

Date: December 2nd, 2024  
To: Blair King, City Manager; City Council  
From: Finance Department  
Subject: October 2024 Financial Report

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## 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 the financial data to the prior year, notes explaining outlier information, and status on American Rescue Plan Act (ARPA) spending.

Important note: Timing is a key factor in year-over-year revenue and expenditure variances. For example, the largest revenue source, Property Tax, is typically received in April and October. Additionally, contributions from other funds to the Capital Construction 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 compared to previous years are not a good indicator of financial performance.



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## **Section 1: Fund Financial Health Indicators**

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

Fund	Indicator	Comments
General	Good	
Building & Development Services (B&DS)	Cautionary	Though 2024 revenue through October are higher than 2023 by 26% or \$293,000, expenses have increased due to a significant increase in insurance and legal costs. Despite positive revenue trends, the fund is still anticipated to require more General Fund support than originally forecasted.
Real Estate Excise Tax (REET)	Good	2024 revenue through October is 10% higher than 2023 revenue.
Other Governmental Funds	Good	
Water	Cautionary	Fund balance is expected to decrease by the end of 2024. A rate study is underway with results expected in Q1 2025.
Sewer	Cautionary	Fund balance is expected to decrease by the end of 2024. A rate study is underway with results expected in Q1 2025.
Storm and Surface Water	Good	

\*Only cautionary indicators will include pertinent comments.

### **Section 1 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 began in 2024 and is expected to conclude in early 2025.

### **Table 1: Summary of Year-to-Date Fund Activity**

Table 1 compares 2024 year-to-date financial information with the prior year in two categories: Tax-supported funds and utility funds. Generally, tax-supported funds revenues are comprised of taxes, 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.

<b>Table 1 - Summary of Year-to-date Fund Activity - October</b>								
<b>FUND NAME</b>	<b>2024 BEG FUND BAL</b>	<b>YTD 2024 REVENUES</b>	<b>YTD 2023 REVENUES</b>	<b>YTD 2024 EXPENSES</b>	<b>YTD 2023 EXPENSES</b>	<b>YTD 2024 TRANSFERS</b>	<b>MONTH END FUND BAL</b>	<b>RESERVES</b>
<b>Tax-Supported Funds</b>								
General Fund	\$ 23,782,391	\$ 21,134,127	\$ 24,458,218	\$ (15,649,431)	\$ (15,247,368)	\$ (9,534,789)	\$ 19,732,297	\$ 5,109,111
Street Fund	\$ 81,483	\$ 955,514	\$ 1,163,143	\$ (3,815,497)	\$ (1,887,840)	\$ 2,875,575	\$ 97,075	N/A
REET Fund	\$ 2,785,347	\$ 2,783,595	\$ 2,534,650	\$ -	\$ -	\$ (3,264,203)	\$ 2,304,739	N/A
Civic Impr. Fund	\$ 715,531	\$ 401,266	\$ 376,320	\$ (261,630)	\$ (218,301)	\$ -	\$ 855,167	N/A
Aff. Housing Fund	\$ 2,317,801	\$ 816,376	\$ 812,382	\$ (95,466)	\$ (102,858)	\$ 1,140,000	\$ 4,178,710	\$ 59,171
FAR-Public Amenities	\$ 14,627	\$ 586	\$ (81)	\$ -	\$ (7,179)	\$ -	\$ 15,213	N/A
FAR-Farm/Agriculture	\$ 91,095	\$ 3,647	\$ 2,263	\$ -	\$ (10,768)	\$ -	\$ 94,742	N/A
G.O. Bond Fund	\$ 4,050	\$ 4,221	\$ 597,698	\$ (505,790)	\$ (527,450)	\$ 773,054	\$ 275,535	N/A
Trans. Benefit Fund	\$ 803,701	\$ 750,195	\$ 668,380	\$ (3,546)	\$ (24,721)	\$ (618,337)	\$ 932,013	N/A
Trans. Impact Fund	\$ 362,058	\$ 131,068	\$ 56,474	\$ -	\$ -	\$ -	\$ 493,125	N/A
Capital Const. Fund	\$ 6,352,199	\$ 1,205,280	\$ 191,034	\$ (5,722,230)	\$ (7,180,912)	\$ 6,717,344	\$ 8,552,593	N/A
Building Svcs. Fund	\$ (24,492)	\$ 1,399,706	\$ 1,628,155	\$ (3,091,818)	\$ (2,764,319)	\$ 1,726,605	\$ 10,000	N/A
ER&R Fund	\$ 3,170,344	\$ 575,355	\$ 497,556	\$ (879,350)	\$ (278,150)	\$ -	\$ 2,866,348	N/A
	\$ 40,545,408	\$ 30,160,934	\$ 33,015,176	\$ (30,024,759)	\$ (28,288,909)	\$ (184,750)	\$ 40,496,834	\$ 5,168,282
<b>Utility Funds</b>								
Water Fund	\$ 5,077,118	\$ 11,350,714	\$ 1,805,876	\$ (13,292,534)	\$ (2,586,251)	\$ 8,750	\$ 3,144,048	\$ 449,143
Sewer Fund	\$ 5,874,315	\$ 4,449,589	\$ 4,237,231	\$ (5,745,783)	\$ (3,877,276)	\$ -	\$ 4,578,122	\$ 1,213,625
Storm Water Fund	\$ 6,235,081	\$ 3,470,326	\$ 3,343,500	\$ (2,081,383)	\$ (1,899,751)	\$ 176,000	\$ 7,800,023	\$ 655,077
	\$ 17,186,514	\$ 19,270,629	\$ 9,386,607	\$ (21,119,700)	\$ (8,363,278)	\$ 184,750	\$ 15,522,193	\$ 2,317,845

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

## Table 1 Notes

Capital projects (in blue color text below) and other activities are supported by internal transfers (in rust color text below) in 2024:

### General Fund:

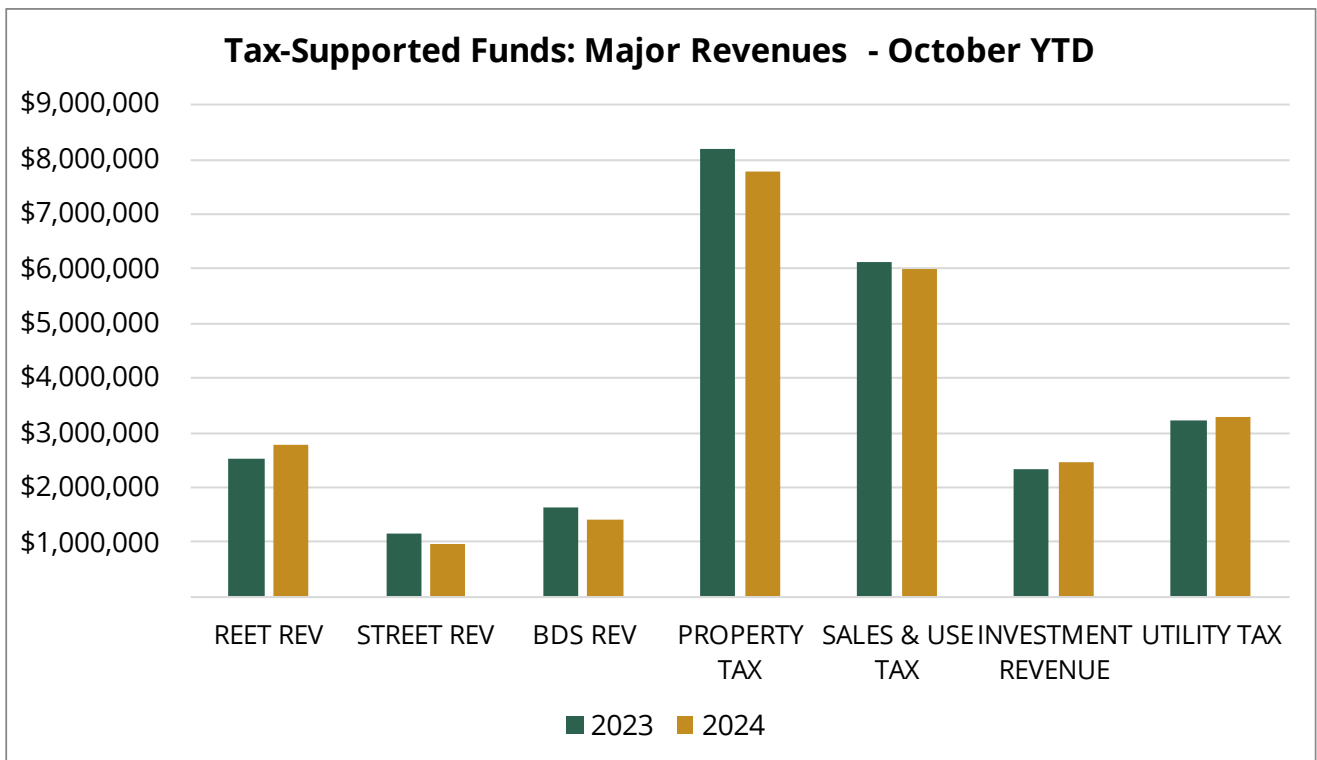
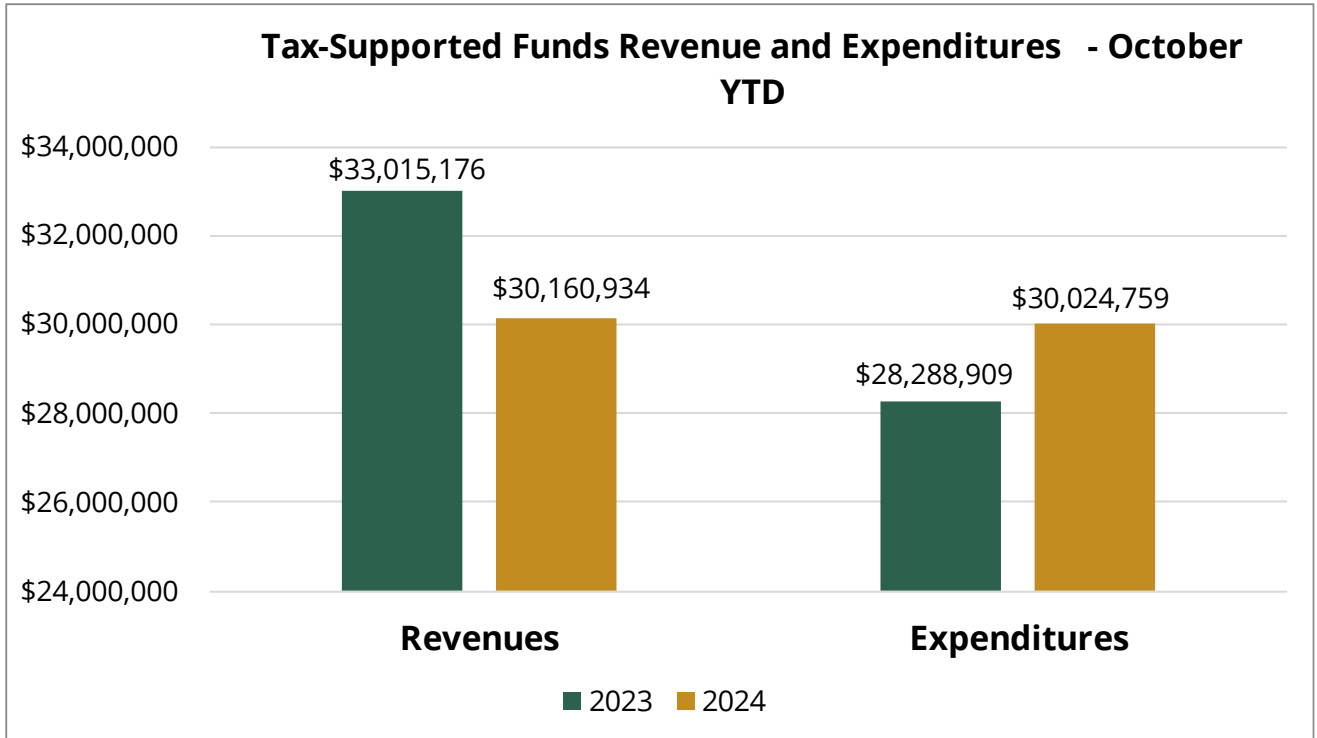
- Public Works Yard Improvements \$525,000
- Bucklin Hill Rd Reconstruction \$846,000
- Country Club Bulkhead Reconstruction \$917,000
- Electric Vehicle Charging Station \$160,000
- Ted Spearman Justice Center Carbon Offset \$780,000
- Springbrook Fish Passage \$176,000
- B&DS Fund Support \$1,727,000
- Street Fund Support \$2,876,000
- Affordable Housing Fund Support \$1,140,000

### Real Estate Excise Tax:

- Eagle Harbor/Wyatt Non-Motorized Improvements \$2,300,000
- 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 last year to the current year.



## Section 2 Revenue Notes

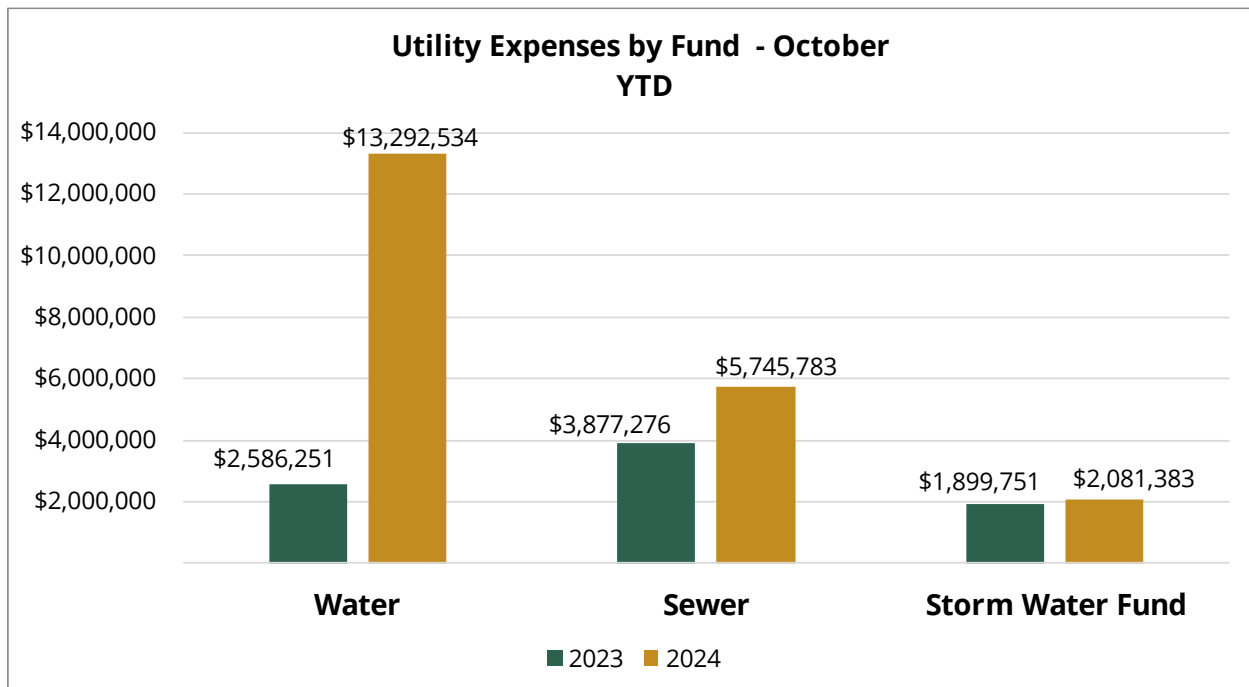
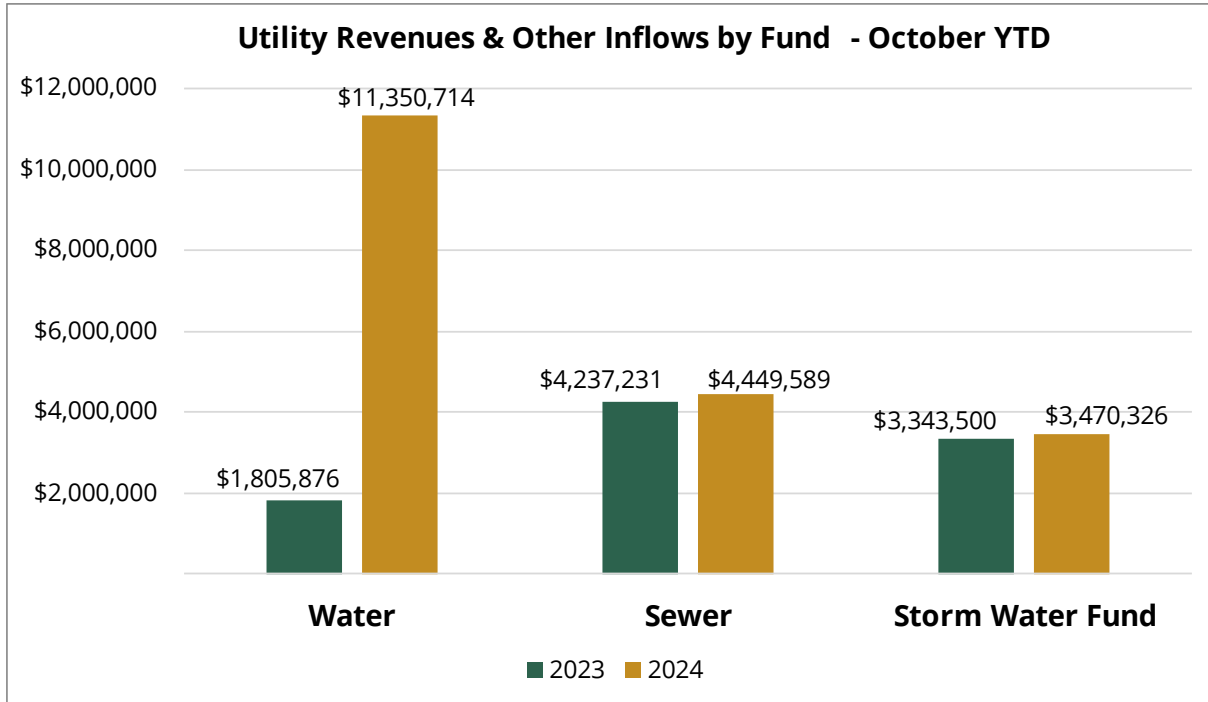
Major Revenue <span style="color: green;">Increases</span> Over 2023	Major Revenue <span style="color: red;">Decreases</span> Over 2023
<p><b>General Fund</b></p> <ul style="list-style-type: none"> <li>• Miscellaneous Revenue \$180,000 or 121%                             <ul style="list-style-type: none"> <li>○ March Opioid settlement of \$64,000</li> <li>○ August Opioid settlement of \$75,000</li> </ul> </li> </ul> <p><b>Affordable Housing Fund</b></p> <ul style="list-style-type: none"> <li>• Investment Interest \$68,000 or 106%</li> </ul> <p><b>Building and Development Services Fund</b></p> <ul style="list-style-type: none"> <li>• Building Permits \$162,000 or 43%                             <ul style="list-style-type: none"> <li>○ Overall fund revenues have decreased due to 2023 receipt of \$521,000 of grant funds</li> </ul> </li> </ul> <p><b>Transportation Improvement Fund</b></p> <ul style="list-style-type: none"> <li>• Transportation Impact Fees \$66,000 or 137%</li> </ul>	<p><b>General Fund</b></p> <ul style="list-style-type: none"> <li>• ARPA Related Revenue \$3,484,000 or 100%                             <ul style="list-style-type: none"> <li>○ One-time recognition of ARPA revenue in April 2023.</li> </ul> </li> </ul> <p><b>Street Fund</b></p> <ul style="list-style-type: none"> <li>• ARPA Related Revenue \$201,000 or 100%                             <ul style="list-style-type: none"> <li>○ One-time recognition of ARPA revenue in April 2023.</li> </ul> </li> <li>• Other Revenue \$103,000 or 101%                             <ul style="list-style-type: none"> <li>○ January 2023 had a one-time donation of \$50,000 from the BI Parks Foundation for the STO Trail.</li> <li>○ February 2023 had \$22,000 in proceeds from the sale of capital assets.</li> </ul> </li> </ul> <p><b>GO Bond Fund</b></p> <ul style="list-style-type: none"> <li>• Property Tax \$593,000 or 99%                             <ul style="list-style-type: none"> <li>○ Property tax levy expiration has resulted in reduced revenues</li> </ul> </li> </ul>

## Section 2 Expenditure Notes

Major Expenditure <b>Decreases</b> Over 2023	Major Expenditure <b>Increases</b> Over 2023
<p><b>Affordable Housing Fund</b></p> <ul style="list-style-type: none"> <li>• Professional and Community Services \$45,000 or 63%               <ul style="list-style-type: none"> <li>○ Transfers out in 2024 are for capital and street maintenance support.</li> </ul> </li> </ul> <p><b>Transportation Benefit Fund</b></p> <ul style="list-style-type: none"> <li>• Transfers Out \$759,000 or 55%               <ul style="list-style-type: none"> <li>○ Transfers out in 2024 are for capital and street maintenance support.</li> </ul> </li> </ul>	<p><b>General Fund</b></p> <ul style="list-style-type: none"> <li>• Utilities \$83,000 or 42%</li> <li>• Repair &amp; Maintenance \$383,000 or 136%               <ul style="list-style-type: none"> <li>○ Includes one-time demolition costs for the old Police Station.</li> </ul> </li> </ul> <p><b>Street Fund</b></p> <ul style="list-style-type: none"> <li>• Professional Services \$95,000 or 65%</li> <li>• Repairs \$791,000 or 249%</li> <li>• Insurance \$84,000 or 78%</li> </ul> <p><b>REET Fund</b></p> <ul style="list-style-type: none"> <li>• Transfers out \$1,071,000 or 42%               <ul style="list-style-type: none"> <li>○ Transfers out of REET in 2024 were for capital project support, debt service, and street maintenance.</li> </ul> </li> </ul> <p><b>Capital Construction Fund</b></p> <ul style="list-style-type: none"> <li>• Capital Salary &amp; Benefits \$139,000 or 171%</li> </ul> <p><b>Building &amp; Development Fund</b></p> <ul style="list-style-type: none"> <li>• Insurance \$97,000 or 86%</li> <li>• Legal/Hearing Examiner \$231,000 or 440%</li> </ul>

### **Section 3: Utility Funds Revenue and Expense Graphs**

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



## Section 3 Revenue, Other Inflows, and Expenditure Notes

Major Revenue Changes Over 2023	Major Expenditure Changes Over 2023
<p style="text-align: center; color: green;"><u>Increases</u></p> <p><b>Water Fund</b></p> <ul style="list-style-type: none"> <li>• Loan Proceeds \$9,234,000 or 3,087%                             <ul style="list-style-type: none"> <li>○ This increase is due to loan proceeds for the new Water Tank capital project.</li> </ul> </li> </ul> <p><b>Storm &amp; Surface Water Fund</b></p> <ul style="list-style-type: none"> <li>• Operating Transfer-In \$176,000 (no 2023 amount)                             <ul style="list-style-type: none"> <li>○ General Fund support for Springbrook Fish Passage project</li> </ul> </li> </ul>	<p style="text-align: center; color: red;"><u>Increases</u></p> <p><b>Water Fund</b></p> <ul style="list-style-type: none"> <li>• Professional Services \$40,000 or 37%</li> <li>• Insurance \$35,000 or 76%</li> <li>• Debt Service \$140,000 or 413%</li> <li>• Total Capital Projects \$10,343,000 or 1,009%                             <ul style="list-style-type: none"> <li>○ New Water Tank ongoing construction</li> </ul> </li> </ul> <p><b>Sewer Fund</b></p> <ul style="list-style-type: none"> <li>• Supplies \$96,000 or 67%</li> <li>• Professional Services \$144,000 or 133%</li> <li>• Repairs \$278,000 or 182%</li> <li>• Insurance \$63,000 or 81%</li> <li>• Total Capital Projects \$1,094,000 or 341%                             <ul style="list-style-type: none"> <li>○ WWTP Outfall, Wing Pt Pump Station, WWTP Upgrades, Olympic Dr Pump Station Generator</li> </ul> </li> </ul> <p><b>Storm &amp; Surface Water Fund</b></p> <ul style="list-style-type: none"> <li>• Utilities \$35,000 or 295%</li> <li>• Insurance \$50,000 or 108%</li> </ul>
<p style="text-align: center; color: red;"><u>Decreases</u></p> <p><b>Water</b></p> <ul style="list-style-type: none"> <li>• Investment Interest \$75,000 or 40%</li> </ul> <p><b>Storm &amp; Surface Water Fund</b></p> <ul style="list-style-type: none"> <li>• Grant Funds \$60,000 or 43%</li> </ul>	<p style="text-align: center; color: green;"><u>Decreases</u></p> <p><b>Storm &amp; Surface Water Fund</b></p> <ul style="list-style-type: none"> <li>• Professional Services \$113,000 or 64%</li> <li>• Repairs \$92,000 or 79%</li> <li>• Total Capital Projects \$104,000 or 50%                             <ul style="list-style-type: none"> <li>○ Eagle Harbor Fish Passage, Eagle Harbor McDonald Creek-Culvert</li> </ul> </li> </ul>

## **Table 2: Summary of Year-to-Date Activity and Budget by Fund**

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

<b>Table 2 - Summary of Year-to-date Budgeted Fund Activity - October</b>								
<b>FUND NAME</b>	<b>2024 BUDGETED INFLOWS</b>	<b>YTD 2024 INFLOWS</b>	<b>INFLOWS OVER/(UNDER) BUDGET</b>	<b>% RECEIVED</b>	<b>2024 BUDGETED OUTFLOWS</b>	<b>YTD 2024 OUTFLOWS</b>	<b>OUTFLOWS (OVER)/UNDER BUDGET</b>	<b>% SPENT</b>
<b>Tax Supported Funds</b>								
General Fund	\$ 23,203,653	\$ 21,134,127	\$ (2,069,526)	91%	\$ 32,899,509	\$ 25,184,220	\$ 7,715,289	77%
Street Fund	\$ 4,293,936	\$ 3,831,089	\$ (462,847)	89%	\$ 4,636,434	\$ 3,815,497	\$ 820,937	82%
REET Fund	\$ 2,550,000	\$ 2,783,595	\$ 233,595	109%	\$ 3,418,814	\$ 3,264,203	\$ 154,611	95%
Civic Impr. Fund	\$ 348,000	\$ 401,266	\$ 53,266	115%	\$ 424,700	\$ 261,630	\$ 163,070	62%
Aff. Housing Fund	\$ 3,970,000	\$ 1,956,376	\$ (2,013,624)	49%	\$ 2,112,500	\$ 95,466	\$ 2,017,033	5%
FAR-Public Amenities	\$ 10,000	\$ 586	\$ (9,414)	6%	\$ -	\$ -	\$ -	N/A
FAR-Farm/Agriculture	\$ 20,000	\$ 3,647	\$ (16,353)	18%	\$ -	\$ -	\$ -	N/A
G.O. Bond Fund	\$ 927,665	\$ 777,274	\$ (150,391)	84%	\$ 927,665	\$ 505,790	\$ 421,875	55%
Trans. Benefit Fund	\$ 817,000	\$ 750,195	\$ (66,805)	92%	\$ 630,318	\$ 621,883	\$ 8,435	99%
Trans. Impact Fund	\$ 117,000	\$ 131,068	\$ 14,068	112%	\$ -	\$ -	\$ -	0%
Capital Const. Fund	\$ 9,152,344	\$ 7,922,625	\$ (1,229,720)	87%	\$ 17,934,237	\$ 5,722,230	\$ 12,212,007	32%
Building Svcs. Fund	\$ 3,412,334	\$ 3,126,310	\$ (286,024)	92%	\$ 3,587,420	\$ 3,091,818	\$ 495,601	86%
ER&R Fund	\$ 688,000	\$ 575,355	\$ (112,645)	84%	\$ 1,929,719	\$ 879,350	\$ 1,050,369	46%
	\$ 49,509,932	\$ 43,393,513	\$ (6,116,420)	88%	\$ 68,501,316	\$ 43,442,087	\$ 25,059,229	63%
<b>Utility Funds</b>								
Water Fund	\$ 14,059,328	\$ 11,359,464	\$ (2,699,864)	81%	\$ 18,173,294	\$ 13,292,534	\$ 4,880,761	73%
Sewer Fund	\$ 6,699,000	\$ 4,449,589	\$ (2,249,411)	66%	\$ 15,815,762	\$ 5,745,783	\$ 10,069,980	36%
Storm Water Fund	\$ 4,419,000	\$ 3,646,326	\$ (772,674)	83%	\$ 7,209,939	\$ 2,081,383	\$ 5,128,555	29%
	\$ 25,177,328	\$ 19,455,379	\$ (5,721,949)	77%	\$ 41,198,995	\$ 21,119,700	\$ 20,079,296	51%

**Table 3: Summary of Federal American Rescue Plan Act (ARPA)  
Funds**

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

<b>Original** ARPA Project Status</b>			
<b>Project List</b>	<b>Amount Committed</b>	<b>Amount Spent / Encumbered</b>	<b>Amount Remaining</b>
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 (1251)	\$ 610,000	\$ 502,943	\$ 107,057
ADA Transition Plan (01218)*	\$ 61,885	\$ 61,885	\$ -
<b>Total</b>	<b>\$ 7,061,885</b>	<b>\$ 2,813,893</b>	<b>\$ 4,247,992</b>

\*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 Actuals vs. Budget by Department**

<b>Department</b>	<b>Actuals through Oct 2024</b>	<b>2024 Revised Budget</b>	<b>\$ Budget Remaining</b>	<b>Budget % Remaining</b>	<b>Year % Remaining</b>
City Council	\$ 322,437	\$ 593,414	\$ 270,977	46%	17%
Court	\$ 425,241	\$ 648,774	\$ 223,533	34%	17%
Executive (includes IT)	\$ 5,655,585	\$ 9,309,724	\$ 3,654,139	39%	17%
Finance	\$ 1,200,753	\$ 3,569,534	\$ 2,368,781	66%	17%
Police	\$ 4,958,387	\$ 6,874,410	\$ 1,916,023	28%	17%
Planning & Community Development	\$ 2,391,954	\$ 3,619,713	\$ 1,227,760	34%	17%
Public Works	\$ 30,660,935	\$ 64,059,288	\$ 33,398,353	52%	17%
General Government	\$ 5,529,166	\$ 6,743,124	\$ 1,213,958	18%	17%
<b>Total</b>	<b>\$ 51,144,458</b>	<b>\$ 95,417,982</b>	<b>\$ 44,273,523</b>	<b>46%</b>	<b>17%</b>

**Table 4 Notes**

- These amounts do not include transfers. Transfer amounts by fund can be seen on Table 1.
- Public Works – Public Works has \$47 million in capital projects budgeted in 2024. Due to project management capacity, several project budgets will likely go unspent in the current year and be carried forward into 2025. Major projects include 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.
- General Government – budget for this department includes a citywide vacancy rate of 5% on budgeted wages.