

August 2020 Monthly Financial Report

CITY OF TACOMA
**BIENNIAL
BUDGET**
2019 - 2020

GENERAL FUND OVERVIEW

	2020 Budget*	YTD Projection	YTD Actuals	YTD Variance (Unfavorable)/ Favorable	YTD % Variance (Unfavorable)/ Favorable
** Revenues	\$ 251,410,559	\$ 164,902,367	\$ 161,913,221	\$ (2,989,146)	-1.8%
<i>Returned Capital Contributions</i>	\$ -	\$ -	\$ 3,500,000	\$ 3,500,000	100.0%
Expenditures	\$ 249,963,330	\$ 162,340,062	\$ 151,875,580	\$ 10,464,482	6.4%
Revenue Over Expenditure Variance (Fund Balance)	\$ 1,447,229	\$ 2,562,305	\$ 13,537,641	\$ 10,975,336	

** Revenue actuals have been adjusted to remove \$3.5M of capital contributions returned as part of a 2020 savings strategy. Returned Capital Contributions are shown in the row below and included in the final Revenue Over Expenditure Variance (Fund Balance).

SUMMARY

Through August 2020, revenues were unfavorable compared to original projections due to COVID-19. Expenditures were favorable due to delays and savings created by the COVID-19 response. The General Fund is in an overall positive position of \$7.5 million, aided by \$3.5 million of returned capital contributions, bringing the positive position to \$11.0 million.

REVENUE OVERVIEW

Through August, General Fund revenues were unfavorable by approximately \$3.0 million, aided by \$3.5 million of returned capital contributions, bringing it to a total favorable variance of \$511 thousand.

- *Sales Taxes* (-\$3.7M)
 - Delayed filings, slowdowns in spending
- *Business Taxes* (-\$2.2M)
 - Unfavorable retailing, cable television, cell phone/pager, telephone, wholesale grains
 - Offset by service and natural gas
- *Utility Taxes* (+\$1.8M)
 - One-time \$1M payment from Power
 - Favorable Solid Waste, Power, Surface Water, and Click!
 - Offset by Rail, Waste Water, and Water
- *Other Revenues*
 - *Intergovernmental Revenues* (+\$1.3M)
 - Favorable marijuana-related taxes, liquor taxes, criminal justice funding, timing of tribal revenue
 - *Charges for Services* (-\$115k)
 - Unfavorable non-emergency lift assist fines
 - Offset by law enforcement services
 - *Fines & Forfeits* (+\$338k)
 - Penalties and interest on business taxes
 - *Miscellaneous Revenues* (-\$469k)
 - Delayed interest subsidies, less than planned interest earnings
 - Excludes \$3.5M in returned capital contributions

EXPENDITURE OVERVIEW

Through August, General Fund expenditures were favorable by approximately \$10.5 million.

- *City Manager's Office* (+\$180k)
 - Personnel savings
- *Finance* (+\$173k)
 - Personnel savings, delayed software costs
- *Fire* (-\$517k)
 - PTO Payouts, Overtime, Fleet Corrections
 - Offset by personnel savings
- *Library* (+\$693k)
 - Slower spending on library materials, maintenance
- *Neighborhood & Community Services (NCS)* (+\$1.3M)
 - Labor Savings
 - External provider billing delays due to COVID-19
- *Planning & Development Services (PDS)* (+\$173k)
 - Vacancy and external service savings
- *Police* (+ \$1.6M)
 - Vacancy savings
 - Delays and cancellations of projects and trainings
 - Timing of purchase orders
- *Public Works* (+\$295k)
 - Labor Savings
 - Delayed maintenance & operations expenses
- *Tacoma Venues & Events* (+\$323k)
 - Timing of Arts contracts, cancelled events
- *Non-Departmental* (+\$6.1M)
 - Pierce County Jail Contract
 - Police and Fire Pensions
 - Local Improvement District assessments, capital projects
 - Metro Parks

* Throughout this report, revenue budgets have not been adjusted to reflect revised 2020 projections in response to COVID-19. Expense budgets have been adjusted to reflect cancelled projects.

Prepared By The Office of Management and Budget

Through August 31, 2020

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CITY OF TACOMA
**BIENNIAL
BUDGET**
2019 - 2020

GENERAL FUND REVENUE OVERVIEW

	Revenue Category	2020 Budget*	YTD Projection	YTD Actuals	YTD Variance (Unfavorable)/ Favorable	YTD % Variance (Unfavorable)/ Favorable
	Property Tax	\$ 62,509,681	\$ 34,108,340	\$ 34,125,157	\$ 16,817	0.0%
1	Sales Tax	59,736,063	38,375,387	34,681,543	(3,693,844)	-9.6%
2	Business Tax	54,100,871	40,115,320	37,955,812	(2,159,508)	-5.4%
3	Utility Tax	46,780,038	32,101,435	33,901,261	1,799,826	5.6%
	<i>Other Revenues</i>					
4	Intergovernmental Revenues	11,686,845	7,368,423	8,649,001	1,280,578	17.4%
	Licenses & Permits	7,402,244	6,704,266	6,768,420	64,155	1.0%
5	Charges for Services	3,874,663	2,509,600	2,395,099	(114,502)	-4.6%
	Other Taxes	1,995,064	1,508,997	1,456,808	(52,189)	-3.5%
7	Fines & Forfeits	854,420	569,614	907,928	338,315	59.4%
8**	Miscellaneous Revenues	2,470,669	1,540,984	1,072,192	(468,792)	-30.4%
	Total	\$ 251,410,559	\$ 164,902,367	\$ 161,913,221	\$ (2,989,146)	-1.8%
	Returned Capital Contributions**	-	-	3,500,000	3,500,000	100.0%
	Total	\$ 251,410,559	\$ 164,902,367	\$ 165,413,221	\$ 510,854	0.3%

Use of Fund Balance (Negative value denotes addition to cash)	\$ (1,447,229)	\$ (2,562,305)
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Total	\$ 249,963,330	\$ 162,340,062
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Analysis for revenue variances are provided for all line items in which the actual amount differs from the planned amount by at least 10.0% or \$100,000.

VARIANCE NOTES

- 1 **Sales Tax** - Unfavorable variance due to optional delayed filings as well as continued slowdowns in spending (-\$3.7M).
- 2 **Business Tax** - Unfavorable variance due to weaker returns in Retailing (-\$1.1M), cable television (-\$96k), cell phone/pager taxes (-\$508k), telephone taxes (-\$348k), and a refund in the wholesale of grains category (-\$362k), offset by more taxes in the service (+\$600k) and natural gas business taxes (+\$98k).
- 3 **Utility Tax** - Favorable variance due to accounting treatment of Power revenues resulting in a one-time \$1.0M payment and Power returns above plan (+\$1.5M), conservative budgeting regarding Click's final months as a City entity (+\$356k) and returns above plan in Solid Waste (+\$131k) and Surface Water (+\$37k), partially offset by weaker returns in Rail (-\$116k), Waste Water (-\$111k), and Water (-\$82k).
- 4 **Intergovernmental Revenues** - Favorable variance due to greater than planned marijuana-related taxes (+\$148k), liquor taxes (+\$252k), and state criminal justice funding (+\$298k), as well as earlier than planned tribal revenue (+\$737k), but offset by less than planned fire protection revenue from Fire District 10 (-\$148k).
- 5 **Charges for Services** - Unfavorable variance due to lower than expected non-emergency lift assist fines (-\$399k), offset by higher than expected law enforcement services revenue (+\$219k).
- 7 **Fines & Forfeitures** - Favorable variance due to higher than expected penalties and interest on business taxes (+\$417k), offset by lower than planned criminal penalties (-\$35k).
- 8** **Miscellaneous Revenues** - Unfavorable variance due to delayed Build America Bond interest subsidies (-\$318k) and less than planned interest earnings (-\$217k). ** In the top table, actuals have been adjusted to remove \$3.5M of capital contributions returned as part of a 2020 savings strategy. Returned Capital Contributions shown below the table and included in the final Total.

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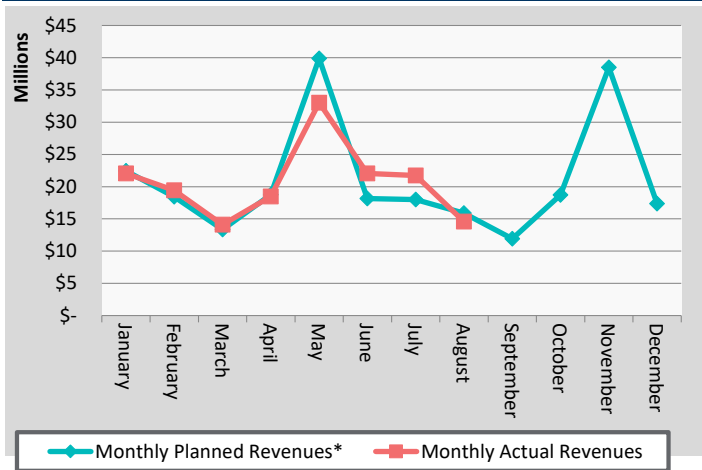
Through August 31, 2020

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CITY OF TACOMA
**BIENNIAL
BUDGET**
2019 - 2020

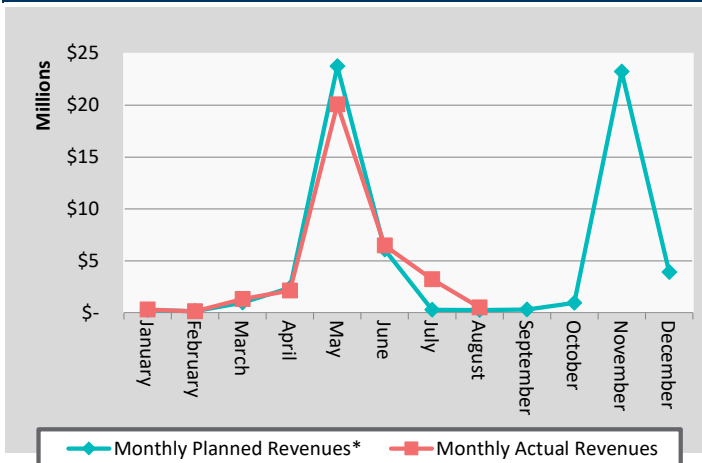
GENERAL FUND REVENUES

ALL REVENUE SOURCES



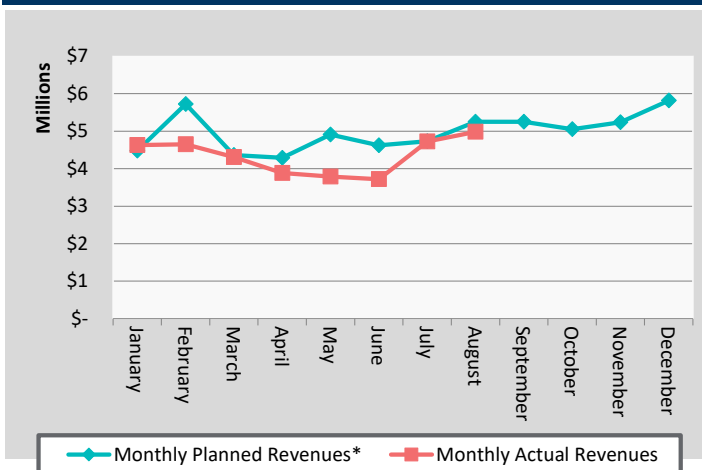
	Monthly Planned Revenues*	Monthly Actual Revenues	Variance
January	\$ 22,462,031	\$ 22,043,955	\$ (418,076)
February	18,418,594	19,413,380	994,786
March	13,329,509	14,097,302	767,793
April	18,753,177	18,474,757	(278,420)
May	39,896,697	33,027,241	(6,869,455)
June	18,157,450	22,051,082	3,893,632
July	17,994,306	21,723,352	3,729,047
August	15,890,604	14,582,151	(1,308,453)
September	11,914,621		
October	18,724,084		
November	38,494,309		
December	17,375,178		
2020 Total	\$ 251,410,559	\$ 165,413,221	\$ 510,854

PROPERTY TAX



	Monthly Planned Revenues*	Monthly Actual Revenues	Variance
January	\$ 247,958	\$ 288,026	\$ 40,069
February	140,244	118,638	(21,605)
March	961,555	1,315,179	353,624
April	2,411,293	2,124,490	(286,802)
May	23,759,566	20,081,380	(3,678,186)
June	6,068,076	6,472,835	404,760
July	268,946	3,219,930	2,950,985
August	250,706	504,679	253,973
September	311,322		
October	943,141		
November	23,244,060		
December	3,902,820		
2020 Total	\$ 62,509,681	\$ 34,125,157	\$ 16,817

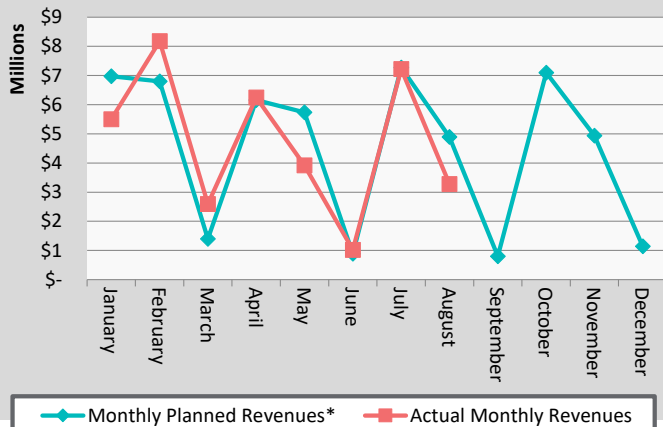
SALES TAX



	Monthly Planned Revenues*	Monthly Actual Revenues	Variance
January	\$ 4,479,335	\$ 4,629,670	\$ 150,334
February	5,719,679	4,647,483	(1,072,195)
March	4,364,994	4,310,880	(54,115)
April	4,290,350	3,882,090	(408,260)
May	4,912,817	3,787,879	(1,124,938)
June	4,625,608	3,717,990	(907,619)
July	4,729,841	4,724,177	(5,664)
August	5,252,762	4,981,373	(271,388)
September	5,254,436		
October	5,050,363		
November	5,239,815		
December	5,816,062		
2020 Total	\$ 59,736,063	\$ 34,681,543	\$ (3,693,844)

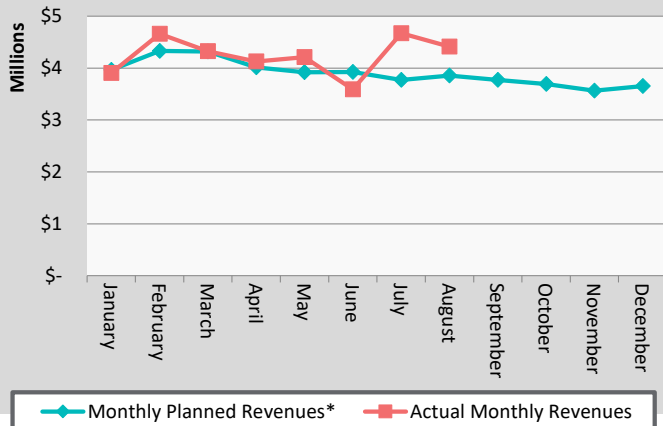
GENERAL FUND REVENUES

BUSINESS TAX



	Monthly Planned Revenues*	Actual Monthly Revenues	Variance
January	\$ 6,973,142	\$ 5,503,274	\$ (1,469,868)
February	6,798,984	8,177,680	1,378,696
March	1,393,778	2,593,314	1,199,536
April	6,156,586	6,248,131	91,546
May	5,738,870	3,915,343	(1,823,527)
June	884,070	1,023,931	139,861
July	7,276,832	7,220,953	(55,879)
August	4,893,058	3,273,185	(1,619,874)
September	801,942		
October	7,099,056		
November	4,941,685		
December	1,142,868		
2020 Total	\$ 54,100,871	\$ 37,955,812	\$ (2,159,508)

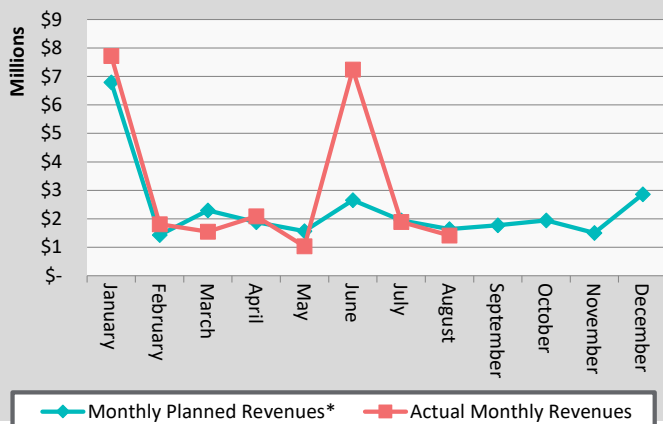
UTILITY/GROSS EARNINGS TAX



	Monthly Planned Revenues*	Actual Monthly Revenues	Variance
January	\$ 3,965,652	\$ 3,903,748	\$ (61,904)
February	4,330,494	4,659,458	328,964
March	4,316,816	4,325,412	8,596
April	4,012,678	4,128,233	115,555
May	3,921,261	4,211,242	289,981
June	3,926,625	3,588,599	(338,026)
July	3,772,147	4,671,652	899,504
August	3,855,762	4,412,916	557,154
September	3,770,611		
October	3,690,830		
November	3,564,504		
December	3,652,658		
2020 Total	\$ 46,780,038	\$ 33,901,261	\$ 1,799,826

OTHER REVENUES

(Intergovernmental, Licenses & Permits, Charges for Service, Fines & Forfeits, and Miscellaneous Revenues)



	Monthly Planned Revenues*	Actual Monthly Revenues	Variance
January	\$ 6,795,944	\$ 7,719,237	\$ 923,293
February	1,429,193	1,810,120	380,927
March	2,292,366	1,552,517	(739,849)
April	1,882,271	2,091,812	209,541
May	1,564,184	1,031,397	(532,786)
June	2,653,071	7,247,727	4,594,656
July	1,946,539	1,886,639	(59,900)
August	1,638,316	1,409,998	(228,318)
September	1,776,310		
October	1,940,695		
November	1,504,246		
December	2,860,770		
2020 Total	\$ 28,283,905	\$ 24,749,449	\$ 4,547,564

* Monthly Planned Revenues have not been adjusted to reflect revised 2020 projections in response to COVID-19.

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GENERAL FUND EXPENDITURE OVERVIEW

	Department	2020 Budget*	YTD Projection	YTD Actuals	YTD Variance (Unfavorable)/ Favorable	YTD % Variance (Unfavorable)/ Favorable
	City Attorney's Office	\$ 2,504,248	\$ 1,610,940	\$ 1,556,946	\$ 53,994	3.4%
1	City Manager's Office	522,610	347,258	166,927	180,331	51.9%
	Community & Economic Development	3,368,975	2,163,121	2,115,345	47,776	2.2%
2	Finance	4,101,793	2,748,549	2,575,715	172,834	6.3%
3	Fire	63,832,938	42,907,534	43,424,617	(517,083)	-1.2%
4	Library	13,504,123	8,789,425	8,096,452	692,973	7.9%
	Municipal Court	3,681,561	2,461,849	2,471,542	(9,694)	-0.4%
5	Neighborhood & Community Services	12,027,642	7,812,288	6,511,706	1,300,582	16.6%
6	Planning & Development Services	1,739,039	1,136,871	963,980	172,891	15.2%
7	Police	85,954,910	57,650,764	56,048,583	1,602,182	2.8%
8	Public Works	2,834,917	1,896,859	1,602,111	294,748	15.5%
9	Tacoma Venues and Events	1,186,473	784,297	461,164	323,132	41.2%
10	Non-Departmental	54,704,101	32,030,307	25,880,491	6,149,816	19.2%
	Total Expenditures	\$ 249,963,330	\$ 162,340,062	\$ 151,875,580	\$ 10,464,482	6.4%

Analysis for expenditure variances are provided for all departments in which the actual amount differs from the planned amount by at least \$100,000.

VARIANCE NOTES

- 1 **City Manager** - Favorable variance due to personnel savings (+\$137k) and delayed contracts (+\$39k).
- 2 **Finance** - Favorable due to saving in professional services (+\$88k), lower than anticipated credit card fees (+\$32k), lower than anticipated lockbox fees (+\$20k), savings on vehicle expense (+\$17k), savings on printing (+\$17k).
- 3 **Fire** - Unfavorable variance due to overtime and training (-\$614k), PTO and Leave/Severance cash out (-\$414k), and Fleet Inventory cleanup of prior year corrections (-\$159k), offset by personnel savings (+\$527k). \$48k of expenses through August are COVID-19 response related and can be covered with Federal funding.
- 4 **Library** - Favorable variance due to slower than planned spending on library materials (+\$245k), less than planned spending on building maintenance and planned improvements (+\$300k), savings on security costs while the Main branch has been closed (+\$56k), miscellaneous labor savings (+\$36k) and less copier expenses (+\$16k), but offset by higher than planned property insurance costs (-\$63k).
- 5 **Neighborhood & Community Services** - Favorable variance due to personnel savings (+\$152k), COVID-related external contract delays (+\$900k) in programs such as Phase II, Metro Parks, and Tacoma Community House, and no Phase III programming (+\$197k).
- 6 **Planning & Development Services** - Favorable variance due to personnel savings (+\$36k) and savings in External Services (+\$132k).
- 7 **Police** - Favorable variance due to vacancy savings and timing of contracts (+\$1.3M), fuel savings (+\$199k), delays and cancellations of projects and trainings (+\$152k), and timing of purchase orders (+\$45k), offset by external services payment budgeted in 2019 paid in 2020 (-\$84k) and unbudgeted VEBA benefits (-\$34k).
- 8 **Public Works** - Favorable variance due to personnel savings (+\$150k) and delayed maintenance & operations expenditures (+\$118k).
- 9 **Tacoma Venues & Events** - Favorable due to savings in external services due to timing of arts contracts and reduction in number of special events (+\$230k), personnel savings (+\$50k), and operating expenses savings (+\$43k).
- 10 **Non-Departmental** - Favorable variance due to savings and timing of payments for the jail contract (+\$2.4M), Police and Fire pensions (+\$1.6M), and Local Improvement District assessments (+\$0.9M), as well as timing of transfers to the Traffic Enforcement fund (+\$0.6M) and Metro Parks (+\$0.4M).

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OTHER FUNDS OVERVIEW (REVENUE AND EXPENSE)

	Fund	2020 Budget*	YTD Projection	YTD Actuals	YTD Variance (Unfavorable)/ Favorable	YTD % Variance (Unfavorable)/ Favorable
SPECIAL REVENUE FUNDS						
1	PW Street Operations & Engineering					
	Revenues	25,439,839	17,031,529	14,844,083	(2,187,447)	(12.8%)
	Expenditures	25,310,473	16,775,872	13,897,421	2,878,451	17.2%
2	Traffic Enforcement, Engineering & Education					
	Revenues	3,788,828	2,525,885	2,068,073	(457,812)	(18.1%)
	Expenditures	3,685,461	2,447,192	2,507,460	(60,268)	(2.5%)
ENTERPRISE FUNDS						
3	Permit Services					
	Revenues	17,031,392	11,354,261	13,775,194	2,420,933	21.3%
	Expenditures	14,976,710	10,024,930	9,696,625	328,305	3.3%
4	TVE Convention Center					
	Revenues	12,304,306	8,205,522	7,179,647	(1,025,875)	(12.5%)
	Expenditures	12,224,851	5,762,664	4,442,775	1,319,890	22.9%
5	TVE Cheney Stadium					
	Revenues	1,648,118	1,114,826	896,453	(218,373)	(19.6%)
	Expenditures	1,516,425	1,006,779	556,763	450,016	44.7%
6	TVE Tacoma Dome					
	Revenues	12,109,294	8,405,556	3,536,891	(4,868,665)	(57.9%)
	Expenditures	11,711,622	7,742,664	4,790,042	2,952,622	38.1%

Note: In instances where revenues for the biennium do not match expenditures, cash balance is being utilized.

General Fund Supported Funds shaded grey.

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OTHER FUNDS OVERVIEW (REVENUE AND EXPENSE)

VARIANCE NOTES

- 1 **PW Street Operations & Engineering** - Revenue: Unfavorable variance due to passage of I-976 and its reduction of TBD vehicle fee revenues (-\$1.9M). Expense: Favorable variance due to savings in street maintenance (+\$1.5M) as a response to I-976, as well as personnel savings from vacant positions and increased charges to capital projects (+\$1.1M).
- 2 **Traffic Enforcement, Engineering & Education** - Revenue: Unfavorable variance due to a delay in General Fund transfer (-\$557k), offset by a favorable variance in Fine & Forfeits (+\$60k) and traffic enforcement (+\$33k).
- 3 **Permit Services** - Revenue: Favorable variance due to a change in accounting practices where we recognize revenue at the time of invoicing (+\$2.0M) and Site Development and Private Work Order revenues (+\$384k). Expense: Favorable variance due to savings in External Services (+\$434k).
- 4 **TVE Convention Center** - Revenue: Unfavorable variance of due to cancellation of Convention Center events Mar 15-Jul 31, 2020 related to COVID-19 (-\$1.1M), offset by favorable variance in Miscellaneous Revenues of (+\$81k). Charges for Services variance will continue to remain unfavorable as events have been cancelled through at least Sep 2020. Expense: Favorable variance of due to cancellation of all events at Convention Center Mar 15-Sep 30, 2020 resulting from COVID-19, savings in Operating Expenses (+\$591k), External Services (+\$649k), and personnel (+\$74k).
- 5 **TVE Cheney Stadium** - Revenue: Unfavorable variance due to reduction in Cheney lease payments with cancellation of Rainiers baseball season April - July 2020 (-\$350k). Expense: Favorable variance due to timing of debt service payments (+\$414k) and payment of capital reserves (+\$67k).
- 6 **TVE Tacoma Dome** - Revenue: Unfavorable variance due to all events at Tacoma Dome, Exhibition Hall and Dome Parking being cancelled Mar 14-Sep 30, 2020, causing lower business tax (-\$359k), and charges for services (-\$4.8M), offset by advertising (+\$61k) and interest earnings (+\$235k). Expense: Favorable variance due to cancellation or postponements of all events Mar 14-Sep 30, 2020 due to COVID-19, leading to savings in personnel (+\$319k), external services (+\$529k), and operating expenses (+\$1.9M). Savings could revert to delays if events resume later in the year.

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CITY OF TACOMA
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2019 - 2020

GENERAL GOVERNMENT INTERNAL SERVICE FUND OVERVIEW

	Department	2020 Budget*	YTD Projection	YTD Actuals	YTD Variance (Unfavorable)/ Favorable	YTD % Variance (Unfavorable)/ Favorable
1	City Attorney's Office	\$ 7,428,012	\$ 4,935,791	\$ 4,334,916	\$ 600,875	12.2%
	City Council	1,569,232	1,041,600	987,609	53,992	5.2%
2	City Manager's Office	4,719,642	3,129,076	2,623,789	505,288	16.1%
	Environmental Services	604,680	403,120	425,286	(22,166)	-5.5%
3	Finance	11,216,925	7,462,297	6,957,042	505,254	6.8%
	Fire	393,805	272,537	290,847	(18,310)	-6.7%
	Hearing Examiner	466,218	310,812	292,600	18,212	5.9%
4	Human Resources	7,654,031	5,196,406	4,425,258	771,148	14.8%
5	Information Technology	28,682,678	19,195,113	19,359,168	(164,055)	-0.9%
	Total Expenditures	\$ 62,735,223	\$ 41,946,752	\$ 39,696,515	\$ 2,250,237	5.4%

Analysis for expenditure variances are provided for all departments in which the actual amount differs from the planned amount by at least \$100,000.

VARIANCE NOTES

- 1 **City Attorney's Office** - Favorable variance due to personnel savings due to COVID (+\$110k) and delay in outside counsel billing (+\$422k).
- 2 **City Manager's Office** - Favorable variance due to vacancies (+\$269k), external service savings (+\$100k), and delayed training (+\$127k).
- 3 **Finance** - Favorable variance due to labor vacancy savings (+\$421k) and travel and training cost savings (+\$84k).
- 4 **Human Resources** - Favorable variance due to vacancies in Safety (+\$341k), cancelled trainings (+\$116k), refund for ORCA (+\$243k), and delays in Safety operating expenses (+\$60k).
- 5 **Information Technology** - Unfavorable variance due to spending ahead on licensing and cloud technologies (-\$1.6M), partially offset by personnel savings (+\$521k), professional services (+\$395k), and timing of communication materials purchases (+\$294k), equipment charges for the Library Uplift project (+\$115k).

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