

# Finance Update

Expenses through July 2020  
& Revenue Forecast



# Revenue Bond Refunding

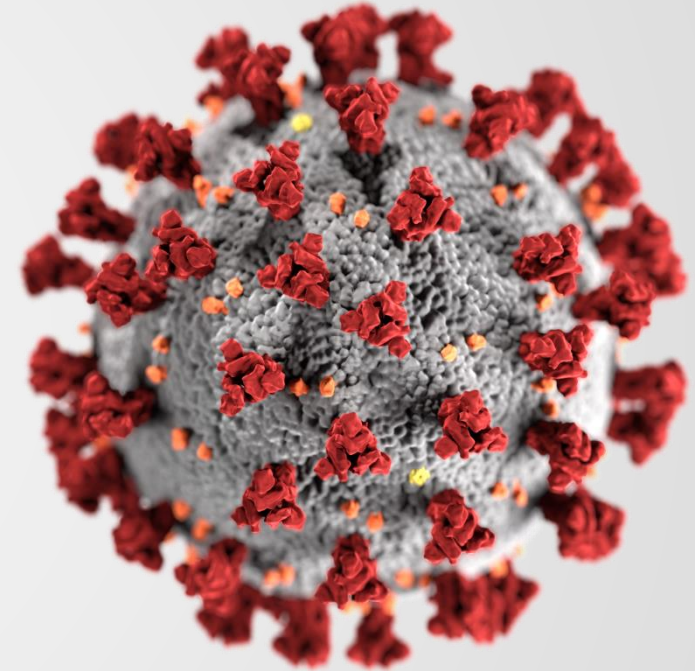
- Refunding 2011, 2012 and 2013 Revenue Bonds (not 2015)

Name of issuance/purpose	Original issue amount	Issue date	Maturity date	Interest rates	Debt outstanding
<b>Business-type activities</b>					
11 Water/Sewer system improvements	\$ 42,655,000	09/27/11	08/01/41	2.00 - 5.00%	\$ 38,485,000
12 Water/Sewer Rfdg 04 bond system imprvmts	3,275,000	03/29/12	08/01/24	2.00 - 4.00%	1,820,000
13 Water/Sewer system improvements	15,785,000	08/27/13	08/01/43	4.25 - 5.00%	15,570,000
15 Water/Sewer Rfdg 06 bond system imprvmts	4,035,000	11/10/15	08/01/26	2.17%	2,861,000
Total revenue bonds outstanding	<u>\$ 65,750,000</u>				<u>\$ 58,736,000</u>

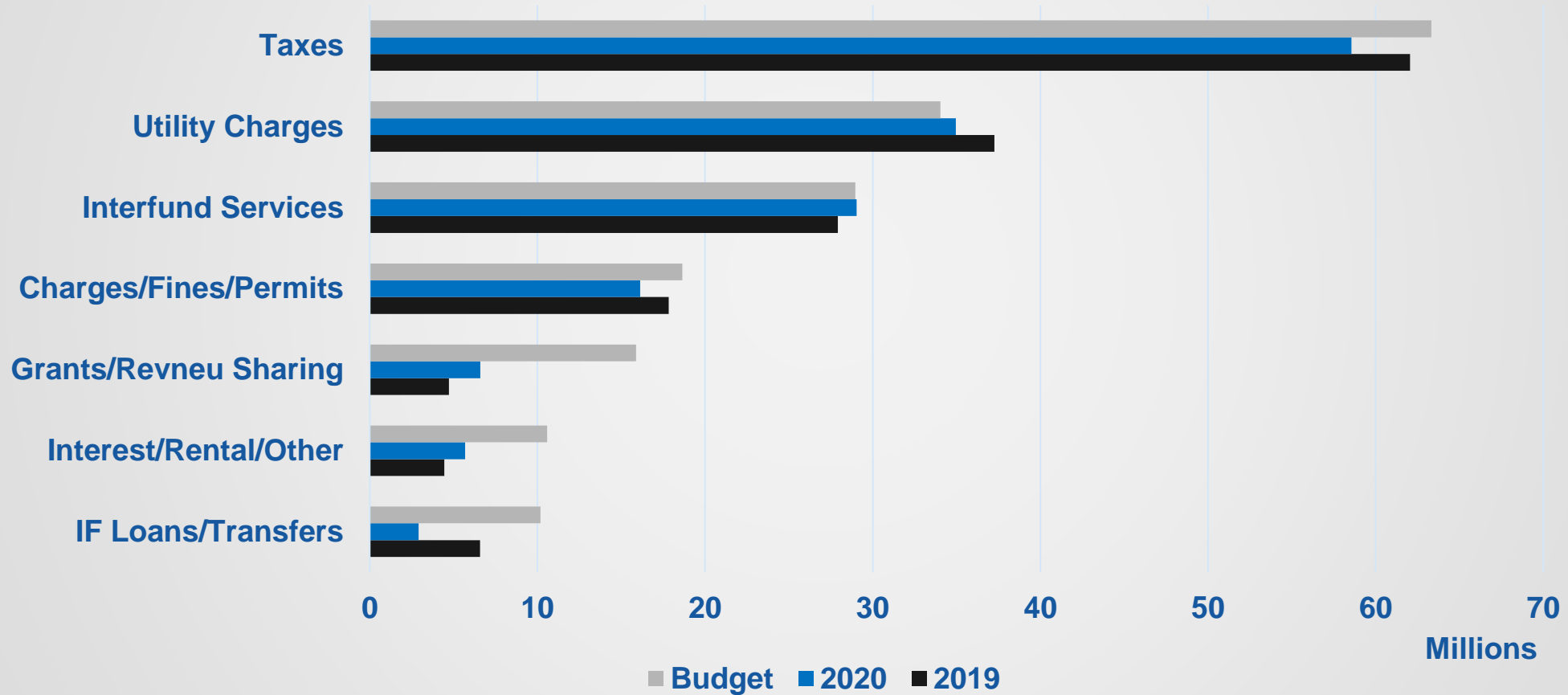
- Aa2 Bond rating from Moody's
- Net Present Value savings of \$12,887,735
- Average annual savings of approximately \$735,000

# COVID-19 Expenses

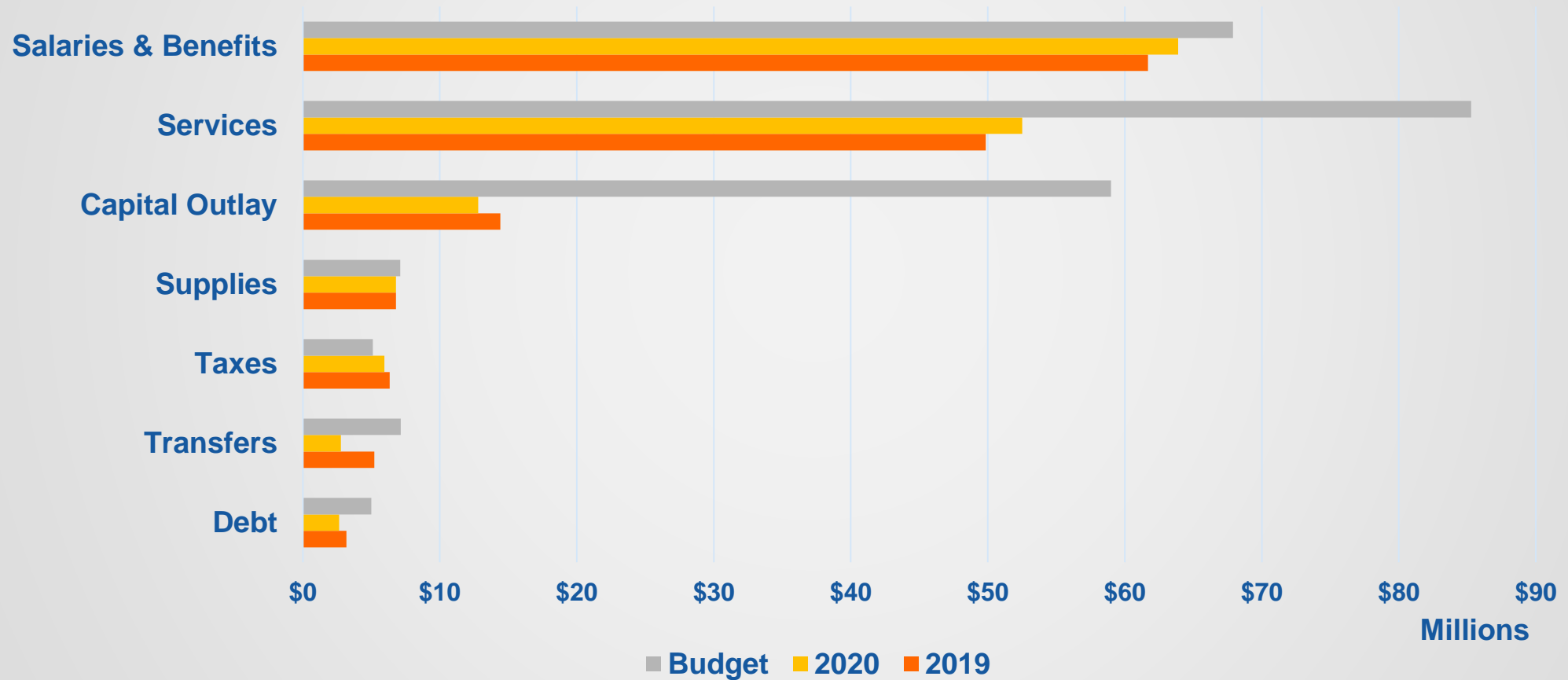
- Citywide - \$2,100,000
  - Salaries & Benefits - \$889,000
  - It Equipment & Software - \$378,000
  - PPE & Supplies - \$350,000
  - Base Camp - \$330,000
  - Sick Leave - \$140,000
- OEM (Office of Emergency Management)
  - Salaries & Benefits - \$552,000
    - OEM Employees - \$138,700
    - Reassigned Personnel - \$413,400



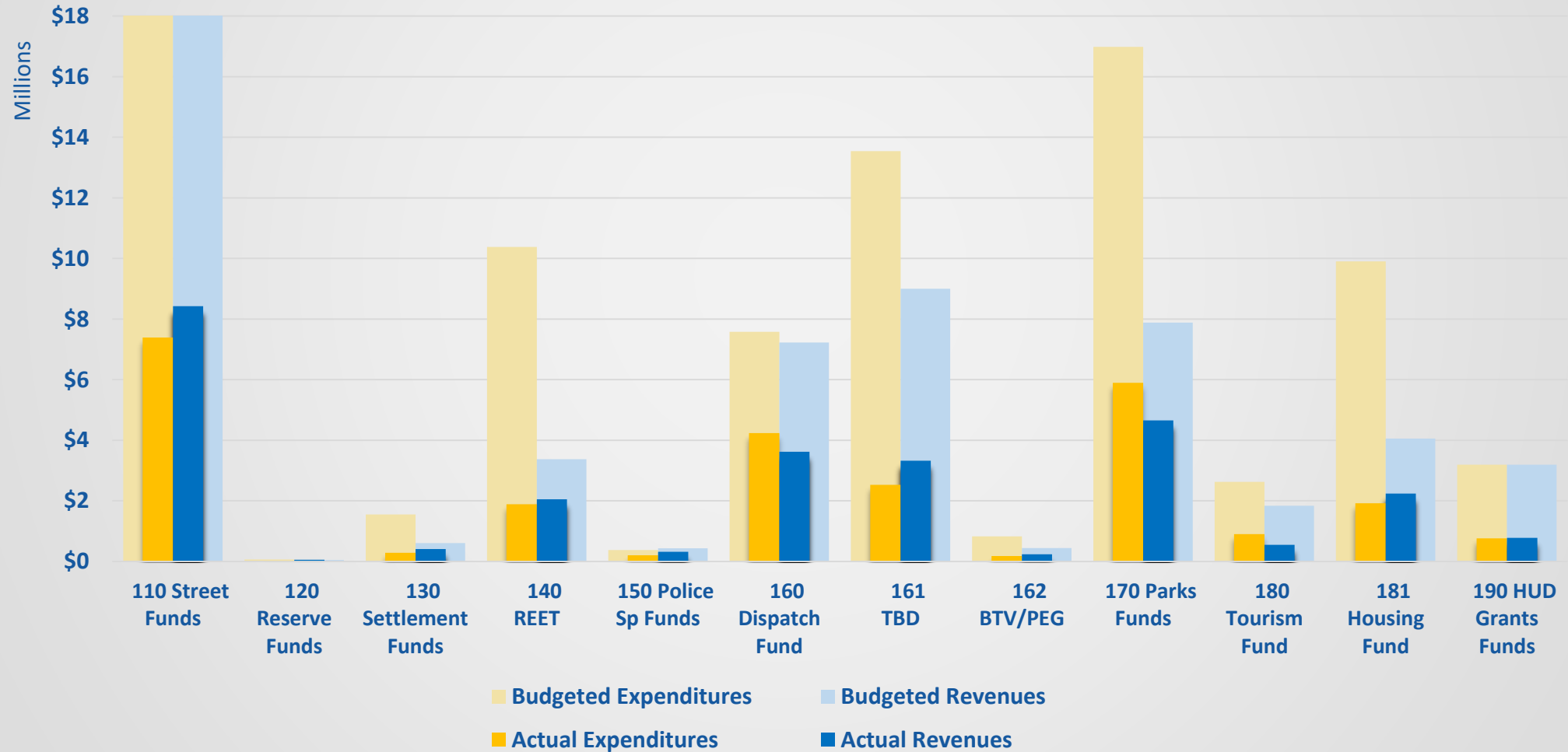
# Citywide Revenues - \$154 M



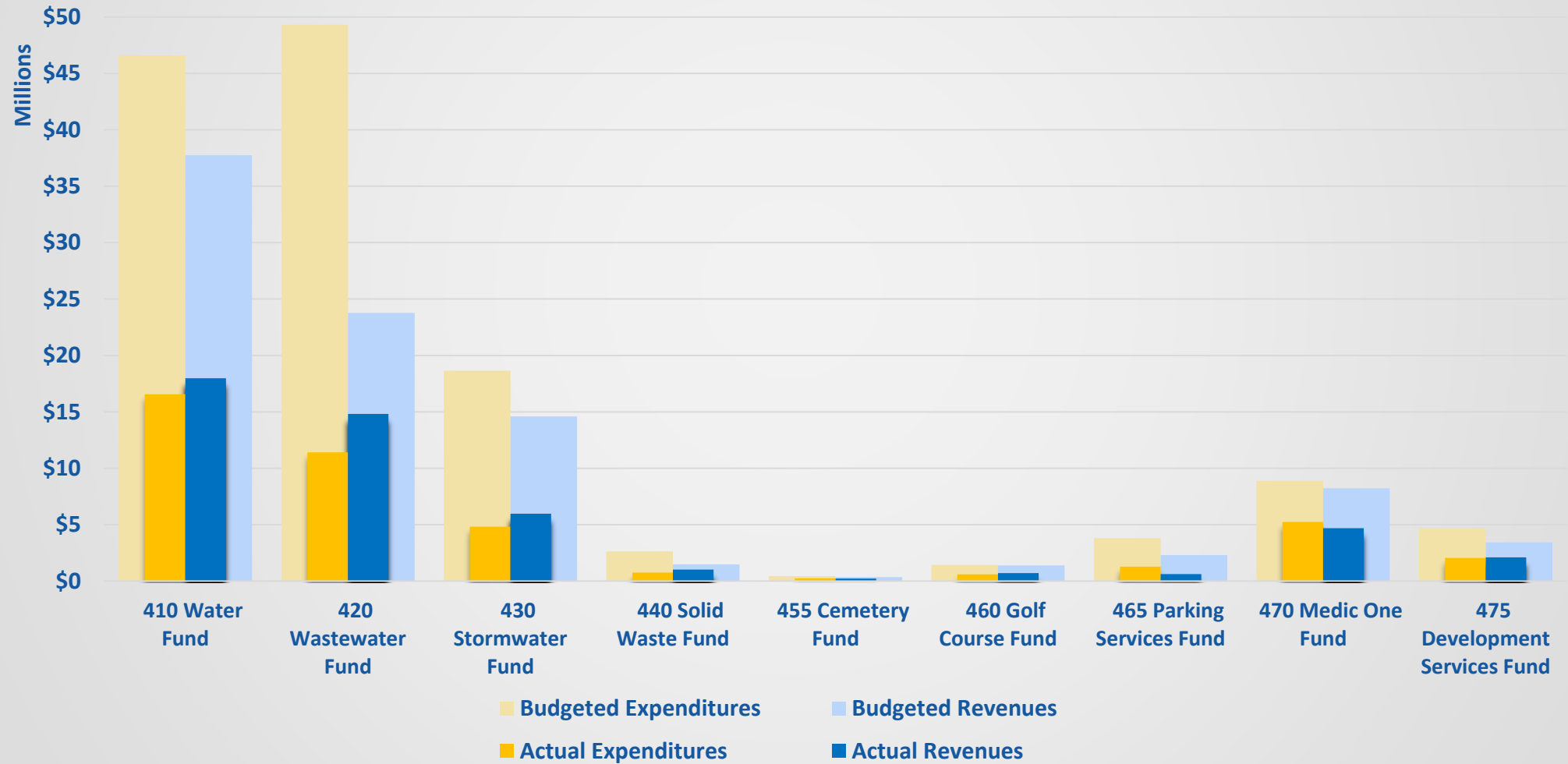
# Citywide Expenses - \$147 M



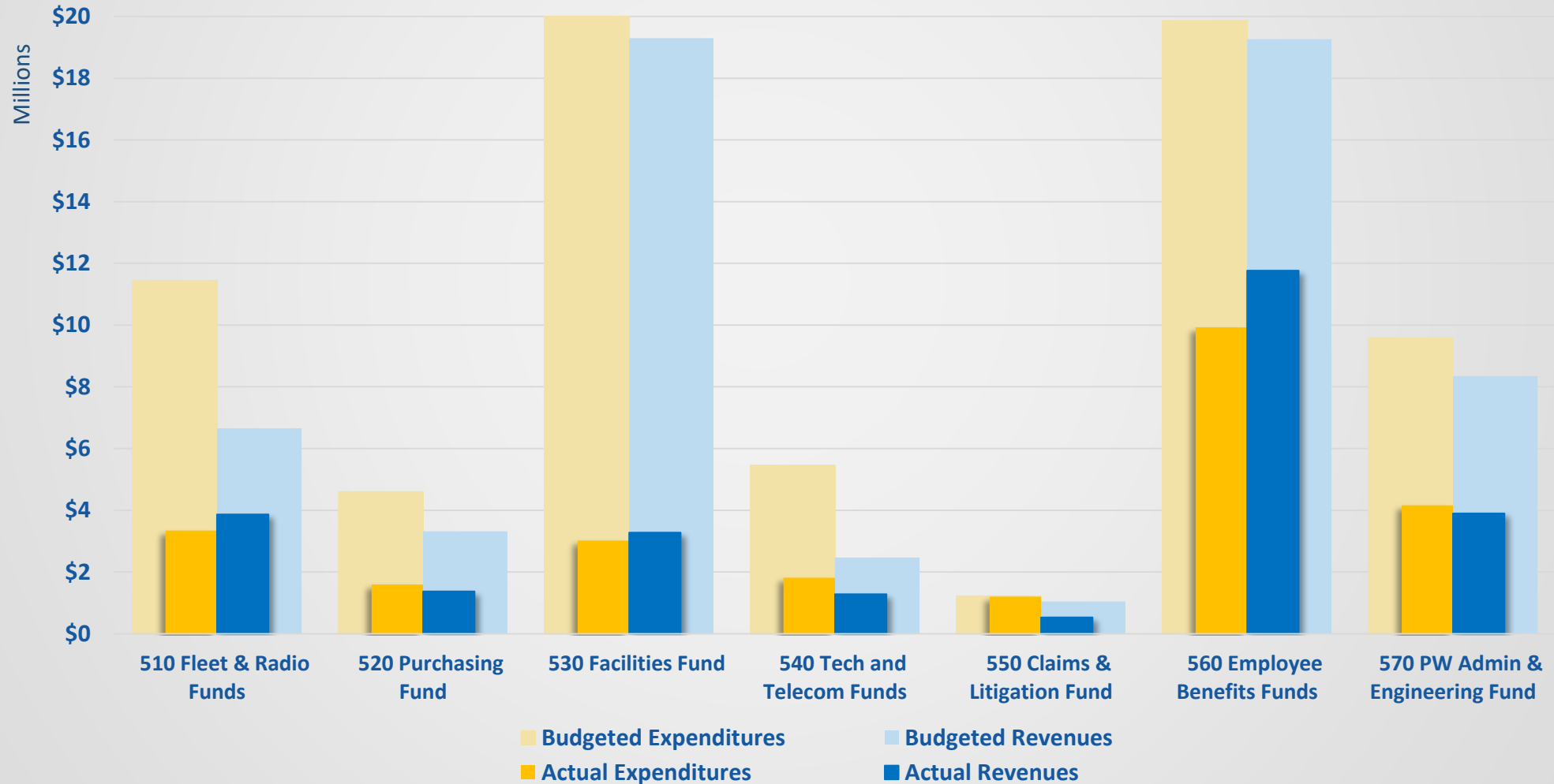
# Special Revenue Funds



# Enterprise Funds

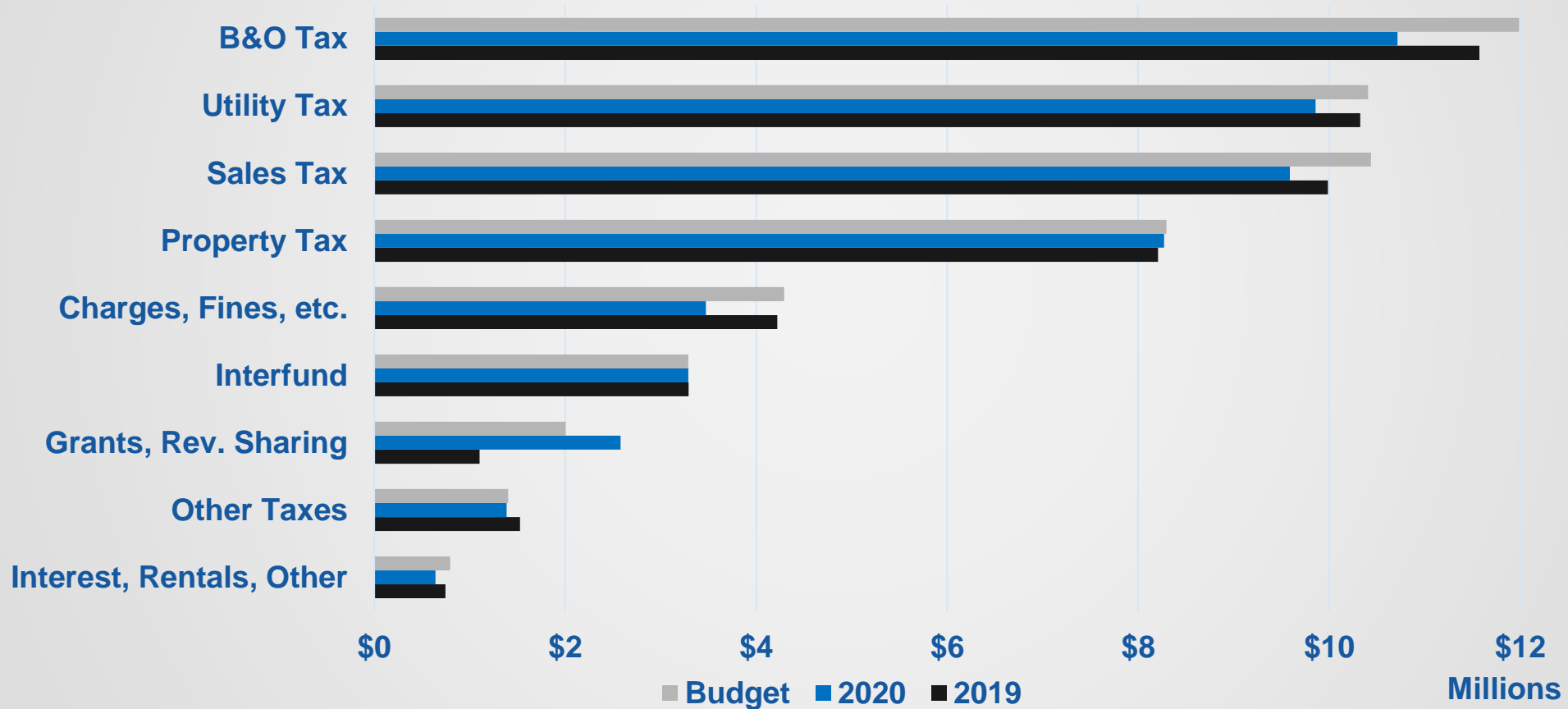


# Internal Service Funds

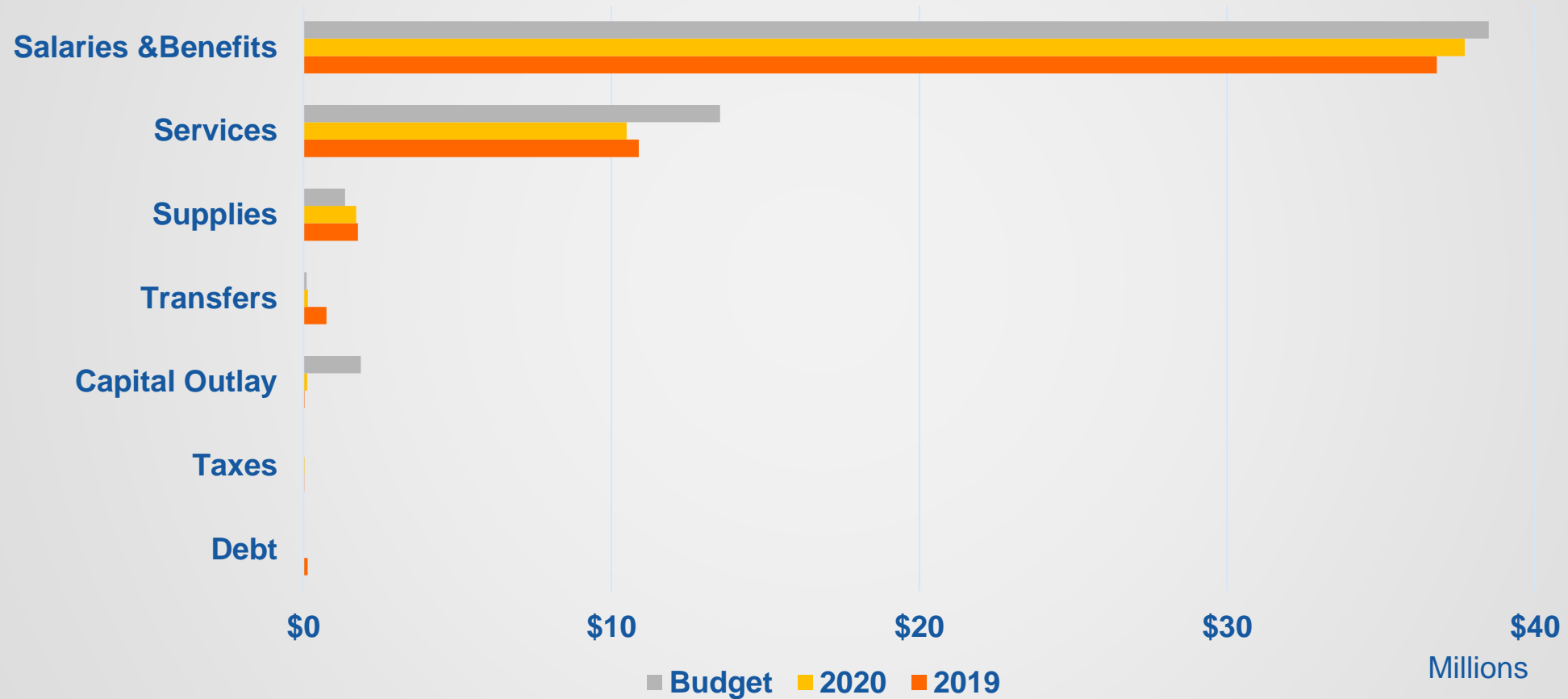




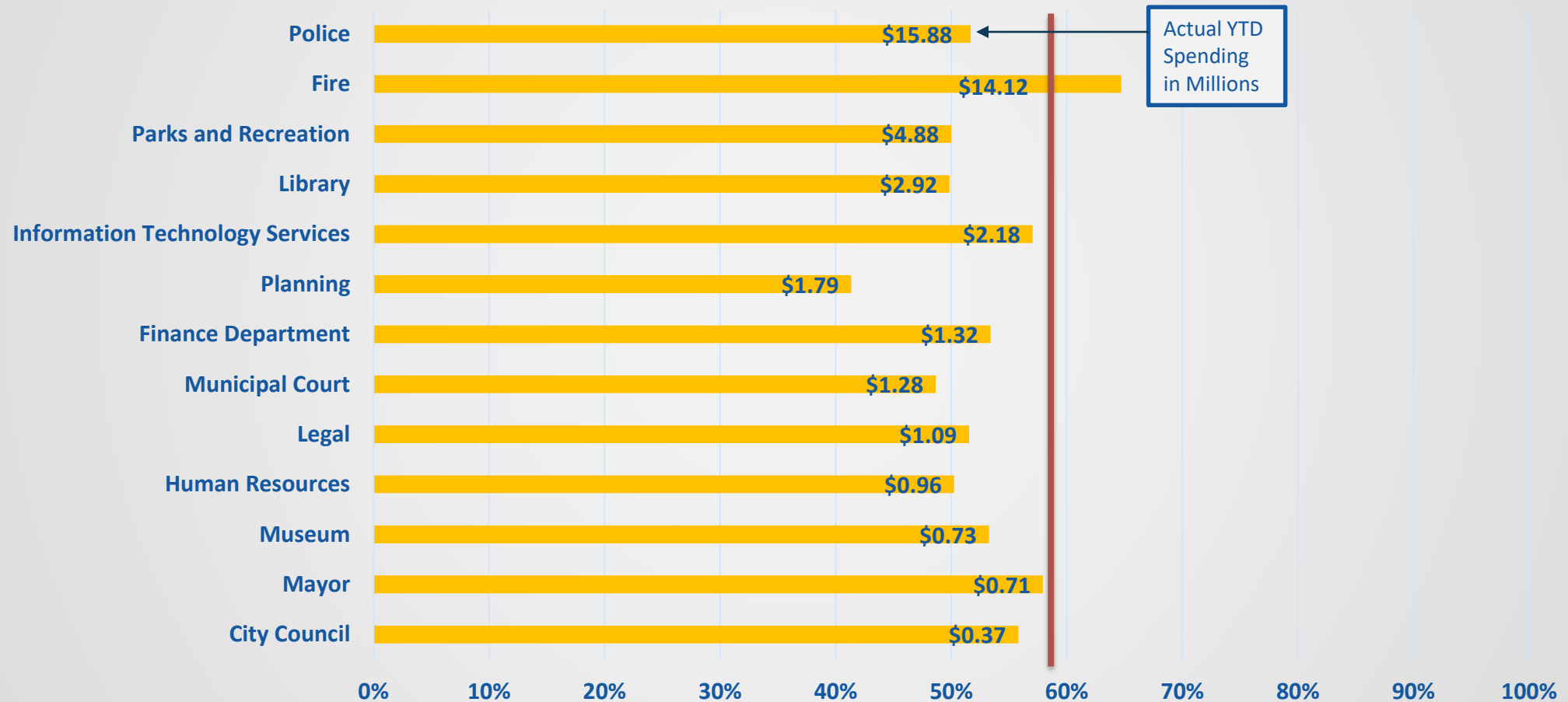
# General Fund Revenues - \$49.8 M



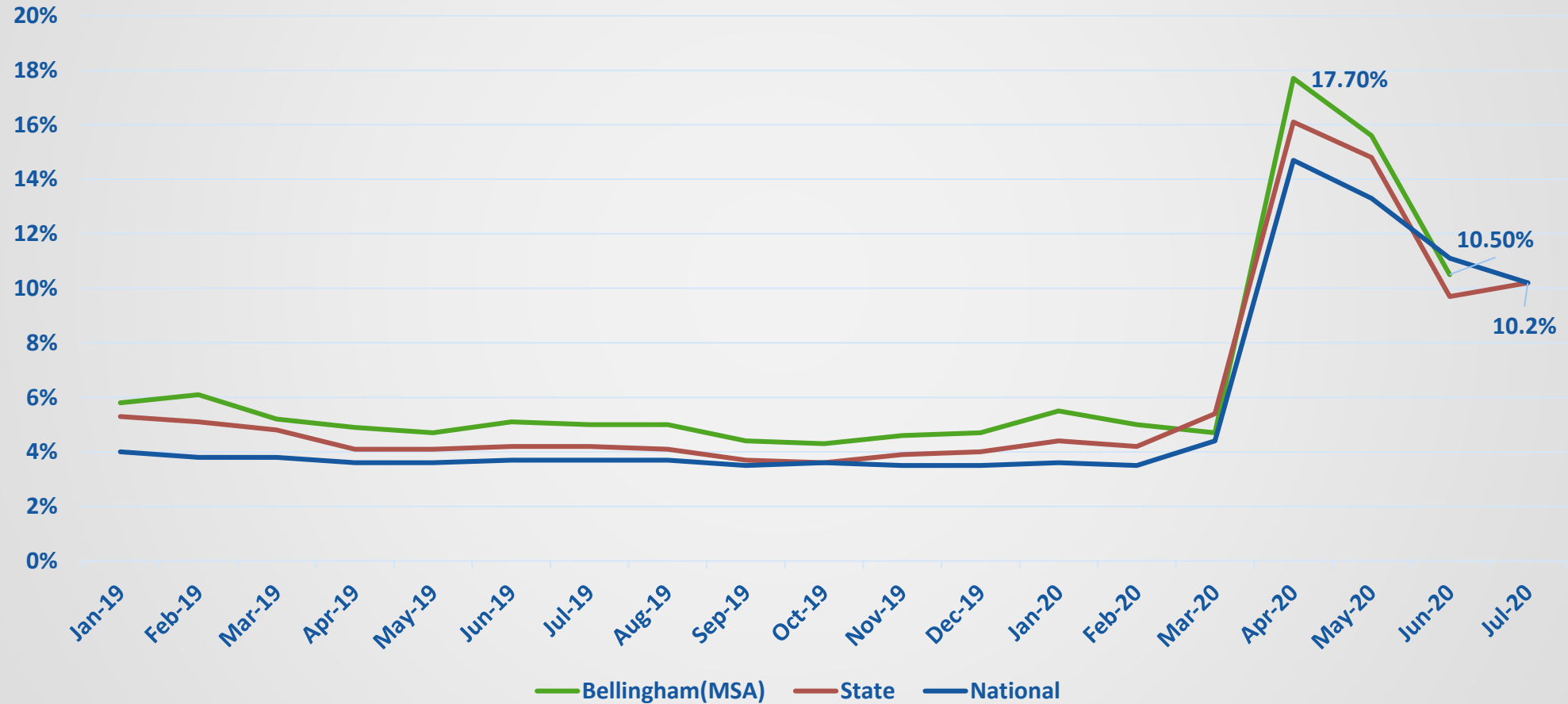
# General Fund Expenditures - \$50.2 M



# General Fund - % of Budget Spent by Department

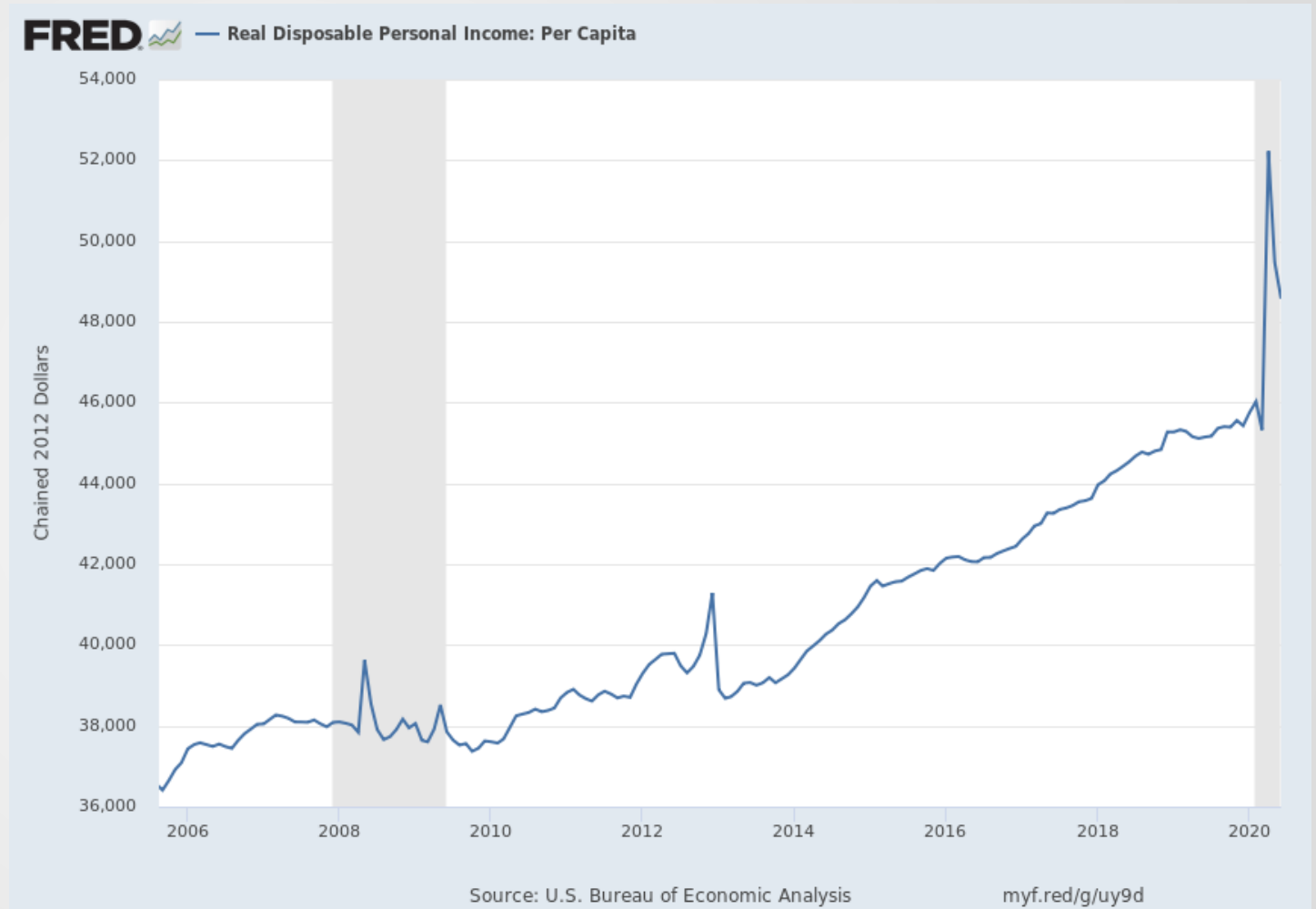


# Unemployment Rate Falling?



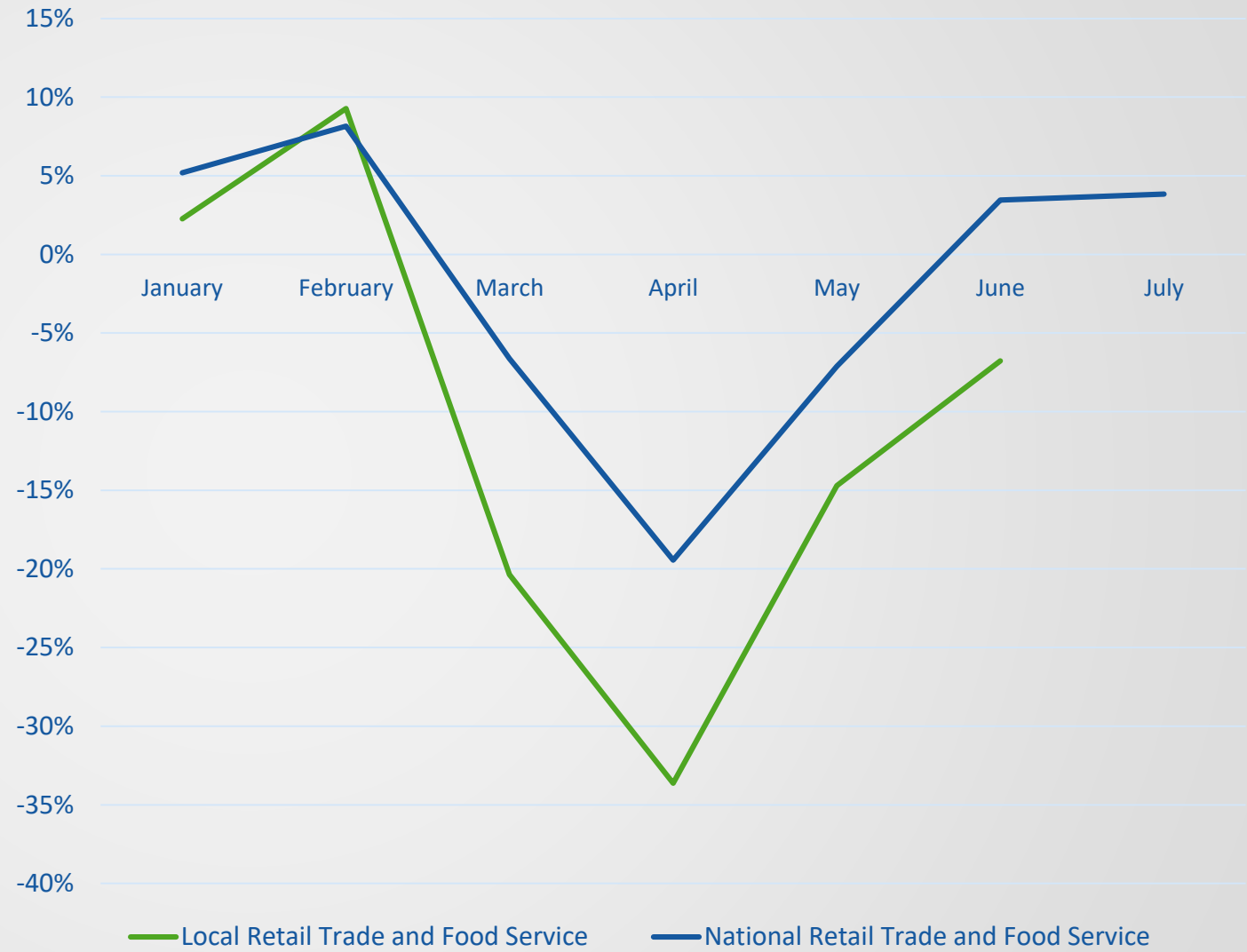
## Federal Stimulus Drove Consumer Spending

- Stimulus checks and \$600 a week supplemental unemployment benefits distributed \$540 billion to consumers
- Personal income hit record highs in April
- Supplemental unemployment benefits ended on July 31.

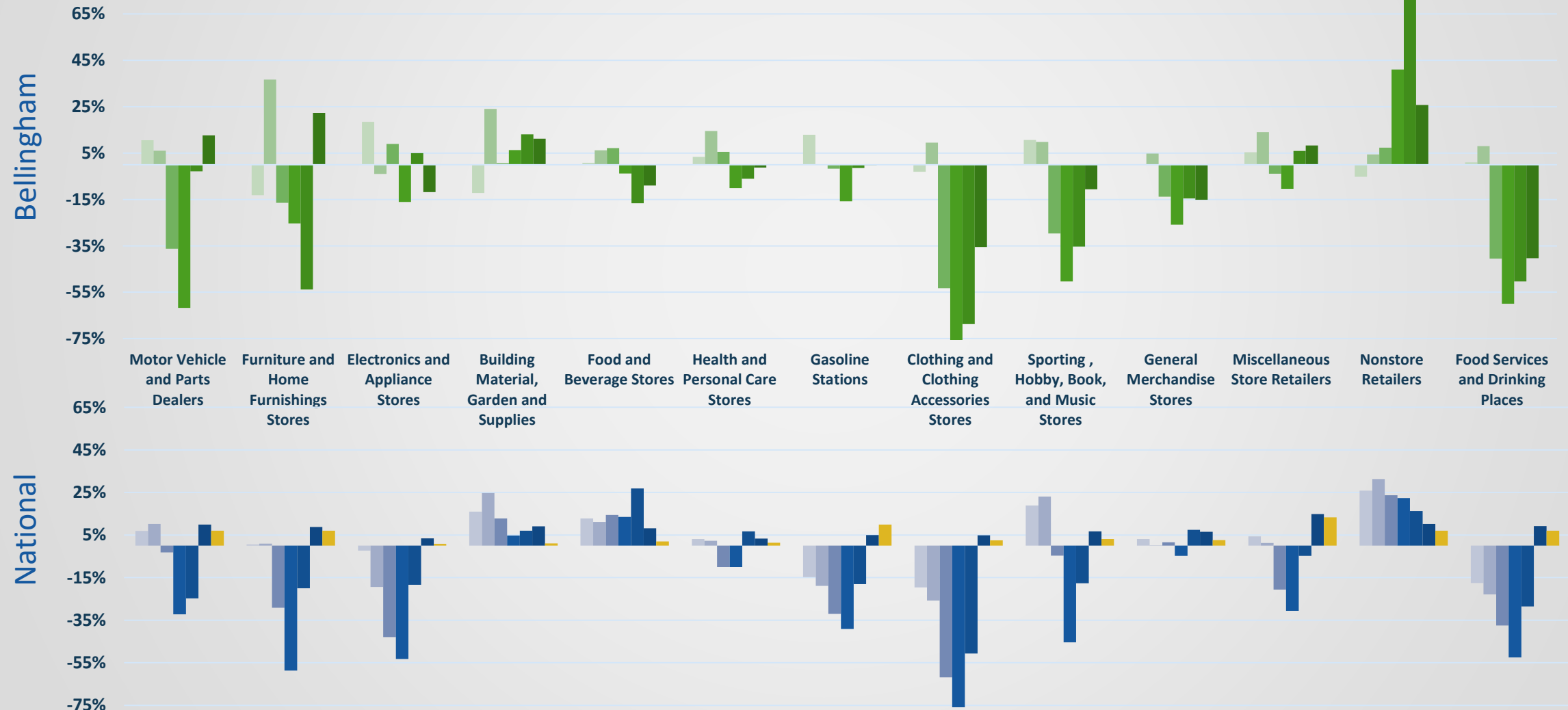


## Retail Sales and Food Service

- Bellingham had deeper reduction and hasn't recovered as much – likely due to Washington's COVID response.
- To what extent was stimulus driving the recovery in retail sales?
- Preliminary July data shows continued, if slowed, recovery



# Retail Sales by Sector, B'ham vs. Nation



## Sales Tax Comparison to 2019 with Projection

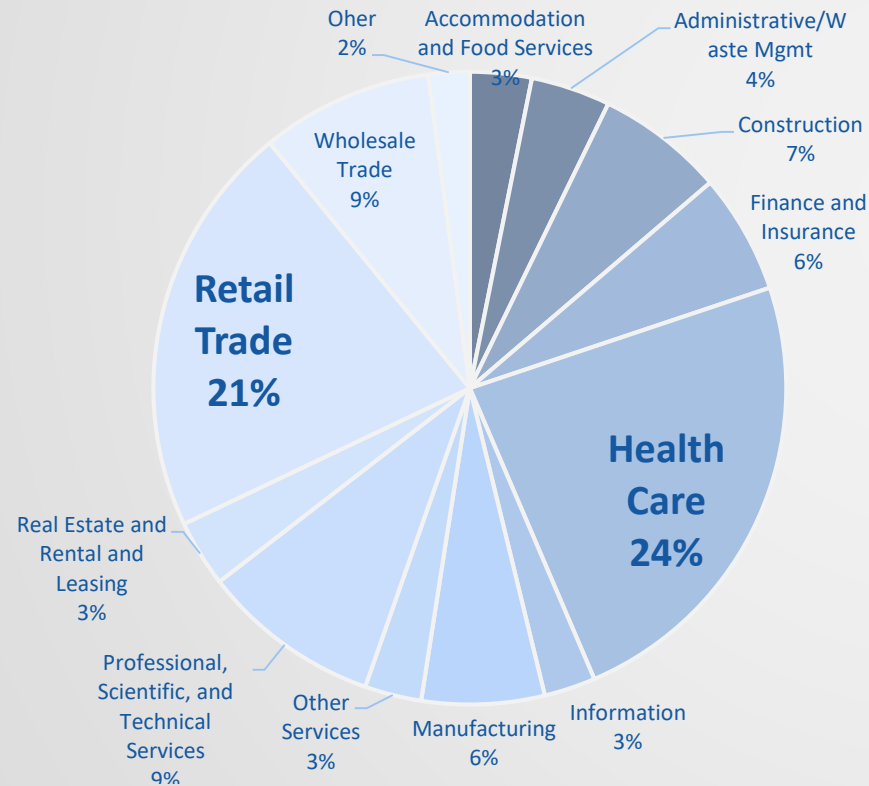
- Assumes equilibrium state in economic activity – holding at current activity level through the end of the year
- Guides B&O forecast – B&O filing deferrals have complicated establishing a trend for B&O
- Could improve if Whatcom County moves beyond Phase 2 – forecast assumes it does not.



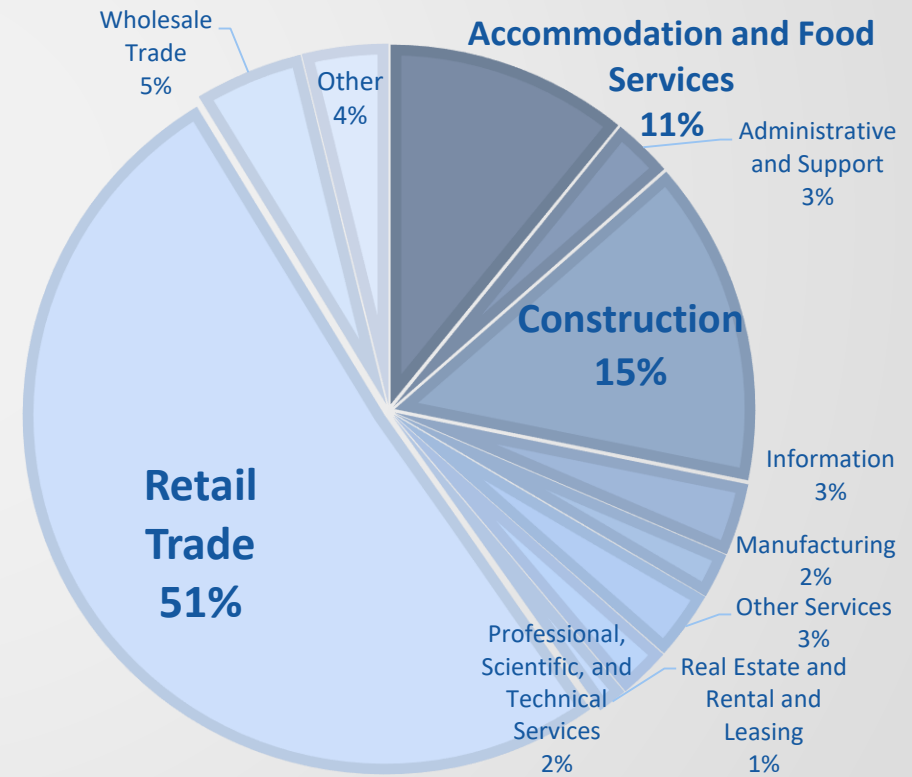


# Local Tax Source Comparison

## Business & Occupation Tax

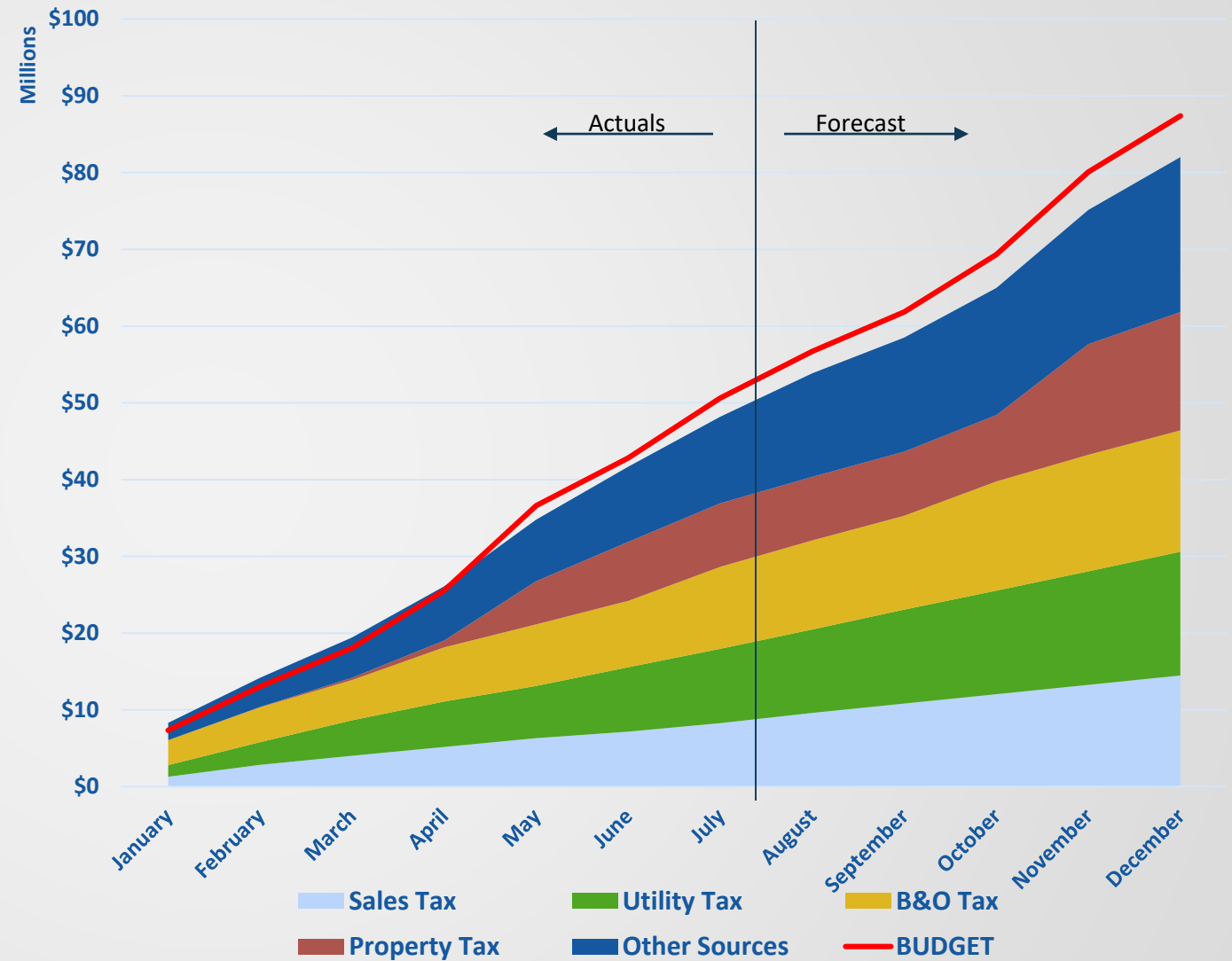


## Sales & Use Tax



# General Fund Forecast

- Minimal change from May forecast
- 8% less revenue from adopted budget forecast - \$7 million shortfall
- Early months exceeded expectations



## General Fund Detail

### Other funds face shortfalls

- All sales tax reliant sources are seeing revenue shortfalls. This is not impacting current year projects.
- Tourism and parking remain heavily impacted. Parking is no longer expect to need General Fund support.
- Minor funds across the City are also impacted.

	Change from Budget	Percent Change
<b>General Fund</b>		
Property Tax	-	
Sales Tax	(1,445,454)	-9%
B&O Tax	(2,232,066)	-13%
Utility Tax	(919,984)	-6%
Other GF	(2,541,935)	-50%
<b>SubTotal Net GF Change</b>	<b>(7,139,440)</b>	<b>-8.08%</b>
<b>Other Funds Impacted</b>		
Street (Sales Tax)	(891,363)	-9%
TBD (Sales Tax)	(612,163)	-9%
Tourism	(884,159)	-47%
Parking	(1,066,212)	-46%
<b>SubTotal Net Other Funds Change</b>	<b>(3,453,898)</b>	
<b>Total Major Revenue Reduction</b>	<b>(10,593,337)</b>	

## General Fund Unrestricted Reserve Impact

- JC Penny project is unlikely to be resolved before the end of the year.
- Salary savings includes frozen non-essential positions – this is subject to increase as vacancies occur.
- Expect *additional* savings as all departments are trying to reduce spending beyond requirements
- 2019 Fire Overtime will likely add additional expense

<b>2020 Beginning Unrestricted Reserve</b>	<b>16,500,000</b>
<i>Budgeted Revenues</i>	88,695,946
<b>Projected Revenue Reduction</b>	<b>(7,139,440)</b>
<b>Projected Revenues</b>	<b>81,556,506</b>
<i>Budgeted Expenditures</i>	94,013,446
Projected Savings	
JC Penny Building	(2,135,000)
5% Salary Savings	(3,350,000)
<b>Projected Budgeted Expenditures</b>	<b>88,528,446</b>
<i>Use of Reserve</i>	<b>(6,971,940)</b>
<b>2020 Proj. Ending Unrestricted Reserve</b>	<b>9,528,060</b>

# Budget Timeline

- October 1<sup>st</sup>: Budget delivered to Council
- October 12<sup>th</sup>: Budget introduction
- October – November: Budget work sessions
- November 9: 2021-2022 Revenue Forecast
- November 23: Council Adopts Property Tax Ordinance
- December 7: Introduce Budget Ordinance
- December 14: Council Adopts Budget

# Questions?

Presentation and additional reports available at:  
<https://www.cob.org/gov/dept/finance/pages/reports.aspx>

