



**LYNNWOOD FINANCE COMMITTEE - regular Finance Committee
meeting
conference room 4
WEDNESDAY, MARCH 27, 2024 3:30 PM**

1. CALL TO ORDER
2. ROLL CALL
3. FINANCIAL REPORTS
 - 3.A [Sales Tax Report](#) - 15 minutes
Michelle Meyer, Finance Director
 - 3.B [4th Quarter 2023 Financial Report](#)

- 30 minutes
Michelle Meyer, Finance Director
4. DISCUSSION ITEM
 - 4.A [Lynnwood Municipal Code Updates for Budget](#) - 20 minutes
Michelle Meyer, Finance Director
5. ADJOURN

FINANCE COMMITTEE 3.A

CITY OF LYNNWOOD FINANCE COMMITTEE

TITLE: Sales Tax Report

DEPARTMENT CONTACT: Michelle Meyer, Finance

SUMMARY:

Review of Sales Tax Revenues through February 2024

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 December 2023 sales (revenues received through February 2024) 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:

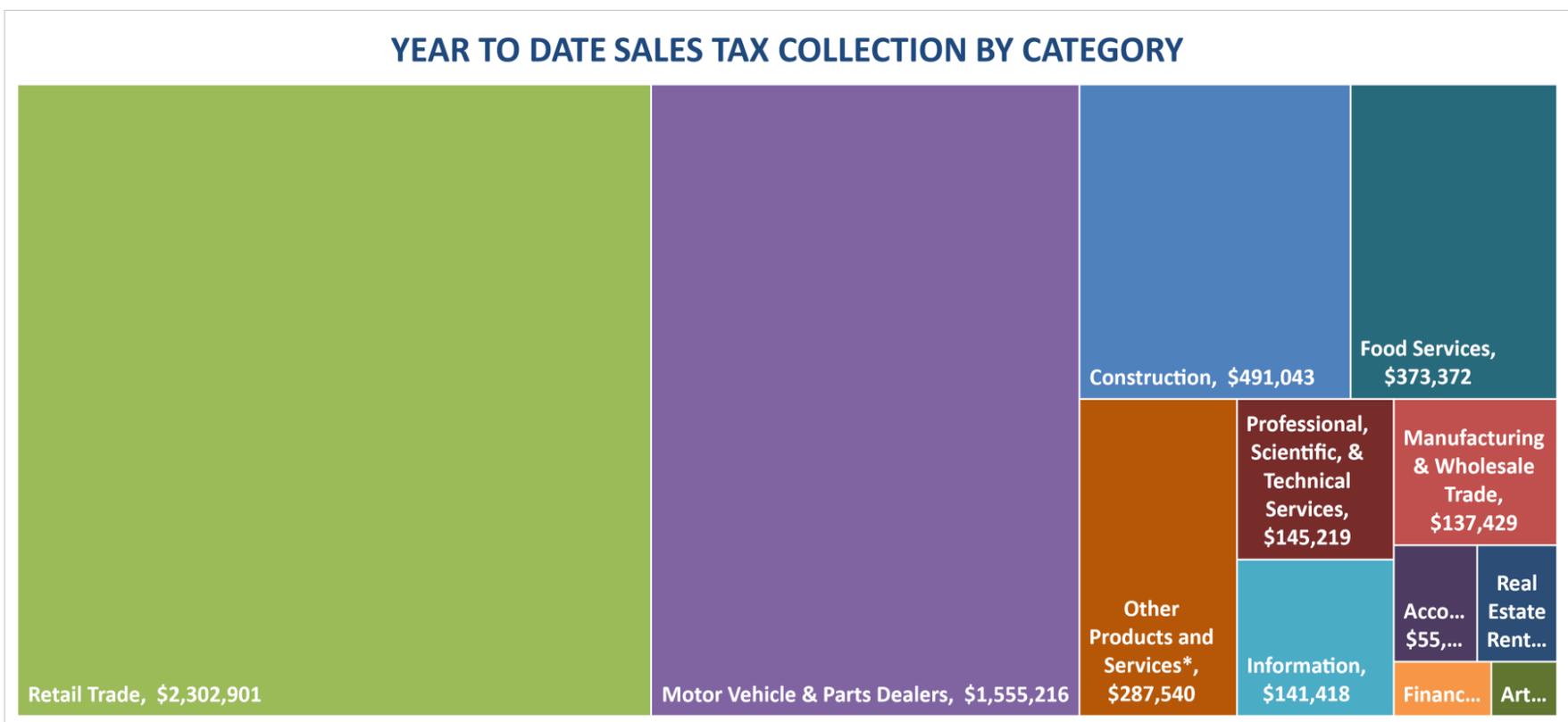
[Lynnwood Sales Tax Analysis Through Feb 2024.pdf](#)



Sales Tax Analysis - Annual Summary
February 2024

Tax Categories	Jan - Feb 2021	Jan - Feb 2022	Jan - Feb 2023	Jan - Feb 2024
Construction	\$ 405,326	\$ 440,412	\$ 580,833	\$ 491,043
Manufacturing & Wholesale Trade	141,907	118,923	143,313	137,429
Retail Trade	1,326,180	1,528,836	2,354,968	2,302,901
Motor Vehicle & Parts Dealers	812,078	1,020,667	1,446,936	1,555,216
Information	94,881	96,037	128,445	141,418
Finance & Insurance	49,047	57,627	48,992	30,431
Real Estate Rental and Leasing	37,895	45,981	52,281	53,461
Professional, Scientific, & Technical Services	107,527	86,410	126,759	145,219
Arts, Entertainment, & Recreation	10,047	15,880	27,212	20,648
Accommodation	21,318	37,792	48,659	55,901
Food Services	196,670	261,650	337,099	373,372
Other Products and Services*	204,121	265,939	302,030	287,540
Total Sales Tax Collected	\$ 3,406,997	\$ 3,976,154	\$ 5,597,527	\$ 5,594,579
Budgeted Sales Tax Collections	\$ 24,453,852	\$ 24,744,533	\$ 30,180,485	\$ 30,320,115
Realized Revenue as Compared to Budget	14%	16%	19%	18%

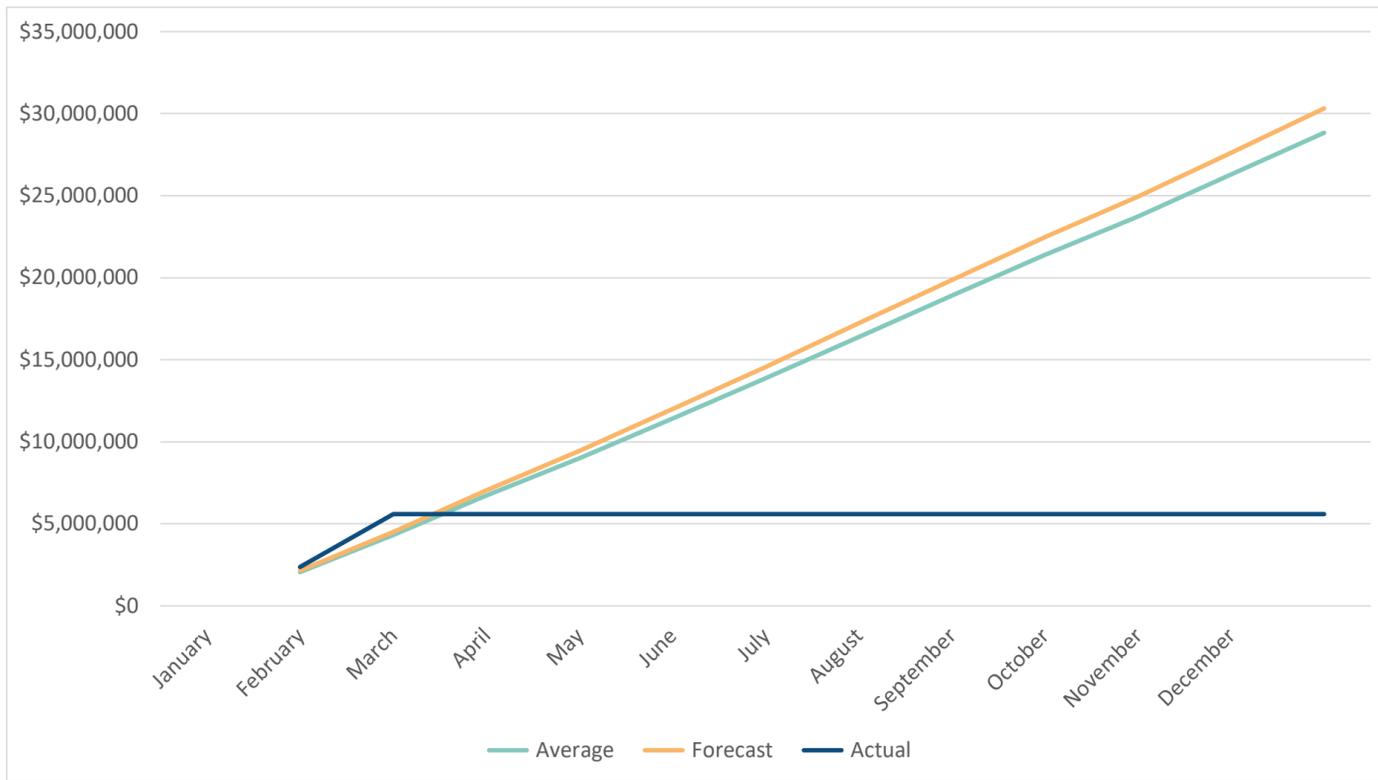
*Categories with small amounts of sales tax revenues have been combined





Sales Tax Analysis - Annual Summary
February 2024

	2021	2022	2023	3-Year Average Collection 2021 - 2023		Forecast 2024	Actual 2024	% Change 2023 - 2024
				Rate	Amount			
January	\$ 1,673,176	\$ 1,901,554	\$ 2,599,134	7.09%	\$ 2,057,955	\$ 2,150,616	\$ 2,371,961	-9.58%
February	1,733,822	2,074,600	2,998,393	7.80%	2,268,938	2,366,223	3,222,618	6.96%
March	2,355,721	2,568,511	2,266,393	8.34%	2,396,875	2,527,224	-	NA
April	2,267,311	2,271,016	2,250,419	7.87%	2,262,915	2,385,189	-	NA
May	2,286,659	2,404,505	2,601,481	8.43%	2,430,882	2,555,588	-	NA
June	2,456,345	2,631,081	2,257,083	8.52%	2,448,170	2,583,479	-	NA
July	2,405,512	2,485,666	2,638,901	8.71%	2,510,026	2,640,648	-	NA
August	2,370,461	2,380,789	2,806,745	8.73%	2,519,332	2,646,757	-	NA
September	2,348,178	2,485,667	2,636,686	8.64%	2,490,177	2,618,532	-	NA
October	2,191,649	2,380,788	2,500,321	8.17%	2,357,586	2,478,280	-	NA
November	2,296,275	2,734,292	2,583,228	8.80%	2,537,932	2,668,133	-	NA
December	2,717,369	2,658,770	2,284,092	8.90%	2,553,410	2,699,446	-	NA
Total Sales Tax Collected	\$ 27,102,477	\$ 28,977,239	\$ 30,422,876			\$ 30,320,115	\$ 5,594,579	
Percentage Increase(Decrease)		6.47%	4.75%					

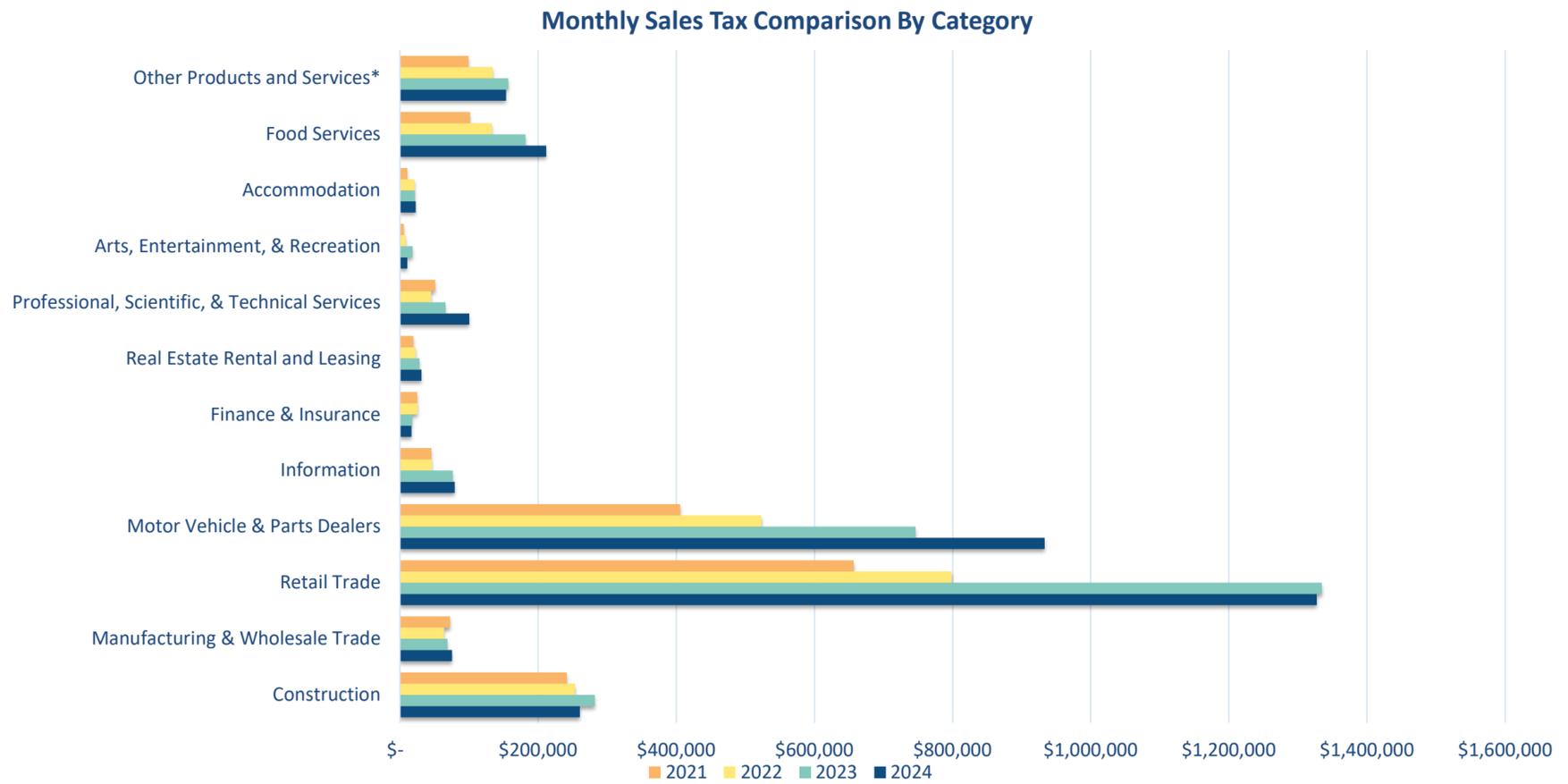




Sales Tax Analysis - Monthly Comparison
February 2024

Tax Categories	February 2021	February 2022	February 2023	February 2024	Change in Collections from Prior Year	
	\$	\$	\$	\$	\$	%
Construction	\$ 241,603	\$ 253,314	\$ 282,011	\$ 260,649	\$ (21,362)	(7.57%)
Manufacturing & Wholesale Trade	72,822	63,701	68,755	75,409	6,654	9.68%
Retail Trade	656,976	798,435	1,334,647	1,327,483	(7,164)	(0.54%)
Motor Vehicle & Parts Dealers	405,533	523,152	746,673	933,351	186,678	25.00%
Information	45,399	46,143	76,438	79,509	3,071	4.02%
Finance & Insurance	24,868	25,728	17,551	16,449	(1,102)	(6.28%)
Real Estate Rental and Leasing	19,212	22,672	28,101	31,194	3,093	11.01%
Professional, Scientific, & Technical Services	51,013	44,930	65,998	100,104	34,106	51.68%
Arts, Entertainment, & Recreation	5,490	8,159	18,285	10,417	(7,868)	(43.03%)
Accommodation	10,312	21,136	21,385	22,736	1,351	6.32%
Food Services	101,349	133,188	181,731	211,812	30,081	16.55%
Other Products and Services*	99,247	134,042	156,818	153,506	(3,312)	(2.11%)
Total Sales Tax Collected	\$ 1,733,822	\$ 2,074,600	\$ 2,998,393	\$ 3,222,619	\$ 224,226	7.48%

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



FINANCE COMMITTEE 3.B

CITY OF LYNNWOOD FINANCE COMMITTEE

TITLE:

4th Quarter 2023 Financial Report

DEPARTMENT CONTACT: Michelle Meyer, Finance

SUMMARY:

4th 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 fourth 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 12 of 24 months, which is 50% of the two-year period.

This report is still considered a draft as changes could still be made while the Finance Department works to compile the 2023 financial statements.

SUGGESTED ACTION:

Review and discussion.

PREVIOUS COUNCIL ACTIONS:

2023 3rd Quarter report reviewed at November 16, 2023 Finance Committee meeting

DEPARTMENT ATTACHMENTS

Description:

[Quarterly Financial Report Q4 2023 - 3.25.24 for Finance Committee.pdf](#)

Summary by Fund January 01, 2023 through December 31, 2023

Fund	Beginning Fund Balance	Revenue	Expenditures	Ending Fund Balance
General Fund				
011 General Fund	\$ 14,312,752	\$ 59,897,380	\$ 60,225,042	\$ 13,985,090
Total General Fund	\$ 14,312,752	\$ 59,897,380	\$ 60,225,042	\$ 13,985,090
Other General Government				
020 Econ Dev Infrastructure	\$ 9,505,195	\$ 227,706	\$ 7,714,918	\$ 2,017,983
098 Revenue Stabilization	6,000,000	-	-	6,000,000
101 Lodging Tax	871,061	919,335	860,789	929,607
104 Drug Enforcement	269,806	29,021	77,801	221,026
105 Criminal Justice	2,200,984	1,716,161	835,859	3,081,286
110 Transportation Impact Fee	1,480,117	560,734	2,040,153	698
111 Street Operating	291,760	2,872,033	2,873,368	290,425
114 Cumulative Park Reserve	123,091	27,710	8,715	142,086
116 Cumulative Art Reserve	511,747	11,967	82,113	441,601
119 Aid Car Reserve	17,033	-	17,033	-
121 Tree Reserve	351,646	15,011	41,632	325,025
128 Paths & Trails	8,852	-	8,756	96
131 American Rescue Plan Act	-	2,290,160	2,290,160	-
144 Solid Waste Management	94,874	69,209	60,724	103,359
146 Affordable Housing	508,149	198,162	-	706,311
147 Opioid Settlement	123,435	63,251	-	186,686
150 Transportation Benefit District	2,940,398	4,747,294	4,085,964	3,601,728
180 Park Impact Fee	2,861,542	1,217,210	814,019	3,264,733
Total Other General Government Funds	\$ 28,159,690	\$ 14,964,964	\$ 21,812,004	\$ 21,312,650
Debt Service				
203 General Govt Debt Service	\$ 1,021,568	\$ 3,540,859	\$ 4,039,074	\$ 523,353
223 Rec Center 2012 LTGO	112,502	20,270,784	20,304,828	78,458
Total Debt Service Funds	\$ 1,134,070	\$ 23,811,643	\$ 24,343,902	\$ 601,811
Capital Funds				
330 REET 2	\$ 2,113,442	\$ 974,103	\$ 1,583,879	\$ 1,503,666
331 REET 1	2,582,176	988,190	1,383,917	2,186,449
332 HRDW/SFTW	6,519	-	6,519	-
333 Capital Development	1,421,411	37,946	335,147	1,124,210
357 Other Government Capital	396,319	46,604	171,550	271,373
360 Transportation Capital	1,447,156	18,644,601	5,940,345	14,151,412
370 Facilities Capital	487,395	409,697	333,541	563,551
380 Parks & Recreation Capital	1,348,781	11,276,686	992,884	11,632,583
390 Public Safety Capital	39,772,928	12,137,051	42,127,395	9,782,584
Total Capital Funds	\$ 49,576,127	\$ 44,514,878	\$ 52,875,177	\$ 41,215,828
Enterprise Funds				
411 Utility Operations	\$ 29,363,733	\$ 32,376,691	\$ 27,130,577	\$ 34,609,847
412 Utility Capital	7,369,592	4,744,210	3,439,268	8,674,534
417 Not budgeted	-	-	-	-
419 2010 Utility System Bonds	-	-	-	-
460 Golf Course	813,787	2,080,418	2,245,530	648,675
Total Enterprise Funds	\$ 37,547,112	\$ 39,201,319	\$ 32,815,375	\$ 43,933,056
Internal Service Funds				
510 Equipment Rental Reserve	\$ 4,945,144	\$ 2,005,093	\$ 1,365,614	\$ 5,584,623
511 Equipment Rental Oper	712,974	2,298,952	2,285,907	726,019
513 Lynnwood Shop Operations	74,185	138,250	145,753	66,682
515 Self Insurance	148,944	-	86,674	62,270
520 Technology Reserve	326,890	413,758	686,954	53,694
Total Internal Service Funds	\$ 6,208,137	\$ 4,856,053	\$ 4,570,902	\$ 6,493,288
Total for all funds	\$ 136,937,888	\$ 187,246,237	\$ 196,642,402	\$ 127,541,723

Revenue Comparison through Budget Year 1, Quarter 4					
Fund	2021 - 2022 Actual	2023 - 2024 Actual	2023-2024 Budget	% Budget	
General Fund					
011 General Fund	\$ 55,879,090	\$ 59,897,380	\$ 131,269,645	46%	
Total General Fund	\$ 55,879,090	\$ 59,897,380	\$ 131,269,645		
Other General Government					
020 Econ Dev Infrastructure	\$ (100,327)	\$ 227,706	\$ 200,000	114%	
098 Revenue Stabilization	1,129,967	-	-	0%	
101 Lodging Tax	538,505	919,335	1,472,564	62%	
104 Drug Enforcement	4,486	29,021	96,000	30%	
105 Criminal Justice	1,260,555	1,716,161	2,069,942	83%	
110 Transportation Impact Fee	1,368,294	560,734	1,010,000	56%	
111 Street Operating	2,358,744	2,872,033	5,713,200	50%	
114 Cumulative Park Reserve	27,864	27,710	18,000	154%	
116 Cumulative Art Reserve	504,346	11,967	-	0%	
119 Aid Car Reserve	(176)	-	-	0%	
121 Tree Reserve	72,749	15,011	-	0%	
128 Paths & Trails	(132)	-	-	0%	
131 American Rescue Plan Act	415,572	2,290,160	8,500,000	27%	
144 Solid Waste Management	35,066	69,209	77,276	90%	
146 Affordable Housing	230,848	198,162	500,000	40%	
147 Opioid Settlement	-	63,251	65,000	97%	
150 Transportation Benefit District	4,265,803	4,747,294	7,880,688	60%	
180 Park Impact Fee	5,029,655	1,217,210	3,025,000	40%	
Total Other General Government Funds	\$ 17,141,819	\$ 14,964,964	\$ 30,627,670		
Debt Service					
203 General Govt Debt Service	\$ 2,000,004	\$ 3,540,859	\$ 7,058,568	50%	
223 Rec Center 2012 LTGO	1,656,516	20,270,784	2,851,175	711%	
Total Debt Service Funds	\$ 3,656,520	\$ 23,811,643	\$ 9,909,743		
Capital Funds					
330 REET 2	\$ 1,271,787	\$ 974,103	\$ 1,927,000	51%	
331 REET 1	1,263,131	988,190	1,840,000	54%	
332 HRDW/SFTW	-	-	-	0%	
333 Capital Development	1,085,518	37,946	94,519	40%	
357 Other Government Capital	305,870	46,604	890,000	5%	
360 Transportation Capital	19,813,743	18,644,601	32,072,800	58%	
370 Facilities Capital	121,405	409,697	1,055,000	39%	
380 Parks & Recreation Capital	2,303,567	11,276,686	25,872,035	44%	
390 Public Safety Capital	61,638,746	12,137,051	18,040,000	67%	
Total Capital Funds	\$ 87,803,767	\$ 44,514,878	\$ 81,791,354		
Enterprise Funds					
411 Utility Operations	\$ 38,581,471	\$ 32,376,691	\$ 106,338,226	30%	
412 Utility Capital	6,913,180	4,744,210	26,840,000	18%	
417 Not budgeted	-	-	-	0%	
419 2010 Utility System Bonds	-	-	-	0%	
460 Golf Course	1,872,952	2,080,418	3,641,394	57%	
Total Enterprise Funds	\$ 47,367,603	\$ 39,201,319	\$ 136,819,620		
Internal Service Funds					
510 Equipment Rental Reserve	\$ 1,852,903	\$ 2,005,093	\$ 3,599,272	56%	
511 Equipment Rental Oper	1,585,970	2,298,952	4,054,436	57%	
513 Lynnwood Shop Operations	121,650	138,250	334,300	41%	
515 Self Insurance	(638)	-	-	0%	
520 Technology Reserve	131,200	413,758	652,000	63%	
Total Internal Service Funds	\$ 3,691,085	\$ 4,856,053	\$ 8,640,008		
Total for all funds	\$ 215,539,884	\$ 187,246,237	\$ 399,058,040		

Expenditure Comparison through Budget Year 1, Quarter 4					
Fund	2021 - 2022 Actual	2023 - 2024 Actual	2023-2024 Budget	% Budget	
General Fund					
011 General Fund	\$ 51,022,634	\$ 60,225,042	\$ 133,816,462	45%	
Total General Fund	\$ 51,022,634	\$ 60,225,042	\$ 133,816,462		
Other General Government					
020 Econ Dev Infrastructure	\$ 1,125,000	\$ 7,714,918	\$ 7,850,000	98%	
098 Revenue Stabilization	-	-	-	0%	
101 Lodging Tax	634,471	860,789	1,639,875	52%	
104 Drug Enforcement	-	77,801	135,000	58%	
105 Criminal Justice	2,160,156	835,859	3,270,500	26%	
110 Transportation Impact Fee	2,370,000	2,040,153	2,070,000	99%	
111 Street Operating	2,576,409	2,873,368	6,004,898	48%	
114 Cumulative Park Reserve	3,085	8,715	50,000	17%	
116 Cumulative Art Reserve	-	82,113	450,000	18%	
119 Aid Car Reserve	-	17,033	17,033	100%	
121 Tree Reserve	69,433	41,632	45,000	93%	
128 Paths & Trails	-	8,756	8,756	100%	
131 American Rescue Plan Act	415,572	2,290,160	8,500,000	27%	
144 Solid Waste Management	27,201	60,724	77,276	79%	
146 Affordable Housing	-	-	-	0%	
147 Opioid Settlement	-	-	-	0%	
150 Transportation Benefit District	5,254,421	4,085,964	10,820,000	38%	
180 Park Impact Fee	329,301	814,019	4,935,014	16%	
Total Other General Government Funds	\$ 14,965,049	\$ 21,812,004	\$ 45,873,352		
Debt Service					
203 General Govt Debt Service	\$ 879,178	\$ 4,039,074	\$ 8,080,113	50%	
223 Rec Center 2012 LTGO	1,656,613	20,304,828	2,961,175	686%	
Total Debt Service Funds	\$ 2,535,791	\$ 24,343,902	\$ 11,041,288		
Capital Funds					
330 REET 2	\$ 3,588,960	\$ 1,583,879	\$ 4,040,000	39%	
331 REET 1	1,500,000	1,383,917	3,650,000	38%	
333 Capital Development	898,469	335,147	1,515,000	22%	
357 Other Government Capital	259,409	171,550	1,285,000	13%	
360 Transportation Capital	19,299,841	5,940,345	32,072,800	19%	
370 Facilities Capital	1,057,225	333,541	1,000,000	33%	
380 Parks & Recreation Capital	2,771,108	992,884	26,033,426	4%	
390 Public Safety Capital	6,532,068	42,127,395	55,589,088	76%	
Total Capital Funds	\$ 35,907,080	\$ 52,875,177	\$ 125,191,833	0	
Enterprise Funds					
411 Utility Operations	\$ 24,739,692	\$ 27,130,577	\$ 75,060,602	36%	
412 Utility Capital	12,660,760	3,439,268	28,695,000	12%	
419 2010 Utility System Bonds	255,295	-	-	0%	
460 Golf Course	1,462,371	2,245,530	3,598,047	62%	
Total Enterprise Funds	\$ 39,103,175	\$ 32,815,375	\$ 107,353,649		
Internal Service Funds					
510 Equipment Rental Reserve	\$ 4,836	\$ 1,365,614	\$ 3,599,272	38%	
511 Equipment Rental Oper	1,509,552	2,285,907	4,064,259	56%	
513 Lynnwood Shop Operations	127,754	145,753	356,500	41%	
515 Self Insurance	71,592	86,674	101,900	85%	
520 Technology Reserve	8,036	686,954	784,000	88%	
Total Internal Service Funds	\$ 1,721,770	\$ 4,570,902	\$ 8,905,931		
Total for all funds	\$ 145,255,499	\$ 196,642,402	\$ 432,182,515		

Cash and Investments as of December 31, 2023

	As of December 31, 2023	
Cash in Bank	\$	7,219,435
Cash on Hand		9,265
Total Cash	\$	7,228,700
WA State Local Government Investment Pool	\$	31,769,705
Snohomish County Investment Pool		10,417,012
US Bank Investments (Principal Cost)		31,437,009
Total Investments	\$	73,623,726
Total Cash & Investments	\$	80,852,426
US Bank Investment Activity		
PAR Value at September 30, 2023	\$	26,450,000
Purchases (Sales)		6,460,000
PAR Value at December 31, 2023	\$	32,910,000
Market Value at December 31, 2023	\$	3,075,185
Earnings for Quarter Ending December 31, 2023	\$	87,128

Summary by Department January 01, 2021 through December 31, 2023

Development & Business Services	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 2,355,029	\$ 2,775,871	\$ 2,986,735	\$ -	\$ 7,218,256	41%
Personnel Benefits	893,614	1,068,543	1,092,016	-	2,639,655	41%
Supplies	40,184	53,929	33,595	-	122,810	27%
Services & Charges	1,152,108	1,330,191	474,520	-	4,021,743	12%
Intergovernmental	-	-	5,057	-	88,000	6%
Total	\$ 4,440,935	\$ 5,228,534	\$ 4,591,923	\$ -	\$ 14,090,464	33%

Executive	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 580,883	\$ 839,890	\$ 976,171	\$ -	\$ 2,061,000	47%
Personnel Benefits	200,516	228,530	333,559	-	702,500	47%
Supplies	5,153	12,927	13,088	-	32,950	40%
Services & Charges	236,820	315,924	473,317	-	843,754	56%
Intergovernmental	-	-	-	-	-	-
Total	\$ 1,023,372	\$ 1,397,271	\$ 1,796,135	\$ -	\$ 3,640,204	49%

Finance	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 2,167,371	\$ 2,122,151	\$ 1,996,075	\$ -	\$ 4,459,000	45%
Personnel Benefits	898,565	818,151	764,463	-	1,833,300	42%
Supplies	9,487	12,264	25,468	-	16,400	155%
Services & Charges	610,332	578,391	556,008	-	1,080,300	51%
Intergovernmental	-	-	-	-	-	-
Total	\$ 3,685,755	\$ 3,530,957	\$ 3,342,014	\$ -	\$ 7,389,000	45%

Fire	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ -	\$ -	\$ -	\$ -	\$ -	-
Personnel Benefits	-	-	-	-	-	-
Supplies	2,971	252	21	-	14,700	0%
Services & Charges	18,235	19,481	16,822	-	47,700	35%
Intergovernmental	935,217	935,117	1,367,483	-	2,625,500	52%
Total	\$ 956,423	\$ 954,850	\$ 1,384,326	\$ -	\$ 2,687,900	52%

Human Resources	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 542,067	\$ 577,032	\$ 588,190	\$ -	\$ 1,290,600	46%
Personnel Benefits	197,328	197,920	186,947	-	418,400	45%
Supplies	12,523	6,999	40,955	-	35,300	116%
Services & Charges	136,870	122,168	116,543	-	488,282	24%
Intergovernmental	-	-	-	-	-	-
Total	\$ 888,788	\$ 904,119	\$ 932,635	\$ -	\$ 2,232,582	42%

Information Technology	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 1,278,481	\$ 1,307,505	\$ 1,499,469	\$ -	\$ 3,008,015	50%
Personnel Benefits	518,885	502,480	555,856	-	1,096,153	51%
Supplies	27,285	105,907	53,342	-	142,050	38%
Services & Charges	668,704	565,240	600,735	-	1,523,532	39%
Intergovernmental	-	-	-	-	-	-
Total	\$ 2,493,355	\$ 2,481,132	\$ 2,709,402	\$ -	\$ 5,769,750	47%

Legal	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ -	\$ -	\$ -	\$ -	\$ -	-
Personnel Benefits	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Services & Charges	1,375,024	1,417,390	1,391,591	-	2,728,700	51%
Intergovernmental	-	-	-	-	-	-
Total	\$ 1,375,024	\$ 1,417,390	\$ 1,391,591	\$ -	\$ 2,728,700	51%

Legislative	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 189,990	\$ 198,167	\$ 202,998	\$ -	\$ 406,800	50%
Personnel Benefits	158,051	170,274	176,669	-	357,800	49%
Supplies	2,404	2,267	2,972	-	19,500	15%
Services & Charges	54,223	57,550	88,950	-	268,915	33%
Intergovernmental	-	-	-	-	-	-
Total	\$ 404,668	\$ 428,258	\$ 471,589	\$ -	\$ 1,053,015	45%

Municipal Court	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 755,803	\$ 965,902	\$ 1,032,434	\$ -	\$ 2,533,257	41%
Personnel Benefits	348,156	574,252	382,900	-	959,897	40%
Supplies	15,258	13,172	17,157	-	64,056	27%
Services & Charges	231,137	244,008	317,724	-	644,754	49%
Intergovernmental	-	-	-	-	-	-
Total	\$ 1,350,354	\$ 1,797,334	\$ 1,750,215	\$ -	\$ 4,201,964	42%

Non-Departmental - General Fund	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 147,358	\$ 72,136	\$ -	\$ -	\$ -	-
Personnel Benefits	5,968	5,157	-	-	-	-
Supplies	-	32,136	-	-	-	-
Services & Charges	-	-	570,578	-	1,300,000	44%
Intergovernmental	-	-	-	-	-	-
Capital Outlay	-	109,919	-	-	-	-
Transfers-out	5,004,515	3,832,773	5,326,000	-	10,048,150	53%
Total	\$ 5,157,841	\$ 4,052,121	\$ 5,896,578	\$ -	\$ 11,348,150	52%

Parks, Recreation, & Cultural Arts	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 3,995,958	\$ 4,628,947	\$ 5,264,846	\$ -	\$ 10,996,163	48%
Personnel Benefits	1,544,102	1,641,747	1,825,860	-	3,821,573	48%
Supplies	247,415	463,932	476,849	-	797,716	60%
Services & Charges	1,185,594	1,518,358	1,637,527	-	3,936,081	42%
Intergovernmental	-	-	-	-	-	-
Capital Outlay	-	57,709	23,715	-	15,980	148%
Total	\$ 6,973,069	\$ 8,310,693	\$ 9,228,797	\$ -	\$ 19,567,513	47%

Police	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 11,162,077	\$ 12,310,189	\$ 12,863,192	\$ -	\$ 30,025,894	43%
Personnel Benefits	3,971,850	4,130,303	4,442,302	-	10,410,954	43%
Supplies	369,174	644,831	525,404	-	1,700,918	31%
Services & Charges	2,301,748	2,828,785	2,914,132	-	6,073,053	48%
Intergovernmental	1,426,667	2,293,153	2,819,679	-	4,060,646	69%
Total	\$ 19,231,516	\$ 22,207,261	\$ 23,564,709	\$ -	\$ 52,271,465	45%

Public Works - General Fund	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 1,478,329	\$ 1,600,069	\$ 1,558,686	\$ -	\$ 3,068,300	51%
Personnel Benefits	613,786	608,904	587,824	-	1,123,200	52%
Supplies	73,506	92,302	114,343	-	192,150	60%
Services & Charges	875,915	795,140	895,735	-	2,454,105	36%
Intergovernmental	-	-	-	-	-	-
Total	\$ 3,041,536	\$ 3,096,415	\$ 3,156,588	\$ -	\$ 6,837,755	46%

Public Works - Street Operating Fund	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 845,162	\$ 972,227	\$ 952,496	\$ -	\$ 2,482,600	38%
Personnel Benefits	362,898	410,789	382,615	-	780,900	49%
Supplies	456,526	815,114	531,226	-	1,023,350	52%
Services & Charges	890,113	782,031	996,983	-	1,668,048	60%
Intergovernmental	-	-	-	-	-	-
Capital Outlay	21,710	62,447	10,048	-	50,000	20%
Total	\$ 2,576,409	\$ 3,042,608	\$ 2,873,368	\$ -	\$ 6,004,898	48%

Public Works - Utility Operations Fund	Actuals				Budget	
	2021	2022	2023	2024	2023-2024	%
Salaries & Wages	\$ 4,139,917	\$ 4,493,574	\$ 4,509,093	\$ -	\$ 8,852,260	51%
Personnel Benefits	299,980	1,376,943	1,712,849	-	3,181,249	54%
Supplies	3,501,351	4,008,583	1,501,805	-	2,026,750	74%
Services & Charges	8,406,398	7,574,644	9,996,900	-	15,829,739	63%
Intergovernmental	237,146	25,884	49,317	-	50,000	99%
Capital Outlay	-	-	-	-	-	-
Debt Service	1,496,455	1,350,700	1,310,688	-	6,821,776	19%
Total	\$ 18,081,247	\$ 18,830,328	\$ 19,080,652	\$ -	\$ 36,761,774	52%

General Fund
Year-to-date Summary as of December 31, 2023

Fund	2021	2022	2023	2024	2023-2024 Budget	% Budget
Revenues and Other Sources						
OPERATING REVENUES						
Taxes	\$ 37,681,890	\$ 40,873,774	\$ 41,360,546	\$ -	\$ 84,308,200	49%
Licenses & Permits	5,504,095	5,511,479	4,277,859	-	11,607,700	37%
Intergovernmental Revenue	1,365,227	1,510,074	1,560,011	-	4,040,002	39%
Charges for Services	5,880,138	6,042,973	6,938,511	-	16,639,110	42%
Fines & Forfeitures	4,895,690	5,817,008	4,222,113	-	12,750,000	33%
Investment Interest	27,772	206,487	278,581	-	101,000	276%
Other Revenue	523,118	1,711,398	1,238,798	-	1,133,400	109%
TOTAL REVENUES	\$ 55,877,930	\$ 61,673,193	\$ 59,876,419	\$ -	\$ 130,579,412	46%
OTHER FINANCING SOURCES						
Other Financing Sources	\$ 1,160	\$ (303,584)	\$ 3,928	\$ -	\$ 273,200	1%
Transfers-in	-	-	17,033	-	417,033	4%
TOTAL OTHER FINANCING SOURCES	1,160	(303,584)	20,961	-	690,233	3%
TOTAL REVENUES & OTHER SOURCES	\$ 55,879,090	\$ 61,369,609	\$ 59,897,379	\$ -	\$ 131,269,645	46%
Expenditures and Other Uses						
OPERATING EXPENDITURES						
Salaries & Wages	\$ 24,653,342	\$ 27,397,861	\$ 28,968,796	\$ -	\$ 65,067,285	45%
Personnel Benefits	9,350,821	9,946,260	10,348,395	-	23,363,432	44%
Supplies	805,361	1,440,918	1,303,192	-	3,138,550	42%
Services & Charges	8,758,298	9,648,291	9,960,408	-	25,389,719	39%
Intergovernmental	2,361,884	3,242,629	4,200,761	-	6,774,146	62%
TOTAL OPERATING EXPENDITURES	\$ 45,929,706	\$ 51,675,959	\$ 54,781,552	\$ -	\$ 123,733,132	44%
OTHER FINANCING USES						
Capital Outlay	\$ 87,807	\$ 311,362	\$ 117,491	\$ -	\$ 35,980	327%
Debt Service	606	600	-	-	1,200	0%
Transfers-out	5,004,515	3,832,773	5,326,000	-	10,048,150	53%
TOTAL OTHER FINANCING USES	\$ 5,092,928	\$ 4,144,735	\$ 5,443,491	\$ -	\$ 10,085,330	54%
TOTAL EXPENDENDITURES & OTHER USES	\$ 51,022,634	\$ 55,820,694	\$ 60,225,044	\$ -	\$ 133,818,462	45%
ENDING FUND BALANCES						

RESERVE REQUIREMENT						
Fund	2021	2022	2023	2024	2023-2024 Budget	
REQUIRED RESERVE 2.5 MONTHS EXPENDITURES	\$ 10,706,253	\$ 10,166,182	\$ 9,568,689	\$ 10,765,825	\$ 9,568,689	
General Fund	8,981,243	14,530,158	14,202,493	14,202,493	11,763,935	
Stabilization Fund	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	
Economic Development Infrastructure Fund	9,818,547	9,505,196	2,017,984	2,017,984	1,855,195	
RESERVE EXCESS (DEFICIT)	\$ 4,274,990	\$ 10,363,976	\$ 10,633,804	\$ 9,436,668	\$ 8,195,246	

FINANCE COMMITTEE 4.A

CITY OF LYNNWOOD FINANCE COMMITTEE

TITLE: Lynnwood Municipal Code Updates for Budget

DEPARTMENT CONTACT: Michelle Meyer, Finance

SUMMARY:

Discuss potential updates to LMC for Budget

PRESENTER:

Michelle Meyer, Finance Director

ESTIMATED TIME:

20

BACKGROUND:

The Lynnwood Municipal Code (LMC) Section 2.72 outlines specific procedures for the budget process. Most of the procedures outlined in the LMC are based on the the Revised Code of Washington (RCW) Chapter 35A.34 for biennial budgeted. Additional procedures in the LMC are not required in the RCW.

Staff are working to update LMC Section 2.72 to clarify which procedures are dictated per RCW and which are not. Feedback is requested from the Finance Committee to identify the preferred level of detail to include in the LMC for procedures that are already required in detail in the RCW.

Current versions of LMC 2.72 and RCW Chapter 35A.34 are attached.

SUGGESTED ACTION:

Discuss potential LMC updates for Budget

PREVIOUS COUNCIL ACTIONS:

Finance Committee Discussion January 25, 2024

DEPARTMENT ATTACHMENTS

Description:

[LMC 2.72 Budget.pdf](#)

[RCW Chapter 35A.34.pdf](#)

[Budget Calendar Requirements.pdf](#)

Chapter 2.72 BUDGET PROCESS

Sections:

- [2.72.010 Policy.](#)
- [2.72.020 Biennial budget planning calendar.](#)
- [2.72.030 Proposed preliminary budget.](#)
- [2.72.040 Mayor's preliminary budget and message.](#)
- [2.72.050 October-November hearings and work sessions on the preliminary budget.](#)
- [2.72.060 Final decision, budget adoption.](#)
- [2.72.070 Mid-biennial review and modification.](#)

2.72.010 Policy.

It is hereby declared to be the policy of the city of Lynnwood that a two-year fiscal biennium budget and planning calendar consistent with Chapter [35A.34](#) RCW and this chapter shall be adopted each year by resolution of the city council. (Ord. 3149 § 2 (Exh. A), 2015)

2.72.020 Biennial budget planning calendar.

On or before January 31st of each year, the city council shall adopt by resolution a planning calendar for the preparation and adoption of a biennial budget (even-numbered years) and mid-biennial review (odd-numbered years). (Ord. 3149 § 2 (Exh. A), 2015)

2.72.030 Proposed preliminary budget.

The proposed preliminary budget for the ensuing fiscal biennium shall be prepared by the mayor, and shall be delivered to the city council, on or before September 15th of each even-numbered year. The required information to be included in each proposed preliminary budget shall be as follows:

- A. The revenue section shall set forth in comparative and tabular form for each fund:
1. Actual receipts for the last completed fiscal biennium by year and by each revenue source;
 2. Estimated receipts for the current fiscal biennium by year and by revenue source;
 3. Estimated receipts for the ensuing fiscal biennium by year and the amount expected from each revenue source;
 4. Estimated receipt of ad valorem taxes; and
 5. The unexpended balance for each fund estimated to be available at the close of the current fiscal biennium.
- B. The revenue section shall also contain a separate listing of each revenue source comparing the total expected receipts for the current biennium to the total estimated receipts for the ensuing fiscal biennium.

C. The expenditure section shall set forth in comparative and tabular form for each fund and every department operating within each fund:

1. Actual expenditures for the last completed fiscal biennium;
2. Appropriations for the current fiscal biennium;
3. Estimated expenditures for the ensuing fiscal biennium; and
4. For each proposed full-time or part-time employee, the annual salary (without benefits) for that employee, together with the exact personnel classification title of the employee's position, and any other working title or position designation, if any. (Ord. 3149 § 2 (Exh. A), 2015)

2.72.040 Mayor's preliminary budget and message.

The mayor shall, between the first Monday of October and not less than 60 days before the beginning of the next fiscal biennium, file with the city clerk and immediately forward to the city council a preliminary budget together with a budget message in accordance with RCW [35A.34.080](#). The mayor shall prepare and deliver to the city council inserts or such other documentation as necessary to explain and show in detail the mayor's recommendations contained in the preliminary budget. The preliminary budget shall be certified by both the mayor and the finance director that all changes, amendments or other revisions known to them, or known to each department, are contained within the preliminary budget as filed. (Ord. 3149 § 2 (Exh. A), 2015)

2.72.050 October-November hearings and work sessions on the preliminary budget.

The city council shall between the second Monday in October and the second Monday in November of even-numbered years hold hearings and conduct work sessions to inquire into the programs and services, and financial information contained in the preliminary budget. Notice of the one public hearing specifically required by state law after filing the preliminary budget shall be published for the public and media on the date set forth in the biennial budget and planning calendar resolution as may be amended. (Ord. 3149 § 2 (Exh. A), 2015)

2.72.060 Final decision, budget adoption.

The biennial budget shall begin to be considered for adoption by the city council on the fourth Monday of November of even-numbered years. Final budget in its form and content shall be adopted prior to the beginning of the fiscal biennium. A complete copy of the final budget shall be transmitted to the state auditor and the Association of Washington Cities. (Ord. 3149 § 2 (Exh. A), 2015)

2.72.070 Mid-biennial review and modification.

A review of the mid-biennial budget shall commence no sooner than eight months after the start nor later than 12 months after the start of the biennium. The mayor shall prepare the proposed budget modification and shall provide for publication of notice of hearings consistent with publication of notices for adoption of other city ordinances. The mayor shall distribute the proposed modification to members of the city council, with copies available to the public at City Hall. Public hearings on the proposed budget modification shall be conducted at least two weeks prior to the adoption of the ordinance modifying the biennial budget. A complete copy of the budget modification shall be transmitted to the state auditor and Association of Washington Cities. (Ord. 3149 § 2 (Exh. A), 2015)

**Chapter 35A.34 RCW
BIENNIAL BUDGETS**

Sections

- 35A.34.010 Legislative intent.
- 35A.34.020 Application of chapter.
- 35A.34.030 Definitions.
- 35A.34.040 Biennial budget authorized—Limitations.
- 35A.34.050 Budget estimates—Submittal.
- 35A.34.060 Budget estimates—Classification and segregation.
- 35A.34.070 Proposed preliminary budget.
- 35A.34.080 Preliminary budget.
- 35A.34.090 Budget message—Hearings.
- 35A.34.100 Budget—Notice of hearing.
- 35A.34.110 Budget—Hearing.
- 35A.34.120 Budget—Adoption.
- 35A.34.130 Budget—Mid-biennial review and modification.
- 35A.34.140 Emergency expenditures—Nondebatable emergencies.
- 35A.34.150 Emergency expenditures—Other emergencies—Hearing.
- 35A.34.160 Emergency expenditures—Warrants—Payment.
- 35A.34.170 Registered warrants—Payment.
- 35A.34.180 Adjustment of wages, hours and conditions of employment.
- 35A.34.190 Forms—Accounting—Supervision by state.
- 35A.34.200 Funds—Limitations on expenditures—Transfers and adjustments.
- 35A.34.205 Administration, oversight, or supervision of utility—
Reimbursement from utility budget authorized.
- 35A.34.210 Liabilities incurred in excess of budget.
- 35A.34.220 Funds received from sales of bonds and warrants—
Expenditures program—Federal tax law.
- 35A.34.230 Revenue estimates—Amount to be raised by ad valorem
taxes.
- 35A.34.240 Funds—Quarterly report of status.
- 35A.34.250 Contingency fund—Creation.
- 35A.34.260 Contingency fund—Withdrawals.
- 35A.34.270 Unexpended appropriations.
- 35A.34.280 Violations and penalties.

RCW 35A.34.010 Legislative intent. See RCW 35.34.010.

RCW 35A.34.020 Application of chapter. This chapter applies to all code cities which have by ordinance adopted this chapter authorizing the adoption of a fiscal biennium budget. [1985 c 175 § 34.]

RCW 35A.34.030 Definitions. Unless the context clearly indicates otherwise, the definitions in this section apply throughout this chapter.

(1) "Clerk" includes the officer performing the functions of a finance or budget director, comptroller, auditor, or by whatever title the officer may be known in any code city.

(2) "Department" includes each office, division, service, system, or institution of the city for which no other statutory or charter provision is made for budgeting and accounting procedures or controls.

(3) "Legislative body" includes the council, commission, or any other group of officials serving as the legislative body of a code city.

(4) "Chief administrative officer" includes the mayor of cities having a mayor-council plan of government, the commissioners in cities having a commission plan of government, the manager, or any other city official designated by the charter or ordinances of such city under the plan of government governing the same, or the budget or finance officer designated by the mayor, manager, or commissioners, to perform the functions, or portions thereof, contemplated by this chapter.

(5) "Fiscal biennium" means the period from January 1 of each odd-numbered year through December 31 of the next succeeding even-numbered year.

(6) "Fund" and "funds" where clearly used to indicate the plural of "fund" means the budgeting or accounting entity authorized to provide a sum of money for specified activities or purposes.

(7) "Funds" where not used to indicate the plural of "fund" means money in hand or available for expenditure or payment of a debt or obligation.

(8) Except as otherwise defined in this chapter, municipal accounting terms used in this chapter have the meaning prescribed by the state auditor pursuant to RCW 43.09.200. [1985 c 175 § 35.]

"Fiscal biennium" defined: RCW 1.16.020.

RCW 35A.34.040 Biennial budget authorized—Limitations. All code cities are authorized to establish by ordinance a two-year fiscal biennium budget. The ordinance shall be enacted at least six months prior to commencement of the fiscal biennium and this chapter applies to all code cities which utilize a fiscal biennium budget. Code cities which establish a fiscal biennium budget are authorized to repeal such ordinance and provide for reversion to a fiscal year budget. The ordinance may only be repealed effective as of the conclusion of a fiscal biennium. However, the city shall comply with chapter 35A.33 RCW in developing and adopting the budget for the first fiscal year following repeal of the ordinance. [1985 c 175 § 36.]

RCW 35A.34.050 Budget estimates—Submittal. On or before the second Monday of the fourth month prior to the beginning of the city's next fiscal biennium, or at such other time as the city may provide by ordinance or charter, the clerk shall notify in writing the head of each department of a city to file with the clerk within fourteen days of the receipt of such notification, detailed estimates of the probable revenue from sources other than ad valorem taxation and of all expenditures required by the department for the ensuing fiscal biennium. The notice shall be accompanied by the proper forms provided by the clerk, prepared in accordance with the requirements and classification established by the state auditor. The clerk shall prepare the estimates for interest and debt redemption requirements and all other estimates, the preparation of which falls properly within the duties of the clerk's office. The chief administrative

officers of the city shall submit to the clerk detailed estimates of all expenditures proposed to be financed from the proceeds of bonds or warrants not yet authorized, together with a statement of the proposed method of financing them. In the absence or disability of the official or person regularly in charge of a department, the duties required by this section shall devolve upon the person next in charge of such department. [1995 c 301 § 55; 1985 c 175 § 37.]

RCW 35A.34.060 Budget estimates—Classification and segregation.

All estimates of receipts and expenditures for the ensuing fiscal biennium shall be fully detailed in the biennial budget and shall be classified and segregated according to a standard classification of accounts to be adopted and prescribed by the state auditor after consultation with the Washington finance officers association, the association of Washington cities, and the association of Washington city managers. [1995 c 301 § 56; 1985 c 175 § 38.]

RCW 35A.34.070 Proposed preliminary budget.

On or before the first business day in the third month prior to the beginning of the biennium of a city or at such other time as the city may provide by ordinance or charter, the clerk or other person designated by the charter, by ordinances, or by the chief administrative officer of the city shall submit to the chief administrative officer a proposed preliminary budget which shall set forth the complete financial program of the city for the ensuing fiscal biennium, showing the expenditure program requested by each department and the sources of revenue by which each such program is proposed to be financed.

The revenue section shall set forth in comparative and tabular form for each fund the actual receipts for the last completed fiscal biennium, the estimated receipts for the current fiscal biennium, and the estimated receipts for the ensuing fiscal biennium, which shall include the amount to be raised from ad valorem taxes and unencumbered fund balances estimated to be available at the close of the current fiscal biennium. However, if the city was not utilizing a fiscal biennium budget for the previous three years, it shall set forth its fiscal years' revenues to reflect actual and estimated receipts as if it had previously utilized a biennial budgetary process.

The expenditure section shall set forth in comparative and tabular form for each fund and every department operating within each fund the actual expenditures for the last completed fiscal biennium, the appropriations for the current fiscal biennium, and the estimated expenditures for the ensuing fiscal biennium. However, if the city was not utilizing a fiscal biennium budget for the previous three years, it shall set forth its fiscal years' expenditures to reflect actual and estimated levels as if it had previously utilized a biennial budgetary process. The expenditure section shall further set forth separately the salary or salary range for each office, position, or job classification together with the title or position designation thereof. However, salaries may be set out in total amounts under each department if a detailed schedule of such salaries and positions be attached and made a part of the budget document. [1985 c 175 § 39.]

RCW 35A.34.080 Preliminary budget. The chief administrative officer shall prepare the preliminary budget in detail, making any revisions or additions to the reports of the department heads deemed advisable by such chief administrative officer. At least sixty days before the beginning of the city's next fiscal biennium the chief administrative officer shall file it with the clerk as the recommendation of the chief administrative officer for the final budget. The clerk shall provide a sufficient number of copies of such preliminary budget and budget message to meet the reasonable demands of taxpayers therefor and have them available for distribution not later than six weeks before the beginning of the city's next fiscal biennium. [1985 c 175 § 40.]

RCW 35A.34.090 Budget message—Hearings. (1) In every city, a budget message prepared by or under the direction of the city's chief administrative officer shall be submitted as a part of the preliminary budget to the city's legislative body at least sixty days before the beginning of the city's next fiscal biennium and shall contain the following:

- (a) An explanation of the budget document;
- (b) An outline of the recommended financial policies and programs of the city for the ensuing fiscal biennium;
- (c) A statement of the relation of the recommended appropriation to such policies and programs;
- (d) A statement of the reason for salient changes from the previous biennium in appropriation and revenue items; and
- (e) An explanation for any recommended major changes in financial policy.

(2) Prior to the final hearing on the budget, the legislative body or a committee thereof shall schedule hearings on the budget or parts thereof, and may require the presence of department heads to give information regarding estimates and programs. [1985 c 175 § 41.]

RCW 35A.34.100 Budget—Notice of hearing. Immediately following the filing of the preliminary budget with the clerk, the clerk shall publish a notice once a week for two consecutive weeks stating that the preliminary budget for the ensuing fiscal biennium has been filed with the clerk, that a copy thereof will be made available to any taxpayer who will call at the clerk's office therefor, that the legislative body of the city will meet on or before the first Monday of the month next preceding the beginning of the ensuing fiscal biennium for the purpose of fixing the final budget, designating the date, time, and place of the legislative budget meeting, and that any taxpayer may appear thereat and be heard for or against any part of the budget. The publication of the notice shall be made in the official newspaper of the city if there is one, otherwise in a newspaper of general circulation in the city. If there is no newspaper of general circulation in the city, then notice may be made by posting in three public places fixed by ordinance as the official places for posting the city's official notices. [1985 c 175 § 42.]

RCW 35A.34.110 Budget—Hearing. The legislative body shall meet on the day fixed by RCW 35A.34.100 for the purpose of fixing the final

budget of the city at the time and place designated in the notice thereof. Any taxpayer may appear and be heard for or against any part of the budget. The hearing may be continued from day to day but not later than the twenty-fifth day prior to commencement of the city's fiscal biennium. [1985 c 175 § 43.]

RCW 35A.34.120 Budget—Adoption. Following conclusion of the hearing, and prior to the beginning of the fiscal biennium, the legislative body shall make such adjustments and changes as it deems necessary or proper and, after determining the allowance in each item, department, classification, and fund, shall by ordinance adopt the budget in its final form and content. Appropriations shall be limited to the total estimated revenues contained therein including the amount to be raised by ad valorem taxes and the unencumbered fund balances estimated to be available at the close of the current fiscal biennium. Such ordinances may adopt the final budget by reference. However, the ordinance adopting the budget shall set forth in summary form the totals of estimated revenues and appropriations for each separate fund and the aggregate totals for all such funds combined.

A complete copy of the final budget as adopted shall be transmitted to the state auditor and to the association of Washington cities. [1995 c 301 § 57; 1985 c 175 § 44.]

RCW 35A.34.130 Budget—Mid-biennial review and modification. The legislative authority of a city having adopted the provisions of this chapter shall provide by ordinance for a mid-biennial review and modification of the biennial budget. The ordinance shall provide that such review and modification shall occur no sooner than eight months after the start nor later than conclusion of the first year of the fiscal biennium. The chief administrative officer shall prepare the proposed budget modification and shall provide for publication of notice of hearings consistent with publication of notices for adoption of other city ordinances. City ordinances providing for a mid-biennium review and modification shall establish procedures for distribution of the proposed modification to members of the city legislative authority, procedures for making copies available to the public, and shall provide for public hearings on the proposed budget modification. The budget modification shall be by ordinance approved in the same manner as are other ordinances of the city.

A complete copy of the budget modification as adopted shall be transmitted to the state auditor and to the association of Washington cities. [1995 c 301 § 58; 1985 c 175 § 45.]

RCW 35A.34.140 Emergency expenditures—Nondebatable emergencies. Upon the happening of any emergency caused by violence of nature, casualty, riot, insurrection, war, or other unanticipated occurrence requiring the immediate preservation of order or public health, or for the property which has been damaged or destroyed by accident, or for public relief from calamity, or in settlement of approved claims for personal injuries or property damages, or to meet mandatory expenditures required by law enacted since the last budget was adopted, or to cover expenses incident to preparing for or establishing a new form of government authorized or assumed after

adoption of the current budget, including any expenses incident to selection of additional or new officials required thereby, or incident to employee recruitment at any time, the city legislative body, upon the adoption of an ordinance, by the vote of one more than the majority of all members of the legislative body, stating the facts constituting the emergency and the estimated amount required to meet it, may make the expenditures therefor without notice or hearing. [1985 c 175 § 46.]

RCW 35A.34.150 Emergency expenditures—Other emergencies—Hearing. If a public emergency which could not reasonably have been foreseen at the time of filing the preliminary budget requires the expenditure of money not provided for in the budget, and if it is not one of the emergencies specifically enumerated in RCW 35A.34.140, the city legislative body before allowing any expenditure therefor shall adopt an ordinance stating the facts constituting the emergency and the estimated amount required to meet it and declaring that an emergency exists.

The ordinance shall not be voted on until five days have elapsed after its introduction, and for passage shall require the vote of one more than the majority of all members of the legislative body of the city.

Any taxpayer may appear at the meeting at which the emergency ordinance is to be voted on and be heard for or against the adoption thereof. [1985 c 175 § 47.]

RCW 35A.34.160 Emergency expenditures—Warrants—Payment. All expenditures for emergency purposes as provided in this chapter shall be paid by warrants from any available money in the fund properly chargeable with such expenditures. If, at any time, there is insufficient money on hand in a fund with which to pay such warrants as presented, the warrants shall be registered, bear interest, and be called in the same manner as other registered warrants as prescribed in RCW 35A.21.110. [1985 c 175 § 48.]

RCW 35A.34.170 Registered warrants—Payment. In adopting the final budget for any fiscal biennium, the legislative body shall appropriate from estimated revenue sources available, a sufficient amount to pay the principal and interest on all outstanding registered warrants issued since the adoption of the last preceding budget except those issued and identified as revenue warrants and except those for which an appropriation previously has been made. However, no portion of the revenues which are restricted in use by law may be appropriated for the redemption of warrants issued against a utility or other special purpose fund of a self-supporting nature. In addition, all or any portion of the city's outstanding registered warrants may be funded into bonds in any manner authorized by law. [1985 c 175 § 49.]

RCW 35A.34.180 Adjustment of wages, hours and conditions of employment. Notwithstanding the appropriations for any salary or salary range of any employee or employees adopted in a final budget, the legislative body of any city may, by ordinance, change the wages,

hours, and conditions of employment of any or all of its appointive employees if sufficient funds are available for appropriation to such purposes. [1985 c 175 § 50.]

RCW 35A.34.190 Forms—Accounting—Supervision by state. The state auditor is empowered to make and install the forms and classifications required by this chapter to define what expenditures are chargeable to each budget class and to establish the accounting and cost systems necessary to secure accurate budget information. [1995 c 301 § 59; 1985 c 175 § 51.]

RCW 35A.34.200 Funds—Limitations on expenditures—Transfers and adjustments. (1) The expenditures as classified and itemized in the final budget shall constitute the city's appropriations for the ensuing fiscal biennium. Unless otherwise ordered by a court of competent jurisdiction, and subject to further limitations imposed by ordinance of the city, the expenditure of city funds or the incurring of current liabilities on behalf of the city shall be limited to the following:

(a) The total amount appropriated for each fund in the budget for the current fiscal biennium, without regard to the individual items contained therein, except that this limitation does not apply to wage adjustments authorized by RCW 35A.34.180;

(b) The unexpended appropriation balances of a preceding budget which may be carried forward from prior fiscal periods pursuant to RCW 35A.34.270;

(c) Funds received from the sale of bonds or warrants which have been duly authorized according to law;

(d) Funds received in excess of estimated revenues during the current fiscal biennium, when authorized by an ordinance amending the original budget; and

(e) Expenditures authorized by budget modification as provided by RCW 35A.34.130 and those required for emergencies, as authorized by RCW 35A.34.140 and 35A.34.150.

(2) Transfers between individual appropriations within any one fund may be made during the current fiscal biennium by order of the city's chief administrative officer subject to such regulations, if any, as may be imposed by the city legislative body. Notwithstanding the provisions of RCW 43.09.210 or of any statute to the contrary, transfers, as authorized in this section, may be made within the same fund regardless of the various offices, departments, or divisions of the city which may be affected.

(3) The city legislative body, upon a finding that it is to the best interests of the city to decrease, revoke, or recall all or any portion of the total appropriations provided for any one fund, may, by ordinance, approved by the vote of one more than the majority of all members thereof, stating the facts and findings for doing so, decrease, revoke, or recall all or any portion of an unexpended fund balance, and by said ordinance, or a subsequent ordinance adopted by a like majority, the moneys thus released may be reappropriated for another purpose or purposes, without limitation to department, division, or fund, unless the use of such moneys is otherwise restricted by law, charter, or ordinance. [1985 c 175 § 52.]

RCW 35A.34.205 Administration, oversight, or supervision of utility—Reimbursement from utility budget authorized. Whenever any code city apportions a percentage of the city manager's, administrator's, or supervisor's time, or the time of other management or general government staff, for administration, oversight, or supervision of a utility operated by the city, or to provide services to the utility, the utility budget may identify such services and budget for reimbursement of the city's current expense fund for the value of such services. [1991 c 152 § 4.]

RCW 35A.34.210 Liabilities incurred in excess of budget. Liabilities incurred by any officer or employee of the city in excess of any budget appropriations shall not be a liability of the city. The clerk shall issue no warrant and the city legislative body or other authorized person shall approve no claim for an expenditure in excess of the total amount appropriated for any individual fund, except upon an order of a court of competent jurisdiction or for emergencies as provided in this chapter. [1985 c 175 § 53.]

RCW 35A.34.220 Funds received from sales of bonds and warrants—Expenditures program—Federal tax law. Moneys received from the sale of bonds or warrants must be used for no other purpose than that for which they were issued. If any unexpended fund balance remains from the proceeds realized from the bonds or warrants after the accomplishment of the purpose for which they were issued, it must be used for the payment of principal of or interest on such indebtedness consistent with applicable provisions of federal tax law. Where a budget contains an expenditure program to be partially or wholly financed from a bond issue to be authorized thereafter, expenditures of amounts anticipated to be reimbursed from the proceeds of the issuance and sale of such bonds must be made or incurred consistent with any applicable federal tax law requirements. [2011 c 210 § 5; 1985 c 175 § 54.]

Application to previously issued bonds—2011 c 210: See note following RCW 39.46.040.

RCW 35A.34.230 Revenue estimates—Amount to be raised by ad valorem taxes. At a time fixed by the city's ordinance or city charter, not later than the first Monday in October of the second year of each fiscal biennium, the chief administrative officer shall provide the city's legislative body with current information on estimates of revenues from all sources as adopted in the budget for the current biennium, together with estimates submitted by the clerk under RCW 35A.34.070. The city's legislative body and the city's administrative officer or the officer's designated representative shall consider the city's total anticipated financial requirements for the ensuing fiscal biennium, and the legislative body shall determine and fix by ordinance the amount to be raised the first year of the biennium by ad valorem taxes. The legislative body shall review such information as is provided by the chief administrative officer and shall adopt an ordinance establishing the amount to be raised by ad valorem taxes during the second year of the biennium. Upon adoption of

the ordinance fixing the amount of ad valorem taxes to be levied, the clerk shall certify the same to the county legislative authority as required by RCW 84.52.020. [1985 c 175 § 55.]

RCW 35A.34.240 Funds—Quarterly report of status. At such intervals as may be required by city charter or city ordinance, however, being not less than quarterly, the clerk shall submit to the city's legislative body and chief administrative officer a report showing the expenditures and liabilities against each separate budget appropriation incurred during the preceding reporting period and like information for the whole of the current fiscal biennium to the first day of the current reporting period together with the unexpended balance of each appropriation. The report shall also show the receipts from all sources. [1985 c 175 § 56.]

RCW 35A.34.250 Contingency fund—Creation. Every city may create and maintain a contingency fund to provide moneys with which to meet any municipal expense, the necessity or extent of which could not have been foreseen or reasonably evaluated at the time of adopting the annual budget, or from which to provide moneys for those emergencies described in RCW 35A.34.140 and 35A.34.150. Such fund may be supported by a budget appropriation from any tax or other revenue source not restricted in use by law, or also may be supported by a transfer from other unexpended or decreased funds made available by ordinance as set forth in RCW 35A.34.200. However, the total amount accumulated in such fund at any time shall not exceed the equivalent of thirty-seven and one-half cents per thousand dollars of assessed valuation of property within the city at such time. Any moneys in the emergency fund at the end of the fiscal biennium shall not lapse except upon reappropriation by the council to another fund in the adoption of a subsequent budget. [1985 c 175 § 57.]

RCW 35A.34.260 Contingency fund—Withdrawals. No money shall be withdrawn from the contingency fund except by transfer to the appropriate operating fund authorized by a resolution or ordinance of the legislative body of the city, adopted by a majority vote of the entire legislative body, clearly stating the facts constituting the reason for the withdrawal or the emergency as the case may be, specifying the fund to which the withdrawn money shall be transferred. [1985 c 175 § 58.]

RCW 35A.34.270 Unexpended appropriations. All appropriations in any current operating fund shall lapse at the end of each fiscal biennium. However, this shall not prevent payments in the following biennium upon uncompleted programs or improvements in progress or on orders subsequently filled or claims subsequently billed for the purchase of material, equipment, and supplies or for personal or contractual services not completed or furnished by the end of the fiscal biennium, all of which have been properly budgeted and contracted for prior to the close of such fiscal biennium, but furnished or completed in due course thereafter.

All appropriations in a special fund authorized by ordinance or by state law to be used only for the purpose or purposes therein specified, including any cumulative reserve funds lawfully established in specific or general terms for any municipal purpose or purposes, or a contingency fund as authorized by RCW 35A.34.250, shall not lapse, but shall be carried forward from biennium to biennium until fully expended or the purpose has been accomplished or abandoned, without necessity of reappropriation.

The accounts for budgetary control for each fiscal biennium shall be kept open for twenty days after the close of such fiscal biennium for the purpose of paying and recording claims for indebtedness incurred during such fiscal biennium; any claim presented after the twentieth day following the close of the fiscal biennium shall be paid from appropriations lawfully provided for the ensuing period, including those made available by provisions of this section, and shall be recorded in the accounts for the ensuing fiscal biennium. [1985 c 175 § 59.]

RCW 35A.34.280 Violations and penalties. Upon the conviction of any city official, department head, or other city employee of knowingly failing, or refusing, without just cause, to perform any duty imposed upon such officer or employee by this chapter, or city charter or city ordinance, in connection with the giving of notice, the preparing and filing of estimates of revenues or expenditures or other information required for preparing a budget report in the time and manner required, or of knowingly making expenditures in excess of budget appropriations, the official or employee shall be guilty of a misdemeanor and shall be fined not more than five hundred dollars for each separate violation. [1985 c 175 § 60.]

Comparison of Budget Calendar Requirements: LMC and RCW

Date	Year	Description	Citation
On or before January 31 st .	All	City council adoption of budget calendar by resolution.	LMC 2.72.020
On or before September 15 th .	Even	Delivery of mayor's proposed preliminary budget to the city council.	LMC 2.72.030
On or before 2 nd Monday in September.	Even	Finance director notifies department directors within 14 days to submit detailed estimates of probable revenue and expenditures for ensuing biennium.	RCW 35A.34.050
On or before 1 st business day of October or as specified by City.	Even	Delivery of finance director's proposed preliminary budget to the mayor.	RCW 35A.34.070
On or before 1 st Monday in October.	Even	Mayor submits to city council revenue estimates for current biennium and finance director's estimates—for the purpose of fixing ad valorem taxes for 1 st year of next biennium.	RCW 35A.34.230
Between the 1 st Monday in October and October 31 st .	Even	Mayor's proposed budget and budget message filed with the city clerk and city council.	LMC 2.72.040
Prior to November 1 st .			RCW 35A.34.080 RCW 35A.34.090
Immediately following receipt of mayor's proposed budget.	Even	Finance director publishes notice 1 time per week for 2 consecutive weeks: availability of mayor's proposed budget and budget hearing.	RCW 35A.34.100
Six weeks prior to biennium.	Even	Finance director provides sufficient number of copies of mayor's preliminary budget.	RCW 35A.34.080
Between 2 nd Monday of October and 2 nd Monday of November.	Even	City council shall hold hearings and work sessions to review preliminary budget.	LMC 2.72.050
Prior to final hearing on budget.	Even	One or more hearings on proposed budget.	RCW 35A.34.090
4 th Monday of November.	Even	City council to begin consideration of adopting biennial budget.	LMC 2.72.060
On or before November 30 th .	All	City council certifies to county council (through county clerk) amount to be collected by ad valorem taxes.	RCW 84.52.020 RCW 84.52.070
On or before 1 st Monday in December.	Even	Public hearing on mayor's proposed budget.	RCW 35A.34.100
December 6 th .	Even	Deadline for public hearings on mayor's proposed budget.	RCW 35A.34.110
On or before December 31 st	Even	Council adoption of biennial budget.	RCW 35A.34.120
Between September 1 st and December 31 st .	Odd	Review and modification of adopted budget, including public hearing(s).	RCW 35A.34.130
At least 2 weeks prior to adoption.	Odd	Public hearing on proposed <u>modification</u> of biennial budget.	LMC 2.72.070
Not less than quarterly.	All	Finance director issues financial report.	RCW 35A.34.240 Lynnwood Policy
Following adoption of budget and mid-biennial modification.	All	Adopted budget transmitted to SAO and AWC.	LMC 2.72.060 RCW 35A.34.120 RCW 35A.34.130
		Per MRSC: A minimum of 2 public hearings are required for budget adoption. One hearing on proposed budget and a second hearing fixing the final budget. Property tax hearing can count as one.	RCW 35A.34.090(2) RCW 35A.34.110

Proposed Preliminary Requirements in LMC 2.72.030:

The proposed preliminary budget for the ensuing fiscal biennium shall be prepared by the mayor, and shall be delivered to the city council, on or before September 15th of each even-numbered year. The required information to be included in each proposed preliminary budget shall be as follows:

- A. The revenue section shall set forth in comparative and tabular form for each fund:
 - 1. Actual receipts for the last completed fiscal biennium by year and by each revenue source;
 - 2. Estimated receipts for the current fiscal biennium by year and by revenue source;
 - 3. Estimated receipts for the ensuing fiscal biennium by year and the amount expected from each revenue source;
 - 4. Estimated receipt of ad valorem taxes; and
 - 5. The unexpended balance for each fund estimated to be available at the close of the current fiscal biennium.
- B. The revenue section shall also contain a separate listing of each revenue source comparing the total expected receipts for the current biennium to the total estimated receipts for the ensuing fiscal biennium.
- C. The expenditure section shall set forth in comparative and tabular form for each fund and every department operating within each fund:
 - 1. Actual expenditures for the last completed fiscal biennium;
 - 2. Appropriations for the current fiscal biennium;
 - 3. Estimated expenditures for the ensuing fiscal biennium; and
 - 4. For each proposed full-time or part-time employee, the annual salary (without benefits) for that employee, together with the exact personnel classification title of the employee's position, and any other working title or position designation, if any. (Ord. 3149 § 2 (Exh. A), 2015)

Proposed Preliminary Requirements in 35A.34.070 RCW

Proposed preliminary budget. On or before the first business day in the third month prior to the beginning of the biennium of a city or at such other time as the city may provide by ordinance or charter, the clerk or other person designated by the charter, by ordinances, or by the chief administrative officer of the city shall submit to the chief administrative officer a proposed preliminary budget which shall set forth the complete financial program of the city for the ensuing fiscal biennium, showing the expenditure program requested by each department and the sources of revenue by which each such program is proposed to be financed.

The revenue section shall set forth in comparative and tabular form for each fund the actual receipts for the last completed fiscal biennium, the estimated receipts for the current fiscal biennium, and the estimated receipts for the ensuing fiscal biennium, which shall include the amount to be raised from ad valorem taxes and unencumbered fund balances estimated to be available at the close of the current fiscal biennium. However, if the city was not utilizing a fiscal biennium budget for the previous three years, it shall set forth its fiscal years' revenues to reflect actual and estimated receipts as if it had previously utilized a biennial budgetary process. The expenditure section shall set forth in comparative and tabular form for each fund and every department operating within each fund the actual expenditures for the last completed fiscal biennium, the appropriations for the current fiscal biennium, and the estimated expenditures for the ensuing fiscal biennium. However, if the city was not utilizing a fiscal biennium budget for the previous three years, it shall set forth its fiscal years' expenditures to reflect actual and estimated levels as if it had previously utilized a biennial budgetary process. The expenditure section shall further set forth separately the salary or salary range for each office, position, or job classification together with the title or position designation thereof. However, salaries may be set out in total amounts under each department if a detailed schedule of such salaries and positions be attached and made a part of the budget document. [1985 c 175 § 39.]