



City of Bothell™

**June 20, 2016**

Council, Citizens and Stakeholders:

Attached for your review is the City's quarterly budget status report as of March 31, 2016.

The General Fund's operating surplus through five quarters of the eight-quarter biennium was \$641,040 – up from \$181,705 at the end of the fourth quarter. This increase resulted primarily from one-time development receipts and interest revenues that were booked in the fifth quarter.

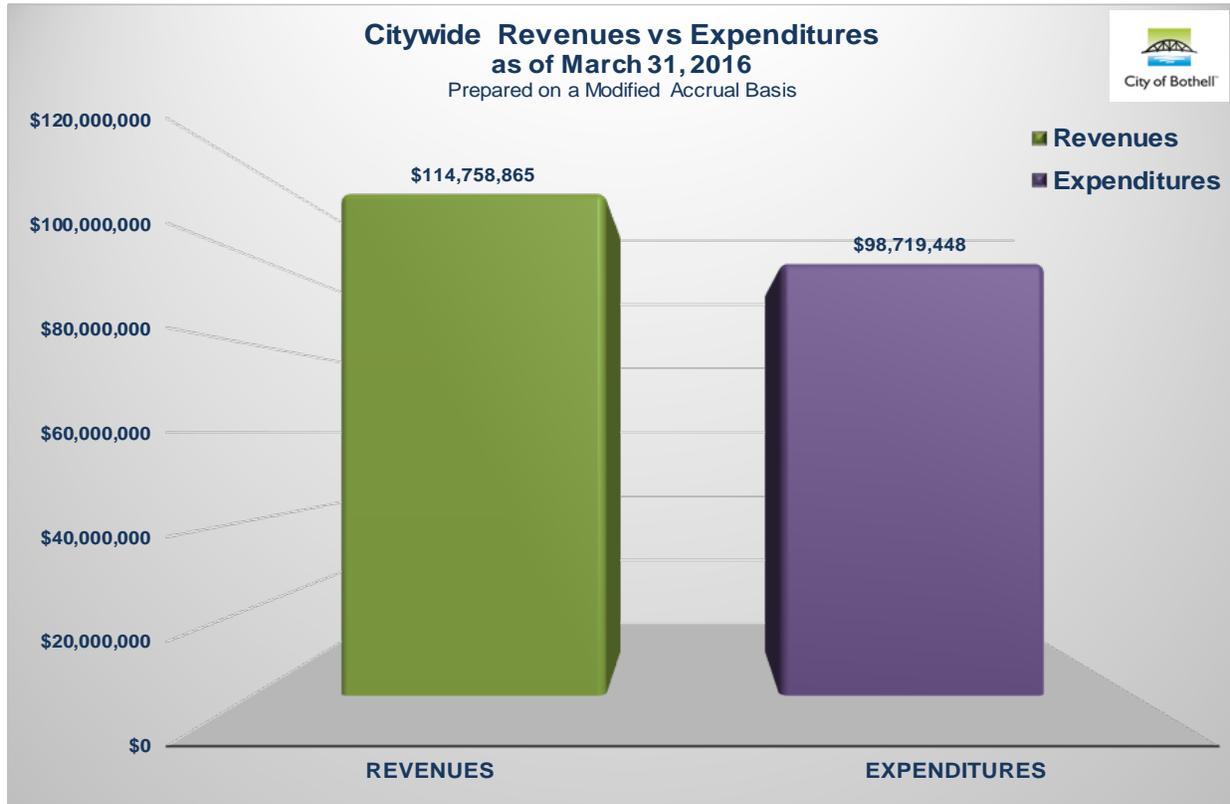
As outlined in the adopted 2015-2016 budget, \$600,000 in excess revenues was anticipated in both years to help reinstate the General Fund operating and Asset Replacement Fund reserves. Both funds were spent down to maintain service levels during the aftermath of the Great Recession.

In 2016, staff anticipates a significant amount of unbudgeted expenditures – similar to what the City experienced in 2015. Revenues and expenditures continue to be closely monitored to determine if budget modifications are necessary in order to maintain the City's prescribed year-end fiscal position (fund balance).

Please contact the City's Finance Director if you have any questions concerning this financial report.

**2015-2016**  
**Budget Status Report**  
**For the Quarter Ending March 31, 2016**  
**Executive Summary**

On March 31, 2016, the City concluded the fifth quarter of the 2015-2016 biennium. The budget period described in this report is 62.5% complete.



### Citywide Fifth Quarter Highlights

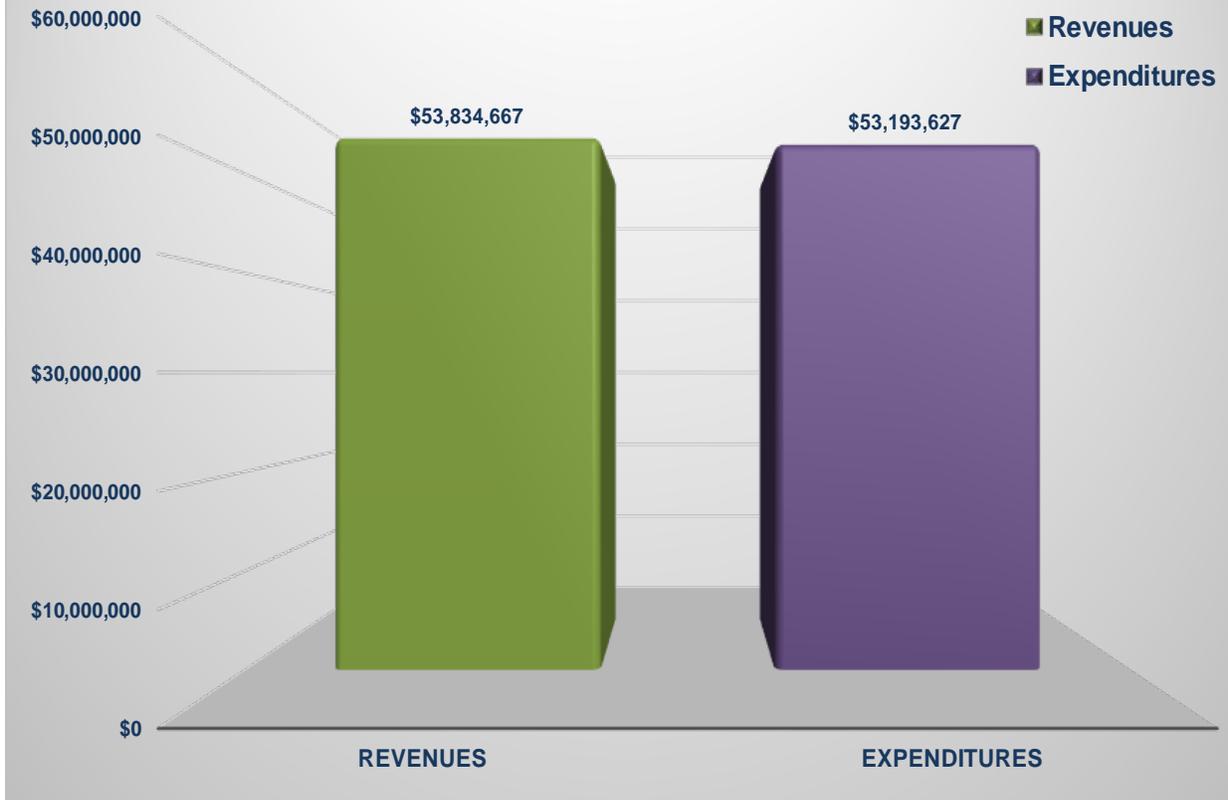
First quarter 2016 retail sales tax was up \$296,081 (17.1%) over the first quarter of 2015.

Major first quarter 2016 development revenues versus 2015:

- Construction sales tax: up \$60,301 (13.6%)
- Building permits: up \$219,516 (104.8%)
- Plumbing/mechanical permits: up \$53,255 (128.8%)
- Pre-application fees: up \$4,146 (51.7%)
- Plan check fees: up \$30,993 (19.4%)
- Development review fees: down \$3,167 (1.7%)

## General Fund Revenues vs Expenditures as of March 31, 2016

Prepared on a Modified Accrual Basis



Budget vs Actual Figures		Inflow/Outflow	2015-16 Budget	% of Budget
CITYWIDE TOTAL*	Inflow	\$114,758,865	\$203,147,394	56.5%
	Outflow	\$98,719,448	\$219,764,485	44.9%
<u>GENERAL FUND</u>	Inflow	\$53,834,667	\$87,498,323	61.5%
	Outflow	\$53,193,627	\$87,689,520	60.7%
<u>STREET FUND</u>	Inflow	\$2,049,643	\$3,581,576	57.2%
	Outflow	\$2,912,957	\$5,335,194	54.6%
<u>CAPITAL IMPROVEMENTS FUND*</u>	Inflow	\$19,075,974	\$35,265,054	54.1%
	Outflow	\$12,387,567	\$35,765,646	34.6%
<u>PROPRIETARY FUNDS</u>	Inflow	\$33,189,366	\$62,772,385	52.9%
	Outflow	\$25,816,785	\$80,760,395	32.0%

\*Excludes offsetting revenue and expenditure entries related to the initial valuation booking of the City Hall capital lease, which are non-budgeted figures similar to long-term pension liability.

The City Council requested that the following financial activities be tracked and reported in Bothell's Quarterly Budget Status Report.

2016 Development Review Fees	Inflow	\$217,076	Includes Accounts Receivable Includes Overhead
	Outflow	(\$375,452)	
	Net	(\$158,376)	
2016 Permitting Fees	Inflow	\$714,513	Includes Overhead
	Outflow	(\$559,522)	
	Net	\$154,991	
2016 CFP Staff	Inflow	\$423,569	2016 Reimbursement to GF 2016 GF Salaries/Benefits
	Outflow	(\$423,569)	
	Net	\$0	
2016 Utility Tax Rebates	2016	\$0	No rebates in Q1 3 rebates in Q1
	2015	\$225	
	Difference	(\$225)	

### Economic Indicators

March 2016 unemployment rates:

<a href="#">United States:</a>	5.0%
<a href="#">Washington State:</a>	5.8%
<a href="#">Seattle/Bellevue/Everett:</a>	4.9%

### [Consumer Price Index \(CPI\) data:](#)

CPI-U (all urban consumers)

- U.S. city average, Jan 2016 – March 2016 0.5%
- Seattle/Tacoma/Bremerton, Dec 2015 – Feb 2016 0.2%
- U.S. city average, March 2015 – March 2016 0.9%
- Seattle/Tacoma/Bremerton, Feb 2015 – Feb 2016 2.2%

CPI-W (urban wage earners)

- U.S. city average, Jan 2016 – March 2016 0.5%
- Seattle/Tacoma/Bremerton, Dec 2015 – Feb 2016 0.1%
- U.S. city average, March 2015 – March 2016 0.5%
- Seattle/Tacoma/Bremerton, Feb 2015 – Feb 2016 2.4%

### Economic Forecast

The State Economic and Revenue Forecast Council's [February forecast](#) states that the national economy slowed sharply in the fourth quarter of 2015, but moderate recovery should continue. The state economy continued to expand at a solid pace, though forecasts for employment growth, income growth, and inflation have been lowered due to the weaker national forecast.

Annual Washington exports declined for the first time since 2009. Construction employment growth has slowed in the last year. Inflation estimates have decreased – the expected all-items Seattle CPI is now expected to rise only 1.6% in 2016.