



2019 SECOND QUARTER FINANCIAL REPORT

PERFORMANCE AT A GLANCE

The City of Shoreline adopted its first 2019-2020 Biennial Budget on November 19, 2018. This report reflects revenue collections and expenditures through June 30, 2019 as compared to the 2019 Plan as amended through June 30, 2019.

GENERAL FUND REVENUES	COMPARED TO 2019 CURRENT PLAN	COMPARED TO 2018 ACTUAL	REFERENCE
PROPERTY TAX REVENUE	◀NEUTRAL▶	▲ POSITIVE ▲	PAGE 6
SALES TAX REVENUE	▲ POSITIVE ▲	▲ POSITIVE ▲	PAGE 7
B&O TAX ON UTILITIES	▼ NEGATIVE ▼	▼ NEGATIVE ▼	PAGE 9
DEVELOPMENT REVENUE	▲ POSITIVE ▲	▲ POSITIVE ▲	PAGE 11
PARKS AND RECREATION REVENUE	▲ POSITIVE ▲	▲ POSITIVE ▲	PAGE 12
INTEREST INCOME	▲ POSITIVE ▲	▲ POSITIVE ▲	PAGE 13, 19, 20
NON-GENERAL FUND REVENUES			
GAS TAX	▲ POSITIVE ▲	▼ NEGATIVE ▼	PAGE 14
REAL ESTATE EXCISE TAX	▲ POSITIVE ▲	▼ NEGATIVE ▼	PAGE 17
SURFACE WATER FEES	● WARNING ●	▲ POSITIVE ▲	PAGE 18

Key to revenue trend indicators:

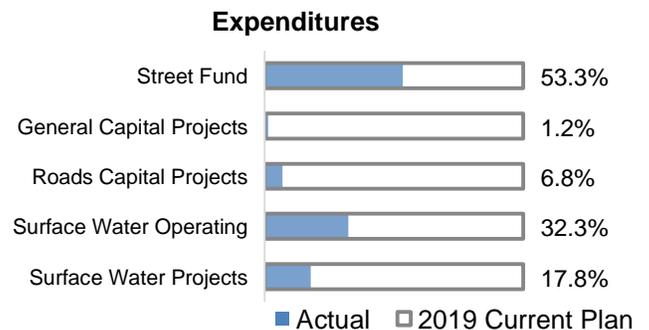
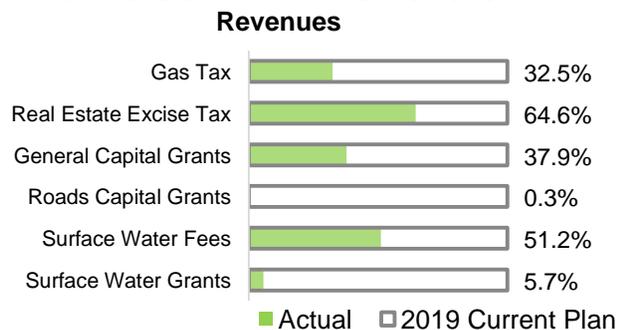
▲ POSITIVE ▲ = Variance/Change of > +2%

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

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

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

OTHER FUNDS COMPARED TO 2019 CURRENT PLAN:



Highlights:

- General Fund receipts reflect a year-over-year increase of 1.6%. The revised accrual procedure described last quarter to comply with state BARS guidance on revenue recognition periods resulted in 13 months of revenue being recognized in 2018 for Sales Tax, Local Criminal Justice Tax, and many Intergovernmental Revenues, which means there is one less month reported for 2019 as compared to that reported for the same period in 2018. Departmental expenditures reflect a 5.4% increase. See pages 6-13 for details.
- Property tax receipts are at 52.7% of the allowable levy. See page 6 for details.
- Sales tax receipts reflecting activity from March through June 2019 are more than the budget's year-to-date projection by 14.0% and 2018 collections by 10.9%. Much of the increase is driven by activity in the Construction sector, which is 42.9% more than 2018 collections. See page 7 for details.



2019 SECOND QUARTER FINANCIAL REPORT

PERFORMANCE AT A GLANCE

Highlights (Continued):

- Business & Occupation (B&O) Tax receipts from business operations presented in this report represent first quarter collections from businesses placed on quarterly filing status as well as those that voluntarily filed first quarter tax returns. B&O Tax receipts from gambling operations are 4.2% less than 2018 collections. B&O Tax on Utilities in the amount of \$1,372,499, are less than the year-to-date budget projection and 2018 by 17.0% and 9.6%, respectively. Receipts from Natural Gas, Cable TV and Telecommunications are significantly lower than 2018 collections. See pages 9-10 for details.
- Permit and Plan Check Fees receipts are more than 2018 and the budget projection by 59.9% and 45.4%, respectively. Total permits processed are 127, or 9.1%, more. See page 11 for details.
- Street Fund receipts, excluding transfers in, are 33.6% less than 2018 as a result of the revised accrual procedure. The data presented here reflects the distributions for the month of March through June 2019 (for January through April activity) totaling \$412,352, which is less than 2018 by 4.7% but more than the year-to-date budget projection by 1.9%. Operating expenditures, excluding transfers out, are 37.3% more than 2018. Expenditures, including transfers out, are 18.3% less than 2018. See page 14 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>. See pages 15-16 for a status of the General Capital and Roads Capital funds.
- Real Estate Excise Tax (REET) revenue receipts are 38.0% more than the year-to-date budget projection but 15.1% less than 2018. The number of transactions through the second quarter are down 5.7% as compared to 2018. Of these transactions, 33 had a value that is greater than \$1 million and accounted for 22.6% of the valuation/taxes. That is, 7.2% of transactions through the second quarter accounted for 22.6% of the valuation/taxes. See page 17 for details.
- 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. Receipts through the second quarter are less than the year-to-date budget projection by \$49,843, or 1.4%. A budget amendment presented during the mid-bi review will update the Surface Water Fee revenue projections for the biennium according to the financial analysis incorporated in the final Surface Water Master Plan. Surface Water Utility operations expended 32.3% of the current plan for the Operating Budget, which is 23.2% more than 2018. Capital projects expended 17.8% of the current plan for the Capital Budget. Capital expenditures are impacted by the timing of construction schedules. See page 18 for details.



2019 SECOND QUARTER FINANCIAL REPORT

ALL FUNDS BUDGET AND YEAR-OVER-YEAR COMPARISON OVERVIEW

The following table presents the 2019 Plan as amended through June 30 by Ordinance No. 861 ([link](#)).

REVENUES & OTHER SOURCES

FUND TYPE Fund Title	2019 Current Plan Revenues	2019 Second Quarter Actual	2019 % of Current Plan	2018 Current Plan Revenues	2018 Second Quarter Actual	2018 % of Current Plan	2019 v. 2018 \$ Change	2019 v. 2018 % Change
OPERATING FUNDS	\$46,432,847	\$19,303,556	41.6%	\$44,417,080	\$19,196,569	43.2%	\$106,987	0.6%
General Fund	\$45,073,423	\$18,866,688	41.9%	\$43,004,250	\$18,563,261	43.2%	\$303,427	1.6%
Street Fund	1,292,587	415,171	32.1%	1,296,037	625,717	48.3%	(210,547)	-33.6%
Code Abatement Fund	30,000	18,989	63.3%	80,550	2,406	3.0%	16,583	689.3%
State Drug Enforcement Fund	18,243	483	2.6%	18,243	2,638	14.5%	(2,155)	-81.7%
Public Arts Fund	5,594	2,007	35.9%	5,000	2,109	42.2%	(103)	-4.9%
Federal Drug Enforcement Fund	13,000	219	1.7%	13,000	438	3.4%	(219)	-50.0%
DEBT SERVICE FUNDS	\$2,015,100	\$1,070,002	53.1%	\$2,000,742	\$1,065,357	53.2%	\$4,645	0.4%
CAPITAL FUNDS	\$12,812,971	\$3,517,818	27.5%	\$14,979,602	\$2,905,523	19.4%	\$612,295	21.1%
General Capital Fund	2,066,863	833,134	40.3%	1,594,755	969,878	60.8%	(136,745)	-14.1%
City Facility-Major Maint. Fund	0	48	0.0%	883	682	77.3%	(634)	-93.0%
Roads Capital Fund	10,621,108	1,586,750	14.9%	13,133,964	1,333,172	10.2%	253,578	19.0%
Transportation Impact Fee	0	659,035	0.0%	200,000	591,350	295.7%	67,685	11.4%
Park Impact Fee	125,000	438,850	351.1%	50,000	10,440	20.9%	428,410	4103.5%
ENTERPRISE FUNDS	\$9,888,929	\$4,649,859	47.0%	\$8,222,101	\$3,074,357	37.4%	\$1,575,501	51.2%
Surface Water Utility Fund*	7,596,171	3,501,407	46.1%	5,924,200	3,072,330	51.9%	429,077	14.0%
Wastewater Utility Fund	2,292,758	1,148,452	50.1%	2,297,901	2,027	0.1%	1,146,425	56548.2%
INTERNAL SERVICE FUNDS	\$1,017,812	\$845,579	83.1%	\$1,009,413	\$869,147	86.1%	(\$23,568)	-2.7%
TOTAL OPERATING REVENUE	\$72,167,659	\$29,386,814	40.7%	\$70,628,938	\$27,110,953	38.4%	\$2,275,861	8.4%
OTHER SOURCES								
Proceeds from Capital Assets	\$2,454,500	\$0	0.0%	\$2,105,700	\$0	0.0%	\$0	0.0%
Transfers In	8,540,067	2,704,557	31.7%	7,503,327	3,680,441	49.1%	(975,884)	-26.5%
Other Financing Sources	25,615,047	7,933	0.0%	4,700,000	0	0.0%	7,933	0.0%
Budgeted Use of Fund Balance	11,419,509	0	0.0%	12,964,930	0	0.0%	0	0.0%
TOTAL RESOURCES	\$120,196,782	\$32,099,304	26.7%	\$97,902,895	\$30,791,394	31.5%	\$1,307,909	4.2%

EXPENDITURES & TRANSFERS OUT

FUND TYPE Fund Title	2019 Current Plan Expenditures	2019 Second Quarter Actual	2019 % of Current Plan	2018 Current Plan Expenditures	2018 Second Quarter Actual	2018 % of Current Plan	2019 v. 2018 \$ Change	2019 v. 2018 % Change
OPERATING FUNDS	\$48,444,224	\$18,701,424	38.6%	\$47,059,689	\$17,578,014	37.4%	\$1,123,410	6.4%
General Fund	\$46,507,374	\$17,792,636	38.3%	\$45,210,942	\$16,882,181	37.3%	\$910,455	5.4%
Street Fund	1,612,353	860,166	53.3%	1,447,258	626,322	43.3%	233,843	37.3%
Code Abatement Fund	100,000	0	0.0%	130,000	0	0.0%	0	0.0%
Public Arts Fund	183,022	29,885	16.3%	195,246	20,882	10.7%	9,003	43.1%
State Drug Enforcement Fund	28,475	18,737	65.8%	18,243	2,155	11.8%	16,582	769.3%
Federal Drug Enforcement Fund	13,000	0	0.0%	58,000	46,473	80.1%	(46,473)	-100.0%
DEBT SERVICE FUNDS	\$4,561,915	\$627,337	13.8%	\$3,619,977	\$652,483	18.0%	(\$25,146)	-3.9%
CAPITAL FUNDS	\$42,496,416	\$1,363,956	3.2%	\$24,450,418	\$4,333,963	17.7%	(\$2,970,007)	-68.5%
General Capital Fund*	27,660,494	344,068	1.2%	6,343,370	2,624,858	41.4%	(2,280,790)	-86.9%
City Facility-Major Maint. Fund*	166,904	23,968	14.4%	153,213	30,042	19.6%	(6,075)	-20.2%
Roads Capital Fund*	14,669,018	995,920	6.8%	17,953,835	1,679,063	9.4%	(683,142)	-40.7%
ENTERPRISE FUNDS	\$11,174,278	\$3,424,285	30.6%	\$9,185,326	\$2,924,317	31.8%	\$499,968	17.1%
Surface Water Utility Fund*	9,039,693	2,402,403	26.6%	6,887,425	1,977,093	28.7%	425,310	21.5%
Wastewater Utility Fund	2,134,585	1,021,882	47.9%	2,297,901	947,224	41.2%	74,657	7.9%
INTERNAL SERVICE FUNDS	\$1,202,601	\$710,502	59.1%	\$878,130	\$396,290	45.1%	\$314,212	79.3%
TOTAL EXPENDITURES	\$107,879,434	\$24,827,504	23.0%	\$85,193,540	\$25,885,068	30.4%	(\$1,057,563)	-4.1%
TRANSFERS OUT	\$8,540,067	\$2,704,557	31.7%	\$7,505,657	\$3,680,441	49.0%	(\$975,884)	-26.5%
TOTAL EXPENDITURES & TRANSFERS	\$116,419,501	\$27,532,061	23.6%	\$92,699,197	\$29,565,509	31.9%	(\$2,033,448)	-6.9%



2019 SECOND QUARTER FINANCIAL REPORT

GENERAL FUND BUDGET AND YEAR-OVER-YEAR COMPARISON OVERVIEW RESOURCES (UNADJUSTED FOR REVISED ACCRUAL PROCEDURE)

General Fund Resource	2019 Current Plan	2019 Second Quarter Actual Revenue	% of 2019 Current Budget	2018 Current Plan	2018 Second Quarter Actual Revenue	% of 2018 Current Budget	Operating 2019 v. 2018 \$ Change	Operating 2019 v. 2018 % Change
Property Tax	\$13,301,684	\$7,093,848	53.3%	\$12,759,858	\$6,708,188	52.6%	\$385,660	5.7%
Sales Tax*	9,027,566	3,128,891	34.7%	8,428,191	3,686,332	43.7%	(557,441)	-15.1%
Local Criminal Justice*	1,641,392	526,151	32.1%	1,570,543	783,029	49.9%	(256,878)	-32.8%
Business & Occupation Taxes	6,448,798	1,915,786	29.7%	5,652,319	1,899,119	33.6%	16,667	0.9%
Franchise Fees & Contract Payments	5,179,900	1,933,759	37.3%	4,886,800	1,911,854	39.1%	21,905	1.1%
Development Revenue	2,713,138	2,145,650	79.1%	3,009,528	1,362,669	45.3%	782,981	57.5%
Park and Recreation Revenue	1,923,665	883,564	45.9%	1,770,687	823,455	46.5%	60,109	7.3%
Intergovernmental Revenue*	2,530,848	645,914	25.5%	2,459,756	769,541	31.3%	(123,626)	-16.1%
Grant Revenue	907,416	22,890	2.5%	1,166,308	56,133	4.8%	(33,243)	-59.2%
Fines and Licenses	603,125	32,680	5.4%	601,275	108,953	18.1%	(76,273)	-70.0%
Miscellaneous Revenue	725,291	298,971	41.2%	628,385	299,788	47.7%	(817)	-0.3%
Interest Income	70,600	238,584	337.9%	70,600	154,200	218.4%	84,383	54.7%
Total Revenues	\$45,073,423	\$18,866,688	41.9%	\$43,004,250	\$18,563,261	43.2%	\$303,427	1.6%
Proceeds from Capital Assets	0	0	0.0%	0	0	0.0%	0	0.0%
Operating Transfers In	1,795,873	533,311	29.7%	1,833,395	1,294,400	70.6%	(761,089)	-58.8%
Other Financing Sources	0	0	0.0%	0	0	0.0%	0	0.0%
Budgeted Use of Fund Balance	6,139,135	0	0.0%	6,173,934	0	0.0%	0	0.0%
Total Resources	\$53,008,431	\$19,399,999	36.6%	\$51,011,579	\$19,857,660	38.9%	(\$457,662)	-2.3%

* Resources are unadjusted for the previously discussed revised accrual procedure, thus there is one fewer month reported for 2019 as compared those for 2018.

EXPENDITURES & TRANSFERS

Department	2019 Current Plan	2019 Second Quarter Actual Expenditures	% of 2019 Current Budget	2018 Current Plan	2018 Second Quarter Actual Expenditures	% of 2018 Current Budget	Operating 2019 v. 2018 \$ Change	Operating 2019 v. 2018 % Change
City Council	\$247,100	\$121,555	49.2%	\$248,652	\$122,925	49.4%	(\$1,370)	-1.1%
City Manager's Office ¹	4,496,189	1,859,913	41.4%	4,050,035	1,415,924	35.0%	443,989	31.4%
City Attorney	807,994	421,921	52.2%	861,437	351,291	40.8%	70,630	20.1%
Community Services ²	1,272,513	651,490	51.2%	1,763,734	799,288	45.3%	(147,798)	-18.5%
Administrative Services ³	5,906,220	2,509,393	42.5%	6,275,393	2,280,526	36.3%	228,867	10.0%
Citywide	2,463,161	614,554	24.9%	2,041,864	718,755	35.2%	(104,201)	-14.5%
Human Resources	485,905	218,691	45.0%	499,237	220,021	44.1%	(1,330)	-0.6%
Police	12,771,501	4,667,842	36.5%	12,346,618	4,576,817	37.1%	91,025	2.0%
Criminal Justice	3,133,059	573,461	18.3%	3,133,059	798,335	25.5%	(224,874)	-28.2%
Parks	8,015,371	2,972,491	37.1%	7,085,250	2,721,719	38.4%	250,772	9.2%
Planning & Community Development	3,407,935	1,593,822	46.8%	3,614,283	1,481,218	41.0%	112,604	7.6%
Public Works	3,500,426	1,587,503	45.4%	3,291,380	1,395,362	42.4%	192,142	13.8%
Departmental Expenditures	\$46,507,374	\$17,792,636	38.3%	\$45,210,942	\$16,882,181	37.3%	\$910,455	5.4%
Operating Transfers Out	4,598,829	1,228,184	26.7%	4,202,736	1,199,460	28.5%	28,725	2.4%
Total Expenditures	\$51,106,203	\$19,020,820	37.2%	\$49,413,678	\$18,081,641	36.6%	\$939,179	5.2%

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.

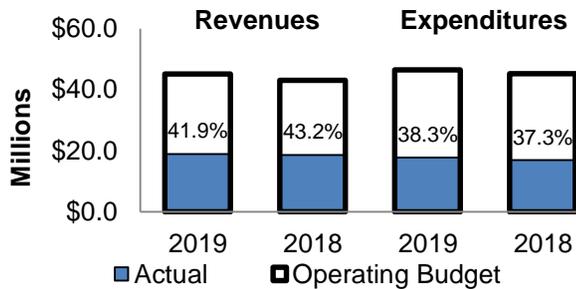
2. Community Services includes Neighborhoods, Emergency Management Planning, Diversity & Inclusion and Human Services.

3. Administrative Services includes Finance, Budget & Tax, Information Technology, and Fleet & Facilities.



2019 SECOND QUARTER FINANCIAL REPORT

GENERAL FUND FINANCIAL OVERVIEW



General Fund	Resources	Expenditures
2019 Operating Plan	\$45,073,423	\$46,507,374
Actual Operating Receipts/Expenditures	\$18,866,688	\$17,792,636
% of 2019 Receipts/Expenditures	41.9%	38.3%
2018 Operating Plan	\$43,004,250	\$45,210,942
Actual Operating Receipts/Expenditures	\$18,563,261	\$16,882,181
% of 2018 Receipts/Expenditures	43.2%	37.3%
Operating 2019 v. 2018 \$ Change	\$303,427	\$910,455
Operating 2019 v. 2018 % Change	1.6%	5.4%

The 2019 Current Plan reflects the planned use of fund balance for one-time investments and transfers in from other funds as provided in the City's financial policies. Operating Receipts/Expenditures reflect revenues or expenditures to provide services accounted for within that fund.

Revenues:

General Fund revenue received reflects a year-over-year increase of 1.6%. The following pages present a detailed analysis of various General Fund revenue sources. The following are highlights comparing 2019 to 2018 for the General Fund:

- Property tax receipts are at 52.7% of the allowable levy.
- Sales tax receipts reflecting activity from March through June 2019 are more than the budget's year-to-date projection by 14.0% and 2018 collections by 10.9%. Much of the increase is driven by activity in the Construction sector, which is 42.9% more than 2018 collections.
- Intergovernmental Revenue receipts are 16.1% less than 2018 primarily as a result of the aforementioned revised accrual procedure. Comparing disbursements for March through June, receipts in 2019 total \$429,468 and are 5.3% less than 2018.
- Business & Occupation (B&O) Tax receipts from business operations presented here represent collections from businesses placed on quarterly filing status as well as those that voluntarily filed first quarter tax returns. B&O Tax receipts from gambling operations are 4.2% less than 2018 collections. B&O Tax on Utilities may be paid monthly or quarterly at the discretion of the taxpayer. Receipts in the amount of \$1,372,499, are less than the year-to-date budget projection and 2018 by 17.0% and 9.6%, respectively. Receipts from Natural Gas, Cable TV and Telecommunications are significantly lower than 2018 collections.
- Franchise Fees, in the amount of \$892,324, are more than the year-to-date budget projection and year-ago level by 5.8% and 8.7%, respectively.
- Permit and Plan Check Fees receipts are more than 2018 and the budget projection by 59.9% and 45.4%, respectively. Total permits processed are 127, or 9.1%, more.

Expenditures and Transfers Out:

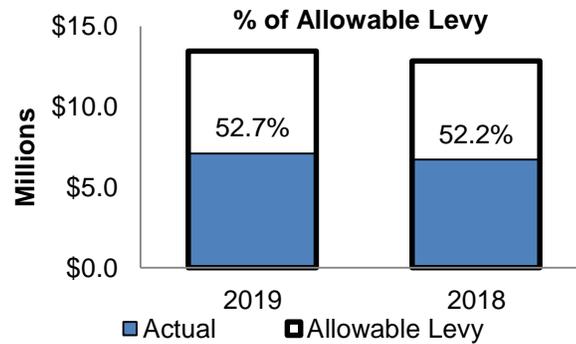
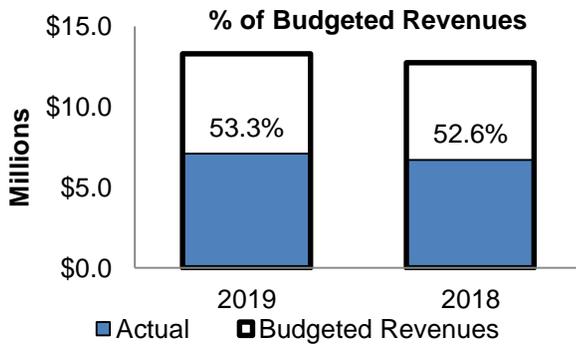
Departments spent \$17.793 million, or 38.3%, of the Operating Budget. This level of expenditures is 5.4% more than the year-ago level. Total expenditures, including transfers out, representing expenditure of 37.2% of the Current Budget, are 5.2% more than the year-ago level. General Fund contributions to capital projects are reflected in the table to the right.

General Fund Contributions to Projects	Project Budget	Amount Spent YTD	Budgeted General Fund Support	Amount Transferred
General Capital Projects				
City Maintenance Facility	\$998,114	\$96,890	\$635,605	\$0
Parks Repair & Replacement	\$250,528	\$33,060	\$50,000	\$25,000
Echo Lake Park Improvements	\$195,793	\$0	\$162,329	\$0
Playground Replacement	\$500,000	\$0	\$100,000	\$0
Soccer Field Rental Contribution	N/A	N/A	\$130,000	\$0
Roads Capital Projects				
Sidewalk Rehabilitation Program	\$775,017	\$0	\$152,517	\$76,259
Trail Along the Rail	\$329,117	\$1,473	\$203,144	\$1,473
147 th /148 th Non-Motorized Bridge	\$495,983	\$15,869	\$345,983	\$6,826
185 th Corridor Study	\$375,691	\$161,086	\$375,691	\$27,840
160 th and Greenwood/Innis Arden	\$101,548	\$34,118	\$101,548	\$4,384
Transfer of Gambling Tax	N/A	N/A	\$97,651	\$0



2019 SECOND QUARTER FINANCIAL REPORT

PROPERTY TAX



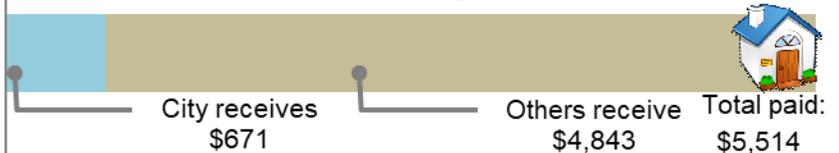
2019 Current Plan		\$13,301,684
2019 Second Quarter Actual Revenue	\$7,093,848	
% of 2019 Plan Received		53.3%
2018 Current Plan		\$12,759,858
2018 Second Quarter Actual Revenue	\$6,708,188	
% of 2018 Plan Received		52.6%
2019 v. 2018 \$ Change		\$385,660
2019 v. 2018 % Change		5.7%

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 2019 and 2018 as a percentage of the budgeted projection are at 53.3% and 52.6%, respectively. In terms of the allowable levy, which in many cases is different than the budgeted projection, receipts for 2019 and 2018 are 52.7% and 52.2%, respectively.

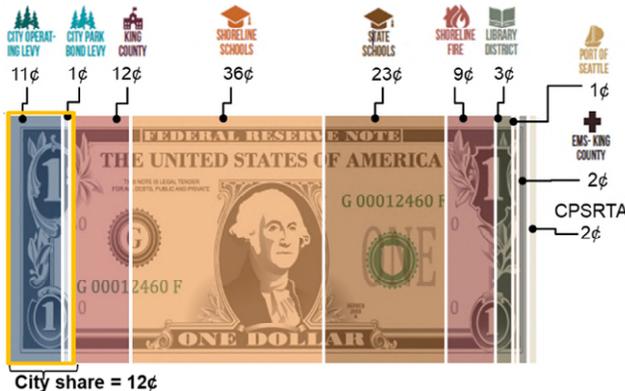
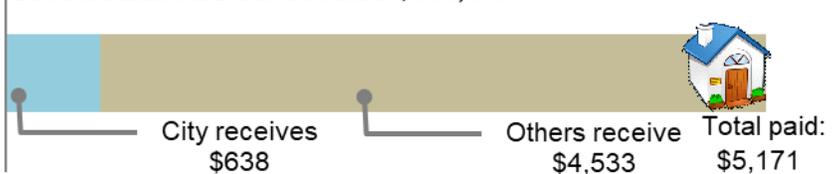
Impact on a median homeowner:

In 2019, the City of Shoreline property tax regular levy and excess voted levy rates decreased from \$1.27 to \$1.24 and \$0.17 to \$0.16, respectively. When all the taxing jurisdictions' levy rates are combined the total levy rate decreased from \$11.65 to \$11.49. The chart to the right exhibits the amount a homeowner of a residence with a median value (as determined by the King County Department of Assessments) paid to the City and all other taxing jurisdictions.

2019 Median Residence Value \$480,000



2018 Median Residence Value \$444,000



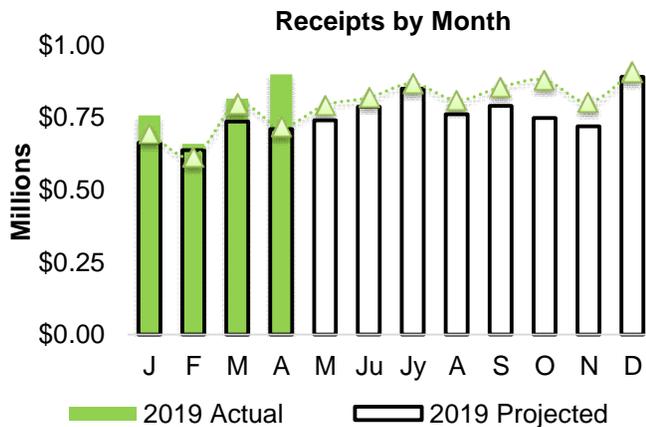
How \$1 is allocated:

The chart to the left illustrates the allocation of each dollar paid at the 2019 levy rates for all taxing jurisdictions within Shoreline. The City receives 11¢ for the City's regular levy and 1¢ for the excess voted levy. Following the example above, the year-over-year increase totals \$33, or 5.2%, for the City's portion and \$343, or 6.8%, for all other taxing jurisdictions.



2019 SECOND QUARTER FINANCIAL REPORT

SALES TAX



2019 Current Plan **\$9,027,566**

Sales tax revenue: March - June

Receipts by Month	2018	2019
January	\$694,368	\$756,521
February	613,044	658,548
March	796,123	814,564
April	717,917	899,258

Year to date	\$2,821,452	\$3,128,890
\$ Change		\$307,438
% Change		10.9%

When analyzing monthly sales tax receipts, there are three 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. Third, as a result of the revised accrual procedure, the distribution received in February was accrued to 2018. It is important to note that for 2019 and beyond there will be twelve months of revenue recorded but they will be for the distributions received in March through February of the next year, which reflects activity from January through December.

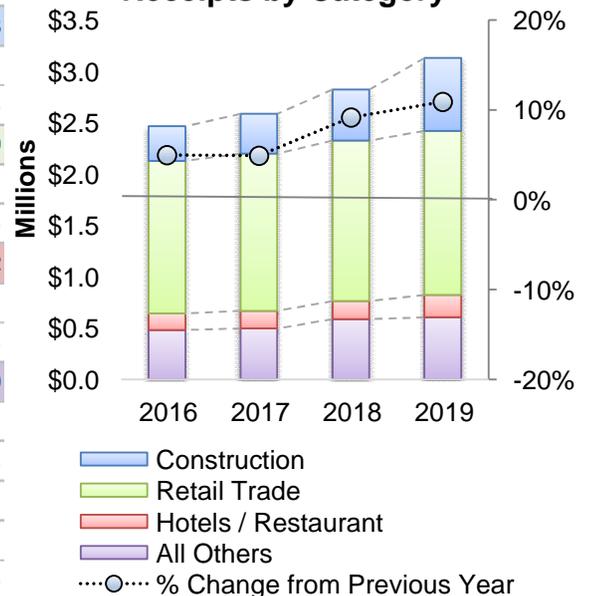
The regular Sales Tax rate is 10.0% with the City's portion accounting for 0.85% of the rate. At the November 6, 2018 General Election, Shoreline voters approved an additional 0.2% Sales Tax rate for the Shoreline Transportation Benefit District, revenue from which is reported in the Roads Capital Fund.

Sales Tax receipts are 15.1% less than 2018 as a result of the aforementioned revised accrual procedure. The data presented here reflect the distributions for March through June 2019, which reflect activity for January through April. Receipts are more than the budget's year-to-date projection and 2018 collections by 14.0% and 10.9%, respectively. Much of the increase is driven by activity in the Construction sector, which is 42.9% more than 2018 collections. The following table and chart illustrate the performance of the primary categories.

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

Sector	2015	2016	2017	2018	2019
Construction	\$309,220	\$336,662	\$387,867	\$496,392	\$709,568
\$ Change		\$27,442	\$51,205	\$108,525	\$213,175
% Change		8.9%	15.2%	28.0%	42.9%
Retail Trade	\$1,473,264	\$1,485,894	\$1,530,266	\$1,563,230	\$1,597,460
\$ Change		\$12,630	\$44,372	\$32,964	\$34,230
% Change		0.9%	3.0%	2.2%	2.2%
Hotels/Restaurant	\$149,573	\$161,146	\$171,825	\$175,903	\$218,282
\$ Change		\$11,573	\$10,679	\$4,078	\$42,379
% Change		7.7%	6.6%	2.4%	24.1%
All Others	\$415,997	\$480,661	\$495,248	\$585,927	\$603,580
\$ Change		\$64,664	\$14,587	\$90,679	\$17,653
% Change		15.5%	3.0%	18.3%	3.0%
Total Revenue	\$2,348,054	\$2,464,363	\$2,585,206	\$2,821,452	\$3,128,890
\$ Change		\$116,308	\$120,843	\$236,246	\$307,438
% Change		5.0%	4.9%	9.1%	10.9%

Receipts by Category

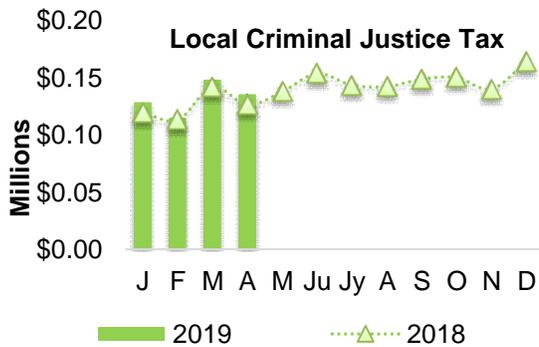




2019 SECOND QUARTER FINANCIAL REPORT

LOCAL CRIMINAL JUSTICE TAX

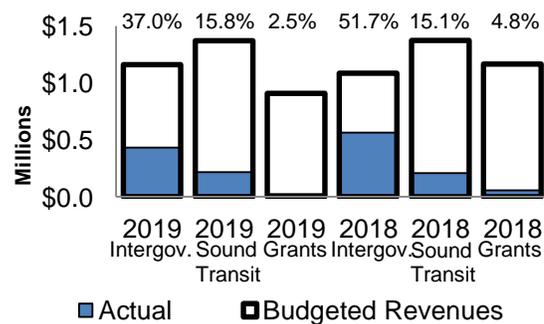
2019 Current Plan	\$1,641,392	
Distribution Period: March - June		
Activity in Period	2018	2019
January	\$119,465	\$128,432
February	112,646	114,644
March	141,621	147,947
April	125,965	135,128
Year to date	\$499,697	\$526,151
\$ Change		\$26,453
% Change		5.3%



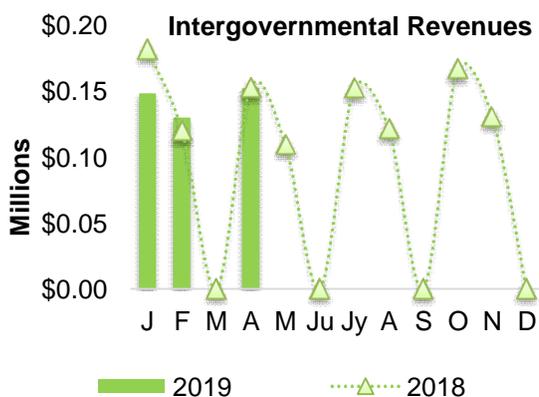
Local Criminal Justice Sales Tax receipts are 32.8% less than 2018 primarily as a result of the aforementioned revised accrual procedure, which accrued distributions for January and February 2019 to December 2018. The chart on the left reflects the distribution for the month of January through April 2019. It is important to note that for 2019 and beyond there will be twelve months of revenue recorded but they will be for the distributions received in March 2019 through February 2020, which reflects activity from January through December.

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 4.4%. Sales tax collected throughout King County was actually 6.8% more than 2018.

INTERGOVERNMENTAL AND GRANT REVENUE



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 16.1% less than the year-ago level primarily as a result of the aforementioned revised accrual procedure. It is important to note that for 2019 and beyond there will be twelve months of revenue recorded but they will be for the distributions received in March 2019 through February 2020. Receipts by month from sources other than Sound Transit reimbursements are reflected in the Intergovernmental Revenues chart. The Intergovernmental Revenues chart compares disbursements for March through June. Receipts in 2019 total \$429,468 and are 5.3% less than 2018.

The first bill to Sound Transit was paid in the fourth quarter of 2016, 71.0% of the 2018 year-end estimate was reimbursed, and the balance of the reimbursement is anticipated to be received in 2019 as work on the project continues.

Grant receipts are 59.2% less than 2018.



2019 SECOND QUARTER FINANCIAL REPORT

BUSINESS & OCCUPATION TAXES AND FRANCHISE FEE & CONTRACT PAYMENTS

Business & Occupation Taxes

2019 Current Plan	\$6,448,798
Business & Occupation Tax	\$178,443
Utility Tax	\$1,372,499
Gambling Tax	\$364,844
2019 Second Quarter Actual Revenue	\$1,915,786
% of 2019 Plan Received	29.7%
2018 Current Plan	\$5,652,319
Business & Occupation Tax	\$0
Utility Tax	\$1,518,435
Gambling Tax	\$380,684
2018 Second Quarter Actual Revenue	\$1,899,119
% of 2018 Plan Received	33.6%
2019 v. 2018 \$ Change	\$16,667
2019 v. 2018 % Change	0.9%

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. The City is now using a combined tax form for B&O Tax, Utility Tax and Gambling Tax and new forms for business license applications and renewals.

B&O Tax receipts from business operations presented here are for first quarter activity, which were due April 30, from businesses placed on quarterly filing status as well as those that voluntarily filed first quarter tax returns. We anticipate that quarterly filers, which represent approximately 1% of registered businesses, will provide 85% of the tax revenue collected. When compared with our estimates for these businesses, the filings are comparing favorably.

B&O Tax receipts from gambling operations are 4.2% less than 2018 collections.

B&O Tax receipts from utilities in the amount of \$1,372,499,

are less than the year-to-date budget projection and 2018 by 17.0% and 9.6%, respectively. Receipts are significantly lower than 2018 collections from Natural Gas, possibly attributable to warmer weather, and Cable TV and Telecommunications, possibly attributable to reduced consumer spending and competitive factors that provide consumers an increasing number of choices.

Franchise Fee & Contract Payments

2019 Current Plan	\$5,179,900
Franchise Fee	\$892,324
Contract Payment	\$1,041,435
2019 Second Quarter Actual Revenue	\$1,933,759
% of 2019 Plan Received	37.3%
2018 Current Plan	\$4,886,800
Franchise Fee	\$821,231
Contract Payment	\$1,090,623
2018 Second Quarter Actual Revenue	\$1,911,854
% of 2018 Plan Received	39.1%
2019 v. 2018 \$ Change	\$21,905
2019 v. 2018 % Change	1.1%

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>.

Franchise Fees, in the amount of \$892,324, are more than the year-to-date budget projection and year-ago level by 5.8% and 8.7%, respectively.

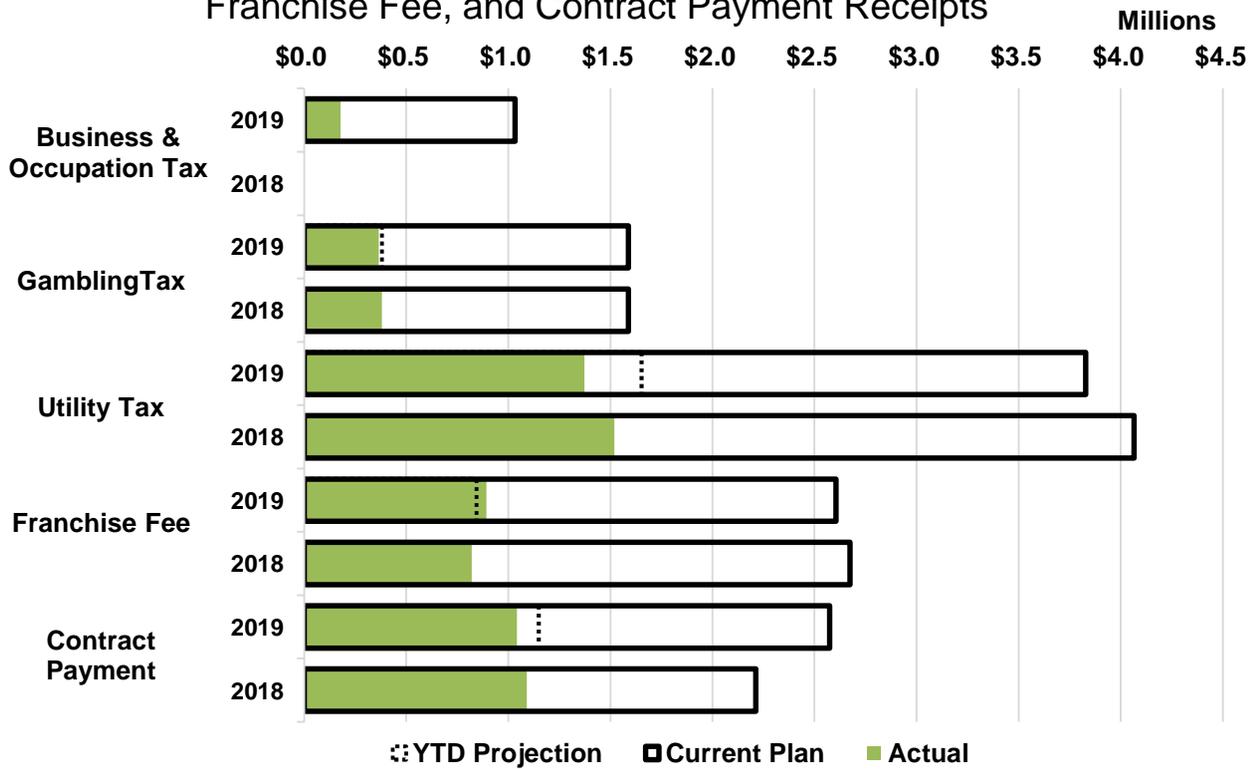


2019 SECOND QUARTER FINANCIAL REPORT

BUSINESS & OCCUPATION TAXES AND FRANCHISE FEE & CONTRACT PAYMENTS

The chart below compares actual receipts to the annual budget for each year and year-to-date budget projection for 2019.

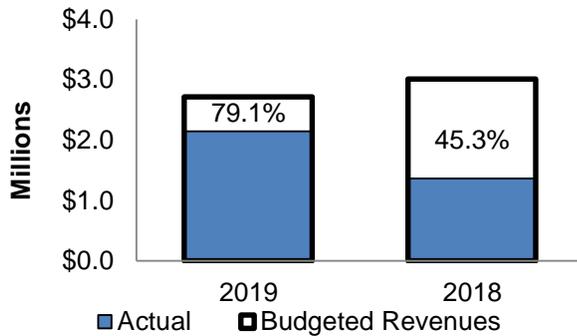
Business & Occupation Tax, Gambling Tax, Utility Tax,
Franchise Fee, and Contract Payment Receipts





2019 SECOND QUARTER FINANCIAL REPORT

DEVELOPMENT REVENUE

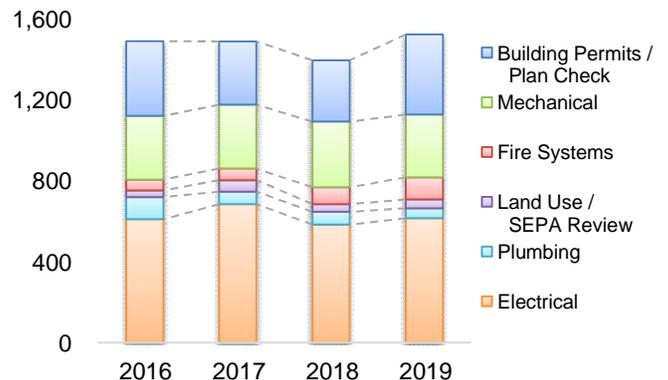


2019 Current Plan	\$2,713,138
2019 Second Quarter Actual Revenue	\$2,145,650
% of 2019 Plan Received	79.1%
2018 Current Plan	\$3,009,528
2018 Second Quarter Actual Revenue	\$1,362,669
% of 2018 Plan Received	45.3%
2019 v. 2018 \$ Change	\$782,981
2019 v. 2018 % Change	57.5%

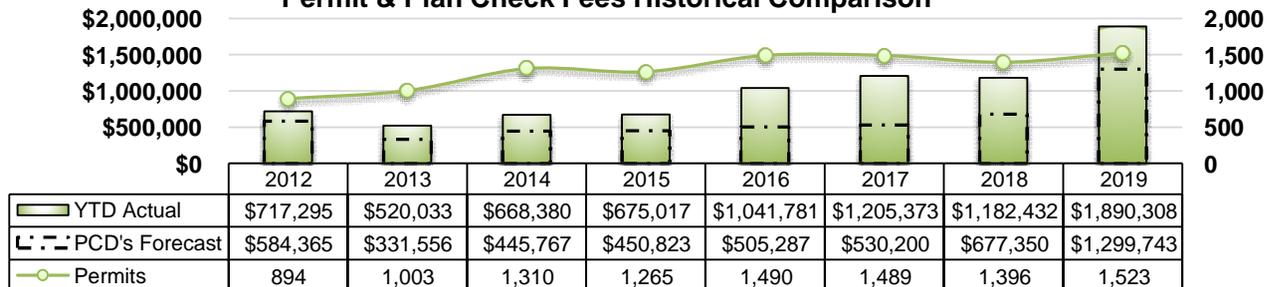
Development revenue receipts, including right-of-way permits, exhibit a year-over-year increase of 57.5%.

Permit & Plan Check Fees Historical Comparison

PERMIT TYPE	2016	2017	2018	2019	# Change	% Change
Building Permits / Plan Check	369	313	304	396	92	30.3%
Mechanical	315	316	325	310	(15)	-4.6%
Fire Systems	54	57	83	110	27	32.5%
Land Use / SEPA Review	33	57	38	43	5	13.2%
Plumbing	110	62	63	50	(13)	-20.6%
Electrical	609	684	583	614	31	5.3%
Total	1,490	1,489	1,396	1,523	127	9.1%

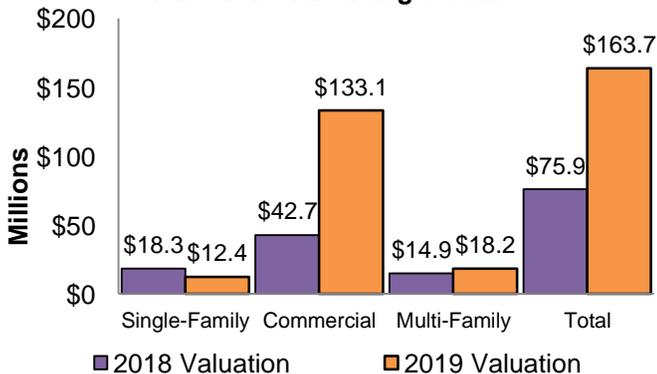


Permit & Plan Check Fees Historical Comparison



Permit and Plan Check Fees receipts are more than 2018 and the budget projection by 59.9% and 45.4%, respectively. Total permits processed are 127, or 9.1%, more.

Valuation of Building Permits

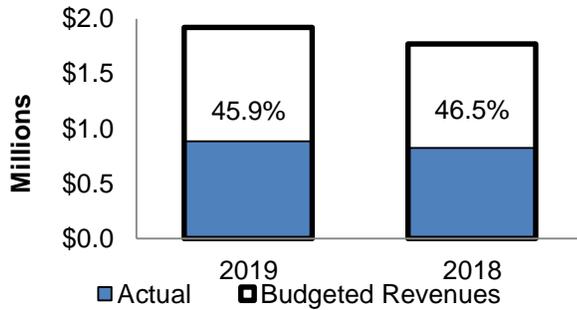


In 2019, the valuation of permits for new construction and remodels is comprised of 7.6% residential and 92.4% commercial / multi-family construction. In 2018 it was 24.1% residential and 75.9% commercial / multi-family construction. Compared to 2018, 23 fewer permits have been issued for new single-family residences, with a value that is \$5.9 million less and one more permit has been issued for commercial / multi-family construction (new and remodels), with a value that is \$93.7 million more. During this period, permits were issued for the Alexan five-story mixed-use project with 330 units on Westminster Way N (\$60 million), the Einstein Middle School project (\$62.5 million), the Kellogg Middle School project (\$62 million), and a 122-unit multi-family building located at 15th Ave NE and N 175th St. (\$15.6 million).



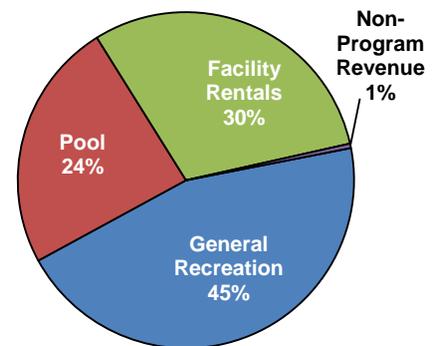
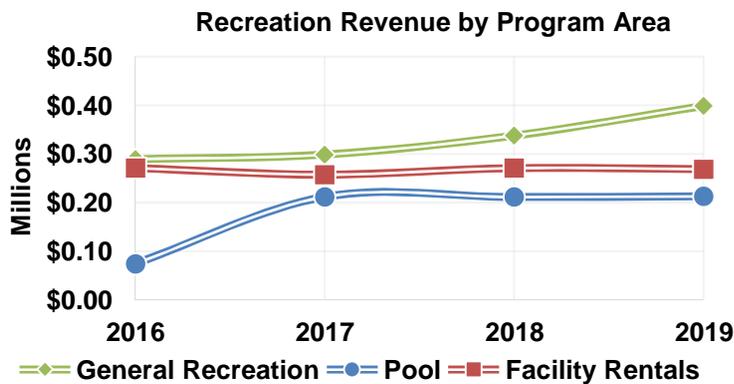
2019 SECOND QUARTER FINANCIAL REPORT

PARKS AND RECREATION REVENUE



2019 Current Plan	\$1,923,665
2019 Second Quarter Actual Revenue	\$883,564
% of 2019 Plan Received	45.9%
2018 Current Plan	\$1,770,687
2018 Second Quarter Actual Revenue	\$823,455
% of 2018 Plan Received	46.5%
2019 v. 2018 \$ Change	\$60,109
2019 v. 2018 % Change	7.3%

Parks and Recreation revenue receipts are 7.3% more than the year-ago level with receipts for general recreation programs more than the year-ago level by 18.0%. The 18.0% growth in receipts for general recreation programs is largely attributable to the increase in program offerings to lower the amount of youth on the waitlist. Staff is evaluating the sustainability of increasing the number of program offerings and plans to make appropriate adjustments to offer programs within current resources in 2020. Receipts for facility rentals are less than the 2018 level by 0.8% due to all the Facilities Rentals cancellations as a result of the extraordinary snow storm experienced in February 2019.



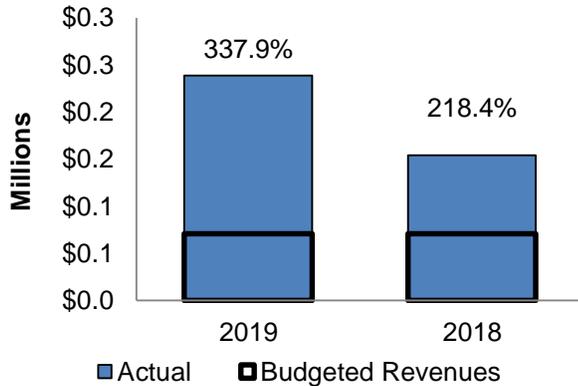
Revenue by Program Area:

Year	General Recreation	Gen Rec % of Total	Pool	Pool % of Total	Facility Rentals	Fac Rent % of Total	Total Program Revenue	Non-Program Revenue	Total Revenue
2016	\$289,210	45.6%	\$74,527	11.7%	\$270,906	42.7%	\$634,643	\$16,578	\$651,221
2017	\$298,524	38.9%	\$211,814	27.6%	\$257,397	33.5%	\$767,735	\$20,099	\$787,834
2018	\$337,651	41.2%	\$211,282	25.8%	\$270,850	33.0%	\$819,783	\$3,672	\$823,455
2019	\$398,471	45.3%	\$212,647	24.2%	\$268,706	30.5%	\$879,824	\$3,740	\$883,564



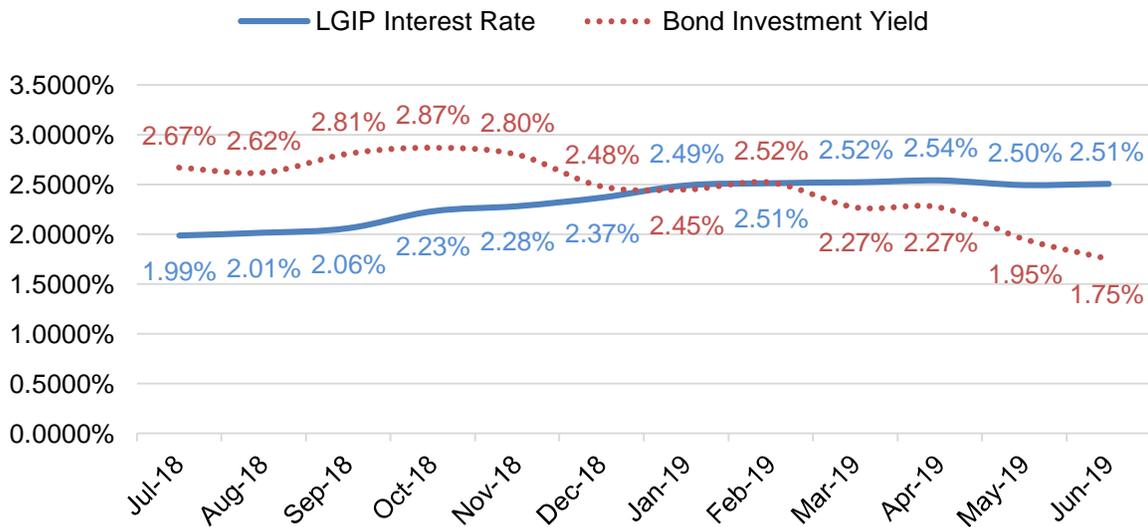
2019 SECOND QUARTER FINANCIAL REPORT

INTEREST INCOME



2019 Current Plan		\$70,600
2019 Second Quarter Actual Revenue	\$238,584	
% of 2019 Plan Received		337.9%
2018 Current Plan		\$70,600
2018 Second Quarter Actual Revenue	\$154,200	
% of 2018 Plan Received		218.4%
2019 v. 2018 \$ Change	\$84,383	
2019 v. 2018 % Change		54.7%

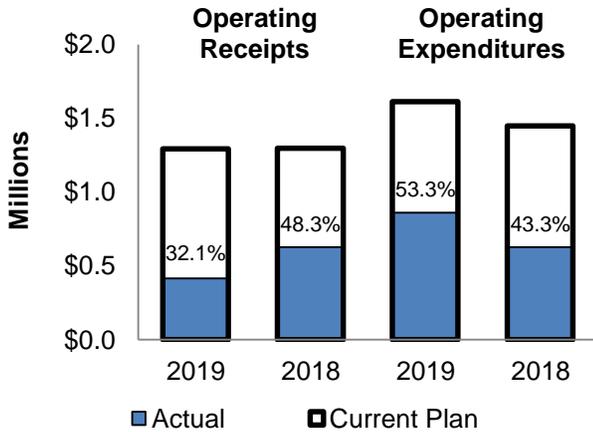
Interest income is more than that for 2018 by 54.7% as a result of rising interest rates. The City's investment policy adheres to strict standards as prescribed by federal law, state statutes, and local ordinances, and allows the City to develop an investment model to maximize its investment returns with the primary objectives of safety and liquidity.





2019 SECOND QUARTER FINANCIAL REPORT

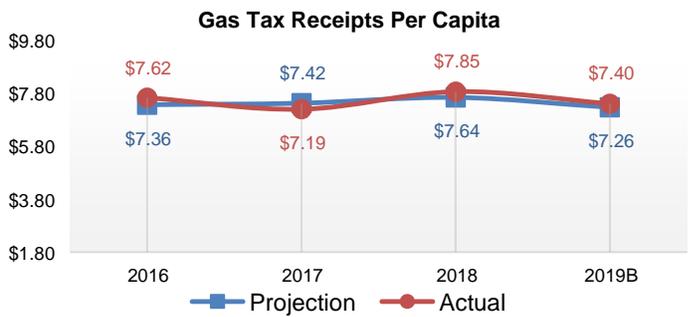
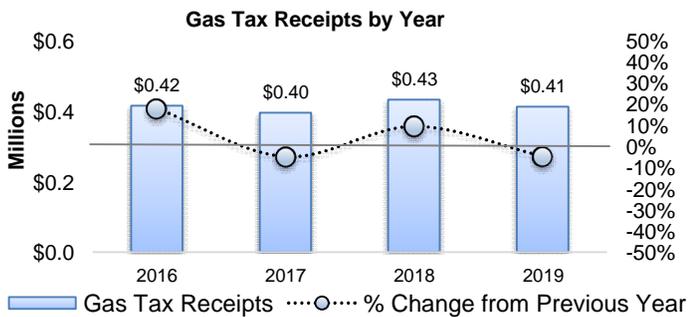
STREET FUND



Street Fund	Resources	Expenditures
2019 Current Plan	\$2,048,648	\$2,048,648
Less Budgeted Use of Fund Balance	148,975	N/A
Less Other Sources & Transfers	607,086	436,295
2019 Operating Plan	\$1,292,587	\$1,612,353
Actual Operating Receipts/Expenditures	\$415,171	\$860,166
% of 2019 Receipts/Expenditures	32.1%	53.3%
2018 Current Plan	\$2,376,815	\$2,376,815
Less Budgeted Use of Fund Balance	588,738	N/A
Less Other Sources & Transfers	492,040	929,557
2018 Operating Plan	\$1,296,037	\$1,447,258
Actual Operating Receipts/Expenditures	\$625,717	\$626,322
% of 2018 Receipts/Expenditures	48.3%	43.3%
Operating 2019 v. 2018 \$ Change	(\$210,547)	\$233,843
Operating 2019 v. 2018 % Change	-33.6%	37.3%

The table shows Street Fund receipts, excluding transfers in, are 33.6% less than 2018. 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, there are two items of special note. First, there is a two month lag from the time that Gas Tax is collected to the time it is distributed to the City. Second, as a result of the aforementioned revised accrual procedure, the distribution received in February was accrued to 2018. It is important to note that for 2019 and beyond there will be twelve months of revenue recorded but they will be for the distributions received in March through February of the next year, which reflects activity from January through December.

The data presented here reflects the distributions for March through June 2019 (for January through April activity) totaling \$412,352, which is less than 2018 by 4.7% but more than the year-to-date budget projection by 1.9%. In June, the Transportation Revenue Forecast Council released its June forecast with the key conclusion that overall transportation revenues for the State's current biennium (2017-2019) are down by 0.6% compared to the March forecast, primarily due to lower fuel tax collections, including a significant impact from the February snowstorms that affected the most populous portions of the state. Last year, actual gas taxes collected statewide were 1.7% more than initially projected, while this year actual gas tax collections are running approximately 10% less than projected. Distributions to Shoreline were 2.8% more than projected in 2018, while this year collections are running 1.9% more.



Operating expenditures, excluding transfers out, are 37.3% more than 2018. Most of the Unified Landscape Maintenance Service for the right-of-way is currently operational. Expenditures, including transfers out, are 18.3% less than 2018. This is largely attributable to a one-time transfer of \$630,645, which was planned for in the 2018 Final Budget, to transfer fund balance in excess of the Street Fund's minimum required balance back to the General Fund. The City Manager is setting these monies aside in reserve for future improvements to a maintenance facility. Factoring out the one-time transfer, expenditures would have been 48.7% more year-over-year. This increase is attributable to the purchase of a new backhoe shared by Street Operations and Surface Water Management as well as acquisition of vehicles and trailers for the Unified Landscape Maintenance Service.

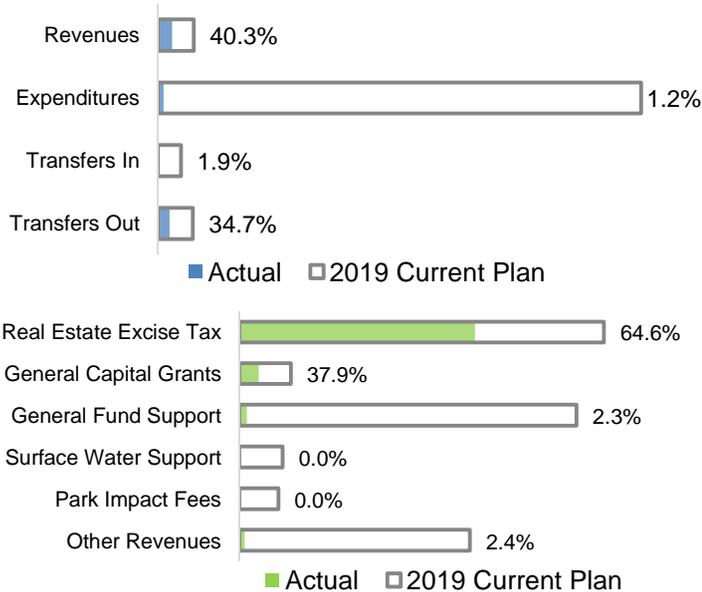


2019 SECOND QUARTER FINANCIAL REPORT

GENERAL CAPITAL FUND

General Capital Fund	Resources	Expenditures
2019 Current Plan	\$31,555,582	\$29,671,165
Less Budgeted Use of Fund Balance	863,702	N/A
Less Other Sources & Transfers	28,625,017	2,010,671
2019 Capital Plan	\$2,066,863	\$27,660,494
Actual Capital Receipts/Expenditures	\$833,134	\$344,068
% of 2019 Receipts/Expenditures	40.3%	1.2%

Second Quarter Actual receipts are largely comprised of Real Estate Excise Tax, which is discussed separately in this report. The 2019 plan includes one-time transfers from the General Fund, Park Impact Fee Fund, and Surface Water Utility Fund as well as the sale of the Police Station and 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.



Capital projects expended 1.2% 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 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.

General Fund Contributions to Projects	Project Budget	Amount Spent YTD	Budgeted General Fund Support	Amount Transferred
City Maintenance Facility	\$998,114	\$96,890	\$635,605	\$0
Parks Repair & Replacement	\$250,528	\$33,060	\$50,000	\$25,000
Echo Lake Park Improvements	\$195,793	\$0	\$162,329	\$0
Playground Replacement	\$500,000	\$0	\$100,000	\$0
Soccer Field Rental Contribution	N/A	N/A	\$130,000	\$0
Bond Proceeds for Projects	Project Budget	Amount Spent YTD	Budgeted Bond Proceeds	Amount Issued
Community-Aquatics Center	\$24,816,800	\$83,055	\$24,800,000	\$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	\$0	\$125,000	\$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	\$138,619	\$0



2019 SECOND QUARTER FINANCIAL REPORT

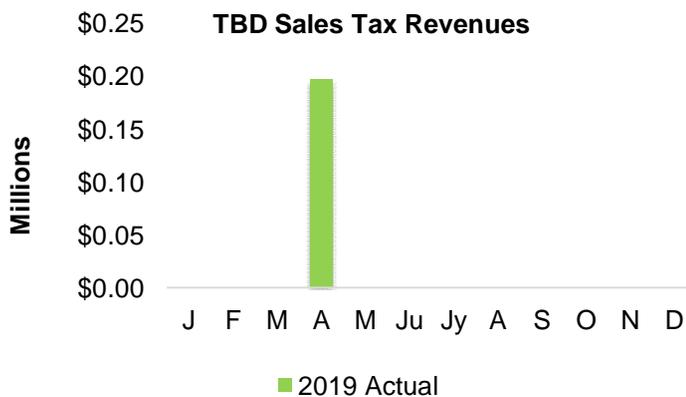
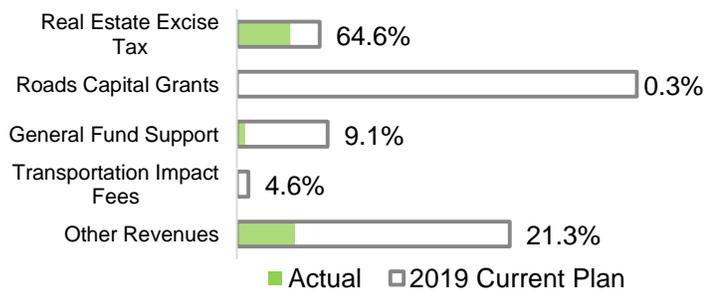
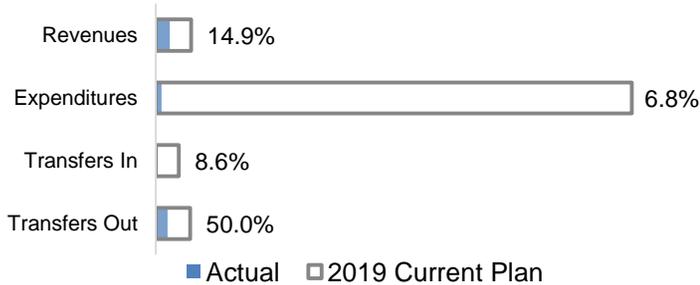
ROADS CAPITAL FUND

Roads Capital Fund	Resources	Expenditures
2019 Current Plan	\$14,865,405	\$14,861,348
Less Budgeted Use of Fund Balance	2,224,180	N/A
Less Other Sources & Transfers	2,020,117	192,330
2019 Capital Plan	\$10,621,108	\$14,669,018
Actual Capital Receipts/Expenditures	\$1,586,750	\$995,920
% of 2019 Receipts/Expenditures	14.9%	6.8%

Second Quarter Actual receipts are largely comprised of Real Estate Excise Tax, which is discussed separately in this report. The 2019 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 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 Roads Capital Fund and used to pay the debt service for the bonds issued to fund the New Sidewalks Program. 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 months of April through June reflect activity for the month of April.

Capital projects expended 6.8% 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.



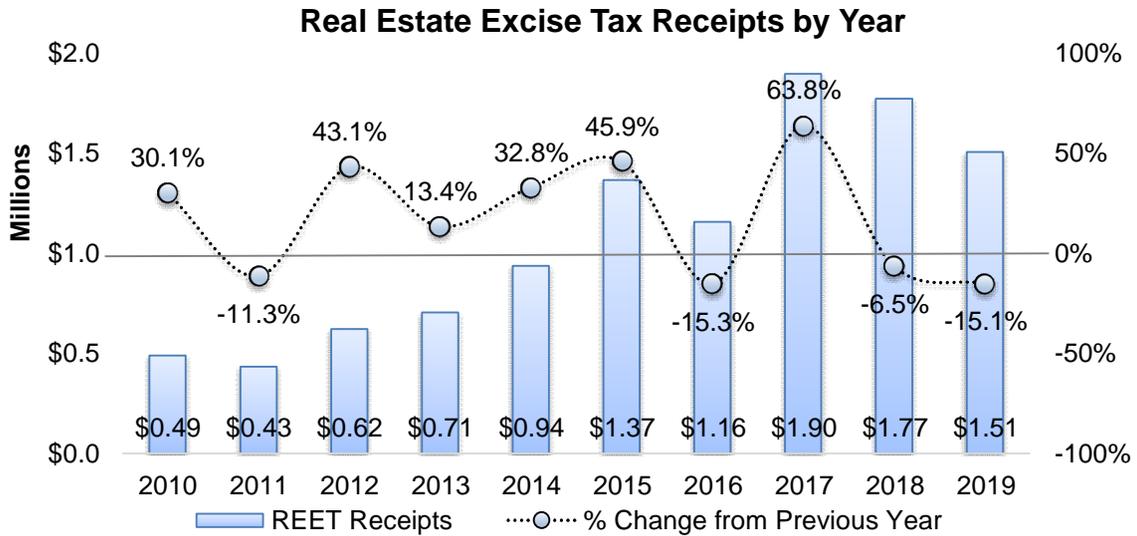
General Fund Contributions to Projects	Project Budget	Amount Spent YTD	Budgeted General Fund Support	GF Support Transferred
Sidewalk Rehabilitation Program	\$775,017	\$0	\$152,517	\$76,259
Trail Along the Rail	\$329,117	\$1,473	\$203,144	\$1,473
147 th /148 th Non-Motorized Bridge	\$495,983	\$15,869	\$345,983	\$6,826
185 th Corridor Study	\$375,691	\$161,086	\$375,691	\$27,840
160 th and Greenwood/Innis Arden	\$101,548	\$34,118	\$101,548	\$4,384
Transfer of Gambling Tax	N/A	N/A	\$97,651	\$0
Bond Proceeds for Projects	Project Budget	Amount Spent YTD	Budgeted Bond Proceeds	Amount Issued
New Sidewalks Program	\$581,583	\$0	\$581,583	\$0
Transportation Impact Fee (TIF) Contributions to Projects	Project Budget	Amount Spent YTD	Budgeted TIF Support	TIF Support Transferred
N 175th St - Stone Ave N to I5	\$1,239,193	\$45,727	\$162,000	\$7,391



2019 SECOND QUARTER FINANCIAL REPORT

REAL ESTATE REPORT

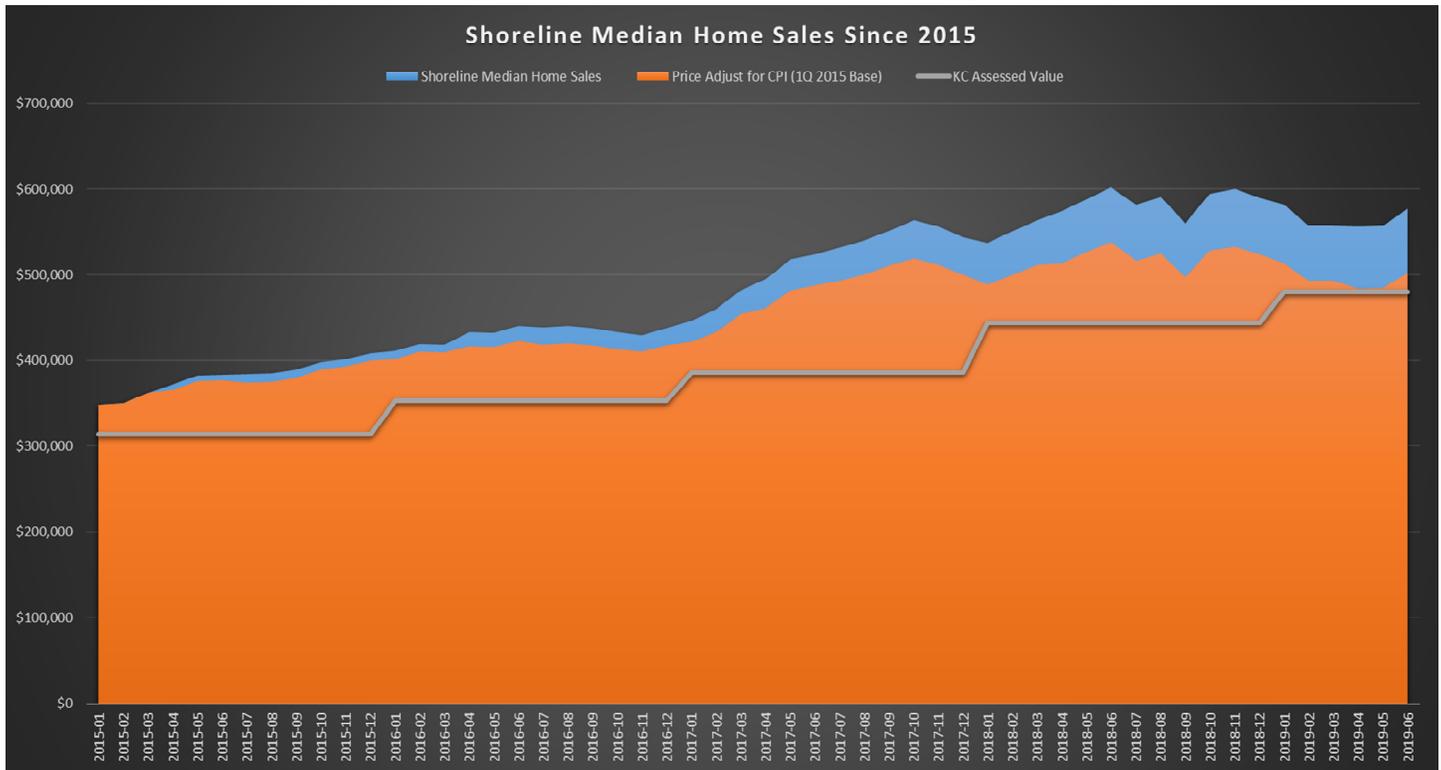
Real Estate Excise Tax



Real Estate Excise Tax (REET) revenue receipts, in the amount of \$1,505,523, are 38.0% more than the year-to-date budget projection but 15.1% less than 2018. The number of transactions through the second quarter are down 5.7% as compared to 2018. Of these transactions, 33 had a value that is greater than \$1 million and accounted for 22.6% of the valuation/taxes. That is, 7.2% of transactions through the second quarter accounted for 22.6% of the valuation/taxes.

Median Home Price and Housing Inventory County

The following chart presents data for home sales from Zillow Research. Its important to note this data's availability from Zillow lags behind REET information provided by King County.

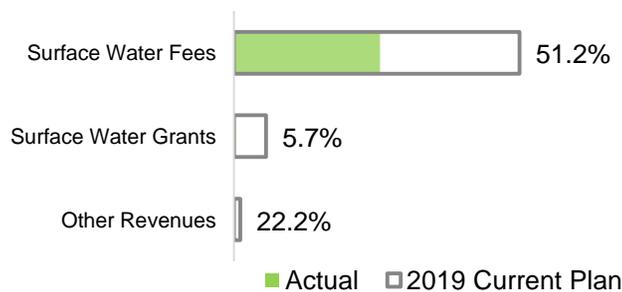
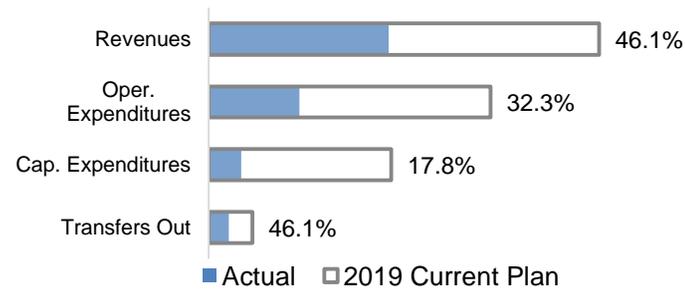




2019 SECOND QUARTER FINANCIAL REPORT

SURFACE WATER UTILITY FUND

Surface Water Utility Fund	Resources	Expenditures
2019 Current Plan	\$9,889,655	\$9,889,655
Less Budgeted Use of Fund Balance	2,293,484	N/A
Less Other Sources & Transfers	0	849,962
Operating & Capital Budget	\$7,596,171	\$9,039,693
Actual Oper.+Cap. Receipts/Expenditures	\$3,501,407	\$2,402,403
% of 2019 Receipts/Expenditures	46.1%	26.6%



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. Receipts through the second quarter are less than the year-to-date budget projection by \$49,843, or 1.4%. A budget amendment presented during the mid-bi review will update the Surface Water Fee revenue projections for the biennium according to the financial analysis incorporated in the final Surface Water Master Plan.

Surface Water Utility operations expended 32.3% of the current plan for the Operating Budget, which is 23.2% more than 2018. Capital projects expended 17.8% of the current plan for the Capital Budget. Capital expenditures are impacted by the timing of construction schedules.

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.



2019 SECOND QUARTER FINANCIAL REPORT

INVESTMENT REPORT: JUNE 30, 2019

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 June 30, 2019, the City's investment portfolio, excluding the State Investment Pool had a current weighted average rate of return of 2.0025%. This is slightly less than 2.5057% the rate of return of the State Investment Pool. Returns lower than LGIP are to be expected in a rising rate market, since the LGIP typically carries shorter term investments, allowing them to reinvest more quickly. However, as the City's fixed term investments mature, reinvestment rates for potential new fixed term investments are analyzed to determine if they will produce higher returns than the current LGIP rate. In a declining rate market, the City generally will outperform the benchmark.

Total annual investment interest earnings through June 30, 2019 were \$384,349 which is 273% of \$140,775 (2019's total budgeted investment earnings). The better than expected investment earnings were a reflection that the economy was doing well, and it helped to push interest rates up steadily in the past 12 months.

As of June 30, 2019, the City's investment portfolio had a fair value of nearly \$45.9 million. Approximately 41% of the investment portfolio was held in U.S. government instrumentality securities, and 59% was held in the Washington State Investment Pool. The City's investment portfolio valued at cost as of June 30, 2019 was slightly over \$45.8 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.



2019 SECOND QUARTER FINANCIAL REPORT

LGIP Cash and Investment Balances

Investment Instruments	CUSIP #	BROKER	Settlement		Par Value	Investment Cost	Yield To Maturity	Unrecognized Gain/(Loss)	Market Value 6/30/19
			Date	Maturity Date					
TREASURY 0.875	912828TH3	PiperJaffray	06/22/18	07/31/19	\$ 1,000,000	\$ 983,580	2.3854%	\$ 15,284	\$ 998,864
FFCB 1.18	3133EGPD1	PiperJaffray	11/08/17	08/01/19	2,000,000	1,983,300	1.6712%	14,930	1,998,230
FHLB 1.55	3130ACJ88	1st Empire	11/02/17	09/27/19	2,000,000	1,996,626	1.6400%	(4)	1,996,622
FNMA 1.250	3136G4AP8	PiperJaffray	12/31/16	09/30/19	2,000,000	2,000,000	1.2500%	(4,182)	1,995,818
FNMA 1.0	3135G0R39	PiperJaffray	04/25/18	10/24/19	1,000,000	979,490	2.4054%	16,633	996,123
FNMA 1.0	3135G0R39	PiperJaffray	04/25/18	10/24/19	1,000,000	979,490	2.4054%	16,633	996,123
FHLB 1.375	3130AA3R7	PiperJaffray	06/27/18	11/15/19	1,000,000	985,140	2.4054%	12,042	997,182
FNMA 1.20	3136G3TF2	PiperJaffray	07/16/18	12/30/19	1,000,000	980,780	2.5533%	14,451	995,231
FFCB 1.55	3133EG3J2	PiperJaffray	08/13/18	01/10/20	1,020,000	1,005,924	2.5533%	11,583	1,017,507
FHLMC 1.0	3134GBEB4	1st Empire	03/31/17	03/27/20	1,000,000	999,700	1.7000%	(2,335)	997,365
FNMA 1.37	3136G0T43	PiperJaffray	11/08/18	04/17/20	1,000,000	978,750	2.8851%	15,911	994,661
FHLMC 1.75	3134GBYR7	Security	07/27/17	07/27/20	1,000,000	1,000,350	1.7145%	(3,045)	997,305
FNMA 1.875	3136G4QF3	Time Value Investment	10/30/17	10/30/20	2,000,000	1,999,680	1.8805%	(5,840)	1,993,840
FHLB 2	3030ACU36	Time Value Investment	12/11/17	12/11/20	1,000,000	997,684	2.0800%	153	997,837
FHLB 2.125	3130ACZD9	Northwestern	12/29/17	12/29/20	1,000,000	1,000,000	2.1250%	412	1,000,412
Sub Total - Investments					\$ 19,020,000	\$ 18,870,494		\$ 102,626	\$ 18,973,120
State Investment Pool						26,955,001	2.5057%		26,955,001
Sub Total - State Investment Pool and Opus Bank Interest Checking						26,955,001			26,955,001
Total LGIP + Investments					\$ 45,825,495			\$ 102,626	\$ 45,928,121

Portfolio Diversification

Instrument Type	Percentage	Amount at	
		Cost	Market Value
FFCB	6.6%	\$ 2,989,224	\$ 3,015,737
FHLB	10.9%	4,979,450	4,992,053
FHLMC	4.3%	2,000,050	1,994,670
FNMA	17.4%	7,918,190	7,971,796
FICO STRIP PRIN SER D-P	2.2%	983,580	998,864
State Investment Pool	58.7%	26,955,001	26,955,001
Total LGIP + Investments	100%	\$ 45,825,495	\$ 45,928,121

Broker	Percentage	Amount at	
		Cost	Market Value
Financial Northwestern	2.2%	\$ 1,000,000	\$ 1,000,412
1st Empire	6.5%	2,996,326	2,993,987
Time Value Investment	6.5%	2,997,364	2,991,677
PiperJaffray	23.7%	10,876,454	10,989,739
Multi-Bank Security	2.2%	1,000,350	997,305
State Investment Pool	58.8%	26,955,001	26,955,001
Total LGIP + Investments	100%	\$ 45,825,495	\$ 45,928,121

Investments by Fund

Fund	Investments at Cost as of 6/30/2019	LGIP State Investment Pool as of 6/30/2019	Total LGIP + Investments at Cost by Fund as of 6/30/2019	Unrecognized Gain/(Loss) as of 6/30/2019	Total Market Value of Investments by Fund as of 6/30/2019	2019		
						Budgeted Investment Earnings	2019 Actual Investment Earnings	Over/(Under) Budget
001 General	\$ 7,787,965	\$ 11,124,489	\$ 18,912,454	\$ 42,354	\$ 18,954,808	\$ 69,000	\$ 209,048	\$ 140,048
101 Street	108,230	154,598	262,828	589	263,416	2,500	2,767	267
107 Code Abatement	167,294	238,967	406,261	910	407,171	550	3,789	3,239
108 Asset Seizure	21,872.35	31,242.91	53,115.26	118.95	53,234	-	483	483
109 Public Arts	104,845	149,762	254,607	570	255,177	-	2,007	2,007
112 Fed Drug Enforcement	9,207	13,151	22,358	50	22,408	200	219	19
117 Transportation Impact Mitigation	1,579,792	2,256,607	3,836,398	8,592	3,844,990	-	31,325	31,325
118 Parks Impact Fees	196,901	281,258	478,159	1,071	479,229	-	892	892
190 Revenue Stabilization	2,152,666	3,074,912	5,227,578	11,707	5,239,286	-	-	-
301 General Capital	468,432	669,117	1,137,549	2,548	1,140,096	6,710	12,577	5,867
312 City Fac-Mjr Maint	37,957	54,219	92,176	206	92,383	-	48	48
330 Roads Capital	2,198,426	3,140,277	5,338,703	11,956	5,350,659	39,364	51,838	12,474
331 Trans Bene Dist	794,107	1,134,318	1,928,425	4,319	1,932,743	-	13,958	13,958
401 Surface Water Utility Fund	1,698,566	2,426,267	4,124,833	9,238	4,134,070	14,451	33,032	18,581
405 Wastewater Fund	187,599	267,970	455,570	1,020	456,590	-	2,073	2,073
501 Vehicle Oper/Maint	103,840	148,327	252,168	565	252,732	-	993	993
503 Equip Dep Replace	1,235,599	1,764,955	3,000,554	6,720	3,007,273	8,000	18,793	10,793
505 Unemployment	17,196	24,564	41,760	94	41,854	-	506	506
Total Investments	\$ 18,870,494	\$ 26,955,001	\$ 45,825,495	\$ 102,626	\$ 45,928,121	\$ 140,775	\$ 384,349	\$ 243,574