



City of Bothell™

October 28, 2016

Council, Citizens and Stakeholders:

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

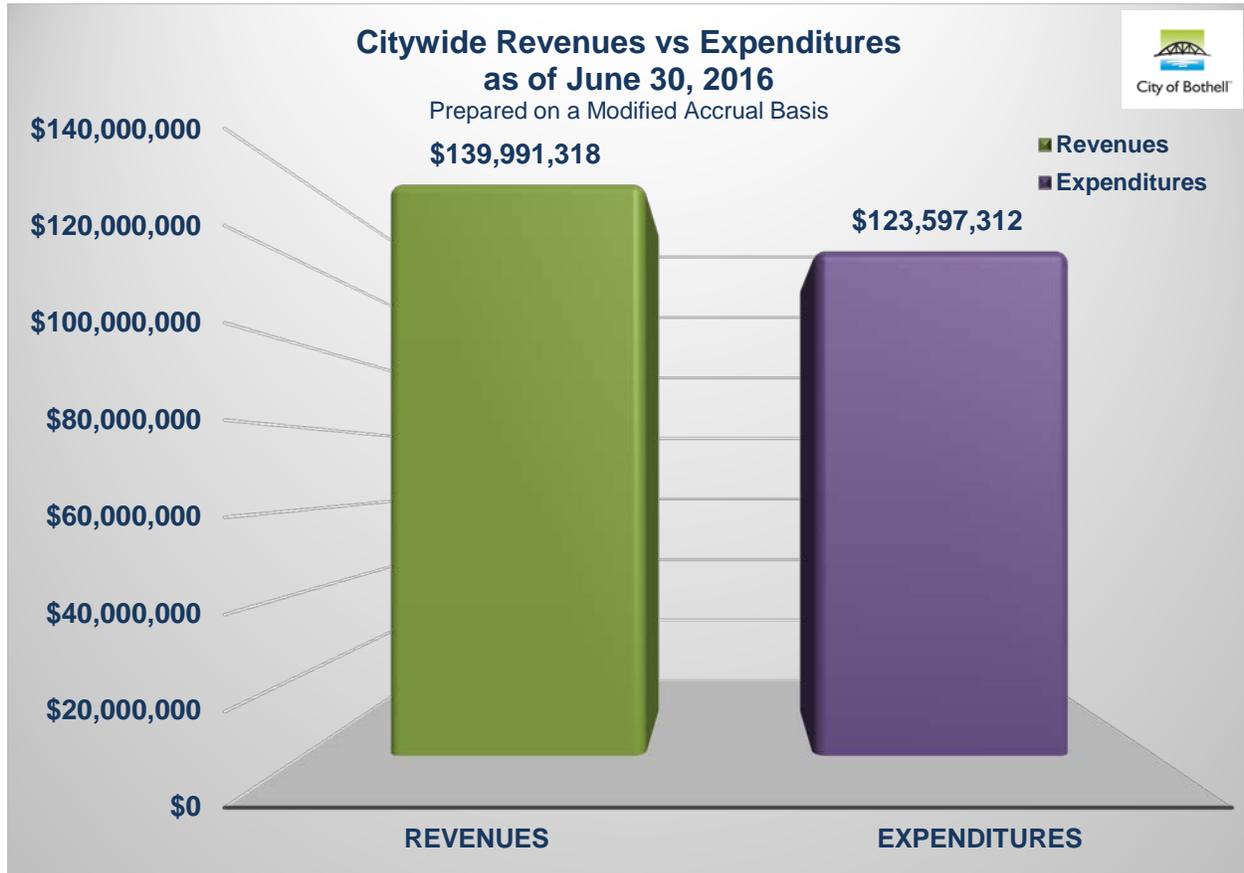
The General Fund's ongoing operating surplus through five quarters of the 2015-2016 budget was diminished to a \$248,824 deficit at the end of the sixth quarter. This decrease resulted primarily from various one-time unanticipated expenditures.

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, but at this point it is unlikely the anticipated surplus will materialize.

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 June 30, 2016
Executive Summary

On June 30, 2016, the City concluded the sixth quarter of the 2015-2016 biennium. The budget period described in this report is 75% complete.

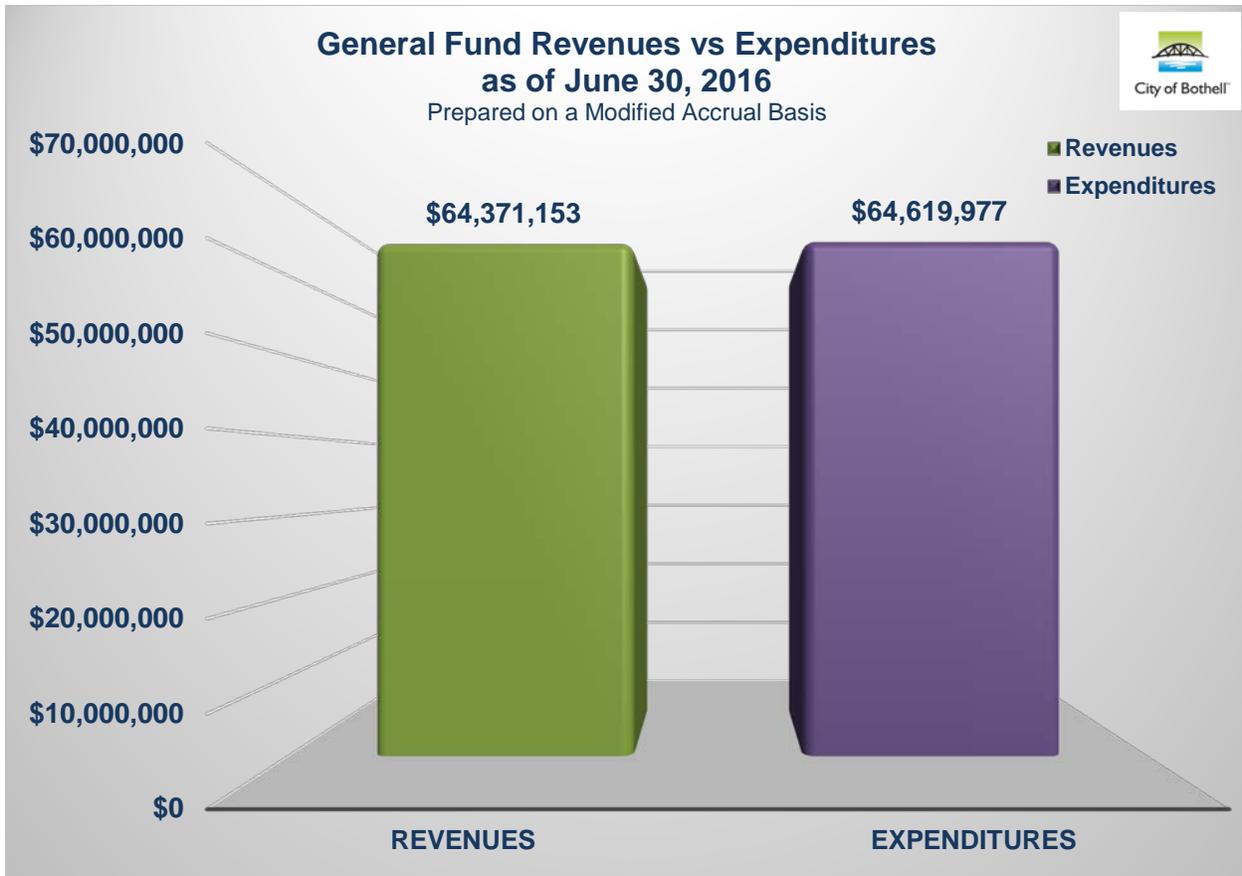


Citywide Sixth Quarter Highlights

2016 retail sales tax revenues were up \$462,576 (12.4%) over the first half of 2015.

Major 2016 development revenues versus 2015:

- Construction sales tax: up \$50,146 (5.0%)
- Building permits: up \$203,469 (34.9%)
- Plumbing/mechanical permits: up \$57,953 (50.7%)
- Pre-application fees: up \$5,027 (19.3%)
- Plan check fees: up \$151,882 (43.9%)
- Development review fees: down \$36,818 (8.7%)



Budget vs Actual Figures		Inflow/Outflow	2015-16 Budget	% of Budget
CITYWIDE TOTAL*	Inflow	\$139,991,318	\$203,147,394	68.9%
	Outflow	\$123,597,312	\$219,764,485	56.2%
<u>GENERAL FUND</u>	Inflow	\$64,371,153	\$87,498,323	73.6%
	Outflow	\$64,619,977	\$87,689,520	73.7%
<u>STREET FUND</u>	Inflow	\$2,651,929	\$3,581,576	74.0%
	Outflow	\$3,509,233	\$5,335,194	65.8%
<u>CAPITAL IMPROVEMENTS FUND*</u>	Inflow	\$22,038,862	\$35,265,054	62.5%
	Outflow	\$14,825,020	\$35,765,646	41.5%
<u>PROPRIETARY FUNDS</u>	Inflow	\$41,714,441	\$62,772,385	66.5%
	Outflow	\$35,367,289	\$80,760,395	43.8%

*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	\$508,446	Includes Accounts Receivable Includes Overhead
	Outflow	(\$697,593)	
	Net	(\$189,147)	
2016 Permitting Fees	Inflow	\$1,456,151	Includes Overhead
	Outflow	(\$1,110,362)	
	Net	\$345,789	
2016 CFP Staff	Inflow	\$815,997	2016 Reimbursement to GF 2016 GF Salaries/Benefits
	Outflow	(\$815,997)	
	Net	\$0	
2016 Utility Tax Rebates	2016	\$400	5 rebates in Q1/Q2
	2015	\$225	3 rebates in Q1/Q2
	Difference	\$175	

Economic Indicators

June 2016 unemployment rates:

United States:	4.9%
Washington State:	5.8%
Seattle/Bellevue/Everett:	4.6%

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

CPI-U (all urban consumers)

- U.S. city average, April 2016 – June 2016 0.7%
- Seattle/Tacoma/Bremerton, April 2016 – June 2016 0.9%
- U.S. city average, June 2015 – June 2016 1.0%
- Seattle/Tacoma/Bremerton, June 2015 – June 2016 1.8%

CPI-W (urban wage earners)

- U.S. city average, April 2016 – June 2016 0.8%
- Seattle/Tacoma/Bremerton, April 2016 – June 2016 1.0%
- U.S. city average, June 2015 – June 2016 0.6%
- Seattle/Tacoma/Bremerton, June 2015 – June 2016 2.0%

Economic Forecast

The State Economic and Revenue Forecast Council's [June forecast](#) states that the national economy grew at a weak pace in the first quarter of 2016, but moderate recovery should continue. The state economy expanded at a faster than expected pace, but exports continue to decline and the manufacturing sector is struggling.

Washington employment growth is expected to grow 2.4% in 2016, and to average 1.3% per year in 2017 through 2021.