



Monthly Financial Report - April 2019

FUND No.	FUND NAME	2019 STARTING FUND BALANCE	YTD 2019 REVENUES	2018 REVENUES	YTD 2019 EXPENSES	2018 EXPENSES	APRIL 2019 ENDING FUND BALANCE	RESERVES
001	General Fund	\$ 18,565,810	\$ 8,328,036	\$ 7,420,093	\$ (5,787,723)	\$ (6,367,787)	\$ 21,106,122	\$ 5,633,000
101	Street Fund	\$ 264,921	\$ 1,008,029	\$ 610,174	\$ (860,412)	\$ (682,638)	\$ 412,538	N/A
103	REET Fund	\$ 777,649	\$ 587,189	\$ 792,282	\$ (723,270)	\$ (482,492)	\$ 641,568	N/A
104	Civic Impr. Fund	\$ 302,403	\$ 79,507	\$ 65,429	\$ (91,643)	\$ (13,591)	\$ 290,267	N/A
301	Capital Const. Fund	\$ 3,591,488	\$ 1,260,418	\$ 1,676,894	\$ (190,703)	\$ (938,970)	\$ 4,661,204	N/A
401	Water Fund	\$ 7,713,900	\$ 395,588	\$ 500,331	\$ (466,250)	\$ (438,696)	\$ 7,643,239	\$ 397,598
402	Sewer Fund	\$ 6,377,475	\$ 1,307,734	\$ 1,321,275	\$ (1,848,370)	\$ (945,019)	\$ 5,836,838	\$ 2,436,629
403	Storm Water Fund	\$ 1,771,357	\$ 1,249,551	\$ 1,173,725	\$ (624,428)	\$ (461,205)	\$ 2,396,480	\$ 830,502
407	Building Svcs. Fund	\$ 325,784	\$ 1,044,890	\$ 886,366	\$ (1,050,443)	\$ (912,709)	\$ 320,230	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 May 2019.

REPORT DATE: 5/24/2019



## MONTHLY FINANCIAL REPORT HIGHLIGHTS APRIL 2019

**NOTE TO THE READER:** The City's accounting procedure to record investment interest revenue changed at the beginning of 2019. Prior to 2019, all investment interest revenue was allocated to the City's various funds once per year by a percentage based on the funds' respective cash balances. The same allocation method is being used in 2019, but the revenue is allocated monthly instead of annually, potentially increasing the complexity of revenue comparisons between 2019 and 2018 through November.

- **GENERAL FUND:** Year-to-date (YTD) revenue in the General Fund was \$907,000 or 12% higher through April 2019 compared to the same timeframe in 2018. Property tax revenue and revenue from business and occupation taxes both increased by 4%, or \$117,000 and \$68,000, respectively. Sales tax revenue was \$237,000 or 15% higher overall, with revenue from the construction industry increasing by 22% and accounting for 37% of total YTD sales tax revenue. Revenue from the retail trade industry increased 11% and accounted for 30% of total sales tax revenue collected so far in 2019. 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 \$193,000. YTD investment interest revenue allocated to the General Fund in 2019 contributed \$191,000 to the increase.

Expenses in the General Fund were \$580,000 or 9% 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 \$1 million or 56% drop in transfers out of the General Fund so far in 2019. Categories in which General Fund expenses have increased in 2019 include, but are not limited to, professional services (\$248,000 or 40% higher), repairs (\$35,000 or 79% higher), and supplies (\$20,000 or 25% higher).

- **STREET FUND:** Revenue in the Street Fund was \$379,000 or 65% higher through April 2019 compared to the same timeframe in 2018. Transfers in from other funds to maintain the Street Fund's minimum fund balance target exhibited normal fluctuations, ending the first four months of 2019 \$179,000 or 113% higher than 2018. That increase, combined with a \$195,000 or 77% rise in revenue from business and occupation taxes for commercial parking facilities, created the difference.

Expenses in the Street Fund were \$177,000 or 26% 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, which were \$8,000 or 100% and \$48,000 or 300% higher in 2019, respectively. Non-capital equipment purchases increased supplies costs through April 2019 for a YTD total increase of \$48,000 compared to the same period in 2018. Emergency repairs to a seawall generated repair costs in 2019, which were \$66,000 or 314% higher so far.

- **REAL ESTATE EXCISE TAX (REET) FUND:** REET revenue was \$205,000 or 26% lower through April 2019 compared to the same period in 2018. Transaction volume and the average selling price were 25% and 3% lower in 2019. The selling price of the most expensive property through April 2018 was \$6.1 million, and 49 properties in the \$1-4 million range sold during that period. The most expensive property through April 2019 sold for \$3.6 million, and 35 properties in the \$1-4 million range sold during that period.
- **CAPITAL CONSTRUCTION FUND:** Revenue in the Capital Construction Fund through April 2019 was \$416,000 or 25% 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 April 2019 totaled \$190,000, compared to \$938,000 during the same period in 2018. \$115,000 of professional services costs for several projects, including the Police and Court facility, the Sportsman Club and New Brooklyn intersection, Olympic Drive, and Wyatt Way, were recorded in 2019.

- **WATER FUND:** Water Fund revenue was \$104,000 or 24% lower YTD 2019 compared to the same period in 2018. Water sales revenue was \$72,000 or 35% higher 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 \$199,000 or 94% lower in 2019. Transaction volume for water connection fees dropped from 42 in 2018 to only four in 2019 so far.
- **SEWER FUND:** Expenses in the Sewer Fund were \$903,000 or 96% higher YTD 2019 compared to 2018 due to the timing of debt service payments recorded in April 2019 and May 2018. Meanwhile, at \$126,000, capital construction costs were \$54,000 or 30% lower so far in 2019. Expenses included construction costs for the Old Treatment Plant and Village pump station replacement projects.
- **STORM WATER FUND:** Expenses in the Storm Water Fund were \$163,000 or 35% higher YTD 2019 compared to 2018. A \$7,000 increase in professional services costs, and a \$79,000 increase in repair costs for the culvert replacement project created part of the difference, while the timing of debt service payments recorded in April 2019 and May 2018 created the remainder.
- **BUILDING & DEVELOPMENT SERVICES (B&DS) FUND REVENUES:** Overall revenue in the B&DS Fund was \$158,000 or 18% higher through April 2019 compared to the first four months of 2018. However, excluding transfers from the General Fund to maintain the minimum fund balance target, YTD revenue in 2019 was \$205,000 or 32% lower. Contributing factors included building permit revenue, which was \$178,000 or 59% lower with both transaction volume and the average permit fee amount dropping by 32% and 39%, respectively. Revenue from other planning and development fees saw no change in the average fee amount, but a 55% reduction in transaction volume led to a \$22,000 or 55% decrease in revenue compared to January through April 2018.

B&DS Fund expenses were \$137,000 or 15% higher through April 2019 compared to 2018. A \$22,000 or 39% decrease in legal professional services costs offset an \$11,000 or 18% increase in insurance costs, while salaries and benefits were \$145,000 or 20% higher through April 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.