



FINANCE DEPARTMENT

To: Mayor and City Council
Bob Harrison

From: Steve Groom
Kathy Miles

Date: October 20, 2020

Subject: 2020 3rd Quarter Financial Update

This financial update is an unaudited report for the 3rd quarter ended September 30, 2020, three quarters, or 75% of the year, intended to inform and assist governance decisions for future planning. In total, city revenues are at 61.5% of budget and expenditures are at 54.2% 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 75% at this point in the year. This year, the economic impact of the COVID-19 was substantial on Sales Tax, which rebounded and on Lodging Tax and Building Permit fees, 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 63.3%; the largest components are:

- Property Tax is at 58.4%.
- Sales Tax is at 73.8%.
- Utility and Franchise Taxes are at 67.0%.

General Fund Expenditures in total are at 63.5%; the largest components are:

- Police expenditures are at 65.2%.
- Fire Expenditures are at 71.4%.
- Information Technology expenditures are at 62.5%.

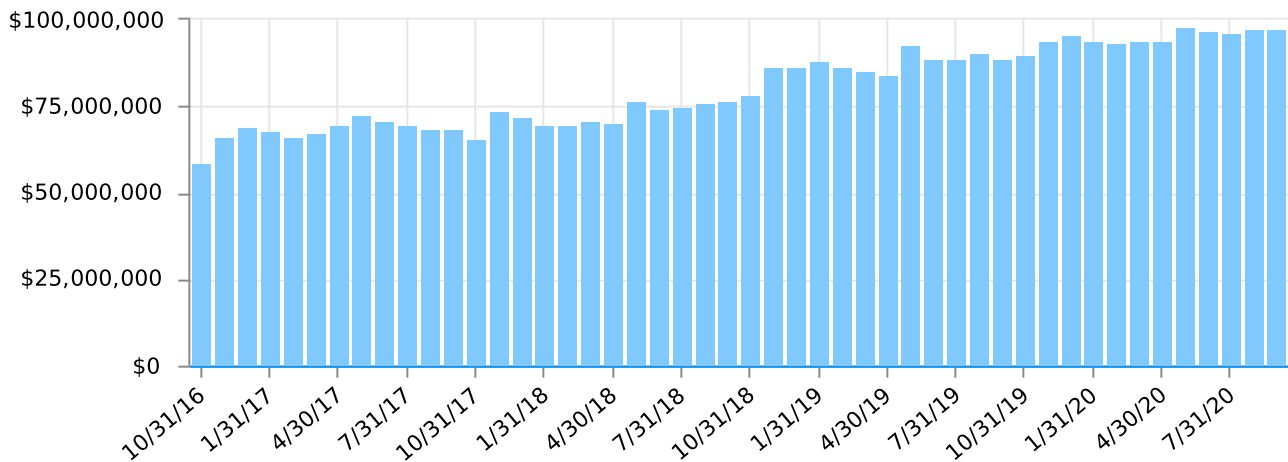
REVENUE FORECAST

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. 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 September at \$97.7 million. Each month is best compared to the same month in previous years to account for seasonality and other annual events.

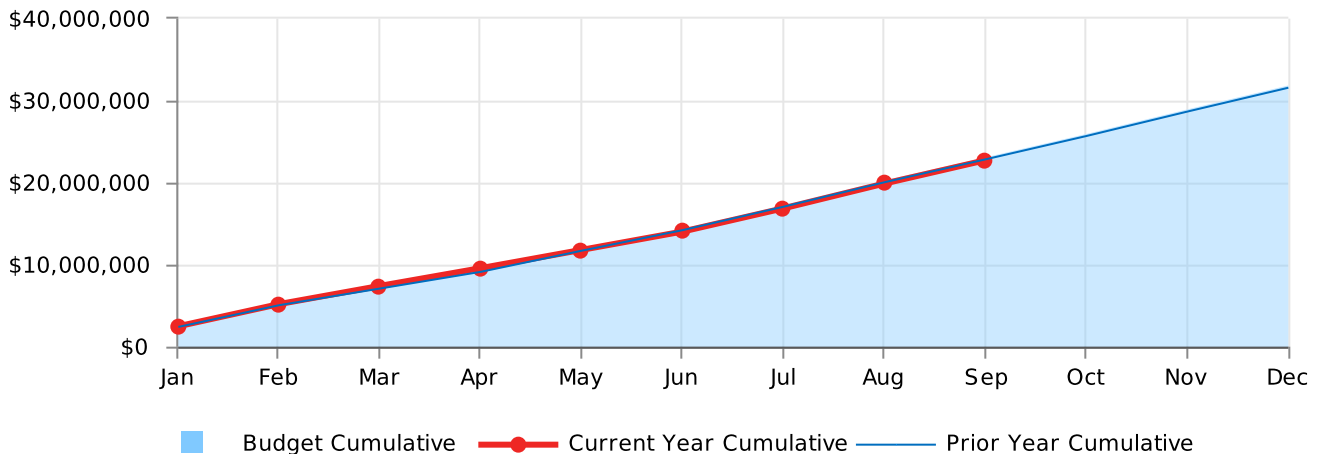
CASH AND INVESTMENTS HISTORY



Sales Tax

This is the largest single funding source for the city. The 3rd quarter cumulative \$22.7 million falls short of budget by \$213,000 or 0.9% and is less than prior year by \$105,000. 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 July.

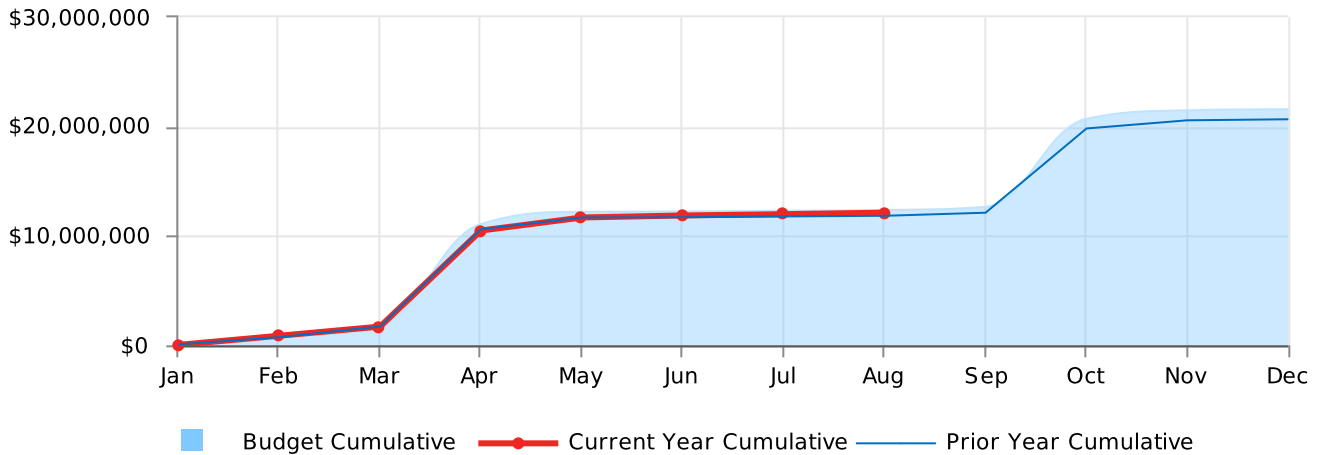
SALES TAX REVENUE



Property Tax

The 3rd quarter cumulative revenue, still awaiting September 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 (a combination of existing capped at 1% and new growth); preliminary receipts are slightly favorable to budget however the first primary installments are paid in April.

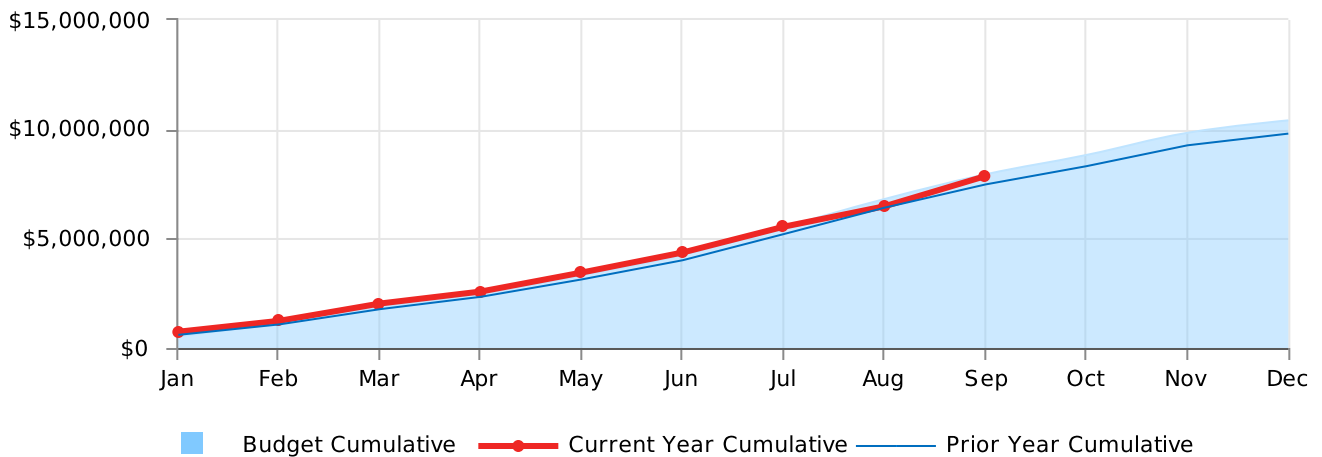
PROPERTY TAX REVENUE



Water

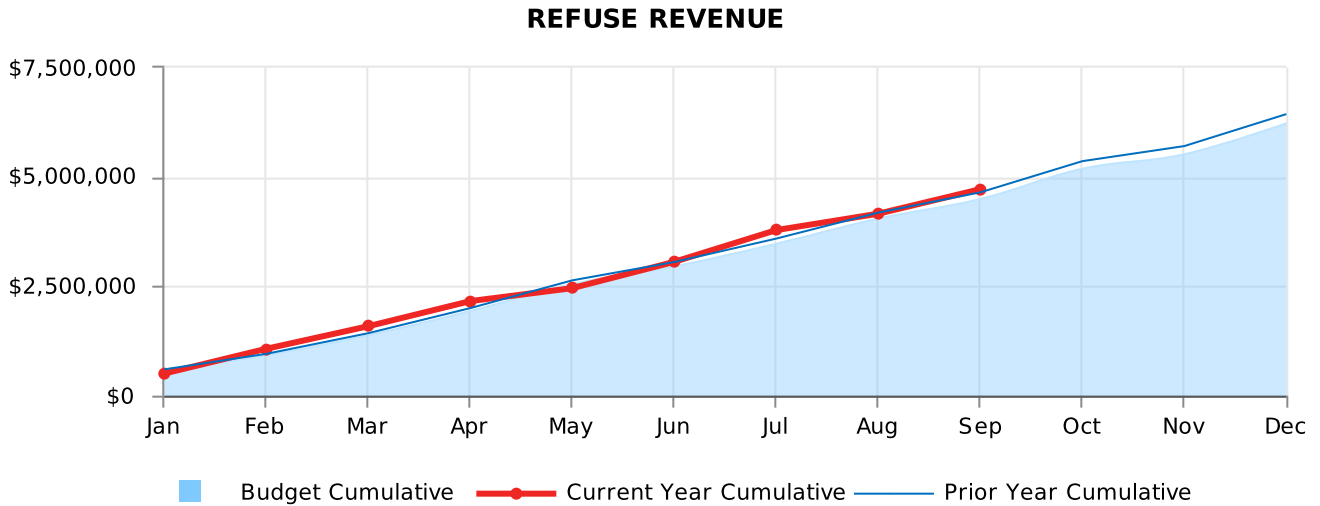
The 3rd quarter cumulative revenue of \$7.9 million through September is down \$78,000 under budget.

WATER REVENUE



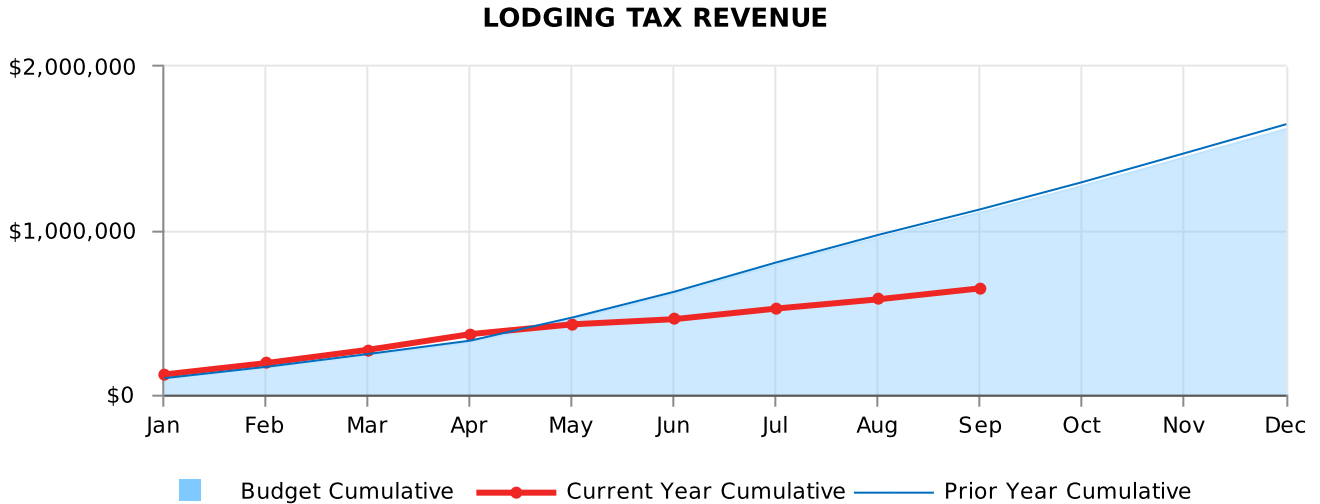
Refuse

The 3rd quarter cumulative revenue of \$4.7 million is up \$224,000 over budget and \$73,000 over prior year.



Lodging Tax

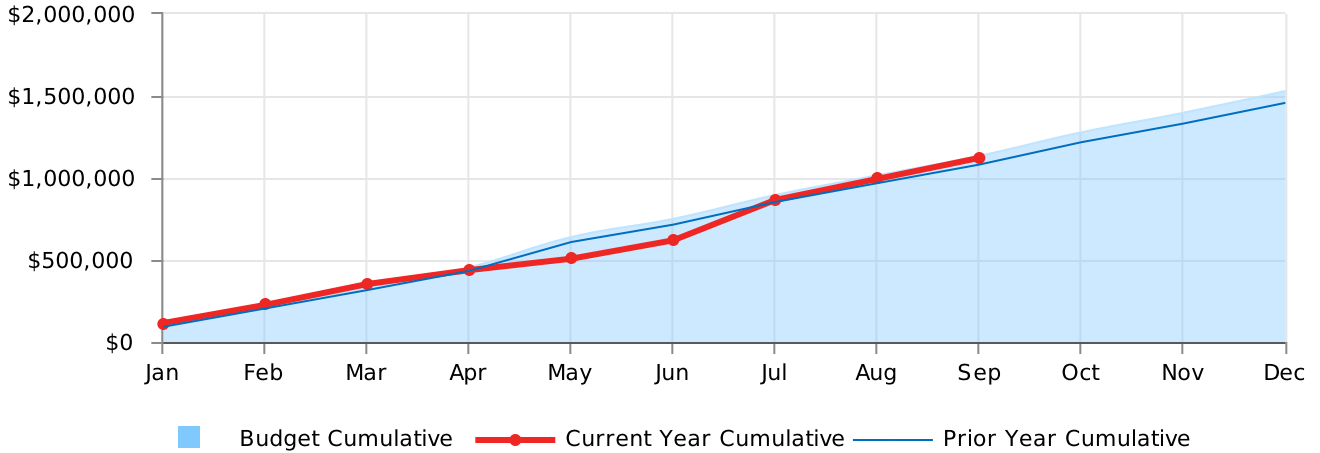
The 3rd quarter cumulative revenue of \$648,000 is down \$462,000 under budget and down \$482,000 compared to prior year. In the coming months we expect to see continued revenue shortfall due to the COVID-19 Emergency, with an expected variance from budget by (\$728,000). Expenses are being managed to compensate.



Airport

The 3rd quarter cumulative revenue of \$1,123,000 is down \$10,000 under budget and up \$41,000 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.

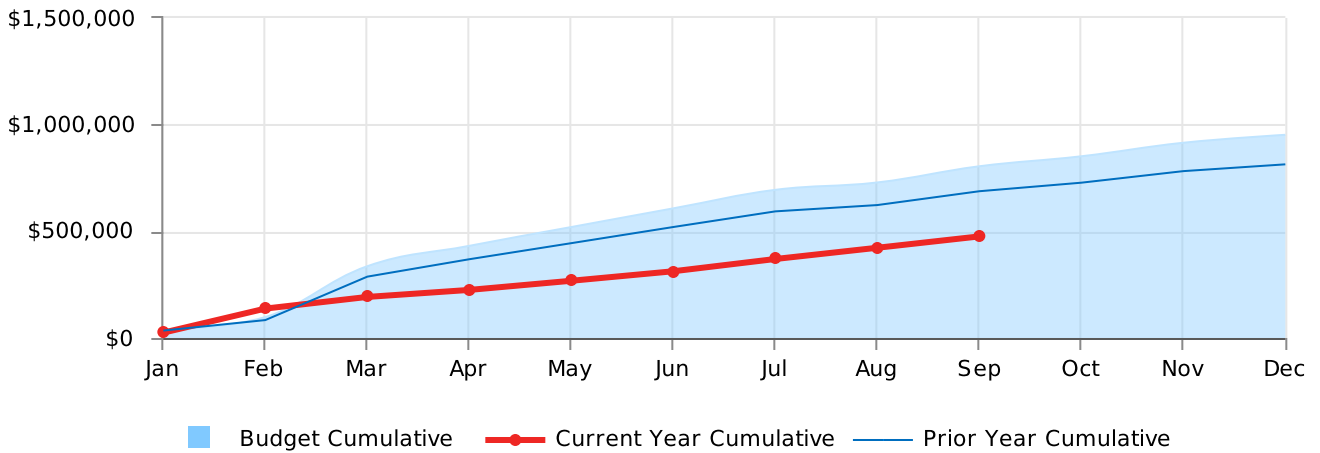
AIRPORT REVENUE



Building Permits

The 3rd quarter cumulative revenues of \$476,000 are down \$329,000 below budget and \$212,000 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 September 30th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
General Fund	\$ 10,757,521	\$ 46,686,906	\$ 46,590,970	\$ 10,853,457
Parks and Recreation	666,337	2,549,670	3,141,460	74,547
Street & Traffic Operations	179,146	5,476,622	5,679,323	(23,555)
General Government Subtotal	11,603,004	54,713,198	55,411,753	10,904,449
Other Governmental Operating Funds	5,708,398	8,105,168	9,009,113	4,804,453
Government Capital Funds	13,888,067	17,408,252	10,469,045	20,827,274
Enterprise Operating Funds	20,534,604	42,270,607	36,674,669	26,130,542
Enterprise Capital Funds	35,972,784	5,358,686	6,547,353	34,784,117
Internal Service Funds	3,956,891	5,191,149	5,978,459	3,169,581
Employee Benefit Reserve	4,742,177	10,767,572	10,289,076	5,220,673
Risk Management Reserves	2,643,898	3,142,630	2,926,957	2,859,571
Debt Service & Agency Funds	2,269,854	12,178,464	11,117,479	3,330,839
Total	\$ 101,319,677	\$ 159,135,726	\$ 148,423,904	\$ 112,031,499

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 9/30		Rec'd	Amended Budget	
General	\$ 48,716,609	72.2 %	\$ 73,776,093	\$ 46,686,906	63.3 %
Parks and Recreation	3,492,108	66.4 %	5,531,468	2,549,670	46.1 %
Street & Traffic Operations	3,373,510	58.3 %	8,661,450	5,476,622	63.2 %
General Government Subtotal	55,582,227	70.8 %	87,969,011	54,713,198	62.2 %
Other Government Operating Funds	9,181,863	54.1 %	17,980,148	8,105,168	45.1 %
Government Capital Funds	7,655,065	18.0 %	27,283,760	17,408,252	63.8 %
Enterprise Operating Funds	44,120,251	72.9 %	66,779,346	42,270,607	63.3 %
Enterprise Capital Funds	7,591,430	38.2 %	13,009,100	5,358,686	41.2 %
Internal Service Funds	4,335,168	70.3 %	8,396,714	5,191,149	61.8 %
Employee Benefit Reserves	10,929,257	66.7 %	16,480,664	10,767,572	65.3 %
Risk Management Reserve	3,169,713	72.9 %	5,037,870	3,142,630	62.4 %
Debt Service & Agency Funds	4,316,644	57.3 %	15,766,788	12,178,464	77.2 %
Total	\$ 146,881,618	58.1 %	\$ 258,703,401	\$ 159,135,726	61.5 %

EXPENDITURE COMPARISON (Budget vs. Actual)

	2019		2020		
	Actual	%	Annual		%
	as of 9/30		Exp'd	Amended Budget	
General	\$ 47,654,303	70.2 %	\$ 73,333,398	\$ 46,590,970	63.5 %
Parks and Recreation	3,778,065	72.8 %	5,592,567	3,141,460	56.2 %
Street & Traffic Operations	4,096,928	53.5 %	8,694,368	5,679,323	65.3 %
General Government Subtotal	55,529,296	68.7 %	87,620,333	55,411,753	63.2 %
Other Government Operating Funds	9,167,202	53.6 %	17,779,100	9,009,113	50.7 %
Government Capital Funds	13,817,296	30.2 %	26,952,088	10,469,045	38.8 %
Enterprise Operating Funds	41,103,898	66.0 %	68,685,869	36,674,669	53.4 %
Enterprise Capital Funds	7,568,241	27.7 %	25,268,221	6,547,353	25.9 %
Internal Service Funds	4,092,083	42.3 %	10,410,280	5,978,459	57.4 %
Employee Benefit Reserves	10,274,740	63.7 %	16,242,798	10,289,076	63.3 %
Risk Management Reserve	3,093,715	71.9 %	5,047,422	2,926,957	58.0 %
Debt Service & Agency Funds	3,824,882	50.9 %	15,759,931	11,117,479	70.5 %
Total	\$ 148,471,353	54.8 %	\$ 273,766,042	\$ 148,423,904	54.2 %

GENERAL GOVERNMENT REVENUE DETAIL

GENERAL GOVERNMENT REVENUES

General Fund	Revenues as of September 30			2020	Percent Rec'd
	2018	2019	2020	Amended Budget	
Property Tax	\$ 7,477,446	\$ 6,366,319	\$ 6,198,695	\$ 10,606,500	58.4 %
General Sales Tax	12,978,931	13,370,058	13,699,881	18,552,000	73.8 %
Crim. Justice Sales Tax	2,701,011	2,662,007	2,737,697	3,704,701	73.9 %
Utility & Franchise Taxes	12,820,985	13,633,317	12,825,788	19,141,920	67.0 %
Other Taxes	777,465	804,169	480,385	1,080,000	44.5 %
Licenses and Permits	1,284,407	1,382,086	1,154,048	1,905,970	60.5 %
Intergov't Revenues	2,709,326	2,746,000	2,967,296	7,585,142	39.1 %
Charges for Services	6,360,917	5,353,469	5,041,211	7,881,311	64.0 %
Fines and Forfeitures	1,304,023	1,249,413	825,060	1,812,000	45.5 %
Other Revenue	456,395	1,149,772	756,845	1,506,550	50.2 %
Total General Fund	48,870,906	48,716,610	46,686,906	73,776,094	63.3 %
Parks & Recreation					
Property Tax	1,601,982	1,464,645	1,626,061	2,826,147	57.5 %
Intergov't Revenues	68,452	46,656	46,893	69,330	67.6 %
Charges for Services	725,792	684,945	174,596	975,250	17.9 %
Other Revenue	1,042,520	1,295,862	702,119	1,660,740	42.3 %
Total Parks & Recreation	3,438,746	3,492,108	2,549,669	5,531,467	46.1 %
Streets					
Property Tax	1,782,962	1,785,794	2,311,760	4,016,314	57.6 %
Other Taxes	2,582	—	—	—	n/a
Intergov't Revenues	1,162,679	1,115,342	953,504	1,513,000	63.0 %
Charges for Services	255,550	379,796	252,350	676,636	37.3 %
Other Revenue	14,416	92,578	1,959,008	2,455,500	79.8 %
Total Streets	3,218,189	3,373,510	5,476,622	8,661,450	63.2 %
Total General Government	\$ 55,527,841	\$ 55,582,228	\$ 54,713,197	\$ 87,969,011	62.2 %

GENERAL GOVERNMENT EXPENDITURE DETAIL

GENERAL GOVERNMENT EXPENDITURES

	Expenditures as of September 30			2020	Percent Exp'd
	2018	2019	2020	Amended Budget	
Police	\$ 21,145,841	\$ 21,143,411	\$ 20,068,139	\$ 30,773,407	65.2 %
Fire	9,965,085	11,027,662	11,049,933	15,482,039	71.4 %
Information Technology	2,394,946	2,378,687	2,604,260	4,166,089	62.5 %
Code Administration	1,411,455	1,432,587	1,318,423	1,986,531	66.4 %
Legal	1,192,884	1,306,961	1,378,652	1,980,706	69.6 %
Finance	1,201,382	1,226,141	1,901,028	1,906,304	99.7 %
Interfund Distributions	2,688,292	1,765,911	1,112,518	1,879,760	59.2 %
Municipal Court	1,153,196	1,168,928	1,118,043	1,783,999	62.7 %
Firemen's Relief/Pension	857,177	910,660	953,960	1,176,041	81.1 %
Indigent Defense	672,882	785,431	807,274	1,050,000	76.9 %
Police Pension	616,607	601,808	574,836	867,197	66.3 %
Engineering	504,280	502,169	489,580	801,153	61.1 %
City Clerk/Records	343,642	337,429	408,398	779,047	52.4 %
Human Resources	513,589	557,489	538,908	770,739	69.9 %
Planning	453,222	516,194	602,441	856,262	70.4 %
Purchasing	439,183	456,431	357,655	686,784	52.1 %
City Hall Facility	371,424	400,988	240,521	604,700	39.8 %
City Management ¹	320,006	435,656	396,384	4,266,136	9.3 %
Clean City Program	—	—	75,911	385,288	19.7 %
Parking	128,216	121,430	115,917	280,187	41.4 %
City Council	208,826	190,745	186,646	275,790	67.7 %
Economic Development	319,769	264,598	150,847	252,548	59.7 %
Intergovernmental	124,560	122,825	140,697	162,689	86.5 %
Contingency	500,000	—	—	160,000	n/a
Total General Fund	47,526,464	47,654,141	46,590,971	73,333,396	63.5 %
Parks & Recreation Fund	4,152,207	3,778,065	3,141,460	5,592,567	56.2 %
Street & Traffic Ops.	3,824,743	4,096,928	5,679,323	8,694,368	65.3 %
Total General Government	\$ 55,503,414	\$ 55,529,134	\$ 55,411,754	\$ 87,620,331	63.2 %

¹ City Management expenditures include extraordinary expenses specific to CARES Act recovery and reimbursement.

OTHER FUNDS DETAIL

OTHER GOVERNMENT OPERATING FUNDS

Fund	2020	As of September 30th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
Economic Development	\$ 54,454	\$ 72,013	\$ 82,952	\$ 43,515
Neighborhood Development	703,369	262,913	829,199	137,083
Community Relations	799,493	581,145	448,813	931,825
Cemetery	149,216	196,736	252,027	93,925
Emergency Services	78,401	971,944	1,091,671	(41,326)
Public Safety Communication	905,623	3,089,669	3,165,907	829,385
Police Grants	1,199,193	170,819	288,930	1,081,082
PBLA (Park/Bus Improvement Area)	57,284	143,047	90,463	109,868
Trolley	45,791	11,275	10,553	46,513
Front Street Bus Improvement Area	3,546	3,130	3,315	3,361
Convention Center (Tourist Promo)	287,722	667,738	939,116	16,344
Capitol Theatre	34,275	393,527	300,057	127,745
PFD - Convention Center	1,043,475	707,423	649,935	1,100,963
Tourism Promotion Area	80,263	297,873	299,847	78,289
PFD - Capitol Theatre	266,291	535,917	556,330	245,878
Total Other Gov't Operating Funds	\$ 5,708,396	\$ 8,105,169	\$ 9,009,115	\$ 4,804,450

GOVERNMENTAL CAPITAL FUNDS

Fund	2020	As of September 30th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
Arterial Street	\$ 2,254,826	\$ 518,577	\$ 911,854	\$ 1,861,549
Central Bus District Capital	61,038	9,976	—	71,014
Capitol Theatre Construction	201,017	45,000	312	245,705
Yakima Redevelopment Area	1,566,930	551,883	659,434	1,459,379
Parks & Recreation Capital	395,207	1,135,746	1,131,389	399,564
Fire Capital	504,061	37,558	248,778	292,841
Law and Justice Capital	729,782	394,348	202,169	921,961
Public Works Trust Construction	3,120,163	888,278	779,090	3,229,351
REET 2 Capital	1,601,740	846,054	826,381	1,621,413
Street Capital	2,178,084	176,774	163,595	2,191,263
Convention Center Cap Improvement	713,946	12,804,058	5,545,053	7,972,951
Reserve for Capital Improvement	561,273	—	990	560,283
Total Gov't Capital Funds	\$ 13,888,067	\$ 17,408,252	\$ 10,469,045	\$ 20,827,274

ENTERPRISE OPERATING FUNDS

Fund	2020	As of September 30th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
Airport Operating	\$ 231,667	\$ 1,122,996	\$ 1,064,611	\$ 290,052
Stormwater Operating	1,300,461	2,413,286	2,503,442	1,210,305
Transit Operating	4,886,755	5,500,750	5,628,880	4,758,625
Refuse	2,074,433	5,971,383	5,658,963	2,386,853
Wastewater Operating	7,954,286	17,351,824	13,729,960	11,576,150
Water Operating	2,998,833	8,376,697	6,718,358	4,657,172
Irrigation	1,088,168	1,533,672	1,370,456	1,251,384
Total Enterprise Operating Funds	\$ 20,534,603	\$ 42,270,608	\$ 36,674,670	\$ 26,130,541

ENTERPRISE CAPITAL FUNDS

Fund	2020	As of September 30th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
Airport Capital	\$ 428,091	\$ 431,160	\$ 292,847	\$ 566,404
Stormwater Capital	4,262,708	900,000	1,098,152	4,064,556
Transit Capital	6,759,981	10,875	16,315	6,754,541
Wastewater Facilities Capital	4,034,146	710,335	262,461	4,482,020
Wastewater Construction Capital	7,980,356	225,000	3,007,278	5,198,078
Wastewater Capital	4,567,644	391,396	214,303	4,744,737
Water Capital	3,265,844	1,425,000	457,422	4,233,422
Irrigation Capital	4,674,015	1,264,921	1,198,575	4,740,361
Total Enterprise Capital Funds	\$ 35,972,785	\$ 5,358,687	\$ 6,547,353	\$ 34,784,119

INTERNAL SERVICE FUNDS

Fund	2020	As of September 30th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
Equipment Rental	\$ 2,653,838	\$ 2,969,676	\$ 3,214,484	\$ 2,409,030
Environmental	655,151	60,407	150,093	565,465
Public Works Administration	656,066	981,415	1,186,742	450,739
Utility Services	(8,164)	1,179,650	1,427,140	(255,654)
Total Enterprise Operating Funds	\$ 3,956,891	\$ 5,191,148	\$ 5,978,459	\$ 3,169,580

EMPLOYEE BENEFIT RESERVES

Fund	2020	As of September 30th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
Unemployment Comp Reserve	\$ 253,933	\$ 162,579	\$ 117,610	\$ 298,902
Employees Health Ben Reserve	3,706,563	9,334,340	8,971,792	4,069,111
Worker's Comp Reserve	734,604	1,270,652	1,173,388	831,868
Wellness/EAP	47,077	—	26,287	20,790
Total Employee Benefit Reserve	\$ 4,742,177	\$ 10,767,571	\$ 10,289,077	\$ 5,220,671

RISK MANAGEMENT RESERVE

Fund	2020	As of September 30th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
Risk Management Reserve	\$ 2,643,898	\$ 3,142,630	\$ 2,926,957	\$ 2,859,571

DEBT SERVICE & AGENCY FUNDS

Fund	2020	As of September 30th		
	Beginning Balance	2020 Actual Rev.	2020 Actual Exp.	Ending Balance
GO Bond Redemption				
LID Guaranty	\$ —	\$ 8,185,838	\$ 7,765,700	\$ 420,138
2002 GO Convention Center	162,617	2,846,639	2,859,940	149,316
2005 GO Various Bonds	11,939	—	—	11,939
1996 GO LTD - Convention Center	75,485	(6,362)	—	69,123
Total GO Bond Redemption	\$ 250,041	\$ 11,026,115	\$ 10,625,640	\$ 650,516
Water/Sewer Revenue Bond Redemption				
WW Rev Bond & 2008 Debt Service	\$ (17,465)	\$ 62,531	\$ 8,984	\$ 36,082
Irrigation Bond Debt Service	(21,907)	318,760	57,660	239,193
WW Rev Bond Rsv & 2012 Debt Svc	1,592,748	103,700	56,400	1,640,048
Total W/S Rev Bond Redemption	\$ 1,553,376	\$ 484,991	\$ 123,044	\$ 1,915,323
Agency Funds				
Yakcorps	(249,653)	656,276	368,794	37,829
Cemetery Trust	716,090	11,082	—	727,172
Total Agency Funds	\$ 466,437	\$ 667,358	\$ 368,794	\$ 765,001