

2nd Quarter Financial Report As of June 30, 2018



Ruby, City of Maple Valley Ambassador

Introduction

The 2nd Quarter 2018 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, 2018 through June 30, 2018.



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2nd Quarter Financial Report

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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 2018 Budget to Actual Variance as well as the 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.

Operating Revenue	2015	2016	2017	2018		% of Budget	
	YTD	YTD	YTD	Budget	YTD	\$ Variance	Received
Property Tax	\$ 1,819,612	\$ 1,816,397	\$ 1,855,107	\$ 3,799,432	\$ 1,915,201	\$ (1,884,231)	50%
Sales Tax	1,293,664	1,093,775	1,024,949	2,913,630	\$ 1,075,878	(1,837,752)	37%
Criminal Justice Sales Tax	293,841	325,510	329,618	695,040	\$ 354,112	(340,928)	51%
Utility Tax - Electric	452,017	347,774	368,685	799,720	\$ 364,617	(435,103)	46%
Utility Tax - Natural Gas	367,094	217,470	291,911	459,670	\$ 254,909	(204,761)	55%
Utility Tax - Telecom	240,131	142,997	130,621	489,450	\$ 132,177	(357,273)	27%
Utility Tax - Cable TV	209,573	113,183	68,220	377,430	\$ 60,136	(317,294)	16%
Gambling Tax	17,726	22,483	16,940	41,390	\$ 5,121	(36,269)	12%
Leasehold Excise Tax	-	-	2,134	-	\$ 1,838	1,838	n/a
Professional and Occupations Licenses	-	-	-	980	\$ 906	(74)	92%
Franchise Fees - Cable TV	80,004	83,646	92,175	337,600	\$ 86,928	(250,672)	26%
General Business Licenses	3,632	3,692	4,202	8,120	\$ 4,273	(3,847)	53%
Transient Sales Licenses	1,810	884	2,498	1,770	\$ 1,394	(376)	79%
Animal License Sales Rebate	-	-	-	-	\$ -	-	n/a
Marijuana Excise Tax	-	-	-	-	\$ 38,006	38,006	n/a
City Assistance/State of WA	51,629	39,635	-	79,330	\$ -	(79,330)	0%
Liquor Excise Tax	27,131	58,944	60,631	20,930	\$ 63,007	42,077	301%
Liquor Profits	106,173	106,475	104,683	223,510	\$ 103,169	(120,341)	46%
Sale of Maps & Publications	103	87	52	140	\$ 102	(38)	73%
IT Training Fee	-	-	-	13,360	\$ -	(13,360)	0%
Passport Filing Fees	5,750	7,075	6,250	13,680	\$ 7,190	(6,490)	53%
Non-Traffic Infraction Penalty	8,573	-	-	290	\$ -	(290)	0%
Investment Interest	27,005	22,055	26,532	50,680	\$ 52,221	1,541	103%
Miscellaneous	4,325	3,574	3,088	5,670	\$ 46,456	40,786	819%
Economic Development	-	-	24,700	24,700	\$ 3,635	(21,065)	n/a
Risk Management	-	-	5,500	-	\$ -	-	n/a
Community Development	172,604	321,413	625,348	1,175,370	\$ 596,774	(578,596)	51%
Public Safety	103,972	99,106	118,267	315,280	\$ 122,930	(192,350)	39%
Parks Maintenance	18,891	19,972	21,423	30,650	\$ 24,054	(6,596)	78%
Lake Wilderness Lodge	76,573	228,287	274,940	316,000	\$ 288,729	(27,271)	91%
Recreation	205,036	242,629	248,662	523,420	\$ 394,320	(129,100)	75%
Public Works Administration	88,089	92,345	124,962	272,090	\$ 102,349	(169,741)	38%
Public Works Maintenance	1,350	1,270	2,789	3,600	\$ 2,976	(624)	83%
Motor Vehicle Fuel Tax-City Streets	237,569	245,651	242,500	514,730	\$ 245,822	(268,908)	48%
Multimodal Transpo City	-	16,850	8,296	28,640	\$ 17,521	(11,119)	61%
MVA Transpo City	-	9,669	7,260	18,540	\$ 15,331	(3,209)	83%
Waste Reduction and Recycling	65,849	50,991	50,123	100,330	\$ 41,102	(59,228)	41%
Lake Management	-	-	-	-	\$ -	-	n/a
Proceeds from Sales of Capital Assets	-	-	-	-	\$ 2,743,723	2,743,723	n/a
Transfers	12,109	17,254	20,783	75,430	\$ 14,666	(60,764)	19%
TOTAL	\$ 5,991,836	\$ 5,751,089	\$ 6,163,850	\$ 13,730,602	\$ 9,181,573	\$ (4,549,029)	67%

City Assistance was budgeted at \$79K, however, the City did not qualify to receive assistance in 2017 or 2018. The Legislature adopted ESSB 6050 in 2005 (RCW 43.08.290) to provide financial assistance to cities and counties. A portion of the State real estate excise tax (REET) funds the distributions. Complex formulas that depend on local sales tax revenues relative to the statewide average and other criteria depending on population determine the distributions.

Liquor Excise Tax, while significantly ahead of budget, is consistent with earnings through June of 2017.

Lake Wilderness Lodge revenue is trending at 91% of budget and is 5% higher in the second quarter of 2018 than in 2017 due primarily to an increase in lodge rental revenue.

Recreation revenue is trending at 75 % of budget and is 59% higher in the second quarter of 2018 than in 2017 due primarily to a change in accounting practice where revenue for recreation programs which occurred in 2018 were recorded as revenue in 2018 rather than when the payments were received in the last quarter of 2017. This one-time adjustment will make recreation revenue appear unusually high until the fourth quarter of 2018. Adjusted for this accounting change, recreation revenue is meeting budgeted expectations.

Waste Reduction & Recycling revenue is behind budget as of June 30, 2018 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. Adjusted for the timing delay, Waste Reduction & Recycling revenue is meeting budgeted expectations.

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 April so property tax collections are on track with budget for 2018.

Sales Tax is *received* by the City two months after it is paid by consumers. Sales Tax *earned* through the second quarter of 2018 was \$1,728K or 59% of budget.

Utility Taxes are received by the City one month after earned. As of the date of this report, actual revenues *earned* through June 30, 2018 are as follows: Electric, \$419K or 52% of budget; Natural Gas, \$274K or 60% of budget; Telecom, \$168K or 37% of budget; Cable TV, \$170K or 45% 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 30, 2018 are \$87K or 26% of budget.

Proceeds from Sales of Capital Assets of \$2.7M are a result of the sale of the 216th Ave SE property. These proceeds will be transferred to the Summit Ball Fields capital project.

ONGOING OPERATING EXPENDITURES

Overall, operating expenditures are under budget through the end of the second quarter. While actual expenditures recorded through June 2018 are at only 40% of the total 2018 budget, adjustments for timing indicate that General Fund expenditures are trending at 7% under budget. The table below lists all on-going operating expenditures with a 2018 Budget to Actual Variance as well as the 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.

Operating Expenditures	2015	2016	2017	2018		% of Budget	
	YTD	YTD	YTD	Budget	YTD	\$ Variance	Expended
City Council	\$ 66,820	\$ 81,243	\$ 68,182	\$ 133,410	\$ 82,223	\$ (51,187)	62%
City Manager's Office	207,001	427,920	219,427	450,160	205,582	(244,578)	46%
City Clerk	204,973	223,052	274,310	578,710	210,489	(368,221)	36%
City Attorney	52,327	78,317	27,448	190,940	90,430	(100,510)	47%
Economic Development	8,675	5,000	33,485	330,732	127,128	(203,604)	38%
Finance	281,908	298,470	246,613	608,780	293,778	(315,002)	48%
Human Resources	51,459	58,778	92,124	239,340	115,548	(123,792)	48%
Community Development	428,418	377,168	392,484	1,043,280	457,562	(585,718)	44%
Public Safety	2,041,116	1,960,459	1,845,878	5,242,530	2,004,450	(3,238,080)	38%
Emergency Operations	451	5,350	5,768	15,500	3,680	(11,820)	24%
Parks Administration	120,972	146,900	186,748	480,700	202,058	(278,642)	42%
Parks Maintenance	139,616	155,203	157,650	466,670	176,035	(290,635)	38%
Lake Wilderness Lodge	163,102	183,143	219,721	520,690	217,361	(303,329)	42%
Recreation Administration	90,487	132,598	117,113	340,430	129,996	(210,434)	38%
Recreation Programs	125,851	192,603	157,187	482,230	173,598	(308,632)	36%
Community Events	71,986	63,333	69,469	154,440	70,680	(83,760)	46%
Community Service Agencies	123,556	107,260	107,319	371,500	148,702	(222,798)	40%
Public Works Administration	217,657	254,105	254,867	783,060	243,398	(539,662)	31%
Public Works Maintenance	297,233	335,778	433,464	872,760	381,450	(491,310)	44%
Lake Management	12,109	17,254	13,001	89,391	14,666	(74,725)	16%
Waste Reduction & Recycling	69,285	59,278	57,501	70,530	51,971	(18,559)	74%
Information Technology	350,433	307,947	354,894	842,172	275,453	(566,719)	33%
	5,125,435	5,471,161	5,334,652	14,307,955	5,676,235	(8,631,720)	40%
Transfers	79,377	25,018	129,305	447,621	177,771	(269,850)	40%
TOTAL	\$ 5,204,812	\$ 5,496,179	\$ 5,463,957	\$ 14,755,576	\$ 5,854,006	\$ (8,901,570)	40%

City Council expenditures are on track to be at or below budget. While 62% of the budget has been expended through the 2nd Quarter, \$34K was for annual dues for the Association of Washington Cities and the Sound Cities Association. Adjusted for these items, City Council expenditures are trending 2% higher than budgeted as of June 30, 2018.

City Clerk expenditures are trending lower than budget as of June 30, 2018. A significant portion of this variance is due to budgeted election costs of \$80K which will not be incurred until the 4th Quarter of 2018. Adjusted for election costs, City Clerk expenditures are trending 7% below budget.

City Attorney expenditures are delayed by approximately one month due to the time it takes to invoice for services rendered. Actual expenditures incurred through June 30, 2018 are \$115K. City Attorney expenditures are trending 10% higher than budgeted.

Economic Development expenditures are lower than budget due to lower than expected professional services/consulting expenditures through June 30, 2018. Adjusted for timing of invoices, Economic Development expenditures are trending at 9% lower than budgeted.

Public Safety expenditures appear to be 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 June 30, 2018, Public Safety expenditures are trending 5% below budget.

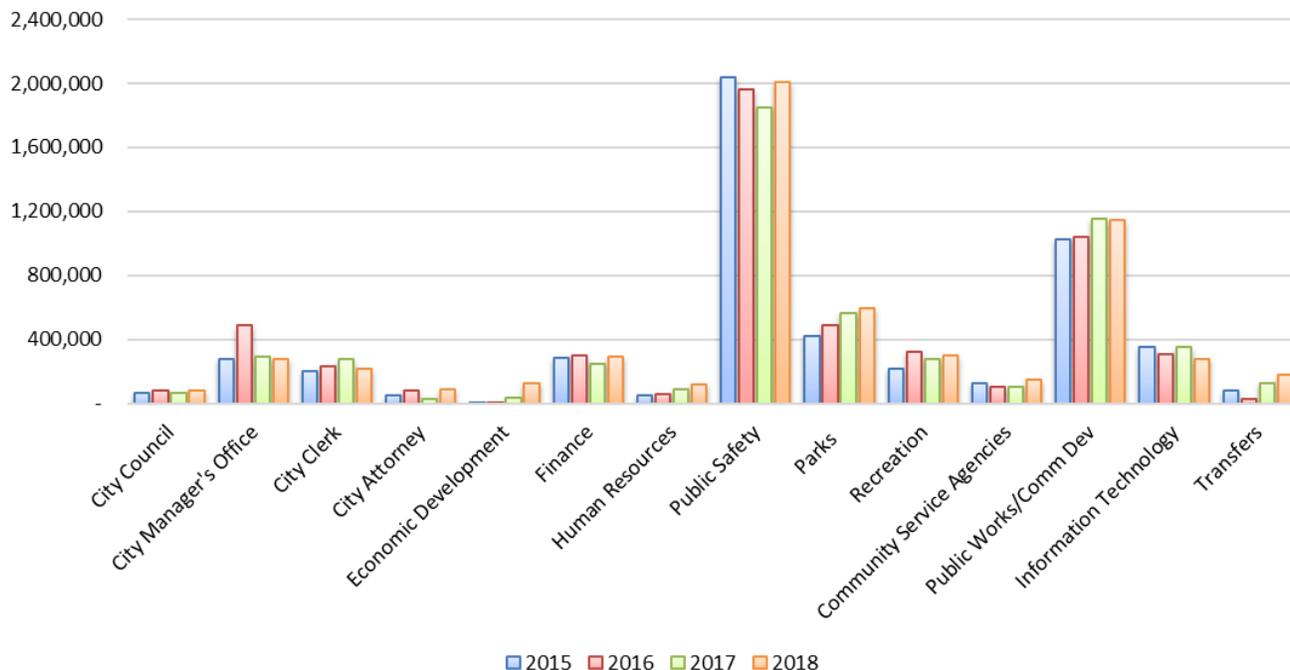
Recreation Program expenditures remain lower than budgeted after the 2nd Quarter due to the fact that one of the largest programs, Day Camp, occurs during the summer months. Adjusting for Day Camp, recreation program expenditures are trending 8% lower than budgeted.

Community Events expenditures remain lower than budgeted after the 2nd Quarter due to the fact that the majority of these events occur during the summer months.

Lake Management expenditures are currently 34% under budget due to the timing of services which generally take place during the spring and summer months. Expenditures through June 30, 2018 are consistent with spending in 2015-2017.

Waste Reduction & Recycling expenditures trending higher than budgeted due, in part, to the timing of the City’s annual clean air assessment. Adjusted expenditures are trending 11% higher than budgeted.

General Fund Operating Fund Expenditures
2nd Quarter 2018 Comparisons

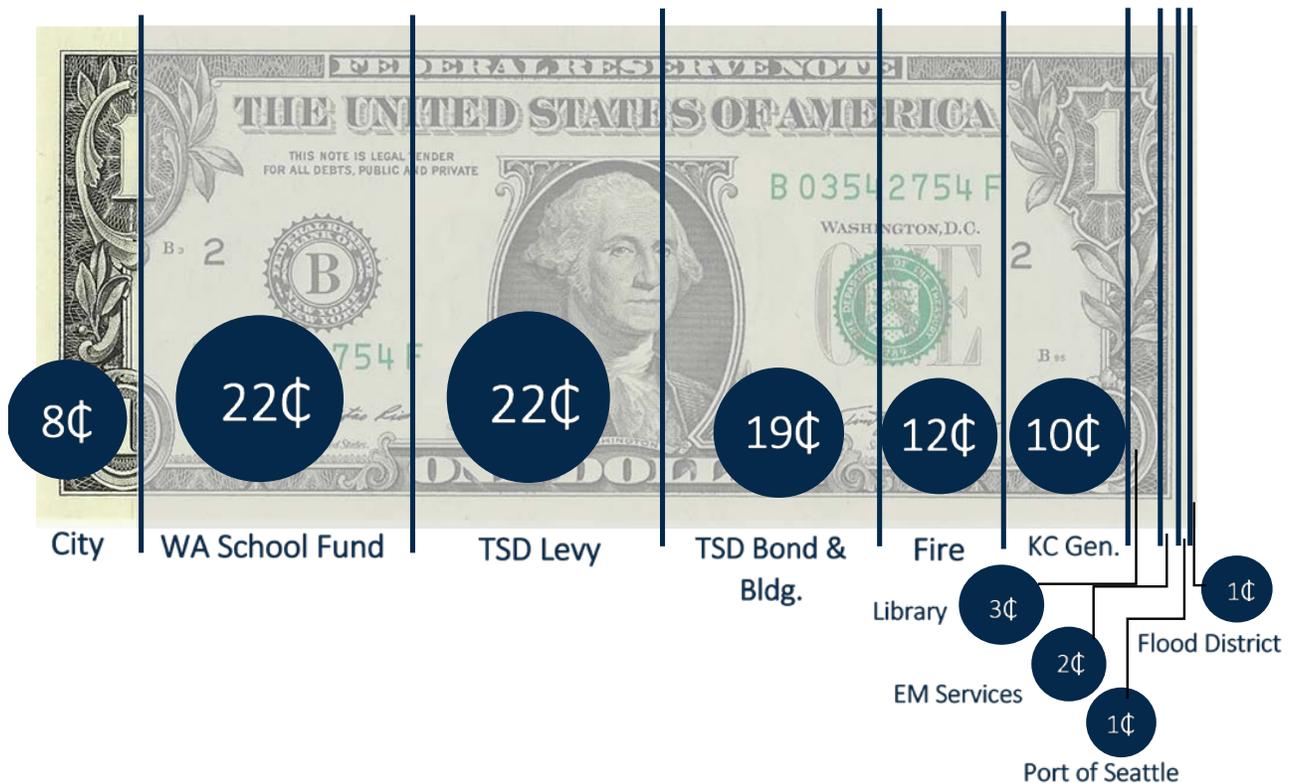


Property Tax Levy

The City's property tax levy per \$1,000 of assessed value decreased in 2018 from \$1.13 to \$1.04. 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% of total property tax assessed in Maple Valley.

Property Tax Levy Per \$1000 AV

	2013	2014	2015	2016	2017	2018
Direct Regular and Special						
City of Maple Valley	1.55	1.47	1.25	1.19	1.13	1.04
Overlapping Regular and Special						
State School Fund	\$ 2.57	\$ 2.47	\$ 2.29	\$ 2.17	\$ 2.03	\$ 2.92
King County General	\$ 1.54	\$ 1.52	\$ 1.35	\$ 1.48	\$ 1.38	\$ 1.32
Port of Seattle	\$ 0.23	\$ 0.22	\$ 0.19	\$ 0.17	\$ 0.15	\$ 0.14
Emergency Medical Services	\$ 0.30	\$ 0.34	\$ 0.30	\$ 0.28	\$ 0.26	\$ 0.24
Ferry District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
King County Flood District Special Levy	\$ 0.13	\$ 0.15	\$ 0.14	\$ 0.13	\$ 0.12	\$ 0.11
Rural Library	\$ 0.57	\$ 0.56	\$ 0.50	\$ 0.48	\$ 0.45	\$ 0.41
Tahoma School District Special Levy	\$ 3.95	\$ 3.73	\$ 3.26	\$ 3.12	\$ 3.00	\$ 2.84
Tahoma School District Bond & Bldg	\$ 2.30	\$ 3.48	\$ 2.91	\$ 3.05	\$ 2.83	\$ 2.57
Fire District #43	\$ 1.74	\$ 1.86	\$ 1.94	\$ 1.68	\$ 1.31	\$ 1.56
Sub Total Overlapping	\$ 13.33	\$ 14.33	\$ 12.88	\$ 12.56	\$ 11.54	\$ 12.10
Total Property Tax Levy	\$ 14.88	\$ 15.80	\$ 14.13	\$ 13.75	\$ 12.67	\$ 13.14



Local Sales Tax Revenue

Monthly Comparison

The City's Retail Sales & Use Tax revenue was \$1,728K or 7.5% higher in the 2nd Quarter of 2018 than in the 2nd Quarter of 2017. This is due primarily to a \$62K or 11% increase in retail trade sales tax, a \$42K or 109% increase in administrative, support, and waste management sales tax and a \$18K or 8.8% increase in accommodation and food sales tax.

Local Sales Tax Revenue Monthly Comparison

Month	2015 Actual	2016 Actual	2017 Actual	2018 Actual
January	\$ 183,519	\$ 226,569	\$ 250,654	\$ 264,424
February	184,632	253,954	246,559	234,143
March	203,507	308,119	277,651	308,255
April	192,427	305,133	259,032	279,085
May	209,001	260,618	278,606	320,029
June	233,130	351,172	294,215	322,023
Total	\$ 1,206,216	\$ 1,705,565	\$ 1,606,717	\$ 1,727,959 *
Taxable Sales	\$ 57,438,833	\$ 81,217,388	\$ 76,510,333	\$ 82,283,738

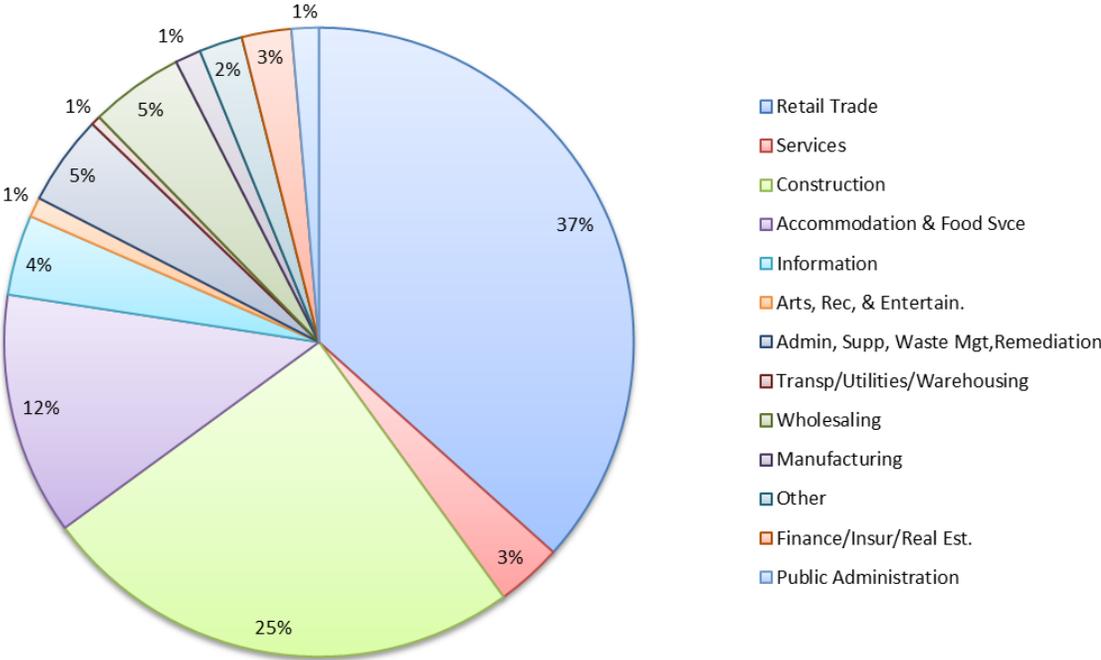
Local Sales Tax Revenue By Category

Category	2015	2016	2017	2018
Retail Trade	\$ 481,076	\$ 520,493	\$ 571,094	\$ 633,003
Services	63,690	70,596	77,632	58,611
Construction	236,086	629,445	433,650	430,768
Accommodation & Food	161,171	189,442	197,949	215,446
Information	63,943	65,707	67,374	71,446
Arts, Rec, & Entertain.	12,776	13,414	17,155	17,476
Admin, Supp, Waste Mgt	33,625	31,407	38,247	80,057
Transp/Utilities/Wareho	4,100	6,254	3,872	8,490
Wholesaling	64,028	70,945	80,749	83,129
Manufacturing	20,764	18,326	30,710	22,859
Other	3,761	6,996	4,986	38,518
Finance/Insur/Real Est.	32,388	44,958	45,009	43,975
Public Administration	28,811	37,582	38,290	24,183
Total	\$ 1,206,216	\$ 1,705,565	\$ 1,606,717	\$ 1,727,959 *

Sales Tax by Category is provided by Microflex TaxTools

*The discrepancy between Operating Revenues (Pg. 3) and the data presented on this page reflects the allocation of sales tax to the Lake Wilderness Golf Course Fund as well as the 2-month lag between sales tax being earned and remitted. The totals on this page are known remittances as of the date of this report and are inclusive of the General Fund and Lake Wilderness Golf Course Fund portions.

2018 Sales Tax by Category
(Through June 30, 2018)



Real Estate Excise Tax

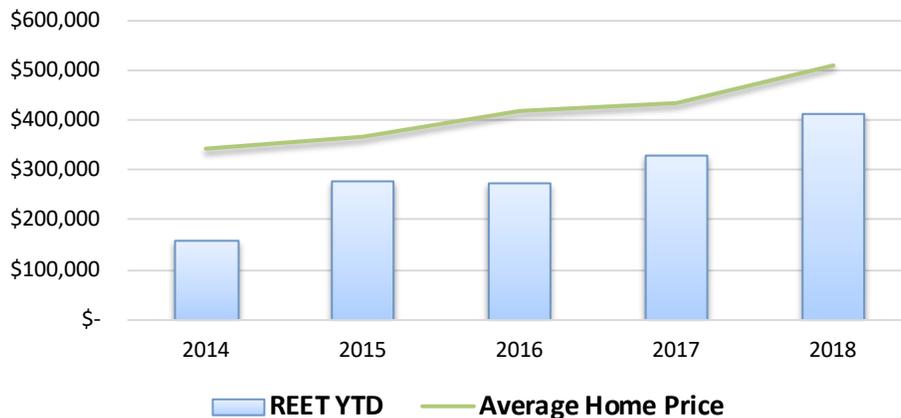
The City levies a 0.50% Real Estate Excise Tax on all sales of real estate. This 0.50% is broken up into the First 0.25% (REET 1) and the Second 0.25% (REET 2). These two revenue sources face different spending restrictions per RCW 82.46.010 and RCW 82.46.035.

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

Month	2014	2015	2016	2017	2018
	Actual	YTD	YTD	YTD	YTD
January	\$ 27,357	\$ 88,085	\$ 87,761	\$ 78,094	\$ 84,372
February	65,980	80,374	71,659	107,110	162,723
March	64,617	107,857	115,913	143,388	166,475
April	75,404	127,759	118,851	108,678	289,374
May	79,579	133,675	140,196	234,204	195,674
June	112,497	152,975	198,839	239,267	297,260
Total	\$ 425,435	\$ 690,724	\$ 733,219	\$ 910,741	\$ 1,195,878
Taxable Sales	85,087,080	139,540,121	148,125,057	183,988,145	241,591,469

REET revenue is received by the City in the second month after it is paid by the consumer. The preceding table presents REET revenue in the month it was *earned*. REET is 31% higher through June, 2018 than through June, 2017. While there were seven fewer homes sold during this time frame, the average selling price of new and existing single family residential (SFR) homes increased \$76K or 18%.

**Real Estate Excise Tax Collections
2nd Quarter Comparison**

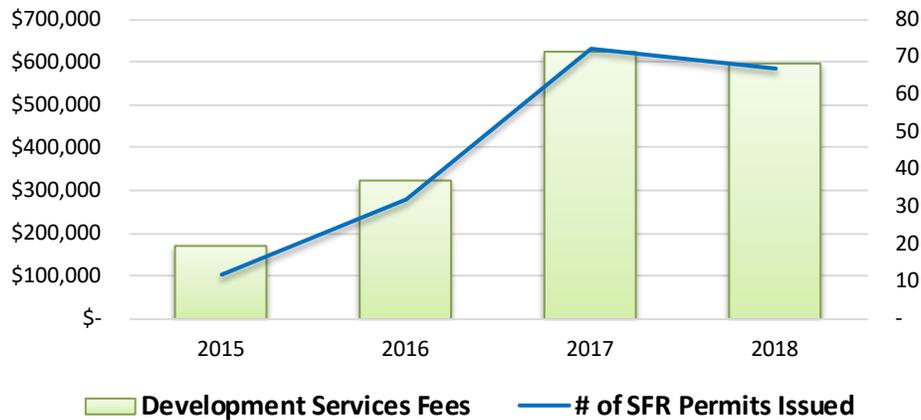


Development Services Fees

Community Development revenue is made up of various Development Services Fees. Planning, Building, and Fire Marshal fees are trending at 1% ahead of budget and 5% lower than in the 2nd Quarter of 2017. The number of SFR permits issued decreased by 7% compared to the 2nd Quarter of 2017 and plan review fees decreased \$34K which indicates that the City may issue fewer SFR permits in 2018 than in 2017. This decrease has been anticipated as the high level of residential development experienced the past few years cannot be maintained in future years due to limited space within the City.

	2015	2016	2017	2018		% of Budget Received	
	YTD	YTD	YTD	Budget	YTD		\$ Variance
Planning Fees	\$ 43,575	\$ 29,464	\$ 63,694	\$ 70,820	\$ 29,439	\$ (41,382)	42%
Building Fees	112,654	274,268	541,736	1,062,090	541,866	\$ (520,224)	51%
Fire Marshall	16,375	17,681	19,918	42,460	25,470	\$ (16,990)	60%
TOTAL	\$ 172,604	\$ 321,413	\$ 625,348	\$ 1,175,370	\$ 596,774	\$ (578,596)	51%

Development Services Fees
2nd Quarter Comparison

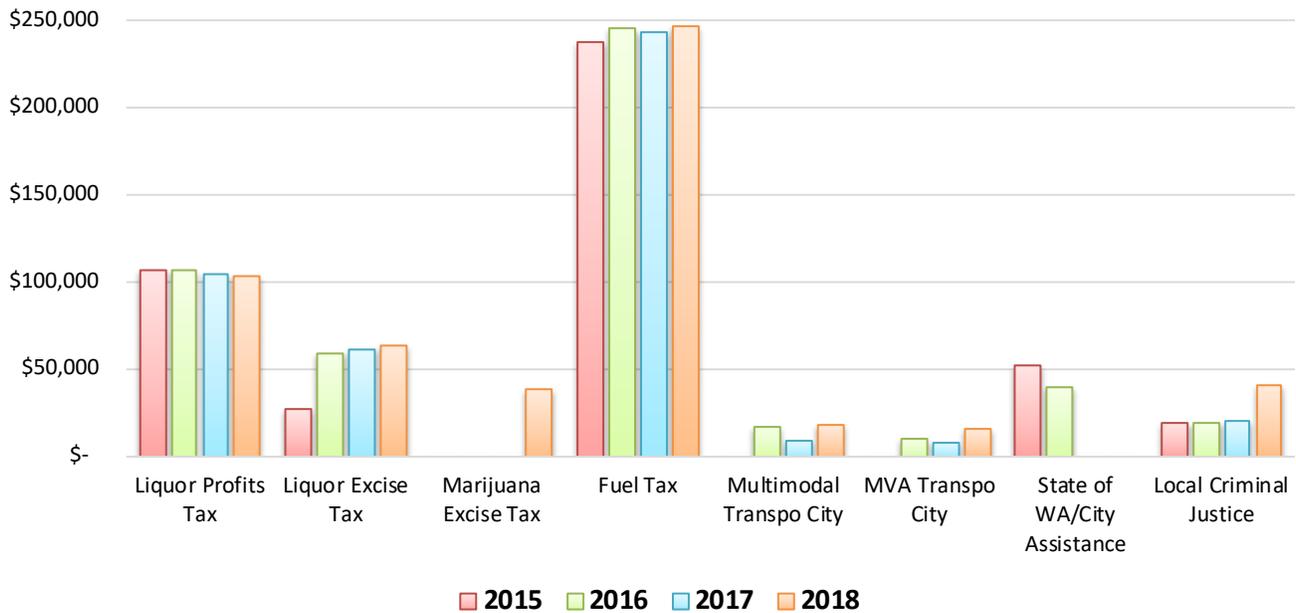


State Shared Revenues

State Shared Revenues are trending at 5% ahead of budget and 18% higher than the second quarter of 2017. Liquor Excise Tax is already higher than budgeted but is comparable to what was received during the same period in 2017. The City began receiving a quarterly remittance of the Marijuana Excise Tax in September of 2017, so while no direct second quarter comparison can be made; the second quarter 2018 remittance is \$38K or 25% higher than the total amount of \$9,547 that was received in 2017.

Category	2015	2016	2017	2018		% of Budget Received	
	YTD	YTD	YTD	Budget	YTD		\$ Variance
Liquor Profits Tax	\$106,173	\$ 106,475	\$ 104,683	\$223,510	\$ 103,169	\$(120,341)	46%
Liquor Excise Tax	27,131	58,944	60,631	20,930	63,007	42,077	301%
Marijuana Excise Tax	-	-	-	-	38,006	38,006	n/a
Motor Vehicle Fuel Tax	237,569	245,651	242,500	514,730	245,822	(268,908)	48%
Multimodal Transpo City	-	16,850	8,296	28,640	17,521	(11,119)	61%
MVA Transpo City	-	9,669	7,260	18,540	15,331	(3,209)	83%
State of WA/City Assistance	51,629	39,635	-	79,330	-	(79,330)	0%
Local Criminal Justice	18,510	19,174	19,502	70,500	39,973	(30,527)	57%
Total	\$441,012	\$ 496,396	\$ 442,872	\$956,180	\$522,829	\$(433,351)	55%

State Shared Revenues 2nd Quarter Comparison



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 June 2018 regardless of when the revenue was remitted to the City. Vehicle Excise Tax is trending at 5% ahead of budget for 2018.

Vehicle Excise Taxes

	2014	2015	2016	2017	2018
Month	Actual	YTD	YTD	YTD	YTD
January	\$ 23,087	27,562	\$ 27,720	30,571	33,482
February	27,760	27,067	32,333	25,166	28,314
March	23,760	33,898	36,452	38,056	41,255
April	35,363	31,918	31,581	32,710	33,779
May	32,987	32,254	30,967	36,868	37,243
June	37,321	42,134	42,154	39,184	36,175
TOTAL	\$ 180,277	\$ 194,832	\$ 201,208	\$ 202,554	\$ 210,247

Utility Tax

Utility Taxes are received by the City one month after earned. As of the date of this report, actual revenues *earned* through June 30, 2018 are as follows: Electric, \$419K or 52% of budget; Natural Gas, \$274K or 60% of budget; Telecom, \$168K or 37% of budget; Cable TV, \$170K or 45% of budget. The following table shows utility taxes *received* by the City as of June 30, 2018.

Category	2015	2016	2017	2018		% of Budget Received
	YTD	YTD	YTD	Budget	YTD	
Electric	452,017	347,774	368,685	799,720	364,617	(435,103) 46%
Gas	367,094	217,470	291,911	459,670	254,909	(204,761) 55%
Telecom	240,131	142,997	130,621	489,450	132,177	(357,273) 27%
Cable TV	209,573	113,183	68,220	377,430	60,136	(317,294) 16%
TOTAL	1,268,815	821,423	859,438	\$ 2,126,270	\$ 811,838	\$(1,314,432) 38%

Parks and Recreation

The Parks and Recreation Department is doing better than budgeted in both revenues and expenditures through the second quarter of 2018. Lake Wilderness Lodge revenue is 6% higher than in the second quarter of 2017 and 91% of budget as of June 30, 2018 due to the fact that event rentals are paid for in advance. The noticeable increase in second quarter Recreation Fees is due primarily to a change in accounting in which revenues received in 2017 for programs occurring in 2018 are recognized as revenue in 2018; this more accurately matches revenues with related expenditures. Adjusted for this accounting change, recreation revenue is still 13% ahead of budget and 27% higher than the second quarter of 2017. Total Parks and Recreation program expenditures are trending at 10% under budget, though this variance is expected to shrink as summer events and recreation programs commence.

	2015	2016	2017	2018		% of Budget Rcvd./Expd.	
	YTD	YTD	YTD	Budget	YTD		\$ Variance
Program Revenues							
Recreation Fees	\$ 177,276	\$ 214,078	\$ 212,342	\$ 431,130	\$ 363,397	\$ (67,733)	84%
LW Lodge	76,573	228,287	273,325	316,000	288,339	(27,661)	91%
Rental Revenue	18,761	19,622	20,623	30,260	25,233	(5,027)	83%
Event Concessions	1,613	920	1,988	21,930	367	(21,563)	2%
Donations/Grants/Misc	23,961	25,961	33,192	43,580	29,667	(13,913)	68%
Parks Maintenance	2,315	2,020	3,555	27,170	100	(27,070)	0%
Total Program Revenues	\$ 300,500	\$ 490,888	\$ 545,025	\$ 870,070	\$ 707,102	\$ (162,968)	81%
Program Expenditures							
Parks Administration	\$ 120,972	\$ 146,900	\$ 186,748	\$ 480,700	\$ 202,058	\$ (278,642)	42%
Parks Maintenance	139,616	155,203	157,650	466,670	176,035	(290,635)	38%
Lake Wilderness Lodge	163,102	183,143	219,721	520,690	217,361	(303,329)	42%
Recreation Administration	90,487	132,598	117,113	340,430	129,996	(210,434)	38%
Beach Services	21,987	23,762	8,189	114,790	12,528	(102,262)	11%
Adult Sports	27,051	26,108	26,263	58,680	25,153	(33,527)	43%
Adult Classes	15,405	16,829	18,659	36,710	18,987	(17,723)	52%
Youth Sports	20,114	67,429	63,097	93,950	72,610	(21,340)	77%
Youth Classes	27,134	49,283	28,564	100,480	32,461	(68,019)	32%
Day Camp	13,202	9,192	12,415	77,620	11,859	(65,761)	15%
Parent's Night Out	959	-	-	-	-	-	n/a
Special Events	71,986	63,333	69,469	154,440	70,680	(83,760)	46%
Community Grants/Programs	123,556	107,260	107,319	371,500	148,702	(222,798)	40%
Total Program Expenditures	\$ 835,571	\$ 981,040	\$ 1,015,205	\$ 2,816,660	\$ 1,118,429	\$ (1,698,231)	40%

Lake Wilderness Golf Course

As of June 30, 2018 the Lake Wilderness Golf Course shows revenues exceeding expenditures by \$54,758. However, revenues are \$17K or 4% higher than during the same period in 2017 and are expected to pick up during the summer months of 2018. While expenditures through the second quarter are \$41K or 10% higher than in the previous year, they are trending at only 39% of total budget.

REVENUES	2015	2016	2017	2018		% of Budget	
	YTD	YTD	YTD	Budget	YTD	\$ Variance	Received
Administration							
Investment Interest	(220)	(94)	(154)	20	(323)	(343)	-1615%
Cash Adjustments	(329)	(35)	34	50	(55)	(105)	-111%
Miscellaneous	-	-	231	-	367	367	n/a
Total Administration	(549)	(129)	112	70	(11)	(81)	-16%
Course Operations							
Golf Green Fees	271,857	287,686	267,235	565,460	280,435	(285,025)	50%
Golf Pro-Shop Merch. Sales	30,404	34,008	27,527	77,090	38,480	(38,610)	50%
Golf Lessons	23,861	-	-	-	100	100	n/a
Golf Clubs & Cart Rentals	61,775	76,366	67,603	179,750	76,328	(103,422)	42%
Total Course Operations	387,897	398,060	362,365	822,300	395,343	(426,957)	48%
Restaurant Operations							
Food Sales	58,027	49,100	36,800	108,500	34,571	(73,929)	32%
Beverage Sales	84,498	67,098	62,945	194,640	48,457	(146,183)	25%
Restaurant Rental	2,429	4,208	3,724	4,520	3,182	(1,338)	70%
Total Restaurant Operations	144,953	120,406	103,468	307,660	86,210	(221,450)	28%
City Revenues							
Sales Tax	-	-	8,948	-	10,054	10,054	n/a
Transfers-In from General Fund							
Transfers - In from General Fund	-	-	-	-	-	-	n/a
Total City Revenues	-	-	8,948	-	10,054	10,054	0%
Total Revenues	532,301	518,337	474,893	1,130,030	491,596	(638,434)	44%

Revenues included increases in Golf Greens Fees of \$13K or 5%, Merchandise Sales of \$11K or 40%, and Golf Clubs and Cart Rentals of \$9K or 13% offset by a decrease in Restaurant Operation revenue of \$17K or 17%.

EXPENDITURES	2015	2016	2017	2018		% of Budget Expended	
	Actual	Actual	Actual	Budget	Actual		\$ Variance
City Paid Expenditures							
Salaries & Wages	934	1,702	1,547	3,830	1,187	(2,643)	31%
Benefits	346	589	512	1,340	257	(1,083)	19%
Office & Operating Supp.	219	232	-	330	-	(330)	0%
Other Professional Services	-	-	-	15,000	7,500		50%
Management Services	47,754	47,754	47,754	99,460	47,754	(51,706)	48%
Banking Services	13,971	9,947	9,529	28,490	10,094	(18,396)	35%
Cost Alloc. - Finance	1,307	-	-	-	-	-	n/a
Cost Alloc. - Parks Admin	157	-	-	-	-	-	n/a
Taxes & Assessments	3,567	2,803	2,369	6,770	3,482	(3,288)	51%
Equipment Replacement	6,714	7,022	1,433	2,870	1,433	(1,437)	50%
Property Insurance	8,128	5,868	-	6,120	5,948	(172)	97%
Fire & Life Safety Services	-	125	-	170	-	(170)	0%
Total City Paid Exp.	83,096	76,043	63,143	164,380	77,654	(79,226)	47%
Administration							
Office & Operating Supp.	2,095	4,144	3,408	6,630	786	(5,844)	12%
Small Tools & Minor Equip.	1,528	-	145	5,100	191	(4,909)	4%
Books & Minor Software	-	-	556	-	241	241	n/a
Advertising	2,698	1,619	3,624	8,160	3,115	(5,045)	38%
Other Professional Services	5,155	5,958	2,487	9,130	2,112	(7,018)	23%
Management Services	92	-	-	120	-	(120)	0%
Contracted Staff	11,112	10,378	11,108	20,810	7,927	(12,883)	38%
Payroll & Personnel Services	1,999	632	825	880	1,597	717	181%
Cleaning Services	-	-	380	-	640	640	n/a
Security Services	5,036	2,822	1,986	6,180	2,137	(4,043)	35%
Banking Services	238	265	269	570	215	(355)	38%
Software Maint. & Support	-	-	419	-	4,063	4,063	n/a
Telephone	4,563	3,576	3,830	7,650	1,666	(5,985)	22%
Internet	-	-	2,265	-	1,600	1,600	n/a
Postage	-	-	19	10	9	(1)	90%
Travel	414	678	533	1,020	411	(609)	40%
Rentals and Leases	-	-	1,636	-	1,363	1,363	n/a
Liability Insurance	3,082	-	-	7,590	-	(7,590)	0%
Property Insurance	2,933	6,343	6,755	3,060	4,670	1,610	153%
Utility Services	6,954	19,917	10,746	30,600	19,913	(10,687)	65%
Cable TV	1,187	424	1,241	1,480	1,098	(382)	74%
Repairs & Maintenance	1,522	1,187	1,083	2,450	-	(2,450)	0%
Dues, Subscriptions & Member:	1,140	57	620	2,010	1,073	(937)	53%
Licenses & Permits	3,471	2,912	2,961	4,040	1,995	(2,045)	49%
Background Checks	-	-	120	-	358	358	n/a
Registration & Training	-	675	55	710	300	(410)	42%
Other Miscellaneous	1,227	3,548	556	3,570	363	(3,207)	10%
Other Intergov'tl Licenses	-	-	22	-	947	947	n/a
Total Administration	56,446	65,132	57,647	121,770	58,790	(62,980)	48%

	2015	2016	2017	2018		% of Budget	
	Actual	Actual	Actual	Budget	Actual	\$ Variance	Expended
Course Operations							
Office & Operating Supp.	30,848	20,193	25,949	69,480	33,813	(35,667)	49%
Fuel Consumed	7,532	7,019	6,512	20,550	8,149	(12,401)	40%
Inventory Supplies-Merch.	26,422	33,391	22,912	52,450	22,789	(29,661)	43%
Small Tools & Minor Equip.	12,963	4,415	5,706	6,620	7,671	1,051	116%
Advertising	91	-	-	120	-	(120)	0%
Other Professional Services	-	-	135	-	434	434	n/a
Contracted Staff-Pro Shop	57,296	57,771	50,651	135,870	55,549	(80,321)	41%
Contracted Staff-Course	81,739	81,805	69,037	185,200	78,045	(107,155)	42%
Travel	-	-	-	-	-	-	n/a
Rentals & Leases	18,822	14,440	1,915	47,880	18,144	(29,736)	38%
Liability Insurance	-	-	-	-	-	-	n/a
Utility Services	10,800	-	4,120	17,920	-	(17,920)	0%
Repairs & Maintenance	1,355	9,734	122	4,580	1,132	(3,448)	25%
Dues & Subscriptions	-	-	-	-	-	-	n/a
Other Miscellaneous	-	6,555	283	11,270	-	(11,270)	0%
Total Course Operations	247,868	235,323	187,342	551,940	225,727	(326,213)	41%
Restaurant							
Office & Operating Supp.	10,482	4,937	3,513	29,730	5,112	(24,618)	17%
Inventory Supplies-Food	22,497	21,025	17,591	48,460	13,047	(35,413)	27%
Inventory Supp. - Beverages	26,734	23,057	20,871	59,220	13,556	(45,664)	23%
Small Tools & Minor Equip.	728	2,290	414	9,720	2,768	(6,952)	28%
Books & Minor Software	-	-	54	-	-	-	n/a
Contracted Staff	41,794	50,936	36,895	108,760	32,781	(75,979)	30%
Cleaning Services	-	-	-	-	407	407	n/a
Rentals & Leases	4,234	1,834	4,008	8,030	3,939	(4,091)	49%
Utility Services	973	-	2,797	2,590	-	(2,590)	0%
Repairs & Maintenance	2,449	3,510	1,860	10,600	3,054	(7,546)	29%
Other Miscellaneous	-	163	-	220	3	(217)	1%
Total Restaurant	109,891	107,753	88,003	277,330	74,667	(203,071)	27%
Restaurants Improvements							
WIP-Construction	-	-	-	10,000	-	(10,000)	0%
Course Improvements							
WIP-Construction	-	-	-	-	-	-	n/a
Total Expenditures	497,302	484,251	396,135	1,125,420	436,838	(681,489)	39%
Revenue Over Expenditures	34,999	34,087	78,758	4,610	54,758	50,148	n/a

The \$41K increase in expenditures over the second quarter 2017 is made up of increases of \$38K in Course Operations, \$15K in City-Paid expenses, and \$1K in Administrative expenses offset by a decrease of \$13K in Restaurant Operations. Staff is currently projecting a surplus of approximately \$14K by the end of 2018.

Public Safety

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

While Public Safety revenues are trending 11% below budget, second quarter revenues do not include any portion of the Tahoma School District reimbursement for the contracted School Resource Officer. Adjusted for this item, Public Safety revenue is approximately 5% ahead of budget.

Billings for the King County Sheriff contract are received by the City one month after services are rendered so as of June 30, 2018 only 5 payments have been recorded. Adjusted for timing, Public Safety expenditures are trending at 4% under budget.

	2015	2016	2017	2018		\$ Variance	% of Budget Rec./Expd.
	YTD	YTD	YTD	Budget	YTD		
Revenues							
Grants and Contributions	\$ 9,002	\$ 3,930	\$ 16,343	\$ 30,030	\$ 6,462	\$ (23,568)	22%
Criminal Justice Contract Svcs.	20,104	20,706	21,211	38,170	21,819	\$ (16,351)	57%
Criminal Justice - Special Prog.	11,621	12,135	12,474	21,270	12,784	\$ (8,486)	60%
Criminal Justice Low Population	3,163	3,319	3,429	6,260	3,529	\$ (2,731)	56%
Criminal Justice - DUI	2,130	1,931	1,890	4,800	1,841	\$ (2,959)	38%
Impound Fees	3,100	4,900	5,200	9,380	5,600	\$ (3,780)	60%
False Alarm Fees	975	925	1,050	770	1,450	\$ 680	188%
Municipal Court	53,878	51,260	56,668	105,410	69,446	\$ (35,964)	66%
TSD School Resource Officer	-	-	-	97,850	-	\$ (97,850)	0%
Donations/Miscellaneous	-	-	-	1,340	-	\$ (1,340)	0%
Total Revenues	\$ 103,972	\$ 99,106	\$ 118,267	\$ 315,280	\$ 122,930	\$ (192,350)	39%
Expenditures							
Police Operations	\$ 1,822,719	\$ 1,739,736	\$ 1,628,858	\$ 4,658,349	\$ 1,782,896	\$ (2,875,453)	38%
Police Training	1,004	165	-	2,550	-	\$ (2,550)	0%
Police Facility	26,530	30,524	31,139	53,840	25,757	\$ (28,083)	48%
Police Special Programs	10,968	10,717	17,441	49,790	27,135	\$ (22,655)	54%
Jail	46,110	61,747	56,134	135,380	48,100	\$ (87,280)	36%
Municipal Court	138,536	121,947	122,466	350,030	130,062	\$ (219,968)	37%
Emergency Preparedness	14,783	21,710	26,747	38,960	8,499	\$ (30,461)	22%
Total Expenditures	\$ 2,060,651	\$ 1,986,547	\$ 1,882,786	\$ 5,288,899	\$ 2,022,448	\$ (3,266,451)	38%
Revenues Under Expenditures	\$ (1,956,679)	\$ (1,887,441)	\$ (1,764,519)	\$ (4,973,619)	\$ (1,899,518)	\$ 3,074,101	38%

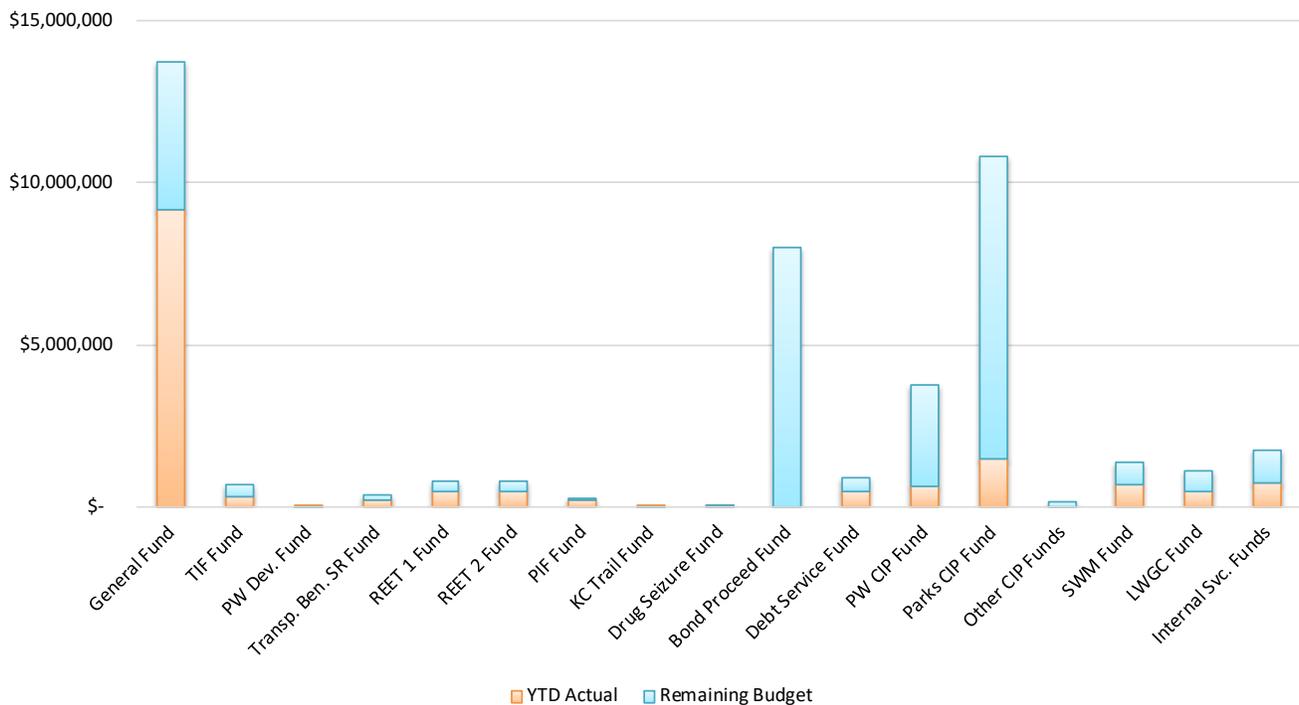
Budget vs. Actual

Budget vs Actual Revenue & Transfers-In by Fund

As of June 30, 2018

Fund	Budget	YTD Actual	Remaining Budget
General Fund	\$ 13,730,602	\$ 9,181,573	\$ 4,549,029
Transportation Impact Fee Fund	694,630	310,941	383,689
PW Development Fund	1,800	1,914	(114)
Transportation Benefit SR Fund	382,600	178,365	204,235
REET 1 Fund (Transportation)	786,930	465,373	321,557
REET 2 Fund (Parks)	771,680	465,193	306,487
Parks Impact Fee fund	251,670	190,469	61,201
King County Trail & Open Space Fund	22,490	30,336	(7,846)
Drug Seizures Fund	10,320	2,859	7,461
Bond Proceed Fund	8,000,000	-	8,000,000
Debt Service Fund	890,157	445,079	445,079
Public Works CIP Fund	3,734,262	638,925	3,095,337
Parks CIP Fund	10,825,577	1,490,893	9,334,684
Other CIP Funds	132,500	11,211	121,289
Surface Water Management	1,382,530	674,180	708,350
Lake Wilderness Golf Course Fund	1,130,030	491,596	638,434
Internal Service Funds	1,735,572	720,210	1,015,362
Total	\$ 44,483,350	\$ 15,299,115	\$ 29,184,235

Revenue & Transfers-In by Fund

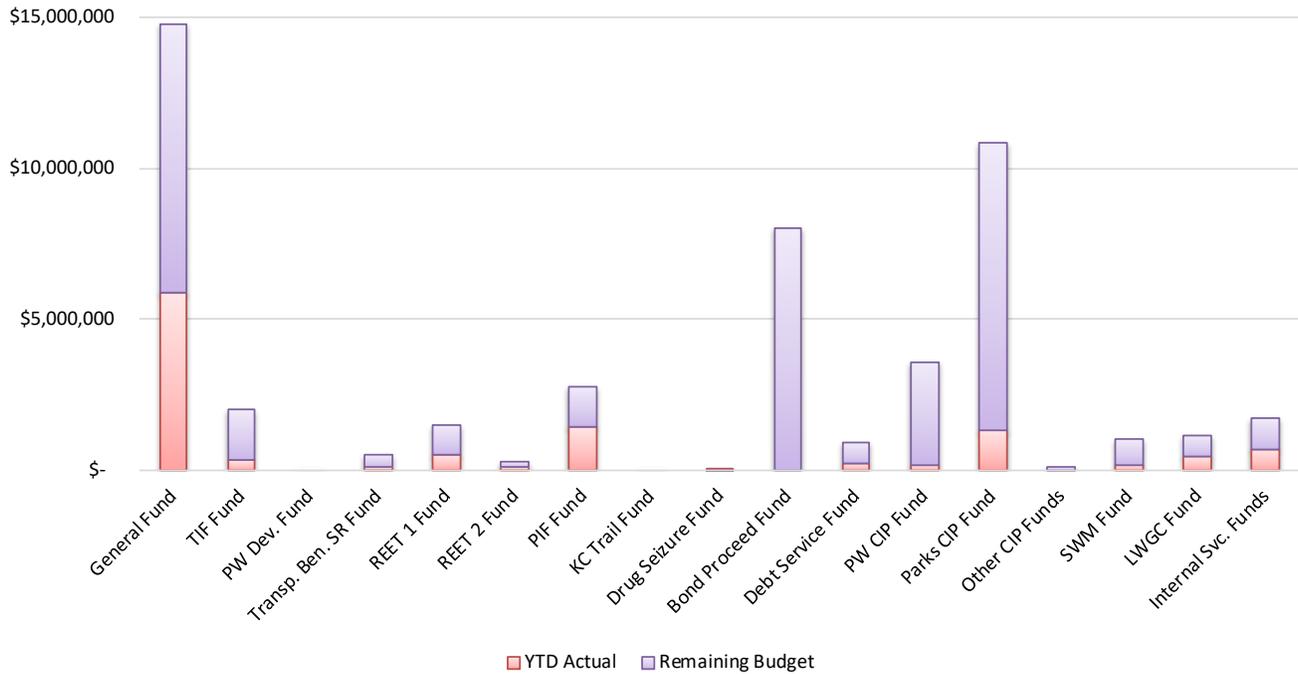


Budget vs Actual Expenditures & Transfers-Out by Fund

As of June 30, 2018

Fund	Budget	YTD Actual	Remaining Budget
General Fund	\$ 14,755,576	\$ 5,854,006	\$ 8,901,570
Transportation Impact Fee Fund	1,986,373	365,868	1,620,505
PW Development Fund	-	-	-
Transportation Benefit SR Fund	484,094	78,148	405,946
REET 1 Fund (Transportation)	1,484,477	495,846	988,631
REET 2 Fund (Parks)	289,741	103,082	186,659
Parks Impact Fee fund	2,735,610	1,443,927	1,291,683
King County Trail & Open Space Fund	-	-	-
Drug Seizures Fund	8,730	10,327	(1,597)
Bond Proceed Fund	8,000,000	-	8,000,000
Debt Service Fund	890,158	226,793	663,365
Public Works CIP Fund	3,569,262	155,435	3,413,827
Parks CIP Fund	10,825,577	1,322,895	9,502,682
Other CIP Funds	132,500	11,211	121,289
Surface Water Management	1,051,580	162,834	888,746
Lake Wilderness Golf Course Fund	1,125,420	436,838	688,582
Internal Service Funds	1,727,012	691,276	1,035,736
Total	\$ 49,066,110	\$ 11,358,485	\$ 37,707,625

Expenditures & Transfers-Out by Fund



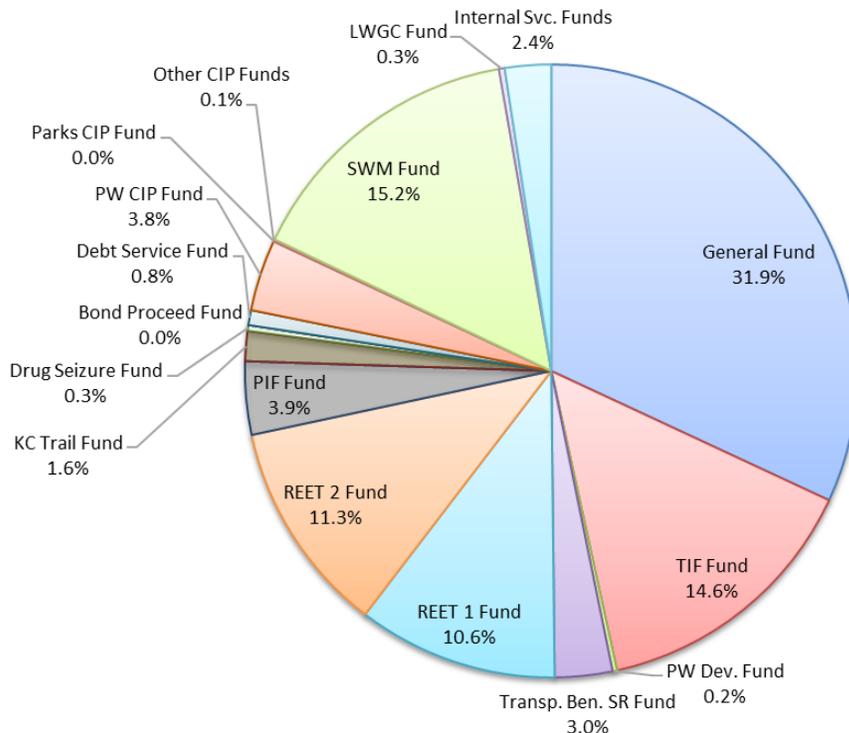
Fund Balance Summary

Ending Fund Balance

As of June 30, 2018

Fund	Beginning Fund Balance	Revenues & Transfers-In	Expenditures & Transfers-Out	Ending Fund Balance
General Fund	\$ 5,491,168	\$ 9,181,573	\$ 5,854,006	\$ 8,818,736
Transportation Impact Fee Fund	4,094,973	310,941	365,868	4,040,046
PW Development Fund	62,529	1,914	-	64,443
Transportation Benefit SR Fund	737,644	178,365	78,148	837,862
REET 1 Fund (Transportation)	2,949,850	465,373	495,846	2,919,377
REET 2 Fund (Parks)	2,746,149	465,193	103,082	3,108,260
Parks Impact Fee Fund	2,318,710	190,469	1,443,927	1,065,252
King County Trail & Open Space Fund	405,744	30,336	-	436,079
Drug Seizures Fund	93,290	2,859	10,327	85,822
Bond Proceed Fund	-	-	-	-
Debt Service Fund	-	445,079	226,793	218,286
Public Works CIP Fund	556,196	638,925	155,435	1,039,686
Parks CIP Fund	(167,998)	1,490,893	1,322,895	-
Other CIP Funds	31,775	11,211	11,211	31,775
Surface Water Management	3,686,267	674,180	162,834	4,197,612
Lake Wilderness Golf Course Fund	28,205	491,596	436,838	82,963
Internal Service Funds*	643,722	720,210	691,276	672,656
Total	\$ 23,678,225	\$ 15,299,115	\$ 11,358,485	\$ 27,618,854

Ending Fund Balance by Fund



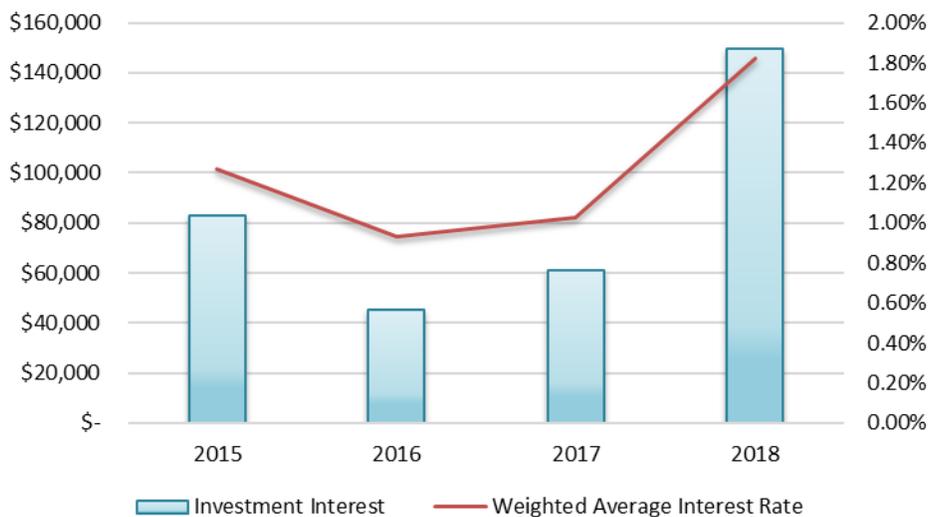
Cash and Investments

Total cash and investments as of June 30, 2018 were \$28,588,938. This balance consists of two categories: (1) Cash and Cash Equivalents and (2) Investments. Cash and Cash Equivalents include imprest funds—petty cash, change funds, and cash held with vendors (i.e. Post Office)—as well as the City’s general checking account. Investments in the Local Government Investment Pool (LGIP) are considered to be cash equivalents due to the high liquidity of the funds. The City’s investment portfolio consists of two investments in securities which will pay interest at maturity.

The City has seen higher than typical interest revenue due, in part, to the rising LGIP interest rate which has increased from 0.17% in June 2015 to 1.89% in June 2018. The City is currently maintaining a high Cash and Cash Equivalents balance in preparation for several large parks and public works capital projects commencing in 2018.

	Interest Rate Jun-18	Beginning Balance 1/1/2018	Receipts and Investments Purchased	Disbursements and Investments Sold/Matured	Change in Fair Value	Ending Balance 6/30/2018
Cash & Cash Equivalents						
Petty Cash/Imprest Funds		\$ 20,500	\$ 450	\$ -	\$ -	\$ 20,950
Checking Account		7,253,361	11,129,349	(10,700,283)	-	7,682,426
LGIP	1.89%	15,772,118	2,918,947	-	-	18,691,064
Subtotal: Cash & Cash Equivalents		23,045,979	14,048,746	(10,700,283)	-	26,394,441
Investments at Market Value						
Maturity	Description					
12/6/2018	FICO STRIP PRN	1.16%	1,179,167	-	8,750	1,187,917
10/15/2019	RESOLUTION FUNDING CO	1.45%	1,005,067	-	1,513	1,006,580
	Subtotal: Investments		2,184,234	-	10,263	2,194,497
		\$ 25,230,213	\$ 14,048,746	\$ (10,700,283)	\$ 10,263	\$ 28,588,938

Investment Interest (Q2 Comparison)



Debt Service

As of June 30, 2018 the City's long-term debt balance of \$3,737,347 consists of two Public Works Infrastructure Loans maturing in 2024 for Capital Projects T06 (SR 169 – SR 516 to SE 264th St) and T16 (SR 516 & 228th Ave Intersection), one Councilmanic General Obligation Bond maturing in 2023 to aid in the construction of Ravensdale Park and one Refunding General Obligation Bond maturing in 2020 for the purchase of the Legacy Site. These debt service payments are funded through a combination of the General Fund, Real Estate Excise Tax, and the Transportation Impact Fee Fund.

<u>Total Annual Debt Service</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 809,621	\$ 77,882	\$ 887,503
2019	829,621	59,294	888,915
2020	849,621	40,141	889,761
2021	349,621	15,422	365,043
2022	354,621	10,704	365,325
2023-24	544,242	6,794	551,036
Total	\$ 3,737,347	\$ 210,237	\$ 3,947,584

<u>2005 Loan - SR 516 - Witte to 228th</u>				<u>2005 Loan - SR 169 - SR 516 to 264th</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
2018	\$ 75,356	\$ 2,637	\$ 452,135	\$ 109,265	\$ 3,824	\$ 655,591
2019	75,356	2,261	376,779	109,265	3,278	546,326
2020	75,356	1,884	301,423	109,265	2,732	437,061
2021	75,356	1,507	226,067	109,265	2,185	327,796
2022	75,356	1,130	150,712	109,265	1,639	218,530
2023-24	150,712	1,130	75,356	218,530	1,639	109,265
	\$ 527,490	\$ 10,550	\$ 538,040	\$ 764,856	\$ 15,297	\$ 780,153

<u>2014 Councilmanic GO Bonds</u>				<u>2015 Refunding GO Bonds</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
2018	\$ 155,000	\$ 22,770	\$ 835,000	\$ 470,000	\$ 48,650	\$ 985,000
2019	160,000	19,205	675,000	485,000	34,550	500,000
2020	165,000	15,525	510,000	500,000	20,000	-
2021	165,000	11,730	345,000	-	-	-
2022	170,000	7,935	175,000	-	-	-
2023-24	175,000	4,025	-	-	-	-
	\$ 990,000	\$ 81,190	\$ 1,071,190	\$ 1,455,000	\$ 103,200	\$ 1,558,200