



CITY OF
BAINBRIDGE ISLAND

MEMORANDUM

DATE: MARCH 24, 2023
TO: Blair King, City Manager; City Council
FROM: Finance Department
SUBJECT: January 2023 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 financial data from the prior year to current, notes explaining outlier information, and status on time-sensitive American Rescue Plan Act (ARPA) spending.

Important note for January: timing is a key factor in year-over-year variance in one or more of our major revenue and expenditure sources. For example, our largest revenue source, Property Tax, is typically received in April and October. Additionally, contributions from other funds to the Capital Fund are made in 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 to previous years are not an indicator of good or poor financial performance.



INTRODUCTION:

This monthly report includes the following sections and tables. Each section has a brief introduction:

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Section I: Fund Financial Health Indicators

Financial Health Indicators are derived from financial analysis of revenue, expenditure, and fund balance trends, as well as foreseeable situations that will have an impact on future financial performance.

*Only cautionary indicators will include pertinent comments.

Fund	Indicator	Comments
General	Good	
Building & Development (BDS)	Cautionary	Current revenue trends indicate the fund continues to be supported by the general fund at a higher rate than anticipated.
Real Estate Excise Tax (REET)	Cautionary	Revenue has been steadily declining for 6 months.
Other Governmental Funds	Good	
Water	Cautionary	Operating revenues are less than needed for major upcoming capital projects. A pending fee study will be discussed with Council in April.
Sewer	Cautionary	Operating revenues are less than needed for major upcoming capital projects. A pending fee study will be discussed with Council in April.
Storm and Surface Water	Good	

Section I Notes

- Other Governmental Funds include:
 - Streets
 - Civic Improvement
 - Affordable Housing
 - General Obligation Bond
 - Transportation Benefit
 - Transportation Impact
 - Capital Construction

Table I: Summary of Year-to-Date Fund Activity

Table I is a comparison of year-to-date 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. The table shows which funds fall into each of the two categories, and includes revenue, expenditure, and fund balance data by fund.

Additional notes and comments on variances can be found in subsequent sections.

Table I - Summary of Year-to-Date Fund Activity

FUND NAME	2023 STARTING FUND BALANCE	YTD 2023 REVENUES	YTD 2022 REVENUES	YTD 2023 EXPENSES	YTD 2022 EXPENSES	YTD 2023 TRANSFERS	YTD 2022 TRANSFERS	JAN 2023 ENDING FUND BALANCE	RESERVES
Tax Supported Funds									
General Fund	\$ 22,421,136	\$ 1,362,660	\$ 1,373,682	\$ (1,792,850)	\$ (1,391,103)	\$ (1,497,903)	\$ (245,911)	\$ 20,493,043	\$ 6,773,795
Street Fund	\$ 89,786	\$ 99,021	\$ 126,576	\$ (300,828)	\$ (273,384)	\$ 200,969	\$ 148,649	\$ 88,948	N/A
REET Fund	\$ 2,145,584	\$ 136,089	\$ 172,406	\$ -	\$ -	\$ (1,491,910)	\$ (1,216,629)	\$ 789,764	N/A
Civic Impr. Fund	\$ 551,280	\$ 25,818	\$ 26,198	\$ -	\$ (26,014)	\$ -	\$ -	\$ 577,098	N/A
Affordable Housing Fund	\$ 1,432,435	\$ 65,870	\$ 4,362	\$ (1,125)	\$ -	\$ -	\$ -	\$ 1,497,180	\$ 59,171
ARPA Fund	\$ 88,240	\$ 14,831	\$ 760	\$ -	\$ -	\$ -	\$ -	\$ 103,071	N/A
General Obligation Bond Fund	\$ 5,657	\$ 2,204	\$ 1,527	\$ -	\$ -	\$ 77,931	\$ 78,478	\$ 85,793	N/A
Trans. Benefit Fund	\$ 1,461,319	\$ 41,468	\$ 46,361	\$ -	\$ -	\$ (978,227)	\$ -	\$ 524,560	N/A
Trans. Impact Fund	\$ 200,076	\$ 625	\$ 21,344	\$ -	\$ -	\$ -	\$ -	\$ 200,700	N/A
Capital Const. Fund	\$ 7,742,273	\$ 41,245	\$ -	\$ (504,155)	\$ (20,344)	\$ 3,427,544	\$ 1,047,356	\$ 10,706,907	N/A
Building Svcs. Fund	\$ 10,000	\$ 109,486	\$ 97,799	\$ (374,512)	\$ (291,117)	\$ 261,594	\$ 188,057	\$ 6,569	N/A
	\$ 36,147,786	\$ 1,899,317	\$ 1,871,015	\$ (2,973,469)	\$ (2,001,962)	\$ -	\$ -	\$ 35,073,634	\$ 6,832,966
Utility Funds									
Water Fund	\$ 5,677,082	\$ 197,819	\$ 76,837	\$ (189,396)	\$ (149,880)	\$ -	\$ -	\$ 5,685,505	\$ 449,143
Sewer Fund	\$ 5,533,959	\$ 292,219	\$ 265,651	\$ (262,582)	\$ (193,084)	\$ -	\$ -	\$ 5,563,595	\$ 1,213,625
Storm Water Fund	\$ 5,536,097	\$ 79,855	\$ 37,001	\$ (290,254)	\$ (170,111)	\$ -	\$ -	\$ 5,325,698	\$ 655,077
	\$ 16,747,138	\$ 569,893	\$ 379,489	\$ (742,233)	\$ (513,075)	\$ -	\$ -	\$ 16,574,798	\$ 2,317,845

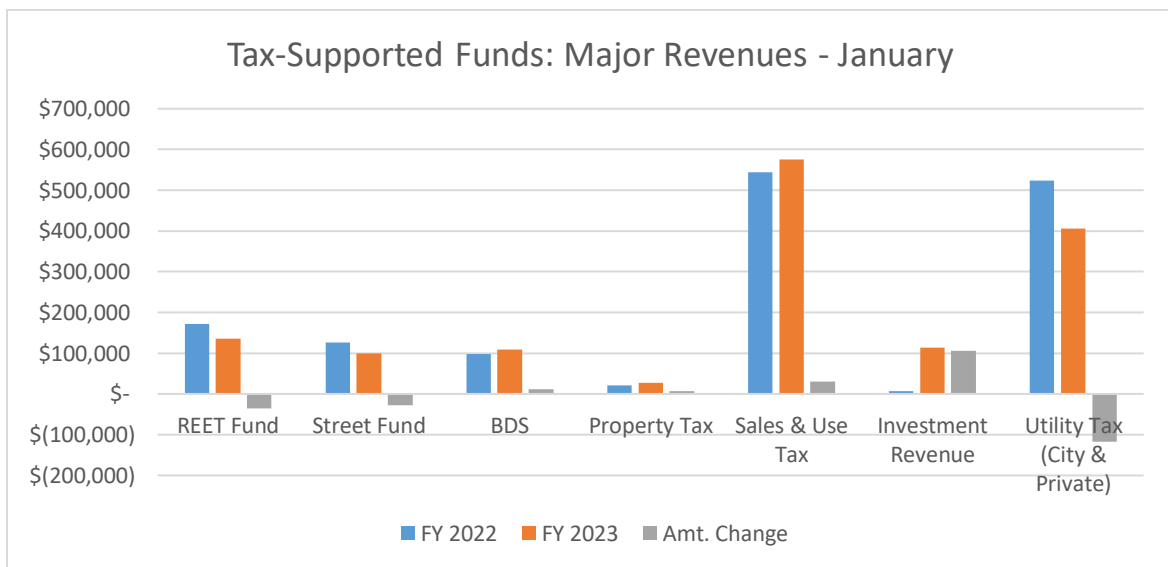
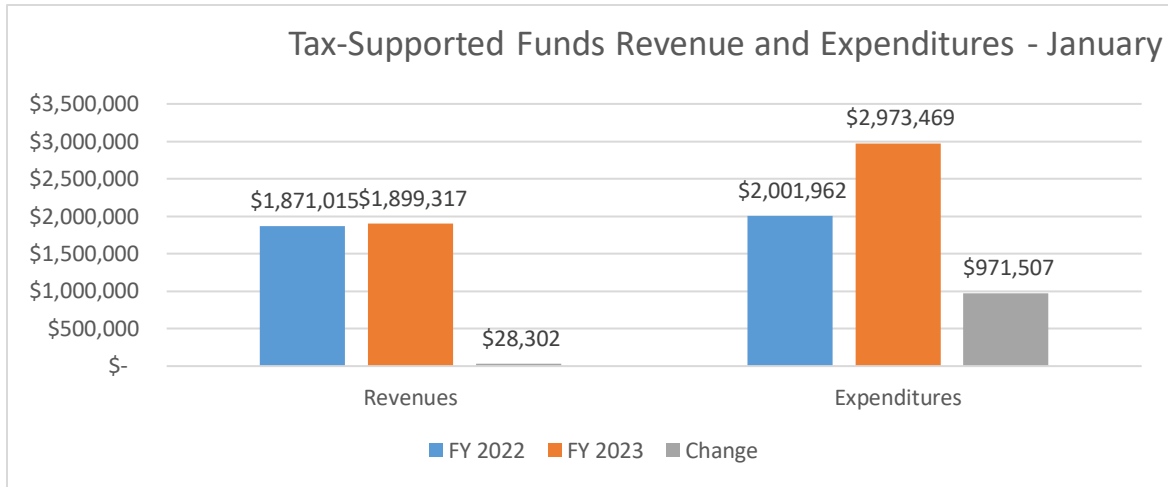
Table I Notes:

2023 Starting Fund Balance figures are preliminary and may change as the 2022 year-end financial reporting is completed. Staff does not expect material changes to these preliminary figures.

Section 2: Tax-Supported Revenue & Expenditure Graphs

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

Graph 1 includes all tax-supported funds; Graph 2 includes all major tax-supported revenue funds.



Section 2 Notes

Revenues are significantly less than expenditures through the end of January due to the timing of certain large revenue streams. For example, Property Tax, the City’s largest revenue source, is generally received in April and October. Property tax received in April and October 2022 was \$2.9 and \$2.7 million, respectively. Property tax is a reliable revenue source, with actual revenue typically within 1% of forecast.

Expenditure increases from prior year (year-to-date) -

- General Fund: Salary and Benefits \$191,000 or 67%, Insurance \$125,000 or 39%, and Repair & Maintenance \$29,000 or 58%
 - January 2023 includes unusual salary expenditures for separated employees

- Street Fund: Supplies \$29,000 or 319%
- Building & Development Fund: Salary and Benefits \$40,000 or 38%, and Insurance \$44,000 or 63%
- Capital Construction Fund: Police & Municipal Building project \$488,000 or 5,149%

Major revenue change from prior year-

Decreases:

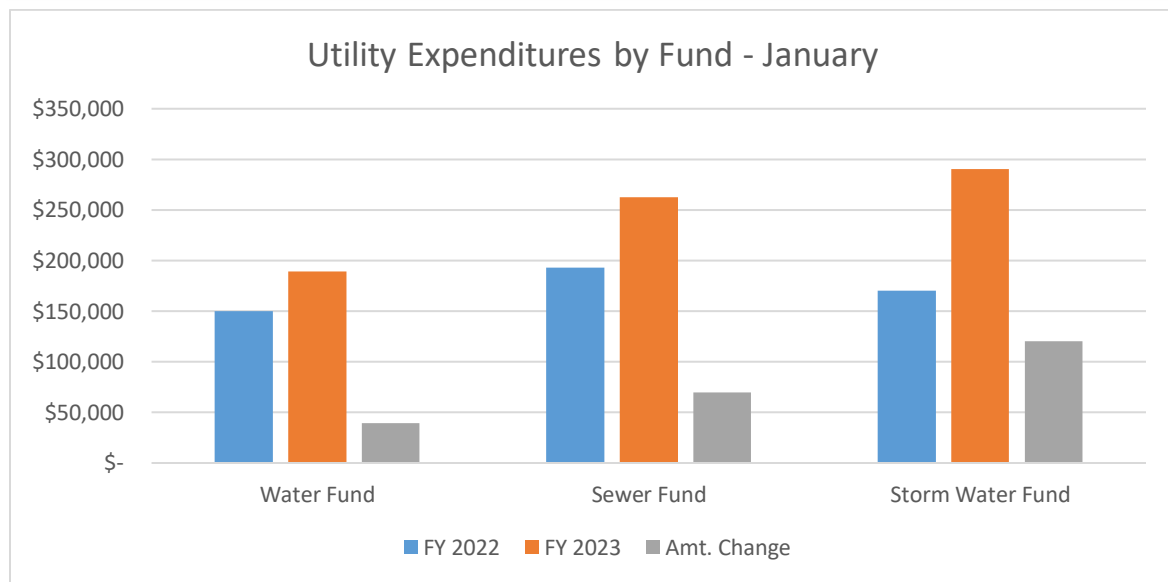
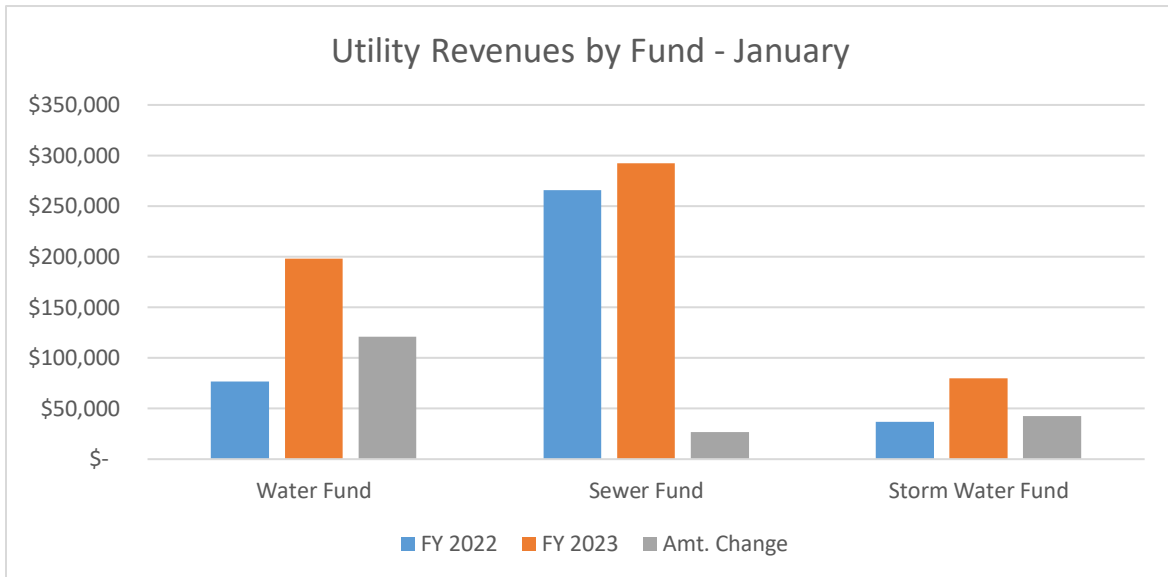
- Utility Tax on Private Utilities \$126,000 or -25%

Increases:

- Investment Revenue \$106,000 or 1,411%

Section 3: Utility Funds Revenue and Expenditure Graphs

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



Section 3 Notes

Revenue increases from prior year-

- Water Fund: Water fees \$10,000 or 13%, Investment Interest \$88,000 or 1,142%
- Sewer Fund: Sewer fees \$13,000 or 5%, Investment Interest \$16,000 or 1,373%

Expenditure increases from prior year-

- Water Fund: Utilities \$9,000 or undetermined % due to \$0 prior year budget, Insurance \$17,000 or 61%
- Sewer Fund: Utilities \$19,000 or undetermined % due to \$0 prior year budget, Insurance \$24,000 or 45%, Intergovernmental \$24,000 or 151%

Table 2: Summary of Year-to-Date Budgeted Activity by Fund

Table 2 is a comparison of year-to-date budget compared to actual information between the current year and prior year in two categories: tax-supported funds and utility funds. A typical trend for January month-end is 8.3%.

Table 2: Summary of Year-to-Date Budgeted Activity by Fund

FUND NAME	2023 BUDGETED INFLOWS	YTD 2023 INFLOWS	INFLOW BUDGET REMAINING	% RECEIVED	2023 BUDGETED OUTFLOWS	YTD 2023 OUTFLOWS	OUTFLOW BUDGET REMAINING	% SPENT
Tax Supported Funds								
General Fund	\$ 21,629,400	\$ 1,362,660	\$ 20,266,740	6%	\$ (24,737,017)	\$ (3,290,752)	\$ (21,446,264)	13%
Street Fund	\$ 2,899,533	\$ 299,990	\$ 2,599,543	10%	\$ (3,291,090)	\$ (300,828)	\$ (2,990,262)	9%
REET Fund	\$ 3,257,000	\$ 136,089	\$ 3,120,911	4%	\$ (2,448,840)	\$ (1,491,910)	\$ (956,931)	61%
Civic Impr. Fund	\$ 341,000	\$ 25,818	\$ 315,182	8%	\$ (379,085)	\$ -	\$ (379,085)	0%
Affordable Housing Fund	\$ 523,000	\$ 65,870	\$ 457,130	13%	\$ (295,133)	\$ (1,125)	\$ (294,008)	0%
ARPA Fund	\$ 2,064,000	\$ 14,831	\$ 2,049,169	1%	\$ (2,064,000)	\$ -	\$ (2,064,000)	0%
General Obligation Bond Fund	\$ 1,590,415	\$ 80,135	\$ 1,510,280	5%	\$ (1,590,415)	\$ -	\$ (1,590,415)	0%
LID Bond Fund	\$ -	\$ -	\$ -		\$ (39,075)	\$ -	\$ (39,075)	0%
Trans. Benefit Fund	\$ 655,000	\$ 41,468	\$ 613,532	6%	\$ (1,477,258)	\$ (978,227)	\$ (499,031)	66%
Trans. Impact Fund	\$ 110,000	\$ 625	\$ 109,375	1%	\$ -	\$ -	\$ -	
Capital Const. Fund	\$ 7,049,691	\$ 3,468,789	\$ 3,580,902	49%	\$ (15,357,968)	\$ (504,155)	\$ (14,853,813)	3%
Building Svcs. Fund	\$ 3,292,829	\$ 371,081	\$ 2,921,748	11%	\$ (3,292,829)	\$ (374,512)	\$ (2,918,318)	11%
Equipment Rental & Revolving	\$ 561,000	\$ 8,880	\$ 552,120	2%	\$ (1,637,695)	\$ -	\$ (1,637,695)	0%
	\$ 43,972,868	\$ 5,876,235	\$ 38,096,633	13%	\$ (56,610,405)	\$ (6,941,508)	\$ (49,668,897)	12%
Utility Funds								
Water Fund	\$ 11,300,303	\$ 197,819	\$ 11,102,484	2%	\$ (16,052,083)	\$ (189,396)	\$ (15,862,687)	1%
Sewer Fund	\$ 7,409,000	\$ 292,219	\$ 7,116,781	4%	\$ (9,115,846)	\$ (262,582)	\$ (8,853,263)	3%
Storm Water Fund	\$ 3,282,000	\$ 79,855	\$ 3,202,145	2%	\$ (5,186,191)	\$ (290,254)	\$ (4,895,936)	6%
	\$ 21,991,303	\$ 569,893	\$ 21,421,410	3%	\$ (30,354,120)	\$ (742,233)	\$ (29,611,887)	2%

Table 2 Notes

Funds with significant variance from the City's typical trend are:

Inflows-

- Capital Construction fund - transfers in from other City funds for the following major projects: Sportsman Club Rd, Manitou Beach Rd and Bulkhead, Madison Avenue Sidewalk Improvements, Police & Municipal Court Building. The transfers are budgeted as part of the approved Capital Improvement Plan; variance from year to year is expected with the number and funding of approved projects.
- FAR – Public Amenities and FAR – Farm & Agriculture budgets are not listed.

Outflows-

- Real Estate Excise Tax (REET) - transfers out to support capital projects including Eagle Harbor Drive and Madison Avenue Sidewalk improvements.
- Transportation Benefit Fund (TBF) - transfers out to support capital projects including the Madison Avenue Sidewalk improvements.

Table 3: Summary of American Rescue Plan Act (ARPA) Funds

Table 3 shows the ARPA budget: amount committed, spent and/or encumbered, and the amount remaining.

Project List	Amount Committed	Amount Spent / Encumbered	Amount Remaining
Wastewater Beneficial Reuse (01192)	\$ 896,000	\$ 96,529	\$ 799,471
HUB Solar Panels (01215)	\$ 354,000	\$ 21,563	\$ 332,438
Madison Ave - Sustainable Transp 2023 (01088)	\$ 2,000,000	\$ 296,527	\$ 1,703,473
Affordable Housing - HRB	\$ 2,000,000	\$ -	\$ 2,000,000
Affordable Housing Set Aside	\$ 1,750,000	\$ -	\$ 1,750,000
ADA Transition Plan (01218)*	\$ 61,885	\$ 104,828	\$ -
Total	\$7,061,885	\$ 519,447	\$ 6,585,381

Table 3 Notes

- Funds must be returned to the US Treasury if not committed by December 31, 2024, and spent by December 31, 2026.
- *ARPA funds are not the sole source of funding for all projects listed; the amounts encumbered may exceed the total ARPA funds committed.

Table 4: Summary of Year-to-Date Budget Activity by Department

Table 4 shows the City's departmental budget-to-actual activity.

Table 4: Summary of Year-to-Date Budget Activity by Department

Department	Actuals thru Jan 2023*	2023 Revised Budget*	\$ Budget Remaining	Budget % Remaining	Year % Remaining
City Council	\$ 23,718	\$ 543,407	\$ 519,689	96%	92%
Court	\$ 53,597	\$ 656,048	\$ 602,451	92%	92%
Executive (includes IT)	\$ 510,761	\$ 7,864,174	\$ 7,353,413	94%	92%
Finance	\$ 119,770	\$ 1,544,038	\$ 1,424,268	92%	92%
Police	\$ 457,266	\$ 6,366,317	\$ 5,909,051	93%	92%
Planning & Community Development	\$ 212,930	\$ 3,558,014	\$ 3,345,084	94%	92%
Public Works	\$ 1,233,078	\$ 50,629,670	\$ 49,396,592	98%	92%
General Government	\$ 991,648	\$ 6,089,837	\$ 5,098,189	84%	92%
Total	\$ 3,602,767	\$ 77,251,506	\$ 73,648,739	95%	92%

Table 4 Notes

- *These amounts do not include transfers. Transfer amounts by fund can be seen on Table I.