



Small Town. Real Life.

Date: May 3, 2016

To: Mayor Ibershof and City Council

From: Dean Rohla, Finance Director  
Jennifer Anderson, Accountant

Re: First quarter 2016 Financial Report (25% of year = 25% Target)

At the end of first quarter 2016, total City revenues are 13.84% of budget and expenses are 10.40%. A summary by each fund type is shown in Exhibit 1 and 2.

**Highlights year-to-date include:**

**GENERAL FUND**

- General Fund revenues ended first quarter at 20.19% of budget and expenditures are 23.06%. In comparison, 2015 1st quarter ended with revenues at 17.78% and expenses at 23.05%. (Exhibit 9 provides details by department and expense category).
- Approximately 25% 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 first quarter at 25.85% of budget or a total of \$29,105.43. This is a slight increase compared to end of 1st quarter 2015 which ended with \$29,025.75 in revenue or 17.83% of budget.
- Other development fees and engineering fees have brought in revenue of \$47,062.92 thru end of 1<sup>st</sup> quarter 2016. This represents 32.46% of budget (\$145,000).
- Plan check fees were at 19.59% of budget or \$14,338.84 at the end of 1st quarter. Again, this is slightly higher than 2015 1st quarter which ended with \$13,925.73.
- Sales Tax revenue ended 1<sup>st</sup> quarter with 27.30% of the \$665,000 budget received. (Exhibit 3)
- Utility Taxes are at 27.24% of budget or \$297,555.15. (Exhibit 6).

**CAPITAL FUNDS**

- Five 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 20.58% 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 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 1st quarter at \$12,371.45. This is 61.56% of the 2016 budget, \$20,095.
- Reserve fund balances are being met (Exhibit 8).
- Overall City fund balances increased in the first quarter of 2016 by \$814,135.16. This is primarily due to the sale of the VTC property in February and a large Main St. project reimbursement (Exhibit 10).

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

**EXHIBIT 1: Budget to Actual Revenues thru March 31, 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	5,213,402	1,064,236	4,149,166	837,745	20.19%	>25%
Contingency Fund	45,615	28,015	17,600	29	0.16%	>25%
Special Revenue Funds	700,823	187,313	513,510	61,941	12.06%	>25%
Debt Service	3,000,000	-	3,000,000	-	0.00%	>25%
Capital Project Funds	12,310,485	2,195,564	10,114,921	441,644	4.37%	>25%
Utility Funds	13,681,980	7,104,405	6,577,575	1,933,521	29.40%	>25%
Bond Redemption & Reserve	721,268	279,413	441,855	110,680	25.05%	>25%
Internal Service Funds	1,017,583	590,608	426,975	107,401	25.15%	>25%
Totals	\$ 36,691,155	\$ 11,449,553	\$ 25,241,602	\$ 3,492,961	13.84%	>25%

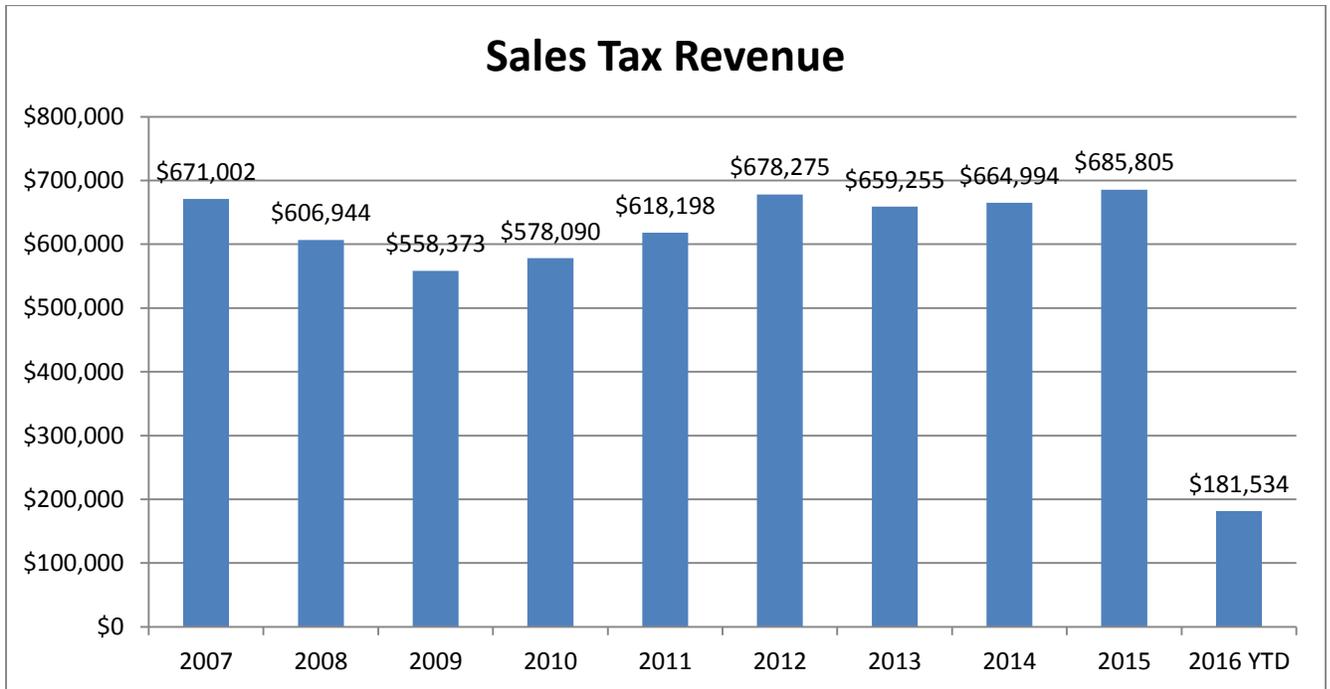
Total revenues are under the target of 25% or higher.

**EXHIBIT 2: Budget to Actual Expenditures thru March 31, 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	5,213,402	939,358	4,274,044	985,503	23.06%	≤25%
Contingency Fund	45,615	27,615	18,000	-	0.00%	≤25%
Special Revenue Funds	700,823	48,064	652,759	136,264	20.88%	≤25%
Debt Service	3,000,000	-	3,000,000	-	0.00%	≤25%
Capital Project Funds	12,310,485	2,991,652	9,318,833	308,475	3.31%	≤25%
Utility Funds	13,681,980	6,119,883	7,562,097	1,192,795	15.77%	≤25%
Bond Redemption & Reserve	721,268	279,163	442,105	4,600	1.04%	≤25%
Internal Service Funds	1,017,583	522,525	495,058	51,189	10.34%	≤25%
Totals	\$ 36,691,156	\$ 10,928,259	\$ 25,762,897	\$ 2,678,827	10.40%	≤25%

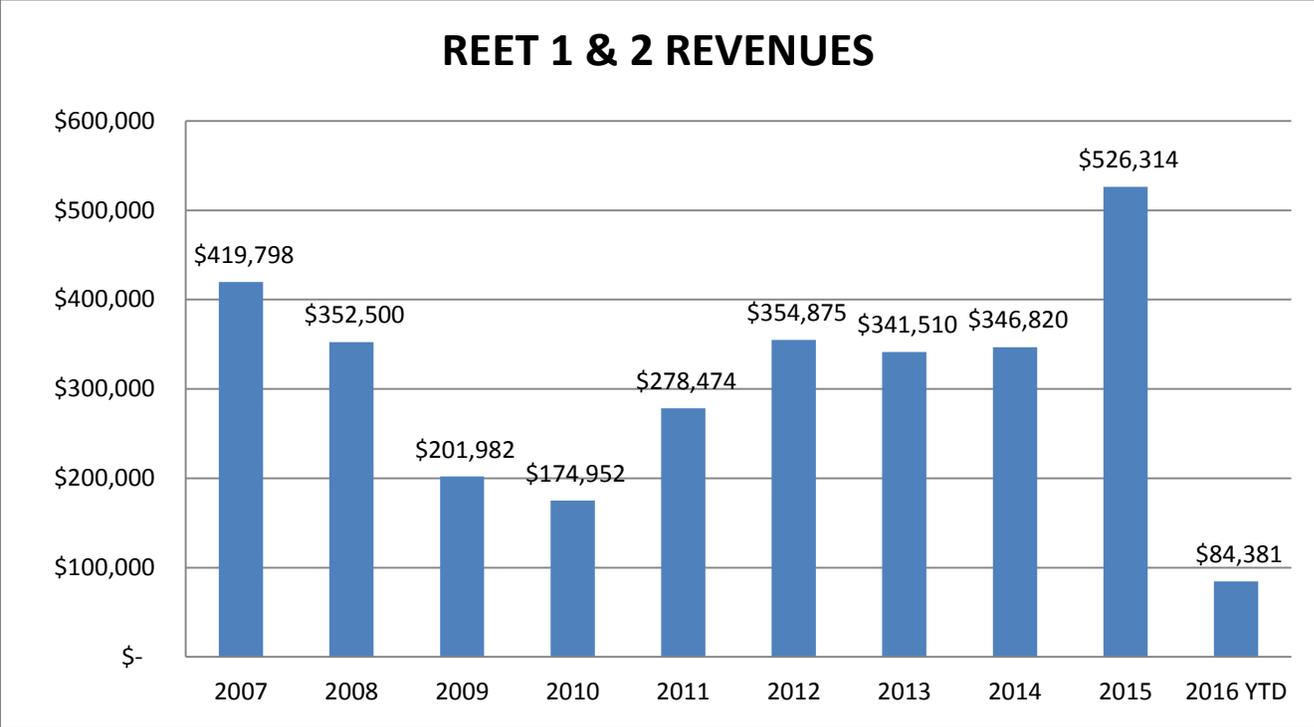
Expenditures are below the 25% target at the end of first quarter.

**EXHIBIT 3: Sales Tax**



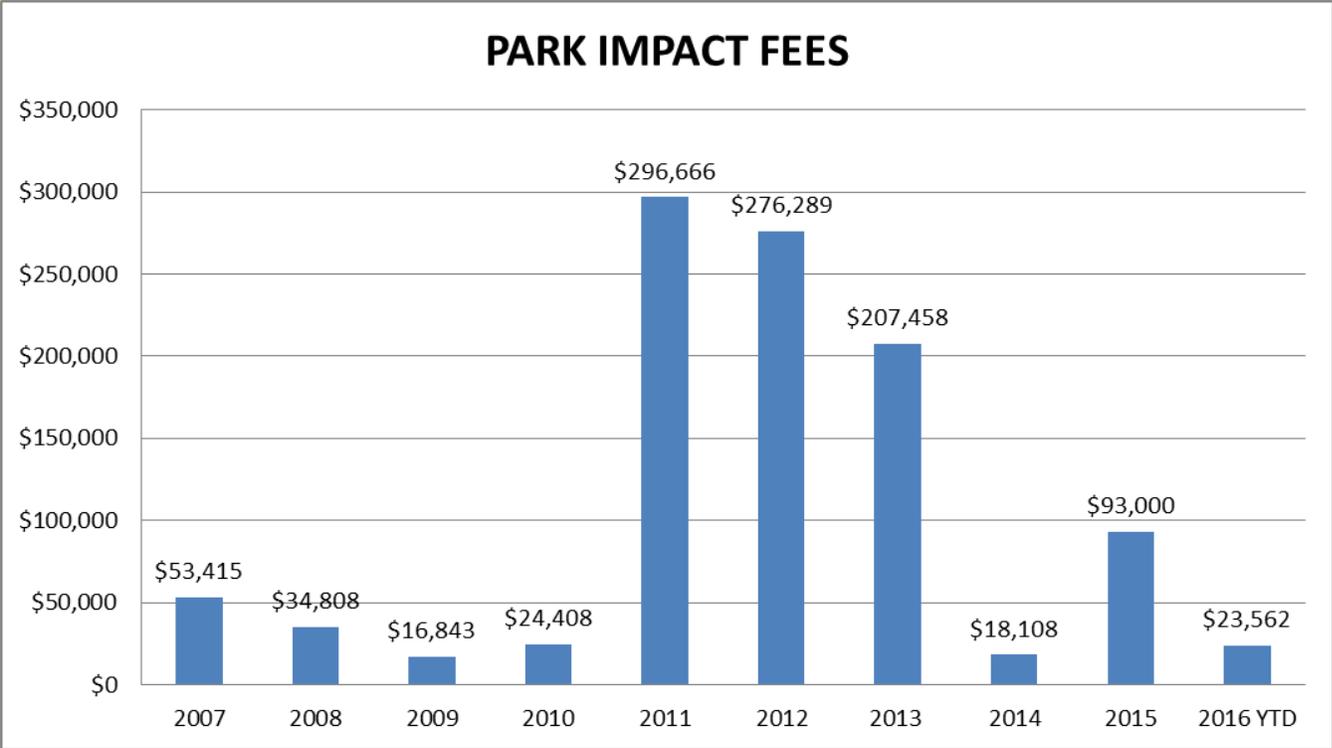
At the end of first quarter, sales tax is at 27.30% of our \$665,000 budget and is 13.29% higher than first quarter 2015 sales tax revenues.

**EXHIBIT 4: REET**

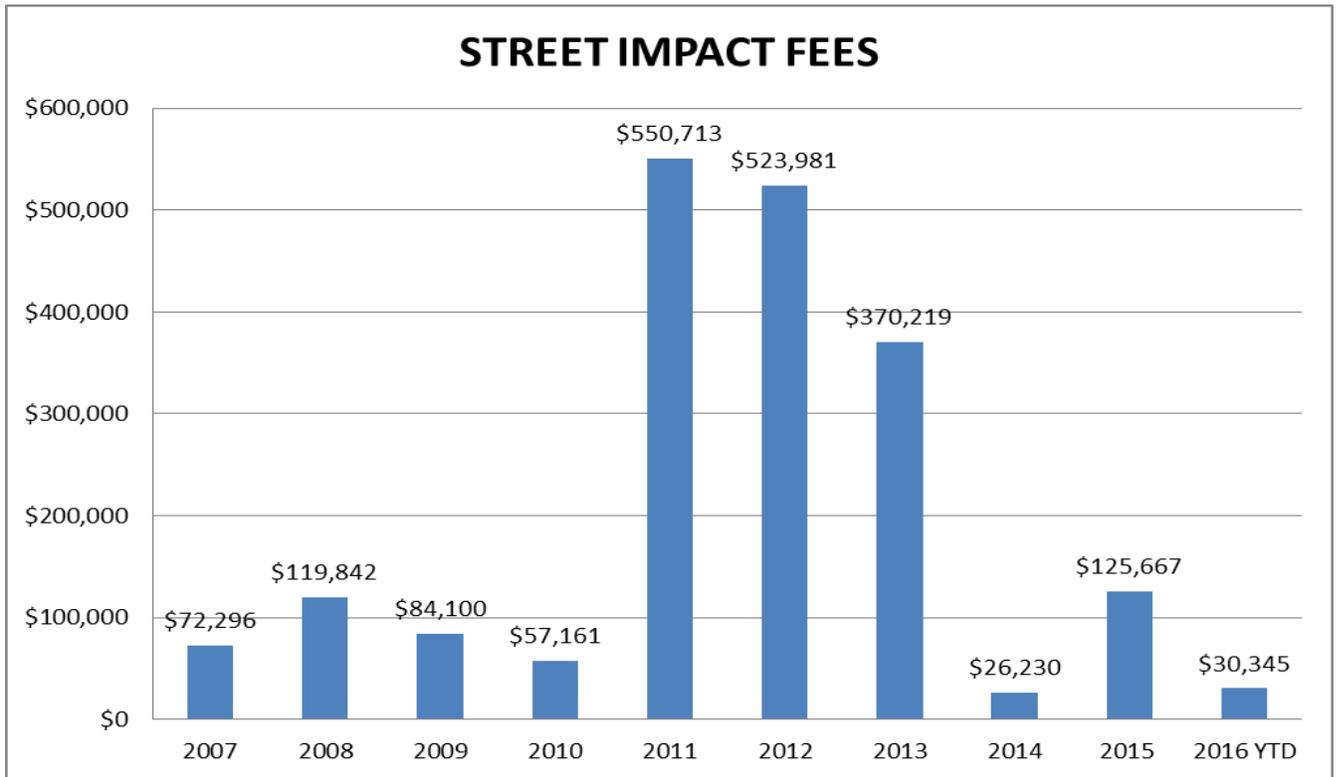


Real Estate Excise Tax Revenues (REET) are at 20.58% of the 2016 budget (\$410,000). These funds are primarily for capital improvements.

**EXHIBIT 5: Impact Fees**

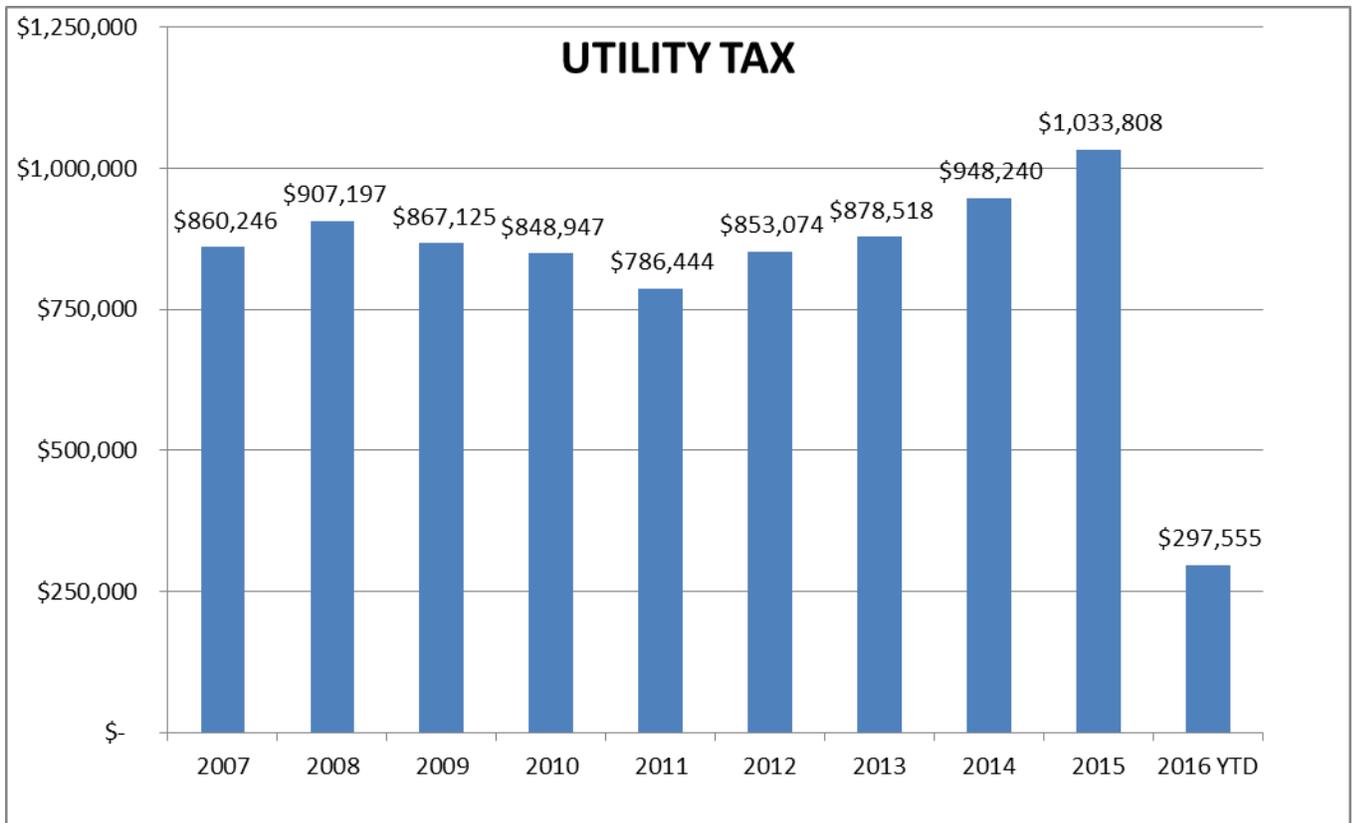


The City has collected 5 park impact fees, or 15.35% of budget, thru March 31, 2016. Park impact fees are restricted for park capital improvements.



The City has collected 5 street impact fees, or 12.19% of budget, thru March 31, 2016. Street impact fees are restricted for transportation capital improvements.

#### EXHIBIT 6: Utility Taxes



At the end of the first quarter, utility taxes are at 27.24% 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**

<u>Utility Revenue Debt</u>	<u>Principal</u>
Water Main Pump PWTF	31,051
2.2 M Gal Water Tank Bonds	200,000
Sewer Bonds	810,000
SRF WWTP Loan	3,100,109
Total	<u>\$ 4,141,160</u>

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
	<b>Total Restricted Funds</b>	<u><b>\$ 3,375,464</b></u>	

- Reserve balances are being met.
- The City has a total of \$12,174,399.15 on hand.
  - Additional information may be found in the first quarter investment report.
- 1<sup>st</sup> Quarter Budget Amendment approved by Council 04/05/16



EXHIBIT 10:

**CITY OF DUVALL**  
**2016 REVENUE AND EXPENSE SUMMARY**  
 Quarter ended 3/31/2016

Fund	Description	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Net Change	
001	General Fund	\$ 1,064,235.51	\$ 837,745	\$ 985,503	\$ 916,477.49	\$ (147,758.02)	General Fund
002	Contingency Fund	28,014.90	29	-	28,044.29	29.39	(147,728.63)
101	Street Fund	121,133.28	49,590	120,891	49,832.46	(71,300.82)	Special Revenue Funds
106	Big Rock Ball Park Maintenance	27,760.21	12,311	15,373	24,697.52	(3,062.69)	(74,323.20)
107	Sensitive Areas Mitigation Fund	38,419.08	40	-	38,459.39	40.31	
206	2016 LTGO - Main St Debt Svc	-	-	-	-	-	
304	Real Estate Excise Tax Fund 1	431,383.06	42,682	8,907	465,158.42	33,775.36	
305	Real Estate Excise Tax Fund 2	327,438.18	42,556	27,657	342,337.32	14,899.14	
306	Main Street Improvement	-	301,147	54,429	246,717.57	246,717.57	133,168.67
307	Street CIP Fund	686,620.77	30,896	208,776	508,740.14	(177,880.63)	
308	Parks CIP Fund	750,122.25	24,363	8,706	765,779.48	15,657.23	
401	Water Fund	2,773,668.46	529,968	447,425	2,856,211.58	82,543.12	
402	Sewer Fund	1,906,400.73	756,679	542,926	2,120,153.55	213,752.82	
404	Storm Drainage Fund	535,478.50	237,787	149,868	623,396.93	87,918.43	
407	Water CIP Fund	356,606.54	36,776	52,576	340,806.95	(15,799.59)	Proprietary Funds
408	Sewer CIP Fund	1,512,014.69	372,290	-	1,884,304.85	372,290.16	846,806.45
409	Storm Drainage CIP Fund	20,235.92	21	-	20,257.15	21.23	
410	Bond Redemption Fund	17,068.85	110,405	4,500	122,973.98	105,905.13	
411	Bond Reserve Fund	262,343.73	275	100	262,518.88	175.15	
501	Equipment Fund	514,700.94	34,190	14,334	534,556.59	19,855.65	Internal Service Funds
502	IT Fund	41,487.67	51,285	22,696	70,076.91	28,589.24	56,211.87
503	Building Maintenance Fund	34,419.47	21,926	14,159	42,186.45	7,766.98	
<b>TOTAL</b>		<b>\$ 11,449,552.74</b>	<b>\$ 3,492,961</b>	<b>\$ 2,678,826</b>	<b>\$ 12,263,687.90</b>	<b>\$ 814,135.16</b>	<b>814,135.16</b>

\$ 14,942,513.48 = \$ 14,942,513.48