

Date: December 2, 2025  
To: Blair King, City Manager; City Council  
From: Finance Department  
Subject: October 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	A fee study was performed this year; the resulting fee increases were passed by council on December 9 <sup>th</sup> .
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 <sup>th</sup> .
Sewer	Good	A Bond issuance of \$7.6m happened in September, and a fee increase was approved by council on June 10 <sup>th</sup> .
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.

<b>Table 1 - Summary of Year-to-date Fund Activity - October</b>								
<b>FUND NAME</b>	<b>2025 BEG FUND BAL</b>	<b>YTD 2025 REVENUES</b>	<b>YTD 2024 REVENUES</b>	<b>YTD 2025 EXPENSES</b>	<b>YTD 2024 EXPENSES</b>	<b>YTD 2025 TRANSFERS</b>	<b>MONTH END FUND BAL</b>	<b>RESERVES</b>
<b>Tax-Supported Funds</b>								
General Fund	\$ 18,365,243	\$ 21,243,324	\$ 21,134,127	\$ (16,711,877)	\$ (15,649,431)	\$ (2,072,195)	\$ 20,824,494	\$ 7,587,270
Street Fund	\$ 74,387	\$ 1,140,709	\$ 955,514	\$ (2,673,876)	\$ (3,817,156)	\$ 1,485,205	\$ 26,425	N/A
REET Fund	\$ 2,719,633	\$ 2,799,208	\$ 2,783,595	\$ -	\$ -	\$ (1,860,157)	\$ 3,658,684	N/A
Civic Impr. Fund	\$ 815,059	\$ 380,187	\$ 401,266	\$ (200,874)	\$ (261,630)	\$ -	\$ 994,372	N/A
Aff. Housing Fund	\$ 4,355,722	\$ 1,305,880	\$ 816,376	\$ (648,492)	\$ (95,466)	\$ (1,010,000)	\$ 4,003,111	\$ 59,171
FAR-Public Amenities	\$ 15,318	\$ 528	\$ 586	\$ -	\$ -	\$ -	\$ 15,846	N/A
FAR-Farm/Agriculture	\$ 95,399	\$ 3,288	\$ 3,647	\$ -	\$ -	\$ -	\$ 98,687	N/A
G.O. Bond Fund	\$ 4,356	\$ 1,065	\$ 4,221	\$ (506,255)	\$ (505,790)	\$ 770,004	\$ 269,170	N/A
LID Bond Fund	\$ 89,275	\$ -	\$ 5	\$ -	\$ -	\$ -	\$ 89,275	
Trans. Benefit Fund	\$ 1,064,964	\$ 740,441	\$ 750,195	\$ (34,497)	\$ (3,546)	\$ (1,047,000)	\$ 723,908	N/A
Trans. Impact Fund	\$ 525,874	\$ 360,008	\$ 131,068	\$ -	\$ -	\$ -	\$ 885,882	N/A
Capital Const. Fund	\$ 7,680,944	\$ 422,082	\$ 1,205,280	\$ (4,017,358)	\$ (5,722,230)	\$ 2,397,808	\$ 6,483,476	N/A
Building Svcs. Fund	\$ 12,471	\$ 1,408,343	\$ 1,399,706	\$ (2,738,594)	\$ (3,091,818)	\$ 1,327,586	\$ 9,806	N/A
ER&R Fund	\$ 3,060,047	\$ 331,224	\$ 575,355	\$ (277,966)	\$ (879,350)	\$ -	\$ 3,113,305	N/A
	\$ 38,878,693	\$ 30,136,287	\$ 30,160,939	\$ (27,809,789)	\$ (30,026,417)	\$ (8,750)	\$ 41,196,441	\$ 7,646,441
<b>Utility Funds</b>								
Water Fund	\$ 2,338,968	\$ 14,033,770	\$ 11,350,714	\$ (8,401,529)	\$ (13,292,534)	\$ 8,750	\$ 7,979,960	\$ 700,508
Sewer Fund	\$ 4,314,855	\$ 12,500,454	\$ 4,449,589	\$ (5,258,429)	\$ (5,745,783)	\$ -	\$ 11,556,879	\$ 863,212
Storm Water Fund	\$ 7,687,413	\$ 3,668,498	\$ 3,470,326	\$ (4,857,119)	\$ (2,081,383)	\$ -	\$ 6,498,791	\$ 774,199
	\$ 14,341,236	\$ 30,202,721	\$ 19,270,629	\$ (18,517,077)	\$ (21,110,950)	\$ 8,750	\$ 26,035,630	\$ 2,337,918

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 October 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 October 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
- Valley Rd Non-Motorized Improvements \$117,100
- B&DS Fund Support \$1,327,600
- Water Fund Support \$8,750

### Real Estate Excise Tax:

- Country Club Bulkhead Reconstruction \$230,000
- Pleasant Beach Drive Extension \$375,000
- Debt Service \$847,000
- Street Fund \$485,200

### Transportation Benefit Fund:

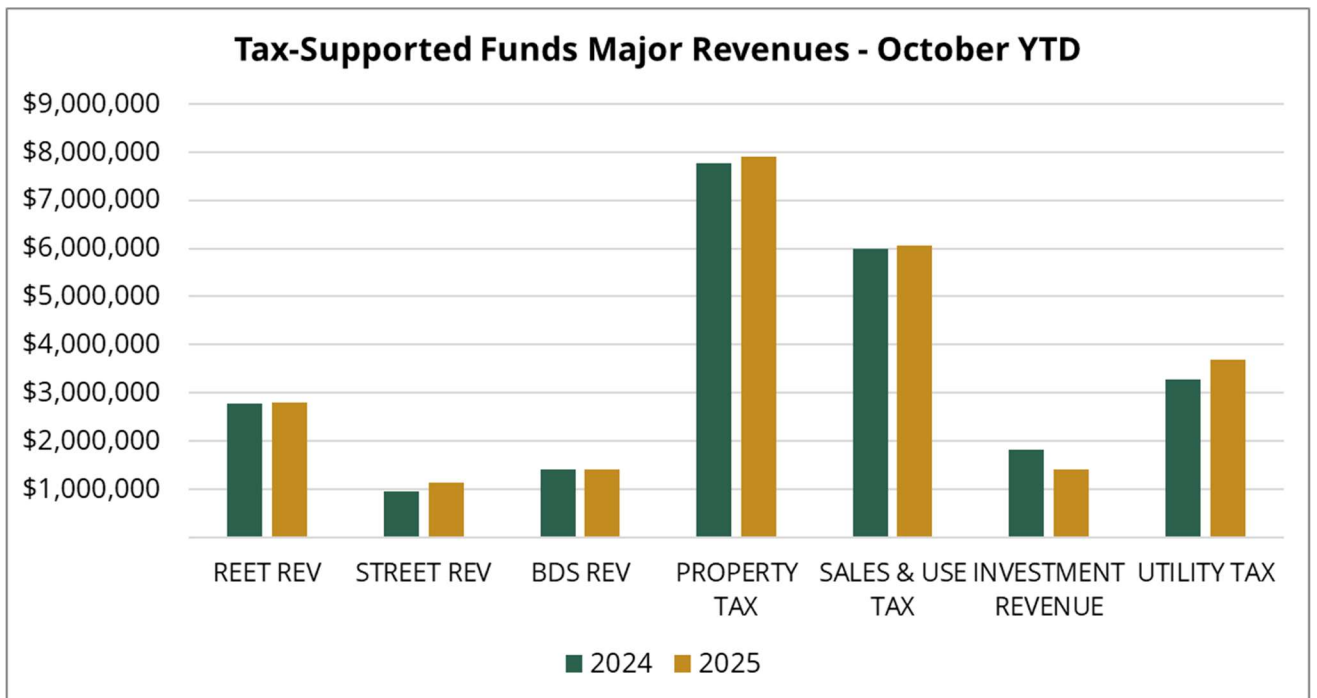
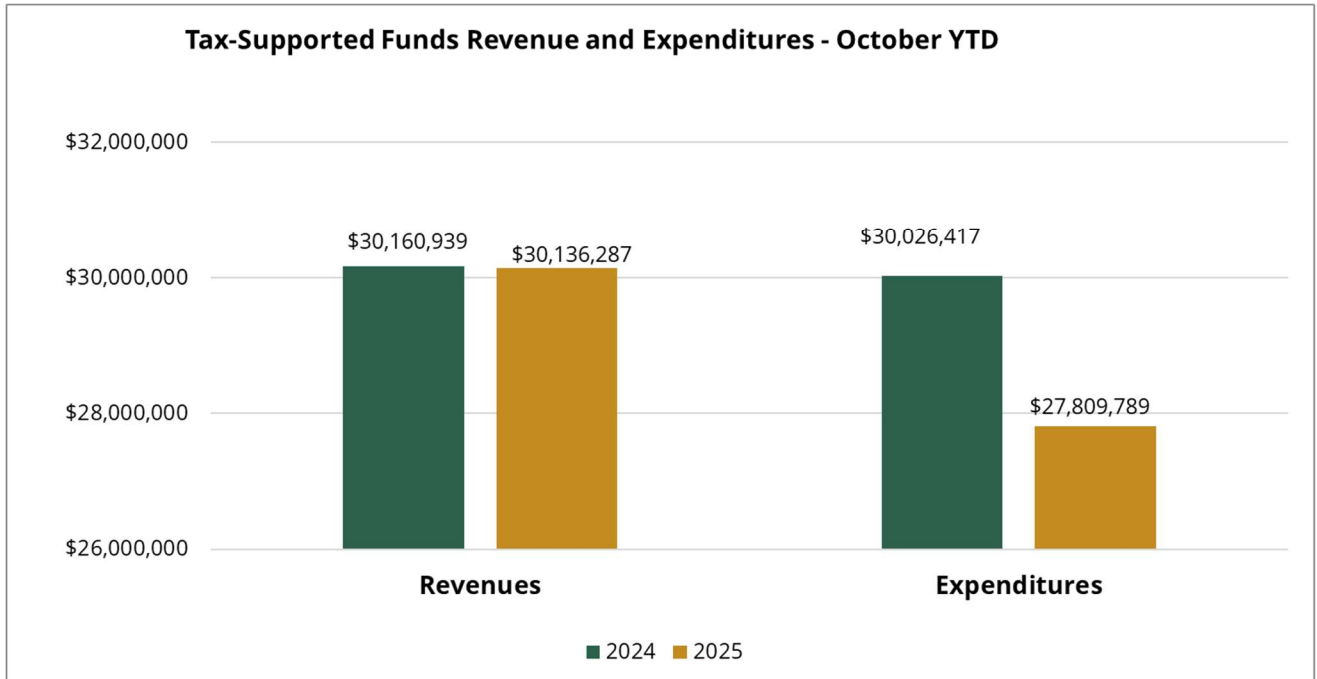
- Street Fund \$1,000,000

### Affordable Housing Fund:

- To Capital Construction for Notch Property Purchase \$1,010,000

## Section 2: Tax-Supported Revenue & Expenditure

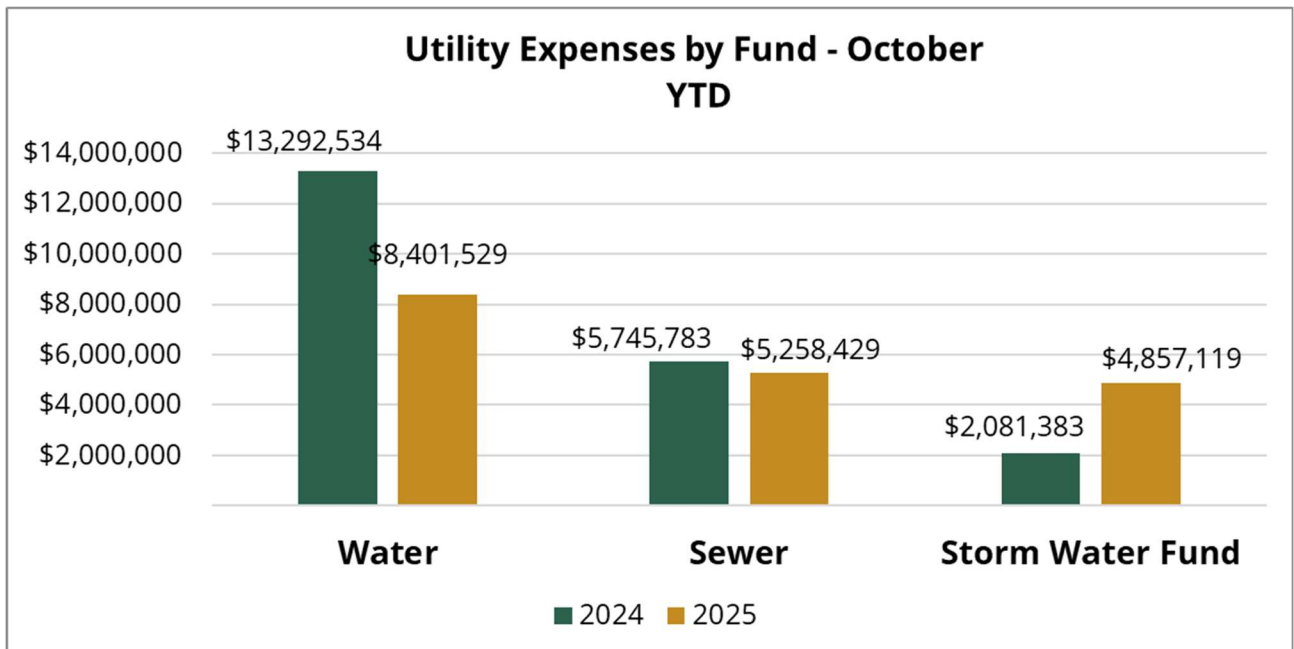
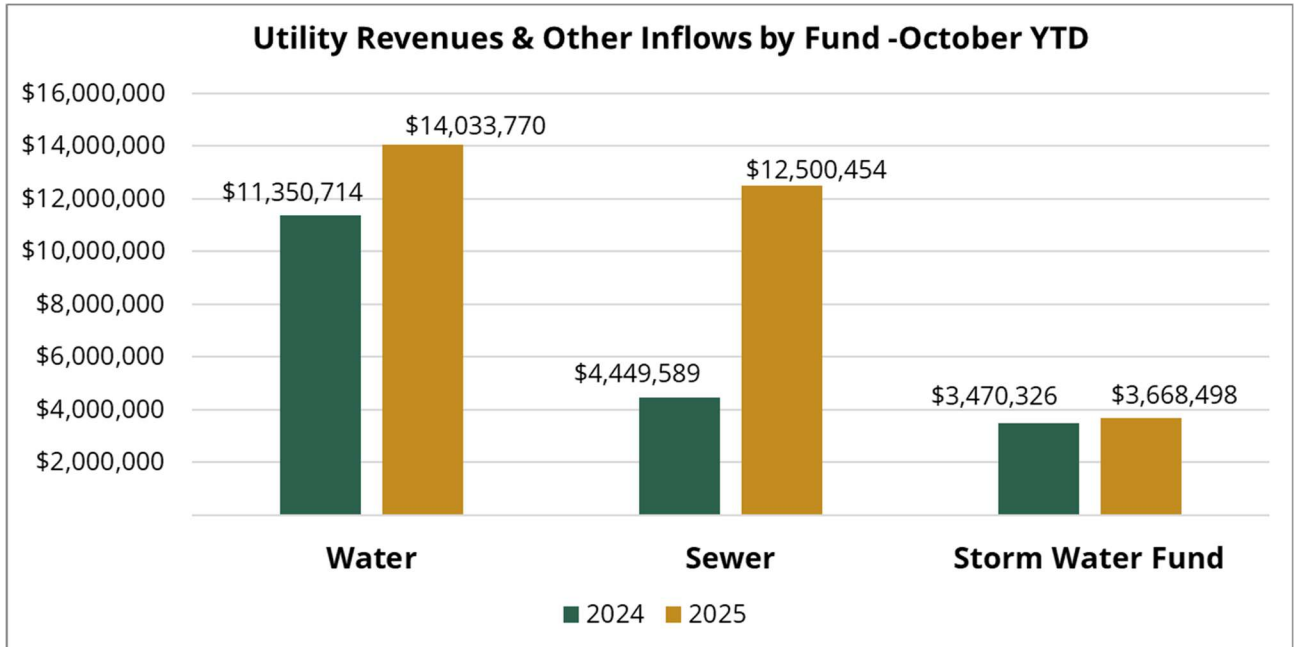
The graphs show the change in amount at month-end from last year to the current year.



Major Revenue Changes Over 2024	Major Expenditure Changes Over 2024
<p style="text-align: center;"><b>Increases</b></p> <p>Streets</p> <ul style="list-style-type: none"> <li>Commercial Parking Taxes are up \$228,000 or 45%</li> </ul> <p>Transportation Impact Fee</p> <ul style="list-style-type: none"> <li>Collected transportation impact fees are up \$221,000 or 194%</li> </ul> <p>Affordable Housing</p> <ul style="list-style-type: none"> <li>\$480,000 in grants receipts</li> </ul>	<p style="text-align: center;"><b>Increases</b></p> <p>General Fund</p> <ul style="list-style-type: none"> <li>Professional Services \$648,000 or 30%</li> </ul>
<p style="text-align: center;"><b>Decreases</b></p> <p>General Fund</p> <ul style="list-style-type: none"> <li>Investment Revenue of \$450,000 or 31% due to lower rates being applied to a smaller fund balance.</li> </ul> <p>Real Estate Excise Tax Fund</p> <ul style="list-style-type: none"> <li>Real Estate Excise Tax \$31,000 or 1%</li> </ul>	<p style="text-align: center;"><b>Decreases</b></p> <p>General Fund</p> <ul style="list-style-type: none"> <li>Repair and Maintenance \$295,000 or 44%</li> </ul> <p>Streets Fund</p> <ul style="list-style-type: none"> <li>Professional Services \$107,000 or 44%</li> <li>Repairs \$1.1M or 95% due to timing of annual road repairs.</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>
<b><u>Increases</u></b>	<b><u>Increases</u></b>
<p><b>Water Fund</b></p> <ul style="list-style-type: none"> <li>• Water charges \$322,000 or 16% due to a rate increase.</li> <li>• Capital contribution \$274,000 or 408%.</li> <li>• Bond Proceeds of \$5 million.</li> </ul> <p><b>Sewer Fund</b></p> <ul style="list-style-type: none"> <li>• Sewer Connections of \$245,000 or 184%.</li> <li>• Sewer Charges \$186,000 or 5% due to a rate increase.</li> <li>• Bond Proceeds of \$7.6 million.</li> </ul> <p><b>Storm &amp; Surface Water Fund</b></p> <ul style="list-style-type: none"> <li>• Department of Ecology Grant \$89,000 or 114%.</li> </ul>	<p><b>Storm &amp; Surface Water Fund</b></p> <ul style="list-style-type: none"> <li>• Repairs \$549,000 or 2244%. <ul style="list-style-type: none"> <li>○ This increase relates to 2024 annual drainage work completed in 2025.</li> </ul> </li> </ul>
<b><u>Decreases</u></b>	<b><u>Decreases</u></b>
No significant decreases noted.	<p><b>Sewer Fund</b></p> <p>Professional Services \$134,000 or 53%.</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 - October								
FUND NAME	2025 BUDGETED INFLOWS	YTD 2025 INFLOWS	INFLOWS OVER/(UNDER) BUDGET	% RECEIVED	2025 BUDGETED OUTFLOWS	YTD 2025 OUTFLOWS	OUTFLOWS (OVER)/UNDER BUDGET	% SPENT
<b>Tax Supported Funds</b>								
General Fund	\$ 23,715,360	\$ 21,360,464	\$ (2,354,896)	90%	\$ 25,996,441	\$ 18,901,213	\$ 7,095,228	73%
Street Fund	\$ 4,298,356	\$ 2,625,914	\$ (1,672,442)	61%	\$ 4,471,242	\$ 2,673,876	\$ 1,797,366	60%
REET Fund	\$ 3,491,500	\$ 2,799,208	\$ (692,292)	80%	\$ 2,528,953	\$ 1,860,157	\$ 668,796	74%
Civic Impr. Fund	\$ 378,580	\$ 380,187	\$ 1,607	100%	\$ 400,000	\$ 200,874	\$ 199,126	50%
Aff. Housing Fund	\$ 1,418,500	\$ 1,305,880	\$ (112,620)	92%	\$ 740,949	\$ 1,658,492	\$ (917,543)	224%
FAR-Public Amenities	\$ 665	\$ 528	\$ (137)	79%	\$ -	\$ -	\$ -	N/A
FAR-Farm/Agriculture	\$ 4,140	\$ 3,288	\$ (852)	79%	\$ -	\$ -	\$ -	N/A
G.O. Bond Fund	\$ 924,005	\$ 771,069	\$ (152,936)	83%	\$ 924,005	\$ 506,255	\$ 417,750	55%
Trans. Benefit Fund	\$ 904,500	\$ 740,441	\$ (164,059)	82%	\$ 1,147,000	\$ 1,081,497	\$ 65,503	94%
Trans. Impact Fund	\$ 168,860	\$ 360,008	\$ 191,148	213%	\$ -	\$ -	\$ -	0%
Capital Const. Fund	\$ 3,394,948	\$ 2,937,030	\$ (457,918)	87%	\$ 13,570,027	\$ 4,134,498	\$ 9,435,529	30%
Building Svcs. Fund	\$ 3,527,045	\$ 2,735,929	\$ (791,116)	78%	\$ 3,571,155	\$ 2,738,594	\$ 832,561	77%
ER&R Fund	\$ 410,000	\$ 331,224	\$ (78,776)	81%	\$ 1,730,198	\$ 277,966	\$ 1,452,232	16%
	\$ 42,636,459	\$ 36,351,169	\$ (6,285,290)	85%	\$ 55,079,970	\$ 34,033,421	\$ 21,046,549	62%
<b>Utility Funds</b>								
Water Fund	\$ 19,213,620	\$ 14,042,520	\$ (5,171,100)	73%	\$ 20,192,349	\$ 8,401,529	\$ 11,790,820	42%
Sewer Fund	\$ 15,078,420	\$ 12,500,454	\$ (2,577,966)	83%	\$ 20,122,495	\$ 5,258,429	\$ 14,864,066	26%
Storm Water Fund	\$ 4,433,445	\$ 3,668,498	\$ (764,947)	83%	\$ 9,932,609	\$ 4,857,119	\$ 5,075,490	49%
	\$ 38,725,485	\$ 30,211,471	\$ (8,514,014)	78%	\$ 50,247,453	\$ 18,517,077	\$ 31,730,376	37%

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

Department	Actuals through October 2025	2025 Revised Budget	\$ Budget Remaining	Budget % Remaining	Year % Remaining
City Council	\$ 304,266	\$ 535,691	\$ 231,425	43%	17%
Court	\$ 432,976	\$ 570,243	\$ 137,267	24%	17%
Executive (includes IT)	\$ 7,196,598	\$ 9,922,185	\$ 2,725,587	27%	17%
Finance	\$ 1,345,648	\$ 1,659,510	\$ 313,862	19%	17%
Police	\$ 5,298,779	\$ 6,753,155	\$ 1,454,376	22%	17%
Planning & Community Development	\$ 2,484,175	\$ 3,581,883	\$ 1,097,708	31%	17%
Public Works	\$ 23,267,405	\$ 67,784,976	\$ 44,517,571	66%	17%
General Government	\$ 5,997,019	\$ 7,113,578	\$ 1,116,559	16%	17%
<b>Total</b>	<b>\$ 46,326,866</b>	<b>\$ 97,921,221</b>	<b>\$ 51,594,355</b>	<b>53%</b>	<b>17%</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.

**Table 4 Council Contingency Status**

2025 Council Contingency Status			
2025 Budgeted Contingency:			<b>\$184,000</b>
Use	Council Approval Date	Amount	Balance Remaining
Groundwater Management Plan Peer Review Study	4/22/2025	8,334	175,666
Helpline Supplemental Foodbank Funding	10/28/2025	30,000	145,666
<b>Total Uses:</b>		<b>\$38,334</b>	