

Date: August 7, 2018

To: Mayor Ockerlander and City Council

From: Jennifer Anderson, Accountant
Lindsey Vaughn, Finance Director

Re: Second quarter 2018 Financial Report (50% of year = 50% Target)

At the end of the second quarter 2018, total City revenues were 54.46% of budget and expenses were 38.74%. 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 50.35% of budget and operating expenditures are at 45.28%. In comparison, 2017 2nd quarter ended with revenues at 55.48% and expenses at 45.75%. (Exhibit 9 provides details by department and expense category).
- Building permit revenue ended the second quarter at 42.3% of budget or a total of \$149,561. This is a decrease compared to end of 2nd quarter 2017 which ended with \$209,228 in revenue.
- Other development fees and engineering fees brought in revenue of \$58,145 thru end of 2nd quarter 2018. This represents 44.7% of budget (\$130,000). This is a decrease compared to 2nd quarter 2017 which ended with \$85,646.
- Plan check fees were at 58.93% of budget or \$91,815 at the end of 2nd quarter. Again, this is lower than 2017 2nd quarter which ended with \$116,812.
- Sales Tax revenue ended the quarter with 57.16% of the \$850,000 budget received. (Exhibit 3)
- Utility Taxes ended 2nd quarter at 52.88% of budget or \$620,931. (Exhibit 6).

CAPITAL FUNDS

- Twenty seven park and twenty one 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 2nd quarter at 87% 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 2nd quarter at \$81,183. This is 89.62% 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, 425-939-8068.

EXHIBIT 1: Budget to Actual Revenues thru June 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	2,628,967	50.35%	>50%
Contingency Fund	230,167	228,867	1,300	1,192	91.67%	>50%
Special Revenue Funds	1,008,181	154,046	854,135	385,708	45.16%	>50%
Debt Service	496,542	19,865	476,677	238,339	50.00%	>50%
Capital Project Funds	6,329,668	3,819,302	2,510,366	1,550,882	61.78%	>50%
Utility Funds	13,425,630	6,737,927	6,687,703	3,799,389	56.81%	>50%
Bond Redemption & Reserve	425,275	283,500	141,775	71,027	50.10%	>50%
Internal Service Funds	1,270,267	789,870	480,397	241,270	50.22%	>50%
Totals	\$ 30,190,314	\$ 13,816,633	\$ 16,373,681	\$ 8,916,774	54.46%	>50%

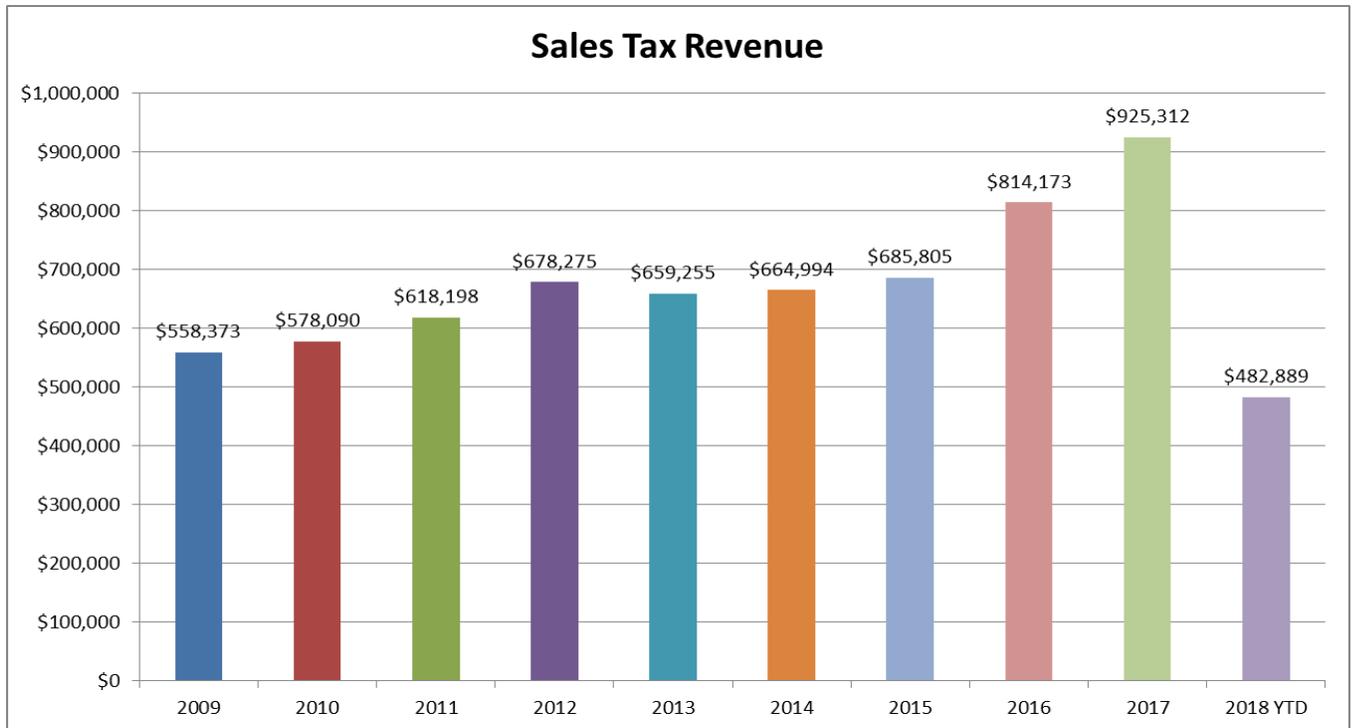
Total revenues are slightly above the target of 50% or higher.

EXHIBIT 2: Budget to Actual Expenditures thru June 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	2,400,206	45.28%	<50%
Contingency Fund	230,167	230,167	-	-	#DIV/0!	<50%
Special Revenue Funds	1,008,181	129,121	879,060	298,893	34.00%	<50%
Debt Service	496,542	19,866	476,677	55,838	11.71%	<50%
Capital Project Funds	6,329,668	3,372,551	2,957,117	1,164,355	39.37%	<50%
Utility Funds	13,425,630	7,293,477	6,132,153	2,241,340	36.55%	<50%
Bond Redemption & Reserve	425,275	285,500	139,775	1,888	1.35%	<50%
Internal Service Funds	1,270,267	699,901	570,366	212,266	37.22%	<50%
Totals	\$ 30,190,314	\$ 13,734,469	\$ 16,455,845	\$ 6,374,786	38.74%	<50%

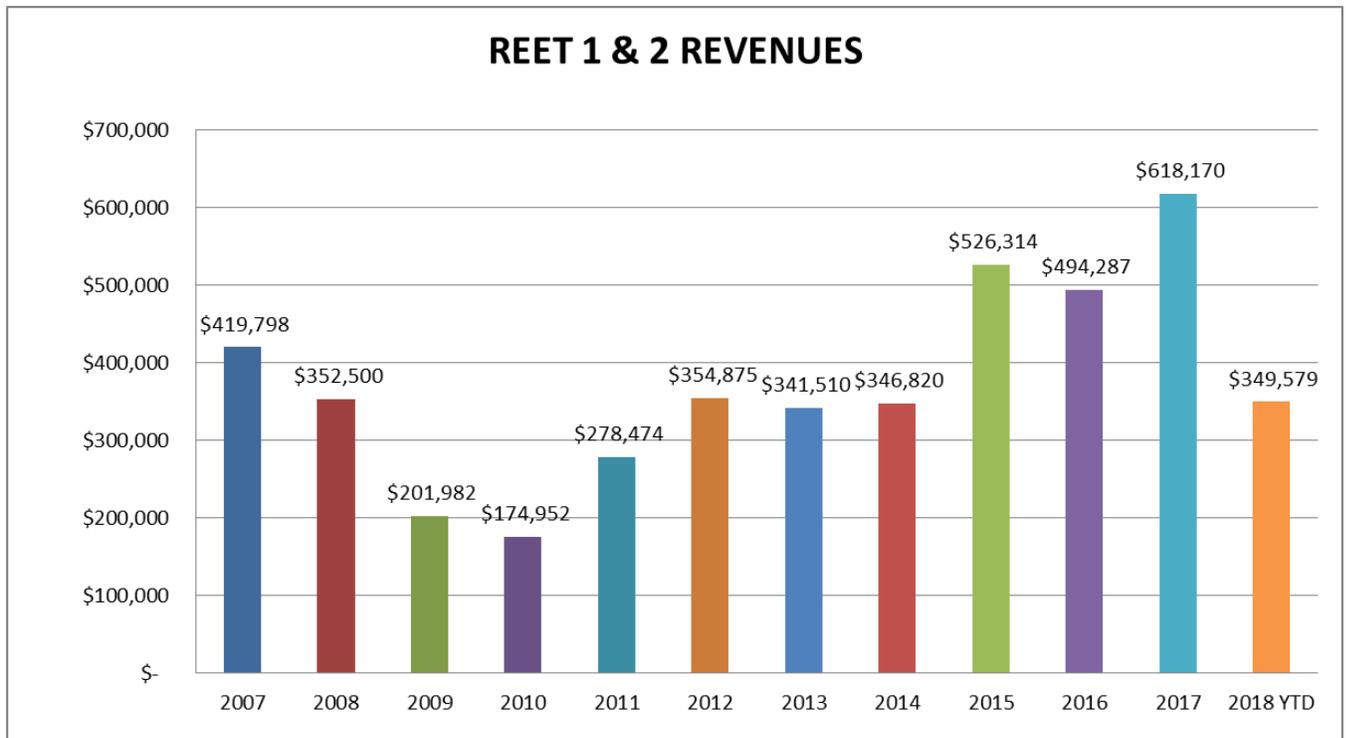
Expenditures are below the 50% target at the end of the 2nd quarter.

EXHIBIT 3: Sales Tax



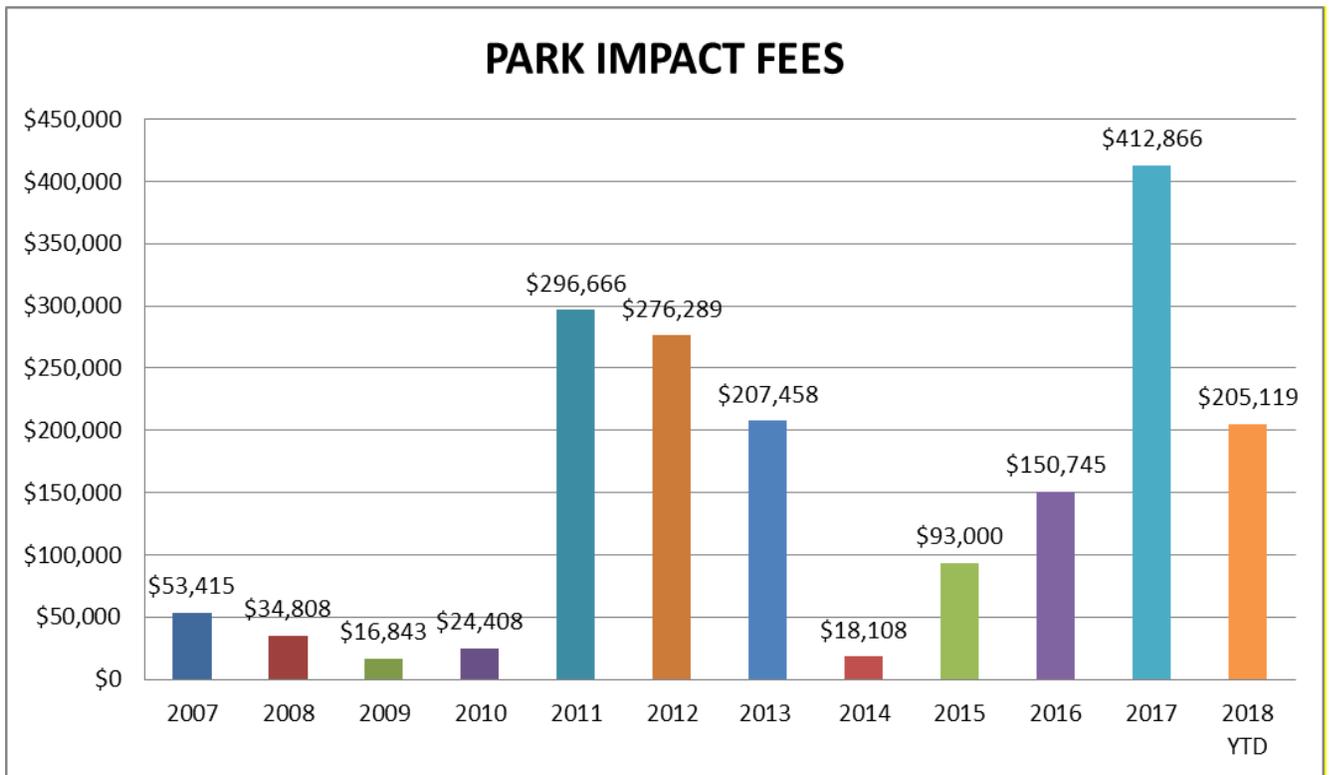
Sales tax ended the 2nd quarter at 57.16% of our \$850,000,000 budget and is 12.2% higher than second quarter 2017 sales tax revenues.

EXHIBIT 4: REET

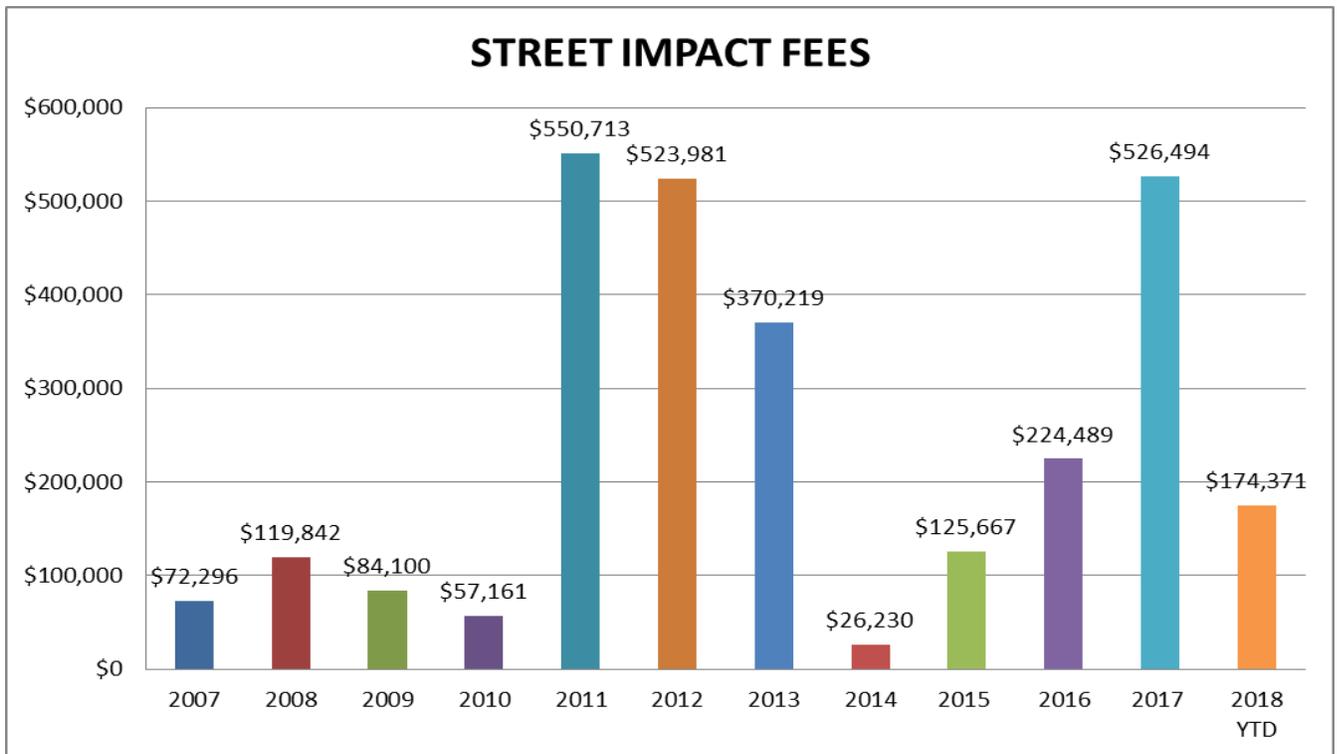


Real Estate Excise Tax Revenues (REET) were at 87.39% of the 2018 budget (\$400,000) at the end of the quarter. These funds are primarily for capital improvements.

EXHIBIT 5: Impact Fees

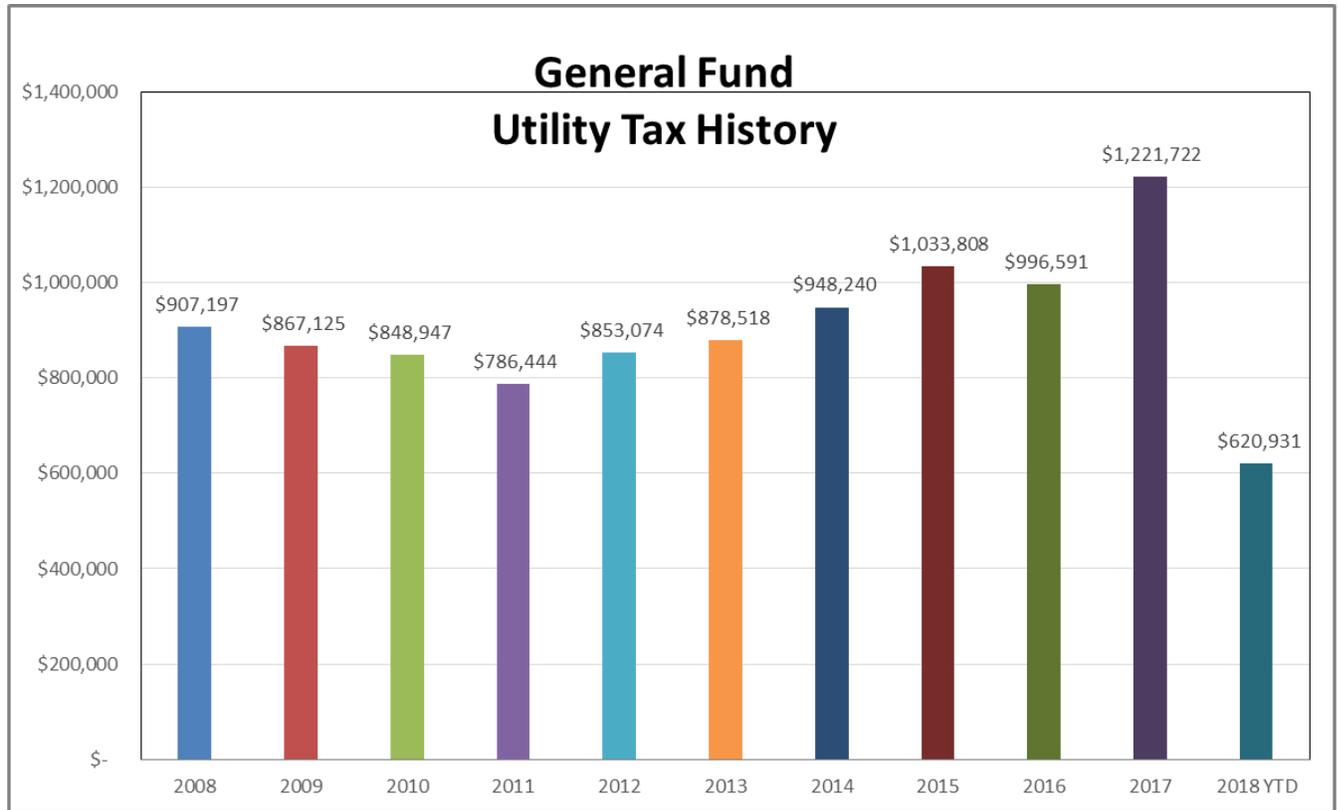


The City has collected 27 park impact fees, or 45.97% of budget (\$446,215), thru June 30, 2018. Park impact fees are restricted for park capital improvements.



The City has collected 21 street impact fees, or 34.93% of budget (\$499,163), thru June 30, 2018. Street impact fees are restricted for transportation capital improvements.

EXHIBIT 6: Utility Taxes



At the end of the second quarter, utility taxes are at 52.88% 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 \$16,187,248 cash on hand.
 - Additional information may be found in the second quarter investment report.

EXHIBIT 9:

Annual Revenue Report				Target ≥ 50%
General Fund as of 6/30/18				
Resources	2018 Budget	YTD	YTD % Collected	2017 Comparison
Begin Fund Balance	\$ 1,783,256.52	\$ 1,783,256.52	100.00%	100.00%
Taxes	3,733,706.00	1,956,502.93	52.40%	53.07%
Licenses & Permits	605,425.00	275,680.22	45.53%	71.14%
Intergovernmental Revenues	226,150.00	80,171.21	35.45%	43.34%
Charges for Goods and Services	344,810.00	152,833.42	44.32%	75.97%
Fines & Penalties	53,400.00	27,202.06	50.94%	47.45%
Miscellaneous Revenues	102,855.00	58,724.34	57.09%	44.39%
Other	154,982.00	77,852.84	50.23%	52.13%
TOTAL OPERATING REVENUE:	\$ 5,221,328.00	\$ 2,628,967.02	50.35%	55.48%
TOTAL	\$ 7,004,584.52	\$ 4,412,223.54	62.99%	64.47%

Annual Expense Report				Target < 50%
General Fund as of 6/30/18				
Expenses by Department:	2018 Budget	YTD	YTD % Spent	2017 Comparison
Legislative	\$ 93,770.00	\$ 59,274.78	63.21%	54.89%
Executive	220,931.00	91,092.36	41.23%	59.18%
Community Events	32,000.00	10,059.87	31.44%	0.00%
Finance Dept.	313,840.00	143,022.11	45.57%	56.05%
Planning Dept.	486,683.00	169,638.21	34.86%	37.46%
Building Dept.	207,981.00	120,119.30	57.75%	48.83%
Police Dept.	2,588,882.00	1,196,830.31	46.23%	42.18%
Economic Development	47,500.00	19,073.74	40.16%	0.00%
Recycling Dept.	25,300.00	386.29	1.53%	4.56%
Civil Service	15,923.00	4,837.16	30.38%	66.38%
Parks Dept.	329,495.00	149,068.97	45.24%	42.93%
Cultural Commission	44,200.00	10,467.55	23.68%	20.68%
City Mitigation Projects	6,000.00	-	0.00%	0.00%
Engineering Dept.	202,827.50	85,959.54	42.38%	43.87%
Fire	4,850.00	2,860.00	58.97%	37.11%
Non-Departmental	680,515.00	337,515.70	49.60%	59.94%
TOTAL OPERATING EXPENSES	\$ 5,300,697.50	\$ 2,400,205.89	45.28%	45.75%
Ending Fund Balance	\$ 1,703,887.02	\$ -	0.00%	0.00%
TOTAL BUDGET	\$ 7,004,584.52	\$ 2,400,205.89	34.27%	37.37%

General Fund as of 6/30/18				
Expenses by Category:	2018 Budget	YTD	YTD % Spent	2017 Comparison
Salaries and Wages	\$ 2,333,111.00	\$ 1,121,297.68	48.06%	46.73%
Personnel Benefits	957,767.00	454,512.33	47.46%	42.43%
Supplies	109,834.00	44,291.02	40.33%	35.44%
Services	1,510,290.50	681,260.81	45.11%	51.02%
Intergovernmental Svcs.	350,695.00	98,844.05	28.19%	30.85%
Capital Outlays	39,000.00	-	0.00%	0.00%
TOTAL OPERATING EXPENSES	\$ 5,300,697.50	\$ 2,400,205.89	45.28%	45.75%
Ending Fund Balance	\$ 1,703,887.02		0.00%	0.00%
TOTAL BUDGET	\$ 7,004,584.52	\$ 2,400,205.89		

Operating Revenue less Operating Expenses **\$ 228,761.13**

CITY OF DUVALL
2018 REVENUE AND EXPENSE SUMMARY

Quarter ended 6/30/2018

Fund	Description	Beginning			Ending			Net Change
		Fund Balance	Revenues	Expenditures	Fund Balance	Revenues	Expenditures	
001	General Fund	\$ 1,783,256.52	\$ 2,628,967	\$ 2,400,206	\$ 2,012,017.65	\$ 229,952.90	\$ 228,761.13	General Fund
002	Contingency Fund	228,866.74	1,192	-	\$ 230,058.51		1,191.77	
101	Street Fund	103,483.23	329,061	259,726	172,818.28		69,335.05	Special Revenue Funds
106	Big Rock Ball Park Maintenance	11,679.59	56,445	39,167	28,957.21		17,277.62	
107	Sensitive Areas Mitigation Fund	38,883.02	202	-	39,085.49		202.47	
206	2016 LTGO - Main St Debt Svc	19,865.22	238,339	55,838	202,365.47		182,500.25	Debt Svc Fd
304	Real Estate Excise Tax Fund 1	817,973.97	199,348	113,393	903,928.92		85,954.95	
305	Real Estate Excise Tax Fund 2	635,848.57	198,400	113,393	720,855.16		85,006.59	Capital Project Funds
306	Main Street Improvement	950,081.46	706,596	487,216	1,169,461.00		219,379.54	
307	Street CIP Fund	513,180.03	177,595	44,892	645,883.43		132,703.40	
308	Parks CIP Fund	902,217.52	268,943	405,460	765,700.58		(136,516.94)	
401	Water Fund	2,954,893.82	1,096,032	757,989	3,292,936.41		338,042.59	
402	Sewer Fund	1,962,914.15	1,413,812	904,863	2,471,863.54		508,949.39	
404	Storm Drainage Fund	415,428.07	758,140	404,518	769,049.60		353,621.53	
407	Water CIP Fund	966,059.15	225,986	2,831	1,189,214.22		223,155.07	Proprietary Funds
408	Sewer CIP Fund	333,641.39	304,873	171,139	467,375.65		133,734.26	
409	Storm Drainage CIP Fund	104,990.75	547	1	105,536.49		545.74	
410	Bond Redemption Fund	18,793.56	69,649	1,688	86,755.48		67,961.92	
411	Bond Reserve Fund	264,706.51	1,378	200	265,884.42		1,177.91	
501	Equipment Fund	516,793.52	63,498	78,895	501,396.10		(15,397.42)	Internal Service Funds
502	IT Fund	127,983.54	133,860	66,205	195,639.15		67,655.61	
503	Building Maintenance Fund	145,092.88	43,911	67,166	121,838.54		(23,254.34)	
TOTAL		\$ 13,816,633.21	\$ 8,916,774	\$ 6,374,786	\$ 16,358,621.30		\$ 2,541,988.09	

\$ 22,733,406.97 = \$ 22,733,406.97