



INFORMATIONAL MEMORANDUM

TO: **Finance & Governance Committee**
CC: **Mayor McLeod**
FROM: **Aaron Be Miller, Finance Director**
By: **Tony Cullerton, Deputy Finance Director**
DATE: **March 24, 2025**
SUBJECT: **2024 Year-End Financial Report**

SUMMARY

The City of Tukwila's 2024 Year-End Financial Report provides a comprehensive overview of the city's fiscal performance, detailing key revenue drivers, expenditure patterns, and budget variances. This report highlights the factors influencing financial outcomes, such as rising sales tax revenue and shifts in departmental spending, while offering insights into strategic adjustments made to balance growth and sustainability. By examining these financial dynamics, the report aims to inform stakeholders about the city's financial health and guide future budgeting decisions.

Discussion

The 2024 Annual Year-End Report provides an overview of the city's financial performance, highlighting key figures, significant trends, and notable items. While the financial data presented is largely complete, final year-end accruals and adjustments are still in progress to prepare the 2024 Annual Comprehensive Financial Report (ACFR).

In 2024, revenues exceeded the budget by 2.6%, reflecting an increase of \$2.1 million, primarily driven by higher-than-expected sales tax collections. Expenditures remained 0.3% below budget, resulting in savings of \$241,884. The City successfully met the requirements of both the General Fund Balance Policy and the Contingency Fund Balance Policy.

Attachments

- Year-End 2024 Financial Report



City of Tukwila

Year End Financial Report

January – December

2024

General Fund Overview

For 2024, the General Fund met both the General Fund Balance Policy and the Contingency Fund Balance Policy.

General Fund

	2024 Budget	2024 Actual	\$ Diff	% Diff
Revenues	78,683,209	80,751,914	2,068,705	2.6%
Expenditures	81,863,699	81,621,815	(241,884)	-0.3%
Net	(3,180,490)	(869,902)		

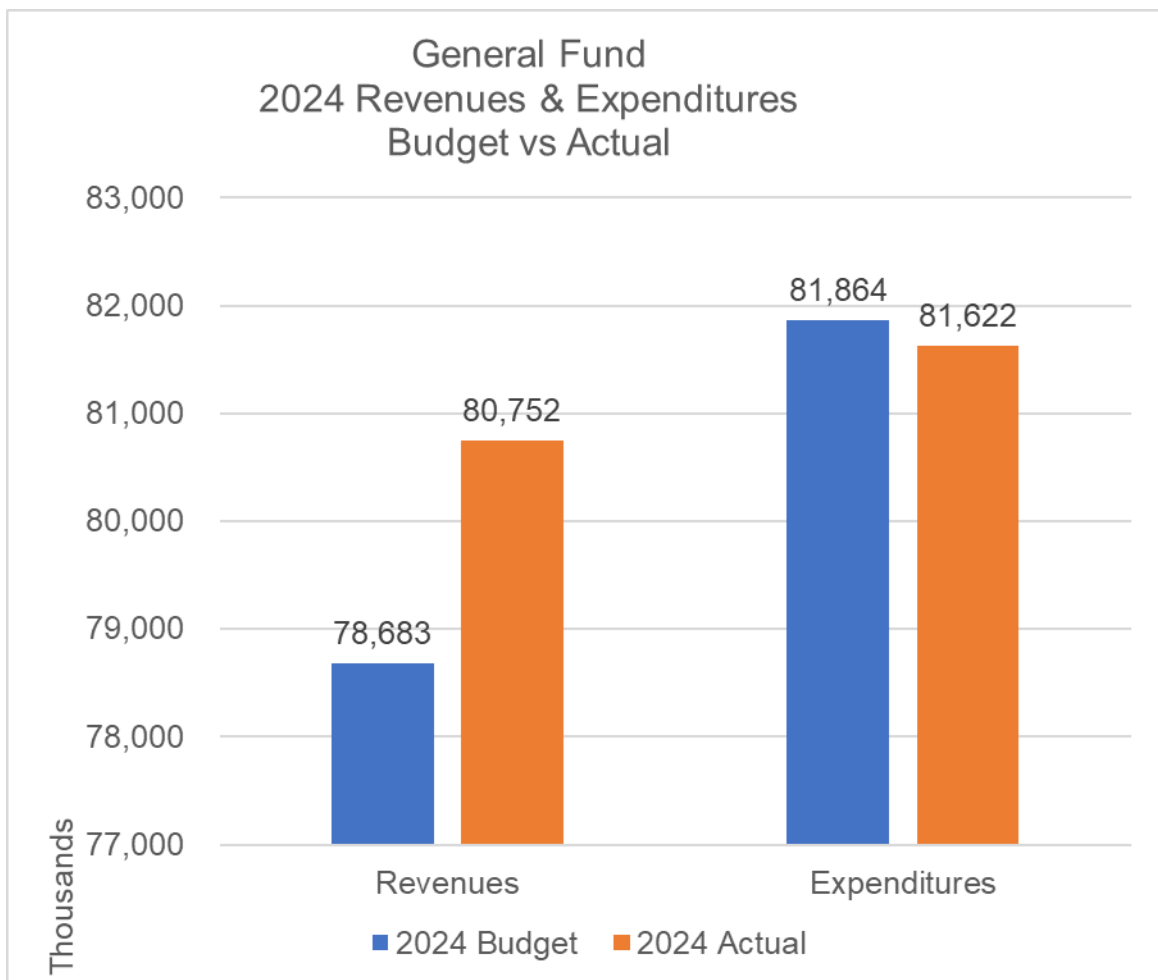
2024 Beginning Fund Balance	24,991,228
2024 Ending Fund Balance	24,121,326

General Fund - Required Ending Fund Balance Calculation

2023 Ongoing Revenues	70,536,362
18% of Ongoing Revenues	12,696,545
2024 GF Unassigned FB	17,836,267
Amount Over/(Under)	\$5,139,722

Contingency Fund - Required Ending Fund Balance Calculation

10% of 2022 Ongoing Revenues	7,053,636
Contingency Fund	7,154,961
Amount Over/(Under)	\$101,325



Revenues came in 2.6% over budget. This represents an increase of \$2.1 million. The key driver that led to the increase in revenues over budget was Sales Tax.

General Fund expenditures finished the year 0.3% under budget. The top expenditure categories include Salaries, at 51% of the total General Fund budget and Professional Services, at 40% of the total budget.

General Fund Overview - Revenues by Category

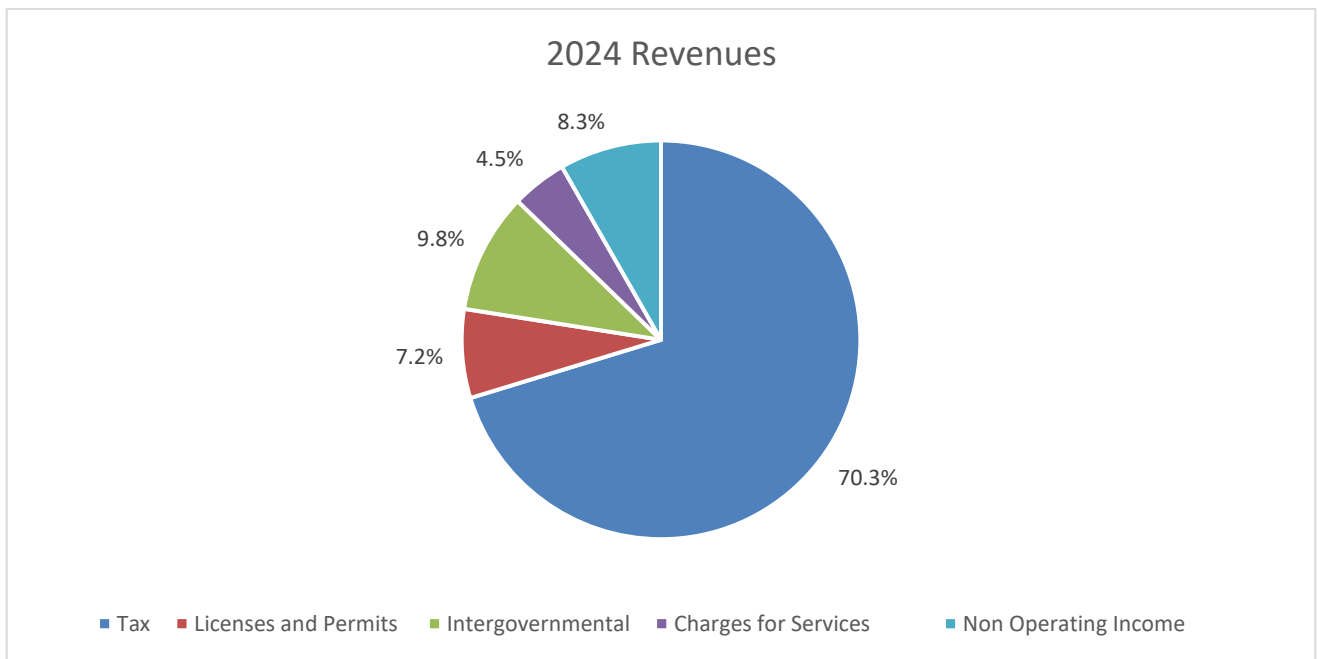
Below are General Fund revenues by category. Variances from the prior year that are **greater than 10% AND \$250k** are listed below and further explained in the report.

Year-to-Date as of December 31, 2024

SUMMARY BY REVENUE TYPE	BUDGET	ACTUAL			COMPARISON OF RESULTS			
	2024 Budget	2022	2023	2024	Allocated Budget vs Actuals OVER/(UNDER)	% Received	Change	
							\$ 2023/2024	% 2023/2024
Property Tax	18,124,000	17,233,512	17,536,670	17,510,903	(613,097)	97%	(25,767)	-0.1%
Sales Taxes-Retail	21,725,000	21,023,287	21,881,507	23,905,762	2,180,762	110%	2,024,255	9.3%
Use Taxes	930,000	953,890	970,202	940,689	10,689	101%	(29,514)	-3.0%
Admission Taxes	875,000	819,932	842,387	904,888	29,888	103%	62,500	7.4%
Utility Taxes	4,300,000	3,949,799	4,125,408	4,412,082	112,082	103%	286,674	6.9%
Business & Occupation Tax	3,000,000	0	0	2,100,831	(899,169)	70%	2,100,831	0.0%
Interfund Utility Taxes	2,784,300	2,404,685	2,567,243	2,684,965	(99,335)	96%	117,722	4.6%
Gambling & Excise Taxes	4,665,700	4,964,964	4,464,521	4,294,934	(370,766)	92%	(169,587)	-3.8%
Total Tax Revenue	56,404,000	51,350,070	52,387,938	56,755,053	351,053	101%	\$4,367,114	8.3%
Business Licenses	3,230,000	2,939,066	3,243,556	2,691,302	(538,698)	83%	(552,254)	-17.0%
Rental Housing permits	45,000	64,605	57,751	43,233	(1,767)	96%	(14,518)	-25.1%
Building Permits	1,813,743	1,799,493	2,430,331	2,279,459	465,716	126%	(150,872)	-6.2%
Franchise Fees	508,000	573,391	589,509	802,094	294,094	158%	212,584	36.1%
Total Licenses and Permits	5,596,743	5,376,555	6,321,147	5,816,088	219,345	104%	(\$505,059)	-8.0%
Sales Tax Mitigation Pymnts	508,376	794,337	635,470	508,376	(0)	100%	(127,094)	-20.0%
SCL Agreement	2,300,000	2,416,079	2,651,351	3,033,985	733,985	132%	382,634	14.4%
Grant Revenues	2,951,608	2,882,099	3,668,912	2,904,336	(47,272)	98%	(764,576)	-20.8%
State Entitlements	510,500	503,242	661,534	664,806	154,306	130%	3,272	0.5%
Intergovernmental Revenue	654,000	566,979	704,493	764,287	110,287	117%	59,794	8.5%
Total Intergovernmental Revenue	6,924,484	7,162,736	8,321,760	7,875,790	951,306	114%	(\$445,971)	-5.4%
General Government Revenue	16,620	26,040	22,703	16,594	(26)	100%	(6,110)	-26.9%
Security revenue	1,739,150	978,782	1,179,543	1,408,513	(330,637)	81%	228,971	19.4%
Transportation Revenue	20,000	1,961	288	450	(19,550)	2%	162	56.3%
Plan Check and Review Fees	832,481	834,728	1,258,163	795,012	(37,469)	95%	(463,151)	-36.8%
Culture and Recreation Fees	232,870	143,197	166,621	298,439	65,569	128%	131,817	79.1%
Fines and Penalties	754,275	480,632	311,630	426,805	(327,470)	57%	115,176	37.0%
OTHER INCOME	125,650	450,568	566,570	674,485	548,835	537%	107,915	19.0%
Total Charges for Services	3,721,046	2,915,909	3,505,517	3,620,298	(322,113)	97%	\$114,781	3.3%
TOTAL OPERATING REVENUE	72,646,273	66,805,270	70,536,362	74,067,228	1,420,955	102%	\$3,530,866	5.0%
Indirect Cost Allocation	2,963,517	2,687,997	2,822,397	2,963,517	0	100%	141,120	5.0%
Investment Earnings	250,000	(494,257)	770,383	953,322	703,322	381%	182,939	23.7%
Rent & Concessions	1,035,570	192,355	466,505	1,224,107	188,537	118%	757,602	162.4%
Transfers In	1,787,849	2,553,951	1,323,249	1,543,740	(244,109)	86%	220,491	16.7%
Bond Proceeds	0	98,699	2,561,209	0	0	#DIV/0!	(2,561,209)	-100.0%
Sale of Capital Assets	0	0	0	0	0	#DIV/0!	0	0.0%
Total Non Operating Revenue	6,036,936	5,038,744	7,943,744	6,684,686	647,750	111%	(\$1,259,058)	-15.8%
TOTAL REVENUE	78,683,209	71,844,015	78,480,106	80,751,914	5,502,407	103%	\$2,271,808	2.9%
					% of Year		100%	

Revenue Category Table and Chart

Revenue Category	Amount	%
Tax	56,755,053	70.3%
Licenses and Permits	5,816,088	7.2%
Intergovernmental	7,875,790	9.8%
Charges for Services	3,620,298	4.5%
Non-Operating Income	6,684,686	8.3%
Total	80,751,914	100.0%



Business Licenses - Business licensing revenue decreased 17% in 2024 compared to 2023. The decrease in revenue is because of a lower employee count in 2024 as well as, there was a timing issue where one large business renewed their business license one week after the 2024 cutoff, resulting in those revenues being reported in 2025.

Franchise Fees Franchise Fees are up 36% over the prior year.

Sales Tax Mitigation Payments are on a declining schedule. Sales Tax Mitigation will end on June 30, 2026.

SCL Agreement – Received large back pay of \$192k.

Grant Revenues finished the year \$746,576 less than the prior year.

Plan Check and Review Fees are a function of charges for services pertaining to the work of permitting in DCD. This is a volatile revenue that is difficult to tie to market conditions.

Culture and Recreation Fees are up significantly as a result of an increase in participation in Recreation programming.

Rent & Concessions – Short-Term facility rentals in TCC and TFORCE Freight Long-Term Lease.

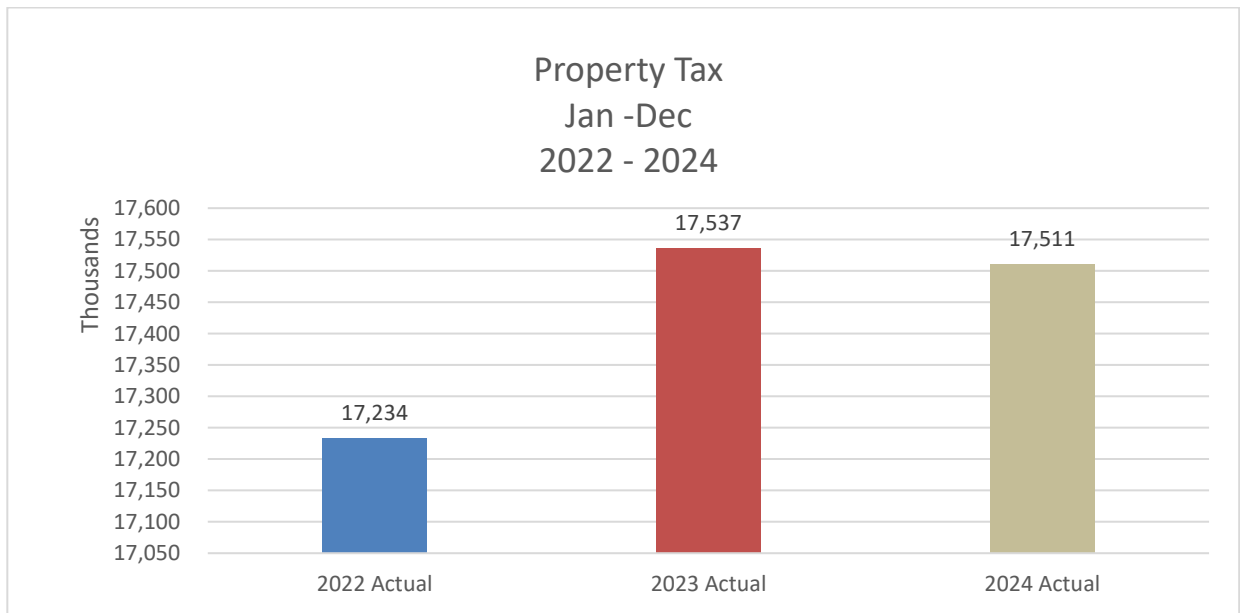
Business & Occupation Tax – We budgeted \$3 million, prior to understanding the timing of the revenues. Quarter 4 revenues are received in the first quarter of the following year.

General Fund Revenue Charts

Property Tax

2024 Budget	2022 Actual	2023 Actual	2024 Actual	Actual less Budget	2024 vs 2023 \$ Diff	% Diff
18,124,000	17,233,512	17,536,670	17,510,903	(613,097)	(25,767)	-0.1%

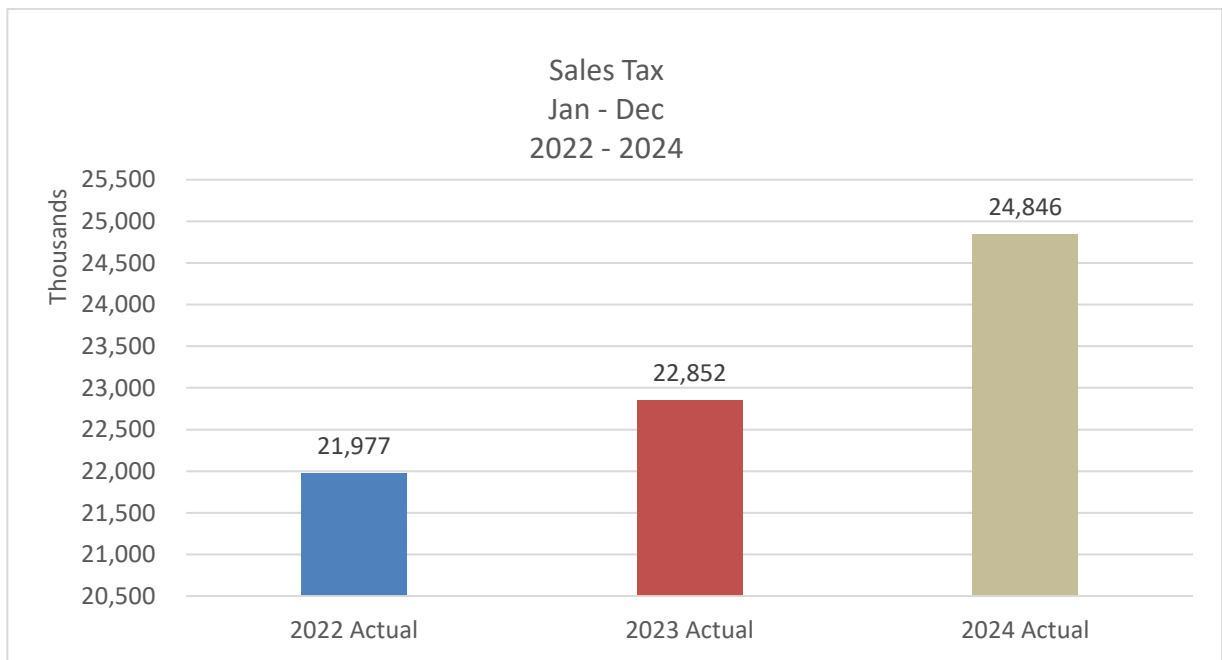
Property tax is the most stable and predictable revenues. 2024 had a 0.1% decrease from the prior year. The decrease represents \$25,767.



Sales Tax

2024 Budget	2022 Actual	2023 Actual	2024 Actual	Actual less Budget	2024 vs 2023 \$ Diff	% Diff
22,655,000	21,977,177	22,851,709	24,846,451	2,191,451	1,994,742	8.7%

Sales Tax increased 8.7% over the prior year. Inflation played a significant role. Increases in prices, resulting in increased sales tax.

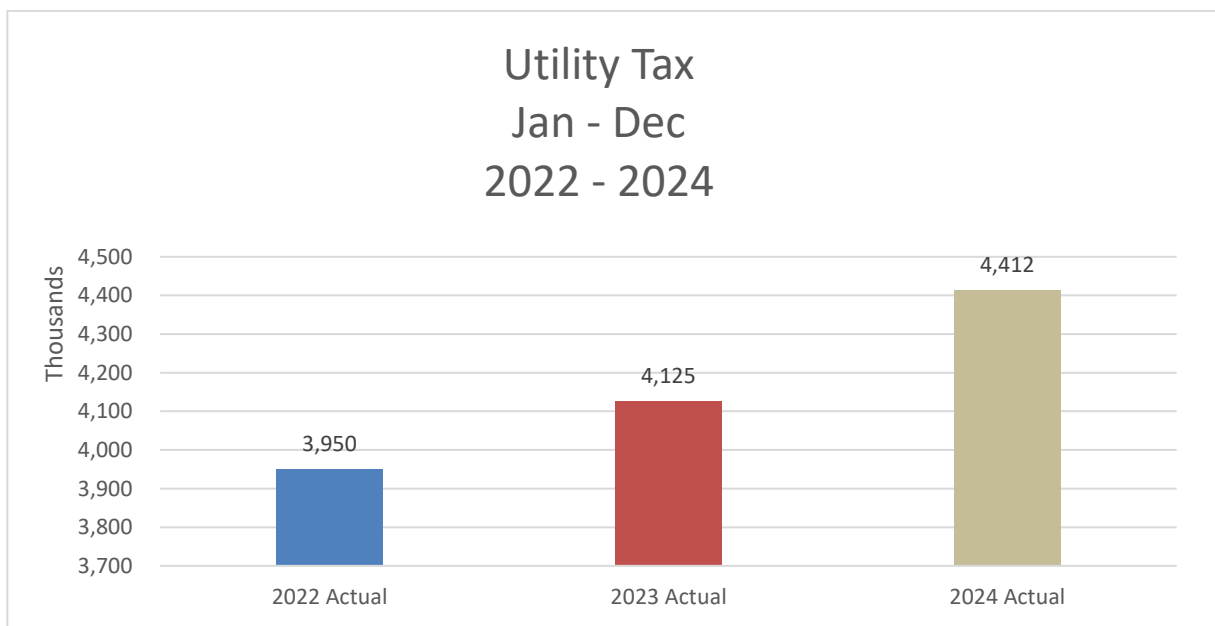


Utility Tax

2024 Budget	2022 Actual	2023 Actual	2024 Actual	Actual less Budget	2024 vs 2023 \$ Diff	% Diff
4,300,000	3,949,799	4,125,408	4,412,082	112,082	286,674	6.9%

Utility Tax increases 6.9%, representing \$286,674 over the previous year. The largest increases were in Gas and Electricity. Decreases were in Cable and Telecom.

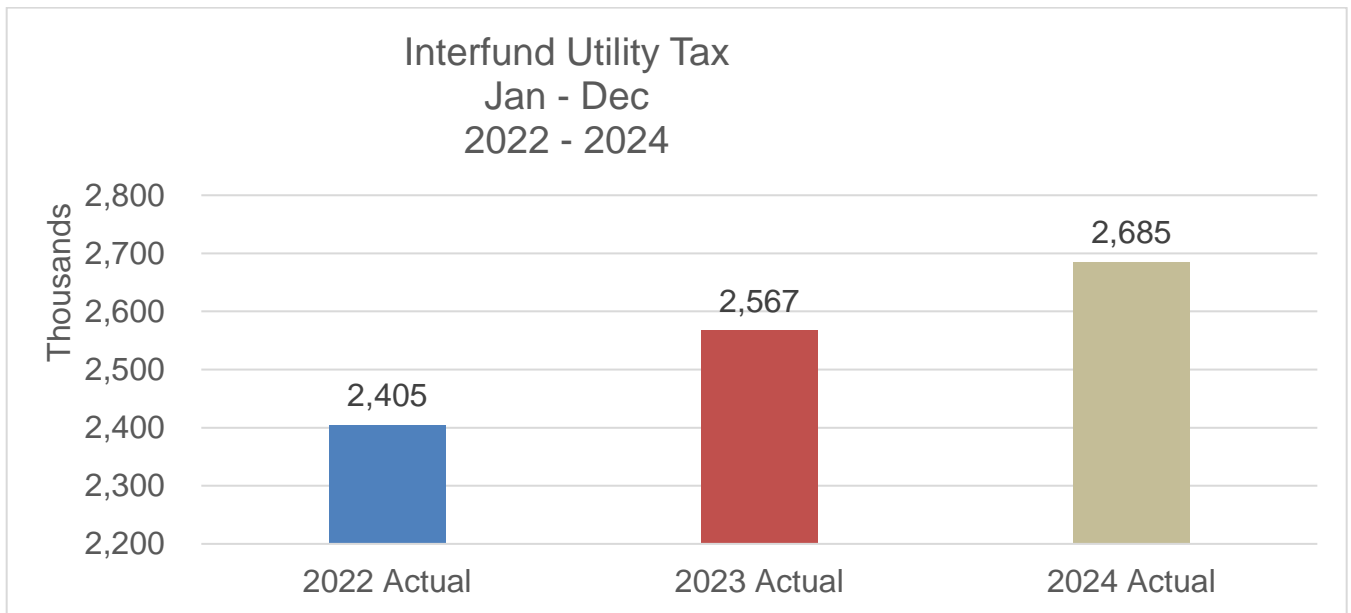
Utility	2022	2023	2024	\$ Change	% Change
Cable	241,837	221,303	189,404	(31,899)	-14.4%
Electric	1,684,968	1,744,101	1,903,993	159,892	9.2%
Gas	641,496	659,959	758,798	98,839	15.0%
Telecommunications	669,210	715,237	666,377	(48,860)	-6.8%
Solid Waste General	712,704	785,009	893,509	108,500	13.8%
Total	3,950,216	4,125,610	4,412,082	286,472	6.94%



Interfund Utility Tax

2024 Budget	2022 Actual	2023 Actual	2024 Actual	Actual less Budget	2024 vs 2023 \$ Diff	% Diff
2,784,300	2,404,685	2,567,243	2,684,965	(99,335)	117,722	4.6%

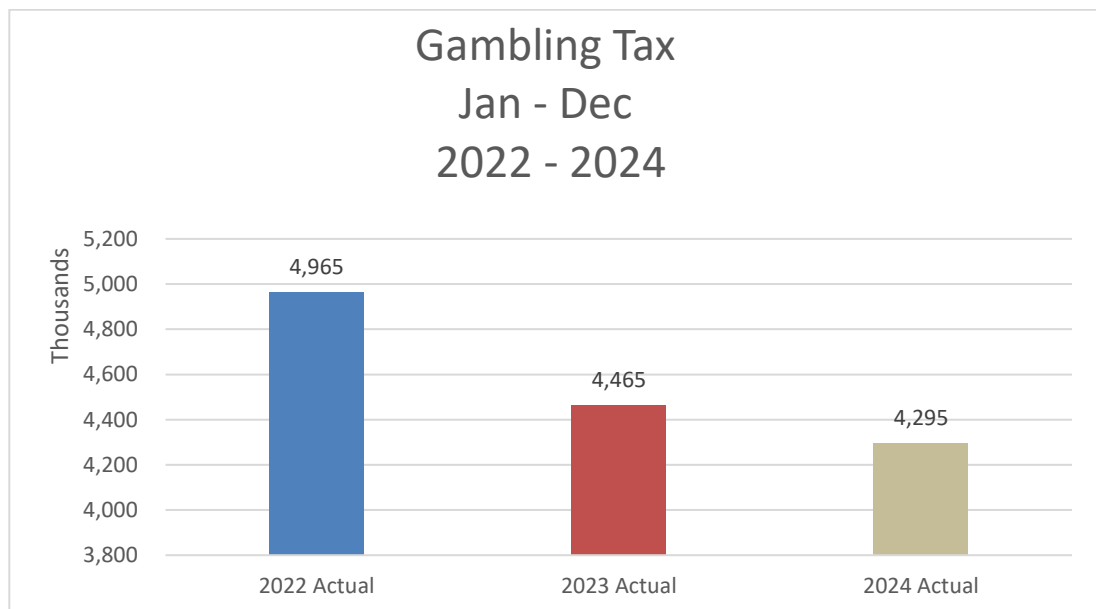
Interfund Utility Tax is a tax imposed upon the City for our use of utilities. This has increased 4.6% over the prior year, coming in approximately \$99,000 under budget and an increase over the prior year of approximately \$117,772.



Gambling Tax

2024 Budget	2022 Actual	2023 Actual	2024 Actual	Actual less Budget	2024 vs 2023 \$ Diff	% Diff
4,665,700	4,964,964	4,464,521	4,294,934	(370,766)	(169,587)	-3.8%

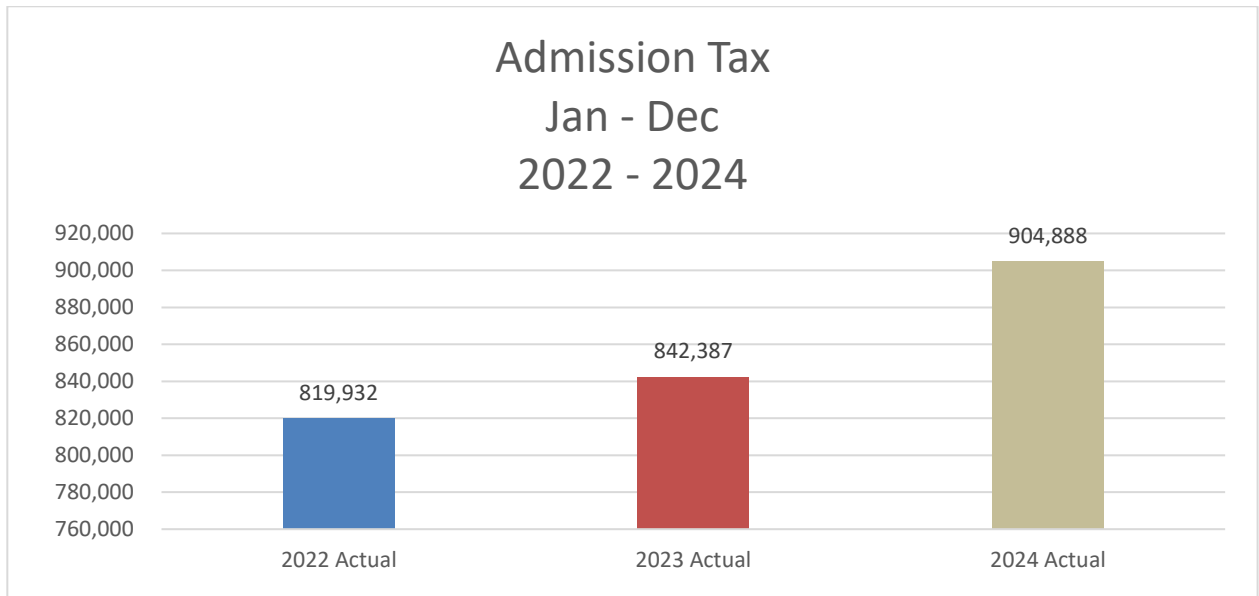
The City of Tukwila has five casinos/card rooms within the city limits. One card room has been closed for renovations, resulting in a slight decline in revenues when compared to the prior year.



Admission Tax

2024 Budget	2022 Actual	2023 Actual	2024 Actual	Actual less Budget	2024 vs 2023 \$ Diff	% Diff
875,000	819,932	842,387	904,888	29,888	62,500	7.4%

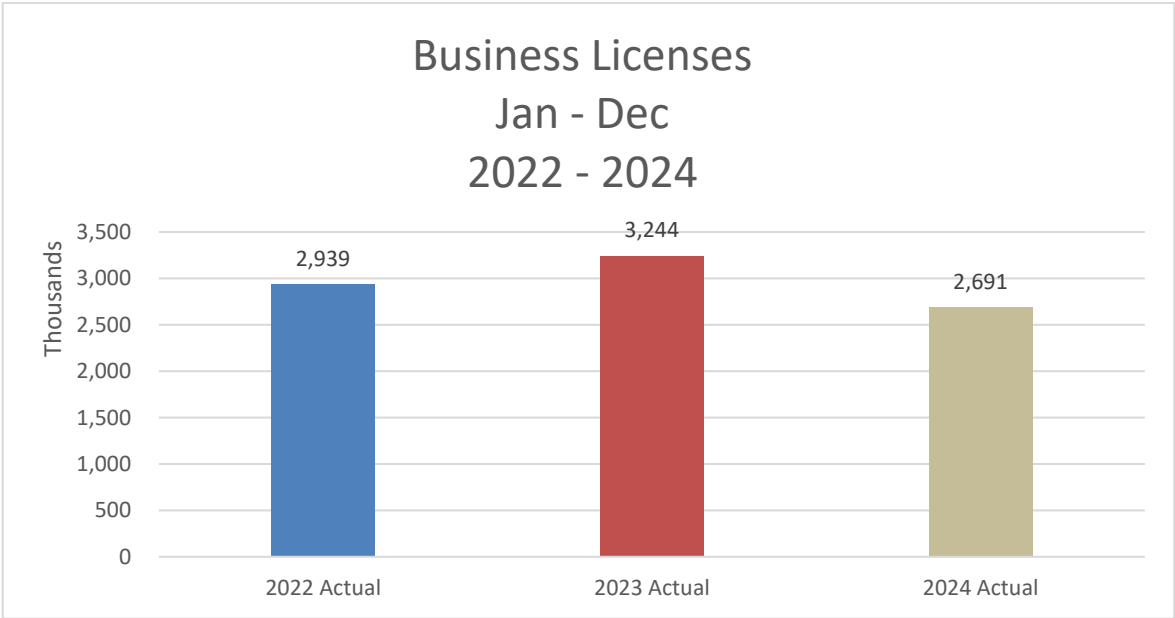
Admission Tax revenue finished the year slightly above budget and 7.4% over the same period last year.



Business Licenses

2024 Budget	2022 Actual	2023 Actual	2024 Actual	Actual less Budget	2024 vs 2023 \$ Diff	% Diff
3,230,000	2,939,066	3,243,556	2,691,302	(538,698)	(552,254)	-17.0%

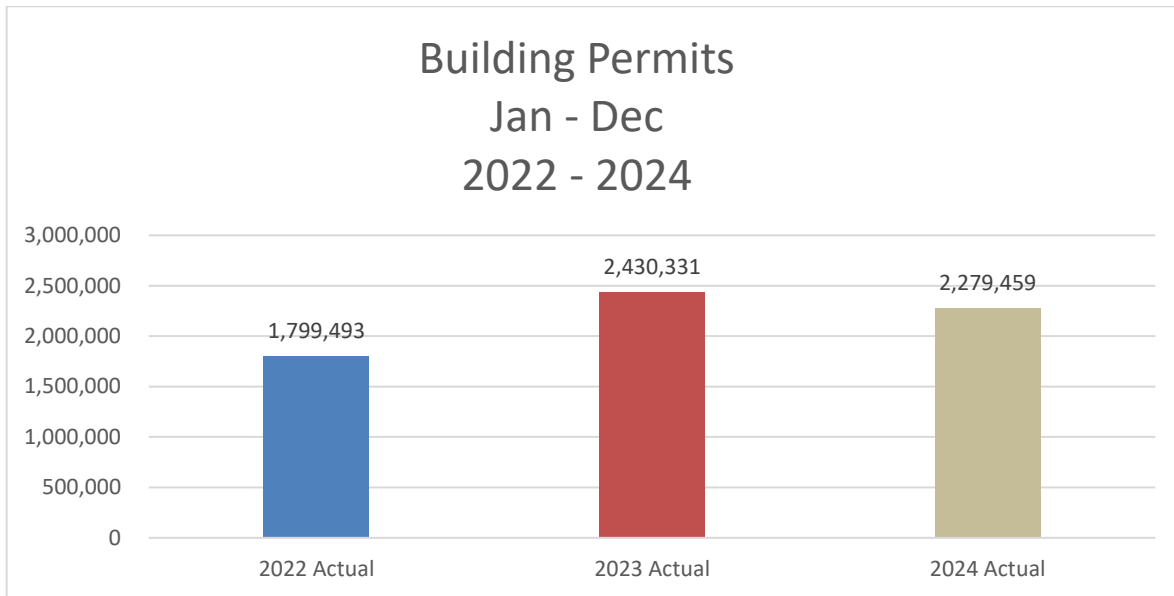
The reduction in Business License is a result of reduced employee count reported by businesses and a timing issue where one large business renewed their business license after the 2024 cutoff.



Building Permits

2024 Budget	2022 Actual	2023 Actual	2024 Actual	Actual less Budget	2024 vs 2023 \$ Diff	% Diff
1,813,743	1,799,493	2,430,331	2,279,459	465,716	(150,872)	-6.2%

Building Permits is volatile and difficult to forecast due to numerous external factors that affect the economy and the region. Building Permits ended the year, 6.2% lower than last year. This percentage represents a decline of \$150,872 from the previous year.



General Fund Overview – Expenditures by Department

General Fund expenditures ended the year 0.3% under budget. The majority of departments ended the year with their expected department budget. A few departments came in slightly higher than anticipated. Those increases have been identified and further explained below.

DEPARTMENT	BUDGET	ACTUAL			Budget vs Actual OVER/(UNDER)	%	\$ Change	% Change
	2024	2022	2023	2024				
	Budget					Expended	2023/2024	
City Council	393,067	356,579	366,378	379,671	(13,396)	96.6%	13,293	3.6%
Mayor's Office	2,405,513	2,176,819	2,308,617	2,691,788	286,275	111.9%	383,171	16.6%
Administrative Services	5,621,624	4,873,710	6,491,702	5,715,582	93,958	101.7%	(776,120)	-12.0%
Finance Department	4,625,307	3,065,214	3,177,417	3,899,112	(726,195)	84.3%	721,695	22.7%
Rec Dept / Parks Maint	5,808,439	4,846,653	5,110,670	5,357,225	(451,214)	92.2%	246,555	4.8%
Community Dev	5,063,237	4,273,322	4,582,457	5,066,216	2,979	100.1%	483,760	10.6%
Municipal Court	1,859,399	1,565,412	1,623,823	2,109,368	249,968	113.4%	485,544	29.9%
Police Department	24,212,875	18,868,518	21,267,400	24,054,433	(158,442)	99.3%	2,787,033	13.1%
Fire Department	16,605,441	15,158,419	15,087,708	16,661,942	56,501	100.3%	1,574,234	10.4%
PW Dept / Street Maint	8,002,142	7,000,206	7,171,066	7,338,932	(663,210)	91.7%	167,866	2.3%
Subtotal	74,597,044	62,184,851	67,187,238	73,274,269	(1,322,775)	98.2%	6,087,031	9.1%
Non Departmental	7,266,656	10,176,398	8,846,463	8,347,547	1,080,891	114.9%	(498,916)	N/A
Total Expenditures	81,863,699	72,361,249	76,033,701	81,621,815	(241,884)	99.7%	5,588,115	7.3%
% of Year						100.0%		

Mayor's Office

- Employee separation package
- Increase in Professional Development

Administrative Services

- 2024 Budget miscalculation with Online Services – NeoGov.

Municipal Court

- Revenue backed expense (Blake Court decision)
- Court received approval for a 1.25 FTE increase.

Fire

- Contracted services

Non Departmental

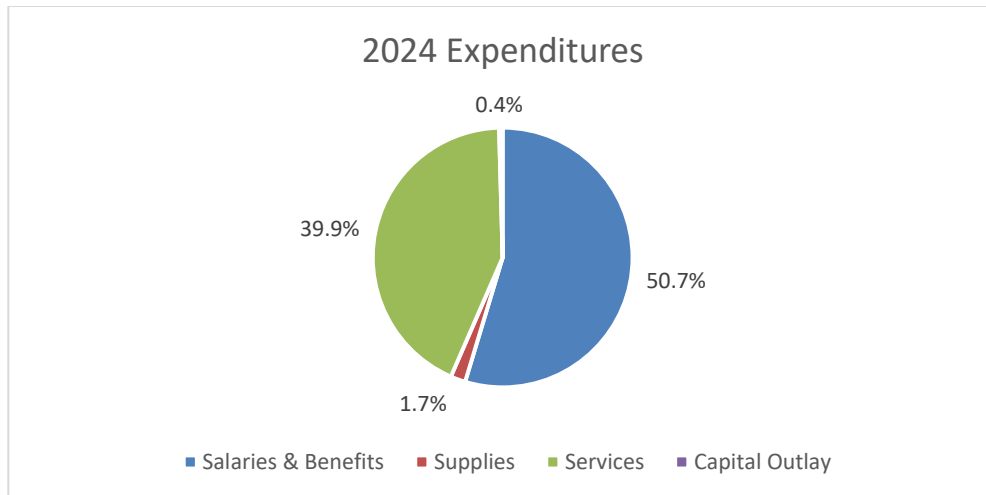
- Asylees expenditures prior to July 2024, related to Riverton Park United Methodist Church.

General Fund Overview – Expenditures by Category

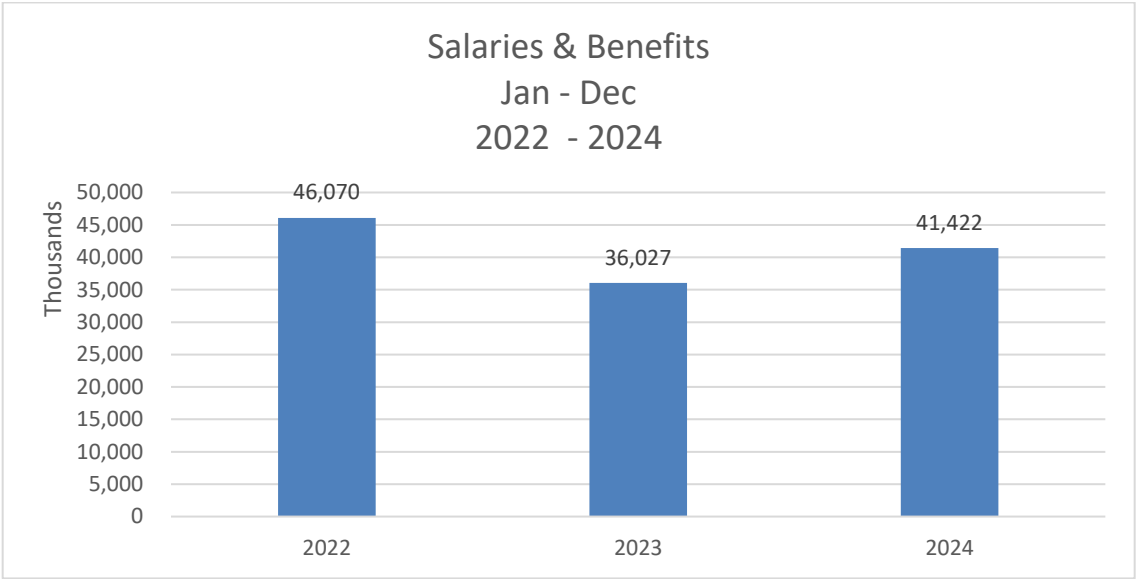
Year-to-Date as of December 31, 2024								
	BUDGET	ACTUAL			COMPARISON OF RESULTS			
	2024 Annual	2022	2023	2024	Budget	%	\$ Change	% Change
					vs Allocated	Expended	2023/2024	2023/2024
					OVER/(UNDER)			
Salaries	28,083,897	30,114,781	23,711,940	27,990,130	(93,767)	99.7%	4,278,190	18.0%
Extra Labor	794,977	404,565	636,214	778,690	(16,287)	98.0%	142,476	22.4%
Overtime	797,180	2,603,186	1,538,172	1,534,204	737,024	192.5%	(3,969)	(0.3%)
Holiday Pay	250,000	490,172	248,642	282,335	32,335	112.9%	33,694	13.6%
FICA	2,299,308	1,917,780	1,897,933	2,225,890	(73,418)	96.8%	327,957	17.3%
Pension-LEOFF	690,494	1,022,802	627,753	606,665	(83,829)	87.9%	(21,088)	(3.4%)
Pension-PERS/PSERS	1,877,476	1,469,268	1,502,228	1,664,610	(212,866)	88.7%	162,382	10.8%
Industrial Insurance	616,066	689,029	417,744	458,121	(157,945)	74.4%	40,377	9.7%
Medical & Dental	5,818,916	7,312,010	5,407,414	5,833,058	14,142	100.2%	425,644	7.9%
Unemployment	0	37,205	34,230	39,741	39,741	#DIV/0!	5,510	16.1%
Uniform/Clothing	33,504	9,085	4,926	8,158	(25,346)	24.3%	3,232	65.6%
Total Salaries & Benefits	41,261,818	46,069,884	36,027,195	41,421,601	159,783	100.4%	5,394,406	15.0%
Supplies	640,401	612,325	547,604	505,130	(135,270)	78.9%	(42,474)	(7.8%)
Repairs & Maint Supplies	420,705	383,135	461,096	547,865	127,160	130.2%	86,769	18.8%
Resale Supplies	2,580	859	0	2,247	(333)	87.1%	2,247	#DIV/0!
Small Tools	228,078	179,442	270,919	263,224	35,145	115.4%	(7,695)	(2.8%)
Technology Supplies	112,364	96,274	323,566	86,430	(25,934)	76.9%	(237,137)	(73.3%)
Fleet Supplies	7,260	6,687	7,738	6,596	(664)	90.8%	(1,142)	(14.8%)
Total Supplies	1,411,387	1,278,721	1,610,923	1,411,491	104	100.0%	(199,432)	(12.4%)
Professional Services	25,694,051	6,904,463	22,255,045	25,327,858	(366,193)	98.6%	3,072,813	13.8%
Communications	468,177	515,789	473,134	519,202	51,024	110.9%	46,068	9.7%
Professional Development	532,851	395,311	452,144	501,534	(31,317)	94.1%	49,389	10.9%
Advertising	66,716	44,856	46,861	35,744	(30,972)	53.6%	(11,117)	(23.7%)
Rentals	319,003	188,473	1,003,426	215,714	(103,289)	67.6%	(787,712)	(78.5%)
Technology Services	1,081,907	786,143	610,245	1,426,529	344,622	131.9%	816,285	133.8%
Utilities	2,387,484	2,366,955	2,345,382	2,266,029	(121,455)	94.9%	(79,353)	(3.4%)
Repairs & Maint Services	1,483,739	2,567,904	1,535,753	1,801,703	317,964	121.4%	265,950	17.3%
Miscellaneous	701,220	626,722	472,941	508,647	(192,574)	72.5%	35,706	7.5%
Total Services	32,735,150	14,396,616	29,194,930	32,602,959	(132,191)	99.6%	3,408,028	11.7%
Capital Outlay-Land	0	98,699	2,561,209	0	0	-	(2,561,209)	(100.0%)
Other Improvements	0	0	0	0	0	-	0	#DIV/0!
Machinery & Equipment	590,000	289,145	1,093,290	334,066	(255,934)	56.6%	(759,224)	(69.4%)
Construction Projects	0	0	0	0	0		0	#DIV/0!
Total Capital Outlay	590,000	387,843	3,654,499	334,066	(255,934)	56.6%	(3,320,433)	(90.9%)
Transfers Out	5,865,345	10,228,184	5,546,153	5,851,699	(13,646)	99.8%	305,546	5.5%
Total Non Operating Expens	5,865,345	10,228,184	5,546,153	5,851,699	(13,646)	99.8%	305,546	5.5%
Total Expenditures	81,863,700	72,361,249	76,033,701	81,621,815	(241,884)	99.7%	5,588,115	7.3%
					% of Year		100.0%	

General Fund Category Table and Chart

Salaries & Benefits	41,421,601	50.7%
Supplies	1,411,491	1.7%
Services	32,602,959	39.9%
Capital Outlay	334,066	0.4%
Transfers Out	5,851,699	7.2%
Total Expenses	81,621,815	100.0%

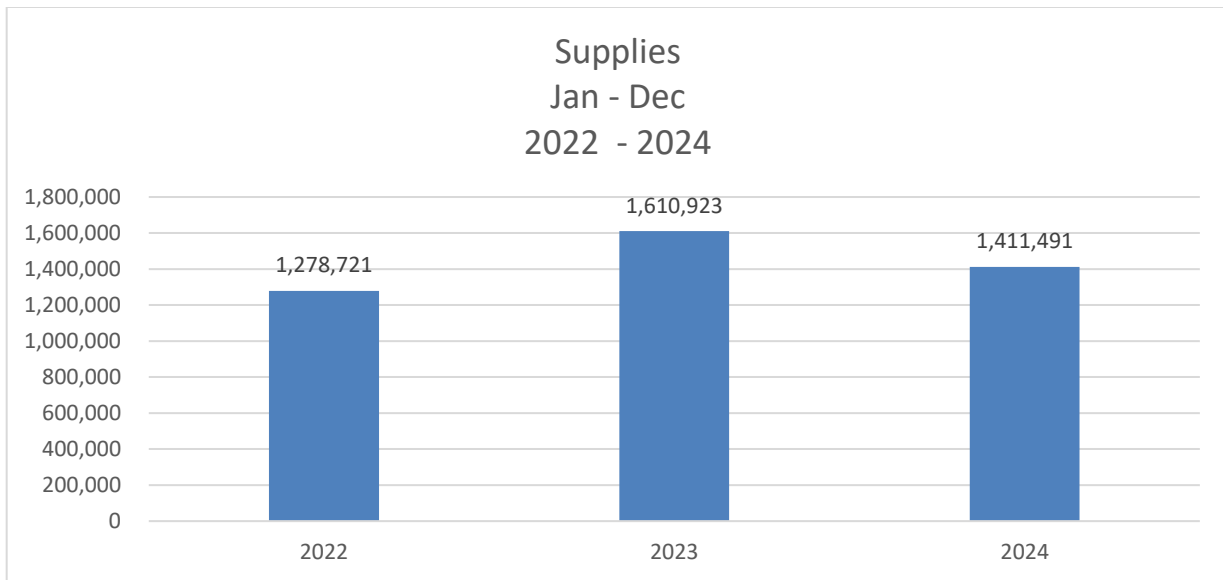


General Fund Expenditure Categories



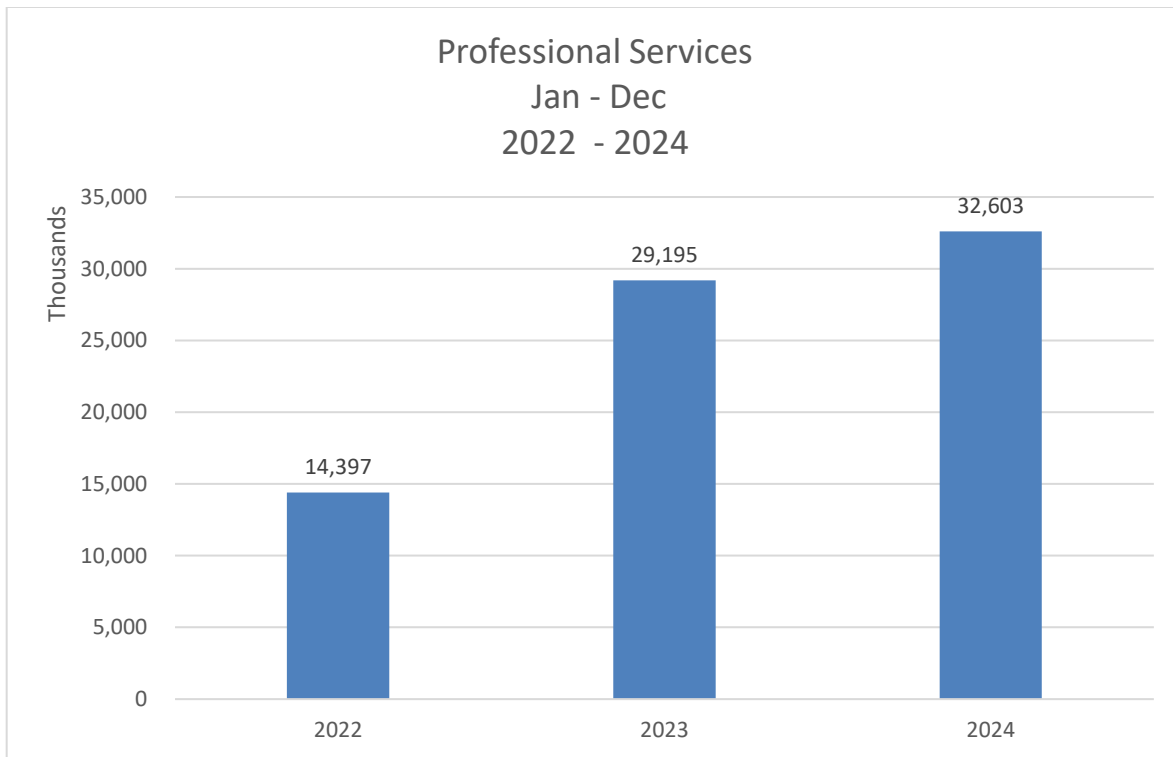
Increase of 15%

- Salary adjustments
- Separation package
- Retro Pay
- Increase benefit rates (medical/dental)
- FICA increases as Salaries increase



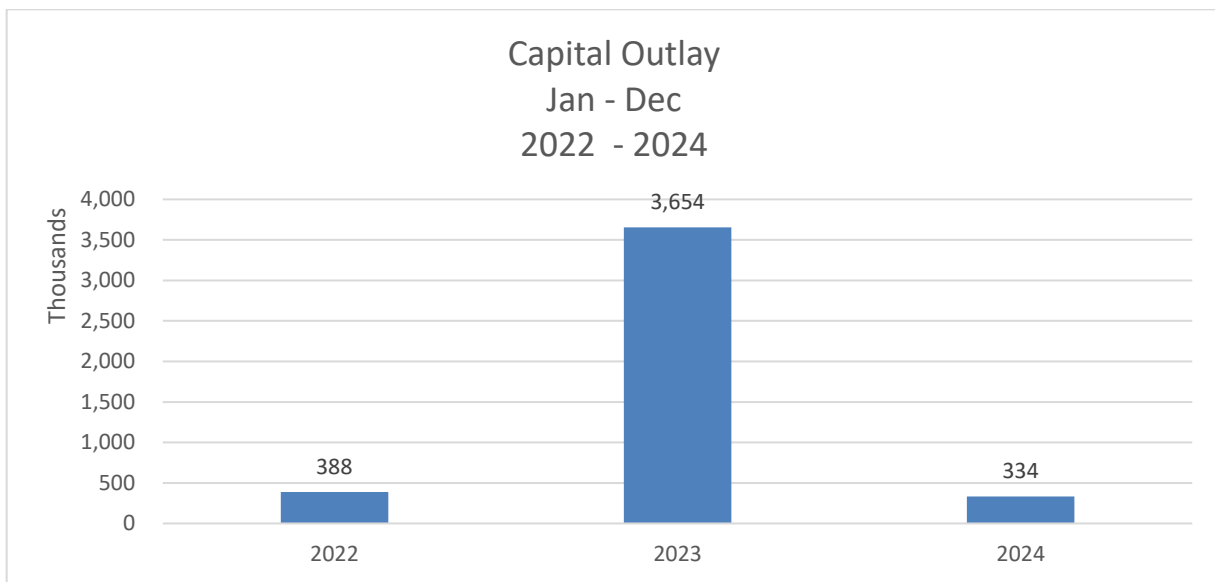
Reduction of 12% over the prior year.

- Conversation about saving money towards end of biennium



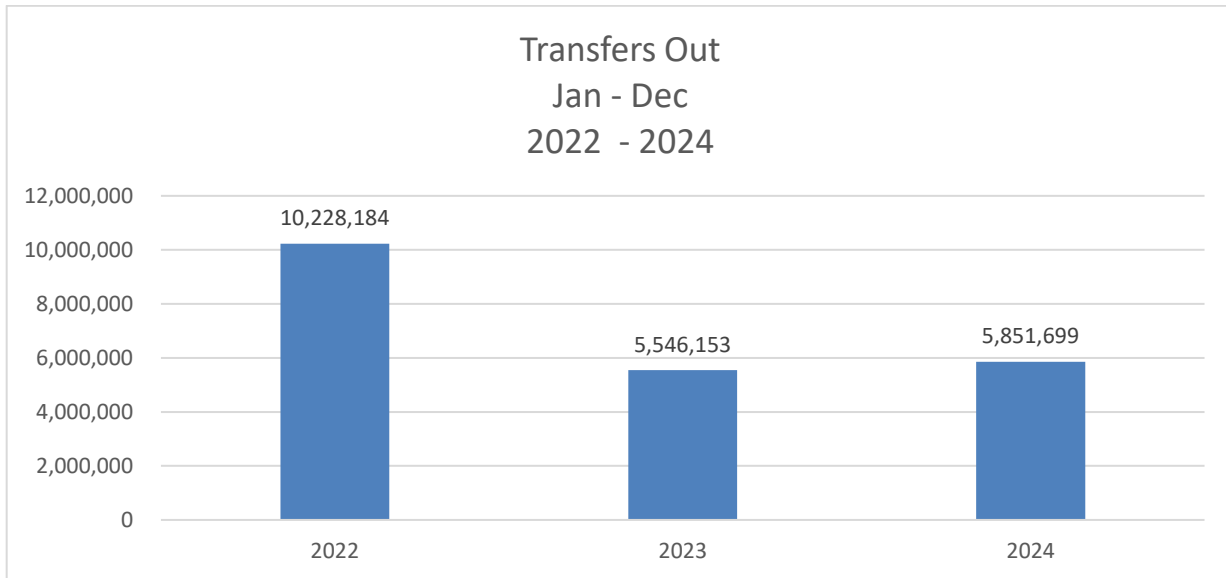
Increase of 11.7%

- Regional Fire Authority Contract
- Repairs & Maintenance Services
 - RPUMC Parking Lot Clean up
 - Valley Com Dispatch Svs. Radios/Telemetry
 - TCC HVAC Replacement



Down 91% from prior year

- TIS Network infrastructure purchases in 2023.



- 2024 is consistent with the prior year.
- Debt Service paid in 2022 (LTGO)
- Capital Transfers in 2022 (Fund 104 – Bridges & Arterial Street)

Conclusion

The City of Tukwila's 2024 Year-End Financial Report highlights a significant sales tax revenue increase of \$2,024,255 (9.3%) above budget projections, contributing to overall revenue growth. Salaries and services accounted for the largest expenditure categories, comprising 51% and 40% of the General Fund budget, respectively. Notable financial changes include revenue fluctuations across various categories, such as a 17% decline in certain fees and a 7.4% rise in rental and concession income. Expenditures rose in areas like the Regional Fire Authority contract and technology services, while some departments achieved cost reductions toward the biennium's end. The City navigated evolving costs with adjustments for market rate studies, retroactive pay, and increased benefit rates, reflecting a dynamic fiscal landscape.