



CITY OF
BAINBRIDGE ISLAND

Memorandum

Date: February 28, 2022
To: Blair King, City Manager; City Council
From: Finance Department
Subject: January 2022 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 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. *Prior year ending fund balances are not finalized and are subject to change through April 2022.*

TAX-SUPPORTED FUNDS:

Revenues of \$1.87 million in the City's tax-supported funds were \$390,000 or 26% higher January 2022 versus 2021. Increases in Sales and Use, Private Utility, and Commercial Parking Taxes are partially offset by decreases in January grant revenues.

Expenditures were \$185,000 higher in January 2022 compared to 2021 which can be largely attributed to an increase in insurance costs and professional services.

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

- Sales tax revenue in January was \$544,000, an increase of \$60,000 or 12% over 2021. Revenue from the construction and retail trade industries each accounted for 26% and 36% of the year-to-date sales tax revenue, respectively.
- Business and Occupation tax revenue was \$50,000, an increase of \$31,000 or 171% compared to January 2021. Much of this revenue is collected in April, and thus year to year variations are unlikely to be predictive of trend changes at this time.
- Real Estate Excise Tax (REET) revenue in January was \$172,000, an increase of \$8,000 or 5% over 2021. Though the volume of property sales in January was down 26%, the average sales price increased by \$337,000 or 43% when compared to January 2021 Bainbridge property sales.
- Street Fund revenue in January was \$126,500, an \$89,000 increase or 234% more than January 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 in

January have increased \$76,000 from 2021. Salaries, benefits, professional services, and insurance costs were all factors in the increase.

- Revenue generated by building and development service (B&DS) in January were \$98,000, an increase of 25% or \$19,500 greater than January 2021. The largest portion of that increase came from Zoning/Subdivision, Plan Checking, and Building Permit Fees.
- Capital Construction saw no incoming grant revenues in January, compared to \$150,000 in January 2021. Capital spending in January was minimal, with approximately \$11,000 in salaries and benefits, and \$9,500 in total spending on two capital projects: Madison Ave Sidewalk Improvements, and Sportsman Club/New Brooklyn Intersection.
- Transfers out of REET were for operating transfers to Streets Fund, 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 \$379,500 in the City's utility funds were \$25,000 or 7% higher in January compared to 2021. Operating and capital expenditures of \$513,000 were \$5,800 or 1% higher compared to the same time frame in 2021¹.

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

- Water revenues in January were \$77,000, a decrease of \$4,000 or 5.1% versus 2021. While charges for water services increased about 2%, investment income was lower than January 2021. Operating costs of \$150,000 were \$19,500 or 15% more than in 2021, with increases in salaries, supplies, and insurance.
- Sewer revenues in January totaled \$266,000 in both 2021 and 2022, with no material change in revenues year over year. Operating costs were \$193,000, a decrease of \$62,000 or 24% from 2021. January salary expenses, as well as the timing of intergovernmental payments to Sewer District 7 contributed to the difference over January of 2021.
- Storm and Surface Water Management (SSWM) fees in January were \$37,000, an increase of \$29,000 or 360% compared to 2021, due to receipt of a \$30,000 grant from the Department of Ecology. Operating costs increased 39%, or \$48,000 to \$170,000 over January the previous year. Insurance costs, as well as annual and project permitting were factors in the spending increase.
- As with the tax supported funds, January saw very little capital spending out of the Utility funds, with the only capital expenditures thus far related to salary and benefits, primarily for water fund costs relating to the Chlorine Generator Upgrade, and New Water Tank projects.

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.

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	JANUARY 2022 ENDING FUND BALANCE	RESERVES
Tax Supported Funds									
General Fund	\$ 18,807,728	\$ 1,373,682	\$ 967,806	\$ (1,391,103)	\$ (1,290,584)	\$ (245,911)	\$ (800,537)	\$ 18,544,396	\$ 6,396,538
Street Fund	\$ 156,971	\$ 126,576	\$ 37,848	\$ (273,384)	\$ (197,306)	\$ 148,649	\$ 160,258	\$ 158,813	N/A
REET Fund	\$ 2,540,049	\$ 172,406	\$ 164,582	\$ -	\$ -	\$ (1,216,629)	\$ (762,791)	\$ 1,495,826	N/A
Civic Impr. Fund	\$ 534,667	\$ 26,198	\$ 13,439	\$ (26,014)	\$ -	\$ -	\$ -	\$ 534,850	N/A
Affordable Housing Fund	\$ 511,214	\$ 4,362	\$ 3,850	\$ -	\$ (700)	\$ -	\$ -	\$ 515,575	\$ 59,171
ARPA	\$ 3,539,477	\$ 760	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,540,237	N/A
General Obligation Bond Fun	\$ 7,922	\$ 1,527	\$ 1,245	\$ -	\$ -	\$ 78,478	\$ 78,533	\$ 87,927	N/A
Trans. Benefit Fund	\$ 1,331,727	\$ 46,361	\$ 60,781	\$ -	\$ -	\$ -	\$ -	\$ 1,378,088	N/A
Trans. Impact Fund	\$ 91,246	\$ 21,344	\$ 3,503	\$ -	\$ -	\$ -	\$ -	\$ 112,590	N/A
Capital Const. Fund	\$ 11,074,137	\$ -	\$ 150,000	\$ (20,344)	\$ (24,435)	\$ 1,047,356	\$ 1,099,000	\$ 12,101,150	N/A
Building Svcs. Fund	\$ 9,252	\$ 97,799	\$ 78,311	\$ (291,117)	\$ (303,848)	\$ 188,057	\$ 225,537	\$ 3,991	N/A
	\$ 38,604,389	\$ 1,871,015	\$ 1,481,366	\$ (2,001,962)	\$ (1,816,873)	\$ -	\$ 0	\$ 38,473,442	\$ 6,455,709
Utility Funds									
Water Fund	\$ 6,716,834	\$ 76,837	\$ 80,927	\$ (149,880)	\$ (130,424)	\$ -	\$ -	\$ 6,643,792	\$ 391,350
Sewer Fund	\$ 5,585,083	\$ 265,651	\$ 265,765	\$ (193,084)	\$ (254,769)	\$ -	\$ -	\$ 5,657,650	\$ 1,750,285
Storm Water Fund	\$ 4,772,202	\$ 37,001	\$ 8,042	\$ (170,111)	\$ (122,089)	\$ -	\$ -	\$ 4,639,091	\$ 599,210
	\$ 17,074,119	\$ 379,489	\$ 354,734	\$ (513,075)	\$ (507,282)	\$ -	\$ -	\$ 16,940,534	\$ 2,740,844