

Date: November 11, 2025
To: Blair King, City Manager; City Council
From: Finance Department
Subject: September 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.



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	7
SECTION 2 EXPENDITURE NOTES.....	7
SECTION 3: UTILITY FUNDS REVENUE AND EXPENSE GRAPHS	8
SECTION 3 UTILITY REVENUE, OTHER INFLOWS, AND EXPENDITURE NOTES.....	9
TABLE 2: SUMMARY OF YEAR-TO-DATE ACTIVITY AND BUDGET BY FUND	10
TABLE 3: SUMMARY OF YEAR-TO-DATE ACTUALS VS. BUDGET BY DEPARTMENT	11
TABLE 3 NOTES	11

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	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 of \$5m happened in September, and a fee increase was approved by council on June 10 th .
Sewer	Good	A Bond issuance of \$7.6m happened in September, 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 - September								
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	\$ 16,740,172	\$ 16,790,910	\$ (14,829,796)	\$ (14,291,179)	\$ (1,956,483)	\$ 18,319,137	\$ 7,489,086
Street Fund	\$ 74,387	\$ 893,535	\$ 902,669	\$ (2,405,981)	\$ (3,530,167)	\$ 1,469,510	\$ 31,451	N/A
REET Fund	\$ 2,719,633	\$ 2,495,089	\$ 2,549,850	\$ -	\$ -	\$ (1,767,462)	\$ 3,447,261	N/A
Civic Impr. Fund	\$ 815,059	\$ 327,675	\$ 344,633	\$ (174,272)	\$ (247,918)	\$ -	\$ 968,463	N/A
Aff. Housing Fund	\$ 4,355,722	\$ 1,144,966	\$ 727,661	\$ (565,651)	\$ (88,594)	\$ (1,010,000)	\$ 3,925,038	\$ 59,171
FAR-Public Amenities	\$ 15,318	\$ 477	\$ 533	\$ -	\$ -	\$ -	\$ 15,796	N/A
FAR-Farm/Agriculture	\$ 95,399	\$ 2,973	\$ 3,322	\$ -	\$ -	\$ -	\$ 98,372	N/A
G.O. Bond Fund	\$ 4,356	\$ 1,018	\$ 4,079	\$ (506,255)	\$ (505,790)	\$ 693,003	\$ 192,122	N/A
LID Bond Fund	\$ 89,275	\$ -	\$ 5	\$ -	\$ -	\$ -	\$ 89,275	
Trans. Benefit Fund	\$ 1,064,964	\$ 674,354	\$ 679,637	\$ (34,497)	\$ (3,546)	\$ (1,047,000)	\$ 657,821	N/A
Trans. Impact Fund	\$ 525,874	\$ 336,735	\$ 122,560	\$ -	\$ -	\$ -	\$ 862,609	N/A
Capital Const. Fund	\$ 7,680,944	\$ 384,679	\$ 989,676	\$ (3,912,867)	\$ (4,711,920)	\$ 2,397,808	\$ 6,550,564	N/A
Building Svcs. Fund	\$ 12,471	\$ 1,326,123	\$ 1,288,237	\$ (2,540,467)	\$ (2,833,761)	\$ 1,211,873	\$ 10,000	N/A
ER&R Fund	\$ 3,060,047	\$ 321,286	\$ 565,517	\$ (277,565)	\$ (844,134)	\$ -	\$ 3,103,769	N/A
	\$ 38,878,693	\$ 24,649,084	\$ 24,969,290	\$ (25,247,350)	\$ (27,057,010)	\$ (8,750)	\$ 38,271,677	\$ 7,548,257
Utility Funds								
Water Fund	\$ 2,338,968	\$ 11,401,454	\$ 11,073,518	\$ (7,341,049)	\$ (12,429,353)	\$ 8,750	\$ 6,408,124	\$ 449,143
Sewer Fund	\$ 4,314,855	\$ 11,913,661	\$ 3,909,710	\$ (4,932,442)	\$ (5,174,875)	\$ -	\$ 11,296,075	\$ 1,213,625
Storm Water Fund	\$ 7,687,413	\$ 2,595,541	\$ 2,368,186	\$ (4,355,202)	\$ (1,854,790)	\$ -	\$ 5,927,752	\$ 655,077
	\$ 14,341,236	\$ 25,910,657	\$ 17,351,414	\$ (16,628,692)	\$ (19,450,269)	\$ 8,750	\$ 23,631,951	\$ 2,317,845

The increase in Water and Sewer Fund revenues is due to bond and loan proceeds.

Table 1 Notes

Revenues are close to the previous year through September 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 September 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 \$1,211,873

Real Estate Excise Tax:

- Country Club Bulkhead Reconstruction \$230,000
- Pleasant Beach Drive Extension \$375,000
- Debt Service \$231,000
- Street Fund \$469,510

Transportation Benefit Fund:

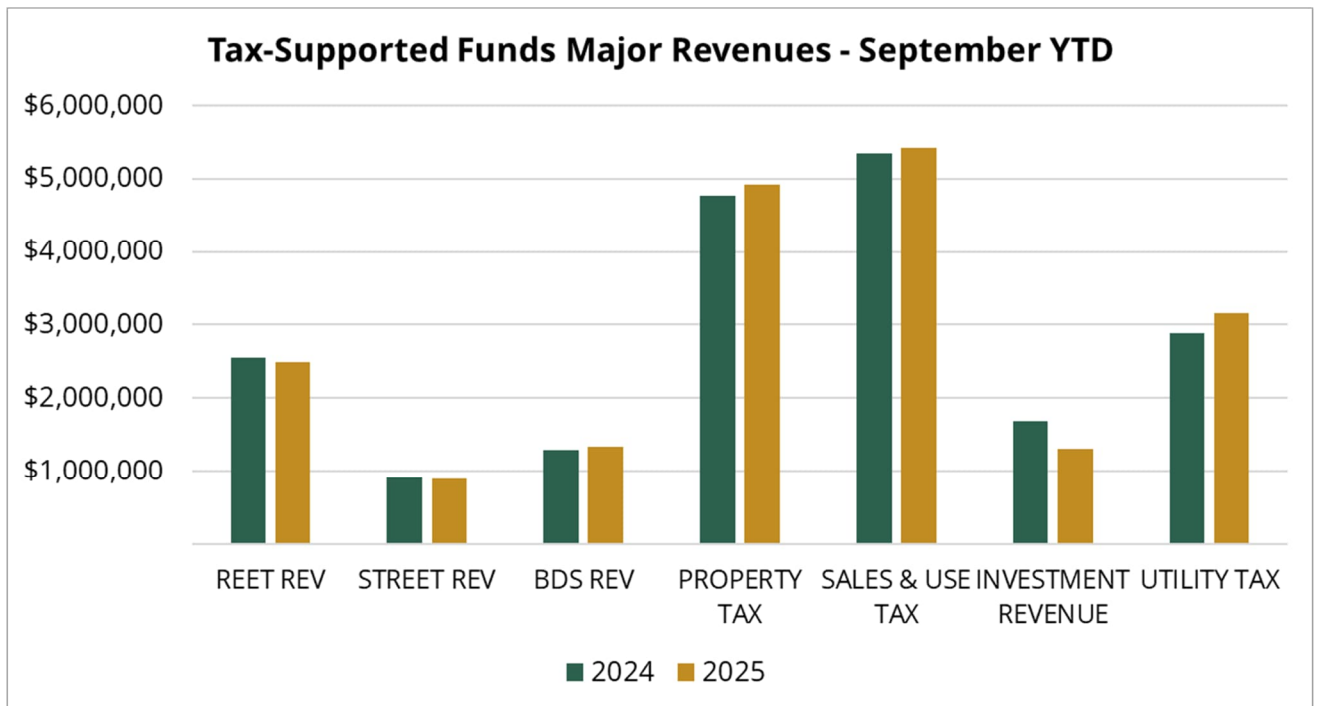
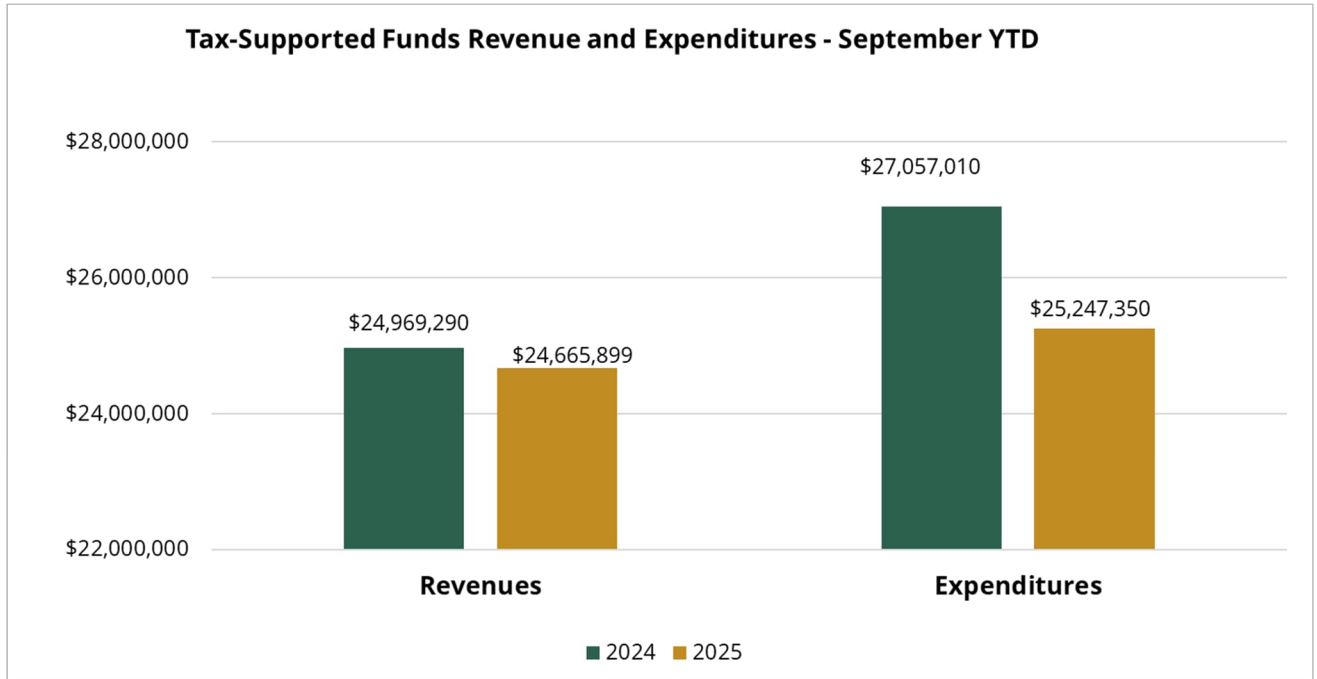
- Street Fund \$1,000,000

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

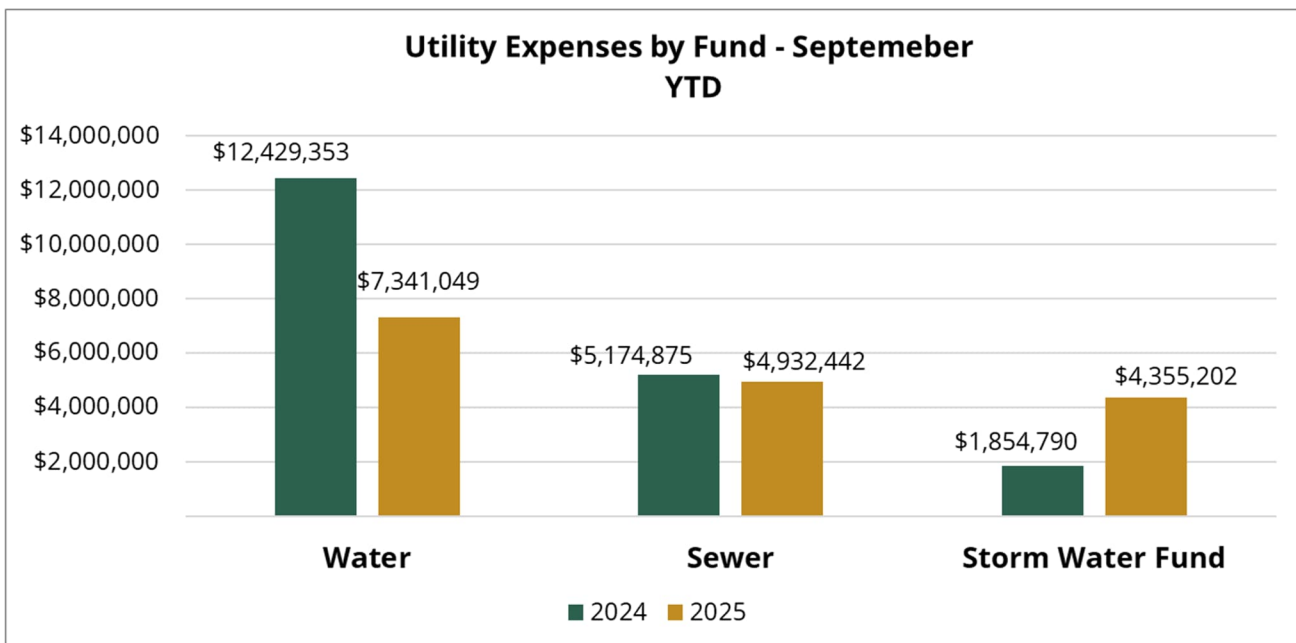
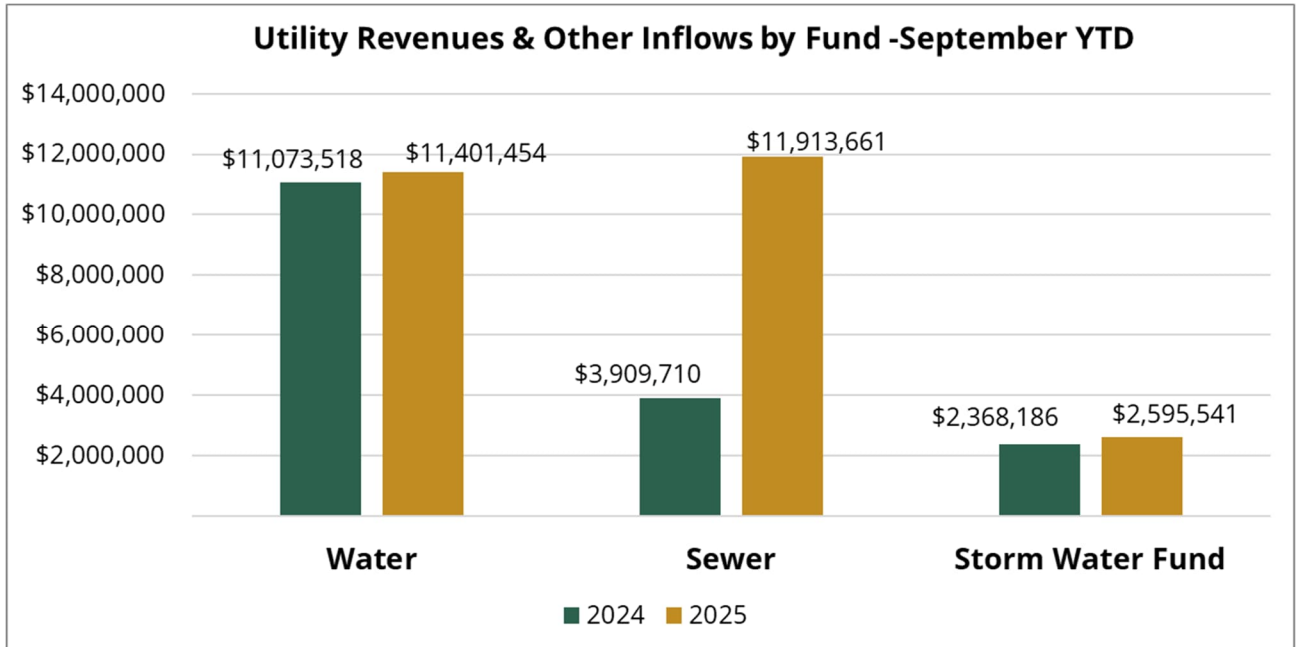
Major Revenue <b style="color: green;">Increases Over 2024	Major Revenue <b style="color: red;">Decreases Over 2024
<p>Transportation Impact Fee</p> <ul style="list-style-type: none"> • Collected transportation impact fees are up \$208,000 or 193% <p>General Fund</p> <ul style="list-style-type: none"> • Utility Tax on City Utilities \$118,000 or 26% • Affordable Housing \$407,000 in grants receipts 	<p>General Fund</p> <ul style="list-style-type: none"> • Investment Revenue of \$415,000 or 31% 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 \$97,000 or 4%

Section 2 Expenditure Notes

Major Expenditure <b style="color: green;">Decreases Over 2024	Major Expenditure <b style="color: red;">Increases Over 2024
<p>General Fund</p> <ul style="list-style-type: none"> • Repair and Maintenance \$290,000 or 48% <p>Streets Fund</p> <ul style="list-style-type: none"> • Professional Services \$118,000 or 55% • Repairs \$965,000 or 95% due to timing of annual road repairs. 	

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
<u>Increases</u>	<u>Increases</u>
<p>Water Fund</p> <ul style="list-style-type: none"> • Water charges \$222,000 or 16% due to a rate increase. • Capital contribution \$265,000 or 440%. • Bond Proceeds of \$5 million. <p>Sewer Fund</p> <ul style="list-style-type: none"> • Sewer Connections of \$241,000 or 199%. • Sewer Charges \$161,000 or 5% due to a rate increase. • Bond Proceeds of \$7.6 million. <p>Storm & Surface Water Fund</p> <ul style="list-style-type: none"> • Department of Ecology Grant \$118,000 or 241%. 	<p>Storm & Surface Water Fund</p> <ul style="list-style-type: none"> • Repairs \$526,000 or 3804%. <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 \$92,000 or 41%.
<u>Decreases</u>	<u>Decreases</u>
<p>Sewer Fund</p> <ul style="list-style-type: none"> • Investment Interest \$75,000 or 37% due to less fund balance than last year. <p>Water Fund</p> <ul style="list-style-type: none"> • Water bond and loans \$2.9M due to timing of proceeds between the two years. 	<p>Sewer Fund</p> <p>Professional Services \$129,000 or 55%.</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 - September								
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	\$ 16,857,313	\$ (6,858,048)	71%	\$ 25,996,441	\$ 16,903,419	\$ 9,093,022	65%
Street Fund	\$ 4,298,356	\$ 2,363,045	\$ (1,935,311)	55%	\$ 4,471,242	\$ 2,405,981	\$ 2,065,261	54%
REET Fund	\$ 3,491,500	\$ 2,495,089	\$ (996,411)	71%	\$ 2,528,953	\$ 1,767,462	\$ 761,492	70%
Civic Impr. Fund	\$ 378,580	\$ 327,675	\$ (50,905)	87%	\$ 400,000	\$ 174,272	\$ 225,728	44%
Aff. Housing Fund	\$ 1,418,500	\$ 1,144,966	\$ (273,534)	81%	\$ 740,949	\$ 1,575,651	\$ (834,702)	213%
FAR-Public Amenities	\$ 665	\$ 477	\$ (188)	72%	\$ -	\$ -	\$ -	N/A
FAR-Farm/Agriculture	\$ 4,140	\$ 2,973	\$ (1,167)	72%	\$ -	\$ -	\$ -	N/A
G.O. Bond Fund	\$ 924,005	\$ 694,021	\$ (229,984)	75%	\$ 924,005	\$ 506,255	\$ 417,750	55%
Trans. Benefit Fund	\$ 904,500	\$ 674,354	\$ (230,146)	75%	\$ 1,147,000	\$ 1,081,497	\$ 65,503	94%
Trans. Impact Fund	\$ 168,860	\$ 336,735	\$ 167,875	199%	\$ -	\$ -	\$ -	0%
Capital Const. Fund	\$ 3,394,948	\$ 2,899,627	\$ (495,321)	85%	\$ 13,570,027	\$ 4,030,007	\$ 9,540,020	30%
Building Svcs. Fund	\$ 3,527,045	\$ 2,537,996	\$ (989,049)	72%	\$ 3,571,155	\$ 2,540,467	\$ 1,030,687	71%
ER&R Fund	\$ 410,000	\$ 321,286	\$ (88,714)	78%	\$ 1,730,198	\$ 277,565	\$ 1,452,633	16%
	\$ 42,636,459	\$ 30,655,559	\$ (11,980,901)	72%	\$ 55,079,970	\$ 31,262,575	\$ 23,817,395	57%
Utility Funds								
Water Fund	\$ 19,213,620	\$ 11,410,204	\$ (7,803,416)	59%	\$ 20,192,349	\$ 7,341,049	\$ 12,851,300	36%
Sewer Fund	\$ 15,078,420	\$ 11,913,661	\$ (3,164,759)	79%	\$ 20,122,495	\$ 4,932,442	\$ 15,190,053	25%
Storm Water Fund	\$ 4,433,445	\$ 2,595,541	\$ (1,837,904)	59%	\$ 9,932,609	\$ 4,355,202	\$ 5,577,407	44%
	\$ 38,725,485	\$ 25,919,407	\$ (12,806,078)	67%	\$ 50,247,453	\$ 16,628,692	\$ 33,618,761	33%

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

Department	Actuals through September 2025	2025 Revised Budget	\$ Budget Remaining	Budget % Remaining	Year % Remaining
City Council	\$ 270,803	\$ 565,691	\$ 294,888	52%	25%
Court	\$ 388,050	\$ 570,243	\$ 182,193	32%	25%
Executive (includes IT)	\$ 6,195,909	\$ 9,892,185	\$ 3,696,276	37%	25%
Finance	\$ 1,212,695	\$ 1,659,510	\$ 446,815	27%	25%
Police	\$ 4,808,375	\$ 6,753,155	\$ 1,944,780	29%	25%
Planning & Community Development	\$ 2,253,307	\$ 3,581,883	\$ 1,328,576	37%	25%
Public Works	\$ 21,051,950	\$ 67,784,976	\$ 46,733,026	69%	25%
General Government	\$ 5,694,954	\$ 7,113,578	\$ 1,418,624	20%	25%
Total	\$ 41,876,043	\$ 97,921,221	\$ 56,045,178	57%	25%

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.