

Date:  
To: Blair King, City Manager; City Council  
From: Finance Department  
Subject: December 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 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.



## **Table of Contents**

TABLE OF CONTENTS .....	2
SECTION 1: FUND FINANCIAL HEALTH INDICATORS .....	3
SECTION 1 NOTES .....	3
TABLE 1: SUMMARY OF YEAR-TO-DATE FUND ACTIVITY .....	4
TABLE 1 NOTES .....	5
SECTION 2: TAX-SUPPORTED REVENUE & EXPENDITURE .....	6
SECTION 2 REVENUE NOTES .....	6
SECTION 2 EXPENDITURE NOTES .....	8
SECTION 3: UTILITY FUNDS REVENUE AND EXPENSE GRAPHS.....	9
SECTION 3 REVENUE, OTHER INFLOWS, AND EXPENDITURE NOTES.....	10
TABLE 2: SUMMARY OF YEAR-TO-DATE ACTIVITY AND BUDGET BY FUND.....	11
TABLE 3: SUMMARY OF FEDERAL AMERICAN RESCUE PLAN ACT (ARPA) FUNDS.....	12
TABLE 4: SUMMARY OF YEAR-TO-DATE ACTUALS VS. BUDGET BY DEPARTMENT .....	13
TABLE 4 NOTES .....	13

## **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	2024 revenues through December are less than 2023 by 14% or \$272,000, expenses have increased due to an increase in insurance and legal costs.
Real Estate Excise Tax (REET)	Good	2024 revenue through December is 13% higher than 2023 revenue.
Other Governmental Funds	Good	
Water	Cautionary	Fund balance was expected to decrease by the end of 2024. A rate study is underway with results expected in early 2025.
Sewer	Cautionary	Fund balance was expected to decrease by the end of 2024. A rate study is underway with results expected in early 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 - December</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	\$ 24,080,498	\$ 27,405,126	\$ (19,135,277)	\$ (18,941,412)	\$ (10,273,597)	\$ 18,454,016	\$ 5,109,111
Street Fund	\$ 81,483	\$ 1,258,128	\$ 1,428,306	\$ (4,527,687)	\$ (3,018,937)	\$ 3,277,076	\$ 89,001	N/A
REET Fund	\$ 2,785,347	\$ 3,353,448	\$ 2,987,962	\$ -	\$ -	\$ (3,418,813)	\$ 2,719,981	N/A
Civic Impr. Fund	\$ 715,531	\$ 485,084	\$ 457,302	\$ (385,441)	\$ (293,052)	\$ -	\$ 815,174	N/A
Aff. Housing Fund	\$ 2,317,801	\$ 2,986,056	\$ 978,943	\$ (2,095,489)	\$ (86,465)	\$ 1,140,000	\$ 4,348,368	\$ 59,171
FAR-Public Amenities	\$ 14,627	\$ 693	\$ (7,142)	\$ -	\$ -	\$ -	\$ 15,320	N/A
FAR-Farm/Agriculture	\$ 91,095	\$ 4,316	\$ (7,775)	\$ -	\$ -	\$ -	\$ 95,411	N/A
G.O. Bond Fund	\$ 4,050	\$ 306	\$ 653,590	\$ (927,665)	\$ (1,590,375)	\$ 927,665	\$ 4,356	N/A
Trans. Benefit Fund	\$ 803,701	\$ 886,869	\$ 807,658	\$ (11,981)	\$ (88,019)	\$ (613,488)	\$ 1,065,101	N/A
Trans. Impact Fund	\$ 362,058	\$ 163,884	\$ 161,982	\$ -	\$ -	\$ -	\$ 525,942	N/A
Capital Const. Fund	\$ 6,352,199	\$ 1,697,208	\$ 196,069	\$ (7,070,732)	\$ (8,794,549)	\$ 6,700,911	\$ 7,679,586	N/A
Building Svcs. Fund	\$ (24,492)	\$ 1,648,959	\$ 1,921,143	\$ (3,689,964)	\$ (3,359,658)	\$ 2,075,497	\$ 10,000	N/A
ER&R Fund	\$ 3,170,344	\$ 745,974	\$ 522,075	\$ (980,572)	\$ (327,976)	\$ -	\$ 2,935,745	N/A
	\$ 40,545,408	\$ 37,311,424	\$ 37,534,222	\$ (38,824,807)	\$ (36,539,486)	\$ (184,750)	\$ 38,847,274	\$ 5,168,282
<b>Utility Funds</b>								
Water Fund	\$ 5,077,118	\$ 12,431,328	\$ 2,434,021	\$ (15,154,425)	\$ (3,104,631)	\$ 8,750	\$ 2,362,771	\$ 449,143
Sewer Fund	\$ 5,874,315	\$ 5,331,016	\$ 5,370,588	\$ (6,900,221)	\$ (5,246,535)	\$ -	\$ 4,305,110	\$ 1,213,625
Storm Water Fund	\$ 6,235,081	\$ 3,738,267	\$ 3,639,910	\$ (2,461,000)	\$ (2,910,759)	\$ 176,000	\$ 7,688,348	\$ 655,077
	\$ 17,186,514	\$ 21,500,611	\$ 11,444,518	\$ (24,515,646)	\$ (11,261,925)	\$ 184,750	\$ 14,356,228	\$ 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
• Ted Spearman Justice Center	\$980,000
• B&DS Fund Support	\$2,075,500
• Street Fund Support	\$2,753,200
• Affordable Housing Fund Support	\$1,140,000
• Water Fund – Main St Tax Credit Supplement	\$8,750

### Real Estate Excise Tax:

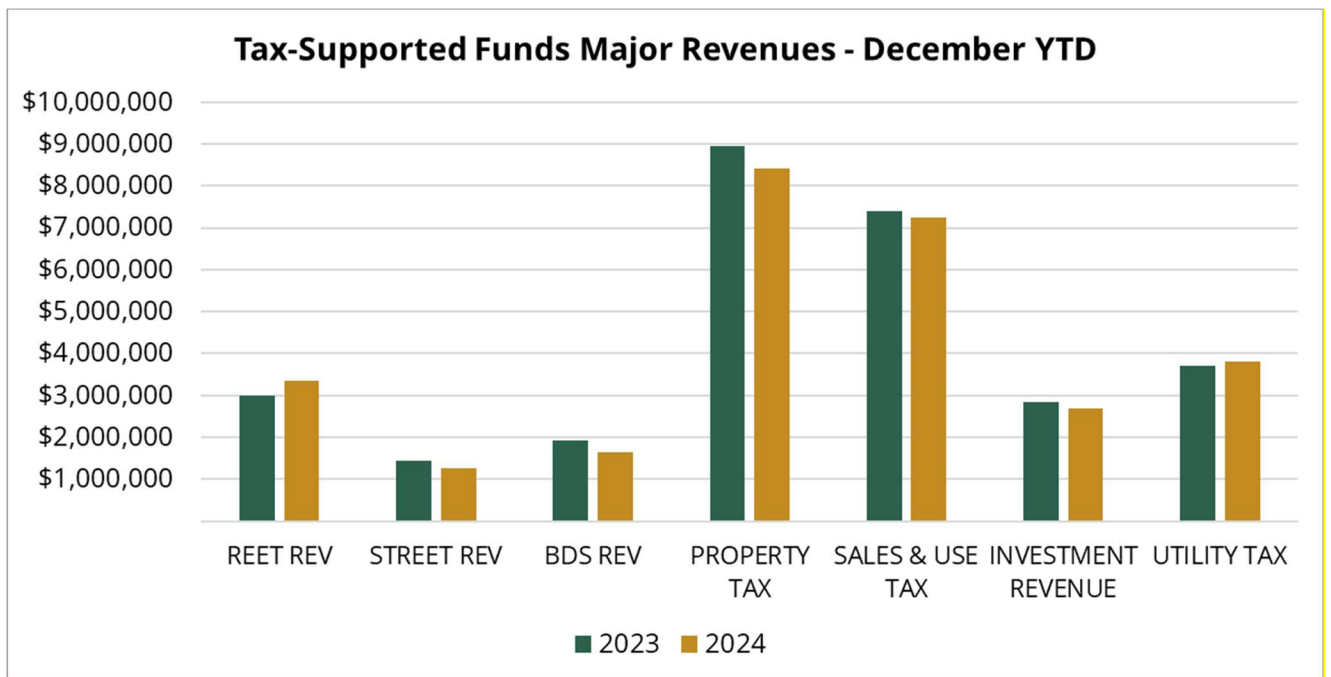
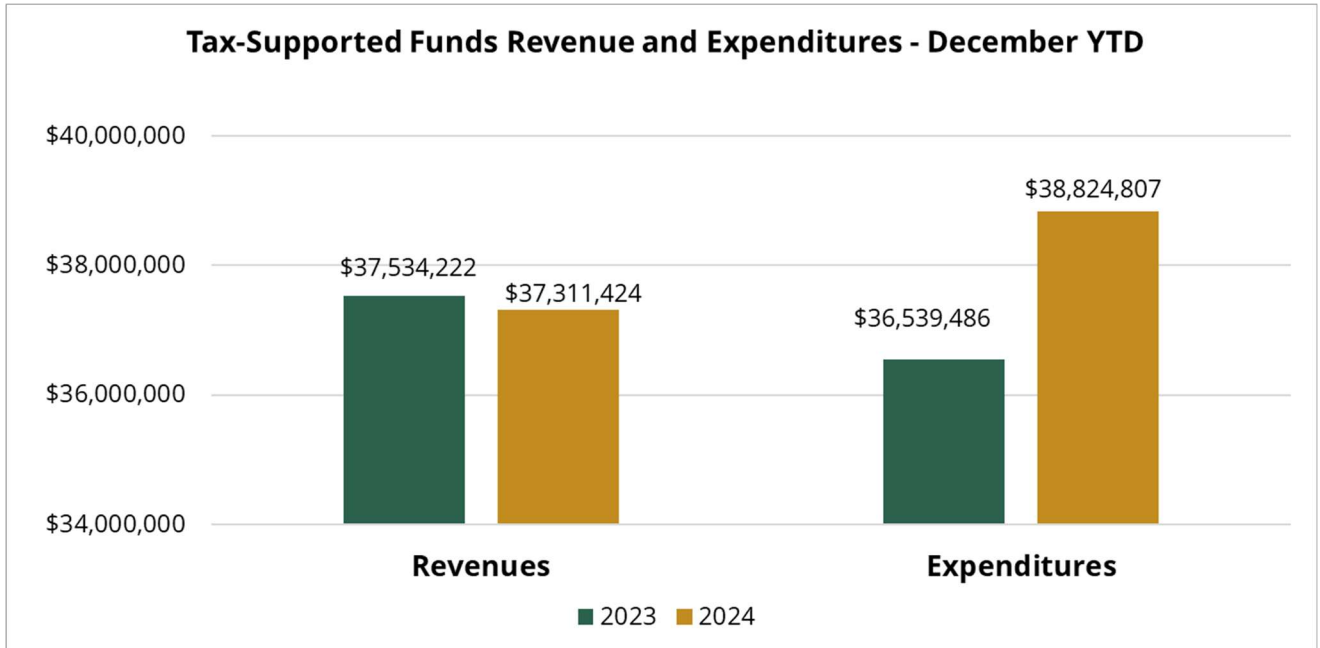
• Eagle Harbor/Wyatt Non-Motorized Improvements	\$2,300,000
• City Hall Lower Parking Lot Retrofit	\$14,000
• Pleasant Beach Drive Extension	\$87,000
• Debt Service	\$928,000
• Street Fund Support	\$100,000

### Transportation Benefit Fund:

• STO Long Range Planning	\$8,000
• Grow Ave Traffic Calming	\$110,000
• Street Fund Support	\$500,000

## 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 Increases  
Over 2023**

**General Fund**

- Miscellaneous Revenue \$190,000 or 113%
  - March Opioid settlement of \$64,000
  - August Opioid settlement of \$75,000

**Affordable Housing Fund**

- Investment Interest \$74,000 or 89%
- ARPA Grant Revenue \$2 million for affordable housing

**Building and Development Services Fund**

- Overall fund revenues have decreased due to 2023 receipt of \$521,000 of grant funds
- Other Planning & Development Fees \$107,000 or 46%

**Major Revenue Decreases  
Over 2023**

**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.

**GO Bond Fund**

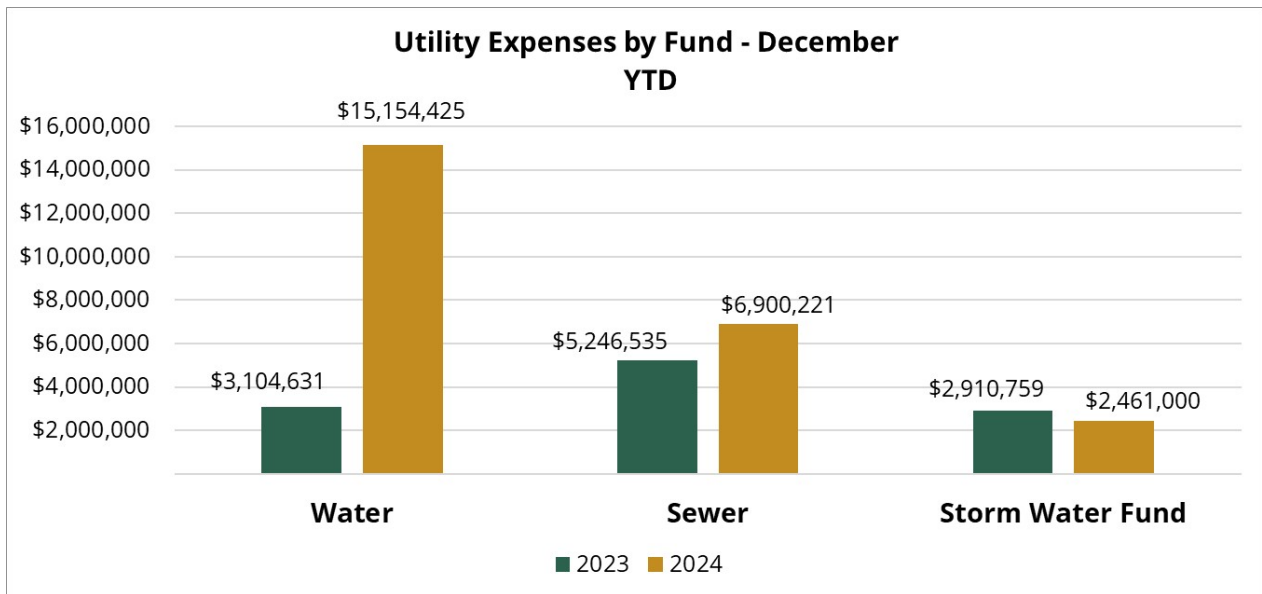
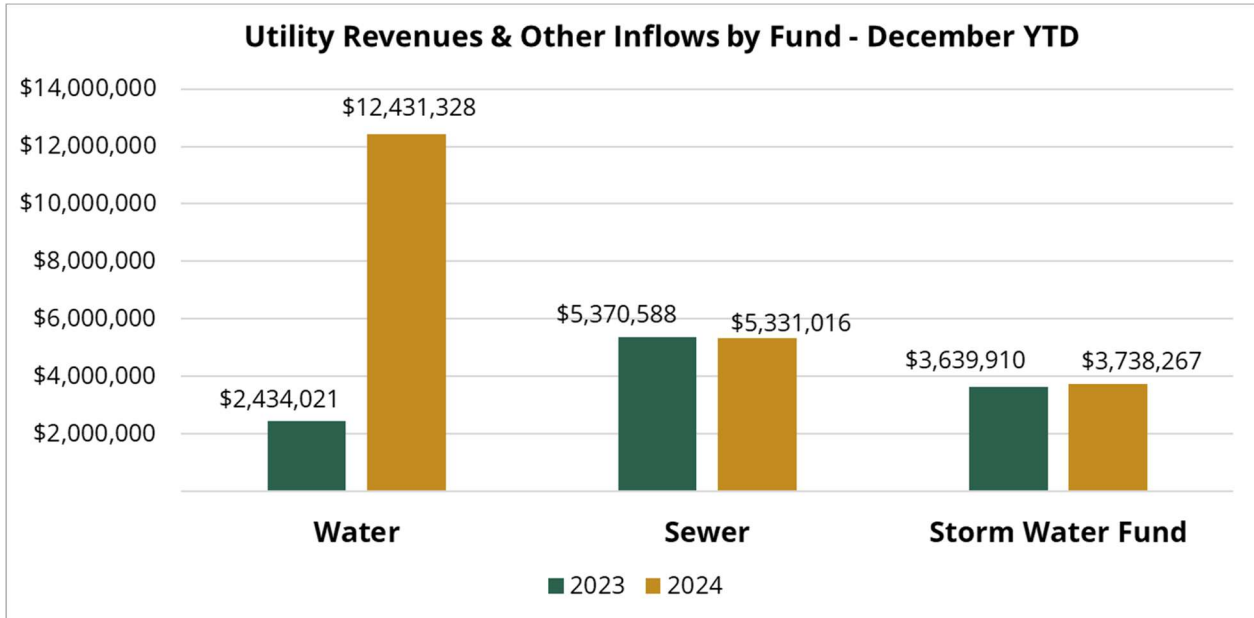
- Property Tax \$646,000 or 99%
  - Property tax levy expiration has resulted in reduced revenues

## Section 2 Expenditure Notes

<b>Major Expenditure Decreases Over 2023</b>	<b>Major Expenditure Increases Over 2023</b>
<p><b>Transportation Benefit Fund</b></p> <ul style="list-style-type: none"><li>• Intergovernmental Professional Services \$76,000 or 86%</li><li>• Transfers Out \$760,000 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>• Professional Services \$599,000 or 17%</li></ul>	<p><b>General Fund</b></p> <ul style="list-style-type: none"><li>• Repair &amp; Maintenance \$338,000 or 89%<ul style="list-style-type: none"><li>○ Includes one-time demolition costs for the old Police Station.</li></ul></li></ul> <p><b>Affordable Housing Fund</b></p> <ul style="list-style-type: none"><li>• ARPA Grant Revenue \$2 million used for affordable housing</li></ul> <p><b>Street Fund</b></p> <ul style="list-style-type: none"><li>• Repairs \$895,000 or 230%</li><li>• Insurance \$84,000 or 78%</li></ul> <p><b>Building &amp; Development Fund</b></p> <ul style="list-style-type: none"><li>• Legal/Hearing Examiner \$215,000 or 182%</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="color: green; text-decoration: underline;">Increases</p> <p><b>Water Fund</b></p> <ul style="list-style-type: none"> <li>• Loan Proceeds \$9,753,000 or 1,958%                             <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="color: red; text-decoration: underline;">Increases</p> <p><b>Water Fund</b></p> <ul style="list-style-type: none"> <li>• Insurance \$35,000 or 76%</li> <li>• Debt Service \$140,000 or 414%</li> <li>• Total Capital Projects \$13,81,000 or 1,139%                             <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>• Professional Services \$122,000 or 68%</li> <li>• Repairs \$207,000 or 70%</li> <li>• Insurance \$63,000 or 81%</li> <li>• Total Capital Projects \$994,000 or 157%                             <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 271%</li> <li>• Insurance \$50,000 or 108%</li> </ul>
<p style="color: red; text-decoration: underline;">Decreases</p> <p><b>Water</b></p> <ul style="list-style-type: none"> <li>• Investment Interest \$104,000 or 47%</li> </ul> <p><b>Storm &amp; Surface Water Fun</b></p> <ul style="list-style-type: none"> <li>• Grant Funds \$60,000 or 43%</li> <li>• Miscellaneous Revenues 40,000\$</li> </ul>	<p style="color: green; text-decoration: underline;">Decreases</p> <p><b>Storm &amp; Surface Water Fund</b></p> <ul style="list-style-type: none"> <li>• Professional Services \$119,000 or 62%</li> <li>• Repairs \$96,000 or 80%</li> <li>• Total Capital Projects \$523,000 or 57%                             <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 - December</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	\$ 23,293,653	\$ 24,092,083	\$ 798,430	103%	\$ 33,624,509	\$ 29,420,458	\$ 4,204,051	87%
Street Fund	\$ 4,593,936	\$ 4,535,204	\$ (58,732)	99%	\$ 4,836,434	\$ 4,527,687	\$ 308,748	94%
REET Fund	\$ 2,550,000	\$ 3,353,448	\$ 803,448	132%	\$ 3,418,814	\$ 3,418,813	\$ -	100%
Civic Impr. Fund	\$ 348,000	\$ 485,084	\$ 137,084	139%	\$ 424,700	\$ 385,441	\$ 39,259	91%
Aff. Housing Fund	\$ 4,040,500	\$ 4,126,056	\$ 85,556	102%	\$ 2,258,000	\$ 2,095,489	\$ 162,510	93%
FAR-Public Amenities	\$ 10,000	\$ 693	\$ (9,307)	7%	\$ -	\$ -	\$ -	N/A
FAR-Farm/Agriculture	\$ 20,000	\$ 4,316	\$ (15,684)	22%	\$ -	\$ -	\$ -	N/A
G.O. Bond Fund	\$ 927,665	\$ 927,970	\$ 305	100%	\$ 927,665	\$ 927,665	\$ -	100%
Trans. Benefit Fund	\$ 817,000	\$ 886,869	\$ 69,869	109%	\$ 630,318	\$ 630,318	\$ -	100%
Trans. Impact Fund	\$ 117,000	\$ 163,884	\$ 46,884	140%	\$ -	\$ -	\$ -	0%
Capital Const. Fund	\$ 9,152,344	\$ 8,414,553	\$ (737,792)	92%	\$ 17,699,971	\$ 7,087,165	\$ 10,612,806	40%
Building Svcs. Fund	\$ 3,712,334	\$ 3,724,455	\$ 12,121	100%	\$ 3,787,420	\$ 3,689,964	\$ 97,456	97%
ER&R Fund	\$ 688,000	\$ 745,974	\$ 57,974	108%	\$ 1,929,719	\$ 980,572	\$ 949,147	51%
	\$ 50,270,432	\$ 51,460,590	\$ 1,190,157	102%	\$ 69,537,549	\$ 53,163,572	\$ 16,373,976	76%
<b>Utility Funds</b>								
Water Fund	\$ 14,059,328	\$ 12,440,078	\$ (1,619,250)	88%	\$ 18,173,294	\$ 15,154,425	\$ 3,018,869	83%
Sewer Fund	\$ 6,699,000	\$ 5,331,016	\$ (1,367,984)	80%	\$ 15,815,762	\$ 6,900,221	\$ 8,915,542	44%
Storm Water Fund	\$ 4,419,000	\$ 3,914,267	\$ (504,733)	89%	\$ 7,444,204	\$ 2,461,000	\$ 4,983,204	33%
	\$ 25,177,328	\$ 21,685,361	\$ (3,491,967)	86%	\$ 41,433,261	\$ 24,515,646	\$ 16,917,614	59%

**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	\$ 222,502	\$ 673,498
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	\$ 534,331	\$ 75,669
ADA Transition Plan (01218)*	\$ 61,885	\$ 61,885	\$ -
<b>Total</b>	<b>\$ 7,061,885</b>	<b>\$ 2,845,281</b>	<b>\$ 4,216,604</b>
<p>*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.</p> <p>**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</p>			

**Table 4: Summary of Year-to-Date Actuals vs. Budget by Department**

Department	Actuals through DEC 2024	2024 Revised Budget	\$ Budget Remaining	Budget % Remaining	Year % Remaining
City Council	\$ 382,194	\$ 393,414	\$ 11,220	3%	0%
Court	\$ 512,526	\$ 648,774	\$ 136,248	21%	0%
Executive (includes IT)	\$ 6,909,821	\$ 9,121,827	\$ 2,212,006	24%	0%
Finance	\$ 3,443,387	\$ 3,568,934	\$ 125,547	4%	0%
Police	\$ 6,065,335	\$ 6,861,510	\$ 796,174	12%	0%
Planning & Community Development	\$ 3,047,806	\$ 3,619,713	\$ 571,908	16%	0%
Public Works	\$ 36,081,562	\$ 65,317,685	\$ 29,236,123	45%	0%
General Government	\$ 6,897,822	\$ 6,743,124	\$ (154,698)	-2%	0%
<b>Total</b>	<b>\$ 63,340,453</b>	<b>\$ 96,274,981</b>	<b>\$ 32,934,528</b>	<b>34%</b>	<b>0%</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.