FINANCE DEPARTMENT

To:	Honorable Mayor and Members of the City Council Vicki Baker, City Manager
From:	Craig Warner, Director of Finance & Budget Kathy Miles, Finance Department Analyst
Date:	September 9, 2025
Subject:	2025 2nd Quarter Financial Update

This financial update is a preliminary, unaudited, report for the 2nd quarter ended June 30, 2025, (two quarters, or 50% of the year), intended to inform and assist governance decisions for future planning. In total, city General Fund revenues are at 48.3% of budget and expenditures are at 46.5% of budget. The timing of certain revenue payments and expenditures are normally the biggest reasons that revenues and expenditures are below 50% at this point in the year.

The General Fund consists of resources that are available for use with greater flexibility. Therefore, this report contains information specifically to the General Fund. Future reports will build out other funds and resources that Council will find resourceful.

The information on the following pages provide insight into the monitoring of revenue and the management of expenses. This report shows information for a specific time period, and is only an indicator of how the City's finances are doing at one moment in time. Final numbers will not be known until after the annual independent audit for 2025, which will not be completed until later in 2026.

Beginning with this 2nd quarter report, all revenues that are general in nature, specifically property tax, sales tax and utility tax, will be reported in the General Fund and then transferred to the separate funds, where the money will be spent on directed services. Examples are funds that are allocated for parks and recreation, streets, police and fire pension funds, and the communications center. This change will allow the community an easier understanding and transparency of the amount of general revenues that are collected for the City and where the revenues are being spent.

GENERAL FUND BY CATEGORY
(001 & 003 - With Transfers)

	As of June 30, 2025				
	2023 Actual	2024 Actual	2025 Actual	2025 Amended	Percent Expended
Revenues					
Sales Tax	$ 13,839,724	$ 14,111,746	$ 13,444,920	$ 30,758,000	43.7%
Property Tax	11,948,362	12,164,724	12,556,295	22,497,871	55.8%
Utility Tax	10,903,492	10,722,169	11,785,237	21,583,567	54.6%
Intergovernmental	1,610,327	1,433,636	1,375,714	4,740,691	29.0%
Charges for Services	1,517,394	1,709,855	1,755,692	3,318,674	52.9%
Investment Interest/Amort	1,059,365	1,034,038	445,030	2,670,000	16.7%
Licenses & Permits	968,992	916,374	1,299,770	1,810,750	71.8%
Fines & Forfeitures	1,234,409	1,424,065	868,894	1,657,808	52.4%
Franchise Fees & Miscellaneous	446,625	504,535	218,384	1,603,000	13.6%
Total Revenues	$ 43,528,690	$ 44,021,142	$ 43,749,936	$ 90,640,361	48.3%
Expenditures					
Salaries & Wages	$ 22,309,113	$ 21,504,608	$ 22,002,665	$ 47,705,157	46.1%
Personnel Benefits	7,111,914	7,515,196	7,908,874	17,553,032	45.1%
Services & Charges	4,753,556	4,128,427	4,419,105	11,374,387	38.9%
Supplies, Equip & Misc	1,249,438	1,315,516	1,199,629	2,290,931	52.4%
Transfers	8,356,119	8,895,849	8,687,381	16,248,091	53.5%
Debt Service[1]	239,040	161,634	150,946	153,978	98.0%
Capital Outlays	407,895	44,078	—	146,000	n/a
Total Expenditures	$ 44,427,075	$ 43,565,308	$ 44,368,600	$ 95,471,576	46.5%
Net Gain/Loss	(898,385)	455,834	(618,664)	(4,831,215)	
General Fund Ending Balance	$ 16,542,922	$ 16,998,756	$ 16,380,092	$ 12,167,541	

Year to date revenue and expenditure categories above are mostly consistent with historical trends, significant items are noted below.

- Sales Tax revenue continues to show declining revenue. (See Sales Tax discussion on page 4).
- Property Taxes (55.8%) show above average collections at this time of year, however, some taxpayers paid their second half taxes in April, so we are on target to meet the Amended Budget as projected.
- Investment Interest/Amortization (16.7%), is below 50% mainly due to a negative amortization, which will be adjusted at year end when final numbers are known. However, interest from investments are also currently below the Amended Budget amount.
- Licenses & Permits are well above 50% due to Single-family and Multi-family permits being up for 2025 (76) compared to 2024 (31), as of June 30, 2025.

[1] Debt Service is generally paid in the first half of the year.

- Franchise Fees & Other Taxes (13.6%) are below 50% due to the second quarter gambling taxes not yet being posted.

Note: The previous chart is inclusive of all current General Fund Sales Tax, along with all Criminal Justice Sales tax, including those funds currently in funds 153 and 303, which will be incorporated into the General Fund next year. The chart above is also inclusive of all current General Fund Property Tax, along with any Property Tax currently included in funds 131, 132, 133, 141, 154, 281, 323, 331, 346, 612 and 613, which will also be incorporated into the General Fund in 2026.

GENERAL FUND REVENUES

The foundation of any city government is its fiscal health. The revenues it receives, both present and projected for the future, set the stage for discussing what services to provide as well as the level of those services – including the facilities, equipment, and infrastructure, that will be needed.

For most municipalities in the State of Washington, Property Tax, Sales Tax and Utility Tax make up the bulk of the funding sources for the General Fund. This is commonly referred to as the "Three-Legged Stool" for financing cities. In the City of Yakima, these three funding sources make up $74.8 million, or 82.6%, of the General Fund's total revenue. Therefore, these three funding sources will be reviewed in more detail.

Sales Tax

Sales Tax revenue collections through June 2025 are only being collected at a rate of43.7% of the 2025 Amended Budget. Major categories that affected this change in Sales Tax were:

- Construction is down 14.7%, mainly in the residential remodeling and commercial and institutional construction categories. Given that permits sold in the 2nd quarter of 2025 are showing a marked increase, this number should improve.
- Wholesale Trade is down 10.4%, mainly in the durable goods category, continuing a trend that began in early 2024.
- Real Estate, including rentals and leasing, was down 16.3% from last year, continuing a decline that started mid-year in 2023.

Note: Revenue numbers for the numbers above are reported with a two-month delay (June numbers are from April, etc).

GENERAL FUND SALES TAX HISTORY

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2025 Amended	% of Amended Budget
Jan	$ 1,817,039	$ 1,928,771	$ 2,196,846	$ 2,276,106	$ 2,365,332	$ 2,255,109	$ 2,536,572	88.9 %
Feb	2,029,248	2,245,077	2,522,674	2,513,602	2,627,050	2,568,157	2,817,237	91.2 %
Mar	1,659,472	1,893,988	1,948,108	2,091,236	2,050,201	2,003,823	2,198,626	91.1 %
Apr	1,606,124	1,743,129	1,985,727	2,096,198	2,168,204	1,896,739	2,325,172	81.6 %
May	1,685,613	2,456,405	2,458,868	2,557,361	2,448,156	2,373,896	2,625,392	90.4 %
Jun	1,711,757	2,359,078	2,322,803	2,305,220	2,452,803	2,347,196	2,630,375	89.2 %
Jul	2,011,808	2,713,124	2,364,665	2,540,587	2,452,245	—	2,629,776	— %
Aug	2,144,558	2,514,671	2,637,384	2,699,573	2,566,983	—	2,752,821	— %
Sep	2,019,371	2,318,338	2,392,044	2,445,256	2,401,196	—	2,575,032	— %
Oct	1,987,693	2,124,408	2,423,465	2,499,547	2,434,319	—	2,610,553	— %
Nov	2,188,917	2,438,936	2,481,867	2,480,283	2,511,248	—	2,693,051	— %
Dec	2,451,311	2,784,658	2,466,077	2,639,444	2,203,843	—	2,363,392	— %
Total	$ 23,312,911	$ 27,520,583	$ 28,200,528	$ 29,144,413	$ 28,681,580	$ 13,444,920	$ 30,757,999	43.7 %

Note: The chart above is inclusive of all current General Fund Sales Tax, along with all Criminal Justice Sales tax, including those funds currently in funds 153 and 303, which will be incorporated into the General Fund next year.

Property Tax

Property Tax increases each year due to assessed valuations (a combination of the existing cap at 1% and new growth). The first half of property taxes are in April and the second half are due in October. Although the collection rate through June shows 55.8% of budget, this is likely due to some taxpayers paying both halves of their taxes in the first half of 2025.

GENERAL FUND PROPERTY TAX HISTORY

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2025 Amended	% of Amended Budget
Jan	$ 37,579	$ 86,756	$ 57,933	$ 65,431	$ 70,058	$ 64,539	$ 73,764	87.5 %
Feb	775,217	744,276	797,982	950,058	966,522	912,447	1,017,648	89.7 %
Mar	768,000	1,103,203	1,058,036	1,115,643	1,061,909	1,151,742	1,118,081	103.0 %
Apr	8,176,993	8,616,060	8,534,579	8,680,847	9,217,230	9,426,435	9,704,794	97.1 %
May	1,084,414	779,671	1,074,815	1,025,081	788,661	875,976	830,379	105.5 %
Jun	172,023	110,052	86,030	111,304	60,345	125,156	63,537	197.0 %
Jul	110,417	77,303	90,311	77,032	60,119	—	63,299	— %
Aug	126,149	89,258	86,693	106,641	109,755	—	115,561	— %
Sep	387,834	407,946	326,248	349,692	329,277	—	346,695	— %
Oct	7,243,604	6,930,241	7,409,235	7,464,717	7,870,900	—	8,287,247	— %
Nov	771,804	1,059,473	712,973	894,186	683,715	—	719,881	— %
Dec	88,845	157,354	108,241	96,620	149,099	—	156,986	— %
Total	$ 19,742,879	$ 20,161,593	$ 20,343,076	$ 20,937,252	$ 21,367,590	$ 12,556,295	$ 22,497,872	55.8 %

Note: The chart above is inclusive of all current General Fund Property Tax, along with any Property Tax currently included in funds 131, 132, 133, 141, 154, 281, 323, 331, 346, 612 and 613, which will be incorporated into the General Fund next year.

Utility Tax

Utility Taxes are collected from internal sources as well as external sources for all utilities.

GENERAL FUND UTILITY TAX HISTORY

	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2025 Amended	% of Amended Budget
Jan	$ 1,722,242	$ 1,577,016	$ 1,940,540	$ 2,088,600	$ 1,970,793	$ 2,014,386	$ 1,979,531	101.8 %
Feb	1,653,938	1,552,077	1,362,267	1,992,367	1,869,762	2,050,429	1,878,052	109.2 %
Mar	1,505,385	1,931,928	1,742,058	1,909,491	1,891,715	2,255,758	1,900,102	118.7 %
Apr	1,453,283	1,623,247	1,628,459	1,820,908	1,739,939	1,910,122	1,747,653	109.3 %
May	1,251,625	2,062,569	1,562,263	1,540,749	1,645,449	1,973,407	1,652,745	119.4 %
Jun	1,466,340	1,353,648	1,517,539	1,551,377	1,604,511	1,581,135	1,611,625	98.1 %
Jul	1,570,291	1,405,638	1,630,623	1,762,352	1,756,848	—	1,764,637	— %
Aug	1,279,524	1,841,104	1,618,170	1,903,481	1,696,867	—	1,704,391	— %
Sep	1,666,553	1,724,817	1,837,367	1,955,305	1,976,318	—	1,985,080	— %
Oct	1,611,041	1,333,007	1,702,848	1,705,149	1,713,382	—	1,720,979	— %
Nov	1,460,018	1,686,845	1,813,879	1,734,021	1,786,085	—	1,794,004	— %
Dec	1,764,404	896,575	2,040,975	1,461,754	1,836,625	—	1,844,768	— %
Total	$ 18,404,644	$ 18,988,471	$ 20,396,988	$ 21,425,554	$ 21,488,294	$ 11,785,237	$ 21,583,567	54.6 %

See below for the current rates.

UTILITY RATES & REVENUES

	Rate	2023 Actual	2024 Actual	2025 Actual As of 6/30/25	2025 Amended	% of Amended Budget
Water Utility Tax	20.0 %	$ 2,304,239	$ 2,368,774	$ 1,028,714	$ 2,355,000	43.7%
Sewer Utility Tax	20.0 %	4,855,904	4,838,313	2,457,144	4,971,000	49.4%
Refuse Utility Tax	20.0 %	1,470,316	1,530,647	755,968	1,480,337	51.1%
Storm Drainage	20.0 %	613,330	633,218	356,741	633,218	56.3%
Electric Utility Tax	20.0 %	6,292,358	6,347,121	3,866,624	6,094,000	63.4%
Private Water Utility Tax	25.0 %	1,090,645	1,240,099	372,663	1,354,000	27.5%
Gas Utility Tax	6.0 %	1,885,330	1,854,907	1,672,573	1,726,000	96.9%
Private Garbage Utility Tax	6.0 %	1,118,074	1,231,461	522,080	1,320,588	39.5%
Cable TV Utility Tax	6.0 %	591,714	509,913	229,880	606,424	37.9%
Cellular Utility Tax	6.0 %	362,155	264,570	130,049	277,000	46.9%
Telephone Utility Tax	6.0 %	628,715	515,796	300,534	601,000	50.0%
Brokered Natural Gas Util Tax	6.0 %	212,775	153,475	92,268	165,000	55.9%
Total		$ 21,425,555	$ 21,488,294	$ 11,785,238	$ 21,583,567	54.6%

GENERAL FUND EXPENDITURES

Inclusive of Funds 001 & 003

General Fund	Expenditures as of June 30 2023	2024	2025	2025 Amended Budget	Percent Exp'd
Law & Justice					
Legal	$ 1,167,669	$ 1,144,383	$ 1,204,698	$ 3,089,671	39.0 %
Municipal Court	1,117,900	1,018,869	1,064,852	3,051,658	34.9 %
Indigent Defense	756,455	868,620	907,884	1,750,000	51.9 %
Public Safety					
Police	17,551,209	17,903,425	18,085,586	39,514,410	45.8 %
Fire	9,740,053	9,216,738	9,400,947	18,459,325	50.9 %
Code Administration	788,420	791,932	877,495	3,216,952	27.3 %
Subtotal Law & Justice/Public Safety	31,121,706	30,943,967	31,541,462	69,082,016	45.7 %
General Government					
City Management	329,466	455,036	280,535	678,878	41.3 %
City Council	170,457	185,761	169,606	330,622	51.3 %
City Clerk / Records	395,622	182,924	242,740	795,648	30.5 %
Human Resources	429,855	389,372	636,453	1,318,305	48.3 %
Planning	291,712	393,769	407,746	1,093,388	37.3 %
City Hall Facility	233,204	213,373	207,252	590,671	35.1 %
Economic Development	314,194	287,013	285,939	781,498	36.6 %
Information Technology	2,069,400	2,051,795	2,235,435	5,130,490	43.6 %
Finance	1,212,121	974,296	1,079,902	2,051,184	52.6 %
Purchasing	182,096	141,989	230,706	490,456	47.0 %
Engineering	518,018	484,483	401,272	1,036,878	38.7 %
Intergovernmental	98,469	124,326	120,944	161,001	75.1 %
City Service Reimbursement [2]	(1,295,364)	(2,158,645)	(2,158,773)	(4,317,547)	50.0 %
Subtotal General Government	4,949,250	3,725,492	4,139,757	10,141,472	40.8 %
Transfers Out	8,356,119	8,895,849	8,687,381	16,248,091	53.5 %
Transfer to funds:		Public Safety		$ 3,977,023	
		Parks & Recreation		6,715,802	
		Streets & Traffic		5,555,266	
				$ 16,248,091	
Total General Fund	$ 44,427,075	$ 43,565,308	$ 44,368,600	$ 95,471,579	46.5 %

[2] City Service charges are required to be shown as a reimbursement of expense instead of a revenue per the State Auditor. These numbers can vary dependent upon the timing of the City Services Reimbursements and transfers out.

GENERAL FUND TRANSFERS

Transfer To	Fund	2023 Actual	2024 Actual	2025 Amended	Source	Required Purpose
Public Safety						
Police	613	$ 772,995	$ 605,092	$ 800,000	Property Tax	Police Pension
Fire	612	800,000	750,000	850,000	Property Tax	Fire Pension
Law & Justice Capital	303	120,000	120,000	120,000	.03% CJ Tax	Criminal Justice
Law & Justice Capital	333	270,979	282,431	287,023	.03% CJ Tax	Criminal Justice
Public Safety Comm	154	1,450,000	1,550,000	1,650,000	Property Tax	Dispatch Subsidy
Public Safety Comm	153	240,316	237,986	270,000	.03% CJ Tax	Criminal Justice
Subtotal Public Safety		3,654,290	3,545,509	3,977,023		
Other Funds						
Parks & Recreation	131	3,173,716	3,570,919	2,970,919	Property Tax	Parks Subsidy
Parks & Recreation	131	1,896,856	1,977,015	2,009,162	Utility Tax	Parks Subsidy
Streets & Traffic	141	4,400,000	4,580,000	3,130,000	Property Tax	Streets Subsidy
Aquatics Facilities	133	—	—	700,000	Property Tax	Pools Subsidy
LTGO Bond Debt	281	420,000	420,000	450,000	Property Tax	Parks Charter (YMCA)
LTGO Bond Debt	281	400,000	400,000	450,000	Property Tax	Parks Charter (SOZO)
Parks Capital	331	186,873	107,120	135,721	Property Tax	Parks Charter
Street Overlay & Recon	346	605,782	697,006	2,425,266	Property Tax	Streets Charter
Total Other Funds		11,083,227	11,752,060	12,271,068		
Total Transfers		$ 14,737,517	$ 15,297,569	$ 16,248,091		

GENERAL FUND EXPENDITURES WITH TRANSFERS
(Inclusive of funds 001 & 003)