City of Bothell™

January 20, 2016

Council, Citizens and Stakeholders:

Attached for your review is the City's quarterly budget status report as of September 30, 2015. This report debuts a new pilot online format that was designed to make Bothell financial information more user-friendly. While Bothell does not currently have the "open source" data capabilities of some larger cities and state governments, we hope that this new report format provides our community with greater transparency regarding Bothell's finances.

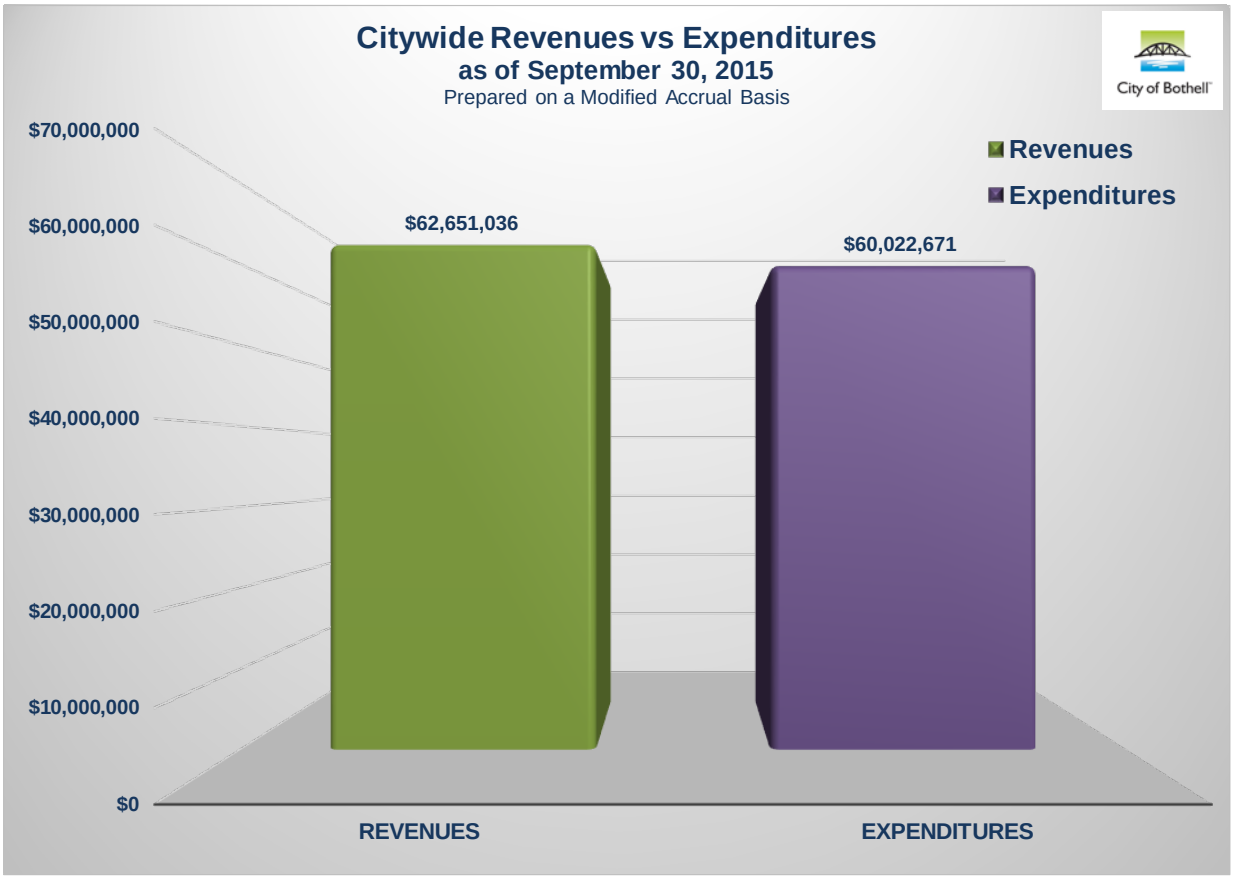
The General Fund's operating surplus through three quarters of the eight-quarter biennium was $199,701 – up from $159,765 at the end of the second quarter. As outlined in the 2015-2016 adopted budget, $600,000 per year in excess revenues is anticipated to help reinstate operating reserves, which were spent down maintaining service delivery levels during the aftermath of the Great Recession.

Retail sales tax revenues were down $322,485 (5.4%) compared with the first three quarters of 2014. This difference can be attributed to a one-time payment of $323,500 that was received in 2014. Construction sales tax revenues were up $168,034 (11.0%) over 2014.

Staff is watching fourth quarter sales tax receipts with pointed interest as downtown revitalization revenues begin to transition from one-time construction receipts to ongoing regular sales tax receipts.

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.

On September 30, 2015, the City concluded the third quarter of the 2015-2016 biennium. The budget period described in this report is 37.5% complete.

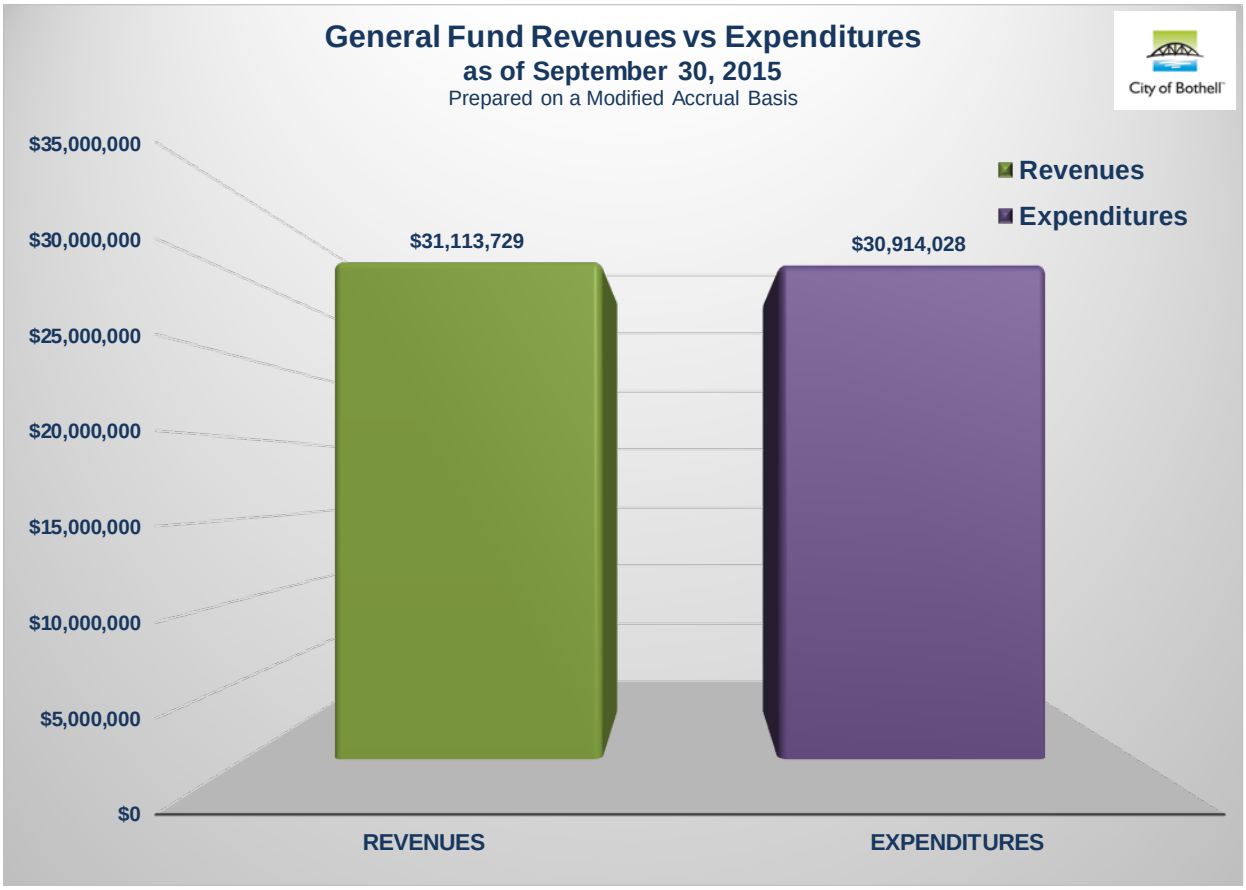


Citywide Third Quarter Highlights

Retail sales tax for the first nine months of 2015 is down $322,485 (5.4%) compared with the same period in 2014. This difference is largely due to a Department of Revenue (DOR) allocation of one-time monies ($323,500) that Bothell received in May 2014.

Major 2015 development revenues year-to-date versus 2014:

- Construction sales tax: up $168,034 (11.0%)
- Building permits: up $126,747 (18.0%)
- Plumbing/mechanical permits: up $26,542 (16.1%)
- Pre-application fees were up $12,194 (32.7%)
- Plan check fees: down $256,299 (33.9%)
- Development review fees: down $44.185 (6.9%)



Budget vs Actual Figures		Inflow/Outflow	2015-16 Budget	% of Budget
CITYWIDE TOTAL	Inflow	$62,651,036	$202,976,794	30.9%
	Outflow	$60,022,671	$219,519,285	27.3%
GENERAL FUND	Inflow	$31,113,729	$87,364,923	35.6%
	Outflow	$30,914,028	$87,481,520	35.3%
STREET FUND	Inflow	$1,117,109	$3,581,576	31.2%
	Outflow	$1,702,253	$5,335,194	31.9%
CAPITAL IMPROVEMENTS FUND	Inflow	$7,129,502	$35,265,054	20.2%
	Outflow	$5,121,740	$35,765,646	14.3%
PROPRIETARY FUNDS	Inflow	$19,399,821	$62,735,185	30.9%
	Outflow	$20,177,832	$80,723,195	25.0%

Council Emphasis Areas		Inflow/Outflow	Comments
Development Review Fees	Inflow	$740,448	Includes Accounts Receivable
	Outflow	($1,028,085)	Includes Overhead
	Net	($287,637)	
Permitting Fees	Inflow	$1,523,788	
	Outflow	($1,407,581)	Includes Overhead
	Net	$116,207	
CFP Project-Term Staff	Inflow	$1,054,976	2015 Reimbursement to GF
	Outflow	($1,054,976)	2015 GF Salaries/Benefits
	Net	$0	
Utility Tax Rebates	2015	$1,650	23 Rebates YTD
	2014	$2,600	34 Rebates YTD
	Difference	($950)	

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

September 2015 unemployment rates:

United States:	5.1%
Washington State:	5.2%
Seattle/Bellevue/Everett:	3.7%

Consumer Price Index (CPI) data:

CPI-U (all urban consumers)

- U.S. city average, June 2015 – August 2015 -0.1%
- Seattle/Tacoma/Bremerton, June 2015 – August 2015 0.0%
- U.S. city average, August 2014 – August 2015 0.2%
- Seattle/Tacoma/Bremerton, August 2014 – August 2015 1.8%

CPI-W (urban wage earners)

- U.S. city average, June 2015 – August 2015 -0.2%
- Seattle/Tacoma/Bremerton, June 2015 – August 2015 0.2%
- U.S. city average, August 2014 – August 2015 -0.3%
- Seattle/Tacoma/Bremerton, August 2014 – August 2015 1.2%

Economic Forecast

The State Economic and Revenue Forecast Council's September 2015 forecast states that both the national and state economies continue to expand at a solid pace. Erratic stock price movements and global economic developments are the latest concerns for continued economic recovery, but underlying trends remain solid.

Washington has been outpacing the nation in both personal income and GDP growth, but exports and manufacturing activity have weakened somewhat. Housing construction activity has returned to a sustainable level following a huge spike earlier this year. Inflation remains moderate, mostly due to lower oil prices.