

Date: April 30<sup>th</sup> 2025  
To: Blair King, City Manager; City Council  
From: Finance Department  
Subject: March 2025 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, and notes explaining outlier information.

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	2025 revenues through March are lower than 2024 by 2% or \$10,000. A fee study is nearing completion; results are expected mid-year.
Real Estate Excise Tax (REET)	Good	2025 revenue through March is \$10,000 or 2% more than 2024 revenue due to increased interest earnings on a higher fund balance.
Other Governmental Funds	Good	
Water	Cautionary	Fund balance is expected to continue to decrease throughout 2025. A Bond issuance is planned for the fall, contingent on a fee increase which was approved by council on June 10 <sup>th</sup> .
Sewer	Cautionary	Fund balance is expected to continue to decrease throughout 2025. A Bond issuance is planned for the fall, contingent on a fee increase which was approved by council on June 10 <sup>th</sup> .
Storm and Surface Water	Good	

\*Only cautionary indicators will include pertinent comments.

### **Section 1 Notes**

- Other Governmental Funds include:
  - Streets
  - Transportation Benefit
  - Civic Improvement
  - Transportation Impact
  - Affordable Housing
  - Capital Construction
  - General Obligation Bond
  
- A rate study for the Water, Sewer, and Storm and Surface Water funds began in 2024 and is expected to conclude in early 2025.
- Although there was a \$1m capital outlay for affordable housing outflows were lower through march due to less transfers out to projects than 2024. Below is a list of transfers and the projects they support.

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

Table 1 compares 2025 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 - March</b>									
FUND NAME	2025 BEG FUND BAL	YTD 2025 REVENUES	YTD 2024 REVENUES	YTD 2025 EXPENSES	YTD 2024 EXPENSES	YTD 2025 TRANSFERS	MONTH END FUND BAL	RESERVES	
<b>Tax-Supported Funds</b>									
General Fund	\$ 18,365,243	\$ 4,816,008	\$ 4,767,661	\$ (4,928,440)	\$ (5,110,914)	\$ (1,106,777)	\$ 17,146,034	\$	7,424,483
Street Fund	\$ 74,387	\$ 283,625	\$ 288,549	\$ (922,292)	\$ (945,323)	\$ 617,716	\$ 53,436		N/A
REET Fund	\$ 2,719,633	\$ 457,707	\$ 447,663	\$ -	\$ -	\$ (835,949)	\$ 2,341,391		N/A
Civic Impr. Fund	\$ 815,059	\$ 88,797	\$ 89,903	\$ (21,514)	\$ (24,193)	\$ -	\$ 882,343		N/A
Aff. Housing Fund	\$ 4,355,722	\$ 248,822	\$ 234,602	\$ (1,045,292)	\$ (45,769)	\$ -	\$ 3,559,252	\$	59,171
FAR-Public Amenities	\$ 15,318	\$ 151	\$ 181	\$ -	\$ -	\$ -	\$ 15,470		N/A
FAR-Farm/Agriculture	\$ 95,399	\$ 942	\$ 1,130	\$ -	\$ -	\$ -	\$ 96,341		N/A
G.O. Bond Fund	\$ 4,356	\$ 227	\$ 2,523	\$ -	\$ -	\$ 231,001	\$ 235,583		N/A
Trans. Benefit Fund	\$ 1,064,964	\$ 185,819	\$ 199,990	\$ -	\$ -	\$ (617,716)	\$ 633,067		N/A
Trans. Impact Fund	\$ 525,874	\$ 29,448	\$ 37,114	\$ -	\$ -	\$ -	\$ 555,322		N/A
Capital Const. Fund	\$ 7,680,944	\$ 229,929	\$ 5,707	\$ (506,660)	\$ (1,038,960)	\$ 1,259,948	\$ 8,664,161		N/A
Building Svcs. Fund	\$ 12,471	\$ 507,592	\$ 517,286	\$ (961,840)	\$ (1,058,658)	\$ 451,777	\$ 10,000		N/A
ER&R Fund	\$ 3,060,047	\$ 105,466	\$ 189,318	\$ (64)	\$ (21,182)	\$ -	\$ 3,165,450		N/A
	\$ 38,878,693	\$ 6,954,533	\$ 6,810,611	\$ (8,386,102)	\$ (8,284,043)	\$ -	\$ 37,447,125	\$	7,483,654
<b>Utility Funds</b>									
Water Fund	\$ 2,338,968	\$ 2,577,039	\$ 735,037	\$ (1,981,467)	\$ (2,324,374)	\$ -	\$ 2,934,541	\$	449,143
Sewer Fund	\$ 4,314,855	\$ 1,227,320	\$ 1,200,685	\$ (960,717)	\$ (1,149,001)	\$ -	\$ 4,581,458	\$	1,213,625
Storm Water Fund	\$ 7,687,413	\$ 881,009	\$ 725,541	\$ (668,264)	\$ (584,040)	\$ -	\$ 7,900,159	\$	655,077
	\$ 14,341,236	\$ 4,685,369	\$ 2,661,262	\$ (3,610,447)	\$ (4,057,415)	\$ -	\$ 15,416,158	\$	2,317,845

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

## Table 1 Notes

Revenues are ahead or close to the previous year through March in most tax supported funds. Although there was a \$1m capital outlay for affordable housing, outflows were lower through march due to less transfers out to projects than 2024. Below is a list of transfers and the projects they support.

Capital projects (in blue color text below) and other activities are supported by internal transfers (in rust color text below) in 2025:

### General Fund:

- Public Works Yard Improvements \$275,000
- Electric Vehicle Charging Station \$80,000
- EE Housing/Mobile Home \$300,000
- B&DS Fund Support \$451,800

### Real Estate Excise Tax:

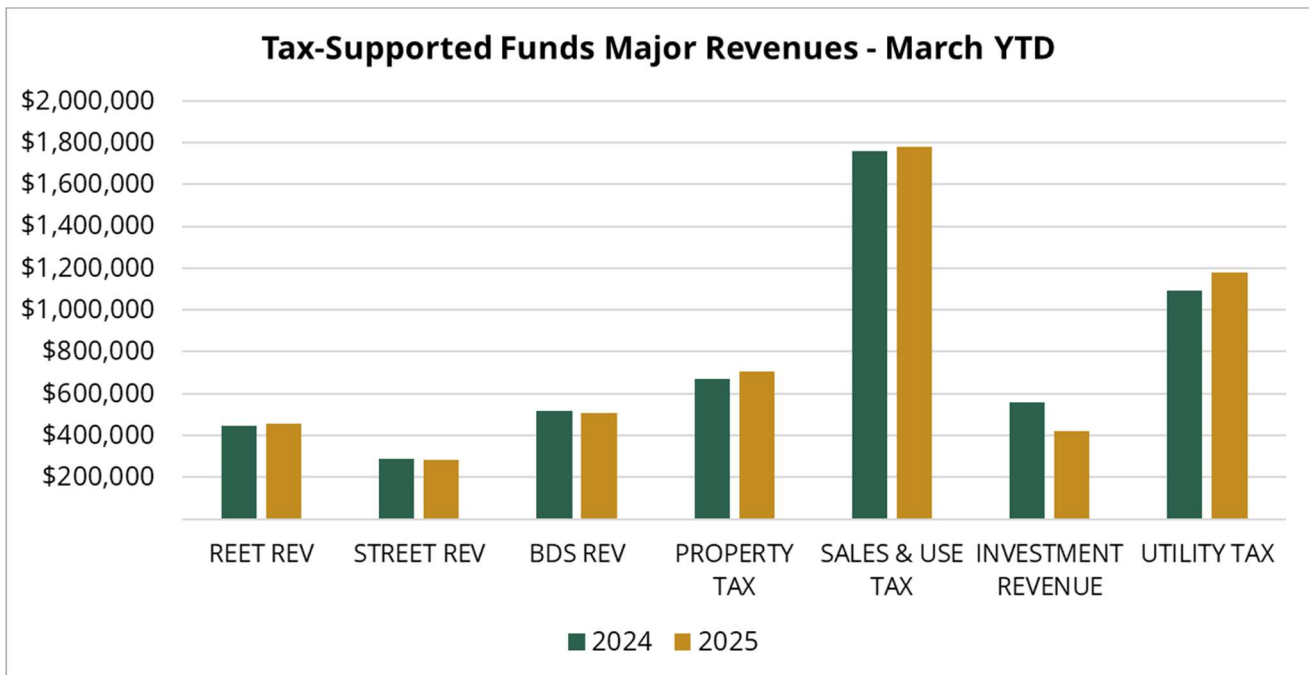
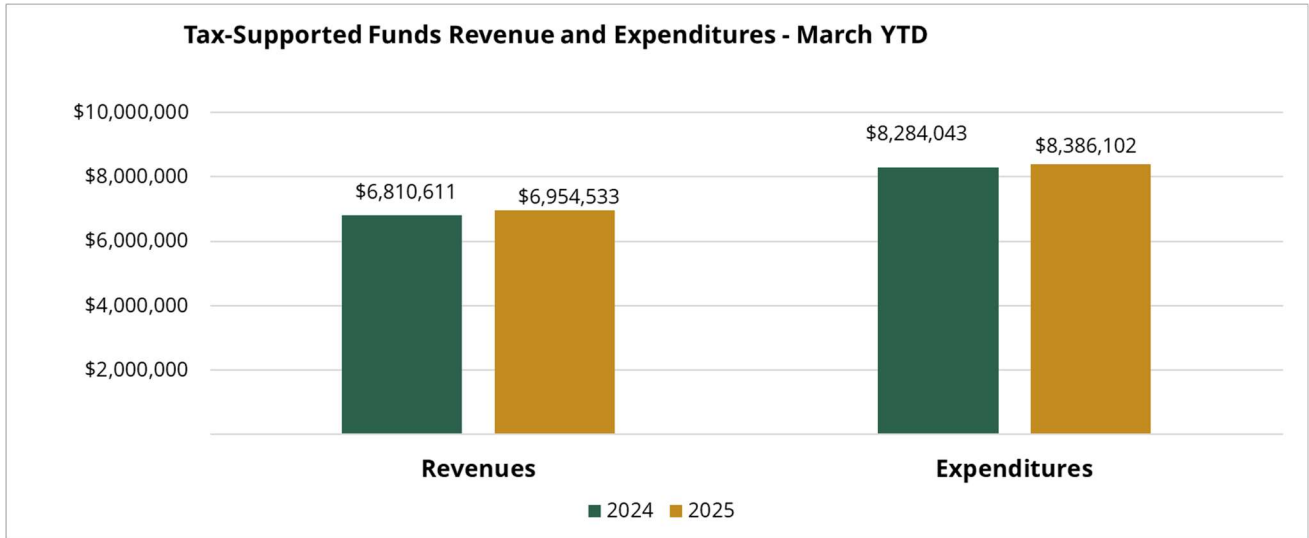
- Country Club Bulkhead Reconstruction \$230,000
- Pleasant Beach Drive Extension \$375,000
- Debt Service \$231,000

### Transportation Benefit Fund:

- Street Fund Support \$617,700

## 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

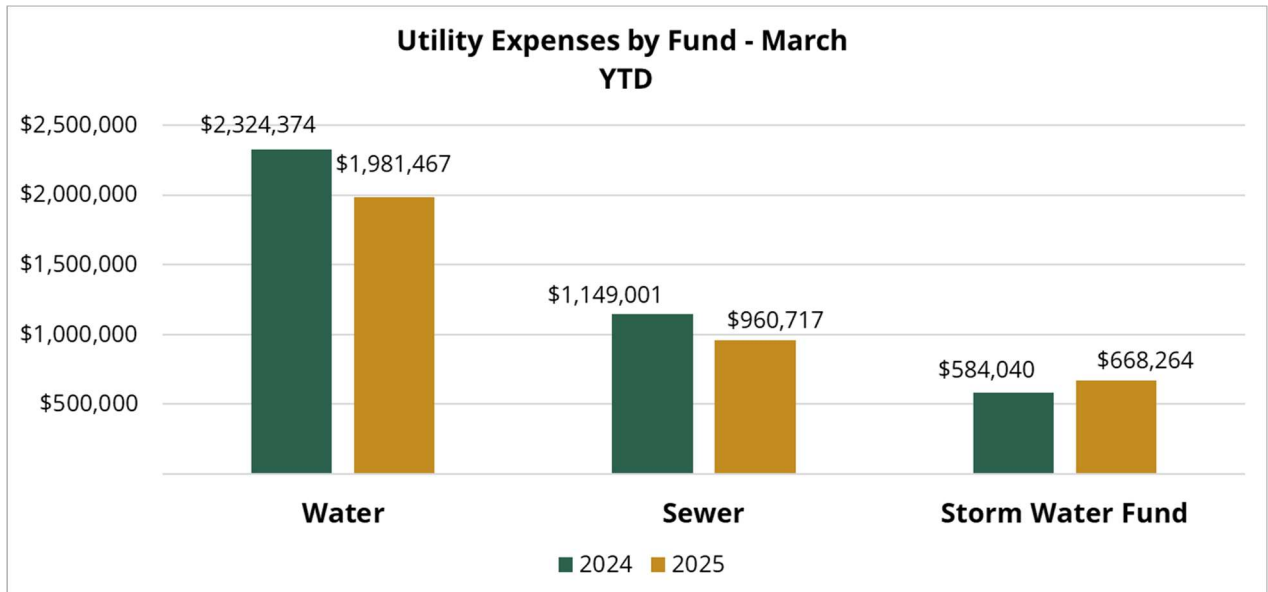
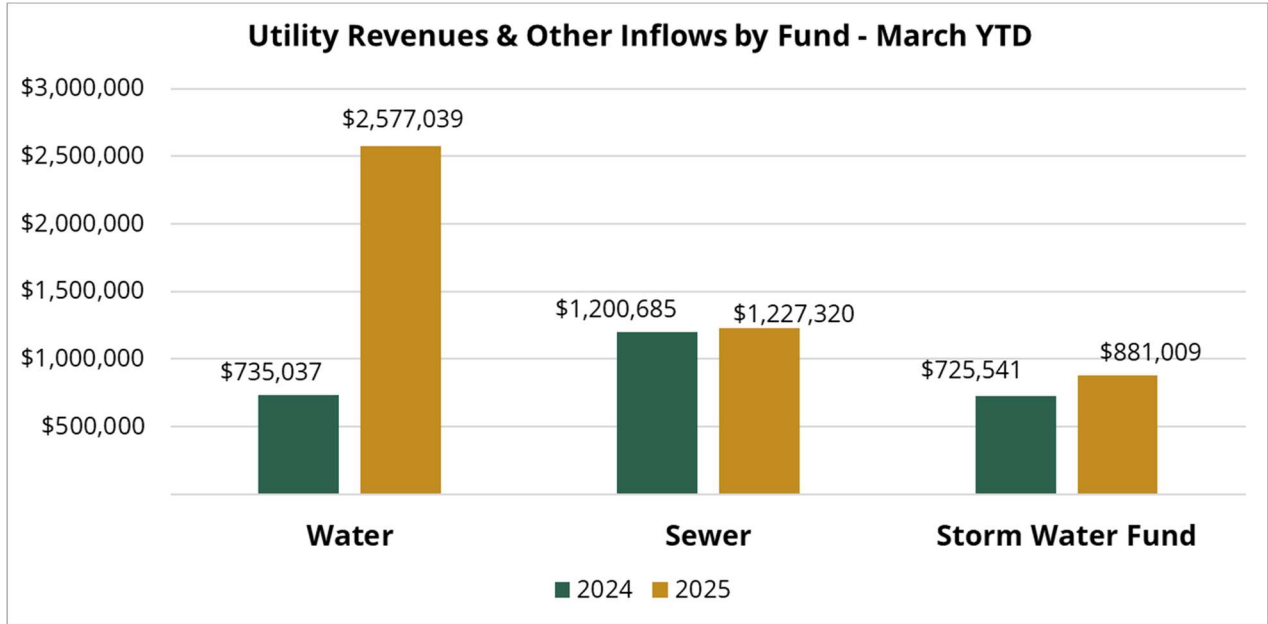
Major Revenue <b style="color: green;">Increases</b> Over 2024	Major Revenue <b style="color: red;">Decreases</b> Over 2024
<p><b>General Fund</b></p> <ul style="list-style-type: none"> <li>• B&amp;O Revenue \$112,000 or 41%</li> </ul>	<p><b>General Fund</b></p> <ul style="list-style-type: none"> <li>• Investment Revenue of \$157,000 or 34%</li> </ul> <p><b>Building and Development Services</b></p> <ul style="list-style-type: none"> <li>• Plan Check Fees \$49,000 or 35%</li> </ul>

## Section 2 Expenditure Notes

Major Expenditure <b style="color: green;">Decreases</b> Over 2024	Major Expenditure <b style="color: red;">Increases</b> Over 2024
<p><b>General Fund</b></p> <ul style="list-style-type: none"> <li>• Utilities \$41,000 or 69%</li> </ul>	<p><b>General Fund</b></p> <ul style="list-style-type: none"> <li>• Computer support/software maintenance \$198,000 or 48% due to timing</li> <li>• Intergovernmental \$273,000 or 395%</li> </ul> <p><b>Affordable Housing Fund</b></p> <ul style="list-style-type: none"> <li>• Capital Outlay of \$1,000,000</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 Utility Revenue, Other Inflows, and Expenditure Notes

<b>Major Revenue Changes Over 2024</b>	<b>Major Expenditure Changes Over 2024</b>
<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 \$1,681,000 or 535%                             <ul style="list-style-type: none"> <li>○ This increase is due to loan proceeds for the new Water Tank capital project.</li> </ul> </li> <li>• Capital contribution \$151,000 or 737%</li> </ul> <p><b>Storm &amp; Surface Water Fund</b></p> <ul style="list-style-type: none"> <li>• Department of Ecology Grant \$113,000 or 706%</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>• Salaries \$99,000 or 62%</li> </ul> <p><b>Sewer Fund</b></p> <ul style="list-style-type: none"> <li>• Salaries \$95,000 or 38%</li> </ul>
<p style="text-align: center; color: red;"><u>Decreases</u></p> <p><b>Sewer Fund</b></p> <ul style="list-style-type: none"> <li>• Investment Interest \$30,000 or 41% due to less fund balance than last year</li> </ul>	<p style="text-align: center; color: green;"><u>Decreases</u></p> <p><b>Sewer Fund</b></p> <p>Supplies \$69,000 or 69%</p>

## **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 - March</b>								
<b>FUND NAME</b>	<b>2025 BUDGETED INFLOWS</b>	<b>YTD 2025 INFLOWS</b>	<b>INFLOWS OVER/(UNDER) BUDGET</b>	<b>% RECEIVED</b>	<b>2025 BUDGETED OUTFLOWS</b>	<b>YTD 2025 OUTFLOWS</b>	<b>OUTFLOWS (OVER)/UNDER BUDGET</b>	<b>% SPENT</b>
<b>Tax Supported Funds</b>								
General Fund	\$ 23,598,220	\$ 4,816,008	\$ (18,782,212)	20%	\$ 25,305,441	\$ 6,035,217	\$ 19,270,225	24%
Street Fund	\$ 4,298,356	\$ 901,341	\$ (3,397,015)	21%	\$ 4,446,242	\$ 922,292	\$ 3,523,950	21%
REET Fund	\$ 3,491,500	\$ 457,707	\$ (3,033,793)	13%	\$ 2,528,953	\$ 835,949	\$ 1,693,004	33%
Civic Impr. Fund	\$ 378,580	\$ 88,797	\$ (289,783)	23%	\$ 400,000	\$ 21,514	\$ 378,486	5%
Aff. Housing Fund	\$ 938,500	\$ 248,822	\$ (689,678)	27%	\$ 1,340,949	\$ 1,045,292	\$ 295,656	78%
FAR-Public Amenities	\$ 665	\$ 151	\$ (514)	23%	\$ -	\$ -	\$ -	N/A
FAR-Farm/Agriculture	\$ 4,140	\$ 942	\$ (3,198)	23%	\$ -	\$ -	\$ -	N/A
G.O. Bond Fund	\$ 924,005	\$ 231,228	\$ (692,777)	25%	\$ 924,005	\$ -	\$ 924,005	0%
Trans. Benefit Fund	\$ 904,500	\$ 185,819	\$ (718,681)	21%	\$ 1,100,000	\$ 617,716	\$ 482,284	56%
Trans. Impact Fund	\$ 168,860	\$ 29,448	\$ (139,412)	17%	\$ -	\$ -	\$ -	0%
Capital Const. Fund	\$ 2,849,948	\$ 1,489,878	\$ (1,360,071)	52%	\$ 12,015,027	\$ 506,660	\$ 11,508,367	4%
Building Svcs. Fund	\$ 3,527,045	\$ 959,368	\$ (2,567,677)	27%	\$ 3,571,155	\$ 961,840	\$ 2,609,315	27%
ER&R Fund	\$ 410,000	\$ 105,466	\$ (304,534)	26%	\$ 1,730,198	\$ 64	\$ 1,730,134	0%
	\$ 41,494,319	\$ 9,514,975	\$ (31,979,344)	23%	\$ 53,361,970	\$ 10,946,543	\$ 42,415,427	21%
<b>Utility Funds</b>								
Water Fund	\$ 19,213,620	\$ 2,577,039	\$ (16,636,581)	13%	\$ 19,643,016	\$ 1,981,467	\$ 17,661,550	10%
Sewer Fund	\$ 15,078,420	\$ 1,227,320	\$ (13,851,100)	8%	\$ 18,161,495	\$ 960,717	\$ 17,200,779	5%
Storm Water Fund	\$ 3,713,600	\$ 881,009	\$ (2,832,591)	24%	\$ 8,335,776	\$ 668,264	\$ 7,667,513	8%
	\$ 38,005,640	\$ 4,685,369	\$ (33,320,271)	12%	\$ 46,140,287	\$ 3,610,447	\$ 42,529,841	8%

**Table 3: Summary of Year-to-Date Actuals vs. Budget by  
Department**

Department	Actuals through March 2025	2025 Revised Budget	\$ Budget Remaining	Budget % Remaining	Year % Remaining
City Council	\$ 84,362	\$ 574,025	\$ 489,663	85%	75%
Court	\$ 121,537	\$ 570,243	\$ 448,706	79%	75%
Executive (includes IT)	\$ 2,584,558	\$ 10,075,065	\$ 7,490,507	74%	75%
Finance	\$ 439,255	\$ 1,659,510	\$ 1,220,255	74%	75%
Police	\$ 1,681,713	\$ 6,753,155	\$ 5,071,442	75%	75%
Planning & Community Development	\$ 722,520	\$ 3,581,883	\$ 2,859,363	80%	75%
Public Works	\$ 4,670,046	\$ 62,162,616	\$ 57,492,571	92%	75%
General Government	\$ 1,692,557	\$ 7,081,698	\$ 5,389,141	76%	75%
<b>Total</b>	<b>\$ 11,996,548</b>	<b>\$ 92,458,195</b>	<b>\$ 80,461,647</b>	<b>87%</b>	<b>75%</b>

**Table 3 Notes**

- These amounts do not include transfers. Transfer amounts by fund can be seen on Table 1.
- Public Works – Public Works has \$20 million in capital projects budgeted in 2025. Some major projects include the Country Club Road Reconstruction, Manitou Beach Road, Pleasant Beach Drive Extension, Manufactured Home for EE, Public Works Yard Improvements, Electric Vehicle Charging Infrastructure, Winslow Water Tank Replacement, Wastewater Treatment Plant Capacity Upgrades, and Eagle Harbor Dr. at McDonald Creek Culvert.
- General Government – budget for this department includes a citywide vacancy rate of 5% on budgeted wages.