

3rd Quarter Financial Report As of September 30, 2017



Lake Wilderness

Introduction

The 3rd 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 September 30, 2017.

3rd Quarter Financial Report

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ONGOING OPERATING REVENUES

Overall, general government revenues meet budget estimates at the end of 3rd 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 September of each year. Details of major variances are discussed following the table.

| Operating Revenue | 2014 | 2015 | 2016 | 2017 | | % of Budget Received | |
|---------------------------------------|---------------------|---------------------|---------------------|----------------------|---------------------|-------------------------|-------------|
| | Actual | Actual | Actual | Budget | Actual | | \$ Variance |
| Property Tax | \$ 1,849,769 | \$ 1,885,521 | \$ 1,914,758 | \$ 3,688,730 | \$ 1,932,447 | \$(1,756,283) | 52% |
| Sales Tax | 1,791,973 | 1,977,096 | 2,014,744 | 3,200,730 | 2,146,445 | (1,054,285) | 67% |
| Criminal Justice Sales Tax | 417,385 | 457,629 | 500,545 | 681,410 | 505,338 | (176,072) | 74% |
| Utility Tax - Electric | 555,675 | 510,494 | 524,853 | 784,040 | 554,878 | (229,162) | 71% |
| Utility Tax - Natural Gas | 381,738 | 383,698 | 269,612 | 450,660 | 349,670 | (100,990) | 78% |
| Utility Tax - Telecom | 323,129 | 310,138 | 243,755 | 479,850 | 215,605 | (264,245) | 45% |
| Utility Tax - Cable TV | 168,164 | 211,392 | 172,354 | 170,030 | 132,694 | (37,336) | 78% |
| Gambling Tax | 23,421 | 34,477 | 42,041 | 40,580 | 32,215 | (8,365) | 79% |
| Leasehold Excise Tax | - | - | 125 | - | 2,769 | 2,769 | n/a |
| Professional and Occupations Licenses | 860 | - | - | 960 | - | (960) | 0% |
| Franchise Fees - Cable TV | 169,429 | 156,517 | 155,821 | 334,220 | 183,711 | (150,509) | 55% |
| General Business Licenses | 4,929 | 5,891 | 5,972 | 7,960 | 6,542 | (1,418) | 82% |
| Transient Sales Licenses | 430 | 2,058 | 1,304 | 1,740 | 2,535 | 795 | 146% |
| Animal License Sales Rebate | - | 11,729 | - | - | 4,260 | 4,260 | n/a |
| Marijuana Excise Tax | - | - | - | - | 4,775 | 4,775 | n/a |
| City Assistance/State of WA | 71,124 | 89,449 | 65,993 | 78,530 | - | (78,530) | 0% |
| Liquor Excise Tax | 33,216 | 38,263 | 84,995 | 20,720 | 87,169 | 66,449 | 421% |
| Liquor Profits | 159,391 | 159,250 | 159,627 | 221,270 | 157,021 | (64,249) | 71% |
| Sale of Maps & Publications | 225 | 125 | 105 | 140 | 80 | (60) | 57% |
| IT Training Fee | - | - | - | 13,100 | - | (13,100) | 0% |
| Passport Filing Fees | 1,450 | 8,700 | 9,850 | 13,410 | 8,800 | (4,610) | 66% |
| Non-Traffic Infraction Penalty | - | 8,573 | - | 280 | - | (280) | 0% |
| Investment Interest | 26,559 | 37,975 | 34,471 | 46,930 | 44,840 | (2,090) | 96% |
| Miscellaneous | 851 | 6,327 | 7,758 | 8,310 | 7,231 | (1,079) | 87% |
| Economic Development | - | - | - | - | 24,700 | 24,700 | n/a |
| Risk Management | 5,769 | - | 1,125 | - | 5,500 | 5,500 | n/a |
| Community Development | 597,956 | 276,652 | 470,833 | 864,840 | 1,010,227 | 145,387 | 117% |
| Public Safety | 141,134 | 167,785 | 155,830 | 298,907 | 173,125 | (125,782) | 58% |
| Parks Maintenance | 24,142 | 24,552 | 27,157 | 30,050 | 29,829 | (221) | 99% |
| Lake Wilderness Lodge | 221,609 | 187,877 | 301,981 | 300,000 | 339,375 | 39,375 | 113% |
| Recreation | 335,452 | 383,061 | 427,710 | 489,030 | 442,222 | (46,808) | 90% |
| Public Works Administration | 92,835 | 130,683 | 124,320 | 168,708 | 180,567 | 11,859 | 107% |
| Public Works Maintenance | - | 3,600 | 2,644 | 3,525 | 4,192 | 667 | 119% |
| Motor Vehicle Fuel Tax-City Streets | 362,593 | 370,595 | 377,645 | 504,640 | 378,902 | (125,738) | 75% |
| Multimodal Transpo City | - | - | 21,062 | 28,083 | 17,184 | (10,899) | 61% |
| MVA Transpo City | - | 3,681 | 13,355 | 18,180 | 15,037 | (3,143) | 83% |
| Waste Reduction and Recycling | 90,862 | 81,816 | 70,495 | 136,500 | 63,766 | (72,734) | 47% |
| Lake Management | 2,000 | - | - | - | - | - | n/a |
| Transfers | 28,171 | 13,165 | 24,661 | 79,643 | 20,783 | (58,860) | 26% |
| TOTAL | \$ 7,882,245 | \$ 7,938,771 | \$ 8,227,502 | \$ 13,165,706 | \$ 9,084,433 | \$(4,081,273) | 69% |

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

Community Development Plan Review Fees are \$145K over the annual budget and \$362K above 3rd Quarter expectations. As of September 30th, 94 SFR permits had been issued.

Lake Wilderness Lodge revenue is 12% higher than in the 3rd quarter of 2016 due primarily to an increase in lodge rental revenue. There were 227 rentals as of September 30th, 2017.

Public Works Administration revenue is ahead of budget as of September 30th due primarily to Plan Review Fees which are \$58K higher than in September 2016.

Public Safety revenue is slightly behind budget as of September 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 4th Quarter of 2017. Removing the SRO billing, Public Safety revenue is at 85% of budget.

Waste Reduction & Recycling revenue is behind budget as of September 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:

Property Tax is received by the City one month after it is remitted by property owners. Nearly 50% of the City's annual property tax revenue is typically received in October and November so property tax collections are on track with budget for 2017.

Sales Tax is received by the City two months after it is paid by consumers. The City received August sales tax in October and included that amount in this report. As a result, the sales tax revenue reported in the preceding table includes eight months of revenue rather than nine. As of the date of this report, the City has received eight months of sales tax revenue totaling \$2.1M or 67% of budgeted sales tax revenue and is on track for 2017.

Utility Taxes are received by the City one month after earned. As of the date of this report, actual revenues *earned* through September 30th are as follows: Electric, \$622K or 79% of budget; Natural Gas, \$364k or 81% of budget; Telecom, \$250K or 52% of budget; Cable TV, \$133K or 120% 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 September 30th are \$279K or 84% of budget.

GENERAL FUND OPERATING EXPENDITURES

General Fund Operating Expenditures are trending to be at or below budget based on actual results through the 3rd Quarter. Details of major variances are discussed following the table.

| Operating Expenditures | 2014 | 2015 | 2016 | 2017 | | % of Budget | |
|-----------------------------|---------------------|---------------------|---------------------|----------------------|---------------------|-----------------------|-------------|
| | Actual | Actual | Actual | Budget | Actual | | \$ Variance |
| City Council | \$ 90,613 | \$ 91,375 | \$ 110,978 | \$ 134,950 | \$ 97,312 | \$ (37,638) | 72% |
| City Manager's Office | 308,945 | 303,027 | 550,179 | 442,212 | 321,216 | (120,996) | 73% |
| City Clerk | 305,721 | 305,363 | 379,968 | 578,100 | 396,184 | (181,916) | 69% |
| City Attorney | 69,335 | 108,647 | 119,642 | 187,200 | 83,194 | (104,006) | 44% |
| Economic Development | 30,781 | 11,589 | 5,000 | 142,468 | 78,562 | (63,906) | 55% |
| Finance | 389,484 | 418,480 | 473,041 | 672,070 | 388,941 | (283,129) | 58% |
| Human Resources | 86,384 | 78,763 | 92,368 | 236,500 | 155,623 | (80,877) | 66% |
| Community Development | 735,565 | 639,021 | 584,777 | 1,065,790 | 690,639 | (375,151) | 65% |
| Public Safety | 3,232,361 | 3,103,856 | 3,091,847 | 5,060,751 | 3,107,347 | (1,953,404) | 61% |
| Emergency Operations | 4,161 | 4,704 | 13,474 | 21,270 | 14,938 | (6,332) | 70% |
| Parks Administration | 191,330 | 189,838 | 260,743 | 332,322 | 300,642 | (31,680) | 90% |
| Parks Maintenance | 283,727 | 245,022 | 283,519 | 414,630 | 295,356 | (119,274) | 71% |
| Lake Wilderness Lodge | 340,402 | 243,984 | 295,692 | 572,140 | 358,855 | (213,285) | 63% |
| Recreation Administration | 152,561 | 157,660 | 210,808 | 312,520 | 202,631 | (109,889) | 65% |
| Recreation Programs | 255,254 | 403,380 | 500,876 | 682,990 | 523,977 | (159,013) | 77% |
| Community | 330,164 | 201,990 | 202,995 | 239,980 | 176,064 | (63,916) | 73% |
| Public Works | 341,703 | 658,363 | 363,540 | 486,331 | 398,509 | (87,822) | 82% |
| Public Works Maintenance | 477,784 | 229,608 | 540,782 | 1,118,744 | 654,490 | (464,254) | 59% |
| Lake Management | 28,170 | 13,165 | 24,661 | 78,480 | 14,389 | (64,091) | 18% |
| Waste Reduction & Recycling | 115,382 | 72,290 | 66,653 | 101,823 | 61,254 | (40,569) | 60% |
| Information Technology | 366,003 | 396,978 | 422,246 | 848,958 | 479,914 | (369,044) | 57% |
| | 8,135,829 | 7,877,103 | 8,593,790 | 13,730,229 | 8,800,036 | (4,930,193) | 64% |
| Transfers | 72,238 | 79,417 | 29,883 | 472,218 | 277,914 | n/a | n/a |
| TOTAL | \$ 8,208,067 | \$ 7,956,520 | \$ 8,623,673 | \$ 14,202,447 | \$ 9,077,950 | \$ (4,930,193) | 64% |

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 September are at 67% of budget.

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

Finance expenditures are currently under budget due to salary savings from a vacant position and a data conversion project which is budgeted but is not yet complete.

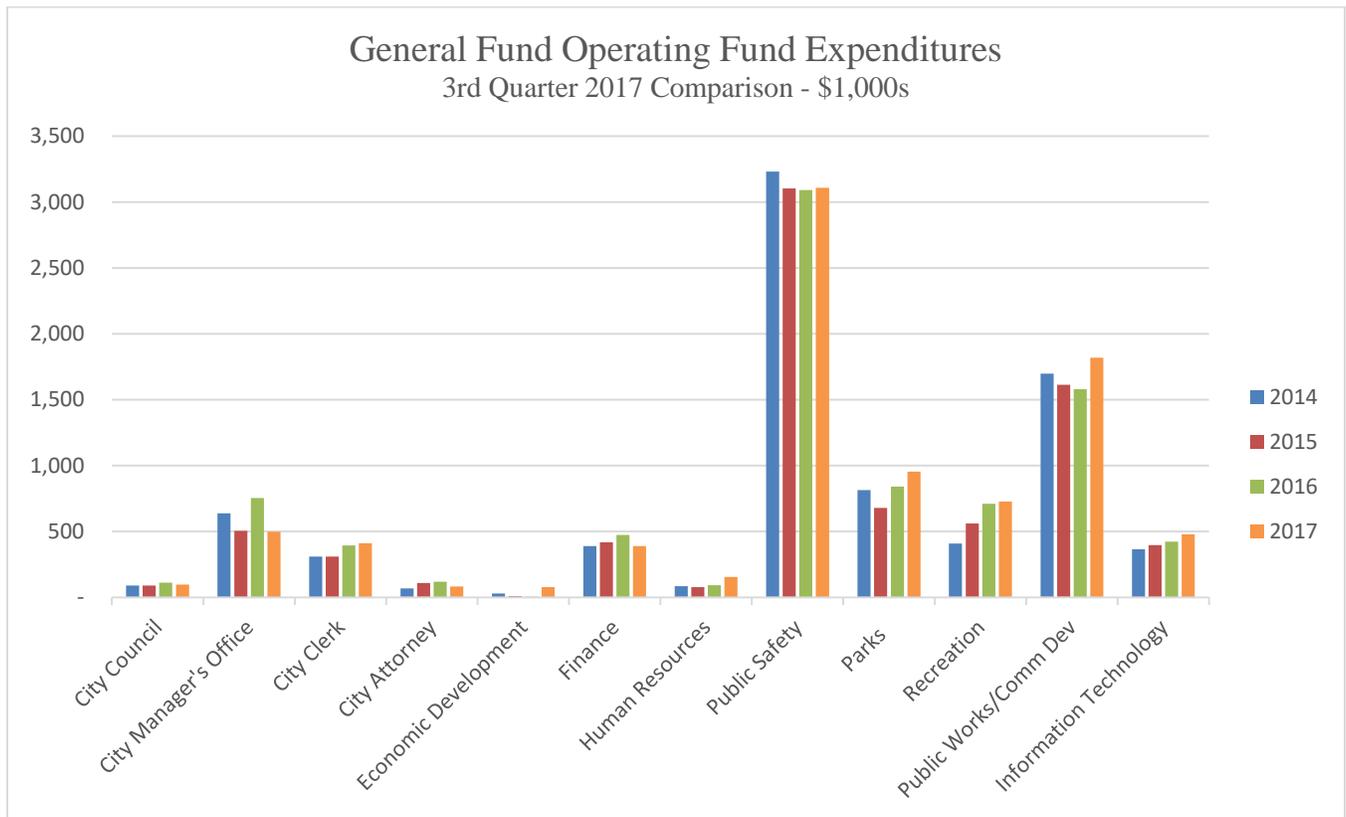
Human Resources expenditures are currently under budget due to the salary survey which is budgeted in 2017 but has not yet been completed.

Community Development expenditures are currently under budget due to salary savings from a vacant position and an online permitting project which is budgeted in 2017 but has not yet been completed.

Public Safety expenditures are under budget due to a lag between when KC Sheriff Services are performed and when invoices are received and paid. Including the cost of all KC Sheriff Services provided through September 30, 2017, Public Safety expenditures are at only 68% of budget.

Parks Administration expenditures are at 90% 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.

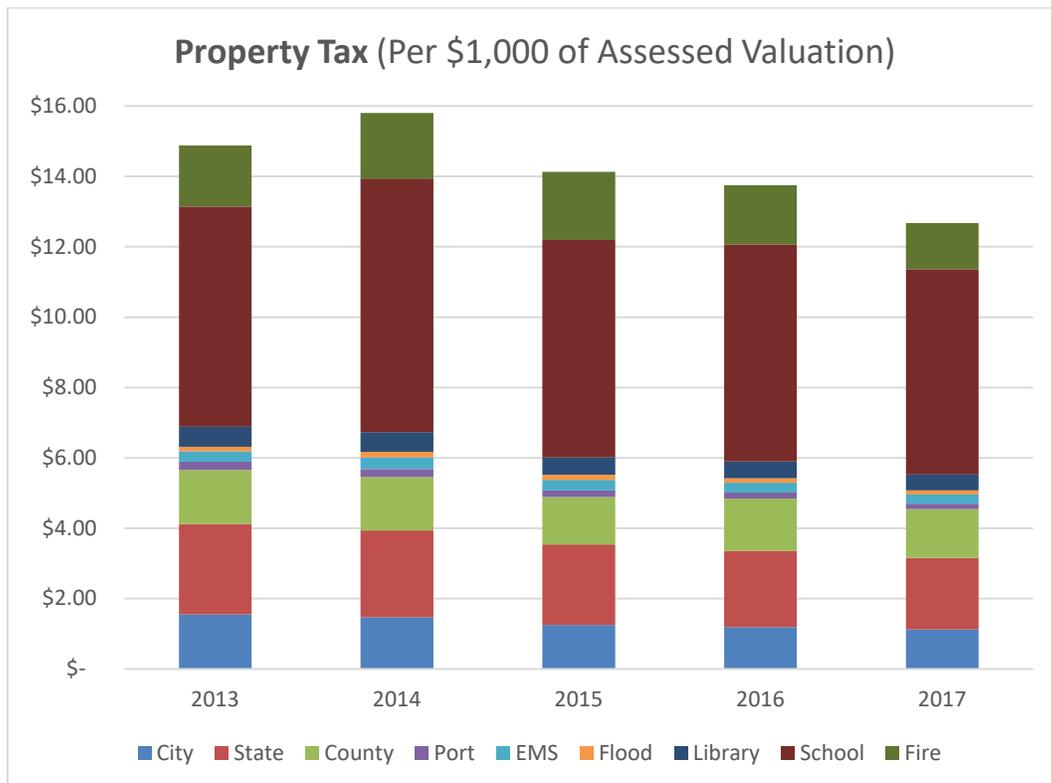
Public Works expenditures are at 82% of budget due to a high volume of plan reviews for which the City receives offsetting revenue.



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. The City's portion makes up only 8.9% of total property tax assessed in Maple Valley.

| 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 Library | \$ 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 | \$ 11.54 |



Local Sales Tax Revenue

Monthly Comparison

Sales tax is received by the City two months after it is paid by the consumer. As a result, the City has not yet received sales tax revenue earned in September 2017. The City's Retail Sales & Use Tax revenue is estimated at 8% lower through September 2017 than through September 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 |
| July | 222,751 | 241,303 | 309,179 | 275,743 |
| August | 221,558 | 224,920 | 317,263 | 282,349 |
| September | 216,374 | 240,661 | 331,912 | - |
| Total | \$ 1,815,535 | \$ 1,913,100 | \$ 2,663,920 | \$ 2,164,809 * |
| Taxable Sales | \$ 215,749,851 | \$ 227,343,969 | \$ 316,568,026 | \$ 257,255,971 |

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. 3) and the data presented on this page reflects the allocation of sales tax to the Lake Wilderness Golf Course Fund. The totals on this page are inclusive of the General Fund and Lake Wilderness Golf Course Fund portions.

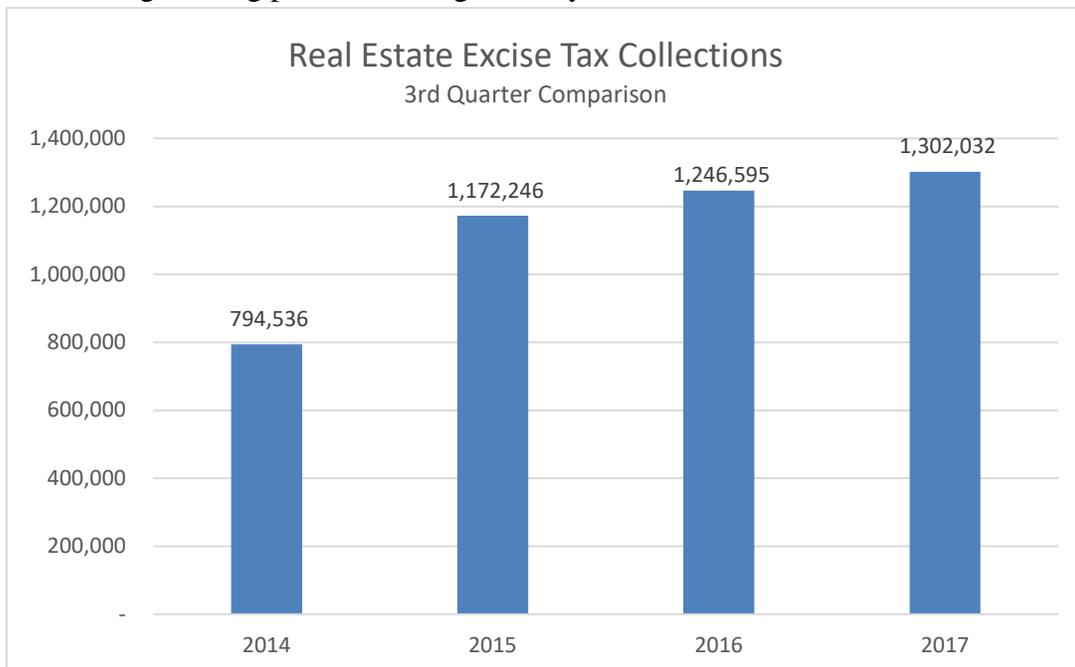
Real Estate Excise Tax

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 September of each year are included in the table below.

| Month | 2014 | 2015 | 2016 | 2017 |
|---------------|-------------------|---------------------|---------------------|---------------------|
| | Actual | Actual | Actual | Actual |
| January | \$ 27,357 | \$ 88,085 | \$ 87,761 | \$ 78,094 |
| February | 65,980 | 124,557 | 71,659 | 107,110 |
| March | 64,617 | 138,447 | 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 |
| July | 140,552 | 140,825 | 266,247 | 227,366 |
| August | 127,446 | 138,056 | 135,356 | 163,925 |
| September | 101,103 | 113,705 | 111,773 | - |
| Total | \$ 794,536 | \$ 1,172,246 | \$ 1,246,595 | \$ 1,302,032 |
| Taxable Sales | 158,907,226 | 234,449,118 | 249,318,996 | 260,406,438 |

REET revenue is received by the City in the second month after it is paid by the consumer. As a result, September REET is not yet known. Estimated REET is 12% higher through September 2017 than through September 2016. There were five more homes sold during this time frame as well as a \$30k increase in the average selling price of all single family residential homes.

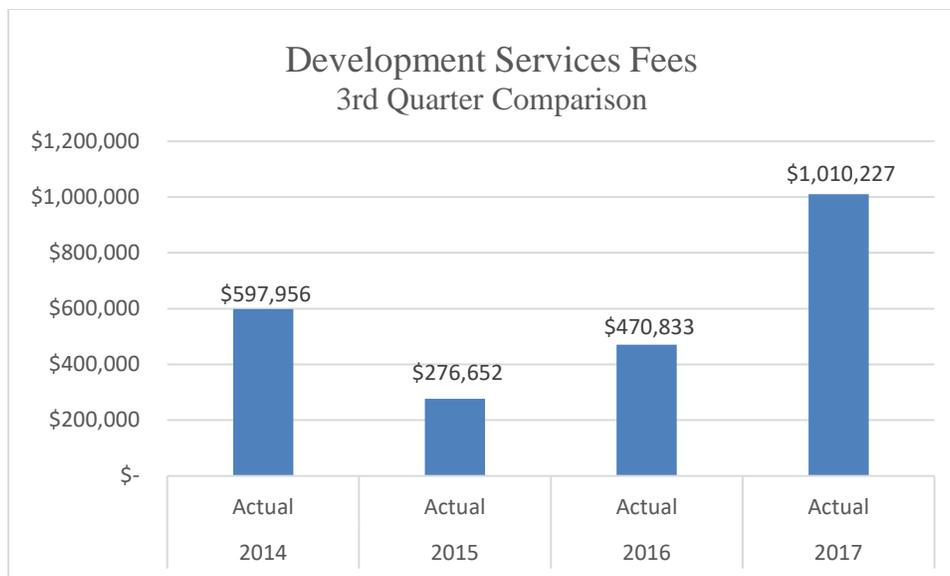


Development Services Fees

Community Development revenue is made up of various Development Services Fees. Both Planning and Building fees are 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% |

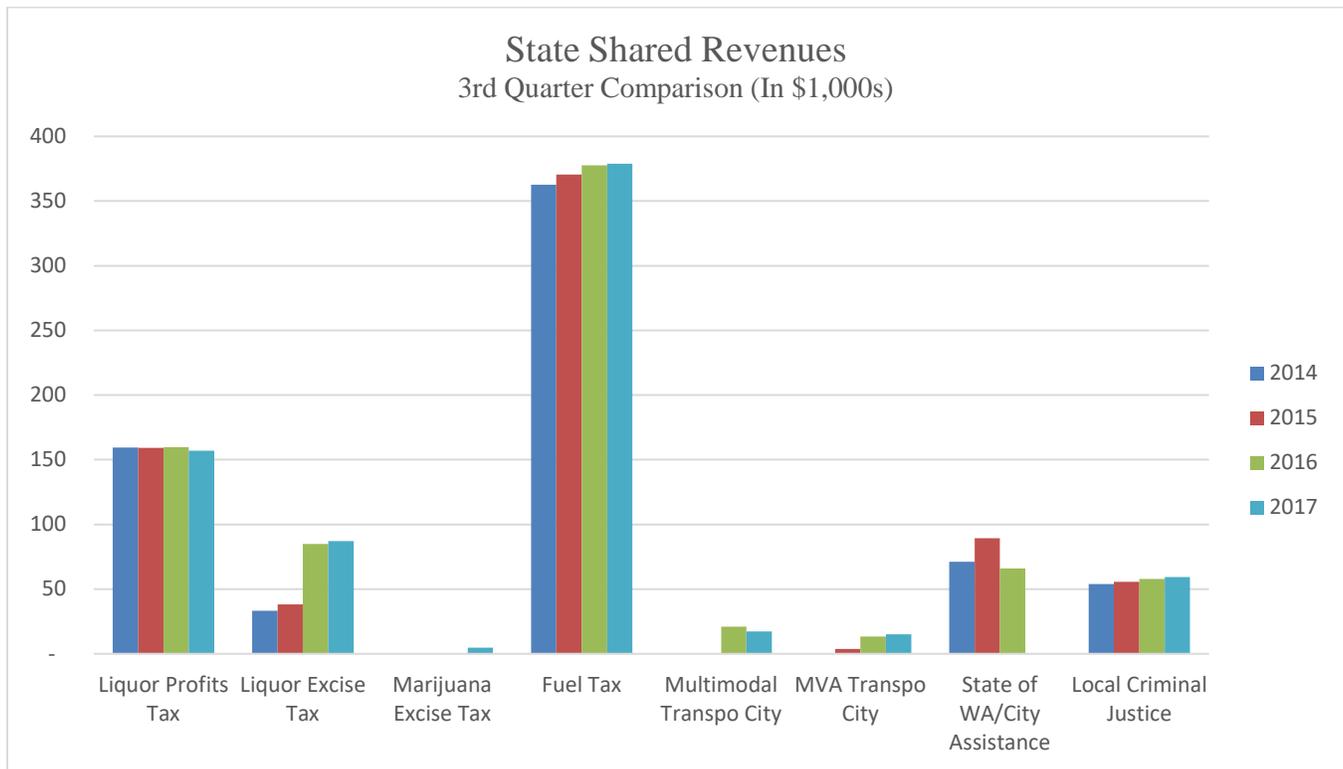
While the budget to actual variance is expected to be extraordinarily positive in 2017, this level cannot be maintained in future years due to the limited space for additional residential development.



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. The City received its first quarterly remittance of the Marijuana Excise Tax in September 2017 in the amount of \$4,775.

| Category | 2014 | 2015 | 2016 | 2017 | | % of Budget Received | |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|-------------|
| | Actual | Actual | Actual | Budget | Actual | | \$ Variance |
| Liquor Profits Tax | \$ 159,391 | \$ 159,250 | \$ 159,627 | \$ 221,270 | \$ 157,021 | \$ (64,249) | 71% |
| Liquor Excise Tax | 33,216 | 38,263 | 84,995 | 20,720 | 87,169 | 66,449 | 421% |
| Marijuana Excise Tax | - | - | - | - | 4,775 | 4,775 | n/a |
| Motor Vehicle Fuel Tax | 362,593 | 370,595 | 377,645 | 504,640 | 378,902 | (125,738) | 75% |
| Multimodal Transpo City | - | - | 21,062 | 28,083 | 17,184 | (10,899) | 61% |
| MVA Transpo City | - | 3,681 | 13,355 | 18,180 | 15,037 | (3,143) | 83% |
| State of WA/City Assistance | 71,124 | 89,449 | 65,993 | 78,530 | - | (78,530) | 0% |
| Local Criminal Justice | 54,047 | 55,770 | 57,841 | 69,120 | 59,248 | (9,872) | 86% |
| Total | \$ 680,373 | \$ 717,009 | \$ 780,519 | \$ 940,543 | \$ 719,335 | \$ (221,208) | 76% |



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 2015. The following chart details total Vehicle Excise Taxes *earned* from January through September 2017 regardless of when the revenue was remitted to the City. Vehicle Excise Tax reports at 80% of budget.

| | 2014 | 2015 | 2016 | 2017 |
|--------------|-------------------|-------------------|-------------------|-------------------|
| Month | Actual | Actual | Actual | Actual |
| January | \$ 23,087 | 27,562 | \$ 27,720 | 30,571 |
| February | 27,760 | 27,067 | 32,333 | 25,166 |
| March | 23,760 | 33,898 | 36,452 | 38,056 |
| April | 35,363 | 31,918 | 31,581 | 32,710 |
| May | 32,987 | 32,254 | 30,967 | 36,868 |
| June | 37,321 | 42,134 | 42,154 | 39,184 |
| July | 23,805 | 28,948 | 26,037 | 30,155 |
| August | 29,799 | 31,442 | 36,095 | 37,877 |
| September | 29,027 | 28,809 | 29,462 | 28,750 |
| TOTAL | \$ 262,907 | \$ 284,031 | \$ 292,802 | \$ 299,336 |

Utility Tax

Utility Taxes are received by the City one month after they are earned. Utility Taxes *earned* as of September 30th are: Electric, \$622K or 79% of budget; Natural Gas, \$364k or 81% of budget; Telecom, \$250K or 52% of budget; Cable TV, \$203K or 120% of budget. The following table shows utility taxes *received* by the City as of September 30, 2017.

| Category | 2014 | 2015 | 2016 | 2017 | | % of Budget | |
|--------------|------------------|------------------|------------------|---------------------|---------------------|-------------------|------------|
| | Actual | Actual | Actual | Budget | Actual | \$ Variance | Received |
| Electric | 555,675 | 510,494 | 524,853 | 784,040 | 554,878 | 229,162 | 71% |
| Gas | 381,738 | 383,698 | 269,612 | 450,660 | 349,670 | 100,990 | 78% |
| Telecom | 323,129 | 310,138 | 243,755 | 479,850 | 215,605 | 264,245 | 45% |
| Cable TV | 168,164 | 211,392 | 172,354 | 170,030 | 132,694 | 37,336 | 78% |
| TOTAL | 1,428,707 | 1,415,722 | 1,210,574 | \$ 1,884,580 | \$ 1,252,847 | \$ 631,733 | 34% |

Parks and Recreation

The Parks and Recreation Department is doing better than budgeted in both revenues and expenditures through the 3rd Quarter of 2017. Lake Wilderness Lodge revenue is 12% higher than in the 3rd quarter of 2016 due primarily to an increase in LW Lodge and other Rental revenue. The Recreation division has seen noticeable increases in program expenditures (offset by increases in program revenue) in 2017 due to a great deal of program growth in the last year.

| | 2014 | 2015 | 2016 | 2017 | | % of Budget Rcvd./Expd. | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------------|-------------|
| | Actual | Actual | Actual | Budget | Actual | | \$ Variance |
| <u>Program Revenues</u> | | | | | | | |
| Recreation Fees | \$ 290,516 | \$ 329,492 | \$ 359,258 | 422,300 | \$ 365,751 | \$ (56,549) | 87% |
| LW Lodge | 221,609 | 187,877 | 301,981 | 300,000 | 339,375 | 39,375 | 113% |
| Rental Revenue | 37,702 | 41,884 | 50,727 | 53,670 | 62,722 | 9,052 | 117% |
| Donations/Grants/Misc | 31,276 | 36,052 | 44,507 | 42,730 | 42,778 | 48 | 100% |
| Parks Maintenance | 100 | 185 | 375 | 380 | 800 | 420 | 211% |
| Total Program Revenues | \$ 581,203 | \$ 595,490 | \$ 756,847 | \$ 819,080 | \$ 811,426 | \$ (7,654) | 99% |
| <u>Program Expenditures</u> | | | | | | | |
| Parks Administration | \$ 226,244 | \$ 226,078 | \$ 286,997 | \$ 396,000 | \$ 327,194 | \$ (68,806) | 83% |
| Parks Maintenance | 296,655 | 252,404 | 300,774 | 440,874 | 317,591 | (123,283) | 72% |
| Lake Wilderness Lodge | 355,655 | 268,464 | 323,074 | 617,896 | 384,263 | (233,633) | 62% |
| Recreation Administration | 198,612 | 209,309 | 254,417 | 408,118 | 229,339 | (178,779) | 56% |
| Beach Services | 77,185 | 84,033 | 93,947 | 107,950 | 100,393 | (7,557) | 93% |
| Adult Sports | 40,337 | 38,116 | 40,308 | 53,950 | 41,927 | (12,023) | 78% |
| Adult Classes | 15,965 | 20,397 | 23,126 | 33,300 | 29,542 | (3,758) | 89% |
| Youth Sports | 26,945 | 35,950 | 74,899 | 87,370 | 72,917 | (14,453) | 83% |
| Youth Classes | 39,084 | 55,293 | 91,930 | 99,680 | 69,392 | (30,288) | 70% |
| Day Camp | 53,291 | 52,188 | 51,487 | 64,860 | 72,912 | 8,052 | 112% |
| Special Events | 139,031 | 121,477 | 127,482 | 163,590 | 145,758 | (17,833) | 89% |
| Community Grants/Programs | 26,689 | 40,859 | 42,220 | 74,070 | 19,576 | (54,494) | 26% |
| Total Program Expenditures | \$ 1,495,695 | \$ 1,404,569 | \$ 1,710,660 | \$ 2,547,658 | \$ 1,810,802 | \$ (311,135) | 71% |

Lake Wilderness Golf Course

As of September 30, 2017 the Lake Wilderness Golf Course shows revenues exceeding expenditures of \$211K. However, the months of October through December are historically low revenue earners due to inclement weather so the LWGC fund balance is expected to decrease during the 4th Quarter.

| REVENUES | 2014 | 2015 | 2016 | 2017 | | % of Budget | |
|------------------------------------|----------------|----------------|----------------|------------------|----------------|--------------------|-----------------|
| | Actual | Actual | Actual | Budget | Actual | \$ Variance | Received |
| Administration | | | | | | | |
| Investment Interest | 30 | (124) | (50) | 20 | (38) | (58) | -192% |
| Cash Adjustments | 19 | (217) | (86) | 50 | 58 | 8 | 117% |
| Miscellaneous | - | - | - | - | 231 | 231 | n/a |
| Total Administration | 49 | (340) | (136) | 70 | 251 | 181 | 359% |
| Course Operations | | | | | | | |
| Golf Green Fees | 399,885 | 497,490 | 490,302 | 559,860 | 498,142 | (61,718) | 89% |
| Golf Pro-Shop Merch. Sales | 49,252 | 56,036 | 63,172 | 75,580 | 52,441 | (23,139) | 69% |
| Golf Lessons | 117,414 | 24,211 | 630 | - | 560 | 560 | n/a |
| Golf Clubs & Cart Rentals | - | 139,899 | 154,094 | 178,850 | 151,004 | (27,846) | 84% |
| Total Course Operations | 566,551 | 717,636 | 708,197 | 814,290 | 702,148 | (112,142) | 86% |
| Restaurant Operations | | | | | | | |
| Food Sales | 70,452 | 103,354 | 92,547 | 108,870 | 78,718 | (30,152) | 72% |
| Beverage Sales | 124,047 | 148,868 | 128,174 | 195,300 | 124,062 | (71,238) | 64% |
| Restaurant Rental | 2,731 | 3,762 | 7,346 | 4,430 | 6,460 | 2,030 | 146% |
| Total Restaurant Operations | 197,231 | 255,984 | 228,067 | 308,600 | 209,241 | (99,359) | 68% |
| City Revenues | | | | | | | |
| Sales Tax | - | - | - | 22,000 | 18,364 | (3,636) | 83% |
| Total City Revenues | - | - | - | 22,000 | 18,364 | (3,636) | 83% |
| Total Revenues | 763,831 | 973,279 | 936,128 | 1,144,960 | 930,003 | (214,957) | 81% |

While the Golf Course's ending fund balance is \$86k higher as of the 3rd Quarter 2017 than the 3rd Quarter 2016, revenues for the year are actually 1% lower. The Golf Course has seen a 17% decrease in merchandise sales and the restaurant has seen an 8% decrease in revenue since 2016. These decreases are offset by the allocation of sales tax to the Golf Course based on actual sales tax that the Golf Course generates.

| EXPENDITURES | 2014 | 2015 | 2016 | 2017 | | % of Budget | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|--------------------|-----------------|
| | Actual | Actual | Actual | Budget | Actual | \$ Variance | Expended |
| City Paid Expenditures | | | | | | | |
| Salaries & Wages | - | 2,148 | 2,756 | 3,750 | 2,617 | (1,133) | 70% |
| Benefits | - | 775 | 964 | 1,310 | 917 | (393) | 70% |
| Office & Operating Supp. | - | 219 | 232 | 320 | 83 | (237) | 26% |
| Management Services | 71,631 | 71,631 | 71,631 | 97,510 | 71,631 | (25,879) | 73% |
| Banking Services | 15,110 | 25,803 | 21,504 | 27,930 | 26,541 | (1,389) | 95% |
| Cost Alloc. - Finance | 2,761 | 1,307 | - | - | - | - | n/a |
| Cost Alloc. - Parks Admin | 1,230 | 157 | - | - | - | - | n/a |
| Taxes & Assessments | 4,021 | 5,020 | 4,878 | 6,640 | 6,776 | 136 | 102% |
| Equipment Replacement | 11,520 | 10,071 | 3,453 | 2,870 | 2,149 | (721) | 75% |
| 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. | 112,820 | 125,260 | 111,411 | 146,500 | 110,715 | (35,785) | 76% |
| Administration | | | | | | | |
| Office & Operating Supp. | 5,086 | 5,280 | 6,626 | 6,500 | 5,896 | (604) | 91% |
| Small Tools & Minor Equip. | 4,673 | 6,189 | - | 5,000 | 601 | (4,399) | 12% |
| Books & Minor Software | - | - | - | - | 606 | 606 | n/a |
| Advertising | 5,071 | 8,115 | 7,133 | 8,000 | 6,075 | (1,925) | 76% |
| Other Professional Services | 8,431 | 7,711 | 6,576 | 8,950 | 3,397 | (5,553) | 38% |
| Management Services | - | 92 | - | 120 | - | (120) | 0% |
| Contracted Staff | 17,017 | 17,561 | 14,984 | 20,400 | 16,121 | (4,279) | 79% |
| Payroll & Personnel Services | 725 | 2,084 | 632 | 860 | 1,732 | 872 | 201% |
| Cleaning Services | - | - | - | - | 700 | 700 | n/a |
| Security Services | 5,797 | 6,719 | 4,449 | 6,060 | 3,201 | (2,860) | 53% |
| Banking Services | 364 | 385 | 413 | 560 | 314 | (246) | 56% |
| Software Maint. & Support | - | - | - | - | 2,478 | 2,478 | n/a |
| Telephone | 4,956 | 6,671 | 5,749 | 7,500 | 4,823 | (2,677) | 64% |
| Internet | - | - | - | - | 2,788 | 2,788 | n/a |
| Postage | 28 | 9 | - | 10 | 53 | 43 | 528% |
| Travel | 447 | 652 | 878 | 1,000 | 562 | (438) | 56% |
| Rentals and Leases | 28 | - | - | - | 1,712 | 1,712 | n/a |
| Liability Insurance | 9,051 | 6,031 | - | 7,440 | - | (7,440) | 0% |
| Property Insurance | - | 2,933 | 9,629 | 3,000 | 10,083 | 7,083 | 336% |
| Utility Services | 30,776 | 6,954 | 37,038 | 30,000 | 19,085 | (10,915) | 64% |
| Cable TV | 1,829 | 1,965 | 1,066 | 1,450 | 1,949 | 499 | 134% |
| Repairs & Maintenance | 1,257 | 1,782 | 2,242 | 2,400 | 1,955 | (445) | 81% |
| Dues, Subscriptions & Memb | 676 | 1,479 | 706 | 1,970 | 1,284 | (686) | 65% |
| Licenses & Permits | 3,363 | 3,471 | 2,912 | 3,960 | 3,426 | (534) | 87% |
| Background Checks | - | - | - | - | 278 | 278 | n/a |
| Registration & Training | - | - | 675 | 700 | 173 | (527) | 25% |
| Other Miscellaneous | 1,508 | 2,559 | 9,248 | 3,500 | 686 | (2,814) | 20% |
| Other Intergov'tl Licenses | - | - | - | - | 22 | 22 | n/a |
| Total Administration | 101,083 | 88,639 | 110,955 | 119,380 | 89,998 | (29,382) | 75% |

| | 2014 | 2015 | 2016 | 2017 | | % of Budget | |
|----------------------------------|-------------------|----------------|----------------|------------------|----------------|------------------|------------|
| | Actual | Actual | Actual | Budget | Actual | \$ Variance | Expended |
| Course Operations | | | | | | | |
| Office & Operating Supp. | 40,059 | 50,042 | 36,189 | 68,120 | 45,108 | (23,012) | 66% |
| Fuel Consumed | 10,708 | 14,803 | 15,168 | 20,150 | 13,663 | (6,487) | 68% |
| Inventory Supplies-Merch. | 31,862 | 47,325 | 49,398 | 51,420 | 39,218 | (12,202) | 76% |
| Small Tools & Minor Equip. | 7,102 | 22,036 | 4,764 | 6,490 | 9,616 | 3,126 | 148% |
| Advertising | - | 91 | - | 120 | - | (120) | 0% |
| Other Professional Services | - | - | - | - | 678 | 678 | n/a |
| Contracted Staff-Pro Shop | 79,056 | 92,903 | 84,033 | 133,210 | 92,580 | (40,630) | 69% |
| Contracted Staff-Course | 96,110 | 136,313 | 130,792 | 181,570 | 120,843 | (60,727) | 67% |
| Cost Alloc.-LWGC Admin. | - | - | - | - | - | - | n/a |
| Travel | 129 | - | - | - | - | - | - |
| Rentals & Leases | 33,045 | 34,481 | 30,553 | 46,940 | 19,359 | (27,581) | 41% |
| Utility Services | 8,382 | 12,904 | - | 17,570 | 6,147 | (11,423) | 35% |
| Repairs & Maintenance | 7,616 | 3,300 | 25,662 | 4,490 | 962 | (3,528) | 21% |
| Other Miscellaneous | 57 | - | 8,115 | 11,050 | 283 | (10,767) | 3% |
| Total Course Operations | 314,125 | 414,196 | 384,674 | 541,130 | 348,457 | (192,673) | 64% |
| Restaurant | | | | | | | |
| Office & Operating Supp. | 4,806.10 | 21,192 | 7,206 | 29,150 | 6,853 | (22,297) | 24% |
| Inventory Supplies-Food | 33,425.02 | 43,863 | 43,958 | 47,510 | 35,271 | (12,239) | 74% |
| Inventory Supp. - Beverages | 37,046.69 | 52,538 | 50,383 | 58,060 | 38,685 | (19,375) | 67% |
| Small Tools & Minor Equip. | 172.35 | 4,863 | 7,544 | 9,530 | 663 | (8,867) | 7% |
| Books & Minor Software | - | - | - | - | 54 | 54 | n/a |
| Contracted Staff | 78,354.39 | 76,857 | 82,419 | 106,630 | 74,977 | (31,653) | 70% |
| Rentals & Leases | 5,488.35 | 5,566 | 4,663 | 7,870 | 6,109 | (1,761) | 78% |
| Utility Services | 680.34 | 1,864 | - | 2,540 | 3,984 | 1,444 | 157% |
| Repairs & Maintenance | 1,648.71 | 6,166 | 7,033 | 10,390 | 2,802 | (7,588) | 27% |
| Other Miscellaneous | 177.49 | - | 163 | 220 | - | (220) | 0% |
| Total Restaurant | 161,799.44 | 212,910 | 203,368 | 271,900 | 169,397 | (102,503) | 62% |
| Restaurants Improvements | | | | | | | |
| WIP-Construction | - | - | - | 10,000 | - | (10,000) | 0% |
| Course Improvements | | | | | | | |
| WIP-Construction | - | - | - | 15,000 | - | (15,000) | 0% |
| Total Expenditures | 689,827.95 | 841,005 | 810,408 | 1,103,910 | 718,567 | (385,343) | 65% |
| Revenue Over Expenditures | 74,002.65 | 132,274 | 125,720 | 41,050 | 211,436 | 170,386 | 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, Pro-Shop, and Restaurant are at 69%, 67% and 70% of budget respectively. Beverage inventory is at 67% of budget 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 58% 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 85% of budget at the end of the 3rd Quarter.

Police Operations include only eight months of payments to King County for police services due to a one month delay in billings by the County. With the ninth payment included, Police Operations are at 69% of budget at the end of the 3rd Quarter. The City prepays its building lease so the Police Facility expenditure includes ten lease payments rather than nine; excluding the additional payment, Police Facility is at 76% of budget. Judge, Court, Prosecution, and Public Defender Services are all paid on a one month lag so the Municipal Court expenditure balance of \$197,510 includes only eight payments for each service. Adding in a ninth payment, the Municipal Court is at 68% of budgeted expenditures.

| | 2014 | 2015 | 2016 | Budget | 2017 | | % of Budget |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------|
| | Actual | Actual | Actual | | Actual | \$ Variance | 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% |

Fund Balance Summary

| Ending Fund Balance | | | | |
|----------------------------------|---------------------------|-------------------|-------------------|------------------------|
| As of September 30, 2017 | | | | |
| Fund | Beginning Fund Balance | Revenues | Expenditures | Ending Fund Balance |
| General Fund | 4,999,211 | 8,802,056 | 8,719,187 | 5,082,080 |
| Transportation Impact Fees | 3,267,576 | 941,891 | 173,738 | 4,035,729 |
| Transportation Benefit SR | 427,849 | 272,834 | - | 700,683 |
| Real Estate Excise Tax 1 | 2,501,282 | 662,188 | 138,833 | 3,024,638 |
| Real Estate Excise Tax 2 | 2,204,812 | 660,646 | 242,409 | 2,623,049 |
| Public Works Development Fund | 60,127 | 1,259 | - | 61,386 |
| Parks Impact Fees | 1,620,397 | 1,109,254 | 52,708 | 2,676,944 |
| King County Trail and Open Space | 351,195 | 29,105 | - | 380,300 |
| Drug Seizures Fund | 32,930 | 92,419 | 9,656 | 115,693 |
| Debt Service | - | 715,600 | 236,266 | 479,334 |
| PW Capital Improvement Projects | 1,039,829 | 1,113 | 287,041 | 753,901 |
| Parks & Recreation Programs | - | 130,000 | 380,701 | (250,701) |
| Community Facilities Program | - | - | - | - |
| City Facilities Programs | - | 40,000 | 12,250 | 27,750 |
| Art Program | 19,025 | - | - | 19,025 |
| Surface Water Management | 2,698,128 | 686,880 | 385,031 | 2,999,976 |
| LWGC | 2,137 | 930,003 | 718,567 | 213,573 |
| Total | 19,224,498 | 15,075,249 | 11,356,386 | 22,943,361 |