



# 2017 THIRD QUARTER FINANCIAL REPORT

December 2017

## PERFORMANCE AT A GLANCE

GENERAL FUND REVENUES	Compared to 2017 Budget	Compared to 2016 Actual	Reference
Property Tax Revenue	●WARNING●	▲POSITIVE▲	Page 5
Sales Tax Revenue	▲POSITIVE▲	▲POSITIVE▲	Page 6, 7
Utility Tax Revenue	●WARNING●	◀NEUTRAL▶	Page 11
Development Revenue	▲POSITIVE▲	▲POSITIVE▲	Page 12, 13
Parks and Recreation Revenue	▲POSITIVE▲	▲POSITIVE▲	Page 14
Investment Income	▲POSITIVE▲	▲POSITIVE▲	Page 15
NON-GENERAL FUND REVENUES			
Surface Water Fees	▲POSITIVE▲	◀NEUTRAL▶	Page 20
Fuel Tax	●WARNING●	●WARNING●	Page 22
Real Estate Excise Tax	▲POSITIVE▲	▲POSITIVE▲	Page 23

This report reflects revenue collections and expenditures through September 30, 2017. The above table reflects differences when compared to the current budget.

- General Fund receipts are 10.3% more than the year-ago level. Expenditures are 3.6% more than the year-ago level and 1.2% less than the budget's year-to-date projection. The table above shows a warning for Property Tax because the allowable levy is less than the projection used for the budget as the year-over-year assessed value growth was less than the 10% estimate provided by King County. See pages 3 and 4 for details.
- Utility Tax and Franchise Fee receipts are less than the year-ago level and revised year-to-date budget projection by 0.7% and 6.8%, respectively, primarily due to a significant tax payment not being received before the end of the quarter and the continuing decline in telecommunications tax receipts. See page 11 for details.
- Street Fund receipts are 2.5% less and expenditures are 6.3% more than the year-ago level. Gas Tax revenue receipts are 1.3% more than the year-ago level but 5.4% less than the budget's year-to-date projection. The forecast produced by Transportation Revenue Forecast Council is used to project the per capita rate for the Gas Tax and was reduced from \$20.84 to \$20.66 but the per capita rates for the multi-modal distribution and increased gas tax per ESHB 5987 were not changed. Staff will continue to monitor Shoreline's per capita results and may adjust future projections accordingly. See page 18 for details.
- Surface Water Utility (SWM) Fund receipts are 0.3% less and expenditures are 12.4% more than the year-ago level. The City had previously omitted the 1.5% Business & Occupation (B&O) Tax submission to the State. The year-over-year increase reflects remittance of taxes owed for 2013 through third quarter 2017. A historical comparison excluding payment of B&O taxes in 2017 reveals operating expenditures are 7.7% less and capital project expenditures are 38.7% more than the year-ago level. See page 20 for details.
- Real estate excise tax receipts are exceeding 2017 budget by 56.8% and are 49.1% more than the year-ago level. See page 23 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.

# CITY FINANCIAL OVERVIEW

## 2017 Third Quarter Financial Report Executive Summary

### Revenues

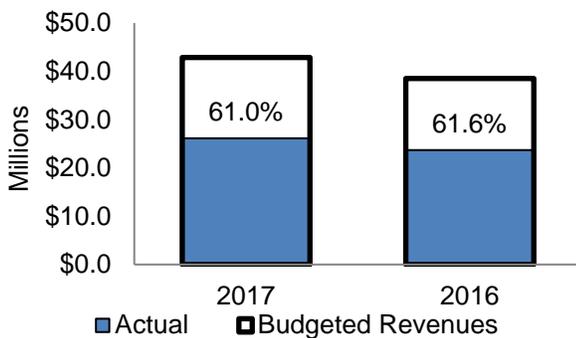
Fund	2017 Current Budgeted Revenues	2017 3rd Quarter Actual	2017 % of Current Budget	2016 Current Budgeted Revenues	2016 3rd Quarter Actual	2016 % of Current Budget	2017 v. 2016 \$ Variance	2017 v. 2016 % Variance
General Fund	\$42,872,154	\$26,158,154	61.0%	\$38,512,258	\$23,724,509	61.6%	2,433,645	10.3%
Street Fund	\$1,521,225	\$1,071,151	70.4%	\$1,442,468	\$1,098,654	76.2%	-27,503	-2.5%
Code Abatement Fund	\$80,550	\$214,162	265.9%	\$80,550	\$24,980	31.0%	189,182	757.3%
State Drug Enforcement Fund	\$18,243	\$2,107	11.5%	\$18,243	\$23,246	127.4%	-21,139	-90.9%
Public Arts Fund	\$8,000	\$1,816	22.7%	\$6,500	\$4,164	64.1%	-2,348	-56.4%
Federal Drug Enforcement Fund	\$13,200	\$1,838	13.9%	\$28,200	\$1,101	3.9%	737	66.9%
Property Tax Equalization Fund	\$0	\$0	0.0%	\$0	\$4,395	0.0%	-4,395	-100.0%
Federal Crime Forfeitures Fund	\$201,500	\$4,349	2.2%	\$978,500	\$8,199	0.8%	-3,850	-47.0%
Transportation Impact Fee	\$200,000	\$452,524	226.3%	\$200,000	\$768,934	384.5%	-316,410	-41.1%
Unltd Tax GO Bond Fund	\$1,700,000	\$931,363	54.8%	\$1,700,000	\$942,568	55.4%	-11,205	-1.2%
Limited Tax GO Bond 2009 Fund	\$1,662,817	\$1,150,072	69.2%	\$1,663,417	\$1,150,845	69.2%	-773	-0.1%
Limited Tax GO Bond 2013 Fund	\$260,948	\$62,719	24.0%	\$260,948	\$60,188	23.1%	2,531	4.2%
General Capital Fund*	\$6,615,365	\$1,723,434	26.1%	\$8,167,893	\$2,777,637	34.0%	-1,054,203	-38.0%
City Facility-Major Maint. Fund*	\$131,975	\$90,629	68.7%	\$866,754	\$748,527	86.4%	-657,898	-87.9%
Roads Capital Fund*	\$15,290,734	\$3,997,319	26.1%	\$15,082,587	\$5,479,096	36.3%	-1,481,777	-27.0%
Surface Water Utility Fund*	\$4,697,023	\$2,271,510	48.4%	\$6,724,986	\$2,264,082	33.7%	7,428	0.3%
Vehicle Operations/ Maint. Fund	\$438,123	\$449,409	102.6%	\$256,216	\$257,155	100.4%	192,254	74.8%
Equipment Replacement Fund	\$443,487	\$404,638	91.2%	\$531,738	\$577,373	108.6%	-172,735	-29.9%
Unemployment Fund	\$0	\$464	0.0%	\$0	\$276	0.0%	188	68.1%
<b>Total Budgeted Revenue</b>	<b>\$76,155,344</b>	<b>\$38,987,657</b>	<b>51.2%</b>	<b>\$76,521,258</b>	<b>\$39,915,929</b>	<b>52.2%</b>	<b>-928,272</b>	<b>-2.3%</b>
<b>Budget Use of Fund Balance</b>	<b>\$16,017,863</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$12,948,830</b>	<b>\$0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
<b>Total Budgeted Resources</b>	<b>\$92,173,207</b>	<b>\$38,987,657</b>	<b>42.3%</b>	<b>\$89,470,088</b>	<b>\$39,915,929</b>	<b>44.6%</b>	<b>-928,272</b>	<b>-2.3%</b>

### Expenditures

Fund	2017 Current Budgeted Expenditures	2017 3rd Quarter Actual	2017 % of Current Budget	2016 Current Budgeted Expenditures	2016 3rd Quarter Actual	2016 % of Current Budget	2017 v. 2016 \$ Variance	2017 v. 2016 % Variance
General Fund	\$48,190,359	\$26,472,573	54.9%	\$44,609,822	\$25,558,162	57.3%	\$914,410	3.6%
Street Fund	\$1,721,485	\$1,158,667	67.3%	\$1,713,773	\$1,089,512	63.6%	\$69,155	6.3%
Code Abatement Fund	\$100,000	\$4,000	4.0%	\$100,000	\$24,430	24.4%	-\$20,430	-83.6%
State Drug Enforcement Fund	\$214,043	\$7,694	3.6%	\$168,243	\$9,391	5.6%	-\$1,697	-18.1%
Public Arts Fund	\$96,203	\$60,589	63.0%	\$84,216	\$28,251	33.5%	\$32,338	114.5%
Federal Drug Enforcement Fund	\$300,397	\$0	0.0%	\$263,000	\$5,806	2.2%	-\$5,806	-100.0%
Property Tax Equalization Fund	\$500,799	\$500,799	100.0%	\$691,313	\$0	0.0%	\$500,799	0.0%
Federal Crime Forfeitures Fund	\$803,220	\$123,984	15.4%	\$2,802,444	\$1,657,917	59.2%	-\$1,533,933	-92.5%
Transportation Impact Fee	\$221,400	\$0	0.0%	\$359,775	\$0	0.0%	\$0	0.0%
Unltd Tax GO Bond Fund	\$1,710,375	\$50,843	3.0%	\$1,710,375	\$181,188	10.6%	-\$130,345	-71.9%
Limited Tax GO Bond 2009 Fund	\$1,662,817	\$563,009	33.9%	\$1,663,417	\$573,309	34.5%	-\$10,300	-1.8%
Limited Tax GO Bond 2013 Fund	\$260,948	\$60,188	23.1%	\$260,948	\$62,719	24.0%	-\$2,531	-4.0%
General Capital Fund*	\$9,147,892	\$2,839,999	31.0%	\$9,141,524	\$2,920,136	31.9%	-\$80,137	-2.7%
City Facility-Major Maint. Fund*	\$96,000	\$84,950	88.5%	\$866,754	\$733,890	84.7%	-\$648,940	-88.4%
Roads Capital Fund*	\$17,897,364	\$3,474,092	19.4%	\$16,474,476	\$2,917,149	17.7%	\$556,943	19.1%
Surface Water Utility Fund*	\$6,241,652	\$3,448,285	55.2%	\$7,356,193	\$3,067,137	41.7%	\$381,148	12.4%
Vehicle Operations/ Maint. Fund	\$453,123	\$298,362	65.8%	\$271,216	\$90,587	33.4%	\$207,775	229.4%
Equipment Replacement Fund	\$701,787	\$473,981	67.6%	\$483,768	\$167,976	34.7%	\$306,005	182.2%
Unemployment Fund	\$17,500	\$3,241	18.5%	\$17,500	\$710	4.1%	\$2,531	356.5%
<b>Total Budgeted Expenditures</b>	<b>\$90,337,364</b>	<b>\$39,625,255</b>	<b>43.9%</b>	<b>\$89,038,757</b>	<b>\$39,088,270</b>	<b>43.9%</b>	<b>\$536,985</b>	<b>1.4%</b>

# GENERAL FUND REVENUE ANALYSIS:

## TOTAL GENERAL FUND REVENUE SUMMARY



2017 Current Budget	\$49,990,227
2017 Budgeted Revenue	\$42,872,154
2017 Third Quarter Actual Revenue	\$26,158,154
2017 % of Budgeted Revenue Received	61.0%
2016 Budgeted Revenue	\$38,512,258
2016 Third Quarter Actual Revenue	\$23,724,509
2016 % of Budgeted Revenue Received	61.6%
2017 v. 2016 \$ Change	\$2,433,645
2017 v. 2016 % Change	↑ 10.3%

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 10.3%. 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:

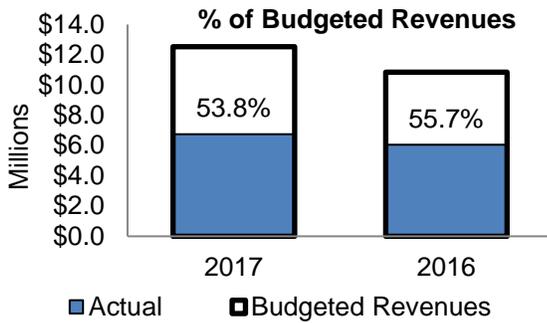
- Property tax receipts are 11.5% more than those for 2016, which is largely attributable to the successful passage of the Levy Lid Lift in November 2016.
- The sales tax rate for the third quarter of 2017 is 10.0%, with the City's portion accounting for 0.85% of the rate. The Regional Transit Authority Tax increased the sales tax rate by 0.5% to 10.0% on April 1, 2017. The City's portion remained at 0.85%. Sales tax receipts, which reflect activity from December 2016 through July 2017, are more than the revised year-to-date projection by 3.2% and 2016 collections by 5.0%. Receipts from the Construction and Retail Trade sectors are more than the year-ago level by 14.3% and 3.2%, respectively.
- 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 and 2018 as work on the project continues.
- Utility Tax and Franchise Fee receipts are less than the year-ago level by 0.7% and the revised year-to-date budget projection by 6.8%. Collections from the Cable TV and Telecommunications sector are less than the year-ago level by 7.7% and 10.9%, respectively.
- Parks and Recreation receipts are 11.8% 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

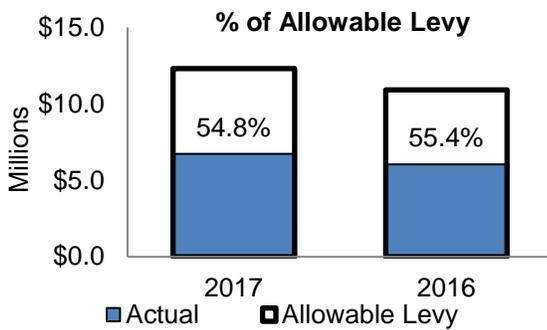
General Fund Resource	2017 Current Budget	2017 Third Quarter Actual Revenue	2017 % of Current Budget Received	2016 Current Budget	2016 Third Quarter Actual Revenue	2016 % of Current Budget Received	2017 v. 2016 \$ Change	2017 v. 2016 % Change
Budgeted Fund Balance	\$7,118,073	\$0	0.0%	\$6,137,242	\$0	0.0%	\$0	0.0%
Property Tax	\$12,531,317	\$6,740,453	53.8%	\$10,860,481	\$6,047,449	55.7%	\$693,004	11.5%
Sales Tax	\$7,969,800	\$5,679,326	71.3%	\$7,747,700	\$5,410,545	69.8%	\$268,781	5.0%
Local Criminal Justice	\$1,476,779	\$1,120,958	75.9%	\$1,403,619	\$1,104,441	78.7%	\$16,517	1.5%
Utility Tax & Franchise Fee Revenue								
<i>Natural Gas</i>	\$906,500	\$621,026	68.5%	\$906,500	\$496,612	54.8%	\$124,414	25.1%
<i>Garbage</i>	\$559,360	\$268,086	47.9%	\$548,880	\$274,359	50.0%	-\$6,273	-2.3%
<i>Cable TV</i>	\$1,960,150	\$1,010,953	51.6%	\$1,903,020	\$1,095,517	57.6%	-\$84,564	-7.7%
<i>Telecommunications</i>	\$1,421,640	\$645,975	45.4%	\$1,421,640	\$724,941	51.0%	-\$78,966	-10.9%
<i>Storm Drainage</i>	\$272,449	\$135,689	49.8%	\$240,275	\$139,228	57.9%	-\$3,539	-2.5%
<i>Water</i>	\$800,510	\$397,805	49.7%	\$780,700	\$396,330	50.8%	\$1,475	0.4%
<i>Sewer</i>	\$884,800	\$662,250	74.8%	\$859,022	\$642,750	74.8%	\$19,500	3.0%
Utility Tax & Franchise Fee Revenue Subtotal	\$6,805,409	\$3,741,783	55.0%	\$6,660,037	\$3,769,737	56.6%	-\$27,954	-0.7%
SCL Contract Payment	\$1,921,700	\$1,345,444	70.0%	\$1,838,980	\$1,172,882	63.8%	\$172,562	14.7%
Gambling Tax Revenue	\$1,587,425	\$794,210	50.0%	\$1,587,425	\$791,243	49.8%	\$2,967	0.4%
Development Revenue	\$2,412,675	\$2,030,154	84.1%	\$1,456,000	\$1,826,490	125.4%	\$203,664	11.2%
Park and Recreation Revenue	\$1,752,317	\$1,515,819	86.5%	\$1,494,998	\$1,355,731	90.7%	\$160,088	11.8%
Intergovernmental Revenue	\$2,496,401	\$1,062,688	42.6%	\$1,412,517	\$740,227	52.4%	\$322,461	43.6%
Grant Revenue	\$708,705	\$122,465	17.3%	\$844,749	\$94,313	11.2%	\$28,152	29.8%
Fines and Licenses	\$650,225	\$163,624	25.2%	\$642,072	\$157,901	24.6%	\$5,723	3.6%
Miscellaneous Revenue	\$813,493	\$447,735	55.0%	\$781,006	\$402,817	51.6%	\$44,918	11.2%
Interest Income	\$70,600	\$119,977	169.9%	\$70,600	\$85,163	120.6%	\$34,814	40.9%
Operating Transfers In	\$1,675,308	\$1,273,515	76.0%	\$1,712,074	\$765,570	44.7%	\$507,945	66.3%
<b>Total General Fund Revenue</b>	<b>\$49,990,227</b>	<b>\$26,158,154</b>	<b>52.3%</b>	<b>\$44,649,500</b>	<b>\$23,724,509</b>	<b>53.1%</b>	<b>\$2,433,645</b>	<b>10.3%</b>
<b>Total General Fund Revenue excl. Budgeted Fund Balance</b>	<b>\$42,872,154</b>	<b>\$26,158,154</b>	<b>61.0%</b>	<b>\$38,512,258</b>	<b>\$23,724,509</b>	<b>61.6%</b>	<b>\$2,433,645</b>	<b>10.3%</b>

# GENERAL FUND REVENUE ANALYSIS:

## PROPERTY TAX



2017 Current Budget	\$12,531,317
2017 Third Quarter Actual Revenue	\$6,740,453
2017 % of Current Budget Received	53.8%
2016 Current Budget	\$10,860,481
2016 Third Quarter Actual Revenue	\$6,047,449
2016 % of Current Budget Received	55.7%
2017 v. 2016 \$ Change	\$693,004
2017 v. 2016 % Change	↑ 11.5%



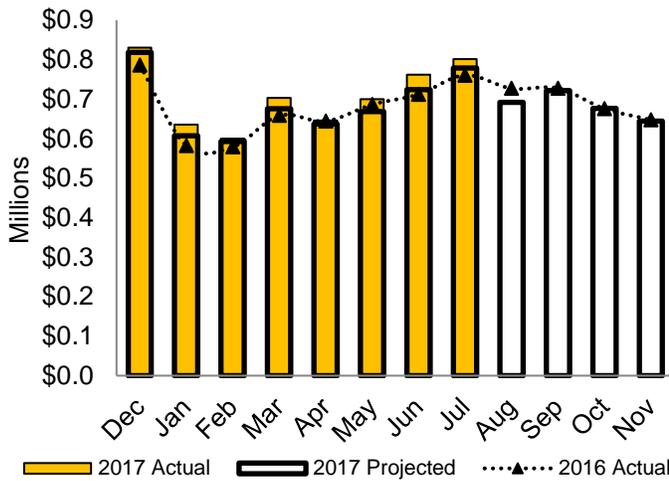
The year-over-year increase of 11.5% is largely attributable to the successful passage of the levy lid lift in November 2016.

Property tax payments are due to King County in April and October. The county then remits the City's portion resulting in the majority of collections occurring in the second and fourth quarters. Receipts for 2017 and 2016 as a percentage of the budgeted projection are 53.8% and 55.7%, respectively.

In terms of the allowable levy (which in many cases is different than the budgeted projection) 2017 collections will be lower than the allowable amount due to an error by the King County Assessor's Office levying tax on City-owned properties. As a result, receipts for 2017 and 2016 are 54.8% and 55.4%, respectively.

# GENERAL FUND REVENUE ANALYSIS (continued):

## SALES TAX



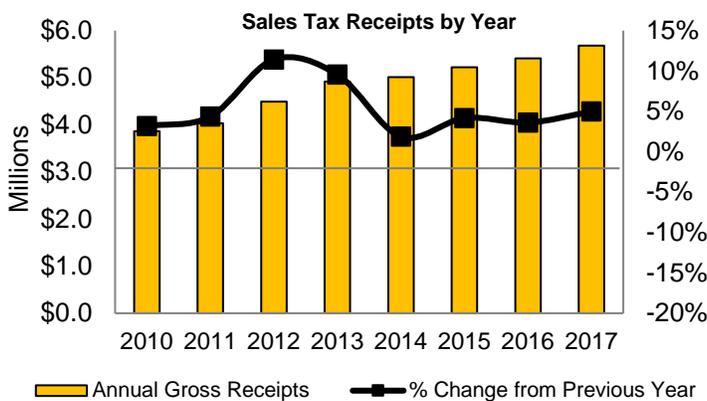
**2017 Current Budget** **\$7,969,800**

Sales tax revenue: December - July

Sales Activity	2016	2017
December (Prior Year)	\$786,417	\$830,653
January	\$582,409	\$635,543
February	\$578,999	\$600,093
March	\$658,721	\$703,715
April	\$644,235	\$645,855
May	\$686,499	\$699,799
June	\$712,311	\$761,881
July	\$760,954	\$801,787
<b>Year to date</b>	<b>\$5,410,543</b>	<b>\$5,679,326</b>
\$ Change		\$268,783
% Change		5.0%

The tax rate for the first quarter of 2017 was 9.5%, with the City's portion accounting for 0.85% of the rate. The Regional Transit Authority Tax increased the sales tax rate by 0.5% to 10.0% on April 1, 2017 to expand and improve transit facilities in King, Pierce, and Snohomish Counties. The City's portion remained at 0.85%.

Sales tax receipts, which reflect activity from December 2016 through July 2017 are more than the budget's year-to-date projection by \$354,767, or 6.7%, the revised year-to-date projection by \$174,510, or 3.2%, and above 2016 collections by \$268,783, or 5.0%. The following chart and table reflects a comparison of sales tax receipts by year:



Year	Third Quarter Revenue	% Change from Previous Year
2010	\$3,862,545	3.2%
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	\$5,410,543	3.6%
2017	\$5,679,326	5.0%

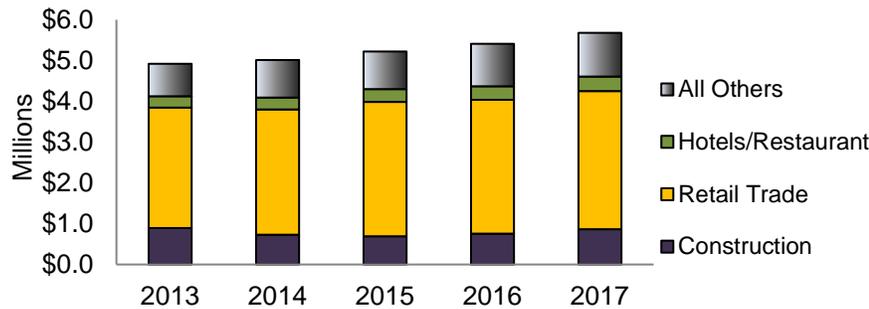
The tables on the following page help illustrate the performance of various sectors. The first table presents a condensed view of the four primary categories of Construction; Retail Trade; Hotels and restaurants; and All Others. The second table presents a breakdown of the Retail Trade category and highlights specific industry economic performance in comparison to previous years.

Receipts from the Construction sector are more than the year-ago level by 14.3%. In 2017 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.

Receipts in the Retail Trade sector Food and Beverage Stores Retail category are \$27,701 less than the year-ago level. Receipts in 2016 were \$35,813 more than those for the same period in 2015 resulting from prior period corrections for a local business that were remitted with the receipts for December 2015. Taking this into account, receipts for 2017 are \$8,113, or 4.4%, more than those for 2016, which is in line with the historical level of activity.

## GENERAL FUND REVENUE ANALYSIS (continued):

### Third Quarter Sales Tax Revenue Comparison by Sector



### SALES TAX BY PRIMARY CATEGORY: December – July

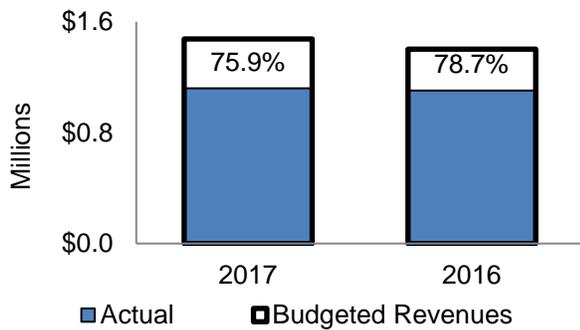
Sector	2013	2014	2015	2016	2017
Construction	\$893,412	\$730,341	\$692,139	\$756,910	\$865,329
\$ Change		-\$163,071	-\$38,203	\$64,771	\$108,419
% Change		↓ -18.3%	↓ -5.2%	↑ 9.4%	↑ 14.3%
Retail Trade	\$2,953,139	\$3,070,639	\$3,294,255	\$3,281,055	\$3,386,430
\$ Change		\$117,500	\$223,616	-\$13,200	\$105,376
% Change		↑ 4.0%	↑ 7.3%	→ -0.4%	↑ 3.2%
Hotels/Restaurant	\$278,075	\$291,617	\$313,761	\$331,201	\$355,895
\$ Change		\$13,542	\$22,145	\$17,440	\$24,694
% Change		↑ 4.9%	↑ 7.6%	↑ 5.6%	↑ 7.5%
All Others	\$795,906	\$920,148	\$921,624	\$1,041,378	\$1,071,672
\$ Change		\$124,241	\$1,476	\$119,754	\$30,294
% Change		↑ 15.6%	→ 0.2%	↑ 13.0%	↑ 2.9%
<b>Total Revenue</b>	<b>\$4,920,532</b>	<b>\$5,012,744</b>	<b>\$5,221,778</b>	<b>\$5,410,543</b>	<b>\$5,679,326</b>
\$ Change		\$92,212	\$209,034	\$188,765	\$268,783
% Change		→ 1.9%	↑ 4.2%	↑ 3.6%	↑ 5.0%

### SALES TAX BY RETAIL TRADE CATEGORY: December – July

Retail Trade	2014 Dec- July	2015 Dec- July	2015v.2014 \$ Change	2016 Dec- July	2016v.2015 \$ Change	2017 Dec- July	2017v.2016 \$ Change
Motor Vehicle and Parts Dealer	\$822,454	\$887,686	\$65,232	\$919,657	\$31,971	\$932,289	\$12,632
Furniture and Home Furnishings	\$40,825	\$36,972	-\$3,853	\$43,138	\$6,166	\$46,892	\$3,754
Electronics and Appliances	\$75,820	\$72,181	-\$3,638	\$74,821	\$2,640	\$75,509	\$688
Building Material and Garden	\$462,927	\$548,637	\$85,710	\$522,842	-\$25,795	\$574,244	\$51,402
Food and Beverage Stores	\$169,482	\$175,178	\$5,696	\$221,720	\$46,543	\$194,020	-\$27,701
Health and Personal Care Store	\$111,766	\$139,925	\$28,159	\$153,944	\$14,019	\$167,434	\$13,491
Gasoline Stations	\$50,560	\$54,210	\$3,650	\$49,696	-\$4,514	\$51,216	\$1,521
Clothing and Accessories	\$32,768	\$39,187	\$6,420	\$48,398	\$9,211	\$56,742	\$8,343
Sporting Goods, Hobby, Books	\$54,260	\$56,388	\$2,128	\$51,160	-\$5,228	\$54,319	\$3,159
General Merchandise Stores	\$966,945	\$997,761	\$30,816	\$883,975	-\$113,786	\$882,509	-\$1,467
Miscellaneous Store Retailers	\$170,683	\$158,804	-\$11,879	\$160,208	\$1,403	\$184,211	\$24,004
Nonstore Retailers	\$112,150	\$127,326	\$15,176	\$151,496	\$24,170	\$167,045	\$15,549
<b>Total Revenue</b>	<b>\$3,070,639</b>	<b>\$3,294,255</b>	<b>\$223,616</b>	<b>\$3,281,055</b>	<b>-\$13,200</b>	<b>\$3,386,430</b>	<b>\$105,376</b>

## GENERAL FUND REVENUE ANALYSIS (continued):

### LOCAL CRIMINAL JUSTICE SALES TAX

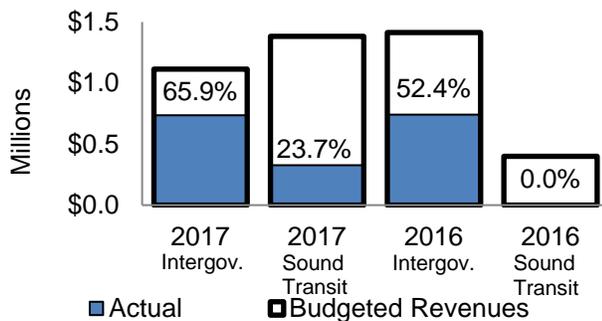


2017 Current Budget		\$1,476,779
2017 Third Quarter Actual Revenue		\$1,120,958
2017 % of Current Budget Received		75.9%
2016 Current Budget		\$1,403,619
2016 Third Quarter Actual Revenue		\$1,104,441
2016 % of Current Budget Received		78.7%
2017 v. 2016 \$ Change		\$16,517
2017 v. 2016 % Change	➔	1.5%

Local Criminal Justice Sales Tax receipts are 1.5% more than the year-ago level. Thus far this year 75.9% of the amount budgeted has been received as compared to 78.7% received during the same period last year. Receipts are 0.1% less 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. The Puget Sound Economic Forecaster estimated that retail sales throughout King County would increase year-over-year by 4.9%. Sales tax collected throughout King County was actually 2.9% higher than the year-ago level.

### INTERGOVERNMENTAL REVENUE

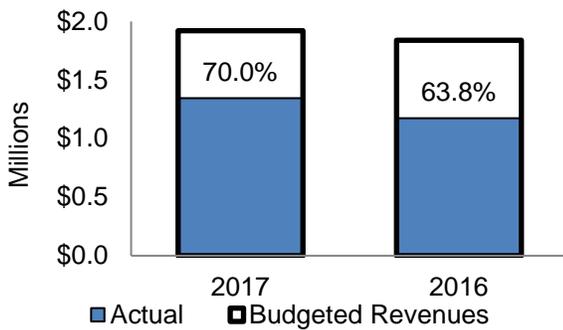


2017 Current Budget		\$2,496,401
2017 Third Quarter Actual Revenue		\$1,062,688
2017 % of Current Budget Received		42.6%
2016 Current Budget		\$1,412,517
2016 Third Quarter Actual Revenue		\$740,227
2016 % of Current Budget Received		52.4%
2017 v. 2016 \$ Change		\$322,461
2017 v. 2016 % Change	⬆	43.6%

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 and 2018 as work on the project continues. Total receipts are 43.6% more than the year-ago level. Receipts from sources other than Sound Transit reimbursements are \$5,426, or 0.7%, less than the year-ago level.

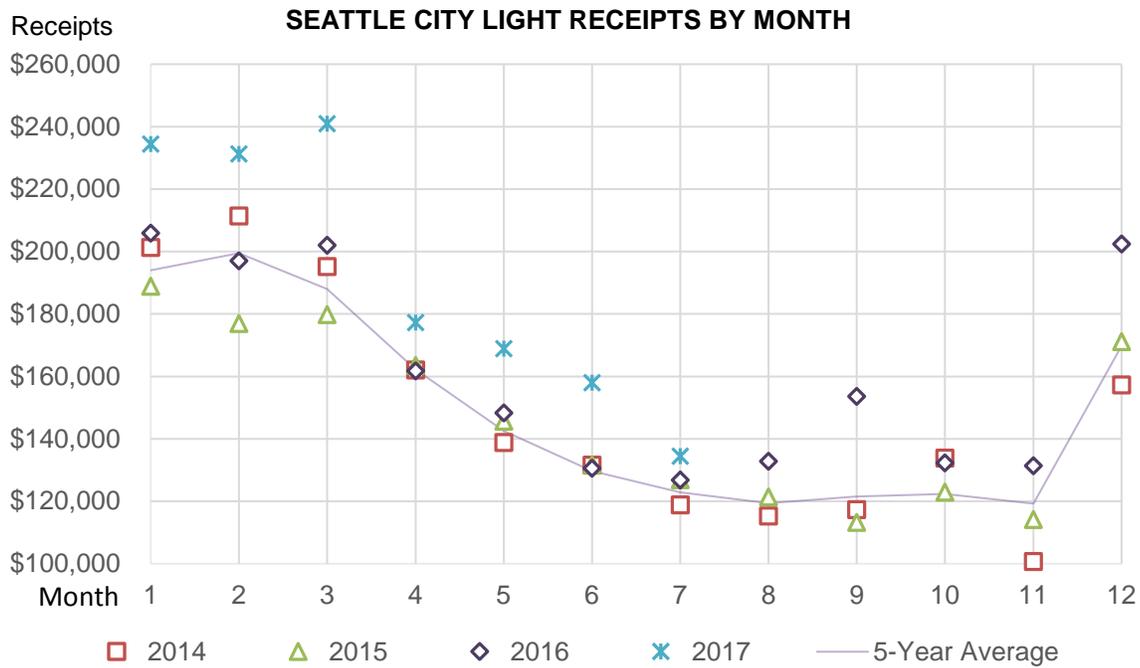
# GENERAL FUND REVENUE ANALYSIS (continued):

## SEATTLE CITY LIGHT CONTRACT PAYMENT



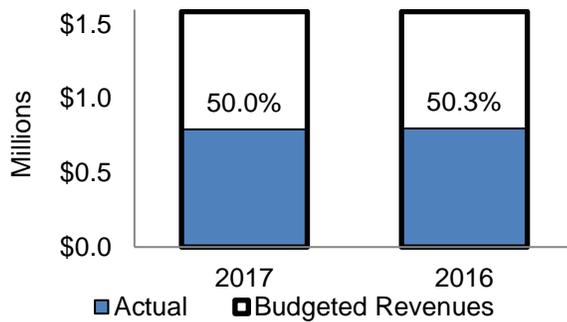
2017 Current Budget		\$1,921,700
2017 Third Quarter Actual Revenue		\$1,345,444
2017 % of Current Budget Received		70.0%
2016 Current Budget		\$1,838,980
2016 Third Quarter Actual Revenue		\$1,172,882
2016 % of Current Budget Received		63.8%
2017 v. 2016 \$ Change		\$172,562
2017 v. 2016 % Change	↑	14.7%

The City's agreement with Seattle City Light imposes a six percent contract fee on total electrical revenues. Activity presented in this report includes receipts for the months of January through July. Receipts are 14.7% more than the year-ago level and 1.8% more than the revised year-to-date projection. The chart below shows receipts for January through July 2017 and all of the last three years.



# GENERAL FUND REVENUE ANALYSIS (continued):

## GAMBLING TAX REVENUE



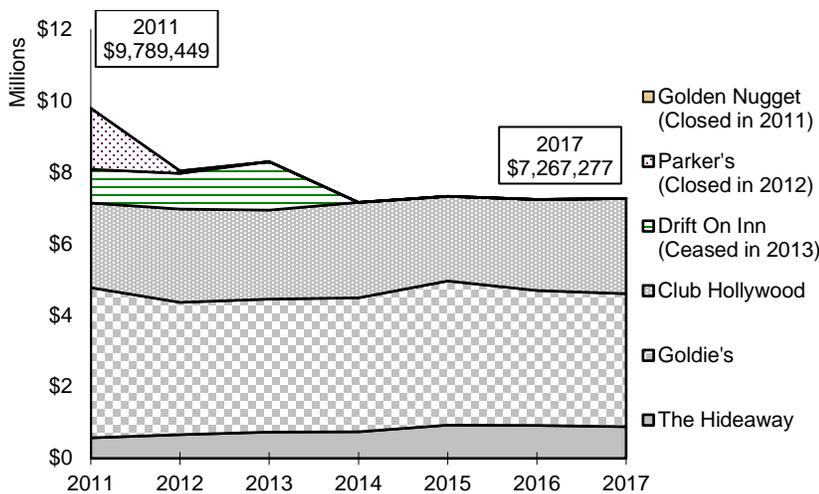
2017 Current Budget		\$1,587,425
2017 Third Quarter Actual Revenue		\$794,210
2017 % of Current Budget Received		50.0%
2016 Current Budget		\$1,587,425
2016 Third Quarter Actual Revenue		\$799,020
2016 % of Current Budget Received		50.3%
2017 v. 2016 \$ Change		-\$4,810
2017 v. 2016 % Change	➔	-0.6%

Gambling tax receipts presented in this report largely reflect only those taxes calculated through the second quarter gambling activity since third quarter gambling tax returns are not due to the City until October 30. The tax on card rooms is levied at 10% of gross receipts above a one-time deduction of \$10,000 and 5% on gross receipts from pull-tabs.

Total gambling receipts, including late payment penalties, in the amount of \$794,210, are 0.6% lower than 2016 collections of \$799,020. It was reported in the 2016 Year End Financial Report that Jersey's Great Food & Spirits had not paid third and fourth quarter taxes. Full payment for those taxes has since been received as of May 1; however, first and second quarter 2017 taxes have not yet been paid. Letters were sent in May and August requesting payment.

Receipts attributable to taxes on gambling activity reported, in the amount of \$789,657, are slightly more than the year-ago level (\$789,512) by \$145.

Receipts from pull-tab activity declined 3.7% year-over-year, largely because of the non-payment discussed above, while card room activity increased 0.4%. The chart below exhibits the last seven years of gross receipts reported by card rooms in Shoreline.

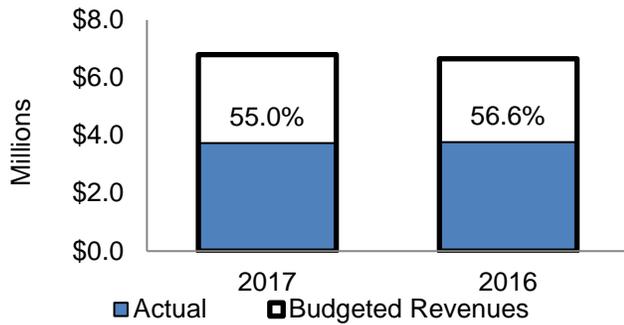


Source: Washington State Gambling Commission

First & Second Quarter Activity			
Year	Amount		% Change
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%
2017	\$7,267,277	➔	0.4%

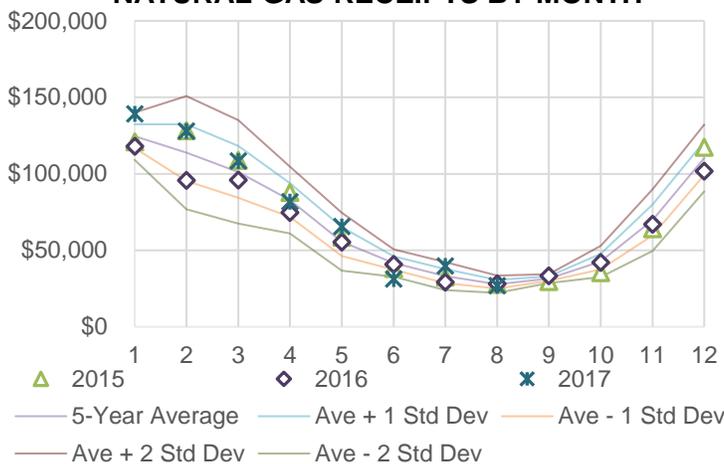
# GENERAL FUND REVENUE ANALYSIS (continued):

## UTILITY TAX AND FRANCHISE FEE



2017 Current Budget	\$6,805,409
2017 Third Quarter Actual Revenue	\$3,741,783
2017 % of Current Budget Received	55.0%
2016 Current Budget	\$6,660,037
2016 Third Quarter Actual Revenue	\$3,769,737
2016 % of Current Budget Received	56.6%
2017 v. 2016 \$ Change	-\$27,954
2017 v. 2016 % Change	➔ -0.7%

## NATURAL GAS RECEIPTS BY MONTH



Overall Utility Tax and Franchise Fee receipts are less than the year-ago level by 0.7% and the revised year-to-date budget projection by 6.8%.

Natural gas tax receipts are 25.1% more than the year-ago level and reflect billings for the months of January through August. Receipts were significantly more for six out of eight months as compared to the same period last year.

Cable TV tax receipts are less than the year-ago level and revised year-to-date budget projection by 7.7% and 11.4%, respectively because Comcast's August 2017 payment was not received until October. Had that payment been received on time receipts would be less than the year-ago level and year-to-date projection by 0.6% and 4.6%, respectively.

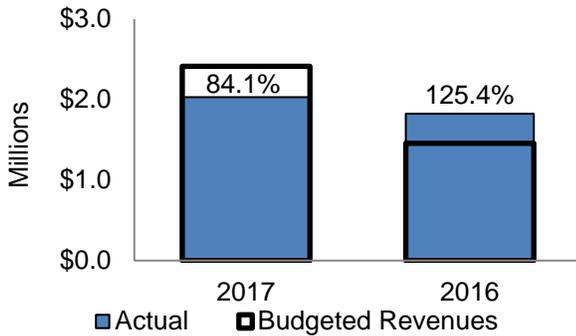
Telecommunications tax receipts are less than the year-ago level and revised year-to-date budget projection by 10.9% and 15.8%, respectively.

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	2017 Current Budget	2017 Third Quarter Actual Revenue	2017 % of Current Budget Received	2016 Current Budget	2016 Third Quarter Actual Revenue	2016 % of Current Budget Received	2017 v. 2016 \$ Change	2017 v. 2016 % Change
Natural Gas	\$906,500	\$621,026	68.5%	\$906,500	\$496,612	54.8%	\$124,414 ↑	25.1%
Garbage	\$559,360	\$268,086	47.9%	\$548,880	\$274,359	50.0%	-\$6,273 ➔	-2.3%
Cable TV	\$1,960,150	\$1,010,953	51.6%	\$1,903,020	\$1,095,517	57.6%	-\$84,564 ↓	-7.7%
Telecommunications	\$1,421,640	\$645,975	45.4%	\$1,421,640	\$724,941	51.0%	-\$78,966 ↓	-10.9%
Storm Drainage	\$272,449	\$135,689	49.8%	\$240,275	\$139,228	57.9%	-\$3,539 ➔	-2.5%
Water	\$800,510	\$397,805	49.7%	\$780,700	\$396,330	50.8%	\$1,475 ➔	0.4%
Sewer	\$884,800	\$662,250	74.8%	\$859,022	\$642,750	74.8%	\$19,500 ↑	3.0%
<b>Utility Tax &amp; Franchise Fee Revenue Subtotal</b>	<b>\$6,805,409</b>	<b>\$3,741,783</b>	<b>55.0%</b>	<b>\$6,660,037</b>	<b>\$3,769,737</b>	<b>56.6%</b>	<b>-\$27,954 ➔</b>	<b>-0.7%</b>

# GENERAL FUND REVENUE ANALYSIS (continued):

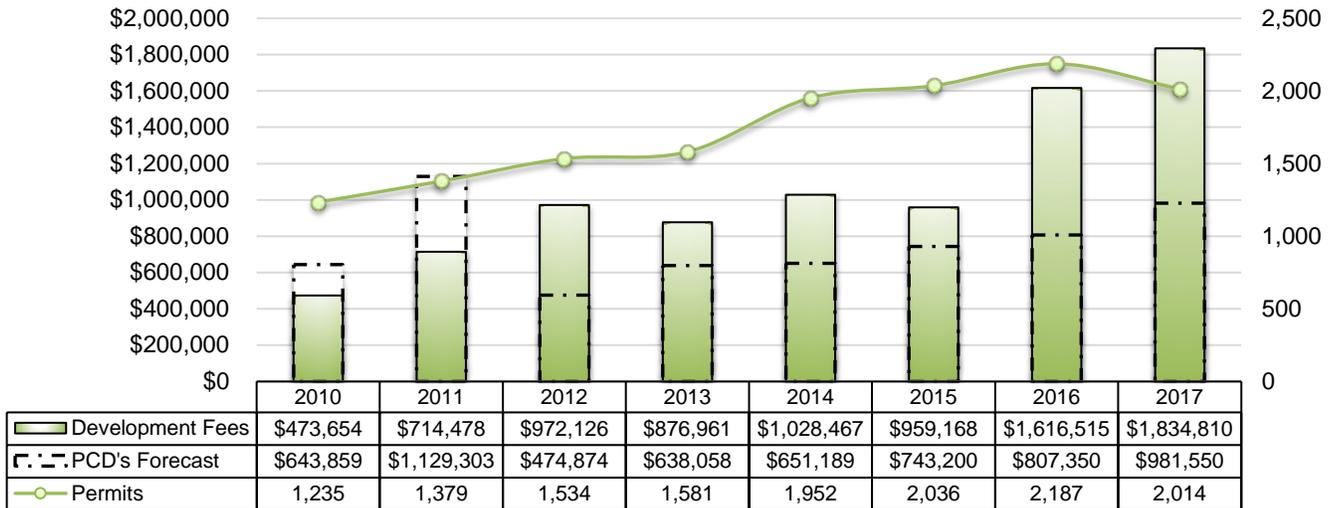
## DEVELOPMENT REVENUE



2017 Current Budget		\$2,412,675
2017 Third Quarter Actual Revenue		\$2,156,305
2017 % of Current Budget Received		89.4%
2016 Current Budget		\$1,456,000
2016 Third Quarter Actual Revenue		\$1,826,490
2016 % of Current Budget Received		125.4%
2017 v. 2016 \$ Change		\$329,815
2017 v. 2016 % Change	↑	18.1%

Development revenue receipts exhibit a year-over-year increase of \$329,815, or 18.1%. Excluding right-of-way permits, receipts through September are more than Planning & Community Development's projection. The year-over-year growth in revenue is attributable to increases in the average revenue per permit across the board. This is due to an increase in the valuations per permit as well as the result of Planning and Community Development's permitting and inspection fee cost recovery study which increased the fee for construction permits for projects with greater than \$1.0 million valuation in the building table increased from \$3.15 to \$4.00 per additional \$1,000 valuation.

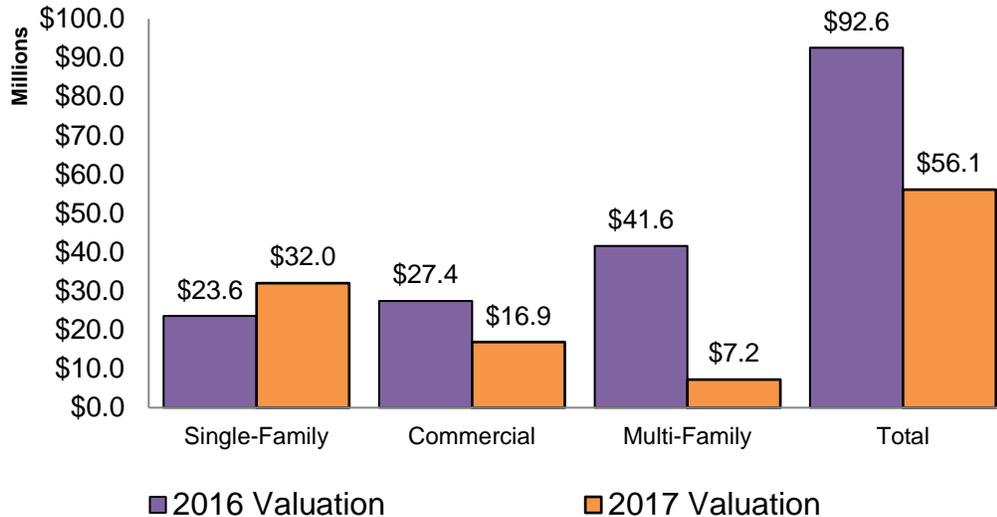
### Development Fee Historical Comparison



# GENERAL FUND REVENUE ANALYSIS (continued):

## DEVELOPMENT REVENUE

Valuation of Building Permits



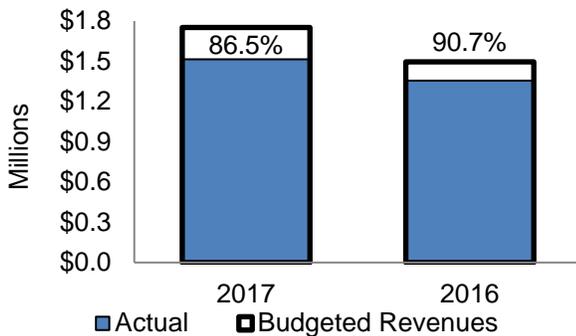
PERMIT TYPE	2014	2015	2016	2017	# Chg	% Chg	2008-2017
Building Permits / Plan Check	380	400	524	474	↑ (50)	-9.5%	
Mechanical	400	401	476	466	(10)	-2.1%	
Fire Systems	94	64	82	88	6	7.3%	
Land Use / SEPA Review	60	39	56	65	9	16.1%	
Plumbing	148	146	159	80	(79)	-49.7%	
Electrical	870	986	890	841	(49)	-5.5%	
<b>Total</b>	<b>1,952</b>	<b>2,036</b>	<b>2,187</b>	<b>2,014</b>	<b>(173)</b>	<b>-7.9%</b>	

Local development activity in 2017 compared to that for 2016, in terms of the number of building permits pulled for new construction and remodels and valuation, saw an increase in single family construction (+30; +\$8.5 million) and a decrease in commercial and multi-family construction (-14; -\$45.0 million) resulting in an overall increase in permits (+16) and decrease in total valuation (-\$36.5 million).

Valuation of 297 building permits for new construction and remodels totals \$56.1 million and is comprised of 57.1% residential and 42.9% commercial / multi-family valuation. In 2016, valuation of 281 permits totaled \$92.6 million and was comprised of 25.5% residential and 74.5% commercial / multi-family construction.

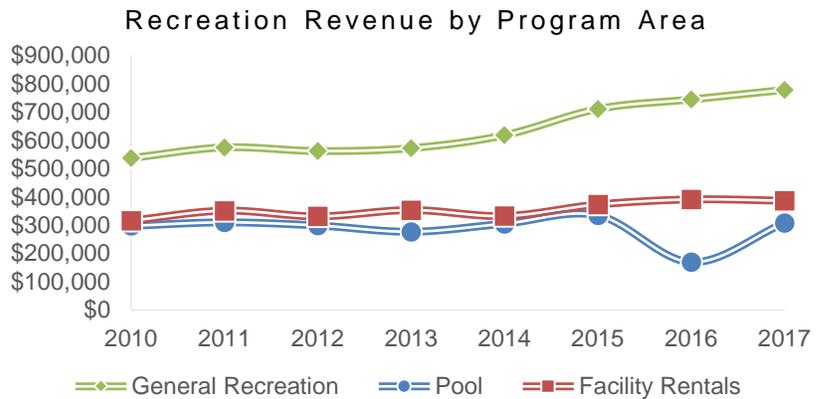
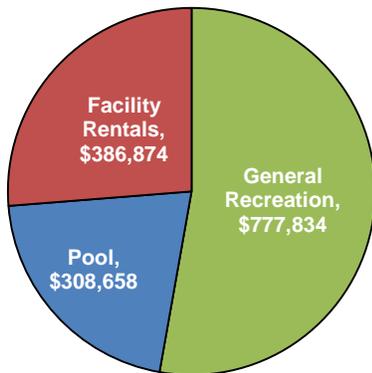
# GENERAL FUND REVENUE ANALYSIS:

## PARKS AND RECREATION REVENUE



2017 Current Budget		\$1,752,317
2017 Third Quarter Actual Revenue		\$1,515,819
2017 % of Current Budget Received		86.5%
2016 Current Budget		\$1,494,998
2016 Third Quarter Actual Revenue		\$1,355,731
2016 % of Current Budget Received		90.7%
2017 v. 2016 \$ Change		\$160,088
2017 v. 2016 % Change	↑	11.8%

Parks and Recreation revenue receipts are 11.8% 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.



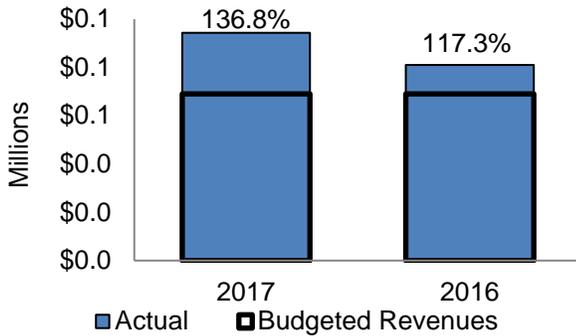
### Recreation Revenue by Program Area: January-September\*

Year	Gen Rec		Pool	Pool % of Total	Facility Rentals	Fac Rent		Total Revenue
	General Recreation*	% of Total				% of Total	Total	
2010	\$537,394	46.7%	\$298,031	25.9%	\$316,357	27.5%	\$1,151,782	
2011	\$574,810	46.5%	\$310,388	25.1%	\$351,622	28.4%	\$1,236,820	
2012	\$562,108	47.1%	\$299,268	25.1%	\$331,552	27.8%	\$1,192,928	
2013	\$572,199	47.6%	\$277,292	23.0%	\$353,767	29.4%	\$1,203,258	
2014	\$617,947	49.2%	\$305,555	24.3%	\$332,705	26.5%	\$1,256,207	
2015	\$710,446	50.1%	\$334,992	23.6%	\$373,357	26.3%	\$1,418,795	
2016	\$744,175	57.0%	\$169,890	13.0%	\$391,195	30.0%	\$1,305,260	
<b>2017</b>	<b>\$777,834</b>	<b>52.8%</b>	<b>\$308,658</b>	<b>20.9%</b>	<b>\$386,874</b>	<b>26.3%</b>	<b>\$1,473,366</b>	

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

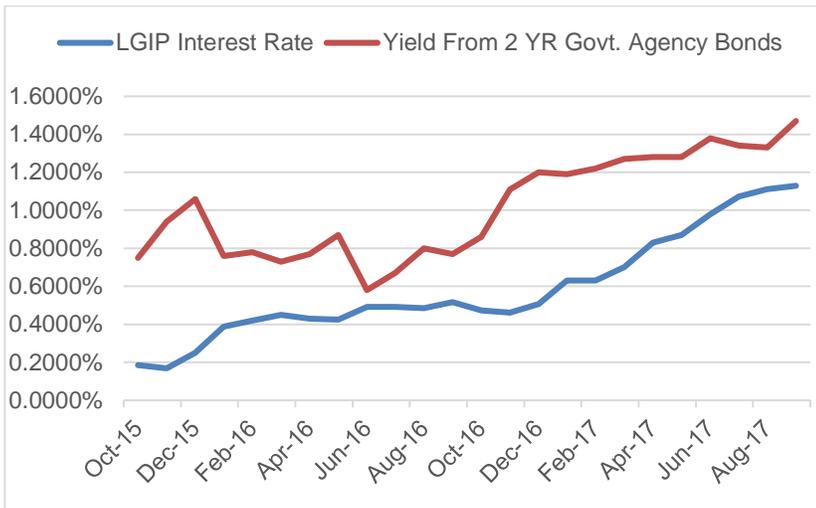
# GENERAL FUND REVENUE ANALYSIS (continued):

## INVESTMENT INCOME



2017 Current Budget		\$69,000
2017 Third Quarter Actual Revenue		\$94,381
2017 % of Current Budget Received		136.8%
2016 Current Budget		\$69,000
2016 Third Quarter Actual Revenue		\$80,955
2016 % of Current Budget Received		117.3%
2017 v. 2016 \$ Change		\$13,426
2017 v. 2016 % Change	↑	16.6%

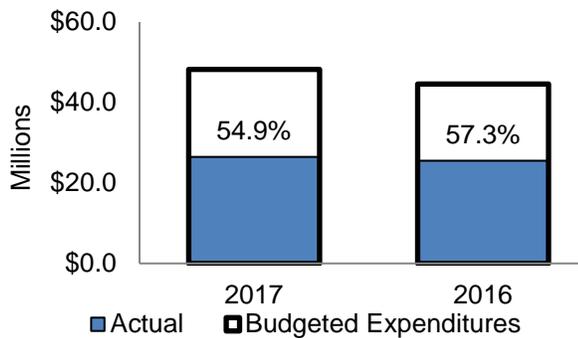
Investment earnings through September are more than the year-ago level by 16.6%. The City's investment policy adheres to strict standards prescribed by federal law, state statutes, local ordinances, and allows the City to develop an investment model to maximize its investment returns within the primary objectives of safety and liquidity.



Month-Year	LGIP Interest Rate	Bond Investment Yield
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	0.6303%	1.1900%
Feb-17	0.6312%	1.2200%
Mar-17	0.7010%	1.2700%
Apr-17	0.8299%	1.2800%
May-17	0.8694%	1.2800%
Jun-17	0.9786%	1.3800%
Jul-17	1.0733%	1.3400%
Aug-17	1.1107%	1.3300%
Sep-17	1.1290%	1.4700%
24 Mo. Ave.	0.5872%	1.0171%

# EXPENDITURE ANALYSIS:

## GENERAL FUND EXPENDITURES



2017 Current Budget	\$48,190,359
2017 Third Quarter Actual Expenditures	\$26,472,573
2017 % of Current Budget Expended	54.9%
2016 Current Budget	\$44,609,822
2016 Third Quarter Actual Expenditures	\$25,558,162
2016 % of Current Budget Expended	57.3%
2017 v. 2016 \$ Change	\$914,410
2017 v. 2016 % Change	↑ 3.6%

Expenditures including transfers out totaled 54.9% of the Current Budget and are 3.6% more than the year-ago level. At this time last year the transfers out included one-time support of several capital projects provided by the General Fund. Most of the transfers supporting capital projects in 2017 are expected to occur in the fourth quarter. Departmental expenditures excluding transfers out totaled 59.5% and are 6.7% more than the year-ago level.

The year-over-year increase in Citywide is largely due to the transition costs consisting of the physical move of staff, purchase of new hardware, and preparation of various regulatory, guidance, and policy documents required for operation of the Ronald Wastewater District. Another significant item worth mentioning is that jail housing and work release day costs through September were 42.5% more in 2017 than those for 2016 given a 40.4% increase in the number of billed days. Costs were less than those for 2015 and 2014 by 7.4% and 12.1%, respectively, given increases in billed of 0.5% and 19.5%, respectively. Year-to-date the City has used 6,273 jail beds, or an average of 23.0 beds per day, at Yakima County Jail. Housing those inmates at Yakima rather than SCORE, less the 48 unused beds at SCORE, saved the City \$318,340. Please note that the table below does not reflect the discussion above due to the timing of billing.

## EXPENDITURE ANALYSIS:

Department	2017 Current Budget	2017 Third Quarter Actual Expenditures	2017 % of Current Budget Expended	2016 Current Budget	2016 Third Quarter Actual Expenditures	2016 % of Current Budget Expended	2017 v. 2016 \$ Change	2017 v. 2016 % Change
City Council	\$247,942	\$177,377	71.5%	\$231,968	\$162,087	69.9%	\$15,290	9.4%
City Manager's Office <sup>1</sup>	\$3,772,546	\$2,119,480	56.2%	\$2,734,383	\$1,834,315	67.1%	\$285,165	15.5%
City Attorney	\$825,590	\$584,322	70.8%	\$657,674	\$456,438	69.4%	\$127,884	28.0%
Community Services <sup>2</sup>	\$1,641,211	\$1,106,855	67.4%	\$1,692,287	\$943,697	55.8%	\$163,158	17.3%
Administrative Services <sup>3</sup>	\$5,813,456	\$3,126,675	53.8%	\$5,165,768	\$3,295,859	63.8%	-\$169,184	-5.1%
Citywide	\$2,309,046	\$788,504	34.1%	\$1,853,546	\$639,719	34.5%	\$148,785	23.3%
Human Resources	\$471,496	\$338,396	71.8%	\$454,488	\$330,034	72.6%	\$8,362	2.5%
Police	\$12,141,260	\$7,329,226	60.4%	\$11,951,743	\$7,367,552	61.6%	-\$38,326	-0.5%
Criminal Justice	\$3,068,384	\$1,442,315	47.0%	\$3,190,826	\$1,320,406	41.4%	\$121,908	9.2%
Parks	\$6,298,353	\$4,392,389	69.7%	\$5,756,010	\$3,791,782	65.9%	\$600,607	15.8%
Planning & Community Development	\$3,182,400	\$2,094,000	65.8%	\$2,973,177	\$1,959,468	65.9%	\$134,531	6.9%
Public Works	\$3,313,213	\$2,150,218	64.9%	\$3,063,586	\$1,947,301	63.6%	\$202,917	10.4%
<b>Departmental Expenditures</b>	<b>\$43,084,897</b>	<b>\$25,649,757</b>	<b>59.5%</b>	<b>\$39,725,456</b>	<b>\$24,048,660</b>	<b>60.5%</b>	<b>\$1,601,098</b>	<b>6.7%</b>
Operating Transfers Out	\$5,105,462	\$822,815	16.1%	\$4,884,366	\$1,509,502	30.9%	-\$686,687	-45.5%
<b>Total Expenditures</b>	<b>\$48,190,359</b>	<b>\$26,472,573</b>	<b>54.9%</b>	<b>\$44,609,822</b>	<b>\$25,558,162</b>	<b>57.3%</b>	<b>\$914,410</b>	<b>3.6%</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, Budget, Purchasing, Information Systems, and Fleet & Facilities.

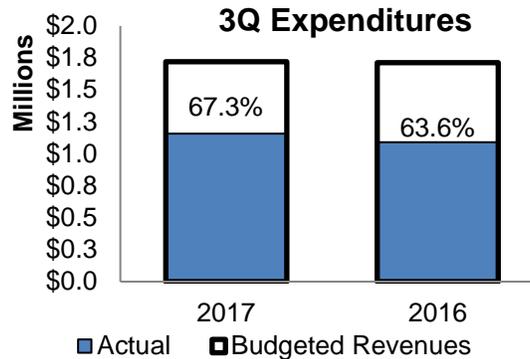
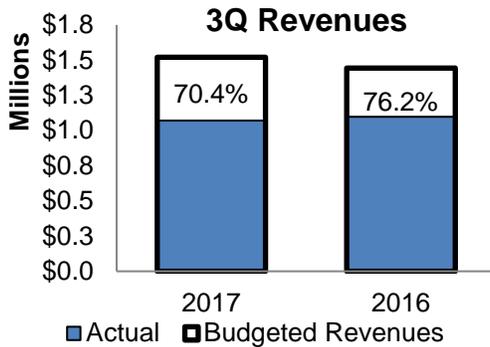
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3. Administrative Services includes Finance, Budget, Purchasing, Information Systems, and Fleet & Facilities.

## OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

### STREET FUND



	Revenue	Expenditures
2017 Budgeted Use of Fund Balance	\$200,260	N/A
2017 Budget	\$1,521,225	\$1,721,485
2017 3rd Quarter Actual	\$1,071,151	\$1,158,667
2017 % of Current Budget *	70.4%	67.3%
2016 Current Budget	\$1,442,468	\$1,713,773
2016 3rd Quarter Actual	\$1,098,654	\$1,089,512
2016 % of Current Budget *	76.2%	63.6%
2017 v. 2016 \$ Var.	-\$27,503	\$69,155
2017 v. 2016 % Var.	-2.5%	6.3%

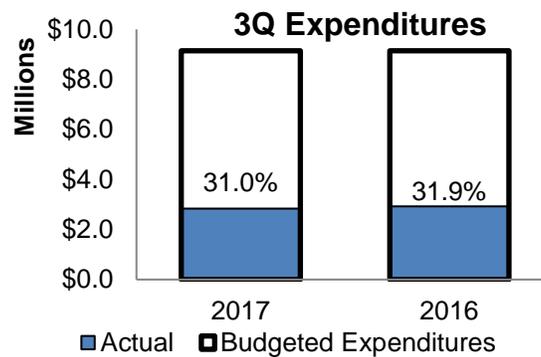
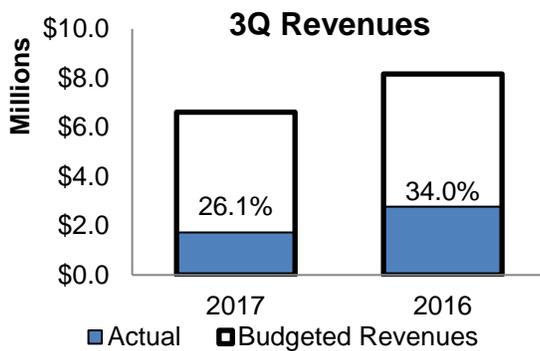
\*Current Budget for Revenues is calculated by excluding Budgeted Use of Fund Balance

Receipts, including transfers in, through September totaled \$1,071,151 and are \$27,503, or 2.5%, less than the year-ago level. Gas tax receipts for the third quarter of 2017 are \$873,848, 1.3%, more than the year-ago level.

Expenditures, including transfers out, through September totaled \$1,158,667 and are \$69,155, or 6.3%, more than the year-ago level. The year-over-year increase in 2017 Street Fund expenditures in the third quarter is mainly attributable to the Right-of-Way Landscape Maintenance service contract, which were lower in 2016 because the then contract holder canceled its contract with the City resulting in a gap in service during the contract re-bid and award process. The 2016 contract also saw a reduction in landscaping maintenance service levels in order to stay within appropriated 2016 budget. The awarded 2017 Right-of-Way Landscape Maintenance service contract has experienced no gap in service and restored landscape maintenance service levels to prior levels.

## OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

### GENERAL CAPITAL FUND



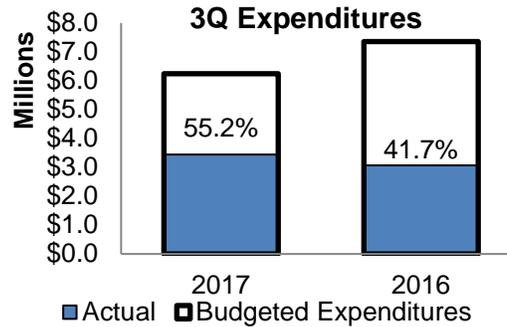
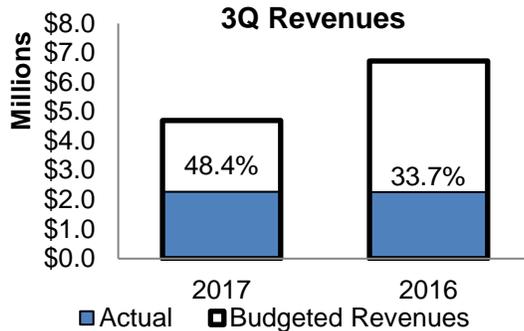
	Revenue	Expenditures
2017 Budgeted Use of Fund Balance	\$2,532,527	N/A
2017 Budget	\$6,615,365	\$9,147,892
2017 3rd Quarter Actual	\$1,723,434	\$2,839,999
2017 % of Current Budget *	26.1%	31.0%
2016 Current Budget	\$8,167,893	\$9,141,524
2016 3rd Quarter Actual	\$2,777,637	\$2,920,136
2016 % of Current Budget *	34.0%	31.9%
2017 v. 2016 \$ Var.	-\$1,054,203	-\$80,137
2017 v. 2016 % Var.	-38.0%	-2.7%

Receipts through September, in the amount of \$1,723,434, are \$1,054,203, or 38.0%, less than the year-ago level. The year-over-year change is mainly attributable to the amount of funds transferred to the General Capital Fund from other funds for certain capital projects (e.g., Police Station at City Hall). Many of these transfers occur as expenditures for these capital projects are incurred.

Expenditures through September, including transfers out, totaled \$2,839,999 and are \$80,137, or 2.7%, less than the same period in 2016.

# OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

## SURFACE WATER UTILITY FUND



	Revenue	Expenditures
2017 Budgeted Use of Fund Balance	\$1,544,629	N/A
2017 Budget	\$4,697,023	\$6,241,652
2017 3rd Quarter Actual	\$2,271,510	\$3,448,285
2017 % of Current Budget *	48.4%	55.2%
2016 Current Budget	\$6,724,986	\$7,356,193
2016 3rd Quarter Actual	\$2,264,082	\$3,067,137
2016 % of Current Budget *	33.7%	41.7%
2017 v. 2016 \$ Var.	\$7,428	\$381,148
2017 v. 2016 % Var.	0.3%	12.4%

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.

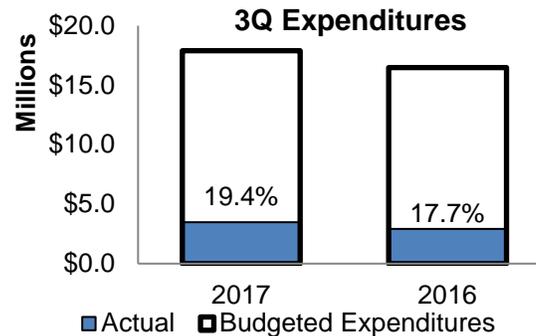
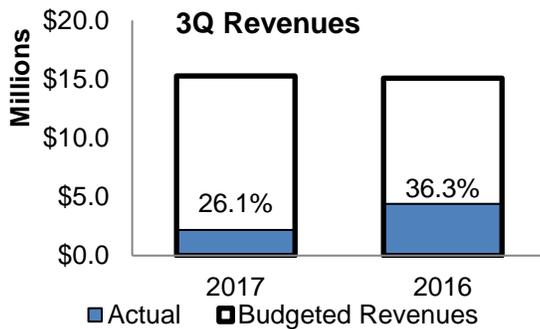
Receipts through September, in the amount of \$2,271,510 are \$7,428, or 0.3%, more than the year-ago level. SWM ongoing revenues include storm drainage fees and investment interest earnings. Storm Drainage Fees totaled \$2,177,817 and are \$55,163, or 2.5%, less than the year-ago level. The decrease in fee revenue is primarily the result of the exemption of Shoreline School District's properties in 2017, which were not exempt in 2016.

Expenditures, including transfers out, through September totaled \$3,448,285 and are \$381,148, or 12.4%, more than the year-ago level. The City had previously omitted the 1.5% Business & Occupation (B&O) Tax submission to the State for revenues collected in the SWM Fund. According to the statute of limitations, the City needs only to remit the back taxes owed for 2013 through 2016 without any penalties. As a result, the year-over-year increase in expenses reflects the City remitting \$232,139 for back taxes owed and \$31,715 for taxes owed through the third quarter of 2017. The City is now up to date in its tax filing and the additional B&O Tax will continue to increase expenses for 2017 and beyond. As a historical year-over-year comparison, if the total amount of B&O tax remitted was removed from 2017 expenditures (\$263,854), 2017 expenditures would total \$3,184,431 and be \$117,294, or 3.8%, more than the year-ago level.

Additionally, capital projects are \$290,925, or 38.7%, more than the year-ago level. Expenditure differences between the current year and previous year are impacted by the timing of construction schedules. SWM Operations expenditures in 2017 total \$1,692,805, which was \$141,623, or 7.7% less than year-ago levels. This difference is mainly attributable to: (1) stormwater permits being paid earlier in the third quarter of 2016, which are scheduled to be paid in the fourth quarter of 2017, and (2) completing more repairs and maintenance work in the fourth quarter of 2017 for on-call services, which had occurred in the third quarter of 2016.

## OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

### ROADS CAPITAL FUND



	Revenue	Expenditure
2017 Budgeted Use of Fund Balance	\$2,606,630	N/A
2017 Budget	\$15,290,734	\$17,897,364
2017 3rd Quarter Actual	\$3,997,319	\$3,474,092
2017 % of Current Budget *	26.1%	19.4%
2016 Current Budget	\$15,082,587	\$16,474,476
2016 3rd Qtr Actual	\$5,479,096	\$2,917,149
2016 % of Current Budget *	36.3%	17.7%
2017 v. 2016 \$ Var.	-\$1,481,777	\$556,943
2017 v. 2016 % Var.	-27.0%	19.1%

Receipts through September, in the amount of \$3,997,319, are \$1,481,777, or 27.0%, less than the year-ago level. The year-over-year reduction is mainly attributable to revenues in 2016 associated with the Aurora project.

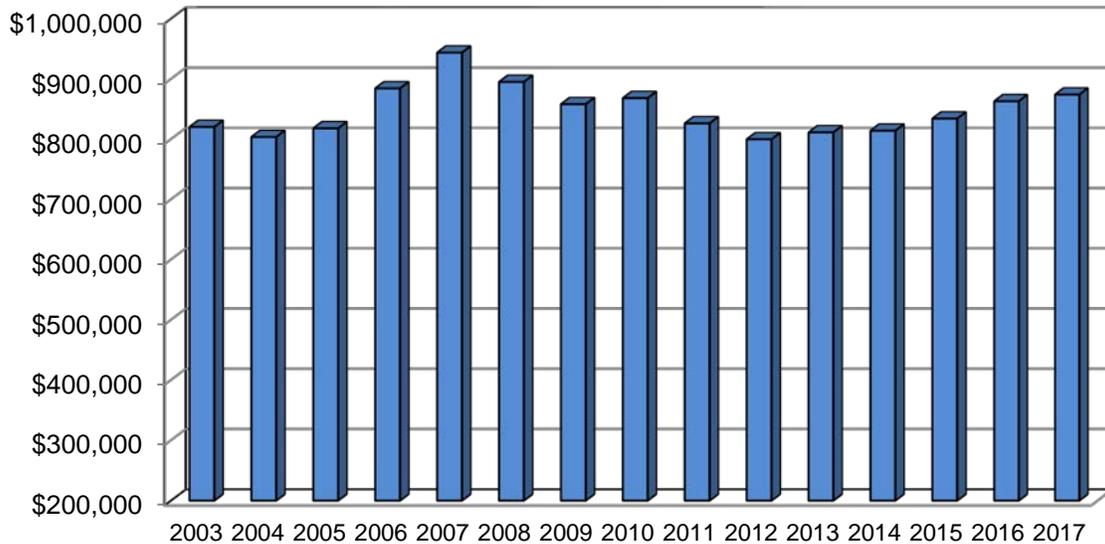
Expenditures through September, in the amount of \$3,474,092, are \$556,943, or 19.1%, more than the year-ago level.

As with the other capital funds, expenditures and revenues are impacted by the timing of construction schedules.

# OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

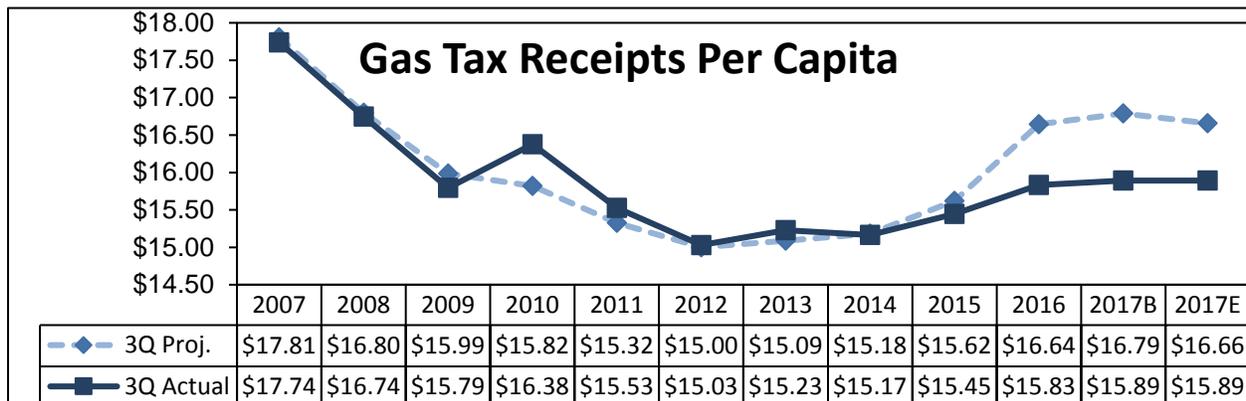
## STREET FUND FUEL TAX

**Gas Tax Historical Third Quarter Comparison**



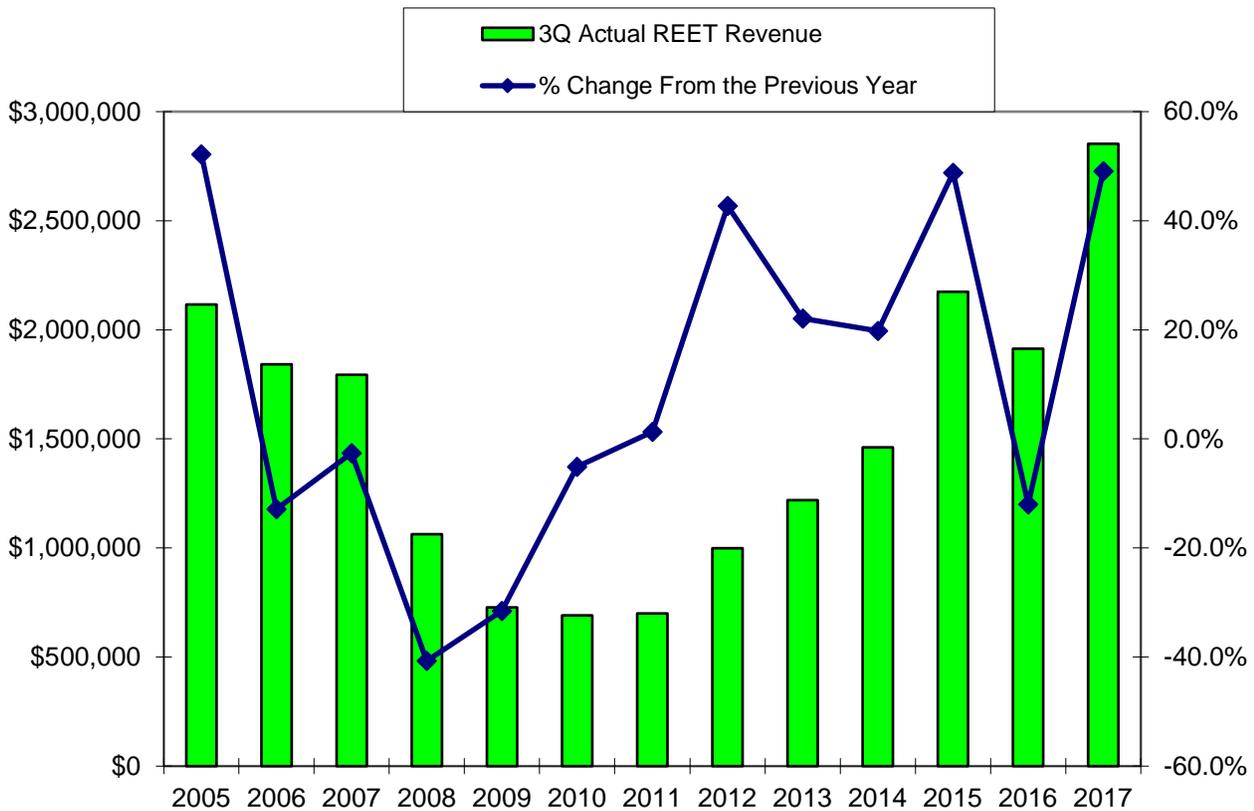
The Motor Vehicle Fuel Excise Tax, commonly referred to as Gas Tax, is levied by the State on a per gallon basis, distributed monthly on a per capita basis to the City of Shoreline, and placed in the Street Fund. Gas Tax receipts through September totaled \$873,848 and are \$11,016, or 1.3%, more than the year-ago level but 5.4% less than the budget's year-to-date projection.

The forecast produced by the Transportation Revenue Forecast Council is used to project the per capita rate for the Gas Tax and was reduced from \$20.84 to \$20.66 but the per capita rates for the multi-modal distribution and increased gas tax per ESHB 5987 were not changed. Staff will continue to monitor Shoreline's per capita results and may adjust future projections accordingly.



# OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

## REAL ESTATE EXCISE TAX (REET)



Real Estate Excise Tax (REET) revenue receipts through September totaled \$2,852,470 and are \$938,806, or 49.1%, 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. 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, 2017, the City's investment portfolio, excluding the State Investment Pool and the deposit in OpusBank, had a current weighted average rate of return of 1.2975%. This is slightly better than the State Investment Pool's current rate of return of 1.1290%. In an effort to get better return than the State Investment Pool, the City has shifted the deposits with a one year commitment in OpusBank to U.S. government instrumentality securities with short term maturities. Total annual investment interest earnings through third quarter 2017 were \$222,049 which is 100.4% of total budgeted 2017 investment earnings of \$221,213.

As of September 30, 2017, the City's investment portfolio had a fair value of nearly \$34.63 million. Approximately 43.8% of the investment portfolio was held in U.S. government instrumentality securities, and 27% was held in the Washington State Investment Pool, and 29.2% was held in OpusBank. The City's investment portfolio valued at cost as of September 30, 2017, was slightly over \$34.60 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.

Tables and charts on the next page provide details on the City's current Investment Portfolio.

**LGIP Cash and Investment Balances**  
September 30, 2017

Instrument Type	CUSIP #	BROKER	Settlement		Par Value	Investment	Yield To	Unrecognized	Market Value
			Date	Maturity Date		Cost	Maturity	Gain/(Loss)	09/30/17
FHLB 1.25	313379DT3	PiperJaffray Financial	06/21/17	06/08/18	5,205,000	5,204,480	1.2500%	(1,244)	5,203,236
FHLMC 1.20	3134G3ZK9	Northw estern Time Value	07/10/17	07/30/18	2,000,000	1,998,500	1.2716%	44	1,998,544
FICO STRIP PRIN SER D-P	31771KAH0	Investment Time Value	09/29/15	08/03/18	1,500,000	1,456,388	1.0400%	25,175	1,481,562
FFCB 1.09	3133EFFL6	Investment	09/29/15	09/28/18	500,000	500,000	1.0900%	(1,379)	498,622
FFCB 1.375	3133EFSW8	Alamo Capital Financial	12/21/15	12/21/18	1,000,000	999,000	1.3750%	(631)	998,369
FNMA 1.250	3136G3EA9	Northw estern	03/29/16	03/29/19	1,000,000	999,500	1.2500%	(4,986)	994,514
FNMA 1.250	3136G4AP8	PiperJaffray	12/31/16	09/30/19	2,000,000	2,000,000	1.2500%	(17,922)	1,982,078
FHLMC 1.7	3134GBEB4	1st Empire Multi-Bank	03/31/17	03/27/20	1,000,000	999,700	1.7000%	(974)	998,726
FHLMC 1.75	3134GBYR7	Securities, Inc.	07/27/17	07/27/20	1,000,000	1,000,350	1.7380%	(241)	1,000,109
Sub Total - Investments					\$ 15,205,000	\$ 15,157,917		\$ (2,158)	\$ 15,155,759
OpusBank Interest Checking						10,095,754	1.1399%	-	10,123,626
State Investment Pool						9,351,880	1.1290%	-	9,351,880
Sub Total - State Investment Pool and Opus Bank Interest Checking						19,447,634			19,475,506
<b>Total LGIP + Opus Bank Interest Checking + Investments</b>						<b>\$ 34,605,551</b>		<b>\$ (2,158)</b>	<b>\$ 34,631,265</b>

Current Average Maturity Excluding the State Investment Pool (days) 311  
 Current Weighted Average Yield to Maturity Excluding the State Pool 1.2975%  
 Current Yield to Maturity State Investment Pool 1.1290%  
 Basis Points in Excess (Below) Benchmark 17

Portfolio Diversification

Instrument Type	Percentage	Amount at	
		Market Value	Amount at Cost
FFCB	4.3%	\$ 1,496,991	\$ 1,499,000
FHLB	15.0%	5,203,236	5,204,480
FHLMC	11.5%	3,997,379	3,998,550
FNMA	8.6%	2,976,592	2,999,500
FICO STRIP PRIN SER D-P	4.3%	1,481,562	1,456,388
OpusBank Interest Checking	29.2%	10,123,626	10,095,754
State Investment Pool	27.0%	9,351,880	9,351,880
<b>Total LGIP + Investments</b>	<b>100%</b>	<b>\$ 34,631,265</b>	<b>\$ 34,605,551</b>

Broker	Percentage	Amount at Cost
Alamo Capital	2.9%	999,000
Financial Northw estern	8.7%	2,998,000
1st Empire	2.9%	999,700
Time Value Investment	5.7%	1,956,388
PperJaffray	20.8%	7,204,480
Multi-Bank Securities, Inc.	2.9%	1,000,350
OpusBank Interest Checking	29.2%	10,095,754
State Investment Pool	27.0%	9,351,880
<b>Total Investments</b>	<b>100%</b>	<b>\$ 34,605,551</b>

Fund	Total LGIP + OpusBank Investment Interest		Unrecognized Gain/(Loss) as of 9/30/2017	Total Market Value of Investments by Fund as of 9/30/2017	Investment Earnings Budget 2017	Investment Earnings Actual 2017	Over/(Under) Budget	
	Investments at Cost as of 9/30/2017	Bank Interest Pool + Opus Checking as of 9/30/2017						
001 General	5,678,541	7,296,019	12,974,560	(808)	12,973,752	69,000	114,804	45,804
101 Street	413,654	531,479	945,133	(59)	945,074	2,500	6,395	3,895
107 Code Abatement	105,219	135,190	240,410	(15)	240,395	550	1,829	1,279
108 Asset Seizure	87,528	112,460	199,988	(12)	199,976	-	1,219	1,219
109 Public Arts	130,233	167,328	297,561	(19)	297,542	-	1,798	1,798
112 Fed Drug Enforcement	135,574	174,191	309,765	(19)	309,746	200	1,819	1,619
116 Fed Crim Forfeit	313,607	402,935	716,543	(45)	716,498	1,500	4,322	2,822
117 Transportation Impact Mitigation	508,815	653,746	1,162,561	(72)	1,162,488	-	7,586	7,586
301 General Capital	2,234,748	2,871,295	5,106,043	(318)	5,105,725	35,987	15,819	(20,168)
312 City Fac-Mjr Maint	752,489	966,828	1,719,316	(107)	1,719,209	12	436	424
330 Roads Capital	39,560	50,829	90,389	(6)	90,384	61,690	29,588	(32,102)
331 Trans Bene Dist	2,333,697	2,998,429	5,332,126	(332)	5,331,794	-	3,729	3,729
401 Surface Water Utility Fund	307,855	395,544	703,399	(44)	703,356	41,774	15,967	(25,807)
501 Vehicle Oper/Maint	844,989	1,085,676	1,930,665	(120)	1,930,545	-	2,468	2,468
503 Equip Dep Replace	182,823	234,899	417,722	(26)	417,696	8,000	13,846	5,846
505 Unemployment	1,057,928	1,359,269	2,417,198	(151)	2,417,047	-	424	424
650 Agency Fund Admin	30,656	39,388	70,044	(4)	70,040			
<b>Total Investments</b>	<b>\$ 15,157,917</b>	<b>19,475,506</b>	<b>34,633,423</b>	<b>(2,158)</b>	<b>34,631,265</b>	<b>221,213</b>	<b>222,049</b>	<b>836</b>