

*City of Bainbridge Island*  
**FINANCE DEPARTMENT**



**MEMORANDUM**

TO: City Council  
Brenda Bauer, City Manager  
Morgan Smith, Deputy City Manager

FROM: Ellen Schroer, Finance Director

DATE: October 28, 2011

RE: Third Quarter 2011 Financial Reporting

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As requested, Finance Department staff prepared a set of financial reports to describe the financial position of the City of Bainbridge Island (City) at the end of the third quarter of 2011.

The attached reports describe City financial performance as of September 30, 2011, three-quarters of the way through the budget year. Across the enterprise, there continues to be a close alignment to budget forecasts for both revenue and expense. The city is on-track to meet policy reserve targets for financial performance established for year-end 2011. One exception is the Emergency Reserve, which is funded by one-time property sales, which are now expected in 2012.

As of the end of the third quarter the City had received \$16.2 million of tax-supported revenue, 66% of the total budgeted for the year; across the three utilities, revenue of \$6.3 million represents 70% of the total budgeted revenue. Operating expenses of \$10.1 million for tax-supported fund are 69% of budget, while the utility operating expenses of \$3.7 million are 71% of the operating budget. The City's cash balances for all funds totaled \$15.2 million as of September 30, 2011.

Significant capital projects include the continuing work on the Winslow Way Reconstruction Project and further design and engineering work on the Rockaway Beach Road project. In addition, in the third quarter, the City issued LTGO bonds related to the Waste Water Treatment Plant upgrade project. Bond funds were used to repay a bond anticipation note and an interfund loan from the Water Fund, as well as to reimburse project costs.

The attached reports provide both a review of the position of the City's finances, both by department and by fund, as of the end of the third quarter and a forecast of performance for the rest of the year.

**Attachments:**

- Third Quarter 2011 cash flow forecasting memo
- Third Quarter 2011 sales tax reports
- September 2011 monthly financial tables

# 2011 Third Quarter Financial Report

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This is the third of four scheduled quarterly reports of financial performance in 2011.

## **OVERVIEW**

The report below describes City financial performance as of September 30, 2011, three-quarters of the way through the budget year. Across the enterprise, there is a close alignment to budget forecasts for both revenue and expense. In addition, cash balances have improved significantly compared to the prior year. Significant reserve targets were established for year-end 2011 and 2012, and the city is on-track to meet these critical goals. One exception is the Emergency Reserve, which is funded by one-time property sales, some of which are now expected to occur in 2012.

### **I. ACTUAL RESULTS – through end of Q3**

Overall City operating revenues through September 30 are at \$22.5 million, or 67% of total 2011 budget. This is comparable to the pace of collections in 2010, during which the City collected 69% of total revenues by Q3. Additionally, significant grant funds related to Winslow Way Reconstruction project (a total for the year of more than \$3.5 million or 10% of all operating revenues) will not be received until Q4. This suggests that revenue collection at the close of this period is performing in alignment with budget plans.

Overall City operating expenditures (without encumbrances) are at \$13.8 million, or 69% of total budget. This performance is slightly more favorable than in 2010, in which City expenditures through September were at 75% of total expenditures for the year.

Together these trends contribute to a solid cash balance for City operations. Across all governmental and utility funds, cash balances are \$15.26 million at September 30. This represents a significant improvement from the prior year, when cash balances as of September 30, 2010 were \$5.55 million.

Additional detail is provided below, and in Schedule A.

### **A. Tax-Supported Funds**

At the end of the third quarter, Tax Supported revenues are on plan. Expenditures through the third period are slightly below budget plans.

Revenues through September 30 for the Tax Supported Funds are \$16.19 million, which represents 66% of total 2011 budget. This performance matches revenue plans, since nearly half

of the annual property tax collections (which represent over 25% of the total revenue budget) are remitted in October and November.

Highlights related to revenue performance include:

- Revenues from taxes overall in 2011 at about 66% of total budget as of September 30.
- Property Tax revenues as of the end of the third quarter are \$3.67 million (56% of budget)
- Utility Tax revenues are at \$2.53 million (73% of budget)
- Sales Tax revenues are at \$1.33 million (72% of budget)
- B&O tax collection is \$340,000, or 78% of budget – typically 95% of B&O tax is collected in the 1<sup>st</sup> quarter. The lagging receipts year-to-date may be an impact due to less staff available to follow up on collections and administration.
- Fees & Charges – business license revenues continue to come in slightly behind the expected pace, with 69% of the total revenue budget collected through September this year.
- Building and Development Services Fees, particularly Building Permits and Planning Review of Building Permits, are performing well. At \$730,000, revenue as of September 30 has already exceeded the total annual budget of \$717,000.
- Intergovernmental revenues are at \$492,000 year-to-date, which represents 77% of budget.
- Parking and traffic fines have come in well below budgeted levels, with revenues at 48% of total annual estimates. The lower collections are due to a combination of factors, including the change from two- to three-hour parking in Winslow, the Winslow Way Reconstruction Project which removed some parking spaces in downtown, and the fact that the second parking enforcement officer was not hired until June because of labor negotiations. We expect collections more consistent with budget in Q4, as revenue received for citations issued in the month of August exceeded the monthly average through July by nearly 60%.
- Other revenue sources, such as investment revenue and dock receipts, combine to account for a nominal portion of collections (less than 1% of total revenue budget). Total receipts for these categories are \$149,000, or 61% of 2011 budget.

**TABLE ONE: Tax-Supported Revenues**

	<b>2011 Revised Budget</b>	<b>2011 YTD Collected</b>	<b>2011 YTD as % of Budget</b>
<b>GENERAL FUND</b>			
Property Taxes	6,507,991	3,671,474	56.4%
Sales and Use Tax	2,604,304	1,832,433	70.4%
Sales Tax - Criminal Justice	234,387	201,374	85.9%
B&O Tax and Penalties	433,580	340,133	78.4%
Utility Tax on Private Utilities	2,940,829	2,152,558	73.2%
Utility Tax on City Utilities	501,611	376,208	75.0%
Leasehold & Other Taxes	8,000	7,080	88.5%
<b>TOTAL TAXES</b>	<b>13,230,702</b>	<b>8,581,260</b>	<b>64.9%</b>
Fees & Service Charges	1,277,735	876,104	68.6%
Intergovernment Revenue	638,695	492,121	77.1%
Fines & Forfeits	249,500	131,851	52.8%
Miscellaneous	59,657	92,170	154.5%
Investment Revenue	13,499	7,043	52.2%
Gain on Sale of Fixed Assets	170,000	49,603	29.2%
<b>TOTAL GENERAL FUND</b>	<b>15,639,788</b>	<b>10,230,152</b>	<b>65.4%</b>
<b>STREETS FUND</b>	<b>1,448,095</b>	<b>1,059,601</b>	<b>73.2%</b>
<b>REAL ESTATE EXCISE TAX</b>	<b>1,108,480</b>	<b>874,918</b>	<b>78.9%</b>
<b>BLDG &amp; DEVELOPMENT SVCS</b>	<b>716,790</b>	<b>730,525</b>	<b>101.9%</b>

With respect to expenditures, there is relatively little variability in month-to-month results. This is due to the fact that personnel expenses account for 61% of total expenses, and are incurred at a fairly constant pace throughout the year. At the end of September, total operating expenditures in the tax-supported funds are \$10.1 million. This represents 69% of total annual budget and so reflects a modest degree of under-spending relative to budget at the close of the third period.

Key factors include:

- Salary and benefits through September for the tax-supported funds totaled \$6.85 million, or 73% of the 2011 budget.
- Professional services spending through September is at 50% of the 2011 budget.
- Intergovernmental expenditures through September are at 63% of the total budget.
- Operating transfers to the Streets Fund and Building and Development Services Fund to maintain positive fund balance are currently less than 50% of the budgeted plans.

**TABLE TWO: Tax-Supported Expenditures**

	2011 Revised Budget	2011 YTD Collected	2011 YTD as % of Budget
<b>OPERATING EXPENDITURES</b>			
Salaries	6,864,515	5,063,838	73.8%
Benefits	2,569,630	1,781,739	69.3%
Supplies	356,918	216,322	60.6%
Professional Services	1,827,858	904,900	49.5%
Other Services & Charges	2,404,438	1,739,973	72.4%
Intergovernmental Services	633,498	398,056	62.8%
<i>TOTAL OPERATING EXPENDITURES</i>	<i>14,656,857</i>	<i>10,104,828</i>	<i>68.9%</i>
<b>NON-OPERATING EXPENDITURES</b>			
Capital Equipment	117,792	124,694	105.9%
Capital Projects	6,581,515	3,255,527	49.5%
Debt Service	2,786,264	694,657	24.9%
<i>TOTAL EXPENDITURES</i>	<i>24,142,428</i>	<i>14,179,705</i>	<i>58.7%</i>

**B. Utility Funds**

City Utility Funds are performing at budget plans at the end of the third quarter. Combined, the Utility Funds revenues are at \$6.32 million or 70% of budget. Combined operating expenditures of the Utility Funds are at \$3.79 million, or 71% of budget.

- **Water Fund.** Revenues for the Water Fund through the end of September are \$1.87 million, which is 75% of budgeted operating revenue. The Water Fund received a repayment of a \$3 million interfund loan in September of 2011. The loan was repaid in full, along with \$94,000 of interest, following issue of bonds. Operating expenditures are at \$1.01 million, or 76% of total budget. Council passed a 34% rate reduction effective September 16, 2011 which will reduce rate revenue for the remainder of 2011.
- **Sewer Fund.** Revenues for the Sewer Fund through the end of September are \$3.10 million, which is 75% of budgeted operating revenue. Operating expenditures are at \$1.42 million, or 68% of total budget. The City issued bonds in August 2011 to pay for the Waste Water Treatment Plant upgrade project. Due to the timing of the issue and the decision to issue LTGO bonds rather than revenue bonds, the bond issue was smaller than originally budgeted. Part of the bond proceeds were used to repay an interfund loan to the Water Utility, as noted above, part went to repay a short-term Bond Anticipation Note from Cashmere Valley Bank, and the remainder reimbursed project costs.
- **Surface and Stormwater Management (SSWM).** SSWM Utility revenues are on pace compared to budget plans, with \$1.42 million or 57% of total revenue budget collected as of September 30; over 40% of annual revenues are expected to be received in October-November as the second-half payment of property taxes are remitted. Operating expenditures are slightly below budget at 71%. This savings includes reduced personnel costs due to an unfilled position.

**C. Cash Balances**

City Cash balances for September 30, 2011 were as follows:

Tax Supported Funds	\$ 8,127,374	(including \$358,496 of restricted bond funds)
Restricted Special Revenue	\$ 172,887	(Civic Improvement Fund)
Trust and Agency Funds	\$ 332,702	(not available for City operations)
Utility Funds	\$ 6,629,610	(Water, Sewer and Stormwater Funds)
<b>Total</b>	<b>\$ 15,262,573</b>	

The cash balance in the Utility funds increased by 200% from the second quarter due to the Sewer fund's receipt of LTGO bond proceeds and subsequent repayment of a \$3 million interfund loan from the Water fund, as mentioned above.

**D. Reserve Balances**

In September of 2010, the City Council gave direction as to goals for 2011 General Fund Reserves as shown below. Performance as of September 30, 2011 shows the city is well-positioned to meet these reserve goals for year-end.

**Reserve Cash balances for September 30, 2011 were as follows:**

	September 30, 2011	Dec 31, 2011 Target	Notes
Contingency Reserve	\$230,000	400,000	Funded on a monthly basis
Emergency Reserve	\$360,276	500,000	Funded with property sales
General Fund Stability Reserve	\$2,435,691	1,500,000	Reserve amount is net of estimated accruals.
Washington State Ferry Reserve	2,002,695	2,000,000	
<b>TOTAL</b>	<b>5,028,662</b>	<b>4,400,000</b>	

**II. FORECAST FOR 2011 YEAR-END**

As in the past few years, the focus of city financial management throughout the budget year is to continue to use conservative revenue expectations in developing City work plans, to be explicit in identifying priorities, and to closely monitor performance to ensure successful results within established budgets. While there are critical financial decisions that may be made during the fourth quarter of the year, such as the future management of the Water Utility, the implementation of any decision will likely not occur until 2012. At the close of the third quarter, there is a relatively higher degree of certainty within current forecasts for year-end performance. Across all funds, the city expects performance at or very close to budget plans.

**A. Tax-Supported Funds**

The revenue forecast for the remainder of 2011 indicates that tax-supported revenue overall will continue to come in close to budget. As shown in the table below, Tax Supported recurring revenue is currently forecast to be within 1.3% of budget plans.

In addition, the City anticipates receipt of a \$436,000 grant in the fourth quarter from the Washington State Recreation and Conservation Office (RCO). This grant funding is related to the Williams Property on Manzanita Bay, which is a park property previously owned by the City.

Key revenue assumptions for the forecast for remaining 2011 include:

- Fees related to building permits continue to exceed budget, anticipated to reach \$366,000 by year-end, 17% over the annual budget of \$312,000.
- Fines and Forfeits with a year-end deficit forecast of about \$62,000, due to lower than forecasted traffic and parking fine revenue. This is 25% below budget.
- General Fund taxes will be about \$300,000 lower than budget, due to lower Utility, Sales and Use, and B&O Tax revenues. Total tax revenues are expected to end the year at \$12.93 million, 2% under budget.

The following tables are based on Schedule D, Cash Flow Spreadsheets.

**TABLE THREE: Tax-Supported Recurring Revenues**

Recurring Revenues	Jan - Sep 2011	YE Forecast	Revised Budget	Variance to Budget
General Fund - Property Taxes	3,671,474	6,541,833	6,507,991	0.5%
General Fund - Sales and Use Tax	2,033,807	2,759,271	2,838,691	-2.8%
General Fund - Utility Tax	2,528,767	3,274,253	3,442,440	-4.9%
General Fund - B&O Tax and Penalties	340,133	340,435	433,580	-21.5%
General Fund - Leasehold & Other Taxes	7,080	9,503	8,000	18.8%
General Fund - Business License & Penalties	180,732	188,045	241,115	-22.0%
General Fund - Franchise Fees	263,904	350,265	332,887	5.2%
General Fund - Other Fees & Service Charges	432,386	580,666	703,733	-17.5%
General Fund - Intergovernmental Revenue	492,121	1,082,140	979,695	10.5%
General Fund - Fines & Forfeits	131,851	187,498	249,500	-24.9%
General Fund - Miscellaneous	92,170	104,071	62,157	67.4%
General Fund - Investment Revenue	7,851	12,674	20,999	-39.6%
Streets Fund	1,059,576	1,420,308	1,448,095	-1.9%
Real Estate Excise Tax Fund	874,918	1,129,403	1,108,480	1.9%
Building & Development Services Fund	731,805	866,294	716,790	20.9%
	12,848,572	18,846,659	19,094,153	-1.3%

The forecast for remaining 2011 expenditures indicates that primary expenditure categories such as personnel will continue at the same level through the rest of the year. Overall, tax-supported expenditures for all of 2011 are forecast at \$22.4 million, or 5% less than budget.

Key components include:

- Forecast for personnel expenses at \$9.2 million by the end of the year. This is \$183,000 or 1.9% below budget.
- Utility costs are expected to end the year \$50,000, or 10%, above budget, reflecting a budget number that was too low. 2011 forecasted expenses are similar to 2010 actual expenses.
- Seasonal expenditures that will post in the fourth quarter include scheduled debt service payments.

**TABLE FOUR: Tax-Supported Expenses**

Recurring Expenses	Jan - Sep 2011	YE Forecast	Revised Budget	Variance to Budget
Personnel	6,908,154	9,225,665	9,408,895	-1.9%
Supplies/Communications/Training	352,014	583,131	687,960	-15.2%
Professional Services	1,057,138	1,463,769	1,725,905	-15.2%
Operating Leases	426,678	561,964	549,321	2.3%
Utilities	395,609	526,825	477,430	10.3%
Repair & Maintenance	324,581	462,761	532,225	-13.1%
All Other Miscellaneous	60,264	129,580	150,841	-14.1%
Other Services & Charges	474,626	477,479	477,026	0.1%
Intergovernmental	451,466	573,807	673,498	-14.8%
Capital Equipment	133,344	133,344	107,792	23.7%
Capital Projects	3,485,472	5,531,189	6,075,813	-9.0%
Debt Service	676,424	2,732,474	2,786,264	-1.9%
	14,745,771	22,401,988	23,652,970	-5.3%

Within this forecast for 2011, recurring revenues (those of the General Fund less the sale of surplus properties, the Streets Fund, the REET Fund and the Building and Development Services Fund) are projected for year-end at \$18.8 million. Recurring expenditures of the same funds, plus related debt service, are projected for year-end at \$16.9 million. Thus, the current forecasts indicate that the city will continue to satisfy a key policy objective of this biennial budget: to structure recurring expenditure budgets at a level that is lower than recurring revenue. In addition, the current forecast indicates a year-end fund balance that is \$4 million in excess of the 2011 Adopted Budget.

Current forecast for year-end results for the city tax-supported funds include:

- Total Tax-Supported funds are estimated to end the year with \$3.4 million of unrestricted cash, an increase of \$450,000 over the mid-year estimate. This is primarily due to the classification of anticipated RCO grant revenue as general fund rather than emergency reserve.

- As of the end of September, the General Fund is estimated to end the year with \$3.05 million of unrestricted cash, an increase of \$725,000 over the mid-year estimate, due primarily to the RCO revenue mentioned above, as well as a slightly lower estimate of expenditures.
- The Streets Fund is estimated to end the year with \$48,000 of unrestricted cash.
- The REET fund is estimated to end the year with \$70,000 of unrestricted cash.

## **B. Utility Funds**

In the remainder of 2011, several key events are expected to affect the utility funds:

- The Winslow Way reconstruction project will complete Phase II. Current project status continues to indicate that total costs will be within established budgets and that sufficient contingency funds remain to cover anticipated needs.
- Council is currently awaiting information from the Utility Advisory Committee related to the ongoing operation of the Water Utility. Some of the changes under consideration would result in ongoing staffing and rate changes, which would be implemented after a final decision is reached. Any changes would likely take effect in 2012.

Overall, the Utility Funds' operating revenues are projected to end the year at \$9.14 million or 102% of budgeted revenues. As noted above, Water and Sewer Utilities revenues for the first nine months of the year are both under budget due largely to seasonal lag and a particularly long winter and spring. The forecast for year-end 2011 indicates that the Water and SSWM funds will each achieve revenue slightly under budget at 98%, while the Sewer fund revenues are expected to exceed budget by 6%.

Combined expenditures of the Utility Funds are expected to end the year at \$13.4 million, or almost 7% below budget. The lower expenditure estimate is largely due to a budgeted expense related to Winslow Way that will be adjusted through the quarterly budget adjustment process. The estimates include \$5.14M operating expenses, debt service of \$7.0 million (including the repayment of the short-term Sewer Fund debt), and cash funded capital projects of \$1.1 million. Personnel expenses are slightly below budget, with position vacancies contributing to a forecast that is \$40K or 2% lower than budget.

**TABLE FIVE: Utility Revenue and Expenses**

	<b>Jan-Sep Utilities</b>	<b>YE Forecast Utilities</b>	<b>Revised Budget Utilities</b>	<b>Variance to Budget</b>
Water Charges	1,622,890	2,079,128	2,228,596	-6.7%
Sewer Charges	2,547,970	3,470,829	3,590,727	-3.3%
Storm Water Management Charges	1,364,792	2,352,720	2,333,279	0.8%
Water Connections	3,130	6,205	7,360	-15.7%
U.L.I.D. Assessments	356,020	405,011	310,704	30.4%
Connections & All Others	421,614	803,239	423,000	89.9%
Interest on Investments - Utility	2,683	22,505	95,000	-76.3%
<i>Total</i>	<i>6,319,099</i>	<i>9,139,637</i>	<i>8,988,666</i>	<i>1.7%</i>
Personnel	1,993,491	2,637,100	2,675,915	-1.5%
Supplies/Communications/Training	158,420	225,368	260,584	
Professional Services	290,548	480,027	532,910	-9.9%
Operating Leases	167,678	223,351	229,587	-2.7%
Utilities	295,250	372,543	347,000	7.4%
Repair & Maintenance	80,186	133,154	169,253	-21.3%
All Other Miscellaneous	21,140	23,372	35,350	-33.9%
Other Services & Charges	124,158	124,158	171,571	-27.6%
Intergovernmental	660,141	916,444	904,783	1.3%
Capital Equipment	9,723	245,723	270,657	-9.2%
Capital Projects	934,404	1,106,789	2,144,977	-48.4%
Debt Service	6,640,281	6,952,244	6,686,336	4.0%
<i>Total</i>	<i>11,375,419</i>	<i>13,440,271</i>	<i>14,428,923</i>	<i>-6.9%</i>

Current forecast for year-end results for the city utilities include:

- The Water Fund is estimated to end the year with \$4.36 million of unrestricted cash, a \$50,000 decrease from the mid-year forecast.
- The Sewer Fund is estimated to end the year with \$993,000 of unrestricted cash, a \$200,000 increase over the mid-year forecast.
- The SSWM fund is estimated to end the year with \$923,000 of unrestricted cash, a \$50,000 increase over the mid-year forecast.

These utility fund estimates are cash estimates without year-end accruals, which is how the City has traditionally presented this data. We plan to work on an alternate presentation of this data in the future.

In June, 2011 City Council approved the separation of the city water and sewer utilities. As a result, future reporting will identify revenue and expenditure performance for each individual utility distinct from the other funds.

**C. Cash Balances**

Estimated Cash Balances for Year End 2011 per the attached Cash Flows are as follows and are included in the attached schedules.

**Estimated City Cash balances for December 31, 2011** are as follows:

Tax Supported Funds	\$ 7,813,163	(including restricted funds)
Restricted Special Revenue Funds	\$ 155,481	(Civic Improvement Fund)
Trust and Agency Funds	\$ 332,702	(not available for City operations. No change from Sep 2011 estimated at this time.)
Utility Funds	\$ 7,385,296	(Water, Sewer and Stormwater Funds)
<b>Total</b>	<b>\$ 15,686,642</b>	

**Estimated City Unrestricted and Unencumbered Cash balances for December 31, 2011** are as follows:

Tax Supported Funds	\$ 3,411,273	Does not include reserves, except General Fund Stability Reserve
Utility Funds	\$ 6,275,641	
<b>Total</b>	<b>\$ 9,686,914</b>	

**D. Reserve Balances**

In September of 2010, the City Council gave direction as to goals for General Fund Reserves as follows. Per the forecasts described above, the city is well-positioned to meet or exceed these goals for year-end reserve balance.

**Estimated City Reserve Fund balances for December 31, 2011** are as follows:

	<b>Dec. 31, 2011 Forecast</b>	<b>Dec 31, 2011 Target</b>	<b>Notes</b>
Contingency Reserve	\$400,000	400,000	Assumes no spending in 2011
Emergency Reserve	\$360,276	500,000	Funded with property sales
General Fund Stability Reserve	\$3,052,142	1,500,000	
Washington State Ferry Reserve	2,003,745	2,000,000	
<b>TOTAL</b>	<b>5,816,163</b>	<b>4,400,000</b>	

**Utility Supported:**

The City Council, by Resolution No. 2009-34, has established minimum Operating and Capital Contingency Reserves for the Water, Sewer and Stormwater Funds as shown below. These estimates are based on the 2011 Budget. The table below compares these reserve requirements against the forecast year-end cash balances described above, and demonstrates that all three city utilities are forecast to meet their reserve requirements for year-end 2011.

**City Utility Fund Reserve Requirements Compared to Forecast fund balances for December 31, 2011:**

	<b>Water</b>	<b>Sewer</b>	<b>Storm Water</b>
<b>2011 Operating</b>	\$221,597	\$246,122	\$229,619
<b>2011 Capital Contingency</b>	\$111,856	\$217,392	\$83,068
<b>Total Contingency Req't</b>	\$333,453	\$463,514	\$312,687
<b>Forecast 12/31/11 Cash Balance</b>	\$4.4 million	\$993,000	\$923,000

**ATTACHED SCHEDULES**

The attached schedules give comparative financial figures for the first 6 months of the year and include estimates for expected year-end results.

- Schedule A: 2011 Budget to Actuals
- Schedule B: Sales Tax Quarterly Summary by Geographic Area
- Schedule C: Sales Tax Quarterly Summary by SIC Code
- Schedule D: Cash Flow spreadsheets

**Schedule A: 2011 Budget to Actuals**

	<b>2011 Revised Budget</b>	<b>2011 Actual</b>	<b>2011 Tax Supported Actual</b>	<b>2011 Utility Supported Actual</b>
<b>REVENUES</b>				
Taxes	15,511,031	10,223,498	10,223,498	0
Fees & Service Charges	2,047,185	1,715,968	1,715,658	310
Intergovernment Revenue	6,341,113	3,483,957	3,440,450	43,507
Fines & Forfeits	249,500	131,851	131,851	0
Charges for Utility Services	8,277,618	5,582,202	1,783	5,580,419
Miscellaneous	714,682	761,010	415,939	345,071
Assessments	318,393	515,325	254,074	261,251
Investment Revenue	121,249	131,989	9,535	122,454
<b>TOTAL REVENUES</b>	<b>33,580,771</b>	<b>22,545,799</b>	<b>16,192,788</b>	<b>6,353,012</b>
<b>OTHER SOURCES</b>				
Gain on Sale of Fixed Assets	187,500	96,222	66,867	29,355
Loans/Sale of Bonds	10,986,000	9,651,151	755,300	8,895,851
Other External Sources	0	253	253	0
From Other funds and Sub-Funds				
<b>TOTAL RESOURCES</b>	<b>44,754,271</b>	<b>32,293,425</b>	<b>17,015,207</b>	<b>15,278,217</b>
<b>EXPENDITURES</b>				
<b>OPERATING EXPENDITURES</b>				
Salaries	8,828,990	6,496,547	5,063,838	1,432,710
Benefits	3,287,315	2,314,421	1,781,739	532,682
Supplies	551,847	333,447	216,322	117,125
Professional Services	2,360,768	1,187,753	904,900	282,853
Other Services & Charges	3,422,855	2,453,509	1,739,973	713,537
Intergovernmental Services	1,538,281	1,050,215	398,056	652,159
<b>TOTAL OPERATING EXPENDITURES</b>	<b>19,990,056</b>	<b>13,835,892</b>	<b>10,104,828</b>	<b>3,731,065</b>
<b>NON-OPERATING EXPENDITURES</b>				
Capital Equipment	388,449	134,417	124,694	9,723
Capital Projects	8,728,284	4,125,682	3,255,527	870,155
Debt Service	9,472,600	7,334,938	694,657	6,640,281
Other Non-operating Expenditures				
<b>TOTAL EXPENDITURES</b>	<b>38,579,388</b>	<b>25,430,929</b>	<b>14,179,705</b>	<b>11,251,224</b>
<b>OTHER USES</b>				
Interfund Loan Repayment/Impact Fees				
To Other Funds and Sub-Funds				
<b>TOTAL USES</b>	<b>38,579,388</b>	<b>25,430,929</b>	<b>14,179,705</b>	<b>11,251,224</b>

# MAJOR SALES TAX SOURCES BY AREAS

## Third Quarter 2011

	Number of Businesses			Actual Sales Tax Receipts For Bainbridge Island			
	Last Year	Gain / Loss	This Year	2010 January - September	2011 January - September	Growth (Loss)	Percent
<b>DOWNTOWN WINSLOW AREA</b>							
205	27	32	200	334,406.19	336,994.07	2,587.89	0.8%
<b>HIGH SCHOOL ROAD AREA</b>							
62	7	8	61	222,596.25	224,438.27	1,842.02	0.8%
<b>INDUSTRIAL AREA</b>							
24	4	1	27	14,592.81	16,379.63	1,786.81	12.2%
<b>CONSTRUCTION RELATED ACTIVITY</b>							
1018	384	371	1031	546,038.81	446,527.12	-99,511.69	-18.2%
<b>OTHER AREAS</b>							
4708	1708	1404	5012	761,986.37	808,097.54	46,111.18	6.1%
<b>TOTAL SALES TAX REVENUE TO BAINBRIDGE ISLAND</b>							
6017	2130	1816	6331	\$1,879,620.43	\$1,832,436.63	(\$47,183.80)	-2.5%

# MAJOR SALES TAX SOURCES BY AREAS

## Third Quarter 2011 SIC Code

	Number of Businesses			Actual Sales Tax Receipts For Bainbridge Island				Percent
	Last Year	Gain /	This	2010		2011		
				January - September	January - September	January - September	Growth (Loss)	
<b>DOWNTOWN WINSLOW AREA</b>								
AGRICULTURE & OTHER	4	0	0	3,092.42	3,449.76	357.34	11.6%	
MANUFACTURING	6	0	1	726.36	830.89	104.53	14.4%	
TRANSPORTATION & UTILITIES	1	0	0	2,364.64	2,682.90	318.26	13.5%	
WHOLESALE	3	1	0	7,669.16	9,012.23	1,343.08	17.5%	
RETAIL TRADE	104	13	16	277,017.77	277,428.93	411.16	0.1%	
SERVICES	87	13	15	43,535.84	43,589.36	53.51	0.1%	
<b>TOTALS BY DISTRICT</b>	<b>205</b>	<b>27</b>	<b>32</b>	<b>334,406.19</b>	<b>336,994.07</b>	<b>2,587.89</b>	<b>0.8%</b>	
<b>HIGH SCHOOL ROAD AREA</b>								
AGRICULTURE & OTHER	2	0	0	670.68	570.68	-100.00	-14.9%	
MANUFACTURING	3	0	1	598.82	81.95	-516.87	-86.3%	
TRANSPORTATION & UTILITIES	2	1	0	12,580.31	12,036.47	-543.85	-4.3%	
WHOLESALE	1	0	0	5.44	125.72	120.28	2210.8%	
RETAIL TRADE	29	4	5	189,855.11	193,072.83	3,217.72	1.7%	
SERVICES	25	2	2	18,885.89	18,550.62	-335.27	-1.8%	
<b>TOTALS BY DISTRICT</b>	<b>62</b>	<b>7</b>	<b>8</b>	<b>222,596.25</b>	<b>224,438.27</b>	<b>1,842.02</b>	<b>0.8%</b>	

Actual Sales Tax Receipts For Bainbridge Island

Number of Businesses

	Last Year	Gain /		This	2010		2011		Growth (Loss)	Percent
		January - September	January - September		January - September	January - September				
<b>INDUSTRIAL AREA</b>										
AGRICULTURE & OTHER	2	0	0	2	1,800.39	1,307.86	-492.53	-27.4%		
MANUFACTURING	12	3	0	15	10,407.12	13,727.12	3,320.00	31.9%		
WHOLESALE	4	0	0	4	181.87	101.45	-80.41	-44.2%		
RETAIL TRADE	3	0	0	3	2,129.14	1,221.18	-907.96	-42.6%		
SERVICES	3	1	1	3	74.30	22.01	-52.29	-70.4%		
<b>TOTALS BY DISTRICT</b>	<b>24</b>	<b>4</b>	<b>1</b>	<b>27</b>	<b>14,592.81</b>	<b>16,379.63</b>	<b>1,786.81</b>	<b>12.2%</b>		
<b>CONTRUCTION RELATED ACTIVITY</b>										
CONSTRUCTION	1018	384	371	1031	546,038.81	446,527.12	-99,511.69	-18.2%		
<b>TOTALS BY DISTRICT</b>	<b>1018</b>	<b>384</b>	<b>371</b>	<b>1031</b>	<b>546,038.81</b>	<b>446,527.12</b>	<b>-99,511.69</b>	<b>-18.2%</b>		
<b>OTHER AREAS</b>										
AGRICULTURE & OTHER	205	54	51	208	64,058.48	65,047.21	988.73	1.5%		
MANUFACTURING	454	196	131	519	16,680.90	18,841.35	2,160.45	13.0%		
TRANSPORTATION & UTILITIES	151	35	30	156	91,859.13	84,858.26	-7,000.86	-7.6%		
WHOLESALE	888	325	266	947	54,573.14	58,442.68	3,869.54	7.1%		
RETAIL TRADE	1775	668	535	1908	311,786.25	348,213.67	36,427.42	11.7%		
SERVICES	1223	426	385	1264	170,075.55	184,196.15	14,120.60	8.3%		
PUBLIC SERVICES	12	4	6	10	52,952.93	48,498.24	-4,454.69	-8.4%		

Number of Businesses Actual Sales Tax Receipts For Bainbridge Island

Last Year	Number of Businesses		Actual Sales Tax Receipts For Bainbridge Island			Percent	
	Gain /	This	2010 January - September	2011 January - September	Growth (Loss)		
4708	1708	1404	5012	761,986.37	808,097.54	46,111.18	6.1%
<b>TOTALS BY DISTRICT</b>							

TOTAL SALES TAX REVENUE TO BAINBRIDGE ISLAND

6017	2130	1816	6331	1,879,620.43	1,832,436.63	-47,183.80	-2.5%
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**City of Bainbridge Island 2011 Cash Flow Plan - Water Operating Fund**  
As of October 2011

	Actual Jan-11	Actual Feb-11	Actual Mar-11	Actual Apr-11	Actual May-11	Actual Jun-11	Actual Jul-11	Actual Aug-11	Actual Sep-11	Projected Oct-11	Projected Nov-11	Projected Dec-11	Total
Beginning Cash Balance	1,756,074	1,780,294	1,828,723	1,910,363	1,949,049	1,867,475	1,902,964	1,969,856	4,554,827	4,861,658	4,668,661	4,695,293	1,756,074
<b>Cash Inflows</b>													
Water Charges	165,623	158,544	171,774	163,068	171,870	173,331	149,889	250,577	218,215	227,600	114,688	113,949	2,079,128
Water Connections	210	594	0	264	39	0	1,097	330	596	0	3,087	-13	6,205
Connections & All Others	0	11,600	276	2,479	0	0	14,678	94,266	87,444	0	0	0	210,743
Interest on Investments	0	0	0	0	0	0	2,683	0	0	7,336	11,672	0	21,691
Interfund Loan Received/Reimbursed	0	0	0	0	0	0	0	3,000,000	0	0	0	0	3,000,000
Total Cash Inflows	165,833	170,738	172,050	165,811	171,909	173,331	168,347	3,345,173	306,256	234,936	129,448	113,937	5,317,767
<b>Cash Outflows</b>													
Salary	43,491	40,183	40,977	43,907	40,312	39,162	38,476	42,219	43,572	39,226	39,226	39,226	489,976
Benefits	14,541	13,533	13,883	15,759	13,869	12,745	13,460	13,867	16,037	15,161	13,519	13,519	169,893
Supplies	2,416	5,251	10,208	4,608	211	1,665	3,155	4,514	1,047	4,360	1,986	2,904	42,326
Professional Services	6,525	7,035	38	17,401	1,893	43,086	3,184	24,628	9,426	12,038	489	12,683	138,425
Communications	2,212	1,726	308	1,410	1,772	1,250	2,466	1,227	754	1,521	1,676	1,952	18,274
Training	0	566	0	116	191	530	0	335	12	40	0	0	1,789
Advertising	0	0	0	0	0	0	0	0	0	0	0	0	30
Operating Leases	4,476	4,390	4,637	4,431	4,431	4,498	4,454	4,503	4,454	4,323	4,499	4,566	53,663
Utilities	7,687	14,647	0	6,934	5,852	6,426	7,085	8,627	8,666	5,264	5,661	6,204	83,053
Repair & Maintenance	900	4,960	-479	2,451	1,861	513	621	2,829	738	345	1,882	400	17,021
All Other Miscellaneous	6,311	0	0	921	233	264	0	210	68	-178	193	367	8,388
Contingency	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Services & Charges	31,950	0	0	0	0	0	0	0	0	0	0	0	31,950
Intergovernmental	20,532	20,789	19,951	20,329	20,713	20,086	20,761	23,443	24,827	24,850	23,703	34,810	274,792
Capital Equipment	0	0	0	0	0	0	0	0	0	236,000	0	0	236,000
Capital Projects	572	9,228	886	8,858	162,114	7,621	7,791	633,802	-110,177	84,982	9,982	0	815,659
Total Cash Outflows	141,612	122,309	90,410	127,126	253,483	137,842	101,454	760,202	-575	427,933	102,816	116,630	2,381,241
Ending Cash Balance	1,780,294	1,828,723	1,910,363	1,949,049	1,867,475	1,902,964	1,969,856	4,554,827	4,861,658	4,668,661	4,695,293	4,692,600	4,692,600
Less: Capital Contingency Reserve	0	-111,856	-111,856	-111,856	-111,856	-111,856	-111,856	-111,856	-111,856	-111,856	-111,856	-111,856	-111,856
Less: Operating Reserve	-221,597	-221,597	-221,597	-221,597	-221,597	-221,597	-221,597	-221,597	-221,597	-221,597	-221,597	-221,597	-221,597
Ending Unrestricted/Unreserved Cash	1,558,697	1,495,270	1,576,910	1,615,596	1,534,022	1,569,510	1,636,403	4,221,374	4,528,205	4,335,208	4,361,840	4,359,147	4,359,147

**City of Bainbridge Island 2011 Cash Flow Plan - Sewer Operating Fund**  
As of October 2011

	Actual Jan-11	Actual Feb-11	Actual Mar-11	Actual Apr-11	Actual May-11	Actual Jun-11	Actual Jul-11	Actual Aug-11	Actual Sep-11	Projected Oct-11	Projected Nov-11	Projected Dec-11	Total
Beginning Cash Balance	182,348	173,653	241,878	476,617	632,554	861,263	352,287	517,988	816,228	998,187	1,505,115	1,675,590	182,348
<b>Cash Inflows</b>													
Sewer Charges	241,877	263,558	295,459	281,742	283,568	293,128	277,096	339,774	271,767	303,787	303,533	315,538	3,470,829
U.L.I.D. Assessments	15,951	0	0	23,711	111,047	121,806	33,641	10,072	39,792	13,619	51	35,321	405,011
Connections & All Others	17,755	0	70,698	6,660	0	21,004	6,916	11,817	31,761	359,125	0	0	525,736
Proceeds of General Long Term Debt	0	0	0	0	0	0	0	5,895,851	0	0	0	0	5,895,851
<b>Total Cash Inflows</b>	275,583	263,558	366,157	312,113	394,615	435,939	317,653	6,257,514	343,320	676,531	303,584	350,859	10,297,426
<b>Cash Outflows</b>													
Salary	60,491	54,905	62,160	56,054	56,293	54,295	60,965	59,919	58,638	55,837	55,837	55,837	691,230
Benefits	22,339	19,040	17,429	24,898	19,332	18,069	26,679	19,834	21,904	21,601	19,879	19,879	250,883
Supplies	6,830	3,617	9,505	8,338	1,348	12,234	1,102	6,329	1,285	11,663	2,665	9,214	74,130
Professional Services	12,488	1,826	35	1,297	2,480	305	687	22,209	1,143	8,494	2,592	61,041	114,597
Communications	3,852	2,235	298	2,144	2,477	1,639	2,307	2,102	1,461	2,254	2,579	2,749	26,097
Training	0	0	296	0	21	22	0	0	0	0	662	814	1,815
Advertising	0	0	0	0	0	0	0	0	0	15	15	15	45
Operating Leases	6,879	6,985	7,040	6,835	6,811	6,870	6,886	6,981	6,886	6,783	6,963	7,031	83,049
Utilities	17,000	28,375	5,027	11,175	13,682	14,194	12,358	12,491	17,163	12,338	9,598	19,113	172,513
Repair & Maintenance	7,002	1,987	5,557	6,418	1,845	2,369	4,780	4,105	1,182	14,403	5,675	20,026	75,349
All Other Miscellaneous	693	2,523	0	0	0	507	0	38	1,780	96	337	0	5,973
Contingency	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Services & Charges	48,483	0	0	0	0	0	0	0	0	0	0	0	48,483
Intergovernmental	33,669	45,627	23,225	34,922	34,615	34,139	34,552	34,967	36,794	30,113	20,300	61,893	424,815
Capital Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Projects	64,249	28,213	846	4,097	2,239	24,693	1,638	5,020	13,126	6,007	6,007	0	156,135
Debt Service	302	0	0	0	24,762	775,480	0	5,785,280	0	0	0	0	311,962
<b>Total Cash Outflows</b>	284,278	195,333	131,418	156,176	165,906	944,914	151,952	5,959,274	161,362	169,604	133,109	569,575	9,022,900
<b>Ending Cash Balance</b>	173,653	241,878	476,617	632,554	861,263	352,287	517,988	816,228	998,187	1,505,115	1,675,590	1,456,874	1,456,874
Less: Capital Contingency Reserve	0	-217,392	-217,392	-217,392	-217,392	-217,392	-217,392	-217,392	-217,392	-217,392	-217,392	-217,392	-217,392
Less: Operating Reserve	-246,122	-246,122	-246,122	-246,122	-246,122	-246,122	-246,122	-246,122	-246,122	-246,122	-246,122	-246,122	-246,122
<b>Ending Unrestricted/Unreserved Cash</b>	-72,470	-221,636	13,102	169,039	397,748	-111,227	54,474	352,714	534,673	1,041,600	1,212,075	993,360	993,360

**City of Bainbridge Island 2011 Cash Flow Plan - Storm & Surface Water Fund**  
As of October 2011

	Actual Jan-11	Actual Feb-11	Actual Mar-11	Actual Apr-11	Actual May-11	Actual Jun-11	Actual Jul-11	Actual Aug-11	Actual Sep-11	Projected Oct-11	Projected Nov-11	Projected Dec-11	Total
<b>Beginning Cash Balance</b>	851,658	663,935	550,521	510,078	960,751	1,239,983	1,112,786	1,027,368	878,306	769,765	1,116,650	1,390,625	851,658
<b>Cash Inflows</b>													
Storm Water Management Charges	32,331	41,641	90,304	608,641	426,999	43,010	33,978	36,831	51,056	556,723	393,498	37,707	2,352,720
Connections & All Others	643	0	0	0	0	0	22,045	21,572	0	7,500	7,500	7,500	66,760
Interest on Investments	0	0	0	0	0	0	0	0	0	253	561	0	814
<b>Total Cash Inflows</b>	32,974	41,641	90,304	608,641	426,999	43,010	56,023	58,403	51,056	564,476	401,559	45,207	2,420,294
<b>Cash Outflows</b>													
Salary	75,544	65,034	63,853	63,333	52,088	51,378	55,782	66,037	63,717	60,213	60,213	60,213	737,405
Benefits	25,207	25,789	24,080	32,694	19,365	17,798	23,127	23,263	26,167	30,107	22,057	22,057	297,713
Supplies	2,908	5,214	10,108	4,697	3,151	3,715	1,260	4,885	1,780	6,639	953	9,521	54,831
Professional Services	20,122	10,854	4	6,212	10,864	11,595	18,501	32,977	23,732	47,498	2,618	42,027	227,005
Communications	136	420	249	294	343	291	178	108	-76	313	444	626	3,325
Training	0	0	296	1,116	19	69	415	0	-579	135	631	602	2,704
Operating Leases	7,155	7,513	7,117	7,011	6,918	7,137	6,991	7,645	7,644	6,935	7,207	7,366	86,639
Utilities	8,924	20,242	0	1,950	13,577	502	16,687	13,093	22,887	8,452	4,613	6,050	116,977
Repair & Maintenance	6,114	1,800	11,588	867	3,324	1,526	489	3,204	1,636	2,024	1,823	6,390	40,784
All Other Miscellaneous	643	6,281	0	0	0	547	0	34	89	0	696	721	9,010
Contingency	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Services & Charges	43,725	0	0	0	0	0	0	0	0	0	0	0	43,725
Intergovernmental	30,217	11,909	11,898	14,928	22,197	18,923	12,010	22,216	11,904	9,368	15,829	35,438	216,837
Capital Equipment	0	0	0	0	9,723	0	0	0	0	0	0	0	9,723
Capital Projects	0	0	1,554	24,866	6,198	2,269	0	34,004	696	45,907	10,500	9,000	134,994
Debt Service	0	0	0	0	0	54,458	0	0	0	0	0	0	54,458
<b>Total Cash Outflows</b>	220,697	155,056	130,747	157,968	147,767	170,207	141,441	207,465	159,598	217,591	127,584	200,011	2,036,130
<b>Ending Cash Balance</b>	663,935	550,521	510,078	960,751	1,239,983	1,112,786	1,027,368	878,306	769,765	1,116,650	1,390,625	1,235,822	1,235,822
Less: Capital Contingency Reserve	0	-83,068	-83,068	-83,068	-83,068	-83,068	-83,068	-83,068	-83,068	-83,068	-83,068	-83,068	-83,068
Less: Operating Reserve	-229,619	-229,619	-229,619	-229,619	-229,619	-229,619	-229,619	-229,619	-229,619	-229,619	-229,619	-229,619	-229,619
<b>Ending Unrestricted/Unreserved Cash</b>	434,316	237,833	197,391	648,063	927,296	800,099	714,681	565,619	457,078	803,963	1,077,938	923,135	923,135