

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: 2010 First Quarter Financial Report
DEPARTMENT: Finance
PRESENTED BY: Debbie Tarry, Finance Director

PROBLEM/ISSUE STATEMENT:

Attached is the 2010 first quarter financial report. This report summarizes the financial activities during the first quarter 2010 for all City funds with detailed information provided on the General Fund, Street Fund and Surface Water Utility Fund. It is provided to keep the Council informed of the financial issues and the financial position of the City.

FINANCIAL IMPACT:

The table on page 2 of the financial report provides a summary of the financial results for all City funds for the first quarter 2010.

RECOMMENDATION

No action is required by the Council. This item is provided for informational purposes.

Approved By: City Manager  City Attorney ____

ATTACHMENTS

Attachment A – 2010 First Quarter Financial Report

Revenues						Expenditures				
Revenue Source	2009 Budget	2009 Projected	2009 Actuals	\$ \$ Variance Actual v. Projected	% Variance Actuals v. Projected	2009 Budget	2009 Projected	2009 Actuals	\$ \$ Variance Actual v. Projected	% Variance Actuals v. Projected
General Fund	\$32,321,206	\$30,322,165	\$29,882,926	-\$439,239	-1.4%	\$32,321,202	\$30,881,527	\$29,745,948	-\$1,135,579	-3.7%
Street Code Abatement	\$2,594,553	\$2,540,452	\$2,519,918	-\$20,534	-0.8%	\$2,594,553	\$2,610,585	\$2,529,714	-\$80,871	-3.1%
State Drug Enforcement Fund	\$100,000	\$81,568	\$2,708	-\$78,860	-96.7%	\$100,000	\$27,000	\$13,160	-\$13,840	-51.3%
Public Arts	\$56,500	\$16,174	\$13,145	-\$3,029	-18.7%	\$56,500	\$51,500	\$51,198	-\$302	-0.6%
Federal Drug Enforcement Fund	\$114,500	\$114,500	\$168,964	\$54,464	47.6%	\$114,500	\$114,500	\$41,069	-\$73,431	-64.1%
Revenue Stabilization Fund	\$30,000	\$35,067	\$31,830	-\$3,237	-9.2%	\$30,000	\$30,000	\$3,896	-\$26,104	-87.0%
Unltd Tax GO Bond	\$594,959	\$0	\$0	\$0	0.0%	\$594,959	\$594,959	\$0	-\$594,959	-100.0%
Limited Tax GO Bond 2009	\$1,700,000	\$1,700,000	\$1,687,592	-\$12,408	-0.7%	\$1,676,850	\$1,676,850	\$1,676,154	-\$696	0.0%
Gen Cap	\$262,203	\$262,203	\$381,122	\$118,919	45.4%	\$264,048	\$262,203	\$381,122	\$118,919	45.4%
City Facility-Major Maint.	\$36,844,431	\$25,405,626	\$25,099,243	-\$306,383	-1.2%	\$36,844,433	\$33,221,305	\$30,930,491	-\$2,290,814	-6.9%
Roads Cap	\$59,985	\$9,331	\$5,423	-\$3,908	-41.9%	\$55,953	\$16,453	\$10,714	-\$5,739	-34.9%
Surface Water Utility	\$41,189,313	\$21,801,390	\$14,996,105	-\$6,805,285	-31.2%	\$41,189,313	\$23,661,653	\$16,066,073	-\$7,595,580	-32.1%
Vehicle Operations/ Maint	\$7,102,926	\$3,843,906	\$3,278,995	-\$564,911	-14.7%	\$7,102,927	\$6,444,960	\$4,139,685	-\$2,305,275	-35.8%
Equipment Replacement	\$175,359	\$145,186	\$175,530	\$30,344	20.9%	\$172,959	\$172,959	\$172,917	-\$42	0.0%
Unemploy. Fund	\$440,741	\$246,884	\$235,577	-\$11,307	-4.6%	\$365,204	\$117,336	\$43,562	-\$73,774	-62.9%
Totals	\$35,000	\$5,676	\$5,505	-\$171	-3.0%	\$35,000	\$20,000	\$29,789	\$9,789	48.9%
	\$123,621,676	\$86,530,128	\$78,484,583	-\$8,045,545	-9.30%	\$123,518,401	\$99,903,790	\$85,835,492	-\$14,068,298	-14.08%



2010 FIRST QUARTER FINANCIAL REPORT

May 2010

PERFORMANCE AT A GLANCE

	YEAR TO DATE TREND	COMPARED TO PROJECTIONS	REFERENCE
GENERAL FUND REVENUES			
Property Tax Revenue	◀NEUTRAL▶	-0.8%	Page 4
Sales Tax Revenue	▼NEGATIVE▼	-5.7%	Page 5, 6
Utility Tax Revenue	▼NEGATIVE▼	-5.3%	Page 9
Development Revenue	▼NEGATIVE▼	-26.2%	Page 10
Park and Recreation Revenue	◀WARNING▶	-1.5%	Page 11
Investment Income	▲POSITIVE▲	4.0%	Page 12
EXPENDITURES			
General Fund Expenditures		-0.7%	Page 13
NON-GENERAL FUND REVENUES			
Surface Water Fees	◀WARNING▶	-60.6%	Page 14
Fuel Tax	◀NEUTRAL▶	-0.4%	Page 15
Real Estate Excise Tax	▼NEGATIVE▼	-13.9%	Page 15

Key to revenue trend indicators:

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

CITY FINANCIAL OVERVIEW

EXECUTIVE SUMMARY

First Quarter General Fund revenues of \$3,786,114 were \$179,203 or 4.5% below first quarter projected revenue of \$3,965,317. Property tax, sales tax, local criminal justice sales tax, utility tax and franchise fee revenue, development revenue, and parks and recreation revenue finished first quarter below projected revenue. General Fund expenditures during the first quarter were \$29,837 or 0.7% below projected expenditures of \$4,273,951.

Street Fund revenues totaled \$627,590 and were \$5,235 or 0.8% below projected first quarter revenues. First quarter Street Fund expenditures totaled \$514,061 which was \$10,250 or 2% below projections.

The Surface Water Utility Fund (SWM) revenue collections during the first quarter equaled \$71,575 and were \$64,203 or 47.3% lower than projections. Expenditures were \$1,029,399 or \$57,046 or 13.9% less than projected.

Real estate excise collections totaled \$189,082 which is \$30,531 or 13.9% below projections.

Fuel tax collections totaled \$279,173 which was \$1,222 or 0.4% below projections.

Revenues

	2010 Budget	2010 1st Quarter Projected	2010 1st Quarter Actual	\$ Variance Actual v. Projected	% Variance Actual v. Projected
General Fund	\$30,864,064	\$3,965,317	\$3,786,114	-\$179,203	-4.5%
Street	\$2,515,181	\$632,825	\$627,590	-\$5,235	-0.8%
Code Abatement	\$100,000	\$500	\$119	-\$381	-76.2%
State Drug Enforcement Fund	\$16,500	\$125	\$10	-\$115	-92.0%
Public Arts	\$108,340	\$250	\$224	-\$26	-10.4%
Federal Drug Enforcement Fund	\$25,000	\$125	\$17	-\$108	-86.4%
Revenue Stabilization Fund	\$980,000	\$0	\$0	\$0	0.0%
Unltd Tax GO Bond	\$1,700,000	\$68,000	\$58,916	-\$9,084	-13.4%
Limited Tax GO Bond 2009	\$1,273,646	\$152,500	\$152,500	\$0	0.0%
General Capital Fund	\$8,644,081	\$179,568	\$147,643	-\$31,925	-17.8%
City Facility-Major Maint.	\$108,032	\$11,197	\$10,149	-\$1,048	-9.4%
Roads Capital Fund	\$42,683,901	\$412,446	\$392,452	-\$19,994	-4.8%
Surface Water Utility	\$5,902,528	\$135,778	\$71,575	-\$64,203	-47.3%
Vehicle Operations/Maint	\$167,967	\$143,270	\$143,514	\$244	0.2%
Equipment Replacement	\$346,677	\$67,053	\$56,355	-\$10,698	-16.0%
Unemployment Fund	\$30,000	\$10,250	\$10,043	-\$207	-2.0%
Totals	\$95,465,917	\$5,781,846	\$5,457,221	-\$324,625	-5.61%

Expenditures

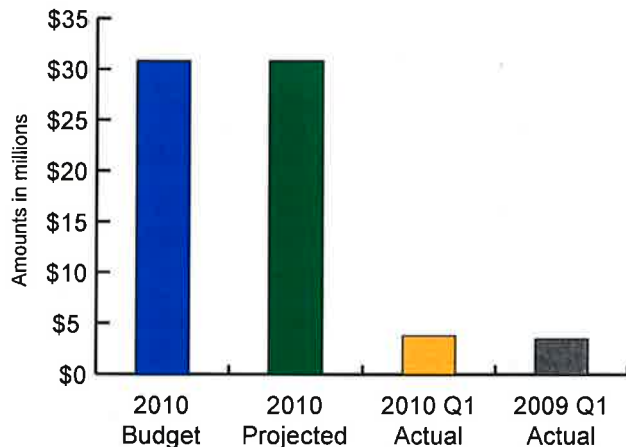
	2010 Budget	2010 1st Quarter Projected	2010 1st Quarter Actual	\$ Variance Actual v. Projected	% Variance Actual v. Projected
General Fund	\$31,449,463	\$4,273,951	\$4,244,101	-\$29,850	-0.7%
Street	\$2,515,181	\$524,311	\$531,440	-\$7,129	-1.36%
Code Abatement	\$100,000	\$5,000	\$158	-\$4,842	-96.8%
State Drug Enforcement Fund	\$16,500	\$4,125	\$7,419	\$3,294	79.9%
Public Arts	\$108,340	\$21,668	\$18,470	-\$3,198	-14.8%
Federal Drug Enforcement Fund	\$25,000	\$0	\$0	\$0	0.0%
Revenue Stabilization Fund	\$980,000	\$245,000	\$245,000	\$0	0.0%
Unltd Tax GO Bond	\$1,681,850	\$500	\$304	-\$196	-39.2%
Limited Tax GO Bond 2009	\$1,273,646	\$0	\$0	\$0	0.0%
General Capital Fund	\$8,644,081	\$3,025,428	\$3,438,686	\$413,258	13.7%
City Facility-Major Maint.	\$104,000	\$17,368	\$145	-\$17,223	-99.2%
Roads Capital Fund	\$42,544,984	\$1,500,000	\$938,308	-\$561,692	-37.4%
Surface Water Utility	\$5,902,528	\$560,482	\$521,430	-\$39,052	-7.0%
Vehicle Operations/Maint	\$163,467	\$24,520	\$21,465	-\$3,055	-12.5%
Equipment Replacement	\$245,124	\$24,512	\$2,872	-\$21,640	-88.3%
Unemployment Fund	\$30,000	\$0	\$0	\$0	0.0%
Totals	\$95,784,164	\$10,238,054	\$9,969,798	-\$268,243	-2.62%

GENERAL FUND REVENUE DETAIL

Revenue Source	2010 Budget	2010 Projected Revenue	2010 1st Quarter Projected	2010 1st Quarter Actual	\$ Variance Actual v. Projected	% Variance Actual v. Projected	2009 1st Quarter Actual
Budgeted Fund Balance	\$941,144	\$941,144	\$0	\$0	\$0	0.00%	\$0
Property Tax	\$7,462,945	\$7,462,945	\$298,518	\$274,065	(\$24,453)	-8.19%	\$299,369
Sales Tax	\$6,196,236	\$6,196,236	\$1,086,983	\$1,022,165	(\$64,819)	-5.96%	\$1,101,726
Local Criminal Justice	\$1,100,000	\$1,100,000	\$291,500	\$266,485	(\$25,015)	-8.58%	\$283,015
Utility Tax & Franchise Fee Revenue							
Natural gas	\$850,530	\$850,530	\$255,159	\$212,631	(\$42,528)	-16.67%	\$352,012
Garbage	\$475,000	\$475,000	\$950	\$1,500	\$550	57.89%	\$1,209
Cable TV	\$1,433,000	\$1,433,000	\$125,400	\$133,125	\$7,725	6.16%	\$128,477
Telecommunications	\$1,800,000	\$1,800,000	\$190,800	\$192,836	\$2,036	1.07%	\$191,297
Storm Drainage	\$191,000	\$191,000	\$7,640	\$7,030	(\$610)	-7.98%	\$12,179
Water	\$635,000	\$635,000	\$0	\$0	\$0	0.00%	\$0
Sewer	\$716,880	\$716,880	\$179,220	\$179,250	\$30	0.02%	\$174,000
Utility Tax & Franchise Fee Revenue Subtotal	\$6,101,410	\$6,101,410	\$759,169	\$726,372	(\$32,797)	-4.32%	\$859,174
SCL Contract Payment	\$1,500,000	\$1,500,000	\$166,500	\$166,641	\$141	0.08%	\$127,625
Gambling Tax Revenue	\$1,620,200	\$1,620,200	\$0	\$0	\$0	0.00%	\$0
Development Revenue	\$811,000	\$811,000	\$233,360	\$172,218	(\$61,142)	-26.20%	\$216,960
Park and Recreation Revenue	\$1,417,001	\$1,417,001	\$282,151	\$277,833	(\$4,318)	-1.53%	\$289,029
Intergovernmental Revenue	\$967,879	\$967,879	\$213,692	\$237,688	\$23,996	11.23%	\$193,934
Grant Revenue	\$295,032	\$295,032	\$41,208	\$41,208	\$0	0.00%	\$1,140
Fines and Licenses	\$53,950	\$53,950	\$4,977	\$5,954	\$977	19.62%	\$23,635
Miscellaneous Revenue	\$288,693	\$288,693	\$88,547	\$93,350	\$4,803	5.42%	\$68,189
Interest Income	\$180,500	\$180,500	\$19,334	\$20,116	\$782	4.04%	\$4,484
Operating Transfers In	\$1,928,074	\$1,928,074	\$482,019	\$482,019	\$0	0.00%	\$0
Total General Fund Revenue	\$30,864,064	\$30,864,064	\$3,965,317	\$3,786,114	-\$179,203	-4.52%	\$3,468,280

GENERAL FUND REVENUE ANALYSIS:

TOTAL GENERAL FUND REVENUE

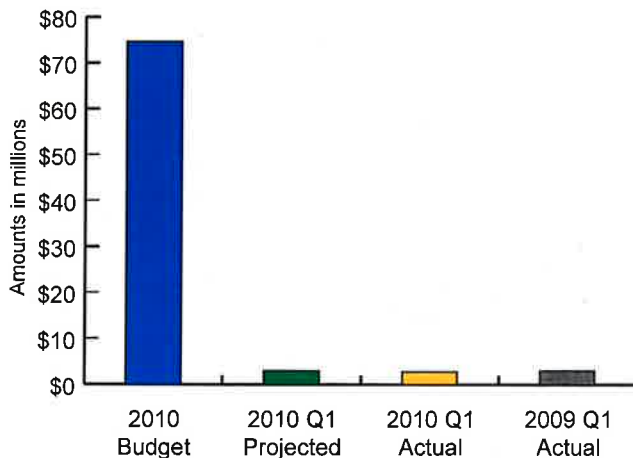


2010 Budget	\$30,864,064
2010 1st Quarter Projected	\$3,965,317
2010 1st Quarter Actual	\$3,786,114
1st Quarter \$ Variance	-\$179,203
1st Quarter % Variance	-4.52%
2009 1st Quarter Actual	\$3,468,280
% Change from 2009 1st Quarter	9.2%

First quarter 2010 actual general fund revenue of \$3,786,144 was under projected revenue by \$179,203 or 4.52%. Property tax, sales tax, local criminal justice sales tax, utility tax and franchise fee revenue, permit revenue, and parks and recreation revenue finished the quarter below projected revenue. We have not yet seen any recovery in retail sales taxes with construction and automobile related activity struggling to get back to pre-recession levels.

Utility taxes were primarily below projections in the natural gas category which was below projections by \$42,528 or 16.67%. We believe that this is due to the recent warmer than normal winter. We continue to monitor permit revenue. During the first quarter, revenues in this category were below projections by \$61,142 or 26.2%.

PROPERTY TAX

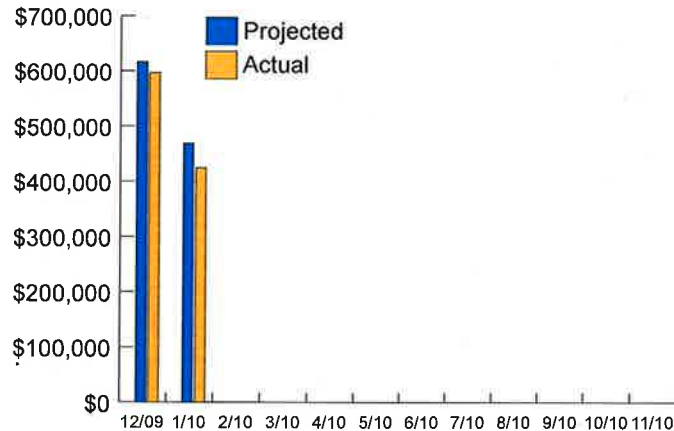


2010 Budget	\$7,462,945
2010 1st Quarter Projected	\$298,518
2010 1st Quarter Actual	\$274,065
1st Quarter \$ Variance	-\$24,453
1st Quarter % Variance	-8.19%
2009 1st Quarter Actual	\$299,369
% Change from 2009 1st Quarter	-8.5%

Property tax collections of \$274,065 were below projections by \$24,453 or 8.19%. After reviewing April collections we believe that many people that had paid their taxes in previous years during March waited to pay until closer to the April 30 deadline. Collections through April appear close to normal.

GENERAL FUND REVENUE ANALYSIS (continued):

SALES TAX



2010 Budget

\$6,196,236

Sales tax revenue: December 2009 - January 2010

Sales Activity	Projected	Actual
December 2009	\$617,101	\$597,221
January 2010	\$469,882	\$424,943
Year to date	\$1,086,983	\$1,022,164

\$ Variance

-\$64,819

% Variance

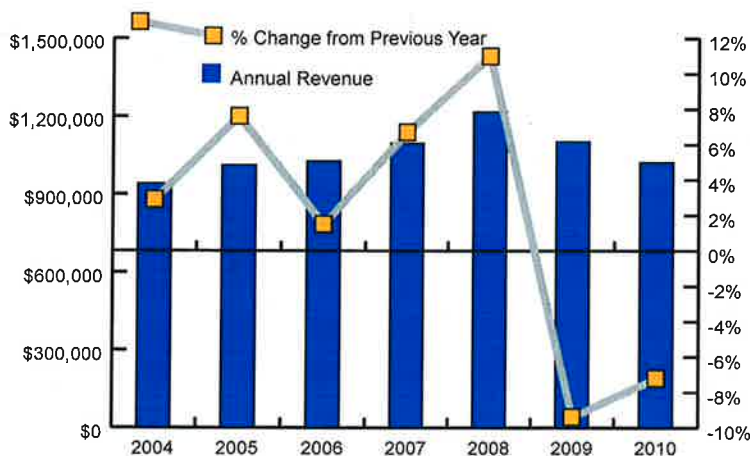
-5.96%

Sales tax revenue of \$1,022,164 is \$64,819 or 5.96% below projected revenue of \$1,086,983. This negative variance is due primarily to two factors: less than expected revenue from construction related activity, which continues to struggle, and retail sales based activity that is performing just at projected levels.

The first quarter reporting period includes only two months of revenue December and January. Accordingly there is little data to accurately determine 2010 sales tax revenue trend lines. On the positive side, retail sales based activity looks to have stabilized and is no longer falling below the previous month's activity levels, however on the negative side, construction related sales tax activity continues to perform below the previous month's activity levels.

Sales tax revenue will be monitored carefully to determine if projections need to be lowered as we move further into 2010.

First Quarter Sales Tax Revenue Comparison

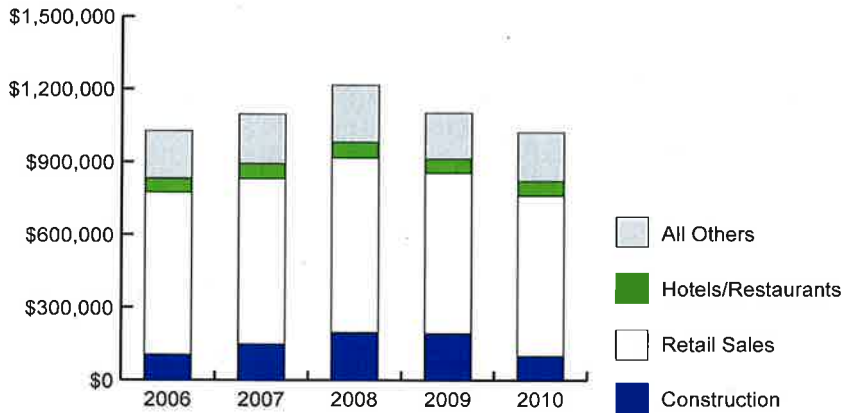


First Quarter Sales Tax Revenue Comparison

Year	First Quarter Revenue	% Change from Previous Year
2004	\$940,505	2.9%
2005	\$1,011,658	7.6%
2006	\$1,027,154	1.5%
2007	\$1,095,827	6.7%
2008	\$1,216,626	11.0%
2009	\$1,101,726	-9.4%
2010	\$1,022,164	-7.2%

GENERAL FUND REVENUE ANALYSIS (continued):

SALES TAX BY CATEGORY



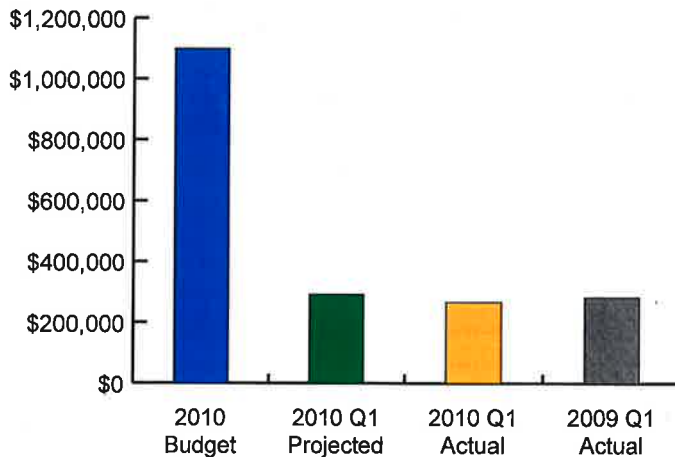
SECTOR	2010 1st Quarter	2009 1st Quarter	2008 1st Quarter	2007 1st Quarter	2006 1st Quarter
Construction	\$100,279	\$193,331	\$197,314	\$149,666	\$105,926
Retail Sales	\$661,441	\$661,338	\$719,297	\$681,335	\$668,678
Hotel/Restaurant	\$60,554	\$58,241	\$64,277	\$61,502	\$57,121
All Others	\$199,890	\$188,816	\$235,738	\$203,326	\$195,428
Total	\$1,022,164	\$1,101,726	\$1,216,626	\$1,095,829	\$1,027,153
\$ Variance to previous year	-\$79,562	-\$114,900	\$120,797	\$68,676	\$15,491
% Variance to previous year	-7.2%	-9.4%	11.0%	6.7%	1.5%

SALES TAX BY CATEGORY

Retail Trade	2010 Dec-Jan	2009 Dec-Jan	2010 v. 2009 \$ Variance	2008 Dec-Jan	2009 v. 2008 \$ Variance	2007 Dec-Jan	2008 v. 2007 \$ Variance
Motor Vehicle & Parts Dealer	\$134,739	\$142,391	-\$7,652	\$154,840	-\$12,449	\$138,968	\$15,872
Furniture & Home Furnishings	\$11,179	\$5,790	\$5,389	\$6,339	-\$549	\$7,334	-\$995
Electronics & Appliances	\$12,931	\$11,812	\$1,119	\$25,116	-\$13,304	\$11,764	\$13,352
Building Materials & Garden	\$72,335	\$70,251	\$2,084	\$100,967	-\$30,716	\$98,413	\$2,554
Food & Beverage Stores	\$44,597	\$51,763	-\$7,166	\$46,289	\$5,474	\$42,821	\$3,468
Health & Personal Care Store	\$23,838	\$23,109	\$729	\$23,712	-\$603	\$24,600	-\$888
Gasoline Stations	\$10,637	\$10,301	\$336	\$9,480	\$821	\$10,126	-\$646
Clothing & Accessories	\$5,679	\$4,867	\$812	\$4,192	\$675	\$4,455	-\$263
Sporting Goods, Hobby, Books	\$18,551	\$19,785	-\$1,234	\$19,437	\$348	\$20,408	-\$971
General Merchandise Stores	\$262,975	\$259,350	\$3,625	\$269,932	-\$10,582	\$265,407	\$4,525
Miscellaneous Store Retailers	\$44,702	\$46,398	-\$1,696	\$45,945	\$453	\$45,672	\$273
Nonstore Retailers	\$19,278	\$15,521	\$3,757	\$13,040	\$2,481	\$11,367	\$1,673
Total Revenue	\$661,441	\$661,338	\$103	\$719,297	-\$57,951	\$681,335	\$37,954

GENERAL FUND REVENUE ANALYSIS (continued):

LOCAL CRIMINAL JUSTICE SALES TAX

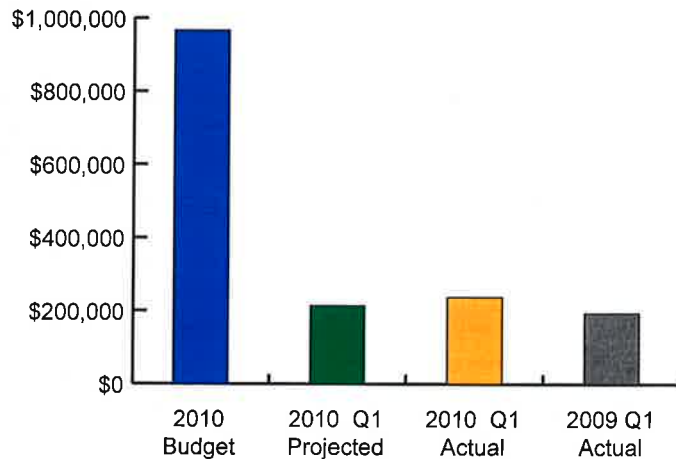


2010 Budget	\$1,100,000
2010 1st Quarter Projected	\$291,500
2010 1st Quarter Actual	\$266,485
1st Quarter \$ Variance	-\$25,015
1st Quarter % Variance	-8.6%
2009 1st Quarter Actual	\$283,015
% Change from 2009 1st Quarter	-5.8%

Actual collections during the first quarter of 2010 totaled \$266,485 which was \$25,015 or 8.6% below projections. As sales tax collections in Shoreline have been adversely affected by the recession so have collections in the rest of King County. Local criminal justice sales tax differs from retail sales tax in that the distribution is based on a city's population and the amount of sales tax collected through all of King County.

GENERAL FUND REVENUE ANALYSIS (continued):

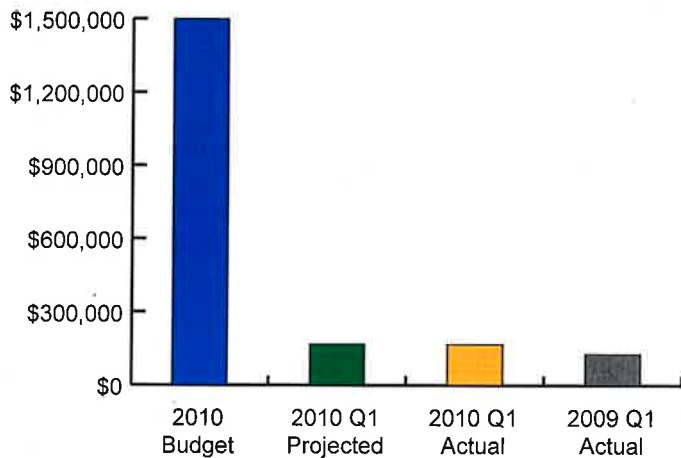
INTERGOVERNMENTAL REVENUE



2010 Budget	\$967,879
2010 1st Quarter Projected	\$213,692
2010 1st Quarter Actual	\$237,688
1st Quarter \$ Variance	\$23,996
1st Quarter % Variance	11.23%
2009 1st Quarter Actual	\$193,934
% Change from 2009 1st Quarter	22.6%

Intergovernmental revenues are comprised primarily of funding for criminal justice programs, liquor excise tax, liquor board profits and beginning in 2009 streamline sales tax mitigation. Actual first quarter 2010 revenue of \$237,688 was \$23,996 or 11.23% above projected revenue of \$213,692. The positive variance is from liquor excise tax and liquor board profits.

SEATTLE CITY LIGHT CONTRACT PAYMENT

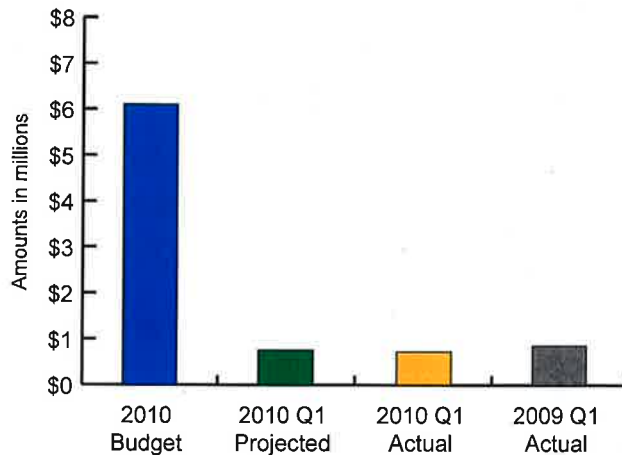


2010 Budget	\$1,500,000
2010 1st Quarter Projected	\$166,500
2010 1st Quarter Actual	\$166,641
1st Quarter \$ Variance	\$141
1st Quarter % Variance	0.1%
2009 1st Quarter Actual	\$127,625
% Change from 2009 1st Quarter	30.6%

Contract revenue from Seattle City Light totaling \$166,641 was only \$141 or 0.1% ahead of projections.

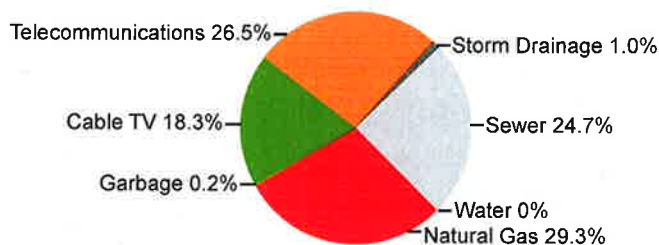
GENERAL FUND REVENUE ANALYSIS (continued):

UTILITY TAX AND FRANCHISE FEE



2010 Budget	\$6,101,410
2010 1st Quarter Projected	\$759,169
2010 1st Quarter Actual	\$726,372
1st Quarter \$ Variance	-\$32,797
1st Quarter % Variance	-4.32%
2009 1st Quarter Actual	\$859,174
% Change from 2009 1st Quarter	-15.5%

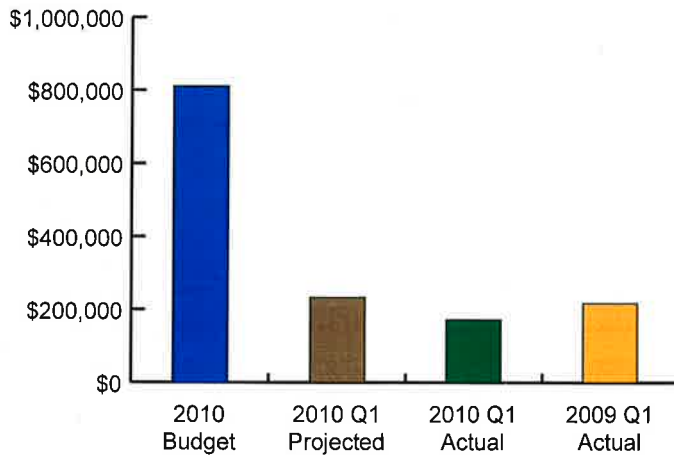
Utility tax and franchise fee revenue of \$726,372 is below projected revenue by \$32,797 or 4.32% due entirely to less than expected revenue from natural gas utility tax as a result of decreased consumption based on the warm winter weather



Revenue Source	2010 Budget	2010 Projected Revenue	2010 Q1 Projected Revenue	2010 Q1 Actual Revenue	\$ Variance Actual v. Projected	% Variance Actual v. Projected	2009 Q1 Actual Revenue	% of Utility Revenue Total
Natural gas	\$850,530	\$850,530	\$255,159	\$212,631	-\$42,528	-16.7%	\$352,012	29.3%
Garbage	\$475,000	\$475,000	\$950	\$1,500	\$550	57.9%	\$1,209	0.2%
Cable TV	\$1,433,000	\$1,433,000	\$125,400	\$133,125	\$7,725	6.2%	\$128,477	18.3%
Telecommunications	\$1,800,000	\$1,800,000	\$190,800	\$192,836	\$2,036	1.1%	\$191,297	26.5%
Storm Drainage	\$191,000	\$191,000	\$7,640	\$7,030	-\$610	-8.0%	\$12,179	1.0%
Water	\$635,000	\$635,000	\$0	\$0	\$0	0.0%	\$0	0%
Sewer	\$716,880	\$716,880	\$179,220	\$179,250	\$30	0.0%	\$174,000	24.7%
Utility Tax and Franchise Fee Revenue Subtotal	\$6,101,410	\$6,101,410	\$759,169	\$726,372	-\$32,797	-4.32%	\$859,174	100%

GENERAL FUND REVENUE ANALYSIS (continued):

DEVELOPMENT REVENUE

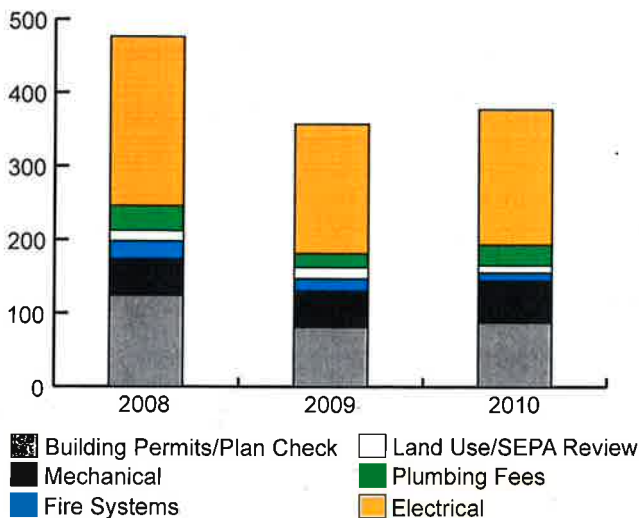


2010 Budget	\$811,000
2010 1st Quarter Projected	\$233,360
2010 1st Quarter Actual	\$172,218
1st Quarter \$ Variance	-\$61,142
1st Quarter % Variance	-26.2%
2009 1st Quarter Actual	\$216,960
% Change from 2009 1st Quarter	-20.6%

Permit revenue received during first quarter totaled \$172,218 which was \$61,142 or 26.2% below projections and \$44,742 below collections during the same period of 2009. Although the number of building permits and plan checks increased from 2009, the revenue was less due to the fact that building permit fees are based on the value of the project. Permit activity was up slightly from 2009 by 20 permits or 5.6% due to increased activity in the mechanical and plumbing permitting areas however these types of permits generate very little revenue. Building activity continues to struggle due to the economic recession and will be monitored closely to see if revenue projections need to be lowered.

PERMITS BY TYPE

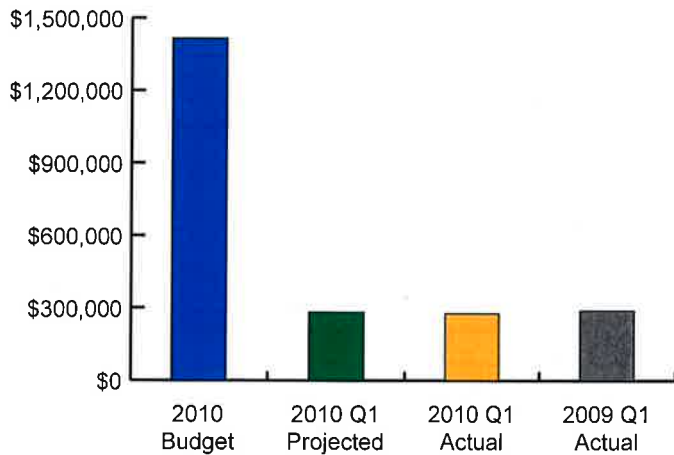
January through March 2008–2010



PERMIT TYPE	First Quarter		
	2010	2009	2008
Building Permits/Plan Check	87	81	124
Mechanical	57	49	49
Fire Systems	11	17	25
Land Use/SEPA Review	10	15	14
Plumbing	28	19	34
Electrical	184	176	230
Total	377	357	476

GENERAL FUND REVENUE ANALYSIS (continued):

PARK AND RECREATION REVENUE



2010 Budget	\$1,417,001
2010 1st Quarter Projected	\$282,151
2010 1st Quarter Actual	\$277,833
1st Quarter \$ Variance	-\$4,318
1st Quarter % Variance	-1.5%
2009 1st Quarter Actual	\$289,029
% Change from 2009 1st Quarter	-3.9%

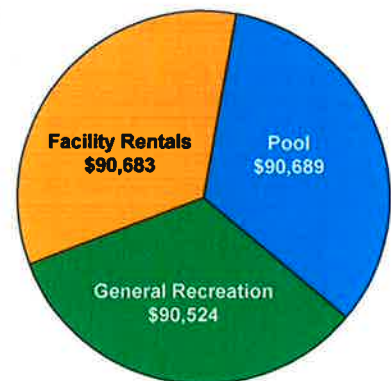
Park and Recreation revenue of \$277,833 was slightly behind projected revenue by \$4,318 or 1.5%. At this time Park and Recreation revenue is still expected to meet projections.

RECREATION REVENUE BY PROGRAM

Recreation Revenue by Program Area January-March 2004-2010*

	Pool	General Recreation	Facility Rentals	Total Revenue
2004	\$91,481	\$77,184	\$30,128	\$198,793
2005	\$90,822	\$89,596	\$32,580	\$212,998
2006	\$85,944	\$105,017	\$43,631	\$234,592
2007	\$78,487	\$108,048	\$70,790	\$257,325
2008	\$85,173	\$109,582	\$74,645	\$269,400
2009	\$74,875	\$114,859	\$96,221	\$285,955
2010	\$90,689	\$90,524	\$90,683	\$271,896

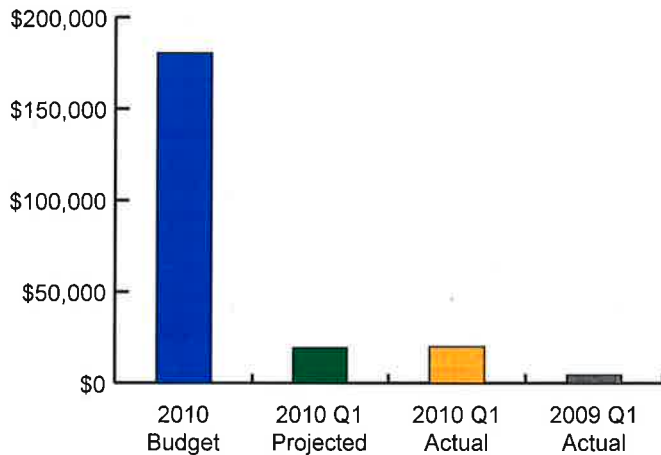
January-March 2010
Revenue by Program



*Pool, General Recreation and Facility Rentals generate on average 97% of all parks revenue. The remaining three percent is generated by the other Parks programs: Administration, Teen and Cultural Services.

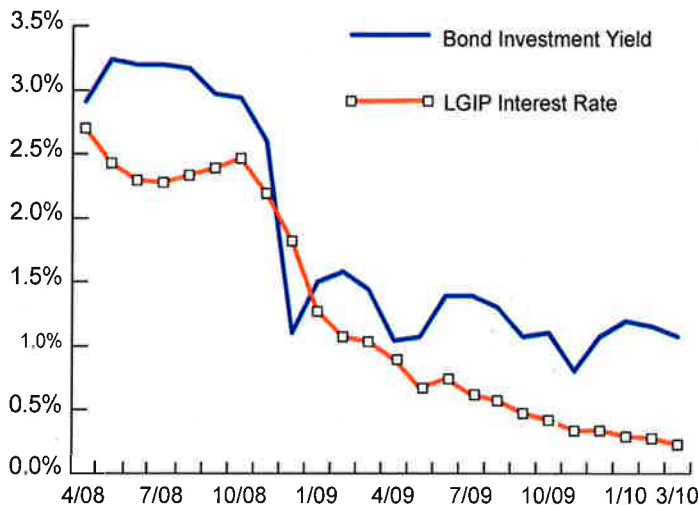
GENERAL FUND REVENUE ANALYSIS (continued):

INVESTMENT REVENUE



2010 Budget	\$180,500
2010 1st Quarter Projected	\$19,334
2010 1st Quarter Actual	\$20,116
1st Quarter \$ Variance	\$782
1st Quarter % Variance	4.0%
2009 1st Quarter Actual	\$4,484
% Change from 2009 1st Quarter	348.6%

Investment earning through March totaled \$20,116 and exceeded projections by \$782 or 4.04%. Revenues were \$15,632 above those collected during the same period of 2009. Investment rates continue to be low. We expect them to begin to rise during 2010.

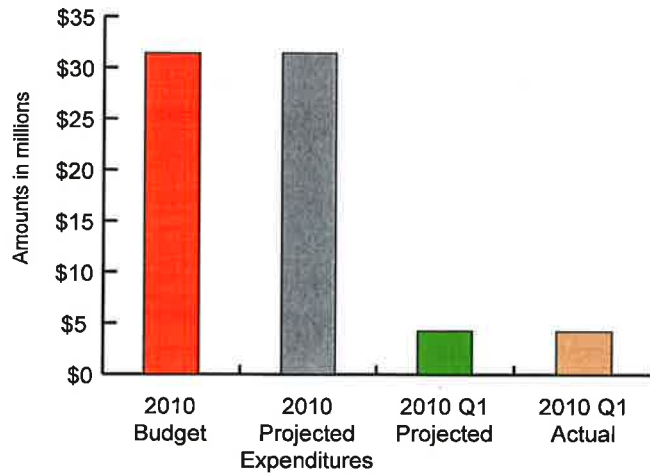


Month	LGIP Interest Rate*	Bond Investment Yield
4/1/08	2.6998%	2.9100%
5/1/08	2.4281%	3.2400%
6/1/08	2.2933%	3.2000%
7/1/08	2.2758%	3.2000%
8/1/08	2.3328%	3.1700%
9/1/08	2.3892%	2.9700%
10/1/08	2.4652%	2.9400%
11/1/08	2.1903%	2.6000%
12/1/08	1.8183%	1.1000%
1/31/09	1.2669%	1.5000%
2/28/09	1.0689%	1.5800%
3/31/09	1.0301%	1.4400%
4/30/09	0.8905%	1.0400%
5/31/09	0.6678%	1.0700%
6/30/09	0.7396%	1.3900%
7/31/09	0.6157%	1.3900%
8/31/09	0.5686%	1.3000%
9/30/09	0.4703%	1.0700%
10/31/09	0.4164%	1.1000%
11/30/09	0.3327%	0.8000%
12/31/09	0.3347%	1.0700%
1/31/10	0.2864%	1.1900%
2/28/10	0.2723%	1.1500%
3/31/10	0.2245%	1.0700%
Average	1.2533%	1.8121%

*Local Government Investment Pool

EXPENDITURE ANALYSIS

GENERAL FUND EXPENDITURES

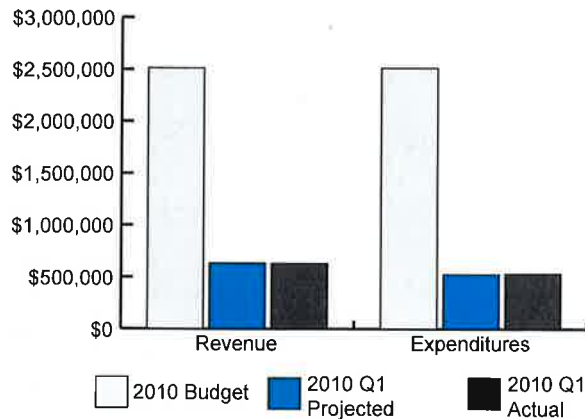


2010 Budget	\$31,449,234
2010 Projected Expenditures	\$31,449,234
2010 1st Quarter Projected	\$4,273,951
2010 1st Quarter Actual	\$4,244,101
1st Quarter \$ Variance	-\$29,850
1st Quarter % Variance	-0.7%

First quarter 2010 expenditures of \$4,244,114 are \$29,837 or 0.7% below projected expenditures of \$4,273,951. Given how narrow the under expenditure is at this time, we will carefully monitor future expenditures to ensure that they remain at or below projections and that they stay aligned with revenue collections.

OTHER FUNDS REVENUE ANALYSIS:

STREET FUND

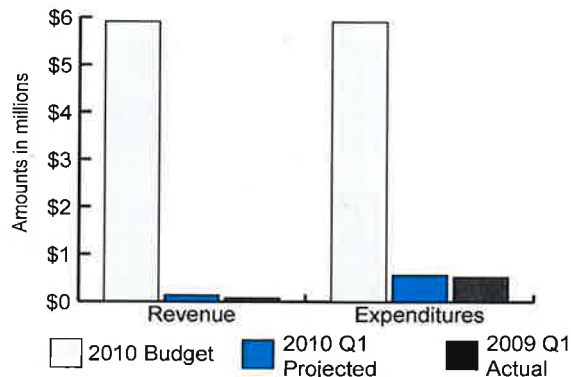


Street Fund		
	Revenue	Expenditures
2010 Budget	\$2,515,181	\$2,515,181
2010 Q1 Projected	\$632,825	\$524,311
2010 Q1 Actual	\$627,590	\$531,440
\$ Variance	-\$5,235	\$7,129
% Variance	-0.8%	1.36%

The primary revenue collections in this fund include fuel tax, right of way fees and investment interest. Fuel tax collections of \$279,173 were below projections by \$1,222 or 0.4%. Right of way fees totaling \$40,811 were just \$363 or 0.9% below projected revenue. Investment earnings of \$734 are \$4,217 or 85.2% below projected revenue. In all Street Fund revenues finished the quarter \$5,235 or 0.8% below projected revenue of \$632,825.

Expenditures of \$531,440 are below projections by \$7,129 or 1.36%.

SURFACE WATER FEES



Surface Water Utility Fund		
	Revenue	Expenditures
2010 Budget	\$5,902,528	\$5,902,528
2010 Q1 Projected	\$135,778	\$560,482
2010 Q1 Actual	\$71,575	\$521,430
\$ Variance	-\$64,203	-\$39,052
% Variance	-47.3%	-7.0%

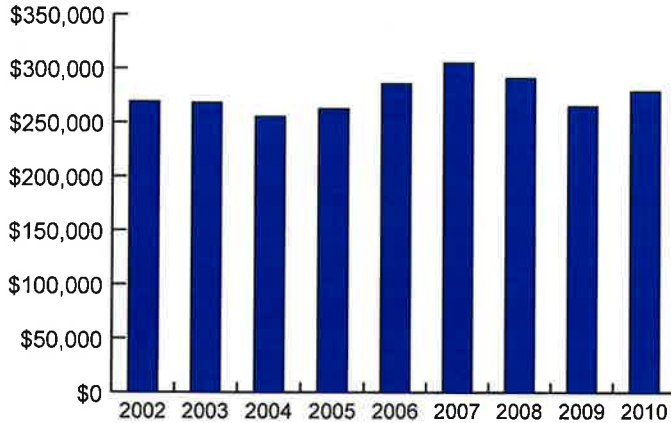
The Surface Water Utility Fund (SWM) includes both on-going operational programs and capital projects and both are reflected in the total expenditures and revenues.

First quarter 2010 actual revenues of \$71,575 were \$64,203 or 47.3% lower than projections. SWM on-going revenues include storm drainage fees and investment interest earnings. Storm water drainage fees totaled \$48,471 which was \$74,546 or 60.6% below projections. These fees are collected along with property tax and therefore we are experiencing the same under collection as property tax. This seems to have corrected itself during April. Investment interest earnings totaled \$4,572 and were \$8,189 or 64.2% under projections.

First quarter 2010 actual expenditures of \$521,430 were \$39,052 or 7.0% below projections.

NON-GENERAL FUND REVENUE ANALYSIS:

FUEL TAX



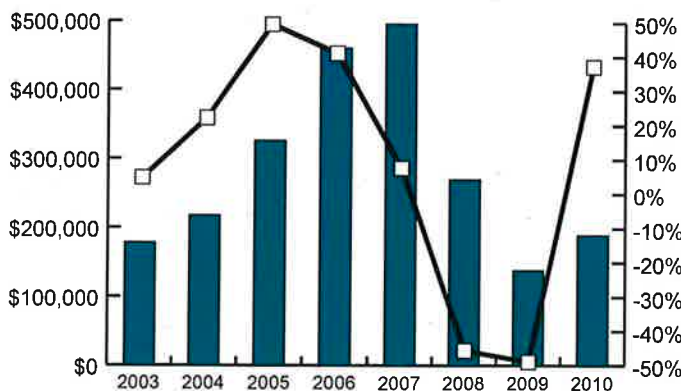
Fuel Tax: Historical First Quarter 2002-2010

2002	\$269,501
2003	\$268,395
2004	\$255,598
2005	\$262,875
2006	\$286,182
2007	\$305,487
2008	\$291,252
2009	\$265,191
2010	\$279,173

This tax is assessed on a per gallon basis and is dependent upon consumption. As prices rise and people reduce their consumption, the amount of tax received declines. First quarter actual fuel tax revenue in the Street Fund totaled \$279,173 which is \$1,222 or 0.4% below projected revenue. This level is up from 2009 by \$13,982 or 5.3%, but is still well below levels received during the period from 2006 through 2008.

Prior to 2010, motor vehicle fuel taxes were received and used in both the City's Street Fund for ongoing maintenance and in the Roads Capital Fund to support pavement maintenance. Beginning in 2010 all fuel tax revenue is being distributed to the Street Fund.

REAL ESTATE EXCISE TAX (REET)



REET: First Quarter Collected 2002-2010

		% Change from Previous Year
2003	\$178,126	4.9%
2004	\$217,918	22.3%
2005	\$326,192	49.7%
2006	\$460,514	41.2%
2007	\$495,510	7.6%
2008	\$269,404	-45.6%
2009	\$137,794	-48.9%
2010	\$189,082	37.2%

First quarter 2010 REET collections of \$189,082 are \$30,531 or 13.9% under projected revenue of \$219,613. The number and value of the real estate transaction is improved compared to 2009: the number of sales is up by 43 or 55% and the value of those transactions is higher by \$10.25 million or 34%. This represents the first year over year increase during the first quarter of the year since 2007 and suggests improvement in the Shoreline real estate market.

Fourth Quarter INVESTMENT REPORT March 31, 2010:

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 annual average 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, 2010, the City's investment portfolio, excluding the State Investment Pool, had a weighted average rate of return of 1.3832%. This is better than the State Investment Pool twelve month average of 0.485%. Total investment interest earnings for the first quarter of 2010 were \$37,489 which was below the projections.

During 2007 investment interest rates began to decline. The average yield on a two year government agency bonds was 5.34% in January 2007. At the end of 2008 this rate was down to 1.1%. By the end of June 2009 the rate was 1.39% and continued to fall to 1.07% at the end of 2009. The current average rate for two year government agency bonds is 1.07%.

As of March 31, 2010 the City's investment portfolio had a fair value of nearly \$27.68 million. Approximately 8% of the investment portfolio was held in U.S. government instrumentality securities, 3% in Certificates of Deposit and 90% was held in the Washington State Investment Pool. The City's investment portfolio valued at cost as of March 31, 2010, was nearly \$27.7 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. Investments within the State Pool can be liquidated on any given day with no penalty.

The City continued to implement a ladder philosophy in its investment portfolio over the last year. This resulted in the City being able to hold some securities at a higher interest rate during the declining interest rate environment. For example an instrument purchased in February 2008 is yielding 2.836% and will not mature until 9/13/2010. This is well above the average rate of return from the State Pool over the same period. A ladder portfolio approach helps assure that the City will, in the long run, receive a market average rate of return.

One of the major investment instruments used in the United States and throughout the rest of the world is "mortgage-backed securities". Mortgage-backed securities are mortgages that have been sold by banks to investment banks or federally sponsored agencies such as Federal National Mortgage Association (FNMA – Fannie Mae) or Federal Home Loan Mortgage Corporation (FHLMC – Freddie Mac), who then rebundle the mortgages and sell them to individual investors or investors in the stock market. Mortgage-backed securities can be a fairly safe investment, if there is little risk that the mortgage borrower will default on the loan, or they can be risky investments if there is a higher risk that the borrower will default, such as the case in sub-prime mortgages. The City has purchased and currently has mortgage backed securities in its investment portfolio. These instruments have been purchased from FNMA, FHLMC, and the Federal Home Loan Bank (FHLB).

INVESTMENT REPORT (continued):

LGIP Cash and Investment Balances March 31, 2010

Instrument Type	CUSPID #	BROKER	Settlement Date	Maturity Date	Investment Cost	Yield To Maturity	Market Value 12/31/09
FNMA (Fannie Mae)	31398AGU0	BA	2/27/08	09/13/10	1,037,470	2.6360%	1,018,438
Certificate of Deposit	379007297	Shoreline Bank	10/20/09	10/20/10	250,000	1.9000%	250,000
FHLMC	3128X9KQ2	US Bank	11/10/09	10/10/11	1,100,000	1.2000%	1,099,684
Certificate of Deposit	60146	Fortune Bank	10/20/09	10/20/11	250,000	2.0000%	250,000
Certificate of Deposit	5980004958	Cascade Bank	11/06/09	11/06/11	235,000	2.2500%	235,000
State Investment Pool					24,824,679	0.2245%	24,824,679
Sub Total					27,697,149		27,677,801

Average Maturity Excluding the State Investment Pool (days) **691**

Weighted Average Yield to Maturity Excluding the State Pool **1.3832%**

Average Yield to Maturity State Investment Pool **0.4850%**

Basis Points in Excess (Below) Benchmark **90**

Note: Yield to Maturity for the State Investment Pool is a 12 month average.

Portfolio Diversification

Instrument Type	Percentage	Amount at Market Value	Amount at Cost	Broker	Percentage	Amount at Cost
Certificate of Deposit	3%	735,000	735,000	Bank of America	4%	1,037,470
FHLMC	4%	1,099,684	1,100,000	Fortune Bank	1%	250,000
FNMA (Fannie Mae)	4%	1,018,438	1,037,470	Shoreline Bank	1%	250,000
				Cascade Bank	1%	235,000
				US Bank	4%	1,100,000
State Investment Pool	90%	24,824,679	24,824,679	State Investment Pool	90%	24,824,679
Total Investments	100%	27,677,801	27,697,149	Total Investments	100%	27,697,149

Investments by Fund	Investments at Cost as of 3/31/2010	State Investment Pool as of 3/31/2010	Total Investments by Fund as of 3/31/2010	Investment Earnings Budget 2010	Investment Earnings Actual 2010	Over/(Under) Budget
001 General	2,432	4,196,677	4,199,109	160,500	17,745	(142,755)
101 Street	267,373	746,976	1,014,349	19,516	734	(18,782)
107 Code Abatement	3,104	133,562	136,666	2,100	119	(1,981)
108 State Drug Enforcement	0	5,791	5,791	500	10	(490)
109 Public Arts	5,523	267,288	272,811	1,000	224	(776)
112 Fed Drug Enforcement		24,628	24,628	0	17	17
114 Transportation Benefit Dist.		6,990	6,990	0	0	0
190 Revenue Stabilization	751,626	3,863,032	4,614,658	0	0	0
201 Unlimited GO Bond	0	112,360	112,360	0	0	0
301 General Capital	287,850	5,249,321	5,537,170	153,537	7,414	(146,123)
312 City Fac-Mjr Maint	4,677	158,657	163,334	5,294	148	(5,146)
330 Roads Capital	248,477	4,902,317	5,150,794	125,345	5,618	(119,727)
401 Surface Water Utility Fund	154,266	4,436,390	4,590,656	32,420	4,572	(27,848)
501 Vehicle Oper/Maint	0	73,300	73,300	3,500	44	(3,456)
503 Equip Dep Replace	1,145,612	604,100	1,749,713	46,000	802	(45,198)
505 Unemployment	1,530	43,290	44,820	1,000	43	75
650 Agency Fund Admin						
Total Investments	2,872,470	24,824,679	27,697,149	550,712	37,489	(512,191)

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