



Small Town. Real Life.

Date: October 18, 2016

To: Mayor Ibershof and City Council

From: Dean Rohla, Finance Director
Jennifer Anderson, Accountant

Re: Third quarter 2016 Financial Report (75% of year = 75% Target)

At the end of third quarter 2016, total City revenues are 40.78% of budget and expenses are 38.31%. A summary by each fund type is shown in Exhibit 1 and 2.

Highlights year-to-date include:

GENERAL FUND

- General Fund operating revenue ended third quarter at 72.79% of budget and operating expenditures are 68.23%. In comparison, 2015 3rd quarter ended with operating revenue at 65.47% and operating expenses at 70.00% (see **Exhibit 9** for details by department and object).
- Approximately 29% of the General Fund revenue comes from Property Tax which is primarily received in April/May and Oct/Nov each year.
- Building permit revenue ended the third quarter at 111.09% of budget or a total of \$125,088.19. This is a significant increase compared to end of 3rd quarter 2015 which ended with \$98,447.37 in revenue or 60.49% of budget.
- Other development fees and engineering fees have brought in revenue of \$152,060.71 thru end of 3rd quarter 2016. This represents 104.87% of budget (\$145,000).
- Plan check fees were at 87.53% of budget or \$64,064.28 at the end of third quarter. Again, this is higher than 2015 third quarter which ended with \$47,980.56.
- Sales Tax revenue ended third quarter with 85.41% of the \$665,000 budget received (**Exhibit 3**).
- Utility Taxes are at 74.06% of budget or \$809,073. (**Exhibit 6**).

CAPITAL FUNDS

- Seventeen park and street impact fees have been received this year. Impact fees are receipted at the time building permits are issued (**Exhibit 5**).
- Real Estate Excise Tax (REET) ended the quarter at 81.54% of budget with homes and property continuing to sell at increased prices. (**Exhibit 4**).

UTILITY FUNDS

- The City has no General Obligation debt, only Revenue debt for the water and sewer utility as shown in **Exhibit 7**.
 - The 2.2 M gallon water tank bonds were paid off in July 2016
- The sale of the vacant land next to the Valley Tech Center closed on 2/2/2016. The City received \$370,000 from the sale.

ALL FUNDS

- Interest on Investments revenue ended the third quarter at \$43,062.11. This is 214% of the 2016 budget, \$20,095.
- Reserve fund balances are being met (**Exhibit 8**).
- Overall City fund balances have increased through the end of third quarter 2016 by \$391,354.79. (**Exhibit 10**).

Please feel free to contact me if you have any questions, 425-939-8066.

EXHIBIT 1: Budget to Actual Revenues thru September 30, 2016 – all funds

Fund Types	2016 Total Budget	2016 Begin. Fund Balance	2016 Total Budget Less Begin. Fund Bal.	YTD 2016 Revenues	% Received	Target
General Fund	5,246,735	1,064,236	4,182,499	3,044,568	72.79%	>75%
Contingency Fund	45,615	28,015	17,600	104	0.59%	>75%
Special Revenue Funds	700,823	187,313	513,510	327,943	63.86%	>75%
Debt Service	3,000,000	-	3,000,000	-	0.00%	>75%
Capital Project Funds	13,143,325	2,195,564	10,947,760	1,930,466	17.63%	>75%
Utility Funds	13,681,980	7,104,405	6,577,575	4,707,012	71.56%	>75%
Bond Redemption & Reserve	721,268	279,413	441,855	332,157	75.17%	≥75%
Internal Service Funds	1,067,999	590,608	477,391	324,582	67.99%	>75%
Totals	\$ 37,607,743	\$ 11,449,553	\$ 26,158,190	\$ 10,666,832	40.78%	>75%

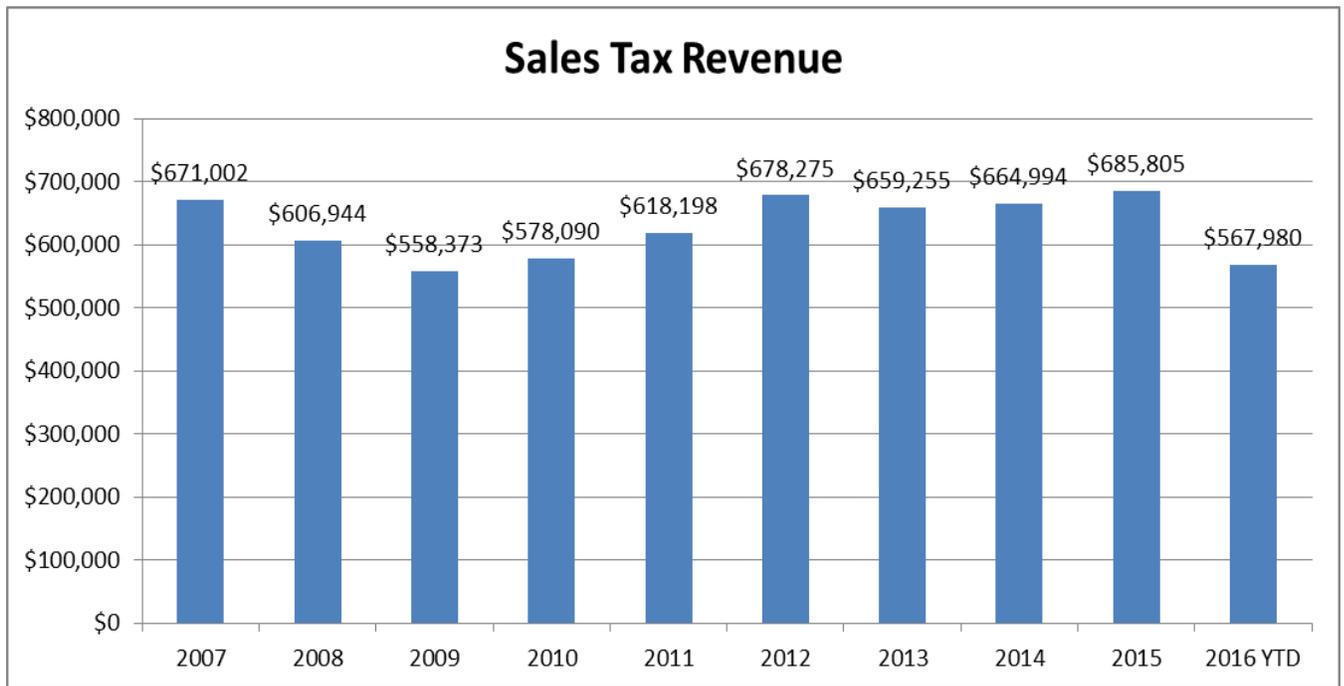
Total revenues are under the target of 75% or higher.

EXHIBIT 2: Budget to Actual Expenditures thru September 30, 2016 – all funds

Fund Types	2016 Total Budget	2016 Budget Ending Fund Balance	2016 Total Budget less End. Fund Bal.	YTD 2016 Expenditures	% Expended	Target
General Fund	5,246,735	935,954	4,310,781	2,941,346	68.23%	<75%
Contingency Fund	45,615	27,615	18,000	-	0.00%	<75%
Special Revenue Funds	700,823	45,111	655,712	405,122	61.78%	<75%
Debt Service	3,000,000	-	3,000,000	-	0.00%	<75%
Capital Project Funds	13,143,325	3,299,283	9,844,042	1,301,348	13.22%	<75%
Utility Funds	13,681,980	5,676,481	8,005,499	5,162,569	64.49%	<75%
Bond Redemption & Reserve	721,268	279,163	442,105	217,653	49.23%	<75%
Internal Service Funds	1,067,999	522,525	545,474	247,439	45.36%	<75%
Totals	\$ 37,607,743	\$ 10,786,131	\$ 26,821,612	\$ 10,275,477	38.31%	<75%

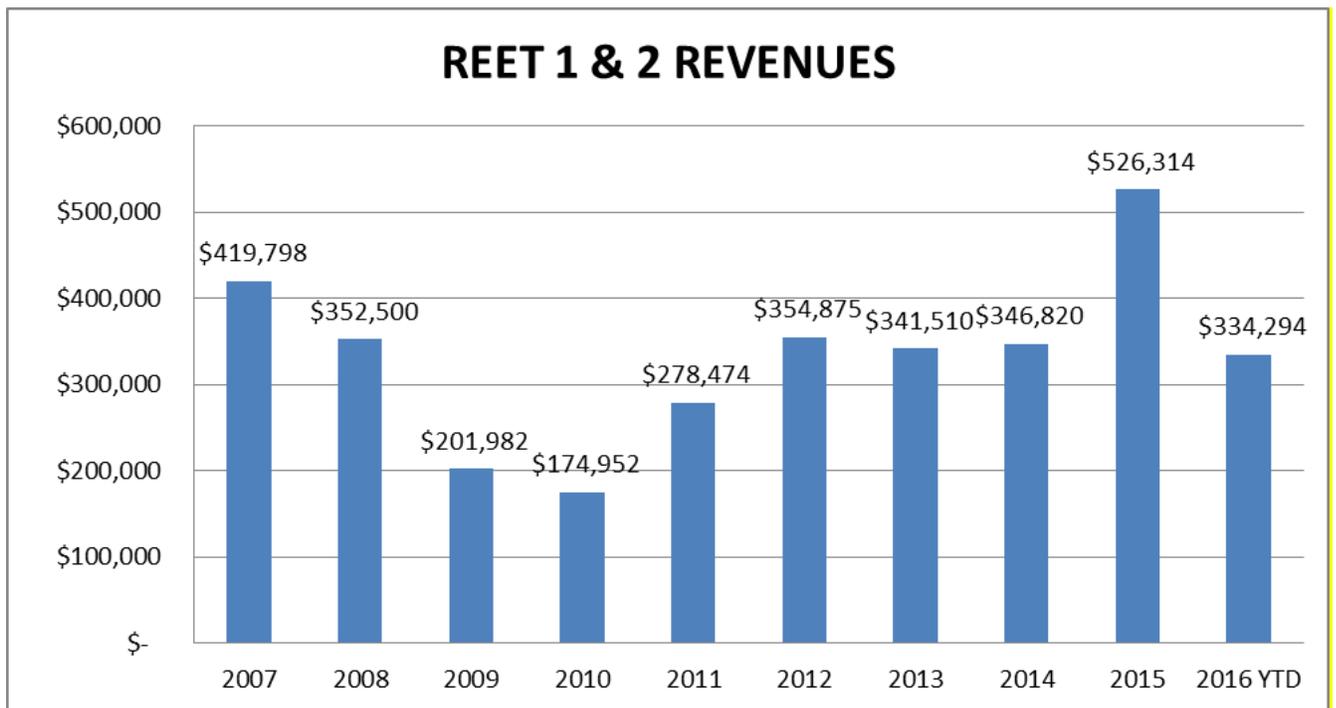
Expenditures are below the 75% target at the end of third quarter.

EXHIBIT 3: Sales Tax



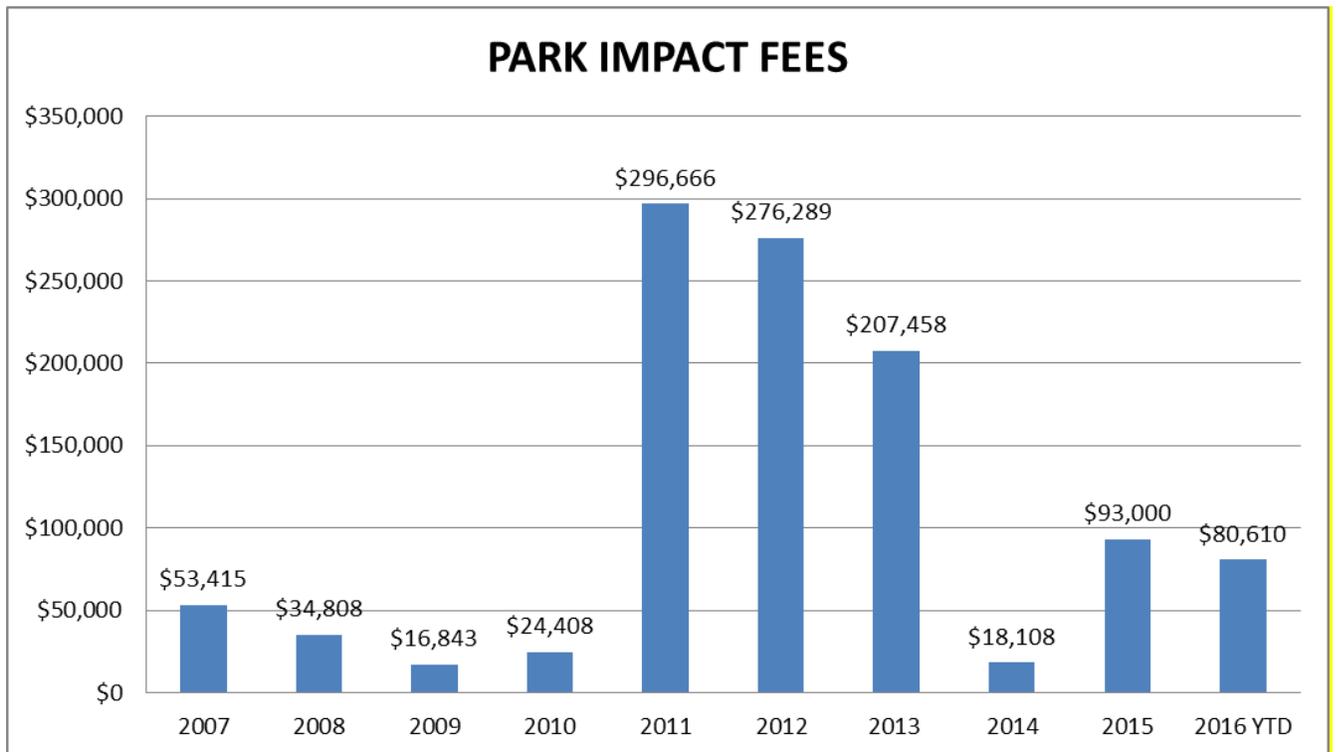
At the end of third quarter, sales tax is at 85.41% of our \$665,000 budget and is 13.6% higher than third quarter 2015 sales tax revenues.

EXHIBIT 4: REET

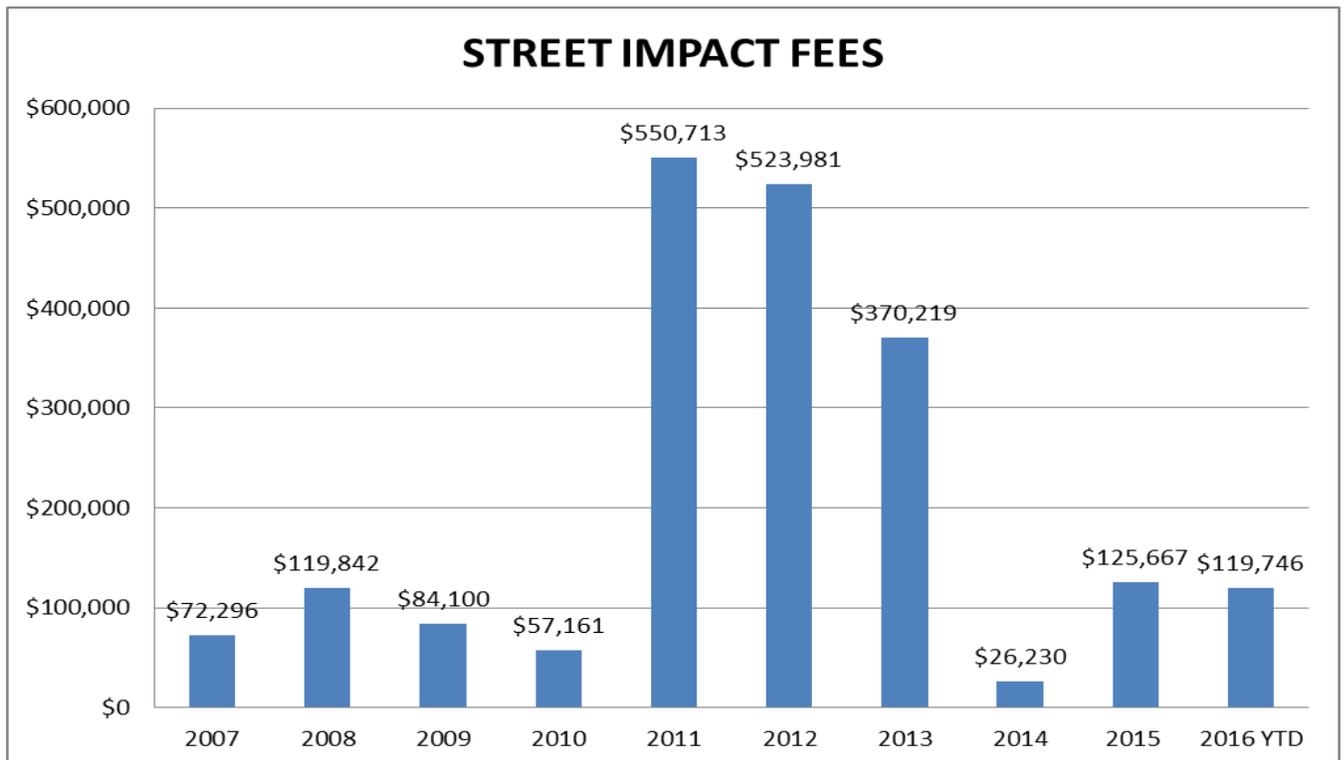


Real Estate Excise Tax Revenues (REET) are at 81.54% of the 2016 budget (\$410,000). These funds are primarily for capital improvements.

EXHIBIT 5: Impact Fees

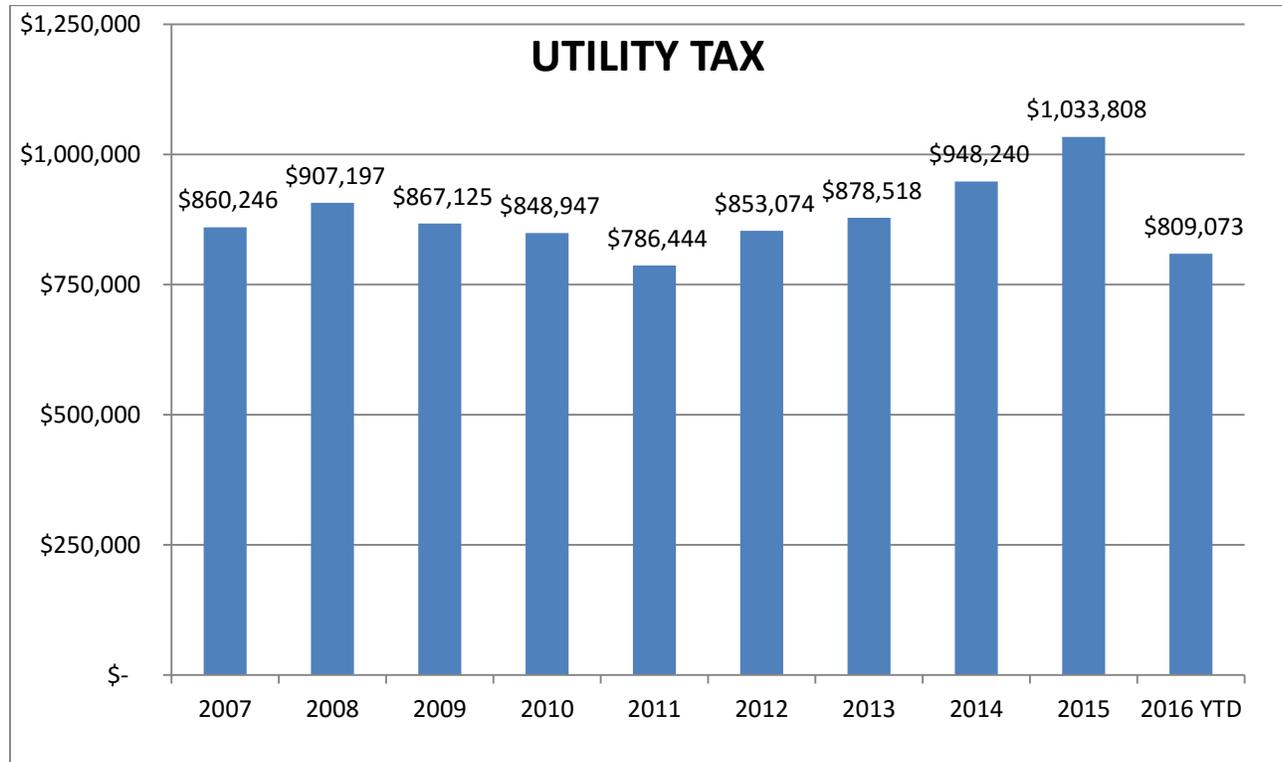


The City has collected 17 park impact fees, or 52.53% of budget, thru September 30, 2016. Park impact fees are restricted for park capital improvements.



The City has collected 17 street impact fees, or 48.09% of budget, thru September 30, 2016. Street impact fees are restricted for transportation capital improvements.

EXHIBIT 6: Utility Taxes



At the end of the third quarter, utility taxes are at 74.06% of budget (\$1,092,500). Utility tax revenues are from electric, gas, telephone, garbage, cable, and the city’s water, sewer, and storm drain utilities.

EXHIBIT 7: Debt

Utility Revenue Debt	Principal
Water Main Pump PWTF	15,525
2.2 M Gal Water Tank Bonds	-
Sewer Bonds	810,000
SRF WWTP Loan	2,940,590
Total	\$ 3,766,115

The City has no outstanding general obligation debt at this time. The utilities have outstanding loans and revenue bonds as shown above. In December 2014, Standard & Poor’s rated our water and sewer bonds “AA/Stable.” Duvall has bond reserves set aside which are in compliance with bond covenants.

EXHIBIT 8: Fund Balance Reserves

001	General Fund	\$	726,587	17% of operating budget or 2 months coverage
001	Disaster Relief		25,000	Established by City Council
002	Contingency		18,304	Maximum allowed is 37.5% of AV or about \$296K
401	Water Utility		657,717	Established by City Council
402	Sewer Utility		876,956	Established by City Council
402	Sewer Utility, DOE Loan		335,000	Annual Loan Payment
404	Storm Drain		274,050	Established by City Council
411	Utility Bond Debt Reserve		261,850	Amount required by bond covenant
501	Equipment Fund		200,000	Established by City Council
	Total Restricted Funds	\$	<u>3,375,464</u>	

- Reserve balances are being met.

NOTES:

- The City has a total of \$11,452,697.84 in cash and investments across all funds.
 - Additional information may be found in the third quarter investment report.
- Third quarter Budget amendments were approved by Council Tuesday, September 20, 2016

EXHIBIT 9:

Annual Revenue Report				Target ≥ 75%
General Fund as of 9/30/16				
Resources	2016 Budget	YTD	YTD % Collected	2015 Comparison
Begin Fund Balance	\$ 1,064,235.51	\$ 1,064,235.51	100.00%	100.00%
Taxes	3,044,780.00	2,127,456.67	69.87%	64.90%
Licenses & Permits	311,202.00	270,568.66	86.94%	70.70%
Intergovernmental Revenues	244,954.00	168,017.42	68.59%	45.80%
Charges for Goods and Services	251,389.00	230,506.40	91.69%	88.00%
Fines & Penalties	30,000.00	44,298.59	147.66%	45.90%
Miscellaneous Revenues	78,690.00	50,831.28	64.60%	78.60%
Other	221,484.00	152,889.24	69.03%	68.60%
TOTAL OPERATING REVENUE:	\$ 4,182,499.00	\$ 3,044,568.26	72.79%	65.47%
TOTAL BUDGET	\$ 5,246,734.51	\$ 4,108,803.77	78.31%	71.70%

Annual Expense Report				Target ≤ 75%
General Fund as of 9/30/16				
Expenses by Department:	2016 Budget	YTD	YTD % Spent	2015 Comparison
Legislative	\$ 86,019.00	\$ 54,955.85	63.89%	61.70%
Executive	157,781.00	117,759.26	74.63%	67.60%
Community Events	2,000.00	-	0.00%	0.00%
Finance Dept.	270,740.00	181,619.43	67.08%	77.50%
Planning Dept.	464,344.00	274,496.15	59.11%	75.10%
Building Dept.	164,453.00	115,375.67	70.16%	61.40%
Police Dept.	2,226,323.00	1,566,092.22	70.34%	68.60%
Recycling Dept.	18,170.00	15,071.58	82.95%	39.10%
Civil Service	10,192.00	6,148.89	60.33%	240.50%
Parks Dept.	241,444.00	153,710.01	63.66%	68.10%
Cultural Commission	94,750.00	57,151.01	60.32%	71.50%
Engineering Dept.	221,111.00	139,896.95	63.27%	74.10%
Fire	4,100.00	2,200.00	53.66%	139.00%
Non-Departmental	349,354.00	256,869.03	73.53%	71.50%
TOTAL OPERATING EXPENSES	\$ 4,310,781.00	\$ 2,941,346.05	68.23%	70.00%
Ending Fund Balance	\$ 935,953.51			
TOTAL BUDGET	\$ 5,246,734.51	\$ 2,941,346.05		

General Fund as of 9/30/16				
Expenses by Category:	2016 Budget	YTD	YTD % Spent	2015 Comparison
Salaries and Wages	\$ 2,043,434.00	\$ 1,496,520.09	73.24%	73.90%
Personnel Benefits	819,906.00	586,206.64	71.50%	76.00%
Supplies	86,325.00	43,505.94	50.40%	51.40%
Services	1,041,444.00	660,571.42	63.43%	68.80%
Intergovernmental Svcs.	290,672.00	154,541.96	53.17%	43.70%
Capital Outlays	29,000.00	-	0.00%	0.00%
TOTAL OPERATING EXPENSES	\$ 4,310,781.00	\$ 2,941,346.05	68.23%	70.00%
Ending Fund Balance	\$ 935,953.51			
TOTAL BUDGET	\$ 5,246,734.51	\$ 2,941,346.05		

Operating Revenue less Operating Expenses **\$ 103,222.21**

EXHIBIT 10:

CITY OF DUVALL
2016 REVENUE AND EXPENSE SUMMARY

Quarter ended 9/30/2016

Fund	Description	Beginning		Ending		Net Change	
		Fund Balance	Revenues	Expenditures	Fund Balance		
001	General Fund	\$ 1,064,235.51	\$ 3,044,568	\$ 2,941,346	\$ 1,167,457.72	\$ 103,222.21	General Fund
002	Contingency Fund	28,014.90	104	-	28,118.63	103.73	
101	Street Fund	121,133.28	280,839	354,837	47,135.99	(73,997.29)	Special Revenue Funds
106	Big Rock Ball Park Maintenance	27,760.21	46,962	50,286	24,436.54	(3,323.67)	
107	Sensitive Areas Mitigation Fund	38,419.08	142	-	38,561.33	142.25	
206	2016 LTGO - Main St Debt Svc	-	-	-	-	-	Debt Svc Fd
304	Real Estate Excise Tax Fund 1	431,383.06	418,902	225,965	624,320.57	192,937.51	
305	Real Estate Excise Tax Fund 2	327,438.18	418,425	282,215	463,648.15	136,209.97	Capital Project Funds
306	Main Street Improvement	-	874,920	209,399	665,520.80	665,520.80	
307	Street CIP Fund	686,620.77	126,385	477,506	335,499.25	(351,121.52)	
308	Parks CIP Fund	750,122.25	91,834	106,262	735,693.77	(14,428.48)	
401	Water Fund	2,773,668.46	1,642,688	1,434,028	2,982,329.00	208,660.54	
402	Sewer Fund	1,906,400.73	1,918,709	1,601,088	2,224,021.66	317,620.93	
404	Storm Drainage Fund	535,478.50	588,572	488,000	636,050.11	100,571.61	
407	Water CIP Fund	356,606.54	125,750	174,453	307,903.83	(48,702.71)	Proprietary Funds
408	Sewer CIP Fund	1,512,014.69	428,926	1,464,966	475,974.51	(1,036,040.18)	
409	Storm Drainage CIP Fund	20,235.92	2,367	34	22,568.17	2,332.25	
410	Bond Redemption Fund	17,068.85	331,186	217,353	130,902.26	113,833.41	
411	Bond Reserve Fund	262,343.73	971	300	263,014.62	670.89	
501	Equipment Fund	514,700.94	105,333	93,553	526,480.21	11,779.27	Internal Service Funds
502	IT Fund	41,487.67	153,853	98,218	97,122.80	55,635.13	
503	Building Maintenance Fund	34,419.47	65,396	55,668	44,147.61	9,728.14	
TOTAL						\$ 391,354.79	

103,325.94

(77,178.71)

(341,053.26)

391,354.79

\$ 11,449,552.74

\$ 10,666,832

\$ 10,275,477

\$ 11,840,907.53

\$ 391,354.79

\$ 22,116,384.75 = \$ 22,116,384.75