

October 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	\$ 195,541,071	\$ 190,230,583	\$ (5,310,488)	-2.7%
<i>Returned Capital Contributions</i>	\$ -	\$ -	\$ 3,500,000	\$ 3,500,000	100.0%
Expenditures	\$ 249,963,330	\$ 201,509,203	\$ 189,595,568	\$ 11,913,634	5.9%
Revenue Over Expenditure Variance (Fund Balance)	\$ 1,447,229	\$ (5,968,131)	\$ 4,135,015	\$ 10,103,146	

** 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

REVENUE OVERVIEW

Through October, General Fund revenues were unfavorable by approximately \$5.3 million, aided by \$3.5 million of returned capital contributions, bringing it to a total unfavorable variance of \$1.8 million.

- *Property Taxes* (+\$403k)
 - Timing of payments
- *Sales Taxes* (-\$4.3M)
 - Delayed filings, slowdowns in spending
- *Business Taxes* (-\$3.8M)
 - Unfavorable retailing, manufacturing, wholesaling, cable television, cell phone/ pager, telephone, wholesale grains
 - Offset by natural gas and Cable TV franchise
- *Utility Taxes* (+\$1.7M)
 - One-time \$1M payment from Power
 - Favorable Solid Waste, Power, Surface Water, Rail and Click!
 - Offset by Waste Water and Water
- *Other Revenues*
 - *Intergovernmental Revenues* (+\$1.8M)
 - Favorable marijuana-related taxes, liquor taxes, criminal justice funding, timing of tribal revenue
 - *Licenses and Permits* (-\$630k)
 - Unfavorable non-business licenses and permits, business license penalties and interest, and business license permits
 - Offset by annual business licenses and alarm permits
 - *Charges for Services* (-\$490k)
 - Unfavorable Fire Inspection Fees
 - Offset by law enforcement services and ambulance fees
 - *Fines & Forfeits* (+\$268k)
 - Penalties and interest on business taxes
 - *Miscellaneous Revenues* (-\$166k)
 - Delayed interest subsidies, less than planned interest earnings
 - Excludes \$3.5M in returned capital contributions

EXPENDITURE OVERVIEW

Through October, General Fund expenditures were favorable by approximately \$11.9 million.

- *City Manager's Office* (+\$193k)
 - Personnel savings
- *Community & Economic Development (CED)* (-\$512k)
 - Department of Commerce Reimbursement
- *Finance* (+\$167k)
 - Professional services and operating expense savings
 - Software delays
- *Fire* (-\$482k)
 - Paid Time Off Payouts and Overtime
 - Offset by personnel savings
- *Library* (+\$609k)
 - Slower spending on library materials, maintenance, and operating expenses
- *Neighborhood & Community Services (NCS)* (+\$1.2M)
 - Personnel savings
 - External provider billing delays due to COVID-19
- *Planning & Development Services (PDS)* (+\$221k)
 - Personnel and external service savings
- *Police* (+ \$2.4M)
 - Personnel savings and timing of Collective Bargaining
 - Delays and cancellations of projects and trainings
 - Fuel savings
 - Timing of purchase orders
- *Public Works* (+\$351k)
 - Personnel savings
 - Delayed maintenance & operations expenses
- *Tacoma Venues & Events* (+\$393k)
 - Timing of Arts contracts, cancelled events
- *Non-Departmental* (+\$7.3M)
 - Pierce County Jail Contract
 - Police and Fire Pensions
 - Local Improvement District assessments and capital projects
 - Transfers to Traffic Enforcement

* 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 October 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
1	Property Tax	\$ 62,509,681	\$ 35,362,802	\$ 35,765,665	\$ 402,863	1.1%
2	Sales Tax	59,736,063	48,680,186	44,333,214	(4,346,973)	-8.9%
3	Business Tax	54,100,871	48,016,318	44,263,414	(3,752,904)	-7.8%
4	Utility Tax	46,780,038	39,562,876	41,284,869	1,721,993	4.4%
<i>Other Revenues</i>						
5	Intergovernmental Revenues	11,686,845	9,266,813	11,043,147	1,776,334	19.2%
6	Licenses & Permits	7,402,244	7,236,664	6,606,803	(629,862)	-8.7%
7	Charges for Services	3,874,663	3,241,171	2,750,980	(490,191)	-15.1%
	Other Taxes	1,995,064	1,615,590	1,521,609	(93,981)	-5.8%
8	Fines & Forfeits	854,420	712,017	980,229	268,212	37.7%
9**	Miscellaneous Revenues	2,470,669	1,846,634	1,680,655	(165,979)	-9.0%
	Total	\$ 251,410,559	\$ 195,541,071	\$ 190,230,583	\$ (5,310,488)	-2.7%
	Returned Capital Contributions**	-	-	3,500,000	3,500,000	100.0%
	Total	\$ 251,410,559	\$ 195,541,071	\$ 193,730,583	\$ (1,810,488)	-0.9%

Use of Fund Balance (Negative value denotes addition to cash)	\$ (1,447,229)	\$ 5,968,131
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Total	\$ 249,963,330	\$ 201,509,203
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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

- Property Tax** - Favorable variance due to timing of payments (+\$403k).
- Sales Tax** - Unfavorable variance due to optional delayed filings as well as continued slowdowns in spending (-\$4.3M).
- Business Tax** - Unfavorable variance due to lower than anticipated returns in retailing (-\$1.3M), manufacturing (-\$520k), wholesaling (-\$424k), cable television (-\$367k), cell phone/pager taxes (-\$383k), and wholesale of grains (-\$544k), offset by natural gas business taxes (+\$53k) and Cable TV franchise fees (+\$70k).
- Utility Tax** - Favorable variance due to accounting treatment of Power revenues resulting in a one-time \$1.0M payment and Power returns above plan (+\$1.4M), conservative budgeting regarding Click's final months as a City entity (+\$330k) and returns above plan in Solid Waste (+\$237k), Surface Water (+\$26k), and Rail (+\$10k), partially offset by weaker returns in Waste Water (-\$147k) and Water (-\$110k).
- Intergovernmental Revenues** - Favorable variance due to greater than planned marijuana-related taxes (+\$398k), liquor taxes (+\$385k), and state criminal justice funding (+\$374k), as well as earlier than planned tribal revenue (+\$710k), but offset by less than planned fire protection revenue from Fire District 10 (-\$71k).
- Licenses & Permits** - Unfavorable variance due to lower than expected non-business licenses and permits (-\$179k), interest and penalties on business licenses (-\$44k), business license permits (-\$485k), and fire prevention permits (-\$46k), offset by greater than planned annual business licenses (+\$95k) and alarm monitoring permits (+\$24k).
- Charges for Services** - Unfavorable variance due to lower than expected Fire Inspection Fees due to de-emphasis on inspections during COVID-19 (-\$621k), offset by higher than expected law enforcement services revenue (+\$109k) and ambulance/emergency aid fees (+\$60k).
- Fines & Forfeitures** - Favorable variance due to higher than expected penalties and interest on business taxes (+\$428k), offset by lower than planned criminal penalties (-\$44k) and Library book fines (-\$83k).
- Miscellaneous Revenues** - Unfavorable variance due to delayed Build America Bond interest subsidies (-\$318k) and less than planned interest earnings (-\$293k), partially offset by returned funds from Fleet due to Ladder Truck savings (+\$365k). ** 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.

* 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.

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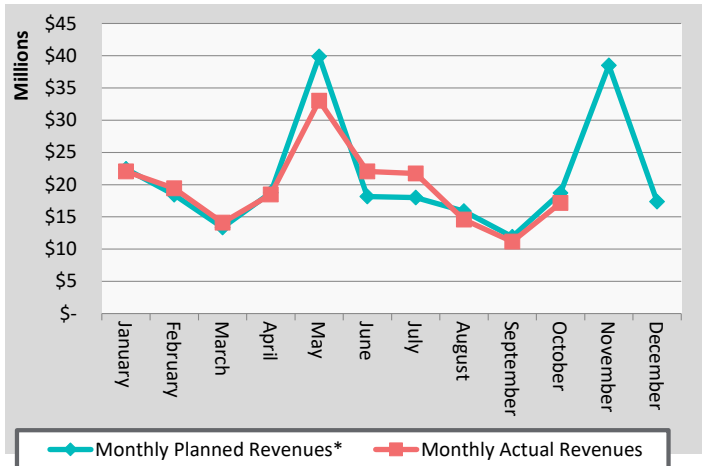
Through October 31, 2020

October 2020 Monthly Financial Report

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

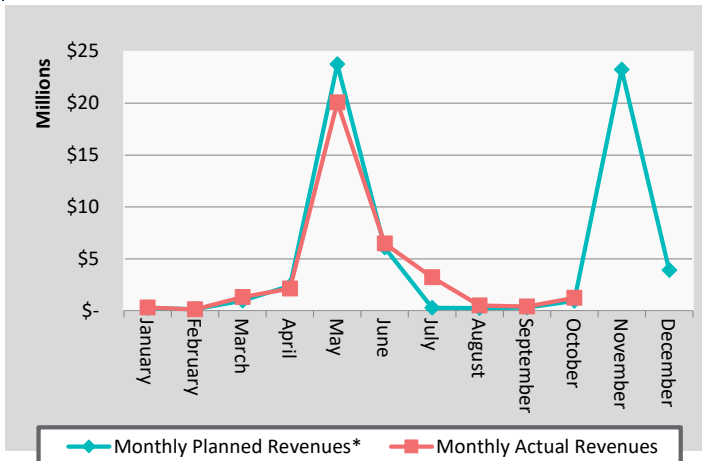
GENERAL FUND REVENUES

ALL REVENUE SOURCES



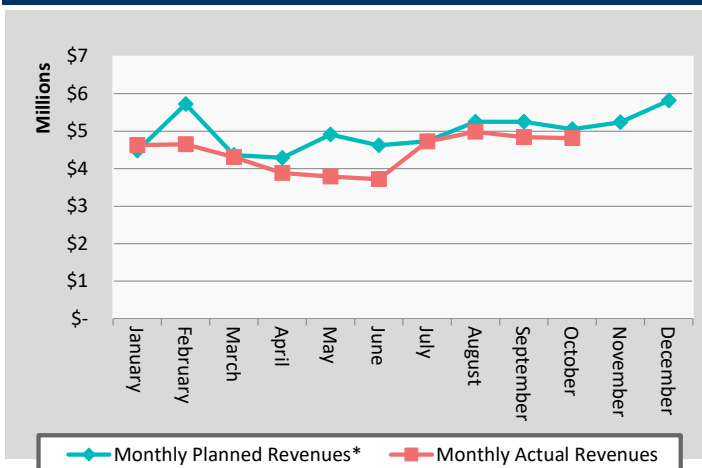
	Monthly Planned Revenues*	Monthly Actual Revenues	Variance
January	\$ 22,462,031	\$ 22,043,955	\$ (418,076)
February	18,418,594	19,413,380	994,786
March	13,329,509	14,097,302	767,793
April	18,753,177	18,474,757	(278,420)
May	39,896,697	33,027,241	(6,869,455)
June	18,157,450	22,051,082	3,893,632
July	17,994,306	21,723,352	3,729,047
August	15,890,604	14,582,151	(1,308,453)
September	11,914,621	11,156,055	(758,565)
October	18,724,084	17,161,307	(1,562,777)
November	38,494,309		
December	17,375,178		
2020 Total	\$ 251,410,559	\$ 193,730,583	\$ (1,810,488)

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	409,657	98,336
October	943,141	1,230,851	287,710
November	23,244,060		
December	3,902,820		
2020 Total	\$ 62,509,681	\$ 35,765,665	\$ 402,863

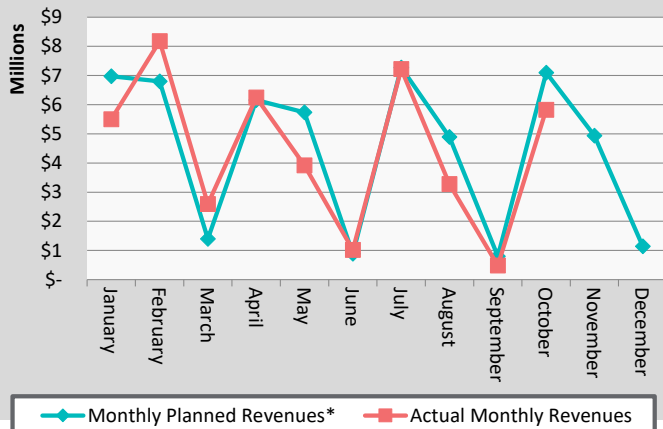
SALES TAX



	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	4,838,485	(415,950)
October	5,050,363	4,813,185	(237,178)
November	5,239,815		
December	5,816,062		
2020 Total	\$ 59,736,063	\$ 44,333,214	\$ (4,346,973)

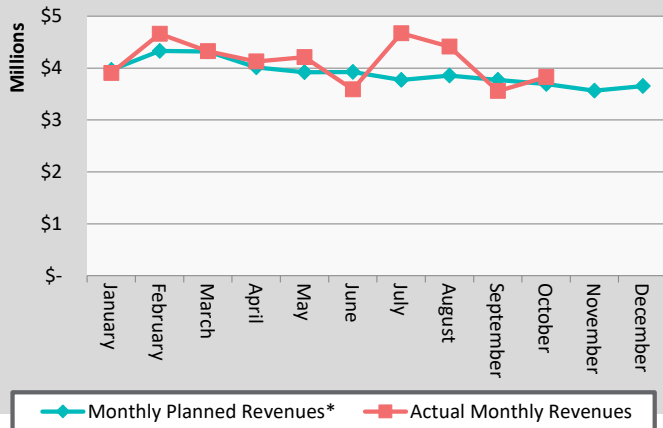
GENERAL FUND REVENUES

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	482,959	(318,984)
October	7,099,056	5,824,643	(1,274,412)
November	4,941,685		
December	1,142,868		
2020 Total	\$ 54,100,871	\$ 44,263,414	\$ (3,752,904)

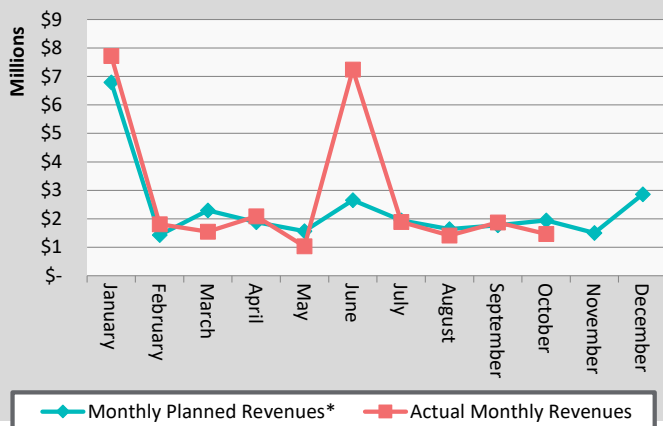
UTILITY/GROSS EARNINGS TAX



	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	3,556,730	(213,881)
October	3,690,830	3,826,878	136,049
November	3,564,504		
December	3,652,658		
2020 Total	\$ 46,780,038	\$ 41,284,869	\$ 1,721,993

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	1,868,224	91,915
October	1,940,696	1,465,749	(474,946)
November	1,504,246		
December	2,860,770		
2020 Total	\$ 28,283,905	\$ 28,083,422	\$ 4,164,533

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

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Through October 31, 2020

October 2020 Monthly Financial Report

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	\$ 2,057,594	\$ 2,007,604	\$ 49,990	2.4%
1	City Manager's Office	522,610	434,934	242,210	192,724	44.3%
2	Community & Economic Development	3,368,975	2,722,107	3,234,546	(512,439)	-18.8%
3	Finance	4,101,793	3,412,238	3,244,335	167,903	4.9%
4	Fire	63,832,938	53,411,557	53,893,442	(481,884)	-0.9%
5	Library	13,504,123	11,139,802	10,530,821	608,980	5.5%
	Municipal Court	3,681,561	3,071,705	3,088,455	(16,750)	-0.5%
6	Neighborhood & Community Services	12,027,642	9,714,469	8,540,749	1,173,721	12.1%
7	Planning & Development Services	1,739,039	1,437,955	1,217,264	220,691	15.3%
8	Police	85,954,910	71,802,834	69,378,804	2,424,029	3.4%
9	Public Works	2,834,917	2,365,888	2,014,703	351,185	14.8%
10	Tacoma Venues and Events	1,186,473	985,385	592,074	393,311	39.9%
11	Non-Departmental	54,704,101	38,952,735	31,610,563	7,342,173	18.8%
	Total Expenditures	\$ 249,963,330	\$ 201,509,203	\$ 189,595,568	\$ 11,913,634	5.9%

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 (+\$135k) and delayed contracts (+\$52k).
- 2 **Community & Economic Development** - Unfavorable variance due to unbudgeted expenses expected to be reimbursed by the Department of Commerce (-\$567k).
- 3 **Finance** - Favorable variance due to savings in professional services (+\$102k), savings in postage (+\$10k) and delayed billings for software (+\$89k).
- 4 **Fire** - Unfavorable variance due to overtime and training (-\$1.1M), PTO and Leave/Severance cash out (-\$414k), offset by personnel savings (+\$1.3M). \$49k of supplies through October are COVID-19 response related and can be covered with Federal funding.
- 5 **Library** - Favorable variance is due to slower than planned spending on library materials (+\$246k), less than planned spending on building maintenance and planned improvements (+\$191k), canceled purchase of a second microlibrary (+\$208k), savings on security costs while the Main branch has been closed (+\$77k), miscellaneous labor savings (+\$62k), less copier and other operating expenses (+\$128k), but offset by higher than planned property insurance costs (-\$63k), unbudgeted retirement incentives (-\$45k), and a transfer from Library to IT that was budgeted in 2019 (-\$304k).
- 6 **Neighborhood & Community Services** - Favorable variance due to personnel savings (+\$186k), COVID-related external contract delays (+\$844k) in programs such as Phase II, Metro Parks, and Tacoma Community House, and no programming in Phase III (+\$245k).
- 7 **Planning & Development Services** - Favorable variance due to personnel savings (+\$47K) and savings in External Services (+\$174k). These are due to project changes due to Covid-19.
- 8 **Police** - Favorable variance due to vacancy savings and timing of Collective Bargaining Agreement settlement (+\$1.8M), fuel savings (+\$258k), delays and cancellations of projects and trainings (+\$215k), and timing of purchase orders (+\$188k), offset by external services payment budgeted in 2019 paid in 2020 (-\$25k) and unbudgeted VEBA benefits (-\$39k).
- 9 **Public Works** - Favorable variance due to personnel savings (+\$193k) and delayed maintenance & operations expenditures (+\$146k).
- 10 **Tacoma Venues & Events** - Favorable variance due to timing of Arts Administration vendor payments (+\$296k) and cancellation of public events due to COVID pandemic (+\$97k).
- 11 **Non-Departmental** - Favorable variance due to savings and timing of payments for the jail contract (+\$3.2M), Local Improvement District assessments (+\$1.1M) and transfers to the Traffic Enforcement fund (+\$696k), as well as lower than anticipated expenses to Police and Fire pensions (+\$2.1M).

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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	<i>PW Street Operations & Engineering</i>					
	Revenues	25,739,839	21,562,984	18,955,184	(2,607,800)	(12.1%)
	Expenditures	25,625,606	21,420,884	17,324,029	4,096,855	19.1%
2	<i>Traffic Enforcement, Engineering & Education</i>					
	Revenues	3,788,828	3,157,357	2,536,169	(621,188)	(19.7%)
	Expenditures	3,710,461	3,066,326	3,140,664	(74,338)	(2.4%)
ENTERPRISE FUNDS						
3	<i>Permit Services</i>					
	Revenues	17,031,392	14,192,827	16,493,122	2,300,295	16.2%
	Expenditures	14,976,710	12,500,819	12,093,731	407,088	3.3%
4	<i>TVE Convention Center</i>					
	Revenues	12,304,306	10,299,827	8,864,053	(1,435,774)	(13.9%)
	Expenditures	12,224,851	7,206,138	5,445,124	1,761,014	24.4%
5	<i>TVE Cheney Stadium</i>					
	Revenues	1,648,118	1,226,342	1,106,982	(119,360)	(9.7%)
	Expenditures	1,516,425	1,274,442	567,641	706,801	55.5%
6	<i>TVE Tacoma Dome</i>					
	Revenues	12,109,294	10,339,418	3,588,649	(6,750,769)	(65.3%)
	Expenditures	11,711,622	9,759,454	5,583,338	4,176,116	42.8%

Other Funds Continued on Next Page

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 (-\$2.4M). Expense: Favorable variance due to savings in street maintenance (+\$2.3M) as a response to I-976, as well as personnel savings from vacant positions and increased charges to capital projects (+\$1.4M).
- 2 **Traffic Enforcement, Engineering & Education** - Revenue: Unfavorable variance due to a delay in General Fund transfer (-\$696k), offset by a favorable variance in Fines & Forfeits (+\$28k) and traffic infractions (+\$41k).
- 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 related to the Link Extension Project (+\$273k). Expense: Favorable variance due to savings in external services due to COVID-19 (+\$551k).
- 4 **TVE Convention Center** - Revenue: Unfavorable variance due to cancellation of Convention Center events Mar 15-Oct 31, 2020 related to Covid-19 (-\$1.53M), slightly offset by favorable variance in Miscellaneous Revenues (+\$101k); Charges for Services variance will continue to remain unfavorable as events have been cancelled through at least Dec 2020. Expense: Favorable variance of due to cancellation of all events at Convention Center Mar 15-Oct 31, 2020 resulting from COVID-19, savings in operating expenses (+\$747k), external services (+\$848k), and personnel (+\$158k).
- 5 **TVE Cheney Stadium** - Revenue: Unfavorable variance due to lower business and other tax revenue (-\$106k) Expense: Favorable variance due to timing of debt service payments (+\$647k), payment of capital reserves (+\$83k), and leasehold taxes (+\$64k).
- 6 **TVE Tacoma Dome** - Revenue: Unfavorable variance due to all events at Tacoma Dome, Exhibition Hall, and Dome Parking cancelled Mar 14-Oct 31, 2020, causing lower Business (Admissions) Tax (-\$555k) and Charges for Services (-\$6.4M), offset slightly by interest earnings (+\$274k). Expense: Favorable variance due to cancellation or postponements of all events Mar 14-Oct 31, 2020 due to COVID-19, leading to savings in personnel (+\$480k), external services (+\$854k), and operating expenses (+\$2.5M).

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Through October 31, 2020

October 2020 Monthly Financial Report

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	\$ 5,558,846	\$ 4,914,876	\$ 643,971	11.6%
	City Council	1,569,232	1,173,508	1,112,552	60,957	5.2%
2	City Manager's Office	4,719,642	3,526,712	2,948,025	578,687	16.4%
	Environmental Services	604,680	453,510	475,156	(21,646)	-4.8%
3	Finance	11,216,925	8,400,954	7,836,415	564,538	6.7%
	Fire	393,805	302,854	320,471	(17,617)	-5.8%
	Hearing Examiner	466,218	349,663	331,646	18,017	5.2%
4	Human Resources	7,654,031	5,810,802	4,933,175	877,627	15.1%
5	Information Technology	28,682,678	21,567,002	21,907,078	(340,076)	-1.6%
	Total Expenditures	\$ 62,735,223	\$ 47,143,850	\$ 44,779,393	\$ 2,364,457	5.0%

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

- City Attorney's Office** - Favorable variance due to personnel savings due to COVID (+\$132k) and delays and savings in outside counsel and professional services (+\$550k).
- City Manager's Office** - Favorable variance due to savings in personnel (+\$374k) and employee related costs (+\$166k), and delayed contracts (+\$126k).
- Finance** - Favorable variance due to savings in personnel (+\$461k) and training and travel (+\$85k).
- Human Resources** - Favorable variance due to vacancies in Safety (+\$425k), cancelled trainings (+\$173k), and savings and delays in operating expenses (+\$139k).
- Information Technology** - Unfavorable variance due to Library Uplift Project (-\$804k), private cloud expansion (-\$580k), and spending ahead on licensing (-\$380k), partially offset by personnel savings (+\$778k), underspent communication materials budget (+\$381k), performing Telecom work for departments (+\$115k).

* 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 October 31, 2020