



CITY OF
BAINBRIDGE ISLAND

MEMORANDUM

DATE: June 25, 2021
TO: Blair King, City Manager; City Council
FROM: Finance Department
SUBJECT: May 2021 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. 2021 starting fund balances are not finalized and are subject to change until the yearly financial audit is complete; likely sometime in June 2021.

TABLE I

FUND NAME	2021 STARTING FUND BALANCE	YTD 2021 REVENUES	YTD 2020 REVENUES	YTD 2021 EXPENSES	YTD 2020 EXPENSES	YTD 2021 TRANSFERS	YTD 2020 TRANSFERS	May 2021 ENDING FUND BALANCE	RESERVES
Tax Supported Funds									
General Fund	\$ 15,909,052	\$ 9,653,247	\$ 9,065,445	\$ (6,308,473)	\$ (7,341,913)	\$ (1,433,211)	\$ (808,499)	\$ 17,820,616	\$ 5,961,111
Street Fund	\$ 61,824	\$ 275,959	\$ 629,013	\$ (1,022,706)	\$ (979,542)	\$ 1,141,346	\$ 436,000	\$ 456,422	N/A
REET Fund	\$ 2,528,199	\$ 1,249,256	\$ 861,740	\$ -	\$ -	\$ (1,658,010)	\$ (448,767)	\$ 2,119,445	N/A
Civic Impr. Fund	\$ 404,264	\$ 97,245	\$ 73,991	\$ (39,438)	\$ (88,535)	\$ -	\$ (12,000)	\$ 462,072	N/A
Affordable Housing Fund	\$ 375,502	\$ 19,864	\$ 8,871	\$ (2,800)	\$ (88,755)	\$ 100,000	\$ 101,125	\$ 492,567	N/A
General Obligation Bond Fund	\$ 5,199	\$ 333,420	\$ 309,901	\$ (29,344)	\$ 30,054	\$ 392,664	\$ 358,767	\$ 701,938	N/A
Trans. Benefit Fund	\$ 1,190,732	\$ 275,727	\$ 267,307	\$ -	\$ -	\$ (400,000)	\$ (400,000)	\$ 1,066,459	N/A
Trans. Impact Fund	\$ 181,901	\$ 85,688	\$ 32,540	\$ -	\$ -	\$ -	\$ (117,000)	\$ 267,589	N/A
Capital Const. Fund	\$ 10,067,317	\$ 405,126	\$ 698,093	\$ (1,049,550)	\$ (9,230,266)	\$ 1,159,000	\$ 207,000	\$ 10,581,893	N/A
Building Svcs. Fund	\$ 17,229	\$ 543,598	\$ 276,819	\$ (1,250,170)	\$ (1,283,718)	\$ 689,461	\$ 683,374	\$ 117	N/A
	\$ 30,741,220	\$ 12,939,128	\$ 12,223,718	\$ (9,702,481)	\$ (18,982,675)	\$ (8,750)	\$ -	\$ 33,969,117	\$ 5,961,111
Utility Funds									
Water Fund	\$ 7,208,298	\$ 520,860	\$ 524,770	\$ (732,997)	\$ (678,135)	\$ 8,750	\$ -	\$ 7,004,911	\$ 356,574
Sewer Fund	\$ 6,087,437	\$ 1,759,103	\$ 1,731,485	\$ (2,385,727)	\$ (2,312,719)	\$ -	\$ -	\$ 5,460,813	\$ 1,665,732
Storm Water Fund	\$ 3,782,075	\$ 1,699,478	\$ 1,547,927	\$ (784,555)	\$ (717,421)	\$ -	\$ -	\$ 4,696,997	\$ 491,121
	\$ 17,077,810	\$ 3,979,441	\$ 3,804,182	\$ (3,903,279)	\$ (3,708,275)	\$ 8,750	\$ -	\$ 17,162,721	\$ 2,513,427

TAX-SUPPORTED FUNDS:

Revenues of \$12.9 million in the City's tax-supported funds were \$715,000 or 5.9% higher through the month of May 2021 compared to the same time frame in 2020. This variance is largely due to increases in Sales and Use and Real Estate Excise Tax offset by decreases in Commercial Parking Tax compared to 2020 through May. Other notable variances are further explained below. Expenditures were \$9.2 million lower through the month of May 2021 compared to the same time frame in 2020 due to the purchase of the Harrison Property for the Police Court Facility in January of 2020. Otherwise, 2021 expenses were \$345,000 or 3% less in 2021 than at this time last year. Staff are closely monitoring trends in the following revenues and expenditures:

- Sales tax revenue through the end of May was \$2.5 million, an increase of \$338,000 or 16% compared to the same period in 2020. Revenue from the construction and retail trade industries each accounted for 31% and 36% of the 2021 sales tax revenue, respectively.
- Business and Occupation tax revenue was \$546,000, a decrease of \$91,000 or 14% compared to the end of May in 2020. Business and Occupation taxes are collected once per year primarily in April and are generated from previous year's gross revenues from Island Businesses. Since overall business activity was down in 2020, this revenue drop was expected and in line with forecasted revenue for 2021.
- REET revenue through the end of May was \$1.9 million, an increase of \$391,000 or 46% in 2021 compared to 2020. This is primarily attributed to an increase in the volume of property sales, which has increased by 39% compared to 2020. The average selling price has increased moderately over the last year, increasing by \$75,000 compared to the average as of May 2020.
- Street Fund revenue through the end of May was \$276,000, a \$353,000 decrease or 56% less than May 2020 primarily from less commercial parking lot tax collected through May due to less ferry travel during the pandemic.
- Revenue generated by building and development service (B&DS) fees through the end of May at \$544,000 was 96% greater than in May 2020, with 83% of the increase is in Building Permit, Plan Checking and Zoning/Subdivision fees. Permit receipts in 2020 were lower due to Covid-19 and the moratorium on certain development.
- Transfers out of REET were for operating transfers to Streets Fund, debt service, and to fund capital projects for Country Club Road and Sound to Olympics - Sakai Pond Trail.
- Salary and Benefits expenses for Tax Supported Funds were \$5.6 million, \$150,000 or 3% lower through May 2021 than through May 2020 due to ongoing vacancies.

UTILITY FUNDS:

Revenues of \$4 million in the City's utility funds were \$184,000 or 5% higher through May 2021 and operating and capital expenditures were \$195,000 higher compared to the same time frame in 2020¹. Staff are closely monitoring trends in the following key revenues and expenditures:

- Water and Sewer charges through the end of May 2021 were \$1.9 million, an increase of \$24,000 or 2% compared to the same time frame in 2020 due to increased rates and new customers.
- Water and sewer connection fee revenues through the end of May 2021 were at \$190,000 compared to \$126,000 at the end of May 2020. This revenue source varies depending on development activity and is largely supported by residential development.
- Storm and Surface Water Management (SSWM) fees through May were \$1.6 million, an increase of \$112,000 or 7% over 2020. Additionally, in May the City received \$50,000 in Stormwater Capacity Grant funds from the Department of Ecology.
- Capital expenditures in the utility funds through the end of May 2021 were \$397,000 which was \$98,000 more than through May of 2020.

¹ 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.