



2020 THIRD QUARTER FINANCIAL REPORT

PERFORMANCE AT A GLANCE

The City of Shoreline adopted its first 2019-2020 Biennial Budget on November 19, 2018. While the budget is adopted for the biennium, each year has a plan for revenues and expenditures. This report reflects revenue collections and expenditures through September 30, 2020 as compared to the 2020 Plan as amended through September 30, 2020.

GENERAL FUND REVENUES	COMPARED TO 2020 CURRENT PLAN (AS OF JUNE 30)	COMPARED TO 2019 ACTUAL (AS OF JUNE 30)	REFERENCE
PROPERTY TAX REVENUE	◀NEUTRAL▶	▲ POSITIVE ▲	PAGE 6
SALES TAX REVENUE	▲ POSITIVE ▲	▲ POSITIVE ▲	PAGE 7
BUSINESS & OCCUPATION TAX	▲ POSITIVE ▲	▲ POSITIVE ▲	PAGE 10-11
UTILITY TAX	▼ NEGATIVE ▼	◀NEUTRAL▶	PAGE 10-11
DEVELOPMENT REVENUE	▲ POSITIVE ▲	▼ NEGATIVE ▼	PAGE 11
PARKS AND RECREATION REVENUE	▼ NEGATIVE ▼	▼ NEGATIVE ▼	PAGE 12
INTEREST INCOME	▲ POSITIVE ▲	▲ POSITIVE ▲	PAGE 13, 19, 20
NON-GENERAL FUND REVENUES			
GAS TAX	▼ NEGATIVE ▼	▼ NEGATIVE ▼	PAGE 14
REAL ESTATE EXCISE TAX	▲ POSITIVE ▲	▲ POSITIVE ▲	PAGE 17
SURFACE WATER FEES	▲ POSITIVE ▲	▲ POSITIVE ▲	PAGE 18

Key to revenue trend indicators:

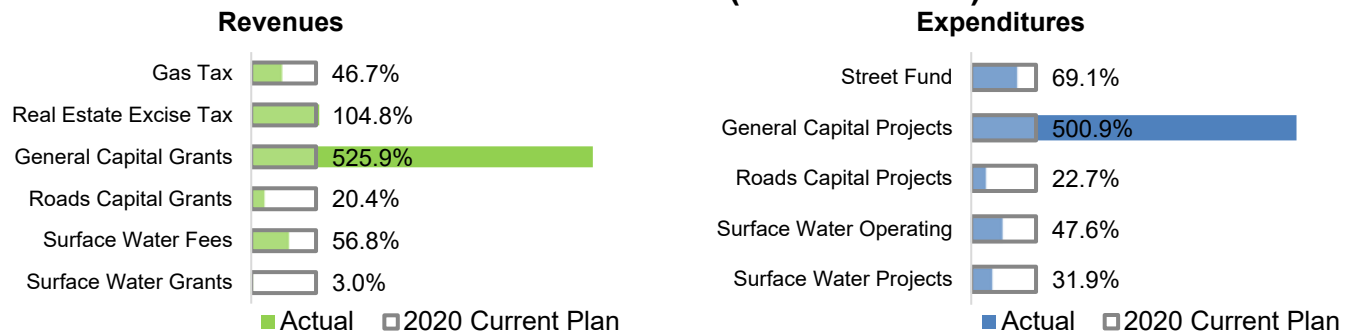
▲ POSITIVE ▲ = Variance/Change of > +2%

◀NEUTRAL▶ = Variance/Change of -1% to +2%

● WARNING ● = Variance/Change of -1% to -4%

▼ NEGATIVE ▼ = Variance/Change of >-4%

OTHER FUNDS COMPARED TO 2020 CURRENT PLAN (AS OF JUNE 30):





2020 THIRD QUARTER FINANCIAL REPORT

PERFORMANCE AT A GLANCE

Highlights:

- General Fund receipts reflect a year-over-year increase of 2.7%. Departmental expenditures reflect a 2.2% increase. See pages 4-13 for details.
- Property tax receipts are on track at 56.1% plan with the second remittance anticipated in October. See page 6 for details.
- Sales tax receipts reflecting activity from March through September 2020 are greater than the plan by 23.2% and 2019 collections by 6.9%. Much of the increase is driven by activity in the Construction sector, which is 19.1% more than 2019 collections. See page 7 for details.
 - The COVID-19 stress test prepared earlier this year anticipated receipts for the months of March through July compared to the baseline projections would come in lower by 56%. Actual receipts for those months came in higher than the stress test by 31%.
- This report reflects Gambling Tax and B&O Tax receipts collected from first and second quarter tax returns. Some businesses may have deferred their tax filings until October 2020 as allowed under Temporary Emergency Order No. 3. The closure of gaming establishments for much of the second quarter impacted Gambling Tax collections as they are down from the plan and 2019. See pages 9-10 for details.
- Revenues from Permit and Plan Check Fees are less than 2019 by 3.0% but more than the 2020 plan by 29.0%. Approximately \$540,000 in deferred revenue for the Shoreline School District's projects was recognized in the first three quarters of 2020, comprising 18% of total revenue and offsetting some of the decline in permits. Total permit applications through the third quarter of 2020 are 688, or 28%, less than 2019. Total permits issued are 457, or 21%, less than this time in 2019. Many businesses and operations were shut down or limited for several months in the spring due to COVID-19, which contributed to the lower permit levels. See page 11 for details.
- The closure of the City's recreation facilities due to COVID-19 for the months of March through September plus cancellation of all regular summer programming and special events resulted in a loss of rental and registration revenue of \$0.757 million, which was partially offset by \$0.665 million of directly related expenditure reductions and \$0.24 million in revenue received for the rental of Shoreline B field for the King County Assessment & Recovery Center (ARC). Modified summer programming was designed and offered in July and August. Staff is currently offering remote learning sessions and expects to continue those through the winter session. Staff continues to monitor the impacts on the City's resources while considering the needs of the community and safety of participants and staff. See page 12 for details.
- Street Fund receipts, excluding transfers in, are 19.1% less than 2019. The data presented in this report reflects the distributions for the month of March through September 2020 (for January through July 2020 activity), which is less than 2019 by 16.6% and less than the 2020 plan by 19.0%. See page 14 for details.
 - The COVID-19 stress test prepared earlier this year anticipated receipts for the months of March through July compared to the baseline projection would come in lower by 68%. Actual receipts came in lower by 27%.
- All General Capital projects planned for 2020 are being completed as planned except for the Outdoor Multi-Sport Court, which has been postponed to 2021 due to design delays. See page 15 for details
- The 2020 plan for the Roads Capital Fund includes one-time transfers from the General Fund and Transportation Impact Fee Fund as well as bond proceeds in support of capital projects. Funds are transferred from the General Fund and Transportation Impact Fee Fund as expenditures are incurred by the projects. See page 16 for details.
- More information on each budget by fund and the scope and timing of capital projects, including updated estimates, can be found in the City's 2019-2020 Adopted Biennial Budget and 2019-2024 Capital Improvement Plan book on pp. 251-276 and 302-415, respectively available at the following link: <http://www.shorelinewa.gov/home/showdocument?id=42538>.
- Surface Water Fee payments are due to King County in April and October of each year. The County then remits the City's portion resulting in most collections occurring in the second and fourth quarters of each calendar year. Receipts are more than the budget projection by \$162,990, or 4.1%. Surface Water Utility operations expended 47.6% of the 2020 plan for the Operating Budget, which is 9.0% more than 2019. Capital projects expended 31.9% of the 2020 plan for the Capital Budget. Capital expenditures are impacted by the timing of construction schedules. See page 20 for details.



2020 THIRD QUARTER FINANCIAL REPORT

ALL FUNDS BUDGET AND YEAR-OVER-YEAR COMPARISON OVERVIEW

The following table presents the 2020 Plan as amended by Ordinance No. 886 ([link](#)).

REVENUES & OTHER SOURCES

FUND TYPE Fund Title	2020 Current Plan	2020 Third Quarter Actual	% of 2020 Current Plan	2019 Current Plan	2019 Third Quarter Actual	% of 2019 Current Plan	2020 v. 2019 \$ Change	2020 v. 2019 % Change
OPERATING FUNDS	\$49,527,113	\$29,139,961	58.8%	\$46,957,041	\$28,553,805	60.8%	\$586,157	2.1%
General Fund	\$48,158,349	\$28,516,390	59.2%	\$45,614,117	\$27,775,198	60.9%	\$741,192	2.7%
Street Fund	1,302,021	607,348	46.6%	1,272,587	750,442	59.0%	(143,094)	-19.1%
Code Abatement Fund	30,000	2,814	9.4%	30,000	21,643	72.1%	(18,829)	-87.0%
State Drug Enforcement Fund	18,243	8,620	47.2%	18,243	1,354	7.4%	7,265	536.5%
Public Arts Fund	5,500	4,635	84.3%	9,094	4,802	52.8%	(167)	-3.5%
Federal Drug Enforcement Fund	13,000	155	1.2%	13,000	365	2.8%	(210)	-57.6%
DEBT SERVICE FUNDS	\$2,014,837	\$2,467,561	122.5%	\$2,015,100	\$1,107,610	55.0%	\$1,359,951	122.8%
CAPITAL FUNDS	\$25,226,624	\$7,896,871	31.3%	\$8,692,920	\$6,534,610	75.2%	\$1,362,261	20.8%
General Capital Fund	3,102,286	1,416,491	45.7%	1,356,663	1,311,329	96.7%	105,161	8.0%
City Facility-Major Maint. Fund	490,000	526	0.1%	0	529	0.0%	(3)	-0.6%
Roads Capital Fund	21,184,338	5,286,779	25.0%	7,211,257	3,745,448	51.9%	1,541,331	41.2%
Sidewalk Expansion Fund	400,000	77,015	19.3%	0	0	0.0%	77,015	0.0%
Transportation Impact Fee	0	727,480	0.0%	0	920,390	0.0%	(192,910)	-21.0%
Park Impact Fee	50,000	388,581	777.2%	125,000	556,915	445.5%	(168,333)	-30.2%
ENTERPRISE FUNDS	\$11,602,908	\$6,548,789	56.4%	\$9,888,929	\$5,384,146	54.4%	\$1,164,644	21.6%
Surface Water Utility Fund*	8,080,345	4,228,911	52.3%	7,596,171	3,787,852	49.9%	441,059	11.6%
Wastewater Utility Fund	3,522,563	2,319,878	65.9%	2,292,758	1,596,294	69.6%	723,584	45.3%
INTERNAL SERVICE FUNDS	\$1,050,628	\$914,110	87.0%	\$1,017,812	\$937,354	92.1%	(\$23,244)	-2.5%
TOTAL REVENUE	\$89,422,110	\$46,967,292	52.5%	\$68,571,802	\$42,517,524	62.0%	\$4,449,768	10.5%
OTHER SOURCES								
Proceeds from Capital Assets	\$2,459,250	\$0	0.0%	\$4,500	\$11,259	250.2%	(\$11,259)	-100.0%
Transfers In	8,931,251	5,667,833	63.5%	7,101,921	4,803,114	67.6%	864,719	18.0%
Other Financing Sources	3,898,417	7,431	0.2%	25,450,047	25,707	0.1%	(18,276)	-71.1%
Budgeted Use of Fund Balance	8,936,569	0	0.0%	12,307,647	0	0.0%	0	0.0%
TOTAL RESOURCES	\$113,647,597	\$52,642,557	46.3%	\$113,435,917	\$47,357,605	41.7%	\$5,284,952	11.2%

EXPENDITURES & TRANSFERS OUT

FUND TYPE Fund Title	2020 Current Plan	2020 Third Quarter Actual	% of 2020 Current Plan	2019 Current Plan	2019 Third Quarter Actual	% of 2019 Current Plan	2020 v. 2019 \$ Change	2020 v. 2019 % Change
OPERATING FUNDS	\$50,220,115	\$30,454,620	60.6%	\$48,843,542	\$29,957,480	61.3%	\$497,140	1.7%
General Fund	\$48,296,907	\$29,204,675	60.5%	\$46,867,884	\$28,589,919	61.0%	\$614,756	2.2%
Street Fund	1,706,270	1,178,844	69.1%	1,647,661	1,274,961	77.4%	(96,117)	-7.5%
Code Abatement Fund	100,000	0	0.0%	100,000	0	0.0%	0	0.0%
Public Arts Fund	85,695	71,101	83.0%	186,522	73,630	39.5%	(2,529)	-3.4%
State Drug Enforcement Fund	18,243	0	0.0%	28,475	18,970	66.6%	(18,970)	-100.0%
Federal Drug Enforcement Fund	13,000	0	0.0%	13,000	0	0.0%	0	0.0%
DEBT SERVICE FUNDS	\$3,980,731	\$749,451	18.8%	\$3,631,715	\$627,337	17.3%	\$122,113	19.5%
CAPITAL FUNDS	\$33,297,137	\$26,456,870	79.5%	\$38,389,708	\$5,202,370	13.6%	\$21,254,500	408.6%
General Capital Fund*	3,978,726	19,928,021	500.9%	27,793,494	853,896	3.1%	19,074,125	2233.8%
City Facility-Major Maint. Fund*	537,032	2,000	0.4%	166,904	62,392	37.4%	(60,392)	-96.8%
Roads Capital Fund*	28,381,379	6,439,397	22.7%	10,429,310	4,286,082	41.1%	2,153,315	50.2%
Sidewalk Expansion Fund	400,000	87,452	21.9%	0	0	0.0%	87,452	0.0%
ENTERPRISE FUNDS	\$12,358,084	\$5,858,135	47.4%	\$11,178,597	\$4,852,556	43.4%	\$1,005,579	20.7%
Surface Water Utility Fund*	9,272,849	3,833,814	41.3%	9,044,012	3,315,475	36.7%	518,338	15.6%
Wastewater Utility Fund	3,085,235	2,024,321	65.6%	2,134,585	1,537,080	72.0%	487,241	31.7%
INTERNAL SERVICE FUNDS	\$1,283,117	\$619,362	48.3%	\$1,202,601	\$893,722	74.3%	(\$274,360)	-30.7%
TOTAL EXPENDITURES	\$101,139,184	\$64,138,437	63.4%	\$103,246,163	\$41,533,465	40.2%	\$22,604,972	54.4%
TRANSFERS OUT	\$8,610,991	\$5,667,833	65.8%	\$7,422,181	\$4,803,114	64.7%	\$864,719	18.0%
TOTAL EXPENDITURES & TRANSFERS OUT	\$109,750,175	\$69,806,271	63.6%	\$110,668,344	\$46,336,579	41.9%	\$23,469,691	50.7%

GENERAL FUND BUDGET AND YEAR-OVER-YEAR COMPARISON OVERVIEW

RESOURCES

	2020 Current Plan	2020 Third Quarter Actual	% of 2020 Current Plan	2019 Third Quarter Actual	2019 Third Quarter Actual	% of 2019 Current Plan	2020 v. 2019 \$ Change	2020 v. 2019 % Change
GENERAL FUND RESOURCES								
Property Tax	\$13,666,865	\$7,660,619	56.1%	\$13,301,684	\$7,396,231	55.6%	\$264,388	3.6%
Sales Tax*	9,319,003	6,486,692	69.6%	9,027,566	6,068,573	67.2%	418,119	6.9%
Local Criminal Justice*	1,702,776	885,950	52.0%	1,641,392	987,609	60.2%	(101,659)	-10.3%
B&O, Utility, and Gambling Taxes	6,530,374	3,197,122	49.0%	6,448,798	3,178,637	49.3%	18,486	0.6%
Franchise Fees & Contract Payments	5,369,100	3,011,234	56.1%	5,179,900	2,971,052	57.4%	40,182	1.4%
Development Revenue	2,416,843	2,930,789	121.3%	2,765,865	3,033,231	109.7%	(102,442)	-3.4%
Park and Recreation Revenue	1,902,312	959,684	50.4%	1,923,665	1,783,541	92.7%	(823,856)	-46.2%
Shoreline Secure Storage	3,000,000	760,926	25.4%	0	0	0.0%	760,926	0.0%
Intergovernmental Revenue*	2,168,392	1,616,930	74.6%	2,698,848	1,318,049	48.8%	298,881	22.7%
Grant Revenue	247,384	230,249	93.1%	907,416	144,520	15.9%	85,729	59.3%
Fines and Licenses	603,125	118,603	19.7%	603,125	47,693	7.9%	70,910	148.7%
Miscellaneous Revenue	1,161,575	447,030	38.5%	1,045,258	435,760	41.7%	11,270	2.6%
Interest Income	70,600	210,562	298.2%	70,600	410,303	581.2%	(199,741)	-48.7%
TOTAL REVENUES	\$48,158,349	\$28,516,390	59.2%	\$45,614,117	\$27,775,198	60.9%	\$741,192	2.7%
Proceeds from Capital Assets	2,450,000	0	0.0%	0	1,359	0.0%	(1,359)	-100.0%
Operating Transfers In	1,473,551	1,105,163	75.0%	1,231,602	799,967	65.0%	305,197	38.2%
Other Financing Sources	15,000	6,418	42.8%	15,000	0	0.0%	6,418	0.0%
Budgeted Use of Fund Balance	3,462,536	0	0.0%	6,248,730	0	0.0%	0	0.0%
TOTAL RESOURCES	\$55,559,436	\$29,627,971	53.3%	\$53,109,449	\$28,576,523	53.8%	\$1,051,447	3.7%

EXPENDITURES & TRANSFERS OUT

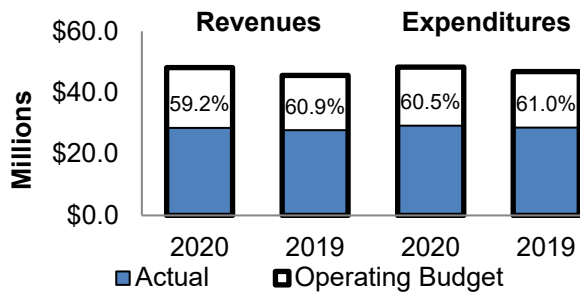
DEPARTMENT	2020 Current Plan	2020 Third Quarter Actual	% of 2020 Current Plan	2019 Third Quarter Actual	2019 Third Quarter Actual Expenditures	% of 2019 Current Plan	2020 v. 2019 \$ Change	2020 v. 2019 % Change
City Council	\$226,400	\$160,846	71.0%	\$247,100	\$177,986	72.0%	(\$17,139)	-9.6%
City Manager's Office ¹	6,733,689	4,151,211	61.6%	4,555,888	3,028,866	66.5%	1,122,346	37.1%
City Attorney	892,877	403,585	45.2%	921,002	595,492	64.7%	(191,907)	-32.2%
Community Services ²	1,831,229	1,313,089	71.7%	1,272,513	876,940	68.9%	436,149	49.7%
Administrative Services ³	5,162,304	3,869,512	75.0%	6,018,665	3,803,245	63.2%	66,266	1.7%
Citywide	3,243,463	825,776	25.5%	2,526,038	679,712	26.9%	146,064	21.5%
Human Resources	508,195	378,174	74.4%	485,905	343,973	70.8%	34,201	9.9%
Police	12,919,337	8,040,533	62.2%	12,771,501	7,880,351	61.7%	160,183	2.0%
Criminal Justice	2,958,059	890,851	30.1%	3,033,059	1,143,934	37.7%	(253,083)	-22.1%
Parks	7,294,234	4,599,108	63.1%	7,989,202	5,172,141	64.7%	(573,033)	-11.1%
Planning & Community Development	3,537,915	2,243,271	63.4%	3,489,726	2,405,099	68.9%	(161,827)	-6.7%
Public Works	2,989,205	2,328,720	77.9%	3,557,285	2,482,182	69.8%	(153,463)	-6.2%
DEPARTMENTAL EXPENDITURES	\$48,296,907	\$29,204,675	60.5%	\$46,867,884	\$28,589,919	61.0%	\$614,756	2.2%
Operating Transfers Out	5,824,373	3,705,649	63.6%	4,775,414	1,658,055	34.7%	2,047,594	123.5%
TOTAL EXPENDITURES AND TRANSFERS OUT	\$54,121,280	\$32,910,324	60.8%	\$51,643,298	\$30,247,974	58.6%	\$2,662,350	8.8%

1. City Manager's Office includes City Clerk, Communications, Intergovernmental Relations, Economic Development, Property Management, and Light Rail Stations. Beginning in 2019 it also includes Customer Response Team and Code Enforcement.
2. Community Services includes Neighborhoods, Emergency Management Planning, Diversity & Inclusion and Human Services. Beginning in 2020 it includes Environmental Services.
3. Administrative Services includes Finance, Budget & Tax, Information Technology, Fleet and Facilities.



2020 THIRD QUARTER FINANCIAL REPORT

GENERAL FUND FINANCIAL OVERVIEW



General Fund	Revenues	Dept. Exp.
2020 Current Plan	\$48,158,349	\$48,296,907
2020 Actual	\$28,516,390	\$29,204,675
% of 2020 Current Plan	59.2%	60.5%
2019 Current Plan	\$45,614,117	\$46,867,884
2019 Actual	\$27,775,198	\$28,589,919
% of 2019 Current Plan	60.9%	61.0%
Actual 2020 v. 2019 \$ Change	\$741,192	\$614,756
Actual 2020 v. 2019 % Change	2.7%	2.2%

The table on the previous page presents the 2020 planned revenues, expenditures, use of fund balance for one-time investments and transfers in from/out to other funds as approved in the 2019-2020 Biennial Budget. It also compares them to actual for 2020 and 2019.

Revenues:

General Fund revenue received reflects a year-over-year increase of 2.7%. The following are highlights comparing actual collections to those projected for 2020 and to 2019 collections for the General Fund:

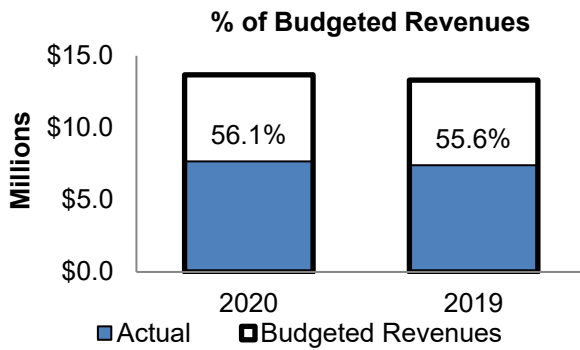
- Property tax receipts are at 56.1% of the 2020 plan with the second remittance due in October.
- Sales tax receipts for 2020 are 69.6% of the current plan, which is ahead of our COVID-10 projections by 31% and 2019 collections by 6.9%. Much of the increase in 2020 is driven by activity in the construction sector, which is 19.1% more than 2019 collections. The COVID-19 stress test prepared earlier this year anticipated receipts for the months of March through July compared to the baseline projections would come in lower by 56%. Due to the strength of the Construction Sector, actual receipts for those months came in higher. Staff will continue to closely monitor Sales Tax receipts.
- The distributions of the Affordable and Supportive Housing State Shared Tax and Local Criminal Justice Sales Tax are for March through September 2020, which is from activity for January through July.
- Receipts from the Local Criminal Justice Tax for the reporting period of January through July are running \$102,000, or 10%, behind the same period for 2019 with receipts for each month's activity coming in less than the same month in 2019.
- The closure of gaming establishments for much of the second and third quarter impacted Gambling Tax collections as they are down from the 2020 plan and 2019 by 60.1% and 58.4%, respectively. Business & Occupation Tax receipts total \$0.9 million. Utility Tax receipts in the amount of \$2.0 million are more than the 2020 budget projection and 2019 by 14.9% and 0.6%, respectively.

Expenditures and Transfers Out:

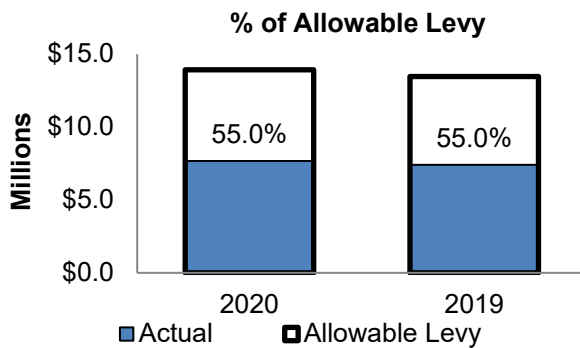
Departments spent \$29.205 million, or 60.5%, of the Operating Budget. This level of expenditures is 2.2% more than the year-ago level. Total expenditures, including transfers out, representing expenditure of 60.8% of the Current Plan, are 8.8% more than the year-ago level. General Fund contributions to select capital projects are reflected in the table to the right.

General Fund Contributions to Projects	Biennial Budget	Amount Spent BTD	Budgeted General Fund Support	Amount Transferred
General Capital Projects				
City Hall	\$190,000	\$32,168	\$190,000	\$32,168
Police Station at City Hall	\$135,919	\$77,919	\$1,885,729	\$0
City Maintenance Facility	\$1,746,614	\$856,890	\$1,112,254	\$343,027
Parks Repair & Replacement	\$533,582	\$230,724	\$100,000	\$87,500
Echo Lake Park Improvements	\$195,793	\$191,509	\$162,329	\$162,329
Playground Replacement	\$1,000,000	\$782,497	\$200,000	\$100,000
Soccer Field Rental Contribution	N/A	\$94,187	\$260,000	\$130,000
Parks Improvements-Sound Transit	\$113,000	\$0	\$113,000	\$0
Roads Capital Projects				
Sidewalk Rehabilitation Program	\$1,757,534	\$152,748	\$305,034	\$266,905
Trail Along the Rail	\$329,117	\$2,658	\$203,144	\$1,473
147 th /148 th Non-Motorized Bridge	\$2,083,838	\$652,848	\$281,318	\$57,443
185 th Corridor Study	\$390,691	\$359,793	\$390,691	\$354,535
160 th and Greenwood/Innis Arden	\$101,548	\$131,900	\$101,548	\$101,548
Driveway Relocation Richmond Beach Rd	\$60,000	N/A	\$60,000	\$3,566
Transfer of Gambling Tax	N/A	N/A	\$195,302	\$146,477

PROPERTY TAX



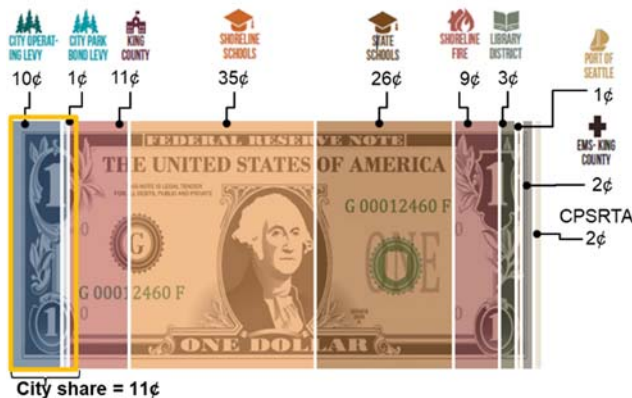
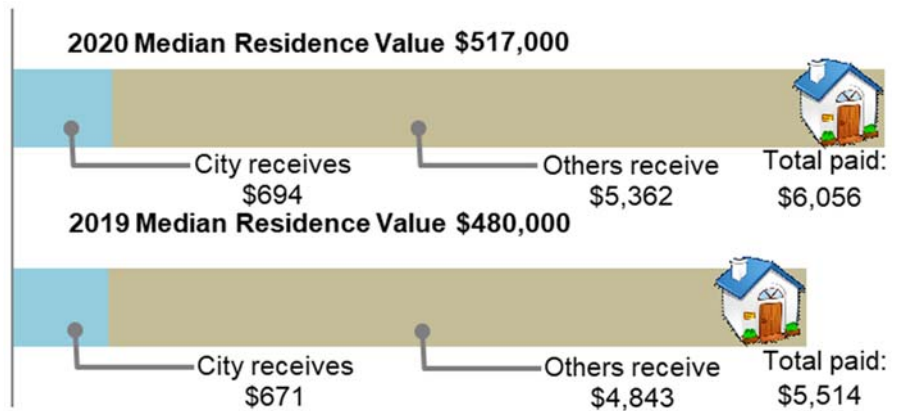
2020 Current Plan		\$13,666,865
2020 Third Quarter Actual Revenue	\$7,660,619	
% of 2020 Current Plan		56.1%
2019 Current Plan		\$13,301,684
2019 Third Quarter Actual Revenue	\$7,396,231	
% of 2019 Current Plan		55.6%
2020 v. 2019 \$ Change		\$264,388
2020 v. 2019 % Change		3.6%



Property tax payments are due to King County in April and October. The County then must remit the City's portion resulting in most collections occurring in the second and fourth quarters. Receipts for 2020 and 2019 as a percentage of the budgeted projection are at 56.1% and 55.6%, respectively. In terms of the allowable levy, which is different than the budgeted projection presented here, receipts for 2020 and 2019 are 55.0% and 55.0%, respectively.

Impact on a median homeowner:

In 2020, the City of Shoreline property tax regular levy and excess voted levy rates decreased from \$1.24 to \$1.20 and \$0.16 to \$0.15, respectively. The total levy rate increased from \$11.49 to \$11.72. The chart to the right compares the amount paid by a homeowner of a residence with a median value (as determined by the King County Department of Assessments). The total tax bill is estimated to increase \$542, or 9.8%, with the City's portion increasing \$23, or 3.4%, and all other taxing jurisdictions' portion increasing \$519, or 10.7%.



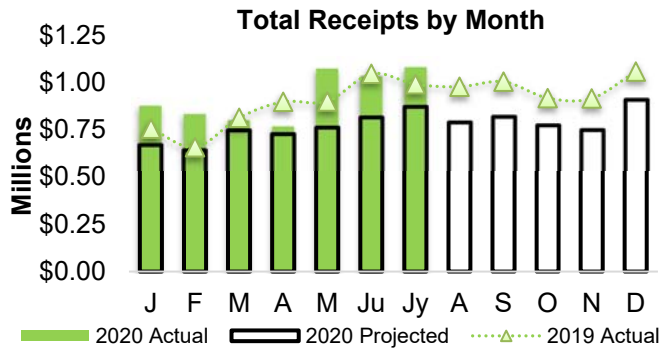
How \$1 is allocated:

The chart to the left illustrates the allocation of each dollar paid at the 2020 levy rates for all taxing jurisdictions within Shoreline. The City receives 10¢ for the City's regular levy and 1¢ for the excess voted levy.



2020 THIRD QUARTER FINANCIAL REPORT

SALES TAX



2020 Current Plan	\$9,319,003
2020 Third Quarter Actual Revenue	\$6,486,692
% of 2020 Current Plan	69.6%
2019 Current Plan	\$9,027,566
2019 Third Quarter Actual Revenue	\$6,068,573
% of 2019 Current Plan	67.2%
2020 v. 2019 \$ Change	\$418,119
2020 v. 2019 % Change	6.9%

When analyzing monthly sales tax receipts, there are two items of special note: First, most businesses remit their sales tax collections to the Washington State Department of Revenue (DOR) on a monthly basis. Small businesses only have to remit their sales tax collections either quarterly or annually, which can create anomalies when comparing the same month between two years. Second, for those businesses which remit sales tax monthly, there is a two-month lag from the time that sales tax is collected to the time it is distributed to the City.

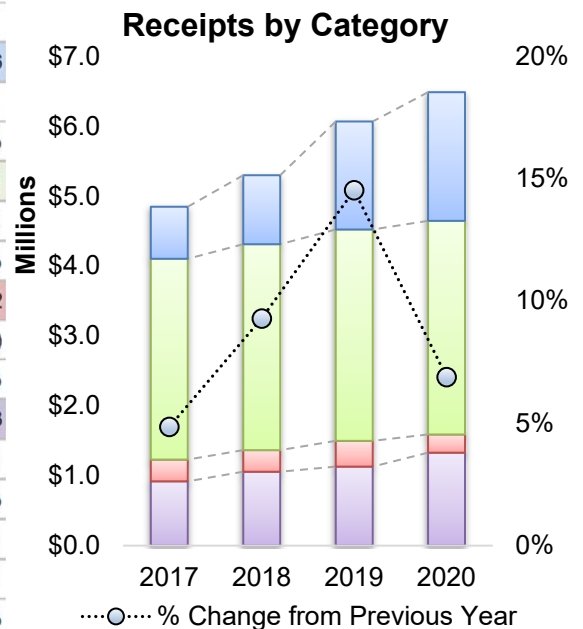
The data presented here reflects distributions for March through September 2020, which is from activity for January through July. Receipts are more than the 2020 Plan and 2019 collections by 23.2% and 6.9%, respectively. Much of the increase is driven by activity in the Construction sector, which is 19.1% more than 2019 collections.

The COVID-19 stress test prepared earlier this year anticipated receipts for the months of March through July compared to the baseline projections would come in lower by 56%. Actual receipts for those months came in higher than the stress test by 31%. Staff will continue to closely monitor Sales Tax receipts.

The following table and chart illustrate the performance of the primary categories.

SALES TAX BY PRIMARY SECTOR FOR DISTRIBUTION PERIOD: MARCH TO SEPTEMBER

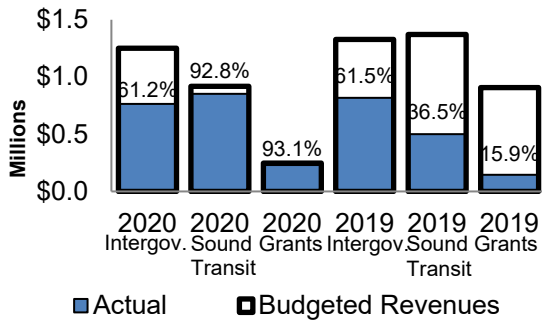
Sector	2016	2017	2018	2019	2020
Construction	\$671,159	\$743,633	\$986,791	\$1,544,725	\$1,839,816
\$ Change		\$72,473	\$243,159	\$557,934	\$295,091
% Change		10.8%	32.7%	56.5%	19.1%
Retail Trade	\$2,764,795	\$2,874,337	\$2,945,457	\$3,025,123	\$3,055,951
\$ Change		\$109,542	\$71,120	\$79,666	\$30,828
% Change		4.0%	2.5%	2.7%	1.0%
Hotels/Restaurant	\$290,252	\$310,929	\$309,321	\$368,515	\$260,062
\$ Change		\$20,677	(\$1,609)	\$59,194	(\$108,453)
% Change		7.1%	-0.5%	19.1%	-29.4%
All Others	\$897,919	\$919,775	\$1,057,222	\$1,130,210	\$1,330,863
\$ Change		\$21,855	\$137,447	\$72,988	\$200,653
% Change		2.4%	14.9%	6.9%	17.8%
Total Revenue	\$4,624,126	\$4,848,674	\$5,298,791	\$6,068,573	\$6,486,692
\$ Change		\$224,546	\$450,117	\$769,782	\$418,119
% Change		4.9%	9.3%	14.5%	6.9%





2020 THIRD QUARTER FINANCIAL REPORT

INTERGOVERNMENTAL, GRANTS, AND STATE SHARED SALES TAXES



Intergovernmental revenue sources are comprised primarily of funding for criminal justice programs, contract payments, liquor excise tax, liquor board profits, marijuana excise tax, grants, and reimbursement from Sound Transit per the Expedited Permitting and Reimbursement Agreement. Contract payments are discussed separately in this report. Many grants are applied for and received for specific purposes. The amount of grants received in any year can vary.

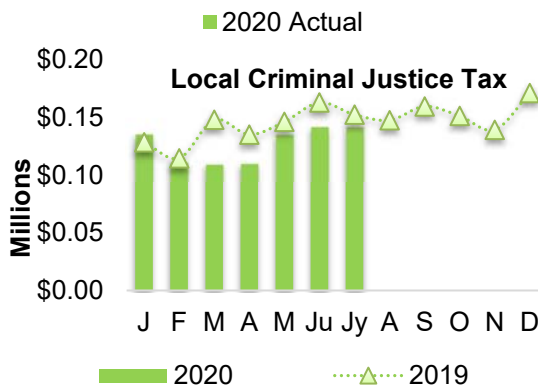
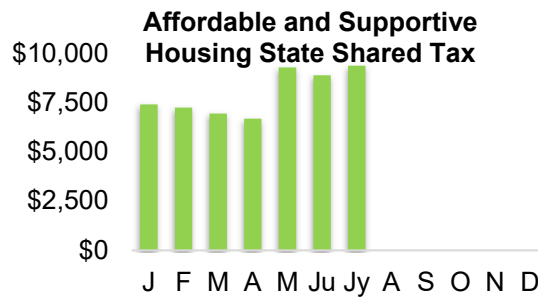
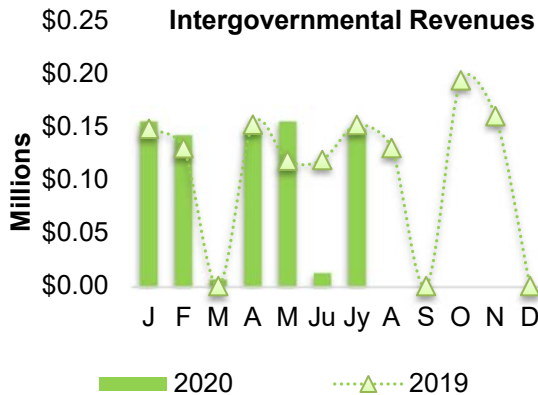
Total Intergovernmental receipts are 22.7% more than the year-ago level. Receipts by month from sources other than Sound Transit reimbursements are reflected in the Intergovernmental Revenues chart. The Intergovernmental Revenues chart compares disbursements for September. Receipts in 2020 total \$764,736 and are 6.5% less than 2019. Receipts in June and some in November 2019 were for right of entry agreement or temporary construction easements executed with Sound Transit.

Grant receipts are 59.3% more than 2019.

The distributions of the Affordable and Supportive Housing State Shared Tax and Local Criminal Justice Sales Tax are for March through September 2020, which is from activity for January through July.

On October 28, 2019, the City Council adopted Resolution No. 448 and Ordinance No. 869 to impose the Affordable and Supportive Housing State Shared Tax authorized by Substitute House Bill (SHB) 1406 and Revised Code of Washington (RCW) 82.14.540. The Department of Revenue has calculated a maximum cap of \$85,929, so distributions will cease should the amount reach that cap. Under the Declaration of Public Health Emergency ratified by the City Council through adoption of Resolution No. 454 on March 16, the City Manager authorized a contract with Hopelink funded by this revenue source to provide direct rental assistance to Shoreline residents at or below 60% of the Area Median Income.

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 from the Local Criminal Justice Tax for the reporting period of January through July are running \$102,000, or 10%, behind the same period for 2019. The chart to the left shows receipts for February were 3% less, for March were 26% less, for April were 18% less, for May were 7% less, for June were 13% less, and for July were 7% less. The Puget Sound Economic Forecaster estimated that retail sales throughout King County would increase year-over-year by 2.4%. Sales tax collected throughout King County was actually 6.8% more than 2019.





2020 THIRD QUARTER FINANCIAL REPORT

BUSINESS & OCCUPATION TAXES AND FRANCHISE FEE & CONTRACT PAYMENTS

Business & Occupation Taxes

2020 Current Plan	\$6,530,374
Business & Occupation Tax	\$852,706
Utility Tax	\$2,032,580
Gambling Tax	\$311,836
2020 Third Quarter Actual Revenue	\$3,197,122
% of 2020 Current Plan	49.0%
2019 Current Plan	\$6,448,798
Business & Occupation Tax	\$408,573
Utility Tax	\$2,021,343
Gambling Tax	\$748,721
2019 Third Quarter Actual Revenue	\$3,178,637
% of 2019 Current Plan	49.3%
2020 v. 2019 \$ Change	\$18,486
2020 v. 2019 % Change	0.6%

The City has levied tax on gross operating revenues for gambling activities since 1995 and utility operations since 2005. The Business & Occupation (B&O) Tax and in-house processing of business licensing for Shoreline became effective in January 2019.

This report reflects Gambling Tax and B&O Tax receipts collected from first and second quarter tax returns. Some businesses may have deferred their tax filings until October 2020 as allowed under Temporary Emergency Order No. 3. The closure of gaming establishments for much of the second quarter impacted Gambling Tax collections as they are down from the budget projection and 2019. B&O Tax receipts total \$0.9 million. Utility Tax receipts in the amount of \$2.0 million appear to be less than the 2020 Plan by 14.9% but more than 2019 by 0.6%.

Franchise Fee & Contract Payments

2020 Current Plan	\$5,369,100
Franchise Fee	\$1,694,086
Contract Payment	\$1,317,148
2020 Third Quarter Actual Revenue	\$3,011,234
% of 2020 Current Plan	56.1%
2019 Current Plan	\$5,179,900
Franchise Fee	\$1,500,659
Contract Payment	\$1,470,393
2019 Third Quarter Actual Revenue	\$2,971,052
% of 2019 Current Plan	57.4%
2020 v. 2019 \$ Change	\$40,182
2020 v. 2019 % Change	1.4%

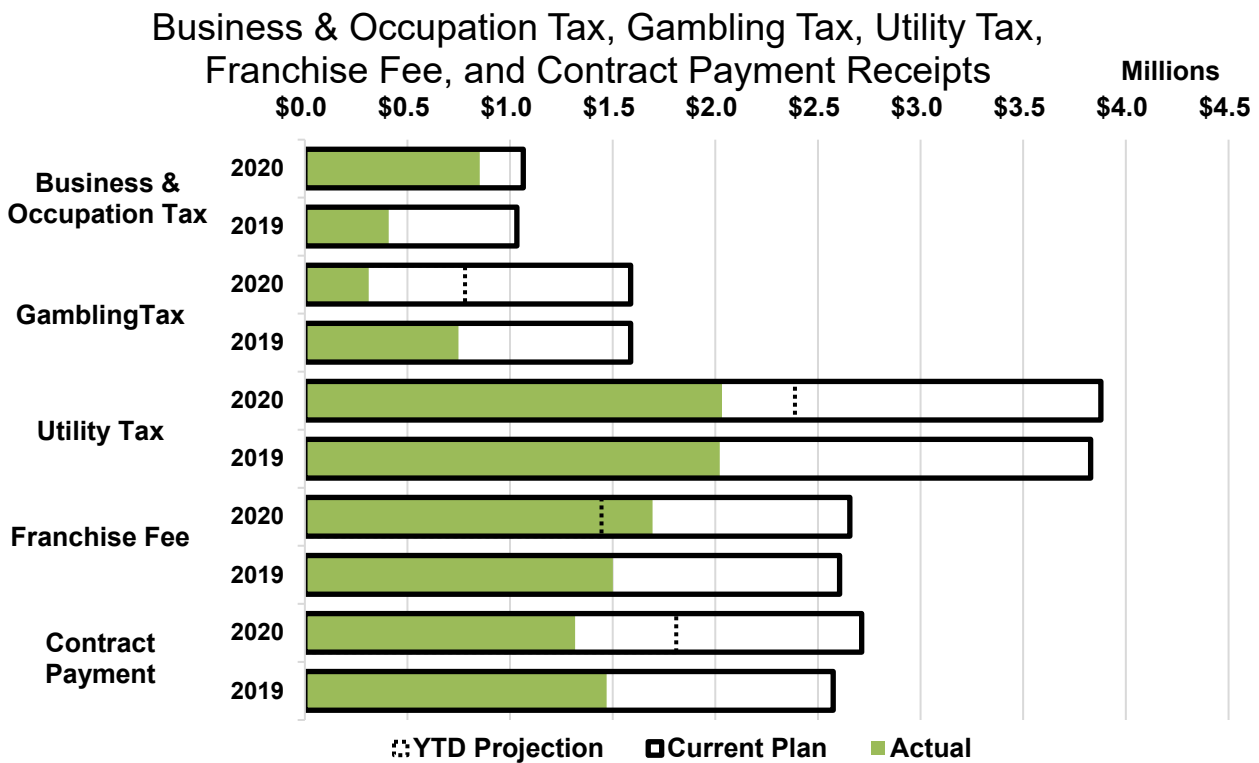
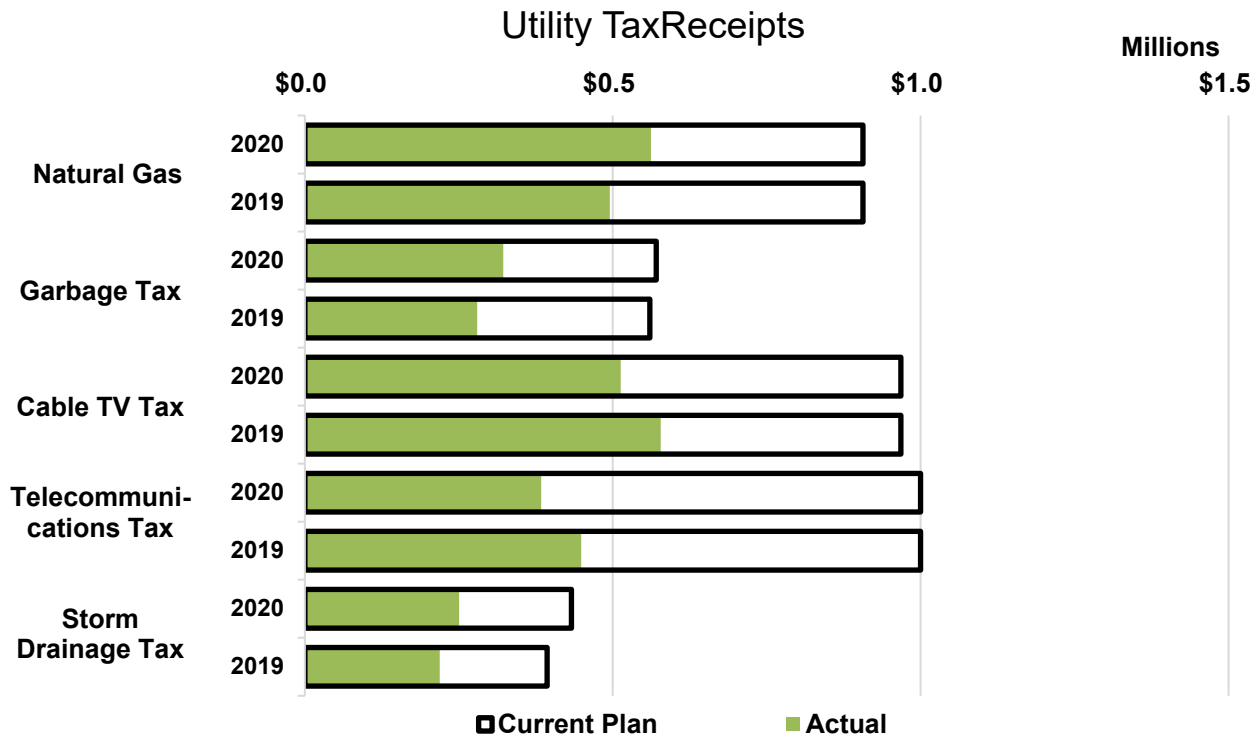
The City has franchises with water and cable services with fees imposed at 6% and 5%, respectively. The City also has agreements with Seattle City Light, which imposes a 6% contract fee on total electrical revenues, and Ronald Wastewater District, which imposes an Interlocal Operating Agreement Fee. More information is available at <http://www.shorelinewa.gov/government/departments/city-clerk-s-office/agreements-and-contracts/utility-franchise-agreements-document-library/-folder-386>.



2020 THIRD QUARTER FINANCIAL REPORT

BUSINESS & OCCUPATION TAXES AND FRANCHISE FEE & CONTRACT PAYMENTS

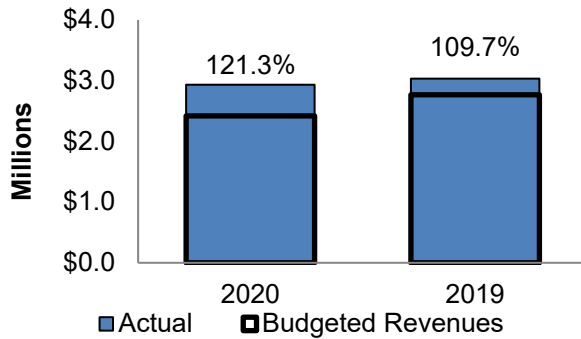
The chart below compares actual receipts to the annual budget for each year and budget projection for 2020.





2020 THIRD QUARTER FINANCIAL REPORT

DEVELOPMENT REVENUE



2020 Current Plan	\$2,416,843
2020 Third Quarter Actual Revenue	\$2,930,789
% of 2020 Current Plan	121.3%
2019 Current Plan	\$2,765,865
2019 Third Quarter Actual Revenue	\$3,033,231
% of 2019 Current Plan	109.7%
2020 v. 2019 \$ Change	(\$102,442)
2020 v. 2019 % Change	-3.4%

Development revenue receipts, including right-of-way permits, exhibit a year-over-year decrease of 3.4%.

Revenues from Permit and Plan Check Fees are less than 2019 by 3.0% but more than the 2020 Plan by 18%. Approximately \$540,000 in deferred revenue for the Shoreline School District's projects was recognized in the first three quarters of 2020, comprising 18% of total revenue and offsetting some of the decline in permits. Total permit applications through the third quarter of 2020 are 688, or 28%, less than 2019. Total permits issued are 457, or 21%, less than this time in 2019. Many businesses and operations were shut down or limited for several months in the spring due to COVID-19, which contributed to the lower permit levels.

Revenue from 2020 for inspections that have been paid for but not yet performed will be deferred to 2021. This amount will be determined in the fourth quarter.

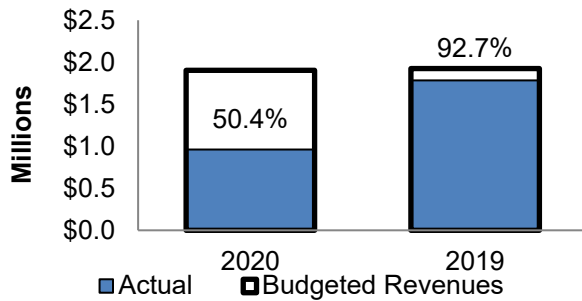
In the first through third quarter of 2020, the valuation for all residential, commercial, townhouse, and multi-family permit applications totaled \$183.4 million, of which \$173.7 million, or 94.7%, was from new construction permits.

- **Single-family:** There were 55 fewer new construction and remodel permit applications in 2020 compared to 2019, with a valuation that is \$8.9 million less.
- **Townhouses:** Prior to 2019, townhouse permit applications were captured under single-family permits and are now categorized separately. Permit applications saw a large spike from 2018-to-2019 with 46 total permit applications in the first three quarters of 2019 with a valuation of \$50.7 million. There have been 15 applications in 2020, including a large 72-unit townhome project, with a total valuation of \$16.1 million.
- **Multi-family construction and remodels:** There were 12 new permit applications with a valuation of \$149.8 million compared to the same period in 2019 in which 10 permit applications had a valuation of \$6.7 million.
- **Commercial:** There were 38 fewer permits applied for in 2020 with a valuation that is \$132.3 million less than 2019.



2020 THIRD QUARTER FINANCIAL REPORT

PARKS AND RECREATION REVENUE

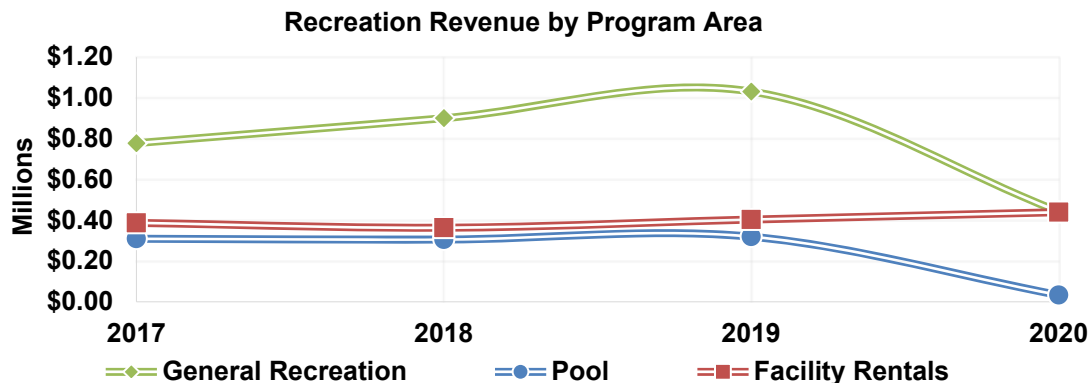


2020 Current Plan	\$1,902,312
2020 Third Quarter Actual Revenue	\$959,684
% of 2020 Current Plan	50.4%
2019 Current Plan	\$1,923,665
2019 Third Quarter Actual Revenue	\$1,783,541
% of 2019 Current Plan	92.7%
2020 v. 2019 \$ Change	(\$823,856)
2020 v. 2019 % Change	-46.2%

The closure of the City’s recreation facilities due to COVID-19 for the months of March through September plus cancellation of all regular summer programming and special events resulted in a loss of rental and registration revenue of \$0.757 million, which was partially offset by \$0.665 million of directly related expenditure reductions and \$0.24 million in revenue received for the rental of Shoreline B field for the King County Assessment & Recovery Center (ARC). Modified summer programming was designed and offered in July and August. Staff is currently offering remote learning sessions and expects to continue those through the winter session. Staff continues to monitor the impacts on the City’s resources while considering the needs of the community and safety of participants and staff.

As a result, Parks and Recreation revenue receipts are 46.2% less than the year-ago level with receipts for general recreation programs and aquatics less than the year-ago level by 57.2% and 89.7%, respectively and facility rentals more than the year-ago level by 8.9% due to the temporary ARC field rental.

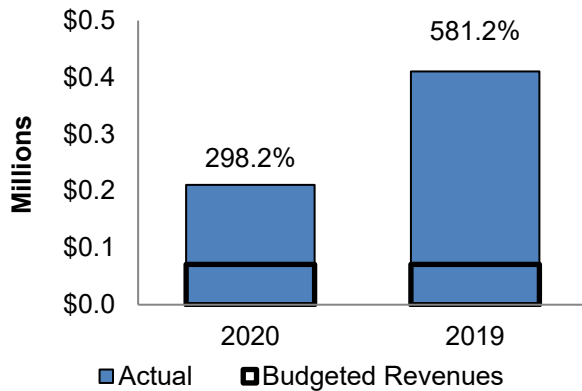
Revenue by Program Area:								
Year	General Recreation	Gen Rec % of Total	Pool	Pool % of Total	Facility Rentals	Fac Rent % of Total	Total Program Revenue	Non-Program Revenue
2017	\$777,834	52.8%	\$308,658	20.9%	\$386,874	26.3%	\$1,473,366	\$42,453
2018	\$900,308	57.4%	\$305,081	19.5%	\$362,985	23.1%	\$1,568,374	\$32,281
2019	\$1,031,156	58.8%	\$319,182	18.2%	\$403,221	23.0%	\$1,753,559	\$29,981
2020	\$441,831	48.4%	\$32,786	3.6%	\$439,130	48.1%	\$913,746	\$45,938





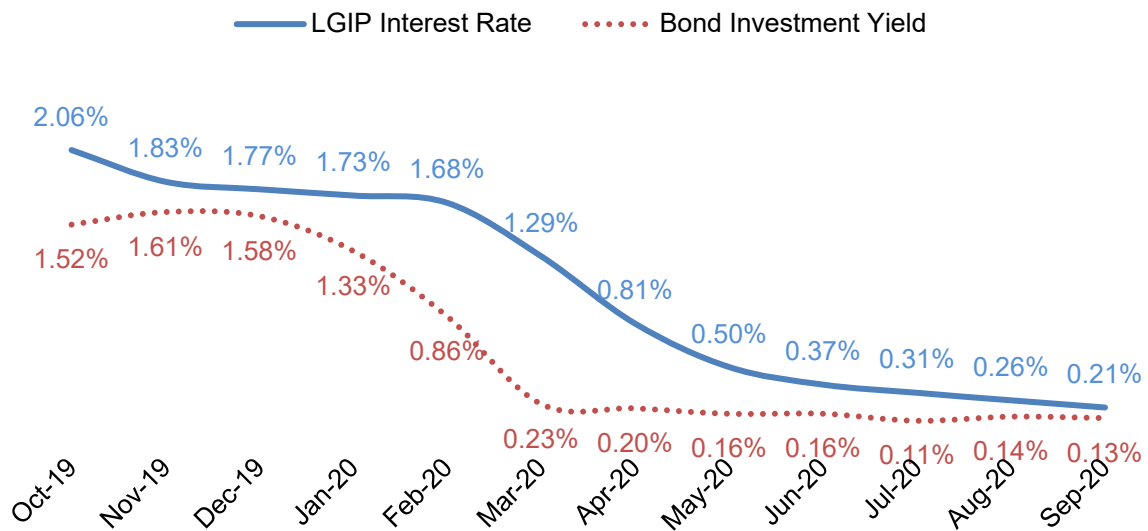
2020 THIRD QUARTER FINANCIAL REPORT

INTEREST INCOME



2020 Current Plan		\$70,600
2020 Third Quarter Actual Revenue		\$210,562
% of 2020 Current Plan		298.2%
2019 Current Plan		\$70,600
2019 Third Quarter Actual Revenue		\$410,303
% of 2019 Current Plan		581.2%
2020 v. 2019 \$ Change		(\$199,741)
2020 v. 2019 % Change		-48.7%

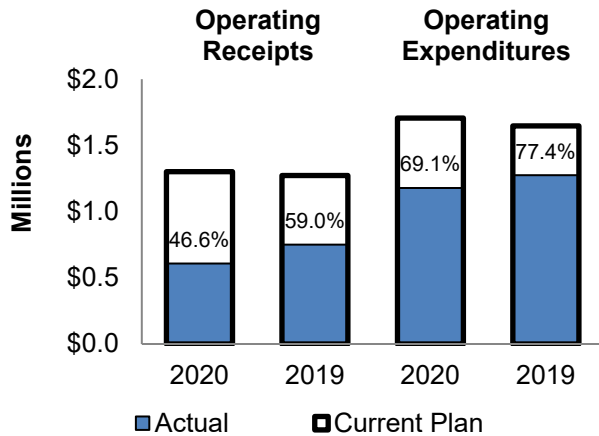
Interest income is less than that for 2019 by 48.7%. The City's investment policy adheres to strict standards as prescribed by federal law, state statutes, and local ordinances, and allows the City to develop an investment model to maximize its investment returns with the primary objectives of safety and liquidity.





2020 THIRD QUARTER FINANCIAL REPORT

STREET FUND

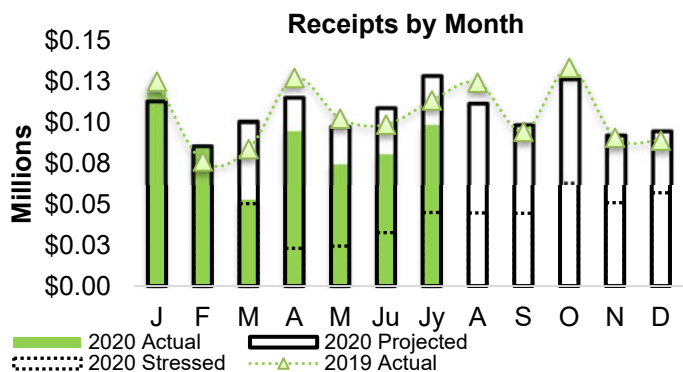
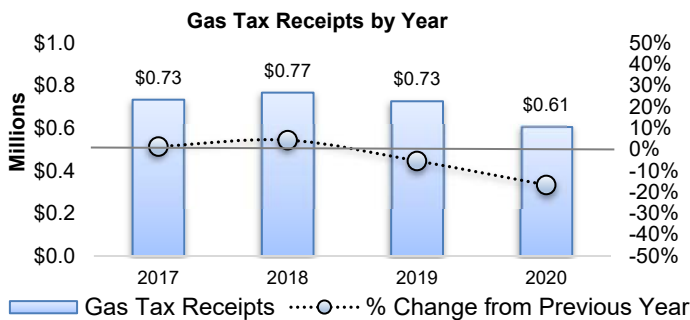


Street Fund	Resources	Expenditures
2020 Current Plan	\$2,119,258	\$2,119,258
Less Budgeted Use of Fund Balance	0	N/A
Less Other Sources & Transfers	817,237	412,988
2020 Operating Plan	\$1,302,021	\$1,706,270
2020 Actual	\$607,348	\$1,178,844
% of 2020 Operating Plan	46.6%	69.1%
2019 Current Plan	\$2,083,956	\$2,083,956
Less Budgeted Use of Fund Balance	148,975	N/A
Less Other Sources & Transfers	662,394	436,295
2019 Operating Plan	\$1,272,587	\$1,647,661
2019 Actual	\$750,442	\$1,274,961
% of 2019 Operating Plan	59.0%	77.4%
Actual 2020 v. 2019 \$ Change	(\$143,094)	(\$96,117)
Actual 2020 v. 2019 % Change	-19.1%	-7.5%

The table shows Street Fund receipts, excluding transfers in, are 19.1% less than 2019. Operating expenditures, excluding transfers out, are 7.5% less than 2019. Expenditures, including transfers out, are 10.4% less than 2019.

The Motor Vehicle Fuel Excise Tax, commonly referred to as Gas Tax, is assessed by the State as cents per gallon so revenue depends on the number of gallons sold, not the dollar value of the sales. It is then distributed monthly on a per capita basis to the City of Shoreline and placed in the Street Fund. When analyzing monthly Gas Tax receipts it is important to note there is a two-month lag from the time that Gas Tax is collected to the time it is distributed to the City. Therefore, the distribution received in March through September reflects activity from January through July.

Distributions for this period total approximately \$606,000, which is 16.6% less than 2019. The COVID-19 stress test prepared earlier this year anticipated receipts for the months of March through July compared to the baseline projections would come lower by 68%. Actual receipts for those months came in lower by 27%. Staff will continue to closely monitor Gas Tax receipts.





2020 THIRD QUARTER FINANCIAL REPORT

GENERAL CAPITAL FUND

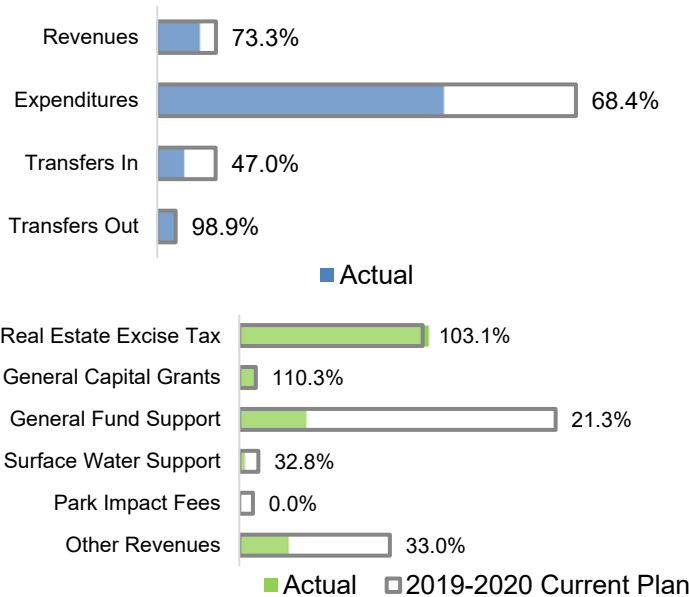
General Capital Fund	Resources	Expenditures
2019 Capital Plan Total	\$28,508,382	\$28,509,694
Less:		
2019 Use of Fund Balance	863,702	N/A
2019 Other Sources & Transfers	26,288,017	716,200
2019 Capital Plan Revenues/Expenditures	1,356,663	27,793,494
2019 Actual	\$1,851,588	\$1,803,763
% of 2019 Capital Plan Rev./Exp.	136.5%	6.5%
2020 Capital Plan Total	\$6,417,400	\$4,666,278
Less:		
2020 Use of Fund Balance	128,784	N/A
2020 Other Sources & Transfers	3,186,330	687,552
2020 Capital Plan Revenues/Expenditures	3,102,286	3,978,726
2020 YTD Actual	\$1,416,491	\$19,928,021
% of 2020 Capital Plan Rev./Exp.	45.7%	500.9%
2019-2020 Capital Plan Revenues/Expenditures	\$4,458,949	\$31,772,220
2019-2020 BTD Actual	\$3,268,079	\$21,731,784
% of 2019-2020 Capital Plan Rev./Exp.	73.3%	68.4%

Third Quarter Actual receipts are largely comprised of Real Estate Excise Tax, which is discussed separately in this report. The 2020 plan includes one-time transfers from the General Fund, Park Impact Fee Fund, and Surface Water Utility Fund as well as bond proceeds in support of the following capital projects listed in the table below. Funds are transferred from the General Fund, Park Impact Fee Fund, and Surface Water Utility Fund as expenditures are incurred by the projects.

The table shows capital projects expended 500.9% of the 2020 current plan because the largest project planned for expenditure in 2019, the issuance of debt and acquisition of property for the future Shoreline Community and Aquatics Center, were not completed until early 2020. All other projects planned for 2020 are being completed as planned with the exception of the Outdoor Multi-Sport Court, which has been postponed to 2021 due to design delays.

Transfers Out are comprised of transfers to the General Fund for overhead and the Limited Tax General Obligation Bond Fund for City Hall debt service payments. More information on the scope and timing of capital projects, including updated estimates, can be found on pp. 302-324 of the City's 2019-2020 Adopted Biennial Budget and 2019-2024 Capital Improvement Plan book.

Transfers from the General Fund and Surface Water Utility Fund to cover expenditures for the City Maintenance Facility are reflected in the table below. The General Fund also transferred the 2019 budgeted contribution of \$100,000 for the Playground Replacement project but has not yet transferred that budgeted for 2020.





2020 THIRD QUARTER FINANCIAL REPORT

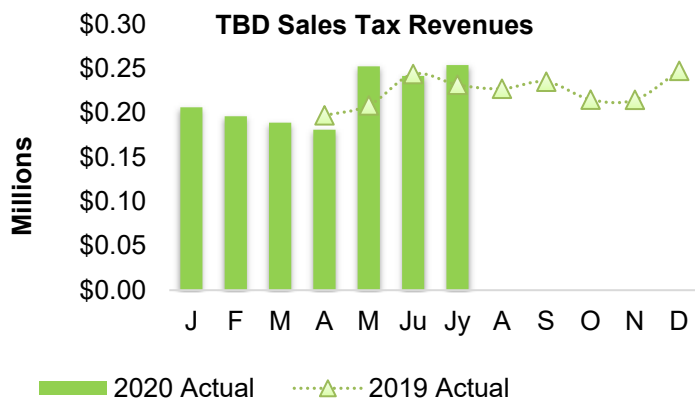
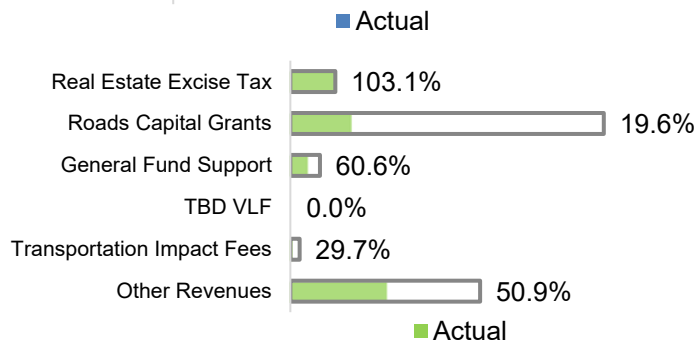
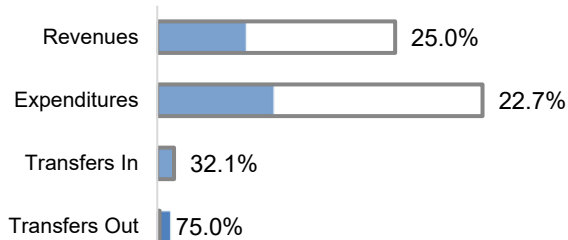
ROADS CAPITAL FUND

Roads Capital Fund	Resources	Expenditures
2019 Capital Plan Total	\$11,163,571	\$10,621,640
Less:		
2019 Use of Fund Balance	2,224,180	N/A
2019 Other Sources & Transfers	1,728,134	192,330
2019 Capital Plan Revenues/Expenditures	7,211,257	10,429,310
2019 Actual	\$5,302,565	\$7,432,261
% of 2019 Capital Plan Rev./Exp.	73.5%	71.3%
2020 Capital Plan Total	\$28,419,766	\$28,486,066
Less:		
2020 Use of Fund Balance	2,695,525	N/A
2020 Other Sources & Transfers	4,539,903	104,687
2020 Capital Plan Revenues/Expenditures	21,184,338	28,381,379
2020 YTD Actual	\$5,286,779	\$6,439,397
% of 2020 Capital Plan Rev./Exp.	25.0%	22.7%
2019-2020 Capital Plan Revenues/Expenditures	\$28,395,595	\$38,810,689
2019-2020 BTD Actual	\$10,589,343	\$13,871,658
% of 2019-2020 Capital Plan Rev./Exp.	37.3%	35.7%

Third Quarter Actual receipts are largely comprised of Real Estate Excise Tax. The 2020 plan includes one-time transfers from the General Fund and Transportation Impact Fee Fund as well as bond proceeds in support of the following capital projects listed in the table below. Funds are transferred from the General Fund and Transportation Impact Fee Fund as expenditures are incurred by the projects. The City received \$11.539 million in bond proceeds for the New Sidewalks Program, which is reflected in the table at the bottom of this page.

The regular Sales Tax rate is 10.0% with the City's portion accounting for 0.85% of the rate. At the November 6, 2018 General Election, Shoreline voters approved an additional 0.2% Sales Tax rate for the Shoreline Transportation Benefit District, revenue from which is reported in the Sidewalk LTGO Bond Fund and used to pay the debt service for the bonds issued to fund the New Sidewalks Program. Collections started in April 2019, as reflected in the chart to the left. It is important to note, there is a two-month lag from the time that sales tax is collected to the time it is distributed to the City. Receipts for the month of March through September 2020, in the amount of \$1.520 million, reflects activity for the months of January through July. This revenue is deposited in the Sidewalk LTGO Bond 2019 Fund to cover the debt service issued for the New Sidewalks Program.

Capital projects expended 22.7% of the current plan for the Capital Budget. Capital expenditures are impacted by the timing of construction schedules. Transfers Out are comprised of transfers to the General Fund for overhead. More information on the scope and timing of capital projects, including updated estimates, can be found on pp. 344-375 of the City's 2019-2020 Adopted Biennial Budget and 2019-2024 Capital Improvement Plan book.





2020 THIRD QUARTER FINANCIAL REPORT

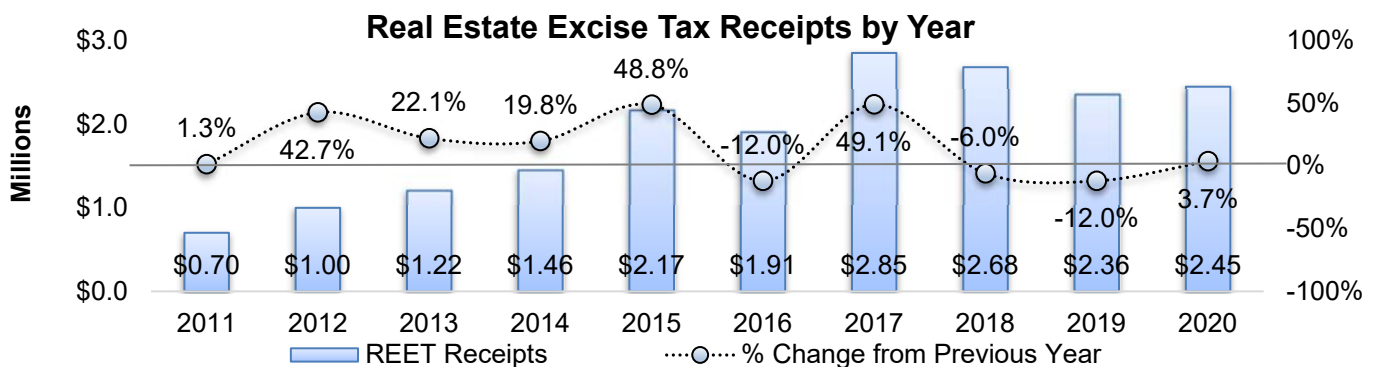
SUMMARY OF CONTRIBUTIONS TO/OTHER FUNDING FOR GENERAL CAPITAL PROJECTS

General Fund Contributions to Projects	Biennial Budget	Amount Spent BTD	Budgeted General Fund Support	Amount Transferred
City Hall	\$190,000	\$32,168	\$190,000	\$32,168
Police Station at City Hall	\$135,919	\$77,919	\$1,885,729	\$0
City Maintenance Facility	\$1,746,614	\$856,890	\$1,112,254	\$343,027
Parks Repair & Replacement	\$533,582	\$230,724	\$100,000	\$87,500
Echo Lake Park Improvements	\$195,793	\$191,509	\$162,329	\$162,329
Playground Replacement	\$1,000,000	\$782,497	\$200,000	\$100,000
Soccer Field Rental Contribution	N/A	\$94,187	\$260,000	\$130,000
Parks Improvements-Sound Transit	\$113,000	\$0	\$113,000	\$0
Bond Proceeds for Projects	Project Budget	Amount Spent BTD	Budgeted Bond Proceeds	Amount Issued
PROS Plan Acquisitions (SAI7)	\$25,012,309	\$19,145,036	\$25,000,000	\$25,000,000
Community-Aquatics Center	\$16,800	\$122,931	\$0	\$0
Park Impact Fee (PIF) Contributions to Projects	Project Budget	Amount Spent YTD	Budgeted PIF Support	Amount Transferred
Parks Facilities Recreation Amenities Plan	\$185,000	\$3,020	\$125,000	\$0
Outdoor Multi-Use Sport Court	\$75,000	\$0	\$50,000	\$0
Surface Water Utility (SWM) Fund Contributions to Projects	Project Budget	Amount Spent YTD	Budgeted SWM Support	Amount Transferred
City Maintenance Facility	See above	See above	\$242,571	\$79,529

SUMMARY OF CONTRIBUTIONS TO/OTHER FUNDING FOR ROADS CAPITAL PROJECTS

General Fund Contributions to Projects	Biennial Budget	Amount Spent BTD	Budgeted General Fund Support	Amount Transferred
Sidewalk Rehabilitation Program	\$1,757,534	\$152,748	\$305,034	\$266,905
Trail Along the Rail	\$329,117	\$2,658	\$203,144	\$1,473
147 th /148 th Non-Motorized Bridge	\$2,083,838	\$652,848	\$281,318	\$57,443
185 th Corridor Study	\$390,691	\$359,793	\$390,691	\$354,535
160 th and Greenwood/Innis Arden	\$101,548	\$131,900	\$101,548	\$101,548
Driveway Relocation Richmond Beach Rd	\$60,000	\$3,691	\$60,000	\$3,566
Transfer of Gambling Tax	N/A	N/A	\$195,302	\$146,477
Bond Proceeds for Projects	Project Budget	Amount Spent YTD	Budgeted Bond Proceeds	Amount Issued
New Sidewalks Program	\$4,245,000	\$27,801	\$0	\$11,538,551
Transportation Impact Fee (TIF) Contributions to Projects	Project Budget	Amount Spent YTD	Budgeted TIF Support	Amount Transferred
N 175th St - Stone Ave N to I5	\$3,639,193	\$952,865	\$486,000	\$144,320

REAL ESTATE EXCISE TAX



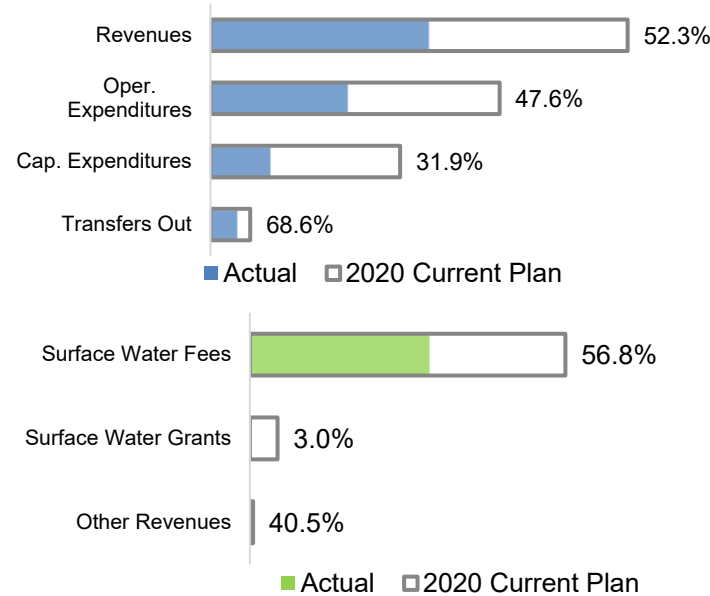
Real Estate Excise Tax (REET) revenue receipts, in the amount of \$2,448,938, are 41.7% more than the budget projection but 3.7% more than 2019. The number of transactions through the third quarter of 2020 were down 1.6% compared to the same period in 2019 and down 3.0% compared to 2018.



2020 THIRD QUARTER FINANCIAL REPORT

SURFACE WATER UTILITY FUND

Surface Water Utility Fund	Resources	Expenditures
2020 Current Plan	\$10,218,374	\$10,042,912
Less Budgeted Use of Fund Balance	2,138,029	N/A
Less Other Sources & Transfers	0	770,063
2020 Operating & Capital Plan	\$8,080,345	\$9,272,849
2020 Actual	\$4,228,911	\$3,833,814
% of 2020 Operating & Capital Plan	52.3%	41.3%



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

SWM ongoing revenues include storm drainage fees and investment interest earnings. Surface Water Fee payments are due to King County in April and October. The County then must remit the City's portion resulting in most collections occurring in the second and fourth quarters.

Surface Water Utility operations expended 47.6% of the current plan for the Operating Budget, which is 9.0% more than 2019. Capital projects expended 31.9% of the current plan for the Capital Budget. Capital expenditures are impacted by the timing of construction schedules.

Transfers from the Surface Water Utility Fund to cover expenditures for the City Maintenance Facility in the General Capital Fund are reflected in this report.

More information on the scope and timing of capital projects, including updated estimates, can be found on pp. 380-415 of the City's 2019-2020 Adopted Biennial Budget and 2019-2024 Capital Improvement Plan book.



2020 THIRD QUARTER FINANCIAL REPORT

INVESTMENT REPORT: SEPTEMBER 30, 2020

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 (LGIP), which had been the City's primary mode of investment prior to adopting our Investment Policy. As of September 30, 2020, the City's investment portfolio, excluding the State Investment Pool had a current weighted average rate of return of 1.5194%. This is higher than the 0.2059% rate of return of the State Investment Pool.

Total annual investment interest earnings through September 30, 2020 were \$428,755 which is 208% of \$206,034 (2020's total budgeted investment earnings). While the returns experienced in year to date exceed the budget expectations, significant decreases in the interest rates will impact returns through the end of the year. We have already experienced many calls on our higher rate investments and the LGIP rates have decreased accordingly as well. Additionally, we recognize that interest revenues for 2021-2022 will be significantly less than 2020. Given the low interest rate market, and recognizing that any investments made now would be held for up to two years, staff are monitoring the available investment market closely to determine the best time to return to begin reinvesting to return to a laddered portfolio in order to maximize returns.

As of September 30, 2020, the City's investment portfolio had a fair value of nearly \$65.6 million. Approximately 24.9% of the investment portfolio was held in U.S. government instrumentality securities, and 75.1% was held in the Washington State Investment Pool. The City's investment portfolio valued at cost as of September 30, 2020 was approximately \$65.5 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 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.



2020 THIRD QUARTER FINANCIAL REPORT

LGIP Cash and Investment Balances

Investment Instruments	CUSIP #	BROKER	Settlement Date	Maturity Date	Par Value	Investment Cost	Yield To Maturity	Unrecognized Gain/(Loss)	Market Value 09/30/20
US Treasury 2.25	912828C57	PiperJaffray	11/20/19	03/31/21	2,000,000	2,017,032	1.6140%	4,296	2,021,328
US Treasury 2.25	912828WG1	PiperJaffray	11/22/19	04/30/21	2,000,000	2,017,780	1.6220%	7,298	2,025,078
US Treasury 1.625	9128287A2	Multi-Bank Security	12/06/19	06/30/21	2,000,000	1,999,675	1.6350%	22,669	2,022,344
US Treasury 2.750	9128285A4	Financial Northeastern	02/20/20	09/15/21	2,000,000	2,040,000	1.4532%	10,234	2,050,234
FHLB 3.00	3130AF5B9	PiperJaffray	02/20/20	10/12/21	2,000,000	2,050,320	1.4455%	8,250	2,058,570
FFCB 3.05	3133EJ774	PiperJaffray	02/20/20	11/15/21	2,000,000	2,054,460	1.4551%	11,058	2,065,518
FFCB 1.76	3133EGL60	PiperJaffray	02/20/20	11/29/21	2,000,000	2,010,280	1.4651%	27,332	2,037,612
FHLB 2.625	313376C94	PiperJaffray	02/20/20	12/10/21	2,000,000	2,040,980	1.4702%	18,828	2,059,808
Sub Total - Investments					\$ 16,000,000	\$ 16,230,527		\$ 109,965	\$ 16,340,492
State Investment Pool						49,243,527	0.2059%		49,243,527
Sub Total - State Investment Pool						49,243,527			49,243,527
Total LGIP + Investments					\$ 65,474,054			\$ 109,965	\$ 65,584,019

Portfolio Diversification

Instrument Type	Percentage	Amount at	
		Cost	Market Value
FFCB	6.3%	\$ 4,064,740	\$ 4,103,130
FHLB	6.3%	4,091,300	4,118,378
FNMA	0.0%	0	0
US Treasury	12.4%	8,074,487	8,118,984
FICO STRIP PRIN SER D-P	0.0%	0	0
State Investment Pool	75.1%	49,243,527	49,243,527
Total LGIP + Investments	100%	\$ 65,474,054	\$ 65,584,019

Broker	Percentage	Amount at	
		Cost	Market Value
Financial Northw eastern	3.1%	\$ 2,040,000	\$ 2,050,234
1st Empire	0.0%	-	-
Time Value Investment	0.0%	-	-
PiperJaffray	18.6%	12,190,852	12,267,914
Multi-Bank Security	3.1%	1,999,675	2,022,344
State Investment Pool	75.2%	49,243,527	49,243,527
Total LGIP + Investments	100%	\$ 65,474,054	\$ 65,584,019

Investments by Fund

Fund	Investments at Cost as of 09/30/2020	LGIP State Investment Pool as of 09/30/2020	Total LGIP + Investments at Cost by Fund as of 09/30/2020	Unrecognized Gain/(Loss) as of 09/30/2020	Total Market Value of Investments by Fund as of 09/30/2020	2020 Budgeted Investment Earnings	2020 Actual Investment Earnings	Over/(Under) Budget
001 General	\$ 4,724,159	\$ 14,333,130	\$ 19,057,289	\$ 32,007	\$ 19,089,296	\$ 69,000	\$ 159,454	\$ 90,454
101 Street	39,907	121,080	160,987	270	161,257	2,500	1,039	(1,461)
107 Code Abatement	102,938	312,313	415,251	697	415,949	550	2,814	2,264
108 Asset Seizure	13,458.23	40,832.37	54,290.60	91.18	54,382	-	368	368
109 Public Arts	13,403	40,664	54,067	91	54,158	-	1,135	1,135
112 Fed Drug Enforcement	5,665	17,188	22,853	38	22,891	200	155	(45)
117 Transportation Impact Mitigation	1,227,126	3,723,109	4,950,235	8,314	4,958,549	-	31,356	31,356
118 Parks Impact Fees	268,222	813,789	1,082,011	1,817	1,083,828	-	5,551	5,551
190 Revenue Stabilization	1,354,616	4,109,913	5,464,529	9,178	5,473,707	-	-	-
230 Sidewalk LTGO Bond Admin	829,475	2,516,634	3,346,109	5,620	3,351,729	-	16,175	16,175
301 General Capital	1,747,736	5,302,641	7,050,377	11,841	7,062,218	2,167	50,643	48,476
312 City Fac-Mjr Maint	36,835	111,758	148,593	250	148,843	-	526	526
330 Roads Capital	551,919	1,674,527	2,226,447	3,739	2,230,186	46,269	22,139	(24,130)
331 Trans Bene Dist	472,318	1,433,016	1,905,334	3,200	1,908,534	-	7,047	7,047
332 Sidewalk Expansion Fund Admin	2,831,295	8,590,168	11,421,463	19,183	11,440,645	-	77,015	77,015
401Surface Water Utility Fund	1,091,162	3,310,593	4,401,755	7,393	4,409,148	77,348	31,563	(45,785)
405 Wastewater Fund	63,250	191,900	255,150	429	255,578	-	670	670
501 Vehicle Oper/Maint	23,900	72,511	96,411	162	96,573	-	842	842
503 Equip Dep Replace	831,762	2,523,571	3,355,332	5,635	3,360,968	8,000	20,034	12,034
505 Unemployment	1,381	4,189	5,570	9	5,580	-	230	230
Total Investments	\$ 16,230,527	\$ 49,243,527	\$ 65,474,054	\$ 109,965	\$ 65,584,019	\$ 206,034	\$ 428,755	\$ 222,721