



INFORMATIONAL MEMORANDUM

TO: **Councilmembers**
CC: **Mayor Ekberg**
FROM: **Peggy McCarthy, Finance Director**
BY: **Craig Zellerhoff, Fiscal Coordinator**
DATE: **October 11 28, 2017**
SUBJECT: **2017 August 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 August YTD report is based on financial data available as of September 28th, 2017, for the reporting period ending August 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 \$37.7 million as compared to the allocated budget of \$41.2 million, which is \$3.5 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 \$166 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 \$96 thousand, however, spending is \$8 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.
- TIS department has exceeded budget by \$52 thousand. The primary reason is a timing difference in the way the allocated budget is calculated for Professional Services. Year to date spend is 56% compared to 66.67% of the year expired. It is anticipated that by the end of the year, the TIS budget will be within budget.
- Park department exceeded budget by \$23 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 during the first half of the year as they are being more proactive and intentional in the planning and preparation for busier summer months. Expenditures are expected to be lower in the second half of the year.
- Transfers from the general fund into capital projects funds through August have not been recorded. Rather than transferring funds automatically, we will be transferring funds into the capital projects funds as needed.

INFORMATIONAL MEMO

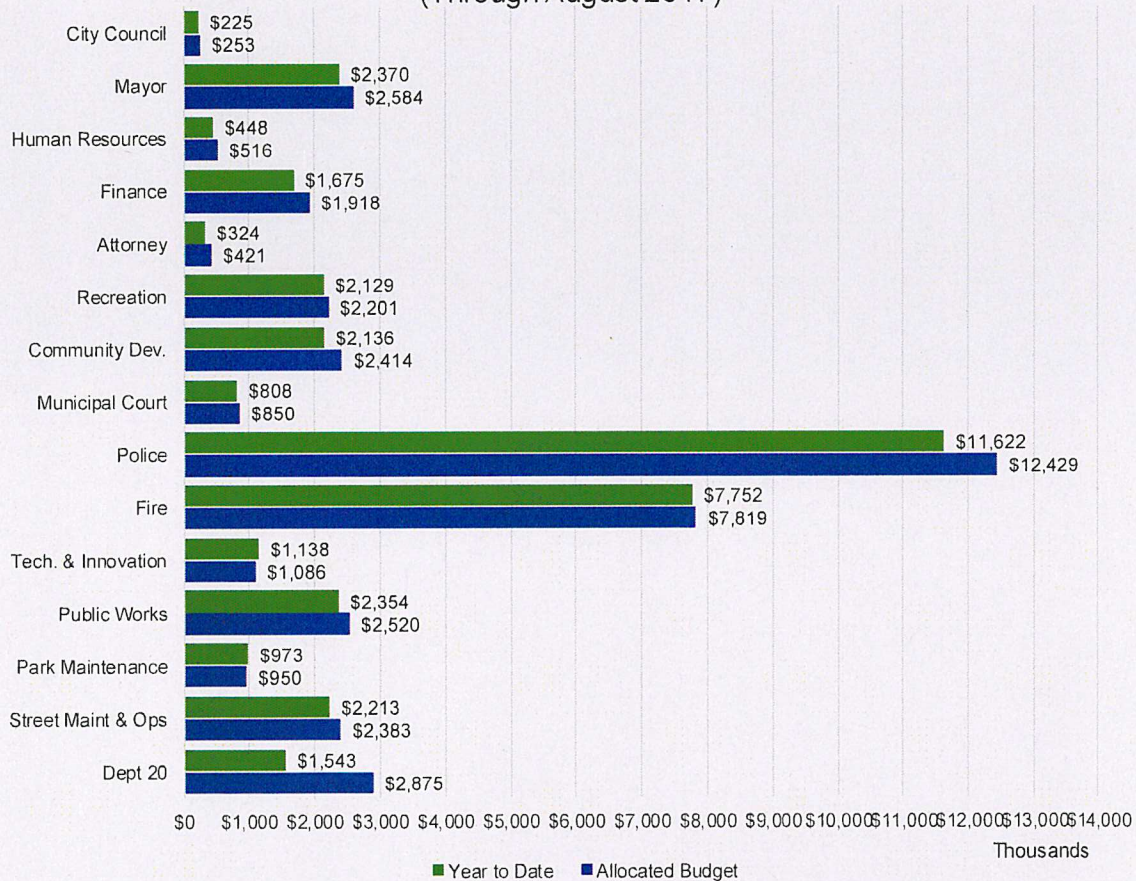
Page 2

- Salaries and benefits are \$1.1 million lower than budget through August due to ongoing negotiations with 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 place-holder when the budget was drafted.

Percent Increase	Estimated Cost through July 2017
1.5%	\$332,000
2.0%	\$442,000
2.5%	\$553,000

- Rents and leases are below budget by \$398 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 August 2017)



INFORMATIONAL MEMO

Page 3

GENERAL FUND

YTD AS OF AUGUST 31, 2017

CITY OF TUKWILA

9/28/2017 13:35

GENERAL FUND EXPENDITURES

SUMMARY OF EXPENDITURES BY DEPARTMENT	BUDGET		ACTUAL			COMPARISON OF RESULTS			
	2017 ANNUAL	2017	2015	2016	2017	ACTUAL	% CHANGE		
		ALLOCATED				OVER/(UNDER)	ALLOCATED	BDGT	% SPENT
01 City Council	366,016	253,070	209,725	221,668	224,757	(28,312)	61%	6%	1%
03 Mayor	4,079,582	2,584,137	2,246,013	2,501,302	2,370,065	(214,072)	58%	11%	(5)%
04 Human Resources	706,208	515,804	410,205	468,812	448,382	(67,422)	63%	14%	(4)%
05 Finance	2,638,813	1,918,335	1,790,595	1,585,948	1,674,720	(243,615)	63%	(11)%	6%
06 Attorney	716,955	420,837	365,162	311,755	323,746	(97,091)	45%	(15)%	4%
07 Recreation	3,384,688	2,200,529	1,956,690	2,033,408	2,128,910	(71,619)	63%	4%	5%
08 Community Development	3,693,338	2,413,543	1,887,065	2,119,171	2,135,795	(277,748)	58%	12%	1%
09 Municipal Court	1,307,808	850,073	733,854	763,976	807,536	(42,537)	62%	4%	6%
10 Police	18,288,092	12,429,095	11,195,973	12,030,017	11,621,606	(807,489)	64%	7%	(3)%
11 Fire	11,862,568	7,818,848	7,682,578	7,518,990	7,752,013	(66,835)	65%	(2)%	3%
12 Technology & Innovation Svcs	2,026,820	1,085,655	686,561	795,950	1,138,152	52,497	56%	16%	43%
13 Public Works	3,802,639	2,519,789	2,230,738	2,454,889	2,354,161	(165,629)	62%	10%	(4)%
15 Park Maintenance	1,418,760	950,329	904,169	904,228	972,953	22,624	69%	0%	8%
16 Street Maintenance & Operations	3,109,592	2,383,195	1,896,478	2,256,832	2,212,884	(170,312)	71%	19%	(2)%
20 Dept 20	5,237,691	2,875,429	2,529,923	2,612,916	1,543,002	(1,332,427)	29%	3%	(41)%
Total Expenditures	62,639,570	41,218,669	36,725,730	38,579,863	37,708,682	(3,509,987)	60%	5%	(2)%

Percent of year completed 66.67%

INFORMATIONAL MEMO

Page 4

GENERAL FUND

YTD AS OF AUGUST 31, 2017

CITY OF TUKWILA

9/28/2017 13:35

GENERAL FUND EXPENDITURES

SUMMARY OF SALARIES AND BENEFITS	BUDGET		ACTUAL			COMPARISON OF RESULTS			
	2017 ANNUAL	2017	2015	2016	2017	ACTUAL	% SPENT	% CHANGE	
		ALLOCATED				OVER/(UNDER)		ALLOTTED	2015/2016
						BDGT			
11 Salaries	27,560,991	18,366,078	16,947,917	17,540,736	17,805,782	(560,296)	65%	3%	2%
12 Extra Labor	777,897	514,405	437,694	476,772	492,992	(21,412)	63%	9%	3%
13 Overtime	1,632,035	1,111,152	1,198,796	983,105	1,048,035	(63,117)	64%	(18)%	7%
15 Holiday Pay	525,583	78,159	4,767	80,154	77,807	(352)	15%	1581%	(3)%
21 FICA	1,809,260	1,225,440	1,106,350	1,146,708	1,174,243	(51,197)	65%	4%	2%
22 Pension-LEOFF 2	849,253	542,388	522,593	529,913	539,840	(2,549)	64%	1%	2%
23 Pension-PERS/PSERS	1,580,986	1,057,230	772,826	922,962	985,462	(71,767)	62%	19%	7%
24 Industrial Insurance	864,098	538,461	381,754	431,430	411,834	(126,627)	48%	13%	(5)%
25 Medical & Dental	5,903,094	3,949,295	3,490,801	3,742,239	3,741,523	(207,772)	63%	7%	(0)%
26 Unemployment	13,000	-	1,285	28,991	3,956	3,956	30%	2155%	(86)%
28 Uniform/Clothing	10,460	3,176	3,526	1,819	1,788	(1,388)	17%	(48)%	(2)%
Total Salaries and Benefits	41,526,657	27,385,784	24,868,311	25,884,829	26,283,263	(1,102,521)	63%	4%	2%

Percent of year completed 66.67%

SUMMARY OF SUPPLIES, SERVICES, AND CAPITAL	BUDGET		ACTUAL			COMPARISON OF RESULTS			
	2017 ANNUAL	2017	2015	2016	2017	ACTUAL	% SPENT	% CHANGE	
		ALLOCATED				OVER/(UNDER)		ALLOTTED	2015/2016
						BDGT			
Transfers	5,237,691	2,875,429	2,529,923	2,612,916	1,543,002	(1,332,427)	29%	3%	(41)%
31 Supplies	1,164,823	817,817	746,516	769,325	770,899	(46,918)	66%	3%	0%
34 Items Purchased for resale	22,000	15,841	21,701	15,899	15,307	(534)	70%	(27)%	(4)%
35 Small Tools	99,818	57,436	191,099	49,382	67,989	10,554	68%	(74)%	38%
41 Professional Services	3,266,711	1,840,115	1,574,149	1,637,022	1,624,850	(215,265)	50%	4%	(1)%
42 Communication	449,970	244,822	223,594	223,174	246,144	1,322	55%	(0)%	10%
43 Travel	192,380	142,834	87,722	99,366	124,996	(17,839)	65%	13%	26%
44 Advertising	51,500	28,972	19,982	15,965	12,539	(16,433)	24%	(20)%	(21)%
45 Rentals and Leases	2,314,372	1,973,724	1,759,533	1,746,476	1,575,478	(398,246)	68%	(1)%	(10)%
46 Insurance	886,895	886,895	785,581	810,799	887,617	722	100%	3%	9%
47 Public Utilities	1,893,570	1,494,237	1,258,765	1,441,526	1,543,208	48,971	81%	15%	7%
48 Repairs and Maintenance	732,613	439,926	409,219	421,903	334,815	(105,111)	46%	3%	(21)%
49 Miscellaneous	1,562,773	998,454	754,321	668,499	703,550	(294,904)	45%	(11)%	5%
51 Inter-Governmental	3,003,792	1,951,716	1,475,146	1,746,381	1,921,395	(30,321)	64%	18%	10%
53 Ext Taxes, Oper. Assess	5	-	48	549	195	195	3908%	1053%	(64)%
64 Machinery & Equipment	234,000	64,667	20,120	435,853	53,435	(11,231)	23%	2066%	(88)%
Total Supplies, Services, and Capital	21,112,913	13,832,885	11,857,419	12,695,034	11,425,419	(2,407,466)	54%	7%	(10)%

Percent of year completed 66.67%