



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

City of Arlington

For the period January 1, 2021 through December 31, 2021

Published September 29, 2022

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

September 29, 2022

Mayor and City Council
City of Arlington
Arlington, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Arlington's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the City's financial condition.

Sincerely,

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Arlington January 1, 2021 through December 31, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the City of Arlington are summarized below in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the City’s financial statements in accordance with its regulatory basis of accounting. Separately, we issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared using a basis of accounting other than GAAP.

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the City.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the City’s compliance with requirements applicable to each of its major federal programs.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
20.106	COVID-19 – Airport Improvement Program and COVID-19 Airports Programs
20.106	Airport Improvement Program and COVID-19 Airports Programs
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The City did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

City of Arlington January 1, 2021 through December 31, 2021

This schedule presents the status of findings reported in prior audit periods.

Audit Period: 2020	Report Reference No.: 1030143	Finding Ref. No.: 2020-001	CFDA Number(s): 21.019
Federal Program Name and Granting Agency: COVID-19 – Coronavirus Relief Fund U.S. Department of the Treasury		Pass-Through Agency Name: Washington State Dept. of Commerce, Economic Alliance Snohomish County, and Snohomish County	
Finding Caption: The City’s internal controls were inadequate for ensuring compliance with federal requirements for allowable activities and costs and subrecipient monitoring activities.			
Background: During fiscal year 2020, the City spent \$1,073,162 in program funds to cover additional costs the City incurred during the pandemic, including teleworking equipment and payroll. Additionally, the City spent \$349,363 of these funds to establish a program that provided assistance payments to local businesses affected by COVID-19. The program funds also included \$150,000 passed through to one subrecipient to fulfill components of the program’s objectives. The portion of program funds the City passed through to the subrecipient provided emergency assistance to households financially affected by COVID-19. <u>Activities Allowed/Allowable Costs</u> The City established nine eligibility criteria for local businesses to receive assistance payments, but it did not have a process for verifying that businesses met all of these criteria. City employees did verify that businesses met six of the 14 criteria. However, for the remaining criteria, City employees relied on each business’ application and self-attestation without verifying the information was accurate to ensure businesses were eligible to receive assistance payments. The City could not obtain support for 26 of 108 applicants, which received a total of \$79,093.			

Subrecipient Monitoring

The City contracted with a local nonprofit organization to administer the housing assistance program. The nonprofit determined which households were eligible to receive funds and used program funds to provide emergency rental assistance to households affected by COVID-19. The City incorrectly determined the nonprofit was a beneficiary and, as a result, did not follow subrecipient monitoring requirements. Without performing risk assessments and monitoring subrecipients, the City cannot ensure it is performing the proper level of monitoring and ensure subrecipients are complying with program requirements. The City performed a risk assessment and reviewed the subrecipient’s expenditures for compliance with program requirements during the audit. Therefore, we did not question the subrecipient costs.

Status of Corrective Action: (check one)

- Fully Corrected Partially Corrected Not Corrected Finding is considered no longer valid

Corrective Action Taken:

City staff have attended multiple trainings from MRSC, National League of Cities and GFOA on federal grant compliance between fall 2021 and through the current date. Staff have reviewed the uniform guidance compliance supplement as well as updated guidance from the US Department of Treasury. Staff has and will continue to utilize the US Department of Treasury, SAO and MRSC as a resource to answer questions related to federal grant compliance. The city has developed sub-recipient contract templates. The city has obtained the Association of Government Accountants (AGA) risk assessment monitoring tool and the checklist for determination of a contractor or sub-recipient relationship. These tools have been incorporated into the city’s internal control processes. The city also incorporated additional review processes to ensure federal compliance which include; using an ARPA expense authorization worksheet to determine project eligibility for use of funds and conducting periodic program audits by the finance department.

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

City of Arlington January 1, 2021 through December 31, 2021

Mayor and City Council
City of Arlington
Arlington, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Arlington, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated September 26, 2022.

We issued an unmodified opinion on the fair presentation of the City's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the City using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this

report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

Pat McCarthy, State Auditor

Olympia, WA

September 26, 2022

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

City of Arlington
January 1, 2021 through December 31, 2021

Mayor and City Council
City of Arlington
Arlington, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the City of Arlington, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2021. The City's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on

compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed; and

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other

purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

Pat McCarthy, State Auditor

Olympia, WA

September 26, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Arlington January 1, 2021 through December 31, 2021

Mayor and City Council
City of Arlington
Arlington, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Arlington, as of and for the year ended December 31, 2021, and the related notes to the financial statements, as listed in the table of contents.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the City of Arlington, and its changes in cash and investments, for the year ended December 31, 2021, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Arlington, as of December 31, 2021, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

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

Matter Giving Rise to Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the City in accordance with state law using accounting practices prescribed by the BARS manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and

Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Liabilities is also presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures,

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2022 on our consideration of the City's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large initial "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

September 26, 2022

City of Arlington
January 1, 2021 through December 31, 2021

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2021
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2021
Notes to Financial Statements – 2021

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2021
Schedule of Expenditures of Federal Awards – 2021
Notes to the Schedule of Expenditures of Federal Awards – 2021

City of Arlington
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		Total for All Funds (Memo Only)	001 General Fund	101 Street Fund	107 Growth Management Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	55,572,543	7,304,679	349,370	6,090,380
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	22,491,284	17,208,949	-	-
320	Licenses and Permits	3,611,528	3,611,528	-	-
330	Intergovernmental Revenues	7,324,289	4,021,512	414,930	-
340	Charges for Goods and Services	26,832,828	3,573,142	66,901	2,056,250
350	Fines and Penalties	143,559	126,399	-	-
360	Miscellaneous Revenues	1,896,272	364,846	6,016	67,740
Total Revenues:		62,299,760	28,906,376	487,847	2,123,990
Expenditures					
510	General Government	5,235,602	4,114,162	-	-
520	Public Safety	12,193,533	9,257,303	-	-
530	Utilities	7,268,475	7,578	-	-
540	Transportation	3,792,386	-	811,150	-
550	Natural/Economic Environment	3,615,239	3,558,076	-	-
560	Social Services	156,988	156,988	-	-
570	Culture and Recreation	57,699	23,855	-	-
Total Expenditures:		32,319,922	17,117,962	811,150	-
Excess (Deficiency) Revenues over Expenditures:		29,979,838	11,788,414	(323,303)	2,123,990
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	5,059,097	1,246,091	553,448	20,788
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	703,476	16,384	-	-
Total Other Increases in Fund Resources:		5,762,573	1,262,475	553,448	20,788
Other Decreases in Fund Resources					
594-595	Capital Expenditures	16,179,759	676,723	-	-
591-593, 599	Debt Service	3,791,992	1,203,791	-	-
597	Transfers-Out	5,059,097	529,921	84,259	2,146,129
585	Special or Extraordinary Items	3,083,298	1,046,551	-	-
581, 582, 589	Other Uses	519,645	24,098	-	-
Total Other Decreases in Fund Resources:		28,633,791	3,481,084	84,259	2,146,129
Increase (Decrease) in Cash and Investments:		7,108,620	9,569,805	145,886	(1,351)
Ending Cash and Investments					
50821	Nonspendable	314,907	-	-	-
50831	Restricted	22,346,220	7,019,134	495,255	6,089,030
50841	Committed	1,767,506	1,594,090	-	-
50851	Assigned	30,496,653	505,376	-	-
50891	Unassigned	7,755,882	7,755,882	-	-
Total Ending Cash and Investments		62,681,168	16,874,482	495,255	6,089,030

City of Arlington
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		<u>108 Emer Med Servcs Fund</u>	<u>111 Public Art Fund</u>	<u>114 Lodging Tax Fund</u>	<u>116 Cemetery Fund</u>
Beginning Cash and Investments					
308	Beginning Cash and Investments	1,497,206	217,258	127,022	110,333
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	1,471,874	-	123,154	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	800,360	-	-	-
340	Charges for Goods and Services	1,915,353	-	-	394,093
350	Fines and Penalties	1,585	-	-	-
360	Miscellaneous Revenues	25,083	2,219	1,709	1,658
Total Revenues:		<u>4,214,255</u>	<u>2,219</u>	<u>124,863</u>	<u>395,751</u>
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	2,936,230	-	-	-
530	Utilities	-	-	-	226,923
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	57,163	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	2,131	-	-
Total Expenditures:		<u>2,936,230</u>	<u>2,131</u>	<u>57,163</u>	<u>226,923</u>
Excess (Deficiency) Revenues over Expenditures:		1,278,025	88	67,700	168,828
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	136,268	35,296	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		<u>136,268</u>	<u>35,296</u>	<u>-</u>	<u>-</u>
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	79,227	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	407,869	-	-	37,469
585	Special or Extraordinary Items	2,036,747	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		<u>2,444,616</u>	<u>79,227</u>	<u>-</u>	<u>37,469</u>
Increase (Decrease) in Cash and Investments:		<u>(1,030,323)</u>	<u>(43,843)</u>	<u>67,700</u>	<u>131,359</u>
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	194,722	-
50841	Committed	-	173,416	-	-
50851	Assigned	466,885	-	-	241,691
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		<u>466,885</u>	<u>173,416</u>	<u>194,722</u>	<u>241,691</u>

City of Arlington
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

		180 Transportation Sales Tax Fund	303 REET 1 Fund	304 REET 2 Fund	305 Capital Facil/Bldg Fund
Beginning Cash and Investments					
308	Beginning Cash and Investments	1,584,328	1,097,596	1,457,562	2,937,235
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	1,970,256	867,756	849,295	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	270,930	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	21,972	14,627	19,189	30,103
Total Revenues:		2,263,158	882,383	868,484	30,103
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		2,263,158	882,383	868,484	30,103
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	15,052
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	15,052
Other Decreases in Fund Resources					
594-595	Capital Expenditures	1,690,943	-	-	248,195
591-593, 599	Debt Service	-	222,238	270,600	-
597	Transfers-Out	-	50,000	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1,690,943	272,238	270,600	248,195
Increase (Decrease) in Cash and Investments:		572,215	610,145	597,884	(203,040)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	2,156,543	1,707,742	2,055,446	-
50841	Committed	-	-	-	-
50851	Assigned	-	-	-	2,734,195
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		2,156,543	1,707,742	2,055,446	2,734,195

City of Arlington
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

	306 Bond Construction Fund	310 Transport Improv Fund	311 Park Improvement Fund	312 Library Capital Impr Fund	
Beginning Cash and Investments					
308	Beginning Cash and Investments	4,434,178	891,365	4,061	14,982
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	1,323,114	40,000	-
340	Charges for Goods and Services	-	-	549	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	28,547	19,218	98	70
Total Revenues:		28,547	1,342,332	40,647	70
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	76,332	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	403	-
Total Expenditures:		-	76,332	403	-
Excess (Deficiency) Revenues over Expenditures:		28,547	1,266,000	40,244	70
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	2,014,841	131,288	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	2,014,841	131,288	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	3,354,913	3,712,053	136,452	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	-	20,788	15,052
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		3,354,913	3,712,053	157,240	15,052
Increase (Decrease) in Cash and Investments:		(3,326,366)	(431,212)	14,292	(14,982)
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	1,107,812	460,153	-	-
50841	Committed	-	-	-	-
50851	Assigned	-	-	18,353	-
50891	Unassigned	-	-	-	-
Total Ending Cash and Investments		1,107,812	460,153	18,353	-

City of Arlington
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

	316 Cemetery Cap Impr Fund	320 Equip Rental Replac Fund	402 Airport Fund	403 Water Utilities Fund	
Beginning Cash and Investments					
308	Beginning Cash and Investments	46,511	3,544,307	2,615,727	10,077,119
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	423,079	-
340	Charges for Goods and Services	-	33,319	2,854,453	5,868,562
350	Fines and Penalties	-	-	11,488	2,500
360	Miscellaneous Revenues	562	542,892	498,476	112,567
	Total Revenues:	562	576,211	3,787,496	5,983,629
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	3,045,623
540	Transportation	-	-	2,312,729	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
	Total Expenditures:	-	-	2,312,729	3,045,623
	Excess (Deficiency) Revenues over Expenditures:	562	576,211	1,474,767	2,938,006
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	3,985	796,490	-	30,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	58,339	617,177	9,750
	Total Other Increases in Fund Resources:	3,985	854,829	617,177	39,750
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	1,752,616	323,940	2,284,896
591-593, 599	Debt Service	-	-	62,250	-
597	Transfers-Out	-	983,152	86,111	67,034
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	489,422	6,000
	Total Other Decreases in Fund Resources:	-	2,735,768	961,723	2,357,930
	Increase (Decrease) in Cash and Investments:	4,547	(1,304,728)	1,130,221	619,826
Ending Cash and Investments					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	51,058	2,239,581	3,745,951	10,696,943
50891	Unassigned	-	-	-	-
	Total Ending Cash and Investments	51,058	2,239,581	3,745,951	10,696,943

City of Arlington
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

	404 Sewer Utilities Fund	412 Storm Water Mgmt Fund	504 P W Facilities M&O Fund	702 Cemetery Endowment	
Beginning Cash and Investments					
308	Beginning Cash and Investments	9,617,117	1,201,783	33,878	318,546
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	30,364	-	-
340	Charges for Goods and Services	7,280,923	996,728	1,792,555	-
350	Fines and Penalties	2	1,585	-	-
360	Miscellaneous Revenues	114,598	11,876	8,711	3,495
	Total Revenues:	7,395,523	1,040,553	1,801,266	3,495
Expenditures					
510	General Government	-	-	1,121,440	-
520	Public Safety	-	-	-	-
530	Utilities	3,259,565	728,786	-	-
540	Transportation	-	-	592,175	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	31,310	-
	Total Expenditures:	3,259,565	728,786	1,744,925	-
	Excess (Deficiency) Revenues over Expenditures:	4,135,958	311,767	56,341	3,495
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	30,000	15,000	-	30,550
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	1,000	826	-
	Total Other Increases in Fund Resources:	30,000	16,000	826	30,550
Other Decreases in Fund Resources					
594-595	Capital Expenditures	1,442,070	477,731	-	-
591-593, 599	Debt Service	2,033,113	-	-	-
597	Transfers-Out	419,081	142,501	69,731	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	125	-
	Total Other Decreases in Fund Resources:	3,894,264	620,232	69,856	-
	Increase (Decrease) in Cash and Investments:	271,694	(292,465)	(12,689)	34,045
Ending Cash and Investments					
50821	Nonspendable	-	-	-	314,907
50831	Restricted	1,022,699	-	-	37,684
50841	Committed	-	-	-	-
50851	Assigned	8,866,113	909,318	21,189	-
50891	Unassigned	-	-	-	-
	Total Ending Cash and Investments	9,888,812	909,318	21,189	352,591

City of Arlington
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

	Total for All Funds (Memo Only)	Private-Purpose Trust	Custodial	
308	Beginning Cash and Investments	76,068	63,388	12,680
388 & 588	Net Adjustments	-	-	-
310-390	Additions	132,432	17,314	115,118
510-590	Deductions	128,125	1,679	126,446
	Net Increase (Decrease) in Cash and Investments:	4,307	15,635	(11,328)
508	Ending Cash and Investments	80,375	79,023	1,352

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

CITY OF ARLINGTON

Period Ending December 31, 2021

Note 1 - Summary of Significant Accounting Policies

The City of Arlington was incorporated in 1903 and operates under the laws of the State of Washington applicable to a non-charter code city with a mayor-council form of government. The city is a general-purpose government and provides police and fire protection, including emergency medical response services, engineering, street construction and maintenance, parks and recreation services, health and social services, a public library and general administrative services. In addition, the city owns and operates a cemetery, a water & sewer system, a storm water management system and an airport.

The City of Arlington reports financial activity in accordance with the Cash Basis Budgeting, Accounting and Reporting System (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, **Chapter 43.09 RCW**. This manual prescribes financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements (see Note 3).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are presented using classifications that are similar to the ending balance classification in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the government on a cost reimbursement basis.

FIDUCIARY FUND TYPES:

Fiduciary Funds

Account for assets held by the government in a trustee capacity or as a custodian on behalf of others.

Private-Purpose Trust Funds

These funds report all trust arrangements under which principal and income benefit individuals, private organizations or other governments.

Custodial Funds

These funds are used to account assets that the government holds on behalf of others in a custodial capacity.

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid. In accordance with state law the City of Arlington also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Cash and InvestmentCom

**See Note 5 - Deposits and Investments.*

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$ 7,500 and an estimated useful life in excess of 1year. Capital assets and inventory and recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 300 hours. (American Federation of State, Counties and Municipal Employees (AFSCME) Union, the Arlington Police Officer's Association (APOA) Union Employees and Regular Non-represented employees).

*AFSCME employees accrue sick leave at the rate of 8 hours per completed calendar month of continuous employment. No employee shall carry over a balance greater than one thousand (1,000) hours into the next calendar year *. Any sick leave accrued over one thousand (1,000) hours as of December 31st each year shall be cashed out at the rate of one third (1/3) of such leave and such amount shall be deposited into the employee's HRA VEBA account.

*Arlington Police Officer's Association (APOA) employees accrue sick leave at the rate of 12 hours per month of service. No employee shall carry over a balance greater than one thousand (1,000) hours into the next calendar year *. Any sick leave accrued over one thousand (1,000) hours as of December 31st each year shall be cashed out at the rate of one third (1/3) of such leave and such amount shall be deposited into the employee's HRA VEBA account.

Regular Non-represented employees accrue sick leave at the rate of 8 hours per month and can accrue up to one thousand two hundred (1,200) hours per year.

In no event shall Regular, AFSCME or APOA Employee's combined sick leave and vacation benefits payable upon termination/retirement exceed 240 hours.

The local International Association of Fire Fighters (IAFF) Union employees may accumulate sick leave up to 1,440 hours.

International Association of Fire Fighters (IAFF) may accumulate up to 480 hours of vacation time but a maximum of 300 hours can be carried over from the last day of the Kelly cycle in any given year.

The IAFF Union employees, upon separation from the city, are entitled to receive up to 260 hours of vacation time for employees hired on or before December 31, 2013 and 240 hours for employees hired on or after January 1, 2014. The maximum amount of unused sick leave to be paid to the employee upon

separation of the City will be 350 hours for employees hired on or before December 31, 2013 and 330 hours for employees hired on or after January 1, 2014.

Payments are recognized when expenditures are paid.

Effective August 1, 2021, the city's fire department was annexed into North County Regional Fire Authority (NCRFA). As part of the annexation agreement, the city paid a cash contribution to pay for the leave banks of those employees who are transferring to the employment of NCRFA. Leave balances were calculated as of July 31, 2021 and were based on leave banks existing at that time. The total amount of leave balances paid to NCRFA in 2021 was \$540,158.38

F. Long-Term Debt

**See Note 7 - Debt Service Requirements.*

G. Restricted and Committed Portion of Ending Cash and Investments

In 2021 Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by Ordinance or Resolution. When expenditures that meet restrictions occurred, the City of Arlington intends to use the most restricted resources first.

Fund	Restricted	Committed	Purchase - Source of Restrictions
001	\$ 82,841		Affordable Housing; RCW 82.14.540
	\$ 36,327	\$ 14,821	Drug & Felony Forfeitures; RCW 63.29.135
	\$ 1,781		TIB Leadership Academy - Received grant proceeds up front, delayed due to Covid
		\$ 1,578,295	Reserve Policy; Resolution 2019-012
	\$ 4,360,794		CED Permitting; Revenues RCW 82.02.020
	\$ 2,537,390		ARPA Funding - Federal Grant; City received grant proceeds up front.
		\$ 974	Social Services Operation
001	\$ 7,019,134	\$ 1,594,090	
101	\$ 495,255		Street Department; RCW 47.24.040 Motor Vehicle Fuel Taxes
107	\$ 6,089,030		Road Projects; RCW 82.02.050 Mitigation Fees
		\$ 173,416	Public Art Fund; Ordinance NO. 2019-003 from Construction Sales Tax - Council
111			Tourism Promotion; Lodging Sales Tax - RCW 67.28.180
114	\$ 194,722		Road Projects; Voter approved RCW 82.14.510
180	\$ 2,156,543		Capital Projects; RCW 82.46.010 Sales Tax
303	\$ 1,707,742		Financing Capital Projects - RCW 82.46.035
304	\$ 2,055,446		Bond Revenues - Police Impound Building/PW M&O
306	\$ 1,107,812		Complete Streets - Grant requirement; City received grant proceeds up front.
310	\$ 460,153		Debt Bonds - Reserve Requirements per bonding company
404	\$ 1,022,699		Cemetery Endowment Care - RCW 2.80.060 Interest only
702	\$ 37,684		
Totals	\$ 22,346,220	\$ 1,767,506	\$ 24,113,726

Restrictions and commitments of Ending Cash and Investments consist of \$ 24,113,726

Note 2 - Budget Compliance

The City of Arlington adopts biennial appropriated budgets for all funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Biennial appropriations for these funds lapse at the fiscal year end.

Biennial appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

Non-expenditure type account numbers are used in some funds.

The appropriated and actual expenditures for the legally adopted budgets for 2021 are shown on the following page, which includes the final budget amendment adopted by Ordinance 2021-013 December 6th, 2021.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

2021 Budget - All Funds			
	Budget	Actual	Variance
	Final Appropriated Amounts	Expenses	
001-General Fund	\$ 24,840,515	\$ 20,629,296	\$ 4,211,219
004-General Mandatory Reserve Fund	\$ -		
005-Program Development Fund	\$ 73,618	\$ 68,600	\$ 5,018
006-CED Permitting	\$ 5,000,000	\$ 3,237,145	\$ 1,762,855
007-American Rescue Plan Supplies	\$ 860,000	\$ 329,885	\$ 530,115
105-Health Services Fund	\$ 5,000	\$ 2,237	\$ 2,763
Total 001- General Fund	\$ 30,779,133	\$ 24,267,164	\$ 6,511,969
101-Street Maintenance Fund	\$ 1,065,425	\$ 895,410	\$ 170,015
107-Growth Fund	\$ 3,848,000	\$ 2,146,130	\$ 1,701,870
108-Emergency Medical Services Fund	\$ 5,757,273	\$ 5,380,844	\$ 376,429
111-Public Art Fund	\$ 101,500	\$ 81,358	\$ 20,142
114-Lodging Tax Fund	\$ 114,929	\$ 57,163	\$ 57,766
116-Cemetery Fund	\$ 264,396	\$ 264,392	\$ 4
180-Transportation Sales Tax Fund	\$ 2,283,450	\$ 1,690,943	\$ 592,507
303- REET I Fund	\$ 422,238	\$ 272,238	\$ 150,001
304-REET II Fund	\$ 271,150	\$ 270,600	\$ 550
305-Capital Facilities/Building Fund	\$ 248,809	\$ 248,195	\$ 614
306-Bond Construction Fund	\$ 4,501,000	\$ 3,354,914	\$ 1,146,086
310-Transportation Improvement Fund	\$ 7,607,300	\$ 3,788,386	\$ 3,818,914
311-Park Improvement Fund	\$ 166,980	\$ 157,643	\$ 9,337
312-Library Capital Improvement Fund	\$ 15,307	\$ 15,052	\$ 255
316-Cemetery Capital Improvement Fund	\$ -	\$ -	\$ -
320-Equipment Replacement Fund	\$ 3,646,902	\$ 2,735,766	\$ 911,136
			\$ -
402-Airport Fund	\$ 4,528,148	\$ 3,897,341	\$ 630,807
410-Airport Reserve Fund	\$ -	\$ -	\$ -
413-Airport CIP Fund	\$ 882,000	\$ 177,108	\$ 704,892
Total 402 - Airport Fund	\$ 5,410,148	\$ 4,074,449	\$ 1,335,699
			\$ -
403-Water Utilities Fund	\$ 3,668,752	\$ 3,664,780	\$ 3,972
405-Water Improvement Fund	\$ 6,028,500	\$ 2,331,494	\$ 3,697,006
Total 403-Water Utility Fund	\$ 9,697,252	\$ 5,996,274	\$ 3,700,978
404-Sewer Utilities Fund	\$ 5,895,097	\$ 5,883,063	\$ 12,034
406-Sewer Improvement Fund	\$ 3,686,404	\$ 1,431,514	\$ 2,254,890
411-Sewer Bond Fund	\$ 19,850	\$ 19,848	\$ 2
Total 404-Sewer Utility Fund	\$ 9,601,351	\$ 7,334,425	\$ 2,266,926
409-Stormwater CIP Fund	\$ 2,007,500	\$ 477,730	\$ 1,529,770
412-Stormwater Management Fund	\$ 1,036,906	\$ 1,035,287	\$ 1,619
Total 412-Stormwater Fund	\$ 3,044,406	\$ 1,513,018	\$ 1,531,388
504-Maintenance & Oerations Fund	\$ 1,877,524	\$ 1,814,780	\$ 62,744
622-Cemetery Pre-Need Trust Fund	\$ 2,000	\$ 1,679	\$ 321
633-City Fiduciary Fund	\$ 154,700	\$ 126,446	\$ 28,254
702-Cemetery Endowment Fund	\$ -	\$ -	\$ -
	\$ 90,881,173	\$ 66,487,270	\$ 24,393,903

Budgeted amounts are authorized to be transferred between departments within any fund or object classes within a department; however, any revisions that alter the total expenditures of a fund, or affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City Council. The City Council also approves all expenditures for payroll and claims.

Budget Variance:

001-General Fund:

- \$2,390,000 – hard to predict timing of construction related expenses – plan review services
- \$1,762,854 – CED, hard to predict timing of construction related expenses – permit related costs.
- \$270,000 - unspent budget for Phase II Innovation Center Project and Parks Master Plan, projects will carryforward to 2022
- \$174,000 - suspended fire department equipment reserve contributions due to annexation
- \$340,000 – police department expenses less than budgeted because of staffing shortages
- \$137,000 – transfer to reserve accounts less than budgeted

107-Growth Fund:

- \$1,701,870 – traffic mitigation funds planned for transportation projects that were not complete in 2021 and carried over into 2022

306-Bond Construction Fund:

- \$1,146,086 – maintenance and operation facility and police impound facility delayed until 2022

310-Transportation Improvement Fund:

- \$1,431,139 – 173rd Street project not completed in 2021
- \$1,020,658 – 40th Ave/SR531 Intersection project not completed in 2021
- \$672,216 – Smokey Point Blvd project not completed in 2021
- \$731,752 – 74th/204th Signal project carry over into 2022

320-Equipment Replacement Fund:

- \$730,000 – planned replacements for fire/EMS equipment but purchases were deferred pending outcome of annexation

402- Airport Fund

- \$120,000 - maintenance projects less than budget
- \$81,000 – security improvements less than budget

413-Airport CIP (FAA) Fund:

- \$167,000 – obstruction survey project delayed pending grant funding
- \$715,000 – fencing project delayed pending grant funding

405-Water Improvement Fund:

- \$1,420,000 – Water treatment plant expansion delayed due to staffing shortages, project moved to 2022/2023
- \$1,050,000 – Reservoir Improvements delayed due to staffing shortages, project moved to 2022/2023
- \$647,577 – South CIC utility project was delayed due to supply chain issues

406-Sewer Improvement Fund:

- \$1,390,100 – under contract but construction delayed due to supply chain issues
- \$528,544 - South CIC utility project was delayed due to supply chain issues

409-Storm Improvement Fund:

- \$1,451,526 – project delayed due to staffing shortages and contract, permit and funding delays, project moved to 2023

Note 3 - Joint Ventures, and Related Parties

Snohomish County 911:

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

In the event of the dissolution of SNOHOMISH COUNTY 911, any money in the possession of SNOHOMISH COUNTY 911 or the Board of Directors after payment of all costs, expenses and charges validly incurred under this Agreement shall be returned to the parties of this Agreement and shall be apportioned between Principals based on the ratio that the average of each Principals' contributions to the operating budget over the preceding five (5) years bears to the total of all then remaining Principals' User Fees paid during such five-year period. Before deducting the payment of all costs, expenses and charges validly incurred, the City of Arlington's share was \$494,139 on December 31, 2021.

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

AHA – Alliance for Housing Affordability:

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

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

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

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

Fiscal Year 7/1 –6/30	AHA's Total Fiscal Year Budget	City of Arlington's Share of Budget	City of Arlington's Share as % of Total AHA Budget
2014	\$89,850	\$1,074	1.20%
2015	\$92,543	\$1,089	1.18%
2016	\$93,651	\$1,617	1.73%
2017	\$97,934	\$1,754	1.79%
2018	\$102,586	\$1,876	1.83%
2019	\$107,391	\$1,968	1.83%
2020	\$112,408	\$2,016	1.79%
2021	\$117,673	\$2,042	1.73%

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

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

Note 4 – COVID-19 Pandemic

The City proactively implemented safety and cost saving measures to mitigate any potential impacts resulting from the pandemic. Management continues to monitor the situation for any operational or financial effects and is ready to respond quickly and appropriately as needed. To date, the city has not experienced any significant, direct financial impacts due to the pandemic.

Note 5 – Deposits and Investments

Investments are reported at amortized cost/original cost/fair value. Deposits and investments by type at December 31, 2021 are as follows:

Type of Investment	City's Own Investment	Investments held by City as agent	Balance
Bank Deposits	\$ 1,367,111	\$	1,367,111
L.G.I.P	\$ 1,102,924	\$	1,102,924
Banner Reserve	\$ 1,769,406	\$	1,769,406
U.S. Government Securities	\$ 51,887,078	\$	51,887,078
Municipal Securities	\$ 5,594,183	\$	5,594,183
Certificate of Deposits	\$ 1,040,841	\$	1,040,841
Total	\$ 62,761,544	\$	62,761,544

All investments are insured, registered or held by the City of Arlington or its agent in the government's name.

As of 12/31/21, bank deposits include petty cash fund and departments cash drawers for daily cash transactions.

It is the City of Arlington's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

Investments in the State Local Government Investment Pool (LGIP)

The City of Arlington is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

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

All investments are insured, registered or held by the City of Arlington or its agent in the government's name.

Note 6 – Inter-fund Loans

The following table displays interfund loan activity during 2021:

2021 Interfund Loans						
Borrowing Fund	Lending Fund	Loan Balance 1/1/2021	New Loans	Repayments	Principal Balance 12/31/2021	
General Fund	Airport	\$ 1,732,755	\$ -	\$ 103,142	\$ 1,629,613	
Total		\$ 1,732,755	\$ -	\$ 103,142	\$ 1,629,613	

Note 7 – Long-Term Debt

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the City of Arlington and summarizes the Cities debt transactions for year ended December 31, 2021.

The debt service requirements for general obligation bonds, revenue bonds and Public Works Trust Fund loans are as follows:

2021-Annual Report	G.O. DEBT PRINCIPAL	G.O. DEBT INTEREST	OTHER DEBT PRINCIPAL	OTHER DEBT INTEREST
2022	\$ 1,030,928	\$ 616,501	\$ 1,757,938	\$ 270,297
2023	\$ 1,066,237	\$ 578,991	\$ 1,780,930	\$ 242,427
2024	\$ 1,071,671	\$ 545,157	\$ 1,804,598	\$ 213,881
2025	\$ 1,077,233	\$ 506,196	\$ 1,828,961	\$ 184,640
2026	\$ 2,169,275	\$ 793,518	\$ 1,854,040	\$ 154,946
2027-2031	\$ 5,374,285	\$ 1,611,057	\$ 5,395,116	\$ 327,210
2032-2036	\$ 4,060,294	\$ 414,252		
2037-2041	\$ 620,000	\$ 40,788		
Total	\$ 16,469,923	\$ 5,106,459	\$ 14,421,583	\$ 1,393,402

Debt Agreement Terms

The following financial instruments contain debt agreement terms with finance related consequences:

Debt	Clause
Public Works Trust Fund Loans.	Any payments not received within thirty days of the due date shall be declared delinquent. Delinquent payments shall be assessed a daily penalty at 12% per annum calculated on a 360-day year delinquent amount.

Note 8 – Other Post Employment Benefit Plans (OPEB):

The City has a commitment to pay for post-employment benefits (OPEB) for employees that belong to the Law Enforcement Officers and Fire Fighters Pension (LEOFF) Plan 1 (commonly referred to LEOFF 1). These benefits, per the Revised Code of Washington Chapter 41.26.150 include the payment of medical costs and nursing care. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. The city's OPEB plan is a defined benefit plan and the City of Arlington is the plan administrator.

Five LEOFF 1 retirees received benefits during 2021; the City paid \$120,402.95 for those benefits in 2021. Payments are broken down as; \$102,128.35 in medical reimbursements and \$18,274.60 to LEOFF Health & Welfare Trust for medical premiums.

Note 9 – Pension Plans

State Sponsored Pension Plans

Substantially all city full time and qualifying part time employees participate in the Public Employees Retirement System (PERS) Plan 1, 2 or Plan 3 or the Law Enforcement Officers and Fire Fighters (LEOFF) Plan 2 retirement plans, administered by the Department of Retirement Systems, under cost sharing multiple employer public employee defined benefit and defined contribution retirement plans.

The State Legislature establishes and amends laws pertaining to the creation and administration of all public retirement systems. Contributions to the systems by both employees and employer are based upon gross wages covered by plan benefits.

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

Department of Retirement Systems:
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

The DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov

The City also participates in the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) administered by the State Board for Volunteer Fire Fighters and Reserve Officers. Detailed information about the plan is included in the State of Washington CAFR available from the Office of Financial Management website at www.ofm.wa.gov.

At June 30, 2021 (the measurement date of the plans), the City of Arlington proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

Plan	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$348,400	0.046772%	\$571,196
PERS 2/3	\$569,286	0.060097%	(\$5,986,628)
LEOFF 1	N/A	0.012538%	(\$429,497)
LEOFF 2	\$373,646	0.187438%	(\$10,887,175)
VFFRPF		0.05%	\$10,181.22

LEOFF Plan 1

Local Government Pension Plans

The City also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2

The City also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

Deferred Compensation

Beginning January 1, 2021, as per the agreement between the City of Arlington and the Arlington Police Officer’s Association (APOA), the city shall match 1% of the gross base wage (consisting of base salary and education incentive only) of each participating bargaining unit member’s contribution into the Washington State Deferred Compensation Program. As of December 31, 2021, the city paid a total of \$22,888.92 in deferred compensation for 29 participating members.

Note 10 - Property Tax

The Snohomish County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are usually distributed monthly by the 10th.

Property tax revenues are recognized when cash is received by the city. Delinquent taxes are considered fully collectible because a lien affixes to the property when taxes are levied.

The City of Arlington's regular levy for the year 2021 was \$1.342 per \$1,000 on an assessed valuation of \$3,351,354,351 for a total regular levy of \$4,497,963.53.

Emergency Medical Services (EMS) regular levy for the year 2021 was \$.317 per \$1,000 on an assessed valuation of \$3,351,354,351 for a total regular levy of \$1,064,871.32. In 2022 the city will no longer collect an EMS levy due to the annexation of the city's fire/EMS department into North County Regional Fire Authority. See note 12.

Note 11 – Risk Management

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

Liability coverage is written on an occurrence basis, without deductibles [1]. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices, prior wrongful acts and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$400 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits. In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall. An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments, which comply with all State guidelines. A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

Note 12 – Other Disclosures

Fund Closures – 312 Library Capital Improvement Fund:

On May 3, 2021 the Arlington City Council approved the transfer of the Arlington Library building and property to the Sno-Isle Library District. As the City of Arlington no longer owns the building or property, the Library Capital Improvement Fund was closed.

Annexation:

On February 9th the voters passed Proposition No. 1 annexing the City of Arlington Fire/EMS department into North County Regional Fire Authority. The annexation was effective August 1, 2021.

Tax Abatement:

In 2020, the City of Arlington has one property that was receiving a tax abatement as authorized by RCW 84.25. In 2021, due to changes in legislation, the property was no longer eligible to receive a tax abatement. No properties are currently receiving a tax abatement.

Concession Agreements:

On June 21, 2021, the city entered into a concession agreement between the City of Arlington and the Arlington Community Food Bank. The term of the agreement was July 1, 2021 through November 30, 2021. License and concession fees were waived by council.

Construction Commitments:

The City has active construction projects as of December 31, 2021. At year-end, the City's commitments are as follows:

Project	Contractor	Spent as of 12/31/21	2021 Remaining Commitment	Notes
South CIC Construction (LS #16)	Equity Builders	\$ 817,699	\$ 492,137	Project delayed due to material shortages, to be completed 2022.
2021 Utility and Pavement Preservation	Reece Construction	\$ 2,170,060	\$ 159,959	Final payment only, plus retainage carryover to 2022.
Sewer WRF EQ Basin	McClure & Sons	\$ 167,989	\$ 1,292,989	Bid and contracted in 2021, project delayed due to procuring materials/supply issues - carry over to 2022
Sm Pt Blvd Overlay	Cadman Construction	\$ 511,153	\$ 153,867	Project completion delayed due to weather, closeout pending Spring 2022
173rd St Ph 1 Construction	Reece Construction	\$ 729,698	\$ 1,392,517	Project under construction, completed March 2022, remaining 2021 plus retainage carryover to 2022.
Complete Streets	Reece Construction	\$ 475,073	\$ 559,267	Project under contract and expected to be complete in 2022.

**City of Arlington
Schedule of Liabilities
For the Year Ended December 31, 2021**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	2020-LTGO - N Olympic Ave (Refi)	12/1/2027	1,390,000	-	215,000	1,175,000
251.11	2014 LTGO-Refunding 2004/Police Station	12/1/2034	6,735,000	-	100,000	6,635,000
251.11	2014 LTGO-Refunding 2009/Airport Expansion	12/1/2024	195,000	-	55,000	140,000
251.11	2020 LTGO - Refunding Fire Station 46	12/1/2030	1,040,000	-	450,000	590,000
251.11	Graafstra Note- (Refi)	12/1/2039	3,055,000	-	115,000	2,940,000
251.11	2020 LTGO Fire Station #48	12/1/2039	5,210,663	-	220,740	4,989,923
Total General Obligation Debt/Liabilities:			17,625,663	-	1,155,740	16,469,923
Revenue and Other (non G.O.) Debt/Liabilities						
259.12	Compensated Absences		1,360,483	-	404,691	955,792
264.30	Pension Liabilities		2,300,794	-	1,729,598	571,196
264.40	OPEB Liabilities		2,871,397	-	344,653	2,526,744
263.82	2006 PW Loan WWTP - PW-06-962-002	7/1/2026	2,361,280	-	393,547	1,967,733
263.82	2007 PW Loan WWTP - PR07-951-001	7/1/2027	368,421	-	52,632	315,789
263.82	2008 PW Loan WWTP - PC08-951-001	7/1/2028	4,235,294	-	529,412	3,705,882
263.82	Recovery Act Loan-DOE Loan L1000024	7/1/2029	3,498,256	-	289,236	3,209,020
263.82	Base Revolving Fund Loan-DOE Loan L1000025	7/1/2029	5,693,935	-	470,776	5,223,159
Total Revenue and Other (non G.O.) Debt/Liabilities:			22,689,860	-	4,214,545	18,475,315
Total Liabilities:			40,315,523	-	5,370,285	34,945,238

**City of Arlington
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	COVID 19 - Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	3-53-0002-031- 2020	-	69,000	69,000	-	
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	3-53-0002-032- 2021	-	136,566	136,566	-	
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	COVID 19 - Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	3-53-0002-033- 2021	-	23,000	23,000	-	
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	COVID 19 - Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	3-53-0002-036- 2022	-	15,470	15,470	-	
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	3-53-0002-029- 2020	-	40,198	40,198	-	4

The accompanying notes are an integral part of this schedule.

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

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	3-53-0002-030- 2020	-	20,168	20,168	-	
Total CFDA 20.106:				-	304,402	304,402	-	
Highway Planning and Construction Cluster								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	LA-9737	93,725	-	93,725	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	LA-9657	142,890	-	142,890	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	LA-9943	28,558	-	28,558	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	LA-10079	442,148	-	442,148	-	
Total Highway Planning and Construction Cluster:				707,321	-	707,321	-	
Highway Safety Cluster								

The accompanying notes are an integral part of this schedule.

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

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Traffic Safety Commission)	State and Community Highway Safety	20.600	0001819-00	1,132	-	1,132	-	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Traffic Safety Commission)	State and Community Highway Safety	20.600	0001819-00	1,000	-	1,000	-	
Total Highway Safety Cluster:				2,132	-	2,132	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	1505-0271	-	329,885	329,885	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Smart Growth America)	Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	18NU38OT000 314	5,000	-	5,000	-	
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	COVID 19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	HHS- 97713134916	-	26,191	26,191	-	3
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Hazard Mitigation Grant	97.039	D22-001	31,298	-	31,298	-	

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

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2017-FH- 00512	-	83,554	83,554	-	
Total Federal Awards Expended:				745,751	744,032	1,489,783	-	

The accompanying notes are an integral part of this schedule.

City of Arlington, Snohomish County, Washington

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2021

Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting as the City of Arlington financial statements. The City of Arlington uses Cash Basis Accounting.

Note 2 – Federal De Minimis Indirect Cost Rate. The City of Arlington has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 - HHS Funds. The City of Arlington received 26,191.44 in HHS recovery funds. The amount reported is based on the PRF report to the US. Department of Health and Human Services.

Note 4 – Airport Improvement Program Grant 029- The City of Arlington received an amendment to the original grant amount in the amount of 40,198.00 on 2/8/2022. Expenses from 2020 were submitted for reimbursement for this additional grant amount. Expenses were not reported in 2020 as we did not know we would receive the additional grant funding at that time.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

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