



City of
**MOUNT
VERNON**

2023
Preliminary
Budget

CITY OF MOUNT VERNON
2023 PRELIMINARY BUDGET

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Mayor's Budget Message

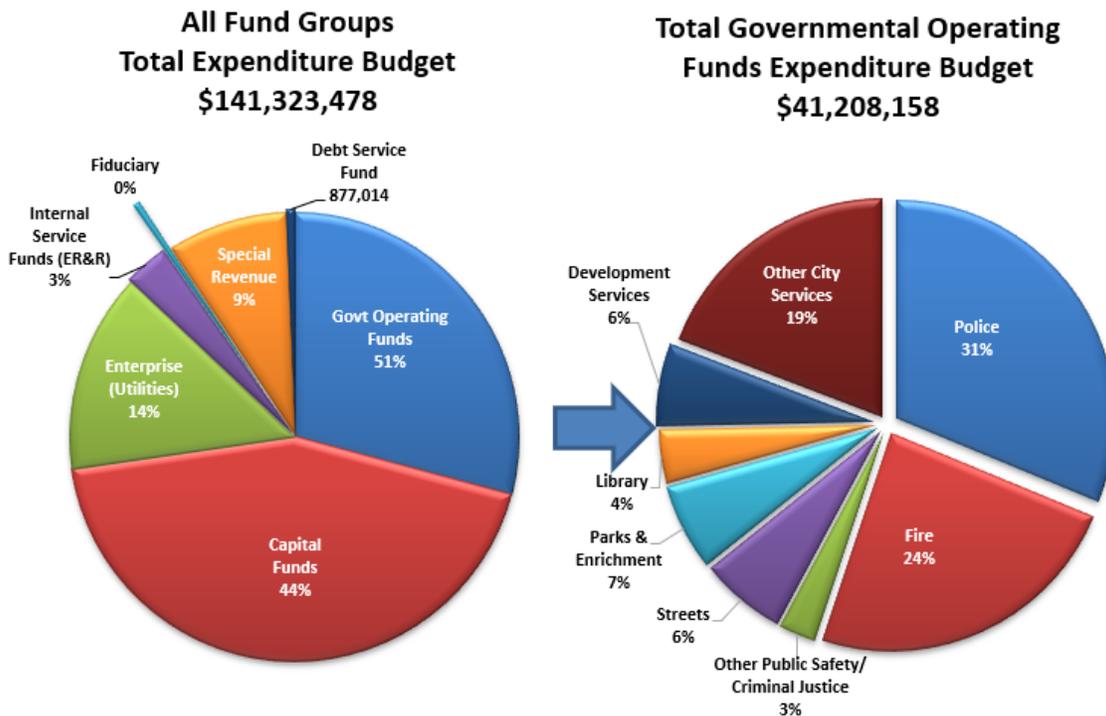
I present the 2023 preliminary (draft) budget for your consideration. The City of Mount Vernon adopts a highly complex and balanced budget by December 31st of each year in accordance with RCW 35A.33.

Departmental budgets in many instances are prepared for vastly different services – some services are 24-hour operations, while other Departments work 6 days a week, are on-call, or have a traditional 40-hour work schedule. Our employees are the City's greatest asset.

We budget for several unique services through 21 departmental budgets and a total of 42 different funds. The governmental operating fund budgets total \$41,208,158, representing a 3.9% increase compared to the 2022 final budget.

The 2023 preliminary budget for the City of Mount Vernon is \$141,323,478, representing an 83.4% increase as compared to the 2022 final budget. This increase is due mainly to increased funding for large new capital projects like the Mount Vernon Library Commons project and Fire Station #3 remodel project.

"Budgeting is not just a 'math problem'. The process determines if services will fulfill the goals and priorities of the community."



It is a privilege to work for the City of Mount Vernon. We are accountable for our City's success in good times and in bad. I believe this preliminary budget is a transparent and detailed document of the needs of each City department to successfully fulfill the goals of our Community in 2023.



2023 Preliminary Expenditure Budget Summary

Fund Dept No.	Fund / Department	2022 Adopted Budget	2023 Proposed Budget	2022-2023 Increase (Decrease)	2022-2023 % Change
001	Current Expense Fund				
01	City Council	236,732	289,333	52,601	22.2%
02	Municipal Court	571,819	544,780	(27,039)	-4.7%
03	Mayor	484,875	631,433	146,558	30.2%
04	Finance	1,025,452	1,244,601	219,149	21.4%
05	City Attorney	671,404	766,447	95,043	14.2%
06	Human Resources	729,119	749,717	20,598	2.8%
07	General Facilities	839,146	1,102,979	263,833	31.4%
08	Police Department	11,632,687	12,878,917	1,246,230	10.7%
09	Fire Department	9,358,337	9,824,089	465,752	5.0%
11	Public Works/Engineering	937,921	1,060,635	122,714	13.1%
12	Development Services	2,313,496	2,512,871	199,375	8.6%
18	TV 10 - Public Access Cable	221,128	222,237	1,109	0.5%
97	CDBG Entitlement Grant	668,000	565,880	(102,120)	-15.3%
98	Information Services	1,126,138	1,286,746	160,608	14.3%
99	Non-Departmental	2,613,157	585,352	(2,027,805)	-77.6%
	Total Current Expense Fund	33,429,411	34,266,017	836,606	2.5%
101	City Street Fund	2,196,085	2,645,829	449,744	20.5%
103	Parks and Enrichment Services Fund	2,424,606	2,649,885	225,279	9.3%
104	Library Fund	1,601,361	1,646,427	45,066	2.8%
	Total Governmental Operating Funds	39,651,463	41,208,158	1,556,695	3.9%
102	Arterial Street Fund	2,226,169	2,037,819	(188,350)	-8.5%
105	Paths and Trails Fund	0	20,000	20,000	NA
106	Tourism Promotion Fund	319,200	380,815	61,615	19.3%
107	Little Mountain Improvements Reserve	40,000	30,000	(10,000)	-25.0%
109	Crime Prevention Fund	12,400	10,400	(2,000)	-16.1%
110	Government Access Fund	88,975	91,000	2,025	2.3%
112	Criminal Justice Assistance Fund	228,000	63,000	(165,000)	-72.4%
113	Municipal Arts Fund	0	0	0	NA
115	Parks Capital Improvements Reserve	429,862	280,362	(149,500)	-34.8%
117	TBD Fund	2,041,181	3,409,962	1,368,781	67.1%
118	Fiber Optic Fund	306,323	416,307	109,984	35.9%
119	Critical Areas Enhancement Fund	30,000	30,000	0	0.0%
120	Lincoln Commercial Properties Fund	148,400	48,400	(100,000)	-67.4%
121	American Rescue Plan Act (ARPA)	1,799,155	5,043,461	3,244,306	180.3%
122	Affordable & Supportive Housing (HB1406)	5,000	0	(5,000)	-100.0%
123	Afford Housing Sales & Use Tax (HB1590)	0	246,191	246,191	NA
210	LTGO Fire Bond	0	877,014	877,014	NA
301	Library/Comm. Center/Parking Capital Fund	1,697,961	50,000,000	48,302,039	2844.7%
304	Capital Improvements Fund - REET I	950,750	1,095,750	145,000	15.3%
306	Fire Station Projects Capital Fund	1,400,000	5,173,090	3,773,090	269.5%
311	Parks Impact Fees	110,000	15,000	(95,000)	-86.4%
312	Fire Impact Fees	49,000	49,000	0	0.0%
313	Transportation Impact Fees	172,249	220,000	47,751	27.7%
314	REET II - Streets Fund	976,000	1,271,000	295,000	30.2%
328	Public Works Facility Capital Fund	0	0	0	NA
401	Wastewater Utility Fund	9,840,318	10,588,899	748,581	7.6%
402	Solid Waste Utility Fund	6,454,278	6,448,761	(5,517)	-0.1%
403	Surfacewater Utility Fund	2,662,641	3,213,360	550,719	20.7%
411	Sewer Facility Expansion Fund	489,500	1,780,000	1,290,500	263.6%
412	Sewer Capital Reserve	1,662,500	1,950,000	287,500	17.3%
501	Equipment Rental Fund	2,169,298	4,430,729	2,261,431	104.2%
502	Facility Renewal Fund	300,000	100,000	(200,000)	-66.7%
512	Leoff I Long-term Healthcare Reserve	40,000	40,000	0	0.0%
611	Firemen's Pension and Relief Fund	99,000	84,000	(15,000)	-15.2%
600	Managerial Funds	671,000	671,000	0	0.0%
	Total All Funds	77,070,623	141,323,478	64,252,855	83.4%

Primary Budget Guidelines:

*Fulfill Strategic Goals * Adhere to the City’s Financial Policies * Maintain the Current Level of Public Services*

Employees Deliver Services:

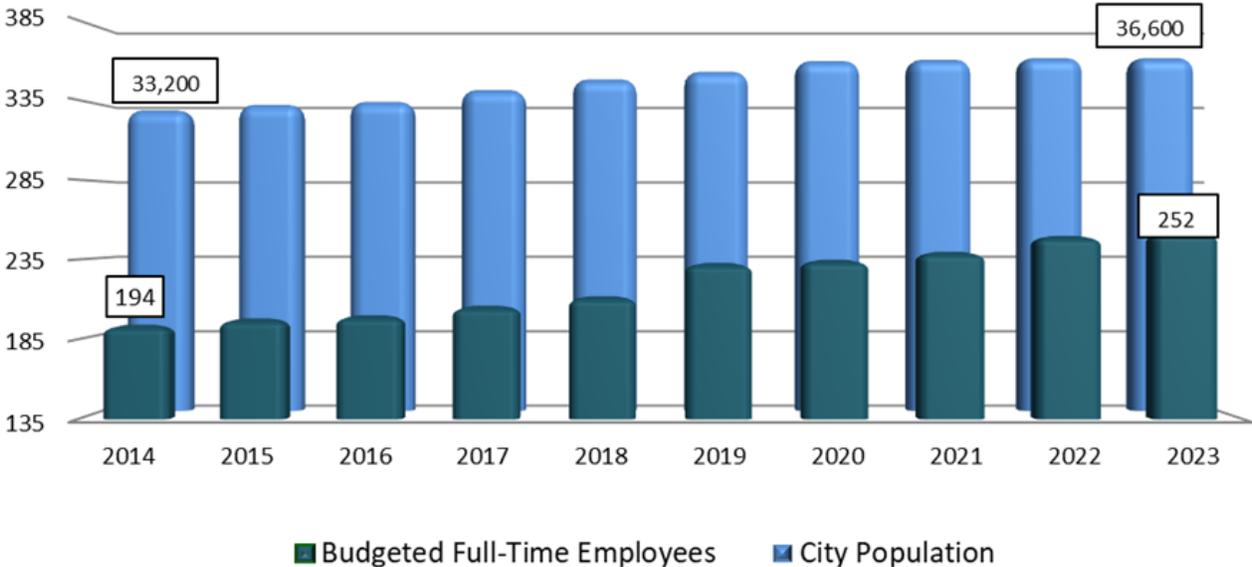
The City is requesting 3.0 new and eliminating 1.0 current FTE in the 2023 budget. This would bring the number of full-time employees to 252 and increase part-time employees up from 45 to 49. Included in these numbers are the 5.0 positions that Council approved with a Budget Amendment in 2022 for the Integrated Outreach Services Program. These included 1.0 Nurse Outreach position in the Fire Department and 2.0 Substance Abuse Case Managers and 2.0 Police Outreach Specialists in the Police Department.

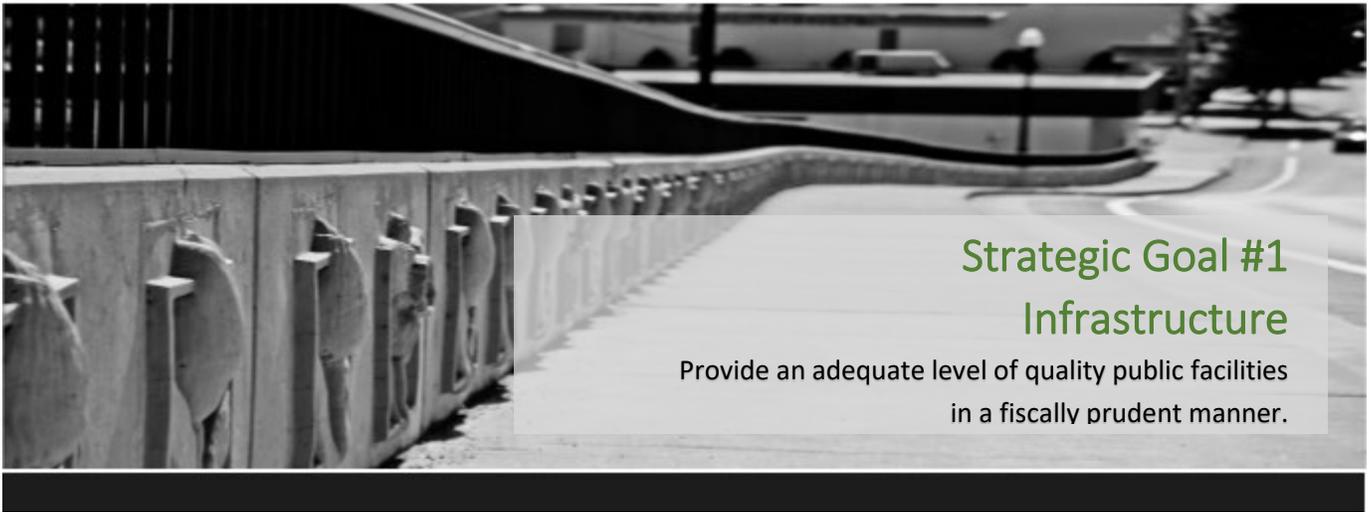
The 3.0 new full-time positions requested include:

- 1.0 Senior Planner in the Development Services Office: This position is requested for additional support in the Development Services Office to help with timely processing of permitting and building plans.
- 1.0 Accounting Technician in the Finance Office: This position is requested to support the accounts payable, utility billing and cashing functions in the Financial Office. This position will also be responsible for managing all of the ambulance billing and collections starting in 2023.
- 1.0 Server Administrator in the Information Services Department: This position is requested to support the growing IS server platform and support for all the technological growth in city services including the Police and Fire Department. This position is being funded with the American Rescue Plan Act (ARPA) funding

The City is also eliminating the limited term IS Implementation Manager in the IS Department which was funded thru the ARPA funds. The City is also choosing not to fund one of the Fiber Technicians in the Fiber Optics Fund for 2023. This will enable time to maintain the City’s current fiber optics structure while building a plan for growth in the future.

Population & Staffing Comparisons





Strategic Goal #1 Infrastructure

Provide an adequate level of quality public facilities
in a fiscally prudent manner.

A City's infrastructure is critical to the City's health and safety as well as economic development and prosperity. The City will make a \$70.4 million investment in capital projects in 2023. In many respects, the City's ability to realize its competitive potential depends on making smart infrastructure choices.

Mount Vernon Library Commons

The Mount Vernon Library Commons project is a MULTI-use infrastructure project located in historic downtown Mount Vernon along Interstate 5. Combining several community needs, this project is a catalyst for economic development in the Cascadia Innovation Corridor along the Interstate 5 corridor between Seattle and Vancouver, BC, and represents a \$53 million investment in the local economy.

This project includes public library services, community center space, and structured parking with a public mega charging electric vehicle charging floor, park and ride, and transit stop.

As an equitable anchor institution of any modern city and region, the Library is well-positioned to extend its role as a critical community connector; offering a place for seniors to gather, an early learning hub, access to digital literacy, new business incubation, employee training, and the necessary tools that strengthen democracy by addressing knowledge gaps.

A public parking structure with a public mega electric vehicle charging floor, combined with other infrastructure, is a purposeful City investment and an efficient way to catalyze private development in historic downtown.

This project is heavily funded with federal, state and local grants as well as a federal loan supported by the City's previously awarded Local Infrastructure Financing Tool (LIFT) funding.

Fire Stations 2 & 3 Remodels

In 2018 Mount Vernon sought a professional architectural firm to perform a needs assessment for the replacement of Fire Station 1 and renovation of Stations 2 & 3. This project included a review of existing conditions at Stations 2 & 3; identified current/future space and operational needs; prepared conceptual design; and forecast construction and total project costs for a new Station 1 and renovations to Stations 2 & 3. This needs assessment resulted in moving forward to renovate Stations 2 & 3.

We are excited to say that after four years of planning we have begun the work at the stations. The project started with Station 3 on Division Street and when that is completed will shift to Station 2 on LaVenture. The current plan calls for Station 3 to be completed in the Spring of 2023.

This project is funded with \$12 million in Long-Term General Obligations (LTGO) bonds that were issued in 2022 being repaid with Ground Emergency Medical Transportation (GEMT) annual revenues.

Capital Transportation Projects and the Transportation Benefit District

The Transportation division is made up of the Street Department, Arterial Street Fund, and the Transportation Benefit District Fund. These divisions are responsible for the maintenance of the City's 138 miles of roadways. The passage of a Transportation Benefit District sales tax of .2% in 2016 provides critical funding for the maintenance of City streets that were delayed for many years during the recession. Examples of funded projects for 2023 include:

- Riverside Drive Improvement Project.
- Hoag/Laventure Intersection Improvements.
- 30th Street Improvements
- Increased overlay pavement preservation program, and funding for the ADA sidewalk transitions and sidewalk gap program.

Parks Infrastructure

The 2023 budget allocates \$747,977 for park system projects to include constructure improvements of the Hillcrest Lodge, park entrance signs, playground upgrades and for other recurring park projects.



Infrastructure Operations

Wastewater, Surface Water and Collections services provide essential sewer services in our City, often unnoticed by our general public. These crucial departments invest significant money into compliance with the Federal and State Clean Water Acts and other complex regulations. There is \$6.9 million in funded projects for 2023 which include:



- Sewer and Storm Water restoration programs (annual)
- Influent Header
- Garage Shop
- NUVODA Biological Treatment Process Upgrade
- N 18th/19th Kulshan Creek Culvert
- 30th Street/Logan Creek Drainage
- Park Street Stormwater Pump Station
- Storm Water Replacement & Repair



Strategic Goal #2 Healthy Neighborhoods

Create an action plan to address the health of our neighborhoods, including public safety, public health, and appearance.

Homelessness

The City continues to collaborate with partner agencies to address effects of homelessness and poverty on our City streets. Many innovative outreach programs have been adopted in the past few years including a full-time social worker position in 2017. The City has dedicated over \$655,000 in efforts to address the impacts of homelessness. Continued efforts funded in the 2023 preliminary budget include:

- The Mount Vernon Police Department is implementing the Integrated Outreach Services Division, approved by City Council, that will expand the existing single social work staff by four more licensed professionals. Two Outreach Specialists will offer first response and field follow-up to behavioral health calls. Two Case Managers will connect higher service utilizers with resources helping them navigate complex systems. A nurse practitioner component within the fire department is planned who will offer field medical services for the team and home-based care for high utilizers of medical/EMS services.
- The Mount Vernon Police Department has collaborated with Skagit County Department of Health to establish temporary housing within our motel system for unhoused individuals. This is a bridge program for unhoused individuals who will qualify for long-term stay in Catholic Community Services permanent supportive housing projected to open in Fall 2023.
- Collaborate with Skagit County District Court to support the Mount Vernon Municipal Community Court – providing a therapeutic court for those in poverty and/or homeless. This provides an alternative to jail and offers services to prevent recidivism.
- Collaborate with Skagit County’s North Star strategic planning to reimagine and innovate behavioral health services for all of Skagit County.

Maintenance

The 2023 budget places emphasis in funding to maintain our parks, trails and public spaces to the level in which our Community expects; encouraging more users and reduces crime and the perception of crime.





Strategic Goal #3

A Good Place for Investment

Maintain a strong proactive position toward prosperity to promote a vibrant business community, retain & recruit a talented workforce, a positive civic image, and establish the City as a good place for investment.

Fiber Optics

The Fiber Optic Network, managed by the City's Information Services Department, has developed a fiber optic system that currently provides service for 241 ISP accounts, 32 dark fiber leases and 94 government fiber connections over 135 public entities and more than 280 businesses in Mount Vernon, Burlington and the Port of Skagit. The City manages the fiber and contracts with internet service providers to manage the service. This encourages competition in the marketplace.

Now more than ever, connectivity is a vital necessity for everyday life. In the past, the fiber optic network has successfully been marketed to technology companies as the place where they can have the technology they need in a small city atmosphere where parking is free, office space is less expensive and yet it is in close proximity to both Seattle and Vancouver, B.C. The ability to communicate and quickly transfer large amounts of data has been crucial for attracting and keeping businesses and manufacturers in the area.

The City is currently expanding free Wi-Fi services through grant funds and will continue to look for creative solutions to close the digital divide for low-income residents.

Tourism Promotion

The Tourism Promotion funding is derived from a tax imposed on hotel/motel guests. During the course of a year, applicants who have received funding are required to demonstrate how their activities increased tourism in the Mount Vernon area. The scope of activities that are funded include various items such as the Celtic Arts-Highland Games, 4th of July Celebration, performing arts, festivals, and of course the Tulip Festival.

The reduction in travel during the past few years due to the COVID-10 pandemic negatively impacted revenues collected for this program. The 2023 budget forecasts more normalized revenue collections which will allocate most of the funding available to help with the economic recovery of the City.



Strategic Goal #4 Operations

Achieve efficiencies and professional services to meet our community's expectations through innovative management and governance.

The City staff works toward achieving efficiencies and professional services to meet community expectations through innovative management and governance, focusing on operating strategically and not in a reactionary manner. Each Department is expected to participate as a team in meeting the goals of the City and community.

The City's leadership aims to provide efficient and high-quality service to all customers and citizens by deploying best practices in the management of personnel, finances and physical assets.

Any team accomplishes more when the goals and mission are clear and measured. Our community should expect the most qualified employees to serve them. With the increasing competition for good talent, the City has been working to improve employee wellness, competitive wages, streamline and standardize administrative processes, and engage with our public.

Professional Development

Administration encourages continuing professional development at all levels. The 2023 budget includes employee skill building such as:

- Fire fighter on-going essential lifesaving skills and emergency management leadership;
- Police training; and
- Professional organization membership for all Director level roles.

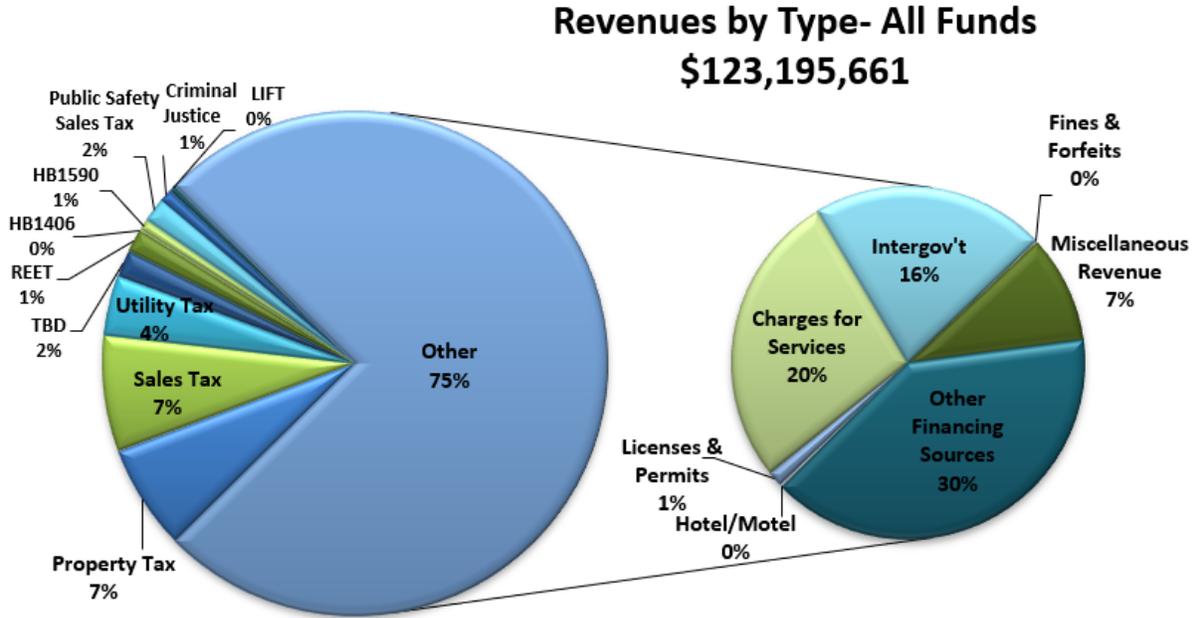
Union Groups

There are five union groups within the City of Mount Vernon representing the current 252 full time employees: Police commissioned officers, Police non-commissioned staff, Fire Department battalion chiefs, Firefighters, and Teamsters (employees of public works and parks). The City is committed to good working relationships with our union groups and engages in regular communication and relationship building.

Budget Development:

The City is presenting a balanced 2023 budget with fund reserves within Fiscal Reserve Policy. Policy states that the City shall maintain a target reserve in the General Fund of 15% of the total operating budget, while the other Governmental Operating Funds (Streets, Parks & Enrichment Services, and Library) shall maintain reserves of at least 10% of total operating budget with a target of 15%. Ending reserves for 2023 are estimated to be 22.8% for the General Fund, 14.0% for Streets, 10.2% for Parks & Enrichment Services and 10.1% for the Library Fund.

The City of Mount Vernon strives to maintain a diverse and stable revenue base to mitigate public services from short term fluctuations in any one revenue source. The following graph depicts the composition of the City's 2023 revenue sources.

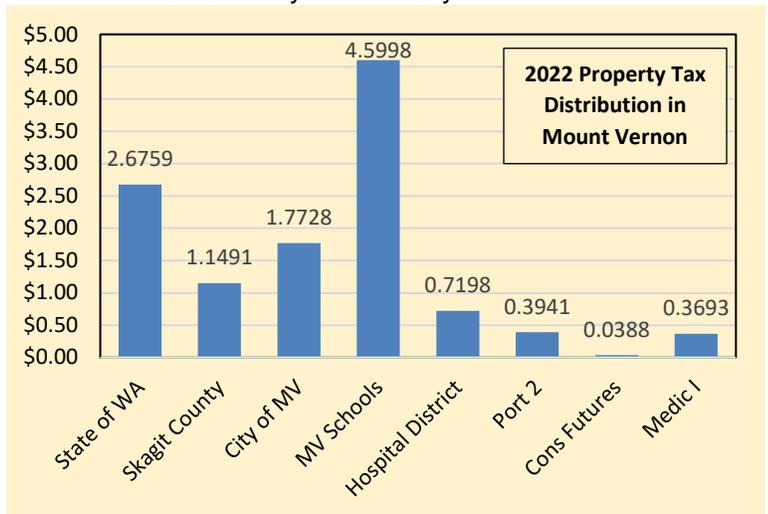


Funding our Services: Property Tax & Other Revenue

The City's two largest sources of tax revenue are property tax and sales tax. Property tax increases are restricted to the lesser of 1% or the rate of inflation, whichever is lower. Inflation is defined as the percentage change in the implicit price deflator (IPD) for the most recent 12-month period. The IPD is 6.457 this year. The City did not include the 1% allowed increase in the 2023 budget.

Property Tax

The City of Mount Vernon is **one of 8 taxing jurisdictions** that assess taxes on our residents' property tax bills. Each jurisdiction makes decisions on tax rates each year with some taxing jurisdictions requiring voter approval to establish revenue amounts. The combination of these 8 taxing jurisdictions accounts for the total property taxes paid by an individual property owner. Total aggregate tax in 2022 is \$11.72 per \$1,000 of assessed valuation. The City receives \$1.7728 or 15.1% of that total. The preliminary 2023 budget property tax rate for the City drops from \$1.7728 to \$1.5155.



Sales Tax

Sales tax revenues continued to increase in 2021 and 2022 and are higher than what was expected in comparison to the 2021 and 2022 budgeted numbers. Currently, it is unknown what will happen in the federal, state and city economy. The City has chosen to take a more conservative estimate on 2023 sales tax revenues and have projected them to be leveling off and just under the 2022 projected collections.

The chart below breaks out sales tax into major categories and shows variances in activity between 2020 and 2021, the most recent years with complete data. The largest percent dollar gain was in the construction category and retail sales continue to represent the largest portion of sales tax revenue collected.

Sales Tax Revenue			
	Category as a % of		% \$ Change 2020-2021
	Total Receipts		
	<u>2020</u>	<u>2021</u>	
Retail	57.5%	55.3%	7.2%
Construction	9.4%	10.4%	23.6%
Food Services/Accommodations	7.2%	7.6%	18.0%
Wholesale	6.9%	7.3%	17.3%
Information	3.2%	3.2%	13.3%
All Other Categories	15.8%	16.1%	13.1%
	100.0%	100.0%	11.3%

The Retail Sales category can be divided to assess the major sub-categories. Clothing showed the largest percentage of gain from 2020 to 2021, but most categories, with the exception of building materials showed an overall increase in tax revenues for the same period.

Retail Sales Only			
	Category as a % of		% \$ Change 2020-2021
	Total Receipts		
	<u>2020</u>	<u>2021</u>	
Health & Personal Care	3.1%	2.9%	1.7%
Electronic & Appliances	4.4%	4.3%	4.4%
Gas Stations	2.3%	2.4%	10.5%
Clothing	1.4%	1.7%	30.8%
Non-Store Retailers	2.6%	2.4%	0.2%
Motor Vehicle & Parts	36.3%	35.9%	5.9%
Food & Beverage Stores	6.8%	6.6%	4.2%
Building Materials	13.5%	12.0%	-4.9%
Furniture & Home Furnishings	2.0%	2.4%	26.5%
Sporting Goods, Hobby, etc.	2.1%	2.4%	25.2%
Miscellaneous Store Retailers	12.0%	13.7%	22.2%
General Merchandise	13.5%	13.3%	5.3%
	100.0%	100.0%	7.2%

Special Revenue Funds

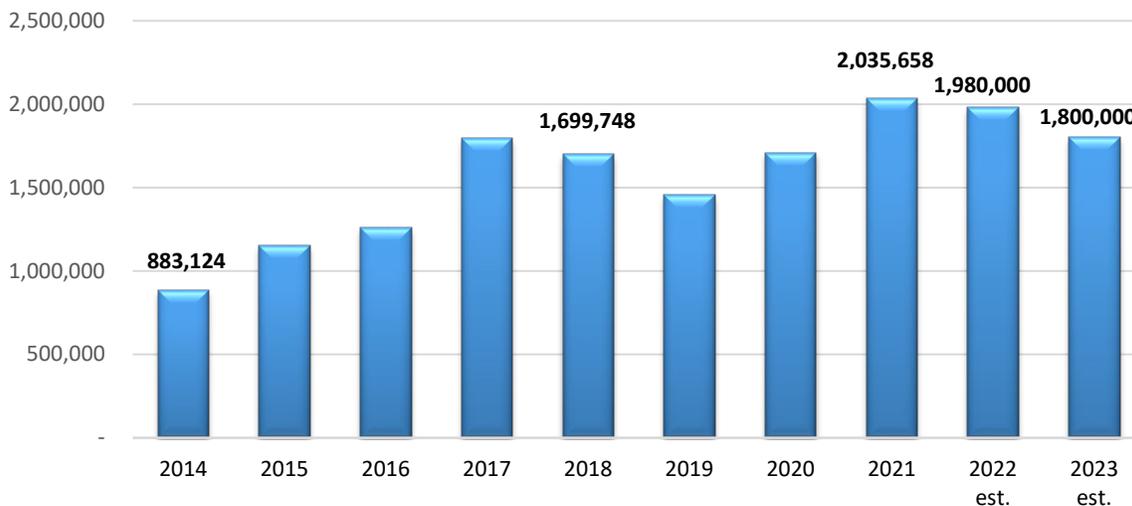
The City has sixteen Special Revenue Funds which account for revenue sources that are restricted for specific purposes. These funds are related to General Government operations. Items of note include:

- The Hotel/Motel tax fund was negatively impacted by COVID-19 and available revenues were substantially decreased in 2020. Revenue numbers are starting to return to normal levels in the second half of 2022. The City will make \$380,815 in grants available to support and promote tourism within the City.
- The Transportation Benefit District (TBD) Fund has a \$3.4 million budget for 2023 to support transportation projects. This is an increase from the 2021 budget of \$1,368,781.
- The Fiber Optics Fund has a \$416,307 budget for 2023 to support the fiber needs of the City and surrounding area. This is an increase of \$96,485 from the 2022 budget.
- The Arterial Street Fund has a budget of \$2.0 million to fund various projects like the improvements at the Hoag/Laventure intersection, Riverside Drive and 30th Street Improvements.
- The American Rescue Plan Act (ARPA) fund was created in 2021 to account for over \$9.0M in direct allocation revenue that was received in 2021 and 2022 from the Federal Government to help cover increased expenditures, replenish lost revenue, and mitigate economic harm from the COVID-19 pandemic. These revenues can be used through 2026 for commitments made through December of 2024. The 2023 budget includes expenditures in the amount of \$5,043,461.
- The Affordable & Supportive Housing (HB1406) and Affordable Housing Sales & Use Tax (HB1590) funds are included in the 2023 budget to account for revenues in the amount of \$965,029 and expenditures related to affordable housing.

Real Estate Excise Tax Revenue

Monthly real estate excise tax (REET) receipts (0.5% of the value of real estate transactions) represent a vital funding source for debt service, various road projects and other capital projects. The following chart illustrates the revenue collections since 2014. Estimates for 2023 are estimated within a conservative range and do not account for any large sales that could potentially happen.

Real Estate Excise Tax Revenue



Capital Project Funds

The total budgeted capital expenditures are over \$70.4 million for 2023. Major items include:

- Library Commons Capital Project estimated amount of \$50.0 million.
- Equipment Rental and Reserve Fund - \$2,929,904 to purchase capital equipment included in the City's equipment replacement schedule.
- Fire Capital Fund – includes nearly \$4.3 million. This number includes \$4.0 million for the Fire Station 3 project, \$296,076 for payment 2 of 3 for the purchase of a ladder fire truck and \$877,014 for a transfer to the Fire Bond fund for the annual payment of the 2022 LTGO bonds.

- Arterial Street Fund - \$2.0 million to fund major transportation projects throughout the City.
- Transportation Benefit District (TBD) - \$3.4 million also to support major transportation projects.
- REET I - \$1,095,750 budget includes \$500,000 for the Local Infrastructure Financing Tool (LIFT) program matching funds and an additional \$500,000 contribution for the Library Commons project.
- REET II – includes \$1,271,000 for City street improvements.
- Parks Capital Funds - \$747,977 for parks related capital projects.
- Utility Capital Funds - \$4.36 million for capital projects related to the City’s Wastewater, Solid Waste and Surface Water utilities.

Debt Service Funds

In 2022, the City created Fund 210, LTGO Fire Bond fund. This fund was created to receive and distribute annual payments for the LTGO Fire Bonds in the amount of \$877,014. Debt service payments for the Wastewater Treatment Plant upgrade are included in the Wastewater Utility operating budgets and are not a separate debt service fund.

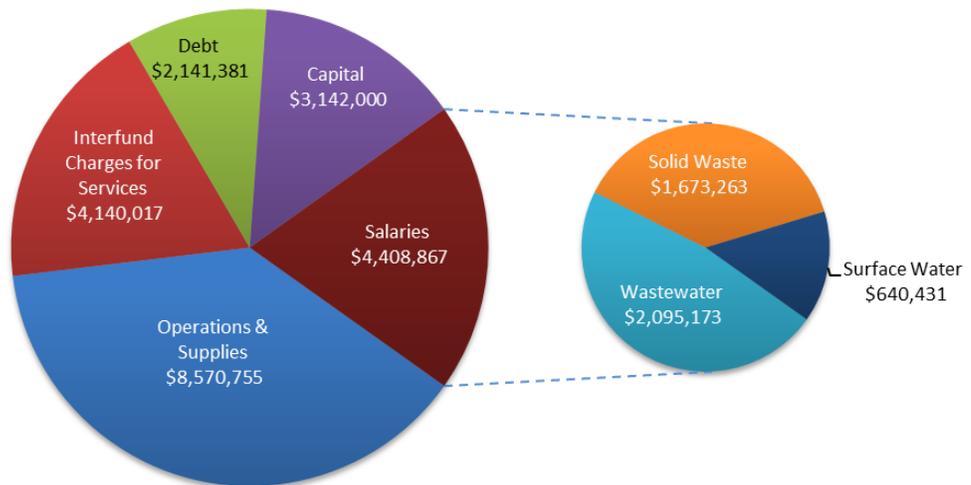
Proprietary Funds

The City has three enterprise funds and two capital sub-funds that are self-supporting and expected to operate like private businesses, and two internal service fund that provides vehicle maintenance and repairs for the City’s fleet and for the maintenance of City owned buildings. Items of note include:

- The Wastewater, Solid Waste and Surface Water Utilities budget had an overall increase of \$906,660 which included increases of \$460,764 in salaries and benefits driven by higher healthcare insurance premiums as well as union negotiated wages and benefits. Capital projects also increased by \$289,000.
- The Solid Waste, Surface Water and Wastewater Utility Funds have all had rate study analysis completed in previous years. These utilities now include annual CPI adjustments to service rates. The CPI adjustment to these utilities is an increase of 3.0% in 2023.
- The two Wastewater Utility capital sub-funds have \$3.73 million budgeted for 2023 Wastewater projects including \$1.7 million for a garage shop, \$1.0 million for the NUVODA Biological Treatment Process Upgrade and \$500 thousand for the annual sewer restoration program.
- The Equipment Rental and Reserve fund will purchase (replace) 21 vehicles or major pieces of equipment per the equipment replacement schedule. This fund is also used to accumulate funds to purchase servers, computers and workstations. Total budget for this fund in 2023 is \$3,058,263.

The Utility departments strive to preserve essential services for their customers and maintain regulatory compliance, while minimizing the cost of service.

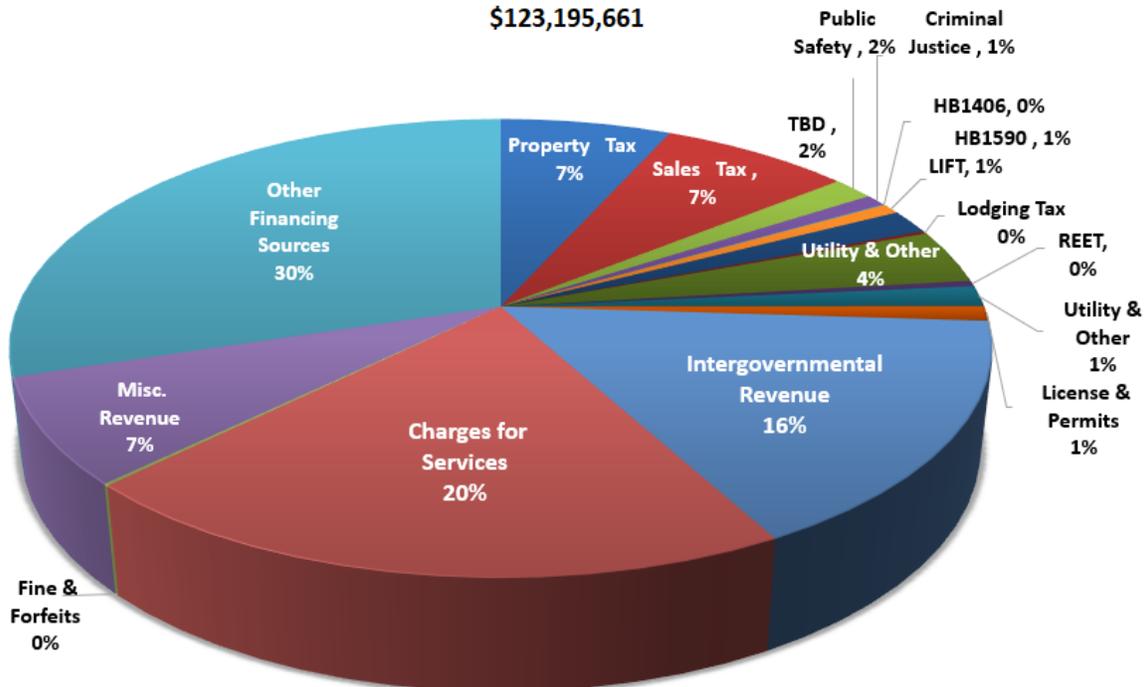
**2023 Proprietary Fund Expense
\$22,403,020**



2023 Revenue Summary: Revenue by Type					
Revenue Source	2021 Budget	2022 Budget	2023 Budget	2022 to 2023 Change	2022 to 2023 % Change
Property Tax	8,110,167	8,215,714	8,254,042	38,328	0.5%
Sales Tax	7,400,000	8,600,000	9,200,000	600,000	7.0%
Utility Tax	4,357,292	4,513,528	4,690,000	176,472	3.9%
Transportation Benefit District	1,600,000	1,900,000	2,100,000	200,000	10.5%
Real Estate Excise Tax	1,400,000	1,800,000	1,800,000	0	0.0%
EMS	1,534,061	0	0	0	NA
Affordable Housing - HB1406	0	65,029	65,029	0	0.0%
Afford Housing Tax - HB1590	0	870,000	900,000	30,000	3.4%
Public Safety Sales Tax	1,394,000	1,875,000	2,000,000	125,000	6.7%
Criminal Justice	815,000	950,000	1,020,000	70,000	7.4%
LIFT	500,000	500,000	500,000	0	0.0%
Hotel/Motel	150,000	230,000	240,000	10,000	4.3%
Total Taxes	27,260,520	29,519,271	30,769,071	1,249,800	4.2%
Licenses & Permits	1,523,022	1,416,800	1,293,896	(122,904)	-8.7%
Charges for Services	22,961,855	23,719,236	25,217,977	1,498,741	6.3%
Intergovt (State & Local Sources)	11,404,347	12,138,148	19,785,658	7,647,510	63.0%
Fines & Forfeits	245,950	152,350	161,200	8,850	5.8%
Miscellaneous Revenue	6,750,644	5,981,381	9,182,483	3,201,102	53.5%
Other Financing Sources	4,280,362	3,847,362	36,785,376	32,938,014	856.1%
Budgeted Totals	74,426,700	76,774,548	123,195,661	46,421,113	60.5%
Budgeted Fund Balance	1,272,143	296,075	18,101,375	17,805,300	6013.8%
Total	75,698,843	77,070,623	141,297,036	64,226,413	83.3%

2023 Revenue Estimates

\$123,195,661



Fund Balance Reconciliation – Summary of all Funds

Fund Dept No.	City Fund	Fund Balance Dec 31, 2021	Estimates		Est Fund Bal Dec 31, 2022	Budget		Est. Balance Dec 31, 2023	Fund Bal. Budgeted in 2023
			2022	2022		2023	2023		
			Revenue	Expenditures		Revenue	Expenditures		
001	General Fund	8,949,992	31,988,086	31,594,844	9,343,234	32,719,096	34,266,017	7,796,313	1,546,921
101	City Street	635,140	2,101,205	1,923,015	813,330	2,203,534	2,645,829	371,035	442,295
103	Parks/Recreation	560,834	2,324,154	2,155,405	729,583	2,190,653	2,649,885	270,351	459,232
104	Library	581,553	1,119,127	1,422,895	277,785	1,534,281	1,646,427	165,639	112,146
	Total Gov't Op. Funds	10,727,520	37,532,572	37,096,159	11,163,933	38,647,564	41,208,158	8,603,339	2,560,594
102	Arterial Street	(114,306)	725,381	564,300	46,775	2,721,169	2,037,819	730,125	(683,350)
105	Paths and Trails	103,724	3,628	-	107,352	3,733	20,000	91,085	16,267
106	Tourism Promotion	203,336	235,300	238,554	200,082	240,500	380,815	59,767	140,315
107	Little Mountain Cap Res	88,358	76,000	40,000	124,358	76,000	30,000	170,358	(46,000)
109	Crime Prevention	81,995	3,500	10,400	75,095	7,000	10,400	71,695	3,400
110	Government Access TV	308,926	77,596	279,000	107,522	77,596	91,000	94,118	13,404
112	Criminal Justice Assistance	67,833	61,099	118,000	10,932	60,865	63,000	8,797	2,135
113	Municipal Arts Fund	(248)	-	-	(248)	-	-	(248)	-
115	Parks Capital Reserve	28,845	439,550	339,862	128,533	160,100	280,362	8,271	120,262
117	TBD Fund	802,766	2,201,000	1,309,025	1,694,741	2,102,000	3,409,962	386,779	1,307,962
118	Fiber Optics Fund	392,818	310,000	347,169	355,649	341,700	416,307	281,042	74,607
119	Critical Area Enhancement	480,781	200	-	480,981	5,300	30,000	456,281	24,700
120	Lincoln Commercial Block (ARPA)	117,241	73,936	44,200	146,977	73,936	48,400	172,513	(25,536)
121	American Rescue Plan Act HB1406	3,726,389	4,534,524	2,017,484	6,243,429	12,000	5,043,461	1,211,968	5,031,461
122	Affordable and Supportive HB1590	98,694	65,029	120,000	43,723	65,029	-	108,752	(65,029)
123	Afford Housing Sales & Use Tax	-	935,000	-	935,000	900,000	246,191	1,588,809	(653,809)
210	LTGO Fire Bond	-	-	-	-	877,014	877,014	-	-
301	MV Library Commons Project	1,787,879	1,756,875	1,800,000	1,744,754	48,317,000	50,000,000	61,754	1,683,000
304	Capital Improvement-Reet I	1,252,349	995,800	950,750	1,297,399	905,800	1,095,750	1,107,449	189,950
306	Fire Capital Projects	684,475	12,468,195	1,512,151	11,640,519	953,000	5,173,090	7,420,429	4,220,090
311	Park Impact Fees	253,853	30,200	110,000	174,053	30,350	15,000	189,403	(15,350)
312	Fire Impact Fees	362,614	60,300	49,000	373,914	50,500	49,000	375,414	(1,500)
313	Traffic Impact Fees	855,404	280,500	-	1,135,904	216,000	220,000	1,131,904	4,000
314	Reet II - Streets	638,101	990,750	405,000	1,223,851	901,000	1,271,000	853,851	370,000
328	PW Facility Fund	51,767	-	785	50,982	-	-	50,982	-
401	Wastewater Utility (WC)	3,682,898	9,526,340	10,008,451	3,200,787	9,785,343	10,588,899	2,397,231	803,556
402	Solid Waste Utility (WC)	370,454	6,051,140	6,205,754	215,840	6,437,220	6,448,761	204,299	11,541
403	Surface Water Utility (WC)	1,520,722	3,025,000	2,738,761	1,806,961	3,120,000	3,213,360	1,713,601	93,360
411	Sewer Facility Expansion	2,847,046	203,000	377,000	2,673,046	705,000	1,780,000	1,598,046	1,075,000
412	Sewer Capital Reserve	3,684,196	1,003,000	1,760,000	2,927,196	1,005,000	1,950,000	1,982,196	945,000
501	Equipment Rental (WC)	8,395,520	3,405,224	1,691,709	10,109,035	3,556,942	4,430,729	9,235,248	873,787
502	Facility Renewal Fund	846,158	100,500	170,000	776,658	100,500	100,000	777,158	(500)
512	LEOFF I Health Care Res	470,375	10,300	-	480,675	10,500	40,000	451,175	29,500
611	FR&P	283,453	58,505	84,000	257,958	59,000	84,000	232,958	25,000
600	Managerial Funds	-	172,000	172,000	-	671,000	671,000	-	-
	Totals	45,101,936	87,411,944	70,559,514	61,954,366	123,195,661	141,323,478	43,826,549	18,127,817

Conclusion

Our City is grateful for residents' support and excellent partnerships that help us achieve a higher quality of life for our region. Specific thank you to Skagit County Public Health for their role in leading our community through a global pandemic.

You are encouraged to participate in the budget discussions to include attending the Public Hearing at the City Council Meeting:

- Wednesday, November 9, 2022, at 7:00 pm with a formal public budget presentation.

As Mayor, I sincerely appreciate all our City staff that have fulfilled our mission this past year. The extraordinary circumstances of the COVID 19 pandemic in 2020-2022 continue to have effects on the City as our nation recovers. Global supply chain interruptions, the war in Ukraine, and the lack of affordable housing continue to challenge us. By moving forward with the Mount Vernon Library Commons project, our City takes a significant step to ensuring our economic growth for the future generations.

I would like to extend special gratitude to Mr. Doug Volesky, Finance Director, for his critical and professional guidance in the preparation of this budget and accomplishments in the finance department during this past year with the City.

Our City leadership and staff commit ourselves to providing the residents of Mount Vernon with professional, efficient services to create a lifetime positive difference for our community.

Sincerely,



Jill Boudreau, Mayor

mvmayor@mountvernonwa.gov

360-336-6211