



## INFORMATIONAL MEMORANDUM

TO: Finance & Governance Committee

FROM: Tony Cullerton, Deputy Finance Director

CC: Mayor Ekberg

DATE: February 13, 2023

SUBJECT: November 2022 General Fund Departmental Budget-to-Actuals Report

### Summary

The purpose of the November 2022 General Fund Financial Report is to summarize for the City Council the general state of departmental expenditures and to highlight significant items. The following provides a high-level summary of the departmental financial performance.

The November 2022 report is based on financial data available as of February 1, 2023, for the period ending November 30, 2022. Additional details can be found within the included financial report.

### Expenditures

General Fund departmental expenditures totaled \$55.8 million through November, which is \$832,265 less than the allocated budget of \$56.6 million. Department 20, which is transfers to other funds, totaled \$8.5 million, which is \$987,981 greater than the allocated budget. While Non-Departmental is reporting current expenditures greater than the same period last year, the department has only expended 78% of their annual budget at 92% of the year. Additional 4<sup>th</sup> quarter transactions are pending that will bring the Non-Departmental expenditures more in line with the annual budget. Examples of pending transactions include an ARPA transfer to Fund 103 – Residential Streets, for Traffic Calming, a transfer to Fund 305 – Public Safety Plan, for fire equipment, and an outstanding debt service payment. The allocated budget is calculated to reflect year-to-date spending patterns of the previous year. Transfers to capital project funds are transferred to capital project funds as needed for cash flow purposes. Debt service transfers are done quarterly.

In total, the General Fund reported expenditures of \$64.3 million, which is equivalent to 84% of the annual budget at the completion of 91.7% of the year. At the completion of November, all General Fund departments are currently reporting expenditures below their YTD annual budget.

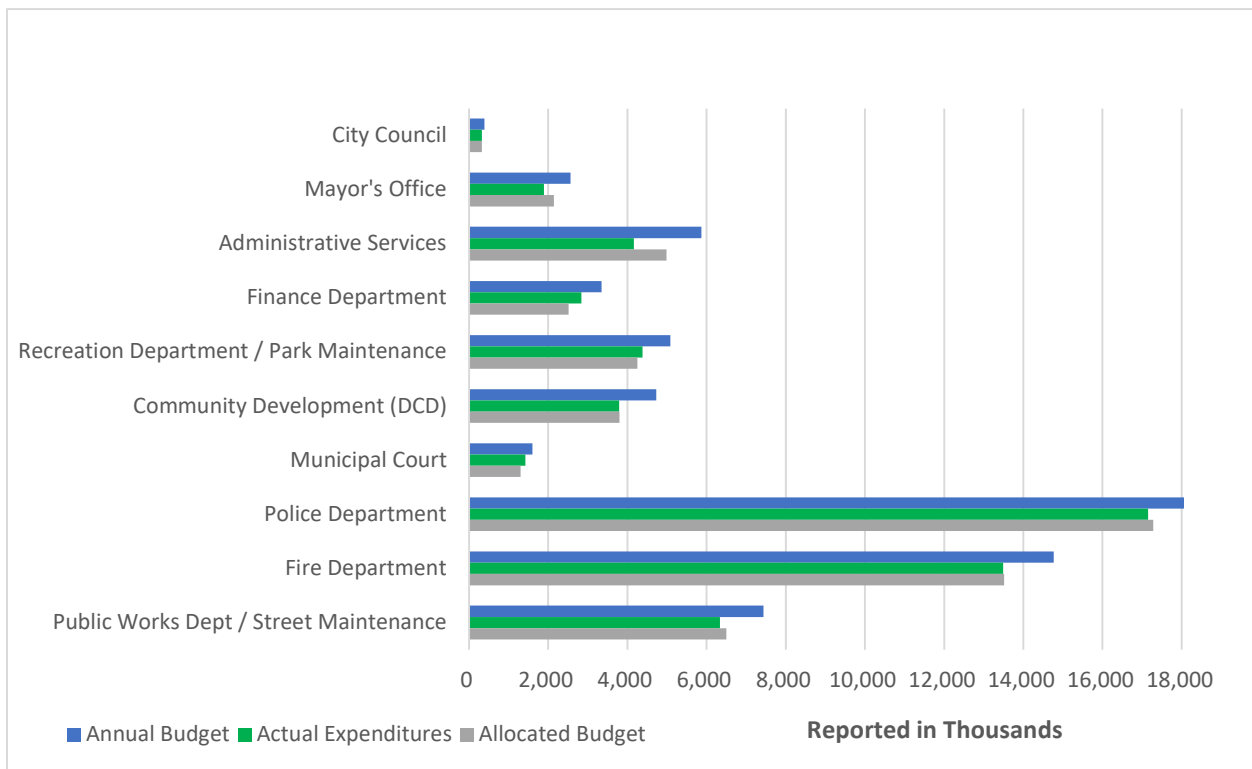
This report reflects an approved \$480,000 budget increase for the Fire Department. **Fire** is within budget through November but will exceed budget by the end of December due to overtime expenditures that exceed the revised budget. Fire is projected to end the year at around **\$217,860** over budget, amounting to 101% of budget.

**Departmental Variances**

Year to Date Department Expenditures Compared to Allocated Budget Through November 2022:

	BUDGET		ACTUAL			Allocated Budget vs Actual OVER/(UNDER)	% Expended
	2022 Annual	2022 Allocated	2020	2021	2022		
<b>EXPENDITURES BY DEPARTMENT</b>							
City Council	385,826	321,832	313,457	303,307	324,608	2,777	84.1%
Mayor's Office	2,565,927	2,145,791	1,934,073	1,821,487	1,893,307	(252,484)	73.8%
Administrative Services	5,869,141	4,989,508	4,097,026	4,385,492	4,159,294	(830,214)	70.9%
Finance Department	3,347,587	2,512,414	2,200,551	2,245,252	2,835,159	322,744	84.7%
Recreation Department / Parks Maintenance	5,083,108	4,252,399	3,735,479	3,821,491	4,381,896	129,496	86.2%
Community Development (DCD)	4,732,212	3,800,303	2,817,471	3,514,149	3,792,153	(8,150)	80.1%
Municipal Court	1,597,482	1,298,702	1,138,266	1,096,252	1,421,621	122,919	89.0%
Police Department	19,844,123	17,283,570	15,908,826	16,123,850	17,154,930	(128,640)	86.4%
Fire Department	14,772,033	13,519,401	11,572,798	12,572,008	13,494,371	(25,029)	91.4%
Public Works Dept / Street Maintenance	7,434,770	6,499,221	5,696,985	5,961,468	6,333,537	(165,684)	85.2%
<b>Subtotal</b>	<b>65,632,209</b>	<b>56,623,141</b>	<b>49,414,932</b>	<b>51,844,756</b>	<b>55,790,876</b>	<b>(832,265)</b>	<b>85.0%</b>
Non Departmental	10,885,754	7,533,368	2,929,357	3,985,975	8,521,349	987,981	78.3%
<b>Total Expenditures</b>	<b>76,517,963</b>	<b>64,156,509</b>	<b>52,344,289</b>	<b>55,830,731</b>	<b>64,312,225</b>	<b>155,716</b>	<b>84.0%</b>
						% of Year	91.7%

The graph below shows the Annual Budget, Actual Expenditures, and Allocated Budget amounts for the General Fund departments.



Per ordinance, the City adopts a biennial budget by fund. This is the required level of reporting for external authoritative sources of oversight such as of the Washington State Auditor's office. This level of reporting is also utilized for purposes of debt issuance and by other stake holders. For managerial reporting and internal use, the city reports activity at the department level. This provides more details and additional information used by decision makers within the city and those charged with governance. In an effort to provide an enhanced level of reporting, additional information is being provided for activity at the category level that reflect an increase of more than 5% AND \$50,000.

The table below continues to display 2021/2022 change in spending by \$ and % for informational purposes. It is important to point out that 2020 & 2021 were pandemic years. 2022 was a year that entities and organizations began to transition out of the pandemic. Historically, local governmental entity revenues and expenditures are consistent, with variances hovering around 5%. The past three years have been an exception. Therefore, reporting on the last two months of 2022, will have less emphasis on the change in spending habits between 2021 and 2022, and focus more on the **% Expended YTD** column.

While some individual line items are reported higher than the same period last year, every category total is under the % Expended YTD column is less than the YTD budget allocation of 91% of the year.

The information below provides details of categories reporting percent spent greater than 91% (% of the year completed) and \$50,000 over the allocated budget.

INFORMATIONAL MEMO

Page 4

General Fund  
City of Tukwila  
General Fund Expenditures

Year-to Date as of Nov 30, 2022

	BUDGET		ACTUAL			COMPARISON OF RESULTS				
	2022 Annual	2022 Allocated	2020	2021	2022	Allocated Budget vs Actuals OVER/(UNDER)	% Expended YTD	Change		
								\$	%	
511 Salaries	32,902,451	29,172,349	25,584,064	25,579,957	27,390,838	(5,511,613)	83.2%	1,810,881	7.1%	
512 Extra Labor	584,220	208,122	131,789	184,610	384,188	(200,032)	65.8%	199,578	108.1%	
513 Overtime	2,200,115	2,098,039	1,220,927	2,077,536	2,382,719	182,604	108.3%	305,183	14.7%	
515 Holiday Pay	515,500	314,804	317,034	314,804	360,941	(154,559)	70.0%	46,137	14.7%	
521 FICA	2,276,955	1,920,541	1,578,012	1,621,898	1,748,429	(528,526)	76.8%	126,531	7.8%	
522 Pension-LEOFF	920,517	898,032	945,882	877,849	938,685	18,168	102.0%	60,836	6.9%	
523 Pension-PERS/PSERS	1,494,905	1,284,357	1,499,745	1,401,608	1,342,989	(151,916)	89.8%	(58,618)	(4.2%)	
524 Industrial Insurance	876,892	823,977	793,541	822,969	688,994	(187,898)	78.6%	(133,975)	(16.3%)	
525 Medical & Dental	7,551,216	6,798,189	5,650,288	6,215,622	6,704,327	(846,889)	88.8%	488,705	7.9%	
526 Unemployment	0	0	63,114	45,019	37,205	37,205	-	(7,813)	(17.4%)	
528 Uniform/Clothing	8,525	3,985	2,409	3,985	8,592	67	100.8%	4,606	115.6%	
<b>Total Salaries &amp; Benefits</b>	<b>49,331,296</b>	<b>43,522,394</b>	<b>37,786,805</b>	<b>39,145,857</b>	<b>41,987,908</b>	<b>(7,343,388)</b>	<b>85.1%</b>	<b>2,842,051</b>	<b>7.3%</b>	
531 Supplies	950,636	589,873	465,708	543,398	456,422	(494,214)	48.0%	(\$86,976)	(16.0%)	
532 Repairs & Maint Supplies	299,025	225,424	272,858	197,154	339,112	40,087	113.4%	\$141,957	72.0%	
534 Resale Supplies	10,000	0	235	0	859	(9,141)	8.6%	\$859	Null	
535 Small Tools	41,250	41,250	98,593	98,662	72,255	31,005	175.2%	(\$26,407)	(26.8%)	
536 Technology Supplies	13,000	13,000	42,309	67,028	91,356	78,356	702.7%	24,328	36.3%	
537 Fleet Supplies	3,000	3,000	12,009	3,125	6,531	3,531	217.7%	3,406	109.0%	
<b>Total Supplies</b>	<b>1,316,911</b>	<b>872,548</b>	<b>891,712</b>	<b>909,367</b>	<b>966,534</b>	<b>(350,377)</b>	<b>73.4%</b>	<b>57,167</b>	<b>6.3%</b>	
541 Professional Services	7,575,918	6,059,783	5,554,679	5,724,948	6,052,065	(1,523,853)	79.9%	327,117	5.7%	
542 Communications	458,739	404,708	445,145	404,708	432,177	(26,562)	94.2%	27,469	6.8%	
543 Professional Development	252,921	252,921	373,714	323,390	337,990	85,069	133.6%	14,600	4.5%	
544 Advertising	40,250	10,764	14,161	11,432	21,567	(18,683)	53.6%	10,135	88.7%	
545 Rentals	478,484	364,293	401,536	396,449	307,377	(171,107)	64.2%	(89,071)	(22.5%)	
546 Technology Services	348,291	348,291	707,736	653,633	540,813	192,522	155.3%	(112,820)	(17.3%)	
547 Utilities	2,034,285	2,034,285	1,714,505	2,138,812	2,196,368	162,083	108.0%	57,556	2.7%	
548 Repairs & Maint Services	2,185,367	1,944,012	1,154,277	1,858,187	2,096,752	(88,615)	95.9%	238,566	12.8%	
549 Miscellaneous	879,747	199,169	365,165	162,040	549,887	(329,860)	62.5%	387,846	239.4%	
<b>Total Services</b>	<b>14,254,002</b>	<b>11,618,226</b>	<b>10,730,920</b>	<b>11,673,599</b>	<b>12,534,996</b>	<b>(1,719,006)</b>	<b>87.9%</b>	<b>861,398</b>	<b>7.4%</b>	
561 Capital Outlay-Land	0	0	0	0	893	893	-	0	-	
564 Machinery & Equipment	730,000	157,698	5,495	115,933	300,544	(429,456)	41.2%	184,612	159.2%	
<b>Total Capital Outlay</b>	<b>730,000</b>	<b>157,698</b>	<b>5,495</b>	<b>115,933</b>	<b>301,437</b>	<b>(428,563)</b>	<b>41.3%</b>	<b>185,505</b>	<b>160.0%</b>	
750 Transfers Out	10,885,754	7,985,643	2,929,357	3,985,975	8,521,349	(2,364,405)	78.3%	4,535,373	113.8%	
<b>Total Non Operating Expense</b>	<b>10,885,754</b>	<b>7,985,643</b>	<b>2,929,357</b>	<b>3,985,975</b>	<b>8,521,349</b>	<b>(2,364,405)</b>	<b>78.3%</b>	<b>4,535,373</b>	<b>113.8%</b>	
<b>TOTAL EXPENDITURES</b>	<b>76,517,963</b>	<b>64,156,509</b>	<b>52,344,289</b>	<b>55,830,731</b>	<b>64,312,225</b>	<b>(12,205,739)</b>	<b>84.0%</b>	<b>8,481,494</b>	<b>15.2%</b>	

% of Year Completed 91.7%

**Category:** Overtime

**Variance:** 108.3% and \$182,604

**Explanation:** Increase in Fire Overtime. Spending in 2022 Fire OT has increased by \$305,183 over the same period in 2021. As stated earlier in this report, Fire received a \$480,000 budget increase in the form of a budget amendment. However, December spending is showing that Fire will exceed their 2022 amended budget amount.

**Category:** Technology Supplies

**Variance:** 702.7% and \$78,356

**Explanation:** Expenditures that are budgeted in Supplies are coded to Technology Supplies. The line item, Supplies, reports the column labeled, % Expended YTD, as of November, is 48% at 91% of the year. 2022 is the first year in the new ERP system and budgets, that were prepared using the former ERP system's GL coding structure had to be reallocated to the new GL coding structure. As it was difficult to determine what percentage of the supplies budget was actually related to technology, the budget was left in the Supplies category, but transactions were coded

to the correct category. Technology Supplies reports a higher number in % Expended YTD simply because of how the budget was reallocated in the new ERP system.

**Category:** Professional Development

**Variance:** 113.6% and \$85,069

**Explanation:** Similar to the explanation above, changes in the GL coding structure resulted in Miscellaneous retaining a portion of budget allocation that should be reported in Professional Development. While Professional Development exceeded the % Expended YTD by 133%, the 2022 spending has increased over 2021 by only \$14,600, demonstrating a similar and consistent spending pattern between 2021 and 2022.

**Category:** Technology Services

**Variance:** 155.3% and \$192,522

**Explanation:** The Total Services Category reports total combined expenditures of 87.9% at 91.7% of the year. As explained above, a change in the GL coding structure has allocated budgets reflected between accounts. For example, Technology Services shows % Expended YTD of 155.3%. However, spending in 2022 is \$112,820 less than 2021. As a result of a change in coding, a portion of the Technology Services budget is reflected in Professional Services category. While category budgets are adjusting to an enhanced coding structure, transaction activity is being coded to accurately reflect spending in the proper accounts.

**Category:** Utilities

**Variance:** 108% and \$162,083

**Explanation:** This is due to rate increases above what was budgeted in 2020 when the 2021-2022 budget was drafted. With the addition of the Justice Center and new fire stations, additional utilities were added, resulting in increased utility costs. As the table above displays, the rise amounts to a 2.7% increase in 2022 over 2021.