

Date: April 17, 2018

To: Mayor Ockerlander and City Council

From: Jennifer Anderson, Accountant
Lindsey Vaughn, Finance Director

Re: First quarter 2018 Financial Report (25% of year = 25% Target)

At the end of the first quarter 2018, total City revenues were 27.38% of budget and expenses were 19.84%. 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 20.10% of budget and expenditures are 23.91%. In comparison, 2017 1st quarter ended with revenues at 20.19% and expenses at 23.06%. (Exhibit 9 provides details by department and expense category).
- Building permit revenue ended the first quarter at 23.4% of budget or a total of \$82,865. This is an increase compared to end of 1st quarter 2017 which ended with \$46,929 in revenue.
- Other development fees and engineering fees brought in revenue of \$24,113 thru end of 1st quarter 2018. This represents 18.5% of budget (\$130,000).
- Plan check fees were at 29.8% of budget or \$46,499 at the end of 1st quarter. Again, this is higher than 2017 1st quarter which ended with \$27,657.
- Sales Tax revenue ended the quarter with 27.7% of the \$850,000 budget received. (Exhibit 3)
- Utility Taxes ended 1st quarter at 27.3% of budget or \$321,045. (Exhibit 6).

CAPITAL FUNDS

- Sixteen park and thirteen 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 1st quarter at 35% 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 1st quarter at \$27,451. This is 30.3% of the 2018 budget, \$90,585.
- 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 March 31, 2018 – all funds

Fund Types	2018 Total Budget	2018 Begin. Fund Balance	2018 Total Budget Less Begin. Fund Bal.	YTD 2018 Revenues	% Received	Target
General Fund	6,994,585	1,783,257	5,211,328	1,009,732	19.38%	>25%
Contingency Fund	230,167	228,867	1,300	426	32.78%	>25%
Special Revenue Funds	1,008,181	154,046	854,135	96,636	11.31%	>25%
Debt Service	496,542	19,865	476,677	119,169	25.00%	>25%
Capital Project Funds	6,241,168	3,819,302	2,421,866	884,411	36.52%	>25%
Utility Funds	13,425,630	6,737,927	6,687,703	2,190,436	32.75%	>25%
Bond Redemption & Reserve	425,275	283,500	141,775	35,238	24.85%	>25%
Internal Service Funds	1,269,814	789,870	479,944	120,097	25.02%	>25%
Totals	\$ 30,091,361	\$ 13,816,633	\$ 16,274,728	\$ 4,456,146	27.38%	>25%

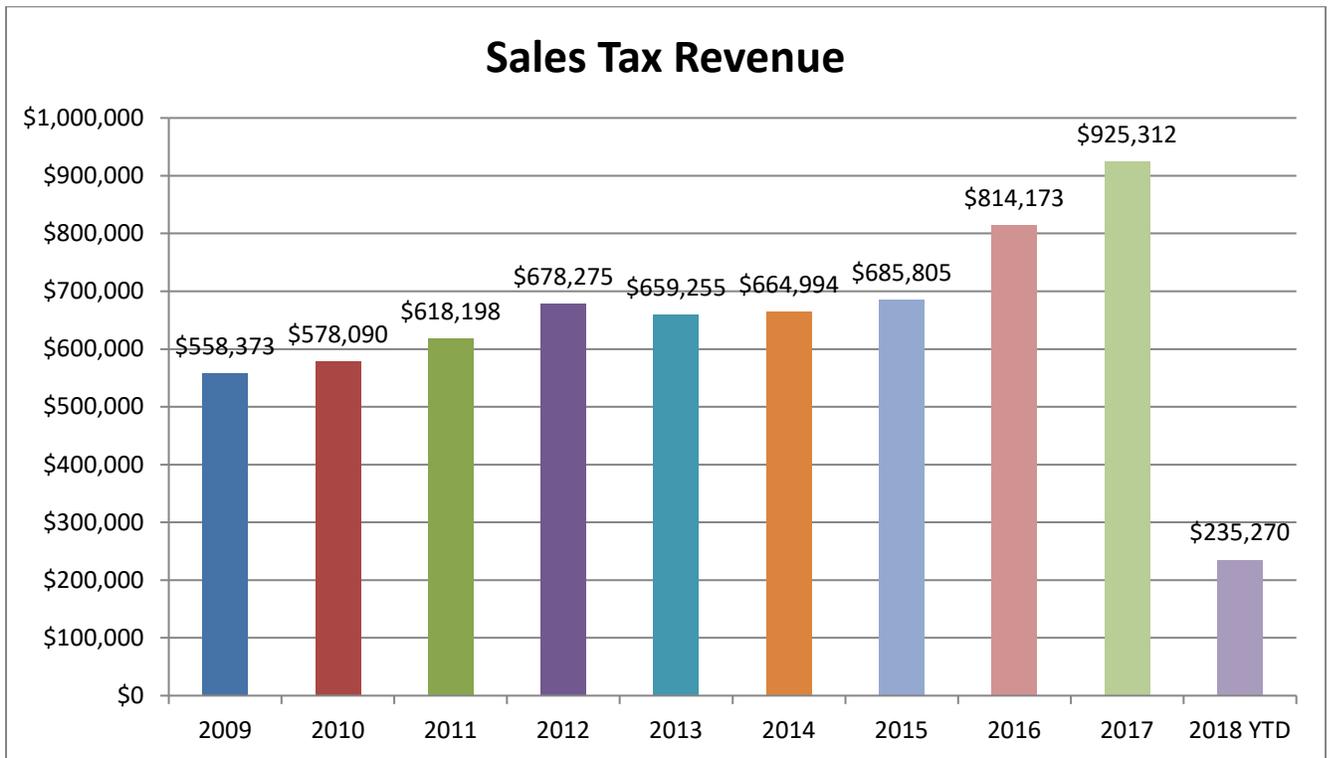
Total revenues are slightly above the target of 25% or higher.

EXHIBIT 2: Budget to Actual Expenditures thru March 31, 2018 – all funds

Fund Types	2018 Total Budget	2018 Budget Ending Fund Balance	2018 Total Budget less End. Fund Bal.	YTD 2018 Expenditures	% Expended	Target
General Fund	6,994,585	1,707,481	5,287,104	1,251,165	23.66%	<25%
Contingency Fund	230,167	230,167	-	-	#DIV/0!	<25%
Special Revenue Funds	1,008,181	129,177	879,004	162,823	18.52%	<25%
Debt Service	496,542	19,866	476,677	-	0.00%	<25%
Capital Project Funds	6,241,168	3,506,551	2,734,617	567,877	20.77%	<25%
Utility Funds	13,425,630	7,293,780	6,131,850	1,072,150	17.48%	<25%
Bond Redemption & Reserve	425,275	285,500	139,775	100	0.07%	<25%
Internal Service Funds	1,269,814	705,448	564,366	161,947	28.70%	<25%
Totals	\$ 30,091,361	\$ 13,877,969	\$ 16,213,392	\$ 3,216,061	19.84%	<25%

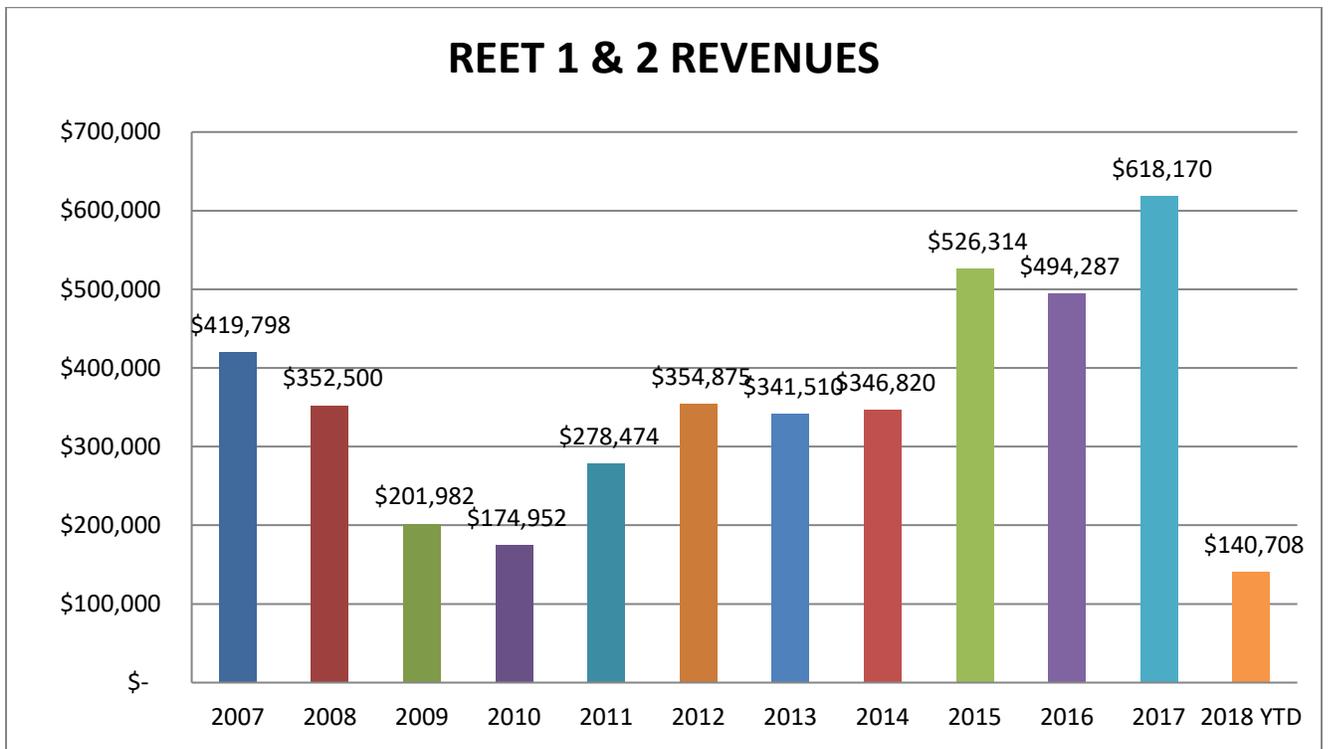
Expenditures are below the 25% target at the end of the 1st quarter.

EXHIBIT 3: Sales Tax



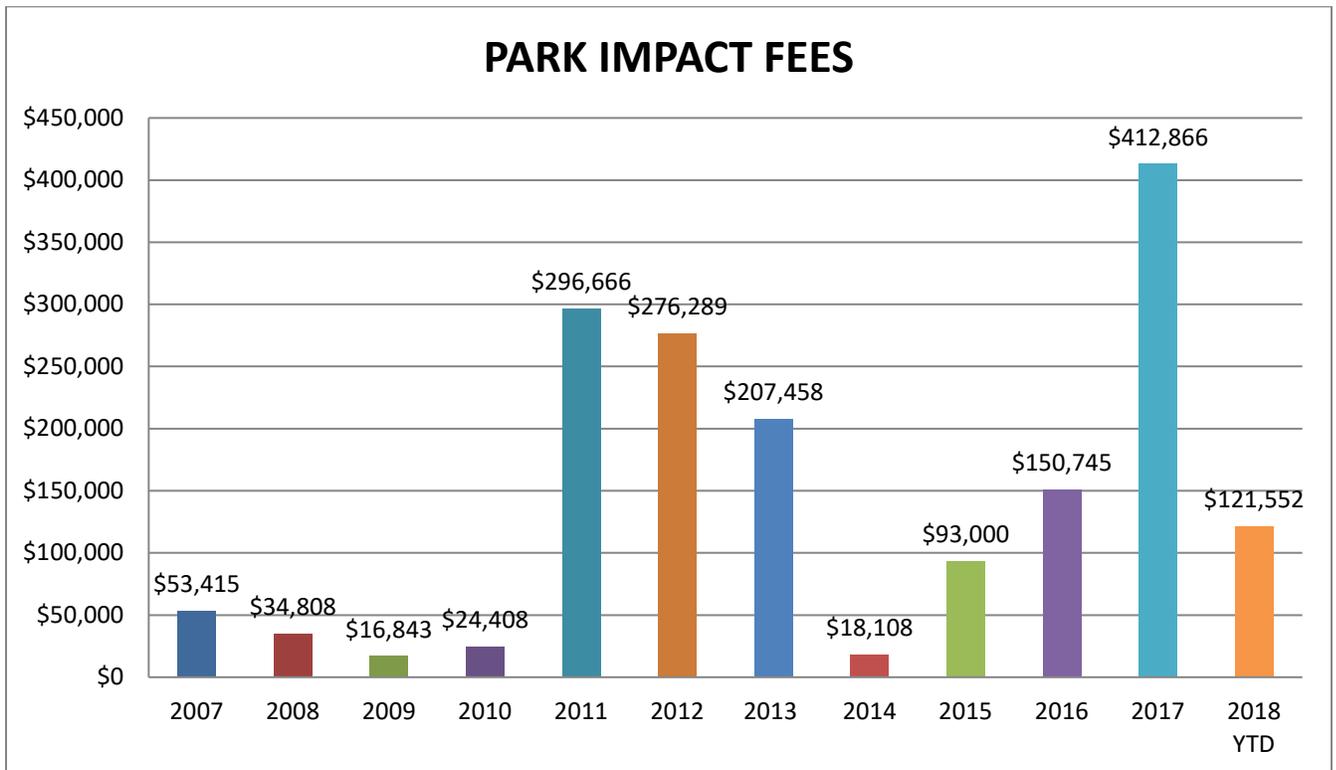
Sales tax ended the 1st quarter at 27.7% of our \$850,000,000 budget and is 1.5% higher than first quarter 2017 sales tax revenues.

EXHIBIT 4: REET

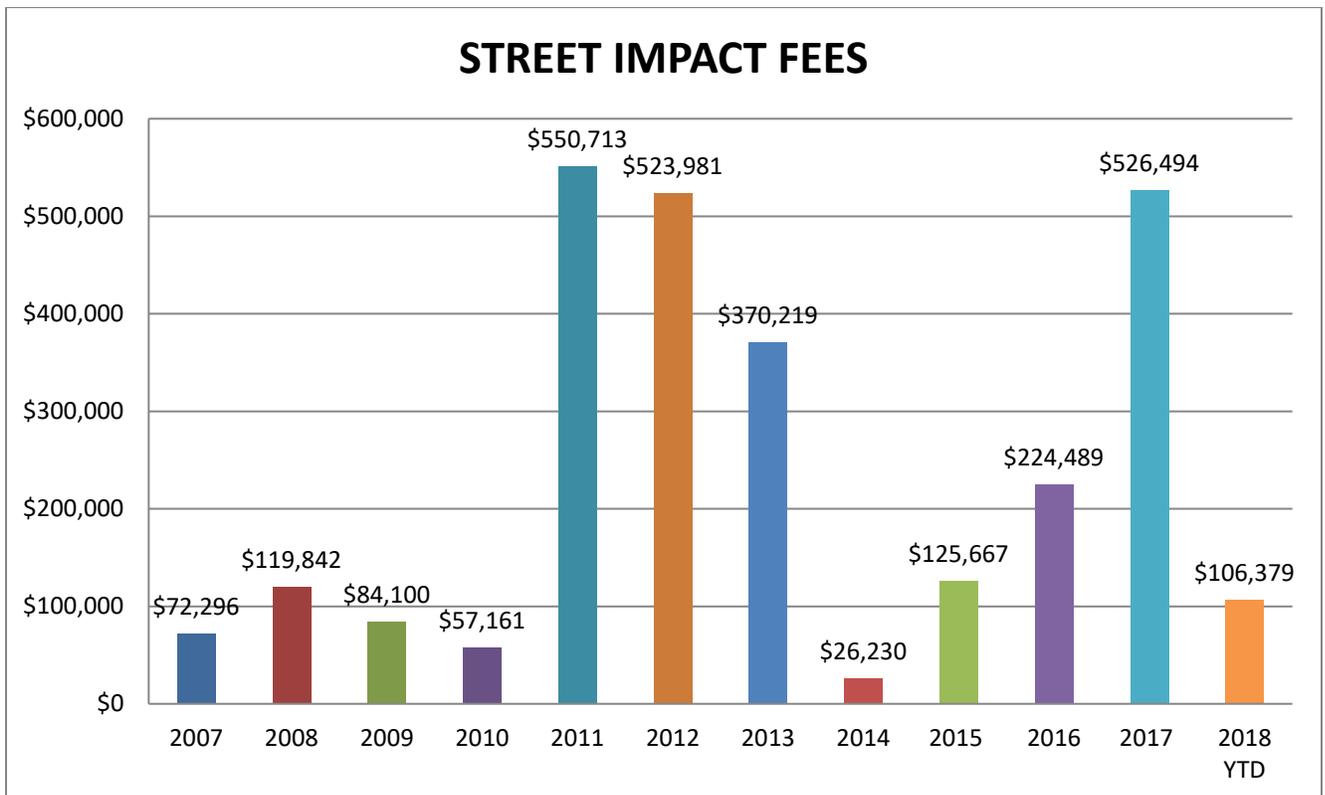


Real Estate Excise Tax Revenues (REET) were at 35% of the 2018 budget (\$400,000) at the end of the quarter. These funds are primarily for capital improvements.

EXHIBIT 5: Impact Fees

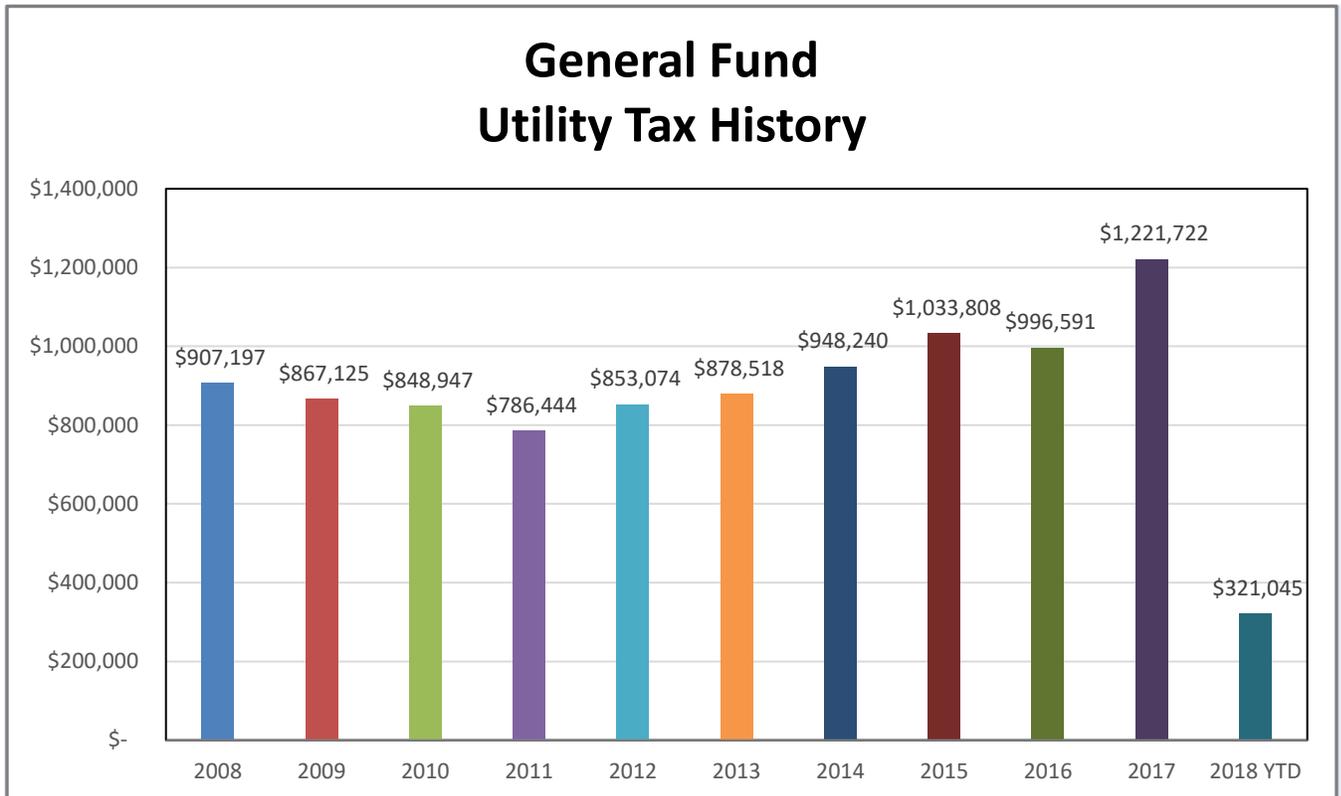


The City has collected 16 park impact fees, or 27.2% of budget (\$446,215), thru March 31, 2018. Park impact fees are restricted for park capital improvements.



The City has collected 13 street impact fees, or 21.3% of budget (\$499,163), thru March 31, 2018. Street impact fees are restricted for transportation capital improvements.

EXHIBIT 6: Utility Taxes



At the end of the first quarter, utility taxes are at 27.3% of budget (\$1,174,200). Utility tax revenues are from electric, gas, telephone, garbage, cable, and the city’s water, sewer, and storm drain utilities.

EXHIBIT 7: Debt

General Obligation Debt	Principal
Big Rock Ball Field	1,630,000
Main Street Project	2,855,000
Total General Obligation Debt	\$ 4,485,000

**1st GO Debt Payment was on 12/1/2017*

Utility Revenue Debt	Principal
Sewer Bonds	135,000
SRF WWTP Loan	2,459,633
Total Revenue Debt	\$ 2,594,633

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. Duvall has bond reserves set aside which are in compliance with bond covenants.

EXHIBIT 8: Fund Balance Reserves

001 General Fund	\$ 577,426	17% of operating budget, plus misc reserves
001 Disaster Relief	25,000	Established by City Council
002 Contingency	228,867	Maximum allowed is 37.5% of Assessed Value
401 Water Utility	700,677	Established by City Council, Increase by CPI
402 Sewer Utility	934,236	Established by City Council, Increase by CPI
402 Sewer Utility, DOE Loan	335,000	Annual Loan Amount
404 Storm Drain	291,950	Established by City Council, Increase by CPI
411 Utility Bond Debt Reserve	159,000	Per Bond Ordinance and Covenants
501 Equipment Fund	200,000	Established by City Council
503 Insurance Deductible	13,200	Insurance Liability
Total Restricted Funds	<u>\$ 3,465,356</u>	

- Reserve balances are being met.
- The City has a total of \$15,028,329.93 on hand.
 - Additional information may be found in the first quarter investment report.

EXHIBIT 9:

Annual Revenue Report				Target ≥ 25%
General Fund as of 1/31/18				
Resources	2018 Budget	YTD	YTD % Collected	2017 Comparison
Begin Fund Balance	\$ 1,783,256.52	\$ 1,783,256.52	100.00%	100.00%
Taxes	3,733,706.00	659,148.24	17.65%	18.93%
Licenses & Permits	605,425.00	148,772.15	24.57%	23.20%
Intergovernmental Revenues	226,150.00	47,534.17	21.02%	21.05%
Charges for Goods and Services	340,810.00	75,889.91	22.27%	24.17%
Fines & Penalties	53,400.00	14,685.90	27.50%	27.73%
Miscellaneous Revenues	96,855.00	25,016.60	25.83%	20.72%
Other	154,982.00	38,684.84	24.96%	24.95%
TOTAL OPERATING REVENUE:	\$ 5,211,328.00	\$ 1,009,731.81	19.38%	20.10%
TOTAL	\$ 6,994,584.52	\$ 2,792,988.33	39.93%	36.23%

Annual Expense Report				Target < 25%
General Fund as of 1/31/18				
Expenses by Department:	2018 Budget	YTD	YTD % Spent	2017 Comparison
Legislative	\$ 93,770.00	\$ 41,208.79	43.95%	39.12%
Executive	220,931.00	46,012.56	20.83%	24.75%
Community Events	32,000.00	5,059.87	15.81%	0.00%
Finance Dept.	313,840.00	79,958.06	25.48%	30.69%
Planning Dept.	486,683.00	79,036.32	16.24%	18.63%
Building Dept.	207,981.00	49,697.76	23.90%	21.76%
Police Dept.	2,588,882.00	615,799.04	23.79%	22.94%
Economic Development	47,500.00	9,500.00	20.00%	0.00%
Recycling Dept.	25,300.00	197.92	0.78%	-2.89%
Civil Service	15,923.00	2,244.94	14.10%	17.92%
Parks Dept.	319,495.00	80,524.11	25.20%	22.69%
Cultural Commission	44,200.00	2,054.00	4.65%	13.87%
City Mitigation Projects	6,000.00	-	0.00%	0.00%
Engineering Dept.	202,827.50	53,775.27	26.51%	15.84%
Fire	4,850.00	-	0.00%	30.93%
Non-Departmental	676,921.00	186,096.04	27.49%	31.81%
TOTAL OPERATING EXPENSES	\$ 5,287,103.50	\$ 1,251,164.68	23.66%	23.91%
Ending Fund Balance	\$ 1,707,481.02	\$ -	0.00%	0.00%
TOTAL BUDGET	\$ 6,994,584.52	\$ 1,251,164.68	17.89%	19.54%

General Fund as of 1/31/18				
Expenses by Category:	2018 Budget	YTD	YTD % Spent	2017 Comparison
Salaries and Wages	\$ 2,333,111.00	\$ 559,650.90	23.99%	24.89%
Personnel Benefits	957,767.00	234,591.12	24.49%	21.94%
Supplies	109,834.00	25,702.96	23.40%	12.37%
Services	1,506,696.50	369,404.62	24.52%	26.17%
Intergovernmental Svcs.	350,695.00	61,815.08	17.63%	17.80%
Capital Outlays	29,000.00	-	0.00%	0.00%
TOTAL OPERATING EXPENSES	\$ 5,287,103.50	\$ 1,251,164.68	23.66%	23.91%
Ending Fund Balance	\$ 1,707,481.02		0.00%	0.00%
TOTAL BUDGET	\$ 6,994,584.52	\$ 1,251,164.68		

Operating Revenue less Operating Expenses **\$ (241,432.87)**

**CITY OF DUVALL
2018 REVENUE AND EXPENSE SUMMARY**

Quarter ended 1/31/2018

Fund	Description	Beginning		Ending		Net Change	
		Fund Balance	Revenues	Expenditures	Fund Balance		
001	General Fund	\$ 1,783,256.52	\$ 1,009,732	\$ 1,251,165	\$ 1,541,823.65	\$ (241,432.87)	
002	Contingency Fund	228,866.74	426	-	229,292.90	426.16	
101	Street Fund	103,483.23	84,011	139,941	47,553.59	(55,929.64)	
106	Big Rock Ball Park Maintenance	11,679.59	12,553	22,882	1,350.56	(10,329.03)	
107	Sensitive Areas Mitigation Fund	38,883.02	72	-	38,955.42	72.40	
206	2016 LTGO - Main St Debt Svc	19,865.22	119,169	-	139,034.47	119,169.25	
304	Real Estate Excise Tax Fund 1	817,973.97	71,943	20,508	869,409.54	51,435.57	
305	Real Estate Excise Tax Fund 2	635,848.57	71,604	20,508	686,945.03	51,096.46	
306	Main Street Improvement	950,081.46	460,022	351,049	1,059,054.67	108,973.21	
307	Street CIP Fund	513,180.03	107,456	20,508	600,128.96	86,948.93	
308	Parks CIP Fund	902,217.52	173,386	155,305	920,298.22	18,080.70	
401	Water Fund	2,954,893.82	578,969	407,997	3,125,865.78	170,971.96	
402	Sewer Fund	1,962,914.15	800,423	463,182	2,300,154.53	337,240.38	
404	Storm Drainage Fund	415,428.07	503,179	197,254	721,352.60	305,924.53	
407	Water CIP Fund	966,059.15	127,753	1,533	1,092,278.71	126,219.56	
408	Sewer CIP Fund	333,641.39	179,917	2,183	511,375.85	177,734.46	
409	Storm Drainage CIP Fund	104,990.75	196	-	105,186.25	195.50	
410	Bond Redemption Fund	18,793.56	34,745	-	53,538.76	34,745.20	
411	Bond Reserve Fund	264,706.51	493	100	265,099.36	392.85	
501	Equipment Fund	516,793.52	31,410	59,361	488,842.24	(27,951.28)	
502	IT Fund	127,983.54	66,803	46,721	148,065.56	20,082.02	
503	Building Maintenance Fund	145,092.88	21,884	55,864	111,112.34	(33,980.54)	
TOTAL						\$ 13,816,633.21	\$ 1,240,085.78
						\$ 4,456,146	\$ 3,216,061
						\$ 15,056,718.99	\$ 1,240,085.78

\$ 18,272,779.52 = \$ 18,272,779.52