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2023 THIRD 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 September 30, 2023 as compared to the 2023 Plan as amended through September 30, 2023.

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

Key to revenue trend indicators:

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

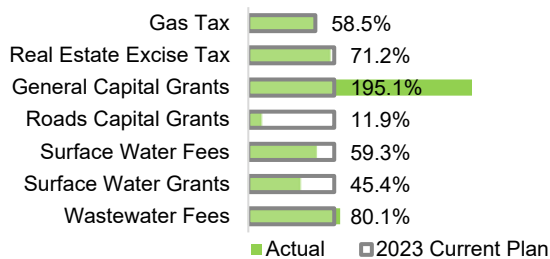
◄ NEUTRAL ► = Variance/Change of -1% to +2%

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

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

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

Revenues





2023 THIRD QUARTER FINANCIAL REPORT

PERFORMANCE AT A GLANCE

Highlights:

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

- General Fund receipts reflect a year-over-year increase of 17.1% primarily due to higher property tax, sales tax, and one-time interest income due to the current high interest rate environment. See pages 4-12 for details.
- Property tax receipts came in on track at 47.4% of the allowable levy. See page 6 for details.
- Sales tax receipts reflecting activity from January through July 2023 are greater than the plan by 30.1% and 2022 collections by 8.2%. The Construction sector, is 24.8% more than 2022 collections. 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 2022 by 8.1% but more than the 2023 plan by 137.8%. This is a result of revenue that has been collected but will be deferred to a future year when the work will be completed. The review of deferred revenue is review is completed at the end of the year. Total permit applications through 2023 are 246, or 13.07%, less than 2022. Total permits issued during this time are 206, or 26.43%, less than 2022. See page 11 for details.
- 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 3rd quarter of 2023 due to improved rental policies and online rental processes that streamlined the park rental process for customers and made park rentals more accessible. General recreation revenues have increased year-over-year due to strong summer camp enrollment and the ability to run the offsite camp location. Youth programming has also increased at Spartan Recreation Center in 2023, leading to higher revenues. 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 February's distribution; therefore, no further distribution was made in March or April. Distributions resumed in May.

Non-General Fund Revenue and Expenditures

- Street Fund receipts, excluding transfers in, are 0.1% more than 2022. Gas tax receipts reflecting activity from January through July 2023 are more than the 2023 plan by 0.1% and more than 2022 by 0.1%. See page 13 for details.
- General Capital Fund received Conservation Futures Tax in the amount of \$4.5 million for the parks acquisitions.
- 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 \$139,820, or 2.8%. Surface Water Utility operations expended 39.7% of the 2023 plan for the Operating Budget, which is 9.2% less than 2022. Capital projects expended 56.2% 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 38.4% of plan and more than the prior year by \$2,310,900, or 16.2%. Expenditures are currently 29.2% of plan and more than the prior year by \$767,443 or 5.7%. Because this fund, like surface water, includes capital expenditures the timing of project expenditures can vary greatly, see page 19 for details.



2023 THIRD QUARTER FINANCIAL REPORT

ALL FUNDS BUDGET AND YEAR-OVER-YEAR COMPARISON

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

REVENUES & OTHER SOURCES

FUND TYPE Fund Title	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	\$34,341,827	69.1%	\$53,425,779	\$39,917,430	74.7%	\$5,575,603	16.2%
General Fund	\$47,340,694	\$32,493,673	68.6%	\$50,612,031	\$38,046,703	75.2%	\$5,553,029	17.1%
Shoreline Secure Storage Fund	1,129,750	1,070,230	94.7%	1,500,000	1,073,090	71.5%	2,860	0.3%
Street Fund	1,196,152	732,426	61.2%	1,247,505	733,175	58.8%	749	0.1%
Code Abatement Fund	30,000	43,293	144.3%	30,000	16,353	54.5%	(26,939)	-62.2%
State Drug Forfeiture Fund	18,243	841	4.6%	18,243	42,971	235.6%	42,131	5010.4%
Public Arts Fund	5,000	890	17.8%	5,000	3,546	70.9%	2,656	298.6%
Federal Drug Forfeiture Fund	13,000	181	1.4%	13,000	271	2.1%	90	49.7%
Federal Criminal Forfeiture Fund	0	293	0.0%	0	1,321	0.0%	1,027	350.5%
DEBT SERVICE FUNDS	\$2,235,089	\$1,807,887	80.9%	\$2,391,469	\$5,235,069	218.9%	\$3,427,182	189.6%
CAPITAL FUNDS	\$28,733,288	\$22,979,533	80.0%	\$41,925,616	\$21,120,627	50.4%	(\$1,858,906)	-8.1%
General Capital Fund	2,164,555	2,538,784	117.3%	5,971,942	6,501,723	108.9%	3,962,939	156.1%
General Capital Fund-Parks Bond	0	158,131	0.0%	0	1,102,321	0.0%	944,191	597.1%
City Facility-Major Maintenance Fund	883	0	0.0%	3,639	4,188	115.1%	4,188	0.0%
Roads Capital Fund	25,017,850	14,427,750	57.7%	35,950,035	6,641,247	18.5%	(7,786,503)	-54.0%
Sidewalk Expansion Fund	800,000	76,269	9.5%	0	269,524	0.0%	193,255	253.4%
Transportation Impact Fees Fund	0	3,039,274	0.0%	0	2,903,044	0.0%	(136,230)	-4.5%
Park Impact Fees Fund	750,000	2,739,327	365.2%	0	3,698,580	0.0%	959,253	35.0%
ENTERPRISE FUNDS	\$27,580,044	\$19,651,460	71.3%	\$30,414,437	\$22,436,790	73.8%	\$2,785,330	14.2%
Surface Water Utility Fund	8,750,325	5,367,390	61.3%	9,843,914	5,841,820	59.3%	474,430	8.8%
Wastewater Utility Fund	18,829,719	14,284,070	75.9%	20,570,523	16,594,970	80.7%	2,310,900	16.2%
INTERNAL SERVICE FUNDS	\$768,758	\$116,100	15.1%	\$732,106	\$731,821	100.0%	\$615,721	530.3%
TOTAL REVENUE	\$109,050,018	\$78,896,807	72.3%	\$128,889,406	\$89,441,737	69.4%	\$10,544,930	13.4%
OTHER SOURCES								
Proceeds from Capital Assets	\$0	\$1,344,813	0.0%	\$1,000,000	\$2,608,666	260.9%	\$1,263,853	94.0%
Transfers In	30,093,343	20,416,404	67.8%	17,888,622	11,176,674	62.5%	(9,239,730)	-45.3%
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	\$104,568,606	42.8%	\$199,815,809	\$106,451,077	53.3%	\$1,882,472	1.8%

EXPENDITURES & TRANSFERS OUT

OPERATING FUNDS	\$52,086,918	\$30,668,254	58.9%	\$59,162,669	\$35,663,781	60.3%	\$4,995,528	16.3%
General Fund	\$49,468,488	\$29,172,374	59.0%	\$55,800,895	\$33,426,708	59.9%	\$4,254,334	14.6%
Shoreline Secure Storage Fund	649,750	411,414	63.3%	1,085,000	648,854	59.8%	237,440	57.7%
Revenue Stabilization Fund	1,000	697	69.7%	0	0	0.0%	(697)	-100.0%
Street Fund	1,769,088	1,043,862	59.0%	2,016,543	1,498,803	74.3%	454,941	43.6%
Code Abatement Fund	100,000	5,337	5.3%	100,000	10,000	10.0%	4,663	87.4%
Public Arts Fund	67,349	34,561	51.3%	100,165	46,212	46.1%	11,651	33.7%
State Drug Forfeiture Fund	18,243	7	0.0%	18,243	3,676	20.2%	3,670	54364.3%
Federal Drug Forfeiture Fund	13,000	3	0.0%	13,000	705	5.4%	702	24717.6%
Federal Criminal Forfeiture Fund	0	0	0.0%	28,823	28,823	100.0%	28,823	0.0%
DEBT SERVICE FUNDS	\$37,768,057	\$9,174,751	24.3%	\$6,205,383	\$1,577,676	25.4%	(\$7,597,075)	-82.8%
CAPITAL FUNDS	\$45,547,094	\$21,397,864	47.0%	\$70,651,675	\$20,493,973	29.0%	(\$903,891)	-4.2%
General Capital Fund	5,303,303	4,763,429	89.8%	11,211,605	8,658,909	77.2%	3,895,480	81.8%
General Capital Fund-Parks Bond	2,633,854	533,319	20.2%	20,455,894	1,555,558	7.6%	1,022,239	191.7%
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	14,354,197	50.1%	33,685,126	8,462,417	25.1%	(5,891,780)	-41.0%
Sidewalk Expansion Fund	8,865,000	1,467,687	16.6%	5,141,240	1,809,374	35.2%	341,687	23.3%
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	\$20,133,919	68.1%	\$38,172,908	\$20,124,907	52.7%	(\$9,012)	0.0%
Surface Water Utility Fund	11,326,756	6,659,088	58.8%	12,155,915	5,882,633	48.4%	(776,454)	-11.7%
Wastewater Utility Fund	18,229,737	13,474,831	73.9%	26,016,994	14,242,273	54.7%	767,443	5.7%
INTERNAL SERVICE FUNDS	\$754,903	\$238,388	31.6%	\$755,601	\$370,029	49.0%	\$131,641	55.2%
TOTAL EXPENDITURES	\$165,713,465	\$81,613,175	49.2%	\$174,948,236	\$78,230,366	44.7%	(\$3,382,809)	-4.1%
TRANSFERS OUT	\$30,093,343	\$3,721,828	12.4%	\$17,888,622	\$11,176,674	62.5%	\$7,454,846	200.3%
TOTAL EXPENDITURES & TRANSFERS OUT	\$195,806,808	\$85,335,002	43.6%	\$192,836,858	\$89,407,040	46.4%	\$4,072,038	4.8%



2023 THIRD QUARTER FINANCIAL REPORT

GENERAL FUND BUDGET AND YEAR-OVER-YEAR 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	\$8,344,197	54.7%	\$15,772,334	\$10,505,344	66.6%	\$2,161,147	25.9%
Sales Tax	10,409,690	7,471,859	71.8%	11,117,540	8,082,063	72.7%	610,204	8.2%
Local Criminal Justice	1,639,472	1,194,904	72.9%	2,232,358	1,265,193	56.7%	70,288	5.9%
B&O, Utility, and Gambling Taxes	7,139,025	4,603,563	64.5%	7,659,577	4,652,129	60.7%	48,566	1.1%
Franchise Fees & Contract Payments	3,791,800	2,401,562	63.3%	4,009,947	2,561,577	63.9%	160,016	6.7%
Development Revenue	2,877,003	4,543,083	157.9%	3,281,716	4,989,385	152.0%	446,302	9.8%
Park and Recreation Revenue	1,629,686	1,375,952	84.4%	1,796,310	1,599,195	89.0%	223,243	16.2%
Intergovernmental Revenue	2,513,220	1,358,690	54.1%	2,384,707	1,353,195	56.7%	(5,495)	-0.4%
Grant Revenue	742,305	228,836	30.8%	969,209	463,790	47.9%	234,954	102.7%
Fines and Licenses	596,500	126,962	21.3%	601,550	90,400	15.0%	(36,562)	-28.8%
Miscellaneous Revenue	683,370	526,165	77.0%	716,183	635,640	88.8%	109,475	20.8%
Interest Income	70,600	317,899	450.3%	70,600	1,846,791	2616.7%	1,530,892	481.6%
TOTAL REVENUES	\$47,340,694	\$32,493,673	68.6%	\$50,612,031	\$38,046,703	75.2%	\$5,553,029	17.1%
Proceeds from Capital Assets	0	0	0.0%	0	0	0.0%	0	0.0%
Operating Transfers In	2,028,244	1,521,183	75.0%	2,463,129	1,847,347	75.0%	326,164	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	\$34,014,856	61.4%	\$66,559,186	\$39,894,049	59.9%	\$5,879,193	17.3%

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	\$193,986	78.6%	\$280,094	\$206,035	73.6%	\$12,049	6.2%
City Manager's Office ¹	5,269,460	3,077,355	58.4%	5,640,608	3,559,911	63.1%	\$482,556	15.7%
City Attorney	893,209	387,422	43.4%	992,631	781,684	78.7%	\$394,262	101.8%
Administrative Services ²	8,132,185	5,491,932	67.5%	10,250,883	6,481,188	63.2%	\$989,256	18.0%
Citywide	2,578,113	1,146,897	44.5%	1,584,067	1,165,227	73.6%	\$18,329	1.6%
Human Resources	598,422	401,994	67.2%	763,495	564,890	74.0%	\$162,895	40.5%
Police	14,148,229	8,131,494	57.5%	14,896,996	8,054,211	54.1%	(\$77,283)	-1.0%
Criminal Justice	2,224,655	955,369	42.9%	2,435,517	1,217,738	50.0%	\$262,368	27.5%
Recreation, Cultural & Community Services ³	7,656,933	4,220,778	55.1%	8,220,794	5,253,847	63.9%	\$1,033,070	24.5%
Planning & Community Development	3,853,705	2,568,768	66.7%	5,547,413	2,969,659	53.5%	\$400,891	15.6%
Public Works	3,866,679	2,596,377	67.1%	5,188,397	3,172,319	61.1%	\$575,941	22.2%
DEPARTMENTAL EXPENDITURES	\$49,468,488	\$29,172,374	59.0%	\$55,800,895	\$33,426,708	59.9%	\$4,254,334	14.6%
Operating Transfers Out	4,216,692	2,470,813	58.6%	9,950,759	4,456,434	44.8%	1,985,622	80.4%
TOTAL EXPENDITURES AND TRANSFERS OUT	\$53,685,180	\$31,643,186	58.9%	\$65,751,654	\$37,883,142	57.6%	\$6,239,956	19.7%

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

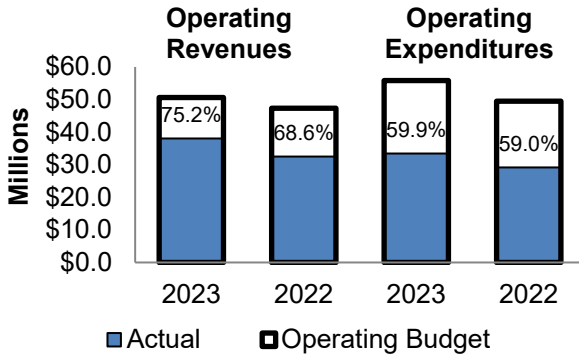
2. Recreation, Cultural and Community Services includes Neighborhoods, Emergency Management Planning, Human Services, Diversity Inclusion, Environmental Services, Recreation, Youth & Teen Development, and Cultural Services.

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



2023 THIRD QUARTER FINANCIAL REPORT

GENERAL FUND FINANCIAL OVERVIEW



General Fund	Revenues	Dept. Exp.
2023 Operating Plan	\$50,612,031	\$55,800,895
2023 Actual	\$38,046,703	\$33,426,708
% of 2023 Operating Plan	75.2%	59.9%
2022 Operating Plan	\$47,340,694	\$49,468,488
2022 Actual	\$32,493,673	\$29,172,374
% of 2022 Operating Plan	68.6%	59.0%
Actual 2023 v. 2022 \$ Change	\$5,553,029	\$4,254,334
Actual 2023 v. 2022 % Change	17.1%	14.6%

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 17.1%. The following are highlights comparing actual collections to those projected for 2023 and to 2022 collections for the General Fund:

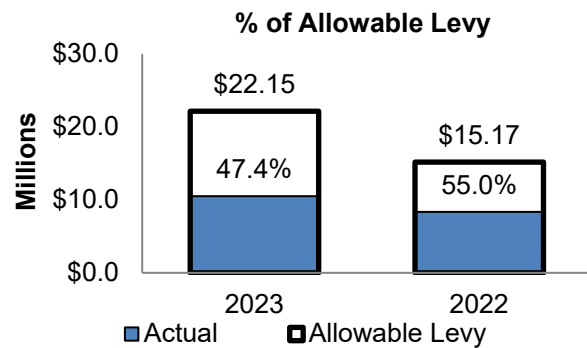
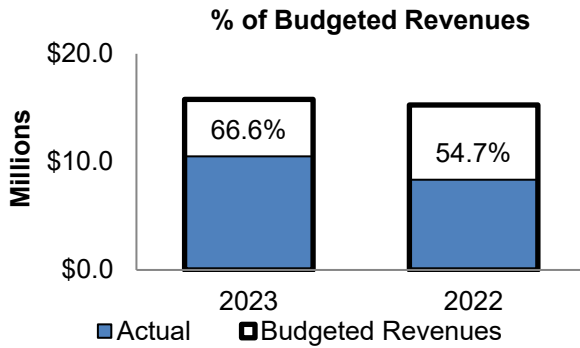
- Property tax receipts are at 47.4% of the allowable levy.
- Sales tax receipts for 2023 are 30.1% greater than projected for the same period of the current plan. The Construction sector is 24.8% more than 2022 collections.
- Receipts from the Local Criminal Justice Tax for the reporting period of January through July are \$70,288, or 5.9%, more than the same period for 2022.
- Intergovernmental Revenue receipts are 0.4% 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 in March. Distributions resumed in July.
- This report reflects Gambling Tax and B&O Tax receipts collected for 2023 Q2 quarterly tax returns.
- Utility Tax receipts in the amount of \$3.1 million are more than the 2023 plan and 2022 by 7.2% and 4.5%, respectively.
- Local development revenues are ahead of 2022 but do not reflect the deferral of revenue for work to be completed in later years. Development activity in 2023, in terms of the number of permit applications, is 246, or 13.07% less than 2022. Total permits issued are 206, or 26.43% less than 2022.
- Due to the high interest rates environment, interest income is higher than prior year; however, this revenue source will have a year-end adjustment for unrealized gains and losses and is volatile given the current uncertainty of the economy. See the Investment Report on page 12 for further details.

Expenditures and Transfers Out:

Departments spent \$33.427 million, or 59.9%, of the Operating Budget. This level of expenditures is 14.6% more than the year-ago level. Total expenditures, including transfers out, representing expenditure of 57.6% of the Current Plan, are 19.7% more than the year-ago level. General Fund contributions to select capital projects are reflected in the table to the right.

General Fund Contributions to Projects	Budget	Actual	Fund Support	Transferred
General Capital Projects				
City Hall	\$448,672	\$77,413	\$448,672	\$77,413
City Maintenance Facility	\$8,408,107	\$3,268,027	\$5,797,024	\$2,215,722
Parks Repair & Replacement	\$719,802	\$98,561	\$200,000	\$932
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	\$279,950	\$500,000	\$148,517
Driveway Relocation Richmond Beach Rd	\$85,086	N/A	\$70,000	\$0
Gambling Tax and Grant Match Funding	N/A	N/A	\$195,302	\$48,826

PROPERTY TAX

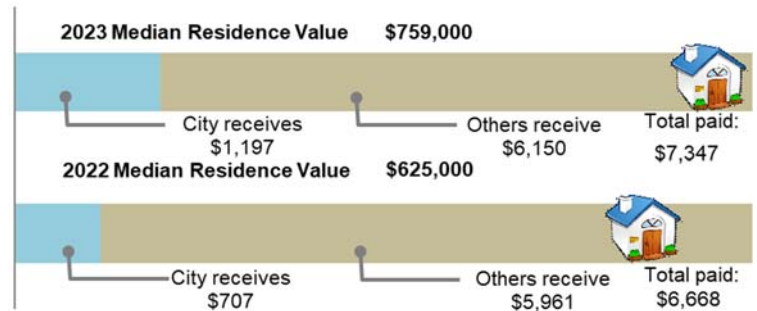


2023 Current Plan	\$15,772,334
2023 Third Quarter Actual Revenue	\$10,505,344
% of 2023 Current Plan	66.6%
2022 Current Plan	\$15,248,023
2022 Third Quarter Actual Revenue	\$8,344,197
% of 2022 Current Plan	54.7%
2023 v. 2022 \$ Change	\$2,161,147
2023 v. 2022 % Change	25.9%

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, which did not assume passage of the Levy Lid lift for 2023, are at 66.6% and 54.7%, respectively. In terms of the allowable levy, which is different than the budgeted projection presented here, receipts for 2023 and 2022 are 47.4% and 55.0%, respectively.

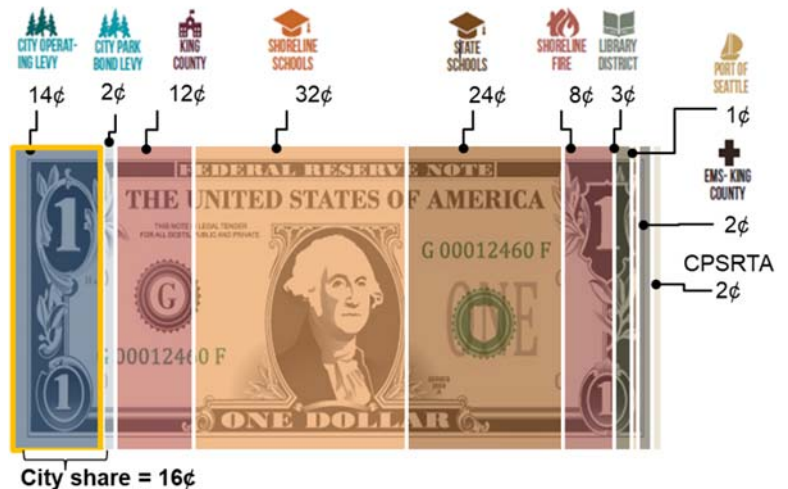
Impact on a median homeowner:

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:

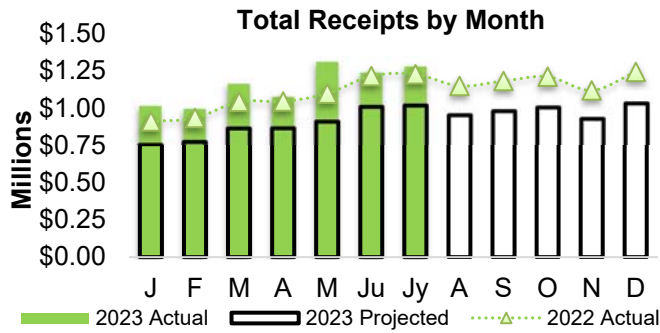
The chart to the left illustrates the allocation of each dollar paid at the 2023 levy rates for all taxing jurisdictions within Shoreline. The City receives 14¢ for the City's regular and 2¢ for the excess voted park bond levy.





2023 THIRD QUARTER FINANCIAL REPORT

SALES TAX



2023 Current Plan	\$11,117,540
2023 Third Quarter Actual Revenue	\$8,082,063
% of 2023 Current Plan	72.7%
2022 Current Plan	\$10,409,690
2022 Third Quarter Actual Revenue	\$7,471,859
% of 2022 Current Plan	71.8%
2023 v. 2022 \$ Change	\$610,204
2023 v. 2022 % Change	8.2%

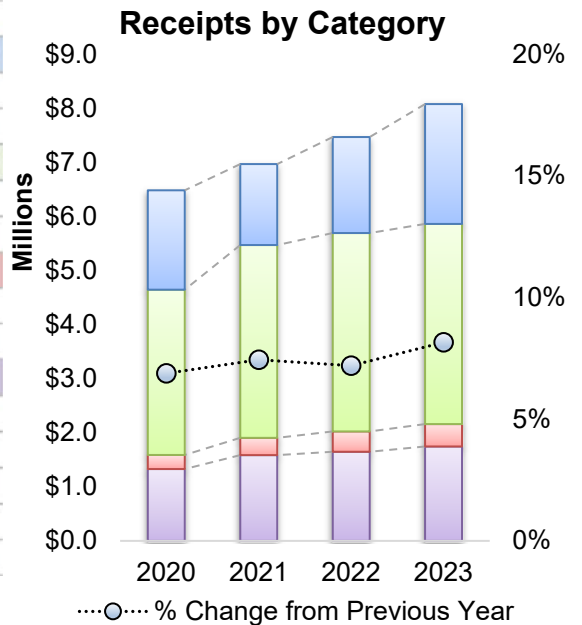
When analyzing monthly sales tax receipts, there are two items of special note: First, most businesses remit their sales tax collections to the Washington State Department of Revenue (DOR) on a monthly basis. Small businesses only have to remit their sales tax collections either quarterly or annually,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

Receipts are more than the 2023 Plan and 2022 collections by 30.1% and 8.2%, respectively. The Construction sector is 24.8% more than 2022 collections, continuing 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: SEPTEMBER

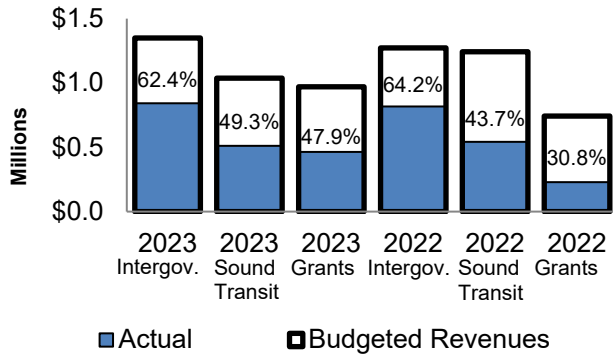
Sector	2019	2020	2021	2022	2023
Construction	\$1,544,725	\$1,839,816	\$1,495,392	\$1,776,086	\$2,216,892
\$ Change		\$295,091	(\$344,424)	\$280,693	\$440,806
% Change		19.1%	-18.7%	18.8%	24.8%
Retail Trade	\$3,025,123	\$3,055,951	\$3,567,517	\$3,671,486	\$3,704,336
\$ Change		\$30,828	\$511,566	\$103,969	\$32,851
% Change		1.0%	16.7%	2.9%	0.9%
Hotels/Restaurant	\$368,515	\$260,062	\$318,036	\$373,666	\$414,361
\$ Change		(\$108,453)	\$57,974	\$55,630	\$40,695
% Change		-29.4%	22.3%	17.5%	10.9%
All Others	\$1,130,210	\$1,330,863	\$1,588,812	\$1,650,622	\$1,746,474
\$ Change		\$200,653	\$257,949	\$61,810	\$95,851
% Change		17.8%	19.4%	3.9%	5.8%
Total Revenue	\$6,068,573	\$6,486,692	\$6,969,757	\$7,471,859	\$8,082,063
\$ Change		\$418,118	\$483,065	\$502,102	\$610,204
% Change		6.9%	7.4%	7.2%	8.2%



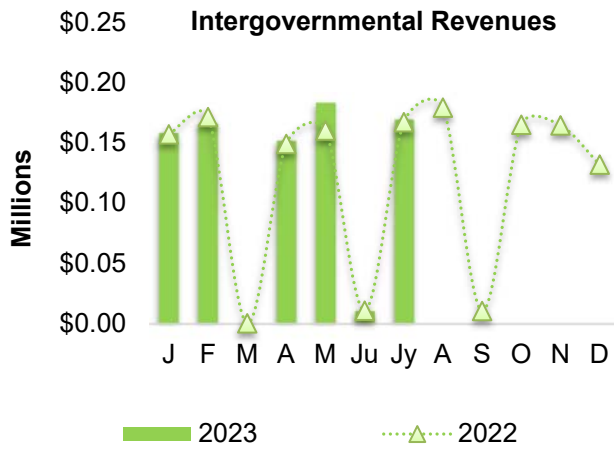


2023 THIRD QUARTER FINANCIAL REPORT

INTERGOVERNMENTAL, GRANTS, AND STATE SHARED SALES TAXES

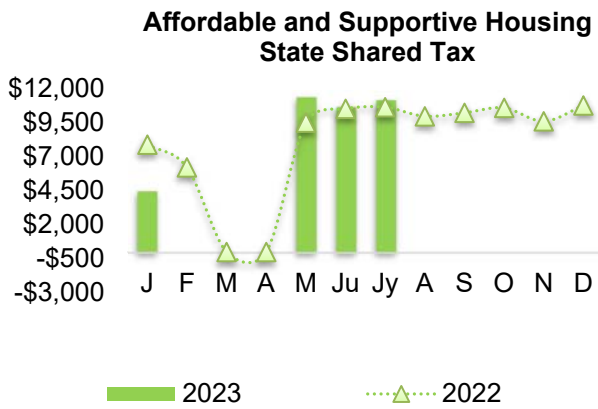


Intergovernmental revenue sources are comprised primarily of funding for criminal justice programs, contract payments, liquor excise tax, liquor board profits, marijuana excise tax, grants, and reimbursement from Sound Transit per the Expedited Permitting and Reimbursement Agreement. Contract payments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

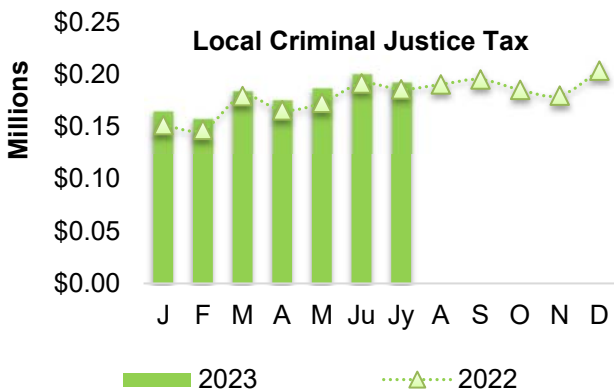


Total Intergovernmental receipts are 0.4% less than the year-ago level. Receipts by month from sources other than Sound Transit reimbursements are reflected in the Intergovernmental Revenues chart, which compares disbursements for March through September. Receipts for these revenues in 2023 total \$841,912 and are 3.1% more than 2022.

Grant receipts are 102.7% more than 2022 and is mostly attributable to the Department of Commerce Comp Plan Update, Middle Housing, and Cottage Housing grants.



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 September 2023, which is from activity for January through July.



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 1.4%. Sales tax collected throughout King County was actually 6.1% more than 2022.



2023 THIRD QUARTER FINANCIAL REPORT

BUSINESS & OCCUPATION TAXES AND FRANCHISE FEE & CONTRACT PAYMENTS

Business & Occupation Taxes

2023 Current Plan		\$7,659,577
Business & Occupation Tax		\$845,753
Utility Tax		\$3,148,627
Gambling Tax		\$657,750
2023 Third Quarter Actual Revenue		\$4,652,129
% of 2023 Current Plan		60.7%
2022 Current Plan		\$7,139,025
Business & Occupation Tax		\$846,058
Utility Tax		\$3,013,748
Gambling Tax		\$743,756
2022 Third Quarter Actual Revenue		\$4,603,563
% of 2022 Current Plan		64.5%
2023 v. 2022 \$ Change		\$48,566
2023 v. 2022 % Change		1.1%

The City has franchises with water and cable services with fees imposed at 6% and 5%, respectively. The City also has agreements with Seattle City Light, which imposes a 6% contract fee on total electrical revenues, and Ronald Wastewater District, which imposes an Interlocal Operating Agreement Fee.

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

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 \$.85M in line with 2022 collections.

Utility Tax receipts in the amount of \$3.1 million are more than the 2023 plan by 7.2% and more than 2022 by 4.5%. We continue to experience a significant decline in telecommunications tax as reflected on the next page.

Franchise Fee & Contract Payments

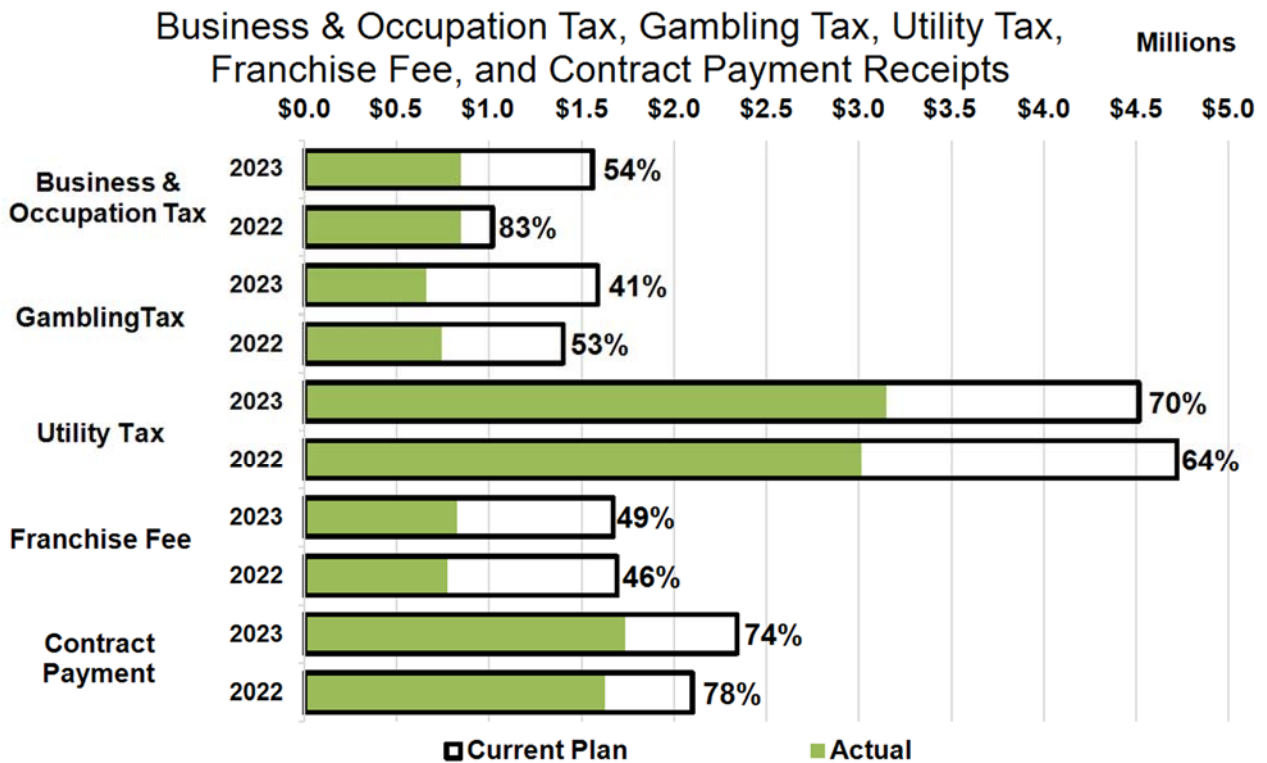
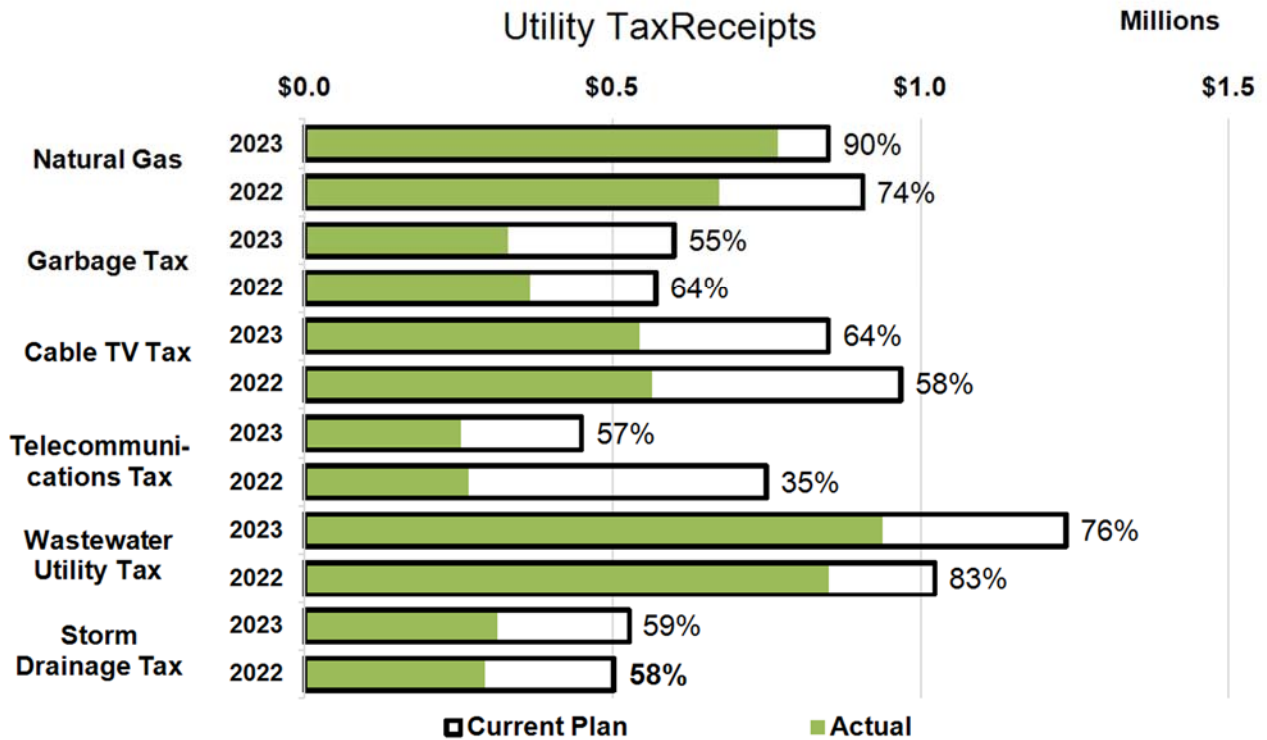
2023 Current Plan		\$4,009,947
Franchise Fee		\$823,997
Contract Payment		\$1,737,581
2023 Third Quarter Actual Revenue		\$2,561,577
% of 2023 Current Plan		63.9%
2022 Current Plan		\$3,791,800
Franchise Fee		\$772,664
Contract Payment		\$1,628,898
2022 Third Quarter Actual Revenue		\$2,401,562
% of 2022 Current Plan		63.3%
2023 v. 2022 \$ Change		\$160,016
2023 v. 2022 % Change		6.7%



2023 THIRD QUARTER FINANCIAL REPORT

BUSINESS & OCCUPATION TAXES AND FRANCHISE FEE & CONTRACT PAYMENTS

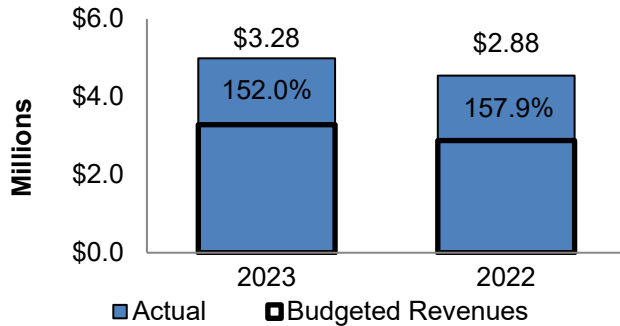
The chart below compares actual receipts to the annual budget for each year and budget projection for 2023.





2023 THIRD QUARTER FINANCIAL REPORT

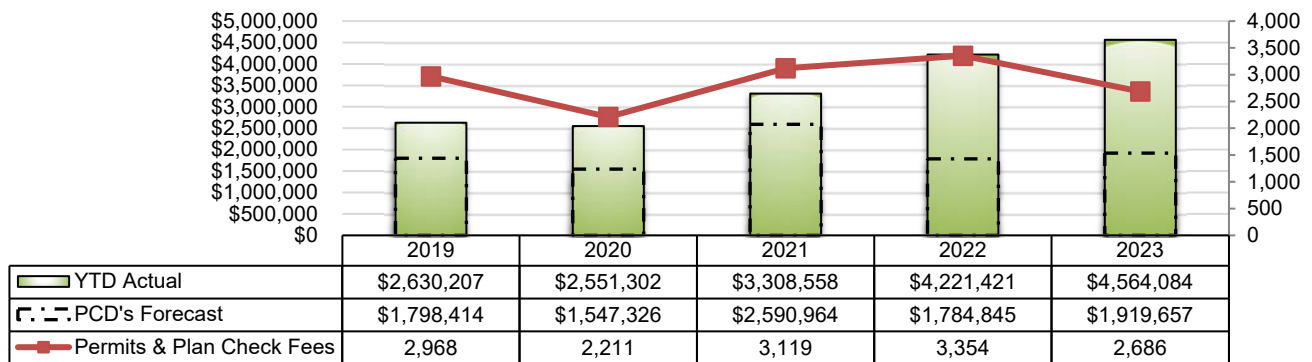
DEVELOPMENT REVENUE



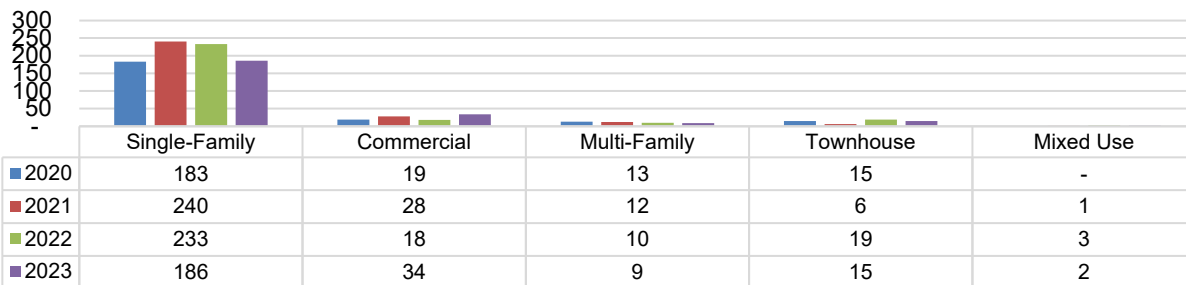
2023 Current Plan		\$3,281,716
2023 Third Quarter Actual Revenue		\$4,989,385
% of 2023 Current Plan		152.0%
2022 Current Plan		\$2,877,003
2022 Third Quarter Actual Revenue		\$4,543,083
% of 2022 Current Plan		157.9%
2023 v. 2022 \$ Change		\$446,302
2023 v. 2022 % Change		9.8%

Development revenue receipts, including right-of-way permits, exhibit a year-over-year increase of 9.8%. Revenues from Permit and Plan Check Fees are more than 2022 by 8.1%. Total permit applications through 2023 are 246, or 13.07%, less than 2022. Total permits issued are 206, or 26.43%, less than 2022. Approximately \$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.

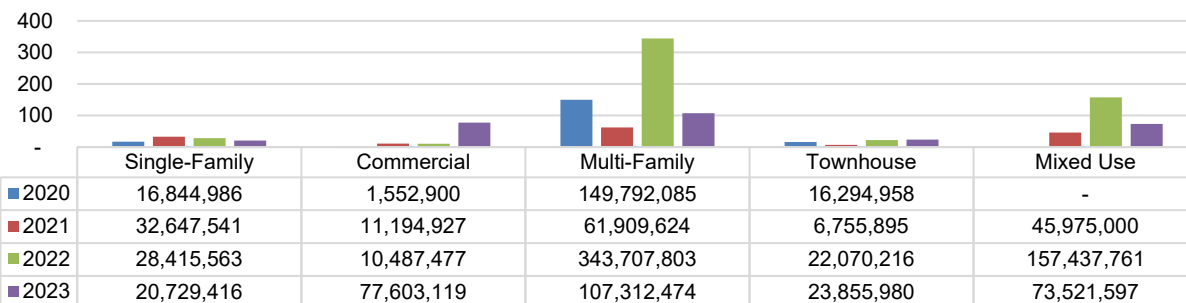
Permit & Plan Check Fees Historical Comparison (Q3 Comparison)



3Q Historical Applied Permits



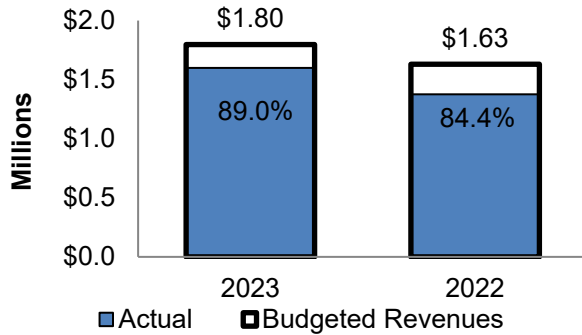
3Q Historical Applied Permits Valuation





2023 THIRD QUARTER FINANCIAL REPORT

PARKS AND RECREATION REVENUE



2023 Current Plan	\$1,796,310
2023 Third Quarter Actual Revenue	\$1,599,195
% of 2023 Current Plan	89.0%
2022 Current Plan	\$1,629,686
2022 Third Quarter Actual Revenue	\$1,375,952
% of 2022 Current Plan	84.4%
2023 v. 2022 \$ Change	\$223,243
2023 v. 2022 % Change	16.2%

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 2022 in 2023 due to improved rental policies and online rental processes that streamlined the park rental process for customers and made park rentals more accessible. While tennis court rental revenue has decreased due to decreased court availability, all other parks rentals have increased by 9% year-over-year and Community Center rental revenue has increased by 47%.

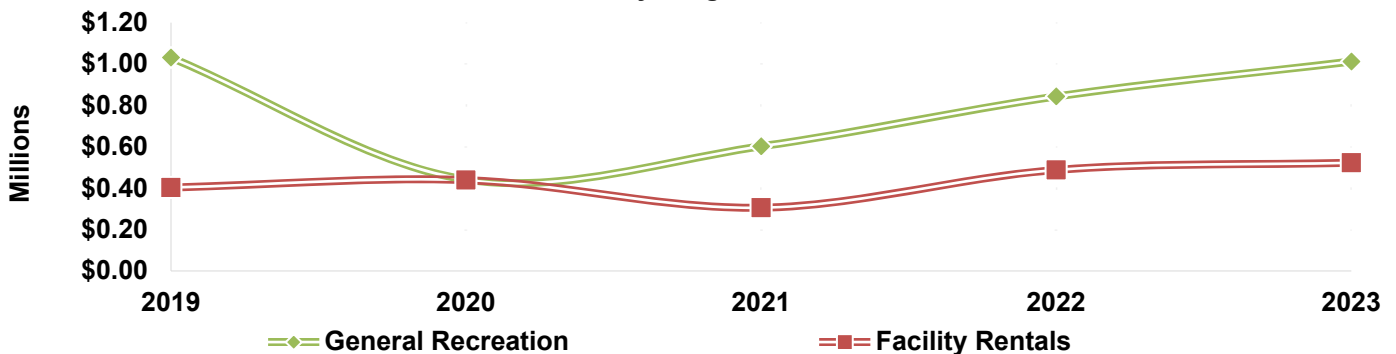
General recreation revenues have increased year-over-year due to strong summer camp enrollment and the ability to run the offsite camp location. Youth programming has also increased at Spartan Recreation Center in 2023, leading to higher revenues.

Parks and Recreation revenue receipts are 16.2% more than the year-ago level with receipts for general recreation programs more than the year-ago level by 20.0% but facility rentals 7.0% more than the year-ago level and reflecting a return to pre-pandemic levels.

Revenue by Program Area:

Year	General Recreation	Gen Rec % of Total	Facility Rentals	Fac Rent % of Total	Total Program Revenue	Non-Program Revenue
2019	\$1,031,156	71.9%	\$403,221	28.1%	\$1,434,377	\$29,981
2020	\$441,831	50.2%	\$439,130	49.8%	\$880,960	\$45,938
2021	\$602,136	66.3%	\$305,700	33.7%	\$907,835	\$40,877
2022	\$843,239	63.3%	\$488,357	36.7%	\$1,331,596	\$44,357
2023	\$1,012,032	65.9%	\$522,777	34.1%	\$1,534,809	\$64,386

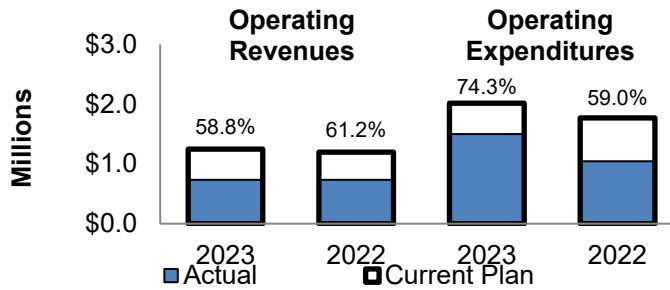
Recreation Revenue by Program Area





2023 THIRD QUARTER FINANCIAL REPORT

STREET FUND

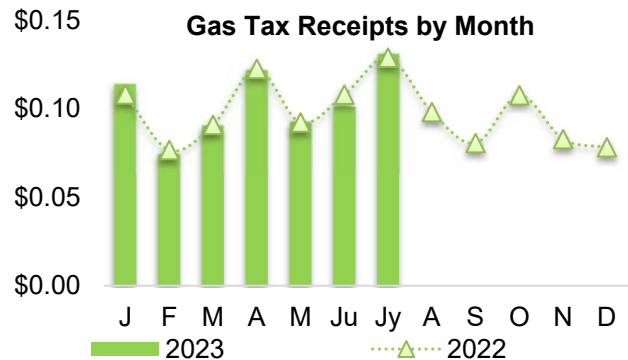
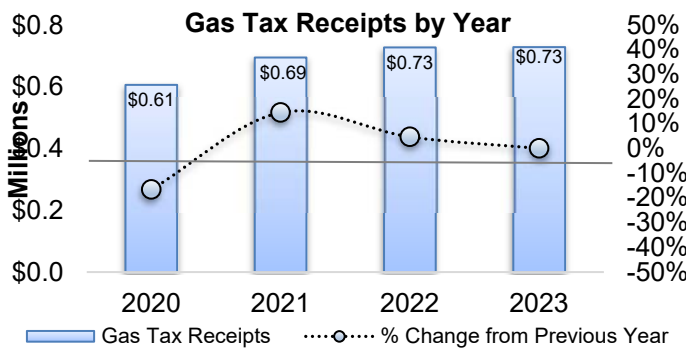


Street Fund	Resources	Expenditures
2023 Operating Plan	\$1,247,505	\$2,016,543
2023 Actual	\$733,175	\$1,498,803
% of 2023 Operating Plan	58.8%	74.3%
2022 Operating Plan	\$1,196,152	\$1,769,088
2022 Actual	\$732,426	\$1,043,862
% of 2022 Operating Plan	61.2%	59.0%
Actual 2023 v. 2022 \$ Change	\$749	\$454,941
Actual 2023 v. 2022 % Change	0.1%	43.6%

The table shows Street Fund receipts, excluding transfers in, are 0.1% more than 2022. Operating expenditures, excluding transfers out, are 43.6% more than 2022. Expenditures, including transfers out, are 38.6% 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 September 2023 reflects activity from January through July.

Distributions for this period total \$0.728 million, which is 0.1% more than 2022.





2023 THIRD QUARTER FINANCIAL REPORT

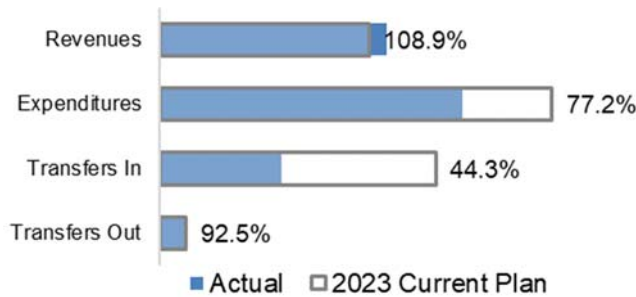
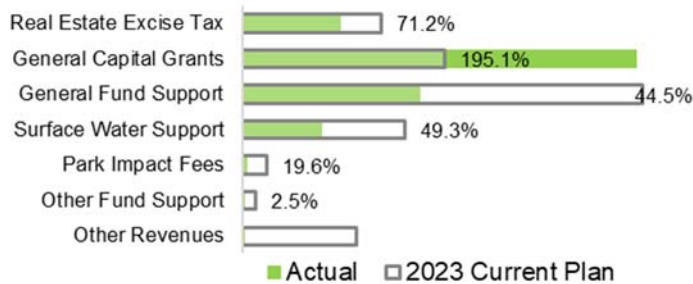
GENERAL CAPITAL FUND

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	\$7,289,097	\$9,098,199
% of 2023 Capital Plan Rev./Exp.	122.1%	81.1%
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	\$7,289,097	\$9,098,199
% of 2023-2024 Capital Plan Rev./Exp.	86.9%	67.1%

Third Quarter Actual receipts are largely comprised of Real Estate Excise Tax, which is discussed separately in this report and receipt of Conservation Futures Tax grant funding for park acquisition. 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 General Capital Projects. Funds are transferred as expenditures are incurred by the projects.

The table shows capital projects expended 81.1% 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 THIRD 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. The Fourth quarter report will reflect the full budget allocated by Council.

Park Bond Projects	2023-2024 Budget	2023-2024 Actual	Amount Remaining
Parks Bnd Project Mgmt	\$882,891	\$235,030	\$647,861
PK BND: PROs Plan Parks Acquisitions	\$5,800,147	\$964	\$5,799,183
PK BND: Park Improvments	\$4,000,000	\$0	\$4,000,000
PK BND Public Art	\$997,393	\$22,298	\$975,095
Bundle 1			
PK BND Kruckeberg Park	\$532,552	\$158,213	\$374,339
PK BND Shoreview Park	\$1,927,924	\$170,938	\$1,756,986
PK BND Ridgecrest Park	\$1,369,978	\$153,717	\$1,216,261
Bundle 2			
PK BND:Richmond Highlands Park	\$6,156,530	\$264,777	\$5,891,753
PK BND:James Keough Park	\$2,706,517	\$236,748	\$2,469,769
PK BND Bruggers Bog Park	\$3,557,283	\$237,366	\$3,319,917
Bundle 3			
PK BND Hillwood Park	\$4,228,357	\$80,566	\$4,147,791
PK BND Briarcrest Park	\$5,181,504	\$115,066	\$5,066,438
Total	\$37,341,076	\$1,675,684	\$35,665,392

Project Status Updates

As of September 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 now finalized the schematic designs for all parks. To view these designs and additional details please check out the Park Bond projects website linked above.



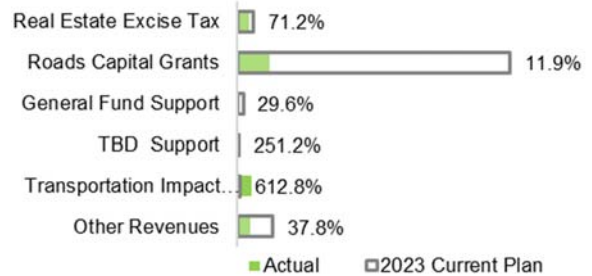
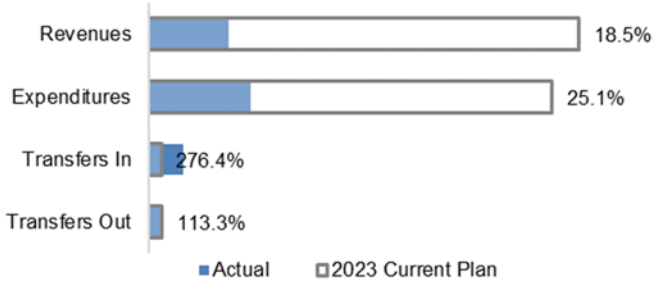
2023 THIRD QUARTER FINANCIAL REPORT

ROADS CAPITAL FUND

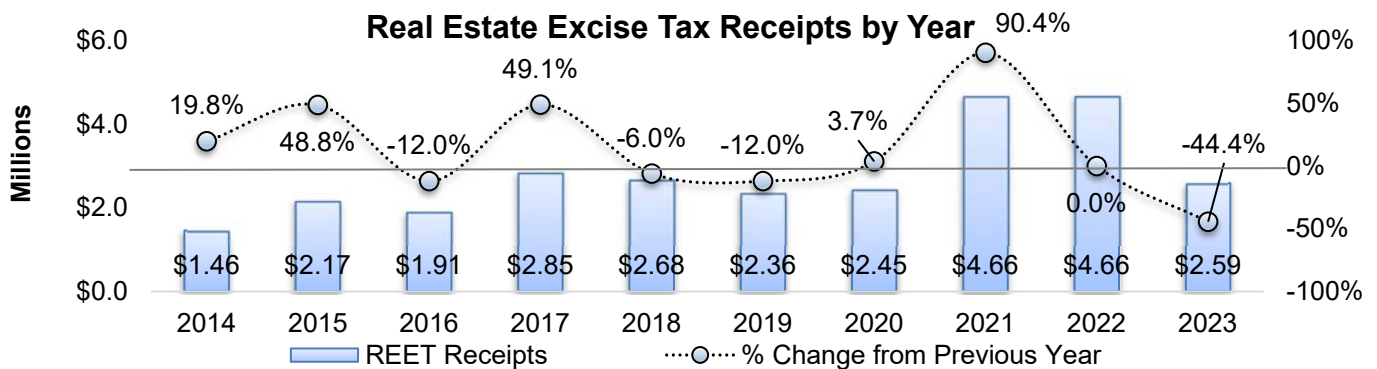
Roads Capital Fund	Resources	Expenditures
2023 Capital Plan Total	\$42,339,996	\$34,774,227
Less:		
2023 Use of Fund Balance	839,543	N/A
2023 Other Sources & Transfers	5,550,418	1,089,101
2023 Capital Plan Revenues/Expenditures	\$35,950,035	\$33,685,126
2023 Actual	\$8,609,151	\$9,929,054
% of 2023 Capital Plan Rev./Exp.	23.9%	29.5%
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	\$8,609,151	\$9,929,054
% of 2023-2024 Capital Plan Rev./Exp.	10.7%	12.3%

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 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 12.3% 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 \$2,593,133, are 44.4% less than 2022. However, as REET was budgeted conservatively for the biennial, the actual is only 5% lower than budget as of Q3 and is not anticipated to impact the budgeted expenditures for 2023 or 2024.



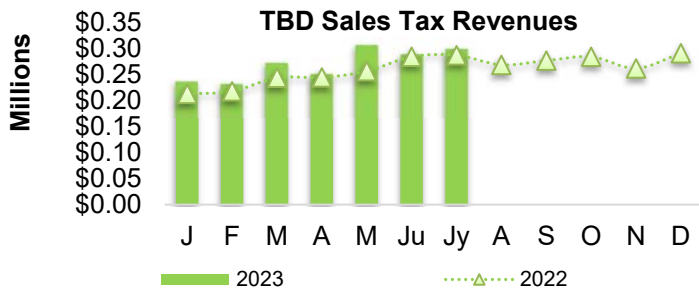
2023 THIRD QUARTER FINANCIAL REPORT

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	\$2,177,642	\$174,500
% of 2023 Current Plan Rev./Exp.	91.1%	19.5%
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	\$2,177,642	\$174,500
% of 2023-2024 Current Plan Rev./Exp.	44.7%	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 (TBD), revenue 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 \$1.894 million, are 8.2% more than 2022. In 2020, the City received \$11.539 million in bond proceeds for the New Sidewalks Program. Repayment of these bonds is fully supported by the voter approved TBD sales tax.

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	\$269,524	\$2,170,048
% of 2023 Capital Plan Rev./Exp.	0.0%	42.2%
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	\$269,524	\$2,170,048
% of 2023-2024 Capital Plan Rev./Exp.	0.0%	16.3%



2023 THIRD QUARTER FINANCIAL REPORT

SURFACE WATER UTILITY FUND

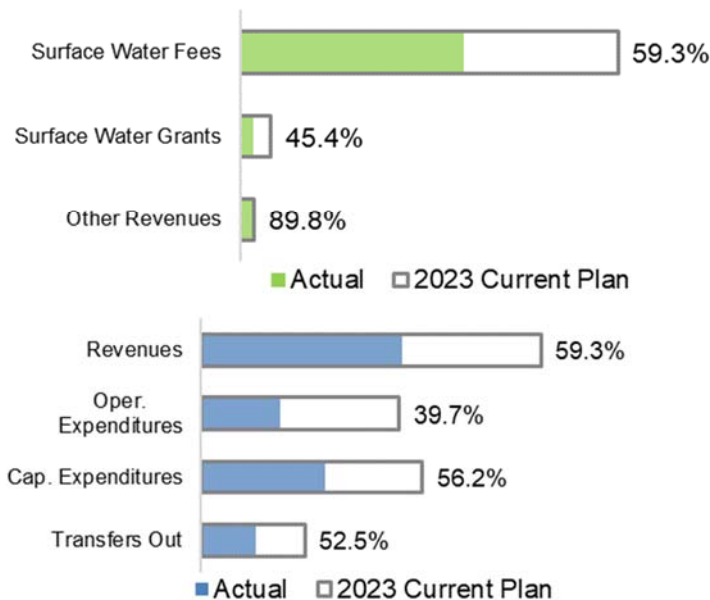
Surface Water Utility Fund	Resources	Expenditures
2023 Current Plan Total	\$15,195,520	\$15,160,724
Less:		
2023 Use of Fund Balance	3,351,606	N/A
2023 Other Sources & Transfers	2,000,000	3,004,809
2023 Operating & Capital Plan Revenues/Expenditures	\$9,843,914	\$12,155,915
2023 Actual	\$5,841,820	\$6,436,156
% of 2023 Current Plan Rev./Exp.	59.3%	52.9%
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	\$5,841,820	\$6,436,156
% of 2023-2024 Plan Rev./Exp.	30.2%	23.1%

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 39.7% of the current plan for the Operating Budget, which is 9.2% less than 2022. Capital projects expended 56.2% 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.





2023 THIRD QUARTER FINANCIAL REPORT

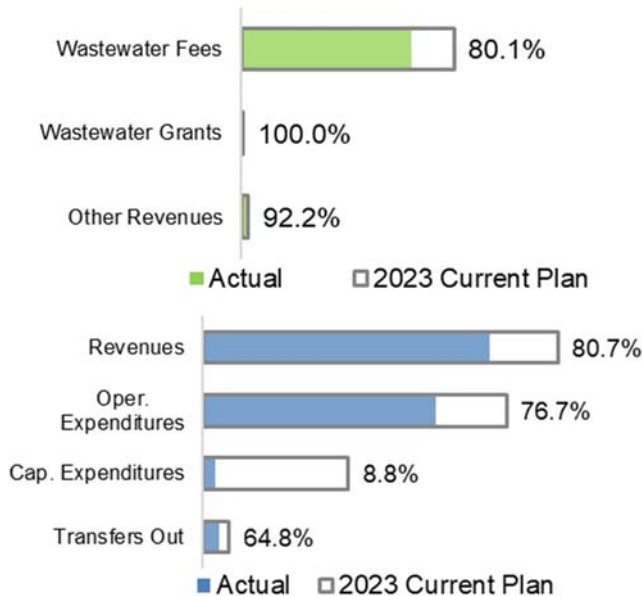
WASTEWATER UTILITY FUND

Wastewater Utility Fund	Resources	Expenditures
2023 Current Plan Total	\$26,700,262	\$27,513,872
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	\$26,016,994
2023 Actual	\$16,594,970	\$15,886,634
% of 2023 Current Plan Rev./Exp.	80.7%	61.1%
2024 Current Plan Total	\$30,505,004	\$29,514,850
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	\$28,459,449
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	\$16,594,970	\$15,886,634
% of 2023-2024 Current Plan Rev./Exp.	38.4%	29.2%

The City of Shoreline completed the assumption of Ronald Wastewater District on April 30, 2021. The Wastewater Utility Fund (WW) includes both operational programs and capital projects expenditures and revenues for the fund.

Wastewater Revenues are currently 80.7% of the 2023 plan and more than the prior year by \$2,310,900, or 16.2% due to rate increases to support the larger capital plan. Expenditures are currently 61.1% of plan and more than the prior year by \$767,443 or 5.7%. 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 THIRD QUARTER FINANCIAL REPORT

INVESTMENT REPORT: SEPTEMBER 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 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 Sept 30, 2023, the City's investment portfolio, excluding the State Investment Pool had a current weighted average rate of return of 3.2400%. This is lower than the 5.3859% 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 September 30, 2023, were \$5,254,815. 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 \$3,318,685 which is still \$2,458,520 (or 286%) 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 9/30/2023 is \$426,224. 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 September 30, 2023, the City's investment portfolio had a fair value of \$170.78 million. Approximately 53.1% of the investment portfolio was held in U.S. government instrumentality securities, and 46.9% was held in the Washington State Investment Pool. The City's investment portfolio valued at cost as of September 30, 2023, was approximately \$171.20 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 THIRD QUARTER FINANCIAL REPORT

LGIP Cash and Investment Balances

Investment Instruments	CUSIP #	BROKER	Settlement Date	Maturity Date	Par Value	Investment Cost	Yield To Maturity	Unrecognized Gain/(Loss)	Market Value 09/30/2023
US Treasury 1.375	912828T26	Piper Sandler	07/02/21	09/30/23	2,500,000	2,560,525	0.2930%	(60,525)	2,500,000
US Treasury 2.875	9128285K2	Piper Sandler	07/20/22	10/31/23	6,000,000	5,976,120	3.1930%	12,060	5,988,180
US Treasury 0.250	91282CAW1	Piper Sandler	10/15/21	11/15/23	2,500,000	2,491,700	0.4110%	(7,175)	2,484,525
US Treasury 2.875	9128285P1	TVI	07/20/22	11/30/23	3,000,000	2,986,257	3.2200%	1,143	2,987,400
US Treasury 0.125	91282CBA8	Piper Sandler	10/15/21	12/15/23	2,500,000	2,483,500	0.4330%	(9,675)	2,473,825
US Treasury 0.125	91282CBE0	MBS	10/15/21	01/15/24	2,500,000	2,481,055	0.4650%	(18,455)	2,462,600
US Treasury 2.500	9128285Z9	FNC	08/11/22	01/31/24	3,000,000	2,970,450	3.1920%	360	2,970,810
US Treasury 0.125	91282CBM2	Piper Sandler	10/15/21	02/15/24	2,500,000	2,480,375	0.4650%	(28,800)	2,451,575
US Treasury 2.500	91282CEK3	TVI	08/11/22	04/30/24	3,000,000	2,965,500	3.1920%	(16,470)	2,949,030
US Treasury 2.000	912828XT2	FNC	04/26/22	05/31/24	3,000,000	2,963,940	2.5924%	(31,320)	2,932,620
US Treasury 2.500	91282CER8	TVI	08/11/22	05/31/24	3,000,000	2,963,466	3.2000%	(21,486)	2,941,980
US Treasury 2.000	912828XX3	TVI	04/26/22	06/30/24	3,000,000	2,960,484	2.6250%	(36,774)	2,923,710
US Treasury 2.125	9128282N9	Piper Sandler	05/06/22	07/31/24	3,000,000	2,956,770	2.7930%	(38,580)	2,918,190
US Treasury 1.750	912828Y87	FNC	06/23/22	07/31/24	3,000,000	2,919,870	3.0690%	(10,440)	2,909,430
US Treasury 2.375	912828D56	FNC	06/23/22	08/15/24	3,000,000	2,956,530	3.0770%	(35,850)	2,920,680
US Treasury 1.875	9128282U3	Piper Sandler	05/06/22	08/31/24	3,000,000	2,935,680	2.8370%	(31,650)	2,904,030
US Treasury 2.125	9128282Y5	Piper Sandler	05/06/22	09/30/24	3,000,000	2,950,230	2.8440%	(46,320)	2,903,910
US Treasury 1.500	912828YH7	FNC	06/23/22	09/30/24	3,000,000	2,896,530	3.0840%	(10,440)	2,886,090
FHLB 3.375	3130A0F70	TVI	07/20/22	12/08/23	3,000,000	3,004,263	3.2670%	(15,783)	2,988,480
FHLB 2.500	3130AFW94	TVI	08/11/22	02/13/24	3,000,000	2,969,553	3.1970%	(2,853)	2,966,700
FHLB 3.250	3130A0XE5	Piper Sandler	08/11/22	03/08/24	3,000,000	2,997,960	3.2940%	(27,270)	2,970,690
FHLB 3.125	3130ASHK8	Piper Sandler	08/11/22	06/14/24	3,000,000	2,992,680	3.2620%	(41,640)	2,951,040
Sub Total - Investments					\$ 66,500,000	\$ 65,863,438	2.5607%	\$ (477,943)	\$ 65,385,495
PFM Investment						25,214,456	4.7700%	51,719	25,266,175
State Investment Pool						80,128,648	5.3859%		80,128,648
Total LGIP + Investments						\$ 171,206,542		\$ (426,224)	\$ 170,780,318

Portfolio Diversification

Instrument Type	Percentage	Amount at Cost	Amount at Market Value
FFCB	0.0%	\$ -	\$ -
FHLB	7.0%	11,964,456	11,876,910
FMAC	0.0%	-	-
US Treasury	31.3%	53,898,982	53,508,585
PFM Investment	14.8%	25,214,456	25,266,175
State Investment Pool	46.9%	80,128,648	80,128,648
Total LGIP + Investments	100%	\$ 171,206,542	\$ 170,780,318

Broker	Percentage	Amount at Cost	Amount at Market Value
PiperSandler	17.9%	30,825,540	30,545,965
MBS	1.4%	2,481,055	2,462,600
TVI	10.4%	17,849,523	17,757,300
FNC	8.6%	14,707,320	14,619,630
PFM Investment	14.8%	25,214,456	25,266,175
State Investment Pool	46.9%	80,128,648	80,128,648
Total LGIP + Investments	100%	\$ 171,206,542	\$ 170,780,318

Investments by Fund

Fund	Investments at Cost as of 09/30/2023	LGIP State Investment Pool as of 09/30/2023	Total LGIP + Investments at Cost by Fund as of 09/30/2023	Unrecognized Gain/(Loss) as of 09/30/2023	Total Market Value of Investments by Fund as of 09/30/2023	2023 Actual Investment Earnings
001 General	\$ 30,926,623	\$ 27,208,672	\$ 58,135,295	\$ (144,730)	\$ 57,990,566	\$ 1,818,859
101 Street	0	0	0	-	-	4,885
107 Code Abatement	222,893	196,097	418,991	(1,043)	417,948	14,148
108 Asset Seizure	66,495.06	58,501.13	124,996.19	(311.18)	124,685	4,221
109 Public Arts	55,860	49,144	105,004	(261)	104,742	3,546
112 Fed Drug Enforcement	4,274	3,760	8,034	(20)	8,014	271
116 Fed Crim Forfeit	12,711	11,183	23,894	(59)	23,834	1,321
117 Transportation Impact Mitigation	4,570,628	4,021,154	8,591,782	(21,389)	8,570,393	297,751
118 Parks Impact Fees	3,538,539	3,113,142	6,651,681	(16,560)	6,635,121	183,560
190 Revenue Stabilization	2,922,506	2,571,167	5,493,673	(13,677)	5,479,997	-
230 Sidewalk LTGO Bond Admin	4,697,131	4,132,449	8,829,579	(21,981)	8,807,598	284,043
301 General Capital	190	167	357	(1)	356	29,892
305 Gen Cap Parks Bond	17,142,054	15,081,262	32,223,316	(80,221)	32,143,095	1,102,321
312 City Fac-Mjr Maint	105,244	92,592	197,835	(493)	197,343	4,188
330 Roads Capital	5,661,528	4,980,907	10,642,435	(26,495)	10,615,941	230,614
331 Trans Bene Dist	3,225,877	2,838,067	6,063,944	(15,096)	6,048,848	193,251
332 Sidewalk Expansion Fund Admin	4,286,237	3,770,952	8,057,190	(20,059)	8,037,131	269,524
334 VLF LTGO Bonds Projects	2,454,388	2,159,325	4,613,713	(11,486)	4,602,227	134,295
401 Surface Water Utility Fund	4,690,024	4,126,196	8,816,220	(21,948)	8,794,272	269,332
405 Wastewater Fund	4,078,709	3,588,373	7,667,082	(19,087)	7,647,995	263,938
501 Vehicle Oper/Maint	0	0	0	-	-	-
503 Equip Dep Replace	2,415,983	2,125,538	4,541,521	(11,306)	4,530,215	144,856
505 Unemployment	0	0	0	-	-	-
650 Agency Fund Admin	-	-	-	-	-	-
Total Investments	\$ 91,077,894	\$ 80,128,648	\$ 171,206,542	\$ (426,224)	\$ 170,780,318	\$ 5,254,815

