



# 2015 YEAR END FINANCIAL REPORT

April 2016			
GENERAL FUND REVENUES	Compared to 2015 Projection	Compared to 2014 Actual	Reference
Property Tax Revenue	◀NEUTRAL▶	▲ POSITIVE ▲	Page 5
Sales Tax Revenue	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 6-7
Utility Tax Revenue	◀NEUTRAL▶	◀NEUTRAL▶	Page 11
Development Revenue	▲ POSITIVE ▲	▼ NEGATIVE ▼	Page 12
Parks and Recreation Revenue	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 13
Investment Income	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 14
EXPENDITURES			
General Fund Expenditures	▲ POSITIVE ▲	◀NEUTRAL▶	Page 15
NON-GENERAL FUND REVENUES			
Surface Water Fees	◀NEUTRAL▶	▲ POSITIVE ▲	Page 18
Fuel Tax	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 21
Real Estate Excise Tax	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 22

*Key to revenue trend indicators:*

- ▲ POSITIVE ▲ = Positive variance of >+2% compared to projections.
- ◀NEUTRAL▶ = Variance of -1% to +2% compared to projections.
- WARNING ● = Negative variance of -1% to -4% compared to projections.
- ▼ NEGATIVE ▼ = Negative variance of >-4% compared to projections.

- General fund receipts are 1.4% higher than the year-ago level and expenditures are 1.2% higher than the year-ago level. Including the re-appropriations requested by staff, total expenditures would have been 5.9% higher than the year-ago level but 1.7% lower than the revised projection. The 2015 ending fund balance, adjusted for the re-appropriation, is projected to be 19.6% above the 2016 budget estimate. See pages 3-14 for details.
- Street fund receipts and expenditures are lower than 2014 due to a reduction in the amount of general fund support provided to the street fund. Fuel tax receipts are 2.8%, higher than the year-ago level. See page 21 for details.
- Surface water utility (SWM) fund receipts are 1.1% higher than the year-ago level. SWM fund expenditures are 6.0% higher than the year-ago level and in line with the revised projection. See page 18 for details.
- Real estate excise tax receipts are 52.0% higher than the year-ago level due to the strong real estate market and multiple turnovers of a large commercial property this year. See page 22 for details.

# CITY FINANCIAL OVERVIEW

## 4Q Executive Summary

### Revenues

Fund	2015 Current Budgeted Revenues	2015 4th Quarter Actual	2015 % of Current Budget	2014 Current Budgeted Revenues	2014 4th Quarter Actual	2014 % of Current Budget	2015 v. 2014 \$ Variance	2015 v. 2014 % Variance
General Fund	\$36,304,526	\$36,523,835	100.6%	\$34,425,552	\$36,012,200	104.6%	511,635	1.4%
Street Fund	\$1,383,163	\$1,459,565	105.5%	\$1,815,589	\$1,838,551	101.3%	-378,986	-20.6%
Code Abatement Fund	\$80,550	\$18,326	22.8%	\$80,550	\$13,934	17.3%	4,392	31.5%
State Drug Enforcement Fund	\$13,800	\$18,697	135.5%	\$13,800	\$57,478	416.5%	-38,781	-67.5%
Public Arts Fund	\$5,000	\$7,611	152.2%	\$500	\$13,893	2778.6%	-6,282	-45.2%
Federal Drug Enforcement Fund	\$20,750	\$15,823	76.3%	\$20,750	\$114,249	550.6%	-98,426	-86.2%
Property Tax Equalization Fund	\$0	\$2,117	0.0%	\$0	\$1,103	0.0%	1,014	91.9%
Federal Crime Forfeitures Fund	\$38,945	\$1,011,070	2596.1%	\$79,845	\$1,653	2.1%	1,009,417	61065.8%
Revenue Stabilization Fund	\$0	\$0	0.0%	\$0	\$0	0.0%	0	0.0%
Transportation Impact Fee	\$0	\$254,780	0.0%	\$0	\$0	0.0%	254,780	0.0%
Unltd Tax GO Bond Fund	\$1,700,000	\$1,704,720	100.3%	\$1,710,000	\$1,697,774	99.3%	6,946	0.4%
Limited Tax GO Bond 2009 Fund	\$1,663,217	\$1,664,182	100.1%	\$1,662,567	\$1,662,567	100.0%	1,615	0.1%
Limited Tax GO Bond 2013 Fund	\$260,823	\$260,823	100.0%	\$260,823	\$260,823	100.0%	0	0.0%
General Capital Fund	\$3,173,261	\$2,096,845	66.1%	\$2,582,494	\$1,396,999	54.1%	699,846	50.1%
City Facility-Major Maint. Fund	\$125,449	\$174,356	139.0%	\$75,392	\$74,223	98.4%	100,133	134.9%
Roads Capital Fund	\$21,450,709	\$17,849,590	83.2%	\$23,457,681	\$18,674,843	79.6%	-825,253	-4.4%
Surface Water Utility Fund	\$5,756,408	\$3,885,504	67.5%	\$3,762,067	\$3,842,356	102.1%	43,148	1.1%
Vehicle Operations/ Maint. Fund	\$263,950	\$220,501	83.5%	\$230,523	\$230,443	100.0%	-9,942	-4.3%
Equipment Replacement Fund	\$335,185	\$329,292	98.2%	\$275,010	\$272,350	99.0%	56,942	20.9%
Unemployment Fund	\$0	\$134	0.0%	\$17,500	\$17,562	100.4%	-17,428	-99.2%
<b>Total Budgeted Revenue</b>	<b>\$72,575,736</b>	<b>\$67,497,771</b>	<b>93.0%</b>	<b>\$70,470,643</b>	<b>\$66,183,001</b>	<b>93.9%</b>	<b>1,314,770</b>	<b>2.0%</b>
<b>Budgeted Use of Fund Balance</b>	<b>\$9,966,609</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$7,625,020</b>	<b>\$0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
<b>Total Budgeted Resources</b>	<b>\$82,542,345</b>	<b>\$67,497,771</b>	<b>81.8%</b>	<b>\$78,095,663</b>	<b>\$66,183,001</b>	<b>84.7%</b>	<b>1,314,770</b>	<b>2.0%</b>

### Expenditures

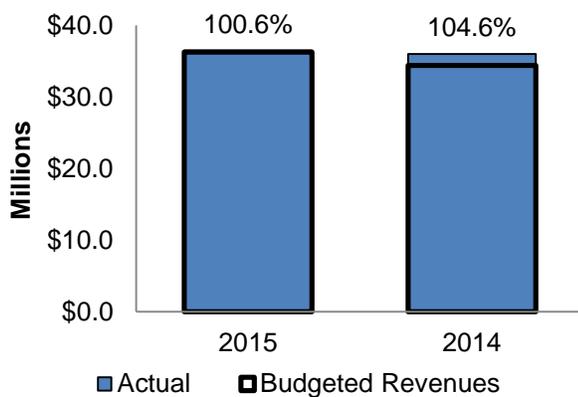
Fund	2015 Current Budget	2015 4th Quarter Actual	2015 % of Current Budget	2014 Current Budget	2014 4th Quarter Actual	2014 % of Current Budget	2015 v. 2014 \$ Variance	2015 v. 2014 % Variance
General Fund	\$40,151,029	\$35,847,605	89.3%	\$37,250,828	\$35,425,424	95.1%	\$422,182	1.2%
Street Fund	\$1,569,007	\$1,388,044	88.5%	\$1,999,037	\$1,747,608	87.4%	-\$359,564	-20.6%
Code Abatement Fund	\$100,000	\$10,630	10.6%	\$100,000	\$11,455	11.5%	-\$825	-7.2%
State Drug Enforcement Fund	\$13,800	\$12,111	87.8%	\$13,800	\$13,054	94.6%	-\$943	-7.2%
Public Arts Fund	\$54,408	\$54,224	99.7%	\$55,051	\$32,172	58.4%	\$22,052	68.5%
Federal Drug Enforcement Fund	\$65,750	\$4,930	7.5%	\$20,750	\$5,739	27.7%	-\$809	-14.1%
Property Tax Equalization Fund	\$0	\$0	0.0%	\$0	\$0	0.0%	\$0	0.0%
Federal Crime Forfeitures Fund	\$1,823,405	\$177,062	9.7%	\$316,310	\$21,906	6.9%	\$155,156	708.3%
Revenue Stabilization Fund	\$0	\$0	0.0%	\$0	\$0	0.0%	\$0	0.0%
Transportation Impact Fee	\$0	\$0	0.0%	\$0	\$0	0.0%	\$0	0.0%
Unltd Tax GO Bond Fund	\$1,712,175	\$1,709,654	99.9%	\$1,709,050	\$1,706,352	99.8%	\$3,302	0.2%
Limited Tax GO Bond 2009 Fund	\$1,663,217	\$1,662,024	99.9%	\$1,662,567	\$1,661,071	99.9%	\$953	0.1%
Limited Tax GO Bond 2013 Fund	\$260,823	\$260,586	99.9%	\$260,823	\$260,823	100.0%	-\$237	-0.1%
General Capital Fund	\$3,567,919	\$1,833,614	51.4%	\$4,878,471	\$1,760,565	36.1%	\$73,049	4.1%
City Facility-Major Maint. Fund	\$368,525	\$318,575	86.4%	\$90,000	\$35,906	39.9%	\$282,669	787.2%
Roads Capital Fund	\$23,749,289	\$17,601,658	74.1%	\$23,603,999	\$17,799,802	75.4%	-\$198,144	-1.1%
Surface Water Utility Fund	\$6,191,834	\$4,593,317	74.2%	\$5,602,951	\$4,334,247	77.4%	\$259,070	6.0%
Vehicle Operations/ Maint. Fund	\$278,950	\$186,360	66.8%	\$245,273	\$178,084	72.6%	\$8,276	4.6%
Equipment Replacement Fund	\$954,714	\$532,690	55.8%	\$269,253	\$23,960	8.9%	\$508,730	2123.2%
Unemployment Fund	\$17,500	\$1,156	6.6%	\$17,500	\$6,158	35.2%	-\$5,002	-81.2%
<b>Total Budgeted Expenditures</b>	<b>\$82,542,345</b>	<b>\$66,194,240</b>	<b>80.2%</b>	<b>\$78,095,663</b>	<b>\$65,024,326</b>	<b>83.3%</b>	<b>\$1,169,915</b>	<b>1.8%</b>

# GENERAL FUND REVENUE DETAIL

Revenue Source	2015 Current Budget	2015 Fourth Quarter Actual Revenue	2015 % of Current Budget Received	2014 Current Budget	2014 Fourth Quarter Actual Revenue	2014 % of Current Budget Received	2015 v. 2014 \$ Change	2015 v. 2014 % Change
Budgeted Fund Balance	\$3,846,503	\$0	0.0%	\$2,825,278	\$0	0.0%	\$0	0.0%
Property Tax	\$10,570,659	\$10,672,179	101.0%	\$10,245,815	\$10,255,320	100.1%	\$416,859	4.1%
Sales Tax	\$7,320,000	\$7,756,234	106.0%	\$6,739,000	\$7,462,886	110.7%	\$293,348	3.9%
Local Criminal Justice	\$1,276,154	\$1,380,160	108.1%	\$1,224,532	\$1,274,025	104.0%	\$106,135	8.3%
<b>Utility Tax &amp; Franchise Fee Revenue</b>								
Natural Gas	\$889,590	\$785,472	88.3%	\$889,590	\$849,542	95.5%	-\$64,070	-7.5%
Garbage	\$538,648	\$547,486	101.6%	\$528,086	\$534,409	101.2%	\$13,077	2.4%
Cable TV	\$1,760,845	\$1,866,627	106.0%	\$1,658,749	\$1,753,193	105.7%	\$113,434	6.5%
Telecommunications	\$1,503,000	\$1,290,650	85.9%	\$1,569,095	\$1,415,044	90.2%	-\$124,394	-8.8%
Storm Drainage	\$214,571	\$217,034	101.1%	\$207,697	\$212,005	102.1%	\$5,029	2.4%
Water	\$754,197	\$939,937	124.6%	\$754,197	\$895,350	118.7%	\$44,587	5.0%
Sewer	\$834,002	\$835,000	100.1%	\$809,711	\$811,000	100.2%	\$24,000	3.0%
<b>Utility Tax &amp; Franchise Fee Revenue Subtotal</b>	<b>\$6,494,853</b>	<b>\$6,482,206</b>	<b>99.8%</b>	<b>\$6,417,125</b>	<b>\$6,470,543</b>	<b>100.8%</b>	<b>\$11,663</b>	<b>0.2%</b>
SCL Contract Payment	\$1,993,063	\$1,756,770	88.1%	\$1,912,728	\$1,784,137	93.3%	-\$27,367	-1.5%
Gambling Tax Revenue	\$1,586,625	\$1,569,806	98.9%	\$1,569,125	\$1,643,171	104.7%	-\$73,365	-4.5%
Development Revenue	\$1,319,750	\$1,657,875	125.6%	\$1,211,750	\$1,775,938	146.6%	-\$118,063	-6.6%
Park and Recreation Revenue	\$1,603,216	\$1,767,394	110.2%	\$1,537,541	\$1,591,666	103.5%	\$175,728	11.0%
Intergovernmental Revenue	\$894,991	\$908,571	101.5%	\$865,015	\$977,346	113.0%	-\$68,775	-7.0%
Grant Revenue	\$974,936	\$340,658	34.9%	\$427,289	\$304,857	71.3%	\$35,801	11.7%
Fines and Licenses	\$644,000	\$661,323	102.7%	\$835,053	\$627,704	75.2%	\$33,619	5.4%
Miscellaneous Revenue	\$574,665	\$511,220	89.0%	\$431,479	\$827,121	191.7%	-\$315,901	-38.2%
Interest Income	\$70,600	\$78,423	111.1%	\$30,000	\$38,386	128.0%	\$40,037	104.3%
Operating Transfers In	\$981,014	\$981,016	100.0%	\$979,100	\$979,100	100.0%	\$1,916	0.2%
<b>Total General Fund Resources</b>	<b>\$40,151,029</b>	<b>\$36,523,835</b>	<b>91.0%</b>	<b>\$37,250,830</b>	<b>\$36,012,200</b>	<b>96.7%</b>	<b>\$511,635</b>	<b>1.4%</b>
<b>Total General Fund Revenue excl. Budgeted Fund Balance</b>	<b>\$36,304,526</b>	<b>\$36,523,835</b>	<b>100.6%</b>	<b>\$34,425,552</b>	<b>\$36,012,200</b>	<b>104.6%</b>	<b>\$511,635</b>	<b>1.4%</b>

# GENERAL FUND REVENUE ANALYSIS:

## TOTAL GENERAL FUND REVENUE



2015 Current Budget	\$40,151,029
2015 Budgeted Revenues	\$36,304,526
2015 Fourth Quarter Actual Revenue	\$36,523,835
2015 % of Current Budget Received	100.6%
2014 Budgeted Revenues	\$34,425,552
2014 Fourth Quarter Actual Revenue	\$36,012,200
2014 % of Current Budget Received	104.6%
2015 v. 2014 \$ Change	\$511,635
2015 v. 2014 % Change	1.4%

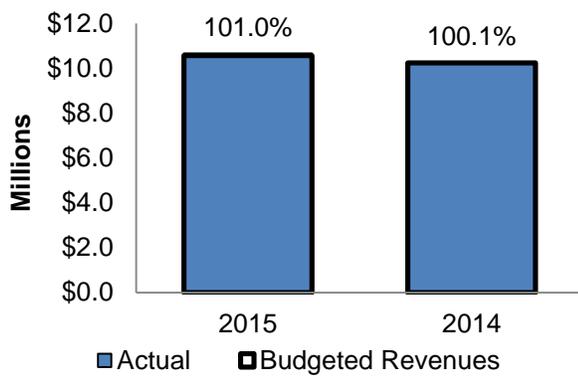
The difference between 2015 current budget and 2015 budgeted revenues reflects the planned use of fund balance for one time investments as provided in our financial policy. Total general fund revenue receipts total \$36,523,835 and reflects an increase from budgeted revenues of \$219,309, or 0.6%, and from 2014 of \$511,635, or 1.4%. Revenues came in at 100.6% of budgeted revenues.

The following pages provide a detailed analysis of the various general fund revenue sources. The following are highlights comparing 2015 to 2014 for the general fund:

- Property tax receipts are 4.1% higher.
- Sales tax receipts are 3.9% higher largely due to 7.3% growth in the retail trade sectors offset by 5.4% decline in the construction sector. Removing one-time activity for construction projects from the calculation reveals a year-over-year increase of 5.4% in ongoing activity in the construction sector.
- Gambling tax receipts are lower by 4.5%. Receipts from pull-tab activity slightly decreased (-1.2%) while cardroom activity increased (+3.6%). The action Council took in July to write off certain debt owed for unpaid gambling taxes resulted in a one-time reduction of 2015 receipts in the amount of \$33,199.
- Development revenue receipts exhibit a year-over-year decrease of 6.6% but are 6.4% higher than the revised projection. Local development activity in 2015, in terms of the valuation, is higher than the year-ago level while the number of building permits pulled for new construction and remodels is only slightly higher.
- The year-over-year change for intergovernmental revenue receipts is largely due to unanticipated receipts from the distribution of liquor excise taxes and marijuana enforcement revenues offset by a delay in the receipt of the second half of the waste reduction and recycling grant until 2016.

# GENERAL FUND REVENUE ANALYSIS:

## PROPERTY TAX

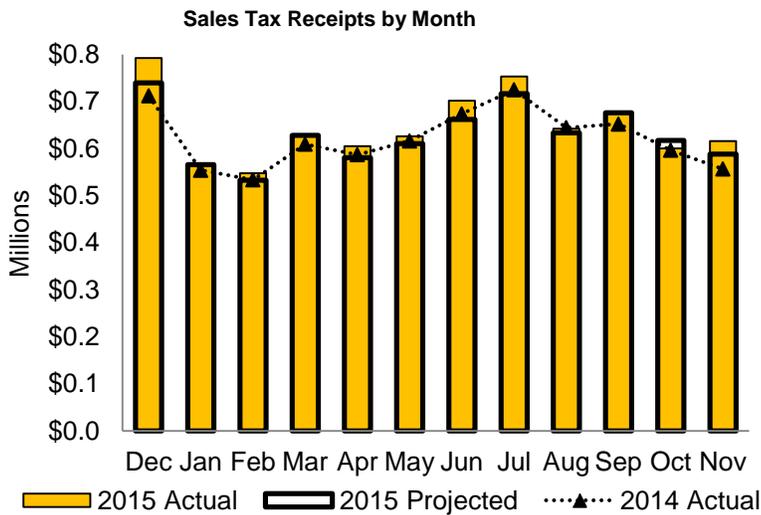


<b>2015 Current Budget</b>		<b>\$10,570,659</b>
2015 Fourth Quarter Actual Revenue		\$10,672,179
2015 % of Current Budget Received		101.0%
2014 Current Budget		\$10,245,815
2014 Fourth Quarter Actual Revenue		\$10,255,320
2014 % of Current Budget Received		100.1%
2015 v. 2014 \$ Change		\$416,859
2015 v. 2014 % Change		4.1%

In addition to the over collection discussed in the summary, property tax receipts are greater than the projection by \$101,520, or 1.0%. In 2015 the City has received delinquent taxes from previous years that were not factored into the budget projection.

# GENERAL FUND REVENUE ANALYSIS (continued):

## SALES TAX



2015 Current Budget		\$7,320,000
2015 Projected Revenue		\$7,552,351
Sales tax revenue: December - July		
Sales Activity	2014	2015
December 2014	\$712,174	\$792,683
January	\$554,366	\$565,161
February	\$533,674	\$547,403
March	\$609,471	\$630,073
April	\$587,117	\$605,418
May	\$616,693	\$625,846
June	\$674,044	\$702,026
July	\$725,205	\$753,169
August	\$644,437	\$642,526
September	\$652,470	\$675,275
October	\$596,505	\$600,438
November	\$556,730	\$616,216
Year to date	\$7,462,886	\$7,756,234
\$ Change		\$293,348
% Change		3.9%

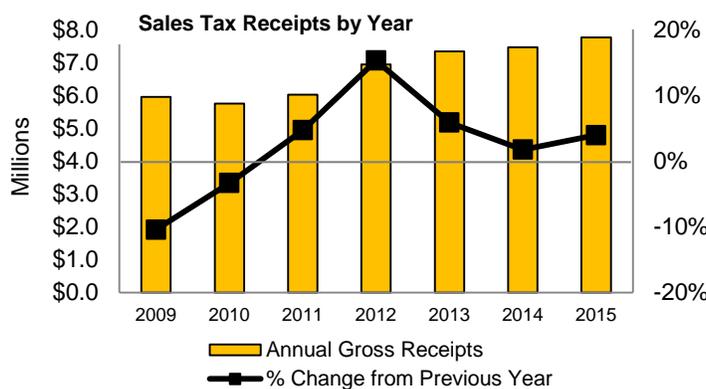
Sales Tax receipts reflect activity from December 2014 through November 2015 totaling \$7,756,234. Collections are above the revised projection by 2.7% and 2014 collections by 3.9%. Staff's projection does not factor in the impact of one-time activity in the construction sector.

March receipts were significantly higher than that projected due to staff detection and correction of business miscoding from prior periods. The chart presented above corrects the activity for the prior periods.

Retail trade sector receipts are higher than the revised projection by 0.5% and the year-ago level by 7.3% largely fueled by continued growth in new car dealers sales (in the motor vehicle and parts dealer category). Other categories that saw a significantly higher level of activity include building material and garden (+18.9%) and health and personal care store (+26.3%). Activity in most of the other categories is also higher compared to the prior two years.

Receipts from the construction sector are higher than the revised projection by 13.6% but lower than the year-ago level by 5.4%. Of the amount collected, one-time activity accounted for \$17,286, or 1.7%, in 2015, \$128,482, or 11.8%, in 2014, \$578,633, or 43.6%, in 2013 and \$778,106, or 59.2%, in 2012. One-time projects that have been tracked through this report for the last few years have come to a close. Removing one-time activity from the calculation reveals a year-over-year increase of 5.4%.

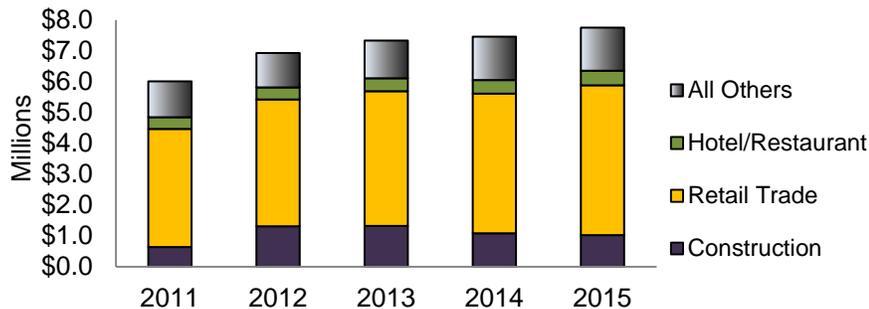
The tables on the following page help illustrate the performance of various sectors. The first table presents a condensed view of the four primary categories: construction, retail trade, hotels and restaurants, and all others. The second table presents a breakdown of the retail trade category and highlights specific industry economic performance in comparison to previous years.



Year	Fourth Quarter Revenue	% Change from Previous Year
2008	\$6,640,320	0.1%
2009	\$5,946,181	-10.5%
2010	\$5,745,755	-3.4%
2011	\$6,014,244	4.7%
2012	\$6,932,874	15.3%
2013	\$7,336,805	5.8%
2014	\$7,462,886	1.7%
2015	\$7,756,234	3.9%

## GENERAL FUND REVENUE ANALYSIS (continued):

### Annual Sales Tax Revenue Comparison by Sector



#### SALES TAX BY PRIMARY CATEGORY – Annual

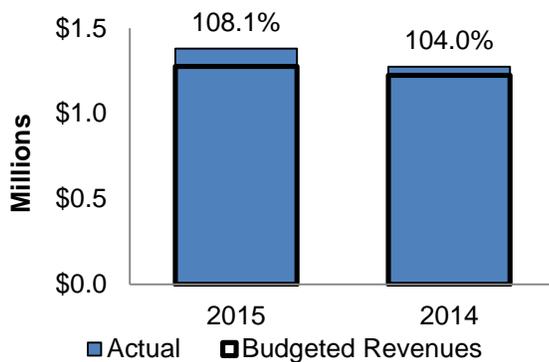
Sector	2011	2012	2013	2014	2015
Construction	\$642,326	\$1,315,397	\$1,326,775	\$1,088,201	\$1,029,064
Retail Trade	\$3,829,648	\$4,111,726	\$4,367,503	\$4,528,070	\$4,857,283
Hotel/Restaurant	\$379,096	\$390,912	\$420,096	\$440,339	\$473,001
All Others	\$1,163,174	\$1,114,839	\$1,222,431	\$1,406,276	\$1,396,885
<b>Total</b>	<b>\$6,014,244</b>	<b>\$6,932,874</b>	<b>\$7,336,805</b>	<b>\$7,462,886</b>	<b>\$7,756,234</b>
\$ Change from previous year	\$268,489	\$918,630	\$403,931	\$126,081	\$293,348
% Change from previous year	4.7%	15.3%	5.8%	1.7%	3.9%

#### SALES TAX BY RETAIL TRADE CATEGORY - Annual

Retail Trade	2011 Dec-Nov	2012 Dec-Nov	2012 v. 2011 \$ Change	2013 Dec-Nov	2013 v. 2012 \$ Change	2014 Dec-Nov	2014 v. 2013 \$ Change	2015 Dec-Nov	2015 v. 2014 \$ Change
Motor Vehicle and Parts Dealer	\$886,376	\$1,016,944	\$130,568	\$1,126,163	\$109,219	\$1,236,501	\$110,338	\$1,350,157	\$113,656
Furniture and Home Furnishings	\$54,955	\$52,391	-\$2,564	\$56,861	\$4,470	\$61,757	\$4,896	\$58,847	-\$2,910
Electronics and Appliances	\$86,164	\$89,633	\$3,469	\$92,316	\$2,683	\$102,349	\$10,033	\$111,503	\$9,154
Building Material and Garden	\$568,887	\$594,639	\$25,752	\$665,036	\$70,397	\$662,018	-\$3,018	\$787,425	\$125,407
Food and Beverage Stores	\$255,851	\$263,322	\$7,471	\$261,984	-\$1,338	\$253,519	-\$8,465	\$263,631	\$10,112
Health and Personal Care Store	\$127,062	\$148,724	\$21,662	\$161,275	\$12,551	\$167,514	\$6,239	\$211,545	\$44,031
Gasoline Stations	\$70,763	\$73,646	\$2,883	\$74,774	\$1,128	\$76,539	\$1,765	\$75,269	-\$1,270
Clothing and Accessories	\$36,724	\$44,684	\$7,960	\$46,099	\$1,415	\$52,192	\$6,093	\$59,628	\$7,436
Sporting Goods, Hobby, Books	\$79,641	\$75,232	-\$4,409	\$80,310	\$5,078	\$82,463	\$2,153	\$84,163	\$1,700
General Merchandise Stores	\$1,306,756	\$1,375,538	\$68,782	\$1,406,042	\$30,504	\$1,414,543	\$8,501	\$1,424,571	\$10,028
Miscellaneous Store Retailers	\$254,677	\$255,055	\$378	\$251,155	-\$3,900	\$246,326	-\$4,829	\$236,280	-\$10,046
Nonstore Retailers	\$101,792	\$121,918	\$20,126	\$145,488	\$23,570	\$172,349	\$26,861	\$194,265	\$21,916
<b>Total Revenue</b>	<b>\$3,829,648</b>	<b>\$4,111,726</b>	<b>\$282,078</b>	<b>\$4,367,503</b>	<b>\$255,777</b>	<b>\$4,528,070</b>	<b>\$160,567</b>	<b>\$4,857,283</b>	<b>\$329,213</b>

## GENERAL FUND REVENUE ANALYSIS (continued):

### LOCAL CRIMINAL JUSTICE SALES TAX

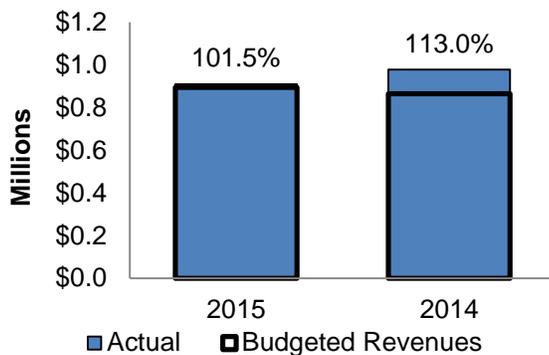


2015 Current Budget		\$1,276,154
2015 Fourth Quarter Actual Revenue		\$1,380,160
2015 % of Current Budget Received		108.1%
2014 Current Budget		\$1,224,532
2014 Fourth Quarter Actual Revenue		\$1,274,025
2014 % of Current Budget Received		104.0%
2015 v. 2014 \$ Change		\$106,135
2015 v. 2014 % Change		8.3%

Local criminal justice sales tax receipts are 8.3% more than the year-ago level with 108.1% of the amount budgeted being received as compared to 104.0% received last year. In addition to the increase from the prior year, receipts are \$25,547, or 1.9%, more than the revised projection.

The result for local criminal justice sales tax receipts is not commensurate with the result for sales tax receipts because the distribution of local criminal justice sales tax is based on the city's population and the amount of sales tax collected throughout all of King County. Sales tax collected throughout King County was 9.5% higher than the year ago level.

### INTERGOVERNMENTAL REVENUE

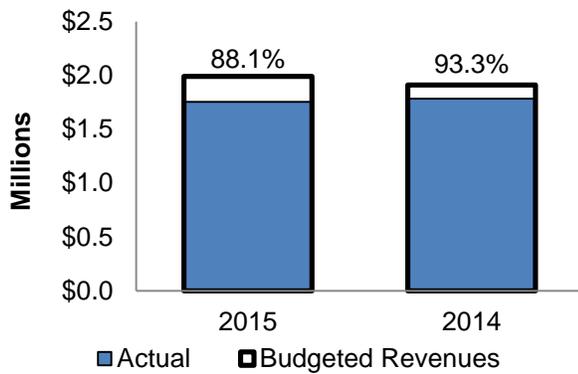


2015 Current Budget		\$894,991
2015 Fourth Quarter Actual Revenue		\$908,571
2015 % of Current Budget Received		101.5%
2014 Current Budget		\$865,015
2014 Fourth Quarter Actual Revenue		\$977,346
2014 % of Current Budget Received		113.0%
2015 v. 2014 \$ Change		-\$68,775
2015 v. 2014 % Change		-7.0%

Intergovernmental revenue sources are comprised primarily of funding for criminal justice programs, liquor excise tax, and liquor board profits. Receipts are 7.0% lower than the year-ago level. In addition to the year-over-year change, receipts are \$22,166, or 2.4%, lower than the revised projection. Both differences are largely due to unanticipated receipts from marijuana enforcement revenues (\$13,163) offset by a delay in the receipt of the second half of the waste reduction and recycling grant (\$34,980) until 2016.

# GENERAL FUND REVENUE ANALYSIS (continued):

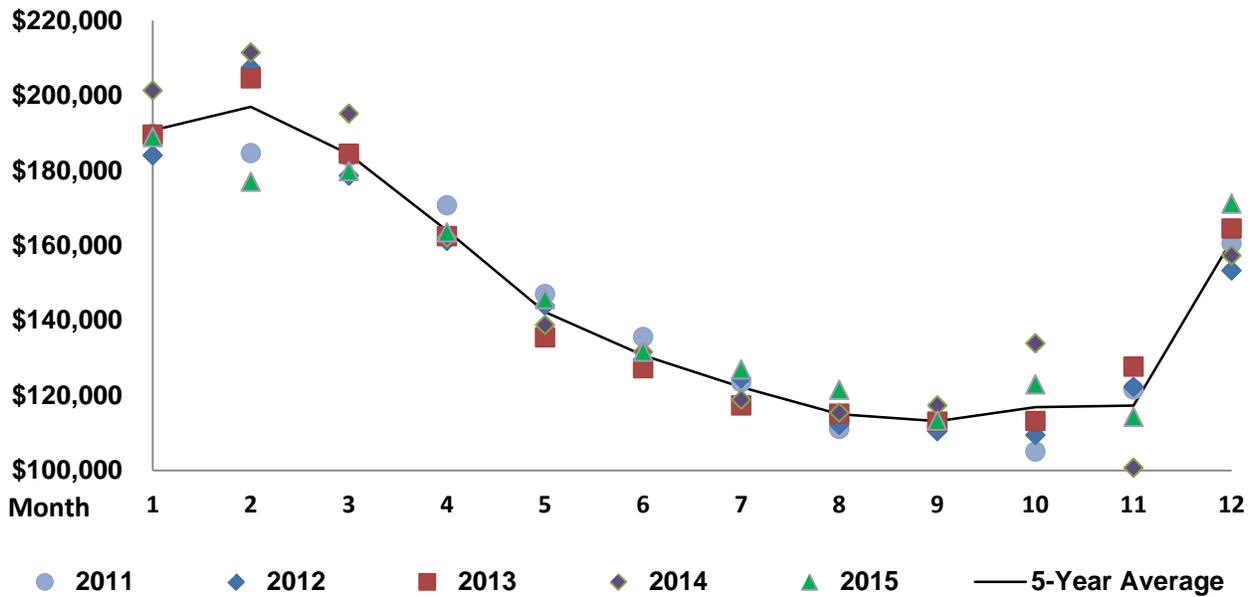
## SEATTLE CITY LIGHT CONTRACT PAYMENT



2015 Current Budget		\$1,993,063
2015 Fourth Quarter Actual Revenue		\$1,756,770
2015 % of Current Budget Received		88.1%
2014 Current Budget		\$1,912,728
2014 Fourth Quarter Actual Revenue		\$1,784,137
2014 % of Current Budget Received		93.3%
2015 v. 2014 \$ Change		-\$27,367
2015 v. 2014 % Change		-1.5%

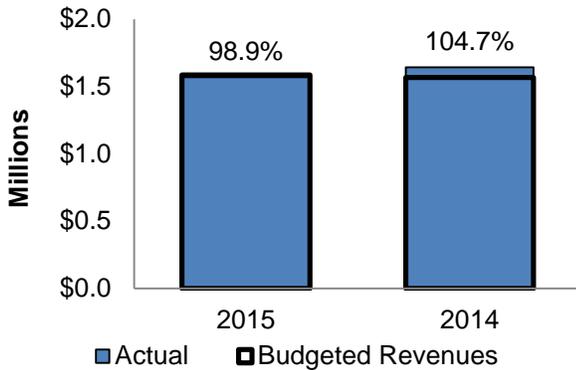
Receipts are 1.5% lower than the year-ago level but 3.7% higher than the revised projection. Staff revised the year-end estimate through the 2016 budget process to bring the projections in line with historical trends. As can be seen in the chart below receipts in the first quarter of 2015 were lower than those received during the same period of the last two years but have since come in near the five-year average.

## Receipts SEATTLE CITY LIGHT RECEIPTS BY MONTH



# GENERAL FUND REVENUE ANALYSIS (continued):

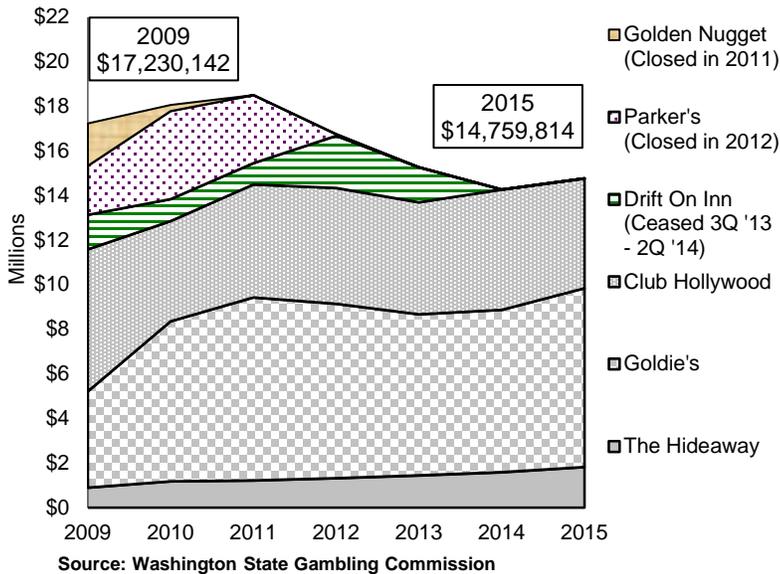
## GAMBLING TAX REVENUE



2015 Current Budget		\$1,586,625
2015 Fourth Quarter Actual Revenue		\$1,569,806
2015 % of Current Budget Received		98.9%
2014 Current Budget		\$1,569,125
2014 Fourth Quarter Actual Revenue		\$1,643,171
2014 % of Current Budget Received		104.7%
2015 v. 2014 \$ Change		-\$73,365
2015 v. 2014 % Change		-4.5%

Total receipts, inclusive of taxes on gambling activity and payments on promissory notes, in the amount of \$1,603,004, are lower than 2014 collections of \$1,643,173 primarily due to the payoff of promissory notes by Goldie's and The Hideaway in 2014. Receipts attributable to taxes on gambling activity reported, in the amount of \$1,597,329, are 3.2% higher than the year-ago level and 0.3% lower than the revised projection. On July 27, 2015 Council determined that debt owed by Parker's Sports Bar & Casino / Slam Dunk Entertainment and Echo Lake Tavern / Gloria Kalitovic resulting from unpaid gambling taxes were uncollectible and authorized the City Manager to write off the debt. This action resulted in a one-time reduction of 2015 receipts in the amount of \$33,199. This report reflects the culmination of these issues with a result that shows receipts being 4.5% lower than the year-ago level.

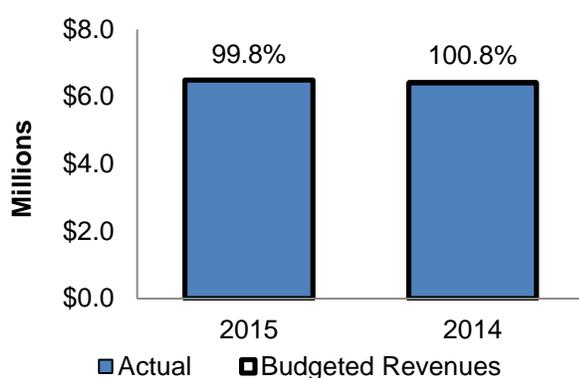
Receipts from pull-tab activity slightly decreased (-1.2%) year-over-year while cardroom activity increased (+3.6%). Pull-tab activity returned to historic levels in the second quarter of 2014 while card room activity appears to have found a plateau after the closure of three establishments since 2010. The chart below exhibits the last seven years of gross receipts reported by card rooms in Shoreline.



Annual Activity 2009 - 2015		
Year	Amount	% Change from Previous Year
2009	\$17,230,142	-6.0%
2010	\$18,065,061	4.8%
2011	\$18,502,782	2.4%
2012	\$16,751,880	-9.5%
2013	\$15,265,019	-8.9%
2014	\$14,263,567	-6.6%
2015	\$14,759,814	3.5%

## GENERAL FUND REVENUE ANALYSIS (continued):

### UTILITY TAX AND FRANCHISE FEE



2015 Current Budget		\$6,494,853
2015 Fourth Quarter Actual Revenue		\$6,482,206
2015 % of Current Budget Received		99.8%
2014 Current Budget		\$6,417,125
2014 Fourth Quarter Actual Revenue		\$6,470,543
2014 % of Current Budget Received		100.8%
2015 v. 2014 \$ Change		\$11,663
2015 v. 2014 % Change		0.2%

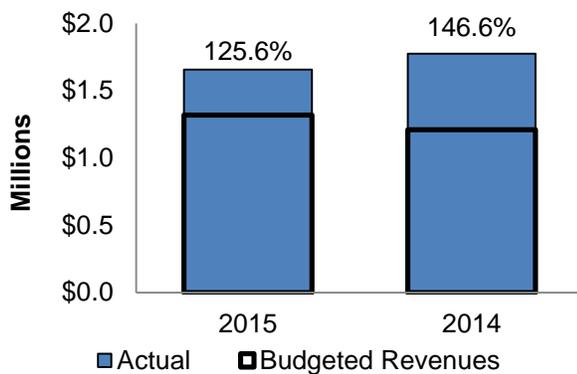
Overall utility tax and franchise fee receipts are below the revised projection by 0.1% but above 2014 collections by 0.2%.

Natural gas tax receipts are 7.5% lower than those collected during the same period in 2014. Compared to the prior year, lower monthly payments for February through May (-16.0%) point to reduced demand for natural gas, perhaps due to a mild winter and spring, while payments for the remainder of the year were only slightly lower (-0.8%). Cable television tax receipts are 6.6% higher than the year-ago level. Receipts from the cable TV category came in above the budget and revised projections by 6.0% and 1.6%, respectively. Telecommunications tax receipts are 8.8% lower than the year-ago level. Staff revised the year-end estimates for cable TV and telecommunications categories through the 2016 budget process. Receipts from the telecommunications category came in below the budget and revised projections by 14.1% and 9.2%, respectively. The telecommunications category has seen a steady decrease over the past few years. Water franchise fee receipts are 5.0% higher than the year-ago level, which is mostly due to receipts in the first three quarters being 7.3% higher and receipts for the fourth quarter being 3.9% lower compared to the same periods of 2014.

Utility	2015 Current Budget	2015 Fourth Quarter Actual Revenue	2015 % of Current Budget Received	2014 Current Budget	2014 Fourth Quarter Actual Revenue	2014 % of Current Budget Received	2015 v. 2014 \$ Change	2015 v. 2014 % Change
Natural Gas	\$889,590	\$785,472	88.3%	\$889,590	\$849,542	95.5%	-\$64,070	-7.5%
Garbage	\$538,648	\$547,486	101.6%	\$528,086	\$534,409	101.2%	\$13,077	2.4%
Cable TV	\$1,760,845	\$1,866,627	106.0%	\$1,658,749	\$1,753,193	105.7%	\$115,225	6.6%
Telecommunications	\$1,503,000	\$1,290,650	85.9%	\$1,569,095	\$1,415,044	90.2%	-\$124,394	-8.8%
Storm Drainage	\$214,571	\$217,034	101.1%	\$207,697	\$212,005	102.1%	\$5,029	2.4%
Water	\$754,197	\$939,937	124.6%	\$754,197	\$895,350	118.7%	\$44,587	5.0%
Sewer	\$834,002	\$835,000	100.1%	\$809,711	\$811,000	100.2%	\$24,000	3.0%
<b>Utility Tax &amp; Franchise Fee Revenue Subtotal</b>	<b>\$6,494,853</b>	<b>\$6,482,206</b>	<b>99.8%</b>	<b>\$6,417,125</b>	<b>\$6,470,543</b>	<b>100.8%</b>	<b>\$11,663</b>	<b>0.2%</b>

# GENERAL FUND REVENUE ANALYSIS (continued):

## DEVELOPMENT REVENUE



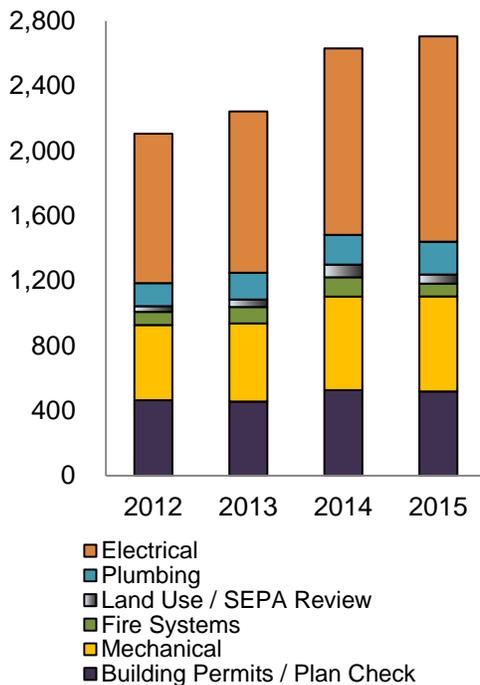
2015 Current Budget		\$1,319,750
2015 Fourth Quarter Actual Revenue		\$1,657,875
2015 % of Current Budget Received		125.6%
2014 Current Budget		\$1,211,750
2014 Fourth Quarter Actual Revenue		\$1,775,938
2014 % of Current Budget Received		146.6%
2015 v. 2014 \$ Change		-\$118,063
2015 v. 2014 % Change		-6.6%

Development revenue receipts exhibit a year-over-year decrease of 6.6% but are 6.4% higher than the revised projection. Local development activity in 2015, in terms of the valuation, is higher than the year-ago level while the number of building permits pulled for new construction and remodels is only slightly higher.

Valuation of 307 building permits for new construction and remodels totals \$78.0 million and is comprised 35.0% of residential and 65.0% commercial / multi-family valuation. The majority of the commercial / multi-family valuation is for the Centerpointe Apartments (163 units valued at \$21.7 million), Aurora Micro Apartments (11 units valued at \$4.75 million), and Compass Housing Alliance (60 units valued at \$8.1 million).

In 2015, there were 14 more permits issued for new single-family residences, with a value that is \$2.6 million more, as compared to the year-ago level. While there have been 10 fewer permits issued for commercial / multi-family construction (new and remodels) the value is \$31.9 million more than the year-ago level.

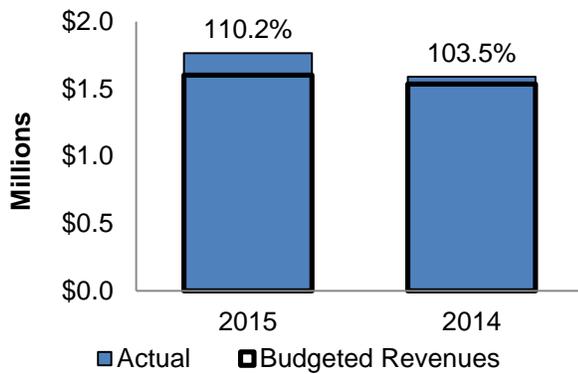
## PERMITS BY TYPE



PERMIT TYPE	2012	2013	2014	2015	# Change	% Change
Building Permits / Plan Check	465	457	527	519	-8	-1.5%
Mechanical	463	481	576	585	9	1.6%
Fire Systems	81	101	119	79	-40	-33.6%
Land Use / SEPA Review	35	46	78	56	-22	-28.2%
Plumbing	142	165	183	202	19	10.4%
Electrical	920	993	1,148	1,264	116	10.1%
<b>Total</b>	<b>2,106</b>	<b>2,243</b>	<b>2,631</b>	<b>2,705</b>	<b>74</b>	<b>2.8%</b>

## GENERAL FUND REVENUE ANALYSIS (continued):

### PARK AND RECREATION REVENUE



2015 Current Budget		\$1,603,216
2015 Fourth Quarter Actual Revenue		\$1,767,394
2015 % of Current Budget Received		110.2%
2014 Current Budget		\$1,537,541
2014 Fourth Quarter Actual Revenue		\$1,591,666
2014 % of Current Budget Received		103.5%
2015 v. 2014 \$ Change		\$175,728
2015 v. 2014 % Change		11.0%

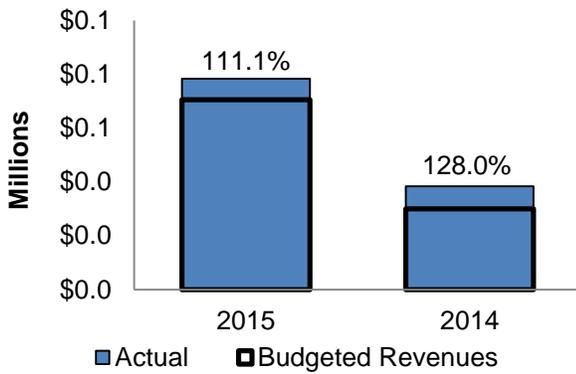
Park and Recreation revenue receipts are higher than the year-ago level and revised projection by 11.0% and 6.2%, respectively. Compared to last year, 2015 witnessed an increase in revenues from the pool by 6.6%, mostly due to an increase in revenue from lessons (+7.2%), and facility rentals by 9.3%, mostly due to an increase in revenues from athletic field rentals (+8.7%) and picnic shelter rentals (+15.5%). General recreation receipts showed a significant increase of 15.1% over the same period in 2014, mostly due to increased revenue from participation in class offerings for specialized recreation classes (+28.2%) and youth arts (+61.4%), as well as increased participation in the summer playground (+23.7%).

Recreation Revenue by Program Area: January - December 2008 – 2015							
Year	General Recreation*	Gen Rec % of Total	Pool	Pool % of Total	Facility Rentals	Fac. Rent % of Total	Total Revenue
2008	\$597,402	45.4%	\$383,260	29.1%	\$334,301	25.4%	\$1,314,963
2009	\$556,951	41.2%	\$372,035	27.5%	\$423,021	31.3%	\$1,352,007
2010	\$593,454	42.8%	\$367,554	26.5%	\$423,972	30.6%	\$1,384,980
2011	\$625,368	43.0%	\$374,828	25.8%	\$455,039	31.3%	\$1,455,235
2012	\$604,705	42.6%	\$367,770	25.9%	\$446,884	31.5%	\$1,419,359
2013	\$615,758	42.5%	\$342,378	23.7%	\$489,258	33.8%	\$1,447,394
2014	\$661,091	44.5%	\$371,070	25.0%	\$452,842	30.5%	\$1,485,003
<b>2015</b>	<b>\$760,772</b>	<b>46.1%</b>	<b>\$395,462</b>	<b>23.9%</b>	<b>\$495,126</b>	<b>30.0%</b>	<b>\$1,651,360</b>



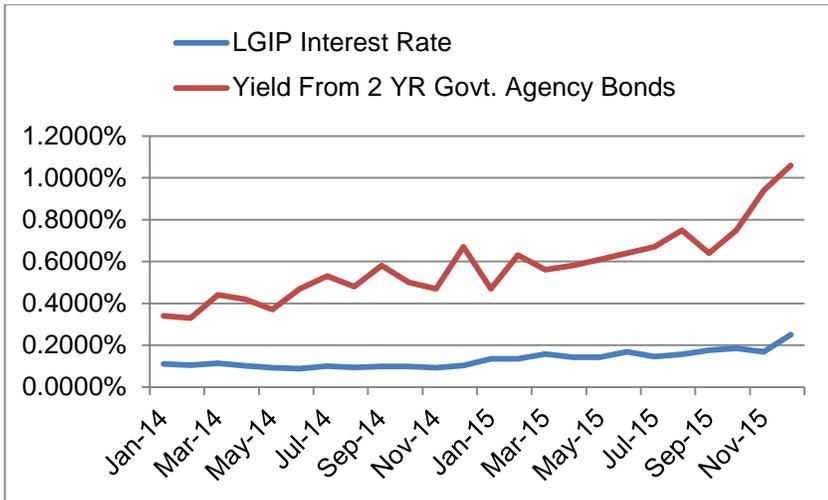
# GENERAL FUND REVENUE ANALYSIS (continued):

## INVESTMENT INCOME



2015 Current Budget		\$70,600
2015 Fourth Quarter Actual Revenue		\$78,423
2015 % of Current Budget Received		111.1%
2014 Current Budget		\$30,000
2014 Fourth Quarter Actual Revenue		\$38,386
2014 % of Current Budget Received		128.0%
2015 v. 2014 \$ Change		\$40,037
2015 v. 2014 % Change		104.3%

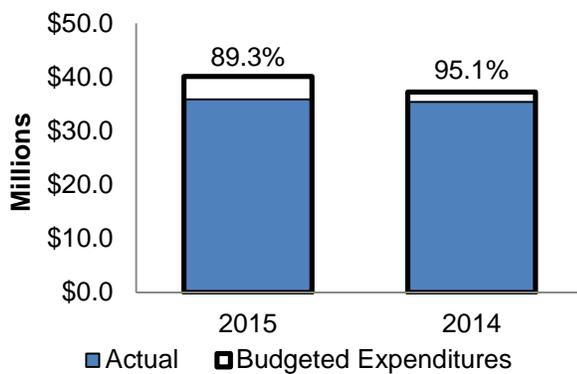
Investment earnings are higher than the year-ago level by \$40,037, or 104.3%. The City is diversifying and laddering its portfolio, moving methodically into longer term securities earning higher interest rates.



Month	LGIP Interest Rate	Bond Investment Yield
Jan-14	0.1110%	0.3400%
Feb-14	0.1051%	0.3300%
Mar-14	0.1137%	0.4400%
Apr-14	0.1009%	0.4200%
May-14	0.0921%	0.3700%
Jun-14	0.0874%	0.4700%
Jul-14	0.0999%	0.5300%
Aug-14	0.0943%	0.4800%
Sep-14	0.0982%	0.5800%
Oct-14	0.0984%	0.5000%
Nov-14	0.0928%	0.4700%
Dec-14	0.1031%	0.6700%
Jan-15	0.1347%	0.4700%
Feb-15	0.1347%	0.6300%
Mar-15	0.1577%	0.5600%
Apr-15	0.1430%	0.5800%
May-15	0.1428%	0.6100%
Jun-15	0.1688%	0.6400%
Jul-15	0.1453%	0.6700%
Aug-15	0.1561%	0.7500%
Sep-15	0.1766%	0.6400%
Oct-15	0.1854%	0.7500%
Nov-15	0.1682%	0.9400%
Dec-15	0.2499%	1.0600%
24 Month Average	0.1317%	0.5792%

## EXPENDITURE ANALYSIS:

### GENERAL FUND EXPENDITURES



2015 Current Budget	\$40,151,029
2015 Fourth Quarter Actual Expenditures	\$35,847,605
2015 % of Current Budget Expended	89.3%
2014 Current Budget	\$37,250,828
2014 Fourth Quarter Actual Expenditures	\$35,425,424
2014 % of Current Budget Expended	95.1%
2015 v. 2014 \$ Change	\$422,182
2015 v. 2014 % Change	1.2%

Departments spent \$33,816,839, or 90.6%, of the Current Budget excluding transfers out. This level is \$921,874, or 2.8%, higher than the year-ago level but \$1,541,731, or 4.4%, less than the revised projection. Delays and other unanticipated issues resulted in 2015 expenditures being less than projected. Some operating programs and projects that were in progress in 2015 will be completed in 2016. Staff requested a re-appropriation of \$1,175,103 to pay expenditures incurred or complete projects initiated in 2015. Without these delays or with completion of these projects, departments would have spent 93.7% of the current budget excluding transfers out, which would have been 6.4% higher than the year-ago level but 1.0% less than the revised projection.

The General Fund transferred \$2,030,766, or 72.3%, of its budgeted support to other funds. This level is \$499,692, or 19.7%, lower than the year-ago level and \$779,366, or 27.7%, less than the revised projection. Three transfers to the Roads Capital Fund were not completed in 2015. Two of these transfers, which provide support for the Sidewalks/Overlay program and Traffic Services staff that supports capital projects, were sufficiently replaced by real estate excise tax deposited in the Roads Capital Fund that exceeded staff's revised projection by \$263,840. The third transfer was intended to provide \$500,000 for grant match funding for capital projects but that has been delayed until 2016 when the funds will be needed to support a project. Staff requested a re-appropriation of this \$500,000 transfer. Without this delay, the General Fund would have transferred 90.1% of the budget, which would have been slightly higher (0.01%) than the year-ago level but 9.9% less than the revised projection.

Total expenditures including transfers out, representing expenditure of 89.3% of the current budget, are 1.2% higher than the year-ago level but 6.1% less than the revised projection. Including the re-appropriations discussed above, total expenditures would have been 5.9% higher than the year-ago level but 1.7% lower than the revised projection.

## EXPENDITURE ANALYSIS:

### GENERAL FUND EXPENDITURES

Department	2015 Current Budget	2015 Fourth Quarter Actual Expenditures	2015 % of Current Budget Expended	2014 Current Budget	2014 Fourth Quarter Actual Expenditures	2014 % of Current Budget Expended	2015 v. 2014 \$ Change	2015 v. 2014 % Change
City Council	\$228,226	\$216,255	94.8%	\$221,089	\$216,206	97.8%	\$49	0.0%
City Manager's Office <sup>1</sup>	\$2,266,456	\$2,076,166	91.6%	\$2,161,237	\$2,035,666	94.2%	\$40,500	2.0%
City Attorney	\$671,384	\$638,844	95.2%	\$593,787	\$591,018	99.5%	\$47,826	8.1%
Community Services <sup>2</sup>	\$1,612,120	\$1,514,299	93.9%	\$1,615,079	\$1,557,226	96.4%	-\$42,927	-2.8%
Administrative Services <sup>3</sup>	\$4,273,854	\$4,040,853	94.5%	\$4,138,040	\$3,777,839	91.3%	\$263,015	7.0%
Citywide	\$2,064,050	\$810,844	39.3%	\$1,795,506	\$1,130,082	62.9%	-\$319,238	-28.2%
Human Resources	\$516,738	\$505,896	97.9%	\$445,411	\$471,952	106.0%	\$33,944	7.2%
Police	\$11,555,917	\$10,900,246	94.3%	\$10,703,332	\$10,494,973	98.1%	\$405,273	3.9%
Criminal Justice	\$3,031,291	\$2,845,340	93.9%	\$2,340,706	\$3,121,389	133.4%	-\$276,049	-8.8%
Parks	\$5,431,658	\$5,230,087	96.3%	\$5,055,514	\$4,831,836	95.6%	\$398,250	8.2%
Planning & Community Development	\$2,774,400	\$2,564,214	92.4%	\$2,756,917	\$2,553,287	92.6%	\$10,928	0.4%
Public Works	\$2,914,803	\$2,473,793	84.9%	\$2,446,628	\$2,113,492	86.4%	\$360,301	17.0%
<b>Departmental Expenditures</b>	<b>\$37,340,897</b>	<b>\$33,816,839</b>	<b>90.6%</b>	<b>\$34,273,245</b>	<b>\$32,894,966</b>	<b>96.0%</b>	<b>\$921,872</b>	<b>2.8%</b>
Operating Transfers Out	\$2,810,132	\$2,030,766	72.3%	\$2,977,583	\$2,530,458	85.0%	-\$499,692	-19.7%
<b>Total Expenditures</b>	<b>\$40,151,029</b>	<b>\$35,847,605</b>	<b>89.3%</b>	<b>\$37,250,828</b>	<b>\$35,425,424</b>	<b>95.1%</b>	<b>\$422,182</b>	<b>1.2%</b>

Department	2015 Current Budget	2015 Fourth Quarter Actual + Carryover Expenditures	2015 % of Current Budget Expended	2014 Current Budget	2014 Fourth Quarter Actual Expenditures	2014 % of Current Budget Expended	2015 v. 2014 \$ Change	2015 v. 2014 % Change
<b>Departmental Expenditures</b>	<b>\$37,340,897</b>	<b>\$34,991,942</b>	<b>93.7%</b>	<b>\$34,273,245</b>	<b>\$32,894,966</b>	<b>96.0%</b>	<b>\$2,096,975</b>	<b>6.4%</b>
<b>Operating Transfers Out</b>	<b>\$2,810,132</b>	<b>\$2,530,766</b>	<b>90.1%</b>	<b>\$2,977,583</b>	<b>\$2,530,458</b>	<b>85.0%</b>	<b>\$308</b>	<b>0.0%</b>
<b>Total Expenditures</b>	<b>\$40,151,029</b>	<b>\$37,522,708</b>	<b>93.5%</b>	<b>\$37,250,828</b>	<b>\$35,425,424</b>	<b>95.1%</b>	<b>\$2,097,284</b>	<b>5.9%</b>

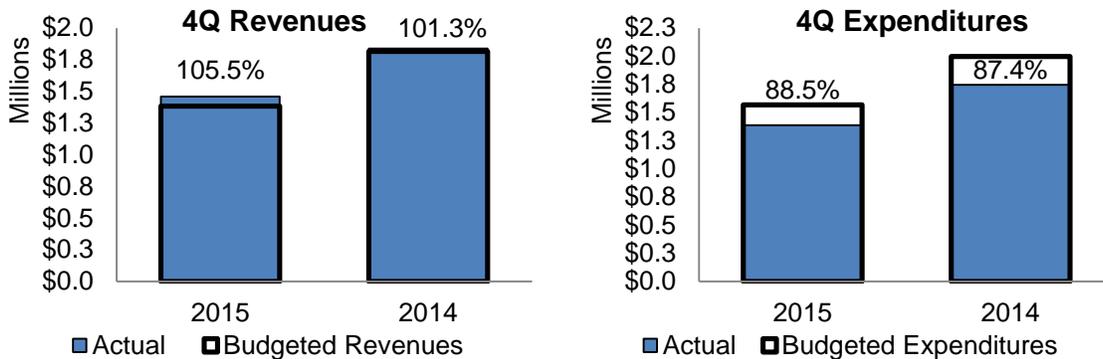
1. City Manager's Office includes City Manager's Office, City Clerk, Communications, Intergovernmental Relations, Economic Development, and Property Management

2. Community Services includes Neighborhoods, Customer Response Team, Emergency Management Planning, and Human Services

3. Administrative Services includes Finance, Purchasing, Information Systems, and Fleet & Facilities.

## OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

### STREET FUND



	Revenue	Expenditures
2015 Budgeted Use of Fund Balance	\$185,844	N/A
2015 Budgeted Revenues	\$1,383,163	N/A
2015 Current Budget	\$1,569,007	\$1,569,007
2015 4th Quarter Actual	\$1,459,565	\$1,388,044
2015 % of Current Budget*	105.5%	88.5%
2014 Budgeted Use of Fund Balance	\$183,448	N/A
2014 Budgeted Revenues	\$1,815,589	N/A
2014 Current Budget	\$1,999,037	\$1,999,037
2014 4th Quarter Actual	\$1,838,551	\$1,747,608
2014 % of Current Budget*	101.3%	87.4%
2015 v. 2014 \$ Variance	-\$378,986	-\$359,564

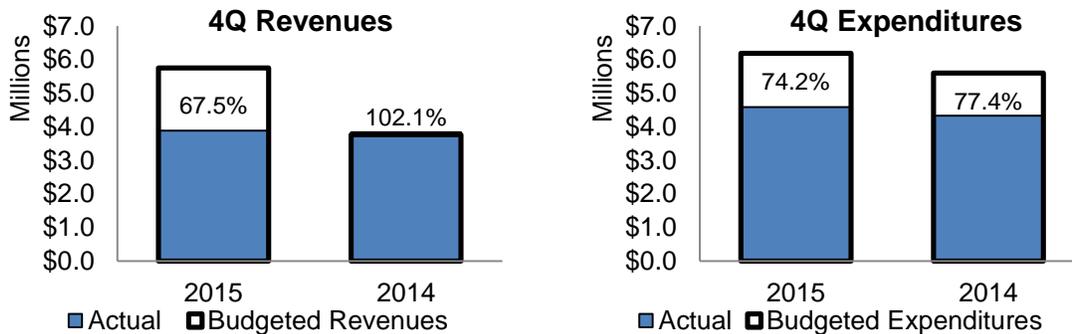
\*Current Budget for Revenues is calculated by excluding Budgeted Use of Fund Balance

Receipts, including transfers in, through December totaled \$1,459,565 and are \$378,986, or 20.6%, lower than the year-ago level. In 2014, the Street Fund received \$189,000 in one-time support from the General Fund. In 2015, the \$250,000 of services provided by King County was shifted to the Traffic Services program in the General Fund. These two factors resulted in a reduction in the amount of General Fund support provided in 2015 to the Street Fund of \$439,000. Factoring out the above 2014 items, the 2015 receipts through the fourth quarter were \$60,014, or 3.3%, higher than the 2014 level. Motor vehicle fuel tax revenue receipts for the fourth quarter of 2015 total \$1,137,676, which is 2.8% more than the year-ago level. In total, 2015 revenues were 5.5% more than budgeted revenue (current budget excluding use of fund balance).

Expenditures, including transfers out, through December totaled \$1,388,044 and are \$359,564, or 20.6%, less than the year-ago level. As was noted above, this is primarily due to the \$250,000 of services provided by King County shifted to the Traffic Services program in the General Fund in 2015. Expenditures are \$181,000 lower than the current budget due to staff vacancies, a delay in the development of the Health and Safety Manual, savings in the repairs and maintenance budget, and a delay in the purchase of two vehicles. Staff requested a re-appropriation of \$19,105 to develop the Health and Safety Manual and \$69,771 to complete the purchase of two vehicles. Without these delays, expenditures would have been 7.1% lower than the current budget.

# OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

## SURFACE WATER UTILITY FUND



	Revenue	Expenditures
2015 Budgeted Use of Fund Balance	\$435,426	N/A
2015 Budgeted Revenues	\$5,756,408	N/A
2015 Current Budget	\$6,191,834	\$6,191,834
2015 4th Quarter Actual	\$3,885,504	\$4,593,317
2015 % of Current Budget*	67.5%	74.2%
2014 Budgeted Use of Fund Balance	\$1,840,884	N/A
2014 Budgeted Revenues	\$3,762,067	N/A
2014 Current Budget	\$5,602,951	\$5,602,951
2014 4th Quarter Actual	\$3,842,356	\$4,334,247
2014 % of Current Budget*	102.1%	77.4%
2015 v. 2014 \$ Variance	\$43,148	\$259,070

\*Current Budget for Revenues is calculated by excluding Budgeted Use of Fund Balance

The Surface Water Utility Fund (SWM) includes on-going operational programs and capital projects with both being reflected in the total expenditures and revenues for the fund.

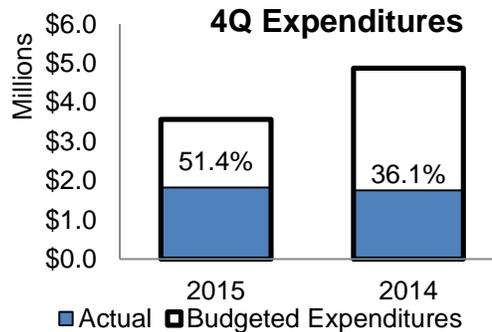
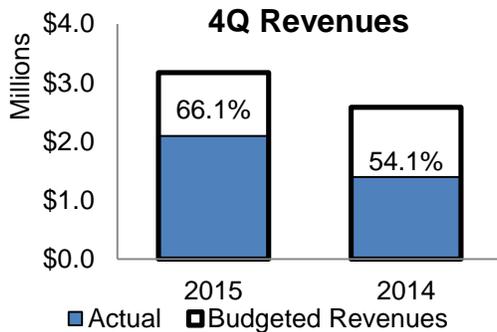
Receipts through December, in the amount of \$3,885,504, are \$43,148, or 1.1%, higher than the year-ago level. SWM ongoing revenues include storm drainage fees and investment interest earnings. Storm Drainage Fees totaled \$3,892,170 and are \$100,563, or 2.65%, above the year-ago level. The Storm Drainage Fees are higher than the total revenues due to the school district SWM fee credit, which was a total of \$274,380 in 2015 and is credited against the SWM Fund's revenue. Once the school district credit is factored out, and \$267,714 in other revenues from grants, investment interest, and other revenues are included, the 2015 amount nets to \$3,885,504.

Compared to budget, revenues are only 67.5% of budgeted revenue (current budget excluding use of fund balance). This is due to a \$2,000,000 bond issue that was scheduled for 2015 but deferred to 2016 to align with construction timing.

Expenditures, including transfers out, through December totaled \$4,593,317 and are \$259,070, or 6.0%, more than the year-ago level. Expenditures are impacted by the timing of construction schedules. For example, in 2015, the revised CIP projection lowered the current budget for the NE 148<sup>th</sup> Infiltration Facilities from \$200,000 in 2015 to an estimated \$20,000 in the 2016-2021 CIP. The Stormwater Pipe Replacement Program's current budget was lowered from \$1,016,415 in 2015 to an estimated \$566,415 in the 2016-2021 CIP. The total 2015 estimate from the 2016-2021 CIP for both the SWM operating and SWM capital projects was \$4,551,854. With actual total 2015 expenditures at \$4,593,317, they were 0.9% higher than the revised 2015 estimates.

# OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

## GENERAL CAPITAL FUND



	Revenue	Expenditures
2015 Budgeted Use of Fund Balance	\$394,658	N/A
2015 Budgeted Revenues	\$3,173,261	N/A
2015 Current Budget	\$3,567,919	\$3,567,919
2015 4th Quarter Actual	\$2,096,845	\$1,833,614
2015 % of Current Budget*	66.1%	51.4%
2014 Budgeted Use of Fund Balance	\$2,295,977	N/A
2014 Budgeted Revenues	\$2,582,494	N/A
2014 Current Budget	\$4,878,471	\$4,878,471
2014 4th Quarter Actual	\$1,396,999	\$1,760,565
2014 % of Current Budget*	54.1%	36.1%
2015 v. 2014 \$ Variance	\$699,846	\$73,049

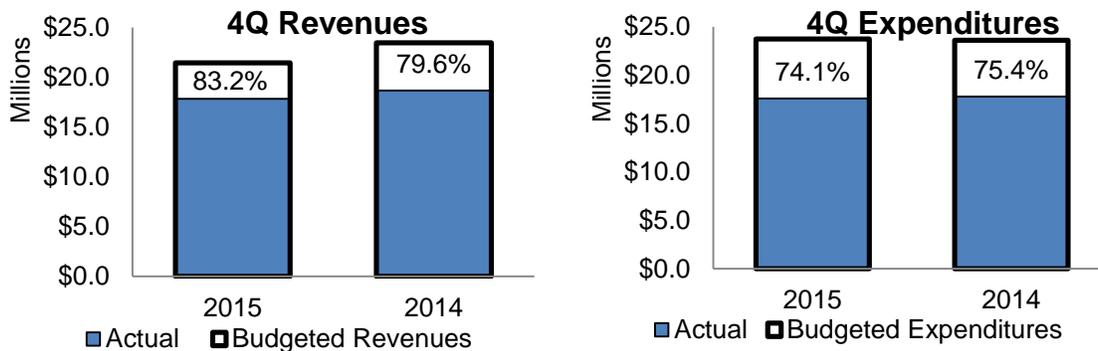
\*Current Budget for Revenues is calculated by excluding Budgeted Use of Fund Balance

Receipts through December, in the amount of \$2,096,845, are \$699,846, or 50.1%, more than the year-ago level. This increase is mainly attributed to an increase in REET (please see Real Estate Excise Tax section). Investment earnings totaled \$2,894 which is \$331, or 12.9%, above the 2014 levels. This year the General Capital Fund received 66.1% of budgeted revenues (current budget excluding use of fund balance). A significant portion of the budgeted revenue for the Police Station at City Hall project is being transferred from the Federal Criminal Forfeitures Fund as expenditures are incurred for the project. Staff requested a re-appropriation of \$1,646,343 for this purpose. Had all planned worked been completed in 2015, revenues would have been 18.0% higher than budgeted revenues.

Expenditures through December, including transfers out, totaled \$1,833,614 and are \$73,049, or 4.1%, more than the same period in 2014. Expenditures are impacted by the timing of construction schedules. As is noted above, expenditures are lower than the current budget primarily due to the timing of the Police Station at City Hall project. Again, staff requested a re-appropriation for this project. Had all planned worked been completed expenditures would have been 2.5% lower than the current budget.

# OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

## ROADS CAPITAL FUND



	Revenue	Expenditures
2015 Budgeted Use of Fund Balance	\$2,298,580	N/A
2015 Budgeted Revenues	\$21,450,709	N/A
2015 Current Budget	\$23,749,289	\$23,749,289
2015 4th Quarter Actual	\$17,849,590	\$17,601,658
2015 % of Current Budget*	83.2%	74.1%
2014 Budgeted Use of Fund Balance	\$146,318	N/A
2014 Budgeted Revenues	\$23,457,681	N/A
2014 Current Budget	\$23,603,999	\$23,603,999
2014 4th Quarter Actual	\$18,674,843	\$17,799,802
2014 % of Current Budget*	79.6%	75.4%
2015 v. 2014 \$ Variance	-\$825,253	-\$198,144

\*Current Budget for Revenues is calculated by excluding Budgeted Use of Fund Balance

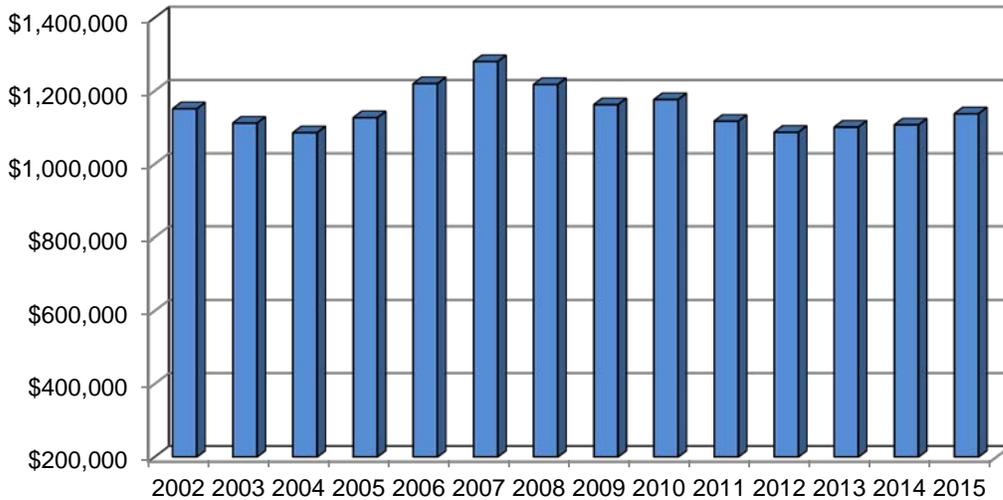
Receipts through December, in the amount of \$17,849,590, are \$825,253, or 4.4%, lower than the year-ago level. This year the Roads Capital Fund received 83.2% of budgeted revenues (current budget excluding use of fund balance). Receipt of a significant portion of the budgeted revenue for the Aurora Avenue North 192nd - 205th project and the transfer of \$500,000 from the General Fund for grant match funding will be delayed into 2016. In October 2015, Council adopted Ordinance Number 726, which assumed the rights, powers, functions, immunities, and obligations of the Shoreline Transportation District (TBD). The TBD's revenues, including \$818,017 in vehicle license fees, and fund balance, in the amount of \$429,582, have been booked to the Roads Capital Fund. Staff requested a re-appropriation of \$3,145,157 for the Aurora project and \$500,000 for the grant match funds. Had the Aurora project and grants match funding transfer been completed in 2015 revenues (excluding the booking of TBD fund balance) would have been 5.1% lower than budgeted revenues.

Expenditures through December, in the amount of \$17,601,658, are \$198,144, or 1.1%, lower than the year-ago level. As with the other capital funds, expenditures are impacted by the timing of construction schedules. As is noted above, expenditures are lower than the current budget primarily due to the timing of the Aurora project and grants match funding transfer. Again, staff requested a re-appropriation for these items. Had the Aurora project and grants match funding transfer been completed in 2015 expenditures would have been 10.5% lower than the current budget. The 2016-2021 CIP revised the 2015 estimated expenditure for a number of projects with 10th Avenue NW Bridge project being lowered by \$366,026 from its original budget, the Interurban Trail project being lowered by \$385,999 from its original budget, and the Aurora project being lowered by \$515,756 from its original budget. In total, the 2016-2021 CIP estimated 2015 would end with \$22,210,311. Actual 2015 expenditures ended 20.8% lower than revised estimates. As noted above, staff requested re-appropriations for a number of CIP projects.

# OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

## STREET FUND FUEL TAX

**Fuel Tax Historical Fourth Quarter Comparison**



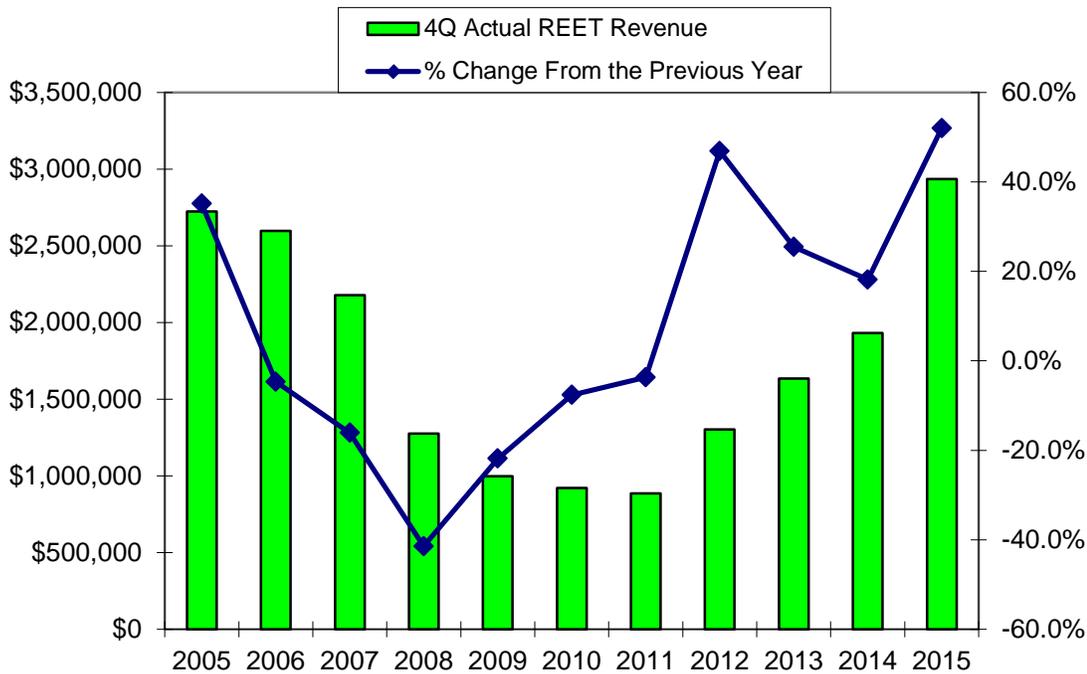
**Fuel Tax: Historical Annual  
2006-2015**

2006	\$1,220,213
2007	\$1,280,096
2008	\$1,217,850
2009	\$1,162,565
2010	\$1,176,559
2011	\$1,117,297
2012	\$1,087,126
2013	\$1,101,244
2014	\$1,107,075
2015	\$1,137,676

The motor vehicle fuel excise tax, commonly referred to as gas tax, is levied by the state on a per gallon basis, distributed monthly on a per capita basis to the City of Shoreline, and placed in the Street Fund. In addition, the state's transportation package passed in 2015 included an increase in the gas tax with the first increase in place as of August 1, 2015 and the second increase to be effective July 1, 2016. This portion is shared with cities and counties based upon a set allocation provided in 2<sup>nd</sup> ESSB 5987. Total fuel tax revenue receipts through December totaled \$1,137,676 and are \$30,601, or 2.8%, higher than the year-ago level. Of that amount, \$16,401 was from the increased distributions that began in the 3<sup>rd</sup> quarter of 2015. Factoring out that increase, 2015 receipts are 2.4% higher than the budget projection and 1.3% higher than the year-ago level.

## OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

### REAL ESTATE EXCISE TAX (REET)



#### REET: Annual Collected 2007-2015

	Revenue	\$ Change from Previous Year	%Change from Previous Year
2007	\$2,179,332	-\$418,371	-16.1%
2008	\$1,275,597	-\$903,735	-41.5%
2009	\$996,805	-\$278,792	-21.9%
2010	\$920,596	-\$76,209	-7.6%
2011	\$886,555	-\$34,041	-3.7%
2012	\$1,302,282	\$415,727	46.9%
2013	\$1,634,442	\$332,160	25.5%
2014	\$1,931,192	\$296,750	18.2%
2015	\$2,936,028	\$1,004,836	52.0%

Real estate excise tax (REET) revenue receipts through December totaling \$2,936,028 are higher than the budget projection, revised projection, and year-ago level by 59.1%, 21.9%, and 52.0%, respectively. There were 215, or 23.3%, more real estate transactions through the fourth quarter of 2015 than in the same period of 2014, and the total value of all transactions was \$580.5 million, or 57.6%, more than in 2014.

The difference in the value of real estate transactions is attributable to: (i) there being more transactions in 2015 (1,138 total) than in 2014 (923 total), (ii) there being 53 high-value (\$1 million or more) transactions through the fourth quarter of 2015, which is 23 more than the same period of 2014, and (iii) the average value of all transaction (i.e. single-family, multi-family, and commercial) increased by \$129,833 in 2015 to \$510,141.

## INVESTMENT REPORT – Fourth Quarter December 31, 2015

The City's investment policy adheres to strict standards prescribed by federal law, state statutes, local ordinances, and allows the City to develop an investment model to maximize its investment returns within the primary objectives of safety and liquidity.

Our yield objectives are very important and, pursuant to policy, the basis used by the City to determine whether the market yields are being achieved is through the use of a comparable benchmark. Our benchmark has been identified as the current yield to maturity of the Washington State Local Government Investment Pool, which had been the City's primary mode of investment prior to adopting our Investment Policy. As of December 31, 2015, the City's investment portfolio, excluding the State Investment Pool and deposits in Opus Bank, had a current weighted average rate of return of 1.1082%. This is better than the State Investment Pool's current rate of return of 0.2499%. In an effort to get better return than the State Investment Pool, the City deposited \$10M in Opus Bank which provides 0.35% rate of return. Total investment interest earnings through December were \$111,215 which is about 94% of total budgeted 2015 investment earnings of \$118,013.

Over the past few years, we have seen interest rates decline significantly. The average yield on two year government agency bonds was 5.34% in January 2007. By the end of 2008 this rate was down to 1.1%. Rates continued to decline reaching a low of 0.39% at the end of December 2013.

We are now starting to see some recovery in interest rates as the rate at the end of June 2014 was 0.47% and at the end of December 2015 was 1.06%. The City continued to implement a ladder philosophy in its investment portfolio over the last year. With the ladder philosophy, the City adds \$1M a quarter to its investment portfolio. This resulted in the City being able to hold some securities at a higher interest rate during the current interest rate environment. For example an instrument purchased in December 2015 is yielding 1.409% and will not mature until December 2018. This rate of return is projected to be above the average projected rate of return from the State Pool over the same period. A laddered portfolio approach helps assure that the City will, in the long run, receive a market average rate of return.

As of December 31, 2015, the City's investment portfolio had a fair value of nearly \$30.84 million. Approximately 29% of the investment portfolio was held in U.S. government instrumentality securities, and 39% was held in the Washington State Investment Pool, and 33% was held in Opus Bank. The City's investment portfolio valued at cost as of December 31, 2015, was slightly over \$30.83 million. The difference between the cost and the market value of the portfolio represents either the loss or the gain of the portfolio if the City were to liquidate investments as of the day that the market value is stated. This would only be done if the City needed to generate cash. The City holds all of its investments until the scheduled maturity date, and therefore when the investments mature the principal market value should equal the cost of the investment. The City also holds sufficient investments within the State Pool and Opus Bank to allow for immediate cash liquidation if needed. Investments within the State Pool and Opus Bank can be liquidated on any given day with no penalty.

# INVESTMENT REPORT (continued):

## LGIP Cash and Investment Balances December 31, 2015

### Instrument Type

	CUSPID #	Broker	Settlement Date	Maturity Date	Par Value	Investment Cost	Yield To Maturity	Unrecognized Gain/(Loss)	Market Value 9/30/15
FHLB 0.375	3133834R9	ProEquities	06/26/13	06/24/16	\$1,000,000	\$986,541	0.8310%	\$12,488	\$999,029
FHLB 0.75	3130A16D5	Financial Northwestern	03/26/14	03/24/17	1,000,000	994,000	0.9537%	4,108	998,108
FHLMC 1.0	3137EADH9	Financial Northwestern	06/14/14	06/29/17	1,000,000	1,000,000	1.0000%	-936	999,064
FFCB 1.20	3133EEFP0	Wells Fargo	12/19/14	12/18/17	1,000,000	999,500	1.2170%	533	1,000,033
FHLB 1.17	3130A5RE1	Financial Northwestern	06/29/15	06/29/18	1,000,000	999,500	1.1870%	1,007	1,000,507
FICO STRIP PRIN SER D-P	31771KAH0	Time Value Investment	09/29/15	08/03/18	1,500,000	1,456,388	1.0400%	-12,315	1,444,073
FHLB 1.25	3130A67L5	Alamo Capital	08/24/15	08/24/18	1,000,000	999,600	1.2636%	-25	999,575
FFCB 1.09	3133EFFL6	Time Value Investment	09/29/15	09/28/18	500,000	500,000	1.0900%	-4,272	495,729
FFCB 1.375	3133EFSW8	Alamo Capital	12/21/15	12/21/18	1,000,000	999,000	1.4090%	-2,331	996,669
Sub Total Investments					\$9,000,000	\$8,934,529		-\$1,743	\$8,932,786
OpusBank Interest Checking						10,008,535	0.3500%		10,008,535
State Investment Pool						11,894,344	0.2499%		11,894,344
Sub Total - State Investment Pool and Opus Bank Interest Checking						21,902,880			21,902,880
<b>Total LGIP + Investments</b>						<b>\$30,837,408</b>		<b>-\$1,743</b>	<b>\$30,835,666</b>

Current Average Maturity Excluding the State Investment Pool (days)	753
Current Weighted Average Yield to Maturity Excluding the State Pool	1.1082%
Current Yield to Maturity State Investment Pool	0.2499%
Basis Points in Excess (Below) Benchmark	86

### Portfolio Diversification

Instrument Type	Percentage	Amount at Market Value	Amount at Cost	Broker	Percentage	Amount at Cost
FFCB	8.1%	\$2,492,431	\$2,498,500	Alamo Capital	6.5%	\$1,998,600
FHLB	13.0%	3,997,219	3,979,641	Financial Northwestern	9.7%	2,993,500
FHLMC	3.2%	999,064	1,000,000	ProEquities	3.2%	986,541
FICO STRIP PRIN SER D-P	4.7%	1,444,073	1,456,388	Time Value Investment	6.3%	1,956,388
				Wells Fargo	3.2%	1,000,000
OpusBank Interest Checking	32.5%	10,008,535	10,008,535	OpusBank Interest Checking	32.5%	10,008,535
State Invest. Pool + Opus Bank Interest Checking	38.6%	11,894,344	11,894,344	State Investment Pool	38.6%	11,894,344
<b>Total LGIP + Investments</b>	<b>100%</b>	<b>\$30,835,666</b>	<b>\$30,837,408</b>	<b>Total Investments</b>	<b>100%</b>	<b>\$30,837,908</b>

### Investments by Fund

Fund	Investments at Cost as of 12/31/2015	LGIP State Investment Pool and Opus Bank Interest Checking as of 12/31/2015	Total LGIP + OpusBank Interest Checking + Investments at Cost by Fund as of 12/31/2015	Recognized Gain/(Loss) as of 12/31/2015	Total Market Value of Investments by Fund as of 12/31/2015	Investment Earnings Budget 2015	Investment Earnings Actual 2015	Over/(Under) Budget
001 General	\$2,221,494	\$8,935,496	\$11,156,990	-\$11,28	\$11,145,703	\$69,000	\$70,733	\$1,733
101 Street	869,000	835,760	1,704,760	2,685	1,707,445	2,500	4,628	2,128
107 Code Abatement	0	134,557	134,557	0	134,557	550	286	-264
108 Asset Seizure	0	164,785	164,785	0	164,785	0	341	341
109 Public Arts	0	158,412	158,412	0	158,412	0	372	372
112 Fed Drug Enforcement	0	253,870	253,870	0	253,870	50	516	466
115 Property Tax Equalization	0	1,036,894	1,036,894	0	1,036,894	0	2,117	2,117
116 Fed Crim Forfeit	0	1,996,645	1,996,645	0	1,996,645	845	3,553	2,708
117 Transportation Impact Mitigation	0	227,182	227,182	0	227,182	0	151	151
190 Revenue Stabilization	4,657,494	282,217	4,939,711	0	4,939,711	0	1,095	1,095
301 General Capital	0	2,383,481	2,383,481	0	2,383,481	11,809	2,895	-8,914
312 City Fac-Mjr Maint	0	107,446	107,446	0	107,446	1,417	324	-1,093
330 Roads Capital	0	2,324,012	2,324,012	0	2,324,012	14,491	4,073	-10,418
401 Surface Water Utility Fund	0	1,962,724	1,962,724	0	1,962,724	9,101	4,004	-5,097
501 Vehicle Oper/Maint	0	191,797	191,797	0	191,797	250	446	196
503 Equip Dep Replace	1,186,541	845,564	2,032,105	6,859	2,038,963	8,000	15,545	7,545
505 Unemployment	0	62,039	62,039	0	62,039	0	134	134
<b>Total Investments</b>	<b>\$8,934,529</b>	<b>\$21,902,880</b>	<b>\$30,837,408</b>	<b>-\$1,743</b>	<b>\$30,835,666</b>	<b>\$118,013</b>	<b>\$111,215</b>	<b>-\$6,798</b>