



FINANCE DEPARTMENT

To: Mayor and City Council
Alex Meyerhoff, Interim City Manager

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

Date: February 18, 2020

Subject: 2019 4th Quarter Financial Update

This financial update is an unaudited report for the 4th quarter ended December 31, 2019, One year, or 100% of the year, intended to inform and assist governance decisions for future planning. In total, city revenues are at 82.2% of budget and expenditures are at 75.3% 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 100%.

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 99.6%; the largest components are:

- Sales Tax is at 100.0%.
- Property Tax is at 100.9%, up from year end estimates.
- Utility and Franchise Taxes are at 95.6%. Utility Tax (Revenue), falling short of budget at year-end by \$831,926.

General Fund Expenditures in total are at 94.3%; the largest components are:

- Police expenditures are at 94.4%.
- Fire Expenditures are at 102.4%.
- Information Technology expenditures are at 90.8%.

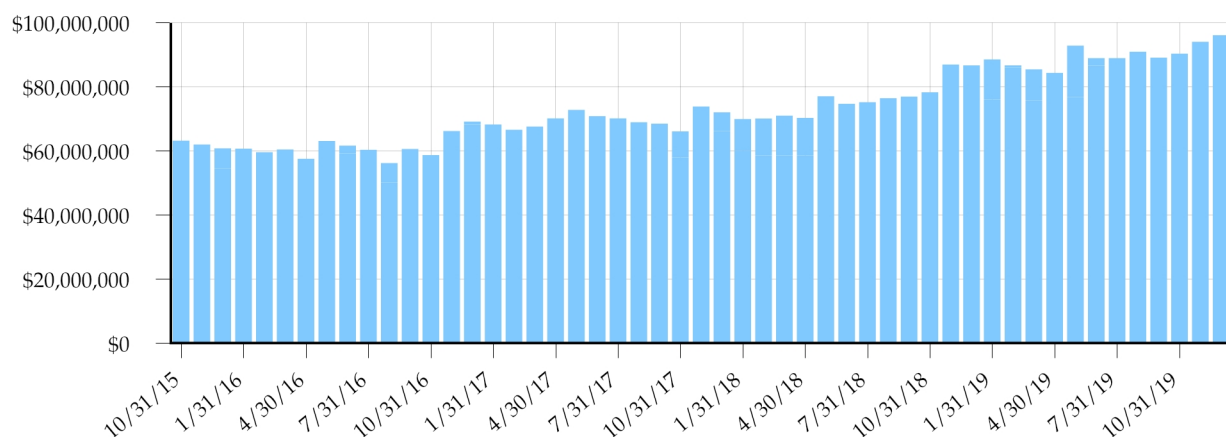
REVENUE FORECAST

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 December at \$96.1 million, an all-time high. Each month is best compared to the same month in previous years to account for seasonality and other annual events.

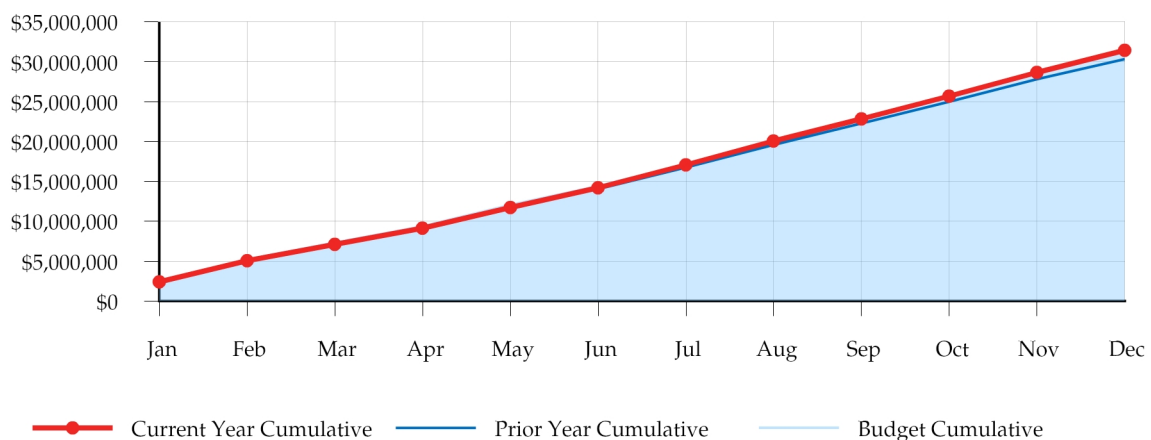
CASH AND INVESTMENTS HISTORY



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 and 4th quarter receipts improved, exceeding prior year by \$1,086,262 (or 3.6%). Year-end budget was \$31.2 million.

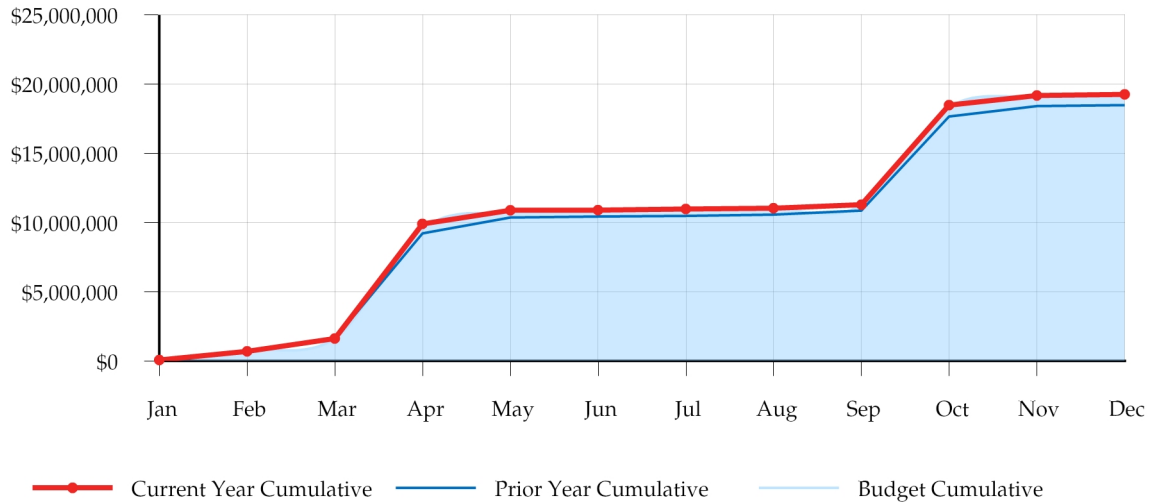
SALES TAX REVENUE



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 achieved budget at year-end.

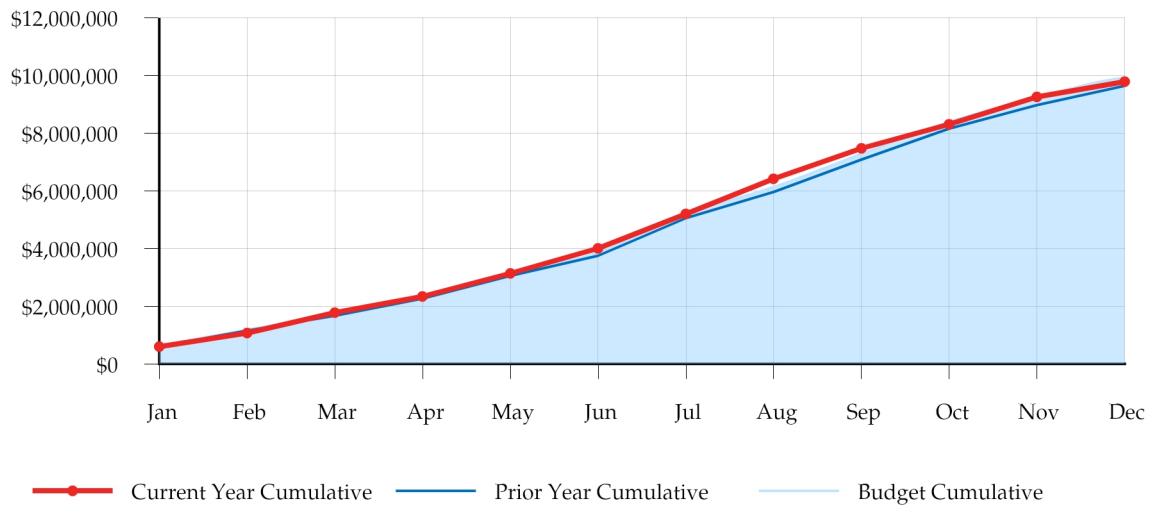
PROPERTY TAX REVENUE



Water

Water revenue is up slightly over prior year, but below budget. At the end of the 4th quarter, cumulative is just under budget by \$125,027.

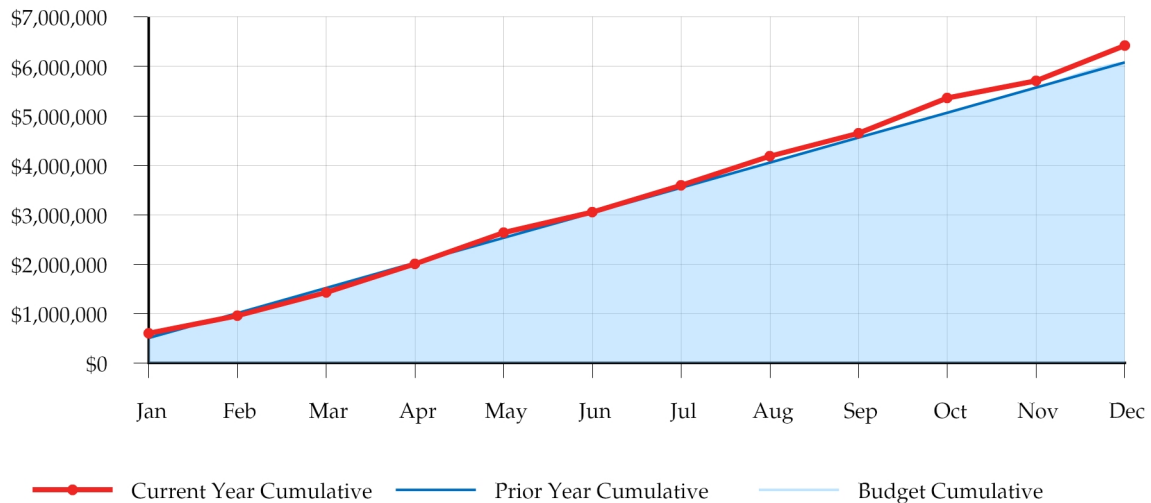
WATER REVENUE



Refuse

Refuse revenue is up after four quarters - \$345,580 over budget, overcoming a negative 1st quarter that had been trailing budget by \$90,000.

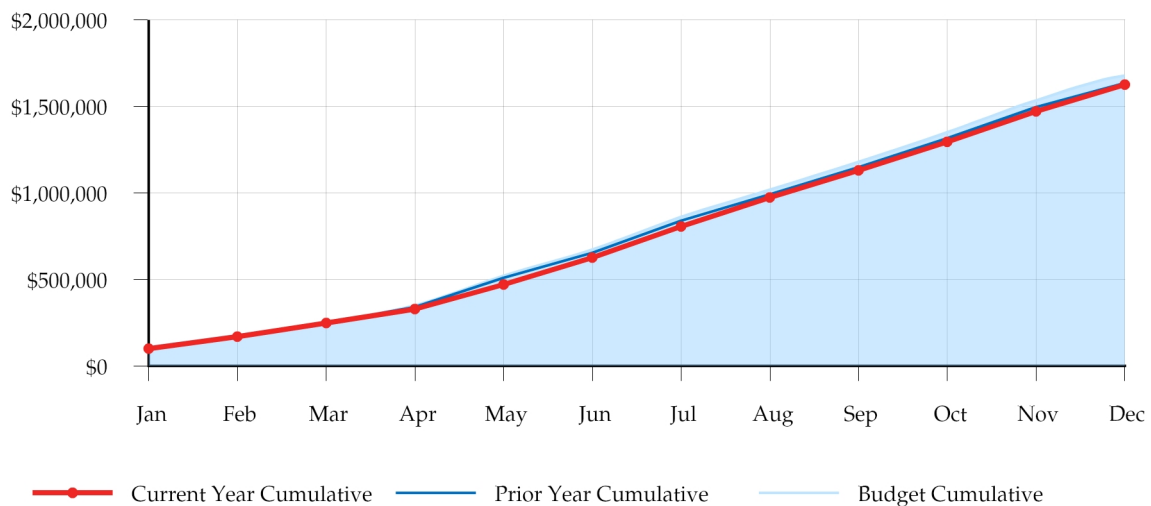
REFUSE REVENUE



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. At the end of 2019, it is under budget by \$52,092. 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.

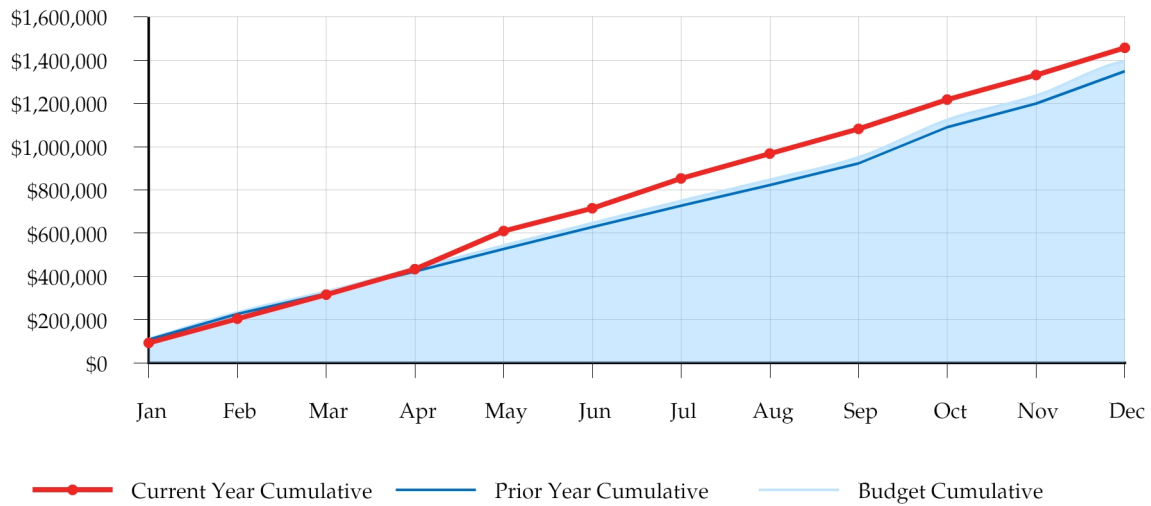
LODGING TAX REVENUE



Airport

Airport revenue is up, exceeding budget by \$47,791 after four quarters. This measure includes all airport revenues which include airline landing fees, commercial rents, parking lot revenue, car rental and general aviation.

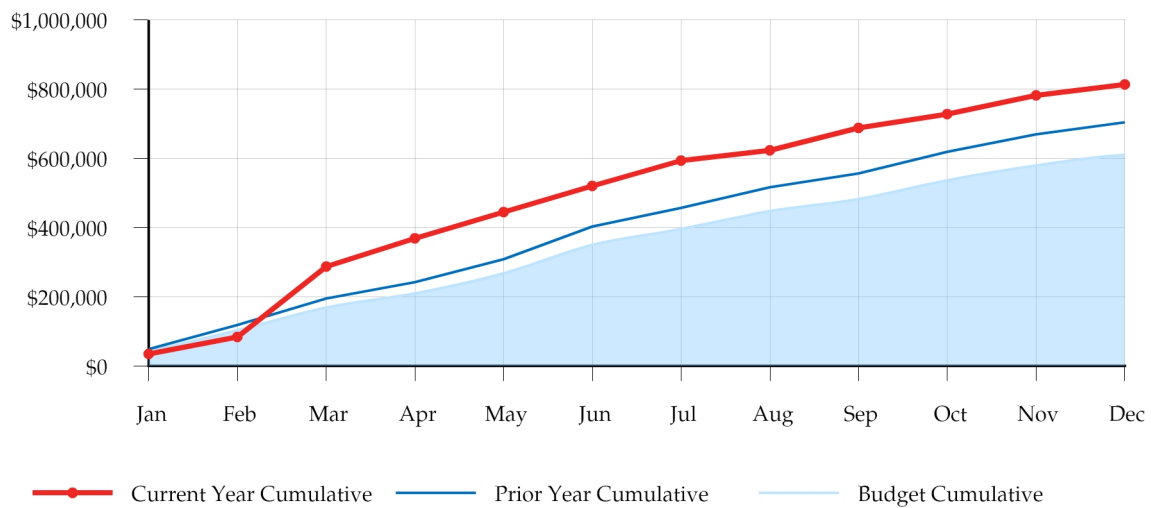
AIRPORT REVENUE



Building Permits

Building permit revenues, budgeted to reach \$610,000 by year-end, ended the year at \$814,050, ahead of budget by \$204,050.

BUILDING PERMIT REVENUE



CITY-WIDE FUND BALANCE SUMMARY

CHANGE IN FUND BALANCE

	2019	As of December 31st		
	Beginning Balance	2019 Actual Rev.	2019 Actual Exp.	Ending Balance
General Fund	\$ 9,061,873	\$ 67,208,532	\$ 64,039,734	\$ 12,230,671
Parks and Recreation	283,427	4,773,450	4,903,975	152,902
Street & Traffic Operations	470,252	5,399,623	5,574,420	295,455
General Government Subtotal	<u>9,815,552</u>	<u>77,381,605</u>	<u>74,518,129</u>	<u>12,679,028</u>
Other Governmental Operating Funds	5,541,290	13,183,949	13,313,228	5,412,011
Government Capital Funds	15,485,084	13,682,590	16,945,877	12,221,797
Enterprise Operating Funds	15,778,548	59,535,884	56,860,654	18,453,778
Enterprise Capital Funds	36,213,777	11,683,509	10,793,105	37,104,181
Internal Service Funds	4,777,031	5,721,899	6,675,806	3,823,124
Employee Benefit Reserve	432,616	14,597,964	13,865,916	1,164,664
Risk Management Reserves	1,802,216	4,411,668	3,553,205	2,660,679
Debt Service & Agency Funds	2,456,990	7,508,542	7,311,658	2,653,874
Total	<u>\$ 92,303,104</u>	<u>\$ 207,707,610</u>	<u>\$ 203,837,578</u>	<u>\$ 96,173,136</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 12/31	Rec'd	Budget	as of 12/31	Rec'd
General	\$ 64,309,071	95.6%	\$ 67,484,430	\$ 67,208,532	99.6%
Parks and Recreation	5,179,786	94.7%	5,259,740	4,773,450	90.8%
Street & Traffic Operations	6,286,209	113.0%	5,782,582	5,399,623	93.4%
General Government Subtotal	75,775,066	96.7%	78,526,752	77,381,605	98.5%
Other Government Operating Funds	13,164,784	88.8%	16,970,561	13,183,949	77.7%
Government Capital Funds	25,670,636	55.1%	42,444,961	13,682,590	32.2%
Enterprise Operating Funds	58,978,936	102.0%	60,530,047	59,535,884	98.4%
Enterprise Capital Funds	9,784,358	50.1%	19,892,710	11,683,509	58.7%
Internal Service Funds	5,982,355	97.8%	6,167,579	5,721,899	92.8%
Employee Benefit Reserves	14,353,682	99.7%	16,388,226	14,597,964	89.1%
Risk Management Reserve	4,374,653	104.8%	4,345,936	4,411,668	101.5%
Debt Service & Agency Funds	14,545,077	133.9%	7,529,200	7,508,542	99.7%
Total	\$ 222,629,547	88.1%	\$ 252,795,972	\$ 207,707,610	82.2%

EXPENDITURE COMPARISON

(Budget vs. Actual)

	2018		2019		
	Actual	%	Annual	Actual	%
			Amended		
	as of 12/31	Exp'd	Budget	as of 12/31	Exp'd
General	\$ 63,997,924	95.6%	\$ 67,922,046	\$ 64,039,734	94.3%
Parks and Recreation	4,931,743	87.7%	5,190,778	4,903,975	94.5%
Street & Traffic Operations	6,665,852	121.7%	7,662,384	5,574,420	72.8%
General Government Subtotal	75,595,519	96.9%	80,775,208	74,518,129	92.3%
Other Government Operating Funds	11,894,717	80.5%	17,090,902	13,313,228	77.9%
Government Capital Funds	18,378,377	43.5%	45,810,256	16,945,877	37.0%
Enterprise Operating Funds	55,802,440	93.3%	62,261,384	56,860,654	91.3%
Enterprise Capital Funds	6,618,742	24.1%	27,327,123	10,793,105	39.5%
Internal Service Funds	4,800,368	74.7%	9,668,153	6,675,806	69.0%
Employee Benefit Reserves	13,158,672	87.5%	16,128,416	13,865,916	86.0%
Risk Management Reserve	3,679,290	91.5%	4,301,306	3,553,205	82.6%
Debt Service & Agency Funds	14,407,945	132.8%	7,516,225	7,311,658	97.3%
Total	\$ 204,336,070	79.0%	\$ 270,878,973	\$ 203,837,578	75.3%

GENERAL GOVERNMENT REVENUE DETAIL

GENERAL GOVERNMENT REVENUES

General Fund	Revenues as of 12/31			2019	Percent
	2017	2018	2019	Amended Budget	
General Sales Tax	\$ 16,679,197	\$ 17,483,952	\$ 18,178,576	\$ 18,173,950	100.0%
Criminal Justice Sales Tax	3,380,679	3,624,037	3,622,593	3,584,560	101.1%
Property Tax	12,592,341	9,960,041	10,651,947	10,557,065	100.9%
Utility & Franchise Taxes	16,625,263	17,447,022	18,144,153	18,976,079	95.6%
Charges for Services	8,776,929	9,169,186	7,926,764	8,012,893	98.9%
State Shared Revenue	2,245,826	2,214,930	2,039,963	2,242,469	91.0%
Other Intergovernmental	847,856	686,216	734,645	740,490	99.2%
Fines and Forfeitures	1,826,935	1,755,518	1,628,806	1,939,817	84.0%
Other Taxes & Fees	1,541,629	1,665,150	1,591,001	1,655,074	96.1%
Licenses and Permits	856,077	1,033,260	1,207,407	939,850	128.5%
Other Revenue	837,958	1,008,038	1,482,677	662,183	223.9%
Total General Fund	66,210,690	66,047,350	67,208,532	67,484,430	99.6%
Parks & Recreation					
Property Tax	2,583,260	2,505,558	2,560,000	2,560,000	100.0%
Charges for Services	834,115	894,196	811,665	884,050	91.8%
State Shared Revenue	23,100	23,830	23,830	23,830	100.0%
Other Intergovernmental	60,926	67,334	53,365	50,500	105.7%
Transfers from other Funds	1,513,060	1,519,940	1,168,922	1,513,060	77.3%
Other Revenue	210,721	168,928	155,668	228,300	68.2%
Total Parks & Recreation	5,225,182	5,179,786	4,773,450	5,259,740	90.8%
Streets					
Property Tax	3,116,609	3,629,305	3,121,325	3,121,325	100.0%
Charges for Services	402,773	912,379	652,852	720,000	90.7%
State Shared Revenue	1,317,201	1,319,421	1,272,945	1,319,812	96.4%
Other Intergovernmental	184,137	252,484	244,529	246,900	99.0%
Other Taxes & Fees	—	—	—	150,000	—%
Transfers from other Funds	—	144,000	—	176,545	—%
Other Revenue	2,573,221	28,620	107,972	48,000	224.9%
Total Streets	7,593,941	6,286,209	5,399,623	5,782,582	93.4%
Total General Government	\$ 79,029,813	\$ 77,513,345	\$ 77,381,605	\$ 78,526,752	98.5%

GENERAL GOVERNMENT EXPENDITURE DETAIL

GENERAL GOVERNMENT EXPENDITURES

	Expenditures as of 12/31			2019	Percent
	2017	2018	2019	Amended Budget	
Police	\$ 28,657,996	\$ 29,260,677	\$ 28,791,478	\$ 30,514,794	94.4%
Fire	13,436,007	14,403,116	15,039,325	14,693,496	102.4%
Information Technology	3,521,662	3,343,615	3,369,949	3,711,761	90.8%
Interfund Distributions	4,187,350	2,085,575	1,765,911	2,143,060	82.4%
Code Administration	1,783,601	1,934,180	1,898,032	1,974,496	96.1%
Legal	1,616,593	1,656,089	1,721,211	1,938,043	88.8%
Finance	1,553,313	1,553,518	1,514,545	1,787,366	84.7%
Municipal Court	1,439,477	1,601,371	1,614,253	1,711,215	94.3%
Firemen's Relief/Pension	1,126,446	1,123,935	1,152,205	1,216,963	94.7%
Indigent Defense	1,021,792	1,015,983	1,053,270	1,050,000	100.3%
Police Pension	815,405	798,375	773,819	929,497	83.3%
Engineering	660,751	686,953	664,110	778,311	85.3%
Human Resources	613,633	685,227	742,607	768,113	96.7%
City Clerk/Records	636,541	622,093	460,093	717,207	64.2%
Planning	577,096	610,984	707,066	707,117	100.0%
Purchasing	557,489	600,219	687,952	647,613	106.2%
City Management	395,581	424,018	568,829	648,681	87.7%
City Hall Facility	550,676	495,872	561,193	602,352	93.2%
Economic Development	595,405	399,622	281,423	313,243	89.8%
City Council	253,907	252,979	243,632	275,686	88.4%
Parking	156,750	176,663	144,525	186,854	77.3%
Intergovernmental	156,361	150,680	146,617	162,689	90.1%
State Auditor	127,883	116,180	127,072	130,000	97.7%
Contingency	—	—	—	313,489	n/a
Total General Fund	64,441,715	63,997,924	64,029,117	67,922,046	94.3%
Parks & Recreation Fund	5,473,986	4,931,743	4,903,975	5,190,778	94.5%
Street & Traffic Ops.	7,295,657	6,665,852	5,574,420	7,662,384	72.8%
Total General Government	\$ 77,211,358	\$ 75,595,519	\$ 74,507,512	\$ 80,775,208	92.2%

OTHER FUNDS DETAIL

OTHER GOVERNMENT OPERATING FUNDS

Fund	2019	As of December 31th		
	Beginning Balance	2019 Actual Rev.	2019 Actual Exp.	Ending Balance
Economic Development	\$ 70,321	\$ 113,863	\$ 128,380	\$ 55,804
Neighborhood Development	862,584	1,523,981	2,094,768	291,797
Community Relations	741,290	647,033	585,300	803,023
Cemetery	118,508	333,618	301,809	150,317
Emergency Services	9,414	1,413,463	1,258,658	164,219
Public Safety Communication	718,371	4,222,803	3,962,332	978,842
Police Grants	1,185,643	394,355	378,425	1,201,573
PBIA (Park/Bus Improvement Area)	63,947	165,033	131,696	97,284
Trolley	19,856	11,275	31,512	(381)
Front Street Bus Improvement Area	1,090	5,276	2,820	3,546
Convention Center (Tourist Promo)	377,237	1,581,047	1,677,649	280,635
Capitol Theatre	34,144	471,498	471,867	33,775
PFD - Convention Center	1,028,440	963,328	971,359	1,020,409
Tourism Promotion Area	69,902	607,833	607,833	69,902
PFD - Capitol Theatre	240,544	729,541	708,819	261,266
Capitol Theatre Reserve	—	—	—	—
Total Other Gov't Operating Funds	\$ 5,541,291	\$ 13,183,947	\$ 13,313,227	\$ 5,412,011

GOVERNMENTAL CAPITAL FUNDS

Fund	2019	As of December 31th		
	Beginning Balance	2019 Actual Rev.	2019 Actual Exp.	Ending Balance
Arterial Street	\$ 2,147,691	\$ 5,998,459	\$ 7,637,102	\$ 509,048
Central Bus District Capital	(532,523)	593,561	—	61,038
Capitol Theatre Construction	149,087	60,000	8,070	201,017
Yakima Redevelopment Area	2,230,389	1,016,432	1,479,187	1,767,634
Parks & Recreation Capital	4,021,729	126,423	3,752,945	395,207
Fire Capital	393,621	108,438	77,062	424,997
Law and Justice Capital	444,425	606,159	395,258	655,326
Public Works Trust Construction	2,980,111	1,396,571	1,256,519	3,120,163
REET 2 Capital	1,060,389	1,316,672	775,320	1,601,741
Street Capital	951,821	1,690,275	464,012	2,178,084
Convention Center Cap Improvement	1,056,992	759,600	1,070,321	746,271
Reserve for Capital Improvement	581,353	10,000	30,080	561,273
Total Gov't Capital Funds	\$ 15,485,085	\$ 13,682,590	\$ 16,945,876	\$ 12,221,799

ENTERPRISE OPERATING FUNDS

Fund	2019	As of December 31th		
	Beginning	2019	2019	Ending
	Balance	Actual Rev.	Actual Exp.	Balance
Airport Operating	\$ 86,890	\$ 1,458,243	\$ 1,310,454	\$ 234,679
Stormwater Operating	1,115,074	3,622,578	3,661,356	1,076,296
Transit Operating	3,856,311	7,283,880	8,298,131	2,842,060
Refuse	1,435,369	8,041,634	7,338,664	2,138,339
Wastewater Operating	6,299,131	24,937,092	22,933,884	8,302,339
Water Operating	1,983,267	10,707,468	9,909,580	2,781,155
Irrigation	1,002,506	1,900,390	1,802,413	1,100,483
Utility Services	—	1,584,599	1,606,171	(21,572)
Total Enterprise Operating Funds	\$ 15,778,548	\$ 59,535,884	\$ 56,860,653	\$ 18,453,779

ENTERPRISE CAPITAL FUNDS

Fund	2019	As of December 31th		
	Beginning	2019	2019	Ending
	Balance	Actual Rev.	Actual Exp.	Balance
Airport Capital	\$ 458,802	\$ 2,955,622	\$ 3,385,969	\$ 28,455
Stormwater Capital	5,394,934	1,200,000	1,846,058	4,748,876
Transit Capital	6,291,546	1,119,966	646,480	6,765,032
Wastewater Facilities Capital	3,133,277	1,000,000	99,132	4,034,145
Wastewater Construction Capital	7,080,518	2,911,383	1,654,004	8,337,897
Wastewater Capital	5,354,196	628,531	915,414	5,067,313
Water Capital	4,276,005	501,500	1,329,058	3,448,447
Irrigation Capital	4,224,499	1,366,508	916,992	4,674,015
Total Enterprise Capital Funds	\$ 36,213,777	\$ 11,683,510	\$ 10,793,107	\$ 37,104,180

INTERNAL SERVICE FUNDS

Fund	2019	As of December 31th		
	Beginning	2019	2019	Ending
	Balance	Actual Rev.	Actual Exp.	Balance
Equipment Rental	\$ 3,650,802	\$ 4,337,817	\$ 5,295,033	\$ 2,693,586
Environmental	555,685	143,878	253,398	446,165
Public Works Administration	570,544	1,240,204	1,127,375	683,373
Total Enterprise Operating Funds	\$ 4,777,031	\$ 5,721,899	\$ 6,675,806	\$ 3,823,124

EMPLOYEE BENEFIT RESERVES

Fund	2019	As of December 31th		
	Beginning Balance	2019 Actual Rev.	2019 Actual Exp.	Ending Balance
Unemployment Comp Reserve	\$ 193,601	\$ 222,987	\$ 162,793	\$ 253,795
Employees Health Ben Reserve	223,546	12,273,352	12,206,229	290,669
Worker's Comp Reserve	(13,652)	2,051,475	1,440,184	597,639
Wellness/EAP	29,121	50,150	56,710	22,561
Total Employee Benefit Reserve	\$ 432,616	\$ 14,597,964	\$ 13,865,916	\$ 1,164,664

RISK MANAGEMENT RESERVE

Fund	2019	As of December 31th		
	Beginning Balance	2019 Actual Rev.	2019 Actual Exp.	Ending Balance
Risk Management Reserve	\$ 1,802,216	\$ 4,411,668	\$ 3,553,205	\$ 2,660,679

DEBT SERVICE & AGENCY FUNDS

Fund	2019	As of December 31th		
	Beginning Balance	2019 Actual Rev.	2019 Actual Exp.	Ending Balance
GO Bond Redemption				
2002 GO Convention Center	\$ 166,440	\$ 1,027,102	\$ 1,030,925	\$ 162,617
2005 GO Various Bonds	8,733	3,531,619	3,535,614	4,738
1996 GO LTD - Convention Center	73,292	335,529	349,070	59,751
LID Debt Service Control	—	—	—	—
Total GO Bond Redemption	\$ 248,465	\$ 4,894,250	\$ 4,915,609	\$ 227,106
Water/Sewer Revenue Bond Redemption				
Water Rev Bonds & Debt Service	\$ 366,880	\$ —	\$ —	\$ 366,880
WW Rev Bond & 2008 Debt Service	(20,419)	415,963	394,219	1,325
Irrigation Bond Debt Service	(24,038)	320,154	265,103	31,013
WW Rev Bond Rsv & 2012 Debt Svc	1,584,282	1,164,500	1,127,833	1,620,949
Total W/S Rev Bond Redemption	\$ 1,906,705	\$ 1,900,617	\$ 1,787,155	\$ 2,020,167
Agency Funds				
Yakcorps	(382,575)	669,982	596,895	(309,488)
Cemetery Trust	684,396	43,694	12,000	716,090
Total Agency Funds	\$ 301,821	\$ 713,676	\$ 608,895	\$ 406,602