
Council Meeting Date: April 24, 2017

Agenda Item: 8(c)

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussing the 2016 Fourth Quarter and Year-End Financial Report
DEPARTMENT:	Administrative Services
PRESENTED BY:	Sara Lane, Administrative Services Director Rick Kirkwood, Budget Supervisor
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 2016 year-end financial report is attached to this staff report as Attachment A. This report summarizes the financial activities during 2016 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.

RESOURCE/FINANCIAL IMPACT:

The table on page 2 of the 2016 Year-End Financial Report provides a summary of the financial results for all City funds for 2016.

RECOMMENDATION

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

ATTACHMENTS

Attachment A: 2016 Year End Financial Report

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



2016 YEAR END FINANCIAL REPORT

APRIL 2017

PERFORMANCE AT A GLANCE

GENERAL FUND REVENUES	Compared to 2016 Budget	Compared to 2015 Actual	Reference
Property Tax Revenue	◀NEUTRAL▶	◀NEUTRAL▶	Page 5
Sales Tax Revenue	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 6, 7
Utility Tax Revenue	▼ NEGATIVE ▼	● WARNING ●	Page 11
Development Revenue	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 12
Parks and Recreation Revenue	▲ POSITIVE ▲	▼ NEGATIVE ▼	Page 13
Investment Income	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 14
NON-GENERAL FUND REVENUES			
Surface Water Fees	◀NEUTRAL▶	▲ POSITIVE ▲	Page 18
Fuel Tax	◀NEUTRAL▶	▲ POSITIVE ▲	Page 21
Real Estate Excise Tax	▲ POSITIVE ▲	▼ NEGATIVE ▼	Page 22

This report reflects revenue collections and expenditures through December 31, 2016. The above table reflects differences when compared to the current budget.

- General Fund receipts are 6.6% more than the year-ago level and 0.8% more than that budgeted. Expenditures are 6.7% more than the year-ago level but 14.4% less than that budgeted. Including the re-appropriation requested by staff, expenditures totaled 89.7% of the current budget and 97.3% of the revised year-end estimate. The 2016 ending fund balance, adjusted for the re-appropriation, is projected to be 19.8% above the 2017 budget estimate. See pages 3-14 for details. Parks and Recreation Revenue is lower than 2015 because of the scheduled pool closure for major maintenance. See page 13 for details.
- Surface Water Utility (SWM) Fund receipts are 9.0% more than the year-ago level but 0.6% less than revised estimates. SWM fund expenditures are 6.6% more than the year-ago level and in line with the revised projection. See page 18 for details.
- Street Fund receipts and expenditures are more than the year-ago level. Fuel tax receipts are more than the year-ago level and budget by 3.4% and 0.1%, respectively. See page 21 for details.
- Real estate excise tax receipts, while exceeding 2016 budget and revised projections by 22.7% and 9.7%, respectively, are 13.3% less than the year-ago level due to high collections in 2015, which was due, in part, to the high number of transactions and the selling of high value properties in 2015. See page 22 for details.

Key to revenue trend indicators:

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

CITY FINANCIAL OVERVIEW

Fourth Quarter Executive Summary

Revenues

Fund	2016 Current Budgeted Revenues	2016 4th Quarter Actual	2016 % of Current Budget	2015 Current Budgeted Revenues	2015 4th Quarter Actual	2015 % of Current Budget	2016 v. 2015 \$ Variance	2016 v. 2015 % Variance
General Fund	\$38,566,758	\$38,875,351	100.8%	\$36,304,526	\$36,483,256	100.5%	2,392,095	6.6%
Street Fund	\$1,518,234	\$1,491,316	98.2%	\$1,383,163	\$1,456,902	105.3%	34,414	2.4%
Code Abatement Fund	\$80,550	\$26,519	32.9%	\$80,550	\$0	0.0%	26,519	0.0%
State Drug Enforcement Fund	\$18,243	\$33,424	183.2%	\$13,800	\$18,697	135.5%	14,727	78.8%
Public Arts Fund	\$6,500	\$221,786	3412.1%	\$5,000	\$4,111	82.2%	217,675	5294.9%
Federal Drug Enforcement Fund	\$28,200	\$15,575	55.2%	\$20,750	\$15,823	76.3%	-248	-1.6%
Property Tax Equalization Fund	\$0	\$6,139	0.0%	\$0	\$2,117	0.0%	4,022	190.0%
Federal Crime Forfeitures Fund	\$978,500	\$9,706	1.0%	\$38,945	\$1,011,070	2596.1%	-1,001,364	-99.0%
Transportation Impact Fee	\$200,000	\$946,285	473.1%	\$0	\$254,780	0.0%	691,505	271.4%
Unltd Tax GO Bond Fund	\$1,700,000	\$9,283,963	546.1%	\$1,700,000	\$1,704,720	100.3%	7,579,243	444.6%
Limited Tax GO Bond 2009 Fund	\$1,663,417	\$1,657,452	99.6%	\$1,663,217	\$1,664,182	100.1%	-6,730	-0.4%
Limited Tax GO Bond 2013 Fund	\$260,948	\$260,438	99.8%	\$260,823	\$260,823	100.0%	-385	-0.1%
General Capital Fund*	\$3,889,399	\$3,453,480	88.8%	\$3,443,088	\$2,097,217	60.9%	1,356,263	64.7%
City Facility-Major Maint. Fund*	\$782,784	\$782,663	100.0%	\$175,449	\$174,356	99.4%	608,307	348.9%
Roads Capital Fund*	\$6,822,545	\$3,453,480	50.6%	\$21,266,001	\$15,848,029	74.5%	-12,394,549	-78.2%
Surface Water Utility Fund*	\$4,184,361	\$4,237,318	101.3%	\$5,431,075	\$4,846,846	89.2%	-609,528	-12.6%
Vehicle Operations/ Maint. Fund	\$256,216	\$257,665	100.6%	\$263,950	\$220,501	83.5%	37,164	16.9%
Equipment Replacement Fund	\$531,738	\$603,993	113.6%	\$335,185	\$329,292	98.2%	274,701	83.4%
Unemployment Fund	\$0	\$385	0.0%	\$0	\$134	0.0%	251	187.3%
Total Budgeted Revenue	\$61,488,393	\$65,616,938	106.7%	\$72,385,522	\$66,392,856	91.7%	-775,918	-1.2%
Budget Use of Fund Balance								
Total Budgeted Resources	\$61,488,393	\$65,616,938	106.7%	\$72,385,522	\$66,392,856	91.7%	-775,918	-1.2%

Expenditures

Fund	2016 Current Budget	2016 4th Quarter Actual	2016 % of Current Budget	2015 Current Budget	2015 4th Quarter Actual	2015 % of Current Budget	2016 v. 2015 \$ Variance	2016 v. 2015 % Variance
General Fund	\$44,707,322	\$38,252,038	85.6%	\$40,151,029	\$35,847,605	89.3%	\$2,404,433	6.7%
Street Fund	\$1,713,773	\$1,508,989	88.1%	\$1,569,007	\$1,388,052	88.5%	\$120,937	8.7%
Code Abatement Fund	\$100,000	\$27,246	27.2%	\$100,000	\$10,630	10.6%	\$16,616	156.3%
State Drug Enforcement Fund	\$183,096	\$31,233	17.1%	\$13,800	\$12,112	87.8%	\$19,121	157.9%
Public Arts Fund	\$84,216	\$47,323	56.2%	\$54,408	\$54,226	99.7%	-\$6,903	-12.7%
Federal Drug Enforcement Fund	\$263,000	\$5,981	2.3%	\$65,750	\$4,931	7.5%	\$1,050	21.3%
Property Tax Equalization Fund	\$0	\$691,313	0.0%	\$0	\$0	0.0%	\$691,313	0.0%
Federal Crime Forfeitures Fund	\$2,802,444	\$1,771,131	63.2%	\$1,823,405	\$177,062	9.7%	\$1,594,069	900.3%
Unltd Tax GO Bond Fund	\$1,710,375	\$9,304,875	544.0%	\$1,712,175	\$1,709,654	99.9%	\$7,595,221	444.3%
Limited Tax GO Bond 2009 Fund	\$1,663,417	\$1,661,867	99.9%	\$1,663,217	\$1,662,024	99.9%	-\$157	0.0%
Limited Tax GO Bond 2013 Fund	\$260,608	\$260,608	100.0%	\$260,586	\$260,586	100.0%	\$22	0.0%
General Capital Fund*	\$3,334,865	\$3,365,021	100.9%	\$3,617,414	\$1,833,614	50.7%	\$1,531,407	83.5%
City Facility-Major Maint. Fund*	\$866,754	\$777,179	89.7%	\$368,525	\$318,574	86.4%	\$458,605	144.0%
Roads Capital Fund*	\$4,893,774	\$3,720,354	76.0%	\$22,210,310	\$17,601,645	79.2%	-\$13,881,291	-78.9%
Surface Water Utility Fund*	\$5,431,075	\$4,846,846	89.2%	\$5,038,021	\$4,545,988	90.2%	\$300,858	6.6%
Vehicle Operations/ Maint. Fund	\$271,216	\$185,544	68.4%	\$278,950	\$186,359	66.8%	-\$815	-0.4%
Equipment Replacement Fund	\$504,319	\$167,976	33.3%	\$954,714	\$461,748	48.3%	-\$486,738	-51.0%
Unemployment Fund	\$17,500	\$2,300	13.1%	\$17,500	\$1,156	6.6%	\$1,144	99.0%
Total Budgeted Expenditures	\$68,807,754	\$66,627,824	96.8%	\$79,898,811	\$66,075,966	82.7%	\$845,630	0.8%

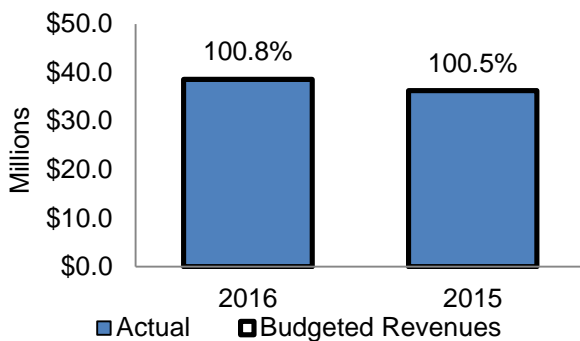
* CIP Funds "Current Budget" reflects the Revised Estimate presented in the 2017-2022 CIP

GENERAL FUND REVENUE DETAIL

Revenue Source	2016 Current Budget	2016 Fourth Quarter Actual Revenue	2016 % of Current Budget Received	2015 Current Budget	2015 Fourth Quarter Actual Revenue	2015 % of Current Budget Received	2016 v. 2015 \$ Change	2016 v. 2015 % Change
Budgeted Fund Balance	\$6,180,242	\$0	0.0%	\$3,846,503	\$0	0.0%	\$0	0.0%
Property Tax	\$10,860,481	\$10,815,204	99.6%	\$10,570,659	\$10,672,179	101.0%	\$143,025	1.3%
Sales Tax	\$7,747,700	\$8,189,742	105.7%	\$7,320,000	\$7,756,234	106.0%	\$433,508	5.6%
Local Criminal Justice	\$1,403,619	\$1,495,353	106.5%	\$1,276,154	\$1,380,160	108.1%	\$115,193	8.3%
Natural Gas	\$906,500	\$730,925	80.6%	\$889,590	\$785,472	88.3%	-\$54,547	-6.9%
Garbage	\$548,880	\$548,522	99.9%	\$538,648	\$547,486	101.6%	\$1,036	0.2%
Cable TV	\$1,903,020	\$1,880,875	98.8%	\$1,760,845	\$1,866,627	106.0%	\$14,248	0.8%
Telecommunications	\$1,421,640	\$1,176,088	82.7%	\$1,503,000	\$1,290,650	85.9%	-\$114,562	-8.9%
Storm Drainage	\$240,275	\$239,060	99.5%	\$214,571	\$217,034	101.1%	\$22,026	10.1%
Water	\$780,700	\$874,681	112.0%	\$754,197	\$939,937	124.6%	-\$65,256	-6.9%
Sewer	\$859,022	\$860,000	100.1%	\$834,002	\$835,000	100.1%	\$25,000	3.0%
Utility Tax & Franchise Fee Revenue Subtotal	\$6,660,037	\$6,310,151	94.7%	\$6,494,853	\$6,482,206	99.8%	-\$172,055	-2.7%
SCL Contract Payment	\$1,838,980	\$1,925,632	104.7%	\$1,993,063	\$1,756,770	88.1%	\$168,862	9.6%
Gambling Tax Revenue	\$1,587,425	\$1,559,533	98.2%	\$1,586,625	\$1,570,218	99.0%	-\$10,685	-0.7%
Development Revenue	\$1,456,000	\$2,343,847	161.0%	\$1,319,750	\$1,647,616	124.8%	\$696,231	42.3%
Park and Recreation Revenue	\$1,500,998	\$1,653,797	110.2%	\$1,603,216	\$1,767,394	110.2%	-\$113,597	-6.4%
Intergovernmental Revenue	\$1,467,017	\$1,197,395	81.6%	\$894,991	\$908,571	101.5%	\$288,824	31.8%
Grant Revenue	\$844,749	\$389,094	46.1%	\$974,936	\$311,676	32.0%	\$77,418	24.8%
Fines and Licenses	\$642,072	\$581,670	90.6%	\$644,000	\$661,411	102.7%	-\$79,741	-12.1%
Miscellaneous Revenue	\$775,006	\$554,133	71.5%	\$574,665	\$509,382	88.6%	\$44,751	8.8%
Interest Income	\$70,600	\$147,727	209.2%	\$70,600	\$78,423	111.1%	\$69,304	88.4%
Operating Transfers In	\$1,712,074	\$1,712,073	100.0%	\$981,014	\$981,016	100.0%	\$731,057	74.5%
Total General Fund Resources	\$44,747,000	\$38,875,351	86.9%	\$40,151,029	\$36,483,256	90.9%	\$2,392,095	6.6%
Total General Fund Revenue excl. Budgeted Fund Balance	\$38,566,758	\$38,875,351	100.8%	\$36,304,526	\$36,483,256	100.5%	\$2,392,095	6.6%

GENERAL FUND REVENUE ANALYSIS:

TOTAL GENERAL FUND REVENUE SUMMARY



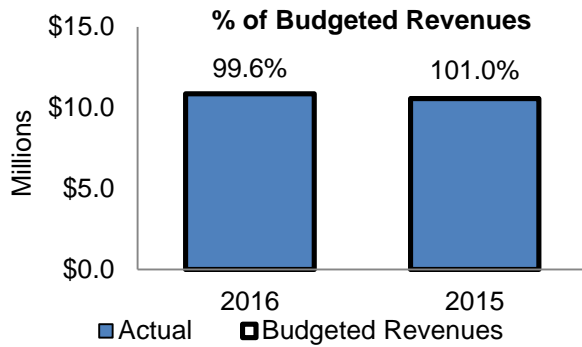
2016 Current Budget	\$44,747,000
2016 Budgeted Revenue	\$38,566,758
2016 Fourth Quarter Actual Revenue	\$38,875,351
2016 % of Budgeted Revenue Received	100.8%
2015 Budgeted Revenue	\$36,304,526
2015 Fourth Quarter Actual Revenue	\$36,483,256
2015 % of Budgeted Revenue Received	100.5%
2016 v. 2015 \$ Change	\$2,392,095
2016 v. 2015 % Change	↑ 6.6%

The difference between 2016 Current Budget and 2016 Budgeted Revenues reflects the planned use of Fund Balance for one time investments as provided in the City's financial policies. General Fund revenue received in 2016 reflects a year-over-year increase of 6.6%. The following pages present a detailed analysis of various General Fund revenue sources. The following are highlights comparing 2016 to 2015 for the General Fund:

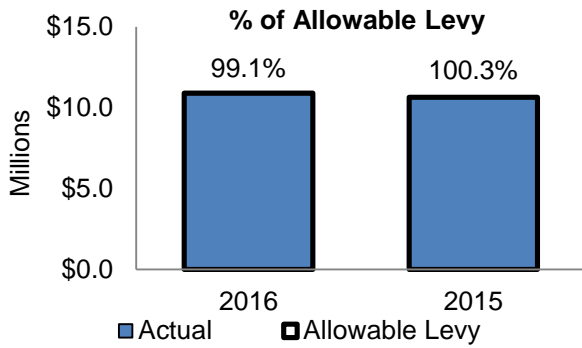
- Property tax receipts are 1.3% more than those for 2015.
- Sales tax receipts are 5.6% more than those for 2015.
- Utility Tax and Franchise Fee revenues are 2.7% less than the year-ago level. The year-over-year difference is attributable partly to reduced demand for natural gas, the continued decline in the amount of telecommunications utility tax collected and a decrease in water franchise fee receipts from Seattle Public Utilities.
- The year-over-year increase of \$696,231 in Development Revenue is attributable to higher local development activity in 2016 as compared to 2015, in terms of the number of building permits pulled for new construction and remodels as well as their valuation.
- The year-over-year change for Intergovernmental Revenue receipts is largely due to higher collections of Liquor Excise Tax revenues and the collection of Marijuana Enforcement revenues, which is new for 2016. The first bill to Sound Transit was paid in the fourth quarter.

GENERAL FUND REVENUE ANALYSIS:

PROPERTY TAX



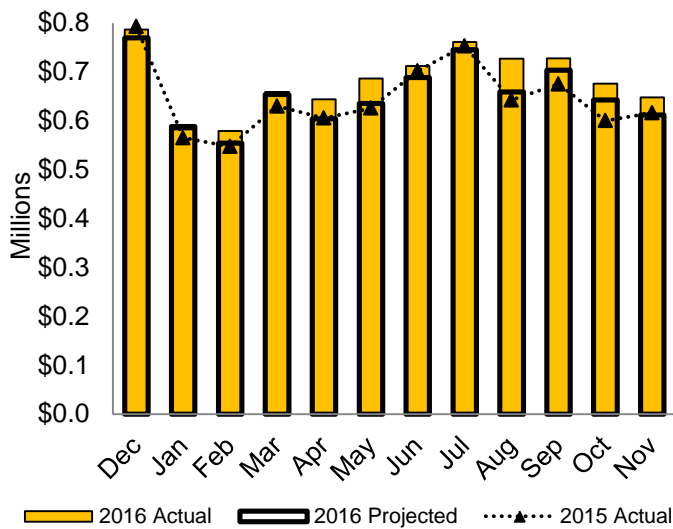
2016 Current Budget		\$10,860,481
2016 Fourth Quarter Actual Revenue		\$10,815,204
2016 % of Current Budget Received		99.6%
2015 Current Budget		\$10,570,659
2015 Fourth Quarter Actual Revenue		\$10,672,179
2015 % of Current Budget Received		101.0%
2016 v. 2015 \$ Change		\$143,025
2016 v. 2015 % Change	➔	1.3%



Property tax receipts are lower than the revised year-to-date projection by 0.9%. And, while collection dollars are higher than those for 2015, collections as a percentage of budget are 99.6% and 101.0%, respectively. In terms of the allowable levy, which in many cases is different than the budgeted projection, collections for 2016 and 2015 are 99.1% and 100.3%, respectively. The variance from the allowable levy is attributable to delinquent payments, successful appeals, etc.

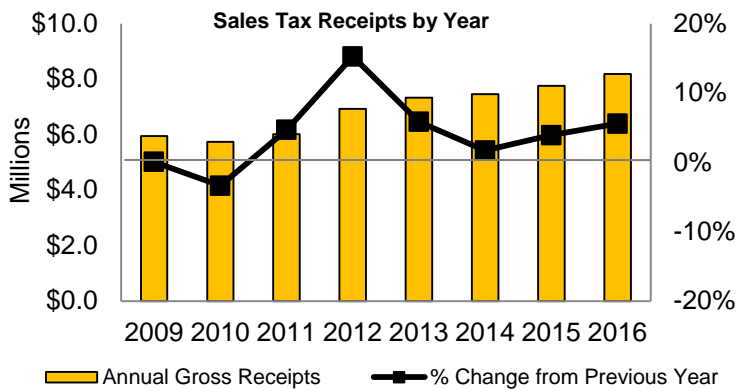
GENERAL FUND REVENUE ANALYSIS (continued):

SALES TAX



2016 Current Budget		\$7,747,700
Sales tax revenue: December - November		
Sales Activity	2015	2016
December (Prior Year)	\$792,683	\$786,417
January	\$565,161	\$582,409
February	\$547,403	\$578,999
March	\$630,073	\$658,721
April	\$605,418	\$644,235
May	\$625,846	\$686,499
June	\$702,026	\$712,311
July	\$753,169	\$760,954
August	\$642,526	\$727,288
September	\$675,275	\$727,935
October	\$600,438	\$676,101
November	\$616,217	\$647,873
Year to date	\$7,756,235	\$8,189,742
\$ Change		\$433,507
% Change		↑ 5.6%

Sales Tax receipts, which reflect activity from December 2015 through November 2016, are above the budget's year-to-date projection by \$442,040, or 5.7%, the revised year-to-date projection by \$332,042, or 4.2%, and above 2015 collections by \$433,507, or 5.6%. It is important to note that the distribution for March 2015 included \$112,769 worth of tax returns that were miscoded by a local business for the months of November 2014 through February 2015. That distribution was spread amongst the correct months. The following chart and table reflects a comparison of sales tax receipts by year:



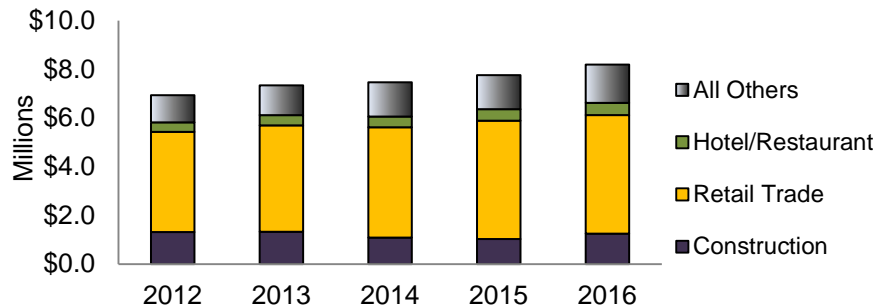
Year	Annual Revenue	% Change from Previous Year
2009	\$5,946,181	0.1%
2010	\$5,745,755	-3.4%
2011	\$6,014,244	4.7%
2012	\$6,932,874	15.3%
2013	\$7,336,805	5.8%
2014	\$7,462,886	1.7%
2015	\$7,756,235	3.9%
2016	\$8,189,742	5.6%

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

Receipts from the Construction sector are more than the year-ago level by 21.5%. In 2016 there were no collections related to one-time activity. Historically, annual one-time activity accounted for \$17,286, or 1.7%, in 2015; \$128,482, or 11.8%, in 2014; \$578,633, or 43.6%, in 2013; and \$778,106, or 59.2%, in 2012.

GENERAL FUND REVENUE ANALYSIS (continued):

Annual Sales Tax Revenue Comparison by Sector



SALES TAX BY PRIMARY CATEGORY: December – November

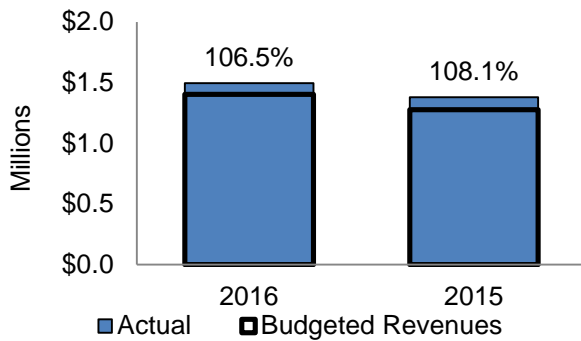
Sector	2012	2013	2014	2015	2016
Construction	\$1,315,397	\$1,326,775	\$1,088,201	\$1,029,064	\$1,250,022
\$ Change		\$11,378	-\$238,574	-\$59,137	\$220,958
% Change		0.9% →	-18.0% ↓	-5.4% ↓	21.5% ↑
Retail Trade	\$4,111,726	\$4,367,503	\$4,528,070	\$4,857,283	\$4,866,734
\$ Change		\$255,777	\$160,567	\$329,213	\$9,451
% Change		6.2% ↑	3.7% ↑	7.3% ↑	0.2% →
Hotel/Restaurant	\$390,912	\$420,096	\$440,339	\$473,001	\$501,086
\$ Change		\$29,184	\$20,243	\$32,662	\$28,085
% Change		7.5% ↑	4.8% ↑	7.4% ↑	5.9% ↑
All Others	\$1,114,839	\$1,222,431	\$1,406,276	\$1,396,886	\$1,571,900
\$ Change		\$107,592	\$183,845	-\$9,390	\$175,014
% Change		9.7% ↑	15.0% →	-0.7% ↓	12.5% ↑
Total	\$6,932,874	\$7,336,805	\$7,462,886	\$7,756,235	\$8,189,742
\$ Change		\$268,489	\$126,081	\$293,349	\$433,507
% Change		4.7% ↑	1.7% ↑	3.9% ↑	5.6% ↑

SALES TAX BY RETAIL TRADE CATEGORY: December – November

Retail Trade	2013 Dec- Nov	2014 Dec- Nov	2014v. 2013 \$ Change	2015 Dec- Nov	2015 v. 2014 \$ Change	2016 Dec- Nov	2016 v. 2015 \$ Change
Dealer	\$1,126,163	\$1,236,501	\$110,338	\$1,350,157	\$113,656	\$1,383,558	\$33,401
Furnishings	\$56,861	\$61,757	\$4,896	\$58,847	-\$2,910	\$65,877	\$7,030
Electronics and Appliances	\$92,316	\$102,349	\$10,033	\$111,503	\$9,154	\$105,294	-\$6,209
Garden	\$665,036	\$662,018	-\$3,018	\$787,425	\$125,407	\$773,383	-\$14,042
Food and Beverage Stores	\$261,984	\$253,519	-\$8,465	\$263,631	\$10,112	\$315,552	\$51,921
Store	\$161,275	\$167,514	\$6,239	\$211,545	\$44,031	\$231,800	\$20,255
Gasoline Stations	\$74,774	\$76,539	\$1,765	\$75,269	-\$1,270	\$73,372	-\$1,897
Clothing and Accessories	\$46,099	\$52,192	\$6,093	\$59,628	\$7,436	\$75,375	\$15,747
Books	\$80,310	\$82,463	\$2,153	\$84,163	\$1,700	\$78,834	-\$5,329
Stores	\$1,406,042	\$1,414,543	\$8,501	\$1,424,571	\$10,028	\$1,282,598	-\$141,973
Retailers	\$251,155	\$246,326	-\$4,829	\$236,280	-\$10,046	\$245,312	\$9,032
Nonstore Retailers	\$145,488	\$172,349	\$26,861	\$194,265	\$21,916	\$235,779	\$41,514
Total Revenue	\$4,367,503	\$4,528,070	\$160,567	\$4,857,283	\$329,213	\$4,866,734	\$9,451

GENERAL FUND REVENUE ANALYSIS (continued):

LOCAL CRIMINAL JUSTICE SALES TAX

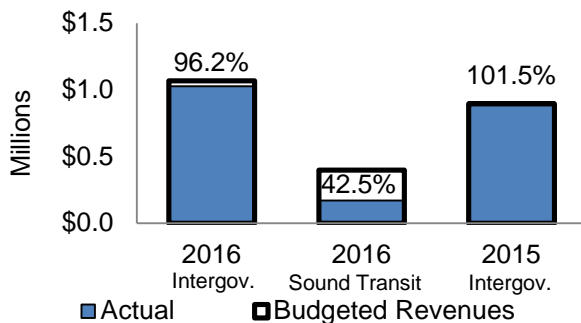


2016 Current Budget		\$1,403,619
2016 Fourth Quarter Actual Revenue		\$1,495,353
2016 % of Current Budget Received		106.5%
2015 Current Budget		\$1,276,154
2015 Fourth Quarter Actual Revenue		\$1,380,160
2015 % of Current Budget Received		108.1%
2016 v. 2015 \$ Change		\$115,193
2016 v. 2015 % Change	↑	8.3%

Local Criminal Justice Sales Tax receipts are 8.3% more than the year-ago level and 5.6% more than the revised year-to-date projection. This year 106.5% of the amount budgeted was received as compared to 108.1% 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. The Puget Sound Economic Forecaster estimated that retail sales throughout King County would increase year-over-year by 4.6%. Sales tax collected throughout King County was actually 9.4% higher than the year-ago level.

INTERGOVERNMENTAL REVENUE

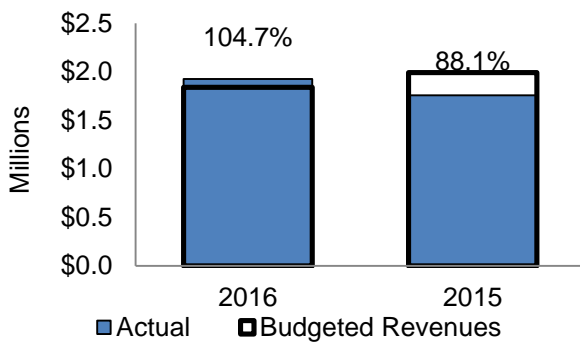


2016 Current Budget		\$1,467,017
2016 Fourth Quarter Actual Revenue		\$1,197,395
2016 % of Current Budget Received		81.6%
2015 Current Budget		\$894,991
2015 Fourth Quarter Actual Revenue		\$908,571
2015 % of Current Budget Received		101.5%
2016 v. 2015 \$ Change		\$288,824
2016 v. 2015 % Change	↑	31.8%

Intergovernmental revenue sources are comprised primarily of funding for criminal justice programs, liquor excise tax, liquor board profits, and reimbursement from Sound Transit per the Expedited Permitting and Reimbursement Agreement. Receipts from sources other than Sound Transit reimbursements total \$1,027,877 and are 13.1% more than the year-ago level, 3.8% less than the original budget, and 1.5% more than the revised year-to-date projection. Differences between the year-ago level and revised budget are largely due to higher budgets and collections of Liquor Excise Tax revenues, as well as the collection of Marijuana Enforcement revenue which is new for 2016. The first bill to Sound Transit was paid in the fourth quarter and the balance of the reimbursement is anticipated to be received in 2017 as work on the project continues.

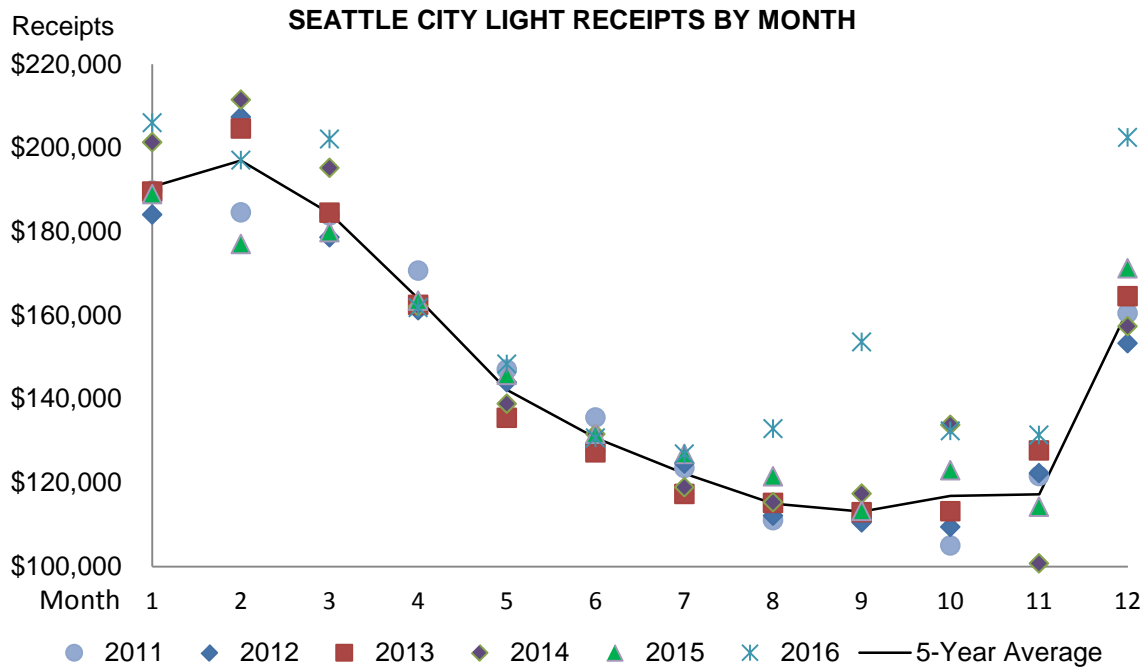
GENERAL FUND REVENUE ANALYSIS (continued):

SEATTLE CITY LIGHT CONTRACT PAYMENT



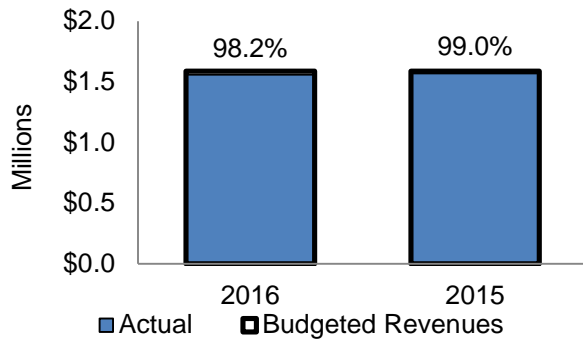
2016 Current Budget		\$1,838,980
2016 Fourth Quarter Actual Revenue		\$1,925,632
2016 % of Current Budget Received		104.7%
2015 Current Budget		\$1,993,063
2015 Fourth Quarter Actual Revenue		\$1,756,770
2015 % of Current Budget Received		88.1%
2016 v. 2015 \$ Change		\$168,862
2016 v. 2015 % Change	↑	9.6%

Receipts are 9.6% more than the year-ago level and 4.7% more than the year-to-date projection. As can be seen in the chart below receipts in the first half of 2016 were in line with historical trends and receipts for the second half were generally more than those received during the same period in previous years.



GENERAL FUND REVENUE ANALYSIS (continued):

GAMBLING TAX REVENUE

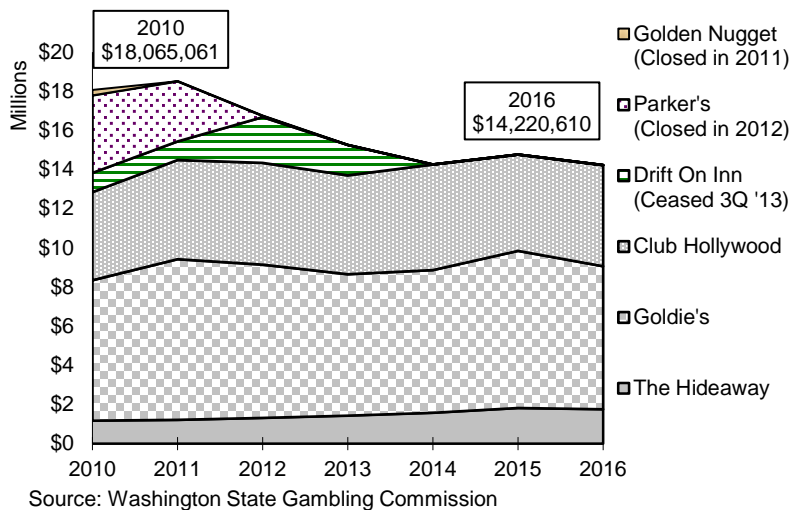


2016 Current Budget		\$1,587,425
2016 Fourth Quarter Actual Revenue		\$1,559,533
2016 % of Current Budget Received		98.2%
2015 Current Budget		\$1,586,625
2015 Fourth Quarter Actual Revenue		\$1,570,218
2015 % of Current Budget Received		99.0%
2016 v. 2015 \$ Change		-\$10,685
2016 v. 2015 % Change	→	-0.7%

Total receipts, inclusive of taxes on gambling activity and payments on promissory notes, in the amount of \$1,559,533, are lower than 2015 collections of \$1,603,417 primarily due to the cessation of activity at the Drift on Inn for the full year of 2016 and Jersey's Great Food & Spirits non-payment of third and fourth quarter taxes. Receipts attributable to taxes on gambling activity reported, in the amount of \$1,557,469, are less than the year-ago level (\$1,596,506) and budget projection (\$1,587,425) by 2.5% and 1.9%, respectively.

On July 27, 2015, the City Council determined that debt owed by Parker's Sports Bar & Casino / Slam Dunk Entertainment and Echo Lake Tavern / Gloria Kalitovic resulting from unpaid gambling taxes were uncollectible and authorized the City Manager to write off the debt. This action resulted in a one-time reduction of 2015 receipts in the amount of \$33,199. The table above reflects the culmination of these issues with a result that shows receipts being 0.7% less than the year-ago level.

Receipts from pull-tab activity increased 11.6% year-over-year while card room activity declined 3.5%. The chart below exhibits the last seven years of gross receipts reported by card rooms in Shoreline.

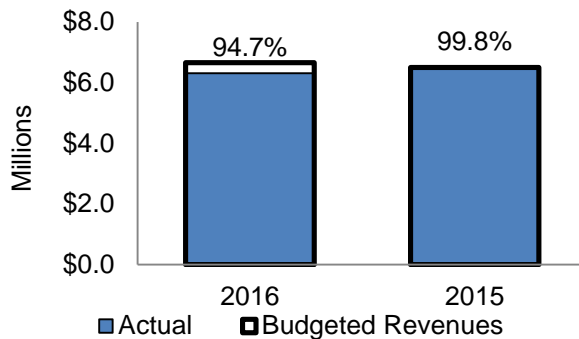


Annual Activity			
Year	Amount		% Change
2010	\$18,065,061	↑	4.8%
2011	\$18,502,782	↑	2.4%
2012	\$16,751,880	↓	-9.5%
2013	\$15,265,019	↓	-8.9%
2014	\$14,263,567	↓	-6.6%
2015 Actual	\$14,759,814	↑	3.5%
2016 Projection	\$14,750,000		
2016 Actual	\$14,220,610	↓	-3.7%

Source: Washington State Gambling Commission

GENERAL FUND REVENUE ANALYSIS (continued):

UTILITY TAX AND FRANCHISE FEE



2016 Current Budget		\$6,660,037
2016 Fourth Quarter Actual Revenue		\$6,310,151
2016 % of Current Budget Received		94.7%
2015 Current Budget		\$6,494,853
2015 Fourth Quarter Actual Revenue		\$6,482,206
2015 % of Current Budget Received		99.8%
2016 v. 2015 \$ Change		-\$172,055
2016 v. 2015 % Change		-2.7%

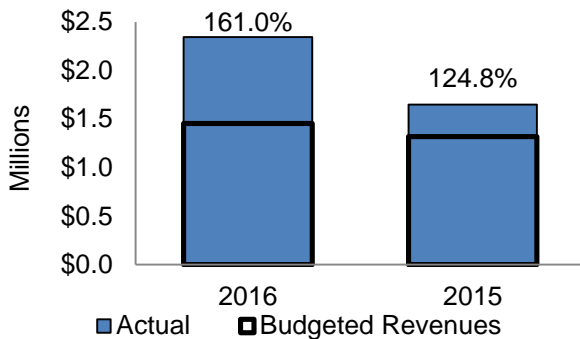
Overall Utility Tax and Franchise Fee receipts are less than the year-ago level and revised year-to-date projection by 2.7% and 4.0%, respectively.

Natural gas tax receipts are 6.9% less than the year-ago level. Compared to the prior year, significantly lower monthly payments for the months of March, May, and November are attributable for 74.7% of the year-over-year decrease. Telecommunications tax receipts are less than the year-ago level and budget projection by 8.9% and 17.3%, respectively. The telecommunications category continues to see a steady decline. Water franchise fee receipts are 6.9% less than the year-ago level, and is primarily attributable to lower third and fourth quarter payments from Seattle Public Utilities of 16.6% and 9.9%, respectively.

Revenue Source	2016 Current Budget	2016 Fourth Quarter Actual Revenue	2016 % of Current Budget Received	2015 Current Budget	2015 Fourth Quarter Actual Revenue	2015 % of Current Budget Received	2016 v. 2015 \$ Change	2016 v. 2015 % Change
Natural Gas	\$906,500	\$730,925	80.6%	\$889,590	\$785,472	88.3%	-\$54,547	↓ -6.9%
Garbage	\$548,880	\$548,522	99.9%	\$538,648	\$547,486	101.6%	\$1,036	→ 0.2%
Cable TV	\$1,903,020	\$1,880,875	98.8%	\$1,760,845	\$1,866,627	106.0%	\$14,248	→ 0.8%
Telecommunications	\$1,421,640	\$1,176,088	82.7%	\$1,503,000	\$1,290,650	85.9%	-\$114,562	↓ -8.9%
Storm Drainage	\$240,275	\$239,060	99.5%	\$214,571	\$217,034	101.1%	\$22,026	↑ 10.1%
Water	\$780,700	\$874,681	112.0%	\$754,197	\$939,937	124.6%	-\$65,256	↓ -6.9%
Sewer	\$859,022	\$860,000	100.1%	\$834,002	\$835,000	100.1%	\$25,000	↑ 3.0%
Utility Tax & Franchise Fee Revenue Subtotal	\$6,660,037	\$6,310,151	94.7%	\$6,494,853	\$6,482,206	99.8%	-\$172,055	↓ -2.7%

GENERAL FUND REVENUE ANALYSIS (continued):

DEVELOPMENT REVENUE



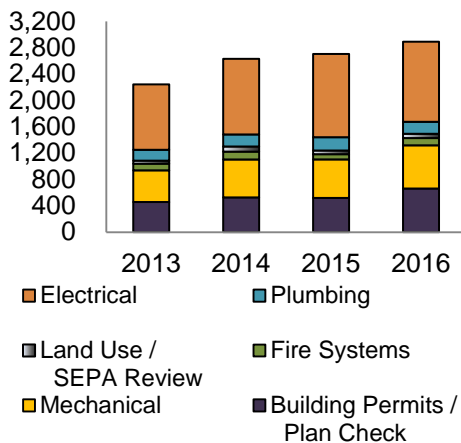
2016 Current Budget		\$1,456,000
2016 Fourth Quarter Actual Revenue		\$2,343,847
2016 % of Current Budget Received		161.0%
2015 Current Budget		\$1,319,750
2015 Fourth Quarter Actual Revenue		\$1,647,616
2015 % of Current Budget Received		124.8%
2016 v. 2015 \$ Change		\$696,231
2016 v. 2015 % Change	↑	42.3%

Development revenue receipts exhibit a year-over-year increase of \$696,231, or 42.3%, and are more than the budget and revised year-to-date projections by 61.0% and 34.1%, respectively. Local development activity in 2016, in terms of the number of building permits pulled for new construction and remodels as well as their valuation in 2016, are higher than the year-ago level.

Valuation of 375 building permits for new construction and remodels totals \$119.0 million and is comprised 29.2% of residential and 70.8% commercial / multi-family valuation. The majority of the commercial / multi-family valuation for permits issued in the fourth quarter is for 165th Heated Storage valued at \$7.4 million and Anderson Plaza addition / remodel valued at \$5.15 million.

In 2016, there have been 56 more permits issued for new single-family residences issued with a value that is \$7.5 million more, as compared to the year-ago level. There have been 12 more permits issued for commercial / multi-family construction (new and remodels), with a value that is \$33.5 million more than the year-ago level.

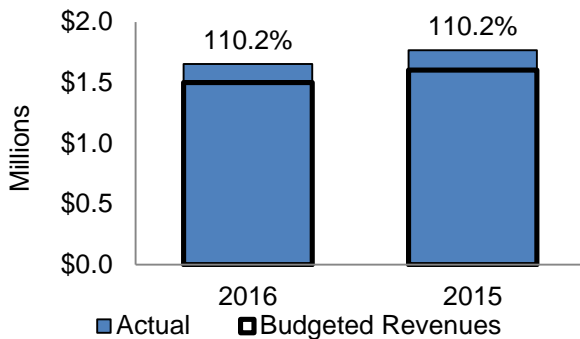
PERMITS BY TYPE



PERMIT TYPE	2013	2014	2015	2016	# Change	% Change
Building Permits / Plan Check	457	527	519	662	143	27.6%
Mechanical	481	576	585	656	71	12.1%
Fire Systems	101	119	79	110	31	39.2%
Land Use / SEPA Review	46	78	56	65	9	16.1%
Plumbing	165	183	202	182	(20)	-9.9%
Electrical	993	1,148	1,264	1,216	(48)	-3.8%
Total	2,243	2,631	2,705	2,891	186	6.9%

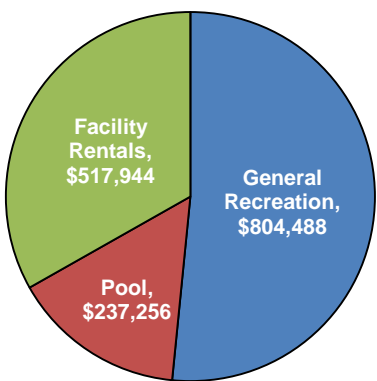
GENERAL FUND REVENUE ANALYSIS:

PARKS AND RECREATION REVENUE



2016 Current Budget		\$1,500,998
2016 Fourth Quarter Actual Revenue		\$1,653,797
2016 % of Current Budget Received		110.2%
2015 Current Budget		\$1,603,216
2015 Fourth Quarter Actual Revenue		\$1,767,394
2015 % of Current Budget Received		110.2%
2016 v. 2015 \$ Change		-\$113,597
2016 v. 2015 % Change		↓ -6.4%

Parks and Recreation revenue receipts are 6.4%, less than the year-ago level but 5.8%, more than the revised year-to-date projection. The year-over-year decrease was anticipated and is attributable to the closure of the Shoreline Pool as major maintenance and improvements to extend its life were being performed. Compared to last year, 2016 witnessed a decrease in revenues from the pool (-40.0%) due to the pool closure and an increase in revenues from facility rentals (+4.6%) due to more rentals of the recreation centers and picnic shelters. General Recreation witnessed an increase of 5.8% mostly due to revenue generated by the Summer Playground and other preschool offerings.

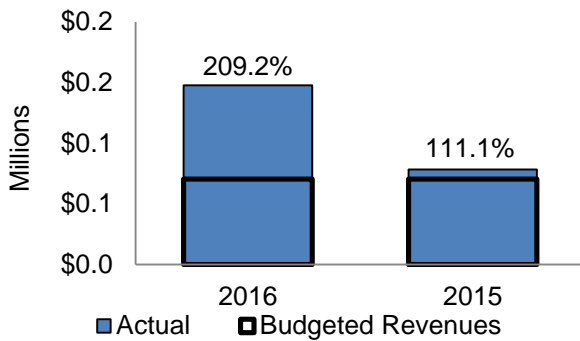


Year	General	Gen Rec	Pool		Facility	Fac Rent	Total Revenue
	Recreation*	% of Total	Pool	% of Total	Rentals	% of Total	
2009	\$556,951	41.2%	\$372,035	27.5%	\$423,021	31.3%	\$1,352,007
2010	\$593,454	42.8%	\$367,554	26.5%	\$423,972	30.6%	\$1,384,980
2011	\$625,368	43.0%	\$374,828	25.8%	\$455,039	31.3%	\$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
2015	\$760,772	46.1%	\$395,462	23.9%	\$495,126	30.0%	\$1,651,360
2016	\$804,488	51.6%	\$237,256	15.2%	\$517,944	33.2%	\$1,559,688

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

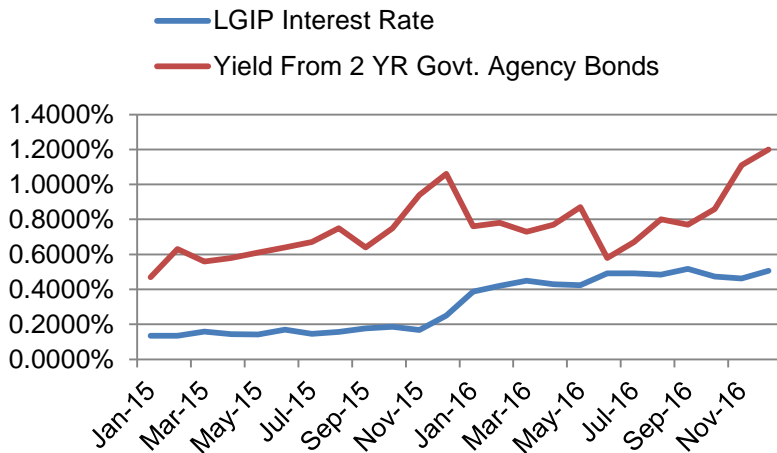
GENERAL FUND REVENUE ANALYSIS (continued):

INVESTMENT INCOME



2016 Current Budget		\$70,600
2016 Fourth Quarter Actual Revenue		\$147,727
2016 % of Current Budget Received		209.2%
2015 Current Budget		\$70,600
2015 Fourth Quarter Actual Revenue		\$78,423
2015 % of Current Budget Received		111.1%
2016 v. 2015 \$ Change		\$69,304
2016 v. 2015 % Change	↑	88.4%

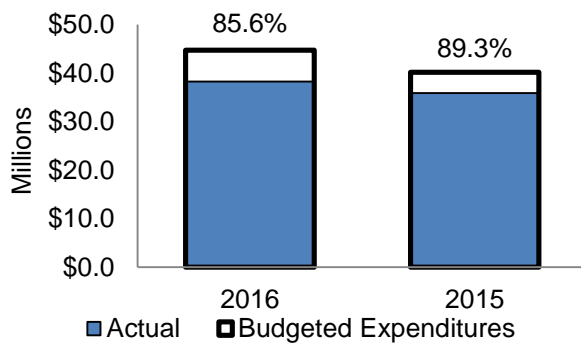
Investment earnings are more than the year-ago level by 88.4%. The City's investment policy adheres to strict standards prescribed by federal law, state statutes, local ordinances, and allows the City to develop an investment model to maximize its investment returns within the primary objectives of safety and liquidity.



Month	LGIP Interest Rate	Bond Investment Yield
Jan-15	0.1347%	0.4700%
Feb-15	0.1347%	0.6300%
Mar-15	0.1577%	0.5600%
Apr-15	0.1430%	0.5800%
May-15	0.1428%	0.6100%
Jun-15	0.1688%	0.6400%
Jul-15	0.1453%	0.6700%
Aug-15	0.1561%	0.7500%
Sep-15	0.1766%	0.6400%
Oct-15	0.1854%	0.7500%
Nov-15	0.1682%	0.9400%
Dec-15	0.2499%	1.0600%
Jan-16	0.3874%	0.7600%
Feb-16	0.4201%	0.7800%
Mar-16	0.4488%	0.7300%
Apr-16	0.4287%	0.7700%
May-16	0.4242%	0.8700%
Jun-16	0.4907%	0.5800%
Jul-16	0.4912%	0.6700%
Aug-16	0.4851%	0.8000%
Sep-16	0.5167%	0.7700%
Oct-16	0.4736%	0.8600%
Nov-16	0.4621%	1.1100%
Dec-16	0.5067%	1.2000%
24 Mo. Ave.	0.3124%	0.7583%

EXPENDITURE ANALYSIS:

GENERAL FUND EXPENDITURES



2016 Current Budget	\$44,707,322
2016 Fourth Quarter Actual Expenditures	\$38,252,038
2016 % of Current Budget Expended	85.6%
2015 Current Budget	\$40,151,029
2015 Fourth Quarter Actual Expenditures	\$35,847,605
2015 % of Current Budget Expended	89.3%
2016 v. 2015 \$ Change	\$2,404,433
2016 v. 2015 % Change	↑ 6.7%

Departments spent \$35,150,635, or 88.3%, of the Current Budget excluding transfers out. In dollars this level is 3.9% more than the year-ago level but 7.4% less than the revised projection of \$37,941,237. Delays and other unanticipated issues resulted in 2016 expenditures being less than projected. Some operating programs and projects that were in progress in 2016 will be completed in 2017. Staff requested a re-appropriation of \$1,632,555 to pay expenditures incurred, or complete projects initiated, in 2016. Without these delays or with completion of these projects, departments would have spent 92.4% of the current budget excluding transfers out, which would have been 8.8% more than the year-ago level but 3.1% less than the revised projection.

The General Fund transferred \$3,101,403, or 63.5%, of its budgeted support to other funds. This level is \$1,333,796, or 52.7%, more than the year-ago level and \$147,963, or 4.6%, less than the revised projection. The revised projection was reduced as the transfer to the General Capital Fund for the Police Station (\$1.0 million) and the majority of the transfers to the Roads Capital Fund for the 185th Corridor Study (\$535,000) and Westminster & 155th Improvement (\$100,000) projects were delayed until 2017. Of the balance of the transfers remaining in the General Fund revised projection, two transfers to the Roads Capital Fund were not completed in 2016. These transfers were intended to provide support for the 185th Corridor Study and Westminster & 155th Improvements projects. Staff requested a re-appropriation for the \$198,233 in transfers. Without this delay, the General Fund would have transferred 101.5% of the revised projection.

Another significant item worth mentioning is that jail services costs were lower in 2016 than those for 2015 and 2014 by 28.6% and 41.9%, respectively, given decreases in the total number of billed jail and work release days of 18.8% and 10.0%, respectively. The year-to-date savings can also be attributable to the City's use of 5,360 jail beds total, or an average of 14.6 beds per day, at Yakima County Jail. Housing those inmates at Yakima rather than SCORE, less the 131 unused beds at SCORE, saved the City \$227,550.

Total expenditures including transfers out, representing expenditure of 85.6% of the current budget, are 6.7% more than the year-ago level but 7.1% less than the revised projection. Including the re-appropriations discussed above, total expenditures would have been 11.8% more than the year-ago level but 2.7% lower than the revised projection.

EXPENDITURE ANALYSIS:

Department	2016 Current Budget	2016 Fourth Quarter Actual Expenditures	2016 % of Current Budget Expended	2015 Current Budget	2015 Fourth Quarter Actual Expenditures	2015 % of Current Budget Expended	2016 v. 2015 \$ Change	2016 v. 2015 % Change
City Council	\$231,968	\$221,571	95.5%	\$228,226	\$216,255	94.8%	\$5,315	2.5%
City Manager's Office ¹	\$2,793,451	\$2,492,017	89.2%	\$2,266,456	\$2,076,166	91.6%	\$415,850	20.0%
City Attorney	\$672,674	\$672,249	99.9%	\$671,384	\$638,844	95.2%	\$33,405	5.2%
Community Services ²	\$1,694,800	\$1,592,878	94.0%	\$1,612,120	\$1,514,299	93.9%	\$78,579	5.2%
Administrative Services ³	\$5,167,348	\$4,445,071	86.0%	\$4,273,854	\$4,040,853	94.5%	\$404,217	10.0%
Citywide	\$1,869,299	\$884,228	47.3%	\$2,064,050	\$810,844	39.3%	\$73,384	9.1%
Human Resources	\$454,488	\$458,345	100.8%	\$516,738	\$505,896	97.9%	-\$47,551	-9.4%
Police	\$11,951,743	\$11,198,365	93.7%	\$11,555,917	\$10,900,246	94.3%	\$298,119	2.7%
Criminal Justice	\$3,190,826	\$2,314,245	72.5%	\$3,031,291	\$2,845,340	93.9%	-\$531,095	-18.7%
Parks	\$5,756,010	\$5,290,516	91.9%	\$5,431,658	\$5,230,087	96.3%	\$60,429	1.2%
Planning & Comm. Dev.	\$2,976,763	\$2,694,418	90.5%	\$2,774,400	\$2,564,214	92.4%	\$130,203	5.1%
Public Works	\$3,063,586	\$2,886,734	94.2%	\$2,914,803	\$2,473,793	84.9%	\$412,941	16.7%
Departmental Expenditures	\$39,822,956	\$35,150,635	88.3%	\$37,340,897	\$33,816,839	90.6%	\$1,333,796	3.9%
Operating Transfers Out	\$4,884,366	\$3,101,403	63.5%	\$2,810,132	\$2,030,766	72.3%	\$1,070,637	52.7%
Total Expenditures	\$44,707,322	\$38,252,038	85.6%	\$40,151,029	\$35,847,605	89.3%	\$2,404,433	6.7%

Department	2016 Current Budget	2016 Fourth Quarter Actual + Carryover Expenditures	2016 % of Current Budget Expended	2015 Current Budget	2015 Fourth Quarter Actual Expenditures	2015 % of Current Budget Expended	2016 v. 2015 \$ Change	2016 v. 2015 % Change
Departmental Expenditures	\$39,822,956	\$36,783,190	92.4%	\$37,340,897	\$33,816,839	90.6%	\$2,966,351	8.8%
Operating Transfers Out	\$4,884,366	\$3,299,636	67.6%	\$2,810,132	\$2,030,766	72.3%	\$1,268,870	62.5%
Total Expenditures	\$44,707,322	\$40,082,826	89.7%	\$40,151,029	\$35,847,605	89.3%	\$4,235,221	11.8%

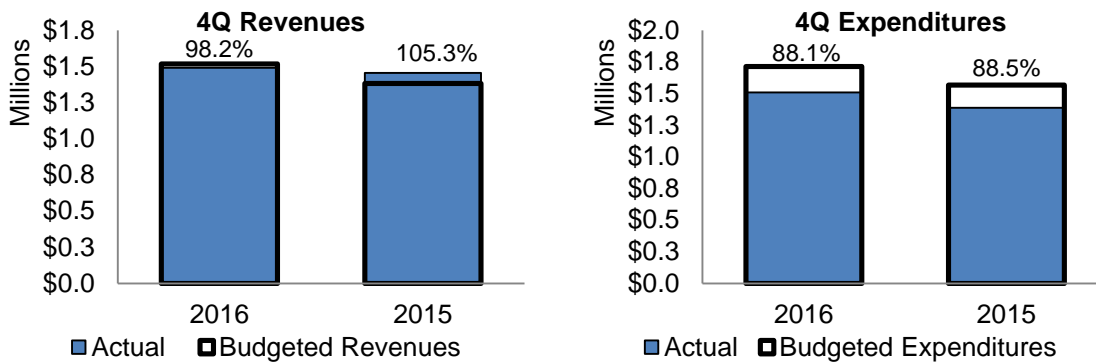
1. City Manager's Office includes City Clerk, Communications, Intergovernmental Relations, Economic Development, and Property Management.

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

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

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

STREET FUND



	Revenue	Expenditures
2016 Budgeted Use of Fund Balance	\$271,305	N/A
2016 Current Budget	\$1,442,468	\$1,713,773
2016 Fourth Quarter Actual	\$1,491,316	\$1,508,989
2016 % of Current Budget *	98.2%	88.1%
2015 Current Budget	\$1,383,163	\$1,569,007
2015 Fourth Quarter Actual	\$1,456,902	\$1,388,052
2015 % of Current Budget *	105.3%	88.5%
2016 v. 2015 \$ Diff.	\$34,414	\$120,937
2016 v. 2015 % Diff.	2.4%	8.7%

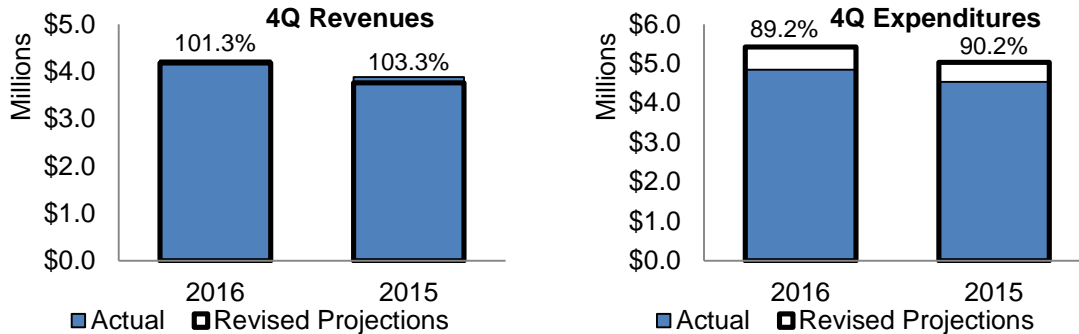
*Current Budget for Revenues is calculated by excluding Budgeted Use of Fund Balance

Receipts, including transfers in, through December totaled \$1,491,316 and are \$34,414, or 2.4%, more than the year-ago level. Motor vehicle fuel tax revenue receipts for the fourth quarter of 2016 are \$1,176,489, 3.4%, more than the year-ago level. Fuel tax revenue receipts for 2016 ended 0.1% above the budget amount, but ended 4.5% below 2016 revised projections.

Expenditures, including transfers out, through December totaled \$1,508,989 and are \$120,937, or 8.7%, more than the year-ago level. This difference is mainly due to a 2016 one-time increase in vehicle replacement.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

SURFACE WATER UTILITY FUND



	Revenue	Expenditures
2016 Revised Projections (2017-2022 CIP)	\$4,184,361	\$5,431,075
2016 Fourth Quarter Actual	\$4,237,318	\$4,846,846
2016 % of Revised Projections	101.3%	89.2%
2015 Revised Projections	\$3,764,694	\$5,038,021
2015 Fourth Quarter Actual	\$3,888,525	\$4,545,988
2015 % of Revised Projections	103.3%	90.2%
2016 v. 2015 \$ Diff.	\$348,793	\$300,858
2016 v. 2015 % Diff.	9.0%	6.6%

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

Receipts through December, in the amount of \$4,237,318, are \$348,793 or 9.0%, more than the year-ago level. SWM ongoing revenues include storm drainage fees and investment interest earnings. Storm Drainage Fees totaled \$3,980,509 and are \$88,339, or 2.3%, more than the year-ago level. Total receipts were 1.3% higher than revised year-end projections presented in the 2017-2022 Capital Improvement Plan (CIP).

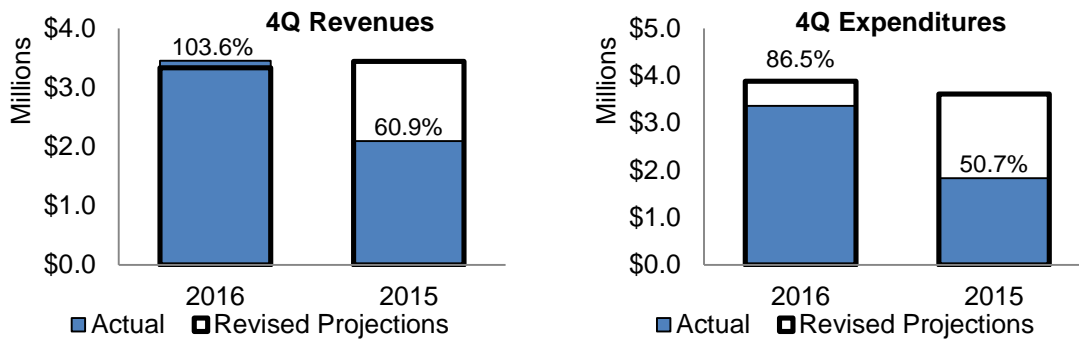
In 2016, the City issued a bond for the Surface Water Utility. The \$2,000,000 Surface Water revenue bond, according to Generally Accepted Accounting Principles (or GAAP), is part of the Surface Water Utility fund (an "Enterprise Fund") and not the General Fund (a Governmental Fund). Enterprise Funds differ from Governmental Funds for various reasons, mostly their financial reporting mimic the same as a commercial business and therefore do not get comingled with Governmental Funds. Because of the way it is accounted for, the \$2,000,000 bond is not reflected as revenue in 2016 and has been factored out of the revised projection for the purposes of this report.

Expenditures, including transfers out, through December totaled \$4,846,846 and are \$300,858, or 6.6%, more than the year-ago level. Expenditure differences between the current year and previous year are impacted by the timing of construction schedules. Total expenditures are 10.8% less than revised estimates presented in the 2017-2022 CIP. Staff has also requested re-appropriation of \$144,431 for vector services, which is part of the operating funds within SWM, Boeing Creek Restoration Project, SWM Master Plan, 25th Ave NE Flood Reduction Project, Boeing Creek Regional Stormwater Facility Study, and Puget Sound Drainages Basin Plan projects.

Expenditures and revenues are impacted by the timing of construction schedules, which are addressed through the 2017-2022 CIP and re-appropriations requests.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

GENERAL CAPITAL FUND



	Revenue	Expenditures
2016 Revised Projections (2017-2022 CIP)	\$3,334,865	\$3,889,399
2016 Fourth Quarter Actual	\$3,453,480	\$3,365,021
2016 % of Revised Projections	103.6%	86.5%
2015 Revised Projections	\$3,443,088	\$3,617,414
2015 4th Qtr. Actual	\$2,097,217	\$1,833,614
2015 % of Revised Projections	60.9%	50.7%
2016 v. 2015 \$ Var.	\$1,356,263	\$1,531,407
2016 v. 2015 % Var.	64.7%	83.5%

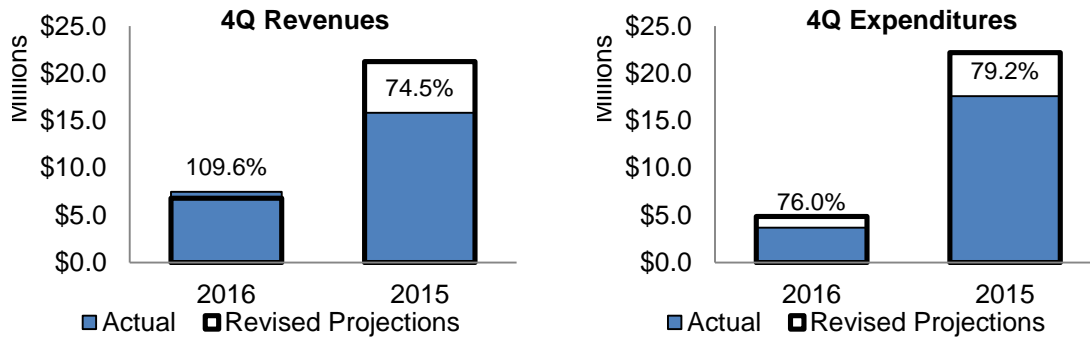
Receipts through December, in the amount of \$3,453,480, are \$1,356,263, or 64.7%, more than the year-ago level. This year-over-year change is mainly attributable to a budgeted transfer to the General Capital Fund from the General Fund for capital projects (e.g. Police Station at City Hall). Total receipts were 3.6% more than revised year end projections presented in the 2017-2022 Capital Improvement Plan (CIP). Staff has also requested \$18,069 in re-appropriated revenues for the Police Station at City Hall.

Expenditures, including transfers out, through December, totaled \$3,365,021, and are \$1,531,407, or 83.5%, more than the same period in 2015. Total expenditures were 13.5% less than the revised projections presented in the 2017-2022 CIP. Staff has also requested a re-appropriation of \$529,149 for the Police Station at City Hall, North Maintenance Facility, Parks Repair & Replacement, King County Parks, Trails and Open Space Replacement Levy, Turf and Lighting Repair Replacement, Pool & Rec Master Planning, and PROS Plan Update projects, which are scheduled to either continue work or complete work in 2017.

Expenditures and revenues are impacted by the timing of construction schedules, which are addressed through the 2017-2022 CIP and re-appropriations requests.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

ROADS CAPITAL FUND



	Revenue	Expenditures
2016 Revised Projections (2017-2022 CIP)	\$6,822,545	\$4,893,774
2016 Fourth Quarter Actual	\$7,476,891	\$3,720,354
2016 % of Revised Projections	109.6%	76.0%
2015 Revised Projections	\$21,266,001	\$22,210,310
2015 Fourth Quarter Actual	\$15,848,029	\$17,601,645
2015 % of Revised Projections	74.5%	79.2%
2016 v. 2015 \$ Var.	-\$8,371,138	-\$13,881,291
2016 v. 2015 % Var.	-52.8%	-78.9%

Receipts through December, in the amount of \$7,476,891, are \$8,371,138, or 52.8%, less than the year-ago level. The year-over-year reduction is mainly due to the completion of the Aurora project. Total receipts are 9.6% more than revised projections presented in the 2017-2022 Capital Improvement Plan (CIP). Staff has also requested \$959,542 in re-appropriated revenues for the Bike System Implementation, Echo Lake Safe Route to School, 145th Street – SR 99 to I-5, 185th Corridor Study, Meridian Ave. & N 155th Signal Improvement, Radar Speed Sign Installation, Westminster & 15th Improvements, and Annual Roads Surface Maintenance Program projects, which are scheduled to either continue work or complete work in 2017.

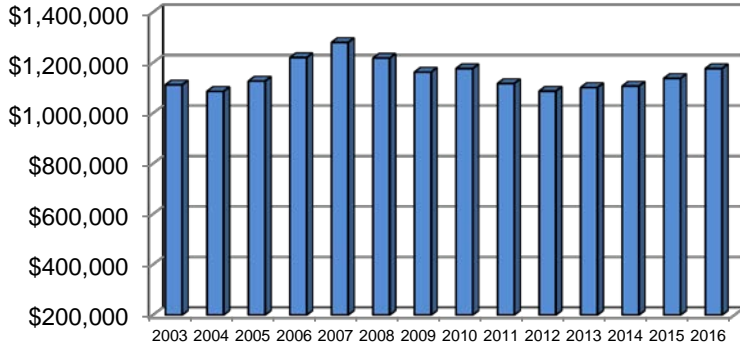
Expenditures through December, in the amount of \$3,720,354, are \$13,881,291, or 78.9%, less than the year-ago level. The year-over-year reduction is mainly due to the completion of the Aurora project. Total expenditures are 24.0% less than revised projections presented in the 2017-2022 CIP. Staff has also requested \$1,017,354 in re-appropriated revenues for the Curbs Ramps, Sidewalks, Gutters (Meridian & 15th Overlay projects), Curb Ramps, Sidewalks, Gutters, Traffic Safety Improvements, Einstein Safe Route to School, Trail Along the Rail, Transportation Master Plan, Traffic Signal Rehab, Interurban / Burke-Gilman, Bike System Implementation, Echo Lake Safe Route to School, 145th Street – SR 99 to I-5, 185th Corridor Study, Meridian Ave. & N 155th Signal Improvement, Radar Speed Sign Installation, Westminster & 15th Improvements, 145th & I5 Interchange, and Annual Roads Surface Maintenance Program projects, which are scheduled to either continue work or complete work in 2017.

As with the other capital funds, expenditures and revenues are impacted by the timing of construction schedules, which are addressed through the 2017-2022 CIP and re-appropriations requests.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

STREET FUND FUEL TAX

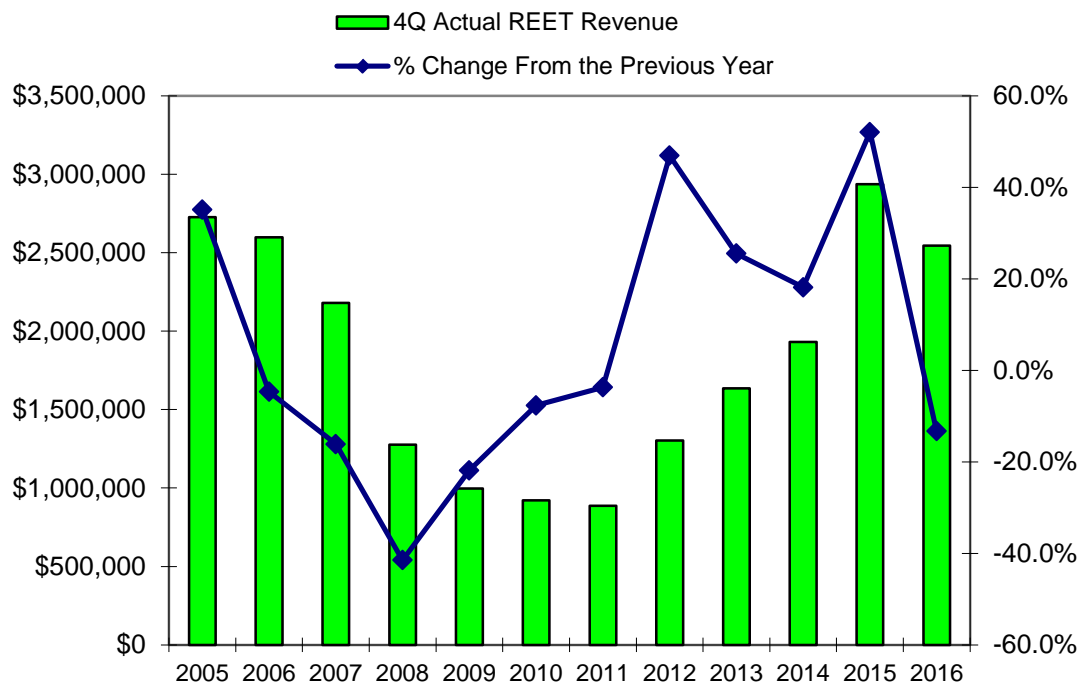
Fuel Tax Historical Fourth Quarter Comparison



The Motor Vehicle Fuel Excise Tax, commonly referred to as Gas Tax, is levied by the State on a per gallon basis, distributed monthly on a per capita basis to the City of Shoreline, and placed in the Street Fund. As noted on the prior page, Fuel Tax revenue receipts through December totaled \$1,176,489 and are \$38,813, or 3.4%, more than the year-ago level.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

REAL ESTATE EXCISE TAX (REET)



Real Estate Excise Tax (REET) revenue receipts through December totaled \$2,545,490 and are \$390,538, or 13.3%, less than receipts for the same period in 2015. The reduction is due to a reduce number of transactions and a reduction in the sale of properties over \$1 million, including the multiple sales of a single commercial property in 2015.

REET collections collected 22.6% over the adopted budgeted amount for 2016 (split between the General Capital Fund and Roads Capital Fund.).

INVESTMENT REPORT – YEAR END, December 31, 2016

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, 2016, the City's investment portfolio (for all funds), excluding the State Investment Pool and deposits in OpusBank, had a current weighted average rate of return of 1.1232%. This is better than the State Investment Pool's current rate of return of 0.5067%. In an effort to maintain liquidity but achieve higher returns than the State Investment Pool, the City maintains two interest earning checking accounts with OpusBank. One account with \$10M deposit and no withdraw restrictions earns 0.5499% return, and the second account with \$7M deposit and one year commitment earns 0.65% return. Total investment interest earnings through December were \$224,033 which is 132% of the 2016 budgeted 2016 investment earnings of \$170,125.

As of December 31, 2016, the City's investment portfolio (for all funds) had a fair value of nearly \$35 million. Approximately 23% of the investment portfolio was held in U.S. government instrumentality securities, and 28% was held in the Washington State Investment Pool, and 49% was held in OpusBank. The City's investment portfolio valued at cost as of December 31, 2016, was slightly over \$34.93 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 and OpusBank to allow for immediate cash liquidation if needed. Investments within the State Pool and \$10M in OpusBank can be liquidated on any given day with no penalty.

Tables and charts on the next page provide details on the City's current Investment Portfolio.

INVESTMENT REPORT (continued):

LGIP Cash and Investment Balances December 31, 2016

Instrument Type	CUSPID #	Broker	Settlement Date	Maturity Date	Par Value	Investment Cost	Yield To Maturity	Unrecognized Gain/(Loss)	Market Value 9/30/2016
FHLB 0.75	3130A16D5	FinancialNorthwestern	03/26/14	03/24/17	1,000,000	994,000	0.7500%	6,630	1,000,630
FHLMC 1.0	3137EADH9	FinancialNorthwestern	06/14/14	06/29/17	1,000,000	1,000,000	1.0000%	1,557	1,001,557
FICO STRIP PRIN SER D-P	31771KAH0	Time Value Investment	09/29/15	08/03/18	1,500,000	1,456,388	1.0400%	8,648	1,465,035
FFCB 1.09	3133EFFL6	Time Value Investment	09/29/15	09/28/18	500,000	500,000	1.0900%	-2,655	497,346
FFCB 1.375	3133EFSW8	Alamo Capital	12/21/15	12/21/18	1,000,000	999,000	1.3750%	1,015	1,000,015
FNMA 1.250	3136G3EA9	FinancialNorthwestern	03/29/16	03/29/19	1,000,000	999,500	1.2500%	-4,814	994,686
FNMA 1.250	3136G4AP8	PiperJaffray	12/31/16	09/30/19	2,000,000	2,000,000	1.2500%	-19,862	1,980,138
Sub Total - Investments					\$8,000,000	\$7,948,888		-\$9,481	\$7,939,407
OpusBank Interest Checking 6272						10,056,256	0.5499%		10,056,256
OpusBank Interest Checking 3285						7,030,858	0.6500%		7,030,858
State Investment Pool						9,896,477	0.5067%		9,896,477
Sub Total - State Investment Pool and Opus Bank Interest Checking						26,983,592			26,983,592
Total LGIP + Opus Bank Interest Checking + Investments						\$34,932,479		-\$9,481	\$34,922,998

Current Average Maturity Excluding the State Investment Pool (days)	624
Current Weighted Average Yield to Maturity Excluding the State Pool	1.1232%
Current Yield to Maturity State Investment Pool	0.5067%
Basis Points in Excess (Below) Benchmark	62

Portfolio Diversification

Instrument Type	Percentage	Amount at Market Value	Amount at Cost	Broker	Percentage	Amount at Cost
FFCB	4.3%	1,497,361	1,499,000	Alamo Capital	2.9%	999,000
FHLB	2.9%	1,000,630	994,000	Financial Northwestern	8.6%	2,993,500
FHLMC	2.9%	1,001,557	1,000,000	ProEquities	0.0%	0
FNMA	8.5%	2,974,824	2,999,500	Time Value Investment	5.6%	1,956,388
FICO STRIP PRIN SER D-P	4.2%	1,465,035	1,456,388	PiperJaffray	5.7%	2,000,000
OpusBank Interest Checking	48.9%	17,087,114	17,087,114	OpusBank Interest Checking	48.9%	17,087,114
State Investment Pool	28.3%	9,896,477	9,896,477	State Investment Pool	28.3%	9,896,477
Total LGIP + Investments	100%	\$34,922,998	\$34,932,479	Total Investments	100%	\$34,932,479

Investments by Fund

	Investments at Cost as of 12/31/2016	LGIP State Investment Pool + Opus Bank Interest Checking as of 12/31/2016	Total LGIP + OpusBank Interest Checking + Investments at Cost by Fund as of 12/31/2016	Unrecognized Gain/(Loss) as of 12/31/2016	Total Market Value of Investments by Fund as of 12/31/2016	Investment Earnings Budget 2016	Investment Earnings Actual 2016	Over/(Under) Budget
001 General	1,641,194	11,272,683	12,913,877	-7,827	12,906,050	70,600	141,270	70,670
101 Street	200,000	901,239	1,101,239	203	1,101,443	2,500	8,793	6,293
107 Code Abatement	0	155,477	155,477	0	155,477	550	768	218
108 Asset Seizure	0	201,220	201,220	0	201,220	0	1,111	1,111
109 Public Arts	0	253,400	253,400	0	253,400	0	914	914
112 Fed Drug Enforcement	0	295,583	295,583	0	295,583	200	1,537	1,337
115 Property Tax Equalization	0	504,985	504,985	0	504,985	0	6,139	6,139
116 Fed Crim Forfeit	0	837,893	837,893	0	837,893	1,500	9,705	8,205
117 Transportation Impact Mitigation	998,199	998,199	0	998,199	0	2,587	2,587	604
190 Revenue Stabilization	5,150,194	432	5,150,626	0	5,150,626	0	0	0
301 General Capital	0	2,707,570	2,707,570	0	2,707,570	31,384	8,595	-22,789
312 City Fac-Mjr Maint	0	38,035	38,035	0	38,035	449	328	-121
330 Roads Capital	0	3,909,180	3,909,180	0	3,909,180	37,415	13,407	-24,008
330 Trans Bene Dist	0	751,992	751,992	0	751,992	0	3,928	3,928
401Surface Water Utility Fund	0	2,290,166	2,290,166	0	2,290,166	18,877	8,005	-10,872
501 Vehicle Oper/Maint	0	288,025	288,025	0	288,025	250	1,700	1,450
503 Equip Dep Replace	957,500	1,507,090	2,464,590	-1,857	2,462,733	8,000	14,862	6,862
505 Unemployment	0	70,422	70,422	0	70,422	0	384	384
Total Investments	\$7,948,888	\$26,983,592	\$34,932,479	-\$9,481	\$34,922,998	\$171,725	\$224,033	\$52,308