

DATE: July 19, 2024
TO: Blair King, City Manager; City Council
FROM: Finance Department
SUBJECT: May 2024 Financial Report

EXECUTIVE SUMMARY

The following report is intended to provide a summary of important financial information for the City of Bainbridge Island. Included in this report is an at-a-glance view of city financial health indicators, tables and charts comparing financial data from the prior year to current, notes explaining outlier information, and status on time-sensitive American Rescue Plan Act (ARPA) spending.

Important note: timing is a key factor in year-over-year variance in one or more of our major revenue and expenditure sources. For example, the largest revenue source, Property Tax, is typically received in April and October. Additionally, contributions from other funds to the Capital Fund are made at the beginning of the year for the full amount of expected spending. Due to the nature of capital projects and their variability from year-to-year, changes in capital spending to previous years are not an indicator of good or poor financial performance.



TABLE OF CONTENTS

This monthly report includes the following sections and tables. Each section has a brief introduction:

SECTION 1: FUND FINANCIAL HEALTH INDICATORS.....	3
TABLE 1: SUMMARY OF YEAR-TO-DATE FUND ACTIVITY	4
SECTION 2: TAX-SUPPORTED REVENUE & EXPENDITURE GRAPHS.....	5
SECTION 2 REVENUE NOTES	6
SECTION 2 EXPENDITURE NOTES	7
SECTION 3: UTILITY FUNDS REVENUE AND EXPENSE GRAPHS.....	8
SECTION 3 REVENUE AND EXPENDITURE NOTES.....	9
TABLE 2: SUMMARY OF YEAR-TO-DATE BUDGETED ACTIVITY BY FUND.....	10
TABLE 3: SUMMARY OF AMERICAN RESCUE PLAN ACT (ARPA) FUNDS.....	11
TABLE 4: SUMMARY OF YEAR-TO-DATE BUDGET ACTIVITY BY DEPARTMENT	12

SECTION 1: FUND FINANCIAL HEALTH INDICATORS

Financial Health Indicators are derived from financial analysis of revenue, expenditure, and fund balance trends, as well as foreseeable situations that will have an impact on future financial performance.

*Only cautionary indicators will include pertinent comments.

Fund	Indicator	Comments
General	Good	
Building & Development Services (B&DS)	Cautionary	Though 2024 BDS revenues through May are higher than 2023 by \$292,000, expenses have increased due to a significant increase in insurance, and legal costs allocated to the fund. Despite positive revenue trends, the fund is still anticipated to require more General Fund support than forecasted.
Real Estate Excise Tax (REET)	Cautionary	2024 revenue through May is 6% higher than 2023 revenue. The uncertainty surrounding the real estate market continues to make this revenue source difficult to predict.
Other Governmental Funds	Good	
Water	Good	
Sewer	Good	
Storm and Surface Water	Good	

Section I Notes

- Other Governmental Funds include:
 - Streets
 - Civic Improvement
 - Affordable Housing
 - General Obligation Bond
 - Transportation Benefit
 - Transportation Impact
 - Capital Construction
- A rate study for the Water, Sewer, and Storm and Surface Water funds will be beginning in 2024 and is expected to conclude in early 2025.

TABLE 1: SUMMARY OF YEAR-TO-DATE FUND ACTIVITY

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

FUND NAME	2024 BEGINNING FUND BALANCE	YTD 2024 REVENUES	YTD 2023 REVENUES	YTD 2024 EXPENSES	YTD 2023 EXPENSES	YTD 2024 TRANSFERS	MONTH END FUND BALANCE	RESERVES
Tax-Supported Funds								
General Fund	\$ 23,782,391	\$ 11,827,191	\$ 14,958,549	\$ (8,446,758)	\$ (7,715,595)	\$ (4,619,624)	\$ 22,543,200	\$ 5,109,111
Street Fund	\$ 81,483	\$ 508,422	\$ 743,265	\$ (1,375,985)	\$ (1,101,424)	\$ 893,638	\$ 107,558	N/A
REET Fund	\$ 2,785,347	\$ 1,066,411	\$ 1,005,395	\$ -	\$ -	\$ (2,685,926)	\$ 1,165,832	N/A
Civic Impr. Fund	\$ 715,531	\$ 157,639	\$ 142,937	\$ (106,773)	\$ (123,773)	\$ -	\$ 766,397	N/A
Affordable Housing Fund	\$ 2,317,801	\$ 373,384	\$ 353,790	\$ (50,843)	\$ (24,350)	\$ -	\$ 2,640,341	\$ 59,171
FAR-Public Amenities	\$ 14,627	\$ 302	\$ 6,074	\$ -	\$ -	\$ -	\$ 14,929	N/A
FAR-Farm/Agriculture	\$ 91,095	\$ 1,881	\$ 10,221	\$ -	\$ -	\$ -	\$ 92,976	N/A
ARPA Fund	\$ -	\$ -	\$ 28,984	\$ -	\$ -	\$ -	\$ -	N/A
General Obligation Bond Fund	\$ 4,050	\$ 3,596	\$ 351,788	\$ (27,215)	\$ (27,925)	\$ 386,527	\$ 366,958	N/A
LID Bond Fund	\$ 89,275	\$ -	\$ -	\$ -	\$ (39,072)	\$ -	\$ 89,275	N/A
Trans. Benefit Fund	\$ 803,701	\$ 345,430	\$ 266,125	\$ (2,611)	\$ -	\$ (603,337)	\$ 543,182	N/A
Trans. Impact Fund	\$ 362,058	\$ 57,548	\$ 25,274	\$ -	\$ -	\$ -	\$ 419,605	N/A
Capital Const. Fund	\$ 6,352,199	\$ 5,707	\$ 139,672	\$ (2,025,659)	\$ (2,654,189)	\$ 5,530,594	\$ 9,862,841	N/A
Building Svcs. Fund	\$ (24,492)	\$ 811,078	\$ 1,040,491	\$ (1,689,963)	\$ (1,440,525)	\$ 913,377	\$ 10,000	N/A
Equipment Rental & Revolving	\$ 3,170,344	\$ 215,285	\$ 159,815	\$ (172,653)	\$ (113,159)	\$ -	\$ 3,212,976	N/A
	\$ 40,545,408	\$ 15,373,873	\$ 19,232,381	\$ (13,898,460)	\$ (13,240,011)	\$ (184,750)	\$ 41,836,071	\$ 5,168,282
Utility Funds								
Water Fund	\$ 5,077,118	\$ 2,775,404	\$ 756,306	\$ (7,328,839)	\$ (1,169,031)	\$ 8,750	\$ 532,433	\$ 449,143
Sewer Fund	\$ 5,874,315	\$ 2,112,951	\$ 2,032,256	\$ (2,877,045)	\$ (2,174,371)	\$ -	\$ 5,110,221	\$ 1,213,625
Storm Water Fund	\$ 6,235,081	\$ 2,153,844	\$ 2,075,762	\$ (1,080,911)	\$ (1,055,756)	\$ 176,000	\$ 7,484,013	\$ 655,077
	\$ 17,186,514	\$ 7,042,199	\$ 4,864,323	\$ (11,286,795)	\$ (4,399,157)	\$ 184,750	\$ 13,126,667	\$ 2,317,845

Additional notes and comments on variances can be found in subsequent sections.

Capital funding and supporting transfers for 2024 include:

General Fund - \$4.6 million

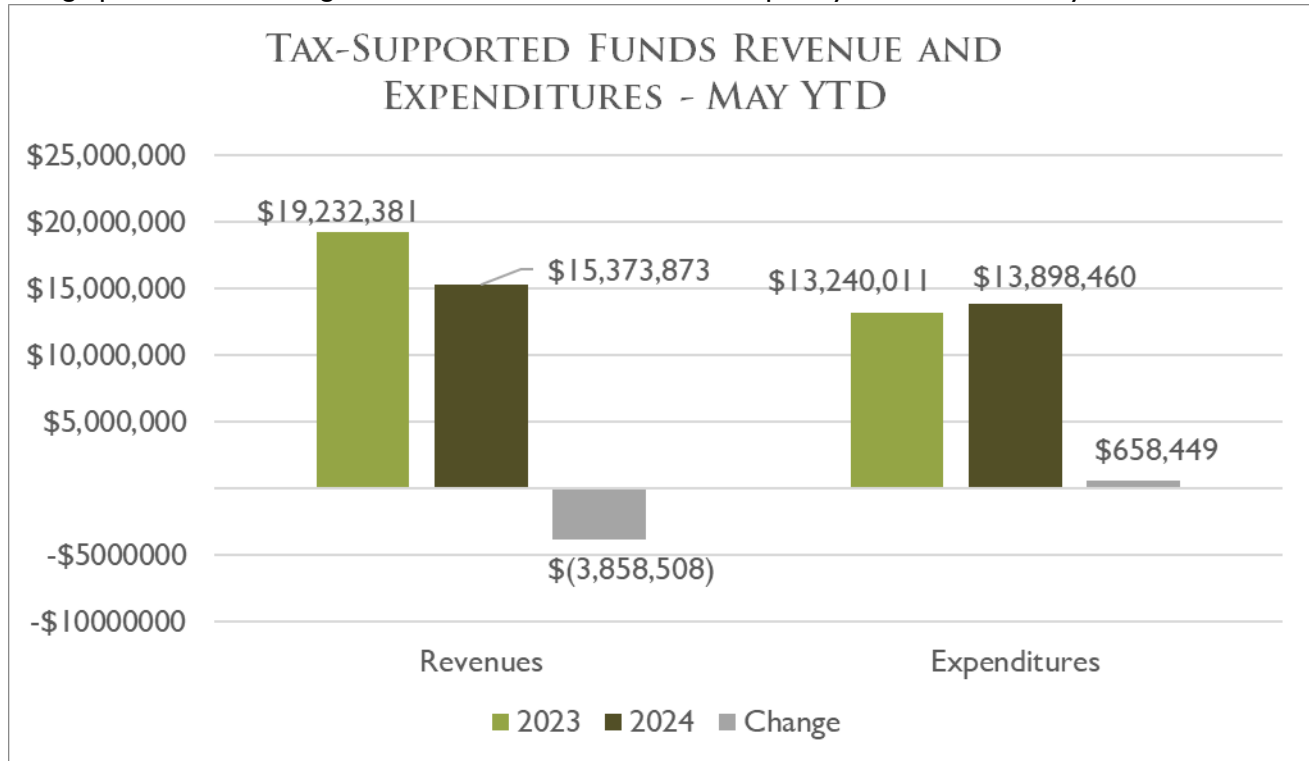
- Public Works Yard Improvements \$525,000
- Bucklin Hill Rd Reconstruction \$846,000
- Country Club Bulkhead Reconstruction \$917,000
- Electric Vehicle Charging Station \$160,000
- Ted Spearman Justice Center Carbon Offset \$780,000
- Springbrook Fish Passage \$176,000
- BDS Fund Support \$913,000
- Street Fund Support \$294,000

Real Estate Excise Tax - \$2.2 million

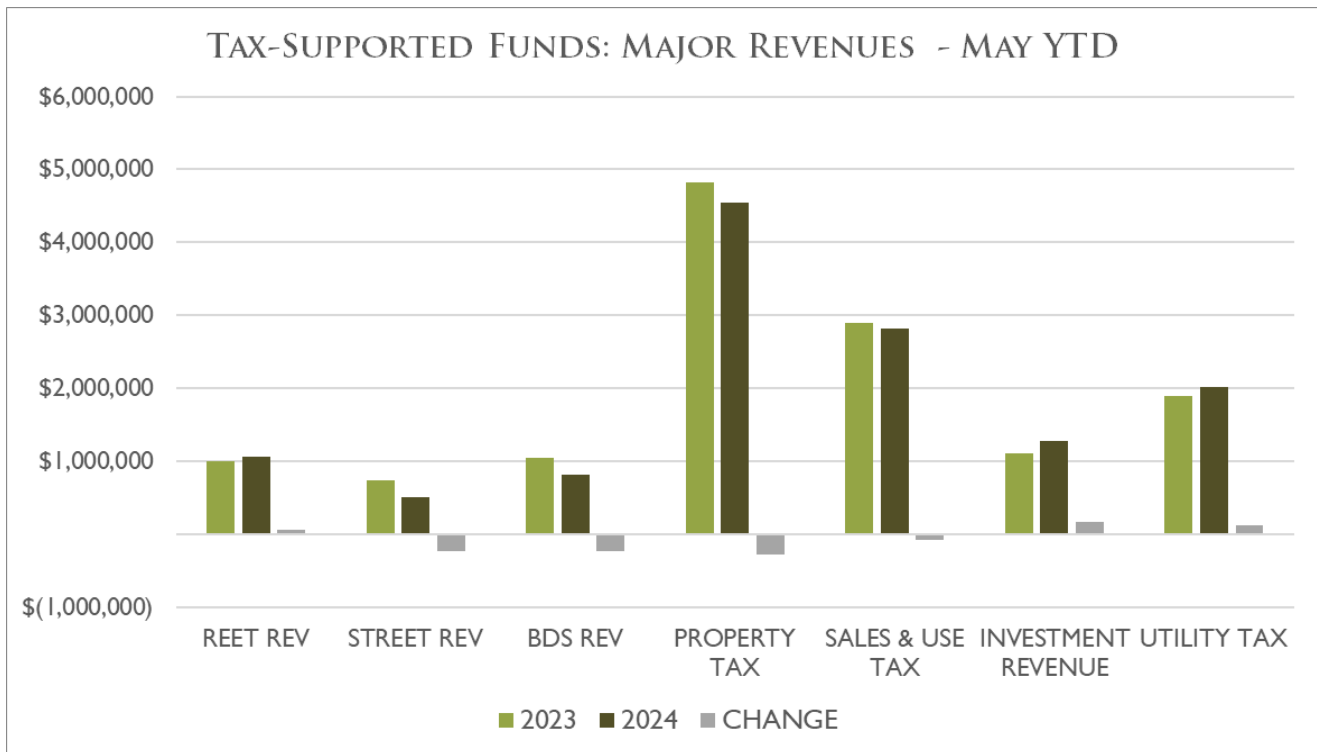
- Eagle Harbor/Wyatt Non-Motorized Improvements \$2,100,000
- City Hall Lower Parking Lot Retrofit \$14,000
- Pleasant Beach Drive Extension \$87,000

SECTION 2: TAX-SUPPORTED REVENUE & EXPENDITURE

The graphs show the change in amount at month-end from the prior year to the current year.



Graph 1 includes all combined tax-supported funds; Graph 2 includes all major tax-supported revenue funds.



SECTION 2 REVENUE NOTES

Major Revenue **Increases** Since 2023

Major Revenue **Decreases** Since 2023

General Fund

- Miscellaneous Revenue \$75,000 or 106%
 - March Opioid settlement of \$64,000
- Investment Revenue \$109,000 or 16%

Street Fund

- Commercial Parking Lot Tax \$41,000 or 15%

Affordable Housing Fund

- Investment Interest \$26,000 or 98%

Transportation Benefit Fund

- TBD Vehicle Fees \$78,000 or 30%
 - This fee was increased by \$10 for 2024, but due to late implementation by the State, it did not take effect until April of 2024.

Transportation Improvement Fund

- Transportation Impact Fees \$28,000 or 128%

Building and Development

- Building Permits \$87,000 or 47%
- Planning Review of Building Permits \$20,000 or 71%
- Zoning & Subdivision Fees \$66,000 or 75%
- Plan Checking Fees \$91,000 or 85%

ER&R Fund

- Equipment & Vehicle Rent \$38,000 or 33%
 - Investment Interest \$18,000 or 38%

General Fund

- ARPA Related Revenue \$3,484,000 or 100%
 - One-time recognition of ARPA revenue in April 2023.

Street Fund

- ARPA Related Revenue \$201,000 or 100%
 - One-time recognition of ARPA revenue in April 2023.
- Other Revenues \$81,000 or 101%
 - January 2023 had a one-time donation of \$50,000 from the BI Parks Foundation for the STO Trail.
 - February 2023 had \$22,000 in proceeds from the sale of capital assets.

SECTION 2 EXPENDITURE NOTES

Major Expenditure **Increases**
Since 2023

Major Expenditure **Decreases**
Since 2023

General Fund

- Computer Support/Software Maintenance \$141,000 or 34%
- Supplies \$58,000 or 26%
- Training \$34,000 or 73%
- Repair & Maintenance \$388,000 or 511%
 - Includes one-time demolition costs for 625 Winslow.

Street Fund

- Operating leases \$23,000 or 45%
- Insurance \$84,000 or 78%
- Professional Services \$22,000 or 68%

REET Fund

- Transfers out \$882,000 or 49%
 - Transfers out of REET in 2024 are for capital support, debt service, and street maintenance.

Affordable Housing Fund

- Salaries & Benefits \$11,000 (no 2023 amount)
 - Analyst labor was not charged to this fund until later in 2023.
- Other Charges \$18,000 (no 2023 amount)
 - Site plan review permit for 680 Ericksen Ave NE.

Building & Development Fund

- Insurance \$97,000 or 86%
- Legal/Hearing Examiner \$127,000 or 364%

Street Fund

- Supplies \$87,000 or 44%
 - 2023 winter storms

Affordable Housing Fund

- Professional Services \$7,000 or 28%

Capital Construction Fund

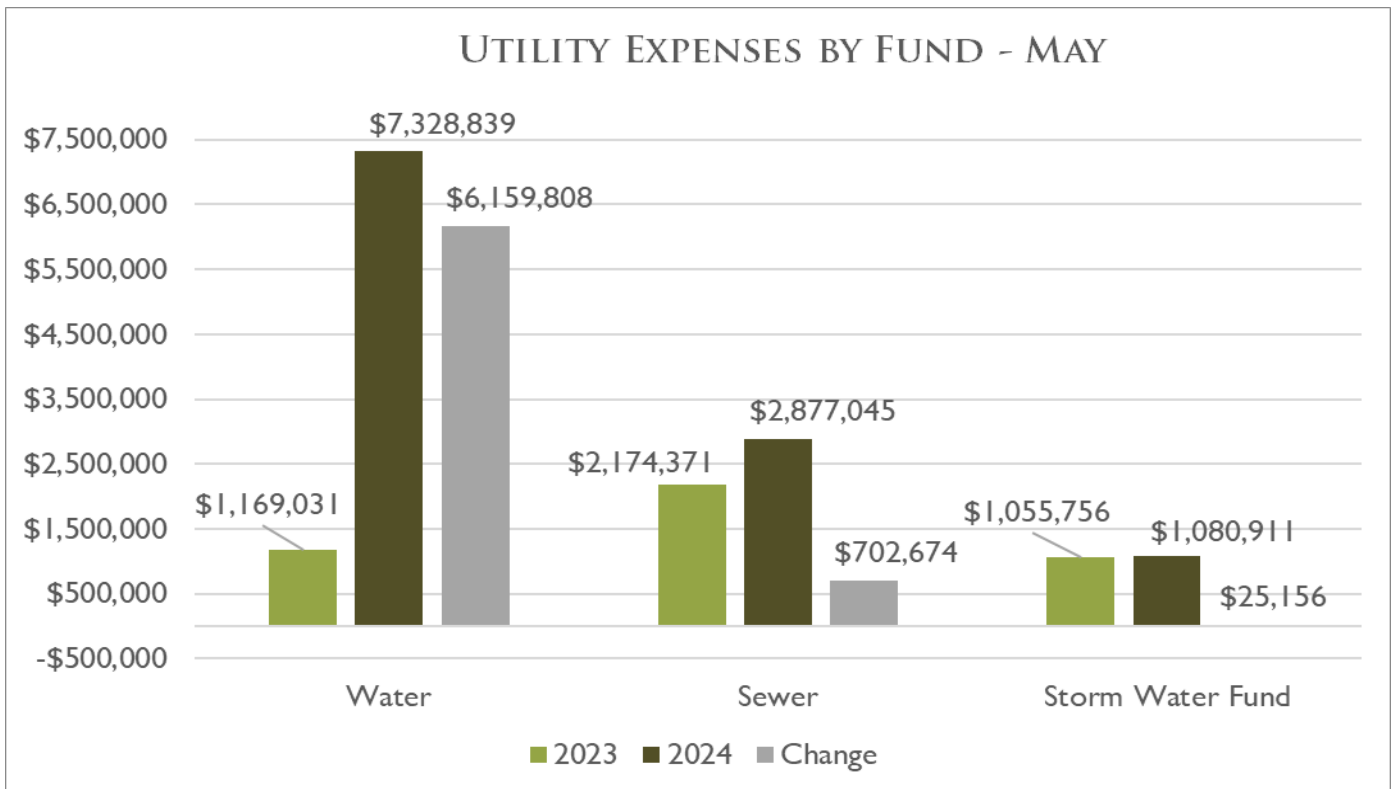
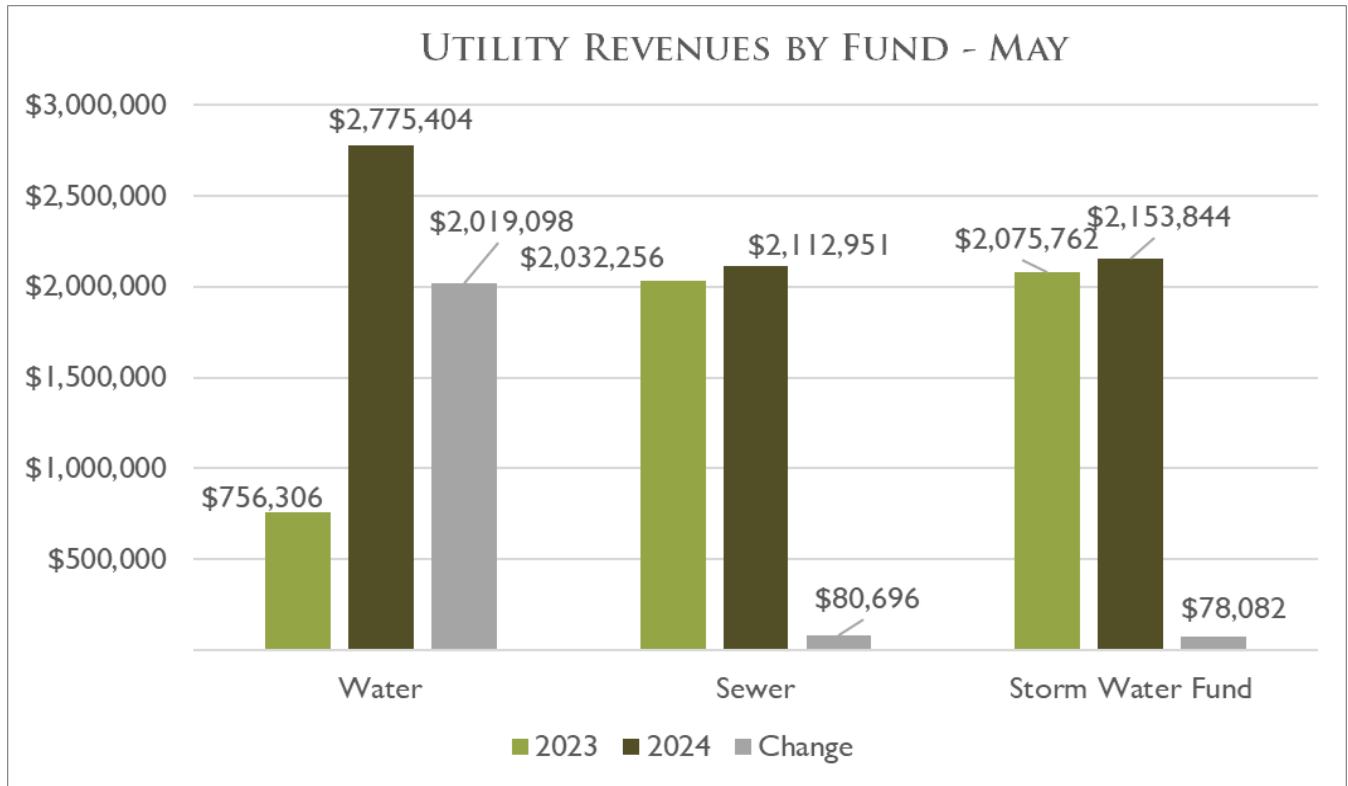
- Total Capital Projects \$712,000 or 27%
 - Due to the nature of the Capital Construction Fund, year-over-year comparisons do not provide an accurate measure of fiscal health.

Transportation Benefit Fund

- Transfers Out \$708,000 or 54%
 - Transfers out in 2024 are for capital and street maintenance support.

SECTION 3: UTILITY FUNDS REVENUE AND EXPENSE GRAPHS

The graphs show the change in amount at month-end from the prior year to the current year. Revenues include operating as well as other inflows such as debt proceeds. Expense graphs include capital projects spending that fluctuates from year- to-year.



SECTION 3 REVENUE, OTHER INFLOWS, AND EXPENDITURE NOTES

Major Revenue Changes
Since 2023

Major Expenditure Changes
Since 2023

Increases

Water Fund

- Water Charges \$151,000 or 33%
- Loan Proceeds \$1,889,000 or 1,036%
 - This increase is due to claims for the new Water Tank capital project

Sewer Fund

- Investment Interest \$28,000 or 29%

Storm & Surface Water Fund

- Investment Interest \$38,000 or 39%
- Operating Transfer-In \$176,000 (no 2023 amount)
 - General Fund support for Springbrook project

Decreases

Sewer

- Connection Fees \$96,000 or 77%
- Loan Proceeds \$22,000 or 56%

Storm & Surface Water Fund

- Grant Funds \$37,000 or 70%
- Miscellaneous Revenue \$24,000 or 107%

Increases

Water Fund

- Insurance \$35,000 or 76%
- Debt Service \$138,000 or 483%
- Total Capital Projects \$5,868,000 or 1,650%
 - Water Tank

Sewer Fund

- Salaries & Benefits \$63,000 or 12%
- Supplies \$88,000 or 142%
- Insurance \$63,000 or 81%
- Professional Services \$53,000 or 103%
- Total Capital Projects \$354,000 or 723%
 - WWTP Outfall, Wing Pt Pump Station, WWTP Upgrades, Olympic Dr Pump Station Generator

Storm & Surface Water Fund

- Salaries & Benefits \$67,000 or 23%
- Supplies \$19,000 or 67%

Decreases

Water Fund

- Supplies \$40,000 or 55%
- Repairs \$26,000 or 92%

Storm & Surface Water Fund

- Professional Services \$73,000 or 82%
- Repairs \$77,000 or 97%

TABLE 2: SUMMARY OF YEAR-TO-DATE BUDGETED ACTIVITY BY FUND

Table 2 is a comparison of year-to-date budget compared to actual information for the current year.

Table 2 - Summary of Year-to-date Budgeted Fund Activity									
FUND NAME	2024 BUDGETED INFLOWS	YTD 2024 INFLOWS	INFLOWS OVER/(UNDER) BUDGET	% RECEIVED	2024 BUDGETED OUTFLOWS	YTD 2024 OUTFLOWS	OUTFLOWS (OVER)/UNDER BUDGET	% SPENT	
Tax Supported Funds									
General Fund	\$ 23,072,400	\$ 11,827,191	\$ (11,245,209)	51%	\$ 31,534,881	\$ 13,066,382	\$ 18,468,499	41%	
Street Fund	\$ 4,293,936	\$ 1,402,060	\$ 2,891,876	33%	\$ 4,534,351	\$ 1,375,985	\$ 3,158,366	30%	
REET Fund	\$ 2,550,000	\$ 1,066,411	\$ 1,483,589	42%	\$ 3,227,064	\$ 2,685,926	\$ 541,138	83%	
Civic Impr. Fund	\$ 348,000	\$ 157,639	\$ 190,361	45%	\$ 374,700	\$ 106,773	\$ 267,927	28%	
Affordable Housing Fund	\$ 2,830,000	\$ 373,384	\$ 2,456,616	13%	\$ 2,230,565	\$ 50,843	\$ 2,179,722	2%	
FAR-Public Amenities	\$ 10,000	\$ 302	\$ 9,698	3%	\$ -	\$ -	\$ -	N/A	
FAR-Farm/Agriculture	\$ 20,000	\$ 1,881	\$ 18,119	9%	\$ -	\$ -	\$ -	N/A	
ARPA Fund	\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	0%	
General Obligation Bond Fund	\$ 927,665	\$ 390,122	\$ 537,543	42%	\$ 927,665	\$ 27,215	\$ 900,450	3%	
LID Bond Fund	\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	0%	
Trans. Benefit Fund	\$ 817,000	\$ 345,430	\$ 471,570	42%	\$ 615,318	\$ 605,948	\$ (1,074,645)	98%	
Trans. Impact Fund	\$ 117,000	\$ 57,548	\$ 59,452	49%	\$ -	\$ -	\$ -	0%	
Capital Const. Fund	\$ 7,965,594	\$ 5,536,301	\$ 2,429,293	70%	\$ 16,809,237	\$ 2,025,659	\$ 14,783,579	12%	
Building Svcs. Fund	\$ 3,412,334	\$ 1,724,455	\$ 1,687,879	51%	\$ 3,412,320	\$ 1,689,963	\$ 1,722,356	50%	
Equipment Rental & Revolving	\$ 688,000	\$ 215,285	\$ 472,715	31%	\$ 1,929,719	\$ 172,654	\$ 1,757,065	9%	
	\$ 47,051,929	\$ 23,098,010	\$ 1,463,502	49%	\$ 65,595,821	\$ 21,807,347	\$ 42,704,458	33%	
Utility Funds									
Water Fund	\$ 14,059,328	\$ 2,784,154	\$ 11,275,174	20%	\$ 17,974,444	\$ 7,328,839	\$ 10,645,605	41%	
Sewer Fund	\$ 6,699,000	\$ 2,112,951	\$ 4,586,049	32%	\$ 15,245,962	\$ 2,877,045	\$ 12,368,917	19%	
Storm Water Fund	\$ 4,419,000	\$ 2,329,844	\$ 2,089,156	53%	\$ 7,161,739	\$ 1,080,911	\$ 6,080,827	15%	
	\$ 25,177,328	\$ 7,226,949	\$ 17,950,379	29%	\$ 40,382,145	\$ 11,286,795	\$ 29,095,350	28%	

TABLE 3: SUMMARY OF AMERICAN RESCUE PLAN ACT (ARPA) FUNDS

Table 3 shows the ARPA budget: amount committed, spent and/or encumbered, and the amount remaining.

ORIGINAL** ARPA PROJECT STATUS			
Project List	Amount Committed	Amount Spent / Encumbered	Amount Remaining
Wastewater Beneficial Reuse (01192)	896,000	222,503	673,497
HUB Solar Panels (01215)	354,000	26,563	327,438
Madison Ave - Sustainable Transp 2023 (01088)	2,000,000	2,000,000	-
Affordable Housing - HRB	2,000,000	-	2,000,000
Affordable Housing Set Aside	1,140,000	-	1,140,000
625 Winslow Affordable Housing Project	610,000	553,225	56,775
ADA Transition Plan (01218)*	61,885	61,885	-
Total	\$7,061,885	\$2,864,175	\$4,197,710

*Because ARPA funds are not the sole source of funding for all projects listed, the total amounts spent/encumbered on some projects may exceed the amounts indicated in this table.

**In April 2023, the decision was made to claim general government expenditures against ARPA for the April 30th State and Local Fiscal Recovery Funds report to Treasury to avoid potential Federal claw-back of unobligated or unspent funds. The City is committed to the original planned spending of these funds and will continue to report on the status of these original ARPA projects

TABLE 4: SUMMARY OF YEAR-TO-DATE BUDGET ACTIVITY BY DEPARTMENT

Table 4 shows the City’s departmental budget-to-actual activity.

Department	Actuals through January 2024	2024 Revised Budget	\$ Budget Remaining	Budget % Remaining	Year % Remaining
City Council	170,112	593,414	423,302	71%	58%
Court	207,921	648,774	440,853	68%	58%
Executive (includes IT)	2,998,233	8,920,486	5,922,253	66%	58%
Finance	591,752	3,659,034	3,067,282	84%	58%
Police	2,494,111	6,830,410	4,336,299	63%	58%
Planning & Community Development	1,218,732	3,534,713	2,315,981	66%	58%
Public Works	13,603,813	63,473,931	49,870,118	79%	58%
General Government	3,900,580	6,618,624	2,718,044	41%	58%
Total	\$25,185,256	\$ 94,279,387	\$ 69,094,131	73%	58%

Table 4 Notes

- These amounts do not include transfers. Transfer amounts by fund can be seen on Table I.
- Public Works – Public Works has several significant capital projects budgeted in 2024, including the Winslow Water Tank, Madison Ave Improvements, Eagle Harbor/Wyatt Way Non-motorized Improvements, Wastewater Treatment Plant (WWTP) Upgrades, and the Sound-to-Olympic Trail. \$47 million of the 2024 Public Works budget is slated for Capital project spending. Due to project management capacity, several project budgets will likely go unspent in the current year and be carried forward into 2025.
- General Government – budget for this department includes a citywide vacancy rate of 5% on budgeted wages.