



CITY OF
BAINBRIDGE ISLAND

MEMORANDUM

DATE: November 25, 2019

TO: Morgan Smith, City Manager; City Council

FROM: Finance Department

SUBJECT: October 2019 Financial Report

INTRODUCTION: This report presents a comparison of year-to-date (YTD) financial information between the current year and prior year in two categories: tax-supported funds and utility funds. Generally, tax-supported funds' revenues are supported by tax inflows, while utility funds generate revenue by charging fees for services. Table I shows which funds fall into each of the two categories, and includes revenue, expenditure, and fund balance data by fund.

TAX-SUPPORTED FUNDS: Revenues in the City's tax-supported funds were \$1.7 million (6.4%) higher YTD, and expenditures were \$1 million (4.5%) higher compared to the same timeframe in 2018. Staff are closely monitoring trends in the following key revenues and expenditures:

- Sales tax revenue was \$481,000 (12%) higher in 2019. Revenue from the construction and retail trade industries accounted for 36% and 30% of total 2019 sales tax revenue and increased 15% and 11%, respectively, compared to last year.
- Real estate excise tax revenue was \$176,000 (7%) lower in 2019. YTD transaction volume was 15% lower, while the average selling price was 3% higher. Boosted by the sale of a \$24.1 million property, October 2019 revenue was 78% above the 5-year October average.
- Revenue generated by building and development services (B&DS) fees was \$343,000 (23%) lower in 2019. Revenue levels vary depending on the complexity, volume, and stage of development activity on the Island.
- Federal and State grant funding was \$1.5 million (222%) higher in 2019, including grants for the Miller Road, Fletcher Bay Road, Sportsman Club Road, Wyatt Way, and Olympic Drive projects, as well as for port security.
- Expenditures for capital projects were \$1.2 million (73%) higher in 2019. The Olympic Drive project generated the largest construction expenditure so far this year.
- Professional services expenditures across all tax-supported funds were \$381,000 (22%) higher in 2019, including expenditures for services related to planning, environmental studies, finance, recruiting, legal advice, community services, and capital projects.

UTILITY FUNDS: Revenues in the City's utility funds were \$819,000 (12%) higher YTD, and expenditures were \$102,000 (1.6%) higher compared to the same timeframe in 2018. Staff are closely monitoring trends in the following key revenues and expenditures:

- Water connection fee revenues were \$167,000 (59%) lower in 2019, while sewer connection fee revenues were \$122,000 (71%) higher. This revenue source varies depending on development activity and is largely supported by subdivision development.
- Revenue from stormwater fees was \$133,000 (6%) higher in 2019, reflecting a 3.2% fee increase and a 1% increase in the number of properties being charged.
- Capital expenditures in the utility funds were collectively 61,000 (6%) lower in 2019. 2019 utility projects include the Village pump station, Old Treatment Plant pump station, and a portion of Olympic Drive.
- Salaries and benefits costs in the utility funds were \$130,000 (6%) higher in 2019 due to an increase in staffing levels.

Table 1

FUND No.	FUND NAME	2019 STARTING FUND BALANCE	YTD 2019 REVENUES	2018 REVENUES	YTD 2019 EXPENSES	2018 EXPENSES	OCT. 2019 ENDING FUND BALANCE	RESERVES
<i>Tax-Supported</i>								
001	General Fund	\$ 18,565,810	\$ 17,567,436	\$ 16,888,066	\$ (13,298,091)	\$ (13,732,548)	\$ 22,835,155	\$ 5,633,000
101	Street Fund	\$ 264,921	\$ 2,637,842	\$ 2,255,000	\$ (2,135,499)	\$ (2,541,972)	\$ 767,265	N/A
103	REET Fund	\$ 777,649	\$ 2,484,142	\$ 2,660,747	\$ (1,580,924)	\$ (1,502,012)	\$ 1,680,866	N/A
104	Civic Impr. Fund	\$ 302,403	\$ 289,986	\$ 205,346	\$ (191,867)	\$ (156,631)	\$ 400,522	N/A
171	Trans. Benefit Fund	\$ 825,699	\$ 415,953	\$ 353,103	\$ (400,000)	\$ (399,500)	\$ 841,653	N/A
173	Trans. Impact Fund	\$ 303,458	\$ 150,837	\$ 221,460	\$ (216,072)	\$ (24,000)	\$ 238,223	N/A
301	Capital Const. Fund	\$ 3,591,488	\$ 2,459,796	\$ 1,979,882	\$ (2,978,581)	\$ (1,718,069)	\$ 3,072,703	N/A
407	Building Svcs. Fund	\$ 325,784	\$ 2,543,201	\$ 2,256,740	\$ (2,548,618)	\$ (2,261,077)	\$ 320,367	N/A
		\$ 24,957,213	\$ 28,549,194	\$ 26,820,344	\$ (23,349,653)	\$ (22,335,809)	\$ 30,156,754	\$ 5,633,000
<i>Utility</i>								
401	Water Fund	\$ 7,713,900	\$ 1,312,982	\$ 1,301,096	\$ (1,388,813)	\$ (1,143,252)	\$ 7,638,070	\$ 831,661
402	Sewer Fund	\$ 6,377,475	\$ 3,717,091	\$ 3,130,892	\$ (3,628,524)	\$ (3,642,351)	\$ 6,466,041	\$ 1,731,847
403	Storm Water Fund	\$ 1,771,357	\$ 2,544,698	\$ 2,323,017	\$ (1,463,300)	\$ (1,592,832)	\$ 2,852,756	\$ 831,661
		\$ 15,862,732	\$ 7,574,771	\$ 6,755,005	\$ (6,480,637)	\$ (6,378,434)	\$ 16,956,866	\$ 3,395,168

NOTES:

The City has adopted reserve policies for the General Fund and the Utility Funds (Water, Sewer, and Storm Water). The General Fund reserve amount consists of a \$1 million emergency reserve plus 25% of ongoing revenues, totalling \$5.6 million. Please see page 25 of the 2019-2020 Adopted Budget for further information. Utility reserves are calculated as 1% of each utility's capital assets at net book value, plus 60 days of operating costs for Water and Sewer, and 120 days of operating costs for Storm Water.

Monthly revenue and expense amounts may include non-cash transactions.