

Date: October 22, 2019

To: Mayor Ockerlander and City Council

From: Finance & Administration

Re: Second 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 25% (two quarters) timeline.

At the end of the second quarter 2019-20, total City revenues were 24% of budget and expenses were 21%. Schedules of budget versus actual results for revenues and expenditures by fund are shown in *Exhibit 8 and 9*.

Highlights year-to-date include:

GENERAL FUND

- General Fund revenues ended second quarter at 23% of budget and operating expenditures are at 23%. *Exhibit 6* provides details by category and department.
- Approximately 24% of the General Fund revenue comes from Property Taxes, which are primarily received in April/May and Oct/Nov of each year. At the end of second quarter, \$774,686, or 24% of the \$3,189,640 budgeted, has been received.
- Building permit revenue ended the second quarter at 19% of budget or a total of \$88,246. This is a decrease compared to the end of second quarter 2018 which ended with \$149,561 in revenue.
- Other development fees and engineering fees brought in revenue of \$126,442 through end of second quarter 2019-20. This represents 49% of budget (\$260,000). This is an increase compared to second quarter 2018 which ended with \$31,945.
- Plan check fees were at 14% of budget or \$44,283 at the end of second quarter. This is lower than 2018 second quarter which ended with \$91,815.
- Sales Tax revenue ended the second quarter with 25% or \$503,314 received of the \$2,049,950 budgeted. This is higher than in 2018 when the revenue at the end of the second quarter was \$482,889.
- Utility Taxes ended second quarter at 24% of budget or \$611,300. This is just slightly lower than the second quarter 2018 revenue of \$624,147. (See *Exhibit 3*).

CAPITAL FUNDS

- Twelve park (\$95,056) and thirteen street (\$115,413) impact fees have been received as of June 30, 2019. This is lower when compared to 2018 where 27 park and 21 street Impact fees were collected. These fees are receipted at the time building permits are issued (*Exhibit 2*).
- Real Estate Excise Tax (REET) revenue ended the second quarter at \$289,536. This is less than second quarter 2018 REET revenue of \$349,579. (See *Exhibit 1*)

UTILITY FUNDS

- The Water fund operating revenue at the end of second quarter was \$1,004,167 which is 22% of the budget \$4,661,304. Second quarter activity reflects a net decrease in fund balance which is primarily due to the cost of water meter replacements.
- The Sewer fund operating revenue was \$1,281,998 which is 26% of the budget \$5,010,894.
- The Storm fund operating revenue was \$412,464 which was 26% of the budget \$1,557,860.

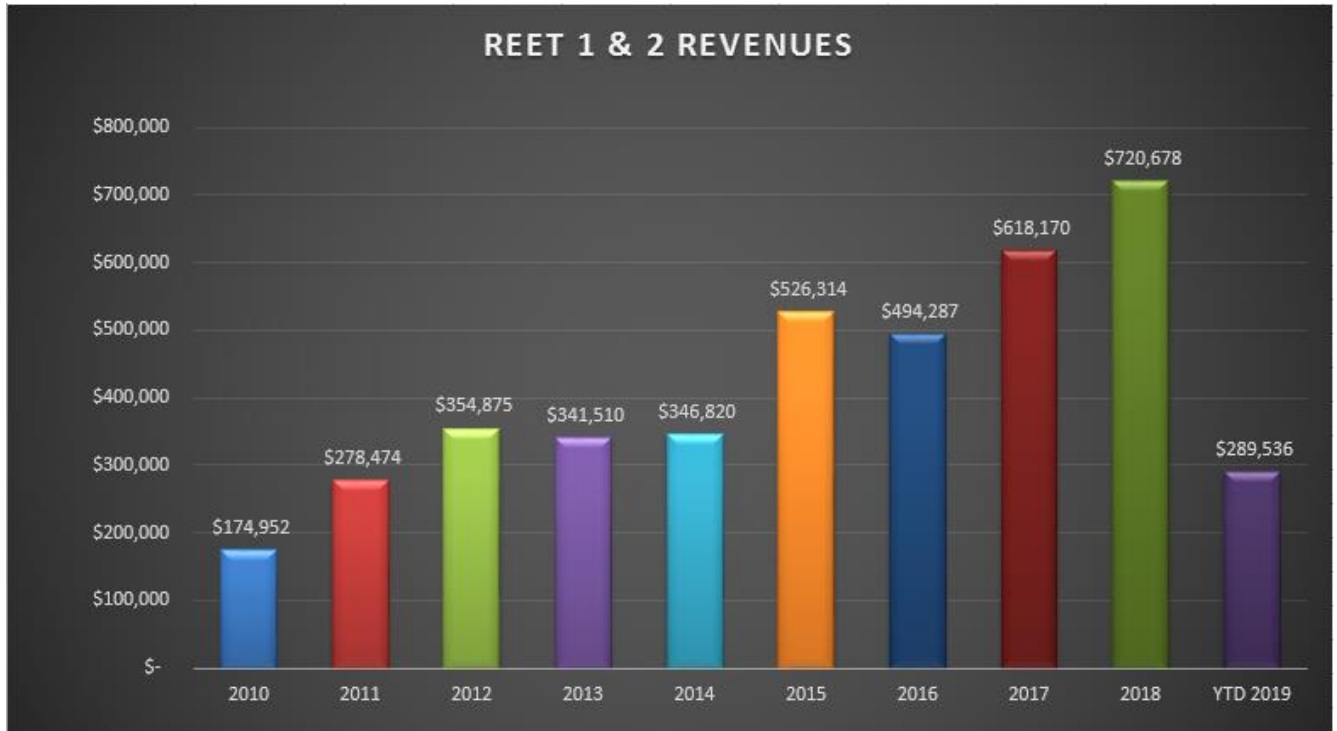
INTERNAL SERVICE FUNDS

- Sales of surplus of assets brought in \$15,402 in revenue through the end of second quarter in the 501 fund. Additionally, \$1,000 in insurance proceeds was received in Fund 501.

ALL FUNDS

- Interest revenue ended the second quarter at \$167,915. This is 43% of the 2019-20 budget \$390,006.

EXHIBIT 1: REET



Real Estate Excise Tax Revenues (REET) were at 26.0% of the 2019-20 budget (\$1,111,500) through June 30, 2019. These funds are primarily for capital improvements.

EXHIBIT 2: Impact Fees

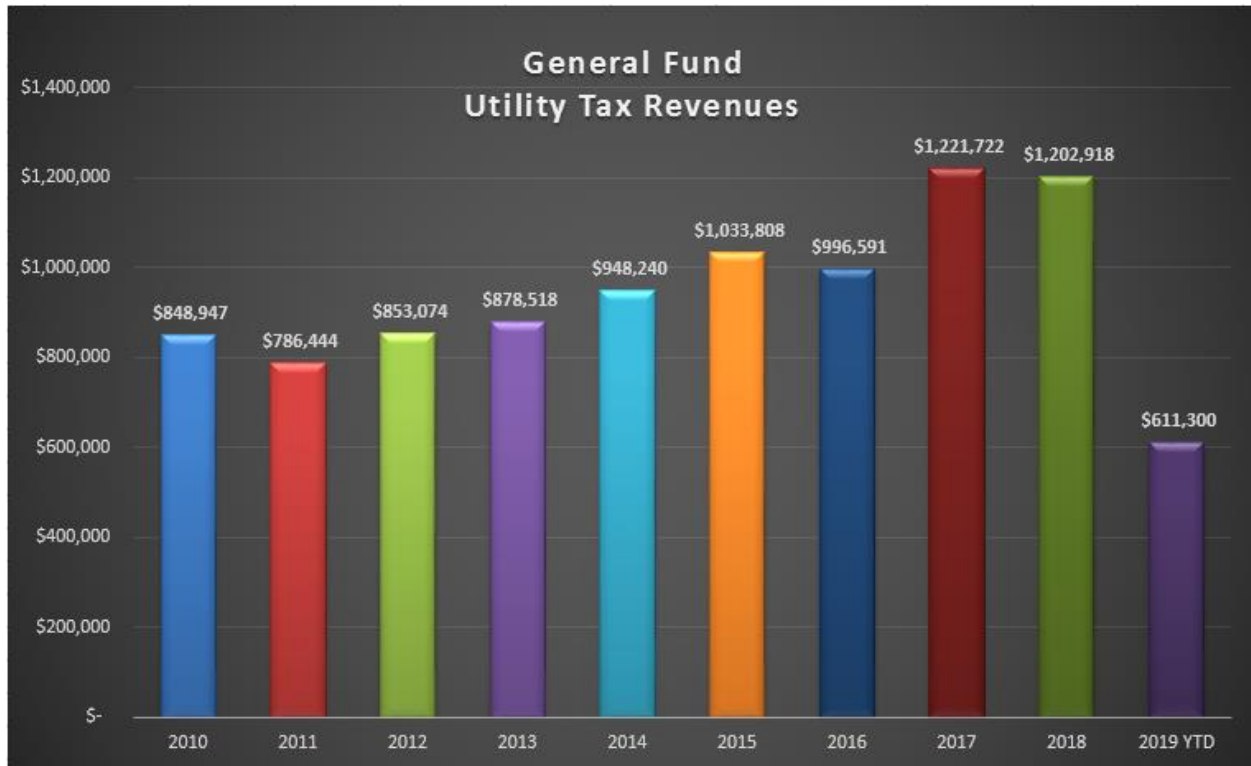


The City has collected 12 park impact fees, or 34% of budget (\$281,089), through June 30, 2019. Park impact fees are restricted for park capital improvements.



The City has collected 13 street impact fees, or 9% of budget (\$1,336,912), through June 30, 2019. Street impact fees are restricted for transportation capital improvements.

EXHIBIT 3: Utility Taxes



At the end of the second quarter, utility tax revenue is at 24% 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 4: Debt

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

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

<u>Utility Revenue Debt</u>	<u>Principal</u>
SRF WWTP Construction Loan <i>Final Payment 6/30/2025</i>	1,975,056
	<u><u>\$ 1,975,056</u></u>

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 1st and December 1st. The amount of the 2019 interest payments are \$51,294 each. Principal payments are due on December 1st 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 5: Fund Balance Reserves (Actual and Budgeted)

Fund #	Fund Description	2019 Amount	Notes
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
	Total Restricted Funds	<u><u>\$ 4,570,952</u></u>	

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 6:

General Fund Budget vs Actual

Revenues	6/30/2019		YTD %
	2019-20 Budget	YTD Actual	Collected
Begin Fund Balance	\$ 2,132,480	\$ 2,132,480	100%
Taxes	\$ 8,172,421	\$ 2,005,907	25%
Licenses & Permits	\$ 992,630	\$ 215,472	22%
Intergovernmental Revenues	\$ 383,557	\$ 63,329	17%
Charges for Goods and Services	\$ 771,500	\$ 181,907	24%
Fines & Penalties	\$ 106,900	\$ 19,825	19%
Miscellaneous Revenues	\$ 117,941	\$ 42,388	36%
Other	\$ 763,570	\$ 90,750	12%
TOTAL REVENUES:	\$ 11,308,519	\$ 2,619,578	23%
TOTAL	\$ 13,440,999	\$ 4,752,058	

Expenditures by Department:	2019-20 Budget		YTD %
	2019-20 Budget	YTD Actual	Spent
Legislative	\$ 214,050	\$ 45,638	21%
Executive	\$ 209,450	\$ 65,255	31%
Community Events	\$ 61,650	\$ 61	0%
Finance Dept.	\$ 691,870	\$ 175,379	25%
Planning Dept.	\$ 807,348	\$ 238,071	29%
Building Dept.	\$ 619,345	\$ 119,509	19%
Police Dept.	\$ 5,564,213	\$ 1,197,610	22%
Economic Development	\$ 26,000	\$ -	0%
Recycling Dept.	\$ 45,202	\$ 620	1%
Civil Service	\$ 13,100	\$ 3,214	25%
Parks Dept.	\$ 743,597	\$ 145,511	20%
Cultural Commission	\$ 80,400	\$ 13,529	17%
City Mitigation Projects	\$ 12,000	\$ 2,389	20%
Engineering Dept.	\$ 431,261	\$ 85,696	20%
Fire	\$ 65,250	\$ -	0%
Non-Departmental	\$ 1,904,240	\$ 512,385	27%
TOTAL EXPENDITURES	\$ 11,488,976	\$ 2,604,866	23%
Ending Fund Balance	\$ 1,952,023	\$ 2,147,192	
TOTAL BUDGET	\$ 13,440,999	\$ 4,752,058	

Expenditures by Category:	2019-20 Budget		YTD %
	2019-20 Budget	YTD Actual	Spent
Salaries and Wages	\$ 4,986,099	\$ 1,160,106	23%
Personnel Benefits	\$ 2,072,507	\$ 473,331	23%
Supplies	\$ 261,830	\$ 27,472	10%
Services	\$ 3,341,418	\$ 861,244	26%
Intergovernmental Svcs.	\$ 812,622	\$ 82,714	10%
Capital Outlays	\$ 14,500	\$ -	0%
TOTAL	\$ 11,488,976	\$ 2,604,866	23%
Ending Fund Balance	\$ 1,952,023	\$ 2,147,192	
TOTAL	\$ 13,440,999	\$ 4,752,058	

Revenue less Expenditures as of 6/30/2019 **\$ 14,712.09**

EXHIBIT 7:

CITY OF DUVALL
2019 REVENUE AND EXPENDITURE SUMMARY
 Year to date as of 6/30/2019

Fund	Description	Beginning			Ending			Net Change
		Fund Balance	Revenues	Expenditures	Fund Balance	Expenditures	Net Change	
001	General Fund	\$ 2,132,479.98	\$ 2,617,504	\$ 2,602,792	\$ 2,147,192.07	\$	\$ 14,712.09	
002	Contingency Fund	231,953.60	66,932	-	298,885.11	\$	66,931.51	
101	Street Fund	177,845.54	309,576	283,350	204,071.09		26,225.55	
106	Big Rock Ball Park Maintenance	35,149.63	72,936	44,265	63,820.63		28,671.00	
107	Sensitive Areas Mitigation Fund	39,407.45	394	-	39,801.92		394.47	
206	2016 LTGO - Main St Debt Svc	19,865.72	235,241	51,294	203,812.48		183,946.76	
304	Real Estate Excise Tax Fund 1	990,664.27	155,220	42,454	1,103,429.79		112,765.52	
305	Real Estate Excise Tax Fund 2	810,388.55	153,383	49,170	914,601.23		104,212.68	
306	Main Street Improvement	1,188,869.71	11,846	11,175	1,189,540.19		670.48	
307	Street CIP Fund	589,809.60	494,585	48,670	1,035,724.66		445,915.06	
308	Parks CIP Fund	690,840.04	270,167	138,925	822,081.64		131,241.60	
401	Water Fund	3,314,348.40	1,004,167	1,110,325	3,208,189.80		(106,158.60)	
402	Sewer Fund	2,462,035.34	1,281,998	1,093,709	2,650,324.17		188,288.83	
404	Storm Drainage Fund	775,112.69	412,464	361,250	826,326.14		51,213.45	
407	Water CIP Fund	1,315,436.03	219,498	58,989	1,475,944.95		160,508.92	
408	Sewer CIP Fund	502,693.23	169,100	168,685	503,108.84		415.61	
409	Storm Drainage CIP Fund	113,977.75	17,751	675	131,054.60		17,076.85	
410	Bond Redemption Fund	19,939.84	403	127	20,215.84		276.00	
411	Bond Reserve Fund	267,873.45	2,680	200	270,353.91		2,480.46	
501	Equipment Fund	464,099.35	112,048	205,188	370,959.17		(93,140.18)	
502	IT Fund	190,938.52	143,378	119,225	215,090.94		24,152.42	
503	Building Maintenance Fund	148,494.69	68,044	47,635	168,903.55		20,408.86	
TOTAL		\$ 16,482,223.38	\$ 7,819,312	\$ 6,438,103	\$ 17,863,432.72		\$ 1,381,209.34	

EXHIBIT 8:

CITY OF DUVALL
2019-2020 BUDGET vs ACTUAL - REVENUES
 Year to date as of 6/30/2019

Fund	Description	Budget	YTD Actual	YTD Difference	YTD % Collected
001	General Fund	\$ 11,308,519	\$ 2,617,504	\$ 8,691,015	23%
002	Contingency Fund	262,860	66,932	195,928	25%
101	Street Fund	1,688,459	309,576	1,378,884	18%
106	Big Rock Ball Park Maintenance	368,474	72,936	295,538	20%
107	Sensitive Areas Mitigation Fund	971	394	577	41%
206	2016 LTGO - Main St Debt Svc	940,963	235,241	705,722	25%
304	Real Estate Excise Tax Fund 1	577,910	155,220	422,690	27%
305	Real Estate Excise Tax Fund 2	573,370	153,383	419,987	27%
306	Main Street Improvement	29,227	11,846	17,381	41%
307	Street CIP Fund	1,352,867	494,585	858,282	37%
308	Parks CIP Fund	465,441	270,167	195,274	58%
401	Water Fund	4,661,304	1,004,167	3,657,137	22%
402	Sewer Fund	5,010,894	1,281,998	3,728,896	26%
404	Storm Drainage Fund	1,557,860	412,464	1,145,396	26%
407	Water CIP Fund	985,981	219,498	766,483	22%
408	Sewer CIP Fund	1,206,629	169,100	1,037,529	14%
409	Storm Drainage CIP Fund	261,235	17,751	243,484	7%
410	Bond Redemption Fund	2,216	403	1,813	18%
411	Bond Reserve Fund	6,599	2,680	3,919	41%
501	Equipment Fund	377,465	112,048	265,417	30%
502	IT Fund	568,785	143,378	425,407	25%
503	Building Maintenance Fund	268,881	68,044	200,837	25%
TOTAL		\$ 32,476,910	\$ 7,819,312	\$ 24,657,598	24%

EXHIBIT 9:

CITY OF DUVALL
2019-2020 BUDGET vs ACTUAL - EXPENDITURES
 Year to date as of 6/30/2019

Fund	Description	Budget	YTD Actual	YTD Difference	YTD % Spent
001	General Fund	\$ 11,488,976	\$ 2,602,792	\$ 8,886,184	23%
002	Contingency Fund	-	-	-	-
101	Street Fund	1,740,811	283,350	1,457,461	16%
106	Big Rock Ball Park Maintenance	260,999	44,265	216,734	17%
107	Sensitive Areas Mitigation Fund	31,200	-	31,200	0%
206	2016 LTGO - Main St Debt Svc	940,963	51,294	889,669	5%
304	Real Estate Excise Tax Fund 1	162,994	42,454	120,540	26%
305	Real Estate Excise Tax Fund 2	172,994	49,170	123,824	28%
306	Main Street Improvement	207,000	11,175	195,824	5%
307	Street CIP Fund	242,994	48,670	194,324	20%
308	Parks CIP Fund	170,516	138,925	31,590	81%
401	Water Fund	4,400,657	1,110,325	3,290,332	25%
402	Sewer Fund	5,140,196	1,093,709	4,046,487	21%
404	Storm Drainage Fund	1,527,970	361,250	1,166,720	24%
407	Water CIP Fund	1,558,450	58,989	1,499,461	4%
408	Sewer CIP Fund	1,346,352	168,685	1,177,668	13%
409	Storm Drainage CIP Fund	-	675	(675)	-
410	Bond Redemption Fund	1,500	127	1,373	8%
411	Bond Reserve Fund	800	200	600	25%
501	Equipment Fund	537,722	205,188	332,534	38%
502	IT Fund	534,544	119,225	415,319	22%
503	Building Maintenance Fund	241,128	47,635	193,493	20%
TOTAL		\$ 30,708,766	\$ 6,438,103	\$ 24,270,663	21%