



2016 THIRD QUARTER FINANCIAL REPORT

December 2016

PERFORMANCE AT A GLANCE

GENERAL FUND REVENUES	Compared to 2015 Third Quarter Actual	Reference
Property Tax Revenue	▲ POSITIVE ▲	Page 5
Sales Tax Revenue	▲ POSITIVE ▲	Page 6, 7
Utility Tax Revenue	◀ NEUTRAL ▶	Page 11
Development Revenue	▲ POSITIVE ▲	Page 12
Parks and Recreation Revenue	▼ NEGATIVE ▼	Page 13
Investment Income	▲ POSITIVE ▲	Page 14
NON-GENERAL FUND REVENUES		
Surface Water Fees	▲ POSITIVE ▲	Page 18
Fuel Tax	▲ POSITIVE ▲	Page 21
Real Estate Excise Tax	▼ NEGATIVE ▼	Page 22

This report reflects revenue collections and expenditures through September 30, 2016. Because of the cyclical nature of revenues and expenditures, the percentage collected varies by type. The above table reflects variances when compared to collections through the third quarter of the prior year.

Key to revenue trend indicators:

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

CITY FINANCIAL OVERVIEW

Revenues

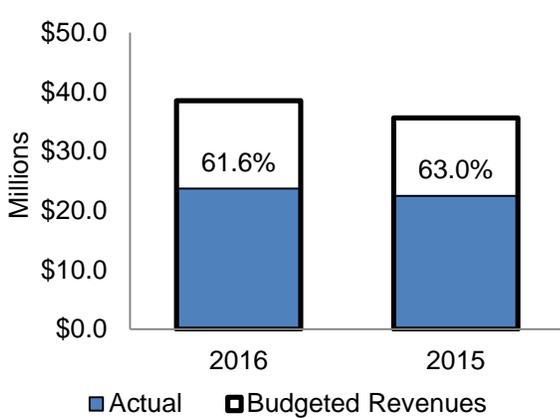
Fund	2016 Current Budgeted Revenues	2016 3rd Quarter Actual	2016 % of Current Budget	2015 Current Budgeted Revenues	2015 3rd Quarter Actual	2015 % of Current Budget	2016 v. 2015 \$ Variance	2016 v. 2015 % Variance
General Fund	\$38,512,258	\$23,724,509	61.6%	\$35,648,691	\$22,461,918	63.0%	\$1,262,591	5.6%
Street Fund	\$1,713,773	\$1,098,652	64.1%	\$1,383,163	\$1,068,213	77.2%	\$30,439	2.8%
Code Abatement Fund	\$80,550	\$24,980	31.0%	\$80,550	\$8,227	10.2%	\$16,753	203.6%
State Drug Enforcement Fund	\$168,243	\$23,246	13.8%	\$13,800	\$2,819	20.4%	\$20,427	724.6%
Public Arts Fund	\$84,216	\$4,164	4.9%	\$5,000	\$238	4.8%	\$3,926	1649.6%
Federal Drug Enforcement Fund	\$28,200	\$1,101	3.9%	\$20,750	\$7,847	37.8%	-\$6,746	-86.0%
Property Tax Equalization Fund	\$0	\$4,395	0.0%	\$0	\$1,285	0.0%	\$3,110	242.0%
Federal Crime Forfeitures Fund	\$978,500	\$8,199	0.8%	\$38,945	\$235,367	604.4%	-\$227,168	-96.5%
Revenue Stabilization Fund	\$0	\$0	0.0%	\$0	\$0	0.0%	\$0	0.0%
Transportation Impact Fee	\$200,000	\$768,934	384.5%	\$0	\$228,870	0.0%	\$540,064	236.0%
Unltd. Tax GO Bond Fund	\$1,700,000	\$942,568	55.4%	\$1,700,000	\$937,138	55.1%	\$5,430	0.6%
Limited Tax GO Bond 2009 Fund	\$1,277,047	\$1,150,845	90.1%	\$1,663,217	\$1,149,681	69.1%	\$1,164	0.1%
Limited Tax GO Bond 2013 Fund	\$260,948	\$62,719	24.0%	\$260,823	\$169,135	64.8%	-\$106,416	-62.9%
General Capital Fund	\$8,167,893	\$2,777,636	34.0%	\$3,098,261	\$1,295,013	41.8%	\$1,482,623	114.5%
City Facility-Major Maint. Fund	\$782,784	\$748,527	95.6%	\$125,449	\$140,225	111.8%	\$608,302	433.8%
Roads Capital Fund	\$15,082,587	\$5,914,243	39.2%	\$20,410,625	\$10,754,332	52.7%	-\$4,840,089	-45.0%
Surface Water Utility Fund	\$6,724,986	\$2,264,079	33.7%	\$5,745,508	\$2,050,853	35.7%	\$213,226	10.4%
Vehicle Operations Maint. Fund	\$256,216	\$257,155	100.4%	\$263,950	\$220,328	83.5%	\$36,827	16.7%
Equipment Replacement Fund	\$518,767	\$577,373	111.3%	\$335,185	\$321,271	95.8%	\$256,102	79.7%
Unemployment Fund	\$0	\$276	0.0%	\$0	\$82	0.0%	\$194	236.6%
Totals	\$76,536,968	\$40,353,601	52.7%	\$70,793,917	\$41,052,842	58.0%	-\$699,241	-1.7%

Expenditures

Fund	2016 Current Budget	2016 3rd Quarter Actual	2016 % of Current Budget	2015 Budget	2015 3rd Quarter Actual	2015 % of Current Budget	2016 v. 2015 \$ Variance	2016 v. 2015 % Variance
General Fund	\$44,609,822	\$25,558,162	57.3%	\$38,152,434	\$22,907,947	60.0%	\$2,650,215	11.6%
Street Fund	\$1,713,773	\$1,089,509	63.6%	\$1,569,007	\$959,517	61.2%	\$129,992	13.5%
Code Abatement Fund	\$100,000	\$24,430	24.4%	\$100,000	\$9,196	9.2%	\$15,234	165.7%
State Drug Enforcement Fund	\$168,243	\$9,391	5.6%	\$13,800	\$10,271	74.4%	-\$880	-8.6%
Public Arts Fund	\$84,216	\$28,251	33.5%	\$54,408	\$39,271	72.2%	-\$11,020	-28.1%
Federal Drug Enforcement Fund	\$263,000	\$5,806	2.2%	\$65,750	\$4,293	6.5%	\$1,513	35.2%
Property Tax Equalization Fund	\$691,313	\$0	0.0%	\$0	\$0	0.0%	\$0	\$0
Federal Crime Forfeitures Fund	\$2,802,444	\$1,657,917	59.2%	\$534,358	\$52,927	9.9%	\$1,604,990	3032.5%
Revenue Stabilization Fund	\$0	\$0	0.0%	\$0	\$0	0.0%	\$0	\$0
Transportation Impact Fee	\$359,775	\$0	0.0%	\$0	\$0	0.0%	\$0	\$0
Unltd. Tax GO Bond Fund	\$1,710,375	\$181,188	10.6%	\$1,712,175	\$204,642	12.0%	-\$23,454	-11.5%
Limited Tax GO Bond 2009 Fund	\$1,663,417	\$573,309	34.5%	\$1,663,217	\$583,316	35.1%	-\$10,007	-1.7%
Limited Tax GO Bond 2013 Fund	\$260,948	\$62,719	24.0%	\$260,823	\$65,189	25.0%	-\$2,470	-3.8%
General Capital Fund	\$9,141,524	\$2,920,134	31.9%	\$3,492,919	\$1,460,370	41.8%	\$1,459,764	100.0%
City Facility-Major Maint. Fund	\$866,754	\$733,890	84.7%	\$348,525	\$230,553	66.2%	\$503,337	218.3%
Roads Capital Fund	\$16,474,476	\$2,920,134	17.7%	\$23,749,289	\$12,436,133	52.4%	-\$9,515,999	-76.5%
Surface Water Utility Fund	\$7,356,193	\$3,067,133	41.7%	\$6,180,934	\$3,116,066	50.4%	-\$48,933	-1.6%
Vehicle Operations Maint. Fund	\$271,216	\$90,587	33.4%	\$278,950	\$127,647	45.8%	-\$37,060	-29.0%
Equipment Replacement Fund	\$483,768	\$167,976	34.7%	\$954,714	\$333,044	34.9%	-\$165,068	-49.6%
Unemployment Fund	\$17,500	\$710	4.1%	\$17,500	\$1,156	6.6%	-\$446	-38.6%
Totals	\$89,038,757	\$39,091,246	43.9%	\$79,148,803	\$42,541,538	53.7%	-\$3,450,292	-8.1%

GENERAL FUND REVENUE ANALYSIS:

TOTAL GENERAL FUND REVENUE SUMMARY



2016 Current Budget	\$44,649,500
2016 Budgeted Revenues	\$38,512,258
2016 Third Quarter Actual Revenue	\$23,724,509
2016 % of Current Budget Received	61.6%
2015 Budgeted Revenues	\$35,648,691
2015 Third Quarter Actual Revenue	\$22,461,918
2015 % of Current Budget Received	63.0%
2016 v. 2015 \$ Change	\$1,262,591
2016 v. 2015 % Change	↑ 5.6%

The difference between 2016 Current Budget and 2016 Budgeted Revenues reflects the planned use of Fund Balance for one time investments as provided in the City's financial policies. General Fund revenue received through the third quarter of 2016 reflects a year-over-year increase of 5.6%. The following pages present a detailed analysis of various General Fund revenue sources. The following are highlights comparing 2016 to 2015 for the General Fund:

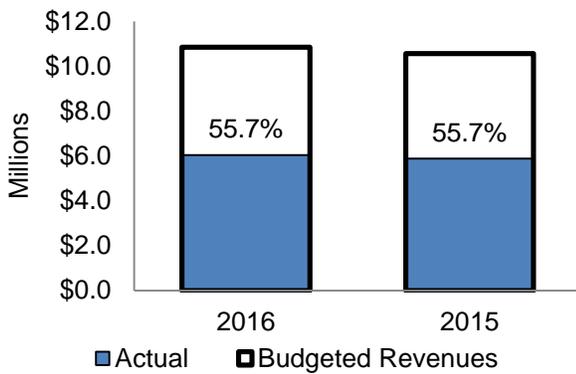
- Property tax receipts are 2.7% more than those for 2015.
- Sales tax receipts are 3.6% more than those for 2015.
- Utility Tax and Franchise Fee revenues are 0.1% less than the year-ago level. The year-over-year difference is attributable partly to reduced demand for natural gas offset by one more monthly payment received in 2016 than was received in 2015 and a decrease in the amount of telecommunications utility tax collected.
- The year-over-year increase of \$706,351 in Development Revenue is attributable to higher local development activity in 2016 as compared to 2015, in terms of the number of building permits pulled for new construction and remodels as well as their valuation.
- The year-over-year change for Intergovernmental Revenue receipts is largely due to higher collections of Liquor Excise Tax revenues and the collection of Marijuana Enforcement revenues, which is new for 2016. The first bill to Sound Transit is expected to be paid in the fourth quarter.

GENERAL FUND REVENUE DETAIL

Revenue Source	2016 Current Budget	2016 Third Quarter Actual Revenue	2016 % of Current Budget Received	2015 Current Budget	2015 Third Quarter Actual Revenue	2015 % of Current Budget Received	2016 v. 2015 \$ Change	2016 v. 2015 % Change
Budgeted Fund Balance	\$6,137,242	\$0	0.0%	\$2,503,743	\$0	0.0%	\$0	0.0%
Property Tax	\$10,860,481	\$6,047,449	55.7%	\$10,570,659	\$5,885,693	55.7%	\$161,756	2.7%
Sales Tax	\$7,747,700	\$5,410,545	69.8%	\$7,320,000	\$5,221,778	71.3%	\$188,767	3.6%
Local Criminal Justice	\$1,403,619	\$1,104,441	78.7%	\$1,276,154	\$1,019,703	79.9%	\$84,738	8.3%
Utility Tax & Franchise Fee Revenue								
Natural Gas	\$906,500	\$496,612	54.8%	\$889,590	\$513,077	57.7%	-\$16,465	-3.2%
Garbage	\$548,880	\$274,359	50.0%	\$538,648	\$269,667	50.1%	\$4,692	1.7%
Cable TV	\$1,903,020	\$1,095,517	57.6%	\$1,760,845	\$1,089,994	61.9%	\$5,523	0.5%
Telecommunications	\$1,421,640	\$724,941	51.0%	\$1,503,000	\$749,858	49.9%	-\$24,917	-3.3%
Storm Drainage	\$240,275	\$139,228	57.9%	\$214,571	\$126,158	58.8%	\$13,070	10.4%
Water	\$780,700	\$396,330	50.8%	\$754,197	\$400,808	53.1%	-\$4,478	-1.1%
Sewer	\$859,022	\$642,750	74.8%	\$834,002	\$624,000	74.8%	\$18,750	3.0%
Utility Tax & Franchise Fee Revenue Subtotal	\$6,660,037	\$3,769,737	56.6%	\$6,494,853	\$3,773,562	58.1%	-\$3,825	-0.1%
SCL Contract Payment	\$1,838,980	\$1,172,882	63.8%	\$1,993,063	\$1,113,592	55.9%	\$59,290	5.3%
Gambling Tax Revenue	\$1,587,425	\$791,243	49.8%	\$1,586,625	\$799,020	50.4%	-\$7,777	-1.0%
Development Revenue	\$1,456,000	\$1,826,490	125.4%	\$1,319,750	\$1,120,139	84.9%	\$706,351	63.1%
Park and Rec. Revenue	\$1,500,998	\$1,360,000	90.6%	\$1,603,216	\$1,483,431	92.5%	-\$123,431	-8.3%
Intergov. Revenue	\$1,412,517	\$740,227	52.4%	\$894,991	\$601,759	67.2%	\$138,468	23.0%
Grant Revenue	\$844,749	\$94,313	11.2%	\$319,101	\$160,369	50.3%	-\$66,056	-41.2%
Fines and Licenses	\$642,072	\$157,901	24.6%	\$644,000	\$157,576	24.5%	\$325	0.2%
Miscellaneous Revenue	\$775,006	\$398,548	51.4%	\$574,665	\$335,973	58.5%	\$62,575	18.6%
Interest Income	\$70,600	\$85,163	120.6%	\$70,600	\$53,561	75.9%	\$31,602	59.0%
Operating Transfers In	\$1,712,074	\$765,570	44.7%	\$981,014	\$735,762	75.0%	\$29,808	4.1%
Total General Fund Resources	\$44,649,500	\$23,724,509	53.1%	\$38,152,434	\$22,461,918	58.9%	\$1,262,591	5.6%
Total General Fund Revenue excl. Budgeted Fund	\$38,512,258	\$23,724,509	61.6%	\$35,648,691	\$22,461,918	63.0%	\$1,262,591	5.6%

GENERAL FUND REVENUE ANALYSIS:

PROPERTY TAX

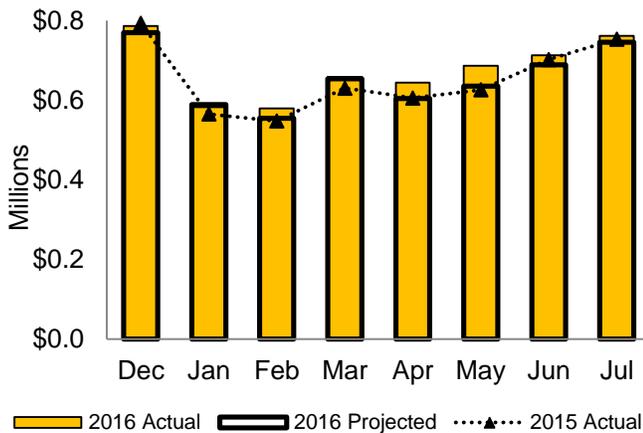


2016 Current Budget	\$10,860,481
2016 Third Quarter Actual Revenue	\$6,047,449
2016 % of Current Budget Received	55.7%
2015 Current Budget	\$10,570,659
2015 Third Quarter Actual Revenue	\$5,885,693
2015 % of Current Budget Received	55.7%
2016 v. 2015 \$ Change	\$161,756
2016 v. 2015 % Change	↑ 2.7%

Property tax payments are due to King County in April and October. The county then must remit the City's portion resulting in the majority of collections occurring in the second and fourth quarters. Property tax receipts through the third quarter are greater than the revised year-to-date projection by 0.8%. And, while collection dollars are ahead of those for 2015, collections as a percentage of budget are the same.

GENERAL FUND REVENUE ANALYSIS (continued):

SALES TAX

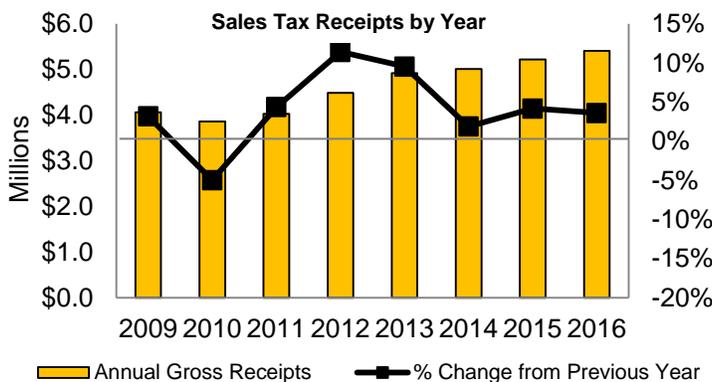


2016 Current Budget **\$7,747,700**

Sales tax revenue: December 2015 – July 2016

Sales Activity	2015	2016
December (prior year)	\$792,683	\$786,417
January	\$565,161	\$582,409
February	\$547,403	\$578,999
March	\$630,073	\$658,721
April	\$605,418	\$644,235
May	\$625,846	\$686,499
June	\$702,026	\$712,311
July	\$753,169	\$760,954
Year to date	\$5,221,778	\$5,410,545
\$ Variance		\$188,767
% Variance		↑ 3.6%

Sales Tax receipts, which reflect activity from December 2015 through July 2016, are above the budget's year-to-date projection by \$243,742, or 4.7%, the revised year-to-date projection by \$170,387, or 3.3%, and above 2015 collections by \$188,767, or 3.6%. It is important to note that the total for March 2015 includes \$112,769 worth of tax returns that were miscoded by a local business for the months of November 2014 through February 2015. The following chart and table reflects a comparison of sales tax receipts by year:



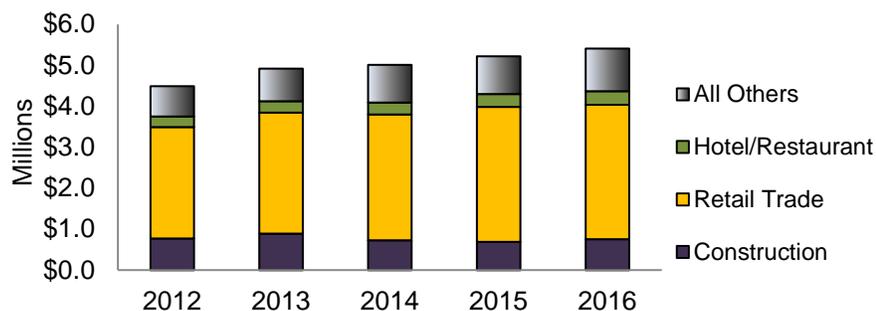
Year	Third Quarter Revenue	% Change from Previous Year
2009	\$4,065,145	3.2%
2010	\$3,862,545	-5.0%
2011	\$4,031,175	4.4%
2012	\$4,491,651	11.4%
2013	\$4,920,532	9.5%
2014	\$5,012,744	1.9%
2015	\$5,221,778	4.2%
2016	\$5,410,545	3.6%

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 of 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.

Receipts from the Construction sector are more than the year-ago level by 9.4%. In 2016 there were no collections related to one-time activity in the third quarter. Historically, first through third quarter one-time activity accounted for \$17,286, or 2.5%, in 2015; \$111,687, or 15.3%, in 2014; \$402,424, or 45.0%, in 2013; and \$462,893, or 59.7%, in 2012.

GENERAL FUND REVENUE ANALYSIS (continued):

Annual Sales Tax Revenue Comparison by Sector



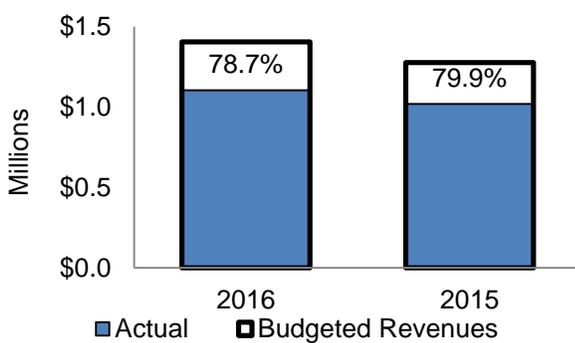
SALES TAX BY PRIMARY CATEGORY: December - July

Sector	2012	2013	2014	2015	2016
Construction	\$774,897	\$893,412	\$730,341	\$692,139	\$756,910
\$ Change		\$118,515	-\$163,071	-\$38,203	\$64,771
% Change		↑ 15.3%	↓ -18.3%	↓ -5.2%	↑ 9.4%
Retail Trade	\$2,718,554	\$2,953,139	\$3,070,639	\$3,294,255	\$3,281,055
\$ Change		\$234,585	\$117,500	\$223,616	-\$13,200
% Change		↑ 8.6%	↑ 4.0%	↑ 7.3%	→ -0.4%
Hotel/Restaurant	\$259,067	\$278,075	\$291,617	\$313,761	\$331,201
\$ Change		\$19,008	\$13,542	\$22,145	\$17,440
% Change		↑ 7.3%	↑ 4.9%	↑ 7.6%	↑ 5.6%
All Others	\$739,133	\$795,906	\$920,148	\$921,624	\$1,041,380
\$ Change		\$56,773	\$124,241	\$1,476	\$119,756
% Change		↑ 7.7%	↑ 15.6%	→ 0.2%	↑ 13.0%
Total Revenue	\$4,491,651	\$5,292,640	\$4,980,716	\$5,429,336	\$5,479,556
\$ Change		\$800,989	-\$311,925	\$448,620	\$50,221
% Change		↑ 17.8%	↓ -5.9%	↑ 9.0%	→ 0.9%

	2012	2013	2013 v. 2012	2014	2014 v. 2013	2015	2015 v. 2014	2016	2016 v. 2015
Retail Trade	Dec-July	Dec-July	\$ Change						
Motor Vehicle and Parts Dealer	\$654,268	\$746,634	\$92,366	\$822,454	\$75,820	\$887,686	\$65,232	\$919,657	\$31,971
Furniture and Home Furnishings	\$33,283	\$39,321	\$6,038	\$40,825	\$1,504	\$36,972	-\$3,853	\$43,138	\$6,166
Electronics and Appliances	\$65,340	\$61,754	-\$3,586	\$75,820	\$14,066	\$72,181	-\$3,638	\$74,821	\$2,640
Building Material and Garden	\$393,535	\$450,716	\$57,181	\$462,927	\$12,211	\$548,637	\$85,710	\$522,842	-\$25,795
Food and Beverage Stores	\$173,336	\$177,363	\$4,027	\$169,482	-\$7,881	\$175,178	\$5,696	\$221,720	\$46,543
Health and Personal Care Store	\$99,870	\$108,266	\$8,396	\$111,766	\$3,500	\$139,925	\$28,159	\$153,944	\$14,019
Gasoline Stations	\$48,951	\$50,587	\$1,636	\$50,560	-\$27	\$54,210	\$3,650	\$49,696	-\$4,514
Clothing and Accessories	\$29,311	\$31,144	\$1,833	\$32,768	\$1,624	\$39,187	\$6,420	\$48,398	\$9,211
Sporting Goods, Hobby, Books	\$50,898	\$50,167	-\$731	\$54,260	\$4,093	\$56,388	\$2,128	\$51,160	-\$5,228
General Merchandise Stores	\$921,732	\$970,204	\$48,472	\$966,945	-\$3,259	\$997,761	\$30,816	\$883,975	-\$113,786
Miscellaneous Store Retailers	\$168,526	\$170,290	\$1,764	\$170,683	\$393	\$158,804	-\$11,879	\$160,208	\$1,403
Nonstore Retailers	\$79,504	\$96,694	\$17,190	\$112,150	\$15,456	\$127,326	\$15,176	\$151,496	\$24,170
Total Revenue	\$2,718,554	\$2,953,139	\$234,585	\$3,070,639	\$117,500	\$3,294,255	\$223,616	\$3,281,055	-\$13,200

GENERAL FUND REVENUE ANALYSIS (continued):

LOCAL CRIMINAL JUSTICE SALES TAX

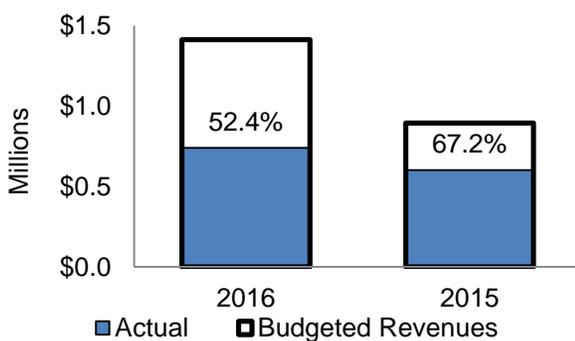


2016 Current Budget		\$1,403,619
2016 Third Quarter Actual Revenue		\$1,104,441
2016 % of Current Budget Received		78.7%
2015 Current Budget		\$1,276,154
2015 Third Quarter Actual Revenue		\$1,019,703
2015 % of Current Budget Received		79.9%
2016 v. 2015 \$ Change		\$84,738
2016 v. 2015 % Change	↑	8.3%

Local Criminal Justice Sales Tax receipts are 8.3% more than the year-ago level. Thus far this year 78.7% of the amount budgeted has been received as compared to 79.9% received during the same period last year. Receipts are 5.8% more than the revised year-to-date 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.

INTERGOVERNMENTAL REVENUE

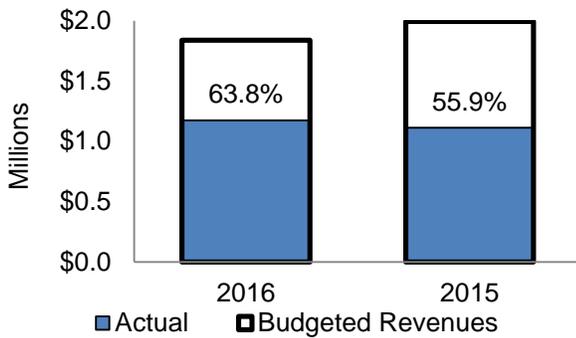


2016 Current Budget		\$1,412,517
2016 Third Quarter Actual Revenue		\$740,227
2016 % of Current Budget Received		52.4%
2015 Current Budget		\$894,991
2015 Third Quarter Actual Revenue		\$601,759
2015 % of Current Budget Received		67.2%
2016 v. 2015 \$ Change		\$138,468
2016 v. 2015 % Change	↑	23.0%

Intergovernmental revenue sources are comprised primarily of funding for criminal justice programs, liquor excise tax, liquor board profits, and reimbursement from Sound Transit per the Expedited Permitting and Reimbursement Agreement. And receipts are 23.0% more than the year-ago level and 1.8% more than the revised year-to-date projection, collections as a percentage of budget are trailing 2015. Both differences are largely due to higher budgets and collections of Liquor Excise Tax revenues, as well as the collection of Marijuana Enforcement revenue which is new for 2016. The first bill to Sound Transit is expected to be paid in the fourth quarter.

GENERAL FUND REVENUE ANALYSIS (continued):

SEATTLE CITY LIGHT CONTRACT PAYMENT

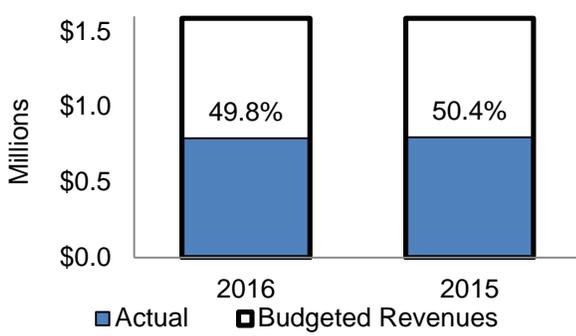


2016 Current Budget	\$1,838,980
2016 Third Quarter Actual Revenue	\$1,172,882
2016 % of Current Budget Received	63.8%
2015 Current Budget	\$1,993,063
2015 Third Quarter Actual Revenue	\$1,113,592
2015 % of Current Budget Received	55.9%
2016 v. 2015 \$ Change	\$59,290
2016 v. 2015 % Change	↑ 5.3%

Receipts are 5.3% more than the year-ago level but 1.3% less than the year-to-date projection.

GENERAL FUND REVENUE ANALYSIS (continued):

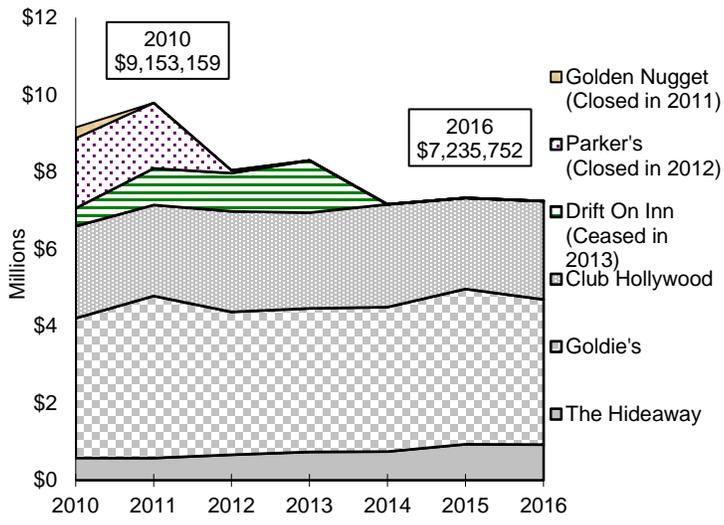
GAMBLING TAX REVENUE



2016 Current Budget		\$1,587,425
2016 Third Quarter Actual Revenue		\$791,243
2016 % of Current Budget Received		49.8%
2015 Current Budget		\$1,586,625
2015 Third Quarter Actual Revenue		\$799,020
2015 % of Current Budget Received		50.4%
2016 v. 2015 \$ Change		-\$7,777
2016 v. 2015 % Change	→	-1.0%

Card rooms pay ten percent of gross yearly receipts over \$10,000. Gambling tax receipts presented in this report largely reflect only those taxes calculated on gambling activity through the second quarter since third quarter gambling tax returns are not due to the City until October 30.

Receipts attributable to taxes on gambling activity, in the amount of \$789,512, are less than the year-ago level and budget projection by 0.8% and 0.1%, respectively. Total receipts, inclusive of taxes on gambling activity and payments on promissory notes, in the amount of \$791,243, are less than the year-ago level by 1.0%, which is mostly attributable to a year-over-year decline in cardroom activity of 1.2%. The chart below exhibits the last seven years of gross receipts reported by card rooms in Shoreline.

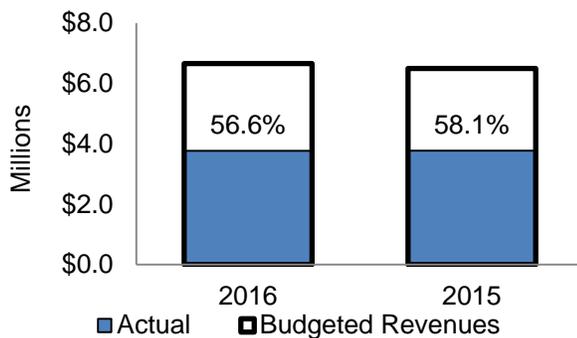


Third Quarter Activity		
Year	Amount	% Change
2010	\$9,153,159	↑ 7.2%
2011	\$9,789,449	↑ 7.0%
2012	\$8,041,424	↓ -17.9%
2013	\$8,296,289	↑ 3.2%
2014	\$7,153,931	↓ -13.8%
2015	\$7,324,176	↑ 2.4%
2016	\$7,235,752	↓ -1.2%

Source: Washington State Gambling Commission

GENERAL FUND REVENUE ANALYSIS (continued):

UTILITY TAX AND FRANCHISE FEE



2016 Current Budget	\$6,660,037
2016 Third Quarter Actual Revenue	\$3,769,737
2016 % of Current Budget Received	56.6%
2015 Current Budget	\$6,494,853
2015 Third Quarter Actual Revenue	\$3,773,562
2015 % of Current Budget Received	58.1%
2016 v. 2015 \$ Change	-\$3,825
2016 v. 2015 % Change	→ -0.1%

Overall Utility Tax and Franchise Fee receipts are \$3,825, or 0.1%, less than the year-ago level. In addition to the year-over-year change, receipts are \$74,209, or 1.9%, less than the revised year-to-date projection.

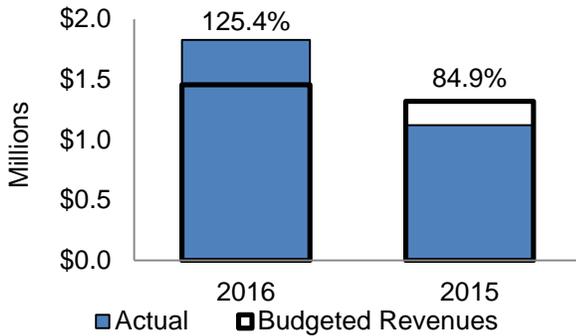
The table below requires some clarification regarding the timing of receipts. While the table shows Natural Gas tax receipts are 3.2% less than those collected through the third quarter of 2015 it is important to note this reflects receipts for activity from January through August 2016 as compared to January through July 2015 due to the timing of tax filing. Comparing receipts for January through August for both years exhibits a year-over-year decrease of 8.2%, which is likely attributable to warm spring resulting in significantly lower monthly payments for March through June 2016. Telecommunications tax receipts decreased from 2015 collections by 3.3% but are 12.6% less than the year-to-date projection. This category has steadily declined for several years. Storm Drainage tax receipts are 5.8% more than those collected during the same period in 2015 but 3.9% less than the year-to-date projection.

It is important to note that activity through the third quarter presented in this report does not reflect third quarter payments for the garbage utility tax and water and cable franchise fees. Third quarter payments for these items are typically received in late October.

Revenue Source	2016 Current Budget	2016 Third Quarter Actual Revenue	2016 % of Current Budget Received	2015 Current Budget	2015 Third Quarter Actual Revenue	2015 % of Current Budget Received	2016 v. 2015 \$ Change	2016 v. 2015 % Change
Natural Gas	\$906,500	\$496,612	54.8%	\$889,590	\$513,077	57.7%	-\$16,465 →	-3.2%
Garbage	\$548,880	\$274,359	50.0%	\$538,648	\$269,667	50.1%	\$4,692 →	1.7%
Cable TV	\$1,903,020	\$1,095,517	57.6%	\$1,760,845	\$1,089,994	61.9%	\$5,523 →	0.5%
Telecommunications	\$1,421,640	\$724,941	51.0%	\$1,503,000	\$749,858	49.9%	-\$24,917 →	-3.3%
Storm Drainage	\$240,275	\$139,228	57.9%	\$214,571	\$126,158	58.8%	\$13,070 ↑	10.4%
Water	\$780,700	\$396,330	50.8%	\$754,197	\$400,808	53.1%	-\$4,478 →	-1.1%
Sewer	\$859,022	\$642,750	74.8%	\$834,002	\$624,000	74.8%	\$18,750 ↑	3.0%
Utility Tax & Franchise Fee Revenue Subtotal	\$6,660,037	\$3,769,737	56.6%	\$6,494,853	\$3,773,562	58.1%	-\$3,825 →	-0.1%

GENERAL FUND REVENUE ANALYSIS (continued):

DEVELOPMENT REVENUE



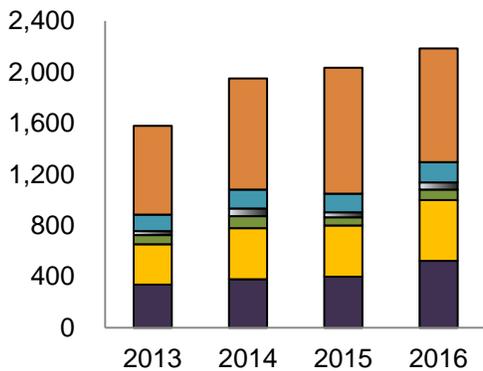
2016 Current Budget		\$1,456,000
2016 Third Quarter Actual Revenue		\$1,826,490
2016 % of Current Budget Received		125.4%
2015 Current Budget		\$1,319,750
2015 Third Quarter Actual Revenue		\$1,120,139
2015 % of Current Budget Received		84.9%
2016 v. 2015 \$ Change		\$706,351
2016 v. 2015 % Change	↑	63.1%

Development revenue receipts exhibit a year-over-year increase of \$706,351, or 63.1%. Local development activity in 2016, in terms of the number of building permits pulled for new construction and remodels as well as their valuation in 2016 are higher than the year-ago level.

Valuation of 281 building permits for new construction and remodels issued through September totals \$92.6 million and is comprised 25.4% of residential and 74.6% commercial / multi-family valuation. The majority of the commercial / multi-family valuation for permits issued in the third quarter is for West Cost Self Storage valued at \$8 million, Aurora Village Parcel 6 valued at \$1 million, the Ballinger Apartments (72 apartment units) valued at \$12 million, and Shoreline 172 (221 apartment units) valued at \$28.5 million.

Thus far in 2016, there have been 35 more permits issued for new single-family residences issued, with a value that is \$5.4 million more, as compared to the year-ago level. There have been 12 more permits issued for commercial / multi-family construction (new and remodels), with a value that is \$62.6 million more, than the year-ago level.

PERMITS BY TYPE

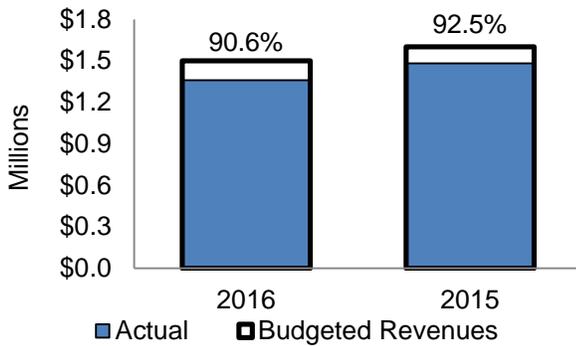


PERMIT TYPE	2013	2014	2015	2016	# Change	% Change
Building Permits / Plan Check	338	380	400	524	124	31.0%
Mechanical	316	400	401	476	75	18.7%
Fire Systems	72	94	64	82	18	28.1%
Land Use / SEPA Review	31	60	39	56	17	43.6%
Plumbing	129	148	146	159	13	8.9%
Electrical	695	870	986	890	-96	-9.7%
Total	1,581	1,952	2,036	2,187	151	7.4%

- Building Permits / Plan Check
- Mechanical
- Fire Systems
- Land Use / SEPA Review
- Plumbing
- Electrical

GENERAL FUND REVENUE ANALYSIS (continued):

PARK AND RECREATION REVENUE



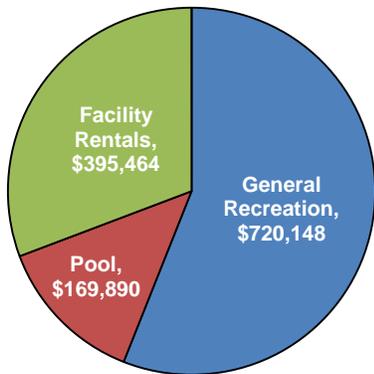
2016 Current Budget		\$1,500,998
2016 Third Quarter Actual Revenue		\$1,360,000
2016 % of Current Budget Received		90.6%
2015 Current Budget		\$1,603,216
2015 Third Quarter Actual Revenue		\$1,483,431
2015 % of Current Budget Received		92.5%
2016 v. 2015 \$ Change		-\$123,431
2016 v. 2015 % Change		↓ -8.3%

Park and Recreation revenue receipts are 8.3% less than the year-ago level but 4.7% more than the year-to-date projection through the third quarter. The year-over-year decrease was anticipated and is attributable to the closure of the Shoreline Pool as major maintenance and improvements to extend its life were being performed. Compared to the first three quarters of 2015, the same period of 2016 witnessed a decrease in revenues from the pool (-49.3%) due to the pool closure and an increase in revenues from facility rentals (+4.8%) due to more rentals of the recreation centers and picnic shelters. General Recreation witnessed an increase of 4.8% from 2015 mostly due to revenue generated by the Summer Playground and other preschool offerings.

Recreation Revenue by Program Area January - September 2009 - 2015*

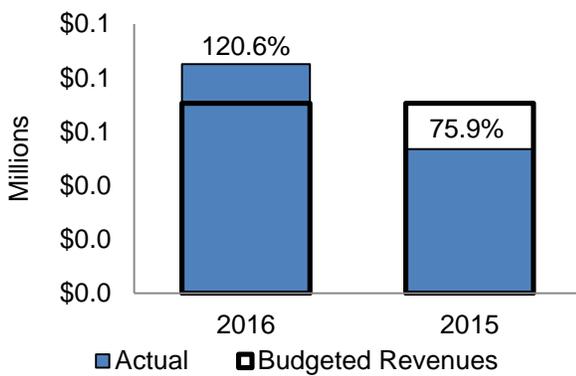
Year	General Recreation*	Gen Rec % of Total	Pool	Pool % of Total	Facility Rentals	Fac Rent % of Total	Total Revenue
2009	\$497,791	44.6%	\$306,312	27.4%	\$313,236	28.0%	\$1,117,339
2010	\$526,076	46.1%	\$298,031	26.1%	\$316,357	27.7%	\$1,140,464
2011	\$563,480	45.9%	\$310,388	25.3%	\$352,868	28.8%	\$1,226,736
2012	\$545,789	46.0%	\$299,268	25.2%	\$340,917	28.7%	\$1,185,974
2013	\$554,059	46.4%	\$277,292	23.2%	\$362,871	30.4%	\$1,194,222
2014	\$598,461	48.1%	\$305,555	24.6%	\$339,716	27.3%	\$1,243,732
2015	\$686,897	49.1%	\$334,992	23.9%	\$377,241	27.0%	\$1,399,130
2016	\$720,148	56.0%	\$169,890	13.2%	\$395,464	30.8%	\$1,285,502

* Excludes non-program revenue such as cell tower rental fees and special event sponsorships.



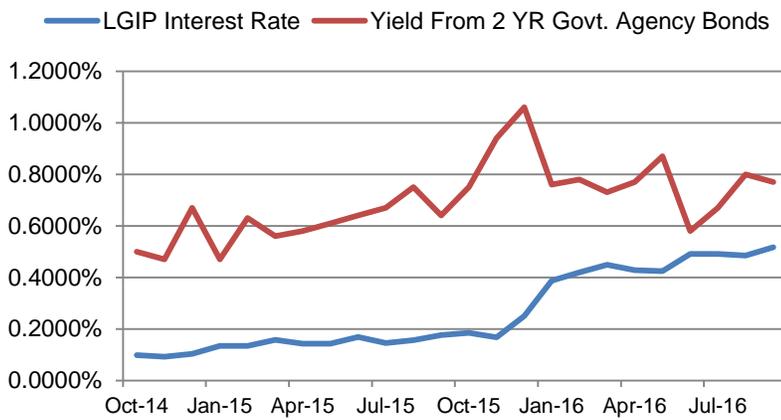
GENERAL FUND REVENUE ANALYSIS (continued):

INVESTMENT INCOME



2016 Current Budget		\$70,600
2016 Third Quarter Actual Revenue		\$85,163
2016 % of Current Budget Received		120.6%
2015 Current Budget		\$70,600
2015 Third Quarter Actual Revenue		\$53,561
2015 % of Current Budget Received		75.9%
2016 v. 2015 \$ Change		\$31,602
2016 v. 2015 % Change	↑	59.0%

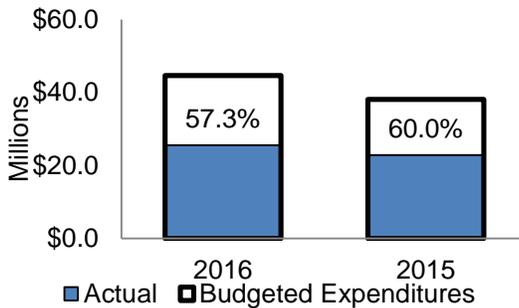
Investment earnings through September are more than the year-ago level by 59.0%. The City's investment policy adheres to strict standards prescribed by federal law, state statutes, local ordinances, and allows the City to develop an investment model to maximize its investment returns within the primary objectives of safety and liquidity.



Month	LGIP Interest Rate	Bond Investment Yield
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%
Jan-16	0.3874%	0.7600%
Feb-16	0.4201%	0.7800%
Mar-16	0.4488%	0.7300%
Apr-16	0.4287%	0.7700%
May-16	0.4242%	0.8700%
Jun-16	0.4907%	0.5800%
Jul-16	0.4912%	0.6700%
Aug-16	0.4851%	0.8000%
Sep-16	0.5167%	0.7700%
24 Mo. Ave.	0.2646%	0.6946%

EXPENDITURE ANALYSIS:

GENERAL FUND EXPENDITURES



2016 Current Budget		\$44,609,822
2016 Third Quarter Actual Expenditures		\$25,558,162
2016 % of Current Budget Expended		57.3%
2015 Current Budget		\$38,152,434
2015 Third Quarter Actual Expenditures		\$22,907,947
2015 % of Current Budget Expended		60.0%
2016 v. 2015 \$ Change		\$2,650,215
2016 v. 2015 % Change		↑ 11.6%

Expenditures including transfers out totaled 57.3% of the Current Budget. In dollars this level is 11.6% more than the year-ago level. This is largely due to the timing of billing from King County Sheriff's Office for the police contract in 2015. Invoices for the months of January through August have been paid thus far in 2016 while invoices for the months of January through July were paid in 2015.

Another significant item worth mentioning is that jail services costs through September were lower in 2016 than those for 2015 and 2014 by 33.5% and 45.3%, respectively, given decreases in the total number of billed jail and work release days of 28.1% and 14.6%, respectively. The year-to-date savings can also be attributable to the City's use of 3,585 jail beds total, or an average of 13.1 beds per day, at Yakima County Jail. Housing those inmates at Yakima rather than SCORE, less the 131 unused beds at SCORE, saved the City \$166,391. Please note that the table below does not reflect the discussion above due to the timing of billing.

As a percentage of the budget, departmental expenditures (60.5%) are less than those for 2015 (61.1%) and total expenditures (57.3%) are less than those for 2015 (60.0%).

Department	2016 Current Budget	2016 Third Quarter Actual Expenditures	2016 % of Current Budget Expended	2015 Current Budget	2015 Third Quarter Actual Expenditures	2015 % of Current Budget Expended	2016 v. 2015 \$ Change	2016 v. 2015 % Change
City Council	\$231,968	\$162,087	69.9%	\$228,226	\$161,789	70.9%	\$298	0.2%
City Manager's Office ¹	\$2,381,654	\$1,752,001	73.6%	\$2,263,794	\$1,458,801	64.4%	\$293,200	20.1%
City Attorney	\$657,674	\$456,438	69.4%	\$671,384	\$414,722	61.8%	\$41,716	10.1%
Community Services ²	\$1,692,287	\$943,697	55.8%	\$1,596,656	\$934,134	58.5%	\$9,563	1.0%
Administrative Services ³	\$5,165,768	\$3,295,859	63.8%	\$4,150,628	\$2,797,446	67.4%	\$498,413	17.8%
Citywide	\$1,853,546	\$639,719	34.5%	\$1,818,198	\$660,543	36.3%	-\$20,823	-3.2%
Human Resources	\$454,488	\$330,034	72.6%	\$516,738	\$334,338	64.7%	-\$4,304	-1.3%
Police	\$11,951,743	\$7,367,552	61.6%	\$10,924,537	\$6,281,041	57.5%	\$1,086,512	17.3%
Criminal Justice	\$3,190,826	\$1,320,406	41.4%	\$2,581,291	\$1,760,356	68.2%	-\$439,950	-25.0%
Parks	\$5,756,010	\$3,791,782	65.9%	\$5,421,870	\$3,651,286	67.3%	\$140,496	3.8%
Planning & Community Development	\$2,973,177	\$1,959,468	65.9%	\$2,765,194	\$1,783,344	64.5%	\$176,125	9.9%
Public Works	\$3,416,315	\$2,029,615	59.4%	\$2,903,786	\$1,675,546	57.7%	\$354,069	21.1%
Departmental Expenditures	\$39,725,456	\$24,048,660	60.5%	\$35,842,302	\$21,913,345	61.1%	\$2,135,315	9.7%
Operating Transfers Out	\$4,884,366	\$1,509,502	30.9%	\$2,310,132	\$994,602	43.1%	\$514,900	51.8%
Total Expenditures	\$44,609,822	\$25,558,162	57.3%	\$38,152,434	\$22,907,947	60.0%	\$2,650,215	11.6%

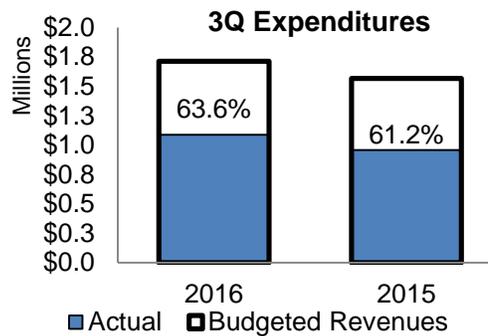
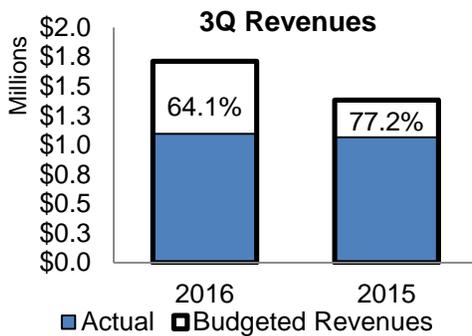
1. City Manager's Office includes City Manager's Office, City Clerk, Communications, Intergovernmental Relations, Economic Development, and Property Management

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

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

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

STREET FUND



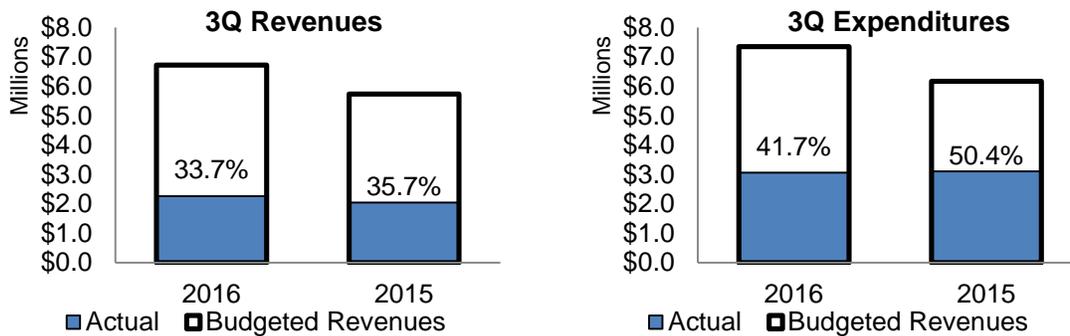
	Revenue	Expenditures
2016 Beginning Fund Balance	\$271,305	N/A
2016 Budget	\$1,713,773	\$1,713,773
2016 Third Quarter Actual	\$1,098,652	\$1,089,509
2016 % of Current Budget	64.1%	63.6%
2015 Budget	\$1,383,163	\$1,569,007
2015 Third Quarter Actual	\$1,068,213	\$959,517
2015 % of Current Budget	77.2%	61.2%
2016 v. 2015 \$ Var.	\$30,439	\$129,992
2016 v. 2015 % Var.	2.8%	13.5%

Receipts, including transfers in, through September totaled \$1,098,652 and are \$30,439, or 2.8%, higher than the year-ago level. Motor vehicle fuel tax revenue receipts for the third quarter of 2015 are \$862,832, 3.5%, more than the year-ago level.

Expenditures, including transfers out, through September totaled \$1,089,509 and are \$129,992, or 13.5%, more than the year-ago level. This difference is mainly due to a 2016 one-time increase in vehicle replacement.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

SURFACE WATER UTILITY FUND



	Revenue	Expenditures
2016 Beginning Fund Balance	\$631,207	N/A
2016 Budget	\$6,724,986	\$7,356,193
2016 Third Quarter Actual	\$2,264,079	\$3,067,133
2016 % of Current Budget	33.7%	41.7%
2015 Budget	\$5,745,508	\$6,180,934
2015 Third Quarter Actual	\$2,050,853	\$3,116,066
2015 % of Current Budget	35.7%	50.4%
2016 v. 2015 \$ Var.	\$213,226	-\$48,933
2016 v. 2015 % Var.	10.4%	-1.6%

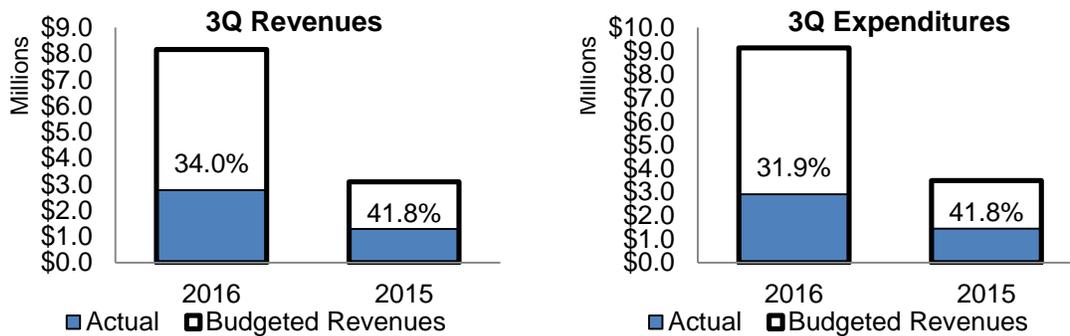
The Surface Water Utility Fund (SWM) includes on-going operational programs and capital projects with both being reflected in the total expenditures and revenues for the fund.

Receipts through September, in the amount of \$2,264,079, are \$213,226, or 10.4%, higher than the year-ago level. SWM ongoing revenues include storm drainage fees and investment interest earnings. Storm Drainage Fees totaled \$2,232,980 and are \$782,766, or 50.8%, higher the year-ago level. While fees were expected to be higher due to the scheduled increase in fee rates, the noted increase is due to a miscoding of fee revenues in 2015 that was corrected in the fourth quarter of 2015. The difference will decrease by the end of 2016, and Storm Drainage Fees are projected to end the year at the budgeted amount.

Expenditures, including transfers out, through September totaled \$3,067,133 and are \$48,933, or 1.6%, lower than the year-ago level. Expenditure differences between the current year and previous year are impacted by the timing of construction schedules. For the most current year-end estimates for each project, please see the 2017-2016 Proposed CIP: <http://cityofshoreline.com/home/showdocument?id=29187>.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

GENERAL CAPITAL FUND



	Revenue	Expenditures
2016 Beginning Fund Balance	\$973,631	N/A
2016 Budget	\$8,167,893	\$9,141,524
2016 Third Quarter Actual	\$2,777,636	\$2,920,134
2016 % of Current Budget	34.0%	31.9%
2015 Budget	\$3,098,261	\$3,492,919
2015 Third Quarter Actual	\$1,295,013	\$1,460,370
2015 % of Current Budget	41.8%	41.8%
2016 v. 2015 \$ Var.	\$1,482,623	\$1,459,764
2016 v. 2015 % Var.	114.5%	100.0%

Receipts through September in the amount of \$2,777,636 are \$1,482,623, or 114.5%, more than the year-ago level. The year-over-year change is mainly contributed to budgeted transfers to the General Capital Fund from the General Fund for capital projects (e.g. Police Station at City Hall).

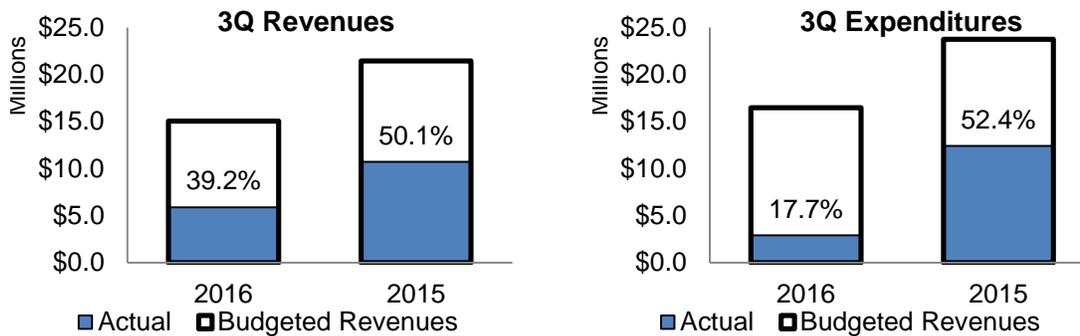
Expenditures through September, including transfers out, totaled \$2,920,134 and are \$1,460,370, or 100.0%, more than the same period in 2015.

Expenditures and revenues are impacted by the timing of construction schedules. For the most current year-end estimates for each project, please see the 2017-2016 Proposed CIP:

<http://cityofshoreline.com/home/showdocument?id=29187>.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

ROADS CAPITAL FUND



	Revenue	Expenditures
2016 Beginning Fund Balance	\$1,391,889	N/A
2016 Budget	\$15,082,587	\$16,474,476
2016 Third Quarter Actual	\$5,914,243	\$2,917,162
2016 % of Current Budget	39.2%	17.7%
2015 Budget	\$21,450,709	\$23,749,289
2015 Third Quarter Actual	\$10,754,332	\$12,436,133
2015 % of Current Budget	50.1%	52.4%
2016 v. 2015 \$ Var.	-\$4,840,089	-\$9,518,971
2016 v. 2015 % Var.	-45.0%	-76.5%

Receipts through September, in the amount of \$5,914,243, are \$4,840,089, or 45.0%, lower than the year-ago level. The year-over-year reduction is due to the completion of the Aurora project.

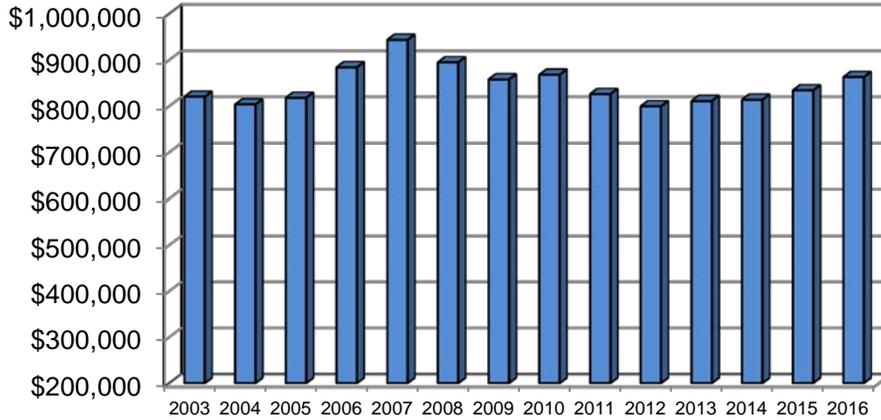
Expenditures through September, in the amount of \$2,917,162, are \$9,518,971, or 76.5%, lower than the year-ago level.

As with the other capital funds, expenditures and revenues are impacted by the timing of construction schedules. For the most current year-end estimates for each project, please see the 2017-2016 Proposed CIP: <http://cityofshoreline.com/home/showdocument?id=29187>.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

STREET FUND FUEL TAX

Fuel Tax Historical Third Quarter Comparison



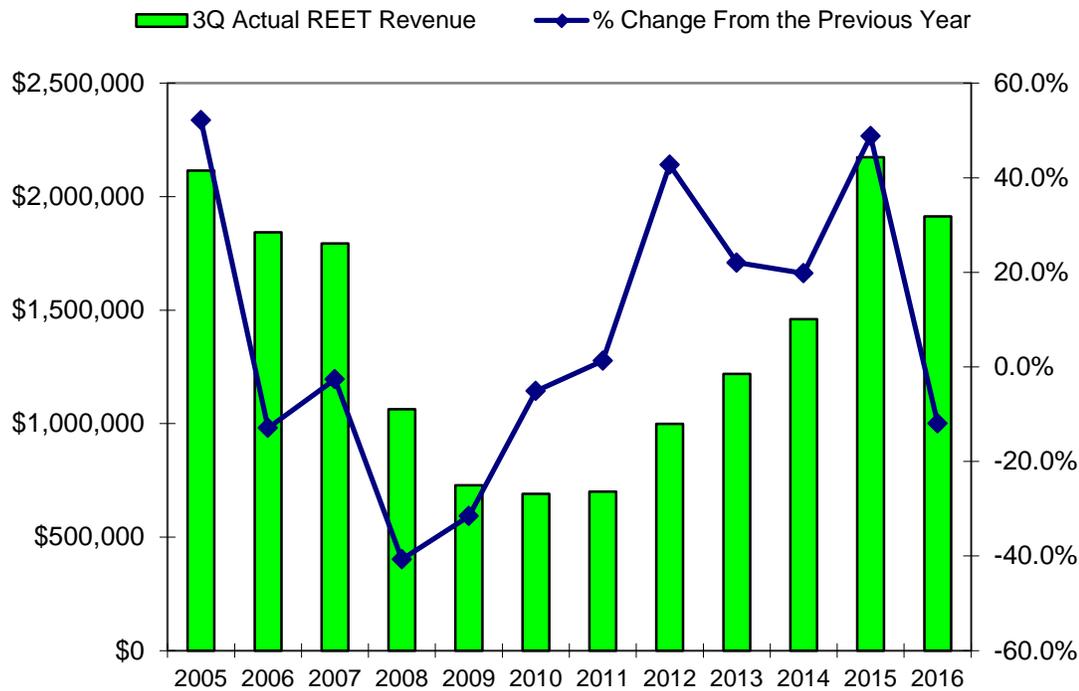
Fuel Tax Historical Third Quarter 2003-2016

2003	\$820,131
2004	\$803,472
2005	\$817,843
2006	\$884,160
2007	\$943,554
2008	\$894,832
2009	\$857,894
2010	\$868,022
2011	\$826,043
2012	\$799,607
2013	\$811,132
2014	\$813,935
2015	\$833,974
2016	\$862,832

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. Fuel tax revenue receipts through September totaled \$862,832 and are \$28,858, or 3.5%, higher than the year-ago level.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

REAL ESTATE EXCISE TAX (REET)



REET: Third Quarter Collected 2005-2016

	Revenue	\$ Change from Previous Year	% Change from Previous Year
2005	\$2,115,286	\$725,487	52.2%
2006	\$1,842,392	-\$272,894	-12.9%
2007	\$1,794,000	-\$48,392	-2.6%
2008	\$1,063,630	-\$730,370	-40.7%
2009	\$727,984	-\$335,646	-31.6%
2010	\$690,928	-\$37,056	-5.1%
2011	\$699,857	\$8,929	1.3%
2012	\$998,901	\$299,044	42.7%
2013	\$1,219,330	\$220,429	22.1%
2014	\$1,460,906	\$241,576	19.8%
2015	\$2,173,900	\$712,994	48.8%
2016	\$1,913,664	-\$260,236	-12.0%

Real Estate Excise Tax (REET) revenue receipts through September totaled \$1,913,664 and are \$260,236, or 12.0%, less than receipts for the same period in 2015.

Based on current trends, REET collections appear to be on track to collect over the budgeted amount (split between the General Capital Fund and Roads Capital Fund). Staff will continue to monitor REET revenue receipts closely as there appears to be a cooling in the housing market as the number of transactions are down compared to last year.

INVESTMENT REPORT (continued):

LGIP Cash and Investment Balances September 30, 2016

Instrument Type	CUSPID #	Broker	Settlement Date	Maturity Date	Par Value	Investment Cost	Yield To Maturity	Unrecognized Gain/(Loss)	Market Value 9/30/2016
FHLB 0.75	3130A16D5	FinancialNorthwestern	03/26/14	03/24/17	1,000,000	994,000	0.9537%	6,839	1,000,839
FHLMC 1.0	3137EADH9	FinancialNorthwestern	06/14/14	06/29/17	1,000,000	1,000,000	1.0000%	3,381	1,003,381
FICO STRIP PRIN SER D-P	31771KAH0	Time Value Investment	09/29/15	08/03/18	1,500,000	1,456,388	1.0400%	12,456	1,468,844
FFCB 1.09	3133EFFL6	Time Value Investment	09/29/15	09/28/18	500,000	500,000	1.0900%	3	500,003
FFCB 1.375	3133EFSW8	Alamo Capital	12/21/15	12/21/18	1,000,000	999,000	1.4090%	2,355	1,001,355
FNMA 1.250	3136G3EA9	FinancialNorthwestern	03/29/16	03/29/19	1,000,000	999,500	1.2670%	1,698	1,001,198
FNMA 1.250	3136G4AP8	PiperJaffray	09/30/16	09/30/19	2,000,000	2,000,000	1.2500%	0	2,000,000
Sub Total - Investments					\$8,000,000	\$7,948,888		\$26,732	\$7,975,620
OpusBank Interest Checking 6272						10,042,479	0.5000%		10,042,479
OpusBank Interest Checking 3285						7,019,473	0.6500%		7,019,473
State Investment Pool						6,965,889	0.5167%		6,965,889
Sub Total - State Investment Pool and Opus Bank Interest Checking						24,027,842			24,027,842
Total LGIP + Opus Bank Interest Checking + Investments						\$31,976,729		\$26,732	\$32,003,461

Current Average Maturity Excluding the State Investment Pool (days)	716
Current Weighted Average Yield to Maturity Excluding the State Pool	1.1551%
Current Yield to Maturity State Investment Pool	0.5167%
Basis Points in Excess (Below) Benchmark	64

Portfolio Diversification

Instrument Type	Percentage	Amount at Market Value	Amount at Cost	Broker	Percentage	Amount at Cost
FFCB	4.7%	\$1,501,358	\$1,499,000	Alamo Capital	3.1%	\$999,000
FHLB	3.1%	1,000,839	994,000	Financial Northwestern	9.4%	2,993,500
FHLMC	3.1%	1,003,381	1,000,000	ProEquities	0.0%	0
FNMA	9.4%	3,001,198	2,999,500	Time Value Investment	6.1%	1,956,388
FICO STRIP PRIN SER D-P	4.6%	1,468,844	1,456,388	PiperJaffray	6.3%	2,000,000
OpusBank Interest Checking	53.3%	17,061,952	17,061,952	OpusBank Interest Checking	53.4%	17,061,952
State Investment Pool	21.8%	6,965,889	6,965,889	State Investment Pool	21.8%	6,965,889
Total LGIP + Investments	100%	\$32,003,461	\$31,976,729	Total Investments	100%	\$31,976,729

Investments by Fund

	Investments at Cost as of 9/30/2016	LGIP State Investment Pool + Opus Bank Interest Checking as of 9/30/2016	Total LGIP + OpusBank Interest Checking + Investments at Cost by Fund as of 9/30/2016	Unrecognized Gain/(Loss) as of 9/30/2016	Total Market Value of Investments by Fund as of 9/30/2016	Investment Earnings Budget 2016	Investment Earnings Actual 2016	Over/(Under) Budget
001 General	\$1,641,194	\$9,446,575	\$11,087,769	\$23,633	\$11,111,402	\$69,000	\$80,955	\$11,955
101 Street	200,000	883,775	1,083,775	471	1,084,246	2,500	5,378	2,878
107 Code Abatement	0	145,359	145,359	0	145,359	550	551	1
108 Asset Seizure	0	215,884	215,884	0	215,884	0	798	798
109 Public Arts	0	178,541	178,541	0	178,541	0	664	664
112 Fed. Drug Enforcement	0	291,930	291,930	0	291,930	200	1,101	901
115 Property Tax Equalization	0	1,182,975	1,182,975	0	1,182,975	0	4,396	4,396
116 Fed. Crim. Forfeit	0	947,316	947,316	0	947,316	1,500	8,199	6,699
117 Transportation Impact Mitigation	917,311	917,311	0	917,311	0	951	951	604
190 Revenue Stabilization	5,150,194	583	5,150,777	0	5,150,777	0	0	0
301 General Capital	0	2,643,501	2,643,501	0	2,643,501	31,384	6,203	025,181
312 City Fac-Mjr. Maintenance	0	89,740	89,740	0	89,740	449	224	0225
330 Roads Capital	0	3,328,969	3,328,969	0	3,328,969	37,415	7,914	029,501
330 Trans Benefit District	0	612,479	612,479	0	612,479	0	2,824	2,824
401 Surface Water Utility Fund	0	1,092,495	1,092,495	0	1,092,495	18,877	5,863	013,014
501 Vehicle Oper/Maintenance	0	357,435	357,435	0	357,435	250	1,189	939
503 Equip Dep. Replace	957,500	1,617,171	2,574,671	2,627	2,577,298	8,000	11,257	3,257
505 Unemployment	0	75,802	75,802	0	75,802	0	276	276
Total Investments	\$7,948,888	\$24,027,841	\$31,976,729	\$26,732	\$32,003,461	\$170,125	\$138,744	-\$31,381

INVESTMENT REPORT – Third Quarter September 30, 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 September 30, 2016, the City's investment portfolio, excluding the State Investment Pool and deposits in OpusBank, had a current weighted average rate of return of 1.1551%. This is better than the State Investment Pool's current rate of return of 0.5167%. In an effort to get better return than the State Investment Pool, the City opened two interest earning checking accounts with OpusBank. One account with \$10M deposit and no withdraw restrictions earns 0.50% return, and the second account with \$7M deposit and one year commitment earns 0.65% return. Total investment interest earnings through September were \$138,744 which is about 82% of total budgeted 2016 investment earnings of \$170,125.

As of September 30, 2016, the City's investment portfolio had a fair value of nearly \$32 million. Approximately 25% of the investment portfolio was held in U.S. government instrumentality securities, and 22% was held in the Washington State Investment Pool, and 53% was held in OpusBank. The City's investment portfolio valued at cost as of September 30, 2016, was slightly over \$31.98 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 OpusBank to allow for immediate cash liquidation if needed. Investments within the State Pool and \$10M in OpusBank can be liquidated on any given day with no penalty.