

MEMORANDUM

Date: June 28, 2021
From: Douglas Martin, Island County Budget Manager
To: Board of County Commissioners
Subject: Monthly Financial Report – May 2021

EXECUTIVE SUMMARY

The positive outlook for Island County finances continue with the May 31 financial report. Revenues are in line with or exceeding the 2021 budget. Charges for Services & Licenses & Permits continue to be on target through 5 months. Expenditures are ahead of the 2021 budget and consistent with prior year measures. Salaries & Benefits costs are roughly equal to prior years costs, higher wages are offset by numerous vacancies. Capital costs were higher in 2020 due to the construction of two new county facilities. COVID-19 costs in 2021 are being managed and will be covered by unanticipated revenue to be recognized in a future budget adjustment.

SUMMARY

The chart on page 2 outlines countywide financial results for 2021 with a comparison to the same period in 2020. General observations for countywide financial results are as follows:

- Overall, Revenues are at 39% of budget through 42% of the fiscal year. This is consistent with prior years due to the timing of some revenue receipts, primarily Property Taxes and Sales Taxes.
- Other Taxes, which include REET revenue, total \$3.3 million, 57% of the 2021 budget. This is a significant increase (about \$1.4 million) over 2020 actuals.
- Licenses & Permits revenue totals \$1.16 million in 2021 to date, on target for 2021 and \$280,000 higher than 2020.
- Intergovernmental Revenues are those sources paid to Island County from State and federal agencies. 2021 revenues of \$7.7 million are significantly higher than the 2020 levels and within expectation of the 2021 budget.
- Charges for Services total \$7.6 million, on target for the 2021 budget and also higher than 2020 levels.
- Fine & Penalties revenue total \$149,467, in line with the 2021 budget and higher than 2020 actuals. The 2021 budget was set lower in anticipation of fewer collections.
- Miscellaneous and Interest revenue are those sources for fees & rents paid for internal services, insurance reserves activity and interest income for the County. 2021 revenue of \$2.7 million is on target for the 2021 budget and lower than 2020 totals due to lower interest rates and lower overall activity.
- Transfers and Other Sources are payments between funds as well as debt or capital financing. The 2021 balance of \$1.7 million is significantly lower than 2020 due the construction of two County projects last year.
- Salaries and Benefits costs reflect ten pay periods. These costs are at 33% of the annual budget and consistent with 2020 costs. The favorable result compared to budget is due to numerous vacancies throughout the County.
- Maintenance & Operations costs are at \$8.1 million in 2021, lower than the 2021 budget but generally consistent with the 2020 activity.
- Intergovernmental costs account for payments to outside government agencies. The 2021 costs total \$1.4 million to date, 21% of the 2021 budget and slightly higher than the 2020 actuals.
- Capital costs for all funds total \$706,790 through May 31, which include some final costs for the new county buildings plus budgeted capital equipment.
- InterDept & Transfer costs track payments between funds. The May 31 total of \$4 million is in line with the 2021 budget.

Countywide - All Departments & Funds						
42% of the Fiscal Year has Elapsed	2021	2021	Percentage of 2021 Budget	2020	2020	Percentage of 2020 Budget
Description	Yr To Date @ 5/31/2021	Adopted Budget		Yr To Date @ 5/31/2020	Adopted Budget	
USE FUND BALANCE/RESERVE	-	11,227,520.00	0.00%	-	10,245,564.00	0.00%
PROPERTY TAXES	10,627,328.00	18,635,939.00	57.03%	10,117,490.00	18,442,428.00	54.86%
SALES TAXES	4,123,186.00	14,783,806.00	27.89%	2,958,660.00	14,805,918.00	19.98%
OTHER TAXES	3,295,826.00	5,763,200.00	57.19%	1,882,073.00	5,794,360.00	32.48%
LICENSES & PERMITS	1,163,566.00	2,632,550.00	44.20%	883,266.00	2,422,450.00	36.46%
INTERGOVERNMENT REVENUES	7,734,409.00	18,772,875.00	41.20%	4,182,061.00	30,123,091.00	13.88%
CHARGES FOR SERVICES	7,560,034.00	18,098,543.00	41.77%	6,042,989.00	17,436,520.00	34.66%
FINES & PENALTIES	149,467.00	313,000.00	47.75%	120,977.00	412,970.00	29.29%
MISCELLANEOUS & INTEREST	2,680,454.00	6,294,189.00	42.59%	4,487,724.00	7,773,182.12	57.73%
TRANSFERS & OTHER SOURCES	1,673,568.00	3,744,330.00	44.70%	8,697,936.00	15,907,925.00	54.68%
Total Revenues	39,007,838.00	100,265,952.00	38.90%	39,373,176.00	123,364,408.12	31.92%
SALARIES	9,986,090.00	30,033,284.00	33.25%	10,218,520.00	30,707,859.00	33.28%
BENEFITS	4,680,581.00	13,571,550.00	34.49%	4,563,544.00	13,092,138.00	34.86%
MAINTENANCE & OPERATIONS	8,150,557.00	29,802,607.00	27.35%	7,894,548.00	37,349,952.00	21.14%
INTERGOVERNMENT	1,431,245.00	6,856,866.00	20.87%	1,095,353.00	9,402,884.00	11.65%
CAPITAL	706,790.00	3,464,698.00	20.40%	3,756,599.00	16,090,881.00	23.35%
INTERDEPT & TRANSFERS	4,040,432.00	11,190,001.00	36.11%	5,609,772.00	10,673,956.96	52.56%
DEBT SERVICE	1,011.00	2,204,875.00	0.05%	1,472.00	2,002,125.00	0.07%
OTHER	7,547.00	-				
ACCUM FUND BALANCE/RESERVE	-	3,142,071.00	0.00%	-	4,044,612.16	0.00%
Total Expenditures	29,004,253.00	100,265,952.00	28.93%	33,139,808.00	123,364,408.12	26.86%
Revenues Over(Under) Expenditures	10,003,585.00	-		6,233,368.00	0.00	

RESULTS BY FUND

A Financial Report by Fund is that breaks down revenues and expenses by category is available upon request. This report provides detail as to how each fund has performed through the first five months of the year. The five largest funds, whose budgets represent over 70% of the entire Island County budget, are discussed below:

- Current Expense (001)
 - Revenues of \$11.6 million represent nearly 40% of the 2021 budget. April Property tax payments and higher than revenue from Charges for Services contribute to this positive result. Sales Tax revenue is also trending higher than budget.
 - Expenditures of \$11.99 million represent 40% of the 2021 budget. Salaries & Benefits total about \$7.6 million, or about 34% of the annual budget, consistent with prior years.
- Roads (101)
 - Revenues for the Road Fund total \$7.6 million through May 31, 32% of the 2021 budget, consistent with 2020 activity.
 - Expenditures total \$4.9 million through May 31, only 20% of the 2021 budget. Salaries & Benefits are consistent with countywide ratios. Maintenance & Operations are lower due to weather & pandemic-related delays.
- Planning (152)
 - Revenues for the Planning Fund are at \$1.4 million through five months, in line with the 2021 budget.
 - Expenditures total \$1.1 million through May 31, 33% of budget. All costs are running slightly below the year to date budget.

- Solid Waste (401)
 - Revenues for the Solid Waste Fund total \$4.0 million through May 31, 41% of the 2021 budget. The 2021 revenue is higher than 2020 levels and reflects the rate change implemented in 2020.
 - Expenditures total \$2.6 million through four months, 26% of the 2021 budget. Positive results in Salaries & Benefits as well as Maintenance & Operations are noted.
- ER&R (501)
 - The Equipment Rental & Revolving Fund (ER&R) manages the vehicles and heavy equipment used primarily by Public Works. Revenues for the first five months of 2021 total \$1.3 million, 32% of the 2021 budget. This is slightly lower than 2020 levels and reflects lower than anticipated activity due to weather and pandemic concerns.
 - Expenditures total \$1.2 million, 29% of the 2021 budget. As with revenues, this reflects a lower than anticipated level of activity.

OTHER TOPICS

- Island County has received its initial tranche of ARPA funding, \$8,268,820. A strategic plan for how to use the funds is in development.