

ANNUAL COMPREHENSIVE FINANCIAL REPORT



Fiscal Year Ended December 31, 2021



CITY OF LYNNWOOD
WASHINGTON

CITY OF LYNNWOOD, WASHINGTON
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

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INTRODUCTORY SECTION



September 28, 2022

The Honorable Christine Frizzell, Mayor
Lynnwood City Council, and
Community Members of the City of Lynnwood

I am pleased to transmit to you Lynnwood's Annual Comprehensive Financial Report for the fiscal year ending December 31, 2021. This detailed report demonstrates the City's commitment to excellence in all areas of financial management.

State Law (RCW 43.09.230) requires that Washington's local governments prepare and publish financial statements for each preceding fiscal year. These financial statements are developed according to the Generally Accepted Accounting Principles (GAAP) as set forth by the Government Accounting Standards Board (GASB), and under the audit authority of the Washington State Auditor's Office (SAO). The enclosed Annual Finance Report Statements include all Governmental, Proprietary and Fiduciary funds. In addition, the Financial Statements include reports for the Lynnwood Public Facilities District (PFD), the City's discrete component unit. Our Annual Financial Report contains the additional detail needed for recognition by the Government Financial Officers Association (GFOA).

While managing and accounting for Lynnwood's fiscal resources, the City uses rigorous standards, procedures, and controls to protect and document our municipal assets and liabilities. Although the State Auditor's Office (SAO) has issued an unmodified ("clean") opinion, it is the City who is responsible for the accuracy and completeness of the statements. To that end, the City employs internal controls to protect public assets from loss, theft, or misuse -- and to prepare the City's financial statements in full conformity with GAAP. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

Those controls include Lynnwood's Financial Policies, which have been recognized by the Municipal Research and Services Center (MRSC) as exemplary policies worthy of emulation. Lynnwood has adopted financial management policies to guide budgeting and accounting practices. The City Council adopts a biennial budget each even-numbered year. The budget process includes a detailed, six-year financial forecast, which serves as the foundation for the City of Lynnwood's financial planning. One or more times during the biennium, budget adjustments are brought forward to the City Council.

GAAP require that the Annual Financial Report include a narrative introduction, general overview, and detailed analysis in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is intended to complement and supplement the MD&A.

COMMUNITY PROFILE

On April 23, 1959, Lynnwood incorporated as a non-charter, optional code city with a Mayor-Council form of government. Lynnwood benefits from its enviable geographic location in Snohomish County--just fifteen miles north of Seattle and nine miles south of Everett. Lynnwood's setting at the junction of I-5, I-405 and SR 525 made it the ideal location for the Alderwood Mall and the many retail and professional service businesses nearby. A suburban community at the time of incorporation, Lynnwood is transforming into a Regional Growth Center--as called for by the Puget Sound Regional Council's Vision 2040. Regional Growth Centers have or will have high-density residential and employment



2021 Annual Comprehensive Financial Report
Letter of Transmittal

density served by regionally-significant infrastructure—including the Lynnwood Link segment of Sound Transit’s light rail system (commencing service 2024). It is believed that Lynnwood’s residential population of 39,600 is considerably less than the City’s daytime population. The City encompasses 7.86 square miles and is planning for a 2035 population within that area of 54,000. In addition, Lynnwood is expected to grow in both size and population through annexation of adjacent unincorporated areas—with capacity for a 2035 population of 85,000.

Election of city officials occurs during odd-numbered years, and the Mayor’s term of office is four years. The seven members of the City Council are elected at-large for staggered, four-year terms. The City Council is responsible for establishing the general direction and policies for the City and for the allocation of resources via an adopted budget. As the chief executive officer, the Mayor is responsible for carrying out the policies and direction set by the City Council. This includes the administration of laws and ordinances, the execution of contracts and agreements, and the delivery of municipal services. The City provides a full range of local government services including public safety; criminal justice, planning and zoning; parks and recreation; economic development; streets and traffic management; and water, wastewater and stormwater utilities.

The City has one of the lowest property tax levy rates in the Puget Sound region. For 2021, the General Levy rate was \$0.54 per \$1,000 of assessed valuation, based upon the adopted levy of \$4.3 million. The City has a high amount of banked tax capacity that could be levied without voter approval if needed.

LOCAL ECONOMY

The City began 2020 in good economic shape with strong development, increasing property values, low unemployment and sales tax revenues trending higher than 2019. When the COVID-19 pandemic began, the City reacted immediately to identify expenditure reductions to balance the negative impacts on sales tax, admissions tax, and Recreation Center fees. The City Council authorized a transfer of \$1.13 million of the City’s \$6 million reserve fund to balance the General Fund for 2020. 2021 sales tax revenues returned to pre-pandemic levels and the reserve fund was fully restored. Throughout the COVID-19 pandemic, the City demonstrated that public agencies can be nimble and swift, and that Lynnwood is resilient, agile, and responsive.

Relative to other Washington counties, Snohomish County has experienced high growth rates during the past two decades. The State Office of Financial Management (OFM) projects an additional 300,000 Snohomish County residents by the year 2025. Lynnwood’s designation as the Regional Growth Center led to ambitious population and employment growth targets for Lynnwood, as set forth by the Snohomish County Countywide Planning Policies. Lynnwood contributes to and benefits from Washington’s strong financial position. As a regional employment center and a retail shopping destination, Lynnwood is recognized as a key catalyst for the economic health of Snohomish County. Local businesses employ more than 34,000 full-time and 14,000 part-time employees. For 2021, the Snohomish County Assessor reports an increase of \$9.2 billion in total assessed valuation over 2020. High-density, transit-oriented development is being permitted and constructed near the new light rail station. Development activity remains very strong and housing values continue to increase despite the ongoing pandemic.

The vicinity of Alderwood Mall is a very active area of the City. At 1.3 million square feet, Alderwood Mall is the third-largest shopping center in the Puget Sound area, offering extensive shopping, restaurant, and entertainment experiences. This retail center is anchored by national department stores and retailers, two multi-screen theaters, and the Alderwood Village lifestyle center. Alderwood Mall continues to foster new investment in its environs, including new multifamily and mixed-use development. During 2020, Northgate Mall closed and this significantly increased the market area for Alderwood Mall as there is no regional shopping mall between downtown Seattle and Lynnwood.



2021 Annual Comprehensive Financial Report Letter of Transmittal

To the west, Highway 99 is an important transportation and commercial corridor serving Lynnwood and the region. Much of Lynnwood's initial development occurred along this historic highway that spanned from Calexico, CA to Blaine, WA. Community Transit's Swift Rapid Bus Service provides express travel along Highway 99. Lynnwood's segment of Highway 99 is experiencing new investment and redevelopment. Auto dealerships have a strong presence on Highway 99, and the City has zoned other properties along the corridor for mid-rise, transit-oriented development (TOD). As described further below, Edmonds Community College (EdCC) enjoys convenient access from Highway 99.

The City's Economic Development Action Plan identifies goals and strategies for continued growth as Lynnwood transitions from a suburban-scale community to a dense, urban center. Lynnwood's City Center will become a regional node for population and employment growth, with excellent transportation access via I-5, light-rail transit, bus rapid transit, the regional Interurban Trail, and a robust arterial street network.

The Lynnwood Public Facilities District (PFD) owns and operates the Lynnwood Convention Center. The City provides a guarantee for the PFD's bonded debt for the Convention Center. Since opening for business in 2005, the Convention Center has an earned reputation for excellence and has found numerous ways to reduce expenditures and remain financially stable even while rental activity significantly decreased due to COVID-19 restrictions.

In Lynnwood and several nearby communities, public K-12 education is provided by the Edmonds School District. With nearly 12,000 student enrollments per quarter, Edmonds Community College (located in Lynnwood) offers associate degrees and certificate programs in a variety of disciplines. Four-year degrees are also offered through the CWU University Center located there. Public library services are provided by the Sno-Isle Regional Library District.

LONG-TERM FINANCIAL PLANNING AND GUIDING FINANCIAL POLICIES

Stewardship of public resources is one of the most-critical responsibilities borne by elected officials and administrative staff. The City of Lynnwood follows local statutes and adopted policies--in addition to the myriad of State and Federal requirements—to ensure that our fiduciary practices are sound, prudent and transparent.

The City maintains a six-year Capital Facilities Plan (CFP) in accordance with the State Growth Management Act. This CFP guides decision-making regarding the prioritization and funding of infrastructure projects. At the time the biennial budget is prepared, capital projects to receive funding within the next two years are included in the two-year budget.

The City Council, and its Finance Committee, regularly review financial policies, budget performance, and long-term financial forecasts. This oversight allows the Council to consider budget activity relative to historical performance, forecasts, and adopted policies.

MAJOR INITIATIVES

Lynnwood manages its finances utilizing Munis, an enterprise resource planning software system developed by Tyler Technologies. Deployed modules include mainstream accounting functions, procurement, human resource management, capital asset and grant management, and utility billing. Since 2019, Lynnwood has partnered with Washington State's Business License System, which standardizes licensing protocol for most businesses.

Lynnwood continues to invest in the infrastructure/capital facilities needed to provide services to our community. Projects completed or in-progress in 2021 ranged from watermain and lift station improvements, roadway construction, and trail and park improvements. At the end of 2021, construction



2021 Annual Comprehensive Financial Report
Letter of Transmittal

in progress totaled almost \$53 million between general government and utilities.

Numerous public and privately-funded developments are in the planning phases or under construction in Lynnwood. Development of the Lynnwood City Center, withing the Lynnwood Regional Growth Center, is a key component of Lynnwood's economic future. In 2021, City Center saw the completion of the Kinect @ Lynnwood project bringing 239 units to market. Construction progress continued at Lynnwood City Center Station for light rail service in 2024 and the City celebrated a ground breaking for the Ember Apartments for development of 361 units and 9,000 square feet of commercial space. With mid-rise buildings over structured parking, this type of development will create a compact, walkable, urban environment as called for by City Center plans.

Construction of Sound Transit's Lynnwood Link light rail service between Lynnwood and points south (University of Washington, downtown Seattle, Bellevue, Sea-Tac International Airport, etc.) is underway. Beginning in 2024, Lynnwood's station, which will be the terminus of the northern route (for approximately a decade), is anticipated to serve 20,000 riders per day. A separate funding package approved by voters (Sound Transit 3) will continue the light rail line northward through Lynnwood and on to Paine Field airport and the City of Everett. That segment will include a transit station near Alderwood Mall.

ACKNOWLEDGEMENTS AND AWARDS

GFOA awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the City of Lynnwood for its Comprehensive Annual Financial Report for the fiscal years ending December 31, 2017 through 2019, and has submitted the 2020 report for award consideration. Lynnwood's Annual Financial Report is readable, efficiently organized, and complies with Generally Accepted Accounting Principles and other program requirements. We believe that our Annual Financial Report for 2021 continues to meet or exceed the Certificate of Achievement award requirements.

The City also received the GFOA's *Distinguished Budget Presentation Award* for its budgets for the 2017 through 2022 biennial budgets. As confirmed by GFOA, Lynnwood's Budget excels as a policy document, a financial plan, an operations guide, and a successful communications tool.

The preparation of the Annual Financial Report could not have been accomplished without the dedicated effort of Finance Department staff and Tara Dunford CPA as well as the many personnel from other departments who assisted in its preparation.

Thank you to our department directors for embracing and realizing Our Community Vision and Strategic Plan, and their tireless delivery of community services. I also extend my thanks to the Washington State Auditor's Office for its professionalism and guidance in conducting the audit of the City's basic financial statements and note disclosures.

Credit also must be given to the Mayor and City Council for their continued commitment, leadership, involvement, and support for maintaining the highest standards of governance in the management of Lynnwood's finances.

Very truly yours,

Michelle Meyer
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lynnwood
Washington**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO



1 Elected Officials:

Christine Frizzell	Mayor	Term Through Dec. 31, 2025
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City Council	Position	Term Through Dec. 31
George Hurst, President	6	2023
Jim Smith, Vice President	4	2023
Shirley Sutton	1	2025
Patrick Decker	2	2025
Joshua Binda	3	2025
Julietta Altamirano-Crosby	5	2023
Shannon Sessions	7	2023

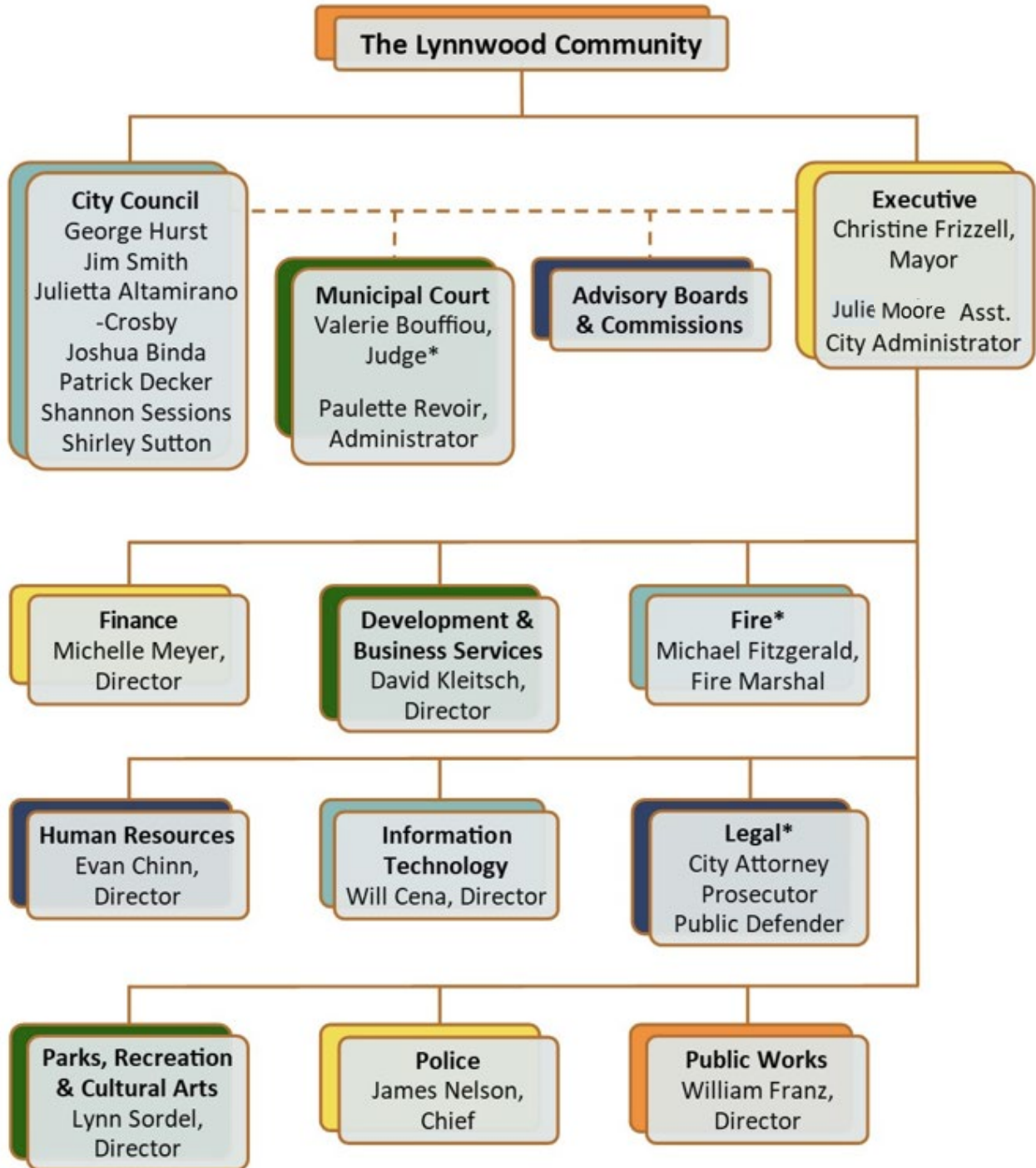
2 Appointed Officials:

Official	Position	Department
Julie Moore	Asst.City Administrator	Executive
Valerie Bouffiou	Judge*	Municipal Court
Will Cena	Director	Information Technology
Evan Chinn	Director	Human Resources
Michael Fitzgerald	Fire Marshal*	Fire
William Franz	Director	Public Works
David Kleitsch	Director	Development and Business Services
Lisa Marshall	City Attorney*	Legal
Michelle Meyer	Director	Finance
James Nelson	Chief	Police
Paulette Revoir	Administrator	Municipal Court
Lynn Sordel	Director	Parks, Recreation and Cultural Arts

* Positions by contract or interlocal agreement (not City employees)



2022 Organization Chart



* Service provided by contract or interlocal agreement

FINANCIAL SECTION



**Office of the Washington State Auditor
Pat McCarthy**

**INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE
FINANCIAL STATEMENTS**

Mayor and City Council
City of Lynnwood
Lynnwood, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the aggregate discretely presented component units of the City of Lynnwood as of and for the year then ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the aggregate discretely presented component units of the City of Lynnwood, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

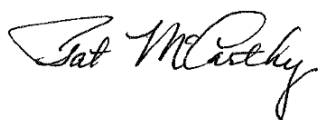
The other information comprises Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with the audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated September 28, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

September 28, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Lynnwood, Washington ("the City") annual comprehensive financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the calendar year ended December 31, 2021. We discuss and analyze the City's financial performance within the context of the accompanying financial statements, schedules, and note disclosures following this section.

Financial Highlights

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$284,361,212 (net position) at the end of the calendar year.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$204,445,981 includes property and equipment, net of accumulated depreciation, and is reduced for outstanding debt related to the acquisition or construction of capital assets.
 - (2) Net position of \$40,106,969 is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations, and City restricted reserve policies.
 - (3) Unrestricted net position of \$39,808,262 represents the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported a total ending fund balance of \$106,930,165 this year. This compares to the adjusted prior year ending fund balance of \$46,879,626, showing an increase of \$60,050,539 or 128% during the current year.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$8,941,578, or 20.7% of total General Fund expenditures.
- Overall, the City continues to maintain a strong financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis (MD&A) document introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual financial report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and the elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating.

Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*. This statement reports how the City's net position changed during the current calendar year. All current year revenues and expenses are included regardless of when the City receives or pays cash.

An important purpose of the *Statement of Activities* is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Governmental activities included in this statement are general government, judicial, public safety, social services, transportation, economic environment and culture and recreation. Business-type activities include water, sewer and storm water and the golf course. Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. For example, the Street Fund accounts for dollars associated with street maintenance. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combining statements in a later section of this report.

The City has three kinds of funds: Governmental, Proprietary and Fiduciary

- *Governmental funds* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements such as police, fire, and administration. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term calendar accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

- *Proprietary funds* are reported in the fund financial statements and generally report services for which the City charges customers a fee such as water, sewer, and storm water. The City's proprietary funds are classified as enterprise funds and an internal service fund. These enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. The internal service fund is an equipment rental fund.
- *Fiduciary fund* type represents funds held in trust and includes the firemen's pension trust fund, the recreation scholarship fund, and the custodial fund.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Required Supplementary Information

This section includes the budgetary schedules for the general fund and disclosure related to pensions and other-postemployment benefits.

Supplementary Information

Combining and comparative individual statements and schedules for some major and nonmajor funds are presented as supplementary information in this report.

Financial Analysis of the City as a Whole

The City's net position at calendar year-end was \$284,361,212. The following table provides a summary of the City's net position:

Summary of Net Position at December 31,

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current	\$ 128,118,795	\$ 57,807,167	\$ 24,628,239	\$ 31,269,806	\$ 152,747,034	\$ 89,076,973
Capital assets	173,710,619	151,069,775	102,984,508	92,747,647	276,695,127	243,817,422
Other	31,063,601	8,896,596	2,336,061	2,555,031	33,399,662	11,451,627
Total assets	332,893,015	217,773,538	129,948,808	126,572,484	462,841,823	344,346,022
Deferred outflows of resources	5,463,759	5,709,577	399,154	507,461	5,862,913	6,217,038
Liabilities:						
Current	16,690,326	7,305,670	5,077,676	6,654,529	21,768,002	13,960,199
Non-current	93,470,208	38,233,730	43,620,299	47,142,769	137,090,507	85,376,499
Total liabilities	110,160,534	45,539,400	48,697,975	53,797,298	158,858,509	99,336,698
Deferred inflows of resources	22,115,450	3,237,264	3,369,565	527,621	25,485,015	3,764,885
Net position:						
Net investment in capital assets	147,752,563	130,654,775	56,693,418	45,538,331	204,445,981	176,193,106
Restricted	39,309,425	33,940,718	797,544	554,428	40,106,969	34,495,146
Unrestricted	19,018,802	10,110,958	20,789,460	26,662,267	39,808,262	36,773,225
Net position	\$ 206,080,790	\$ 174,706,451	\$ 78,280,422	\$ 72,755,026	\$ 284,361,212	\$ 247,461,477

The City continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 7.7 to 1 as compared to 7.9 to 1 at December 31, 2020. The current ratio for the business-type activities at December 31, 2021 is 4.9 to 1 as compared to 4.7 to 1 at December 31, 2020. For the City overall, the current ratio is 7.0 to 1 as compared to 6.4 to 1 at December 31, 2020. These ratios are strong.

The City reported positive balances in net position for both governmental and business-type activities. Net position increased \$31,374,339 for governmental activities and increased by \$5,525,396 for business-type activities. The City's overall financial position increased during calendar year 2021 by \$36,899,735. Although the city has established reserve policies the Governmental Accounting Standards Board (GASB) limits the term "Restricted" to restrictions placed by outside parties such as bondholders.

71.7% of the governmental activities' net position is committed to capital, such as building, infrastructure, vehicles, and equipment. The City uses these capital assets to provide services to its citizens. With business-type activities, the City has 72.4% of its net position invested in capital assets. Capital assets in the business-type activities also provide water, sewer and storm water services and the golf course, but they also generate revenues for these funds. Overall, 71.9% of the City's total net position is invested in capital assets.

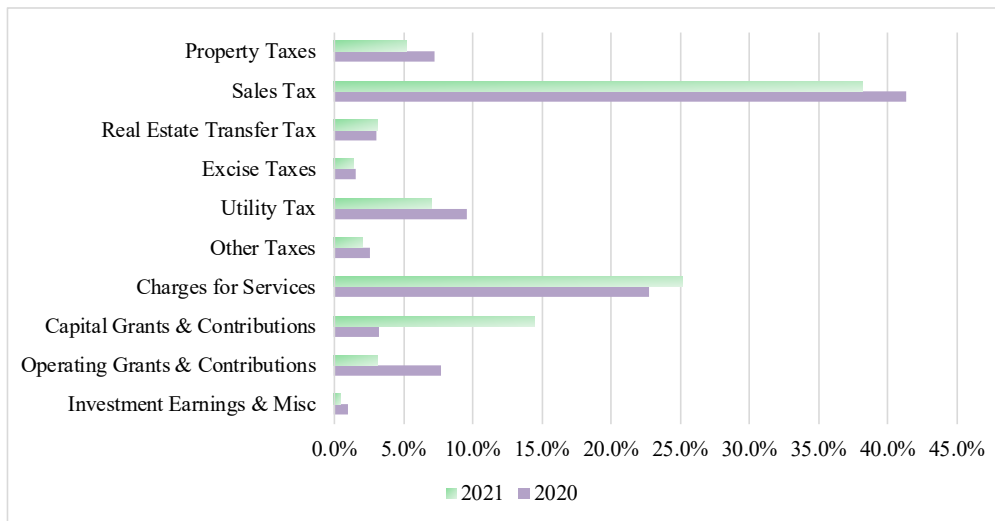
The following table provides a summary of the City's changes in net position:

	Summary of Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program:						
Charges for services	\$ 20,703,447	\$ 13,419,294	\$ 26,907,331	\$ 25,892,658	\$ 47,610,778	\$ 39,311,952
Operating grants and contributions	2,596,297	4,518,072	367,388	51,463	2,963,685	4,569,535
Capital grants and contributions	11,890,242	1,876,992	810,004	3,033,937	12,700,246	4,910,929
General:						
Property taxes	4,233,938	4,268,168	-	-	4,233,938	4,268,168
Sales taxes	31,425,145	24,349,634	-	-	31,425,145	24,349,634
Business and other taxes	11,133,425	9,901,112	-	-	11,133,425	9,901,112
Investment earnings	(164,813)	521,234	52,996	443,230	(111,817)	964,464
Other revenues	448,208	69,346	-	-	448,208	69,346
Total revenues	82,265,889	58,923,852	28,137,719	29,421,288	110,403,608	88,345,140
Program Expenses:						
General government	7,764,908	12,775,727	-	-	7,764,908	12,775,727
Economic environment	4,806,185	4,738,876	-	-	4,806,185	4,738,876
Judicial	840,599	949,133	-	-	840,599	949,133
Culture and recreation	6,812,909	6,683,452	-	-	6,812,909	6,683,452
Public safety	19,043,915	21,344,811	-	-	19,043,915	21,344,811
Social services	397,114	450,612	-	-	397,114	450,612
Transportation	9,325,059	9,116,844	-	-	9,325,059	9,116,844
Utilities	39,602	38,390	-	-	39,602	38,390
Interest on long-term debt	2,038,950	791,059	-	-	2,038,950	791,059
Water/sewer/storm utility	-	-	20,935,360	21,054,285	20,935,360	21,054,285
Golf course	-	-	1,499,272	1,334,019	1,499,272	1,334,019
Total expenses	51,069,241	56,888,904	22,434,632	22,388,304	73,503,873	79,277,208
Revenues over (under) expenses	31,196,648	2,034,948	5,703,087	7,032,984	36,899,735	9,067,932
Transfers	88,725	-	(88,725)	-	-	-
Changes in net position	31,285,373	2,034,948	5,614,362	7,032,984	36,899,735	9,067,932
Beginning net position	174,706,451	172,710,184	72,755,026	65,722,042	247,461,477	238,432,226
Prior period adjustments	88,966	(38,681)	(88,966)	-	-	(38,681)
Beginning net position - restated	174,795,417	172,671,503	72,666,060	65,722,042	247,461,477	238,393,545
Ending net position	\$ 206,080,790	\$ 174,706,451	\$ 78,280,422	\$ 72,755,026	\$ 284,361,212	\$ 247,461,477

GOVERNMENTAL ACTIVITIES-REVENUES

Total tax revenue increased by \$8,273,594 or 21.5% from 2020 to 2021; 2020 revenues in sales, admissions, utility, and excise taxes were reduced due to the COVID-19 pandemic.

As the chart below depicts, in total, in 2021 taxes make up 56.8% of the total revenues stream as compared to 65.4% in 2020. 2021 property taxes make up 5.1% of revenues, as compared to 7.2% in 2020, and 2021 sales taxes make up 38.2% of total revenues as compared to 41.3% in 2020.



The operating grants and contributions for general government of \$654,070 included the following:

- Public Utility District Privilege Tax - \$254,103
- COVID-19 assistance - \$389,967
- Other Miscellaneous Revenues and Donations - \$10,000

The operating grants for culture and recreation of \$20,483 included the following:

- Donations, Parks, and Senior Services - \$12,021
- Snohomish County - \$8,462

The operating grants for public safety of \$555,923 included the following:

- LEOFF Pension Plan Special Funding - \$285,593
- Law Enforcement Services - \$13,646
- Traffic safety grants - \$11,229
- Snohomish County Regional Drug and Gang Task Force - \$1,508
- Department of Justice Equitable Sharing - \$1,170
- Department of Justice Grants – \$14,138
- Department of Treasury Grant - \$1,995
- Legislative Allocation - \$162,000
- Washington State Criminal Justice distributions - \$59,918
- Other Miscellaneous Revenues and Donations - \$4,726

The operating grants and contributions for transportation of \$836,391 included the following:

- Motor Vehicle Fuel Tax and Other Street Operating Funds - \$821,529
- Washington Traffic Safety Commission - \$14,862

The operating grants and contributions for utilities of \$8,570 included the following:

- Department of Ecology Grant - \$8,570

The operating grants and contributions for judicial of \$6,376 included the following:

- Administrative Office of the Courts - \$6,376

The operating grants and contributions for economic environment of \$514,484 included the following:

- Sound Transit Interlocal Agreement - \$424,484
- Department of Commerce - \$90,000

The capital grants and contributions for transportation of \$10,074,083 included the following:

- Washington State Department of Transportation grants - \$9,968,426
- Interlocal Agreements - \$68,707
- Other Miscellaneous Revenues and Donations - \$36,950

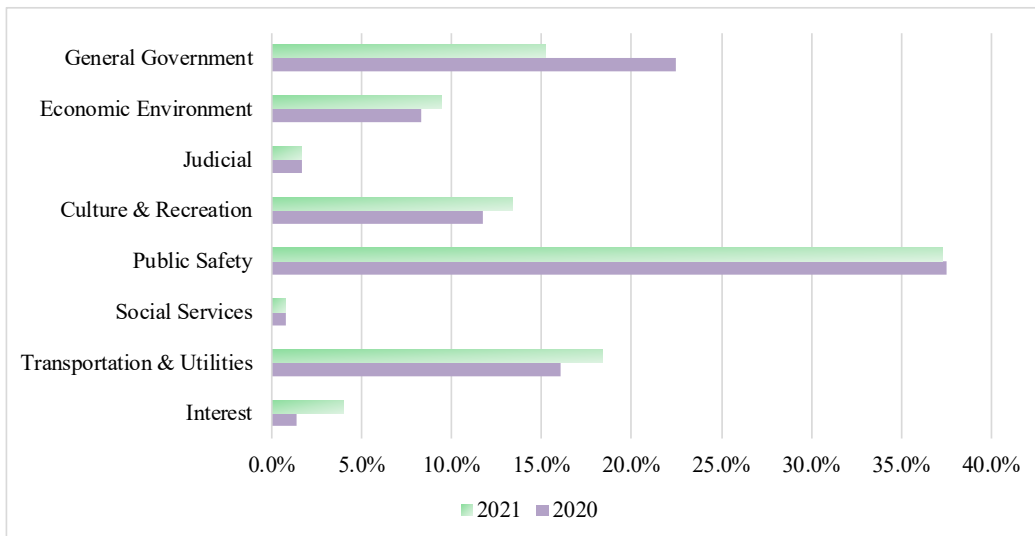
The capital grants and contributions for culture and recreation of \$1,816,159 included the following:

- Washington Recreation and Conservation Office - \$870,510
- Washington State Department of Transportation Grant – Scriber Creek - \$23,340
- Sound Transit Access Enhancement Funds - \$625,819
- Other Miscellaneous Revenues and Donations - \$296,490

It is noteworthy that program revenues cover 30.6% of governmental operating expenses, down from 34.8% a year ago. The taxpayers and the City's other general governmental revenues cover the remaining 69.4% of the governmental expenses. As a result, the general economy and the success of City businesses have a major impact on the City's revenue streams.

GOVERNMENTAL ACTIVITIES - FUNCTIONAL EXPENSES

The chart below illustrates the cost of each of the City's major governmental activities by function and related percentages of the total functional expenditures for 2021 and 2020:



Of the City's governmental activities functions, 37.3% of the total costs relates to public safety in 2021 as compared to 37.5% in 2020. Public safety expenses decreased by \$2,300,896. The decrease is due to a reduction in various expenditures as a planned response to the COVID-19 budget impacts. Transportation & utilities expenses make up 18.3% of total costs in 2021 as compared to 16.1% in 2020. General government expenses make up 15.2% of total expenses as compared to 22.5% in 2020. General government expenses decreased by \$5,010,819 due to the one-time COVID grant funds expended in 2020. Culture & recreation expenses make up 13.3% of total costs in 2021 as compared with 11.7% in 2020. Culture and recreation expenses increased by \$129,457 due to increased operational expenditures related to the opening of the community center and increase in recreation programs due to returning to normal after COVID. Economic environment expenses make up 9.4% of total expenses as compared to 8.3% in 2020.

The following table presents the net cost of each of the City's programs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions for each of the past two years.

Governmental Activities				
	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
General government	\$ 7,764,908	\$ 12,775,727	\$ 4,639,235	\$ 5,368,361
Economic environment	4,806,185	4,738,876	520,125	3,259,838
Judicial	840,599	949,133	(393,508)	182,120
Culture and recreation	6,812,909	6,683,452	(1,957,632)	2,785,805
Public safety	19,043,915	21,344,811	14,335,609	18,348,156
Social services	397,114	450,612	397,114	450,612
Transportation	9,325,059	9,116,844	(3,130,415)	6,655,547
Utilities	39,602	38,390	(570,223)	(766,952)
Interest on debt	2,038,950	791,059	2,038,950	791,059
Total	\$ 51,069,241	\$ 56,888,904	\$ 15,879,255	\$ 37,074,546

BUSINESS-TYPE ACTIVITIES ANALYSIS

The City maintains two enterprise funds, each of these funds reported the following operating income for the last two calendar years:

Fund	Operating Income		%
	2021	2020	Change
Water/sewer/storm utility	\$ 5,347,996	\$ 4,887,382	9.42%
Golf course	381,943	321,322	18.87%
Total	\$ 5,729,939	\$ 5,208,704	10.01%

The following analysis is provided for the major enterprise funds.

Sewer/Water/Storm Utility Fund – Operating revenues increased \$780,867 or 3.2% in 2021 over 2020. Water charges for services increased \$480,000 or 6.7%. Sewer charges for services increased \$217,253 or 1.7%. Storm charges for services increased by \$96,384 or 2.3%. The increases are related to growth in the customer base.

Total operating expenses increased \$320,253 or 1.7% from the 2020 amount. At December 31, 2021, net position totals \$73,984,308. Of this amount, \$52,423,971 or 70.9% is invested in capital assets.

The various expenses changed from 2020 to 2021 as follows:

- Administration and general – water – increase of \$431,515 or 19.7%.
- Administration and general – sewer – increase of \$549,553 or 27.4%
- Administration and general – stormwater – decrease of \$178,991 or 23.9%
- Maintenance and operations – water – increase of 10,688 or 0.3%
- Maintenance and operations – sewer – decrease of 636,437 or 9.9%
- Maintenance and operations – stormwater - decrease of \$89,602 or 4.5%

Although there was significant fluctuation between these six categories, it is primarily due to the staff transfers between divisions and changes in allocated expenses. Overall, operating expenses increased by \$320,253 or 1.7%.

Golf Course Fund – Operating revenues increased \$233,806 or 14.2%, resulting in a record year. While indoor recreational opportunities were limited due to COVID-19 restrictions, the golf course was a popular destination for outdoor recreation.

Total operating expenses increased by \$173,185 or 13.1% over the 2020 amount. Operating income increased from \$321,322 in 2020 to \$381,943 in 2021.

As of December 31, 2021, the net position totaled \$3,758,357 compared with \$3,382,851 as of December 31, 2020.

Financial Analysis of the City's Funds

Governmental Funds

As previously stated, governmental funds are reported in the fund statements with a focus on short-term inflow and outflow of spendable resources. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$106,930,165 as compared to \$46,879,626 at December 31, 2020.

The restricted amount at December 31, 2021, was \$79,818,114, which includes \$1,232,632 for debt service, \$1,902,892 for criminal justice, \$62,962,632 for capital improvements, \$1,307,186 for transportation, \$798,229 for tourism, \$296,749 for drug enforcement, \$3,651,358 for streets, \$7,252,861 for parks and \$413,575 for a variety of other restrictions.

Governmental Funds have \$8.3 million of which \$6 million is committed, primarily for revenue fluctuations. The City Council passed a Resolution 2014 to reserve (commit) \$6 million in the Revenue Stabilization Fund, a managerial fund that is included in the General Fund to protect the City from major economic downturns or similar adverse conditions. The resolution also limits the use of these funds to those approved by Council. The Council approved a transfer from this fund at the end of 2020 to balance the General Fund due to the negative impacts COVID had on sales tax and recreation revenues. The action included a plan to fully restore the Revenue Stabilization Fund over the 2021-2022 biennium. The full transferred amount of \$1.13 million was returned to the Revenue Stabilization Fund in 2021.

Also, included in the General Fund is approximately \$9.8 million intended (assigned) to be spent on future economic development. These funds are included in the Economic Infrastructure Development fund, another managerial fund that is included in the General Fund.

The General Fund reports an unassigned amount of fund balance of \$8,941,578. This amount will be used for future one-time operating costs. The total ending fund balances of governmental funds show an increase of \$60.1 million compared to a decrease of \$1.2 million at December 31, 2020.

Major Governmental Funds

General Fund - The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$4,760,997 or 23.8% in 2021, after interfund transfers to other funds. The difference between revenues and expenditures was \$9,760,545 before interfund transfers. Of the total \$4,999,548 transferred from the General Fund, \$1,656,516 was transferred to service debt, \$1,100,004 was transferred to fund capital projects, \$1,091,532 was transferred to the Street Operating Fund (Non-Major Special Revenue Fund) and \$26,496 was transferred to the Solid Waste Management fund (Non-Major Special Revenue Fund). Total transfers out were \$2,192,960 (78.1%) more than total transfers in 2020 due to an increase in transfers to capital project funds.

Total revenues increased by \$7,435,722 or 16.4% in 2021. The primary cause of this increase was the increase in 2021 sales tax revenues.

Permits and fees decreased \$155,140 or 2.8% from 2020 due to timing in how construction permit revenues are received as projects progress.

Intergovernmental revenues decreased by \$1,641,423 (51.1%) due to one-time CARES grant revenues received in 2020.

In 2021, total expenditures decreased by \$1,066,743 or 2.4% compared to 2020. The decrease is primarily due to a decrease in general government expenditures related to the expenditure of the CARES grant funds in 2020.

The City Council adopted updated Financial Management Policies in 2017. The new policies include a General Fund Reserve which requires the City to adopt a budget to include reserve balances equaling not less than 2.5 months of operating expenditures of the prior fiscal year. Reserves may consist of the total of the General Fund Unassigned Fund Balance and the Revenue Stabilization Fund balance. In November of 2020, the City Council passed a resolution authorizing the use of up to \$2.2 million in reserves to balance the General Fund and confirming that the 2021-2022 budget could have General Fund reserves under the 2.5 month minimum required in policy. At the time of 2021-2022 budget adoption, it was estimated that the draw-down on reserves would be less than \$2 million. The actual amount of transfer needed was only \$1.13 million. The General Fund had 2.2 months of operating reserves as of the end of 2020. The reserves were fully replenished in 2021. As of December 31, 2021, the City met the policy requirements for reserves as follows (2019 is being used as the base year due to lower-than-normal operating expenditures in 2020):

2019 General Fund Expenditures		<u>\$ 45,691,886</u>
Reserve Requirement (2.5 months)		9,519,143
Reserves:		
Revenue Stabilization Fund	\$ 6,000,000	
Unassigned Fund Balance	<u>8,981,143</u>	
Total Reserve Balance		<u>14,981,143</u>
Reserve Requirement Overage		<u>\$ 5,462,000</u>

Transportation Capital Fund – The Transportation Capital Fund is used to account for transportation related capital projects, which in 2021 included among others, 2017-2022 Pavement Preservation Project, the Poplar Way Extension Bridge, and 196th Street SW (SR524) Improvements. Revenues increased by \$5,719,646 from 2020 to 2021 due to an increase in the amount of grant funding received in 2021. Expenditures increased by \$11,315,305 from 2020 to 2021. Construction on the 196th Street SW Improvements project started in 2021. Fund balance increased by \$513,900, or 20.3%, from 2020 to 2021.

Budgetary Highlights – General Fund

The City adopts a biennial budget and combines both years together. The biennial budget is developed to guide the City's financial direction. It outlines how financial resources will be managed during the biennial budget years while allowing for reallocation of resources. Major groups that participate in the budget process are the Mayor, City Council, Department directors, Managers, and interested Lynnwood community members. Appropriation of operating and capital funds are reviewed and amended as needed by the City Council. During 2021, the budget was amended once to include updated beginning and ending fund balance amounts, account for purchasing authority that needed to be carried forward from the prior year and reflect new grant revenues and an increase in anticipated sales tax revenues to cover expenditure authority for reinstated staff positions.

Actual results compared to final budget

Total General Fund revenues for the first year of the biennium were \$53 million or 47.74% of the amended budget of \$111 million. The amended budget includes \$5.4 million for interfund services revenues. In the financial statements, Interfund services were reclassified as a reduction of direct expenditures to the General Fund departments as opposed to revenues to the General Fund, so the actual interfund service revenue was zero. Adjusting for this amount, the General Fund revenues were 50.18% of the amended biennial budget.

Sales tax revenues, which represents 57.2% of the total budgeted General Fund revenues, totaled \$27.1 million for the year. Sales tax revenues in 2021 increased by \$6.1 million from 2020, an 28.9% increase. This is attributed to the reduction in sales activity that occurred when the COVID-19 pandemic first began in early 2020. Sales tax revenues recovered strongly as 2020 and 2021 progressed.

Property tax revenues totaled \$4.3 million or 8.05% of the actual revenues. Permit fee revenues were at 44.5% of budget.

Total General Fund expenditures were \$43.1 million or 42.08% of the amended biennial budget of \$102.5 million.

Capital Assets and Debt Administration

Capital Assets

The City's net book value of capital assets as of December 31, 2021, increased by 15% for governmental activities and increased by 11% in business-type activities. The overall increase was 13.5% for the City as a whole. See Note 3-D for additional information about changes in capital assets during the calendar year and outstanding at the end of the year.

At December 31, 2021, the depreciable capital assets for governmental activities were 53% depreciated. This compares with the December 31, 2020, percentage of 51%. For business-type activities, the percentage did not change from 43%.

At December 31, 2021, the major projects included in the governmental activities construction in progress include:

- Poplar Way Bridge Extension - \$4,492,412
- 196th Street SW Improvements - \$20,991,762
- Beech Road Improvements - \$514,960
- Scriber Creek Trail Improvements - \$1,351,968
- South Lynnwood Park Improvements - \$1,866,997
- Lynnwood Community Justice Center - \$8,220,890

The major additions to governmental activities machinery and equipment account include:

- 2020 Ford F550 Work Truck - \$181,110
- 2020 Ford F5G F550 - \$101,427
- 2021 John Deer Backhoe Loader - \$119,253
- 2021 EZ Liner Truck Mounted Striping Machine - \$185,955
- Axon Body Camera's - \$346,775
- Disaster Recovery Nutanix Server - \$155,617

Governmental activities land increased \$210,061 consisting primarily of:

- Right of way for Poplar Way Bridge Extension Project - \$181,846
- Easement for Criminal Justice Center Facility - \$28,216

At December 31, 2021, the major projects included in the business-type activities construction in progress include:

- Lift Station 8 Improvements - \$510,413
- WWTP Building Replacement - \$3,123,356
- WWTP Fire Protection System- \$1,250,539
- WWTP Odor Scrubber - \$2,031,358
- 60th Ave Sewer Repair - \$1,157,580
- 196th St Utility Improvements- \$4,032,979

At December 31, 2021, major projects completed:

- Lift Station 4 & 8 - \$5,578,755
- ADA Ramps & Sidewalks - \$618,610
- City Hall HVAC - \$913,611

The following table provides a summary of capital asset activity:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Nondepreciable assets:						
Land	\$ 43,204,454	\$ 43,022,609	\$ 8,259,914	\$ 8,259,914	\$ 51,464,368	\$ 51,282,523
Easements	480,898	452,683	4,340,120	4,340,120	4,821,018	4,792,803
Art, non-depreciable	128,219	128,219	-	-	128,219	128,219
Construction in progress	39,830,629	14,558,402	12,896,070	8,392,475	52,726,699	22,950,877
Total nondepreciable assets	83,644,200	58,161,913	25,496,104	20,992,509	109,140,304	79,154,422
Depreciable assets:						
Buildings	43,491,437	42,577,827	34,838,900	34,447,324	78,330,337	77,025,151
Improvements other than buildings	23,751,879	23,168,319	2,788,273	2,774,233	26,540,152	25,942,552
Machinery and equipment	20,232,505	19,131,416	4,922,031	4,948,715	25,154,536	24,080,131
Infrastructure	105,520,152	105,483,202	92,738,177	84,491,163	198,258,329	189,974,365
Total depreciable assets	192,995,973	190,360,764	135,287,381	126,661,435	328,283,354	317,022,199
Total accumulated depreciation	102,929,554	97,452,902	57,798,977	54,906,295	160,728,531	152,359,197
Book value - depreciable assets	90,066,419	92,907,862	77,488,404	71,755,140	167,554,823	164,663,002
Percentage depreciated	53%	51%	43%	43%	49%	48%
Book value - all assets	\$ 173,710,619	\$ 151,069,775	\$ 102,984,508	\$ 92,747,649	\$ 276,695,127	\$ 243,817,424

Long-Term Liabilities

The following table reports outstanding long-term liabilities at both December 31, 2021, and 2020:

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 79,756,735	\$ 20,415,000	\$ -	\$ -	\$ 79,756,735	\$ 20,415,000
Revenue bonds	-	-	45,565,508	47,567,335	45,565,508	47,567,335
Subtotal	79,756,735	20,415,000	45,565,508	47,567,335	125,322,243	67,982,335
Net pension liability	2,607,815	6,516,674	316,257	1,352,828	2,924,072	7,869,502
OPEB - LEOFF 1-Police	10,893,334	10,668,568	-	-	10,893,334	10,668,568
Claims and judgements	224,620	157,097	-	-	224,620	157,097
Compensated absences	4,590,588	3,567,395	747,085	576,050	5,337,673	4,143,445
Total	\$ 98,073,092	\$ 41,324,734	\$ 46,628,850	\$ 49,496,213	\$ 144,701,942	\$ 90,820,947

In a report issued on May 26, 2021, Standard & Poor's (S&P) assigned its 'AA+' Rating to the city's 2021 Limited Term General Obligation (LTGO) bonds that Council authorized on March 22, 2021. The only rating higher is 'AAA' which few municipalities have achieved. S & P also affirmed its 'AA+' long-term rating on the City's outstanding bonds.

S & P assigned the city an 'AA+' rating with a stable outlook. It also notes the city has strong financial management practices. Additional factors referenced in the report:

- Very strong economy within a broad and diverse metropolitan statistical area,
- Strong management with good financial policies and practices,
- Very strong budgetary flexibility and adequate budgetary performance,
- Very strong cash balances and low debt liability

The 'AA+' Bond Rating, which is an extraordinary achievement for the City, is a positive reflection of the City's effectiveness in managing its financial resources during one of the most difficult economic times in several generations.

On June 24, 2021, the City issued 30-year Limited Tax General Obligation Bonds for constructing the City's Community Justice Center (CJC) in the amount of \$49,315,000. Annual principal payments range from \$965,000 to \$2,870,000, with interest varying from 4% to 5%, paid semi-annually. The final principal and interest payment is scheduled for 2050.

Detailed information on long term debt liabilities at year-end is presented in Note 3-G to the Financial Statements.

Economic Conditions Affecting the City

COVID 19 –The Mayor of the City of Lynnwood issued an Emergency Proclamation in response to the COVID-19 public health crisis in March of 2020. The General Fund was negatively impacted by reduced sales tax and recreation revenues. Expenditure reduction measures and a one-time transfer from the Revenue Stabilization Fund to the General Fund was authorized to balance revenues and expenditures at the end of 2020. Throughout 2021, sales tax revenues returned to pre-pandemic levels and exceeded budgeted amounts. The balance of the Revenue Stabilization Fund was fully restored in 2021.

The City of Lynnwood was allocated \$10.9 million in Coronavirus State and Local Fiscal Recovery Funds through the American Rescue Plan Act. Half of the funding was received in June 2021 with the other half expected twelve months later in 2022.

For additional information see Note 5, Other Disclosures.

Financial Stability – The City's financial condition is strong because: a) The Mayor and City Council are diligent in ensuring that expenditures do not exceed revenues; b) the Puget Sound region is experiencing growth in both population and household income; c) Lynnwood utilizes stringent financial policies and best practices under the guidance of the City Council's Finance Committee; d) during 2017, voters approved the formation of a Regional Fire Authority (RFA) that consolidated the Lynnwood Fire Department with Snohomish County Fire District 1, and thereby removed the City's second-largest department (in dollars) from the City's budget; and e) the planned 2024 arrival of light rail service to Lynnwood, provided by Sound Transit (Puget Sound's regional transit agency) has fueled construction of midrise buildings here.

Following voter approval of the RFA, the Lynnwood City Council approved a lower property tax levy for 2018 that reflected the net savings created by the RFA. The property tax levy for 2021 continued that approach with an incremental increase over the 2020 levy. If the need were to arise, the City Council has the ability to significantly increase property tax revenue without voter approval through banked capacity.

Sound Transit's Lynnwood Link light rail, scheduled to begin service in 2024, is also fueling Lynnwood's strong real estate market. To optimize available revenues, the City continues to proactively pursue and obtain state and federal funding to expand the capacity of municipal infrastructure. This includes streets, parks, sidewalks, facilities, utilities, and open space. A portion of the City (including the vicinity of the new light rail transit station) has been designated as an Opportunity Zone and this is another incentive for new investment in Lynnwood.

Economic Development – The City's Community Vision adopted by City Council in 2009 and reaffirmed in 2015 calls for a vibrant community. Issue-specific plans prepared by the City identify programs and projects that implement this Vision Statement and accommodate population employment growth projected for the next 20 years. Updates in 2015 to the City's Comprehensive Plan and Economic Development Action Plan incorporated implementation activities to achieve economic

development goals. The City's attributes of geographic location, ease of access, emerging light rail service, and economic prominence supports sustained economic vitality. These plans are both being updated in 2022.

Population and employment growth within the City reflect steady progress towards implementing the community's vision as a designated Regional Growth Area (per Puget Sound Regional Council's Vision 2040 Plan). Lynnwood has many auto dealerships and sale activity continues to be strong. Lynnwood's Alderwood Mall is evolving to remain a premier destination in an age of online retail. At the Mall, legacy retail structures are being replaced by a "lifestyle center" of shops, restaurants, and multifamily homes. The 2019 closure of Seattle's Northgate Mall (America's first indoor mall) significantly increased the size of Alderwood Mall's market area. Property tax revenues remain steadfast as assessed property value increases year-over-year. For 2021, the Snohomish County Assessor reports an increase of \$9.2 billion in total assessed valuation over 2020.

Economic vitality is also evident in the diversity of the economy in the City area. Private sector employment includes aerospace, biosciences, information technologies, electronics, finance/insurance/real estate, healthcare, and professional services. Public sector employment includes the administrative offices of the Edmonds School District, Edmonds Community College, and the City.

Development of the Lynnwood City Center, withing the Lynnwood Regional Growth Center, is a key component of Lynnwood's economic future. In 2021, City Center saw the completion of the Kinect @ Lynnwood project bringing 239 units to market. Construction progress continued at Lynnwood City Center Station for light rail service in 2024 and the City celebrated a groundbreaking for the Ember Apartments for development of 361 units and 9,000 square feet of commercial space. With mid-rise buildings over structured parking, this type of development will create a compact, walkable, urban environment as called for by City Center plans.

To support this private investment, street projects have moved forward in the City Center with 196th St. SW (SR 524) and 36th Ave W receiving funding for widening and streetscape improvements; and 42nd Ave W received funding for initial design. Site work for the Sound Transit Lynnwood Link Light Rail began in 2019 after considerable planning and engineering work throughout 2018. Pedestrian/bicycle trails near the transit center will be upgraded to support non-motorized access to the light rail service. These projects address the community vision for a multi-modal transportation network. The City continues to spend to keep its infrastructure in good shape and is moving forward with capital projects as budgeted.

Contacting the City's Financial Management

We designed this financial report to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact:

Finance Director
City of Lynnwood
19100 44th Ave W
Lynnwood, WA 98036
425-670-5154

BASIC FINANCIAL STATEMENTS

City of Lynnwood, Washington
Statement of Net Position
December 31, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Current Assets				
Cash and cash equivalents (Note 3-A)	\$ 86,108,886	\$ 11,155,850	\$ 97,264,736	\$ 6,985,706
Restricted assets: cash and cash equivalents	-	-	-	1,045,757
Investments (Note 3-A)	22,060,849	2,507,914	24,568,763	2,044,251
Receivables:				
Accounts	3,940,278	10,458,253	14,398,531	881,951
Taxes	7,573,614	-	7,573,614	-
Intergovernmental	8,765,815	-	8,765,815	-
Internal	(404,757)	404,757	-	-
Prepaid items	74,110	76,599	150,709	64,391
Inventory	-	24,866	24,866	14,085
Total Current Assets	128,118,795	24,628,239	152,747,034	11,036,141
Noncurrent Assets				
Investment in joint venture	1,140,754	-	1,140,754	-
Net pension assets	29,070,847	3,082,818	32,153,665	174,428
Restricted assets: cash and cash equivalents	-	43,921	43,921	-
Note receivable	-	61,322	61,322	-
Internal receivable	852,000	(852,000)	-	-
Capital assets (Note 3-D)				
Nondepreciable	83,644,200	25,496,104	109,140,304	6,815,344
Depreciable, net	90,066,419	77,488,404	167,554,823	14,386,097
Total Noncurrent Assets	204,774,220	105,320,569	310,094,789	21,375,869
Total Assets	332,893,015	129,948,808	462,841,823	32,412,010
Deferred Outflows of Resources				
Deferred Outflows-loss on refunding	-	-	-	20,604
Deferred Outflows - OPEB	227,652	-	227,652	-
Deferred Outflows of Resources-Pensions	5,236,107	399,154	5,635,261	24,311
Total Deferred Outflows of Resources	5,463,759	399,154	5,862,913	44,915
Liabilities				
Current Liabilities				
Accounts payable	5,406,488	1,738,730	7,145,218	169,846
Accrued expenses	1,048,883	130,830	1,179,713	79,020
Retainage payable	-	15,894	15,894	-
Deposits payable	-	25,135	25,135	416,920
Custodial accounts payable	-	5,301	5,301	-
Compensated absences payable	3,217,580	521,723	3,739,303	11,543
Unearned revenue	5,403,591	18,786	5,422,377	-
Accrued interest	228,480	134,449	362,929	-
Total OPEB liability - current portion	455,304	-	455,304	-
General obligation bonds payable	930,000	-	930,000	1,108,300
Revenue bonds payable	-	2,486,828	2,486,828	1,038,358
Total Current Liabilities	16,690,326	5,077,676	21,768,002	2,823,987
Long-Term Liabilities (net of current portion): (Note 3-F)				
Deposits payable	-	-	-	45,757
Compensated absences payable	1,373,008	225,362	1,598,370	11,543
Claims and judgments payable	224,620	-	224,620	-
Total OPEB liability	10,438,030	-	10,438,030	64,117
Net pension liability	2,607,815	316,257	2,924,072	16,634
Environmental remediation	-	-	-	5,619,992
General obligation bonds payable	78,826,735	-	78,826,735	3,308,200
Revenue bonds payable, net of premiums/discounts	-	43,078,680	43,078,680	12,530,297
Total Long-term Liabilities	93,470,208	43,620,299	137,090,507	21,596,540
Total Liabilities	110,160,534	48,697,975	158,858,509	24,420,527
Deferred Inflows of Resources				
Deferred Inflows of Resources-Gain on refunding	-	115,274	115,274	23,100
Deferred Inflows of Resources-Pensions	22,115,450	3,254,291	25,369,741	191,321
Total Deferred Inflows of Resources	22,115,450	3,369,565	25,485,015	214,421
Net Position				
Net investment in capital assets (Note 3-J)	147,752,563	56,693,418	204,445,981	3,213,790
Restricted for:				
Debt service	1,232,632	299,133	1,531,765	1,000,000
Capital outlay	9,163,953	-	9,163,953	-
Criminal justice	1,902,892	-	1,902,892	-
Tourism	798,229	-	798,229	-
Drug enforcement	296,749	-	296,749	-
Other purposes	7,666,436	-	7,666,436	-
Streets	4,958,544	-	4,958,544	-
Pension asset	13,289,990	498,411	13,788,401	20,222
Unrestricted	19,018,802	20,789,460	39,808,262	3,587,966
Total Net Position	\$ 206,080,790	\$ 78,280,422	\$ 284,361,212	\$ 7,821,978

See accompanying notes to the basic financial statements

City of Lynnwood, Washington
Statement of Activities
For the Year Ended December 31, 2021

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit
Primary Government								
Governmental Activities								
General government	\$ 7,764,908	\$ 2,471,603	\$ 654,070	\$ -	\$ (4,639,235)	\$ -	\$ (4,639,235)	\$ -
Economic environment	4,806,185	3,771,576	514,484	-	(520,125)	-	(520,125)	-
Judicial	840,599	1,227,731	6,376	-	393,508	-	393,508	-
Culture and recreation	6,812,909	6,933,899	20,483	1,816,159	1,957,632	-	1,957,632	-
Public safety	19,043,915	4,152,383	555,923	-	(14,335,609)	-	(14,335,609)	-
Social services	397,114	-	-	-	(397,114)	-	(397,114)	-
Transportation	9,325,059	1,545,000	836,391	10,074,083	3,130,415	-	3,130,415	-
Utilities	39,602	601,255	8,570	-	570,223	-	570,223	-
Interest	2,038,950	-	-	-	(2,038,950)	-	(2,038,950)	-
Total Governmental Activities	51,069,241	20,703,447	2,596,297	11,890,242	(15,879,255)	-	(15,879,255)	-
Business-Type Activities:								
Water and Sewer Utility	20,935,360	25,025,415	367,388	810,004	-	5,267,447	5,267,447	-
Golf Course	1,499,272	1,881,916	-	-	-	382,644	382,644	-
Total Business-Type Activities	22,434,632	26,907,331	367,388	810,004	-	5,650,091	5,650,091	-
Total - Primary Government	73,503,873	47,610,778	2,963,685	12,700,246	(15,879,255)	5,650,091	(10,229,164)	-
Component Units								
Lynnwood Public Facilities District	\$ 4,410,442	\$ 2,146,911	\$ 171,934	\$ -				\$ (2,091,597)
General Revenues								
Property taxes					4,233,938	-	4,233,938	-
Sales taxes					31,425,145	-	31,425,145	2,336,416
Utility taxes					5,783,178	-	5,783,178	-
Real estate transfer taxes					2,576,308	-	2,576,308	-
Excise taxes					1,153,679	-	1,153,679	1,384,573
Transportation benefit district vehicle fees					1,093,135	-	1,093,135	-
Admissions taxes					312,687	-	312,687	-
Gambling taxes					214,438	-	214,438	-
Investment earnings (losses)					(164,813)	52,996	(111,817)	7,322
Gain on disposition of capital assets					253,425	-	253,425	-
Miscellaneous					194,783	-	194,783	25,407
Transfers					88,725	(88,725)	-	-
Total General Revenues and Transfers					47,164,628	(35,729)	47,128,899	3,753,718
Change in Net Position					31,285,373	5,614,362	36,899,735	1,662,121
Net Position Beginning of Year					174,706,451	72,755,026	247,461,477	6,803,304
Prior Period Adjustments - Note 4-F					88,966	(88,966)	-	(643,447)
Net Position End of Year					\$ 206,080,790	\$ 78,280,422	\$ 284,361,212	\$ 7,821,978

See accompanying notes to the basic financial statements



City of Lynnwood, Washington
Balance Sheet
Governmental Funds
December 31, 2021

	General	Transportation Capital	Public Safety Capital	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 10,948,782	\$ 10,466	\$ 56,807,469	\$ 5,053,831	\$ 11,249,235	\$ 84,069,783
Investments	7,506,768	33,986	-	-	11,894,534	19,435,288
Receivables:						
Accounts	3,702,915	68,707	-	-	168,656	3,940,278
Taxes	6,239,273	-	-	-	1,121,577	7,360,850
Other taxes	212,764	-	-	-	-	212,764
Intergovernmental	227,017	6,768,899	-	-	1,534,117	8,530,033
Interfund	985,000	-	-	-	-	985,000
Prepaid	39,564	-	-	-	-	39,564
Total Assets	\$ 29,862,083	\$ 6,882,058	\$ 56,807,469	\$ 5,053,831	\$ 25,968,119	\$ 124,573,560
Liabilities						
Accounts payable	\$ 846,421	\$ 2,108,139	\$ 1,227,634	\$ -	\$ 1,143,816	\$ 5,326,010
Accrued salaries and wages payable	705,457	1,690	-	1,002	34,567	742,716
Unearned revenue	265,752	-	-	5,052,829	85,010	5,403,591
Other current liabilities payable	198,191	-	-	-	90,312	288,503
Total Liabilities	2,015,821	2,109,829	1,227,634	5,053,831	1,353,705	11,760,820
Deferred Inflows of Resources						
Deferred Inflows of Resources - property tax	50,158	-	-	-	-	50,158
Deferred Inflows of Resources - grants	792	1,726,968	-	-	978,109	2,705,869
Deferred Inflows of Resources - municipal court	1,809,611	-	-	-	-	1,809,611
Deferred Inflows of Resources - red-light photo	1,068,781	-	-	-	-	1,068,781
Deferred Inflows of Resources - other	117,231	-	-	-	130,925	248,156
Total Deferred Inflows of Resources	3,046,573	1,726,968	-	-	1,109,034	5,882,575
Total Liabilities and Deferred Inflows of Resources	5,062,394	3,836,797	1,227,634	5,053,831	2,462,739	17,643,395
Fund Balances						
Nonspendable	39,564	-	-	-	-	39,564
Restricted	-	3,045,261	55,579,835	-	21,193,018	79,818,114
Committed	6,000,000	-	-	-	2,312,362	8,312,362
Assigned	9,818,547	-	-	-	-	9,818,547
Unassigned	8,941,578	-	-	-	-	8,941,578
Total Fund Balances	24,799,689	3,045,261	55,579,835	-	23,505,380	106,930,165
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 29,862,083	\$ 6,882,058	\$ 56,807,469	\$ 5,053,831	\$ 25,968,119	\$ 124,573,560

See accompanying notes to the basic financial statements



City of Lynnwood, Washington
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2021

Total Governmental Fund Balances	\$	106,930,165
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**Amounts reported for governmental activities in the
statement of net position are different because:**

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds (exclusive of internal service funds' capital assets).

Cost of capital assets	\$	261,363,821	
Less accumulated depreciation		(95,103,812)	166,260,009

The investment in joint ventures is not reported at the fund financial reporting level but is reported on the government-wide statement of net position.		1,140,754
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds - property taxes, grants and fines.		5,882,575
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Deferred inflows and outflows for pensions reported on the government-wide statement of position but not reported on the governmental fund balance sheet.		(16,517,445)
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Deferred outflows for OPEB reported on the government-wide statement of net position but not reported on the government balance sheet.		227,652
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The net pension assets are not available to retire current year expenditures, therefore they are not reported in the funds but are reported in the government-wide statement of net position.		28,680,089
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The internal service fund is used by management to charge the costs of the equipment rental to individual funds. The assets and liabilities of the internal service funds are included in governmental activities column on the government-wide statement of net position.		11,953,919
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The internal service fund chargeback to enterprise funds is not reported in the governmental funds, but is reported on the government-wide financial statements.		(537,757)
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Liabilities not due and payable in the current period and therefore are not reported in the governmental fund balance sheets but are reported on the government-wide statement of net position (excludes internal service funds).

General obligation refunding bonds payable	\$	(79,756,735)	
Accrued interest payable		(228,480)	
Other postemployment benefits payable		(10,893,334)	
Net pension liability payable		(2,567,728)	
Compensated absences payable		(4,492,894)	(97,939,171)

Net Position Of Governmental Activities	\$	206,080,790
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See accompanying notes to the basic financial statements



City of Lynnwood, Washington
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	Transportation Capital	Public Safety Capital	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 37,681,890	\$ -	\$ -	\$ -	\$ 8,540,661	\$ 46,222,551
Intergovernmental	1,567,874	8,310,521	-	415,572	1,739,714	12,033,681
Licenses and permits	5,301,448	-	-	-	100,087	5,401,535
Charges for services	2,995,048	-	-	-	6,562,918	9,557,966
Fines and forfeitures	4,895,690	-	-	-	4,619	4,900,309
Investment earnings	(57,153)	2,520	94,011	-	(157,370)	(117,992)
Rent and leases	359,193	-	-	-	-	359,193
Miscellaneous	149,683	36,950	-	-	366,090	552,723
Total Revenues	52,893,673	8,349,991	94,011	415,572	17,156,719	78,909,966
Expenditures						
Current:						
General government	8,296,507	-	-	68,797	252,563	8,617,867
Economic Environment	4,776,441	-	-	-	738,263	5,514,704
Judicial	983,429	-	-	-	-	983,429
Culture and recreation	6,562,606	-	-	-	299,767	6,862,373
Public safety	20,548,084	-	-	-	347,153	20,895,237
Social services	397,114	-	-	-	-	397,114
Transportation	1,481,140	2,637,113	-	-	2,582,922	6,701,175
Utilities	-	-	-	-	27,202	27,202
Capital Outlay	87,807	16,662,730	5,788,686	346,775	3,530,850	26,416,848
Debt Service:						
Principal retirement	-	-	-	-	895,000	895,000
Interest and fiscal charges	-	-	-	-	1,640,790	1,640,790
Total Expenditures	43,133,128	19,299,843	5,788,686	415,572	10,314,510	78,951,739
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,760,545	(10,949,852)	(5,694,675)	-	6,842,209	(41,773)
Other Financing Sources (Uses)						
GO Bond Proceeds	-	-	49,315,000	-	-	49,315,000
Premium on GO Bonds	-	-	10,921,735	-	-	10,921,735
Debt issue costs	-	-	(233,148)	-	-	(233,148)
Transfers in	-	11,463,752	1,308,000	-	8,547,685	21,319,437
Transfers out	(4,999,548)	-	(510,233)	-	(15,720,931)	(21,230,712)
Total Other Financing Sources (Uses)	(4,999,548)	11,463,752	60,801,354	-	(7,173,246)	60,092,312
Net Change in Fund Balances	4,760,997	513,900	55,106,679	-	(331,037)	60,050,539
Fund Balances Beginning of Year	20,038,692	2,531,361	473,156	-	23,836,417	46,879,626
Prior Period Adjustment	-	-	-	-	-	-
Fund Balances End of Year	\$ 24,799,689	\$ 3,045,261	\$ 55,579,835	\$ -	\$ 23,505,380	\$ 106,930,165

See accompanying notes to the basic financial statements



City of Lynnwood, Washington
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2021

Net Changes In Fund Balances - Total Governmental Funds	\$ 60,050,539
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**Amounts reported for governmental activities in the
statement of activities are different because:**

Governmental funds report capital outlays as expenditures on the governmental fund type operating statement. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.

Depreciation expense	\$ (5,171,981)	
Capital outlay	26,659,841	
Capital contributions	-	21,487,860

The book value of capital assets sold are reported on the government-wide statement of activities but not reported in the governmental fund's operating statement.	(2,538)
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Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes, fines and grants:		
Deferred as of 12/31/21	\$ 5,882,575	
Deferred as of 12/31/20	(3,029,231)	2,853,344

Governmental funds do not report the change in the investment in the joint venture, but the change is reported on the government-wide statement of activity.	(198,349)
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The internal service fund is used by management to charge the costs of maintenance services to individual funds are not reported in the government-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.	1,142,809
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The internal service fund chargeback to enterprise funds is not reported in the governmental funds, but is reported on the government-wide financial statements.	(326,854)
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Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net position.	895,000
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Other postemployment expenses are reported in the government-wide statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(119,911)
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Net pension debits reported on the government-wide statement of position but not reported on the governmental fund balance sheet.	6,913,222
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A one-month portion of interest on long-term debt is accrued in the governmental-activities but not on the governmental funds statement of revenues expenditures and changes and fund balance.	(165,012)
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Proceeds from issuance of long term debt is an other financing source in the governmental funds, but increases liabilities in the government-wide statement of net position	(60,236,735)
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Compensated absences are reported in the government-wide statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Liability as of 12/31/21	\$ (4,492,894)	
Liability as of 12/31/20	3,484,892	(1,008,002)

Change In Net Position of Governmental Activities	\$ 31,285,373
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See accompanying notes to the basic financial statements

City of Lynnwood, Washington
Statement of Net Position
Proprietary Funds
December 31, 2021

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Utility	Golf Course	Total	
Assets				
Current Assets:				
Cash and cash equivalents	\$ 11,022,057	\$ 133,793	\$ 11,155,850	\$ 2,039,103
Restricted assets: cash and cash equivalents	-	-	-	-
Investments	2,073,535	434,379	2,507,914	2,625,561
Receivables:				
Accounts	10,458,253	-	10,458,253	-
Intergovernmental	-	-	-	235,782
Inventories	-	24,866	24,866	-
Prepaid items	76,599	-	76,599	34,546
Total Current Assets	23,630,444	593,038	24,223,482	4,934,992
Noncurrent Assets:				
Restricted assets: cash and cash equivalents	-	43,921	43,921	-
Notes receivable	61,322	-	61,322	-
Net pension asset	3,082,818	-	3,082,818	390,758
Capital assets:				
Nondepreciable	21,821,474	3,674,630	25,496,104	1,073,005
Depreciable, net	76,893,587	594,817	77,488,404	6,377,605
Total Noncurrent Assets	101,859,201	4,313,368	106,172,569	7,841,368
TOTAL ASSETS	125,489,645	4,906,406	130,396,051	12,776,360
Deferred Outflows of Resources				
Deferred Outflows of Resources - pensions	399,154	-	399,154	50,594
TOTAL DEFERRED OUTFLOWS OF RESOURCES	399,154	-	399,154	50,594
Liabilities				
Current Liabilities:				
Accounts payable	1,619,602	119,128	1,738,730	80,478
Accrued payroll	130,830	-	130,830	17,664
Retainage payable	15,894	-	15,894	-
Interfund payable	-	133,000	133,000	-
Custodial accounts payable	5,301	-	5,301	-
Compensated absences payable	521,723	-	521,723	68,224
Claims and judgments payable	-	-	-	224,620
Deposits payable	-	25,135	25,135	-
Unearned revenue	-	18,786	18,786	-
Revenue bonds payable	2,486,828	-	2,486,828	-
Accrued interest payable	134,449	-	134,449	-
Total Current Liabilities	4,914,627	296,049	5,210,676	390,986
Long-Term Liabilities: (net of current portion)				
Compensated absences payable	225,362	-	225,362	29,470
Interfund payable	-	852,000	852,000	-
Net pension liability	316,257	-	316,257	40,087
Revenue bonds payable	43,078,680	-	43,078,680	-
Total Long-term Liabilities	43,620,299	852,000	44,472,299	69,557
TOTAL LIABILITIES	48,534,926	1,148,049	49,682,975	460,543
Deferred Inflows of Resources				
Deferred Inflows of Resources - gain on refunding	115,274	-	115,274	-
Deferred Inflows of Resources - pensions	3,254,291	-	3,254,291	412,492
TOTAL DEFERRED INFLOWS OF RESOURCES	3,369,565	-	3,369,565	412,492
Net Position				
Net investment in capital assets	52,423,971	4,269,447	56,693,418	7,450,610
Restricted for:				
Debt service	299,133	-	299,133	-
Pension asset	498,411	-	498,411	63,174
Unrestricted	20,762,793	(511,090)	20,251,703	4,440,135
TOTAL NET POSITION	\$ 73,984,308	\$ 3,758,357	77,742,665	\$ 11,953,919
Reconciliation of the fund level statement of net position to the government-wide statement of net position:				
Record internal service fund charge-back to enterprise funds resulting in an interfund receivable to governmental activities.			537,757	
Adjusted Total Net Position			\$ 78,280,422	

See accompanying notes to the basic financial statements



City of Lynnwood, Washington
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Utility	Golf Course	Total	
Operating Revenues				
Charges for services	\$ 25,025,415	\$ 1,651,660	\$ 26,677,075	\$ 3,472,200
Rentals	-	229,979	229,979	-
Miscellaneous	-	277	277	-
Total Operating Revenues	25,025,415	1,881,916	26,907,331	3,472,200
Operating Expenses				
Administration and general	5,749,743	1,435,087	7,184,830	-
Operations and maintenance	10,896,865	29,812	10,926,677	1,562,669
Insurance and claims	-	-	-	72,230
Depreciation	3,030,811	35,074	3,065,885	914,015
Total Operating Expenses	19,677,419	1,499,973	21,177,392	2,548,914
Operating Income	5,347,996	381,943	5,729,939	923,286
Non-Operating Revenues (Expenses)				
Interest and fiscal charges	(1,495,208)	(1,160)	(1,496,368)	-
Other nonoperating revenue	367,388	-	367,388	-
Gain (Loss) on disposition of capital assets	(86,479)	-	(86,479)	255,963
Debt issuance costs	(1,247)	-	(1,247)	-
Investment earnings	58,273	(5,277)	52,996	(36,439)
Miscellaneous revenue	-	-	-	-
Total Non-Operating Revenues (Expenses)	(1,157,273)	(6,437)	(1,163,710)	219,524
Income (Loss) Before Contributions and Transfers	4,190,723	375,506	4,566,229	1,142,810
Contributions	810,004	-	810,004	-
Transfers Out	(88,725)	-	(88,725)	-
Change in Net Position	4,912,002	375,506	5,287,508	1,142,810
Net Position Beginning of Year	69,161,272	3,382,851	72,544,123	10,898,619
Prior Period Adjustment	(88,966)	-	(88,966)	(87,510)
Net Position End of Year	\$ 73,984,308	\$ 3,758,357	\$ 77,742,665	\$ 11,953,919
Reconciliation of the fund level operating statement to the government-wide statement of activities:				
Change in net position	\$ 4,912,002	\$ 375,506	\$ 5,287,508	
Internal service fund charges (credits) to enterprise funds, resulting in changes to operating expenses.	324,993	1,861	326,854	
Adjusted Change in Net Position	\$ 5,236,995	\$ 377,367	\$ 5,614,362	

See accompanying notes to the basic financial statements



City of Lynnwood, Washington
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Utility	Golf Course	Total	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash received from customers	\$ 18,647,520	\$ 1,883,018	\$ 20,530,538	\$ 920,528
Cash received from interfund services provided	-	-	-	2,586,654
Cash payments to employees for services	(5,581,412)	-	(5,581,412)	(754,987)
Cash payments for goods and services	(12,038,890)	(1,400,299)	(13,439,189)	(946,278)
Cash received (paid) from/(to) other funds	-	(29,812)	(29,812)	-
Net Cash Provided by (Used in) Operating Activities	1,027,218	452,907	1,480,125	1,805,917
Cash Flows from Non-Capital financing activities				
Cash flows from/(to) interfund loans	-	(134,160)	(134,160)	-
Receipts from non-capital grants	3,937	-	3,937	-
Net Cash Flows from non-Capital and related financing activities	3,937	(134,160)	(130,223)	-
Cash Flows from Capital and Related Financing Activities				
Proceeds from disposition of capital assets	67,051	-	67,051	209,213
Cash receipts from capital grants	296,400	-	296,400	-
Cash received from (paid to) other funds	(88,725)	-	(88,725)	-
Bond issuance costs	(1,247)	-	(1,247)	-
Principal paid on revenue bonds	(2,185,000)	-	(2,185,000)	-
Interest paid on revenue bonds	(1,728,317)	-	(1,728,317)	-
Capital contributions	189,057	-	189,057	-
Payments for capital acquisitions	(14,587,688)	(143,590)	(14,731,278)	(2,022,788)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(18,038,469)	(143,590)	(18,182,059)	(1,813,575)
Cash Flows from Investing Activities				
Purchase of investment securities	(5,077,838)	(1,076,051)	(6,153,889)	(6,498,297)
Proceeds from sale and maturities of investment securities	7,106,337	845,813	7,952,150	5,659,571
Investment earnings	58,273	(5,277)	52,996	(36,439)
Net Cash Provided by (Used in) Investing Activities	2,086,772	(235,515)	1,851,257	(875,165)
Net Increase (Decrease) in Cash and Cash Equivalents	(14,920,542)	(60,358)	(14,980,900)	(882,823)
Cash and Cash Equivalents Beginning of Year	25,942,599	238,072	26,180,671	2,921,926
Cash and Cash Equivalents End of Year	\$ 11,022,057	\$ 177,714	\$ 11,199,771	\$ 2,039,103

(continued)



City of Lynnwood, Washington
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

(continued)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Utility	Golf Course	Total	
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)	\$ 5,347,996	\$ 381,943	\$ 5,729,939	\$ 923,286
Adjustments:				
Depreciation	3,030,811	35,074	3,065,885	914,015
(Increase) Decrease in Assets:				
Accounts receivable	(6,377,895)	1,102	(6,376,793)	34,982
Inventories, deposits, and prepaid items	4,528	(3,687)	841	(9,546)
Increase (Decrease) in Liabilities:				
Accounts payable	90,625	42,183	132,808	104,155
Compensated absences payable	171,035	-	171,035	15,192
Other Current Liabilities	(1,239,882)	(3,708)	(1,243,590)	(176,167)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,027,218</u>	<u>\$ 452,907</u>	<u>\$ 1,480,125</u>	<u>\$ 1,805,917</u>
Schedule of Non-Cash Capital and Related Financing Activities				
Contribution of capital assets	\$ 620,947	\$ -	\$ 620,947	\$ -
Fair value of investments increased (decreased) by	(29,648)	(5,277)	(34,925)	(37,540)
Total Non-Cash Activities	<u>\$ 591,299</u>	<u>\$ (5,277)</u>	<u>\$ 586,022</u>	<u>\$ (37,540)</u>

See accompanying notes to the basic financial statements



City of Lynnwood, Washington
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2021

	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds	Custodial Funds	Total
Assets				
Cash and cash equivalents	\$ 251,009	\$ 21,343	\$ 382,490	\$ 654,842
Total Assets	251,009	21,343	\$ 382,490	\$ 654,842
Liabilities				
Accounts payable and other accrued expenses	-	-	209,453	209,453
Total Liabilities	-	-	209,453	209,453
Net Position				
Restricted for specific program use	251,009	21,343	173,037	445,389
Total Net Position	<u>\$ 251,009</u>	<u>\$ 21,343</u>	<u>\$ 173,037</u>	<u>\$ 445,389</u>

See accompanying notes to the basic financial statements



City of Lynnwood, Washington
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2021

	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds	Custodial Funds	Total
Additions:				
Contributions	\$ 68,741	\$ 129	\$ -	\$ 68,870
Court collections	-	-	507,632	507,632
Pass thru collections - PFD	-	-	507,646	507,646
Building code surcharges collected	-	-	7,451	7,451
Sales taxes collected	-	-	96,531	96,531
Drug seizures	-	-	128,538	128,538
Weapons permitting fees collected for other agencies	-	-	9,788	9,788
Fingerprinting fees collected for other agencies	-	-	4,482	4,482
Interest revenue	1,742	-	-	1,742
Total Additions	70,483	129	1,262,067	1,332,679
Deductions:				
Benefits and disbursements	117,566	-	-	117,566
Administrative expenses	2,500	-	-	2,500
Court remittances	-	-	435,102	435,102
Pass thru collections - PFD	-	-	507,376	507,376
Building code surcharges remitted	-	-	7,789	7,789
Sales taxes remitted	-	-	104,969	104,969
Drug seizures distributed	-	-	95,044	95,044
Weapons permitting fees remitted to other agencies	-	-	9,338	9,338
Fingerprinting fees remitted to other agencies	-	-	4,475	4,475
Total Deductions	120,066	-	1,164,092	1,284,158
Change in Net Position	(49,583)	129	97,974	48,520
Net Position Beginning of Year	300,592	21,214	75,063	396,869
Prior Period Adjustment - Change in Accounting Principle	-	-	-	-
Net Position End of Year	\$ 251,009	\$ 21,343	\$ 173,037	\$ 445,389

See accompanying notes to the basic financial statements



NOTES TO THE BASIC FINANCIAL STATEMENTS

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The City of Lynnwood, Washington (the City) was incorporated on April 23, 1959, and operates under the laws of the State of Washington applicable to an optional code city with a Mayor/Council form of government. The City is governed by an elected mayor and seven-member governing council and provides the following services: public safety (police and fire protection), public works (streets, sanitation, and utilities), culture, recreation, and library services, planning and zoning, and general administrative services.

Note 1 Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The most significant of the City's accounting policies are described below.

1-A. Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Lynnwood, this entity includes component units as described below.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

The City's component units are presented either as "blended" or "discretely presented." If blended, it is reported as if it were a fund of the City throughout the year. It is included at both the government-wide and fund financial reporting levels.

Discretely presented component units are reported only at the government-wide financial reporting level. The component unit columns included on the government-wide financial statements identify the financial data of the City's discretely presented component units. They are reported separately to emphasize that they are legally separate from the City.

The following component unit is discretely presented in the reporting entity:

South Snohomish County Public Facilities District (PFD) - The PFD was established by City Ordinance No 2266 on August 24, 1999, to finance, design, construct, operate and maintain a regional center as a conference, convention or special events center. A five-member board governs the PFD and is appointed to four-year terms by the City Council. In 2003 the name was changed to Lynnwood PFD. The City provides funding for the PFD through hotel/motel taxes, making the PFD dependent upon the City for its revenue source. The PFD issued \$1.93 million Series A Sales Tax Bonds, \$10 million Series B tax exempt Sales Tax Bonds in 2004 and \$17.265 million in Revenue Bonds in 2005. The PFD refunded the Revenue Bonds and Series B Sales Tax Bonds in 2015. As of December 31, 2021, the outstanding sales tax and revenue bonds were \$4.4 million and \$12.9 million, respectively. S&P also raised the bond rating for the City's PFD's bonds, issued on behalf of the City, from "A" to "AA+." The City is contingently liable for the PFD bonds. Separate financial statements for the PFD can be obtained from the Lynnwood PFD Administrative Offices at 3815 196th Street SW, Suite 136, Lynnwood, WA 98036.

1-B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. Fiduciary activities are not included at the government-wide financial reporting level. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and City's general revenues, from business-type activities,

generally financed in whole or in part with user fees charged to external customers. The statement of net position presents the financial position of the governmental and business-type activities of the City.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that function. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental, proprietary and fiduciary funds.

Major individual governmental and enterprise funds are reported in separate columns.

Fund Accounting - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds - Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's four major governmental funds the first of which is the General Fund:

The General Fund – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of the State of Washington. The General Fund includes the following managerial funds:

The *Revenue Stabilization Fund* was established to accumulate resources to cover periods of revenue shortages in the General Fund, and for expenditures deemed necessary by the City Council.

The *Program Development Fund* was established to accumulate special appropriations and money from the General Fund that may be used for program development, enhancement or expansion projects, and for matching funds for grants and interlocal agreements.

The *Economic Development Infrastructure Fund* is used to support and promote the Economic Development Policy outlined in Resolution 2012-06. Resources are used to fund the City's participation in public infrastructure and public facilities.

The *Transportation Capital Fund* is used for transportation capital projects, primarily funded by grants.

The *Public Safety Capital Fund* is used for costs related to construction of a new public safety building, which is primarily funded from 2021 bond proceeds.

The *American Rescue Plan Act Fund* is used to track revenues and expenditures related to American Rescue Plan Act grant funds.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The proprietary funds are classified as enterprise funds and an internal service fund. The following are the City's major enterprise funds:

The *Water, Sewer and Storm Drainage Utility Fund* serves as the main operating fund for providing water, sewer, and storm water utility services for the citizens of the City. It also acts to perform debt service duties for payment of outstanding revenue bonds.

The *Golf Course Fund* accounts for the City's 18-hole municipal golf course and pro shop which is managed and operated by Premier Golf Centers, LLC.

Internal Service Funds are used to account for goods and services provided to other funds, departments, or governments on a cost-reimbursement basis. The City maintains funds in this category for equipment rental, self-insurance, a reserve retirement fund, and technology replacement.

Additionally, the City reports the following fund types:

Special Revenue Funds are used to account for the proceeds for specific revenue sources or to finance specified activities as required by law or administrative regulation.

Debt Service Funds are used to account for the accumulation of resources to pay interest and principal on general long-term debt.

Capital Projects Funds are used to account for financial resources to be used for the acquisition and construction of capital facilities other than those financed by the proprietary funds.

Trust Funds are used to account for cash and other assets received and held by the City in a trustee capacity or custodian for outside individuals or private organizations. Pension Trust and Private-Purpose Trust Funds are accounted for in essentially the same manner as proprietary funds, but with an important expanded emphasis on required fund balance reserves. The City maintains the Firefighters' Pension Trust Fund and the Randy Terlicker Memorial Scholarship Fund, a private purpose trust fund. The scholarship fund receives contributions, private donations, and interest payments on the reserve, and in turn, awards scholarships to selected and qualified individual recipients from this reserve.

Custodial funds are used to account for assets held by the City in a custodial capacity (assets equal liabilities) and do not involve measurement of results of operations. The City uses these funds to account for various deposits payable to State and local agencies.

1-C. Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows, and all liabilities and deferred inflows associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses. The government-wide financial statements do not include the fiduciary fund types.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the way the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types and the pension trust fund are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities. The custodial funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows, and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

Revenues - Non-Exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (Note 3-C) Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are susceptible to accrual: property taxes and federal and state grants.

Unearned Revenues – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On both the government-fund financial statements and the government-wide financial statements, unearned revenues consist of:

- Grants and entitlements received before the eligibility requirements are met (e.g. cash advances.)

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E. Assets, Liabilities and Net Position/Fund Balances

1-E-1 Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments are stated at fair value based on quoted market prices.

The City is empowered to invest in the following types of securities identified as eligible investments as defined by RCW 35A.40.050 and RCW 43.84.080. In general, these consist of:

- Investment deposits (certificates of deposits) with qualified public depositories as defined in Chapter 39.58 RCW.
- Certificates, notes or bonds of the United States, or other obligations of the United States or its agencies, or of any corporation wholly owned by the government of the United States whose securities carry full faith and credit guarantees.
- Obligations of government sponsored corporations, which are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System. (These include but are not limited to, Federal Home Loan Bank notes and bonds, Federal Farm Credit Bank consolidated notes and bonds, and Federal National Mortgage Associates notes.)
- Prime bankers acceptances purchased on the secondary market.
- Repurchase agreements for securities listed above, provided that the transaction is structured so that the City obtains ownership and control over the underlying securities. A Master repurchase agreement between the City and the bank or dealer must be on file prior to any repurchase agreement transaction.
- The Washington Local Government Investment Pool

Interest earnings are allocated to each fund monthly, based on average pooled equity balances.

1-E-2 Receivables

All trade and tax receivables are reported net of an allowance for uncollectibles, where applicable. Taxes receivable consists of property taxes, sales tax, utility taxes, gambling taxes, liquor excise tax, state shared program revenues, public transportation and fuel tax. Additional detail on and the composition of receivable balances are presented in Note 3-B.

1-E-3 Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "intergovernmental receivable/interfund payable." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

1-E-4 Inventories

On the government-wide financial statements and at the fund financial reporting level, inventories are presented at cost using the weighted average cost method and are expensed when used (i.e., the consumption method).

1-E-5 Capital Assets (see Note 3-D)

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the Government fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise funds' statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The City maintains a capitalization threshold of five thousand dollars (\$5,000) and an estimated three-year life. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Pursuant to GASB 89, interest incurred during the construction of capital assets utilized by enterprise funds is not capitalized. In 2021 the total amount of interest incurred by the enterprise funds, all of which was charged to expense, was \$1,495,208.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement.

Depreciation is computed using the straight-line method over the following useful lives:

Asset Class	Estimated Useful Lives (YRS)
Buildings	10 - 50
Improvements other than Buildings	10 - 50
Machinery and equipment	3 - 20
Infrastructure	15 - 100

At the inception of capital leases at the governmental fund reporting level, expenditures and an “other financing source” of an equal amount are reported at the net present value of future minimum lease payments.

1-E-6 Compensated Absences

The city limits the accumulation of unpaid vacation benefits to two years’ accrual; any excess accrual would require executive approval. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements.

Sick leave accumulation is limited to a maximum of 720 hours. Upon termination of retirement of employment, unused sick leave may be converted to pay at the current rate on the following basis:

1. Termination – Voluntary or discharge
For accrued sick leave hours from one to 720 hours, the accrued sick leave hours shall be paid on a five to one ratio (five hours of sick leave equals one hour of pay). The maximum payout amount shall be 144 hours of paid time.
2. Termination by layoff
For accrued sick leave hours from one to 720 hours, the accrued sick leave hours shall be paid on a three-to-one ratio (three hours of accrued sick leave equals one hour of pay). The maximum payout amount shall be 368 hours of paid time. (Ord. 3287 § 5, 2018).
3. Retirement (Consistent with the Requirements of the Employee’s Applicable Washington State Retirement System), or on Death
 - a. An Employee with Less Than 1,000 Hours of Accrued Sick Leave; The first 192 hours of accrued sick leave shall be paid at 100 percent (every hour of sick leave equals one hour of pay). For accrued sick leave from 193 to 999 hours, the accrued sick leave hours shall be paid on a three-to-one ratio (three hours of accrued sick leave equals one hour of pay). The maximum payout amount shall be 368 hours of paid time. As an example, an employee with 720 accrued hours of sick leave receives 368 hours of paid time as the total accrued sick leave payout amount.
 - b. An Employee with 1,000 or more hours of accrued sick leave: The first 100 hours of accrued sick leave shall be paid at 100 percent (every hour of sick leave equals one hour of pay). For accrued sick leave hours from 101 to 1,600 hours, each hour of accrued sick leave shall be paid at 30 percent (for each hour of accrued sick leave, the employee receives 30 percent of one hour of pay). The maximum payout amount shall be the amount equal to 550 hours of paid time. As an example, an employee with 1,600 accrued hours of sick leave receives 550 hours of paid time as the total accrued sick leave payout amount.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only “*when matured (i.e., due)*.”

1-E-7 Pensions and Other Post-Employment Benefits

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans’ fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB - Lifetime full medical coverage is provided to uniformed Police personnel who became members of the Law Enforcement Officers and Fire Fighters (LEOFF) retirement system prior to October 1, 1977. An actuarially determined liability is reported in the Statement of Net Position. Actual medical costs are reported as expenditures in the general fund in the year they are incurred.

1-E-8 Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are “due for payment” during the current year. Bonds and local loans are recognized as a liability in the governmental fund financial statements when due. Specific details about long-term debt are reported in Note 3-G.

1-E-9 Bond Premiums and Discounts and Issuance Costs

On the government-wide statement of net position and the proprietary fund type statement of net position, debt premiums and discounts are netted against the debt payable for reporting purposes. On the government-wide and proprietary fund type statement of activities, debt premiums and discounts, are deferred and amortized over the life of the bond using the straight-line method.

Pursuant to GASB Statement No. 65, bond issuance costs, except for insurance, which is amortized over the life of the bonds, are recognized as an outflow of resources in the reporting period in which they are incurred.

1-E-10 Net Position/Fund Balances (Fund Equity)

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the approval of a motion. Only the City Council may modify or rescind the commitment. The City Council passed Resolution number 2014-20 in 2014 to designate \$6 million in the Revenue Stabilization Fund, a managerial fund that is included in the General Fund to protect the City from major economic downturns or similar adverse conditions. \$2,312,362 is also identified as committed in nonmajor governmental funds; \$808,142 in Special Revenue Funds, and \$1,504,220 in nonmajor Capital Projects Funds.
- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Mayor or designee to assign fund balances. Included in the General Fund is approximately \$9.8 million intended (assigned) to be spent on future economic development.

- **Unassigned** - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Net Position Flow Assumptions – In order to report net position as a restricted – net position and an unrestricted – net position in the government-wide and proprietary fund financial statements, the City has established a flow assumption policy. It is the City’s policy to use restricted – net position first before using unrestricted – net position.

Fund Balance Flow Assumptions – It is the City’s policy to consider restricted fund balance to have been used before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, it is the City’s policy to use fund balance in the following order: Committed, Assigned, Unassigned.

Fund Balance Policy – The City of Lynnwood’s Financial Policies, most recently updated on November 22, 2021, include the following fund balance policies:

Enterprise Funds Reserve – Operating Fund. The operating reserve balance targets for Water, Sewer, and Storm Utilities are amounts equivalent to 90, 45, and 30 days of operating expenses, respectively.

Enterprise Funds Reserve – Capital Funds. The capital funds reserve balance targets for the Water, Sewer, and Storm Utilities are amounts equivalent to all Original Asset Values of 1%, 2%, and 1%, respectively.

Debt Management Policies include:

1. Term of long-term debt will not exceed the life of the projects financed. Current operations will not be financed with long term debt.
2. The City shall strive to maintain current credit rates of:

Rating Agency	General Obligation Bonds	Revenue Bonds
Moody’s	- A1	A+
Standard and Poor’s	AA+	AA

3. The City debt will not exceed an aggregate total of 7.5% of the assessed valuation of the taxable property within the City in compliance with state law. The individual percentages shall not exceed 2.5% of assessed valuation in any specific category.

Net Position – The net position represents the difference between assets and liabilities. The net position component, “net investment in capital assets”, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has not spent) for the acquisition, construction or improvement of those assets. The net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The balance of the net position is reported as unrestricted.

1-E-11 Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services and producing and delivering goods consistent with a proprietary fund’s principal ongoing operations. The principal operating revenues of the city’s utility funds and internal service funds are charges to customers for sales and services and vehicle replacement. The City also recognizes as operating revenue the portion of utility connection fees intended to recover the cost of connecting new customers to the water and sewer system.

Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, taxes, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues (i.e., investment earnings, operating grants and the gain on the disposition of capital assets) and non-operating expenses (i.e., interest expense, loss on the disposition of capital assets).

1-E-12 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and the after non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated.

1-E-13 Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

1-E-14 Comparative Data

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

1-E-15 Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Note 2 – Stewardship, Compliance and Accountability

Budgetary Information – The City adopts a biennial budget encompassing all governmental funds. The discretely presented component unit, the Public Facilities District (PFD) has a separate board and adopts an annual budget which is not reported in the City's financial statements.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the individual fund level. Any change in total to a fund requires approval of the City Council.

All budgets are adopted on a GAAP basis (i.e., modified accrual basis). All unexpended annual appropriations lapse at the end of the budget biennium except for appropriations for some capital projects which are carried forward from year to year until fully expended or the purpose of the appropriation has been accomplished or abandoned.

The Mayor is authorized to transfer budgeted amounts between departments within any fund with the exception of the General Fund. Any revisions that alter total expenditures of a fund or department in the General Fund must be approved by the City Council. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year. The 2021-2022 budget was amended once in 2021.

Note 3 - Detailed Notes on All Funds

3-A. Deposits and Investments

Cash and Cash Equivalents and Investments

Cash and cash equivalents are generally considered short term, highly liquid investments with a maturity of three months or less from the purchase date.

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Deposits

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's bank balances of deposits as of December 31, 2021, are entirely insured by Federal Depository Insurance (FDIC) up to \$250,000 and all deposits not covered by FDIC insurance are covered by Washington Public Deposit Protection Commission (WPDPC) of the State of Washington for amounts over \$250,000.

The WPDPC is a statutory authority established under RCW Chapter 39.58. It constitutes a multiple financial institution collateral arrangement that provides for additional assessments against members of the pool on a pro rata basis up to a maximum of 10 percent of each institution's public deposits. Provisions of RCW chapter 39.58, section 60 authorize the WPDPC to make pro rata assessments in proportion to the maximum liability of each such depository as it existed on the date of loss.

The City's bank balances as of December 31, 2021, were \$97,963,499 including Fiduciary Funds of \$654,842. The Fiduciary Funds do not include clearing account balances.

	General Fund	Transportation Capital Fund	Public Safety Capital Fund	ARPA Fund	Other Governmental Funds	Internal Service Funds	Water and Sewer Utility	Golf Course	Fiduciary Funds	Total
Cash and Cash Equiv.	\$ 10,948,782	\$ 10,466	\$ 56,807,469	\$ 5,053,831	\$ 11,249,235	\$ 2,039,103	\$ 11,022,057	\$ 133,793	\$ 654,842	\$ 97,919,578
Restricted Cash	-	-	-	-	-	-	-	43,921	-	43,921
	<u>\$ 10,948,782</u>	<u>\$ 10,466</u>	<u>\$ 56,807,469</u>	<u>\$ 5,053,831</u>	<u>\$ 11,249,235</u>	<u>\$ 2,039,103</u>	<u>\$ 11,022,057</u>	<u>\$ 177,714</u>	<u>\$ 654,842</u>	<u>\$ 97,963,499</u>

Restricted Cash in the Golf Course Fund is based on customer deposits and prepayments.

Investments

In accordance with City policy, the City's investments will be in compliance with all statutes governing the investment of public funds and the provisions of all applicable bond ordinances. The investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements. Investments of the city shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio and shall be designed with the objective of attaining a market rate of return throughout the budgetary and economic cycles, taking into account the City's investment risk constraints and cash flow.

Investments at Amortized Cost

As of December 31, 2021, the City had the following investments at amortized cost:

Investments	Maturities	City's own investments	Investments held by City as an agent for other local governments, individuals, or private organizations	Total
Washington Local Government Investment Pool	n/a	\$ 80,517,835	\$ -	\$ 80,517,835
Total		<u>\$ 80,517,835</u>	<u>\$ -</u>	<u>\$ 80,517,835</u>

The City is a participant in the Local Government Investment Pool as authorized by Chapter 294, Laws of 1986, and is managed

and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by the GASBS 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

In 2021, the City became a participant in the Snohomish County Investment Pool (SCIP), an external investment pool. The City reports its investment in the Pool at the fair value amount, which is the same as the value of the Pool per share. The responsibility for managing the pool resides with the County Treasurer. The Pool is established from the RCW 36.29 which authorizes the County Treasurer to invest the funds of participants. The SCIP is not registered with the SEC. The SCIP investment policy is established by the Snohomish County Finance Committee consisting of the County Treasurer, County Executive and Chairperson of the County Council.

Investments at Fair Value

The City measures and records its investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These guidelines recognize a three-tiered value hierarchy, as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable;
- Level 3: Unobservable inputs for an asset or liability.

At December 31, 2021, the City had the following fair value measurements:

Type of Asset	12/31/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities	\$ 24,568,764	\$ -	\$ 24,568,764	\$ -
Snohomish County Investment Pool	\$ 10,020,492	\$ -	\$ 10,020,492	\$ -
Total		<u>\$ -</u>	<u>\$ 34,589,256</u>	<u>\$ -</u>

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity of its investments to less than eight years.

Credit Quality Risk –Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Currently, the City does not have an investment policy relating to credit quality risk. The ratings of non-governmental debt securities as of December 31, 2021 are:

Debt Security	S & P Rating
Federal Home Loan Bank	AAA
Federal Natl Mortgage Assn	AAA
Federal Home Loan Mtg Corp	AAA
Federal Farm Credit Bank	AAA

Custodial Credit Risk - Investments – For investments, custodial credit risk is the risk that, in the event of a bank failure, the City’s investments may not be recovered. The City does have a specific custodial credit risk policy. All City securities are held in the City’s name.

Concentration of Credit Risk –Concentration of credit risk is the risk of loss attributed to the magnitude of the City’s investment in a single issuer. Currently, the City does not have an investment policy related to concentration of credit risk.

3-B. Receivables

Receivables and payables are recorded on the City’s financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

Amounts are aggregated into single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the governmental funds, including the applicable allowance for uncollectible accounts:

	General Fund	Transportation Capital Projects	Nonmajor Funds			Total
			Special Revenue	Debt Service	Capital Projects	
Receivables:						
Accounts	\$ 16,121,299	\$ 68,707	\$ 167,656	\$ -	\$ 1,000	\$ 16,358,662
Property Taxes	68,497	-	-	-	-	68,497
Sales Tax	5,080,596	-	1,118,607	-	-	6,199,203
Utility Taxes	1,090,180	-	-	-	-	1,090,180
Other Taxes	212,764	-	-	-	-	212,764
Real Estate Excise Tax	-	-	-	-	2,970	2,970
Intergovernmental	227,017	6,768,899	26,718	-	1,507,399	8,530,033
Gross Receivables	\$ 22,800,353	\$ 6,837,606	\$ 1,312,981	\$ -	\$ 1,511,369	\$ 32,462,309
Less: Allowance for Uncollectibles	(12,418,384)	-	-	-	-	(12,418,384)
Total	\$ 10,381,969	\$ 6,837,606	\$ 1,312,981	\$ -	\$ 1,511,369	\$ 20,043,925

3-C. Property Taxes

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed to the City monthly. The following is the property tax calendar:

January 1	Property taxes are levied and become an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment payments is due.
May 31	Assessed value of property established for next year's levy at 100% of market value.
October 31	Second installment is due.

Property tax revenues are recognized in the year levied. At year-end, property tax revenues are recognized for collections to be distributed by the County Treasurer within sixty days and an adjustment to taxes receivable and deferred inflows of resources – property taxes is made to account for delinquent taxes. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible.

The City may levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services, subject to two limitations:

- a) Washington State law in RCW 84.55.010 limits the growth of regular property taxes to 1 percent per year, after adjustments for new construction.
- b) The Washington State Constitution limits the total regular property taxes to 1 percent of all assessed valuation of \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1 percent limit.



The City's regular levy for 2021 was \$0.54 per \$1,000 on an assessed valuation of \$7,953,751,038. The City has no special levies approved by voters that are not subject to the limitations listed above.

<u>Purpose of Levy</u>	<u>Levy Rate per \$1,000</u>	<u>Total Levy Amount</u>
General Government	<u>\$0.54062542</u>	<u>\$4,300,000</u>
Total City Levy	<u>\$0.54062542</u>	<u>\$4,300,000</u>

3-D. Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

Governmental Activities: (including Internal Service fund):	Beginning Balance 1/1/2021	Increases	Decreases	Ending Balance 12/31/2021
Nondepreciable capital assets:				
Land	\$ 43,022,609	\$ 181,845	\$ -	\$ 43,204,454
Easements	452,683	28,215	-	480,898
Art, non-depreciable	128,219	-	-	128,219
Construction in progress	14,558,402	26,859,081	(1,586,854)	39,830,629
Total nondepreciable capital assets	58,161,913	27,069,141	(1,586,854)	83,644,200
Depreciable capital assets				
Buildings	42,577,827	913,610	-	43,491,437
Improvements other than buildings	23,168,319	640,320	(56,760)	23,751,879
Machinery and equipment	19,131,416	1,682,193	(581,104)	20,232,505
Infrastructure	105,483,202	36,950	-	105,520,152
Total depreciable capital assets	190,360,764	3,273,073	(637,864)	192,995,973
Total capital assets	248,522,677	30,342,214	(2,224,718)	276,640,173
Less accumulated depreciation for:				
Buildings	(19,999,426)	(1,205,639)	-	(21,205,065)
Improvements other than buildings	(16,648,580)	(570,173)	56,760	(17,161,993)
Machinery and equipment	(11,762,703)	(1,414,099)	552,584	(12,624,218)
Infrastructure	(49,042,193)	(2,896,085)	-	(51,938,278)
Total accumulated depreciation	(97,452,902)	(6,085,996)	609,344	(102,929,554)
Governmental activities capital assets, net	\$ 151,069,775	\$ 24,256,218	\$ (1,615,374)	\$ 173,710,619



Business-Type Activities:	Beginning Balance 1/1/2021	Increases	Decreases	Ending Balance 12/31/2021
Nondepreciable capital assets:				
Land	\$ 8,259,914	\$ -	\$ -	\$ 8,259,914
Easements	4,340,120	-	-	4,340,120
Construction in progress	8,392,475	10,194,988	(5,691,393)	12,896,070
Total nondepreciable capital assets	20,992,509	10,194,988	(5,691,393)	25,496,104
Depreciable capital assets				
Buildings	34,447,324	391,576	-	34,838,900
Improvements other than buildings	2,774,233	14,040	-	2,788,273
Machinery and equipment	4,948,715	146,519	(173,203)	4,922,031
Infrastructure	84,491,163	8,247,014	-	92,738,177
Total depreciable capital assets	126,661,435	8,799,149	(173,203)	135,287,381
Total capital assets	147,653,944	18,994,137	(5,864,596)	160,783,485
Less accumulated depreciation for:				
Buildings	(24,979,086)	(437,912)	-	(25,416,998)
Improvements other than buildings	(1,934,379)	(45,455)	-	(1,979,834)
Machinery and equipment	(3,325,114)	(286,270)	173,203	(3,438,181)
Infrastructure	(24,667,716)	(2,296,248)	-	(26,963,964)
Total accumulated depreciation	(54,906,295)	(3,065,885)	173,203	(57,798,977)
Business-type activities capital assets, net	\$ 92,747,649	\$ 15,928,252	\$ (5,691,393)	\$ 102,984,508

In 2021, the City completed the Lift Station 4 & 8 Improvements, Lift Station 10 Flood Protection project, ADA Ramps and Sidewalks, and the City Hall HVAC project. In addition, the City made significant progress on the 196th Street SW (SR 524), WWTP Improvements, 60th Sewer Repair, Community Justice Center, and South Lynnwood Park Improvements, which are currently all in the construction phase.

Depreciation Expense by Function:

Governmental Activities

General Government	\$ 1,243,445
Public Safety	443,324
Transportation	3,364,892
Economic Environment	19,874
Culture and Recreation	1,014,461

Total Depreciation Expense - Governmental Activities \$ 6,085,996

Business-type Activities

Water/Sewer/Storm Utility	\$ 3,030,811
Golf Course	35,074

Total Depreciation Expense - Business-Type Activities \$ 3,065,885



Discretely Presented Component Unit	Beginning Balance 1/1/2021*	Increases	Decreases	Ending Balance 12/31/2021
Lynnwood Public Facilities District				
Nondepreciable capital assets:				
Land	\$ 6,788,800	\$ -	\$ -	\$ 6,788,800
Construction in progress	-	26,544	-	26,544
Total nondepreciable capital assets	6,788,800	26,544	-	6,815,344
Depreciable capital assets:				
Buildings	21,197,283	-	-	21,197,283
Tenant and leasehold improvements	683,947	-	-	683,947
Other improvements	62,925	17,970	-	80,895
Capital improvements - LCC	847,724	-	-	847,724
RRR - LCC	1,635,969	43,171	-	1,679,140
Total depreciable capital assets	24,427,848	61,141	-	24,488,989
Total capital assets	31,216,648	87,685	-	31,304,333
Less accumulated depreciation for:				
Buildings	(7,386,416)	(488,422)		(7,874,838)
Tenant and leasehold improvements	(597,955)	(25,635)		(623,590)
Other improvements	(33,681)	(5,542)	-	(39,223)
Capital improvements - LCC	(537,600)	(85,926)		(623,526)
RRR - LCC	(814,019)	(127,695)		(941,714)
Total accumulated depreciation	(9,369,671)	(733,220)	-	(10,102,891)
Business-type activities capital assets, net	\$ 21,846,977	\$ (645,535)	\$ -	\$ 21,201,442
*restated				

3-E. Interfund Transfers and Loans

Loans between funds are classified as either interfund loans receivable and payable or advances to and from other funds, depending on the time period for which the loan was made. The City uses interfund loans primarily to meet short term and temporary cash flow requirements while waiting for mitigation and grant reimbursements. Advances to and from other funds are typically loans that are not expected to be repaid within one year from the date of the financial statements.

Interfund transfers for the year ended December 31, 2021, consisted of the following:

	TRANSFERS IN					Total
	Transportation Capital Fund	Public Safety Capital	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	
TRANSFERS OUT						
General Fund	\$ 1,125,000	\$ -	\$ 1,118,028	\$ 1,656,516	\$ 1,100,004	\$ 4,999,548
Public Safety Capital	-	-	510,233	-	-	510,233
Water and Sewer Utility	88,725	-	-	-	-	88,725
Nonmajor Special Revenue Funds	7,216,193	1,308,000	380,004	500,004	329,301	9,733,502
Nonmajor Capital Projects Funds	3,033,834	-	-	1,500,000	1,453,595	5,987,429
Total	\$ 11,463,752	\$ 1,308,000	\$ 2,008,265	\$ 3,656,520	\$ 2,882,900	\$ 21,319,437

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted

for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide addition resources for current operations or debt services; and to return money to the fund from which it was originally provided once a project is completed.

Generally, all City transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

Interfund Loans for the year ended December 31, 2021 consisted of the following:

DUE TO		DUE FROM	
		Golf Course	Total
	General Fund	\$ 985,000	\$ 985,000
	Total	\$ 985,000	\$ 985,000

Interfund loans provide one-time, short-term funding for equipment purchases and improvements from available and unassigned funds.

In July 2014, the City Council passed resolution 2014-07 approving a \$1.3 million loan from the General Fund to the Golf Fund for the Golf Fund's temporary cash flow needs. In July 2016 resolution 2014-07 was rescinded and replaced with resolution 2016-12 for a new loan amount of \$1,850,000 and a fifteen-year loan payment schedule. The additional loan of \$550,000 was used to fund construction to add fifty additional parking lot spaces at the Golf Course. The additional loan was made in two installments, \$125,000 in 2016 and \$425,000 in 2017.

3-F – Operating Leases

Office, Warehouse, Storage Space, and Access Lease

The City leases office, warehouse, storage space, and property/land access are under non-cancellable operating leases. Total costs for these leases for the year ending December 31, 2021 was \$443,087 in governmental activities and \$63,844 in business-type activities. The future minimum lease payments are, as follows:

Year Ending December 31,	Governmental Activities	Business-Type Activities
2022	448,831	64,895
2023	360,156	65,550
2024	370,513	66,214
2025	379,106	66,883
	<u>\$ 1,558,606</u>	<u>\$ 263,542</u>

Printers and Copiers

The City leases many office printers and copiers under non-cancellable operating leases. Total costs for these leases for the year ending December 31, 2021 was \$97,846 in governmental activities and \$5,522 in business-type activities. The future minimum lease payments for the non-cancellable leases are, as follows:

Year Ending December 31,	Governmental Activities	Business-Type Activities
2022	97,846	5,522
2023	97,846	5,522
2024	97,846	5,522
2025	97,846	5,522
	<u>\$ 391,384</u>	<u>\$ 22,088</u>

3-G. Long-Term Debt

General Obligation Bonds are direct obligations of the City for which its full faith and credit are pledged. Debt service is paid from the Debt Service Funds. Debt service for voter-approved issues is funded with special property tax levies. Debt service

for City Council authorized (councilmanic) issues is funded from the General Fund, Real Estate Excise Tax Fund and Criminal Justice Fund.

Revenue Bonds are payable from revenues generated by the Water and Sewer Utility Fund.

The debt agreements for all long-term debt do not include terms related to significant events of default with finance-related consequences, termination events with finance-related consequences or subjective acceleration clauses.

Changes in Long-term liabilities - Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2021 (includes internal service fund):

	Outstanding 1/1/2021	Additions	Reductions	Outstanding 12/31/2021	Amounts Due in One Year
Governmental Activities					
2012 general obligation bonds	20,415,000	-	895,000	19,520,000	930,000
2021 general obligation bonds	-	49,315,000	-	49,315,000	-
Unamortized premiums	-	10,921,735	-	10,921,735	-
Claims and judgements payable	157,097	67,523	-	224,620	-
Compensated absences	3,567,395	3,212,130	2,188,937	4,590,588	3,217,580
Net pension liability	6,516,674	-	3,908,859	2,607,815	-
Total OPEB liability	10,668,568	224,766	-	10,893,334	455,304
Total Governmental Activities	\$ 41,324,734	\$ 63,741,154	\$ 6,992,796	\$ 98,073,092	\$ 4,602,884
Business-Type Activities					
2015 utility system revenue bonds	19,875,000	-	990,000	18,885,000	1,040,000
2018 utility system revenue bonds	19,005,000	-	805,000	18,200,000	830,000
Unamortized premiums	3,467,335	-	206,827	3,260,508	206,828
Net pension liability	1,352,828	-	1,036,571	316,257	-
Compensated absences	576,050	508,619	337,584	747,085	521,723
Total Business-Type Activities	\$ 44,276,213	\$ 508,619	\$ 3,375,982	\$ 41,408,850	\$ 2,598,551
Direct Placement Debt					
2020 utility system revenue bonds	5,610,000	-	390,000	5,220,000	410,000
Total Direct Placement Debt	\$ 5,610,000	\$ -	\$ 390,000	\$ 5,220,000	\$ 410,000

Since internal service funds predominately serve the governmental funds, their long-term liabilities are included as part of the above totals for governmental activities. At year-end \$97,694 of internal service funds compensated absences are included in the above amounts. For the governmental activities, the General Fund, Special Revenue Funds, Capital Projects Funds, and Internal Service Funds generally liquidate accrued compensated absences, and the net pension liabilities. Nonmajor debt services funds have generally liquidated long-term debt liabilities. The general fund had liquidated other post-employment benefits liabilities.

Arbitrage occurs when the City invests funds borrowed at tax-exempt rates of interest in higher yielding taxable securities. These interest earnings in excess of interest expense must be remitted to the federal government. At the fund level, the City recognizes this liability only when it is due and payable. The City had no arbitrage excess earnings liability in 2021.

The annual total requirements to amortize the debt outstanding for general obligation, revenue bonds, and installment notes payable as of December 31, 2021, including interest, are as follows:

General Obligation Debt

Year	Governmental Activities		
	Principal	Interest	Total
2022	930,000	2,741,763	3,671,763
2023	1,925,000	2,712,438	4,637,438
2024	1,995,000	2,645,038	4,640,038
2025	2,065,000	2,573,900	4,638,900
2026	2,145,000	2,491,300	4,636,300
2027-2031	12,000,000	11,200,888	23,200,888
2032-2036	14,675,000	8,517,463	23,192,463
2037-2041	10,930,000	5,647,200	16,577,200
2042-2046	11,345,000	3,560,800	14,905,800
2047-2050	10,825,000	1,103,800	11,928,800
Total	<u>\$68,835,000</u>	<u>\$43,194,588</u>	<u>\$ 112,029,588</u>

Revenue Bonds

Year	Business Type Activities		
	Principal	Interest	Total
2022	1,870,000	1,538,238	3,408,238
2023	1,960,000	1,453,038	3,413,038
2024	2,045,000	1,363,738	3,408,738
2025	2,150,000	1,261,488	3,411,488
2026	2,240,000	1,172,888	3,412,888
2027-2031	11,720,000	4,590,219	16,310,219
2032-2036	12,270,000	2,159,138	14,429,138
2037-2041	2,830,000	214,000	3,044,000
Total	<u>\$37,085,000</u>	<u>\$13,752,744</u>	<u>\$ 50,837,744</u>

Direct Placement Debt

Year	Business Type Activities		
	Principal	Interest	Total
2022	410,000	75,690	485,690
2023	410,000	69,745	479,745
2024	415,000	63,800	478,800
2025	420,000	57,783	477,783
2026	430,000	51,693	481,693
2027-2031	3,135,000	124,048	3,259,048
Total	<u>\$ 5,220,000</u>	<u>\$ 442,758</u>	<u>\$ 5,662,758</u>

Governmental Activities General Obligation Bonds – The City has two outstanding general obligation bond issues that were issued to fund the construction of two capital improvement projects.

Series 2012 General Obligation Bonds - On February 27, 2012 the City issued 25-year Limited Tax General Obligation Bonds for renovating, improving, and expanding the City's Recreation Center in the amount of \$24,955,000. Annual principal payments range from \$285,000 to \$1,595,000, with interest varying from 2% to 4%, paid semi-annually. The final principal and interest payment is scheduled for 2037. These bonds carry a Standard and Poor's rating of AA+.

Series 2021 General Obligation Bonds – On June 24, 2021 the City issued 30-year Limited Tax General Obligation Bonds for constructing the City's Community Justice Center (CJC) in the amount of \$49,315,000. Annual principal payments range from



\$965,000 to \$2,870,000, with interest varying from 4% to 5%, paid semi-annually. The final principal and interest payment is scheduled for 2050. These bonds carry a Standard and Poor's rating of AA+.

Business-type Activities – Revenue Bonds – The City has three outstanding revenue bond issues that were issued to fund the design and construction of various utility improvement projects.

2015 Utility Improvement Refunding Bonds - The 2015 Utility System Revenue Bonds were issued on October 28, 2015. The proceeds from the sale of the bonds were utilized to redeem the City's Utility System Revenue Bond Anticipation Note and finance a portion of the carrying out of a Plan of additions, betterments, and extensions of the utility system. Some of the projects included in the Plan of Additions are general system improvements including water meter reading system upgrade and replacement, sewer facility replacements, installations and upgrades, wastewater treatment plant system upgrades, and storm water utility improvements. A portion of the proceeds also funds issuance and reserve costs associated with the sale. Annual principal payments range from \$695,000 to \$1,645,000 with interest varying from 2.375% to 5.0%. Revenue is provided by the City's Utility Fund by adjusting rates for water, sewer, and storm water services. These bonds carry a Standard and Poor's rating of AA.

2018 Utility System Revenue and Refunding Bonds - The Utility System Revenue and Refunding Bonds, 2018 were issued on October 10, 2018. Gross proceeds of \$22,988,959 consisted of bonds with a face value of \$20,380,000 and bond premium of \$2,608,959. Approximately \$18.3 million of the bond proceeds are to be used for the sewer system projects including upgrades and improvements to lift stations, wastewater treatment plant upgrades and other improvements, to the system as outlined in the Utility Capital Facilities Plan. \$1.335 million from the sale of the bonds was utilized to refund the 2008 Utility System Revenue Bonds in a current refunding. A portion of the proceeds also funded issuance costs associated with the sale. In addition to the 2018 bonds the insurance coverage also released the reserve requirements on the 2010 and 2015 bond issues. Annual principal payments range from \$605,000 to \$1,450,000 with interest varying from 4.00% to 5.0%. The final maturity date is December 1, 2038 and the bonds are callable as early as June 1, 2028. Revenue is provided by the City's Utility Fund by adjusting rates for water, sewer, and storm water services. These bonds carry a Standard and Poor's rating of AA.

2020 Utility System Revenue Refunding Bonds - On October 22, 2020, the City issued 10-year Utility System Revenue Refunding Bonds in the amount of \$5,610,000 to refund \$5,905,000 of the 2010 Utility Improvement Refunding Bonds which were issued on November 9, 2010. The proceeds from the sale of the bonds were utilized to carry out the Plan of Additions, which is a portion of the capital improvement plan. Some of the projects included in the Plan of Additions are general System improvements consisting of the installation of a computerized monitoring and control system; water improvements including meter, fire hydrant and water main replacements; sewer improvements consisting of upgrades to the main plant drain station and the treatment plant; and storm water improvements including storm basin studies and transportation and storm pipe replacement.. Annual principal payments range from \$390,000 to \$910,000, with 1.45% interest paid semi-annually. The refunding resulting in Net Present Value Savings of \$833,467. The final principal and interest payment is scheduled for 2030. These bonds were sold via direct placement and not rated.

Asset Retirement Obligations (ARO) - Some tangible capital assets, including the wastewater treatment plant and water wells have been identified as having a legally enforceable liability associated with the retirement of a tangible capital asset, but the liability is not yet reasonably estimable. Estimates are not currently available as the city has no past experience decommissioning these types of assets, or the assets are maintained indefinitely so an estimated remaining useful life is unknown. Once the liability is reasonably estimable, the city will record a liability for the obligation.

Contingent Liability for Public Facilities District (PFD) non-exchange transaction. (Please see Note 4-C – *Contingent Liabilities*.)

	Outstanding 1/1/2021	Additions	Reductions	Outstanding 12/31/2021	Amounts Due in One Year
Business-Type Activities					
General Obligation Bonds (Private Placement)	5,485,400	-	1,068,900	4,416,500	1,108,300
Revenue Bonds	13,770,000	-	895,000	12,875,000	985,000
Premium on Revenue Bonds	747,014	-	53,359	693,655	53,358
Compensated absences	3,611	19,474	-	23,085	11,543
Environmental Remediation	5,840,013	-	220,021	5,619,992	-
Net pension liability	95,397	-	78,763	16,634	-
Total OPEB liability	96,519	-	32,402	64,117	-
Total Business-Type Activities	<u>\$ 26,037,954</u>	<u>\$ 19,474</u>	<u>\$ 2,348,445</u>	<u>\$ 23,708,983</u>	<u>\$ 2,158,201</u>

For the Lynnwood Public Facility District (PFD) component unit, the debt service requirements to maturity for general obligation bonds are as follows:

	Revenue Bonds		GO Bonds (Private Placement)		
	Principal	Interest	Principal	Interest	Total
2022	985,000	546,888	1,108,300	109,529	2,749,717
2023	1,095,000	497,638	1,148,500	82,043	2,823,181
2024	1,200,000	457,944	1,188,200	53,561	2,899,704
2025	1,185,000	414,444	971,500	24,093	2,595,037
2026	1,820,000	355,194	-	-	2,175,194
2027 - 2031	3,650,000	1,046,819	-	-	4,696,819
2032 - 2034	2,940,000	225,375	-	-	3,165,375
Total	<u>\$ 12,875,000</u>	<u>\$ 3,544,300</u>	<u>\$ 4,416,500</u>	<u>\$ 269,226</u>	<u>\$ 21,105,026</u>

3-H. Pension Plans

The following table represents the aggregate pension amounts for all plans for the year 2021:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$ (2,924,072)
Pension assets	32,153,665
Deferred outflows of resources	5,635,261
Deferred inflows of resources	(25,369,741)
Pension expense/expenditures	(5,642,576)

State Sponsored Pension Plans

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Or the DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov. The direct link for the 2021 ACFR is <https://www.drs.wa.gov/wp-content/uploads/2021/06/2021-ACFR.pdf>.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24

highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee*
January – June 2021		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	12.97%	6.00%
July – December 2021		
PERS Plan 1	10.07%	6.00%
Administrative Fee	0.18%	
Total	10.25%	6.00%

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old are eligible to retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2*
January – June 2021		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.97%	7.90%
July – December 2021		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	10.25%	6.36%

The City's actual PERS plan contributions were \$859,699 for to PERS 1 and \$1,333,537 to PERS 2/3 for the year ended December 31, 2021.

Public Safety Employees' Retirement System (PSERS)

PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006. To be eligible for membership, an employee must work on a full-time basis and:

- Have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job; or
- Have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; or
- Function as a limited authority Washington peace officer, as defined in RCW 10.93.020; or
- Have primary responsibility to supervise eligible members who meet the above criteria.

PSERS membership includes:

- PERS 2 or 3 employees hired by a covered employer before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the period of July 1, 2006 to September 30, 2006; and
- Employees hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

PSERS covered employers include:

- Certain State of Washington agencies (Department of Corrections, Department of Natural Resources, Gambling Commission, Liquor and Cannabis Board, Parks and Recreation Commission, and Washington State Patrol)
- Washington State Counties
- Washington State Cities (except for Seattle, Spokane, and Tacoma)
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) for each year of service. The AFC is based on the member's 60 consecutive highest creditable months of service. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit. Members are eligible for retirement at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS service credit; or at age 53 with 20 years of service. Retirement before age 60 is considered an early retirement. PSERS members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with

at least 20 years of service, a three percent per year reduction for each year between the age at retirement and age 60 applies. PSERS Plan 2 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PSERS Plan 2 members are vested after completing five years of eligible service.

Contributions

The PSERS Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The Plan 2 employer rates include components to address the PERS Plan 1 unfunded actuarial accrued liability and administrative expense currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates.

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2021 were as follows:

PSERS Plan 2		
Actual Contribution Rates	Employer	Employee
January – June 2021		
PSERS Plan 2	7.20%	7.20%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	12.25%	7.20%
July – December 2021		
PSERS Plan 2	6.50%	6.50%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Total	10.39%	6.50%

The City's actual contributions to the plan were \$77,540 for PSERS Plan 2 for the year ended December 31, 2021.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2021. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate includes an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41% in 2021.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

LEOFF Plan 2		
Actual Contribution Rates	Employer	Employee
January – June 2021		
State and local governments	5.15%	8.59%
Administrative Fee	0.18%	
Total	5.33%	8.59%
July – December 2021		
State and local governments	5.12	8.53%
Administrative Fee	0.18%	
Total	5.30%	8.53%

The City's actual contributions to the plan were \$422,246 for the year ended December 31, 2021.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2021, the state contributed \$78,170,320 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$285,593.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Experience Study* and the *2019 Economic Experience Study*. Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.40%

Mortality rates were developed using the Society of Actuaries' Pub. H-2020 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were no changes in assumptions since the last valuation. There were changes in methods since the last valuation.

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. See high-level summary below. OSA will revert back to the methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 ACFR results.
- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR, OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019 AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the fiscal year end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to projection assumptions were necessary. OSA also considered any material impacts to the plans from 2021 legislation. See the 2020 AVR for more information.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of Net Pension Liability/(Asset)

The table below presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 2,699,206	\$ 1,584,453	\$ 612,275
PERS 2/3	(4,399,974)	(15,444,977)	(24,540,541)
PSERS 2	(63,773)	(406,762)	(678,221)
LEOFF 1	(3,063,187)	(3,402,542)	(3,696,142)
LEOFF 2	(8,134,361)	(12,899,384)	(16,800,987)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2021, the City reported a total pension liability of \$1,584,453 and a total pension asset of \$32,153,665 which consists of its proportionate share of the net pension liabilities and assets as follows:

	Liability (or Asset)
PERS 1	\$ 1,584,453
PERS 2/3	(15,444,977)
PSERS 2	(406,762)
LEOFF 1	(3,402,542)
LEOFF 2	(12,899,384)

The amount of the asset reported above for LEOFF Plan 1 and 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability/(asset), the related State support, and the total portion of the net pension liability/(asset) that was associated with the City were as follows:

	LEOFF 1 (Asset)	LEOFF 2 (Asset)
LEOFF – employer's proportionate share	\$ (3,402,542)	\$ (12,899,384)
LEOFF – State's proportionate share of the net pension liability/(asset) associated with the employer	\$ (23,014,711)	\$ (8,321,511)
TOTAL	\$ (26,417,253)	\$ (21,220,895)

At June 30, the City's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/20	Proportionate Share 6/30/21	Change in Proportion
PERS 1	.131507%	.129742%	(.001765%)
PERS 2/3	.158922%	.155045%	(.003877%)
PSERS 2	.192976%	.177054%	(.015922%)
LEOFF 1	.099087%	.099328%	.000241%
LEOFF 2	.229167%	.222081%	(.007086%)

Employer contribution transmittals received and processed by DRS for the fiscal year ended June 30, 2021 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2021. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). The state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2021, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61 percent of employer contributions.

Pension Expense

For the year ended December 31, 2021, the City recognized pension expense in the state sponsored plans as follows:

	Pension Expense
PERS 1	\$ (359,662)
PERS 2/3	\$ (3,498,417)
PSERS 2	\$ (15,837)
LEOFF 1	\$ (511,163)
LEOFF 2	\$ (1,307,832)
TOTAL	\$ (5,692,911)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<i>PERS 1</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments		\$1,758,213
Contributions subsequent to the measurement date	\$ 401,849	
TOTAL	\$ 401,849	\$1,758,213

<i>PERS 2/3</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 750,140	\$189,340
Net difference between projected and actual investment earnings on pension plan investments		12,908,378
Changes of assumptions	22,570	1,096,849
Changes in proportion and differences between contributions and proportionate share of contributions	185,716	351,283
Contributions subsequent to the measurement date	639,491	
TOTAL	\$ 1,597,917	\$ 14,545,850

<i>PSERS 2</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 41,739	\$ 1,608
Net difference between projected and actual investment earnings on pension plan investments		291,365
Changes of assumptions	63	41,593
Changes in proportion and differences between contributions and proportionate share of contributions	8,583	4,336
Contributions subsequent to the measurement date	38,273	
TOTAL	\$ 88,659	\$ 338,901

<i>LEOFF 1</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ 0	\$ 1,039,686
TOTAL	\$ 0	\$ 1,039,686

<i>LEOFF 2</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 585,067	\$ 68,172
Net difference between projected and actual investment earnings on pension plan investments		6,150,519
Changes of assumptions	5,576	613,495
Changes in proportion and differences between contributions and proportionate share of contributions	2,135,337	240,822
Contributions subsequent to the measurement date	219,626	
TOTAL	\$ 2,945,606	\$ 7,073,009

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	<i>PERS 1</i>
2022	\$ (465,751)
2023	\$ (426,797)
2024	\$ (403,554)
2025	\$ (462,111)
Thereafter	\$ --

Year ended December 31:	<i>PERS 2/3</i>
2022	\$ (3,525,905)
2023	\$ (3,293,984)
2024	\$ (3,207,395)
2025	\$ (3,469,093)
2026	\$ (85,895)
Thereafter	\$ (5,152)

Year ended December 31:	<i>PSERS</i>
2022	\$ (75,708)
2023	\$ (71,680)
2024	\$ (67,985)
2025	\$ (75,498)
2026	\$ 171
Thereafter	\$ 2,185



Year ended December 31:	<i>LEOFF 1</i>
2022	\$ (276,178)
2023	\$ (252,615)
2024	\$ (238,366)
2025	\$ (272,527)
Thereafter	\$ --

Year ended December 31:	<i>LEOFF2</i>
2022	\$ (1,380,848)
2023	\$ (1,268,979)
2024	\$ (1,184,455)
2025	\$ (1,366,475)
2026	\$ 237,440
Thereafter	\$ 616,288

Historical funding source for liquidating Department of Retirement Systems Pension Obligations

Historically the Pension Obligations have been liquidated with pension contributions paid by the City in proportion to and by each of the Funds that incurred the underlying covered payroll expenses/expenditures.

City Sponsored Pension Plan - Firemen's Pension Plan

The City is the administrator of the Firemen's Pension System, which is shown as a pension trust fund in the City's financial statements. The Firemen's Pension System is a single-employer, closed defined benefit pension system that was established in conformance with Revised Code of Washington (RCW) Chapter 41.18. Membership is limited to fire fighters employed prior to March 1, 1970 when the LEOFF retirement system was established.

Management of the Firemen's Pension System is vested in the Pension Board which consists of the Mayor (Chair), Finance Director, Assistant Treasurer, two firefighters (active or retired) to be elected by the firefighters subject to the jurisdiction of the board, and one alternate. Board members serve two-year terms.

Plan membership

At December 31, 2021, pension plan membership consisted of four (4) inactive plan members currently receiving benefits. The pension plan is closed to new entrants.

Benefits provided

The City's liability under the Firemen's Pension System consists of all benefits, including payments to beneficiaries, for firemen retired prior to March 1, 1970, and excess benefits over amounts provided by LEOFF for covered fire fighters retired after March 1, 1970. Under the Firemen's Pension System, eligible fire fighters may retire at age 50 with 25 years of service. Death and disability benefits are also provided, as established under the governing State law. Individuals who terminate employment prior to retirement may withdraw their contributions to the plan plus accumulated interest, but by doing so, forfeit their rights to future pension benefits.

Key Elements of Pension Formulas

The City is responsible for the portion of member monthly pension benefits due to members per RCW 41.16 but not paid directly by the State. The funding formula is based on years of service, type of retirement plan for each member, current employment or union contract agreements for firefighter union plus adjustments for cost of living and longevity.

Funding

The Authority under which benefit terms were established, may be amended, and the types of benefits provided through the Firefighters' Pension Fund lies with the Revised Code of Washington (RCW) 41.16 and 41.18, the statutes establishing FPF, and RCW 41.26, the statute establishing the Washington Law Enforcement Officers' and Firefighters' Retirement System (LEOFF).

Contributions to the fund currently include the following sources, as described in RCW 41.16.050:

1. Bequests, fees, gifts, emoluments or donations.
2. Forty-five percent of all monies received by the State from taxes on fire insurance premiums, prior to January 1, 2000. Twenty-five percent after January 1, 2000.
3. Taxes paid pursuant to the provisions of RCW.41.16.060 require that each municipality levy up to \$0.45 (only \$0.225 of which can be in excess of the property tax limit pursuant to RCW 84.52.043) per \$1,000 of assessed valuation, based on reports by a qualified actuary, to maintain the Fund.
4. Interest on the investments of the Fund.
5. Contributions by firefighters as provided herein.

Assumptions and Other Inputs

As of December 31, 2021, the FPF had \$251,001 in cash and cash equivalents invested in the City's internal investment pool and short-term investments. Investments in the City's internal investment pool are invested in the Washington State Treasurer Local Government Investment Pool (LGIP), a Rule 2a-7 money market type fund with an average portfolio maturity of less than 91 days. All investments are valued at fair value. Investment activities of the FPF are co-mingled with the City of Lynnwood treasury and therefore are included in the City's investment policy addressed in Note 3-A.

As of December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of investment expenses, was 0.63 percent. The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period.

The net pension liability was measured as of December 31, 2021, and the actuarial valuation date on which the total pension liability is based was as of December 31, 2021.

- **Discount rate:** 2.00% - Rate applied in the measurement of the total pension liability
- **Inflation:** 2.50% - total economic inflation, 3.00% wage inflation.
- **Investment rate of return:** 2.00% - Composite rate is based on the expected return on long-term municipal bonds and is used for both the funded and unfunded liability.
- **Actuarial Cost Method:** Entry Age Normal
- The mortality table used, PRI-2012, is projected using MP-2021 projection scale.
- The table below presents the City's net pension liability calculated using the discount rate of 2.00% as well as what the pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.00%) or 1-percentage point higher (3.00%) than the current rate:

	1% Decrease 1.00%	Current Disc. Rate 2.00%	1% Increase 3.00%
Net Pension Liability	\$1,504,837	\$1,339,619	\$1,197,661

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/2020	\$1,500,533	\$300,592	\$ 1,199,941
Changes for the year:			
Service Cost	-	-	-
Interest	28,835	-	28,835
Changes in assumptions	(273,131)	-	(273,131)
Differences between expected and actual experience	451,949	-	451,949
Contributions – employer	-	68,741	(68,741)
Contributions – employees	-	-	-
Net investment income		1,734	(1,734)
Benefit payments and withdraws (pension expense)	(117,566)	(117,566)	-
Administrative expense		(2,500)	2,500
Other changes	-	-	-
Net changes	90,087	(49,591)	139,678
Balance at 12/31/2021	\$1,590,620	\$251,001	\$1,339,619
Plan fiduciary net position as a percentage of the total pension liability		15.8%	

Pension Expense and Deferred Inflows and Outflows of Resources

	Pension Expense
Pension expense recognized for fiscal year ending 2020	\$86,773
Pension expense recognized for fiscal year ending 2021	\$50,335

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 237,130	(492,077)
Net difference between projected and actual investment earnings on pension plan investments	7,194	-
Changes of assumptions	356,907	(121,995)
Contributions subsequent to the measurement date	-	-
TOTAL	\$ 601,231	\$ (614,083)

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Amount
2022	\$ 22,567
2023	21,363
2024	(10,638)
2025	7,304
2026	(27,900)
Thereafter	(25,548)

3-I. Other Post-Employment Benefits

Financial reporting for the LEOFF 1 retiree healthcare plan is included in the City's Annual Comprehensive Financial Report. The plan does not issue stand-alone financial statements.

The following table represents the OPEB amounts for all plans subject to the requirements of GASB 75 for the year 2021:

OPEB Liabilities	\$ 10,893,334
OPEB Assets	\$ 0
Deferred Outflows of Resources	\$ 227,652
Deferred Inflows of Resources	\$ 0
OPEB Expense	\$ 651,393

Annual OPEB Cost and Total OPEB Obligation

OPEB Plan Description:

- The city administers LEOFF 1 Retiree Medical and Long-Term Care Benefits, a single-employer defined benefit plan.
- In accordance with the Revised Code of Washington (RCW) 41.26, the City provides post-retirement health care benefits for members of the Law Enforcement Officers and Firefighters (LEOFF) Plan 1 retirement system hired prior to October 1, 1977. The plan is a closed, single-employer defined benefit healthcare plan administered by the City. The City provides medical, vision, and long-term care insurance, and reimburses for all Board approved claims for medical, dental, vision, and hospitalization costs not covered by standard benefit plan provisions.
- Employees covered by benefit terms – At December 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	20
Inactive employees entitled to but not yet receiving benefits	0
Active employees	0
Total	20

- There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.
- Funding for LEOFF retiree healthcare costs is provided entirely by the City as required by RCW. During the year City contributed \$244,085 in medical payments and reimbursements.

Assumptions and Other Inputs:

The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the GASB 75 Alternative Measurement Method for LEOFF 1 using the Office of the State Actuary's AMM Online Tool.

Retirement, disablement, termination, and mortality rates were assumed to follow the LEOFF 1 rates used in the June 30, 2020, actuarial valuation report issued by the Office of the State Actuary (OSA).

The actuarial valuations involve estimates of the value of reported amounts and assumptions of the probability of events far into the future and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

Methodology	
Actuarial Valuation Date	6/30/2021
Actuarial Measurement Date	6/30/2021
Actuarial Cost Method	Entry Age ¹
Amortization Method	Recognized Immediately
Asset Valuation Method	N/A (No Assets)
Assumptions	
Discount Rate²	
Beginning of Measurement Year	2.21%
End of Measurement Year	2.16%
Healthcare Trend Rates³	
Medical Costs	Initial rate is about 5.3%, trends down to about 5.0% in the 2020's.
Long-Term Care	4.5%
Medicare Part B Premiums	Approximately 5.0%, varies by year.
Mortality Rates (Assume 100% Male Population)¹	
Base Mortality Table	PubS.H-2010 (Public Safety) Blended 50%/50% Healthy/Disabled
Age Setback	-1 year Healthy / 0 years Disabled
Mortality Improvements	MP-2017 Long-Term Rates
Projection Period	Generational
Medicare Participation Rate	100%

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City calculated using the current healthcare cost trend rate, as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Healthcare Cost Trend Rate (5.3%)	1% Increase
Total OPEB Liability	\$ 9,830,861	\$ 10,893,334	\$12,117,013

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City calculated using the discount rate of 2.21 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21 percent) or one percentage point higher (3.21 percent) than the current rate.

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 12,215,647	\$10,893,334	\$ 9,774,316

Changes in Total OPEB Liability

LEOFF 1 Retiree Medical and Long-Term Care Benefits	
Total OPEB Liability at 01/01/2021	\$10,668,568
Service cost	0
Interest	231,087
Changes of benefit terms	0
Changes in experience data and assumptions	420,306
Benefit payments	(426,627)
Other changes	
Total OPEB Liability at 12/31/2021	\$ 10,893,334

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in experience data and assumptions		\$ 0
Payments subsequent to measurement date	\$ 227,652	

Deferred outflows of resources resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB in the year ended December 31, 2022.

3-J. Fund Equity

Fund Balances – Fund balances are classified as follows:

- **Nonspendable** – The following fund balances are nonspendable because they are not in spendable form:

General Fund:

Prepaid Postage	\$ 39,564
	<u>\$ 39,564</u>

- **Restricted** – The following fund balances are legally restricted to specified purposes:

Transportation Capital Fund:

Capital Projects	\$ 3,045,261
	<u>\$ 3,045,261</u>

Public Safety Capital Fund:

Capital Projects	\$ 55,579,835
	<u>\$ 55,579,835</u>

Nonmajor Governmental Funds:

Capital Projects	\$ 4,337,536
Drug Enforcement/Criminal Justice	2,199,641
Debt Service	1,232,632
Park Improvements	7,131,371
Recreation programs for low income	112,734
Tourism promotion	798,229
Street and paths improvements	4,967,300
Solid Waste Management	95,434
Supportive Housing	318,141

Total Nonmajor Governmental Funds	<u>\$ 21,193,018</u>
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- **Committed** – The following fund balances are committed to specific purposes:

General Fund:	
Revenue Stabilization	\$ 6,000,000
Total General Fund	<u>\$ 6,000,000</u>
Other Governmental Funds:	
Capital Projects	\$ 1,504,220
Tree Reserve	236,485
Art Reserve	554,860
Aid Car Reserve	16,797
Total Other Governmental Funds	<u>\$ 2,312,362</u>

- **Assigned** – The following fund balances are assigned to specific purposes:

General Fund:	
Economic Development	<u>\$ 9,818,547</u>

Net Investment in Capital Assets – The net investment in capital assets, reported on the government-wide statement of net position as of December 31, 2021 is as follows:

	Governmental Activities	Business- type Activities
Net investment in capital assets:		
Total capital assets	\$ 276,640,173	\$ 160,783,485
Less accumulated depreciation	<u>(102,929,554)</u>	<u>(57,798,977)</u>
Net capital assets	173,710,619	102,984,508
Less: accounts payable	(1,227,634)	(594,414)
Less: retainage payable	-	(15,894)
Add: unspent bond proceeds	55,026,313	-
Less: deferred inflow-gain on refunding	-	(115,274)
Less: capital related debt	(68,835,000)	(42,305,000)
Less: unamortized bond premium	<u>(10,921,735)</u>	<u>(3,260,508)</u>
Net investment in capital assets	<u>\$ 147,752,563</u>	<u>\$ 56,693,418</u>

4-A. Risk Management

The City became a member of the Washington Cities Insurance Authority (WCIA) on December 1, 2019. Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. WCIA has a total of 166 members. New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, with a \$50,000 deductible. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day-to-day operations of WCIA.

The claims and judgment payable reported in the schedule Changes in Long Term Liabilities in Note 3-G represents total deductibles of outstanding claims at the end of the year.

The City and its employees contribute to the State of Washington's Department of Labor and Industries for workers' compensation. There were no settlements in excess of coverage in any of the prior three years.

4-B. Health and Welfare

The City of Lynnwood is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014, when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2021, 262 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2020, the AWC Trust HCP purchased stop loss insurance for Regence/Asuris plans at an Individual Stop

Loss (ISL) of \$1.5 million through Commencement Bay Risk Management, and Kaiser ISL at \$1 million with Companion Life through Intermediary Insurance Services. The aggregate policy is for 200% of expected medical claims.

Participating employers' contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

4-C. Contingent Liabilities

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

The City was a defendant in several lawsuits at December 31, 2021. In the opinion of City management, the outcome of these contingencies will not have a material effect on the financial position of the City.

The Lynnwood Public Facilities District issued \$25,482,100 Convention Center revenue and sales tax refunding bonds to defease the District's 2004 and 2005 bonds and to finance the capital construction needed at the Convention Center. On April 15, 2015, the District issued \$15.605 million refunded revenue bonds maturing on December 1, 2034 with an average interest rate of 3.57% with a net present value savings of \$2.059 million. On June 15, 2015, the District issued \$9.877 million sales tax bonds with an interest rate of 2.48% with a net present value savings of \$1.069 million. On behalf of the District, the City is contingently liable for these bonds, and to date, the District is capable of paying these bonds from hotel/motel tax revenue and revenue generated from the convention center.

4-D. Joint Ventures and Jointly Governed Organizations

SNOHOMISH COUNTY 911 - The City of Lynnwood and other Police and Fire entities jointly operate SNOHOMISH COUNTY 911. SNOHOMISH COUNTY 911, a cash basis, special purpose district, was created under the Interlocal Cooperation Act, as codified in RCW 39.34. This established the statutory authority necessary for Snohomish County, the cities, towns, fire districts, police districts and other service districts to enter into a contract and agreement to jointly establish, maintain and operate a support communications center. Control of SNOHOMISH COUNTY 911 is with a 16-member Board of Directors which is specified in the Interlocal Agreement. SNOHOMISH COUNTY 911 takes 911 calls and performs emergency dispatch services for local governmental agencies including police, fire and medical aid.

In the event of the dissolution of SNOHOMISH COUNTY 911, any money in the possession of SNOHOMISH COUNTY 911 or the Board of Directors after payment of all costs, expenses and charges validly incurred under this Agreement shall be returned to the parties of this Agreement and shall be apportioned between Principals based on the ratio that the average of

each Principals' contributions to the operating budget over the preceding five (5) years bears to the total of all then remaining Principals' User Fees paid during such five-year period. Before deducting the payment of all costs, expenses and charges validly incurred, the City of Lynnwood's share was \$1,140,754 on December 31, 2021. This value has been recorded in the government-wide statements as an asset for the year ended December 31, 2021.

Snohomish County 911's 2021 operating budget was \$24,429,390, operating revenues received were \$25,450,056 and total operating expenditures were \$23,395,721 Complete financial statements for SNOHOMISH COUNTY 911 can be obtained from SNOHOMISH COUNTY 911's administrative office at 1121 SE Everett Mall Way, Suite 200, Everett, WA 98208.

ALLIANCE FOR HOUSING AFFORDABILITY (AHA) - In September 2013, the City of Lynnwood joined the cities of Edmonds, Everett, Granite Falls, Lake Stevens, Marysville, Mill Creek, Mountlake Terrace, Mukilteo, and Snohomish, the Town of Woodway, and Snohomish County to establish the Alliance for Housing Affordability (AHA). The agreement was amended in May 2014 to add the City of Arlington and in June 2014 to add the City of Stanwood.

The purpose of AHA is to cooperatively formulate affordable housing goals and policies and to foster efforts to provide affordable housing by providing expertise and information to member jurisdictions. Operating funding is provided by the member cities.

AHA is governed by a Joint Board composed of an elected official from each member. The Joint Board is responsible for review and approval of all budgetary, financial, policy, and contractual matters. The Board is assisted by an administrative staff housed at the Housing Authority for Snohomish County (HASCO). Fiscal agent duties were transferred to HASCO during fiscal year 2018. The values included in the table below were audited and updated by the new fiscal agent and may be different than what was reported in prior years.

Each member city is responsible for contributing operating revenues as determined from the AHA annual budget. Contributions from the member cities are based on each member's population. A grant from the Gates Foundation provided \$50,000 to assist with the first two years of organizational start-up. The City of Lynnwood's equity share to date is:

Fiscal Year (7/1/xx-6/30/xx)	AHA Budget	City's Share of AHA's Budget	
		Amount	Percentage
2014	\$92,543	\$2,151	2.39%
2015	\$123,464	\$2,216	2.29%
2016	\$145,590	\$2,143	1.47%
2017	\$97,934	\$3,173	5.40%
2018	\$102,586	\$3,455	5.30%
2019	\$107,391	\$3,686	5.20%
2020	\$112,408	\$3,891	5.10%
2021	\$117,673	\$3,996	5.40%
2022	\$118,200	\$4,096	5.10%

Members withdrawing from the agreement relinquish all rights to any reserve funds, equipment, or material purchased. Upon dissolution, the agreement provides for distribution of net assets among the members based on the percentage of the total annual contributions during the period of the Agreement paid by each member.

Budget monitoring information can be obtained from Pam Frost, Director of Finance, HASCO, 12711 4th Ave W, Everett WA 98204 (email: pfrost@hasco.org) or from Chris Collier, Program Manager, Alliance for Housing Affordability, 12711 4th Ave W, Everett WA 98204.

Joint Recreation Facilities - The City of Lynnwood, the City of Edmonds, Snohomish County and Edmonds School District No. 15 entered into an agreement to develop Meadowdale Playfields and Recreation Complex. The Edmonds School District provided a 25-acre site adjacent to Meadowdale Elementary; and Meadowdale Middle School (at 66th Ave W and 168th St SW) The City of Lynnwood is responsible for the maintenance of the complex and bills 50% of the associated costs to the City of Edmonds on a bi-annual basis.

4-E. Tax Abatements

On May 29, 2007, the City Council adopted Ordinance 2681 under the authority granted to it under Chapter 84.14 RCW designating the City Center Sub-Area as a Designated Residential Target Area and establishing the Multiple-Unit Housing Property Tax Exemption program. The Ordinance enacted the program whereby property owners may qualify for a Final Certificate of Tax Exemption which certifies to the Snohomish County Assessor that the owner is eligible to receive a limited property tax exemption. The program is designed to encourage new construction or rehabilitation of multifamily housing Residential Target Areas in order to reduce development pressure on single-family residential neighborhoods, to increase and improve housing opportunities, and to encourage development densities supportive of transit use.

There are various statutory abatements affecting multiple jurisdictions including the City of Lynnwood. Statutory abatements are reported by the Washington Department of Revenue at the following website: <https://dor.wa.gov/about/statistics-reports/information-local-governments/governmental-accounting-standards-board-gasb-statement-no-77>. The Department of Revenue report listed \$34,405 in estimated taxpayer savings applicable to the City of Lynnwood for Fiscal Year 2021.

4-F. Prior Period Adjustments and Restatements

In 2021, the City is reporting a prior period adjustment to correct the allocation of pension plan liabilities, deferred outflows and deferred inflows between governmental, proprietary and internal service funds. This adjustment results in a decrease of \$88,966 in the net position of the Water and Sewer Utility Fund, and a decrease of \$87,510 in the net position of the Internal Service Funds, which is reported on the Proprietary Funds Statement of Revenues, Expenses and Changes in Fund Net Position. On the Entity-wide Statement of Activities a net increase in Governmental net position of \$88,966 is reported, which reflects the decrease of \$87,510 from the Internal Service Funds, plus an increase of \$176,476 related to Governmental funds. The net adjustment to Governmental net position is offset by a decrease of \$88,966 in the Business-Type column, related to the Water and Sewer Utility Fund.

4-G. Fund Changes - Fund additions/deletions in the current year are, as follows:

- The following new fund was opened in 2021:
 - ✓ Special Revenue Fund: American Rescue Plan Act Fund 131

Note 5 – Other Disclosures**COVID-19 (Coronavirus)**

The City began 2020 in good economic shape with strong development, increasing property values, low unemployment and sales tax revenues trending higher than 2019. In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. The Mayor of the City of Lynnwood issued an Emergency Proclamation in response to the COVID-19 public health crisis in March of 2020. The situation evolved rapidly and resulted in closures of City facilities and parks. Non-essential staff were transitioned to telework, while additional protective measures were put in place for essential workers who could not telework.

The General Fund was negatively impacted by reduced sales tax and recreation revenues. The Mayor called for all departments to immediately reduce spending in order to balance the budget. Expenditure reduction measures totaling \$5.6 million were enacted. In conjunction with the adoption of the 2021-2022 biennial budget, the City Council passed a resolution authorizing the transfer of up to \$2.2 million in reserve funding to balance the General Fund and allowing for General Fund reserves to end the year under the 2.5 month minimum required in policy. The actual amount of transfer needed was \$1.13 million. The General Fund had 2.2 months of operating reserves at the end of 2020. The General Fund budget was adopted with conservative revenue estimates and included a plan to replenish reserves over 2021 and 2022.

Throughout 2021, sales tax revenues returned to pre-pandemic levels and exceeded budgeted amounts. The balance of the reserve fund was fully restored in 2021. No further transfers will be needed for 2022. The City of Lynnwood's State of Emergency remained in effect for all of 2021.

2021-2022 COVID-19 Emergency Relief Funding

In April of 2021, the U.S. Government established the American Rescue Plan Act of 2021 to provide emergency funding related to the ongoing COVID-19 crisis. The plan included \$350 billion in funding for state, local, territorial and tribal governments. The City of Lynnwood was allocated \$10.9 million in Coronavirus State and Local Fiscal Recovery Funds. Half of the funding was received in June 2021 with the other half expected twelve months later in 2022. The funds were distributed to the State of Washington and then allocated to other jurisdictions.

Program guidelines provide substantial flexibility for each jurisdiction to meet local needs—including support for households, small businesses, impacted industries, essential workers, and the communities hardest-hit by the crisis. Within the categories of eligible uses listed, recipients have broad flexibility to decide how best to use this funding to meet the needs of their communities. Program rules include a methodology for using funds to recover lost revenues. As of the time this report was filed, the City has not yet determined a comprehensive plan for how the full amount of funding will be allocated.

REQUIRED
SUPPLEMENTARY
INFORMATION



City of Lynnwood, Washington
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund - Budget Basis
For the Year Ended December 31, 2021

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Taxes:				
Property tax	\$ 8,800,000	\$ 8,800,000	\$ 4,265,407	\$ (4,534,593)
Sales tax	46,684,959	47,417,959	27,102,477	(20,315,482)
Business taxes	13,523,331	13,523,331	6,310,303	(7,213,028)
Other taxes	18,271	18,271	3,703	(14,568)
Total Taxes	69,026,561	69,759,561	37,681,890	(32,077,671)
Licenses and Permits:				
Business licenses	6,213,641	6,213,641	2,291,644	(3,921,997)
Franchise fees	930,342	930,342	433,158	(497,184)
Permits and fees	5,790,260	5,790,260	2,576,646	(3,213,614)
Total Licenses and Permits	12,934,243	12,934,243	5,301,448	(7,632,795)
Intergovernmental:				
Liquor Board taxes	1,109,030	1,109,030	601,426	(507,604)
Other	2,502,214	2,510,614	966,448	(1,544,166)
Total Intergovernmental	3,611,244	3,619,644	1,567,874	(2,051,770)
Charges for Services:				
Planning fees	3,106,116	3,106,116	1,406,538	(1,699,578)
Interfund	5,382,939	5,382,939	-	(5,382,939)
Recreation	4,765,741	4,765,741	1,507,112	(3,258,629)
Other	204,947	204,947	81,398	(123,549)
Total Charges for Services	13,459,743	13,459,743	2,995,048	(10,464,695)
Fines and Forfeitures:	9,642,017	9,642,017	4,895,690	(4,746,327)
Miscellaneous				
Investment interest	236,543	236,543	43,174	(193,369)
Rents and concessions	946,400	946,400	359,193	(587,207)
Other	397,433	397,433	149,683	(247,750)
Total Miscellaneous	1,580,376	1,580,376	552,050	(1,028,326)
Total Revenues	\$ 110,254,184	\$ 110,995,584	\$ 52,994,000	\$ (58,001,584)

(continued on next page)



City of Lynnwood, Washington
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund - Budget Basis
For the Year Ended December 31, 2021

(continued from prior page)

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Expenditures				
General Government				
Legislative/executive	\$ 2,283,059	\$ 2,283,059	\$ 1,034,964	\$ 1,248,095
Administrative services	7,635,332	7,712,332	972,414	6,739,918
Information Technology	4,911,171	4,884,825	2,412,428	2,472,397
Legal	2,751,400	2,751,400	1,375,024	1,376,376
Human Resources	2,020,759	2,060,759	1,042,113	1,018,646
Property management	3,423,632	3,483,632	1,459,564	2,024,068
Total General Government	23,025,353	23,176,007	8,296,507	14,879,500
Economic Environment	12,148,073	12,148,073	4,776,441	7,371,632
Judicial	2,047,927	2,127,927	983,429	1,144,498
Culture & Recreation	15,666,562	16,038,689	6,562,606	9,476,083
Public Safety				
Police	42,940,675	43,047,675	19,591,661	23,456,014
Fire	1,927,489	1,927,489	956,423	971,066
Total Public Safety	44,868,164	44,975,164	20,548,084	24,427,080
Social Services	1,005,211	1,085,211	397,114	688,097
Transportation	2,793,485	2,793,485	1,481,140	1,312,345
Capital Outlay	13,000	147,678	87,807	59,871
Total Expenditures	101,567,775	102,492,234	43,133,128	59,359,106
Other Financing Sources (Uses)				
Transfers In	402,883	402,883	-	(402,883)
Transfers Out	(9,144,091)	(9,144,094)	(5,004,515)	4,139,579
Total Other Financing Sources (Uses)	(8,741,208)	(8,741,211)	(5,004,515)	3,736,696
Net Change in Fund Balance	\$ (54,799)	\$ (237,861)	\$ 4,856,357	\$ 5,094,218
Fund Balance - Beginning of Year			4,124,785	
Fund Balance - End of Year			\$ 8,981,142	

The General Fund, as presented for financial reporting purposes, includes the separately adopted budgets of the General Fund, Economic Development Fund and Revenue Stabilization Fund on the GAAP basis. This schedule presents the information for the legally adopted General Fund budget only. Reference attached Note 1 to RSI.



City of Lynnwood, Washington

*Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**Note to RSI***Explanation of Difference Between General Fund Budgeted Revenues and Expenditures and GAAP Revenues and**

Expenditures - The General Fund, as presented for financial reporting purposes, includes the separately adopted budgets of the General Fund, Economic Development Fund and Revenue Stabilization Fund on the GAAP basis. The funds listed below are consolidated into the General Fund for reporting purposes.

Revenues	<u>2021</u>
General Fund	52,994,000
Economic Development Fund	(100,327)
Revenue Stabilization Fund	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - general fund	<u><u>52,893,673</u></u>

Expenditures	<u>2021</u>
General Fund	43,133,128
Economic Development Fund	-
Revenue Stabilization Fund	-
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - general fund	<u><u>43,133,128</u></u>

Other Financing Sources (Uses)	<u>2021</u>
General Fund	(5,004,515)
Economic Development Fund	(1,125,000)
Revenue Stabilization Fund	1,129,967

Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balance - general fund	<u><u>(4,999,548)</u></u>
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**City of Lynnwood, Washington*****American Rescue Plan Act Fund******Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021***

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Intergovernmental	\$ -	\$ 10,936,804	\$ 415,572	\$ (10,521,232)
Total Revenues	<u>-</u>	<u>10,936,804</u>	<u>415,572</u>	<u>(10,521,232)</u>
Expenditures				
Current:				
General Government	-	10,936,804	68,797	10,868,007
Capital Outlay	<u>-</u>	<u>-</u>	<u>346,775</u>	<u>(346,775)</u>
Total Expenditures	<u>-</u>	<u>10,936,804</u>	<u>415,572</u>	<u>10,521,232</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The American Rescue Plan Act Fund is budgeted as presented for financial purposes on the GAAP basis.

City of Lynnwood, Washington
Schedule of Proportionate Share of the Net Pension Liability/Asset
As of June 30

PERS 1

	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.129742%	0.131507%	0.139755%	0.141150%	0.142394%	0.132475%	0.136623%
Employer's proportionate share of the net pension liability	\$ 1,584,453	\$ 4,642,907	\$ 5,374,076	\$ 6,303,807	\$ 6,756,706	\$ 7,114,531	\$ 7,146,653
Covered payroll	\$ 18,619,262	\$ 18,699,054	\$ 19,984,221	\$ 18,716,670	\$ 17,249,159	\$ 15,699,939	\$ 15,566,793
Employer's proportionate share of the net pension liability as a percentage of covered payroll	8.51%	24.83%	26.89%	33.68%	39.17%	45.32%	45.91%
Plan fiduciary net position as a percentage of the total pension liability	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

PERS 2/3

	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.155045%	0.158922%	0.167356%	0.171192%	0.173956%	0.160135%	0.166966%
Employer's proportionate share of the net pension liability (asset)	\$ (15,444,977)	\$ 2,032,522	\$ 1,625,596	\$ 2,922,951	\$ 6,044,139	\$ 8,062,671	\$ 5,965,790
Covered payroll	\$ 18,545,101	\$ 18,630,526	\$ 18,607,574	\$ 17,769,774	\$ 16,452,758	\$ 14,924,219	\$ 14,819,525
Employer's proportionate share of the net pension liability (asset) as a percentage of covered payroll	-83.28%	10.91%	8.74%	16.45%	36.74%	54.02%	40.26%
Plan fiduciary net position as a percentage of the total pension liability	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

PSERS 2

	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.177054%	0.192976%	0.267048%	0.227010%	0.218084%	0.209520%	0.231513%
Employer's proportionate share of the net pension liability (asset)	\$ (406,762)	\$ (26,553)	\$ (34,727)	\$ 2,813	\$ 42,729	\$ 89,042	\$ 42,256
Covered payroll	\$ 1,200,206	\$ 1,136,207	\$ 1,330,176	\$ 890,458	\$ 742,200	\$ 679,047	\$ 677,061
Employer's proportionate share of the net pension liability (asset) as a percentage of covered payroll	-33.89%	-2.34%	-2.61%	0.32%	5.76%	13.11%	6.24%
Plan fiduciary net position as a percentage of the total pension liability	123.67%	101.68%	101.85%	99.79%	96.26%	90.41%	95.08%

(continued)

City of Lynnwood, Washington
Schedule of Proportionate Share of the Net Pension Liability/Asset
As of June 30

LEOFF 1

	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension asset	0.099328%	0.099087%	0.099898%	0.099543%	0.097900%	0.096516%	0.095558%
Employer's proportionate share of the net pension asset	\$ 3,402,542	\$ 1,871,267	\$ 1,974,595	\$ 1,807,205	\$ 1,485,358	\$ 994,391	\$ 1,151,685
State's proportionate share of the net pension asset associated with the employer	\$ 23,014,711	\$ 12,657,203	\$ 13,356,111	\$ 12,223,890	\$ 10,046,927	\$ 6,726,036	\$ 7,789,969
TOTAL	\$ 26,417,253	\$ 14,528,470	\$ 15,330,705	\$ 14,031,095	\$ 11,532,286	\$ 7,720,427	\$ 8,941,654
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's proportionate share of the net pension asset as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension asset	187.45%	146.88%	148.78%	144.42%	135.96%	123.74%	127.36%

LEOFF 2

	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension asset	0.222081%	0.229167%	0.243037%	0.294521%	0.486125%	0.433881%	0.456878%
Employer's proportionate share of the net pension asset	\$ 12,899,384	\$ 4,674,672	\$ 5,630,421	\$ 5,979,418	\$ 6,745,840	\$ 2,523,582	\$ 4,695,792
State's proportionate share of the net pension asset associated with the employer	\$ 8,321,511	\$ 2,989,099	\$ 3,687,171	\$ 3,871,561	\$ 4,375,900	\$ 1,645,192	\$ 3,104,893
TOTAL	\$ 21,220,895	\$ 7,663,771	\$ 9,317,592	\$ 9,850,979	\$ 11,121,740	\$ 4,168,774	\$ 7,800,685
Employer's covered payroll	\$ 8,596,164	\$ 8,362,577	\$ 8,826,066	\$ 8,037,687	\$ 13,394,830	\$ 13,144,036	\$ 13,258,319
Employer's proportionate share of the net pension asset as a percentage of covered employee payroll	150.06%	55.90%	63.79%	74.39%	50.36%	19.20%	-35.42%
Plan fiduciary net position as a percentage of the total pension asset	142.00%	115.83%	119.43%	118.50%	113.36%	106.04%	111.67%

The City currently does not have 10 years of pension data available. Schedule prepared prospectively from 2015.

City of Lynnwood, Washington
Schedule of Employer Contributions
For the year ended December 31, 2021

PERS 1

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 859,699	\$ 979,983	\$ 991,659	\$ 974,283	\$ 875,695	\$ 815,773	\$ 666,898
Contributions in relation to the contractually required contributions	<u>(859,699)</u>	<u>(979,983)</u>	<u>(991,659)</u>	<u>(974,283)</u>	<u>(875,695)</u>	<u>(815,773)</u>	<u>(666,898)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 18,647,826	\$ 19,105,465	\$ 19,973,778	\$ 19,206,552	\$ 17,822,990	\$ 16,981,523	\$ 15,137,651
Contributions as a percentage of covered payroll	4.61%	5.13%	4.96%	5.07%	4.91%	4.80%	4.41%

PERS 2/3

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,333,538	\$ 1,507,080	\$ 1,424,123	\$ 1,352,402	\$ 1,159,549	\$ 1,773,885	\$ 1,441,968
Contributions in relation to the contractually required contributions	<u>(1,333,538)</u>	<u>(1,507,080)</u>	<u>(1,424,123)</u>	<u>(1,352,402)</u>	<u>(1,159,549)</u>	<u>(1,773,885)</u>	<u>(1,441,968)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 18,573,775	\$ 19,031,231	\$ 18,664,837	\$ 18,039,335	\$ 17,006,678	\$ 16,127,212	\$ 14,415,414
Contributions as a percentage of covered payroll	7.18%	7.92%	7.63%	7.50%	6.82%	11.00%	10.00%

(continued)

City of Lynnwood, Washington
Schedule of Employer Contributions
For the year ended December 31, 2021

PSERS 2

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 77,540	\$ 87,412	\$ 88,603	\$ 73,584	\$ 86,976	\$ 86,478	\$ 71,594
Contributions in relation to the contractually required contributions	<u>(77,540)</u>	<u>(87,412)</u>	<u>(88,603)</u>	<u>(73,584)</u>	<u>(86,976)</u>	<u>(86,478)</u>	<u>(71,594)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,127,307	\$ 1,214,056	\$ 1,242,756	\$ 1,074,157	\$ 760,560	\$ 761,251	\$ 658,733
Contributions as a percentage of covered payroll	6.88%	7.20%	7.13%	6.85%	11.44%	11.36%	10.87%

LEOFF 2

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily or contractually required contributions	\$ 422,246	\$ 458,033	\$ 459,958	\$ 417,061	\$ 684,235	\$ 719,240	\$ 641,223
Contributions in relation to the statutorily or contractually required contributions	<u>\$ (422,246)</u>	<u>\$ (458,033)</u>	<u>\$ (459,958)</u>	<u>\$ (417,061)</u>	<u>\$ (684,235)</u>	<u>\$ (719,240)</u>	<u>\$ (641,223)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,221,098	\$ 8,893,832	\$ 8,837,932	\$ 7,944,020	\$ 13,337,545	\$ 14,242,374	\$ 12,697,473
Contributions as a percentage of covered employee payroll	5.14%	5.15%	5.20%	5.25%	5.13%	5.05%	5.05%

City of Lynnwood, Washington
Schedule of Changes in Net Pension Liability and Related Ratios
Firefighter's Pension
For the year ended December 31, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability								
Interest	\$ 28,835	\$ 40,740	\$ 50,965	\$ 43,728	\$ 48,141	\$ 47,947	\$ 41,432	\$ 41,801
Changes in benefit terms	-	-	-	-	-	-	-	54,392
Differences between expected and actual experience	451,949	146,585	356,504	-	116,948	(38,717)	32,573	-
Changes of assumptions	(273,131)	(130,094)	(114,417)	(132,101)	104,541	-	194,582	-
Benefit payments	(117,566)	(76,327)	(95,102)	(95,103)	(96,468)	(94,313)	(70,585)	(73,119)
Net change in total pension liability	90,087	(19,096)	197,950	(183,476)	173,162	(85,083)	198,002	23,074
Total pension liability - beginning	1,500,533	1,519,629	1,321,679	1,505,155	1,331,993	1,417,076	1,219,074	1,196,000
Total pension liability - ending (a)	<u>1,590,620</u>	<u>1,500,533</u>	<u>1,519,629</u>	<u>1,321,679</u>	<u>1,505,155</u>	<u>1,331,993</u>	<u>1,417,076</u>	<u>1,219,074</u>
Plan fiduciary net position								
Contributions - employer	68,741	66,367	62,165	61,710	54,134	55,130	55,515	56,875
Net investment income	1,734	2,844	9,686	3,639	7,108	-	-	651
Benefit payments, including refunds of contributions	(117,566)	(76,327)	(95,102)	(95,103)	(96,468)	(94,313)	(70,585)	(73,119)
Administrative expense	(2,500)	(4,750)	(2,000)	(4,500)	(2,000)	(4,250)	-	(21,825)
Other	-	2,431	-	-	-	(59,479)	(90,652)	(45,326)
Net change in plan fiduciary net position	(49,591)	(9,435)	(25,251)	(34,254)	(37,226)	(102,912)	(105,722)	(82,744)
Plan fiduciary net position - beginning	300,592	310,027	335,278	369,532	406,758	509,670	615,392	698,136
Plan fiduciary net position - ending (b)	<u>\$ 251,001</u>	<u>\$ 300,592</u>	<u>\$ 310,027</u>	<u>\$ 335,278</u>	<u>\$ 369,532</u>	<u>\$ 406,758</u>	<u>\$ 509,670</u>	<u>\$ 615,392</u>
Net pension liability ending (a) - (b)	<u>\$ 1,339,619</u>	<u>\$ 1,199,941</u>	<u>\$ 1,209,602</u>	<u>\$ 986,401</u>	<u>\$ 1,135,623</u>	<u>\$ 925,235</u>	<u>\$ 907,406</u>	<u>\$ 603,682</u>
Plan fiduciary net position as a % of total pension liability (b)/(a)	15.8%	20.0%	20.4%	25.4%	24.6%	30.5%	36.0%	50.5%
Covered payroll	-	-	-	-	-	-	-	-
Net pension liability as a % of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule:

Factors that significantly effect trends include changes in the size of the population covered by the benefit terms or the use of different assumptions.

The City currently does not have 10 years of pension data available. Schedule prepared prospectively from 2014.

City of Lynnwood, Washington
Schedule of Employer Contributions
Firefighter's Pension
Last 10 Fiscal Years
For the year ended December 31, 2021

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially/statutorily/contractually determined contribution	\$ 135,657	\$ 116,323	\$ 105,216	\$ 105,216	\$ 77,442	\$ 77,442	\$ 43,999	\$ 43,999	\$ 51,946	\$ 51,946
Actual contribution in relation to the above *	68,741	66,367	62,165	60,146	54,134	(4,349)	(35,137)	(10,276)	(3,753)	1,536
Contribution deficiency (excess)	\$ 66,916	\$ 49,956	\$ 43,051	\$ 45,070	\$ 23,308	\$ 81,791	\$ 79,136	\$ 54,275	\$ 55,699	\$ 50,410
Covered payroll	-	-	-	-	-	-	-	-	-	-
Contributions as a % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation Full date: December 31, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method - entry age normal

Amortization method - 30-year, closed as of January 1, 1999

Remaining amortization period - 15 Years

Asset valuation method - Fair Value

Inflation - 2.00%

Salary increases - 3.00%

Investment rate of return - 2.00%

Mortality - PRI-2012, using MP-2021 projection scale

* Employer contributions for pensions are total contributions to the Fund net of disbursements from the Fund for medical expenses under RCW 41.26.150. It includes revenues from fire insurance premium taxes. Prior to 2014, administrative expenses were also subtracted from employer contributions.



City of Lynnwood, Washington
Schedule of Investment Returns
Firefighter's Pension
Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual money-weighted rate of return, net of investment expense	0.63%	0.93%	3.00%	1.03%	1.83%	0.00%	0.00%	0.09%	0.14%	0.16%



City of Lynnwood, Washington
Schedule of Changes in Total OPEB Liability and Related Ratios
LEOFF 1 Retiree Medical and Long-Term Care Benefits
Last Four Fiscal Years ⁽¹⁾

	June 30, ⁽²⁾			
	2021	2020	2019	2018
Total OPEB liability - beginning	\$ 10,668,568	\$ 9,854,835	\$ 11,617,646	\$ 12,036,582
Interest	231,087	337,538	441,313	422,777
Differences between expected and actual experience				
Changes of assumptions	420,306	901,628	(1,771,614)	(383,326)
Benefit payments	(426,627)	(425,433)	(432,510)	(458,387)
Net change in total OPEB liability	<u>224,766</u>	<u>813,733</u>	<u>(1,762,811)</u>	<u>(418,936)</u>
Total OPEB liability - ending	<u>\$ 10,893,334</u>	<u>\$ 10,668,568</u>	<u>\$ 9,854,835</u>	<u>\$ 11,617,646</u>
Covered payroll	-	-	-	-
Total OPEB liability as a % of covered payroll	N/A	N/A	N/A	N/A

Notes to Schedule:

⁽¹⁾ Until a full 10-year trend is compiled, only information beginning with 2018 is presented.

⁽²⁾ Although the City reports on a December 31 year end, the valuation dates are as of June 30.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

SUPPLEMENTARY FINANCIAL INFORMATION



City of Lynnwood, Washington
Combining Balance Sheet
Nonmajor Governmental Funds - By Fund Type
December 31, 2021

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 8,501,962	\$ 1,232,632	\$ 1,514,641	\$ 11,249,235
Investments	6,997,383	-	4,897,151	11,894,534
Receivables:				
Accounts	167,656	-	1,000	168,656
Taxes	1,118,607	-	2,970	1,121,577
Intergovernmental	26,718	-	1,507,399	1,534,117
Total Assets	<u>\$ 16,812,326</u>	<u>\$ 1,232,632</u>	<u>\$ 7,923,161</u>	<u>\$ 25,968,119</u>
Liabilities, Deferred Inflows and Fund Balances				
Liabilities				
Accounts payable	\$ 209,271	\$ -	\$ 934,545	\$ 1,143,816
Accrued salaries and wages payable	34,567	-	-	34,567
Interfund payable	-	-	-	-
Unearned revenue	-	-	85,010	85,010
Other current liabilities payable	958	-	89,354	90,312
Total Liabilities	<u>244,796</u>	<u>-</u>	<u>1,108,909</u>	<u>1,353,705</u>
Deferred Inflows of Resources				
Deferred Inflows - Grants	5,613	-	972,496	978,109
Deferred Inflows - Other	130,925	-	-	130,925
Total Deferred Inflows of Resources	<u>136,538</u>	<u>-</u>	<u>972,496</u>	<u>1,109,034</u>
Total Liabilities and Deferred Inflows of Resources	<u>381,334</u>	<u>-</u>	<u>2,081,405</u>	<u>2,462,739</u>
Fund Balances				
Restricted	15,622,850	1,232,632	4,337,536	21,193,018
Committed	808,142	-	1,504,220	2,312,362
Total Fund Balances	<u>16,430,992</u>	<u>1,232,632</u>	<u>5,841,756</u>	<u>23,505,380</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 16,812,326</u>	<u>\$ 1,232,632</u>	<u>\$ 7,923,161</u>	<u>\$ 25,968,119</u>



City of Lynnwood, Washington
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds - By Fund Type
For the Year Ended December 31, 2021

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 5,964,353	\$ -	\$ 2,576,308	\$ 8,540,661
Intergovernmental	1,077,757	-	661,957	1,739,714
Charges for services	6,562,918	-	-	6,562,918
Licenses and permits	100,087	-	-	100,087
Fines and forfeitures	4,619	-	-	4,619
Investment interest	(90,994)	-	(66,376)	(157,370)
Miscellaneous	69,600	-	296,490	366,090
Total Revenues	13,688,340	-	3,468,379	17,156,719
Expenditures				
Current:				
General government	-	-	252,563	252,563
Economic environment	634,472	-	103,791	738,263
Public safety	347,153	-	-	347,153
Transportation	2,582,922	-	-	2,582,922
Culture and recreation	72,518	-	227,249	299,767
Utilities	27,202	-	-	27,202
Capital Outlay	26,710	-	3,504,140	3,530,850
Debt Service:				
Principal retirement	-	895,000	-	895,000
Interest and fiscal charges	-	1,640,790	-	1,640,790
Total Expenditures	3,690,977	2,535,790	4,087,743	10,314,510
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,997,363	(2,535,790)	(619,364)	6,842,209
Other Financing Sources (Uses)				
Transfers in	2,008,265	3,656,520	2,882,900	8,547,685
Transfers (out)	(9,733,502)	-	(5,987,429)	(15,720,931)
Total Other Financing Sources (Uses)	(7,725,237)	3,656,520	(3,104,529)	(7,173,246)
Net Change in Fund Balances	2,272,126	1,120,730	(3,723,893)	(331,037)
Fund Balances Beginning of Year	14,158,866	111,902	9,565,649	23,836,417
Fund Balances End of Year	\$ 16,430,992	\$ 1,232,632	\$ 5,841,756	\$ 23,505,380



City of Lynnwood, Washington
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Economic Development Infrastructure Fund - Budget Basis
For the Year Ended December 31, 2021

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Investment interest	\$ 300,000	\$ 300,000	\$ (100,327)	\$ (400,327)
Total Revenues	<u>300,000</u>	<u>300,000</u>	<u>(100,327)</u>	<u>(400,327)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	300,000	300,000	(100,327)	(400,327)
Other Financing Sources (Uses)				
Transfers out	<u>(9,500,000)</u>	<u>(9,500,000)</u>	<u>(1,125,000)</u>	<u>8,375,000</u>
Net Changes in Fund Balances	(9,200,000)	(9,200,000)	(1,225,327)	7,974,673
Fund Balances Beginning of Year	<u>11,084,048</u>	<u>11,043,874</u>	<u>11,043,873</u>	<u>(1)</u>
Fund Balances End of Year	<u><u>\$ 1,884,048</u></u>	<u><u>\$ 1,843,874</u></u>	<u><u>\$ 9,818,546</u></u>	<u><u>\$ 7,974,672</u></u>

The General Fund, as presented for financial reporting purposes, includes the separately adopted budgets of the General Fund, Economic Development Fund and Revenue Stabilization Fund on the GAAP basis. This schedule presents the information for the Economic Development Fund only, on the budget basis. Reference attached Note 1 to RSI.



City of Lynnwood, Washington
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Revenue Stabilization Fund - Budget Basis
For the Year Ended December 31, 2021

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Total Revenues	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers in	1,500,000	1,500,000	1,129,967	(370,033)
Transfers out	(402,883)	(402,883)	-	402,883
Net Changes in Fund Balances	1,097,117	1,097,117	1,129,967	32,850
Fund Balances Beginning of Year	4,671,099	4,870,033	4,870,033	-
Fund Balances End of Year	<u>\$ 5,768,216</u>	<u>\$ 5,967,150</u>	<u>\$ 6,000,000</u>	<u>\$ 32,850</u>

The General Fund, as presented for financial reporting purposes, includes the separately adopted budgets of the General Fund, Economic Development Fund and Revenue Stabilization Fund on the GAAP basis. This schedule presents the information for the Revenue Stabilization Fund only, on the budget basis. Reference attached Note 1 to RSI.



City of Lynnwood, Washington
Transportation Capital Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Intergovernmental	\$ 25,460,433	\$ 25,460,433	\$ 8,310,521	\$ (17,149,912)
Investment interest	-	-	2,520	2,520
Miscellaneous	-	-	36,950	36,950
Total Revenues	<u>25,460,433</u>	<u>25,460,433</u>	<u>8,349,991</u>	<u>(17,110,442)</u>
Expenditures				
Current:				
Transportation	11,365,000	11,365,000	2,637,113	8,727,887
Capital Outlay - Transportation	<u>35,552,777</u>	<u>35,552,777</u>	<u>16,662,730</u>	<u>18,890,047</u>
Total Expenditures	<u>46,917,777</u>	<u>46,917,777</u>	<u>19,299,843</u>	<u>27,617,934</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,457,344)	(21,457,344)	(10,949,852)	10,507,492
Other Financing Sources (Uses)				
Transfers in	<u>20,119,589</u>	<u>20,119,589</u>	<u>11,463,752</u>	<u>(8,655,837)</u>
Net Changes in Fund Balances	(1,337,755)	(1,337,755)	513,900	1,851,655
Fund Balances Beginning of Year	<u>1,337,755</u>	<u>2,531,361</u>	<u>2,531,361</u>	<u>-</u>
Fund Balances End of Year	<u>\$ -</u>	<u>\$ 1,193,606</u>	<u>\$ 3,045,261</u>	<u>\$ 1,851,655</u>



City of Lynnwood, Washington
Public Safety Capital Infrastructure Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Investment earnings	600,000	5,600,000	94,011	(5,505,989)
Total Revenues	<u>600,000</u>	<u>5,600,000</u>	<u>94,011</u>	<u>(5,505,989)</u>
Expenditures				
Capital outlay - Public Safety	<u>60,000,000</u>	<u>64,950,000</u>	<u>5,788,686</u>	<u>59,161,314</u>
Total Expenditures	<u>60,000,000</u>	<u>64,950,000</u>	<u>5,788,686</u>	<u>59,161,314</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(59,400,000)	(59,350,000)	(5,694,675)	53,655,325
Other Financing Sources (Uses)				
GO Bond Proceeds	60,000,000	60,000,000	49,315,000	(10,685,000)
Premium on GO Bonds	-	-	10,921,735	10,921,735
Debt issue costs	-	-	(233,148)	(233,148)
Transfers in	1,308,000	1,308,000	1,308,000	-
Transfers out	<u>-</u>	<u>(50,000)</u>	<u>(510,233)</u>	<u>(460,233)</u>
Net Changes in Fund Balances	1,908,000	1,908,000	55,106,679	53,198,679
Fund Balances Beginning of Year	<u>-</u>	<u>473,156</u>	<u>473,156</u>	<u>-</u>
Fund Balances End of Year	<u>\$ 1,908,000</u>	<u>\$ 2,381,156</u>	<u>\$ 55,579,835</u>	<u>\$ 53,198,679</u>

City of Lynnwood, Washington
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2021

	Lodging Tax	Drug Enforcement	Criminal Justice Reserve	Transportation Impact Fee	Street Operating	Cumulative Park Reserve and Development	Cumulative Art Reserve
Assets							
Cash and cash equivalents	\$ 186,665	\$ 149,127	\$ 405,373	\$ 307,777	\$ 493	\$ 26,543	\$ 130,642
Investments	606,134	147,622	1,316,319	999,409	-	86,191	424,218
Receivables:							
Accounts	-	-	-	-	167,656	-	-
Taxes	107,584	-	177,275	-	115,335	-	-
Intergovernmental	-	-	15,881	-	6,311	-	-
Total Assets	\$ 900,383	\$ 296,749	\$ 1,914,848	\$ 1,307,186	\$ 289,795	\$ 112,734	\$ 554,860
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 102,154	\$ -	\$ 1,814	\$ -	\$ 103,284	\$ -	\$ -
Accrued salaries and wages payable	-	-	4,529	-	28,969	-	-
Other liabilities	-	-	-	-	958	-	-
Total Liabilities	102,154	-	6,343	-	133,211	-	-
Deferred Inflows of Resources							
Deferred Inflows of Resources - Grants	-	-	5,613	-	-	-	-
Deferred Inflows of Resources - Other	-	-	-	-	130,925	-	-
Total Deferred Inflows of Resources	-	-	5,613	-	130,925	-	-
Total Liabilities and Deferred Inflows of Resources	102,154	-	11,956	-	264,136	-	-
Fund Balances							
Committed	-	-	-	-	-	-	554,860
Restricted	798,229	296,749	1,902,892	1,307,186	25,659	112,734	-
Total Fund Balances	798,229	296,749	1,902,892	1,307,186	25,659	112,734	554,860
Total Liabilities and Fund Balances	\$ 900,383	\$ 296,749	\$ 1,914,848	\$ 1,307,186	\$ 289,795	\$ 112,734	\$ 554,860

(continued)

City of Lynnwood, Washington
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2021

(continued)

	Cumulative Aid Car Reserve	Tree Fund Reserve	Paths and Trails	Solid Waste	Supportive Housing	Park Impact Fee	Transportation Benefit District	Total Nonmajor Special Revenue Funds
Assets								
Cash and cash equivalents	\$ 3,955	\$ 238,504	\$ 2,060	\$ 91,376	\$ 142,249	\$ 3,866,091	\$ 2,951,107	\$ 8,501,962
Investments	12,842	-	\$ 6,696	-	132,588	3,265,280	84	6,997,383
Receivables:								
Accounts	-	-	-	-	-	-	-	167,656
Taxes	-	-	-	-	43,304	-	675,109	1,118,607
Intergovernmental	-	-	-	4,526	-	-	-	26,718
Total Assets	\$ 16,797	\$ 238,504	\$ 8,756	\$ 95,902	\$ 318,141	\$ 7,131,371	\$ 3,626,300	\$ 16,812,326
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ 2,019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,271
Accrued salaries and wages payable	-	-	-	468	-	-	601	34,567
Other liabilities	-	-	-	-	-	-	-	958
Total Liabilities	-	2,019	-	468	-	-	601	244,796
Deferred Inflows of Resources								
Deferred Inflows of Resources - Grants	-	-	-	-	-	-	-	5,613
Deferred Inflows of Resources - Other	-	-	-	-	-	-	-	130,925
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	136,538
Total Liabilities and Deferred Inflows of Resources	-	2,019	-	468	-	-	601	381,334
Fund Balances								
Committed	16,797	236,485	-	-	-	-	-	808,142
Restricted	-	-	8,756	95,434	318,141	7,131,371	3,625,699	15,622,850
Total Fund Balances	16,797	236,485	8,756	95,434	318,141	7,131,371	3,625,699	16,430,992
Total Liabilities and Fund Balances	\$ 16,797	\$ 238,504	\$ 8,756	\$ 95,902	\$ 318,141	\$ 7,131,371	\$ 3,626,300	\$ 16,812,326

City of Lynnwood, Washington
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021

	Lodging Tax	Drug Enforcement	Criminal Justice Reserve	Transportation Impact Fee	Street Operating	Cumulative Park Reserve and Development	Cumulative Art Reserve
Revenues							
Taxes	\$ 548,550	\$ -	\$ 911,176	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	1,170	246,620	-	821,529	-	-
Charges for services	-	-	120,089	1,386,737	-	-	-
Licenses and permits	-	-	-	-	27,338	-	-
Fines and forfeitures	-	4,619	-	-	-	-	-
Investment interest	-	(1,302)	(21,652)	(18,444)	-	(1,119)	(5,887)
Miscellaneous	(10,045)	-	4,321	-	56,845	10,479	-
Total Revenues	538,505	4,487	1,260,554	1,368,293	905,712	9,360	(5,887)
Expenditures							
Current:							
Public safety	-	-	347,153	-	-	-	-
Economic Development	634,472	-	-	-	-	-	-
Transportation	-	-	-	-	2,554,698	-	-
Culture and recreation	-	-	-	-	-	3,086	-
Utilities	-	-	-	-	-	-	-
Capital Outlay	-	-	5,000	-	21,710	-	-
Total Expenditures	634,472	-	352,153	-	2,576,408	3,086	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(95,967)	4,487	908,401	1,368,293	(1,670,696)	6,274	(5,887)
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	1,453,032	18,504	510,233
Transfers out	-	-	(1,808,004)	(2,370,000)	-	-	-
Total Other Financing Sources (Uses)	-	-	(1,808,004)	(2,370,000)	1,453,032	18,504	510,233
Net Change in Fund Balances	(95,967)	4,487	(899,603)	(1,001,707)	(217,664)	24,778	(5,887)
Fund Balances Beginning of Year	894,196	292,262	2,802,495	2,308,893	243,323	87,956	50,514
Fund Balances End of Year	\$ 798,229	\$ 296,749	\$ 1,902,892	\$ 1,307,186	\$ 25,659	\$ 112,734	\$ 44,627

(continued)

City of Lynnwood, Washington
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021

(continued)

	Cumulative Aid Car Reserve	Tree Fund Reserve	Solid Waste	Paths and Trails	Supportive Housing	Park Impact Fee	Transportation Benefit District	Total Nonmajor Special Revenue Funds
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 232,925	\$ -	\$ 4,271,702	\$ 5,964,353
Intergovernmental	-	-	8,570	(132)	-	-	-	1,077,757
Charges for services	-	-	-	-	-	5,056,092	-	6,562,918
Licenses and permits	-	72,749	-	-	-	-	-	100,087
Fines and forfeitures	-	-	-	-	-	-	-	4,619
Investment interest	(176)	-	-	-	(2,077)	(34,438)	(5,899)	(90,994)
Miscellaneous	-	-	-	-	-	8,000	-	69,600
Total Revenues	(176)	72,749	8,570	(132)	230,848	5,029,654	4,265,803	13,688,340
Expenditures								
Current:								
Public safety	-	-	-	-	-	-	-	347,153
Economic Development	-	-	-	-	-	-	-	634,472
Transportation	-	-	-	-	-	-	28,224	2,582,922
Culture and recreation	-	69,432	-	-	-	-	-	72,518
Utilities	-	-	27,202	-	-	-	-	27,202
Capital Outlay	-	-	-	-	-	-	-	26,710
Total Expenditures	-	69,432	27,202	-	-	-	28,224	3,690,977
Excess (Deficiency) of Revenues Over (Under) Expenditures	(176)	3,317	(18,632)	(132)	230,848	5,029,654	4,237,579	9,997,363
Other Financing Sources								
Transfers in	-	-	26,496	-	-	-	-	2,008,265
Transfers out	-	-	-	-	-	(329,301)	(5,226,197)	(9,733,502)
Total Other Financing Sources (Uses)	-	-	26,496	-	-	(329,301)	(5,226,197)	(7,725,237)
Net Change in Fund Balances	(176)	3,317	7,864	(132)	230,848	4,700,353	(988,618)	2,272,126
Fund Balances Beginning of Year	16,973	233,168	87,570	8,888	87,293	2,431,018	4,614,317	14,158,866
Fund Balances End of Year	\$ 16,797	\$ 236,485	\$ 95,434	\$ 8,756	\$ 318,141	\$ 7,131,371	\$ 3,625,699	\$ 16,430,992



City of Lynnwood, Washington
Lodging Tax Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Taxes	\$ 1,160,000	\$ 1,160,000	\$ 548,550	\$ (611,450)
Intergovernmental	1,719,189	-	-	-
Investment earnings	10,000	10,000	(10,045)	(20,045)
Total Revenues	2,889,189	1,170,000	538,505	(631,495)
Expenditures				
Current:				
Economic development	3,046,960	1,327,771	634,472	693,299
Total Expenditures	3,046,960	1,327,771	634,472	693,299
Excess (Deficiency) of Revenues Over (Under) Expenditures	(157,771)	(157,771)	(95,967)	61,804
Net Change in Fund Balances	(157,771)	(157,771)	(95,967)	61,804
Fund Balances Beginning of Year	829,670	894,196	894,196	-
Fund Balances End of Year	\$ 671,899	\$ 736,425	\$ 798,229	\$ 61,804



City of Lynnwood, Washington
Drug Enforcement Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Intergovernmental revenue	\$ 205,000	\$ 205,000	\$ 1,170	\$ (203,830)
Fines and forfeitures	95,000	95,000	4,619	(90,381)
Investment interest	2,000	2,000	(1,302)	(3,302)
Total Revenues	302,000	302,000	4,487	(297,513)
Expenditures				
Current:				
Public Safety	200,000	200,000	-	200,000
Capital Outlay			-	-
Total Expenditures	200,000	200,000	-	200,000
Net Change in Fund Balances	102,000	102,000	4,487	(97,513)
Fund Balances Beginning of Year	251,255	292,263	292,262	(1)
Fund Balances End of Year	\$ 353,255	\$ 394,263	\$ 296,749	\$ (97,514)



City of Lynnwood, Washington

*Criminal Justice Reserve**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**For the Year Ended December 31, 2021*

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Taxes	\$ 1,450,000	\$ 1,450,000	\$ 911,176	\$ (538,824)
Intergovernmental	164,901	326,901	246,620	(80,281)
Charges for services	314,840	314,840	120,089	(194,751)
Investment income	75,000	75,000	(21,652)	(96,652)
Miscellaneous	5,000	5,000	4,321	(679)
Total Revenues	2,009,741	2,171,741	1,260,554	(911,187)
Expenditures				
Current:				
Public safety	1,044,168	1,206,168	347,153	859,015
Capital Outlay	500,000	500,000	5,000	495,000
Total Expenditures	1,544,168	1,706,168	352,153	1,354,015
Excess (Deficiency) of Revenues Over (Under) Expenditures	465,573	465,573	908,401	442,828
Other Financing Sources (Uses)				
Transfers (out)	(2,308,000)	(2,308,000)	(1,808,004)	499,996
Net Change in Fund Balance	(1,842,427)	(1,842,427)	(899,603)	942,824
Fund Balances Beginning of Year	2,082,154	2,802,494	2,802,495	1
Fund Balances End of Year	\$ 239,727	\$ 960,067	\$ 1,902,892	\$ 942,825

**City of Lynnwood, Washington****Transportation Impact Fees*****Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual******For the Year Ended December 31, 2021***

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Charges for services	\$ 1,015,000	\$ 1,015,000	\$ 1,386,737	\$ 371,737
Investment interest	25,000	25,000	(18,444)	(43,444)
Miscellaneous			-	-
Total Revenues	<u>1,040,000</u>	<u>1,040,000</u>	<u>1,368,293</u>	<u>328,293</u>
Other Financing Sources (Uses)				
Transfers out	<u>(2,370,000)</u>	<u>(2,370,000)</u>	<u>(2,370,000)</u>	<u>-</u>
Net Change in Fund Balances	(1,330,000)	(1,330,000)	(1,001,707)	328,293
Fund Balances Beginning of Year	<u>2,344,714</u>	<u>2,308,893</u>	<u>2,308,893</u>	<u>-</u>
Fund Balances End of Year	<u>\$ 1,014,714</u>	<u>\$ 978,893</u>	<u>\$ 1,307,186</u>	<u>\$ 328,293</u>



City of Lynnwood, Washington

Street Fund

*Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021*

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Licenses and permits	\$ 300,000	\$ 300,000	\$ 27,338	\$ (272,662)
Intergovernmental	1,890,123	1,890,123	821,529	(1,068,594)
Investment interest	1,000	1,000	-	(1,000)
Miscellaneous	-	-	56,845	56,845
Total Revenues	<u>2,191,123</u>	<u>2,191,123</u>	<u>905,712</u>	<u>(1,285,411)</u>
Expenditures				
Current:				
Transportation	5,209,042	5,209,042	2,554,698	2,654,344
Capital Outlay	<u>-</u>	<u>-</u>	<u>21,710</u>	<u>(21,710)</u>
Total Expenditures	<u>5,209,042</u>	<u>5,209,042</u>	<u>2,576,408</u>	<u>2,632,634</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,017,919)</u>	<u>(3,017,919)</u>	<u>(1,670,696)</u>	<u>1,347,223</u>
Other Financing Sources (Uses)				
Transfers in	<u>2,801,065</u>	<u>2,801,065</u>	<u>1,453,032</u>	<u>(1,348,033)</u>
Other Financing Sources (Uses)	<u>2,801,065</u>	<u>2,801,065</u>	<u>1,453,032</u>	<u>(1,348,033)</u>
Net Change in Fund Balances	(216,854)	(216,854)	(217,664)	(810)
Fund Balances Beginning of Year	<u>357,021</u>	<u>243,324</u>	<u>243,323</u>	<u>(1)</u>
Fund Balances End of Year	<u>\$ 140,167</u>	<u>\$ 26,470</u>	<u>\$ 25,659</u>	<u>\$ (811)</u>



City of Lynnwood, Washington
Cumulative Park Reserve and Development Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Investment interest	\$ 2,500	\$ 2,500	\$ (1,119)	\$ (3,619)
Miscellaneous	20,000	20,000	10,479	(9,521)
Total Revenues	<u>22,500</u>	<u>22,500</u>	<u>9,360</u>	<u>(13,140)</u>
Expenditures				
Current:				
Culture and Recreation	<u>63,000</u>	<u>63,000</u>	<u>3,086</u>	<u>59,914</u>
Total Expenditures	<u>63,000</u>	<u>63,000</u>	<u>3,086</u>	<u>59,914</u>
Other Financing Sources (Uses)				
Transfers in	<u>37,000</u>	<u>37,000</u>	<u>18,504</u>	<u>(18,496)</u>
Other Financing Sources (Uses)	<u>37,000</u>	<u>37,000</u>	<u>18,504</u>	<u>(18,496)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,500)	(3,500)	24,778	28,278
Fund Balances Beginning of Year	<u>77,239</u>	<u>87,956</u>	<u>87,956</u>	<u>-</u>
Fund Balances End of Year	<u>\$ 73,739</u>	<u>\$ 84,456</u>	<u>\$ 112,734</u>	<u>\$ 28,278</u>

**City of Lynnwood, Washington*****Cumulative Aid Car Fund***

***Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021***

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Investment interest	\$ -	\$ -	\$ (176)	\$ (176)
Total Revenues	-	-	(176)	(176)
Total Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	(176)	(176)
Fund Balances Beginning of Year	-	-	16,973	16,973
Fund Balances End of Year	\$ -	\$ -	\$ 16,797	\$ 16,797

**City of Lynnwood, Washington*****Cumulative Art Reserve Fund******Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual******For the Year Ended December 31, 2021***

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Investment interest	\$ 2,000	\$ 2,000	\$ (5,887)	\$ (7,887)
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>(5,887)</u>	<u>(7,887)</u>
Expenditures				
Current:				
Culture and Recreation	15,000	15,000	-	15,000
Capital Outlay	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total Expenditures	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(28,000)</u>	<u>(28,000)</u>	<u>(5,887)</u>	<u>22,113</u>
Other Financing Sources (Uses)				
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>510,233</u>	<u>460,233</u>
Net Change in Fund Balances	<u>22,000</u>	<u>22,000</u>	<u>504,346</u>	<u>482,346</u>
Fund Balances Beginning of Year	<u>50,478</u>	<u>50,515</u>	<u>50,514</u>	<u>(1)</u>
Fund Balances End of Year	<u><u>\$ 72,478</u></u>	<u><u>\$ 72,515</u></u>	<u><u>\$ 554,860</u></u>	<u><u>\$ 482,345</u></u>



City of Lynnwood, Washington

Tree Fund Reserve

*Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021*

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Licenses and Permits	\$ 50,000	\$ 50,000	\$ 72,749	\$ 22,749
Total Revenues	50,000	50,000	72,749	22,749
Expenditures				
Current:				
Culture and Recreation	45,000	45,000	69,432	(24,432)
Total Expenditures	45,000	45,000	69,432	(24,432)
Net Change in Fund Balances	5,000	5,000	3,317	(1,683)
Fund Balances Beginning of Year	277,816	233,168	233,168	-
Fund Balances End of Year	\$ 282,816	\$ 238,168	\$ 236,485	\$ (1,683)

**City of Lynnwood, Washington*****Paths and Trails Fund***

***Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021***

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Intergovernmental			\$ (132)	\$ (132)
Total Revenues	-	-	(132)	(132)
Expenditures				
Current:				
Culture and recreation			-	-
Total Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	(132)	(132)
Fund Balances Beginning of Year	-	-	8,888	8,888
Fund Balances End of Year	\$ -	\$ -	\$ 8,756	\$ 8,756



City of Lynnwood, Washington

Solid Waste Fund

*Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021*

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Intergovernmental	\$ 24,276	\$ 24,276	\$ 8,570	\$ (15,706)
Total Revenues	<u>24,276</u>	<u>24,276</u>	<u>8,570</u>	<u>(15,706)</u>
Expenditures				
Current:				
Utilities	<u>77,276</u>	<u>77,276</u>	<u>27,202</u>	<u>50,074</u>
Total Expenditures	<u>77,276</u>	<u>77,276</u>	<u>27,202</u>	<u>50,074</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53,000)	(53,000)	(18,632)	34,368
Other Financing Sources (Uses)				
Transfers in	<u>53,000</u>	<u>53,000</u>	<u>26,496</u>	<u>(26,504)</u>
Net Change in Fund Balances	-	-	7,864	7,864
Fund Balances Beginning of Year	<u>84,482</u>	<u>87,569</u>	<u>87,570</u>	<u>1</u>
Fund Balances End of Year	<u>\$ 84,482</u>	<u>\$ 87,569</u>	<u>\$ 95,434</u>	<u>\$ 7,865</u>



City of Lynnwood, Washington

Supportive Housing

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended December 31, 2021

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Taxes	\$ 400,000	\$ 400,000	\$ 232,925	\$ (167,075)
Investment interest	1,200	1,200	(2,077)	(3,277)
Total Revenues	<u>401,200</u>	<u>401,200</u>	<u>230,848</u>	<u>(170,352)</u>
 Net Change in Fund Balances	 401,200	 401,200	 230,848	 (170,352)
 Fund Balances Beginning of Year	 <u>250</u>	 <u>87,293</u>	 <u>87,293</u>	 <u>-</u>
 Fund Balances End of Year	 <u>\$ 401,450</u>	 <u>\$ 488,493</u>	 <u>\$ 318,141</u>	 <u>\$ (170,352)</u>

**City of Lynnwood, Washington****Park Impact Fee Fund**

***Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021***

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Charges for services	\$ 5,000,000	\$ 5,000,000	\$ 5,056,092	\$ 56,092
Investment interest	8,800	8,800	(34,438)	(43,238)
Miscellaneous	15,000	15,000	8,000	(7,000)
Total Revenues	<u>5,023,800</u>	<u>5,023,800</u>	<u>5,029,654</u>	<u>5,854</u>
Other Financing Sources (Uses)				
Transfers (out)	<u>(5,900,000)</u>	<u>(5,900,000)</u>	<u>(329,301)</u>	<u>5,570,699</u>
Net Change in Fund Balances	(876,200)	(876,200)	4,700,353	5,576,553
Fund Balances Beginning of Year	<u>2,450,353</u>	<u>2,431,018</u>	<u>2,431,018</u>	<u>-</u>
Fund Balances End of Year	<u>\$ 1,574,153</u>	<u>\$ 1,554,818</u>	<u>\$ 7,131,371</u>	<u>\$ 5,576,553</u>



City of Lynnwood, Washington
Transportation Benefit District Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Modified Budget
Revenues				
Taxes	\$ 5,340,000	\$ 5,340,000	\$ 4,271,702	\$ (1,068,298)
Investment earnings	25,000	25,000	(5,899)	(30,899)
Total Revenues	<u>5,365,000</u>	<u>5,365,000</u>	<u>4,265,803</u>	<u>(1,099,197)</u>
Expenditures				
Current:				
Transportation	<u>1,357,479</u>	<u>1,357,479</u>	<u>28,224</u>	<u>(1,329,255)</u>
Total Expenditures	<u>1,357,479</u>	<u>1,357,479</u>	<u>28,224</u>	<u>(1,329,255)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,007,521	4,007,521	4,237,579	230,058
Other Financing Sources (Uses)				
Transfers out	<u>(7,668,985)</u>	<u>(7,668,985)</u>	<u>(5,226,197)</u>	<u>2,442,788</u>
Net Changes in Fund Balances	(3,661,464)	(3,661,464)	(988,618)	2,672,846
Fund Balances Beginning of Year	<u>4,188,817</u>	<u>4,614,317</u>	<u>4,614,317</u>	<u>-</u>
Fund Balances End of Year	<u>\$ 527,353</u>	<u>\$ 952,853</u>	<u>\$ 3,625,699</u>	<u>\$ 2,672,846</u>



City of Lynnwood, Washington
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2021

	Community Justice Center 2021 LTGO Bonds	Recreation Center 2012 LTGO Bonds	Total Nonmajor Debt Service Funds
Assets			
Cash and cash equivalents	\$ 1,120,826	\$ 111,806	\$ 1,232,632
Total Assets	<u>\$ 1,120,826</u>	<u>\$ 111,806</u>	<u>\$ 1,232,632</u>
Fund Balances			
Restricted	1,120,826	111,806	1,232,632
Total Fund Balances	1,120,826	111,806	1,232,632
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 1,120,826</u>	<u>\$ 111,806</u>	<u>\$ 1,232,632</u>



City of Lynnwood, Washington
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2021

	Community Justice Center 2021 LTGO Bonds	Recreation Center 2012 LTGO Bonds	Total Nonmajor Debt Service Funds
Total Revenues	-	-	-
Debt Service:			
Principal retirement	-	895,000	895,000
Interest and fiscal charges	879,178	761,612	1,640,790
Total Expenditures	879,178	1,656,612	2,535,790
Excess (Deficiency) of Revenues Over (Under) Expenditures	(879,178)	(1,656,612)	(2,535,790)
Other Financing Sources (Uses)			
Transfers in	2,000,004	1,656,516	3,656,520
Total Other Financing Sources (Uses)	2,000,004	1,656,516	3,656,520
Net Change in Fund Balances	1,120,826	(96)	1,120,730
Fund Balances Beginning of Year	-	111,902	111,902
Fund Balances End of Year	\$ 1,120,826	\$ 111,806	\$ 1,232,632



City of Lynnwood, Washington
Community Justice Center 2021 LTGO Bonds
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Expenditures				
Debt Service:				
Interest	3,997,354	3,997,354	879,178	3,118,176
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,997,354)	(3,997,354)	(879,178)	3,118,176
Other Financing Sources (Uses)				
Transfers in	4,000,000	4,000,000	2,000,004	(1,999,996)
Net Changes in Fund Balances	2,646	2,646	1,120,826	1,118,180
Fund Balances Beginning of Year	-	-	-	-
Fund Balances End of Year	\$ 2,646	\$ 2,646	\$ 1,120,826	\$ 1,118,180



City of Lynnwood, Washington
Recreation Center 2012 LTGO Bonds
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Expenditures				
Debt Service:				
Principal	\$ 1,825,000	\$ 1,825,000	\$ 895,000	\$ 930,000
Interest	1,487,425	1,487,425	761,612	725,813
Miscellaneous	1,200	1,200	-	1,200
Total Expenditures	3,313,625	3,313,625	1,656,612	1,657,013
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,313,625)	(3,313,625)	(1,656,612)	1,657,013
Other Financing Sources (Uses)				
Transfers in	3,313,026	3,313,026	1,656,516	(1,656,510)
Net Changes in Fund Balances	(599)	(599)	(96)	503
Fund Balances Beginning of Year	111,901	111,901	111,902	1
Fund Balances End of Year	\$ 111,302	\$ 111,302	\$ 111,806	\$ 504



City of Lynnwood, Washington
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2021

	Other General Capital	Facilities Capital	Parks and Recreation Capital
Assets			
Cash and cash equivalents	\$ 18,764	\$ 116,324	\$ 107,997
Investments	60,931	377,726	350,687
Receivables:			
Accounts	-	-	1,000
Intergovernmental	-	-	1,507,399
Total Assets	\$ 79,695	\$ 494,050	\$ 1,967,083
Liabilities			
Accounts payable	\$ 6,609	\$ 237,808	\$ 690,128
Interfund payable	-	-	-
Unearned revenue	-	-	85,010
Other current liabilities	-	-	89,354
Total Liabilities	6,609	237,808	864,492
Deferred Inflows of Resources			
Deferred Inflows of Resources - Grants	-	-	972,496
Total Deferred Inflows of Resources	-	-	972,496
Total Liabilities and Deferred Inflows of Resources	6,609	237,808	1,836,988
Fund Balances			
Committed	73,086	-	-
Restricted	-	256,242	130,095
Total Fund Balances	73,086	256,242	130,095
Total Liabilities and Fund Balances	\$ 79,695	\$ 494,050	\$ 1,967,083

(continued)



City of Lynnwood, Washington
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2021

(continued)

	Real Estate Excise Tax 2	Real Estate Excise Tax 1	Hardware Software Upgrade	Capital Development Plan	Total Nonmajor Capital Projects Funds
Assets					
Cash and cash equivalents	\$ 352,605	\$ 577,006	\$ 6,519	\$ 335,426	\$ 1,514,641
Investments	1,144,973	1,873,645	-	1,089,189	4,897,151
Receivables:					
Accounts	-	-	-	-	1,000
Taxes	1,485	1,485	-	-	2,970
Intergovernmental	-	-	-	-	1,507,399
Total Assets	\$ 1,499,063	\$ 2,452,136	\$ 6,519	\$ 1,424,615	\$ 7,923,161
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 934,545
Unearned revenue	-	-	-	-	85,010
Other current liabilities	-	-	-	-	89,354
Total Liabilities	-	-	-	-	1,108,909
Deferred Inflows of Resources					
Deferred Inflows of Resources - Grants	-	-	-	-	972,496
Total Deferred Inflows of Resources	-	-	-	-	972,496
Total Liabilities and Deferred Inflows of Resources	-	-	-	-	2,081,405
Fund Balances					
Committed	-	-	6,519	1,424,615	1,504,220
Restricted	1,499,063	2,452,136	-	-	4,337,536
Total Fund Balances	1,499,063	2,452,136	6,519	1,424,615	5,841,756
Total Liabilities and Fund Balances	\$ 1,499,063	\$ 2,452,136	\$ 6,519	\$ 1,424,615	\$ 7,923,161



City of Lynnwood, Washington
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2021

	Other General Capital	Facilities Capital	Parks and Recreation Capital
Revenues			
Intergovernmental	\$ -	\$ -	\$ 661,957
Investment interest	(765)	(6,669)	(3,067)
Contributions and other	-	-	296,490
Total Revenues	(765)	(6,669)	955,380
Expenditures			
Current:			
General government	-	252,563	-
Economic environment	103,791	-	-
Culture and recreation	-	-	227,249
Capital Outlay	155,617	804,664	2,543,859
Total Expenditures	259,408	1,057,227	2,771,108
Excess (Deficiency) of Revenues Over (Under) Expenditures	(260,173)	(1,063,896)	(1,815,728)
Other Financing Sources (Uses)			
GO Bond Proceeds	-	-	-
Premium on GO Bonds	-	-	-
Debt issue costs	-	-	-
Transfers in	306,635	128,074	1,348,187
Transfers (out)	-	-	-
Total Other Financing Sources (Uses)	306,635	128,074	1,348,187
Net Change in Fund Balance	46,462	(935,822)	(467,541)
Fund Balances Beginning of Fiscal Year	26,624	1,192,064	597,636
Fund Balances End of Fiscal Year	\$ 73,086	\$ 256,242	\$ 130,095

(continued)



City of Lynnwood, Washington
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2021

(continued)

	Real Estate Excise Taxes 2	Real Estate Excise Taxes 1	Hardware Software Upgrade	Capital Development Plan	Total Nonmajor Capital Projects Funds
Revenues					
Taxes	\$ 1,288,154	\$ 1,288,154	\$ -	\$ -	\$ 2,576,308
Intergovernmental	-	-	-	-	661,957
Investment interest	(16,367)	(25,023)	-	(14,485)	(66,376)
Contributions	-	-	-	-	296,490
Total Revenues	<u>1,271,787</u>	<u>1,263,131</u>	<u>-</u>	<u>(14,485)</u>	<u>3,468,379</u>
Expenditures					
Current:					
General government	-	-	-	-	252,563
Economic environment	-	-	-	-	103,791
Culture and recreation	-	-	-	-	227,249
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,504,140</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,087,743</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,271,787</u>	<u>1,263,131</u>	<u>-</u>	<u>(14,485)</u>	<u>(619,364)</u>
Other Financing Sources (Uses)					
GO Bond Proceeds	-	-	-	-	-
Premium on GO Bonds	-	-	-	-	-
Debt issue costs	-	-	-	-	-
Transfers in	-	-	-	1,100,004	2,882,900
Transfers (out)	<u>(3,588,960)</u>	<u>(1,500,000)</u>	<u>-</u>	<u>(898,469)</u>	<u>(5,987,429)</u>
Other Financing Sources (Uses)	<u>(3,588,960)</u>	<u>(1,500,000)</u>	<u>-</u>	<u>201,535</u>	<u>(3,104,529)</u>
Net Change in Fund Balance	<u>(2,317,173)</u>	<u>(236,869)</u>	<u>-</u>	<u>187,050</u>	<u>(3,723,893)</u>
Fund Balances Beginning of Fiscal Year	<u>3,816,236</u>	<u>2,689,005</u>	<u>6,519</u>	<u>1,237,565</u>	<u>9,565,649</u>
Fund Balances End of Fiscal Year	<u>\$ 1,499,063</u>	<u>\$ 2,452,136</u>	<u>\$ 6,519</u>	<u>\$ 1,424,615</u>	<u>\$ 5,841,756</u>



City of Lynnwood, Washington
Other General Government Capital
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Investment interest	\$ -	\$ -	\$ (765)	\$ (765)
Total Revenues	-	-	(765)	(765)
Expenditures				
Current:				
Economic Environment	\$ 4,975,000	\$ 4,975,000	\$ 103,791	\$ 4,871,209
Capital Outlay - Economic Environment	250,000	250,000	155,617	94,383
Total Expenditures	5,225,000	5,225,000	259,408	4,965,592
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,225,000)	(5,225,000)	(260,173)	4,964,827
Other Financing Sources (Uses)				
Transfers in	4,993,242	5,243,242	306,635	(4,936,607)
	4,993,242	5,243,242	306,635	(4,936,607)
Fund Balances End of Year				
Net Changes in Fund Balances	(231,758)	18,242	46,462	28,220
Fund Balances Beginning of Year	231,758	26,624	26,624	-
Fund Balances End of Year	\$ -	\$ 44,866	\$ 73,086	\$ 28,220



City of Lynnwood, Washington
Facilities Capital Infrastructure Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Intergovernmental	\$ -	\$ 3,000,000	\$ -	\$ (3,000,000)
Investment earnings	-	-	(6,669)	(6,669)
Total Revenues	<u>-</u>	<u>3,000,000</u>	<u>(6,669)</u>	<u>(3,006,669)</u>
Expenditures				
Current:				
General Government	\$ 100,000	\$ 100,000	\$ 252,563	\$ (152,563)
Capital outlay - General Government	<u>1,245,629</u>	<u>4,245,629</u>	<u>804,664</u>	<u>3,440,965</u>
Total Expenditures	<u>1,345,629</u>	<u>4,345,629</u>	<u>1,057,227</u>	<u>3,288,402</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,345,629)	(1,345,629)	(1,063,896)	281,733
Other Financing Sources (Uses)				
Transfers in	<u>182,568</u>	<u>182,568</u>	<u>128,074</u>	<u>(54,494)</u>
Net Changes in Fund Balances	(1,163,061)	(1,163,061)	(935,822)	227,239
Fund Balances Beginning of Year	<u>1,163,703</u>	<u>1,192,064</u>	<u>1,192,064</u>	<u>-</u>
Fund Balances End of Year	<u>\$ 642</u>	<u>\$ 29,003</u>	<u>\$ 256,242</u>	<u>\$ 227,239</u>



City of Lynnwood, Washington
Parks and Recreation Capital Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Intergovernmental	\$ 10,297,700	\$ 10,297,700	\$ 661,957	\$ (9,635,743)
Investment earnings	-	-	(3,067)	(3,067)
Contributions and other	-	300,000	296,490	(3,510)
Total Revenues	10,297,700	10,597,700	955,380	(9,642,320)
Expenditures				
Current:				
Culture and Recreation	644,697	944,697	227,249	717,448
Capital Outlay - Capital and Recreation	18,472,406	18,472,406	2,543,859	15,928,547
Total Expenditures	19,117,103	19,417,103	2,771,108	16,645,995
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,819,403)	(8,819,403)	(1,815,728)	7,003,675
Other Financing Sources (Uses)				
Transfers in	8,599,776	8,599,776	1,348,187	(7,251,589)
Transfers out	-	-	-	-
Net Changes in Fund Balances	(219,627)	(219,627)	(467,541)	(247,914)
Fund Balances Beginning of Year	219,627	597,636	597,636	-
Fund Balances End of Year	\$ -	\$ 378,009	\$ 130,095	\$ (247,914)

**City of Lynnwood, Washington****Real Estate Excise Taxes 2 Fund*****Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual******For the Year Ended December 31, 2021***

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Taxes	\$ 1,600,000	\$ 1,600,000	\$ 1,288,154	\$ (311,846)
Investment interest	70,000	70,000	(16,367)	(86,367)
Total Revenues	<u>1,670,000</u>	<u>1,670,000</u>	<u>1,271,787</u>	<u>(398,213)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,670,000	1,670,000	1,271,787	(398,213)
Other Financing Sources (Uses)				
Transfers out	<u>(5,233,495)</u>	<u>(5,233,495)</u>	<u>(3,588,960)</u>	<u>1,644,535</u>
Net Changes in Fund Balances	(3,563,495)	(3,563,495)	(2,317,173)	1,246,322
Fund Balances Beginning of Year	<u>3,575,598</u>	<u>3,816,236</u>	<u>3,816,236</u>	<u>-</u>
Fund Balances End of Year	<u>\$ 12,103</u>	<u>\$ 252,741</u>	<u>\$ 1,499,063</u>	<u>\$ 1,246,322</u>

**City of Lynnwood, Washington****Real Estate Excise Taxes 1 Fund*****Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual******For the Year Ended December 31, 2021***

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Taxes	\$ 1,600,000	\$ 1,600,000	\$ 1,288,154	\$ (311,846)
Investment Earnings	50,000	50,000	(25,023)	(75,023)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,650,000	1,650,000	1,263,131	(386,869)
Other Financing Sources (Uses)				
Transfers out	(3,883,102)	(3,883,102)	(1,500,000)	2,383,102
Net Changes in Fund Balances	(2,233,102)	(2,233,102)	(236,869)	1,996,233
Fund Balances - Beginning	2,396,093	2,689,005	2,689,005	-
Fund Balances - Ending	\$ 162,991	\$ 455,903	\$ 2,452,136	\$ 1,996,233



City of Lynnwood, Washington
Hardware/Software Upgrade Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Net Changes in Fund Balances	-	-	-	-
Fund Balances Beginning of Year	-	-	6,519	6,519
Fund Balances End of Year	\$ -	\$ -	\$ 6,519	\$ 6,519



City of Lynnwood, Washington
Capital Development Plan Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Original 2021-2022 Biennial Budget	Amended 2021-2022 Biennial Budget	2021 Actual	Variance With Amended Budget
Revenues				
Investment interest	\$ 30,000	\$ 30,000	\$ (14,485)	\$ (44,485)
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>(14,485)</u>	<u>(44,485)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	30,000	30,000	(14,485)	(44,485)
Other Financing Sources (Uses)				
Transfers in	2,200,000	2,200,000	1,100,004	(1,099,996)
Transfers out	<u>(2,539,593)</u>	<u>(2,789,593)</u>	<u>(898,469)</u>	<u>1,891,124</u>
Net Changes in Fund Balances	(309,593)	(559,593)	187,050	746,643
Fund Balances Beginning of Year	<u>991,440</u>	<u>1,237,565</u>	<u>1,237,565</u>	<u>-</u>
Fund Balances End of Year	<u>\$ 681,847</u>	<u>\$ 677,972</u>	<u>\$ 1,424,615</u>	<u>\$ 746,643</u>



City of Lynnwood, Washington
Internal Service Funds
Combining Statement of Net Position
December 31, 2021

	Equipment Rental Reserve	Self Insurance	Reserve Retirement Contribution	Technology Reserve	Total
Assets					
Current Assets:					
Cash and cash equivalents	\$ 1,439,928	\$ 369,719	\$ 32,039	\$ 197,417	\$ 2,039,103
Investments	2,625,561	-	-	-	2,625,561
Receivables:					
Intergovernmental	235,782	-	-	-	235,782
Prepays	-	25,000	-	9,546	34,546
Total Current Assets	4,301,271	394,719	32,039	206,963	4,934,992
Noncurrent Assets:					
Pension asset	390,758	-	-	-	390,758
Capital assets:					
Nondepreciable	1,073,005	-	-	-	1,073,005
Depreciable, net	6,224,791	-	-	152,814	6,377,605
Total Noncurrent Assets:	7,688,554	-	-	152,814	7,841,368
TOTAL ASSETS	11,989,825	394,719	32,039	359,777	12,776,360
Deferred Outflows - related to pensions	50,594	-	-	-	50,594
Liabilities					
Current Liabilities:					
Accounts payable	70,111	-	-	10,367	80,478
Wages payable	17,664	-	-	-	17,664
Claims and judgments payable	-	224,620	-	-	224,620
Compensated absences payable	68,224	-	-	-	68,224
Total Current Liabilities	155,999	224,620	-	10,367	390,986
Noncurrent Liabilities					
Compensated absences payable	29,470	-	-	-	29,470
Net pension liability payable	40,087	-	-	-	40,087
TOTAL LIABILITIES	225,556	224,620	-	10,367	460,543
Deferred Inflows	412,492	-	-	-	412,492
Net Position					
Investment in capital assets	7,297,796	-	-	152,814	7,450,610
Restricted - pension asset	63,174	-	-	-	63,174
Unrestricted	4,041,401	170,099	32,039	196,596	4,440,135
Total Net Position	\$ 11,402,371	\$ 170,099	\$ 32,039	\$ 349,410	\$ 11,953,919



City of Lynnwood, Washington
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2021

	Equipment Rental Reserve	Self Insurance	Reserve Retirement Contribution	Technology Reserve	Total
Operating Revenues					
Charges for services	\$ 3,341,000	\$ -	\$ -	\$ 131,200	\$ 3,472,200
Miscellaneous	-	-	-	-	-
Total Operating Revenues	3,341,000	-	-	131,200	3,472,200
Operating Expenses					
Maintenance and operations	1,554,632	-	-	8,037	1,562,669
Insurance and claims	-	72,230	-	-	72,230
Depreciation	868,538	-	-	45,477	914,015
Total Operating Expenses	2,423,170	72,230	-	53,514	2,548,914
Operating Income (Loss)	917,830	(72,230)	-	77,686	923,286
Non-Operating Revenues					
Other nonoperating revenue	-	-	-	-	-
Investment interest	(36,439)	-	-	-	(36,439)
Gain on disposition of capital assets	255,963	-	-	-	255,963
Total Non-Operating Revenues	219,524	-	-	-	219,524
Change in Net Position	1,137,354	(72,230)	-	77,686	1,142,810
Net Position Beginning of Year	10,352,527	242,329	32,039	271,724	10,898,619
Prior Period Adjustment	(87,510)	-	-	-	(87,510)
Net Position End of Year	\$ 11,402,371	\$ 170,099	\$ 32,039	\$ 349,410	\$ 11,953,919



City of Lynnwood, Washington
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2021

	Equipment Rental Reserve	Self Insurance	Reserve Retirement Contribution	Technology Reserve	Total
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities					
Cash received from interfund services provided	\$ 2,455,454	\$ -	\$ -	\$ 131,200	\$ 2,586,654
Other cash receipts	920,528	-	-	-	920,528
Cash payments to employees for services	(754,987)	-	-	-	(754,987)
Cash payments for goods and services	(936,089)	(4,707)	-	(5,482)	(946,278)
Net Cash Provided by (Used in) Operating Activities	1,684,906	(4,707)	-	125,718	1,805,917
Cash Flows from Non-Capital financing activities					
Receipts from non-capital grants	-	-	-	-	-
Net Cash Flows from non-Capital and related financing activities	-	-	-	-	-
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(2,022,788)	-	-	-	(2,022,788)
Proceeds from sale of equipment	209,213	-	-	-	209,213
Net Cash Provided by (Used in) Capital and Related Financing Activities	(1,813,575)	-	-	-	(1,813,575)
Cash Flows from Investing Activities					
Purchase of investment securities	(6,498,297)	-	-	-	(6,498,297)
Proceeds from sale and maturities of investment securities	5,659,571	-	-	-	5,659,571
Interest and dividends on investments	(36,439)	-	-	-	(36,439)
Net Cash Provided by (Used in) Investing Activities	(875,165)	-	-	-	(875,165)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,003,834)	(4,707)	-	125,718	(882,823)
Cash and Cash Equivalents Beginning of Year	2,443,762	374,426	32,039	71,699	2,921,926
Cash and Cash Equivalents End of Year	\$ 1,439,928	\$ 369,719	\$ 32,039	\$ 197,417	\$ 2,039,103

City of Lynnwood, Washington
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2021

	<u>Equipment Rental Reserve</u>	<u>Self Insurance</u>	<u>Reserve Retirement Contribution</u>	<u>Technology Reserve</u>	<u>Total</u>
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating Income (Loss)	\$ 917,830	\$ (72,230)	\$ -	\$ 77,686	\$ 923,286
Adjustments:					
Depreciation	868,538	-	-	45,477	914,015
(Increase) Decrease in Assets:					
Receivables, net	34,982	-	-	-	34,982
Inventories, deposits and prepaid expenses	-	-	-	(9,546)	(9,546)
Increase (Decrease) in Liabilities:					
Accounts and other payables	24,531	67,523	-	12,101	104,155
Compensated absences	15,192	-	-	-	15,192
Pension related liabilities	(176,167)	-	-	-	(176,167)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,684,906</u>	<u>\$ (4,707)</u>	<u>\$ -</u>	<u>\$ 125,718</u>	<u>\$ 1,805,917</u>
Schedule of Non-Cash Capital and Related Financing Activities					
Fair value of investments increased (decreased) by	\$ (37,540)	\$ -	\$ -	\$ -	\$ (37,540)
Total Non-Cash Activities	<u>\$ (37,540)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (37,540)</u>



FEDERAL AWARDS AND SINGLE AUDIT

City of Lynnwood, Washington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
BUREAU OF RECLAMATION, INTERIOR, DEPARTMENT OF THE	WaterSMART (Sustain and Manage America's Resources for Tomorrow)	15.507	R19AP00147	-	296,400	296,400	-	1, 2, 3
NATIONAL PARK SERVICE, INTERIOR, DEPARTMENT OF THE (via Washington State Recreation and Conservation Office)	Outdoor Recreation Acquisition, Development and Planning	15.916	P19AP00196	324,507	-	324,507	-	1, 2, 3
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607	N/A	-	3,117	3,117		1, 2, 3
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607	N/A	-	2,000	2,000		1, 2, 3
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607	N/A	-	3,613	3,613		1, 2, 3
Total CFDA 16.607:				-	8,730	8,730	-	
Highway Planning and Construction Cluster								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	CM-0524(011) LA-7931	7,190,035	-	7,190,035	-	1, 2, 3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	IMD-STPUL- 2004(037) LA- 5787	652,435	-	652,435	-	1, 2, 3

City of Lynnwood, Washington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	STPUL- 2689(001) LA- 9612	200,117	-	200,117	-	1, 2, 3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	TAP-2523(003) LA-9367	436	-	436	-	1, 2, 3
Total Highway Planning and Construction Cluster:				8,043,023	-	8,043,023	-	
Highway Safety Cluster								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	State and Community Highway Safety	20.600	2021-HVE-4044- Region 10 Target Zone Task Force	5,033	-	5,033	-	1, 2, 3
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	State and Community Highway Safety	20.600	2021-Sub-Grants- 4081-Region 10 LEL	1,348	-	1,348	-	1, 2, 3
Total CFDA 20.600:				6,381	-	6,381	-	

City of Lynnwood, Washington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	National Priority Safety Programs	20.616	2021-AG-4089- Snohomish Co Ped Safety Zone	4,852	-	4,852	-	1, 2, 3
Total Highway Safety Cluster:				11,233	-	11,233	-	
TREASURY, DEPARTMENT OF THE, TREASURY, DEPARTMENT OF THE	Equitable Sharing	21.016	JLEOTFS4	-	3,808	3,808		1, 2, 3
TREASURY, DEPARTMENT OF THE, TREASURY, DEPARTMENT OF THE	Equitable Sharing	21.016	WA0310400	-	1,995	1,995		1, 2, 3
Total CFDA 21.016:				-	5,803	5,803	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	WA0715	-	415,572	415,572	-	1, 2, 3
Total Federal Awards Expended:				8,378,763	726,505	9,105,268	-	

CITY OF LYNNWOOD, WASHINGTON

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021**

Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting as the City's financial statements. The City uses the accrual basis of accounting.

Note 2 – Federal De Minimis Indirect Cost Rate

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the City's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.



STATISTICAL SECTION



City of Lynnwood, Washington
Introduction to the Statistical Section
(Unaudited)

This part of the City of Lynnwood's annual comprehensive financial report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This information has not been audited by the independent auditor.

Categories**Exhibits****Financial Trends**

A-1 -- A-10

These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in historical perspective.

Revenue Capacity

B-1 -- B-4

These tables contain information that may assist the reader in assessing the viability of the City's most significant "own-source" revenue sources is property taxes.

Debt Capacity

C-1 -- C- 7

These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

D-1 -- D-2

This table offers economic and demographic indicators that are commonly used for financial analysis and that can inform the reader's understanding the City's present and ongoing financial status.

Operating Information

E-1 -- E-3

These tables contain service and infrastructure indicators that can inform the reader's understanding as to how the information in the City's financial statements relates to the services that the City provides and the activities that it performs.

Data Source:

Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant year.

City of Lynnwood, Washington
Government-wide Net Position by Category¹
Last Ten Calendar Years
(Amounts Expressed in \$1,000)
(accrual basis of accounting)

	(Amounts Expressed in \$1,000)									
	December 31, 2012	December 31, 2013	Restated December 31, 2014	Restated December 31, 2015	December 31, 2016	Restated December 31, 2017	Restated December 31, 2018	Restated December 31, 2019	December 31, 2020	December 31, 2021
Governmental Activities										
Net investment in capital assets	\$ 102,878	\$ 105,273	\$ 108,229	\$ 122,437	\$ 122,041	\$ 115,143	\$ 122,653	\$ 127,289	\$ 130,655	\$ 147,753
Restricted	6,906	9,357	12,091	13,139	15,688	19,279	29,450	33,132	33,941	39,309
Unrestricted	14,259	19,684	22,572	12,973	15,757	9,846	8,043	12,289	10,111	19,019
Subtotal Governmental Activities Net Position	124,043	134,314	142,892	148,549	153,486	144,268	160,146	172,710	174,707	206,081
Business-type Activities										
Net investment in capital assets	41,185	39,477	39,111	35,485	42,340	39,668	45,195	45,370	48,095	56,693
Restricted	5,997	2,759	3,144	1,579	13,941	1,865	576	577	554	798
Unrestricted	6,985	12,388	12,472	15,104	(494)	14,614	13,836	19,775	24,105	20,789
Subtotal Business-type Activities Net Position	54,167	54,624	54,727	52,168	55,787	56,147	59,607	65,722	72,754	78,280
Primary Government										
Net investment in capital assets	144,063	144,750	147,340	157,922	164,381	154,811	167,848	172,659	178,750	204,446
Restricted	12,903	12,116	15,235	14,718	29,629	21,144	30,026	33,709	34,495	40,107
Unrestricted	21,244	32,072	35,044	28,077	15,263	24,460	21,879	32,064	34,216	39,808
Total Primary Government Net Position	\$ 178,210	\$ 188,938	\$ 197,619	\$ 200,717	\$ 209,273	\$ 200,415	\$ 219,753	\$ 238,432	\$ 247,461	\$ 284,361
Total Percentage Increase or Decrease From Prior Fiscal Year	0.9%	6.0%	4.6%	1.6%	4.3%	-4.2%	9.6%	8.5%	3.8%	14.9%
Percentage of Total										
	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Governmental Activities										
Net investment in capital assets	82.9%	78.4%	75.7%	82.4%	79.5%	79.8%	76.6%	73.7%	74.8%	71.7%
Restricted	5.6%	7.0%	8.5%	8.8%	10.2%	13.4%	18.4%	19.2%	19.4%	19.1%
Unrestricted	11.5%	14.6%	15.8%	8.7%	10.3%	6.8%	5.0%	7.1%	5.8%	9.2%
Subtotal Governmental Activities Net Position	100.0%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Business-type Activities										
Net investment in capital assets	76.0%	72.3%	71.5%	68.0%	75.9%	70.7%	75.8%	69.0%	66.1%	72.4%
Restricted	11.1%	5.1%	5.7%	3.0%	25.0%	3.3%	1.0%	0.9%	0.8%	1.0%
Unrestricted	12.9%	22.6%	22.8%	29.0%	-0.9%	26.0%	23.2%	30.1%	33.1%	26.6%
Subtotal Business-type Activities Net Position	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Primary Government										
Net investment in capital assets	80.8%	76.6%	74.6%	78.7%	78.5%	77.2%	76.4%	72.4%	72.2%	71.9%
Restricted	7.2%	6.4%	7.7%	7.3%	14.2%	10.6%	13.7%	14.1%	13.9%	14.1%
Unrestricted	12.0%	17.0%	17.7%	14.0%	7.3%	12.2%	10.0%	13.4%	13.8%	14.0%
Total Primary Government Net Position	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

¹ Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted; and unrestricted. Net position is considered restricted only when (1) an external party, such as the State of Washington, the Federal government, or bondholders, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City. There are no restrictions currently reported as a result of enabling legislation.

Data Source:

Applicable years' annual comprehensive financial reports adjusted as follows:

2019 Governmental Activities Restricted Net Position adjusted for prior year accrual of \$38,681.

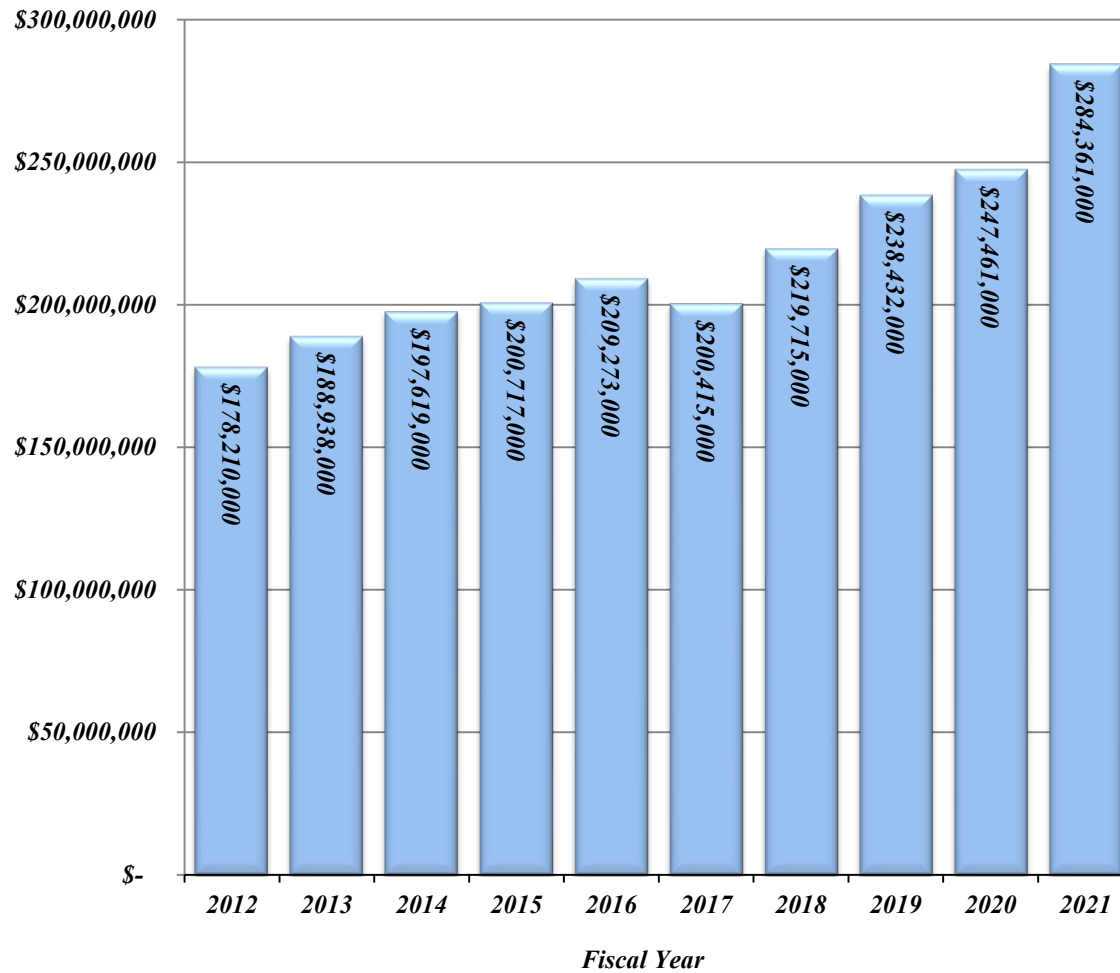
2018 Governmental Activities *Net Investments in Capital Assets* is adjusted for capital asset corrections of \$37,492

2017 Governmental Activities Unrestricted Net Position is adjusted for the retroactive application of GASB 75

2015 Governmental Activities and Business-type Activities Net Position were each adjusted to correct reporting errors.

2014 Governmental Activities and Business-type Activities Unrestricted Net Position were each adjusted to correct reporting errors and for the retroactive application of GASB 68

City of Lynnwood, Washington
Chart-Total Government-wide Net Position (Unaudited)
Last Ten Fiscal Years
(accrual basis of accounting)



City of Lynnwood, Washington
Changes in Net Position - Governmental Activities
Last Ten Calendar Years
(Amounts Expressed in \$1,000)
(accrual basis of accounting)

	Calendar Year Ended December 31, (Amounts Expressed in \$1,000)									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
General government	\$ 7,864	\$ 12,126	\$ 13,938	\$ 11,731	\$ 13,988	\$ 16,590	\$ 9,144	\$ 8,686	\$ 12,776	\$ 7,765
Judicial	1,060	1,567	998	1,080	1,056	1,080	1,032	960	949	840
Public safety	25,552	26,684	26,272	29,038	32,400	32,573	23,247	21,382	21,345	19,044
Physical environment	1,985	33	295	-	-	-	-	-	-	-
Transportation	4,983	7,362	8,843	6,110	5,975	7,194	9,873	8,565	9,117	9,325
Natural environment	-	153	110	283	346	-	-	-	-	-
Social services	-	408	418	460	362	520	549	553	451	397
Human services	-	-	-	-	-	-	-	-	-	-
Economic environment	2,668	2,780	4,230	2,874	3,443	3,757	5,740	5,851	4,739	4,806
Culture and recreation	7,406	8,250	6,833	6,793	6,923	12,050	8,940	8,131	6,684	6,813
Utilities	-	-	-	82	2	(55)	36	31	38	40
Interest on long-term debt	1,209	1,119	1,110	1,058	993	934	938	829	791	2,039
Total Expenses	52,727	60,482	63,047	59,509	65,488	74,643	59,499	54,988	56,890	51,069
Program Revenues:										
Charges for services:										
General government	2,683	6,880	4,907	5,262	3,768	4,371	4,789	3,802	4,997	2,472
Culture and recreation	2,860	2,715	2,695	2,407	2,725	5,010	3,235	2,944	3,294	6,934
Other activities	7,378	9,944	11,036	6,490	8,104	8,798	7,045	6,281	5,129	11,298
Operating grants and contributions	1,603	1,495	2,588	1,220	1,139	1,533	3,347	4,910	4,518	2,596
Capital grants and contributions	1,729	4,947	6,495	11,922	7,104	3,127	10,529	5,588	1,877	11,890
Total Program Revenues	16,253	25,981	27,721	27,301	22,840	22,839	28,945	23,525	19,815	35,190
Net (Expense) Revenue	(36,474)	(34,501)	(35,326)	(32,208)	(42,648)	(51,804)	(30,554)	(31,463)	(37,075)	(15,879)
General Revenues										
Taxes:										
Property	11,072	11,515	11,511	11,515	11,861	11,917	6,100	3,951	4,268	4,234
Sales	18,076	19,070	19,856	21,130	23,268	24,345	26,893	27,191	24,350	31,425
Other ¹	8,573	10,575	9,878	10,031	9,917	11,539	11,918	10,603	8,595	10,040
Transportation benefit district vehicle fees							1,242	1,152	1,306	1,093
Investment earnings	237	204	168	-	293	249	579	847	521	(165)
Miscellaneous	(74)	5	14	748	199	114	105	179	69	195
Gain (loss) on disposal of capital assets	-	(23)	247	175	-	-	-	154	-	253
Transfers	1,387	1,828	1,737	1,869	2,048	96	(442)	89	-	89
Total General Revenues	39,271	43,174	43,411	45,468	47,586	48,260	46,395	44,166	39,109	47,164
Change in Net Position	\$ 2,797	\$ 8,673	\$ 8,085	\$ 13,260	\$ 4,938	\$ (3,544)	\$ 15,841	\$ 12,703	\$ 2,034	\$ 31,285

Notes:

¹ Beginning in 2018, some amounts which had previously been classified as *Other* were broken out separately. Most are being retained in the *Other* category.

Data Source:

Applicable years' annual comprehensive financial report. Government-wide Statement of Activities

City of Lynnwood, Washington
Changes in Net Position - Business-type Activities
Last Ten Calendar Years
(Amounts Expressed in \$1,000)
(accrual basis of accounting)

	Calendar Year Ended December 31, (Amounts Expressed in \$1,000)									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Water/Sewer/Storm Water Utilities	\$ 14,314	\$ 14,297	\$ 14,917	\$ 17,442	\$ 15,144	\$ 21,001	\$ 19,418	\$ 19,052	\$ 21,054	\$ 20,935
Golf	1,068	977	1,019	1,115	1,113	1,188	1,241	1,310	1,334	1,499
Total Expenses	15,382	15,274	15,936	18,557	16,257	22,189	20,659	20,362	22,388	22,434
Program Revenues:										
Charges for services:										
Water/Sewer/Storm Water Utilities	14,348	16,125	17,242	18,292	19,870	20,794	21,624	23,141	24,245	25,025
Golf	949	1,083	1,113	1,213	1,148	1,131	1,292	1,345	1,648	1,882
Operating grants and contributions	106	-	170	-	-	-	-	-	51	367
Capital grants and contributions	124	225	823	111	875	476	280	844	3,034	810
Total Program Revenues	15,527	17,433	19,348	19,616	21,893	22,401	23,196	25,330	28,978	28,084
Net (Expense) Revenue	145	2,159	3,412	1,059	5,636	212	2,537	4,968	6,590	5,650
Investment earnings	50	27	18	16	154	228	476	1,131	443	53
Miscellaneous	-	234	46	2	3	16	5	4	-	-
Disposal of capital assets	-	(4)	1	-	(126)	-	-	12	-	-
Transfers	(1,387)	(1,827)	(1,737)	(1,869)	(2,048)	(96)	442	-	-	(89)
Total General Revenues	(1,337)	(1,570)	(1,672)	(1,851)	(2,017)	148	923	1,147	443	(36)
Change in Net Position	\$ (1,192)	\$ 589	\$ 1,740	\$ (792)	\$ 3,619	\$ 360	\$ 3,460	\$ 6,115	\$ 7,033	\$ 5,614

Data Source:

Applicable years' annual comprehensive financial report. Government-wide Statement of Activities.

City of Lynnwood, Washington
Changes in Net Position - Total
Last Ten Calendar Years
(Amounts Expressed in \$1,000)
(accrual basis of accounting)

	Calendar Year Ended December 31, (Amounts Expressed in \$1,000)									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental activities ¹	\$ 52,727	\$ 60,482	\$ 63,047	\$ 59,509	\$ 65,488	\$ 74,643	\$ 59,499	\$ 54,988	\$ 56,890	\$ 51,069
Business-type activities ²	15,382	15,274	15,936	18,557	16,257	22,189	20,659	20,362	22,388	22,434
Total Expenses	<u>68,109</u>	<u>75,756</u>	<u>78,983</u>	<u>78,066</u>	<u>81,745</u>	<u>96,832</u>	<u>80,158</u>	<u>75,350</u>	<u>79,278</u>	<u>73,503</u>
Program Revenues:										
Governmental activities ¹	16,253	25,981	27,721	27,301	22,840	22,839	28,945	23,525	19,815	35,190
Business-type activities ²	15,527	17,433	19,348	19,616	21,893	22,401	23,196	25,330	28,978	28,084
Total Program Revenues	<u>31,780</u>	<u>43,414</u>	<u>47,069</u>	<u>46,917</u>	<u>44,733</u>	<u>45,240</u>	<u>52,141</u>	<u>48,855</u>	<u>48,793</u>	<u>63,274</u>
Net (Expense) Revenue	<u>(36,329)</u>	<u>(32,342)</u>	<u>(31,914)</u>	<u>(31,149)</u>	<u>(37,012)</u>	<u>(51,592)</u>	<u>(28,017)</u>	<u>(26,495)</u>	<u>(30,485)</u>	<u>(10,229)</u>
General Revenues:										
Governmental activities ¹	39,271	43,174	43,411	45,468	47,586	48,260	46,395	44,166	39,109	47,164
Business-type activities ²	(1,337)	(1,570)	(1,672)	(1,851)	(2,017)	148	923	1,147	443	(36)
Total General Revenues	<u>37,934</u>	<u>41,604</u>	<u>41,739</u>	<u>43,617</u>	<u>45,569</u>	<u>48,408</u>	<u>47,318</u>	<u>45,313</u>	<u>39,552</u>	<u>47,128</u>
Change in Net Position	<u>\$ 1,605</u>	<u>\$ 9,262</u>	<u>\$ 9,825</u>	<u>\$ 12,468</u>	<u>\$ 8,557</u>	<u>\$ (3,184)</u>	<u>\$ 19,301</u>	<u>\$ 18,818</u>	<u>\$ 9,067</u>	<u>\$ 36,899</u>

Data Source:

¹ Exhibit A-2

² Exhibit A-3

City of Lynnwood, Washington
Fund Balances - Governmental Funds
Last Ten Calendar Years
(Amounts Expressed in \$1,000)
(modified accrual basis of accounting)

	December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ 721	\$ 434	\$ 2,453	\$ 103	\$ 21	\$ 41	\$ 78	\$ 17	\$ 98	\$ 40
Restricted	180	86	87	-	-	-	-	-	-	-
Committed	1,033	2,030	5,848	5,815	6,000	6,000	6,000	6,000	4,870	6,000
Assigned	3,710	2,920	1,502	2,019	4,551	5,662	9,460	10,575	11,044	9,819
Unassigned	12,580	15,683	8,012	11,493	10,114	8,149	5,352	4,108	4,027	8,941
Total General Fund	\$ 18,224	\$ 21,153	\$ 17,902	\$ 19,430	\$ 20,686	\$ 19,852	\$ 20,890	\$ 20,700	\$ 20,039	\$ 24,800
General Fund Percentage Change	45.5%	16.1%	-15.4%	8.5%	6.5%	-4.0%	5.2%	-0.9%	-3.2%	23.8%
All Other Governmental Funds										
Restricted	\$ 5,983	\$ 8,834	\$ 10,619	\$ 13,138	\$ 15,688	\$ 19,279	\$ 21,740	\$ 24,866	\$ 25,270	\$ 79,818
Committed	1,715	1,558	1,099	340	817	671	1,378	1,878	1,571	2,312
Assigned	486	371	176	-	-	-	1,197	680	-	-
Unassigned	(1,156)	(1,069)	(142)	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 7,028	\$ 9,694	\$ 11,752	\$ 13,478	\$ 16,505	\$ 19,950	\$ 24,315	\$ 27,424	\$ 26,841	\$ 82,130
All Other Governmental Funds Percentage Change	-138.8%	37.9%	21.2%	14.7%	22.5%	20.9%	21.9%	12.8%	-2.1%	206.0%
Total Governmental Funds	\$ 25,252	\$ 30,847	\$ 29,654	\$ 32,908	\$ 37,191	\$ 39,802	\$ 45,205	\$ 48,124	\$ 46,880	\$ 106,930
All Governmental Funds Percentage Change	-552.3%	22.2%	-3.9%	11.0%	13.0%	7.0%	13.6%	6.5%	-2.6%	128.1%

Data Source:

Applicable years' Annual Financial Statements. Balance Sheet - Governmental Funds

City of Lynnwood, Washington
General Governmental Revenues by Source (Unaudited) ¹
Last Ten Calendar Years
(Amounts Expressed in \$1,000)
(modified accrual basis of accounting)

	For the Calendar Year Ended December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue Source	Dollar Amounts (in thousands)									
Taxes	\$ 36,781	\$ 39,285	\$ 33,476	\$ 41,979	\$ 44,348	\$ 47,056	\$ 45,662	\$ 42,411	\$ 37,951	\$ 46,223
Intergovernmental	5,187	5,740	1,360	8,600	6,933	7,638	13,530	9,490	7,264	12,034
Licenses and permits	3,332	3,360	3,564	4,767	4,757	5,393	5,710	3,932	5,619	5,402
Charges for services	5,897	6,068	5,412	5,486	4,846	5,503	6,095	4,433	4,760	9,917
Fines and forfeitures	3,963	4,437	1,629	4,901	4,723	4,593	4,331	4,814	3,154	4,900
Investment earnings	232	200	16	108	275	228	570	749	485	(118)
Miscellaneous	438	405	434	642	2,456	1,141	688	385	264	553
Total revenues	<u>\$ 55,830</u>	<u>\$ 59,495</u>	<u>\$ 45,891</u>	<u>\$ 66,483</u>	<u>\$ 68,338</u>	<u>\$ 71,552</u>	<u>\$ 76,586</u>	<u>\$ 66,214</u>	<u>\$ 59,497</u>	<u>\$ 78,910</u>
% change from prior year	<u>5.2%</u>	<u>6.6%</u>	<u>-22.9%</u>	<u>44.9%</u>	<u>2.8%</u>	<u>4.7%</u>	<u>7.0%</u>	<u>-13.5%</u>	<u>-10.1%</u>	<u>32.6%</u>
	Percentage of Total									
Taxes	65.9%	66.0%	72.9%	63.1%	64.9%	65.8%	59.6%	64.1%	63.8%	58.6%
Licenses and permits	6.0%	5.6%	7.8%	7.2%	7.0%	7.5%	7.5%	5.9%	9.4%	6.8%
Intergovernmental	9.3%	9.6%	3.0%	12.9%	10.1%	10.7%	17.7%	14.3%	12.2%	15.2%
Charges for services	10.6%	10.2%	11.8%	8.3%	7.1%	7.7%	8.0%	6.7%	8.0%	12.6%
Fines and forfeitures	7.1%	7.5%	3.5%	7.4%	6.9%	6.4%	5.7%	7.3%	5.3%	6.2%
Investment earnings	0.4%	0.3%	0.0%	0.2%	0.4%	0.3%	0.7%	1.1%	0.8%	-0.1%
Miscellaneous	0.8%	0.7%	0.9%	1.0%	3.6%	1.6%	0.9%	0.6%	0.4%	0.7%
Total revenues	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Notes:

¹ Includes all governmental fund types.

Data Source:

Applicable years' Annual Financial Report - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds



City of Lynnwood, Washington
Tax Revenues by Source - Governmental Funds (Unaudited)
Last Ten Calendar Years
(Amounts Expressed in \$1,000)
(modified accrual basis of accounting)

For The Calendar Year Ended December 31,	Property	Sales	Franchise Tax	Gambling Tax	Admission Tax	Transient Lodging Tax	Other Taxes	Total
Dollar Amounts (in thousands)								
2012	11,072	17,518	480	147	576	558	6,431	36,782
2013	11,264	28,450	491	120	617	620	7,726	49,288
2014	11,241	19,128	498	116	604	729	7,016	39,332
2015	11,515	21,130	512	130	604	827	7,261	41,979
2016	11,861	23,268	513	138	662	797	7,109	44,348
2017	11,917	24,345	510	135	678	810	8,661	47,056
2018	6,209	26,893	473	212	921	771	10,183	45,662
2019	3,991	27,191	469	159	792	854	8,955	42,411
2020	4,280	24,350	487	96	130	333	8,275	37,951
2021	4,265	31,425	487	214	313	549	8,970	46,223
% Change in Dollars Over 10 Years	-61.5%	79.4%	1.5%	45.6%	-45.7%	-1.6%	39.5%	25.7%
Percentage of Total								
2012	30.1%	47.6%	1.3%	0.4%	1.6%	1.5%	17.5%	100.0%
2013	22.9%	57.7%	1.0%	0.2%	1.3%	1.3%	15.7%	100.0%
2014	28.6%	48.6%	1.3%	0.3%	1.5%	1.9%	17.8%	100.0%
2015	27.4%	50.3%	1.2%	0.3%	1.4%	2.0%	17.3%	100.0%
2016	26.7%	52.5%	1.2%	0.3%	1.5%	1.8%	16.0%	100.0%
2017	25.3%	51.7%	1.1%	0.3%	1.4%	1.7%	18.5%	100.0%
2018	13.6%	58.9%	1.0%	0.5%	2.0%	1.7%	22.3%	100.0%
2019	9.4%	64.1%	1.1%	0.4%	1.9%	2.0%	21.1%	100.0%
2020	11.3%	64.2%	1.3%	0.3%	0.3%	0.9%	21.8%	100.1%
2021	9.2%	68.0%	1.1%	0.5%	0.7%	1.2%	19.4%	100.1%

Data Source:

Applicable years' annual financial report and city records.

City of Lynnwood, Washington
General Governmental Expenditures by Function (Unaudited) 1
Last Ten Calendar Years
(Amounts Expressed in \$1,000)
(modified accrual basis of accounting)

For the Calendar Year Ended December 31,										
Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Current:										
General government	\$ 8,307	\$ 8,330	\$ 9,903	\$ 8,960	\$ 10,183	\$ 10,410	\$ 9,004	\$ 8,473	\$ 10,238	\$ 8,618
Public safety	24,624	25,309	26,172	28,267	30,928	32,317	25,014	22,982	21,115	20,896
Judicial	1,060	1,055	997	1,083	1,058	1,105	1,054	1,024	1,014	983
Utilities & environment	-	1,280	251	201	154	31	30	25	38	27
Economic environment	-	2,786	2,997	2,931	3,659	3,939	5,944	5,995	5,006	5,515
Physical environment	4,685	-	110	-	-	-	-	-	-	-
Transportation	2,541	2,808	1,417	5,514	5,485	3,950	6,670	5,643	6,155	6,701
Social services	6,608	417	460	499	520	548	553	447	397	397
Culture and recreation	6,290	4,644	5,690	5,884	6,342	11,310	8,423	7,561	6,103	6,862
Total Current	\$ 47,507	\$ 52,820	\$ 47,954	\$ 53,300	\$ 58,308	\$ 63,582	\$ 56,687	\$ 52,256	\$ 50,116	\$ 49,999
% Change From Prior Year	2.8%	11.2%	-9.2%	11.1%	9.4%	9.0%	-10.8%	-7.8%	-4.1%	-0.2%
Capital Outlay	\$ 4,381	\$ 4,644	\$ 338	\$ 8,866	\$ 5,341	\$ 3,172	\$ 12,158	\$ 8,553	\$ 8,931	\$ 26,417
% Change From Prior Year	-36.4%	6.0%	-92.7%	2523.1%	-39.8%	-40.6%	283.3%	-29.7%	4.4%	195.8%
Debt Service										
Principal	\$ 1,292	\$ 1,424	\$ 1,295	\$ 1,401	\$ 1,354	\$ 1,409	\$ 1,036	\$ 967	\$ 860	\$ 895
Interest	1,209	1,172	1,119	1,058	993	934	869	830	796	1,641
Other charges	217	-	-	-	-	-	-	-	-	-
Total Debt Service	\$ 2,718	\$ 2,596	\$ 2,414	\$ 2,459	\$ 2,347	\$ 2,343	\$ 1,905	\$ 1,797	\$ 1,656	\$ 2,536
% Change From Prior Year	18.5%	-4.5%	-7.0%	1.9%	-4.6%	-0.2%	-18.7%	-5.7%	-7.8%	53.1%
Total Expenditures	\$ 54,606	\$ 60,060	\$ 50,706	\$ 64,625	\$ 65,996	\$ 69,097	\$ 70,750	\$ 62,606	\$ 60,703	\$ 78,952
% Change From Prior Year	-1.4%	10.0%	-15.6%	27.5%	2.1%	4.7%	2.4%	-11.5%	-3.0%	30.1%
Debt Service as a % of Noncapital Expenditures	5.4%	4.7%	4.8%	4.4%	3.9%	3.6%	3.3%	3.3%	3.2%	4.8%

Notes:

¹ Includes all governmental fund types.

Data Source:

Applicable years' annual financial report - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

City of Lynnwood, Washington
General Governmental Current Expenditures by Function (Unaudited) ¹
Last Ten Calendar Years
(Amounts Expressed in \$1,000)
(modified accrual basis of accounting)

	For the Calendar Year Ended December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function	Dollar Amounts (in thousands)									
Current:										
General government	\$ 8,307	\$ 8,330	\$ 9,903	\$ 8,960	\$ 10,183	\$ 10,410	\$ 9,004	\$ 8,473	\$ 10,238	\$ 8,618
Public safety	24,624	25,309	26,172	28,267	30,928	32,317	25,014	22,982	21,115	20,896
Judicial	1,060	1,055	997	1,083	1,058	1,105	1,054	1,024	1,014	983
Utilities & environment	-	1,280	251	201	154	31	30	25	38	27
Economic environment	-	2,786	2,997	2,931	3,659	3,939	5,944	5,995	5,006	5,515
Physical environment	4,685	-	110	-	-	-	-	-	-	-
Transportation	2,541	2,808	1,417	5,514	5,485	3,950	6,670	5,643	6,155	6,701
Social services	-	6,608	417	460	499	520	548	553	447	397
Culture and recreation	6,290	4,644	5,690	5,884	6,342	11,310	8,423	7,561	6,103	6,862
Total Current	\$ 47,507	\$ 52,820	\$ 47,954	\$ 53,300	\$ 58,308	\$ 63,582	\$ 56,687	\$ 52,256	\$ 50,116	\$ 49,999
	Percentage of Total									
Current:										
General government	17.5%	15.8%	20.7%	16.8%	17.5%	16.4%	15.9%	16.2%	20.4%	17.2%
Public safety	51.8%	47.9%	54.6%	53.0%	53.0%	50.8%	44.1%	44.0%	42.1%	41.8%
Judicial	2.2%	2.0%	2.1%	2.0%	1.8%	1.7%	1.8%	2.0%	2.0%	2.0%
Utilities & environment	0.0%	2.4%	0.5%	0.4%	0.3%	0.1%	0.1%	0.0%	0.1%	0.1%
Economic environment	0.0%	5.3%	6.2%	5.5%	6.3%	6.2%	10.5%	11.5%	10.0%	11.0%
Physical environment	9.9%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Transportation	5.3%	5.3%	3.0%	10.3%	9.4%	6.2%	11.8%	10.8%	12.3%	13.4%
Social services	0.0%	12.5%	0.9%	0.9%	0.9%	0.8%	1.0%	1.1%	0.9%	0.8%
Culture and recreation	13.2%	8.8%	11.9%	11.0%	10.9%	17.8%	14.8%	14.4%	12.2%	13.7%
Total Current	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

¹ Includes all governmental fund types.

Data Source:

Applicable years' annual financial report - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

City of Lynnwood, Washington
Summary of Changes in Fund Balances - Governmental Funds (Unaudited)
Last Ten Calendar Years
(Amounts Expressed in \$1,000)
(modified accrual basis of accounting)

Source	For the Calendar Year Ended December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Revenues	\$ 55,830	\$ 59,495	\$ 45,891	\$ 66,483	\$ 68,338	\$ 71,552	\$ 76,586	\$ 66,214	\$ 59,497	\$ 78,910
Total Expenditures	54,606	60,060	50,706	64,625	65,996	69,097	70,750	62,606	60,703	78,952
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,224	(565)	(4,815)	1,858	2,342	2,455	5,836	3,608	(1,206)	(42)
Other Financing Sources										
Transfers in	33,998	7,568	2,311	7,687	7,480	17,007	10,906	12,283	8,659	21,319
Transfers out	(30,958)	(5,435)	(3,527)	(5,818)	(5,545)	(16,911)	(11,348)	(12,433)	(8,659)	(21,231)
Refunding bonds issued	-	-	-	-	-	-	-	-	-	-
Bond issued	24,955	-	-	-	-	-	-	-	-	49,082
Premium on bonds	428	-	-	-	-	-	-	-	-	10,922
Insurance recoveries	1	2	-	(2)	-	-	-	-	-	-
Sale of capital assets	1	-	368	-	6	59	9	-	-	-
Total Other Financing Sources	28,425	2,135	(848)	1,867	1,941	155	(433)	(150)	-	60,092
Net Change in Fund Balances	<u>\$ 29,649</u>	<u>\$ 1,570</u>	<u>\$ (5,663)</u>	<u>\$ 3,725</u>	<u>\$ 4,283</u>	<u>\$ 2,610</u>	<u>\$ 5,403</u>	<u>\$ 3,458</u>	<u>\$ (1,206)</u>	<u>\$ 60,050</u>

Data Source:

Applicable years' annual financial report - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds



City of Lynnwood, Washington
Taxable Assessed Value of Property
Last Ten Calendar Years

Calendar Year Ended December 31,	Total Direct Tax Rate ¹	Total Assessed Value ^{2, 3}	Annual Percentage Change
2012	2.6500	4,207,375,958	-11.0%
2013	2.7400	4,077,655,634	-3.1%
2014	2.5700	4,404,126,247	8.0%
2015	2.4504	4,771,220,851	8.3%
2016	2.2995	5,172,943,809	8.4%
2017	2.1328	5,654,422,666	9.3%
2018	0.9488	6,272,081,312	10.9%
2019	0.5702	7,015,500,457	11.9%
2020	0.5730	7,503,860,299	7.0%
2021	0.5406	7,953,751,038	6.0%

Notes:

¹ Tax rates expressed in rate per \$1,000.

² All property is assessed at 100% of fair market value.

³ Assessed value by property classes is not available.

Data Source:

Snohomish County Tax Assessor's Annual Report



City of Lynnwood, Washington
Direct and Overlapping Property Tax Rates
Last Ten Calendar Years
(rate per \$1,000 of assessed taxable value)

Calendar Year	Direct			Overlapping					Grand Total
	General Fund	General Fund (EMS)	City of Lynnwood Total	South County Regional Fire	Edmonds School District	Snohomish County	Washington State	Other	
2012	2.15	0.50	2.65	-	4.70	0.98	2.38	0.61	11.32
2013	2.24	0.50	2.74	-	4.97	1.08	2.43	0.61	11.83
2014	2.07	0.50	2.57	-	4.65	1.08	2.38	0.61	11.29
2015	1.98	0.47	2.45	-	4.93	1.00	2.28	0.57	11.23
2016	1.86	0.44	2.30	-	4.67	0.89	2.12	0.57	10.56
2017	1.73	0.41	2.14	-	4.78	0.84	2.03	0.79	10.57
2018	0.57	0.37	0.94	1.50	4.76	0.79	2.85	0.69	11.53
2019	0.57	-	0.57	1.87	3.76	0.72	2.57	0.75	10.24
2020	0.57	-	0.57	1.75	3.71	0.67	2.87	0.70	10.27
2021	0.54	-	0.54	1.45	2.80	0.64	2.83	0.68	8.94

Data Source:

Snohomish County Assessor's Office Annual Report for 2021 Taxes



City of Lynnwood, Washington
Property Tax Levies and Collections
Last Ten Calendar Years

Calendar Year Ended December 31,	Taxes Levied for the Calendar Year	Collected Within the Calendar Year of the Levy		Collections in Subsequent Years ¹	Total Collections to Date		Total Uncollected Taxes	
		Amount	Percentage of Levy		Amount	Percentage of Levy ²	Amount	Percentage of Levy
2012	11,147,913	10,861,252	97.43%	218,703	11,079,955	99.39%	67,958	0.61%
2013	11,162,474	10,975,171	98.32%	215,576	11,190,747	100.25%	(28,273)	-0.25%
2014	11,325,709	11,124,426	98.22%	183,332	11,307,758	99.84%	17,951	0.16%
2015	11,670,607	11,520,374	98.71%	109,462	11,629,836	99.65%	40,771	0.35%
2016	11,895,122	11,723,059	98.55%	175,973	11,899,032	100.03%	(3,910)	-0.03%
2017	12,059,919	11,840,572	98.18%	113,395	11,953,967	99.12%	105,952	0.88%
2018	5,950,633	5,796,456	97.41%	253,486	6,049,942	101.67%	(99,309)	-1.67%
2019	3,999,999	3,922,053	98.05%	46,320	3,968,373	99.21%	31,626	0.79%
2020	4,300,000	4,278,585	99.50%	52,609	4,331,194	100.73%	(31,194)	-0.73%
2021	4,300,000	4,249,221	98.82%	24,227	4,273,447	99.38%	26,553	0.62%

Notes:

¹ The amounts are reported in the year to which they apply, not to the year collected.

² The percentages are greater than 100% because the levy may increase or decrease per year. It is an estimate.

Data Source:

Snohomish County Fund Distribution

Snohomish County Assessor's Annual reports

Exhibit B-4

City of Lynnwood, Washington
Principal Property Taxpayers
Calendar Year Ended December 31, 2021 and 2012
Last Ten Calendar Years

2021				
Principal Taxpayer	Nature of Business	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Alderwood Mall	Retail Sales	\$ 164,677,436	1	2.07%
Merlone Geier Partners	Commercial	84,689,900	2	1.06%
HPP Hudson Northview LLC	Office Building	62,090,600	3	0.78%
Alderwood Heights Associates II LLC	Multi-Family Housing	57,312,700	4	0.72%
Macy's	Retail Sales	47,119,400	5	0.59%
Redstone WA Property LLC	Office Building	46,506,900	6	0.58%
Alaska Electrical Pension Fund	Office Building	44,405,559	7	0.56%
CEP III Collins 18 LLC	Commercial	39,105,000	8	0.49%
Whispering Cedars Associates	Multi-Family Housing	38,685,000	9	0.49%
B9 MR Alderwood Park LLC	Multi-Family Housing	37,338,491	10	0.47%
Total Principal Taxpayers		621,930,986		7.82%
All Other Taxpayers		7,331,820,052		92.18%
Total		<u>\$ 7,953,751,038</u>		<u>100.00%</u>

2012				
Principal Taxpayer	Nature of Business	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Alderwood Mall LLC	Retail Sales	\$ 120,959,700	1	2.87%
ECI Three Adlerwood LLC	Retail Sales	34,189,000	3	0.81%
Northview Corporate Center LLC	Commercial	33,543,600	2	0.80%
Alderwood Plaza LLC	Retail Sales	31,255,500	5	0.74%
AB US Rep Redstone Owner LLC	Real Estate	30,673,000	4	0.73%
Macy's	Retail Sales	23,494,500	8	0.56%
Lynnwood Center LLC	Retail Sales	23,076,064	6	0.55%
Alderwood Shopping Center	Retail Sales	19,489,000	7	0.46%
Design R/E Assoc. LTD	Real Estate	18,566,500	9	0.44%
Lynnwood Square	Retail Sales	17,514,800	10	0.42%
Total Principal Taxpayers		352,761,664		8.38%
All Other Taxpayers		3,854,614,294		91.62%
Total		<u>\$ 4,207,375,958</u>		<u>100.00%</u>

Data Source:
 Snohomish County Assessor's Office



City of Lynnwood, Washington
Direct and Overlapping Sales Tax Rates
Last Ten Calendar Years

Calendar Year	Direct City	Local Transit	Overlapping Regional Transit Authority	Snohomish County	Transportation Benefit District	State of Washington	Total Direct and Overlapping Rate
2012	1.00%	0.90%	0.90%	0.20%	-	6.50%	9.50%
2013	1.00%	0.90%	0.90%	0.20%	-	6.50%	9.50%
2014	1.00%	0.90%	0.90%	0.20%	-	6.50%	9.50%
2015	1.00%	0.90%	0.90%	0.20%	-	6.50%	9.50%
2016	1.00%	1.20%	0.90%	0.20%	-	6.50%	9.80%
2017	1.00%	1.20%	1.40%	0.20%	0.10%	6.50%	10.40%
2018	1.00%	1.20%	1.40%	0.20%	0.10%	6.50%	10.40%
2019	1.00%	1.20%	1.40%	0.30%	0.10%	6.50%	10.50%
2020	1.00%	1.20%	1.40%	0.30%	0.10%	6.50%	10.50%
2021	1.00%	1.20%	1.40%	0.30%	0.10%	6.50%	10.50%

Note:

Beginning April 1, 2019, the local sales and use tax rate increased one-tenth of one percent (.001) for emergency communication systems and facilities. No change in 2021.

Data Source :

State of Washington, Department of Revenue

City of Lynnwood, Washington
Principal Sales Taxpayers
Last Ten Calendar Years

Principal Taxpayers by Category	Taxes Paid 2021	Taxes Paid 2020	Taxes Paid 2019	Taxes Paid 2018	Taxes Paid 2017	Taxes Paid 2016	Taxes Paid 2015	Taxes Paid 2014	Taxes Paid 2013	Taxes Paid 2012
Retail Trade	\$ 10,961,967	\$ 8,855,341	\$ 10,280,408	\$ 9,710,595	\$ 9,776,639	\$ 9,771,179	\$ 12,786,672	\$ 12,342,860	\$ 17,680,052	\$ 16,501,715
Motor Vehicle & Parts Dealers	6,564,098	4,840,333	4,852,774	4,813,550	4,610,461	3,990,656	Incl above	Incl above	Incl above	Incl above
Construction	2,978,002	1,919,888	2,106,138	2,260,622	1,756,171	2,303,455	1,651,459	1,301,965	Incl above	Incl above
Accommodation & Food Services	1,855,985	1,306,098	1,916,984	2,142,572	2,066,652	2,041,157	2,053,905	1,833,858	Incl above	Incl above
Mfg and Wholesale Trade	1,035,747	961,517	1,134,533	1,141,932	963,918	789,847	784,018	756,127	Incl above	Incl above
Telecommunication & Other Information Services	647,707	579,794	688,452	709,205	717,860	706,483	677,902	637,232	Incl above	Incl above
Professional, Scientific and Technical Services	780,912	607,435	471,275	294,967	274,379	264,668	258,957	225,857	Incl above	Incl above
Finance and Insurance	382,758	309,588	308,433	282,363	296,574	253,408	182,858	151,960	Incl above	Incl above
Real Estate, Rental, Leasing	282,352	244,053	271,713	261,701	262,750	283,375	220,892	260,620	Incl above	Incl above
Arts, Entertainment and Recreation	104,803	58,161	146,474	137,536	134,672	127,771	131,632	105,006	Incl above	Incl above
All Other Categories	1,508,146	1,338,718	1,485,226	1,154,305	1,026,283	606,282	475,036	648,380	Incl above	Incl above
Other Sales Tax - Criminal Justice and TBD	4,089,743	3,241,595	3,528,629	3,984,102	2,458,299	872,590	840,695	812,585	783,923	487,043
Total Paid	\$ 31,192,220	\$ 24,262,521	\$ 27,191,039	\$ 26,893,450	\$ 24,344,658	\$ 22,010,871	\$ 20,064,026	\$ 19,076,450	\$ 18,463,975	\$ 16,988,758

Note: Information is provided by category because individual taxpayer information is confidential.

Data Source:

State of Washington, Department of Revenue. Detail by category unavailable until 2014.

City of Lynnwood, Washington
Ratios of Total Debt Outstanding by Type
Last Ten Calendar Years

December 31,	Governmental Activities			Business-type Activities	Total Outstanding Debt	Less: Amounts Available in Debt Service Funds	Net Bonded Debt	Personal Income ¹	Percentage of Total Personal Income ²	Estimated Population ¹	Total Debt Per Capita ³
	General Obligation Bonds	Special Assessment Bonds	Total	Revenue Bonds ⁴							
2012	\$ 27,522,029	\$ 3,185,000	\$ 30,707,029	\$ 13,595,758	\$ 44,302,787	\$ 588,605	\$ 43,714,182	\$ 674,638,431	6.57%	35,900	\$ 1,218
2013	\$ 26,673,142	\$ 2,125,000	\$ 28,798,142	\$ 12,410,000	\$ 41,208,142	\$ 588,605	\$ 40,619,537	\$ 675,765,961	6.10%	35,960	\$ 1,130
2014	\$ 25,818,178	\$ 1,670,000	\$ 27,488,178	\$ 11,870,000	\$ 39,358,178	\$ 588,605	\$ 38,769,573	\$ 714,404,916	5.51%	36,485	\$ 1,063
2015	\$ 24,935,221	\$ 1,105,000	\$ 26,040,221	\$ 37,107,602	\$ 63,147,823	\$ 1,865,542	\$ 61,282,281	\$ 722,144,329	8.74%	36,420	\$ 1,683
2016	\$ 24,071,075	\$ 615,000	\$ 24,686,075	\$ 35,783,434	\$ 60,469,509	\$ 1,865,542	\$ 58,603,967	\$ 1,842,086,960	3.28%	36,590	\$ 1,602
2017	\$ 23,177,123	\$ 100,000	\$ 23,277,123	\$ 34,221,596	\$ 57,498,719	\$ 1,865,542	\$ 55,633,177	\$ 1,938,138,350	2.97%	36,950	\$ 1,506
2018	\$ 22,241,587	\$ -	\$ 22,241,587	\$ 52,235,464	\$ 74,477,051	\$ 122,476	\$ 74,477,051	\$ 2,138,274,880	3.48%	38,260	\$ 1,947
2019	\$ 21,275,000	\$ -	\$ 21,275,000	\$ 50,200,763	\$ 71,475,763	\$ 117,280	\$ 71,475,763	\$ 2,592,822,331	2.76%	39,600	\$ 1,805
2020	\$ 20,415,000	\$ -	\$ 20,415,000	\$ 47,957,336	\$ 68,372,336	\$ 111,902	\$ 68,372,336	\$ 2,635,017,006	2.59%	40,690	\$ 1,680
2021	\$ 68,835,000	\$ -	\$ 68,835,000	\$ 42,305,000	\$ 111,140,000	\$ 111,806	\$ 111,140,000	\$ 2,753,506,922	4.04%	41,020	\$ 2,709

Notes:

¹ Exhibit D-1

² Total Outstanding Debt/Personal Income

³ Total Outstanding Debt/Estimated Population

⁴ 2017 through 2021 include unamortized portion of premium.



City of Lynnwood, Washington
Ratios of Total Debt Outstanding by Type
Last Ten Calendar Years

Calendar Year	General Obligation (GO) Bonds ¹	Percentage of Actual Taxable Value of Property	Estimated Population	Debt Per Capita
2011	\$ 28,051,771	0.59%	35,860	\$ 782
2012	27,522,029	0.65%	35,900	767
2013	26,673,142	0.65%	35,960	742
2014	25,818,178	0.59%	36,485	708
2015	24,935,221	0.52%	36,420	685
2016	24,071,075	0.47%	36,590	658
2017	23,177,123	0.41%	36,950	627
2018	22,241,587	0.35%	38,260	581
2019	21,275,000	0.30%	39,600	537
2020	20,415,000	0.27%	40,690	502
2021	68,835,000	0.87%	41,020	1,678

Notes:

¹ Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.



City of Lynnwood, Washington
Direct and Overlapping Governmental Activities Debt
December 31, 2021

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping ² Debt
Overlapping Debt ²			
Debt Repaid With Property Taxes			
Edmonds School District #15	\$ 227,470,000	21.61%	\$ 49,159,592
Snohomish County	<u>406,077,332</u>	5.15%	<u>20,919,671</u>
Total Overlapping Debt	633,547,332		70,079,263
Other Debt			
City Direct Debt ³	68,835,000	100%	<u>68,835,000</u>
Total Direct and Overlapping Governmental Debt			<u><u>\$ 138,914,263</u></u>

Notes:

¹ Applicable percentages were estimated by determining the portion of another government unit's assessed value that is within the City's geographic boundaries and dividing it by each government's total assessed valuation.

² Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

Data Source:

³ Snohomish County Tax Assessor's Annual Report and latest available financial reports of respective governments

City of Lynnwood, Washington
Legal Debt Margin - 2.5% Limit for General Purpose
Last Ten Calendar Years

	December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assessed Value ¹	<u>\$ 4,207,375,958</u>	<u>\$ 4,077,655,634</u>	<u>\$ 4,404,126,247</u>	<u>\$ 4,771,220,851</u>	<u>\$ 5,172,943,809</u>	<u>\$ 5,654,422,666</u>	<u>\$ 6,272,081,312</u>	<u>\$ 7,015,500,457</u>	<u>\$ 7,503,860,299</u>	<u>\$ 7,953,751,038</u>
Legal Debt Margin ²										
Debt limits:										
2.5% of assessed value total	<u>\$ 105,184,399</u>	<u>\$ 101,941,391</u>	<u>\$ 110,103,156</u>	<u>\$ 119,280,521</u>	<u>\$ 129,323,595</u>	<u>\$ 141,360,567</u>	<u>\$ 156,802,033</u>	<u>\$ 175,387,511</u>	<u>\$ 187,596,507</u>	<u>\$ 198,843,776</u>
1.5% of assessed value (nonvoted)	<u>63,110,639</u>	<u>61,164,835</u>	<u>66,061,894</u>	<u>71,568,313</u>	<u>77,594,157</u>	<u>84,816,340</u>	<u>94,081,220</u>	<u>105,232,507</u>	<u>112,557,904</u>	<u>119,306,266</u>
Less: debt applicable to limit:										
General obligation debt (City)	<u>(27,522,029)</u>	<u>(26,673,142)</u>	<u>(25,818,178)</u>	<u>(24,935,221)</u>	<u>(24,071,075)</u>	<u>(23,177,123)</u>	<u>(22,241,587)</u>	<u>(21,275,000)</u>	<u>(20,415,000)</u>	<u>(68,835,000)</u>
Lynnwood Public Fac. Dist. ³	<u>(27,911,542)</u>	<u>(27,213,944)</u>	<u>(26,288,404)</u>	<u>(26,489,700)</u>	<u>(25,962,583)</u>	<u>(24,976,766)</u>	<u>(23,656,949)</u>	<u>(21,086,700)</u>	<u>(19,255,400)</u>	<u>(21,105,026)</u>
Add: available assets	<u>559,756</u>	<u>304,523</u>	<u>165,104</u>	<u>164,110</u>	<u>148,156</u>	<u>149,480</u>	<u>122,476</u>	<u>117,280</u>	<u>111,902</u>	<u>111,806</u>
Legal debt margin 1.5% - without a vote	<u>\$ 8,236,824</u>	<u>\$ 7,582,272</u>	<u>\$ 14,120,416</u>	<u>\$ 20,307,502</u>	<u>\$ 27,708,655</u>	<u>\$ 36,811,931</u>	<u>\$ 48,305,160</u>	<u>\$ 62,988,087</u>	<u>\$ 72,999,406</u>	<u>\$ 29,478,046</u>
As a percentage of debt limit	<u>13.05%</u>	<u>12.40%</u>	<u>21.37%</u>	<u>28.37%</u>	<u>35.71%</u>	<u>43.40%</u>	<u>51.34%</u>	<u>59.86%</u>	<u>64.85%</u>	<u>24.71%</u>
2.5% of assessed value total	<u>\$ 105,184,399</u>	<u>\$ 101,941,391</u>	<u>\$ 110,103,156</u>	<u>\$ 119,280,521</u>	<u>\$ 129,323,595</u>	<u>\$ 141,360,567</u>	<u>\$ 156,802,033</u>	<u>\$ 175,387,511</u>	<u>\$ 187,596,507</u>	<u>\$ 198,843,776</u>
Less: debt applicable to limit:										
General obligation debt (City)	<u>(27,522,029)</u>	<u>(26,673,142)</u>	<u>(25,818,178)</u>	<u>(24,935,221)</u>	<u>(24,071,075)</u>	<u>(23,177,123)</u>	<u>(22,241,587)</u>	<u>(21,275,000)</u>	<u>(20,415,000)</u>	<u>(68,835,000)</u>
Lynnwood Public Fac. Dist. ³	<u>(27,911,542)</u>	<u>(27,213,944)</u>	<u>(26,288,404)</u>	<u>(26,489,700)</u>	<u>(25,962,583)</u>	<u>(24,976,766)</u>	<u>(23,656,949)</u>	<u>(21,086,700)</u>	<u>(19,255,400)</u>	<u>(21,105,026)</u>
Add: available assets	<u>559,756</u>	<u>304,523</u>	<u>165,104</u>	<u>164,110</u>	<u>148,156</u>	<u>149,480</u>	<u>122,476</u>	<u>117,280</u>	<u>111,902</u>	<u>111,806</u>
Legal debt margin 2.5% - with a vote	<u>\$ 50,310,584</u>	<u>\$ 48,358,828</u>	<u>\$ 58,161,678</u>	<u>\$ 68,019,710</u>	<u>\$ 79,438,093</u>	<u>\$ 93,356,158</u>	<u>\$ 111,025,973</u>	<u>\$ 133,143,091</u>	<u>\$ 148,038,009</u>	<u>\$ 109,015,556</u>
As a percentage of debt limit	<u>47.83%</u>	<u>47.44%</u>	<u>52.82%</u>	<u>57.02%</u>	<u>61.43%</u>	<u>66.04%</u>	<u>70.81%</u>	<u>75.91%</u>	<u>78.91%</u>	<u>54.82%</u>

Notes:

² Under state law, voters may approve general obligation debt issues of up to 7.5% of the assessed value. This 7.5% debt capacity is allocated equally among general government, parks and open space and utilities, resulting in 2.5% for each purpose. Within the 2.5% limit, the City Council has the authority to issue bonds without voter approval for a combined total of up to 1.5% of the City's assessed valuation. This schedule reports limits for General Purpose. Refer to Exhibit C-5 for the Utility Purpose Limit, and Exhibit C-6 for the Open Space, Park & Capital Facilities limits.

³ Because the City is contingently liable for the debt of the Lynnwood Public Facilities District, the debt is subject to the City's Legal Debt Margin.

Data Source:

¹ Snohomish County Tax Assessor's Annual Report

City of Lynnwood, Washington
Legal Debt Margin - 2.5% Utility Purpose Limit Voted
Last Ten Calendar Years

	December 31,										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assessed Value ¹	\$ 4,726,403,303	\$ 4,207,375,958	\$ 4,077,655,634	\$ 4,404,126,247	\$ 4,771,220,851	\$ 5,172,943,809	\$ 5,654,422,666	\$ 6,272,081,312	\$ 7,015,500,457	\$ 7,503,860,299	\$ 7,953,751,038
Legal Debt Margin ²											
Debt limit (2.5% of assessed value)	\$ 118,160,083	\$ 105,184,399	\$ 101,941,391	\$ 110,103,156	\$ 119,280,521	\$ 129,323,595	\$ 141,360,567	\$ 156,802,033	\$ 175,387,511	\$ 187,596,507	\$ 198,843,776
Less: debt applicable to limit: General obligation debt	-	-	-	-	-	-	-	-	-	-	-
Add: available assets	-	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 118,160,083	\$ 105,184,399	\$ 101,941,391	\$ 110,103,156	\$ 119,280,521	\$ 129,323,595	\$ 141,360,567	\$ 156,802,033	\$ 175,387,511	\$ 187,596,507	\$ 198,843,776
As a percentage of debt limit	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Notes:

² Under state law, voters may approve general obligation debt issues of up to 7.5% of the assessed value. This 7.5% debt capacity is allocated equally among general government, parks and open space and utilities, resulting in 2.5% for each purpose. Within the 2.5% limit, the City Council has the authority to issue bonds without voter approval for a combined total of up to 1.5% of the City's assessed valuation. This schedule reports limits for *Utility Purpose*. Refer to Exhibit C-4 for the *General Purpose Limit*, and Exhibit C-6 for the *Open Space, Park & Capital Facilities* limits.

Data Source:

¹ Snohomish County Tax Assessor's Annual Report

City of Lynnwood, Washington
Legal Debt Margin - 2.5% Open Space, Park and Capital Facilities Voted
Last Ten Calendar Years

	December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assessed Value ¹	<u>\$ 4,207,375,958</u>	<u>\$ 4,077,655,634</u>	<u>\$ 4,404,126,247</u>	<u>\$ 4,771,220,851</u>	<u>\$ 5,172,943,809</u>	<u>\$ 5,654,422,666</u>	<u>\$ 6,272,081,312</u>	<u>\$ 7,015,500,457</u>	<u>\$ 7,503,860,299</u>	<u>\$ 7,953,751,038</u>
Legal Debt Margin ²										
Debt limit (2.5% of assessed value)	\$ 105,184,399	\$ 101,941,391	\$ 110,103,156	\$ 119,280,521	\$ 129,323,595	\$ 141,360,567	\$ 156,802,033	\$ 175,387,511	\$ 187,596,507	\$ 198,843,776
Less: debt applicable to limit: General obligation debt ³	-	-	-	-	-	-	-	-	-	-
Add: Available assets	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 105,184,399</u>	<u>\$ 101,941,391</u>	<u>\$ 110,103,156</u>	<u>\$ 119,280,521</u>	<u>\$ 129,323,595</u>	<u>\$ 141,360,567</u>	<u>\$ 156,802,033</u>	<u>\$ 175,387,511</u>	<u>\$ 187,596,507</u>	<u>\$ 198,843,776</u>
As a percentage of debt limit	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Notes:

² Under state law, voters may approve general obligation debt issues of up to 7.5% of the assessed value. This 7.5% debt capacity is allocated equally among general government, parks and open space and utilities, resulting in 2.5% for each purpose. Within the 2.5% limit, the City Council has the authority to issue bonds without voter approval for a combined total of up to 1.5% of the City's assessed valuation. This schedule reports limits for *General Purpose*. Refer to Exhibit C-4 for the *General Purpose Limit*, and Exhibit C-5 for the *Utility Purpose Limit*.

³ Although the City's 2012 General Obligation bond issue was for recreational purposes, no vote was taken. Therefore, that issue is reported on Exhibit E-4.

Data Source:

¹ Snohomish County Tax Assessor's Annual Report



City of Lynnwood, Washington
Pledged Revenue Coverage - Water, Sewer and Storm Water Utility Fund
Last Ten Calendar Years

Calendar Year	Operating Revenues	Less Operating Expenses ¹	Net Available Revenues	Principal	Interest	Total	Fixed Charges Coverage Ratio
2012	15,315,872	12,383,231	2,932,641	1,145,000	568,660	1,713,660	1.71
2013	16,686,124	11,657,694	5,028,430	1,170,000	522,896	1,692,896	2.97
2014	18,187,155	14,035,457	4,151,698	540,000	476,063	1,016,063	4.09
2015	18,292,097	13,646,177	4,645,920	1,002,836	512,298	1,515,134	3.07
2016	19,870,417	13,798,270	6,072,147	1,391,494	1,376,323	2,767,817	2.19
2017	20,793,661	15,917,018	4,876,643	1,405,000	1,302,538	2,707,538	1.80
2018	21,623,701	14,966,052	6,657,649	1,170,000	1,238,530	2,408,530	2.76
2019	23,140,625	14,817,344	8,323,281	1,825,000	2,145,422	3,970,422	2.10
2020	24,244,548	16,559,882	7,684,666	2,050,000	1,931,389	3,981,389	1.93
2021	25,025,415	16,646,608	8,378,807	2,185,000	1,728,317	3,913,317	2.14

Notes:

¹ Includes all operating expenses of the City excluding depreciation and interest.

City of Lynnwood, Washington
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population ¹	Personal Income ²	Personal Per Capita Income ³	Median Age ⁴	School Enrollment ⁵	Unemployment Rate		
						City ⁶	Washington State ⁷	United States ⁸
2012	35,900	1,581,107,800 ^a	44,042 ^a	37.7	7,370	7.2%	6.1%	8.2%
2013	35,960	1,605,290,360 ^a	44,641 ^a	38.0	9,107	5.3%	5.3%	7.5%
2014	36,030	1,689,374,640 ^a	46,888 ^a	36.5	10,799	5.5%	4.7%	6.1%
2015	36,420	1,765,932,960 ^a	48,488 ^a	38.6	9,417	5.0%	5.0%	5.3%
2016	36,590	1,842,086,960 ^b	50,344 ^b	37.0	9,775	4.9%	5.3%	4.9%
2017	36,950	1,938,138,350 ^b	52,453 ^b	37.0 ^a	7,290	4.2%	4.8%	4.4%
2018	38,260	2,138,274,880 ^b	55,888 ^b	37.0 ^a	7,111	4.0%	4.5%	3.9%
2019	39,600	2,592,822,331 ^c	65,475 ^c	39.5 ^b	7,324	3.1%	4.3%	3.5%
2020	40,690	2,635,017,006 ^c	64,758 ^c	40.2 ^b	6,322	9.5%	8.4%	8.1%
2021	41,020	2,753,506,922 ^d	67,126 ^d	40.2 ^b	6,508	5.4%	5.2%	5.3%

Data Source:

¹ WA State Office of Financial Management: <https://ofm.wa.gov/washington-data-research/population-demographics/population-estimates/historical-estimates-april-1-population-and-housing-state-counties-and-cities>

^{2a} For 2010 through 2018, Snohomish County Personal Income, per Bureau of Economic Analysis, applied to Lynnwood population.

^{2b} For 2018, Statewide Personal Income, per Bureau of Economic Analysis, applied to Lynnwood population.

^{2c} For 2019-2020, Annual Personal Income per Bureau of Economic Analysis. Applied to Lynnwood population.
Source: <https://Apps.bea.gov/regional/downloadzip.cfm>

^{2d} For 2021, Annual Personal Income and Per Capita for US, Washington & Snohomish County, per Bureau of Economic Analysis. Applied to Lynnwood population. Calculations for 2021 are based off of the latest available data for 2020. Data for prior years has changed per the new download, but have not been re-stated on this report.
Source: <https://Apps.bea.gov/regional/downloadzip.cfm>

^{3a} For 2010-2017, Snohomish County Per Capita Personal Income applied to Lynnwood population.

^{3b} For 2016-2018, Bureau of Economic Analysis for Snohomish County.

^{3c} For 2019-2020, Annual Personal Income All Areas, per Bureau of Economic Analysis. Statewide Personal Income applied to Lynnwood population.
Source: <https://Apps.bea.gov/regional/downloadzip.cfm>

^{3d} For 2021, Annual Personal Income and Per Capita for US, Washington & Snohomish County, per Bureau of Economic Analysis. Applied to Lynnwood population. Calculations for 2021 are based off of the latest available data for 2020. Data for prior years has changed per the new download, but have not been re-stated on this report.
Source: <https://Apps.bea.gov/regional/downloadzip.cfm>

^{4a} <https://suburbanstats.org/population/washington/how-many-people-live-in-lynnwood>

^{4b} <https://censusreporter.org/profiles/16000US5340840-lynnwood-wa/> (Census data: ACS 2020 5-year)

⁵ Report Card Data Enrollment for 2021-2022 School Year filtered to Edmonds School District Schools within City limits only. Does not include private schools or college enrollment. Source: data.wa.gov/education/Report-Card-Enrollment-2020021-School-Year/nvpc-yr7b

⁶ Washington State Employment Security: <https://esd.wa.gov/labormarketinfo/labor-force> Data File: *LAUS-Historical-NSA-City.xlsx* (annual average)

⁷ Washington State Employment Security: <https://esd.wa.gov/labormarketinfo/report-library> Go to Labor Force (LAUS) and choose LAUS historical - NSA.
Data File: *LAUS-historical-NSA* includes State and County data.

⁸ U.S. Department of Labor, Bureau of Labor Statistics, <https://stats.bls.gov/cps/tables.htm#annual>

City of Lynnwood, Washington
Principal Employers
For the Calendar Years Ended December 31, 2021 and 2011

Employer	Product/Service	2021		
		Number of Employees	Rank	Percentage of Total City Employment
Edmonds School District ¹	Public Education	1,687	1	12.09%
Edmonds Community College ²	Public Education	892	2	6.39%
Macy's West Stores Inc ³	Retail	344	3	2.46%
City of Lynnwood ⁴	Government	329	4	2.36%
Costco	Wholesale Warehouse	327	5	2.34%
Nordstrom	Retail	322	6	2.30%
Zumiez Inc	Corporate Headquarters	319	7	2.28%
Costco Business Center	Wholesale Warehouse	260	8	1.86%
Fred Meyer Stores	Retail	241	9	1.73%
The Home Depot	Retail	180	10	1.29%
Total Principal Employers		4,900		35.10%
Total Other Employers ⁵		9,060		64.90%
Total Employers		13,959		100.00%

Employer	Product/Service	2011 ⁶		
		Number of Employees	Rank	Percentage of Total City Employment
Edmonds Community College	Education	2,000	1	10.33%
Edmonds School District	Education	1500	2	7.74%
City of Lynnwood	Government	488	3	2.52%
Comcast	Media/Cable Television	416	4	2.15%
Nordstrom	Retail	327	5	1.69%
Macy's	Retail	338	6	1.75%
J C Penney	Retail	283	7	1.46%
Fred Meyer Stores	Retail	219	8	1.13%
RPM	Accounts Receivable Management	196	9	1.01%
Cobalt	Data Processing	186	10	0.96%
Total Principal Employers		5,953		30.74%
Total Other Employers		13,415		69.26%
Total Employers		19,368		100.00%

Data Source:

Employee counts are reported as Full Time Equivalents (FTE). For purposes of this report, part time positions are considered half time when converted to FTE count.

Prior to 2015 the school district, college and municipality employer information was not included.

¹ Edmonds School District does not have an FTE (Full Time Equivalent) number that includes substitutes, hourly employees or coaches. Approximate # of employees working within the city limits of Lynnwood includes substitutes, hourly employees and coaches, which do not have a designated location other than the district office. Data acquired from Edmonds School District HR. In 2021, many employees took leave, so the number of contracted employees were down and substitutes increased due primarily to COVID related circumstances.

² FTE information received from Edmonds Community College HR Department.

³ Macy's announced it was closing roughly 125 stores by 2023, although the specific stores have not been listed. The Macy's store in the City has not been listed for closure as of 12/31/21.

⁴ City of Lynnwood Employees based on FTE count per budget documents which includes approximately 150 FTE part time employees in positions ranging from part-time lifeguards to full-time maintenance workers during summer months.

⁵ As of 2019, Business Licenses are issued through the State of Washington, not the City of Lynnwood. The total other employers data was acquired from the Business License Department based on number of employees reported at the time 2021 business licenses were issued less the top 10 employers except the Edmonds College, Edmonds School District and City of Lynnwood which are not included in the Business License Data. Full Time employee count from the Business License Data are employees reported as working 15 hours or more. Part-time employees are those working less than 15 hours. Due to COVID related issues, some businesses closed or did not renew in 2021.

⁶ 2012 Principal Employer data is not available, using 2011 data used in 2012 LGTO Official Statement.



City of Lynnwood, Washington
City Employees by Function/Program
Last Ten Calendar Years

Function/Program	December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	79.67	84.41	82.06	86.50	94.00	89.23	79.15	89.00	90.35	102.45
Public Safety										
Police										
Officer	75.00	72.00	72.00	72.00	72.00	74.00	74.00	74.00	71.00	73.00
Civilians	12.00	12.00	12.00	14.00	14.00	11.00	15.00	15.00	16.00	15.00
Detention and corrections	17.00	15.00	15.00	15.00	15.00	16.00	20.00	17.00	20.00	19.00
Animal control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fire ¹										
Firefighters, medics and officers	53.00	58.00	57.00	56.00	56.00	56.00	-	-	-	-
Civilians	1.40	1.50	2.50	2.50	2.50	2.00	-	-	-	-
Public Works										
Engineering and inspections	20.75	18.00	20.50	21.00	21.00	19.75	23.75	28.00	23.65	20.15
Street maintenance	11.00	9.15	9.15	10.00	10.00	8.80	8.90	9.00	9.10	9.45
Water	9.00	9.00	9.35	10.35	9.00	8.85	8.85	8.00	10.28	9.98
Sewer	19.00	19.00	20.00	17.35	19.00	21.85	21.85	24.00	20.50	22.55
Storm drainage	10.00	10.00	11.00	10.30	10.00	11.75	11.75	6.00	14.27	14.67
Culture and Recreation	46.83	41.98	41.98	38.50	35.00	39.75	40.75	40.75	42.75	41.75
Total	355.65	351.04	353.54	354.50	358.50	359.98	305.00	311.75	318.90	329.00
Percentage Change From Prior Year	0.0%	-1.3%	0.7%	0.3%	1.1%	0.4%	-15.3%	2.2%	2.3%	3.2%

Data Source:

City 2021-2022 Budget Summary of FTE Positions.

¹ Fire Department Employees were transferred to South Snohomish County Regional Fire & Rescue at the end of 2017 and are no longer City employees.

Throughout the year, the City will employ approximately 150 FTE (full time equivalent) part time employees in positions ranging from part-time lifeguards to full-time maintenance workers during summer months.

City of Lynnwood, Washington
Operating Statistics by Program
Last Ten Calendar Years ⁵

	December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Building permits	2,225	2,247	2,423	3,278	2,454	2,512	1,822	852	1,883	2,317
Public Safety										
Police										
Inmates booked	4,269	4,065	4,047	4,628	3,764	3,093	2,695	2,565	1,097	502
Physical arrests (UCR) ¹										
Adults	2,345	2,226	2,430	2,251	2,815	2,840	2,282	2,557	1,757	1,336
Juveniles	438	431	362	283	221	190	129	206	80	33
Municipal Court										
Traffic Violations	7,834	7,001	6,641	8,030	8,111	5,533	6,572	4,461	2,069	1,604
Parking/PE	26,478	24,700	29,301	34,378	36,820	34,856	34,810	39,299	32,521	39,565
Criminal violations	3,293	2,443	2,320	2,168	2,475	2,379	2,072	1,977	1,642	1,162
DUI/Physical Control	448	304	221	211	261	245	168	170	138	118
Fire ⁴										
Number of calls answered	7,046	6,940	6,963	7,636	9,026	6,932	-	-	-	-
Inspections	3,806	5,171	4,958	5,960	5,081	678	-	-	-	-
Transportation										
Potholes repaired	52	81	28	125	146	141	216	250	231	252
Culture and Recreation										
Total recreation program registrations (net)	27,376	29,022	29,857	28,849	33,424	34,848	36,873	23,195	37,320	105,263
Recreation center usage	248,517	256,129	244,183	263,998	271,019	267,365	260,586	247,982	45,870	210,526
Water										
Average daily consumption (CCF) ²	3,850	3,952	3,960	4,094	4,012	4,103	4,207	3,923	4,380	4,703
Hydrant inspected/repaired/replacement	1,623	1,705	1,106	692	849	1,083	1,162	1,081	159	1,872
Sewer										
Average daily sewer treatment (MGD) ³	4.64	4.15	4.52	4.17	4.48	4.61	4.32	4.05	4.21	4.23
City Clerk										
Number of public disclosure requests	N/A	272	453	562	489	432	435	522	408	442

Notes:

¹ UCR - Uniform Crime Reporting Program

² CCF - Hundreds of cubic feet

³ MGD - Millions of gallons per day

⁴ Fire operations were transferred to South Snohomish County Regional Fire & Rescue in 2017



City of Lynnwood, Washington
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Calendar Years

Function/program	December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety										
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Police Vehicles	81	81	79	85	86	81	86	82	87	88
Fire										
Number of Stations	2	2	2	2	2	-	-	-	-	-
Transportation										
Miles of streets, lane miles	272	272	272	272	272	306	306	286	287	287
Number of signals	55	55	55	55	57	60	60	60	62	63
Number of street lights	356	356	373	370	370	436	420	423	400	432
Culture and recreation										
Number of parks	16	17	17	17	17	17	17	17	17	17
Open space and undeveloped parks	120.94 acres	120.94 acres	120.94 acres	123.96 acres	142.72 acres	142.72 acres	142.72 acres	142.72 acres	147.17 acres	147.17 acres
Miles of trails outside of parks	6.78	6.78	6.78	7.6	7.6	7.6	7.6	7.6	7.6	7.6
Golf courses	1	1	1	1	1	1	1	1	1	1
Recreation center	1	1	1	1	1	1	1	1	1	1
Senior center	1	1	1	1	1	1	1	1	1	1
Water										
Number of consumers	8,053	8,053	8,538	8,558	9,203	9,242	8,935	9,069	9,138	9,348
Miles of water mains	169	-	162	136	135	136	109	113	119	113
Fire hydrants	1,007	1,007	1,043	1,045	1,032	1,089	1,066	1,098	1,114	1,106
Sewer										
Miles of sanitary sewers	96.9	96.9	106.7	106.4	105.4	105.8	105.4	107.2	108.7	107.8
Number of sewer customers	8,514	8,514	8,071	8,083	8,987	9,598	8,121	8,870	8,941	9,147
Maximum monthly treatment plant capacity	7.4 MGD	7.4 MGD	7.4 MGD	7.4 MGD	7.4 MGD	7.4 MGD	7.4 MGD	7.4 MGD	7.4 MGD	7.4 MGD

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