

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	2014 Fourth Quarter and Year-End Financial Report		
DEPARTMENT:	Administrative Services		
PRESENTED BY:	Patti Rader, Interim 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:

The 2014 year-end financial report is attached to this staff report as Attachment A. This report summarizes the financial activities during 2014 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. This report is provided to keep the Council informed of the financial issues and the financial position of the City.

Also attached (Attachment B) is a summary of the three primary Capital Funds - General, Surface Water and Roads. The intent of this attachment is to update the Council on the progress and status of the capital projects.

RESOURCE/FINANCIAL IMPACT:

The table on page 2 of the 2014 Year-End Financial Report provides a summary of the financial results for all City funds for 2014.

RECOMMENDATION

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

Approved By: City Manager *DT* City Attorney *MK*

ATTACHMENTS

Attachment A – 2014 Year End Financial Report
Attachment B – Capital Project Summary Report



2014 YEAR END FINANCIAL REPORT

April 2015

PERFORMANCE AT A GLANCE

	COMPARED TO 2014 PROJECTION	COMPARED TO 2013 ACTUAL	REFERENCE
GENERAL FUND REVENUES			
Property Tax Revenue	◀NEUTRAL▶	▲POSITIVE▲	Page 5
Sales Tax Revenue	▲POSITIVE▲	◀NEUTRAL▶	Pages 6-7
Utility Tax Revenue	◀NEUTRAL▶	◀NEUTRAL▶	Page 11
Development Revenue	▲POSITIVE▲	▲POSITIVE▲	Page 12
Park and Recreation Revenue	▲POSITIVE▲	▲POSITIVE▲	Page 13
Investment Income	▲POSITIVE▲	▲POSITIVE▲	Page 14
EXPENDITURES			
General Fund Expenditures	▲POSITIVE▲	▲POSITIVE▲	Page 15
NON-GENERAL FUND REVENUES			
Surface Water Fees	◀NEUTRAL▶	▲POSITIVE▲	Page 18
Fuel Tax	◀NEUTRAL▶	◀NEUTRAL▶	Page 21
Real Estate Excise Tax	▲POSITIVE▲	▲POSITIVE▲	Page 21

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

General Fund receipts totaling \$36,012,200 equal 104.6% of budgeted revenues excluding budgeted fund balance and are higher than the year-ago level by \$1,176,209, or 3.4%. General Fund expenditures, including transfers out, totaling \$35,425,424 equal 95.1% of budgeted expenditures and are higher than the year-ago level by \$2,001,042, or 6.0%.

Street Fund receipts, including transfers in, totaling \$1,838,551 equal 101.3% of budgeted revenues excluding budgeted fund balance and are \$280,726, or 13.2%, lower than the year-ago level. Street Fund expenditures, including transfers out, totaling \$1,747,608 equal 87.4% of budgeted expenditures and are \$234,560, or 11.8%, lower than the year-ago level.

Surface Water Utility (SWM) Fund receipts totaling \$3,842,356 equal 102.1% of budgeted revenues excluding budgeted fund balance and are \$188,154, or 4.7%, lower than the year-ago level. SWM Fund expenditures totaling \$4,334,247 equal 77.4% of budgeted expenditures and are \$191,704, or 4.6%, higher than the year-ago level.

Real Estate Excise Tax receipts totaling \$1,931,192 are \$296,750, or 18.2%, higher than the year-ago level.

Street Fund Fuel Tax receipts totaling \$1,107,075, are \$5,831, or 0.5%, higher than the year-ago level.

Revenues by Fund	2014 Current Budget	2014 4th Quarter Actual	2014 % of Current Budget	2013 Current Budget	2013 4th Quarter Actual	2013 % of Current Budget	2014 v. 2013 \$ Difference	2014 v. 2013 % Difference
General Fund	\$37,250,830	\$36,012,200	96.7%	\$35,414,371	\$34,835,991	98.4%	\$1,176,209	3.4%
Street Fund	\$1,999,037	\$1,838,551	92.0%	\$2,217,696	\$2,119,277	95.6%	-\$280,726	-13.2%
Code Abatement Fund	\$100,000	\$13,934	13.9%	\$100,000	\$3,674	3.7%	\$10,260	279.3%
State Drug Enforcement Fund	\$13,800	\$57,478	416.5%	\$13,800	\$73,622	533.5%	-\$16,144	-21.9%
Public Arts Fund	\$55,051	\$13,893	25.2%	\$75,500	\$10,337	13.7%	\$3,556	34.4%
Federal Drug Enforcement Fund	\$20,750	\$114,249	550.6%	\$20,700	\$37,587	181.6%	\$76,662	204.0%
Property Tax Equalization Fund	\$0	\$1,103	N/A	\$0	\$1,771	N/A	-\$668	-37.7%
Federal Crime Forfeitures Fund	\$316,310	\$1,653	0.5%	\$147,000	\$1,206,607	820.8%	-\$1,204,954	-99.9%
Revenue Stabilization Fund	\$0	\$0	N/A	\$0	\$3,112	N/A	-\$3,112	-100.0%
Unltd. Tax GO Bond Fund	\$1,710,000	\$1,697,774	99.3%	\$1,705,050	\$1,504,752	88.3%	\$193,022	12.8%
Limited Tax GO Bond 2009 Fund	\$1,662,567	\$1,662,567	100.0%	\$1,660,567	\$1,660,019	100.0%	\$2,548	0.2%
Limited Tax GO Bond 2013 Fund	\$260,823	\$260,823	100.0%	\$0	\$0	N/A	\$260,823	N/A
General Capital Fund	\$4,878,471	\$1,396,999	28.6%	\$6,044,435	\$4,942,454	81.8%	-\$3,545,455	-71.7%
City Facility-Major Maint. Fund	\$115,392	\$74,223	64.3%	\$218,797	\$74,398	34.0%	-\$175	-0.2%
Roads Capital Fund	\$23,642,942	\$18,674,843	79.0%	\$20,427,271	\$4,580,290	22.5%	\$14,094,553	307.7%
Surface Water Utility Fund	\$5,602,951	\$3,842,356	68.6%	\$5,208,384	\$4,030,510	77.4%	-\$275,090	-6.8%
Vehicle Operations/Maint. Fund	\$245,273	\$230,443	94.0%	\$213,635	\$198,613	93.0%	\$31,830	16.0%
Equipment Replacement Fund	\$482,666	\$272,350	56.4%	\$516,696	\$387,540	75.0%	-\$115,190	-29.7%
Unemployment Fund	\$17,500	\$17,562	100.4%	\$17,500	\$17,576	100.4%	-\$14	-0.1%
Totals	\$78,374,363	\$66,096,065	84.3%	\$74,001,402	\$55,688,130	75.3%	\$10,407,935	18.7%
Transportation Benefit District	\$788,613	\$788,711	0%	\$919,200	\$766,180	83.4%	\$22,531	2.9%

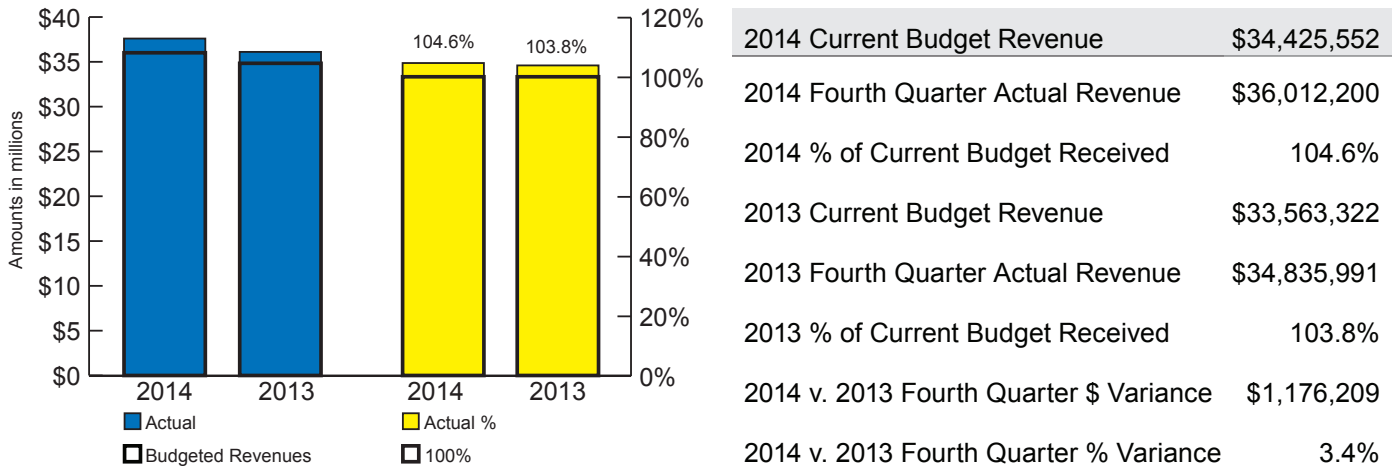
Expenditures by Fund	2014 Current Budget	2014 4th Quarter Actual	2014 % of Current Budget	2013 Current Budget	2013 4th Quarter Actual	2013 % of Current Budget	2014 v. 2013 \$ Difference	2014 v. 2013 % Difference
General Fund	\$37,250,828	\$35,425,424	95.1%	\$35,414,373	\$33,424,382	94.4%	\$2,001,042	6.0%
Street Fund	\$1,999,037	\$1,747,608	87.4%	\$2,217,696	\$1,982,168	89.4%	-\$234,560	-11.8%
Code Abatement Fund	\$100,000	\$11,455	11.5%	\$100,000	\$4,375	4.4%	\$7,080	161.8%
State Drug Enforcement Fund	\$13,800	\$13,054	94.6%	\$13,800	\$3,027	21.9%	\$10,027	331.3%
Public Arts Fund	\$55,051	\$32,172	58.4%	\$75,500	\$31,641	41.9%	\$531	1.7%
Federal Drug Enforcement Fund	\$20,750	\$5,739	27.7%	\$20,750	\$1,400	6.7%	\$4,339	309.9%
Property Tax Equalization Fund	\$0	\$0	N/A	\$0	\$0	N/A	\$0	N/A
Federal Crime Forfeitures Fund	\$316,310	\$21,906	6.9%	\$147,000	\$52,604	35.8%	-\$30,698	-58.4%
Revenue Stabilization Fund	\$0	\$0	N/A	\$0	\$0	N/A	\$0	N/A
Unltd. Tax GO Bond Fund	\$1,709,050	\$1,706,352	99.8%	\$1,705,050	\$1,704,351	100.0%	\$2,001	0.1%
Limited Tax GO Bond 2009 Fund	\$1,662,567	\$1,661,071	99.9%	\$1,660,567	\$1,660,019	100.0%	\$1,052	0.1%
Limited Tax GO Bond 2013 Fund	\$260,823	\$260,823	100.0%	\$0	\$0	N/A	\$260,823	N/A
General Capital Fund	\$4,878,471	\$1,760,565	36.1%	\$6,044,435	\$4,422,604	73.2%	-\$2,662,039	-60.2%
City Facility-Major Maint. Fund	\$90,000	\$35,906	39.9%	\$218,797	\$178,687	81.7%	-\$142,781	-79.9%
Roads Capital Fund	\$23,603,999	\$17,799,802	75.4%	\$20,427,271	\$4,592,465	22.5%	\$13,207,337	287.6%
Surface Water Utility Fund	\$5,602,951	\$4,334,247	77.4%	\$5,157,243	\$4,142,543	80.3%	\$191,704	4.6%
Vehicle Operations/Maint. Fund	\$245,273	\$178,084	72.6%	\$213,635	\$153,835	72.0%	\$24,249	15.8%
Equipment Replacement Fund	\$269,253	\$23,960	8.9%	\$244,090	\$176,831	72.4%	-\$152,871	-86.5%
Unemployment Fund	\$17,500	\$6,158	35.2%	\$17,500	\$6,476	37.0%	-\$318	-4.9%
Totals	\$78,095,663	\$65,024,326	83.3%	\$73,677,707	\$52,537,408	71.3%	\$12,486,918	23.8%
Transportation Benefit District	\$788,613	\$782,472	99.2%	\$919,200	\$711,534	77.4%	\$70,938	10.0%

GENERAL FUND REVENUE DETAIL

Revenue Source	2014 Current Budget	2014 Fourth Quarter Actual Revenue	2014 % of Current Budget Received	2013 Current Budget	2013 Fourth Quarter Actual Revenue	2013 % of Current Budget Received	2014 v. 2013 \$ Change	2014 v. 2013 % Change
Budgeted Fund Balance	\$2,825,278	\$0	0.0%	\$1,851,049	\$0	0.0%	\$0	0.0%
Property Tax	\$10,245,815	\$10,255,320	100.1%	\$9,409,277	\$9,654,835	102.6%	\$600,485	6.2%
Sales Tax	\$6,739,000	\$7,462,886	110.7%	\$6,574,800	\$7,336,805	111.6%	\$126,081	1.7%
Local Criminal Justice	\$1,224,532	\$1,274,025	104.0%	\$1,171,779	\$1,182,507	100.9%	\$91,518	7.7%
Utility Tax and Franchise Fee Revenue								
<i>Natural Gas</i>	\$889,590	\$849,542	95.5%	\$966,946	\$885,253	91.6%	-\$35,711	-4.0%
<i>Garbage</i>	\$528,086	\$534,409	101.2%	\$497,977	\$531,889	106.8%	\$2,520	0.5%
<i>Cable TV</i>	\$1,658,749	\$1,753,193	105.7%	\$1,531,846	\$1,716,006	112.0%	\$37,187	2.2%
<i>Telecommunications</i>	\$1,569,095	\$1,415,044	90.2%	\$1,704,878	\$1,503,329	88.2%	-\$88,285	-5.9%
<i>Storm Drainage</i>	\$207,697	\$212,005	102.1%	\$201,648	\$198,650	98.5%	\$13,355	6.7%
<i>Water</i>	\$754,197	\$895,350	118.7%	\$715,327	\$859,787	120.2%	\$35,563	4.1%
<i>Sewer</i>	\$809,711	\$811,000	100.2%	\$786,127	\$787,000	100.1%	\$24,000	3.0%
Utility Tax and Franchise Fee Revenue Subtotal	\$6,417,125	\$6,470,543	100.8%	\$6,404,749	\$6,481,914	101.2%	-\$11,371	-0.2%
SCL Contract Payment	\$1,912,728	\$1,784,137	93.3%	\$1,829,501	\$1,754,748	95.9%	\$29,389	1.7%
Gambling Tax Revenue	\$1,569,125	\$1,643,171	104.7%	\$1,755,451	\$1,875,675	106.8%	-\$232,504	-12.4%
Development Revenue	\$1,211,750	\$1,775,938	146.6%	\$1,174,208	\$1,481,081	126.1%	\$294,857	19.9%
Park and Rec. Revenue	\$1,537,541	\$1,591,666	103.5%	\$1,503,960	\$1,559,143	103.7%	\$32,523	2.1%
Intergovernmental Revenue	\$865,015	\$977,346	113.0%	\$906,181	\$895,041	98.8%	\$82,305	9.2%
Grant Revenue	\$427,289	\$304,857	71.3%	\$543,016	\$424,611	78.2%	-\$119,754	-28.2%
Fines and Licenses	\$835,053	\$627,704	75.2%	\$887,245	\$722,751	81.5%	-\$95,047	-13.2%
Miscellaneous Revenue	\$431,479	\$827,121	191.7%	\$427,110	\$492,389	115.3%	\$334,732	68.0%
Investment Income	\$30,000	\$38,386	128.0%	\$30,000	\$28,447	94.8%	\$9,939	34.9%
Operating Transfers In	\$979,100	\$979,100	100.0%	\$946,045	\$946,044	100.0%	\$33,056	3.5%
Total General Fund Revenue	\$37,250,830	\$36,012,200	96.7%	\$35,414,371	\$34,835,991	98.4%	\$1,176,209	3.4%
Total General Fund Revenue excl. Budgeted Fund Balance	\$34,425,552	\$36,012,200	104.6%	\$33,563,322	\$34,835,991	103.8%	\$1,176,209	3.4%

GENERAL FUND REVENUE ANALYSIS:

TOTAL GENERAL FUND REVENUE



2014 Current Budget Revenue	\$34,425,552
2014 Fourth Quarter Actual Revenue	\$36,012,200
2014 % of Current Budget Received	104.6%
2013 Current Budget Revenue	\$33,563,322
2013 Fourth Quarter Actual Revenue	\$34,835,991
2013 % of Current Budget Received	103.8%
2014 v. 2013 Fourth Quarter \$ Variance	\$1,176,209
2014 v. 2013 Fourth Quarter % Variance	3.4%

Total General Fund revenue received through the fourth quarter of 2014 totals \$36,012,200 and reflects a year-over-year increase of \$1,176,209, or 3.4%. Revenues through the fourth quarter of 2014 as a percentage of the budget are as follows:

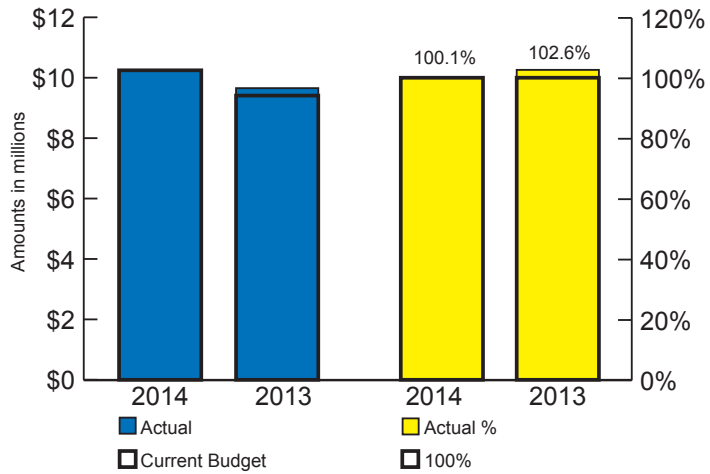
- 96.7% of the budget including Budgeted Fund Balance, and
- 104.6% of the budget excluding Budgeted Fund Balance.

The following highlights the main reasons General Fund Revenue excluding Budgeted Fund Balance is higher than the 103.8% of budget received in 2013:

- The largest part of the year-over-year change (\$600,485; +6.2%) is due to the higher property tax levy for 2014.
- Collections from sales tax are up by \$126,081, or 1.7%, over the year-ago level. The variance is largely due to significant growth in receipts from new car dealers (in the Motor Vehicle and Parts Dealers category of the Retail Trade sector).
- Criminal Justice sales tax revenues are also up by \$91,518, or 7.7%, as sales tax collected throughout all of King County was 8.2% higher than the year-ago level.
- Pull-tab and card room activity declined year-over-year. All activity ceased at Drift on Inn during in the third quarter of 2013, which contributed to the additional loss of revenue; however, pull-tab activity fully returned the second quarter of 2014 and card room activity returned for one game in the third quarter of 2014.
- The year-over-year increase in permit fees is attributable to higher-than-projected receipts for building permits (+5.8%), plan check fees (+44.0%), electrical permits (+35.8%), mechanical fees/permits (+28.0%), and land use fees/permits (+29.8%). Overall development permit activity is higher throughout all of the categories as compared to the same period in 2013.
- The year-over-year change for Intergovernmental Revenue receipts is largely due to receipts from the distribution of Liquor Excise Taxes, which were not distributed during the first three quarters of 2013.

GENERAL FUND REVENUE ANALYSIS (continued):

PROPERTY TAX

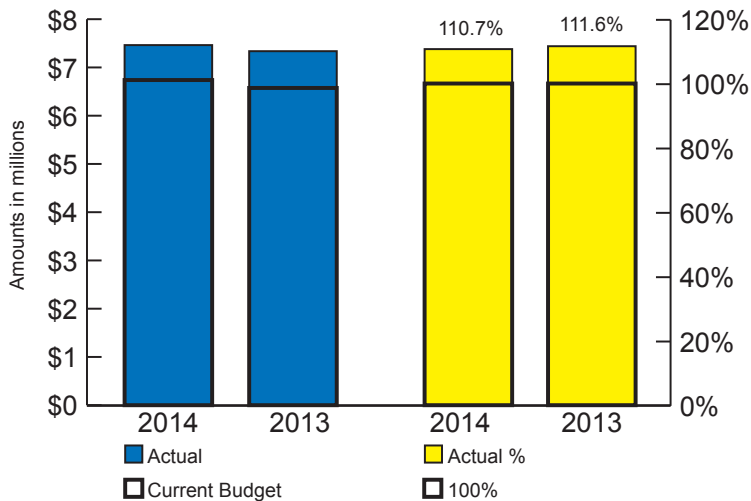


2014 Current Budget	\$10,245,815
2014 Fourth Quarter Actual Revenue	\$10,255,320
2014 % of Current Budget Received	100.1%
2013 Current Budget	\$9,409,277
2013 Fourth Quarter Actual Revenue	\$9,654,835
2013 % of Current Budget Received	102.6%
2014 v. 2013 \$ Change	\$600,485
2014 v. 2013 % Change	6.2%

In addition to the year-over-year change noted above, Property Tax receipts are slightly lower than the revised projection by \$16,885, or 0.2%, but still above budget by \$9,505.

GENERAL FUND REVENUE ANALYSIS (continued):

SALES TAX



Annual sales tax revenue

	2013	2014
December (prior year)	\$695,645	\$712,174
January	\$547,817	\$554,366
February	\$561,895	\$533,674
March	\$587,503	\$609,471
April	\$596,554	\$587,117
May	\$612,901	\$616,693
June	\$620,742	\$674,044
July	\$697,475	\$725,205
August	\$610,976	\$644,437
September	\$631,154	\$652,470
October	\$598,396	\$596,505
November	\$575,747	\$556,730
Year to date	\$7,336,805	\$7,462,886
\$ Variance		\$126,081
% Variance		1.7%

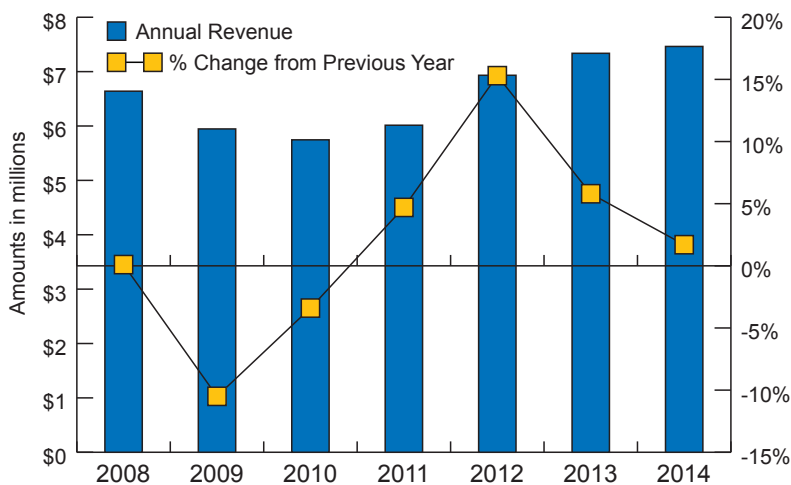
Sales Tax receipts through the end of the year reflect activity from December 2013 through November 2014 and total \$7,462,886, are above the budget and revised projections and the year-ago level by 10.7%, 3.7%, and 1.7%, respectively. Removing one-time construction activity from the calculation reveals receipts are higher than the budget and revised projections and year-ago level by 8.8%, 1.9%, and 8.5%, respectively.

Total receipts from the Retail Trade sector are higher than the budget projection by 5.0%, nearly equal to the revised projection (-0.1%), and higher than the year-ago level by 3.7%. There has been significant growth in receipts from new car dealers (in the Motor Vehicle and Parts Dealers category) since 2011. Receipts in this category for 2014 are higher than those for 2013, 2012, and 2011 by 9.0%, 23.9%, and 49.5%, respectively.

Receipts from the Construction sector are lower than the year-ago level by 18.0%. Of the amount collected, one-time activity accounted for \$128,482, or 11.8%, in 2014, \$578,633, or 43.6%, in 2013 and \$778,106, or 59.2%, in 2012. Removing one-time activity from the construction calculation reveals receipts are slightly lower (-1.0%) than the revised projection but higher than the year-ago level (+28.3%). As large one-time projects are generating less sales tax than they did in prior years as they come to a close, these changes reflect an increased level of ongoing construction activity.

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

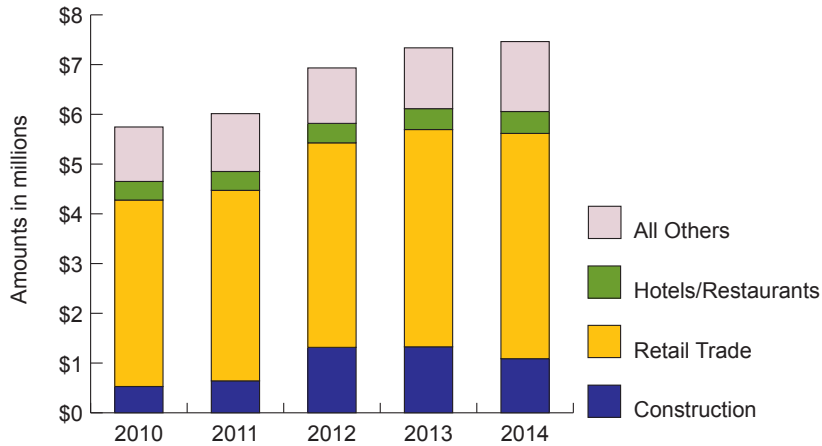
Annual Sales Tax Revenue Comparison



Year	Annual Revenue	% Change from Previous Year
2008	\$6,640,320	0.1%
2009	\$5,946,181	-10.5%
2010	\$5,745,755	-3.4%
2011	\$6,014,244	4.7%
2012	\$6,932,874	15.3%
2013	\$7,336,805	5.8%
2014	\$7,462,886	1.7%

GENERAL FUND REVENUE ANALYSIS (continued):

SALES TAX BY CATEGORY - Annual

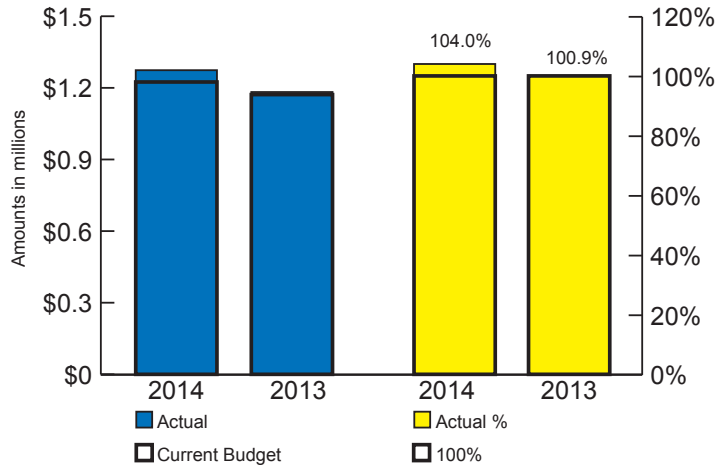


RETAIL SECTOR	2010	2011	2012	2013	2014
Construction	\$528,762	\$642,326	\$1,315,397	\$1,326,775	\$1,088,201
Retail Trade	\$3,748,091	\$3,829,648	\$4,111,726	\$4,367,503	\$4,528,070
Hotel and Restaurant	\$373,794	\$379,096	\$390,912	\$420,096	\$440,339
All Others	\$1,095,108	\$1,163,174	\$1,114,839	\$1,222,431	\$1,406,276
Total	\$5,745,755	\$6,014,244	\$6,932,874	\$7,336,805	\$7,462,886
\$ Change from previous year	-\$200,426	\$268,489	\$918,630	\$403,931	\$126,081
% Change from previous year	-3.4%	4.7%	15.3%	5.8%	1.7%

SALES TAX BY CATEGORY									
Retail Trade	2010 Dec-Nov	2011 Dec-Nov	2011 v. 2010 \$ Change	2012 Dec-Nov	2012 v. 2011 \$ Change	2013 Dec-Nov	2013 v. 2012 \$ Change	2014 Dec-Nov	2014 v. 2013 \$ Change
Motor Vehicle/Parts Dealer	\$830,699	\$886,376	\$55,677	\$1,016,944	\$130,568	\$1,126,163	\$109,219	\$1,236,501	\$110,338
Furniture, Home Furnishings	\$51,290	\$54,955	\$3,665	\$52,391	-\$2,564	\$56,861	\$4,470	\$61,757	\$4,896
Electronics and Appliances	\$82,643	\$86,164	\$3,521	\$89,633	\$3,469	\$92,316	\$2,683	\$102,349	\$10,033
Building Materials, Garden	\$566,978	\$568,887	\$1,909	\$594,639	\$25,752	\$665,036	\$70,397	\$662,018	-\$3,018
Food and Beverage Stores	\$266,587	\$255,851	-\$10,736	\$263,322	\$7,471	\$261,984	-\$1,338	\$253,519	-\$8,465
Health/Personal Care Store	\$127,731	\$127,062	-\$669	\$148,724	\$21,662	\$161,275	\$12,551	\$167,514	\$6,239
Gasoline Stations	\$68,173	\$70,763	\$2,590	\$73,646	\$2,883	\$74,774	\$1,128	\$76,539	\$1,765
Clothing and Accessories	\$29,806	\$36,724	\$6,918	\$44,684	\$7,960	\$46,099	\$1,415	\$52,192	\$6,093
Sporting Goods, Hobby, Books	\$80,967	\$79,641	-\$1,326	\$75,232	-\$4,409	\$80,310	\$5,078	\$82,463	\$2,153
General Merchandise Stores	\$1,314,807	\$1,306,756	-\$8,051	\$1,375,538	\$68,782	\$1,406,042	\$30,504	\$1,414,543	\$8,501
Miscellaneous Store Retailers	\$242,941	\$254,677	\$11,736	\$255,055	\$378	\$251,155	-\$3,900	\$246,326	-\$4,829
Nonstore Retailers	\$85,469	\$101,792	\$16,323	\$121,918	\$20,126	\$145,488	\$23,570	\$172,349	\$26,861
Total Revenue	\$3,748,091	\$3,829,648	\$81,557	\$4,111,726	\$282,078	\$4,367,503	\$255,777	\$4,528,070	\$160,567

GENERAL FUND REVENUE ANALYSIS (continued):

LOCAL CRIMINAL JUSTICE SALES TAX

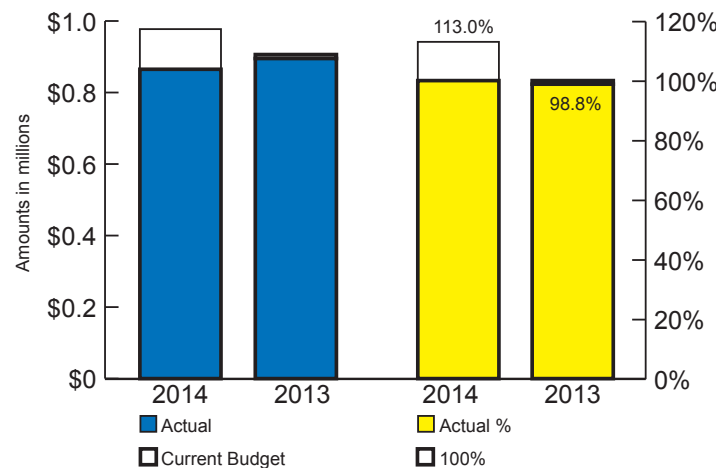


2014 Current Budget	\$1,224,532
2014 Fourth Quarter Actual Revenue	\$1,274,025
2014 % of Current Budget Received	104.0%
2013 Current Budget	\$1,171,779
2013 Fourth Quarter Actual Revenue	\$1,182,507
2013 % of Current Budget Received	100.9%
2014 v. 2013 \$ Change	\$91,518
2014 v. 2013 % Change	7.7%

Local Criminal Justice Sales Tax receipts, in the amount of \$1,274,025, are \$91,518, or 7.7%, more than the year-ago level. For the year 104.0% of the amount budgeted has been received as compared to 100.9% received last year.

The result for Local Criminal Justice Sales Tax receipts is not commensurate with the result for Sales Tax receipts because the distribution of Local Criminal Justice Sales Tax is based on the city's population and the amount of sales tax collected throughout all of King County. Receipts are \$58,409, or 4.8%, more than the revised projection as sales tax collected throughout all of King County was 4.5% higher than the projection and 8.2% higher than the year-ago level.

INTERGOVERNMENTAL REVENUE

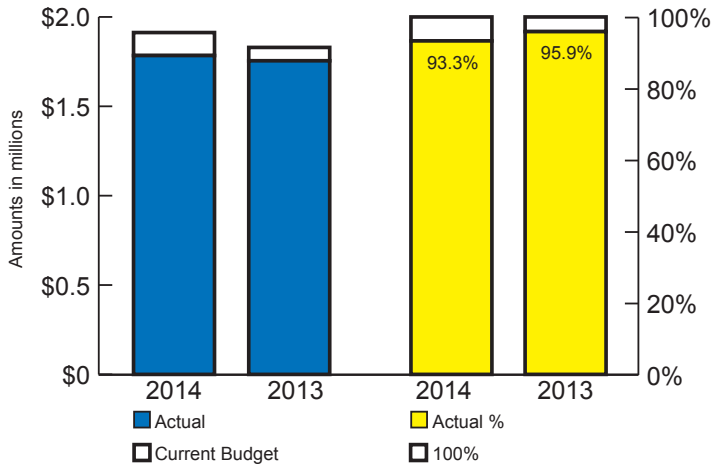


2014 Current Budget	\$865,015
2014 Fourth Quarter Actual Revenue	\$977,346
2014 % of Current Budget Received	113.0%
2013 Current Budget	\$906,181
2013 Fourth Quarter Actual Revenue	\$895,041
2013 % of Current Budget Received	98.8%
2014 v. 2013 \$ Change	\$82,305
2014 v. 2013 % Change	9.2%

Intergovernmental revenue sources are comprised primarily of funding for criminal justice programs, liquor excise tax, and liquor board profits. Receipts in the amount of \$977,346, are \$82,305, or 9.2%, more than the year-ago level, which is largely due to receipts from the distribution of liquor excise taxes, which were not distributed in January, April or July 2013.

GENERAL FUND REVENUE ANALYSIS (continued):

SEATTLE CITY LIGHT CONTRACT PAYMENT

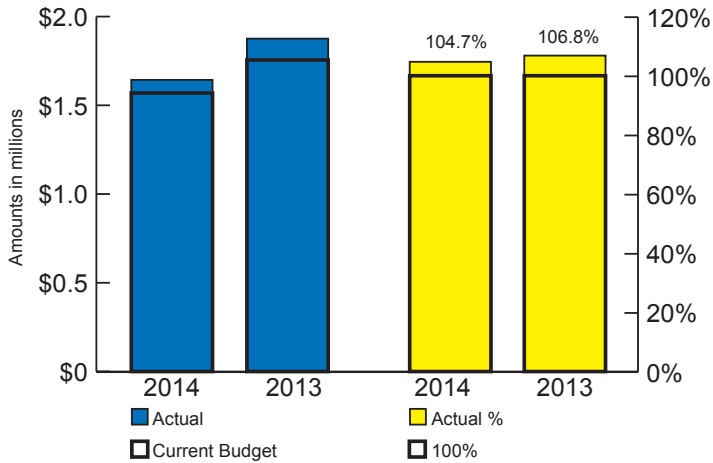


2014 Current Budget	\$1,912,728
2014 Fourth Quarter Actual Revenue	\$1,784,137
2014 % of Current Budget Received	93.3%
2013 Current Budget	\$1,829,501
2013 Fourth Quarter Actual Revenue	\$1,754,748
2013 % of Current Budget Received	95.9%
2014 v. 2013 \$ Change	\$29,389
2014 v. 2013 % Change	1.7%

Receipts in the amount of \$1,784,137, are \$29,389, or 1.7%, more than the year-ago level. Receipts are \$128,591, or 6.7%, less than the budget projection. The 2014 budget projection was calculated by applying an average rate increase of 5.6% to the 2013 estimate of \$1,811,295. Collections for 2013 were below the estimate and those for the second half of 2014 have been below estimates.

GENERAL FUND REVENUE ANALYSIS (continued):

GAMBLING TAX REVENUE



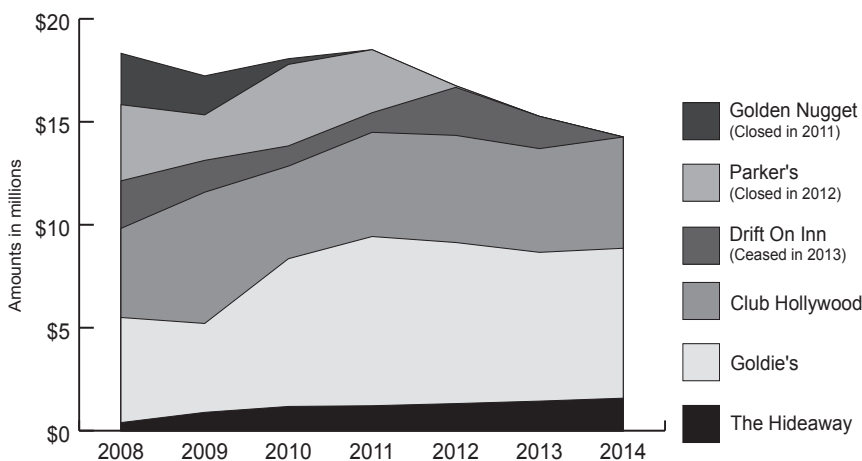
2014 Current Budget	\$1,569,125
2014 Fourth Quarter Actual Revenue	\$1,643,171
2014 % of Current Budget Received	104.7%
2013 Current Budget	\$1,755,451
2013 Fourth Quarter Actual Revenue	\$1,875,675
2013 % of Current Budget Received	106.8%
2014 v. 2013 \$ Change	-\$232,504
2014 v. 2013 % Change	-12.4%

Total receipts, inclusive of taxes on gambling activity and payments on promissory notes, in the amount of \$1,643,171, are lower than 2013 collections by \$232,504, or 12.4%, and the revised projection by \$62,231, or 3.6%. Receipts attributable to taxes on gambling activity, in the amount of \$1,548,567, exhibit a year-over-year decrease of \$102,747, or 6.2%, and are \$63,349, or 3.9%, less than the revised projection. One-time revenue resulting from promissory notes totaled \$94,606.

Pull-tab and card room activity declined year-over-year. All activity ceased at Drift on Inn early in the third quarter of 2013, which contributed to the additional loss of revenue; however, pull-tab activity fully returned in the second quarter of 2014 and card room activity returned for one game in the third quarter of 2014.

The chart below exhibits a decline in the level of card room activity in Shoreline, measured by gross receipts, due to the closure of the Golden Nugget in 2011 and Parker's Sports Bar and Casino in 2012, as well as the absence of taxable activity at the Drift on Inn since the early part of the third quarter of 2013.

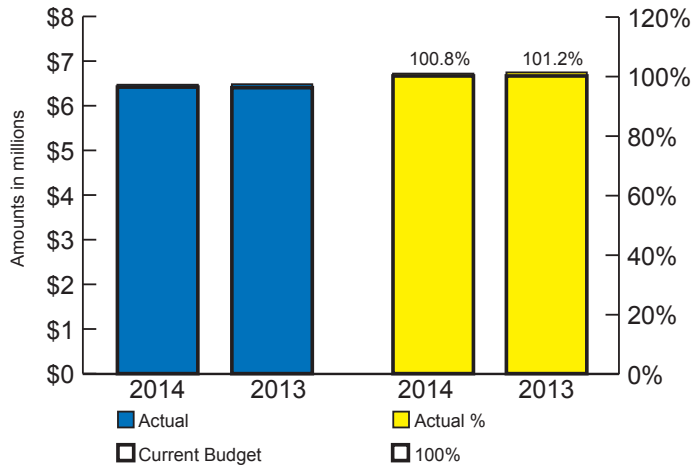
CARD ROOM RECEIPTS 2008-2014



Year	Amount (Millions)	% Change from Previous Year
2008	\$18,326,645	-9.4%
2009	\$17,230,142	-6.0%
2010	\$18,065,061	4.8%
2011	\$18,502,782	2.4%
2012	\$16,751,880	-9.5%
2013	\$15,265,019	-8.9%
2014 Projection	\$14,870,705	
2014 Actual	\$14,263,567	-6.6%

GENERAL FUND REVENUE ANALYSIS (continued):

UTILITY TAX AND FRANCHISE FEE



2014 Current Budget	\$6,417,125
2014 Fourth Quarter Actual Revenue	\$6,470,543
2014 % of Current Budget Received	100.8%
2013 Current Budget	\$6,404,749
2013 Fourth Quarter Actual Revenue	\$6,481,914
2013 % of Current Budget Received	101.2%
2014 v. 2013 \$ Change	-\$11,371
2014 v. 2013 % Change	-0.2%

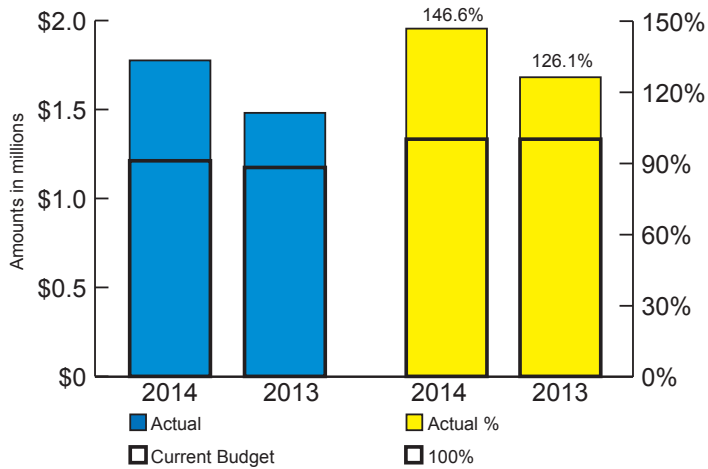
Overall Utility Tax and Franchise Fee receipts, in the amount of \$6,470,543, are \$11,371, or 0.2%, less than the year-ago level and \$64,888, or 1.0%, more than the revised projection. For the year 100.8% of the amount budgeted has been received as compared to 101.2% received last year.

Natural gas tax receipts are 4.0% lower than the year-ago level because receipts for the months of October through December alone are 15.9% lower than the same period of 2013. This was not expected as receipts for the months of January through September were running within 1.0% of the year-ago level. Cable television tax receipts are 2.2% higher than the year-ago level. Telecommunications tax receipts decreased from 2013 collections by 5.9% and are behind the revised projection by 5.9%. Telecommunications tax receipts have fallen each year from 2010 through 2014. Storm Drainage tax receipts are higher than the year-ago level by 6.7%. Water franchise fee receipts are 4.1% higher than the year-ago level mostly due to a 9.5% increase in receipts for the fourth quarter as compared to the year-ago level.

Revenue Source	2014 Current Budget	2014 Fourth Quarter Actual Revenue	2014 % of Current Budget Received	2013 Current Budget	2013 Fourth Quarter Actual Revenue	2013 % of Current Budget Received	2014 v. 2013 \$ Change	2014 v. 2013 % Change
Natural gas	\$889,590	\$849,542	95.5%	\$966,946	\$885,253	91.6%	-\$35,711	-4.0%
Garbage	\$528,086	\$534,409	101.2%	\$497,977	\$531,889	106.8%	\$2,520	0.5%
Cable TV	\$1,658,749	\$1,753,193	105.7%	\$1,531,846	\$1,716,006	112.0%	\$37,187	2.2%
Telecommunications	\$1,569,095	\$1,415,044	90.2%	\$1,704,878	\$1,503,329	88.2%	-\$88,285	-5.9%
Storm Drainage	\$207,697	\$212,005	102.1%	\$201,648	\$198,650	98.5%	\$13,355	6.7%
Water	\$754,197	\$895,350	118.7%	\$715,327	\$859,787	120.2%	\$35,563	4.1%
Sewer	\$809,711	\$811,000	100.2%	\$786,127	\$787,000	100.1%	\$24,000	3.0%
Utility Tax and Franchise Fee Revenue Subtotal	\$6,417,125	\$6,470,543	100.8%	\$6,404,749	\$6,481,914	101.2%	-\$11,371	-0.2%

GENERAL FUND REVENUE ANALYSIS (continued):

DEVELOPMENT REVENUE



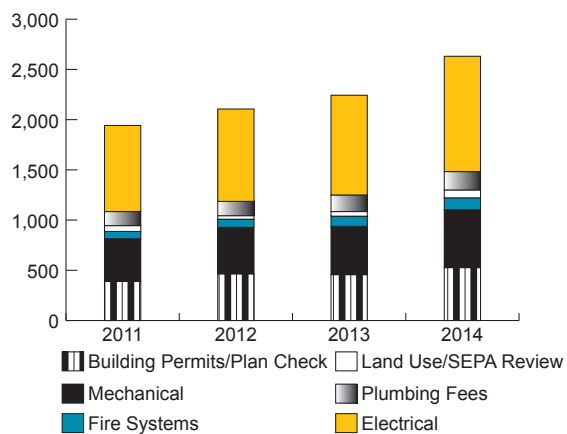
2014 Current Budget	\$1,211,750
2014 Fourth Quarter Actual Revenue	\$1,775,938
2014 % of Current Budget Received	146.6%
2013 Current Budget	\$1,174,208
2013 Fourth Quarter Actual Revenue	\$1,481,081
2013 % of Current Budget Received	126.1%
2014 v. 2013 \$ Change	\$294,857
2014 v. 2013 % Change	19.9%

Development revenue receipts, in the amount of \$1,775,938, are \$265,181, or 17.6%, more than the revised projection and exhibit a year-over-year increase of \$294,857, or 19.9%. The year-over-year increase in receipts is attributable to higher-than-projected receipts for building permits (+5.8%), plan check fees (+44.0%), electrical permits (+35.8%), mechanical fees/permits (+28.0%), and land use fees/permits (+29.8%).

Valuation of 303 building permits for new construction and remodels issued in 2014 totals \$43.5 million and is comprised 59.5% of residential and 40.5% of commercial / multi-family valuation. Projects worth noting in the non-residential category are: the North City Water District's 3,200 square foot pump station and associated site work valued at \$4.0 million, the Washington State Public Health Labs project valued at \$1.8 million, the Evergreen School Cedar Building project valued at \$2.8 million, and the Washington State Department of Transportation's office building valued at \$2.5 million.

For the year there have been 15 more permits issued for residential construction, with a value that is \$21.3 million less, as compared to the year-ago level. The main reason for this variance is the \$16.0 million valuation for the Shoreline Star Apartments permits pulled in September last year. There have been seven more permits issued for non-residential construction, with a value that is \$2.1 million less, than the year-ago level. The main reason for this variance is the \$5.7 million valuation for the International Community Health Services building permits pulled in November last year.

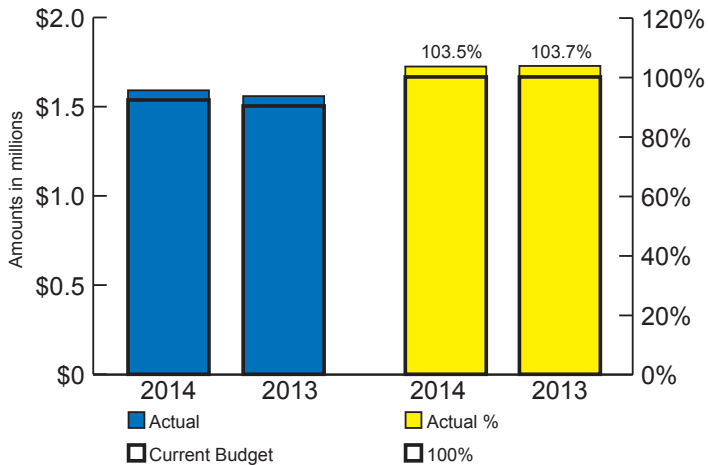
PERMITS BY TYPE January through December 2011–2014



PERMIT TYPE	2011	2012	2013	2014	# Change	% Change
Building Permits/Plan Check	389	465	457	527	70	15.3%
Mechanical	425	463	481	576	95	19.8%
Fire Systems	73	81	101	119	18	17.8%
Land Use/SEPA Review	58	35	46	78	32	69.6%
Plumbing	140	142	165	183	18	10.9%
Electrical	857	920	993	1,148	155	15.6%
Total	1,942	2,106	2,243	2,631	388	17.3%

GENERAL FUND REVENUE ANALYSIS (continued):

PARK AND RECREATION REVENUE

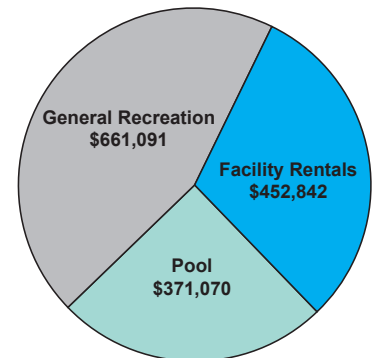


2014 Current Budget	\$1,537,541
2014 Fourth Quarter Actual Revenue	\$1,591,666
2014 % of Current Budget Received	103.5%
2013 Current Budget	\$1,503,960
2013 Fourth Quarter Actual Revenue	\$1,559,143
2013 % of Current Budget Received	103.7%
2014 v. 2013 \$ Change	\$32,523
2014 v. 2013 % Change	2.1%

Park and Recreation revenue receipts, in the amount of \$1,591,666, are \$32,523, or 2.1%, higher than the year-ago level and \$62,642, or 4.1%, higher than the revised year-to-date projection. Compared to 2013, 2014 witnessed an increase in revenues from the pool by 8.4% and recreation programs by 7.4%. Pool receipts for the second quarter of 2013 were affected by the pool closure during the month of May 2013 while a new boiler was being installed. General Recreation receipts increased due to increased participation in preschool sports skills and youth programs. Facility rental receipts declined 7.4%. The decrease in facility rental revenue is largely due to fewer rentals of athletic fields, the Recreation Center, and the Spartan Gym. The decline in Spartan Gym rental revenue was anticipated when the church that was renting the facility cancelled its contract in September.

Recreation Revenue by Program Area 2007 - 2014*

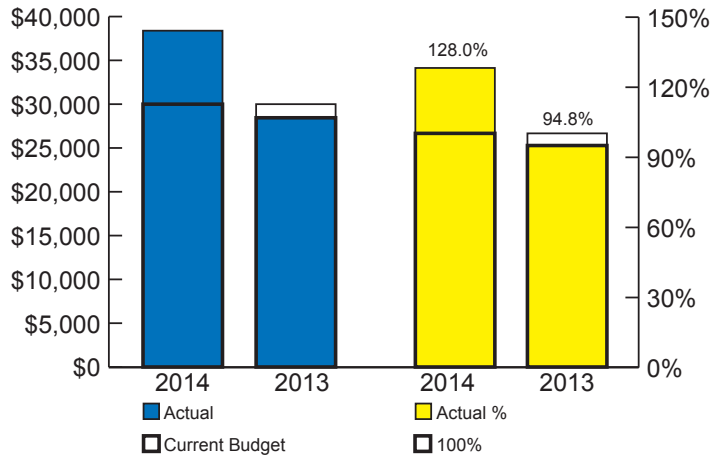
Year	General Recreation*	General Recreation % of Total	Pool	Pool % of Total	Facility Rentals	Facility Rentals % of Total	Total Revenue
2007	\$543,568	44.3%	\$361,540	29.4%	\$322,704	26.3%	\$1,227,812
2008	\$597,402	45.4%	\$383,260	29.1%	\$334,301	25.4%	\$1,314,963
2009	\$556,951	41.2%	\$372,035	27.5%	\$423,021	31.3%	\$1,352,007
2010	\$593,454	42.8%	\$367,554	26.5%	\$423,972	30.6%	\$1,384,980
2011	\$625,368	43.0%	\$374,828	25.8%	\$455,039	31.3%	\$1,455,235
2012	\$604,705	42.6%	\$367,770	25.9%	\$446,884	31.5%	\$1,419,359
2013	\$615,758	42.5%	\$342,378	23.7%	\$489,258	33.8%	\$1,447,394
2014	\$661,091	44.5%	\$371,070	25.0%	\$452,842	30.5%	\$1,485,003



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

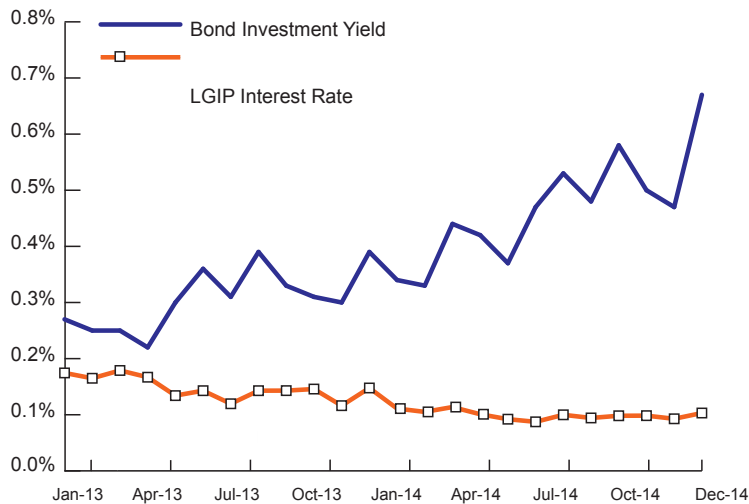
GENERAL FUND REVENUE ANALYSIS (continued):

INVESTMENT INCOME



2014 Current Budget	\$30,000
2014 Fourth Quarter Actual Revenue	\$38,386
2014 % of Current Budget Received	128.0%
2013 Current Budget	\$30,000
2013 Fourth Quarter Actual Revenue	\$28,447
2013 % of Current Budget Received	94.8%
2014 v. 2013 \$ Change	\$9,939
2014 v. 2013 % Change	34.9%

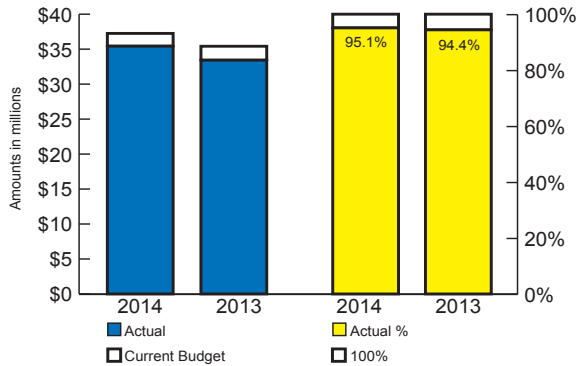
Investment earnings totaled \$38,386 and are higher than the year-ago level by \$9,939, or 34.9%. The City is diversifying and laddering its portfolio, moving methodically into longer term securities earning higher interest rates.



Month	Local Govt. Investment Pool Interest Rate	Bond Investment Yield
1/31/13	0.1745%	0.2700%
2/29/13	0.1650%	0.2500%
3/31/13	0.1789%	0.2500%
4/30/13	0.1669%	0.2200%
5/31/13	0.1341%	0.3000%
6/30/13	0.1429%	0.3600%
7/31/13	0.1196%	0.3100%
8/31/13	0.1429%	0.3900%
9/30/13	0.1430%	0.3300%
10/31/13	0.1458%	0.3100%
11/30/13	0.1162%	0.3000%
12/31/13	0.1477%	0.3900%
1/31/14	0.1110%	0.3400%
2/28/14	0.1051%	0.3300%
3/31/14	0.1137%	0.4400%
4/31/14	0.1009%	0.4200%
5/28/14	0.0921%	0.3700%
6/31/14	0.0874%	0.4700%
7/31/14	0.0999%	0.5300%
8/31/14	0.0943%	0.4800%
9/30/14	0.0982%	0.5800%
10/31/14	0.0984%	0.5000%
11/30/14	0.0928%	0.4700%
12/31/14	0.1031%	0.6700%
24 Mo. Avg.	0.1239%	0.3867%

EXPENDITURE ANALYSIS

GENERAL FUND EXPENDITURES



2014 Current Budget	\$37,250,828
2014 Fourth Quarter Actual Expenditures	\$35,425,424
2014 % of Current Budget Expended	95.1%
2013 Current Budget	\$35,414,373
2013 Fourth Quarter Actual Expenditures	\$33,424,382
2013 % of Current Budget Expended	94.4%
2014 v. 2013 \$ Change	\$2,001,042
2014 v. 2013 % Change	6.0%

Expenditures through the fourth quarter of 2014 as a percentage of the budget are as follows:

- 96.0% of the General Fund departmental budget, which excludes transfers out, and
- 95.1% of the budget including transfers out.

Expenditures through the fourth quarter of 2014 as a percentage of the budget are higher than those for 2013, which were 93.8% (excluding transfers out) and 94.4% (including transfers out), largely because of the greater cost to house inmates at King County as compared to other facilities the City has utilized in the past. The number and cost of bookings and jail housing days in King County are nearly nine times higher than those in 2013 due to the transition from Snohomish County Jail resulting from capacity and overcrowding issues. Costs increased significantly because the cost of housing was significantly lower in Snohomish County and there was no booking fee. As the City transitioned to the South Correctional Entity (SCORE) as its primary booking facility, the number of bookings into King County decreased in the fourth quarter which led to greater housing days and booking charge savings as the cost of housing is significantly lower in SCORE, though not as low as Snohomish County, and there is no booking charge. On the plus side total jail housing days decreased 5.4%.

General Fund departmental expenditures through the fourth quarter of 2014, in the amount of \$32,894,966, are \$2,059,227, or 6.7%, higher than the year-ago level but \$362,738, or 1.1%, lower than the revised projection. General Fund expenditures including transfers out, of \$35,425,424 are \$2,001,042, or 6.0%, higher than the year-ago level but \$521,029, or 1.4%, lower than the revised projection. In addition to the Criminal Justice costs noted above, the year-over-year changes and variances from the revised projection can largely be attributable to the following:

- In 2013, some staff time in the City Attorney's Office was being charged to the Aurora Corridor Improvements project and there were savings from the Assistant City Attorney vacancy;
- Expenditures in the Human Resources Department are approximately \$27,000 higher than those in 2013 due to the cost to conduct the recruitment for the Parks, Recreation, and Cultural Services Director in 2014. This cost was unanticipated when the budget was developed. This is why the table shows 106.0% of the current budget has been expended. Expenditures are 1.7% lower than the revised projection that took into account the additional funding need for the recruitment;
- Planning and Community Development's expenditures are 9.9% higher than the year-ago level due to work on the Station Area Planning projects in 2014. The expenditures are 3.9% lower than the revised projection as the Permit Services Manager position was vacant for several months and carryovers have been requested for work on the Station Area Planning projects, Point Wells SEPA documents, and work associated with the Landscape Conservation and Local Infrastructure Grant; and,
- Public Works' expenditures are 28.3% higher than the year-ago level as there were several vacancies that occurred throughout 2013 in the Right of Way, Engineering, and Traffic Services programs and work on various projects that carried over into 2014. The expenditures are 7.1% lower than the revised projection as the work on various Environmental Services projects will continue in 2015 and there have been several vacancies in the Engineering and Traffic Services programs.
- In 2014, General Fund Transfers Out were below budget by 15.0%, or \$447,125. This was the result of (i) the acquisition of the Paramount Open Space was originally budgeted for in 2014 for \$50,000 but the actual transaction took place at the end of 2013, and (ii) an increase in transfers to the Roads Capital fund of \$500,000 for the Annual Roads Surface Maintenance program was not required. These two savings were offset by a higher than budgeted for transfer to Roads Capital for gambling tax in the amount of \$239,403, which was originally budgeted for \$136,528. In 2014, General Fund Transfers out were \$58,158, or 2.2% below 2013 transfers. This was mainly due to the Paramount Open Space transfer taking place in 2013 for \$70,000 and not 2014 as discussed above.

EXPENDITURE ANALYSIS (continued)

GENERAL FUND EXPENDITURES

Department	2014 Current Budget	2014 Fourth Quarter Actual Expenditures	2014 % of Current Budget Expended	2013 Current Budget	2013 Fourth Quarter Actual Expenditures	2013 % of Current Budget Expended	2014 v. 2013 \$ Change	2014 v. 2013 % Change
City Council	\$221,089	\$216,206	97.8%	\$191,075	\$185,821	97.3%	\$30,385	16.4%
City Manager's Office ¹	\$2,161,237	\$2,035,666	94.2%	\$2,010,639	\$1,917,014	95.3%	\$118,652	6.2%
City Attorney	\$593,787	\$591,018	99.5%	\$584,847	\$562,011	96.1%	\$29,007	5.2%
Community Services ²	\$1,615,079	\$1,557,226	96.4%	\$1,588,231	\$1,496,770	94.2%	\$60,456	4.0%
Administrative Services ³	\$4,138,040	\$3,777,839	91.3%	\$3,870,994	\$3,372,445	87.1%	\$405,393	12.0%
Citywide	\$1,795,506	\$1,130,082	62.9%	\$1,957,477	\$1,464,721	74.8%	-\$334,639	-22.8%
Human Resources	\$445,411	\$471,952	106.0%	\$438,751	\$445,127	101.5%	\$26,825	6.0%
Police	\$10,703,332	\$10,494,973	98.1%	\$10,610,317	\$10,509,624	99.1%	-\$14,650	-0.1%
Criminal Justice	\$2,340,706	\$3,121,389	133.4%	\$2,109,968	\$2,153,370	102.1%	\$968,019	45.0%
Parks, Recreation & Cultural Services	\$5,055,514	\$4,831,836	95.6%	\$4,995,132	\$4,757,760	95.2%	\$74,075	1.6%
Planning & Community Development	\$2,756,917	\$2,553,287	92.6%	\$2,560,379	\$2,323,144	90.7%	\$230,143	9.9%
Public Works	\$2,446,628	\$2,113,492	86.4%	\$1,948,372	\$1,647,931	84.6%	\$465,561	28.3%
Departmental Expenditures	\$34,273,245	\$32,894,966	96.0%	\$32,866,182	\$30,835,739	93.8%	\$2,059,227	6.7%
Operating Transfers Out	\$2,977,583	\$2,530,458	85.0%	\$2,548,191	\$2,588,643	101.6%	-\$58,185	-2.2%
Total Expenditures	\$37,250,828	\$35,425,424	95.1%	\$35,414,373	\$33,424,382	94.4%	\$2,001,042	6.0%

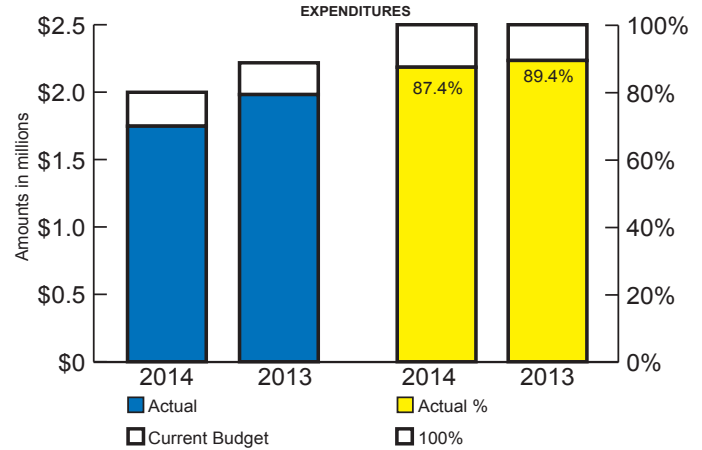
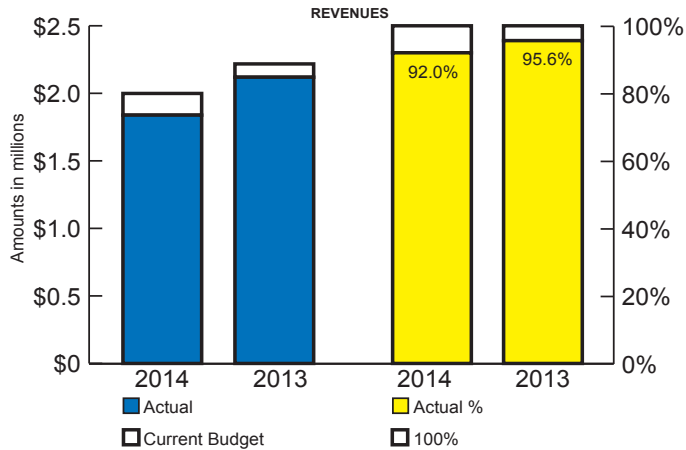
¹ City Manager's Office includes City Manager's Office, City Clerk, Communications, Intergovernmental Relations, Economic Development and Property Management.

² Community Services includes Emergency Management Planning, Neighborhoods, Human Services and the Customer Response Team.

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

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

STREET FUND



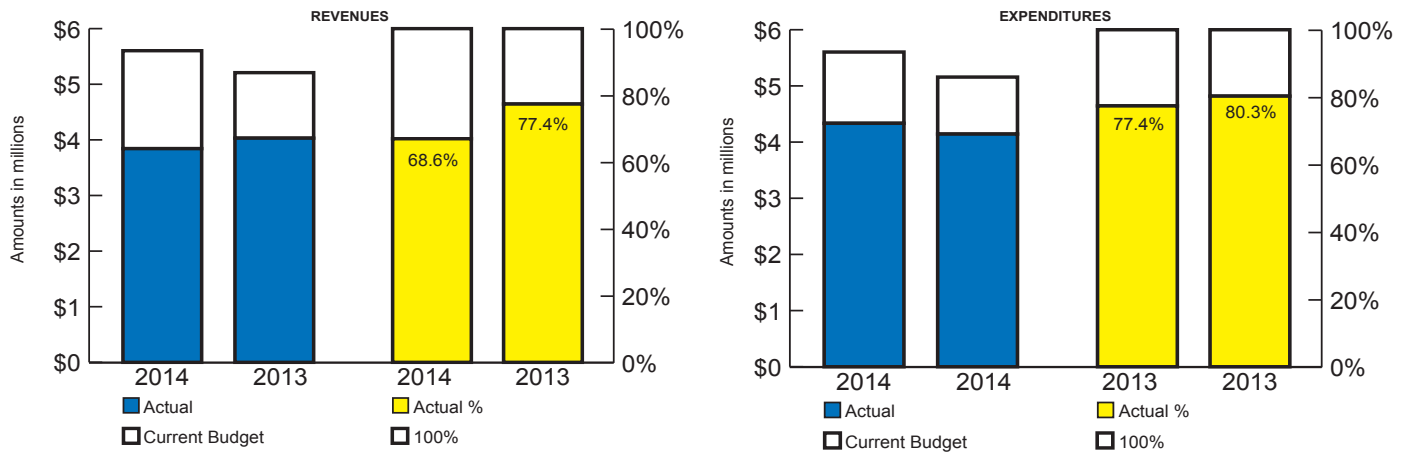
Receipts, including transfers in, through December totaled \$1,838,511 and are \$280,726, or 13.2%, lower than the year-ago level. In 2013, revenues totaled \$2,119,227 through the fourth quarter. This reduction is due to a lower required transfer in from the General Fund as the budgeted expenditures were less in 2014 since the streetlight and traffic signal electricity budget was moved to the Traffic Services program in the General Fund. Revenues through the fourth quarter equaled 92.0% of the current budget when including the budgeted use of fund balance. Since 2015 revenues exceeded expenditures the use of fund balance was not required. Revenue collections equaled 101.3% of the current budgeted revenues

Expenditures, including transfers out, through December totaled \$1,747,608 and are \$234,560, or 11.8%, less than the year-ago level, again primarily because expenditures for streetlight and traffic signal electricity were moved to Traffic Services in 2014. Expenses totaled \$1,982,168 through the fourth quarter of 2013, which were 89.4% of the budget. Staff is also requesting to carryover \$52,438 to purchase equipment that was originally scheduled to occur in 2014 and is requesting to amend the 2015 budget to use \$33,406 in savings from the 2014 purchase of the skid steer and tilt trailer for the purchase of an asphalt patching machine (hotbox) that is estimated to cost more than originally budgeted.

	Revenue	Expenditures
2014 Current Budget	\$1,999,037	\$1,999,037
2014 Fourth Quarter Actual	\$1,838,551	\$1,747,608
2014 % of Current Budget	92.0%	87.4%
2013 Current Budget	\$2,217,696	\$2,217,696
2013 Fourth Quarter Actual	\$2,119,277	\$1,982,168
2013 % of Current Budget	95.6%	89.4%
2014 v. 2013 Fourth Quarter \$ Change	-\$280,726	-\$234,560
2014 v. 2013 Fourth Quarter % Change	-13.2%	-11.8%

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS (cont.):

SURFACE WATER UTILITY FUND



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

Receipts through December, in the amount of \$3,842,356, are \$118,154 or 4.7%, lower than the year-ago level and \$1,760,595, or 31.4%, lower than the current budget including the budgeted use of fund balance, and 102.1% of current budget without the use of budgeted fund balance. The 6.8% reduction in overall revenues from 2013 to 2014 is mainly due to the lower amount received in 2014 from the DOE LID Stormwater Grant, which was \$517,419 in 2013 and \$23,605 in 2014. SWM ongoing revenues include storm drainage fees and investment interest earnings. Storm Drainage Fees totaled \$3,724,098 and are \$193,938 or 5.5%, above the year-ago level. This increase is partially due to the 3% fee increase and also due to the Shoreline School District receiving a lower fee credit than anticipated.

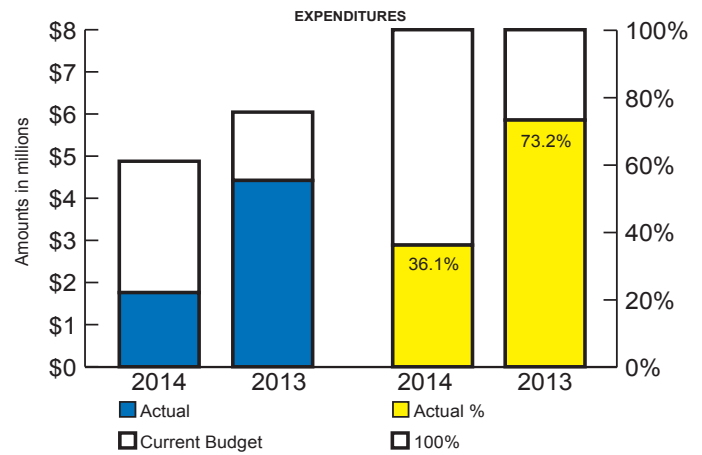
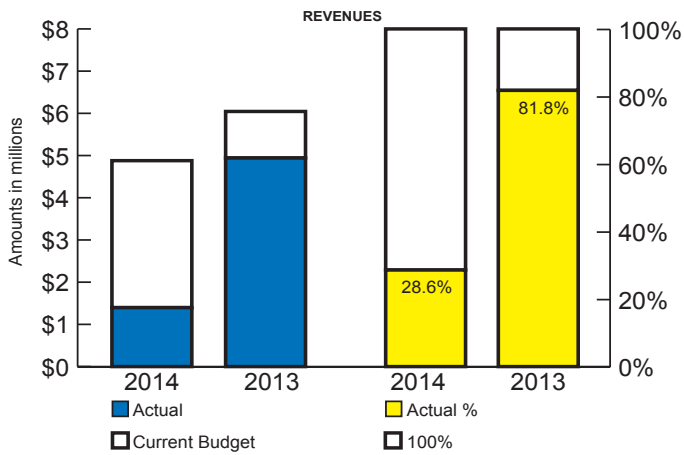
Expenditures, including transfers out, through December totaled \$4,334,247 and are \$191,704, or 4.6%, more than the year-ago level. Furthermore, expenditures are \$1,268,704, or 22.6%, below current budget due to savings in operations. The 2014 budget included \$50,000 for additional street sweeping to be performed by King County. This work was performed in-house resulting in savings. There was also savings of nearly \$70,000 for repair and maintenance work typically performed prior to the annual paving and road preservation project. That project was delayed and will occur during 2015. Savings also occurred in several capital projects.

Staff is requesting to carryover \$60,819 for the replacement of the M1 Dam fencing and \$272,591 to continue work on various capital projects. Staff is also requesting to use \$245,000 of capital project savings from 2014 to fund an increase for the Puget Sound Drainages Basin Plan.

	Revenue	Expenditures
2014 Current Budget	\$5,602,951	\$5,602,951
2014 Fourth Quarter Actual	\$3,842,356	\$4,334,247
2014 % of Current Budget	68.6%	77.4%
2013 Current Budget	\$5,208,384	\$5,157,243
2013 Fourth Quarter Actual	\$4,030,510	\$4,142,543
2013 % of Current Budget	77.4%	80.3%
2014 v. 2013 Fourth Quarter \$ Change	-\$188,154	\$191,704
2014 v. 2013 Fourth Quarter % Change	-4.7%	4.6%

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS (cont.):

GENERAL CAPITAL FUND



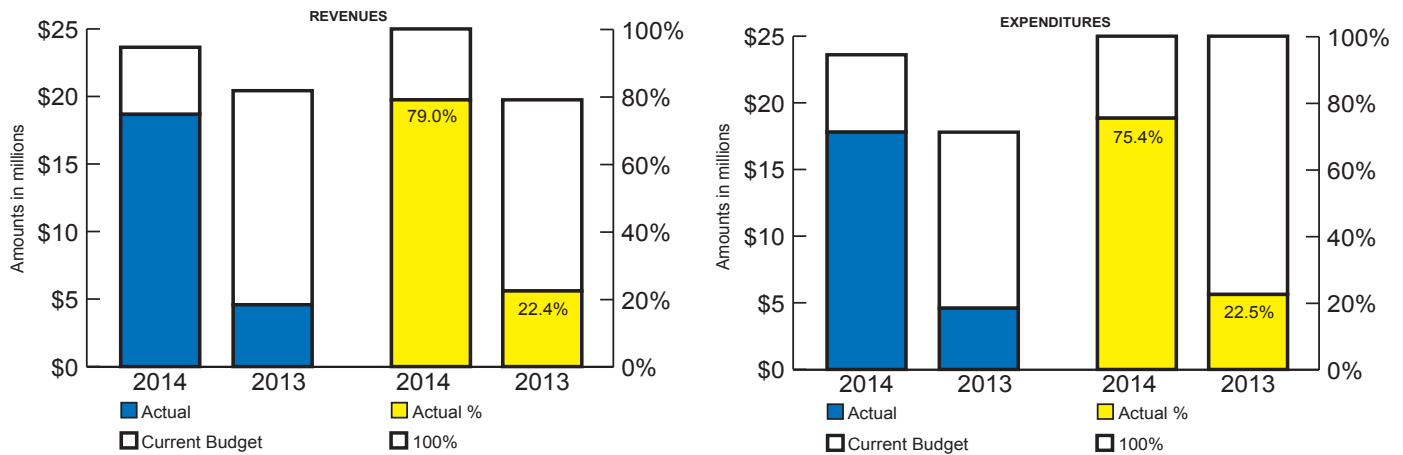
Receipts through December, in the amount of \$1,369,999, are \$3,545,455, or 71.7%, less than the year-ago level. The difference between 2013 and 2014 is due to the bond issued for the acquisition of the North Maintenance Facility in 2013, which brought in \$3,565,000 in bond proceeds. Investment earnings totaled \$2,563, which is \$14,829, or 85.3%, below the budgeted amount.

Expenditures through December, including transfers out, totaled \$1,760,565 and are \$2,662,039, or 60.2%, less than the same period in 2013. The difference between 2013 and 2014 is attributed to the acquisition of North Maintenance Facility in 2013, which cost \$2,908,043 in land acquisition. Expenditures are also impacted by the timing of construction schedules.

	Revenue	Expenditures
2014 Current Budget	\$4,878,471	\$4,878,471
2014 Fourth Quarter Actual	\$1,396,999	\$1,760,565
2014 % of Current Budget	28.6%	36.1%
2013 Current Budget	\$6,044,435	\$6,044,435
2013 Fourth Quarter Actual	\$4,942,454	\$4,422,604
2013 % of Current Budget	81.8%	73.2%
2014 v. 2013 Fourth Quarter \$ Change	-\$3,545,455	-\$2,662,039
2014 v. 2013 Fourth Quarter % Change	-71.7%	-60.2%

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS (cont.):

ROADS CAPITAL FUND



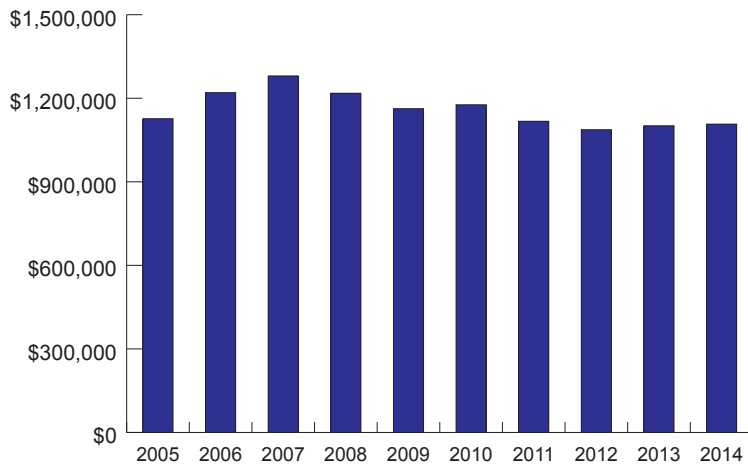
Receipts through December, in the amount of \$18,674,843, are \$14,094,553, or 307.7%, higher than the year-ago level. For this same period in 2013, a total of \$4,580,290 had been collected with the Aurora Avenue Improvements project contributing over \$2.4 million or 53.0% of the total. In 2014, the Aurora project has collected nearly \$15.4 million from grants and utility reimbursements which accounts for 82.4% of the total revenue.

Expenditures through December, in the amount of \$17,799,802, are \$13,207,337, or 287.6%, higher than the year-ago level. Again, the difference between 2013 and 2014 is mostly due to the Aurora project. Through December, expenditures on the Aurora project totaled \$16.6 million or 93.5% of the total.

	<i>Revenue</i>	<i>Expenditures</i>
2014 Current Budget	\$23,642,942	\$23,603,999
2014 Fourth Quarter Actual	\$18,674,843	\$17,799,802
2014 % of Current Budget	79.0%	75.4%
2013 Current Budget	\$20,427,271	\$20,427,271
2013 Fourth Quarter Actual	\$4,580,290	\$4,592,465
2013 % of Current Budget	22.4%	22.5%
2014 v. 2013 Fourth Quarter \$ Change	\$14,094,553	\$13,207,337
2014 v. 2013 Fourth Quarter % Change	307.7%	287.6%

NON-GENERAL FUND REVENUE ANALYSIS:

STREET FUND - FUEL TAX

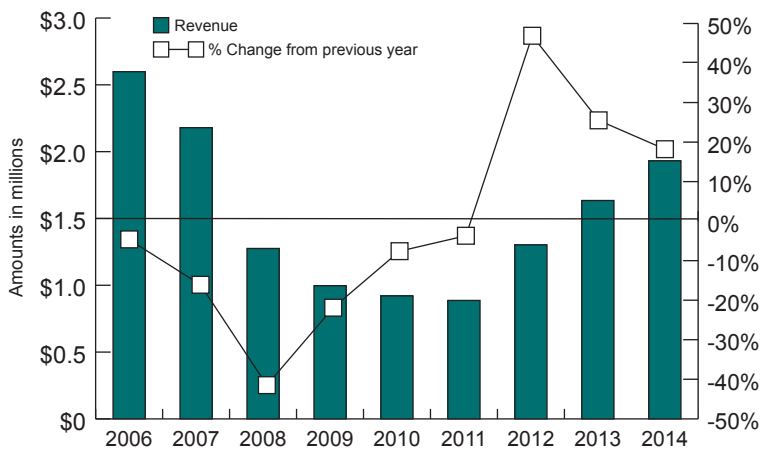


**Fuel Tax: Historical Annual
2005-2014**

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	\$1,117,297
2012	\$1,087,126
2013	\$1,101,244
2014	\$1,107,075

The Motor Vehicle Fuel Excise Tax, commonly referred to as Gas Tax, is levied by the State on a per gallon basis, distributed monthly on a per capita basis to the City of Shoreline, and placed in the Street Fund. Fuel Tax revenue receipts through December totaled \$1,107,075 and are \$5,831, or 0.5%, higher than the year-ago level. In addition to the year-over-year variance, receipts are \$12,207, or 1.1%, greater than the budgeted amount. The increase in Fuel Tax over the last two years (it went up 1.3% in 2013 and 0.5% in 2014) is a change in the trend of the tax over the last nine years. From 2007-2012, the revenues from the Fuel tax decreased by 15.1%. Staff will continue to monitor Fuel Tax revenues.

REAL ESTATE EXCISE TAX (REET)



REET: Annual Collected 2006-2014

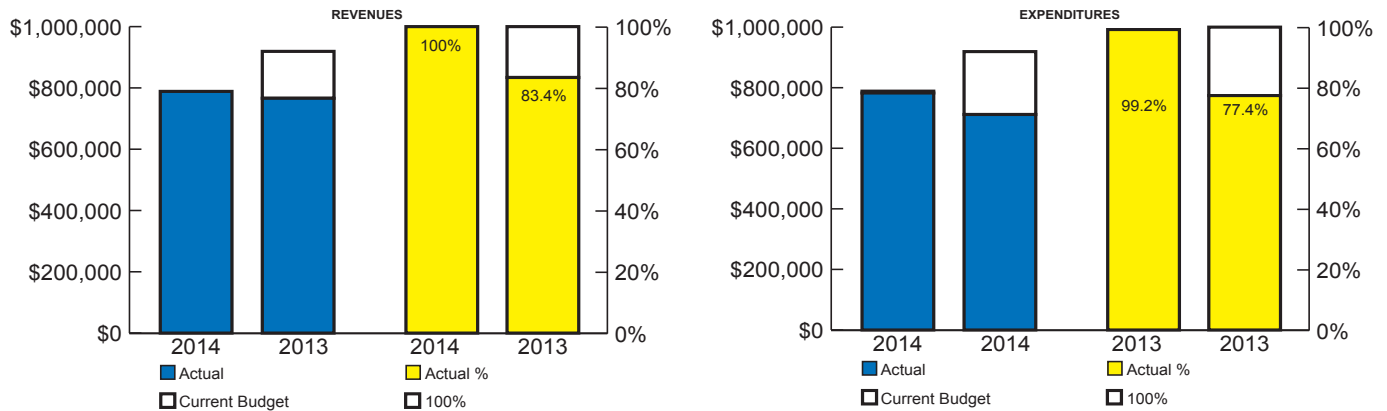
	Revenue	\$ Change from Previous Year	% Change from Previous Year
2006	\$2,597,703	-\$127,459	-4.7%
2007	\$2,179,332	-\$418,371	-16.1%
2008	\$1,275,597	-\$903,735	-41.5%
2009	\$996,805	-\$278,792	-21.9%
2010	\$920,596	-\$76,209	-7.6%
2011	\$886,555	-\$34,041	-3.7%
2012	\$1,302,282	\$415,727	46.9%
2013	\$1,634,442	\$332,160	25.5%
2014	\$1,931,192	\$296,750	18.2%

Real Estate Excise Tax (REET) revenue receipts through December totaled \$1,931,192 and are \$296,750, or 18.2%, more than receipts for the same period in 2013. There were 74 more real estate transactions through the fourth quarter of 2014 than in the same period of 2013, and the total value of all transactions was \$368.4 million, which was 13.2% more than in 2013. The difference in the value of real estate transactions is attributable to:

- More transactions in 2014 (923 total) than in 2013 (849 total).
- 30 high-value (\$1 million or more) transactions through the fourth quarter of 2014 (three more than in the same period of 2013).
- The average value of transaction increased by \$15,840 in 2014 to \$399,152.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS (cont.):

TRANSPORTATION BENEFIT DISTRICT



Through 2014, TBD vehicle license fees totaled \$788,395 which is \$22,333, or 2.9%, more than collections over the same period in 2013. Including the LGIP investment interest, total fourth quarter revenues equal \$788,712 in 2014. In addition to the year-over-year comparison, 2014 fourth quarter total receipts were \$22,532, or 2.9%, more than 2013. Moreover, the 2014 total receipts are 100.0% of the current budget with Budgeted Fund Balance and 112.1% of current budget excluding Budgeted Fund Balance.

Expenditures, mostly consisting of charges for services by the Annual Road Surface Maintenance program, totaled \$782,472, which is \$70,938 or 10.0% more than the same period in 2013.

	Revenue	Expenditures
2014 Current Budget	\$788,613	\$788,613
2014 Fourth Quarter Actual	\$788,712	\$782,472
2014 % of Current Budget	100.0%	99.2%
2013 Current Budget	\$919,200	\$919,200
2013 Fourth Quarter Actual	\$766,180	\$711,534
2013 % of Current Budget	83.4%	77.4%
2014 v. 2013 Fourth Quarter \$ Change	\$22,532	\$70,938
2014 v. 2013 Fourth Quarter % Change	2.9%	10.0%

INVESTMENT REPORT: Fourth Quarter - December 31, 2014

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

Our yield objectives are very important and, pursuant to policy, the basis used by the City to determine whether the market yields are being achieved is through the use of a comparable benchmark. Our benchmark has been identified as the current yield to maturity of the Washington State Local Government Investment Pool, which had been the City's primary mode of investment prior to adopting our Investment Policy. As of December 31, 2014, the City's investment portfolio, excluding the State Investment Pool, had a current weighted average rate of return of 1.0306%. This is better than the State Investment Pool's current rate of return of 0.1031%. Total investment interest earnings through December were \$55,514 which is about 60% of total budgeted 2014 investment earnings of \$92,505.

Over the past few years, we have seen interest rates decline significantly. The average yield on two year government agency bonds was 5.34% in January 2007. By the end of 2008 this rate was down to 1.1%. Rates continued to decline reaching a low of 0.39% at the end of December 2013. We are now starting to see some recovery in interest rates as the rate at the end of March 2014 was 0.44% and at the end of December 2014 was 0.67%.

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 December 2014 is yielding 1.22% and will not mature until December 2017. This rate of return is projected to be above the average projected rate of return from the State Pool over the same period. A laddered portfolio approach helps assure that the City will, in the long run, receive a market average rate of return.

As of December 2014, the City's investment portfolio had a fair value of nearly \$28.54 million. Approximately 24.5% of the investment portfolio was held in U.S. government instrumentality securities, and 75.5% was held in the Washington State Investment Pool. The City's investment portfolio valued at cost as of December 31, 2014, was slightly over \$28.53 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.

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), Federal Home Loan Mortgage Corporation (FHLMC – Freddie Mac), or Federal Home Loan Banks (FHLCB), 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. This instrument has been purchased from Federal Home Loan Banks.

INVESTMENT REPORT (continued):

LGIP Cash and Investment Balances December 31, 2014

Instrument Type

	CUSPID #	Broker	Settlement Date	Maturity Date	Par Value	Investment Cost	Yield To Maturity	Unrecognized Gain/(Loss)	Market Value 9/30/14
FHLB 0.375	3133834R9	ProEquities	06/26/13	06/24/16	\$1,000,000	\$986,541	0.8310%	\$11,056	\$997,597
FHLB 0.78	3130A0HZ6	Multi-Bank Security	12/30/13	12/30/16	1,000,000	999,000	0.8140%	160	999,160
FHLB 0.75	3130A16D5	Financial Northwestern	03/26/14	03/24/17	1,000,000	994,000	0.9537%	1,655	995,655
FHLMC 1.0	3137EADH9	Financial Northwestern	06/14/14	06/29/17	1,000,000	1,000,000	1.0000%	1,770	1,001,770
FHLMC 1.22	3133EDV74	Financial Northwestern	09/26/14	09/18/17	1,000,000	999,500	1.2371%	-539	998,961
FFCB 1.20	3133EEFPO	Wells Fargo	12/19/14	12/18/17	1,000,000	999,500	1.2170%	-2,340	997,160
FHLB 1.15	3130A3NK6	Financial Northwestern	12/29/14	12/29/17	1,000,000	999,750	1.1585%	-3,627	996,123
Sub Total Investments					7,000,000	6,978,291		8,135	6,986,426
State Investment Pool						21,552,142	0.1031%		21,552,142
Total LGIP + Investments						\$28,530,433		\$8,135	\$28,538,568
Current Average Maturity Excluding the State Investment Pool (days)				881					
Current Weighted Average Yield to Maturity Excluding the State Pool				1.0306%					
Current Yield to Maturity State Investment Pool				0.1031%					
Basis Points in Excess (Below) Benchmark				93					

Portfolio Diversification

Instrument Type	Percentage	Amount at Market Value	Amount at Cost	Broker	Percentage	Amount at Cost
FHLB	14.0%	3,988,535	3,979,291	Wells Fargo	3.5%	999,500
FFCB	3.5%	997,160	999,500	ProEquities	3.5%	986,541
FHLMC	7.0%	2,000,731	1,999,500	Multi-Bank Security	3.5%	999,000
State Investment Pool	75.5%	21,552,142	21,552,142	Financial Northwestern	14.0%	3,993,250
				State Investment Pool	75.5%	21,552,142
Total LGIP + Investments	100%	\$28,538,568	\$28,530,433	Total Investments	100%	\$28,530,433

Investments by Fund

Fund	Investments at Cost as of 12/31/2014	LGIP State Investment Pool as of 12/31/2014	Total LGIP + Investments at Cost by Fund as of 12/31/2014	Unrecognized Gain/(Loss) as of 12/31/2014	Total Market Value of Investments by Fund as of 12/31/2014	Investment Earnings Budget 2014	Investment Earnings Actual 2014	Over/(Under) Budget
001 General	\$1,573,250	\$8,127,684	\$9,700,934	0	\$9,700,934	\$26,500	\$36,005	\$9,505
101 Street	250,000	819,041	1,069,041	0	1,069,041	5,000	2,135	-2,865
107 Code Abatement	0	121,950	121,950	0	121,950	550	154	-396
108 Asset Seizure	0	134,298	134,298	0	134,298	0	156	156
109 Public Arts	0	162,087	162,087	0	162,087	500	222	-278
112 Fed. Drug Enforcement	0	209,717	209,717	0	209,717	50	200	150
114 Transportation Benefit Dist.	0	389,822	389,822	0	389,822	60	316	256
115 Property Tax Equalization	0	862,015	862,015	0	862,015	0	1,103	1,103
116 Fed. Crim. Forfeit	0	1,288,015	1,288,015	0	1,288,015	845	1,653	808
190 Revenue Stabilization	3,838,500	1,378,870	5,217,370	0	5,217,370	0	0	0
301 General Capital	0	2,188,562	2,188,562	0	2,188,562	17,392	2,563	-14,829
312 City Fac.-Mjr. Maint.	0	167,144	167,144	0	167,144	1,360	191	-1,169
330 Roads Capital	0	1,842,239	1,842,239	0	1,842,239	25,943	2,283	-23,660
401 Surface Water Utility Fund	0	2,462,955	2,462,955	0	2,462,955	6,055	2,965	-3,090
501 Vehicle Oper./Maint.	0	151,139	151,139	0	151,139	250	171	-79
503 Equip. Dep. Replace	1,316,541	1,193,346	2,509,887	0	2,509,887	8,000	5,335	-2,665
505 Unemployment	0	53,261	53,261	0	53,261	0	62	62
Total Investments	\$6,978,291	\$21,552,142	\$28,530,433	\$0	\$28,530,433	\$92,505	\$55,514	-\$36,991

CAPITAL IMPROVEMENT PLAN UPDATE

General Capital Fund

Annual Projects and Programs

Project/Program	2014 Budget	2014 Actuals	2015 Budget	Progress/Comments
Parks Repair and Replacement ¹	\$236,295	\$202,618	\$206,110	2014 – support for Echo Lake Park, and Sunset Park 2015 – new playground equipment at Northcrest Park; additional work still being evaluated and prioritized

Projects Completed in 2014

Project	2014 Budget	2014 Actuals	Total Proj Budget	Total Proj Estimate	Progress/Comments
Sunset School Park Project	\$153,473	\$147,963	\$295,000	\$289,491	The park improvements were completed in 2014
Shoreline Pool Repair/Replacement Needs Analysis	\$15,539	\$15,539	\$48,859	\$48,859	Study completed in 2014. Results were reviewed and where appropriate repairs have been incorporated into the Facilities Major Maintenance fund.
Richmond Beach Saltwater Park	\$14,739	\$12,970	\$2,919,112	\$2,917,343	Final year of monitoring completed in 2014

Current projects

Project	2014 Budget	2014 Actuals	Total Proj Budget	Total Proj Estimate	Progress/Comments
Echo Lake Park Improvements ¹	\$410,137	\$404,504	\$475,997	\$475,997	Construction was primarily completed in 2014. Punchlist items were completed and grand opening was held in March 2015.
King County Parks, Trail and Open Space Levy	\$110,000	\$119,721			This six year levy replacement started in 2014. In 2014, the funding was used for Echo Lake Park and Regional Trail Signage. In 2015 the funding is allocated for Saltwater Park Pedestrian Bridge Major Repair, Echo Lake Park and trail maintenance through Earthcorps.
Regional Trail Signage	\$25,354	\$26,590	\$148,492	\$148,605	The wayfinding signage strategy was adopted by the Parks Board in March 2014. Construction of the first phase of this project has been delayed until there is 2016 Trail Levy funding availability
Saltwater Park Pedestrian Bridge Major Repair ¹	\$70,000	\$63,115	\$355,585	\$355,585	2014 - Design and advertisement were complete d 2015 - Construction was started in January as planned. However, it has been delayed based on permit conditions/requirements from Burlington Northern Santa Fe. Completion is expected in May 2015.
Trail Corridors ¹	\$174,381	\$91,478	\$2,514,900	\$2,514,900	This remaining balance of this 2006 Park Bond project supports the 195 th Separated Trail which was completed in early 2015.
Police Station ¹	\$1,590,000	\$10,051	\$5,580,000	\$5,580,000	2014 – Began proceedings for acquisition of the Grease Monkey property. 2015 – Selection of design consultant and start of detailed design. The budget and pricing will be refined for future discussion with Council.
Maintenance Facility Acquisition and Design ¹	\$33,000	\$26,649	\$3,590,000	\$3,590,000	2014 - Implemented fueling operations. Design of maintenance facility will begin in 2016.
Shoreline Veteran’s Recognitions	NA	NA	\$75,000	\$75,000	2015 - The Shoreline Veteran’s association is raising funds to design and construct a Veteran’s recognition.

¹ Project included in Ordinance 709, Amending the 2015 Budget for uncompleted 2014 capital projects

Roads Capital Fund

Annual Projects and Programs

Project/Program	2014 Budget	2014 Actuals	2015 Budget	Progress/Comments
Traffic Safety Improvements	\$145,069	\$151,369	\$132,500	2014 - Upgrade curb ramps to ADA standards in conjunction with Highway Safety Improvement Program grant. 2015 - Project prioritization and definition is underway.
Annual Road Surface Maintenance ¹	\$1,500,000	\$779,973	\$1,806,546	2014 - 12 miles of BST improvements and 4.4 miles of preparation for support of 2015 program. 2015 - BST and pavement repairs are still being finalized. Design will begin on two projects receiving grant for overlay – 15 th Ave NE and Meridian Ave.
Curb ramp, gutter and sidewalk maintenance ¹	\$152,517	\$45,528	\$259,506	2014 - Designed and advertised for sidewalk repairs and ADA improvements, primarily on 12 th Ave NW. 2015 - Constructed improvements on 12 th Ave NW. Design repairs on N 155 th .
Traffic Signal Rehabilitation	\$360,308	\$348,739	\$105,000	2014 - Implementation of signal timings and continued utilization of Traffic Management Center for improving signal operations. 2015 - Prioritizing and defining projects.

Projects Completed in 2014

Project	2014 Budget	2014 Actuals	Total Proj Budget	Total Proj Estimate	Progress/Comments
Transportation Master Plan Update	\$16,356	\$15,391	\$333,148	\$332,183	The TMP Update was essentially completed in 2011. However, Traffic Impact Fees were adopted in 2014 with implementation Jan 1, 2015.

¹ Project included in Ordinance 709, Amending the 2015 Budget for uncompleted 2014 capital projects

Current projects

Project	2014 Budget	2014 Actuals	Total Proj Budget	Total Proj Estimate	Progress/Comments
10 th Ave NW (Hidden Lake) Bridge Repair ¹	\$62,849	\$51,640	\$548,086	\$552,060	Study completed in 2014 which concluded in approval of bridge repairs to extend the life and safety of the bridge including bridge railing improvements, filling voids under approach slab and other improvements.
Aurora 145 th - 192 nd Safety Improvements ¹	\$379,133	\$306,624	\$437,117	\$437,117	Construction continues with minor items and punchlist to be completed in 2015.
Aurora 192 nd - 205 th ¹	\$17,160,789	\$15,555,908	\$44,176,187	\$44,230,429	Under construction; completion anticipated in January 2016.
NE 195 th Separated Trail ¹	\$156,012	\$93,541	\$705,489	\$656,546	Project design completed in 2014 with construction completed in March 2015.
Einstein Safe Routes to School ¹	\$209,835	\$107,640	\$574,454	\$700,623	Design completed at end of 2014. Additional funding needed based on final construction estimates and bid results. Construction delayed until end of school year to reduce impacts to school.
Interurban Trail/Burke Gilman Connectors ¹	\$79,301	\$78,594	\$544,500	\$544,500	Project is in design. Construction delayed until 2015 due to design impacts and other project priorities.
Route Development Plan for 145 th Corridor ¹	\$175,000	\$12,445	\$596,000	\$596,000	Route Development Plan initiated in 2014 with a schedule completion by the end of 2015.

¹ Project included in Ordinance 709, Amending the 2015 Budget for uncompleted 2014 capital projects

Surface Water Capital Fund

Annual Projects and Programs

Project/Program	2014 Budget	2014 Actuals	2015 Budget	Progress/Comments
Stormwater Pipe Replacement Project ¹	\$479,000	\$283,904	\$1,016,415	2014 – In the first year of this program, failing pipes were repaired or replaced at 13 locations. 2015 – Design and construction of pipes at up to 40 locations. Issuing of \$2 million in bonds is also anticipated later this year.
Surface Water Small Projects	\$138,538	\$95,500	\$150,000	2014 – Drainage studies at 3 locations for possible future projects; construction of drainage repairs/improvements at NE 147 th and 30 th Ave NE. 2015 - Pre-design of up to 4 locations; tentative construction of improvements at 6-8 locations.
Surface Water Green Works Projects ¹	\$277,814	\$247,122	\$150,000	Project includes design and construction of rain gardens at various locations. 2014 – Facilities were constructed at 148 th and 5 th Ave NE and 188 th and Densmore Ave NE; design and grant administration at several other locations. 2015 - Anticipate construction of new facilities at 32 nd Ave NE and NE 147 th , and Stone Ave NE and N 157 th .

Projects Completed in 2014

Project	2014 Budget	2014 Actuals	Total Proj Budget	Total Proj Estimate	Progress/Comments
Hidden Lake Maintenance Study	\$60,000	\$61,229	\$60,000	\$61,229	This study was completed in 2014 which recommended removal of the Hidden Lake Dam which is a new project approved in the CIP.

¹ Project included in Ordinance 709, Amending the 2015 Budget for uncompleted 2014 capital projects

Current projects

Project	2014 Budget	2014 Actuals	Total Proj Budget	Total Proj Estimate	Progress/Comments
Ballinger Creek Drainage Study ¹	\$210,000	\$137,961	\$210,141	\$178,413	Basin plans will be completed in Spring 2015.
McAleer Creek Basin Plan ¹	\$450,000	\$321,125	\$450,000	\$366,125	Basin plans will be completed in Spring 2015.
Goheen Revetment Repair and Stream Enhancement ¹	\$66,160	\$55,988	\$413,854	\$414,166	Project design is complete. Construction will begin in July in compliance with environmental permit requirements.
Hidden Lake Dam Removal	NA	NA	\$90,000	\$90,000	This project will begin to look at the options/alternatives to remove the dam supporting Hidden Lake.
Puget Sound Drainages Basin Plan	NA	NA	\$200,000	\$445,000	Consultant selection will begin soon. Completion of the basin plan will extend into 2016.
148th Infiltration Facilities	\$65,000	\$63,294	\$265,000	\$200,000	Project design is at 95%; construction schedule is being updated based on receiving grant funding.

¹ Project included in Ordinance 709, Amending the 2015 Budget for uncompleted 2014 capital projects