



CITY OF  
BAINBRIDGE ISLAND

## Memorandum

Date: April 22, 2022  
To: Blair King, City Manager; City Council  
From: Finance Department  
Subject: March 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 \$6 million in the City's tax-supported funds were \$538,000 or 9.7% higher through March 2022 versus 2021. Increases in Sales and Use, B&O, Private Utility, and Commercial Parking Taxes are partially offset by decreases in grant revenues through March.

Expenditures were \$520,000 lower through March 2022 compared to 2021 which can be largely attributed to decreased capital spending.

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

- Sales tax revenue through March was \$1.6 million, an increase of \$79,000 or 5% over 2021. Revenue from the construction and retail trade industries each accounted for 29% and 39% of the year-to-date sales tax revenue, respectively.
- Business and Occupation tax revenue was \$361,000, an increase of \$266,000 or 280% compared to 2021. Much of this revenue is collected in April, and thus variations at this time are unlikely to be predictive of substantial changes in revenue trends.
- Real Estate Excise Tax (REET) revenue through March was \$610,000, a decrease of \$34,000 or 5% from 2021. The volume of property sales through March was down 21%, the average sales price increased by \$162,000 or 18% when compared to 2021 Bainbridge property sales for the same time period.
- Street Fund revenue through March was \$237,000, a \$74,000 increase or 45% 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 March increased \$38,000, to \$696,000, over 2021. Salaries, benefits, professional services, and insurance costs were all factors in the increase, partially offset with decreases in supplies and repairs.

- Revenues generated by building and development service (B&DS) were \$338,000 through March, an increase of 19% or \$54,000 greater than 2021. The largest portions of that increase came from Plan Checking, Building Permits, and Development Fees.
- Capital Construction received grant revenues of \$237,000 through March, compared to \$355,000 in 2021. Capital spending through March remains low, with approximately \$39,000 in salaries and benefits, and \$69,000 in other Capital spending primarily on three capital projects: Police & Municipal Court Building, Madison Ave Sidewalk Improvements, and Sportsman Club/New Brooklyn Intersection.
- 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 \$1.9 million in the City's utility funds were \$14,000 or 1% lower through March compared to 2021. Operating and capital expenditures of \$2.1 million were 380,000 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 March were \$269,000, a decrease of \$50,000 or 15.8% versus 2021. While charges for water services increased about 1%, participation revenues are lower than in 2021. Operating costs of \$428,000 were \$73,000 or 20% more than in 2021, with salaries, supplies, and repairs being the main factors in the increase.
- Sewer revenues through March totaled \$981,000 in 2022, a decrease of \$18,000 or 2% over 2021. Operating costs were \$698,000, a decrease of \$57,000 or 8% from 2021, with lower spending in professional services and repairs compared to 2021.
- Storm and Surface Water Management (SSWM) revenues through March were \$630,000, an increase of \$57,000 or 15% 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 20%, or \$74,000 compared to 2021. Insurance costs, professional services, and project permit fees were factors in the spending increase.
- Capital Spending out of the Utility funds in March was \$575,000 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	MARCH 2022 ENDING FUND BALANCE	RESERVES
<b>Tax Supported Funds</b>									
General Fund	\$ 18,763,694	\$ 4,267,654	\$ 3,755,791	\$ (4,116,031)	\$ (3,978,268)	\$ (580,844)	\$ (1,087,594)	\$ 18,334,473	\$ 6,120,735
Street Fund	\$ 127,501	\$ 236,847	\$ 163,096	\$ (695,863)	\$ (658,109)	\$ 483,144	\$ 561,011	\$ 151,629	N/A
REET Fund	\$ 2,540,049	\$ 611,384	\$ 645,893	\$ -	\$ -	\$ (1,708,080)	\$ (1,320,610)	\$ 1,443,353	N/A
Civic Impr. Fund	\$ 534,667	\$ 69,899	\$ 45,844	\$ (52,257)	\$ (8,337)	\$ -	\$ -	\$ 552,309	N/A
Affordable Housing Fund	\$ 511,214	\$ 62,648	\$ 12,037	\$ (2,100)	\$ (2,800)	\$ 100,000	\$ -	\$ 671,762	\$ 59,171
ARPA	\$ 3,539,477	\$ 2,392	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,541,868	N/A
General Obligation Bond Fun	\$ 6,661	\$ 55,752	\$ 57,438	\$ -	\$ -	\$ 235,434	\$ 235,599	\$ 297,846	N/A
Trans. Benefit Fund	\$ 1,331,727	\$ 141,348	\$ 159,177	\$ -	\$ -	\$ -	\$ -	\$ 1,473,075	N/A
Trans. Impact Fund	\$ 87,832	\$ 44,871	\$ 51,865	\$ -	\$ -	\$ -	\$ -	\$ 132,703	N/A
Capital Const. Fund	\$ 11,086,267	\$ 237,125	\$ 354,931	\$ (108,205)	\$ (734,776)	\$ 1,047,356	\$ 1,099,000	\$ 12,262,543	N/A
Building Svcs. Fund	\$ 8,829	\$ 337,848	\$ 284,108	\$ (750,917)	\$ (807,677)	\$ 414,240	\$ 512,594	\$ 10,000	N/A
	\$ 38,537,917	\$ 6,067,767	\$ 5,530,179	\$ (5,725,371)	\$ (6,189,966)	\$ (8,750)	\$ (0)	\$ 38,871,563	\$ 6,179,906
<b>Utility Funds</b>									
Water Fund	\$ 6,709,801	\$ 269,246	\$ 319,625	\$ (812,956)	\$ (445,460)	\$ 8,750	\$ -	\$ 6,174,841	\$ 444,351
Sewer Fund	\$ 5,572,633	\$ 980,547	\$ 998,606	\$ (887,502)	\$ (932,380)	\$ -	\$ -	\$ 5,665,678	\$ 1,289,800
Storm Water Fund	\$ 4,753,738	\$ 629,991	\$ 575,375	\$ (435,195)	\$ (378,597)	\$ -	\$ -	\$ 4,948,534	\$ 759,130
	\$ 17,036,172	\$ 1,879,785	\$ 1,893,606	\$ (2,135,653)	\$ (1,756,437)	\$ 8,750	\$ -	\$ 16,789,053	\$ 2,493,280