

MEMORANDUM

Date: June 15, 2020
From: Douglas Martin, Island County Budget Manager
To: Board of County Commissioners
Subject: Monthly Financial Report – May 2020

EXECUTIVE SUMMARY

As of the May 31 financial month end, 42% of the fiscal year has passed. This data will be used to set the 2021 budget stage with departments when the Call for Budgets goes out June 19, 2020. General observations for financial results ended May 31, 2020 are as follows. Please reference the chart on page 2.

- Overall, Revenues are at 35% of budget through 42% of the fiscal year. This is consistent with prior years due to the timing of revenue receipts and ahead of 2019 results (32.73%).
- Property Taxes collected through May 31 are on par with prior year.
- Sales Tax revenue is slightly higher than last year, but lower than anticipated in the 2020 budget. March sales tax received in May was higher than expected, so the impact of the pandemic has not yet been felt.
- Licenses & Permits are lower than 2019 totals and at 36% of the 2020 budget due to the pandemic shutdown.
- Intergovernmental Revenues are those sources paid to Island County from State and federal agencies. These revenues are higher than last year due to higher levels of activity and reimbursement. The low percent of budget (19.85%) is normal for this time of year as compared to 2019.
- Charges for Services are consistent with 2019 levels and are at 35% of the 2020 budget.
- Fine & Penalties are lower than 2019 totals by \$48,303 and are at 29% of the 2020 budget. This is due to the shutdown of County services because of the pandemic.
- Miscellaneous and Interest revenue are those sources for fees & rents paid for internal services, insurance reserves activity and interest income for the County. Receipts are at 58% of the 2020 budget.
- Transfers and Other Sources accounts for payments between funds as well as debt or capital financing. The 2020 balances are higher than 2019 due to a change in how cost and salary allocation were budget for 2020. The 61% of budget total is achieved by the processing of the full year allocations.

- Salaries and Benefits costs combined are slightly higher than 2019 and on par as a percent of total budget (35%).
- Maintenance & Operations costs of \$7.9 million are in line with budget and 2019 actuals.
- Intergovernmental costs account for payments to outside government agencies. The 2020 total of \$1.1 million is in line with the 2020 budget and slightly lower than the 2019 actuals.
- Capital costs of \$3.8 million are related to the construction of the Camano Admin building and the Crisis Stabilization center. Costs are in line with 2020 budget expectations.
- InterDept & Transfer costs track payments between funds. The May 31 balance is at 53% of 2020 budget due to the annual cost allocation entries made in March.

42% of the Budget Year has elapsed	Countywide - All Departments & Funds					
	YTD @	2020 Adopted		YTD @	2019 Adopted	
	5/31/2020	Budget	% of Budget	5/31/2019	Budget	% of Budget
USE FUND BALANCE/RESERVE		10,115,522	0.00%		10,262,515	0.00%
PROPERTY TAXES	10,117,490	18,442,428	54.86%	10,142,456	18,303,666	55.41%
SALES TAXES	2,958,660	14,805,918	19.98%	2,943,259	14,282,000	20.61%
OTHER TAXES	1,888,646	5,763,200	32.77%	2,012,848	6,238,850	32.26%
LICENSES & PERMITS	883,266	2,422,450	36.46%	1,064,028	2,037,744	52.22%
INTERGOVERNMENT REVENUES	3,782,998	19,057,092	19.85%	3,500,925	17,215,821	20.34%
CHARGES FOR SERVICES	6,042,989	17,427,720	34.67%	5,982,272	15,495,329	38.61%
FINES & PENALTIES	120,977	412,970	29.29%	169,280	450,902	37.54%
MISCELLANEOUS & INTEREST	4,487,702	7,665,629	58.54%	4,075,887	7,819,979	52.12%
TRANSFERS & OTHER SOURCES	8,697,936	14,272,842	60.94%	5,582,420	16,284,028	34.28%
Total Revenues	38,980,664	110,385,771	35.31%	35,473,375	108,390,834	32.73%
SALARIES	10,218,520	29,748,688	34.35%	9,805,709	28,747,884	34.11%
BENEFITS	4,563,544	12,788,520	35.68%	4,314,986	12,494,296	34.54%
MAINTENANCE & OPERATIONS	7,894,548	32,378,224	24.38%	7,438,518	29,084,364	25.58%
INTERGOVERNMENT	1,103,677	3,010,224	36.66%	1,507,560	3,655,521	41.24%
CAPITAL	3,756,599	15,970,343	23.52%	274,370	16,955,942	1.62%
INTERDEPT & TRANSFERS	5,609,772	10,673,956	52.56%	8,300,772	13,303,765	62.39%
DEBT SERVICE	1,450	1,895,125	0.08%	849	931,700	0.09%
ACCUM FUND BALANCE/RESERVE		3,920,690	0.00%		3,217,362	0.00%
Total Expenditures	33,148,110	110,385,771	30.03%	31,642,764	108,390,834	29.19%

RESULTS BY FUND

A [Financial Report by Fund](#) will be provided under separate cover that breaks down revenues and expenses by category in each fund. While a large report, it does provide detail as to how each fund has performed through the first five months. The five largest funds, representing 76% of the County budget, are all within budget.

- Current Expense (001)
- Roads (101)
- Planning (152)
- Construction (308)
- Solid Waste (401)
- ER&R (501)

Areas of concern focus primarily on the future impact of lower revenues due to the economic shutdown and the potential for unanticipated expense due to the COVID-19 pandemic.

The County has the potential of \$2.4 million in lost revenue, primarily sales taxes. The actual impact will be felt over the next three months and the estimate of impact will change as each month's revenue is received.

Through June 5th, the County has expended \$803,136 towards COVID-19 related costs with the potential of a significant portion being covered by unanticipated revenue from State and Federal Sources. This is a dynamic and changing landscape and will be updated on a frequent basis.

Please do not hesitate to contact me if you have questions or concerns.