



CITY OF  
BAINBRIDGE ISLAND

## Memorandum

Date: May 25, 2022  
To: Blair King, City Manager; City Council  
From: Finance Department  
Subject: April 2022 Financial Report

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### 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 fund revenues are supported by tax inflows, while utility funds generate revenue by charging fees for services. Table 1 (attached) shows which funds fall into each of the two categories, and includes revenue, expenditure, and fund balance data by fund.

### TAX-SUPPORTED FUNDS:

Revenues of \$11.6 million in the City's tax-supported funds were \$1.1 million or 10% higher through April 2022 versus 2021. Increases in Sales and Use, B&O, Private Utility, Commercial Parking Tax, and Real Estate Excise are partially offset by decreases in grant revenues through April.

Expenditures were \$23,000 higher through April 2022 compared to 2021. While salaries and professional services have increased year-over-year, they are offset by reduced capital spending.

Staff are closely monitoring trends in the following revenues and expenditures:

- Sales tax revenue through April was \$2.1 million, an increase of \$142,000 or 7% over 2021. Revenue from the construction and retail trade industries each accounted for 30% and 37% of the year-to-date sales tax revenue, respectively.
- Housing related sales tax revenue in the Affordable Housing Fund through April was \$118,000, an increase of \$102,000 or 662% over 2021 due to the enacting of an ordinance which increased the City's sales tax rate 1/10<sup>th</sup> of 1 percent effective January 2022.
- Business and Occupation tax revenue was \$616,000, an increase of \$135,000 or 28% compared to 2021. Much of this revenue is collected in April, thus increases throughout the remainder of the year are likely to be immaterial.
- Real Estate Excise Tax (REET) revenue through April was \$1.2 million, an increase of \$239,000 or 25% from 2021. The volume of property sales through April was down 19%, while the average sales price increased by \$481,000 or 53% when compared to 2021 Bainbridge property sales for the same time period. There was a \$27.6 million dollar sale in April 2022 which is driving up the

overall 2022 average. Omitting that outlier, the 2022 selling price average is still at an increase of \$327,500 or 36% compared to 2021.

- Street Fund revenue through April was \$338,500, a \$239,000 increase or 25% more than 2021. This came from increases in commercial parking lot taxes collected, a revenue source that is slowly recovering from the record lows caused by the pandemic. Street fund expenditures through April increased \$22,000, to \$862,000, over 2021. Salaries, benefits, professional services, and insurance costs were all factors in the increase, partially offset with decreases in supplies, equipment, and repairs.
- Revenues generated by building and development service (B&DS) were \$474,000 through April, an increase of 13% or \$56,000 greater than 2021. The largest portions of that increase came from Plan Checking, Building Permits, and Development Fees.
- Capital Construction received grant revenues of \$240,000 through April, compared to \$405,000 in 2021. Capital spending through April remains low, with approximately \$51,000 in salaries and benefits, and \$449,000 in other Capital spending primarily on three capital projects: Eagle Harbor Phase II, Madison Ave Sidewalk Improvements, and Yeomalt Point Drive.
- Transfers out of REET were to Streets, debt service, and to fund capital projects for Senior Community Center Renovations, Eagle Harbor Phase II, Madison Ave Sidewalk Improvements, and City Hall Lower Parking Lot Retrofit.

#### UTILITY FUNDS:

Revenues of \$3.3 million in the City's utility funds were \$41,000 or 1% higher through April compared to 2021. Operating and capital expenditures of \$2.8 million were 509,000 or 22% higher compared to the same time frame in 2021<sup>1</sup>.

Staff are closely monitoring trends in the following key revenues and expenditures:

- Water revenues through April were \$374,000, a decrease of \$43,500 or 10% versus 2021. While charges for water services increased about 2%, participation revenues are lower than in 2021. Operating costs of \$558,000 were \$97,000 or 21% more than in 2021, with salaries, professional services, and repairs being the main factors in the increase.
- Sewer revenues through April totaled \$1.3 million in 2022, a minor decrease of \$2,000 or <1% over 2021. Operating costs were \$1 million, an increase of \$40,000 or 4% from 2021, with increased repair spending, offset by savings in supplies and professional services compared to 2021.
- Storm and Surface Water Management (SSWM) revenues through April were \$1.5 million, an increase of \$86,500 or 6% compared to 2021. Increased storm drain fee revenue and a grant from the Department of Ecology are both factors in the increase. Operating costs increased 28%, or \$135,000 compared to 2021. Insurance costs, professional services, project permit fees, and salaries were factors in the spending increase.
- Capital Spending out of the Utility funds in April was \$670,000 with expenditures related in large part to Water's chlorine generator upgrade, and Sewer's Wood Avenue pump station.

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<sup>1</sup> The City's three utility funds are individually self-supporting, generating revenue by charging for services provided. While utility revenue figures are combined and reported on together for this report, it should be noted that revenue from one utility cannot be used to support the expenditures of another utility. Please see Table 1 for additional details on each of the City's three utility funds.

**Table 1**

FUND NAME	2022 STARTING FUND BALANCE	YTD 2022 REVENUES	YTD 2021 REVENUES	YTD 2022 EXPENSES	YTD 2021 EXPENSES	YTD 2022 TRANSFERS	YTD 2021 TRANSFERS	APRIL 2022 ENDING FUND BALANCE	RESERVES
<b>Tax Supported Funds</b>									
General Fund	\$ 18,763,694	\$ 8,632,169	\$ 7,916,225	\$ (5,365,062)	\$ (5,092,357)	\$ (682,941)	\$ (1,294,438)	\$ 21,347,859	\$ 6,120,735
Street Fund	\$ 127,501	\$ 338,446	\$ 201,860	\$ (861,838)	\$ (840,255)	\$ 546,348	\$ 741,346	\$ 150,456	N/A
REET Fund	\$ 2,540,049	\$ 1,192,929	\$ 954,091	\$ -	\$ -	\$ (1,849,761)	\$ (1,579,477)	\$ 1,883,217	N/A
Civic Impr. Fund	\$ 534,667	\$ 97,840	\$ 65,985	\$ (100,678)	\$ (31,828)	\$ -	\$ -	\$ 531,829	N/A
Affordable Housing Fund	\$ 511,214	\$ 117,703	\$ 15,438	\$ (3,500)	\$ (2,800)	\$ 100,000	\$ 100,000	\$ 725,417	\$ 59,171
ARPA	\$ 3,539,477	\$ 3,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,543,007	N/A
General Obligation Bond Fun	\$ 6,661	\$ 273,430	\$ 288,523	\$ -	\$ -	\$ 313,911	\$ 314,131	\$ 594,003	N/A
Trans. Benefit Fund	\$ 1,331,727	\$ 202,904	\$ 219,332	\$ -	\$ -	\$ -	\$ -	\$ 1,534,631	N/A
Trans. Impact Fund	\$ 87,832	\$ 50,562	\$ 56,021	\$ -	\$ -	\$ -	\$ -	\$ 138,394	N/A
Capital Const. Fund	\$ 11,086,267	\$ 240,226	\$ 405,126	\$ (499,755)	\$ (784,978)	\$ 1,047,356	\$ 1,099,000	\$ 11,874,094	N/A
Building Svcs. Fund	\$ 8,829	\$ 473,741	\$ 417,691	\$ (990,549)	\$ (1,046,083)	\$ 516,337	\$ 619,438	\$ 8,359	N/A
	\$ 38,537,917	\$ 11,623,481	\$ 10,540,292	\$ (7,821,381)	\$ (7,798,301)	\$ (8,750)	\$ -	\$ 42,331,267	\$ 6,179,906
<b>Utility Funds</b>									
Water Fund	\$ 6,709,801	\$ 373,537	\$ 417,119	\$ (944,245)	\$ (591,994)	\$ 8,750	\$ -	\$ 6,147,843	\$ 447,103
Sewer Fund	\$ 5,572,633	\$ 1,368,774	\$ 1,370,485	\$ (1,261,277)	\$ (1,173,169)	\$ -	\$ -	\$ 5,680,131	\$ 1,293,270
Storm Water Fund	\$ 4,753,738	\$ 1,564,681	\$ 1,478,161	\$ (624,225)	\$ (555,304)	\$ -	\$ -	\$ 5,694,194	\$ 778,707
	\$ 17,036,172	\$ 3,306,993	\$ 3,265,765	\$ (2,829,747)	\$ (2,320,466)	\$ 8,750	\$ -	\$ 17,522,167	\$ 2,519,080