

Date: November 19, 2019

To: Mayor Ockerlander and City Council

From: Finance & Administration

Re: Third Quarter 2019 Financial Report

With the implementation of the new biennial budget 2019-2020, the quarterly financial reports now present financial results in increments of 12.5% of the total budget (rather than 25%). Due to the seasonal nature of some revenues and expenditures, the percentage of revenues received and amounts expended will vary from the 37.5% (three quarters) timeline.

At the end of the third quarter 2019, total City revenues were 37% of budget and expenses were 32%. Schedules of budget versus actual results for revenues and expenditures by fund are shown in *Exhibit 8 and 9*.

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

**GENERAL FUND**

- General Fund revenues ended third quarter 2019 at 34% of budget and operating expenditures are at 33%. *Exhibit 6* provides details by category and department.
- Approximately 24% of the General Fund revenue comes from Property Taxes, which are primarily received in April/May and Oct/Nov of each year. At the end of third quarter, \$808,010, or 25% of the \$3,189,640 budgeted, has been received.
- Building permit revenue ended the third quarter at 42% of budget or a total of \$195,911. This is a decrease compared to the end of third quarter 2018 which ended with \$288,523 in revenue.
- Other development fees and engineering fees brought in revenue of \$173,384 through end of third quarter 2019. This represents 67% of budget (\$260,000). This is an increase compared to third quarter 2018 which ended with \$60,403.
- Plan check fees were at 32% of budget or \$104,158 at the end of third quarter. This is lower than 2018 third quarter which ended with \$157,720.
- Sales Tax revenue ended the third quarter with 40% or \$813,139 received of the \$2,049,950 budgeted. This is higher than in 2018 when the revenue at the end of the third quarter was \$756,156.
- Utility Taxes ended third quarter at 36% of budget or \$897,902. This is lower than the third quarter 2018 revenue of \$921,874. (See *Exhibit 3*).

### **CAPITAL FUNDS**

- Thirty park (\$235,942) and thirty one street (\$273,021) impact fees have been received as of September 30, 2019. This is lower when compared to 2018 where 38 park and 30 street Impact fees were collected. These fees are receipted at the time building permits are issued (*Exhibit 2*).
- Real Estate Excise Tax (REET) revenue ended the third quarter at \$458,052. This is less than third quarter 2018 REET revenue of \$577,328. (See *Exhibit 1*)

### **UTILITY FUNDS**

- The Water fund operating revenue at the end of third quarter was \$1,697,051 which is 36% of the budget \$4,661,304.
- The Sewer fund operating revenue was \$1,926,353 which is 38% of the budget \$5,010,894.
- The Storm fund operating revenue was \$611,884 which was 39% of the budget \$1,557,860.

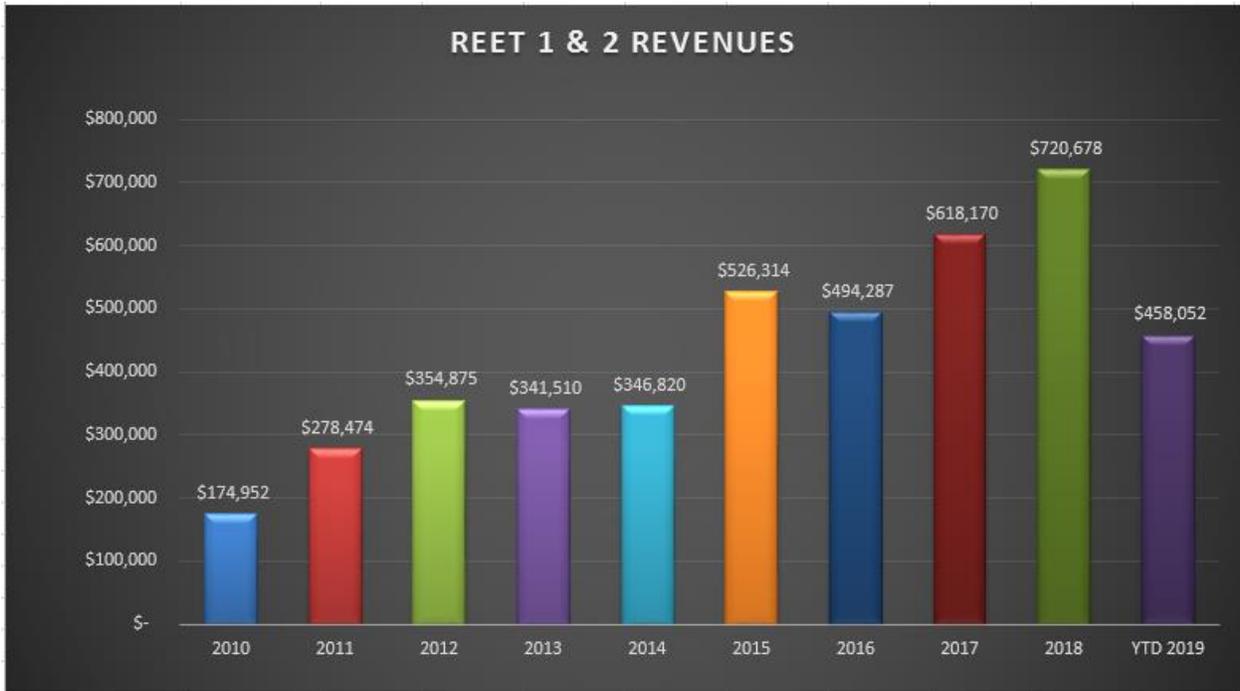
### **INTERNAL SERVICE FUNDS**

- Sales of surplus of assets brought in \$15,402 in revenue through the end of third quarter in the 501 fund. Additionally, \$1,000 in insurance proceeds was received in Fund 501.

### **ALL FUNDS**

- Interest revenue ended the third quarter at \$255,665. This is 66% of the 2019-20 budget \$390,006.

**EXHIBIT 1: REET**



Real Estate Excise Tax Revenues (REET) were at 41.0% of the 2019-20 budget (\$1,111,500) through September 30, 2019. These funds are primarily for capital improvements.

**EXHIBIT 2: Impact Fees**

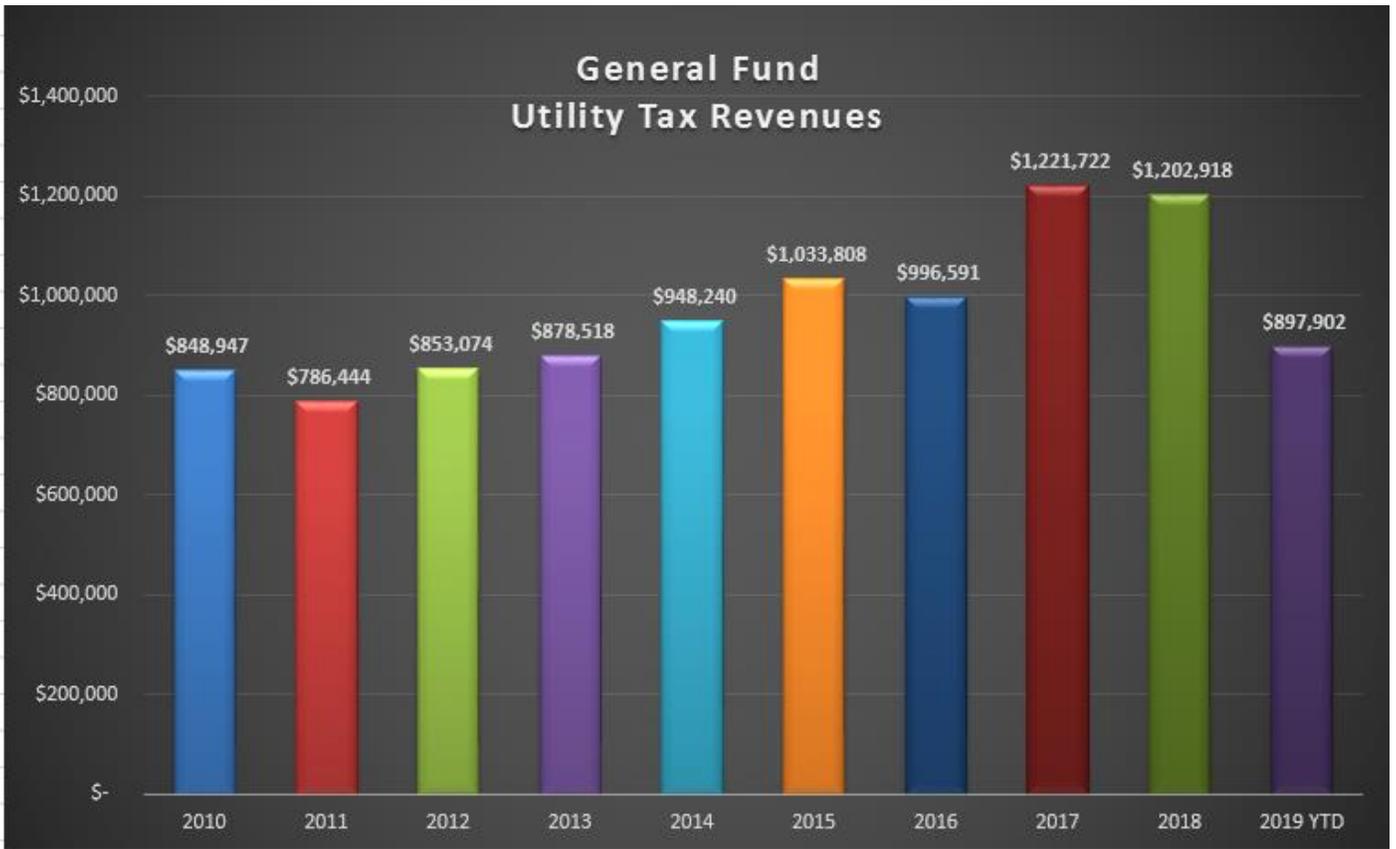


The City has collected 30 park impact fees, or 84% of budget (\$281,089), through September 30, 2019. Park impact fees are restricted for park capital improvements.



The City has collected 31 street impact fees, or 20% of budget (\$1,336,912), through September 30, 2019. Street impact fees are restricted for transportation capital improvements.

**EXHIBIT 3: Utility Taxes**



At the end of the third quarter, utility tax revenue is at 36% of budget (\$2,518,500). Utility tax revenues are from electric, gas, telephone, garbage, cable, and the city's water, sewer, and storm drain utilities.

**EXHIBIT 4: Debt**

The City's long term debt outstanding balances are detailed below:

<b>2017 General Obligation Bonds</b>	<b>Principal</b>
Big Rock Ball Field - 12/1/2025	1,440,000
Main Street Project - 12/1/2031	2,680,000
	<b>\$ 4,120,000</b>

<b>Utility Revenue Debt</b>	<b>Principal</b>
SRF WWTP Construction Loan <i>Final Payment 6/30/2025</i>	1,975,056
	<b>\$ 1,975,056</b>

Limited-Term General Obligation (LTGO) bonds in the amount of \$4,865,000 were issued on February 22, 2017. Interest payments are due twice annually, on June 1<sup>st</sup> and December 1<sup>st</sup>. The amount of the 2019 interest payments are \$51,294 each. Principal payments are due on December 1<sup>st</sup> of each year, for 2019 the amount due \$370,000. Payments on the WWTP construction loan are also due twice annually, on June 30 and December 30. The payment amounts are \$167,277.58 each, which include both principal and interest.

**EXHIBIT 5: Fund Balance Reserves (Actual and Budgeted)**

<b>Fund #</b>	<b>Fund Description</b>	<b>2019 Amount</b>	<b>Notes</b>
001	General Fund	\$ 832,615	17% per Resolution 04-04 Internally Restricted
001	Disaster Relief	25,000	Established by City Council
001	Internal Restricted- Other	22,408	Drug Enforcement & Art
001	Future City Facility	400,000	Established by City Council
002	Contingency	494,814	Maximum allowed is 37.5% of Assessed Value
106	Big Rock Ball Park Fund	126,000	Turf Replacement
401	Water Utility	749,132	Established by City Council, Increase by CPI
402	Sewer Utility	998,844	Established by City Council, Increase by CPI
402	Sewer Utility, DOE Loan	335,000	Annual Loan Amount
404	Storm Drain	312,139	Established by City Council, Increase by CPI
501	Equipment Fund	200,000	Established by City Council
503	Building Maintenance Fund	75,000	Deferred Maintenance
	<b>Total Restricted Funds</b>	<b>\$ 4,570,952</b>	

In accordance with the requirements of Governmental Accounting Standards Board Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions*, some internally designated reserves (including the 17% reserve established by Resolution 04-04) will be reported as unreserved in the annual financial statements.

**EXHIBIT 6:**

**General Fund Budget vs Actual**

Revenues	2019-20 Budget	9/30/2019	
		YTD Actual	YTD % Collected
Begin Fund Balance	\$ 2,132,480	\$ 2,132,480	100%
Taxes	\$ 8,172,421	\$ 2,699,235	33%
Licenses & Permits	\$ 992,630	\$ 390,383	39%
Intergovernmental Revenues	\$ 383,557	\$ 115,852	30%
Charges for Goods and Services	\$ 771,500	\$ 366,510	48%
Fines & Penalties	\$ 106,900	\$ 28,896	27%
Miscellaneous Revenues	\$ 117,941	\$ 82,893	70%
Other	\$ 763,570	\$ 136,997	18%
<b>TOTAL REVENUES:</b>	<b>\$ 11,308,519</b>	<b>\$ 3,820,766</b>	<b>34%</b>
<b>TOTAL</b>	<b>\$ 13,440,999</b>	<b>\$ 5,953,246</b>	

Expenditures by Department:	2019-20 Budget	YTD Actual	YTD %
			Spent
Legislative	\$ 214,050	\$ 59,658	28%
Executive	\$ 209,450	\$ 82,941	40%
Community Events	\$ 61,650	\$ 4,452	7%
Finance Dept.	\$ 691,870	\$ 235,464	34%
Planning Dept.	\$ 807,348	\$ 334,061	41%
Building Dept.	\$ 619,345	\$ 189,023	31%
Police Dept.	\$ 5,564,213	\$ 1,783,013	32%
Economic Development	\$ 26,000	\$ -	0%
Recycling Dept.	\$ 45,202	\$ 22,112	49%
Civil Service	\$ 13,100	\$ 6,149	47%
Parks Dept.	\$ 743,597	\$ 224,493	30%
Cultural Commission	\$ 80,400	\$ 26,141	33%
City Mitigation Projects	\$ 12,000	\$ 2,389	20%
Engineering Dept.	\$ 431,261	\$ 135,831	31%
Fire	\$ 65,250	\$ -	0%
Non-Departmental	\$ 1,904,240	\$ 701,957	37%
<b>TOTAL EXPENDITURES</b>	<b>\$ 11,488,976</b>	<b>\$ 3,807,683</b>	<b>33%</b>
Ending Fund Balance	\$ 1,952,023	\$ 2,145,563	
<b>TOTAL BUDGET</b>	<b>\$ 13,440,999</b>	<b>\$ 5,953,246</b>	

Expenditures by Category:	2019-20 Budget	YTD Actual	YTD %
			Spent
Salaries and Wages	\$ 4,986,099	\$ 1,701,012	34%
Personnel Benefits	\$ 2,072,507	\$ 673,903	33%
Supplies	\$ 261,830	\$ 45,156	17%
Services	\$ 3,341,418	\$ 1,231,022	37%
Intergovernmental Svcs.	\$ 812,622	\$ 156,590	19%
Capital Outlays	\$ 14,500	\$ -	0%
<b>TOTAL</b>	<b>\$ 11,488,976</b>	<b>\$ 3,807,683</b>	<b>33%</b>
Ending Fund Balance	\$ 1,952,023	\$ 2,145,563	
<b>TOTAL</b>	<b>\$ 13,440,999</b>	<b>\$ 5,953,246</b>	

Revenue less Expenditures as of 9/30/2019 **\$ 13,083**

EXHIBIT 7:

**CITY OF DUVALL**  
**2019 REVENUE AND EXPENDITURE SUMMARY**  
 Year to date as of 9/30/2019

Fund	Description	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Net Change
001	General Fund	\$ 2,132,480	\$ 3,820,766	\$ 3,807,683	\$ 2,145,563	\$ 13,083
002	Contingency Fund	231,954	100,584	-	332,538	100,584
101	Street Fund	177,846	382,929	400,252	160,522	(17,324)
106	Big Rock Ball Park Maintenance	35,150	125,470	89,978	70,642	35,492
107	Sensitive Areas Mitigation Fund	39,407	589	-	39,996	589
206	2016 LTGO - Main St Debt Svc	19,866	352,861	51,294	321,433	301,567
304	Real Estate Excise Tax Fund 1	990,664	245,077	62,828	1,172,912	182,248
305	Real Estate Excise Tax Fund 2	810,389	242,316	70,239	982,466	172,077
306	Main Street Improvement	1,188,870	17,633	14,198	1,192,305	3,435
307	Street CIP Fund	589,810	657,636	69,044	1,178,401	588,592
308	Parks CIP Fund	690,840	451,908	157,820	984,928	294,088
401	Water Fund	3,314,348	1,697,051	1,645,293	3,366,107	51,759
402	Sewer Fund	2,462,035	1,926,353	2,000,827	2,387,562	(74,473)
404	Storm Drainage Fund	775,113	611,884	552,741	834,256	59,143
407	Water CIP Fund	1,315,436	388,358	102,708	1,601,086	285,650
408	Sewer CIP Fund	502,693	434,261	171,763	765,192	262,499
409	Storm Drainage CIP Fund	113,978	128,134	942	241,170	127,192
410	Bond Redemption Fund	19,940	601	-	20,541	601
411	Bond Reserve Fund	267,873	4,000	300	271,573	3,700
501	Equipment Fund	464,099	160,158	275,086	349,172	(114,928)
502	IT Fund	190,939	215,027	177,441	228,524	37,586
503	Building Maintenance Fund	148,495	102,090	82,772	167,813	19,318
	<b>TOTAL</b>	<b>\$ 16,482,223</b>	<b>\$ 12,065,686</b>	<b>\$ 9,733,207</b>	<b>\$ 18,814,702</b>	<b>\$ 2,332,479</b>

EXHIBIT 8:

**CITY OF DUVALL**  
**2019-2020 BUDGET vs ACTUAL - REVENUES**  
 Year to date as of 9/30/2019

<b>Fund</b>	<b>Description</b>	<b>Budget</b>	<b>YTD Actual</b>	<b>YTD Difference</b>	<b>YTD % Collected</b>
001	General Fund	\$ 11,308,519	\$ 3,820,766	\$ 7,487,753	34%
002	Contingency Fund	262,860	100,584	162,276	38%
101	Street Fund	1,688,459	382,929	1,305,530	23%
106	Big Rock Ball Park Maintenance	368,474	125,470	243,004	34%
107	Sensitive Areas Mitigation Fund	971	589	382	61%
206	2016 LTGO - Main St Debt Svc	940,963	352,861	588,102	37%
304	Real Estate Excise Tax Fund 1	577,910	245,077	332,834	42%
305	Real Estate Excise Tax Fund 2	573,370	242,316	331,054	42%
306	Main Street Improvement	29,227	17,633	11,594	60%
307	Street CIP Fund	1,352,867	657,636	695,231	49%
308	Parks CIP Fund	465,441	451,908	13,533	97%
401	Water Fund	4,661,304	1,697,051	2,964,253	36%
402	Sewer Fund	5,010,894	1,926,353	3,084,541	38%
404	Storm Drainage Fund	1,557,860	611,884	945,976	39%
407	Water CIP Fund	985,981	388,358	597,623	39%
408	Sewer CIP Fund	1,206,629	434,261	772,368	36%
409	Storm Drainage CIP Fund	261,235	128,134	133,101	49%
410	Bond Redemption Fund	2,216	601	1,615	27%
411	Bond Reserve Fund	6,599	4,000	2,599	61%
501	Equipment Fund	377,465	160,158	217,307	42%
502	IT Fund	568,785	215,027	353,758	38%
503	Building Maintenance Fund	268,881	102,090	166,791	38%
<b>TOTAL</b>		<b>\$ 32,476,910</b>	<b>\$ 12,065,686</b>	<b>\$ 20,411,224</b>	<b>37%</b>

EXHIBIT 9:

**CITY OF DUVALL**  
**2019-2020 BUDGET vs ACTUAL - EXPENDITURES**  
 Year to date as of 9/30/2019

Fund	Description	Budget	YTD Actual	YTD Difference	YTD % Spent
001	General Fund	\$ 11,488,976	\$ 3,807,683	\$ 7,681,293	33%
002	Contingency Fund	-	-	-	-
101	Street Fund	1,740,811	400,252	1,340,559	23%
106	Big Rock Ball Park Maintenance	260,999	89,978	171,021	34%
107	Sensitive Areas Mitigation Fund	31,200	-	31,200	0%
206	2016 LTGO - Main St Debt Svc	940,963	51,294	889,669	5%
304	Real Estate Excise Tax Fund 1	162,994	62,828	100,166	39%
305	Real Estate Excise Tax Fund 2	172,994	70,239	102,755	41%
306	Main Street Improvement	207,000	14,198	192,802	7%
307	Street CIP Fund	242,994	69,044	173,950	28%
308	Parks CIP Fund	170,516	157,820	12,696	93%
401	Water Fund	4,400,657	1,645,293	2,755,365	37%
402	Sewer Fund	5,140,196	2,000,827	3,139,369	39%
404	Storm Drainage Fund	1,527,970	552,741	975,229	36%
407	Water CIP Fund	1,558,450	102,708	1,455,742	7%
408	Sewer CIP Fund	1,346,352	171,763	1,174,590	13%
409	Storm Drainage CIP Fund	-	942	(942)	-
410	Bond Redemption Fund	1,500	-	1,500	0%
411	Bond Reserve Fund	800	300	500	38%
501	Equipment Fund	537,722	275,086	262,636	51%
502	IT Fund	534,544	177,441	357,103	33%
503	Building Maintenance Fund	241,128	82,772	158,356	34%
<b>TOTAL</b>		<b>\$ 30,708,766</b>	<b>\$ 9,733,207</b>	<b>\$ 20,975,558</b>	<b>32%</b>