

# City of Puyallup

## December 2020 Financial Summary

### General Fund at a Glance...

#### Budget vs Actual Comparison

	2019 ACT	2020 BUD	2020 ACT	VARIANCE
Revenues	50,851,865	52,612,017	49,384,148	(3,227,869)
Expenditures	50,520,817	55,327,997	49,038,487	6,289,510
<b>Gain/(Loss)</b>	<b>331,048</b>	<b>(2,715,980)</b>	<b>345,661</b>	<b>3,061,641</b>

Year-end results for 2020 are substantially better than originally anticipated. Overall revenues were \$3.2 million less than budgeted, which was expected. However, final expenditures came in \$6.3 million below budget, which is nearly double the savings projected throughout the year. This level of expenditure savings is sufficient to fully mitigate revenue losses and generate nearly \$3.1 million in Tier 3 monies. See additional discussion on pages 2-3.

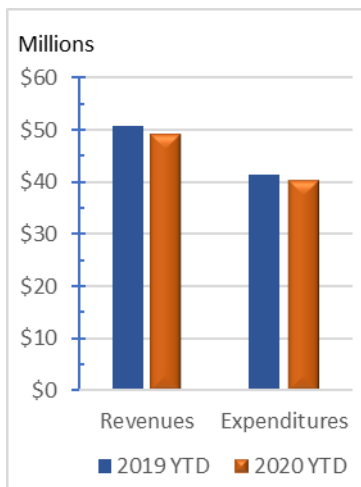
The \$2.7 million budgeted expenditures exceeding revenues is due to Tier 3 monies collected in 2019 being allocated to the permitting system and street capital projects in 2020. The difference between the budgeted and actual gain/(loss) amounts becomes the amount of Tier 3 monies available to allocate for spending in the next year. 2020 year-end results show a positive budget variance, resulting in Tier 3 monies of nearly \$3.1 million. Per policy, one-third of these monies are allocated to General Fund Reserves and the balance is available for one-time expenses.

#### General Fund Reserves

	2019 ACT	2020 BUD	2020 ACT
Beginning Balance	7,240,288	7,571,337	7,571,337
Ending Balance	7,571,337	4,855,357	7,916,997
less Tier 3 alloc	(3,000,000)		(2,100,000)
General Fund Reserves	4,571,337	4,855,357	5,816,997
	9.0%	9.2%	11.8%

Year-end reserves came in at \$5.8 million, or 11.8% of actual revenues, after setting aside \$2.1 million for future Tier 3 allocation by Council.

Council's target for reserves is 8% - 15% of General Fund revenues.



#### 2019 vs 2020 YTD Comparison

	2019 YTD	2020 YTD	\$ Change	% Change
Revenues (no trfs)	50,616,391	49,230,735	(1,385,656)	-2.7%
Expenditures (no trfs)	41,491,731	40,379,052	(1,112,679)	-2.7%
<b>Gain/(Loss)</b>	<b>9,124,661</b>	<b>8,851,683</b>	<b>(272,978)</b>	<b>-3.0%</b>

This chart compares 2020 results to 2019 revenues and expenditures. Overall revenues were nearly \$1.4 million less than last year, showing the impacts of the pandemic on the City's revenue sources. Expenditures were \$1.1 million less than 2019 spending, reflecting the overall success of reduction strategies implemented earlier in the year.

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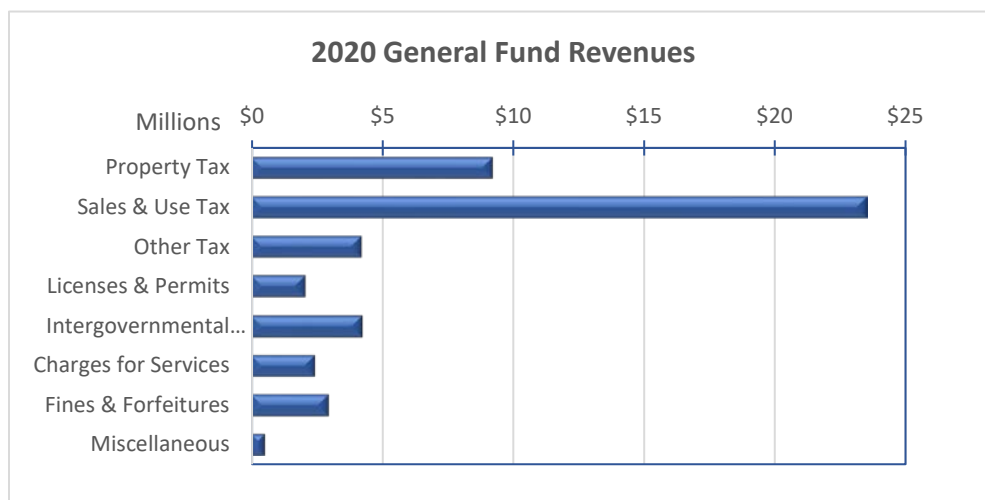
General Fund Revenues by Type (excluding transfers)					
	2020 BUD	2020 YTD	2020 ACT	VARIANCE	
Property Tax	9,178,350	9,221,862	9,221,862	43,512	0.5%
Sales & Use Tax	24,445,440	23,521,752	23,521,752	(923,688)	-3.8%
Other Tax	5,121,650	4,210,265	4,210,265	(911,385)	-17.8%
Licenses & Permits	1,993,080	2,078,241	2,078,241	85,161	4.3%
Intergovernmental <sup>(A)</sup>	4,353,339	4,258,609	4,258,609	(94,730)	-2.2%
Charges for Services	3,461,498	2,435,741	2,435,741	(1,025,757)	-29.6%
Fines & Forfeitures	3,478,800	2,970,587	2,970,587	(508,213)	-14.6%
Miscellaneous	442,110	533,678	533,678	91,568	20.7%
<b>Total Revenues</b>	<b>52,474,267</b>	<b>49,230,735</b>	<b>49,230,735</b>	<b>(3,243,532)</b>	<b>-6.2%</b>

<sup>(A)</sup> Intergovernmental includes \$2.1 million CARES and other grants received to cover COVID-19 costs.

Based on conservative revenue budgeting per the budget stability policy, overall revenues were initially expected to exceed budget by \$3 million, or about 6%. However, due to the economic impacts of the COVID-19 pandemic beginning in March, actual revenues are \$3.2 million under budget. Intentional expenditure reduction strategies implemented early in the year proved extremely successful in mitigating the revenue losses.

**Sales Tax:** Higher than expected sales tax collections over the last several months resulted in total losses of 3.8% or \$923,700, as compared to budget. These losses are attributable to a significant decrease in sales tax activity in the Construction and Accommodations/Food sectors, which were hardest hit by the pandemic guidelines issued by the governor’s office.

**Other Revenues:** Other Tax includes the impact on admissions tax due to cancellation of the Western Washington State Fair (≈ \$1m). Intergovernmental includes \$2.1 million in CARES and other grants received that offset additional COVID-19 costs incurred. Losses in the Charges for Services category reflect cancellation of several parks and recreation programs and the pause/slow-down in construction and development projects within the city. Fines & Forfeitures were also impacted by mandated closures earlier in the year and subsequent reduced court capacity.



# City of Puyallup

## December 2020 Financial Summary

### General Fund Expenditures by Department (excluding transfers)

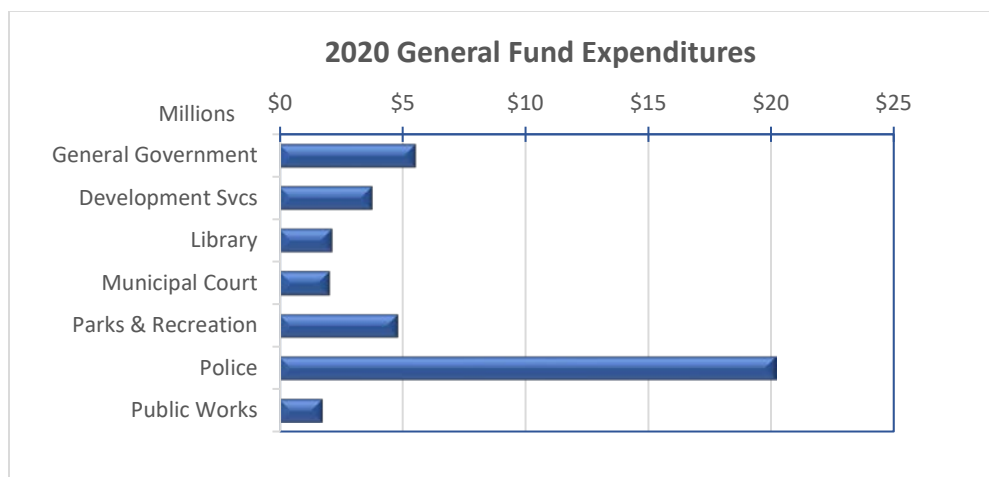
	2020 BUD	2020 YTD	2020 ACT	VARIANCE	
City Council	209,942	197,670	197,670	12,272	5.8%
City Manager	935,641	706,249	706,249	229,392	24.5%
City Clerk	385,927	304,439	304,439	81,488	21.1%
Dev & Permitting Svcs	4,395,710	3,798,888	3,798,888	596,822	13.6%
Finance	756,730	602,509	602,509	154,221	20.4%
Human Resources	459,783	376,570	376,570	83,213	18.1%
Legal	1,209,801	1,468,421	1,468,421	(258,620)	-21.4%
Library	2,968,603	2,169,081	2,169,081	799,522	26.9%
Municipal Court	2,088,506	2,064,016	2,064,016	24,490	1.2%
Non-Departmental <sup>(A)</sup>	2,549,619	1,904,363	1,904,363	645,256	25.3%
Parks & Recreation	6,252,786	4,839,064	4,839,064	1,413,722	22.6%
Police	22,090,799	20,178,460	20,178,460	1,912,339	8.7%
Public Works	2,430,307	1,769,322	1,769,322	660,985	27.2%
<b>Total Expenditures</b>	<b>46,734,154</b>	<b>40,379,052</b>	<b>40,379,052</b>	<b>6,355,102</b>	<b>13.6%</b>

(A) Non-Departmental includes » \$1.6 million in spending related to COVID-19, with an additional \$500,000 spread throughout various departments. These costs are reimbursed by CARES and other grants, which is reflected in Intergovernmental revenue.

Expenditure reduction strategies implemented earlier in the year have proven very successful.

- All departments limited discretionary spending to items necessary for operations.
- Monies for fleet and IT replacement equipment were eliminated.
- Vacant positions were held open to the extent possible, spending for temporary help was significantly reduced, and employee furloughs continue for certain work groups.

Overall, these measures resulted in \$6.3 million of savings from department operations, or 13.6% of the General Fund budget, excluding transfers out.



General Government: City Council, City Clerk, City Manager, Finance, Human Resources, Legal, Non-Dept

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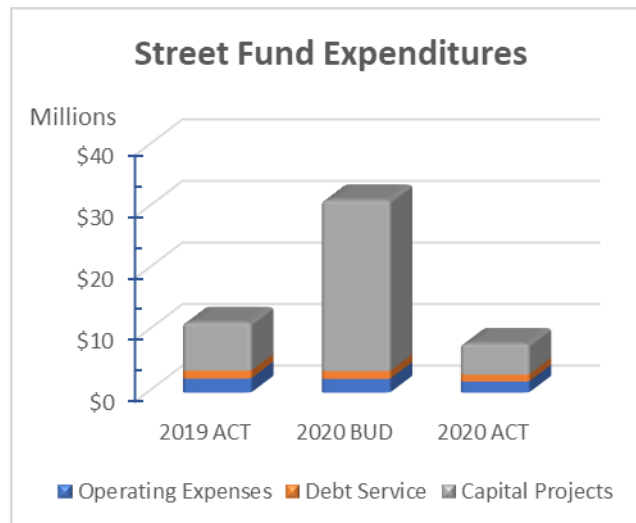
### Street Fund at a Glance... (excluding intrafund transfers)

The Street Fund accounts for repairs and maintenance, debt service and construction of city streets. Grants and other non-city monies are aggressively pursued to help offset costs of eligible capital projects.

In April 2020, \$3.7 million of street capital projects were placed on hold in the event those monies were needed to balance the General Fund budget. By October, based on updated revenue projections and expenditure savings estimates, it became clear that these monies would not be needed in the General Fund. As a result, the 2020 budgeted street capital projects funding remained fully intact. Unspent capital project balances will automatically carry forward to 2021.

Street Fund			
	2019 ACT	2020 BUD	2020 ACT
<b>Beginning Balance</b>	5,476,894	8,915,412	8,915,412
Fuel Tax/Multimodal Funds	429,491	413,300	385,937
Traffic Impact Fees	2,578,390	1,124,530	662,116
Capital Project Grants	4,976,022	12,602,090	1,932,349
Other Revenues	340,573	620,970	413,163
Transfers In	6,516,359	8,485,347	5,831,629
<b>Total Revenues</b>	14,840,836	23,246,237	9,225,194
Operating Expenses	2,287,704	2,221,265	1,784,997
Debt Service	1,289,950	1,283,410	1,156,211
Capital Projects	7,803,140	27,741,555	5,003,043
Transfers Out	21,524	-	-
<b>Total Expenditures</b>	11,402,318	31,246,230	7,944,251
<b>Ending Balance</b>	8,915,412	915,419	10,196,355

Transfers In from GF Tier 1, Budget Stability, REET and LIFT grant.



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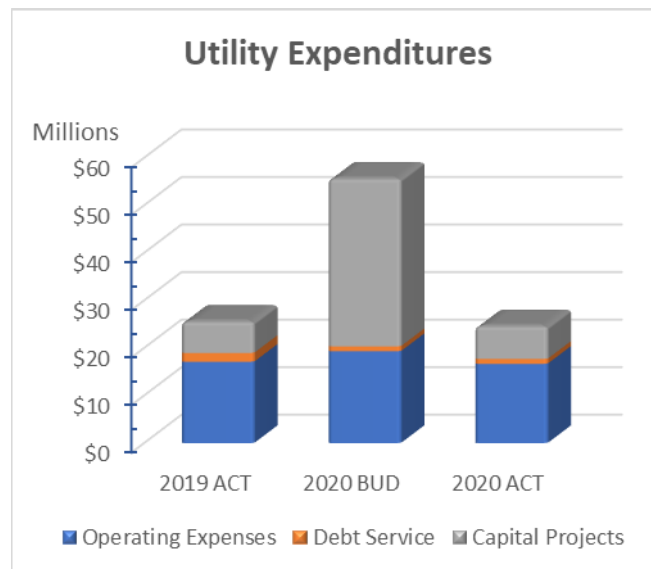
### Utilities at a Glance... (excluding transfers)

City utilities (sanitation, water, wastewater and stormwater) are funded with user and system development charges, which are expected to cover the operations, debt service and capital needs of the utility.

In response to the economic hardship on residents and businesses resulting from the state-wide response to COVID-19, the City has expanded the utility payment extension policy and waived late fees. Both are scheduled to be in effect until 60 days after the state of emergency is lifted, which is likely to be well into 2021. At that point, the regular payment extension and late fee policies will resume. As the months have gone by, delinquent account balances have increased substantially to nearly \$450,000 versus a pre-pandemic average of \$250,000. Several customer relief proposals are under discussion at the county and state levels. We are hopeful that one or more programs will become available to aid our customers.

### Combined Utility Funds

	2019 ACT	2020 BUD	2020 ACT
<b>Beginning Balance</b>	23,569,469	25,282,039	25,282,039
User Fees	23,409,716	24,154,656	23,749,165
System Dev Charges	1,833,216	3,134,336	1,945,322
Other Revenues	983,376	282,870	333,968
Grants	1,075,079	6,928,868	1,266,533
<b>Total Revenues</b>	<b>27,301,387</b>	<b>34,500,730</b>	<b>27,294,989</b>
Operating Expenses	17,108,029	19,322,067	16,678,790
Debt Service	1,861,437	1,037,880	1,039,799
Capital Projects	6,619,352	35,271,230	6,877,307
<b>Total Expenditures</b>	<b>25,588,818</b>	<b>55,631,177</b>	<b>24,595,896</b>
<b>Ending Balance</b>	<b>25,282,039</b>	<b>4,151,592</b>	<b>27,981,132</b>



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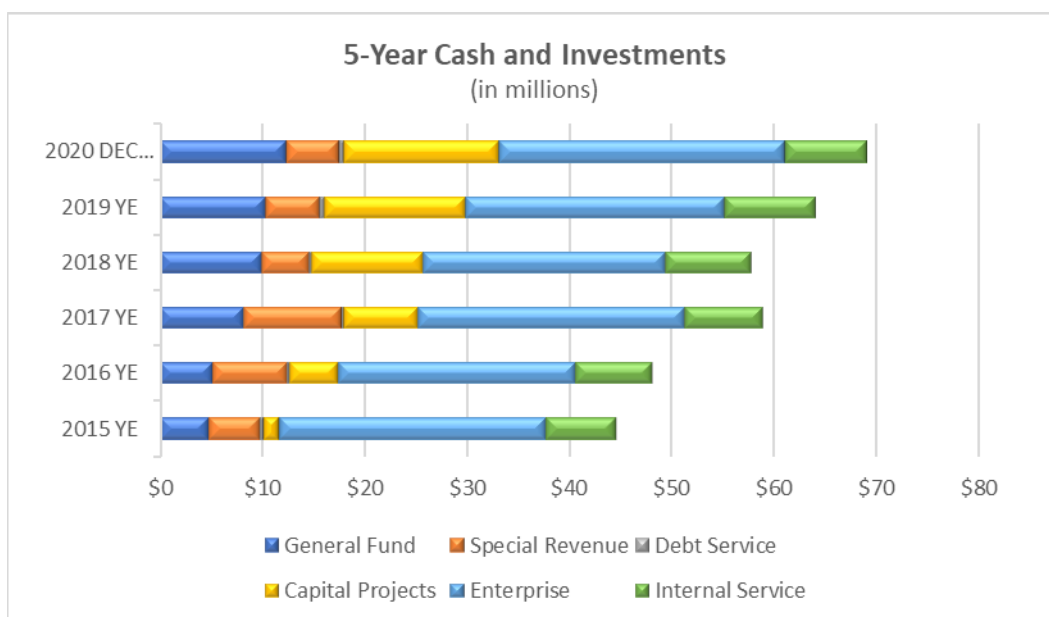
### City-Wide Cash and Investments

	2015 YE	2016 YE	2017 YE	2018 YE	2019 YE	2020 DEC <sup>(A)</sup>
General Fund	1,572,998	1,714,189	5,613,564	7,188,466	7,504,974	7,916,997
General Fund - Other	3,224,047	3,504,895	2,648,335	2,806,831	2,798,442	4,486,592
Special Revenue	5,025,365	7,245,450	9,455,865	4,562,016	5,261,402	5,119,439
Debt Service	407,938	282,095	288,292	305,283	517,046	505,658
Street Capital Projects	696,370	3,486,440	5,273,289	5,476,894	8,915,411	10,196,346
Parks Capital Projects	744,999	1,150,658	1,896,328	4,879,439	2,904,086	2,948,859
Facility Capital Projects	49,071	119,948	121,076	558,137	1,984,322	1,961,283
Enterprise - Utilities	25,998,954	23,046,430	25,887,173	23,569,469	25,214,816	27,880,271
Enterprise - Pavilion	85,946	101,306	87,234	97,165	95,158	91,108
Internal Service	6,838,993	7,545,047	7,662,713	8,350,700	8,885,049	8,055,463
<b>Total</b>	<b>44,644,684</b>	<b>48,196,459</b>	<b>58,933,870</b>	<b>57,794,399</b>	<b>64,080,707</b>	<b>69,162,018</b>

<sup>(A)</sup> Estimated year-end cash balances, pending completion of cash-basis adjustments required by accounting standards.

**General Fund:** Comparing 2015 and 2020 estimated ending cash, the balance has grown by \$6.3 million. This is intentional growth to ensure adequate reserves for cash flow purposes and in case of an economic downturn.

**All Other Funds:** The cash balances for all other funds combined have grown by \$18.2 million since 2015, largely due to a significant increase in funding available for capital projects.



# City of Puyallup

## December 2020 Financial Summary

Summary by Fund (excluding transfers)						
	Revenues			Expenditures		
	Budget	YTD DEC	Balance	Budget	YTD DEC	Balance
<b>General</b>						
General Fund	52,474,267	49,230,735	3,243,532	46,734,154	40,379,052	6,355,102
Budget Stability Reserves	450	2,584	(2,134)	118,256	-	118,256
Radio Replacement	1,260	2,155	(895)	63,000	63,773	(773)
Donations to Puyallup	9,160	13,470	(4,310)	35,000	9,663	25,337
LEOFF 1 Retiree Benefits	1,470	4,651	(3,181)	560,344	423,275	137,069
Firemen's Pension	58,670	72,256	(13,586)	172,000	196,144	(24,144)
<b>Total General Fund</b>	<b>52,545,277</b>	<b>49,325,851</b>	<b>3,219,426</b>	<b>47,682,754</b>	<b>41,071,907</b>	<b>6,610,847</b>
<b>Special Revenue</b>						
Seizure and Forfeiture	32,860	31,122	1,738	42,167	39,531	2,636
Affordable Housing Sales Tax		114,836	(114,836)			-
Motel Tax	1,348,550	798,483	550,067	841,081	631,232	209,849
Trial Court Improvement	22,070	21,613	457			-
Lift Grant	1,007,050	1,011,713	(4,663)			-
Real Estate Excise Tax	1,804,230	2,288,394	(484,164)			-
<b>Total Special Revenue Funds</b>	<b>4,214,760</b>	<b>4,266,161</b>	<b>(51,401)</b>	<b>883,248</b>	<b>670,763</b>	<b>212,485</b>
<b>Debt Service</b>						
GO Bonds	4,830	7,890	(3,060)	3,396,580	3,398,731	(2,151)
Revenue Bonds		126	(126)		14	(14)
PWTF & HIA Loans	100	35	65	583,760	333,752	250,008
<b>Total Debt Service Funds</b>	<b>4,930</b>	<b>8,051</b>	<b>(3,121)</b>	<b>3,980,340</b>	<b>3,732,497</b>	<b>247,843</b>
<b>Capital Projects</b>						
Streets	14,760,890	3,393,565	11,367,325	29,962,820	6,788,040	23,174,780
Parks	1,494,592	1,641,838	(147,246)	4,720,325	2,597,065	2,123,260
Facility	1,130	12,752	(11,622)	652,984	49,278	603,706
<b>Total Capital Projects Funds</b>	<b>16,256,612</b>	<b>5,048,155</b>	<b>11,208,457</b>	<b>35,336,129</b>	<b>9,434,383</b>	<b>25,901,746</b>
<b>Enterprise</b>						
Sanitation Utility	433,630	436,918	(3,288)	538,364	410,788	127,576
Water Utility	7,333,741	7,270,237	63,504	10,334,919	6,906,642	3,428,277
Sewer Utility	13,715,063	12,424,938	1,290,125	28,122,385	12,266,945	15,855,440
Storm & Surface Water Utility	13,018,296	7,162,896	5,855,400	16,635,509	5,011,521	11,623,988
Pavilion	278,330	64,581	213,749	358,939	208,542	150,397
<b>Total Enterprise Funds</b>	<b>34,779,060</b>	<b>27,359,570</b>	<b>7,419,490</b>	<b>55,990,116</b>	<b>24,804,438</b>	<b>31,185,678</b>
<b>Internal Service</b>						
Equipment Rental	2,904,520	1,511,327	1,393,193	3,092,541	2,138,796	953,745
Insurance	2,187,640	2,260,637	(72,997)	2,159,438	2,269,861	(110,423)
IT & Communications	3,580,130	3,601,013	(20,883)	5,234,163	4,356,368	877,795
Health Insurance	8,094,340	8,326,272	(231,932)	8,528,182	8,114,256	413,926
Facility Maintenance	2,521,200	2,179,228	341,972	2,497,303	2,189,435	307,868
<b>Total Internal Service Funds</b>	<b>19,287,830</b>	<b>17,878,477</b>	<b>1,409,353</b>	<b>21,511,627</b>	<b>19,068,716</b>	<b>2,442,911</b>
<b>Grand Total</b>	<b>127,088,469</b>	<b>103,886,265</b>	<b>23,202,204</b>	<b>165,384,214</b>	<b>98,782,704</b>	<b>66,601,510</b>