



Small Town. Real Life.

Date: November 12, 2020
To: Mayor Ockerlander
Cc: Finance & Administration Committee
From: Finance
Re: September/Q3 2020 Financial Report

This report provides information on the City’s financial position as it navigates the current economic situation. It focuses primarily on General Fund revenues and expenditures, but also touches on other revenues that may be impacted by an economic slowdown. Each quarter this report will provide additional information on the City’s debt, reserve balances and investments. **The amounts in this report reflect the budget amendments approved by Council in June 2020**, including revenue reductions due to the COVID pandemic and \$300,000 in expenditures that were put on hold until released by Council. It does not include CARES Act revenue granted to the City by King County and Washington State.

87.5% of the biennium is complete and the City continues to see an increase in revenues over the prior year in some revenue categories and the anticipated slowdown in others. Biennium to date, the City has received **89.1% of budgeted revenue** and has spent **74.3% of budgeted expenditures**. Duvall’s financial position **is still strong**, and revenues that may be susceptible to the current pandemic state continue to be monitored.

Table 1: Biennium to Date Revenue by Fund Type

Fund Type	2019-2020 Budgeted Revenue	2019-2020 BTD Revenue	% Received
General Fund	\$11,105,665	\$9,847,239	88.67%
Contingency Fund	\$265,360	\$234,307	88.30%
Special Revenue Funds	\$2,038,355	\$1,716,889	84.23%
Debt Service	\$960,334	\$824,799	85.89%
Capital Project Funds	\$2,847,744	\$2,510,037	88.14%
Utility Funds	\$14,328,972	\$12,954,272	90.41%
Bond Red. & Reserve	\$7,613	\$7,611	99.97%
Internal Service Funds	\$1,440,642	\$1,290,494	89.58%
Total	\$32,994,685	\$29,385,647	89.06%

Table 2: Biennium to Date Expenditures by Fund Type

Fund Type	2019-2020 Budgeted Expenditures	2019-2020 BTD Expenditures	% Spent
General Fund	\$11,428,172	\$9,397,052	82.23%
Contingency Fund	\$0	\$0	0.00%
Special Revenue Funds	\$2,120,746	\$1,679,278	79.18%
Debt Service	\$958,878	\$533,721	55.66%
Capital Project Funds	\$1,203,813	\$722,008	59.98%
Utility Funds	\$13,823,254	\$9,776,938	70.73%
Bond Redemption & Reserve	\$295,427	\$400	0.14%
Internal Service Funds	\$1,606,724	\$1,244,768	77.47%
Total	\$31,437,014	\$23,354,166	74.29%

General Fund Revenues

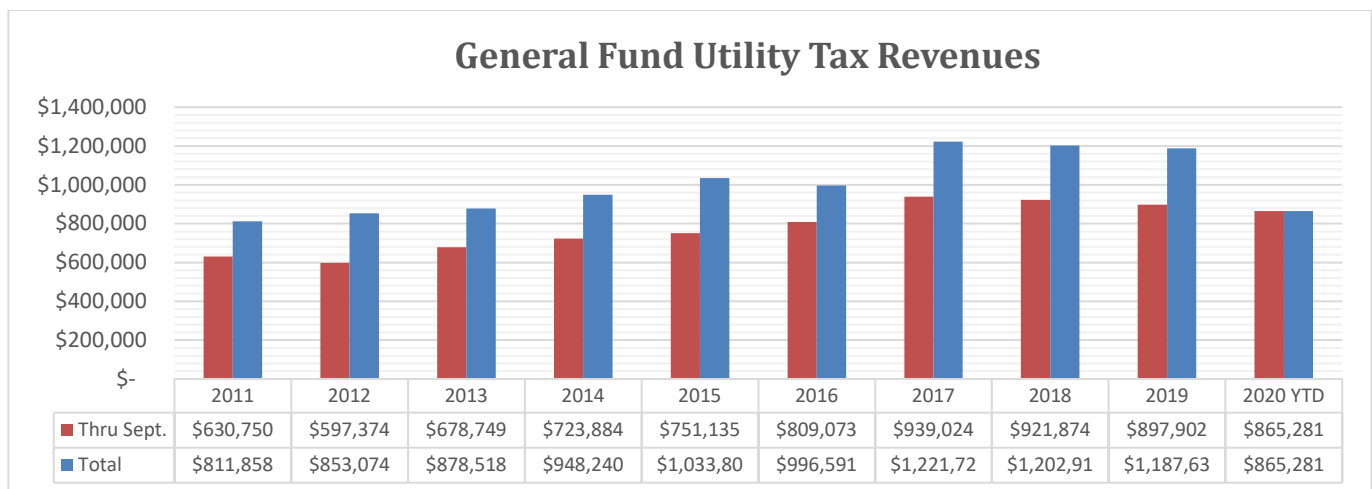
The City receives 72% of its General Fund revenues from **taxes**. As of the end of September 2020, 86.4% of budgeted tax revenue had been received.

Property tax is the General Fund's largest and most reliable source of revenue. Property taxes are due in two payments with April 30th and November 2nd deadlines. Due to the COVID-19 outbreak, King County extended the April 30th property tax deadline to June 1st for those who pay the County directly, rather than through their mortgage. The November 2nd deadline for the 2nd half of taxes has not been extended. By the end of September 2020, the City had received 76.8% of its property tax levy.

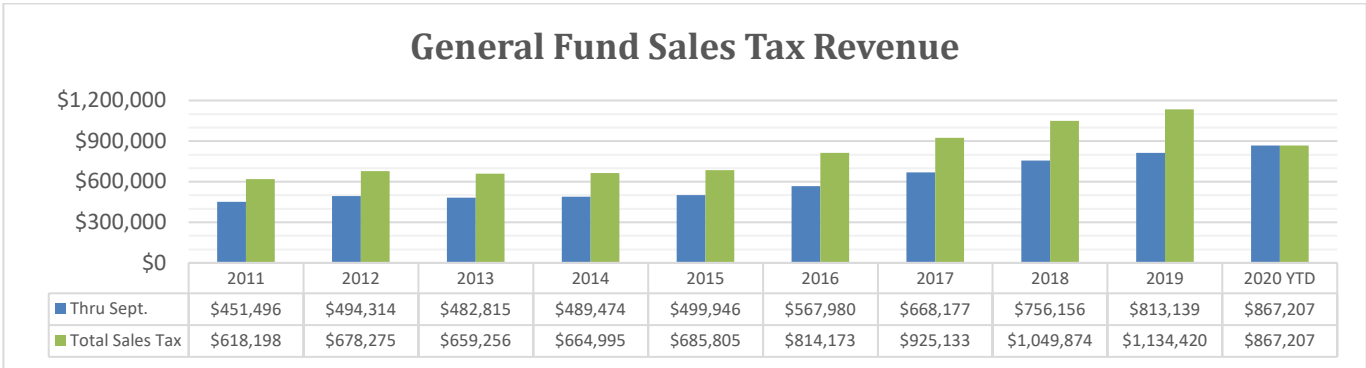
General Fund Tax Revenue

	Amended Budget	Actual	Remaining	% Collected	Thru Sept. 2019	Thru Sept. 2020	% Δ
Property Taxes - Levy Lid Lift	\$738,080	\$567,303	\$170,777	76.9%	\$184,520	\$199,356	8%
Real & Personal Property Taxes	\$2,451,561	\$1,882,610	\$568,951	76.8%	\$623,490	\$679,660	9%
Total GF Property Tax	\$3,189,641	\$2,449,913	\$739,727	76.8%	\$808,010	\$879,016	9%
Local Retail Sales & Use Taxes	\$2,049,950	\$2,001,627	\$48,323	97.6%	\$813,139	\$867,207	7%
Affordable Housing Sales Tax	\$0	\$2,743			\$0	\$2,743	
Sales Tax-Crim Justice-LOCAL	\$399,930	\$406,688	-\$6,758	101.7%	\$177,320	\$166,405	-6%
Business Tax - Electricity	\$555,000	\$476,843	\$78,157	85.9%	\$206,813	\$208,072	1%
Interfund Utility Tax - Water	\$403,000	\$319,179	\$83,821	79.2%	\$146,598	\$123,478	-16%
Business Tax - Natural Gas	\$231,000	\$220,493	\$10,507	95.5%	\$92,660	\$105,574	14%
Interfund Utility Tax - Sewer	\$494,000	\$424,999	\$69,001	86.0%	\$187,961	\$173,431	-8%
Business Tax - Garbage	\$205,000	\$202,361	\$2,639	98.7%	\$87,258	\$87,881	1%
Business Tax - TV Cable	\$120,000	\$103,895	\$16,105	86.6%	\$38,635	\$43,985	14%
Business Tax - Telephone	\$210,000	\$173,568	\$36,432	82.7%	\$79,835	\$69,002	-14%
Interfund Utility Tax - Storm	\$153,500	\$131,576	\$21,924	85.7%	\$58,141	\$53,858	-7%
Gambling Tax	\$18,400	\$25,990	-\$7,590	141.2%	\$2,329	\$13,972	500%
Leasehold Excise Tax	\$1,400	\$1,024	\$376	73.2%	\$535	\$330	-38%
Total GF Tax w/o Property Tax	\$4,841,180	\$4,490,987	\$352,935	92.8%	\$1,891,225	\$1,915,938	1%
Total GF Tax Revenue	\$8,030,821	\$6,940,900	\$1,092,663	86.4%	\$2,699,235	\$2,794,955	4%

The General Fund's second largest source of revenue is **utility tax**. Revenue from utility tax is generally stable, but taxes on natural gas, electricity and water are affected by weather. Biennium to date, the City has collected 86.57%, or \$2,052,915 of budgeted utility tax. Year to date **interfund utility tax** is 4% lower in 2020 than in 2019 due to the timing of payments.



Sales tax is the General Fund’s third largest source of revenue. The City receives sales tax revenue two months after it is collected by businesses, so September receipts were from sales incurred in July. Sales tax received in September 2020 was 14.7%, or \$15,135, higher than same month in 2019. Year to date, the City has collected 6.6% more in sales tax than in the same time period in 2019. The City is on track to **exceed its biennial sales tax revenue forecast by over \$250,000.**



The City’s largest source of sales tax revenue comes from **retail trade**, which increased by 41.7%, or \$14,006, compared to the same month in 2019, and is up 27.8% year to date. **Construction**, the City’s second largest source of sales tax, decreased by 17.3% over the same month in the prior year, which is less than in August, and is down 15.5% year to date. **Accommodation and food services**, which includes restaurants and bars, is the third largest source of sales tax revenue in the City, showed a decrease of 4.3% over the same period in the prior year, and is down 8.2% year to date. The category **Admin & Support of Waste Mgmt & Remedial Svcs** has seen an increase primarily due to web-based support services.

The amounts in the table below do not have the administrative fee charged by the Department of Revenue removed, whereas the amounts in the chart above are net of the fee.

2020 Jan - Sept. vs. 2019 Jan - Sept. 2020 Sales Tax by NAICS Category

NAICS Category	Thru Sept 2019	Thru Sept. 2020	Δ	Δ%
Retail Trade	\$ 279,781	\$ 357,672	\$ 77,890	27.8%
Construction	\$ 220,572	\$ 186,376	\$ (34,196)	-15.5%
Accommodation & Food Services	\$ 88,929	\$ 81,641	\$ (7,288)	-8.2%
Admin & Support of Waste Mgmt & Remedial Svcs	\$ 51,603	\$ 67,469	\$ 15,866	30.7%
Wholesale Trade	\$ 34,892	\$ 39,910	\$ 5,018	14.4%
Information/Communication	\$ 32,787	\$ 39,291	\$ 6,504	19.8%
Other Services (except Public Administration)	\$ 23,523	\$ 20,834	\$ (2,689)	-11.4%
Professional, Scientific, & Technical Svcs	\$ 15,794	\$ 18,577	\$ 2,783	17.6%
Manufacturing	\$ 19,235	\$ 16,279	\$ (2,956)	-15.4%
Miscellaneous	\$ 15,677	\$ 11,697	\$ (3,980)	-25.4%
Real Estate & Rental & Leasing	\$ 10,579	\$ 10,839	\$ 260	2.5%
Finance	\$ 11,080	\$ 10,647	\$ (433)	-3.9%
Arts, Entertainment, & Recreation	\$ 9,012	\$ 4,163	\$ (4,848)	-53.8%
Educational Services	\$ 2,236	\$ 3,516	\$ 1,280	57.2%
Utilities	\$ 2,632	\$ 2,215	\$ (418)	-15.9%
Agriculture, Forestry, Fishing & Hunting	\$ 695	\$ 1,745	\$ 1,051	151.2%
Transportation & Warehousing	\$ 156	\$ 991	\$ 835	535.3%
Health Care & Social Assistance	\$ 1,041	\$ 671	\$ (370)	-35.5%
Management of Companies & Enterprises	\$ 8	\$ 38	\$ 30	375.0%
Mining	\$ 19	\$ 29	\$ 10	52.6%
Public Administration	\$ 107	\$ 14	\$ (93)	-86.9%
Total	\$ 820,358	\$ 874,614	\$ 54,256	6.6%

8% of budgeted General Fund revenue comes from **licenses and permits**. By the end of September 2020, the City had received 86% of budgeted revenue, which was increased during the budget amendment process to reflect **building permits** that have already been received and will be processed through the end of 2020.

General Fund Licensing and Permit Revenue

	Amended Budget	Actual	Remaining	% Collected	Thru Sept. 2019	Thru Sept. 2020	% Δ
Fireworks Permits	\$400	\$300	\$100	75.0%	\$200	\$100	
Fire Permits-Operational/Other	\$5,250	\$0	\$5,250	0.0%	\$0	\$0	
Special Events Permits	\$2,000	\$1,275	\$725	63.8%	\$1,025	\$25	-98%
Franchise Fees - Cable TV	\$76,000	\$70,862	\$5,138	93.2%	\$32,789	\$27,445	-16%
Franchise Fees - Garbage	\$268,000	\$250,110	\$17,890	93.3%	\$109,989	\$104,776	-5%
Business Licenses & Permits	\$84,000	\$65,474	\$18,526	77.9%	\$28,303	\$27,550	-3%
Building Permit Fees	\$649,480	\$541,549	\$107,931	83.4%	\$195,911	\$302,382	54%
Permit Fee IT Surcharge	\$74,000	\$68,109	\$5,891	92.0%	\$20,712	\$39,603	91%
Concealed Weapons Permit Fees	\$3,500	\$1,989	\$1,511	56.8%	\$1,453	\$243	-83%
Total GF Licenses & Permits	\$1,162,630	\$999,667	\$162,963	86.0%	\$390,383	\$502,124	29%

Revenue from **charges for services** is 6.8% of the General Fund budget. By the end of September, the City had received 116.4% of its budgeted charges for services revenue. The revenue budget for **engineering fees** and **zoning and development fees** was increased during the budget amendment process to reflect revenues already received and will have to be increased during the end of the biennium budget adjustments. In May of 2020, the City changed the way it collected **plan check fees**, requiring partial payment with permit submittal, which is reflected in the increase over prior year. **Planning deposits** were formerly reported in the City’s custodial fund. Changes to reporting requirements moved the revenue stream to the General Fund, which will be offset by an expenditure when the deposit is returned. The revenue received for **animal control and sheltering services** is offset by an expenditure. The increase in **Law Enforcement Services** is due to a payment for several years of security services provided by the City for the Park n Ride.

General Fund Charges for Services Revenue

	Amended Budget	Actual	Remaining	% Collected	Thru Sept. 2019	Thru Sept. 2020	% Δ
Admin Fee-School/Rd/Park Imp	\$7,350	\$6,240	\$1,110	85%	\$1,950	\$3,900	100%
Admin Fee - Cell Tower Leases	\$15,650	\$8,887	\$6,763	57%	\$7,065	\$1,042	-85%
Sale of Maps & Publications	\$200	\$133	\$67	66%	\$31	\$27	-15%
Engineering Fees & Charges	\$180,000	\$220,301	-\$40,301	122%	\$70,159	\$92,151	31%
Admin Fee - Alcohol Use App	\$0	\$100	-\$100		\$50	\$25	-50%
Law Enforcement Services	\$340	\$6,389	-\$6,049	1878%	\$0	\$6,049	
RSD School Officer	\$80,000	\$82,588	-\$2,588	103%	\$42,336	\$40,000	-6%
Bldg Inspection Fees	\$3,000	\$3,687	-\$687	123%	\$1,250	\$1,271	2%
Animal Control & Shelter Servi	\$1,683	\$26,948	-\$25,265	1601%	\$0	\$26,948	
Planning Deposits	\$0	\$46,280	-\$46,280		\$18,601	\$41,456	123%
Zoning, Subdivision, Dvlp Fees	\$220,000	\$255,910	-\$35,910	116%	\$103,225	\$88,803	-14%
Fire Plan Review & Inspections	\$20,000	\$6,359	\$13,641	32%	\$3,435	\$1,657	-52%
Plan Check Fees	\$375,000	\$377,907	-\$2,907	101%	\$104,158	\$250,736	141%
Plan Check - Consultant Review	\$0	\$12,310	-\$12,310		\$0	\$12,310	0%
Stage Sponsorship Fees	\$5,000	\$5,000	\$0	100%	\$5,000	\$0	-100%
Summerstage Sponsor Fees	\$11,500	\$11,711	-\$211	102%	\$9,250	\$250	-97%
Total GF Charges for Services	\$919,723	\$1,070,749	-\$151,026	116.4%	\$366,510	\$566,625	54.6%

General Fund Expenditures

The City spent approximately 82% of its budgeted biennial General Fund expenditures as of the end of September 2020. Please note that December 2018 benefits were reported in January of 2019, so 2019 benefits are reported as \$33,776 higher than actual in the General Fund, and \$61,148 higher than actual in all funds combined.

See below for breakout by department and category. **Supplies, services and small tools and equipment** related to the COVID-19 have been broken out in the Expenditures by Department under “**Emergency Response**”. **Salary and benefit** costs related to the outbreak remain embedded in individual departments for now. **Economic development** costs are higher than budgeted due to \$76,250 in Small Business Assistance Grants that were paid out in August and September.

General Fund Budget vs Actual

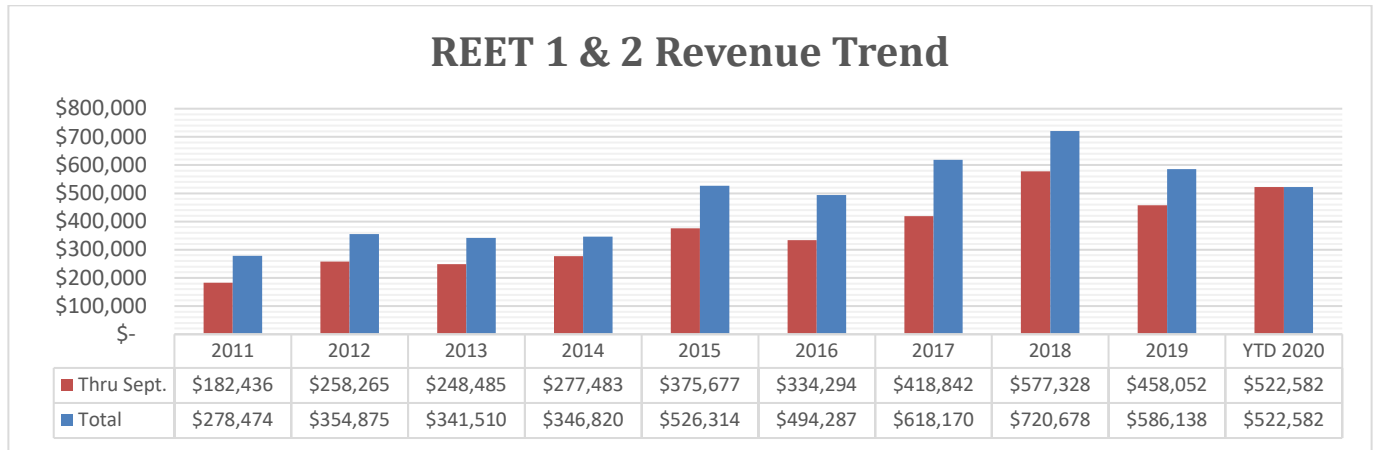
Revenues	2019-2020	09/30/2020	BTD	Thru	Thru	% Δ
	Amended Budget	BTD Actual	%	September 2019	September 2020	
Beginning Fund Balance	\$ 2,132,480	\$ 2,132,480	100%			
Taxes	8,030,821	6,940,900	86%	2,699,235	2,794,955	4%
Licenses & Permits	1,162,630	999,667	86%	390,383	502,124	29%
Intergov. Revenues	403,669	313,058	78%	115,852	135,267	17%
Charges for Goods & Serv.	919,723	1,070,749	116%	366,510	566,625	55%
Fines & Penalties	76,900	50,026	65%	28,896	12,786	-56%
Miscellaneous Revenues	148,352	157,788	106%	82,893	55,098	-34%
Other	363,570	315,050	87%	136,997	138,609	1%
Total Revenues	\$ 11,105,665	\$ 9,847,239	89%	\$ 3,820,766	\$ 4,205,464	10.1%

Expenditures by Dept.	2019-2020	09/30/2020	BTD	Thru	Thru	% Δ
	Amended Budget	BTD Actual	%	September 2019	September 2020	
Legislative	\$ 178,941	\$ 144,202	81%	\$ 59,658	\$ 60,564	2%
Executive	188,575	156,074	83%	82,941	44,494	-46%
Community Events	64,550	79,371	123%	4,452	70,080	1474%
Finance Dept.	647,720	542,430	84%	235,464	205,728	-13%
Planning Dept.	929,848	743,356	80%	334,061	289,513	-13%
Building Dept.	740,345	551,564	75%	189,023	276,972	47%
Police Dept.	5,275,903	4,354,347	83%	1,783,013	1,838,031	3%
Economic Development	25,000	87,733	351%	-	76,250	
Recycling Dept.	45,202	42,998	95%	22,112	20,459	-7%
Civil Service	15,600	12,045	77%	6,149	4,485	-27%
Parks Dept.	686,197	525,150	77%	224,493	198,230	-12%
Cultural Commission	83,900	44,599	53%	26,141	6,268	-76%
City Mitigation Projects	12,000	7,593	63%	2,389	4,297	80%
Engineering Dept.	445,261	362,097	81%	135,831	155,158	14%
Fire	45,250	12,752	28%	-	-	
Emergency Response	40,000	76,171	190%		76,171	
Non-Departmental	2,003,880	1,654,572	83%	701,957	724,853	3%
Total Expenditures	\$ 11,428,172	\$ 9,397,052	82%	\$ 3,807,683	\$ 4,051,553	6%

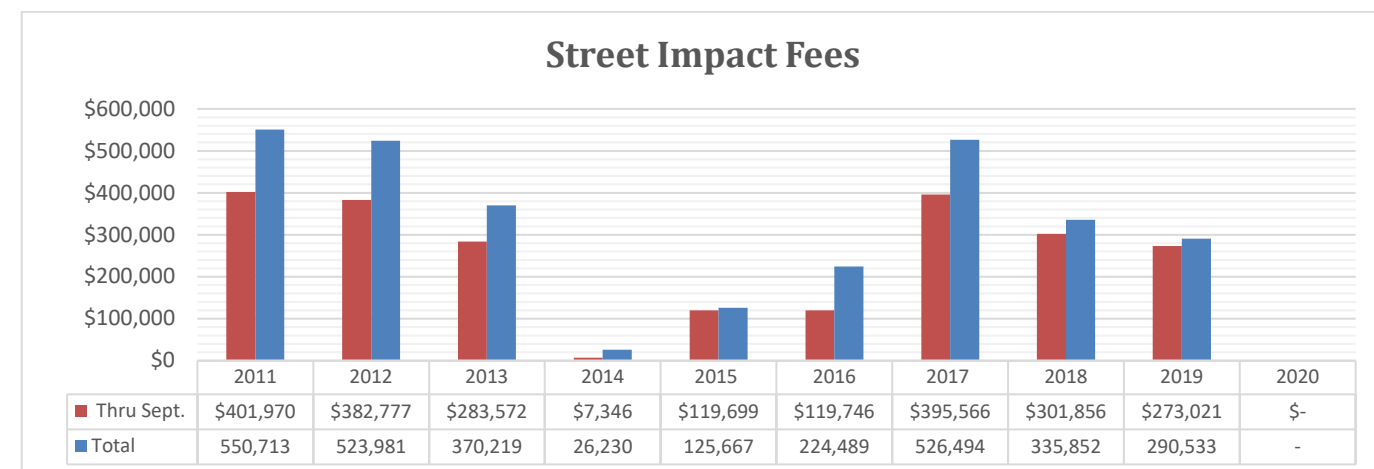
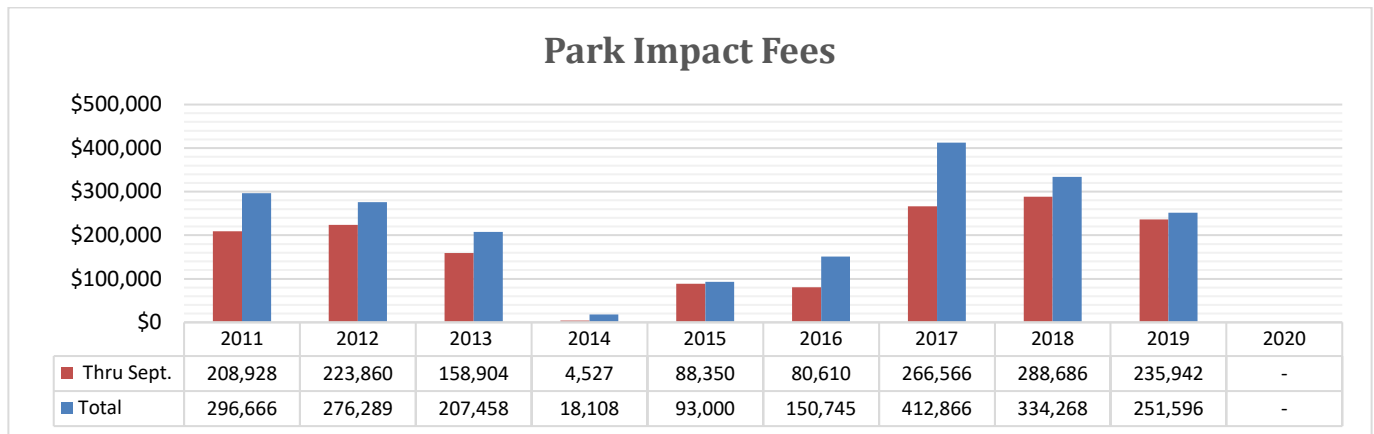
Expenditures by Category	2019-2020	09/30/2020	BTD	Thru	Thru	% Δ
	Budget	BTD Actual	%	September 2019	September 2020	
Salaries and Wages	\$ 4,740,914	\$ 4,068,884	86%	\$ 1,701,012	\$ 1,806,649	6%
Personnel Benefits	1,885,632	1,551,546	82%	673,903	667,949	-1%
Supplies	279,530	198,462	71%	44,083	116,178	164%
Services	3,561,213	2,731,452	77%	1,021,698	1,105,011	8%
Transfers Out/Deposits	939,883	825,708	88%	366,987	355,766	-3%
Capital Outlays	21,000	21,000	100%	0	0	0%
Total Expenditures	\$ 11,428,172	\$ 9,397,052	82%	\$ 3,807,683	\$ 4,051,553	6%
Revenue minus Expenditures	\$ (322,507)	\$ 450,187		\$ 13,083	\$ 153,910	
Ending Fund Balance	\$ 1,809,973	\$ 2,582,667	143%			

Capital Funds

Biennium to date, the City collected \$1,076,957 in **Real Estate Excise Tax (REET)** revenue by the end of September 2020, which is 97% of the \$1,111,500 budgeted for the biennium. \$87,266 in REET revenue was received in September 2020 from the sale of 27 homes in late July and August. The City is on track to **exceed its biennial forecast by over \$280,000**.



As of the end of September, the City had not collected any **Street or Park Impact Fees** in 2020 due to credits given for developer constructed park and street improvements. The Street Impact Fee revenue budget was amended in June to reflect the effect of the credits. Biennium to date, 90% of the \$281,089 of budgeted Park Impact Fees and 50% of the \$585,912 budgeted Street Impact Fees have been collected. The City will collect some of the remaining budgeted impact fees during the remainder of the year, the rest will be collected in the next biennium.



Utility Funds

Revenue from utility billing is reported on an accrual basis until the year end, when an adjusting entry is made to remove revenue that has been billed in December but will be received in January. In June of 2019, this entry was reversed, which understated 2019 revenues until year end when the error was caught and reconciled. This understates 2019 revenues by the following amounts: **Water Fund** - \$140,959, **Sewer Fund** - \$197,617, **Storm Drainage Fund** - \$61,015. In addition, **Water Fund revenues** thru July 2019, include hookup fees charged by Seattle Public Utilities (SPU). Those revenues are reported in a custodial fund in 2020, since the fees are not imposed by the City and are passed on to SPU.

The City has collected 93.6% of its budgeted biennial Water Fund revenues and is on track to **exceed its budget for Water charges for services by over \$90,000**. The City has collected 90.8% of its budgeted biennial Sewer Fund revenues and is on track to **exceed its budget of Sewer charges for services by over \$170,000**. The City has collected 94.1% of its Storm Drainage Revenue and is on track to **exceed its budget of Storm Drainage charges for services by over \$48,000**.

- **Water Fund expenditures** through September 2019 are higher than expenditures through September of 2020 due to the timing of the water meter replacement project in 2019.
- **Sewer Fund expenditures** were higher through September in 2019 compared to expenditures through September of 2020 due to services performed to evaluate the City's wastewater system.

Utility Fund Budget to Actual Revenues and Expenditures

	Amended Budget	Actual	Remaining	% Collected	Thru Sept. 2019	Thru Sept. 2020	% Δ
Water Fund							
Revenue*	\$4,257,804	\$3,985,794	\$272,010	93.6%	\$1,697,051	\$1,878,138	11%
Expenditures	\$4,235,157	\$3,376,447	\$858,710	79.7%	\$1,645,293	\$1,243,345	-24%
Sewer Fund							
Revenue*	\$5,248,290	\$4,767,161	\$481,128	90.8%	\$1,926,353	\$2,200,857	14%
Expenditures	\$5,084,032	\$3,846,703	\$1,237,330	75.7%	\$2,000,827	\$1,378,204	-31%
Storm Drainage Fund							
Revenue*	\$1,612,298	\$1,517,562	\$94,737	94.1%	\$611,884	\$704,011	15%
Expenditures	\$1,552,879	\$1,276,312	\$276,567	82.2%	\$552,741	\$525,993	-5%

*See narrative above

Utility Past Due

On March 18, 2020, Governor Inslee called on all public utilities to suspend water shut offs and to waive late fees on utilities until the end of COVID-19 State of Emergency or 11:59 PM on July 28, 2020, whichever occurs first. The Governor's Office is working on guidance for utilities to develop COVID-19 customer support programs once the suspension is lifted.

On October 6, 2020, the Duvall City Council passed Ordinance No. 1261 to provide utility assistance to Duvall residents who are unable to pay their utility bills due to economic conditions caused by COVID-19. The City has since sent letters to residents with past-due utility bills to determine whether they qualify for assistance.

Below is a table that shows effects of the suspension on past due utility accounts as of October 1, 2020 compared to October 1, 2019.

	60 to 90 Days Past Due		90 to 120 Days Past Due		Over 120 Days Past Due	
	Total Amount	# of Accounts	Total Amount	# of Accounts	Total Amount	# of Accounts
2019	\$1,903	31	\$840	13	\$1,747	13
2020	\$14,471	114	\$5,721	42	\$12,802	34

Ending Fund Balance

At the end of September 2020, the City had an ending fund balance of \$22,513,705 for all funds, which is \$6,031,481 more than the beginning biennial fund balance, as shown in the table below, and \$4,473,811 higher than the amended budget ending fund balance. Budget to actual expenditures and revenues for each fund can be found on the following two pages.

CITY OF DUVALL 2019-2020 REVENUE AND EXPENDITURE SUMMARY

Biennium to Date as of September 30, 2020

Fund	Description	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Net Change		
001	General Fund	\$ 2,132,480	\$ 9,847,239	\$ 9,397,052	\$ 2,582,667	\$ 450,187	684,494	General Fund
002	Contingency Fund	231,954	234,307	-	466,260	234,307		
101	Street Fund	177,846	1,384,201	1,483,257	78,790	(99,056)	37,612	Special Revenue Funds
102	Transportation Benefit District	-	92,470	-	92,470	92,470		
106	Big Rock Ball Park Maintenance	35,150	239,069	196,021	78,198	43,048		
107	Sensitive Areas Mitigation Fund	39,407	1,150	-	40,557	1,150		
206	2016 LTGO - Main St Debt Svc	19,866	824,799	533,721	310,943	291,078	291,078	Debt Svc Fd
304	Real Estate Excise Tax Fund 1	990,664	587,904	144,325	1,434,243	443,579	1,788,028	Capital Project Funds
305	Real Estate Excise Tax Fund 2	810,389	582,471	153,071	1,239,789	429,400		
306	Main Street Improvement	1,188,870	33,887	74,793	1,147,964	(40,906)		
307	Street CIP Fund	589,810	711,937	192,145	1,109,601	519,792		
308	Parks CIP Fund	690,840	593,838	157,674	1,127,004	436,164		
401	Water Fund	3,314,348	3,985,794	3,376,447	3,923,696	609,347		
402	Sewer Fund	2,462,035	4,767,161	3,846,703	3,382,494	920,459		
404	Storm Drainage Fund	775,113	1,517,562	1,276,312	1,016,362	241,249	3,184,544	Proprietary Funds
407	Water CIP Fund	1,315,436	1,080,966	751,218	1,645,184	329,748		
408	Sewer CIP Fund	502,693	1,316,043	522,707	1,296,029	793,336		
409	Storm Drainage CIP Fund	113,978	286,746	3,551	397,173	283,195		
410	Bond Redemption Fund	19,940	905	-	20,844	905		
411	Bond Reserve Fund	267,873	6,706	400	274,180	6,306		
501	Equipment Fund	464,099	525,131	560,305	428,925	(35,174)	45,726	Internal Service Funds
502	IT Fund	190,939	500,488	438,804	252,623	61,684		
503	Building Maintenance Fund	148,495	264,874	245,659	167,710	19,215		
TOTAL		\$ 16,482,223	\$ 29,385,647	\$ 23,354,166	\$ 22,513,705	\$ 6,031,481		

$$\$ 45,867,870 = \$ 45,867,870$$

Revenues

Revenues collected through September 2020 vary to revenues collect through September 2019 as follows: In the **Street Fund**, revenues are higher in 2020 from a Transportation Improvement Board grant reimbursement for the City's LED Streetlight Conversion Project. The **Transportation Benefit District Fund** started receiving Revenues in June of 2020 and is on track to receive \$165,000 for the year. The **Big Rock Ball Park Maintenance Fund** has received less revenue in 2020 due to COVID-19 related field closures. September 2020 to date revenue in the **Street and Park CIP** funds is less than 2019 due to impact fees and grant revenue received in 2019 for capital projects. The **Water and Sewer CIP** funds received more General Facilities Charge revenue year to date September 2020 as the City processes the permits it has on hand. 2020 revenue is higher in the **Building Maintenance Fund** from a King County 4 Culture grant for the Dougherty House roof replacement project.

CITY OF DUVALL 2019-2020 BUDGET vs ACTUAL - REVENUES

Biennium to date as of September 30, 2020

Fund	Description	Amended		BTD	BTD %	Thru Sept.	Thru Sept.	% Δ	\$ Δ
		Budget	BTD Actual	Difference	Collected	2019	2020		
001	General Fund	\$ 11,105,665	\$ 9,847,239	\$ 1,258,426	89%	\$ 3,820,766	\$ 4,205,464	10%	\$ 384,698
002	Contingency Fund	265,360	234,307	31,053	88%	100,584	99,908	-1%	\$ (676)
101	Street Fund	1,699,210	1,384,201	315,009	81%	382,929	525,435	37%	\$ 142,506
102	Transportation Benefit District	-	92,470			-	92,470		
106	Big Rock Ball Park Maintenance	337,974	239,069	98,905	71%	125,470	68,571	-45%	\$ (56,899)
107	Sensitive Areas Mitigation Fund	1,171	1,150	21	98%	589	367	-38%	\$ (222)
206	2016 LTGO - Main St Debt Svc	960,334	824,799	135,535	86%	352,861	352,861	0%	\$ 0
304	Real Estate Excise Tax Fund 1	588,910	587,904	1,006	100%	245,077	272,935	11%	\$ 27,859
305	Real Estate Excise Tax Fund 2	583,370	582,471	899	100%	242,316	271,187	12%	\$ 28,870
306	Main Street Improvement	35,227	33,887	1,340	96%	17,633	10,545	-40%	\$ (7,088)
307	Street CIP Fund	1,006,242	711,937	294,306	71%	657,636	21,773	-97%	\$ (635,862)
308	Parks CIP Fund	633,995	593,838	40,157	94%	451,908	113,547	-75%	\$ (338,361)
401	Water Fund	4,257,804	3,985,794	272,010	94%	1,697,051	1,878,138	11%	\$ 181,087
402	Sewer Fund	5,248,290	4,767,161	481,128	91%	1,926,353	2,200,857	14%	\$ 274,504
404	Storm Drainage Fund	1,612,298	1,517,562	94,737	94%	611,884	704,011	15%	\$ 92,127
407	Water CIP Fund	1,313,612	1,080,966	232,647	82%	388,358	604,328	56%	\$ 215,970
408	Sewer CIP Fund	1,547,129	1,316,043	231,086	85%	434,261	727,792	68%	\$ 293,531
409	Storm Drainage CIP Fund	349,838	286,746	63,092	82%	128,134	86,330	-33%	\$ (41,804)
410	Bond Redemption Fund	907	905	2	100%	601	106	-82%	\$ (496)
411	Bond Reserve Fund	6,706	6,706	-	100%	4,000	1,388	-65%	\$ (2,611)
501	Equipment Fund	571,111	525,131	45,980	92%	160,158	142,335	-11%	\$ (17,824)
502	IT Fund	571,285	500,488	70,797	88%	215,027	213,810	-1%	\$ (1,216)
503	Building Maintenance Fund	298,246	264,874	33,372	89%	102,090	128,749	26%	\$ 26,659
TOTAL		\$ 32,994,685	\$ 29,385,647	\$ 3,701,508	89%	\$ 12,065,686	\$ 12,722,906	5%	\$ 657,220

Expenditures

Expenditures in the **Street Fund** are higher through September of 2020 than through September of 2019 due to the LED Streetlight Conversion Project, which is being reimbursed by a grant from the Transportation Improvement Board. Expenditures in the **Parks CIP Fund** are lower in 2020 due to the Big Rock Turf and Taylor Landing Play Equipment projects in 2019. Expenditures are lower in the **Water Fund** in 2020 due to the Water Meter Replacement Project in 2019, and lower in the **Sewer Fund** due to the 2019 Batten Road Sewer Installation Project. Expenditures in the **Water CIP fund** are higher to date in 2020 than in 2019 due to the Kennedy Watermain Replacement Project, and higher to date in the **Building Maintenance Fund** due to the Public Works Roof Replacement Project.

CITY OF DUVALL 2019-2020 BUDGET vs ACTUAL - EXPENDITURES

Biennium to date as of September 30, 2020

Fund	Description	Amended		BTD Difference	BTD % Spent	Thru Sept.	Thru Sept.	% Δ	\$ Δ
		Budget	BTD Actual			2019	2020		
001	General Fund	\$ 11,428,172	\$ 9,397,052	\$ 2,031,120	82%	3,807,683	4,051,553	6%	\$ 243,870
002	Contingency Fund	-	-	-		-	-		\$ -
101	Street Fund	1,794,811	1,483,257	311,554	83%	400,252	598,959	50%	\$ 198,707
102	Transportation Benefit District	-	-	-		-	-		\$ -
106	Big Rock Ball Park Maintenance	294,735	196,021	98,715	67%	89,978	78,449	-13%	\$ (11,529)
107	Sensitive Areas Mitigation Fund	31,200	-	31,200	0%	-	-		\$ -
206	2016 LTGO - Main St Debt Svc	958,878	533,721	425,157	56%	51,294	58,201	13%	\$ 6,907
304	Real Estate Excise Tax Fund 1	194,200	144,325	49,874	74%	62,828	61,123	-3%	\$ (1,706)
305	Real Estate Excise Tax Fund 2	179,857	153,071	26,786	85%	70,239	62,458	-11%	\$ (7,781)
306	Main Street Improvement	207,000	74,793	132,207	36%	14,198	20,604	45%	\$ 6,407
307	Street CIP Fund	452,241	192,145	260,096	42%	69,044	100,299	45%	\$ 31,255
308	Parks CIP Fund	170,516	157,674	12,841	92%	157,820	-	-100%	\$ (157,820)
401	Water Fund	4,235,157	3,376,447	858,710	80%	1,645,293	1,243,345	-24%	\$ (401,948)
402	Sewer Fund	5,084,032	3,846,703	1,237,330	76%	2,000,827	1,378,204	-31%	\$ (622,623)
404	Storm Drainage Fund	1,552,879	1,276,312	276,567	82%	552,741	525,993	-5%	\$ (26,748)
407	Water CIP Fund	1,600,833	751,218	849,615	47%	102,708	607,213	491%	\$ 504,505
408	Sewer CIP Fund	1,346,352	522,707	823,645	39%	171,763	179,729	5%	\$ 7,967
409	Storm Drainage CIP Fund	4,000	3,551	449	-	942	1,443	53%	\$ 501
410	Bond Redemption Fund	20,847	-	20,847	0%	-	-	#DIV/0!	\$ -
411	Bond Reserve Fund	274,580	400	274,180	0%	300	-	-100%	\$ (300)
501	Equipment Fund	699,093	560,305	138,788	80%	275,086	154,637	-44%	\$ (120,449)
502	IT Fund	546,638	438,804	107,834	80%	177,441	187,219	6%	\$ 9,778
503	Building Maintenance Fund	360,993	245,659	115,334	68%	82,772	117,486	42%	\$ 34,715
TOTAL		\$ 31,437,014	\$ 23,354,166	\$ 8,082,848	74%	\$ 9,733,207	\$ 9,426,916	-3.1%	\$ (306,291)

CITY OF DUVALL
Debt Service as of 09/30/2020

2017 General Obligation Bonds

Description	Date of Final Payment	Principal	Interest	Total	Remaining 2020 Payment	Remaining 2020 Funding Source(s)			
						Property Tax Levy	REET I	REET II	Street Impact Fees
Big Rock Ball Field	12/1/2025	\$1,250,000	\$95,865	\$1,345,865	\$210,563	\$210,563			
Main Street Project	12/1/2031	\$2,500,000	\$392,549	\$2,892,549	\$211,125		\$70,375	\$70,375	\$70,375

State of WA Local Program

Description	Date of Final Payment	Principal	Interest	Total	Remaining 2020 Payment	Remaining 2020 Funding Source(s)
						Internal Service Charges to Fund 501
Dump Truck Purchase	6/1/2029	\$131,627	\$35,041	\$166,667	\$3,291	\$3,291

Utility Revenue Debt

Utility Revenue Debt	Date of Final Payment	Principal	Interest	Total	Remaining 2020 Payment	Remaining 2020 Funding Source(s)
						Sewer General Facility Charges
SRF WWTP Construction Loan	6/30/2025	\$1,649,980	\$22,796	\$1,672,776	\$167,278	\$ 167,278

The City's long-term debt outstanding balances are shown in the table above. Limited-Term General Obligation (LTGO) Bonds interest payments are due twice annually, on the 1st of June and December, and the principal amount is due once a year on December 1st. The City will pay \$226,125 in debt payments related to the Big Rock Ball Field and \$242,250 in payments related to the Main Street Project in 2020.

In November of 2019, the City took out a State of Washington Local Program loan in 2019 to purchase a dump truck. Interest payments are due twice annually on June 1st and December 1st, and a principal payment is due annually on June 1st. The City will make \$14,984 in debt payments for its dump truck loan in 2020.

Both principal and interest payments for the Wastewater Treatment Plant (WWTP) construction loan are due twice annually, on June 30th and December 30th. The City will pay \$334,555 in payments related to its WWTP loan in 2020.

Reserve Balance Requirements

Fund #	Fund Description	Budgeted	Required	Ending Fund Balance	Notes
001	General Fund	\$ 832,615	\$ 893,103	\$ 2,582,667	17% per Resolution 04-04 Internally Restricted
001	Disaster Relief	25,000	25,000		Established by City Council
001	Internal Restricted- Other	22,408	22,412		Drug Enforcement & Mitigation
002	Contingency	494,814	549,930	466,260	Maximum allowed is 37.5% of Assessed Value (AV) - \$1,466,479,816 in 2020
106	Big Rock Ball Park Fund	126,000	63,011	78,198	Resolution 18-16 - 50% of ballfield revenue held for turf replacement
401	Water Utility	749,132	698,625	3,923,696	Resolution 04-04. Increased by CPI-U every Jan. 1
402	Sewer Utility	998,844	987,263	3,846,703	Resolution 04-04. Increased by CPI-U every Jan. 1
402	Sewer Utility, DOE Loan	335,000	335,000		Annual Loan Amount
404	Storm Drain	312,139	305,749	397,173	Resolution 04-04. Increased by CPI-U every Jan. 1
501	Equipment Fund	200,000	200,000	371,867	Resolution 04-04 - flat amount in reserve
Total		\$4,095,952	\$4,080,092	\$11,666,563	

Reserve balance requirements are shown in the table above. Amounts budgeted are for the two-year biennium, amounts required are for 2020. All 2020 required reserve balances are being met.

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.

City of Duvall Investments

At the end of the third quarter of 2020, the City held the following investments:

City Investments as of September 30, 2020

Description	Amount	Sept. Interest Rate	% of Total
Washington Federal Public Funds Account	\$310,923	0.15%	1%
State Local Government Investment Pool (LGIP)	\$11,692,578	0.21%	55%
Opus Bank – Public Interest Checking	\$4,991,211	0.24%	23%
Government Securities	\$4,297,703	1.6% -2.25%	20%
Total	\$21,292,415		100%

Interest rates continued to decline during the third quarter of 2020. LGIP interest rates fell from 0.37% to 0.21% from the end of the 2nd quarter of 2020 to the end of September 2020, while the City's public interest checking account with Opus Bank followed suit and decreased from 0.40% to 0.24%.

No bonds matured or were called during the 3rd quarter. The City holds the following government securities:

Investment	Purchase Date	Cost	Coupon Rate	Maturity
Federal Farm Credit Bank - 3133EJF61	Oct. 2019	\$2,300,000	Floating	\$44,481
Federal National Mortgage Assoc. - 3135GOV59	April 2019	\$997,703	2.25	\$44,663
Federal Farm Credit Bank - 3133ELMD3	Feb. 2020	\$1,000,000	1.6	\$44,967

In May of 2020, the City moved its checking account from Bank of America to Washington Federal. The Bank of America Money Market account, which earns interest at a low rate, was closed in August, and a new Public Funds Savings Account with Washington Federal was opened. The Public Funds account rate is slightly lower than the LGIP rate, so the bulk of the City's investments will stay with the LGIP until interest rates rise for longer-term investments.

Biennium to date, the City has earned \$529,760 in investment interest through September 30, 2020, \$6,958 more than the amended biennial interest revenue budget of \$522,802.

The City continues to look for investment opportunities with the primary objectives of safety, liquidity and yield. At September 30, 2020, the City's total cash balance was as follows:

Description	Amount
Investments	\$21,292,415
Checking Account*	\$732,499
Drug Seizure Account	\$9,858
Total	\$22,034,772

*General ledger checking balance