



INFORMATIONAL MEMORANDUM

TO: **Finance & Governance Committee**

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

CC: **Mayor Ekberg**

DATE: **October 9, 2023**

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

Summary

The purpose of the July 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 July 2023 report is based on financial data available as of October 2, 2023, for the period ending July 31, 2023.

Expenditures

General Fund departmental expenditures totaled \$42.1 million through July, which is \$1.8 million below the allocated budget of \$43.9 million. Department 20, which transfers to other funds, reported \$3 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 July was \$45.1 million, which is below the allocated budget by \$2 million. However, due to ongoing labor negotiations, the two million dollars under budget does not represent savings as retro pays will be paid out later this year.

Allocated Budget

As of the end of July, all departments except Administrative Services are operating within their allocated budgets. The overage in Administrative Services is directly related to the Private LTE project that will be reimbursed by a State grant and will be included in year-end budget amendments.

Budget to Actual (% Expended)

When comparing YTD spending to the percent of year completed (58.30%), Administrative Services, Fire, and PW/Streets Maintenance finished the month above 58.3%. **Administrative Services** is a result of the Private LTE project. Both **Fire** and **PW Dept/Streets Maintenance** are under their allocated budget, suggesting that the increase over the % Expended expectation is due to previously anticipated, approved, and budgeted expenditures. In the case of **Fire**, the

increase is Fire Admin/Insurance liability. The increase in **PW Dept/Streets Maintenance** is attributed to the Kennedy Cottage demo and Facilities Maintenance Insurance – Property.

2023 Compared to 2022

Several departments reported increases greater than 5% and \$50,000 when compared to the previous year. However, most departments are within their budget allocations and generally speaking, hovering around 58% of % Expended. **Mayor's Office** is up \$112,137 (9.1%) over last year. Increases are Government Affairs, Special Matters (legal), and Tuition. **Administrative Services** has been previously explained as the computer/laptop purchases for the Chromebooks, related to the Private LTE project. These expenditures will be reimbursed by a State grant. **Rec/Parks Maintenance** is up \$230,303 (8.8%) over the same period last year. The major areas of increase include:

- Salaries/Extra Labor/Instructors - Return to work over the prior year
- Professional Services Safety/Security - Parks Security

Community Development reported an increase of \$142,779 (5.9%). The primary project is with the Planning division, the Middle Housing project - Professional Services - Makers Architecture.

Police is up \$1.4 million (13.4%) over the prior year. Major cost increases have been previously reported in the prior months:

- Salaries
- Dispatch
- Jail Services
- Software Maintenance contract

The increase in **Fire** is attributable to the move to the RFA. This has been well documented all year.

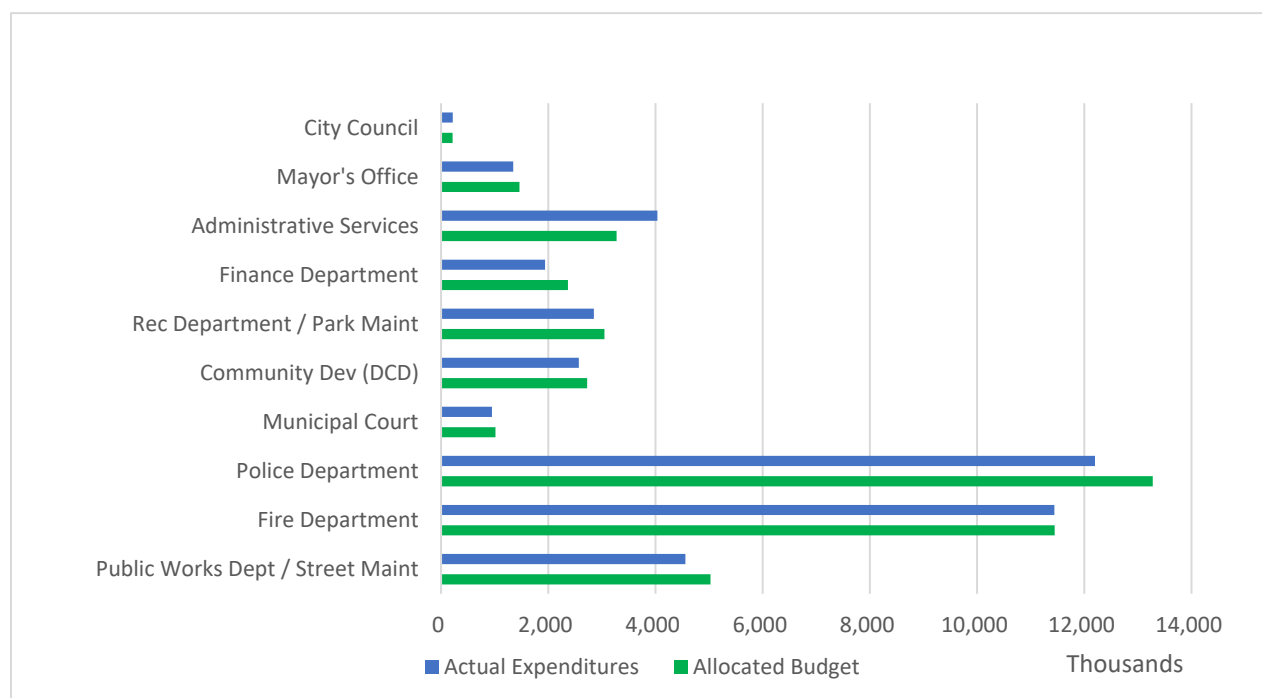
Departmental Variances

Year to Date Department Expenditures Through July 2023:

| DEPARTMENT | BUDGET | | ACTUAL | | | Allocated Budget vs Actual OVER/(UNDER) | % Expended | 2022/2023 | |
|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---|---------------|------------------|--------------|
| | 2023 Annual | 2023 Allocated | 2021 | 2022 | 2023 | | | \$ Change | % Change |
| | City Council | 384,889 | 216,268 | 195,849 | 202,311 | | | 217,668 | 1,399 |
| Mayor's Office | 2,502,666 | 1,463,719 | 1,131,492 | 1,235,167 | 1,347,304 | (116,415) | 53.8% | 112,137 | 9.1% |
| Administrative Services | 5,676,491 | 3,275,016 | 2,591,185 | 2,766,320 | 4,035,860 | 760,844 | 71.1% | 1,269,541 | 45.9% |
| Finance Department | 3,868,642 | 2,368,178 | 1,581,042 | 2,028,578 | 1,940,953 | (427,225) | 50.2% | (87,625) | -4.3% |
| Rec Dept / Parks Maint | 5,109,490 | 3,048,475 | 2,292,301 | 2,620,798 | 2,851,101 | (197,374) | 55.8% | 230,303 | 8.8% |
| Community Dev | 4,672,314 | 2,727,413 | 2,227,288 | 2,428,165 | 2,570,945 | (156,468) | 55.0% | 142,779 | 5.9% |
| Municipal Court | 1,741,340 | 1,015,782 | 709,118 | 900,092 | 950,048 | (65,734) | 54.6% | 49,956 | 5.6% |
| Police Department | 22,746,448 | 13,279,789 | 9,972,205 | 10,763,926 | 12,201,554 | (1,078,235) | 53.6% | 1,437,628 | 13.4% |
| Fire Department | 14,790,120 | 11,448,820 | 7,891,942 | 8,536,635 | 11,444,200 | (4,620) | 77.4% | 2,907,565 | 34.1% |
| PW Dept / Street Maint | 7,574,988 | 5,029,075 | 4,105,281 | 4,475,160 | 4,558,381 | (470,694) | 60.2% | 83,222 | 1.9% |
| Subtotal | 69,067,388 | 43,872,534 | 32,697,701 | 35,957,150 | 42,118,012 | (1,754,521) | 61.0% | 6,160,862 | 17.1% |
| Non Departmental | 6,688,881 | 3,282,566 | 2,731,380 | 2,683,765 | 3,032,704 | (249,862) | 45.3% | 348,939 | 13.0% |
| Total Expenditures | 75,756,269 | 47,155,100 | 35,429,081 | 38,640,915 | 45,150,716 | (2,004,384) | 59.6% | 6,509,801 | 16.8% |
| | | | | | | % of Year | 58.3% | | |

Overall General Fund departmental costs increased by 17% over the same period last year. The majority of increases in expenditures were identified ahead of time and were budgeted for.

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.

% Expended

The end of July represents the completion of 58% of the year. **Total Services** finished the month at 68%. Within Total Services, all accounts are under their allocated budget except Repairs & Maintenance. Looking closer at **Repairs & Maintenance** we noted the account is trending \$500k below last year. That being said, the increase over the prior year is PD Fleet Repair & Maintenance. The amount is only \$23k over allocated budget. The increase in **Machinery & Equipment** is attributed to Fleet leasing.

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General Fund
City of Tukwila
General Fund Expenditures

Year-to-Date as of July 31, 2023

| | BUDGET | | ACTUAL | | | COMPARISON OF RESULTS | | | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------------------|---------------|--------------------|----------------|
| | 2023 | 2023 | 2021 | 2022 | 2023 | Actual Budget vs Allocated | % Expended | Change | |
| | Annual | Allocated | | | | | | \$ 2022/2023 | % 2022/2023 |
| Salaries | 25,787,016 | 15,042,426 | 16,135,259 | 17,350,565 | 13,361,749 | (1,680,677) | 51.8% | (3,988,817) | (23.0%) |
| Extra Labor | 769,106 | 468,827 | 65,831 | 238,047 | 311,848 | (156,979) | 40.5% | 73,801 | 31.0% |
| Overtime | 755,184 | 419,610 | 1,262,551 | 1,540,832 | 883,227 | 463,618 | 117.0% | (657,605) | (42.7%) |
| Holiday Pay | 250,000 | 104,300 | 72,268 | 84,116 | 71,993 | (32,306) | 28.8% | (12,123) | (14.4%) |
| FICA | 2,110,086 | 1,230,884 | 1,021,535 | 1,125,063 | 1,104,715 | (126,169) | 52.4% | (20,349) | (1.8%) |
| Pension-LEOFF | 635,410 | 401,489 | 577,157 | 615,396 | 386,793 | (14,696) | 60.9% | (228,602) | (37.1%) |
| Pension-PERS/PSERS | 1,744,919 | 1,017,869 | 937,993 | 848,140 | 867,820 | (150,049) | 49.7% | 19,680 | 2.3% |
| Industrial Insurance | 586,183 | 341,940 | 539,456 | 427,734 | 238,146 | (103,794) | 40.6% | (189,588) | (44.3%) |
| Medical & Dental | 5,748,432 | 3,353,252 | 3,961,355 | 4,275,551 | 3,126,126 | (227,126) | 54.4% | (1,149,424) | (26.9%) |
| Unemployment | 0 | 0 | 20,710 | 15,108 | 2,076 | 2,076 | - | (13,033) | (86.3%) |
| Uniform/Clothing | 33,290 | 22,336 | 1,634 | 1,511 | 1,064 | (21,272) | 3.2% | (448) | (29.6%) |
| Total Salaries & Benefits | 38,419,627 | 22,402,933 | 24,595,750 | 26,522,064 | 20,355,557 | (2,047,376) | 53.0% | (6,166,507) | (23.3%) |
| Supplies | 678,334 | 389,953 | 282,526 | 154,883 | 246,265 | (143,687) | 36.3% | \$91,383 | 59.0% |
| Repairs & Maint Supplies | 450,010 | 260,690 | 112,392 | 196,721 | 228,825 | (31,864) | 50.8% | \$32,104 | 16.3% |
| Resale Supplies | 2,500 | 1,500 | 0 | 93 | 0 | (1,500) | - | (\$93) | - |
| Small Tools | 213,203 | 125,119 | 31,409 | 35,566 | 33,164 | (91,955) | 15.6% | (\$2,402) | (6.8%) |
| Technology Supplies | 110,798 | 64,632 | 21,558 | 17,871 | 261,961 | 197,329 | 236.4% | \$244,090 | 1,365.8% |
| Fleet Supplies | 7,000 | 4,083 | 1,628 | 3,217 | 4,074 | (9) | 58.2% | \$858 | 26.7% |
| Total Supplies | 1,461,845 | 845,977 | 449,513 | 408,351 | 774,289 | (71,687) | 53.0% | \$365,939 | 89.6% |
| Professional Services | 21,798,537 | 15,938,080 | 3,736,541 | 4,270,174 | 15,838,917 | (99,162) | 72.7% | \$11,568,743 | 270.9% |
| Communications | 440,528 | 249,664 | 247,324 | 250,995 | 249,179 | (485) | 56.6% | (\$1,816) | (0.7%) |
| Professional Dev | 570,359 | 322,005 | 255,463 | 205,016 | 276,966 | (45,039) | 48.6% | \$71,949 | 35.1% |
| Advertising | 66,300 | 40,067 | 4,501 | 4,764 | 11,862 | (28,204) | 17.9% | \$7,099 | 149.0% |
| Rentals | 1,298,059 | 676,776 | 215,154 | 210,259 | 542,317 | (134,459) | 41.8% | \$332,058 | 157.9% |
| Technology Services | 1,031,264 | 699,865 | 266,263 | 429,235 | 689,788 | (10,077) | 66.9% | \$260,553 | 60.7% |
| Utilities | 2,244,354 | 1,780,888 | 1,685,493 | 1,739,694 | 1,730,555 | (50,333) | 77.1% | (\$9,139) | (0.5%) |
| Repairs & Maint Svs. | 1,286,418 | 749,616 | 1,121,717 | 1,290,732 | 772,824 | 23,209 | 60.1% | (\$517,907) | (40.1%) |
| Miscellaneous | 1,012,899 | 590,567 | 43,798 | 347,916 | 245,673 | (344,893) | 24.3% | (\$102,243) | (29.4%) |
| Total Services | 29,748,719 | 21,047,526 | 7,576,254 | 8,748,785 | 20,358,082 | (689,443) | 68.4% | 11,609,297 | 132.7% |
| Capital Outlay-Land | 0 | 0 | 0 | 0 | 0 | 0 | - | 0 | - |
| Other Improvements | 0 | 0 | 0 | 0 | 0 | 0 | - | 0 | - |
| Machinery & Equipment | 420,000 | 67,500 | 76,184 | 277,951 | 1,082,062 | 1,014,562 | 257.6% | 804,111 | 289.3% |
| Construction Projects | 0 | 0 | 0 | 0 | 39,423 | | | | |
| Total Capital Outlay | 420,000 | 67,500 | 76,184 | 277,951 | 1,121,485 | 1,014,562 | 267.0% | 843,534 | 303.5% |
| Transfers Out | 5,706,078 | 2,791,164 | 2,732,130 | 2,683,765 | 2,541,302 | (3,164,776) | 44.5% | (142,463) | (5.3%) |
| Total Non Operating Expense | 5,706,078 | 2,791,164 | 2,732,130 | 2,683,765 | 2,541,302 | (3,164,776) | 44.5% | (142,463) | (5.3%) |
| Total Expenditures | 75,756,269 | 47,155,099 | 35,429,831 | 38,640,915 | 45,150,716 | (4,958,721) | 59.6% | 6,509,801 | 16.8% |
| | | | | | | % of Year | 58.3% | | |