



# City of Shoreline

## 2017 YEAR END FINANCIAL REPORT

### 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	▼ NEGATIVE ▼	▲ POSITIVE ▲	Page 11
Development Revenue	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 12, 13
Parks and Recreation Revenue	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 14
Investment Income	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 15, 24, 25
NON-GENERAL FUND REVENUES			
Surface Water Fees	▼ NEGATIVE ▼	▲ POSITIVE ▲	Page 19
Fuel Tax	▼ NEGATIVE ▼	◀ NEUTRAL ▶	Page 22
Real Estate Excise Tax	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 23

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

- General Fund receipts are 7.9% more than the year-ago level but 2.3% less than that budgeted. 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. Utility Tax and Franchise Fee receipts are more than the year-ago level by 1.6% but less than the current budget by 5.8% because of the continuing decline in telecommunications tax receipts. See pages 3-15 for details.
- General Fund expenditures are 6.7% more than the year-ago level but 15.4% less than budget. Including the re-appropriation requested by staff, expenditures totaled 88.1% of the current budget and 92.5% of the revised year-end estimate. See pages 16-17 for details.
- Surface Water Utility (SWM) Fund receipts are 1.7% more and expenditures are 14.6% 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 2014 through 2017. A historical comparison excluding payment of B&O taxes in 2017 reveals operating expenditures are 8.0% more and capital project expenditures are 35.5% more than the year-ago level. See page 19 for details.
- Street Fund receipts and expenditures are more than the year-ago level. Fuel tax receipts are more than the year-ago level by 1.2% and less than budget by 5.1%. See page 22 for details.
- Real estate excise tax receipts, while exceeding 2017 budget and revised projections by 56.1% and 10.2%, respectively, are 46.7% more than the year-ago level, which was mainly attributable to the high number the selling of high value properties in 2017. 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: Fourth Quarter Executive Summary

## Revenues

Fund	2017 Current Budgeted Revenues	2017 4th Quarter Actual	2017 % of Current Budget	2016 Current Budgeted Revenues	2016 4th Quarter Actual	2016 % of Current Budget	2017 v. 2016 \$ Variance	2017 v. 2016 % Variance
General Fund	\$42,927,144	\$41,937,998	97.7%	\$38,566,758	\$38,875,351	100.8%	3,062,647	7.9%
Street Fund	\$1,521,225	\$1,453,454	95.5%	\$1,442,468	\$1,491,050	103.4%	-37,596	-2.5%
Code Abatement Fund	\$80,550	\$214,892	266.8%	\$80,550	\$30,215	37.5%	184,677	611.2%
State Drug Enforcement Fund	\$18,243	\$467,488	2562.6%	\$18,243	\$33,424	183.2%	434,064	1298.7%
Public Arts Fund	\$8,000	\$44,739	559.2%	\$6,500	\$221,786	3412.1%	-177,047	-79.8%
Federal Drug Enforcement Fund	\$13,200	\$2,317	17.6%	\$28,200	\$15,575	55.2%	-13,258	-85.1%
Property Tax Equalization Fund	\$0	\$0	0.0%	\$0	\$6,139	0.0%	-6,139	-100.0%
Federal Crime Forfeitures Fund	\$201,500	\$145,922	72.4%	\$978,500	\$9,706	1.0%	136,216	1403.4%
Transportation Impact Fee	\$200,000	\$1,004,387	502.2%	\$200,000	\$946,285	473.1%	58,102	6.1%
Unltd Tax GO Bond Fund	\$1,700,000	\$1,700,952	100.1%	\$1,700,000	\$9,283,963	546.1%	-7,583,011	-81.7%
Limited Tax GO Bond 2009 Fund	\$1,662,817	\$1,682,507	101.2%	\$1,663,417	\$1,657,952	99.7%	24,555	1.5%
Limited Tax GO Bond 2013 Fund	\$260,948	\$260,948	100.0%	\$260,948	\$260,438	99.8%	510	0.2%
General Capital Fund*	\$7,256,385	\$5,718,816	78.8%	\$3,334,865	\$3,418,999	102.5%	2,299,817	67.3%
City Facility-Major Maint. Fund*	\$124,044	\$124,888	100.7%	\$782,784	\$782,663	100.0%	-657,775	-84.0%
Roads Capital Fund*	\$11,696,387	\$5,900,083	50.4%	\$6,822,545	\$6,753,746	99.0%	-853,663	-12.6%
Surface Water Utility Fund*	\$4,184,519	\$4,308,638	103.0%	\$4,184,361	\$4,237,264	101.3%	71,374	1.7%
Wastewater Utility Fund	\$441,904	\$448,010	101.4%	\$0	\$0	0.0%	448,010	0.0%
Vehicle Operations/ Maint. Fund	\$438,123	\$450,321	102.8%	\$256,216	\$257,665	100.6%	192,656	74.8%
Equipment Replacement Fund	\$443,487	\$546,348	123.2%	\$531,738	\$603,993	113.6%	-57,645	-9.5%
Unemployment Fund	\$0	\$629	0.0%	\$0	\$385	0.0%	244	63.4%
<b>Total Budgeted Revenue</b>	<b>\$73,178,476</b>	<b>\$66,413,336</b>	<b>90.8%</b>	<b>\$60,858,093</b>	<b>\$68,886,599</b>	<b>113.2%</b>	<b>-2,473,263</b>	<b>-3.6%</b>
<b>Budget Use of Fund Balance</b>	<b>\$16,725,379</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$13,003,888</b>	<b>\$0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
<b>Total Budgeted Resources</b>	<b>\$89,903,855</b>	<b>\$66,413,336</b>	<b>73.9%</b>	<b>\$73,861,981</b>	<b>\$68,886,599</b>	<b>93.3%</b>	<b>-2,473,263</b>	<b>-3.6%</b>

## Expenditures

Fund	2017 Current Budgeted Expenditures	2017 4th Quarter Actual	2017 % of Current Budget	2016 Current Budgeted Expenditures	2016 4th Quarter Actual	2016 % of Current Budget	2017 v. 2016 \$ Variance	2017 v. 2016 % Variance
General Fund	\$48,303,300	\$40,820,696	84.5%	\$44,707,322	\$38,252,038	85.6%	\$2,568,657	6.7%
Street Fund	\$1,721,485	\$1,500,895	87.2%	\$1,713,773	\$1,508,989	88.1%	-\$8,094	-0.5%
Code Abatement Fund	\$100,000	\$4,000	4.0%	\$100,000	\$27,246	27.2%	-\$23,246	-85.3%
State Drug Enforcement Fund	\$613,940	\$209,591	34.1%	\$183,096	\$31,233	17.1%	\$178,358	571.1%
Public Arts Fund	\$96,203	\$75,836	78.8%	\$84,216	\$47,323	56.2%	\$28,513	60.3%
Federal Drug Enforcement Fund	\$300,397	\$242,397	80.7%	\$263,000	\$5,981	2.3%	\$236,416	3952.8%
Property Tax Equalization Fund	\$506,938	\$506,938	100.0%	\$691,313	\$691,313	100.0%	-\$184,375	-26.7%
Federal Crime Forfeitures Fund	\$1,038,818	\$984,740	94.8%	\$2,802,444	\$1,771,131	63.2%	-\$786,391	-44.4%
Transportation Impact Fee	\$221,400	\$0	0.0%	\$359,775	\$0	0.0%	\$0	0.0%
Unltd Tax GO Bond Fund	\$1,710,375	\$1,702,971	99.6%	\$1,710,375	\$9,304,875	544.0%	-\$7,601,904	-81.7%
Limited Tax GO Bond 2009 Fund	\$1,662,817	\$1,661,094	99.9%	\$1,663,417	\$1,661,867	99.9%	-\$773	0.0%
Limited Tax GO Bond 2013 Fund	\$260,948	\$260,545	99.8%	\$260,948	\$260,608	99.9%	-\$63	0.0%
General Capital Fund*	\$8,272,419	\$6,626,993	80.1%	\$3,889,399	\$3,365,020	86.5%	\$3,261,973	96.9%
City Facility-Major Maint. Fund*	\$103,931	\$103,929	100.0%	\$866,754	\$777,179	89.7%	-\$673,250	-86.6%
Roads Capital Fund*	\$12,812,122	\$5,314,099	41.5%	\$4,893,774	\$3,720,119	76.0%	\$1,593,980	42.8%
Surface Water Utility Fund*	\$5,850,151	\$5,559,910	95.0%	\$5,431,075	\$4,846,860	89.2%	\$713,050	14.7%
Wastewater Utility Fund	\$441,904	\$323,426	73.2%	\$0	\$0	0.0%	\$323,426	0.0%
Vehicle Operations/ Maint. Fund	\$453,123	\$426,215	94.1%	\$271,216	\$185,544	68.4%	\$240,671	129.7%
Equipment Replacement Fund	\$701,787	\$683,074	97.4%	\$504,319	\$182,346	36.2%	\$500,728	274.6%
Unemployment Fund	\$17,500	\$3,896	22.3%	\$17,500	\$2,300	13.1%	\$1,596	69.4%
<b>Total Budgeted Expenditures</b>	<b>\$85,189,558</b>	<b>\$67,011,245</b>	<b>78.7%</b>	<b>\$70,413,716</b>	<b>\$66,641,972</b>	<b>94.6%</b>	<b>\$369,272</b>	<b>0.6%</b>

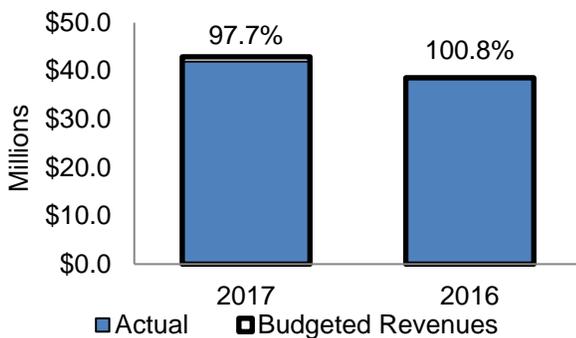
\* CIP Funds "Current Budget" reflects the Revised Estimate presented in the 2018-2023 CIP

## GENERAL FUND REVENUE DETAIL

General Fund Resource	2017 Current Budget	2017 Fourth Quarter Actual Revenue	2017 % of Current Budget Received	2016 Current Budget	2016 Fourth Quarter Actual Revenue	2016 % of Current Budget Received	2017 v. 2016 \$ Change	2017 v. 2016 % Change
Budgeted Fund Balance	\$7,176,024	\$0	0.0%	\$6,180,242	\$0	0.0%	\$0	0.0%
Property Tax	\$12,531,317	\$12,172,701	97.1%	\$10,860,481	\$10,815,204	99.6%	\$1,357,497	12.6%
Sales Tax	\$7,969,800	\$8,629,376	108.3%	\$7,747,700	\$8,189,742	105.7%	\$439,634	5.4%
Local Criminal Justice	\$1,476,779	\$1,524,609	103.2%	\$1,403,619	\$1,495,353	106.5%	\$29,256	2.0%
Utility Tax & Franchise Fee Revenue								
<i>Natural Gas</i>	\$906,500	\$876,548	96.7%	\$906,500	\$730,925	80.6%	\$145,623	19.9%
<i>Garbage</i>	\$559,360	\$536,343	95.9%	\$548,880	\$548,522	99.9%	-\$12,179	-2.2%
<i>Cable TV</i>	\$1,960,150	\$1,845,129	94.1%	\$1,903,020	\$1,880,875	98.8%	-\$35,746	-1.9%
<i>Telecommunications</i>	\$1,421,640	\$1,067,914	75.1%	\$1,421,640	\$1,176,088	82.7%	-\$108,174	-9.2%
<i>Storm Drainage</i>	\$272,449	\$249,735	91.7%	\$240,275	\$239,060	99.5%	\$10,675	4.5%
<i>Water</i>	\$800,510	\$949,698	118.6%	\$780,700	\$874,681	112.0%	\$75,017	8.6%
<i>Sewer</i>	\$884,800	\$886,000	100.1%	\$859,022	\$860,000	100.1%	\$26,000	3.0%
Utility Tax & Franchise Fee Revenue Subtotal	\$6,805,409	\$6,411,367	94.2%	\$6,660,037	\$6,310,151	94.7%	\$101,216	1.6%
SCL Contract Payment	\$1,921,700	\$2,055,988	107.0%	\$1,838,980	\$1,925,632	104.7%	\$130,356	6.8%
Gambling Tax Revenue	\$1,587,425	\$1,582,022	99.7%	\$1,587,425	\$1,559,533	98.2%	\$22,489	1.4%
Development Revenue	\$2,412,675	\$2,846,127	118.0%	\$1,456,000	\$2,343,847	161.0%	\$502,280	21.4%
Park and Recreation Revenue	\$1,752,317	\$1,799,481	102.7%	\$1,494,998	\$1,647,840	110.2%	\$151,641	9.2%
Intergovernmental Revenue	\$2,496,401	\$1,531,598	61.4%	\$1,467,017	\$1,197,395	81.6%	\$334,203	27.9%
Grant Revenue	\$763,695	\$355,956	46.6%	\$844,749	\$389,094	46.1%	-\$33,138	-8.5%
Fines and Licenses	\$650,225	\$633,098	97.4%	\$642,072	\$581,670	90.6%	\$51,428	8.8%
Miscellaneous Revenue	\$813,493	\$683,691	84.0%	\$781,006	\$560,090	71.7%	\$123,601	22.1%
Interest Income	\$70,600	\$174,757	247.5%	\$70,600	\$147,727	209.2%	\$27,030	18.3%
Operating Transfers In	\$1,675,308	\$1,537,226	91.8%	\$1,712,074	\$1,712,073	100.0%	-\$174,847	-10.2%
<b>Total General Fund Resources</b>	<b>\$50,103,168</b>	<b>\$41,937,998</b>	<b>83.7%</b>	<b>\$44,747,000</b>	<b>\$38,875,351</b>	<b>86.9%</b>	<b>\$3,062,647</b>	<b>7.9%</b>
<b>Total General Fund Revenue excl. Budgeted Fund Balance</b>	<b>\$42,927,144</b>	<b>\$41,937,998</b>	<b>97.7%</b>	<b>\$38,566,758</b>	<b>\$38,875,351</b>	<b>100.8%</b>	<b>\$3,062,647</b>	<b>7.9%</b>

# GENERAL FUND REVENUE ANALYSIS:

## TOTAL GENERAL FUND REVENUE SUMMARY



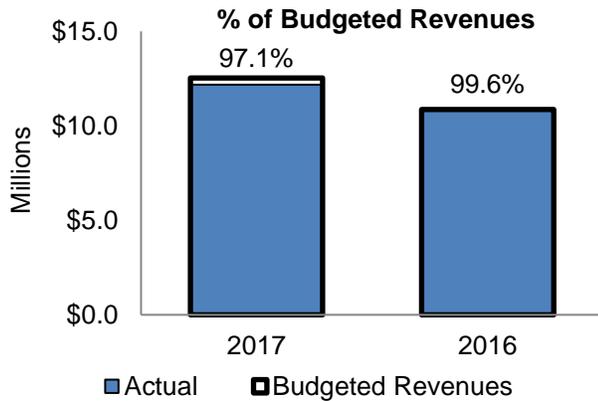
2017 Current Budget		\$50,103,168
2017 Budgeted Revenue		\$42,927,144
2017 Fourth Quarter Actual Revenue		\$41,937,998
2017 % of Budgeted Revenue Received		97.7%
2016 Budgeted Revenue		\$38,566,758
2016 Fourth Quarter Actual Revenue		\$38,875,351
2016 % of Budgeted Revenue Received		100.8%
2017 v. 2016 \$ Change		\$3,062,647
2017 v. 2016 % Change	↑	7.9%

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 7.9%. 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 12.6% more than those for 2016, which is largely attributable to the successful passage of the Levy Lid Lift in November 2016.
- 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 November 2017, are more than the revised projection by 4.7% and 2016 collections by 5.4%. Receipts from the Construction and Retail Trade sectors are more than the year-ago level by 12.0% and 3.9%, 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 more than the year-ago level by 1.6% but less than the revised projection by 4.8%. The year-over-year difference is largely attributable to the continued decline in the amount of telecommunications utility tax collected.
- The year-over-year increase of 21.4% in Development 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.
- Parks and Recreation receipts are 9.2% 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.

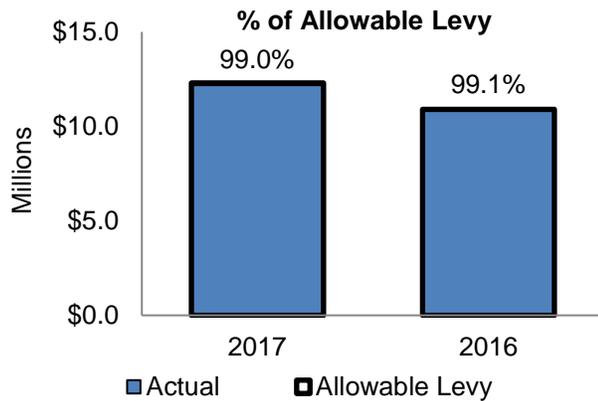
# GENERAL FUND REVENUE ANALYSIS:

## PROPERTY TAX



2017 Current Budget	\$12,531,317
2017 Fourth Quarter Actual Revenue	\$12,172,701
2017 % of Current Budget Received	97.1%
2016 Current Budget	\$10,860,481
2016 Fourth Quarter Actual Revenue	\$10,815,204
2016 % of Current Budget Received	99.6%
2017 v. 2016 \$ Change	\$1,357,497
2017 v. 2016 % Change	12.6%

The year-over-year increase of 12.6% is largely attributable to the successful passage of the Levy Lid Lift in November 2016.

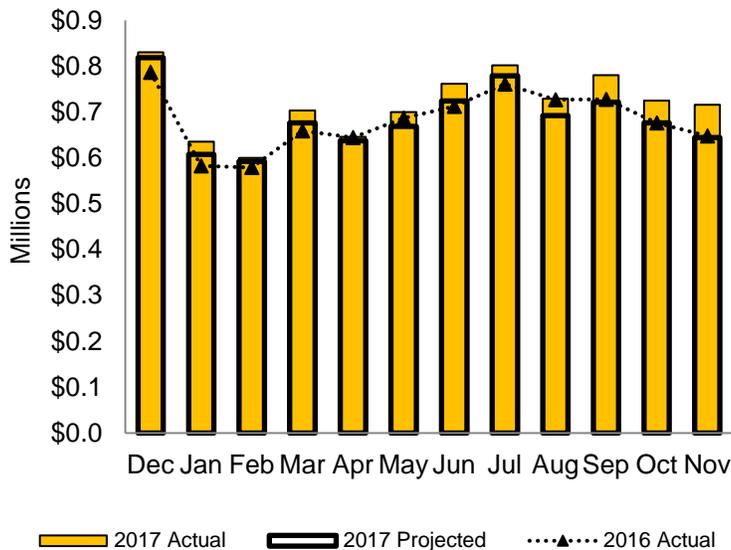


Property tax payments are due to King County in April and October. The County then must remit the City's portion resulting in the majority of collections occurring in the second and fourth quarters. Receipts for 2017 and 2016 as a percentage of the budgeted projection are 97.1% and 99.6%, respectively.

In terms of the allowable levy, which in many cases is different than the budgeted projection, 2017 collections are 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 at 99.0% and 99.1%, respectively.

# GENERAL FUND REVENUE ANALYSIS (continued):

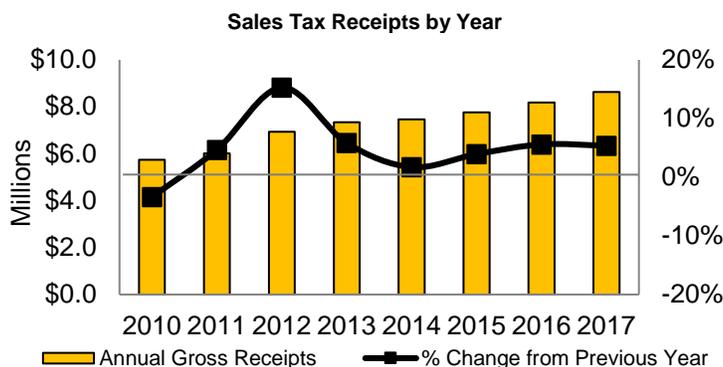
## SALES TAX



2017 Current Budget		\$7,969,800
Sales tax revenue: December - November		
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
August	\$727,288	\$728,834
September	\$727,935	\$780,513
October	\$676,101	\$724,607
November	\$647,873	\$716,095
<b>Year to date</b>	<b>\$8,189,740</b>	<b>\$8,629,376</b>
\$ Change		\$439,636
% Change		↑ 5.4%

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 November 2017 are more than the budget's year-to-date projection by 8.3%, the revised year-to-date projection by 4.7%, and 2016 collections by 5.4%. The following chart and table reflects a comparison of sales tax receipts by year:



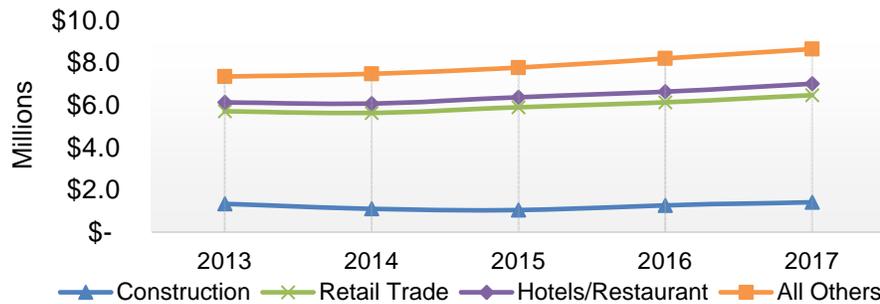
Year	Annual Revenue	% Change from Previous Year
2010	\$5,745,755	↓ -3.4%
2011	\$6,014,244	↑ 4.7%
2012	\$6,932,874	↑ 15.3%
2013	\$7,336,805	↑ 5.8%
2014	\$7,462,886	↑ 1.7%
2015	\$7,756,235	↑ 3.9%
2016	\$8,189,742	↑ 5.6%
2017	\$8,629,376	↑ 5.4%

The tables on the following page help illustrate the performance of various sectors. The first table presents a condensed view of the four primary categories 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 in the Retail Trade sector Food & Beverage Stores Retail category are \$19,499 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 remitted with the receipts for December 2015. Taking this into account, receipts for 2017 are 5.8%, more than those for 2016, which is in line with the historical level of activity.

# GENERAL FUND REVENUE ANALYSIS (continued):

## Annual Sales Tax Revenue Comparison by Sector



## SALES TAX BY PRIMARY CATEGORY: December – November

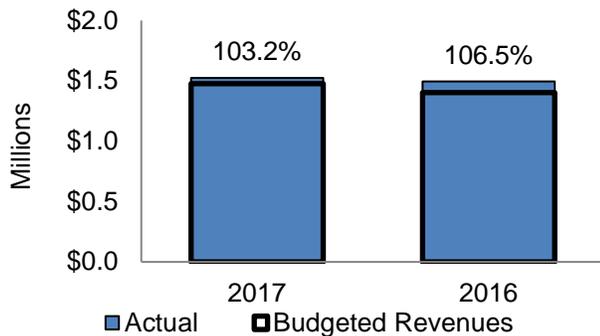
Sector	2013	2014	2015	2016	2017
Construction	\$1,326,775	\$1,088,201	\$1,029,064	\$1,250,022	\$1,399,914
\$ Change		-\$238,574	-\$59,137	\$220,958	\$149,892
% Change		↓ -18.0%	↓ -5.4%	↑ 21.5%	↑ 12.0%
Retail Trade	\$4,367,503	\$4,528,070	\$4,857,283	\$4,866,734	\$5,057,999
\$ Change		\$160,567	\$329,213	\$9,451	\$191,264
% Change		↑ 3.7%	↑ 7.3%	→ 0.2%	↑ 3.9%
Hotels/Restaurant	\$420,096	\$440,339	\$473,001	\$501,086	\$538,542
\$ Change		\$20,243	\$32,662	\$28,085	\$37,456
% Change		↑ 4.8%	↑ 7.4%	↑ 5.9%	↑ 7.5%
All Others	\$1,222,431	\$1,406,276	\$1,396,886	\$1,571,900	\$1,632,922
\$ Change		\$183,845	-\$9,390	\$175,014	\$61,022
% Change		↑ 15.0%	→ -0.7%	↑ 12.5%	↑ 3.9%
<b>Total Revenue</b>	<b>\$7,336,805</b>	<b>\$7,462,886</b>	<b>\$7,756,235</b>	<b>\$8,189,742</b>	<b>\$8,629,376</b>
\$ Change		\$268,489	\$293,349	\$433,507	\$439,634
% Change		→ 4.7%	↑ 1.7%	↑ 3.9%	↑ 5.6%

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

Retail Trade	2014 Dec- Nov	2015 Dec- Nov	2015v.2014 \$ Change	2016 Dec- Nov	2016v.2015 \$ Change	2017 Dec- Nov	2017v.2016 \$ Change
Motor Veh. & Parts Dealer	\$1,236,501	\$1,350,157	\$113,656	\$1,383,558	\$33,401	\$1,406,119	\$22,560
Furn. & Home Furnishings	\$61,757	\$58,847	-\$2,910	\$65,877	\$7,030	\$71,996	\$6,119
Electronics and Appliances	\$102,349	\$111,503	\$9,154	\$105,294	-\$6,209	\$114,803	\$9,510
Building Material & Garden	\$662,018	\$787,425	\$125,407	\$773,383	-\$14,042	\$848,902	\$75,519
Food & Beverage Stores	\$253,519	\$263,631	\$10,112	\$315,552	\$51,921	\$296,053	-\$19,499
Health & Personal Care	\$167,514	\$211,545	\$44,031	\$231,800	\$20,255	\$247,638	\$15,838
Gasoline Stations	\$76,539	\$75,269	-\$1,270	\$73,372	-\$1,897	\$77,960	\$4,587
Clothing & Accessories	\$52,192	\$59,628	\$7,436	\$75,375	\$15,747	\$84,421	\$9,046
Sporting Goods, Hobby	\$82,463	\$84,163	\$1,700	\$78,834	-\$5,329	\$79,950	\$1,115
General Merch. Stores	\$1,414,543	\$1,424,571	\$10,028	\$1,282,598	-\$119,973	\$1,304,339	\$21,742
Misc. Store Retailers	\$246,326	\$236,280	-\$10,046	\$245,312	\$9,032	\$268,982	\$23,670
Nonstore Retailers	\$172,349	\$194,265	\$21,916	\$235,779	\$41,514	\$256,836	\$21,057
<b>Total Revenue</b>	<b>\$4,528,070</b>	<b>\$4,857,283</b>	<b>\$329,213</b>	<b>\$4,866,734</b>	<b>\$9,451</b>	<b>\$5,057,999</b>	<b>\$191,264</b>

## GENERAL FUND REVENUE ANALYSIS (continued):

### LOCAL CRIMINAL JUSTICE SALES TAX

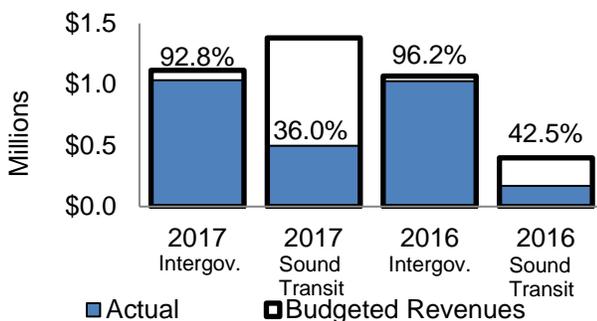


2017 Current Budget		\$1,476,779
2017 Fourth Quarter Actual Revenue		\$1,524,609
2017 % of Current Budget Received		103.2%
2016 Current Budget		\$1,403,619
2016 Fourth Quarter Actual Revenue		\$1,495,353
2016 % of Current Budget Received		106.5%
2017 v. 2016 \$ Change		\$29,256
2017 v. 2016 % Change	➔	2.0%

Local Criminal Justice Sales Tax receipts are more than the year-ago level and revised projection by 2.0% and 0.2%, respectively.

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 4.6%. Sales tax collected throughout King County was actually only 3.4% more than the year-ago level.

### INTERGOVERNMENTAL REVENUE

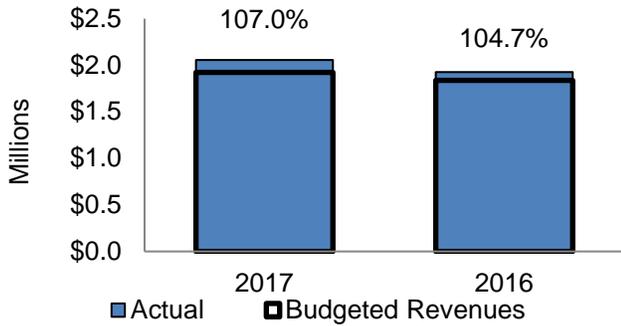


2017 Current Budget		\$2,496,401
2017 Fourth Quarter Actual Revenue		\$1,531,598
2017 % of Current Budget Received		61.4%
2016 Current Budget		\$1,467,017
2016 Fourth Quarter Actual Revenue		\$1,197,395
2016 % of Current Budget Received		81.6%
2017 v. 2016 \$ Change		\$334,203
2017 v. 2016 % Change	↑	27.9%

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. Work is billed as incurred so revenues match associated costs. Total receipts are 27.9% more than the year-ago level. Receipts from sources other than Sound Transit reimbursements are 0.7% less than the year-ago level. The under collection of sources other than Sound Transit reimbursements is largely attributable to the Port of Seattle Economic Development Partnership Program Grant, Waste Reduction and Recycling Grant, and Local Hazardous Waste Management Program Grant sources, work on which will continue in 2018.

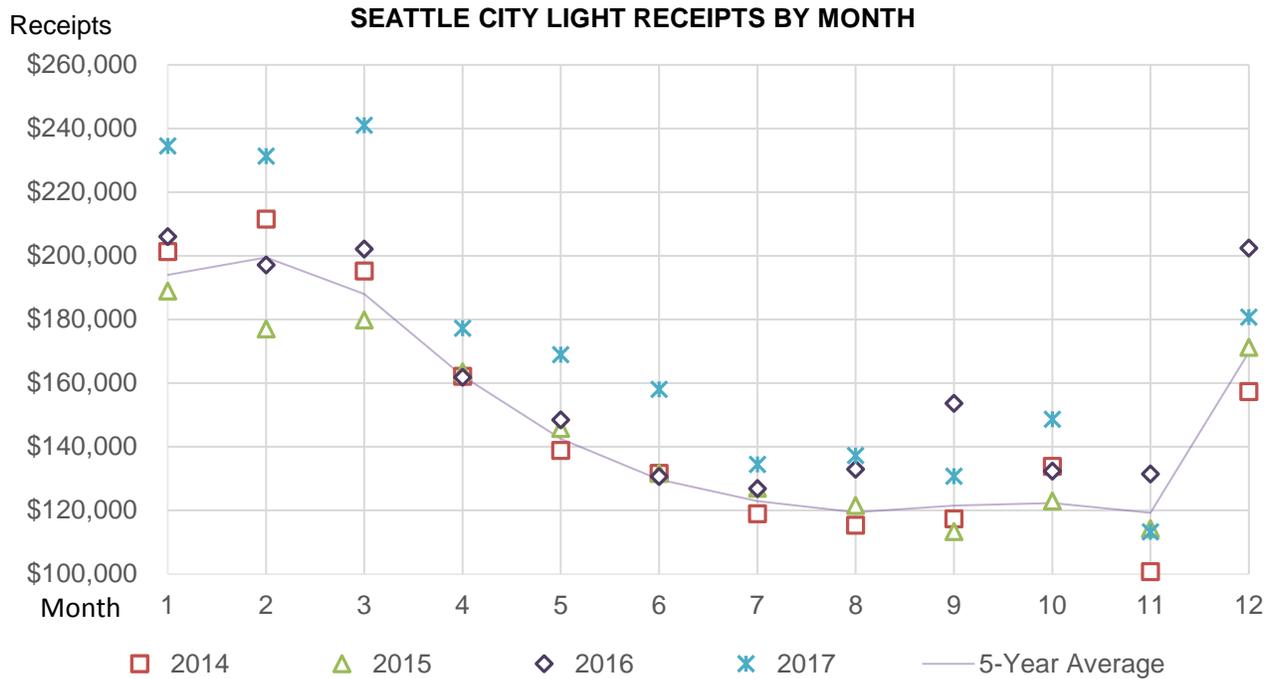
# GENERAL FUND REVENUE ANALYSIS (continued):

## SEATTLE CITY LIGHT CONTRACT PAYMENT



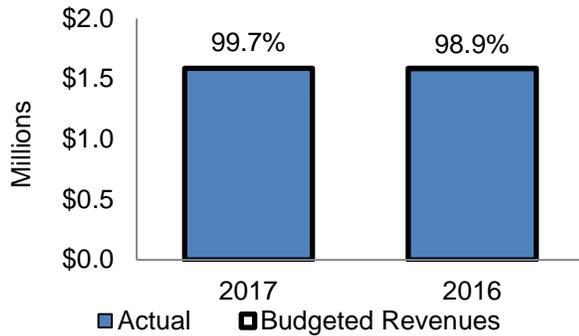
2017 Current Budget		\$1,921,700
2017 Fourth Quarter Actual Revenue		\$2,055,988
2017 % of Current Budget Received		107.0%
2016 Current Budget		\$1,838,980
2016 Fourth Quarter Actual Revenue		\$1,925,632
2016 % of Current Budget Received		104.7%
2017 v. 2016 \$ Change		\$130,356
2017 v. 2016 % Change	↑	6.8%

The City's agreement with Seattle City Light imposes a six percent contract fee on total electrical revenues. Receipts are 6.8% more than the year-ago level, 7.0% more than the budget projection, and 1.8% less than the revised year-to-date projection. The chart below shows receipts for the last four years.



## GENERAL FUND REVENUE ANALYSIS (continued):

### GAMBLING TAX REVENUE



2017 Current Budget		\$1,587,425
2017 Fourth Quarter Actual Revenue		\$1,582,022
2017 % of Current Budget Received		99.7%
2016 Current Budget		\$1,587,425
2016 Fourth Quarter Actual Revenue		\$1,570,218
2016 % of Current Budget Received		98.9%
2017 v. 2016 \$ Change		\$11,804
2017 v. 2016 % Change	➔	0.8%

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 \$1,582,022, are 0.8% more than 2016 collections of \$1,570,218.

Receipts attributable to taxes on gambling activity reported, in the amount of \$1,580,374, are 0.4% less than the year-ago level of \$1,587,425.

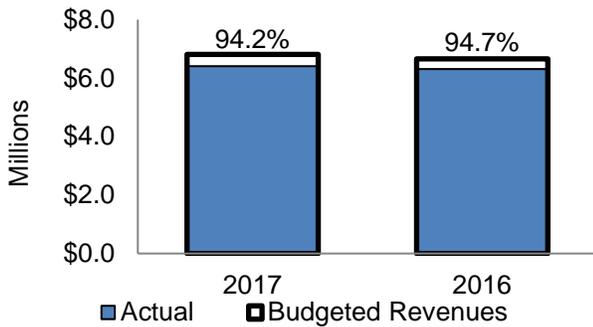
Receipts from pull-tab activity increased 2.9% year-over-year and card room activity increased 1.1%. The table to the right exhibits the last seven years of gross receipts reported by card rooms in Shoreline.

#### Annual Activity

Year	Amount	% Change
2011	\$18,502,782	↑ 7.0%
2012	\$16,751,880	↓ -9.5%
2013	\$15,265,019	↓ -8.9%
2014	\$14,263,567	↓ -6.6%
2015	\$14,759,814	↑ 3.5%
2016	\$14,220,610	↓ -3.7%
2017	\$14,381,879	➔ 1.1%

# GENERAL FUND REVENUE ANALYSIS (continued):

## UTILITY TAX AND FRANCHISE FEE



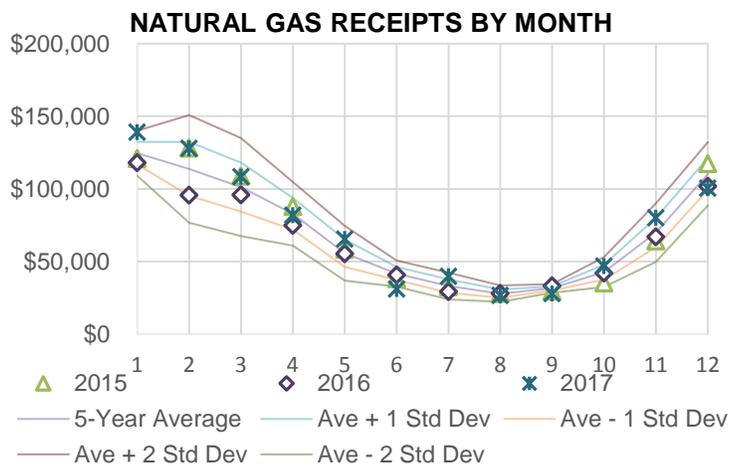
2017 Current Budget		\$6,805,409
2017 Fourth Quarter Actual Revenue		\$6,411,367
2017 % of Current Budget Received		94.2%
2016 Current Budget		\$6,660,037
2016 Fourth Quarter Actual Revenue		\$6,310,151
2016 % of Current Budget Received		94.7%
2017 v. 2016 \$ Change		\$101,216
2017 v. 2016 % Change	➔	1.6%

Overall Utility Tax and Franchise Fee receipts are more than the year-ago level by 1.6% but 4.8% less than the revised budget projection.

Natural gas tax receipts are 19.9% more than the year-ago level. Receipts were significantly more for nine out of twelve months as compared to the same period last year.

Cable TV tax receipts are less than the year-ago level and budget projection by 1.9% and 5.9%, respectively.

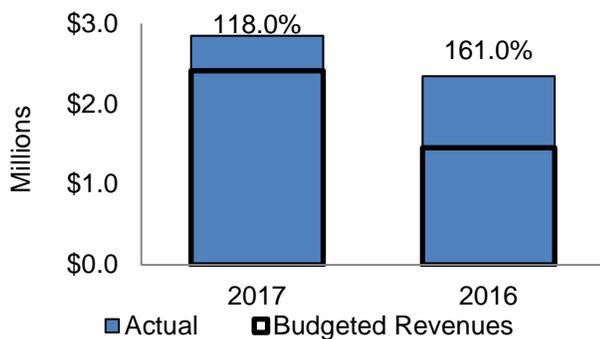
Telecommunications tax receipts are less than the year-ago level and revised year-to-date budget projection by 9.2% and 15.9%, respectively.



Revenue Source	2017 Current Budget	2017 Fourth Quarter Actual Revenue	2017 % of Current Budget Received	2016 Current Budget	2016 Fourth Quarter Actual Revenue	2016 % of Current Budget Received	2017 v. 2016 \$ Change	2017 v. 2016 % Change
Natural Gas	\$906,500	\$876,548	96.7%	\$906,500	\$730,925	80.6%	\$145,623	↑ 19.9%
Garbage	\$559,360	\$536,343	95.9%	\$548,880	\$548,522	99.9%	-\$12,179	↓ -2.2%
Cable TV	\$1,960,150	\$1,845,129	94.1%	\$1,903,020	\$1,880,875	98.8%	-\$35,746	↓ -1.9%
Telecommunications	\$1,421,640	\$1,067,914	75.1%	\$1,421,640	\$1,176,088	82.7%	-\$108,174	↓ -9.2%
Storm Drainage	\$272,449	\$249,735	91.7%	\$240,275	\$239,060	99.5%	\$10,675	↑ 4.5%
Water	\$800,510	\$949,698	118.6%	\$780,700	\$874,681	112.0%	\$75,017	↑ 8.6%
Sewer	\$884,800	\$886,000	100.1%	\$859,022	\$860,000	100.1%	\$26,000	↑ 3.0%
<b>Utility Tax &amp; Franchise Fee Revenue Subtotal</b>	<b>\$6,805,409</b>	<b>\$6,411,367</b>	<b>94.2%</b>	<b>\$6,660,037</b>	<b>\$6,310,151</b>	<b>94.7%</b>	<b>\$101,216</b>	<b>➔ 1.6%</b>

# GENERAL FUND REVENUE ANALYSIS (continued):

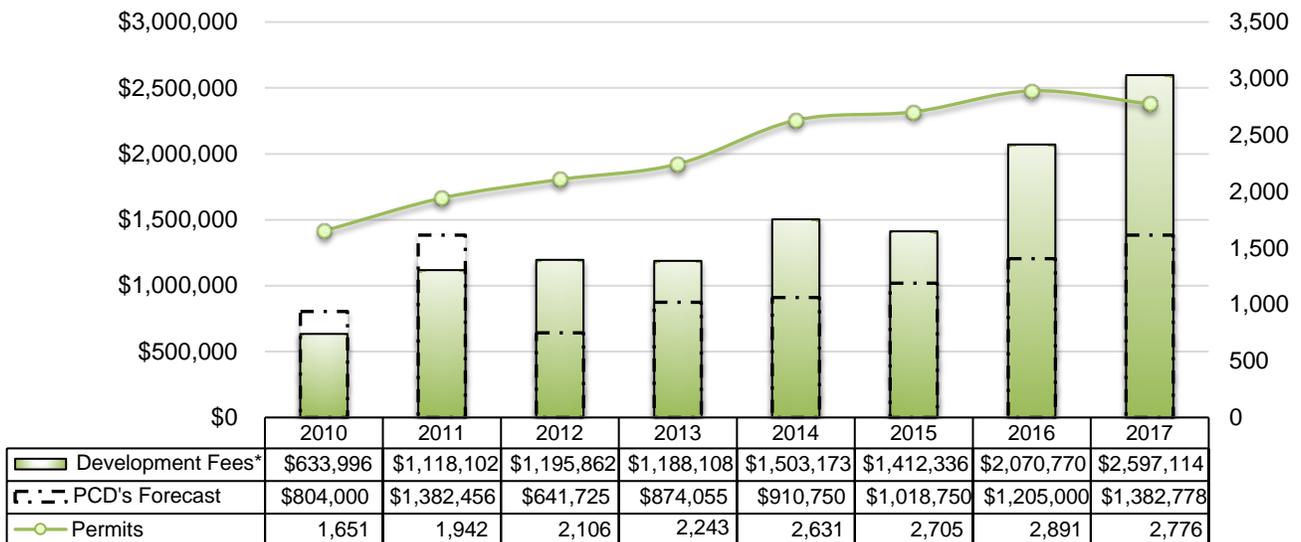
## DEVELOPMENT REVENUE



<b>2017 Current Budget</b>	<b>\$2,412,675</b>
2017 Fourth Quarter Actual Revenue	\$2,846,127
2017 % of Current Budget Received	118.0%
2016 Current Budget	\$1,456,000
2016 Fourth Quarter Actual Revenue	\$2,343,847
2016 % of Current Budget Received	161.0%
2017 v. 2016 \$ Change	\$502,280
2017 v. 2016 % Change	↑ 21.4%

Development revenue receipts exhibited a year-over-year increase of \$502,280, or 21.4%. Excluding right-of-way permits, receipts are 87.8% 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

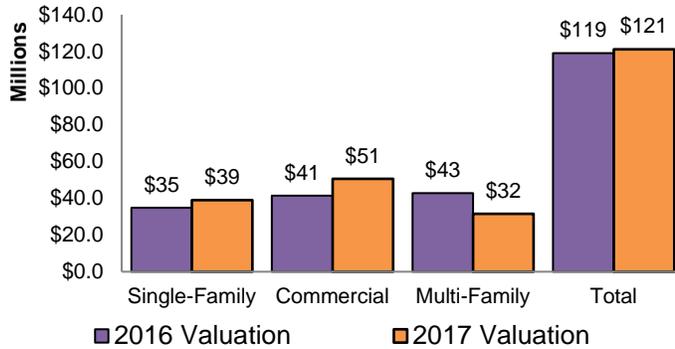


\*Development fees exclude right-of-way permits.

# GENERAL FUND REVENUE ANALYSIS (continued):

## DEVELOPMENT REVENUE (continued)

**Valuation of Building Permits**



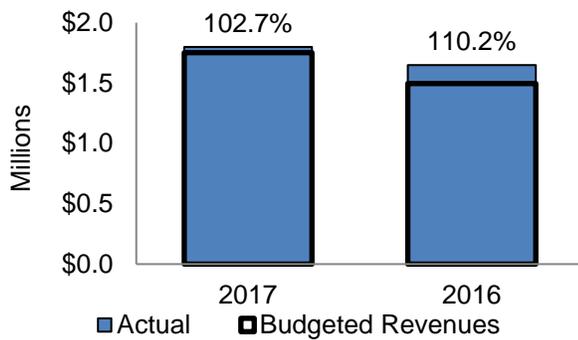
Local development activity in 2017 compared to that for 2016, in terms of the number of building permits pulled for new construction and remodels and valuation, saw an increase in single family construction (+5; +\$4.2 million). For commercial, the number of permits pulled decreased but the valuation increased (-12; -\$45.0 million).

Valuation of 367 building permits for new construction and remodels totals \$121.1 million and is comprised of 32.2% residential and 67.8% commercial / multi-family valuation. In 2016, valuation of 375 permits totaled \$119.0 million and was comprised of 29.2% residential and 70.8% commercial / multi-family construction.

PERMIT TYPE	2014	2015	2016	2017	# Change	% Change	2008-2017
Building Permits / Plan Check	527	519	662	620	(42)	-6.3%	
Mechanical	576	585	656	665	9	1.4%	
Fire Systems	119	79	110	100	(10)	-9.1%	
Land Use / SEPA Review	78	56	65	79	14	21.5%	
Plumbing	183	202	182	102	(80)	-44.0%	
Electrical	1,148	1,264	1,216	1,210	(6)	-0.5%	
<b>Total</b>	<b>2,631</b>	<b>2,705</b>	<b>2,891</b>	<b>2,776</b>	<b>(115)</b>	<b>-4.0%</b>	

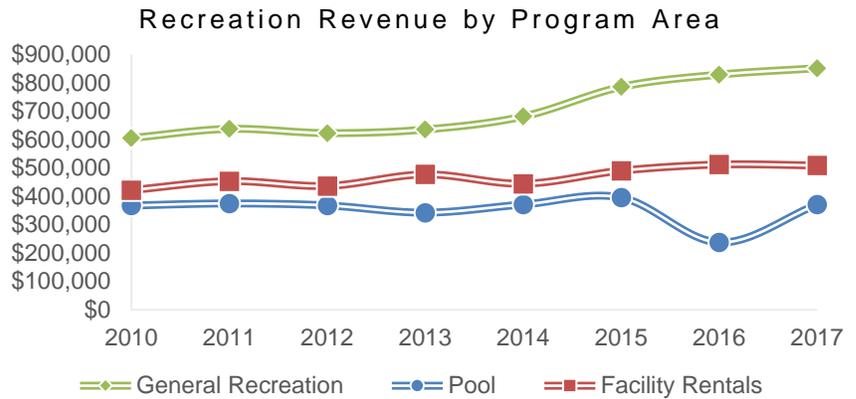
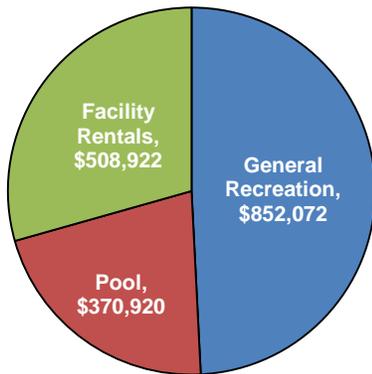
# GENERAL FUND REVENUE ANALYSIS:

## PARKS AND RECREATION REVENUE



2017 Current Budget		\$1,752,317
2017 Fourth Quarter Actual Revenue		\$1,799,481
2017 % of Current Budget Received		102.7%
2016 Current Budget		\$1,494,998
2016 Fourth Quarter Actual Revenue		\$1,647,840
2016 % of Current Budget Received		110.2%
2017 v. 2016 \$ Change		\$151,641
2017 v. 2016 % Change	↑	9.2%

Parks and Recreation revenue receipts are 9.2% 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.



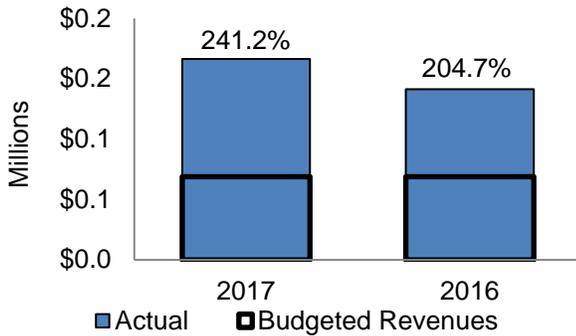
Annual Recreation Revenue by Program Area 2010 - 2017\*

Year	Gen Rec		Pool	Pool % of Total	Facility Rentals	Facility Rental % of Total	Total Revenue
	General Recreation*	% of Total					
2010	\$605,810	43.4%	\$367,554	26.3%	\$421,965	30.2%	\$1,395,329
2011	\$637,929	43.5%	\$374,828	25.6%	\$453,393	30.9%	\$1,466,150
2012	\$622,996	43.6%	\$367,770	25.8%	\$436,651	30.6%	\$1,427,417
2013	\$635,767	43.7%	\$342,378	23.5%	\$477,255	32.8%	\$1,455,400
2014	\$681,718	45.5%	\$371,070	24.8%	\$444,438	29.7%	\$1,497,226
2015	\$786,083	47.0%	\$395,462	23.7%	\$490,506	29.3%	\$1,672,051
2016	\$829,494	52.5%	\$237,256	15.0%	\$512,092	32.4%	\$1,578,842
<b>2017</b>	<b>\$852,072</b>	<b>49.2%</b>	<b>\$370,920</b>	<b>21.4%</b>	<b>\$508,922</b>	<b>29.4%</b>	<b>\$1,731,913</b>

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

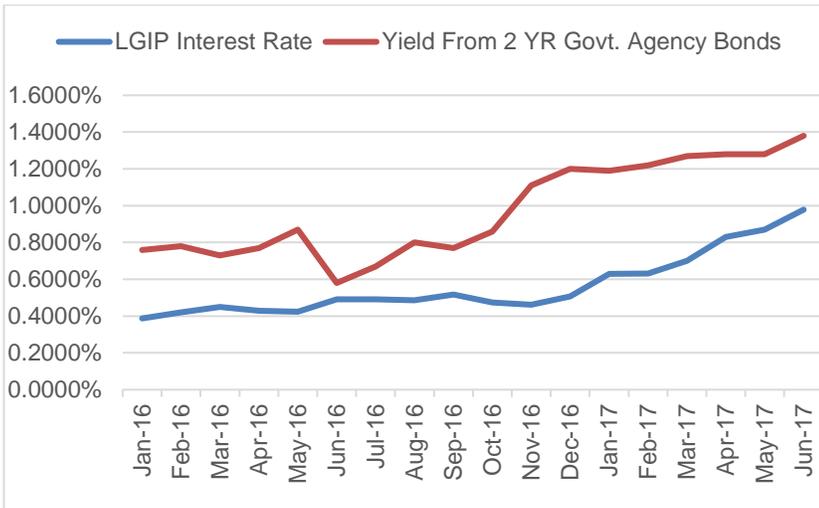
# GENERAL FUND REVENUE ANALYSIS (continued):

## INVESTMENT INCOME



2017 Current Budget		\$69,000
2017 Fourth Quarter Actual Revenue		\$166,443
2017 % of Current Budget Received		241.2%
2016 Current Budget		\$69,000
2016 Fourth Quarter Actual Revenue		\$141,271
2016 % of Current Budget Received		204.7%
2017 v. 2016 \$ Change		\$25,172
2017 v. 2016 % Change	↑	17.8%

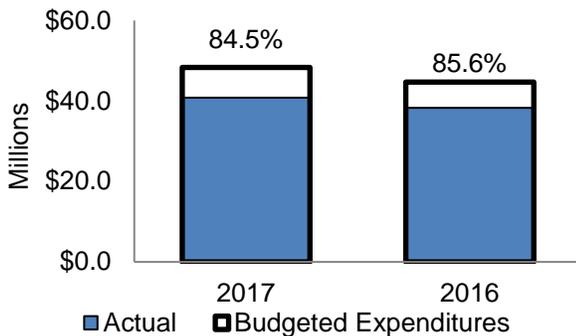
Investment earnings are more than the year-ago level by 17.8%. The City's investment policy adheres to strict standards prescribed by federal law, state statutes, local ordinances, and allows the City to develop an investment model to maximize its investment returns within the primary objectives of safety and liquidity.



Month	LGIP Interest Rate	Bond Investment Yield
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%
Oct-17	1.1385%	1.6000%
Nov-17	1.1573%	1.7800%
Dec-17	1.2740%	1.8900%
<b>24 Mo. Ave.</b>	<b>0.7108%</b>	<b>1.1221%</b>

# EXPENDITURE ANALYSIS:

## GENERAL FUND EXPENDITURES



2017 Current Budget	\$48,303,300
2017 Fourth Quarter Actual Expenditures	\$40,820,696
2017 % of Current Budget Expended	84.5%
2016 Current Budget	\$44,707,322
2016 Fourth Quarter Actual Expenditures	\$38,252,038
2016 % of Current Budget Expended	85.6%
2017 v. 2016 \$ Change	\$2,568,657
2017 v. 2016 % Change	↑ 6.7%

Departments spent \$37,245,796, or 86.2% of the Current Budget excluding transfers out. In dollars, this level is 6.0% more than the year-ago level but 8.7% less than the revised projection of \$40,784,666. Delays and other unanticipated issues resulted in 2017 expenditures being less than projected. Some operating programs and projects that were in progress in 2017 will be completed in 2018. Staff requested a re-appropriation of \$1,837,712 to pay expenditures incurred, or complete projects initiated, in 2017. Without these delays or with completion of these projects, departments would have spent 90.5% of the current budget excluding transfers out, which would have been 6.3% more than the year-ago level but 4.2% less than the revised projection.

The General Fund transferred \$3,456,002, or 67.6%, of its budgeted support to other funds. This level is \$156,366, or 4.7%, more than the year-ago level and 6.6% more than the revised projection. The revised projection included delays of the following General Fund transfers until 2018 per the 2018-2023 Capital Improvement Plan (CIP):

- General Capital Fund:
  - Police Station at City Hall: \$1,000,000 of \$1,782,796
- Roads Capital Fund:
  - Trail Along the Rail: \$100,000 of \$275,000
  - 147th/148th Non-Motorized Bridge: \$150,000 of \$350,000
  - 185th Corridor Study: \$406,814 of \$556,814
  - 160th & Greenwood/Innis Arden: \$105,000 of \$125,000
  - Westminster & 155th Improvements: \$0 of \$291,419

The transfer supporting the Police Station at City Hall project of \$1,000,000 that was delayed until 2018 was actually needed in 2017; therefore, that appropriation in 2018 will be reduced through staff's 2017 re-appropriation request. In addition, staff requested a re-appropriation for the remaining balance of the following transfers to be made in 2017 per the 2018-2023 CIP that were not made in 2017:

- Roads Capital Fund:
  - Trail Along the Rail: \$113,030 (64.6% of the remaining \$175,000)
  - 147th/148th Non-Motorized Bridge: \$199,945 (99.97% of the remaining \$200,000)
  - 185th Corridor Study: \$140,691 (93.8% of the remaining \$150,000)
  - 160th & Greenwood/Innis Arden: \$0 (% of the remaining \$25,000)
  - Westminster & 155th Improvements: \$273,436 (93.8% of the remaining \$291,419)

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 were 38% more in 2017 than those for 2016 given a 33% increase in the number of billed days. Costs were less than those for 2015 and 2014 by 3% and 12%, respectively, given increases in billed of 6% and 17%, respectively. The City has used 8,314 jail beds, or an average of 22.8 beds per day, at Yakima County Jail. Housing those inmates at Yakima rather than SCORE, less the 92 unused beds at SCORE, saved the City \$465,524. Please note that the table below does not reflect the discussion above due to the timing of billing.

## EXPENDITURE ANALYSIS:

Total expenditures including transfers out, representing expenditure of 84.5% of the current budget are 6.7% more than the year-ago level but 7.5% less than the revised projection. Including the re-appropriation discussed above, total expenditures would have represented expenditure of 88.1% of the current budget and been 6.1% more than the year-ago level and 3.6% less than the revised projection.

Department	2017 Current Budget	2017 Fourth Quarter Actual Expenditures	2017 % of Current Budget Expended	2016 Current Budget	2016 Fourth Quarter Actual Expenditures	2016 % of Current Budget Expended	2017 v. 2016 \$ Change	2017 v. 2016 % Change
City Council	\$247,942	\$232,857	93.9%	\$231,968	\$221,571	95.5%	\$11,286	5.1%
City Manager's Office <sup>1</sup>	\$3,827,536	\$2,870,306	75.0%	\$2,793,451	\$2,492,017	89.2%	\$378,289	15.2%
City Attorney	\$825,590	\$826,688	100.1%	\$672,674	\$672,249	99.9%	\$154,439	23.0%
Community Services <sup>2</sup>	\$1,641,211	\$1,573,771	95.9%	\$1,694,800	\$1,592,878	94.0%	-\$19,107	-1.2%
Administrative Services <sup>3</sup>	\$5,862,899	\$4,312,425	73.6%	\$5,167,348	\$4,445,071	86.0%	-\$132,646	-3.0%
Citywide	\$2,307,160	\$1,109,809	48.1%	\$1,869,299	\$884,228	47.3%	\$225,581	25.5%
Human Resources	\$471,496	\$451,664	95.8%	\$454,488	\$458,345	100.8%	-\$6,681	-1.5%
Police	\$12,141,260	\$11,186,563	92.1%	\$11,951,743	\$11,198,365	93.7%	-\$11,803	-0.1%
Criminal Justice	\$3,068,384	\$2,841,598	92.6%	\$3,190,826	\$2,314,245	72.5%	\$527,353	22.8%
Parks	\$6,298,747	\$5,967,427	94.7%	\$5,756,010	\$5,290,516	91.9%	\$676,912	12.8%
Planning & Comm. Dev.	\$3,182,400	\$2,900,172	91.1%	\$2,976,763	\$2,694,418	90.5%	\$205,755	7.6%
Public Works	\$3,313,213	\$2,972,517	89.7%	\$3,063,586	\$2,886,734	94.2%	\$85,783	3.0%
Departmental Expenditures	\$43,187,838	\$37,245,796	86.2%	\$39,822,956	\$35,150,635	88.3%	\$2,095,161	6.0%
Operating Transfers Out	\$5,115,462	\$3,574,900	69.9%	\$4,884,366	\$3,101,403	63.5%	\$473,497	15.3%
<b>Total Expenditures</b>	<b>\$48,303,300</b>	<b>\$40,820,696</b>	<b>84.5%</b>	<b>\$44,707,322</b>	<b>\$38,252,038</b>	<b>85.6%</b>	<b>\$2,568,657</b>	<b>6.7%</b>

Department	2017 Current Budget	2017 Fourth Quarter Actual + Carryover Expenditures	2017 % of Current Budget Expended	2016 Current Budget	2016 Fourth Quarter Actual Expenditures	2016 % of Current Budget Expended	2017 v. 2016 \$ Change	2017 v. 2016 % Change
Departmental Expenditures	\$43,187,838	\$39,083,508	90.5%	\$39,822,956	\$36,783,190	92.4%	\$2,300,318	6.3%
Operating Transfers Out	\$5,115,462	\$3,456,002	67.6%	\$4,884,366	\$3,299,636	67.6%	\$156,366	4.7%
<b>Total Expenditures</b>	<b>\$48,303,300</b>	<b>\$42,539,510</b>	<b>88.1%</b>	<b>\$44,707,322</b>	<b>\$40,082,826</b>	<b>89.7%</b>	<b>\$2,456,683</b>	<b>6.1%</b>

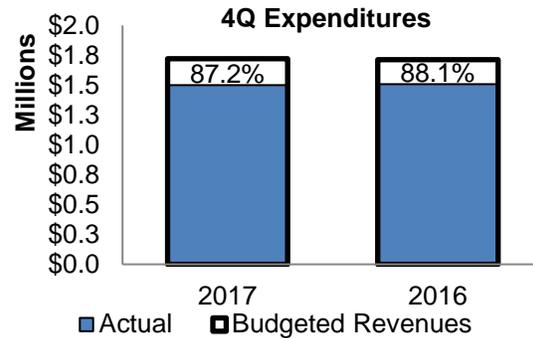
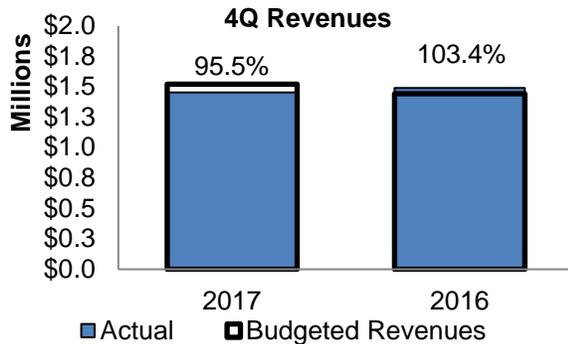
1. City Manager's Office includes City Clerk, Communications, Intergovernmental Relations, Economic Development, and Property Management.

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	\$200,260	N/A
2017 Budget	\$1,521,225	\$1,721,485
2017 Fourth Quarter Actual	\$1,453,454	\$1,500,895
2017 % of Current Budget*	95.5%	87.2%
2016 Current Budget	\$1,442,468	\$1,713,773
2016 Fourth Quarter Actual	\$1,491,050	\$1,508,989
2016 % of Current Budget*	103.4%	88.1%
2017 v. 2016 \$ Variance	-\$37,596	-\$8,094
2017 v. 2016 % Variance	-2.5%	-0.5%

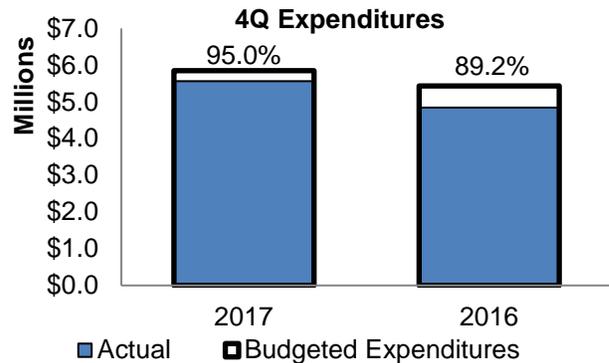
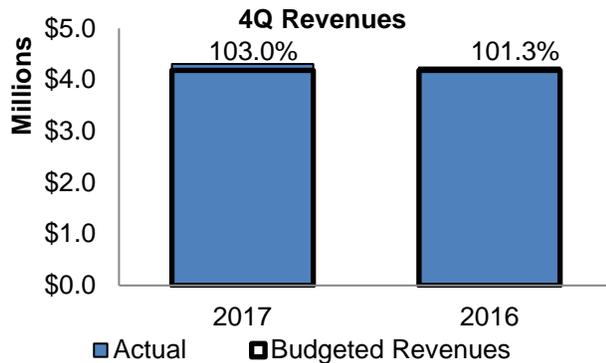
\*Current Budget for Revenues is calculated by excluding Budgeted Use of Fund Balance.

Receipts, including transfers in, through December totaled \$1,453,454 and are \$37,596, or 2.5%, less than the year-ago level. This decrease is mainly attributable to a reduced need for a budget transfer for support from the General Fund in 2017, which occurred in full in 2016. Motor vehicle fuel tax revenue receipts for the fourth quarter of 2017 are \$1,190,925, 1.2%, more than the year-ago level. Fuel tax revenue receipts for 2016 ended 5.1% less the budget amount and ended 4.3% below 2017 revised projections.

Expenditures, including transfers out, through December totaled \$1,500,895 and are \$8,094, or 0.5%, less than the year-ago level.

# OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

## SURFACE WATER UTILITY FUND



	Revenue	Expenditure
2017 Budgeted Use of Fund Balance	\$1,544,629	N/A
2017 Budget	\$4,184,519	\$5,850,151
2017 Fourth Quarter Actual	\$4,308,638	\$5,559,910
2017 % of Current Budget*	103.0%	95.0%
2016 Current Budget	\$7,356,193	\$5,431,075
2016 Fourth Quarter Actual	\$4,237,264	\$4,846,860
2016 % of Current Budget*	101.3%	89.2%
2017 v. 2016 \$ Variance	\$71,374	\$713,050
2017 v. 2016 % Variance	1.7%	14.7%

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

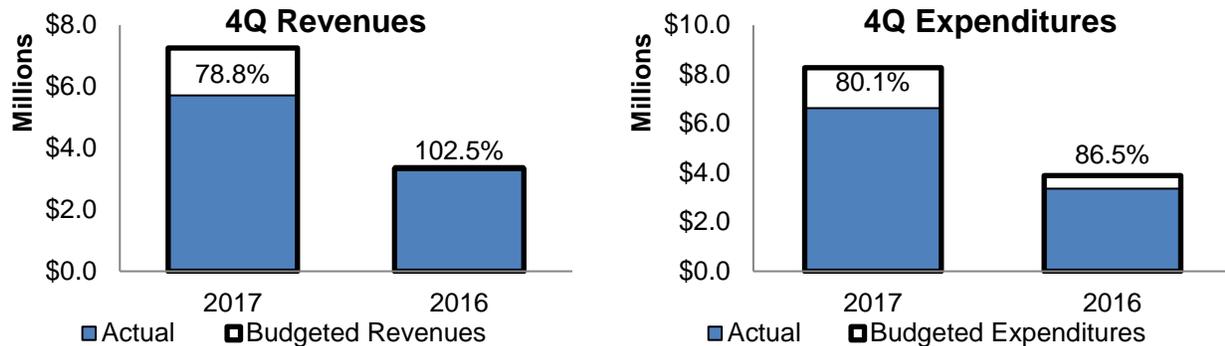
The Surface Water Utility Fund (SWM) includes on-going operational programs and capital projects with both being reflected in the total expenditures and revenues for the fund.

Receipts through December, in the amount of \$4,308,638, are \$71,374 or 1.7%, more than the year-ago level. SWM ongoing revenues include storm drainage fees and investment interest earnings. Storm Drainage Fees totaled \$4,183,085 and are \$202,576, or 5.1%, more than the year-ago level. Total receipts were 3.0% higher than revised year-end projections presented in the 2018-2023 Capital Improvement Plan (CIP).

Total expenditures, including transfers out, through December totaled \$5,559,910 and are \$713,050, or 14.7%, more than the year-ago level. Expenditure differences between the current year and previous year are impacted by the timing of construction schedules. Additionally, capital projects are \$575,623, or 35.5%, more than the year-ago level. Expenditure differences between the current year and previous year are impacted by the timing of construction schedules, which are addressed through the 2018-2023 CIP and re-appropriations requests. SWM Operations expenditures in 2017 total \$2,719,444, which was \$189,405, or 7.5% more than year-ago levels.

## OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

### GENERAL CAPITAL FUND



	Revenue	Expenditure
2017 Budgeted Use of Fund Balance	\$2,532,527	N/A
2017 Budget	\$7,256,385	\$8,272,419
2017 Fourth Quarter Actual	\$5,718,816	\$6,626,993
2017 % of Current Budget*	78.8%	80.1%
2016 Current Budget	\$3,334,865	\$3,889,399
2016 Fourth Quarter Actual	\$3,418,999	\$3,365,020
2016 % of Current Budget*	102.5%	86.5%
2017 v. 2016 \$ Variance	\$2,299,817	\$3,261,973
2017 v. 2016 % Variance	67.3%	96.9%

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

Receipts through December, in the amount of \$5,718,816, are \$2,299,817, or 67.3%, more than the year-ago level. This year-over-year change is mainly attributable to a budgeted transfer to the General Capital Fund from the General Fund for capital projects (e.g. Police Station at City Hall). Total receipts were 21.2% less than revised year end projections presented in the 2018-2023 Capital Improvement Plan (CIP).

Expenditures, including transfers out, through December, totaled \$6,626,993, and are \$3,261,973, or 96.9%, more than the same period in 2016. Total expenditures were 19.9% less than the revised projections presented in the 2018-2023 CIP.

Expenditures and revenues are impacted by the timing of construction schedules, which are addressed through the 2018-2023 CIP and re-appropriations requests.

## OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

### ROADS CAPITAL FUND



	Revenue	Expenditures
2017 Budgeted Use of Fund Balance	\$2,606,630	N/A
2017 Budget	\$11,696,387	\$12,812,122
2017 Fourth Quarter Actual	\$5,900,083	\$5,314,099
2017 % of Current Budget*	50.4%	41.5%
2016 Current Budget	\$6,822,545	\$4,893,774
2016 Fourth Quarter Actual	\$6,753,746	\$3,720,119
2016 % of Current Budget*	99.0%	76.0%
2017 v. 2016 \$ Variance	-\$853,663	\$1,593,980
2017 v. 2016 % Variance	-12.6%	42.8%

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

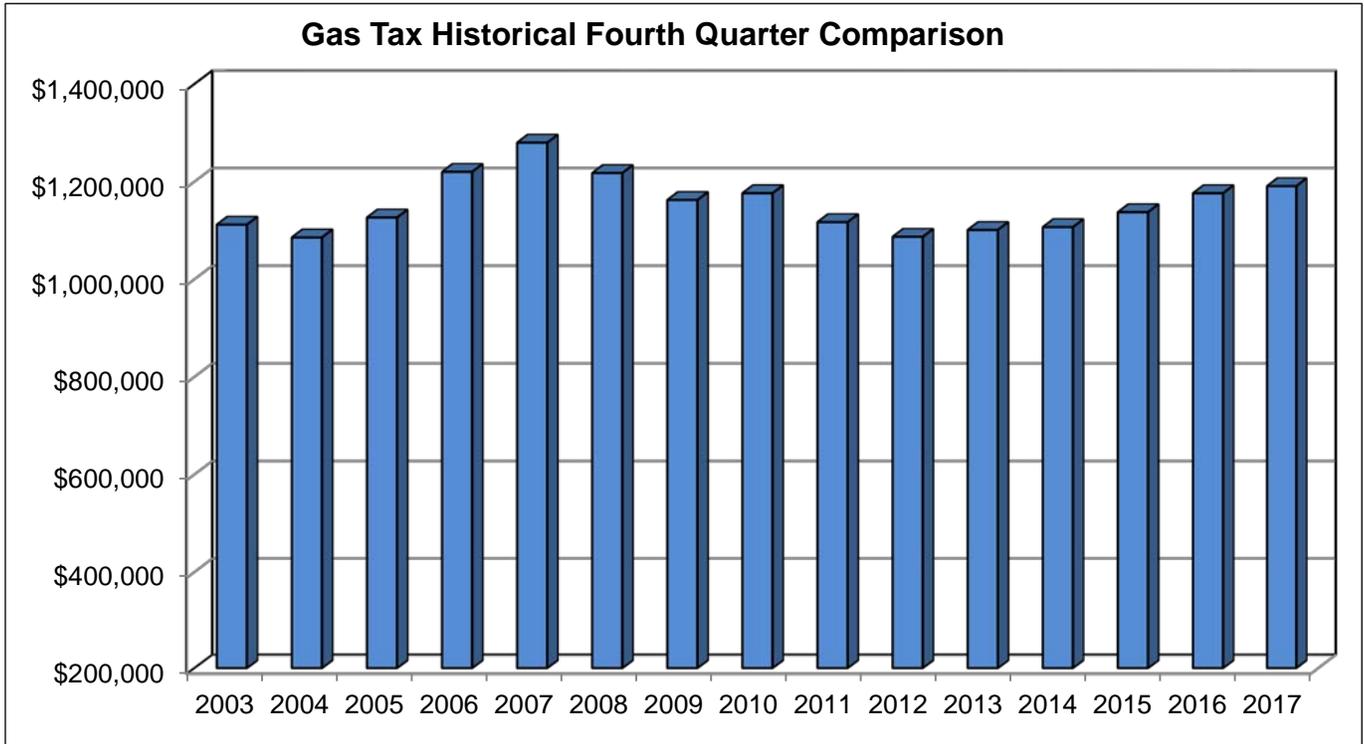
Receipts through December, in the amount of \$5,900,083, are \$853,663, or 12.6%, less than the year-ago level. Total receipts are 49.6% less than revised projections presented in the 2018-2023 Capital Improvement Plan (CIP).

Expenditures through December, in the amount of \$5,314,099, are \$1,593,980, or 42.8%, more than the year-ago level. Total expenditures are 58.5% less than revised projections presented in the 2018-2023 CIP.

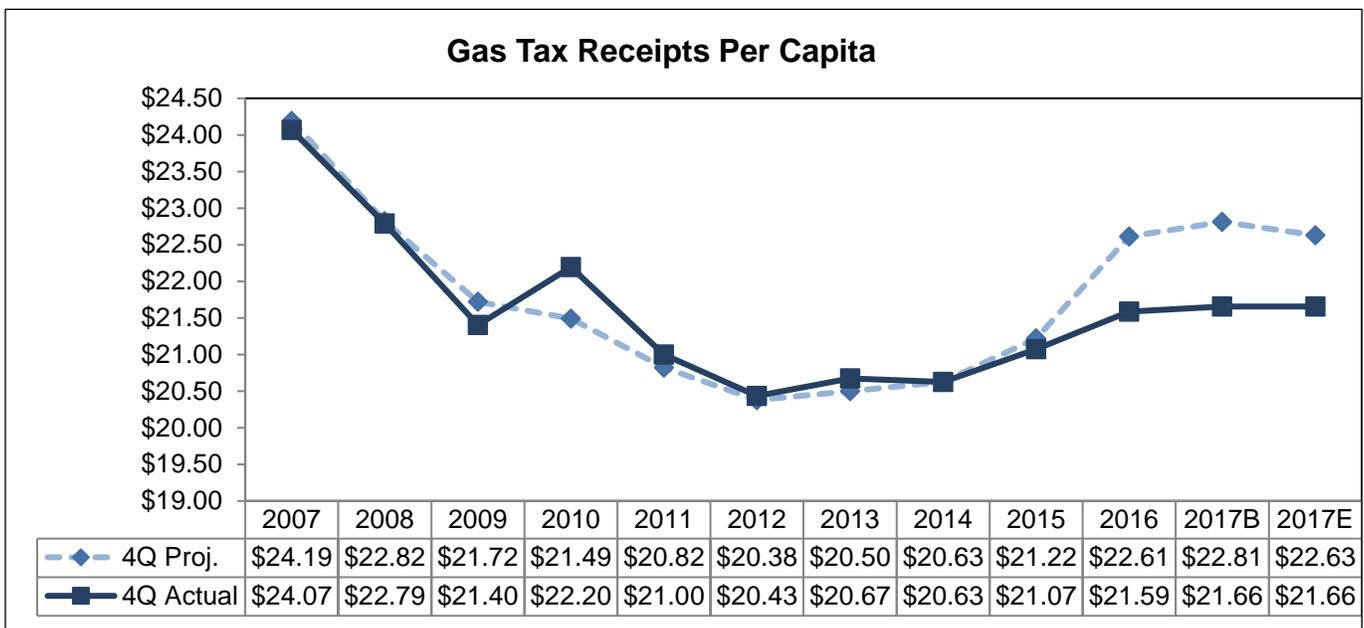
As with the other capital funds, expenditures and revenues are impacted by the timing of construction schedules, which are addressed through the 2018-2023 CIP and re-appropriations requests. Several projects, such as the 145th interchange and 145th Corridor, spent significantly less than was projected during the capital budget process. The funds are being carried over to keep the projects whole and the 2019-2024 CIP will better reflect the distribution of expenditures.

# OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

## STREET FUND FUEL TAX

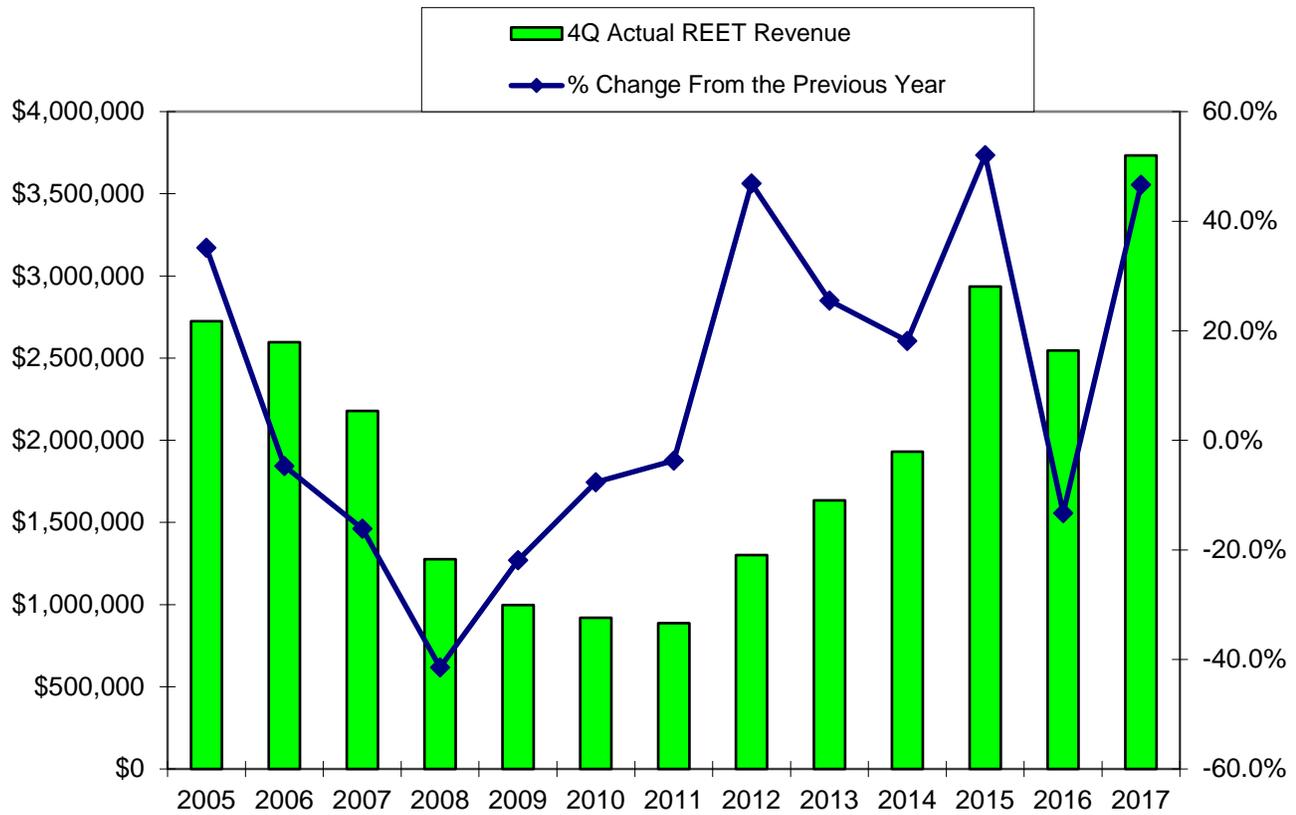


The Motor Vehicle Fuel Excise Tax, commonly referred to as Gas Tax, is levied by the State on a per gallon basis, distributed monthly on a per capita basis to the City of Shoreline, and placed in the Street Fund. As noted on the prior page, Fuel Tax revenue receipts through December totaled \$1,190,925 and are \$14,436, or 1.2%, more than the year-ago level.



# OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

## REAL ESTATE EXCISE TAX (REET)



Real Estate Excise Tax (REET) revenue receipts through December totaled \$3,733,225 and are \$1,187,735, or 46.7%, more than receipts for the same period in 2016. The increase is largely attributable to an increase number of transactions of properties over \$1 million.

REET collections collected 56.1% over the adopted budgeted amount for 2017 (split between the General Capital Fund and Roads Capital Fund).

## INVESTMENT REPORT December 31, 2017

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

Our yield objectives are very important and, pursuant to policy, the basis used by the City to determine whether the market yields are being achieved is through the use of a comparable benchmark. Our benchmark has been identified as the current yield to maturity of the Washington State Local Government Investment Pool, which had been the City's primary mode of investment prior to adopting our Investment Policy. As of December 31, 2017, the City's investment portfolio, excluding the State Investment Pool had a current weighted average rate of return of 1.4916%. This is slightly better than the State Investment Pool's current rate of return of 1.2740%.

Total annual investment interest earnings through December 31, 2017 were \$322,506 which is 146% of total budgeted 2017 investment earnings of \$221,213. There are two reasons for the improved investment earnings: (1) the interest rate was going up slowly, the interest rate for the State Investment Pool was 1.274% on December 31, 2017 and it was 0.5067% on December 2016; and (2) the City has replaced its \$17.1M deposits in OpusBank with higher yield U.S. government instrumentality securities.

As of December 31, 2017, the City's investment portfolio had a fair value of nearly \$35.43 million. Approximately 71% of the investment portfolio was held in U.S. government instrumentality securities, and 29% was held in the Washington State Investment Pool. The City's investment portfolio valued at cost as of December 31, 2017 was slightly over \$35.52 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 to allow for immediate cash liquidation if needed.

# INVESTMENT REPORT (continued):

## LGIP Cash and Investment Balances December 31, 2017

Instrument Type	CUSPID #	Broker	Settlement Date	Maturity Date	Par Value	Investment Cost	Yield To Maturity	Unrecognized Gain/(Loss)	Market Value 12/31/2017
FHLMC 1.25	313379DT3	PiperJaffray	06/21/17	06/08/18	5,205,000	5,204,480	1.2600%	-6,959	5,197,520
FHLMC 1.2	3134G3ZK9	Financial Northwestern	07/10/17	07/30/18	2,000,000	1,998,500	1.2716%	-4,196	1,994,304
FICO STRIP PRIN SER D-P	31771KAH0	Time Value Investment	09/29/15	08/03/18	1,500,000	1,456,388	1.0400%	28,104	1,484,492
FFCB 1.09	3133EFFL6	Time Value Investment	09/29/15	09/28/18	500,000	500,000	1.0900%	-2,584	497,416
FFCB 1.375	3133EFSW8	Alamo Capital	12/21/15	12/21/18	1,000,000	999,000	1.3750%	-4,308	994,692
FHLB 1.18	3134G8L80	PiperJaffray	11/10/17	02/19/19	2,000,000	1,988,820	1.6243%	-4,524	1,984,296
FNMA 1.250	3136G3EA9	Financial Northwestern	03/29/16	03/29/19	1,000,000	999,500	1.2500%	-7,773	991,727
FFCB 1.18	3133EGPD1	PiperJaffray	11/08/17	08/01/19	2,000,000	1,983,300	1.6712%	-8,392	1,974,908
FHLB 1.55	3130ACJ88	First Empire	11/02/17	09/27/19	2,000,000	1,996,626	1.6400%	-9,732	1,986,894
FNMA 1.250	3136G4AP8	PiperJaffray	12/31/16	09/30/19	2,000,000	2,000,000	1.2500%	-30,222	1,969,778
FHLMC 1.0	3134GBEB4	First Empire	03/31/17	03/27/20	1,000,000	999,700	1.7000%	-7,153	992,547
FHLMC 1.75	3134GBYR7	Multi-Bank Security	07/27/17	07/27/20	1,000,000	1,000,350	1.7145%	-8,828	991,522
FNMA 1.875	3136G4QF3	Time Value Investment	10/30/17	10/30/20	2,000,000	1,999,680	1.8805%	-16,760	1,982,920
FHLB 2	3030ACU36	Time Value Investment	12/11/17	12/11/20	1,000,000	997,684	2.0800%	-2,723	994,961
FHLB 2.125	3130ACZD9	Financial Northwestern	12/29/17	12/29/20	1,000,000	1,000,000	2.1250%	-1,695	998,305
				Sub Total	25,205,000	25,124,027		-87,745	25,036,282
State Investment Pool						10,393,303	1.2740%		10,393,303
<b>Total LGIP + Investments</b>						<b>\$35,517,330</b>		<b>-\$87,745</b>	<b>\$35,429,585</b>

Current Average Maturity Excluding the State Investment Pool (days) 517  
 Current Weighted Average Yield to Maturity Excluding the State Pool 1.4916%  
 Current Yield to Maturity State Investment Pool 1.2740%  
 Basis Points in Excess (Below) Benchmark 22

### Portfolio Diversification

Instrument Type	Percentage	Amount at Cost	Amount at Market Value	Broker	Percentage	Amount at Cost	Amount at Market Value
FFCB	9.8%	\$3,482,300	\$3,467,016	Alamo Capital	2.8%	\$999,000	\$994,692
FHLB	16.8%	5,983,130	5,964,456	Financial Northwestern	11.3%	3,998,000	3,984,336
FHLMC	25.9%	9,203,030	9,175,893	First Empire	8.4%	2,996,326	2,979,441
FNMA	14.0%	4,999,180	4,944,425	Time Value Investment	13.9%	4,953,752	4,959,789
FICO STRIP PRIN SER D-P	4.2%	1,456,388	1,484,492	PiperJaffray	31.5%	11,176,600	11,126,502
				Multi-Bank Security	2.8%	1,000,350	991,522
State Investment Pool	29.3%	10,393,303	10,393,303	State Investment Pool	29.3%	10,393,303	10,393,303
<b>Total LGIP + Investments</b>	<b>100%</b>	<b>\$35,517,330</b>	<b>\$35,429,585</b>	<b>Total LGIP + Investments</b>	<b>100%</b>	<b>\$35,517,330</b>	<b>\$35,429,585</b>

### Investments by Fund

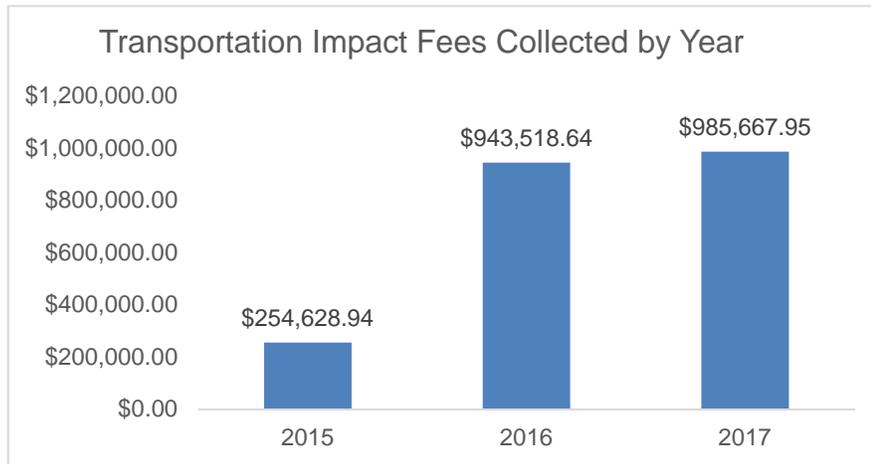
Fund	Investments at Cost as of 12/31/2017	LGIP State Investment Pool as of 12/31/2017	Total LGIP + Investments at Cost by Fund as of 12/31/2017	Unrecognized Gain/(Loss) as of 12/31/2017	Total Market Value of Investments by Fund as of 12/31/2017	2017 Budgeted Investment Earnings	2017 Actual Investment Earnings	Over/(Under) Budget
001 General	\$10,433,683	\$3,803,787	\$14,237,469	-\$36,439	\$14,201,030	\$69,000	\$166,443	\$97,443
101 Street	702,527	256,119	958,646	-2,454	956,193	2,500	8,793	6,293
107 Code Abatement	244,303	89,065	333,368	-853	332,515	550	4,344	3,794
108 Asset Seizure	0	0	0	0	0	0	1,518	1,518
109 Public Arts	207,111	75,506	282,616	-723	281,893	0	2,495	2,495
112 Federal Drug Enforcement	48,907	17,830	66,737	-171	66,566	200	2,317	2,117
116 Federal Criminal Forfeiture	0	0	0	0	0	1,500	5,297	3,797
117 Transportation Impact Mitigation	1,216,597	443,533	1,660,130	-4,249	1,655,881	0	17,419	17,419
190 Revenue Stabilization	3,641,241	1,327,480	4,968,721	-12,717	4,956,004	0	0	0
301 General Capital	869,684	1,550,946	2,420,630	-3,037	2,417,593	35,987	19,065	-16,922
312 City Facility-Major Maintenance	74,109	27,018	101,126	-259	100,867	12	856	844
330 Roads Capital	3,591,240	1,309,251	4,900,491	-12,542	4,887,949	61,690	43,131	-18,559
331 Transportation Benefit District	516,399	188,263	704,662	-1,804	702,858	0	5,515	5,515
401 Surface Water Utility	1,429,420	521,121	1,950,541	-4,992	1,945,548	41,774	21,367	-20,407
405 Wastewater Utility	246,038	89,698	335,735	-859	334,876	0	463	463
501 Vehicle Operations and Maintenance	223,066	81,323	304,389	-779	303,610	0	3,488	3,488
503 Equipment Replacement	1,628,811	593,812	2,222,623	-5,689	2,216,934	8,000	19,366	11,366
505 Unemployment	50,892	18,554	69,445	-178	69,268	0	629	629
<b>Total Investments</b>	<b>\$25,124,027</b>	<b>\$10,393,303</b>	<b>\$35,517,330</b>	<b>-\$87,745</b>	<b>\$35,429,585</b>	<b>\$221,213</b>	<b>\$322,506</b>	<b>\$101,293</b>

# TRANSPORTATION IMPACT FEES (TIF) 2017 ANNUAL FINANCIAL REPORT

Chapter 3.80 of the City of Shoreline’s municipal code establishes impact fees for transportation. The following annual report provides information and data on the amount of Transportation Impact fees collected, earned or received and the transportation improvements that were financed in whole or in part by these impact fees, as required by article 3.80.100.

## 1. Transportation Impact Fees Collected

In 2017, the City collected \$985,667.95 in Transportation Impact Fees. The table below depicts TIF revenue collections from 2015-2017.



## 2. Transportation Impact Fees Utilized

As of January 1, 2018 no Transportation Impact Fees have been utilized to finance any transportation improvements. The table below provides information on projects that are expected to be financed in whole or in part by Transportation Impact Fees in 2018.

Projects to be financed by TIF based on 2018-2023 CIP:

Growth Project	Estimated TIF Funding
N 175 <sup>th</sup> (Stone Way to I-5)	\$533,500

Additional TIF revenue will be used for Right of Way and Construction phases of the N 175<sup>th</sup> project. The 2019-2024 TIP and CIP will further program this revenue source.

## TRANSPORTATION IMPACT FEES (TIF) 2017 ANNUAL FINANCIAL REPORT

### 3. Transportation Impact Fee Exemptions

The following table provides information on projects that have been exempted of all transportation impact fees.

Transportation Impact Fee Exemptions				
Permit #	Name	Year	Amount	Category
125831	Walgreens	2016	\$2,938.17	Pharmacy/drugstores
124972	Starbuck's Parcel 6	2016	\$129,083.64	Coffee/donut shop
125727	Dr. Spain	2016	\$19,417.92	Medical/dental office (medical office)
123511	Hopelink	2016	\$25,638.82	Community Based Human Services Agency
126458	City Hall Police Station	2017	\$65,725.00	General Office
SFR 17-0442	Michele Tucker Salon	2017	\$1,292.72	General Retail and Personal Services (includes shopping center)
COM17-0273	Hamlin Park Building Mod	2017	\$21,820.70	General Office
COM17-0587	One Cup Coffee Drive Through	2017	\$3,575.52	Coffee/donut shop
125711	Health Lab	2016	\$4,622.40	Light Industrial
COM17-0037	Ballinger Storage	2017	\$6,827.22	General Office
COM17-1604	Wilson Vet	2017	\$38,832.10	Medical Dental Office
COM17-1613	Dr Abano	2017	\$12,444.00	Medical Dental Office
		Total	\$332,218.21	

Per SMC 3.80.070 Exemptions, the amount of impact fees not collected from Community-Based Human Services Agencies and Business Exemptions shall be paid from public funds other than the impact fee account.

Summary of other public funds:

Growth Project	Source of other public funds	Amount
N175th (Stone Way to I-5)	STP- federal funds	\$3,546,500