



INFORMATIONAL MEMORANDUM

TO: **Finance & Governance Committee**
CC: **Mayor McLeod**
FROM: **Aaron Be Miller, Finance Director**
By: **Tony Cullerton, Deputy Finance Director**
DATE: **April 28, 2025**
SUBJECT: **2025 First Quarter General Fund Financial Report**

SUMMARY

The City of Tukwila's 2025 First Quarter (Q1) General Fund 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

In Q1 2025, General Fund revenues came in under budget by \$1.1 million (5.6%) due to the timing of Property Tax collections, which are primarily received in April, while expenditures remained well-managed, trending 0.2% under budget. Taxes made up 69% of total revenues, with Sales Tax showing slight growth of 6.4% over the prior year, and Utility Tax up 7.4%. Property Tax reported early payments resulting in an increase of \$323,029, although the majority of collections will be reflected in April and May.

Other revenue highlights include large gains in Building Permits, which exceeded budget by \$273,850, and Admission Tax, which increased 56% year-over-year. Declines in Grant and Intergovernmental Revenues were attributed to the expiration of Federal ARPA funding and the absence of Basic Life Services training income. On the expenditure side, all departments stayed within budget, with variations linked to timing issues, annual payments, and changes in contractual obligations, such as the termination of the Fire contract with the RFA. Total Q1 expenditures concluded at 24.9% of the annual budget.

Recommendations:

- Discussion only

Attachments

- 2025 First Quarter GF Financial Report



City of Tukwila
Quarter 1 Financial Report
January – March
2025
General Fund Overview

General Fund

	2025 Budget	2025 Actual	% of Budget	\$ Diff
Revenues	76,087,350	17,955,453	23.6%	(\$1,066,384)
Expenditures	74,931,244	18,691,567	24.9%	(412)
Net	1,156,106	(736,113)		

2025 Beginning Fund Balance	24,121,326
2025 Projected Ending Fund Balance	23,385,213

General Fund - Required Ending Fund Balance Calculation

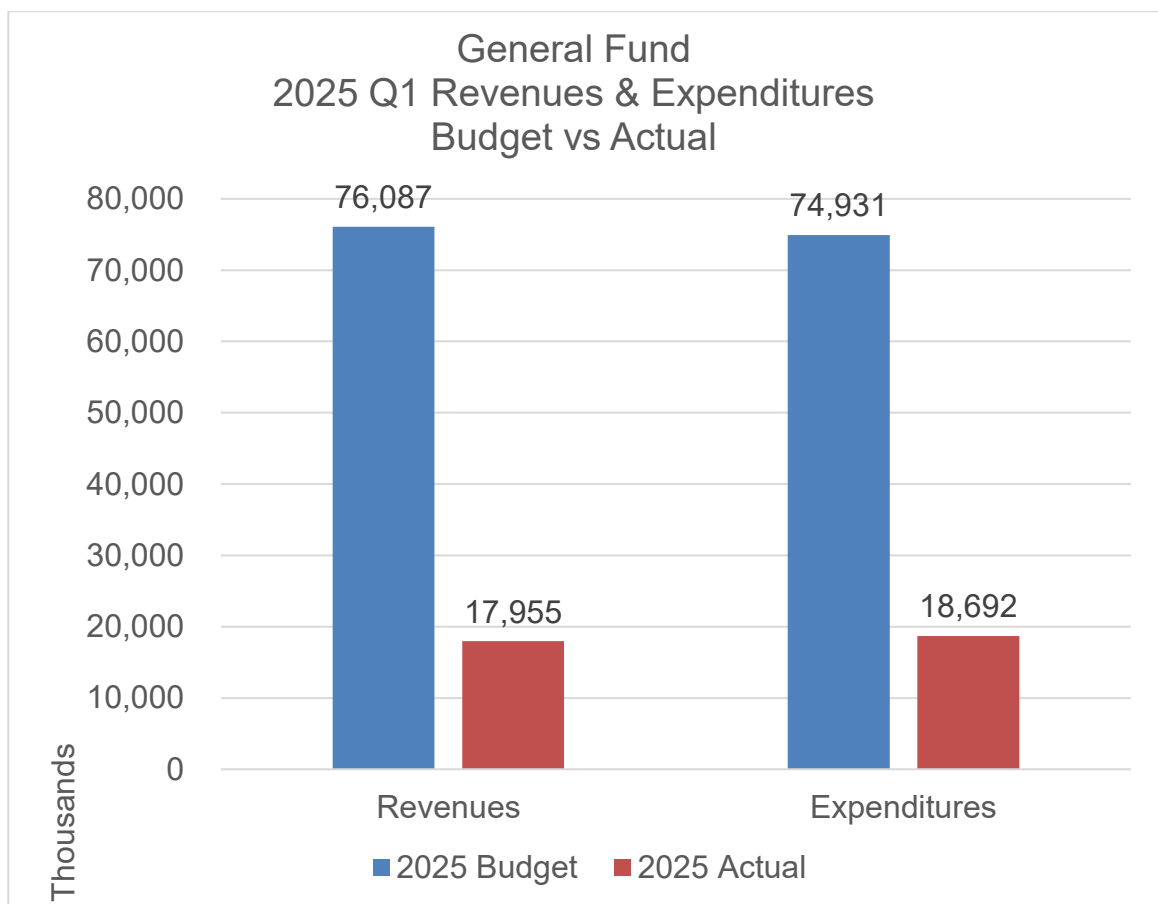
2025 Ongoing Revenues	15,561,646
18% of Ongoing Revenues	2,801,096
2025 GF Budgeted Unassigned FB	23,385,213
Amount Over/(Under)	\$20,584,116

Contingency Fund - Required Ending Fund Balance Calculation

10% of 2025 Ongoing Revenues	1,556,165
Budgeted Contingency Fund	7,154,961
Amount Over/(Under)	\$5,598,796

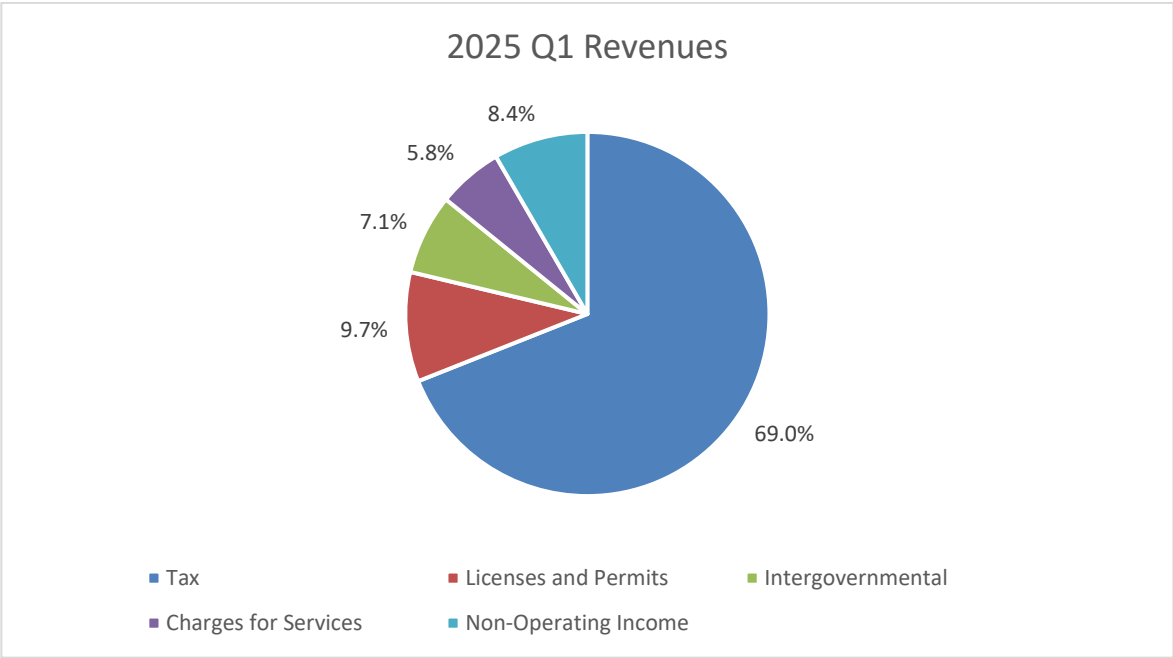
2025 Quarter 1 (Q1) Financial Overview

For Q1 2025, General Fund revenues are trailing the 2025 expectations by \$1.1 million (5.6%), due to the timing of Property Tax collections, which are received in April. Q1 expenditures are on track, trending at 0.2% under budget.



Revenue Analysis

Taxes remain the primary revenue classification, comprising 69% of Q1 revenue. The remaining 31% consists of other revenue classifications, which are relatively evenly distributed.



Revenue Classification	Amount	%
Tax	12,386,918	69.0%
Licenses and Permits	1,746,501	9.7%
Intergovernmental	1,279,584	7.1%
Charges for Services	1,038,393	5.8%
Non-Operating Income	1,504,058	8.4%
Total	17,955,453	100.0%

Taking a closer look at taxes, Sales Tax leads the category. Property Tax is substantially collected twice a year in April and October. We will see an increase in the Property Tax received in May, after the April payments are recorded.

Taxes	Amount	%
Sales Taxes-Retail	\$6,078,625	54%
Property Tax	\$1,075,573	9%
Utility Taxes	\$1,340,344	12%
Gambling & Excise Taxes	\$421,492	4%
Interfund Utility Taxes	\$1,313,835	12%
Business & Occupation Tax	\$591,219	5%
Admission Taxes	\$273,902	2%
Use Taxes	\$246,712	2%
Total Taxes	\$11,341,701	100%

General Fund Overview - Revenues by Category

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

Year-to-Date as of March 31, 2025

SUMMARY BY REVENUE TYPE	BUDGET	ACTUAL	COMPARISON OF RESULTS					
	2025 Budget	2023	2024	2025	YTD Budget vs Actuals OVER/(UNDER)	% Received	Change	
							\$ 2024/2025	% 2024/2025
Property Tax	11,999,227	677,329	752,544	1,075,573	(1,924,234)	9%	323,029	42.9%
Sales Taxes-Retail	23,447,886	5,642,125	5,700,244	6,078,625	216,653	26%	378,381	6.6%
Use Taxes	999,100	278,367	242,205	246,712	(3,063)	25%	4,507	1.9%
Admission Taxes	859,235	213,217	176,122	273,902	59,094	32%	97,781	55.5%
Utility Taxes	4,493,702	1,208,533	1,267,384	1,361,361	237,935	30%	93,976	7.4%
Interfund Utility Taxes	3,167,729	1,178,350	1,221,373	1,313,835	521,902	41%	92,462	7.6%
Gambling & Excise Taxes	4,609,500	1,306,159	1,060,091	1,317,791	165,416	29%	257,700	24.3%
Business & Occupation Tax	2,400,000	0	0	719,121	119,121	30%	719,121	0.0%
Total Tax Revenue	51,976,379	10,504,081	10,419,962	12,386,918	(607,177)	24%	\$1,966,956	18.9%
Business Licenses	3,445,500	768,245	674,595	593,444	(267,931)	17%	(81,151)	-12.0%
Rental Housing permits	44,700	36,012	37,110	47,329	36,154	106%	10,219	27.5%
Building Permits	1,940,500	540,508	405,062	758,975	273,850	39%	353,913	87.4%
Franchise Fees	651,372	123,683	131,962	346,752	183,909	53%	214,790	162.8%
Total Licenses and Permits	6,082,072	1,468,448	1,248,729	1,746,501	225,983	29%	\$497,771	39.9%
Sales Tax Mitigation Pymnts	406,700	176,519	141,216	112,972	11,297	28%	(28,243)	-20.0%
SCL Agreement	2,687,700	737,591	805,135	885,416	213,491	33%	80,282	10.0%
Grant Revenues	877,372	212,243	1,275,786	157,667	(61,676)	18%	(1,118,119)	-87.6%
State Entitlements	690,330	106,053	154,524	142,161	(30,422)	21%	(12,363)	-8.0%
Intergovernmental Revenue	0	6,378	737,381	(18,633)	(18,633)	0%	(756,014)	-102.5%
Total Intergovernmental Revenue	4,662,102	1,238,784	3,114,041	1,279,584	114,058	27%	(\$1,834,458)	-58.9%
General Government Revenue	9,620	6,797	2,981	7,562	5,157	79%	4,582	153.7%
Security revenue	1,139,456	163,730	279,271	317,223	32,359	28%	37,952	13.6%
Transportation Revenue	20,000	288	0	0	(5,000)	0%	0	0.0%
Plan Check and Review Fees	662,000	249,756	158,748	326,535	161,035	49%	167,787	105.7%
Culture and Recreation Fees	781,045	37,184	65,958	79,845	(115,416)	10%	13,888	21.1%
Fines and Penalties	404,505	87,967	78,791	250,985	149,859	62%	172,194	218.5%
OTHER INCOME	190,075	137,246	193,165	56,242	8,723	30%	(136,923)	-70.9%
Total Charges for Services	3,206,701	682,969	778,913	1,038,393	78,135	32%	\$259,480	33.3%
TOTAL OPERATING REVENUE	65,927,254	13,894,281	15,561,646	16,451,395	(49,475,859)	25%	\$889,750	5.7%
Indirect Cost Allocation	3,111,694	705,603	740,886	777,922	(2)	25%	37,036	5.0%
Investment Earnings	470,000	67,107	66,806	97,706	(19,794)	21%	30,900	46.3%
Rent & Concessions	383,783	35,493	293,816	298,724	202,778	78%	4,909	1.7%
Transfers In	1,494,619	0	176,392	329,706	(43,949)	22%	153,314	86.9%
Sale of Capital Assets	4,700,000	0	0	0	(1,175,000)	0%	0%	0.0%
Total Non Operating Revenue	10,160,096	808,203	1,277,899	1,504,058	(1,035,966)	15%	\$226,159	17.7%
TOTAL REVENUE	76,087,350	14,702,484	16,839,545	17,955,453	(1,066,384)	24%	\$1,115,908	6.6%

% of Year 25%

Significant Changes

Property Tax – First half payment is made in April. The increase of \$323,029 is a representation of early first ½ payments.

Gambling Tax – The Increase is due to the collection of past due gambling tax revenue.

Business & Occupation Tax – Business & Occupation Tax: The City implemented the B&O Tax on January 1, 2024. Q1 2025 revenues, remitted in April, are not reflected in this report.

Building Permits are a volatile revenue stream that is difficult to predict. At 25% of the year, the City has received 39% of the anticipated budget amount.

Grant Revenues are down compared to the prior year is primarily due to the expiration of Federal ARPA grant funding as of December 31, 2024.

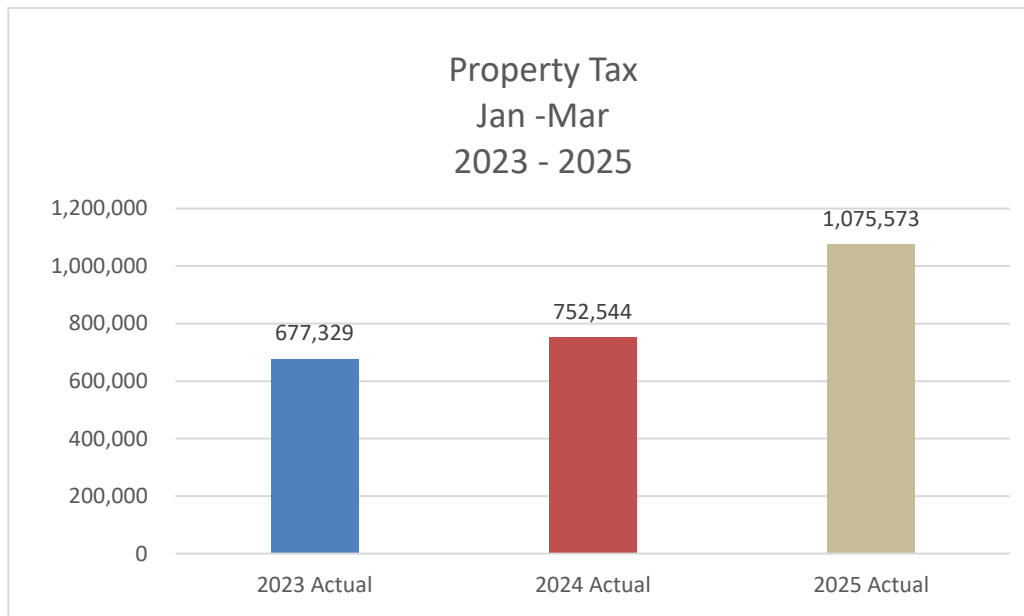
Intergovernmental Revenue reported A notable decline is due to the absence of Basic Life Services (BLS) training funding in 2025, which contributed over \$700,000 in revenue in 2024. Additionally, approximately \$22,000 in invoiced revenue was reversed.

General Fund Revenue Charts

Property Tax

2023 Actual	2024 Actual	2025 Actual	2025 vs 2024 \$ Diff	% Diff
677,329	752,544	1,075,573	323,029	42.9%

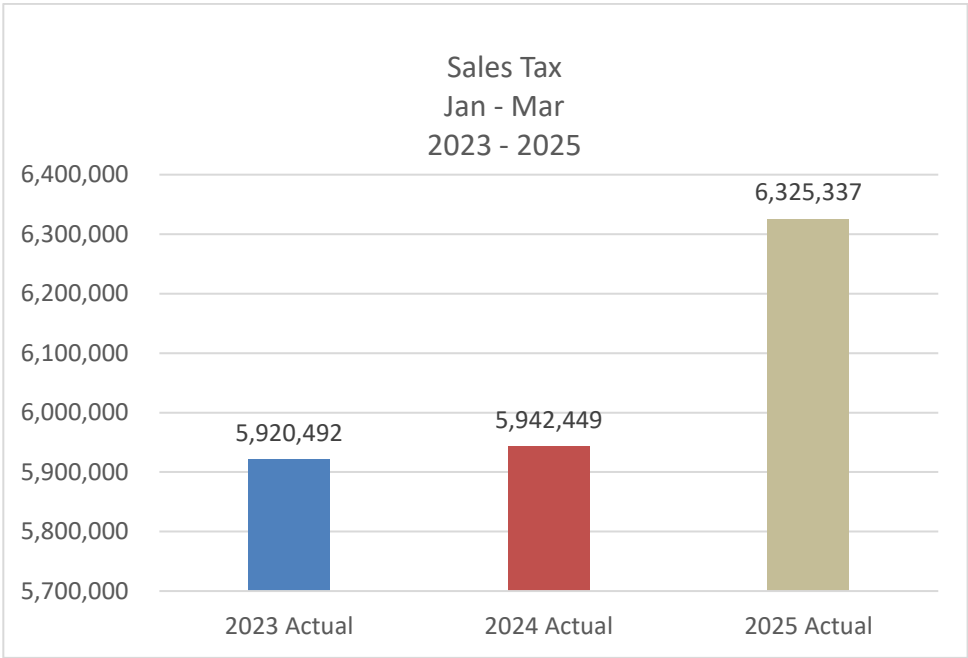
Property Tax is primarily collected twice a year. This revenue will increase in April & May once payments are recorded. Q1 reflects early payments totaling \$323,029. The 42% year-over-year increase is due to these early remittances.



Sales Tax

2023 Actual	2024 Actual	2025 Actual	2025 vs 2024 \$ Diff	% Diff
5,920,492	5,942,449	6,325,337	382,888	6.4%

Sales Tax leads all tax categories and has increased 6.4% compared to the same period in 2024. The growth is attributed to heightened economic activity.

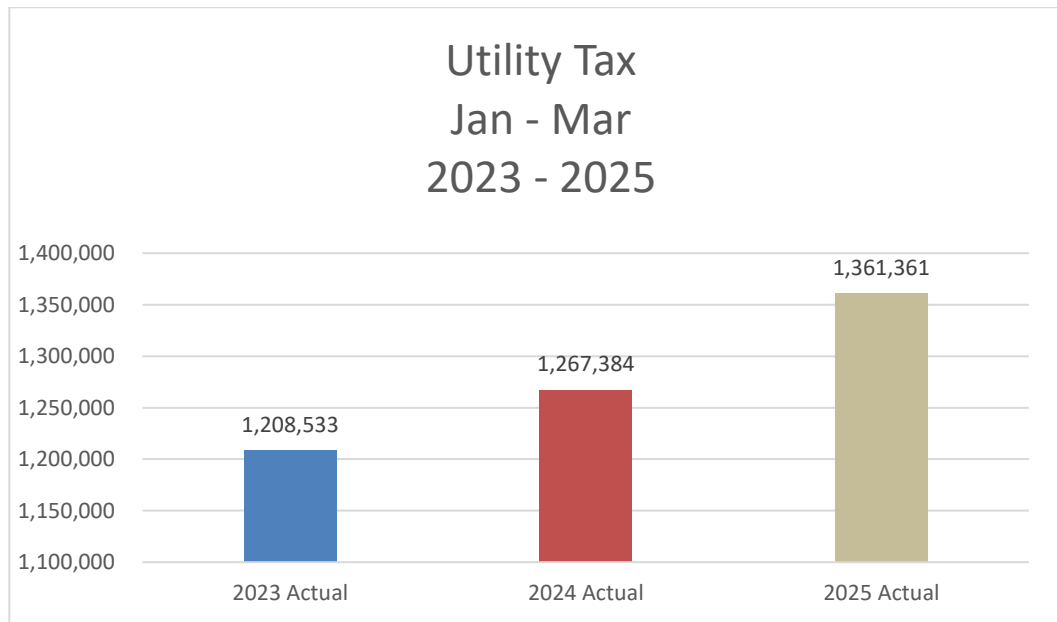


Utility Tax

2023 Actual	2024 Actual	2025 Actual	2025 vs 2024 \$ Diff	% Diff
1,208,533	1,267,384	1,361,361	93,976	7.4%

Utility Tax revenue rose by 7.4% over the prior year. Notable increases were observed in Gas, while Solid Waste reported a decrease due to an unprocessed March payment at the time of reporting.

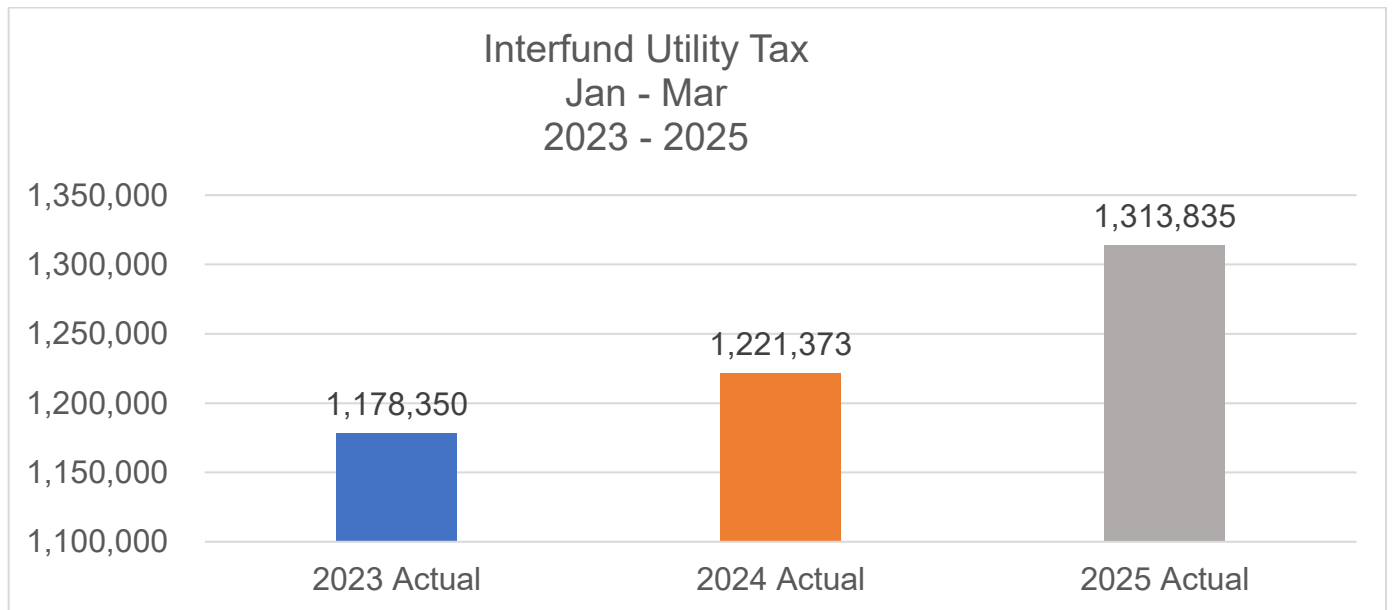
Utility	2023	2024	2025	\$ Change	% Change
Cable	\$58,211.04	\$67,885.92	\$62,544.56	(5,341)	-7.9%
Electric	\$480,434.58	\$518,081.02	\$552,524.24	34,443	6.6%
Gas	\$288,501.03	\$256,465.15	\$328,508.68	72,044	28.1%
Telecommunications	\$193,172.03	\$167,184.57	\$184,202.41	17,018	10.2%
Solid Waste General	\$188,214.51	\$257,767.53	\$233,580.76	(24,187)	-9.4%
Total	1,208,533	1,267,384	1,361,361	93,976	7.41%



Interfund Utility Tax

2023 Actual	2024 Actual	2025 Actual	2025 vs 2024 \$ Diff	% Diff
1,178,350	1,221,373	1,313,835	92,462	7.6%

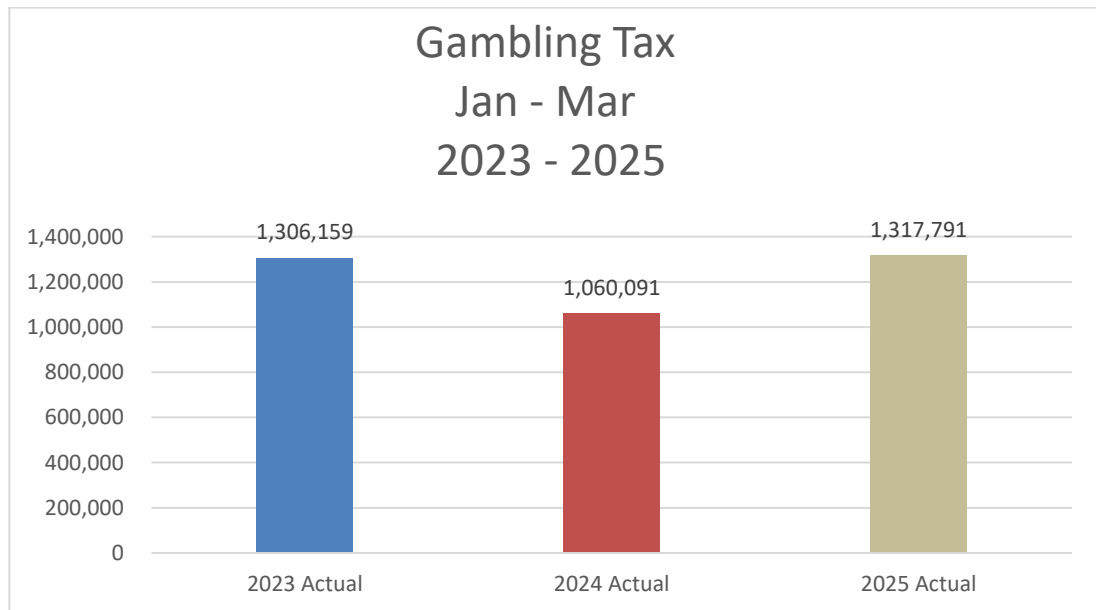
Interfund Utility Tax revenue increased by 7.6% year-over-year, reflecting a \$92,462 year-over-year rise. This tax represents the City's utility usage.



Gambling Tax

2023 Actual	2024 Actual	2025 Actual	2025 vs 2024 \$ Diff	% Diff
1,306,159	1,060,091	1,317,791	257,700	24.3%

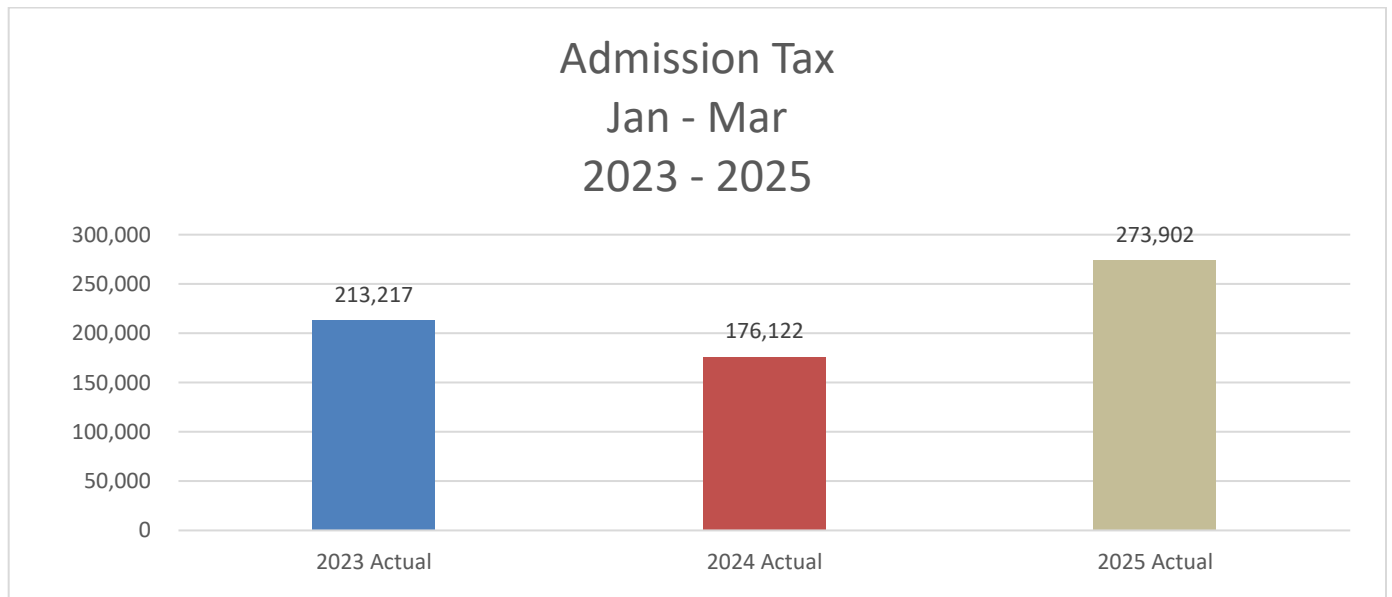
Gambling Tax increase is attributed to the collection of past due revenues.



Admission Tax

2023 Actual	2024 Actual	2025 Actual	2025 vs 2024 \$ Diff	% Diff
213,217	176,122	273,902	97,781	55.5%

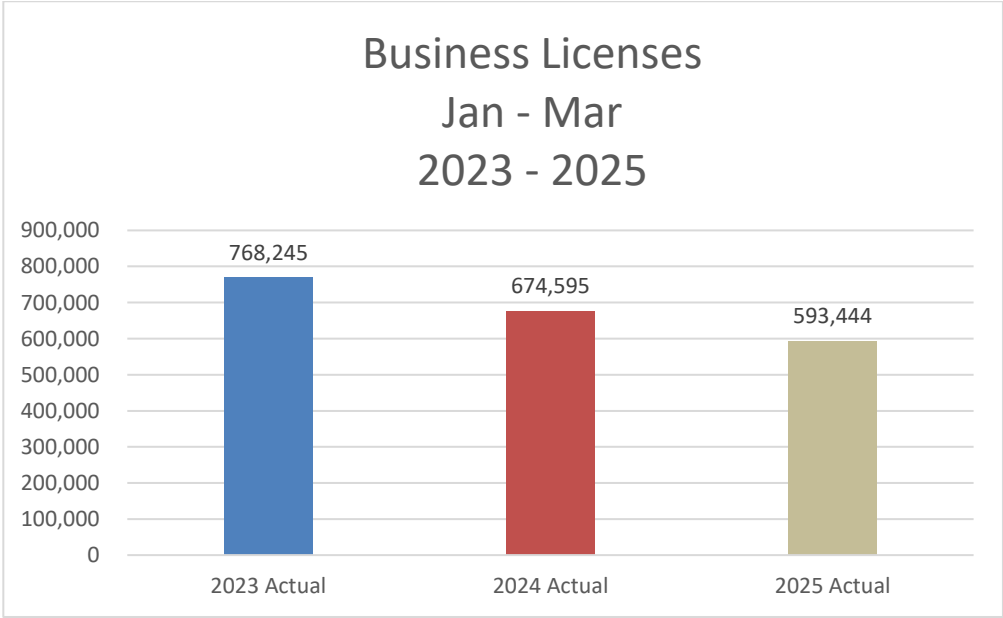
Admission Tax revenue saw a significant 56% increase compared to the prior year, exceeding budget by \$59,094, largely due to heightened economic activity.



Business Licenses

2023 Actual	2024 Actual	2025 Actual	2025 vs 2024 \$ Diff	% Diff
768,245	674,595	593,444	(81,151)	-12.0%

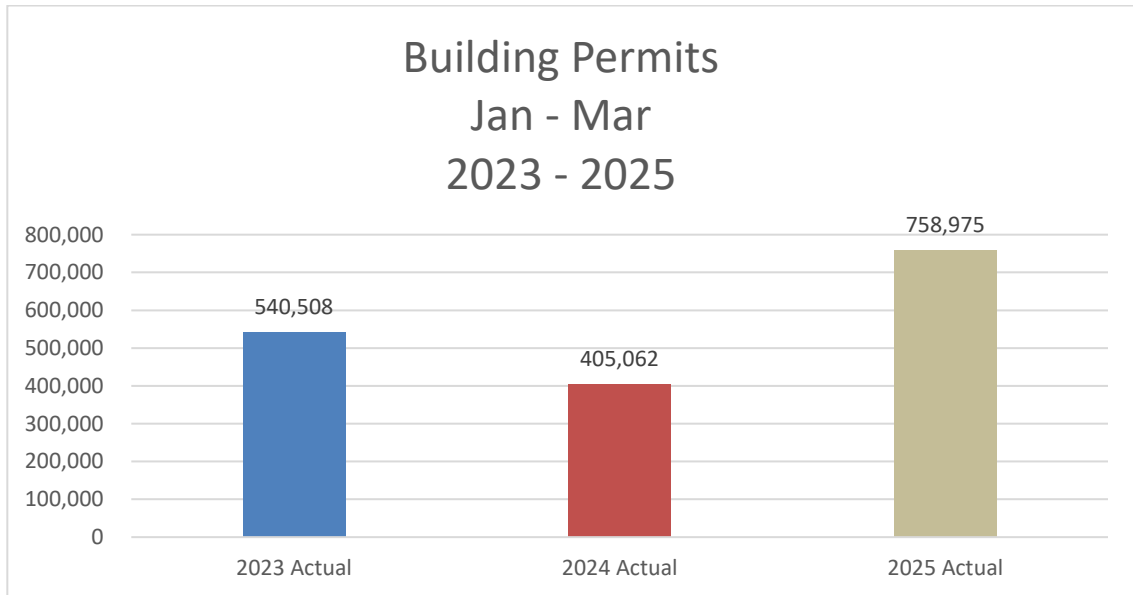
Business Licenses reported a decline in revenue and is linked to reduced employee counts reported by businesses.



Building Permits

2023 Actual	2024 Actual	2025 Actual	2025 vs 2024 \$ Diff	% Diff
540,508	405,062	758,975	353,913	87.4%

Building Permits, a volatile revenue source, are challenging to forecast. At 25% into the year, the City has received 39% of the anticipated budget, representing an 87.4% increase year-over-year.



General Fund Overview – Expenditures by Department

General Fund expenditures ended the quarter 0.2% under budget. All General Fund departments are in good shape at the end of Q1.

DEPARTMENT	BUDGET		ACTUAL			Actual Year-Over-Year			
	2025 Budget	2025 YTD	2023	2024	2025	Budget vs Actual (OVER)/UNDER	%	\$ Change	% Change
							Expended		
							2024/2025		
City Council	400,093	100,023	96,072	97,391	93,126	6,897	23.3%	(4,264)	-4.4%
Mayor's Office	9,748,218	2,437,054	1,774,748	1,942,520	2,186,489	250,565	22.4%	243,970	12.6%
Finance Department	4,343,230	1,085,808	1,067,540	1,605,401	1,630,839	(545,031)	37.5%	25,438	1.6%
Rec Dept / Parks Maint	6,768,451	1,692,113	1,207,525	1,399,744	1,445,419	246,693	21.4%	45,675	3.3%
Community Dev	5,732,921	1,433,230	1,022,598	1,141,190	1,261,467	171,764	22.0%	120,277	10.5%
Municipal Court	2,329,525	582,381	401,318	488,704	533,182	49,199	22.9%	44,478	9.1%
Police Department	28,411,330	7,102,833	5,485,672	6,277,623	7,453,580	(350,747)	26.2%	1,175,957	18.7%
Fire Department	1,398,192	349,548	4,003,969	4,364,426	214,788	134,760	15.4%	(4,149,639)	-95.1%
PW Dept / Street Maint	9,738,964	2,434,741	2,666,068	3,031,939	2,111,807	322,934	21.7%	(920,131)	-30.3%
Subtotal	68,870,925	17,217,731	17,725,510	20,348,937	16,930,697	287,034	24.6%	(3,418,240)	-16.8%
Non Departmental	6,060,319	1,515,080	1,508,158	1,207,487	1,760,870	245,790	29.1%	553,383	45.8%
Total Expenditures	74,931,244	18,732,811	19,233,668	21,556,424	18,691,567	532,824	24.9%	(2,864,857)	-13.3%
% of Year							25.0%		

- No departments reported exceeding their budgets in Q1 2025. The increase over budget for Finance and Police reflects annual insurance payments. If the insurance payment was annualized, both departments would be reflected as under budget.
- Police: Additional costs are associated with Fleet Dispatch Services and SCORE Jail.
- Fire: A significant decline is due to the termination of the City's contract with the RFA as of December 31, 2024.
- Street Maintenance: Reduced expenditures in anticipation of an annual payment to King County for Storm Water payment.
- Non-Departmental: Increased costs are attributed to temporary housing for asylum seekers.

General Fund Overview – Expenditures by Category

Year-to-Date as of March 31, 2025							
	BUDGET	ACTUAL			COMPARISON OF RESULTS		
	2025	2023	2024	2025	%	\$ Change	% Change
	Annual				Expended	2024/2025	2024/2025
Salaries	30,318,363	5,768,477	6,472,190	7,308,638	24.1%	836,449	12.9%
Extra Labor	1,176,493	85,173	117,528	142,978	12.2%	25,450	21.7%
Overtime	1,648,520	395,104	427,596	433,416	26.3%	5,820	1.4%
Holiday Pay	323,000	1,935	11,658	7,350	2.3%	(4,308)	(37.0%)
FICA	2,570,059	471,530	530,681	589,658	22.9%	58,976	11.1%
Pension-LEOFF	690,278	128,764	148,751	165,326	24.0%	16,575	11.1%
Pension-PERS/PSERS	1,778,634	381,460	384,165	414,604	23.3%	30,439	7.9%
Industrial Insurance	583,512	98,829	108,726	155,311	26.6%	46,584	42.8%
Medical & Dental	7,184,514	1,342,590	1,480,011	1,611,353	22.4%	131,342	8.9%
Uniform/Clothing	44,721	470	1,090	795	1.8%	(295)	(27.1%)
Total Salaries & Benefits	46,318,094	8,674,331	9,682,397	10,829,429	23.4%	1,147,032	11.8%
Supplies	697,785	67,836	100,592	137,268	19.7%	36,676	36.5%
Repairs & Maint Supplies	506,030	57,508	197,591	77,317	15.3%	(120,274)	(60.9%)
Small Tools	340,445	21,421	34,337	57,662	16.9%	23,324	67.9%
Technology Supplies	86,454	2,764	18,874	3,973	4.6%	(14,900)	(78.9%)
Fleet Supplies	9,500	1,004	3,113	632	6.7%	(2,481)	(79.7%)
Total Supplies	1,640,214	150,533	354,507	276,853	16.9%	(77,655)	(21.9%)
Professional Services	9,810,795	6,531,930	7,503,563	3,860,056	39.3%	(3,643,508)	(48.6%)
Communications	584,227	71,665	115,665	142,622	24.4%	26,957	23.3%
Professional Development	884,823	175,169	207,374	196,302	22.2%	(11,072)	(5.3%)
Advertising	45,416	1,750	9,754	2,174	4.8%	(7,581)	(77.7%)
Rentals	3,468,463	261,690	28,614	805,118	23.2%	776,503	2,713.7%
Technology Services	1,320,046	355,823	400,141	568,893	43.1%	168,752	42.2%
Utilities	2,571,089	1,351,216	1,424,436	245,592	9.6%	(1,178,844)	(82.8%)
Repairs & Maint Services	2,597,922	300,744	455,140	573,070	22.1%	117,930	25.9%
Miscellaneous	826,676	96,361	64,836	82,940	10.0%	18,105	27.9%
Total Services	22,109,457	9,146,347	10,209,524	6,476,766	29.3%	(3,732,758)	(36.6%)
Machinery & Equipment	200,000	0	176,392	920	0.5%	(175,472)	(99.5%)
Total Capital Outlay	200,000	0	176,392	920	0.5%	(175,472)	(99.5%)
Transfers Out	4,663,479	1,262,457	1,133,603	1,107,599	23.8%	(26,004)	(2.3%)
Total Non Operating Expens	4,663,479	1,262,457	1,133,603	1,107,599	23.8%	(26,004)	(2.3%)
Total Expenditures	74,931,244	19,233,668	21,556,424	18,691,567	24.9%	(2,864,857)	(13.3%)
					25.0%		

Salaries: Higher salary expenditures compared to the prior year are due to retroactive labor negotiation payments made in August 2024.

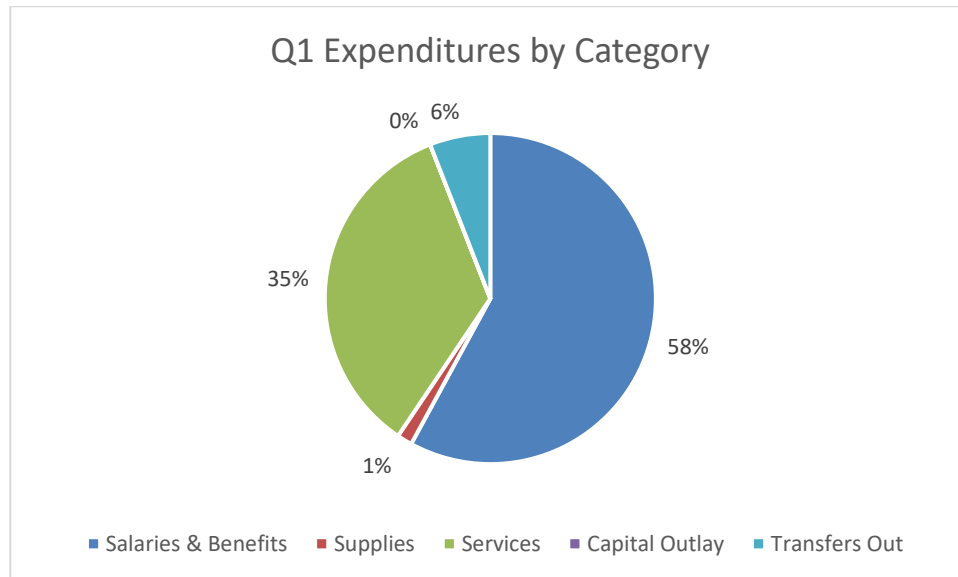
Professional Services: Lower expenditures correspond to the termination of the Fire contract as of December 31, 2024.

Rentals: Increased costs are related to fleet expenses.

Utilities do not reflect annual Surface Water payment to KC.

Q1 expenditures concluded at 24.9% of the annual budget, aligning with expectations.

General Fund Category Table and Chart



Salaries & Benefits

Salaries & Benefits	10,829,429	58%
Supplies	276,853	1%
Services	6,476,766	35%
Capital Outlay	920	0%
Transfers Out	1,107,599	6%
Total Expenses	18,691,567	100.0%

Services

Professional Services	3,860,056	59.6%
Communications	142,622	2.2%
Professional Development	196,302	3.0%
Advertising	2,174	0.0%
Rentals	805,118	12.4%
Technology Services	568,893	8.8%
Utilities	245,592	3.8%
Repairs & Mani Services	573,070	8.8%
Miscellaneous	82,940	1.3%

Total Services	6,476,766	100.0%
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Professional Services

Insurance-Liability	1,432,354	37.1%
Dispatch	495,449	12.8%
Insurance-Property	492,575	12.8%
Contracted Services	423,326	11.0%
Miscellaneous Prof Services	200,559	5.2%
Jail Services	187,389	4.9%
Consulting Services	154,224	4.0%
Public Defense	101,100	2.6%
Attorney Services	86,815	2.2%
Security/Safety Svcs	53,628	1.4%
Prosecution Services	43,350	1.1%
V SWAT	40,000	1.0%
Government Affairs	30,000	0.8%
Revenue Backed Services	21,813	0.6%
Translation & Interpretation	21,131	0.5%
Human Services Contracts	20,761	0.5%
Instructors	13,299	0.3%
Special Matters (legal)	11,914	0.3%
Inspection Services & Permits	11,255	0.3%
Contracted Towing Services	10,379	0.3%
ProTem Judges	4,160	0.1%
Hearing Examiners	1,275	0.0%
Employee screening/testing	1,130	0.0%
Employee Assistance Prg EAP	1,104	0.0%
Recruitment	615	0.0%
Performers/Entertainment Svcs	450	0.0%
Grand Total	3,860,056	100%