



Small Town. Real Life.

Date: July 18, 2017

To: Mayor Ibershof and City Council

From: Jennifer Anderson, Accountant  
Lindsey Vaughn, Finance Director

Re: Second quarter 2017 Financial Report (50% of year = 50% Target)

At the end of second quarter 2017, total City revenues are 54.74% of budget and expenses are 33.67%. A summary by each fund type is shown in Exhibit 1 and 2.

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

**GENERAL FUND**

- General Fund revenues ended second quarter at 55.48% of budget and expenditures are 45.75%. In comparison, 2016 2nd quarter ended with revenues at 52.49% and expenses at 45.05%. (Exhibit 9 provides details by department and expense category).
- Approximately 26% 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 second quarter at 86.42% of budget or a total of \$209,227.65. This is an increase compared to end of 2nd quarter 2016 which ended with \$93,795.52 in revenue or 54.34% of budget.
- Other development fees and engineering fees have brought in revenue of \$85,646.20 thru end of 2nd quarter 2017. This represents 63.44% of budget (\$135,000).
- Plan check fees were at 74.23% of budget or \$116,812.20 at the end of 2nd quarter. Again, this is higher than 2016 2nd quarter which ended with \$49,254.95.
- Sales Tax revenue ended 2nd quarter with 60.18% of the \$715,000 budget received. (Exhibit 3)
- Utility Taxes are at 53.76% of budget or \$643,109. (Exhibit 6).
- Received \$40,000 in revenue from Riverview School District for the school officer, for the 2016-2017 school year.

**CAPITAL FUNDS**

- Thirty three park and thirty six 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 54.16% 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 2nd quarter at \$44,366.36. This is 82.65% of the 2017 budget, \$53,680. Of the total, 30.20% or \$13,400.65 is interest from the Long Term General Obligation debt that has been invested. (Fund 206)
- Reserve fund balances are being met (Exhibit 8).
- Overall City fund balances increased in the second quarter of 2017 by \$6,090,042. This is primarily due to the LTGO Bond Proceeds of \$4,865,000. (Exhibit 10).

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

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

Fund Types	2017 Total Budget	2017 Begin. Fund Balance	2017 Total Budget Less Begin. Fund Bal.	YTD 2017 Revenues	% Received	Target
General Fund	6,182,408	1,248,242	4,934,167	2,737,471	55.48%	≥50%
Contingency Fund	177,794	162,694	15,100	7,902	52.33%	≥50%
Special Revenue Funds	763,664	176,127	587,537	321,475	54.72%	≥50%
Debt Service	5,350,884	-	5,350,884	5,115,343	95.60%	≥50%
Capital Project Funds	14,473,917	2,503,024	11,970,893	4,407,955	36.82%	≥50%
Utility Funds	12,915,708	5,991,546	6,924,162	3,735,257	53.95%	≥50%
Bond Redemption & Reserve	725,846	281,226	444,620	222,455	50.03%	≥50%
Internal Service Funds	1,227,474	698,140	529,334	288,306	54.47%	≥50%
Totals	\$ 41,817,695	\$ 11,060,999	\$ 30,756,696	\$ 16,836,164	54.74%	≥50%

Total revenues are above the target of 50% or higher.

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

Fund Types	2017 Total Budget	2017 Budget Ending Fund Balance	2017 Total Budget less End. Fund Bal.	YTD 2017 Expenditures	% Expended	Target
General Fund	6,182,408	1,131,946	5,050,463	2,310,650	45.75%	<50%
Contingency Fund	177,794	-	177,794	-	0.00%	<50%
Special Revenue Funds	763,664	96,575	667,089	285,920	42.86%	<50%
Debt Service	5,350,884	11,999	5,338,885	1,464,271	27.43%	<50%
Capital Project Funds	14,473,917	2,059,156	12,414,761	3,628,767	29.23%	<50%
Utility Funds	12,915,708	6,822,573	6,093,135	2,346,652	38.51%	<50%
Bond Redemption & Reserve	725,846	281,826	444,020	6,836	1.54%	<50%
Internal Service Funds	1,227,474	686,756	540,718	302,932	56.02%	<50%
Totals	\$ 41,817,695	\$ 11,090,830	\$ 30,726,865	\$ 10,346,028	33.67%	<50%

Expenditures are below the 50% target at the end of first quarter.

**EXHIBIT 3: Sales Tax**

At the end of second quarter, sales tax is at 60.18% of our \$715,000 budget and is 21.8% higher than second quarter 2016 sales tax revenues.

**EXHIBIT 4: REET**

Real Estate Excise Tax Revenues (REET) are at 54.16% of the 2017 budget (\$390,000). These funds are primarily for capital improvements.

## EXHIBIT 5: Impact Fees

The City has collected 33 park impact fees, or 49.36% of budget (\$347,422), thru June 30, 2017. Park impact fees are restricted for park capital improvements.

The City has collected 36 street impact fees, or 51.30% of budget (\$563,666), thru June 30, 2017. Street impact fees are restricted for transportation capital improvements.

**EXHIBIT 6: Utility Taxes**

At the end of the second quarter, utility taxes are at 53.76% 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**

<u>Utility Revenue Debt</u>	<u>Principal</u>
Water Main Pump PWTF	-
2.2 M Gal Water Tank Bonds	200,000
Sewer Bonds	810,000
SRF WWTP Loan	2,940,590
<b>Total</b>	<b><u><u>\$ 3,950,590</u></u></b>

**\$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 \$17,159,133.48 on hand.
  - Additional information may be found in the second quarter investment report.

**EXHIBIT 9:**

Annual Revenue Report			Target ≥ 50%	
General Fund as of 6/30/17				2016
Resources	2017 Budget	YTD	YTD % Collected	Comparison
Begin Fund Balance	\$ 1,248,241.50	\$ 1,248,241.50	100.00%	100.00%
Taxes	3,560,813.00	1,889,844.20	53.07%	51.97%
Licenses & Permits	459,800.00	327,103.09	71.14%	60.27%
Intergovernmental Revenues	308,642.00	133,780.36	43.34%	45.53%
Charges for Goods and Services	339,110.00	257,611.07	75.97%	62.48%
Fines & Penalties	53,400.00	25,337.30	47.45%	95.45%
Miscellaneous Revenues	89,504.04	39,732.14	44.39%	33.35%
Other	122,897.84	64,062.83	52.13%	46.06%
<b>TOTAL OPERATING REVENUE:</b>	<b>\$ 4,934,166.88</b>	<b>\$ 2,737,470.99</b>	<b>55.48%</b>	<b>52.49%</b>
<b>TOTAL BUDGET</b>	<b>\$ 6,182,408.38</b>	<b>\$ 3,985,712.49</b>	<b>64.47%</b>	<b>62.13%</b>

Annual Expense Report			Target < 50%	
General Fund as of 6/30/17				2016
Expenses by Department:	2017 Budget	YTD	YTD % Spent	Comparison
Legislative	\$ 90,783.00	\$ 49,829.16	54.89%	48.34%
Executive	157,693.00	93,326.89	59.18%	46.83%
Community Events	2,000.00	-	0.00%	0.00%
Finance Dept.	268,644.00	150,580.32	56.05%	45.87%
Planning Dept.	462,634.00	173,310.31	37.46%	39.93%
Building Dept.	190,794.00	93,173.41	48.83%	44.92%
Police Dept.	2,478,209.57	1,045,251.77	42.18%	46.29%
Economic Development	11,020.00	-	0.00%	0.00%
Recycling Dept.	17,600.00	802.03	4.56%	3.38%
Civil Service	11,025.00	7,318.25	66.38%	50.16%
Parks Dept.	284,455.00	122,106.41	42.93%	44.77%
Cultural Commission	61,998.00	12,818.97	20.68%	24.92%
City Mitigation Projects	6,000.00	-	0.00%	0.00%
Engineering Dept.	253,405.00	111,164.47	43.87%	42.95%
Fire	4,850.00	1,800.00	37.11%	29.27%
Non-Departmental	749,351.95	449,168.03	59.94%	51.20%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 5,050,462.52</b>	<b>\$ 2,310,650.02</b>	<b>45.75%</b>	<b>45.05%</b>
Ending Fund Balance	\$ 1,131,945.86	\$ -	0.00%	0.00%
<b>TOTAL BUDGET</b>	<b>\$ 6,182,408.38</b>	<b>\$ 2,310,650.02</b>	<b>37.37%</b>	

General Fund as of 6/30/17			YTD %	2016
Expenses by Category:	2017 Budget	YTD	Spent	Comparison
Salaries and Wages	\$ 2,200,597.00	\$ 1,028,254.42	46.73%	48.65%
Personnel Benefits	891,842.00	378,419.63	42.43%	47.72%
Supplies	95,192.00	33,738.00	35.44%	33.44%
Services	1,509,443.52	770,170.40	51.02%	41.74%
Intergovernmental Svcs.	324,388.00	100,067.57	30.85%	32.06%
Capital Outlays	29,000.00	-	0.00%	0.00%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 5,050,462.52</b>	<b>\$ 2,310,650.02</b>	<b>45.75%</b>	<b>45.05%</b>
Ending Fund Balance	\$ 1,131,945.86	\$ -	0.00%	0.0%
<b>TOTAL BUDGET</b>	<b>\$ 6,182,408.38</b>	<b>\$ 2,310,650.02</b>		

Operating Revenue less Operating Expenses \$ 426,820.97

EXHIBIT 10:

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

Quarter ended 6/30/2017

Fund	Description	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Net Change
001	General Fund	\$ 1,248,241.50	\$ 2,737,471	\$ 2,310,650	\$ 1,675,062.47	\$ 426,820.97
002	Contingency Fund	162,693.90	7,902	-	170,596.37	7,902.47
101	Street Fund	111,973.14	288,832	252,686	148,118.36	36,145.22
106	Big Rock Ball Park Maintenance	25,535.21	32,550	33,233	24,851.66	(683.55)
107	Sensitive Areas Mitigation Fund	38,618.95	93	-	38,712.24	93.29
206	2016 LTGO - Main St Debt Svc	-	5,115,343	1,464,271	3,651,071.97	3,651,071.97
304	Real Estate Excise Tax Fund 1	691,236.24	107,172	141,145	657,262.81	(33,973.43)
305	Real Estate Excise Tax Fund 2	511,115.42	106,737	141,145	476,706.84	(34,408.58)
306	Main Street Improvement	206,333.51	3,441,344	3,127,595	520,082.56	313,749.05
307	Street CIP Fund	314,135.64	290,432	40,611	563,956.75	249,821.11
308	Parks CIP Fund	780,203.21	462,270	178,270	1,064,203.10	283,999.89
401	Water Fund	2,836,763.53	1,024,967	694,898	3,166,832.08	330,068.55
402	Sewer Fund	2,097,231.51	1,347,270	1,066,371	2,378,130.48	280,898.97
404	Storm Drainage Fund	637,559.89	422,680	325,126	735,113.66	97,553.77
407	Water CIP Fund	379,289.08	327,028	22,624	683,692.69	304,403.61
408	Sewer CIP Fund	18,100.18	529,648	236,381	311,367.62	293,267.44
409	Storm Drainage CIP Fund	22,601.90	83,664	1,252	105,014.06	82,412.16
410	Bond Redemption Fund	17,917.94	221,820	6,636	233,101.20	215,183.26
411	Bond Reserve Fund	263,307.58	636	200	263,743.44	435.86
501	Equipment Fund	526,576.37	79,914	118,569	487,921.46	(38,654.91)
502	IT Fund	95,754.18	126,500	133,371	88,883.49	(6,870.69)
503	Building Maintenance Fund	75,809.86	81,892	50,992	106,709.91	30,900.05
<b>TOTAL</b>		<b>\$ 11,060,998.74</b>	<b>\$ 16,836,164</b>	<b>\$ 10,346,028</b>	<b>\$ 17,551,135.22</b>	<b>\$ 6,490,136.48</b>

$$\$ 27,897,162.89 = \$ 27,897,162.89$$