City of Poulsbo

Interoffice Correspondence

Memo to: Mayor Erickson
Finance/Admin Committee Members
Councilmember Gary Nystul
Councilmember Ed Stern
Councilmember Kenneth Thomas

From: Deb Booher, Finance Director
Kelly Ziemann, Senior Budget Accountant

Date: November 2, 2016

Subject: Quarterly Budget Status Reports
Third Quarter 2016

Please find attached the quarterly variance report for Third Quarter 2016. Items falling outside the 15% parameters are highlighted with explanations provided after the spreadsheets.

Also included in this report are the Projected Fund Balances and Actual Cash Balances. Highlighted are the items falling outside the parameters as established by the Financial Management Policy, which are:

- 12% Projected Fund Balance
- 2 Months Operating Cash

Explanations for the highlighted items are also following the spreadsheets.

We will be reviewing this in detail at the next Finance/Admin Committee meeting. If you have any questions or comments regarding the reports, please let us know.

Thank you.

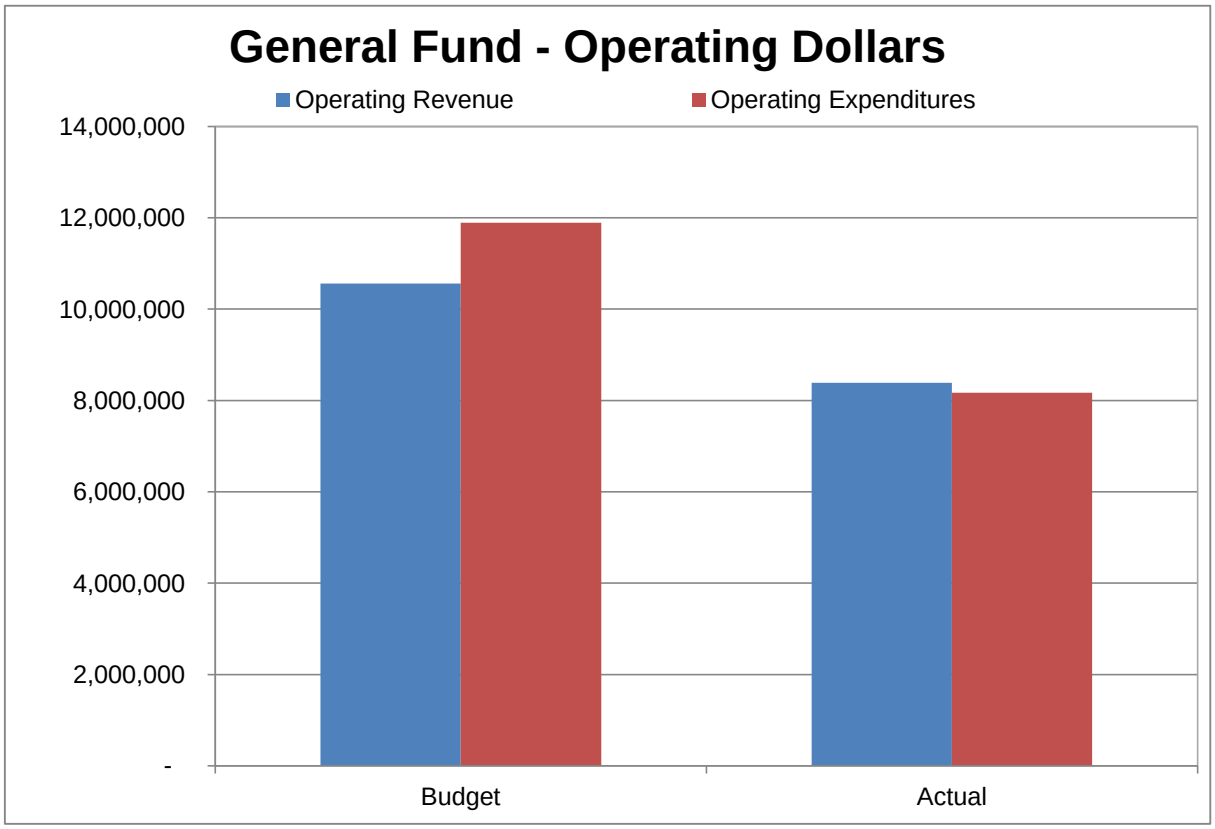
GENERAL FUND
BUDGET vs ACTUAL
Month Ending September 30, 2016

Note: Time Elapsed 75%

REVENUES			
GENERAL FUND REVENUE SOURCE	**BUDGETED REVENUE**	**ACTUAL REVENUE**	**% COLLECTED**
BEGINNING FUND BALANCE	3,162,550	3,162,550	100.00%
TAXES			
PROPERTY	2,266,889	1,220,713	53.85%
SALES	3,215,000	2,624,446	81.63%
B&O	1,684,450	1,413,169	83.89%
EXCISE	116,000	93,895	80.94%
SUB-TOTAL TAXES	*7,282,339*	*5,352,222*	*73.50%*
LICENSES & PERMITS	587,130	703,479	119.82%
GRANTS	220,023	172,636	78.46%
CHARGES FOR SERVICES	1,059,171	1,079,435	101.91%
INTERFUND SERVICES	1,228,879	921,659	75.00%
FINES & FORFEITURES	75,200	57,484	76.44%
INVESTMENT EARNINGS	46,000	74,183	161.27%
SUB-TOTAL	*3,216,403*	*3,008,876*	*93.55%*
MISCELLANEOUS	26,734	28,410	106.27%
TRANSFERS	37,000	-	0.00%
TOTAL GENERAL FUND OPERATING REVENUES	*10,562,476*	*8,389,508*	*79.43%*
TOTAL GENERAL FUND	***13,725,026***	***11,552,058***	***84.17%***

EXPENDITURES			
DEPARTMENT	**BUDGETED EXPENDITURES**	**ACTUAL EXPENDITURES**	**% EXPENDED**
CITY COUNCIL	150,179	85,834	57.15%
MUNICIPAL COURT	384,249	266,775	69.43%
EXECUTIVE	188,661	117,270	62.16%
FINANCE	851,062	533,273	62.66%
LEGAL	360,424	242,279	67.22%
GENERAL GOVERNMENT	490,090	339,121	69.20%
CENTRAL SERVICES	442,263	356,107	80.52%
CLERKS	210,670	134,996	64.08%
RISK MANAGEMENT	67,379	47,702	70.80%
PERSONNEL	146,228	100,601	68.80%
INFORMATION SERVICES	195,115	125,909	64.53%
POLICE	2,837,445	1,981,874	69.85%
GENERAL FACILITIES	264,019	198,739	75.27%
CEMETERY	5,430	5,352	98.56%
PW ADMIN	501,002	368,036	73.46%
ENGINEERING/BUILDING	961,335	635,675	66.12%
LIBRARY	32,155	20,977	65.24%
PARKS	315,333	223,274	70.81%
PLANNING	610,795	422,736	69.21%
NATURAL RESOURCES	15,000	6,261	41.74%
PARK AND RECREATION	784,642	566,318	72.18%
TRANSFERS OUT	2,078,487	1,388,719	66.81%
TOTAL GENERAL FUND	**11,891,963**	**8,167,827**	**68.68%**

Operating Revenues less Operating Expenditures	221,681	
ENDING FUND BALANCE/% OF OPERATING REVENUES	3,384,231	32.04%


General Fund - Operating Dollars
Operating Revenue
Operating Expenditures
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
Budget
Actual

REVENUES & EXPENDITURES - ALL FUNDS

Month Ending September 30, 2016

Note: Time Elapsed 75%

		Revenues				*Expenditures*			*Financial Management Policy Compliance*			
FUNDS	**ANNUAL BUDGETED REVENUES**	**Budgeted Beginning Balance**	**Budgeted Operating Revenues**	**Actual Revenue**	**% of Actual to Budget**	**Budgeted Expenditures**	**Actual Expenditures**	**% of Actual to Budget**	**Projected Fund Balance**	**Fund Balance % of Revenues**	**Actual Cash & Investment Balance**	**2 Months Operating Cash**
001 GENERAL FUND	13,725,026	3,162,550	10,562,476	8,389,508	79%	11,891,963	8,167,827	69%	1,833,063	17%	3,396,301	1,981,994
Total General Fund	*13,725,026*	*3,162,550*	*10,562,476*	*8,389,508*	*79%*	*11,891,963*	*8,167,827*	*69%*				
101 CITY STREET FUND	1,098,621	138,009	960,612	750,487	78%	906,271	673,971	74%	192,350	20%	224,240	151,045
121 CAPITAL IMPROVEMENT FUND	708,768	308,618	400,150	447,261	112%	448,900	390,796	87%	259,868	65%	365,083	74,817
123 TRAFFIC DEVELOPMENT FUND	981,408	981,358	50	327,142	654285%	370,000	220,000	59%	611,408	1222816%	1,051,866	61,667
124 PARK DEVELOPMENT FUND	232,651	232,651	-	52,961	N/A	175,000	10,000	6%	57,651	N/A	275,613	29,167
131 HIS DNTWN PLSBO ASSN FUND	145,825	69,665	76,160	53,399	70%	101,650	64,592	64%	44,175	58%	59,696	16,942
161 PATH & TRAILS RESRVE FUND	15,576	14,567	1,009	2,210	219%	-	-	N/A	15,576	1544%	16,777	-
171 DRUG ENFORCEMENT FUND	56,574	56,524	50	19,084	38168%	13,125	6,312	48%	43,449	86898%	69,296	2,188
181 TRANSIENT OCC TAX FUND	159,903	59,903	100,000	89,472	89%	120,000	53,835	45%	39,903	40%	95,540	20,000
191 POLICE RESTRICTED FUND	120,871	99,479	21,392	20,660	97%	34,272	18,832	55%	86,599	405%	101,307	5,712
Total Special Revenue Funds	*3,520,197*	*1,960,774*	*1,559,423*	*1,762,678*	*113%*	*2,169,218*	*1,438,339*	*66%*				
201 MISC GOVMNTL DEBT FUND	89,861	4,337	85,524	85,557	100%	85,524	85,524	100%	4,337	5%	4,371	14,254
204 NON-VOTED G O DEBT FUND	1,008,334	12,374	995,960	819,370	82%	995,960	196,650	20%	12,374	1%	635,326	165,993
Total Debt Service Funds	*1,098,195*	*16,711*	*1,081,484*	*904,927*	*84%*	*1,081,484*	*282,174*	*26%*				
301 EQUIP ACQUISITION FUND	744,016	568,089	175,927	136,126	77%	465,070	160,703	35%	278,946	159%	543,512	77,512
302 PARK RESERVE FUND	479,562	193,562	286,000	84,324	29%	385,690	23,772	6%	93,872	33%	254,114	64,282
311 STREET RESERVE FUND	4,137,027	709,053	3,427,974	569,034	17%	3,227,248	415,675	13%	909,779	27%	862,140	537,875
314 CEMETERY RESERVE FUND	78,869	76,869	2,000	2,862	143%	-	-	N/A	78,869	3943%	79,731	-
331 FACILITIES FUND	1,555,626	330,426	1,225,200	26,533	2%	454,231	241,729	53%	1,101,395	90%	115,230	75,705
Total Special Revenue Funds	*6,995,100*	*1,877,999*	*5,117,101*	*818,879*	*16%*	*4,532,239*	*841,879*	*19%*				
401 WATER UTILITY FUND	6,308,924	4,153,638	2,155,286	2,067,658	96%	4,877,795	2,002,748	41%	1,431,129	66%	4,433,690	812,966
403 SEWER UTILITY FUND	16,274,617	7,762,267	8,512,350	3,173,934	37%	11,078,136	3,647,739	33%	5,196,481	61%	7,474,125	1,846,356
404 SOLID WASTE FUND	3,439,907	1,822,907	1,617,000	1,340,140	83%	2,014,930	1,240,394	62%	1,424,977	88%	1,962,096	335,822
410 STORM DRAIN FUND	3,490,999	1,378,898	2,112,101	1,413,389	67%	2,908,001	1,627,308	56%	582,998	28%	1,470,205	484,667
Total Enterprise Funds	*29,514,447*	*15,117,710*	*14,396,737*	*7,995,121*	*56%*	*20,878,862*	*8,518,189*	41%				
TOTAL ALL FUNDS	***54,852,965***	***22,135,744***	***32,717,221***	***19,871,113***	***60.74%***	***40,553,766***	***19,248,407***	***47.46%***	***14,299,200***	***72%***	***23,490,258***	***6,758,961***

* *The N/A is because actual dollars are being recorded when no budget is allocated.*

Quarterly Budget Status
For Period Ended
September 30, 2016

REVENUE and EXPENDITURE VARIANCES (+/-) 15% EXPLAINED

FUND 001 - General Fund Revenues

Beginning Fund Balance

* Beginning Balances are used for budgeting purposes to recognize the available funds.

Property Taxes

* Property Tax payments are received twice a year. The second payment will occur in the 4th Qtr.

Licenses & Permits

* Building Permit revenues are higher than anticipated
  (Approximately $135,000 YTD over Budget)
* Concealed Pistol License Fee and Alarm Registration revenues are higher than anticipated.
  (Approximately $2,300 YTD over Budget)

Charges for Services

* Plan Checking & Inspection revenues are higher than anticipated.
  (Approximately $75,000 YTD over Budget)
* Zoning & Subdivision revenues are higher than anticipated.
  (Approximately $94,000 YTD over Budget)

Investment Earnings

* Investment Earnings are higher than anticipated.
  (Approximately $30,600 YTD over Budget)

Miscellaneous

* This category is for Revenue associated with Donations, Scrap Sales and Sales of Capital Assets. Revenue is higher than anticipated in this category.

Transfers

* Budgeted transfers for YMCA Feasibility Study and Wayfair Signage were contingent on city property sales. The YMCA Feasibility Study was conducted last quarter as approved by council using general reserves.

FUND 001 - General Fund Expenditures

City Council

* Election and voter registration costs are paid at the end of the year.

Cemetery

* Casual Labor costs are higher than anticipated.
  (Approximately $1,400 YTD over Budget)

Natural Resources

* Professional Service costs are less than anticipated year to date.
  (Approximately $5,500 YTD under Budget)

Fund 121 - Capital Improvement Fund

* Real Estate Excise Tax received is higher than anticipated.
  (Approximately $178,000 YTD over Budget)

FUND 123 - Traffic Development Fund

* Revenue is from Traffic Impact Fees and is not typically budgeted due to its unpredictable timing.
* Budgeted transfer to fund Noll Road and Finn Hill Reconstruction project will occur once projects commence.

FUND 124 - Park Development Fund

* Revenue is from Park Impact Fees and is not typically budgeted due to its unpredictable timing.
* Budgeted transfers to fund Vista Park, Morrow Manor, Centennial Park and MIW Restroom projects will occur once projects commence.

Quarterly Budget Status
For Period Ended
September 30, 2016

FUND 161 - Paths & Trails Fund

* Revenue posting to be corrected via Journal Entry - actual revenue is on track as anticipated.

FUND 171 - Drug Enforcement Fund

* Revenues are generated from drug seizures and are not budgeted. These revenues are recorded when received or when the case is closed.
  (Approximately $18,900 YTD)
* Expenditures are drug enforcement and K9 related and are recorded as expenditures are made.

FUND 181 - Transient Occup Tax Fund

* Expenses are less than anticipated. Expenses are reimbursed as grant requests are received and processed. Most items to be funded occur in the 4th quarter.

FUND 191 - Police Restricted Fund

* Revenues are generated from confiscated property and vessel registration fees of which both are more than anticipated.
  (Approximately $1,700 YTD over Budget)
* Expenditures are restricted to at-risk criminal justice and marine patrol programs and are recorded as expenditures are made.

FUND 200's - Debt Service Funds

* Debt service payments and transfers are made when the debt is due.

FUND 301 - Equip Acquisition Fund

* Capital items are purchased as a one time cost which will be paid when the purchase is made. This includes the software for Community Development which has not been fully implemented year to date.

FUND 302 - Park Reserve Fund

* Revenue from Grant contributions for projects are received when the work has been completed.
* Expenditures are down because they are project related and will be recorded as progress is made.

FUND 311 - Street Reserve Fund

* Budgeted transfers to fund Finn Hill and Noll Road projects will occur once projects commence.
* Revenue from Grant contributions for projects are received when the work has been completed.
* Expenditures are down because they are project related and will be recorded as progress is made.

FUND 314 - Cemetery Reserve Fund

* Revenue from Cemetery Plot sales are higher than anticipated.
  (Approximately $600 YTD over Budget)

FUND 331 - Facilities Fund

* Revenue from the sale of property will be recorded when received.
* Expenditures budgeted are for Demolition of the old City Hall Building and city owned houses on Klingle & Centennial Park property. Demolition of city owned houses will not occur until revenue from sale of property is received.

FUND 401 - Water Utility Fund

* Revenue from Plan Checking and Connection Charges are higher than anticipated.
  (Approximately $330,000 YTD over Budget)
* Expenditures are down because Capital projects have progressed less than anticipated.

FUND 403 - Sewer Utility Fund

* Debt proceeds for Capital Facilities Charge for CK Sewer Plant will be recorded when received.
* Revenue from Plan Checking and Connection Charges are higher than anticipated.
  (Approximately $180,000 YTD over Budget)
* Expenditures are down because Capital projects have progressed less than anticipated.

FUND 410 - Storm Drain Utility Fund

* Expenditures are down because Capital projects have progressed less than anticipated.

Quarterly Budget Status
For Period Ended
September 30, 2016

FINANCIAL MANAGEMENT POLICY COMPLIANCE EXPLANATIONS

Projected Fund Balances

Projected fund balances should be in excess of the 12% limit set by the Financial Management Policy. Items falling below the 12% are detailed below.

Misc Governmental Debt Fund (201) and Non-voted GO Debt Fund (204)

A fund balance is not planned for debt funds.

Cash Balances

Items listed in the column 'Actual Fund Balance' is equivalent to cash balance based on a full accrual basis. Cash balances should exceed 2 months operating cash to be in compliance with the Financial Management Policy. Items which do not meet the minimum are detailed below.

Misc Governmental Debt Fund (201)

Transfers are set up monthly to assure funds are available for the first debt payment due in June. After the debt payment is made only a minimum cash balance is maintained.