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2023 SECOND QUARTER FINANCIAL REPORT

PERFORMANCE AT A GLANCE

The City of Shoreline adopted its 2023-2024 Biennial Budget on November 21, 2022. While the budget is adopted for the biennium, each year has a plan for revenues and expenditures. This report reflects unaudited preliminary revenue collections and expenditures through June 30, 2023 as compared to the 2023 Plan as amended through June 30, 2023.

General Fund Revenues	Compared to 2023 Current Plan	Compared to 2022 Actuals as of June
Property Tax Revenue	▲ POSITIVE ▲	▲ POSITIVE ▲
Sales Tax Revenue	▲ POSITIVE ▲	▲ POSITIVE ▲
Intergovernmental Revenue	▼ NEGATIVE ▼	▲ POSITIVE ▲
Grant Revenue	▼ NEGATIVE ▼	▲ POSITIVE ▲
B&O Tax	▲ POSITIVE ▲	▲ POSITIVE ▲
Franchise Fees	▲ POSITIVE ▲	► NEUTRAL ►
Contract Payments	▲ POSITIVE ▲	▲ POSITIVE ▲
Utility Tax	▲ POSITIVE ▲	▲ POSITIVE ▲
Development Revenue	▲ POSITIVE ▲	▲ POSITIVE ▲
Parks and Recreation Revenue	► NEUTRAL ►	► NEUTRAL ►
Interest Income	▲ POSITIVE ▲	▲ POSITIVE ▲
Non-General Fund Revenues		
Gas Tax	● WARNING ●	► NEUTRAL ►
Transportation Benefit District Sales Tax	▲ POSITIVE ▲	▲ POSITIVE ▲
Real Estate Excise Tax	▲ POSITIVE ▲	▼ NEGATIVE ▼
Surface Water Fees	▲ POSITIVE ▲	▲ POSITIVE ▲
Wastewater Fees	▲ POSITIVE ▲	▲ POSITIVE ▲

Key to revenue trend indicators:

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

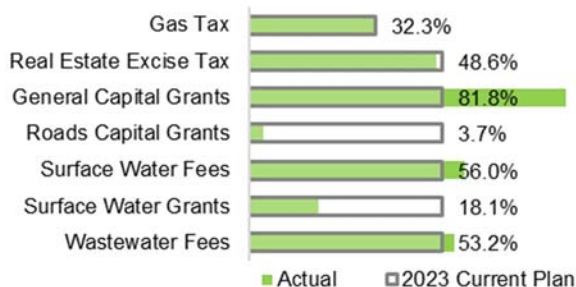
◄ NEUTRAL ► = Variance/Change of -1% to +2%

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

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

OTHER FUNDS COMPARED TO 2023 CURRENT PLAN (AS OF JUN. 30):

Revenues





2023 SECOND QUARTER FINANCIAL REPORT

PERFORMANCE AT A GLANCE

Highlights:

Following are the major highlights with details included later in the report.

General Fund Revenue and Expenditures

- General Fund receipts reflect a year-over-year increase of 20.5% primarily due to one-time revenues associated with development. Departmental expenditures reflect a 10.1% decrease due to delay in invoicing from Police contract. See pages 4-12 for details.
- Property tax receipts came in on track at 45.7% of the allowable levy. See page 6 for details.
- Sales tax receipts reflecting activity from January through April 2023 are greater than the plan by 30.2% and 2022 collections by 8.2%. The Construction sector, while 26.7% less than 2022 collections, continued to maintain a high level of activity. See page 7 for details.
- Revenues from Permit and Plan Check Fees are more than 2022 by 11.7%. Total permit applications through 2023 are 181, or 4.23%, less than 2022. Total permits issued during this time are 139, or 28.35%, less than 2022. See page 11 for details.
- Park Rentals have maintained the high levels of reservation hours and revenue achieved in the 2nd quarter of 2022 due to improved rental policies and online rental processes that streamlined the park rental process for customers and made park rentals more accessible. The decrease in general recreation revenues is primarily driven by timing differences as the majority of summer programming revenue is received in the third quarter of the year. 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 \$89,877. That cap was reached with March's distribution; therefore, no further distribution was made in April thru June. Distributions resumed in July.

Non-General Fund Revenue and Expenditures

- Street Fund receipts, excluding transfers in, are 1.9% more than 2022. Gas tax receipts reflecting activity from January through June 2023 are less than the 2023 plan by 1.3% and more than 2022 by 1.0%. See page 13 for details.
- More information on the scope and timing of capital projects, including updated estimates, can be found in the City's 2023-2024 Proposed Biennial Budget and 2023-2028 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 \$124,909, or 2.6%. Surface Water Utility operations expended 26.8% of the 2023 plan for the Operating Budget, which is 58.5% less than 2022. Capital projects expended 27.0% of the 2023 plan for the Capital Budget. Capital expenditures are impacted by the timing of construction schedules. See page 18 for details.
- Wastewater Revenues are currently 25.7% of plan and more than the prior year by \$1,655,009, or 17.5%. Expenditures are currently 22.8% of plan and more than the prior year by \$809,434 or 9.3%. Because this fund, like surface water, includes capital expenditures the timing of project expenditures can vary greatly, see page 19 for details.



2023 SECOND QUARTER FINANCIAL REPORT

ALL FUNDS BUDGET AND YEAR-OVER-YEAR SECOND QUARTER COMPARISON

The following table presents the 2023 Current Plan as amended by Ordinance No. 982.

REVENUES & OTHER SOURCES

FUND TYPE	2022 Current Plan	2022 Actual	% of 2022 Current Plan	2023 Current Plan	2023 Actual	% of 2023 Current Plan	2023 v. 2022 \$ Change	2023 v. 2022 % Change
OPERATING FUNDS	\$49,732,839	\$23,380,514	47.0%	\$53,425,779	\$28,019,970	52.4%	\$4,639,456	19.8%
General Fund	\$47,340,694	\$22,292,295	47.1%	\$50,612,031	\$26,870,413	53.1%	\$4,578,118	20.5%
Shoreline Secure Storage Fund	1,129,750	646,707	57.2%	1,500,000	685,906	45.7%	39,199	6.1%
Street Fund	1,196,152	398,962	33.4%	1,247,505	406,630	32.6%	7,668	1.9%
Code Abatement Fund	30,000	41,597	138.7%	30,000	11,005	36.7%	(30,592)	-73.5%
State Drug Forfeiture Fund	18,243	335	1.8%	18,243	41,973	230.1%	41,637	12423.1%
Public Arts Fund	5,000	438	8.8%	5,000	2,706	54.1%	2,268	517.3%
Federal Drug Forfeiture Fund	13,000	88	0.7%	13,000	207	1.6%	119	135.6%
Federal Criminal Forfeiture Fund	0	90	0.0%	0	1,130	0.0%	1,039	1152.2%
DEBT SERVICE FUNDS	\$2,235,089	\$949,927	42.5%	\$2,391,469	\$4,217,744	176.4%	\$3,267,817	344.0%
CAPITAL FUNDS	\$28,733,288	\$10,902,154	37.9%	\$41,925,616	\$11,717,088	27.9%	\$814,934	7.5%
General Capital Fund	2,164,555	1,683,655	77.8%	5,971,942	3,085,809	51.7%	1,402,153	83.3%
General Capital Fund-Parks Bond	0	23,686	0.0%	0	844,806	#####	821,119	3466.6%
City Facility-Major Maintenance Fund	883	0	0.0%	3,639	2,607	71.6%	2,607	0.0%
Roads Capital Fund	25,017,850	6,723,566	26.9%	35,950,035	3,128,786	8.7%	(3,594,780)	-53.5%
Sidewalk Expansion Fund	800,000	38,615	4.8%	0	205,702	0.0%	167,087	432.7%
Transportation Impact Fees Fund	0	1,207,480	0.0%	0	1,897,017	0.0%	689,537	57.1%
Park Impact Fees Fund	750,000	1,225,152	163.4%	0	2,552,362	0.0%	1,327,210	108.3%
ENTERPRISE FUNDS	\$27,580,044	\$14,137,958	51.3%	\$30,414,437	\$16,381,171	53.9%	\$2,243,213	15.9%
Surface Water Utility Fund	8,750,325	4,698,277	53.7%	9,843,914	5,286,482	53.7%	588,204	12.5%
Wastewater Utility Fund	18,829,719	9,439,680	50.1%	20,570,523	11,094,689	53.9%	1,655,009	17.5%
INTERNAL SERVICE FUNDS	\$768,758	\$56,741	7.4%	\$732,106	\$485,745	66.3%	\$429,004	756.1%
TOTAL REVENUE	\$109,050,018	\$49,427,293	45.3%	\$128,889,406	\$60,821,717	47.2%	\$11,394,424	23.1%
OTHER SOURCES								
Proceeds from Capital Assets	\$0	\$1,216,642	0.0%	\$1,000,000	\$182,041	18.2%	(\$1,034,601)	-85.0%
Transfers In	30,093,343	19,118,662	63.5%	17,888,622	7,845,840	43.9%	(11,272,822)	-59.0%
Other Financing Sources	83,714,673	3,910,581	4.7%	11,323,378	3,224,000	28.5%	(686,581)	-17.6%
Budgeted Use of Fund Balance	21,434,857	0	0.0%	40,714,403	0	0.0%	0	0.0%
TOTAL RESOURCES	\$244,292,891	\$73,673,178	30.2%	\$199,815,809	\$72,073,598	36.1%	(\$1,599,579)	-2.2%

EXPENDITURES & TRANSFERS OUT

OPERATING FUNDS	\$52,086,918	\$18,565,600	35.6%	\$59,162,669	\$17,463,493	29.5%	(\$1,102,107)	-5.9%
General Fund	\$49,468,488	\$17,692,907	35.8%	\$55,800,895	\$15,906,735	28.5%	(\$1,786,172)	-10.1%
Shoreline Secure Storage Fund	649,750	210,791	32.4%	1,085,000	483,852	44.6%	273,061	129.5%
Revenue Stabilization Fund	1,000	697	69.7%	0	0	0.0%	(697)	-100.0%
Street Fund	1,769,088	637,007	36.0%	2,016,543	1,006,547	49.9%	369,539	58.0%
Code Abatement Fund	100,000	5,337	5.3%	100,000	5,000	5.0%	(337)	-6.3%
Public Arts Fund	67,349	18,852	28.0%	100,165	28,849	28.8%	9,997	53.0%
State Drug Forfeiture Fund	18,243	7	0.0%	18,243	3,356	18.4%	3,349	49616.1%
Federal Drug Forfeiture Fund	13,000	3	0.0%	13,000	0	0.0%	(3)	-100.0%
Federal Criminal Forfeiture Fund	0	0	0.0%	28,823	29,156	101.2%	29,156	0.0%
DEBT SERVICE FUNDS	\$37,768,057	\$9,174,751	24.3%	\$6,205,383	\$1,576,026	25.4%	(\$7,598,725)	-82.8%
CAPITAL FUNDS	\$45,547,094	\$9,325,839	20.5%	\$70,651,675	\$10,747,419	15.2%	\$1,421,580	15.2%
General Capital Fund	5,303,303	1,349,015	25.4%	11,211,605	3,466,565	30.9%	2,117,550	157.0%
General Capital Fund-Parks Bond	2,633,854	354,895	13.5%	20,455,894	878,261	4.3%	523,366	147.5%
City Facility-Major Maint. Fund	100,826	278,030	275.8%	157,810	7,715	4.9%	(270,315)	-97.2%
Roads Capital Fund	28,644,111	6,741,935	23.5%	33,685,126	4,952,812	14.7%	(1,789,123)	-26.5%
Sidewalk Expansion Fund	8,865,000	600,761	6.8%	5,141,240	1,442,065	28.0%	841,304	140.0%
Transportation Impact Fees Fund	0	906	0.0%	0	0	0.0%	(906)	-100.0%
Park Impact Fees Fund	0	296	0.0%	0	0	0.0%	(296)	-100.0%
ENTERPRISE FUNDS	\$29,556,493	\$11,481,771	38.8%	\$38,602,776	\$12,798,189	33.2%	\$1,316,419	11.5%
Surface Water Utility Fund	11,326,756	2,763,166	24.4%	12,155,915	3,270,151	26.9%	506,985	18.3%
Wastewater Utility Fund	18,229,737	8,718,604	47.8%	26,446,862	9,528,038	36.0%	809,434	9.3%
INTERNAL SERVICE FUNDS	\$754,903	\$149,079	19.7%	\$755,601	\$219,587	29.1%	\$70,508	47.3%
TOTAL EXPENDITURES	\$165,713,465	\$48,697,039	29.4%	\$175,378,104	\$42,804,714	24.4%	(\$5,892,325)	-12.1%
TRANSFERS OUT	\$30,093,343	\$3,306,250	11.0%	\$17,888,622	\$7,845,840	43.9%	\$4,539,590	137.3%
TOTAL EXPENDITURES & TRANSFERS OUT	\$195,806,808	\$52,003,289	26.6%	\$193,266,726	\$50,650,554	26.2%	(\$1,352,735)	-2.6%



2023 SECOND QUARTER FINANCIAL REPORT

GENERAL FUND BUDGET AND YEAR-OVER-YEAR SECOND QUARTER COMPARISON OVERVIEW

RESOURCES

GENERAL FUND RESOURCES	2022 Current Plan	2022 YTD Actual	% of 2022 Current Plan	2023 Current Plan	2023 YTD Actual	% of 2023 Current Plan	2023 v. 2022 \$ Change	2023 v. 2022 % Change
Property Tax	\$15,248,023	\$8,017,930	52.6%	\$15,772,334	\$10,120,337	64.2%	\$2,102,407	26.2%
Sales Tax	10,409,690	3,932,053	37.8%	11,117,540	4,254,982	38.3%	322,929	8.2%
Local Criminal Justice	1,639,472	644,298	39.3%	2,232,358	684,374	30.7%	40,076	6.2%
B&O, Utility, and Gambling Taxes	7,139,025	2,837,538	39.7%	7,659,577	2,994,956	39.1%	157,418	5.5%
Franchise Fees & Contract Payments	3,791,800	1,551,079	40.9%	4,009,947	1,631,966	40.7%	80,887	5.2%
Development Revenue	2,877,003	3,283,858	114.1%	3,281,716	3,680,802	112.2%	396,944	12.1%
Park and Recreation Revenue	1,629,686	593,547	36.4%	1,796,310	602,240	33.5%	8,694	1.5%
Intergovernmental Revenue	2,513,220	787,835	31.3%	2,384,707	802,879	33.7%	15,043	1.9%
Grant Revenue	742,305	57,531	7.8%	969,209	261,580	27.0%	204,049	354.7%
Fines and Licenses	596,500	79,072	13.3%	601,550	82,099	13.6%	3,027	3.8%
Miscellaneous Revenue	683,370	370,641	54.2%	716,183	369,739	51.6%	(902)	-0.2%
Interest Income	70,600	136,913	193.9%	70,600	1,384,460	1961.0%	1,247,547	911.2%
TOTAL REVENUES	\$47,340,694	\$22,292,295	47.1%	\$50,612,031	\$26,870,413	53.1%	\$4,578,118	20.5%
Proceeds from Capital Assets	0	0	0.0%	0	0	0.0%	0	0.0%
Operating Transfers In	2,028,244	1,014,122	50.0%	2,463,129	1,231,565	50.0%	217,443	21.4%
Other Financing Sources	15,000	0	0.0%	15,000	0	0.0%	0	0.0%
Budgeted Use of Fund Balance	6,009,022	0	0.0%	13,469,026	0	0.0%	0	0.0%
TOTAL RESOURCES	\$55,392,960	\$23,306,417	42.1%	\$66,559,186	\$28,101,977	42.2%	\$4,795,561	20.6%

EXPENDITURES & TRANSFERS OUT

DEPARTMENT	2022 Current Plan	2022 YTD Actual	% of 2022 Current Plan	2023 Current Plan	2023 YTD Actual	% of 2023 Current Plan	2023 v. 2022 \$ Change	2023 v. 2022 % Change
City Council	\$246,898	\$132,917	53.8%	\$280,094	\$148,440	53.0%	\$15,523	11.7%
City Manager's Office ¹	5,269,460	1,797,197	34.1%	5,640,608	2,501,803	44.4%	\$704,605	39.2%
City Attorney	893,209	243,665	27.3%	992,631	318,673	32.1%	\$75,007	30.8%
Administrative Services ²	8,132,185	3,485,560	42.9%	10,250,883	4,286,075	41.8%	\$800,515	23.0%
Citywide	2,578,113	1,110,451	43.1%	1,584,067	1,130,369	71.4%	\$19,918	1.8%
Human Resources	598,422	278,004	46.5%	763,495	366,031	47.9%	\$88,027	31.7%
Police	14,148,229	4,663,583	33.0%	14,896,996	(398,965)	-2.7%	(\$5,062,548)	-108.6%
Criminal Justice	2,224,655	409,112	18.4%	2,435,517	523,192	21.5%	\$114,080	27.9%
Recreation, Cultural & Community Services ³	7,656,933	2,394,315	31.3%	8,220,794	2,920,146	35.5%	\$525,830	22.0%
Planning & Community Development	3,853,705	1,616,096	41.9%	5,547,413	1,989,928	35.9%	\$373,832	23.1%
Public Works	3,866,679	1,562,005	40.4%	5,188,397	2,121,044	40.9%	\$559,038	35.8%
DEPARTMENTAL EXPENDITURES	\$49,468,488	\$17,692,907	35.8%	\$55,800,895	\$15,906,735	28.5%	(\$1,786,172)	-10.1%
Operating Transfers Out	4,216,692	1,815,212	43.0%	9,950,759	3,048,836	30.6%	1,233,625	68.0%
TOTAL EXPENDITURES AND TRANSFERS OUT	\$53,685,180	\$19,508,119	36.3%	\$65,751,654	\$18,955,571	28.8%	(\$552,548)	-2.8%

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

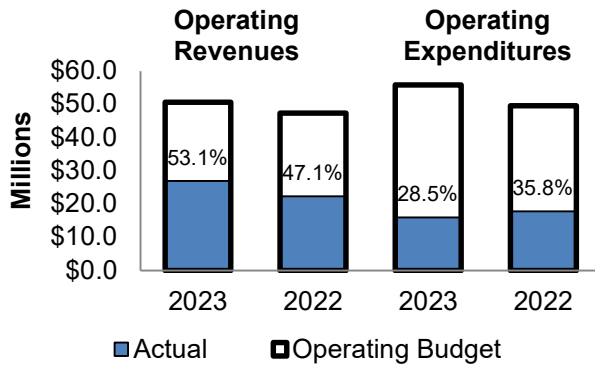
2. Recreation, Cultural and Community Services includes Neighborhoods, Emergency Management Planning, Human Services, Diversity Inclusion, Environmental Services, Recreation, Youth & Teen Development, and Cultural Services.

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



2023 SECOND QUARTER FINANCIAL REPORT

GENERAL FUND FINANCIAL OVERVIEW



General Fund	Revenues	Dept. Exp.
2023 Operating Plan	\$50,612,031	\$55,800,895
2023 Actual	\$26,870,413	\$15,906,735
% of 2023 Operating Plan	53.1%	28.5%
2022 Operating Plan	\$47,340,694	\$49,468,488
2022 Actual	\$22,292,295	\$17,692,907
% of 2022 Operating Plan	47.1%	35.8%
Actual 2023 v. 2022 \$ Change	\$4,578,118	(\$1,786,172)
Actual 2023 v. 2022 % Change	20.5%	-10.1%

The table on the previous page presents the 2023 planned revenues, expenditures, use of fund balance for one-time investments and transfers in from/out to other funds as approved in the 2023-2024 Biennial Budget. It also compares them to actual for 2023 and 2022.

Revenues:

General Fund revenue received reflects a year-over-year increase of 20.5%. The following are highlights comparing actual collections to those projected for 2023 and to 2022 collections for the General Fund:

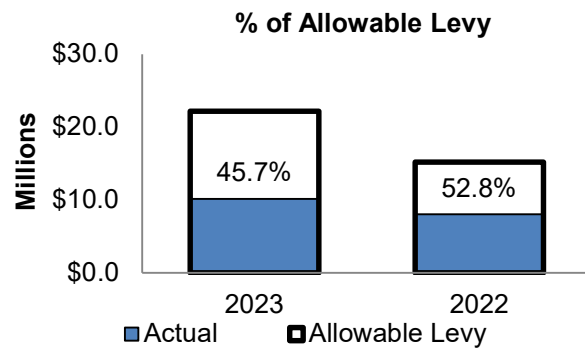
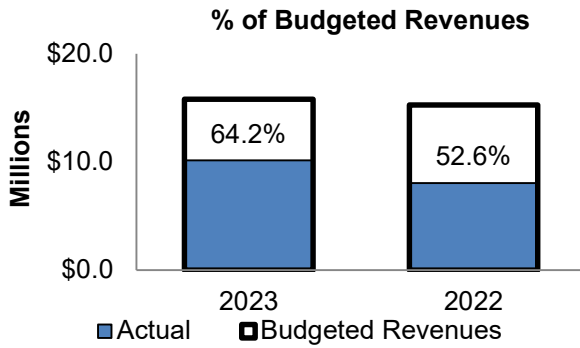
- Property tax receipts are at 64.2% of the 2023 plan, which is 45.7% of the allowable levy. Note that the adopted budget did not assume approval of the Levy Lid Lift.
- Sales tax receipts for 2023 are 30.2% greater than projected for the same period of the current plan. This is largely driven by the Construction sector which is 26.7% more than 2022 collections.
- Receipts from the Local Criminal Justice Tax for the reporting period of January through April are \$40,076, or 6.2%, more than the same period for 2022.
- Intergovernmental Revenue receipts are 1.9% more 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 in March. Distributions resumed in July.
- This report reflects Gambling Tax and B&O Tax receipts collected for 2023 Q1 quarterly tax returns.
- Utility Tax receipts in the amount of \$2.2 million are more than the 2023 plan and 2022 by 8.9% and 5.4%, respectively.
- Development revenue receipts, including right-of-way permits, exhibit a year-over-year increase of 12.1%. This is mainly attributed to an increase in Permit and Plan Check Fees revenue, which is 11.7% higher than 2022. Local development activity in 2023, in terms of the number of permit applications, is 181, or 4.23%, less than 2022.

Expenditures and Transfers Out:

Departments spent \$15.907 million, or 28.5%, of the Operating Budget. This level of expenditures is 10.1% less than the year-ago level. Total expenditures, including transfers out, representing expenditure of 28.8% of the Current Plan, are 2.8% less than the year-ago level. General Fund contributions to select capital projects are reflected in the table to the right.

General Fund Contributions to Projects	Budget	Actual	Fund Support	Transferred
General Capital Projects				
City Hall	\$448,672	\$7,918	\$448,672	\$7,918
City Maintenance Facility	\$8,408,107	\$2,044,561	\$5,797,024	\$1,386,212
Parks Repair & Replacement	\$719,802	\$33,187	\$200,000	\$0
Turf Replacement	\$1,165,000	\$0	\$260,000	\$0
Roads Capital Projects				
NSP NE 200th St from 30th to 25th Ave NE	\$0	\$0	\$890,000	\$0
147 th /148 th Non-Motorized Bridge	\$24,181,569	\$140,876	\$500,000	\$9,443
Driveway Relocation Richmond Beach Rd	\$85,086	N/A	\$70,000	\$0
Gambling Tax and Grant Match Funding	N/A	N/A	\$195,302	\$0

PROPERTY TAX

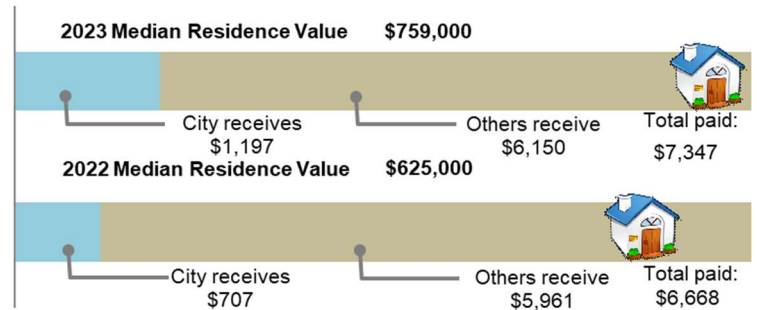


2023 Current Plan	\$15,772,334
2023 Second Quarter Actual Revenue	\$10,120,337
% of 2023 Current Plan	64.2%
2022 Current Plan	\$15,248,023
2022 Second Quarter Actual Revenue	\$8,017,930
% of 2022 Current Plan	52.6%
2023 v. 2022 \$ Change	\$2,102,407
2023 v. 2022 % Change	26.2%

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 2023 and 2022 as a percentage of the budgeted projection are at 64.2% and 52.6%, respectively. The adopted 2023-2024 budget did not assume voter approval of the Levy Lid Lift, so in terms of the allowable levy, which represents maximum levy as approved by voters in 2023, the receipts for 2023 and 2022 are 45.7% and 52.8%, respectively.

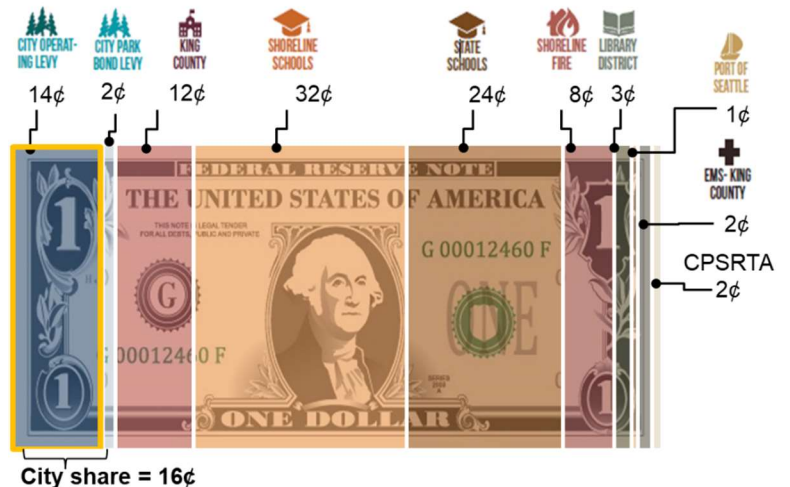
Impact on a median homeowner:

In 2023, the City of Shoreline property tax regular levy and excess voted levy rates increased from \$1.13 to \$1.39 and \$0.00 to \$0.19, respectively. The total levy rate decreased from \$10.67 to \$9.68. 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 \$679, or 10.18%, with the City's portion increasing \$489, and all other taxing jurisdictions' portion increasing \$189.



How \$1 is allocated:

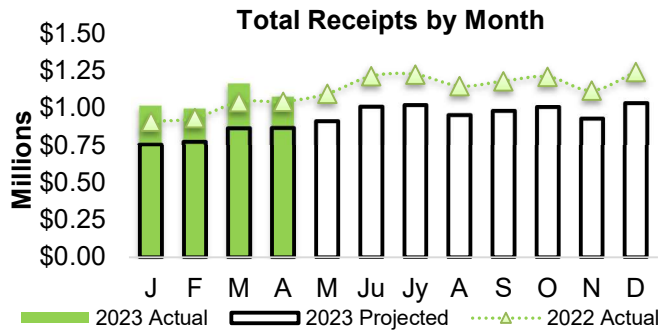
The chart to the left illustrates the allocation of each dollar paid at the 2023 levy rates for all taxing jurisdictions within Shoreline. The City receives 14¢ for the City's regular and 2¢ for the excess voted park bond levy.





2023 SECOND QUARTER FINANCIAL REPORT

SALES TAX



2023 Current Plan	\$11,117,540
2023 Second Quarter Actual Revenue	\$4,254,982
% of 2023 Current Plan	38.3%
2022 Current Plan	\$10,409,690
2022 Second Quarter Actual Revenue	\$3,932,053
% of 2022 Current Plan	37.8%
2023 v. 2022 \$ Change	\$322,929
2023 v. 2022 % Change	8.2%

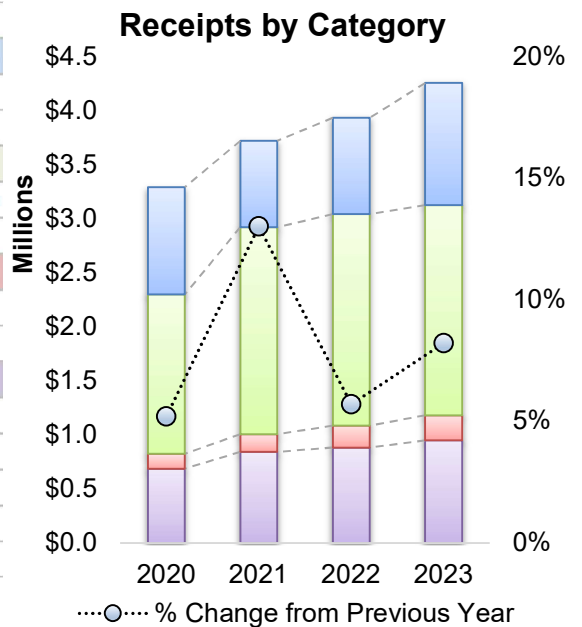
When analyzing monthly sales tax receipts, there are two items of special note: First, most businesses remit their sales tax collections to the Washington State Department of Revenue (DOR) on a monthly basis. Small businesses only have to remit their sales tax collections either quarterly or annually,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

Receipts are more than the 2023 Plan and 2022 collections by 30.2% and 8.2%, respectively. The Construction sector, while 26.7% more than 2022 collections, continued to maintain a high level of activity.

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

SALES TAX BY PRIMARY SECTOR FOR DISTRIBUTION PERIOD: JUNE

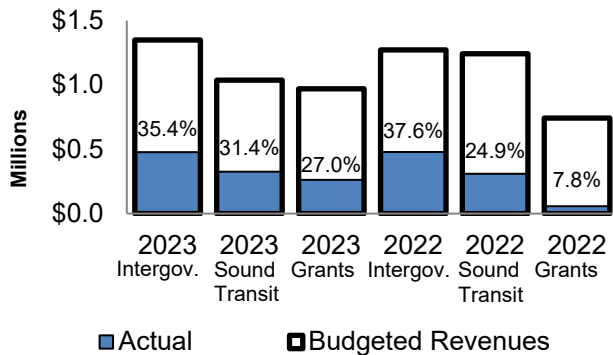
Sector	2019	2020	2021	2022	2023
Construction	\$709,568	\$991,417	\$799,858	\$891,074	\$1,128,645
\$ Change		\$281,849	(\$191,559)	\$91,216	\$237,571
% Change		39.7%	-19.3%	11.4%	26.7%
Retail Trade	\$1,597,460	\$1,474,537	\$1,913,846	\$1,955,794	\$1,944,721
\$ Change		(\$122,923)	\$439,308	\$41,948	(\$11,073)
% Change		-7.7%	29.8%	2.2%	-0.6%
Hotels/Restaurant	\$218,282	\$138,389	\$163,404	\$202,118	\$232,985
\$ Change		(\$79,893)	\$25,015	\$38,714	\$30,867
% Change		-36.6%	18.1%	23.7%	15.3%
All Others	\$603,581	\$687,466	\$843,009	\$883,066	\$948,631
\$ Change		\$83,885	\$155,542	\$40,058	\$65,564
% Change		13.9%	22.6%	4.8%	7.4%
Total Revenue	\$3,128,891	\$3,291,809	\$3,720,116	\$3,932,053	\$4,254,982
\$ Change		\$162,917	\$428,307	\$211,937	\$322,929
% Change		5.2%	13.0%	5.7%	8.2%



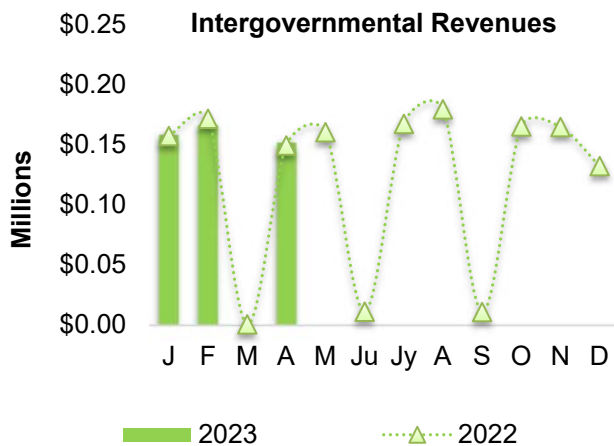


2023 SECOND QUARTER FINANCIAL REPORT

INTERGOVERNMENTAL, GRANTS, AND STATE SHARED SALES TAXES

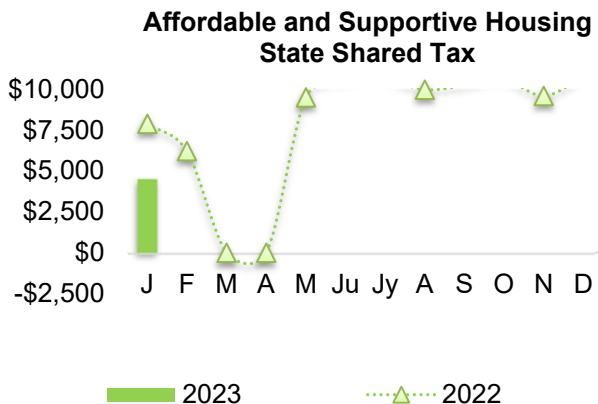


Intergovernmental revenue sources are comprised primarily of funding for criminal justice programs, contract payments, liquor excise tax, liquor board profits, marijuana excise tax, grants, and reimbursement from Sound Transit per the Expedited Permitting and Reimbursement Agreement. Contract payments 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.

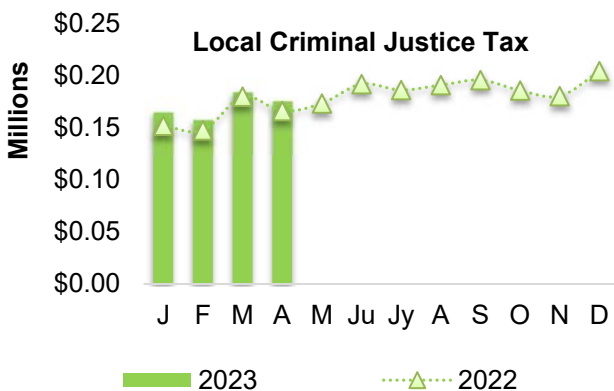


Total Intergovernmental receipts are 1.9% more than the year-ago level. Receipts by month from sources other than Sound Transit reimbursements are reflected in the Intergovernmental Revenues chart, which compares disbursements for March through June. Receipts for these revenues in 2023 total \$477,476 and are 0.1% less than 2022.

Grant receipts are 354.7% more than 2022 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 \$89,877. That cap was reached with March's distribution; therefore, no further distribution was made in April thru June. Distributions resumed in July. The distributions presented in this report are for March through June 2023, 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 3.0%. Sales tax collected throughout King County was actually 6.7% more than 2022.



2023 SECOND QUARTER FINANCIAL REPORT

BUSINESS & OCCUPATION TAXES AND FRANCHISE FEE & CONTRACT PAYMENTS

Business & Occupation Taxes

2023 Current Plan	\$7,659,577
Business & Occupation Tax	\$438,574
Utility Tax	\$2,204,575
Gambling Tax	\$351,808
2023 Second Quarter Actual Revenue	\$2,994,956
% of 2023 Current Plan	39.1%
2022 Current Plan	\$7,139,025
Business & Occupation Tax	\$366,228
Utility Tax	\$2,092,339
Gambling Tax	\$378,971
2022 Second Quarter Actual Revenue	\$2,837,538
% of 2022 Current Plan	39.7%
2023 v. 2022 \$ Change	\$157,418
2023 v. 2022 % Change	5.5%

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 quarterly tax returns. B&O Tax receipts in the amount of \$.44M are more than 2022 by 19.8%.

Utility Tax receipts in the amount of \$2.2 million are more than the 2023 Plan by 8.9% but more than 2022 by 5.4%. We continue to experience a significant decline in telecommunications tax as reflected on the next page.

Franchise Fee & Contract Payments

2023 Current Plan	\$4,009,947
Franchise Fee	\$415,757
Contract Payment	\$1,216,209
2023 Second Quarter Actual Revenue	\$1,631,966
% of 2023 Current Plan	40.7%
2022 Current Plan	\$3,791,800
Franchise Fee	\$414,588
Contract Payment	\$1,136,491
2022 Second Quarter Actual Revenue	\$1,551,079
% of 2022 Current Plan	40.9%
2023 v. 2022 \$ Change	\$80,887
2023 v. 2022 % Change	5.2%

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.

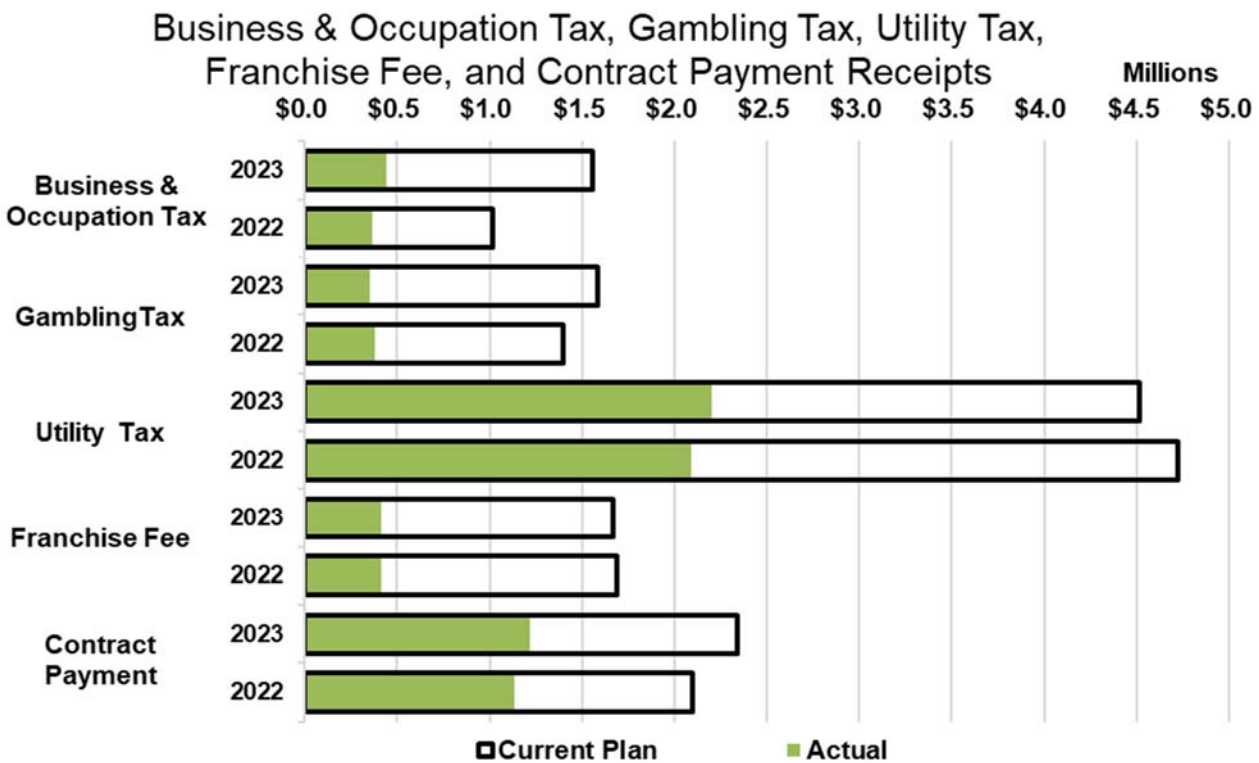
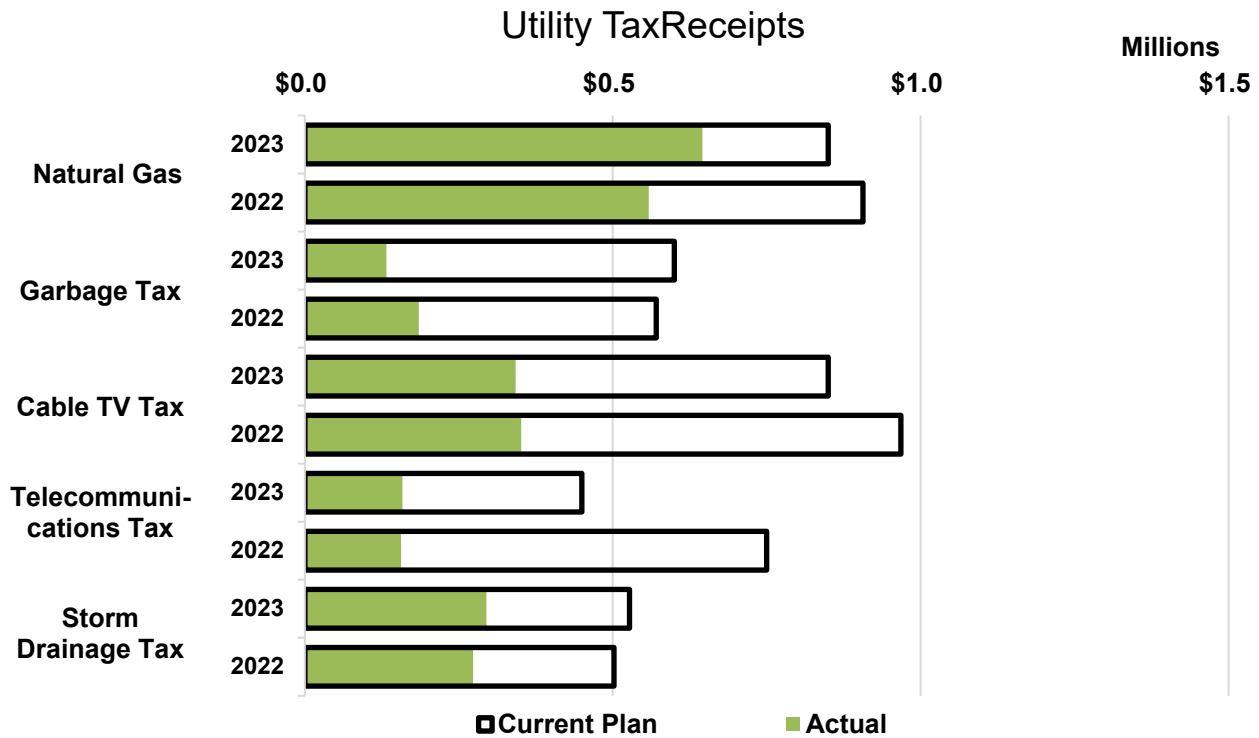
More information is available at <http://www.shorelinewa.gov/government/departments/city-clerk-s-office/agreements-and-contracts/utility-franchise-agreements-document-library/-folder-386>.



2023 SECOND QUARTER FINANCIAL REPORT

BUSINESS & OCCUPATION TAXES AND FRANCHISE FEE & CONTRACT PAYMENTS

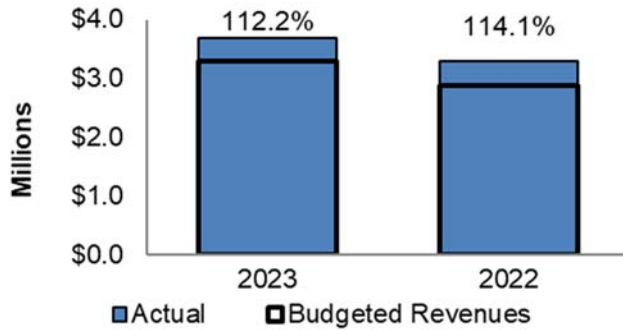
The chart below compares actual receipts to the annual budget for each year and budget projection for 2023.





2023 SECOND QUARTER FINANCIAL REPORT

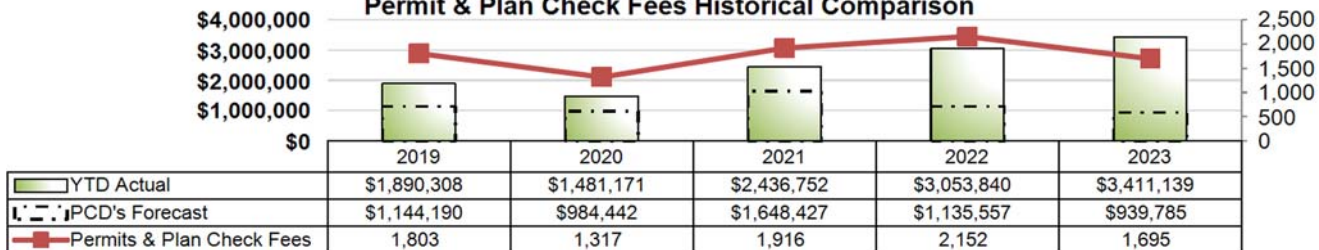
DEVELOPMENT REVENUE



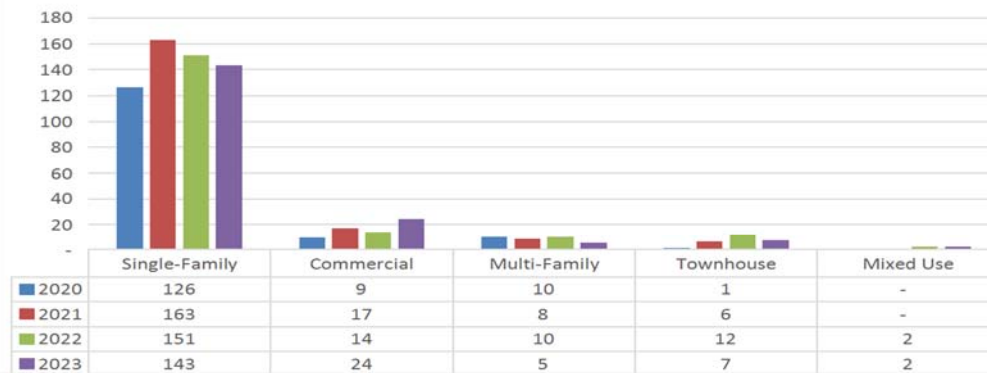
2023 Current Plan	\$3,281,716
2023 Second Quarter Actual Revenue	\$3,680,802
% of 2023 Current Plan	112.2%
2022 Current Plan	\$2,877,003
2022 Second Quarter Actual Revenue	\$3,283,858
% of 2022 Current Plan	114.1%
2023 v. 2022 \$ Change	\$396,944
2023 v. 2022 % Change	12.1%

Development revenue receipts, including right-of-way permits, exhibit a YTD actual 12.2% higher than 2023 full year plan. This is mainly attributed to increase in Permit and Plan Check Fees revenue in the first 6 months of the year, which is 11.7% higher than 2022 due to increased projects with high valuation, and \$1,089,892 in revenue from 2019 thru 2022 was deferred to 2023 for inspections that have been paid for but not yet performed. The actual revenue will be further adjusted after determination of deferred revenue in Q4. Total permit applications through 2023 are 181, or 4.23%, less than 2022. Total permits issued are 139, or 28.35%, less than 2022.

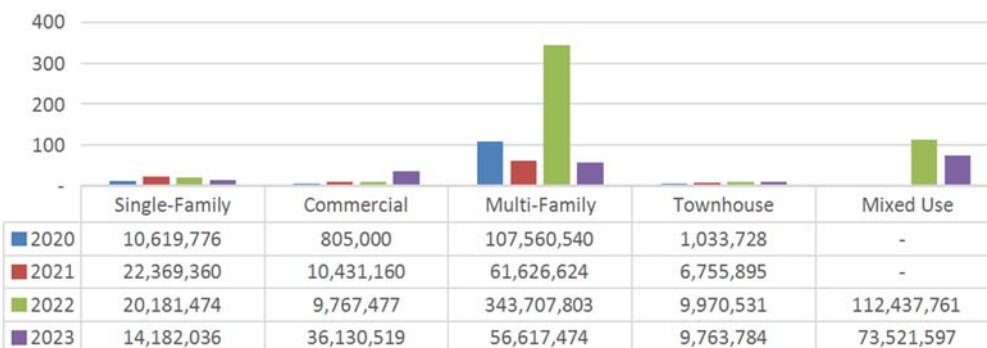
Permit & Plan Check Fees Historical Comparison



2Q Historical Applied Permits



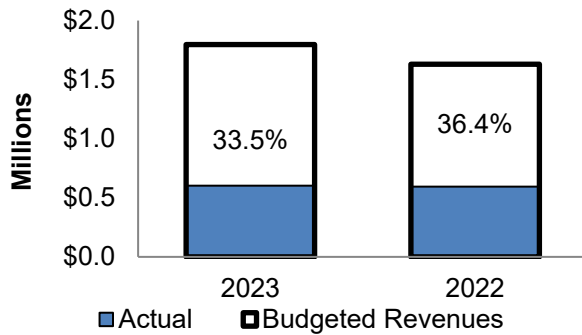
2Q Historical Applied Permits Valuation





2023 SECOND QUARTER FINANCIAL REPORT

PARKS AND RECREATION REVENUE

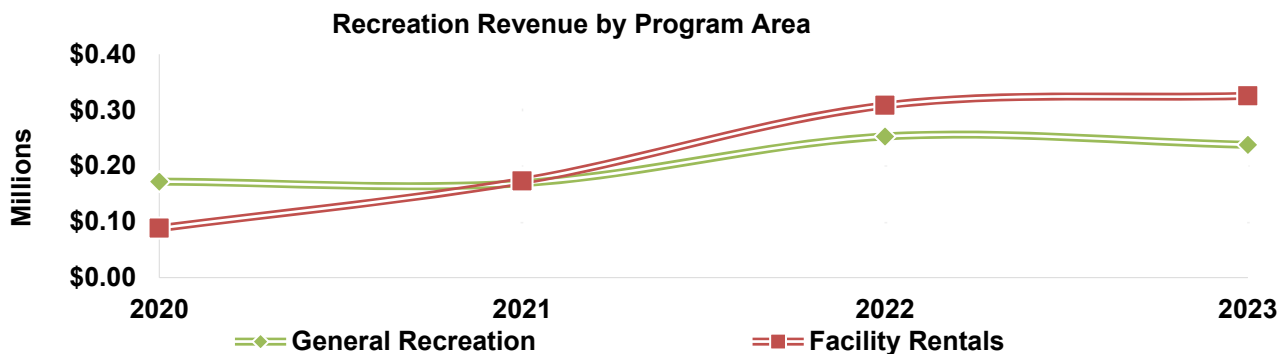


2023 Current Plan	\$1,796,310
2023 Second Quarter Actual Revenue	\$602,240
% of 2023 Current Plan	33.5%
2022 Current Plan	\$1,629,686
2022 Second Quarter Actual Revenue	\$593,547
% of 2022 Current Plan	36.4%
2023 v. 2022 \$ Change	\$8,694
2023 v. 2022 % Change	1.5%

There has been an increase in revenue from the rentals and drop-in use of the City park facilities, fields and open spaces in 2023. Park Rentals have maintained the high levels of reservation hours and revenue achieved in the 2nd quarter of 2022 due to improved rental policies and online rental processes that streamlined the park rental process for customers and made park rentals more accessible. Community center rental revenue has also increased year-over-year. The decrease in general recreation revenues is primarily driven by timing differences as the majority of summer programming revenue is received in the third quarter of the year.

Parks and Recreation revenue receipts are 1.5% higher than a year ago with receipts for general recreation programs less than a year ago by 5.9% and facility rentals 5.5% more than a year ago.

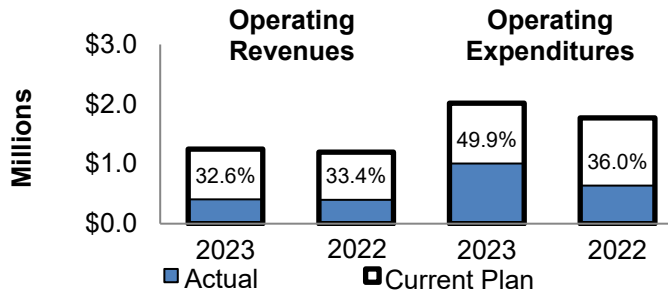
Year	General Recreation	Gen Rec % of Total	Facility Rentals	Fac Rent % of Total	Total Program Revenue	Non-Program Revenue
2020	\$172,021	66.0%	\$88,498	34.0%	\$260,519	\$33,487
2021	\$169,147	49.4%	\$173,127	50.6%	\$342,273	\$26,969
2022	\$252,813	45.0%	\$308,464	55.0%	\$561,276	\$32,270
2023	\$237,936	42.2%	\$325,535	57.8%	\$563,471	\$38,769





2023 SECOND QUARTER FINANCIAL REPORT

STREET FUND

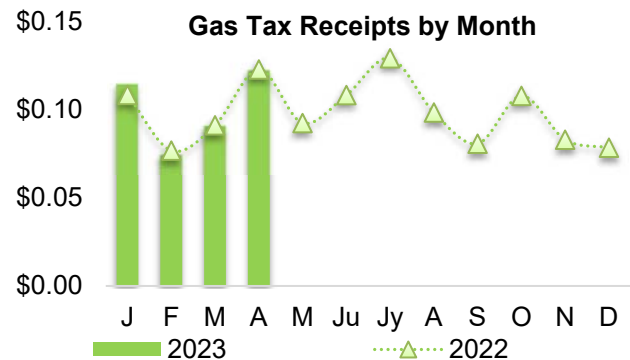
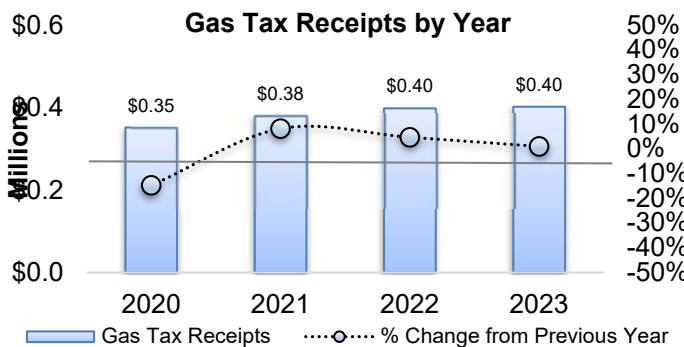


Street Fund	Resources	Expenditures
2023 Operating Plan	\$1,247,505	\$2,016,543
2023 Actual	\$406,630	\$1,006,547
% of 2023 Operating Plan	32.6%	49.9%
2022 Operating Plan	\$1,196,152	\$1,769,088
2022 Actual	\$398,962	\$637,007
% of 2022 Operating Plan	33.4%	36.0%
Actual 2023 v. 2022 \$ Change	\$7,668	\$369,539
Actual 2023 v. 2022 % Change	1.9%	58.0%

The table shows Street Fund receipts, excluding transfers in, are 1.9% more than 2022. Operating expenditures, excluding transfers out, are 58.0% more than 2022. Expenditures, including transfers out, are 50.8% more than 2022.

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 2023 reflects activity from January through April.

Distribution YTD totals to \$0.402 million, which is 1.0% more than 2022.





2023 SECOND QUARTER FINANCIAL REPORT

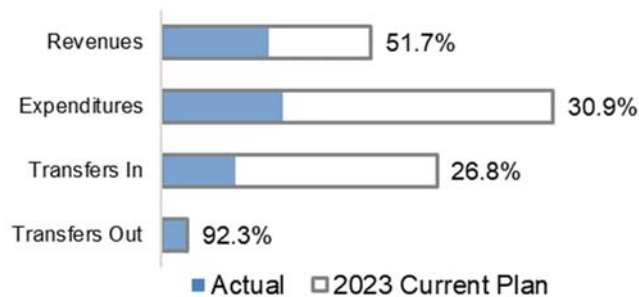
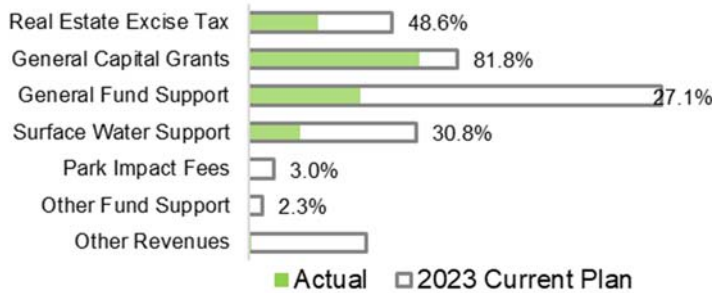
GENERAL CAPITAL FUND

General Capital Fund	Resources	Expenditures
2023 Current Plan Total	\$27,044,593	\$11,955,931
Less:		
2023 Use of Fund Balance	13,194,806	N/A
2023 Other Sources & Transfers	7,877,845	744,326
2023 Capital Plan Revenues/Expenditures	\$5,971,942	\$11,211,605
2023 Actual	\$5,730,560	\$8,185,228
% of 2023 Capital Plan Rev./Exp.	96.0%	73.0%
2024 Current Plan Total	\$18,098,751	\$3,013,532
Less:		
2024 Use of Fund Balance	14,077,453	N/A
2024 Other Sources & Transfers	1,605,695	675,501
2024 Capital Plan Revenues/Expenditures	\$2,415,603	\$2,338,031
2024 YTD Actual	\$0	\$0
% of 2024 Capital Plan Rev./Exp.	0.0%	0.0%
2023-2024 Capital Plan Revenues/Expenditures	\$8,387,545	\$13,549,636
2023-2024 Actual	\$5,730,560	\$8,185,228
% of 2023-2024 Capital Plan Rev./Exp.	68.3%	60.4%

Second Quarter Actual receipts are largely comprised of Real Estate Excise Tax, which is discussed separately in this report. The 2023 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 capital projects for General Capital. Funds are transferred as expenditures are incurred by the projects.

The table shows capital projects expended 30.9% of the 2023 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. 311-348 of the City's 2023-2024 Proposed Biennial Budget and 2023-2028 Capital Improvement Plan book.





2023 SECOND QUARTER FINANCIAL REPORT

PARK BOND CAPITAL FUND

Project Overview

In February 2022, the Shoreline community passed the Proposition 1 Bond measure, that among other improvements within the City included improvements to eight of the City's parks. Brugger's Bog, Briarcrest, Hillwood, Richmond Highlands, James Keough Park, Ridgecrest, Shoreview, and Kruckeberg Botanic Gardens will all receive capital improvements. To streamline the permitting and construction process, we are bundling projects based on their scope and permitting requirements. We anticipate substantially completing all park improvements by December 2024. More information is available on the website below.

<https://www.shorelinewa.gov/government/projects-initiatives/2022-park-bond-projects>

The 2023-2024 Budget amount reflected below are the original budgets adopted last November. Council has previously reviewed and provided direction on reallocation of budget between projects. Those changes are not reflected here and will be included in the 2023-2024 Mid-Biennial Budget amendment Council will be reviewing in November.

Park Bond Projects	2023-2024 Budget	2023-2024 Actual	Amount Remaining
Parks Bnd Project Mgmt	\$882,891	\$163,042	\$719,850
PK BND: PROs Plan Parks Acquisitions	\$5,800,147	\$925	\$5,799,222
PK BND: Park Improvments	\$4,000,000	\$0	\$4,000,000
PK BND Public Art	\$997,393	\$18,023	\$979,371
Bundle 1			
PK BND Kruckeberg Park	\$532,552	\$156,152	\$376,400
PK BND Shoreview Park	\$1,927,924	\$155,169	\$1,772,755
PK BND Ridgecrest Park	\$1,369,978	\$147,946	\$1,222,032
Bundle 2			
PK BND:Richmond Highlands Park	\$6,156,530	\$232,708	\$5,923,822
PK BND:James Keough Park	\$2,706,517	\$194,191	\$2,512,326
PK BND Bruggers Bog Park	\$3,557,283	\$191,507	\$3,365,776
Bundle 3			
PK BND Hillwood Park	\$4,228,357	\$54,359	\$4,173,998
PK BND Briarcrest Park	\$5,181,504	\$64,929	\$5,116,575
Total	\$37,341,076	\$1,378,950	\$35,962,126

Project Status Updates (As of June 2023):

Phase:

- Bundle 1: Kruckeberg Botanic Garden, Shoreview Park, and Ridgecrest Park - Permitting
- Bundle 2: Richmond Highlands, James Keough, and Brugger's Bog Parks - Design development
- Bundle 3: Hillwood and Briarcrest Parks - Schematic design development

We have finalized our schematic designs for the parks in Bundles 1 and 2. To view these designs and additional details please see the Park Bond projects website linked above.



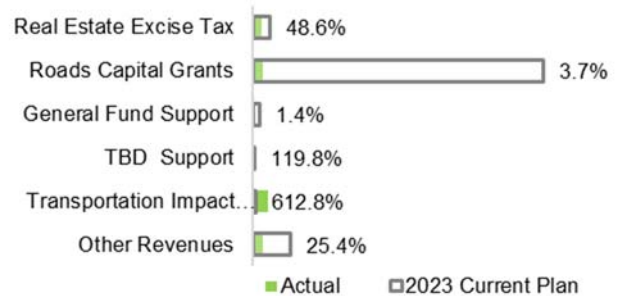
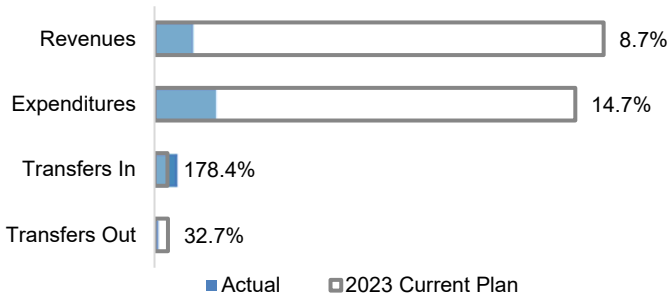
2023 SECOND QUARTER FINANCIAL REPORT

ROADS CAPITAL FUND

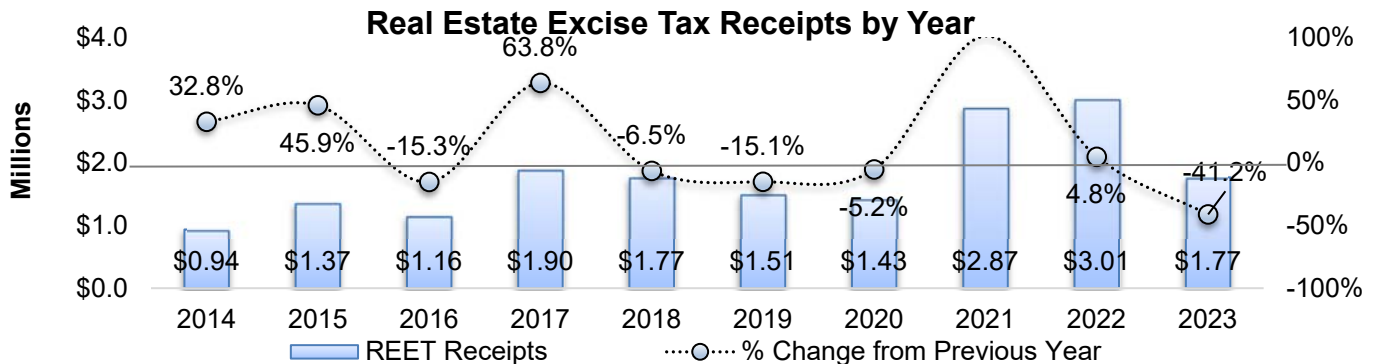
Roads Capital Fund	Resources	Expenditures
2023 Capital Plan Total	\$42,339,996	\$34,774,227
Less:		
2023 Use of Fund Balance	839,543	N/A
2023 Other Sources & Transfers	5,550,418	1,089,101
2023 Capital Plan Revenues/Expenditures	\$35,950,035	\$33,885,126
2023 Actual	\$5,438,886	\$7,793,553
% of 2023 Capital Plan Rev./Exp.	15.1%	23.1%
2024 Capital Plan Total	\$48,755,225	\$49,556,964
Less:		
2024 Use of Fund Balance	2,629,321	N/A
2024 Other Sources & Transfers	1,725,941	2,309,053
2024 Capital Plan Revenues/Expenditures	\$44,399,963	\$47,247,911
2024 YTD Actual	\$0	\$0
% of 2024 Capital Plan Rev./Exp.	0.0%	0.0%
2023-2024 Capital Plan Revenues/Expenditures	\$80,349,998	\$80,933,037
2023-2024 Actual	\$5,438,886	\$7,793,553
% of 2023-2024 Capital Plan Rev./Exp.	6.8%	9.6%

Receipts are largely comprised of Real Estate Excise Tax. The 2023 plan includes one-time transfers from the General Fund and Transportation Impact Fee Fund in support of capital projects for Roads Capital Projects. Funds are transferred from the General Fund and Transportation Impact Fee Fund as expenditures are incurred by the projects.

Capital projects expended 9.6% 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. 365-409 of the City's 2023-2024 Proposed Biennial Budget and 2023-2028 Capital Improvement Plan book.



REAL ESTATE EXCISE TAX



Real Estate Excise Tax (REET) revenue receipts, in the amount of \$1,768,666, are 41.2% less than 2022.



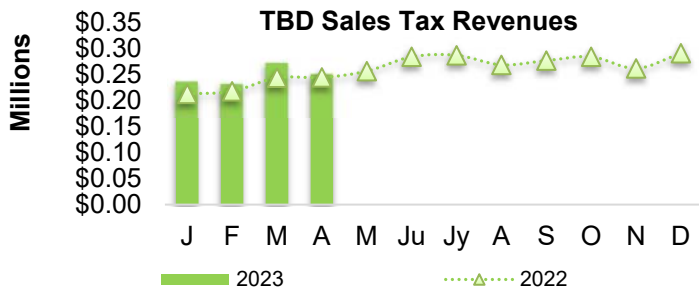
2023 SECOND QUARTER FINANCIAL REPORT

SIDEWALK EXPANSION

2020 LTGO Bond Fund	Resources	Expenditures
2023 Current Plan Total	\$2,391,469	\$896,008
Less:		
2023 Use of Fund Balance	0	N/A
2023 Other Sources & Transfers	0	0
2023 Current Plan Revenues/Expenditures	\$2,391,469	\$896,008
2023 Actual	\$1,208,397	\$174,150
% of 2023 Current Plan Rev./Exp.	50.5%	19.4%
2024 Capital Plan Total	\$2,475,051	\$898,867
Less:		
2024 Use of Fund Balance	0	N/A
2024 Other Sources & Transfers	0	0
2024 Current Plan Revenues/Expenditures	\$2,475,051	\$898,867
2024 YTD Actual	\$0	\$0
% of 2024 Current Plan Rev./Exp.	0.0%	0.0%
2023-2024 Current Plan Revenues/Expenditures	\$4,866,520	\$1,794,875
2023-2024 Actual	\$1,208,397	\$174,150
% of 2023-2024 Current Plan Rev./Exp.	24.8%	9.7%

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 2023, in the amount of \$0.997 million, are 8.4% more than 2022. 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. 376-390 of the City's 2023-2024 Proposed Biennial Budget and 2023-2028 Capital Improvement Plan book.



Sidewalk Expansion Fund	Resources	Expenditures
2023 Capital Plan Total	\$5,317,063	\$5,167,063
Less:		
2023 Use of Fund Balance	40,731	N/A
2023 Other Sources & Transfers	5,276,332	25,823
2023 Capital Plan Revenues/Expenditures	\$0	\$5,141,240
2023 Actual	\$205,702	\$1,567,316
% of 2023 Capital Plan Rev./Exp.	0.0%	30.5%
2024 Capital Plan Total	\$8,972,528	\$8,232,528
Less:		
2024 Use of Fund Balance	39,528	N/A
2024 Other Sources & Transfers	8,933,000	63,000
2024 Capital Plan Revenues/Expenditures	\$0	\$8,169,528
2024 YTD Actual	\$0	\$0
% of 2024 Capital Plan Rev./Exp.	0.0%	0.0%
2023-2024 Capital Plan Revenues/Expenditures	\$0	\$13,310,768
2023-2024 Actual	\$205,702	\$1,567,316
% of 2023-2024 Capital Plan Rev./Exp.	0.0%	11.8%



2023 SECOND QUARTER FINANCIAL REPORT

SURFACE WATER UTILITY FUND

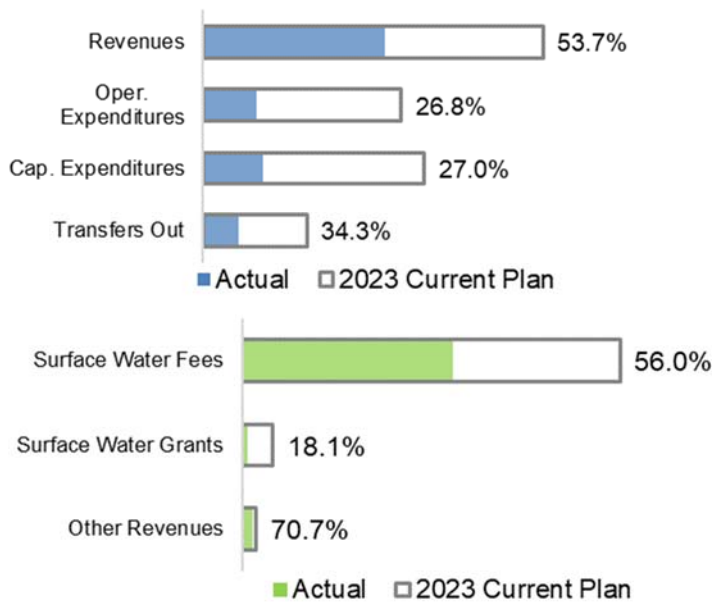
Surface Water Utility Fund	Resources	Expenditures
2023 Current Plan Total	\$15,195,520	\$15,160,724
Less:		
2023 Use of Fund Balance	3,351,606	N/A
2023 Other Sources & Transfers	2,000,000	3,004,809
2023 Operating & Capital Plan Revenues/Expenditures	\$9,843,914	\$12,155,915
2023 Actual	\$5,431,476	\$4,937,850
% of 2023 Current Plan Rev./Exp.	55.2%	40.6%
2024 Current Plan Total	\$16,687,820	\$16,712,820
Less:		
2024 Use of Fund Balance	212,302	N/A
2024 Other Sources & Transfers	7,000,000	1,024,284
2024 Operating & Capital Plan Revenues/Expenditures	\$9,475,518	\$15,688,536
2024 YTD Actual	\$0	\$0
0	0.0%	0.0%
2023-2024 Operating & Capital Plan Revenues/Expenditures	\$19,319,432	\$27,844,450
2023-2024 Actual	\$5,431,476	\$4,937,850
% of 2023-2024 Plan Rev./Exp.	28.1%	17.7%

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 26.8% of the current plan for the Operating Budget, which is 7.2% less than 2022. Capital projects expended 27.0% 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. 410-440 of the City's 2023-2024 Proposed Biennial Budget and 2023-2028 Capital Improvement Plan book.





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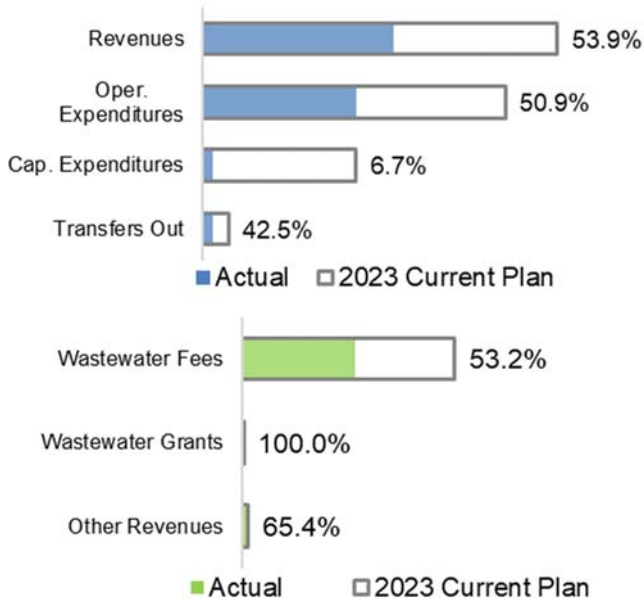
WASTEWATER UTILITY FUND

Wastewater Utility Fund	Resources	Expenditures
2023 Current Plan Total	\$26,700,262	\$27,943,740
Less:		
2023 Use of Fund Balance	5,129,739	N/A
2023 Other Sources & Transfers	1,000,000	1,496,878
2023 Current Plan Revenues/Expenditures	\$20,570,523	\$26,446,862
2023 Actual	\$11,094,689	\$12,405,146
% of 2023 Current Plan Rev./Exp.	53.9%	46.9%
2024 Current Plan Total	\$30,505,004	\$29,084,982
Less:		
2024 Use of Fund Balance	100,000	N/A
2024 Other Sources & Transfers	7,800,000	1,055,401
2024 Current Plan Revenues/Expenditures	\$22,605,004	\$28,029,581
2024 YTD Actual	\$0	\$0
% of 2024 Current Plan Rev./Exp.	0.0%	0.0%
2023-2024 Current Plan Revenues/Expenditures	\$43,175,527	\$54,476,443
2023-2024 Actual	\$11,094,689	\$12,405,146
% of 2023-2024 Current Plan Rev./Exp.	25.7%	22.8%

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.

Wastewater Revenues are currently 25.7% of plan and more than the prior year by \$1,655,009, or 17.5%. Expenditures are currently 22.8% of plan and more than the prior year by \$809,434 or 9.3%. Because this fund, like surface water, includes capital expenditures the timing of project expenditures can vary greatly.

More information on the scope and timing of capital projects, including updated estimates, can be found on pp. 442-484 of the City's 2023-2024 Proposed Biennial Budget and 2023-2028 Capital Improvement Plan book.





2023 SECOND QUARTER FINANCIAL REPORT

INVESTMENT REPORT: JUNE 30, 2023

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 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, 2023, the City's investment portfolio, excluding the State Investment Pool had a current weighted average rate of return of 3.0300%. This is lower than the 5.1990% rate of return of the State Investment Pool. This is common in a period of sharply rising interest rates because the State Investment Pool maintains very short-term investments.

Total investment interest earnings through June 30, 2023, were \$3,952,894. This amount reflects the reversing entry from our year-end requirement to record an unrealized gain or loss for our investments at the end of the year. In 2022, given the volatile investment market, our investments had a decreased market value. The amount of unrealized loss for 2022 was \$1,936,130. This is a "book" entry that reflects the value of the investment if we were to sell it today. The entry is reversed at the beginning of the following year, which is impacting our current year to date results. Therefore, the amount of interest earnings appears to be significantly higher than annual budget of \$860,165 and the prior year's returns. The adjusted earnings, when removing the reversing entry, are \$2,016,764 which is still \$1,156,599 (or 134%) higher than budget.

Unfortunately, given the continuing volatility of the market, it is difficult to predict whether we will have an unrealized loss or gain at the end of the year. The unrealized loss as of 6/30/2023 is \$1.4 million. However, as we have noted before this is strictly a financial accounting issue and we would not expect to experience either a gain or a loss on the investment, because we expect to hold these investments to their maturity,

Generally, prior to the pandemic, the City maintained a laddered investment portfolio. During the pandemic, because of the market conditions, we relied on the State Investment pool as higher interest rate investments matured for a large portion of 2020 and 2021 while the LGIP rates were higher than market. In 2022, with rising rates, we have returned to a laddered portfolio which will contribute to higher returns in the future. As part of this strategy the City is piloting outsourcing management of a portion of the City's investment portfolio to PFM, the City's Financial Advisors. We will monitor the PFMs returns against the City's returns over the next two years to determine whether we will expand or suspend the pilot.

As of June 30, 2023, the City's investment portfolio had a fair value of \$173.91 million. Approximately 59.1% of the investment portfolio was held in U.S. government instrumentality securities, and 40.9% was held in the Washington State Investment Pool. The City's investment portfolio valued at cost as of June 30, 2023, was approximately \$175.33 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 generally 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.



2023 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 06/30/2023
US Treasury 2.750	912828Y61	Piper Sandler	07/02/21	07/31/23	2,500,000	2,629,350	0.2540%	(134,200)	2,495,150
US Treasury 2.000	912828S92	Piper Sandler	05/20/22	07/31/23	2,000,000	1,977,740	2.1950%	16,120	1,993,860
US Treasury 2.500	912828V56	Piper Sandler	07/20/22	08/15/23	3,000,000	2,979,390	3.1570%	10,710	2,990,100
US Treasury 2.750	9128284X5	Piper Sandler	07/02/21	08/31/23	2,500,000	2,633,450	0.2730%	(143,700)	2,489,750
US Treasury 1.375	912828T26	Piper Sandler	07/02/21	09/30/23	2,500,000	2,560,525	0.2930%	(84,250)	2,476,275
US Treasury 2.875	9128285K2	Piper Sandler	07/20/22	10/31/23	6,000,000	5,976,120	3.1930%	(23,700)	5,952,420
US Treasury 0.250	91282CAW1	Piper Sandler	10/15/21	11/15/23	2,500,000	2,491,700	0.4110%	(37,700)	2,454,000
US Treasury 2.875	9128285P1	TVI	07/20/22	11/30/23	3,000,000	2,986,257	3.2200%	(16,827)	2,969,430
US Treasury 0.125	91282CBA8	Piper Sandler	10/15/21	12/15/23	2,500,000	2,483,500	0.4330%	(40,325)	2,443,175
US Treasury 0.125	91282CBE0	MBS	10/15/21	01/15/24	2,500,000	2,481,055	0.4650%	(49,405)	2,431,650
US Treasury 2.500	9128285Z9	FNC	08/11/22	01/31/24	3,000,000	2,970,450	3.1920%	(20,250)	2,950,200
US Treasury 0.125	91282CBM2	Piper Sandler	10/15/21	02/15/24	2,500,000	2,480,375	0.4650%	(60,350)	2,420,025
US Treasury 2.500	91282CEK3	TVI	08/11/22	04/30/24	3,000,000	2,965,500	3.1920%	(37,110)	2,928,390
US Treasury 2.000	912828XT2	FNC	04/26/22	05/31/24	3,000,000	2,963,940	2.5924%	(55,800)	2,908,140
US Treasury 2.500	91282CER8	TVI	08/11/22	05/31/24	3,000,000	2,963,466	3.2000%	(41,616)	2,921,850
US Treasury 2.000	912828XX3	TVI	04/26/22	06/30/24	3,000,000	2,960,484	2.6250%	(59,394)	2,901,090
US Treasury 2.125	9128282N9	Piper Sandler	05/06/22	07/31/24	3,000,000	2,956,770	2.7930%	(59,670)	2,897,100
US Treasury 1.750	912828Y87	FNC	06/23/22	07/31/24	3,000,000	2,919,870	3.0690%	(34,470)	2,885,400
US Treasury 2.375	912828D56	FNC	06/23/22	08/15/24	3,000,000	2,956,530	3.0770%	(53,430)	2,903,100
US Treasury 1.875	9128282U3	Piper Sandler	05/06/22	08/31/24	3,000,000	2,935,680	2.8370%	(53,340)	2,882,340
US Treasury 2.125	9128282Y5	Piper Sandler	05/06/22	09/30/24	3,000,000	2,950,230	2.8440%	(65,430)	2,884,800
US Treasury 1.500	912828YH7	FNC	06/23/22	09/30/24	3,000,000	2,896,530	3.0840%	(34,110)	2,862,420
FHLB 3.375	313383YJ4	TVI	07/20/22	09/08/23	3,000,000	3,003,720	3.2600%	(15,210)	2,988,510
FHLB 3.375	3130A0F70	TVI	07/20/22	12/08/23	3,000,000	3,004,263	3.2670%	(29,043)	2,975,220
FHLB 2.500	3130A0FW94	TVI	08/11/22	02/13/24	3,000,000	2,969,553	3.1970%	(22,053)	2,947,500
FHLB 3.250	3130A0XE5	Piper Sandler	08/11/22	03/08/24	3,000,000	2,997,960	3.2940%	(42,120)	2,955,840
FHLB 3.125	3130ASH8	Piper Sandler	08/11/22	06/14/24	3,000,000	2,992,680	3.2620%	(58,140)	2,934,540
Sub Total - Investments					\$ 79,500,000	\$ 79,087,088	2.4477%	\$ (1,244,813)	\$ 77,842,275
PFM Investment						25,067,529	4.7200%	(175,070)	24,892,459
State Investment Pool						71,179,819	5.1990%		71,179,819
Total LGIP + Investments						\$ 175,334,436		\$ (1,419,883)	\$ 173,914,553

Portfolio Diversification

Instrument Type	Percentage	Amount at Cost	Amount at Market Value
FFCB	0.0%	\$ -	\$ -
FHLB	8.5%	14,968,176	14,801,610
FMAC	0.0%	-	-
US Treasury	36.2%	64,118,912	63,040,665
PFM Investment	14.3%	25,067,529	24,892,459
State Investment Pool	40.9%	71,179,819	71,179,819
Total LGIP + Investments	100%	\$ 175,334,436	\$ 173,914,553

Broker	Percentage	Amount at Cost	Amount at Market Value
PiperSandler	23.2%	41,045,470	40,269,375
MBS	1.4%	2,481,055	2,431,650
TVI	11.9%	20,853,243	20,631,990
FNC	8.3%	14,707,320	14,509,260
PFM Investment	14.3%	25,067,529	24,892,459
State Investment Pool	40.9%	71,179,819	71,179,819
Total LGIP + Investments	100%	\$ 175,334,436	\$ 173,914,553

Investments by Fund

Fund	Investments at Cost as of 06/30/2023	LGIP State Investment Pool as of 06/30/2023	Total LGIP + Investments at Cost by Fund as of 06/30/2023	Unrecognized Gain/(Loss) as of 06/30/2023	Total Market Value of Investments by Fund as of 06/30/2023	2023		Over/(Under) Budget
						Budgeted Investment Earnings	2023 Actual Investment Earnings	
001 General	\$ 35,366,986	\$ 24,169,986	\$ 59,536,972	\$ (482,139)	\$ 59,054,834	\$ 69,000	\$ 1,370,031	\$ 1,301,031
101 Street	0	0	0	-	-	2,500	4,205	1,705
107 Code Abatement	254,896	174,197	429,093	(3,475)	425,618	550	10,799	10,249
108 Asset Seizure	76,042.25	51,967.68	128,009.93	(1,036.64)	126,973	-	3,222	3,222
109 Public Arts	63,880	43,656	107,535	(871)	106,665	-	2,706	2,706
112 Fed Drug Enforcement	4,887	3,340	8,227	(67)	8,161	200	207	7
116 Fed Crim Forfeit	14,536	9,934	24,470	(198)	24,272	-	1,130	1,130
117 Transportation Impact Mitigation	5,226,867	3,572,069	8,798,935	(71,255)	8,727,680	-	226,835	226,835
118 Parks Impact Fees	4,046,593	2,765,463	6,812,057	(55,165)	6,756,892	-	127,302	127,302
190 Revenue Stabilization	3,342,112	2,284,017	5,626,129	(45,561)	5,580,568	-	-	-
230 Sidewalk LTGO Bond Admin	5,371,532	3,670,934	9,042,466	(73,227)	8,969,238	-	210,904	210,904
301 General Capital	217	148	366	(3)	363	611,694	29,891	(581,803)
305 Gen Cap Parks Bond	19,603,265	13,396,975	33,000,240	(267,241)	32,732,999	-	844,806	844,806
312 City Fac-Mjr Maint	120,354	82,251	202,605	(1,641)	200,965	3,639	2,607	(1,032)
330 Roads Capital	6,474,395	4,424,636	10,899,031	(88,262)	10,810,769	107,902	155,361	47,459
331 Trans Bene Dist	3,689,040	2,521,110	6,210,150	(50,291)	6,159,859	-	143,513	143,513
332 Sidewalk Expansion Fund Admin	4,901,644	3,349,809	8,251,453	(66,821)	8,184,632	-	205,702	205,702
334 VLF LTGO Bonds	2,806,782	1,918,170	4,724,952	(38,263)	4,686,689	-	97,425	97,425
401 Surface Water Utility Fund	5,363,405	3,665,380	9,028,785	(73,116)	8,955,668	16,208	210,350	194,142
405 Wastewater Fund	4,664,319	3,187,621	7,851,940	(63,586)	7,788,354	40,472	197,337	156,865
501 Vehicle Oper/Maint	0	0	0	-	-	-	-	-
503 Equip Dep Replace	2,762,864	1,888,156	4,651,020	(37,665)	4,613,355	8,000	108,562	100,562
505 Unemployment	0	0	0	-	-	-	-	-
650 Agency Fund Admin	-	-	-	-	-	-	-	-
Total Investments	\$ 104,154,617	\$ 71,179,819	\$ 175,334,436	\$ (1,419,883)	\$ 173,914,553	\$ 860,165	\$ 3,952,894	\$ 3,092,729

