



Small Town. Real Life.

Date: November 1, 2017

To: Mayor Ibershof and City Council

From: Jennifer Anderson, Accountant
Lindsey Vaughn, Finance Director

Re: Third quarter 2017 Financial Report (75% of year = 75% Target)

At the end of third quarter 2017, total City revenues are 76.44% of budget and expenses are 61.39%. A summary by each fund type is shown in Exhibit 1 and 2.

Highlights year-to-date include:

GENERAL FUND

- General Fund revenues ended third quarter at 74.89% of budget and expenditures are 68.54%. In comparison, 2016 3rd quarter ended with revenues at 72.79% and expenses at 68.23%. (Exhibit 9 provides details by department and expense category).
- Approximately 20% 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 118% of budget or a total of \$287,137. This is an increase compared to end of 3rd quarter 2016 which ended with \$125,088 in revenue or 72.47% of budget. A 2017 budget amendment includes an increase for Building Permit revenue.
- Other development fees and engineering fees have brought in revenue of \$115,450 thru end of 3rd quarter 2017. This represents 85.52% of budget (\$135,000).
- Plan check fees were at 101% of budget or \$159,168 at the end of 3rd quarter. Again, this is higher than 2016 3rd quarter which ended with \$64,064.
- Sales Tax revenue ended 3rd quarter with 93.45% of the \$715,000 budget received. (Exhibit 3)
- Utility Taxes are at 78.50% of budget or \$939,024. (Exhibit 6).
- Received \$40,000 in revenue from Riverview School District for the school officer, for the 2016-2017 school year.

CAPITAL FUNDS

- Forty seven park and forty nine 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 107% of budget with homes and property continuing to sell at increased prices. (Exhibit 4).

UTILITY FUNDS

- The City has Revenue debt for the water and sewer utility as shown in Exhibit 7.

ALL FUNDS

- Interest on Investments revenue ended the 3rd quarter at \$69,560.11. This is 130% of the 2017 budget, \$53,680. Of the total, 27.52% or \$19,144.24 is interest from the Long Term General Obligation debt that has been invested. (Fund 206)
- Reserve fund balances are being met (Exhibit 8).

Please feel free to contact me if you have any questions, 425-939-8068.

EXHIBIT 1: Budget to Actual Revenues thru September 30, 2017 – all funds

Fund Types	2017	2017	2017	YTD 2017	%	Target
	Total Budget	Begin. Fund Balance	Total Budget Less Begin. Fund Bal.	Revenues	Received	
General Fund	6,182,408	1,248,242	4,934,167	3,695,046	74.89%	≥75%
Contingency Fund	177,794	162,694	15,100	11,893	78.76%	≥75%
Special Revenue Funds	763,664	176,127	587,537	412,308	70.18%	≥75%
Debt Service	5,350,884	-	5,350,884	5,239,557	97.92%	≥75%
Capital Project Funds	14,473,917	2,503,024	11,970,893	7,821,881	65.34%	≥75%
Utility Funds	12,915,708	5,991,546	6,924,162	5,574,119	80.50%	≥75%
Bond Redemption & Reserve	725,846	281,226	444,620	333,911	75.10%	≥75%
Internal Service Funds	1,227,474	698,140	529,334	421,198	79.57%	≥75%
Totals	\$ 41,817,695	\$ 11,060,999	\$ 30,756,696	\$ 23,509,913	76.44%	≥75%

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

EXHIBIT 2: Budget to Actual Expenditures thru September 30, 2017 – all funds

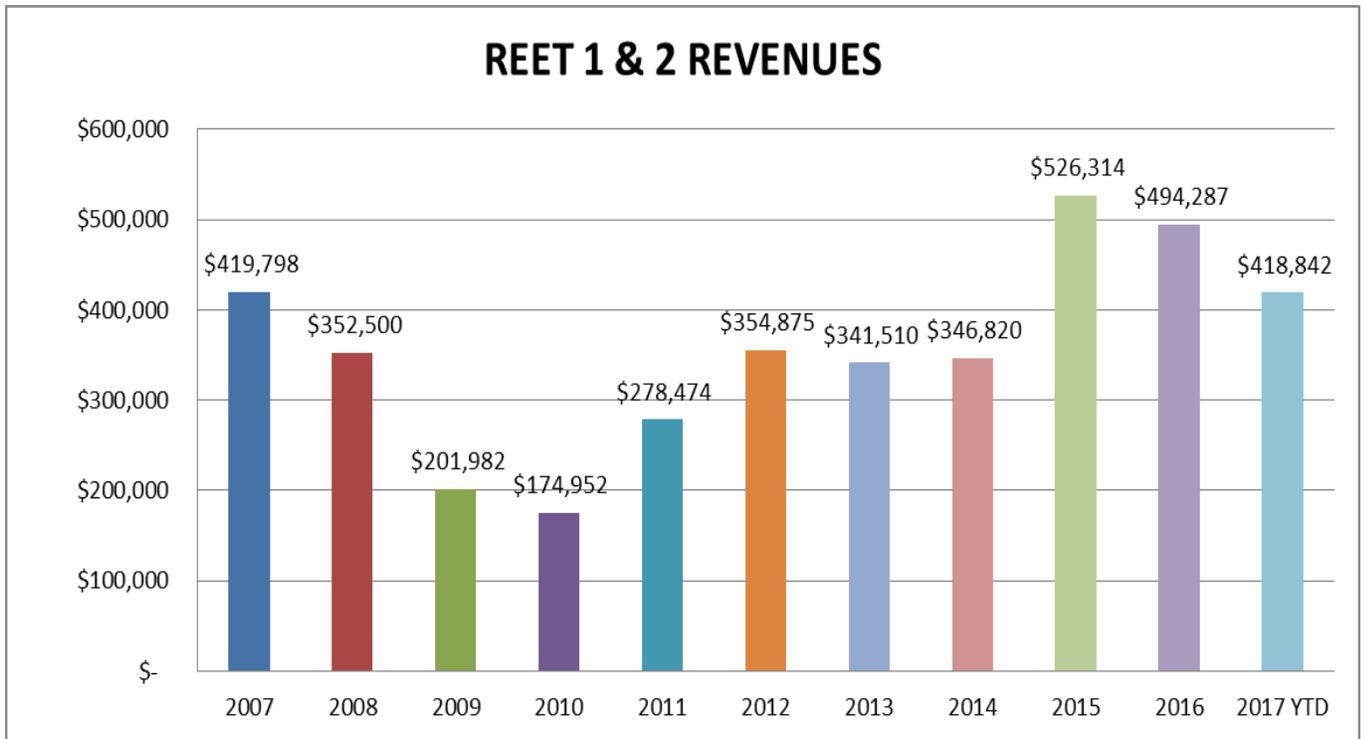
Fund Types	2017	2017	2017	YTD 2017	%	Target
	Total Budget	Budget Ending Fund Balance	Total Budget less End. Fund Bal.	Expenditures	Expended	
General Fund	6,182,408	1,131,946	5,050,463	3,461,567	68.54%	<75%
Contingency Fund	177,794	-	177,794	-	0.00%	<75%
Special Revenue Funds	763,664	96,575	667,089	440,615	66.05%	<75%
Debt Service	5,350,884	11,999	5,338,885	3,889,255	72.85%	<75%
Capital Project Funds	14,473,917	2,059,156	12,414,761	7,015,500	56.51%	<75%
Utility Funds	12,915,708	6,822,573	6,093,135	3,661,561	60.09%	<75%
Bond Redemption & Reserve	725,846	281,826	444,020	7,236	1.63%	<75%
Internal Service Funds	1,227,474	686,756	540,718	388,392	71.83%	<75%
Totals	\$ 41,817,695	\$ 11,090,830	\$ 30,726,865	\$ 18,864,126	61.39%	<75%

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

EXHIBIT 3: Sales Tax

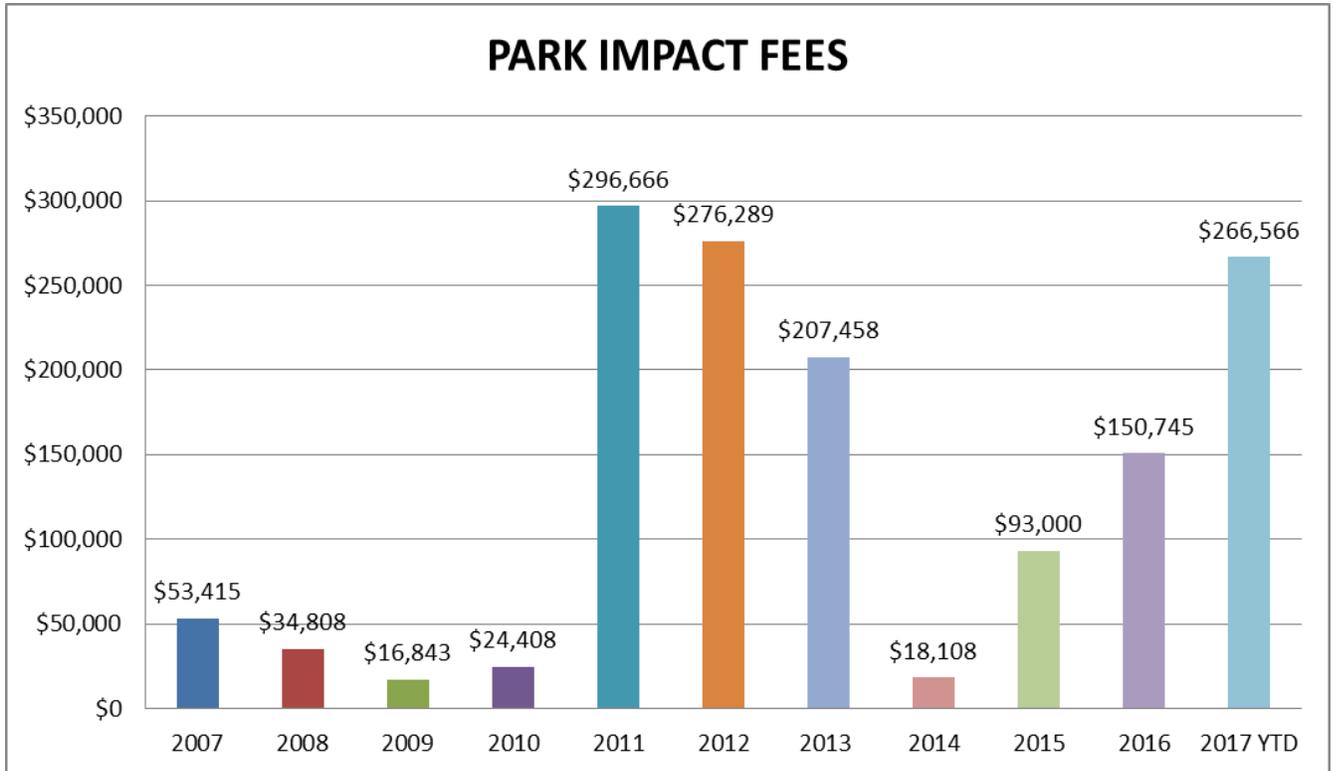
At the end of third quarter, sales tax is at 93.45% of our \$715,000 budget and is 14% higher than third quarter 2016 sales tax revenues.

EXHIBIT 4: REET



Real Estate Excise Tax Revenues (REET) are at 107% of the 2017 budget (\$390,000). These funds are primarily for capital improvements.

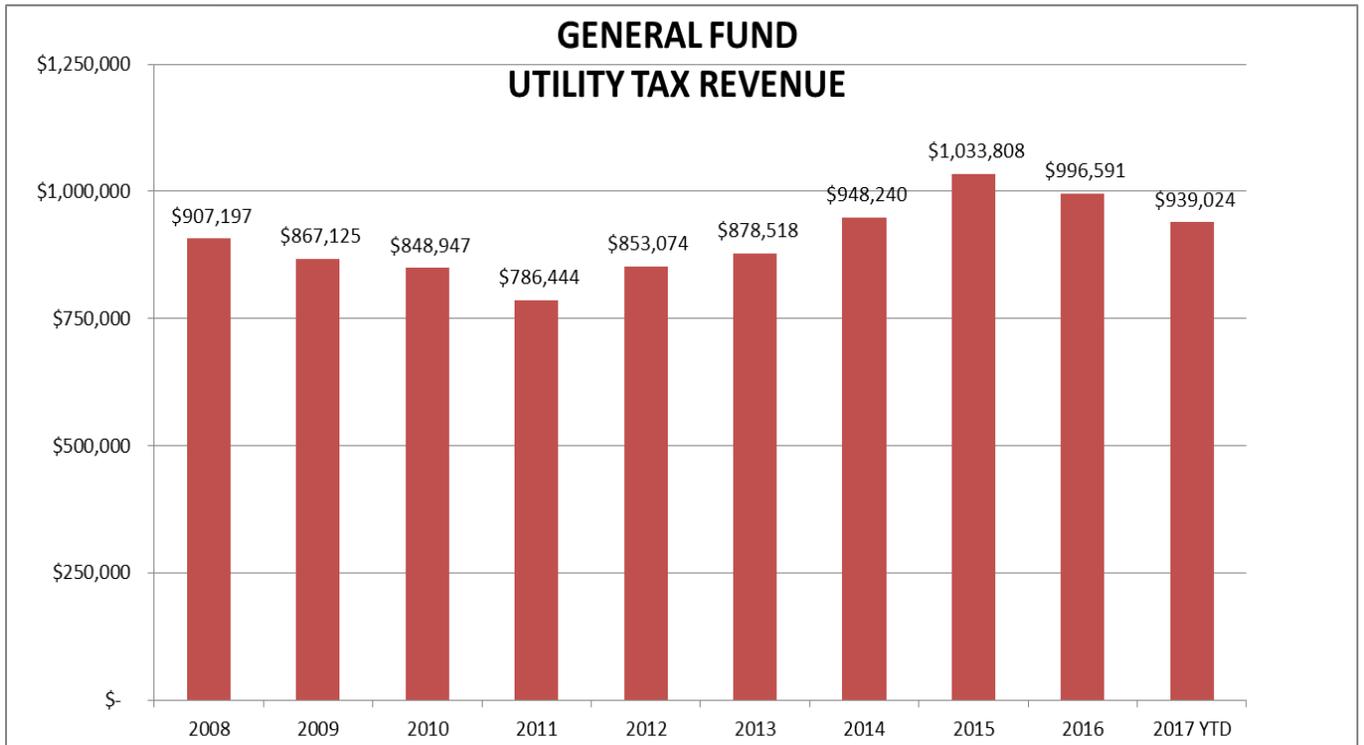
EXHIBIT 5: Impact Fees



The City has collected 47 park impact fees, or 76.73% of budget (\$347,422), thru September 30, 2017. Park impact fees are restricted for park capital improvements.

The City has collected 49 street impact fees, or 70.17% of budget (\$563,666), thru September 30, 2017. Street impact fees are restricted for transportation capital improvements.

EXHIBIT 6: Utility Taxes



At the end of the third quarter, utility taxes are at 78.50% of budget (\$1,196,193). 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	-
2.2 M Gal Water Tank Bonds	200,000
Sewer Bonds	810,000
SRF WWTP Loan	2,940,590
Total	\$ 3,950,590

\$15,680.57 for Water Main Pump PWTF

* paid off in May

The City issued \$4,865,000 in Limited-Term General Obligation (LTGO) debt on February 22, 2017. The utilities have outstanding loans and revenue bonds as shown above. The last payment for the Water Main Pump PWTF debt was made in May 2017. 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	\$	720,506	17% of operating budget
001	Disaster Relief		25,000	Established by City Council
002	Contingency		162,694	Limitation 37.5% of AV (2016 = \$391,534.34)
401	Water Utility		680,269	Established by City Council
402	Sewer Utility		907,025	Established by City Council
402	Sewer Utility, DOE Loan		335,000	Annual Loan Amount
404	Storm Drain		283,447	Established by City Council
411	Utility Bond Debt Reserve		159,000	Per bond covenants (rev 2016 by bond counsel)
501	Equipment Fund		200,000	Established by City Council
501	Insurance Deductible (all funds)		25,600	New in 2016 budget. In Bldg Maint fund 503
	Total Restricted Funds	\$	<u>3,498,541</u>	

- Reserve balances are being met.
- The City has a total of \$15,383,971.58 on hand.
 - Additional information may be found in the third quarter investment report.

EXHIBIT 9:

Annual Revenue Report				Target ≥ 75%
General Fund as of 9/30/17				
Resources	2017 Budget	YTD	YTD % Collected	2016 Comparison
Begin Fund Balance	\$ 1,248,241.50	\$ 1,248,241.50	100.00%	100.00%
Taxes	3,560,813.00	2,507,770.36	70.43%	69.87%
Licenses & Permits	459,800.00	463,716.79	100.85%	86.94%
Intergovernmental Revenues	308,642.00	181,185.70	58.70%	68.59%
Charges for Goods and Services	339,110.00	335,366.80	98.90%	91.69%
Fines & Penalties	53,400.00	38,321.95	71.76%	147.66%
Miscellaneous Revenues	89,504.04	73,959.59	82.63%	64.60%
Other	122,897.84	94,724.80	77.08%	69.03%
TOTAL OPERATING REVENUE:	\$ 4,934,166.88	\$ 3,695,045.99	74.89%	72.79%
TOTAL BUDGET	\$ 6,182,408.38	\$ 4,943,287.49	79.96%	78.31%

Annual Expense Report				Target < 75%
General Fund as of 9/30/17				
Expenses by Department:	2017 Budget	YTD	YTD % Spent	2016 Comparison
Legislative	\$ 90,783.00	\$ 66,104.53	72.82%	63.89%
Executive	157,693.00	133,625.99	84.74%	74.63%
Community Events	2,000.00	-	0.00%	0.00%
Finance Dept.	268,644.00	229,925.94	85.59%	67.08%
Planning Dept.	462,634.00	290,040.99	62.69%	59.11%
Building Dept.	190,794.00	141,348.10	74.08%	70.16%
Police Dept.	2,478,209.57	1,525,526.50	61.56%	70.34%
Economic Development	11,020.00	-	0.00%	0.00%
Recycling Dept.	17,600.00	19,212.40	109.16%	82.95%
Civil Service	11,025.00	14,897.69	135.13%	60.33%
Parks Dept.	284,455.00	181,773.98	63.90%	63.66%
Cultural Commission	61,998.00	37,317.60	60.19%	60.32%
City Mitigation Projects	6,000.00	-	0.00%	0.00%
Engineering Dept.	253,405.00	168,651.34	66.55%	63.27%
Fire	4,850.00	3,000.00	61.86%	53.66%
Non-Departmental	749,351.95	650,142.42	86.76%	73.53%
TOTAL OPERATING EXPENSES	\$ 5,050,462.52	\$ 3,461,567.48	68.54%	68.23%
Ending Fund Balance	\$ 1,131,945.86	\$ -	0.00%	0.00%
TOTAL BUDGET	\$ 6,182,408.38	\$ 3,461,567.48	55.99%	

General Fund as of 9/30/17				
Expenses by Category:	2017 Budget	YTD	YTD % Spent	2016 Comparison
Salaries and Wages	\$ 2,200,597.00	\$ 1,520,013.63	69.07%	73.24%
Personnel Benefits	891,842.00	567,799.82	63.67%	71.50%
Supplies	95,192.00	49,228.21	51.71%	50.40%
Services	1,509,443.52	1,191,480.59	78.94%	63.43%
Intergovernmental Svcs.	324,388.00	133,045.23	41.01%	53.17%
Capital Outlays	29,000.00	-	0.00%	0.00%
TOTAL OPERATING EXPENSES	\$ 5,050,462.52	\$ 3,461,567.48	68.54%	68.23%
Ending Fund Balance	\$ 1,131,945.86	\$ -	0.00%	0.0%
TOTAL BUDGET	\$ 6,182,408.38	\$ 3,461,567.48		

Operating Revenue less Operating Expenses \$ 233,478.51

EXHIBIT 10:

**CITY OF DUVALL
2017 REVENUE AND EXPENSE SUMMARY**

Quarter ended 9/30/2017

Fund	Description	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Net Change
001	General Fund	\$ 1,248,241.50	\$ 3,695,046	\$ 3,461,567	\$ 1,481,720.01	\$ 233,478.51
002	Contingency Fund	162,693.90	11,893	-	174,586.96	11,893.06
101	Street Fund	111,973.14	358,743	378,020	92,696.47	(19,276.67)
106	Big Rock Ball Park Maintenance	25,535.21	53,417	62,595	16,357.55	(9,177.66)
107	Sensitive Areas Mitigation Fund	38,618.95	148	-	38,766.83	147.88
206	2016 LTGO - Main St Debt Svc	-	5,239,557	3,889,255	1,350,301.95	1,350,301.95
304	Real Estate Excise Tax Fund 1	691,236.24	211,989	165,391	737,834.47	46,598.23
305	Real Estate Excise Tax Fund 2	511,115.42	211,304	162,507	559,912.56	48,797.14
306	Main Street Improvement	206,333.51	5,072,266	4,815,062	463,537.15	257,203.64
307	Street CIP Fund	314,135.64	397,687	60,917	650,906.43	336,770.79
308	Parks CIP Fund	780,203.21	1,928,635	1,811,623	897,214.69	117,011.48
401	Water Fund	2,836,763.53	1,810,456	1,196,749	3,450,470.65	613,707.12
402	Sewer Fund	2,097,231.51	1,931,971	1,585,150	2,444,051.93	346,820.42
404	Storm Drainage Fund	637,559.89	601,832	578,672	660,719.92	23,160.03
407	Water CIP Fund	379,289.08	475,754	31,223	823,819.31	444,530.23
408	Sewer CIP Fund	18,100.18	670,294	268,030	420,364.37	402,264.19
409	Storm Drainage CIP Fund	22,601.90	83,812	1,737	104,677.02	82,075.12
410	Bond Redemption Fund	17,917.94	332,903	6,936	343,884.84	325,966.90
411	Bond Reserve Fund	263,307.58	1,008	300	264,015.40	707.82
501	Equipment Fund	526,576.37	119,363	148,201	497,737.97	(28,838.40)
502	IT Fund	95,754.18	189,742	171,268	114,227.45	18,473.27
503	Building Maintenance Fund	75,809.86	112,093	68,923	118,980.33	43,170.47
TOTAL		\$ 11,060,998.74	\$ 23,509,913	\$ 18,864,127	\$ 15,706,784.26	\$ 4,645,785.52

$$\$ 34,570,911.57 = \$ 34,570,911.57$$