



FINANCE DEPARTMENT

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

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

Date: April 21, 2020

Subject: 2020 1st Quarter Financial Update

This financial update is an unaudited report for the 1st quarter ended March 31, 2020, One quarter, or 25% of the year, intended to inform and assist governance decisions for future planning. In total, city revenues are at 19.1% of budget and expenditures are at 17.7% of budget. The timing of Property Tax Revenue, coming in, and the timing of Capital Fund Expenditures, going out, are always the biggest reason that revenues and expenditures are well below 25% at this point in the year.

Cash position and revenue charts on the following pages provide insight into the monitoring of revenue and the management of expenses. The Quarterly Treasury report, a separate report also available on the City's website, provides further cash and investment analysis.

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 21.9%; the largest components are:

- Sales Tax is at 8.2%.
- Property Tax is at 23.9%.
- Utility and Franchise Taxes are at 25.4%.

General Fund Expenditures in total are at 20.5%; the largest components are:

- Police expenditures are at 20.2%.
- Fire Expenditures are at 21.4%.
- Information Technology expenditures are at 23.5%.

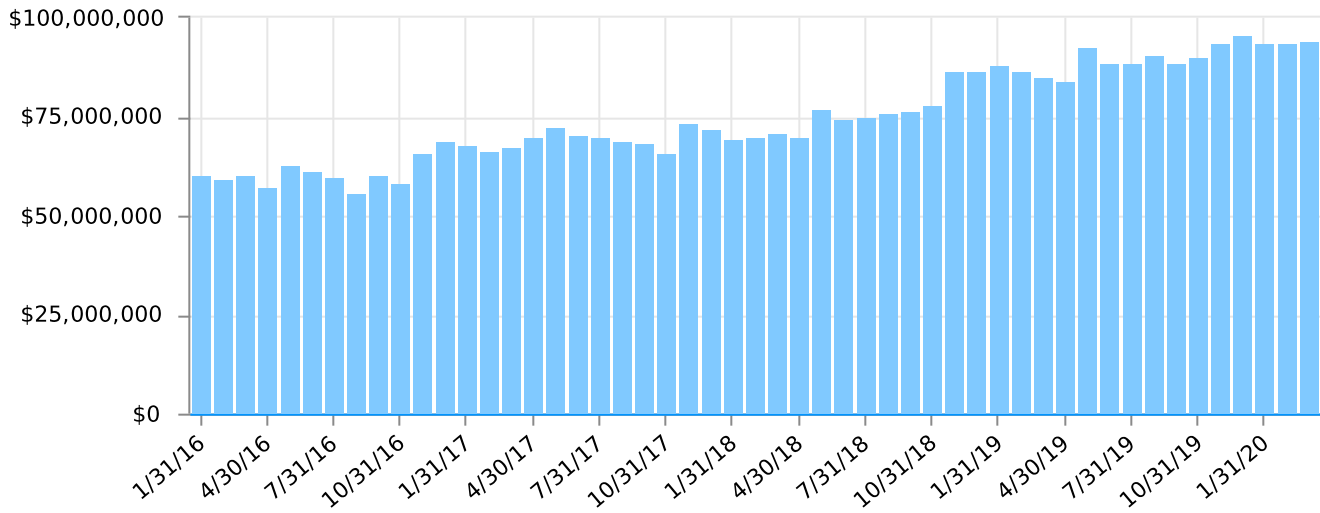
REVENUE FORECAST

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 March at \$94.3 million. Each month is best compared to the same month in previous years to account for seasonality and other annual events.

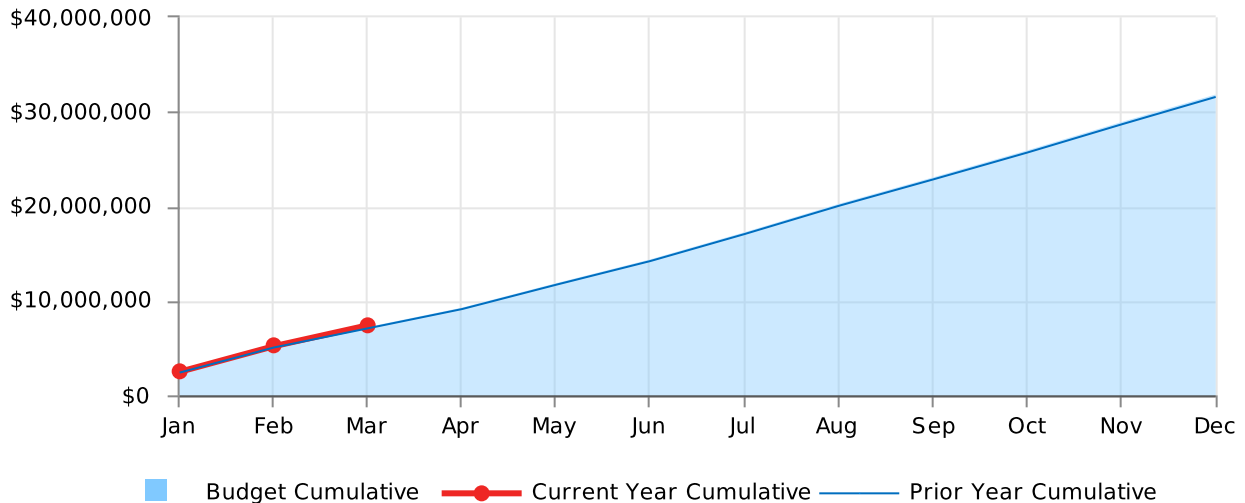
CASH AND INVESTMENTS HISTORY



Sales Tax

This is the largest single funding source for the city. The 1st quarter cumulative \$7.4 million exceeds budget by \$291,000 and exceeds prior year by \$324,000. In coming months we expect to see a material decrease due to the COVID-19 Emergency, however March actual results will not be received until May.

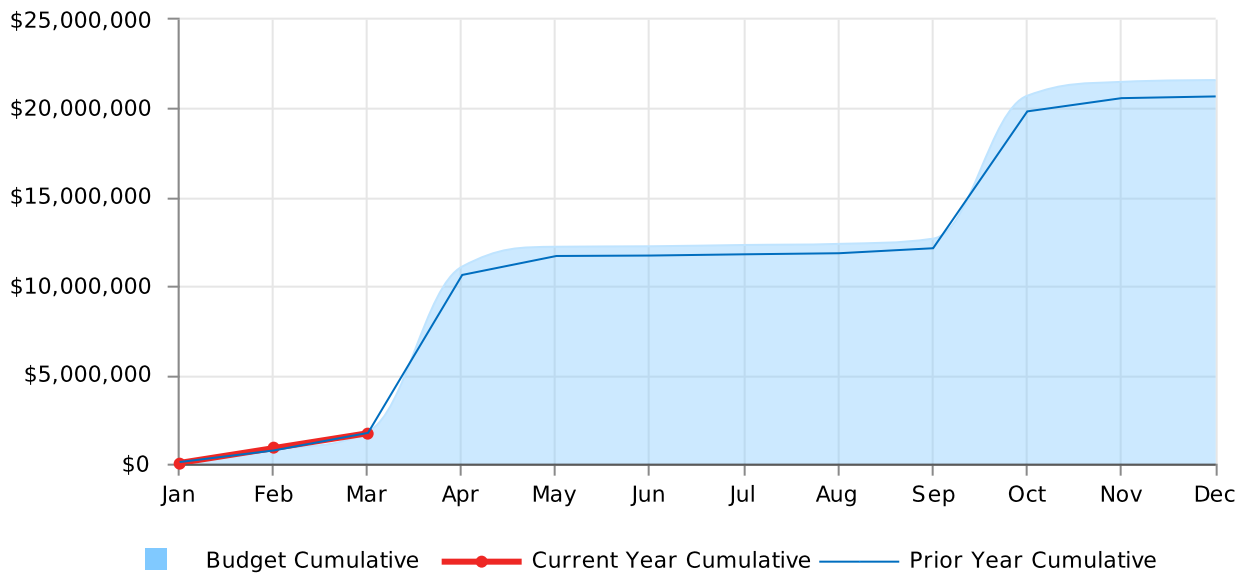
SALES TAX REVENUE



Property Tax

The 1st quarter cumulative revenue of \$1,716,000 is down \$95,000 below budget and \$17,000 below prior year. The 2020 budget increased by \$3 million due to assessed valuations; preliminary receipts are slightly favorable to budget however the first primary installments are paid in April .

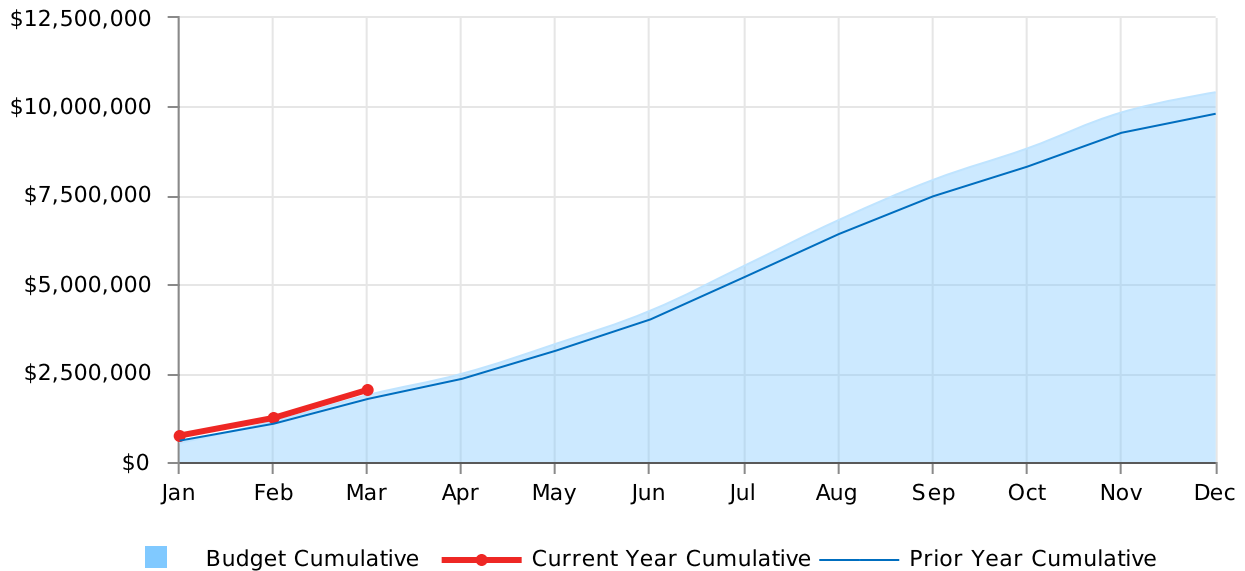
PROPERTY TAX REVENUE



Water

The 1st quarter cumulative revenue of \$2.0 million through March is up \$148,000 over budget and \$258,000 over prior year.

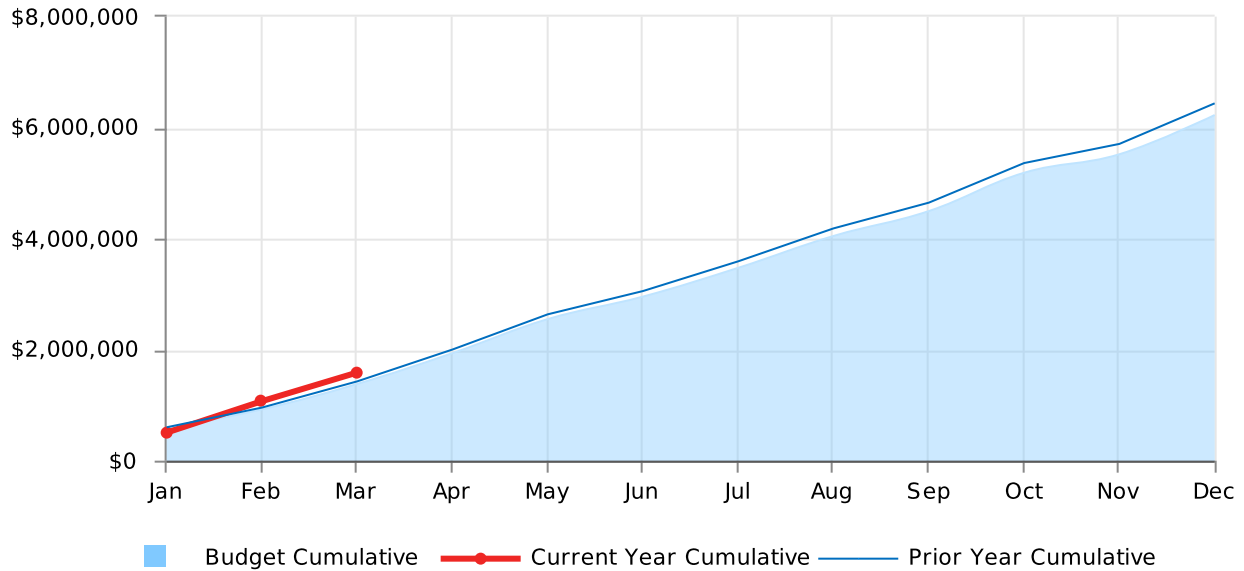
WATER REVENUE



Refuse

The 1st quarter cumulative revenue of \$1.6 million is up \$206,000 over budget and \$160,000 over prior year.

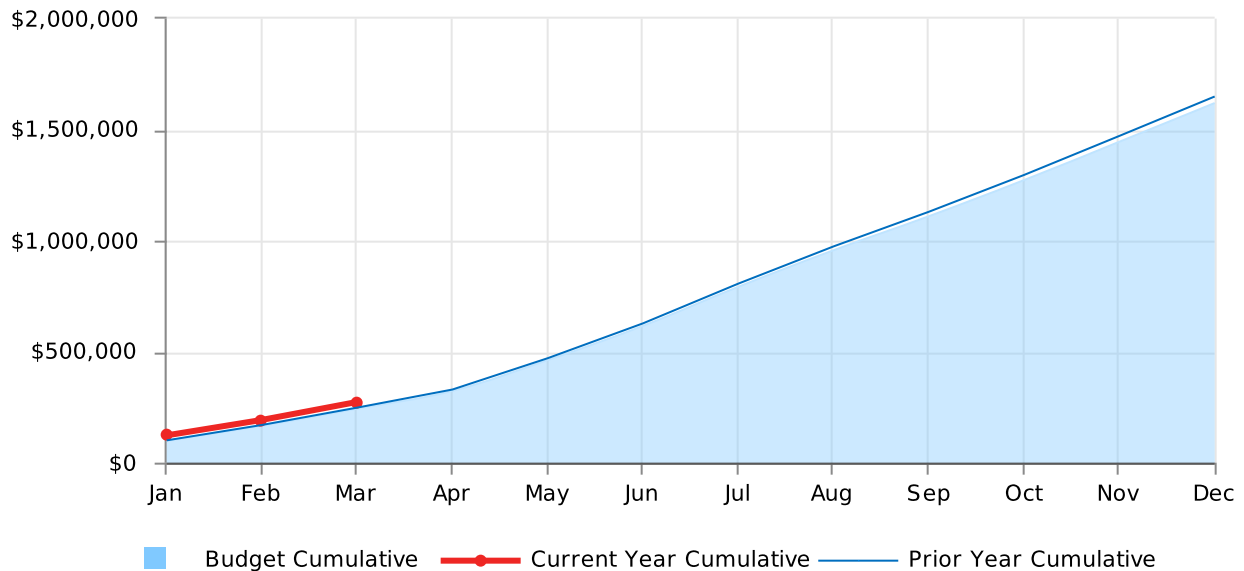
REFUSE REVENUE



Lodging Tax

The 1st quarter cumulative revenue of \$274,000 is up \$30,000 over budget and up \$26,000 over prior year. In the coming months we expect to see a material decrease due to the COVID-19 Emergency, however March actual results will not be received until May.

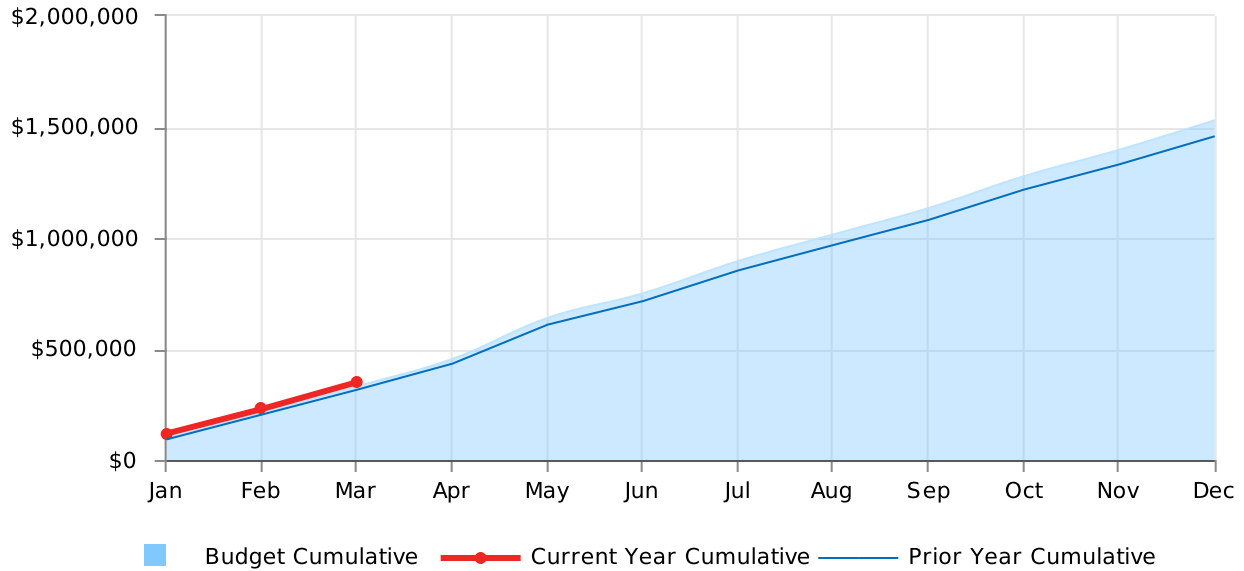
LODGING TAX REVENUE



Airport

The 1st quarter cumulative revenue of \$351,000 is up \$18,000 over budget and up \$34,000 over prior year. In the coming months we expect to see a material decrease due to the COVID-19 Emergency. This measure includes all airport revenues which include airline landing fees, commercial rents, parking lot revenue, car rental and general aviation.

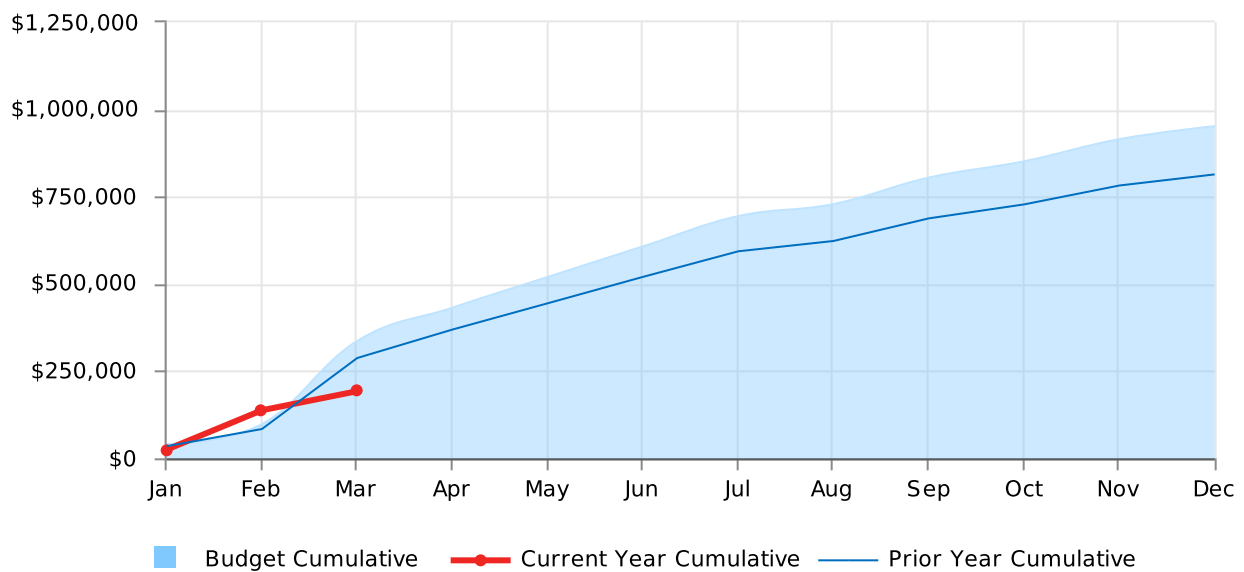
AIRPORT REVENUE



Building Permits

The 1st quarter cumulative revenue of \$193,000 are down \$144,000 below budget and \$95,000 below prior year, the first indicator of the COVID-19 Emergency's impact.

BUILDING PERMIT REVENUE



CITY-WIDE FUND BALANCE SUMMARY

CHANGE IN FUND BALANCE

	2020	As of March 31st		Ending Balance
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	
General Fund	\$ 10,987,514	\$ 15,272,032	\$ 14,251,584	\$ 12,007,962
Parks and Recreation	661,337	396,768	958,838	99,267
Street & Traffic Operations	179,146	673,779	1,268,837	(415,912)
General Government Subtotal	11,827,997	16,342,579	16,479,259	11,691,317
Other Governmental Operating Funds	5,708,398	2,774,601	2,726,146	5,756,853
Government Capital Funds	13,884,602	2,069,194	974,045	14,979,751
Enterprise Operating Funds	16,310,618	13,345,334	11,328,045	18,327,907
Enterprise Capital Funds	33,661,825	549,529	1,255,538	32,955,816
Internal Service Funds	2,920,735	1,220,216	2,030,715	2,110,236
Employee Benefit Reserve	1,720,117	3,605,217	4,073,631	1,251,703
Risk Management Reserves	2,737,608	1,268,594	2,073,472	1,932,730
Debt Service & Agency Funds	3,954,278	1,152,815	271,170	4,835,923
Total	<u>\$ 92,726,178</u>	<u>\$ 42,328,079</u>	<u>\$ 41,212,021</u>	<u>\$ 93,842,236</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 dept 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)

	2019		2020		
	Actual	%	Annual		%
	as of 3/31		Rec'd	Amended Budget	
General	\$ 14,881,563	22.1 %	\$ 69,882,924	\$ 15,272,032	21.9 %
Parks and Recreation	666,705	12.7 %	5,531,468	396,768	7.2 %
Street & Traffic Operations	657,840	11.4 %	8,661,450	673,779	7.8 %
General Government Subtotal	16,206,108	20.6 %	84,075,842	16,342,579	19.4 %
Other Government Operating Funds	2,233,170	13.2 %	14,118,887	2,774,601	19.7 %
Government Capital Funds	1,429,762	3.4 %	13,616,426	2,069,194	15.2 %
Enterprise Operating Funds	12,185,659	20.1 %	61,170,191	13,345,334	21.8 %
Enterprise Capital Funds	1,771,413	8.9 %	13,009,100	549,529	4.2 %
Internal Service Funds	1,192,764	19.3 %	6,122,344	1,220,216	19.9 %
Employee Benefit Reserves	3,884,392	23.7 %	16,480,664	3,605,217	21.9 %
Risk Management Reserve	1,057,824	24.3 %	5,037,870	1,268,594	25.2 %
Debt Service & Agency Funds	1,264,549	16.8 %	7,809,554	1,152,815	14.8 %
Total	\$ 41,225,641	16.3 %	\$ 221,440,878	\$ 42,328,079	19.1 %

EXPENDITURE COMPARISON (Budget vs. Actual)

	2019		2020		
	Actual	%	Annual		%
	as of 3/31		Exp'd	Amended Budget	
General	\$ 15,577,762	22.9 %	\$ 69,519,996	\$ 14,251,584	20.5 %
Parks and Recreation	884,459	17.0 %	5,531,468	958,838	17.3 %
Street & Traffic Operations	1,610,845	21.0 %	8,661,450	1,268,837	14.6 %
General Government Subtotal	18,073,066	22.4 %	83,712,914	16,479,259	19.7 %
Other Government Operating Funds	3,654,381	21.4 %	13,848,344	2,726,146	19.7 %
Government Capital Funds	1,629,364	3.6 %	12,250,748	974,045	8.0 %
Enterprise Operating Funds	12,302,386	19.8 %	62,433,441	11,328,045	18.1 %
Enterprise Capital Funds	1,239,017	4.5 %	25,268,221	1,255,538	5.0 %
Internal Service Funds	1,072,810	11.1 %	6,453,798	2,030,715	31.5 %
Employee Benefit Reserves	3,341,442	20.7 %	16,360,119	4,073,631	24.9 %
Risk Management Reserve	2,182,790	50.7 %	5,042,916	2,073,472	41.1 %
Debt Service & Agency Funds	273,624	3.6 %	7,802,697	271,170	3.5 %
Total	\$ 43,768,880	16.2 %	\$ 233,173,198	\$ 41,212,021	17.7 %

GENERAL GOVERNMENT REVENUE DETAIL

GENERAL GOVERNMENT REVENUES

General Fund	Revenues as of March 31			2020	Percent Rec'd
	2018	2019	2020	Amended Budget	
Property Tax	\$ 1,124,576	\$ 958,095	\$ 868,036	\$ 10,606,500	8.2 %
General Sales Tax	4,324,326	4,305,744	4,540,129	18,552,000	24.5 %
Crim. Justice Sales Tax	891,971	864,547	886,372	3,704,701	23.9 %
Utility & Franchise Taxes	4,531,031	4,561,033	4,859,046	19,141,920	25.4 %
Other Taxes	263,485	260,909	259,357	1,080,000	24.0 %
Licenses and Permits	707,968	774,842	693,790	1,905,970	36.4 %
Intergov't Revenues	1,021,831	843,945	975,432	3,858,942	25.3 %
Charges for Services	2,015,805	1,812,328	1,818,420	7,714,341	23.6 %
Fines and Forfeitures	457,121	429,505	351,851	1,812,000	19.4 %
Other Revenue	133,307	70,615	19,600	1,506,550	1.3 %
Total General Fund	15,471,421	14,881,563	15,272,033	69,882,924	21.9 %
Parks & Recreation					
Property Tax	227,453	195,506	213,089	2,826,147	7.5 %
Intergov't Revenues	17,630	11,539	28,819	69,330	41.6 %
Charges for Services	218,056	148,935	141,029	975,250	14.5 %
Other Revenue	360,396	310,725	13,832	1,660,740	0.8 %
Total Parks & Recreation	823,535	666,705	396,769	5,531,467	7.2 %
Streets					
Property Tax	253,149	238,374	302,826	4,016,314	7.5 %
Intergov't Revenues	373,772	362,215	359,160	1,513,000	23.7 %
Charges for Services	1,650	7,766	850	676,636	0.1 %
Other Revenue	3,695	49,484	10,942	2,455,500	0.4 %
Total Streets	632,266	657,839	673,778	8,661,450	7.8 %
Total General Government	\$ 16,927,222	\$ 16,206,107	\$ 16,342,580	\$ 84,075,841	19.4 %

GENERAL GOVERNMENT EXPENDITURE DETAIL

GENERAL GOVERNMENT EXPENDITURES

	Expenditures as of March 31			2020	Percent Exp'd
	2018	2019	2020	Amended Budget	
Police	\$ 6,348,872	\$ 6,633,407	\$ 6,211,415	\$ 30,737,805	20.2 %
Fire	3,284,915	3,572,082	3,310,567	15,482,039	21.4 %
Information Technology	952,896	915,238	975,309	4,146,602	23.5 %
Code Administration	442,956	414,471	413,649	1,986,531	20.8 %
Legal	388,030	428,992	467,710	1,980,706	23.6 %
Finance	377,936	391,959	419,509	1,906,304	22.0 %
Interfund Distributions	1,119,696	713,867	—	1,879,760	— %
Municipal Court	363,584	370,439	364,729	1,783,999	20.4 %
Firemen's Relief/Pension	344,077	406,789	367,288	1,176,376	31.2 %
Indigent Defense	164,731	172,351	268,579	1,050,000	25.6 %
Police Pension	236,308	241,656	242,010	867,197	27.9 %
Engineering	169,247	188,854	156,681	797,206	19.7 %
City Clerk/Records	105,595	101,707	117,901	779,047	15.1 %
Human Resources	170,136	189,483	181,709	770,739	23.6 %
Planning	155,313	157,953	185,936	823,262	22.6 %
Purchasing	144,361	149,158	113,095	686,784	16.5 %
City Hall Facility	165,903	129,567	131,402	604,700	21.7 %
City Management	103,298	119,093	104,264	572,936	18.2 %
Clean City Program	—	—	170	385,288	— %
Parking	37,210	42,775	37,831	280,187	13.5 %
City Council	122,010	105,870	103,512	275,790	37.5 %
Economic Development	101,177	86,054	52,956	252,548	21.0 %
Intergovernmental	31,483	47,088	25,361	162,689	15.6 %
Contingency	—	—	—	160,000	n/a
Total General Fund	15,329,734	15,578,853	14,251,583	69,548,495	20.5 %
Parks & Recreation Fund	995,852	884,459	958,838	5,531,468	17.3 %
Street & Traffic Ops.	645,147	1,610,845	1,268,837	8,661,450	14.6 %
Total General Government	\$ 16,970,733	\$ 18,074,157	\$ 16,479,258	\$ 83,741,413	19.7 %

OTHER FUNDS DETAIL

OTHER GOVERNMENT OPERATING FUNDS

Fund	2020	As of March 31th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
Economic Development	\$ 54,454	\$ 27,161	\$ 9,040	\$ 72,575
Neighborhood Development	703,369	477,680	148,891	1,032,158
Community Relations	799,493	164,396	137,008	826,881
Cemetery	149,216	33,815	80,322	102,709
Emergency Services	78,401	136,911	304,895	(89,583)
Public Safety Communication				—
Police Grants	1,199,193	65,273	89,595	1,174,871
PBLA (Park/Bus Improvement Area)	57,284	49,050	4,460	101,874
Trolley	45,791	1,275	358	46,708
Front Street Bus Improvement Area	3,546	600	3,315	831
Convention Center (Tourist Promo)	287,722	250,428	383,090	155,060
Capitol Theatre	34,275	121,002	115,024	40,253
PFD - Convention Center	1,043,475	254,831	216,576	1,081,730
Tourism Promotion Area	80,263	115,071	80,004	115,330
PFD - Capitol Theatre	266,291	193,053	178,564	280,780
Total Other Gov't Operating Funds	\$ 4,802,773	\$ 1,890,546	\$ 1,751,142	\$ 4,942,177

GOVERNMENTAL CAPITAL FUNDS

Fund	2020	As of March 31th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
Arterial Street	\$ 2,251,360	\$ 1,140,616	\$ 446,195	\$ 2,945,781
Central Bus District Capital	61,038	7,324	—	68,362
Capitol Theatre Construction	201,017	15,000	—	216,017
Yakima Redevelopment Area	1,566,930	—	46,175	1,520,755
Parks & Recreation Capital	395,207	108,348	108,812	394,743
Fire Capital	504,061	15,043	20,621	498,483
Law and Justice Capital	729,782	125,093	101,047	753,828
Public Works Trust Construction	3,120,163	240,448	43,937	3,316,674
REET 2 Capital	1,601,740	240,448	—	1,842,188
Street Capital	2,178,084	21,743	4,299	2,195,528
Convention Center Cap Improvement	713,946	155,131	202,959	666,118
Reserve for Capital Improvement	561,273	—	—	561,273
Total Gov't Capital Funds	\$ 13,884,601	\$ 2,069,194	\$ 974,045	\$ 14,979,750

ENTERPRISE OPERATING FUNDS

Fund	2020	As of March 31th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
Airport Operating	\$ 227,055	\$ 351,088	\$ 417,621	\$ 160,522
Stormwater Operating	1,418,779	544,795	513,394	1,450,180
Transit Operating	5,269,065	1,815,303	1,825,907	5,258,461
Refuse	2,239,915	1,823,127	1,663,434	2,399,608
Wastewater Operating	4,596,230	5,826,598	3,946,749	6,476,079
Water Operating	2,220,102	2,226,908	1,952,364	2,494,646
Irrigation	721,032	533,951	658,586	596,397
Utility Services	(381,561)	223,563	349,989	(507,987)
Total Enterprise Operating Funds	\$ 16,310,617	\$ 13,345,333	\$ 11,328,044	\$ 18,327,906

ENTERPRISE CAPITAL FUNDS

Fund	2020	As of March 31th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
Airport Capital	\$ (765,650)	\$ 82,018	\$ 62,594	\$ (746,226)
Stormwater Capital	4,076,681	—	681,588	3,395,093
Transit Capital	5,669,427	2,017	—	5,671,444
Wastewater Facilities Capital	4,034,146	12,771	112,115	3,934,802
Wastewater Construction Capital	8,181,012	—	99,041	8,081,971
Wastewater Capital	4,567,644	—	26,720	4,540,924
Water Capital	3,224,551	—	113,426	3,111,125
Irrigation Capital	4,674,015	452,722	160,055	4,966,682
Total Enterprise Capital Funds	\$ 33,661,826	\$ 549,528	\$ 1,255,539	\$ 32,955,815

INTERNAL SERVICE FUNDS

Fund	2020	As of March 31th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
Equipment Rental	\$ 1,575,109	\$ 856,347	\$ 1,692,575	\$ 738,881
Environmental	625,645	37,093	34,089	628,649
Public Works Administration	719,981	326,776	304,050	742,707
Total Enterprise Operating Funds	\$ 2,920,735	\$ 1,220,216	\$ 2,030,714	\$ 2,110,237

EMPLOYEE BENEFIT RESERVES

Fund	2020	As of March 31th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
Unemployment Comp Reserve	\$ 258,419	\$ 52,972	\$ 20,566	\$ 290,825
Employees Health Ben Reserve	667,119	3,127,829	3,791,548	3,400
Worker's Comp Reserve	750,120	424,417	251,797	922,740
Wellness/EAP	44,459	—	9,719	34,740
Total Employee Benefit Reserve	\$ 1,720,117	\$ 3,605,218	\$ 4,073,630	\$ 1,251,705

RISK MANAGEMENT RESERVE

Fund	2020	As of March 31th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
Risk Management Reserve	\$ 2,737,608	\$ 1,268,594	\$ 2,073,472	\$ 1,932,730

DEBT SERVICE & AGENCY FUNDS

Fund	2020	As of March 31th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
GO Bond Redemption				
2002 GO Convention Center	\$ 162,617	\$ 244,000	\$ —	\$ 406,617
2005 GO Various Bonds	11,939	176,736	—	188,675
1996 GO LTD - Convention Center	75,485	81,479	—	156,964
LID Debt Service Control	—	(7,926)	—	(7,926)
Total GO Bond Redemption	\$ 250,041	\$ 502,215	\$ —	\$ 744,330
Water/Sewer Revenue Bond Redemption				
WW Rev Bond & 2008 Debt Service	278,351	—	(18,790)	297,141
Irrigation Bond Debt Service	127,407	—	26,460	100,947
WW Rev Bond Rsv & 2012 Debt Svc	2,582,390	—	(28,200)	2,610,590
Total W/S Rev Bond Redemption	\$ 2,988,148	\$ —	\$ (20,530)	\$ 3,008,678
Agency Funds				
Yakcorps	—	656,276	291,699	364,577
Cemetery Trust	716,090	2,251	—	718,341
Total Agency Funds	\$ 716,090	\$ 658,527	\$ 291,699	1,082,918