

Date: February 20, 2018

To: Mayor Ockerlander and City Council

From: Jennifer Anderson, Accountant  
Lindsey Vaughn, Finance Director

Re: Fourth quarter 2017 Financial Report (100% of year = 100% Target)

At the end of the fourth quarter 2017, total City revenues were 97.43% of budget and expenses were 85.77%. A summary by each fund type is shown in Exhibit 1 and 2.

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

**GENERAL FUND**

- General Fund revenues ended fourth quarter at 107.78% of budget and expenditures are 91.75%. In comparison, 2016 4th quarter ended with revenues at 101.60% and expenses at 94.59%. (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 fourth quarter at 108% of budget or a total of \$403,987. This is an increase compared to end of 4th quarter 2016 which ended with \$195,606 in revenue.
- Other development fees and engineering fees brought in revenue of \$194,791 thru end of 4th quarter 2017. This represents 144% of budget (\$135,000).
- Plan check fees were at 145% of budget or \$228,252 at the end of 4th quarter. Again, this is higher than 2016 4th quarter which ended with \$108,849.
- Sales Tax revenue ended the year with 109% of the \$850,000 budget received. (Exhibit 3)
- Utility Taxes ended 4<sup>th</sup> quarter at 102% of budget or \$1,221,722. (Exhibit 6).

**CAPITAL FUNDS**

- Sixty seven park and sixty five 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 year at 156% 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 4th quarter at \$112,437. This is 209% of the 2017 budget, \$53,680. Of the total, 17.67% or \$19,865 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 December 31, 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	6,353,521	1,248,242	5,105,280	5,502,638	107.78%	>100%
Contingency Fund	227,794	162,694	65,100	66,173	101.65%	>100%
Special Revenue Funds	763,664	176,127	587,537	588,182	100.11%	>100%
Debt Service	5,350,884	-	5,350,884	5,358,749	100.15%	>100%
Capital Project Funds	15,708,410	2,503,024	13,205,385	12,062,654	91.35%	>100%
Utility Funds	12,989,746	5,991,546	6,998,200	6,918,215	98.86%	>100%
Bond Redemption & Reserve	725,846	281,226	444,620	445,921	100.29%	>100%
Internal Service Funds	1,298,374	698,140	600,234	583,036	97.13%	>100%
Totals	\$ 43,418,239	\$ 11,060,999	\$ 32,357,240	\$ 31,525,568	97.43%	>100%

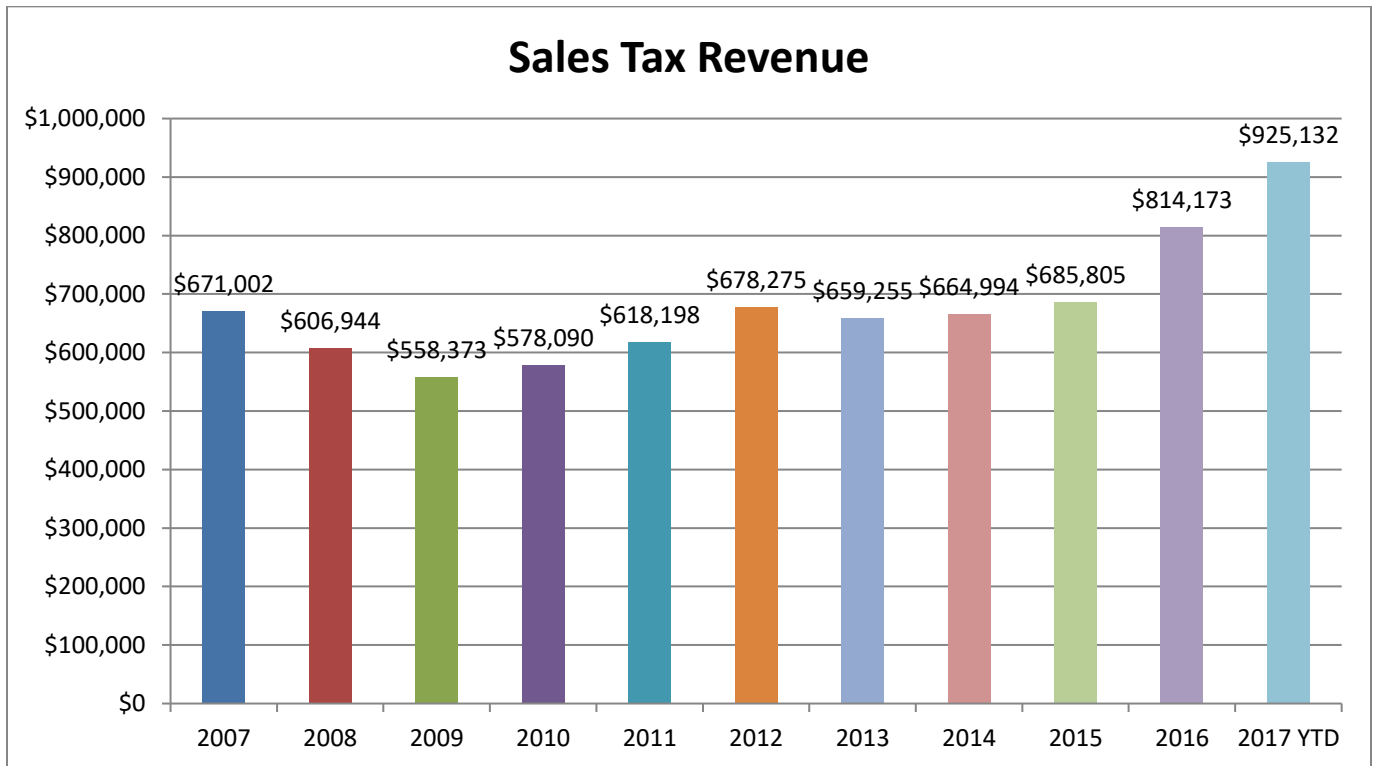
Total revenues are slightly below the target of 100% or higher.

**EXHIBIT 2: Budget to Actual Expenditures thru December 31, 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	6,353,521	939,352	5,414,169	4,967,623	91.75%	<100%
Contingency Fund	227,794	227,794	-	-	#DIV/0!	<100%
Special Revenue Funds	763,664	83,575	680,089	610,264	89.73%	<100%
Debt Service	5,350,884	11,999	5,338,885	5,338,884	100.00%	<100%
Capital Project Funds	15,708,410	1,467,964	14,240,446	10,746,377	75.46%	<100%
Utility Funds	12,989,746	6,157,404	6,832,342	6,171,833	90.33%	<100%
Bond Redemption & Reserve	725,846	281,826	444,020	443,646	99.92%	<100%
Internal Service Funds	1,298,374	706,359	592,015	491,306	82.99%	<100%
Totals	\$ 43,418,239	\$ 9,876,273	\$ 33,541,966	\$ 28,769,933	85.77%	<100%

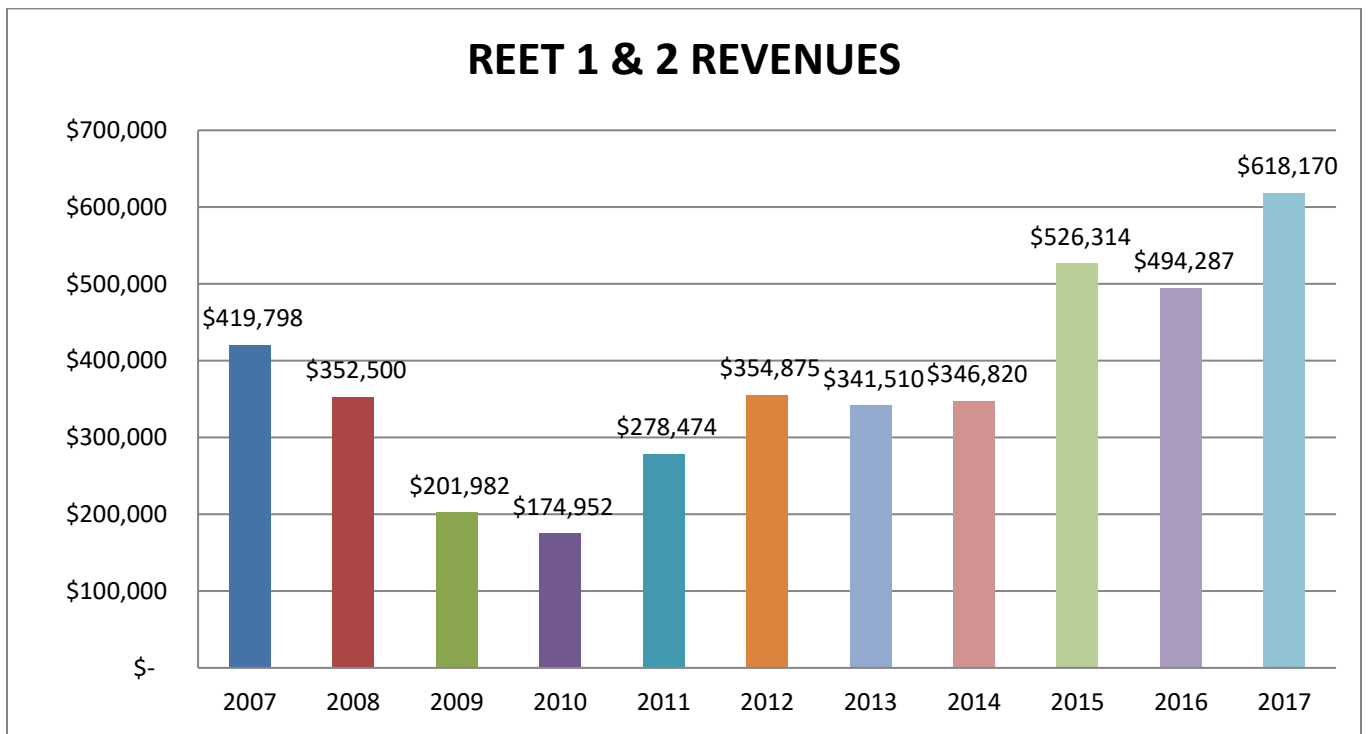
Expenditures are below the 100% target at the end of the year.

**EXHIBIT 3: Sales Tax**



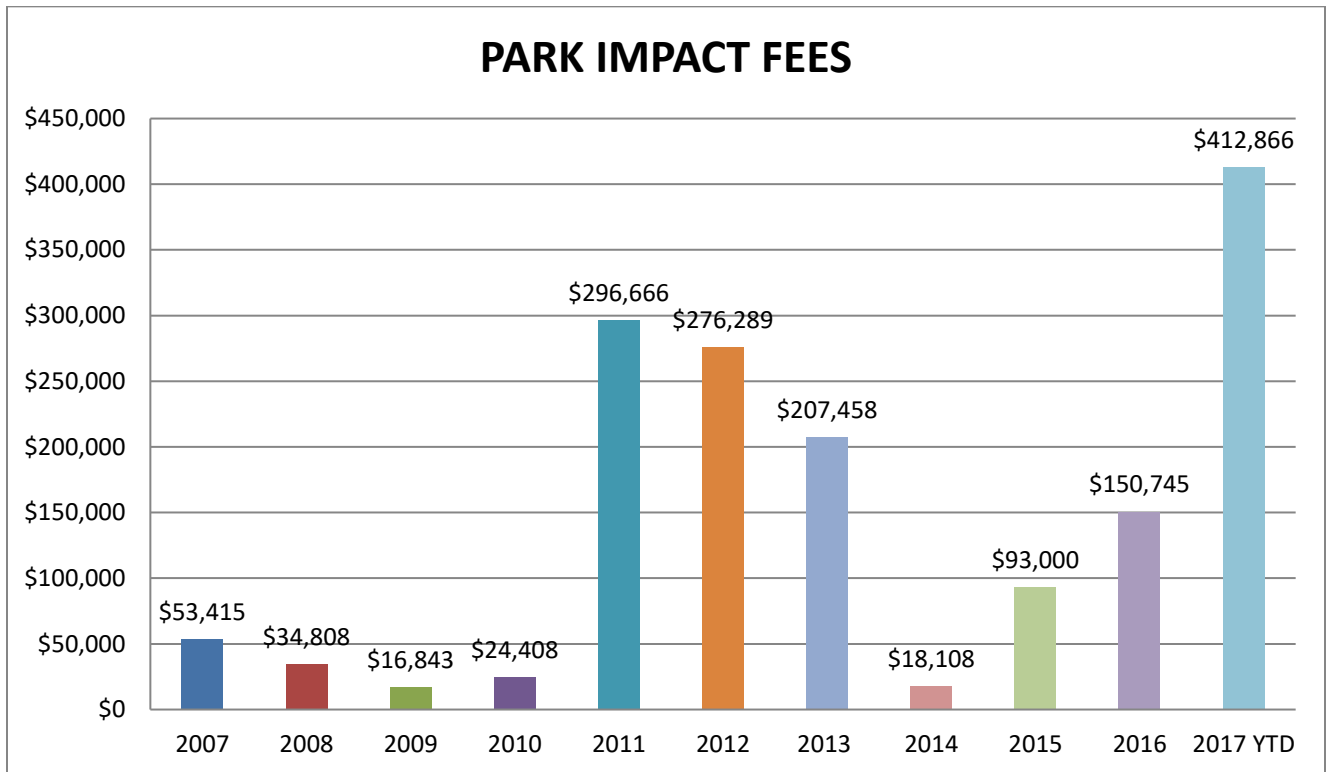
Sales tax ended the year at 109% of our \$850,000,000 budget and is 14% higher than fourth quarter 2016 sales tax revenues.

**EXHIBIT 4: REET**

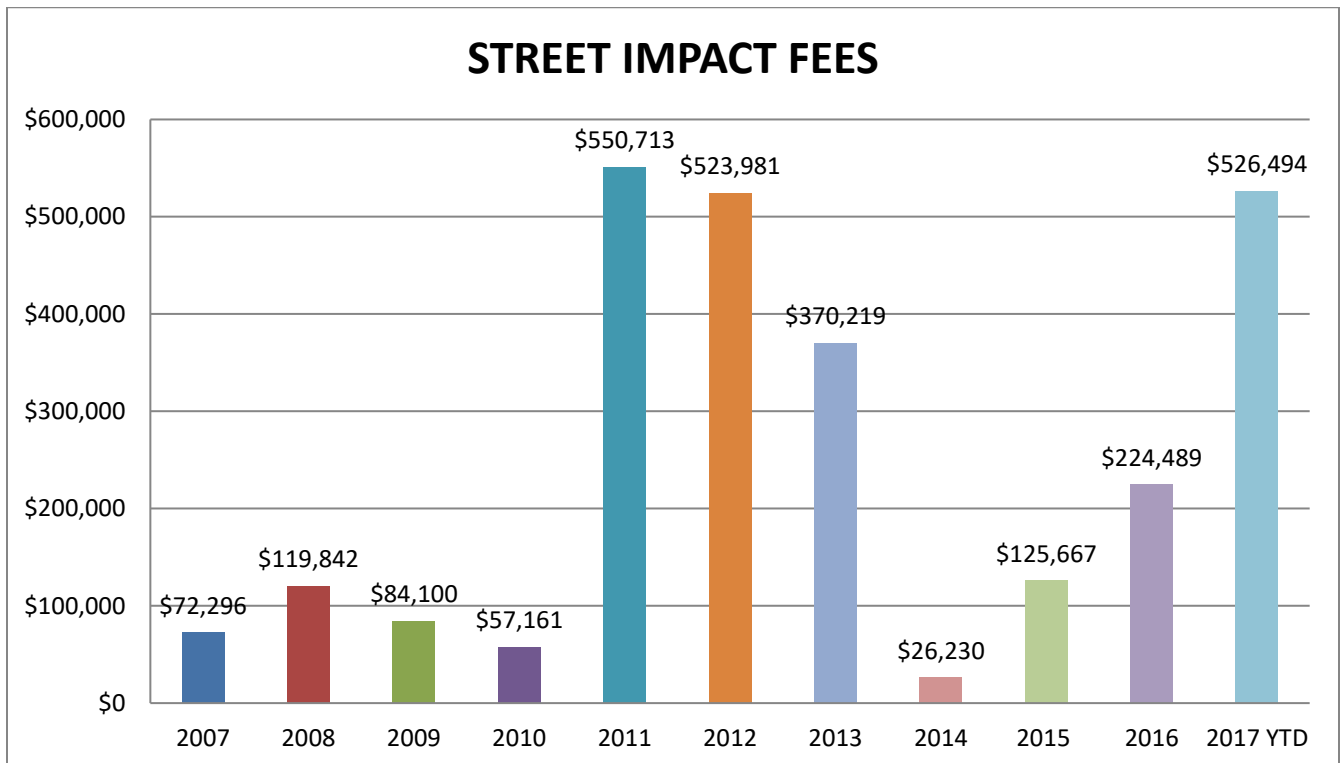


Real Estate Excise Tax Revenues (REET) were at 156% of the 2017 budget (\$390,000) at year end. These funds are primarily for capital improvements.

**EXHIBIT 5: Impact Fees**

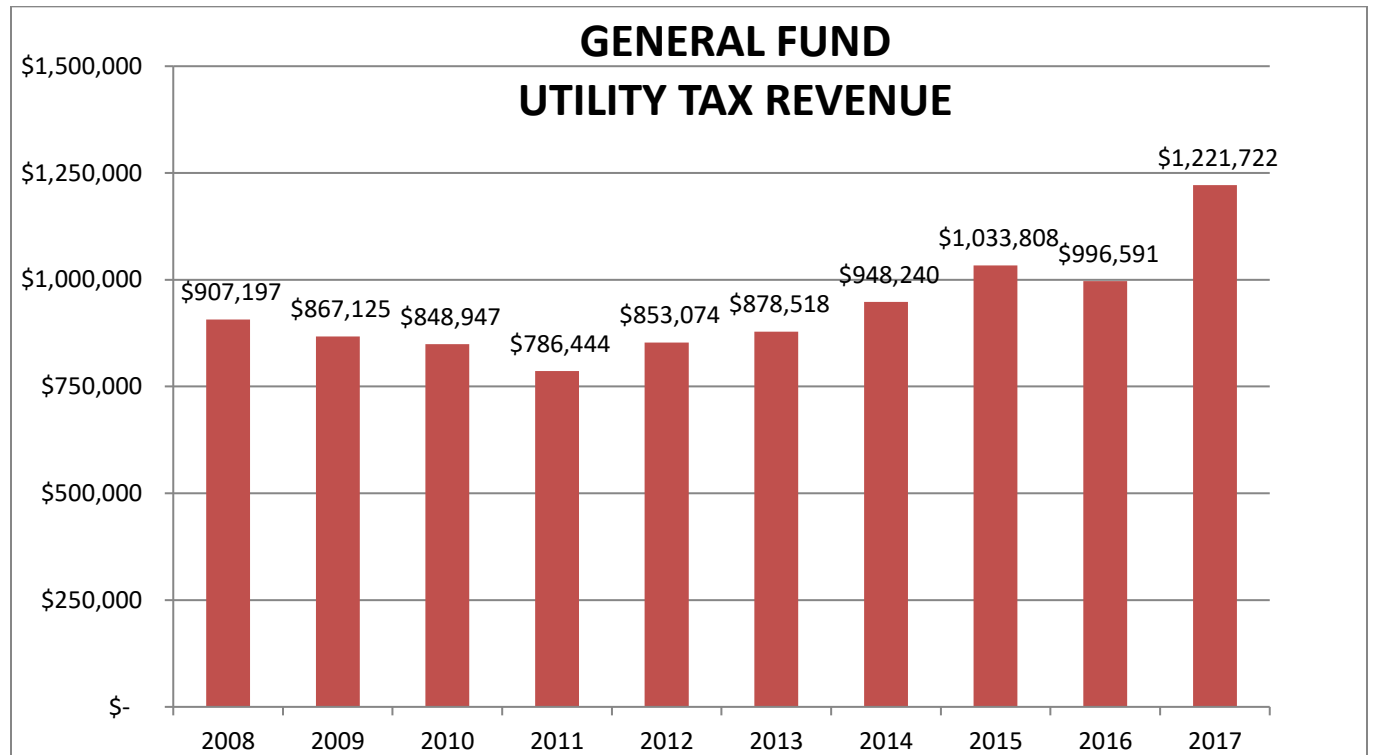


The City has collected 67 park impact fees, or 119% of budget (\$347,422), thru December 30, 2017. Park impact fees are restricted for park capital improvements.



The City collected 65 street impact fees, or 93.40% of budget (\$563,666), thru December 30, 2017. Street impact fees are restricted for transportation capital improvements.

**EXHIBIT 6: Utility Taxes**



At the end of the fourth quarter, utility taxes are at 102% 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**

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

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

Utility Revenue Debt	Principal
Water Main Pump PWTF	-
Sewer Bonds	135,000
SRF WWTP Loan	2,459,633
<b>Total Revenue Debt</b>	<b>\$ 2,594,633</b>

*\$15,680.57 for Water Main Pump PWTF*

*\* paid off in May 2017*

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. 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	162,694	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	53,200	Insurance Liability
<b>Total Restricted Funds</b>	<b><u>\$ 3,439,183</u></b>	

- Reserve balances are being met.
- The City has a total of \$13,822,689.84 on hand.
  - Additional information may be found in the fourth quarter investment report.

**EXHIBIT 9:**

<b>Annual Revenue Report</b>				Target ≥ 100%
<b>General Fund as of 12/31/17</b>				
<b>Resources</b>	<b>2017 Budget</b>	<b>YTD</b>	<b>YTD % Collected</b>	<b>2016 Comparison</b>
Begin Fund Balance	\$ 1,248,241.50	\$ 1,248,241.50	100.00%	100.00%
Taxes	3,666,313.00	3,815,708.39	104.07%	100.92%
Licenses & Permits	610,200.00	653,872.42	107.16%	106.38%
Intergovernmental Revenues	222,850.00	234,929.75	105.42%	104.21%
Charges for Goods and Services	349,115.00	485,419.27	139.04%	113.87%
Fines & Penalties	53,400.00	48,705.29	91.21%	106.20%
Miscellaneous Revenues	80,504.04	98,961.68	122.93%	116.50%
Other	122,897.84	165,041.56	134.29%	78.49%
<b>TOTAL OPERATING REVENUE:</b>	<b>\$ 5,105,279.88</b>	<b>\$ 5,502,638.36</b>	<b>107.78%</b>	<b>101.60%</b>
<b>TOTAL BUDGET</b>	<b>\$ 6,353,521.38</b>	<b>\$ 6,750,879.86</b>	<b>106.25%</b>	<b>101.29%</b>

<b>Annual Expense Report</b>				Target < 100%
<b>General Fund as of 12/31/17</b>				
<b>Expenses by Department:</b>	<b>2017 Budget</b>	<b>YTD</b>	<b>YTD % Spent</b>	<b>2016 Comparison</b>
Legislative	\$ 90,783.00	\$ 85,311.42	93.97%	86.52%
Executive	172,193.00	173,622.17	100.83%	98.72%
Community Events	2,000.00	1,598.16	79.91%	98.17%
Finance Dept.	315,420.00	305,130.43	96.74%	95.06%
Planning Dept.	447,572.40	412,777.27	92.23%	82.27%
Building Dept.	195,794.00	187,921.97	95.98%	97.24%
Police Dept.	2,560,288.57	2,353,947.72	91.94%	97.17%
Economic Development	18,020.00	11,317.50	62.81%	0.00%
Recycling Dept.	19,273.00	19,366.75	100.49%	104.47%
Civil Service	22,765.00	21,056.10	92.49%	96.16%
Parks Dept.	284,455.00	236,168.69	83.02%	84.38%
Cultural Commission	61,998.00	39,422.54	63.59%	73.83%
City Mitigation Projects	6,000.00	-	0.00%	0.00%
Engineering Dept.	268,405.00	235,511.25	87.74%	87.34%
Fire	4,850.00	5,700.00	117.53%	91.46%
Non-Departmental	944,351.95	878,771.37	93.06%	105.35%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 5,414,168.92</b>	<b>\$ 4,967,623.34</b>	<b>91.75%</b>	<b>94.59%</b>
Ending Fund Balance	\$ 939,352.46	\$ 1,783,256.52	189.84%	133.37%
<b>TOTAL BUDGET</b>	<b>\$ 6,353,521.38</b>	<b>\$ 6,750,879.86</b>	<b>106.25%</b>	

<b>General Fund as of 12/31/17</b>				
<b>Expenses by Category:</b>	<b>2017 Budget</b>	<b>YTD</b>	<b>YTD % Spent</b>	<b>2016 Comparison</b>
Salaries and Wages	\$ 2,212,697.00	\$ 2,083,665.13	94.17%	97.57%
Personnel Benefits	886,669.00	760,116.09	85.73%	92.54%
Supplies	90,102.40	77,706.90	86.24%	80.04%
Services	1,824,233.52	1,631,540.76	89.44%	90.35%
Intergovernmental Svcs.	371,467.00	414,594.46	111.61%	109.21%
Capital Outlays	29,000.00	-	0.00%	0.00%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 5,414,168.92</b>	<b>\$ 4,967,623.34</b>	<b>91.75%</b>	<b>94.59%</b>
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**Operating Revenue less Operating Expenses** **\$ 535,015.02**

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

Quarter ended 12/31/2017

Fund	Description	Beginning			Ending			Net Change	Fund
		Fund Balance	Revenues	Expenditures	Fund Balance	Revenues	Expenditures		
001	General Fund	\$ 1,248,241.50	\$ 5,502,638	\$ 4,967,623	\$ 1,783,256.52	\$ 535,015.02	\$ 601,187.86	General Fund	
002	Contingency Fund	162,693.90	66,173	-	228,866.74	66,172.84			
101	Street Fund	111,973.14	511,374	519,864	103,483.23	(8,489.91)		Special Revenue Funds	
106	Big Rock Ball Park Maintenance	25,535.21	76,544	90,400	11,679.59	(13,855.62)			
107	Sensitive Areas Mitigation Fund	38,618.95	264	-	38,883.02	264.07			
206	2016 LTGO - Main St Debt Svc	-	5,358,749	5,338,884	19,865.22	19,865.22	19,865.22	Debt Svc Fd	
304	Real Estate Excise Tax Fund 1	691,236.24	313,997	187,259	817,973.97	126,737.73			
305	Real Estate Excise Tax Fund 2	511,115.42	312,773	188,040	635,848.57	124,733.15		Capital Project Funds	
306	Main Street Improvement	206,333.51	7,843,405	7,099,657	950,081.46	743,747.95	1,316,277.53		
307	Street CIP Fund	314,135.64	530,266	331,222	513,180.03	199,044.39			
308	Parks CIP Fund	780,203.21	3,062,213	2,940,199	902,217.52	122,014.31			
401	Water Fund	2,836,763.53	2,114,044	1,995,913	2,954,893.82	118,130.29			
402	Sewer Fund	2,097,231.51	2,339,437	2,473,754	1,962,914.15	(134,317.36)			
404	Storm Drainage Fund	637,559.89	863,886	1,086,018	415,428.07	(222,131.82)			
407	Water CIP Fund	379,289.08	629,845	43,075	966,059.15	586,770.07	748,655.79	Proprietary Funds	
408	Sewer CIP Fund	18,100.18	886,878	571,337	333,641.39	315,541.21			
409	Storm Drainage CIP Fund	22,601.90	84,125	1,737	104,990.75	82,388.85			
410	Bond Redemption Fund	17,917.94	444,122	443,246	18,793.56	875.62			
411	Bond Reserve Fund	263,307.58	1,799	400	264,706.51	1,398.93			
501	Equipment Fund	526,576.37	159,653	169,436	516,793.52	(9,782.85)		Internal Service Funds	
502	IT Fund	95,754.18	253,265	221,036	127,983.54	32,229.36			
503	Building Maintenance Fund	75,809.86	170,118	100,835	145,092.88	69,283.02			
<b>TOTAL</b>		<b>\$ 11,060,998.74</b>	<b>\$ 31,525,568</b>	<b>\$ 28,769,933</b>	<b>\$ 13,816,633.21</b>	<b>\$ 2,755,634.47</b>	<b>2,755,634.47</b>		

\$ 42,586,566.46 = \$ 42,586,566.46