



INFORMATIONAL MEMORANDUM

TO: **Finance & Governance Committee**

FROM: **Tony Cullerton, Deputy Finance Director**

CC: **Mayor Ekberg**

DATE: **June 12, 2023**

SUBJECT: **April 2023 General Fund Departmental Budget-to-Actuals Report**

Summary

The purpose of the April 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 April 2023 report is based on financial data available as of June 1, 2023, for the period ending April 31, 2023.

Expenditures

General Fund departmental expenditures totaled \$24.3 million through April, which is \$1.1 million over the allocated budget of \$23,288,541 million. Department 20, which transfers to other funds, reported \$1.5 million in expenditures. This number reflects transactions for debt payments and interfund activity. In total the General Fund activity YTD as of the end of April was \$25.8 million which exceeded the allocated budget by \$959,538. The overall overage is a timing issue pertaining to Fire. Contracted services for Fire were paid in April but scheduled to be paid in June.

Allocated Budget

As of the end of April, all departments, with the exception of City Council and Fire, reported activity that is within their allocated budget. The overage in **City Council** is \$8,575. The overage is attributed to consulting services for the council retreat and hotel lodging for the National League of Cities conference. Fire is over their allocated budget by \$3,635,767. The overage in **Fire** totals \$3,635,676. The overage is a result of paying the Q2 contracted services in April.

Budget to Actual (% Expended)

When comparing YTD spending to the percent of year completed (33%), two departments finished the month higher than 33%. **Fire** has been explained above. PW Dept./Street Maintenance ended the month at 41.4%. **PW Dept./Street Maint** reported % Expended of 41.4%. Facilities Maintenance/Structures incurred costs related to the Kennedy Cottage Demolition

Project. Additionally, there were increased expenditures in Insurance-Property and Utilities, attributed to the new Facilities Maintenance building that opened in June of 2022.

While Public Works reported YTD expenditures of 41.4% at 33% of the year, these expenditures were previously identified and budgeted, as is supported by Public Works currently reporting total expenditures under Allocated Budget.

2023 Compared to 2022

Most of the General Fund departments reported increases over the same period compared to the prior year. This is expected as a result of increases in salaries due to contractual obligations and the general rise in the cost of ongoing expenditures. However, a few departments reported increases greater than 5% and \$50,000 over the same period last year. This section of the report provides additional information on the increase over the prior year.

Mayor’s Office increased \$64,142 (10.3%) over the prior year. While we did not tie out 100% of the increases over the prior year, we did identify the largest increases, accounting for 93% of the variance.

		2022	2023	Variance
Mayor's Office		620,560	684,732	64,172
Attorney Svs	Mayor	126,653	149,974	23,322
Administration	Economic Dev	3,000	16,000	13,000
Mayor's Office Administration	Hotel Lodging	0	4,610	4,610
Mayor's Office Administration	Tuition	0	6,000	6,000
Mayor's Office	Salaries	142,192	155,080	12,888
Total		271,845	331,664	59,820

These expenditures were previously identified and budgeted, as is supported by Mayor’s Office currently reporting total expenditures under Allocated Budget.

Administrative Services increased \$125,264 (8.9%) over the prior year. The increase is primarily attributed to Online Services-Subscriptions, with the remainder being reported in Salaries.

Account	2022	2023	Variance
Online Services-Subscriptions	58,930	145,563	86,632

These expenditures were previously identified and budgeted, as is supported by Administrative Services currently reporting total expenditures under Allocated Budget.

Police are operating below allocated budget as reported year-to-date. Similar to other departments expenditures reported in 2023 have exceeded costs incurred for the same period in 2022. Salaries and Overtime are the primary drivers of the increased expenditures. Similar to other departments, Insurance-Liability is the major increase to Professional Svs. Software Maintenance Contracts represents the increase to Technology Svs.

Police	Police	2022	2023	Variance	% Increase
		5,847,652	6,629,824	782,172	13.4%
511	Salaries	2,874,296.22	3,369,840.10	495,544	17.2%
513	Overtime	346,470.75	480,496.47	134,026	38.7%
541	Professional Svs	878,250.07	953,451.00	75,201	8.6%
546	Technoligy Svs	87,886.52	136,495.68	48,609	55.3%
	Total			753,380	
	% Identified			96.3%	

Fire increased \$2,670,021 (55%). The increase has been consistently explained as due to Contracted Svs. with the Puget Sound Regional Fire Authority agreement. In prior years, these costs were reported in the Salaries line-item.

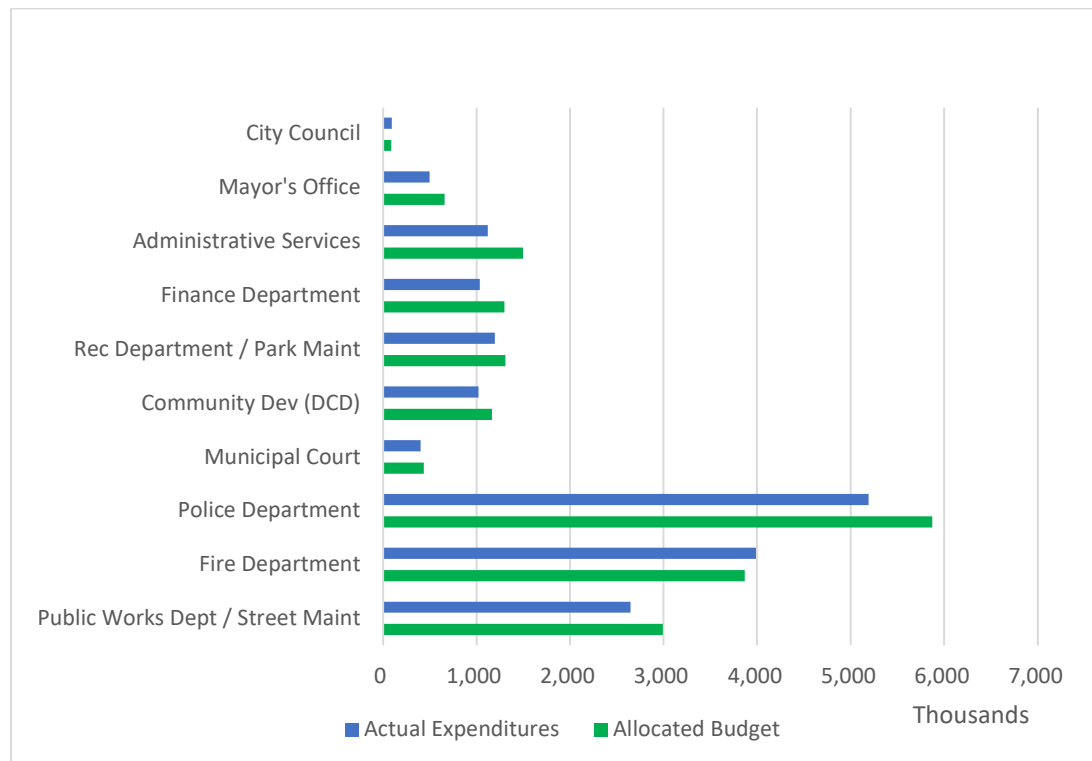
This concludes the recap of notable variances within departments between 2022 and 2023. While overall General Fund departmental costs increased by 18% over the same period last year, the increase in expenditure was identified ahead of time and were budgeted for.

Departmental Variances

Year to Date Department Expenditures Through April 2023:

DEPARTMENT	BUDGET		ACTUAL			Allocated Budget vs Actual OVER/(UNDER)	%	\$ Change	% Change
	2023 Annual	2023 Allocated	2021	2022	2023				
	City Council	384,889	117,713	103,786	114,889	126,288	8,575	32.8%	11,399
Mayor's Office	2,502,666	858,394	605,187	620,560	684,732	(173,662)	27.4%	64,172	10.3%
Administrative Services	5,676,491	1,942,246	1,333,229	1,412,082	1,537,347	(404,900)	27.1%	125,264	8.9%
Finance Department	3,868,642	1,563,114	1,041,509	1,211,258	1,249,851	(313,263)	32.3%	38,593	3.2%
Rec Dept / Parks Maint	5,109,490	1,703,846	1,328,478	1,468,426	1,532,029	(171,817)	30.0%	63,603	4.3%
Community Dev	4,672,314	1,551,737	1,286,664	1,419,896	1,421,266	(130,471)	30.4%	1,370	0.1%
Municipal Court	1,741,340	580,447	378,460	505,983	527,075	(53,372)	30.3%	21,091	4.2%
Police Department	22,746,448	7,578,971	5,734,389	5,847,652	6,629,824	(949,147)	29.1%	782,172	13.4%
Fire Department	14,790,120	3,890,545	4,562,650	4,856,291	7,526,312	3,635,767	50.9%	2,670,021	55.0%
PW Dept / Street Maint	7,574,988	3,501,527	2,671,285	3,066,233	3,138,218	(363,310)	41.4%	71,985	2.3%
Subtotal	69,067,388	23,288,541	19,045,635	20,523,270	24,372,942	1,084,400	35.3%	3,849,671	18.8%
Non Departmental	6,688,881	1,633,158	1,365,690	1,342,690	1,508,296	(124,862)	22.5%	165,606	12.3%
Total Expenditures	75,756,269	24,921,699	20,411,325	21,865,960	25,881,237	959,538	34.2%	4,015,277	18.4%
						% of Year	33.3%		

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



General Fund by Category

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 April represents the completion of 33% of the year. **Total Services** is the only Category that reported total activity higher than 33%. Within Total Services, Professional Services stands alone as the sole account that exceeded the Allocated Budget. The event that tipped **Professional Services** was the Fire contract payment. As previously stated, in the prior year, these costs were reported in the Salaries line.

2023 vs 2022

When comparing the same period of the current year to the prior year, three accounts rise to the level of an increase greater than 5% and \$50,000. All three accounts are reported within the Total Services Category. **Professional Services** has been previously explained as the Puget Sound Regional Fire Authority agreement. The **Technology Services** increase is attributed to Online Subscriptions as reported previously. **Rentals** is a new line item that has not been discussed previously. Rentals is primarily made up of leased equipment and fleet. The increase over the prior year reflects the 22 vehicles the City is currently leasing.

Department	Fleet Count
Police	5
Public Works	4
Community Development	4
Sewer Water	3
Water	1
Techonlogy Information Services	1
Building Maintance	1
Parks	1
Recreation	2
Total	22

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General Fund
City of Tukwila
General Fund Expenditures

Year-to Date as of June 1, 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	8,595,672	9,276,425	9,837,759	7,645,362	(950,310)	29.6%	(2,192,398)	(22.3%)
Extra Labor	769,106	187,330	7,734	89,415	111,099	(76,232)	14.4%	21,684	24.3%
Overtime	755,184	217,929	638,397	825,963	525,212	307,283	69.5%	(300,750)	(36.4%)
Holiday Pay	250,000	8,759	7,417	7,738	3,202	(5,557)	1.3%	(4,536)	(58.6%)
FICA	2,110,086	703,362	577,239	627,276	625,350	(78,012)	29.6%	(1,925)	(0.3%)
Pension-LEOFF	635,410	187,137	285,510	299,898	171,702	(15,435)	27.0%	(128,196)	(42.7%)
Pension-PERS/PSERS	1,744,919	581,640	549,458	482,058	506,994	(74,646)	29.1%	24,936	5.2%
Industrial Insurance	586,183	195,395	322,374	233,483	130,719	(64,675)	22.3%	(102,764)	(44.0%)
Medical & Dental	5,748,432	1,916,144	2,078,513	2,462,700	1,787,221	(128,923)	31.1%	(675,479)	(27.4%)
Unemployment	0	0	0	15,108	0	0	-	(15,108)	(100.0%)
Uniform/Clothing	33,290	15,763	1,120	598	564	(15,200)	1.7%	(34)	(5.7%)
Total Salaries & Benefits	38,419,627	12,609,130	13,744,188	14,881,995	11,507,425	(1,101,705)	30.0%	(3,374,570)	(22.7%)
Supplies	678,334	219,274	143,661	74,477	85,313	(133,961)	12.6%	\$10,836	14.5%
Repairs & Maint Supplies	450,010	148,892	59,542	96,241	104,074	(44,818)	23.1%	\$7,834	8.1%
Resale Supplies	2,500	800	0	0	0	(800)	-	\$0	-
Small Tools	213,203	71,068	8,516	11,916	9,951	(61,116)	4.7%	(\$1,965)	(16.5%)
Technology Supplies	110,798	36,933	12,129	13,554	24,058	(12,874)	21.7%	\$10,504	77.5%
Fleet Supplies	7,000	2,333	544	1,286	1,460	(873)	20.9%	\$175	13.6%
Total Supplies	1,461,845	479,300	224,393	197,474	224,857	(254,443)	15.4%	\$27,383	13.9%
Professional Services	21,798,537	6,901,615	2,459,824	2,455,456	9,990,786	3,089,171	45.8%	\$7,535,329	306.9%
Communications	440,528	142,665	137,169	133,993	105,932	(36,733)	24.0%	(\$28,061)	(20.9%)
Professional Dev	570,359	198,977	201,074	141,207	190,486	(8,491)	33.4%	\$49,280	34.9%
Advertising	66,300	25,167	2,099	2,055	6,692	(18,475)	10.1%	\$4,637	225.7%
Rentals	1,298,059	347,286	128,723	52,530	272,031	(75,255)	21.0%	\$219,501	417.9%
Technology Services	1,031,264	531,095	137,426	301,739	354,745	(176,350)	34.4%	\$53,006	17.6%
Utilities	2,244,354	1,507,777	1,363,476	1,416,209	1,460,311	(47,466)	65.1%	\$44,103	3.1%
Repairs & Maint Svs.	1,286,418	427,384	647,044	729,095	372,939	(54,445)	29.0%	(\$356,156)	(48.8%)
Miscellaneous	1,012,899	326,346	219	162,019	93,015	(233,331)	9.2%	(\$69,004)	(42.6%)
Total Services	29,748,719	10,408,312	5,077,054	5,394,303	12,846,937	2,438,625	43.2%	7,452,634	138.2%
Capital Outlay-Land	0	0	0	0	0	0	-	0	-
Other Improvements	0	0	0	0	0	0	-	0	-
Machinery & Equipment	420,000	37,500	0	49,499	0	(37,500)	-	(49,499)	(100.0%)
Construction Projects	0	0	0	0	39,423				
Total Capital Outlay	420,000	37,500	0	49,499	39,423	(37,500)	9.4%	(10,075)	(20.4%)
Transfers Out	5,706,078	1,387,457	1,365,690	1,342,690	1,262,595	(4,443,483)	22.1%	(80,095)	(6.0%)
Total Non Operating Expense	5,706,078	1,387,457	1,365,690	1,342,690	1,262,595	(4,443,483)	22.1%	(80,095)	(6.0%)
Total Expenditures	75,756,269	24,921,699	20,411,325	21,865,960	25,881,237	(3,398,506)	34.2%	4,015,277	18.4%
							% of Year	33.3%	