



Monthly Financial Report - March 2019

FUND No.	FUND NAME	2019 STARTING FUND BALANCE	YTD 2019 REVENUES	2018 REVENUES	YTD 2019 EXPENSES	2018 EXPENSES	MAR 2019 ENDING FUND BALANCE	RESERVES
001	General Fund	\$ 18,565,810	\$ 4,366,004	\$ 3,954,700	\$ (4,346,901)	\$ (5,185,121)	\$ 18,584,913	\$ 5,633,000
101	Street Fund	\$ 264,921	\$ 777,854	\$ 531,226	\$ (712,881)	\$ (535,142)	\$ 329,894	N/A
103	REET Fund	\$ 777,649	\$ 356,879	\$ 571,928	\$ (650,327)	\$ (342,156)	\$ 484,201	N/A
104	Civic Impr. Fund	\$ 302,403	\$ 63,041	\$ 52,826	\$ (6,250)	\$ -	\$ 359,194	N/A
301	Capital Const. Fund	\$ 3,591,488	\$ 493,673	\$ 1,307,091	\$ (130,807)	\$ (841,721)	\$ 3,954,354	N/A
401	Water Fund	\$ 7,713,900	\$ 287,965	\$ 381,111	\$ (343,404)	\$ (333,762)	\$ 7,658,461	\$ 397,598
402	Sewer Fund	\$ 6,377,475	\$ 920,679	\$ 913,514	\$ (625,182)	\$ (737,239)	\$ 6,672,972	\$ 2,436,629
403	Storm Water Fund	\$ 1,771,357	\$ 276,567	\$ 200,874	\$ (416,470)	\$ (336,186)	\$ 1,631,454	\$ 830,502
407	Building Svcs. Fund	\$ 325,784	\$ 791,897	\$ 685,198	\$ (797,429)	\$ (689,661)	\$ 320,252	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 comes from the 2019-2020 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 2019-2020 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: 4/25/2019



MONTHLY FINANCIAL REPORT HIGHLIGHTS MARCH 2019

- **GENERAL FUND:** Year-to-date (YTD) revenue in the General Fund was \$411,000, or 10%, higher through March 2019 compared to the same timeframe in 2018. Property tax revenue remained steady with an \$8,000, or 1%, increase, and revenue from business and occupation taxes showed similarly small changes with a \$14,000, or 3%, decrease. Meanwhile, sales tax revenue jumped by \$211,000, or 19% overall, with revenue from the construction and retail sales industries respectively increasing by 26% and 10%. One-time revenue sources also contributed to the 2019 increase, including Federal and State grant funding for port security, historical structure preservation, and DUI enforcement totaling to \$181,000.

Expenses in the General Fund were \$838,000, or 16%, lower YTD 2019 compared to the same timeframe in 2018. A decrease in the amount of General Fund money earmarked for capital construction projects, and normal variances in the need for the General Fund to support the maintenance of other funds' minimum fund balance targets, created a \$970,000, or 57%, drop in transfers out of the General Fund so far in 2019. Additional decreases included a \$35,000, or 30%, collective drop in expenses for computer software, computer parts, and computer maintenance support due to variances in the timing of software subscription invoices and equipment demands. Categories in which General Fund expenses were higher in 2019 included legal professional services (\$20,000, or 62%, higher), repairs (\$26,000, or 90%, higher), and intergovernmental professional services (\$49,000, or 18%, higher).

- **STREET FUND:** Revenue in the Street Fund was \$246,000, or 46%, higher through March 2019 compared to the same timeframe in 2018. Transfers in from the General Fund to maintain the Street Fund's minimum fund balance target exhibited normal fluctuations, coming in \$191,000 higher so far in 2019. That increase, combined with a \$20,000, or 8%, rise in revenue from business and occupation taxes for commercial parking facilities, and \$34,000 in auction proceeds from the sale of surplus vehicles in 2019, created the difference.

Expenses in the Street Fund were \$177,000, or 33%, higher YTD 2019 compared to 2018. Snowstorms in February 2019 created a temporary operations and maintenance workload increase, generating higher overtime pay and supplies expenses (\$10,000 and \$25,000 higher, respectively). Non-capital equipment purchases continued to increase supplies costs into March 2019 for a YTD total increase of \$52,000 compared to the same period in 2018. Emergency repairs to a seawall generated an additional \$73,000 of repair costs in 2019.

- **REAL ESTATE EXCISE TAX (REET) FUND:** REET revenue was \$215,000, or 38%, lower through March 2019 compared to the same period in 2018. Transaction volume and the average selling price were respectively 38% and 10% lower in 2019. The selling price of the most expensive property through March 2018 was \$6.1 million, and 36 properties in the \$1-3 million range sold during that period. The most expensive property through March 2019 sold for \$3.6 million, and 20 properties in the \$1-3 million range sold in that period. This indicates the lower average selling price had a lesser impact on revenue in 2019 so far than the lower transaction volume.

- **CAPITAL CONSTRUCTION FUND:** Revenue in the Capital Construction Fund through March 2019 was \$813,000, or 62%, lower compared to the same timeframe in 2018. Normal variances in the quantity and timing of State and Federal grant funding, and transfers from the General Fund earmarked for capital projects, created the difference.

Expenses in the Capital Fund through March 2019 totaled to \$130,000, compared to \$841,000 during the same period in 2018. 2019 expenses include \$68,000 of professional services costs for several projects, including the police and court facility, the Sportsman Club and New Brooklyn intersection, and Olympic Drive.

- **WATER FUND:** Water Fund revenue was \$93,000, or 24%, lower YTD 2019 compared to the same period in 2018. Water sales revenue was up \$67,000, or 50%, due to revenue accrual timing variances. That increase was offset by falling connection fee revenue, which varies depending on the level and stage of development activity taking place on the Island, and was \$169,000, or 95%, lower in 2019. Transaction volume for water connection fees dropped from 34 in 2018 to only two in 2019 so far. Subdivisions fueled 82% of the transactions and 23% of the revenue from January through March 2018.

- **SEWER FUND:** Expenses in the Sewer Fund were \$112,000, or 15%, lower YTD 2019 compared to 2018. The largest drop was in capital construction costs, which fell by \$75,000, or 53%, in 2019. Expenses in 2019 included \$67,000 of construction costs for the Old Treatment Plant and Village pump station replacement projects.

- **STORM WATER FUND:** Revenue in the Storm Water Fund was \$75,000, or 38%, higher through March 2019 compared to the same period in 2018. Revenue from storm water fees was \$57,000, or 29%, higher due to the variances in the timing of fee payments, a 3% increase in the fee amount between 2018 and 2019, and a 2% increase in the number of properties billed.

Expenses in the Storm Water Fund were \$80,000, or 24%, higher in YTD 2019 compared to 2018 due to a \$4,000 increase in professional services costs, and \$76,000 in repair costs for the culvert replacement project.

- **BUILDING & DEVELOPMENT SERVICES (B&DS) FUND REVENUES:** Overall revenue in the B&DS Fund was \$106,000, or 16%, higher through March 2019 compared to the first three months of 2018. However, excluding transfers from the General Fund to maintain the minimum fund balance target, YTD revenue in 2019 was \$194,000, or 45%, lower. Contributing factors included building permit revenue, which was \$122,000, or 61%, lower with both transaction volume and the average permit fee amount respectively dropping by 42% and 31%. Revenue from plan checking fees also dropped \$38,000, or 34%, due to a 26% decrease in transaction volume and a 10% decrease in the average fee amount. Revenue from other planning and development fees saw no change in the average fee amount, but a 57% reduction in transaction volume led to a \$19,000, or 57%, decrease in overall revenue compared to January through March 2018.

B&DS Fund expenses were \$107,000, or 16%, higher in the first quarter of 2019 compared to quarter one 2018. A \$17,000, or 46%, decrease in legal professional services costs offset an \$11,000, or 18%, increase in insurance costs, while salaries and benefits were \$114,000, or 21%, higher through March 2019. This is the result of cost of living and salary step increases, additional personnel charging time to the B&DS Fund, and an increase in labor cost allocation percentages assigned to the B&DS Fund.