

Date: July 2, 2025
To: Blair King, City Manager; City Council
From: Finance Department
Subject: May 2025 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 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 May are lower than 2024 by 6% or \$51,000. A fee study is nearing completion; results are expected mid-year.
Real Estate Excise Tax (REET)	Good	
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 th .
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 10th.
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

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.

<u>Table 1 - Summary of Year-to-date Fund Activity - May</u>								
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
Tax-Supported Funds								
General Fund	\$ 18,365,243	\$ 11,761,904	\$ 11,827,191	\$ (8,519,821)	\$ (8,446,758)	\$ (1,461,455)	\$ 20,145,870	\$ 7,427,019
Street Fund	\$ 74,387	\$ 464,697	\$ 508,422	\$ (1,399,996)	\$ (1,388,127)	\$ 911,523	\$ 50,612	N/A
REET Fund	\$ 2,719,633	\$ 1,108,222	\$ 1,066,411	\$ -	\$ -	\$ (989,950)	\$ 2,837,905	N/A
Civic Impr. Fund	\$ 815,059	\$ 146,428	\$ 157,639	\$ (56,579)	\$ (106,773)	\$ -	\$ 904,909	N/A
Aff. Housing Fund	\$ 4,355,722	\$ 393,232	\$ 373,384	\$ (1,069,875)	\$ (50,843)	\$ -	\$ 3,679,079	\$ 59,171
FAR-Public Amenities	\$ 15,318	\$ 252	\$ 302	\$ -	\$ -	\$ -	\$ 15,571	N/A
FAR-Farm/Agriculture	\$ 95,399	\$ 1,570	\$ 1,881	\$ -	\$ -	\$ -	\$ 96,969	N/A
G.O. Bond Fund	\$ 4,356	\$ 622	\$ 3,596	\$ (26,505)	\$ (27,215)	\$ 385,002	\$ 363,475	N/A
Trans. Benefit Fund	\$ 1,064,964	\$ 356,727	\$ 345,430	\$ -	\$ (2,611)	\$ (911,523)	\$ 510,167	N/A
Trans. Impact Fund	\$ 525,874	\$ 245,070	\$ 57,548	\$ -	\$ -	\$ -	\$ 770,945	N/A
Capital Const. Fund	\$ 7,680,944	\$ 230,391	\$ 5,707	\$ (951,712)	\$ (2,025,659)	\$ 1,259,948	\$ 8,219,572	N/A
Building Svcs. Fund	\$ 12,471	\$ 760,193	\$ 811,078	\$ (1,569,119)	\$ (1,689,963)	\$ 806,455	\$ 10,000	N/A
ER&R Fund	\$ 3,060,047	\$ 126,020	\$ 215,285	\$ (28,174)	\$ (172,653)	\$ -	\$ 3,157,894	N/A
	\$ 38,878,693	\$ 15,595,330	\$ 15,402,857	\$ (13,621,780)	\$ (13,949,645)	\$ -	\$ 40,852,242	\$ 7,486,190
Utility Funds								
Water Fund	\$ 2,338,968	\$ 4,336,763	\$ 2,775,404	\$ (3,599,141)	\$ (7,328,839)	\$ -	\$ 3,076,591	\$ 449,143
Sewer Fund	\$ 4,314,855	\$ 2,176,504	\$ 2,112,951	\$ (2,699,308)	\$ (2,877,045)	\$ -	\$ 3,792,051	\$ 1,213,625
Storm Water Fund	\$ 7,687,413	\$ 2,321,793	\$ 2,153,844	\$ (1,338,460)	\$ (1,080,911)	\$ -	\$ 8,670,746	\$ 655,077
	\$ 14,341,236	\$ 8,835,060	\$ 7,042,199	\$ (7,636,909)	\$ (11,286,795)	\$ -	\$ 15,539,387	\$ 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 May in most tax supported funds. Although there was a \$1m capital outlay for affordable housing in the affordable housing fund to purchase the "Notch" property adjacent to the 625 Winslow old police building, outflows were lower through May 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:

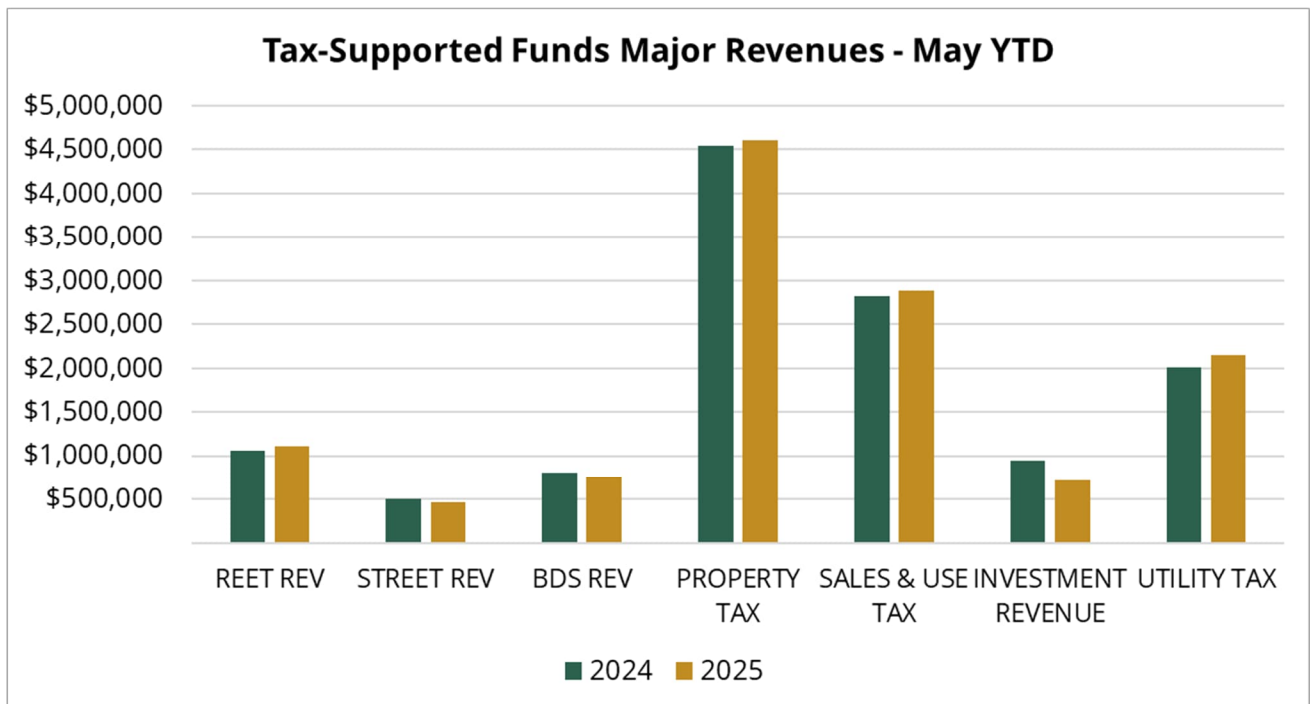
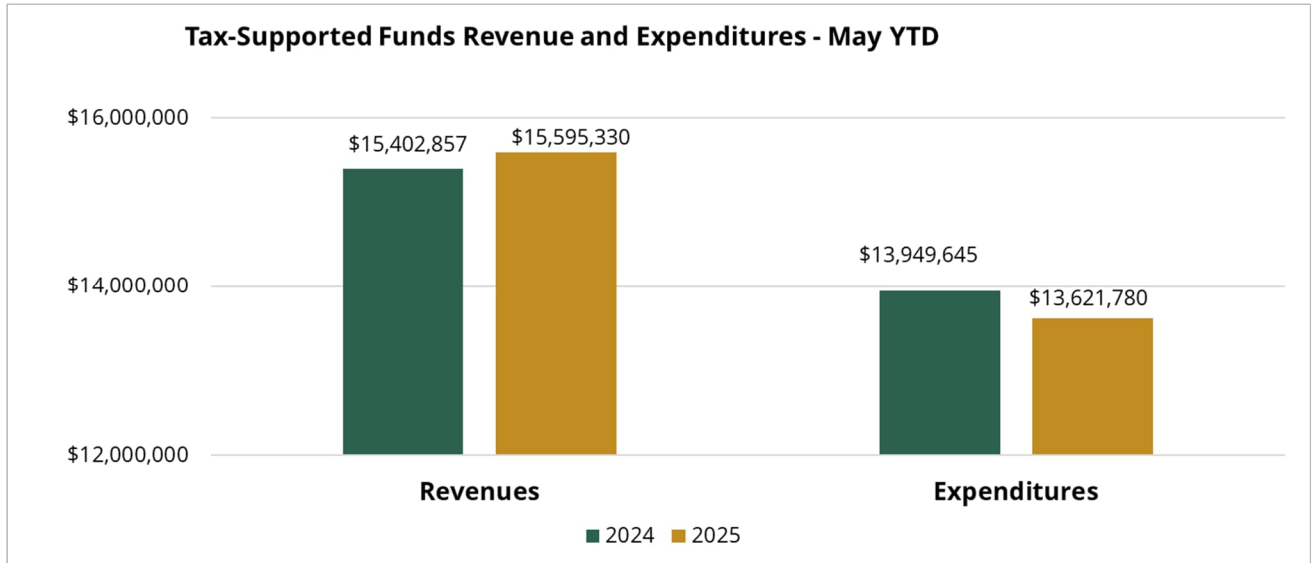
- Country Club Bulkhead Reconstruction \$230,000
- Pleasant Beach Drive Extension \$375,000
- Debt Service \$231,000

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

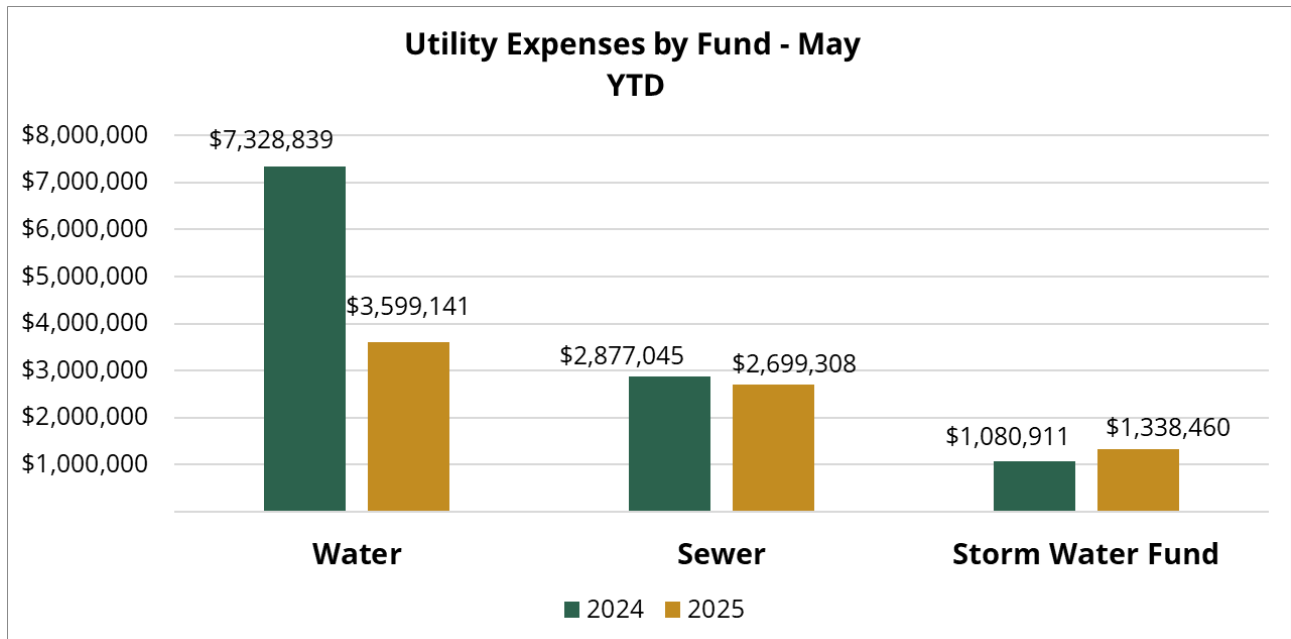
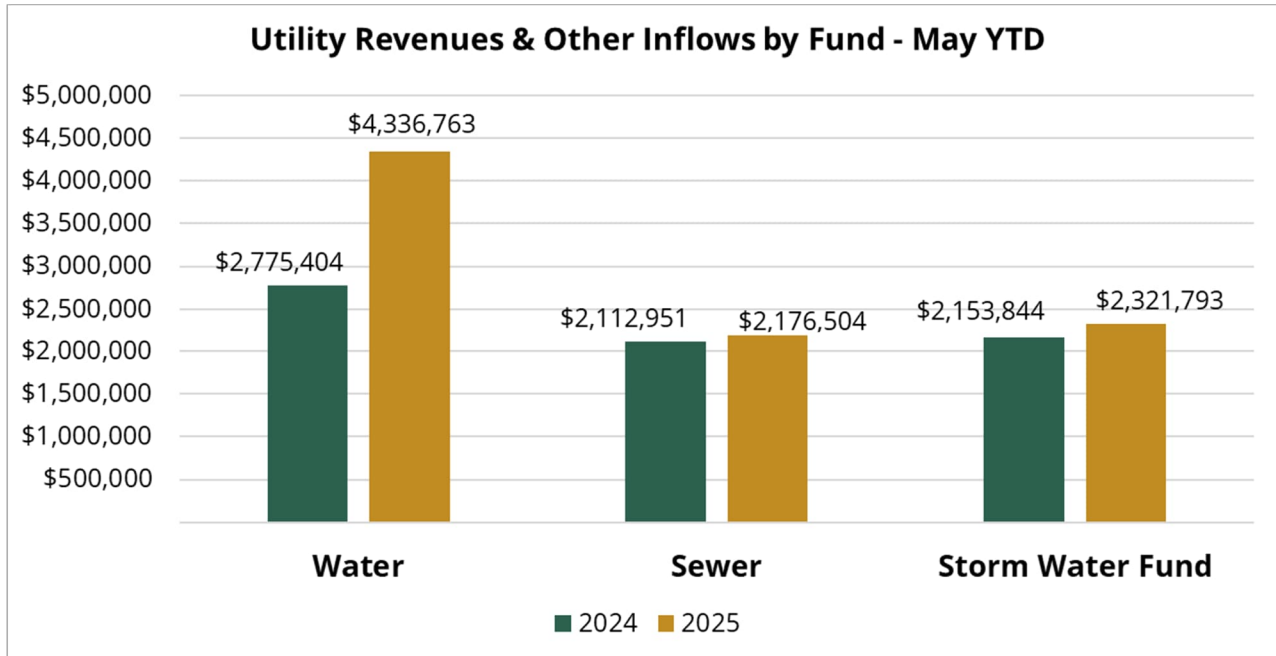
Major Revenue Increases Over 2024	Major Revenue Decreases Over 2024
<p>Building and Development Services</p> <ul style="list-style-type: none"> • Other Planning and Development Fees \$38,000 or 31% <p>Transportation Impact Fee</p> <ul style="list-style-type: none"> • Collected transportation impact fees are up \$186,000 or 376% 	<p>General Fund</p> <ul style="list-style-type: none"> • Investment Revenue of \$257,000 or 33% due to rates being applied to a smaller fund balance.

Section 2 Expenditure Notes

Major Expenditure Decreases Over 2024	Major Expenditure Increases Over 2024
<p>General Fund</p> <ul style="list-style-type: none"> • Repair and Maintenance \$332,000 or 71% 	<p>Affordable Housing Fund</p> <ul style="list-style-type: none"> • Capital Outlay of \$1,000,000 <p>General Fund</p> <ul style="list-style-type: none"> • Professional Services of \$305,000 or 32% due in part to legal fees.

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

Major Revenue Changes Over 2024	Major Expenditure Changes Over 2024
<p style="text-align: center; color: green;"><u>Increases</u></p> <p>Water Fund</p> <ul style="list-style-type: none"> • Loan proceeds \$416,000 or 20% <ul style="list-style-type: none"> ◦ This increase is due to loan proceeds for the new Water Tank capital project. • Water charges \$103,000 or 17% due to a rate increase. • Capital contribution \$216,000 or 1051% <p>Sewer Fund</p> <ul style="list-style-type: none"> • Sewer Connections of \$68,000 or 230% • Sewer Charges \$77,000 or 4% due to a rate increase. <p>Storm & Surface Water Fund</p> <ul style="list-style-type: none"> • Department of Ecology Grant \$113,000 or 706% 	<p style="text-align: center; color: red;"><u>Increases</u></p> <p>Storm & Surface Water Fund</p> <ul style="list-style-type: none"> • Repairs \$234,000 or 10098%
<p style="text-align: center; color: red;"><u>Decreases</u></p> <p>Sewer Fund</p> <ul style="list-style-type: none"> • Investment Interest \$52,000 or 42% due to less fund balance than last year 	<p style="text-align: center; color: green;"><u>Decreases</u></p> <p>Sewer Fund</p> <p>Supplies \$75,000 or 50%</p> <p>Professional Services \$47,000 or 44%</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

Table 2 - Summary of Year-to-date Budgeted Fund Activity - May								
FUND NAME	2025 BUDGETED INFLOWS	YTD 2025 INFLOWS	INFLOWS OVER/(UNDER) BUDGET	% RECEIVED	2025 BUDGETED OUTFLOWS	YTD 2025 OUTFLOWS	OUTFLOWS (OVER)/UNDER BUDGET	% SPENT
Tax Supported Funds								
General Fund	\$ 23,598,220	\$ 11,761,904	\$ (11,836,316)	50%	\$ 25,996,441	\$ 9,981,277	\$ 16,015,165	38%
Street Fund	\$ 4,298,356	\$ 1,376,221	\$ (2,922,135)	32%	\$ 4,471,242	\$ 1,399,996	\$ 3,071,246	31%
REET Fund	\$ 3,491,500	\$ 1,108,222	\$ (2,383,278)	32%	\$ 2,528,953	\$ 989,950	\$ 1,539,003	39%
Civic Impr. Fund	\$ 378,580	\$ 146,428	\$ (232,152)	39%	\$ 400,000	\$ 56,579	\$ 343,421	14%
Aff. Housing Fund	\$ 938,500	\$ 393,232	\$ (545,268)	42%	\$ 740,949	\$ 1,069,875	\$ (328,927)	144%
FAR-Public Amenities	\$ 665	\$ 252	\$ (413)	38%	\$ -	\$ -	\$ -	N/A
FAR-Farm/Agriculture	\$ 4,140	\$ 1,570	\$ (2,570)	38%	\$ -	\$ -	\$ -	N/A
G.O. Bond Fund	\$ 924,005	\$ 385,624	\$ (538,381)	42%	\$ 924,005	\$ 26,505	\$ 897,500	3%
Trans. Benefit Fund	\$ 904,500	\$ 356,727	\$ (547,773)	39%	\$ 1,147,000	\$ 911,523	\$ 235,477	79%
Trans. Impact Fund	\$ 168,860	\$ 245,070	\$ 76,210	145%	\$ -	\$ -	\$ -	0%
Capital Const. Fund	\$ 3,394,948	\$ 1,490,340	\$ (1,904,609)	44%	\$ 13,570,027	\$ 951,712	\$ 12,618,315	7%
Building Svcs. Fund	\$ 3,527,045	\$ 1,566,648	\$ (1,960,397)	44%	\$ 3,571,155	\$ 1,569,119	\$ 2,002,035	44%
ER&R Fund	\$ 410,000	\$ 126,020	\$ (283,980)	31%	\$ 1,730,198	\$ 28,174	\$ 1,702,024	2%
	\$ 42,039,319	\$ 18,958,258	\$ (23,081,061)	45%	\$ 55,079,970	\$ 16,984,709	\$ 38,095,261	31%
Utility Funds								
Water Fund	\$ 19,213,620	\$ 4,336,763	\$ (14,876,857)	23%	\$ 21,032,349	\$ 3,599,141	\$ 17,433,208	17%
Sewer Fund	\$ 15,078,420	\$ 2,176,504	\$ (12,901,916)	14%	\$ 20,122,495	\$ 2,699,308	\$ 17,423,187	13%
Storm Water Fund	\$ 4,433,445	\$ 2,321,793	\$ (2,111,652)	52%	\$ 9,932,609	\$ 1,338,460	\$ 8,594,149	13%
	\$ 38,725,485	\$ 8,835,060	\$ (29,890,425)	23%	\$ 51,087,453	\$ 7,636,909	\$ 43,450,544	15%

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

Department	Actuals through May 2025	2025 Revised Budget	\$ Budget Remaining	Budget % Remaining	Year % Remaining
City Council	\$ 146,270	\$ 565,691	\$ 419,421	74%	59%
Court	\$ 206,227	\$ 570,243	\$ 364,016	64%	59%
Executive (includes IT)	\$ 4,354,494	\$ 9,893,065	\$ 5,538,571	56%	59%
Finance	\$ 679,343	\$ 1,659,510	\$ 980,167	59%	59%
Police	\$ 2,651,671	\$ 6,753,155	\$ 4,101,485	61%	59%
Planning & Community Development	\$ 1,306,122	\$ 3,581,883	\$ 2,275,761	64%	59%
Public Works	\$ 8,638,927	\$ 67,883,116	\$ 59,244,189	87%	59%
General Government	\$ 3,274,157	\$ 7,131,698	\$ 3,857,541	54%	59%
Total	\$ 21,257,210	\$ 98,038,361	\$ 76,781,150	78%	59%

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.