



**LYNNWOOD FINANCE COMMITTEE - regular Finance Committee  
meeting  
Conference Room 4, City Hall  
THURSDAY, NOVEMBER 16, 2023 3:30 PM**

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1. CALL TO ORDER
2. ROLL CALL
3. FINANCIAL REPORTS
  - 3.A [3rd Quarter 2023 Financial Report](#)  
*- 30 minutes*  
Michelle Meyer, Finance Director
4. DISCUSSION ITEM
  - 4.A [Sales Tax Report](#) - *15 minutes*  
Michelle Meyer, Finance Director
  - 4.B [Draft Finance Policy Updates](#)  
*- 15 minutes*  
Michelle Meyer, Finance Director
  - 4.C [Proposed Lynnwood Municipal Code Updates for Procurement](#) - *15 minutes*  
Cheryl Florendo, Finance Manager
  - 4.D [Update on Debt Capacity](#) - *15 minutes*  
Michelle Meyer, Finance Director
5. ADJOURN

## FINANCE COMMITTEE 3.A

### CITY OF LYNNWOOD FINANCE COMMITTEE

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**TITLE:**

**3rd Quarter 2023 Financial Report**

**DEPARTMENT CONTACT:** Michelle Meyer, Finance

**SUMMARY:**

3rd Quarter 2023 Financial Report will be reviewed

**PRESENTER:**

Michelle Meyer, Finance Director

**ESTIMATED TIME:**

30

**BACKGROUND:**

The Finance Department carefully monitors the City's finances. This report provides detailed information about budget status through the third quarter of 2023.

The City is committed to maintaining fiscal sustainability and transparency as the City receives and expends funds according to the adopted 2023-2024 Budget. Lynnwood utilizes a biennial budget (24 months) and this reporting period covers 9 of 24 months, which is 37.5% of the two-year period.

**SUGGESTED ACTION:**

Review and discussion.

**DEPARTMENT ATTACHMENTS**

Description:

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[Quarterly Financial Report Q3 2023.pdf](#)

**Summary by Fund January 01, 2023 through September 30, 2023**

Fund	Beginning Fund Balance	Revenue	Expenditures	Ending Fund Balance
<b>General Fund</b>				
011 General Fund	\$ 13,700,626	\$ 44,555,795	\$ 43,079,909	\$ 15,176,512
<b>Total General Fund</b>	<b>\$ 13,700,626</b>	<b>\$ 44,555,795</b>	<b>\$ 43,079,909</b>	<b>\$ 15,176,512</b>
<b>Other General Government</b>				
020 Econ Dev Infrastructure	\$ 9,882,607	\$ 185,659	\$ 1,000,000	\$ 9,068,266
098 Revenue Stabilization	6,000,000	-	-	6,000,000
101 Lodging Tax	903,792	634,077	653,556	884,313
104 Drug Enforcement	276,174	18,409	45,511	249,072
105 Criminal Justice	2,282,751	1,209,289	647,950	2,844,090
110 Transportation Impact Fee	1,541,292	471,108	-	2,012,400
111 Street Operating	291,761	2,124,339	2,461,511	(45,411)
114 Cumulative Park Reserve	128,136	18,219	6,652	139,703
116 Cumulative Art Reserve	531,788	9,533	33,513	507,808
119 Aid Car Reserve	52	-	-	52
121 Tree Reserve	351,646	12,827	33,303	331,170
128 Paths & Trails	8,756	-	-	8,756
131 American Rescue Plan Act	-	1,770,648	1,770,648	-
144 Solid Waste Management	94,874	50,768	51,003	94,639
146 Affordable Housing	529,724	135,010	-	664,734
147 Opioid Settlement	123,435	63,251	-	186,686
150 Transportation Benefit District	2,995,887	3,596,133	1,812,114	4,779,906
180 Park Impact Fee	2,960,754	1,192,191	281,130	3,871,815
<b>Total Other General Government Funds</b>	<b>\$ 28,903,429</b>	<b>\$ 11,491,461</b>	<b>\$ 8,796,891</b>	<b>\$ 31,597,999</b>
<b>Debt Service</b>				
203 General Govt Debt Service	\$ 1,021,568	\$ 2,638,282	\$ 1,315,083	\$ 2,344,767
223 Rec Center 2012 LTGO	112,502	1,202,237	307,573	1,007,166
<b>Total Debt Service Funds</b>	<b>\$ 1,134,070</b>	<b>\$ 3,840,519</b>	<b>\$ 1,622,656</b>	<b>\$ 3,351,933</b>
<b>Capital Funds</b>				
330 REET 2	\$ 2,204,827	\$ 751,024	\$ 1,177,995	\$ 1,777,856
331 REET 1	2,687,043	762,037	1,164,917	2,284,163
333 Capital Development	1,478,309	24,868	156,000	1,347,177
357 Other Government Capital	414,544	25,566	201,362	238,748
360 Transportation Capital	1,432,135	6,652,354	9,412,231	(1,327,742)
370 Facilities Capital	481,993	6,305,589	7,194,568	(406,986)
380 Parks & Recreation Capital	1,362,208	6,124,847	5,920,406	1,566,649
390 Public Safety Capital	39,772,928	1,119,681	20,715,709	20,176,900
<b>Total Capital Funds</b>	<b>\$ 49,840,506</b>	<b>\$ 21,765,966</b>	<b>\$ 45,943,188</b>	<b>\$ 25,663,284</b>
<b>Enterprise Funds</b>				
411 Utility Operations	\$ 34,837,547	22,482,840	\$ 16,773,039	\$ 40,547,348
412 Utility Capital	4,780,957	1,510,634	1,812,129	4,479,462
460 Golf Course	3,982,118	1,834,014	1,504,332	4,311,800
<b>Total Enterprise Funds</b>	<b>\$ 43,600,622</b>	<b>\$ 25,827,488</b>	<b>\$ 20,089,500</b>	<b>\$ 49,338,610</b>
<b>Internal Service Funds</b>				
510 Equipment Rental Reserve	\$ 5,748,163	\$ 1,436,285	\$ 569,391	\$ 6,615,057
511 Equipment Rental Oper	709,054	1,462,803	1,704,787	467,070
513 Lynnwood Shop Operations	79,729	103,687	90,343	93,073
515 Self Insurance	305,341	-	36,556	268,785
520 Technology Reserve	508,800	177,569	112,875	573,494
<b>Total Internal Service Funds</b>	<b>\$ 7,351,087</b>	<b>\$ 3,180,344</b>	<b>\$ 2,513,952</b>	<b>\$ 8,017,479</b>
<b>Total for all funds</b>	<b>\$ 144,530,340</b>	<b>\$ 110,661,573</b>	<b>\$ 122,046,096</b>	<b>\$ 133,145,817</b>

Revenue Comparison through Budget Year 1, Quarter 3				
Fund	2021 - 2022 Actual	2023 - 2024 Actual	2023-2024 Budget	% Budget
<b>General Fund</b>				
011 General Fund	\$ 37,137,683	\$ 44,555,795	\$ 128,090,610	35%
<b>Total General Fund</b>	<b>\$ 37,137,683</b>	<b>\$ 44,555,795</b>	<b>\$ 128,090,610</b>	
<b>Other General Government</b>				
020 Econ Dev Infrastructure	\$ (2,092)	\$ 185,659	\$ 200,000	93%
098 Revenue Stabilization	423,738	-	-	0%
101 Lodging Tax	270,064	634,077	1,472,564	43%
104 Drug Enforcement	6,234	18,409	96,000	19%
105 Criminal Justice	853,455	1,209,289	2,024,942	60%
110 Transportation Impact Fee	326,078	471,108	1,010,000	47%
111 Street Operating	1,674,938	2,124,339	5,492,000	39%
114 Cumulative Park Reserve	14,152	18,219	18,000	101%
116 Cumulative Art Reserve	(5)	9,533	-	0%
119 Aid Car Reserve	(8)	-	-	0%
121 Tree Reserve	8,746	12,827	-	0%
128 Paths & Trails	(36)	-	-	0%
131 American Rescue Plan Act	5,468,401	1,770,648	-	0%
144 Solid Waste Management	22,015	50,768	77,276	66%
146 Affordable Housing	129,905	135,010	500,000	27%
147 Opioid Settlement	123,435	63,251	-	0%
150 Transportation Benefit District	2,493,653	3,596,133	7,815,688	46%
180 Park Impact Fee	2,818,830	1,192,191	3,025,000	39%
<b>Total Other General Government Funds</b>	<b>\$ 14,631,503</b>	<b>\$ 11,491,461</b>	<b>\$ 21,731,470</b>	
<b>Debt Service</b>				
203 General Govt Debt Service	\$ 1,500,003	\$ 2,638,282	\$ 7,035,418	38%
223 Rec Center 2012 LTGO	1,242,387	1,202,237	3,204,175	38%
<b>Total Debt Service Funds</b>	<b>\$ 2,742,390</b>	<b>\$ 3,840,519</b>	<b>\$ 10,239,593</b>	
<b>Capital Funds</b>				
330 REET 2	\$ 1,011,555	\$ 751,024	\$ 1,840,000	41%
331 REET 1	1,013,350	762,037	1,840,000	41%
333 Capital Development	824,912	24,868	20,000	124%
357 Other Government Capital	306,651	25,566	1,065,000	2%
360 Transportation Capital	13,041,928	6,652,354	34,647,800	19%
370 Facilities Capital	126,348	6,305,589	14,940,000	42%
380 Parks & Recreation Capital	2,156,669	6,124,847	24,363,279	25%
390 Public Safety Capital	61,611,307	1,119,681	1,100,000	102%
<b>Total Capital Funds</b>	<b>\$ 80,092,720</b>	<b>\$ 21,765,966</b>	<b>\$ 79,816,079</b>	
<b>Enterprise Funds</b>				
411 Utility Operations	\$ 19,478,158	\$ 22,482,840	\$ 106,338,226	21%
412 Utility Capital	3,748,846	1,510,634	26,840,000	6%
460 Golf Course	1,671,742	1,834,014	3,641,394	50%
<b>Total Enterprise Funds</b>	<b>\$ 24,898,746</b>	<b>\$ 25,827,488</b>	<b>\$ 136,819,620</b>	
<b>Internal Service Funds</b>				
510 Equipment Rental Reserve	\$ 1,528,712	\$ 1,436,285	\$ 3,599,272	40%
511 Equipment Rental Oper	1,103,485	1,462,803	4,054,436	36%
513 Lynnwood Shop Operations	91,238	103,687	334,300	31%
515 Self Insurance	(638)	-	-	0%
520 Technology Reserve	98,400	177,569	607,000	29%
<b>Total Internal Service Funds</b>	<b>\$ 2,821,197</b>	<b>\$ 3,180,344</b>	<b>\$ 8,595,008</b>	
<b>Total for all funds</b>	<b>\$ 162,324,239</b>	<b>\$ 110,661,573</b>	<b>\$ 385,292,380</b>	

Expenditure Comparison through Budget Year 1, Quarter 3				
Fund	2021 - 2022 Actual	2023 - 2024 Actual	2023-2024 Budget	% Budget
<b>General Fund</b>				
011 General Fund	\$ 35,610,222	\$ 43,079,909	\$ 129,785,110	33%
<b>Total General Fund</b>	<b>\$ 35,610,222</b>	<b>\$ 43,079,909</b>	<b>\$ 129,785,110</b>	
<b>Other General Government</b>				
020 Econ Dev Infrastructure	\$ 1,125,000	\$ 1,000,000	\$ 7,850,000	13%
098 Revenue Stabilization	-	-	-	0%
101 Lodging Tax	482,748	653,556	1,639,875	40%
104 Drug Enforcement	-	45,511	135,000	34%
105 Criminal Justice	1,948,629	647,950	2,825,500	23%
110 Transportation Impact Fee	2,370,000	-	2,070,000	0%
111 Street Operating	1,753,775	2,461,511	5,954,198	41%
114 Cumulative Park Reserve	2,436	6,652	50,000	13%
116 Cumulative Art Reserve	-	33,513	450,000	7%
119 Aid Car Reserve	-	-	-	0%
121 Tree Reserve	34,397	33,303	45,000	74%
128 Paths & Trails	-	-	-	0%
131 American Rescue Plan Act	5,323	1,770,648	8,500,000	21%
144 Solid Waste Management	18,759	51,003	77,276	66%
146 Affordable Housing	-	-	-	0%
147 Opioid Settlement	-	-	-	0%
150 Transportation Benefit District	5,045,351	1,812,114	12,320,000	15%
180 Park Impact Fee	329,301	281,130	4,935,014	6%
<b>Total Other General Government Funds</b>	<b>\$ 13,115,719</b>	<b>\$ 8,796,891</b>	<b>\$ 46,851,863</b>	
<b>Debt Service</b>				
203 General Govt Debt Service	\$ -	\$ 1,315,083	\$ 8,080,113	16%
223 Rec Center 2012 LTGO	380,806	307,573	3,314,175	9%
<b>Total Debt Service Funds</b>	<b>\$ 380,806</b>	<b>\$ 1,622,656</b>	<b>\$ 11,394,288</b>	
<b>Capital Funds</b>				
330 REET 2	\$ 2,100,960	\$ 1,177,995	\$ 4,040,000	29%
331 REET 1	1,125,000	1,164,917	3,650,000	32%
333 Capital Development	898,469	156,000	1,690,000	9%
357 Other Government Capital	185,935	201,362	1,065,000	19%
360 Transportation Capital	13,758,327	9,412,231	34,647,800	27%
370 Facilities Capital	744,212	7,194,568	14,940,000	48%
380 Parks & Recreation Capital	1,042,564	5,920,406	24,533,426	24%
390 Public Safety Capital	1,874,299	20,715,709	41,649,088	50%
<b>Total Capital Funds</b>	<b>\$ 21,729,766</b>	<b>\$ 45,943,188</b>	<b>\$ 126,215,314</b>	0
<b>Enterprise Funds</b>				
411 Utility Operations	\$ 15,799,286	\$ 16,773,039	\$ 74,056,243	23%
412 Utility Capital	8,597,279	1,812,129	28,270,000	6%
419 2010 Utility System Bonds	255,295	-	-	0%
460 Golf Course	1,003,451	1,504,332	3,598,047	42%
<b>Total Enterprise Funds</b>	<b>\$ 25,655,311</b>	<b>\$ 20,089,500</b>	<b>\$ 105,924,290</b>	
<b>Internal Service Funds</b>				
510 Equipment Rental Reserve	\$ 13,866	\$ 569,391	\$ 3,599,272	16%
511 Equipment Rental Oper	1,061,727	1,704,787	4,043,259	42%
513 Lynnwood Shop Operations	80,955	90,343	356,500	25%
515 Self Insurance	3,079	36,556	101,900	36%
520 Technology Reserve	6,576	112,875	607,000	19%
<b>Total Internal Service Funds</b>	<b>\$ 1,166,203</b>	<b>\$ 2,513,952</b>	<b>\$ 8,707,931</b>	
<b>Total for all funds</b>	<b>\$ 97,658,027</b>	<b>\$ 122,046,096</b>	<b>\$ 428,878,796</b>	

## Cash and Investments as of September 30, 2023

	As of September 30, 2023	
Cash in Bank	\$	10,869,635
Cash on Hand		9,265
<b>Total Cash</b>	<b>\$</b>	<b>10,878,900</b>
WA State Local Government Investment Pool	\$	47,250,055
Snohomish County Investment Pool		10,350,719
US Bank Investments (Principal Cost)		28,699,260
<b>Total Investments</b>	<b>\$</b>	<b>86,300,034</b>
<b>Total Cash &amp; Investments</b>	<b>\$</b>	<b>97,178,934</b>
<b>US Bank Investment Activity</b>		
PAR Value at June 30, 2023	\$	26,450,000
Purchases (Sales)		2,630,000
PAR Value at September 30, 2023	\$	<b>29,080,000</b>
Market Value at September 30, 2023	\$	<b>22,256,202</b>
Earnings for Quarter Ending September 30, 2023	\$	<b>80,113</b>

**Summary by Department January 01, 2021 through September 30, 2023**

Development & Business Services	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 1,643,201	\$ 1,991,462	\$ 2,064,305	\$ -	\$ 7,218,256	29%
Personnel Benefits	638,649	777,875	779,320	-	2,639,655	30%
Supplies	33,839	46,138	16,871	-	122,810	14%
Services & Charges	796,074	728,941	928,304	-	3,777,943	25%
Intergovernmental	-	-	5,057	-	88,000	6%
<b>Total</b>	<b>\$ 3,111,763</b>	<b>\$ 3,544,416</b>	<b>\$ 3,793,857</b>	<b>\$ -</b>	<b>\$ 13,846,664</b>	<b>27%</b>

Executive	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 399,172	\$ 642,427	\$ 671,682	\$ -	\$ 1,937,000	35%
Personnel Benefits	142,926	160,510	230,005	-	650,500	35%
Supplies	2,631	7,001	10,304	-	32,950	31%
Services & Charges	199,842	205,716	283,547	-	830,654	34%
Intergovernmental	-	-	-	-	-	-
<b>Total</b>	<b>\$ 744,571</b>	<b>\$ 1,015,654</b>	<b>\$ 1,195,538</b>	<b>\$ -</b>	<b>\$ 3,451,104</b>	<b>35%</b>

Finance	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 1,554,146	\$ 1,550,399	\$ 1,390,815	\$ -	\$ 4,459,000	31%
Personnel Benefits	659,725	596,153	550,911	-	1,833,300	30%
Supplies	7,854	10,402	22,937	-	16,400	140%
Services & Charges	408,659	430,133	429,133	-	1,034,100	41%
Intergovernmental	-	-	-	-	-	-
<b>Total</b>	<b>\$ 2,630,384</b>	<b>\$ 2,587,087</b>	<b>\$ 2,393,796</b>	<b>\$ -</b>	<b>\$ 7,342,800</b>	<b>33%</b>

Fire	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ -	\$ -	\$ -	\$ -	\$ -	-
Personnel Benefits	-	-	-	-	-	-
Supplies	2,928	191	27	-	14,700	0%
Services & Charges	14,307	15,582	13,080	-	47,700	27%
Intergovernmental	701,338	467,559	1,073,917	-	2,200,000	49%
<b>Total</b>	<b>\$ 718,573</b>	<b>\$ 483,332</b>	<b>\$ 1,087,024</b>	<b>\$ -</b>	<b>\$ 2,262,400</b>	<b>48%</b>

Human Resources	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 383,922	\$ 409,288	\$ 406,692	\$ -	\$ 1,290,600	32%
Personnel Benefits	144,901	143,249	130,379	-	418,400	31%
Supplies	1,084	2,282	18,549	-	35,300	53%
Services & Charges	84,453	80,590	80,498	-	477,582	17%
Intergovernmental	-	-	-	-	-	-
<b>Total</b>	<b>\$ 614,360</b>	<b>\$ 635,409</b>	<b>\$ 636,118</b>	<b>\$ -</b>	<b>\$ 2,221,882</b>	<b>29%</b>

Information Technology	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 903,824	\$ 932,501	\$ 1,047,192	\$ -	\$ 3,008,015	35%
Personnel Benefits	372,996	362,681	398,496	-	1,096,153	36%
Supplies	20,841	37,242	40,608	-	142,050	29%
Services & Charges	551,767	408,295	445,240	-	1,495,832	30%
Intergovernmental	-	-	-	-	-	-
<b>Total</b>	<b>\$ 1,849,428</b>	<b>\$ 1,740,719</b>	<b>\$ 1,931,536</b>	<b>\$ -</b>	<b>\$ 5,742,050</b>	<b>34%</b>

Legal	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ -	\$ -	\$ -	\$ -	\$ -	-
Personnel Benefits	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Services & Charges	879,959	1,016,400	967,341	-	2,728,700	35%
Intergovernmental	-	-	-	-	-	-
<b>Total</b>	<b>\$ 879,959</b>	<b>\$ 1,016,400</b>	<b>\$ 967,341</b>	<b>\$ -</b>	<b>\$ 2,728,700</b>	<b>35%</b>

Legislative	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 136,959	\$ 141,506	\$ 146,274	\$ -	\$ 406,800	36%
Personnel Benefits	116,229	123,484	128,811	-	357,800	36%
Supplies	2,133	1,632	2,377	-	19,500	12%
Services & Charges	35,610	34,491	66,279	-	258,115	26%
Intergovernmental	-	-	-	-	-	-
<b>Total</b>	<b>\$ 290,931</b>	<b>\$ 301,113</b>	<b>\$ 343,741</b>	<b>\$ -</b>	<b>\$ 1,042,215</b>	<b>33%</b>

Municipal Court	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 531,941	\$ 704,860	\$ 726,037	\$ -	\$ 2,533,257	29%
Personnel Benefits	256,508	277,294	273,912	-	959,897	29%
Supplies	7,542	9,996	26,626	-	51,475	52%
Services & Charges	157,041	146,325	226,474	-	563,580	40%
Intergovernmental	-	-	-	-	-	-
<b>Total</b>	<b>\$ 953,032</b>	<b>\$ 1,138,475</b>	<b>\$ 1,253,049</b>	<b>\$ -</b>	<b>\$ 4,108,209</b>	<b>31%</b>

Non-Departmental - General Fund	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 53,291	\$ 72,136	\$ -	\$ -	\$ -	-
Personnel Benefits	4,066	5,157	-	-	-	-
Supplies	-	32,136	-	-	-	-
Services & Charges	-	-	414,578	-	1,300,000	32%
Intergovernmental	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Transfers-out	3,290,274	2,248,028	3,806,363	-	10,150,300	38%
<b>Total</b>	<b>\$ 3,347,631</b>	<b>\$ 2,357,457</b>	<b>\$ 4,220,941</b>	<b>\$ -</b>	<b>\$ 11,450,300</b>	<b>37%</b>

Parks, Recreation, & Cultural Arts	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 2,884,153	\$ 3,329,456	\$ 3,805,237	\$ -	\$ 10,996,163	35%
Personnel Benefits	1,135,253	1,180,498	1,330,384	-	3,821,573	35%
Supplies	181,748	331,807	331,223	-	797,716	42%
Services & Charges	727,442	1,062,126	1,191,454	-	3,799,881	31%
Intergovernmental	-	-	8,541	-	-	-
<b>Total</b>	<b>\$ 4,928,596</b>	<b>\$ 5,903,887</b>	<b>\$ 6,666,839</b>	<b>\$ -</b>	<b>\$ 19,415,333</b>	<b>34%</b>

Police	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 7,837,948	\$ 8,592,051	\$ 8,915,341	\$ -	\$ 29,589,356	30%
Personnel Benefits	2,895,451	2,964,580	3,160,107	-	10,410,954	30%
Supplies	276,116	398,668	397,439	-	1,700,918	23%
Services & Charges	1,525,024	1,788,112	1,942,648	-	5,247,324	37%
Intergovernmental	801,156	1,295,389	1,844,218	-	2,560,646	72%
<b>Total</b>	<b>\$ 13,335,695</b>	<b>\$ 15,038,800</b>	<b>\$ 16,259,753</b>	<b>\$ -</b>	<b>\$ 49,509,198</b>	<b>33%</b>

Public Works - General Fund	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 1,063,989	\$ 1,153,851	\$ 1,149,470	\$ -	\$ 3,068,300	37%
Personnel Benefits	459,834	445,402	441,318	-	1,123,200	39%
Supplies	52,840	61,220	85,869	-	192,150	45%
Services & Charges	628,636	581,249	653,719	-	2,280,605	29%
Intergovernmental	-	-	-	-	-	-
<b>Total</b>	<b>\$ 2,205,299</b>	<b>\$ 2,241,722</b>	<b>\$ 2,330,376</b>	<b>\$ -</b>	<b>\$ 6,664,255</b>	<b>35%</b>

Public Works - Street Operating Fund	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 583,733	\$ 679,355	\$ 754,676	\$ -	\$ 2,482,600	30%
Personnel Benefits	259,552	297,324	312,993	-	780,900	40%
Supplies	312,402	637,758	679,966	-	1,023,350	66%
Services & Charges	598,088	638,478	703,828	-	1,617,348	44%
Intergovernmental	-	-	-	-	-	-
Capital Outlay	-	-	10,048	-	50,000	20%
<b>Total</b>	<b>\$ 1,753,775</b>	<b>\$ 2,252,915</b>	<b>\$ 2,461,511</b>	<b>\$ -</b>	<b>\$ 5,954,198</b>	<b>41%</b>

Public Works - Utility Operations Fund	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 2,756,122	\$ 3,097,005	\$ 3,284,026	\$ -	\$ 10,044,360	33%
Personnel Benefits	1,101,157	1,174,367	1,277,901	-	3,662,549	35%
Supplies	1,839,608	2,684,895	3,098,634	-	8,947,361	35%
Services & Charges	5,126,318	5,182,772	7,207,298	-	17,620,197	41%
Intergovernmental	63,983	-	4,136	-	120,000	3%
Capital Outlay	(14,458)	-	562,987	-	-	-
Debt Service	1,127,450	(96,871)	(40,425)	-	6,821,776	-1%
<b>Total</b>	<b>\$ 12,000,180</b>	<b>\$ 12,042,168</b>	<b>\$ 15,394,557</b>	<b>\$ -</b>	<b>\$ 47,216,243</b>	<b>33%</b>

**General Fund**  
**Year-to-date Summary as of September 30, 2023**

Fund	2021	2022	2023	2024	2023-2024 Budget	% Budget
<b>Revenues and Other Sources</b>						
<b>OPERATING REVENUES</b>						
Taxes	\$ 23,877,423	\$ 28,923,329	\$ 30,282,794	\$ -	\$ 82,083,200	37%
Licenses & Permits	3,855,392	4,102,784	3,543,097	-	11,607,700	31%
Intergovernmental Revenue	1,120,465	1,157,692	1,184,168	-	3,503,000	34%
Charges for Services	4,444,942	4,649,881	5,438,861	-	16,639,110	33%
Fines & Forfeitures	3,423,932	3,676,988	3,126,087	-	12,750,000	25%
Investment Interest	14,397	128,311	225,354	-	101,000	223%
Other Revenue	400,226	518,124	755,435	-	1,133,400	67%
<b>TOTAL REVENUES</b>	<b>\$ 37,136,777</b>	<b>\$ 43,157,109</b>	<b>\$ 44,555,796</b>	<b>\$ -</b>	<b>\$ 127,817,410</b>	<b>0%</b>
<b>OTHER FINANCING SOURCES</b>						
Other Financing Sources	\$ 907	\$ 179	\$ -	\$ -	\$ 273,200	0%
Transfers-in	-	-	-	-	-	0%
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>907</b>	<b>179</b>	<b>-</b>	<b>-</b>	<b>273,200</b>	<b>0%</b>
<b>TOTAL REVENUES &amp; OTHER SOURCES</b>	<b>\$ 37,137,684</b>	<b>\$ 43,157,288</b>	<b>\$ 44,555,796</b>	<b>\$ -</b>	<b>\$ 128,090,610</b>	<b>0%</b>
<b>Expenditures and Other Uses</b>						
<b>OPERATING EXPENDITURES</b>						
Salaries & Wages	\$ 17,392,546	\$ 19,519,937	\$ 20,323,047	\$ -	\$ 64,506,747	32%
Personnel Benefits	6,826,539	7,036,883	7,423,642	-	23,311,432	32%
Supplies	589,557	938,715	952,830	-	3,125,969	30%
Services & Charges	5,950,437	6,488,323	7,592,999	-	23,820,816	32%
Intergovernmental	1,502,494	1,762,948	2,931,733	-	4,848,646	60%
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$ 32,261,573</b>	<b>\$ 35,746,806</b>	<b>\$ 39,224,251</b>	<b>\$ -</b>	<b>\$ 119,613,610</b>	<b>33%</b>
<b>OTHER FINANCING USES</b>						
Capital Outlay	\$ 58,376	\$ 9,637	\$ 49,294	\$ -	\$ 20,000	246%
Debt Service	-	-	-	-	1,200	0%
Transfers-out	3,290,274	2,248,028	3,806,363	-	10,150,300	38%
<b>TOTAL OTHER FINANCING USES</b>	<b>\$ 3,348,650</b>	<b>\$ 2,257,665</b>	<b>\$ 3,855,657</b>	<b>\$ -</b>	<b>\$ 10,171,500</b>	<b>38%</b>
<b>TOTAL EXPENDENDITURES &amp; OTHER USES</b>	<b>\$ 35,610,223</b>	<b>\$ 38,004,471</b>	<b>\$ 43,079,908</b>	<b>\$ -</b>	<b>\$ 129,785,110</b>	<b>33%</b>

## FINANCE COMMITTEE 4.A

### CITY OF LYNNWOOD FINANCE COMMITTEE

---

**TITLE:** Sales Tax Report

**DEPARTMENT CONTACT:** Michelle Meyer, Finance

**SUMMARY:**

Review of Sales Tax Revenues through October 2023

**PRESENTER:**

Michelle Meyer, Finance Director

**ESTIMATED TIME:**

15

**BACKGROUND:**

The City receives Sales Tax revenue distributions on a monthly basis for sales that occurred two months prior. Detailed reports through August 2023 sales (revenues received through October 2023) will be reviewed.

**SUGGESTED ACTION:**

Review of Sales Tax detail

**PREVIOUS COUNCIL ACTIONS:**

The Finance Committee reviews monthly sales tax detail at each meeting.

**DEPARTMENT ATTACHMENTS**

Description:

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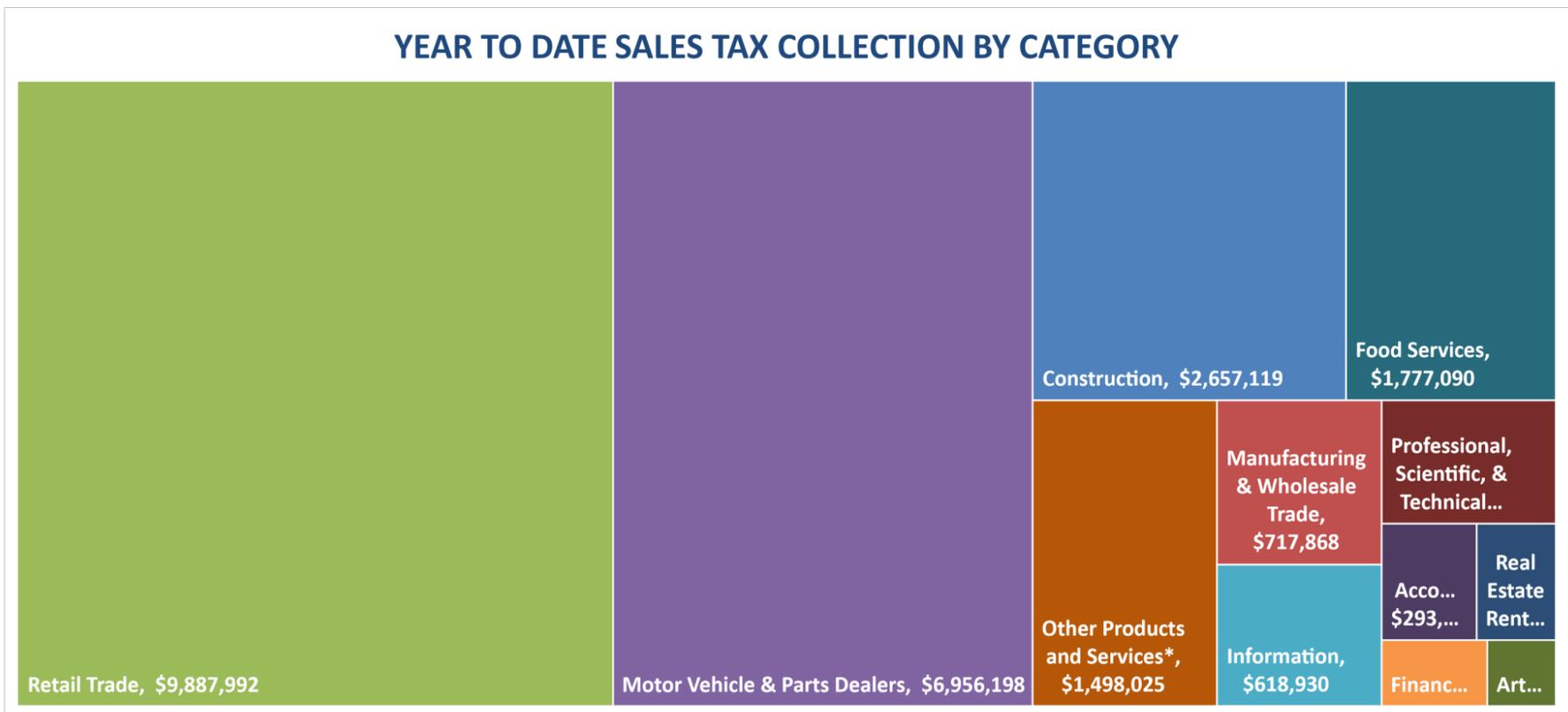
[Lynnwood Sales Tax Analysis Through Oct 2023.pdf](#)



Sales Tax Analysis - Annual Summary  
October 2023

Tax Categories	Jan - Oct 2020	Jan - Oct 2021	Jan - Oct 2022	Jan - Oct 2023
Construction	\$ 1,502,718	\$ 2,468,182	\$ 2,937,795	\$ 2,657,119
Manufacturing & Wholesale Trade	704,898	819,867	705,822	717,868
Retail Trade	6,765,142	8,645,894	9,400,231	9,887,992
Motor Vehicle & Parts Dealers	3,968,580	5,524,727	5,594,819	6,956,198
Information	463,599	523,963	523,986	618,930
Finance & Insurance	253,069	328,845	279,760	184,573
Real Estate Rental and Leasing	202,363	235,163	256,480	245,601
Professional, Scientific, & Technical Services	477,964	680,471	475,901	570,076
Arts, Entertainment, & Recreation	54,006	81,633	96,683	120,295
Accommodation	131,852	194,731	312,904	293,414
Food Services	1,108,630	1,338,751	1,508,789	1,777,090
Other Products and Services*	947,709	1,246,605	1,491,008	1,498,025
<b>Total Sales Tax Collected</b>	<b>\$ 16,580,530</b>	<b>\$ 22,088,832</b>	<b>\$ 23,584,178</b>	<b>\$ 25,527,181</b>
<b>Budgeted Sales Tax Collections</b>	<b>\$ 23,058,883</b>	<b>\$ 24,453,852</b>	<b>\$ 24,744,533</b>	<b>\$ 28,186,576</b>
<b>Realized Revenue as Compared to Budget</b>	<b>72%</b>	<b>90%</b>	<b>95%</b>	<b>91%</b>

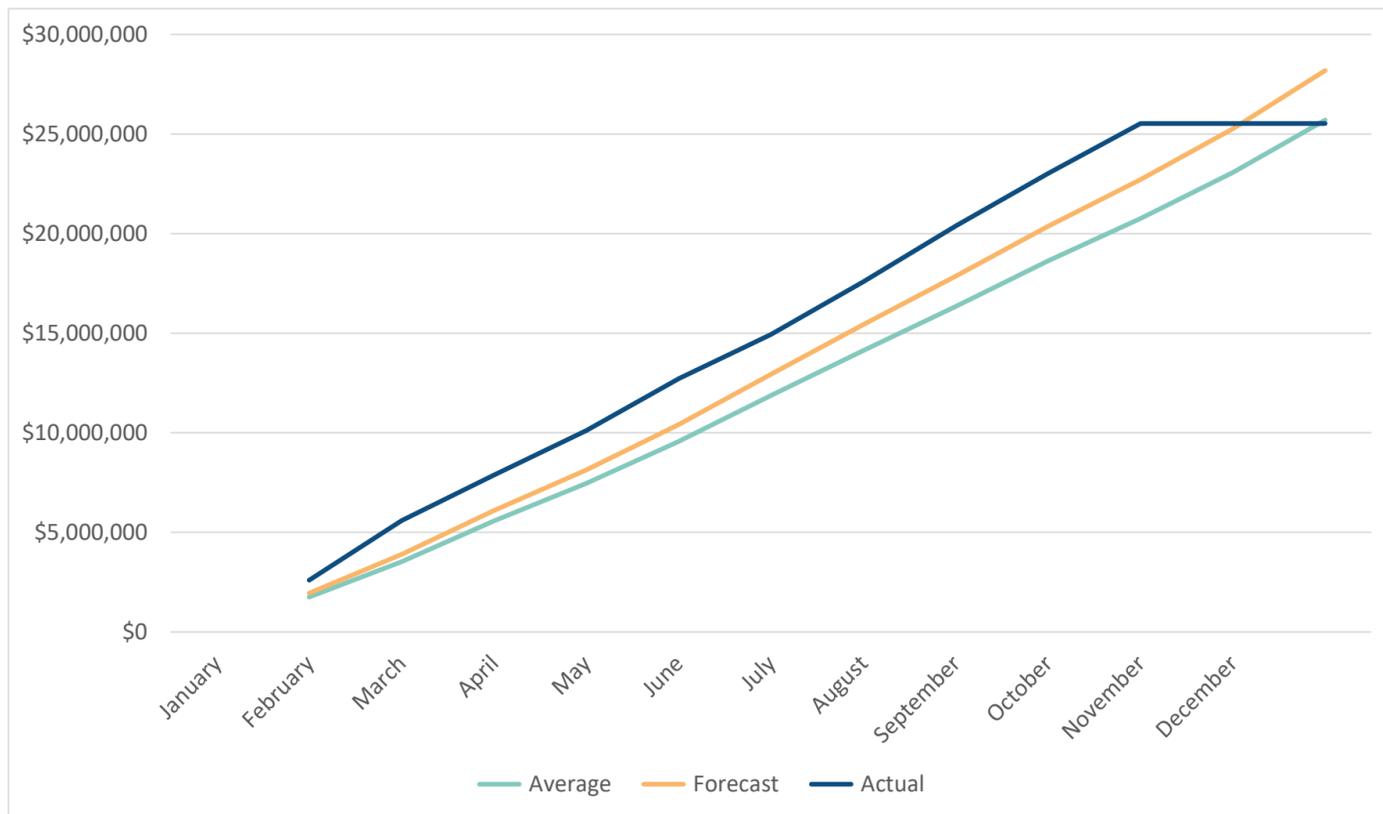
\*Categories with small amounts of sales tax revenues have been combined





Sales Tax Analysis - Annual Summary  
October 2023

	2021		2022		3-Year Average Collection 2020 - 2022		Forecast 2023	Actual 2023	% Change 2022 - 2023
					Rate	Amount			
January	\$	1,673,177	\$	1,901,554	6.91%	\$ 1,752,505	\$ 1,948,729	\$ 2,599,134	26.84%
February		1,733,822		2,074,601	6.92%	1,774,806	1,951,313	2,998,393	30.81%
March		2,355,720		2,568,509	7.77%	2,043,807	2,189,026	2,266,392	-13.33%
April		2,267,311		2,271,016	7.22%	1,895,697	2,035,803	2,250,419	-0.92%
May		2,286,659		2,404,505	8.13%	2,099,183	2,290,332	2,601,481	7.57%
June		2,456,345		2,631,081	8.92%	2,299,394	2,513,967	2,228,709	-18.05%
July		2,405,511		2,485,667	8.85%	2,267,547	2,494,207	2,638,901	5.81%
August		2,370,461		2,380,789	8.68%	2,218,906	2,445,371	2,806,745	15.18%
September		2,348,178		2,485,667	8.88%	2,269,252	2,502,243	2,636,686	5.73%
October		2,191,648		2,380,789	8.32%	2,130,082	2,344,203	2,500,321	4.78%
November		2,296,276		2,734,291	9.02%	2,318,679	2,543,213	-	NA
December		2,717,371		2,658,769	10.39%	2,630,355	2,928,169	-	NA
<b>Total Sales Tax Collected</b>	<b>\$</b>	<b>27,102,479</b>	<b>\$</b>	<b>28,977,238</b>			<b>\$ 28,186,576</b>	<b>\$ 25,527,181</b>	
<b>Percentage Increase(Decrease)</b>		<b>22.44%</b>		<b>6.47%</b>					

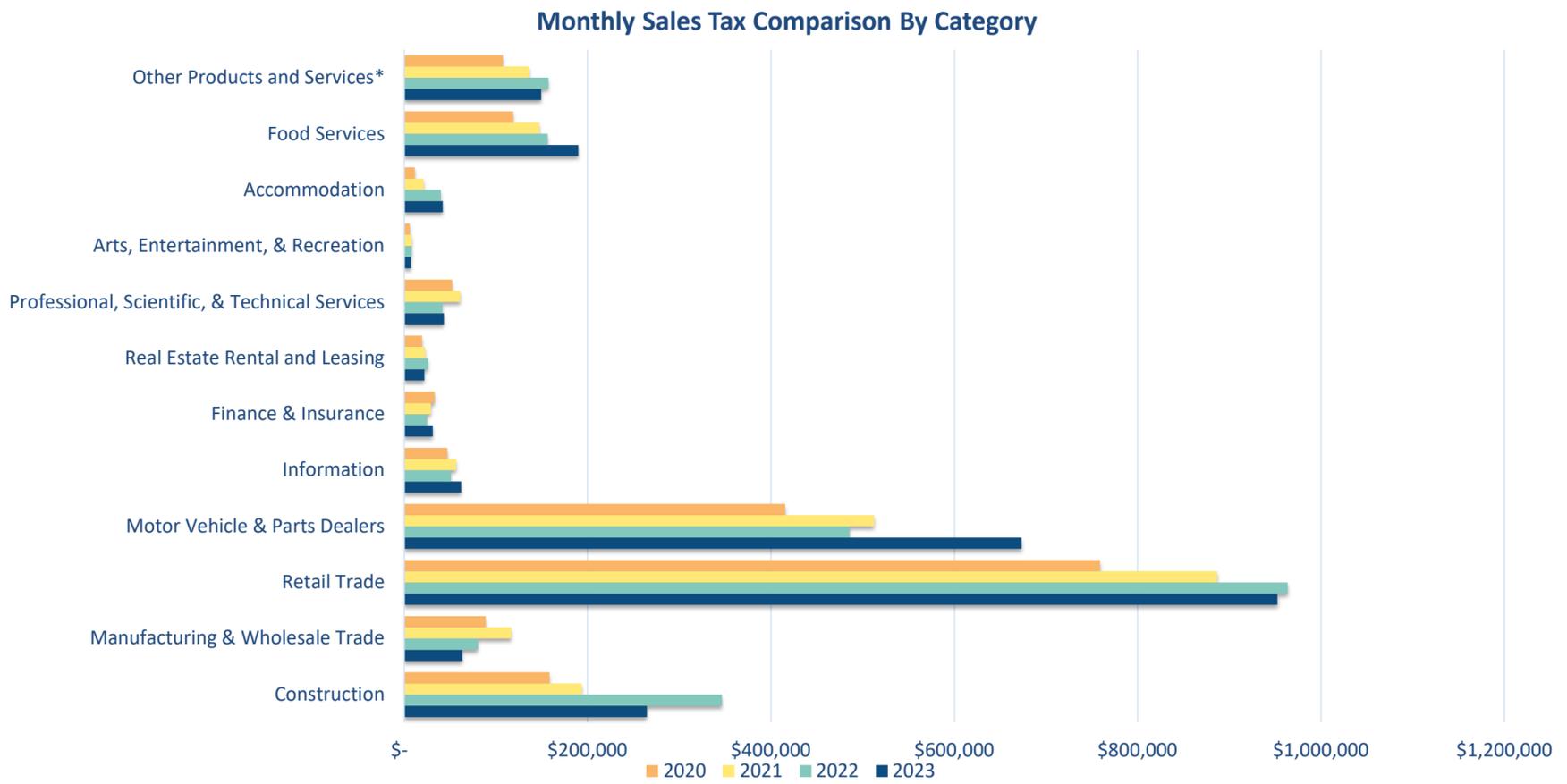




Sales Tax Analysis - Monthly Comparison  
October 2023

Tax Categories	October 2020	October 2021	October 2022	October 2023	Change in Collections from Prior Year	
	\$	\$	\$	\$	\$	%
Construction	\$ 158,346	\$ 193,687	\$ 346,384	\$ 264,793	\$ (81,591)	(23.55%)
Manufacturing & Wholesale Trade	88,839	116,807	80,352	63,149	(17,203)	(21.41%)
Retail Trade	758,767	886,778	963,608	952,554	(11,054)	(1.15%)
Motor Vehicle & Parts Dealers	415,442	512,215	485,615	673,311	187,696	38.65%
Information	47,038	56,602	50,896	62,143	11,247	22.10%
Finance & Insurance	33,275	29,161	24,784	31,079	6,295	25.40%
Real Estate Rental and Leasing	19,543	22,816	26,191	21,816	(4,375)	(16.70%)
Professional, Scientific, & Technical Services	52,400	61,281	41,727	43,014	1,287	3.08%
Arts, Entertainment, & Recreation	6,227	8,183	7,938	7,158	(780)	(9.82%)
Accommodation	11,486	20,857	39,695	41,846	2,151	5.42%
Food Services	119,024	147,071	156,344	189,968	33,624	21.51%
Other Products and Services*	107,421	136,190	157,255	149,488	(7,767)	(4.94%)
<b>Total Sales Tax Collected</b>	<b>\$ 1,817,808</b>	<b>\$ 2,191,648</b>	<b>\$ 2,380,789</b>	<b>\$ 2,500,321</b>	<b>\$ 119,532</b>	<b>5.02%</b>

\*Categories with small amounts of sales tax revenues have been combined





Sales Tax Analysis - Monthly Category Comparisons  
October 2023

Sum of Accumulation Amount	Column Labels
Row Labels	Construction 2023
January	\$298,823
February	\$282,011
March	\$258,701
April	\$251,360
May	\$278,625
June	\$240,185
July	\$268,449
August	\$291,474
September	\$222,698
October	\$264,793
<b>Grand Total</b>	<b>\$2,657,119</b>



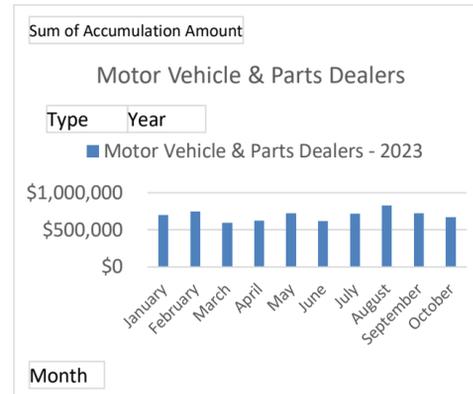
Sum of Accumulation Amount	Column Labels
Row Labels	Manufacturing & Retail Trade 2023
January	\$74,558
February	\$68,755
March	\$61,594
April	\$63,894
May	\$87,808
June	\$70,002
July	\$83,080
August	\$77,545
September	\$67,482
October	\$63,149
<b>Grand Total</b>	<b>\$717,868</b>



Sum of Accumulation Amount	Column Labels
Row Labels	Retail Trade 2023
January	\$1,020,321
February	\$1,334,647
March	\$843,832
April	\$819,524
May	\$916,047
June	\$871,101
July	\$1,003,142
August	\$1,021,155
September	\$1,105,670
October	\$952,554
<b>Grand Total</b>	<b>\$9,887,992</b>



Sum of Accumulation Amount	Column Labels
Row Labels	Motor Vehicle & Parts Dealers 2023
January	\$700,263
February	\$746,673
March	\$594,935
April	\$627,425
May	\$721,136
June	\$619,307
July	\$719,032
August	\$830,708
September	\$723,408
October	\$673,311
<b>Grand Total</b>	<b>\$6,956,198</b>



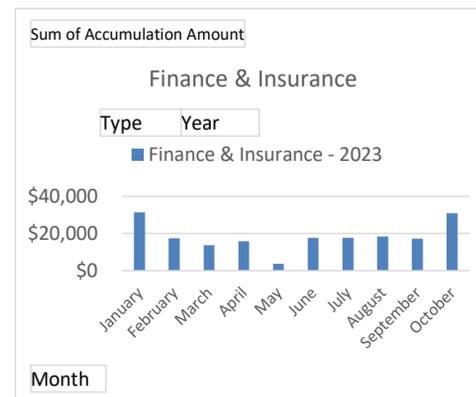


Sales Tax Analysis - Monthly Category Comparisons  
October 2023

Sum of Accumulation Amount	Column Labels
Row Labels	Information 2023
January	\$52,007
February	\$76,438
March	\$65,614
April	\$63,451
May	\$111,353
June	\$5,708
July	\$56,867
August	\$63,516
September	\$61,834
October	\$62,143
<b>Grand Total</b>	<b>\$618,930</b>



Sum of Accumulation Amount	Column Labels
Row Labels	Finance & Insurance 2023
January	\$31,442
February	\$17,551
March	\$13,731
April	\$15,918
May	\$3,701
June	\$17,796
July	\$17,751
August	\$18,285
September	\$17,318
October	\$31,079
<b>Grand Total</b>	<b>\$184,573</b>



Sum of Accumulation Amount	Column Labels
Row Labels	Real Estate Rental and 2023
January	\$24,180
February	\$28,101
March	\$26,007
April	\$23,107
May	\$25,029
June	\$21,764
July	\$24,751
August	\$26,261
September	\$24,584
October	\$21,816
<b>Grand Total</b>	<b>\$245,601</b>



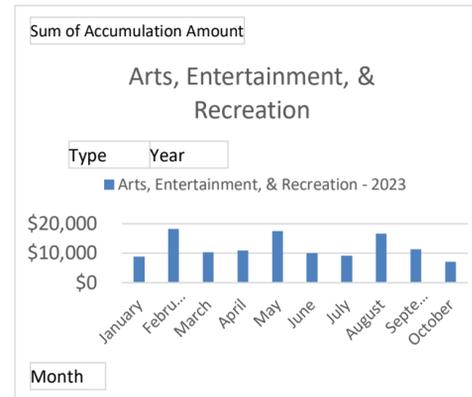
Sum of Accumulation Amount	Column Labels
Row Labels	Professional, 2023
January	\$60,761
February	\$65,998
March	\$46,752
April	\$50,853
May	\$62,131
June	\$47,502
July	\$92,510
August	\$53,130
September	\$47,426
October	\$43,014
<b>Grand Total</b>	<b>\$570,076</b>





Sales Tax Analysis - Monthly Category Comparisons  
October 2023

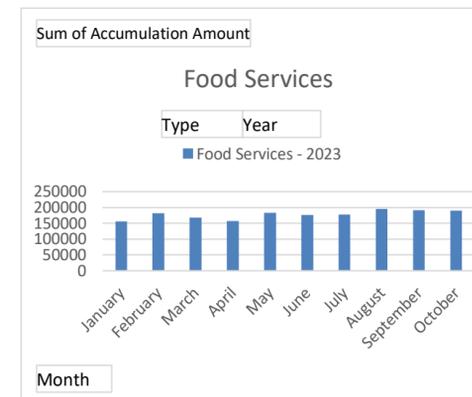
Sum of Accumulation Amount	Column Labels
Row Labels	Arts, Entertainment, 2023
January	\$8,926
February	\$18,285
March	\$10,348
April	\$10,898
May	\$17,512
June	\$10,054
July	\$9,081
August	\$16,622
September	\$11,410
October	\$7,158
<b>Grand Total</b>	<b>\$120,295</b>



Sum of Accumulation Amount	Column Labels
Row Labels	Accommodation 2023
January	\$27,274
February	\$21,385
March	\$22,882
April	\$22,507
May	\$28,594
June	\$2,426
July	\$36,641
August	\$40,979
September	\$48,879
October	\$41,846
<b>Grand Total</b>	<b>\$293,414</b>



Sum of Accumulation Amount	Column Labels
Row Labels	Food Services 2023
January	\$155,368
February	\$181,731
March	\$168,269
April	\$157,491
May	\$183,340
June	\$175,828
July	\$177,203
August	\$196,102
September	\$191,789
October	\$189,968.36
<b>Grand Total</b>	<b>\$1,777,090</b>



Sum of Accumulation Amount	Column Labels
Row Labels	Other Products and 2023
January	\$145,212
February	\$156,818
March	\$153,727
April	\$143,992
May	\$166,203
June	\$147,036
July	\$150,394
August	\$170,968
September	\$114,186
October	\$149,488
<b>Grand Total</b>	<b>\$1,498,025</b>



## FINANCE COMMITTEE 4.B

### CITY OF LYNNWOOD FINANCE COMMITTEE

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**TITLE:**

**Draft Finance Policy Updates**

**DEPARTMENT CONTACT:** Michelle Meyer, Finance

**SUMMARY:**

Discussion of potential updates to the City's Financial Policies

**PRESENTER:**

Michelle Meyer, Finance Director

**ESTIMATED TIME:**

15

**BACKGROUND:**

The City's Financial Policies are reviewed every other year at a minimum and updated as needed. Proposed changes will be reviewed.

**SUGGESTED ACTION:**

Discussion of proposed changes to the City's Financial Policies

**PREVIOUS COUNCIL ACTIONS:**

Last update was completed in 2021

**DEPARTMENT ATTACHMENTS**

Description:

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[Fin. Policies Attachment to Res 2023-xx.pdf](#)

**ATTACHMENT A**  
**RESOLUTION ~~2021-2023-08XX~~**

## Financial Policies

<u>Legislative History</u>
Revised November 22, 2021, Resolution 2021-08
Revised November 12, 2019, Resolution 2019-10
Rewrite April 10, 2017, Resolution 2017-07
Revised November 28, 2016, Resolution 2016-19
<b>Reformatted 11/20/2015</b>
Revised November 10, 2014, Resolution 2014-20
Revised May 9, 2011, Resolution 2011-06
Revised April 11, 2005, Resolution 2005-04
Revised April 15, 2003, Resolution 2003-06
Adopted August 14, 2000, Resolution 2000-12

Lynnwood's Community Vision articulates core values and norms that include fiscal sustainability, accountability, economic vibrancy, and transparency. The safekeeping, proper use and management of the City resources are essential to responsible and responsive public service and governance. Standards and best practices for the management of City resources are set forth by entities which include the Internal Revenue Service, State Legislature, State Auditor's Office (SAO), Department of Revenue, Government Financial Officers' Association (GFOA), Government Accounting Standards Board (GASB), and the Lynnwood Municipal Code (LMC). Lynnwood's Financial Policies (Policies) support and augment those provisions, so that all fiscal decisions and actions adhere to and implement each of these objectives.

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## 1. Application and Administration

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- A. It is the intent of the City Council to utilize and reference these policies in decisions and other actions with financial ramifications for the City. This section outlines examples of when and how these policies should be utilized.
- B. The use of “shall” indicates the City’s intent to closely adhere to the stated policy. The use of “should” or “may” indicates a preferred approach. These policies serve to guide the City Council while enabling flexibility for the Council to respond to specific circumstances.
- C. Review of Financial Policies:
  - i. The Financial Policies should be reviewed ~~with the review of the Second-Quarter Financial Report~~ at least every odd-numbered year. This review may include recommended changes to the Policies.
  - ii. This section should not preclude the review and amendment of the Financial Policies at other times, as deemed necessary by the City Council.

## 2. General Policies

---

- A. The City shall maintain the fiscal integrity of its operating, debt service, and capital improvement budgets. It is the City’s intent to maintain fiscal integrity while providing a level of public goods and services that is within the city’s fiscal capacity.

## 3. Budgeting: General

---

- A. These Financial Policies shall be used to guide major policy initiatives and shall be incorporated or summarized in the adopted biennial budget document.
- B. The City of Lynnwood shall prepare and adopt a biennial budget in accordance with Chapter 35A.34 RCW, Chapter 2.72 LMC, and these Policies. Fiscal years shall begin on January 1<sup>st</sup> and conclude on December 31<sup>st</sup>.
- C. For clarity, the budget document required by RCW 35A.34.070 and LMC 2.72.030 shall be referred to as the “proposed preliminary budget”, and the budget document required by RCW 35A.34.080-100 and LMC 2.72.040 shall be referred to the “Preliminary Budget”.
- D. Pursuant to the opinion of the Municipal Research and Services Center (MRSC) published on October 30, 2015, the City shall conduct a minimum of two public hearings on the Preliminary Budget, and a minimum of one public hearing fixing the final budget. One of the two public hearings required for the Preliminary Budget may be the public hearing required for the property tax levy.
- E. The Preliminary Budget shall include reference to these Financial Policies, including:
  - i. An assessment of its conformance to the Financial Policies and an explanation if there are areas of non-conformance.
  - ii. References as to how the Financial Policies were used to develop recommendations for balancing the budget.

Commented [MM1]: Per RCW

## Financial Policies

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- F. The proposed preliminary budget, Preliminary Budget, adopted budget, and the mid-biennial modification of the adopted budget shall be based upon, and consistent, with:
- i. The Community Vision.
  - ii. Performance management/measurement techniques and principals set forth by the Mayor.
  - iii. ~~The method of Budgeting for Outcomes (BFO), also known as Priority-Based Budgeting, as indicated in Resolution 2015-05.~~
- G. General Fund budget requests in the Preliminary Budget and the mid-biennial modification shall include a written assessment of:
- i. How the proposal is consistent with and furthers the Community Vision.
  - ii. Whether the service or program is mandatory (required by law) or discretionary (optional), and whether the service or program can be achieved through other means.
  - iii. The degree to which the service or program is fiscally sustainable.
- H. The budget should provide for adequate maintenance of capital assets.
- I. The budget process shall be consistent with and integrated with long-term forecasting and ongoing financial reporting.
- J. It is the policy of the City of Lynnwood to adopt structurally-balanced budgets.
- i. A structurally-balanced budget shall mean:
    - a. Ongoing expenditures shall be provided for by anticipated ongoing revenue.
    - b. Ongoing expenditures do not include:
      - (1) "One-time" items such as capital outlay, projects or studies.
      - (2) Allocations to other funds dependent on general revenues sufficient to balance dependent budgets (i.e.: Street Fund, Solid Waste Fund).
  - ii. Anticipated ongoing revenues may include:
    - a. Reoccurring revenue such as taxes, fees, etc.
    - b. A reasonable amount of resources remaining unspent from the previous year's budget based on historical experience and an assessment of the current budget.
    - c. A portion of the unencumbered fund balance above the minimum levels established by this policy.
    - d. Reoccurring transfers from other funds.
- K. The Mayor shall submit a balanced Preliminary Budget.
- a. The Mayor's budget proposal shall balance all city funds.

## Financial Policies

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- b. The transfers between funds shall be clearly illustrated.
- c. The use any proposed new revenues from proposed new fees or taxes should be clearly illustrated.
- L. The anticipated amounts of reserves should be clearly illustrated.
  - a. The reserve estimates shall be provided for the beginning and the end of the Preliminary Budget period (beginning and ending fund balances).
- M. The budget shall be developed consistent with State law and in a manner which encourages early involvement with the public and City Council as provided for by Chapter 2.72 LMC.
- N. The budget shall integrate into the Capital Facilities Plan (CFP) ~~and Strategic Financial Plan (SFP). The budget shall and~~ be consistent with the current year of the CFP ~~and SFP~~. Budget planning activities shall be based on the next year of the ~~SFPCFP~~.
- ~~O. The budget shall provide an account for one-time expenditures associated with an employee's end of employment. The Finance Director may establish administrative procedures specifying the conditions under which such funds may be expended.~~

### 4. Financial Forecasts

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- A. As a part of each biennial budget process, the City shall prepare six-year expenditure and revenue forecasts for the City's principal operating and capital funds.
  - i. Revenue forecasts for major revenues (those which represent at least 10% of the General Fund) should be based on the best information available and should reference assumptions and data sources.
  - ii. Revenue forecasts should include all sources of revenue.
  - iii. Forecasts shall include alternative expenditure scenarios, based on different policy and economic assumptions.
- B. Financial Forecasts shall:
  - i. Incorporate plans for reserves and specific fund balances.
  - ii. Include revenue streams as may be appropriate to support capital projects in accordance with the city's Capital Facilities Plan and Strategic Investment Plan Component.
  - iii. Serve as a basis for decision making that may affect long-term trends and financial needs.
- C. All financial decisions shall be within the context of the long-range planning forecast and other related long-range plans (Capital Facilities Plan / Strategic ~~Financial~~ Plan). Staff shall provide a review of the implications of budgetary and other fiscal proposals on these long-range forecasts and plans. Staff shall include a "fiscal note", in a format to be provided by the Finance Director and approved by the Council, with each action item on the council agenda. If no note is deemed necessary, the agenda cover sheet shall so state.

Commented [MM2]: "Funding" agenda section in Peak

## Financial Policies

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- D. Assumptions used in the CFP ~~and SFP~~ shall be noted and defined.
- E. Basis of long-range planning shall be outcome oriented. In accordance with Chapters 2.70 and 2.72 LMC, ~~and Resolution 2000-03~~, the City shall strive to illustrate the output from CFP ~~and SFP~~ expenditures.

### 5. Reserves

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#### A. Reserves, General Fund

- i. Adequate reserve levels are a necessary component of the City's overall financial management strategy and a key factor in external agencies' measurement of the City's financial strength. Collectively, the adopted budget should include General Fund reserve balances equaling not less than 2.5 months of the operating expenditures of the prior fiscal year. The reserves specified by this policy consist of the aggregate total of the General Fund Unassigned Fund Balance and the Revenue Stabilization Fund balance.
- ii. The purpose of the General Fund Unassigned Fund Balance is to provide for adequate operating cash and to cover receivables until they are collected. Achieving and maintaining this unassigned fund balance is the highest priority over developing and maintaining other general fund reserves.
- iii. The purpose of the reserves of the Revenue Stabilization Fund is to help protect the city from major economic downturns and other unanticipated, adverse financial conditions.
- iv. City Council authorization shall be required for expenditure of Unassigned Fund Balance or Revenue Stabilization Fund Balance.

#### B. Reserves, Enterprise Funds

- i. Adequate reserve levels are a necessary component of the overall financial management strategy for enterprise funds such as utilities, and a key factor in external agencies' measurement of the City's financial strength.
- ii. City Council authorization shall be required for expenditure of Enterprise Fund Reserves.
- iii. Utility Operating Fund.
  - a. The purpose of Utility Operations Fund reserves is to provide for adequate operating cash and to cover receivables until they are collected.
  - b. The reserve balance target for the Water Utility is the amount equivalent to 90 days of operating expenses.
  - c. The reserve balance target for the Sewer Utility (wastewater) is the amount equivalent to 45 days of operating expenses.
  - d. The reserve balance target for the Storm Utility (stormwater) is the amount equivalent to 30 days of operating expenses.

## Financial Policies

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- iv. Utility Capital Fund.
  - a. The purpose of Utility Capital Fund reserves is to provide funding for emergency repairs, unanticipated capital expenses, and project cost overruns.
  - b. The reserve balance target for the Water Utility is the amount equivalent to 1% of all Original Asset Values.
  - c. The reserve balance target for the Sewer Utility (wastewater) is the amount equivalent to 2% of all Original Asset Values.
  - d. The reserve balance target for the Storm Utility (stormwater) is the amount equivalent to 1% of all Original Asset Values.
- v. Golf Fund.
  - a. The reserve balance target for the Golf Fund is the amount equivalent to 30 days of operating expenses.

### **6. Reporting: General**

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- A. The Finance Department shall prepare financial reports that show and monitor actual performance in various expenditures and revenues with the adopted budget and planning forecasts.
  - i. The reporting system shall include a financial analysis of the overall financial status of the City and of its key funds, including, but not limited to, an analysis of all available financial resources.
  - ii. This analysis should discuss the current financial status, and the immediate and longer-term future financial status.
  - iii. A complete analysis shall be prepared quarterly.

### **7. Revenues: General**

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- A. To the extent possible, diversified and stable sources of revenue shall be maintained to shelter public services from downward fluctuations in any one revenue source. Periodic financial reports shall include trend analysis of the City's primary sources of revenue.
- B. All potential grants shall be carefully examined for matching requirements. Some grants may not be accepted if the local matching funds cannot be justified. Grants may also be rejected if programs must be continued with local resources after grant funds are exhausted.

### **8. Revenues: Fees and Charges**

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- A. The City shall develop and maintain a comprehensive schedule of fees and charges.
  - i. The fees and charges should be reviewed in connection with each biennial budget.
  - ii. Fees shall be reviewed by general type as described below:

## Financial Policies

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- a. Development-related fees (land use, building and property, fire marshal's office and engineering fees) shall be established by ordinance; adjusted for inflation and periodically subjected to a comprehensive rate analysis. Development-related fees should be based on recovering -costs of permitting and inspection services.
- b. Regulatory Fees (such as those related to Title 5 LMC) shall be established by ordinance. As may be permitted by law, these fees may be used for generating city revenues in addition to recovering costs of the regulatory services.
- c. Recreation and parks use fees shall be set by the Director of Parks, Recreation and Cultural Arts within ranges established by ordinance.
- d. General fees (such as rental rates, copy charges, and other miscellaneous fees) shall be established by ordinance. These services should charge fees to assist in making these services self-supporting.
- e. Enterprise Funds (Utilities and Golf Course) fees shall be set by ordinance, and set at a level necessary to support the costs of services in the fund and to maintain long-term financial stability. To insure that the enterprise funds remain self-supporting, fee and rate structures shall fully fund the direct and indirect costs of operations, capital plant maintenance, debt service, depreciation, and reasonable system extensions. See "Revenues: Utility Rates" below for additional provisions.

### 9. Revenues: Utility Rates

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- A. Every three years, the City shall conduct a comprehensive, third-party, expert analysis of utility rates.
- B. Revenues generated by utilities should provide adequate resources to provide for proper operation of the related programs, servicing of related debt at prescribed levels, maintenance of the capital plant, and adequate reserves.
- C. Utility rates shall be set utilizing the following guidelines:
  - i. The rate structure should encourage consumers to conserve natural resources while providing a stable and predictable revenue base for the proper management of the utility.
  - ii. The rates shall strive to be equitable among the classes (general types) of ratepayers.
  - iii. The revenue target of the utility rates should maintain a minimum debt service coverage ratio (DSCR) of 1.5. DSCR is a financial formula that equals net operating income divided by annual debt service.
  - ~~iv. Rates should be set using an assumption of 95% of the average water consumption for the five previous years.~~
  - ~~v. iv. A Recommended rate structures complete rate analysis, when finished, shall be included with the proposed preliminary budget, if not already adopted by separate ordinance.~~

## 10. Expenditures: General

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- A. The City shall authorize only those ongoing, operating expenditures that may be supported by ongoing operating revenues. Before the City takes a policy or budgetary action that will create fixed, ongoing expenses, the cost implications of such actions shall be estimated/determined for current and future years with the aid of strategic financial planning models ~~as described in Financial Management/Strategic Forecasting Policies~~. Capital expenditures may be funded from one-time revenues, but the operating budget expenditure impacts of capital expenditures shall be reviewed for compliance with this policy provision.
  - i. Operating revenues are those revenues that recur regularly on an annual basis, excluding revenues that may be available only on a one-time basis such as revenues derived from land sales, bond proceeds, etc.
- B. Department ~~heads-directors~~ are responsible for managing their budgets within the total appropriation for their department.
- C. The City shall maintain expenditure categories according to state statute and administrative regulation as described in the State Auditor's Budgetary, Accounting, and Reporting System (BARS).
- D. The City shall assess funds for services provided internally by other funds. The estimated direct and indirect costs of service shall be budgeted as an expense to the fund receiving or benefiting from the service, and the cost of the service shall be recognized as revenue to the providing fund. A review of the method for determining the amount of the interfund assessment shall be reviewed periodically.
- E. Emphasis shall be placed on improving productivity, workplace innovation, program evaluation, and alternative means of service delivery rather than adding to the work force. The City shall invest in technology and other efficiency tools to ensure high productivity. The City may hire additional staff only after the need ~~effor~~ such positions has been demonstrated and documented, including assessment of alternative measures, such as contracting for professional services and partnering with other agencies/organizations.
- F. All compensation planning and collective bargaining shall focus on the total cost of compensation which includes direct salary, health care benefits, pension contributions, training allowance, and other benefits of a non-salary nature which are a cost to the City.
- G. Enterprise Funds expenditures shall be fully supported by their own rates, fees, and charges, and not subsidized by the General Fund. The Enterprise Funds shall pay their share of overhead costs and services provided by the General Fund.

## 11. Contingency Planning and Responding to Revenue Downturns

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- A. Short-term (anticipated less than one year) economic downturns and temporary gaps in cash flow: Expenditure reductions or restrictions may be imposed. Expenditures from the General Fund Unassigned Fund Balance, the Revenue Stabilization Fund, or interfund loans may be used with City Council approval to address short-term downturns in City revenues. The City Council may authorize interfund loans to cover short-term gaps in cash flow.

## Financial Policies

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- B. Long-term (greater than one year) revenue downturns: Revenue forecasts shall be revised. When long-term revenue downturns are likely, the following guidelines for addressing the revenue shortfall shall be considered.
  - i. Deficit financing (borrowing) should not be considered as an appropriate fiscal response.
  - ii. Prior to increasing taxes and/or fees to achieve a balanced budget, the City should evaluate opportunities to reduce one-time and/or ongoing expenses.
  - iii. Rather than instituting “across the board” reductions, ~~Budgeting for Outcomes principles and specific~~ criteria should be utilized to reduce/discontinue certain levels of service, or delay/discontinue certain projects.
- C. Periodic financial reports prepared by the Finance Department shall be utilized to monitor forecasted, budgeted, and actual revenues and expenditures.
- D. In instances when combined, actual sales and use tax revenue for the previous two quarters is less than the revenue received during the same period of the previous year, the Mayor shall put forth to the Finance Committee a proposed budget amendment that responds to the under-performance of revenues.
  - i. The Mayor’s proposed budget amendment shall include an updated financial forecast and a written description of the anticipated changes to performance measures, program outcomes, and levels of service.
  - ii. This policy shall not preclude the Mayor from initiating corrective action pursuant to his/her administrative authorities prior to action by the City Council.
  - iii. The recommendation(s) of the Mayor and Finance Committee shall be forwarded to the City Council.

## 12. Investments

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- A. The City of Lynnwood shall invest its funds in a manner that:
  - i. Provide the highest investment return consistent with a high degree of security.
  - ii. Meet the daily cash flow demands of the City.
  - iii. Conform to all state statutes and local ordinances governing the investment of public funds.
- B. At the discretion of the Finance Director, cash may be invested separately by fund or be commingled into a common investment portfolio and earnings from such portfolio distributed monthly.
- C. These policies supersede Resolution 2009-11 and apply to all financial assets of the City, except: assets held in escrow in order to defease refunded debt; and retirement funds managed by others ~~such as the State or ICMA-RC (MissionSquare);~~
- D. Investments shall be made with judgment and care, considering the probable safety of the capital as well as the probable income to be derived.

## Financial Policies

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- E. The primary objectives, in priority order, of the City's investment activities shall be as follows:
- i. **Legality:** The City's investments shall be in compliance with all statutes governing the investment of public funds and the provisions of all applicable bond ordinances.
  - ii. **Safety:** Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
  - iii. **Liquidity:** The City's investment portfolio shall remain sufficiently liquid to enable the City to meet all operating requirements, which might be reasonably anticipated. The City shall maintain adequate liquidity by maintaining a minimum balance in the Local Government Investment Pool (LGIP) and/or the Snohomish County Investment Pool (SCIP). Any short-term borrowings require Council approval regarding securities lending and reverse transactions.
  - iv. **Return on Investment:** The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio.
  - v. **Local Institutions:** Local institutions shall be given preference when they are, in the judgment of the Finance Director, competitive with other institutions.
- F. The Finance Director is authorized to undertake transactions regarding the investment of City funds. By written memorandum, the Finance Director may delegate authority to a single City employee.
- G. The Finance Director shall establish and maintain procedures/internal controls to implement this investment policy. Procedures shall cover topics such as: safekeeping, Public Securities Association (PSA) repurchase agreements, wire transfer agreements, collateral/depository agreements, conflict of interest, and banking service contracts.
- H. The Finance Director shall maintain a list of financial institutions authorized to provide investment services to the City of Lynnwood. In addition, a list shall also be maintained of approved security broker/dealers selected by credit worthiness, who maintain an office in the State of Washington. These may include "primary" dealers or regional dealers that qualify under US Securities and Exchange Commission Rule 15c3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by State law.
- I. The City may invest in any of the securities identified as eligible investments as defined by RCW 35A.40.050. In general, these consist of:
- i. Investment deposits (certificates of deposits) with qualified public depositories as defined in Chapter 39.58 RCW.
  - ii. 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.

## Financial Policies

- iii. 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 Association notes.)
  - iv. Prime bankers' acceptances purchased on the secondary market.
  - v. Repurchase agreements for securities 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.
  - vi. The Washington Local Government Investment Pool or Snohomish County Investment Pool.
- J. Collateralization shall be on repurchase agreements to anticipate market changes and provide a level of security for all funds; the collateralization level shall be 102% of market value of principal and accrued interest.
- i. The City shall limit collateral to the obligations of the United States Government and its agencies.
  - ii. Collateral shall be held by an independent third party with whom the entity has a current custodial agreement (except certificates of deposits). A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained.
  - iii. Certificates of deposit shall be delivered to and held by the Finance Director.
- K. All securities transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis. Securities shall be held by a third-party custodian designated by the City Investment Committee and evidenced by safekeeping receipts listing the specific instrument, rate, maturity and other pertinent information.
- L. The City shall diversify its investments by security type and institution in manner that manages overall portfolio risk, attains market-average rates of return, and precludes current cash flow issues. To achieve these purposes, investment of City funds should not exceed the percentages specified below:

Investment Security Type	Max. Percent of City Portfolio
US Federal Agency Securities	50
Certificates of Deposits (within PDPC)	50
General Obligation Bonds of State and Local Government	20
Repurchase Agreements	10
Banker's Acceptance	10
US Treasury Securities	100
Washington State Local Government or Snohomish County Investment Pool	100

## Financial Policies

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- M. The City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City shall not directly invest in securities maturing more than five (5) years from the date of purchase.
- N. The City's reserve funds may be invested in securities not to exceed ten (10) years if the maturity of such investments is made to coincide as nearly as possible with the expected use of funds.
- O. The City's investment portfolio shall be designed to obtain a market-average rate of return, taking into account the City's investment risk constraints and cash flow needs.
- P. The City's investment strategy is dynamic. Securities shall be purchased and sold as appropriate to best meet the needs of the City. The Finance Director may trade securities before maturity if it is in the best interest of the City to do so.
- Q. The basis used by the City to determine whether market yields are being achieved shall be the Average US Treasury Note Rate that corresponds to the average life of the investments.
- R. The Finance Director shall report on investment activity and returns in quarterly financial reports and the Annual Comprehensive Financial Report (ACFR). Quarterly financial reports should denote changes in market value and investment income.

### 13. Debt and Debt Management

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- A. The City may issue interfund loans consistent with Chapter 3.90 LMC.
- B. All professional service providers (underwriters, financial advisors, bond insurers, etc.) selected in connection with the City's debt issues shall be selected in accordance with the City's procurement policies.
- C. The term of long-term debt issued shall not exceed the life of the projects financed. Ongoing operational expenses shall not be financed with long-term debt.
- D. The City shall maintain an open line of communication with the rating agencies (Moody's and Standard and Poor's), informing them of major financial events in the City as they occur. The ACFR ~~and any required annual operating information shall be distributed to the rating agencies and The National Recognized Municipal Information Repository Securities (NRMIRS) within 30 days of State Auditor's Office (SAO) approval of the ACFR uploaded through the Electronic Municipal Market Access portal for the Municipal Securities Rulemaking Board in accordance with continuing disclosure requirements. The ACFR shall include all secondary market disclosure required by the Securities Exchange Commission (SEC).~~
- i. The City shall strive to maintain or exceed favorable credit ratings as follows:
  - a. General Obligation: A1 with Moody's Investor's Service and A+ with Standard and Poor's.
  - b. Revenue Bonds: A with Moody's Investor's Service and AA with Standard and Poor's.
- E. As part of the debt policy, the City shall use debt ratios based on debt per assessed value, debt per capita, and debt per capita as a percentage of per capita income as

## Financial Policies

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guides. These ratios may assist in guiding amounts that the City may authorize in debt issuance.

- F. Assessment bonds shall be issued in place of general obligation bonds, where possible, to assure the greatest degree of public equity and flexibility for City finances.
- G. The City of Lynnwood debt shall not exceed an aggregated total of 7.5% of the assessed valuation of the taxable property within the City. Compliance with state law and this policy shall be documented each year in the city's ACFR.
- H. The following individual percentages (as defined in state law) shall not be exceeded in any specific debt category:
  - i. General Debt: 2.5% of assessed valuation
  - ii. Utility Debt: 2.5% of assessed valuation
  - iii. Open Space and Park facilities: 2.5% of assessed valuation
- I. No debt shall be issued for which the City is not confident that a sufficient, specifically identified revenue source is available for repayment. The Finance Director shall prepare an analytical review for this purpose prior to the issuance of any debt.
- J. Credit enhancements shall be considered with a cost/benefit analysis for each long-term bond issue.
- K. Reserve accounts shall be maintained as required by bond ordinances and where deemed advisable by the City Council. Debt service reserves shall conform to IRS arbitrage regulations.

### 14. Capital Funds: General

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- A. The City shall maintain a Capital Development Fund #333 to provide funding for the six-year Capital Facilities Plan, less proprietary fund projects as defined by Chapter 3.50 LMC. The use of any funds within the Capital Development Fund shall be as defined by the Lynnwood Municipal Code. Once the policy target for General Fund reserves is achieved [see Reserves above] the City shall set aside at least \$1.1 million per year for capital development (an amount equivalent to the savings to the City generated by the public vote annexing city into the Sno-Isle Library District).
- B. Contributions to development funds shall be made from available funds as identified during the biennial budget process or the mid-biennial budget modification. The Finance Director shall make a recommendation to the Council with regard to transfers to reserve funds as a part of that report. The Council, by motion (and amending the budget by ordinance as necessary) shall authorize the transfers as the Council shall determine to be appropriate at that time.

Commented [MM3]: Review

### 15. Capital Planning and Asset Management

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- A. The City shall annually develop a Capital Facilities Plan (CFP) as defined and required by RCW 36.70A.070 which is consistent with the Capital Facilities Element of the City Comprehensive Plan.

## Financial Policies

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- B. Such plan shall include all projects to maintain public capital facilities required to maintain service levels at standards established by the City Council. The plan shall include a complete inventory and analysis of building conditions including the extent and estimated costs regarding maintenance, remodel and replacement of buildings. This plan shall be reviewed in the mid-year financial review.
- C. The proposed CFP may include for consideration such other projects as requested by the City Council or Mayor.
- D. Funding for capital projects shall be classified as to source (general government, enterprise or other) within the plan.
  - i. The extent to which funds exist for each project shall be described in the plan.
  - ii. The plan shall integrate with the Proposed Preliminary Budget (LMC 2.72.110) in that funds required for the projects recommended for the ensuing budget period shall be identified in the Preliminary Budget.
  - iii. The CFP shall include a recommended level of funding from general revenues in order to provide for “ongoing” projects (as defined in the CFP).
- A. The plan shall be for a period of six years as required by state law (GMA).
- B. With the exception of “ongoing projects”, each project shall be described such that development phases are delineated as separate stages of the project. Examples include land acquisition, design and construction. “Ongoing projects” represent annual capital programs such as street overlay, sidewalk expansion or traffic signal rebuild.
- C. An estimate for the operating budget impact of each proposed project shall be identified and incorporated into the City’s ~~budget forecast.~~ ~~Strategic Financial Plan.~~
- D. The CFP shall be approved by ordinance annually. The approving ordinance shall constitute a plan of action wherein no final approval to proceed with specific projects is made, but requires specific authorization and appropriation (by ordinance in the form of a budget amendment or financial plan for each project) by the Council in a manner as the Council shall determine.
- E. The adopted CFP shall constitute the City’s long-range financial plan for capital expenditures and shall be consistent with the City Strategic ~~Financial~~ Plan.

### 16. Other Funds

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- A. In accordance with RCW 41.16.050, the City shall maintain a ~~Firemen's-Firefighter's~~ Pension Fund to record all monies received from taxes on fire insurance premiums received from the state, contributions made by firefighters (before the inception of LEOFF I) and interest earned on the investment of these funds. These funds are used to cover benefits payable to members (or to their survivors) who retired prior to March 1, 1970 or who were active on that date.



## FINANCE COMMITTEE 4.C

### CITY OF LYNNWOOD FINANCE COMMITTEE

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**TITLE:** Proposed Lynnwood Municipal Code Updates for Procurement

**DEPARTMENT CONTACT:** Michelle Meyer, Finance

**SUMMARY:**

Review proposed updates to LMC

**PRESENTER:**

Cheryl Florendo, Finance Manager

**ESTIMATED TIME:**

15

**BACKGROUND:**

The Lynnwood Municipal Code (LMC) section 2.92.050 outlines specific thresholds for the procurement of goods and services.

The attached redlined draft includes a proposed update to exclude taxes from the calculation of these thresholds, but still include freight and shipping costs.

**SUGGESTED ACTION:**

Review proposed LMC updates for Procurement

**DEPARTMENT ATTACHMENTS**

Description:

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[2.92.050 Procurements of goods and services - revision request.pdf](#)

## 2.92.050 Procurements of goods and services.

This section applies to contracts or procurements for goods and services, including personal services. Contracts shall be solicited under the following competitive process thresholds, with the price inclusive of ~~taxes, freight, and any related costs~~freight and shipping but exclusive of taxes:

- A. For purchases and contracts below \$10,000, with the price inclusive of ~~taxes, freight, and any related costs~~freight and shipping but exclusive of taxes, employees and officials are responsible for selecting goods and services in the open market and ensuring best value for the city.
- B. For purchases and contracts between \$10,000 and \$50,000, informal price quotations shall be secured. Employees must:
1. Research the good or service, and provide a clear and open description of the needs of the city;
  2. Secure a written price quote from multiple sources;
  3. Identify the best price;
  4. Provide written quotes to the manager; and
  5. Manager reviews the informal price quotations and approves or rejects the purchase.

Procurement may conduct quotations on behalf of departments and offices when requested.

- C. Purchases and contracts more than \$50,000 must be formally advertised in a public manner.
1. The manager or the manager's designee shall advertise solicitations for the submittal of bids, qualifications or proposals. The notice shall state the date and time for submissions. The solicitation for submittals shall state the relative importance of price and all other evaluation factors.
  2. All bids submitted shall be reviewed for the responsiveness to the bid requirements and for the responsibility of the firm to perform the work described. When all factors have been evaluated, the award of the contract shall be to the lowest responsible, responsive bidder.
  3. For requests for proposals or qualifications and other solicitation methods where price is not the only determining factor, discussions may be conducted with responsible proposers to determine which proposals should be evaluated in more detail or which proposers should be requested to enter negotiations, or both. Negotiations may be conducted concurrently or sequentially. The city may request clarifications and consider adjustments in the proposals to better understand the proposals and to qualify them for further consideration, though information discussed or obtained from one proposer shall not be disclosed to competing proposers during the discussions and negotiations.
  4. Contract award, if at all, shall be made to a responsible offeror(s) whose bid or proposal is determined to be the most advantageous to the city, taking into consideration price and the other established evaluation factors. (Ord. 3374 § 1 (Exh. A), 2020; Ord. 3297 § 2 (Exh. A), 2018)

## FINANCE COMMITTEE 4.D

### CITY OF LYNNWOOD FINANCE COMMITTEE

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**TITLE:** Update on Debt Capacity

**DEPARTMENT CONTACT:** Michelle Meyer, Finance

**SUMMARY:**

Update on the City's bonding capacity

**PRESENTER:**

Michelle Meyer, Finance Director

**ESTIMATED TIME:**

15

**BACKGROUND:**

Debt limits for municipalities are set by state law. Staff will provide an update on the City's legal debt capacity. The limit as of December 2022 is attached for reference which includes bonds issued by the Public Facilities District for which the City is contingently liable.

**SUGGESTED ACTION:**

Update on the City's capacity to issue debt.

**DEPARTMENT ATTACHMENTS**

Description:

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[12.31.22 Debt Capacity.pdf](#)

**City of Lynnwood**  
**Computation of Debt Capacity**  
(as of December 31, 2022)

<b>2023 Collection Year Assessed Value<sup>(1)</sup></b>	<b>\$ 10,363,142,479</b>
<b>General Purposes</b>	
Non-Voted Debt Capacity (1.5%)	\$ 155,447,137
Less: Outstanding Non-Voted Debt <sup>(2)</sup>	-62,050,000
Less: Contingent Liability relating to PFD Bonds <sup>(3)</sup>	-17,954,029
Less: The Bonds	-16,450,000
Remaining Non-Voted Debt Capacity	<u>\$ 58,993,108</u>
Percentage of Non-Voted Debt Capacity Used	62.05%
Total (Voter-Approved and Non-Voted) Debt Capacity (2.5%)	\$ 259,078,561
Less: Outstanding Voter-Approved Debt	--
Less: Outstanding Non-Voted Debt <sup>(2)</sup>	-62,050,000
Less: Contingent Liability relating to PFD Bonds <sup>(3)</sup>	-17,954,029
Less: The Bonds	-16,450,000
Total Remaining (Voter-Approved and Non-Voted) Debt Capacity	<u>\$ 162,624,532</u>
Percentage of Total Debt Capacity Used	37.23%
<b>Utility Purposes</b>	
Voter-Approved Debt Capacity (2.5%)	\$ 259,078,561
Less: Outstanding Voter-Approved Debt	--
Remaining Voter-Approved Debt Capacity	<u>\$ 259,078,561</u>
Percentage of Voter-Approved Debt Capacity Used	0.00%
<b>Parks, Open Space and Economic Development Purposes</b>	
Voter-Approved Debt Capacity (2.5%)	\$ 259,078,561
Less: Outstanding Voter-Approved Debt	--
Remaining Voter-Approved Debt Capacity	<u>\$ 259,078,561</u>
Percentage of Voter-Approved Debt Capacity Used	0.00%