



Small Town. Real Life.

Date: May 3, 2017

To: Mayor Ibershof and City Council

From: Jennifer Anderson, Accountant

Re: First quarter 2017 Financial Report (25% of year = 25% Target)

At the end of first quarter 2017, total City revenues are 32.75% of budget and expenses are 14.63%. 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 20.10% of budget and expenditures are 23.91%. In comparison, 2016 1st quarter ended with revenues at 20.19% and expenses at 23.06%. (Exhibit 9 provides details by department and expense category).
- Approximately 25% 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 first quarter at 19.38% of budget or a total of \$46,928.97. This is an increase compared to end of 1st quarter 2016 which ended with \$29,105.43 in revenue or 16.86% of budget.
- Other development fees and engineering fees have brought in revenue of \$47,448.15 thru end of 1st quarter 2017. This represents 35.15% of budget (\$135,000).
- Plan check fees were at 17.58% of budget or \$27,657.06 at the end of 1st quarter. Again, this is higher than 2016 1st quarter which ended with \$14,338.84.
- Sales Tax revenue ended 1st quarter with 32.42% of the \$715,000 budget received. (Exhibit 3)
- Utility Taxes are at 28.82% of budget or \$344,716. (Exhibit 6).

CAPITAL FUNDS

- Seven park and ten 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 quarter at 27.02% of budget with homes and property continuing to sell at increased prices. (Exhibit 4).

UTILITY FUNDS

- The City issued \$4,865,000 in Limited-Term General Obligation (LTGO) debt on February 22, 2017. This is to fund the Main Street and Big Rock projects. The City has Revenue debt for the water and sewer utility as shown in Exhibit 7.

ALL FUNDS

- Interest on Investments revenue ended the 1st quarter at \$9,423.04. This is 17.55% of the 2017 budget, \$53,680.
- Reserve fund balances are being met (Exhibit 8).
- Overall City fund balances increased in the first quarter of 2017 by \$5,602,197. This is primarily due to the LTGO Bond Proceeds of \$4,865,000. (Exhibit 10).

Please feel free to contact me if you have any questions, 425-939-8068.

EXHIBIT 1: Budget to Actual Revenues thru March 31, 2017 – all funds

Fund Types	2017	2017	2017	YTD 2017	%	
	Total Budget	Begin. Fund Balance	Total Budget Less Begin. Fund Bal.	Revenues	Received	Target
General Fund	6,182,408	1,248,242	4,934,167	991,637	20.10%	>25%
Contingency Fund	177,794	162,694	15,100	3,838	25.41%	>25%
Special Revenue Funds	763,664	176,127	587,537	81,708	13.91%	>25%
Debt Service	5,350,884	-	5,350,884	4,986,939	93.20%	>25%
Capital Project Funds	14,473,917	2,503,024	11,970,893	1,868,900	15.61%	>25%
Utility Funds	12,915,708	5,991,546	6,924,162	1,874,378	27.07%	>25%
Bond Redemption & Reserve	725,846	281,226	444,620	110,929	24.95%	>25%
Internal Service Funds	1,227,474	698,140	529,334	154,333	29.16%	>25%
Totals	\$ 41,817,695	\$ 11,060,999	\$ 30,756,696	\$ 10,072,661	32.75%	>25%

Total revenues are above the target of 25% or higher.

EXHIBIT 2: Budget to Actual Expenditures thru March 31, 2017 – all funds

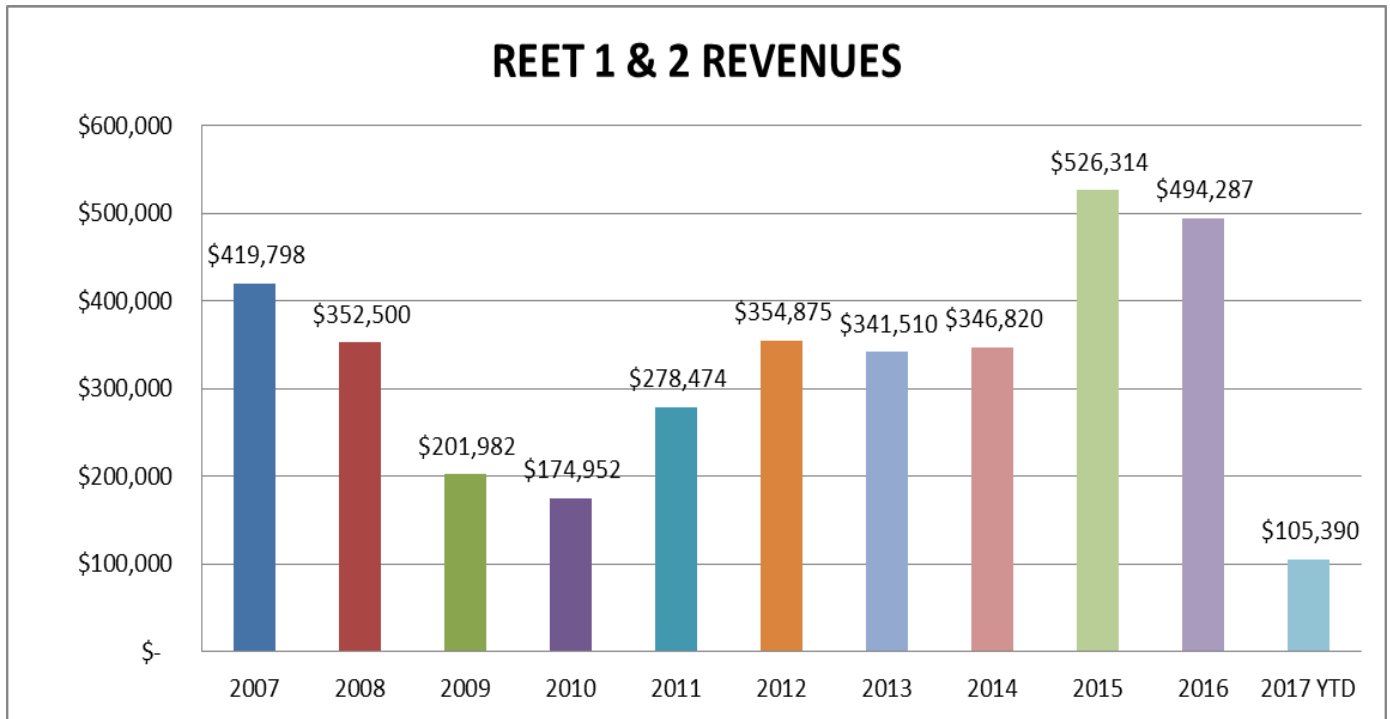
Fund Types	2017	2017	2017	YTD 2017	%	
	Total Budget	Budget Ending Fund Balance	Total Budget less End. Fund Bal.	Expenditures	Expended	Target
General Fund	6,182,408	1,131,946	5,050,463	1,207,810	23.91%	<25%
Contingency Fund	177,794	177,794	-	-	#DIV/0!	<25%
Special Revenue Funds	763,664	96,575	667,089	157,688	23.64%	<25%
Debt Service	5,350,884	11,999	5,338,885	132,158	2.48%	<25%
Capital Project Funds	14,473,917	2,059,156	12,414,761	1,817,058	14.64%	<25%
Utility Funds	12,915,708	6,822,573	6,093,135	1,069,252	17.55%	<25%
Bond Redemption & Reserve	725,846	281,826	444,020	426	0.10%	<25%
Internal Service Funds	1,227,474	686,756	540,718	86,072	15.92%	<25%
Totals	\$ 41,817,695	\$ 11,268,624	\$ 30,549,071	\$ 4,470,465	14.63%	<25%

Expenditures are below the 25% target at the end of first quarter.

EXHIBIT 3: Sales Tax

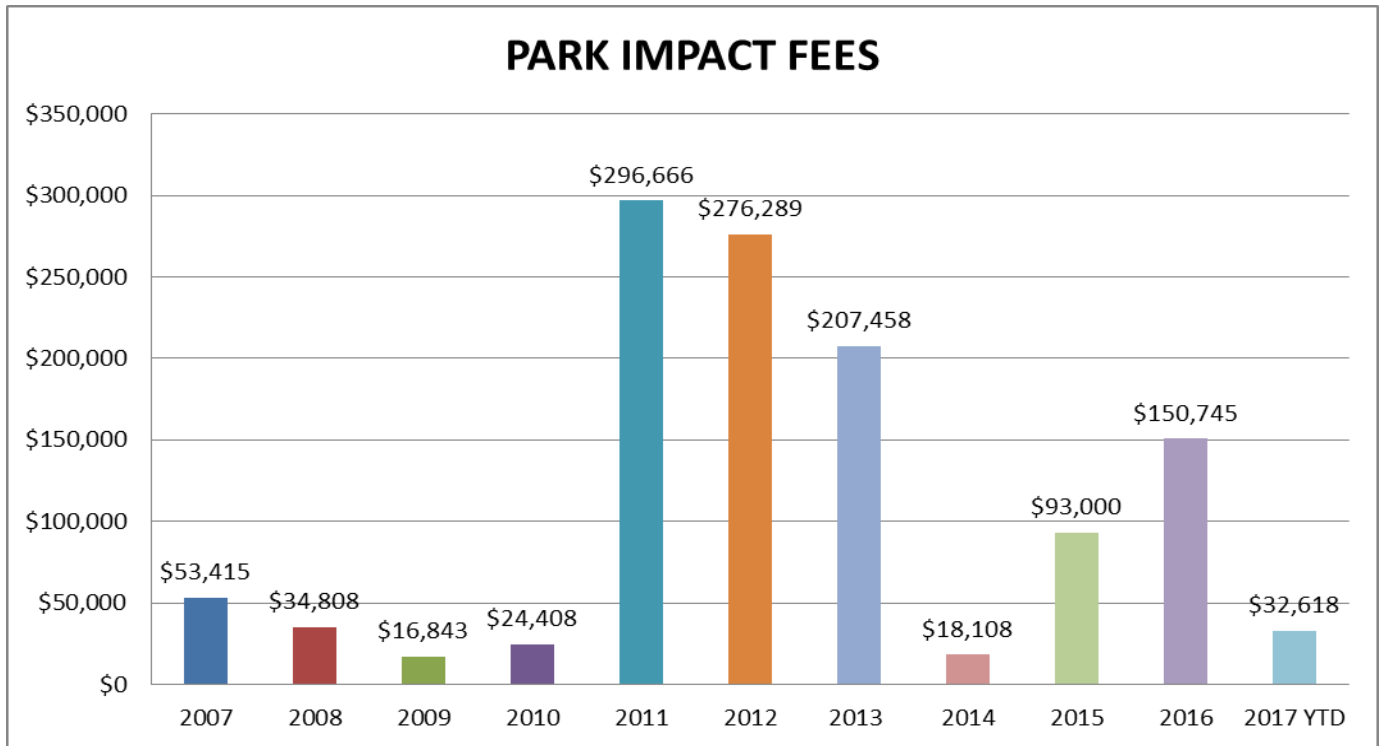
At the end of first quarter, sales tax is at 32.42% of our \$715,000 budget and is 27.7% higher than first quarter 2016 sales tax revenues.

EXHIBIT 4: REET

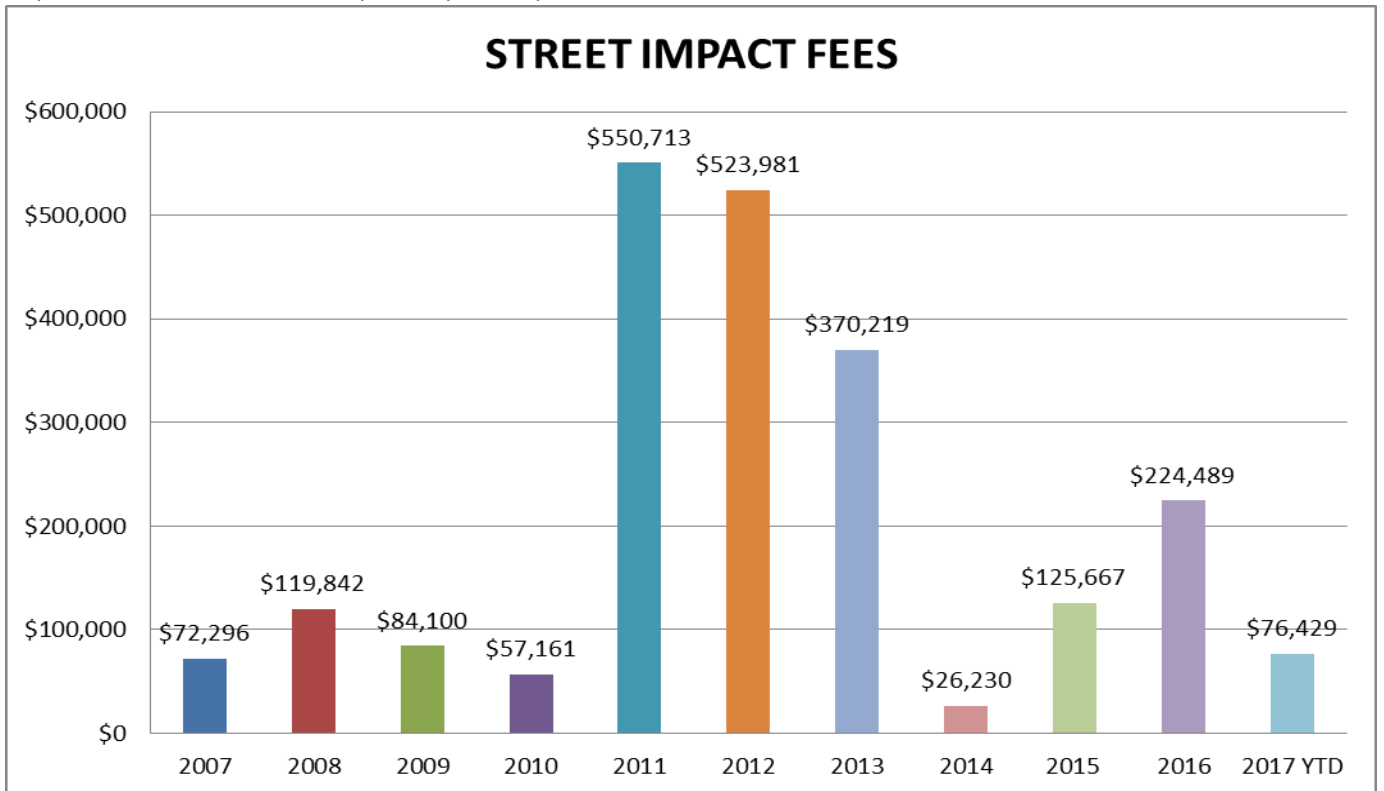


Real Estate Excise Tax Revenues (REET) are at 27.02% of the 2017 budget (\$390,000). These funds are primarily for capital improvements.

EXHIBIT 5: Impact Fees

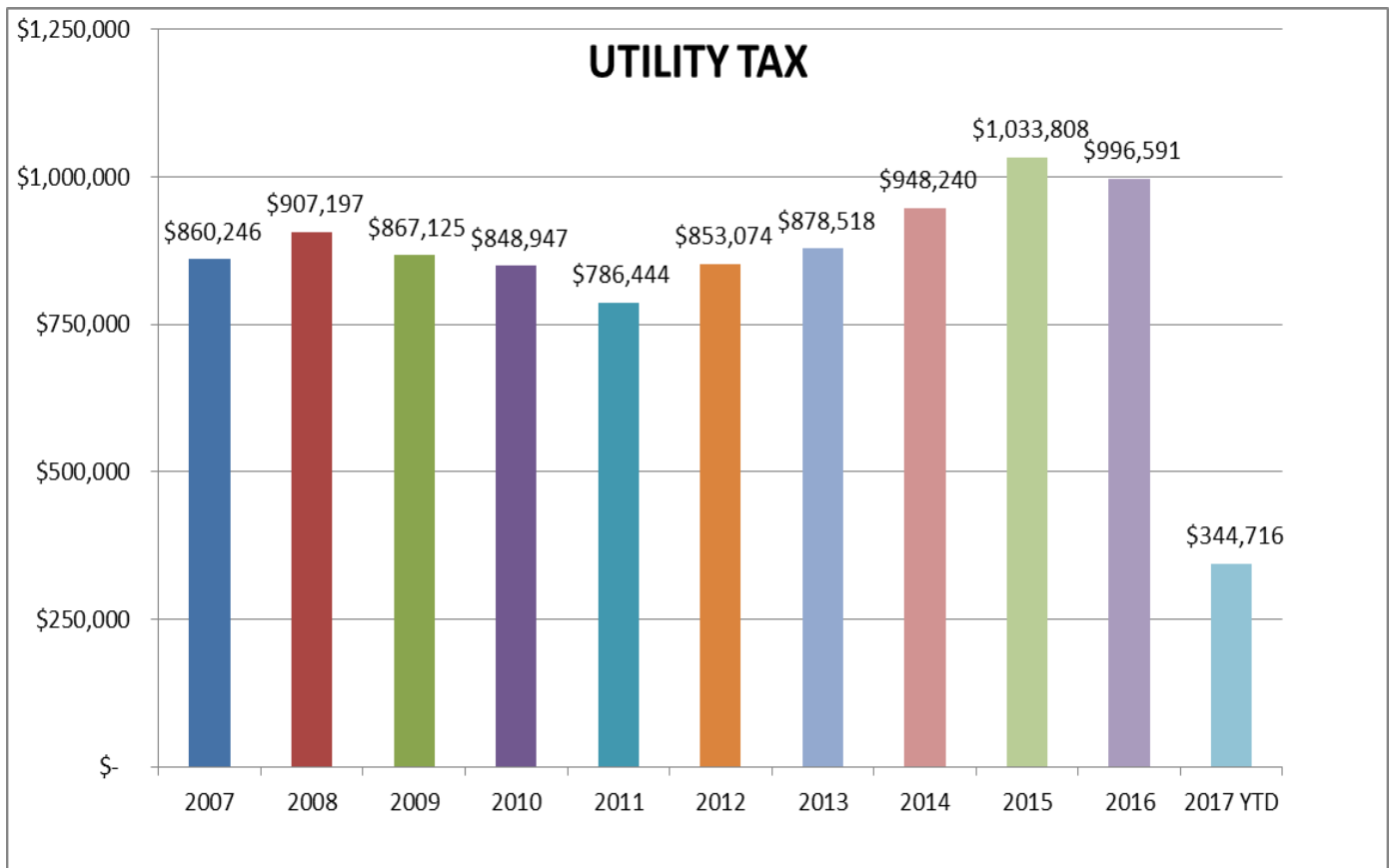


The City has collected 7 park impact fees, or 9.39% of budget (\$347,422), thru March 31, 2017. Park impact fees are restricted for park capital improvements.



The City has collected 10 street impact fees, or 13.56% of budget (\$563,666), thru March 31, 2017. Street impact fees are restricted for transportation capital improvements.

EXHIBIT 6: Utility Taxes



At the end of the first quarter, utility taxes are at 28.82% 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

Utility Revenue Debt	Principal
Water Main Pump PWTF	15,525
Sewer Bonds	595,000
SRF WWTP Loan	2,780,671
Total	\$ 3,391,197

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. In December 2014, Standard & Poor's rated our water and sewer bonds "AA/Stable." Duvall has bond reserves set aside which are in compliance with bond covenants.

EXHIBIT 8: Fund Balance Reserves

001	General Fund	\$	720,506	17% of operating budget
001	Disaster Relief		25,000	Established by City Council
002	Contingency		162,694	Limitation 37.5% of AV (2016 = \$391,534.34)
401	Water Utility		680,269	Established by City Council
402	Sewer Utility		907,025	Established by City Council
402	Sewer Utility, DOE Loan		335,000	Annual Loan Amount
404	Storm Drain		283,447	Established by City Council
411	Utility Bond Debt Reserve		159,000	Per bond covenants (rev 2016 by bond counsel)
501	Equipment Fund		200,000	Established by City Council
501	Insurance Deductible (all funds)		25,600	New in 2016 budget. In Bldg Maint fund 503
	Total Restricted Funds	\$	<u>3,498,541</u>	

- Reserve balances are being met.
- The City has a total of \$16,372,439.31 on hand.
 - Additional information may be found in the first quarter investment report.
- 1st Quarter Budget Amendment approved by Council 04/18/17

EXHIBIT 9:

Annual Revenue Report			Target ≥ 25%	
General Fund as of 3/31/17				
Resources	2017 Budget	YTD	YTD % Collected	2016 Comparison
Begin Fund Balance	\$ 1,248,241.50	\$ 1,248,241.50	100.00%	100.00%
Taxes	3,560,813.00	673,999.42	18.93%	18.62%
Licenses & Permits	459,800.00	106,690.40	23.20%	23.32%
Intergovernmental Revenues	308,642.00	64,974.55	21.05%	31.78%
Charges for Goods and Services	339,110.00	81,956.71	24.17%	24.60%
Fines & Penalties	53,400.00	14,808.09	27.73%	46.72%
Miscellaneous Revenues	89,504.04	18,545.67	20.72%	5.36%
Other	122,897.84	30,661.97	24.95%	22.97%
TOTAL OPERATING REVENUE:	\$ 4,934,166.88	\$ 991,636.81	20.10%	20.19%
TOTAL BUDGET	\$ 6,182,408.38	\$ 2,239,878.31	36.23%	36.48%

Annual Expense Report			Target < 25%	
General Fund as of 3/31/17				
Expenses by Department:	2017 Budget	YTD	YTD % Spent	2016 Comparison
Legislative	\$ 90,783.00	\$ 35,513.96	39.12%	28.88%
Executive	157,693.00	39,030.42	24.75%	22.93%
Community Events	2,000.00	-	0.00%	0.00%
Finance Dept.	268,644.00	82,449.40	30.69%	25.16%
Planning Dept.	462,634.00	86,176.96	18.63%	22.81%
Building Dept.	190,794.00	41,519.80	21.76%	21.89%
Police Dept.	2,478,209.57	568,516.65	22.94%	22.96%
Economic Development	11,020.00	-	0.00%	0.00%
Recycling Dept.	17,600.00	(507.99)	-2.89%	1.18%
Civil Service	11,025.00	1,975.66	17.92%	27.53%
Parks Dept.	284,455.00	64,540.75	22.69%	24.40%
Cultural Commission	61,998.00	8,597.05	13.87%	12.02%
City Mitigation Projects	6,000.00	-	0.00%	0.00%
Engineering Dept.	253,405.00	40,143.91	15.84%	19.49%
Fire	4,850.00	1,500.00	30.93%	0.00%
Non-Departmental	749,351.95	238,353.45	31.81%	27.28%
TOTAL OPERATING EXPENSES	\$ 5,050,462.52	\$ 1,207,810.02	23.91%	23.06%
Ending Fund Balance	\$ 1,131,945.86	\$ -	0.00%	0.00%
TOTAL BUDGET	\$ 6,182,408.38	\$ 1,207,810.02	19.54%	

General Fund as of 3/31/17				
Expenses by Category:	2017 Budget	YTD	YTD % Spent	2016 Comparison
Salaries and Wages	\$ 2,200,597.00	\$ 547,660.35	24.89%	24.27%
Personnel Benefits	891,842.00	195,667.08	21.94%	24.31%
Supplies	95,192.00	11,773.05	12.37%	10.37%
Services	1,509,443.52	394,982.40	26.17%	23.42%
Intergovernmental Svcs.	324,388.00	57,727.14	17.80%	15.76%
Capital Outlays	29,000.00	-	0.00%	0.00%
TOTAL OPERATING EXPENSES	\$ 5,050,462.52	\$ 1,207,810.02	23.91%	23.06%
Ending Fund Balance	\$ 1,131,945.86	\$ -	0.00%	0.0%
TOTAL BUDGET	\$ 6,182,408.38	\$ 1,207,810.02		

Operating Revenue less Operating Expenses \$ (216,173.21)

EXHIBIT 10:

CITY OF DUVALL
2017 REVENUE AND EXPENSE SUMMARY

Quarter ended 3/31/2017

Fund	Description	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance	Net Change
001	General Fund	\$ 1,248,241.50	\$ 991,637	\$ 1,207,810	\$ 1,032,068.29	\$ (216,173.21)
002	Contingency Fund	162,693.90	3,838	-	166,531.46	3,837.56
101	Street Fund	111,973.14	65,426	138,846	38,552.92	(73,420.22)
106	Big Rock Ball Park Maintenance	25,535.21	16,262	18,842	22,955.18	(2,580.03)
107	Sensitive Areas Mitigation Fund	38,618.95	21	-	38,639.53	20.58
206	2016 LTGO - Main St Debt Svc	-	4,986,939	132,158	4,854,781.17	4,854,781.17
304	Real Estate Excise Tax Fund 1	691,236.24	53,049	120,344	623,940.90	(67,295.34)
305	Real Estate Excise Tax Fund 2	511,115.42	52,953	120,344	443,724.04	(67,391.38)
306	Main Street Improvement	206,333.51	1,416,411	1,533,825	88,919.33	(117,414.18)
307	Street CIP Fund	314,135.64	76,602	20,306	370,432.37	56,296.73
308	Parks CIP Fund	780,203.21	269,885	22,239	1,027,848.69	247,645.48
401	Water Fund	2,836,763.53	539,683	337,559	3,038,886.84	202,123.31
402	Sewer Fund	2,097,231.51	764,910	544,258	2,317,884.22	220,652.71
404	Storm Drainage Fund	637,559.89	237,311	152,673	722,197.49	84,637.60
407	Water CIP Fund	379,289.08	75,922	1,105	454,106.22	74,817.14
408	Sewer CIP Fund	18,100.18	173,311	32,470	158,941.53	140,841.35
409	Storm Drainage CIP Fund	22,601.90	83,240	1,187	104,655.41	82,053.51
410	Bond Redemption Fund	17,917.94	110,789	326	128,380.73	110,462.79
411	Bond Reserve Fund	263,307.58	140	100	263,347.93	40.35
501	Equipment Fund	526,576.37	40,123	5,402	561,297.29	34,720.92
502	IT Fund	95,754.18	63,201	45,654	113,301.86	17,547.68
503	Building Maintenance Fund	75,809.86	51,009	35,017	91,802.16	15,992.30
TOTAL		\$ 11,060,998.74	\$ 10,072,661	\$ 4,470,465	\$ 16,663,195.56	\$ 5,602,196.82

$$\underbrace{\$ 11,060,998.74}_{\text{Beginning}} + \underbrace{\$ 10,072,661}_{\text{Revenues}} - \underbrace{\$ 4,470,465}_{\text{Expenditures}} = \underbrace{\$ 16,663,195.56}_{\text{Ending}}$$