



INFORMATIONAL MEMORANDUM

TO: **Councilmembers**
CC: **Mayor Ekberg**
FROM: **Peggy McCarthy, Finance Director**
BY: **Craig Zellerhoff, Fiscal Coordinator**
DATE: **September 11, 2017**
SUBJECT: **2017 July Year to Date Financial Update**

Summary

The purpose of the 2017 Financial report is to summarize for the City Council the general state of Departmental expenditures and to highlight significant items or trends. The following provides a high-level summary of the Departmental financial performance. The 2017 July YTD report is based on financial data available as of September 11th, 2017, for the reporting period ending July 31st, 2017. Additional details can be found within the attached financial report.

Allocated budgets through the reporting period are calculated by analyzing spend patterns in the previous year and allocating the current year budget using the same spend pattern. If a line item had no expenditures in the prior year but a budget in the current year, the allocated budget for the current year would be zero.

Departmental Expenditures

General fund expenditures totaled \$33.4 million as compared to the allocated budget of \$36.0 million, which is \$2.6 million below budget. Notable variances are as follows:

- While the fire department is below the allocated budget by \$66 thousand, salaries and benefits exceed budget by \$151 thousand. This is attributed to the staffing of the unbudgeted pipeline positions (5 vs 3 in 2016) to maintain minimum staffing levels and backfill for retirements. Overtime is now below allocated budget by \$50 thousand, however, spending is \$34 thousand greater than 2016 through the same period. Additionally, labor contracts have not yet been settled. While the budget includes a cost-of-living adjustment of 2%, actuals do not reflect contract settlement terms.
- Park department exceeded budget by \$107 thousand. This is a result of the department being fully staffed in 2017 compared to 2016. The department also incurred a higher level of spending on supplies as they are being more proactive and intentional in the planning and preparation for busier summer months. A billing timing difference for surface water charges in July vs. August in the prior year has resulted in an additional expense of \$60K for July.
- Street department exceeded budget by \$256 thousand. This is a result of a billing timing difference for surface water charges in July vs. August in the prior year. This has resulted in an additional expense of \$415K for July.
- Transfers from the general fund into capital projects funds through July have not been recorded. Rather than transferring funds automatically, we will be transferring funds into the capital projects funds as needed.

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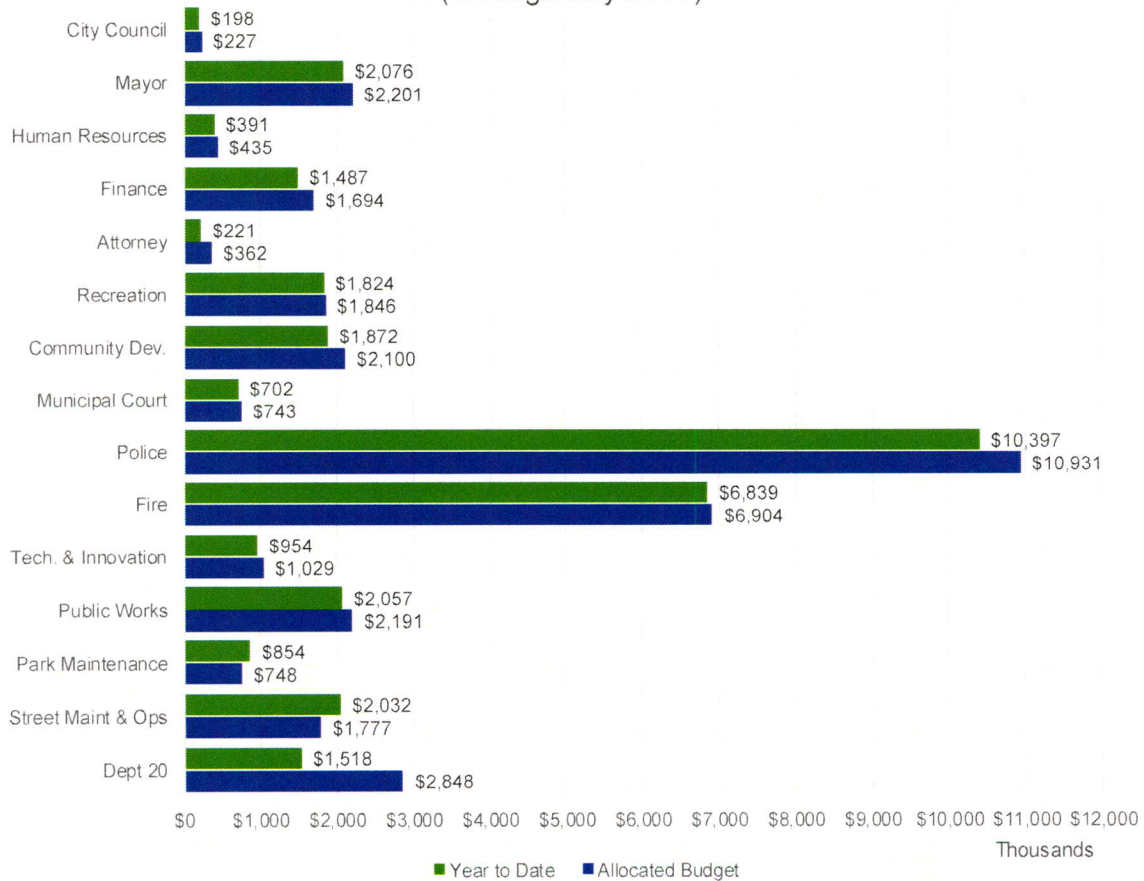
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- Salaries and benefits are lower through July due to negotiations for the bargaining units. The following table estimates the additional general fund expenditure through July that could be recorded once contract agreements are approved. It should be noted that the budget reflects 2% COLA as a placeholder when the budget was drafted.

Percent Increase	Estimated Cost through July 2017
1.5%	\$285,000
2.0%	\$380,000
2.5%	\$475,000

- Rents and leases are below budget by \$528 thousand. The primary reason is a timing difference in the way the allocated budget is calculated. A credit was applied in December of 2016 to true-up O&M as well as capital costs at the end of the year. It is anticipated that by the end of the year, rents and leases will be very close to budget rather than under budget.

Year to Date Department Expenditures Compared to Allocated Budget
(Through July 2017)



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GENERAL FUND

YTD AS OF JULY 31, 2017

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GENERAL FUND EXPENDITURES

SUMMARY OF EXPENDITURES BY DEPARTMENT	BUDGET		ACTUAL			COMPARISON OF RESULTS			
	2017 ANNUAL	2017	2015	2016	2017	ACTUAL	% SPENT	% CHANGE	
		ALLOCATED				OVER/(UNDER)		2015/2016	2016/2017
						ALLOTTED			
						BDGT			
01 City Council	366,016	227,361	186,835	197,384	197,584	(29,778)	54%	6%	0%
03 Mayor	4,079,582	2,200,531	1,838,897	2,135,697	2,076,297	(124,234)	51%	16%	(3)%
04 Human Resources	706,208	435,377	358,445	392,824	391,059	(44,319)	55%	10%	(0)%
05 Finance	2,638,813	1,694,498	1,633,438	1,406,494	1,487,444	(207,054)	56%	(14)%	6%
06 Attorney	716,955	361,708	306,196	267,789	220,974	(140,735)	31%	(13)%	(17)%
07 Recreation	3,384,688	1,845,734	1,675,540	1,734,835	1,824,121	(21,613)	54%	4%	5%
08 Community Development	3,693,338	2,100,327	1,632,047	1,842,790	1,872,490	(227,837)	51%	13%	2%
09 Municipal Court	1,307,808	743,324	638,840	667,201	702,376	(40,948)	54%	4%	5%
10 Police	18,288,092	10,930,784	9,917,997	10,470,593	10,397,450	(533,334)	57%	6%	(1)%
11 Fire	11,862,568	6,904,214	6,752,424	6,628,627	6,838,622	(65,592)	58%	(2)%	3%
12 Technology & Innovation Svcs	2,026,820	1,029,264	593,703	676,328	953,536	(75,729)	47%	14%	41%
13 Public Works	3,802,639	2,191,494	1,944,930	2,135,752	2,056,631	(134,863)	54%	10%	(4)%
15 Park Maintenance	1,418,760	747,867	722,716	698,646	854,369	106,502	60%	(3)%	22%
16 Street Maintenance & Operations	3,109,592	1,776,843	1,414,877	1,662,503	2,032,463	255,620	65%	18%	22%
20 Dept 20	5,237,691	2,848,136	2,504,923	2,588,114	1,518,002	(1,330,134)	29%	3%	(41)%
Total Expenditures	62,639,570	36,037,464	32,121,809	33,505,577	33,423,417	(2,614,047)	53%	4%	(0)%

Percent of year completed 58.33%

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GENERAL FUND

CITY OF TUKWILA
GENERAL FUND EXPENDITURES

YTD AS OF JULY 31, 2017

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SUMMARY OF SALARIES AND BENEFITS	BUDGET		ACTUAL			COMPARISON OF RESULTS			
	2017 ANNUAL	2017	2015	2016	2017	ACTUAL	% CHANGE		
		ALLOCATED				OVER/(UNDER)	ALLOCATED	BDGT	% SPENT
11 Salaries	27,560,991	16,113,468	14,859,949	15,379,556	15,604,254	(509,214)	57%	3%	1%
12 Extra Labor	777,897	402,762	340,893	384,131	384,589	(18,173)	49%	13%	0%
13 Overtime	1,632,035	949,553	1,040,968	832,880	952,697	3,143	58%	(20)%	14%
15 Holiday Pay	525,583	77,373	4,767	79,341	77,807	434	15%	1564%	(2)%
21 FICA	1,809,260	1,063,835	966,800	1,000,601	1,027,724	(36,111)	57%	3%	3%
22 Pension-LEOFF 2	849,253	473,932	456,261	463,873	472,108	(1,823)	56%	2%	2%
23 Pension-PERS/PSERS	1,580,986	924,752	661,037	806,915	849,675	(75,077)	54%	22%	5%
24 Industrial Insurance	864,098	465,058	330,940	373,009	355,971	(109,086)	41%	13%	(5)%
25 Medical & Dental	5,903,094	3,461,927	3,059,442	3,280,509	3,272,682	(189,245)	55%	7%	(0)%
26 Unemployment	13,000	(3,385)	1,285	19,276	(663)	2,722	(5)%	1400%	(103)%
28 Uniform/Clothing	10,460	2,965	1,777	1,731	1,403	(1,562)	13%	(3)%	(19)%
Total Salaries and Benefits	41,526,657	23,932,239	21,724,120	22,621,822	22,998,246	(933,993)	55%	4%	2%

Percent of year completed 58.33%

SUMMARY OF SUPPLIES, SERVICES, AND CAPITAL	BUDGET		ACTUAL			COMPARISON OF RESULTS			
	2017 ANNUAL	2017	2015	2016	2017	ACTUAL	% CHANGE		
		ALLOCATED				OVER/(UNDER)	ALLOCATED	BDGT	% SPENT
Transfers	5,237,691	2,848,136	2,504,923	2,588,114	1,518,002	(1,330,134)	29%	3%	(41)%
31 Supplies	1,164,823	706,141	658,527	639,811	664,477	(41,664)	57%	(3)%	4%
34 Items Purchased for resale	22,000	15,372	16,901	15,400	15,307	(65)	70%	(9)%	(1)%
35 Small Tools	99,818	53,813	189,054	35,853	63,123	9,310	63%	(81)%	76%
41 Professional Services	3,266,711	1,474,569	1,228,111	1,297,631	1,324,766	(149,804)	41%	6%	2%
42 Communication	449,970	283,130	190,047	187,066	203,921	(79,208)	45%	(2)%	9%
43 Travel	192,380	123,058	77,824	84,227	119,783	(3,275)	62%	8%	42%
44 Advertising	51,500	24,404	17,156	14,002	11,509	(12,896)	22%	(18)%	(18)%
45 Rentals and Leases	2,314,372	1,782,696	1,533,177	1,524,344	1,254,991	(527,705)	54%	(1)%	(18)%
46 Insurance	886,895	886,895	785,581	810,799	887,617	722	100%	3%	9%
47 Public Utilities	1,893,570	933,739	773,036	906,417	1,466,542	532,802	77%	17%	62%
48 Repairs and Maintenance	732,613	373,672	370,968	347,790	284,741	(88,930)	39%	(6)%	(18)%
49 Miscellaneous	1,562,773	870,999	657,791	593,524	643,806	(227,192)	41%	(10)%	8%
51 Inter-Governmental	3,003,792	1,707,616	1,374,441	1,470,091	1,796,460	88,844	60%	7%	22%
53 Ext Taxes, Oper. Assess	5	-	34	549	146	146	2921%	1529%	(73)%
64 Machinery & Equipment	234,000	20,983	20,120	368,336	169,979	148,996	73%	1731%	(54)%
Total Supplies, Services, and Capital	21,112,913	12,105,225	10,397,689	10,883,953	10,425,171	(1,680,054)	49%	5%	(4)%

Percent of year completed 58.33%