



FINANCE DEPARTMENT

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

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

Date: July 21, 2020

Subject: 2020 2nd Quarter Financial Update

This financial update is an unaudited report for the 2nd quarter ended June 31, 2020, one half, or 50% of the year, intended to inform and assist governance decisions for future planning. In total, city revenues are at 47.4% of budget and expenditures are at 40.4% of budget. The timing of Property Tax Revenue, coming in, and the timing of Capital Fund Expenditures, going out, are normally the biggest reason that revenues and expenditures are below 50% at this point in the year. This year, the economic impact of the COVID-19 has had some impact on Sales Tax, as will be discussed further below.

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 46.1%; the largest components are:

- Property Tax is at 54.3%.
- Sales Tax is at 46.5%.
- Utility and Franchise Taxes are at 46.7%.

General Fund Expenditures in total are at 44.0%; the largest components are:

- Police expenditures are at 43.6%.
- Fire Expenditures are at 47.0%.
- Information Technology expenditures are at 44.0%.

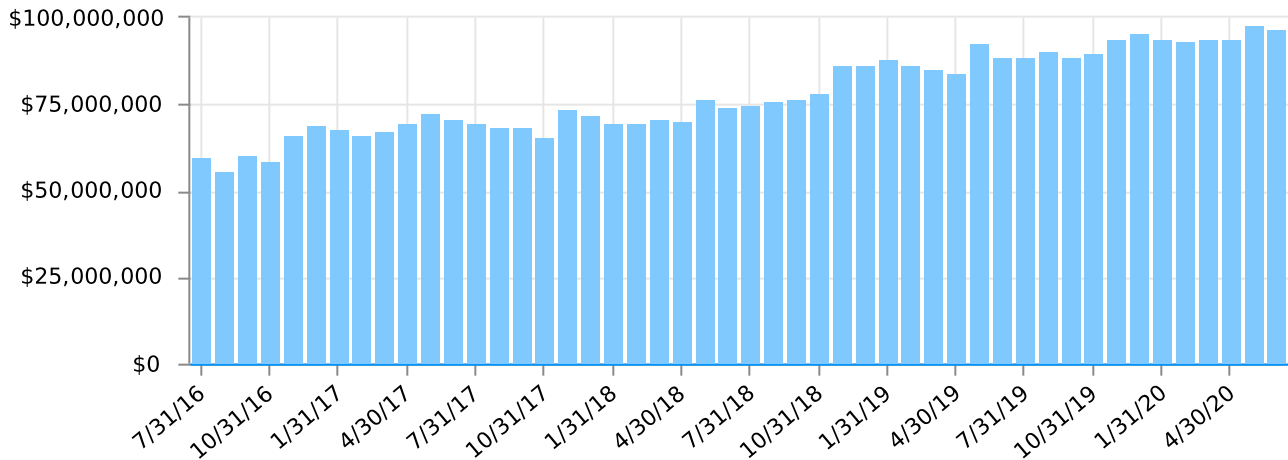
REVENUE FORECAST

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. Due to the economic effects of COVID-19,

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 \$96.8 million. Each month is best compared to the same month in previous years to account for seasonality and other annual events.

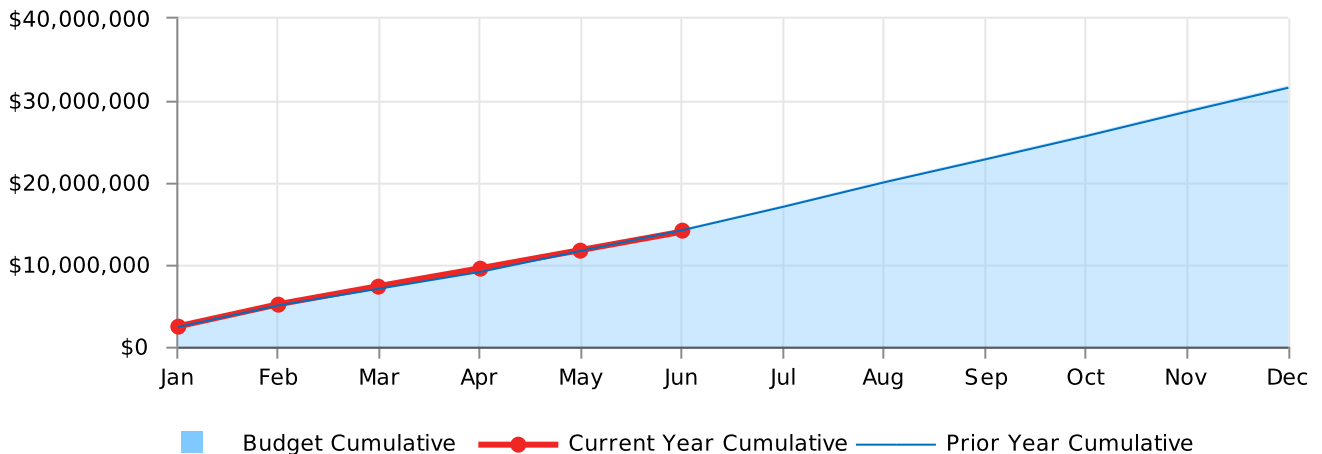
CASH AND INVESTMENTS HISTORY



Sales Tax

This is the largest single funding source for the city. The 2nd quarter cumulative \$14.0 million falls short of budget by \$239,000 and is less than prior year by \$171,000. Sales Tax allocatable to the General Fund falls short of budget by about \$144,000. The city receives sales tax from the State on a 2-month lag from the actual point-of-sale transactions so these figures are for sales transactions through April.

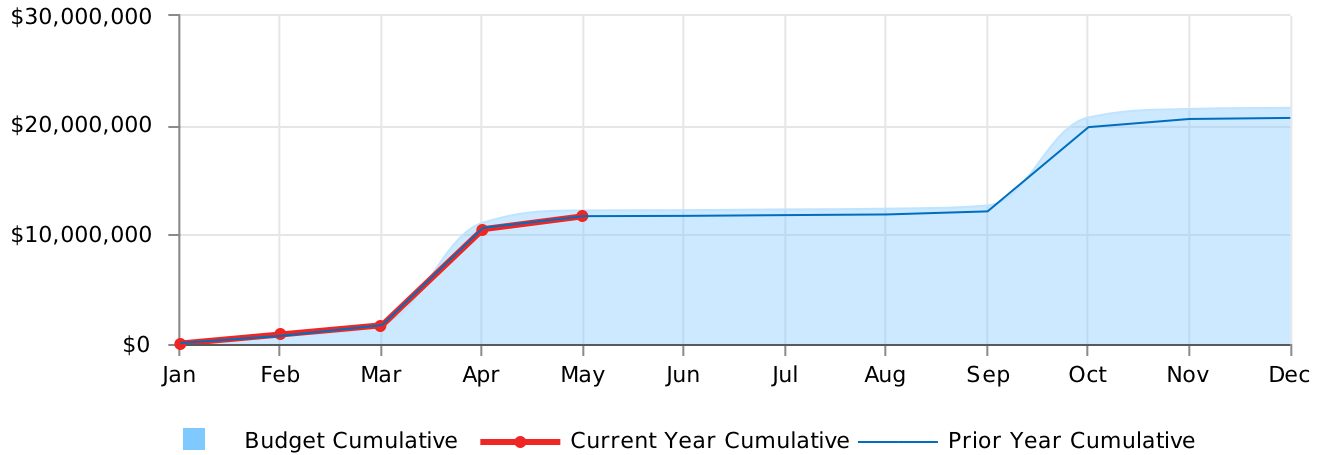
SALES TAX REVENUE



Property Tax

The 2nd quarter cumulative revenue, still awaiting June actual, is roughly on track with budget. The October payment activity will reveal any delays due to COVID however Property Tax is expected to be ultimately collectable. 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.

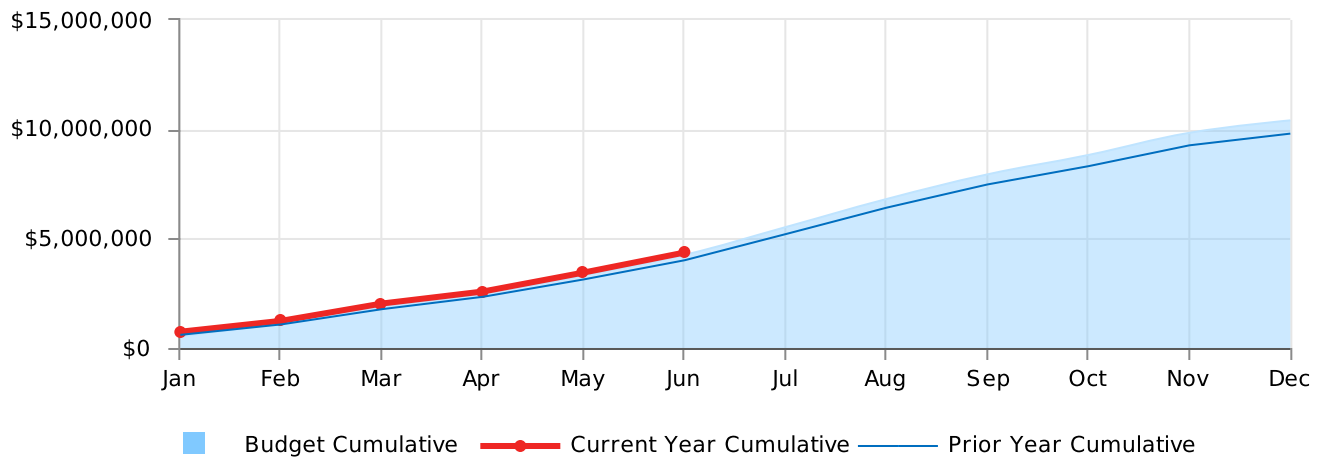
PROPERTY TAX REVENUE



Water

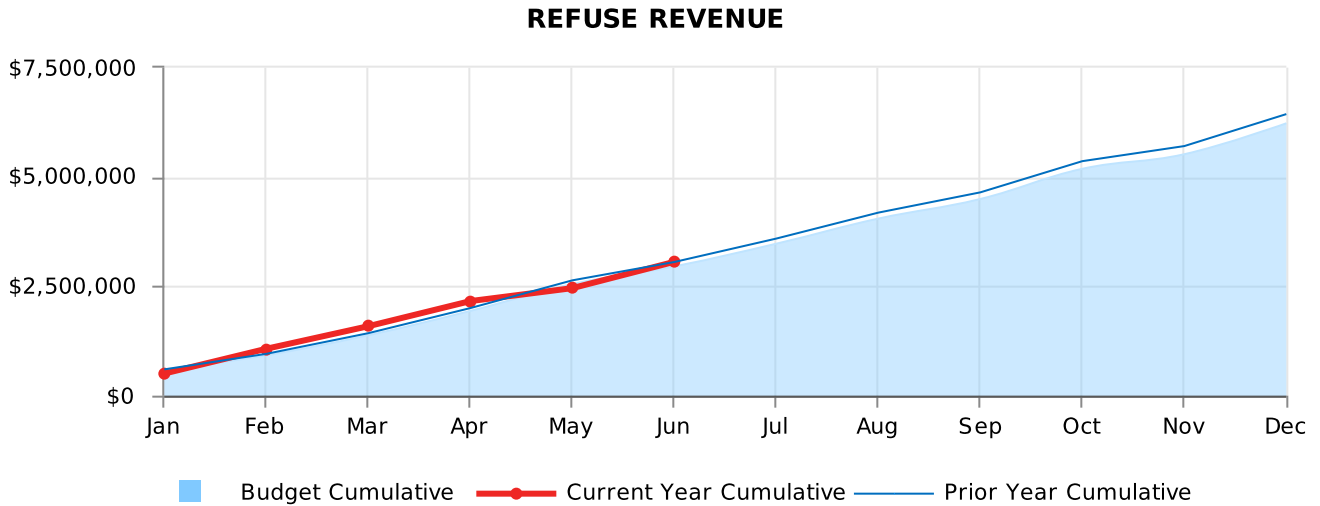
The 2nd quarter cumulative revenue of \$4.4 million through June is up \$105,000 over budget and \$353,000 over prior year.

WATER REVENUE



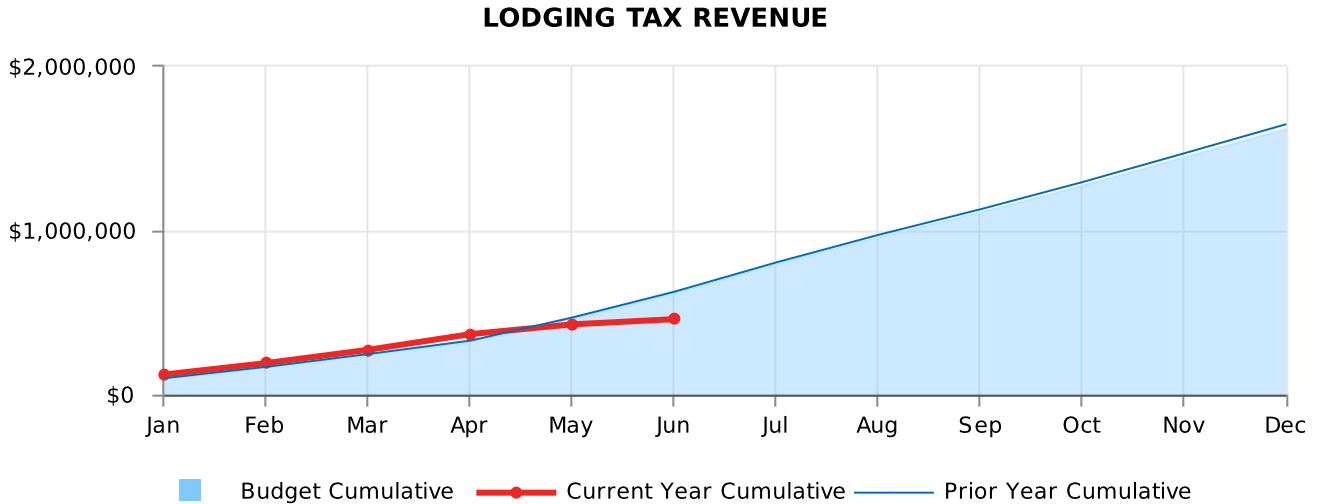
Refuse

The 2nd quarter cumulative revenue of \$3.1 million is up \$104,000 over budget and \$4,000 over prior year.



Lodging Tax

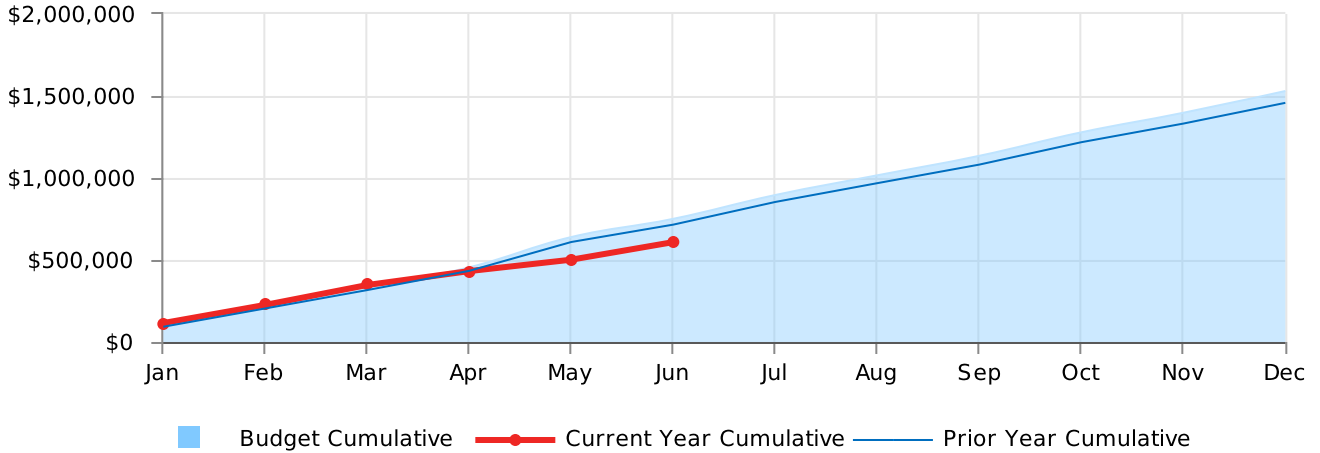
The 2nd quarter cumulative revenue of \$460,000 is down \$156,000 under budget and down \$167,000 over prior year. In the coming months we expect to see a material decrease due to the COVID-19 Emergency, with an expected variance from budget by (\$800,000). Expenses are being managed to compensate.



Airport

The 2nd quarter cumulative revenue of \$609,000 is down \$140,000 under budget and down \$107,000 under 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.

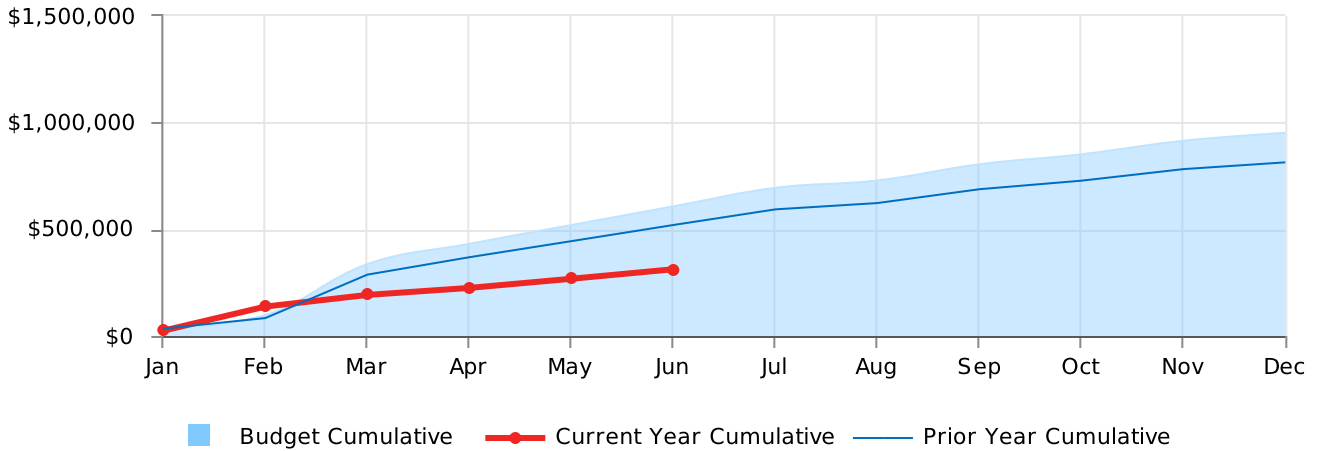
AIRPORT REVENUE



Building Permits

The 1st quarter cumulative revenues of \$313,000 are down \$296,000 below budget and \$207,000 below prior year. This revenue was one of the first indicators of the COVID-19 Emergency's impact.

BUILDING PERMIT REVENUE



CITY-WIDE FUND BALANCE SUMMARY

CHANGE IN FUND BALANCE

	2020	As of June 30th		Ending Balance
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	
General Fund	\$ 10,757,521	\$ 32,685,225	\$ 30,973,234	\$ 12,469,512
Parks and Recreation	666,337	2,423,750	2,039,046	1,051,041
Street & Traffic Operations	179,146	3,144,120	4,395,650	(1,072,384)
General Government Subtotal	11,603,004	38,253,095	37,407,930	12,448,169
Other Governmental Operating Funds	5,708,398	6,139,553	5,924,385	5,923,566
Government Capital Funds	13,888,067	15,422,990	5,182,999	24,128,058
Enterprise Operating Funds	16,706,959	27,332,676	27,180,553	16,859,082
Enterprise Capital Funds	45,146,084	3,596,001	3,113,832	45,628,253
Internal Service Funds	5,691,272	2,458,861	3,141,396	5,008,737
Employee Benefit Reserve	1,689,574	6,048,778	7,125,219	613,133
Risk Management Reserves	2,311,736	2,522,690	2,463,078	2,371,348
Debt Service & Agency Funds	3,954,278	11,707,005	11,058,384	4,602,899
Total	<u>\$ 106,699,372</u>	<u>\$ 113,481,649</u>	<u>\$ 102,597,776</u>	<u>\$ 117,583,245</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 6/30	Rec'd	Amended Budget	Actual as of 6/30	
General	\$ 33,566,134	49.7 %	\$ 70,914,893	\$ 32,685,225	46.1 %
Parks and Recreation	2,621,937	49.8 %	5,531,468	2,423,750	43.8 %
Street & Traffic Operations	2,816,498	48.7 %	8,661,450	3,144,120	36.3 %
General Government Subtotal	39,004,569	49.7 %	85,107,811	38,253,095	44.9 %
Other Government Operating Funds	5,688,127	33.5 %	17,528,073	6,139,553	35.0 %
Government Capital Funds	3,614,906	8.5 %	27,283,760	15,422,990	56.5 %
Enterprise Operating Funds	27,283,988	45.1 %	61,170,191	27,332,676	44.7 %
Enterprise Capital Funds	4,023,006	20.2 %	13,009,100	3,596,001	27.6 %
Internal Service Funds	2,895,566	46.9 %	6,178,139	2,458,861	39.8 %
Employee Benefit Reserves	7,550,345	46.1 %	16,480,664	6,048,778	36.7 %
Risk Management Reserve	2,127,062	48.9 %	5,037,870	2,522,690	50.1 %
Debt Service & Agency Funds	3,598,288	47.8 %	7,809,554	11,707,005	149.9 %
Total	\$ 95,785,857	37.9 %	\$ 239,605,162	\$ 113,481,649	47.4 %

EXPENDITURE COMPARISON (Budget vs. Actual)

	2019		2020		
	Actual	%	Annual		%
	as of 6/30	Exp'd	Amended Budget	Actual as of 6/30	
General	\$ 32,089,646	47.2 %	\$ 70,462,197	\$ 30,973,234	44.0 %
Parks and Recreation	2,259,925	43.5 %	5,592,566	2,039,046	36.5 %
Street & Traffic Operations	2,949,693	38.5 %	8,694,368	4,395,650	50.6 %
General Government Subtotal	37,299,264	46.2 %	84,749,131	37,407,930	44.1 %
Other Government Operating Funds	6,656,304	38.9 %	17,327,025	5,924,385	34.2 %
Government Capital Funds	7,163,842	15.6 %	26,368,088	5,182,999	19.7 %
Enterprise Operating Funds	27,254,258	43.8 %	62,728,945	27,180,553	43.3 %
Enterprise Capital Funds	3,511,123	12.8 %	25,268,221	3,113,832	12.3 %
Internal Service Funds	2,531,455	26.2 %	8,191,705	3,141,396	38.3 %
Employee Benefit Reserves	6,869,412	42.6 %	16,242,798	7,125,219	43.9 %
Risk Management Reserve	2,666,456	62.0 %	5,047,422	2,463,078	48.8 %
Debt Service & Agency Funds	3,346,627	44.5 %	7,802,697	11,058,384	141.7 %
Total	\$ 97,298,741	35.9 %	\$ 253,726,032	\$ 102,597,776	40.4 %

GENERAL GOVERNMENT REVENUE DETAIL

GENERAL GOVERNMENT REVENUES

General Fund	Revenues as of June 30			2020	Percent Rec'd
	2018	2019	2020	Amended Budget	
Property Tax	\$ 7,178,554	\$ 6,162,064	\$ 5,762,278	\$ 10,606,500	54.3 %
General Sales Tax	8,413,207	8,582,881	8,633,825	18,552,000	46.5 %
Crim. Justice Sales Tax	1,748,032	1,689,479	1,720,133	3,704,701	46.4 %
Utility & Franchise Taxes	8,557,772	8,784,220	8,944,782	19,141,920	46.7 %
Other Taxes	537,623	538,975	472,789	1,080,000	43.8 %
Licenses and Permits	1,014,750	1,115,461	879,624	1,905,970	46.2 %
Intergov't Revenues	2,056,589	1,916,205	1,751,118	4,723,942	37.1 %
Charges for Services	4,223,025	3,555,932	3,535,304	7,881,311	44.9 %
Fines and Forfeitures	932,600	839,074	517,314	1,812,000	28.5 %
Other Revenue	232,452	381,841	468,057	1,506,550	31.1 %
Total General Fund	34,894,604	33,566,132	32,685,224	70,914,894	46.1 %
Parks & Recreation					
Property Tax	1,541,401	1,412,195	1,518,708	2,826,147	53.7 %
Intergov't Revenues	52,328	23,798	36,787	69,330	53.1 %
Charges for Services	510,722	450,959	162,810	975,250	16.7 %
Other Revenue	617,826	734,985	705,445	1,660,740	42.5 %
Total Parks & Recreation	2,722,277	2,621,937	2,423,750	5,531,467	43.8 %
Streets					
Property Tax	1,715,537	1,721,843	302,826	2,158,277	14.0 %
Other Taxes	2,582	—	—	—	n/a
Intergov't Revenues	754,264	712,016	359,160	644,085	55.8 %
Charges for Services	4,150	321,346	850	251,100	0.3 %
Other Revenue	13,948	61,293	10,942	90,659	12.1 %
Total Streets	2,490,481	2,816,498	673,778	3,144,121	21.4 %
Total General Government	\$ 40,107,362	\$ 39,004,567	\$ 35,782,752	\$ 79,590,482	45.0 %

GENERAL GOVERNMENT EXPENDITURE DETAIL

GENERAL GOVERNMENT EXPENDITURES

	Expenditures as of June 30			2020	Percent Exp'd
	2018	2019	2020	Amended Budget	
Police	\$ 14,719,266	\$ 14,083,521	\$ 13,410,476	\$ 30,773,407	43.6 %
Fire	6,870,171	7,530,446	7,268,884	15,482,039	47.0 %
Information Technology	1,778,458	1,686,325	1,834,912	4,166,089	44.0 %
Code Administration	928,453	966,817	886,557	1,986,531	44.6 %
Legal	811,792	886,055	928,930	1,980,706	46.9 %
Finance	765,690	769,406	849,177	1,906,304	44.5 %
Interfund Distributions	2,261,197	1,180,368	832,308	1,879,760	44.3 %
Municipal Court	766,571	779,416	766,444	1,783,999	43.0 %
Firemen's Relief/Pension	611,537	658,542	680,066	1,176,041	57.8 %
Indigent Defense	419,426	524,724	537,342	1,050,000	51.2 %
Police Pension	450,848	416,647	394,504	867,197	45.5 %
Engineering	345,714	354,346	307,095	801,153	38.3 %
City Clerk/Records	227,490	226,977	296,409	779,047	38.0 %
Human Resources	343,376	386,842	370,893	770,739	48.1 %
Planning	306,716	343,248	388,676	828,262	46.9 %
Purchasing	295,713	304,951	238,573	686,784	34.7 %
City Hall Facility	251,528	253,050	287,550	604,700	47.6 %
City Management	211,501	268,319	239,717	1,432,936	16.7 %
Clean City Program	—	—	26,781	385,288	7.0 %
Parking	78,854	81,453	77,194	280,187	27.6 %
City Council	171,081	145,550	143,710	275,790	52.1 %
Economic Development	189,840	156,449	117,164	252,548	46.4 %
Intergovernmental	91,313	86,194	89,872	162,689	55.2 %
Contingency	500,000	—	—	160,000	n/a
Total General Fund	33,396,535	32,089,646	30,973,234	70,472,196	44.0 %
Parks & Recreation Fund	2,664,284	2,259,925	2,039,046	5,592,567	36.5 %
Street & Traffic Ops.	2,050,654	2,949,693	4,395,650	8,694,368	50.6 %
Total General Government	\$ 38,111,473	\$ 37,299,264	\$ 37,407,930	\$ 84,759,131	44.1 %

OTHER FUNDS DETAIL

OTHER GOVERNMENT OPERATING FUNDS

Fund	2020	As of June 30th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
Economic Development	\$ 54,454	\$ 45,696	\$ 54,523	\$ 45,627
Neighborhood Development	703,369	602,534	442,542	863,361
Community Relations	799,493	326,596	286,238	839,851
Cemetery	149,216	146,648	166,784	129,080
Emergency Services	78,401	854,329	737,524	195,206
Public Safety Communication	905,623	2,355,090	2,046,310	1,214,403
Police Grants	1,199,193	127,145	148,120	1,178,218
PBLA (Park/Bus Improvement Area)	57,284	94,057	50,463	100,878
Trolley	45,791	1,275	2,848	44,218
Front Street Bus Improvement Area	3,546	1,760	3,315	1,991
Convention Center (Tourist Promo)	287,722	344,299	764,434	(132,413)
Capitol Theatre	34,275	231,323	232,717	32,881
PFD - Convention Center	1,043,475	463,321	433,326	1,073,470
Tourism Promotion Area	80,263	194,486	177,510	97,239
PFD - Capitol Theatre	266,291	350,992	377,732	239,551
Total Other Gov't Operating Funds	\$ 5,708,396	\$ 6,139,551	\$ 5,924,386	\$ 5,923,561

GOVERNMENTAL CAPITAL FUNDS

Fund	2020	As of June 30th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
Arterial Street	\$ 2,254,826	\$ 247,444	\$ 817,290	\$ 1,684,980
Central Bus District Capital	61,038	8,894	—	69,932
Capitol Theatre Construction	201,017	30,000	—	231,017
Yakima Redevelopment Area	1,566,930	—	189,804	1,377,126
Parks & Recreation Capital	395,207	1,118,085	1,109,570	403,722
Fire Capital	504,061	30,178	49,479	484,760
Law and Justice Capital	729,782	300,249	105,406	924,625
Public Works Trust Construction	3,120,163	427,342	694,940	2,852,565
REET 2 Capital	1,601,740	385,118	662,562	1,324,296
Street Capital	2,178,084	138,773	80,168	2,236,689
Convention Center Cap Improvement	713,946	12,736,906	1,473,780	11,977,072
Reserve for Capital Improvement	561,273	—	—	561,273
Total Gov't Capital Funds	\$ 13,888,067	\$ 15,422,989	\$ 5,182,999	\$ 24,128,057

ENTERPRISE OPERATING FUNDS

Fund	2020	As of June 30th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
Airport Operating	\$ 263,681	\$ 609,129	\$ 761,969	\$ 110,841
Stormwater Operating	1,418,220	2,267,328	1,873,377	1,812,171
Transit Operating	5,269,065	3,486,890	3,719,729	5,036,226
Refuse	2,234,510	3,712,491	3,463,940	2,483,061
Wastewater Operating	4,924,597	10,924,196	10,473,558	5,375,235
Water Operating	2,239,611	4,709,840	4,945,929	2,003,522
Irrigation	718,983	993,260	1,055,219	657,024
Utility Services	(361,708)	629,542	886,831	(618,997)
Total Enterprise Operating Funds	\$ 16,706,959	\$ 27,332,676	\$ 27,180,552	\$ 16,859,083

ENTERPRISE CAPITAL FUNDS

Fund	2020	As of June 30th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
Airport Capital	\$ 2,999,177	\$ 179,980	\$ 139,972	\$ 3,039,185
Stormwater Capital	6,380,683	600,000	790,919	6,189,764
Transit Capital	6,315,907	4,985	17,004	6,303,888
Wastewater Facilities Capital	4,034,146	471,428	160,365	4,345,209
Wastewater Construction Capital	9,629,071	150,000	1,110,565	8,668,506
Wastewater Capital	5,969,312	391,396	61,724	6,298,984
Water Capital	4,546,935	950,000	216,634	5,280,301
Irrigation Capital	5,270,852	848,212	616,650	5,502,414
Total Enterprise Capital Funds	\$ 45,146,083	\$ 3,596,001	\$ 3,113,833	\$ 45,628,251

INTERNAL SERVICE FUNDS

Fund	2020	As of June 30th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
Equipment Rental	\$ 4,288,677	\$ 1,770,493	\$ 2,500,455	\$ 3,558,715
Environmental	625,645	37,592	88,522	574,715
Public Works Administration	776,949	650,776	552,419	875,306
Total Enterprise Operating Funds	\$ 5,691,271	\$ 2,458,861	\$ 3,141,396	\$ 5,008,736

EMPLOYEE BENEFIT RESERVES

Fund	2020	As of June 30th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
Unemployment Comp Reserve	\$ 258,419	\$ 87,149	\$ 69,670	\$ 275,898
Employees Health Ben Reserve	636,576	5,256,217	6,389,357	(496,564)
Worker's Comp Reserve	750,120	705,412	645,291	810,241
Wellness/EAP	44,459	—	20,901	23,558
Total Employee Benefit Reserve	\$ 1,689,574	\$ 6,048,778	\$ 7,125,219	\$ 613,133

RISK MANAGEMENT RESERVE

Fund	2020	As of June 30th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
Risk Management Reserve	\$ 2,311,736	\$ 2,522,690	\$ 2,463,078	\$ 2,371,348

DEBT SERVICE & AGENCY FUNDS

Fund	2020	As of June 30th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
GO Bond Redemption				
2002 GO Convention Center	\$ 162,617	\$ 7,941,838	\$ 7,765,700	\$ 338,755
2005 GO Various Bonds	11,939	2,683,702	2,859,940	(164,299)
1996 GO LTD - Convention Center	75,485	171,494	—	246,979
LID Debt Service Control	—	458	—	458
Total GO Bond Redemption	\$ 250,041	\$ 10,797,034	\$ 10,625,640	\$ 421,893
Water/Sewer Revenue Bond Redemption				
WW Rev Bond & 2008 Debt Service	278,351	62,531	8,984	331,898
Irrigation Bond Debt Service	127,407	79,380	57,660	149,127
WW Rev Bond Rsv & 2012 Debt Svc	2,582,390	103,700	56,400	2,629,690
Total W/S Rev Bond Redemption	\$ 2,988,148	\$ 245,611	\$ 123,044	\$ 3,110,715
Agency Funds				
Yakcorps	—	656,276	309,699	346,577
Cemetery Trust	716,090	7,626	—	723,716
Total Agency Funds	\$ 716,090	\$ 663,902	\$ 309,699	1,070,293