



Monthly Financial Report - May 2018

FUND No.	FUND NAME	2017 ENDING FUND BALANCE	MAY 2018 BEGINNING FUND BALANCE	MAY 2018 REVENUES	MAY 2017 REVENUES	MAY 2018 EXPENSES	MAY 2017 EXPENSES	MAY 2018 ENDING FUND BALANCE	TARGET RESERVE
001	General Fund	\$ 15,215,654	\$ 16,267,960	\$ 1,821,911	\$ 1,525,213	\$ (1,338,749)	\$ (1,201,087)	\$ 16,751,122	\$ 5,272,000
101	Street Fund	\$ 852,718	\$ 780,255	\$ 332,154	\$ 93,085	\$ (263,775)	\$ (184,154)	\$ 848,634	N/A
103	REET Fund	\$ 56,801	\$ 366,591	\$ 359,822	\$ 406,768	\$ (377,837)	\$ -	\$ 348,576	N/A
104	Civic Impr. Fund	\$ 296,032	\$ 347,871	\$ 20,432	\$ 18,607	\$ (1,304)	\$ (14,378)	\$ 366,999	N/A
108	Affd. Housing Fund	\$ 159,176	\$ 258,051	\$ -	\$ 1,125	\$ -	\$ (1,125)	\$ 258,051	N/A
301	Capital Const. Fund	\$ 4,361,129	\$ 5,965,492	\$ 62,895	\$ 136,027	\$ (37,097)	\$ (575,693)	\$ 5,991,290	N/A
401	Water Fund	\$ 7,324,500	\$ 7,386,135	\$ 72,102	\$ 70,378	\$ (140,591)	\$ (110,838)	\$ 7,317,646	\$ 341,074
402	Sewer Fund	\$ 6,687,583	\$ 7,063,839	\$ 480,718	\$ 343,686	\$ (1,228,465)	\$ (1,164,089)	\$ 6,316,092	\$ 2,351,822
403	Storm Water Fund	\$ 1,217,817	\$ 1,930,337	\$ 206,566	\$ 256,785	\$ (315,815)	\$ (185,804)	\$ 1,821,088	\$ 800,875
407	Building Svcs. Fund	\$ 324,723	\$ 298,379	\$ 273,393	\$ 199,869	\$ (251,552)	\$ (199,874)	\$ 320,220	N/A

NOTES:

The City has adopted reserve policies for the General Fund (Fund 001) and the Water, Sewer, and Storm and Surface Water Funds (Fund 401, Fund 402, Fund 403, respectively). The General Fund reserve amount was taken from the 2017-2018 Adpoted Budget. Utility reserve targets were calculated based on the policies in Section 6 of Resolution No. 2016-19. Operating expenses used in the calculation were taken from the 2017-2018 Adopted Budget, and capital assets used in the calculation were taken from the 2017 CAFR.

Monthly revenue and expense amounts may include non-cash transactions.

REPORT DATE: 6/19/2018



Monthly Financial Report Highlights May 2018

- **GENERAL FUND REVENUES:** General Fund revenues in May 2018 were 19%, or \$299,000 higher than they were in May 2017. A timing difference in the receipt of franchise fees and B&O taxes for cable utilities contributed \$215,000 to the difference (the same payments were received in April 2017). There was a \$48,000 increase in sales tax revenue due to heightened economic activity in the construction and retail trade industries, and a corresponding \$3,000 increase in general B&O tax revenue collected as a percentage of profits from businesses operating within the City. There was a \$9,000 increase in B&O tax for electric utilities, which the result of an increase electricity sales. B&O tax for telephone utilities increased by \$15,000 also because of an increase in sales of telephone communications services. B&O tax on private water utilities (a new revenue source in 2017) increased \$7,000 due to timing differences in payments from various vendors.
- **GENERAL FUND EXPENSES:** Expenses in the General Fund were \$137,000, or 11%, higher in May 2018 than they were in May 2017. Increases in staff training, salaries, and benefits contributed \$81,000 to this difference, with staffing levels higher than they were at the same time last year. Computer parts and equipment costs were \$28,000 higher in May 2018, mostly due to equipment purchases for the council chamber and purchases of new desktop computers (these are on a 4-year replacement cycle). Also, the timing of payments for annual financial software maintenance costs and the addition of annual maintenance costs for new payroll software contributed to a \$28,000 increase in computer support expenses in May 2018.
- **STREET FUND REVENUES:** Revenues in the Street Fund were higher by \$239,000 in May 2018 as compared to May 2017. Decreases in B&O tax revenues for parking services (subject to seasonality and possibly an increase in utilization of alternative means of transportation) and revenue from right of way permit fees totaling to \$10,000 were offset by a \$249,000 transfer in from the REET Fund to maintain a minimum fund balance.
- **STREET FUND EXPENSES:** Street Fund expenses were \$79,000, or 43%, higher in May 2018 than they were in May 2017. A combined increase of \$11,000 for training, salaries, and benefits reflected an increase in staff time charged to the Streets Fund in May 2017. Repair costs were \$68,000 higher because of asphalt repairs in completed in May 2018, accounting for the remainder of the difference.

- **REET FUND REVENUES & EXPENSES:** REET revenues were \$46,000, or 11%, lower in May 2018 than they were a year ago. This is because, while transactions by volume were 6% higher in May 2018, the average selling price was 17% lower. Expenses in the REET Fund totaled to \$377,000 in May 2018, compared to \$0 in May 2017. Operating transfers out to other funds constituted the entire expense, with \$249,000 going to help maintain the Street Fund minimum fund balance, and \$128,000 transferred to the G.O. Bond Fund for upcoming debt service payments. No transfer was necessary to maintain the Street Fund minimum fund balance in May 2017.
- **CIVIC IMPROVEMENT FUND REVENUES & EXPENSES:** Civic Improvement Fund revenue consists of sales tax collected from hotel and motel services. Revenue was 10% higher in May 2018, the result of increased tourism to the Island. Expenses in the Civic Improvement Fund dropped from \$14,000 in May 2017 to \$1,300 in May 2018. This is due to a difference in the timing of invoices received and reimbursed by the City for LTAC-approved community services funding.
- **AFFORDABLE HOUSING FUND REVENUES & EXPENSES:** The City pays \$1,125 quarterly for management services for Island Mobile Home Park. This expense is charged to the Affordable Housing Fund but is paid for by the General Fund - the revenue in May 2017 was a transfer in from the General fund to cover this expense. The same transfer happened one month earlier in 2018 than it did in 2017, which is why expenses in the Affordable Housing Fund are \$0 in May 2018 and \$1,125 in May 2017.
- **CAPITAL CONSTRUCTION FUND REVENUES:** Capital Construction Fund revenues were 53%, or \$73,000, lower than they were a year ago. May 2017 revenues included a transfer of \$120,000 in project support from the General Fund, and a \$16,000 Federal grant claim for the City Dock project. A \$22,000 transfer from the General fund for a Waterfront Park expense, a \$14,000 State grant claim for the City Dock project, and two State grant claims for Wyatt Way totaling to \$27,000 composed the May 2018 total.
- **CAPITAL CONSTRUCTION FUND EXPENSES:** Expenses in the Capital Construction Fund in May 2018 totaled \$37,000. Significant May 2018 expenses included \$10,000 in professional services for STO Phase 3 (a project which has since been canceled) and the Police/Court Facility, and a \$22,000 construction invoice for Waterfront Park improvements.
- **WATER FUND REVENUES & EXPENSES:** Revenues in the Water Fund were 2% higher in May 2018 than in May 2017. Increased water sales, due likely to a 2% increase in the number of utility connections since the end of 2017, are the main reason for the difference. Expenses in the Water Fund were \$29,000, or 26%, higher in May 2018, primarily because staffing levels were higher, resulting in a \$10,000 increase in salaries and benefits. Other significant expenses contributing to the difference included capital expenses of \$11,000 for the Cave Avenue Pressure Reducing Valve installation, and \$3,000 in professional services for water system design improvements.

- **SEWER FUND REVENUES:** Sewer Fund revenues were \$137,000, or 40%, higher in May 2018 compared to May 2017. This is mainly because of a \$17,000 increase in revenue from sewer service charges and a \$120,000 increase in revenue from sewer connection fees. City of Bainbridge Island sewer rates are the same in 2018 as in the prior year, so increased revenue reflects the increased customer base.
- **SEWER FUND EXPENSES:** Sewer Fund expenses were 6% higher in May 2018 than they were in May 2017. Significant expenses include a \$15,000 increase in salaries and benefits expenses due to higher staffing levels, \$5,000 increase in professional services costs for the sewer rate study, facility condition assessment, and increased merchant fees for processing online utility payments. Expenses for disposal of biosolids were \$8,000 higher due to the timing of invoice payments (April and May 2018 invoices were both paid in May). Lastly, timing variances in the posting of the interfund utility tax caused May 2018 expenses to be \$46,000 higher.
- **SSWM FUND REVENUES & EXPENSES:** Revenues in the SSWM Fund were 20%, or \$50,000, lower in May 2018 than they were in May 2017. This is because of variances in the timing of SSWM fee receipts – for comparison, January through April 2018 revenues were \$190,000, or 20%, higher than they were during the same period in 2017. Conversely, expenses in the SSWM Fund were \$130,000 higher in May 2018. Primary reasons for this include a \$17,000 increase in salaries and benefits expenses due to higher staffing levels, a \$34,000 increase in professional services expenses mainly for the Vincent Landfill 5-Year Report, and a \$62,000 increase in interfund utility taxes due to the timing of the April and May 2018 entries.

- **BUILDING & DEVELOPMENT SERVICES FUND REVENUES:** The Building Services Fund is of continued interest for those analyzing the financial impact to the City of the current development moratorium. Excluding transfers in from the General Fund to maintain the minimum fund balance target, May 2018 revenues were \$21,000 lower than May 2017 revenues. A breakdown and comparison of the specific revenue types is presented in the table below.

Revenues from building permits, zoning and subdivision fees, and transportation impact fees were higher than they were last year by \$35,000, \$1,900, and \$500 respectively. The expectation, based on the conditions of the moratorium, would be for zoning and subdivision fee revenues to be zero, however, this revenue reflects work on proposals submitted prior to the moratorium. The increase in building permit revenue is most likely the result of an increase in the overall volume of non-restricted permit types submitted, reflecting favorable economic conditions. The size and complexity of building permits also affects the associated revenue. Revenues from plan checking fees and planning review of building permits, which are down since last May by 46% and 45% respectively, fluctuate by building permit complexity as well as by the volume of permits reviewed.

REVENUE TYPE	MAY 2017 TOTAL	MAY 2018 TOTAL	INCREASE (DECREASE)	% VARIANCE
BUILDING PERMITS	29,755	64,903	35,148	118%
ZONING & SUBDIVISION FEES	2,945	4,890	1,945	66%
TRANSP IMPACT ADM FEE	125	621	496	396%
ENGINEERING FEES	154	77	(77)	-50%
FIRE MARSHALL PLAN REVIEW	11,000	8,000	(3,000)	-27%
OTHER PLANNING/DEVELOPMENT FEE	18,470	12,741	(5,730)	-31%
PLAN'G REVIEW OF BLDG PERMITS	25,205	13,776	(11,429)	-45%
PLAN CHECKING FEES	85,019	45,885	(39,134)	-46%

- **BUILDING SERVICES FUND EXPENSES:** Expenses in the Building Services Fund were 26% higher in May 2018. Salaries and benefits were \$32,000, or 21%, higher due to increased staffing levels, and legal expenses, including outside attorney advice and hearing examiner work, were \$20,000 higher. The increase in legal expenses is not a result of the development moratorium.