organization costs. The Communications Fund is currently in good financial condition with  
 92 \$125,000 in available cash reserves for operational needs or 28% of the annual operating budget. To  
 93 stabilize this fund, the City started a property tax levy in 2021 for this fund. The City’s Cash Reserve  
 94 Policy establishes a target reserve level of 10-30% for this Fund excluding any long-term capital  
 95 replacement needs which are now part of the Facilities Capital Fund.

96

97 **Community Development Fund Summary**

98 The following table depicts the 2021 financial activity for the Community Development Fund for the  
 99 fiscal period ending September 30, 2021 (unaudited).

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	2021	2021	%
<b>Revenues</b>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Licenses & Permits	1,460,710	1,396,185	95.6%
Charges for Services	41,000	32,518	79.3%
Interest earnings	25,000	(5,671)	-22.7%
Total Revenue	\$ 1,526,710	\$ 1,423,032	93.2%
<b>Expenditures</b>			
Community Development	1,777,175	1,108,181	62.4%
Total Expenditures	\$ 1,777,175	\$ 1,108,181	62.4%

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103 Comments:

104 Community Development Fund revenues and expenditures are near expected levels. The Community  
 105 Development Fund is currently in excellent financial condition with \$4.1 million in available cash  
 106 reserves or 231% of the annual operating budget. The City’s Cash Reserve Policy establishes a target  
 107 reserve level of 25-50% for this Fund excluding any long-term capital replacement needs.

108

109 **License Center Fund Summary**

110 The following table depicts the 2021 financial activity for the License Center Fund for the fiscal period  
 111 ending September 30, 2021 (unaudited).

112

	2021	2021	%
<b>Revenues</b>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Charges for Services	\$ 2,110,300	\$ 1,297,473	61.5%
Interest earnings	2,000	59	3.0%
Total Revenue	\$ 2,112,300	\$ 1,297,532	61.4%
<b>Expenditures</b>			
License Center	2,094,750	1,190,610	56.8%
Total Expenditures	\$ 2,094,750	\$ 1,190,610	56.8%

114 Comments:

115 License Center Fund revenues are higher than this point in 2020, but still lagging pre-COVID  
 116 transactions. Expenditures are currently below anticipated, however budgeted transfers aren’t recorded  
 117 until the 4<sup>th</sup> quarter. The License Center Fund is currently in fair/poor financial condition with \$146,205  
 118 in available fund reserves for operations or 7%. The City’s Operating Cash Reserve Policy establishes a  
 119 target reserve level of 10-15% for this Fund excluding any long-term capital replacement needs. This  
 120 fund will be receiving ARPA funds to cover the 2020 lost revenues due to COVID impacts.

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122

123 **Sanitary Sewer Fund Summary**

124 The following table depicts the 2021 financial activity for the Sanitary Sewer Fund for the fiscal period  
 125 ending September 30, 2021 (unaudited).

126

	2021	2021	%
<b>Revenues</b>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Charges for Services	\$ 5,770,000	\$ 4,187,476	72.6%
Other / Spec Asmnts	-	3,429	
Interest earnings	-	(53)	
Total Revenue	\$ 5,770,000	\$ 4,190,852	72.6%
<b>Expenditures</b>			
Sanitary Sewer	6,031,320	4,757,399	78.9%
Total Expenditures	\$ 6,031,320	\$ 4,757,399	78.9%

128

129 Comments:

130 Sanitary Sewer Fund revenues and expenditures are near expected levels. Expenditures can fluctuate from  
 131 year to year depending on the amount of capital improvements recorded during the measurement period.  
 132 The Sanitary Sewer Fund is currently in fair financial condition with \$415,000 in available working  
 133 capital for operations and capital. This is 7% of the total operating and capital budget of this fund. A rate  
 134 increase for 2022 will be necessary to provide for future operational and capital needs.

135

136 **Water Fund Summary**

137 The following table depicts the 2021 financial activity for the Water Fund for the fiscal period ending  
 138 September 30, 2021 (unaudited).

139

	2021	2021	%
<b>Revenues</b>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Charges for Services	\$ 7,308,000	\$ 4,729,212	64.7%
Other / Spec Asmnts	-	699	
Total Revenue	\$ 7,308,000	\$ 4,729,911	64.7%
<b>Expenditures</b>			
Water	7,342,915	6,123,994	83.4%
Total Expenditures	\$ 7,342,915	\$ 6,123,994	83.4%

141

142 Comments:

143 Water Fund revenues and expenditures are near expected levels. Expenditures can fluctuate from year to  
 144 year depending on the amount of capital improvements recorded during the measurement period.  
 145 The Water Fund is currently in good financial condition with \$1,399,000 in available working capital for  
 146 operations and capital. This is 19% of the total operating and capital budget of this fund. Rate increases  
 147 as recommended in the Utility Rate Study done in 2020 will be necessary to provide for future operational  
 148 and capital needs.

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150

151 **Storm Sewer Fund Summary**

152 The following table depicts the 2021 financial activity for the Storm Sewer Fund for the fiscal period  
 153 ending September 30, 2021 (unaudited).

154

	2021	2021	%
<b>Revenues</b>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Intergovernmental Revenue	-	477,840	
Charges for Services	\$ 2,051,215	\$ 1,304,410	63.6%
Other / Spec Asmnts	-	3,155	
Interest earnings	-	4,995	
Total Revenue	\$ 2,051,215	\$ 1,790,400	87.3%
<b>Expenditures</b>			
Storm Sewer	2,566,705	2,978,825	116.1%
Total Expenditures	\$ 2,566,705	\$ 2,978,825	116.1%

156

157 Comments:

158 Storm Sewer Fund revenues and expenditures were near expected levels. Expenditures are higher than  
 159 anticipated as a result of the RCD 4 Project which was not budgeted at the full cost, which included  
 160 funding from the developer and the watershed. Part of the revenue was recorded in 2020 and the remained  
 161 is recoded as intergovernmental revenue in 2021. The Storm Sewer Fund is currently in good condition  
 162 with \$593,000 in available cash reserves for operations. Rate increases as recommended in the Utility  
 163 Rate Study done in 2020 will be necessary to provide for future operational and capital needs.

164

165 **Golf Course Fund Summary**

166 The following table depicts the 2021 financial activity for the Golf Course Fund for the fiscal period  
 167 ending September 30, 2021 (unaudited).

168

	2021	2021	%
<b>Revenues</b>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Charges for Services	\$ 284,000	\$ 329,298	116.0%
Other: Equip/Bldg Rental	108,500	88,108	81.2%
Interest earnings	-	274	
Total Revenue	\$ 392,500	\$ 417,680	106.4%
<b>Expenditures</b>			
Golf & Community Bldg.	450,795	301,530	66.9%
Total Expenditures	\$ 450,795	\$ 301,530	66.9%

170

171 Comments:

172 Golf Course Fund revenues and expenditures were better than expected levels overall. Building rental  
 173 fees were somewhat lower than expected but that is a function of COVID restrictions earlier in the year.  
 174 Revenues and expenditures can fluctuate greatly from year to year depending on the length of the golfing  
 175 season and weather conditions. The Golf Course Fund is currently in good financial condition with  
 176 \$148,000 in available cash reserves for operations.

177

178 **Recycling Fund Summary**

179 The following table depicts the 2021 financial activity for the Recycling Fund for the fiscal period ending  
180 September 30, 2021 (unaudited).

181

	2021	2021	%
<b>Revenues</b>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Intergovernmental Revenue	\$ 87,500	\$ 43,756	50.0%
Charges for Services	590,075	412,675	69.9%
Other Miscellaneous	-	50,083	
Interest earnings	-	538	
Total Revenue	\$ 677,575	\$ 507,052	74.8%
<b>Expenditures</b>			
Recycling	662,785	389,992	58.8%
Total Expenditures	\$ 662,785	\$ 389,992	58.8%

183

184 Comments:

185 Recycling Fund revenues and expenditures were near expected levels overall. In 2021 the city has some  
186 revenue sharing monies from the recycling contractor. This was an unexpected turn around in parts of  
187 the second-hand market for recycled materials. The Recycling Fund is currently in good financial  
188 condition with \$251,000 in working capital for operations and future capital needs.

189

190 **Final Comments**

191 The City's overall financial condition remains strong; however a number of concerns remain. The City's  
192 cash reserve levels in some key operating units are below recommended levels. Staff have recognized  
193 these issues and have implemented changes during the budget process.

194 **POLICY OBJECTIVE**

195 The information presented above satisfies the reporting requirements in the City's Operating Budget  
196 Policy.

197 **FINANCIAL IMPACTS**

198 Not applicable.

199 **STAFF RECOMMENDATION**

200 Not applicable.

201 **REQUESTED COUNCIL ACTION**

202 For informational purposes only. No formal Council action is requested

203

Prepared by: Michelle Pietrick, Finance Director

Attachments: A: None