



## ***FINANCE DEPARTMENT***

**To:** Mayor and City Council  
Cynthia Martinez, Interim City Manager

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

**Date:** November 5, 2019

**Subject:** 2019 3rd Quarter Financial Update

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This financial update is an unaudited report for the 3rd quarter ended September 30, 2019, 9 months or 75% of the year, intended to inform and assist governance decisions for future planning. In total, city revenues are at 58.1% of budget and expenditures are at 55.0% of budget. The timing of Property Tax Revenue and the timing of Capital Fund Expenditures are always the biggest reason that revenues and expenditures are well below 75%.

Cash position and revenue charts on the following pages provide insight into the monitoring of revenue and the management of expenses. Quarterly Treasury report provides further cash analysis separately.

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

### **General Fund's Performance to Budget**

General Fund Revenues in total are at 72.2%; the largest components are:

- Sales Tax is at 73.6% , which is in line with prior year but lagging budget expectations
- Property Tax is at 60.3% 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 on target at year-end
- Utility and Franchise Taxes are at 71.8% . Utility Tax (Revenue) is expected to fall short of budget by year-end by \$700,000).

General Fund Expenditures in total are at 70.7%; the largest components are:

- Police expenditures are at 69.8%
- Fire Expenditures are at 77.2%
- Information Technology expenditures are at 63.8%

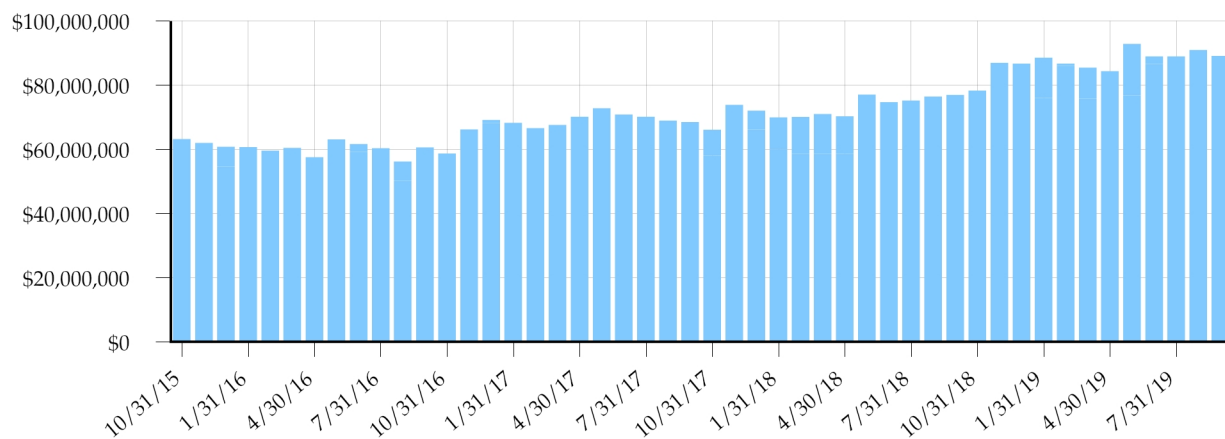
## REVENUE FORECAST

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 September at \$89.1 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.

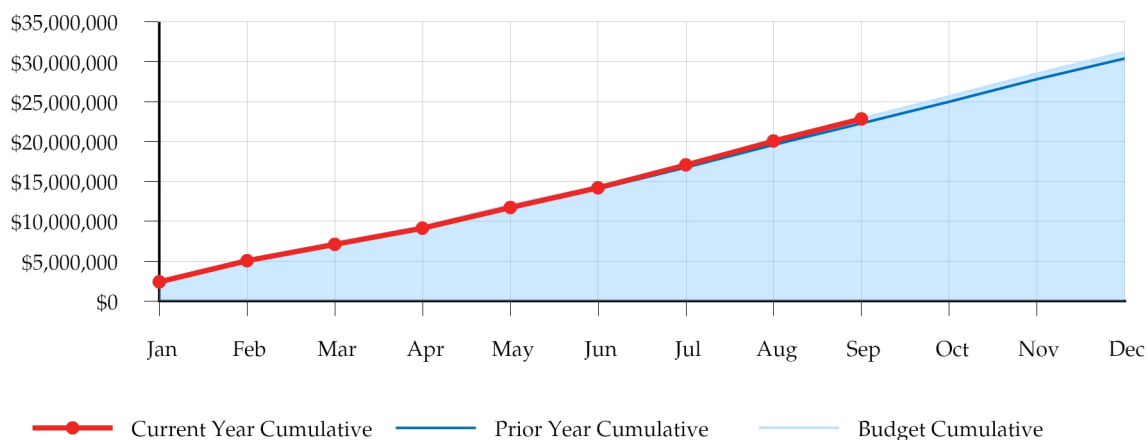
CASH AND INVESTMENTS HISTORY



### Sales Tax

This is the largest single funding source for the city. Following a sluggish 1st and 2nd quarter largely defined by poor weather, 3rd quarter receipts improved, exceeding prior year by \$562,992, now only slightly under the 2019 budgeted amount by \$21,682. Year-end budget is \$31.2 million.

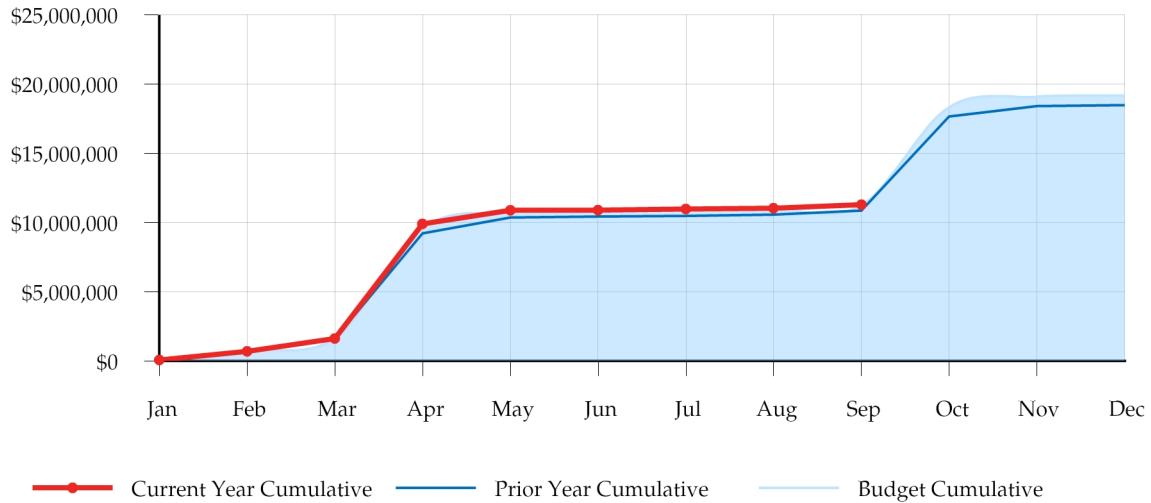
SALES TAX REVENUE



## Property Tax

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

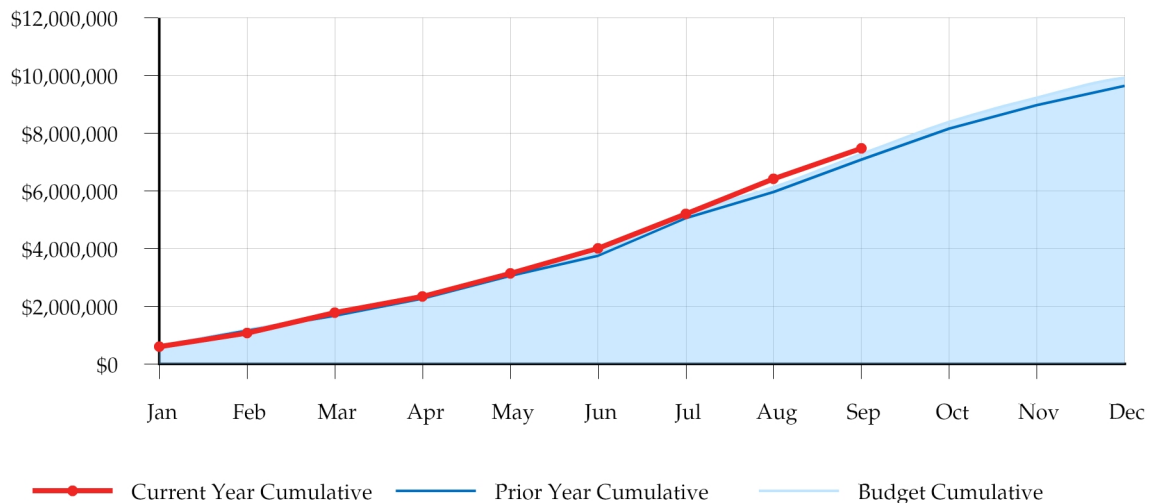
PROPERTY TAX REVENUE



## Water

Water revenue is up slightly, both over prior year and budget. At the end of the 3rd quarter, cumulative exceeds budget by \$193,166.

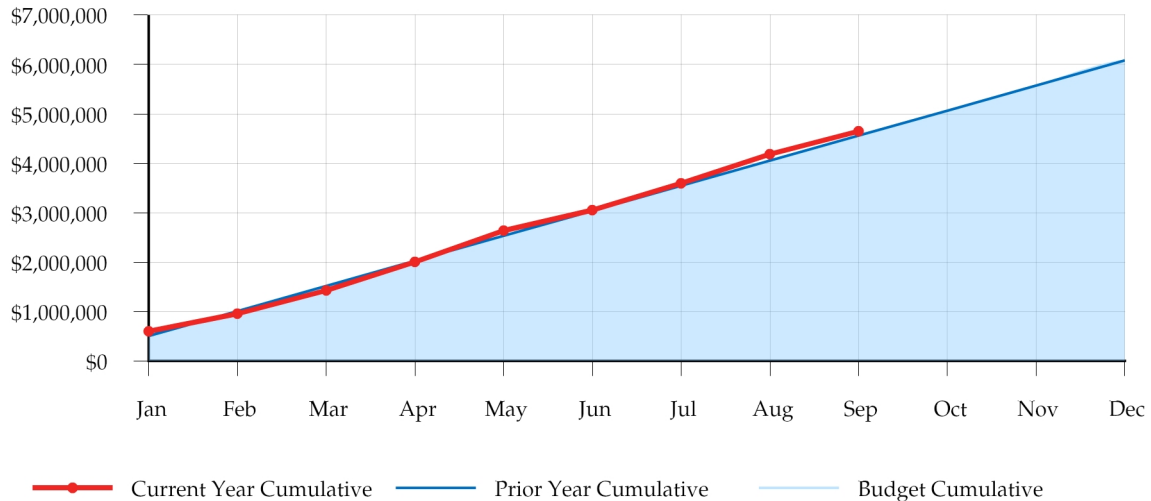
WATER REVENUE



## Refuse

Refuse revenue is up after three quarters - \$91,610 over budget, overcoming a negative 1st quarter that had been trailing budget by \$90,000.

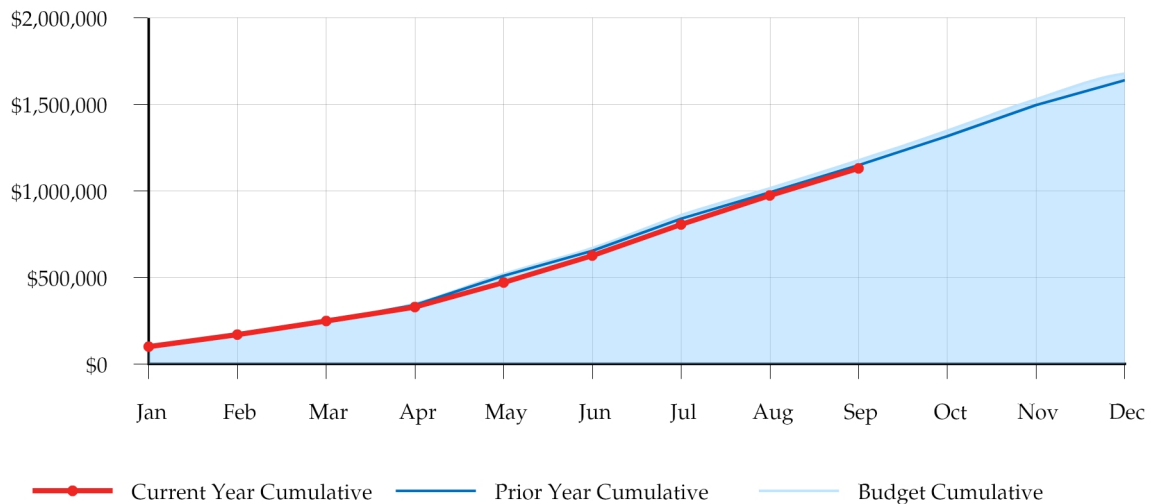
### REFUSE REVENUE



## Lodging Tax

Lodging tax was typically slow in the 1st quarter, and was running under both budget and prior year but picked up with June receipts. It is now trailing budget by \$46,314. 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.

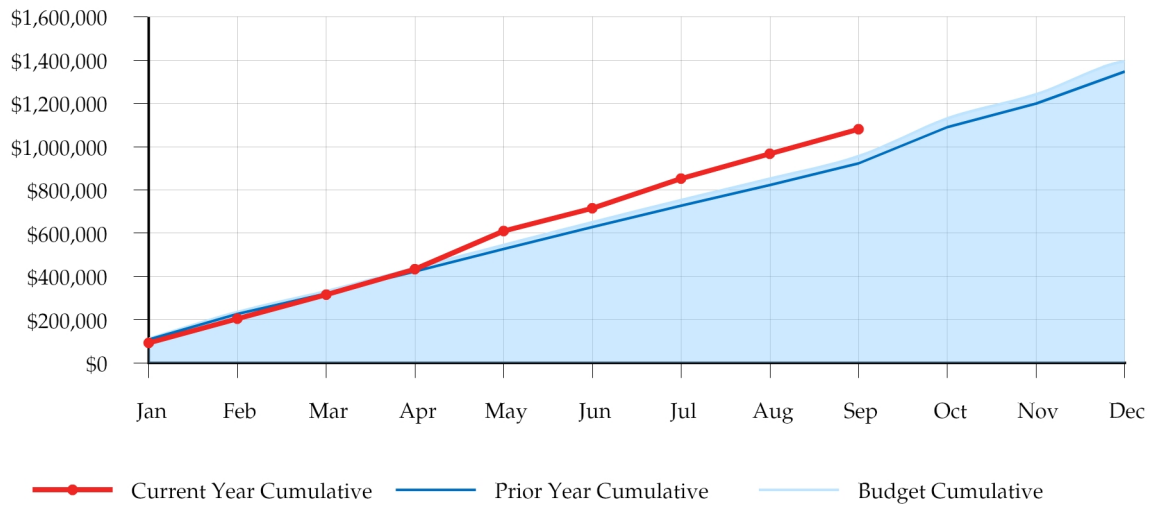
### LODGING TAX REVENUE



## Airport

Airport Revenue is up, exceeding budget by \$125,168 after three quarters. This measure includes all airport revenues which include airline landing fees, commercial rents, parking lot revenue, car rental and general aviation.

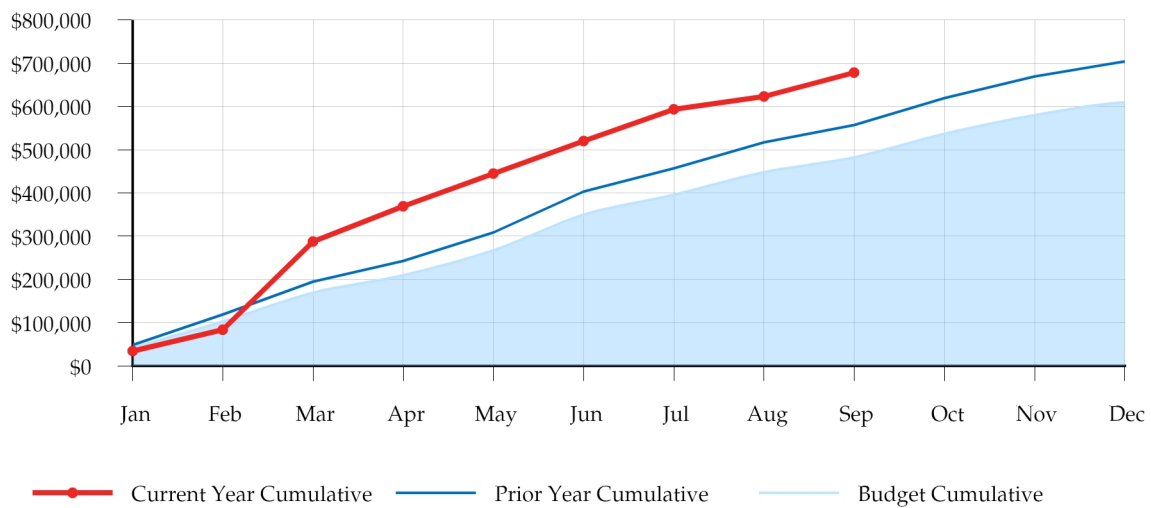
AIRPORT REVENUE



## Building Permits

Building permit revenues, budgeted to reach \$610,000 by year-end, are currently up to \$678,278, ahead of budget by \$195,588.

BUILDING PERMIT REVENUE



## CITY-WIDE FUND BALANCE SUMMARY

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### CHANGE IN FUND BALANCE

	2019	As of September 30th		
	Beginning Balance	2019 Actual Rev.	2019 Actual Exp.	Ending Balance
<b>General Fund</b>	\$ 9,061,873	\$ 48,692,695	\$ 47,594,151	\$ 10,160,417
Parks and Recreation	283,427	3,492,108	3,750,823	24,712
Street & Traffic Operations	470,252	3,373,510	4,086,228	(242,466)
<b>General Government Subtotal</b>	<u>9,815,552</u>	<u>55,558,313</u>	<u>55,431,202</u>	<u>9,942,663</u>
Other Governmental Operating Funds	5,541,290	9,085,733	9,106,617	5,520,406
Government Capital Funds	15,485,084	7,653,483	13,796,114	9,342,453
Enterprise Operating Funds	15,778,548	44,120,160	41,067,579	18,831,129
Enterprise Capital Funds	36,213,777	7,591,430	7,567,690	36,237,517
Internal Service Funds	4,777,031	4,237,830	3,991,892	5,022,969
Employee Benefit Reserve	432,616	10,929,257	10,274,246	1,087,627
Risk Management Reserves	1,802,216	3,169,713	3,093,113	1,878,816
Debt Service & Agency Funds	2,456,990	4,316,644	3,824,882	2,948,752
<b>Total</b>	<u>\$ 92,303,104</u>	<u>\$ 146,662,563</u>	<u>\$ 148,153,335</u>	<u>\$ 90,812,332</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	%	Annual	Actual	%
			Amended		
	as of 9/30	Rec'd	Budget	as of 9/30	Rec'd
General	\$ 47,592,725	70.7%	\$ 67,465,430	\$ 48,692,695	72.2%
Parks and Recreation	3,438,746	62.9%	5,259,740	3,492,108	66.4%
Street & Traffic Operations	3,218,188	57.9%	5,782,582	3,373,510	58.3%
<b>General Government Subtotal</b>	<b>54,249,659</b>	<b>69.3%</b>	<b>78,507,752</b>	<b>55,558,313</b>	<b>70.8%</b>
Other Government Operating Funds	8,308,169	56.0%	16,900,561	9,085,733	53.8%
Government Capital Funds	21,498,380	46.2%	42,223,961	7,653,483	18.1%
Enterprise Operating Funds	41,666,961	72.1%	60,490,047	44,120,160	72.9%
Enterprise Capital Funds	6,122,639	31.3%	19,892,710	7,591,430	38.2%
Internal Service Funds	4,380,727	71.6%	6,167,579	4,237,830	68.7%
Employee Benefit Reserves	10,054,682	69.8%	16,388,226	10,929,257	66.7%
Risk Management Reserve	3,210,018	76.9%	4,345,936	3,169,713	72.9%
Debt Service & Agency Funds	13,057,118	120.2%	7,529,200	4,316,644	57.3%
<b>Total</b>	<b>\$ 162,548,353</b>	<b>64.4%</b>	<b>\$ 252,445,972</b>	<b>\$ 146,662,563</b>	<b>58.1%</b>

### EXPENDITURE COMPARISON

(Budget vs. Actual)

	2018		2019		
	Actual	%	Annual	Actual	%
			Amended		
	as of 9/30	Exp'd	Budget	as of 9/30	Exp'd
General	\$ 47,526,461	71.0%	\$ 67,358,718	\$ 47,594,151	70.7%
Parks and Recreation	4,152,207	73.8%	5,169,394	3,750,823	72.6%
Street & Traffic Operations	3,824,743	69.8%	7,662,384	4,086,228	53.3%
<b>General Government Subtotal</b>	<b>55,503,411</b>	<b>71.1%</b>	<b>80,190,496</b>	<b>55,431,202</b>	<b>69.1%</b>
Other Government Operating Funds	8,391,134	56.8%	16,992,455	9,106,617	53.6%
Government Capital Funds	12,716,671	30.1%	45,504,256	13,796,114	30.3%
Enterprise Operating Funds	41,245,028	68.9%	62,221,384	41,067,579	66.0%
Enterprise Capital Funds	3,546,043	12.9%	27,327,123	7,567,690	27.7%
Internal Service Funds	3,101,422	48.3%	9,238,850	3,991,892	43.2%
Employee Benefit Reserves	9,861,088	65.6%	16,128,416	10,274,246	63.7%
Risk Management Reserve	2,986,635	74.3%	4,301,306	3,093,113	71.9%
Debt Service & Agency Funds	11,337,508	104.5%	7,516,225	3,824,882	50.9%
<b>Total</b>	<b>\$ 148,688,940</b>	<b>57.5%</b>	<b>\$ 269,420,511</b>	<b>\$ 148,153,335</b>	<b>55.0%</b>

## GENERAL GOVERNMENT REVENUE DETAIL

### GENERAL GOVERNMENT REVENUES

General Fund	Revenues as of 9/30			2019	Percent
	2017	2018	2019	Amended Budget	
General Sales Tax	\$ 12,225,764	\$ 12,978,931	\$ 13,370,058	\$ 18,173,950	73.6%
Criminal Justice Sales Tax	2,453,260	2,701,011	2,662,007	3,584,560	74.3%
Property Tax	7,268,450	7,477,446	6,366,319	10,557,065	60.3%
Utility & Franchise Taxes	11,145,509	11,542,802	13,633,317	18,976,079	71.8%
Charges for Services	6,428,857	6,837,479	6,015,268	7,993,893	75.2%
State Shared Revenue	1,694,631	1,728,389	1,542,819	2,242,469	68.8%
Other Intergovernmental	563,928	504,375	517,467	740,490	69.9%
Fines and Forfeitures	1,376,901	1,304,023	1,249,413	1,939,817	64.4%
Other Taxes & Fees	1,207,149	1,235,395	1,196,454	1,655,074	72.3%
Licenses and Permits	612,113	826,477	989,802	939,850	105.3%
Other Revenue	349,124	456,395	1,149,772	662,183	173.6%
<b>Total General Fund</b>	<b>45,325,686</b>	<b>47,592,723</b>	<b>48,692,696</b>	<b>67,465,430</b>	<b>72.2%</b>
<b>Parks &amp; Recreation</b>					
Property Tax	1,522,092	1,601,982	1,464,645	2,560,000	57.2%
Charges for Services	712,391	732,051	687,898	884,050	77.8%
State Shared Revenue	17,325	17,873	17,873	23,830	75.0%
Other Intergovernmental	28,272	44,321	25,830	50,500	51.1%
Transfers from other Funds	1,063,655	908,781	1,168,922	1,513,060	77.3%
Other Revenue	180,628	133,740	126,940	228,300	55.6%
<b>Total Parks &amp; Recreation</b>	<b>3,524,363</b>	<b>3,438,748</b>	<b>3,492,108</b>	<b>5,259,740</b>	<b>66.4%</b>
<b>Streets</b>					
Property Tax	2,072,034	1,782,962	1,785,794	3,121,325	57.2%
Charges for Services	255,550	255,550	379,796	720,000	52.7%
State Shared Revenue	970,851	976,848	931,941	1,319,812	70.6%
Other Intergovernmental	121,412	188,413	183,401	246,900	74.3%
Other Taxes & Fees	—	—	—	150,000	—%
Transfers from other Funds	—	—	—	176,545	—%
Other Revenue	60,619	14,416	92,578	48,000	192.9%
<b>Total Streets</b>	<b>3,480,466</b>	<b>3,218,189</b>	<b>3,373,510</b>	<b>5,782,582</b>	<b>58.3%</b>
<b>Total General Government</b>	<b>\$ 52,330,515</b>	<b>\$ 54,249,660</b>	<b>\$ 55,558,314</b>	<b>\$ 78,507,752</b>	<b>70.8%</b>



## GENERAL GOVERNMENT EXPENDITURE DETAIL

### GENERAL GOVERNMENT EXPENDITURES

	Expenditures as of 9/30			2019	Percent
	2017	2018	2019	Amended Budget	
Police	\$ 20,683,411	\$ 21,145,841	\$ 21,129,877	\$ 30,250,940	69.8%
Fire	9,549,556	9,965,085	11,011,668	14,259,577	77.2%
Information Technology	2,608,027	2,394,946	2,369,623	3,711,761	63.8%
Interfund Distributions	3,875,470	2,688,292	1,765,911	2,143,060	82.4%
Code Administration	1,311,050	1,411,455	1,428,749	1,974,496	72.4%
Legal	1,162,889	1,192,884	1,302,109	1,938,043	67.2%
Finance	1,109,192	1,141,621	1,132,916	1,787,366	63.4%
Municipal Court	1,048,674	1,153,196	1,167,757	1,711,215	68.2%
Firemen's Relief/Pension	853,670	857,177	910,660	1,216,963	74.8%
Indigent Defense	768,840	672,882	785,431	1,050,000	74.8%
Police Pension	635,843	616,607	601,808	929,497	64.7%
Engineering	499,275	504,280	500,601	778,311	64.3%
Human Resources	456,680	513,589	556,487	768,113	72.4%
City Clerk/Records	326,630	343,642	337,002	717,207	47.0%
Planning	420,964	453,222	514,986	707,117	72.8%
Purchasing	406,072	439,183	453,764	647,613	70.1%
City Management	294,320	320,006	435,078	629,681	69.1%
City Hall Facility	455,320	371,424	400,712	602,352	66.5%
Economic Development	372,447	319,769	264,567	313,243	84.5%
City Council	201,845	208,826	188,808	275,686	68.5%
Parking	119,619	128,216	120,961	186,854	64.7%
Intergovernmental	117,542	124,560	122,825	162,689	75.5%
State Auditor	75,299	59,761	91,687	130,000	70.5%
Contingency	—	500,000	—	313,489	n/a
<b>Total General Fund</b>	<b>47,352,635</b>	<b>47,526,464</b>	<b>47,593,987</b>	<b>67,205,273</b>	<b>70.8%</b>
Parks & Recreation Fund	4,125,258	4,152,207	3,750,823	5,169,394	72.6%
Street & Traffic Ops.	4,091,357	3,824,743	4,086,228	7,662,384	53.3%
<b>Total General Government</b>	<b>\$ 55,569,250</b>	<b>\$ 55,503,414</b>	<b>\$ 55,431,038</b>	<b>\$ 80,037,051</b>	<b>69.3%</b>

## OTHER FUNDS DETAIL

### OTHER GOVERNMENT OPERATING FUNDS

Fund	2019	As of September 30th		
	Beginning Balance	2019 Actual Rev.	2019 Actual Exp.	Ending Balance
Economic Development	\$ 70,321	\$ 84,032	\$ 58,613	\$ 95,740
Neighborhood Development	862,584	1,087,301	1,595,448	354,437
Community Relations	741,290	488,113	427,740	801,663
Cemetery	118,508	189,463	236,228	71,743
Emergency Services	9,414	837,520	812,119	34,815
Public Safety Communication	718,371	3,158,565	2,906,141	970,795
Police Grants	1,185,643	206,124	200,531	1,191,236
PBIA (Park/Bus Impr Area)	63,947	123,207	129,377	57,777
Trolley	19,856	11,275	30,951	180
Front Street Bus Impr Area	1,090	3,700	2,770	2,020
Conv Center (Tourist Promo)	377,237	915,043	1,260,672	31,608
Capitol Theatre	34,144	311,547	349,381	(3,690)
PFD - Convention Center	1,028,440	706,417	481,315	1,253,542
Tourism Promotion Area	69,902	428,271	243,127	255,046
PFD - Capitol Theatre	240,544	535,154	372,206	403,492
Capitol Theatre Reserve	—	—	—	—
<b>Total Other Gov't Oper Funds</b>	<b>\$ 5,541,291</b>	<b>\$ 9,085,732</b>	<b>\$ 9,106,619</b>	<b>\$ 5,520,404</b>

### GOVERNMENTAL CAPITAL FUNDS

Fund	2019	As of September 30th		
	Beginning Balance	2019 Actual Rev.	2019 Actual Exp.	Ending Balance
Arterial Street	\$ 2,147,691	\$ 2,043,816	\$ 6,495,352	\$ (2,303,845)
Central Bus District Capital	(532,523)	542,410	—	9,887
Capitol Theatre Construction	149,087	30,000	8,070	171,017
Yakima Redevelopment Area	2,230,389	537,767	406,544	2,361,612
Parks & Recreation Capital	4,021,729	91,726	3,709,529	403,926
Fire Capital	393,621	94,435	24,595	463,461
Law and Justice Capital	444,425	506,937	141,399	809,963
Public Works Trust Construction	2,980,111	1,065,441	1,016,850	3,028,702
REET 2 Capital	1,060,389	983,006	767,788	1,275,607
Street Capital	951,821	1,274,894	367,322	1,859,393
Convention Center Cap Impr	1,056,992	473,050	841,376	688,666
Reserve for Capital Impr	581,353	10,000	17,289	574,064
<b>Total Gov't Capital Funds</b>	<b>\$ 15,485,085</b>	<b>\$ 7,653,482</b>	<b>\$ 13,796,114</b>	<b>\$ 9,342,453</b>

## ENTERPRISE OPERATING FUNDS

Fund	2019	As of September 30th		
	Beginning	2019	2019	Ending
	Balance	Actual Rev.	Actual Exp.	Balance
Airport Operating	\$ 86,890	\$ 1,081,743	\$ 959,315	\$ 209,318
Stormwater Operating	1,115,074	2,205,633	2,586,068	734,639
Transit Operating	3,856,311	5,651,000	6,088,756	3,418,555
Refuse	1,435,369	5,760,683	5,265,255	1,930,797
Wastewater Operating	6,299,131	18,623,723	16,175,080	8,747,774
Water Operating	1,983,267	8,224,363	7,458,505	2,749,125
Irrigation	1,002,506	1,458,070	1,419,697	1,040,879
Utility Services	—	1,114,944	1,114,903	41
<b>Total Enterprise Oper Funds</b>	<b>\$ 15,778,548</b>	<b>\$ 44,120,159</b>	<b>\$ 41,067,579</b>	<b>\$ 18,831,128</b>

## ENTERPRISE CAPITAL FUNDS

Fund	2019	As of September 30th		
	Beginning	2019	2019	Ending
	Balance	Actual Rev.	Actual Exp.	Balance
Airport Capital	\$ 458,802	\$ 1,843,688	\$ 1,833,745	\$ 468,745
Stormwater Capital	5,394,934	900,000	1,291,860	5,003,074
Transit Capital	6,291,546	187,013	528,024	5,950,535
Wastewater Facilities Capital	3,133,277	739,917	73,475	3,799,719
Wastewater Const Capital	7,080,518	2,184,954	1,258,857	8,006,615
Wastewater Capital	5,354,196	332,600	705,205	4,981,591
Water Capital	4,276,005	376,125	1,292,410	3,359,720
Irrigation Capital	4,224,499	1,027,133	584,114	4,667,518
<b>Total Enterprise Oper Funds</b>	<b>\$ 36,213,777</b>	<b>\$ 7,591,430</b>	<b>\$ 7,567,690</b>	<b>\$ 36,237,517</b>

## INTERNAL SERVICE FUNDS

Fund	2019	As of September 30th		
	Beginning	2019	2019	Ending
	Balance	Actual Rev.	Actual Exp.	Balance
Equipment Rental	\$ 3,650,802	\$ 3,203,179	\$ 3,007,654	\$ 3,846,327
Environmental	555,685	104,502	169,992	490,195
Public Works Admin	570,544	930,150	814,247	686,447
<b>Total Enterprise Oper Funds</b>	<b>\$ 4,777,031</b>	<b>\$ 4,237,831</b>	<b>\$ 3,991,893</b>	<b>\$ 5,022,969</b>

## EMPLOYEE BENEFIT RESERVES

Fund	2019	As of September 30th		
	Beginning Balance	2019 Actual Rev.	2019 Actual Exp.	Ending Balance
Unemployment Comp Rsv	\$ 193,601	\$ 164,298	\$ 122,746	\$ 235,153
Employees Health Ben Rsv	223,546	9,084,253	9,043,750	264,049
Worker's Comp Rsv	(13,652)	1,630,706	1,067,673	549,381
Wellness/EAP	29,121	50,000	40,077	39,044
<b>Total Employee Ben Reserve</b>	<b>\$ 432,616</b>	<b>\$ 10,929,257</b>	<b>\$ 10,274,246</b>	<b>\$ 1,087,627</b>

## RISK MANAGEMENT RESERVE

Fund	2019	As of September 30th		
	Beginning Balance	2019 Actual Rev.	2019 Actual Exp.	Ending Balance
Risk Management Reserve	\$ 1,802,216	\$ 3,169,713	\$ 3,093,113	\$ 1,878,816

## DEBT SERVICE & AGENCY FUNDS

Fund	2019	As of September 30th		
	Beginning Balance	2019 Actual Rev.	2019 Actual Exp.	Ending Balance
<b>GO Bond Redemption</b>				
2002 GO Convention Center	\$ 166,440	\$ 513,469	\$ 558,863	\$ 121,046
2005 GO Various Bonds	8,733	2,268,056	2,297,557	(20,768)
1996 GO LTD - Convention Center	73,292	258,390	7,035	324,647
LID Debt Service Control	—	109,355	—	109,355
<b>Total GO Bond Redemption</b>	<b>\$ 248,465</b>	<b>\$ 3,039,915</b>	<b>\$ 2,863,455</b>	<b>\$ 534,280</b>
<b>Water/Sewer Revenue Bond Redemption</b>				
Water Rev Bonds & Debt Service	\$ 366,880	\$ —	\$ —	\$ 366,880
WW Rev Bond & 2008 Debt Service	(20,419)	62,531	41,688	424
Irrigation Bond Debt Service	(24,038)	320,154	265,103	31,013
WW Rev Bond Rsv & 2012 Debt Svc	1,584,282	103,700	69,133	1,618,849
<b>Total W/S Rev Bond Redemption</b>	<b>\$ 1,906,705</b>	<b>\$ 486,385</b>	<b>\$ 375,924</b>	<b>\$ 2,017,166</b>
<b>Agency Funds</b>				
Yakcorps	(382,575)	669,982	585,504	(298,097)
Cemetery Trust	684,396	11,006	—	695,402
<b>Total Agency Funds</b>	<b>\$ 301,821</b>	<b>\$ 680,988</b>	<b>\$ 585,504</b>	<b>\$ 397,305</b>