



## FINANCE DEPARTMENT

**To:** Mayor and City Council  
Bob Harrison

**From:** Steve Groom  
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**Date:** April 6, 2021

**Subject:** 2021 1st Quarter Financial Update

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This financial update is a preliminary, unaudited, report for the 1st quarter ended March 31, 2021, one quarter, or 25% of the year, intended to inform and assist governance decisions for future planning. In total, city revenues are at 17.0% of budget and expenditures are at 18.0% of budget. The timing of Property Tax Revenue, coming in, and the timing of Capital Fund Expenditures, going out, are normally the biggest reasons that revenues and expenditures are 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.

This report is a progress report until the annual independent audit is completed because complete accrual analysis for invoices not yet received is only done at year-end, not quarterly.

### **COVID-19's economic effects on City revenues**

The American Rescue Plan Act (ARPA) will positively impact 2021 as details become known, increasing budgeted revenues and expenses and will affected "normal" budgetary percentages in the accompanying reports uniquely as this year progresses. The economic effects of COVID-19, and the CARES Act, affected 2020 uniquely, complicating comparison to prior year.

As has been monitored and reported continuously, there was a substantial economic effect on the City's budgeted revenues:

- Sales Tax had significant downturns during two months in 2020, and has since recovered to exceed 2021 budgeted levels, achieving 109.1% of budget through March
- Lodging Tax had a significant downturn in 2020 due to the economic effects of the COVID-19 pandemic and began 2021 with a January remittance that was 53% of January 2019 (pre-COVID). February and March improved, 62% and 78% respectively of 2019 same-month levels.

- Building Permits, Fire Inspection Fees, Gambling Revenues and Utility Taxes all decreased during 2020, are continuing below budget in 2021 and are being monitored monthly.

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

General Fund Revenues in total are at 21.8%; the largest components are:

- Property Tax is at 10.0%.
- Sales Tax is at 25.7%.
- Utility and Franchise Taxes are at 24.8%.
- Gambling Tax is at 9.5% due to most 1st quarter remittances not yet received
- Building Permits is at 18.5%
- Fire Inspection Fees is at 2.3% due to low inspection volume during COVID

General Fund Expenditures in total are at 21.4%. The largest component variances are:

- Police expenditures are at 20.2%
- Fire Expenditures are at 22.3%.
- Information Technology expenditures are at 27.3%.
- Legal expenditures are at 26.6% due to retirement payout in the first quarter.
- City Council is at 36.2% due to annual Dues & Subscriptions paid in the first quarter.

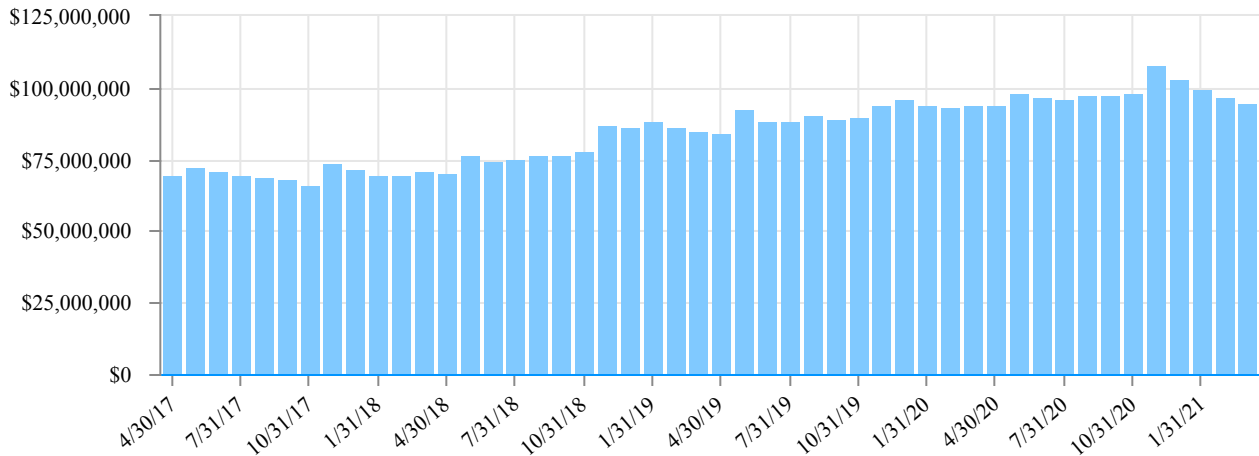
# CASH POSITION AND REVENUE UPDATE

City staff monitors revenues and managing expenses continuously.

## Cash & Investments

As a current over-all indicator, the 4-year historic core city-wide cash and investments balance trend shows March at \$95.1 million. Each month is best compared to the same month in previous years to account for seasonality and other annual events. March's cash balance is lower than prior year primarily due to \$4.4 million in Mill Site reimbursement not yet received.

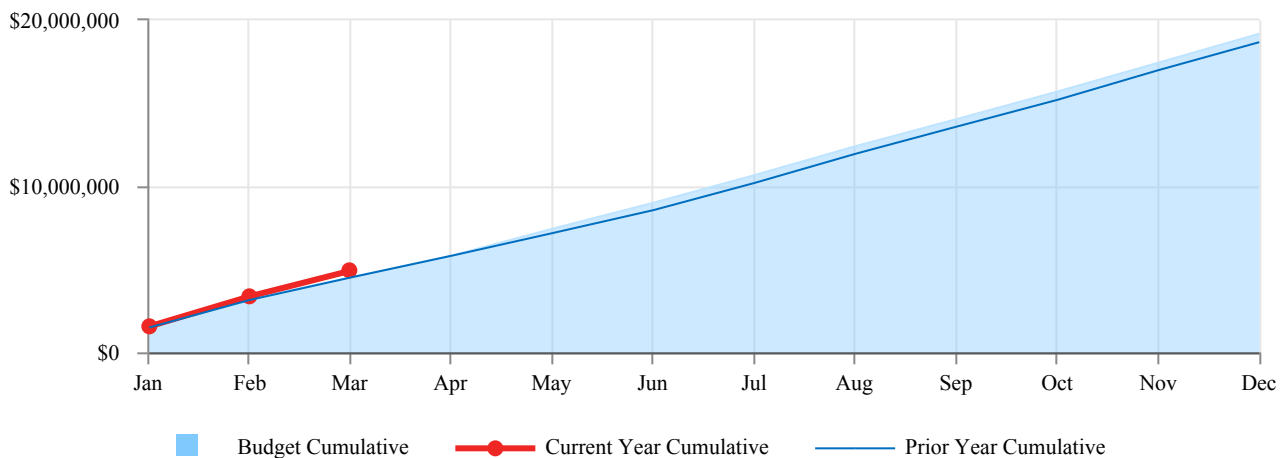
**CASH AND INVESTMENTS HISTORY**



## Sales Tax

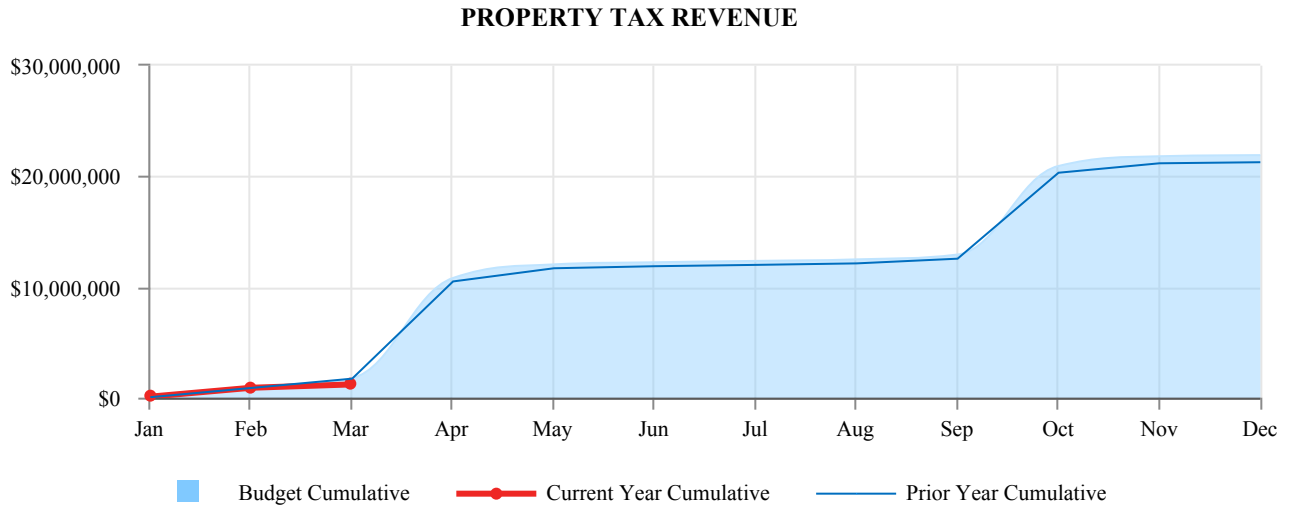
This is the largest single funding source for the city, and includes revenues across several funds. The 1st quarter cumulative of \$4.9 million exceeds budget by \$399,906 or 8.1% and is greater than prior year by \$410,732. The city receives sales tax from the State on a 2-month lag from the actual point-of-sale transactions so these figures are for actual transactions through January. The graph below shows Sales Tax revenues for General Fund (see p. 9).

**SALES TAX REVENUE**



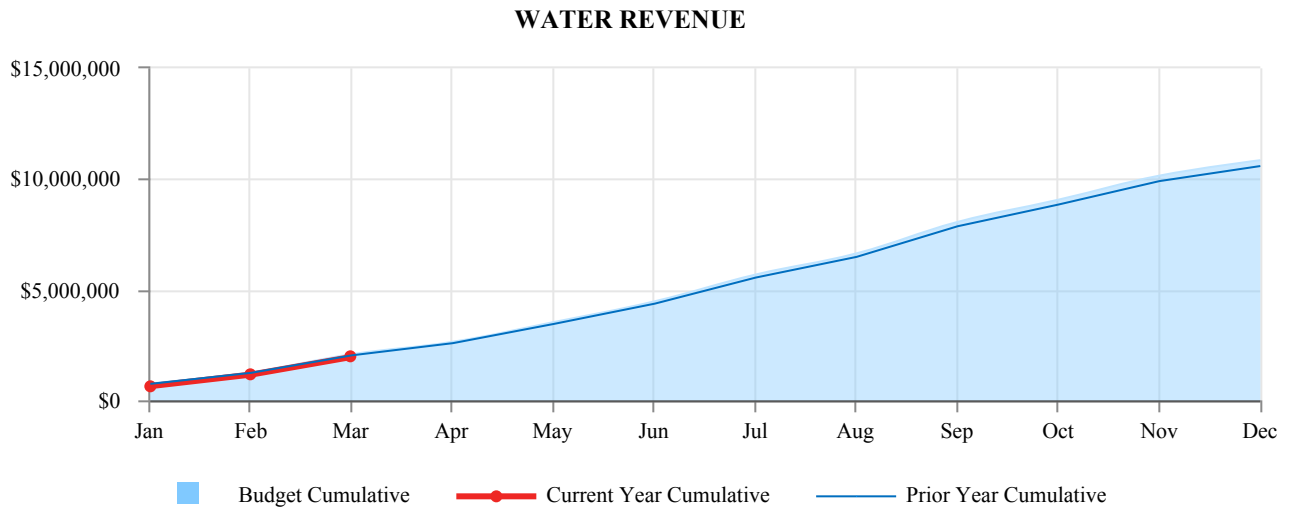
## Property Tax

The 1st quarter cumulative revenue tracked roughly on budget. The 2021 budget increased by \$317,000 due to assessed valuations (a combination of existing capped at 1% and new growth).



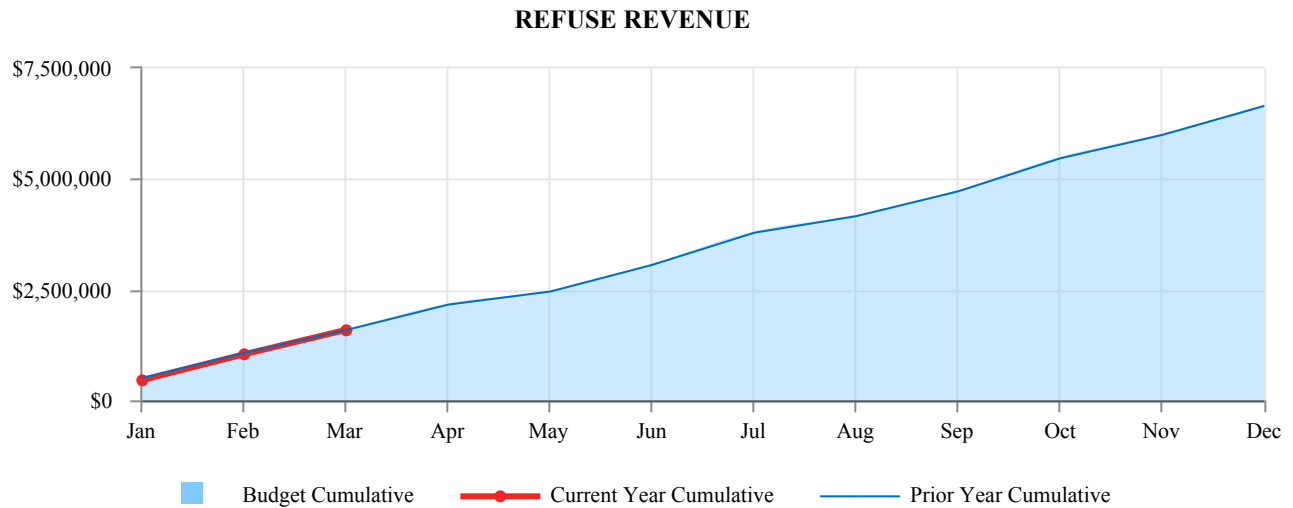
## Water

The 1st quarter cumulative revenue of \$2.0 million through March is down \$122,440.



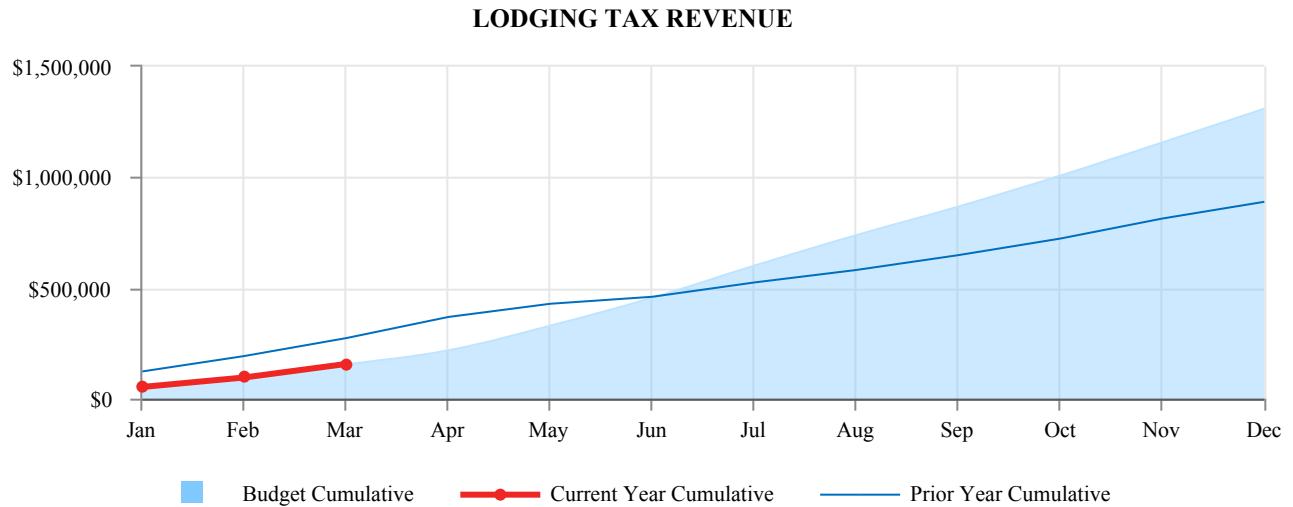
## Refuse

The 1st quarter cumulative revenue of \$1.6 million is up \$796 over budget and \$4,569 over prior year.



## Lodging Tax

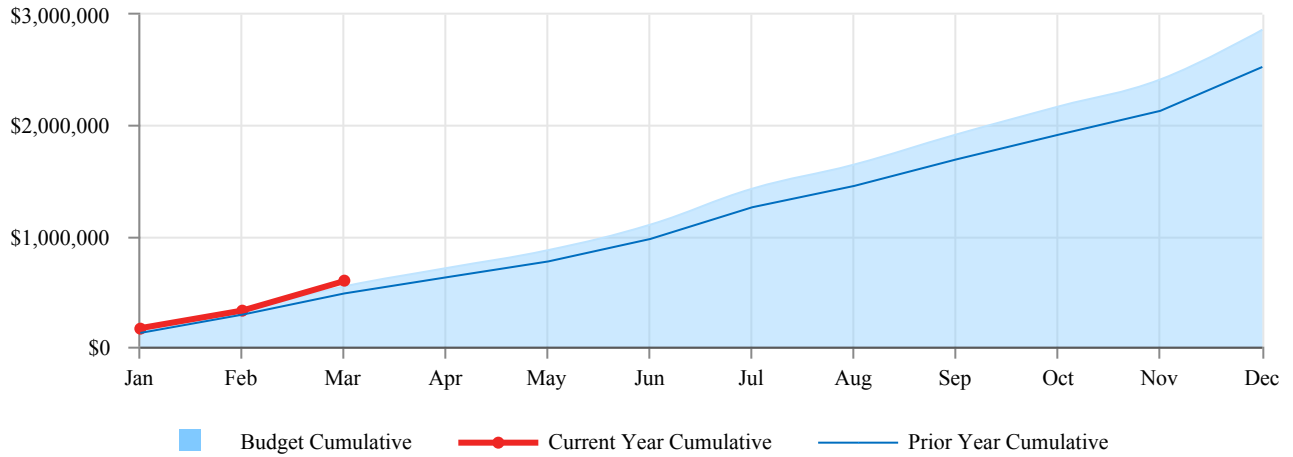
The 1st quarter cumulative revenue of \$95,731 is up \$2,299 over budget and down \$116,743 compared to prior year. The comparison of each month's revenue to the same month in prior year is improving, down 47%, 38% and 22% respectively for January, February and March. In the coming months through 2022 revenue is expected to fall short of prior year due to the continuing economic effects of the COVID-19 pandemic.



### Real Estate Excise Tax (REET I & II, combined)

The 1st quarter cumulative revenue of \$592,834 is up \$47,898 over budget and up \$111,938 over prior year.

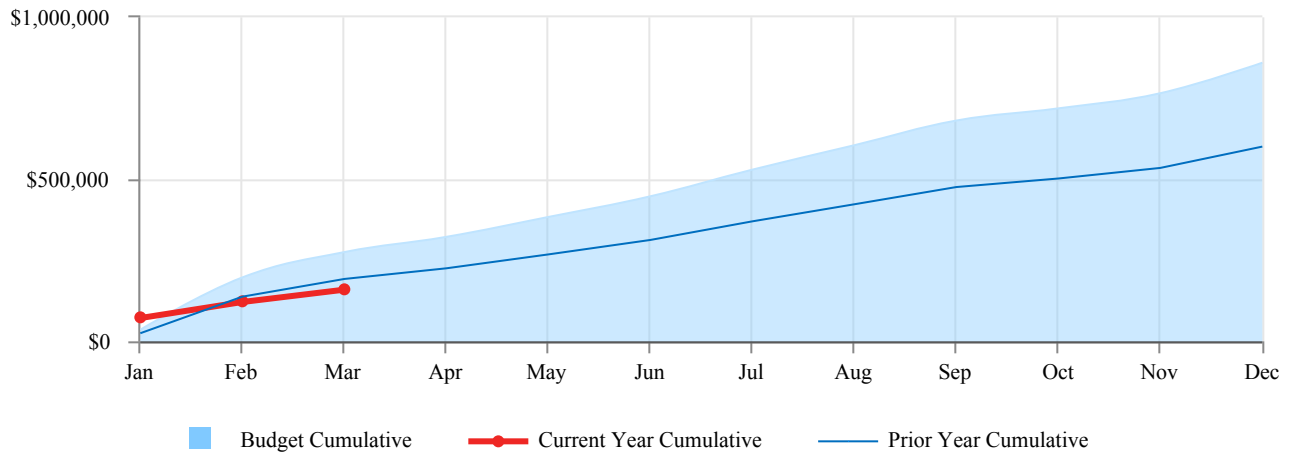
REET 1 / REET2



### Building Permits

The 1st quarter cumulative revenues of \$159,432 are down \$116,017 below budget and \$33,076 below prior year.

BUILDING PERMIT REVENUE



## CITY-WIDE FUND BALANCE SUMMARY

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### CHANGE IN FUND BALANCE

	2021	As of March 31st		Ending Balance
	Beginning Balance	2021 Actual Rev.	2021 Actual Exp.	
<b>General Fund</b>	\$ 13,295,598	\$ 15,154,293	\$ 15,123,315	\$ 13,326,576
Parks and Recreation	1,060,444	687,940	869,048	879,336
Street & Traffic Operations	915,423	756,443	1,393,714	278,152
<b>General Government Subtotal</b>	15,271,465	16,598,676	17,386,077	14,484,064
Other Governmental Operating Funds	5,420,249	2,263,449	3,254,243	4,429,455
Government Capital Funds	19,731,255	1,352,972	6,652,549	14,431,678
Enterprise Operating Funds	25,834,262	12,758,309	11,843,842	26,748,729
Enterprise Capital Funds	41,263,704	2,621,038	1,720,799	42,163,943
Internal Service Funds	4,777,916	1,627,769	2,020,450	4,385,235
Employee Benefit Reserve	5,609,521	3,716,938	4,093,151	5,233,308
Risk Management Reserves	3,376,377	1,339,209	2,448,686	2,266,900
Debt Service & Agency Funds	4,254,563	1,382,778	252,414	5,384,927
<b>Total</b>	<u>\$ 125,539,312</u>	<u>\$ 43,661,138</u>	<u>\$ 49,672,211</u>	<u>\$ 119,528,239</u>

This is a progress report to provide transparency and accountability. This table shows fund balances by fund at this point in time, and some negative balances are typical for the first three quarters due to timing of 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 is a snapshot, not a reliable measure of predicted year-end. Annual audited financial reports are provided annually and can be compared year to year.

## CITY WIDE REVENUES & EXPENDITURES BY FUND GROUPING

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### REVENUE COMPARISON (Budget vs. Actual)

	2020		2021		
	Actual	%	Annual		%
	as of 3/31	Rec'd	Amended Budget	Actual as of 3/31	
General	\$ 15,273,262	20.3 %	\$ 69,670,332	\$ 15,154,293	21.8 %
Parks and Recreation	764,628	13.8 %	5,795,833	687,940	11.9 %
Street & Traffic Operations	673,779	7.8 %	6,353,125	756,443	11.9 %
<b>General Government Subtotal</b>	<b>16,711,669</b>	<b>18.7 %</b>	<b>81,819,290</b>	<b>16,598,676</b>	<b>20.3 %</b>
Other Government Operating Funds	2,710,440	15.0 %	17,076,388	2,263,449	13.3 %
Government Capital Funds	2,072,557	5.4 %	23,012,795	1,352,972	5.9 %
Enterprise Operating Funds	13,138,073	19.7 %	67,109,670	12,758,309	19.0 %
Enterprise Capital Funds	1,509,020	11.6 %	31,845,671	2,621,038	8.2 %
Internal Service Funds	1,572,671	18.6 %	7,235,396	1,627,769	22.5 %
Employee Benefit Reserves	3,605,217	21.9 %	16,293,943	3,716,938	22.8 %
Risk Management Reserve	1,268,594	25.2 %	5,126,916	1,339,209	26.1 %
Debt Service & Agency Funds	1,232,195	7.6 %	7,495,303	1,382,778	18.4 %
<b>Total</b>	<b>\$ 43,820,436</b>	<b>16.1 %</b>	<b>\$ 257,015,372</b>	<b>\$ 43,661,138</b>	<b>17.0 %</b>

### EXPENDITURE COMPARISON (Budget vs. Actual)

	2020		2021		
	Actual	%	Annual		%
	as of 3/31	Exp'd	Amended Budget	Actual as of 3/31	
General	\$ 14,957,227	20.0 %	\$ 70,522,757	\$ 15,123,315	21.4 %
Parks and Recreation	970,987	17.3 %	5,816,608	869,048	14.9 %
Street & Traffic Operations	649,216	7.5 %	6,352,464	1,393,714	21.9 %
<b>General Government Subtotal</b>	<b>16,577,430</b>	<b>18.6 %</b>	<b>82,691,829</b>	<b>17,386,077</b>	<b>21.0 %</b>
Other Government Operating Funds	2,781,313	15.1 %	20,050,244	3,254,243	16.2 %
Government Capital Funds	296,403	.8 %	30,898,341	6,652,549	21.5 %
Enterprise Operating Funds	12,227,078	17.2 %	66,900,225	11,843,842	17.7 %
Enterprise Capital Funds	1,335,012	5.3 %	36,428,968	1,720,799	4.7 %
Internal Service Funds	2,395,943	22.2 %	9,359,017	2,020,450	21.6 %
Employee Benefit Reserves	4,076,214	25.1 %	16,433,061	4,093,151	24.9 %
Risk Management Reserve	2,075,807	41.1 %	5,688,793	2,448,686	43.0 %
Debt Service & Agency Funds	271,170	1.7 %	7,554,302	252,414	3.3 %
<b>Total</b>	<b>\$ 42,036,370</b>	<b>14.6 %</b>	<b>\$ 276,004,780</b>	<b>\$ 49,672,211</b>	<b>18.0 %</b>



# GENERAL GOVERNMENT REVENUE DETAIL

## GENERAL GOVERNMENT REVENUES

General Fund	Revenues as of March 31			2021	Percent Rec'd
	2019	2020	2021	Amended Budget	
Property Tax	\$ 958,095	\$ 868,036	\$ 910,407	\$ 9,129,830	10.0 %
General Sales Tax	4,305,744	4,540,129	4,967,269	19,357,000	25.7 %
Criminal Justice Sales Tax	864,547	886,372	1,017,169	4,053,000	25.1 %
Utility & Franchise Taxes	4,561,033	4,859,046	4,940,000	19,914,735	24.8 %
Other Taxes	260,909	256,920	2,174	1,073,000	0.2 %
Licenses and Permits	774,842	693,790	411,690	1,888,700	21.8 %
Intergov't Revenues	843,945	954,784	692,708	3,973,216	17.4 %
Charges for Services	1,812,328	1,842,734	1,738,884	7,138,251	24.4 %
Fines and Forfeitures	429,505	351,851	203,033	1,862,800	10.9 %
Other Revenue	70,615	19,600	270,958	1,279,800	21.2 %
<b>Total General Fund</b>	<b>14,881,563</b>	<b>15,273,262</b>	<b>15,154,292</b>	<b>69,670,332</b>	<b>21.8 %</b>
<b>Parks &amp; Recreation</b>					
Property Tax	195,506	213,089	250,624	2,752,528	9.1 %
Intergov't Revenues	11,539	28,819	5,958	69,330	8.6 %
Charges for Services	148,935	141,029	81,399	955,250	8.5 %
Other Revenue	310,725	381,691	349,959	2,018,725	17.3 %
<b>Total Parks &amp; Recreation</b>	<b>666,705</b>	<b>764,628</b>	<b>687,940</b>	<b>5,795,833</b>	<b>11.9 %</b>
<b>Streets</b>					
Property Tax	238,374	302,826	399,914	4,392,125	9.1 %
Intergov't Revenues	362,215	359,160	316,583	1,408,000	22.5 %
Charges for Services	7,766	850	2,970	505,000	0.6 %
Other Revenue	49,484	10,942	36,977	48,000	77.0 %
<b>Total Streets</b>	<b>657,839</b>	<b>673,778</b>	<b>756,444</b>	<b>6,353,125</b>	<b>11.9 %</b>
<b>Total General Government</b>	<b>\$ 16,206,107</b>	<b>\$ 16,711,668</b>	<b>\$ 16,598,676</b>	<b>\$ 81,819,290</b>	<b>20.3 %</b>

# GENERAL GOVERNMENT EXPENDITURE DETAIL

## GENERAL GOVERNMENT EXPENDITURES

	Expenditures as of March 31			2021	Percent Exp'd
	2019	2020	2021	Amended Budget	
Police	\$ 6,633,407	\$ 6,537,754	\$ 5,999,658	\$ 29,773,549	20.2 %
Fire	3,572,082	3,452,770	3,489,470	15,658,328	22.3 %
Information Technology	915,238	1,021,395	1,192,440	4,371,084	27.3 %
Finance	391,959	420,750	571,541	2,670,999	21.4 %
Interfund Distributions	713,867	420,411	391,415	2,212,053	17.7 %
Legal	428,992	469,347	547,918	2,057,127	26.6 %
Code Administration	414,471	420,739	412,554	1,911,326	21.6 %
Municipal Court	370,439	365,299	378,547	1,763,503	21.5 %
City Management	119,093	84,045	148,733	1,227,550	12.1 %
Firemen's Relief/Pension	406,789	367,288	334,054	1,176,390	28.4 %
Indigent Defense	172,351	268,579	274,138	1,050,000	26.1 %
Engineering	188,854	158,553	207,926	955,317	21.8 %
Police Pension	241,656	241,519	226,629	872,197	26.0 %
Human Resources	189,483	183,433	172,152	818,769	21.0 %
Planning	157,953	187,154	181,889	796,695	22.8 %
City Clerk/Records	101,707	(111,312)	113,371	791,632	14.3 %
City Hall Facility	129,567	134,144	92,278	455,460	20.3 %
Purchasing	149,158	113,426	102,990	447,309	23.0 %
Clean City Program <sup>1</sup>	—	170	44,912	441,008	10.2 %
Economic Development	86,054	53,006	60,810	342,145	17.8 %
City Council	105,870	105,105	103,137	284,786	36.2 %
Parking	42,775	38,290	35,157	258,994	13.6 %
Intergovernmental	47,088	25,361	41,597	170,288	24.4 %
Contingency	—	—	—	—	n/a
<b>Total General Fund</b>	<b>15,578,853</b>	<b>14,957,226</b>	<b>15,123,316</b>	<b>70,506,509</b>	<b>21.4 %</b>
Parks & Recreation Fund	884,459	970,987	869,048	5,816,608	14.9 %
Street & Traffic Ops.	1,610,845	649,216	1,393,714	6,352,464	21.9 %
<b>Total General Government</b>	<b>\$ 18,074,157</b>	<b>\$ 16,577,429</b>	<b>\$ 17,386,078</b>	<b>\$ 82,675,581</b>	<b>21.0 %</b>

<sup>1</sup> Expenditures commenced following the Nov 2019 Clean Cities funding increase in solid waste utility tax

## OTHER FUNDS DETAIL

### OTHER GOVERNMENT OPERATING FUNDS

Fund	2021	As of March 31		
	Beginning Balance	2021 Actual Rev.	2021 Actual Exp.	Ending Balance
Economic Development	\$ 53,014	\$ —	\$ —	\$ 53,014
Neighborhood Development	453,104	50,000	450,706	52,398
Community Relations	881,473	163,257	154,998	889,732
Cemetery	133,228	39,341	79,520	93,049
Emergency Services	99,131	160,192	317,710	(58,387)
Public Safety Communication	910,846	905,574	1,074,251	742,169
Police Grants	1,036,623	50,918	70,046	1,017,495
PBLA (Park/Bus Improvement Area)	75,810	52,888	563	128,135
Trolley	48,500	1,275	1,883	47,892
Front Street Bus Improvement Area	4,278	950	—	5,228
Convention Center (Tourist Promo)	184,296	200,544	460,813	(75,973)
Capitol Theatre	53,872	92,280	103,643	42,509
PFD - Convention Center	1,228,948	259,471	290,078	1,198,341
Tourism Promotion Area	53,971	90,194	92,054	52,111
PFD - Capitol Theatre	203,157	196,566	157,977	241,746
<b>Total Other Gov't Operating Funds</b>	<b>\$ 5,420,251</b>	<b>\$ 2,263,450</b>	<b>\$ 3,254,242</b>	<b>\$ 4,429,459</b>

### GOVERNMENTAL CAPITAL FUNDS

Fund	2021	As of March 31		
	Beginning Balance	2021 Actual Rev.	2021 Actual Exp.	Ending Balance
Arterial Street	\$ 2,049,246	\$ 120,710	\$ 278,343	\$ 1,891,613
Central Bus District Capital	72,576	2,521	5,805	69,292
Capitol Theatre Construction	259,770	15,000	3,332	271,438
Yakima Redevelopment Area <sup>2</sup>	736,562	—	4,479,487	(3,742,925)
Parks & Recreation Capital	391,355	2,823	14,408	379,770
Fire Capital	381,861	17,500	3,777	395,584
Law and Justice Capital	1,025,340	124,555	80,760	1,069,135
Public Works Trust Construction	3,544,984	302,315	16,693	3,830,606
REET 2 Capital	2,004,985	296,417	72,732	2,228,670
Street Capital	3,833,625	411,456	138,082	4,106,999
Convention Center Cap Improvement	5,043,523	59,675	1,559,131	3,544,067
Reserve for Capital Improvement	387,427	—	—	387,427
<b>Total Gov't Capital Funds</b>	<b>\$ 19,731,254</b>	<b>\$ 1,352,972</b>	<b>\$ 6,652,550</b>	<b>\$ 14,431,676</b>

<sup>2</sup> YRDA capital fund shows a negative ending fund balance due to the timing of reimbursement grant billing not yet received of approximately \$4.4 million.

## ENTERPRISE OPERATING FUNDS

Fund	2021	As of March 31		
	Beginning Balance	2021 Actual Rev.	2021 Actual Exp.	Ending Balance
Airport Operating	\$ 604,551	\$ 333,632	\$ 341,579	\$ 596,604
Stormwater Operating	1,279,947	537,147	835,071	982,023
Transit Operating	7,576,254	1,831,755	1,939,945	7,468,064
Refuse	3,055,230	1,809,565	1,650,273	3,214,522
Wastewater Operating	8,434,274	5,634,644	4,654,546	9,414,372
Water Operating	3,953,702	2,087,338	1,775,028	4,266,012
Irrigation	930,305	524,229	647,400	807,134
<b>Total Enterprise Operating Funds</b>	<b>\$ 25,834,263</b>	<b>\$ 12,758,310</b>	<b>\$ 11,843,842</b>	<b>\$ 26,748,731</b>

## ENTERPRISE CAPITAL FUNDS

Fund	2021	As of March 31		
	Beginning Balance	2021 Actual Rev.	2021 Actual Exp.	Ending Balance
Airport Capital	\$ 789,623	\$ 723,579	\$ 817,676	\$ 695,526
Stormwater Capital	5,129,720	304,500	48,308	5,385,912
Transit Capital	6,102,037	9,800	14,886	6,096,951
Wastewater Facilities Capital	4,809,220	239,917	56,975	4,992,162
Wastewater Construction Capital	8,144,051	375,000	386,632	8,132,419
Wastewater Capital	5,284,555	—	190,800	5,093,755
Water Capital	5,053,942	600,000	38,906	5,615,036
Irrigation Capital	5,950,556	368,243	166,617	6,152,182
<b>Total Enterprise Capital Funds</b>	<b>\$ 41,263,704</b>	<b>\$ 2,621,039</b>	<b>\$ 1,720,800</b>	<b>\$ 42,163,943</b>

## INTERNAL SERVICE FUNDS

Fund	2021	As of March 31		
	Beginning Balance	2021 Actual Rev.	2021 Actual Exp.	Ending Balance
Equipment Rental	\$ 3,520,021	\$ 1,003,657	\$ 1,182,461	\$ 3,341,217
Environmental	551,877	(412)	5,288	546,177
Public Works Administration	721,025	341,103	333,173	728,955
Utility Services <sup>3</sup>	(15,006)	283,422	499,527	(231,111)
<b>Total Enterprise Operating Funds</b>	<b>\$ 4,777,917</b>	<b>\$ 1,627,770</b>	<b>\$ 2,020,449</b>	<b>\$ 4,385,238</b>

<sup>3</sup> Utility Services internal service fund is negative due to timing; internal service funds cover costs over long term.

## EMPLOYEE BENEFIT RESERVES

Fund	2021	As of March 31		
	Beginning Balance	2021 Actual Rev.	2021 Actual Exp.	Ending Balance
Unemployment Comp Reserve	\$ 296,730	\$ 54,090	\$ 20,635	\$ 330,185
Employees Health Ben Reserve	4,362,388	3,235,437	3,537,151	4,060,674
Worker's Comp Reserve	841,693	427,411	530,077	739,027
Wellness/EAP	108,710	—	5,288	103,422
<b>Total Employee Benefit Reserve</b>	<b>\$ 5,609,521</b>	<b>\$ 3,716,938</b>	<b>\$ 4,093,151</b>	<b>\$ 5,233,308</b>

## RISK MANAGEMENT RESERVE

Fund	2021	As of March 31		
	Beginning Balance	2021 Actual Rev.	2021 Actual Exp.	Ending Balance
Risk Management Reserve	\$ 3,376,377	\$ 1,339,209	\$ 2,448,686	\$ 2,266,900

## DEBT SERVICE & AGENCY FUNDS

Fund	2021	As of March 31		
	Beginning Balance	2021 Actual Rev.	2021 Actual Exp.	Ending Balance
<b>GO Bond Redemption</b>				
2002 GO Convention Center	217,154	290,531	—	507,685
2005 GO Various Bonds	17,239	213,264	—	230,503
1996 GO LTD - Convention Center	44,684	—	—	44,684
LID Debt Service Control	—	285	—	285
<b>Total GO Bond Redemption</b>	<b>\$ 279,077</b>	<b>\$ 504,080</b>	<b>\$ —</b>	<b>\$ 783,157</b>
<b>Water/Sewer Revenue Bond Redemption</b>				
WW Rev Bond & 2008 Debt Service	\$ 343,871	\$ —	\$ (5,988)	\$ 349,859
Irrigation Bond Debt Service	179,953	136,275	(7,713)	323,941
WW Rev Bond Rsv & 2012 Debt Svc	2,634,044	—	(21,533)	2,655,577
<b>Total W/S Rev Bond Redemption</b>	<b>\$ 3,157,868</b>	<b>\$ 136,275</b>	<b>\$ (35,234)</b>	<b>\$ 3,329,377</b>
<b>Agency Funds</b>				
YakCorps	99,950	739,425	287,647	551,728
Cemetery Trust	717,668	2,997	—	720,665
<b>Total Agency Funds</b>	<b>\$ 817,618</b>	<b>\$ 742,422</b>	<b>\$ 287,647</b>	<b>1,272,393</b>