



Memorandum

To: City Council Members
From: Mayor Scott Korthuis
Date: October 2, 2023
Re: 2023 Budget Update

Status Report on the 2023 Budget

Revenues in all major accounts are projected to finish the year at or slightly higher than forecast. The only exception being Real Estate Excise Tax, which is currently projected to finish 10% lower than forecast. However, we must keep in consideration the impacts of continued high inflation. The City may be required to adjust its revenue projections accordingly. The status of the major revenue sources are as follows:

- **Property Tax** revenue has come in on schedule without delays or delinquencies. Current collections are 13% ahead of the forecasted budget. As the second half of the year collections come in Property Taxes are expected to level out and finish at year end on budget.
- **Sales Tax** has exceeded expectations again this year and are currently running 24% over forecast. The sales tax continues to benefit from the strength of the downtown Lynden businesses combined with the destination sales tax that comes from online sales. One must also factor in the effects of inflation to explain the increase. Sales Tax is projected to finish the year 15% over forecast.
- **Utility Tax** current revenue is 9% over the forecasted amount and is estimated to finish the year 8% over forecast.

The Water Fund revenues are coming in as forecast and are expected to continue to finish the same. Sewer Fund revenues are currently 4% above forecast and expected to finish the year as forecast.

CITY OF LYNDEN

ADMINISTRATION DEPARTMENT

Scott Korhuis, Mayor
(360) 354 - 1170



Expenditures in total are projected at year end to be higher than forecast. The current expense funds are as follows:

- General Government – year to date, the current expenditures are over-running the forecast by 32%, this over-run is somewhat misleading as it is driven by the transfer out of existing ARPA funds. Estimates have these expenditures slowing down towards year end with the General Government finishing closer to forecast.
- Police Department - the current expenditures are 3% under the forecasted budget due to an under-run in Police Investigations. Expenditures are projected to continue to increase into the 4th quarter for holiday overtime and capital expenditures, and at year end the department is estimated to finish 3% over forecast.
- Fire Department - the current expenditures are 92% over the forecasted budget due to over-runs in capital expenditure. This over-run is again misleading as it is due to the early payoff of the inter-fund loan for the Fire Station remodel. If we were to exclude the one time Fire Station payoff from this year's expense, the department would finish this year only 2% over forecast.
- Streets Department - the current expenditures are 18% over forecast. Slightly higher than expected costs in roadways and traffic controls are driving the overage. This will level off into the 4th quarter and the department will finish the year closer to, but still 8% over its forecasted budget.
- Parks Department - the current expenditures are 31% over forecast due to some unexpected administrative settlement costs and higher than expected operations costs. With seasonal employment having ended and overall costs tapering down into the 4th quarter the Parks Department is estimated to finish the year 20% over forecast.
- Community Services Department - the current expenditures are -58% under the forecasted budget. The under-run is being driven by a delay in repair expenditures at the community center. These repairs will not be completed by year end and it is estimated that community services in total will finish -40% under budget.

Your monthly financial statements for September will provide you with more detailed information.