

## 2026 Preliminary Revenue Estimates – Current Expense Fund

Per RCW, preliminary revenue estimates for the Current Expense Fund must be provided to Council on or before the first Monday in October. These preliminary estimates may be updated throughout the budget process.

Total Current Expense revenues are projected to increase 5.3% from the 2025 budget to the 2026 budget. Revenues are projected to decrease from 2025 to 2026 actuals, primarily due to an expected decrease in interest revenue. Additional detail by category is provided below.

| City of McCleary - 2026 Preliminary Revenue Estimates - Current Expense Fund |                  |                  |                  |                  |                  |                  | Change 2025 budget to 2026 budget |             |
|--|------------------|------------------|------------------|------------------|------------------|------------------|-----------------------------------|-------------|
|  | 2022 Actual      | 2023 Actual      | 2024 Actual      | 2025 Budget      | 2025 Projected   | 2026 Budget      | Dollars                           | Percent     |
| Property tax   | 360,218          | 354,514          | 328,421          | 353,000          | 338,576          | 342,000          | (11,000)                          | -3.1%       |
| Sales tax  | 338,643          | 343,615          | 355,039          | 302,700          | 362,081          | 362,100          | 59,400                            | 19.6%       |
| Utility tax  | 435,664          | 463,386          | 474,436          | 541,900          | 521,876          | 545,200          | 3,300                             | 0.6%        |
| Licenses and permits   | 31,283           | 20,484           | 12,606           | 15,200           | 13,046           | 13,000           | (2,200)                           | -14.5%      |
| Intergovernmental*   | 364,454          | 116,161          | 117,792          | 78,200           | 117,536          | 137,000          | 58,800                            | 75.2%       |
| Charges for services   | 6,818            | 7,249            | 8,361            | 9,300            | 8,283            | 8,300            | (1,000)                           | -10.8%      |
| Fines and penalties  | 41,074           | 38,336           | 33,658           | 39,700           | 24,106           | 24,200           | (15,500)                          | -39.0%      |
| Interest income  | 7,730            | 18,229           | 12,045           | 71,560           | 131,184          | 64,100           | (7,460)                           | -10.4%      |
| Miscellaneous revenues   | 54,286           | 39,268           | 63,615           | 73,900           | 67,913           | 68,000           | (5,900)                           | -8.0%       |
| <b>Total</b>   | <b>1,640,170</b> | <b>1,401,242</b> | <b>1,405,973</b> | <b>1,485,460</b> | <b>1,584,601</b> | <b>1,563,900</b> | <b>78,440</b>                     | <b>5.3%</b> |
| <b>Total w/out ARPA</b>  | <b>1,393,721</b> | <b>1,401,242</b> | <b>1,405,973</b> | <b>1,485,460</b> | <b>1,584,601</b> | <b>1,563,900</b> |                                   |             |
| <b>Year over year change w/out ARPA</b>                                      |                  | <b>0.5%</b>      | <b>0.3%</b>      | <b>5.7%</b>      | <b>12.7%</b>     | <b>-1.3%</b>     |                                   |             |

\*Increased by \$14,700 vs. version presented to Council on 9.30.2025 to reflect corrected billing rate for Mason Co. Rural Fire District

### Property tax

2026 property tax is projected to be 1% higher than the 2025 actual, but 3.1% lower than the 2025 budget. This is due to repayment of previously over-levied fire property tax which was not identified in the 2025 budget. The City's actual property tax levy was reduced by approximately \$16,000 in 2024 and 2025 to refund taxpayers for the previously over-levied amounts. The 2026 levy will also be reduced by \$16,000. This will fully repay the amount owed.

### Sales tax

2026 sales tax revenue is projected to remain consistent with 2025 actuals. The increase from 2025 budget to 2026 budget is reflective of overly conservative estimates used in the 2025 budget rather than any projected actual increase from 2025 to 2026.

### Utility tax

Utility tax is expected to remain consistent with 2025. The increase from 2024 to 2025 actuals reflects the 1% increase in utility tax rates, as approved by Council during the 2025 budget process.

### Licenses and permits

Revenue is projected to decrease slightly, based on 2025 year to date actuals.

### Intergovernmental

Intergovernmental revenue is projected to increase due to an increase in expected city assistance distributions received from the State. Estimates are as per MRSC and the Department of Revenue. Intergovernmental revenues will also increase by \$14,700 due to corrected billing rates for Mason Co. Rural Fire District.

### Charges for Services

Revenue is projected to decrease slightly, based on 2025 year to date actuals.

### Fines and penalties

This represents revenue related to court fines and fees. The decrease is based on 2025 year to date actuals.

### Interest income

Projected interest revenue is based on a rate of return of 2%. Interest rates are currently above 4%, however, it is likely that rates will decline. Even if rates were to remain at or above 4%, revenue should be budgeted conservatively so that the Current Expense budget does not become overly reliant on this revenue source.

### Miscellaneous revenues

This includes community center and cell tower rental income, sales of surplus, and contributions. The 2026 budget is slightly lower than the 2025 budget based on 2025 year to date actuals.