

3rd Quarter Financial Report As of September 30, 2018



Wall of Love, Displayed at Town Hall Meeting on August 27, 2018

Introduction

The 3rd 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 September 30, 2018.



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3rd Quarter Financial Report

Table of Contents

| | |
|---|----|
| Table of Contents | 3 |
| Ongoing Operating Revenues..... | 4 |
| Ongoing Operating Expenditures | 7 |
| Property Tax Levy..... | 10 |
| Local Sales Tax | 11 |
| Real Estate Excise Tax..... | 13 |
| Development Services Fees | 14 |
| State Shared Revenues..... | 15 |
| Vehicle Excise Tax | 16 |
| Utility Tax..... | 16 |
| Parks and Recreation | 17 |
| Lake Wilderness Golf Course | 18 |
| Public Safety..... | 21 |
| Budget vs. Actual Revenues and Transfers-In..... | 22 |
| Budget vs. Actual Expenditures and Transfers-Out..... | 23 |
| Fund Balance Summary | 24 |
| Cash and Investments | 25 |
| Debt Service | 26 |

ONGOING OPERATING REVENUES

Overall, general government revenues met budget estimates at the end of 3rd Quarter. The table below lists all on-going revenues with a 2018 Budget to Actual Variance as well as the percent of budget received. The overall percent of budget received (89%) appears high because the budget amendment including the sale of the 216th property has not yet been input. This positive variance is offset by negative variances on several revenue sources all resulting from a one or two-month delay in revenue being received after it is earned. Adjusted for these items, operating revenue is 2% ahead of budget at the end of the 3rd Quarter. 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 | 2015 | | 2016 | | 2017 | | 2018 | | % of Budget Received |
|-------------------------------------|---------------------|-----------|------------------|-----------|------------------|----------------------|----------------------|-----------------------|----------------------|
| | YTD | | YTD | | YTD | Budget | YTD | \$ Variance | |
| Property Tax | \$ 1,885,521 | \$ | 1,914,758 | \$ | 1,932,447 | \$ 3,799,432 | \$ 1,975,528 | \$ (1,823,904) | 52% |
| Sales Tax | 1,977,096 | | 2,014,744 | | 1,864,093 | 2,913,630 | \$ 2,046,142 | (867,488) | 70% |
| Criminal Justice Sales Tax | 457,629 | | 500,545 | | 505,338 | 695,040 | \$ 550,349 | (144,691) | 79% |
| Utility Tax - Electric | 510,494 | | 524,853 | | 554,878 | 799,720 | \$ 542,815 | (256,905) | 68% |
| Utility Tax - Natural Gas | 383,698 | | 269,612 | | 349,670 | 459,670 | \$ 305,165 | (154,506) | 66% |
| Utility Tax - Telecom | 310,138 | | 243,755 | | 215,605 | 489,450 | \$ 208,947 | (280,503) | 43% |
| Utility Tax - Cable TV | 211,392 | | 172,354 | | 132,694 | 377,430 | \$ 170,160 | (207,270) | 45% |
| Gambling Tax | 34,477 | | 42,041 | | 32,215 | 41,390 | \$ 29,317 | (12,073) | 71% |
| Leasehold Excise Tax | - | | 125 | | 2,769 | - | \$ 2,877 | 2,877 | n/a |
| Professional & Occupations Lic. | - | | - | | - | 980 | \$ 906 | (74) | 92% |
| Franchise Fees - Cable TV | 156,517 | | 155,821 | | 183,711 | 337,600 | \$ 173,191 | (164,409) | 51% |
| General Business Licenses | 5,891 | | 5,972 | | 6,542 | 8,120 | \$ 6,608 | (1,512) | 81% |
| Transient Sales Licenses | 2,058 | | 1,304 | | 2,535 | 1,770 | \$ 1,394 | (376) | 79% |
| Animal License Sales Rebate | 11,729 | | - | | 4,260 | - | \$ 11,155 | 11,155 | n/a |
| Marijuana Excise Tax | - | | - | | 4,775 | - | \$ 50,433 | 50,433 | n/a |
| City Assistance/State of WA | 89,449 | | 65,993 | | - | 79,330 | \$ - | (79,330) | 0% |
| Liquor Excise Tax | 38,263 | | 84,995 | | 87,169 | 20,930 | \$ 91,736 | 70,806 | 438% |
| Liquor Profits | 159,250 | | 159,627 | | 157,021 | 223,510 | \$ 154,747 | (68,763) | 69% |
| Sale of Maps & Publications | 125 | | 105 | | 80 | 140 | \$ 124 | (16) | 88% |
| IT Training Fee | - | | - | | - | 13,360 | \$ - | (13,360) | 0% |
| Passport Filing Fees | 8,700 | | 9,850 | | 8,800 | 13,680 | \$ 10,725 | (2,955) | 78% |
| Non-Traffic Infraction Penalty | 8,573 | | - | | - | 290 | \$ - | (290) | 0% |
| Investment Interest | 39,075 | | 36,488 | | 44,430 | 50,680 | \$ 99,198 | 48,518 | 196% |
| Miscellaneous | 5,226 | | 5,742 | | 4,962 | 5,670 | \$ 48,219 | 42,549 | 850% |
| Economic Development | - | | - | | 24,700 | 24,700 | \$ 3,635 | (21,065) | n/a |
| Risk Management | - | | 1,125 | | 5,500 | - | \$ - | - | n/a |
| Community Development | 276,652 | | 470,833 | | 1,010,227 | 1,175,370 | \$ 800,782 | (374,588) | 68% |
| Public Safety | 156,056 | | 155,830 | | 173,125 | 315,280 | \$ 250,263 | (65,017) | 79% |
| Parks Maintenance | 24,552 | | 27,157 | | 29,829 | 30,650 | \$ 31,057 | 407 | 101% |
| Lake Wilderness Lodge | 187,877 | | 301,981 | | 339,375 | 316,000 | \$ 377,591 | 61,591 | 119% |
| Recreation | 383,061 | | 427,709 | | 442,222 | 523,420 | \$ 565,772 | 42,352 | 108% |
| Public Works Administration | 130,683 | | 124,320 | | 180,567 | 272,090 | \$ 132,221 | (139,869) | 49% |
| Public Works Maintenance | 3,600 | | 2,644 | | 4,192 | 3,600 | \$ 3,935 | 335 | 109% |
| Motor Vehicle Fuel Tax-City Streets | 370,595 | | 377,645 | | 378,902 | 514,730 | \$ 380,912 | (133,818) | 74% |
| Multimodal Transpo City | - | | 21,062 | | 17,184 | 28,640 | \$ 26,280 | (2,360) | 92% |
| MVA Transpo City | 3,681 | | 13,355 | | 15,037 | 18,540 | \$ 22,995 | 4,455 | 124% |
| Waste Reduction and Recycling | 81,816 | | 70,495 | | 63,766 | 100,330 | \$ 62,708 | (37,622) | 63% |
| Lake Management | - | | - | | - | - | \$ - | - | n/a |
| Proceeds - Sale of Capital Assets | - | | - | | - | - | \$ 3,010,116 | 3,010,116 | n/a |
| Transfers | 13,165 | | 24,661 | | 20,783 | 75,430 | \$ 18,284 | (57,146) | 24% |
| TOTAL | \$ 7,927,042 | \$ | 8,227,502 | \$ | 8,799,402 | \$ 13,730,602 | \$ 12,166,286 | \$ (1,564,316) | 89% |

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 September of 2017.

Investment Interest earnings are 121% higher than budgeted and 124% higher in the 3rd Quarter of 2018 than in 2017 due primarily to a significant increase in Local Government Investment Pool (LGIP) interest rates.

Miscellaneous revenue is 750% or \$43K higher than budgeted due to the receipt of a \$42K legal settlement (Crossan) in May. Adjusted for the settlement, miscellaneous revenue is trending 38% or \$2K ahead of budget.

Community Development revenue is trending about 7% behind budget and is \$209K or 21% lower in the 3rd Quarter of 2018 than in 2017 due primarily to the multiple large commercial projects which were paid for in 2017. Single family residential (SFR) permits are actually 2% higher in the 3rd Quarter of 2018 than in the 3rd Quarter of 2017 indicating that revenue related to residential development is consistent with prior years.

Parks Maintenance revenue is at 101% of budget as of September 30th, 2018 and is 4% higher than through the 3rd Quarter of 2017. Parks Maintenance-related revenue is for activities, like picnic shelter rentals, which occur primarily in the summer months so it is on track with the annual budgeted expectations for 2018.

Lake Wilderness Lodge revenue is at 119% of budget as of September 30th, 2018 and is 11% higher in the 3rd Quarter of 2018 than in 2017 due primarily to a \$39K increase in lodge rental revenue.

Recreation revenue is at 108% of budget as of September 30th, 2018 and is 28% higher through the 3rd 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 receipted in the last quarter of 2017. This one-time adjustment will make recreation revenue appear unusually high until the 4th Quarter of 2018. Adjusted for this accounting change, recreation revenue is meeting budgeted expectations.

Waste Reduction & Recycling revenue is behind budget as of September 30th, 2018 due to a one-month delay in the receipt of Solid Waste & Recycling Franchise Fees, but is consistent with revenue received through the 3rd Quarter of 2017.

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.

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 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* in September has not yet been remitted to the City, but *estimated* Sales Tax *earned* through the 3rd Quarter of 2018 was \$2.7M or 93% of budget.

Utility Taxes are received by the City one month after earned. As of the date of this report, actual revenues *earned* through September 30, 2018 are as follows: Electric, \$605K or 76% of budget; Natural Gas, \$319K or 69% of budget; Telecom, \$248K or 51% of budget; Cable TV, \$284K or 75% 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 30, 2018 are \$261K or 77% of budget.

ONGOING OPERATING EXPENDITURES

Overall, operating expenditures are under budget through the end of the 3rd Quarter quarter. While actual expenditures recorded through September 30th, 2018 are at only 68% of the total 2018 budget, adjustments for timing indicate that General Fund expenditures are trending at 4% 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 September 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 | \$ 90,500 | \$ 108,583 | \$ 93,955 | \$ 133,410 | \$ 104,742 | \$ (28,668) | 79% |
| City Manager's Office | 300,751 | 547,928 | 323,702 | 450,160 | 314,059 | (136,101) | 70% |
| City Clerk | 299,604 | 375,410 | 393,243 | 578,710 | 333,172 | (245,538) | 58% |
| City Attorney | 108,647 | 119,642 | 83,194 | 190,940 | 145,559 | (45,381) | 76% |
| Economic Development | 11,589 | 5,000 | 74,489 | 330,732 | 218,987 | (111,745) | 66% |
| Finance | 411,646 | 469,575 | 384,011 | 608,780 | 443,376 | (165,404) | 73% |
| Human Resources | 77,418 | 91,135 | 154,422 | 239,340 | 182,090 | (57,250) | 76% |
| Community Development | 628,578 | 577,349 | 683,272 | 1,043,280 | 744,674 | (298,606) | 71% |
| Public Safety | 3,099,730 | 3,088,718 | 2,745,112 | 5,242,530 | 3,329,702 | (1,912,828) | 64% |
| Emergency Operations | 451 | 8,348 | 10,335 | 15,500 | 12,650 | (2,850) | 82% |
| Parks Administration | 186,490 | 257,617 | 296,848 | 480,700 | 328,649 | (152,051) | 68% |
| Parks Maintenance | 243,216 | 282,234 | 293,593 | 466,670 | 317,473 | (149,197) | 68% |
| Lake Wilderness Lodge | 236,933 | 289,061 | 355,896 | 520,690 | 352,151 | (168,539) | 68% |
| Recreation Administration | 152,359 | 205,160 | 199,592 | 340,430 | 220,694 | (119,736) | 65% |
| Recreation Programs | 282,862 | 373,394 | 378,220 | 482,230 | 428,422 | (53,808) | 89% |
| Community Events | 120,518 | 127,482 | 145,758 | 154,440 | 144,549 | (9,891) | 94% |
| Community Service Agencies | 201,990 | 202,995 | 176,064 | 371,500 | 342,315 | (29,185) | 92% |
| Public Works Administration | 363,345 | 369,525 | 390,575 | 783,060 | 377,321 | (405,739) | 48% |
| Public Works Maintenance | 508,097 | 521,713 | 650,626 | 872,760 | 670,387 | (202,373) | 77% |
| Lake Management | 13,165 | 24,661 | 14,389 | 89,391 | 18,284 | (71,107) | 20% |
| Waste Reduction & Recycling | 72,290 | 66,653 | 61,254 | 70,530 | 63,224 | (7,306) | 90% |
| Information Technology | 466,925 | 481,606 | 529,039 | 842,172 | 434,907 | (407,265) | 52% |
| Non-Departmental | - | - | - | - | 188,603 | 188,603 | n/a |
| | 7,877,103 | 8,593,790 | 8,437,589 | 14,307,955 | 9,715,989 | (4,591,966) | 68% |
| Transfers | 79,417 | 29,883 | 277,914 | 447,621 | 320,858 | (126,763) | 72% |
| TOTAL | \$ 7,956,520 | \$ 8,623,673 | \$ 8,715,503 | \$ 14,755,576 | \$ 10,036,848 | \$ (4,718,728) | 68% |

City Council expenditures are on track to be at or below budget. While 79% of the budget has been expended through the 3rd 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 3% under budget as of September 30, 2018.

City Manager expenditures are under budget as of September 30, 2018 due primarily to General Lobbyist services which are currently trending 40% lower than budgeted.

City Clerk expenditures are trending lower than budget as of September 30, 2018. Records management expenditures are at only 22% of budget and are 23% lower in 2018 than through the 3rd Quarter of 2017. A significant portion of the 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 September 30, 2018 are \$160K. City Attorney expenditures are trending 9% higher than budgeted.

Economic Development expenditures are approximately 9% lower than budgeted expectations due to professional services expenditures which are trending 65% lower than budgeted as of September 30, 2018.

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 September 30, 2018, Public Safety expenditures are trending 4% below budget.

Recreation Administration expenditures are trending 9% lower than budgeted after the 3rd Quarter due to significant savings in Small Tools & Minor Equipment which is 92% below budgeted expectations.

Recreation Program expenditures are on track with budgeted expectations at 89% of the annual budget. While this might seem high, one of the largest programs, Camp Wild, occurs during the summer months which means the majority of annual recreation program-related expenditures have been incurred by the end of the 3rd Quarter.

Community Events expenditures are projected to be \$11K or 7% over budget due to two summer events—Independence Day, \$5K over budget; and Maple Valley Days, \$7K—offset by savings in other summer events. This projection assumes that Hometown Holidays comes in precisely on budget.

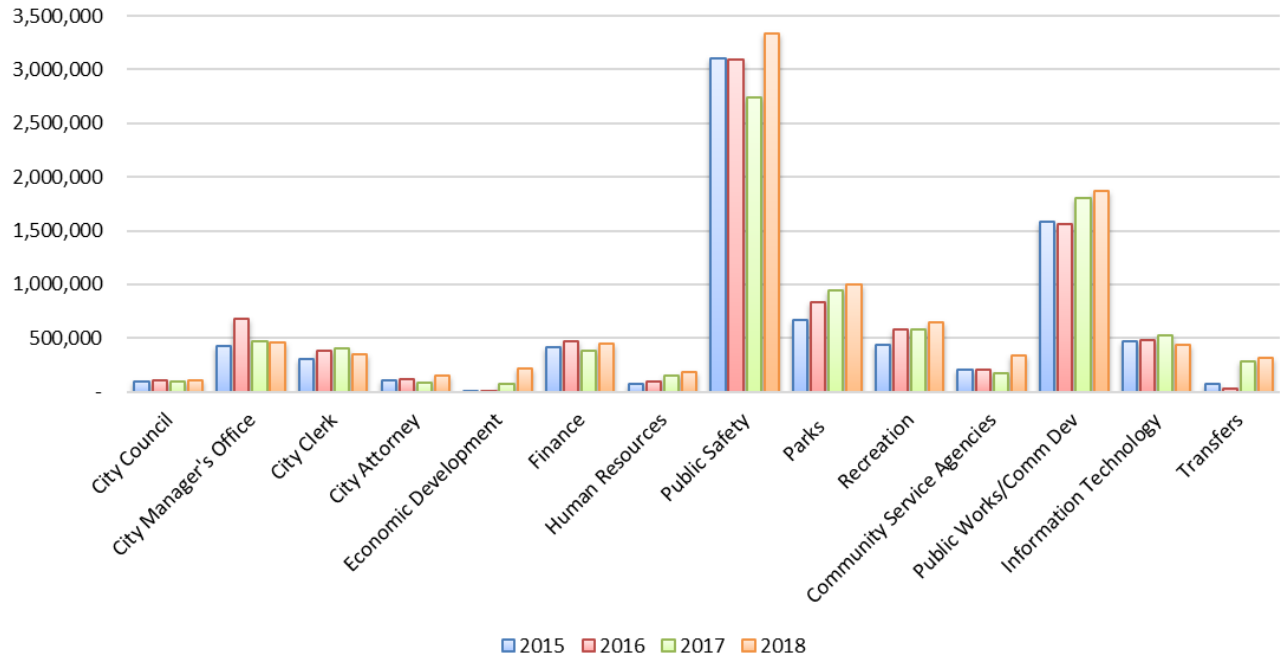
Community Service Agencies expenditures appear to be high at 92% of budget but this is due to the fact that a budget amendment for the \$68K Maple Valley Historical Society grant for the construction of a storage building has not yet been input. Adjusted for this budget amendment, Community Service Agencies expenditures are trending 3% ahead of budgeted expectations.

Public Works Administration expenditures are trending 27% lower than budgeted expectations through the 3rd Quarter. Salaries & Benefits are trending 17% lower than budgeted due to significant time being charged out to capital projects and the Waste Reduction & Recycling division, and Plan Review Services are at only 11% of budget.

Lake Management expenditures are currently 55% under budget due to the timing invoices from King County which have not yet been received by the City for work performed during the Spring and Summer months. Adjusted for timing, Lake Management is trending at 17% under budget. Expenditures through September 30, 2018 are consistent with spending in 2015-2017.

Waste Reduction & Recycling expenditures are trending higher than budgeted expectations due to the Salary & Benefits budget for this division being housed within Public Works Administration division. Expenditures through the 3rd Quarter are consistent with previous years.

General Fund Operating Fund Expenditures 3rd Quarter 2018 Comparisons

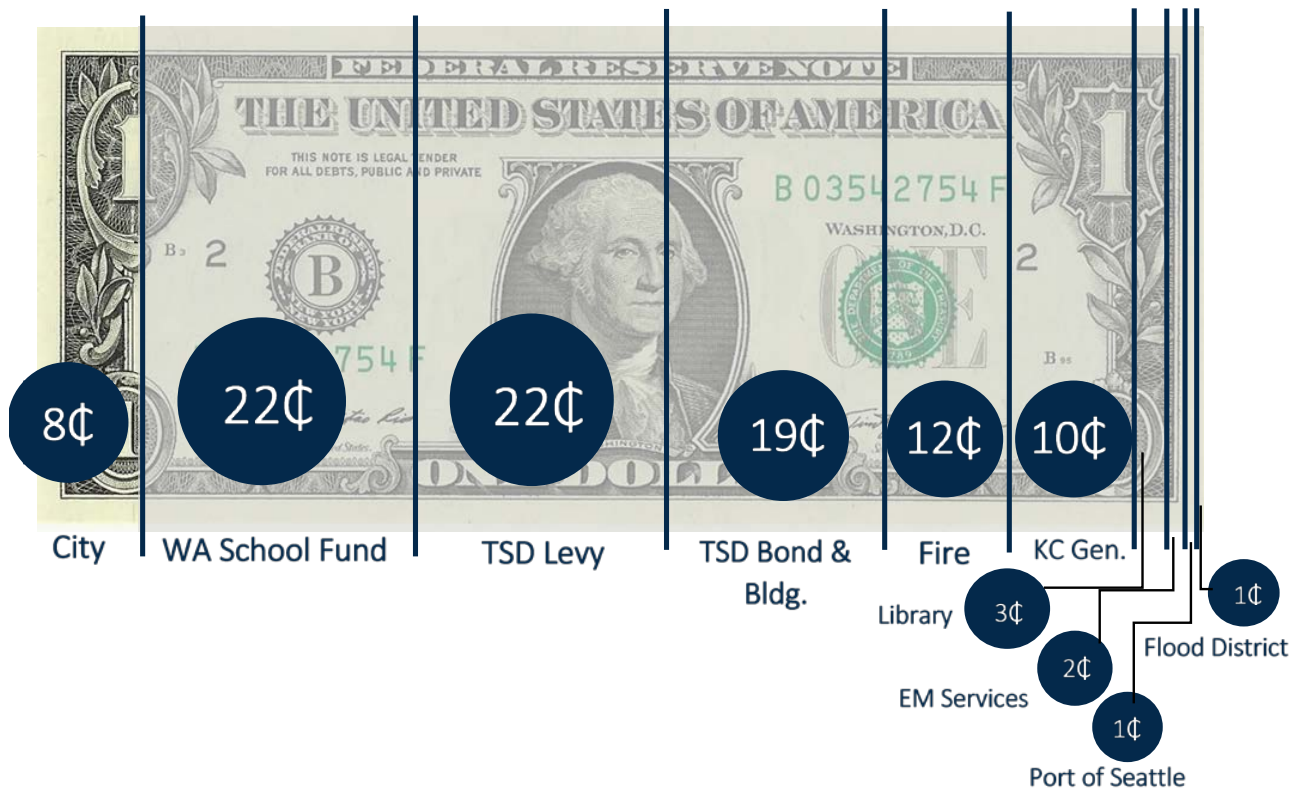


Property Tax Levy

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 estimated** Retail Sales & Use Tax revenue was \$260K or 11% higher in the 3rd Quarter of 2018 than in the 3rd Quarter of 2017. This is due to an \$85K or 9% increase in retail trade sales tax, a \$57K or 9% increase in construction sales tax, a \$75K or 1.27% increase in administrative, support, and waste management sales tax and a \$24K or 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 |
| July | 241,303 | 309,179 | 275,743 | 337,734 |
| August | 224,920 | 317,263 | 282,349 | 322,457 |
| September | 240,661 | 331,912 | 293,079 | 330,183 ** |
| Total | \$ 1,913,100 | \$ 2,663,919 | \$ 2,457,888 | \$ 2,718,332 * |
| Taxable Sales | \$ 91,099,976 | \$ 126,853,293 | \$ 117,042,286 | \$ 129,444,397 |

Local Sales Tax Revenue By Category

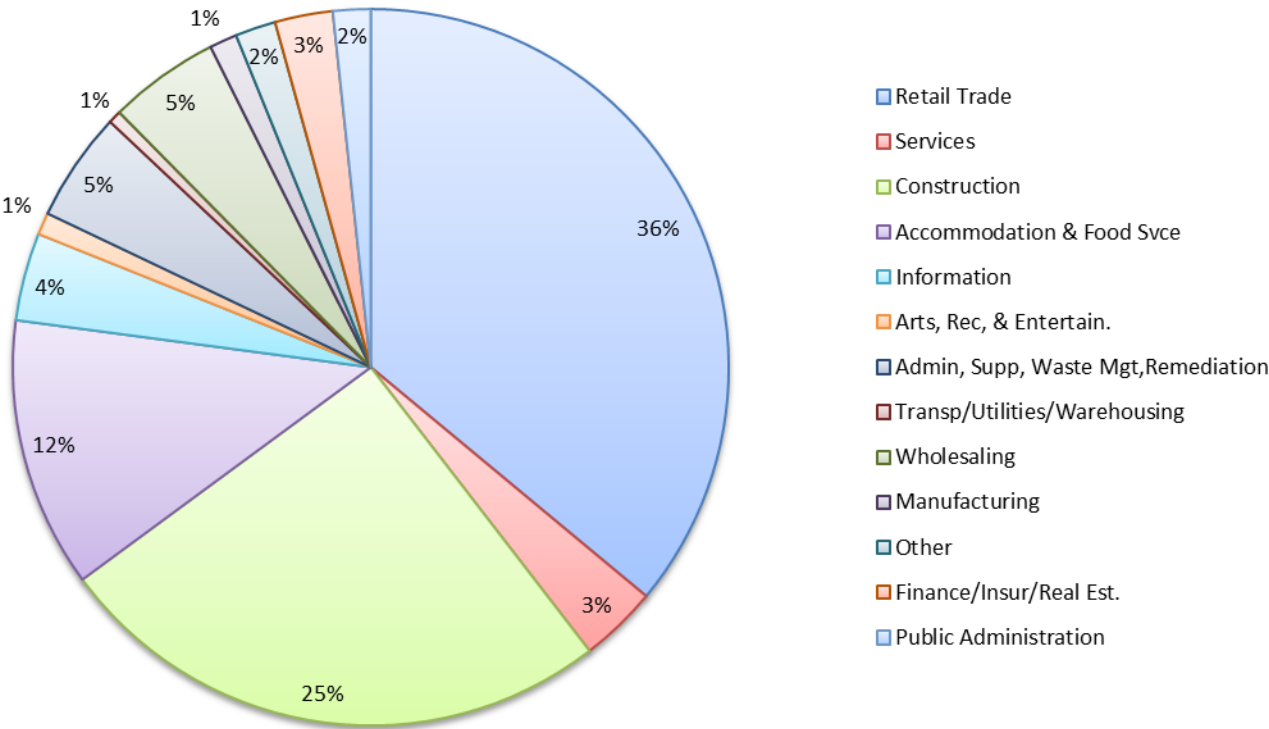
| Category | 2015 | 2016 | 2017 | 2018 |
|-------------------------|---------------------|---------------------|---------------------|-----------------------|
| Retail Trade | \$ 743,525 | \$ 800,538 | \$ 894,770 | \$ 979,372 |
| Services | 98,728 | 109,010 | 118,130 | 95,304 |
| Construction | 409,400 | 995,597 | 632,942 | 689,753 |
| Accommodation & Food | 244,126 | 289,348 | 307,271 | 331,476 |
| Information | 98,194 | 98,473 | 102,173 | 107,838 |
| Arts, Rec, & Entertain. | 19,476 | 20,440 | 26,477 | 27,036 |
| Admin, Supp, Waste Mgt | 54,047 | 51,572 | 59,604 | 134,702 |
| Transp/Utilities/Wareho | 7,268 | 9,081 | 7,701 | 15,869 |
| Wholesaling | 98,809 | 113,809 | 124,297 | 136,219 |
| Manufacturing | 31,671 | 27,176 | 49,439 | 33,857 |
| Other | 5,784 | 20,753 | 6,728 | 49,791 |
| Finance/Insur/Real Est. | 51,465 | 72,014 | 67,006 | 71,009 |
| Public Administration | 50,610 | 56,108 | 61,350 | 46,108 |
| Total | \$ 1,913,100 | \$ 2,663,919 | \$ 2,457,888 | \$ 2,718,332 * |

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.

**September 2018 Sales Tax data is not available as of the date of this report. \$330,183 is an estimate based on prior year history as well as current year collections. The Finance Department believes this estimate is reasonable.

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



Real Estate Excise Tax

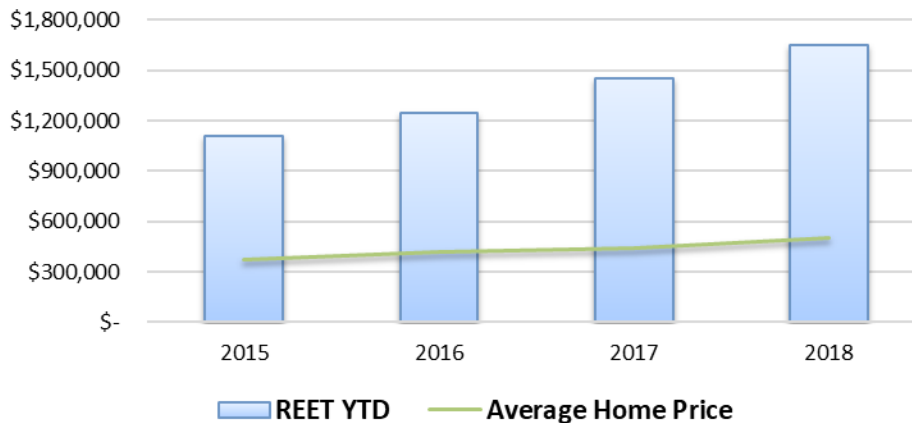
The City levies a 0.50% Real Estate Excise Tax on all sales of real estate. This 0.50% is broken up into the First 0.25% (REET 1) and the Second 0.25% (REET 2). These two revenue sources face different spending restrictions per RCW 82.46.010 and RCW 82.46.035.

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

| Month | 2015 YTD | 2016 YTD | 2017 YTD | 2018 YTD |
|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| January | \$ 88,085 | \$ 87,761 | \$ 78,094 | \$ 84,372 |
| February | 80,374 | 71,659 | 107,110 | 162,723 |
| March | 107,857 | 115,913 | 143,388 | 166,475 |
| April | 127,759 | 118,851 | 108,678 | 289,374 |
| May | 133,675 | 140,196 | 234,204 | 195,674 |
| June | 152,975 | 198,839 | 239,267 | 297,260 |
| July | 151,023 | 266,247 | 227,366 | 196,099 |
| August | 139,441 | 135,356 | 163,925 | 147,444 |
| September | 125,881 | 111,773 | 149,755 | 113,762 |
| Total | \$ 1,107,068 | \$ 1,246,595 | \$ 1,451,788 | \$ 1,653,183 |
| Taxable Sales | \$ 223,650,081 | \$ 251,837,370 | \$ 293,290,422 | \$ 333,976,408 |

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 \$201K or 14% higher through September, 2018 than through September, 2017. While there were 40 fewer homes sold during this time frame, the average selling price of all single family residential (SFR) homes increased \$60K or 14% to \$505K. The average selling price of new and existing homes is \$647K and \$477K respectively.

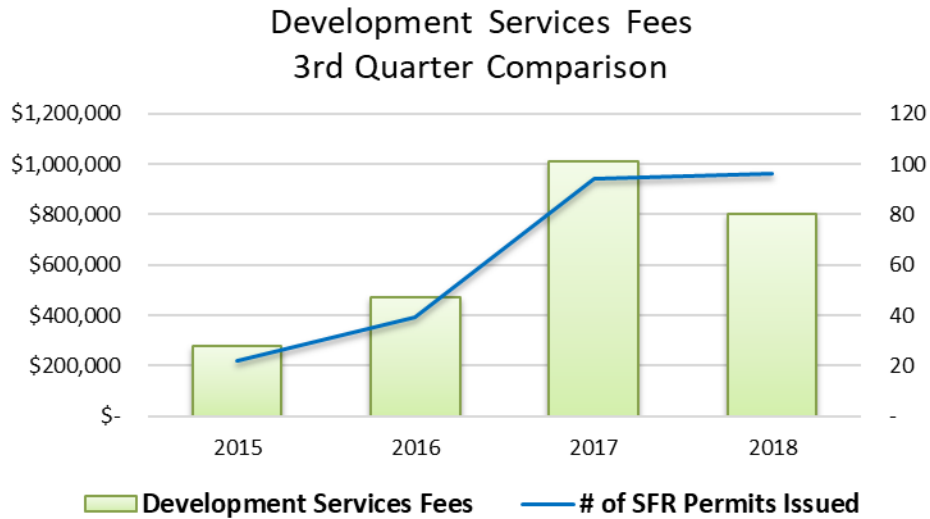
**Real Estate Excise Tax Collections
3rd Quarter Comparison**



Development Services Fees

Community Development revenue is made up of various Development Services Fees. Planning, Building, and Fire Marshal fees are trending at 7% behind budgeted expectations and are 21% lower than through the 3rd Quarter of 2017. The number of SFR permits issued increased by 2% compared to the 3rd Quarter of 2017. The significant decrease in development revenue compared to 2017 is due to the fact that there were several large commercial projects in 2017 which required a great deal of plan review and resulted in high permit fees. 2018 development revenue through the 3rd Quarter is consistent with previous years, but is expected to pick up either in the 4th Quarter or in 2019 as fees for the Marques Mixed-Use and Bonaventure Senior Living projects are collected.

| | 2015 YTD | 2016 YTD | 2017 YTD | 2018 | | \$ Variance | % of Budget Received |
|---------------|-------------------|-------------------|---------------------|---------------------|-------------------|---------------------|-------------------------|
| | | | | Budget | YTD | | |
| Planning Fees | \$ 55,665 | \$ 38,767 | \$ 83,632 | \$ 70,820 | \$ 37,789 | \$ (33,032) | 53% |
| Building Fees | 189,595 | 402,838 | 881,169 | 1,062,090 | 724,023 | (338,067) | 68% |
| Fire Marshall | 31,392 | 29,228 | 45,425 | 42,460 | 38,970 | (3,490) | 92% |
| TOTAL | \$ 276,652 | \$ 470,833 | \$ 1,010,227 | \$ 1,175,370 | \$ 800,782 | \$ (374,588) | 68% |

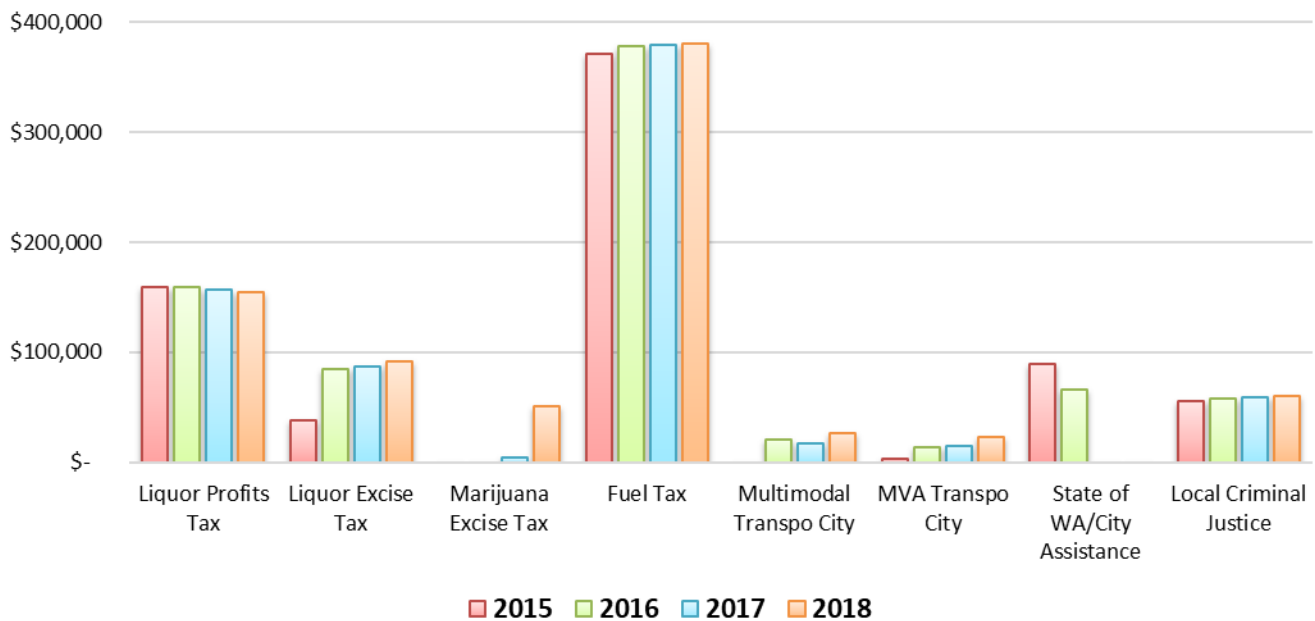


State Shared Revenues

State Shared Revenues are trending at 7% ahead of budget and 3% higher than the 3rd 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. Total Marijuana Excise Tax received through the 3rd Quarter of 2018 is 10.5 times higher than the amount received during the same period in 2017.

| Category | 2015 | 2016 | 2017 | 2018 | | % of Budget Received | |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|-------------|
| | YTD | YTD | YTD | Budget | YTD | | \$ Variance |
| Liquor Profits Tax | \$159,250 | \$ 159,627 | \$ 157,021 | \$ 223,510 | \$ 154,747 | \$ (68,763) | 69% |
| Liquor Excise Tax | 38,263 | 84,995 | 87,169 | 20,930 | 91,736 | 70,806 | 438% |
| Marijuana Excise Tax | - | - | 4,775 | - | 50,433 | 50,433 | n/a |
| Motor Vehicle Fuel Tax | 370,595 | 377,645 | 378,902 | 514,730 | 380,912 | (133,818) | 74% |
| Multimodal Transpo City | - | 21,062 | 17,184 | 28,640 | 26,280 | (2,360) | 92% |
| MVA Transpo City | 3,681 | 13,355 | 15,037 | 18,540 | 22,995 | 4,455 | 124% |
| State of WA/City Assistance | 89,449 | 65,993 | - | 79,330 | - | (79,330) | 0% |
| Local Criminal Justice | 55,770 | 57,841 | 59,248 | 70,500 | 60,756 | (9,744) | 86% |
| Total | \$ 717,009 | \$ 780,519 | \$ 719,335 | \$ 956,180 | \$ 787,859 | \$ (168,321) | 82% |

State Shared Revenues
3rd 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 September 2018 regardless of when the revenue was remitted to the City. Vehicle Excise Tax is trending at 8% ahead of budgeted expectations for 2018 and is 7% higher than in the same period in 2017.

Vehicle Excise Taxes

| Month | 2015 | 2016 | 2017 | 2018 |
|--------------|-------------------|-------------------|-------------------|-------------------|
| | YTD | YTD | YTD | YTD |
| January | \$ 27,562 | \$ 27,720 | \$ 30,571 | \$ 33,482 |
| February | 27,067 | 32,333 | 25,166 | 28,314 |
| March | 33,898 | 36,452 | 38,056 | 41,255 |
| April | 31,918 | 31,581 | 32,710 | 33,779 |
| May | 32,254 | 30,967 | 36,868 | 37,243 |
| June | 42,134 | 42,154 | 39,184 | 36,175 |
| July | 28,948 | 26,037 | 30,155 | 39,382 |
| August | 31,442 | 36,095 | 37,877 | 38,570 |
| September | 28,809 | 29,462 | 28,750 | 30,621 |
| TOTAL | \$ 284,031 | \$ 292,802 | \$ 299,336 | \$ 318,821 |

Utility Tax

Utility Taxes are received by the City one month after earned. As of the date of this report, actual revenues *earned* through September 30, 2018 are as follows: Electric, \$605K or 76% of budget; Natural Gas, \$319K or 69% of budget; Telecom, \$248K or 51% of budget; Cable TV, \$284K or 75% of budget.

| Category | 2015 | 2016 | 2017 | 2018 | | \$ Variance | % of Budget Received |
|--------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|----------------------|
| | YTD | YTD | YTD | Budget | YTD | | |
| Electric | \$ 510,494 | \$ 524,853 | \$ 554,878 | \$ 799,720 | \$ 542,815 | \$(256,905) | 68% |
| Gas | 383,698 | 269,612 | 349,670 | 459,670 | 305,165 | (154,506) | 66% |
| Telecom | 310,138 | 243,755 | 215,605 | 489,450 | 208,947 | (280,503) | 43% |
| Cable TV | 211,392 | 172,354 | 132,694 | 377,430 | 170,160 | (207,270) | 45% |
| TOTAL | \$ 1,415,722 | \$ 1,210,574 | \$ 1,252,847 | \$ 2,126,270 | \$ 1,227,087 | \$(899,183) | 58% |

Parks and Recreation

The Parks and Recreation Department is performing better than budgeted expectations in both revenues and expenditures through the 3rd Quarter of 2018. Lake Wilderness Lodge revenue is 12% higher than in the 3rd Quarter of 2017 and 119% of budget as of September 30, 2018. The noticeable increase in Recreation Fees through the 3rd Quarter 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 trending 16% ahead of budget and 15% higher than the 3rd Quarter of 2017. Total Parks and Recreation program expenditures are trending at 76% of budgeted expectations and is expected to remain significantly under budget as one of the largest of the recreation programs—Camp Wild—occurs in the Summer.

| | 2015 YTD | 2016 YTD | 2017 YTD | 2018 Budget | 2018 YTD | \$ Variance | % of Budget Rcvd./Expd. |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------------|
| <u>Program Revenues</u> | | | | | | | |
| Recreation Fees | \$ 310,223 | \$ 336,477 | \$ 339,627 | \$ 431,130 | \$ 484,410 | \$ 53,280 | 112% |
| LW Lodge | 187,877 | 301,981 | 337,760 | 316,000 | 377,201 | 61,201 | 119% |
| Rental Revenue | 24,367 | 26,782 | 29,029 | 30,260 | 58,851 | 28,591 | 194% |
| Event Concessions | 19,269 | 22,781 | 26,024 | 21,930 | 20,089 | (1,841) | 92% |
| Donations/Grants/Misc | 36,052 | 44,507 | 44,493 | 43,580 | 33,769 | (9,811) | 77% |
| Parks Maintenance | 17,702 | 24,320 | 34,493 | 27,170 | 100 | (27,070) | 0% |
| Total Program Revenues | \$ 595,490 | \$ 756,847 | \$ 811,426 | \$ 870,070 | \$ 974,420 | \$ 104,350 | 112% |
| <u>Program Expenditures</u> | | | | | | | |
| Parks Administration | \$ 186,490 | \$ 257,617 | \$ 296,848 | \$ 480,700 | \$ 328,649 | \$ (152,051) | 68% |
| Parks Maintenance | 243,216 | 282,234 | 293,593 | 466,670 | 317,473 | (149,197) | 68% |
| Lake Wilderness Lodge | 236,933 | 289,061 | 355,896 | 520,690 | 352,151 | (168,539) | 68% |
| Recreation Administration | 152,359 | 205,160 | 199,592 | 340,430 | 220,694 | (119,736) | 65% |
| Beach Services | 81,565 | 92,668 | 93,015 | 114,790 | 92,294 | (22,496) | 80% |
| Adult Sports | 38,116 | 40,308 | 41,927 | 58,680 | 46,796 | (11,884) | 80% |
| Adult Classes | 20,397 | 23,126 | 29,542 | 36,710 | 29,042 | (7,668) | 79% |
| Youth Sports | 35,950 | 74,899 | 72,917 | 93,950 | 91,123 | (2,827) | 97% |
| Youth Classes | 55,293 | 91,930 | 69,392 | 100,480 | 91,869 | (8,611) | 91% |
| Day Camp | 50,582 | 50,463 | 71,428 | 77,620 | 77,299 | (321) | 100% |
| Parent's Night Out | 959 | - | - | - | - | - | n/a |
| Special Events | 120,518 | 127,482 | 145,758 | 154,440 | 144,549 | (9,891) | 94% |
| Community Grants/Programs | 201,990 | 202,995 | 176,064 | 371,500 | 342,315 | (29,185) | 92% |
| Total Program Expenditures | \$ 1,424,367 | \$ 1,737,944 | \$ 1,845,971 | \$ 2,816,660 | \$ 2,134,253 | \$ (682,407) | 76% |

Lake Wilderness Golf Course

As of September 30, 2018 the Lake Wilderness Golf Course shows revenues exceeding expenditures by \$197K. Revenues are \$23K or 3% higher than during the same period in 2017 and are expected to decline during the 4th Quarter of 2018 due to weather. While expenditures through the 3rd Quarter are \$38K or 5% higher than in the previous year, they are trending at only 67% of total budget.

| REVENUES | 2015 | 2016 | 2017 | 2018 | | % of Budget | |
|---------------------------------------|----------------|----------------|----------------|------------------|----------------|--------------------|-----------------|
| | YTD | YTD | YTD | Budget | YTD | \$ Variance | Received |
| Administration | | | | | | | |
| Investment Interest | (124) | (50) | (38) | 20 | (84) | (104) | -421% |
| Cash Adjustments | (217) | (86) | 58 | 50 | (53) | (103) | -106% |
| Miscellaneous | - | - | 231 | - | 406 | 406 | n/a |
| Total Administration | (340) | (136) | 251 | 70 | 269 | 199 | 384% |
| Course Operations | | | | | | | |
| Golf Green Fees | 497,490 | 490,302 | 498,142 | 565,460 | 521,063 | (44,397) | 92% |
| Golf Pro-Shop Merch. Sales | 56,036 | 63,172 | 52,441 | 77,090 | 67,265 | (9,825) | 87% |
| Golf Lessons | 24,211 | 630 | 560 | - | 1,265 | 1,265 | n/a |
| Golf Clubs & Cart Rentals | 139,899 | 154,094 | 151,004 | 179,750 | 167,098 | (12,652) | 93% |
| Total Course Operations | 717,636 | 708,197 | 702,148 | 822,300 | 756,690 | (65,610) | 92% |
| Restaurant Operations | | | | | | | |
| Food Sales | 103,354 | 92,547 | 78,718 | 108,500 | 67,422 | (41,078) | 62% |
| Beverage Sales | 148,868 | 128,174 | 124,062 | 194,640 | 103,714 | (90,926) | 53% |
| Restaurant Rental | 3,762 | 7,346 | 6,460 | 4,520 | 5,591 | 1,071 | 124% |
| Total Restaurant Operations | 255,984 | 228,067 | 209,241 | 307,660 | 176,727 | (130,933) | 57% |
| City Revenues | | | | | | | |
| Sales Tax | - | - | 18,364 | - | 19,579 | 19,579 | n/a |
| Transfers-In from General Fund | | | | | | | |
| Transfers - In from General Fund | - | - | - | - | - | - | n/a |
| Total City Revenues | - | - | 18,364 | - | 19,579 | 19,579 | 0% |
| Total Revenues | 973,279 | 936,128 | 930,003 | 1,130,030 | 953,266 | (176,764) | 84% |

Revenues included increases in Golf Greens Fees of \$23K or 5%, Merchandise Sales of \$15K or 28%, and Golf Clubs and Cart Rentals of \$16K or 11% offset by a decrease in Restaurant Operation revenue of \$33K or 16% compared to the same period in 2017.

| EXPENDITURES | 2015 | 2016 | 2017 | 2018 | | % of Budget | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|--------------------|-----------------|
| | Actual | Actual | Actual | Budget | Actual | \$ Variance | Expended |
| City Paid Expenditures | | | | | | | |
| Salaries & Wages | 2,148 | 2,756 | 2,617 | 3,830 | 2,071 | (1,759) | 54% |
| Benefits | 775 | 964 | 917 | 1,340 | 450 | (890) | 34% |
| Office & Operating Supp. | 219 | 232 | 83 | 330 | 87 | (243) | 26% |
| Other Professional Services | - | - | - | 15,000 | 15,000 | - | 100% |
| Management Services | 71,631 | 71,631 | 71,631 | 99,460 | 71,631 | (27,829) | 72% |
| Banking Services | 25,803 | 21,504 | 25,347 | 28,490 | 22,296 | (6,194) | 78% |
| Cost Alloc. - Finance | 1,307 | - | - | - | - | - | n/a |
| Cost Alloc. - Parks Admin | 157 | - | - | - | - | - | n/a |
| Taxes & Assessments | 5,020 | 4,878 | 6,776 | 6,770 | 4,963 | (1,807) | 73% |
| Equipment Replacement | 10,071 | 3,453 | 2,149 | 2,870 | 2,149 | (721) | 75% |
| Property Insurance | 8,128 | 5,868 | - | 6,120 | 5,948 | (172) | 97% |
| Fire & Life Safety Services | - | 125 | - | 170 | - | (170) | 0% |
| Total City Paid Exp. | 125,260 | 111,411 | 109,520 | 164,380 | 124,595 | (39,785) | 76% |
| Administration | | | | | | | |
| Office & Operating Supp. | 5,280 | 6,626 | 5,896 | 6,630 | 1,507 | (5,123) | 23% |
| Small Tools & Minor Equip. | 6,189 | - | 601 | 5,100 | 245 | (4,855) | 5% |
| Books & Minor Software | - | - | 606 | - | 241 | 241 | n/a |
| Advertising | 8,115 | 7,133 | 6,075 | 8,160 | 5,425 | (2,735) | 66% |
| Other Professional Services | 7,711 | 6,576 | 3,397 | 9,130 | 3,984 | (5,146) | 44% |
| Management Services | 92 | - | - | 120 | - | (120) | 0% |
| Contracted Staff | 17,561 | 14,984 | 16,121 | 20,810 | 12,615 | (8,195) | 61% |
| Payroll & Personnel Services | 2,084 | 632 | 1,732 | 880 | 2,286 | 1,406 | 260% |
| Cleaning Services | - | - | 700 | - | 960 | 960 | n/a |
| Security Services | 6,719 | 4,449 | 3,201 | 6,180 | 4,009 | (2,171) | 65% |
| Banking Services | 385 | 413 | 314 | 570 | 352 | (218) | 62% |
| Software Maint. & Support | - | - | 2,478 | - | 6,302 | 6,302 | n/a |
| Telephone | 6,671 | 5,749 | 4,823 | 7,650 | 2,346 | (5,304) | 31% |
| Internet | - | - | 2,788 | - | 2,917 | 2,917 | n/a |
| Postage | 9 | - | 53 | 10 | 105 | 95 | 1051% |
| Travel | 652 | 878 | 562 | 1,020 | 436 | (584) | 43% |
| Rentals and Leases | - | - | 1,712 | - | 1,935 | 1,935 | n/a |
| Liability Insurance | 6,031 | - | - | 7,590 | - | (7,590) | 0% |
| Property Insurance | 2,933 | 9,629 | 10,083 | 3,060 | 7,859 | 4,799 | 257% |
| Utility Services | 6,954 | 37,038 | 19,085 | 30,600 | 33,273 | 2,673 | 109% |
| Cable TV | 1,965 | 1,066 | 1,949 | 1,480 | 1,648 | 168 | 111% |
| Repairs & Maintenance | 1,782 | 2,242 | 1,955 | 2,450 | 382 | (2,068) | 16% |
| Dues, Subscriptions & Member: | 1,479 | 706 | 1,284 | 2,010 | 1,757 | (253) | 87% |
| Licenses & Permits | 3,471 | 2,912 | 3,426 | 4,040 | 1,995 | (2,045) | 49% |
| Background Checks | - | - | 278 | - | 586 | 586 | n/a |
| Registration & Training | - | 675 | 173 | 710 | 305 | (405) | 43% |
| Other Miscellaneous | 2,559 | 9,248 | 686 | 3,570 | 954 | (2,616) | 27% |
| Other Intergov'tl Licenses | - | - | 22 | - | 947 | 947 | n/a |
| Total Administration | 88,639 | 110,955 | 89,998 | 121,770 | 95,370 | (26,400) | 78% |

| | 2015 | 2016 | 2017 | 2018 | | % of Budget | |
|----------------------------------|----------------|----------------|----------------|------------------|----------------|------------------|------------|
| | Actual | Actual | Actual | Budget | Actual | \$ Variance | Expended |
| Course Operations | | | | | | | |
| Office & Operating Supp. | 50,042 | 36,189 | 45,108 | 69,480 | 53,463 | (16,017) | 77% |
| Fuel Consumed | 14,803 | 15,168 | 13,663 | 20,550 | 16,051 | (4,499) | 78% |
| Inventory Supplies-Merch. | 47,325 | 49,398 | 39,218 | 52,450 | 40,310 | (12,140) | 77% |
| Small Tools & Minor Equip. | 22,036 | 4,764 | 9,616 | 6,620 | 9,742 | 3,122 | 147% |
| Advertising | 91 | - | - | 120 | - | (120) | 0% |
| Other Professional Services | - | - | 678 | - | 2,467 | 2,467 | n/a |
| Contracted Staff-Pro Shop | 92,903 | 84,033 | 92,580 | 135,870 | 100,656 | (35,214) | 74% |
| Contracted Staff-Course | 136,313 | 130,792 | 120,843 | 185,200 | 129,011 | (56,189) | 70% |
| Travel | - | - | - | - | - | - | n/a |
| Rentals & Leases | 34,481 | 30,553 | 19,359 | 47,880 | 34,118 | (13,762) | 71% |
| Liability Insurance | - | - | - | - | - | - | n/a |
| Utility Services | 12,904 | - | 6,147 | 17,920 | - | (17,920) | 0% |
| Repairs & Maintenance | 3,300 | 25,662 | 962 | 4,580 | 1,802 | (2,778) | 39% |
| Registration & Training | - | - | - | - | 86 | 86 | n/a |
| Dues & Subscriptions | - | - | - | - | - | - | n/a |
| Other Miscellaneous | - | 8,115 | 283 | 11,270 | - | (11,270) | 0% |
| Total Course Operations | 414,196 | 384,674 | 348,457 | 551,940 | 387,707 | (164,233) | 70% |
| Restaurant | | | | | | | |
| Office & Operating Supp. | 21,192 | 7,206 | 6,853 | 29,730 | 9,231 | (20,499) | 31% |
| Inventory Supplies-Food | 43,863 | 43,958 | 35,271 | 48,460 | 29,695 | (18,765) | 61% |
| Inventory Supp. - Beverages | 52,538 | 50,383 | 38,685 | 59,220 | 30,593 | (28,627) | 52% |
| Small Tools & Minor Equip. | 4,863 | 7,544 | 663 | 9,720 | 3,170 | (6,550) | 33% |
| Books & Minor Software | - | - | 54 | - | - | - | n/a |
| Contracted Staff | 76,857 | 82,419 | 74,977 | 108,760 | 61,835 | (46,925) | 57% |
| Cleaning Services | - | - | - | - | 407 | 407 | n/a |
| Rentals & Leases | 5,566 | 4,663 | 6,109 | 8,030 | 6,557 | (1,473) | 82% |
| Utility Services | 1,864 | - | 3,984 | 2,590 | - | (2,590) | 0% |
| Repairs & Maintenance | 6,166 | 7,033 | 2,802 | 10,600 | 6,681 | (3,919) | 63% |
| Other Miscellaneous | - | 163 | - | 220 | 3 | (217) | 1% |
| Total Restaurant | 212,910 | 203,368 | 169,397 | 277,330 | 148,172 | (129,565) | 53% |
| Restaurants Improvements | | | | | | | |
| WIP-Construction | - | - | - | 10,000 | - | (10,000) | 0% |
| Course Improvements | | | | | | | |
| WIP-Construction | - | - | - | - | - | - | n/a |
| Total Expenditures | 841,005 | 810,408 | 717,372 | 1,125,420 | 755,845 | (369,982) | 67% |
| Revenue Over Expenditures | 132,274 | 125,720 | 212,631 | 4,610 | 197,421 | 192,811 | n/a |

The \$38K increase in expenditures over the 3rd Quarter 2017 is made up of increases of \$39K in Course Operations, \$15K in City-Paid expenses, and \$5K in Administrative expenses offset by a decrease of \$21K in Restaurant Operations. Staff is projecting a surplus of approximately \$12K by the end of 2018.

Public Safety

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

Public Safety revenues are on track to meet budgeted expectations as of September 30, 2018. Municipal Court revenues appear high because of an overreporting of August revenues by the Kent Court. A correction will be made in the 4th Quarter. Adjusted for this error, Municipal Court revenue is 4% ahead of budgeted expectations and Public Safety revenue is 1% below budgeted expectations.

Billings for the King County Sheriff contract are received by the City one month after services are rendered so as of September 30, 2018 only 8 payments have been recorded. Adjusted for timing, Public Safety expenditures are trending at 5% under budget.

| | 2015 | 2016 | 2017 | 2018 | | % of Budget Rec./Expd. | |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------|-------------|
| | YTD | YTD | YTD | Budget | YTD | | \$ Variance |
| Revenues | | | | | | | |
| Grants and Contributions | \$ 16,838 | \$ 13,852 | \$ 18,541 | \$ 30,030 | \$ 16,836 | \$ (13,194) | 56% |
| Criminal Justice Contract Svcs. | 30,575 | 31,417 | 32,242 | 38,170 | 33,180 | \$ (4,990) | 87% |
| Criminal Justice - Special Prog. | 17,673 | 18,471 | 18,961 | 21,270 | 19,440 | \$ (1,830) | 91% |
| Criminal Justice Low Population | 4,819 | 5,061 | 5,220 | 6,260 | 5,375 | \$ (885) | 86% |
| Criminal Justice - DUI | 2,704 | 2,891 | 2,824 | 4,800 | 2,761 | \$ (2,039) | 58% |
| Impound Fees | 4,200 | 6,900 | 6,900 | 9,380 | 6,400 | \$ (2,980) | 68% |
| False Alarm Fees | 1,050 | 1,575 | 1,550 | 770 | 1,900 | \$ 1,130 | 247% |
| Municipal Court | 77,948 | 75,662 | 86,887 | 105,410 | 100,887 | \$ (4,523) | 96% |
| TSD School Resource Officer | - | - | - | 97,850 | 63,484 | \$ (34,366) | 65% |
| Donations/Miscellaneous | 250 | - | - | 1,340 | - | \$ (1,340) | 0% |
| Total Revenues | \$ 156,056 | \$ 155,830 | \$ 173,125 | \$ 315,280 | \$ 250,263 | \$ (65,017) | 79% |
| Expenditures | | | | | | | |
| Police Operations | \$ 2,773,077 | \$ 2,740,346 | \$ 2,359,630 | \$ 4,658,349 | \$ 2,941,391 | \$ (1,716,958) | 63% |
| Police Training | 1,004 | 228 | - | 2,550 | - | \$ (2,550) | 0% |
| Police Facility | 40,046 | 43,676 | 44,473 | 53,840 | 38,342 | \$ (15,498) | 71% |
| Police Special Programs | 22,889 | 22,400 | 31,164 | 49,790 | 46,703 | \$ (3,087) | 94% |
| Jail | 75,444 | 95,772 | 127,501 | 135,380 | 94,958 | \$ (40,422) | 70% |
| Municipal Court | 194,189 | 192,664 | 197,510 | 350,030 | 221,666 | \$ (128,364) | 63% |
| Emergency Preparedness | 18,328 | 33,725 | 34,728 | 38,960 | 20,184 | \$ (18,776) | 52% |
| Total Expenditures | \$ 3,124,976 | \$ 3,128,813 | \$ 2,795,006 | \$ 5,288,899 | \$ 3,363,243 | \$ (1,925,656) | 64% |
| Revenues Under Expenditures | \$ (2,968,920) | \$ (2,972,983) | \$ (2,621,881) | \$ (4,973,619) | \$ (3,112,980) | \$ 1,860,639 | 63% |

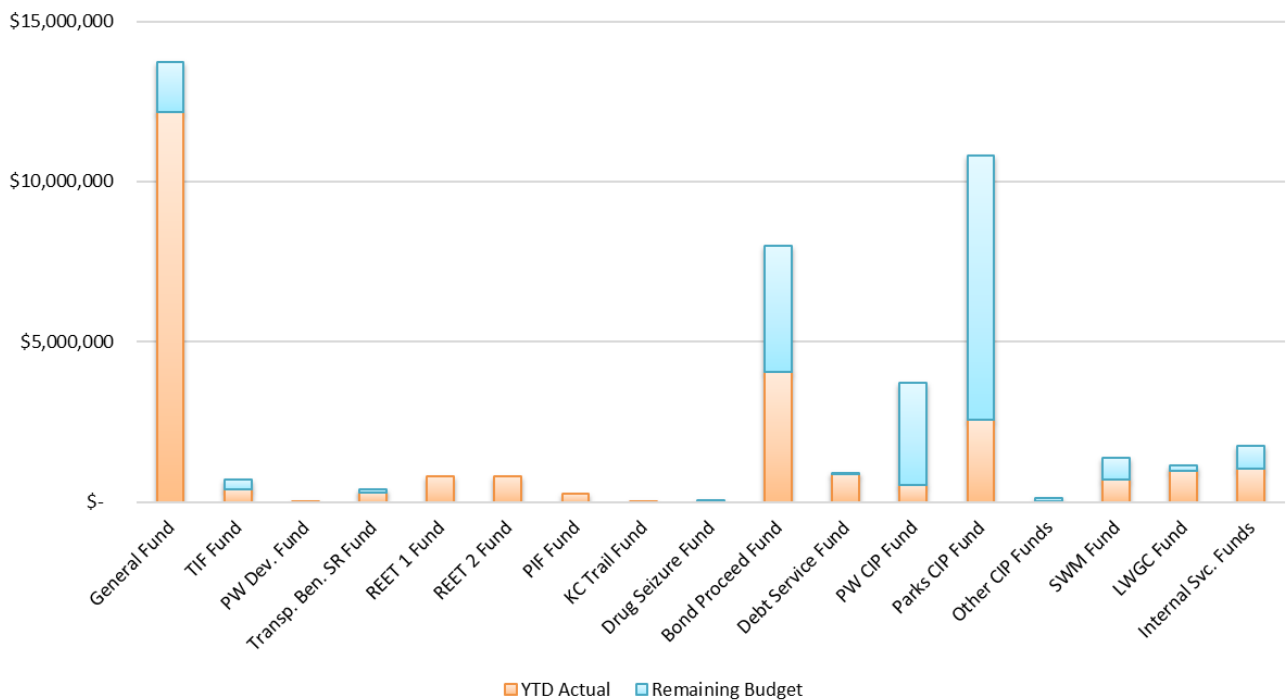
Budget vs. Actual

Budget vs Actual Revenue & Transfers-In by Fund

As of September 30, 2018

| Fund | Budget | YTD Actual | Remaining Budget |
|-------------------------------------|----------------------|----------------------|----------------------|
| General Fund | \$ 13,730,602 | \$ 12,166,286 | \$ 1,564,316 |
| Transportation Impact Fee Fund | 694,630 | 403,625 | 291,005 |
| PW Development Fund | 1,800 | 3,282 | (1,482) |
| Transportation Benefit SR Fund | 382,600 | 295,964 | 86,636 |
| REET 1 Fund (Transportation) | 786,930 | 797,848 | (10,918) |
| REET 2 Fund (Parks) | 771,680 | 798,427 | (26,747) |
| Parks Impact Fee fund | 251,670 | 266,378 | (14,708) |
| King County Trail & Open Space Fund | 22,490 | 32,998 | (10,508) |
| Drug Seizures Fund | 10,320 | 3,167 | 7,153 |
| Bond Proceed Fund | 8,000,000 | 4,059,139 | 3,940,861 |
| Debt Service Fund | 890,157 | 865,833 | 24,324 |
| Public Works CIP Fund | 3,734,262 | 544,146 | 3,190,116 |
| Parks CIP Fund | 10,825,577 | 2,574,912 | 8,250,665 |
| Other CIP Funds | 132,500 | 11,211 | 121,289 |
| Surface Water Management | 1,382,530 | 711,113 | 671,417 |
| Lake Wilderness Golf Course Fund | 1,130,030 | 953,266 | 176,764 |
| Internal Service Funds | 1,735,572 | 1,041,271 | 694,301 |
| Total | \$ 44,483,350 | \$ 25,528,865 | \$ 18,954,485 |

Revenue & Transfers-In by Fund

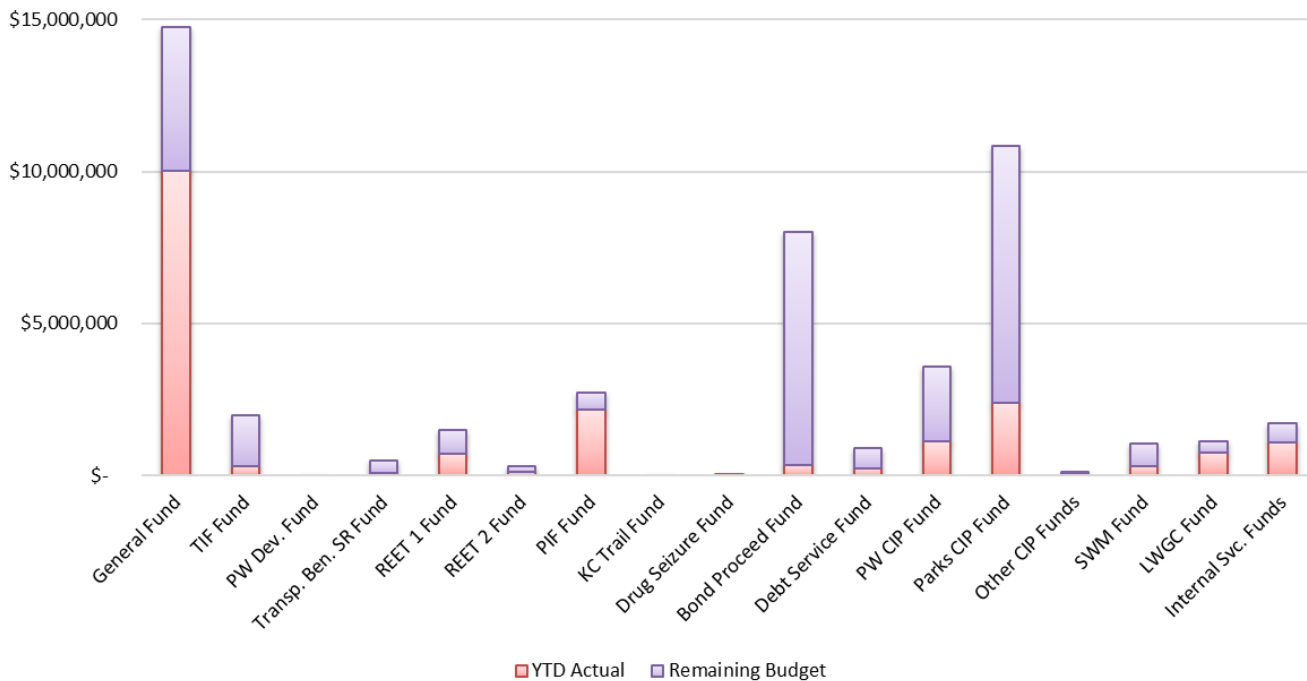


Budget vs Actual Expenditures & Transfers-Out by Fund

As of September 30, 2018

| Fund | Budget | YTD Actual | Remaining Budget |
|-------------------------------------|----------------------|----------------------|----------------------|
| General Fund | \$ 14,755,576 | \$ 10,036,848 | \$ 4,718,728 |
| Transportation Impact Fee Fund | 1,986,373 | 317,082 | 1,669,291 |
| PW Development Fund | - | - | - |
| Transportation Benefit SR Fund | 484,094 | 80,454 | 403,640 |
| REET 1 Fund (Transportation) | 1,484,477 | 732,720 | 751,757 |
| REET 2 Fund (Parks) | 289,741 | 130,578 | 159,163 |
| Parks Impact Fee fund | 2,735,610 | 2,184,417 | 551,193 |
| King County Trail & Open Space Fund | - | - | - |
| Drug Seizures Fund | 8,730 | 16,160 | (7,430) |
| Bond Proceed Fund | 8,000,000 | 330,728 | 7,669,272 |
| Debt Service Fund | 890,158 | 226,793 | 663,365 |
| Public Works CIP Fund | 3,569,262 | 1,136,057 | 2,433,205 |
| Parks CIP Fund | 10,825,577 | 2,398,914 | 8,426,663 |
| Other CIP Funds | 132,500 | 31,211 | 101,289 |
| Surface Water Management | 1,051,580 | 314,979 | 736,601 |
| Lake Wilderness Golf Course Fund | 1,125,420 | 755,845 | 369,575 |
| Internal Service Funds | 1,727,012 | 1,079,341 | 647,671 |
| Total | \$ 49,066,110 | \$ 19,772,126 | \$ 29,293,984 |

Expenditures & Transfers-Out by Fund



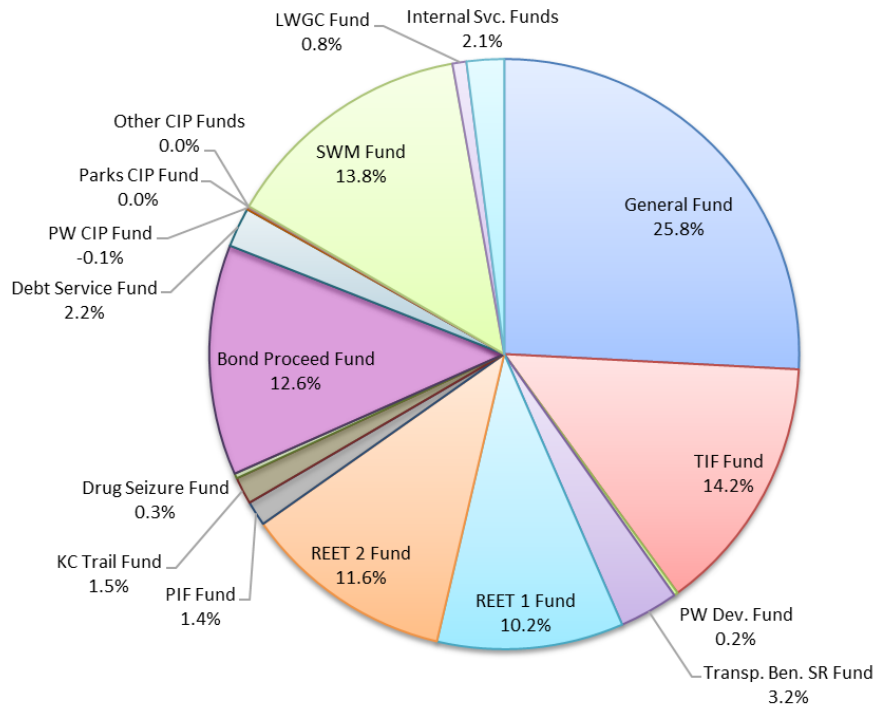
Fund Balance Summary

Ending Fund Balance
As of September 30, 2018

| Fund | Beginning Fund Balance | Revenues & Transfers-In | Expenditures & Transfers-Out | Ending Fund Balance |
|-------------------------------------|------------------------|-------------------------|------------------------------|----------------------|
| General Fund | \$ 5,491,168 | \$ 12,166,286 | \$ 10,036,848 | \$ 7,620,606 |
| Transportation Impact Fee Fund | 4,094,973 | 403,625 | 317,082 | 4,181,516 |
| PW Development Fund | 62,529 | 3,282 | - | 65,811 |
| Transportation Benefit SR Fund | 737,644 | 295,964 | 80,454 | 953,153 |
| REET 1 Fund (Transportation) | 2,949,850 | 797,848 | 732,720 | 3,014,979 |
| REET 2 Fund (Parks) | 2,746,149 | 798,427 | 130,578 | 3,413,998 |
| Parks Impact Fee Fund | 2,318,710 | 266,378 | 2,184,417 | 400,672 |
| King County Trail & Open Space Fund | 405,744 | 32,998 | - | 438,742 |
| Drug Seizures Fund | 93,290 | 3,167 | 16,160 | 80,297 |
| Bond Proceed Fund | - | 4,059,139 | 330,728 | 3,728,411 |
| Debt Service Fund | - | 865,833 | 226,793 | 639,040 |
| Public Works CIP Fund | 556,196 | 544,146 | 1,136,057 | (35,715) |
| Parks CIP Fund | (167,998) | 2,574,912 | 2,398,914 | 8,000 |
| Other CIP Funds | 31,775 | 11,211 | 31,211 | 11,775 |
| Surface Water Management | 3,686,267 | 711,113 | 314,979 | 4,082,400 |
| Lake Wilderness Golf Course Fund | 28,205 | 953,266 | 755,845 | 225,626 |
| Internal Service Funds* | 643,722 | 1,041,271 | 1,079,341 | 605,652 |
| Total | \$ 23,678,225 | \$ 25,528,865 | \$ 19,772,126 | \$ 29,434,963 |

*Ending Fund Balance primarily consists of equipment replacement reserves.

Ending Fund Balance by Fund



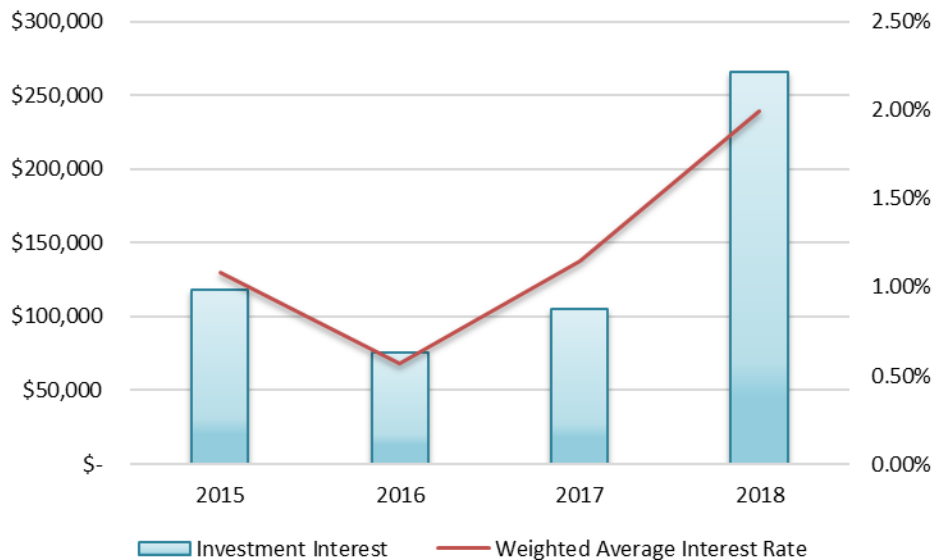
Cash and Investments

Total cash and investments as of September 30, 2018 were \$30,400,911. 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 0.18% in September 2015 to 2.06% in September 2018. The City is currently maintaining a high Cash and Cash Equivalents balance in preparation for several large parks and public works capital projects occurring in 2018 and 2019.

| | Interest Rate | Beginning Balance | Receipts and Investments Purchased | Disbursements and Investments Sold/Matured | Change in Fair Value | Ending Balance |
|--|------------------------------|----------------------|------------------------------------|--|----------------------|----------------------|
| | Sep-18 | 1/1/2018 | | | | 6/30/2018 |
| Cash & Cash Equivalents | | | | | | |
| Petty Cash/Imprest Funds | | \$ 20,500 | \$ 450 | \$ - | \$ - | \$ 20,950 |
| Checking Account | | 7,253,361 | 18,297,741 | (20,557,104) | - | 4,993,998 |
| LGIP | 2.06% | 15,772,118 | 7,407,595 | - | - | 23,179,713 |
| Subtotal: Cash & Cash Equivalents | | 23,045,979 | 25,705,787 | (20,557,104) | - | 28,194,661 |
| Investments at Market Value | | | | | | |
| Maturity | Description | | | | | |
| 12/6/2018 | FICO STRIP PRN | 1.16% | 1,179,167 | - | 16,100 | 1,195,267 |
| 10/15/2019 | RESOLUTION FUNDING CO | 1.45% | 1,005,067 | - | 5,916 | 1,010,983 |
| | Subtotal: Investments | | 2,184,234 | - | 22,016 | 2,206,250 |
| | | \$ 25,230,213 | \$ 25,705,787 | \$ (20,557,104) | \$ 22,016 | \$ 30,400,911 |

Investment Interest (Q3 Comparison)



Debt Service

As of September 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 Funds.

| <u>Total Annual Debt Service</u> | | | |
|----------------------------------|---------------------|-------------------|---------------------|
| Year | Principal | Interest | Total |
| 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> | | |
|--|-------------------|------------------|-------------------|---|------------------|-------------------|
| Year | Principal | Interest | Balance | Principal | Interest | Balance |
| 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> | | |
|-----------------------------------|-------------------|------------------|---------------------|--------------------------------|-------------------|---------------------|
| Year | Principal | Interest | Balance | Principal | Interest | Balance |
| 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 |