



FINANCE DEPARTMENT

To: Mayor and City Council
Cliff Moore, City Manager

From: Steve Groom, Finance Department
Kathy Miles, Financial Services

Date: May 21, 2019

Subject: 2019 2nd Quarter Financial Update

This financial update is an unaudited report for the 2nd quarter ended June 30, 2019, 6 months or 50% of the year, intended to inform and assist governance decisions for future planning. In total, city revenues are at 36.8% of budget and expenditures are at 35.7% of budget. The timing of Property Tax Revenue and the timing of Capital Fund Expenditures are the biggest reason that revenues and expenditures are well below 50%.

New cash position and revenue charts are introduced to this report on following pages that provide insight into the monitoring of revenue and the management of expenses..

All invoices are not yet received and complete accrual analysis is not done quarterly, so this report is intended as a progress report.

General Fund's Performance to Budget

General Fund Revenues in total are at 49.6%; the largest components are:

- Sales Tax is at 47.2% , which is in line with prior year but lagging budget expectations
- Property Tax is at 58.4% due primarily to timing since April and October have the largest receipts. This timing impacts the General Fund fund balance significantly but is expected to be on right on target at year-end
- Utility and Franchise Taxes are at 45.9%

General Fund Expenditures in total are at 46.3%; the largest components are:

- Police expenditures are at 45.8%
- Fire Expenditures are at 52.1%
- Information Technology expenditures are at 44.2%

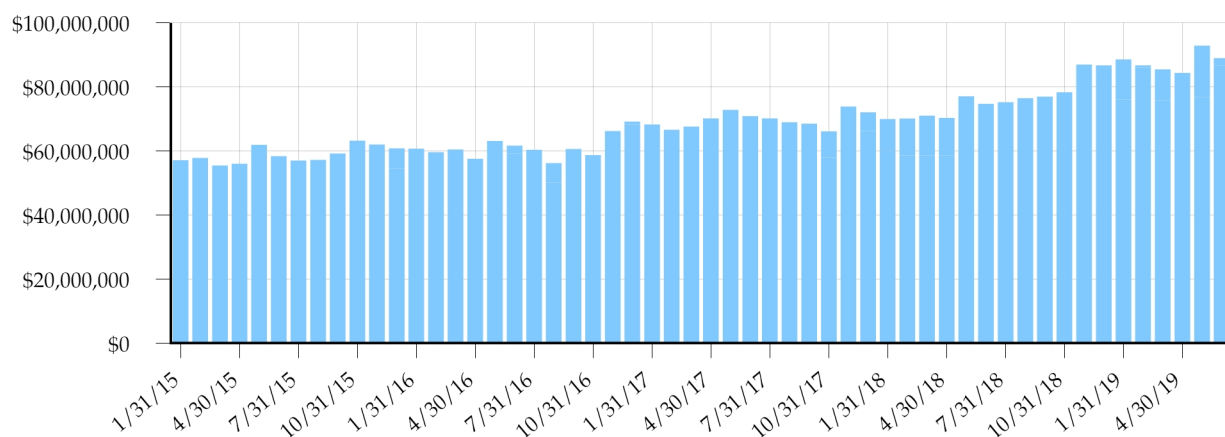
REVENUE FORECAST

The City Council's current top strategic objective is improving the General Fund's fund balance. To accomplish that goal, the City is monitoring revenues and managing expenses. By managing to budget, the City will stay on track to meet its policy goal by 2023.

Cash & Investments

As a current over-all indicator, the 4-year historic city-wide cash and investments balance trends, inclusive of all funds, shows June at \$89.0 million; May was an all-time high \$92.9 million. Each month is best compared to the same month in previous years to account for seasonality and other annual events.

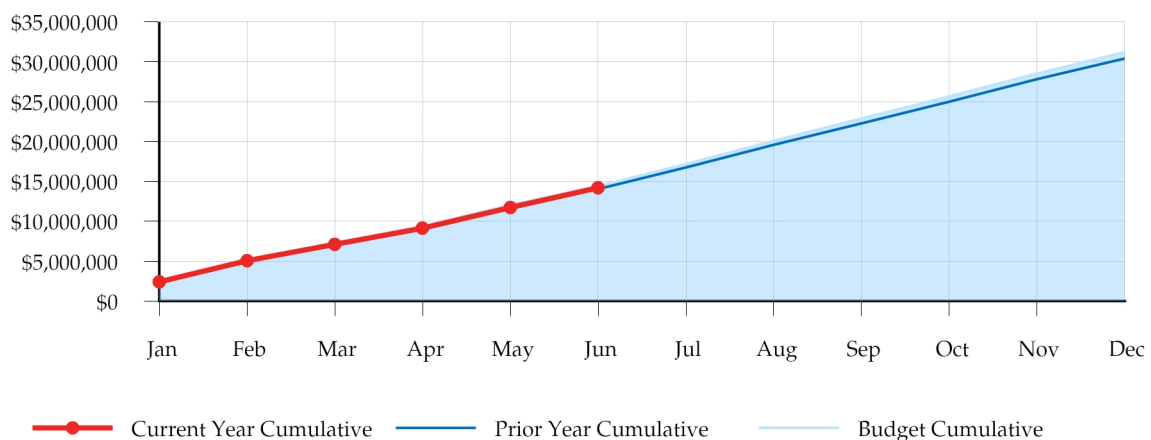
CASH AND INVESTMENTS HISTORY



Sales Tax

This is the largest single funding source for the city. Following a sluggish 1st quarter largely defined by poor weather, 2nd quarter receipts improved, exceeding prior year by \$220,000, but still under budget slightly by \$200,000 or 1.4% of the 6-month budget of \$14.4 million. Year-end budget is \$31.2 million.

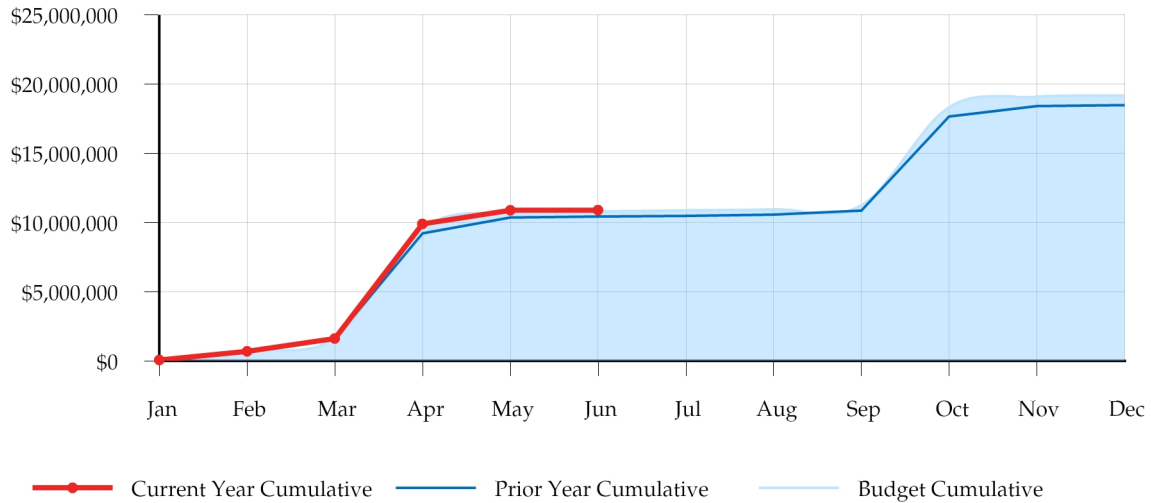
SALES TAX REVENUE



Property Tax

The 2019 budget increased by \$3 million due to assessed valuations; receipts were below expectation for 1st quarter, improved in 2nd quarter and expected to be on-track by year-end.

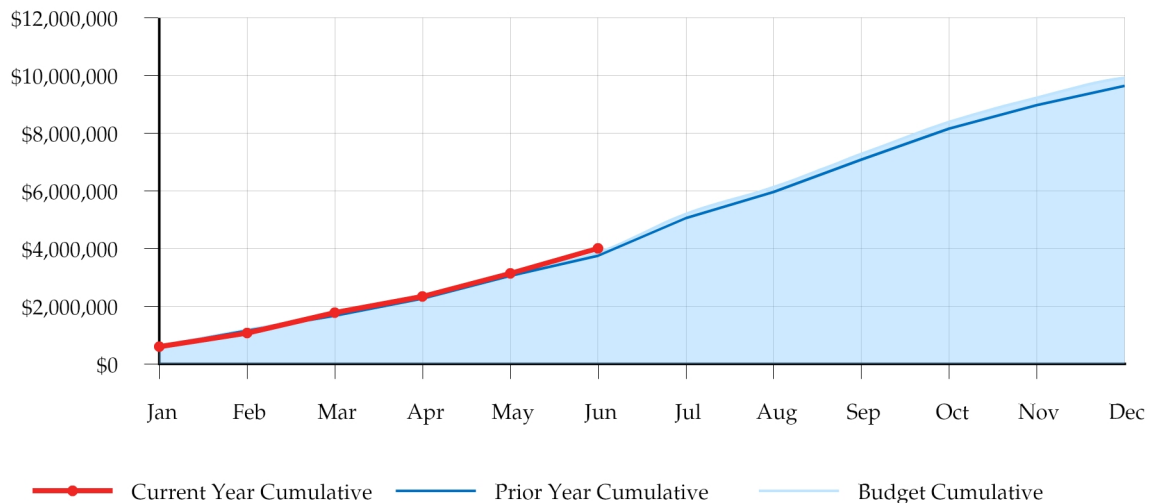
PROPERTY TAX REVENUE



Water

Water revenue is up slightly, both over prior year and budget. At the end of the 2nd quarter, cumulative exceeds budget by \$156,000.

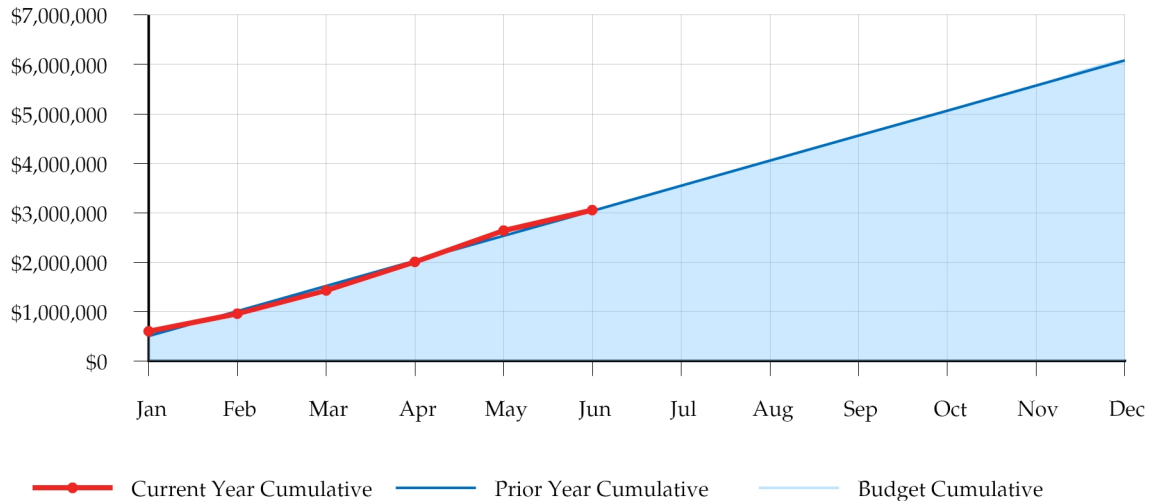
WATER REVENUE



Refuse

Refuse revenue is up after 2 quarters - \$18,000 over budget, overcoming a negative 1st quarter that had been trailing budget by \$90,000.

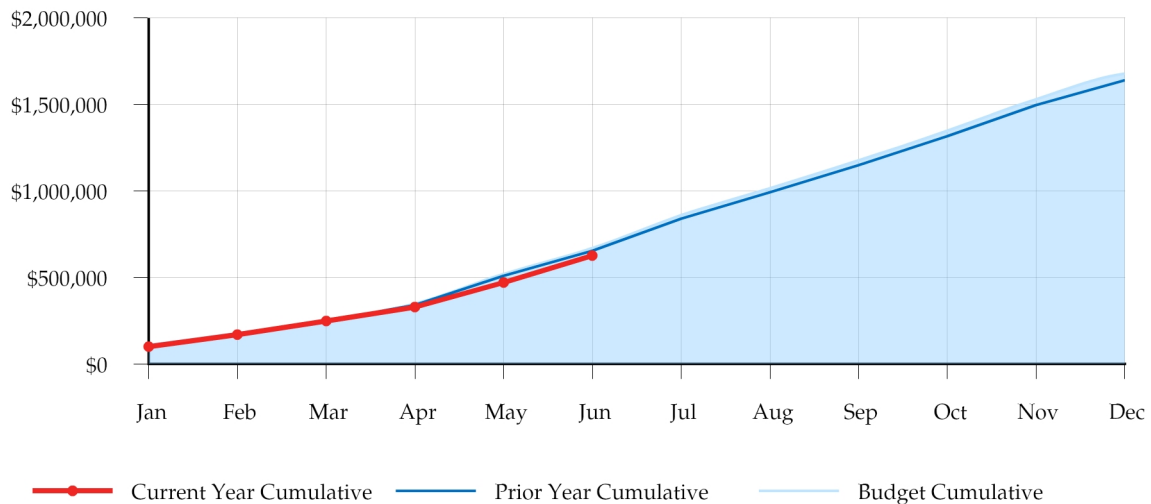
REFUSE REVENUE



Lodging Tax

Lodging tax was typically slow in the 1st quarter, was running under both budget and prior year but picked up with June receipts. It is now trailing budget by \$43,000. There were no known events or lack of events that exerted a material influence on lodging activity. Two new local hotels have opened in 2020, adding 171 rooms to the existing supply of 1,855 hotel rooms.

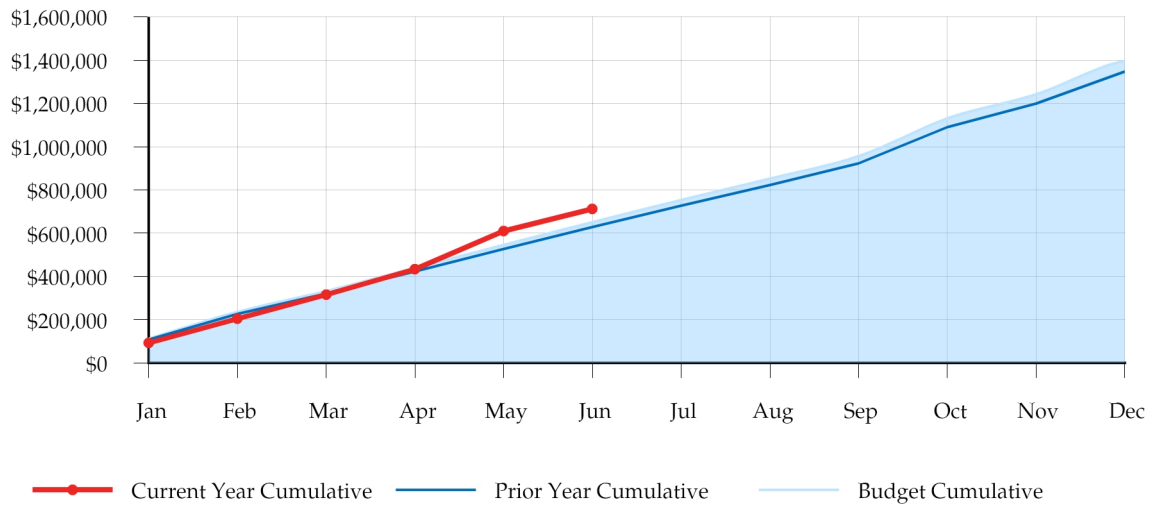
LODGING TAX REVENUE



Airport

Airport Revenue is up, exceeding budget by \$62,000 after 2 quarters. This measure includes all airport revenues which include airline landing fees, commercial rents, parking lot revenue, car rental and general aviation.

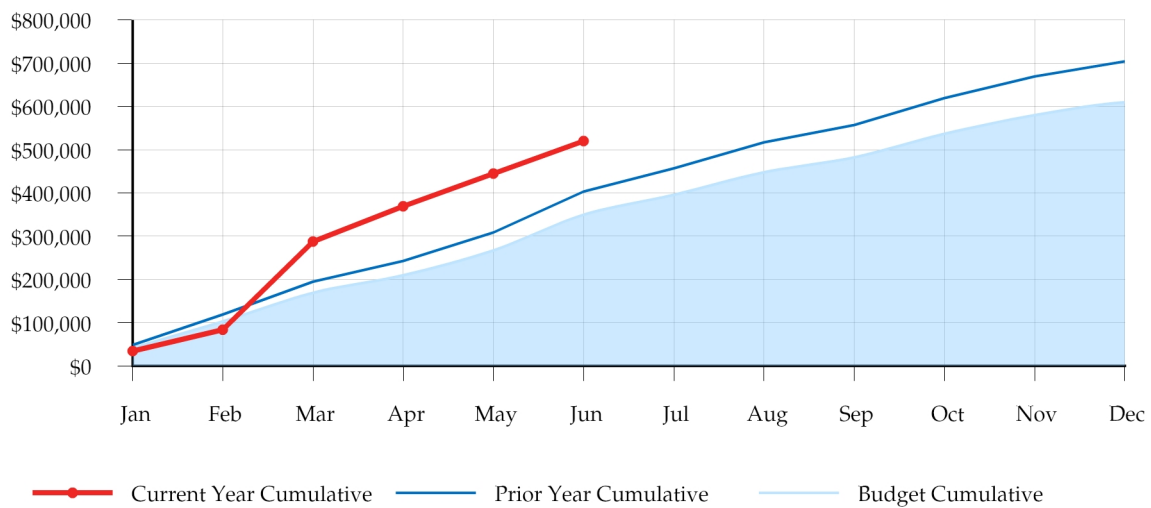
AIRPORT REVENUE



Building Permits

Building permit revenues, budgeted to reach \$610,000 by year-end, are currently up to \$520,000, ahead of budget by \$171,000.

BUILDING PERMIT REVENUE



CITY-WIDE FUND BALANCE SUMMARY

CHANGE IN FUND BALANCE

	2019	As of June 30th		
	Beginning Balance	2019 Actual Rev.	2019 Actual Exp.	Ending Balance
General Fund	\$ 9,061,873	\$ 33,449,987	\$ 31,160,050	\$ 11,351,810
Parks and Recreation	283,427	2,248,749	2,179,111	353,065
Street & Traffic Operations	470,252	2,876,042	2,885,875	460,419
General Government Subtotal	9,815,552	38,574,778	36,225,036	12,165,294
Other Governmental Operating Funds	5,541,290	5,620,965	6,534,567	4,627,688
Government Capital Funds	16,335,084	3,547,180	7,194,862	12,687,402
Enterprise Operating Funds	12,421,825	27,163,672	26,331,032	13,254,465
Enterprise Capital Funds	38,219,896	4,024,271	3,510,588	38,733,579
Internal Service Funds	3,883,038	2,894,894	2,492,908	4,285,024
Employee Benefit Reserve	2,910,659	6,311,990	6,866,152	2,356,497
Risk Management Reserves	1,856,654	1,088,453	2,663,170	281,937
Debt Service & Agency Funds	4,452,447	3,598,288	3,346,627	4,704,108
Total	<u>\$ 95,436,445</u>	<u>\$ 92,824,491</u>	<u>\$ 95,164,942</u>	<u>\$ 93,095,994</u>

This table shows fund balances by fund at this point in time, however due to seasonal fluctuations such as Property Tax revenues that come in twice a year, and debt payments made periodically, as well as other seasonal factors, this is intended to provide transparency and accountability but it not a reliable measure of predicted year-end.

CITY WIDE REVENUES & EXPENDITURES BY FUND GROUPING

REVENUE COMPARISON

(Budget vs. Actual)

	2018		2019		
	Actual as of 6/30	% Rec'd	Annual	Actual as of 6/30	% Rec'd
			Amended Budget		
General	\$ 34,043,201	50.6%	\$ 67,465,430	\$ 33,449,987	49.6%
Parks and Recreation	2,722,278	49.8%	5,259,740	2,248,749	42.8%
Street & Traffic Operations	2,490,481	44.8%	5,782,582	2,876,042	49.7%
General Government Subtotal	39,255,960	50.1%	78,507,752	38,574,778	49.1%
Other Government Operating Funds	6,165,859	41.6%	16,900,561	5,620,965	33.3%
Government Capital Funds	6,520,007	14.0%	42,223,961	3,547,180	8.4%
Enterprise Operating Funds	26,741,637	46.3%	60,490,047	27,163,672	44.9%
Enterprise Capital Funds	3,943,301	20.2%	19,892,710	4,024,271	20.2%
Internal Service Funds	2,211,792	36.2%	6,167,579	2,894,894	46.9%
Employee Benefit Reserves	6,761,460	47.0%	16,388,226	6,311,990	38.5%
Risk Management Reserve	2,123,479	50.9%	4,345,936	1,088,453	25.0%
Debt Service & Agency Funds	8,055,877	74.2%	7,529,200	3,598,288	47.8%
Total	\$ 101,779,372	40.3%	\$ 252,445,972	\$ 92,824,491	36.8%

EXPENDITURE COMPARISON

(Budget vs. Actual)

	2018		2019		
	Actual as of 6/30	% Exp'd	Annual	Actual as of 6/30	% Exp'd
			Amended Budget		
General	\$ 33,396,535	49.9%	\$ 67,358,718	\$ 31,160,050	46.3%
Parks and Recreation	2,664,284	47.4%	5,169,394	2,179,111	42.2%
Street & Traffic Operations	2,050,654	37.4%	7,662,384	2,885,875	37.7%
General Government Subtotal	38,111,473	48.8%	80,190,496	36,225,036	45.2%
Other Government Operating Funds	5,675,073	38.4%	16,992,455	6,534,567	38.5%
Government Capital Funds	6,281,107	14.9%	45,504,256	7,194,862	15.8%
Enterprise Operating Funds	27,885,402	46.6%	62,221,384	26,331,032	42.3%
Enterprise Capital Funds	3,015,509	11.0%	24,627,123	3,510,588	14.3%
Internal Service Funds	1,478,833	23.0%	9,238,850	2,492,908	27.0%
Employee Benefit Reserves	6,693,080	44.5%	16,128,416	6,866,152	42.6%
Risk Management Reserve	2,434,751	60.5%	4,301,306	2,663,170	61.9%
Debt Service & Agency Funds	6,598,214	60.8%	7,516,225	3,346,627	44.5%
Total	\$ 98,173,442	37.9%	\$ 266,720,511	\$ 95,164,942	35.7%

GENERAL GOVERNMENT REVENUE DETAIL

GENERAL GOVERNMENT REVENUES

General Fund	Revenues as of 6/30			2019	Percent
	2017	2018	2019	Amended Budget	
General Sales Tax	\$ 7,847,214	\$ 8,413,207	\$ 8,582,881	\$ 18,173,950	47.2%
Criminal Justice Sales Tax	1,561,128	1,748,032	1,689,479	3,584,560	47.1%
Property Tax	6,846,559	7,178,554	6,162,064	10,557,065	58.4%
Utility & Franchise Taxes	7,474,102	7,706,369	8,702,763	18,976,079	45.9%
Charges for Services	4,359,035	4,684,812	4,089,159	7,993,893	51.2%
State Shared Revenue	1,165,289	1,263,086	1,065,737	2,242,469	47.5%
Other Intergovernmental	420,529	332,566	297,817	740,490	40.2%
Fines and Forfeitures	913,029	932,600	839,074	1,939,817	43.3%
Other Taxes & Fees	960,937	970,745	915,301	1,655,074	55.3%
Licenses and Permits	432,767	581,628	739,095	939,850	78.6%
Other Revenue	182,856	231,602	366,616	662,183	55.4%
Total General Fund	32,163,445	34,043,201	33,449,986	67,465,430	49.6%
Parks & Recreation					
Property Tax	1,437,086	1,541,401	1,412,195	2,560,000	55.2%
Charges for Services	497,100	514,765	452,890	884,050	51.2%
State Shared Revenue	11,550	11,915	11,915	23,830	50.0%
Other Intergovernmental	19,462	36,370	9,952	50,500	19.7%
Transfers from other Funds	643,524	535,072	292,134	1,513,060	19.3%
Other Revenue	120,006	82,754	69,663	228,300	30.5%
Total Parks & Recreation	2,728,728	2,722,277	2,248,749	5,259,740	42.8%
Streets					
Property Tax	1,956,315	1,715,537	1,721,843	3,121,325	55.2%
Charges for Services	254,400	4,150	292,618	720,000	40.6%
State Shared Revenue	621,352	630,378	589,736	1,319,812	44.7%
Other Intergovernmental	58,615	126,468	122,280	246,900	49.5%
Other Taxes & Fees	—	—	—	150,000	—%
Transfers from other Funds	—	—	88,272	176,545	50.0%
Other Revenue	19,276	13,948	61,293	48,000	127.7%
Total Streets	2,909,958	2,490,481	2,876,042	5,782,582	49.7%
Total General Government	\$ 37,802,131	\$ 39,255,959	\$ 38,574,777	\$ 78,507,752	49.1%

GENERAL GOVERNMENT EXPENDITURE DETAIL

GENERAL GOVERNMENT EXPENDITURES

	Expenditures as of 6/30			2019	Percent
	2017	2018	2019	Amended Budget	
Police	\$ 14,330,516	\$ 14,719,266	\$ 13,846,141	\$ 30,250,940	45.8%
Fire	6,524,331	6,870,171	7,434,761	14,259,577	52.1%
Information Technology	1,858,728	1,778,458	1,639,512	3,711,761	44.2%
Interfund Distributions	2,135,924	2,261,197	753,867	2,143,060	35.2%
Code Administration	896,290	928,453	960,044	1,974,496	48.6%
Legal	782,210	811,792	884,053	1,938,043	45.6%
Finance	786,003	765,690	754,934	1,787,366	42.2%
Municipal Court	702,212	766,571	778,911	1,711,215	45.5%
Firemen's Relief/Pension	589,804	611,537	657,309	1,216,963	54.0%
Indigent Defense	517,189	419,426	524,724	1,050,000	50.0%
Police Pension	459,257	450,848	414,133	929,497	44.6%
Engineering	352,233	345,714	347,753	778,311	44.7%
Human Resources	304,443	343,376	367,947	768,113	47.9%
City Clerk/Records	219,505	227,490	217,897	717,207	30.4%
Planning	285,799	306,716	336,255	707,117	47.6%
Purchasing	274,749	295,713	304,673	647,613	47.0%
City Management	203,775	211,501	267,067	629,681	42.4%
City Hall Facility	370,011	251,528	211,318	602,352	35.1%
Economic Development	252,042	189,840	144,407	313,243	46.1%
City Council	158,630	171,081	143,023	275,686	51.9%
Parking	83,361	78,854	80,995	186,854	43.3%
Intergovernmental	96,759	91,313	86,194	162,689	53.0%
State Auditor	11,526	—	4,009	130,000	3.1%
Contingency	—	500,000	—	313,489	n/a
Total General Fund	32,195,297	33,396,535	31,159,927	67,205,273	46.4%
Parks & Recreation Fund	2,701,738	2,664,284	2,179,111	5,169,394	42.2%
Street & Traffic Ops.	2,759,671	2,050,654	2,885,875	7,662,384	37.7%
Total General Government	\$ 37,656,706	\$ 38,111,473	\$ 36,224,913	\$ 80,037,051	45.3%

OTHER FUNDS DETAIL

OTHER GOVERNMENT OPERATING FUNDS

Fund	2019	As of June 30th		
	Beginning Balance	2019 Actual Rev.	2019 Actual Exp.	Ending Balance
Economic Development	\$ 70,321	\$ 49,798	\$ 46,392	\$ 73,727
Neighborhood Development	862,584	156,756	1,338,462	(319,122)
Community Relations	741,290	328,100	281,530	787,860
Cemetery	118,508	152,655	157,327	113,836
Emergency Services	9,414	806,916	465,033	351,297
Public Safety Communication	718,371	2,092,877	1,954,727	856,521
Police Grants	1,185,643	151,297	110,690	1,226,250
PBIA (Park/Bus Impr Area)	63,947	91,422	86,521	68,848
Trolley	19,856	1,275	26,688	(5,557)
Front Street Bus Impr Area	1,090	3,000	2,770	1,320
Conv Center (Tourist Promo)	377,237	530,888	833,456	74,669
Capitol Theatre	34,144	214,063	228,111	20,096
PFD - Convention Center	1,028,440	454,487	477,906	1,005,021
Tourism Promotion Area	69,902	243,127	184,045	128,984
PFD - Capitol Theatre	240,544	344,305	340,909	243,940
Capitol Theatre Reserve	—	—	—	—
Total Other Gov't Oper Funds	\$ 5,541,291	\$ 5,620,966	\$ 6,534,567	\$ 4,627,690

GOVERNMENTAL CAPITAL FUNDS

Fund	2019	As of June 30th		
	Beginning Balance	2019 Actual Rev.	2019 Actual Exp.	Ending Balance
Arterial Street	\$ 2,147,691	\$ 588,259	\$ 2,545,653	\$ 190,297
Central Bus District Capital	(532,523)	17,899	—	(514,624)
Capitol Theatre Construction	149,087	30,000	8,070	171,017
Yakima Redevelopment Area	3,080,389	16,432	78,223	3,018,598
Parks & Recreation Capital	4,021,729	69,638	3,476,124	615,243
Fire Capital	393,621	80,402	16,200	457,823
Law and Justice Capital	444,425	281,798	33,906	692,317
Public Works Trust Construction	2,980,111	669,280	270,554	3,378,837
REET 2 Capital	1,060,389	586,845	475,488	1,171,746
Street Capital	951,821	827,328	232,649	1,546,500
Convention Center Cap Impr	1,056,992	379,300	44,603	1,391,689
Reserve for Capital Impr	581,353	—	13,393	567,960
Total Gov't Capital Funds	\$ 16,335,085	\$ 3,547,181	\$ 7,194,863	\$ 12,687,403

ENTERPRISE OPERATING FUNDS

Fund	2019	As of June 30th		
	Beginning	2019	2019	Ending
	Balance	Actual Rev.	Actual Exp.	Balance
Airport Operating	\$ 151,561	\$ 715,266	\$ 646,949	\$ 219,878
Stormwater Operating	1,157,263	2,127,603	1,797,413	1,487,453
Transit Operating	4,124,523	3,579,458	3,912,846	3,791,135
Refuse	1,573,403	3,683,417	3,168,345	2,088,475
Wastewater Operating	3,342,077	11,001,591	10,417,652	3,926,016
Water Operating	1,444,364	4,492,476	4,669,699	1,267,141
Irrigation	628,633	935,615	972,617	
Utility Services	—	628,246	745,511	(117,265)
Total Enterprise Oper Funds	\$ 12,421,824	\$ 27,163,672	\$ 26,331,032	\$ 12,662,833

ENTERPRISE CAPITAL FUNDS

Fund	2019	As of June 30th		
	Beginning	2019	2019	Ending
	Balance	Actual Rev.	Actual Exp.	Balance
Airport Capital	\$ 942,680	\$ 251,580	\$ 305,603	\$ 888,657
Stormwater Capital	5,605,362	601,265	834,023	5,372,604
Transit Capital	5,306,396	52,546	355,873	5,003,069
Wastewater Facilities Capital	3,133,277	489,917	49,307	3,573,887
Wastewater Const Capital	8,892,317	1,450,000	1,066,215	9,276,102
Wastewater Capital	5,787,084	300,917	547,785	5,540,216
Water Capital	4,324,604	250,750	265,552	4,309,802
Irrigation Capital	4,228,176	627,297	86,230	4,769,243
Total Enterprise Oper Funds	\$ 38,219,896	\$ 4,024,272	\$ 3,510,588	\$ 38,733,580

INTERNAL SERVICE FUNDS

Fund	2019	As of June 30th		
	Beginning	2019	2019	Ending
	Balance	Actual Rev.	Actual Exp.	Balance
Equipment Rental	\$ 2,734,045	\$ 2,170,581	\$ 1,871,528	\$ 3,033,098
Environmental	523,398	104,214	116,870	510,742
Public Works Admin	625,596	620,100	504,510	741,186
Total Enterprise Oper Funds	\$ 3,883,039	\$ 2,894,895	\$ 2,492,908	\$ 4,285,026

EMPLOYEE BENEFIT RESERVES

Fund	2019	As of June 30th		
	Beginning Balance	2019 Actual Rev.	2019 Actual Exp.	Ending Balance
Unemployment Comp Rsv	\$ 195,511	\$ 141,937	\$ 80,255	\$ 257,193
Employees Health Ben Rsv	2,684,307	5,086,081	6,153,229	1,617,159
Worker's Comp Rsv	(4,275)	1,083,972	605,648	474,049
Wellness/EAP	35,116	—	27,020	8,096
Total Employee Ben Reserve	\$ 2,910,659	\$ 6,311,990	\$ 6,866,152	\$ 2,356,497

RISK MANAGEMENT RESERVE

Fund	2019	As of June 30th		
	Beginning Balance	2019 Actual Rev.	2019 Actual Exp.	Ending Balance
Risk Management Reserve	\$ 1,856,654	\$ 1,088,453	\$ 2,663,170	\$ 281,937

DEBT SERVICE & AGENCY FUNDS

Fund	2019	As of June 30th		
	Beginning Balance	2019 Actual Rev.	2019 Actual Exp.	Ending Balance
GO Bond Redemption				
2002 GO Convention Center	\$ 166,440	\$ 513,469	\$ 558,863	\$ 121,046
2005 GO Various Bonds	8,733	1,894,196	2,297,557	(394,628)
1996 GO LTD - Convention Center	73,292	154,561	7,035	220,818
LID Debt Service Control	—	108,785	—	108,785
Total GO Bond Redemption	\$ 248,465	\$ 2,562,226	\$ 2,863,455	\$ 56,021
Water/Sewer Revenue Bond Redemption				
Water Rev Bonds & Debt Service	\$ 590,003	\$ —	\$ —	\$ 590,003
WW Rev Bond & 2008 Debt Service	260,397	62,531	41,688	281,240
Irrigation Bond Debt Service	120,276	82,577	27,526	175,327
WW Rev Bond Rsv & 2012 Debt Svc	2,548,911	103,700	69,133	2,583,478
Total W/S Rev Bond Redemption	\$ 3,519,587	\$ 248,808	\$ 138,347	\$ 3,630,048
Agency Funds				
Yakcorps	—	669,982	344,826	325,156
Cemetery Trust	684,396	8,486	—	692,882
Total Agency Funds	\$ 684,396	\$ 678,468	\$ 344,826	1,018,038