



2021 SECOND QUARTER FINANCIAL REPORT

PERFORMANCE AT A GLANCE

The City of Shoreline adopted its 2021-2022 Biennial Budget on November 16, 2020. 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 June 30, 2021 as compared to the 2021 Plan as amended through June 30, 2021.

GENERAL FUND REVENUES	COMPARED TO 2021 CURRENT PLAN	COMPARED TO 2020 ACTUAL (AS OF JUN. 30)	REFERENCE
PROPERTY TAX REVENUE	●WARNING●	▲ POSITIVE ▲	PAGE 6
SALES TAX REVENUE	▲ POSITIVE ▲	▲ POSITIVE ▲	PAGE 7
UTILITY TAX	▲ POSITIVE ▲	▲ POSITIVE ▲	PAGES 9-10
DEVELOPMENT REVENUE	▲ POSITIVE ▲	▲ POSITIVE ▲	PAGE 11
PARKS AND RECREATION REVENUE	▼ NEGATIVE ▼	▲ POSITIVE ▲	PAGE 12
INTEREST INCOME	▲ POSITIVE ▲	▼ NEGATIVE ▼	PAGE 13, 21, 22
NON-GENERAL FUND REVENUES			
GAS TAX	▲ POSITIVE ▲	▲ POSITIVE ▲	PAGE 14
TRANSPORTATION BENEFIT DISTRICT SALES TAX	▲ POSITIVE ▲	▲ POSITIVE ▲	PAGE 17
REAL ESTATE EXCISE TAX	▲ POSITIVE ▲	▲ POSITIVE ▲	PAGE 18
SURFACE WATER FEES	▲ POSITIVE ▲	▲ POSITIVE ▲	PAGE 19

Key to revenue trend indicators:

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

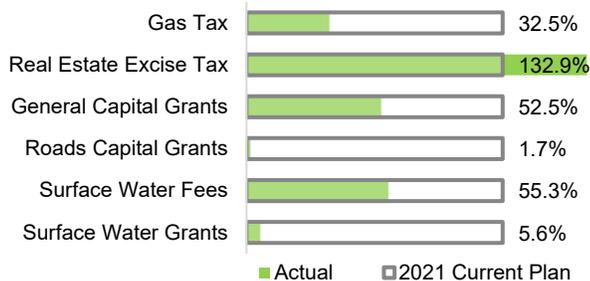
◀ NEUTRAL ▶ = Variance/Change of -1% to +2%

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

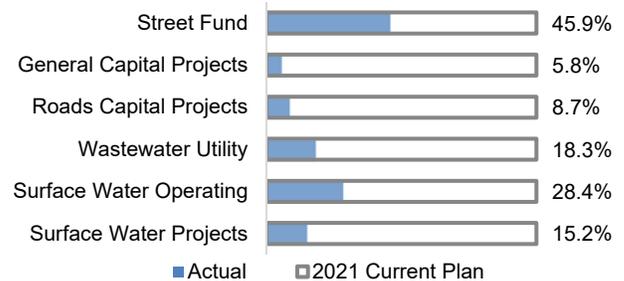
▼ NEGATIVE ▼ = Variance/Change of > -4%

OTHER FUNDS COMPARED TO 2021 CURRENT PLAN (AS OF JUN. 30):

Revenues



Expenditures





2021 SECOND QUARTER FINANCIAL REPORT

PERFORMANCE AT A GLANCE

Highlights:

Although the City prepared for the potential impacts of a recession as a result of the pandemic, the actual results for 2021 are significantly better than anticipated. While certain revenue streams are directly impacted they are more than offset by the impacts of strong development and the stability of our retail sales tax. Following are the major highlights with details included later in the report.

- General Fund receipts reflect a year-over-year increase of 8.0% primarily due to one-time revenues associated with development. Departmental expenditures reflect a 3.0% decrease. See pages 4-13 for details.
- Property tax receipts came in on track at 52.9% of the plan. See page 6 for details.
- Sales tax receipts reflecting activity from January through April 2021 are greater than the plan by 44.3% and 2020 collections by 13.0%. The Construction sector, while 19.3% less than 2020 collections, continued to maintain a high level of activity. The Retail Trade sector and hotels/restaurants experienced a return to pre-pandemic levels of activity. See page 7 for details.
- Revenues from Permit and Plan Check Fees are more than 2020 by 64.5% but more than the 2021 plan by 87.5%. Approximately \$543,000 in revenue from 2019 and 2020 was deferred to 2021 for inspections that have been paid for but not yet performed. Total permit applications through the second quarter of 2021 are 224, or 422%, more than 2020. Total permits issued during this time are 297, or 29%, more than 2020. See page 11 for details.
- The closure of the City's facilities due to COVID-19 plus the cancellation of all regular programming and special events resulted in a loss of rental and registration revenue, which was offset by some directly related expenditure reductions. Modified winter and spring programming were designed and offered in January through June. 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.
- The Department of Revenue calculated a maximum cap of distributions during the state's fiscal year of the Affordable and Supportive Housing State Shared Tax of \$86,235. That cap was reached with May's distribution, therefore no further distribution was made in June. Distributions resumed in July.
- Street Fund receipts, excluding transfers in, are 7.9% more than 2020. Gas tax receipts reflecting activity from January through December 2021 are less than the 2021 plan by 9.4% and more than 2020 by 8.2%. See page 14 for details.
- The 2021 plan for the General Capital and Roads Capital funds includes one-time transfers from the General Fund, Surface Water Utility Fund and Park Impact Fee or Transportation Impact Fee funds in support of capital projects. Funds are transferred as expenditures are incurred by the projects. See pages 15-16 for details.
- More information on the scope and timing of capital projects, including updated estimates, can be found in the City's 2021-2022 Proposed Biennial Budget and 2021-2026 Capital Improvement Plan book.
- 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 \$170,848, or 4.0%. Surface Water Utility operations expended 28.4% of the 2021 plan for the Operating Budget, which is 0.0% less than 2020. Capital projects expended 15.2% of the 2021 plan for the Capital Budget. Capital expenditures are impacted by the timing of construction schedules. See page 19 for details.



2021 SECOND QUARTER FINANCIAL REPORT

ALL FUNDS BUDGET AND YEAR-OVER-YEAR COMPARISON

The following table presents the 2021 Current Plan as amended by Ordinance No. 923.

REVENUES & OTHER SOURCES

FUND TYPE Fund Title	2020 Current Plan	2020 Actual	% of 2020 Current Plan	2021 Current Plan	2021 Actual	% of 2021 Current Plan	2021 v. 2020 \$ Change	2021 v. 2020 % Change
OPERATING FUNDS	\$49,876,865	\$19,515,317	39.1%	\$45,144,887	\$20,975,109	46.5%	\$1,459,792	7.5%
General Fund	\$45,508,101	\$18,687,536	41.1%	\$42,762,144	\$20,185,528	47.2%	\$1,497,992	8.0%
Shoreline Secure Storage Fund	3,000,000	471,605	15.7%	1,129,750	387,117	34.3%	(84,488)	-17.9%
Street Fund	1,302,021	352,613	27.1%	1,174,750	380,343	32.4%	27,730	7.9%
Code Abatement Fund	30,000	2,230	7.4%	30,000	584	1.9%	(1,646)	-73.8%
State Drug Forfeiture Fund	18,243	292	1.6%	18,243	9,236	50.6%	8,944	3067.9%
Public Arts Fund	5,500	918	16.7%	17,000	12,269	72.2%	11,351	1236.4%
Federal Drug Forfeiture Fund	13,000	123	0.9%	13,000	32	0.2%	(91)	-73.8%
DEBT SERVICE FUNDS	\$6,119,837	\$1,661,156	27.1%	\$3,294,257	\$1,473,831	44.7%	(\$187,325)	-11.3%
CAPITAL FUNDS	\$25,649,624	\$3,614,759	14.1%	\$32,018,300	\$7,377,817	23.0%	\$3,763,059	104.1%
General Capital Fund	3,376,655	869,925	25.8%	1,872,883	1,612,525	86.1%	742,601	85.4%
City Facility-Major Maintenance Fund	490,000	344	0.1%	490,170	139	0.0%	(205)	-59.7%
Roads Capital Fund	21,184,338	2,052,601	9.7%	26,985,269	2,552,820	9.5%	500,219	24.4%
Sidewalk Expansion Fund	400,000	60,859	15.2%	1,919,978	15,582	0.8%	(45,277)	-74.4%
Transportation Impact Fees Fund	0	447,319	0.0%	0	1,582,188	0.0%	1,134,869	253.7%
Park Impact Fees Fund	198,631	183,711	92.5%	750,000	1,614,563	215.3%	1,430,852	778.9%
ENTERPRISE FUNDS	\$11,602,908	\$5,297,173	45.7%	\$27,299,146	\$8,297,683	30.4%	\$3,000,510	56.6%
Surface Water Utility Fund	8,080,345	3,979,161	49.2%	9,113,971	4,471,641	49.1%	492,480	12.4%
Wastewater Utility Fund	3,522,563	1,318,012	37.4%	18,185,175	3,826,043	21.0%	2,508,030	190.3%
INTERNAL SERVICE FUNDS	\$1,050,628	\$427,619	40.7%	\$1,438,893	\$98,432	6.8%	(\$329,187)	-77.0%
TOTAL REVENUE	\$94,299,862	\$30,516,024	32.4%	\$109,195,483	\$38,222,873	35.0%	\$7,706,849	25.3%
OTHER SOURCES								
Proceeds from Capital Assets	\$2,459,250	\$0	0.0%	\$77,000	\$24,605	32.0%	\$24,605	0.0%
Transfers In	10,351,869	2,689,891	26.0%	11,440,521	3,306,250	28.9%	616,359	22.9%
Other Financing Sources	3,898,417	7,431	0.2%	6,116,803	2,049,459	33.5%	2,042,028	27480.7%
Budgeted Use of Fund Balance	9,970,178	0	0.0%	17,270,934	0	0.0%	0	0.0%
TOTAL RESOURCES	\$120,979,576	\$33,213,346	27.5%	\$144,100,741	\$43,603,187	30.3%	\$10,389,841	31.3%

EXPENDITURES & TRANSFERS OUT

OPERATING FUNDS	\$50,599,308	\$18,627,935	36.8%	\$46,567,535	\$18,293,994	39.3%	(\$333,941)	-1.8%
General Fund	\$46,058,766	\$17,750,157	38.5%	\$43,975,963	\$17,219,660	39.2%	(\$530,498)	-3.0%
Shoreline Secure Storage Fund	2,617,334	181,056	6.9%	649,750	233,458	35.9%	52,403	28.9%
Revenue Stabilization Fund	0	0	0.0%	0	288	0.0%	288	0.0%
Street Fund	1,706,270	677,542	39.7%	1,716,423	787,961	45.9%	110,419	16.3%
Code Abatement Fund	100,000	0	0.0%	100,000	22	0.0%	22	0.0%
Public Arts Fund	85,695	19,180	22.4%	94,156	51,157	54.3%	31,977	166.7%
State Drug Forfeiture Fund	18,243	0	0.0%	18,243	1,448	7.9%	1,448	0.0%
Federal Drug Forfeiture Fund	13,000	0	0.0%	13,000	1	0.0%	1	0.0%
DEBT SERVICE FUNDS	\$4,879,657	\$749,451	15.4%	\$3,875,048	\$794,751	20.5%	\$45,301	6.0%
CAPITAL FUNDS	\$33,297,137	\$20,847,448	62.6%	\$48,074,023	\$3,820,454	7.9%	(\$17,026,994)	-81.7%
General Capital Fund	3,978,726	17,537,583	440.8%	14,940,003	859,471	5.8%	(16,678,111)	-95.1%
City Facility-Major Maint. Fund	537,032	0	0.0%	608,400	68,538	11.3%	68,538	0.0%
Roads Capital Fund	28,381,379	3,295,042	11.6%	29,432,625	2,565,363	8.7%	(729,679)	-22.1%
Sidewalk Expansion Fund	400,000	14,823	3.7%	3,092,995	326,763	10.6%	311,939	2104.4%
Transportation Impact Fees Fund	0	0	0.0%	0	262	0.0%	262	0.0%
Park Impact Fees Fund	0	0	0.0%	0	57	0.0%	57	0.0%
ENTERPRISE FUNDS	\$12,358,084	\$3,793,746	30.7%	\$30,134,646	\$5,877,647	19.5%	\$2,083,900	54.9%
Surface Water Utility Fund	9,272,849	2,665,862	28.7%	12,282,097	2,604,650	21.2%	(61,211)	-2.3%
Wastewater Utility Fund	3,085,235	1,127,884	36.6%	17,852,549	3,272,996	18.3%	2,145,112	190.2%
INTERNAL SERVICE FUNDS	\$1,563,161	\$311,572	19.9%	\$885,917	\$253,772	28.6%	(\$57,801)	-18.6%
TOTAL EXPENDITURES	\$102,697,347	\$44,330,152	43.2%	\$129,537,169	\$29,040,617	22.4%	(\$15,289,534)	-34.5%
TRANSFERS OUT	\$10,025,577	\$2,689,891	26.8%	\$11,440,521	\$3,306,250	28.9%	\$616,359	22.9%
TOTAL EXPENDITURES & TRANSFERS OUT	\$112,722,924	\$47,020,043	41.7%	\$140,977,690	\$32,346,867	22.9%	(\$14,673,176)	-31.2%



2021 SECOND QUARTER FINANCIAL REPORT

GENERAL FUND BUDGET AND YEAR-OVER-YEAR COMPARISON OVERVIEW

RESOURCES

GENERAL FUND RESOURCES	2020 Current Plan	2020 YTD Actual	% of 2020 Current Plan	2021 Current Plan	2021 YTD Actual	% of 2021 Current Plan	2021 v. 2020 \$ Change	2021 v. 2020 % Change
Property Tax	\$13,666,865	\$7,197,579	52.7%	\$14,106,259	\$7,468,253	52.9%	\$270,674	3.8%
Sales Tax*	9,319,003	3,291,809	35.3%	8,623,063	3,720,116	43.1%	428,307	13.0%
Local Criminal Justice*	1,702,776	466,950	27.4%	1,580,357	568,562	36.0%	101,612	21.8%
B&O, Utility, and Gambling Taxes	6,530,374	2,136,979	32.7%	5,344,789	2,176,440	40.7%	39,462	1.8%
Franchise Fees & Contract Payments	5,369,100	1,989,933	37.1%	5,398,100	1,823,902	33.8%	(166,031)	-8.3%
Development Revenue	2,416,843	1,766,872	73.1%	2,502,054	2,681,001	107.2%	914,129	51.7%
Park and Recreation Revenue	1,902,312	341,370	17.9%	1,569,472	368,931	23.5%	27,561	8.1%
Intergovernmental Revenue*	2,518,144	897,469	35.6%	1,845,987	793,870	43.0%	(103,599)	-11.5%
Grant Revenue	247,384	24,415	9.9%	410,151	129,460	31.6%	105,046	430.3%
Fines and Licenses	603,125	109,015	18.1%	597,501	166,365	27.8%	57,350	52.6%
Miscellaneous Revenue	1,161,575	301,654	26.0%	713,811	242,721	34.0%	(58,933)	-19.5%
Interest Income	70,600	163,492	231.6%	70,600	45,907	65.0%	(117,584)	-71.9%
TOTAL REVENUES	\$45,508,101	\$18,687,536	41.1%	\$42,762,144	\$20,185,528	47.2%	\$1,497,992	8.0%
Proceeds from Capital Assets	2,450,000	0	0.0%	0	9,880	0.0%	9,880	0.0%
Operating Transfers In	1,473,551	736,776	50.0%	1,774,059	887,030	50.0%	150,254	20.4%
Other Financing Sources	15,000	6,418	42.8%	15,000	0	0.0%	(6,418)	-100.0%
Budgeted Use of Fund Balance	3,690,186	0	0.0%	5,384,563	0	0.0%	0	0.0%
TOTAL RESOURCES	\$53,136,838	\$19,430,729	36.6%	\$49,935,766	\$21,082,438	42.2%	\$1,651,708	8.5%

EXPENDITURES & TRANSFERS OUT

DEPARTMENT	2020 Current Plan	2020 YTD Actual	% of 2020 Current Plan	2021 Current Plan	2021 YTD Actual	% of 2021 Current Plan	2021 v. 2020 \$ Change	2021 v. 2020 % Change
City Council	\$226,400	\$109,891	48.5%	\$246,898	\$103,571	41.9%	(\$6,320)	-5.8%
City Manager's Office ¹	4,496,000	2,184,514	48.6%	4,175,082	1,860,548	44.6%	(\$323,966)	-14.8%
City Attorney	895,954	261,478	29.2%	879,248	373,549	42.5%	\$112,072	42.9%
Administrative Services ²	7,265,040	3,318,683	45.7%	7,858,837	3,353,312	42.7%	\$34,629	1.0%
Citywide	3,076,787	917,530	29.8%	1,298,335	944,851	72.8%	\$27,321	3.0%
Human Resources	508,195	245,187	48.2%	523,600	231,447	44.2%	(\$13,740)	-5.6%
Police	12,919,337	4,710,981	36.5%	13,844,609	4,714,282	34.1%	\$3,301	0.1%
Criminal Justice	2,958,059	406,701	13.7%	2,403,675	256,746	10.7%	(\$149,956)	-36.9%
Recreation, Cultural & Community Services ³	6,571,989	2,637,461	40.1%	5,931,773	2,187,909	36.9%	(\$449,552)	-17.0%
Planning & Community Development	3,542,437	1,403,261	39.6%	3,316,154	1,473,726	44.4%	\$70,465	5.0%
Public Works	3,598,568	1,554,472	43.2%	3,497,752	1,719,721	49.2%	\$165,249	10.6%
DEPARTMENTAL EXPENDITURES	\$46,058,766	\$17,750,157	38.5%	\$43,975,963	\$17,219,660	39.2%	(\$530,498)	-3.0%
Operating Transfers Out	5,929,824	1,083,312	18.3%	5,869,771	817,305	13.9%	(266,006)	-24.6%
TOTAL EXPENDITURES AND TRANSFERS OUT	\$51,988,590	\$18,833,469	36.2%	\$49,845,734	\$18,036,965	36.2%	(\$796,504)	-4.2%

1. City Manager's Office includes City Clerk, Communications, Code Enforcement Customer Response Team, Intergovernmental Relations, Economic Development, Property Management, and Light Rail Stations.

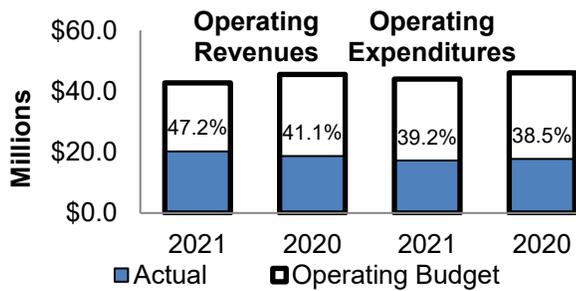
2. Recreation, Cultural and Community Services includes Neighborhoods, Emergency Management Planning, Human Services, Diversity Inclusion, Environmental Services, Recreation, Youth & Teen Development, and Cultural Services.

3. Administrative Services includes Finance, Budget, Purchasing, Information Systems, Parks, Fleet & Facilities, and Recreation Facility Rentals.



2021 SECOND QUARTER FINANCIAL REPORT

GENERAL FUND FINANCIAL OVERVIEW



General Fund	Revenues	Dept. Exp.
2021 Operating Plan	\$42,762,144	\$43,975,963
2021 Actual	\$20,185,528	\$17,219,660
% of 2021 Operating Plan	47.2%	39.2%
2020 Operating Plan	\$45,508,101	\$46,058,766
2020 Actual	\$18,687,536	\$17,750,157
% of 2020 Operating Plan	41.1%	38.5%
Actual 2021 v. 2020 \$ Change	\$1,497,992	(\$530,498)
Actual 2021 v. 2020 % Change	8.0%	-3.0%

The table on the previous page presents the 2021 planned revenues, expenditures, use of fund balance for one-time investments and transfers in from/out to other funds as approved in the 2021-2022 Biennial Budget. It also compares them to actual for 2021 and 2020.

Revenues:

General Fund revenue received reflects a year-over-year increase of 8.0%. The following are highlights comparing actual collections to those projected for 2021 and to 2020 collections for the General Fund:

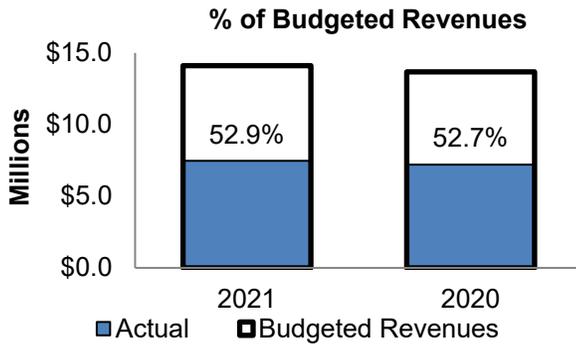
- Property tax receipts are at 52.9% of the 2021 plan.
- Sales tax receipts for 2021 are 44.3% greater than projected for the same period of the current plan. The Construction sector, while 19.3% less than 2020 collections, continued to maintain a high level of activity. The Retail Trade sector and hotels/restaurants experienced a return to pre-pandemic levels of activity.
- Receipts from the Local Criminal Justice Tax for the reporting period of January through April are \$101,612, or 21.8%, more than the same period for 2020.
- Intergovernmental Revenue receipts are 11.5% less than the year-ago level. The maximum cap of distributions of the Affordable and Supportive Housing State Shared Tax was reached during the state's fiscal year. Distributions resumed in July.
- This report reflects Gambling Tax and B&O Tax receipts collected from first quarter tax returns, which were due April 30, from businesses placed on quarterly filing status as well as those that voluntarily filed first quarter tax returns.
- Utility Tax receipts in the amount of \$1.5 million are more than the 2021 plan and 2020 by 15.1% and 9.2%, respectively.
- Local development activity in 2021, in terms of the number of permit applications, is 224, or 422%, more than 2020. Total permits issued are 297, or 29%, more than 2020.

Expenditures and Transfers Out:

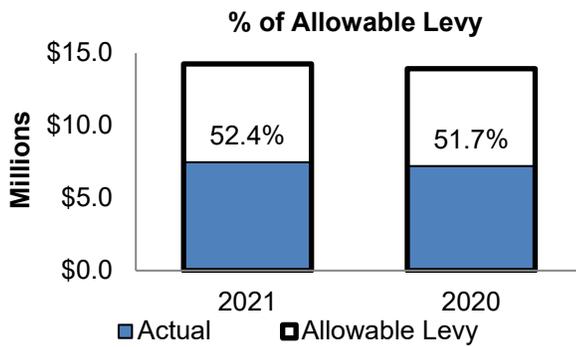
Departments spent \$17.220 million, or 39.2%, of the Operating Budget. This level of expenditures is 104.3% more than the year-ago level. Total expenditures, including transfers out, representing expenditure of 36.2% of the Current Plan, are 114.0% more than the year-ago level. General Fund contributions to select capital projects are reflected in the table to the right.

	2021-2022 Budget	2021-2022 Actual	Budgeted General Fund Support	Amount Transferred
General Fund Contributions to Projects				
General Capital Projects				
City Hall	\$157,832	\$4,863	\$157,832	\$0
Police Station at City Hall	\$48,000	\$9,641	\$61,170	\$2,210
City Maintenance Facility	\$4,522,021	\$29,929	\$2,978,559	\$3,962
Parks Repair & Replacement	\$650,000	\$27,037	\$200,000	\$25,000
Parks Facilities Recreation Amenities	\$487,000	\$0	\$113,000	\$0
Soccer Field Rental Contribution	N/A	\$373	\$260,000	\$0
Roads Capital Projects				
Sidewalk Rehabilitation Program	\$797,162	\$3,749	\$152,518	\$38,130
Trail Along the Rail	\$327,618	\$28,088	\$201,664	\$8,713
147 th /148 th Non-Motorized Bridge	\$7,976,082	\$63,000	\$247,732	\$0
Driveway Relocation Richmond Beach Rd	\$81,439	N/A	\$56,309	\$0
Gambling Tax and Grant Match Funding	N/A	N/A	\$195,302	\$0

PROPERTY TAX



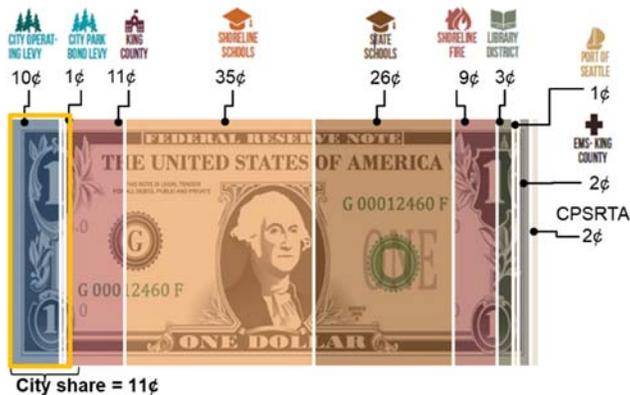
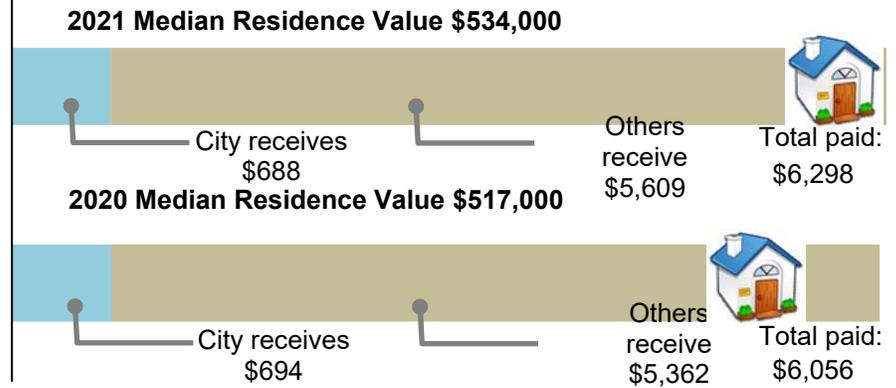
2021 Current Plan	\$14,106,259
2021 Second Quarter Actual Revenue	\$7,468,253
% of 2021 Current Plan	52.9%
2020 Current Plan	\$13,666,865
2020 Second Quarter Actual Revenue	\$7,197,579
% of 2020 Current Plan	52.7%
2021 v. 2020 \$ Change	\$270,674
2021 v. 2020 % Change	3.8%



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 2021 and 2020 as a percentage of the budgeted projection are at 52.9% and 52.7%, respectively. In terms of the allowable levy, which is different than the budgeted projection presented here, receipts for 2021 and 2020 are 52.4% and 51.7%, respectively.

Impact on a median homeowner:

In 2021, the City of Shoreline property tax regular levy and excess voted levy rates decreased from \$1.20 to \$1.19 and \$0.15 to \$0.10, respectively. The total levy rate increased from \$11.72 to \$11.79. 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 \$242, or 4.0%, with the City's portion decreasing \$6, or 0.9%, and all other taxing jurisdictions' portion increasing \$247, or 4.6%.



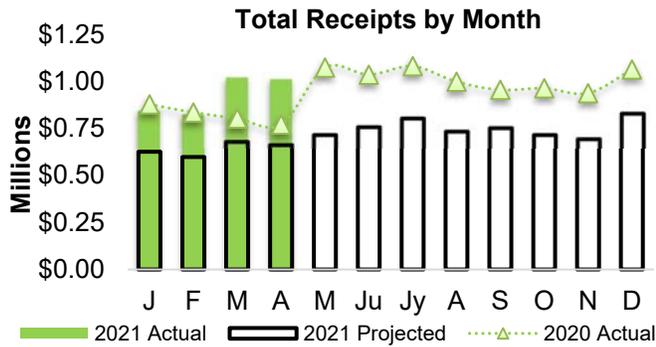
How \$1 is allocated:

The chart to the left illustrates the allocation of each dollar paid at the 2021 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.



2021 SECOND QUARTER FINANCIAL REPORT

SALES TAX



2021 Current Plan	\$8,623,063
2021 Second Quarter Actual Revenue	\$3,720,116
% of 2021 Current Plan	43.1%
2020 Current Plan	\$9,319,003
2020 Second Quarter Actual Revenue	\$3,291,809
% of 2020 Current Plan	35.3%
2021 v. 2020 \$ Change	\$428,307
2021 v. 2020 % Change	13.0%

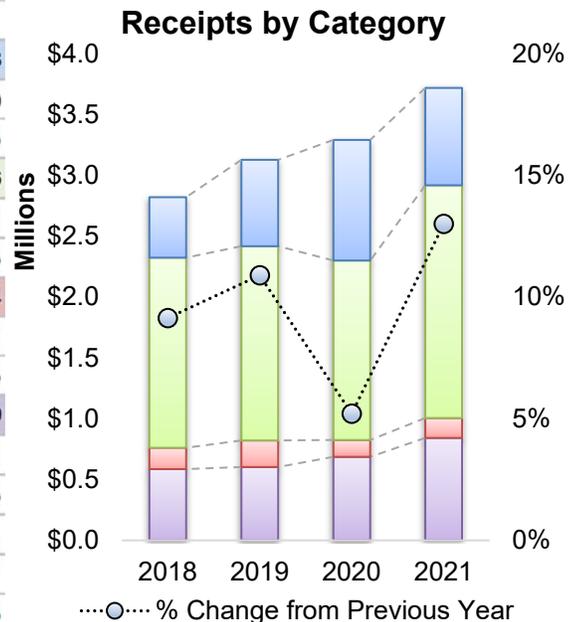
When analyzing monthly sales tax receipts, there are two items of special note: First, most businesses remit their sales tax collections to the Washington State Department of Revenue (DOR) on a monthly basis. Small businesses only have to remit their sales tax collections either quarterly or annually, 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. Therefore, the data presented here reflects distributions received in March through June, which is from activity for January through April.

Receipts are more than the 2021 Plan and 2020 collections by 44.3% and 13.0%, respectively. The Construction sector, while 19.3% less than 2020 collections, continued to maintain a high level of activity. The Retail Trade sector and hotels/restaurants experienced a return to pre-pandemic levels of activity.

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

SALES TAX BY PRIMARY SECTOR FOR DISTRIBUTION PERIOD: JUNE

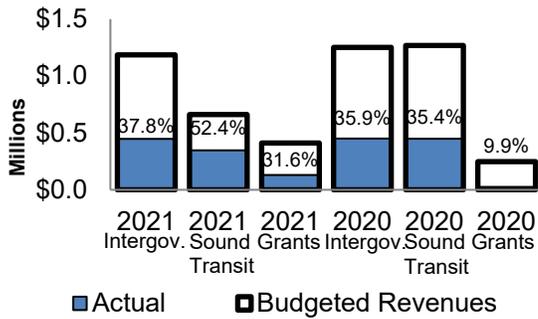
Sector	2017	2018	2019	2020	2021
Construction	\$387,867	\$496,392	\$709,568	\$991,417	\$799,858
\$ Change		\$108,525	\$213,175	\$281,849	(\$191,559)
% Change		28.0%	42.9%	39.7%	-19.3%
Retail Trade	\$1,530,266	\$1,563,230	\$1,597,460	\$1,474,537	\$1,913,846
\$ Change		\$32,964	\$34,230	(\$122,923)	\$439,308
% Change		2.2%	2.2%	-7.7%	29.8%
Hotels/Restaurant	\$171,825	\$175,903	\$218,282	\$138,389	\$163,404
\$ Change		\$4,078	\$42,379	(\$79,893)	\$25,015
% Change		2.4%	24.1%	-36.6%	18.1%
All Others	\$495,248	\$585,927	\$603,581	\$687,466	\$843,009
\$ Change		\$90,679	\$17,654	\$83,885	\$155,542
% Change		18.3%	3.0%	13.9%	22.6%
Total Revenue	\$2,585,206	\$2,821,452	\$3,128,891	\$3,291,809	\$3,720,116
\$ Change		\$236,245	\$307,439	\$162,918	\$428,307
% Change		9.1%	10.9%	5.2%	13.0%





2021 SECOND QUARTER FINANCIAL REPORT

INTERGOVERNMENTAL, GRANTS, AND STATE SHARED SALES TAXES



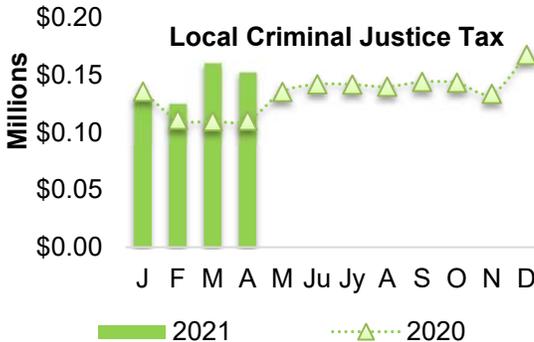
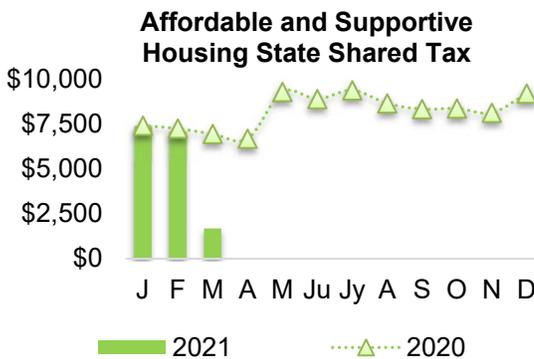
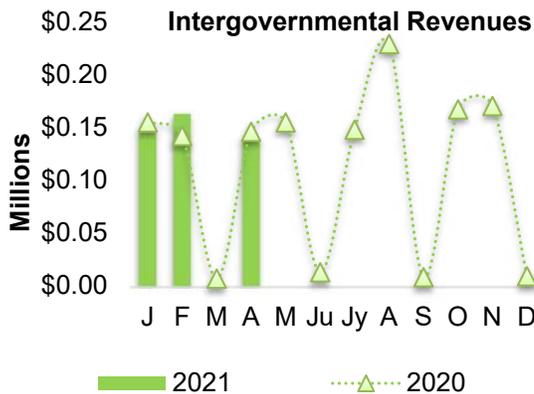
Intergovernmental revenue sources are comprised primarily of funding for criminal justice programs, contract payments, liquor excise tax, liquor board profits, marijuana excise tax, grants, and reimbursement from Sound Transit per the Expedited Permitting and Reimbursement Agreement. Contract payments 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 11.5% less than the year-ago level. Receipts by month from sources other than Sound Transit reimbursements are reflected in the Intergovernmental Revenues chart, which compares disbursements for March through June. Receipts for these revenues in 2021 total \$447,539 and are 0.4% less than 2020.

Grant receipts are 430.3% more than 2020 and is mostly attributable to the King County Best Starts for Youth grant.

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 calculated a maximum cap of distributions during the state's fiscal year of \$86,235. That cap was reached with May's distribution, therefore no further distribution was made in June. Distributions resumed in July. The distributions presented in this report are for March through June 2021, which is from activity for January through April.

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 30.7%. Sales tax collected throughout King County was actually 12.5% more than 2020.





2021 SECOND QUARTER FINANCIAL REPORT

BUSINESS & OCCUPATION TAXES AND FRANCHISE FEE & CONTRACT PAYMENTS

Business & Occupation Taxes

2021 Current Plan	\$5,344,789
Business & Occupation Tax	\$357,039
Utility Tax	\$1,530,183
Gambling Tax	\$289,219
2021 Second Quarter Actual Revenue	\$2,176,440
% of 2021 Current Plan	40.7%
2020 Current Plan	\$6,530,374
Business & Occupation Tax	\$437,117
Utility Tax	\$1,401,814
Gambling Tax	\$298,048
2020 Second Quarter Actual Revenue	\$2,136,979
% of 2020 Current Plan	32.7%
2021 v. 2020 \$ Change	\$39,462
2021 v. 2020 % Change	1.8%

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 quarter tax returns, which were due April 30, from businesses placed on quarterly filing status as well as those that voluntarily filed first quarter tax returns. B&O Tax on Utilities may be paid monthly at the discretion of the taxpayer.

Utility Tax receipts in the amount of \$1.5 million are less than the 2021 Plan by 15.1% but more than 2020 by 9.2%. We continue to experience a significant decline in telecommunications tax as reflected on the next page.

Franchise Fee & Contract Payments

2021 Current Plan	\$5,398,100
Franchise Fee	\$741,480
Contract Payment	\$1,082,422
2021 Second Quarter Actual Revenue	\$1,823,902
% of 2021 Current Plan	33.8%
2020 Current Plan	\$5,369,100
Franchise Fee	\$1,159,596
Contract Payment	\$830,337
2020 Second Quarter Actual Revenue	\$1,989,933
% of 2020 Current Plan	37.1%
2021 v. 2020 \$ Change	(\$166,031)
2021 v. 2020 % Change	-8.3%

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.

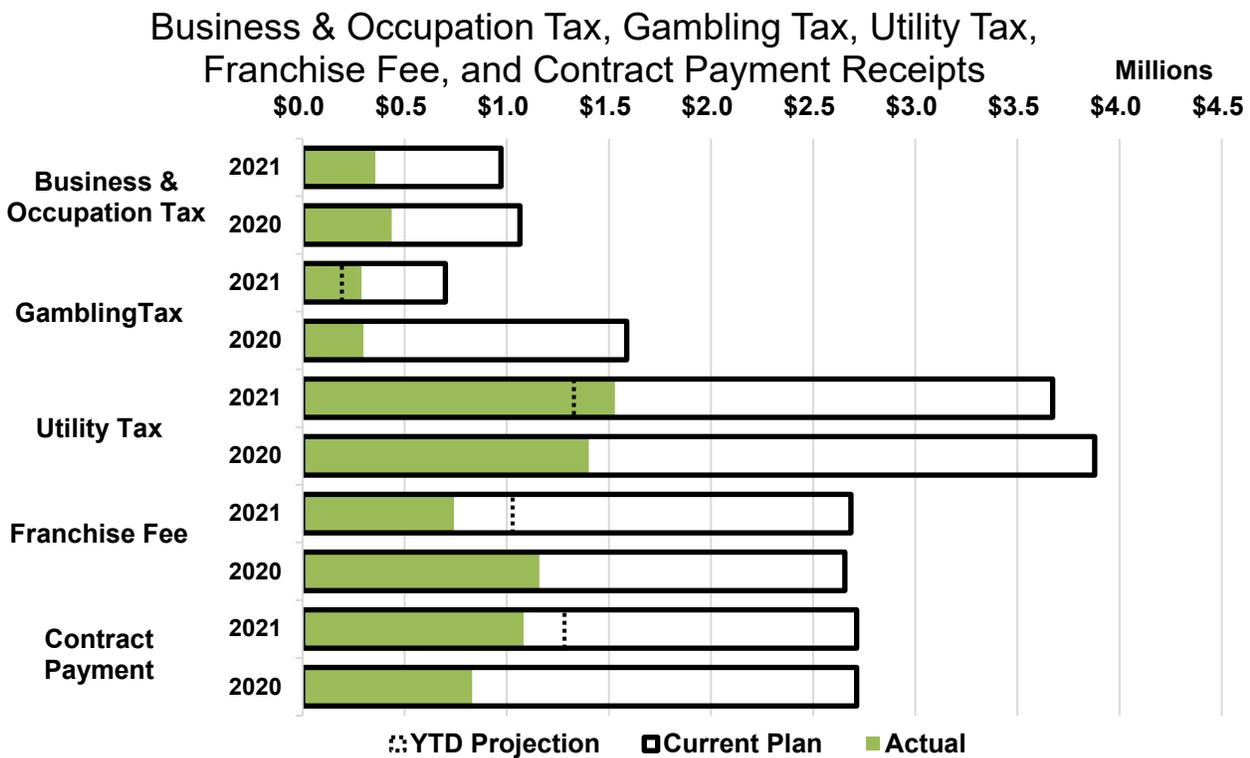
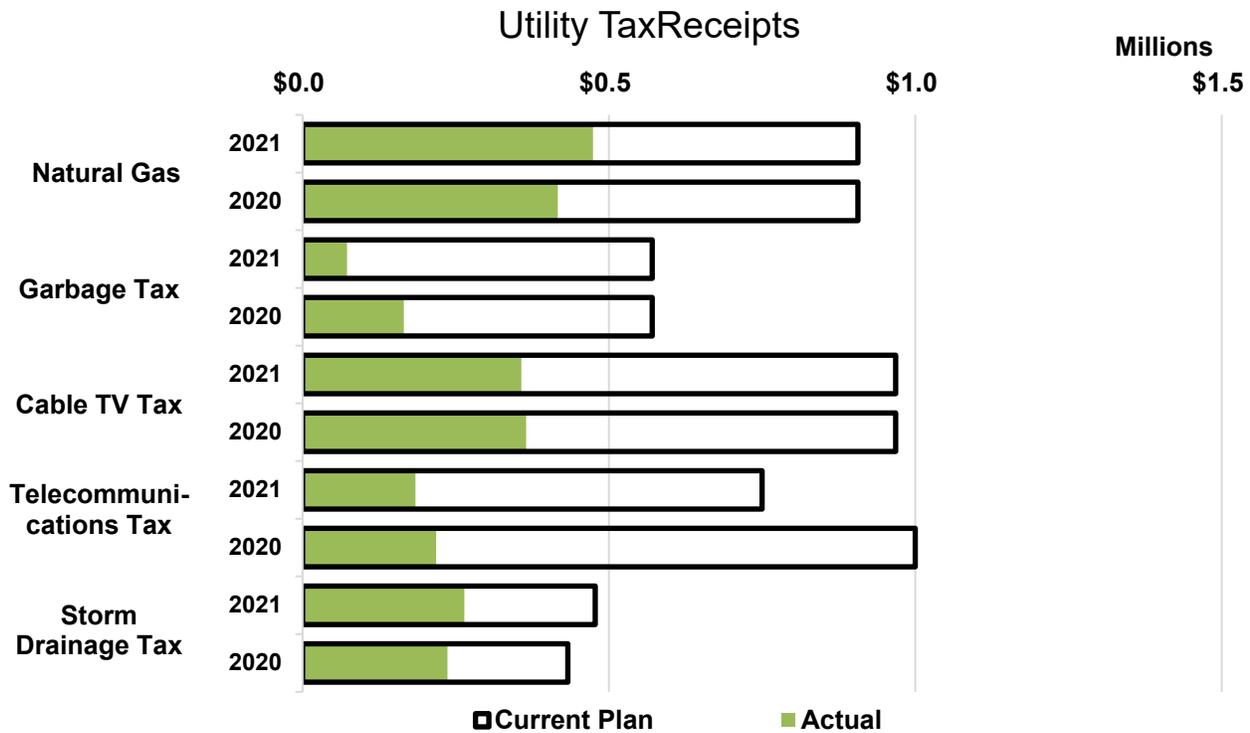
More information is available at <http://www.shorelinewa.gov/government/departments/city-clerk-s-office/agreements-and-contracts/utility-franchise-agreements-document-library/-folder-386>.



2021 SECOND QUARTER FINANCIAL REPORT

BUSINESS & OCCUPATION TAXES AND FRANCHISE FEE & CONTRACT PAYMENTS

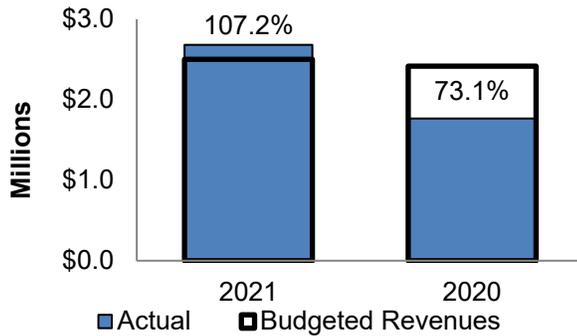
The chart below compares actual receipts to the annual budget for each year and budget projection for 2021.





2021 SECOND QUARTER FINANCIAL REPORT

DEVELOPMENT REVENUE



2021 Current Plan	\$2,502,054
2021 Second Quarter Actual Revenue	\$2,681,001
% of 2021 Current Plan	107.2%
2020 Current Plan	\$2,416,843
2020 Second Quarter Actual Revenue	\$1,766,872
% of 2020 Current Plan	73.1%
2021 v. 2020 \$ Change	\$914,129
2021 v. 2020 % Change	51.7%

Development revenue receipts, including right-of-way permits, exhibit a year-over-year increase of 51.7%.

Revenues from Permit and Plan Check Fees are more than 2020 by 64.5% Total permit applications through 2021 are 224, or 422%, more than 2020. Total permits issued are 297, or 29%, more than 2020.

Approximately \$543,000 in revenue from 2019 and 2020 was deferred to 2021 for inspections that have been paid for but not yet performed.

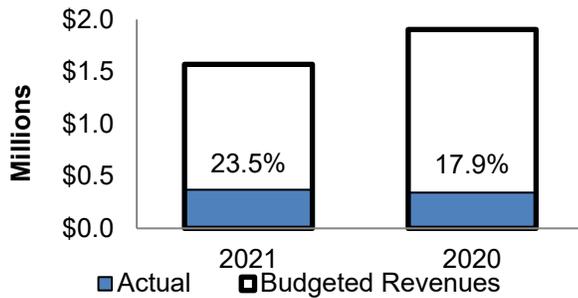
In 2021, the valuation for all residential, commercial, townhouse, and multi-family permit applications totaled \$100.2 million, of which \$75.8 million, or 75.7%, was from new construction permits.

- Single-family: There were 35 more new construction and remodel permit applications in 2021 compared to 2020, with a valuation that is \$11.1 million more.
- Townhouses: Total permit applications in 2021 had a valuation of \$6.8 million. There were six applications in 2021, of which four permits are for the construction of eight buildings with a total of 36 units with an additional 48-unit low-rise building.
- Multi-family construction and remodels: There were eight new permit applications with a valuation of \$61.6 million, including new construction permits for one 7-story 161-unit apartment building valued at \$35.1 million and one 4-story 100-unit apartment building valued at \$20.0 million, compared to the same period in 2020 in which ten permit applications had a valuation of \$107.6 million.
- Commercial: There were six more permits applied for in 2021 with a valuation that is \$9.3 million more than 2020.



2021 SECOND QUARTER FINANCIAL REPORT

PARKS AND RECREATION REVENUE



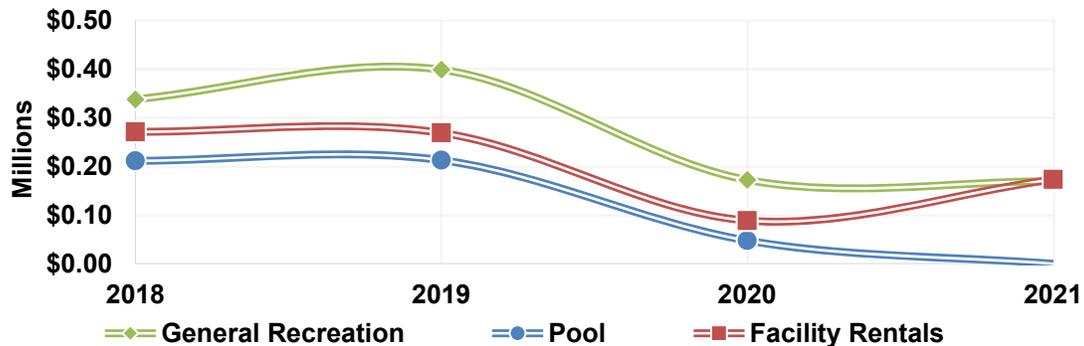
2021 Current Plan	\$1,569,472
2021 Second Quarter Actual Revenue	\$368,931
% of 2021 Current Plan	23.5%
2020 Current Plan	\$1,902,312
2020 Second Quarter Actual Revenue	\$341,370
% of 2020 Current Plan	17.9%
2021 v. 2020 \$ Change	\$27,561
2021 v. 2020 % Change	8.1%

The closure of the City’s facilities due to COVID-19 plus the cancellation of all regular programming and special events resulted in a loss of rental and registration revenue, which was offset by some directly related expenditure reductions. Modified winter and spring programming were designed and offered in January through June. 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 8.1% more than the year-ago level with receipts for general recreation programs less than the year-ago level by 1.7% but facility rentals 95.6% more than the year-ago level.

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
2018	\$337,651	41.2%	\$211,282	25.8%	\$270,850	33.0%	\$819,783	\$3,672
2019	\$398,471	45.3%	\$212,647	24.2%	\$268,706	30.5%	\$879,824	\$3,740
2020	\$172,021	55.9%	\$47,364	15.4%	\$88,498	28.7%	\$307,882	\$33,487
2021	\$169,147	49.5%	-\$311	-0.1%	\$173,127	50.6%	\$341,962	\$26,969

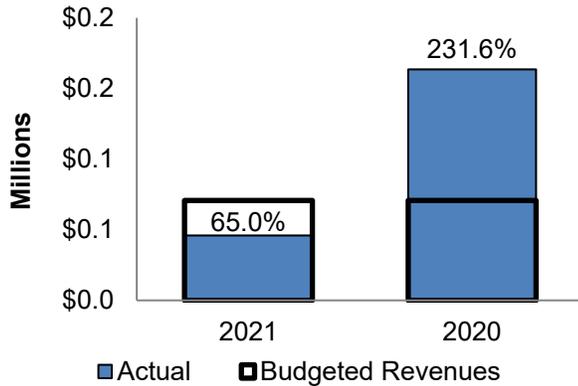
Recreation Revenue by Program Area





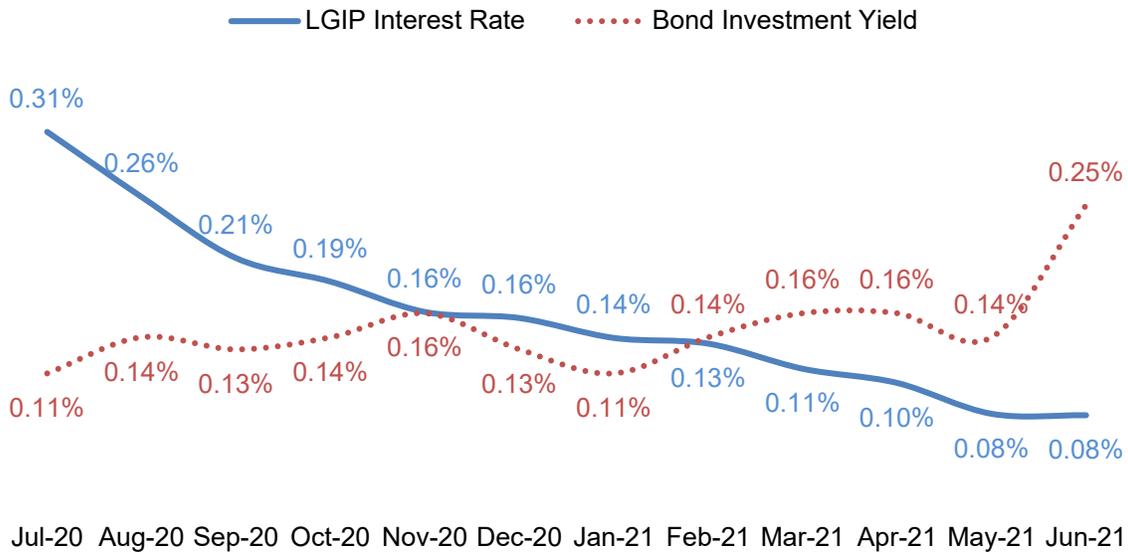
2021 SECOND QUARTER FINANCIAL REPORT

INTEREST INCOME



2021 Current Plan		\$70,600
2021 Second Quarter Actual Revenue		\$45,907
% of 2021 Current Plan		65.0%
2020 Current Plan		\$70,600
2020 Second Quarter Actual Revenue		\$163,492
% of 2020 Current Plan		231.6%
2021 v. 2020 \$ Change		(\$117,584)
2021 v. 2020 % Change		-71.9%

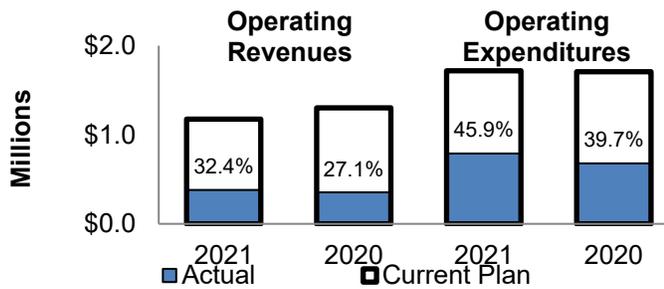
General Fund Interest income is less than that for 2020 by 71.9%. The City's investment policy adheres to strict standards as prescribed by federal law, state statutes, and local ordinances, and allows the City to develop an investment model to maximize its investment returns with the primary objectives of safety and liquidity.





2021 SECOND QUARTER FINANCIAL REPORT

STREET FUND

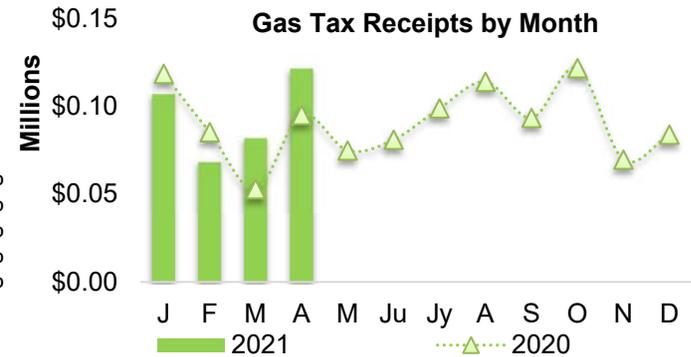
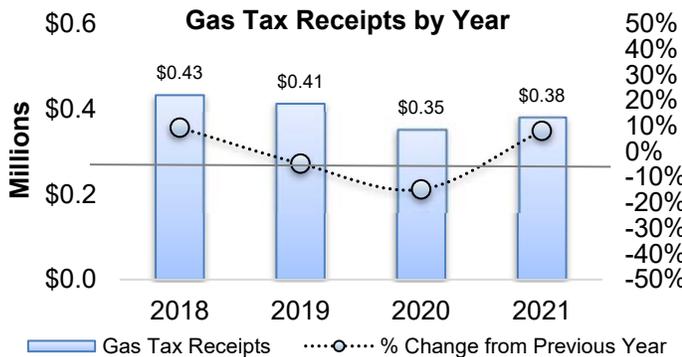


Street Fund	Resources	Expenditures
2021 Operating Plan	\$1,174,750	\$1,716,423
2021 Actual	\$380,343	\$787,961
% of 2021 Operating Plan	32.4%	45.9%
2020 Operating Plan	\$1,302,021	\$1,706,270
2020 Actual	\$352,613	\$677,542
% of 2020 Operating Plan	27.1%	39.7%
Actual 2021 v. 2020 \$ Change	\$27,730	\$110,419
Actual 2021 v. 2020 % Change	7.9%	16.3%

The table shows Street Fund receipts, excluding transfers in, are 7.9% more than 2020. Operating expenditures, excluding transfers out, are 16.3% more than 2020. Expenditures, including transfers out, are 18.9% more than 2020.

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 June 2021 reflects activity from January through April. The reduction in the Gas Tax for January and April is most likely the result of pandemic-related impacts across the State that limited travel.

Distributions for this period total \$0.380 million, which is 8.2% more than 2020.





2021 SECOND QUARTER FINANCIAL REPORT

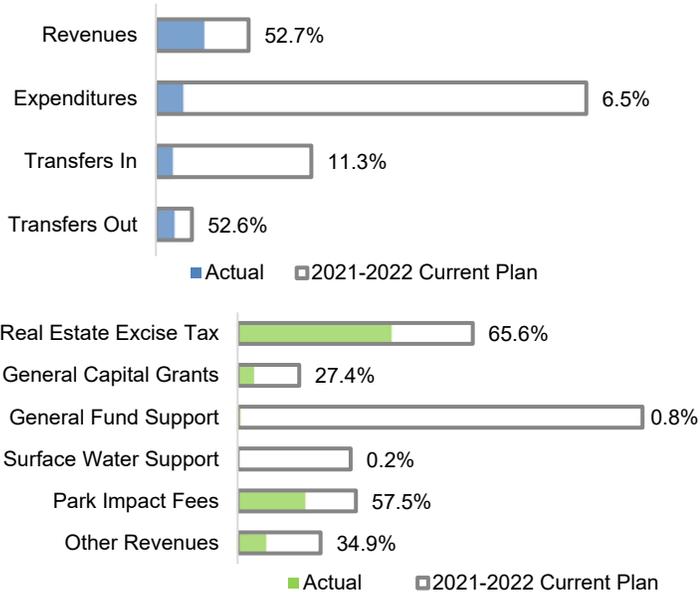
GENERAL CAPITAL FUND

General Capital Fund	Resources	Expenditures
2021 Current Plan Total	\$15,651,691	\$15,638,521
Less:		
2021 Use of Fund Balance	8,175,224	N/A
2021 Other Sources & Transfers	5,603,584	698,518
2021 Capital Plan Revenues/Expenditures	\$1,872,883	\$14,940,003
2021 Actual	\$1,862,849	\$1,062,533
% of 2021 Capital Plan Rev./Exp.	99.5%	7.1%
2022 Current Plan Total	\$2,147,353	\$2,147,353
Less:		
2022 Use of Fund Balance	159,798	N/A
2022 Other Sources & Transfers	323,000	679,050
2022 Capital Plan Revenues/Expenditures	\$1,664,555	\$1,468,303
2022 YTD Actual	\$0	\$0
% of 2022 Capital Plan Rev./Exp.	0.0%	0.0%
2021-2022 Capital Plan Revenues/Expenditures	\$3,537,438	\$16,408,306
2021-2022 Actual	\$1,862,849	\$1,062,533
% of 2021-2022 Capital Plan Rev./Exp.	52.7%	6.5%

Second Quarter Actual receipts are largely comprised of Real Estate Excise Tax, which is discussed separately in this report. The 2021 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 Summary of Contributions to/other Funding for General Capital Projects 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 5.8% of the 2021 current plan.

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. 307-332 of the City's 2021-2022 Proposed Biennial Budget and 2021-2026 Capital Improvement Plan book.





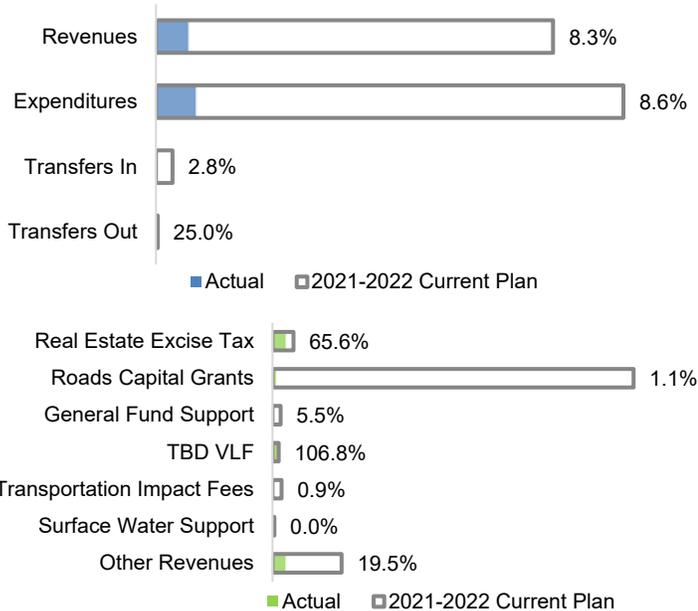
2021 SECOND QUARTER FINANCIAL REPORT

ROADS CAPITAL FUND

Roads Capital Fund	Resources	Expenditures
2021 Capital Plan Total	\$29,704,900	\$29,540,622
Less:		
2021 Use of Fund Balance	362,598	N/A
2021 Other Sources & Transfers	2,357,033	107,997
2021 Capital Plan Revenues/Expenditures	\$26,985,269	\$29,432,625
2021 Actual	\$3,948,823	\$4,845,054
% of 2021 Capital Plan Rev./Exp.	14.6%	16.5%
2022 Capital Plan Total	\$26,720,331	\$26,720,331
Less:		
2022 Use of Fund Balance	1,752,718	N/A
2022 Other Sources & Transfers	4,342,486	107,997
2022 Capital Plan Revenues/Expenditures	\$20,625,127	\$26,612,334
2022 YTD Actual	\$0	\$0
% of 2022 Capital Plan Rev./Exp.	0.0%	0.0%
2021-2022 Capital Plan Revenues/Expenditures	\$47,610,396	\$56,044,959
2021-2022 Actual	\$3,948,823	\$4,845,054
% of 2021-2022 Capital Plan Rev./Exp.	8.3%	8.6%

Receipts are largely comprised of Real Estate Excise Tax. The 2021 plan includes one-time transfers from the General Fund and Transportation Impact Fee Fund in support of the following capital projects listed in the Summary of Contributions to/other Funding for Roads Capital Projects table later in this report. Funds are transferred from the General Fund and Transportation Impact Fee Fund as expenditures are incurred by the projects.

Capital projects expended 8.6% 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. 351-386 of the City's 2021-2022 Proposed Biennial Budget and 2021-2026 Capital Improvement Plan book.





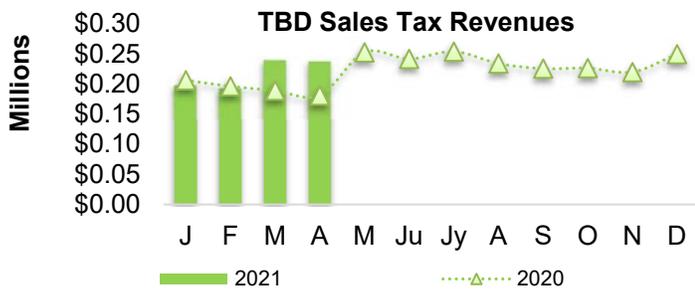
2021 SECOND QUARTER FINANCIAL REPORT

SIDEWALK EXPANSION

2020 LTGO Bond Fund	Resources	Expenditures
2021 Current Plan Total	\$2,159,113	\$899,550
Less:		
2021 Use of Fund Balance	0	N/A
2021 Other Sources & Transfers	0	0
2021 Current Plan Revenues/Expenditures	\$2,159,113	\$899,550
2021 Actual	\$877,786	\$200,455
% of 2021 Current Plan Rev./Exp.	40.7%	22.3%
2022 Capital Plan Total	\$2,235,089	\$899,550
Less:		
2022 Use of Fund Balance	0	N/A
2022 Other Sources & Transfers	0	0
2022 Current Plan Revenues/Expenditures	\$2,235,089	\$899,550
2022 YTD Actual	\$0	\$0
% of 2022 Current Plan Rev./Exp.	0.0%	0.0%
2021-2022 Current Plan Revenues/Expenditures	\$4,394,202	\$1,799,100
2021-2022 Actual	\$877,786	\$200,455
% of 2021-2022 Current Plan Rev./Exp	20.0%	11.1%

The regular Sales Tax rate is 10.2% with the City's general operation'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. Receipts for 2021, in the amount of \$0.872 million, are 12.8% more than 2020. In 2020, the City received \$11.539 million in bond proceeds for the New Sidewalks Program.

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. 351-386 of the City's 2021-2022 Proposed Biennial Budget and 2021-2026 Capital Improvement Plan book.



Sidewalk Expansion Fund	Resources	Expenditures
2021 Capital Plan Total	\$3,174,552	\$3,092,995
Less:		
2021 Use of Fund Balance	272,771	N/A
2021 Other Sources & Transfers	981,803	0
2021 Capital Plan Revenues/Expenditures	\$1,919,978	\$3,092,995
2021 Actual	\$15,582	\$386,824
% of 2021 Capital Plan Rev./Exp.	0.8%	12.5%
2022 Capital Plan Total	\$2,830,000	\$2,830,000
Less:		
2022 Use of Fund Balance	0	N/A
2022 Other Sources & Transfers	2,030,000	0
2022 Capital Plan Revenues/Expenditures	\$800,000	\$2,830,000
2022 YTD Actual	\$0	\$0
% of 2022 Capital Plan Rev./Exp.	0.0%	0.0%
2021-2022 Current Plan Revenues/Expenditures	\$2,719,978	\$5,922,995
2021-2022 Actual	\$15,582	\$386,824
% of 2021-2022 Current Plan Rev./Exp	0.6%	6.5%



2021 SECOND QUARTER FINANCIAL REPORT

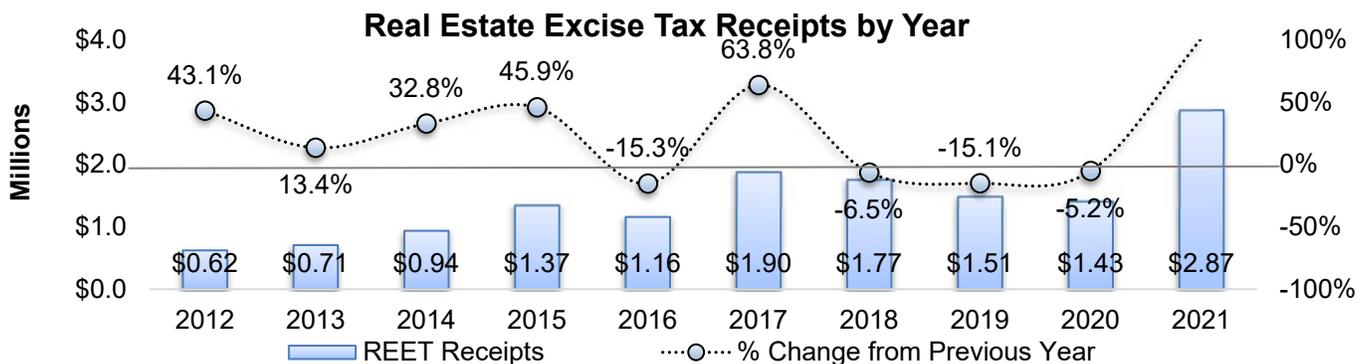
SUMMARY OF CONTRIBUTIONS TO/OTHER FUNDING FOR GENERAL CAPITAL PROJECTS

General Fund Contributions to Projects	2021-2022 Budget	2021-2022 Actual	Budgeted General Fund Support	Amount Transferred
City Hall	\$157,832	\$15,572	\$157,832	\$0
Police Station at City Hall	\$48,000	\$11,895	\$61,170	\$2,210
City Maintenance Facility	\$4,522,021	\$55,162	\$2,978,559	\$3,962
Parks Repair & Replacement	\$650,000	\$60,955	\$200,000	\$25,000
Parks Facilities Recreation Amenities	\$487,000	\$0	\$113,000	\$0
Soccer Field Rental Contribution	N/A	\$373	\$260,000	\$0
Park Impact Fee (PIF) Contributions to Projects	2021-2022 Budget	2021-2022 Actual	Budgeted PIF Support	Amount Transferred
Playground Replacement	\$656,173	\$0	\$250,000	\$0
PROS Plan Acquisitions	\$8,661,771	\$662,770	\$852,561	\$633,807
Surface Water Utility (SWM) Fund Contributions to Projects	2021-2022 Budget	2021-2022 Actual	Budgeted SWM Support	Amount Transferred
City Maintenance Facility	See above	See above	\$1,053,462	\$1,780

SUMMARY OF CONTRIBUTIONS TO/OTHER FUNDING FOR ROADS/SIDEWALK CAPITAL PROJECTS

General Fund Contributions to Projects	2021-2022 Budget	2021-2022 Actual	Budgeted General Fund Support	Amount Transferred
Sidewalk Rehabilitation Program	\$797,162	\$3,749	\$152,518	\$38,130
Trail Along the Rail	\$327,618	\$28,088	\$201,664	\$8,713
147 th /148 th Non-Motorized Bridge	\$7,976,082	\$63,000	\$247,732	\$0
Driveway Relocation Richmond Beach Rd	\$81,439	\$0	\$56,309	\$0
Gambling Tax and Grant Match Funding	N/A	N/A	\$195,302	\$0
Transportation Impact Fee (TIF) Contributions to Projects	2021-2022 Budget	2021-2022 Actual	Budgeted TIF Support	Amount Transferred
N 175th St - Stone Ave N to I5	\$3,527,613	\$230,527	\$946,805	\$8,651
Surface Water Utility (SWM) Fund Contributions to Projects	2021-2022 Budget	Amount Spent YTD	Budgeted SWM Support	Amount Transferred
Westminster Way N and N 155th Street Intersection Improvements	See above	See above	\$199,189	\$0

REAL ESTATE EXCISE TAX



Real Estate Excise Tax (REET) revenue receipts, in the amount of \$2,870,711, are 101.2% more than 2020.



2021 SECOND QUARTER FINANCIAL REPORT

SURFACE WATER UTILITY FUND

Surface Water Utility Fund	Resources	Expenditures
2021 Current Plan Total	\$14,820,863	\$14,323,482
Less:		
2021 Use of Fund Balance	1,806,892	N/A
2021 Other Sources & Transfers	3,900,000	2,041,385
2021 Operating & Capital Plan Revenues/Expenditures	\$9,113,971	\$12,282,097
2021 Actual	\$4,471,641	\$2,604,650
% of 2021 Current Plan Rev./Exp.	49.1%	21.2%
2022 Current Plan Total	\$20,380,325	\$11,552,200
Less:		
2022 Use of Fund Balance	0	N/A
2022 Other Sources & Transfers	11,850,000	788,734
2022 Operating & Capital Plan Revenues/Expenditures	\$8,530,325	\$10,763,466
2022 YTD Actual	\$0	\$0
% of 2022 Current Plan Rev./Exp.	0.0%	0.0%
2021-2022 Operating & Capital Plan Revenues/Expenditures	\$17,644,296	\$23,045,563
2021-2022 Actual	\$4,471,641	\$2,604,650
% of 2021-2022 Plan Rev./Exp.	25.3%	11.3%

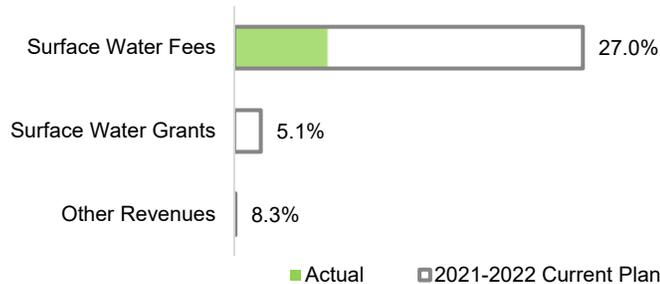
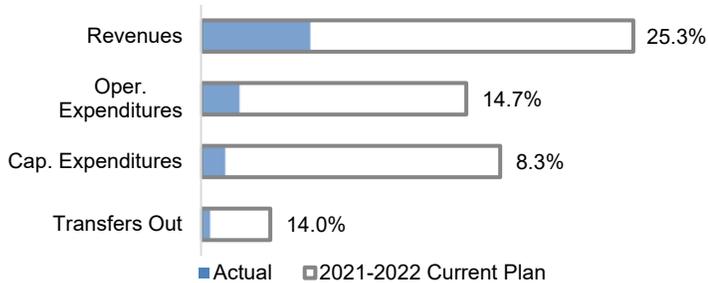
The Surface Water Utility Fund (SWM) includes both on-going operational programs and capital projects with both being reflected in the total expenditures and revenues for the fund.

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 28.4% of the current plan for the Operating Budget, which is 0.0% less than 2020. Capital projects expended 15.2% 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. 389-414 of the City's 2021-2022 Proposed Biennial Budget and 2021-2026 Capital Improvement Plan book.





2021 SECOND QUARTER FINANCIAL REPORT

WASTEWATER UTILITY FUND

Wastewater Utility Fund	Resources	Expenditures
2021 Current Plan Total	\$18,194,434	\$18,368,621
Less:		
2021 Use of Fund Balance	9,259	N/A
2021 Other Sources & Transfers	0	516,072
2021 Current Plan Revenues/Expenditures	\$18,185,175	\$17,852,549
2021 Actual	\$3,826,043	\$6,787,239
% of 2021 Current Plan Rev./Exp.	21.0%	38.0%
2022 Capital Plan Total	\$19,009,004	\$17,711,669
Less:		
2022 Use of Fund Balance	835,829	N/A
2022 Other Sources & Transfers	0	516,072
2022 Current Plan Revenues/Expenditures	\$18,173,175	\$17,195,597
2022 YTD Actual	\$0	\$0
% of 2022 Current Plan Rev./Exp.	0.0%	0.0%
2021-2022 Current Plan Revenues/Expenditures	\$36,358,350	\$35,048,146
2021-2022 Actual	\$3,826,043	\$6,787,239
% of 2022-2021 Current Plan Rev./Exp	10.5%	19.4%

The City of Shoreline completed the assumption of Ronald Wastewater District on April 30, 2021. The Wastewater Utility Fund (WW) will begin to include both on-going operational programs and capital projects with both being reflected in the total expenditures and revenues for the fund.



2021 SECOND QUARTER FINANCIAL REPORT

INVESTMENT REPORT: JUNE 30, 2021

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, 2021, the City's investment portfolio, excluding the State Investment Pool had a current weighted average rate of return of 1.4578%. This is higher than the 0.0752% rate of return of the State Investment Pool.

Total annual investment interest earnings through June 30, 2021 were \$115,512. While this amount is significantly lower than prior years returns as a result of the low interest rate environment, it exceeds our annual budget projection which was reduced to \$107,765 for 2021 in anticipation of lower rates. With a slight improvement in interest rates, and as LGIP rates moved lower than the market, we have been monitoring the market and are slowly beginning to make longer term investments to return to a laddered portfolio. Recognizing that we will be holding these low rate of return investments for their full term, we have sought short-term investments where possible.

As of June 30, 2021, the City's investment portfolio had a fair value of nearly \$81.92 million. Approximately 12.3% of the investment portfolio was held in U.S. government instrumentality securities, and 87.7% was held in the Washington State Investment Pool. The City's investment portfolio valued at cost as of June 30, 2021 was approximately \$82.02 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.



2021 SECOND 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 06/30/21
US Treasury 2.750	9128285A4	Financial Northeastern	02/20/20	09/15/21	2,000,000	2,040,000	1.4532%	(28,716)	2,011,284
FHLB 3.00	3130AF589	PperJaffray	02/20/20	10/12/21	2,000,000	2,050,320	1.4455%	(33,720)	2,016,600
FFCB 3.05	3133EJ774	PperJaffray	02/20/20	11/15/21	2,000,000	2,054,460	1.4551%	(32,148)	2,022,312
FFCB 1.76	3133EGL60	PperJaffray	02/20/20	11/29/21	2,000,000	2,010,280	1.4651%	3,792	2,014,072
FHLB 2.625	313376C94	PperJaffray	02/20/20	12/10/21	2,000,000	2,040,980	1.4702%	(18,272)	2,022,708
Sub Total - Investments					\$ 10,000,000	\$ 10,196,040		\$ (109,064)	\$ 10,086,976
State Investment Pool						71,828,787	0.0752%		71,828,787
Sub Total - State Investment Pool						71,828,787			71,828,787
Total LGIP + Investments						\$ 82,024,827		\$ (109,064)	\$ 81,915,763

Portfolio Diversification

Instrument Type	Percentage	Amount at Cost	Amount at Market Value
FFCB	4.9%	\$ 4,064,740	\$ 4,036,384
FHLB	4.9%	4,091,300	4,039,308
FNMA	0.0%	0	0
US Treasury	2.5%	2,040,000	2,011,284
FICO STRIP PRIN SER D-P	0.0%	0	0
State Investment Pool	87.7%	71,828,787	71,828,787
Total LGIP + Investments	100%	\$ 82,024,827	\$ 81,915,763

Broker	Percentage	Amount at Cost	Amount at Market Value
Financial Northw estern	2.5%	\$ 2,040,000	\$ 2,011,284
1st Empire	0.0%	-	-
Time Value Investment	0.0%	-	-
PperJaffray	9.9%	8,156,040	8,075,692
Multi-Bank Security	0.0%	-	-
State Investment Pool	87.6%	71,828,787	71,828,787
Total LGIP + Investments	100%	\$ 82,024,827	\$ 81,915,763

Investments by Fund

Fund	Investments at Cost as of 06/30/2021	LGIP State Investment Pool as of 06/30/2021	Total LGIP + Investments at Cost by Fund as of 06/30/2021	Unrecognized Gain/(Loss) as of 06/30/2021	Total Market Value of Investments by Fund as of 06/30/2021	2021 Budgeted Investment Earnings	2021 Actual Investment Earnings	Over/(Under) Budget
001 General	\$ 3,005,974	\$ 21,176,405	\$ 24,182,379	\$ (32,154)	\$ 24,150,225	\$ 69,000	\$ 42,310	\$ (26,690)
101 Street	22,375	157,623	179,998	(239)	179,759	2,500	(74)	(2,574)
107 Code Abatement	51,878	365,465	417,343	(555)	416,788	550	584	34
108 Asset Seizure	6,782.55	47,781.52	54,564.07	(72.55)	54,492	-	76	76
109 Public Arts	16,723	117,810	134,533	(179)	134,354	-	269	269
112 Fed Drug Enforcement	2,855	20,113	22,968	(31)	22,937	200	32	(168)
117 Transportation Impact Mitigation	799,101	5,629,488	6,428,589	(8,548)	6,420,042	-	10,379	10,379
118 Parks Impact Fees	234,938	1,655,082	1,890,020	(2,513)	1,887,506	-	4,080	4,080
190 Revenue Stabilization	699,357	4,926,811	5,626,168	(7,481)	5,618,687	-	-	-
230 Sidew alk LTGO Bond Admin	560,674	3,949,824	4,510,498	(5,997)	4,504,501	-	6,183	6,183
301 General Capital	865,960	6,100,492	6,966,452	(9,263)	6,957,189	2,670	10,456	7,786
312 City Fac-Mjr Maint	14,826	104,446	119,272	(159)	119,113	170	139	(31)
330 Roads Capital	453,876	3,197,452	3,651,327	(4,855)	3,646,472	8,467	5,251	(3,216)
331 Trans Bene Dist	343,127	2,417,249	2,760,375	(3,670)	2,756,705	-	3,755	3,755
332 Sidew alk Expansion Fund Admin	1,368,640	9,641,760	11,010,400	(14,640)	10,995,760	-	15,582	15,582
401Surface Water Utility Fund	767,579	5,407,420	6,174,999	(8,211)	6,166,789	16,208	3,846	(12,362)
405 Wastew ater Fund	566,933	3,993,913	4,560,846	(6,064)	4,554,782	-	7,973	7,973
501 Vehicle Oper/Maint	0	0	0	-	-	-	-	-
503 Equip Dep Replace	414,443	2,919,654	3,334,096	(4,433)	3,329,663	8,000	4,675	(3,325)
505 Unemployment	0	0	0	-	-	-	(5)	(5)
Total Investments	\$ 10,196,040	\$ 71,828,787	\$ 82,024,827	\$ (109,064)	\$ 81,915,763	\$ 107,765	\$ 115,512	\$ 7,747