



Monthly Financial Report - December 2018

FUND No.	FUND NAME	2017 ENDING FUND BALANCE	DECEMBER 2018 BEGINNING FUND BALANCE	DECEMBER 2018 REVENUES	DECEMBER 2017 REVENUES	DECEMBER 2018 EXPENSES	DECEMBER 2017 EXPENSES	DECEMBER 2018 ENDING FUND BALANCE	TARGET RESERVE
001	General Fund	\$ 15,215,654	\$ 18,731,563	\$ 859,773	\$ 537,241	\$ (1,241,016)	\$ (1,627,260)	\$ 18,350,320	\$ 5,272,000
101	Street Fund	\$ 852,718	\$ 252,225	\$ 178,489	\$ 67,015	\$ (310,348)	\$ (173,112)	\$ 120,366	N/A
103	REET Fund	\$ 56,801	\$ 918,451	\$ 209,165	\$ 216,379	\$ (182,337)	\$ (156,683)	\$ 945,279	N/A
104	Civic Impr. Fund	\$ 296,032	\$ 345,979	\$ 23,442	\$ 15,339	\$ (21,108)	\$ (51,348)	\$ 348,313	N/A
108	Affd. Housing Fund	\$ 159,176	\$ 259,176	\$ -	\$ -	\$ (1,125)	\$ (1,125)	\$ 258,051	N/A
301	Capital Const. Fund	\$ 4,361,129	\$ 4,525,683	\$ 11,608	\$ 421,828	\$ (746,764)	\$ (1,582,529)	\$ 3,790,527	N/A
401	Water Fund	\$ 7,324,500	\$ 7,561,054	\$ 90,276	\$ 135,855	\$ (108,113)	\$ (122,646)	\$ 7,543,217	\$ 341,074
402	Sewer Fund	\$ 6,687,583	\$ 5,875,129	\$ 352,291	\$ 487,241	\$ (224,495)	\$ (536,008)	\$ 6,002,926	\$ 2,351,822
403	Storm Water Fund	\$ 1,217,817	\$ 1,939,312	\$ 10,416	\$ 1,041	\$ (149,467)	\$ (329,947)	\$ 1,800,262	\$ 800,875
407	Building Svcs. Fund	\$ 324,723	\$ 320,475	\$ 204,625	\$ 104,222	\$ (210,129)	\$ (232,612)	\$ 314,971	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 Adopted Budget. Utility reserve targets were calculated based on the policies in Section 6 of Resolution No. 2018-07. 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.

December 2018 ending fund balances are not finalized and are subject to change through April 2019.

REPORT DATE: 2/11/2019



MONTHLY FINANCIAL REPORT HIGHLIGHTS DECEMBER 2018

- **GENERAL FUND REVENUES & EXPENSES:** Revenues in the General Fund were \$321,000, or 60%, higher in December 2018 compared to December 2017. Sales tax revenue was \$95,000, or 28%, higher due to increased sales activity in the construction and retail trade industries. A prior year correction recorded in December 2017 created the remaining \$226,000 difference.

Expenses in the General Fund were \$386,000, or 24%, lower in December 2018 compared to December 2017. A \$300,000 transfer from the Transportation Impact Fund to reimburse the General Fund for capital expenses it erroneously incurred in 2018 created the majority of the difference, while decreases in intergovernmental and capital professional services expenditures, which were respectively 19% and 98% lower in December 2018, created the remainder.

- **STREET FUND REVENUES & EXPENSES:** Revenue in the Street Fund was \$111,000 higher in December 2018 compared to December 2017. \$65,000 of revenue from asphalt repair fees charged to the Kitsap Public Utilities District in December 2018 accounted for more than half the difference, while an increase in the amount transferred in from other funds to maintain the Street Fund's minimum fund balance target created the remainder.

Expenses in the Street Fund were \$137,000, or 79%, higher in December 2018 compared to December 2017. Contributing expenses included a portion of the purchase of a tractor and tractor-related equipment for a combined \$134,000 in December 2018.

- **REAL ESTATE EXCISE TAX (REET) FUND REVENUES & EXPENSES:** REET revenue was \$7,000, or 3%, lower in December 2018 compared to December 2017. A 31% decrease in transaction volume, offset by a 32% increase in the average selling price, resulted in a relatively small difference in revenue. The selling price of the most expensive property in December 2018 was just over \$3 million, and 16 properties in the \$1-3 million range sold during that month. Only nine properties in the \$1-3 million range sold in December 2017; all but one were below \$2 million.

Expenses in the REET fund were \$25,000, or 16%, higher in December 2018 compared to December 2017 due to oscillations in the necessity for the REET fund to make transfers to other funds to maintain their minimum fund balance targets.

- **CIVIC IMPROVEMENT FUND REVENUES & EXPENSES:** Civic Improvement Fund revenue includes sales tax collected from hotel and motel services, which was \$8,000, or 53%, higher in December 2018 compared to December 2017.

Expenses in the Civic Improvement Fund were \$30,000, or 59%, lower in December 2018 compared to December 2017. Differences in the timing of invoices received and reimbursed by the City for community services funding approved by the Lodging Tax Advisory Committee were the reason for the change.

- **CAPITAL CONSTRUCTION FUND REVENUES & EXPENSES:** Revenue in the Capital Construction Fund decreased from \$420,000 in December 2017 to \$11,000 in December 2018. Normal variances in the quantity and timing of State and Federal grant funding, and a \$226,000 prior year correction recorded in December 2017, created the change.

Expenses in the Capital Construction Fund were \$835,000, or 52%, lower in December 2018 compared to December 2017 due to normal differences in the timing and magnitude of expenses for capital projects. Substantial expenses in December 2018 included the payment of a \$709,000 construction invoice for the Miller to Fletcher Bay Core 40 Non-Motorized project.
- **WATER FUND REVENUES:** Revenue in the Water Fund was \$45,000, or 33%, lower in December 2018 compared to December 2017 due to an 86% decrease in revenue from connection fees. Connection fee revenue varies depending on the permitting stage and number of construction projects taking place on the Island.
- **SEWER FUND REVENUES & EXPENSES:** Revenue in the Sewer Fund was \$134,000, or 27%, lower in December 2018 compared to December 2017 due to a 93% decrease in connection fee revenue. Like water connection fees, sewer connection fee revenue varies depending on development activity.

Expenses in the Sewer Fund were \$311,000 lower in December 2018 compared to December 2017. The timing of debt service payments, which were paid one month earlier in 2018, created the difference.
- **STORM & SURFACE WATER MAINTENANCE (SSWM) FUND EXPENSES:** Expenses in the SSWM Fund were \$180,000, or 54%, lower in December 2018 compared to December 2017 due to a decrease in capital construction spending. December 2018 capital expenses included a portion of the purchase of a tractor and tractor-related equipment for a combined \$33,000.
- **BUILDING & DEVELOPMENT SERVICES (B&DS) FUND REVENUES:** Revenue in the B&DS Fund was \$100,000 higher in December 2018 compared to December 2017. Excluding transfers from the General Fund to maintain the minimum fund balance target, revenue in December 2018 was only \$36,000 higher. Contributing factors:

 - Revenue from plan checking fees was \$15,000, or 127%, higher in December 2018 compared to December 2017. Both the transaction volume and the average fee amount were respectively 8% and 22% higher in December 2018.
 - Revenue from other planning and development fees was \$12,000, or 120%, higher in December 2018 compared to December 2017. Transaction volume and the average fee amount in December 2018 were respectively 37% lower and 172% higher compared December 2017, indicating the specifics of the review process and dependent fee amounts had a stronger impact on revenue than volume did.
 - Zoning and subdivision fee revenue was \$7,000, or 42%, higher in December 2018 compared to December 2017. Processing of submissions handed in prior to the ongoing development moratorium still managed to generate \$25,000 of revenue in December 2018. Total zoning and subdivision fee revenue for 2018, however, was 43% lower than the 2017 annual total.

- Revenue from building permits was \$28,000, or 59%, lower in December 2018 compared to December 2017, despite transaction volume being 17% higher. This indicates variances in the complexity and nature of permits processed, and corresponding fee amounts, were the reason for the difference. This decrease in building permit revenue was offset by \$23,000 of revenue from developer extension agreement fees.

REVENUE TYPE	DECEMBER 2017 TOTAL	DECEMBER 2018 TOTAL	INCREASE (DECREASE)	% CHANGE
PLAN'G REVIEW OF BLDG PERMITS	\$3,649	\$8,293	\$4,644	127%
PLAN CHECKING FEES	\$12,512	\$27,525	\$15,012	120%
OTHER PLANNING/DEVELOPMENT FEE	\$17,902	\$30,385	\$12,483	70%
FIRE MARSHAL PLAN REVIEW	\$3,200	\$5,100	\$1,900	59%
ZONING & SUBDIVISION FEES	\$18,146	\$25,728	\$7,582	42%
BUILDING PERMITS	\$48,383	\$19,603	(\$28,781)	-59%
TRANSP IMPACT ADM FEE	\$429	\$147	(\$282)	-66%
TREE REMOVAL/VEG MAINT PERMIT		\$180	\$180	
DEV EXTENSION AGR 3% FEE		\$23,914	\$23,914	