



City of Shoreline

2018 FIRST QUARTER FINANCIAL REPORT

PERFORMANCE AT A GLANCE

GENERAL FUND REVENUES	Compared to 2018 Budget	Compared to 2017 Actual	Reference
Property Tax Revenue	● WARNING ●	▲ POSITIVE ▲	Page 4
Sales Tax Revenue	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 5, 6
Utility Tax Revenue	▼ NEGATIVE ▼	▼ NEGATIVE ▼	Page 8
Development Revenue	▲ POSITIVE ▲	▼ NEGATIVE ▼	Page 9
Parks and Recreation Revenue	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 10
Investment Income	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 11, 17, 18
NON-GENERAL FUND REVENUES			
Surface Water Fees	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 14
Fuel Tax	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 15
Real Estate Excise Tax	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 16

This report reflects revenue collections and expenditures through March 31, 2018. The above table reflects differences when compared to the current budget.

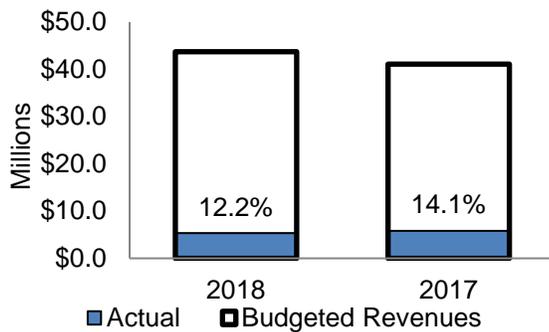
- General Fund receipts are 7.8% less than the year-ago level. This report does not reflect first quarter 2018 transfers to the General Fund of \$1 million as they were completed in April. If those transfers were completed in the first quarter of 2018, General Fund receipts would be 9.9% more than the year-ago level. Expenditures are 2.5% less than the year-ago level. If transfers from the General Fund were completed in the first quarter of 2018, General Fund expenditures would be 1.2% less than the year-ago level. See pages 2-11 for details.
- Surface Water Utility (SWM) Fund receipts are 63.7% more than the year-ago level. SWM fund expenditures are 6.0% more than the year-ago level. See page 14 for details.
- Street Fund receipts and expenditures are more than the year-ago level. Fuel Tax revenue receipts for the first quarter of 2018, in the amount of \$285,837, are \$12,377, or 4.5%, more than the year-ago level. See page 15 for details.
- Real estate excise tax receipts are 26.3% more than the year-ago level. See page 16 for details.

Key to revenue trend indicators:

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

GENERAL FUND REVENUE ANALYSIS:

TOTAL GENERAL FUND REVENUE SUMMARY



2018 Current Budget	\$48,098,763
2018 Budgeted Revenue	\$43,750,293
2018 First Quarter Actual Revenue	\$5,334,392
2018 % of Budgeted Revenue Received	12.2%
2017 Budgeted Revenue	\$41,092,089
2017 First Quarter Actual Revenue	\$5,784,289
2017 % of Budgeted Revenue Received	14.1%
2018 v. 2017 \$ Change	-\$449,897
2018 v. 2017 % Change	-7.8%



The difference between 2018 Current Budget and 2018 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 the first quarter of 2018 reflects a year-over-year decrease of 7.8%. This report does not reflect first quarter 2018 transfers to the General Fund as they were completed in April. Other funds transferred \$1,024,902 to the General Fund. If those transfers were completed in the first quarter of 2018, General Fund receipts would be 9.9% more than the year-ago level. The following pages present a detailed analysis of various General Fund revenue sources. The following are highlights comparing 2018 to 2017 for the General Fund:

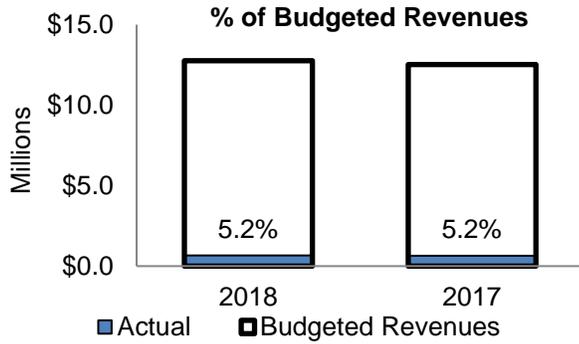
- Property tax receipts are 2.8% more than those for 2017.
- Sales tax receipts, which reflect activity from December 2017 through January 2018, are more than the budget's year-to-date projection by 6.3% and 2017 collections by 6.3%. Much of the year-over-year increase is from Construction Sector receipts, which are 17.3% more than the year-ago level.
- Intergovernmental Revenue was 6.3% over the first quarter 2017 level. The year-over-year change is largely due to the receipt of additional marijuana excise tax.
- Utility Tax and Franchise Fee receipts are less than the year-ago level and year-to-date budget projection by 5.3% and 5.9%, respectively, largely driven by decreases in cable TV and storm drainage tax.
- The year-over-year decrease of \$26,150 in Development Revenue is attributable to less local development activity in 2018 as compared to 2017, in terms of the number of building permits pulled for new construction and remodels as well as their valuation.

GENERAL FUND REVENUE DETAIL

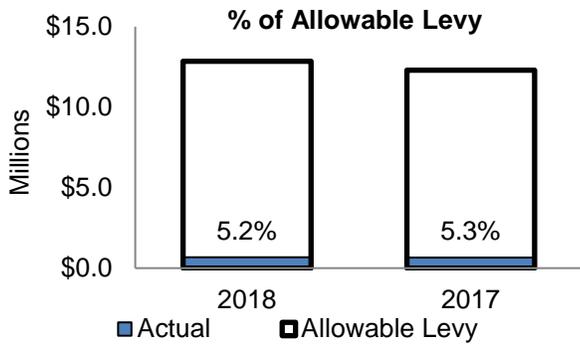
General Fund Resource	2018 Current Budget	2018 First Quarter Actual Revenue	2018 % of Current Budget Received	2017 Current Budget	2017 First Quarter Actual Revenue	2017 % of Current Budget Received	2018 v. 2017 \$ Change	2018 v. 2017 % Change
Budgeted Fund Balance	\$4,348,470	\$0	0.0%	\$6,111,273	\$0	0.0%	\$0	0.0%
Property Tax	\$12,759,858	\$668,493	5.2%	\$12,531,317	\$650,401	5.2%	\$18,093	2.8%
Sales Tax	\$8,428,191	\$1,559,247	18.5%	\$7,969,800	\$1,466,195	18.4%	\$93,051	6.3%
Local Criminal Justice	\$1,570,543	\$402,797	25.6%	\$1,476,779	\$375,367	25.4%	\$27,430	7.3%
Utility Tax and Franchise Fee Revenue								
<i>Natural Gas</i>	\$906,500	\$216,664	23.9%	\$906,500	\$267,158	29.5%	-\$50,494	-18.9%
<i>Garbage</i>	\$546,000	\$382	0.1%	\$559,360	\$322	0.1%	\$60	18.7%
<i>Cable TV</i>	\$2,018,900	\$147,418	7.3%	\$1,960,150	\$162,003	8.3%	-\$14,585	-9.0%
<i>Telecommunications</i>	\$1,269,000	\$112,141	8.8%	\$1,421,640	\$90,000	6.3%	\$22,142	24.6%
<i>Storm Drainage</i>	\$267,394	\$11,612	4.3%	\$272,449	\$15,393	5.6%	-\$3,781	-24.6%
<i>Water</i>	\$822,900	\$0	0.0%	\$800,510	\$0	0.0%	\$0	0.0%
<i>Sewer</i>	\$909,000	\$227,250	25.0%	\$884,800	\$220,750	24.9%	\$6,500	2.9%
Utility Tax & Franchise Fee Revenue Subtotal	\$6,739,694	\$715,467	10.6%	\$6,805,409	\$755,625	11.1%	-\$40,158	-5.3%
SCL Contract Payment	\$2,212,000	\$415,466	18.8%	\$1,921,700	\$234,496	12.2%	\$180,971	77.2%
Gambling Tax Revenue	\$1,587,425	\$23,151	1.5%	\$1,587,425	\$412	0.0%	\$22,739	5519.1%
Development Revenue	\$3,009,528	\$648,333	21.5%	\$1,673,778	\$674,483	40.3%	-\$26,150	-3.9%
Park and Recreation Revenue	\$1,742,787	\$349,557	20.1%	\$1,752,317	\$319,828	18.3%	\$29,729	9.3%
Intergovernmental Revenue	\$2,383,932	\$319,552	13.4%	\$2,149,707	\$300,652	14.0%	\$18,900	6.3%
Grant Revenue	\$182,680	\$7,673	4.2%	\$187,452	\$6,000	3.2%	\$1,673	27.9%
Fines and Licenses	\$601,275	\$57,847	9.6%	\$650,225	\$59,852	9.2%	-\$2,005	-3.3%
Miscellaneous Revenue	\$628,385	\$104,296	16.6%	\$784,493	\$152,298	19.4%	-\$48,002	-31.5%
Interest Income	\$70,600	\$62,513	88.5%	\$70,600	\$30,310	42.9%	\$32,204	106.2%
Operating Transfers In	\$1,833,395	\$0	0.0%	\$1,531,087	\$758,371	49.5%	-\$758,371	-100.0%
Total Resources	\$48,098,763	\$5,334,392	11.1%	\$47,203,362	\$5,784,289	12.3%	\$1,042,974	-7.8%
Total Budgeted Revenue (excl. Budgeted Fund Balance)	\$43,750,293	\$5,334,392	12.2%	\$41,092,089	\$5,784,289	14.1%	\$1,042,974	-7.8%

GENERAL FUND REVENUE ANALYSIS (continued):

PROPERTY TAX



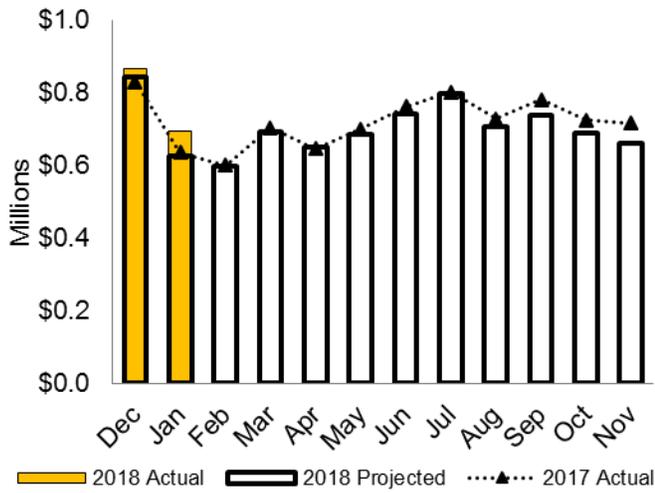
2018 Current Budget		\$12,759,858
2018 First Quarter Actual Revenue		\$668,493
2018 % of Current Budget Received		5.2%
2017 Current Budget		\$12,531,317
2017 First Quarter Actual Revenue		\$650,401
2017 % of Current Budget Received		5.2%
2018 v. 2017 \$ Change		\$18,093
2018 v. 2017 % Change	↑	2.8%



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 2018 and 2017 as a percentage of the budgeted projection are both at 5.2%. In terms of the allowable levy, which in many cases is different than the budgeted projection, receipts for 2018 and 2017 are 5.2% and 5.3%, respectively, which indicates that collections are on track with historical trends.

GENERAL FUND REVENUE ANALYSIS (continued):

SALES TAX



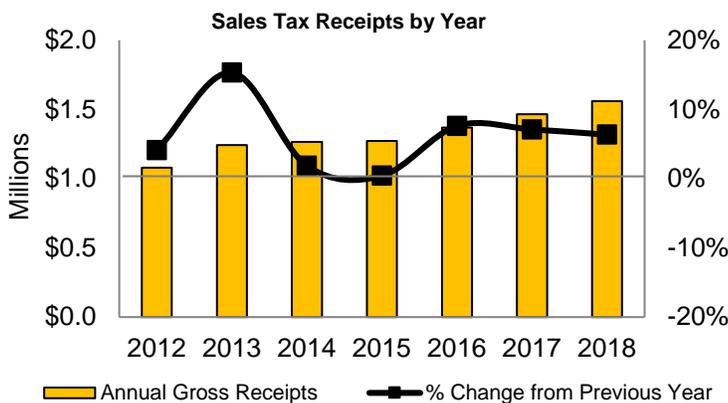
2018 Current Budget **\$8,428,191**

Sales tax revenue: December - January

Sales Activity	2017	2018
December	\$830,653	\$864,879
January	\$635,543	\$694,368
Year to date	\$1,466,195	\$1,559,247
\$ Change		\$93,051
% Change		↑ 6.3%

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 remains at 0.85%.

Sales Tax receipts, which reflect activity from December 2017 through January 2018, are more than the budget's year-to-date projection by \$92,618, or 6.3%, and 2017 collections by \$93,051, or 6.3%. The following chart and table reflects a comparison of sales tax receipts by year:



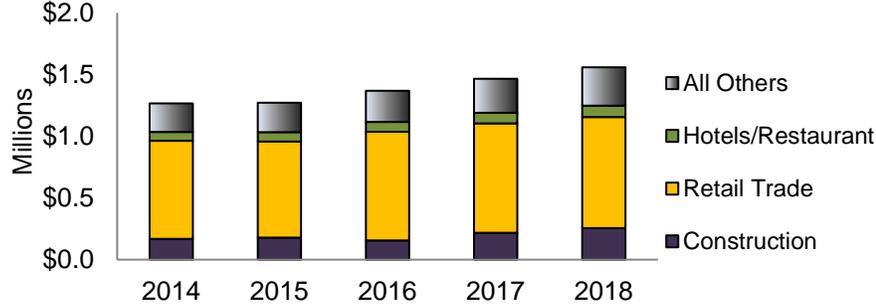
Year	First Quarter Revenue	% Change from Previous Year
2012	\$1,078,354	↑ 4.1%
2013	\$1,243,462	↑ 15.3%
2014	\$1,266,540	→ 1.9%
2015	\$1,271,934	→ 0.4%
2016	\$1,368,826	↑ 7.6%
2017	\$1,466,195	↑ 7.1%
2018	\$1,559,247	↑ 6.3%

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 17.3%.

GENERAL FUND REVENUE ANALYSIS (continued):

Annual Sales Tax Revenue Comparison by Sector



SALES TAX BY PRIMARY CATEGORY: December – January

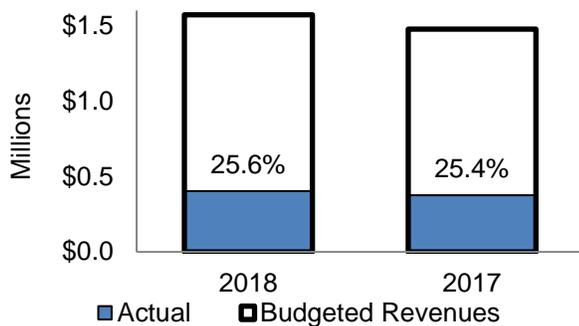
Sector	2014	2015	2016	2017	2018
Construction	\$168,515	\$178,605	\$155,806	\$217,747	\$255,462
\$ Change		\$10,090	-\$22,799	\$61,941	\$37,715
% Change		↑ 6.0%	↓ -12.8%	↑ 39.8%	↑ 17.3%
Retail Trade	\$795,090	\$778,740	\$880,780	\$886,768	\$900,355
\$ Change		-\$16,350	\$102,040	\$5,988	\$13,587
% Change		↓ -2.1%	↑ 13.1%	→ 0.7%	→ 1.5%
Hotels/Restaurant	\$71,571	\$76,081	\$79,897	\$85,966	\$92,386
\$ Change		\$4,510	\$3,817	\$6,069	\$6,420
% Change		↑ 6.3%	↑ 5.0%	↑ 7.6%	↑ 7.5%
All Others	\$231,365	\$238,508	\$252,342	\$275,714	\$311,045
\$ Change		\$7,143	\$13,834	\$23,372	\$35,331
% Change		↑ 3.1%	↑ 5.8%	↑ 9.3%	↑ 12.8%
Total Revenue	\$1,266,540	\$1,271,934	\$1,368,826	\$1,466,195	\$1,559,247
\$ Change		\$5,393	\$96,892	\$97,370	\$93,052
% Change		→ 0.4%	↑ 7.6%	↑ 7.1%	↑ 6.3%

SALES TAX BY RETAIL TRADE CATEGORY: December – January

Retail Trade	2015 Dec- Jan	2016 Dec- Jan	2016v.2015 \$ Change	2017 Dec- Jan	2017v.2016 \$ Change	2018 Dec- Jan	2018v.2017 \$ Change
Motor Veh. & Parts Dealer	\$219,244	\$244,946	\$25,702	\$255,192	\$10,247	\$241,909	-\$13,284
Furn. & Home Furnishings	10,470	10,270	-200	13,350	3,080	14,985	1,635
Electronics and Appliances	22,793	22,695	-98	17,990	-4,704	17,663	-327
Building Material & Garden	38,993	100,285	61,292	105,823	5,538	115,930	10,107
Food & Beverage Stores	47,334	76,111	28,778	48,397	-27,714	53,019	4,621
Health & Personal Care	35,632	40,513	4,881	43,470	2,958	45,644	2,174
Gasoline Stations	12,056	9,972	-2,084	11,361	1,390	9,791	-1,570
Clothing & Accessories	12,295	14,468	2,173	16,432	1,964	17,744	1,312
Sporting Goods, Hobby	17,980	15,006	-2,974	16,950	1,944	16,729	-221
General Merch. Stores	278,704	252,185	-26,518	254,456	2,271	249,165	-5,291
Misc. Store Retailers	43,954	46,039	2,085	51,782	5,743	74,114	22,333
Nonstore Retailers	39,287	48,291	9,004	51,563	3,273	43,661	-7,903
Total Revenue	\$778,740	\$880,780	\$102,040	\$886,768	\$5,988	\$900,355	\$13,587

GENERAL FUND REVENUE ANALYSIS (continued):

LOCAL CRIMINAL JUSTICE SALES TAX

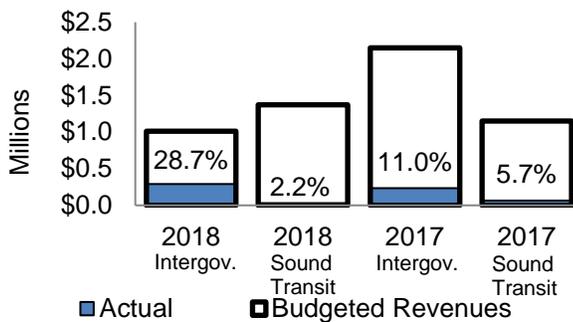


2018 Current Budget		\$1,570,543
2018 First Quarter Actual Revenue		\$402,797
2018 % of Current Budget Received		25.6%
2017 Current Budget		\$1,476,779
2017 First Quarter Actual Revenue		\$375,367
2017 % of Current Budget Received		25.4%
2018 v. 2017 \$ Change		\$27,430
2018 v. 2017 % Change	↑	7.3%

Local Criminal Justice Sales Tax receipts are 7.3% more than the year-ago level. Thus far this year 25.6% of the amount budgeted has been received as compared to 25.4% received during the same period last year. Receipts are 4.3% more than the year-to-date budget projection.

The result for Local Criminal Justice Sales Tax receipts is not commensurate with the result for Sales Tax receipts because the distribution of Local Criminal Justice Sales Tax is based on the city's population and the amount of sales tax collected throughout all of King County. The Puget Sound Economic Forecaster estimated that retail sales throughout King County would increase year-over-year by 4.0%. Sales tax collected throughout King County was actually 9.7% higher than the year-ago level.

INTERGOVERNMENTAL REVENUE

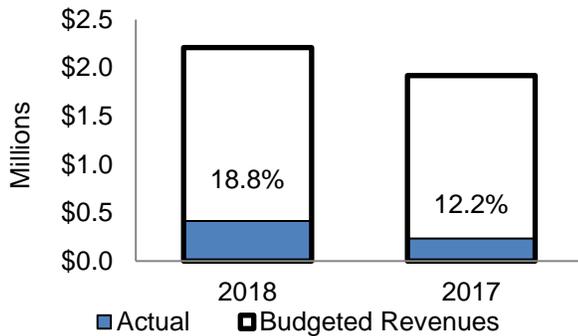


2018 Current Budget		\$2,383,932
2018 First Quarter Actual Revenue		\$319,552
2018 % of Current Budget Received		13.4%
2017 Current Budget		\$2,149,707
2017 First Quarter Actual Revenue		\$300,652
2017 % of Current Budget Received		14.0%
2018 v. 2017 \$ Change		\$18,900
2018 v. 2017 % Change	↑	6.3%

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 2018 as work on the project continues. Total receipts are 6.3% more than the year-ago level. Receipts from sources other than Sound Transit reimbursements total \$289,615 and are 23.0% more than the year-ago level due to the receipt of additional marijuana excise tax.

GENERAL FUND REVENUE ANALYSIS (continued):

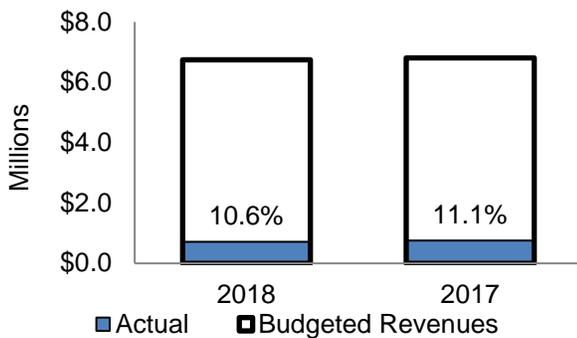
SEATTLE CITY LIGHT CONTRACT PAYMENT



2018 Current Budget		\$2,212,000
2018 First Quarter Actual Revenue		\$415,466
2018 % of Current Budget Received		18.8%
2017 Current Budget		\$1,921,700
2017 First Quarter Actual Revenue		\$234,496
2017 % of Current Budget Received		12.2%
2018 v. 2017 \$ Change		\$180,971
2018 v. 2017 % Change	↑	77.2%

The City's agreement with Seattle City Light imposes a six percent contract fee on total electrical revenues. Activity through the first quarter presented in this report typically only includes receipts for the month of January; however a payment for the month of February was received in March 2018. As a result, receipts are 77.2% more than the year-ago level.

UTILITY TAX AND FRANCHISE FEE

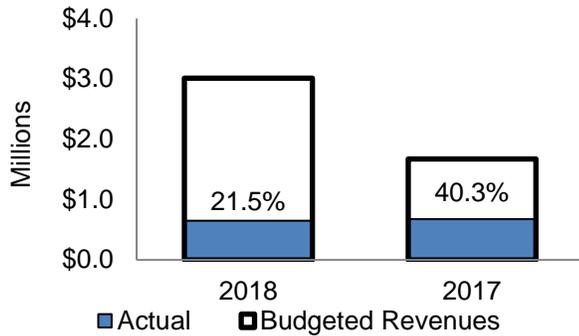


2018 Current Budget		\$6,739,694
2018 First Quarter Actual Revenue		\$715,467
2018 % of Current Budget Received		10.6%
2017 Current Budget		\$6,805,409
2017 First Quarter Actual Revenue		\$755,625
2017 % of Current Budget Received		11.1%
2018 v. 2017 \$ Change		-\$40,158
2018 v. 2017 % Change	↓	-5.3%

The City levies a utility tax of 6% on natural gas, garbage, cable, telecommunications, and storm drainage services along with a franchise fee of 6% on water and 5% on cable services. Overall Utility Tax and Franchise Fee receipts are less than the year-ago level and year-to-date budget projection by 5.3% and 5.9%, respectively.

GENERAL FUND REVENUE ANALYSIS (continued):

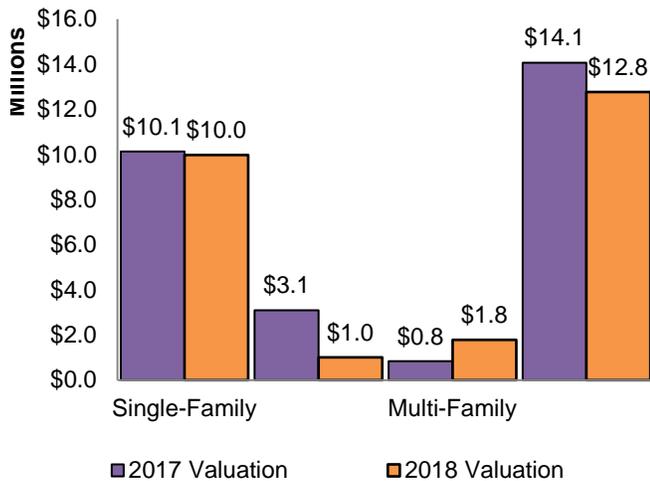
DEVELOPMENT REVENUE



2018 Current Budget **\$3,009,528**

2018 First Quarter Actual Revenue	\$648,333
2018 % of Current Budget Received	21.5%
2017 Current Budget	\$1,673,778
2017 First Quarter Actual Revenue	\$674,483
2017 % of Current Budget Received	40.3%
2018 v. 2017 \$ Change	-\$26,150
2018 v. 2017 % Change	-3.9%

Valuation of Building Permits

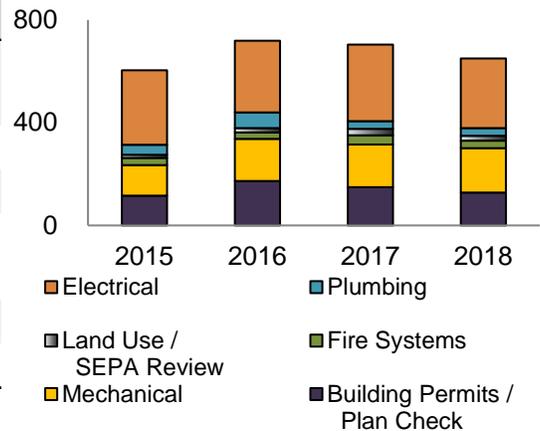


Development revenue receipts exhibit a year-over-year decrease of 3.9% and are more than the budget projection by 9.0%.

Local development activity in 2018, in terms of the number of building permits pulled for new construction and remodels as well as their valuation in 2018, is lower than the year-ago level. In 2018, two fewer permits have been issued for new single-family residences, with a value that is \$0.1 million less, as compared to the year-ago level. The same number of permits have been issued for commercial / multi-family construction (new and remodels), with a value that is \$1.1 million less than the year-ago level.

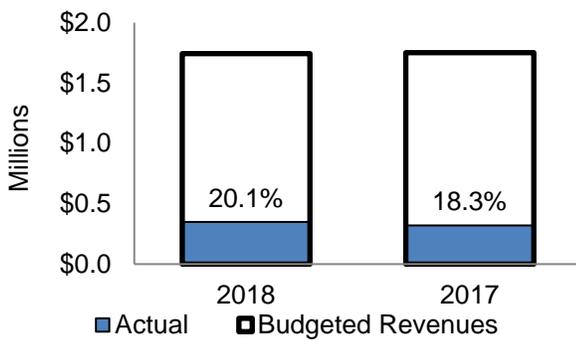
Valuation of 85 building permits for new construction and remodels totals \$12.8 million and is comprised of 78.1% residential and 21.9% commercial / multi-family valuation. In 2017 valuation of 87 permits totaled \$14.1 million and was comprised of 72.0% residential and 28.0% commercial / multi-family construction.

PERMIT TYPE	2015	2016	2017	2018	# Change	% Change
Building Permits / Plan Check	116	173	149	128	-45	-26.0%
Mechanical	119	164	166	173	9	5.5%
Fire Systems	28	25	36	29	4	16.0%
Land Use / SEPA Review	12	17	25	19	2	11.8%
Plumbing	39	61	30	30	-31	-50.8%
Electrical	290	279	298	271	-8	-2.9%
Total	604	719	704	650	-69	-9.6%



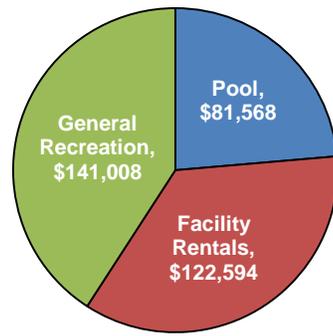
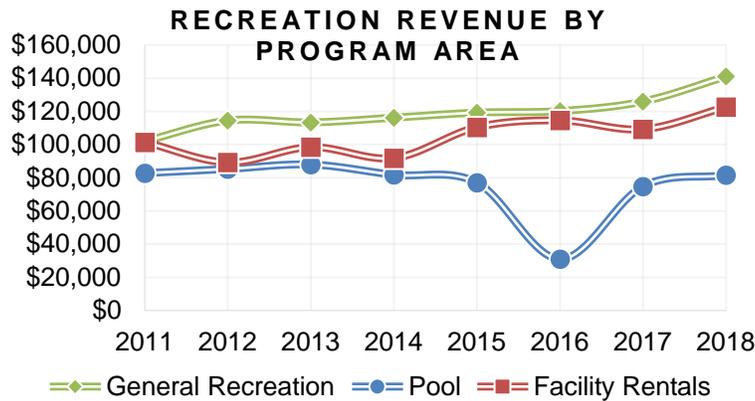
GENERAL FUND REVENUE ANALYSIS (continued):

PARKS AND RECREATION REVENUE



2018 Current Budget		\$1,742,787
2018 First Quarter Actual Revenue		\$349,557
2018 % of Current Budget Received		20.1%
2017 Current Budget		\$1,752,317
2017 First Quarter Actual Revenue		\$319,828
2017 % of Current Budget Received		18.3%
2018 v. 2017 \$ Change		\$29,729
2018 v. 2017 % Change	↑	9.3%

Parks and Recreation revenue receipts are 9.3% more than the year-ago level with receipts for General Recreation programs, the Shoreline Pool and facility rentals more than the year-ago level by 12.0%, 9.0%, and 12.3%, respectively.



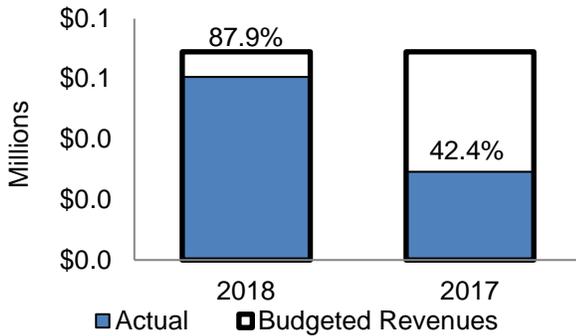
Recreation Revenue by Program Area*: January - March

Year	General Recreation*	Gen Rec % of Total	Pool	Pool % of Total	Facility Rentals	Fac Rent % of Total	Total Revenue
2011	\$101,983	35.6%	\$82,736	28.9%	\$101,440	35.4%	\$286,159
2012	\$114,438	39.6%	\$85,284	29.5%	\$89,214	30.9%	\$288,936
2013	\$113,337	37.8%	\$87,935	29.3%	\$98,424	32.8%	\$299,696
2014	\$116,172	40.1%	\$81,781	28.2%	\$91,861	31.7%	\$289,814
2015	\$119,207	38.9%	\$77,037	25.1%	\$110,404	36.0%	\$306,648
2016	\$120,168	45.2%	\$30,989	11.7%	\$114,510	43.1%	\$265,667
2017	\$125,932	40.6%	\$74,801	24.1%	\$109,215	35.2%	\$309,949
2018	\$141,008	40.9%	\$81,568	23.6%	\$122,594	35.5%	\$345,171

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

GENERAL FUND REVENUE ANALYSIS (continued):

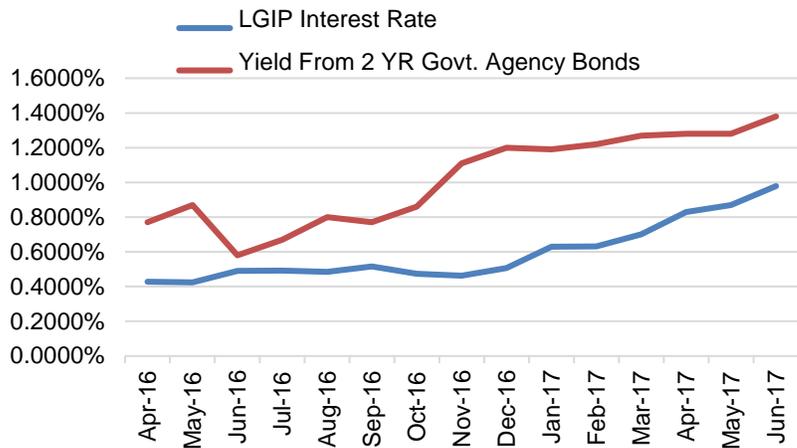
INVESTMENT INCOME



2018 Current Budget		\$69,000
2018 First Quarter Actual Revenue		\$60,648
2018 % of Current Budget Received		87.9%
2017 Current Budget		\$69,000
2017 First Quarter Actual Revenue		\$29,260
2017 % of Current Budget Received		42.4%
2018 v. 2017 \$ Change		\$31,389
2018 v. 2017 % Change	↑	107.3%

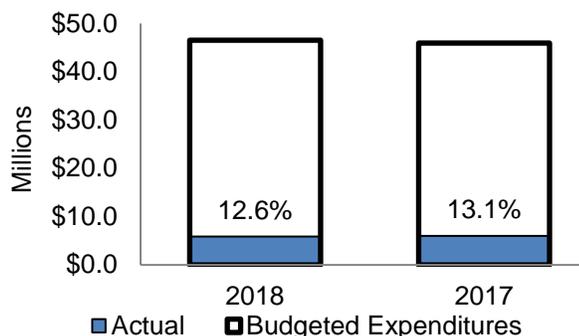
Investment earnings are more than the year-ago level by 107.3% as a result of rising interest rates. The City's investment policy adheres to strict standards prescribed by federal law, state statutes, local ordinances, and allows the City to develop an investment model to maximize its investment returns within the primary objectives of safety and liquidity.

Month	LGIP Interest Rate	Bond Investment Yield
Apr-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%
Jan-18	1.4268%	2.1400%
Feb-18	1.4729%	2.2500%
Mar-18	1.5790%	2.2700%
24 Mo. Ave.	0.8450%	1.3050%



EXPENDITURE ANALYSIS

GENERAL FUND EXPENDITURES



2018 Current Budget	\$46,500,862
2018 First Quarter Actual Expenditures	\$5,851,011
2018 % of Current Budget Expended	12.6%
2017 Current Budget	\$45,968,252
2017 First Quarter Actual Expenditures	\$6,002,240
2017 % of Current Budget Expended	13.1%
2018 v. 2017 \$ Change	-\$151,229
2018 v. 2017 % Change	-2.5%

Departments spent \$5.851 million, or 13.8%, of the Current Budget excluding transfers out. This level of expenditures is 0.2% less than the year-ago level. The first quarter of 2017 included one more pay period than the same quarter of 2018. Without that additional pay period in 2017 the first quarter of 2018 would be 9.1% more than the same period last year.

Additionally, this report does not reflect first quarter 2018 transfers from the General Fund as they were completed in April. The General Fund transferred \$80,629, or 1.9%, of its budgeted support to other funds. This level is 43.1% less than the year-ago level, largely due to project timing.

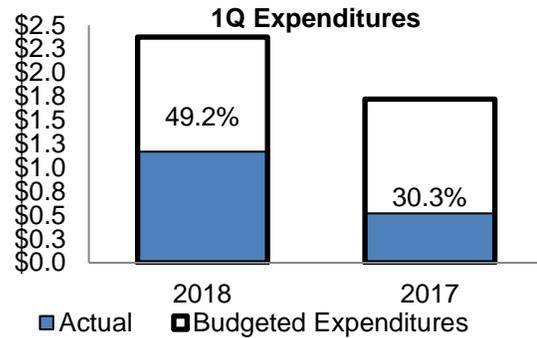
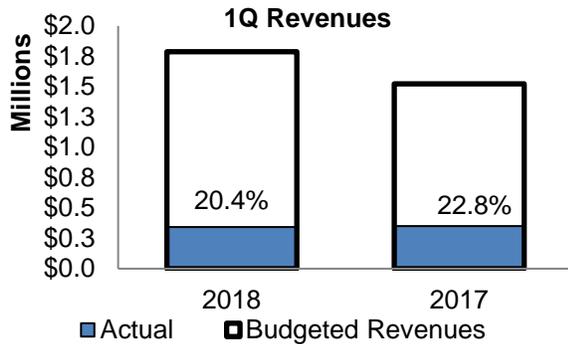
Total expenditures, including the abovementioned transfers out not reflected in the totals below, but not adjusted for the additional pay period, representing expenditure of 12.8% of the current budget, are 1.2% less than the year-ago level.

Department	2018 Current Budget	2018 First Quarter Actual Expenditures	2018 % of Current Budget Expended	2017 Current Budget	2017 First Quarter Actual Expenditures	2017 % of Current Budget Expended	2018 v. 2017 \$ Change	2018 v. 2017 % Change
City Council	\$248,652	\$52,789	21.2%	\$240,592	\$53,705	22.3%	-\$916	-1.7%
City Manager's Office ¹	\$3,972,745	\$639,805	16.1%	\$3,520,757	\$648,708	18.4%	-\$8,903	-1.4%
City Attorney	\$861,437	\$175,206	20.3%	\$743,790	\$197,622	26.6%	-\$22,416	-11.3%
Community Services ²	\$1,724,829	\$299,455	17.4%	\$1,637,107	\$303,238	18.5%	-\$3,783	-1.2%
Administrative Services ³	\$4,753,121	\$1,205,219	25.4%	\$5,442,910	\$1,035,271	19.0%	\$169,948	16.4%
Citywide	\$2,105,895	\$527,634	25.1%	\$2,192,678	\$579,855	26.4%	-\$52,221	-9.0%
Human Resources	\$499,237	\$118,192	23.7%	\$471,496	\$113,413	24.1%	\$4,779	4.2%
Police	\$11,944,794	\$11,086	0.1%	\$11,707,212	\$19,349	0.2%	-\$8,263	-42.7%
Criminal Justice	\$3,133,059	\$303,134	9.7%	\$3,068,384	\$249,479	8.1%	\$53,655	21.5%
Parks	\$6,369,040	\$1,124,311	17.7%	\$6,100,595	\$1,291,387	21.2%	-\$167,076	-12.9%
Planning & Community Development	\$3,545,999	\$716,639	20.2%	\$2,932,284	\$684,598	23.3%	\$32,041	4.7%
Public Works	\$3,155,603	\$677,541	21.5%	\$3,003,218	\$683,885	22.8%	-\$6,344	-0.9%
Departmental Expenditures	\$42,314,411	\$5,851,011	13.8%	\$41,061,023	\$5,860,510	14.3%	-\$9,499	-0.2%
Operating Transfers Out	\$4,186,451	\$0	0.0%	\$4,907,229	\$141,730	2.9%	-\$141,730	-100.0%
Total Expenditures	\$46,500,862	\$5,851,011	12.6%	\$45,968,252	\$6,002,240	13.1%	-\$151,229	-2.5%

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
2018 Budgeted Use of Fund Balance	\$588,738	N/A
2018 Budget	\$1,788,077	\$2,376,815
2018 First Quarter Actual	\$364,660	\$1,170,337
2018 % of Current Budget*	20.4%	49.2%
2017 Current Budget	\$1,521,225	\$1,721,485
2017 First Quarter Actual	\$347,474	\$521,939
2017 % of Current Budget*	22.8%	30.3%
2018 v. 2017 \$ Variance	\$17,186	\$648,398
2018 v. 2017 % Variance	4.9%	124.2%

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

Motor vehicle fuel tax revenue receipts for the first quarter of 2018 are \$285,837, 4.5%, more than the year-ago level. Total receipts for the first quarter of 2018 are \$364,660. Total receipts, excluding transfers in, are \$309,883, which is \$23,512 or 8.2% more than the year-ago level.

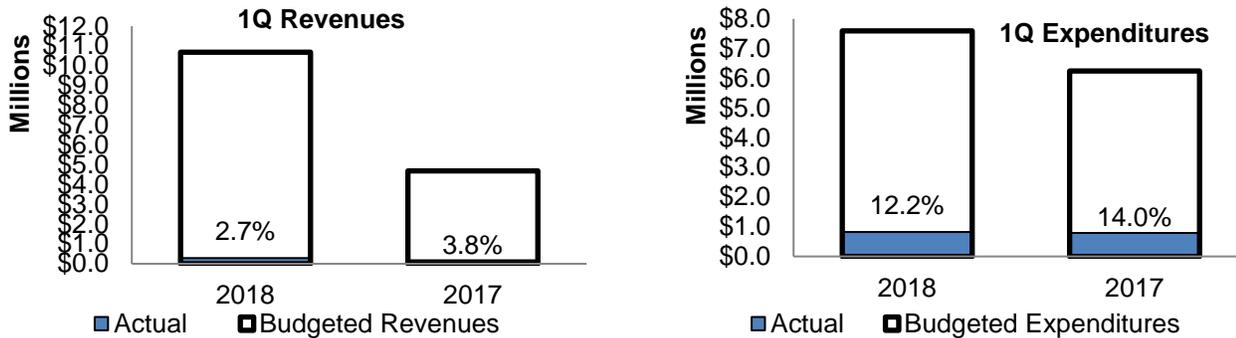
Expenditures, including transfers out, are \$1,170,337, or 124.2%, more than the year-ago level. The year-over-year change is attributed to a one-time transfer of \$630,645, which was planned for in the Adopted 2018 Budget, to transfer fund balance in excess of the Street Fund's minimum required balance of \$254,700 back to the General Fund. The City Manager intends to set these monies aside in reserve for future improvements to a maintenance facility.

Factoring out the one-time transfer, expenditures are \$539,692, or 3.4%, more than the year-ago level.

Please note: Transfers for overhead, vehicle replacement charges, vehicle repairs and maintenance, and one-time purposes were posted in 2Q 2018. Transfers are normally done in the first quarter of the year. To show a more accurate side-by-side comparison, the 2018 charges are reflected in 1Q 2018 for the purposes of this report.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

SURFACE WATER UTILITY FUND



	Revenue	Expenditure
2018 Budgeted Use of Fund Balance	\$267,059	N/A
2018 Budget	\$10,692,689	\$7,597,735
2018 First Quarter Actual	\$291,311	\$927,929
2018 % of Current Budget*	2.7%	12.2%
2017 Current Budget	\$4,697,023	\$6,241,652
2017 First Quarter Actual	\$177,931	\$875,002
2017 % of Current Budget*	3.8%	14.0%
2018 v. 2017 \$ Variance	\$113,380	\$52,927
2018 v. 2017 % Variance	63.7%	6.0%

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

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

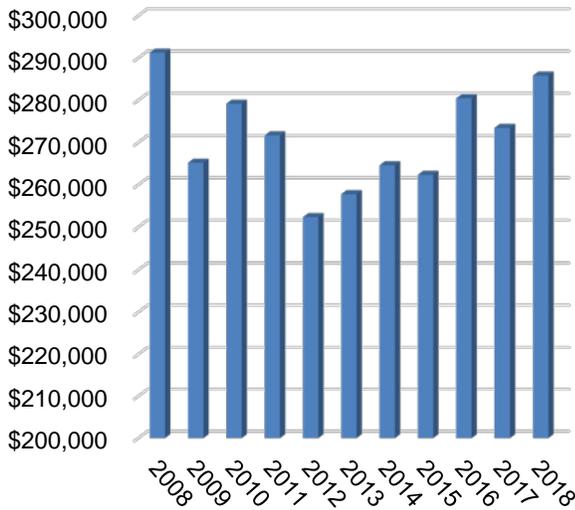
Revenue receipts for the first quarter of 2018, in the amount of \$291,311, are \$113,380, or 63.7%, higher than the year-ago level. The year-over-year change is mainly attributable to a one-time transfer from the Vehicle Operations Fund, included in the Adopted 2018 Budget. SWM ongoing revenues include storm drainage fees and investment interest earnings. Storm Drainage Fees totaled \$172,889, which are \$20,648 or 11.9%, higher than the year-ago level.

Expenditures, including transfers out, total \$927,929 and are 6.0% more than the year-ago level. Capital projects, excluding transfers out, are \$163,154, which is 21.9%, less than the year-ago level. Capital expenditures are impacted by the timing of construction schedules. The operating programs, excluding transfers out, are \$587,197, which is 16.2%, higher than the year-ago levels, which is mainly attributable to increases in salary and benefit charges.

Please note: Transfers for overhead, vehicle replacement charges, vehicle repairs and maintenance, and one-time purposes were posted in 2Q 2018. Transfers are normally done in the first quarter of the year. To show a more accurate side-by-side comparison, the 2018 charges are reflected in 1Q 2018 for the purposes of this report.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

STREET FUND FUEL TAX

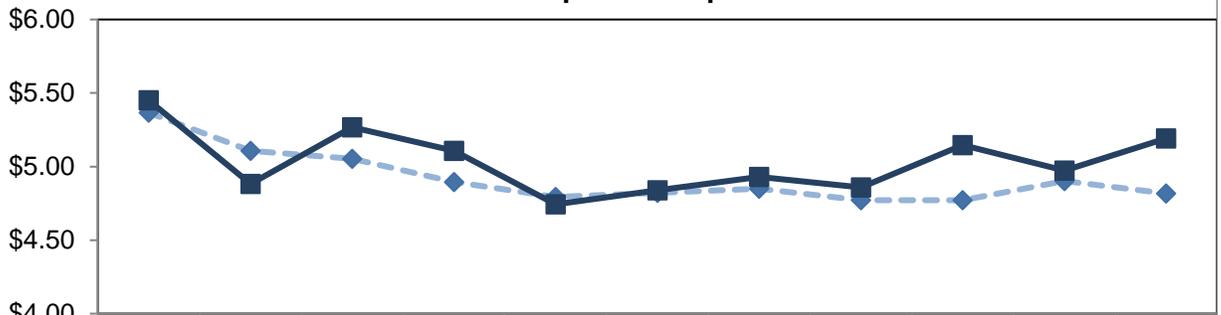


Fuel Tax: Historical First Quarter 2008-2018

2008	\$291,252
2009	\$265,191
2010	\$279,173
2011	\$271,682
2012	\$252,343
2013	\$257,765
2014	\$264,597
2015	\$262,339
2016	\$280,464
2017	\$273,460
2018	\$285,837

The Motor Vehicle Fuel Excise Tax, commonly referred to as Gas Tax, is levied by the State on a per gallon basis, distributed monthly on a per capita basis to the City of Shoreline, and placed in the Street Fund. Fuel Tax revenue receipts for the first quarter of 2018, in the amount of \$285,837, are \$12,377, or 4.5%, more than the year-ago level.

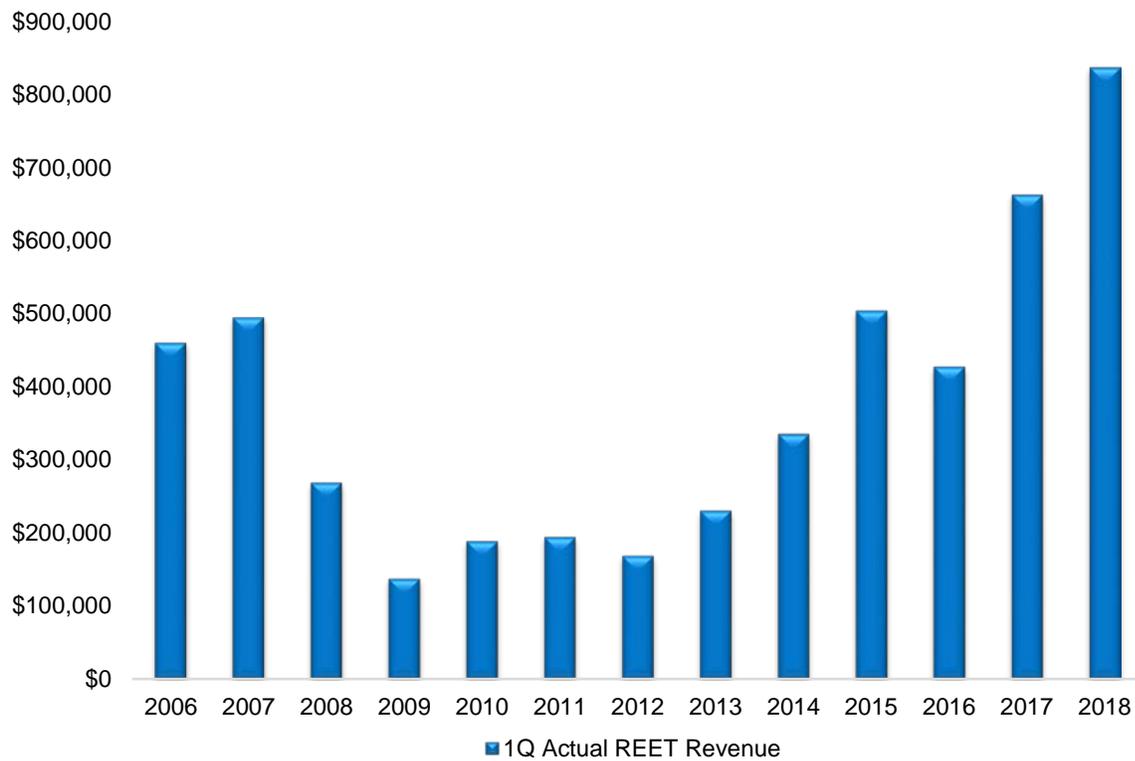
1Q Gas Tax Receipts Per Capita



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018B
—◆— 1Q Proj.	\$5.37	\$5.11	\$5.05	\$4.90	\$4.79	\$4.82	\$4.85	\$4.77	\$4.77	\$4.90	\$4.82
—■— 1Q Actual	\$5.45	\$4.88	\$5.27	\$5.11	\$4.74	\$4.84	\$4.93	\$4.86	\$5.15	\$4.97	\$5.19

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

REAL ESTATE EXCISE TAX (REET)



Real Estate Excise Tax (REET) revenue receipts for the first quarter of 2018, in the amount of \$837,530 are \$174,614, or 26.3%, more than receipts for the same period in 2017.

INVESTMENT REPORT - March 31, 2018

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

Our yield objectives are very important and, pursuant to policy, the basis used by the City to determine whether the market yields are being achieved is through the use of a comparable benchmark. Our benchmark has been identified as the current yield to maturity of the Washington State Local Government Investment Pool, which had been the City's primary mode of investment prior to adopting our Investment Policy. As of March 31, 2018, the City's investment portfolio, excluding the State Investment Pool had a current weighted average rate of return of 1.4916%. This is slightly less than the State Investment Pool's current rate of return of 1.5790%.

Total annual investment interest earnings through March 31, 2018 were \$110,296 which is 58% of \$190,050 (2018's total budgeted investment earnings). The better than expected investment earning is a reflection that the economy is doing well and it helped to push interest rates up steadily. For example, the interest rate for the State Investment Pool on January 1, 2018 was 1.2894% and on March 31, 2018 it was 1.5790%.

As of March 31, 2018, the City's investment portfolio had a fair value of nearly \$35.44 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 March 31, 2018 was slightly over \$35.57 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 March 31, 2018

Instrument Type	CUSPID #	Broker	Settlement Date	Maturity Date	Par Value	Investment Cost	Yield To Maturity	Unrecognized Gain/(Loss)	Market Value 3/31/2018
FHLMC 1.25	313379DT3	PiperJaffray	06/21/17	06/08/18	5,205,000	5,204,480	1.2600%	-4,612	5,199,868
FHLMC 1.2	3134G3ZK9	Financial Northwestern	07/10/17	07/30/18	2,000,000	1,998,500	1.2716%	-2,978	1,995,522
FICO STRIP PRIN SER D-P	31771KAH0	Time Value Investment	09/29/15	08/03/18	1,500,000	1,456,388	1.0400%	33,494	1,489,881
FFCB 1.09	3133EFFL6	Time Value Investment	09/29/15	09/28/18	500,000	500,000	1.0900%	-2,066	497,935
FFCB 1.375	3133EFSW8	Alamo Capital	12/21/15	12/21/18	1,000,000	999,000	1.3750%	-4,177	994,823
FHLB 1.18	3134G8L80	PiperJaffray	11/10/17	02/19/19	2,000,000	1,988,820	1.6243%	-6,068	1,982,752
FNMA 1.250	3136G3EA9	Financial Northwestern	03/29/16	03/29/19	1,000,000	999,500	1.2500%	-8,575	990,925
FFCB 1.18	3133EGPD1	PiperJaffray	11/08/17	08/01/19	2,000,000	1,983,300	1.6712%	-10,608	1,972,692
FHLB 1.55	3130ACJ88	1st Empire	11/02/17	09/27/19	2,000,000	1,996,626	1.6400%	-16,782	1,979,844
FNMA 1.250	3136G4AP8	PiperJaffray	12/31/16	09/30/19	2,000,000	2,000,000	1.2500%	-29,832	1,970,168
FHLMC 1.0	3134GBEB4	1st Empire	03/31/17	03/27/20	1,000,000	999,700	1.7000%	-11,545	988,155
FHLMC 1.75	3134GBYR7	Multi-Bank Security	07/27/17	07/27/20	1,000,000	1,000,350	1.7145%	-16,388	983,962
FNMA 1.875	3136G4QF3	Time Value Investment	10/30/17	10/30/20	2,000,000	1,999,680	1.8805%	-28,998	1,970,682
FHLB 2	3030ACU36	Time Value Investment	12/11/17	12/11/20	1,000,000	997,684	2.0800%	-10,908	986,776
FHLB 2.125	3130ACZD9	Financial Northwestern	12/29/17	12/29/20	1,000,000	1,000,000	2.1250%	-10,583	989,417
Sub Total					\$25,205,000	\$25,124,027	0	-\$130,626	\$24,993,401
State Investment Pool						\$41,088,687	0		\$40,803,597
Total LGIP + Investments						\$66,212,714	0	-\$130,626	\$65,796,999

Current Average Maturity Excluding the State Investment Pool (days) 427
 Current Weighted Average Yield to Maturity Excluding the State Pool 1.4916%
 Current Yield to Maturity State Investment Pool 18.3105%
 Basis Points in Excess (Below Benchmark) -1,682

Portfolio Diversification

Instrument Type	Percentage	Amount at Cost	Amount at Market Value	Broker	Percentage	Amount at Cost	Amount at Market Value
FFCB	5.3%	3,482,300	3,465,450	Alamo Capital	1.5%	999,000	994,823
FHLB	9.0%	5,983,130	5,938,789	Financial Northwestern	6.0%	3,998,000	3,975,864
FHLMC	13.9%	9,203,030	9,167,507	First Empire	4.5%	2,996,326	2,967,999
FNMA	7.5%	4,999,180	4,931,775	Time Value Investment	7.5%	4,953,752	4,945,274
FICO STRIP PRIN SER D-P	2.3%	1,456,388	1,489,881	PiperJaffray	16.9%	11,176,600	11,125,480
				Multi-Bank Security	1.5%	1,000,350	983,962
State Investment Pool	62.0%	41,088,687	40,803,597	State Investment Pool	62.1%	41,088,687	40,803,597
Total LGIP + Investments	100%	\$66,212,714	\$65,796,999	Total LGIP + Investments	100%	\$66,212,714	\$65,796,999

Investments by Fund

Fund	Investments at Cost as of 3/31/2018	LGIP State Investment Pool as of 3/31/2018	Total LGIP + Investments at Cost as of 3/31/2018	Unrecognized Gain/(Loss) as of 3/31/2018	Total Market Value of Investments by Fund as of 3/31/2018	2018 Budgeted Investment Earnings	2018 Actual Investment Earnings	Over/(Under) Budget
001 General	10,452,837	17,094,925	27,547,762	-54,347	27,493,415	69,000	60,648	-8,352
101 Street	747,088	1,221,814	1,968,902	-3,884	1,965,018	2,500	3,224	724
107 Code Abatement	251,762	411,740	663,502	-1,309	662,193	550	1,109	559
108 Asset Seizure	155,675.29	254,596.65	410,271.94	-809.39	409,463	0	238	238
109 Public Arts	210,807	344,761	555,568	-1,096	554,472	0	941	941
112 Federal Drug Enforcement	42,015	68,713	110,728	-218	110,510	200	219	19
117 Transportation Impact Mitigation	1,319,514	2,157,977	3,477,491	-6,860	3,470,630	1,500	5,467	3,967
190 Revenue Stabilization	3,602,264	5,891,264	9,493,528	-18,729	9,474,799	0	0	0
301 General Capital	1,078,198	1,763,321	2,841,519	-5,606	2,835,913	35,987	4,740	-31,247
312 City Facility-Major Maintenance	54,777	89,584	144,361	-285	144,076	883	333	-550
330 Roads Capital	3,771,627	6,168,246	9,939,873	-19,610	9,920,263	29,656	16,093	-13,563
331 Transportation Benefit District	588,434	962,345	1,550,780	-3,059	1,547,720	0	2,473	2,473
401 Surface Water Utility	987,005	1,614,182	2,601,187	-5,132	2,596,055	41,774	5,449	-36,325
405 Wastewater Utility	174,948	286,116	461,065	-910	460,155	0	1,069	1,069
501 Vehicle Operations and Maintenance	143,177	234,157	377,335	-744	376,590	0	888	888
503 Equipment Replacement	1,499,891	2,452,973	3,952,864	-7,798	3,945,065	8,000	7,177	-823
505 Unemployment	44,008	71,971	115,979	-229	115,750	0	228	228
Total Investments	\$25,124,027	\$41,088,687	\$66,212,714	-\$130,626	\$66,082,088	\$190,050	\$110,296	-\$79,754