



City of Liberty Lake

Quarterly Financial Report

Fourth Quarter 2016

Overview

The Quarterly Financial Report provides a summary of budget-to-actual comparison of revenues and expenditures for each fund through the end of the most recently completed fiscal quarter. The report also provides end-of-year data including a summary budget-to-actual comparison of revenues and expenditures for the year. The information contained in this report is prepared on a cash basis. Please note that these numbers are still preliminary and adjustments may need to be made as the Annual Financial Report is prepared.

General Fund / Streets Fund

Revenues

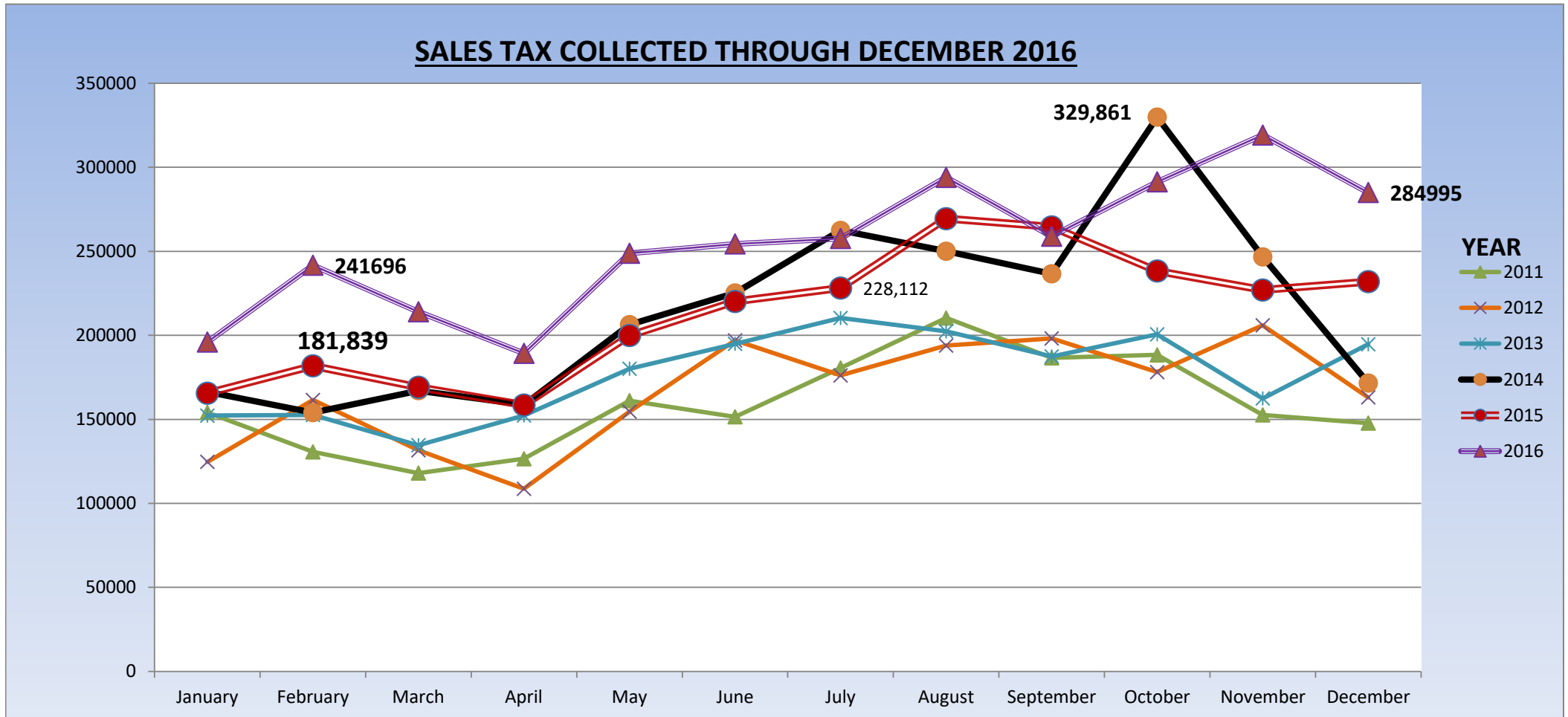
- Retail sales tax revenue for the fourth quarter increased by 16% compared to last year. Construction and Auto/RV sales are the greatest contributor to the overall increase in sales tax.
- Property tax revenues are received during the second and fourth quarters of the year. Property Tax counted for 25% of the expected General Fund revenue in 2016. In 2016, City collected 97% of the expected property tax revenue. The remaining balance is expected to be collected in 2017.
- Permit revenue for the fourth quarter increased by 67% compared to last year. Total Permit Revenue collected in 2016 was \$833K. This is the highest collection that the City has experienced since incorporation.
- Utility tax revenue for mid year increased by 5.5% compared to last year. Majority of the increase is coming from the Telephone Utility Tax which was 21% higher compared to 2015. While some municipalities are experiencing a decrease in telephone utility tax, Liberty Lake continues to increase from growth and addition of new call centers.
- Overall, General Fund and Streets revenue increased by 14% from the previous year. Major sources of the increase came from Sales Tax and Permits.

The following table shows budgeted and actual revenues through fourth quarter 2016:

GENERAL FUND/STREETS FUND: REVENUES

| Revenue Category | 12/31/2016 YTD Actual | | Budgeted | | % of Revenues Collected | |
|---------------------------|-----------------------|---------------------|------------------|------------------|-------------------------|-------------|
| | 01/01/15 - 12/31/15 | 01/01/16 - 12/31/16 | 2015 | 2016 | 2015 | 2016 |
| Sales Tax | 2,554,187 | 3,050,207 | 2,200,000 | 2,300,000 | 116% | 133% |
| Property Tax | 1,966,791 | 1,970,927 | 1,950,000 | 2,030,000 | 101% | 97% |
| Other Taxes | 323,422 | 348,528 | 278,431 | 287,931 | 116% | 121% |
| Licenses and Permits | 636,213 | 1,032,311 | 451,000 | 458,000 | 141% | 225% |
| Intergovernmental Revenue | 173,288 | 195,008 | 156,880 | 195,479 | 110% | 100% |
| Charges for Services | 170,411 | 186,256 | 106,220 | 61,920 | 160% | 301% |
| Fines and Forfeitures | 52,842 | 45,328 | 55,650 | 55,650 | 95% | 81% |
| Miscellaneous Revenues | 55,547 | 51,132 | 26,565 | 24,705 | 209% | 207% |
| Utility Tax | 851,175 | 898,807 | 684,000 | 745,000 | 124% | 121% |
| Motor Vehicle Fuel Tax | 182,799 | 202,869 | 170,000 | 175,000 | 108% | 116% |
| Subtotal | 6,966,674 | 7,981,374 | 6,078,746 | 6,333,685 | 115% | 126% |
| Non Revenue Sources | 61,059 | 63,463 | 85,900 | 118,550 | 71% | 54% |
| Total Revenues | 7,027,733 | 8,044,837 | 6,164,646 | 6,452,235 | 114% | 125% |

The following graph demonstrates sales tax by month for the years 2011 thru 2016.



2016 YTD Sales Tax = \$3,050,207

The following graph demonstrates the different categories of sales tax for YTD 2016.



The following table demonstrates the sales tax for different categories through the 4th qtr of the year.

| YTD Comparison for Sales Tax | | YR 2011 | YR 2012 | YR 2013 | YR 2014 | YR 2015 | YR 2016 |
|-------------------------------------|--|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| RETAIL (includes AUTO & RV) | | 978,116 | 1,108,034 | 1,225,365 | 1,400,257 | 1,423,804 | 1,594,896 |
| CONSTRUCTION | | 194,094 | 200,115 | 211,348 | 252,360 | 224,645 | 408,313 |
| WHOLESALE TRADE | | 149,669 | 126,651 | 179,152 | 171,801 | 221,134 | 193,115 |
| FOOD & ACCOMODATIONS | | 120,280 | 134,535 | 156,219 | 166,365 | 186,777 | 205,661 |
| PROF., SCIENTIFIC, & TECHNICAL | | 118,603 | 106,656 | 88,916 | 125,028 | 115,291 | 118,559 |
| ALL OTHER CATAGORIES | | 347,360 | 316,113 | 263,457 | 466,819 | 382,535 | 529,663 |
| TOTAL SALES TAX 4th QUARTER | | \$ 1,908,122 | \$ 1,992,104 | \$ 2,124,457 | \$ 2,582,630 | \$ 2,554,186 | \$3,050,207 |

The following table shows budgeted and actual expenditures for fourth quarter 2016.

GENERAL FUND/STREETS FUND: EXPENDITURES

| Expenditure Category | 12/31/2016 YTD Actual | | Budget | | % Expended Through Fourth Quarter | |
|-----------------------------------|-----------------------|---------------------|------------------|------------------|-----------------------------------|------------|
| | 01/01/15 - 12/31/15 | 01/01/16 - 12/31/16 | 2015 | 2016 | 2015 | 2016 |
| General Government Services | 854,198 | 951,713 | 885,915 | 944,839 | 96% | 101% |
| Legislative | 60,758 | 63,060 | 64,562 | 69,562 | 94% | 91% |
| Executive | 233,061 | 242,031 | 241,289 | 247,277 | 97% | 98% |
| Finance & Administrative Services | 729,614 | 888,145 | 860,586 | 959,954 | 85% | 93% |
| Legal | 60,000 | 66,000 | 60,000 | 66,000 | 100% | 100% |
| Law Enforcement | 1,912,547 | 1,910,272 | 1,943,309 | 2,092,934 | 98% | 91% |
| Planning and Building Services | 400,695 | 451,238 | 397,952 | 482,998 | 101% | 93% |
| Library | 437,979 | 431,942 | 438,032 | 458,782 | 100% | 94% |
| Parks and Recreation | 940,809 | 1,301,213 | 976,172 | 1,539,193 | 96% | 85% |
| Street Fund | 899,587 | 1,169,713 | 935,365 | 1,026,204 | 96% | 114% |
| Subtotal | 6,529,249 | 7,475,328 | 6,803,182 | 7,887,743 | 96% | 95% |
| Non Expenditures | 59,595 | 57,357 | 86,310 | 65,960 | 69% | 87% |
| Total Expenditures | 6,588,845 | 7,532,685 | 6,889,492 | 7,953,703 | 96% | 95% |

- Finance and Administration expenses are higher due to the use of contingency dollars for a new roof at Trailhead and the design and campaign costs for the Town Square Project.

- General Government Services includes LIFT payment of \$385K. The City of Liberty Lake matches dollars to go towards funding the LIFT (Local Investment Financing Tool) in an area known as the River District RDA. The State will match \$1M each year to go towards public infrastructure.

- Parks and Recreation increase resulted from the purchase of the Liberty Lake Upland Trailhead Property of \$337K.

- Streets Fund includes \$400K transfer to Streets Capital Fund that will be used for project like Liberty Lake Road in 2017.

- Streets Fund over budget due to increase cost in snow removal at the end of 2016.

City of Liberty Lake 2016 Cash & Investment Summary By Fund

The following table lists what the Cash/Investment Balances are in each fund at the end of December 31, 2016.

| FUND | FUND # | 2015 Ending Fund Balance | 2016 Actual Revenue | 2016 Actual Expenditures | 12/31/2016 ACTUAL Cash Balance |
|--------------------------------|-----------|--------------------------|----------------------|--------------------------|--------------------------------|
| General Fund + Street Fund | 001 & 110 | \$3,335,695 | 8,044,837 | 7,532,685 | 3,847,847 |
| Tourism Promotion Fund | 115 | \$15,909 | 61,166 | 65,000 | 12,075 |
| Tourism Promotion Capital Fund | 116 | \$0 | 28,827 | - | 28,827 |
| Tourism Promotion Area Fund | 117 | \$16,594 | 74,634 | 85,030 | 6,199 |
| Restricted Reserve Fund | 120 | \$1,227,460 | 2,152 | - | 1,229,612 |
| LTGO Redemption Note | 212 | \$0 | 168,097 | 168,097 | - |
| City Land LTGO Bond Fund | 214 | \$0 | 161,520 | 161,520 | - |
| REET 1 Capital Projects Fund | 310 | \$255,778 | 330,346 | 52,794 | 533,330 |
| REET 2 Capital Projects Fund | 311 | \$403,298 | 331,208 | - | 734,506 |
| Street Capital Projects Fund | 312 | \$356,257 | 1,052,651 | 911,192 | 497,716 |
| Harvard Road Mitigation Fund | 320 | \$200,641 | 207,755 | 168,802 | 239,595 |
| Library Capital Fund | 330 | \$60,281 | 15,280 | - | 75,561 |
| Police Capital Fund | 334 | \$7,767 | 36 | - | 7,803 |
| Community Messaging Fund | 335 | \$0 | 100,000 | - | 100,000 |
| Underground Utility Fund | 336 | \$0 | 25,021 | - | 25,021 |
| Building Contingency Fund | 337 | \$0 | 86,000 | - | 86,000 |
| Stormwater Utility Fund | 410 | \$198,628 | 64,883 | 89,037 | 174,474 |
| Aquifer Protection Fund | 411 | \$139,312 | 37,593 | 30,000 | 146,904 |
| Golf Course | 420 | \$201,272 | 579,238 | 669,470 | 111,041 |
| Unemployment Fund | 510 | \$0 | 18,362 | 18,362 | 0 |
| | | \$6,418,891 | \$ 11,389,608 | \$ 9,951,987 | \$ 7,856,512 |

Description of Other Funds

Hotel/Motel Tax (Tourism Promotion Fund)- The Hotel/Motel Tax is derived from the sale or charge made for the furnishing of lodging by any hotel, motel, rooming house, tourist court, or trailer camp within the city limits of Liberty Lake for less than 30 consecutive days. In Spokane County, there must be 40 or more units for the tax to apply. The City levies a special excise tax of two percent.

Tourism Promotion Area (Tourism Promotion Area Fund)- The City established a tourism promotion area (TPA) that encompasses the entire City of Liberty Lake and has authorized lodging charges within the established area. Lodging businesses in the TPA that have 40 or more units must collect the lodging charge from persons who purchase lodging. The City receives \$2.00 per night of stay from lodging businesses with 40 or more units with lodging revenues exceeding five hundred thousand dollars during the preceding calendar year. The City receives \$.50 per night of stay from lodging businesses with 40 or more units with lodging revenues below five hundred thousand dollars during the preceding calendar year.

Restricted Reserve Fund- The Restricted Reserve Fund is generally maintained at 15% of the General Fund's projected or actual, if known, operating revenues for the fiscal year. Policies for management and use of the Restricted Reserve Fund are outlined in the City of Liberty Lake Ordinance No. 107-D.

REET (Capital Projects Fund & Special Capital Projects Fund)- Real Estate Excise Tax (REET) of one-quarter of one percent of the selling price is imposed on each sale of property in the City of Liberty Lake. The tax is deposited into the Capital Projects Fund and is restricted to fund any capital purpose identified in a capital improvement plan and local capital improvements including those listed in RCW 35.43.040.

There is an additional one-quarter of one percent on real estate sales within the city limits. According to state law, cities planning under GMA (Growth Management Act) have the authority to levy a second quarter percent tax (REET 2). Funds from REET 2 are placed in a Special Capital Project Fund and used solely for financing capital projects as specified in a capital facilities plan element of the comprehensive plan.

Street Capital/Library Capital /Police Capital Funds- These are unreserved dollars set aside for Capital Projects

Community Messaging Fund- These are unreserved dollars set aside for Capital Projects

Harvard Road Mitigation Fund - Mitigation fees collected for road improvements. This plan has been updated in 2014 with a fee increase to start May 2014.

Stormwater Utility Fund - City collects money from property owners to maintain its stormwater system. Ordinance #88A.

Aquifer Protection Fund - City collects money from property owners to protect the Aquifer. Ordinance #208.

Golf Course Fund - This is an Enterprise Fund where fees are charged to external users for services.

G.O. & LTGO Bond/Note Funds- Debt service funds that track bond and note payments. Revenue for these funds are typically interfund transfers.

CITY OF LIBERTY LAKE

SUMMARY OF GOLF COURSE FUND - December 31, 2016

| | 2014 Actual | 2015 Actual | 2016 Actual | 2016 Budget |
|---------------------------|--------------------|--------------------|--------------------|--------------------|
| Pro Shop Sales | 48,238 | 50,439 | 55,777 | 43,000 |
| Season Passes | 19,912 | 34,028 | 23,439 | 19,000 |
| Green Fees | 218,058 | 221,845 | 221,360 | 195,000 |
| Lessons | 10,372 | 14,723 | 12,667 | 10,000 |
| Driving Range | 89,873 | 96,033 | 101,543 | 80,000 |
| Golf Cart Trail Fees | 2,937 | 2,695 | 2,127 | 2,000 |
| School Driving Range Fees | 1,740 | 1,472 | 1,104 | 1,100 |
| Restaurant | 30,508 | 35,400 | 38,209 | 32,400 |
| Golf Cart | 41,513 | 39,415 | 37,466 | 39,000 |
| Misc | 28,783 | 7,153 | 7,331 | 5,165 |
| Non Revenue | 66,271 | 77,806 | 78,215 | 69,000 |
| Total Revenue | 558,203 | 581,008 | 579,238 | 495,665 |
| Salaries/Benefits | 160,827 | 163,334 | 171,404 | 173,197 |
| Supplies | 131,809 | 138,876 | 167,397 | 154,300 |
| Services | 103,875 | 87,900 | 88,054 | 89,000 |
| Non Expenditures | 59,385 | 66,424 | 72,868 | 66,000 |
| Operations | 455,895 | 456,534 | 499,724 | 482,497 |
| Capital | 162,040 | 29,180 | 169,746 | 177,500 |
| Capital and Other | 162,040 | 29,180 | 169,746 | 177,500 |
| Total Expenditures | 617,936 | 485,714 | 669,470 | 659,997 |

Notes:

2015 Season Pass Revenue saw an increase from Painted Hills Men's League closing and coming to Trailhead Capital including a set of reel grinders, mowing equipment and diesel tank.