



INFORMATIONAL MEMORANDUM

TO: Finance & Governance Committee
CC: Mayor McLeod
FROM: Vicky Carlsen, Finance Director
BY: Tony Cullerton, Deputy Finance Director
DATE: February 26, 2024
SUBJECT: December 2023 General Fund Departmental Budget-to-Actuals Report

SUMMARY

The purpose of the December 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 December 2023 report is based on financial data available as of January 24, 2023, for the period ending December 31, 2023.

While we do not anticipate material changes to the numbers, this report is preliminary and not considered the year-end final report. The main difference is that this preliminary report covers transactions through the end of the year but does not include some adjustments and activities we do at the end of the year. We bring this report forward within the standard timeframe as each of the monthly General Fund expenditure reports for the purposes of timeliness. However, there are additional activities we do before we complete the year-end final report. At the end of the year, we make certain adjustments and entries to complete the Annual Comprehensive Financial Report (ACFR). The ACFR is audited by the Washington State Auditor’s Office. Some of the activities we do at the end of the year include making journal entries and accounting for transactions that happened in 2023 but the money came in or went out in 2024. We also handle grant reimbursements from the last quarter, which may be requested in January but not received until February. To get a bit technical, the preliminary report is prepared on cash basis transactions, while the year-end report uses accrual accounting, which involves accounting for transactions when they’re incurred, not necessarily when the cash changes hands.

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Expenditures

Preliminary results show that all departments will finish the year within budget. General Fund departmental expenditures totaled \$66.9 million through December, which is \$4.2 million below budget. Department 20, which transfers to other funds, reported \$6.3 million in expenditures. This number reflects transactions for debt payments and interfund activity. In total the General Fund activity as of the end of December was \$73.2 million, which is below budget by \$4.7 million. However, due to ongoing labor negotiations, the \$4.7 million dollars under budget does not represent savings.

Budget

As of the end of December, preliminary results show that all departments operated within their allocated budgets.

2023 Compared to 2022

Two departments finished the year with total expenditures increasing by over \$1,000,000, when compared to last year. However, in both cases, the increases were anticipated, approved, and previously budgeted for. **Administrative Services** increase is a result of the computer/laptop purchases for the Chromebooks, related to the Private LTE project. These expenditures will be reimbursed by a state grant. The increases in **Police** are due to salaries, OT, Supplies, and Tech Services. Salaries and OT are a result of limited staffing. Examples of Supplies include equipment for firearm instructor school, revolver supplies, body cam repair kits. Tech Services is a contract between the City and Axon Enterprises.

Departmental Variances

Year to Date Department Expenditures Through December 2023:

DEPARTMENT	BUDGET		ACTUAL			Allocated Budget vs Actual OVER/(UNDER)	%	\$ Change	% Change
	2023	2023	2021	2022	2023				
	Annual	Allocated							
City Council	384,889	384,889	338,693	356,579	376,640	(8,249)	97.9%	20,062	5.6%
Mayor's Office	2,405,667	2,405,667	2,152,513	2,176,819	2,345,673	(59,994)	97.5%	168,855	7.8%
Administrative Services	6,897,844	6,897,844	5,005,893	4,873,710	6,502,512	(395,332)	94.3%	1,628,802	33.4%
Finance Department	3,498,642	3,498,642	2,434,453	3,065,214	3,205,237	(293,405)	91.6%	140,023	4.6%
Rec Dept / Parks Maint	5,324,885	5,324,885	4,225,108	4,846,653	5,106,385	(218,501)	95.9%	259,731	5.4%
Community Dev	5,018,180	5,018,180	3,910,667	4,273,322	4,565,291	(452,890)	91.0%	291,968	6.8%
Municipal Court	1,741,340	1,741,340	1,209,940	1,565,412	1,631,201	(110,139)	93.7%	65,790	4.2%
Police Department	22,767,943	22,767,943	17,927,963	18,868,518	21,082,633	(1,685,310)	92.6%	2,214,115	11.7%
Fire Department	15,518,620	15,518,620	13,471,379	15,158,419	14,916,898	(601,722)	96.1%	(241,521)	-1.6%
PW Dept / Street Maint	7,574,986	7,574,986	6,583,077	7,000,206	7,151,911	(423,075)	94.4%	151,705	2.2%
Subtotal	71,132,998	71,132,998	57,259,686	62,184,851	66,884,381	(4,248,617)	94.0%	4,699,530	7.6%
Non Departmental	6,811,032	6,811,032	5,644,523	10,176,398	6,340,550	(470,482)	93.1%	(3,835,848)	-37.7%
Total Expenditures	77,944,030	77,944,030	62,904,209	72,361,249	73,224,931	(4,719,099)	93.9%	863,682	1.2%
						% of Year	100.0%		

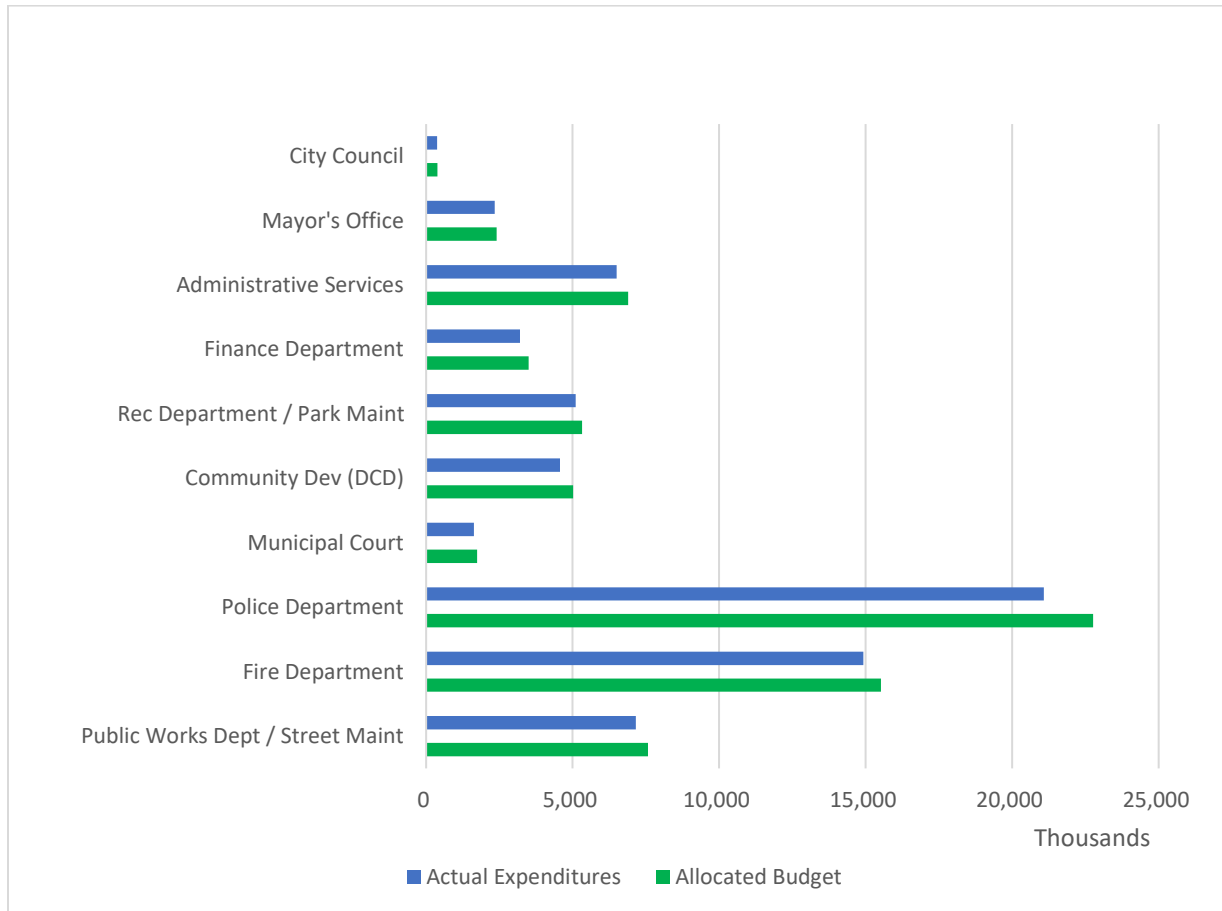
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General Fund departments limited costs increases to 7.6% over last year, at a time when CPI was 9.5%. The increases in expenditures were identified ahead of time and budgeted for.

The Bar graph below displays Year to Date Department Expenditures Compared to Budget as of December 31, 2023.



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 governness.

Budget by Category

All categories successfully concluded the fiscal year without exceeding the budget. In summary, the General Fund closed the year at 94% of its budget. The year-over-year spending change resulted in an increase of \$863,682, equivalent to 1.2%. It is important to emphasize that part of the reduction in expenditures is linked to the ongoing labor negotiations extending into the 2024 year. Nonetheless, this should not undermine the departments' dedication to fiscal responsibility, as they diligently scrutinized all expenses throughout the entire year.

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General Fund
City of Tukwila
General Fund Expenditures

Year-to-Date as of Dec 31, 2023

	BUDGET		ACTUAL			COMPARISON OF RESULTS			
	2023	2023	2021	2022	2023	Actual Budget	%	Change	
	Annual	Allocated				vs Allocated	Expended		
						OVER/(UNDER)		\$ 2022/2023	% 2022/2023
Salaries	25,787,017	25,787,017	27,887,462	30,114,781	23,710,308	(2,076,709)	91.9%	(6,404,473)	(21.3%)
Extra Labor	769,106	769,106	206,427	404,565	636,214	(132,892)	82.7%	231,648	57.3%
Overtime	755,184	755,184	2,274,124	2,603,186	1,538,172	782,988	203.7%	(1,065,014)	(40.9%)
Holiday Pay	250,000	250,000	429,309	490,172	248,642	(1,358)	99.5%	(241,530)	(49.3%)
FICA	2,110,085	2,110,085	1,774,345	1,917,780	1,897,811	(212,274)	89.9%	(19,969)	(1.0%)
Pension-LEOFF	635,408	635,408	953,421	1,022,802	627,753	(7,655)	98.8%	(395,049)	(38.6%)
Pension-PERS/PSERS	1,744,920	1,744,920	1,518,973	1,469,268	1,502,071	(242,849)	86.1%	32,802	2.2%
Industrial Insurance	586,182	586,182	892,567	689,029	417,665	(168,517)	71.3%	(271,364)	(39.4%)
Medical & Dental	5,798,434	5,798,434	6,901,878	7,312,010	5,407,325	(391,109)	93.3%	(1,904,685)	(26.0%)
Unemployment	0	0	45,019	37,205	13,641	13,641	-	(23,565)	(63.3%)
Uniform/Clothing	33,290	33,290	6,732	9,085	4,926	(28,364)	14.8%	(4,159)	(45.8%)
Total Salaries & Benefits	38,469,625	38,469,625	42,890,258	46,069,884	36,004,526	(2,465,099)	93.6%	(10,065,358)	(21.8%)
Supplies	769,214	769,214	668,288	612,325	543,629	(225,585)	70.7%	(\$68,696)	(11.2%)
Repairs & Maint Supplies	450,010	450,010	254,967	383,135	461,096	11,086	102.5%	\$77,961	20.3%
Resale Supplies	2,500	2,500	0	859	0	(2,500)	-	(\$859)	-
Small Tools	213,203	213,203	107,173	179,442	211,460	(1,743)	99.2%	\$32,018	17.8%
Technology Supplies	343,214	343,214	70,391	96,274	323,566	(19,647)	94.3%	\$227,292	236.1%
Fleet Supplies	7,000	7,000	3,787	6,687	7,738	738	110.5%	\$1,051	15.7%
Total Supplies	1,785,141	1,785,141	1,104,606	1,278,721	1,547,489	(237,652)	86.7%	\$268,768	21.0%
Professional Services	23,007,332	23,007,332	6,683,905	6,901,424	21,601,247	(1,406,085)	93.9%	\$14,699,823	213.0%
Communications	440,528	440,528	448,927	515,789	473,134	32,605	107.4%	(\$42,655)	(8.3%)
Professional Dev	571,050	571,050	394,404	395,311	426,601	(144,449)	74.7%	\$31,290	7.9%
Advertising	66,300	66,300	21,629	44,856	46,861	(19,439)	70.7%	\$2,005	4.5%
Rentals	1,298,060	1,298,060	426,952	188,473	1,190,715	(107,345)	91.7%	\$1,002,242	531.8%
Technology Services	1,031,264	1,031,264	888,918	786,143	1,229,500	198,235	119.2%	\$443,357	56.4%
Utilities	2,244,354	2,244,354	2,251,250	2,366,955	2,309,165	64,811	102.9%	(\$57,790)	(2.4%)
Repairs & Maint Svs.	1,286,418	1,286,418	1,768,899	2,567,904	1,535,753	249,335	119.4%	(\$1,032,152)	(40.2%)
Miscellaneous	687,899	687,899	243,434	626,722	467,045	(220,854)	67.9%	(\$159,677)	(25.5%)
Total Services	30,633,204	30,633,204	13,128,317	14,393,577	29,280,019	(1,353,185)	95.6%	14,886,441	103.4%
Capital Outlay-Land	0	0	0	0	0	0	-	0	-
Other Improvements	0	0	12,331	0	0	0	-	0	-
Machinery & Equipment	1,227,831	1,227,831	124,174	289,145	1,097,520	(130,311)	89.4%	808,375	279.6%
Construction Projects	0	0	0	0	0				
Total Capital Outlay	1,227,831	1,227,831	136,506	289,145	1,097,520	(130,311)	89.4%	709,676	183.0%
Transfers Out	5,828,229	5,828,229	5,644,523	10,231,223	5,295,378	(532,851)	90.9%	(4,935,846)	(48.2%)
Total Non Operating Expenses	5,828,229	5,828,229	5,644,523	10,231,223	5,295,378	(532,851)	90.9%	(4,935,846)	(48.2%)
Total Expenditures	77,944,030	77,944,030	62,904,209	72,262,551	73,224,931	(4,719,099)	93.9%	863,682	1.2%
							% of Year	100.0%	



INFORMATIONAL MEMORANDUM

TO: **Finance & Governance Committee**
CC: **Mayor McLeod**
FROM: **Vicky Carlsen, Finance Director**
BY: **Tony Cullerton, Deputy Finance Director**
DATE: **February 26, 2024**
SUBJECT: **January 2024 General Fund Departmental Budget-to-Actuals Report**

SUMMARY

The purpose of the January 2024 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 January 2024 report is based on financial data available as of February 1, 2024, for the period ending January 31, 2024.

Expenditures

General Fund departmental expenditures totaled \$4.7 million through January, which is \$1.9 million below the allocated budget of \$6.6 million. Department 20, which transfers to other funds, reported minimal activity for the month. In total the General Fund activity as of the end of January was \$4.7 million, which is below the allocated budget by \$1.9 million. However, due to ongoing labor negotiations, the \$1.9 million dollars under budget does not represent savings.

Allocated Budget

As of the end of January, all departments are under their allocated budgets.

% Expended

The end of January represents 8.3% of the year completed. Two departments finished the month with a % Expended greater than 8.3%. Both **Finance** and **Public Works/Street Maintenance** ended the month higher than 8.3%. The increase for both departments is attributed to the Risk Management Program. The annual insurance payment to Washington Cities Insurance Authority (WCIA) is due at the beginning of the year. This single payment expenditure was anticipated, approved, and budgeted. The fact that the cost to the Program was previously anticipated is demonstrated by both departments remaining within their allocated budget.

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2024 Compared to 2023

When comparing the current year’s spending to the previous year’s spending, two departments finished the month with an increase greater than \$50k and 5%. **Finance** is up over the same period last year by \$208,162 (31%). **Fire** is up over the same period last year by \$96k (37%).

The escalation in expenditure in comparison to the prior year is attributed to increased costs within the Risk Management Program. Specifically, the premiums associated with WCIA insurance have surged by 35% compared to the previous year. Factors contributing to this increase include inflationary pressures, amplified judgment awards, and instances of no-fault judgments where plaintiffs are awarded judgments despite no culpability on the part of the entity.

Departmental Variances

Year to Date Department Expenditures Through January 2024:

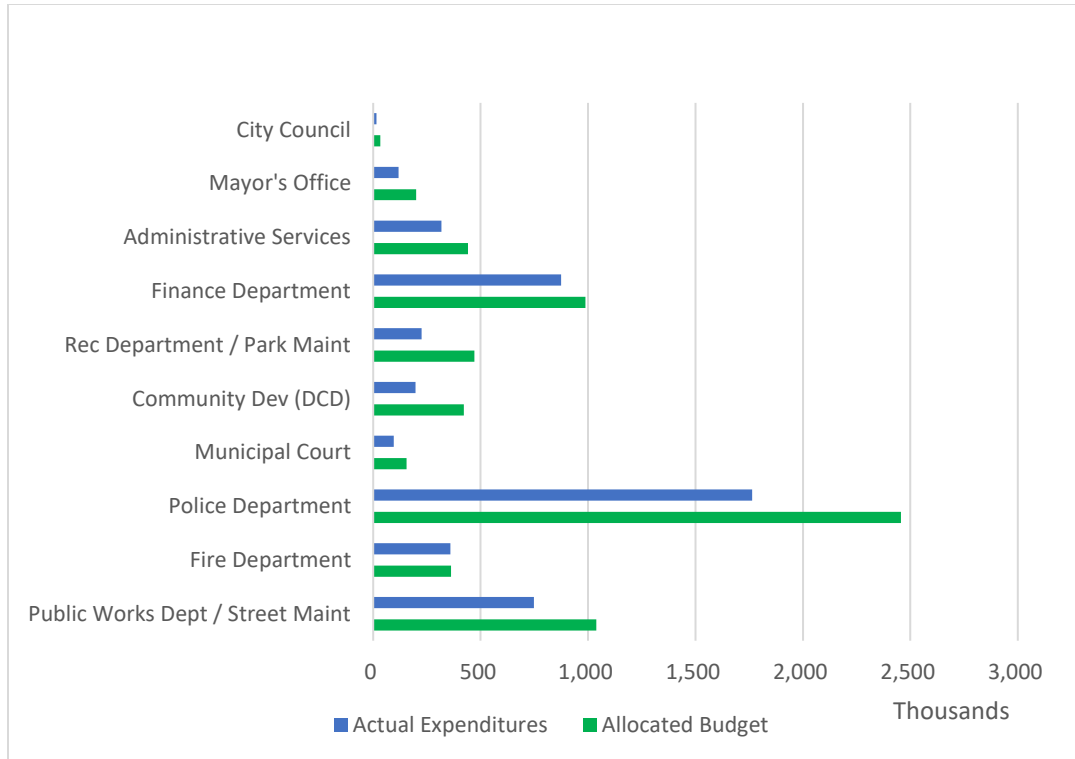
DEPARTMENT	BUDGET		ACTUAL			Allocated Budget vs Actual OVER/(UNDER)	%	\$ Change	% Change
	2024	2024	2021	2022	2023				
	Annual	Allocated							
City Council	393,067	32,755	27,414	28,480	14,693	(18,062)	3.7%	(13,787)	-48.4%
Mayor's Office	2,405,513	200,460	113,608	177,105	118,273	(82,187)	4.9%	(58,832)	-33.2%
Administrative Services	5,621,624	440,906	332,386	429,146	317,213	(123,693)	5.6%	(111,933)	-26.1%
Finance Department	4,625,307	987,154	644,461	666,599	874,761	(112,393)	18.9%	208,162	31.2%
Rec Dept / Parks Maint	5,808,439	471,099	252,039	347,769	224,834	(246,265)	3.9%	(122,936)	-35.3%
Community Dev	5,063,237	421,936	385,765	329,085	196,871	(225,065)	3.9%	(132,214)	-40.2%
Municipal Court	1,859,399	154,950	118,865	137,988	95,530	(59,420)	5.1%	(42,458)	-30.8%
Police Department	24,212,875	2,455,694	1,541,077	2,174,792	1,763,342	(692,352)	7.3%	(411,450)	-18.9%
Fire Department	15,605,441	362,921	1,235,466	263,215	359,439	(3,482)	2.3%	96,224	36.6%
PW Dept / Street Maint	8,002,142	1,037,849	713,391	872,388	748,172	(289,677)	9.3%	(124,216)	-14.2%
Subtotal	73,597,044	6,565,724	5,364,470	5,426,567	4,713,127	(1,852,597)	6.4%	(713,440)	-13.1%
Non Departmental	5,865,345	0	0	0	899	899	0.0%	899	N/A
Total Expenditures	79,462,388	6,565,724	5,364,470	5,426,567	4,714,026	(1,851,698)	5.9%	(712,541)	-13.1%
						% of Year	8.3%		

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The Bar graph below displays Year to Date Department Expenditures Compared to Budget as of January 31, 2024.



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. 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.

Allocated Budget

All Category totals are within their allocated budget.

% Expended

Professional Services is reporting 9.8% at 8.3% of the year. The increase is due to the Insurance Liability costs of the Risk Management Program.

Professional Development – Mayor’s office had a significant increase in Membership costs. Large examples include Clean Air Assessment, AWC, and the South Cities Association.

Technology Svcs – PD Software Maintenance Contract with Motorola Spillman Solutions.

\$ Change 2022/2023

The rise in Professional Services has been explained as the increase in cost of the Risk Management Program.

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General Fund
City of Tukwila

General Fund Expenditures

Year-to-Date as of Jan 31, 2024

	BUDGET		ACTUAL			COMPARISON OF RESULTS			
	2023 Annual	2023 Allocated	2021	2022	2023	Actual Budget vs Allocated OVER/(UNDER)	% Expended	Change	
								\$ 2022/2023	% 2022/2023
Salaries	28,083,897	2,340,325	2,454,294	1,942,606	1,055,910	(1,284,415)	3.8%	(886,697)	(45.6%)
Extra Labor	794,977	66,248	21,795	29,116	15,355	(50,893)	1.9%	(13,761)	(47.3%)
Overtime	797,180	66,432	233,720	146,202	67,994	1,562	8.5%	(78,208)	(53.5%)
Holiday Pay	250,000	20,833	765	0	468	(20,365)	0.2%	468	N/A
FICA	2,299,308	191,609	155,507	158,801	85,889	(105,720)	3.7%	(72,913)	(45.9%)
Pension-LEOFF	690,494	51,375	73,834	43,799	23,648	(27,727)	3.4%	(20,150)	(46.0%)
Pension-PERS/PSERS	1,877,476	156,456	119,230	127,576	60,439	(96,017)	3.2%	(67,137)	(52.6%)
Industrial Insurance	616,066	51,338	39,511	32,502	16,700	(34,638)	2.7%	(15,802)	(48.6%)
Medical & Dental	5,818,916	484,909	608,100	449,808	487,091	2,182	8.4%	37,283	8.3%
Unemployment	0	0	0	0	0	0	-	0	N/A
Uniform/Clothing	33,504	2,792	0	0	250	(2,542)	0.7%	250	N/A
Total Salaries & Benefits	41,261,818	3,432,317	3,706,755	2,930,411	1,813,745	(1,618,572)	4.4%	(1,116,666)	(38.1%)
Supplies	640,401	53,367	(12,058)	11,254	8,147	(45,220)	1.3%	(\$3,107)	(27.6%)
Repairs & Maint Supplies	420,705	35,059	0	20,871	28,480	(6,579)	6.8%	\$7,609	36.5%
Resale Supplies	2,580	215	0	0	0	(215)	-	\$0	-
Small Tools	228,078	19,007	0	16,756	1,030	(17,977)	0.5%	(\$15,726)	(93.9%)
Technology Supplies	112,364	9,364	0	2,499	734	(8,630)	0.7%	(\$1,765)	(70.6%)
Fleet Supplies	7,260	605	0	150	386	(219)	5.3%	\$237	158.1%
Total Supplies	1,411,387	117,617	(12,058)	51,529	38,777	(78,840)	2.7%	(\$12,752)	(24.7%)
Professional Services	23,292,740	2,506,320	1,202,877	1,940,255	2,292,247	(214,073)	9.8%	\$351,992	18.1%
Communications	468,177	39,015	(200)	14,770	14,622	(24,393)	3.1%	(\$148)	(1.0%)
Professional Dev	532,851	43,394	70,637	114,606	124,018	80,624	23.3%	\$9,412	8.2%
Advertising	66,716	5,560	0	0	0	(5,560)	-	\$0	N/A
Rentals	319,003	26,584	5,930	5,912	4,312	(22,272)	1.4%	(\$1,599)	(27.1%)
Technology Services	1,081,907	83,596	159,407	171,753	296,951	213,355	27.4%	\$125,198	72.9%
Utilities	2,387,484	96,741	14,300	41,892	7,716	(89,025)	0.3%	(\$34,175)	(81.6%)
Repairs & Maint Svs.	1,483,739	123,645	144,732	119,756	104,184	(19,461)	7.0%	(\$15,572)	(13.0%)
Miscellaneous	701,220	58,435	22,593	35,684	4,242	(54,193)	0.6%	(\$31,442)	(88.1%)
Total Services	30,333,839	2,983,290	1,620,274	2,444,627	2,848,292	(134,998)	9.4%	403,664	16.5%
Capital Outlay-Land	0	0	0	0	0	0	-	0	-
Other Improvements	0	0	0	0	0	0	-	0	-
Machinery & Equipment	590,000	32,500	49,499	0	13,212	(19,288)	2.2%	13,212	N/A
Construction Projects	0	0	0	0	0				
Total Capital Outlay	590,000	32,500	49,499	0	13,212	(19,288)	2.2%	13,212	N/A
Transfers Out	5,865,345	0	0	0	0	0	-	0	N/A
Total Non Operating Expend	5,865,345	0	0	0	0	0	-	0	N/A
Total Expenditures	79,462,389	6,565,724	5,364,470	5,426,567	4,714,026	(1,851,698)	5.9%	(712,542)	(13.1%)
							% of Year	8.3%	