

Date: July 23, 2019

To: Mayor Ockerlander and City Council

From: Finance & Administration

Re: First Quarter Financial Report

With the implementation of the new biennial budget, the quarterly financial reports now present financial results in increments of 12.5% of the total budget (rather than 25%). Due to the seasonal nature of some revenues and expenditures, the percentage of revenues received and amounts expended will vary from the 12.5% timeline.

Expenditures related to the winter snow event amounted to \$89,199.53. This represents salaries & benefits of \$78,118.44 and \$11,081.09 for supplies/materials, salt delivery and snowplow repairs.

At the end of the first quarter 2019-20, total City revenues were 10.80% of budget and expenses were 9.91%. A summary by each fund type is shown in *Exhibit 1 and 2*.

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

**GENERAL FUND**

- General Fund revenues ended first quarter at 8.91% of budget and operating expenditures are at 12%. *Exhibit 9* provides details by department and expense category.
- Approximately 24% 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 1st quarter, \$50,038 or 1.5% of \$3,189,640 budget has been received.
- Building permit revenue ended the first quarter at 6.2% of budget or a total of \$29,199. This is a decrease compared to end of 1st quarter 2018 which ended with \$82,865 in revenue.
- Other development fees and engineering fees brought in revenue of \$92,495 thru end of 1st quarter 2019-20. This represents 35.5% of budget (\$260,000). This is an increase compared to 1st quarter 2018 which ended with \$24,113.
- Plan check fees were at 4.1% of budget or \$13,207 at the end of 1st quarter. This is lower than 2018 1st quarter which ended with \$46,499.
- Sales Tax revenue ended the quarter with 13% or \$266,905 received of the \$2,049,950 budget. This is higher than in 2018 where the revenue at the end of quarter was \$235,450. (*Exhibit 3*)
- Utility Taxes ended 1st quarter at 12.75% of budget or \$321,344. This is just slightly higher than end of 1<sup>st</sup> quarter 2018 which brought in \$321,045. (*Exhibit 6*).

### **CAPITAL FUNDS**

- Three park (\$24,330) and four street (\$36,292) impact fees have been received as of March 31, 2019. This is lower when compared to 2018 where 16 park and 13 street Impact fees were collected. These fees are receipted at the time building permits are issued (*Exhibit 5*).
- Park Impact Fee Fund is showing a net change of approximately <\$91,660> for the first quarter. This will change in the second quarter with the receipt of the RCO Recreation Grant of \$160,000 that was received in April. (*Exhibit 10*).
- Real Estate Excise Tax (REET) revenue ended the 1st quarter at \$122,380. This is less than 1<sup>st</sup> quarter 2018 revenue of \$140,708. (*Exhibit 4*)

### **UTILITY FUNDS**

- The Water fund operating revenue at the end of 1<sup>st</sup> quarter was \$577,387 which is 12.4% of the budget \$4,661,304.
- The Sewer fund operating revenue was \$835,366 which is 16.7% of the budget \$5,010,894.
- The Storm fund operating revenue was \$258,310 which was 16.6% of the budget \$1,557,860.

### **INTERNAL SERVICE FUNDS**

- First quarter inter-fund transfers were booked. Transfers are done from the various funds based on FTE allocations to pay for expenditures out of the internal service funds.
- Sales of surplus of assets brought in \$12,402 in revenue during the 1<sup>st</sup> quarter in the 501 fund.

### **ALL FUNDS**

- Interest revenue ended the 1st quarter at \$80,685. This is 20.6% of the 2019-20 budget \$392,106.
- Reserve fund balances are being met per Resolution 04-04 see (Exhibit 8).

**EXHIBIT 1: Budget to Actual Revenues thru March 31, 2019 – all funds**

Fund Types	2019-20	2019-20	2019-20	2019-20	%
	Total Budget	Begin. Fund Balance	Total Budget Less Begin. Fund Bal.	YTD Revenue	
General Fund	13,440,999	2,132,480	11,308,519	1,007,916	8.91%
Contingency Fund	494,814	231,954	262,860	33,369	12.69%
Special Revenue Funds	2,310,307	252,403	2,057,904	89,846	4.37%
Debt Service	960,829	19,866	940,963	117,620	12.50%
Capital Project Funds	7,269,387	4,270,572	2,998,814	297,541	9.92%
Utility Funds	22,167,506	8,483,603	13,683,903	1,802,719	13.17%
Bond Redemption & Reserve	296,628	287,813	8,815	1,516	17.20%
Internal Service Funds	2,018,664	803,533	1,215,131	156,967	12.92%
<b>Totals</b>	<b>\$ 48,959,133</b>	<b>\$ 16,482,223</b>	<b>\$ 32,476,909</b>	<b>\$ 3,507,493</b>	<b>10.80%</b>

**EXHIBIT 2: Budget to Actual Expenditures thru March 31, 2019 – all funds**

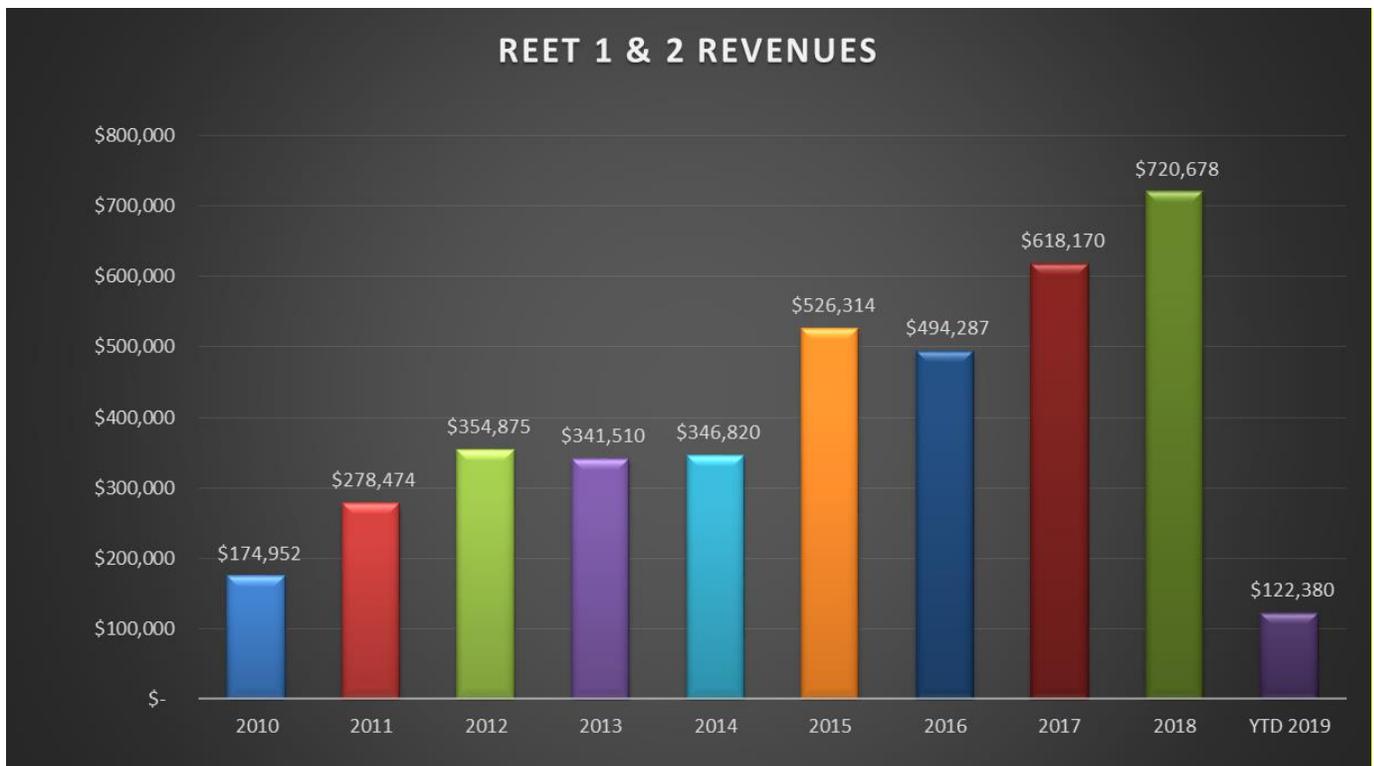
Fund Types	2019-20	2019-20	2019-20	2019-20	%
	Total Budget	Budget Ending Fund Balance	Total Budget less End. Fund Bal.	YTD Expenditures	
General Fund	13,440,999	1,952,023	11,488,976	1,378,816	12.00%
Contingency Fund	494,814	494,814	-	-	0.00%
Special Revenue Funds	2,310,307	277,297	2,033,010	167,030	8.22%
Debt Service	960,829	19,866	940,963	-	0.00%
Capital Project Funds	7,269,387	6,312,890	956,497	202,236	21.14%
Utility Funds	22,167,506	8,193,882	13,973,625	1,231,458	8.81%
Bond Redemption & Reserve	296,628	294,328	2,300	100	4.35%
Internal Service Funds	2,018,664	705,270	1,313,394	62,640	4.77%
<b>Totals</b>	<b>\$ 48,959,133</b>	<b>\$ 18,250,368</b>	<b>\$ 30,708,765</b>	<b>\$ 3,042,280</b>	<b>9.91%</b>

### EXHIBIT 3: Sales Tax



Sales tax ended the 1st quarter at 13% of our \$2,049,950 2019-20 budget and is 13.4% higher than first quarter 2018 sales tax revenues.

### EXHIBIT 4: REET



Real Estate Excise Tax Revenues (REET) were at 11% of the 2019-20 budget (\$1,111,500) at the end of the quarter. These funds are primarily for capital improvements.

**EXHIBIT 5: Impact Fees**

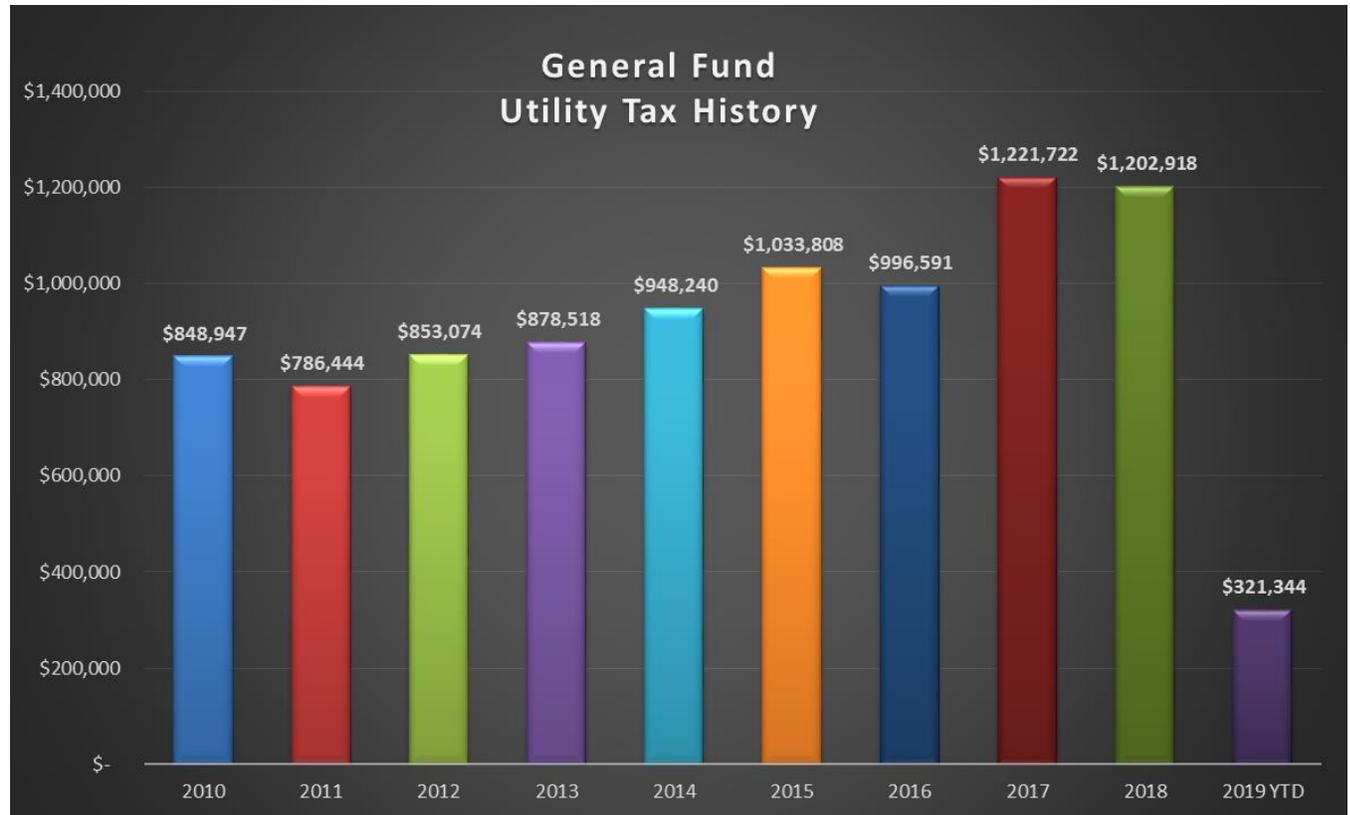


The City has collected 3 park impact fees, or 8.65% of budget (\$281,089), thru March 31, 2019. Park impact fees are restricted for park capital improvements.



The City has collected 4 street impact fees, or 2.7% of budget (\$1,336,912), thru March 31, 2019. Street impact fees are restricted for transportation capital improvements.

**EXHIBIT 6: Utility Taxes**



At the end of the first quarter, utility tax revenue is at 12.75% of budget (\$2,518,500). Utility tax revenues are from electric, gas, telephone, garbage, cable, and the city’s water, sewer, and storm drain utilities.

**EXHIBIT 7: Debt**

The City’s long term debt outstanding balances are detailed below:

<b>2017 General Obligation Bonds</b>	<b>Principal</b>
Big Rock Ball Field - 12/1/2025	1,440,000
Main Street Project - 12/1/2031	2,680,000
	<b>\$ 4,120,000</b>

<b>Utility Revenue Debt</b>	<b>Principal</b>
SRF WWTP Construction Loan <i>Final Payment 6/30/2025</i>	2,136,985
	<b>\$ 2,136,985</b>

Limited-Term General Obligation (LTGO) bonds in the amount of \$4,865,000 were issued on February 22, 2017. Interest payments are due twice annually, on June 1<sup>st</sup> and December 1<sup>st</sup>. The amount of the 2019 interest payments are \$51,294 each. Principal payments are due on December 1<sup>st</sup> of each year, for

2019 the amount due \$370,000. Payments on the WWTP construction loan are also due twice annually, on June 30 and December 30. The payment amounts are \$167,277.58 each, which include both principal and interest.

**EXHIBIT 8: Fund Balance Reserves**

<b>Fund #</b>	<b>Fund Description</b>	<b>2019 Amount</b>	<b>Notes</b>
001	General Fund	\$ 832,615	17% per Resolution 04-04 Internally Restricted
001	Disaster Relief	25,000	Established by City Council
001	Internal Restricted- Other	22,408	Drug Enforcement & Art
001	Future City Facility	400,000	Established by City Council
002	Contingency	494,814	Maximum allowed is 37.5% of Assessed Value
106	Big Rock Ball Park Fund	126,000	Turf Replacement
401	Water Utility	749,132	Established by City Council, Increase by CPI
402	Sewer Utility	998,844	Established by City Council, Increase by CPI
402	Sewer Utility, DOE Loan	335,000	Annual Loan Amount
404	Storm Drain	312,139	Established by City Council, Increase by CPI
501	Equipment Fund	200,000	Established by City Council
503	Building Maintenance Fund	75,000	Deferred Maintenance
<b>Total Restricted Funds</b>		<b>\$ 4,570,952</b>	

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.

**EXHIBIT 9:**

<b>Annual Revenue Report</b>			
<b>General Fund as of 3/31/19</b>			<b>YTD %</b>
<b>Resources</b>	<b>2019-20 Budget</b>	<b>YTD</b>	<b>Collected</b>
Begin Fund Balance	\$ 2,132,479.98	\$ 2,132,479.98	100.00%
Taxes	8,172,420.66	700,108.07	8.57%
Licenses & Permits	992,630.00	93,873.25	9.46%
Intergovernmental Revenues	383,557.00	31,139.61	8.12%
Charges for Goods and Services	771,500.00	108,023.02	14.00%
Fines & Penalties	106,900.00	9,487.56	8.88%
Miscellaneous Revenues	117,941.00	19,584.42	16.61%
Other	763,570.18	45,699.63	5.98%
<b>TOTAL OPERATING REVENUE:</b>	<b>\$ 11,308,518.84</b>	<b>\$ 1,007,915.56</b>	<b>8.91%</b>
<b>TOTAL</b>	<b>\$ 13,440,998.82</b>	<b>\$ 3,140,395.54</b>	<b>23.36%</b>

<b>Annual Expense Report</b>			
<b>General Fund as of 3/31/19</b>			<b>YTD %</b>
<b>Expenses by Department:</b>	<b>2019-20 Budget</b>	<b>YTD</b>	<b>Spent</b>
Legislative	\$ 214,050.00	\$ 31,873.46	14.89%
Executive	209,450.00	42,517.20	20.30%
Community Events	61,650.00	61.48	0.10%
Finance Dept.	691,870.00	98,691.60	14.26%
Planning Dept.	807,348.00	146,581.19	18.16%
Building Dept.	619,345.00	60,367.98	9.75%
Police Dept.	5,564,213.00	612,903.74	11.02%
Economic Development	26,000.00	-	0.00%
Recycling Dept.	45,202.00	216.66	0.48%
Civil Service	13,100.00	1,191.00	9.09%
Parks Dept.	743,597.00	86,210.43	11.59%
Cultural Commission	80,400.00	3,404.33	4.23%
City Mitigation Projects	12,000.00	240.00	2.00%
Engineering Dept.	431,261.00	42,281.78	9.80%
Fire	65,250.00	-	0.00%
Non-Departmental	1,904,240.00	252,274.97	13.25%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 11,488,976.00</b>	<b>\$ 1,378,815.82</b>	<b>12.00%</b>
Ending Fund Balance	\$ 1,952,022.82	\$ -	0.00%
<b>TOTAL BUDGET</b>	<b>\$ 13,440,998.82</b>	<b>\$ 1,378,815.82</b>	<b>10.26%</b>

<b>General Fund as of 3/31/19</b>			<b>YTD %</b>
<b>Expenses by Category:</b>	<b>2019-20 Budget</b>	<b>YTD</b>	<b>Spent</b>
Salaries and Wages	\$ 4,986,099.00	\$ 589,171.77	11.82%
Personnel Benefits	2,072,507.00	263,984.26	12.74%
Supplies	261,830.00	13,108.00	5.01%
Services	3,341,418.00	457,054.08	13.68%
Intergovernmental Svcs.	812,622.00	55,497.71	6.83%
Capital Outlays	14,500.00	-	0.00%
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 11,488,976.00</b>	<b>\$ 1,378,815.82</b>	<b>12.00%</b>
Ending Fund Balance	\$ 1,952,022.82	\$ -	0.00%
<b>TOTAL BUDGET</b>	<b>\$ 13,440,998.82</b>	<b>\$ 1,378,815.82</b>	

**Operating Revenue less Operating Expenses** **\$ (370,900.26)**

**CITY OF DUVALL**  
**2019-2020 REVENUE AND EXPENSE SUMMARY**  
 Quarter ended 3/31/2019

Fund	Description	Beginning			Ending			Net Change
		Fund Balance	Revenues	Expenditures	Fund Balance	Revenues	Expenditures	
001	General Fund	\$ 2,132,479.98	\$ 1,007,916	\$ 1,378,816	\$ 1,761,579.72	\$ (370,900.26)		
002	Contingency Fund	231,953.60	33,369	-	265,322.54	33,368.94	(337,531.32)	
101	Street Fund	177,845.54	72,701	144,174	106,372.99	(71,472.55)		
106	Big Rock Ball Park Maintenance	35,149.63	16,951	22,856	29,244.29	(5,905.34)	(77,184.30)	
107	Sensitive Areas Mitigation Fund	39,407.45	194	-	39,601.04	193.59		
206	2016 LTGO - Main St Debt Svc	19,865.72	117,620	-	137,486.10	117,620.38	117,620.38	
304	Real Estate Excise Tax Fund 1	990,664.27	66,244	22,080	1,034,828.77	44,164.50		
305	Real Estate Excise Tax Fund 2	810,388.55	65,359	27,237	848,510.59	38,122.04		
306	Main Street Improvement	1,188,869.71	5,824	5,734	1,188,959.65	89.94	95,304.39	
307	Street CIP Fund	589,809.60	132,884	28,296	694,397.91	104,588.31		
308	Parks CIP Fund	690,840.04	27,230	118,890	599,179.64	(91,660.40)		
401	Water Fund	3,314,348.40	577,387	419,425	3,472,309.69	157,961.29		
402	Sewer Fund	2,462,035.34	835,366	565,039	2,732,362.58	270,327.24		
404	Storm Drainage Fund	775,112.69	258,310	196,910	836,512.29	61,399.60		
407	Water CIP Fund	1,315,436.03	75,100	49,707	1,340,829.91	25,393.88	572,677.26	
408	Sewer CIP Fund	502,693.23	50,397	347	552,742.74	50,049.51		
409	Storm Drainage CIP Fund	113,977.75	6,159	30	120,107.30	6,129.55		
410	Bond Redemption Fund	19,939.84	200	-	20,140.32	200.48		
411	Bond Reserve Fund	267,873.45	1,316	100	269,089.16	1,215.71		
501	Equipment Fund	464,099.35	60,677	16,093	508,682.89	44,583.54		
502	IT Fund	190,938.52	71,668	25,663	236,943.34	46,004.82		
503	Building Maintenance Fund	148,494.69	24,622	20,884	152,232.63	3,737.94		
<b>TOTAL</b>		<b>\$ 16,482,223.38</b>	<b>\$ 3,507,493</b>	<b>\$ 3,042,280</b>	<b>\$ 16,947,436.09</b>	<b>\$ 465,212.71</b>		