

Financial Report



2019 GENERAL FUND FOLLOW-UP

CITY COUNCIL | APRIL 21, 2020

Agenda

- ❑ 2018 Audit Follow-Up
- ❑ 2019 General Fund Salary & Wages
- ❑ General Fund LEOFF 1 Long Term Care Reserve
- ❑ General Fund Compensated Absence Reserve
- ❑ Initial COVID-19 Emergency Response
- ❑ Questions



2018 Audit



2018 Audit – Changes Implemented

- ❑ Time sheets are being properly authorized:
 - ❑ Supervisor signature required on all timesheets.
 - ❑ City Manager signing Director timesheets.
 - ❑ Mayor authorizing City Manager timesheet.

- ❑ Leave cash-out requests are being properly authorized:
 - ❑ Supervisor signatures required.
 - ❑ Director level requests will be authorized by City Manager.



2018 Audit – Changes Implemented

- ❑ Leave accrual balances internally audited to verify accuracy.
- ❑ Reconciling leave accruals against timesheets regularly.
- ❑ Effective June 1, 2020 manual payroll checks will be limited to emergencies only.



2018 Audit – Changes in Progress

- ❑ Human Resource Policy Improvements:
 - ❑ Policy for Director specific benefits
 - ❑ Leave cash-out policies and procedures
- ❑ Implementation of NEOGOV for Human Resources & Payroll:
 - ❑ Automation of many manual processes
 - ❑ Increased accuracy in leave accruals



2018 Audit – Changes in Progress

- ❑ A detailed internal audit of payroll, back to January 2015, will be performed.
- ❑ The correction of past errors has resulted in un-anticipated one-time costs noted in the table below.

Description	2019 Actual	2020 Actual
Dept of Retirement Systems Corrections	\$14,780	\$11,444
Dept of Retirement Systems Late Fees	\$4,829	
Salary & Benefit Corrections		\$12,830
HR Consultant Support (year to date)		\$1,425
Outside Legal (year to date)		\$2,645
Total	\$19,609	\$28,344



2019 General Fund



General Fund Expenditures

GENERAL FUND: Expenditures by Category As of December 31, 2019

Expenditure Category	Year to Date 12/31/2018*	2019 Original Budget	2019 Budget as Amended	Year to Date 12/31/2019	% of Budget
Salaries & Wages	\$ 16,286,401	\$ 16,835,870	\$ 16,752,875	\$ 16,851,429	100.6%
Benefits	5,962,469	6,139,917	6,136,304	6,041,314	98.5%
Supplies	782,036	813,339	877,229	722,404	82.4%
Contractual Services	2,002,286	2,571,384	2,543,909	1,818,962	71.5%
Communications	107,552		136,744	112,581	82.3%
Fleet & IT Internal Charges	1,474,107	1,674,887	1,543,496	1,543,493	100.0%
Insurance	623,968	803,959	803,959	794,201	98.8%
Utilities	846,209	1,067,442	929,947	745,525	80.2%
Other Services & Charges	415,968	474,615	472,115	447,077	94.7%
Intergovernmental Services	1,366,061	1,361,494	1,361,494	1,299,485	95.4%
Interfund Transfers	3,842,431	762,200	863,128	874,128	101.3%
Sub-Total Expenditures	\$ 33,709,489	\$ 32,505,106	\$ 32,421,200	\$31,250,599	96.4%

* The 2018 actuals include the Beautification Fund, which was combined with the General Fund in 2019.



General Fund – Salary & Wages

GENERAL FUND Salary & Wages by Department

Department	2019 Budget	2019 Actual	Budget Impact Under/(Over)
Budgeted Salary Reserve	83,735	-	83,735
City Attorneys Office	445,758	375,952	69,806
City Council	19,200	19,919	(719)
City Managers Office	660,110	664,829	(4,719)
Community, Planning & Development	2,232,290	2,218,565	13,725
Finance Department	582,111	556,791	25,320
Fire Department	4,467,759	4,811,615	(343,857)
Human Resources	364,739	365,863	(1,124)
Information & Geographic Services	84,179	91,323	(7,144)
Municipal Court	300,126	289,852	10,274
Non-Departmental	63,486	18,266	45,220
Parks & Recreation	2,702,658	2,506,673	195,985
Police Department	4,194,623	4,334,008	(139,385)
Public Works	552,101	597,773	(45,672)
Total	16,752,875	\$16,851,429	(\$98,554)



General Fund – Salary & Wages

One-Time Payment and Overtime Impacts

	2019 Budget	2019 Actual	Budget Impact (Over Budget)	Hours
PAY FOR PERFORMANCE* & MARKET ADJUSTMENTS**				
Salary Reserve	\$ 497,873	\$ 572,411	(\$74,538)	
VACATION CASHOUTS				
Separation		93,570	(93,570)	1,476
Retirements		62,166	(62,166)	1,181
Per cashout policy	49,440	82,692	(33,252)	1,364
Sub-Total	\$ 49,440	\$ 238,428	(\$188,988)	4,021
OVERTIME:				
Fire Overtime	711,278	884,523	(173,246)	13,600
Police Overtime	344,000	418,005	(74,005)	5,685
Other General Fund Overtime	12,415	28,530	(16,115)	539
Sub-Total	\$ 1,067,693	\$ 1,331,058	(\$263,365)	19,823
Total General Fund Impact	\$ 1,615,006	\$ 2,141,897	(\$526,891)	

* Pay for Performance program eliminated for 2020 as part of deficit spending reductions adopted by Council. 2019 Budget estimate of \$414,138 across all department salary & wages budget.

** Market Adjustments in accordance with Long Term Compensation budget policy. Estimated at \$83,735 for 2019, budgeted in Non-Departmental.



2019 Ending fund balance

General Fund Balance Composition	Amount
Law Enforcement Officer and Fire Fighter I long-term care reserve	1,635,403
Compensated absences reserve	1,051,055
Deferred development fee revenue	306,947
Inventory of supplies	120,857
Deferred recreation fee revenue	113,778
Expenditure carryovers to 2020 budget	407,105
Development Services Group technology fee reserve	90,333
Jail Advisory Group (JAG) reserve	79,437
Customer deposits	113,147
Petty cash	2,550
Subtotal (restricted)	3,920,612
2019 Available Balance (working capital)	3,038,247
Total	6,958,859

- ❑ Council discretion
 - ❑ LEOFF I long-term care reserve
 - ❑ Compensated absences reserve



LEOFF 1 long term care reserve

- ❑ Year End balance at \$1,635,403, held in General Fund
- ❑ LEOFF Plan 1 provides the medical benefit of 100% reimbursement of all medically necessary expenses to each LEOFF Plan 1 member
- ❑ Annual reserve contribution of interest earnings and \$83,000 in property tax (banked capacity)
- ❑ Budgeted each year in General Fund (\$99,500 for 2020)



General Fund – Annual LEOFF 1 Retiree Costs

Year	Insurance Premiums	Disability Board Approved		Total LEOFF 1
		Medical Expenses	Long Term Care	
2012	\$ 431,119	\$ 45,346	\$ -	\$ 476,465
2013	336,921	34,851	55,438	427,209
2014	290,306	20,787	74,112	385,205
2015	279,548	26,745	86,793	393,085
2016	250,365	34,535	40,551	325,451
2017	252,092	17,732	-	269,823
2018	182,601	47,456	85,892	315,949
2019	180,182	54,439	105,115	339,736
2020 Budget	189,374	54,100	99,500	342,974
9 year Total	\$ 2,392,506	\$ 335,990	\$ 547,401	\$ 3,275,897
<i>Annual Average</i>	\$ 265,834	\$ 37,332	\$ 60,822	\$ 363,989



Compensated Absence Reserve

- ❑ Reserve balance at year end \$1,051,055 in the General Fund
- ❑ Total general government liability for compensated absence at year end is \$1,388,052.00.
- ❑ Current balance is approximately 75% of total liability.
- ❑ Reserve funding level at Council discretion.



COVID 19 Emergency Response



Initial Expenditure Reductions

- ❑ General Fund
 - ❑ Parks & Recreation contract and seasonal staff layoffs
 - ❑ Weekly savings estimated at \$5,352, or \$198,016 for 2020.

- ❑ Youth & Family Services Fund
 - ❑ Thrift Shop contract, casual and work-study staff layoffs
 - ❑ One regular, part time staff, layoff
 - ❑ Weekly savings estimated at \$13,455.



Financial Impacts

- ❑ May 5th Council meeting will include a staff report on an updated financial forecast.
 - ❑ General Fund revenue assessment and COVID 19 impacts
 - ❑ Additional information on cost-saving measures implemented to date
 - ❑ Recommendations/discussion on additional cost-savings measures that may be required



Questions

Prepared by LaJuan Tuttle, Finance Department

