

MEMORANDUM

Date: May 2, 2022
From: Douglas Martin, Island County Budget Manager
To: Island County Commissioners
Subject: Monthly Financial Report for March 31, 2022

EXECUTIVE SUMMARY

The financial report for the three months ended March 31, 2022 shows mixed results. This analysis compares the March 31, 2022 results to the same period in 2021. Revenues are slightly lower than the same period in 2021. Sales Taxes and Intergovernmental Revenues still show increases in 2022. Revenue as a percent of the 2022 Budget is lower due to the higher 2022 Adopted Budget balance which includes \$8 million in ARPA revenue to be paid in May of this year. Expenditures are slightly higher than the same period in 2021, due primarily to higher Maintenance & Operations costs. Expenditures as a percent of the 2022 Budget are lower due to the anticipated accumulation of Fund Balance with ARPA revenues. Inflation is beginning to rise, so we can expect lower revenues and higher expenses in 2022. That said, it appears, based on this preliminary data, that Island County will meet the 2022 Budget expectations.

Countywide - All Departments & Funds						
25% of the Budget Year has elapsed	2022	2022	Percentage of 2022 Budget	2021	2021	Percentage of 2021 Budget
Description	Yr To Date @ 3/31/2022	Adopted Budget		Yr To Date @ 3/31/2021	Adopted Budget	
USE FUND BALANCE/RESERVE	-	9,012,791.00	0.00%	-	11,227,520	0.00%
PROPERTY TAXES	2,003,392	19,367,110	10.34%	2,059,884	18,635,939	11.05%
SALES TAXES	1,413,568	18,957,744	7.46%	1,248,126	14,783,806	8.44%
OTHER TAXES	1,563,341	6,289,500	24.86%	1,735,144	5,763,200	30.11%
LICENSES & PERMITS	658,296	2,889,697	22.78%	667,606	2,632,550	25.36%
INTERGOVERNMENT REVENUES	3,646,558	32,932,256	11.07%	2,705,887	18,772,875	14.41%
CHARGES FOR SERVICES	3,737,565	19,782,555	18.89%	4,186,296	18,098,543	23.13%
FINES & PENALTIES	38,634	305,025	12.67%	88,643	313,000	28.32%
MISCELLANEOUS & INTEREST	1,710,963	5,537,154	30.90%	1,926,246	6,294,189	30.60%
TRANSFERS & OTHER SOURCES	82	3,385,785	0.00%	836,595	3,744,330	22.34%
Total Revenues	14,772,399	118,459,617	12.47%	15,454,427	100,265,952	15.41%
SALARIES	5,865,338	31,750,917	18.47%	5,718,458	30,033,284	19.04%
BENEFITS	2,745,561	14,464,080	18.98%	2,699,611	13,571,550	19.89%
MAINTENANCE & OPERATIONS	5,046,108	35,251,953	14.31%	3,354,657	29,802,607	11.26%
INTERGOVERNMENT	918,479	7,998,338	11.48%	930,767	6,856,866	13.57%
CAPITAL	134,587	5,162,503	2.61%	472,817	3,464,698	13.65%
INTERDEPT & TRANSFERS	1,513,066	11,504,017	13.15%	2,496,219	11,190,001	22.31%
DEBT SERVICE	29	2,221,750	0.00%	83	2,204,875	0.00%
OTHER	-	-	-	-	-	-
ACCUM FUND BALANCE/RESERVE	-	10,106,059	0.00%	-	3,142,071	0.00%
Total Expenditures	16,223,168	118,459,617	13.70%	15,672,612	100,265,952	15.63%
Revenues Over(Under) Expenditures	(1,450,769)	-		(218,185)	-	

DETAIL

- Property Taxes collected total just over \$2 million, slightly less than prior year and consistent as a percentage of the budget.
 - Sales Taxes for all funds totaled \$1.4 million, higher than the same period in 2021 and consistent as a percentage of the 2022 budget.
 - Other Taxes, which include REET revenue, total over \$1.5 million or almost 25% of the 2022 budget. While lower than 2021 totals, Other Taxes appear to be a reliable revenue source. Lower home sales due to market pricing and inflation may impact REET revenue.
 - Licenses & Permits revenue totaled \$658,000 in 2022, substantially equal to 2021. This category appears to be on track to meet the 2022 budget estimate of \$2,890,000.
 - Intergovernmental revenues are those sources paid to Island County from State and Federal sources. The timing of receipt of these sources is dependent on the entity funding the grants/contracts, which fluctuates. Keep in mind that the 2022 Budget anticipates an \$8 million ARPA payment due in May.
 - Charges for Services total \$3.7 million, slightly less than the 2021 revenue for the same period.
 - Fines & Penalties totaled \$38,634, less than half of the 2021 revenue for the same period. Lower activity and suspended collections are the primary causes for this decline.
 - Miscellaneous and Interest revenue are those sources for fees and rents paid for internal services, insurance reserves activity and interest income. 2022 revenue to date of \$1.7 million is on target for the 2022 budget.
 - The Transfers and Other Sources category accounts for payments between funds as well as debt or capital financing. There has been negligible activity in this category in the 1st Quarter of 2022. It is expected that all budgeted activity will occur.
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- Both Salaries & Benefits costs reflect five pay periods which is consistent with the 2022 Budget year-to-date and in line with the 2021 actual costs.
 - Maintenance & Operations costs cover the majority of non-personnel costs in the 2022 budget. Expenditures through March 31st are in line with the 2022 budget and slightly higher than 2021 comparables.
 - Intergovernmental costs are those payments made to outside governmental agencies. The \$913,479 cost through 3 months is consistent with the prior year and only 11.5% of the 2022 budget.
 - Capital costs of \$134,587 are lower than prior year due to the completion of two building projects in 2021.
 - InterDept & Transfers costs of \$1.5 million is only 13% of the 2022 budget due to a delay in processing transactions. This will be remedied in the 2nd quarter,
 - Debt service costs are nominal in the 1st quarter and will catch up as semi-annual payments are made.