
Council Meeting Date: April 16, 2012

Agenda Item: 7(c)

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	2011 Fourth Quarter Financial Report		
DEPARTMENT:	Administrative Services		
PRESENTED BY:	Robert Hartwig, Administrative Services Director		
ACTION:	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input checked="" type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	

PROBLEM/ISSUE STATEMENT:

Attached is the 2011 fourth quarter financial report. This report summarizes the financial activities during 2011 for all City funds with detailed information provided on the General Fund, Street Fund, Surface Water Utility Fund, General Capital Fund and Roads Capital Fund. It is provided to keep the Council informed of the financial issues and the financial position of the City.

RESOURCE/FINANCIAL IMPACT:

The table on the second page of the financial report (and this staff report) provides a summary of the financial results for all City funds for 2011.

RECOMMENDATION

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

Approved By: City Manager **JU** City Attorney ____

ATTACHMENTS

Attachment A – 2011 Fourth Quarter Financial Report

Attachment B – Shoreline Strategic Directions – 2011 Results

2011 Financial Results Summary for all City Funds

Revenues					
Fund	2011 Budget	2011 Projected	2011 Actual	\$ \$ Variance Actual v. Projected	% Variance Actuals v. Projected
General Fund	\$34,098,795	\$33,336,828	\$33,084,717	-\$252,111	-0.8%
Street	\$2,643,749	\$2,506,307	\$2,516,767	\$10,460	0.4%
Code Abatement	\$100,000	\$87,186	\$19,008	-\$68,178	-78.2%
State Drug Enforcement Fund	\$12,000	\$5,706	\$20,096	\$14,390	252.2%
Public Arts	\$99,416	\$3,550	\$7,772	\$4,222	118.9%
Federal Drug Enforcement Fund	\$18,050	\$5,025	\$16,124	\$11,099	220.9%
Property Tax Equalization Fund	\$787,000	\$787,000	\$787,373	\$373	0.0%
Federal Crime Forfeitures	\$25,000	\$257,052	\$257,165	\$113	0.0%
Revenue Stabilization Fund	\$605,000	\$605,000	\$219,801	-\$385,199	-63.7%
Unltd Tax GO Bond	\$1,700,000	\$1,700,000	\$1,694,280	-\$5,720	-0.3%
Limited Tax GO Bond 2009	\$1,662,267	\$1,662,267	\$1,661,729	-\$538	0.0%
General Capital Fund	\$4,292,849	\$707,849	\$691,387	-\$16,462	-2.3%
City Facility-Major Maint.	\$276,303	\$157,497	\$98,230	-\$59,267	-37.6%
Roads Capital Fund	\$34,462,831	\$31,399,674	\$25,464,396	-\$5,935,278	-18.9%
Surface Water Utility	\$5,450,147	\$3,345,452	\$3,366,910	\$21,458	0.6%
Vehicle Operations/ Maint	\$191,813	\$177,793	\$174,714	-\$3,079	-1.7%
Equipment Replacement	\$387,918	\$252,159	\$254,759	\$2,600	1.0%
Unemployment Fund	\$25,000	\$10,074	\$10,074	\$0	0.0%
Totals	\$86,838,138	\$77,006,419	\$70,345,302	-\$6,661,117	-8.7%
Transportation Benefit District	\$600,060	\$600,060	\$761,398	\$161,338	26.9%

Expenditures					
Fund	2011 Budget	2011 Projected	2011 Actual	\$ \$ Variance Actual v. Projected	% Variance Actual v. Projected
General Fund	\$33,930,097	\$32,396,129	\$31,290,879	-\$1,105,250	-3.4%
Street	\$2,643,749	\$2,542,958	\$2,525,022	-\$17,936	-0.7%
Code Abatement	\$100,000	\$100,000	\$7,934	-\$92,066	-92.1%
State Drug Enforcement Fund	\$12,000	\$12,000	\$3,216	-\$8,784	-73.2%
Public Arts	\$99,416	\$60,700	\$65,357	\$4,657	7.7%
Federal Drug Enforcement Fund	\$18,000	\$18,000	\$9,986	-\$8,014	-44.5%
Property Tax Equalization Fund	\$0	\$0	\$0	\$0	
Federal Crime Forfeitures	\$25,000	\$2,750	\$3,391	\$641	23.3%
Revenue Stabilization Fund	\$605,000	\$605,000	\$0	-\$605,000	
Unltd Tax GO Bond	\$1,695,050	\$1,695,050	\$1,694,352	-\$698	0.0%
Limited Tax GO Bond 2009	\$1,662,267	\$1,662,267	\$1,661,729	-\$538	0.0%
General Capital Fund	\$4,292,849	\$2,933,986	\$1,577,756	-\$1,356,230	-46.2%
City Facility-Major Maint.	\$276,303	\$220,131	\$155,150	-\$64,981	-29.5%
Roads Capital Fund	\$34,462,831	\$34,396,114	\$26,937,700	-\$7,458,414	-21.7%
Surface Water Utility	\$5,450,147	\$4,880,657	\$3,708,335	-\$1,172,322	-24.0%
Vehicle Operations/ Maint	\$191,563	\$181,566	\$173,762	-\$7,804	-4.3%
Equipment Replacement	\$134,199	\$146,699	\$39,275	-\$107,424	-73.2%
Unemployment Fund	\$25,000	\$25,000	\$24,756	-\$244	-1.0%
Totals	\$85,623,471	\$81,879,007	\$69,878,600	-\$12,000,407	-7.7%
Transportation Benefit District	\$600,000	\$600,000	\$600,000	\$0	0.0%



2011 YEAR END FINANCIAL REPORT

March 2012

PERFORMANCE AT A GLANCE

	YEAR TO DATE TREND	COMPARED TO PROJECTIONS	REFERENCE
GENERAL FUND REVENUES			
Property Tax Revenue	◀NEUTRAL▶	0.4%	Page 4
Sales Tax Revenue	●WARNING●	-1.3%	Pages 5-7
Utility Tax Revenue	▲POSITIVE▲	2.4%	Page 9
Development Revenue	▼NEGATIVE▼	-8.9%	Page 10
Gambling Tax Revenue	▼NEGATIVE▼	-11.4%	Page 11
Park and Recreation Revenue	▲POSITIVE▲	3.2%	Page 12
Investment Income	●WARNING●	-1.5%	Page 13
EXPENDITURES			
General Fund Expenditures		-2.4%	Page 14
NON-GENERAL FUND REVENUES			
Surface Water Fees	◀NEUTRAL▶	0.64%	Page 15
Fuel Tax	◀NEUTRAL▶	-0.67%	Page 17
Real Estate Excise Tax	▼NEGATIVE▼	-3.9%	Page 17

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

In 2011, general fund revenue totaled \$33,084,717 which was below projected revenue by \$252,111 or 0.8%. Most revenue categories were ahead of revised projections with the exception of local sales tax, criminal justice sales tax, gambling tax, telecommunications utility tax, and development fees. Actual expenditures totaled \$31,290,879 and finished the year \$1,105,250 or 3.4% below projected expenditures of \$32,396,129.

Street Fund revenues totaled \$2,516,767 which was \$10,460 above projections. Street Fund expenditures totaled \$2,525,025 which was below projections by \$17,936 or 0.7%.

In the Surface Water Fund, actual revenues were \$3,366,910 which was \$21,458 or 0.64% higher than projections. Expenditures of \$3,708,335 plus carryovers of \$517,466 finished the year \$654,856 or 13.4% below projections.

REET collections for 2011 of \$853,538 are \$34,808 or 3.9% under projected revenue of \$88,346.

Fuel tax revenue for 2011 in the Street Fund totaled \$1,117,295 which is \$7,514 or 0.67% below projected revenue.

Revenues	2011 Budget	2011 Projected	2011 Actual	\$ Variance Actual v. Projected	% Variance Actual v. Projected
General Fund	\$34,098,795	\$33,336,828	\$33,084,717	-\$252,111	-0.8%
Street	\$2,643,749	\$2,506,307	\$2,516,767	\$10,460	0.4%
Code Abatement	\$100,000	\$87,186	\$19,008	-\$68,178	-78.2%
State Drug Enforcement Fund	\$12,000	\$5,706	\$20,096	\$14,390	252.2%
Public Arts	\$99,416	\$3,550	\$7,772	\$4,222	118.9%
Federal Drug Enforcement Fund	\$18,050	\$5,025	\$16,124	\$11,099	220.9%
Property Tax Equalization Fund	\$787,000	\$787,000	\$787,373	\$373	0.0%
Federal Crime Forfeitures	\$25,000	\$257,052	\$257,165	\$113	0.0%
Revenue Stabilization Fund	\$605,000	\$605,000	\$219,801	-\$385,199	-63.7%
Unltd Tax GO Bond	\$1,700,000	\$1,700,000	\$1,694,280	-\$5,720	-0.3%
Limited Tax GO Bond 2009	\$1,662,267	\$1,662,267	\$1,661,729	-\$538	0.0%
General Capital Fund	\$4,292,849	\$707,849	\$691,387	-\$16,462	-2.3%
City Facility-Major Maint.	\$276,303	\$157,497	\$98,230	-\$59,267	-37.6%
Roads Capital Fund	\$34,462,831	\$31,399,674	\$25,464,396	-\$5,835,482	-18.6%
Surface Water Utility	\$5,450,147	\$3,345,452	\$3,366,910	\$21,458	0.6%
Vehicle Operations/ Maint	\$191,813	\$177,793	\$174,714	-\$3,079	-1.7%
Equipment Replacement	\$387,918	\$252,159	\$254,759	\$2,600	1.0%
Unemployment Fund	\$25,000	\$10,074	\$10,074	\$0	0.0%
Totals	\$86,838,138	\$77,006,419	\$70,345,302	-\$6,561,321	-8.5%
Transportation Benefit District	\$600,060	\$600,060	\$761,398	\$161,338	26.9%

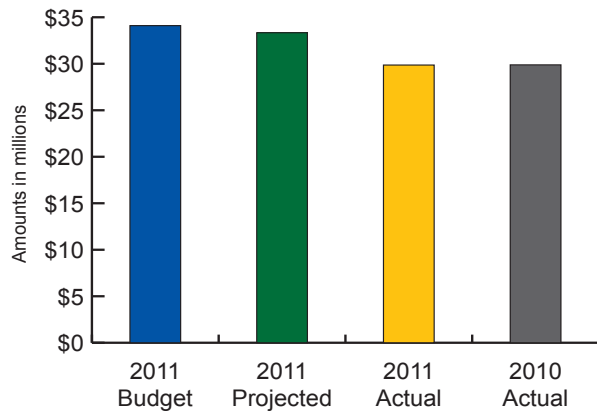
Expenditures	2011 Budget	2011 Projected	2011 Actual	\$ Variance Actual v. Projected	% Variance Actual v. Projected
General Fund	\$33,930,097	\$32,396,129	\$31,290,879	-\$1,262,341	-3.9%
Street	\$2,643,749	\$2,542,958	\$2,525,022	-\$17,936	-0.7%
Code Abatement	\$100,000	\$100,000	\$7,934	-\$92,066	-92.1%
State Drug Enforcement Fund	\$12,000	\$12,000	\$3,216	-\$8,784	-73.2%
Public Arts	\$99,416	\$60,700	\$65,357	\$4,657	7.7%
Federal Drug Enforcement Fund	\$18,000	\$18,000	\$9,986	-\$8,014	-44.5%
Property Tax Equalization Fund	\$0	\$0	\$0	\$0	0.0%
Federal Crime Forfeitures	\$25,000	\$2,750	\$3,391	\$641	23.3%
Revenue Stabilization Fund	\$605,000	\$605,000	\$0	-\$605,000	0.0%
Unltd Tax GO Bond	\$1,695,050	\$1,695,050	\$1,694,352	-\$698	0.0%
Limited Tax GO Bond 2009	\$1,662,267	\$1,662,267	\$1,661,729	-\$538	0.0%
General Capital Fund	\$4,292,849	\$2,933,986	\$1,577,756	-\$1,356,230	-46.2%
City Facility-Major Maint.	\$276,303	\$220,131	\$155,150	-\$64,981	-29.5%
Roads Capital Fund	\$34,462,831	\$34,396,114	\$26,937,700	-\$7,458,414	-21.7%
Surface Water Utility	\$5,450,147	\$4,880,657	\$3,708,335	-\$1,172,322	-24.0%
Vehicle Operations/ Maint	\$191,563	\$181,566	\$173,762	-\$7,804	-4.3%
Equipment Replacement	\$134,199	\$146,699	\$39,275	\$7,872	5.4%
Unemployment Fund	\$25,000	\$25,000	\$24,756	-\$244	-1.0%
Totals	\$85,623,471	\$81,879,007	\$69,878,600	-\$12,042,202	-7.7%
Transportation Benefit District	\$600,000	\$600,000	\$600,000	0	0%

GENERAL FUND REVENUE DETAIL

Revenue Source	2011 Current Budget	2011 Projected Revenue	2011 Actual Revenue	\$ Variance Actual v. Projected	% Variance Actual v. Projected	2010 Actual Revenue	Change from 2010
Budgeted Fund Balance	\$926,639	\$0	\$0	\$0	0.0%	\$0	
Property Tax	\$9,419,755	\$9,809,455	\$9,846,551	\$37,096	0.4%	\$7,541,916	\$2,304,635
Sales Tax	\$6,091,418	\$6,091,418	\$6,014,244	-\$77,174	-1.3%	\$5,745,754	\$268,490
Local Criminal Justice	\$1,113,330	\$1,085,000	\$1,070,172	-\$14,828	-1.4%	\$1,040,900	\$29,272
Utility Tax & Franchise Fee Revenue							
<i>Natural gas</i>	\$850,530	\$985,000	\$1,020,096	\$35,096	3.6%	\$875,822	\$144,274
<i>Garbage</i>	\$475,000	\$475,000	\$482,823	\$7,823	1.6%	\$486,337	-\$3,514
<i>Cable TV</i>	\$1,505,000	\$1,505,000	\$1,617,395	\$112,395	7.5%	\$1,523,623	\$93,772
<i>Telecommunications</i>	\$1,800,000	\$1,675,000	\$1,642,160	-\$32,840	-2.0%	\$1,751,319	-\$109,159
<i>Storm Drainage</i>	\$191,000	\$191,000	\$188,306	-\$2,694	-1.4%	\$187,222	\$1,084
<i>Water</i>	\$690,000	\$690,000	\$716,522	\$26,522	3.8%	\$712,236	\$4,286
<i>Sewer</i>	\$741,000	\$741,000	\$742,000	\$1,000	0.1%	\$720,000	\$22,000
Utility Tax & Franchise Fee Revenue Subtotal	\$6,252,530	\$6,262,000	\$6,409,302	\$147,302	2.4%	\$6,256,559	\$152,743
SCL Contract Payment	\$1,600,000	\$1,784,000	\$1,744,854	-\$39,146	-2.2%	\$1,695,243	\$49,611
Gambling Tax Revenue	\$1,611,625	\$1,862,931	\$1,649,913	-\$213,018	-11.4%	\$1,426,204	\$223,709
Development Revenue	\$1,388,456	\$1,229,281	\$1,119,873	-\$109,408	-8.9%	\$634,441	\$485,432
Park and Recreation Revenue	\$1,414,854	\$1,464,493	\$1,510,801	\$46,308	3.2%	\$1,450,964	\$59,837
Intergovernmental Revenue	\$957,483	\$916,263	\$909,185	-\$7,078	-0.8%	\$948,481	-\$39,296
Grant Revenue	\$551,149	\$544,791	\$500,523	-\$44,268	-8.1%	\$278,609	\$221,914
Fines and Licenses	\$738,275	\$896,490	\$902,330	\$5,840	0.7%	\$209,260	\$693,070
Miscellaneous Revenue	\$363,310	\$383,867	\$400,767	\$16,900	4.4%	\$409,673	-\$8,906
Interest Income	\$100,500	\$42,368	\$41,730	-\$638	-1.5%	\$75,933	-\$34,203
Operating Transfers In	\$1,569,471	\$964,471	\$964,472	\$1	0.0%	\$2,148,076	-\$1,183,604
Total General Fund Revenue	\$34,098,795	\$33,336,828	\$33,084,717	-\$252,111	-0.8%	\$29,862,013	\$3,222,704
<i>2011 Revenue Carryover</i>			\$104,732				
<i>2011 Total Revenue</i>			\$33,189,449	-\$252,111	-0.8%		

GENERAL FUND REVENUE ANALYSIS:

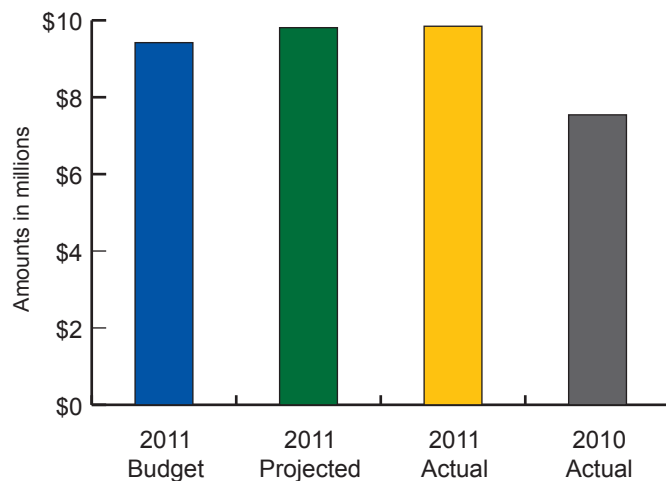
TOTAL GENERAL FUND REVENUE



2011 Budget	\$34,098,795
2011 Projected	\$33,336,828
2011 Actual	\$33,084,717
\$ Variance	-\$252,111
% Variance	-0.8%
2010 Actual	\$29,862,013
\$ Change from 2010	\$3,222,704
% Change from 2010	10.8%

In 2011, general fund revenue totaled \$33,084,717 which was below projected revenue by \$252,111 or 0.8%. Most revenue categories were ahead of revised projections with the exception of local sales tax, criminal justice sales tax, gambling tax, telecommunications utility tax, and development fees. These five categories were behind projections by a total of \$447,268.

PROPERTY TAX

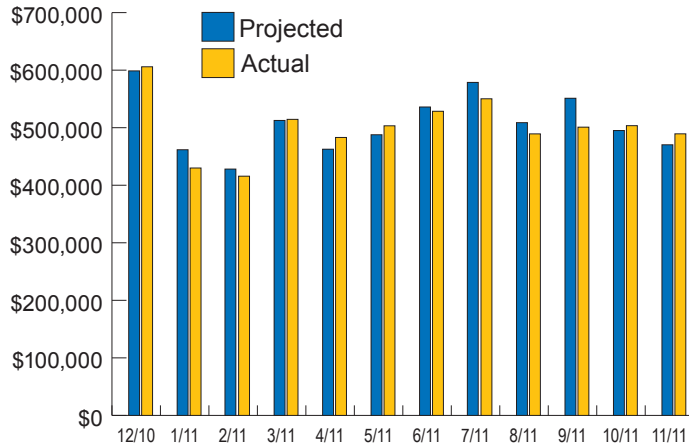


2011 Budget	\$9,419,755
2011 Projected	\$9,809,455
2011 Actual	\$9,846,551
\$ Variance	\$37,096
% Variance	0.4%
2010 Actual	\$7,541,916
\$ Change from 2010	\$2,304,635
% Change from 2010	30.6%

The 2011 property tax levy revenue was projected to be \$389,700 or 4.1% greater than the adopted budget. This change increased the total property tax revenue from \$9,419,755 to \$9,809,455. Actual 2011 revenue totaled \$9,846,551 and was \$37,096 or 0.4% ahead of projections. The positive variance is partially the result of an increase of \$27,762 in payments from delinquent accounts from past years.

GENERAL FUND REVENUE ANALYSIS (continued):

SALES TAX



2011 Budget **\$6,091,418**

Sales tax revenue: December 2010 - November 2011

<i>Sales Activity</i>	<i>Projected</i>	<i>Actual</i>
December 2010	\$598,723	\$605,870
January 2011	\$461,708	\$429,948
February 2011	\$428,081	\$415,733
March 2011	\$512,590	\$514,495
April 2011	\$462,607	\$483,030
May 2011	\$487,757	\$503,301
June 2011	\$535,979	\$528,533
July 2011	\$578,697	\$550,261
August 2011	\$508,770	\$489,258
September 2011	\$551,149	\$500,926
October 2011	\$495,042	\$503,535
November 2011	\$470,313	\$489,350
Year to date	\$6,091,416	\$6,014,244
\$ Variance		-\$77,172
% Variance		-1.3%

Sales tax collections finished the year at \$77,172, or 1.3% below projected revenue of \$6,091,416. This is above 2010 collections by \$268,490 or 4.7%.

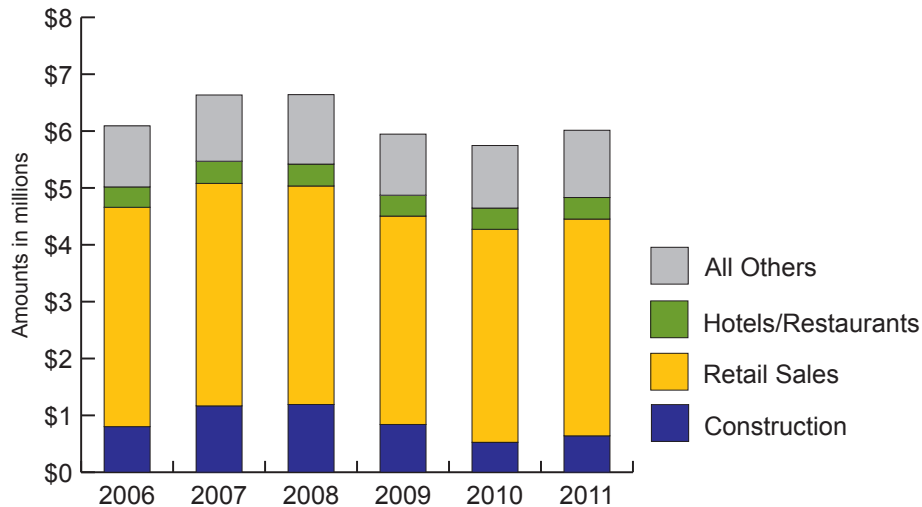
The decline in Shoreline's 2010 sales tax revenue was attributable to the construction sector which suffered the hardest hit from the most recent recession. As the local economy began to slowly move out of the recession the construction industry improved from 2010 by \$114,015 or 22%. There were four major projects in this category that contributed to the increase in sales tax from construction. They included Christa Ministries, Market Square Apartments, Washington State Public Health Laboratory, and the Shoreline School District High Schools. The retail category improved by \$66,092 or 2%, with most of the increase falling in the motor vehicle category.

To help illustrate the performance of the City's sales tax revenues several perspectives are utilized here: the condensed view, on the following page shows revenue by four primary categories: construction; retail sales; hotels and restaurants, and all others, of these retail sales make up the largest portion of the City's sales tax, representing 65% of all collections. The second view is a breakdown of just the retail sales component of the sales tax collections.

Within this view there are eleven industry types: motor vehicles; furniture; electronics and appliances; building, material and garden; food and beverage stores; health and personnel care; gasoline stations; clothing and accessories; sporting goods, hobby and books; general merchandise and miscellaneous store retailers. This perspective highlights specific industry economic performance in comparison to previous years.

GENERAL FUND REVENUE ANALYSIS (continued):

SALES TAX BY CATEGORY

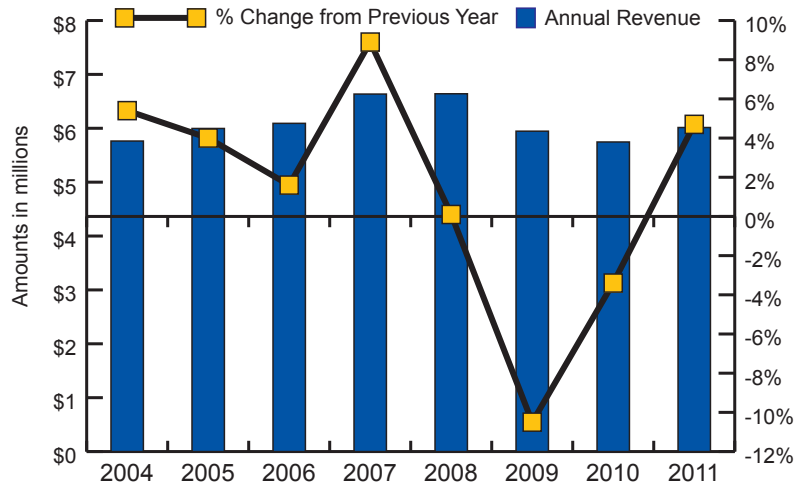


RETAIL SECTOR	Annual Sales Tax Revenue					
	2006	2007	2008	2009	2010	2011
Construction	\$802,412	\$1,167,059	\$1,191,402	\$839,938	\$526,408	\$640,423
Retail Sales	\$3,856,945	\$3,913,234	\$3,842,632	\$3,664,798	\$3,745,827	\$3,811,941
Hotel and Restaurant	\$358,172	\$389,638	\$384,767	\$367,041	\$373,611	\$379,057
All Others	\$1,074,016	\$1,165,131	\$1,221,758	\$1,074,404	\$1,099,908	\$1,182,823
Total	\$6,091,545	\$6,635,062	\$6,640,559	\$5,946,181	\$5,745,754	\$6,014,244
\$ Variance to previous year	\$93,967	\$543,517	\$5,497	-\$694,378	-\$200,427	\$268,490
% Variance to previous year	1.5%	8.9%	0.1%	-10.5%	-3.4%	4.7%

SALES TAX BY CATEGORY							
Retail Trade	2008 Dec-Nov	2009 Dec-Nov	2009 v. 2008 \$Variance	2010 Dec-Nov	2010 v. 2009 \$Variance	2011 Dec-Nov	2011 v. 2010 \$Variance
Motor Vehicle/Parts Dealer	\$830,670	\$816,331	-\$14,339	\$830,712	-\$14,381	\$886,381	\$55,669
Furniture, Home Furnishings	\$37,001	\$36,118	-\$883	\$51,310	-\$15,192	\$54,990	\$3,680
Electronics and Appliances	\$81,112	\$61,004	-\$20,108	\$81,322	-\$20,318	\$85,909	\$4,587
Building Materials, Garden	\$680,928	\$564,225	-\$116,703	\$568,568	-\$4,343	\$568,632	\$64
Food and Beverage Stores	\$289,904	\$275,123	-\$14,781	\$265,906	\$9,217	\$255,852	-\$10,054
Health/Personal Care Store	\$121,327	\$123,572	\$2,245	\$126,230	-\$2,658	\$126,261	\$31
Gasoline Stations	\$60,258	\$63,105	\$2,847	\$68,173	-\$5,068	\$70,763	\$2,590
Clothing and Accessories	\$19,600	\$24,112	\$4,512	\$27,235	-\$3,123	\$33,579	\$6,344
Sporting Goods, Hobby, Books	\$97,574	\$86,747	-\$10,827	\$84,241	\$2,506	\$82,606	-\$1,635
General Merchandise Stores	\$1,330,686	\$1,295,223	-\$35,463	\$1,314,950	-\$19,727	\$1,289,239	-\$25,711
Miscellaneous Store Retailers	\$231,522	\$250,383	\$18,861	\$245,888	\$4,495	\$256,883	\$10,995
Nonstore Retailers	\$62,050	\$68,855	\$6,805	\$81,292	-\$12,437	\$100,846	\$19,554
Total Revenue	\$3,842,632	\$3,664,798	-\$177,834	\$3,745,827	-\$81,029	\$3,811,941	\$66,114

GENERAL FUND REVENUE ANALYSIS (continued):

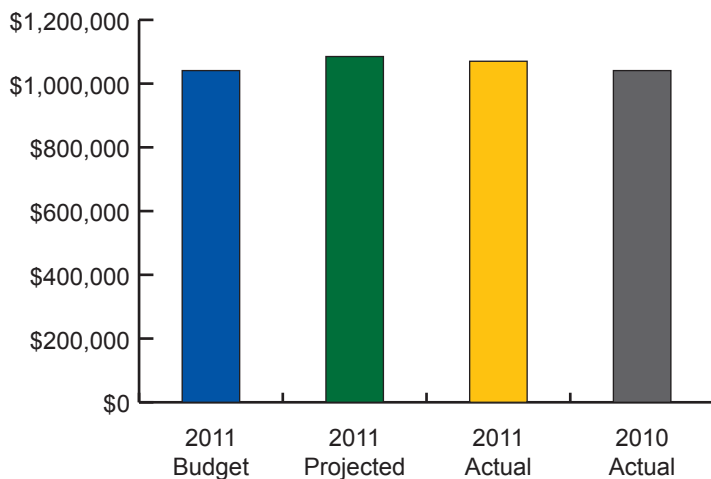
Annual Sales Tax Revenue Comparison



Annual Sales Tax Revenue Comparison

Year	Annual Revenue	% Change from Previous Year
2004	\$5,763,203	5.4%
2005	\$5,996,445	4.0%
2006	\$6,091,545	1.6%
2007	\$6,635,062	8.9%
2008	\$6,640,559	0.1%
2009	\$5,946,181	-10.5%
2010	\$5,745,754	-3.4%
2011	\$6,014,244	4.7%

LOCAL CRIMINAL JUSTICE SALES TAX

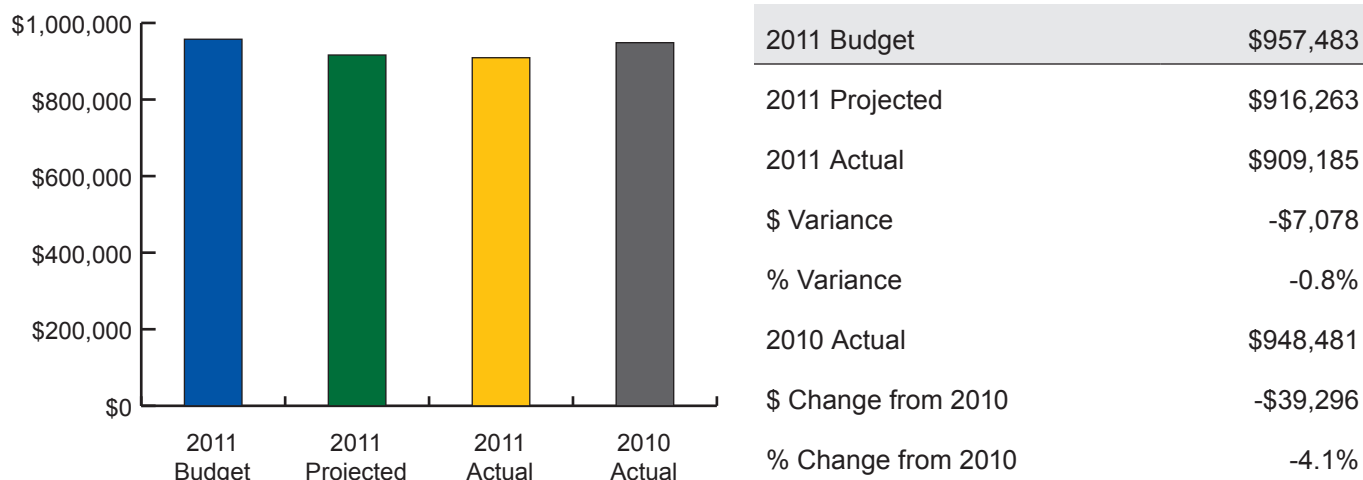


2011 Budget	\$1,113,330
2011 Projected	\$1,085,000
2011 Actual	\$1,070,172
\$ Variance	-\$14,828
% Variance	-1.4%
2010 Actual	\$1,040,900
\$ Change from 2010	\$29,272
% Change from 2010	2.8%

Projected revenues for 2011 in this category were reduced from the budget of \$1,113,330 to \$1,085,000 in the middle of the year based upon year to date activity. Actual collections for 2011 totaled \$1,070,172 which was \$14,828 or 1.4% below the lowered projections. This is an indication that sales tax activity has not improved within King County due to the lingering effects of the recession. The total distribution of criminal justice sales tax in King County for 2011 was \$10.696 million an increase of only \$13,642 or 0.13% over 2010. Local criminal justice sales tax differs from local sales tax in that the distribution is based on a city's population and the amount of sales tax collected throughout all of King County. Since our population has been stagnant, our share of the distribution is shrinking. This marks the third year in a row that local criminal justice sales tax has failed to reach projections. On a positive note, 2011 collections are \$29,272 or 2.8% better than 2010 collections.

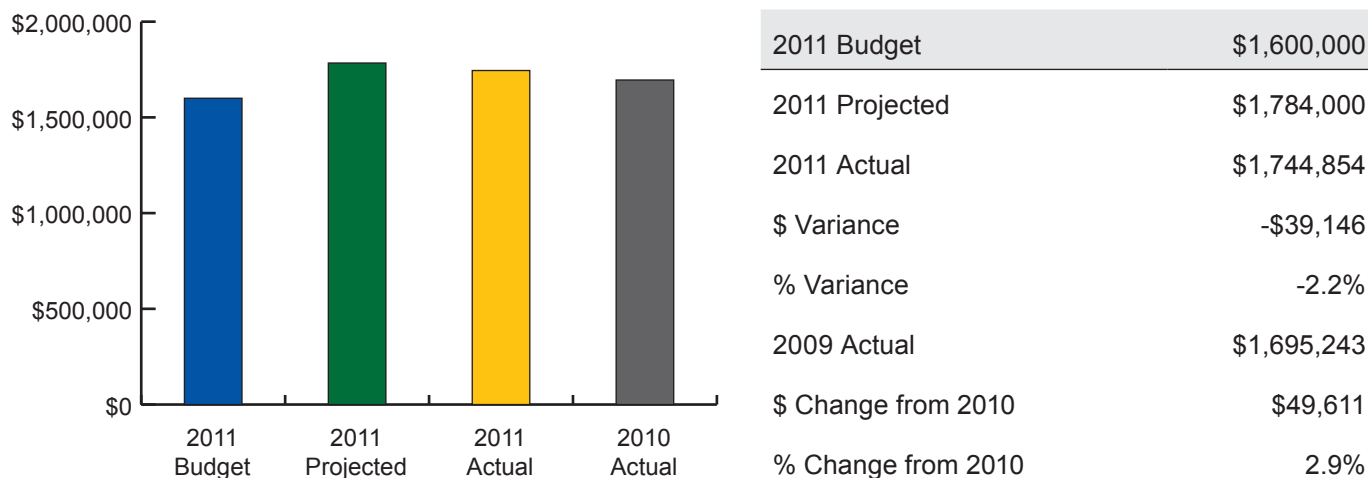
GENERAL FUND REVENUE ANALYSIS (continued):

INTERGOVERNMENTAL REVENUE



Intergovernmental revenues are comprised primarily of funding for criminal justice programs, liquor excise tax, liquor board profits, revenue distributed from King County and local government participation. Projected 2011 revenue is \$916,263 a decrease of \$41,220 from the original 2011 budget. This was mostly in state shared revenues and based on projections provided by the state in July. Actual 2011 revenue of \$909,185 was \$7,078 or 5.7% below projected revenue. State shared revenues for Criminal Justice activities was \$12,165 below projections.

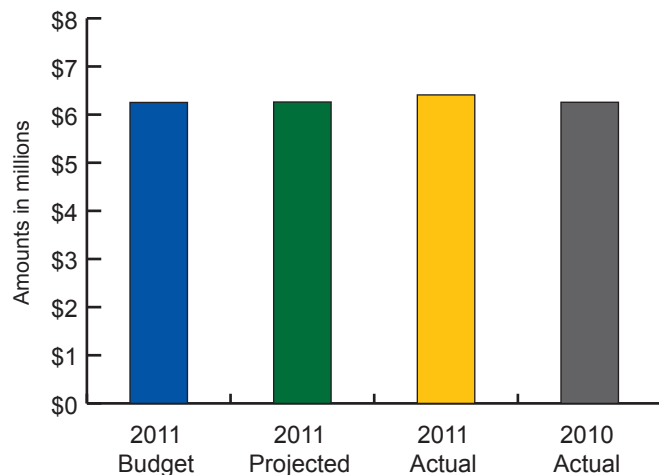
SEATTLE CITY LIGHT CONTRACT PAYMENT



The electrical contract payments from Seattle City Light were under projections by \$39,146 or 2.2%. In comparison to 2010, revenue increased by \$49,611 or 2.9%. Residential rates were increased in October of 2010 by 0.5% and again in January of 2011 by 4.3%.

GENERAL FUND REVENUE ANALYSIS (continued):

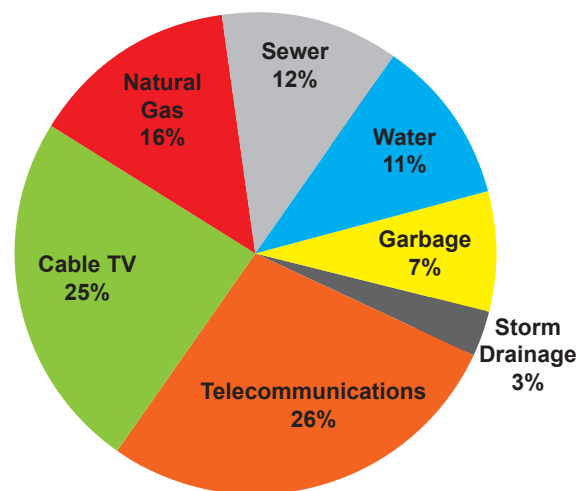
UTILITY TAX AND FRANCHISE FEE



2011 Budget	\$6,252,530
2011 Projected	\$6,262,000
2011 Actual	\$6,409,302
\$ Variance	\$147,302
% Variance	2.4%
2010 Actual	\$6,256,559
\$ Change from 2010	\$152,743
% Change from 2010	2.4%

Projected revenue for 2011 in the category was changed from the original budget of \$6,252,530 to \$6,262,000, a change of \$9,470. This was due to two major changes in projected utility tax collections: natural gas was increased by \$134,470 and telephone/cell phone was reduced by \$125,000. These changes were made based on year to date activity.

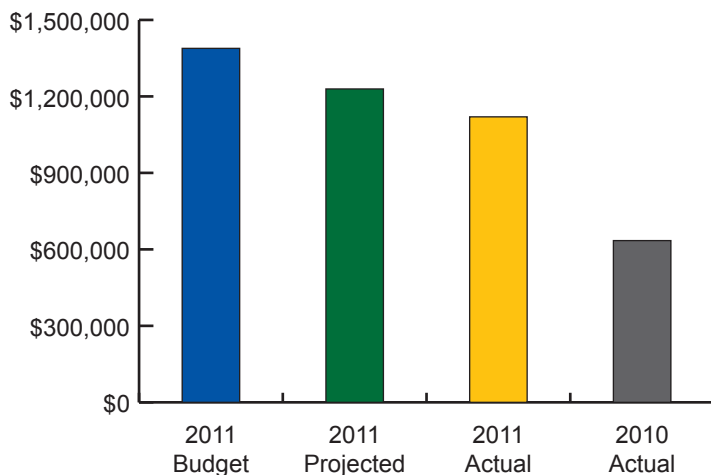
Collections of utility tax and franchise fee revenue of \$6,409,302 were above projected revenue by \$147,302 or 2.4% due to better than expected utility tax revenue from natural gas, garbage, cable television and water franchise fee which offset falling collections from telecommunication. Natural gas revenue is \$35,096 or 3.6% ahead of projections due to the colder than normal weather in early 2011 which led to increases in usage. Garbage utility tax is ahead of projections by \$7,823 or 1.6%. Revenue from cable television has a positive variance of \$112,395 or 7.5%. Water revenue is \$26,522 or 3.8% ahead of projections due to a 3.6% rate increase implemented by Seattle Public Utilities in 2011. On a negative note, telecommunication utility tax is running below lowered projected revenue by \$32,840 or 2%.



Revenue Source	2011 Budget	2011 Projected Revenue	2011 Actual Revenue	\$ Variance Actual v. Projected	% Variance Actual v. Projected	2010 Actual Revenue
Natural gas	\$850,530	\$985,000	\$1,020,096	\$35,096	3.6%	\$875,822
Garbage	\$475,000	\$475,000	\$482,823	\$7,823	1.6%	\$486,337
Cable TV	\$1,505,000	\$1,505,000	\$1,617,395	\$112,395	7.5%	\$1,523,623
Telecommunications	\$1,800,000	\$1,675,000	\$1,642,160	-\$32,840	-2.0%	\$1,751,319
Storm Drainage	\$191,000	\$191,000	\$188,306	-\$2,694	-1.4%	\$187,222
Water	\$690,000	\$690,000	\$716,522	\$26,522	3.8%	\$712,236
Sewer	\$741,000	\$741,000	\$742,000	\$1,000	0.1%	\$720,000
Utility Tax and Franchise Fee Revenue Subtotal	\$6,252,530	\$6,262,000	\$6,409,302	\$147,302	2.4%	\$6,256,559

GENERAL FUND REVENUE ANALYSIS (continued):

DEVELOPMENT REVENUE



2011 Budget	\$1,388,456
2011 Projected	\$1,229,281
2011 Actual	\$1,119,873
\$ Variance	-\$109,408
% Variance	-8.9%
2010 Actual	\$634,441
\$ Change from 2010	\$485,432
% Change from 2010	76.5%

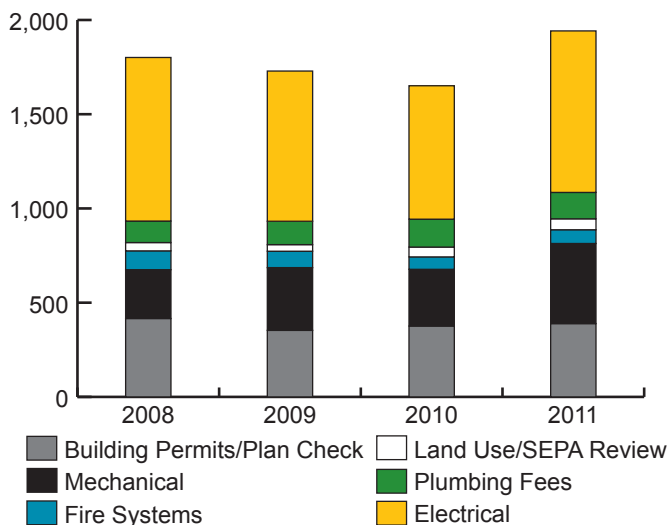
Projected 2011 development revenue was reduced from the 2011 budget by \$159,175 or 11.5% to \$1,229,281 as the two Shoreline high school construction projects started later than anticipated and therefore some of the revenue will be received in 2012.

Revenue received during 2011 totaled \$1,119,873 which was \$109,408 or 8.9% below projections but \$485,432 above collections during the same period of 2010. Revenue included a significant amount from the Shoreline School District for permitting work related to the two Shoreline high school construction projects. In comparison to 2010 it is important to note that roughly \$469,813 in 2011 revenue is from permitting and plan review work for the two school projects. Factoring out the school district revenue development revenue is still ahead of 2010 but only by \$15,619 or 2.5%.

The construction sector in Shoreline has been hit especially hard by the recession and the return of that industry to pre-recession levels is a critical part of Shoreline's economic health. One way to track how the development and construction sectors are fairing is by reviewing new construction permits and the subsequent value of those projects. During 2011, Shoreline received 36 new construction permits with a total value of \$70.9 million. This amount includes two permits for the high schools with a value of \$62.6 million. After factoring this out of the total, the value of new construction equaled \$8.3 million, which is an improvement from 2010 activity of 14 permits at a value of \$5.4 million. However, compared to 2008, current activity was \$43.5 million and 60 permits.

PERMITS BY TYPE

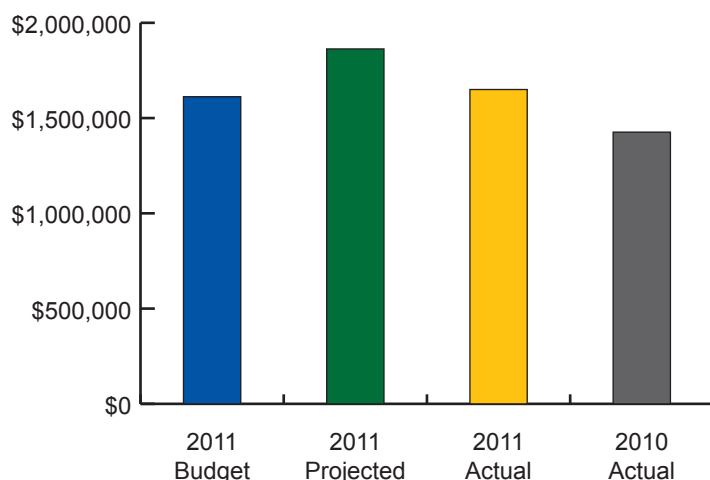
January through December 2009–2011



PERMIT TYPE	2008	2009	2010	2011	# Variance 2011 v. 2010	% Variance 2011 v. 2010
Building Permits/ Plan Check	416	353	376	389	13	3.5%
Mechanical	259	333	301	425	124	41.2%
Fire Systems	100	87	66	73	7	10.6%
Land Use/ SEPA Review	44	35	52	58	6	11.5%
Plumbing	114	124	148	140	-8	-5.4%
Electrical	868	797	708	857	149	21.0%
Total	1,801	1,729	1,651	1,942	291	17.6%

GENERAL FUND REVENUE ANALYSIS (continued):

GAMBLING TAX REVENUE



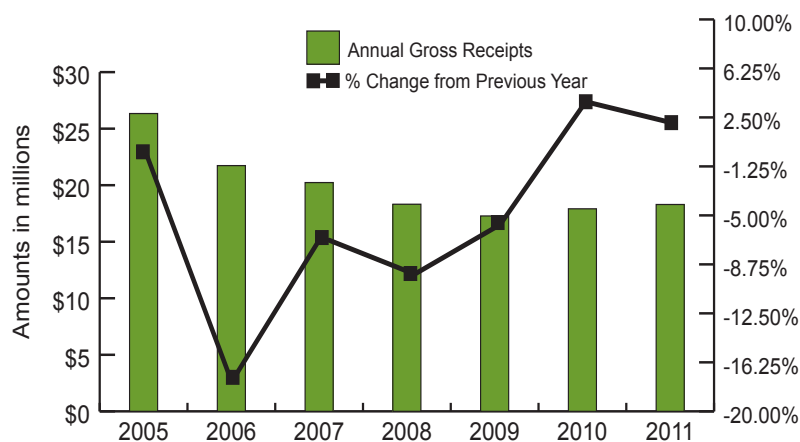
2011 Budget	\$1,611,625
2011 Projected	\$1,862,931
2011 Actual	\$1,649,913
\$ Variance	-\$213,018
% Variance	-11.4%
2010 Actual	\$1,426,204
\$ Change from 2010	\$223,709
% Change from 2010	15.7%

Year-end projected revenue for 2011 was increased by \$251,306 or 15.6% to \$1,862,931 from a current budget amount of \$1,611,625. This increase was made to account for late payments that were due in 2010 and paid in 2011 and from promissory note payments the City is receiving from Parker's and Goldie's casinos. Actual 2011 gambling revenue totaled \$1,649,913 which is \$213,018 or 11.4% below projected revenue. This under collection is due to unpaid gambling taxes from card room and pull tabs activity. Card game activity increased by 2.1% compared to 2010. The 2.1% increase equates to \$379,924 increase in card game activity and that equals \$37,992 in additional card game revenue.

At this time, Parker's Casino is no longer current on their promissory note payment schedule and has not filed tax returns for the second, third or fourth quarters of 2011. The City is attempting to collect the past due payments.

Goldie's remains current on their promissory note payment schedule but has unpaid taxes from the second quarter of 2011 and did not file their fourth quarter return. The City is attempting to collect the past due payments.

CARD ROOM RECEIPTS 2005-2011

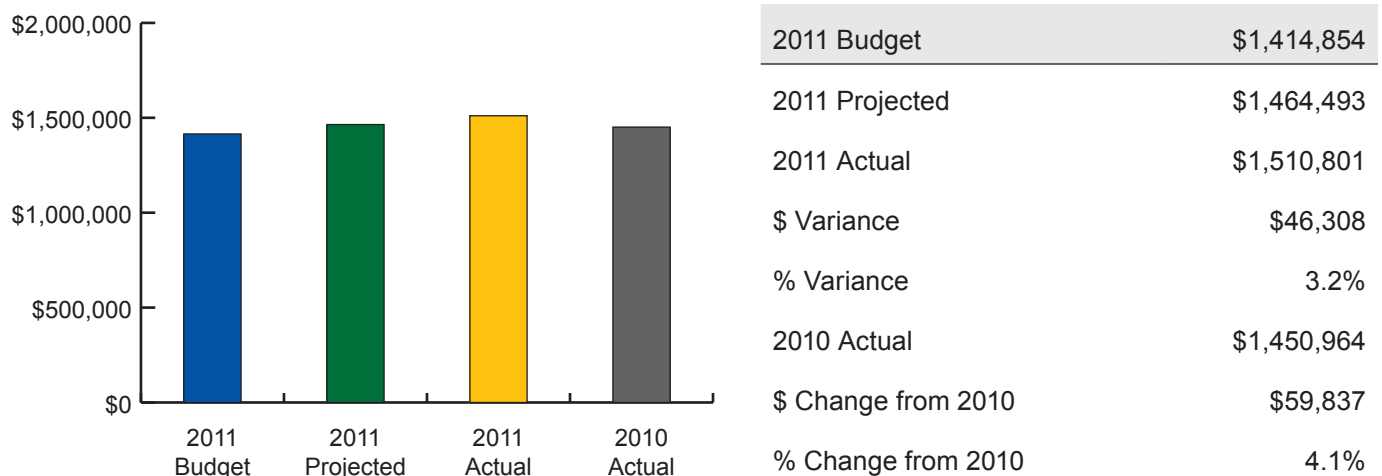


Card Room Gross Receipts 2005-2011

Year	Annual Gross Receipts	% Change from Previous Year
2005	\$26,337,937	-0.3%
2006	\$21,732,592	-17.5%
2007	\$20,232,133	-6.9%
2008	\$18,316,594	-9.5%
2009	\$17,279,574	-5.7%
2010	\$17,912,723	3.7%
2011	\$18,292,647	2.1%

GENERAL FUND REVENUE ANALYSIS (continued):

PARK AND RECREATION REVENUE



Projected 2011 revenue in this category was increased from the 2011 budget midyear by \$49,639 to \$1,464,493 based on year to date activity. In 2011, Park and Recreation revenue totaled \$1,510,571 ahead of projected revenue by \$46,308 or 3.2%. The stronger than expected revenue is primarily due to increased revenue from athletic field and picnic shelters rentals, summer playground registrations, and better than expected swimming lesson registrations.

In comparison to 2010, Park and Recreation revenue increased by \$59,607 or 4.1%.

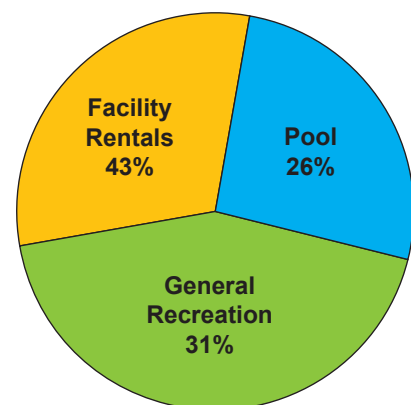
RECREATION REVENUE BY PROGRAM

Annual Recreation Revenue by Program Area 2005-2011*

	Pool	General Recreation	Facility Rentals	Total Revenue
2005	\$351,507	\$400,386	\$200,189	\$952,082
2006	\$358,487	\$507,651	\$240,027	\$1,106,165
2007	\$361,540	\$543,568	\$322,704	\$1,227,812
2008	\$383,260	\$597,402	\$334,301	\$1,314,963
2009	\$372,035	\$556,951	\$423,021	\$1,352,007
2010	\$380,502	\$600,004	\$420,608	\$1,401,114
2011	\$388,307	\$636,844	\$450,994	\$1,476,145
\$ Variance 2011-2010	\$7,805	\$36,840	\$30,386	\$75,031
% Variance 2011-2010	2.05%	6.14%	7.22%	5.36%

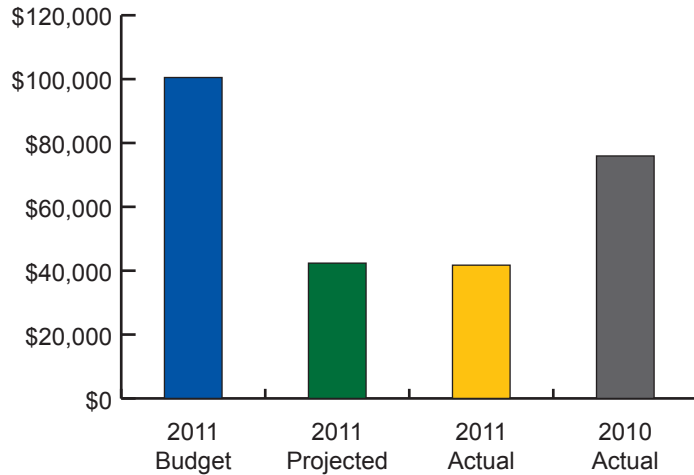
* Excludes non-program revenue such as cell tower rental fees and special event sponsorships.

2011 Revenue by Program
Total Revenue \$1,476,145



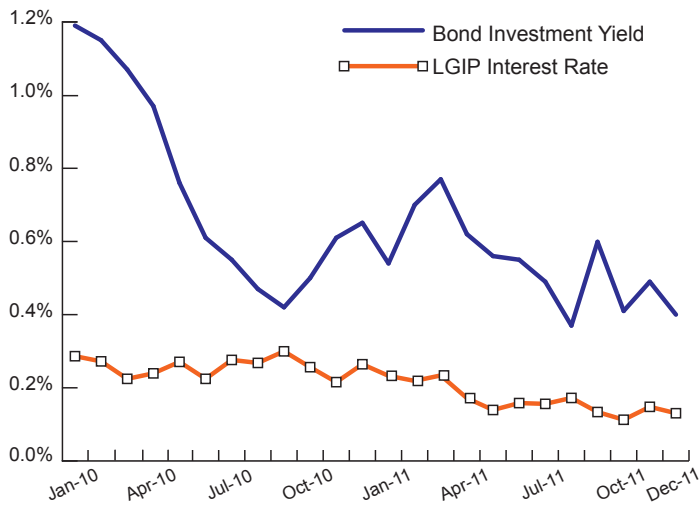
GENERAL FUND REVENUE ANALYSIS (continued):

INVESTMENT REVENUE



2011 Budget	\$100,500
2011 Projected	\$42,368
2011 Actual	\$41,730
\$ Variance	-\$638
% Variance	-1.5%
2010 Actual	\$75,933
\$ Change from 2010	-\$34,203
% Change from 2010	-45.0%

Projected revenues in this category were reduced from the 2011 budget of \$100,500 to \$42,368 based on continued falling interest rates. Investment earning in 2011 totaled \$41,730 which was below the lowered projections by \$638 or 1.5 %. Revenues were also \$34,203 less than those collected during 2010.



Month	LGIP Interest Rate*	Bond Investment Yield
1/31/10	0.2864%	1.1900%
2/28/10	0.2723%	1.1500%
3/31/10	0.2245%	1.0700%
4/30/10	0.2395%	0.9700%
5/31/10	0.2709%	0.7600%
6/30/10	0.2245%	0.6100%
7/31/10	0.2762%	0.5500%
8/31/10	0.2680%	0.4700%
9/30/10	0.2997%	0.4200%
10/31/10	0.2564%	0.5000%
11/30/10	0.2155%	0.6100%
12/31/10	0.2644%	0.6510%
1/31/11	0.2328%	0.5400%
2/28/11	0.2189%	0.7000%
3/31/11	0.2338%	0.7700%
4/30/11	0.1718%	0.6200%
5/31/11	0.1394%	0.5600%
6/30/11	0.1583%	0.5500%
7/31/11	0.1561%	0.4900%
8/31/11	0.1723%	0.3700%
9/30/11	0.1338%	0.5990%
10/31/11	0.1127%	0.4100%
11/30/11	0.1480%	0.4900%
12/31/11	0.1305%	0.4000%
Average	0.2128%	0.6438%

*Local Government Investment Pool

EXPENDITURE ANALYSIS

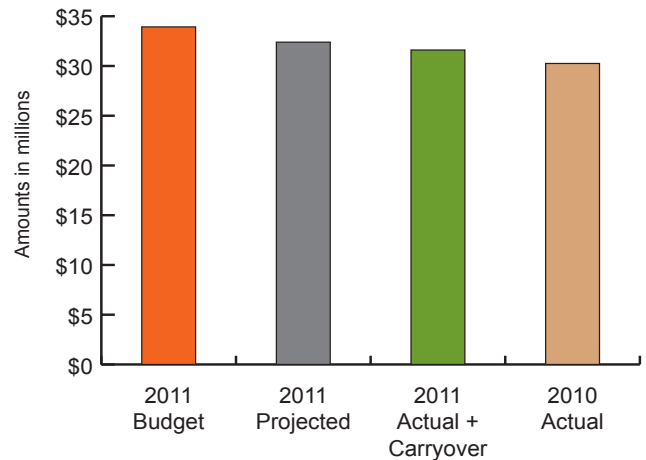
GENERAL FUND EXPENDITURES

In 2011, actual expenditures totaled \$31,290,879 and finished the year \$1,105,250 or 3.4% below projected expenditures of \$32,396,129. It is important to note that \$315,806 of additional 2011 expenditures will be carried over into 2012 to complete work that was budgeted but could not be completed before the end of the year. This somewhat off-sets the expenditure savings and if you factor in the expenditure carryover the actual 2011 savings equals \$789,444 or 2.4%.

General Fund expenditure highlights:

- City Manager was below projections by \$25,581 or 1.9% due to salary and benefits savings as a result of position vacancies.
- City Attorney was over projections by \$34,648 or 6.4% due to the outside counsel review performed for Point Wells.
- Community Services was below projections by \$25,647 or 1.6% due to the timing of purchases related to the Emergency Management Program Grant (EMPG).
- Human Resources was over projections by \$10,045 or 2.6% due to professional coaching/re-employment services provided to employees facing layoffs.
- Criminal Justice was below projections by \$139,973 or 7.2% due a continued trend in fewer jail days being billed to the City.
- Parks was below projections by \$174,359 or 3.9% due to savings in various programs. Parks Administration printing savings of \$7,000; Parks Operations professional services savings of \$20,538; Pool regular and extra-help salaries savings of \$13,973; General Recreation extra-help salary savings of \$26,652; and Teen program professional services savings of \$ 14,381, \$5,976 of the savings will be carried over for work to continue on the Raikes Foundation grant.
- Public Works was below projections by \$115,122 or 8.4% due to a delay in spending for professional services assisting in the potential assumption of SPU Water which will be carried over and repairs and maintenance savings in the Facilities Program.

In addition to the highlighted expenditure most of the City's other departments reduced expenditures to help off-set declining revenues.



Department	2011 Budget	2011 Projected	2011 Actual + Carryover	\$ Variance	% Variance	2010 Actual
City Council	\$173,932	\$175,258	\$166,857	-\$8,401	-4.8%	172,115
City Manager's Office ¹	\$1,430,614	\$1,381,633	\$1,356,052	-\$25,581	-1.9%	1,404,092
City Attorney	\$562,036	\$542,659	\$577,307	\$34,648	6.4%	487,679
Community Services ²	\$1,565,627	\$1,555,164	\$1,529,517	-\$25,647	-1.6%	1,421,842
Administrative Services ³	\$3,096,766	\$2,997,169	\$3,018,490	\$21,321	0.7%	2,977,475
Citywide	\$1,675,151	\$882,224	\$878,483	-\$3,741	-0.4%	845,178
Human Resources	\$398,772	\$391,512	\$401,557	\$10,045	2.6%	378,341
Police	\$10,192,588	\$10,043,636	\$10,037,286	-\$6,350	-0.1%	9,762,625
Criminal Justice	\$2,323,562	\$1,930,950	\$1,790,977	-\$139,973	-7.2%	2,426,713
Parks and Recreation	\$4,506,680	\$4,472,634	\$4,298,275	-\$174,359	-3.9%	4,208,292
Planning & Community Development	\$2,698,104	\$2,653,243	\$2,639,739	-\$13,504	-0.5%	2,490,244
Public Works	\$1,393,277	\$1,367,257	\$1,252,135	-\$115,122	-8.4%	1,042,418
Department Totals	\$30,017,109	\$28,393,339	\$27,946,675	-\$446,664	-1.6%	\$27,617,014
General Transfers Out	\$3,912,988	\$4,002,790	\$3,660,010	-\$342,780	-8.6%	2,636,214
General Fund Total	\$33,930,097	\$32,396,129	\$31,606,685	-\$789,444	-2.4%	\$30,253,228

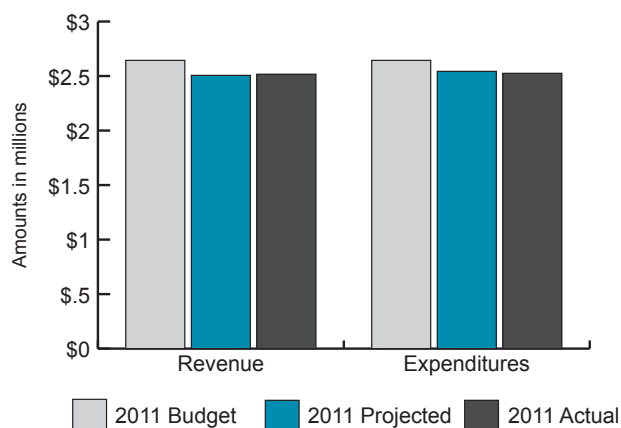
¹ City Manager includes Economic Development, Communications & Intergovernmental Relations

² Community Services includes Emergency Management Planning, Neighborhoods, Human Services and CRT

³ Administrative Services includes Finance, Information Technology and City Clerk.

OTHER FUNDS REVENUE ANALYSIS:

STREET FUND



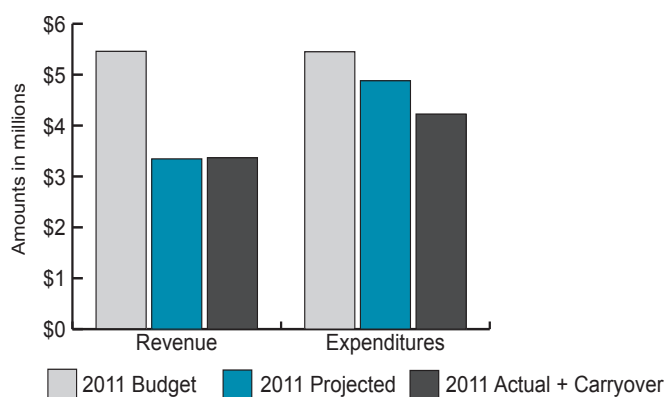
Street Fund

	Revenue	Expenditures
2011 Budget	\$2,643,749	\$2,643,749
2011 Projected	\$2,506,307	\$2,542,958
2011 Actual	\$2,516,767	\$2,525,022
\$ Variance	\$10,460	-\$17,936
% Variance	0.4%	-0.7%

Revenue for 2011 collections totaled \$2,516,767 which was \$10,460 above projections. Fuel tax collections were below projections by \$7,514 or 0.67%. Right of way fees were \$10,864 or 5.05% above projected revenue. Investment earnings were \$4,443 above projections.

Expenditures in 2011 totaled \$2,525,025 which was below projections by \$17,936 or 0.7%.

SURFACE WATER UTILITY FUND



Surface Water Utility Fund

	Revenue	Expenditures
2011 Budget	\$5,450,147	\$5,450,147
2011 Projected	\$3,345,452	\$4,880,657
2011 Actual + Carryover	\$3,366,910	\$4,225,801
\$ Variance	\$21,458	-\$654,856
% Variance	0.6%	-13.4%

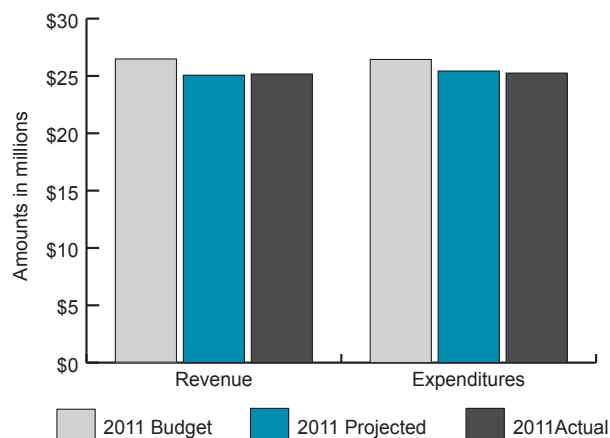
The Surface Water Utility Fund (SWM) includes both on-going operational programs and capital projects and both are reflected in the total expenditures and revenues.

In 2011 actual revenues were \$3,366,910 which was \$21,458 or 0.64% higher than projections. Most of the revenue variance is due to grant revenue received. SWM on-going revenues include storm drainage fees and investment interest earnings. In 2011 storm water drainage fees totaled \$3,134,590 and finished the year just \$20,180 or 0.64% below projections. Investment interest earnings totaled \$8,541 and finished \$541 or 6.76% over projections.

Expenditures of \$3,708,335 plus carryovers of \$517,466 finished the year \$654,856 or 13.4% below projections. The operational side of the SWM fund finished the year \$256,278 or 12.66% under projections due to savings in repair and maintenance costs on the City's surface water infrastructure and additional savings in contract costs associated with general maintenance.

OTHER FUNDS REVENUE ANALYSIS (continued):

GENERAL CAPITAL FUND



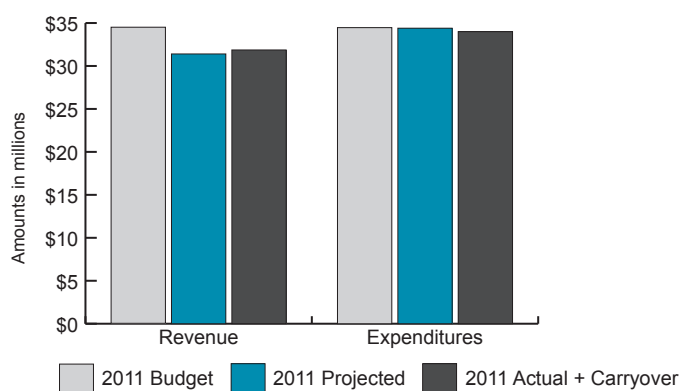
General Capital Fund

	Revenue	Expenditures
2011 Budget	\$4,292,849	\$4,292,849
2011 Projected	\$707,849	\$2,933,986
2011 Actual	\$691,387	\$1,577,756
\$ Variance	-\$16,462	-\$1,356,230
% Variance	-2.3%	-46.2%

Actual 2011 revenues for this fund totaled \$691,039 which was \$16,462 or 2.3% under projections as a result of the following: Real Estate Excise Tax (REET) totaled \$426,770 which was \$17,403 or 3.92% below lowered projections, and the use of King County Mitigation funds totaled \$46,303 which was below the projected use of \$95,501. The funds will be used in 2012 as project work continues.

Expenditures during 2011 totaled \$1,577,756 which is \$1,356,230 or 46.2% below projected expenditures. This fund will carryover \$1,352,525 of 2011 budget authority into 2012 due to project work that will continue into 2012. The major projects with continuing work include: City Hall Tenant Improvements (\$790,348), Kruckeberg Garden (\$172,221), Police Station Site Analysis (\$100,000), and Trail Corridors (\$142,358).

ROADS CAPITAL FUND



Roads Capital Fund

	Revenue	Expenditures
2011 Current Budget	\$34,462,831	\$34,462,831
2011 Projected	\$31,399,674	\$34,396,114
2011 Actual + Carryover	\$31,764,354	\$33,995,526
\$ Variance	\$364,680	-\$400,588
% Variance	1.2%	-1.2%

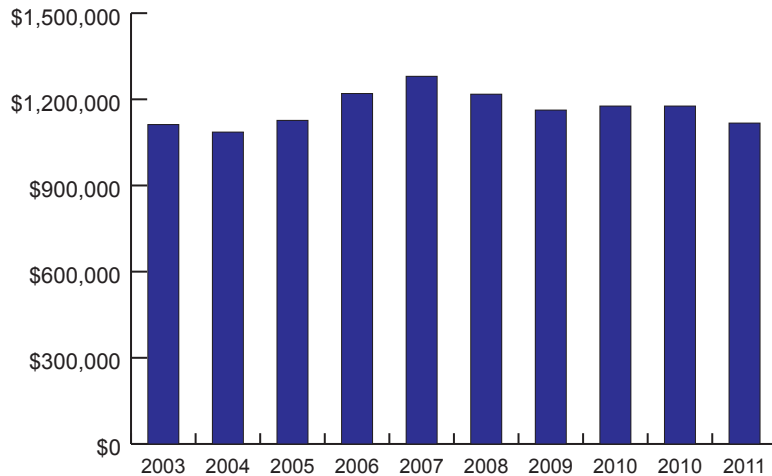
Revenues of \$25,464,396 plus carryovers of \$6,299,958 finished the year \$364,680 or just 1.2% ahead of projections. The two on-going revenue sources are highlighted below:

- Real Estate Excise Tax (REET) collections of \$426,770 were \$17,403 or 3.92% below projections.
- Investment earnings totaled only \$7,816 and finished the year \$1,859 or 19.21% below projections.

Expenditures of \$26,937,700 plus carryovers of \$7,057,826 finished the year just \$400,588 or 1.2% below projections; \$6,931,481 of the carryover amount is for the Aurora Corridor project and is being carried over into 2012 to align with the updated construction schedule.

NON-GENERAL FUND REVENUE ANALYSIS:

STREET FUND FUEL TAX

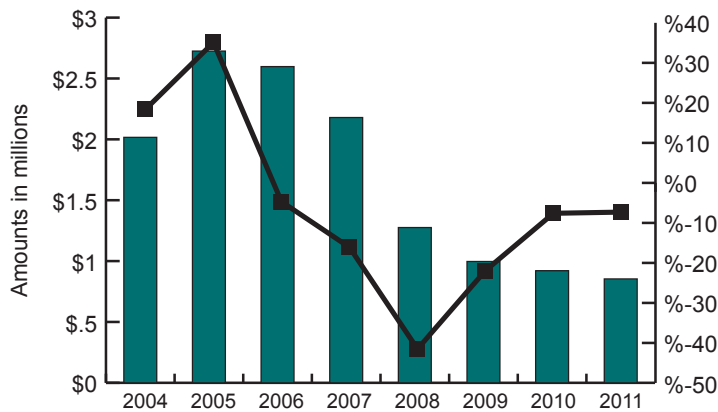


Fuel Tax: Historical Annual Comparison - Street Fund

2003	\$1,112,083
2004	\$1,085,914
2005	\$1,126,668
2006	\$1,220,213
2007	\$1,280,096
2008	\$1,217,850
2009	\$1,162,565
2010	\$1,176,559
2011	\$1,117,295

Fuel tax revenue for 2011 in the Street Fund totaled \$1,117,295 which is \$7,514 or 0.67% below projected revenue. This level is down from 2010 by \$59,264 or 5%. 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.

REAL ESTATE EXCISE TAX (REET)



REET: Annual Collected 2004-2011

	Revenue	% Change from Previous Year
2004	\$2,016,532	18.4%
2005	\$2,725,162	35.1%
2006	\$2,597,703	-4.7%
2007	\$2,179,332	-16.1%
2008	\$1,275,597	-41.5%
2009	\$996,805	-21.9%
2010	\$920,596	-7.6%
2011	\$853,538	-7.3%

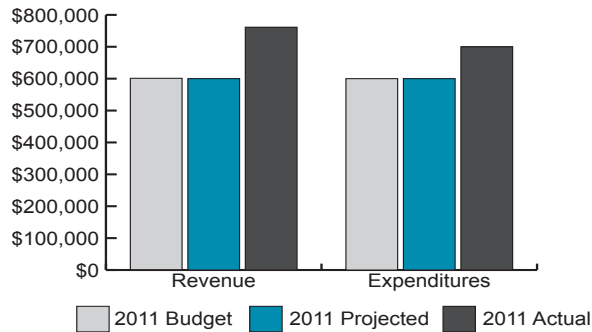
REET collections for 2011 of \$853,538 are \$34,808 or 3.9% under projected revenue of \$88,346. Compared to 2010 revenue, this is \$65,058 or 7.3% behind. The number of real estate transactions decreased compared to 2010. The number of sales was down by 20 or 3.8%. Sales were down by \$7 million or 3.8%. The average sale price in 2011 was \$353,506 up only 0.03% from the average 2010 sale price of \$353,396.

Real Estate Excise Tax 2011

2011 Budget	\$1,100,000
2011 Projected	\$888,346
2011 Actual	\$853,538
\$ Variance	-\$34,808
% Variance	-3.9%

OTHER FUNDS REVENUE ANALYSIS (continued):

TRANSPORTATION BENEFIT DISTRICT



Transportation Benefit District

	<i>Revenue</i>	<i>Expenditures</i>
2011 Budget	\$600,060	\$600,000
2011 Projected	\$600,060	\$600,000
2011 Actual	\$761,398	\$600,000
\$ Variance	\$161,338	\$0
% Variance	26.9%	0%

The Transportation Benefit District (TBD) was created in 2009 and began operation in 2010. The TBD generates revenue via a \$20 per vehicle fee for registered vehicles in Shoreline. The revenue is transferred to the Roads Capital Fund and is used to help fund the annual road surface maintenance program. This fund will also generate a small amount of interest revenue. The expenditures from the TBD will be the transfer to the Roads Capital Fund and an annual insurance payment of roughly \$5,000.

The 2011 revenue for the TBD was \$761,398 which is \$161,338 or 26.9% above projected revenue of \$600,060.

On the expenditure side \$595,000 as budgeted, has been transferred to the Roads Capital fund and the annual insurance payment of \$5,000 has been completed.

Fourth Quarter INVESTMENT REPORT December 31, 2011:

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 December 31, 2011, the City's investment portfolio, excluding the State Investment Pool, had a weighted average rate of return of 0.4649%. This is better than the State Investment Pool twelve month average of 0.1674%. Total investment interest earnings through December were \$93,857 which is about 53% of original budgeted 2011 investment earnings of \$178,515.

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% and by the end of 2009 the rate was 1.07%. This decline continued during 2010 as at the end of December the rate was only 0.651%. The rate at the end of December of 2011 was 0.40% as rates have continued to decline during the year.

As of December 31, 2011, the City's investment portfolio had a fair value of \$23,324,115. Approximately 21% of the investment portfolio was held in U.S. government instrumentality securities, and 79% was held in the Washington State Investment Pool. The City's investment portfolio valued at cost as of December 31, 2011, was \$23,326,568. 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 October 2011 is yielding 0.540% and will not mature until 10/18/2013. This rate of return is projected to be above the average projected 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 December 31, 2011

<u>Instrument Type</u>	<u>CUSPID #</u>	<u>BROKER</u>	<u>Settlement Date</u>	<u>Maturity Date</u>	<u>Investment Cost</u>	<u>Yield To Maturity</u>	<u>Market Value 12/31/11</u>
FHLMC 0.50	3134G2S86	Bank of America	10/18/11	10/18/13	999,200	0.5400%	998,635
FNMA 0.75	3135G0GP2	ProEquities	12/27/11	12/19/14	1,999,800	0.7530%	1,995,998
FNMA 0.75	3136FTNT2	ProEquities	11/21/11	11/21/14	1,994,000	0.8510%	1,995,914
State Investment Pool					18,333,568	0.1305%	18,333,568
Sub Total					23,326,568		23,324,115

Average Maturity Excluding the State Investment Pool (days)	972
Weighted Average Yield to Maturity Excluding the State Pool	0.4649%
Average Yield to Maturity State Investment Pool	0.1674%
Basis Points in Excess (Below) Benchmark	30

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

Portfolio Diversification

<u>Instrument Type</u>	<u>Percentage</u>	<u>Amount at Market Value</u>	<u>Amount at Cost</u>	<u>Broker</u>	<u>Percentage</u>	<u>Amount at Cost</u>
FHLMC	4%	998,635	3,993,800	Bank of America	4%	999,200
FNMA	17%	3,991,912	999,200	ProEquities	17%	3,993,800
State Investment Pool	79%	18,333,568	18,333,568	State Investment Pool	79%	18,333,568
Total Investments	100%	23,324,115	23,326,568	Total Investments	100%	23,326,568

<u>Investments by Fund</u>	<u>Investments at Cost as of 12/31/2011</u>	<u>State Investment Pool as of 12/31/2011</u>	<u>Total Investments by Fund as of 12/31/2011</u>	<u>Investment Earnings Budget 2011</u>	<u>Investment Earnings Actual 2011</u>	<u>Over/(Under) Budget</u>
001 General	2,130,638	4,500,302	6,630,941	80,500	36,577	-43,923
101 Street	69,201	730,900	800,101	10,000	6,444	-3,556
107 Code Abatement	0	154,384	154,384	550	289	-261
108 Asset Seizure	0	11,813	11,813	0	11	11
109 Public Arts	0	270,156	270,156	1,050	588	-462
112 Federal Drug Enforcement	0	16,062	16,062	50	18	-32
114 Transportation Benefit District	0	56,694	56,694	60	128	68
115 Property Tax Equalization	0	591,517	591,517	0	373	373
116 Federal Crime Forfeit	0	235,253	235,253	0	112	112
190 Revenue Stabilization	1,775,849	798,980	2,574,829	0	0	0
201 Unlimited GO Bond	0	0	0	0	0	0
301 General Capital	0	3,558,750	3,558,750	20,000	7,404	-12,596
312 City Fac-Mjr Maint.	0	115,600	115,600	3,465	330	-3,135
330 Roads Capital	0	2,830,113	2,830,113	17,500	7,816	-9,684
401 Surface Water Utility Fund	500,000	3,183,974	3,683,974	30,000	8,539	-21,461
501 Vehicle Oper/Maint.	0	55,336	55,336	250	170	-80
503 Equip Dep Replace	517,312	1,200,066	1,717,378	15,000	24,985	9,985
505 Unemployment	0	23,667	23,667	150	74	-76
114 Transportation Benefit District	0	56,694	56,694	60	128	68
Total Investments	4,993,000	18,333,568	23,326,568	178,575	93,857	-84,718





SHORELINE STRATEGIC DIRECTIONS – 2011-12

"A community guide for continuous improvement"



Vision	A community of families, safe neighborhoods, diverse cultures, active partnerships, quality businesses, natural resources, and responsive government		2011-2012 City Council Goals	
Values	<ul style="list-style-type: none">• Strong neighborhoods, citizen partnerships, and active volunteers• Social, cultural and economic diversity• Human service connections and networks• Open, efficient, participatory government• Community and regional leadership and collaboration• Sustainability and stewardship of the environment and natural resources• Quality educational, recreational, and cultural opportunities for all ages	Goal No. 1	Implement the adopted Community Vision by updating the Comprehensive Plan and key development regulations in partnership with residents, neighborhoods and businesses	
		Goal No. 2	Provide safe, efficient and effective infrastructure to support our land use, transportation and surface water plans	
Strategic Objectives		Goal No. 3	Expand Economic Development opportunities in Shoreline	
		Goal No. 4	Construct the Aurora Improvements from 165 th to 205 th Streets	
		Goal No. 5	Provide enhanced opportunities for effective citizen communication and community engagement	
		Goal No. 6	Develop a “healthy city” strategy	
		Goal No. 7	Acquire Seattle Public Utilities water system in Shoreline	
	<ul style="list-style-type: none">• Safe and attractive neighborhoods and business districts• Quality services, facilities, and infrastructure• Safe, healthy and sustainable environment• Government excellence• Economic vitality and financial stability• Human services• Effective citizen communication and engagement			

STRATEGIC OBJECTIVES	DESIRED COMMUNITY CONDITION	STRATEGIES	PERFORMANCE MEASURES	2008 ACTUAL	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	DATA TREND
SAFE AND ATTRACTIVE NEIGHBORHOODS AND BUSINESS DISTRICTS 	<ul style="list-style-type: none">Residents feel safe in their neighborhoodsResidents are safe from crimes against persons and propertyResidents and visitors are safe to travel on streets and walkwaysCommunity is prepared for natural and man-made disastersNeighborhoods are free from blight and deterioration	<ul style="list-style-type: none">Conduct community outreach meetings on emergency preparednessComplete priority sidewalk projectsSupport an "adopt-a-road, -park and -trail" programsComplete Town Center PlanImplement county-wide Repeat Burglar InitiativeComplete Southeast Neighborhoods Subarea Plan	• % of residents who feel safe in their neighborhood during the day ¹	96%	96%	95%	95%	↔
			• Part I crimes per 1,000 population	33	32	30	34	↑
			• Traffic accidents per 1,000 population	10.6	10.3	N/A	N/A	N/A
			• Lineal feet of pedestrian pathways* not including parks (includes Interurban Trail)	423,060	431,060	463,956	482,711	↑
			• % of residents who rate their neighborhood condition as excellent/good ¹	62%	62%	64%	64%	↔
			• % of residents who rate the overall quality of life as excellent/good ¹	85%	85%	85%	85%	↔
			• # of emergency preparedness presentations and/or training sessions provided to community	44	70	48	63	↑
			• Lineal feet of marked bike lanes	44,420	50,685	51,989	60,192	↑
QUALITY SERVICES, FACILITIES, AND INFRASTRUCTURE 	<ul style="list-style-type: none">Residents have safe and affordable transportation optionsThe street system is well maintainedResidents and businesses are safe from floodingCity services are delivered effectively and efficientlyResidents are provided with timely and responsive public servicesQuality parks, open space trails and recreational activities are available to all residentsAurora Avenue provides improved safety and mobility for vehicles and pedestrians, Bus Rapid Transit, good business access, and improved economic vitality	<ul style="list-style-type: none">Complete 2006 parks bond projects, including Hamlin and Cromwell Parks ImprovementsComplete construction of the second mile of AuroraWork with transit providers to expand transit in ShorelineUpdate Transportation Master Plan, including citywide trail and bicycle connection planUpdate Surface Water Master Plan and Priority Basin PlanAcquire LEED Gold certification for new City HallComplete draft Urban Design, Capital Facilities and Park elements of the Comprehensive Plan	• Overall pavement condition rating (0-100)	81	70	70	70	↔
			• % of residents very/somewhat satisfied with overall maintenance of City streets ¹	71%	71%	68%	68%	↔
			• Number of flooding claims against City	5	2	1	2	↑
			• % of residents who rate the value of services received for City taxes as excellent/good ¹	41%	41%	50%	50%	↔
			• Operating expenses per capita (constant \$)	\$243	\$252	\$260	\$249	↓
			• % of residents very/somewhat satisfied with the maintenance of City parks ¹	79%	79%	85%	85%	↔
			• % of users rating recreation programs as excellent/good	95%	92%	95%	95%	↔
			• % of residents who are very/somewhat satisfied with the overall quality of City services ¹	70%	70%	72%	72%	↔

GREEN arrow means positive trend, RED arrow means negative trend, and BLACK arrow means no change.
* Pedestrian Pathway is defined as an all-weather surface, e.g. asphalt or concrete, a minimum of 5ft wide, separated from traveled way with some type of barrier, such as curb, ditch, or railing, or an at-grade walkway separated from traveled way by either an unpaved area, such as gravel or landscaping, or a minimum of 4ft, defined by pavement markings and signage as needed.



SHORELINE STRATEGIC DIRECTIONS – 2011-12

"A community guide for continuous improvement"



STRATEGIC OBJECTIVES	DESIRED COMMUNITY CONDITION	STRATEGIES	PERFORMANCE MEASURES	2008 ACTUAL	2009 ACTUAL	2010 ACTUAL	2011 ACTUAL	DATA TREND
SAFE, HEALTHY AND SUSTAINABLE ENVIRONMENT 	<ul style="list-style-type: none">• Surface water quality meets/exceeds state and federal standards• Solid waste is diverted from landfills• Urban forest is preserved and enhanced• Higher density residential options are available within walking distance of neighborhood commercial centers• Shoreline has an active "Green Street" Program• Shoreline is a leader in energy efficiency, alternative renewable energy, and climate change initiatives	<ul style="list-style-type: none">• Complete a "Green Street" demonstration project• Implement Forest Management Plan, including tree retention policies and regulations• Support the Mayor's Climate Protection Agreement (ongoing)• Implement the City adopted Environmental Sustainability Strategy• Implement a comprehensive environmental purchasing policy	• % of households within 1/4 mile of commercial amenities	63%	67%	67%	67%	↔
			• % of solid waste stream recycled from curbside residential collection	56%	58%	60%	60%	↔
GOVERNMENTAL EXCELLENCE 	<ul style="list-style-type: none">• Shoreline leaders are effectively engaged in regional decisions affecting Shoreline• Professional and committed workforce• City is prepared for natural and man-made disasters• City provides effective and efficient government services• City provides excellent customer service	<ul style="list-style-type: none">• Councilmembers actively participate in regional and national committees (such as SCA, AWC, WRIA 8²)• Implement "mid management" training program• Provide federally mandated emergency response training for staff• Implement priority elements of the Hazard Mitigation Plan• Conduct the bi-annual Citizen Satisfaction Survey	• # of regional and national committees with Council-staff representation	23	20	20	20	↔
			• % of residents rating quality of customer service as excellent/good ¹	48%	48%	53%	53%	↔
			• % of residents who believe the City is moving in the right direction ¹	60%	60%	71%	71%	↔
			• % of employees who would recommend working for the City to a friend ¹	88%	89%	89%	76%	↓
			• % of employees rating support services as excellent/good ¹	89%	89%	89%	89%	↔
ECONOMIC VITALITY AND FINANCIAL STABILITY 	<ul style="list-style-type: none">• Public services and amenities (transportation, transit, water, sewer, power, etc.) are available to support economic and residential growth• Effective programs and resources are available to promote diversification, retention, and growth of existing small businesses• Thriving neighborhood commercial areas available to residents throughout the community• Aurora Square redevelops as a major regional destination shopping area• City has sufficient fiscal capacity to fund and maintain priority public services, facilities, and infrastructure	<ul style="list-style-type: none">• Implement the long-range financial plan• Promote redevelopment of Aurora Square• Promote redevelopment of Aurora Park & Ride at N 192nd Street• Adopt new residential density and incentive regulations for RB zones• Implement Small Business Assistance Program• Negotiate acquisition of Seattle Public Utility water system	• Retail sales tax per capita	\$124	\$114	\$106	\$113	↑
			• % of City assessed value that is commercial	9.20%	8.70%	10.8%	10.3%	↓
			• Bond rating - Standard & Poor	AA-	AA+	AA+	AA+	↔
			• Assessed property value per capita	\$136,473	\$146,163	\$126,697	\$125,845	↓
			• General debt per capita	\$317	\$703	\$691	\$659	↓
HUMAN SERVICES 	<ul style="list-style-type: none">• Safe and affordable housing is available for residents• Community provides support for responsible social development of youth• Residents have adequate levels of food, shelter, clothing, and medical care• Community provides support for the physical and social needs of senior citizens	<ul style="list-style-type: none">• Implement Comprehensive Housing Strategy• Update Youth Policy Plan• Update Human Services Plan and Desired Outcomes• Implement targeted youth involvement campaign	• Amount of subsidized housing units available	732	762	906	1,021	↑
			• # of major home repairs households served	5	8	5	4	↓
			• # of minor home repairs households served	60	53	52	45	↓
			• # of residents served through human service contracts (some residents are duplicated)	9,752	7,816	7,690	8,000	↑
EFFECTIVE CITIZEN COMMUNICATION AND ENGAGEMENT 	<ul style="list-style-type: none">• Residents are well informed of current community issues and events• City programs and services are aligned with community values and priorities• Active and engaged neighborhood associations• Citizens are active and involved in various community volunteer initiatives	<ul style="list-style-type: none">• Develop outreach strategies to promote volunteer efforts in the City• Create an online community bulletin board in partnership with non-profits• Hold town hall meetings and community forums on key issues	• % of residents somewhat/very satisfied with the City's efforts to keep residents informed ¹	65%	65%	69%	69%	↔
			• % of residents somewhat/very satisfied with City's efforts to provide opportunities for public input	58%	58%	59%	59%	↔
			• # of citizen volunteer hours	10,504	14,147	17,166	19,530	↑
			• % of residents getting information about City issues, services and events from Currents ¹	86%	86%	93%	93%	↔

Please Note:
N/A is defined as "not available"; these are generally for newly identified indicators and the data is in the process of being collected.
Not all of the City's performance measures collected by departments and/or program areas are included here.
¹ The citizen satisfaction survey (2008, 2010), the employee satisfaction survey (2009, 2011), and internal customer service survey (2008, 2010) are conducted every other year and the previous year's results are carried over.
² SCA = Suburban Cities Association; AWC = Association of WA Cities; WRIA = Water Resources Inventory Area