



2nd Quarter Financial Report as of June 30, 2019



Introduction

The 2nd Quarter 2019 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, 2019 through June 30, 2019.



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2nd Quarter Financial Report

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Operating Revenues

Operating revenues for the second quarter are provided in the table below. The revenue of the three prior years and the current year have been provided. The 2019 budget numbers are for the full year whereas actuals for each year reflect activity through June 30th. Overall, total revenue earned through the second quarter of 2019 is \$6.2 million or 40% of the annual budget. Additional details are provided below.

Operating Revenue	2016 YTD	2017 YTD	2018 YTD	2019			
				Budget	YTD	\$ Variance	% of Budget Received
Property Tax	\$1,816,397	\$1,855,107	\$1,915,201	\$ 3,953,670	\$2,034,525	\$(1,919,145)	51%
Sales Tax	1,093,775	1,024,949	1,075,878	4,042,550	1,099,531	(2,943,019)	27%
Criminal Justice Sales Tax	325,510	329,618	354,112	761,440	376,260	(385,180)	49%
Utility Tax - Electric	347,774	368,685	364,617	862,930	350,172	(512,758)	41%
Utility Tax - Natural Gas	217,470	291,911	254,909	437,870	235,013	(202,857)	54%
Utility Tax - Telecom	142,997	130,621	132,177	356,780	96,798	(259,982)	27%
Utility Tax - Cable TV	113,183	68,220	60,136	266,850	111,137	(155,713)	42%
Gambling Tax	22,483	16,940	5,121	41,390	9,926	(31,464)	24%
Leasehold Excise Tax	-	2,134	1,838	3,700	911	(2,789)	n/a
Professional and Occupations License	-	-	546	910	480	(430)	53%
Franchise Fees - Cable TV	83,646	92,175	86,928	370,310	87,044	(283,266)	24%
General Business Licenses	3,692	4,202	4,273	10,000	5,807	(4,193)	58%
Transient Sales Licenses	884	2,498	1,394	1,770	1,964	194	111%
Marijuana Excise Tax	-	-	38,006	45,000	24,850	(20,150)	n/a
Liquor Excise Tax	58,944	60,631	63,007	123,540	69,272	(54,269)	56%
Liquor Profits	106,475	104,683	103,169	206,350	103,051	(103,299)	50%
Sale of Maps & Publications	87	52	102	140	65	(75)	47%
Passport Filing Fees	7,075	6,250	7,190	14,110	8,960	(5,150)	64%
Non-Traffic Infraction Penalty	-	-	-	-	-	-	n/a
Investment Interest	22,055	26,532	52,221	116,830	113,719	(3,111)	97%
Miscellaneous	3,574	3,088	46,456	6,070	5,463	(607)	90%
Economic Development	-	24,700	3,635	24,700	(13,745)	(38,445)	n/a
Risk Management	-	5,500	-	-	-	-	n/a
Community Development	321,413	625,348	596,774	1,374,420	534,100	(840,320)	39%
Public Safety	99,106	118,267	122,930	343,260	144,291	(198,969)	42%
Parks Maintenance	19,972	21,423	24,054	67,130	13,632	(53,498)	20%
Lake Wilderness Lodge	228,287	274,940	288,729	338,470	171,395	(167,075)	51%
Recreation	242,629	248,662	394,320	644,440	260,949	(383,491)	40%
Public Works Administration	92,345	124,962	102,349	240,260	56,610	(183,650)	24%
Public Works Maintenance	1,270	2,789	2,976	6,150	-	(6,150)	0%
Motor Vehicle Fuel Tax-City Streets	245,651	242,500	245,822	584,250	232,730	(351,520)	40%
Multimodal Transpo City	16,850	8,296	17,521	30,750	17,501	(13,249)	57%
MVA Transpo City	9,669	7,260	15,331	31,429	15,313	(16,115)	49%
Developer Contribution-Quadrant Homes	-	-	-	-	12,000	12,000	n/a
Waste Reduction and Recycling	50,991	50,123	41,102	120,680	49,957	(70,723)	41%
Proceeds from Sales of Capital Assets	-	-	2,743,723	-	-	-	n/a
Transfers	17,254	20,783	14,666	88,730	16,978	(71,752.45)	19%
TOTALS	\$5,751,089	\$6,163,850	\$9,181,213	\$ 15,516,879	\$6,246,658	\$(9,270,221)	40%

Property Tax collections are \$2 million through June 30, 2019, which represents 32.6% of total operating revenue year-to-date. This equals an increase of 6.2% over the same period in 2018. April 30th and October 31st are the payment due dates for property owners, and the City receives the money one month after it is remitted. The City's collection rate in 2018 was 99%.

Sales Tax is budgeted as 26.1% of total annual operating revenue in 2019. Payments are *received* by the City two months after it is paid by consumers. At the end of the second quarter, 27% of the annual budget has been received; this is an increase of \$23,653 over the second quarter of 2018. The sales tax by month and by category are provided on Page 9.

A recent Supreme Court decision, *South Dakota v. Wayfair*, requires businesses (specifically Internet retailers) without a physical location to collect and remit sales taxes on taxable sales shipped into a state. This decision was reached in June 2018, and contributes to the growth the City has experienced in the retail category.

Criminal Justice Sales Tax is a 0.1% sales tax imposed at the county level that is shared with cities based on a per capita basis. Year-to-date, this revenue is at 49% of budget expectations and 6% of total operating revenue.

Utility Taxes are imposed by the City are electric, natural gas, telecom and cable TV. Currently, the tax rates are at the maximum rate (6%) allowable without voter approval. Federal law prohibits the taxation of Internet services. The combined collected amount through the second quarter is \$793,120, which equals 41% of the annual budgeted amount. It also equals 12.7% of the total operating revenues for the same period.

Marijuana Excise Tax is imposed by the state at 37% on related retail product sales. The state shares the tax with cities based on two factors, per capita and retail share for licensed retailers by physical location. The first distribution to cities was in 2017 for the second half the year. The excise tax collected through June 30th is \$24,850, or 55% of the budgeted amount.

Liquor Excise Tax and Liquor Profits are examples of State Shared Revenue. The distribution is based on a per capita basis with liquor profits computed on the associated licensing fees and the excise tax is calculated on actual liquor sales.

For the second quarter of 2019, both liquor distributions are at or above 50% of budget. The excise tax portion increased 10% and, the liquor profit is virtual equal with the same period in 2018.

Community Development has earned \$534,100 through planning fees, building fee and the fire inspection fees. Revenue allocation for this department consists of planning fees at 6.7%, building fees 87.6%, and fire inspection fees are 5.7%. At the end of the second quarter, the combined revenue received is 39% of the budget.

Lake Wilderness Lodge revenue has reached 51% of the expected amount at \$171,395. Comparisons to the prior year are not accurate as the basis of accounting was converted to General Accepted Accounting Principles with the recreational software implementation in February 2019. It modified revenue recognition to the date earned and not when the payment was made to the City.

Parks Recreation has total revenue of \$260,949 for the six month period. This is 40% of the predicted level at the beginning of summer activities. For the same reason as above, comparison to the prior year should not be considered accurate.

Operating Expenditures

Total operating expenditures before transfers show spending at 40% of the annual budget, which calculates to an increase of 11.9% compared to the second quarter of 2018. The table below lists all on-going operating expenditures with a 2019 Budget to Actual Variance as well as the percent of budget expended. The budget for operating expenditures represents the entire year whereas actuals are for January through June of each year. Details of major variances are discussed following the table.

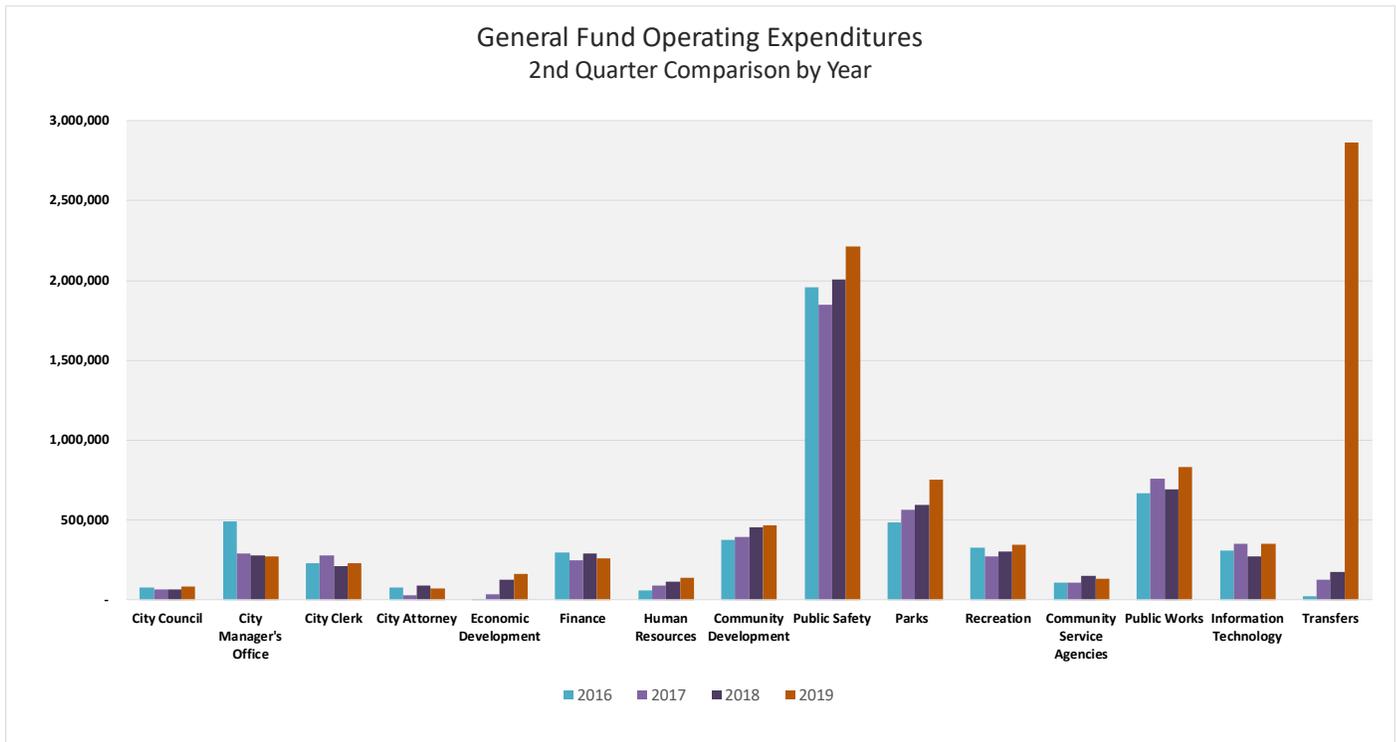
Operating Expenditures	2016 YTD	2017 YTD	2018 YTD	2019			
				Budget	YTD	\$ Variance	% of Budget Expended
City Council	\$ 81,243	\$ 68,182	\$ 66,120	\$ 183,650	\$ 84,947	\$ (98,703)	46%
City Manager's Office	427,920	219,427	205,582	470,870	214,755	(256,115)	46%
City Clerk	223,052	274,310	210,489	573,720	224,561	(349,159)	39%
City Attorney	78,317	27,448	90,430	200,000	75,026	(124,974)	38%
Economic Development	5,000	33,485	127,128	457,490	165,285	(292,205)	36%
Finance	298,470	246,613	293,778	639,830	263,990	(375,840)	41%
Human Resources	58,778	92,124	115,548	321,180	141,444	(179,736)	44%
Community Development	377,168	392,484	457,562	1,138,530	470,143	(668,387)	41%
Public Safety	1,960,459	1,845,878	2,004,450	5,510,870	2,211,427	(3,299,443)	40%
Emergency Operations	5,350	5,768	3,680	32,170	3,552	(28,619)	11%
Parks Administration	146,900	186,748	202,058	493,170	225,523	(267,647)	46%
Parks Maintenance	155,203	157,650	176,035	815,970	267,825	(548,145)	33%
Lake Wilderness Lodge	183,143	219,721	217,361	551,590	257,843	(293,747)	47%
Recreation Administration	132,598	117,113	129,996	434,830	184,711	(250,119)	42%
Recreation Programs	192,603	157,187	173,598	481,760	161,833	(319,927)	34%
Community Events	63,333	69,469	70,680	217,690	58,260	(159,430)	27%
Community Service Agencies	107,260	107,319	148,702	380,160	134,418	(245,742)	35%
Public Works Administration	254,105	254,867	243,398	794,990	241,018	(553,972)	30%
Public Works Maintenance	335,778	433,464	381,450	1,029,550	520,811	(508,739)	51%
Lake Management	17,254	13,001	14,666	88,730	16,978	(71,752)	19%
Waste Reduction & Recycling	59,278	57,501	51,971	91,680	56,760	(34,920)	62%
Information Technology	307,947	354,894	275,453	799,490	355,052	(444,438)	44%
Subtotals	5,471,161	5,334,652	5,660,132	15,707,920	6,336,161	(9,371,759)	40%
Transfers	25,018	129,305	177,771	3,296,936	2,862,517	(434,419)	87%
TOTALS	\$ 5,496,179	\$ 5,463,957	\$ 5,837,903	\$ 19,004,856	\$ 9,198,678	\$ (9,806,178)	48%

Waste Reduction and Recycling expenditures year-to-date are \$56,760 with an annual budget of \$91,680. These figures include the full year assessment (\$18,209) to Puget Sound Clean Air Agency. The percentage of budget expended is a slightly skewed for this annual assessment, but the year-to-date total for 2019 is comparable to the three prior years.

All other expenditures are below or near the budget expended level of 50%. A comparison of 2nd quarter expenditures by departments is shown in the graph below.

Interfund transfers for the second quarter included \$4.3 million for Summit Park. The final transfer of bond proceeds from the 2018 Councilman General Obligation Bonds for Summit Park construction was made for \$1.3

million. The General Fund contributed the budgeted amount of \$2.794 million toward Summit Park with the balance from REET, Transportation and Park Impact fees, King County Trails and Open Space, and Surface Water Management.



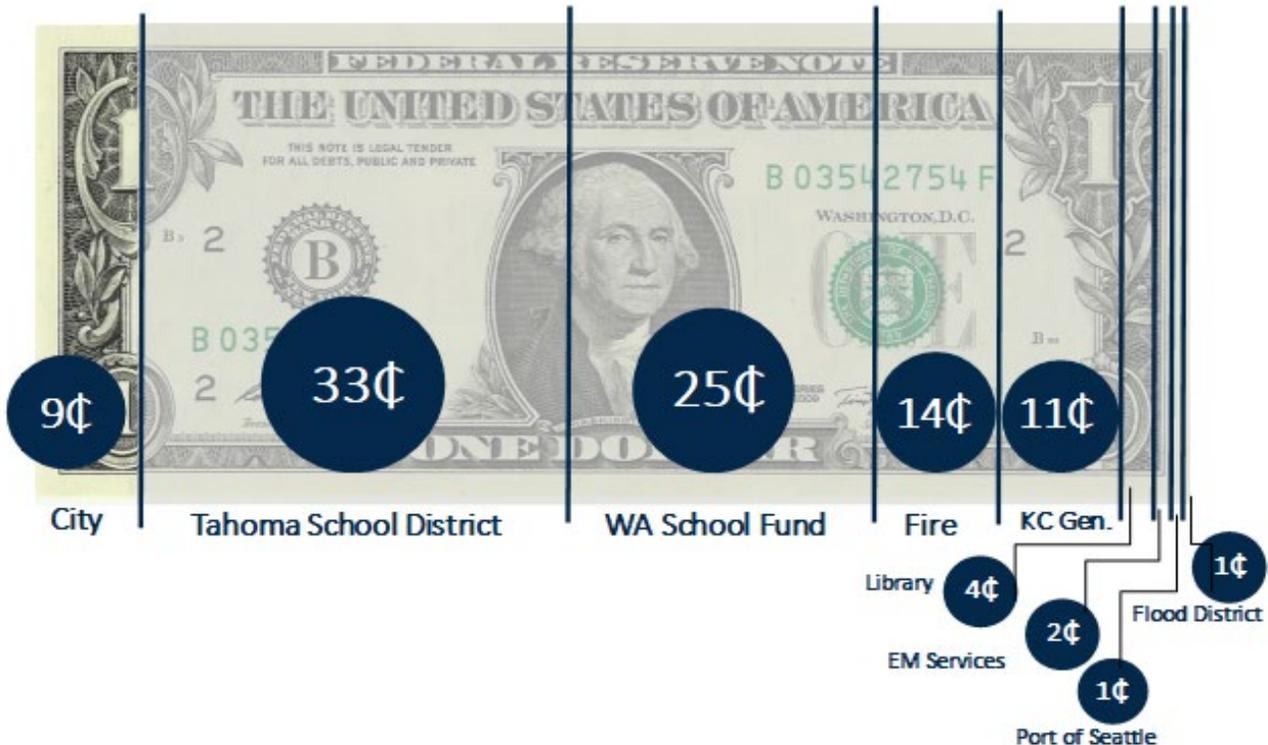
Property Tax Levy

The City's property tax levy per \$1,000 of assessed value decreased in 2019 from \$1.04 to \$0.96. This is the result of higher growth in the City's total assessed valuation than the City's allowable property tax increase. The City's portion makes up only 9% of total property tax assessed in Maple Valley.

Property Tax Levy Per \$1000 AV

	2013	2014	2015	2016	2017	2018	2019
Direct Regular and Special							
City of Maple Valley	\$ 1.55	\$ 1.47	\$ 1.25	\$ 1.19	\$ 1.13	\$ 1.04	\$ 0.96
Overlapping Regular and Special							
State School Fund	\$ 2.57	\$ 2.47	\$ 2.29	\$ 2.17	\$ 2.03	\$ 2.92	\$ 2.63
King County General	1.54	1.52	1.35	1.48	1.38	1.32	1.22
Port of Seattle	0.23	0.22	0.19	0.17	0.15	0.14	0.12
Emergency Medical Services	0.30	0.34	0.30	0.28	0.26	0.24	0.22
Ferry District	-	-	-	-	-	-	-
King County Flood District Special Levy	0.13	0.15	0.14	0.13	0.12	0.11	0.10
Rural Libray	0.57	0.56	0.50	0.48	0.45	0.41	0.37
Tahoma School District Special Levy	3.95	3.73	3.26	3.12	3.00	2.84	1.98
Tahoma School District Bond & Bldg	2.30	3.48	2.91	3.05	2.83	2.57	1.49
Fire District #43	1.74	1.86	1.94	1.68	1.31	1.56	1.51
Sub Total Overlapping	\$ 13.33	\$ 14.33	\$ 12.88	\$ 12.56	\$ 11.54	\$ 12.10	\$ 9.64
Total Property Tax Levy	\$ 14.88	\$ 15.80	\$ 14.13	\$ 13.75	\$ 12.67	\$ 13.14	\$ 10.60

The City's levy portion equals \$0.09 of a dollar for property owners.



Local Sales Tax Revenue

Monthly Comparison

The City's Retail Sales & Use Tax revenue represents 17.6% of total operating revenue at the end of the second quarter 2019. The year started off slow, but it has picked up momentum. The year-to-date revenue has grown 3% from \$1,727,962 in 2018 to \$1,779,700 in 2019. The table below provides a comparison by month for the current year and three prior years.

Local Sales Tax Revenue Monthly Comparison

Month	2016 Actual	2017 Actual	2018 Actual	2019 Actual
January	\$ 226,569	\$ 250,654	\$ 264,424	\$ 257,943
February	253,954	246,559	234,143	247,608
March	308,119	277,651	308,255	305,700
April	305,133	259,032	279,085	297,266
May	260,618	278,606	320,029	311,404
June	351,172	294,215	322,026	359,779
Total	\$ 1,705,565	\$ 1,606,717	\$ 1,727,962	\$ 1,779,700
Taxable Sales	\$ 202,681,539	\$ 190,934,878	\$ 205,343,078	\$ 211,491,358

Sales Tax by Category is provided by Microflex TaxTools

*The discrepancy between Operating Revenues (Pg. 4) 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.

The next table provides more detail as to the categories of our sales tax revenue. Retail sales, construction, and accommodation & food service are the top three revenue categories. In total, these equal 70% of the sales tax earned in this quarter. Retail trade has increased each year; and, the growth between the second quarter of 2018 and 2019 is 7%. As mentioned above, the Supreme Court decision to require Internet retailers to collect and remit sales tax is a likely cause for apportion of growth in this category. Accommodations and food service is the third highest category of total sales tax revenue. It has also increased each year with a six percent (6%) increase between January through June of 2019 and 2018. Conversely, construction has declined year after year since the peak in 2016. Yet, it represents 18.5% of total sales tax revenue for the second quarter. The change in quarterly data for 2018 and 2019 is lower by \$100,820 or 23%.

Other categories to mention are waste management and remediation services with related administrative and support services; wholesaling; and finance, insurance, and real estate. These three categories are the areas with the largest growth. Waste management grew by eighty-four percent (84%); wholesaling increased thirteen percent (13%), and finance, insurance, and real estate by eleven percent (11%).

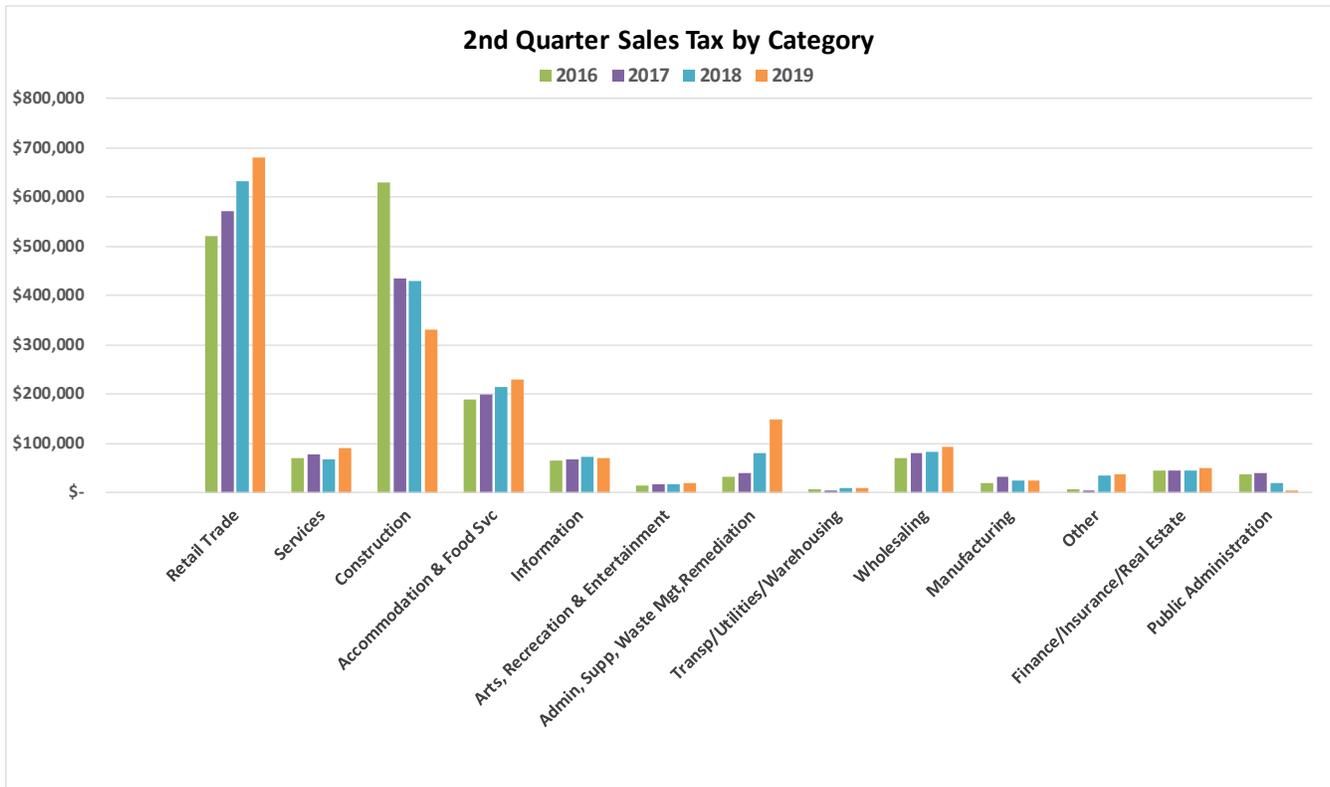
Local Sales Tax Revenue By Category

Category	2016	2017	2018	2019	% change	% of total
Retail Trade	\$ 520,493	\$ 571,094	\$ 633,141	\$ 680,097	7%	38.21%
Services	70,596	77,632	67,780	89,275	32%	5.02%
Construction	629,445	433,650	430,818	329,998	-23%	18.54%
Accommodation & Food Svc	189,442	197,949	215,445	228,918	6%	12.86%
Information	65,707	67,374	71,450	70,391	-1%	3.96%
Arts, Recreation & Entertainment	13,414	17,155	17,476	18,463	6%	1.04%
Admin, Supp, Waste Mgt,Remediatio	31,407	38,247	80,043	147,311	84%	8.28%
Transp/Utilities/Warehousing	6,254	3,872	8,489	8,439	-1%	0.47%
Wholesaling	70,945	80,749	82,939	93,476	13%	5.25%
Manufacturing	18,326	30,710	22,865	23,077	1%	1.30%
Other	6,996	4,986	33,803	37,186	10%	2.09%
Finance/Insurance/Real Estate	44,958	45,009	43,984	48,711	11%	2.74%
Public Administration	37,582	38,290	19,729	4,358	-78%	0.24%
Total	\$ 1,705,565	\$ 1,606,717	\$ 1,727,962	\$1,779,700	3%	100.00%

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.

The graph below provides a four year comparison of second quarter revenue by all sales tax categories presented in the table.



Real Estate Excise Tax

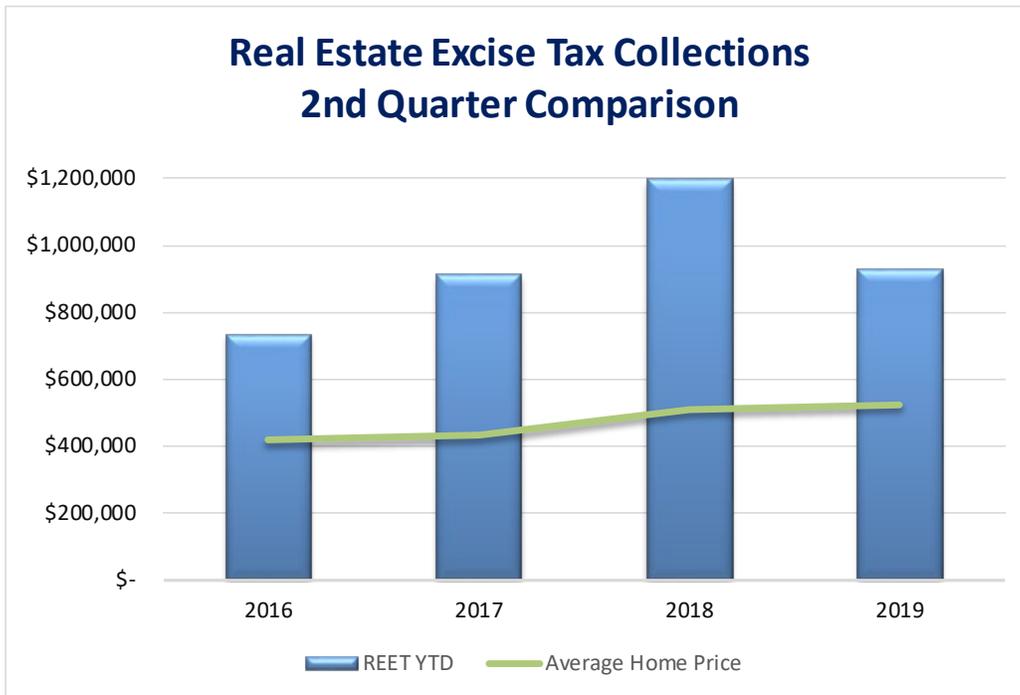
The City levies a 0.50% Real Estate Excise Tax on all real estate sale transactions. This 0.50% is broken up into the First 0.25% (REET 1) and the Second 0.25% (REET 2). These two revenue sources face different spending restrictions per RCW 82.46.010 and RCW 82.46.035.

The combined total (REET 1 and REET 2) revenue from January through June of each year are included in the table below.

Month	2016 YTD	2017 YTD	2018 YTD	2019 YTD
January	\$ 87,761	\$ 78,094	\$ 84,372	\$ 104,002
February	71,659	107,110	162,723	127,649
March	115,913	143,388	166,475	116,389
April	118,851	108,678	289,374	156,020
May	140,196	234,204	195,674	243,520
June	198,839	239,267	297,260	181,260
Total	\$ 733,219	\$ 910,741	\$ 1,195,878	\$ 928,840

Taxable Sales \$ 148,125,057 \$ 183,988,145 \$ 241,591,469 \$ 187,644,497

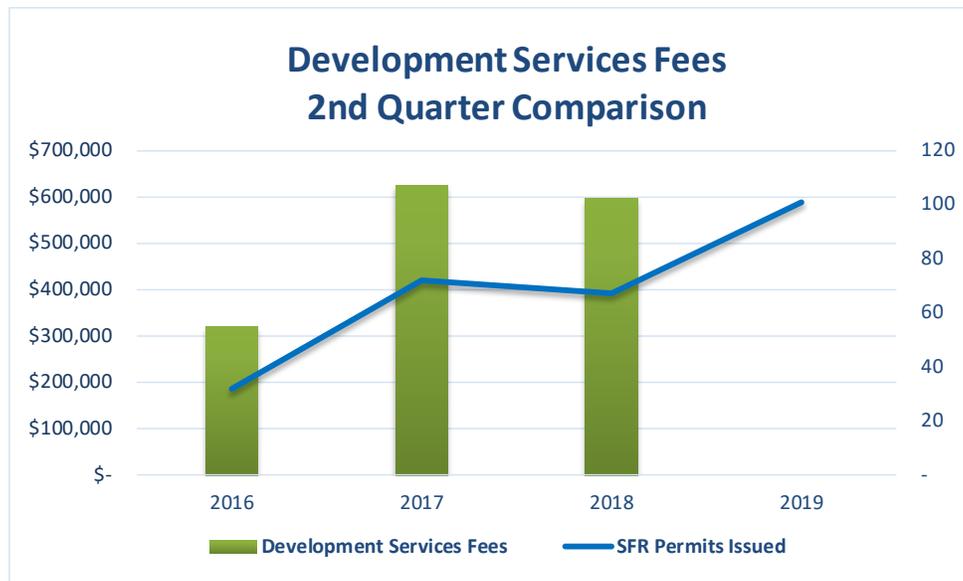
REET revenue is received by the City in the second month after it is paid by the consumer. The preceding table presents REET revenue in the month it was *earned*. Through June 2019, REET is 22% lower when compared to the same period in 2018. As of June 30, 2019, there have been 271 SFR taxable transactions, 46 for new homes, 225 for existing homes. This is eighty-four (84) fewer taxable real estate sales transactions than for the same period in 2018. The average selling price of new homes has remained the same, whereas the existing single family residential (SFR) has increased almost \$20,000.



Development Services Fees

Community Development revenue is comprised of various Development Services Fees. Planning, Building, and Fire Marshal fees for the second quarter of 2019 are mixed with planning and fire marshal fees up at least 20% while the building fees are 14% lower than the first quarter of 2018. Yet, the number of permits issued on Single Family Resident (SFR) has increased by thirty-four (34) to a total of one hundred one (101) through June 2019 compared to sixty-seven (67) in the prior year. The type of permit and valuation amount determines the total revenue generated on SFR permits. The table below provides the revenue by category for the three prior years, 2019 budget and actuals, the budget variance, and the percentage of budget received in 2019 for the first quarter. The chart provides a visual comparison of the revenue as well as the number of permits issued by year.

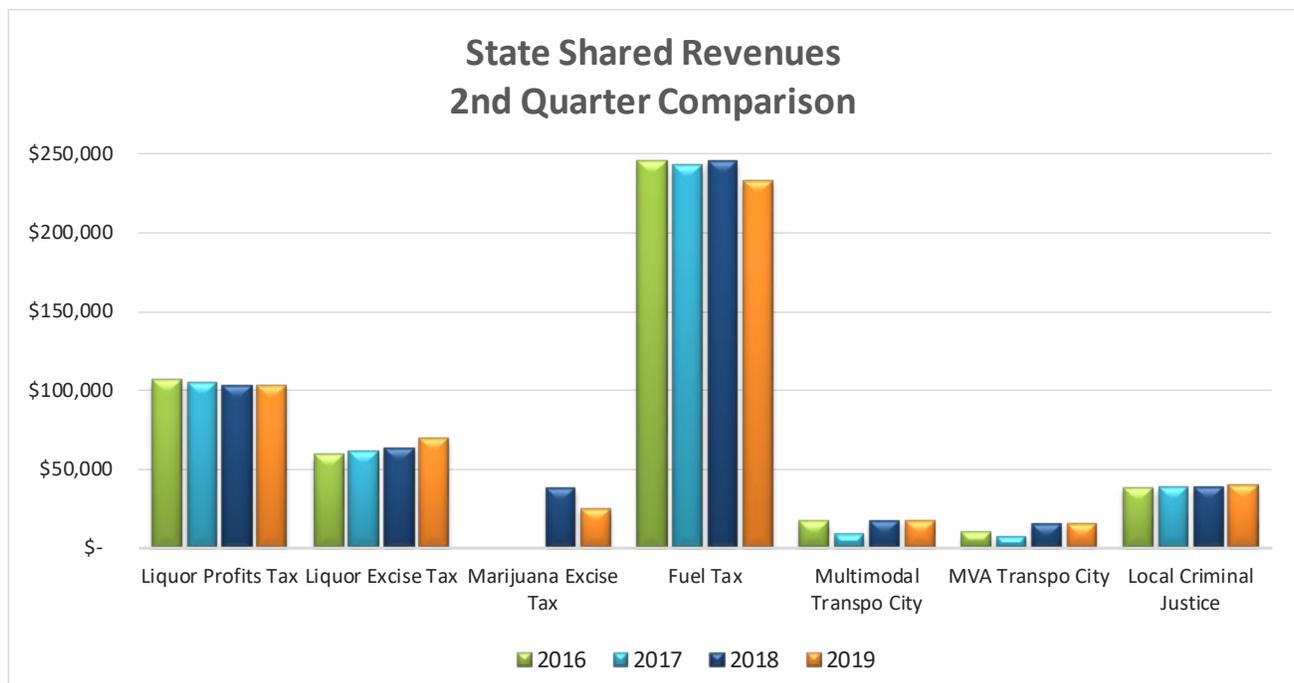
Revenue	2016	2017	2018	2019		% of Budget	
	YTD	YTD	YTD	Budget	YTD	\$ Variance	Received
Planning Fees	\$ 29,464	\$ 63,694	\$ 29,439	\$ 99,270	\$ 35,578	\$ (63,693)	36%
Building Fees	274,268	541,736	541,866	1,192,440	467,952	\$ (724,488)	39%
Fire Marshall	17,681	19,918	25,470	82,710	30,570	\$ (52,140)	37%
TOTAL	\$ 321,413	\$ 625,348	\$ 596,774	\$ 1,374,420	\$ 534,100	\$ (840,320)	39%



State Shared Revenues

State Shared Revenues in total are nearly equal compared to the same six month period in 2018. The table below reflects that twenty-three percent (46%) of the 2019 budgeted revenue has been received. Several categories are showing similar amounts to the prior year although Marijuana and Motor Vehicle Fuel excise tax are lower compared to 2018 receipts. The table and graph provide side by side comparison of each revenue categories by year.

Category	2016	2017	2018	2019		% of Budget	
	YTD	YTD	YTD	Budget	YTD	\$ Variance	Received
Liquor Profits Tax	\$ 106,475	\$ 104,683	\$ 103,169	\$ 206,350	\$ 103,051	\$ (103,299)	50%
Liquor Excise Tax	58,944	60,631	63,007	123,540	69,272	(54,269)	56%
Marijuana Excise Tax	-	-	38,006	45,000	24,850	(20,150)	55%
Motor Vehicle Fuel Tax	245,651	242,500	245,822	584,250	232,730	(351,520)	40%
Multimodal Transpo City	16,850	8,296	17,521	30,750	17,501	(13,249)	57%
MVA Transpo City	9,669	7,260	15,331	31,429	15,313	(16,115)	49%
State of WA/City Assistance	39,635	-	-	-	-	-	n/a
Local Criminal Justice	38,091	39,005	39,005	70,500	39,973	(30,527)	57%
Totals	\$ 515,313	\$ 462,375	\$ 521,862	\$ 1,091,819	\$ 502,689	\$ (589,130)	46%



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 table details Vehicle Excise Taxes *earned* from January through June 2019 regardless of when the revenue was remitted to the City. The data shows that 2018 and 2019 year-to-date revenues are virtually equal. In 2019, the Vehicle Excise Tax collected is at fifty percent (50%) of the annual budget.

Month		2016 YTD	2017 YTD	2018 YTD	2019 YTD
January	\$	27,720	30,571	33,482	24,021
February		32,333	25,166	28,314	36,865
March		36,452	38,056	41,255	41,144
April		31,581	32,710	33,779	39,877
May		30,967	36,868	37,243	34,016
June		42,154	39,184	36,175	34,393
TOTAL	\$	201,208	\$ 202,554	\$ 210,247	\$ 210,316

Utility Tax

Utility Taxes are received by the City one month after they are earned. Utility Taxes *earned* as of June 30, 2019 are the following: Electric, \$350K or 41% of budget; Natural Gas, \$235K or 54% of budget; Telecom, \$97K or 27% of budget; Cable TV, \$111K or 42% of budget. The following table shows utility taxes *received* by the City as of June 30, 2019. In total, utility taxes equal 12.7% of the total operating revenue through the second quarter and the percentage of budget received is at forty-one percent (41%).

Category	2016	2017	2018	2019		\$ Variance	% of Budget Received
	YTD	YTD	YTD	Budget	YTD		
Electric	\$ 347,774	\$ 368,685	\$ 364,617	\$ 862,930	\$ 350,172	(512,758)	41%
Gas	217,470	291,911	254,909	437,870	235,013	(202,857)	54%
Telecom	142,997	130,621	132,177	356,780	96,798	(259,982)	27%
Cable TV	113,183	68,220	60,136	266,850	111,137	(155,713)	42%
Totals	\$ 821,423	\$ 859,438	\$ 811,838	\$ 1,924,430	\$ 793,120	\$ (1,131,310)	41%

Parks and Recreation

Parks and recreation total revenue is recorded at forty-two percent (42%) of the 2019 annual budget, while program expenditures are at thirty-eight percent (38%). The new recreational software, PerfectMind, has modified the revenue to accrual accounting. In the past, revenue was recorded at the time it was received, regardless of the event or class date (cash basis accounting). This conversion will more accurately reflect the revenue, match revenues to expenditures, and conforms to Generally Accepted Accounting Principles (GAAP).

The total program revenue earned from January through June of this year has Recreation Fees at fifty-two percent (52%) and Lake Wilderness Lodge at thirty-eight percent (38%). The table below provides four years of data for January – June along with a comparison of 2019 actuals to the annual budget.

	2016	2017	2018	2019		% of Budget	
	YTD	YTD	YTD	Budget	YTD	\$ Variance	Rcvd./Expd.
<u>Program Revenues</u>							
Recreation Fees	\$ 214,078	\$ 212,342	\$ 363,397	\$ 530,840	\$ 231,133	\$ (299,707)	44%
LW Lodge	228,287	273,325	288,339	338,070	171,395	(166,675)	51%
Rental Revenue	19,622	20,623	25,333	101,130	14,704	(86,427)	15%
Event Concessions	920	1,988	367	24,970	995	(23,975)	4%
Donations/Grants/Misc	25,961	33,192	28,676	54,630	26,900	(27,730)	49%
Parks Maintenance	2,020	3,555	991	400	848	448	212%
Total Program Revenues	\$ 490,888	\$ 545,025	\$ 707,102	\$ 1,050,040	\$ 445,975	\$ (604,065)	42%
<u>Program Expenditures</u>							
Parks Administration	\$ 146,900	\$ 186,748	\$ 202,058	\$ 493,170	\$ 225,523	\$ (267,647)	46%
Parks Maintenance	155,203	157,650	176,035	815,970	267,825	(548,145)	33%
Lake Wilderness Lodge	183,143	219,721	217,361	551,590	257,843	(293,747)	47%
Recreation Administration	132,598	117,113	129,996	434,830	184,711	(250,119)	42%
Recreation Programs	192,603	157,187	173,598	481,760	161,833	(319,927)	34%
Community Events	63,333	69,469	70,680	217,690	58,260	(159,430)	27%
Community Grants/Programs	107,260	107,319	148,702	380,160	134,418	(245,742)	35%
Total Program Expenditures	\$ 981,040	\$ 1,015,205	\$ 1,118,429	\$ 3,375,170	\$ 1,290,413	\$ (2,084,757)	38%
<i>Cost Recovery</i>	50%	54%	63%	31%	35%		

Lake Wilderness Golf Course

Effective January 1, 2019, the City selected a new management company, CourseCo, for the Lake Wilderness Golf Course. The revenues by category are provided historically and for the current year with a comparison to the 2019 budget. Of total revenue generated in the second quarter, course operations represents 81%, restaurant operations are 17%, and administration and sales tax equal 2%. The course operations revenue is four percent (4%) above the 2018 amount, and includes the green fees, pro-shop sales, lessons and cart and club rentals.

REVENUES	2016	2017	2018	2019		% of Budget Received	
	YTD	YTD	YTD	Budget	YTD Actuals		\$ Variance
Administration	(129)	112	44	70	903	833	1290%
Course Operations	398,060	362,365	395,343	845,680	409,726	(435,954)	48%
Restaurant Operations	120,406	103,468	86,210	308,230	84,713	(223,517)	27%
City Revenues from Sales Tax	-	8,948	10,054	28,440	9,587	(18,853)	34%
Transfers-In from General Fund	-	-	-	50,000	-	(50,000)	n/a
Total Revenues	518,337	474,893	491,651	1,232,420	504,929	(727,491)	41%
EXPENDITURES							
City Paid Expenditures	76,043	63,143	77,654	167,930	78,302	(89,628)	46.6%
Administration	65,132	57,647	58,790	106,380	68,079	(38,301)	64%
Course Operations	235,323	187,342	225,727	573,650	95,166	(478,484)	17%
Restaurant	107,753	88,003	74,667	210,830	38,994	(171,036)	18%
Total Expenditures	484,251	396,135	436,838	1,058,790	280,542	(777,448)	26%
Revenue Over Expenditures	34,087	78,758	54,813	173,630	224,387	50,757	129%

The total expenditures for the Lake Wilderness Gold Course as of June 30, 2019 are thirty-six percent (36%) lower than the same period in 2018, and only twenty-six percent (26%) of the annual budget. On the table above, notice that City Paid Expenditures and Administration expenditures have increased over 2018, but Course Operations and Restaurant are showing significant decreases.

The combination of higher revenue and lower expenditures has generated a profit of \$224,387 for the six months ended June 30, 2019. This profit amount has surpassed the budget expectations for 2019.

Public Safety

Public Safety includes the Police Department, Emergency Operations Center/Emergency Preparedness, Municipal Court, and Jail. Their revenues are trending higher than previous years with 17% growth between the second quarters of 2018 and 2019.

As of June 30, 2019 the City has paid for January-May Police Services contracted through King County; the billing and payment of June services (\$402,170) occurred in August. As a result, the first expenditure line, Police Operations, is understated by \$402,170, which adjusts the line item to \$2,399,621 or 47% of budget expended.

Jail expenditures year-to-date are up forty-seven percent (47%) over the same period in 2018. King County and the cities of Kent, Enumclaw, and Yakima have been utilized as needed for inmate services.

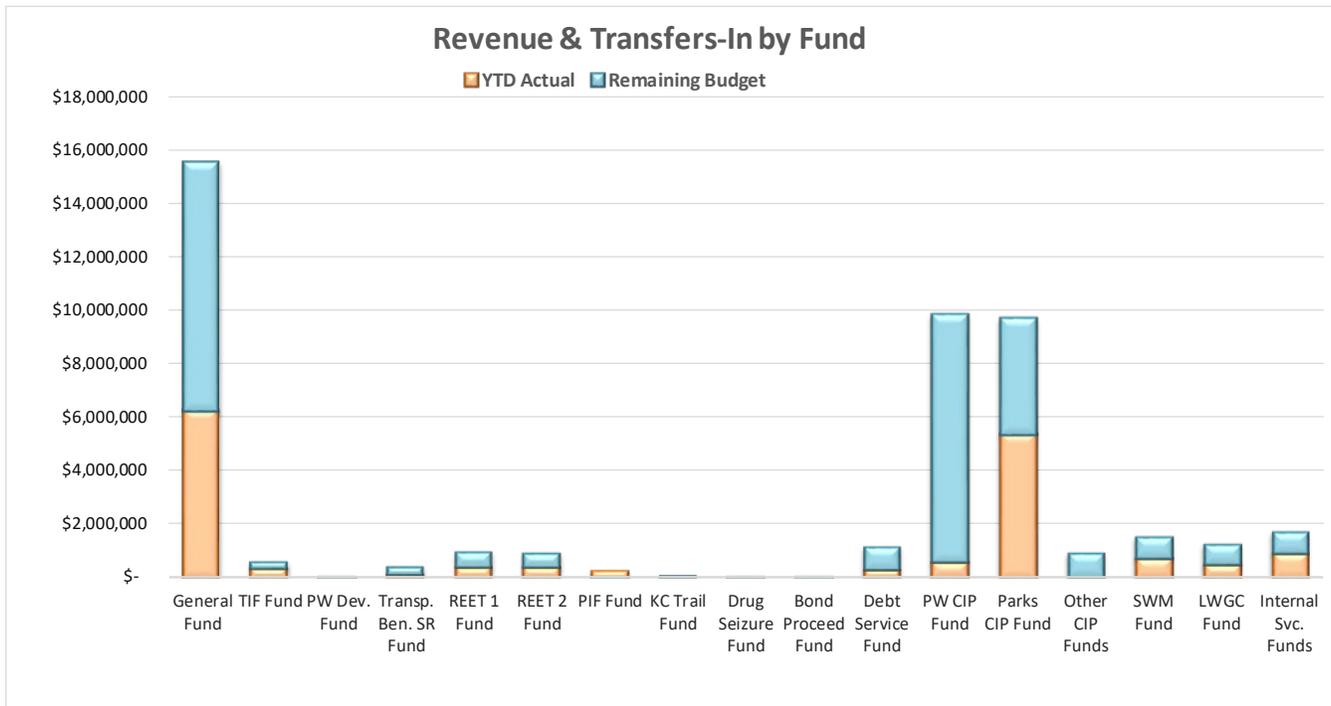
	2016	2017	2018	2019		\$ Variance	% of Budget Rec./Expd.
	YTD	YTD	YTD	Budget	YTD		
Revenues							
Grants and Contributions	\$ 3,930	\$ 16,343	\$ 6,462	\$ 22,030	\$ 4,210	\$ (17,820)	19%
Criminal Justice Contract Svcs.	20,706	21,211	21,819	47,420	22,787	(24,633)	48%
Criminal Justice - Special Prog.	12,135	12,474	12,784	27,790	13,301	(14,489)	48%
Criminal Justice Low Population	3,319	3,429	3,529	7,520	3,687	(3,833)	49%
Criminal Justice - DUI	1,931	1,890	1,841	3,920	1,839	(2,081)	47%
Impound Fees	4,900	5,200	5,600	10,490	2,200	(8,290)	21%
False Alarm Fees	925	1,050	1,450	820	1,850	1,030	226%
Municipal Court	51,260	56,668	69,446	121,940	62,555	(59,385)	51%
TSD School Resource Officer	-	-	-	100,300	31,862	(68,438)	32%
Donations/Miscellaneous	-	-	-	1,030	-	(1,030)	0%
Total Revenues	\$ 99,106	\$ 118,267	\$ 122,930	\$ 343,260	\$ 144,291	\$ (198,969)	42%
Expenditures							
Police Operations	\$ 1,739,736	\$ 1,628,858	\$ 1,782,896	\$ 4,936,890	\$ 1,925,307	\$ (3,011,583)	39%
Police Training	165	-	-	5,000	5,365	365	107%
Police Facility	30,524	31,139	25,757	53,110	31,117	(21,993)	59%
Police Special Programs	10,717	17,441	22,127	75,410	27,272	(48,138)	36%
Jail	61,747	56,134	48,100	120,080	70,544	(49,536)	59%
Municipal Court	121,947	122,466	130,062	340,480	159,770	(180,710)	47%
Emergency Preparedness	21,710	26,747	8,499	43,260	10,241	(33,019)	24%
Total Expenditures	\$ 1,986,547	\$ 1,882,786	\$ 2,017,441	\$ 5,574,230	\$ 2,229,616	\$ (3,344,614)	40%
Revenues Under Expenditures	\$ (1,887,441)	\$ (1,764,519)	\$ (1,894,511)	\$ (5,230,970)	\$ (2,085,325)	\$ 3,145,645	40%

Budget vs. Actual

Revenue & Transfers-In by Fund

Budget vs Actuals as of June 30, 2019

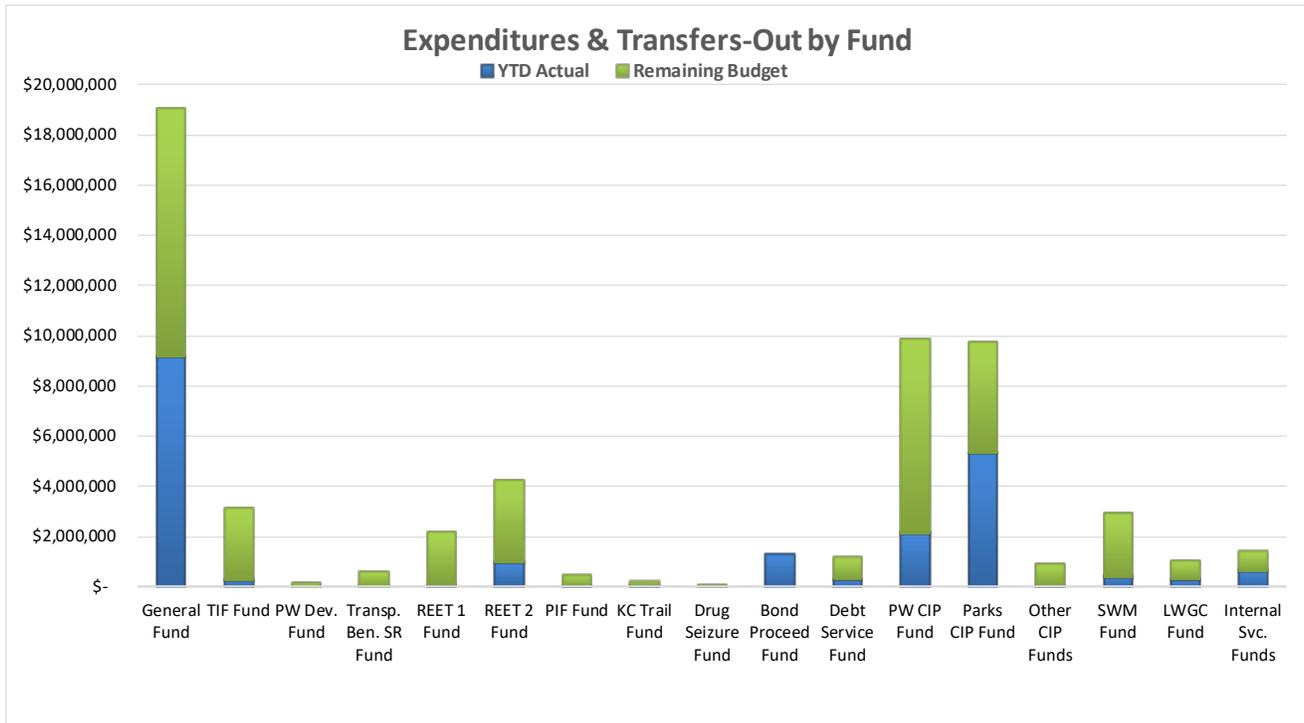
Fund	Budget	YTD Actual	Remaining Budget
General Fund	\$ 15,516,879	\$ 6,246,658	\$ 9,270,221
Transportation Impact Fee Fund	597,420	367,889	229,531
PW Development Fund	-	3,731	(3,731)
Transportation Benefit SR Fund	424,920	151,263	273,657
REET 1 Fund (Transportation)	965,030	404,220	560,810
REET 2 Fund (Parks)	949,775	413,568	536,207
Parks Impact Fee fund	258,560	269,485	(10,925)
King County Trail & Open Space Fund	53,580	31,392	22,188
Drug Seizures Fund	5,860	6,964	(1,104)
Bond Proceed Fund	-	746	(746)
Debt Service Fund	1,179,520	320,784	858,736
Public Works CIP Fund	9,868,379	582,804	9,285,575
Parks CIP Fund	9,714,856	5,347,304	4,367,552
Other CIP Funds	907,330	55,421	851,909
Surface Water Management	1,533,250	748,897	784,353
Lake Wilderness Golf Course Fund	1,232,420	504,929	727,491
Internal Service Funds	1,722,901	951,387	771,514
Total	\$ 44,930,680	\$ 16,407,445	\$ 28,523,235



Expenditures & Transfers-Out by Fund

Budget vs Actuals as of June 30, 2019

Fund	Budget	YTD Actual	Remaining Budget
General Fund	\$ 19,004,856	\$ 9,198,678	\$ 9,806,178
Transportation Impact Fee Fund	3,117,710	292,865	2,824,845
PW Development Fund	179,700	9,254	170,446
Transportation Benefit SR Fund	620,000	20,990	599,010
REET 1 Fund (Transportation)	2,155,530	119,264	2,036,266
REET 2 Fund (Parks)	4,223,970	1,006,541	3,217,429
Parks Impact Fee fund	467,985	65,288	402,697
King County Trail & Open Space Func	196,900	57,153	139,747
Drug Seizures Fund	53,730	13,756	39,974
Bond Proceed Fund	1,278,655	1,278,655	0
Debt Service Fund	1,179,520	320,784	858,736
Public Works CIP Fund	9,863,200	2,149,985	7,713,215
Parks CIP Fund	9,714,856	5,359,360	4,355,496
Other CIP Funds	907,330	55,421	851,909
Surface Water Management	2,949,069	429,848	2,519,221
Lake Wilderness Golf Course Fund	1,058,790	280,542	778,248
Internal Service Funds	1,400,529	663,634	736,895
Total	\$ 58,372,330	\$ 21,322,018	\$ 37,050,312



Fund Balance Summary

Ending Fund Balance

As of June 30, 2019

Fund	Beginning Fund Balance	Revenues & Transfers-In	Expenditures & Transfers-Out	Ending Fund Balance
General Fund	\$ 8,646,601	\$ 6,246,658	\$ 9,198,678	\$ 5,694,581
Transportation Impact Fee Fund	3,861,757	367,889	292,865	3,936,781
PW Development Fund	68,082	3,731	9,254	62,559
Transportation Benefit SR Fund	866,191	151,263	20,990	996,464
REET 1 Fund (Transportation)	2,774,634	404,220	119,264	3,059,590
REET 2 Fund (Parks)	3,654,151	413,568	1,006,541	3,061,178
Parks Impact Fee Fund	383,121	269,485	65,288	587,318
King County Trail & Open Space Fund	464,267	31,392	57,153	438,507
Drug Seizures Fund	91,600	6,964	13,756	84,809
Bond Proceed Fund	1,278,655	746	1,278,655	746
Debt Service Fund	-	320,784	320,784	-
Public Works CIP Fund	336,986	582,804	2,149,985	(1,230,194)
Parks CIP Fund	-	5,347,304	5,359,360	(12,056)
Other CIP Funds	41,861	55,421	55,421	41,861
Surface Water Management	17,220,413	748,897	429,848	17,539,462
Lake Wilderness Golf Course Fund	3,654,328	504,929	280,542	3,878,715
Internal Service Funds*	1,099,629	951,387	663,634	1,387,383
Total	\$ 44,442,276	\$ 16,407,445	\$ 21,322,018	\$ 39,527,703

**Ending Fund Balance primarily consists of equipment replacement reserves.*

Cash and Investments

Total cash and investments as of June 30, 2019 were \$24,595,243. This balance consists of two categories: (1) Cash and Cash Equivalent, and (2) Investments. Cash and Cash Equivalents include imprest funds (petty cash, change funds, and cash held with vendors) as well as the City’s general checking account. Investments at 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 with maturity dates of 2019 and 2021.

Currently, the City is maintaining a high Cash and Cash Equivalents balance as parks and public works capital projects are underway.

Investment Interest 2nd Quarter Comparison



Debt Service

As of June 30, 2019, the City's long-term debt balance consists of two State infrastructure loans, one refunding general obligation bond, and two Councilmanic general obligation bonds. The infrastructure loans funded two capital projects, T06 (SR 169 – SR 516 to SE 264th St) and T16 (SR 516 & 2285th Ave Intersection). The maturity for these loans is 2024. The 2015 refunding general obligation bond was used to purchase the Legacy site and will be paid off next year. The two Councilmanic general obligation bonds have funded Parks capital projects. The bonds issued in 2014 supported the construction of Ravensdale Park, and the 2018 bonds financed Summit Park construction. The debt service payments are funded through a combination of General Fund, Real Estate Excise Tax, and Transportation Impact Fee Funds. The payment schedule for each long-term debt is provided below along with a combined schedule.

State Infrastructure Loan				State Infrastructure Loan		
0.5%				0.5%		
2005 Loan - SR 516 - Witte to 228th				2005 Loan - SR 169 - SR 516 to 264th		
Year	Principal	Interest	Balance	Principal	Interest	Balance
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
	\$ 452,135	\$ 7,912	\$ 460,047	\$ 655,591	\$ 11,473	\$ 667,064

Year	2014 Councilmanic GO Bonds			2015 Refunding GO Bonds			2018 Councilmanic GO Bonds		
	Principal	Interest	Balance	Principal	Interest	Balance	Principal	Interest	Balance
2019	\$ 160,000	\$ 19,205	\$ 675,000	\$ 485,000	\$ 34,550	\$ 500,000	\$ 115,000	\$ 175,572	\$ 3,660,000
2020	165,000	15,525	510,000	500,000	20,000	-	150,000	140,200	3,510,000
2021	165,000	11,730	345,000	-	-	-	155,000	135,700	3,355,000
2022	170,000	7,935	175,000	-	-	-	155,000	131,050	3,200,000
2023-37	175,000	4,025	-	-	-	-	3,200,000	1,114,400	-
	\$ 835,000	\$ 58,420	\$ 893,420	\$ 985,000	\$ 54,550	\$1,039,550	\$ 3,775,000	\$1,696,922	\$ 5,471,922

Total Debt Service Requirements			
Year	Principal	Interest	Total
2019	\$ 944,621	\$ 234,866	\$ 1,179,487
2020	999,621	180,341	1,179,961
2021	504,621	151,122	655,743
2022	509,621	141,754	651,375
2023-37	3,744,242	1,121,194	4,865,436
Total	\$ 6,702,726	\$ 1,829,277	\$ 8,532,003