



2017 FIRST QUARTER FINANCIAL REPORT

2017

PERFORMANCE AT A GLANCE

GENERAL FUND REVENUES	Compared to 2017 Budget	Compared to 2016 Actual	Reference
Property Tax Revenue	◀NEUTRAL▶	▲ POSITIVE ▲	Page 4
Sales Tax Revenue	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 5, 6
Utility Tax Revenue	▼ NEGATIVE ▼	▲ POSITIVE ▲	Page 9
Development Revenue	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 10
Parks and Recreation Revenue	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 11
Investment Income	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 12
NON-GENERAL FUND REVENUES			
Surface Water Fees	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 15
Fuel Tax	▼ NEGATIVE ▼	● WARNING ●	Page 16
Real Estate Excise Tax	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 17

This report reflects revenue collections and expenditures through March 31, 2017. The above table reflects differences when compared to the current budget.

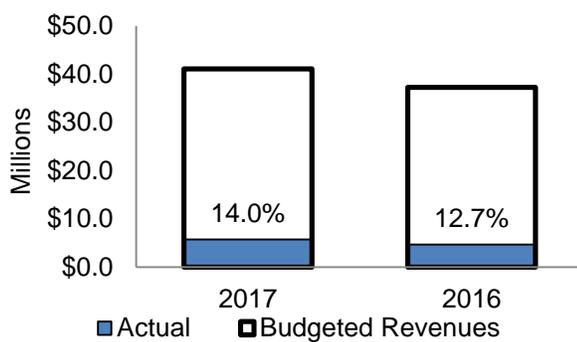
- General Fund receipts are 22.1% more than the year-ago level and 12.2% more than the budget's year-to-date projection. Expenditures are 25.1% more than the year-ago level and 7.4% more than the budget's year-to-date projection. The first quarter of 2017 included one more pay period than the same quarter of 2016. Without that additional pay period the first quarter of 2017 would be 15.1% more than the same period last year but 1.6% less than the budget's year-to-date projection. See pages 2-12 for details.
- Surface Water Utility (SWM) Fund receipts are 16.5% more than the year-ago level and 3.8% more than budget. SWM fund expenditures are 10.0% more than the year-ago level and 14.0% more than budget. See page 15 for details.
- Street Fund receipts and expenditures are more than the year-ago level. Fuel Tax revenue receipts for the first quarter of 2017, in the amount of \$273,460, are \$7,004, or 2.5%, less than the year-ago level and 7.6% less than budget's year-to-date projection. See page 16 for details.
- Real estate excise tax receipts, while exceeding 2017 budget by 71.6%, are 54.9% more than the year-ago level. See page 17 for details.

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.

GENERAL FUND REVENUE ANALYSIS:

TOTAL GENERAL FUND REVENUE SUMMARY



2017 Current Budget		\$47,203,362
2017 Budgeted Revenue		\$41,092,089
2017 First Quarter Actual Revenue		\$5,764,976
2017 % of Budgeted Revenue Received		14.0%
2016 Budgeted Revenue		\$37,288,638
2016 First Quarter Actual Revenue		\$4,722,002
2016 % of Budgeted Revenue Received		12.7%
2017 v. 2016 \$ Change		\$1,042,974
2017 v. 2016 % Change	↑	22.1%

The difference between 2017 current budget and 2017 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 in 2017 reflects a year-over-year increase of 22.1%. The following pages present a detailed analysis of various general fund revenue sources. The following are highlights comparing 2017 to 2016 for the general fund:

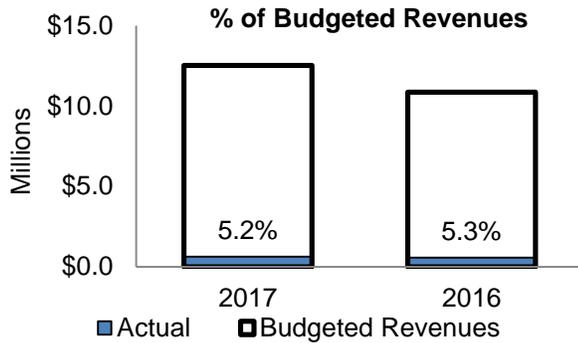
- Property tax receipts are 13.4% more than those for 2016, which is largely attributable to the successful passage of the levy lid lift in November 2016.
- The sales tax rate for the first quarter of 2017 is 9.5%, with the City's portion accounting for 0.85% of the rate. The Regional Transit Authority tax will increase the sales tax rate by 0.5% to 10.0% on April 1, 2017. The City's portion will remain at 0.85%. Sales tax receipts, which reflect activity from December 2016 through January 2017, are more than the budget's year-to-date projection by 6.3% and 2016 collections by 7.1%. Much of the year-over-year increase is from construction sector receipts, which are 39.8% more than the year-ago level.
- The year-over-year change for Intergovernmental revenue receipts is largely due to reimbursement from Sound Transit per the Expedited Permitting and Reimbursement Agreement. The first bill to Sound Transit was paid in the fourth quarter of 2016 and the balance of the reimbursement is anticipated to be received in 2017 as work on the project continues.
- Utility tax and franchise fee receipts are more than the year-ago level and year-to-date budget projection by 4.6% and 5.9%, respectively.
- The year-over-year increase of \$154,583 in development revenue is attributable to higher local development activity in 2017 as compared to 2016, in terms of the number of building permits pulled for new construction and remodels as well as their valuation.
- Parks and recreation receipts are 17.9% more than the year-ago level. The year-over-year increase was anticipated and is attributable to the closure of the Shoreline pool as major maintenance and improvements to extend its life were being performed in 2016.

GENERAL FUND REVENUE DETAIL

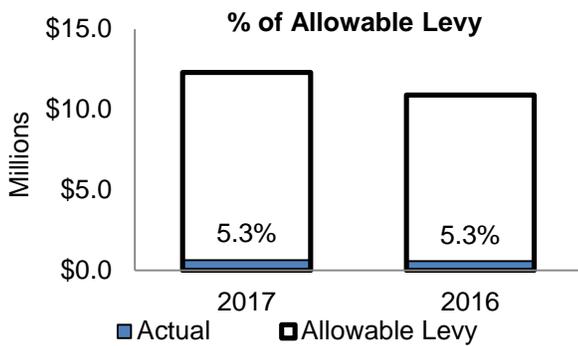
General Fund Resource	2017 Current Budget	2017 First Quarter Actual Revenue	2017 % of Current Budget Received	2016 Current Budget	2016 First Quarter Actual Revenue	2016 % of Current Budget Received	2017 v. 2016 \$ Change	2017 v. 2016 % Change
Budgeted Fund Balance	\$6,111,273	\$0	0.0%	\$4,844,476	\$0	0.0%	\$0	0.0%
Property Tax	\$12,531,317	\$650,401	5.2%	\$10,860,481	\$573,504	5.3%	\$76,897	13.4%
Sales Tax	\$7,969,800	\$1,466,195	18.4%	\$7,747,700	\$1,368,826	17.7%	\$97,369	7.1%
Local Criminal Justice	\$1,476,779	\$375,367	25.4%	\$1,403,619	\$368,268	26.2%	\$7,099	1.9%
Utility Tax & Franchise Fee Revenue								
<i>Natural Gas</i>	\$906,500	\$267,158	29.5%	\$906,500	\$211,370	23.3%	\$55,788	26.4%
<i>Garbage</i>	\$559,360	\$322	0.1%	\$548,880	\$249	0.0%	\$73	29.2%
<i>Cable TV</i>	\$1,960,150	\$162,003	8.3%	\$1,903,020	\$162,729	8.6%	-\$726	-0.4%
<i>Telecommunications</i>	\$1,421,640	\$90,000	6.3%	\$1,421,640	\$119,680	8.4%	-\$29,680	-24.8%
<i>Storm Drainage</i>	\$272,449	\$15,393	5.6%	\$240,275	\$14,295	5.9%	\$1,098	7.7%
<i>Water</i>	\$800,510	\$0	0.0%	\$780,700	\$0	0.0%	\$0	0.0%
<i>Sewer</i>	\$884,800	\$220,750	24.9%	\$859,022	\$214,250	24.9%	\$6,500	3.0%
Utility Tax & Franchise Fee Revenue Subtotal	\$6,805,409	\$755,625	11.1%	\$6,660,037	\$722,573	10.8%	\$33,052	4.6%
SCL Contract Payment	\$1,921,700	\$234,496	12.2%	\$1,838,980	\$205,969	11.2%	\$28,527	13.8%
Gambling Tax Revenue	\$1,587,425	\$412	0.0%	\$1,587,425	\$906	0.1%	-\$494	-54.5%
Development Revenue	\$1,673,778	\$674,483	40.3%	\$1,456,000	\$519,900	35.7%	\$154,583	29.7%
Park and Recreation Revenue	\$1,752,317	\$321,108	18.3%	\$1,500,998	\$273,701	18.2%	\$47,407	17.3%
Intergovernmental Revenue	\$2,149,707	\$300,652	14.0%	\$978,820	\$231,739	23.7%	\$68,913	29.7%
Grant Revenue	\$187,452	\$6,000	3.2%	\$202,041	\$29,713	14.7%	-\$23,713	-79.8%
Fines and Licenses	\$650,225	\$40,538	6.2%	\$642,072	\$59,664	9.3%	-\$19,126	-32.1%
Miscellaneous Revenue	\$784,493	\$151,018	19.3%	\$627,791	\$96,673	15.4%	\$54,345	56.2%
Interest Income	\$70,600	\$30,310	42.9%	\$70,600	\$15,376	21.8%	\$14,934	97.1%
Operating Transfers In	\$1,531,087	\$758,371	49.5%	\$1,712,074	\$255,190	14.9%	\$503,181	197.2%
Total Resources	\$47,203,362	\$5,764,976	12.2%	\$42,133,114	\$4,722,002	11.2%	\$1,042,974	22.1%
Total Budgeted Revenue (excl. Budgeted Fund Balance)	\$41,092,089	\$5,764,976	14.0%	\$37,288,638	\$4,722,002	12.7%	\$1,042,974	22.1%

GENERAL FUND REVENUE ANALYSIS:

PROPERTY TAX



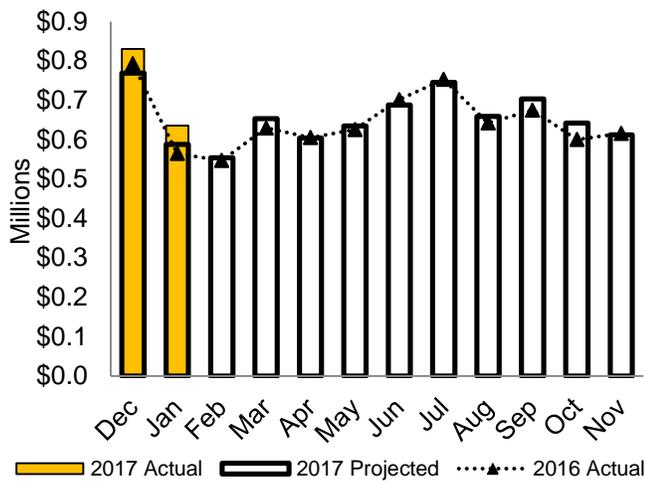
2017 Current Budget		\$12,531,317
2017 First Quarter Actual Revenue		\$650,401
2017 % of Current Budget Received		5.2%
2016 Current Budget		\$10,860,481
2016 First Quarter Actual Revenue		\$573,504
2016 % of Current Budget Received		5.3%
2017 v. 2016 \$ Change		\$76,897
2017 v. 2016 % Change	↑	13.4%



The year-over-year increase of 13.4% is largely attributable to the successful passage of the Levy Lid Lift in November 2016. Property tax receipts are more than the year-to-date projection by 0.6%. Receipts for 2017 and 2016 as a percentage of the budgeted projection are 5.2% and 5.3%, respectively. In terms of the allowable levy, which in many cases is different than the budgeted projection, receipts for 2017 and 2016 are both at 5.3% indicating that collections are on track with historical trends.

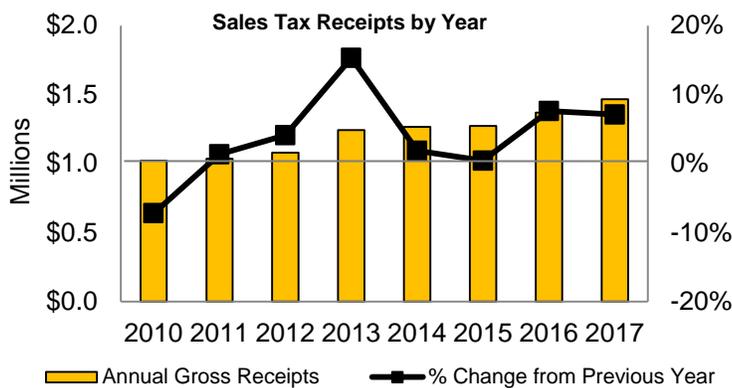
GENERAL FUND REVENUE ANALYSIS (continued):

SALES TAX



2017 Current Budget		\$7,969,800
Sales tax revenue: December - January		
Sales Activity	2016	2017
December	\$786,417	\$830,653
January	\$582,409	\$635,543
Year to date	\$1,368,826	\$1,466,195
\$ Change		\$97,369
% Change		↑ 7.1%

Sales Tax receipts, which reflect activity from December 2016 through January 2017, are more than the budget's year-to-date projection by \$86,280, or 6.3%, and 2016 collections by \$97,369, or 7.1%. The following chart and table reflects a comparison of sales tax receipts by year:



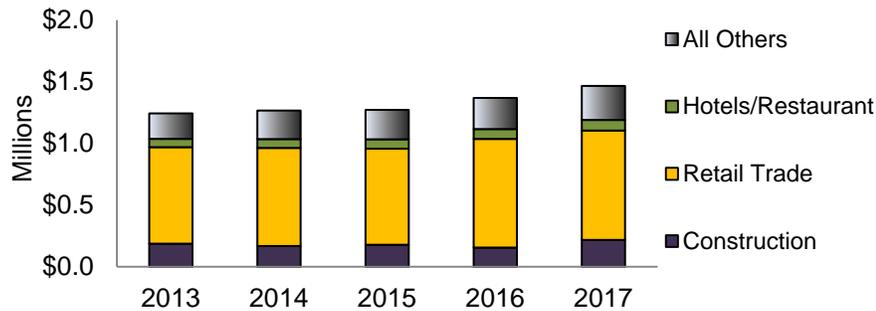
Year	First Quarter Revenue	% Change from Previous Year
2010	\$1,022,166	↓ -7.2%
2011	\$1,035,818	→ 1.3%
2012	\$1,078,354	↑ 4.1%
2013	\$1,243,462	↑ 15.3%
2014	\$1,266,540	→ 1.9%
2015	\$1,271,934	→ 0.4%
2016	\$1,368,826	↑ 7.6%
2017	\$1,466,195	↑ 7.1%

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 39.8%. In 2016 and 2017 there were no collections related to one-time activity. Historically, annual 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.

GENERAL FUND REVENUE ANALYSIS (continued):

Annual Sales Tax Revenue Comparison by Sector



SALES TAX BY PRIMARY CATEGORY: December-January

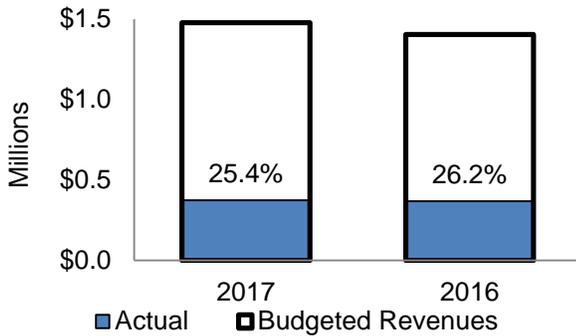
Sector	2013	2014	2015	2016	2017
Construction	\$187,418	\$168,515	\$178,605	\$155,806	\$217,747
\$ Change		-\$18,903	\$10,090	-\$22,799	\$61,941
% Change		↓ -10.1%	↑ 6.0%	↓ -12.8%	↑ 39.8%
Retail Trade	\$782,320	\$795,090	\$778,740	\$880,780	\$886,768
\$ Change		\$12,770	-\$16,350	\$102,040	\$5,988
% Change		→ 1.6%	↘ -2.1%	↑ 13.1%	→ 0.7%
Hotels/Restaurant	\$67,378	\$71,571	\$76,081	\$79,897	\$85,966
\$ Change		\$4,193	\$4,510	\$3,817	\$6,069
% Change		↑ 6.2%	↑ 6.3%	↑ 5.0%	↑ 7.6%
All Others	\$206,346	\$231,365	\$238,508	\$252,342	\$275,714
\$ Change		\$25,019	\$7,143	\$13,834	\$23,372
% Change		↑ 12.1%	↑ 3.1%	↑ 5.8%	↑ 9.3%
Total Revenue	\$1,243,462	\$1,266,540	\$1,271,934	\$1,368,826	\$1,466,195
\$ Change		\$165,108	\$23,078	\$5,394	\$96,892
% Change		15.3% →	1.9% →	0.4% ↑	7.6% ↑

SALES TAX BY RETAIL TRADE CATEGORY: December-January

Retail Trade	2014 Dec- Jan	2015 Dec- Jan	2015v.2014 \$ Change	2016 Dec- Jan	2016v.2015 \$ Change	2017 Dec- Jan	2017v.2016 \$ Change
Motor Veh. & Parts Dealer	\$208,082	\$219,244	\$11,162	\$244,946	\$25,702	\$255,192	\$10,247
Furn. & Home Furnishings	\$9,968	\$10,470	\$502	\$10,270	-\$200	\$13,350	\$3,080
Electronics and Appliances	\$17,045	\$22,793	\$5,748	\$22,695	-\$98	\$17,990	-\$4,704
Building Material & Garden	\$83,724	\$38,993	-\$44,732	\$100,285	\$61,292	\$105,823	\$5,538
Food & Beverage Stores	\$43,929	\$47,334	\$3,405	\$76,111	\$28,778	\$48,397	-\$27,714
Health & Personal Care	\$31,567	\$35,632	\$4,065	\$40,513	\$4,881	\$43,470	\$2,958
Gasoline Stations	\$11,850	\$12,056	\$206	\$9,972	-\$2,084	\$11,361	\$1,390
Clothing & Accessories	\$9,665	\$12,295	\$2,630	\$14,468	\$2,173	\$16,432	\$1,964
Sporting Goods, Hobby	\$18,208	\$17,980	-\$228	\$15,006	-\$2,974	\$16,950	\$1,944
General Merch. Stores	\$274,402	\$278,704	\$4,302	\$252,185	-\$26,518	\$254,456	\$2,271
Misc. Store Retailers	\$49,622	\$43,954	-\$5,668	\$46,039	\$2,085	\$51,782	\$5,743
Nonstore Retailers	\$37,029	\$39,287	\$2,258	\$48,291	\$9,004	\$51,563	\$3,273
Total Revenue	\$795,090	\$778,740	-\$16,349	\$880,780	\$102,040	\$886,768	\$5,988

GENERAL FUND REVENUE ANALYSIS (continued):

LOCAL CRIMINAL JUSTICE SALES TAX

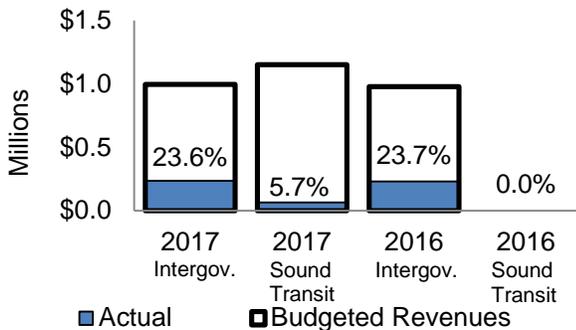


2017 Current Budget		\$1,476,779
2017 First Quarter Actual Revenue		\$375,367
2017 % of Current Budget Received		25.4%
2016 Current Budget		\$1,403,619
2016 First Quarter Actual Revenue		\$368,268
2016 % of Current Budget Received		26.2%
2017 v. 2016 \$ Change		\$7,099
2017 v. 2016 % Change	➔	1.9%

Local criminal justice sales tax receipts are 1.9% more than the year-ago level. Thus far this year 25.4% of the amount budgeted has been received as compared to 26.2% received during the same period last year. Receipts are \$11,295, or 3.1%, more than the year-to-date budget 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. The Puget Sound Economic Forecaster estimated that retail sales throughout King County would increase year-over-year by 6.1%. Sales tax collected throughout King County was actually 3.6% higher than the year-ago level.

INTERGOVERNMENTAL REVENUE

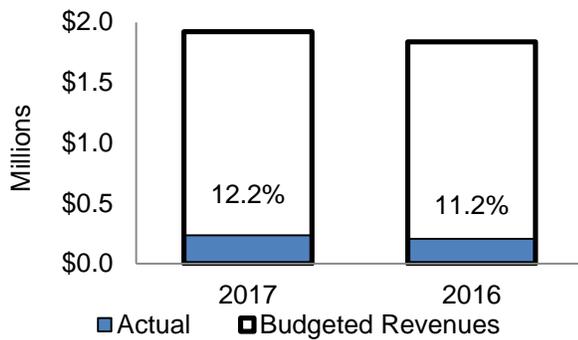


2017 Current Budget		\$2,149,707
2017 First Quarter Actual Revenue		\$300,652
2017 % of Current Budget Received		14.0%
2016 Current Budget		\$978,820
2016 First Quarter Actual Revenue		\$231,739
2016 % of Current Budget Received		23.7%
2017 v. 2016 \$ Change		\$68,913
2017 v. 2016 % Change	↑	29.7%

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. The first bill to Sound Transit was paid in the fourth quarter of 2016 and the balance of the reimbursement is anticipated to be received in 2017 as work on the project continues. Total receipts are 29.7% more than the year-ago level. Receipts from sources other than Sound Transit reimbursements total \$235,403 and are 1.6% more than the year-ago level.

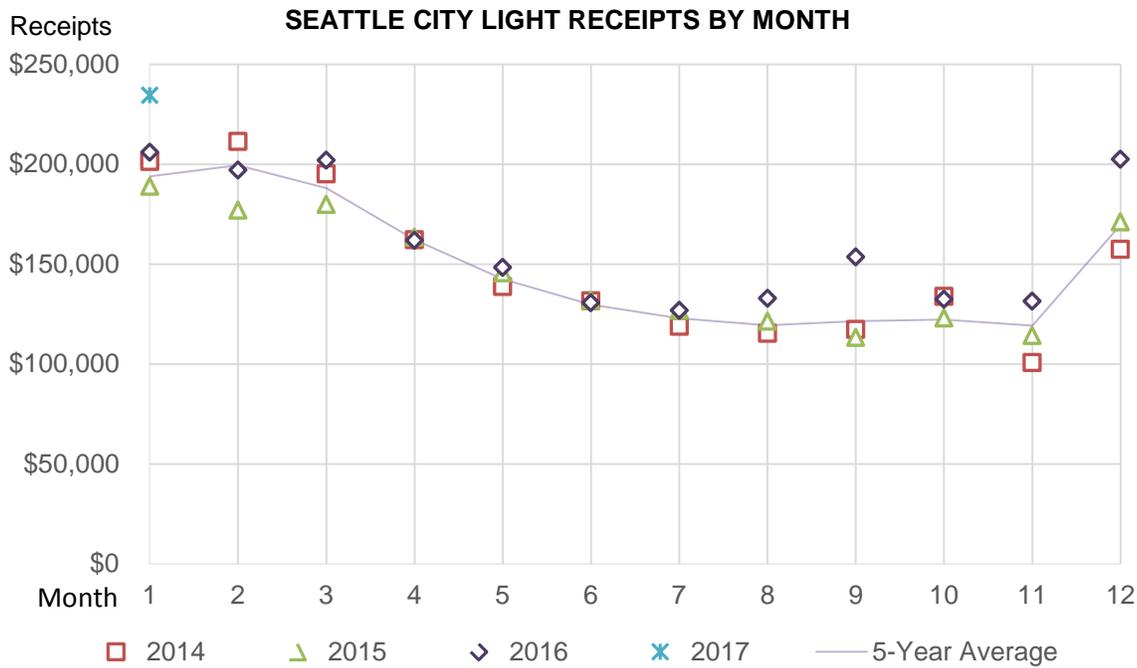
GENERAL FUND REVENUE ANALYSIS (continued):

SEATTLE CITY LIGHT CONTRACT PAYMENT



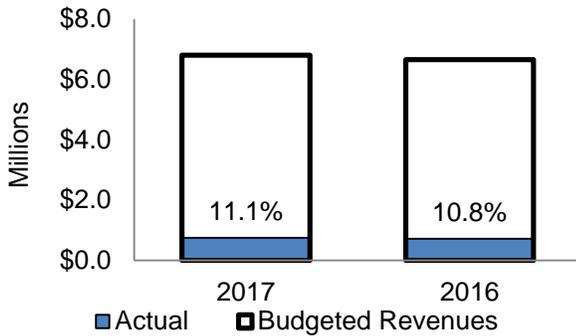
2017 Current Budget		\$1,921,700
2017 First Quarter Actual Revenue		\$234,496
2017 % of Current Budget Received		12.2%
2016 Current Budget		\$1,838,980
2016 First Quarter Actual Revenue		\$205,969
2016 % of Current Budget Received		11.2%
2017 v. 2016 \$ Change		\$28,527
2017 v. 2016 % Change	↑	13.8%

The City's agreement with Seattle City Light imposes a six percent contract fee on total electrical revenues. Activity through the first quarter presented in this report only includes receipts for the month of January. Receipts are 13.8% more than the year-ago level and 11.8% more than the year-to-date projection. The chart below shows receipts for January 2017 and the last three years.



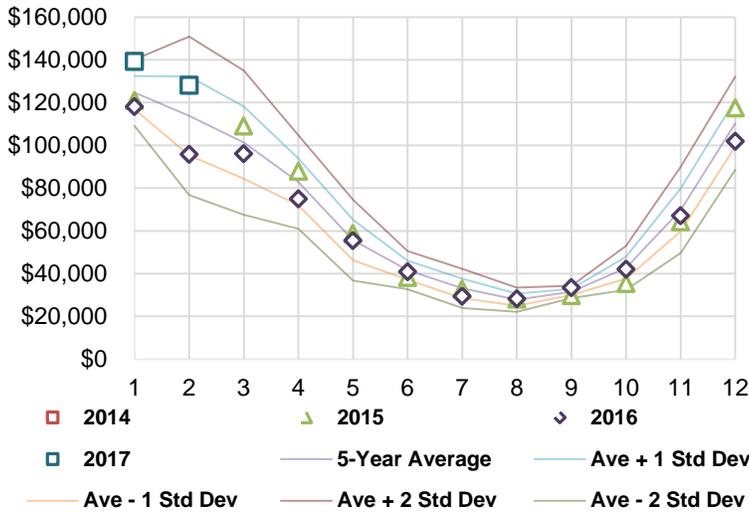
GENERAL FUND REVENUE ANALYSIS (continued):

UTILITY TAX AND FRANCHISE FEE



2017 Current Budget		\$6,805,409
2017 First Quarter Actual Revenue		\$755,625
2017 % of Current Budget Received		11.1%
2016 Current Budget		\$6,660,037
2016 First Quarter Actual Revenue		\$722,573
2016 % of Current Budget Received		10.8%
2017 v. 2016 \$ Change		\$33,052
2017 v. 2016 % Change	↑	4.6%

NATURAL GAS RECEIPTS BY MONTH



Overall Utility Tax and Franchise Fee receipts are more than the year-ago level and year-to-date budget projection by 4.6% and 5.9%, respectively.

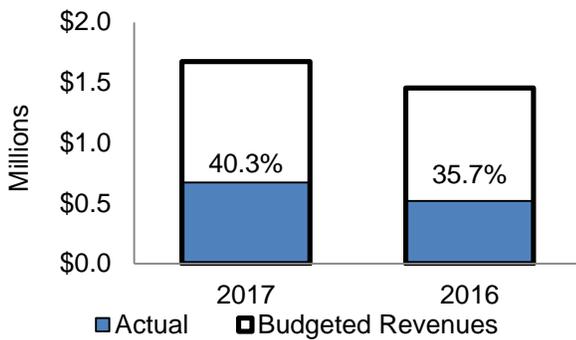
Natural gas tax receipts are 26.4% more than the year-ago level. Compared to the prior year, monthly payments for January and February are 17.9% and 37.2% more, respectively.

Telecommunications tax receipts are less than the year-ago level and budget projection by 24.8% and 33.7%, respectively because T-Mobile's February 2017 payment was not received until April. Had that payment been received on time receipts would be less than the year-ago level and year-to-date budget projection by 10.8% and 21.4%, respectively. The telecommunications category continues to see a steady decline.

Revenue Source	2017 Current Budget	2017 First Quarter Actual Revenue	2017 % of Current Budget Received	2016 Current Budget	2016 First Quarter Actual Revenue	2016 % of Current Budget Received	2017 v. 2016 \$ Change	2017 v. 2016 % Change
Natural Gas	\$906,500	\$267,158	29.5%	\$906,500	\$211,370	23.3%	\$55,788 ↑	26.4%
Garbage	\$559,360	\$322	0.1%	\$548,880	\$249	0.0%	\$73 ↑	29.2%
Cable TV	\$1,960,150	\$162,003	8.3%	\$1,903,020	\$162,729	8.6%	-\$726 →	-0.4%
Telecommunications	\$1,421,640	\$90,000	6.3%	\$1,421,640	\$119,680	8.4%	-\$29,680 ↓	-24.8%
Storm Drainage	\$272,449	\$15,393	5.6%	\$240,275	\$14,295	5.9%	\$1,098 ↑	7.7%
Water	\$800,510	\$0	0.0%	\$780,700	\$0	0.0%	\$0 →	0.0%
Sewer	\$884,800	\$220,750	24.9%	\$859,022	\$214,250	24.9%	\$6,500 ↑	3.0%
Utility Tax & Franchise Fee Revenue Subtotal	\$6,805,409	\$755,625	11.1%	\$6,660,037	\$722,573	10.8%	\$33,052 ↑	4.6%

GENERAL FUND REVENUE ANALYSIS (continued):

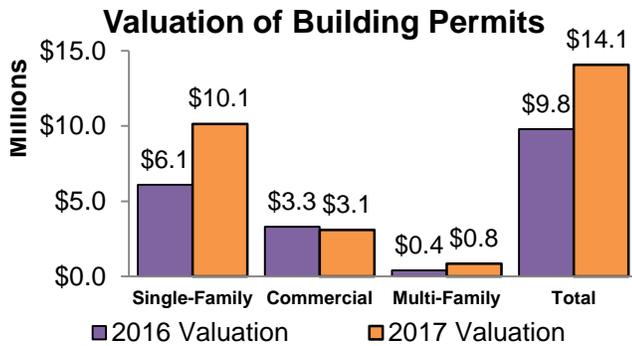
DEVELOPMENT REVENUE



2017 Current Budget		\$1,673,778
2017 First Quarter Actual Revenue		\$674,483
2017 % of Current Budget Received		40.3%
2016 Current Budget		\$1,456,000
2016 First Quarter Actual Revenue		\$519,900
2016 % of Current Budget Received		35.7%
2017 v. 2016 \$ Change		\$154,583
2017 v. 2016 % Change	↑	29.7%

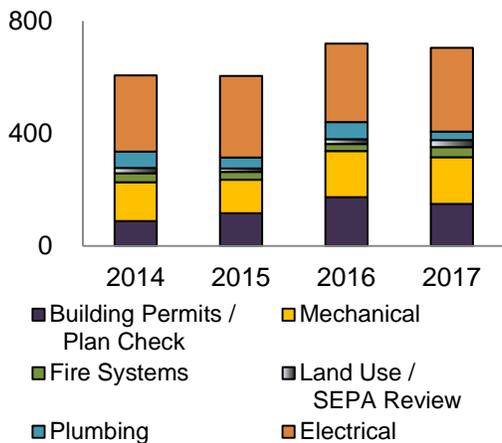
Development revenue receipts exhibit a year-over-year increase of \$154,583, or 29.7%, and are more than the budget projection by 143.9%.

Local development activity in 2017, in terms of the number of building permits pulled for new construction and remodels as well as their valuation in 2017 are higher than the year-ago level. In 2017, there have been 11 more permits issued for new single-family residences, with a value that is \$4.0 million more, as compared to the year-ago level. There have been 9 fewer permits issued for commercial/multi-family construction (new and remodels), with a value that is \$0.2 million more, than the year-ago level.



Valuation of 87 building permits for new construction and remodels totals \$14.1 million and is comprised of 72.0% residential and 28.0% commercial/multi-family valuation. In 2016, valuation of 85 permits totaled \$9.8 million and was comprised of 62.2% residential and 37.8% commercial/multi-family construction.

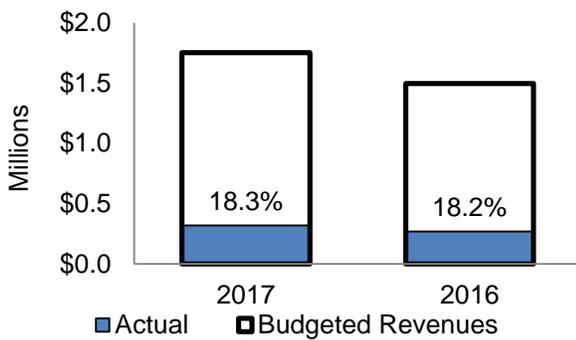
PERMITS BY TYPE



PERMIT TYPE	2014	2015	2016	2017	# Change	% Change
Building Permits / Plan Check	88	116	173	149	(24)	-13.9%
Mechanical	138	119	164	166	2	1.2%
Fire Systems	32	28	25	36	11	44.0%
Land Use / SEPA Review	19	12	17	25	8	47.1%
Plumbing	58	39	61	30	(31)	-50.8%
Electrical	271	290	279	298	19	6.8%
Total	606	604	719	704	(15)	-2.1%

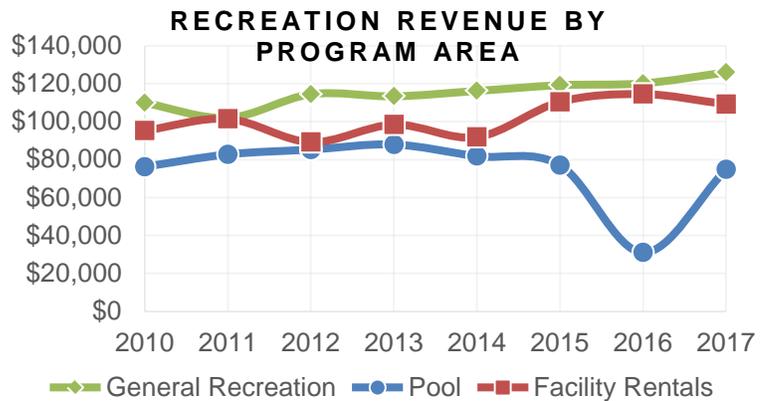
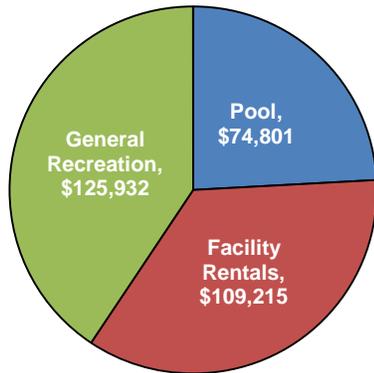
GENERAL FUND REVENUE ANALYSIS:

PARKS AND RECREATION REVENUE



2017 Current Budget		\$1,752,317
2017 First Quarter Actual Revenue		\$319,828
2017 % of Current Budget Received		18.3%
2016 Current Budget		\$1,494,998
2016 First Quarter Actual Revenue		\$271,348
2016 % of Current Budget Received		18.2%
2017 v. 2016 \$ Change		\$48,480
2017 v. 2016 % Change	↑	17.9%

Parks and Recreation revenue receipts are 17.9% more than the year-ago level. The year-over-year increase was anticipated and is attributable to the closure of the Shoreline Pool as major maintenance and improvements to extend its life were being performed in 2016.



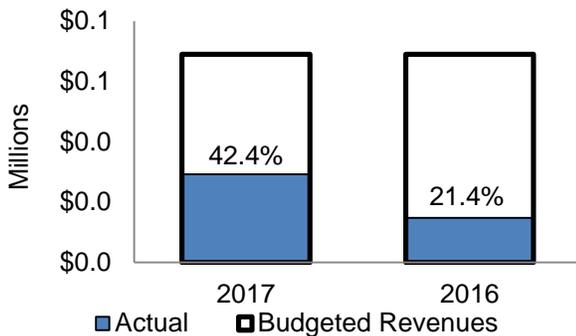
Recreation Revenue by Program Area*: January - March

Year	General Recreation*	Gen Rec % of Total	Pool	Pool % of Total	Facility Rentals	Fac Rent % of Total	Total Revenue
2010	\$109,830	39.0%	\$76,240	27.1%	\$95,259	33.9%	\$281,329
2011	\$101,983	35.6%	\$82,736	28.9%	\$101,440	35.4%	\$286,159
2012	\$114,438	39.6%	\$85,284	29.5%	\$89,214	30.9%	\$288,936
2013	\$113,337	37.8%	\$87,935	29.3%	\$98,424	32.8%	\$299,696
2014	\$116,172	40.1%	\$81,781	28.2%	\$91,861	31.7%	\$289,814
2015	\$119,207	38.9%	\$77,037	25.1%	\$110,404	36.0%	\$306,648
2016	\$120,168	45.2%	\$30,989	11.7%	\$114,510	43.1%	\$265,667
2017	\$125,932	40.6%	\$74,801	24.1%	\$109,215	35.2%	\$309,949

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

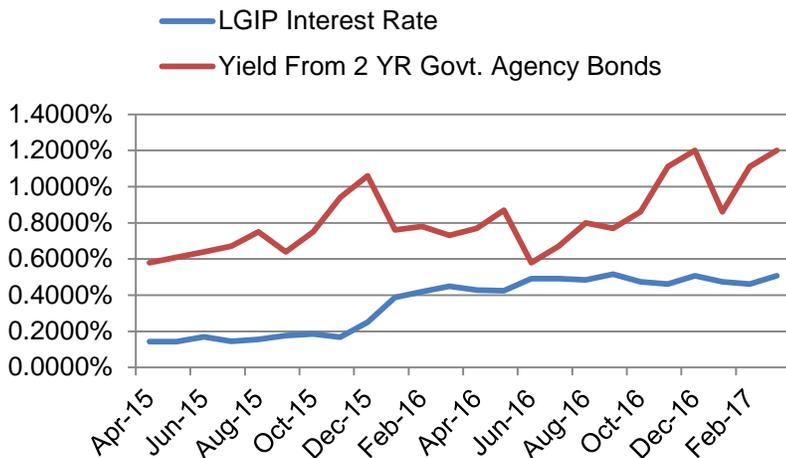
GENERAL FUND REVENUE ANALYSIS (continued):

INVESTMENT INCOME



2017 Current Budget		\$69,000
2017 First Quarter Actual Revenue		\$29,260
2017 % of Current Budget Received		42.4%
2016 Current Budget		\$69,000
2016 First Quarter Actual Revenue		\$14,765
2016 % of Current Budget Received		21.4%
2017 v. 2016 \$ Change		\$14,495
2017 v. 2016 % Change	↑	98.2%

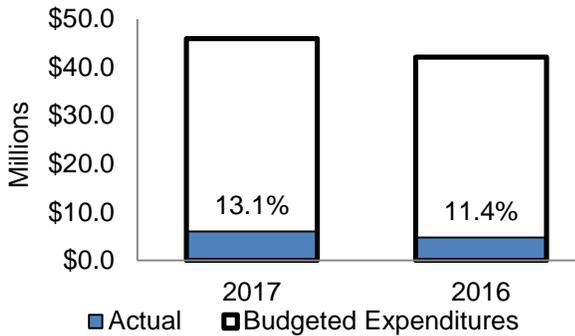
Investment earnings are more than the year-ago level by 98.2%. The City's investment policy adheres to strict standards prescribed by federal law, state statutes, local ordinances, and allows the City to develop an investment model to maximize its investment returns within the primary objectives of safety and liquidity.



Month	LGIP Interest Rate	Bond Investment Yield
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%
Oct-16	0.4736%	0.8600%
Nov-16	0.4621%	1.1100%
Dec-16	0.5067%	1.2000%
Jan-17	0.4736%	0.8600%
Feb-17	0.4621%	1.1100%
Mar-17	0.5067%	1.2000%
24 Mo. Ave.	0.3547%	0.8213%

EXPENDITURE ANALYSIS:

GENERAL FUND EXPENDITURES



2017 Current Budget		\$45,968,252
2017 First Quarter Actual Expenditures		\$6,002,240
2017 % of Current Budget Expended		13.1%
2016 Current Budget		\$42,133,114
2016 First Quarter Actual Expenditures		\$4,799,317
2016 % of Current Budget Expended		11.4%
2017 v. 2016 \$ Change		\$1,202,923
2017 v. 2016 % Change	↑	25.1%

Departments spent \$5,860,510, or 14.3%, of the Current Budget excluding transfers out. This level of expenditures is 25.8% more than the year-ago level. The first quarter of 2017 included one more pay period than the same quarter of 2016. Without that additional pay period the first quarter of 2017 would be 15.1% more than the same period last year but 1.6% less than the year-to-date budget projection.

The General Fund transferred \$141,730, or 2.9%, of its budgeted support to other funds. This level is \$789, or 0.6%, less than the year-ago level.

Total expenditures including transfers out, representing expenditure of 13.1% of the current budget, are 25.1% more than the year-ago level.

Department	2017 Current Budget	2017 First Quarter Actual Expenditures	2017 % of Current Budget Expended	2016 Current Budget	2016 First Quarter Actual Expenditures	2016 % of Current Budget Expended	2017 v. 2016 \$ Change	2017 v. 2016 % Change
City Council	\$240,592	\$53,705	22.3%	\$231,968	\$57,612	24.8%	-\$3,908	-6.8%
City Manager's Office ¹	\$3,520,757	\$648,708	18.4%	\$2,234,497	\$478,141	21.4%	\$170,568	35.7%
City Attorney	\$743,790	\$197,622	26.6%	\$657,674	\$117,691	17.9%	\$79,931	67.9%
Community Services ²	\$1,637,107	\$303,238	18.5%	\$1,691,601	\$216,614	12.8%	\$86,624	40.0%
Administrative Services ³	\$5,442,910	\$1,035,271	19.0%	\$4,783,839	\$823,225	17.2%	\$212,047	25.8%
Citywide	\$2,192,678	\$579,855	26.4%	\$1,934,047	\$552,566	28.6%	\$27,289	4.9%
Human Resources	\$471,496	\$113,413	24.1%	\$454,488	\$91,074	20.0%	\$22,339	24.5%
Police	\$11,707,212	\$19,349	0.2%	\$11,310,049	\$27,400	0.2%	-\$8,051	-29.4%
Criminal Justice	\$3,068,384	\$249,479	8.1%	\$3,190,826	\$276,425	8.7%	-\$26,946	-9.7%
Parks	\$6,100,595	\$1,291,387	21.2%	\$5,633,074	\$1,002,604	17.8%	\$288,783	28.8%
Planning & Community Development	\$2,932,284	\$684,598	23.3%	\$2,891,544	\$495,027	17.1%	\$189,571	38.3%
Public Works	\$3,003,218	\$683,885	22.8%	\$2,793,444	\$518,422	18.6%	\$165,464	31.9%
Departmental Expenditures	\$41,061,023	\$5,860,510	14.3%	\$37,807,051	\$4,656,798	12.3%	\$1,203,712	25.8%
Operating Transfers Out	\$4,907,229	\$141,730	2.9%	\$4,326,063	\$142,519	3.3%	-\$789	-0.6%
Total Expenditures	\$45,968,252	\$6,002,240	13.1%	\$42,133,114	\$4,799,317	11.4%	\$1,202,923	25.1%

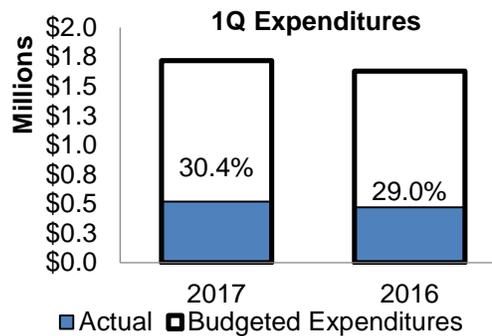
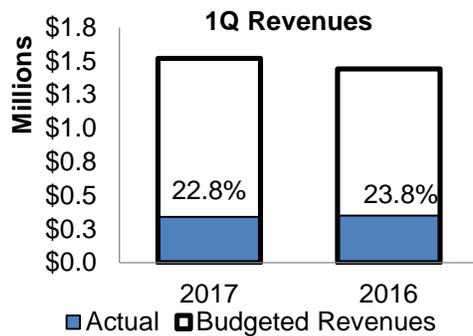
1. City Manager's Office includes City Clerk, Communications, Intergovernmental Relations, Economic Development, and Property Management.

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

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

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

STREET FUND



	Revenue	Expenditures
2017 Budgeted Use of Fund Balance	\$197,725	N/A
2017 Budget	\$1,521,225	\$1,718,950
2017 First Quarter Actual	\$347,472	\$521,937
2017 % of Current Budget*	22.8%	30.4%
2016 Current Budget	\$1,442,468	\$1,631,411
2016 First Quarter Actual	\$343,156	\$472,681
2016 % of Current Budget*	23.8%	29.0%
2017 v. 2016 \$ Var.	\$4,316	\$49,256
2017 v. 2016 % Var.	1.3%	10.4%

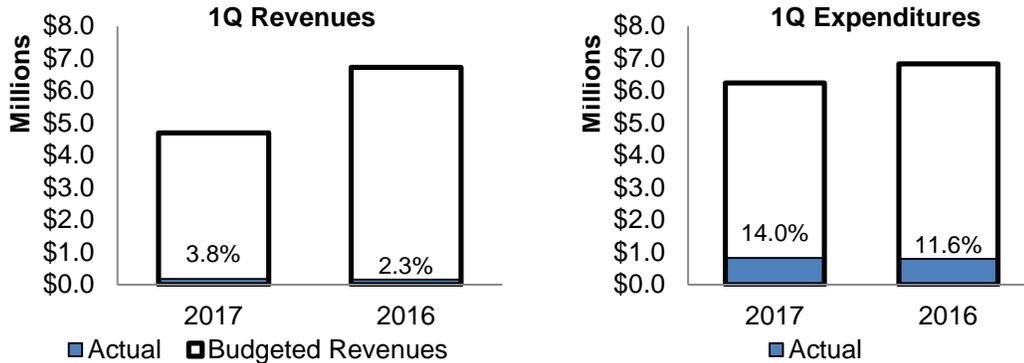
*Current Budget for Revenues is calculated by excluding Budgeted Use of Fund Balance

Motor vehicle fuel tax revenue receipts for the first quarter of 2017 are \$273,460, 2.5%, less than the year-ago level. Total receipts for the first quarter of 2016 are \$347,472. Total receipts, excluding transfers in, are \$286,371, which is \$4,316 or 1.5% more than the year-ago level.

Expenditures, including transfers out, are \$521,937, 10.4%, more than the year-ago level. This is attributed to a higher expenditure in salary and benefits, which was planned for the beginning of the year and will subside throughout the year.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

SURFACE WATER UTILITY FUND



	Revenue	Expenditures
2017 Budgeted Use of Fund Balance	\$1,400,198	N/A
2017 Budget	\$4,697,023	\$6,241,652
2017 First Quarter Actual	\$177,931	\$875,001
2017 % of Current Budget*	3.8%	14.0%
2016 Current Budget	\$6,724,986	\$6,835,663
2016 First Quarter Actual	\$152,667	\$795,745
2016 % of Current Budget*	2.3%	11.6%
2017 v. 2016 \$ Var.	\$25,264	\$79,256
2017 v. 2016 % Var.	16.5%	10.0%

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

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

Revenue receipts for the first quarter of 2017, in the amount of \$177,931, are \$25,264, or 16.5%, higher than the year-ago level. SWM ongoing revenues include storm drainage fees and investment interest earnings. Storm Drainage Fees totaled \$172,889, which are \$22,109 or 14.7%, higher than the year-ago level. This year-over-year change is mainly due to a higher distribution of SWM fees from the County compared to 2016.

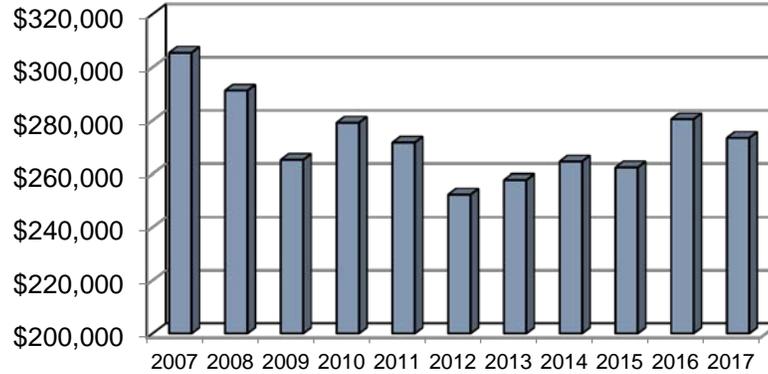
Expenditures, including transfers out, total \$795,745 and are 10.0% more than the year-ago level. Capital projects, excluding transfers out, are \$210,269, or 24.7%, less than the year-ago level. Expenditures are impacted by the timing of construction schedules. The operating programs, excluding transfers out, are \$505,505, which is 17.4%, higher than the year-ago levels.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

STREET FUND FUEL TAX

Fuel Tax: Historical First Quarter 2008-2017

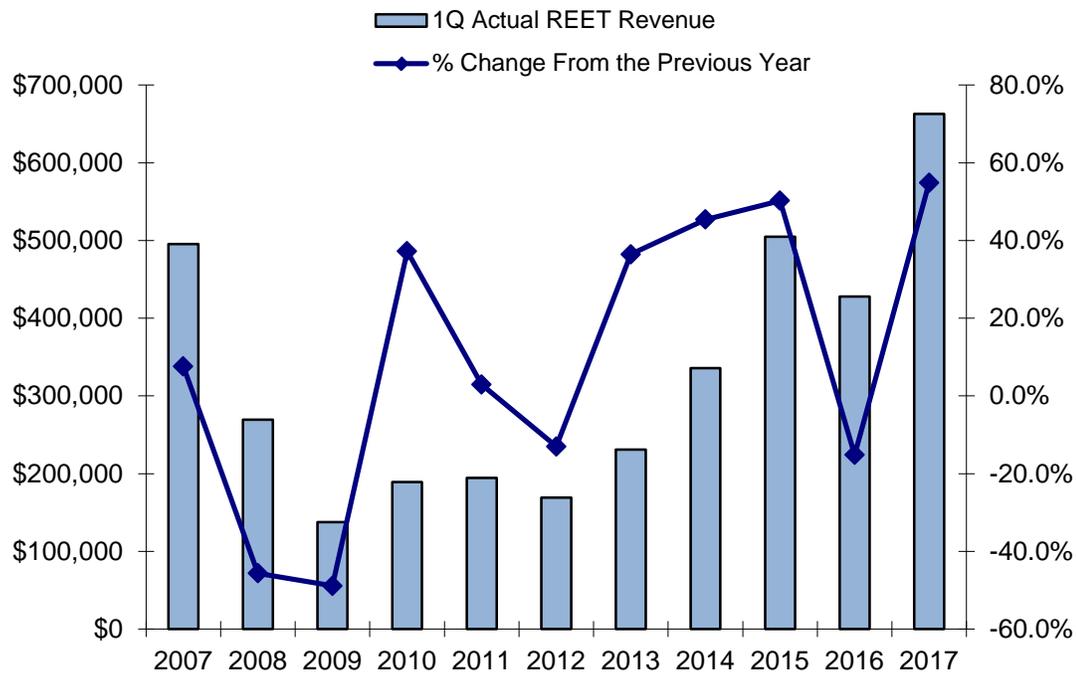
2008	\$291,252
2009	\$265,191
2010	\$279,173
2011	\$271,682
2012	\$252,343
2013	\$257,765
2014	\$264,597
2015	\$262,339
2016	\$280,464
2017	\$273,460



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 for the first quarter of 2017, in the amount of \$273,460, are \$7,004, or 2.5%, less than the year-ago level.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

REAL ESTATE EXCISE TAX (REET)



Real Estate Excise Tax (REET) revenue receipts for the first quarter of 2017, in the amount of \$662,916 are \$234,886, or 54.9%, more than receipts for the same period in 2016.

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 March 31, 2017, the City's investment portfolio, excluding the State Investment Pool and deposits in OpusBank, had a current weighted average rate of return of 1.2423%. This is better than the State Investment Pool's current rate of return of 0.7010%. 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 0.8299% return, and the second account with \$7M deposit and one year commitment earns 0.8299% return. Total investment interest earnings through March were \$55,849 which is about 25% of total budgeted 2017 investment earnings of \$221,213.

As of March 31, 2017, the City's investment portfolio had a fair value of nearly \$36.22 million. Approximately 22% of the investment portfolio was held in U.S. government instrumentality securities, and 31% was held in the Washington State Investment Pool, and 47% was held in OpusBank. The City's investment portfolio valued at cost as of March 31, 2017, was slightly over \$36.23 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.

INVESTMENT REPORT (continued):

LGIP Cash and Investment Balances March 31, 2017

Instrument Type	CUSPID #	Broker	Settlement Date	Maturity Date	Par Value	Investment Cost	Yield To Maturity	Unrecognized Gain/(Loss)	Market Value 9/30/2016
FHLMC 1.0	3137EADH9	FinancialNorthwestern	06/14/14	06/29/17	1,000,000	1,000,000	1.0000%	427	1,000,427
FICO STRIP PRIN SER D-P	31771KAH0	Time Value Investment	09/29/15	08/03/18	1,500,000	1,456,388	1.0400%	14,004	1,470,392
FFCB 1.09	3133EFFL6	Time Value Investment	09/29/15	09/28/18	500,000	500,000	1.0900%	-\$2,053	497,947
FFCB 1.375	3133EFSW8	Alamo Capital	12/21/15	12/21/18	1,000,000	999,000	1.3750%	1,017	1,000,017
FNMA 1.250	3136G3EA9	FinancialNorthwestern	03/29/16	03/29/19	1,000,000	999,500	1.2500%	-\$4,602	994,898
FNMA 1.250	3136G4AP8	PiperJaffray	12/31/16	09/30/19	2,000,000	2,000,000	1.2500%	-\$19,098	1,980,902
FHLMC 1.0	3134GBEB4	1st Empire	03/31/17	03/27/20	1,000,000	999,700	1.7000%	-\$885	998,815
Sub Total - Investments					\$8,000,000	\$7,954,588		-\$11,190	\$7,943,398
OpusBank Interest Checking 6272						10,072,610	0.8299%		10,072,610
OpusBank Interest Checking 3285						7,042,601	0.8299%		7,042,601
State Investment Pool						11,162,139	0.7010%		11,162,139
Sub Total - State Investment Pool and Opus Bank Interest Checking						28,277,351			28,277,351
Total LGIP + Opus Bank Interest Checking + Investments						\$36,231,938		-\$11,190	\$36,220,748

Current Average Maturity Excluding the State Investment Pool (days)	672
Current Weighted Average Yield to Maturity Excluding the State Pool	1.2423%
Current Yield to Maturity State Investment Pool	0.7010%
Basis Points in Excess (Below) Benchmark	54

Portfolio Diversification

Instrument Type	Percentage	Amount at Market Value	Amount at Cost	Broker	Percentage	Amount at Cost
FFCB	4.1%	\$1,497,964	\$1,499,000	Alamo Capital	2.8%	\$999,000
FHLB	0.0%			Financial Northwestern	5.5%	1,999,500
FHLMC	5.5%	1,999,242	1,999,700	1st Empire	2.8%	999,700
FNMA	8.2%	2,975,800	2,999,500	Time Value Investment	5.4%	1,956,388
FICO STRIP PRIN SER D-P	4.1%	1,470,392	1,456,388	PiperJaffray	5.5%	2,000,000
OpusBank Interest Checking	47.3%	17,115,211	17,115,211	OpusBank Interest Checking	47.2%	17,115,211
State Investment Pool	30.8%	11,162,139	11,162,139	State Investment Pool	30.8%	11,162,139
Total LGIP + Investments	100%	\$36,220,748	\$36,231,938	Total Investments	100%	\$36,231,938

Investments by Fund

	Investments at Cost as of 3/31/2017	LGIP State Investment Pool + Opus Bank Interest Checking as of 3/31/2017	Total LGIP + OpusBank Interest Checking + Investments at Cost by Fund as of 3/31/2017	Unrecognized Gain/(Loss) as of 3/31/2017	Total Market Value of Investments by Fund as of 3/31/2017	Investment Earnings Budget 2017	Investment Earnings Actual 2017	Over/(Under) Budget
001 General	\$1,646,894	\$12,153,027	\$13,799,921	-\$7,798	\$13,792,123	\$69,000	\$29,260	-\$39,740
101 Street	200,000	624,359	824,359	204	824,563	2,500	1,507	-993
107 Code Abatement	0	279,571	279,571	0	279,571	550	242	-308
108 Asset Seizure	0	197,011	197,011	0	197,011	0	323	323
109 Public Arts	0	258,371	258,371	0	258,371	0	365	365
112 Fed Drug Enforcement	0	288,480	288,480	0	288,480	200	471	271
115 Property Tax Equalization	0	2,361	2,361	0	2,361	0	1,134	1,134
116 Fed Crim Forfeit	0	838,913	838,913	0	838,913	1,500	1,457	-43
117 Transportation Impact Mitigation	0	987,141	987,141	0	987,141	0	1,430	1,430
190 Revenue Stabilization	5,150,194	402	5,150,596	0	5,150,596	0	0	0
301 General Capital	0	2,580,962	2,580,962	0	2,580,962	35,987	4,091	-31,896
312 City Fac-Mjr Maint	0	28,609	28,609	0	28,609	12	54	42
330 Roads Capital	0	4,779,664	4,779,664	0	4,779,664	61,690	5,223	-56,467
330 Trans Bene Dist	0	855,603	855,603	0	855,603	0	1,223	1,223
401Surface Water Utility Fund	0	2,405,802	2,405,802	0	2,405,802	41,774	4,347	-37,427
501 Vehicle Oper/Maint	0	408,585	408,585	0	408,585	0	471	471
503 Equip Dep Replace	957,500	1,518,717	2,476,217	-3,596	2,472,621	8,000	4,137	-3,863
505 Unemployment	0	69,770	69,770	0	69,770	0	113	113
Total Investments	\$7,954,588	\$28,277,351	\$36,231,938	-\$11,190	\$36,220,748	\$221,213	\$55,849	-\$165,364