



**FINANCE & ECONOMIC DEVELOPMENT COMMITTEE**  
**TUESDAY, NOVEMBER 22, 2022**  
**8:30 A.M.**  
**REMOTE AND IN PERSON ATTENDANCE**

The Finance & Economic Development Committee meeting will be conducted remotely and in person.

The public may attend the meeting in person in the Council Chambers at Lacey City Hall, 420 College SE, Lacey, Washington, or you may view or listen to the meeting by using one of the following platforms:

Live through Zoom: <https://us02web.zoom.us/j/88436544401>

Live or as a recording on YouTube: <https://youtu.be/S9n1GwfgkdA>

Listen via telephone: (888) 788-0099 or (877) 853-5247 (Webinar ID: 884 3654 4401)

**AGENDA**

**RESERVE DESIGNATION ORDINANCE**

*TROY WOO, FINANCE DIRECTOR*  
*(STAFF REPORT)*

**SOCIAL SECURITY COVERAGE**

*TROY WOO, FINANCE DIRECTOR*  
*(STAFF REPORT)*

**2022 THIRD QUARTER FINANCIAL REPORT**

*TROY WOO, FINANCE DIRECTOR*  
*(STAFF REPORT)*



## FINANCE AND ECONOMIC DEVELOPMENT COMMITTEE

November 22, 2022

**SUBJECT:** Reserve Designations Discussion

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**RECOMMENDATION:** Review proposed committed reserve designations.

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**STAFF CONTACT:** Scott Spence, City Manager   
Troy Woo, Finance Director 

**ORIGINATED BY:** Troy Woo, Finance Department

**ATTACHMENTS:** 1. [Ordinance No. 1609 \(current reserve designations\)](#)

**FISCAL NOTE:**

**PRIOR REVIEW:**

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### **BACKGROUND:**

The Governmental Accounting Standards Board (GASB) issued Statement No. 54 during February 2009. Since that time, the City Council has taken actions to commit certain fund balances in alignment with City's priorities and vision. Since the current designations were adopted: (1) there are additional fund balances available for the City Council to designate, (2) some designations have been expended as intended, and (3) new priorities have been identified. The most notable priority is the new Police Station. Reprioritizing certain committed reserves to fund the construction of the new Police Station was discussed during the October 6, 2022, Budget Workshop.

GASB Statement No. 54 provides the following classifications for fund balances:

- **Nonspendable**
  - This classification includes fund balances that are not in a spendable form, such as inventories, long-term receivables, and property held for resale. Fund balances that are legally or contractually required to remain intact, such as a corpus of a permanent fund, are also included in this classification.

- **Restricted**
  - Restricted fund balances include resources that are constrained for a specific purpose by external parties, constitutional provisions, and enabling legislation. Contractual agreements and bond covenants are examples of external parties that could require constraints that would be considered restricted fund balances.
  
- **Committed**
  - Committed fund balances include resources that are constrained by the highest level of decision making authority of a government. For the City of Lacey, the highest level is the City Council.
  
- **Assigned**
  - Amounts that are intended to be used for a specific purpose would be considered assigned fund balance. The intent is expressed by the governing body, a subcommittee, or an official authorized by the governing body.
  
- **Unassigned**
  - Unassigned fund balances are available for any purpose. All remaining fund balances will automatically be classified as unassigned.

The fund balances that will be reported as nonspendable and restricted are classified automatically by the nature of the fund balance, so City Council action is not required to classify fund balances as nonspendable or restricted.

Authorization to classify fund balances as committed is limited to the City Council as the governing board. To classify fund balances as committed, the City Council must take formal action. The City Council has full discretion regarding the committed fund balances, but the action must meet specific purpose criteria standards. Committing fund balance to a specific project such as the replacement of a building meets the criteria, but a generic rainy day (stabilization) reserve does not meet the criteria. To meet the specific purpose criteria the formal action needs to identify and describe with sufficient detail the specific circumstances under which a need for restriction occurs. For example, a City Council formal action that constrains \$1 million for a rainy day fund to be used only in an emergency is not allowed to be reported as a committed fund balance. This action does not provide sufficient detail to determine what would constitute an emergency. In addition, the following rules apply to committed fund balances:

- A committed fund balance constraint imposed by the City Council can only be changed or removed by the same formal action.
  
- In order to be reported on the face of the annual financial statements, the constraints must be adopted prior to the end of the fiscal year to be reported.

- The adoption of the budget document does not qualify as formal action to constrain the resources, because the budget authorization is only for one year.

Assigned fund balances include amounts that are *intended* to be used for specific purposes. This intent can be expressed by the City Council, a City Council Committee, or an official authorized by the governing body such as the City Manager. The residual amounts in governmental funds other than the General Fund are considered assigned. Governmental funds include the General, special revenue, capital, debt service, and special assessment funds. For example, the residual fund balance in the Street Fund (special revenue) will be considered assigned for street and transportation purposes.

Historically, the City Council previously authorized the City Manager and City Finance Director to assign funds based on the intent expressed by the City Council. Staff recommends the same provision be included in the next ordinance.

Unassigned fund balances include all the remaining fund balances. Unassigned fund balances can be used for any purpose and typically are only reported in the General Fund.

Staff will present suggested committed fund balance designations to the Finance and Economic Development Committee on November 22, 2022, and will receive any direction for changes before the full City Council discussion scheduled for December 8, 2022. It is proposed that the City Council to adopt a new reserve designation ordinance on December 15, 2022.

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#### **ADVANTAGES:**

1. Review and adoption of the ordinance will help ensure the City's financial reporting remains compliant with GASB Standards and Generally Accepted Accounting Principles (GAAP).
2. The City's Annual Comprehensive Financial Report (ACFR) will more accurately reflect the City Council's vision and intent.
3. Periodic reviews by the City Council will better align fund balances with the annual priorities included and long-term goal and vision of the City and will ensure the City Council's commitments are still valid.

#### **DISADVANTAGES:**

1. None identified.

**ORDINANCE NO. 1609**

**CITY OF LACEY**

**AN ORDINANCE ESTABLISHING FUND BALANCE DESIGNATIONS AS PROVIDED BY GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 54 AND APPROVING A SUMMARY FOR PUBLICATION.**

**WHEREAS**, the Governmental Accounting Standards Board ("GASB") Statement No. 54 establishes the standard for governmental fund balance reporting and governmental fund balance type definitions, and

**WHEREAS**, fund balance measures the net financial resources that are available for future expenditures, and

**WHEREAS**, the City Council finds it beneficial to designate certain fund balances as Committed for specific purposes or projects and that the City Manager or Finance Director be authorized to designate certain other fund balances as Assigned for a specific purpose,

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON**, as follows:

Section 1. Ordinance No. 1575, an ordinance of the City of Lacey, Washington, establishing fund balance designations as provided by Governmental Accounting Standards Board Statement No. 54, is hereby rescinded.

Section 2. The fund balances of the City of Lacey designated in this Ordinance are committed for the specific purpose indicated. Amendments or modifications of the committed fund balances set forth herein shall require formal action by the City Council.

Section 3. The City Council authorizes the City Manager or City Finance Director to categorize other fund balances as assigned in order to carry out the intent of the City Council.

Section 4. The following portions of its December 31, 2021 governmental fund balances are considered committed:

Fund 001 (Current Expense):

- \$ 3,000,000 is committed for Budget Policy
- \$ 8,000,000 is committed for Gateway Project
- \$ 2,800,000 is committed for Strategic Investment
- \$ 300,000 is committed for College Street Pedestrian Crossing
- \$ 423,537 is committed for Mental Health & Social Services Outreach Team
- \$ 700,000 is committed for Mental Health&Drug Addiction Services Partnership
- \$ 650,000 is committed for Oxford House Model
- \$ 1,100,000 is committed for Police Station Facility

- \$ 1,601,000 is committed for Succession Planning (Police)
- \$ 200,000 is committed for Security Cameras
- \$ 600,000 is committed for Police Body Worn Cameras
- \$ 125,000 is committed for Police Staffing
- \$ 475,000 is committed for LERMS Records Management System Upgrade
- \$ 500,000 is committed for 5700 Pacific Property Improvements
- \$ 250,000 is committed for Trail System (Bike/Pedestrian Plan)
- \$ 1,300,000 is committed for Parks & Recreation Comprehensive Plan Priorities
- \$ 600,000 is committed for Regional Athletic Complex Operations & Maint.
- \$ 200,000 is committed for Insurance Deductibles
- \$ 1,000,000 is committed for City Hall Facility
- \$ 100,000 is committed for City Council Virtual Meeting Upgrades
- \$ 250,000 is committed for Workspace/Remote Work/Virtual Tech. Upgrades
- \$ 500,000 is committed for Capital Equipment Replacement
- \$ 260,000 is committed for Energy Conservation Projects (CR2 Plan)

Fund 003 (Criminal Justice):

- \$ 1,600,000 is committed for Future Police Station Improvements
- \$ 400,000 is committed for Police Labor

Fund 005 (Community Buildings):

- \$ 67,500 is committed for Furniture and Equipment Replacement
- \$ 500,000 is committed for Community Buildings Repairs

Fund 007 (Regional Athletic Complex M&O):

- \$ 500,000 is committed for Regional Athletic Complex Field Replacement

Fund 101 (City Streets):

- \$ 350,000 is committed for Street Buildings Repair/Replacement
- \$ 400,000 is committed for Transportation Equipment and Improvements
- \$ 500,000 is committed for College Street Pedestrian Crossing
- \$ 1,000,000 is committed for Transportation Facility Improvements/Expansion

Fund 302 (Capital Equipment):

- \$ 500,000 is committed for Capital Equipment Replacement
- \$ 385,000 is committed for Park Facilities Repair/Replacement
- \$ 695,000 is committed for Regional Athletic Complex Field Replacement
- \$ 805,000 is committed for Regional Athletic Complex Parking Lot
- \$ 150,000 is committed for Park Security Cameras
- \$ 500,000 is committed for IMS Communications Repair/Replace/Extension

Fund 301 (Building Improvement):

- \$ 250,936 is committed for Public Art
- \$ 1,137,500 is committed for City Facility Repair/Replacement
- \$ 300,000 is committed for Parks & Recreation Comprehensive Plan Priorities
- \$ 1,500,000 is committed for Capital Facilities Plan Projects
- \$ 350,000 is committed for Senior Center Repairs/Replacement

Fund 303 (Parks and Open Space):

\$ 45,635 is committed for Parks & Recreation Comprehensive Plan Priorities

Fund 307 (Regional Athletic Complex Capital):

\$ 500,000 is committed for Regional Athletic Complex Lifecycle Replacements

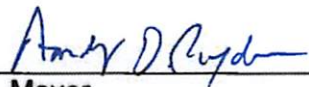
\$ 1,500,000 is committed for Regional Athletic Complex Parking Lot

Section 5. Corrections. The City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.


Section 6. The summary attached hereto is hereby approved for publication.

**PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, at a regularly called meeting thereof, held this 16th day of December, 2021.**

CITY COUNCIL

BY:   
Mayor

Attest:  
 for  
City Clerk

Approved as to form:  
  
City Attorney

Published: December 20, 2021

## **SUMMARY FOR PUBLICATION**

### **ORDINANCE NO. 1609**

#### **CITY OF LACEY**

The City Council of the City of Lacey, Washington, passed on December 16, 2021, Ordinance No. 1609 entitled **"AN ORDINANCE ESTABLISHING FUND BALANCE DESIGNATIONS AS PROVIDED BY GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 54 AND APPROVING A SUMMARY FOR PUBLICATION."**

The main points of the Ordinance are described as follows:

1. The Ordinance rescinds Ordinance No. 1575.
2. The Ordinance restricts amendments or modifications of committed fund balances to formal action by the City Council.
3. The Ordinance authorizes the City Manager and Finance Director to categorize fund balances as assigned.
4. The Ordinance commits portions of governmental fund balances.
5. The Ordinance approves this Summary for Publication.

A copy of the full text of this ordinance will be mailed without charge to any person requesting the same from the City of Lacey.

Published: December 20, 2021



## FINANCE AND ECONOMIC DEVELOPMENT COMMITTEE

November 22, 2022

**SUBJECT:** Social Security Coverage

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**RECOMMENDATION:** Upon review and concurrence, recommend to full City Council adoption of a resolution authorizing an agreement with the State of Washington relating to Social Security coverage for eligible employees.

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**STAFF CONTACT:** Scott Spence, City Manager <sup>SS</sup>  
Troy Woo, Finance Director <sup>TW</sup>

**ORIGINATED BY:** Troy Woo, Finance Department

**ATTACHMENTS:** 1. [Proposed Resolution](#)  
2. [Ordinance No. 15](#)

**FISCAL NOTE:**

**PRIOR REVIEW:**

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### BACKGROUND:

In late October, the Washington State Social Security Coordinator notified the City of Lacey there was an administrative error relating to the City's absolute coverage under Section 218 of the Social Security Act, which was thought to be effective on March 1, 1967. The corrective action amounts to a housekeeping change, but will require a number of steps and will have a long timeline. *During this correction period, there will not be any impacts to any employees' (current or past) social security coverage or benefits.*

At the center of the error is the effective dates of the City's execution of its agreement with the State of Washington to secure Social Security coverage and the date the City joined the Washington State Department of Retirement Systems Public Employees' Retirement System (PERS). Currently, both of the effective dates are March 1, 1967. To qualify as an absolute

coverage group under Section 218 of the Social Security Act, all positions cannot be covered by a retirement system on either:

1. September 1, 1954
2. Applicable date of the State's Agreement
3. Modification to the State's Agreement of the Social Security Act

In short, the City obtained absolute Section 218 coverage on March 1, 1967, which is not prior to the effective date of joining PERS. Currently, the determination is the City's positions were covered by a retirement system on the applicable date of the City and State's Social Security agreement.

The administrative correction is fairly simple. It will require the passage of the attached resolution, which is very similar to Ordinance No. 15 passed on February 16, 1967. The critical distinction is within proposed resolution section 3, which sets the effective date of Social Security coverage as February 28, 1967, rather than March 1, 1967.

Once the resolution is passed by the City Council, the City Manager will execute a new agreement with the State of Washington, and the administrative process will be initiated to correct the error. This entire process should be completed in 2023.

It should be noted once the State of Washington and the Social Security Administration accepts the date change, the City Council will need to adopt an ordinance, which will change the effective date of Social Security coverage within Lacey Municipal Code (LMC) Chapter 2.60.050. Currently, LMC 2.60.050 reflects the incorrect March 1, 1967, effective date.

The action requested of the Finance and Economic Development Committee is to review the proposed resolution and recommend full City Council adoption.

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**ADVANTAGES:**

1. Correct administrative error that occurred in 1967, which will allow the City of Lacey to continue to extend Federal Social Security Act benefits to eligible employees.
2. Adoption of the proposed resolution will allow the future amendment of Lacey Municipal Code to be consistent with new agreement with the State of Washington.

**DISADVANTAGES:**

1. None identified.

**RESOLUTION NO. XXXX**

CITY OF LACEY

A RESOLUTION OF THE CITY OF LACEY, WASHINGTON, AUTHORIZING AN AGREEMENT WITH THE STATE OF WASHINGTON TO SECURE SOCIAL SECURITY COVERAGE OF ELIGIBLE EMPLOYEES.

WHEREAS, the City of Lacey desires to offer Social Security coverage to its employees, and

WHEREAS, as evidenced by the passage of Lacey Ordinance No. 15 (1967), the City of Lacey intended to extend the benefits of the Federal Social Security Act to employees of the City of Lacey, and

WHEREAS, an administrative error relating to the effective date of the City of Lacey's Section 218(e)(1) 1967 agreement requires correction, and

WHEREAS, the City of Lacey desires to continue to extend Federal Social Security Act benefits to eligible employees of the City of Lacey as originally intended.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, as follows:

Section 1. It is hereby declared to be the policy and purpose of the City of Lacey to extend the provisions of RCW 41.48.030, providing Social Security coverage to eligible employees of the City of Lacey.

Section 2. The City Manager is authorized and directed to execute an agreement with the State of Washington to secure Social Security coverage of eligible employees as provided in Section 1.

Section 3. The coverage of eligible employees shall be effective as of February 28, 1967.

Section 4. Withholdings from salaries and wages of employees for the purposes provided in Section 1 of this resolution are hereby authorized to be made in the amounts and at such times as may be required by applicable State and Federal laws and regulations, and shall be paid to the Internal Revenue Service, in such amounts and at such times as designated in the IRS Code 3121(b)(7)(E) and 3126.

Section 5. Employer contributions shall be paid from amounts appropriated for such purposes to the Internal Revenue Service in accordance with applicable Federal laws.

Section 6. The City of Lacey shall maintain such records and submit such reports as may be required by applicable State and Federal laws or regulations.

Section 7. This resolution shall take effect and be in full force from and after its passage.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON,  
this 1st day of December, 2022.

CITY COUNCIL

\_\_\_\_\_  
Mayor

Attest:

Approved as to form:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
City Attorney

DRAFT

AN ORDINANCE relating to pensions and retirement for employees of the City of Lacey, for extending the benefits of Title II of the Federal Social Security Act to the employees of the City of Lacey, authorizing a contract with the Washington State Department of Employment Security, and providing funds for such coverage.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LACEY:

Section 1. The Social Security Act has been so amended by the Congress of the United States as to permit political subdivisions of the several states to extend to their employees and officers the benefits of old age and survivors' insurance, and

The Legislature of the State of Washington has enacted a statute known as Chapter 184, Laws of 1951 and amendments thereto which enables the political subdivisions of the State of Washington to take all action necessary to effectuate the coverage of their employees and officers under said old age and survivors' insurance system, and

Section 2. The City Council finds that the extension of this Social Security System will be of great benefit not only to the employees of the municipality but to the municipality by attracting to it and enabling it to retain the best of personnel and thus increase the efficiency of its government; and it is deemed that the payment by the municipality of its portion of the cost of said system is a payment for a municipal purpose, and

Section 3. This municipality shall become a participant in the Social Security System so that the benefits of old age and survivors' insurance may be extended to its employees and officers.

Section 4. The Mayor and the City Clerk are authorized to execute and deliver to the Washington Department of Employment Security for its approval the plan or plans required under the provisions of Section 5 of said enabling act and of the Social Security Act to extend coverage to the employees and officers of this municipality and to do all other things necessary to that end.

Section 5. The proper officials may be and they are hereby authorized to make all required payments into the Contribution Fund established by the said enabling act and to establish such system of payroll deductions from the salaries of employees and officers as may be necessary to their coverage under said old age and survivors' insurance system.

Section 6. The proper officials of the municipality do all things necessary to the continued implementation of said System.

Section 7. This municipality shall become a participant in the Social Security System effective as of March 1st, 1967.

Section 8. Such sums as are necessary to pay the City's contribution to the Social Security System shall be appropriated from such of the funds of the City as the employee covered derives as his salary, or in the event the salary is paid from two or more funds, then the same proportions shall prevail as govern the salary payments.

Section 9. This Act is necessary for the immediate preservation of the health, welfare and safety of the City of Lacey and its existing institutions and shall take effect immediately upon passage, approval and publication.

PASSED THIS 16<sup>th</sup> day of February, 1967.

E. B. Hammond  
MAYOR

APPROVED AS TO FORM:

[Signature]  
CITY ATTORNEY

ATTEST:

[Signature]  
CITY CLERK

PASSED: February 16, 1967

POSTED: February 27, 1967

PUBLISHED: February 23, 1967

Ord. #15



**FINANCE & ECONOMIC  
DEVELOPMENT COMMITTEE**  
November 22, 2022

**SUBJECT:** 2022 Third Quarter Financial Report

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**RECOMMENDATION:** Review Third Quarter Financial Report

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**STAFF CONTACT:** Scott Spence, City Manager *SS*  
Troy Woo, Finance Director *TW*

**ORIGINATED BY:** Troy Woo, Finance Department

**ATTACHMENTS:** 1. [Revenue and Expenditure Reports for the Quarter Ending September 30, 2022](#)

**FISCAL NOTE:**

**PRIOR REVIEW:** None

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**BACKGROUND:**

The 2022 third quarter financial report has been completed. The report focuses on the General Fund. The revenue and expenditure summaries are attached.

**GENERAL FUND EXPENDITURES**

As of September 30, 2022, total General Fund Expenditures were \$43,513,780 or 64.9 percent of the adopted 2022 Budget. This is a total increase of \$7,507,515 or 20.9 percent compared to the third quarter 2021 total expenditure level. Expenditures at September 30, 2021, were 59.6 percent of the total 2021 General Fund Budget. The increase is a result of one-time 2022 capital expenditures and reserve transfers related to those projects. The cost of labor in the General Fund increased \$966,726 due to a combination of filling vacant positions and inflationary increases. It should be noted that the City's largest labor agreements remain unsettled for 2022, so the numbers do not include any cost-of-living adjustments for the majority of employees.

Although all third quarter expenditure categories show variances from the previous year, only the most significant or noteworthy variances are described below.

- A \$1,660,823 decrease to the Social Services Department occurred through the third quarter of 2022. During 2021, one-time expenditures of \$1,816,453 were made for the building improvements to the Lacey Veterans Services Hub and U.S. Veteran Affairs Outstation Center lease tenant improvement projects. Despite the overall decrease to the Social Services Department expenditures, the City has expanded social services during 2022. Examples include:
  - \$229,818 of the Affordable and Supporting Housing sales tax (SHB 1406) was used for the City's support of the Unity Commons Phase Two project.
  - The Mobile Outreach Team is performing a critical service at a cost of \$124,825 through the first half of 2022
  - The Rapid Response Cleanup Team has made a very noticeable difference in the community (\$48,628)
- An increase of \$190,287 occurred in the Finance Department through the third quarter of 2022. A combination of new positions and adjustments to the budget labor distribution within the Accounting and Utility Billing Divisions are the main reasons for the increase.
- The Police Department experienced an increase of \$729,266. Information Management Services internal service fees increased \$338,157 due to the 2021 investment in laptop technology. Salary and benefits increased \$199,523. Again, it should be noted that the majority of the police labor contracts remain unsettled, so much of the 2022 Police salary and benefits do not include any cost-of-living increases.
- The Public Works – Engineering Department's expenditures increased \$287,641 compared to the third quarter of 2021. Salaries and benefits increased \$188,649 despite a higher-than-normal position vacancy level, because multiple positions were added in the adopted 2022 Budget.
- The Public Works – Facilities Maintenance Department's expenditures increased \$156,960 compared to the third quarter of 2021. A number of facilities have experienced increases to repairs and maintenance in 2022.
- An increase of \$344,767 occurred in the Community and Economic Development Department. Salaries and benefits increased \$195,400 due to additional authorized positions being filled. Professional services to perform a capital facilities analysis increased expenditures \$151,650.
- The Parks, Culture, and Recreation Department increased \$310,891. Part-time salaries and benefits (+\$86,443), professional services (+\$64,243) related to

recreation programs, and facility rentals (+\$24,123) increased as activity continues to return normal following the lifting of COVID-19 safety restrictions.

- Transfers Out increased \$5,070,460. The increase is due to higher one-time transfers and the 2022 transfers occurred earlier than the previous year.
- The Criminal Justice Fund increased \$1,403,960 due to a one-time \$1,600,000 capital transfer for design and land acquisition costs related to the new Police Station.
- A decrease of \$262,695 in the Street Department's expenditures through the third quarter of 2022. Internal service charges relating to right-of-way maintenance decreased \$114,079. Utility costs, primarily electricity, are lower year-to-date 2022 by \$40,024. The 2021 Avonlea Sidewalk Replacement project (-\$82,680) also contributed to the departmental decrease.
- A \$777,246 increase occurred in the Capital Equipment Fund. The primary difference is related to one-time transfers. The most notable transfer is for the Regional Athletic Complex parking lot project (\$805,000).

Additional details are provided in the attached expenditure summaries for the General Fund departments and other funds.

## **GENERAL FUND REVENUES**

As of September 30, 2022, total General Fund Revenues were \$45,837,699 or 68.3 percent of the adopted budget. Last year at this same time, revenues were 71.0 percent of budget. Third quarter General Fund revenues increased \$2,971,930 compared to the previous year. Tax collection levels are significantly higher year-to-date. General Fund revenues have also benefitted from higher interest rate earnings.

- Through September 2022, \$4,687,219 of property taxes have been collected. This is equal to 62.0 percent of the annual property tax budget. This is an increase of \$822,482 compared to the previous year. The 2022 property tax collections are expected to increase \$458,268 due to a combination of the one percent increase, new construction and annexation credit, and refund levy. It is likely that the strong real estate market that occurred in the early stages of 2022 caused temporary higher property tax collections during the first half of the year. This could be a timing issue that will correct itself with the second half property tax payments.
- Third quarter 2022 sales tax receipts totaled \$12,172,720. This is \$689,043 or 6.0 percent higher than last year. As a reminder, sales tax receipts from two of the nine months collected during 2022 will be accrued back to 2021 when the sales activity actually took place. The following table shows the year-to-date top 20 sales tax sources.

| <u>Category</u>  | <u>Year-To-Date</u> |                   |              | <u>Last 12</u>    |
|--|---------------------|-------------------|--------------|-------------------|
|  | <u>This Year</u>    | <u>Last Year</u>  | <u>% Chg</u> | <u>Months</u>     |
| General Merchandise Retailers                            | 1,885,251           | 1,866,145         | 1.0          | 2,468,717         |
| Sporting Goods, Hobby, Musical Instrument, Book          | 1,650,105           | 1,096,929         | 50.4         | 2,010,856         |
| Construction of Buildings                                | 1,225,203           | 1,014,758         | 20.7         | 1,566,116         |
| Food Services and Drinking Places                        | 1,056,189           | 941,508           | 12.2         | 1,426,516         |
| Building Material and Garden Equipment and Supplies      | 743,340             | 813,442           | (8.6)        | 996,835           |
| Specialty Trade Contractors                              | 666,067             | 651,822           | 2.2          | 883,556           |
| Merchant Wholesalers, Durable Goods                      | 465,648             | 714,600           | (34.8)       | 619,542           |
| Administrative and Support Services                      | 434,547             | 364,002           | 19.4         | 605,799           |
| Motor Vehicle and Parts Dealers                          | 460,508             | 445,495           | 3.4          | 598,178           |
| Furniture, Home Furnishings, Electronics, and Appliances | 434,513             | 472,153           | (8.0)        | 593,854           |
| Professional, Scientific, and Technical Services         | 369,791             | 365,865           | 1.1          | 481,162           |
| Clothing, Clothing Accessories, Shoe, and Jewelry        | 254,731             | 263,790           | (3.4)        | 356,066           |
| Food and Beverage Retailers                              | 242,116             | 221,199           | 9.5          | 316,125           |
| Repair and Maintenance                                   | 202,644             | 209,360           | (3.2)        | 272,844           |
| Health and Personal Care Retailers                       | 206,533             | 216,502           | (4.6)        | 272,553           |
| Telecommunications                                       | 191,695             | 176,097           | 8.9          | 252,707           |
| Rental and Leasing Services                              | 163,882             | 147,484           | 11.1         | 225,682           |
| Merchant Wholesalers, Nondurable Goods                   | 152,740             | 145,871           | 4.7          | 213,066           |
| Untitled   | 126,923             | 110,454           | 14.9         | 178,919           |
| Heavy and Civil Engineering Construction                 | 120,382             | 71,699            | 67.9         | 161,734           |
|  | <b>11,052,808</b>   | <b>10,309,175</b> |              | <b>14,500,827</b> |

The top 20 sources provide 91.5 percent of all sales tax. It should be noted that the North American Industry Classification System (NAICS) was updated with the August 2022 sales tax receipts. These changes did impact the comparison value of some of the categories. For example, the “Sporting Goods, Hobby, Musical Instrument, Book” category had such significant changes the year-to-year comparison has diminished value. This category now includes all activity related to miscellaneous retailers, which no longer exists as a separate category. Miscellaneous retailers now make up about two-thirds of the “Sporting Goods, Hobby, Musical Instrument, Book” category.

The “Construction of Buildings” category is experiencing strong growth (20.7 percent) following a year of decline in 2021. The City’s largest sales tax category, “General Merchandise Stores”, experienced a third quarter 1.0 percent increase compared to 2021. It appears nearly all of the top 20 categories have recovered and some are already showing signs of regression from the impacts of the Federal stimulus, Federal financial assistance, and pent-up demand.

- The General Fund business & occupation (B&O) tax third quarter revenues total \$2,340,929 or 92.2 percent of revised budget estimate. B&O tax collections have increased \$162,705. B&O tax collections have nearly the same basis as sales tax, so B&O taxes should follow the same trend curve.
- Utility tax collections for the third quarter were \$487,512 higher than the previous year. Electricity and City-owned utilities generated the most significant increases. Utility tax from electricity and City-owned utilities increased \$267,836 and \$136,057, respectively, compared to the previous year.

- Admissions tax increased \$103,515, but the reported variance is somewhat misleading. This variance is compared to 2021's collections, which were severely impacted by the COVID-19 public health restrictions. Compared to third quarter 2019, there is a decrease of 36,848. So far in 2022, admissions tax is being collected at 77.7 percent of the pre-pandemic levels.
- Third quarter gambling taxes are \$368,243, which is an increase of \$225,705. Similar to admissions tax, the majority of the 2020-2021 collections were severely impacted by the COVID-19 safety restrictions. However, this segment of the economy has fully recovered to the point the year-to-date 2022 gambling tax collections are higher than the pre-pandemic levels.
- \$1,578,539 of non-business license (includes building, mechanical, plumbing, and electrical permits fees) revenues have been collected. This is \$222,344 higher than the previous year. Through the third quarter, building permit fees are experiencing the largest increase (\$145,625). Building permit fees are an indication of future new construction, so at this point in time it appears construction activity will continue at higher than historical levels. However, it should be noted the volume of permit activity has been extremely low since mid-year when interest rate increases began to take effect.

104 single-family residential, multi-family residential, commercial, and industrial building permits were issued as of October 31. The value of these permits was \$57.2 million. Straight-line projections predict a 2022 year-end permit issuance value of \$68.7 million, which is significantly lower than the 2021 year-end value of \$183.3 million and the 2020 year-end value of \$125.8 million. It appears 2022 could end consistent with the recent downward trend of development activity.

- A \$1.83 million decrease is reported in the other grants revenue category. This is a result of the accounting treatment of the 2021 American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (SLFRF) first tranche of \$3.4 million.
- Economic Environment/Plan Checking fees decreased \$198,073. Plan check fees decreased \$173,924. These fees are another indicator of future development and construction levels.
- Parks and Recreation revenues increased \$205,130. However, 2021's Parks and Recreation revenues were severely impacted by the COVID-19 public health emergency. Comparing this quarter's revenues to third quarter 2019, Parks and Recreation revenues are \$215,756 lower, so still significantly below the pre-pandemic activity levels.
- Interest earnings increased \$456,732 through the third quarter. In less than a year, the Federal Reserve rates went from near zero to 4.0 percent. The City's overnight

earnings rate was 0.09 percent in January 2022. The October 31 earnings rate was 3.18 percent, which doesn't reflect the November 2 Federal Reserve rate increase of 0.75 percent.

## **UTILITY FUNDS**

Third quarter 2022 operating expenditures for the City's utilities were consistent with the projections. The Water Utility Maintenance and Operations Fund expenditures were \$953,248 or 8.4 percent higher in 2022 largely due to a \$721,305 higher annual transfer to the Water Capital Fund. Wastewater Utility Maintenance and Operations Fund expenditures were \$1,172,610 or 9.1 percent higher in 2022. The primary reason is higher LOTT collections and remittance (+\$483,552) and a \$344,948 higher capital transfer to the Wastewater Construction fund. The Stormwater Maintenance and Operations Fund expenditures increased \$173,444 or 5.3 percent compared to the previous year due to higher capital transfers (\$73,407).

Operating revenues for the utilities are meeting projections and consistent with approved rate increases and customer growth. Total water revenues were \$673,612 higher than third quarter of 2021. Through September 2022, water sales were \$441,543 lower than the 2021 water sales. The main difference between 2022 and 2021 water revenues is the timing of the fire protection transfer (\$935,978), which occurred later in 2021. Wastewater total revenues were \$1,608,653 higher than the previous year. Wastewater sales through the third quarter were \$828,870 higher than 2021 and LOTT sales were \$582,639 higher than 2021 through third quarter. Stormwater revenues were \$479,877 higher than 2021. Stormwater sales increased \$453,022.

## **CONCLUSION AND FORECAST**

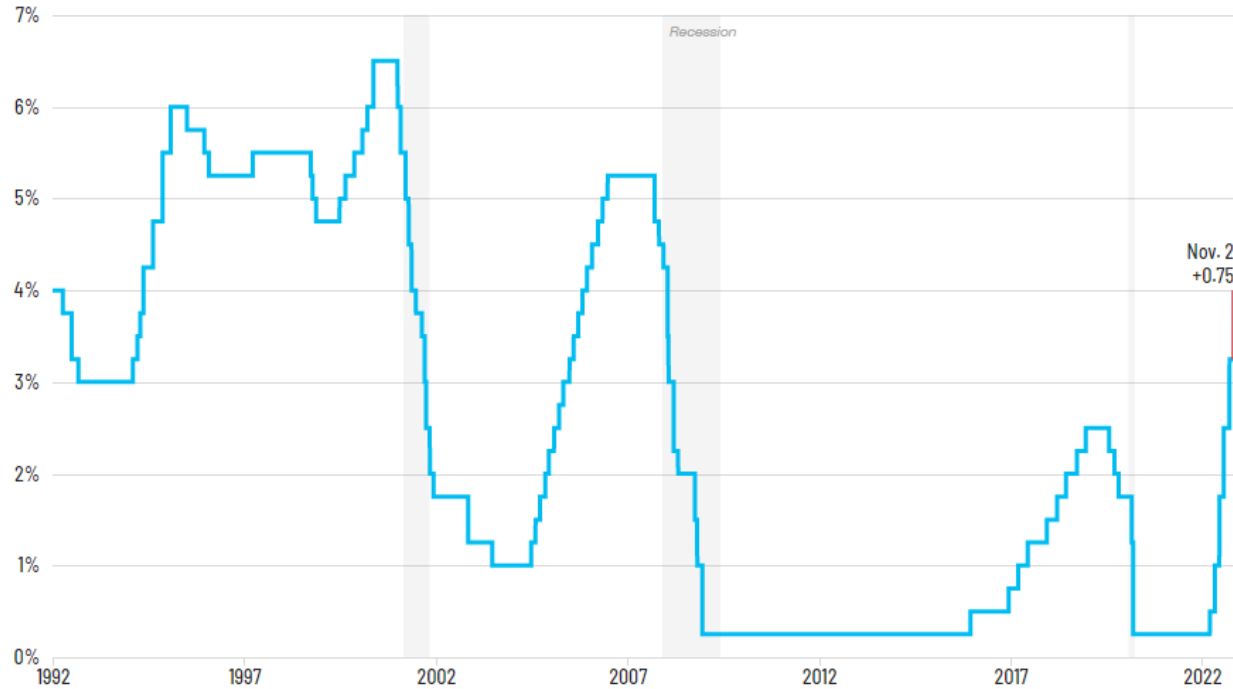
As noted by the November 2, Federal Reserve rate action, it will continue to stay the course to control inflation. The 0.75 percent rate increase was the fourth in a row increase of this magnitude. This sets a new target range of 3.75 to 4.00 percent, which is the highest since early 2008. Inflation continues to be elevated due to supply chain challenges, which are not in balance with demand levels influenced by the pandemic.

The November meeting statement also included the following language, "anticipates that ongoing increases in the target range will be appropriate in order to attain a stance of monetary policy that is sufficiently restrictive to return inflation to 2 percent over time." The planned economic slowdown appears it will continue. Below is an illustration of the historic nature of the 2022 rate increases:

## The Federal Reserve raises interest rates for the sixth time this year

The Fed hikes interest rates again by three quarters of a point to ease inflation.

■ Federal funds target rate



Note: After December 2008, the upper limit of the federal funds target rate is shown.

Source: Federal Reserve

Graphic: Tal Yellin, Priya Krishnakumar and Jhasua Razo, CNN

There remains a great deal of uncertainty within the 2023 outlook:

- Job gains continue.
- There are indicators of spending and production growth.
- Unemployment remains historically low.
- Inflation remains high especially for energy and food.
- The 2-year vs. 10-year U.S. Treasury yield curve continues to be inverted. In fact, the inversion has been deepening. This yield curve has been a reliable indicator of future recessions.
- Third quarter GDP increased 2.6%. However, most of the growth (2.8 percent) came from gains to net trade rather than domestically.
  - Signs of a slumping housing market. Residential outlays dropped 26.4 percent during the third quarter.
  - Durable goods fell for the second quarter.

The results of the third quarter financial report do not warrant any departure from the conservative revenue projections within the Proposed 2023 Budget. Lacey's conservative budget approach has provided financial flexibility and success in the past and assisted with preserving service levels during downturns in the economy. As always staff will continue to monitor the economic indicators to identify any recommended change of course.

**City of Lacey**  
**Monthly Expenditure Summary**  
**September 2022**

| <b>Expenditures:</b><br><b>General Fund</b> | <b>2021</b><br><b>Amended</b><br><b>Budget</b> | <b>YTD</b><br><b>9/30/2021</b><br><b>Actual</b> | <b>2021</b><br><b>YTD % of</b><br><b>Budget</b> | <b>2022</b><br><b>Amended</b><br><b>Budget</b> | <b>YTD</b><br><b>9/30/2022</b><br><b>Actual</b> | <b>2022</b><br><b>YTD % of</b><br><b>Budget</b> | <b>2022-2021</b><br><b>YTD</b><br><b>Variance</b> |
|---|--|---|---|--|---|---|---|
| City Council                                | \$ 546,492                                     | \$ 294,197                                      | 53.8%   | \$ 558,766                                     | \$ 334,149                                      | 59.8%   | \$ 39,952   |
| Contracted Services                         | 2,832,658                                      | 1,183,498                                       | 41.8%   | 2,869,887                                      | 1,165,077                                       | 40.6%   | (18,421)  |
| City Manager                                | 791,065  | 503,336   | 63.6%   | 753,122  | 595,893   | 79.1%   | 92,557  |
| Human Resources                             | 1,431,190                                      | 911,311   | 63.7%   | 1,546,575                                      | 946,141   | 61.2%   | 34,829  |
| Social Services                             | 3,146,721                                      | 2,347,202                                       | 74.6%   | 1,745,177                                      | 686,379   | 39.3%   | (1,660,823)                                       |
| Public Affairs/City Clerk                   | 975,671  | 666,185   | 68.3%   | 1,180,096                                      | 568,198   | 48.1%   | (97,987)  |
| Finance                                     | 1,425,780                                      | 1,023,098                                       | 71.8%   | 1,839,708                                      | 1,213,385                                       | 66.0%   | 190,287   |
| Legal & Judicial                            | 705,289  | 462,382   | 65.6%   | 748,363  | 537,814   | 71.9%   | 75,432  |
| Common Facilities Overhead                  | 1,614,526                                      | 1,194,872                                       | 74.0%   | 1,628,579                                      | 1,283,227                                       | 78.8%   | 88,355  |
| Police                                      | 12,068,954                                     | 7,978,546                                       | 66.1%   | 13,108,616                                     | 8,707,812                                       | 66.4%   | 729,266   |
| Public Works - Support SVC                  | 147,203  | 92,774  | 63.0%   | 151,100  | 90,848  | 60.1%   | (1,925)   |
| Public Works - Engineering                  | 3,947,610                                      | 2,695,108                                       | 68.3%   | 4,753,110                                      | 2,982,749                                       | 62.8%   | 287,641   |
| Public Works - Parks Maint.                 | 3,287,127                                      | 2,525,682                                       | 76.8%   | 3,326,540                                      | 2,489,781                                       | 74.8%   | (35,901)  |
| Public Works - Facilities Maint.            | 745,834  | 426,394   | 57.2%   | 1,088,852                                      | 583,354   | 53.6%   | 156,960   |
| Community & Economic Dev.                   | 3,879,698                                      | 1,958,080                                       | 50.5%   | 4,733,162                                      | 2,302,847                                       | 48.7%   | 344,767   |
| Public Works - Water Resources              | 1,543,672                                      | 1,064,833                                       | 69.0%   | 1,900,084                                      | 981,574   | 51.7%   | (83,259)  |
| Parks, Culture, & Recreation                | 3,334,474                                      | 1,478,926                                       | 44.4%   | 3,387,438                                      | 1,789,817                                       | 52.8%   | 310,891   |
| Transfers Out                               | 7,719,365                                      | 3,257,486                                       | 42.2%   | 8,274,906                                      | 8,327,946                                       | 100.6%  | 5,070,460   |
| <b>Total Current Expense Fund:</b>          | <b>\$ 50,143,329</b>                           | <b>\$ 30,063,908</b>                            | <b>59.96%</b>                                   | <b>\$53,594,081</b>                            | <b>\$ 35,586,990</b>                            | <b>66.40%</b>                                   | <b>\$ 5,523,082</b>                               |
| Criminal Justice Fund                       | \$ 1,487,168                                   | \$ 1,070,428                                    | 72.0%   | \$ 3,283,881                                   | \$ 2,474,388                                    | 75.3%   | \$ 1,403,960                                      |
| Community Buildings Fund                    | 850,427  | 382,496   | 45.0%   | 767,973  | 391,434   | 51.0%   | 8,939   |
| Regional Athletic Complex                   | 1,176,769                                      | 833,334   | 70.8%   | 1,595,477                                      | 890,318   | 55.8%   | 56,984  |
| Street Fund                                 | 3,907,521                                      | 2,837,868                                       | 72.6%   | 4,043,012                                      | 2,575,173                                       | 63.7%   | (262,695)   |
| Capital Equipment Fund                      | 2,826,961                                      | 818,231   | 28.9%   | 3,791,487                                      | 1,595,477                                       | 42.1%   | 777,246   |
| <b>Total General Fund Expenditures</b>      | <b>\$ 60,392,175</b>                           | <b>\$ 36,006,265</b>                            | <b>59.62%</b>                                   | <b>\$ 67,075,911</b>                           | <b>\$ 43,513,780</b>                            | <b>64.87%</b>                                   | <b>\$ 7,507,515</b>                               |
| <b>Expenditures:</b><br><b>Other Funds</b>  |  |   |   |  |   |   |   |
| Arterial Street Fund                        | \$ 9,338,046                                   | \$ 3,306,309                                    | 35.4%   | \$ 3,996,998                                   | \$ 1,118,872                                    | 28.0%   | \$ (2,187,437)                                    |
| Transportation Improvement                  | 4,691,086                                      | 2,383,988                                       | 50.8%   | 4,750,000                                      | 1,426,895                                       | 30.0%   | (957,093)   |
| Lodging Tax                                 | 403,500  | 309,260   | 76.6%   | 580,500  | 423,697   | 73.0%   | 114,437   |
| Community Block Grant                       | 170  | -   | 0.0%  | 122  | -   | 0.0%  | -   |
| Hicks Lake Management District              | 46,581   | 437   | 0.9%  | 46,358   | -   | 0.0%  | (437)   |
| General Obligation Bond                     | 1,718,174                                      | 124,900   | 7.3%  | 1,576,380                                      | 102,200   | 6.5%  | (22,700)  |
| LID Debt                                    | 79,593   | -   | 0.0%  | 70,897   | -   | 0.0%  | -   |
| Building Improvement                        | 3,961,135                                      | 563,509   | 14.2%   | 6,165,393                                      | 804,759   | 13.1%   | 241,250   |
| Parks & Open Space                          | 300,731  | 185,170   | 61.6%   | 2,544,841                                      | 1,152,268                                       | 45.3%   | 967,097   |
| Regional Athletic Complex Capital           | 1,641,535                                      | 585,939   | 35.7%   | 4,160,101                                      | 776,978   | 18.7%   | 191,039   |
| Water Utility                               | 14,831,654                                     | 11,296,219                                      | 76.2%   | 17,493,672                                     | 12,249,467                                      | 70.0%   | 953,248   |
| Wastewater Utility                          | 19,306,939                                     | 12,916,998                                      | 66.9%   | 21,262,397                                     | 14,089,608                                      | 66.3%   | 1,172,610   |
| Stormwater Utility                          | 4,339,994                                      | 3,305,671                                       | 76.2%   | 4,651,470                                      | 3,479,116                                       | 74.8%   | 173,444   |
| Reclaimed Water                             | 645  | -   | 0.0%  | 408  | -   | 0.0%  | -   |
| Water Capital                               | 37,464,232                                     | 11,928,889                                      | 31.8%   | 28,809,295                                     | 4,626,340                                       | 16.1%   | (7,302,549)                                       |
| Wastewater Capital                          | 14,606,549                                     | 4,787,995                                       | 32.8%   | 13,131,652                                     | 4,115,335                                       | 31.3%   | (672,660)   |
| Stormwater Capital                          | 1,649,556                                      | 226,073   | 13.7%   | 2,027,284                                      | 183,399   | 9.0%  | (42,674)  |
| Reclaimed Water Capital                     | 12,540   | -   | 0.0%  | 7,939  | -   | 0.0%  | -   |
| Water Debt Service                          | 4,426,190                                      | 119,513   | 2.7%  | 4,779,149                                      | 114,959   | 2.4%  | (4,554)   |
| Wastewater Debt Service                     | 2,643,369                                      | 27,341  | 1.0%  | 2,893,646                                      | 41,403  | 1.4%  | 14,062  |
| Stormwater Debt Service                     | 2,101,867                                      | 20,050  | 1.0%  | 2,352,444                                      | 19,128  | 0.8%  | (921)   |
| Equipment Rental                            | 3,713,644                                      | 851,263   | 22.9%   | 4,122,883                                      | 1,854,398                                       | 45.0%   | 1,003,134   |
| Information Management                      | 2,475,429                                      | 1,414,367                                       | 57.1%   | 2,934,844                                      | 1,925,045                                       | 65.6%   | 510,677   |
| <b>Total Expenditures</b>                   | <b>\$ 190,145,334</b>                          | <b>\$ 90,360,158</b>                            | <b>47.52%</b>                                   | <b>\$ 195,434,584</b>                          | <b>\$ 92,017,647</b>                            | <b>47.08%</b>                                   | <b>\$ 1,657,489</b>                               |

City of Lacey  
 Monthly Revenue Summary  
 September 2022

| Revenues:<br><u>General Fund</u>           | 2021<br>Amended<br>Budget | YTD<br>9/30/2021<br>YTD Actual | 2021<br>YTD % of<br>Budget | 2022<br>Amended<br>Budget | YTD<br>9/30/2022<br>YTD Actual | 2022<br>YTD % of<br>Budget | 2022-2021<br>YTD<br>Variance |
|--|---------------------------|--------------------------------|----------------------------|---------------------------|--------------------------------|----------------------------|------------------------------|
| <b>Taxes:</b>                              |                           |                                |                            |                           |                                |                            |                              |
| Property                                   | \$ 7,247,499              | \$ 3,864,737                   | 53.3%                      | \$ 7,565,892              | \$ 4,687,219                   | 62.0%                      | \$ 822,482                   |
| Sales                                      | 10,881,375                | 11,483,677                     | 105.5%                     | 13,163,089                | 12,172,720                     | 92.5%                      | 689,043                      |
| Business & Occupation                      | 2,095,279                 | 2,178,225                      | 104.0%                     | 2,540,102                 | 2,340,929                      | 92.2%                      | 162,705                      |
| Admissions                                 | 112,500                   | 24,821                         | 22.1%                      | 84,000                    | 128,337                        | 152.8%                     | 103,515                      |
| Utility - Electric                         | 2,333,333                 | 1,954,054                      | 83.7%                      | 2,509,713                 | 2,221,890                      | 88.5%                      | 267,836                      |
| Utility - Natural Gas                      | 831,002                   | 688,515                        | 82.9%                      | 812,609                   | 824,572                        | 101.5%                     | 136,057                      |
| Utility - Solid Waste                      | 400,724                   | 351,073                        | 87.6%                      | 429,537                   | 390,663                        | 90.9%                      | 39,591                       |
| Utility - Telephone                        | 682,617                   | 416,020                        | 60.9%                      | 468,525                   | 399,379                        | 85.2%                      | (16,641)                     |
| Utility - Water/Sewer/Storm                | 3,100,727                 | 2,760,692                      | 89.0%                      | 3,361,406                 | 2,821,362                      | 83.9%                      | 60,670                       |
| Excise - Forest/Leasehold                  | 20,000                    | 18,726                         | 93.6%                      | 20,000                    | 18,425                         | 92.1%                      | (301)                        |
| Gambling                                   | 239,136                   | 142,538                        | 59.6%                      | 239,136                   | 368,243                        | 154.0%                     | 225,705                      |
| <b>Total Taxes</b>                         | <b>\$ 27,944,192</b>      | <b>\$ 23,883,078</b>           | <b>85.47%</b>              | <b>\$ 31,194,009</b>      | <b>\$ 26,373,738</b>           | <b>84.55%</b>              | <b>\$ 2,490,660</b>          |
| Penalties & Interest                       | \$ 4,750                  | \$ 1,435                       | 30.2%                      | \$ 4,750                  | \$ 9,664                       | 203.5%                     | \$ 8,230                     |
| Franchises                                 | 626,963                   | 519,176                        | 82.8%                      | 701,790                   | 527,049                        | 75.1%                      | 7,873                        |
| Licenses & Permits                         | 1,744,700                 | 1,356,194                      | 77.7%                      | 1,568,237                 | 1,578,539                      | 100.7%                     | 222,344                      |
| <b>Inter-Governmental:</b>                 |                           |                                |                            |                           |                                |                            |                              |
| Criminal Justice                           | \$ -                      | \$ 23,651                      |                            | \$ -                      | \$ 2,784                       |                            | \$ (20,867)                  |
| Traffic Safety                             | -                         | -                              |                            | -                         | -                              |                            | -                            |
| Liquor Excise                              | 299,471                   | 269,980                        | 90.2%                      | 353,331                   | 296,825                        | 84.0%                      | 26,845                       |
| Liquor Profits                             | 417,989                   | 313,589                        | 75.0%                      | 426,736                   | 333,691                        | 78.2%                      | 20,102                       |
| Other State Entitlements                   | 59,259                    | 66,745                         | 112.6%                     | 81,622                    | 97,612                         | 119.6%                     | 30,867                       |
| Inter-Gov. Service Charges                 | 126,055                   | 97,025                         | 77.0%                      | 126,055                   | 266,392                        | 211.3%                     | 169,367                      |
| Other Grants                               | 1,113,644                 | 3,820,646                      | 343.1%                     | 8,000                     | 1,989,716                      | 24871.4%                   | (1,830,930)                  |
| <b>Total Inter-Governmental</b>            | <b>\$ 2,016,418</b>       | <b>\$ 4,591,635</b>            | <b>227.71%</b>             | <b>\$ 995,744</b>         | <b>\$ 2,987,018</b>            | <b>299.98%</b>             | <b>\$ (1,604,616)</b>        |
| <b>Service Charges:</b>                    |                           |                                |                            |                           |                                |                            |                              |
| General Government                         | \$ 51,750                 | \$ 13,116                      | 25.3%                      | \$ 51,750                 | \$ 3,874                       | 7.5%                       | \$ (9,242)                   |
| Security of Persons/Property               | 181,500                   | 140,828                        | 77.6%                      | 181,500                   | 125,486                        | 69.1%                      | (15,342)                     |
| Economic Environment/Plan Checking         | 579,500                   | 630,291                        | 108.8%                     | 579,500                   | 432,218                        | 74.6%                      | (198,073)                    |
| Culture and Recreation                     | 542,912                   | 349,772                        | 64.4%                      | 892,940                   | 554,903                        | 62.1%                      | 205,130                      |
| <b>Total Service Charges</b>               | <b>\$ 1,355,662</b>       | <b>\$ 1,134,007</b>            | <b>83.65%</b>              | <b>\$ 1,705,690</b>       | <b>\$ 1,116,481</b>            | <b>65.46%</b>              | <b>\$ (17,526)</b>           |
| <b>Interfund Charges:</b>                  |                           |                                |                            |                           |                                |                            |                              |
| Engineering Services                       | \$ 3,180,046              | \$ 2,245,966                   | 70.6%                      | \$ 3,269,255              | \$ 2,344,387                   | 71.7%                      | \$ 98,421                    |
| Park Maintenance                           | 481,975                   | 410,940                        | 85.3%                      | 451,228                   | 308,487                        | 68.4%                      | (102,454)                    |
| Water Resources                            | 1,940,619                 | 1,167,947                      | 60.2%                      | 2,411,187                 | 1,052,498                      | 43.7%                      | (115,448)                    |
| Other Interfund Charges                    | 1,383,954                 | 1,037,970                      | 75.0%                      | 1,296,823                 | 972,621                        | 75.0%                      | (65,349)                     |
| <b>Total Interfund Charges</b>             | <b>\$ 6,986,594</b>       | <b>\$ 4,862,823</b>            | <b>69.60%</b>              | <b>\$ 7,428,493</b>       | <b>\$ 4,677,993</b>            | <b>62.97%</b>              | <b>\$ (184,830)</b>          |
| Violations                                 | \$ 250,000                | \$ 111,772                     | 44.7%                      | \$ 250,000                | \$ 69,303                      | 27.7%                      | \$ (42,469)                  |
| Interest Earnings                          | 255,050                   | (42,641)                       | -16.7%                     | 168,680                   | 414,091                        | 245.5%                     | 456,732                      |
| Other Miscellaneous                        | 528,076                   | 308,918                        | 58.5%                      | 236,176                   | 54,255                         | 23.0%                      | (254,663)                    |
| Contributions                              | 76,000                    | 95,853                         | 126.1%                     | 76,000                    | 92,819                         | 122.1%                     | (3,034)                      |
| Financing                                  | -                         | -                              |                            | -                         | -                              |                            | -                            |
| Transfers                                  | 48,500                    | 48,500                         | 100.0%                     | 48,500                    | 48,500                         | 100.0%                     | -                            |
| Beginning Cash                             | 8,306,424                 | -                              |                            | 9,216,012                 | -                              |                            | -                            |
| <b>Total Current Expense Fund Revenues</b> | <b>\$ 50,143,329</b>      | <b>\$ 36,870,748</b>           | <b>73.53%</b>              | <b>\$ 53,594,081</b>      | <b>\$ 37,949,450</b>           | <b>70.81%</b>              | <b>\$ 1,078,701</b>          |
| Criminal Justice Fund                      | \$ 1,487,168              | \$ 1,023,318                   | 68.8%                      | \$ 3,283,881              | \$ 1,121,637                   | 34.2%                      | \$ 98,319                    |
| Community Buildings Fund                   | 850,427                   | 399,731                        | 47.0%                      | 767,973                   | 159,758                        | 20.8%                      | (239,973)                    |
| Regional Athletic Complex Fund             | 1,176,769                 | 1,078,436                      | 91.6%                      | 1,595,477                 | 1,535,355                      | 96.2%                      | 456,919                      |
| Street Fund                                | 3,907,521                 | 3,472,336                      | 88.9%                      | 4,043,012                 | 3,925,808                      | 97.1%                      | 453,472                      |
| Capital Equipment Fund                     | 2,826,961                 | 21,199                         | 0.7%                       | 3,791,487                 | 1,145,691                      | 30.2%                      | 1,124,492                    |
| <b>Total General Fund Revenues</b>         | <b>\$ 60,392,175</b>      | <b>\$ 42,865,769</b>           | <b>70.98%</b>              | <b>\$ 67,075,911</b>      | <b>\$ 45,837,699</b>           | <b>68.34%</b>              | <b>\$ 2,971,930</b>          |

| <b>Revenues:</b>                  | <b>2021</b>           | <b>YTD</b>            | <b>2021</b>     | <b>2022</b>           | <b>YTD</b>            | <b>2022</b>     | <b>2022-2021</b>     |
|-----------------------------------|-----------------------|-----------------------|-----------------|-----------------------|-----------------------|-----------------|----------------------|
| <b>Other Funds</b>                | <b>Amended</b>        | <b>9/30/2021</b>      | <b>YTD % of</b> | <b>Amended</b>        | <b>9/30/2022</b>      | <b>YTD % of</b> | <b>YTD</b>           |
|                                   | <b>Budget</b>         | <b>YTD Actual</b>     | <b>Budget</b>   | <b>Budget</b>         | <b>YTD Actual</b>     | <b>Budget</b>   | <b>Variance</b>      |
| Arterial Street Fund              | \$ 9,338,046          | \$ 4,262,154          | 45.6%           | \$ 3,996,998          | \$ 5,438,510          | 136.1%          | \$ 1,176,356         |
| Transportation Improvement Fund   | 4,691,086             | 2,780,563             | 59.3%           | 4,750,000             | 2,888,548             | 60.8%           | 107,985              |
| Lodging Tax                       | 403,500               | 321,769               | 79.7%           | 580,500               | 403,612               | 69.5%           | 81,843               |
| Community Block Grant             | 170                   | 5,468                 | 3216.7%         | 122                   | 307                   | 251.3%          | (5,162)              |
| Hicks Lake Management District    | 46,581                | 29,805                | 64.0%           | 46,358                | 31,212                | 67.3%           | 1,406                |
| General Obligation Bond           | 1,718,174             | 1,204,340             | 70.1%           | 1,576,380             | 985,712               | 62.5%           | (218,628)            |
| LID Debt                          | 79,593                | 15,234                | 19.1%           | 70,897                | 63,866                | 90.1%           | 48,632               |
| Building Improvement              | 3,961,135             | 595,339               | 15.0%           | 6,165,393             | 2,128,076             | 34.5%           | 1,532,737            |
| Parks & Open Space                | 300,731               | 16,057                | 5.3%            | 2,544,841             | 2,447,564             | 96.2%           | 2,431,507            |
| Regional Athletic Complex Capital | 1,641,535             | 1,197,048             | 72.9%           | 4,160,101             | 2,048,718             | 49.2%           | 851,670              |
| Water Utility                     | 14,831,654            | 12,315,228            | 83.0%           | 17,493,672            | 12,988,840            | 74.2%           | 673,612              |
| Wastewater Utility                | 19,306,939            | 14,552,376            | 75.4%           | 21,262,397            | 16,161,029            | 76.0%           | 1,608,653            |
| Stormwater Utility                | 4,339,994             | 3,329,609             | 76.7%           | 4,651,470             | 3,809,486             | 81.9%           | 479,877              |
| Reclaimed Water                   | 645                   | (122)                 | -19.0%          | 408                   | 886                   | 217.1%          | 1,008                |
| Water Capital                     | 37,464,232            | 8,100,672             | 21.6%           | 28,809,295            | 8,659,859             | 30.1%           | 559,187              |
| Wastewater Capital                | 14,606,549            | 2,734,346             | 18.7%           | 13,131,652            | 2,985,261             | 22.7%           | 250,915              |
| Stormwater Capital                | 1,649,556             | 1,486,362             | 90.1%           | 2,027,284             | 1,500,597             | 74.0%           | 14,235               |
| Reclaimed Water Capital           | 12,540                | (2,376)               | -18.9%          | 7,939                 | 17,213                | 216.8%          | 19,589               |
| Water Debt Service                | 4,426,190             | 501,426               | 11.3%           | 4,779,149             | 515,771               | 10.8%           | 14,346               |
| Wastewater Debt Service           | 2,643,369             | 15,282                | 0.6%            | 2,893,646             | 17,978                | 0.6%            | 2,696                |
| Stormwater Debt Service           | 2,101,867             | 101,680               | 4.8%            | 2,352,444             | 102,814               | 4.4%            | 1,134                |
| Equipment Rental                  | 3,713,644             | 2,502,786             | 67.4%           | 4,122,883             | 2,812,254             | 68.2%           | 309,469              |
| Information Management            | 2,475,429             | 1,756,730             | 71.0%           | 2,934,844             | 2,145,591             | 73.1%           | 388,861              |
| <b>Total Revenues</b>             | <b>\$ 190,145,334</b> | <b>\$ 100,687,543</b> | <b>52.95%</b>   | <b>\$ 195,434,584</b> | <b>\$ 113,991,401</b> | <b>58.33%</b>   | <b>\$ 13,303,858</b> |