

Date: October 16, 2018

To: Mayor Ockerlander and City Council

From: Jennifer Anderson, Accountant
Lindsey Vaughn, Finance Director

Re: Third quarter 2018 Financial Report (75% of year = 75% Target)

At the end of the third quarter 2018, total City revenues were 78.80% of budget and expenses were 56.54%. A summary by each fund type is shown in Exhibit 1 and 2.

Highlights year-to-date include:

GENERAL FUND

- General Fund revenues ended third quarter at 72.08% of budget and operating expenditures are at 68.45%. In comparison, 2017 3rd quarter ended with operating revenues at 74.89% and operating expenses at 68.54%. (Exhibit 9 provides details by department and expense category).
- Approximately 20% of the General Fund revenue comes from Property Taxes, which is primarily received in April/May and Oct/Nov each year. At the end of 3rd quarter, \$762,171 has been received.
- Building permit revenue ended the third quarter at 81.6% of budget or a total of \$288,523. This is a slight increase compared to end of 3rd quarter 2017 which ended with \$287,137 in revenue.
- Other development fees and engineering fees brought in revenue of \$60,403 thru end of 3rd quarter 2018. This represents 46.5% of budget (\$130,000). This is a decrease compared to 3rd quarter 2017 which ended with \$115,450.
- Plan check fees were at 101% of budget or \$157,720 at the end of 3rd quarter. Again, this is slightly lower than 2017 3rd quarter which ended with \$159,168.
- Sales Tax revenue ended the quarter with 89% of the \$850,000 budget received. (Exhibit 3)
- Utility Taxes ended 3rd quarter at 78.51% of budget or \$921,874. (Exhibit 6).

CAPITAL FUNDS

- Thirty eight park (\$288,686) and thirty street (\$301,856) impact fees have been received this year. This is lower when compared to 2017 where 47 park and 49 street Impact fees were collected. These fees are receipted at the time building permits are issued (Exhibit 5).

- Real Estate Excise Tax (REET) ended the 3rd quarter at 144% 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 revenue ended the 3rd quarter at \$135,346. This is 149% 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, 425-939-8066.

EXHIBIT 1: Budget to Actual Revenues thru September 30, 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	7,004,585	1,783,257	5,221,328	3,763,581	72.08%	>75%
Contingency Fund	230,167	228,867	1,300	1,934	148.77%	>75%
Special Revenue Funds	1,008,181	154,046	854,135	488,833	57.23%	>75%
Debt Service	496,542	19,865	476,677	357,508	75.00%	>75%
Capital Project Funds	6,329,668	3,819,302	2,510,366	2,230,098	88.84%	>75%
Utility Funds	13,425,630	6,737,927	6,687,703	5,586,732	83.54%	>75%
Bond Redemption & Reserve	425,275	283,500	141,775	106,910	75.41%	>75%
Internal Service Funds	1,270,267	789,870	480,397	367,230	76.44%	>75%
Totals	\$ 30,190,314	\$ 13,816,633	\$ 16,373,681	\$ 12,902,826	78.80%	>75%

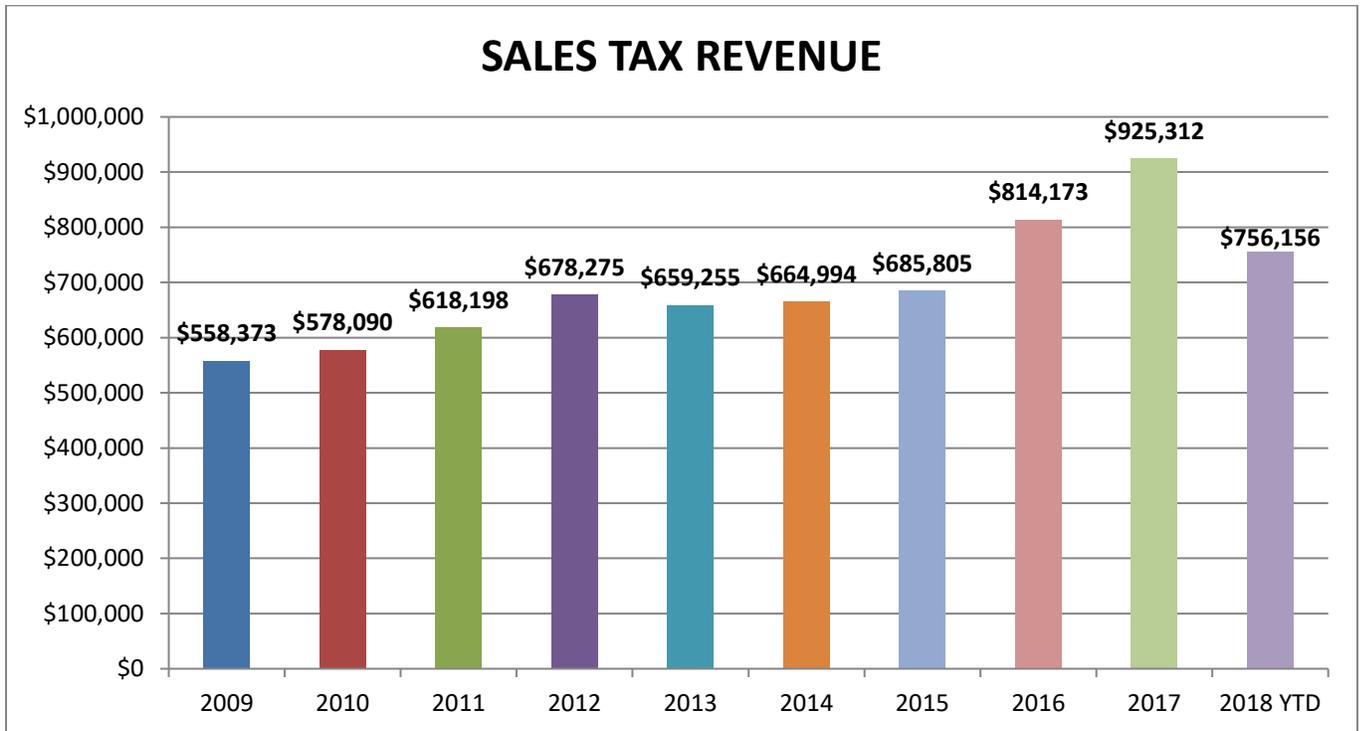
Total revenues are slightly above the target of 75% or higher.

EXHIBIT 2: Budget to Actual Expenditures thru September 30, 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	7,004,585	1,703,887	5,300,698	3,628,570	68.45%	<75%
Contingency Fund	230,167	230,167	-	-	#DIV/0!	<75%
Special Revenue Funds	1,008,181	129,121	879,060	432,791	49.23%	<75%
Debt Service	496,542	19,866	476,677	55,838	11.71%	<75%
Capital Project Funds	6,329,668	3,372,551	2,957,117	1,343,519	45.43%	<75%
Utility Funds	13,425,630	7,293,477	6,132,153	3,474,352	56.66%	<75%
Bond Redemption & Reserve	425,275	285,500	139,775	1,988	1.42%	<75%
Internal Service Funds	1,270,267	699,901	570,366	367,180	64.38%	<75%
Totals	\$ 30,190,314	\$ 13,734,469	\$ 16,455,845	\$ 9,304,238	56.54%	<75%

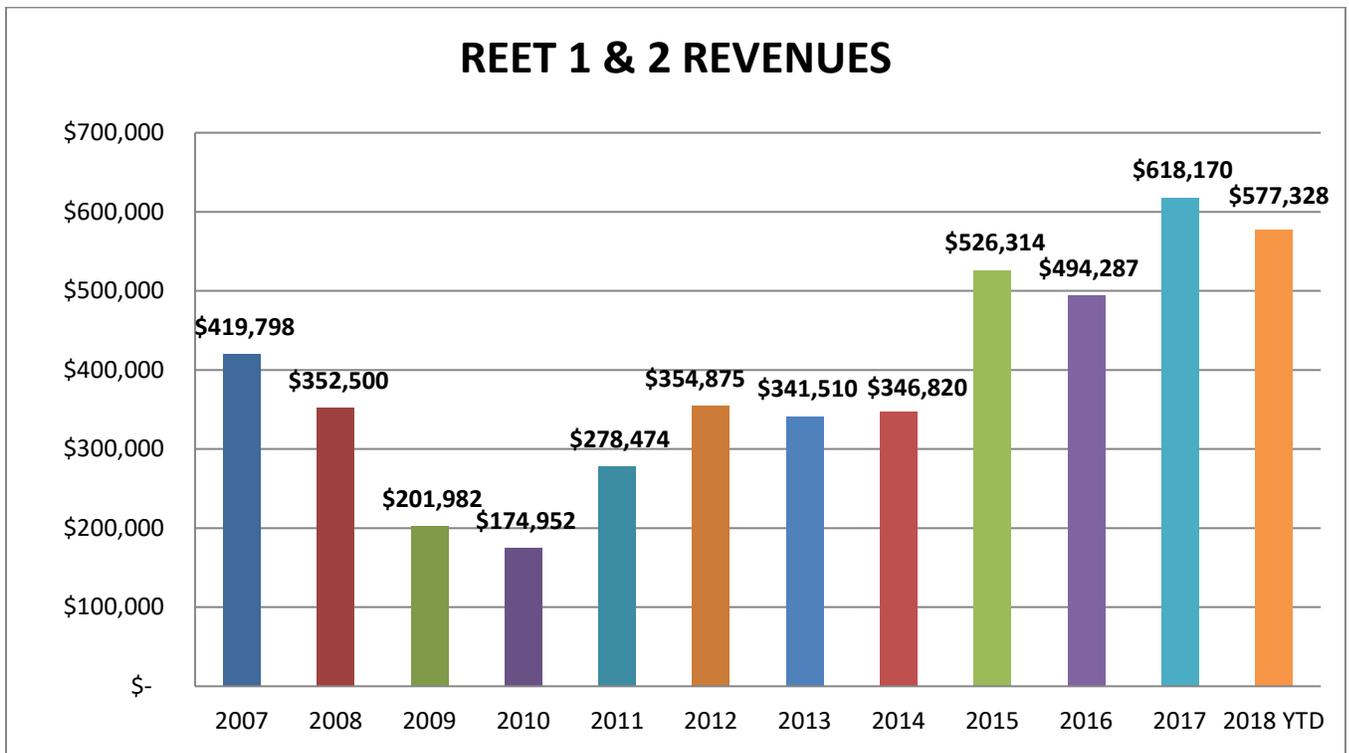
Expenditures are below the 75% target at the end of the 3rd quarter.

EXHIBIT 3: Sales Tax



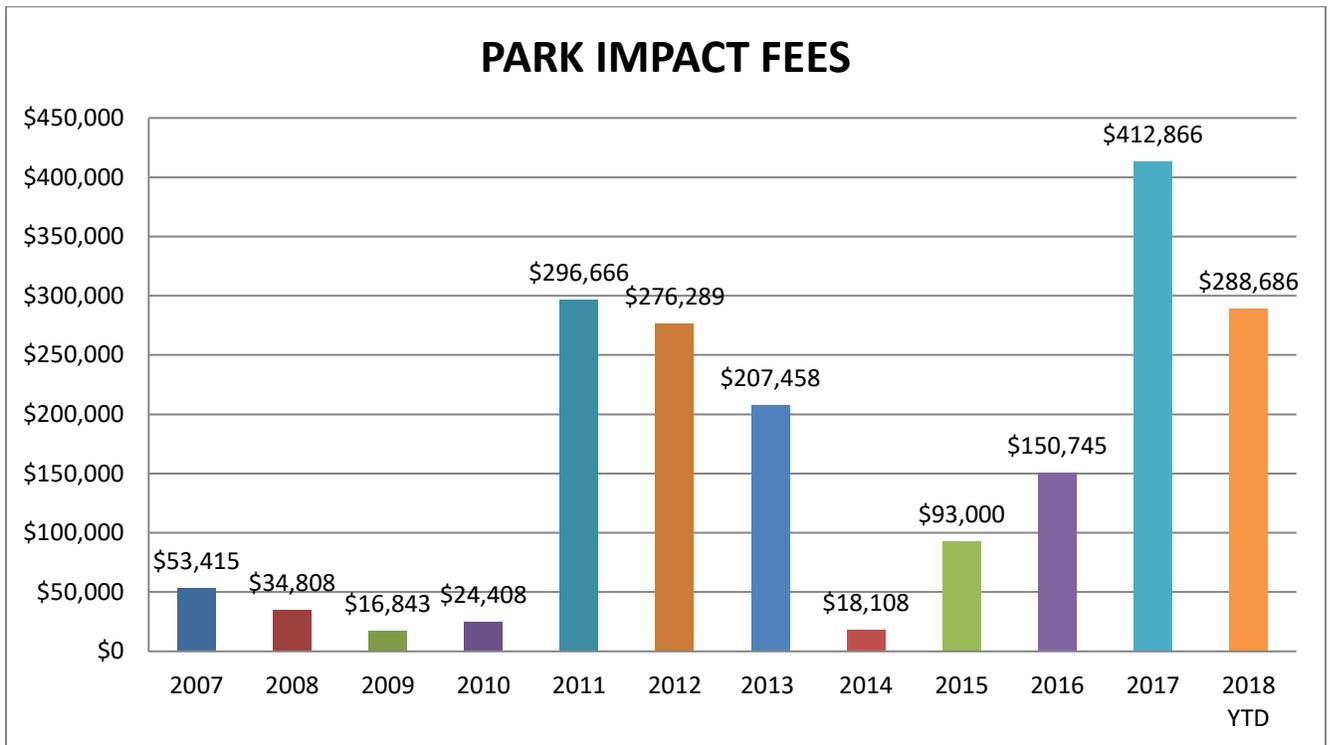
Sales tax ended the 3rd quarter at 88.96% of our \$850,000 budget and is 13.2% higher than third quarter 2017 sales tax revenues.

EXHIBIT 4: REET

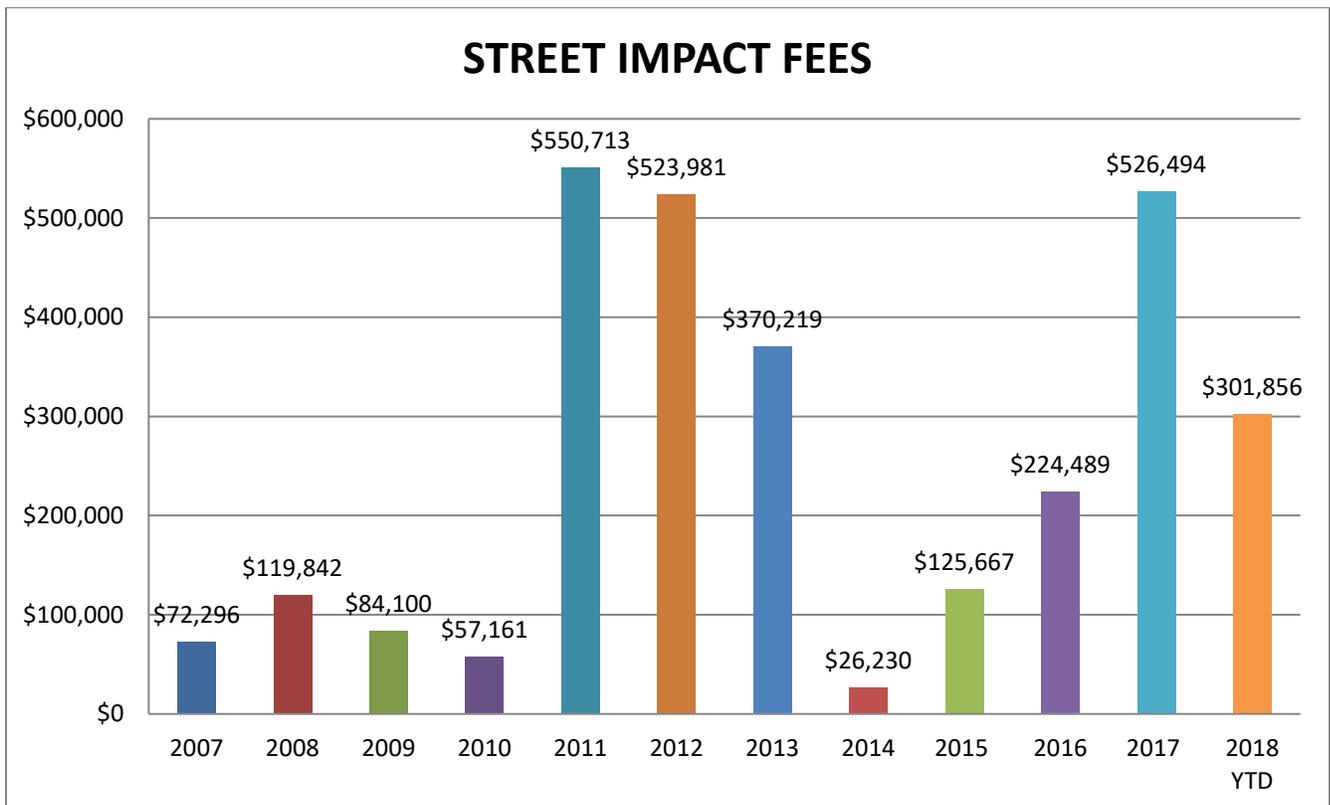


Real Estate Excise Tax Revenues (REET) were at 144% of the 2018 budget (\$400,000) at the end of the quarter. These funds are primarily for capital improvements.

EXHIBIT 5: Impact Fees

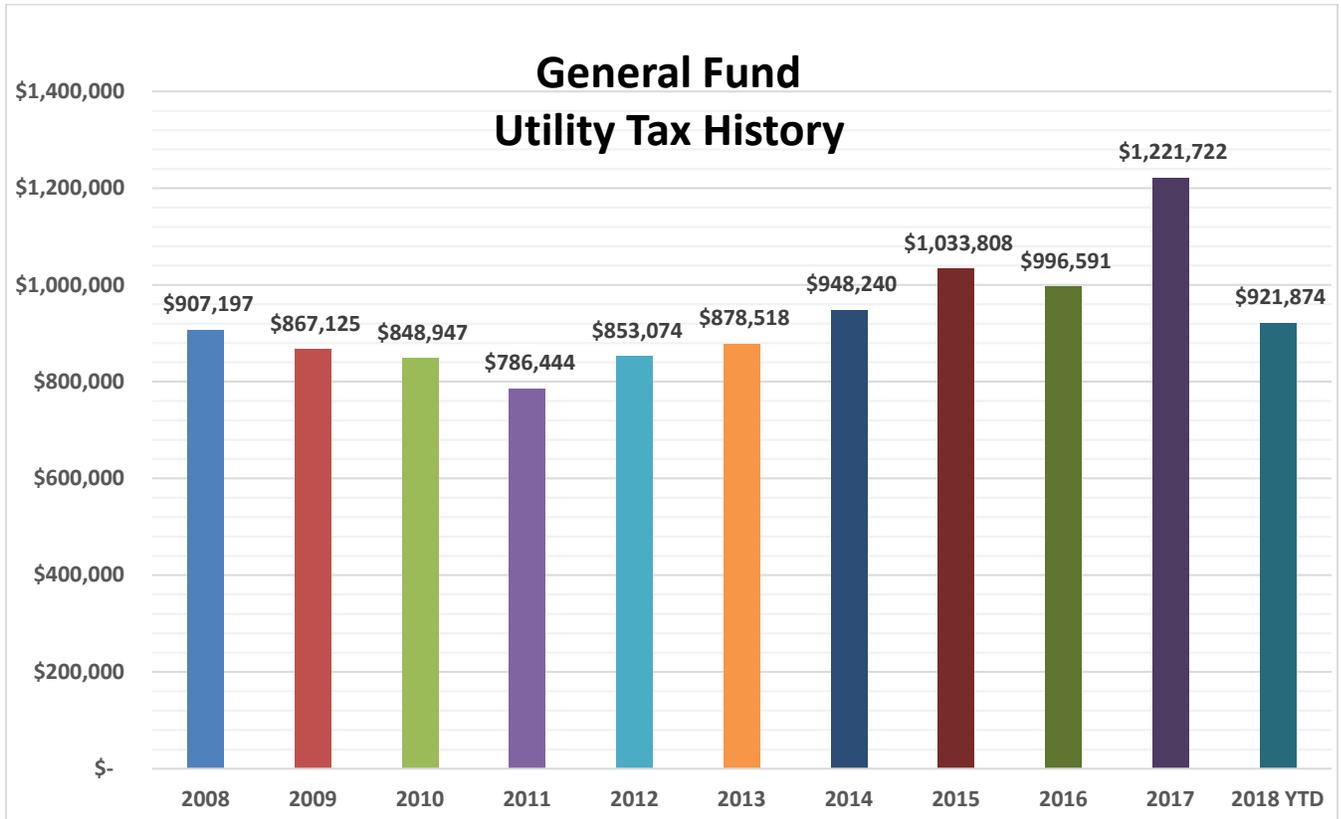


The City has collected 38 park impact fees, or 64.70% of budget (\$446,215), thru September 30, 2018. Park impact fees are restricted for park capital improvements.



The City has collected 30 street impact fees, or 60.47% of budget (\$499,163), thru September 30, 2018. Street impact fees are restricted for transportation capital improvements.

EXHIBIT 6: Utility Taxes



At the end of the third quarter, utility taxes are at 78.51% 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	2,298,511
Total Revenue Debt	\$ 2,433,511

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	\$ 3,465,356	

- Reserve balances are being met.
 - The revenues are being internally tracked and accounted for per the reserve resolution. The finance department was made aware through trainings that the City was not allowed to classify the reserves stated within the resolution as “reserved” through the Washington State Auditor’s definition. This has resulted on the financial statements showing the internally restricted money as unreserved, even though internally it is reserved by City Council.
- The City has a total of \$17,131,820.63 cash on hand.
 - Additional information may be found in the third quarter investment report.

CITY OF DUVALL
2018 REVENUE AND EXPENSE SUMMARY

Quarter ended 9/30/2018

Fund	Description	Beginning			Ending			Net Change
		Fund Balance	Revenues	Expenditures	Fund Balance	Net Change		
001	General Fund	\$ 1,783,256.52	\$ 3,763,581	\$ 3,628,570	\$ 1,918,267.48	\$ 135,010.96	General Fund	
002	Contingency Fund	228,866.74	1,934	-	\$ 230,800.99	1,934.25	General Fund	
101	Street Fund	103,483.23	406,548	368,448	141,583.73	38,100.50	Special Revenue Funds	
106	Big Rock Ball Park Maintenance	11,679.59	81,956	64,343	29,292.53	17,612.94	Special Revenue Funds	
107	Sensitive Areas Mitigation Fund	38,883.02	329	-	39,211.63	328.61	Special Revenue Funds	
206	2016 LTGO - Main St Debt Svc	19,865.22	357,508	55,838	321,534.72	301,669.50	Debt Svc Fd	
304	Real Estate Excise Tax Fund 1	817,973.97	340,692	133,901	1,024,765.08	206,791.11	Capital Project Funds	
305	Real Estate Excise Tax Fund 2	635,848.57	339,151	134,584	840,416.07	204,567.50	Capital Project Funds	
306	Main Street Improvement	950,081.46	836,885	556,976	1,229,989.82	279,908.36	Capital Project Funds	
307	Street CIP Fund	513,180.03	307,502	67,896	752,786.40	239,606.37	Capital Project Funds	
308	Parks CIP Fund	902,217.52	405,868	450,162	857,923.55	(44,293.97)	Capital Project Funds	
401	Water Fund	2,954,893.82	1,841,035	1,300,664	3,495,264.97	540,371.15	Proprietary Funds	
402	Sewer Fund	1,962,914.15	2,031,757	1,416,006	2,578,664.60	615,750.45	Proprietary Funds	
404	Storm Drainage Fund	415,428.07	961,384	579,345	797,467.63	382,039.56	Proprietary Funds	
407	Water CIP Fund	966,059.15	308,660	4,511	1,270,207.49	304,148.34	Proprietary Funds	
408	Sewer CIP Fund	333,641.39	441,050	173,825	600,865.79	267,224.40	Proprietary Funds	
409	Storm Drainage CIP Fund	104,990.75	2,846	1	107,836.19	2,845.44	Proprietary Funds	
410	Bond Redemption Fund	18,793.56	104,674	1,688	121,779.76	102,986.20	Proprietary Funds	
411	Bond Reserve Fund	264,706.51	2,236	300	266,642.37	1,935.86	Proprietary Funds	
501	Equipment Fund	516,793.52	95,546	117,130	495,209.63	(21,583.89)	Internal Service Funds	
502	IT Fund	127,983.54	200,931	163,466	165,448.50	37,464.96	Internal Service Funds	
503	Building Maintenance Fund	145,092.88	70,753	86,584	129,261.62	(15,831.26)	Internal Service Funds	
TOTAL		\$ 13,816,633.21	\$ 12,902,826	\$ 9,304,238	\$ 17,415,220.55	\$ 3,598,587.34	\$ 3,598,587.34	

\$26,719,458.85 = \$26,719,458.85