

Date: March 2, 2026
To: Ellen Schroer, City Manager; City Council
From: Finance Department
Subject: Preliminary December 2025 Financial Report

Executive Summary

These are preliminary financial results and subject to change throughout the spring and throughout the audit process.

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 th .
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 - December								
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	\$ 24,312,931	\$ 23,940,030	\$ (20,552,642)	\$ (18,645,440)	\$ (3,360,973)	\$ 18,764,558	\$ 7,572,202
Street Fund	\$ 74,387	\$ 1,250,404	\$ 968,590	\$ (4,060,276)	\$ (4,517,742)	\$ 2,745,486	\$ 10,000	N/A
REET Fund	\$ 2,719,633	\$ 3,231,690	\$ 3,343,718	\$ -	\$ -	\$ (2,568,953)	\$ 3,382,370	N/A
Civic Impr. Fund	\$ 815,059	\$ 458,346	\$ 481,887	\$ (368,102)	\$ (385,441)	\$ -	\$ 905,303	N/A
Aff. Housing Fund	\$ 4,355,722	\$ 1,490,415	\$ 986,055	\$ (666,798)	\$ (2,095,488)	\$ (1,010,000)	\$ 4,169,339	\$ 59,171
FAR-Public Amenities	\$ 15,318	\$ 634	\$ 638	\$ -	\$ -	\$ -	\$ 15,953	N/A
FAR-Farm/Agriculture	\$ 95,399	\$ 3,951	\$ 3,975	\$ -	\$ -	\$ -	\$ 99,349	N/A
G.O. Bond Fund	\$ 4,356	\$ 2,519	\$ 4,494	\$ (924,005)	\$ (927,665)	\$ 924,005	\$ 6,875	N/A
LID Bond Fund	\$ 89,275	\$ -	\$ 5	\$ -	\$ -	\$ -	\$ 89,275	
Trans. Benefit Fund	\$ 1,064,964	\$ 860,675	\$ 878,197	\$ (37,497)	\$ (11,981)	\$ (1,047,000)	\$ 841,142	N/A
Trans. Impact Fund	\$ 525,874	\$ 397,146	\$ 162,003	\$ -	\$ -	\$ -	\$ 923,021	N/A
Capital Const. Fund	\$ 7,680,944	\$ 422,082	\$ 1,682,657	\$ (4,814,520)	\$ (7,050,743)	\$ 2,790,245	\$ 6,078,751	N/A
Building Svcs. Fund	\$ 12,471	\$ 1,636,194	\$ 1,435,791	\$ (3,161,859)	\$ (3,689,964)	\$ 1,518,441	\$ 5,247	N/A
ER&R Fund	\$ 3,060,047	\$ 426,476	\$ 735,209	\$ (659,948)	\$ (980,572)	\$ -	\$ 2,826,576	N/A
	\$ 38,878,693	\$ 34,493,463	\$ 34,623,249	\$ (35,245,647)	\$ (38,305,036)	\$ (8,750)	\$ 38,117,759	\$ 7,631,373
Utility Funds								
Water Fund	\$ 2,338,968	\$ 14,525,391	\$ 12,419,590	\$ (12,284,534)	\$ (15,143,074)	\$ 8,750	\$ 4,588,575	\$ 686,769
Sewer Fund	\$ 4,314,855	\$ 13,542,941	\$ 5,314,755	\$ (6,739,190)	\$ (6,871,190)	\$ -	\$ 11,118,606	\$ 862,589
Storm Water Fund	\$ 7,687,413	\$ 3,949,380	\$ 3,718,317	\$ (5,425,803)	\$ (2,458,448)	\$ -	\$ 6,210,990	\$ 764,540
	\$ 14,341,236	\$ 32,017,712	\$ 21,452,662	\$ (24,449,527)	\$ (24,463,962)	\$ 8,750	\$ 21,918,172	\$ 2,313,898

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 December 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 December 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 \$1,417,200
- Street Fund Support \$293,500
- 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 \$1,000,000

Transportation Benefit Fund:

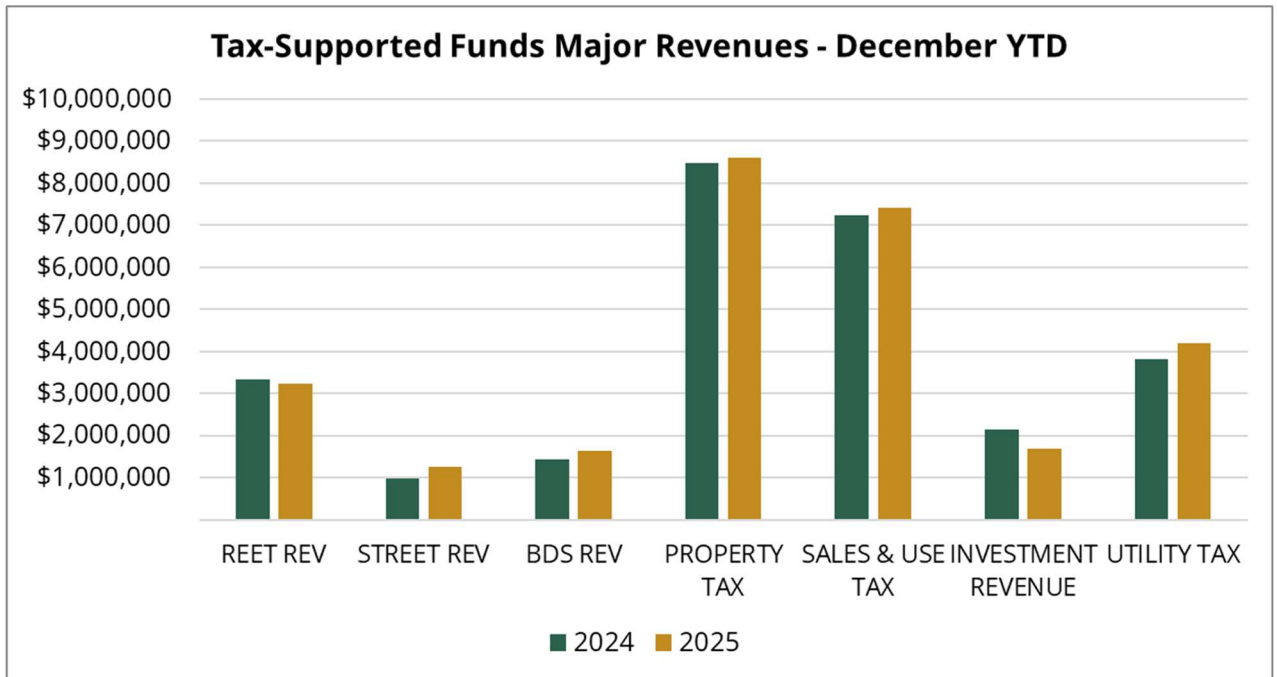
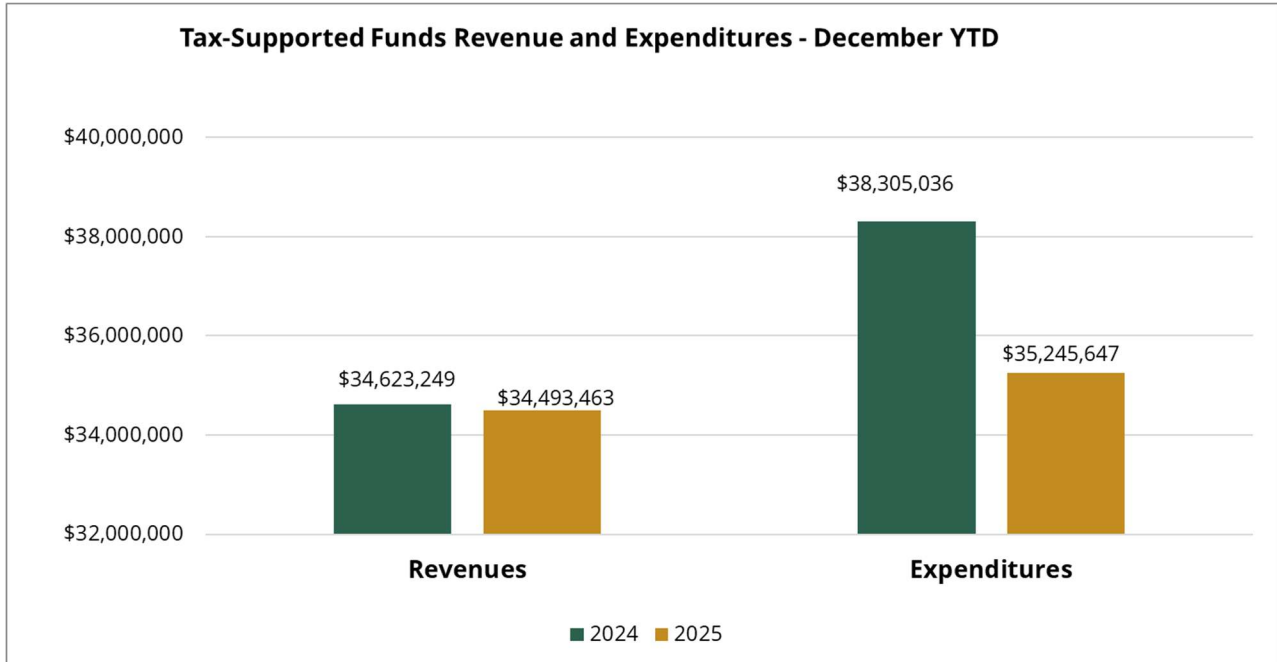
- Street Fund \$1,000,000

Affordable Housing Fund:

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

Section 2: Tax-Supported Revenue & Expenditure

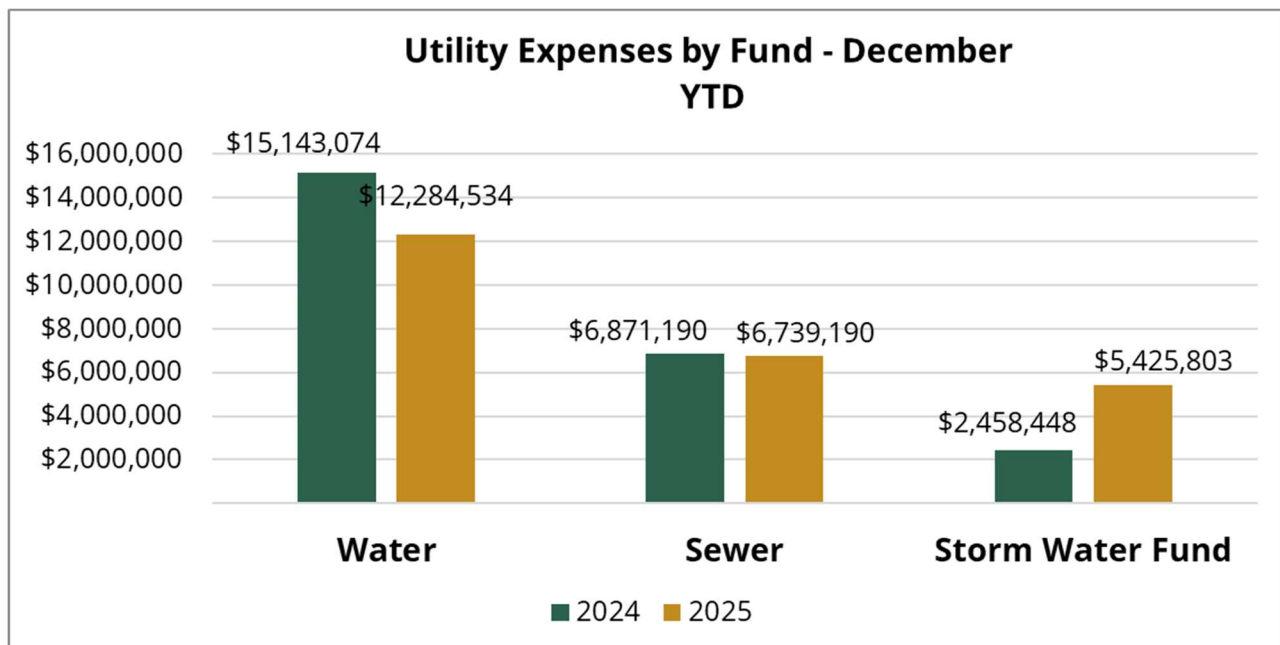
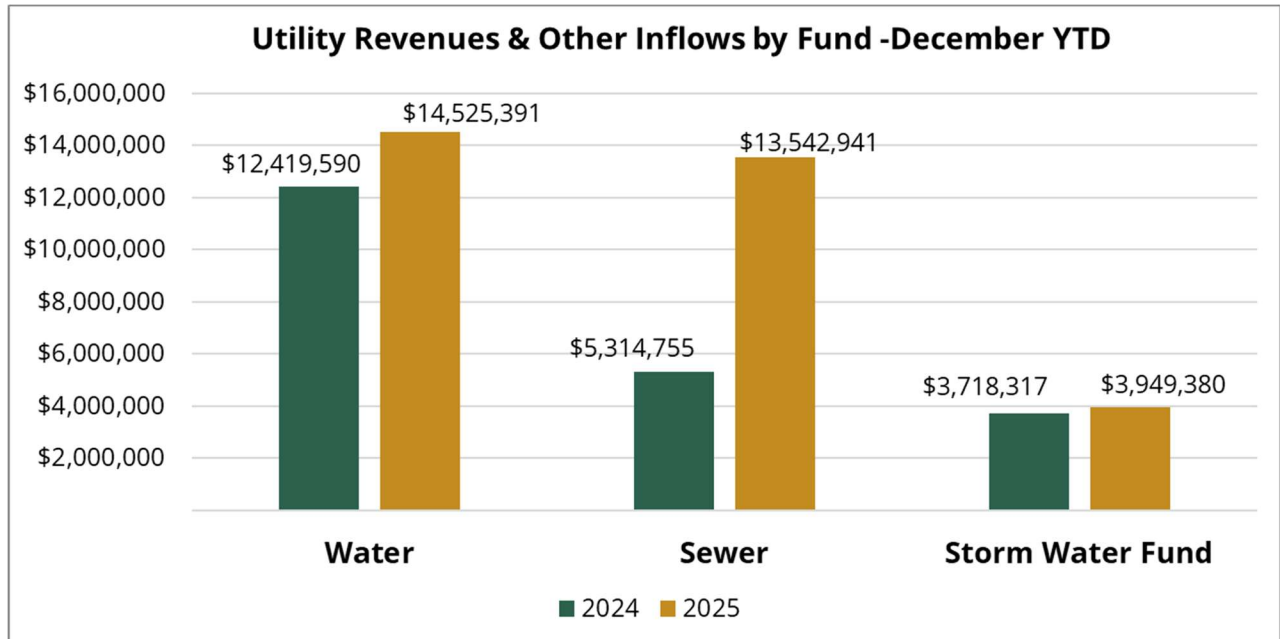
The graphs show the change in amount at month-end from last year to the current year.



Major Revenue Changes Over 2024	Major Expenditure Changes Over 2024
<p style="text-align: center;">Increases</p> <p>Transportation Impact Fee</p> <ul style="list-style-type: none"> • Collected transportation impact fees are up \$223,000 or 156% <p>Affordable Housing</p> <ul style="list-style-type: none"> • \$480,000 in grants receipts 	<p style="text-align: center;">Increases</p> <p>Affordable Housing</p> <ul style="list-style-type: none"> • Other Services \$185,000 or 390% <ul style="list-style-type: none"> ○ Grant related expenditures
<p style="text-align: center;">Decreases</p> <p>General Fund</p> <ul style="list-style-type: none"> • Investment Revenue of \$394,000 or 25% due to lower rates being applied to a smaller fund balance. 	<p style="text-align: center;">Decreases</p> <p>General Fund</p> <ul style="list-style-type: none"> • Interfund Rent \$113,000 or 31% due to adjusted rate. <p>Street Fund</p> <ul style="list-style-type: none"> • Operating Leases \$100,000 or 41% • Repairs \$404,000 or 32%

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 \$438,000 or 22% due to a rate increase. • Capital contribution \$265,000 or 368%. • Bond Proceeds of \$5 million. <p>Sewer Fund</p> <ul style="list-style-type: none"> • Sewer Connections of \$255,000 or 169%. • Sewer Charges \$231,000 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 \$89,000 or 114%. 	<p>Water Fund</p> <ul style="list-style-type: none"> • Professional Services \$72,000 or 42% • Intergovernmental \$124,000 or 68% <p>Storm & Surface Water Fund</p> <ul style="list-style-type: none"> • Repairs \$552,000 or 2254%. <ul style="list-style-type: none"> ○ This increase relates to 2024 annual drainage work completed in 2025.
<u>Decreases</u>	<u>Decreases</u>
No significant decreases noted.	<p>Water Fund</p> <ul style="list-style-type: none"> • Repairs \$67,000 or 73% <p>Sewer Fund</p> <ul style="list-style-type: none"> • Professional Services \$160,000 or 53%.

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 - December								
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	\$ 24,430,071	\$ 714,711	103%	\$ 26,181,441	\$ 24,030,756	\$ 2,150,685	92%
Street Fund	\$ 4,298,356	\$ 3,995,889	\$ (302,467)	93%	\$ 4,721,242	\$ 4,060,276	\$ 660,966	86%
REET Fund	\$ 3,491,500	\$ 3,231,690	\$ (259,810)	93%	\$ 2,568,953	\$ 2,568,953	\$ 0	100%
Civic Impr. Fund	\$ 378,580	\$ 458,346	\$ 79,766	121%	\$ 400,000	\$ 368,102	\$ 31,898	92%
Aff. Housing Fund	\$ 1,418,500	\$ 1,490,415	\$ 71,915	105%	\$ 1,750,949	\$ 1,676,798	\$ 74,150	96%
FAR-Public Amenities	\$ 665	\$ 634	\$ (31)	95%	\$ -	\$ -	\$ -	N/A
FAR-Farm/Agriculture	\$ 4,140	\$ 3,951	\$ (189)	95%	\$ -	\$ -	\$ -	N/A
G.O. Bond Fund	\$ 924,005	\$ 926,524	\$ 2,519	100%	\$ 924,005	\$ 924,005	\$ 0	100%
Trans. Benefit Fund	\$ 904,500	\$ 860,675	\$ (43,825)	95%	\$ 1,147,000	\$ 1,084,497	\$ 62,503	95%
Trans. Impact Fund	\$ 168,860	\$ 397,146	\$ 228,286	235%	\$ -	\$ -	\$ -	0%
Capital Const. Fund	\$ 4,797,386	\$ 3,329,468	\$ (1,467,918)	69%	\$ 13,350,465	\$ 4,931,660	\$ 8,418,804	37%
Building Svcs. Fund	\$ 3,527,045	\$ 3,154,634	\$ (372,411)	89%	\$ 3,571,155	\$ 3,161,859	\$ 409,296	89%
ER&R Fund	\$ 410,000	\$ 426,476	\$ 16,476	104%	\$ 1,730,198	\$ 659,948	\$ 1,070,250	38%
	\$ 44,038,897	\$ 42,705,919	\$ (1,332,978)	97%	\$ 56,345,407	\$ 43,466,853	\$ 12,878,554	77%
Utility Funds								
Water Fund	\$ 19,213,620	\$ 14,534,141	\$ (4,679,479)	76%	\$ 20,192,349	\$ 12,284,534	\$ 7,907,815	61%
Sewer Fund	\$ 15,078,420	\$ 13,542,941	\$ (1,535,479)	90%	\$ 20,122,495	\$ 6,739,190	\$ 13,383,305	33%
Storm Water Fund	\$ 4,433,445	\$ 3,949,380	\$ (484,065)	89%	\$ 9,932,609	\$ 5,425,803	\$ 4,506,806	55%
	\$ 38,725,485	\$ 32,026,462	\$ (6,699,023)	83%	\$ 50,247,453	\$ 24,449,527	\$ 25,797,927	49%

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

Department	Actuals through December 2025	2025 Revised Budget	\$ Budget Remaining	Budget % Remaining	Year % Remaining
City Council	\$ 364,074	\$ 535,691	\$ 171,617	32%	0%
Court	\$ 525,359	\$ 570,243	\$ 44,884	8%	0%
Executive (includes IT)	\$ 8,768,207	\$ 9,598,747	\$ 830,541	9%	0%
Finance	\$ 1,618,181	\$ 1,659,510	\$ 41,329	2%	0%
Police	\$ 6,510,113	\$ 6,753,155	\$ 243,042	4%	0%
Planning & Community Development	\$ 2,927,870	\$ 3,731,883	\$ 804,012	22%	0%
Public Works	\$ 31,465,619	\$ 67,821,414	\$ 36,355,795	54%	0%
General Government	\$ 7,515,750	\$ 7,113,578	\$ (402,172)	-6%	0%
Total	\$ 59,695,173	\$ 97,784,221	\$ 38,089,047	39%	0%

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: \$ 184,000			
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
Total Uses:		\$ 38,334	