

## MEMORANDUM

Date: June 11, 2019  
From: Douglas Martin, Island County Budget Manager  
To: Board of County Commissioners  
Subject: Monthly Financial Reports – MAY 2019

---

Please find attached the following financial reports for the period ending May 31, 2019.

- Financial Report by Fund
- Revenues by Department
- Expenditures by Department
- Sales Tax charts by category and trend

### Commentary on May 2019 Financial Results

42% of the fiscal year has passed. Island County as a whole has received 33.7% of budgeted revenues (sources) and spent 30.0% of its budgeted expenditures (uses). Inter-fund transfers, sources & uses that have been processed for the year have a lesser impact on the financial results as we are nearly halfway through the year. Now the impact of use and accumulation of fund balance budgeted for 2019 which have not been processed produces an artificial drag on the financial results.

### REVENUES

Property tax receipts are at 55% of budget and are roughly equal to collections made in 2018 in terms of budget percentage.

Sales tax receipts are at 20.97% of budget and are slightly lower than the same period in 2018 (21.9%). Receipts continue to be softer but are still higher in total dollars collected. Some categories have declines in revenue levels for the month of May (March sales) compared to the same period in 2018. The Construction category is roughly equal to the 2017 levels.

Revenue performance is now also impacted by budgeted draws or use of Fund Balance. These entries are usually not posted until closer to the end of the year. For 2019, there is about \$12.5 million in budgeted Use of Fund Balance, of which none has been realized. This creates a drag on the Revenues performance as a percentage of total revenues.

### EXPENDITURES

Salaries and Benefits categories are at 33% – 36% of budget through May 31<sup>st</sup>, lower than the year-to-date budget percentage due primarily to the accounting accrual entry for 2018 salaries paid in 2019. All other expenditures appear to be in line with the budget and timeline.

### RESULTS BY FUND AND DEPARTMENT

The two largest funds in terms of expenditure, Current Expense (001) and County Road (101), are well within budget constraints. The REET 1 Fund (134) has low revenue and expense variances due to the Camano Admin project which has not yet started. As noted by the Department reports, Departments are within expected parameters for expenditures. Revenue variances by department are caused by the inter-fund and Use of Fund Balance entries noted above.

Please do not hesitate to contact me if you have additional questions about this material.