



INFORMATIONAL MEMORANDUM

TO: Finance & Governance Committee

FROM: Tony Cullerton, Deputy Finance Director

CC: Mayor Ekberg

DATE: April 24, 2023

SUBJECT: February 2023 General Fund Departmental Budget-to-Actuals Report

Summary

The purpose of the February 2023 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 February 2023 report is based on financial data available as of March 31, 2023, for the period ending February 28, 2023.

Expenditures

Allocated Budget

As of the end of February, all departments, with the exception of Fire, reported activity that is within their allocated budget. The increase in Fire is due to a \$3,5 million invoice to the Puget Sound Regional Fire Authority (PSRFA). This is a quarterly payment that was anticipated and budgeted to be paid in March. However, the invoice was received in mid-February and paid in February.

General Fund departmental expenditures totaled \$12.4 million through February, which is \$1,96 million above the allocated budget of \$10.5 million. This increase has been identified above with the early payment to the PSRFA. Department 20, which is transfers to other funds, reported no allocated budget or expenditure activity for the months of January and February. This is consistent with prior year spending patterns.

Budget to Actual (% Expended)

When comparing YTD spending to the percent of year completed (16.7%), two departments finished the month higher than 16.7%. **Finance** reported % Expended of 22.2%. This is attributed to an \$834,921 annual payment for the WCIA Liability Insurance premium. **Fire** ended the month at 26.9%, due to the early quarterly payment to the PSRFA contract.

Departmental Variances

Year to Date Department Expenditures Compared to Allocated Budget Through February 2023:

DEPARTMENT	BUDGET		ACTUAL			Allocated Budget vs Actual OVER/(UNDER)	%	\$ Change	% Change
	2023	2023	2021	2022	2023				
	Annual	Allocated							
City Council	384,889	56,982	52,748	54,853	55,773	(1,208)	14.5%	920	1.7%
Mayor's Office	2,502,666	454,930	237,228	275,003	397,288	(57,642)	15.9%	122,285	44.5%
Administrative Services	5,676,491	971,123	612,116	687,540	773,364	(197,759)	13.6%	85,824	12.5%
Finance Department	3,868,642	1,060,545	720,186	831,005	856,993	(203,552)	22.2%	25,987	3.1%
Rec Dept / Parks Maint	5,109,490	771,459	734,547	584,521	684,807	(86,651)	13.4%	100,287	17.2%
Community Dev	4,672,314	780,618	546,965	710,773	666,260	(114,358)	14.3%	(44,513)	-6.3%
Municipal Court	1,741,340	290,223	191,955	244,731	264,228	(25,995)	15.2%	19,497	8.0%
Police Department	22,746,448	4,144,623	2,958,632	3,058,958	3,531,574	(613,049)	15.5%	472,617	15.5%
Fire Department	14,790,120	295,670	2,313,101	2,346,086	3,972,978	3,677,308	26.9%	1,626,892	69.3%
PW Dept / Street Maint	7,574,988	1,628,247	1,863,177	1,061,423	1,209,983	(418,264)	16.0%	148,559	14.0%
Subtotal	69,067,388	10,454,419	10,230,655	9,854,893	12,413,248	1,958,829	18.0%	2,558,355	26.0%
Non Departmental	6,688,881	0	0	0	0	0	0.0%	0	0.0%
Total Expenditures	75,756,269	10,454,419	10,230,655	9,854,893	12,413,248	1,958,829	16.4%	2,558,355	26.0%
						% of Year	16.7%		

2023 Compared to 2022

Most departments reported increases over the same period compared to the prior year. This is expected due to increases in salaries due to contractual obligations and a general increase in the cost of ongoing expenditures. However, several departments reported increases greater than 5% and \$50,000 over the same period last year.

In addition to the standard salary increase, **Mayor's Office** reported an increase of \$122,285, (44.5%) over the same period last year. The cause of the increase is primarily a timing difference. Specifically, a timing difference in the payment of invoices in 2022 compared to 2023. This is evident with Attorney Services, Public Defender costs, and Prosecution Services.

Desc	2022	2023	\$	%
Salaries	109,904	119,382	9,478	8.6%
Attorney /Svs	33,000	66,000	33,000	100.0%
Pub Def	1,500	59,000	57,500	3833.3%
Prosecution Svs	12,500	25,000	12,500	100.0%

Administrative Services reported an increase of \$85,824 (12.5%). In addition to Salaries, the increase over the prior year is spread among the Admin Svcs. Divisions in the categories of Memberships and Online Services–Subscriptions. Memberships show a timing difference in paying invoices between years. The increase in Online Services-Subscriptions is shared among the different divisions within the department.

Desc	2022	2023	\$	%
Salaries	350,722	381,340	30,618	8.7%
Memberships	37,201	60,553	23,352	62.8%
Online Services-Subscriptions	42,057	101,836	59,779	142.1%

Recreation / Parks Maintenance reported an increase of \$100,287 (17.2%) over the same period last year. The largest portions of the increase are due to increased salaries related to the restoration of services and an increase in Security/Safety Svcs. expenditures over the prior year.

Div	Desc	2022	2023	\$	%
Rec	Salaries	210,500	228,275	17,774	8.4%
Rec	Extra Labor	421	11,556	11,135	2646.5%
Rec	Insurance-Liability	510	15,722	15,212	2982.6%
Parks Maint	Salaries	126,697	138,749	12,052	9.5%
Parks Maint	Security/Safety Svcs	1,400	17,003	15,603	1114.5%

Police reported an increase over the prior period of \$472,617 (15.5%). While this amount is significant, the causes of the increase are due to the usual reasons that we have previously seen in PD, including Salaries, OT, Benefits, Insurance Liability, Pension expenditures, and payroll taxes (FICA). However, there are a few new players in the game. Contracted Services increased due to costs related to Admin Team retreat (\$3,200) and the need for DNA testing as part of a homicide investigation (\$7,500). Dispatch experienced a rate increase for 2023. This was an approved budgeted item. Jail Services also had a rate increase for 2023. Additionally, the City received a credit pertaining to Jail Services in January 2022 of \$87,567, resulting in Jan 2022 reporting a lower than normal expenditure amount.

Description	2022	2023	\$	%
Salaries	109,904	119,382	9,478	8.6%
OT	105,113	171,031	65,918	62.7%
FICA	119,820	143,734	23,914	20.0%
LEOFF	65,943	81,850	15,907	24.1%
Medical, Dental, Life, Optical	19,591	34,805	15,214	77.7%
Contracted Services	1,200	10,749	9,549	795.7%
Dispatch	196,468	230,808	34,339	17.5%
Jail Svs	72,287	167,290	95,003	131.4%
Insurance-Liability	278,737	324,931	46,194	16.6%
Software Maintenance Contract	71,386	89,480	18,094	25.3%

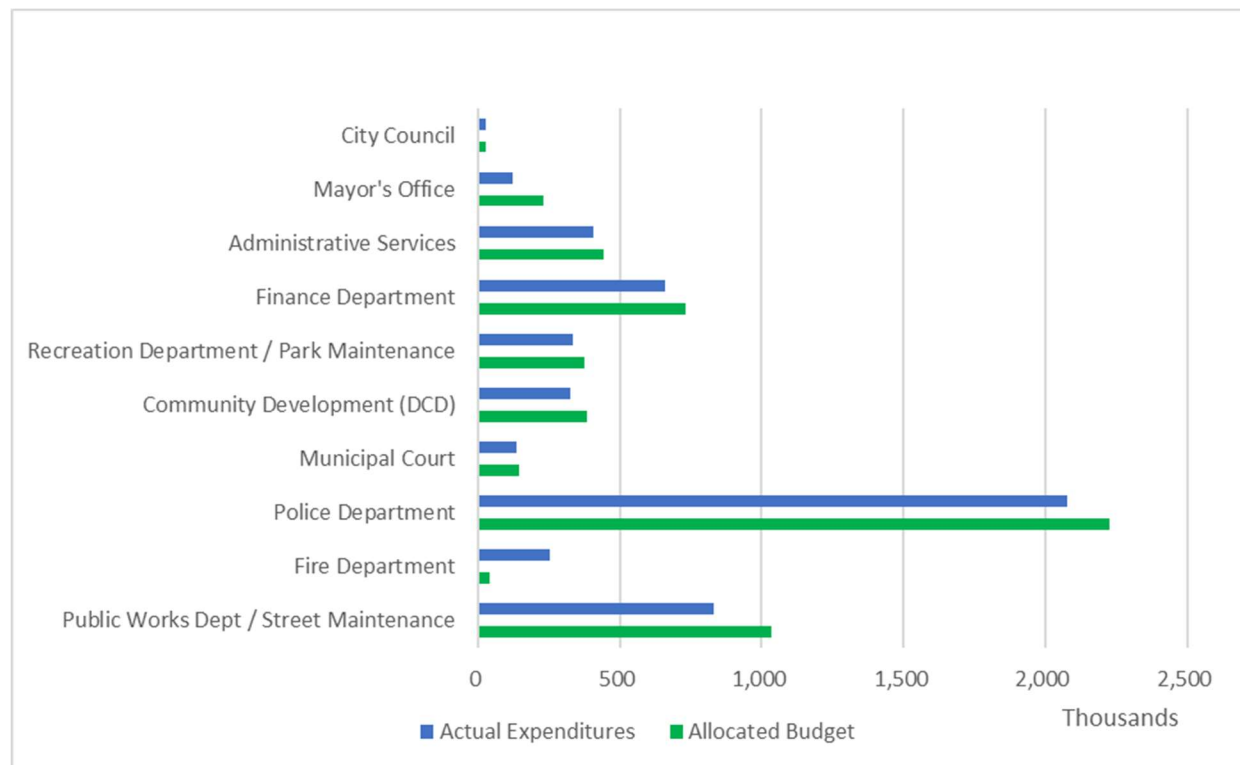
Fire has previously been addressed. The increase is the \$3,694,430 quarterly invoice paid to the PSRFA.

Public Works / Street Maintenance reported an increase of \$148,559 (14%). 60% of the increase is attributed to a \$92,059 increase in Insurance-Property premiums. The other significant increase is the collective rise in utility costs over the same period last year, attributed to the new Facilities Maintenance building that opened in June of 2022.

Division	Desc	2022	2023	\$	%
Pub Wks	OT	109,904	119,382	9,478	8.6%
Pub Wks	Insurance-Property	346,858	438,917	92,059	26.5%
Pub Wks	Electric Utility	79	55,857	55,778	70802.3%
Pub Wks	Natural Gas Utility	0	12,167	12,167	0.0%
Streets	Electric Utility	7,199	24,523	17,324	240.6%

This concludes the recap of notable variances within departments between 2022 and 2023. While overall General Fund departmental costs increased by 26% over the same period last year, the increase in expenditures were identified ahead of time and were budgeted for. As a reminder, all General Fund departments ended the month of February within their Allocated Budget, with the exception of Fire. The overage in Fire is solely due to an early payment to the PSRFA that was scheduled to be paid in March.

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 the purposes of debt issuance and by other stakeholders.

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 governers. In an effort to provide an enhanced level of reporting, additional information is being provided for activity at the transaction level that reflect an increase of more than **5%** over the prior year AND **\$50,000**, that are part of a Category that is reporting total activity above the % of Year calculation.

The end of February represents completion of 16.7% of the year. **Total Services** is the only Category that reported total activity higher than 16.7%.

Within Total Services the event that tipped **Professional Services** was the Fire contract payment. **Professional Development** – The two largest contribution factors to the increase in Professional Development is Memberships, with a \$25,193 (26.7%) jump over 2022, and Registrations, with a \$9,101 (845%) increase over the prior year. **Utilities** costs are higher due to the new Fleet Facilities building. Staff moved into the new building in June of 2022. January – June of 2023, is expected to show an increase in costs when compared to the same period in 2022.

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General Fund
City of Tukwila
General Fund Expenditures

Year-to Date as of Feb 28, 2023

	BUDGET		ACTUAL			COMPARISON OF RESULTS			
	2023 Annual	2023 Allocated	2021	2022	2023	Allocated Budget vs Allocated OVER/(UNDER)	% Expended	Change	
								\$	%
			2022/2023		2022/2023				
Salaries	25,787,016	4,297,835	4,627,283	4,878,147	3,842,367	(455,469)	14.9%	(1,035,780)	(21.2%)
Extra Labor	769,106	82,358	859	41,959	54,499	(27,859)	7.1%	12,540	29.9%
Overtime	755,184	102,371	285,145	432,520	291,849	189,478	38.6%	(140,671)	(32.5%)
Holiday Pay	250,000	3,635	2,560	2,885	1,935	(1,700)	0.8%	(950)	(32.9%)
FICA	2,110,086	351,681	285,570	310,328	315,667	(36,014)	15.0%	5,339	1.7%
Pension-LEOFF	635,410	93,568	139,099	146,850	85,931	(7,637)	13.5%	(60,919)	(41.5%)
Pension-PERS/PSERS	1,744,919	290,820	269,506	239,320	253,845	(36,975)	14.5%	14,525	6.1%
Industrial Insurance	586,183	97,697	171,478	99,101	63,390	(34,307)	10.8%	(35,711)	(36.0%)
Medical & Dental	5,748,432	958,072	1,035,803	1,224,582	894,256	(63,816)	15.6%	(330,326)	(27.0%)
Unemployment	0	0	0	168	0	0	-	(168)	-
Uniform/Clothing	33,290	11,382	667	0	242	(11,140)	0.7%	242	-
	38,419,627	6,289,420	6,817,968	7,375,860	5,803,982	(485,438)	15.1%	(1,571,879)	(21.3%)
Supplies	678,334	109,862	74,869	5,172	42,017	(67,845)	6.2%	\$36,845	712.4%
Repairs & Maint Supplies	450,010	74,135	20,710	13,448	34,599	(39,536)	7.7%	\$21,151	157.3%
Resale Supplies	2,500	400	0	0	0	(400)	-	\$0	Null
Small Tools	213,203	35,234	4,049	3,306	5,936	(29,298)	2.8%	\$2,630	79.6%
Technology Supplies	110,798	18,466	5,978	3,659	2,741	(15,725)	2.5%	(\$918)	(25.1%)
Fleet Supplies	7,000	1,167	264	0	740	(427)	10.6%	\$740	-
	1,461,845	239,263	105,870	25,584	86,033	(153,230)	5.9%	\$60,448	236.3%
Professional Services	21,798,537	2,537,937	1,504,819	1,579,849	5,890,653	3,352,717	27.0%	\$4,310,805	272.9%
Communications	440,528	71,333	64,901	37,111	29,816	(41,516)	6.8%	(\$7,294)	(19.7%)
Professional Dev	570,359	127,680	135,082	99,662	144,328	16,648	25.3%	\$44,666	44.8%
Advertising	66,300	15,533	589	0	50	(15,483)	0.1%	\$50	-
Rentals	1,298,059	51,293	66,900	27,462	10,852	(40,440)	0.8%	(\$16,610)	(60.5%)
Technology Services	1,031,264	399,614	115,634	240,306	257,068	(142,545)	24.9%	\$16,763	7.0%
Utilities	2,244,354	329,571	1,160,913	31,341	116,467	(213,104)	5.2%	\$85,126	271.6%
Repairs & Maint Svs.	1,286,418	214,570	309,275	323,102	14,593	(199,977)	1.1%	(\$308,509)	(95.5%)
Miscellaneous	1,012,899	163,206	(51,296)	65,117	19,981	(143,225)	2.0%	(\$45,136)	(69.3%)
	29,748,719	3,910,736	3,306,816	2,403,950	6,483,811	2,573,075	21.8%	4,079,861	169.7%
Capital Outlay-Land	0	0	0	0	0	0	-	0	-
Other Improvements	0	0	0	0	0	0	-	0	-
Machinery & Equipment	420,000	15,000	0	49,499	0	(15,000)	-	(49,499)	(100.0%)
Construction Projects	0	0	0	0	39,423				
	420,000	15,000	0	49,499	39,423	(15,000)	9.4%	(10,076)	(20.4%)
Transfers Out	5,706,078	0	0	0	0	(5,706,078)	-	0	-
	5,706,078	0	0	0	0	(5,706,078)	-	0	-
	75,756,269	10,454,419	10,230,655	9,854,893	12,413,248	(3,786,672)	16.4%	2,558,355	26.0%