



April 8, 2016

Council, Citizens and Stakeholders:

Attached for your review is the City's quarterly budget status report as of December 31, 2015. The City is in the process of preparing its 2015 financial statements for review by the State Auditor's Office. As in past years, the audited Comprehensive Annual Financial Report (CAFR) will be available in June.

The General Fund's operating surplus through four quarters of the eight-quarter biennium was \$181,705 – down from \$199,701 at the end of the third quarter. As outlined in the 2015-2016 adopted budget, \$600,000 per year in excess revenues was anticipated to help reinstate operating reserves, which were spent down maintaining service delivery levels during the aftermath of the Great Recession.

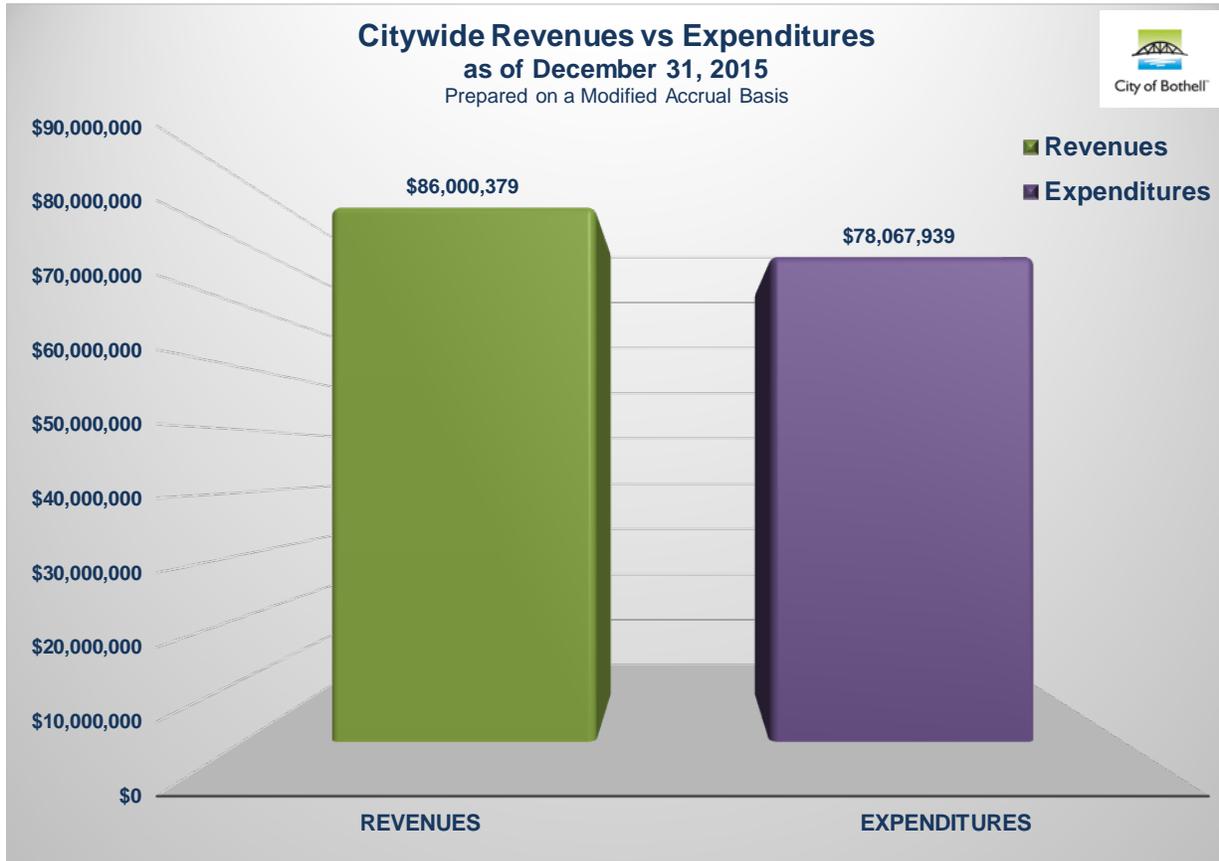
A number of unbudgeted expenditures (and one revenue shortfall) made up the majority of the difference between the actual operating surplus and the \$600,000 goal:

- \$70,016 – Property tax receipts were less than the amount levied. These receipts are going to be collected in the future – most likely in 2016.
- \$37,561 – The City paid additional sales/use tax to the Department of Revenue (DOR) following an audit of the operating periods 2011 through 2014.
- \$83,351 – A number of expenditures connected with the move into the new City Hall occurred in the fourth quarter. For example, the purchase of a motorized floor scrubber, multiple monthly facility maintenance contract payments (facility, living wall and parking garage) that were tentatively budgeted in the Capital Improvements Fund under the City Hall project coding.
- \$69,958 – Three unexpected director recruitments took place in 2015 (Community Development, Human Resources and Parks & Recreation departments). A fourth recruitment for a new City Attorney is currently underway.
- \$90,000 – An operating transfer was needed to cover a shortfall in the 2008 GO Refunding Bond Fund. These monies are to be recouped through 2016-2017 property tax receipts.
- \$24,920 – The City's aging telephone systems in Police and Fire buildings are being upgraded to enable compatibility with the new City Hall system. An additional \$45,000 is being spent in 2016. The City is realizing a savings of \$50,000 by expanding the new City Hall system to include Police and Fire as compared to installing new standalone systems that would be required in the near future.
- \$8,225 – Parks & Recreation purchased a new turf sweeper needed to groom the artificial turf playing fields and remove any sharp and dangerous objects from the turf.

Please contact the City's Finance Director if you have any questions concerning the attached financial data, or any feedback regarding the new online format.

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

On December 31, 2015, the City concluded the fourth quarter of the 2015-2016 biennium. The budget period described in this report is 50% complete.



Citywide Fourth Quarter Highlights

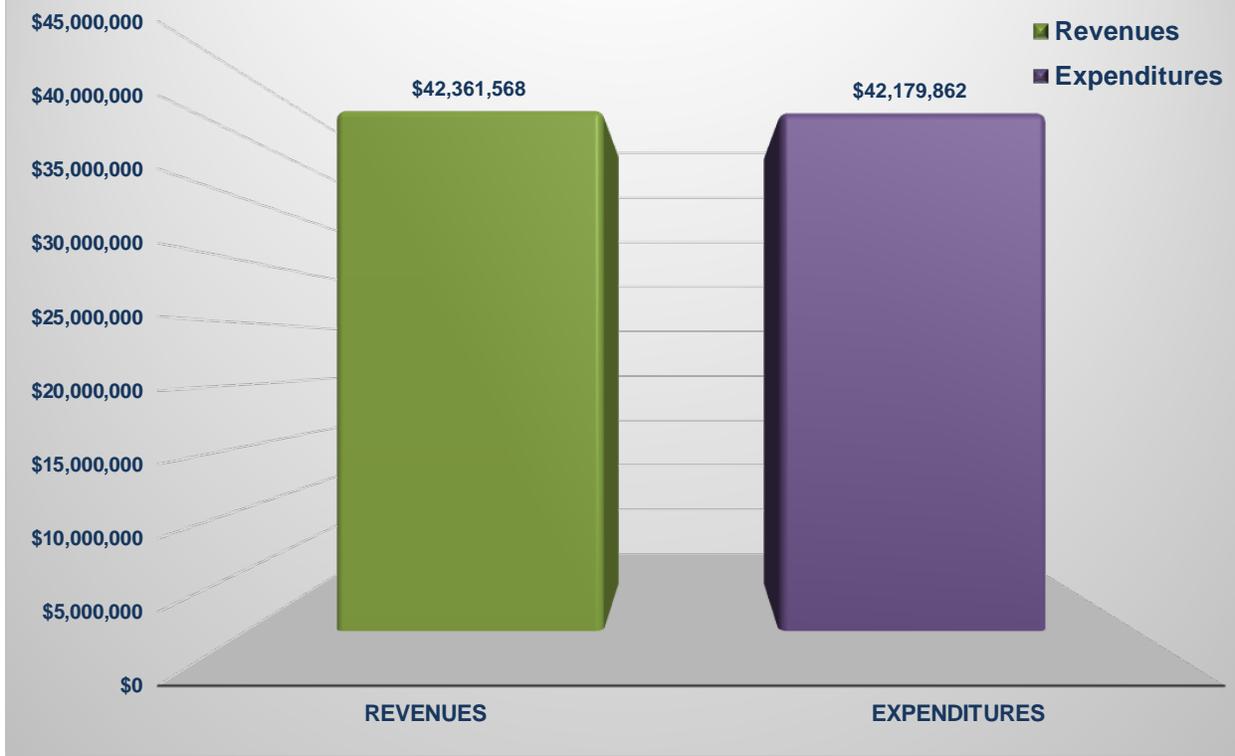
Retail sales tax for 2015 is up \$38,919 (0.5%) over the previous year. 2014 revenue included a one-time Department of Revenue (DOR) allocation (\$323,500).

Major 2015 development revenues versus 2014:

- Construction sales tax: up \$155,117 (7.7%)
- Building permits: down \$19,161 (1.9%)
- Plumbing/mechanical permits: up \$13,270 (6.3%)
- Pre-application fees were up \$30,401 (68.4%)
- Plan check fees: down \$192,060 (20.3%)
- Development review fees: down \$71,584 (8.5%)

General Fund Revenues vs Expenditures as of December 31, 2015

Prepared on a Modified Accrual Basis



Budget vs Actual Figures		Inflow/Outflow	2015-16 Budget	% of Budget
CITYWIDE TOTAL	Inflow	\$86,000,379	\$203,147,394	42.3%
	Outflow	\$78,067,939	\$219,764,485	35.5%
<u>GENERAL FUND</u>	Inflow	\$42,361,568	\$87,498,323	48.4%
	Outflow	\$42,179,862	\$87,689,520	48.1%
<u>STREET FUND</u>	Inflow	\$1,503,412	\$3,581,576	42.0%
	Outflow	\$2,374,281	\$5,335,194	44.5%
<u>CAPITAL IMPROVEMENTS FUND</u>	Inflow	\$11,091,474	\$35,265,054	31.5%
	Outflow	\$9,129,287	\$35,765,646	25.5%
<u>PROPRIETARY FUNDS</u>	Inflow	\$26,048,512	\$62,772,385	41.5%
	Outflow	\$20,368,109	\$80,760,395	25.2%

Council Emphasis Areas		Inflow/Outflow	Comments
Development Review Fees	Inflow	\$981,075	Includes Accounts Receivable Includes Overhead
	Outflow	(\$1,427,916)	
	Net	(\$446,841)	
Permitting Fees	Inflow	\$1,973,406	Includes Overhead
	Outflow	(\$1,945,078)	
	Net	\$28,328	
CFP Staff	Inflow	\$1,470,345	2015 Reimbursement to GF 2015 GF Salaries/Benefits
	Outflow	(\$1,470,345)	
	Net	\$0	
Utility Tax Rebates	2015	\$2,375	33 Rebates
	2014	\$3,225	41 Rebates
	Difference	(\$850)	

The City Council requested that certain financial activities be tracked and reported in Bothell's Quarterly Budget Status Report. These activities are summarized above.

Economic Indicators

December 2015 unemployment rates:

United States:	5.0%
Washington State:	5.5%
Seattle/Bellevue/Everett:	4.6%

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

CPI-U (all urban consumers)

- U.S. city average, Oct 2015 – Dec 2015 -0.6%
- Seattle/Tacoma/Bremerton, Oct 2015 – Dec 2015 -0.2%
- U.S. city average, Dec 2014 – Dec 2015 0.7%
- Seattle/Tacoma/Bremerton, Dec 2014 – Dec 2015 2.2%

CPI-W (urban wage earners)

- U.S. city average, Oct 2015 – Dec 2015 -0.7%
- Seattle/Tacoma/Bremerton, Oct 2015 – Dec 2015 -0.1%
- U.S. city average, Dec 2014 – Dec 2015 0.4%
- Seattle/Tacoma/Bremerton, Dec 2014 – Dec 2015 2.3%

Economic Forecast

The State Economic and Revenue Forecast Council's [November 2015 forecast](#) states that both the national and state economies continue to expand. Growth is expected to moderate as the recovery matures, but underlying trends remain positive.

Washington employment has grown less than was expected in the September 2015 forecast, mainly due to a slowdown in construction employment growth. Exports and manufacturing activity have both weakened, but lower oil prices have helped keep inflation moderate.