



City of Bothell™

December 12, 2016

Council, Citizens and Stakeholders:

Attached for your review is the City's quarterly budget status report as of September 30, 2016.

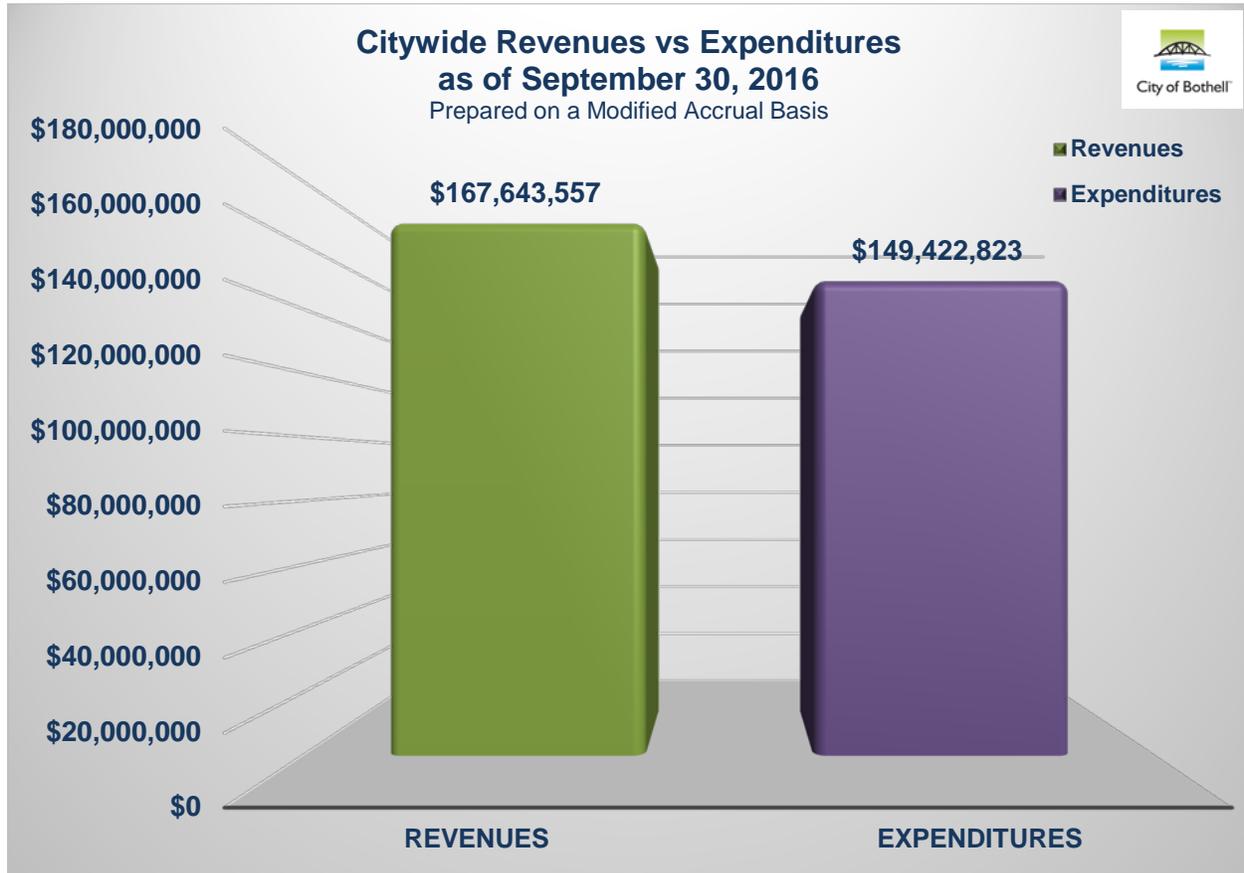
The General Fund's operating deficit through seven quarters of the 2015-2016 budget totaled \$496,611. The deficit is due to a significant number of unbudgeted expenditures that occurred in both 2015 and 2016.

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. Reestablishing these reserves will need to be a primary focus during the 2017-2018 biennium.

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 September 30, 2016
Executive Summary

On September 30, 2016, the City concluded the seventh quarter of the 2015-2016 biennium. The budget period described in this report is 87.5% complete.



Citywide Seventh Quarter Highlights

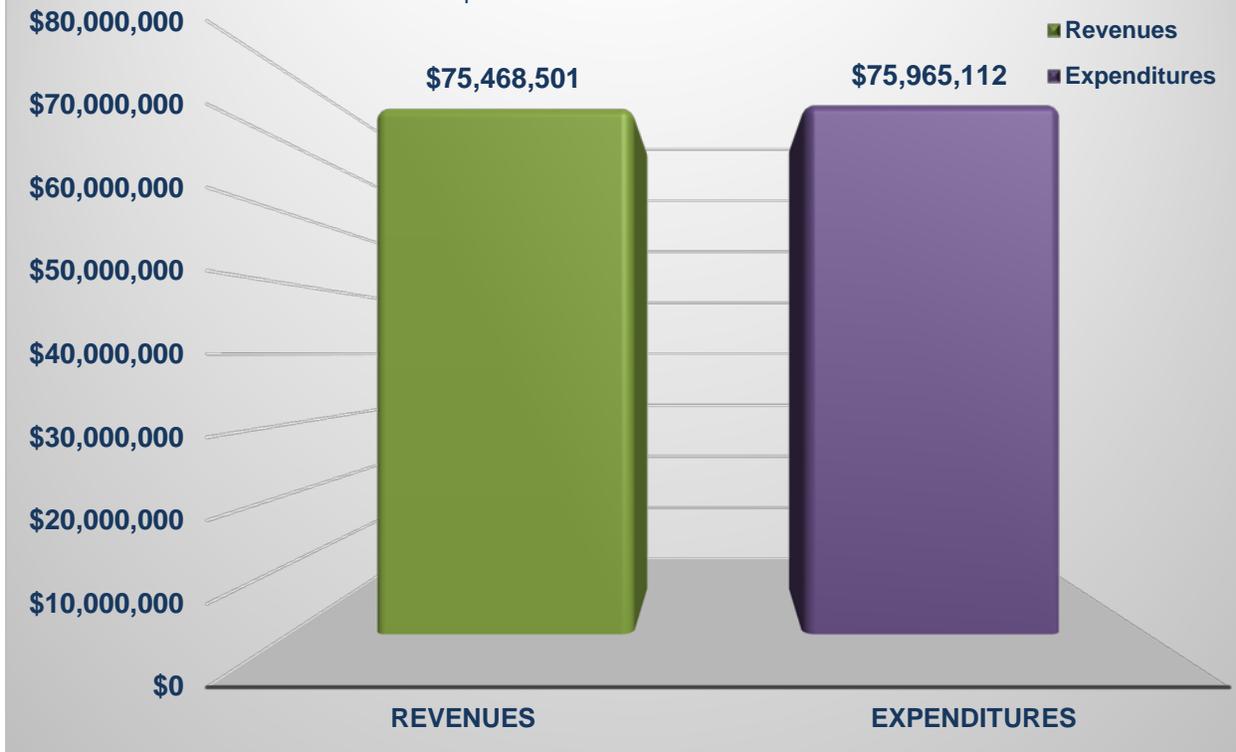
Retail sales tax receipts for 2016 were up \$614,710 (10.8%) over the first three quarters of 2015.

Major 2016 development revenues versus 2015:

- Construction sales tax: up \$14,514 (0.9%)
- Building permits: up \$379,452 (45.6%)
- Plumbing/mechanical permits: up \$74,791 (39.1%)
- Pre-application fees: down \$4,847 (9.8%)
- Plan check fees: up \$121,812 (24.4%)
- Development review fees: up \$27,489 (4.6%)

General Fund Revenues vs Expenditures as of September 30, 2016

Prepared on a Modified Accrual Basis



Budget vs Actual Figures		Inflow/Outflow	2015-16 Budget	% of Budget
CITYWIDE TOTAL*	Inflow	\$167,643,557	\$203,147,394	82.5%
	Outflow	\$149,422,823	\$219,764,485	68.0%
<u>GENERAL FUND</u>	Inflow	\$75,468,501	\$87,498,323	86.3%
	Outflow	\$75,965,112	\$87,689,520	86.6%
<u>STREET FUND</u>	Inflow	\$3,361,350	\$3,581,576	93.9%
	Outflow	\$4,187,508	\$5,335,194	78.5%
<u>CAPITAL IMPROVEMENTS FUND*</u>	Inflow	\$28,418,342	\$35,265,054	80.6%
	Outflow	\$19,957,285	\$35,765,646	55.8%
<u>PROPRIETARY FUNDS</u>	Inflow	\$49,582,071	\$62,772,385	79.0%
	Outflow	\$43,151,435	\$80,760,395	53.4%

*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	\$881,661	Includes Accounts Receivable Includes Overhead
	Outflow	(\$1,054,385)	
	Net	(\$172,724)	
2016 Permitting Fees	Inflow	\$2,099,843	Includes Overhead
	Outflow	(\$1,713,333)	
	Net	\$386,510	
2016 CFP Staff	Inflow	\$1,184,264	2016 Reimbursement to GF 2016 GF Salaries/Benefits
	Outflow	(\$1,184,264)	
	Net	\$0	
Utility Tax Rebates	2016	\$1,900	24 rebates Q1-Q3
	2015	\$1,650	23 rebates Q1-Q3
	Difference	\$250	

Economic Indicators

September 2016 unemployment rates:

United States:	5.0%
Washington State:	5.6%
Seattle/Bellevue/Everett:	3.9%

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

CPI-U (all urban consumers)

- U.S. city average, July 2016 – September 2016 0.3%
- Seattle/Tacoma/Bremerton, June 2016 – August 2016 0.3%
- U.S. city average, September 2015 – September 2016 1.5%
- Seattle/Tacoma/Bremerton, August 2015 – August 2016 2.1%

CPI-W (urban wage earners)

- U.S. city average, July 2016 – September 2016 0.3%
- Seattle/Tacoma/Bremerton, June 2016 – August 2016 0.2%
- U.S. city average, September 2015 – September 2016 1.2%
- Seattle/Tacoma/Bremerton, August 2015 – August 2016 2.0%

Economic Forecast

The State Economic and Revenue Forecast Council's [September forecast](#) states that the national economy continued to grow weakly in the second quarter of 2016. Moderate economic growth is expected to continue; employment growth is expected to be 1.8% in 2016 and then 0.7% per year from 2017 through 2021.

The state economy is expanding at a higher rate than was anticipated in the June forecast. Washington employment growth is now expected to reach 2.8% in 2016, and then average 1.3% per year from 2017 through 2021.