



CITY OF
BAINBRIDGE ISLAND

MEMORANDUM

DATE: December 23, 2019
TO: Morgan Smith, City Manager; City Council
FROM: Finance Department
SUBJECT: November 2019 Financial Report

INTRODUCTION: This report presents a comparison of year-to-date (YTD) financial information between the current year and prior year in two categories: tax-supported funds and utility funds. Generally, tax-supported funds' revenues are supported by tax inflows, while utility funds generate revenue by charging fees for services. Table I shows which funds fall into each of the two categories, and includes revenue, expenditure, and fund balance data by fund.

TAX-SUPPORTED FUNDS: Revenues in the City's tax-supported funds were \$1.27 million (4.4%) higher YTD, and expenditures were \$655,000 (2.6%) higher compared to the same timeframe in 2018. Staff are closely monitoring trends in the following key revenues and expenditures:

- Sales tax revenue through the end of November at \$4,859,000 was \$483,000 (11%) higher in 2019 than in the same period in 2018. Revenue from the construction and retail trade industries accounted for 35% and 30% of total 2019 sales tax revenue, each increasing 11% compared to last year.
- Real estate excise tax revenue through the end of November at \$2,649,000 was \$173,000 (6%) lower in 2019 than in the same period in 2018. YTD transaction volume was 15% lower, while the average selling price was 5% higher. November 2019 revenue was 10% below the 5-year November average.
- Revenue generated by building and development services (B&DS) fees through the end of November at \$1,228,000 was \$336,000 (22%) lower in 2019 than in the same period in 2018. Revenue levels vary depending on the complexity, volume, and stage of development activity on the Island.
- Federal and State grant funding through the end of November at \$2,357,000 was \$1.2 million (110%) higher in 2019 than in the same period in 2018, including grants for the Miller Road, Fletcher Bay Road, Sportsman Club Road, Wyatt Way, and Olympic Drive projects, as well as for port security and historical preservation.
- Expenditures for capital projects through the end of November at \$3,045,000 were \$1.4 million (73%) higher in 2019 than in the same period in 2018. The Olympic Drive project generated the largest construction expenditures so far this year.
- Professional services expenditures across all tax-supported funds through the end of November at \$1,956,000 were \$366,000 (17%) higher in 2019, including expenditures for services related to planning, environmental studies, finance, recruiting, legal advice, community services, and capital projects.

UTILITY FUNDS: Revenues in the City's utility funds were \$702,000 (9%) higher YTD, while expenditures were \$371,000 (5.1%) lower compared to the same timeframe in 2018¹. Staff are closely monitoring trends in the following key revenues and expenditures:

- Water and sewer connection fee revenues through the end of November at \$377,000 were \$206,000 (35%) lower in 2019. This revenue source varies depending on development activity and is largely supported by subdivision development.
- Revenue from stormwater fees through the end of November at \$2,633,000 was \$99,000 (4%) higher in 2019, reflecting a 3.2% fee increase and a 1% increase in the number of properties being charged.
- Capital expenditures in the utility funds through the end of November at \$949,000 were collectively 320,000 (25%) lower in 2019. 2019 utility projects include the Village pump station, Old Treatment Plant pump station, telemetry upgrades, and a portion of Olympic Drive.
- Salaries and benefits costs in the utility funds through the end of November at \$2,589,000 were \$155,000 (6%) higher in 2019 due to an increase in staffing levels, as well as cost of living and salary step increases.

¹ The City's three utility funds are individually self-supporting, generating revenue by charging for services provided. While utility revenue figures are delivered collectively in parts if this report, it should be noted that revenue from one utility cannot be used to support the expenditures of another utility. Please see Table I for additional details on each of the City's three utility funds.

Table 1

FUND No.	FUND NAME	2019 STARTING FUND BALANCE	YTD 2019 REVENUES	2018 REVENUES	YTD 2019 EXPENSES	2018 EXPENSES	NOV. 2019 ENDING FUND BALANCE	RESERVES	
<i>Tax-Supported</i>									
001	General Fund	\$ 18,565,810	\$ 18,920,110	\$ 18,295,101	\$ (14,523,902)	\$ (14,679,192)	\$ 22,962,018	\$ 5,633,000	
101	Street Fund	\$ 264,921	\$ 2,779,874	\$ 2,486,087	\$ (2,707,817)	\$ (3,086,579)	\$ 336,979	N/A	
103	REET Fund	\$ 777,649	\$ 2,672,638	\$ 2,822,853	\$ (1,705,565)	\$ (1,961,203)	\$ 1,744,722	N/A	
104	Civic Impr. Fund	\$ 302,403	\$ 323,005	\$ 234,897	\$ (195,211)	\$ (184,951)	\$ 430,197	N/A	
171	Trans. Benefit Fund	\$ 825,699	\$ 478,954	\$ 404,682	\$ (400,000)	\$ (399,500)	\$ 904,653	N/A	
173	Trans. Impact Fund	\$ 303,458	\$ 157,528	\$ 246,941	\$ (216,072)	\$ (24,000)	\$ 244,915	N/A	
301	Capital Const. Fund	\$ 3,591,488	\$ 2,516,091	\$ 2,394,130	\$ (3,155,977)	\$ (2,229,576)	\$ 2,951,602	N/A	
407	Building Svcs. Fund	\$ 325,784	\$ 2,771,463	\$ 2,456,451	\$ (2,776,911)	\$ (2,460,699)	\$ 320,336	N/A	
		\$ 24,957,213	\$ 30,619,663	\$ 29,341,142	\$ (25,681,455)	\$ (25,025,700)	\$ 29,895,421	\$ 5,633,000	
<i>Utility</i>									
401	Water Fund	\$ 7,713,900	\$ 1,429,556	\$ 1,459,145	\$ (1,481,929)	\$ (1,222,591)	\$ 7,661,527	\$ 396,789	
402	Sewer Fund	\$ 6,377,475	\$ 3,990,896	\$ 3,446,089	\$ (3,826,425)	\$ (4,258,543)	\$ 6,541,946	\$ 1,731,847	
403	Storm Water Fund	\$ 1,771,357	\$ 2,725,450	\$ 2,538,404	\$ (1,618,700)	\$ (1,816,909)	\$ 2,878,108	\$ 831,661	
		\$ 15,862,732	\$ 8,145,903	\$ 7,443,637	\$ (6,927,054)	\$ (7,298,042)	\$ 17,081,581	\$ 2,960,297	

NOTES:

The City has adopted reserve policies for the General Fund and the Utility Funds (Water, Sewer, and Storm Water). The General Fund reserve amount consists of a \$1 million emergency reserve plus 25% of ongoing revenues, totalling \$5.6 million. Please see page 25 of the 2019-2020 Adopted Budget for further information. Utility reserves are calculated as 1% of each utility's capital assets at net book value, plus 60 days of operating costs for Water and Sewer, and 120 days of operating costs for Storm Water.

Monthly revenue and expense amounts may include non-cash transactions.