



INFORMATIONAL MEMORANDUM

TO: **Finance & Governance Committee**

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

CC: **Mayor Ekberg**

DATE: **July 24, 2023**

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

Summary

The purpose of the May 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 May 2023 report is based on financial data available as of July 7, 2023, for the period ending May 31, 2023.

Expenditures

General Fund departmental expenditures totaled \$28.4 million through May, which is \$856k over the allocated budget of \$27.6 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 May was \$29.9 million which exceeded the allocated budget by \$731k. The overage is a timing issue pertaining to Fire. Second quarter Contracted services for Fire was paid in April but allocated to be paid in the month of June.

Allocated Budget

As of the end of May, all departments, with the exception of City Council and Fire reported activity that is within their allocated budget. The overage in **City Council** is \$153. This amount is under the threshold of further review. **Fire** is over their allocated budget by \$3,469,803. The overage is a result of paying the Q2 contracted services in April that was scheduled to be paid in June.

Budget to Actual (% Expended)

When comparing YTD spending to the percent of year completed (41.7%), two departments finished the month higher than 41.7%. **Fire** has been explained above. **PW Dept./Street Maintenance** ended the month at 47.34%. The department(s) are well under their allocated budget. The reporting of 47.3% at 41.7% of the year suggests upfront costs that have been

anticipated and occurred early in the year. Examples include insurance payments, increases in utilities, and a land expenditure pertaining to Kennedy Cottage Structure Demo.

2023 Compared to 2022

A few departments reported increased greater than 5% when compared to the previous year. **City Council** ended the month with a YTD increase over the same period last year of 8.5%. The increase is due to the Council Retreat Facilitation. This event has been noted in prior monthly reports. The amount is \$11,533 and is not significant but did rise to the level of greater than 5%.

Mayor’s Office increased \$60,289 (7.6%) over the prior year. The main drivers of the increases are Professional Development, Professional Services, and Salaries. The majority of the increases have been previously reported. Under Professional Services, Governmental Affairs is new to our reporting. These items pertain to state & federal lobbying services.

	2022	2023	\$ Change	% Change
Professional Dev	62,357	81,415	19,058	30.6%
Tuition	0	6,000	6,000	N/A
Registration	80	2,270	2,190	2737.5%
Memberships	62,143	65,132	2,989	4.8%
Hotel Lodging	0	5,745	5,745	N/A
Professional Svs	336,467	360,100	23,633	7.0%
Government Affairs	4,000	20,250	16,250	406.3%
Special Matters (legal)	2,626	15,702	13,076	497.9%
Salaries	272,557	296,818	24,261	8.9%

Rec Dept/Park Maintenance reported an increase in expenditures of \$156,395 (8.7%). The increase represents activities resulting in the return to business coming out of the pandemic. Recreation and Park Maintenance was significantly impacted by the pandemic with mandates to close down TCC and halt group activities and programs. The accounts listed below represent the most significant increases in the department and are consistent with the return to normal operations. Additionally, Recreation and Park Maintenance is below their allocated budget.

Description	2022	2023	\$ Change	% Change
Salaries	299,931	345,985	46,054	15.4%
Med/Dental	83,735	94,851	11,116	13.3%
Supplies	22,802	45,818	23,016	100.9%
Utilities	170,090	181,422	11,332	6.7%
Total	576,558	668,076	91,518	15.9%

Police are operating below allocated budget as reported year-to-date. However, departmental expenditures for 2023 have increased over 2022 by \$1.4 million (18.7%). The increases were

anticipated and budgeted. Salaries have increased due to contractual agreements. Overtime is expected to continue due to unfilled positions. The increase in Professional Services has previously been explained as increases in Dispatch, Contracted Services, and Jail Services.

Description	2022	2023	\$ Change	% Change
Salaries	3,777,952	4,209,081	431,129	11.4%
OT	435,666	617,378	181,712	41.7%
Professional Svs	929,024	1,523,711	594,687	64.0%
Total	5,142,641	6,350,169	1,207,528	23.5%

Fire increased 1,143,577 (18.3%) over the same period last year. The increase is due to Contracted Services with the Puget Sound Regional Fire Authority agreement. In prior years, these costs were reported in the Salaries line-item.

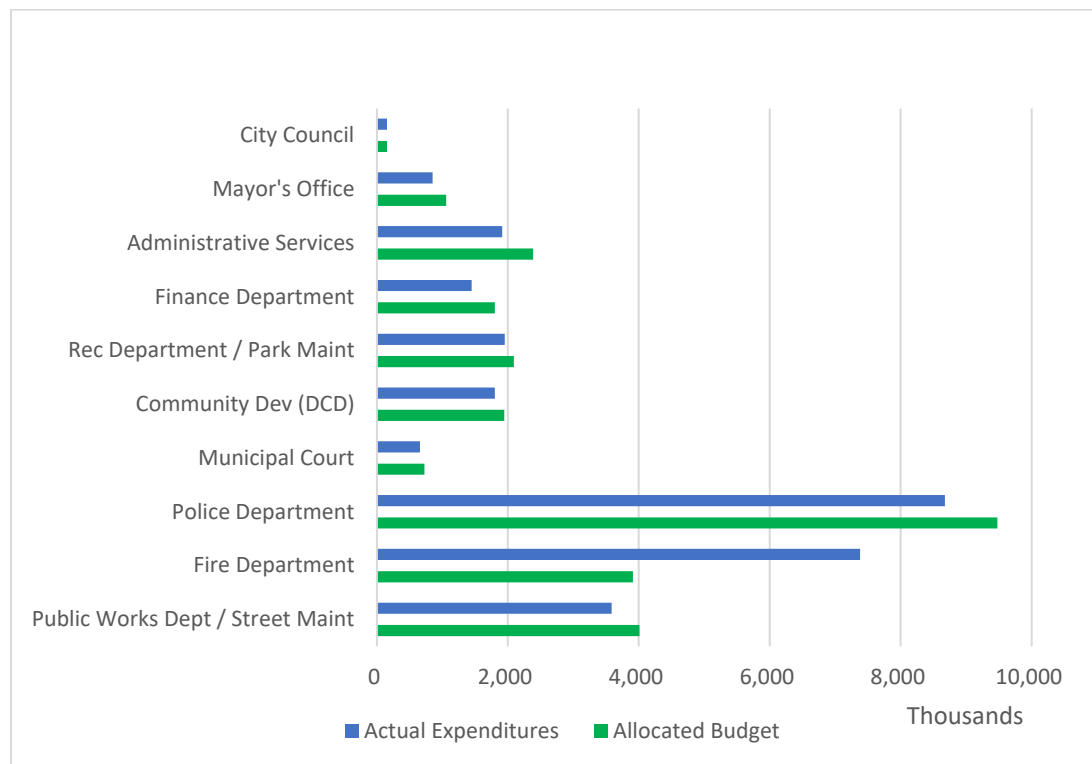
This concludes the recap of notable variances within departments between 2022 and 2023. While overall General Fund departmental costs increased by 11.8% over the same period last year, the majority of increases in expenditures were identified ahead of time and were budgeted for.

Departmental Variances

Year to Date Department Expenditures Through May 2023:

DEPARTMENT	BUDGET		ACTUAL			Allocated Budget vs Actual OVER/(UNDER)	%	\$ Change	% Change
	2023	2023	2021	2022	2023				
	Annual	Allocated							
City Council	384,889	155,537	129,336	143,514	155,690	153	40.5%	12,176	8.5%
Mayor's Office	2,502,666	1,058,702	788,184	789,991	850,280	(208,422)	34.0%	60,289	7.6%
Administrative Services	5,676,491	2,386,522	1,903,018	1,843,662	1,915,352	(471,170)	33.7%	71,690	3.9%
Finance Department	3,868,642	1,802,959	1,279,246	1,389,101	1,448,357	(354,602)	37.4%	59,257	4.3%
Rec Dept / Parks Maint	5,109,490	2,092,856	1,622,375	1,796,023	1,952,418	(140,438)	38.2%	156,395	8.7%
Community Dev	4,672,314	1,946,796	1,589,921	1,754,964	1,801,234	(145,562)	38.6%	46,270	2.6%
Municipal Court	1,741,340	725,558	503,953	636,495	658,813	(66,745)	37.8%	22,317	3.5%
Police Department	22,746,448	9,477,879	7,274,659	7,310,190	8,676,035	(801,844)	38.1%	1,365,845	18.7%
Fire Department	14,790,120	3,911,020	5,698,287	6,237,246	7,380,823	3,469,803	49.9%	1,143,577	18.3%
PW Dept / Street Maint	7,574,988	4,010,710	3,062,702	3,528,067	3,585,728	(424,982)	47.3%	57,662	1.6%
Subtotal	69,067,388	27,568,539	23,851,682	25,429,254	28,424,732	856,193	41.2%	2,995,478	11.8%
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	29,201,697	25,217,371	26,771,944	29,933,027	731,330	39.5%	3,161,084	11.8%
						% of Year	41.7%		

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 governance. 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 May represents the completion of 41.7% of the year. **Total Services** is the only Category that reported total activity higher than 41.7%. Within Total Services, **Professional Services** jumps out due to exceeding the allocated budget, % of Expended is greater than 41.7% and when compared to the same period last year, the current expenditures exceed last year by more than 5% and 50k. The increase is explained by the Puget Sound Regional Fire Authority agreement. **Professional Development** has increased over the prior year by both \$50k and 5%. However, the account is operating below both the allocated budget and the % Expended. This is an example of a rise in costs that has been previously identified and properly budgeted for. **Rentals** is reporting similar to Professional Services, in that the account is reporting an increase over the previous year that is greater than 5% and 50k. However, similar to Professional Development, Rentals is under their allocated budget and below the YTD % expended of 41.7%. This is also an example of a rise in costs that has been previously identified and properly budgeted for. Examples of Rentals expenditures are copier leases, fleet contributions, and maintenance/power equipment rentals. **Technology Services** is in the same boat. There have been an increase in expenditures over the prior year greater than 50k and 5%, but the activity is within the expected budget. **Utilities** are currently at 68.1% for the year, however both the \$ Change and % Change are well under the threshold of 5% and \$50k.

While reviewing expenditure trends, we noted Salaries are significantly below the allocated budget by \$1.2 million. The City has been involved in ongoing labor discussions. Upon completion of negotiations there is an expectation of a retroactive payment of salaries that will bring the account in line with expectations.

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General Fund
City of Tukwila
General Fund Expenditures

Year-to Date as of May 1, 2023

	BUDGET		ACTUAL			COMPARISON OF RESULTS			
	2023	2023	2021	2022	2023	Allocated Budget vs Allocated OVER/(UNDER)	% Expended	Change	
	Annual	Allocated						\$	%
								2022/2023	2022/2023
Salaries	25,787,016	10,744,590	11,576,012	12,466,247	9,571,301	(1,173,289)	37.1%	(2,894,946)	(23.2%)
Extra Labor	769,106	244,006	11,826	116,135	144,394	(99,612)	18.8%	28,259	24.3%
Overtime	755,184	281,870	878,487	1,083,985	669,609	387,739	88.7%	(414,376)	(38.2%)
Holiday Pay	250,000	9,211	8,938	8,646	3,759	(5,452)	1.5%	(4,887)	(56.5%)
FICA	2,110,086	879,203	725,217	797,301	784,603	(94,600)	37.2%	(12,698)	(1.6%)
Pension-LEOFF	635,410	233,921	360,683	461,647	215,714	(18,207)	33.9%	(245,933)	(53.3%)
Pension-PERS/PSERS	1,744,919	727,050	687,866	601,959	633,078	(93,972)	36.3%	31,119	5.2%
Industrial Insurance	586,183	244,243	395,663	297,354	166,456	(77,787)	28.4%	(130,898)	(44.0%)
Medical & Dental	5,748,432	2,395,180	2,594,499	3,068,453	2,236,181	(158,999)	38.9%	(832,273)	(27.1%)
Unemployment	0	0	20,710	15,108	0	0	-	(15,108)	(100.0%)
Uniform/Clothing	33,290	17,954	1,120	840	814	(17,140)	2.4%	(26)	(3.1%)
Total Salaries & Benefits	38,419,627	15,777,228	17,261,021	18,917,675	14,425,909	(1,351,319)	37.5%	(4,491,766)	(23.7%)
Supplies	678,334	272,963	187,500	108,737	140,824	(132,139)	20.8%	\$32,088	29.5%
Repairs & Maint Supplies	450,010	186,288	77,258	148,348	142,242	(44,046)	31.6%	(\$6,106)	(4.1%)
Resale Supplies	2,500	1,000	0	93	0	(1,000)	-	(\$93)	-
Small Tools	213,203	89,235	13,059	15,233	20,198	(69,036)	9.5%	\$4,965	32.6%
Technology Supplies	110,798	46,166	12,785	15,884	27,185	(18,980)	24.5%	\$11,301	71.2%
Fleet Supplies	7,000	2,917	1,163	1,928	2,247	(670)	32.1%	\$319	16.5%
Total Supplies	1,461,845	598,568	291,765	290,223	332,697	(265,871)	22.8%	\$42,474	14.6%
Professional Services	21,798,537	7,467,694	3,133,735	2,824,845	10,649,230	3,181,536	48.9%	\$7,824,385	277.0%
Communications	440,528	178,331	180,990	156,966	178,918	587	40.6%	\$21,953	14.0%
Professional Dev	570,359	239,850	219,435	155,715	214,636	(25,214)	37.6%	\$58,921	37.8%
Advertising	66,300	29,833	3,529	2,535	10,375	(19,458)	15.6%	\$7,840	309.2%
Rentals	1,298,059	372,483	170,677	61,103	278,141	(94,342)	21.4%	\$217,038	355.2%
Technology Services	1,031,264	567,544	229,770	313,549	403,872	(163,672)	39.2%	\$90,323	28.8%
Utilities	2,244,354	1,592,334	1,446,553	1,510,549	1,528,726	(63,608)	68.1%	\$18,177	1.2%
Repairs & Maint Svs.	1,286,418	536,795	808,816	923,389	489,103	(47,691)	38.0%	(\$434,286)	(47.0%)
Miscellaneous	1,012,899	408,582	29,206	223,206	119,402	(289,180)	11.8%	(\$103,804)	(46.5%)
Total Services	29,748,719	11,393,446	6,222,711	6,171,857	13,872,403	2,478,958	46.6%	7,700,546	124.8%
Capital Outlay-Land	0	0	0	0	0	0	-	0	-
Other Improvements	0	0	0	0	0	0	-	0	-
Machinery & Equipment	420,000	45,000	76,184	49,499	0	(45,000)	-	(49,499)	(100.0%)
Construction Projects	0	0	0	0	39,423				
Total Capital Outlay	420,000	45,000	76,184	49,499	39,423	(45,000)	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	29,201,699	25,217,371	26,771,944	29,933,027	(3,626,716)	39.5%	3,161,084	11.8%
						% of Year	41.7%		