

Date: October 9, 2025
To: Blair King, City Manager; City Council
From: Finance Department
Subject: August 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 August are lower than 2024 by 5% or \$56,000. A fee study was performed this year; results are being evaluated.
Real Estate Excise Tax (REET)	Good	
Other Governmental Funds	Good	
Water	Good	A Bond issuance (\$5m) is planned for the fall, and a fee increase was approved by council on June 10 th .
Sewer	Good	A Bond issuance (\$7.6m) is planned for the fall, and a fee increase was approved by council on June 10 th .
Storm and Surface Water	Good	

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.

Table 1 - Summary of Year-to-date Fund Activity - August								
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	\$ 15,462,070	\$ 15,553,768	\$ (13,276,469)	\$ (12,645,054)	\$ (2,007,072)	\$ 18,543,771	\$ 7,492,291
Street Fund	\$ 74,387	\$ 856,851	\$ 849,789	\$ (2,138,205)	\$ (3,110,978)	\$ 1,255,232	\$ 48,266	N/A
REET Fund	\$ 2,719,633	\$ 2,189,122	\$ 2,329,380	\$ -	\$ -	\$ (1,476,183)	\$ 3,432,571	N/A
Civic Impr. Fund	\$ 815,059	\$ 278,848	\$ 291,493	\$ (160,788)	\$ (221,214)	\$ -	\$ 933,120	N/A
Aff. Housing Fund	\$ 4,355,722	\$ 1,043,770	\$ 631,458	\$ (259,843)	\$ (57,469)	\$ (1,010,000)	\$ 4,129,649	\$ 59,171
FAR-Public Amenities	\$ 15,318	\$ 419	\$ 478	\$ -	\$ -	\$ -	\$ 15,737	N/A
FAR-Farm/Agriculture	\$ 95,399	\$ 2,608	\$ 2,979	\$ -	\$ -	\$ -	\$ 98,007	N/A
G.O. Bond Fund	\$ 4,356	\$ 978	\$ 4,033	\$ (506,255)	\$ (505,790)	\$ 616,003	\$ 115,082	N/A
Trans. Benefit Fund	\$ 1,064,964	\$ 580,465	\$ 592,434	\$ (19,080)	\$ (2,611)	\$ (1,047,000)	\$ 579,348	N/A
Trans. Impact Fund	\$ 525,874	\$ 301,223	\$ 104,778	\$ -	\$ -	\$ -	\$ 827,097	N/A
Capital Const. Fund	\$ 7,680,944	\$ 273,259	\$ 586,933	\$ (4,034,534)	\$ (3,406,358)	\$ 2,514,948	\$ 6,434,617	N/A
Building Svcs. Fund	\$ 12,471	\$ 1,128,266	\$ 1,184,463	\$ (2,276,060)	\$ (2,515,433)	\$ 1,145,322	\$ 10,000	N/A
ER&R Fund	\$ 3,060,047	\$ 234,756	\$ 405,009	\$ (257,844)	\$ (173,093)	\$ -	\$ 3,036,959	N/A
	\$ 38,878,693	\$ 22,352,639	\$ 22,565,980	\$ (22,929,078)	\$ (22,677,044)	\$ (8,750)	\$ 38,293,504	\$ 7,551,462
Utility Funds								
Water Fund	\$ 2,338,968	\$ 6,052,975	\$ 7,500,016	\$ (6,171,199)	\$ (11,201,877)	\$ 8,750	\$ 2,229,494	\$ 449,143
Sewer Fund	\$ 4,314,855	\$ 3,882,610	\$ 3,574,731	\$ (4,274,012)	\$ (4,172,006)	\$ -	\$ 3,923,453	\$ 1,213,625
Storm Water Fund	\$ 7,687,413	\$ 2,509,019	\$ 2,304,886	\$ (2,626,819)	\$ (1,517,611)	\$ -	\$ 7,569,612	\$ 655,077
	\$ 14,341,236	\$ 12,444,604	\$ 13,379,633	\$ (13,072,031)	\$ (16,882,744)	\$ 8,750	\$ 13,722,559	\$ 2,317,845

The decrease in Water Fund revenues is due to timing of loan proceeds between the two years.

Table 1 Notes

Revenues are close to the previous year through August 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 August 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
- City Hall Security Upgrades \$48,000
- Olympic Building Demolition \$150,000
- B&DS Fund Support \$1,734,363

Real Estate Excise Tax:

- Country Club Bulkhead Reconstruction \$230,000
- Pleasant Beach Drive Extension \$375,000
- Debt Service \$231,000
- Street Fund \$1,000,000

Transportation Benefit Fund:

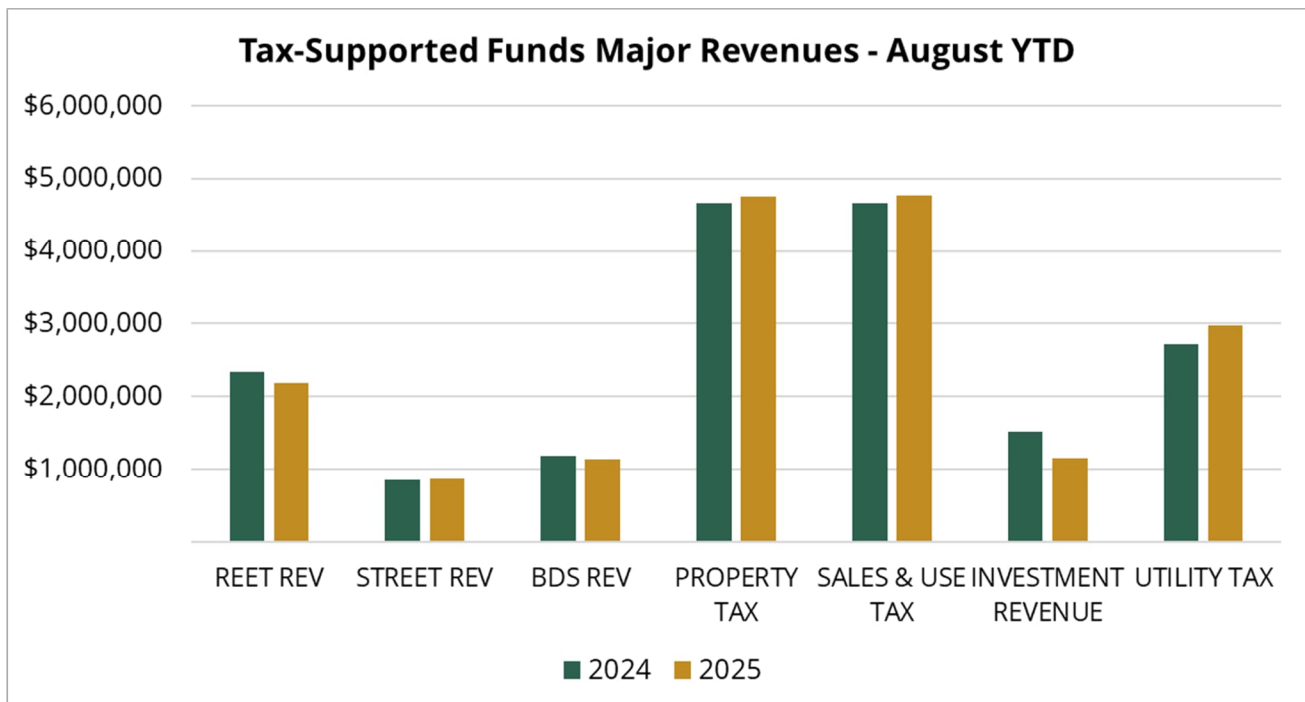
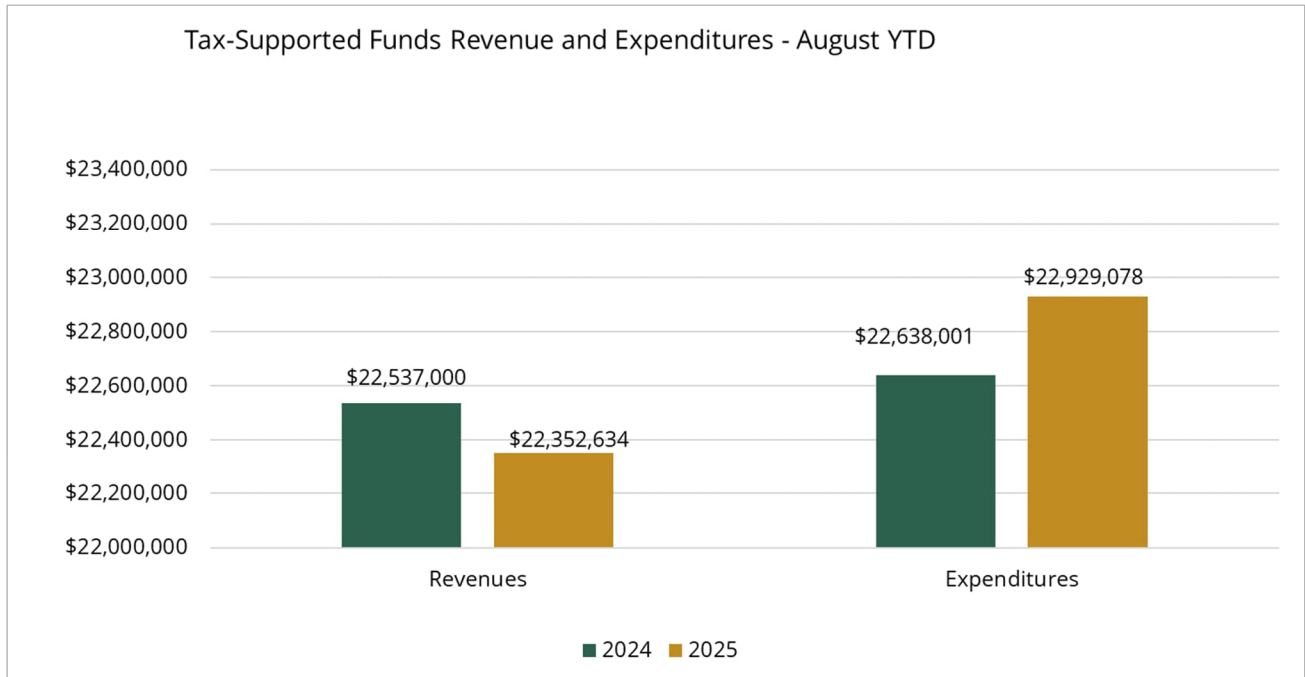
- Street Fund \$1,000,000

Affordable Housing Fund:

- Notch Property \$1,010,000

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

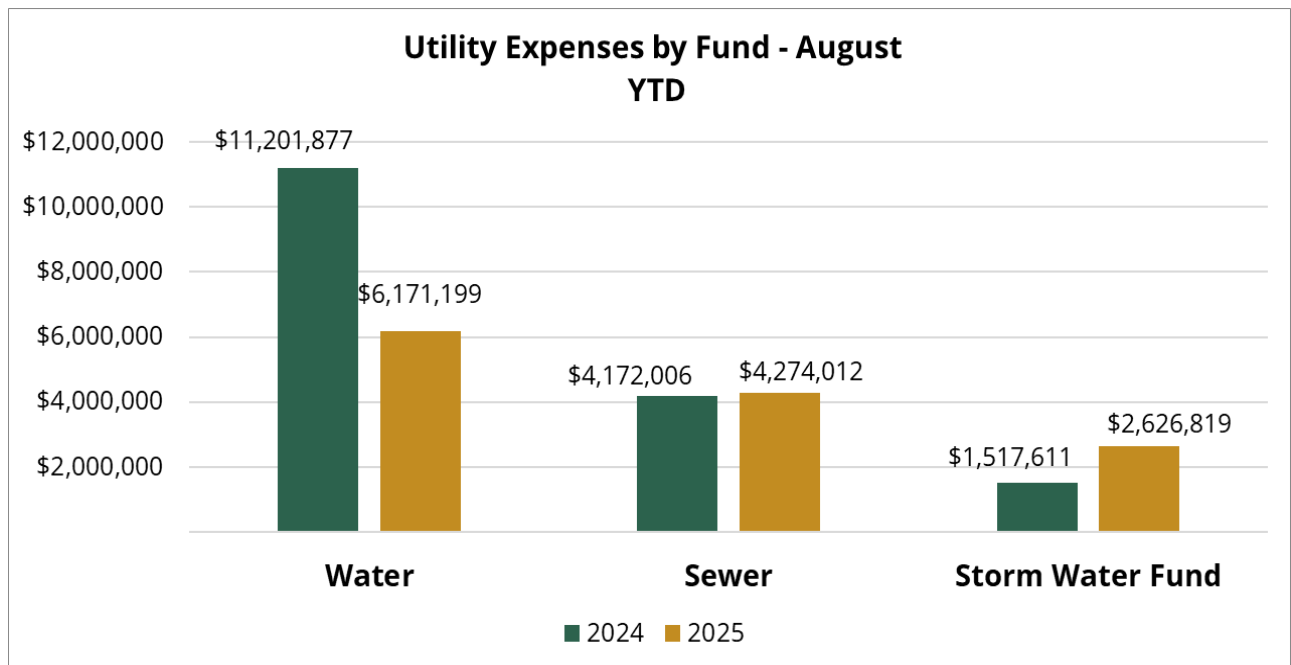
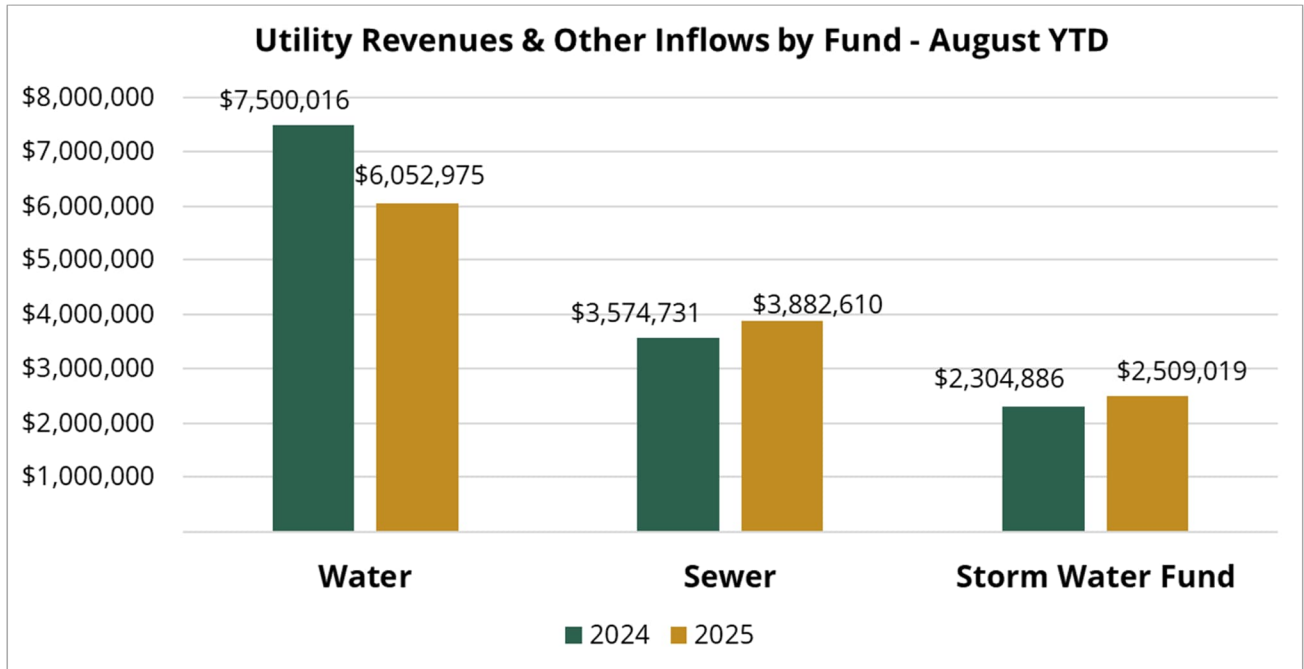
Major Revenue Increases Over 2024	Major Revenue Decreases Over 2024
<p>Transportation Impact Fee</p> <ul style="list-style-type: none"> • Collected transportation impact fees are up \$191,000 or 209% <p>General Fund</p> <ul style="list-style-type: none"> • Utility Tax on City Utilities \$140,000 or 6% 	<p>General Fund</p> <ul style="list-style-type: none"> • Investment Revenue of \$385,000 or 32% due to lower rates being applied to a smaller fund balance. <p>Real Estate Excise Tax Fund</p> <ul style="list-style-type: none"> • Real Estate Excise Tax \$178,000 or 8%

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 \$297,000 or 52% <p>Streets Fund</p> <ul style="list-style-type: none"> • Professional Services \$65,000 or 42% 	

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="color: green; text-decoration: underline;">Increases</p> <p>Water Fund</p> <ul style="list-style-type: none"> • Water charges \$198,000 or 17% due to a rate increase. • Capital contribution \$265,000 or 440%. <p>Sewer Fund</p> <ul style="list-style-type: none"> • Sewer Connections of \$234,000 or 193%. • Sewer Charges \$130,000 or 4% due to a rate increase. <p>Storm & Surface Water Fund</p> <ul style="list-style-type: none"> • Department of Ecology Grant \$118,000 or 241%. 	<p style="color: red; text-decoration: underline;">Increases</p> <p>Storm & Surface Water Fund</p> <ul style="list-style-type: none"> • Repairs \$418,000 or 3309%. <ul style="list-style-type: none"> ○ This increase relates to 2024 annual drainage work completed in 2025. <p>Sewer Fund</p> <ul style="list-style-type: none"> • Repairs \$149,000 or 133%.
<p style="color: red; text-decoration: underline;">Decreases</p> <p>Sewer Fund</p> <ul style="list-style-type: none"> • Investment Interest \$72,000 or 39% due to less fund balance than last year. <p>Water Fund</p> <ul style="list-style-type: none"> • Water charges \$2.8M due to timing of loan proceeds between the two years. 	<p style="color: green; text-decoration: underline;">Decreases</p> <p>Sewer Fund</p> <p>Professional Services \$90,000 or 48%.</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 - August								
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	\$ 23,715,360	\$ 15,462,070	\$ (8,253,291)	65%	\$ 25,996,441	\$ 15,283,542	\$ 10,712,900	59%
Street Fund	\$ 4,298,356	\$ 2,112,083	\$ (2,186,273)	49%	\$ 4,471,242	\$ 2,138,205	\$ 2,333,038	48%
REET Fund	\$ 3,491,500	\$ 2,189,122	\$ (1,302,378)	63%	\$ 2,528,953	\$ 1,476,183	\$ 1,052,770	58%
Civic Impr. Fund	\$ 378,580	\$ 278,848	\$ (99,732)	74%	\$ 400,000	\$ 160,788	\$ 239,212	40%
Aff. Housing Fund	\$ 1,418,500	\$ 1,043,770	\$ (374,730)	74%	\$ 740,949	\$ 1,269,843	\$ (528,894)	171%
FAR-Public Amenities	\$ 665	\$ 419	\$ (246)	63%	\$ -	\$ -	\$ -	N/A
FAR-Farm/Agriculture	\$ 4,140	\$ 2,608	\$ (1,532)	63%	\$ -	\$ -	\$ -	N/A
G.O. Bond Fund	\$ 924,005	\$ 616,981	\$ (307,024)	67%	\$ 924,005	\$ 506,255	\$ 417,750	55%
Trans. Benefit Fund	\$ 904,500	\$ 580,465	\$ (324,035)	64%	\$ 1,147,000	\$ 1,066,080	\$ 80,920	93%
Trans. Impact Fund	\$ 168,860	\$ 301,223	\$ 132,363	178%	\$ -	\$ -	\$ -	0%
Capital Const. Fund	\$ 3,394,948	\$ 2,788,208	\$ (606,741)	82%	\$ 13,452,887	\$ 4,034,534	\$ 9,418,352	30%
Building Svcs. Fund	\$ 3,527,045	\$ 2,273,589	\$ (1,253,456)	64%	\$ 3,571,155	\$ 2,276,060	\$ 1,295,094	64%
ER&R Fund	\$ 410,000	\$ 234,756	\$ (175,244)	57%	\$ 1,730,198	\$ 257,844	\$ 1,472,354	15%
	\$ 42,636,459	\$ 27,884,140	\$ (14,752,319)	65%	\$ 54,962,830	\$ 28,469,334	\$ 26,493,496	52%
Utility Funds								
Water Fund	\$ 19,213,620	\$ 6,061,725	\$ (13,151,895)	32%	\$ 20,192,349	\$ 6,171,199	\$ 14,021,150	31%
Sewer Fund	\$ 15,078,420	\$ 3,882,610	\$ (11,195,810)	26%	\$ 20,122,495	\$ 4,274,012	\$ 15,848,483	21%
Storm Water Fund	\$ 4,433,445	\$ 2,509,019	\$ (1,924,426)	57%	\$ 9,932,609	\$ 2,626,819	\$ 7,305,790	26%
	\$ 38,725,485	\$ 12,453,354	\$ (26,272,131)	32%	\$ 50,247,453	\$ 13,072,031	\$ 37,175,422	26%

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

Department	Actuals through August 2025	2025 Revised Budget	\$ Budget Remaining	Budget % Remaining	Year % Remaining
City Council	\$ 241,378	\$ 565,691	\$ 324,313	57%	33%
Court	\$ 342,493	\$ 570,243	\$ 227,750	40%	33%
Executive (includes IT)	\$ 5,296,109	\$ 9,892,185	\$ 4,596,076	46%	33%
Finance	\$ 1,078,471	\$ 1,659,510	\$ 581,039	35%	33%
Police	\$ 4,273,127	\$ 6,753,155	\$ 2,480,028	37%	33%
Planning & Community Development	\$ 2,015,150	\$ 3,581,883	\$ 1,566,733	44%	33%
Public Works	\$ 18,118,559	\$ 67,784,976	\$ 49,666,418	73%	33%
General Government	\$ 4,635,823	\$ 7,113,578	\$ 2,477,755	35%	33%
Total	\$ 36,001,109	\$ 97,921,221	\$ 61,920,112	63%	33%

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.