

Second Quarter Financial Report As of June 30, 2017



Lake Wilderness Lodge

Introduction

The second quarter 2017 financial report is presented herein. The intent of the financial report is to provide an overview of financial activity for the period of January 1, 2017 through June 30, 2017.

ONGOING OPERATING REVENUES

Overall, general government revenues meet budget estimates at the end of second quarter. The table below lists all on-going revenues with a 2017 Budget to Actual Variance as well as a percent of budget received. Budgets are for the full year whereas actuals are for January through June of each year. Details of major variances are discussed following the table.

| | 2014 | 2015 | 2016 | 2017 | | % of Budget Received | |
|---------------------------------------|---------------------|---------------------|---------------------|----------------------|---------------------|-------------------------|-------------|
| | Actual | Actual | Actual | Budget | Actual | | \$ Variance |
| Property Tax | \$ 1,794,926 | \$ 1,819,612 | \$ 1,816,397 | \$ 3,688,730 | \$ 1,855,107 | \$(1,833,623) | 50% |
| Sales Tax | 1,135,741 | 1,293,664 | 1,093,775 | 3,200,730 | 1,024,949 | (2,175,781) | 32% |
| Criminal Justice Sales Tax | 270,717 | 293,841 | 325,510 | 681,410 | 329,618 | (351,792) | 48% |
| Utility Tax - Electric | 394,357 | 452,017 | 347,774 | 784,040 | 368,685 | (415,355) | 47% |
| Utility Tax - Natural Gas | 328,049 | 367,094 | 217,470 | 450,660 | 291,911 | (158,749) | 65% |
| Utility Tax - Telecom | 210,849 | 240,131 | 142,997 | 479,850 | 130,621 | (349,229) | 27% |
| Utility Tax - Cable TV | 67,193 | 209,573 | 113,183 | 170,030 | 68,220 | (101,810) | 40% |
| Gambling Tax | 12,318 | 17,726 | 22,483 | 40,580 | 16,940 | (23,640) | 42% |
| Leasehold Excise Tax | - | - | - | - | 2,134 | 2,134 | n/a |
| Professional and Occupations Licenses | 700 | - | - | 960 | - | (960) | 0% |
| Franchise Fees - Cable TV | 82,278 | 80,004 | 83,646 | 334,220 | 92,175 | (242,045) | 28% |
| General Business Licenses | 2,935 | 3,632 | 3,692 | 7,960 | 4,202 | (3,758) | 53% |
| Transient Sales Licenses | 300 | 1,810 | 884 | 1,740 | 2,498 | 758 | 144% |
| City Assistance/State of WA | 41,611 | 51,629 | 39,635 | 78,530 | - | (78,530) | 0% |
| Liquor Excise Tax | 23,174 | 27,131 | 58,944 | 20,720 | 60,631 | 39,911 | 293% |
| Liquor Profits | 106,317 | 106,173 | 106,475 | 221,270 | 104,683 | (116,587) | 47% |
| Sale of Maps & Publications | 222 | 103 | 87 | 140 | 52 | (88) | 37% |
| IT Training Fee | - | - | - | 13,100 | - | (13,100) | 0% |
| Passport Filing Fees | 875 | 5,750 | 7,075 | 13,410 | 6,250 | (7,160) | 47% |
| Non-Traffic Infraction Penalty | - | 8,573 | - | 280 | - | (280) | 0% |
| Investment Interest | 17,328 | 26,347 | 20,766 | 46,930 | 27,818 | (19,112) | 59% |
| Miscellaneous | 510 | 4,984 | 4,864 | 8,310 | 4,481 | (3,829) | 54% |
| Economic Development | - | - | - | - | 24,700 | 24,700 | n/a |
| Risk Management | 897 | 43,575 | - | - | 5,500 | 5,500 | n/a |
| Community Development | 404,423 | 129,029 | 303,732 | 864,840 | 625,348 | (239,492) | 72% |
| Public Safety | 121,637 | 103,972 | 116,787 | 298,907 | 118,267 | (180,640) | 40% |
| Parks Maintenance | 15,797 | 18,891 | 19,972 | 30,050 | 21,423 | (8,627) | 71% |
| Lake Wilderness Lodge | 100,342 | 76,573 | 228,287 | 300,000 | 274,940 | (25,060) | 92% |
| Recreation | 187,380 | 205,036 | 242,629 | 489,030 | 248,662 | (240,368) | 51% |
| Public Works Administration | 68,308 | 88,089 | 92,345 | 168,708 | 124,962 | (43,746) | 74% |
| Public Works Maintenance | - | 1,350 | 1,270 | 3,525 | 2,789 | (736) | 79% |
| Motor Vehicle Fuel Tax-City Streets | 233,994 | 237,569 | 245,651 | 504,640 | 242,500 | (262,140) | 48% |
| Multimodal Transpo City | - | - | 16,850 | 28,083 | 8,296 | (19,787) | 30% |
| MVA Transpo City | - | - | 9,669 | 18,180 | 7,260 | (10,920) | 40% |
| Waste Reduction and Recycling | 82,481 | 65,849 | 50,991 | 136,500 | 50,123 | (86,377) | 37% |
| Lake Management | 2,000 | - | - | - | - | - | n/a |
| Transfers | 8,582 | 12,109 | 17,254 | 79,643 | 20,783 | (58,860) | 26% |
| TOTAL | \$ 5,716,239 | \$ 5,991,836 | \$ 5,751,089 | \$ 13,165,706 | \$ 6,166,529 | \$(6,999,177) | 47% |

Liquor Excise Tax, while significantly ahead of budget, is consistent with earnings through June of 2016.

Community Development Plan Review Fees are \$110K over the annual budget and \$207K above 2nd Quarter expectations. As of June 30th, 72 SFR permits had been issued.

Public Works Administration revenue is ahead of budget as of June 30th due primarily to Plan Review Fees which are \$40K higher than in June 2016.

Lake Wilderness Lodge revenue is 20% higher than in the 2nd quarter of 2016 due primarily to an increase in lodge rental revenue. There were 219 rentals as of June 30th, 2017.

Public Safety revenue is slightly behind budget as of June 30th because the City has not yet billed the Tahoma School District for the District's portion of the School Resource Officer. The District will be billed in the second half of 2017. Removing the SRO billing, Public Safety revenue is at 68% of budget.

Waste Reduction & Recycling revenue is behind budget as of June 30th due to both a one month delay in the receipt of Solid Waste & Recycling Franchise Fees as well as the Washington State Department of Ecology Recycling Grant which hasn't yet been fully received by the City.

Some revenues are received by the City one or two months after earned. Year-end adjustments are made to account for this lag; however, throughout the year, the following revenues may appear to be behind budget:

Sales Tax is received by the City two months after it is paid by consumers. As a result, the sales tax revenue reported in the preceding table includes four months of revenue rather than six. As of the date of this report, the City has received six months of sales tax revenue totaling \$1.6M or 50% of budgeted sales tax revenue for 2017.

Utility Taxes are received by the City one month after earned. As of the date of this report, actual revenues *earned* through June 30th are as follows: Electric, \$430K or 55% of budget; Natural Gas, \$317k or 70% of budget; Telecom, \$180K or 37.9% of budget; Cable TV, \$133K or 78% of budget.

Gambling Taxes are received after the quarter in which they are earned. As of the date of this report, actual gambling tax *earned* through June 30th is \$32K or 79% of budget.

Cable TV Franchise Fees are received by the City one month following the quarter in which they are earned. As of the date of this report, actual revenues *earned* through June 30th are \$184K or 55% of budget.

GENERAL FUND OPERATING EXPENDITURES

General Fund Operating Expenditures are trending to be at or below budget based on actual results through the 2nd Quarter. Details of major variances are discussed following the table.

| | 2014 | 2015 | 2016 | 2017 | | % of Budget Expended | |
|-----------------------------|---------------------|---------------------|---------------------|----------------------|---------------------|-------------------------|-------------|
| | Actual | Actual | Actual | Budget | Actual | | \$ Variance |
| City Council | \$ 66,438 | \$ 67,403 | \$ 82,834 | \$ 134,950 | \$ 70,649 | \$ (64,301.25) | 52% |
| City Manager's Office | 203,009 | 201,110 | 423,490 | 442,212 | 216,664 | (225,547.65) | 49% |
| City Clerk | 207,949 | 209,148 | 226,204 | 578,100 | 276,421 | (301,679.21) | 48% |
| City Attorney | 69,335 | 52,327 | 78,317 | 187,200 | 27,448 | (159,752.00) | 15% |
| Economic Development | 31,542 | 16,209 | 10,966 | 142,468 | 37,347 | (105,120.58) | 26% |
| Finance | 260,207 | 287,688 | 300,796 | 672,070 | 250,627 | (421,442.78) | 37% |
| Human Resources | 53,369 | 52,411 | 59,638 | 236,500 | 92,955 | (143,545.21) | 39% |
| Community Development | 514,720 | 436,090 | 382,082 | 1,065,790 | 397,581 | (668,208.65) | 37% |
| Public Safety | 2,161,375 | 2,044,010 | 1,962,545 | 5,060,751 | 1,848,247 | (3,212,504.00) | 37% |
| Emergency Operations | 2,929 | 3,000 | 8,798 | 21,270 | 8,933 | (12,337.01) | 42% |
| Parks Administration | 127,309 | 123,404 | 148,948 | 332,322 | 189,929 | (142,393.14) | 57% |
| Parks Maintenance | 152,334 | 140,858 | 156,068 | 414,630 | 158,987 | (255,642.52) | 38% |
| Lake Wilderness Lodge | 220,700 | 167,989 | 187,578 | 572,140 | 221,844 | (350,295.67) | 39% |
| Recreation Administration | 105,861 | 94,224 | 136,390 | 312,520 | 119,362 | (193,158.16) | 38% |
| Recreation Programs | 180,818 | 202,212 | 259,631 | 682,990 | 227,772 | (455,217.62) | 33% |
| Community | 113,576 | 119,182 | 103,566 | 239,980 | 106,202 | (133,777.73) | 44% |
| Public Works | 415,577 | 373,616 | 418,854 | 486,331 | 260,250 | (226,080.63) | 54% |
| Public Works Maintenance | 104,792 | 152,877 | 179,957 | 1,118,744 | 436,170 | (682,573.77) | 39% |
| Lake Management | 8,582 | 12,109 | 17,254 | 78,480 | 13,001 | (65,478.59) | 17% |
| Waste Reduction & Recycling | 96,462 | 69,285 | 59,278 | 101,823 | 57,501 | (44,321.82) | 56% |
| Information Technology | 244,575 | 300,292 | 267,968 | 848,958 | 320,444 | (528,514.11) | 38% |
| | <u>5,096,883</u> | <u>4,825,153</u> | <u>5,203,193</u> | <u>13,730,229</u> | <u>5,338,337</u> | <u>(8,391,892.10)</u> | <u>39%</u> |
| Transfers | <u>72,123</u> | <u>79,377</u> | <u>25,018</u> | <u>472,218</u> | <u>129,305</u> | <u>n/a</u> | <u>n/a</u> |
| TOTAL | \$ 5,169,006 | \$ 4,904,530 | \$ 5,228,211 | \$ 14,202,447 | \$ 5,467,641 | \$ (8,391,892) | 39% |

Economic Development expenditures are significantly under budget as of June 30th due to the hiring of the Economic Development Manager in the 2nd Quarter.

City Attorney expenditures appear to be significantly under budget due to a lag between when services are provided and when invoices are received. However, as of the date of this report, expenditures incurred through June are at only 40% of budget.

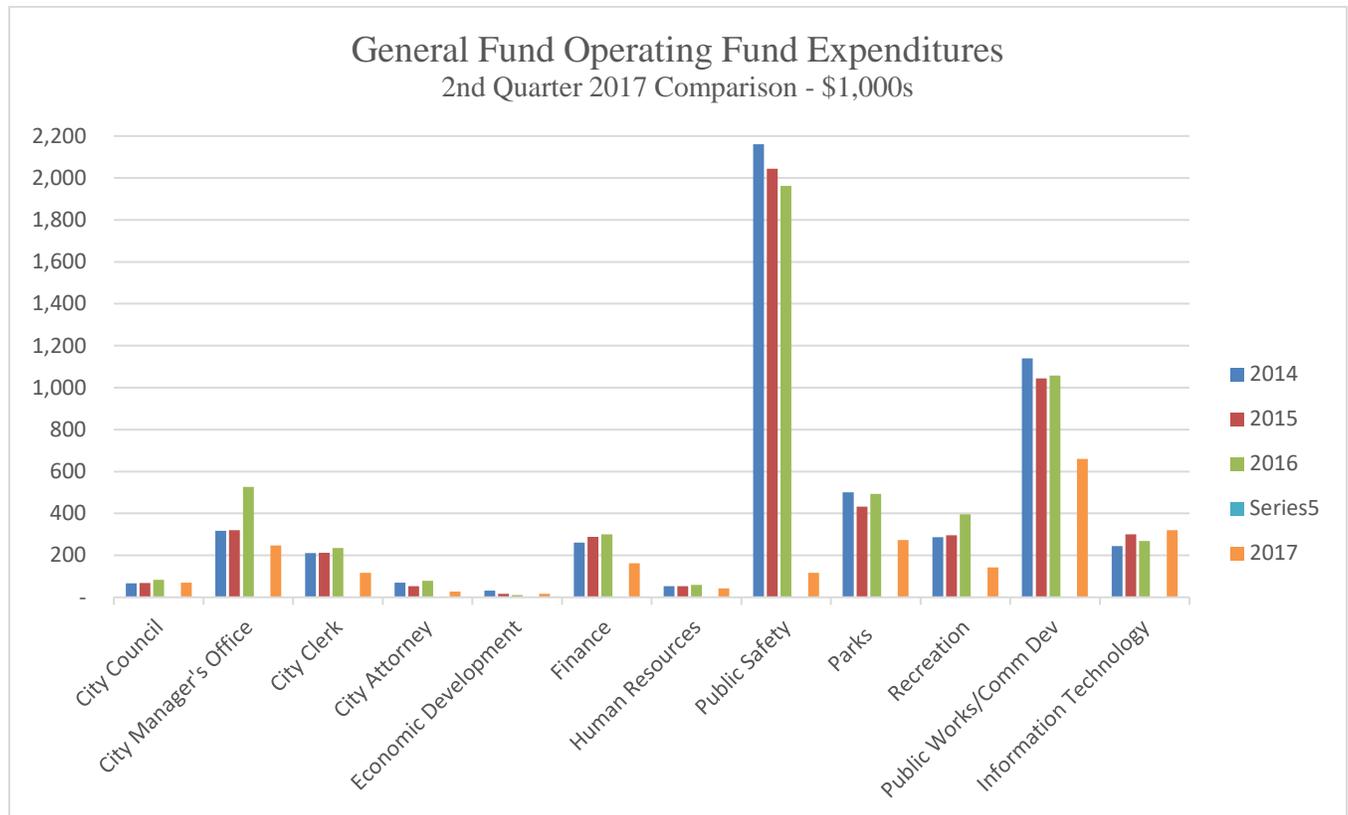
Lake Management expenditures are significantly under budget because less monitoring and testing was needed this year than anticipated thus far.

City Council expenditures are slightly more than 50% of budget but this is due primarily to a variety of annual dues which are paid in the beginning of the year.

Parks Administration expenditures are at 57% of budget due mainly to fewer hours being charged out to other divisions than anticipated. This is offset by savings in other divisions, particularly in Recreation.

Public Works expenditures are at 54% of budget due to a high volume of plan reviews for which the City receives offsetting revenue.

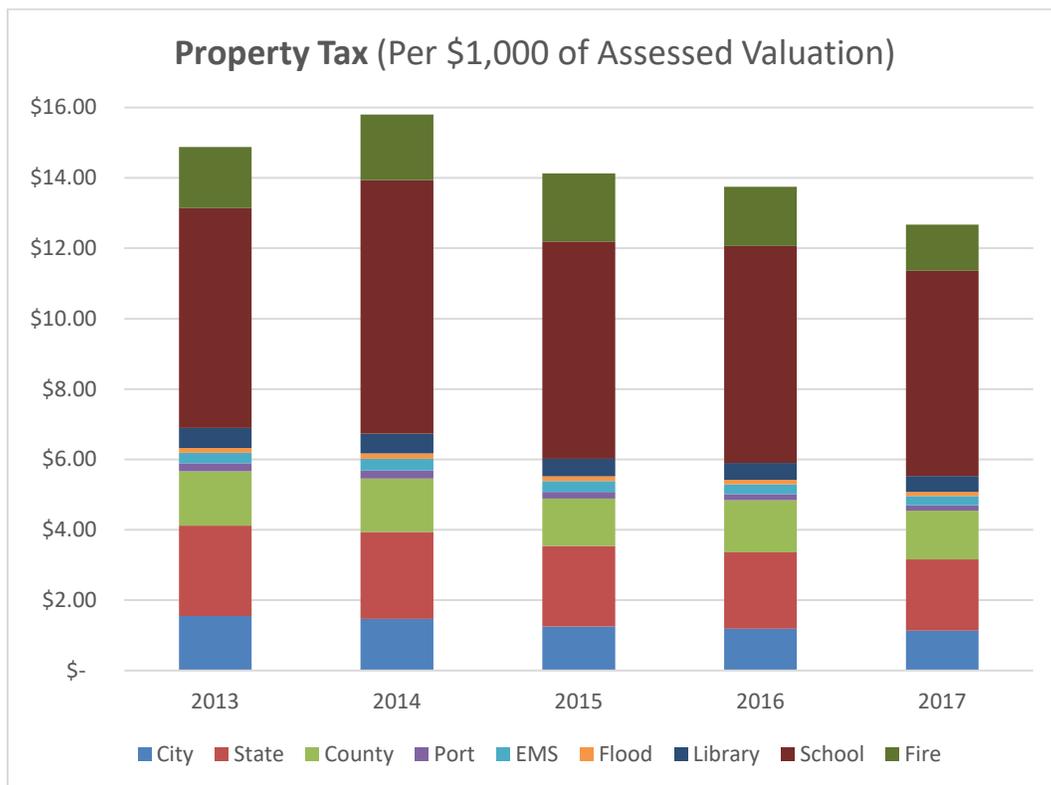
Waste Reduction & Recycling expenditures are at 56% of budget due to annual Clean Air Assessment Services which were paid at the beginning of the year.



Property Tax Levy

The City's property tax levy per \$1,000 of assessed value decreased in 2017 from \$1.19 to \$1.13. This is because the City's total assessed valuation is increasing at a higher rate than the City's allowable property tax increase.

| Property Tax Levy Per \$1000 AV | | | | | |
|---|--|-----------------|-----------------|-----------------|-----------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| Direct Regular and Special | | | | | |
| City of Maple Valley | 1.55 | 1.47 | 1.25 | 1.19 | 1.13 |
| Overlapping Regular and Special | | | | | |
| State School Fund | \$ 2.57 | \$ 2.47 | \$ 2.29 | \$ 2.17 | \$ 2.03 |
| King County General | \$ 1.54 | \$ 1.52 | \$ 1.35 | \$ 1.48 | \$ 1.38 |
| Port of Seattle | \$ 0.23 | \$ 0.22 | \$ 0.19 | \$ 0.17 | \$ 0.15 |
| Emergency Medical Services | \$ 0.30 | \$ 0.34 | \$ 0.30 | \$ 0.28 | \$ 0.26 |
| Ferry District | \$ - | \$ - | \$ - | \$ - | \$ - |
| King County Flood District Special Levy | \$ 0.13 | \$ 0.15 | \$ 0.14 | \$ 0.13 | \$ 0.12 |
| Rural Libray | \$ 0.57 | \$ 0.56 | \$ 0.50 | \$ 0.48 | \$ 0.45 |
| Tahoma School District Special Levy | \$ 3.95 | \$ 3.73 | \$ 3.26 | \$ 3.12 | \$ 3.00 |
| Tahoma School District Bond & Bldg | \$ 2.30 | \$ 3.48 | \$ 2.91 | \$ 3.05 | \$ 2.83 |
| Fire District #43 | \$ 1.74 | \$ 1.86 | \$ 1.94 | \$ 1.68 | \$ 1.31 |
| Sub Total Overlapping | \$ 13.33 | \$ 14.33 | \$ 12.88 | \$ 12.56 | \$ 11.54 |
| Total Property Tax Levy | \$ 15.80 \$ 14.13 \$ 13.75 \$ 12.67 | | | | |



Local Sales Tax Revenue

Monthly Comparison

The City's Retail Sales & Use Tax revenue is 5.8% lower through June 2017 than through June 2016 due to the completion of the new Tahoma High School and new Lake Wilderness Elementary.

| Month | 2014 Actual | 2015 Actual | 2016 Actual | 2017 Actual |
|---------------|---------------------|---------------------|---------------------|-----------------------|
| January | \$ 171,956 | \$ 183,519 | \$ 226,569 | \$ 250,654 |
| February | 175,515 | 184,632 | 253,954 | 246,559 |
| March | 184,967 | 203,507 | 308,119 | 277,651 |
| April | 188,935 | 192,427 | 305,133 | 259,032 |
| May | 211,234 | 209,001 | 260,618 | 278,606 |
| June | 222,245 | 233,130 | 351,172 | 294,215 |
| Total | \$ 1,154,852 | \$ 1,206,216 | \$ 1,705,566 | \$ 1,606,717 * |
| Taxable Sales | \$ 137,237,314 | \$ 143,341,117 | \$ 202,681,633 | \$ 190,934,878 |

By Category

The following chart compares Sales Tax data by category from January through June of each year. While sales tax collected on retail sales increased 10% from the same period in 2016, sales tax collected on construction decreased 31%.

| Category | 2014 Actual | 2015 Actual | 2016 Actual | 2017 Actual |
|-------------------------|---------------------|---------------------|---------------------|-----------------------|
| Retail Trade | \$ 441,064 | \$ 481,076 | \$ 520,493 | \$ 571,094 |
| Services | 62,412 | 63,690 | 70,596 | 77,632 |
| Construction | 247,073 | 236,086 | 629,445 | 433,650 |
| Accommodation & Food | 139,917 | 161,171 | 189,442 | 197,949 |
| Information | 67,920 | 63,943 | 65,707 | 67,374 |
| Arts, Rec, & Entertain. | 16,401 | 12,776 | 13,414 | 17,155 |
| Admin, Supp, Waste Mgt | 27,998 | 33,625 | 31,407 | 38,247 |
| Transp/Utilities/Wareho | 3,350 | 4,100 | 6,254 | 3,872 |
| Wholesaling | 66,075 | 64,028 | 70,945 | 80,749 |
| Manufacturing | 16,285 | 20,764 | 18,326 | 30,710 |
| Other | 9,180 | 3,761 | 6,996 | 4,986 |
| Finance/Insur/Real Est. | 26,003 | 32,388 | 44,958 | 45,009 |
| Public Administration | 31,174 | 28,811 | 37,582 | 38,290 |
| Total | \$ 1,154,852 | \$ 1,206,216 | \$ 1,705,566 | \$ 1,606,717 * |

Sales Tax by Category is provided by Microflex TaxTools

*The discrepancy between Ongoing Operating Revenues (Pg. 2) and the data presented on this page reflects the timing differences between when sales tax is earned and when it is received. Four months of sales tax are included in the Ongoing Operating Revenues and six months are included on this page.

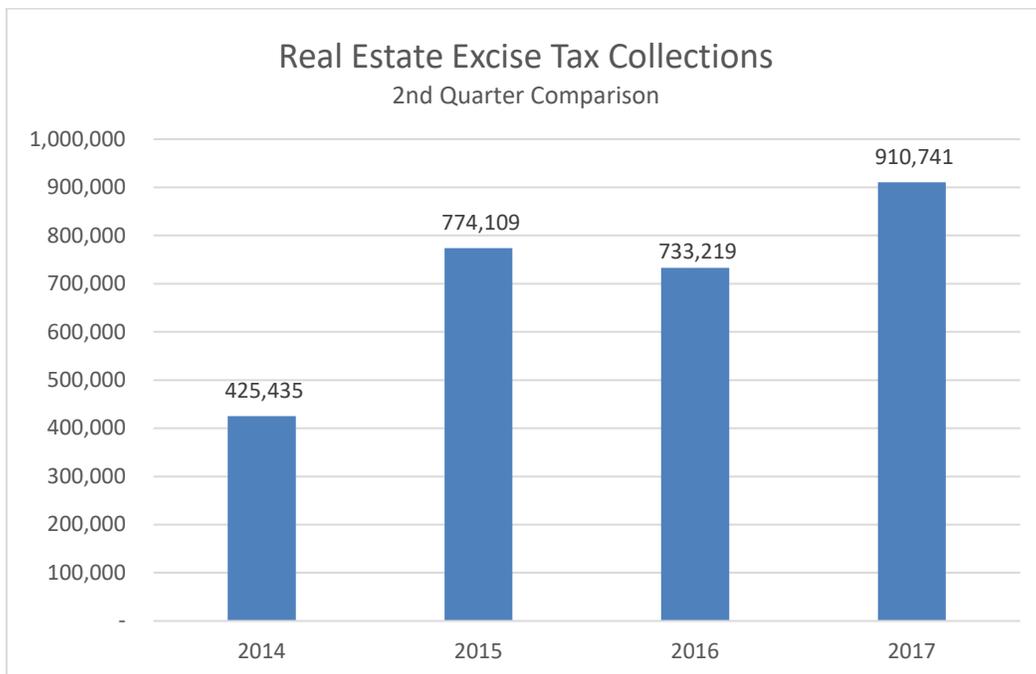
Real Estate Excise Tax

The City levies a 0.50% Real Estate Excise Tax on all sales of real estate. This 0.50% is broken up into the First 0.25% (REET 1) and the Second 0.25% (REET 2). These two revenue sources face different spending restrictions per RCW 82.46.010 and RCW 82.46.035.

Total REET 1 and REET 2 revenue from January through June of each year are included in the table below.

| Month | 2014 Actual | 2015 Actual | 2016 Actual | 2017 Actual |
|---------------|-------------------|-------------------|-------------------|-------------------|
| January | \$ 27,357 | \$ 88,085 | \$ 87,761 | \$ 78,094 |
| February | 65,980 | 124,557 | 71,659 | 107,110 |
| March | 64,617 | 132,897 | 115,913 | 143,388 |
| April | 75,404 | 122,621 | 118,851 | 108,678 |
| May | 79,579 | 144,729 | 140,196 | 234,204 |
| June | 112,497 | 161,221 | 198,839 | 239,267 |
| Total | \$ 425,435 | \$ 774,109 | \$ 733,219 | \$ 910,741 |
| Taxable Sales | 85,087,080 | 154,821,778 | 146,643,806 | 182,148,264 |

Total REET is 24% higher through June 2017 than through June 2016. There was a 7.4% increase in the number of homes sold during this time frame as well as an increase in the average selling price of both new and existing homes.

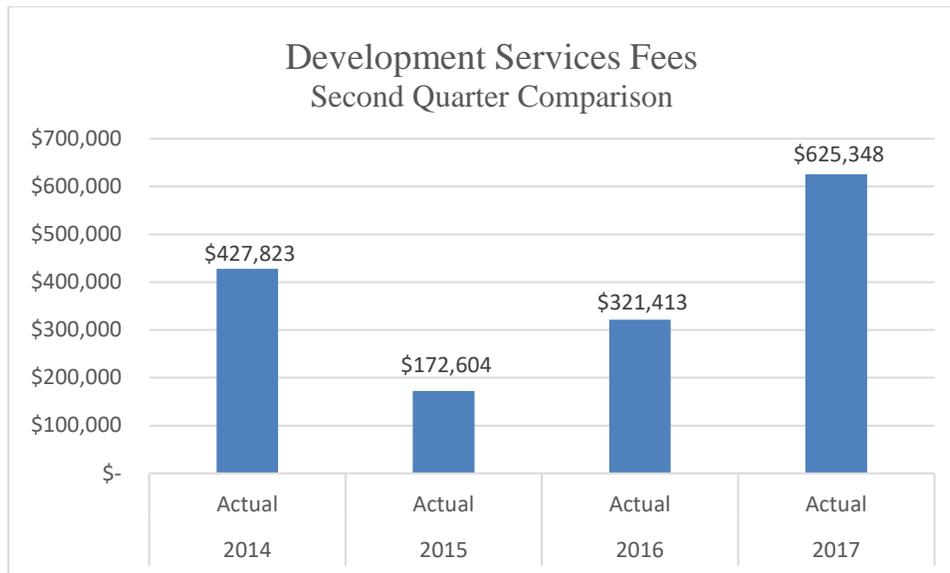


Development Services Fees

Community Development revenue is made up of various Development Services Fees. Both Planning and Building fees are both ahead of budget and higher than during the same period in 2016 due to a significant increase in the number of SFR homes being built within City limits in 2017.

| | 2014 | 2015 | 2016 | 2017 | | % of Budget Received | |
|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------------|-------------|
| | Actual | Actual | Actual | Budget | Actual | | \$ Variance |
| Planning Fees | \$ 23,550 | \$ 43,575 | \$ 29,464 | \$ 69,770 | \$ 63,694 | \$ (6,076) | 91% |
| Building Fees | 380,873 | 112,654 | 274,268 | 753,440 | 541,736 | \$ (211,704) | 72% |
| Fire Marshall | 23,400 | 16,375 | 17,681 | 41,630 | 19,918 | \$ (21,712) | 48% |
| TOTAL | \$ 427,823 | \$ 172,604 | \$ 321,413 | \$ 864,840 | \$ 625,348 | \$ (239,492) | 72% |

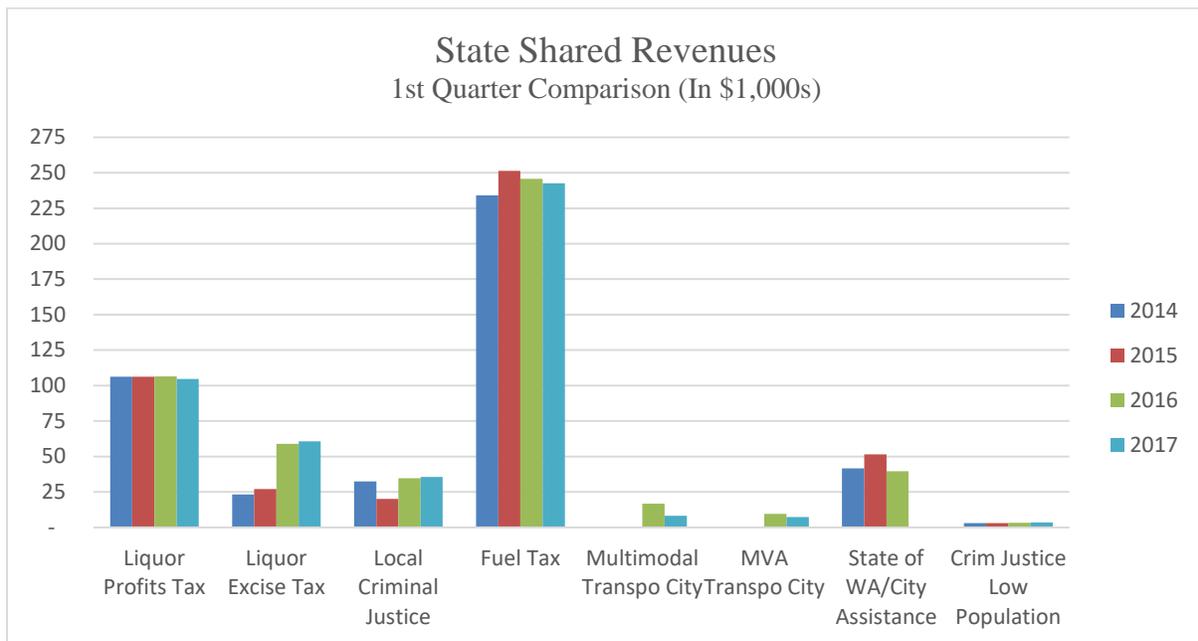
While the budget to actual variance is expected to be extraordinarily positive in 2017, this level cannot be maintained in future years due to the limited space for additional residential development.



State Shared Revenues

State Shared Revenues are on track to meet budget by the end of 2017. Liquor Excise Tax is already significantly over budget but is comparable to what was received during the same period in 2016.

| Category | 2014 | 2015 | 2016 | 2017 | | % of Budget Received | |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|-------------|
| | Actual | Actual | Actual | Budget | Actual | | \$ Variance |
| Liquor Profits Tax | \$ 106,317 | \$ 106,173 | \$ 106,475 | \$ 221,270 | \$ 104,683 | \$ (116,587) | 47% |
| Liquor Excise Tax | 23,174 | 27,131 | 58,944 | 20,720 | 60,631 | 39,911 | 293% |
| Local Criminal Justice | 32,568 | 20,104 | 34,772 | 62,980 | 35,576 | (27,404) | 56% |
| Motor Vehicle Fuel Tax | 233,994 | 251,319 | 245,651 | 504,640 | 242,500 | (262,140) | 48% |
| Multimodal Transpo City | - | - | 16,850 | 28,083 | 8,296 | (19,787) | 30% |
| MVA Transpo City | - | - | 9,669 | 18,180 | 7,260 | (10,920) | 40% |
| State of WA/City Assistance | 41,611 | 51,629 | 39,635 | 78,530 | - | (78,530) | 0% |
| Crim Justice Low Population | 3,006 | 3,163 | 3,319 | 6,140 | 3,429 | (2,711) | 56% |
| Total | \$ 440,669 | \$ 459,519 | \$ 515,313 | \$ 940,543 | \$ 462,375 | \$ (478,168) | 49% |



Vehicle Excise Tax

The City's Vehicle Excise Tax was levied by the Transportation Benefit District (TBD) which was legally absorbed into the City in December of 2015. The following chart details total taxes *earned* from January through June 2017 regardless of when the revenue was remitted to the City. Vehicle Excise Tax reports at 51% of budget.

| | 2014 | 2015 | 2016 | 2017 |
|--------------|-------------------|-------------------|-------------------|-------------------|
| Month | Actual | Actual | Actual | Actual |
| January | \$ 23,087 | \$ 27,652 | \$ 27,938 | 30,591 |
| February | 27,760 | 27,562 | 27,720 | 25,166 |
| March | 23,760 | 27,067 | 32,333 | 38,055 |
| April | 35,363 | 31,918 | 31,581 | 32,709 |
| May | 32,987 | 32,254 | 30,967 | 36,867 |
| June | 37,321 | 42,134 | 42,154 | 30,155 |
| TOTAL | \$ 180,277 | \$ 188,586 | \$ 192,694 | \$ 193,543 |

Utility Tax

Utility Taxes are received by the City one month after they are earned. *Earned* utility tax as of June 30th are: Electric, \$430K or 55% of budget; Natural Gas, \$317k or 70% of budget; Telecom, \$180K or 37.9% of budget; Cable TV, \$133K or 78% of budget.

| Category | 2014 | 2015 | 2016 | 2017 | | \$ Variance | % of Budget Received |
|--------------|------------------|------------------|----------------|---------------------|-------------------|---------------------|----------------------|
| | Actual | Actual | Actual | Budget | Actual | | |
| Electric | 394,357 | 452,017 | 347,774 | 784,040 | 368,685 | 415,355 | 47% |
| Gas | 328,049 | 367,094 | 217,470 | 450,660 | 291,911 | 158,749 | 65% |
| Telecom | 210,849 | 240,131 | 142,997 | 479,850 | 130,621 | 349,229 | 27% |
| Cable TV | 67,193 | 209,573 | 113,183 | 170,030 | 68,220 | 101,810 | 40% |
| TOTAL | 1,000,449 | 1,268,815 | 821,423 | \$ 1,884,580 | \$ 859,438 | \$ 1,025,142 | 54% |

Parks and Recreation

The Parks and Recreation Department is doing better than budgeted in both revenues and expenditures through the 2nd Quarter of 2017. Lake Wilderness Lodge Rentals are 20% higher than in the 2nd quarter of 2016 due primarily to an increase in lodge rental revenue. While expenditures are only at 39% of budget as of June 30th, July and August are some of the busiest months for the Recreation Division so actual year-end expenditures are anticipated to be closer to the budgeted amounts.

| | 2014 | 2015 | 2016 | 2017 | | % of Budget |
|------------------------------------|-------------------|-------------------|-------------------|---------------------|-------------------|-------------|
| | Actual | Actual | Actual | Budget | Actual | Rcvd./Expd. |
| <u>Program Revenues</u> | | | | | | |
| Recreation Fees | \$ 159,585 | \$ 178,888 | \$ 214,998 | 422,300 | \$ 214,355 | 51% |
| LW Lodge | 100,342 | 76,573 | 228,287 | 300,000 | 274,940 | 92% |
| Rental Revenue | 16,017 | 20,946 | 21,292 | 53,670 | 23,378 | 44% |
| Donations/Grants/Misc | 27,475 | 23,963 | 25,961 | 42,730 | 31,552 | 74% |
| Parks Maintenance | 100 | 130 | 350 | 380 | 800 | 211% |
| Total Program Revenues | \$ 303,419 | \$ 300,370 | \$ 490,538 | \$ 818,700 | \$ 544,225 | 66% |
| <u>Program Expenditures</u> | | | | | | |
| Parks Administration | \$ 149,783 | \$ 149,270 | \$ 163,935 | \$ 396,000 | \$ 205,732 | 52% |
| Parks Maintenance | 162,623 | 146,686 | 167,243 | 440,874 | 172,802 | 39% |
| Lake Wilderness Lodge | 229,556 | 188,260 | 203,923 | 617,896 | 237,246 | 38% |
| Recreation Administration | 105,861 | 94,224 | 136,390 | 408,118 | 136,021 | 33% |
| Beach Services | 22,096 | 24,203 | 23,965 | 107,950 | 12,945 | 12% |
| Adult Sports | 28,492 | 27,051 | 26,108 | 53,950 | 26,263 | 49% |
| Adult Classes | 11,549 | 15,405 | 16,829 | 33,300 | 18,659 | 56% |
| Youth Sports | 15,899 | 20,114 | 67,429 | 87,370 | 63,097 | 72% |
| Youth Classes | 14,104 | 27,134 | 49,283 | 99,680 | 28,564 | 29% |
| Day Camp | 10,157 | 14,875 | 9,436 | 64,860 | 12,774 | 20% |
| Special Events | 74,738 | 72,945 | 63,333 | 163,590 | 69,469 | 42% |
| Community Grants/Programs | 3,940 | 4,375 | 3,694 | 74,070 | 1,116 | 2% |
| Total Program Expenditures | \$ 828,796 | \$ 784,542 | \$ 931,568 | \$ 2,547,658 | \$ 984,688 | 39% |

Lake Wilderness Golf Course

As of June 30, 2017 the Lake Wilderness Golf Course shows revenues exceeding expenditures of \$78K. However, the months of September through December are historically low revenue earners due to inclement weather, so the LWGC fund balance is expected to decrease during the 3rd and 4th quarters.

| REVENUES | 2014 | 2015 | 2016 | 2017 | | % of Budget | |
|------------------------------------|----------------|----------------|----------------|------------------|----------------|--------------------|-----------------|
| | Actual | Actual | Actual | Budget | Actual | \$ Variance | Received |
| Administration | | | | | | | |
| Investment Interest | (0) | (220) | (94) | 20 | (154) | (174) | -770% |
| Cash Adjustments | (10) | (329) | (35) | 50 | 34 | (16) | 69% |
| Miscellaneous | - | - | - | - | 231 | 231 | n/a |
| Total Administration | (11) | (549) | (129) | 70 | 112 | 42 | 159% |
| Course Operations | | | | | | | |
| Golf Green Fees | 205,964 | 271,857 | 287,686 | 559,860 | 267,235 | (292,625) | 48% |
| Golf Pro-Shop Merch. Sales | 58,482 | 23,861 | 34,008 | 75,580 | 27,527 | (48,053) | 36% |
| Golf Lessons | 27,271 | 30,404 | - | - | - | - | n/a |
| Golf Clubs & Cart Rentals | - | 61,775 | 76,366 | 178,850 | 67,603 | (111,247) | 38% |
| Total Course Operations | 291,717 | 387,897 | 398,060 | 814,290 | 362,365 | (451,925) | 45% |
| Restaurant Operations | | | | | | | |
| Food Sales | 33,743 | 58,027 | 49,100 | 108,870 | 36,800 | (72,070) | 34% |
| Beverage Sales | 69,898 | 84,498 | 67,098 | 195,300 | 62,945 | (132,355) | 32% |
| Restaurant Rental | 1,467 | 2,429 | 4,208 | 4,430 | 3,724 | (706) | 84% |
| Total Restaurant Operations | 105,109 | 144,953 | 120,406 | 308,600 | 103,468 | (205,132) | 34% |
| City Revenues | | | | | | | |
| Sales Tax | - | - | - | 22,000 | 8,948 | (13,052) | 41% |
| Total City Revenues | - | - | - | 22,000 | 8,948 | (13,052) | 41% |
| Total Revenues | 396,815 | 532,301 | 518,337 | 1,144,960 | 474,893 | (670,067) | 41% |

Revenues are at 41% of budget as of June 30th, 2017. However, July and August traditionally see the most Greens Fees collected. While Course and Restaurant Operations are both less than 50% of budget through the 2nd Quarter, the City is allocating the Golf Course's portion of Sales Tax as a revenue for the Course which helps to improve it's ending fund balance.

| EXPENDITURES | 2014 | 2015 | 2016 | 2017 | | % of Budget | |
|-------------------------------|---------------|---------------|---------------|----------------|---------------|--------------------|-----------------|
| | Actual | Actual | Actual | Budget | Actual | \$ Variance | Expended |
| City Paid Expenditures | | | | | | | |
| Salaries & Wages | - | 934 | 1,702 | 3,750 | 1,547 | (2,203) | 41% |
| Benefits | - | 346 | 589 | 1,310 | 512 | (798) | 39% |
| Office & Operating Supp. | - | 219 | 232 | 320 | - | (320) | 0% |
| Management Services | 47,754 | 47,754 | 47,754 | 97,510 | 47,754 | (49,756) | 49% |
| Banking Services | 6,768 | 13,971 | 9,947 | 27,930 | 10,724 | (17,206) | 38% |
| Cost Alloc. - Finance | 2,105 | 1,307 | - | - | - | - | n/a |
| Cost Alloc. - Parks Admin | 923 | 157 | - | - | - | - | n/a |
| Taxes & Assessments | 2,267 | 3,567 | 2,803 | 6,640 | 2,369 | (4,271) | 36% |
| Equipment Replacement | 7,919 | 6,714 | 7,022 | 2,870 | 1,433 | (1,437) | 50% |
| Property Insurance | 6,547 | 8,128 | 5,868 | 6,000 | - | (6,000) | 0% |
| Fire & Life Safety Services | - | - | 125 | 170 | - | (170) | 0% |
| Total City Paid Exp. | 74,282 | 83,096 | 76,043 | 146,500 | 64,338 | (82,162) | 44% |
| Administration | | | | | | | |
| Office & Operating Supp. | 4,153 | 2,095 | 4,144 | 6,500 | 3,408 | (3,092) | 52% |
| Small Tools & Minor Equip. | 4,647 | 1,528 | - | 5,000 | 145 | (4,855) | 3% |
| Books & Minor Software | - | - | - | - | 556 | 556 | n/a |
| Advertising | 2,939 | 2,698 | 1,619 | 8,000 | 3,624 | (4,376) | 45% |
| Other Professional Services | 5,501 | 5,155 | 5,958 | 8,950 | 2,487 | (6,463) | 28% |
| Management Services | - | 92 | - | 120 | - | (120) | 0% |
| Contracted Staff | 8,935 | 11,112 | 10,378 | 20,400 | 11,108 | (9,292) | 54% |
| Payroll & Personnel Services | - | 1,999 | 632 | 860 | 825 | (35) | 96% |
| Cleaning Services | - | - | - | - | 380 | 380 | n/a |
| Security Services | 3,244 | 5,036 | 2,822 | 6,060 | 1,986 | (4,074) | 33% |
| Banking Services | 194 | 238 | 265 | 560 | 269 | (291) | 48% |
| Software Maint. & Support | - | - | - | - | 419 | 419 | n/a |
| Telephone | 3,516 | 4,563 | 3,576 | 7,500 | 3,830 | (3,670) | 51% |
| Internet | - | - | - | - | 2,265 | 2,265 | n/a |
| Postage | 28 | - | - | 10 | 19 | 9 | 186% |
| Travel | 220 | 414 | 678 | 1,000 | 533 | (467) | 53% |
| Rentals and Leases | 28 | - | - | - | 1,636 | 1,636 | n/a |
| Liability Insurance | 4,852 | 3,082 | - | 7,440 | - | (7,440) | 0% |
| Property Insurance | - | 2,933 | 6,343 | 3,000 | 6,755 | 3,755 | 225% |
| Utility Services | 17,504 | 6,954 | 19,917 | 30,000 | 10,746 | (19,254) | 36% |
| Cable TV | 1,217 | 1,187 | 424 | 1,450 | 1,241 | (209) | 86% |
| Repairs & Maintenance | 1,081 | 1,522 | 1,187 | 2,400 | 1,083 | (1,317) | 45% |
| Dues, Subscriptions & Memb | 341 | 1,140 | 57 | 1,970 | 620 | (1,350) | 31% |
| Licenses & Permits | 2,199 | 3,471 | 2,912 | 3,960 | 2,961 | (999) | 75% |
| Background Checks | - | - | - | - | 120 | 120 | n/a |
| Registration & Training | - | - | 675 | 700 | 55 | (645) | 8% |
| Other Miscellaneous | 1,508 | 1,227 | 3,548 | 3,500 | 556 | (2,944) | 16% |
| Other Intergov'tl Licenses | - | - | - | - | 22 | 22 | n/a |
| Total Administration | 62,107 | 56,446 | 65,132 | 119,380 | 57,647 | (61,733) | 48% |

| | 2014 | 2015 | 2016 | 2017 | | % of Budget | |
|----------------------------------|-------------------|----------------|----------------|------------------|----------------|------------------|------------|
| | Actual | Actual | Actual | Budget | Actual | \$ Variance | Expended |
| Course Operations | | | | | | | |
| Office & Operating Supp. | 15,988 | 30,848 | 20,193 | 68,120 | 25,949 | (42,171) | 38% |
| Fuel Consumed | 1,387 | 7,532 | 7,019 | 20,150 | 6,512 | (13,638) | 32% |
| Inventory Supplies-Merch. | 22,662 | 26,422 | 33,391 | 51,420 | 22,912 | (28,508) | 45% |
| Small Tools & Minor Equip. | 1,938 | 12,963 | 4,415 | 6,490 | 5,706 | (784) | 88% |
| Other Professional Services | - | - | - | - | 135 | 135 | n/a |
| Advertising | - | 91 | - | 120 | - | (120) | 0% |
| Contracted Staff-Pro Shop | 41,607 | 57,296 | 57,771 | 133,210 | 50,651 | (82,559) | 38% |
| Contracted Staff-Course | 45,691 | 81,739 | 81,805 | 181,570 | 69,037 | (112,533) | 38% |
| Cost Alloc.-LWGC Admin. | - | - | - | - | - | - | n/a |
| Rentals & Leases | 17,195 | 18,822 | 14,440 | 46,940 | 1,915 | (45,025) | 4% |
| Utility Services | 4,858 | 10,800 | - | 17,570 | 4,120 | (13,450) | 23% |
| Repairs & Maintenance | 4,735 | 1,355 | 9,734 | 4,490 | 122 | (4,368) | 3% |
| Other Miscellaneous | 57 | - | 6,555 | 11,050 | 283 | (10,767) | 3% |
| Total Course Operations | 156,118 | 247,868 | 235,323 | 541,130 | 187,342 | (353,788) | 35% |
| Restaurant | | | | | | | |
| Office & Operating Supp. | 2,525.07 | 10,482 | 4,937 | 29,150 | 3,513 | (25,637) | 12% |
| Inventory Supplies-Food | 15,367.09 | 22,497 | 21,025 | 47,510 | 17,591 | (29,919) | 37% |
| Inventory Supp. - Beverages | 21,167.57 | 26,734 | 23,057 | 58,060 | 20,871 | (37,189) | 36% |
| Small Tools & Minor Equip. | - | 728 | 2,290 | 9,530 | 414 | (9,116) | 4% |
| Books & Minor Software | - | - | - | - | 54 | 54 | n/a |
| Contracted Staff | 45,450.51 | 41,794 | 50,936 | 106,630 | 36,895 | (69,735) | 35% |
| Rentals & Leases | 3,689.35 | 4,234 | 1,834 | 7,870 | 4,008 | (3,862) | 51% |
| Utility Services | 680.34 | 973 | - | 2,540 | 2,797 | 257 | 110% |
| Repairs & Maintenance | 656.30 | 2,449 | 3,510 | 10,390 | 1,860 | (8,530) | 18% |
| Other Miscellaneous | 177.49 | - | 163 | 220 | - | (220) | 0% |
| Total Restaurant | 89,713.72 | 109,891 | 107,753 | 271,900 | 88,003 | (183,897) | 32% |
| Restaurants Improvements | | | | | | | |
| WIP-Construction | - | - | - | 10,000 | - | (10,000) | 0% |
| Course Improvements | | | | | | | |
| WIP-Construction | - | - | - | 15,000 | - | (15,000) | 0% |
| Total Expenditures | 382,220.62 | 497,302 | 484,251 | 1,103,910 | 397,330 | (706,581) | 36% |
| Revenue Over Expenditures | 14,594.20 | 34,999 | 34,087 | 41,050 | 77,563 | 36,513 | n/a |

In order to counter the effect of lower revenues in 2017, the LWGC's management company is working to reduce related expenditures. Contracted staff at the Course and Pro-Shop are both at only 38% of budget, contracted staff at the restaurant is at only 35% of budget, and food and beverage inventory are at 37% and 36% of budget respectively as the management company has changed its ordering procedures to better suit the demands of its customers. No capital restaurant or course improvements are planned for this year; however, there are some anticipated repairs and maintenance costs which the course will incur in the 4th Quarter.

Public Safety

Public Safety includes the Police Department, Emergency Operations Center/Emergency Preparedness Department, Municipal Court, and Jail.

While Public Safety revenues are reporting at only 40% of budget, the Tahoma School District has not yet been billed for their portion of the School Resource Officer housed at the new high school. Taking this into consideration, revenues are actually at 55% of budget at the end of the 2nd Quarter.

Police Operations include only five months of payments to King County for police services due to a one month delay in billings by the County. With the sixth payment included, Police Operations are at 44% of budget at the end of the 2nd Quarter. The City prepays its building lease so the Police Facility expenditure includes seven lease payments rather than six; excluding the additional payment, Police Facility is at 51% of budget. Judge, Court, Prosecution, and Public Defender Services are both paid on a one month lag so the Municipal Court expenditure balance of \$121,639 includes only five payments for each service. Adding in a sixth payment, the Municipal Court is at 44% of budgeted expenditures.

| | 2014 | 2015 | 2016 | 2017 | | % of Budget |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------|
| | Actual | Actual | Actual | Budget | Actual | Rec./Expd. |
| Revenues | | | | | | |
| Grants and Contributions | \$ 1,860 | \$ 9,002 | \$ 3,930 | \$ 21,162 | \$ 16,343 | \$ (4,819) 77% |
| Criminal Justice Contract Svcs. | 19,227 | 20,104 | 20,706 | 37,420 | 21,211 | \$ (16,209) 57% |
| Criminal Justice - Special Prog. | 11,165 | 11,621 | 12,135 | 20,850 | 12,474 | \$ (8,376) 60% |
| Criminal Justice Low Population | 3,006 | 3,163 | 3,319 | 6,140 | 3,429 | \$ (2,711) 56% |
| Criminal Justice - DUI | 2,176 | 2,130 | 1,931 | 4,710 | 1,890 | \$ (2,820) 40% |
| Impound Fees | 3,523 | 3,100 | 4,900 | 9,200 | 5,200 | \$ (4,000) 57% |
| False Alarm Fees | 400 | 975 | 925 | 750 | 1,050 | \$ 300 140% |
| Municipal Court | 56,881 | 53,878 | 51,260 | 103,345 | 56,668 | \$ (46,677) 55% |
| TSD School Resource Officer | - | - | - | 95,000 | - | \$ (95,000) 0% |
| Donations | - | - | - | 330 | - | \$ (330) 0% |
| Total Revenues | \$ 98,237 | \$ 103,972 | \$ 99,106 | \$ 298,907 | \$ 118,267 | \$ (85,310) 40% |
| Expenditures | | | | | | |
| Police Operations | \$ 1,873,914 | \$ 1,821,001 | \$ 1,737,564 | \$ 4,506,750 | \$ 1,621,894 | \$ (2,884,856) 36% |
| Police Training | 2,564 | 1,004 | 165 | 2,500 | - | \$ (2,500) 0% |
| Police Facility | 29,761 | 26,530 | 30,524 | 52,780 | 31,139 | \$ (21,641) 59% |
| Police Special Programs | 12,300 | 10,968 | 10,717 | 37,191 | 17,441 | \$ (19,750) 47% |
| Jail | 94,153 | 46,110 | 61,747 | 132,720 | 56,134 | \$ (76,586) 42% |
| Municipal Court | 148,682 | 138,397 | 121,827 | 328,810 | 121,639 | \$ (207,171) 37% |
| Emergency Preparedness | 2,929 | 2,990 | 8,798 | 21,270 | 8,933 | \$ (12,337) 42% |
| Total Expenditures | \$ 2,164,304 | \$ 2,047,001 | \$ 1,971,343 | \$ 5,082,021 | \$ 1,857,180 | \$ (3,224,841) 37% |
| Revenues Under Expenditures | \$ (2,066,066) | \$ (1,943,029) | \$ (1,872,237) | \$ (4,783,114) | \$ (1,738,913) | \$ 3,139,531 36% |