



LYNNWOOD
WASHINGTON

A great deal more

2025-2026 Budget Update

July 28, 2025

2025-2026 General Fund Overview

Beginning fund balance \$4.2 Million below estimates

- *Departments directed to identify 3% reductions to manage impacts*
- *Continued budget monitoring/management through Q2*

Through Q2 2025 revenues below expenditures \$5.2 Million

- *Continued economic uncertainty & declining revenues*
- *Departments directed to identify additional reductions*

Financial Forecast updated to reflect zero percent growth in three main revenue areas

- *Sales Tax, Development Services Revenues, Fines from Photo Enf.*



2025-2026 General Fund Overview

Adopted

\$155 Million Total Biennial Revenue

\$158 Million Total Biennial Expenditures

Projected Ending Fund Balance: \$10 Million

Current Estimate

\$133.9 Million Total Biennial Revenue

\$145.7 Million Total Biennial Expenditures

Projected Ending Fund Balance: Negative \$10.7 Million

Based on revised revenue forecast and identified departmental budget reductions as of 7.28.25; will continue to be updated

General Fund Operating Revenue Declines

Sales Tax

- *Received from all purchases in/delivered to Lynnwood*
- *Adopted \$65.3 Million; Estimated \$57.5 Million*

Development Services Revenues (Permitting)

- *Received from property owners for property improvements*
- *Adopted \$10.2 Million; Estimated \$5 Million*

Fines

- *Received from Municipal Court for violations*
- *Adopted \$20.3 Million; Estimated \$12.1 Million*

General Fund Operating Revenues

DESCRIPTION	2023 ACTUAL	2024 ACTUAL	2025 ESTIMATED	2026 ESTIMATED
REVENUE				
OPERATING REVENUE				
Property Tax	4,498,921	4,694,966	7,200,000	7,900,000
Sales Tax	30,180,485	28,743,798	28,744,000	28,744,000
Utility Tax	6,494,584	6,858,009	6,872,500	7,160,600
Admissions Tax	612,215	555,648	600,000	600,000
Other Taxes	384,419	511,264	386,000	391,000
Licenses & Fees	2,396,725	2,441,654	2,396,700	2,725,300
Development Services Charges	2,388,055	2,517,428	2,517,000	2,517,000
Recreation Charges	3,622,837	4,089,815	4,200,000	4,200,000
Charges for Services	28,254	112,746	881,500	2,282,400
Fines & Forfeitures	4,222,013	5,732,366	6,020,500	6,070,500
Franchise Fees	406,612	362,530	350,000	340,000
Intergovernmental Revenue	1,588,587	1,771,621	2,064,200	1,029,600
Interest	416,158	232,830	200,000	180,000
Total Operating Revenue	\$ 57,239,865	\$ 58,624,675	\$ 62,432,400	\$ 64,140,400



General Fund Expenditures

Operating Departments (not incl. Legal, Fire or Sound Transit)

- *\$141.3 Million Adopted*
- *\$129 Million Estimated to reflect \$12.3 Million reductions*

Unchanged:

Transfer to Street Operations Fund

- *\$3.25 Million Total Biennial Estimate*

Transfers to Debt Service Funds

- *\$5.7 Million for Community Justice Center construction bonds*
- *\$3.1 Million for Recreation Center construction bonds*

General Fund Operating Expenditures

DESCRIPTION	2023 ACTUAL	2024 ACTUAL	2025 ESTIMATED	2026 ESTIMATED
OPERATING EXPENDITURES				
Legislative	471,588	467,873	522,571	539,444
Executive	1,796,134	2,054,425	2,129,447	1,915,995
Municipal Court	1,750,461	2,075,153	2,881,979	2,962,472
Legal	1,391,591	1,460,151	1,504,800	1,580,100
Human Resources	932,636	1,169,923	1,168,184	1,232,157
Finance	3,346,993	3,731,469	3,896,589	3,784,792
Information Technology	2,709,402	3,268,979	3,215,173	3,151,024
Non-Departmental	570,578	637,529	-	-
Police	23,564,710	27,072,037	30,268,463	32,785,405
Fire	1,384,326	757,222	261,700	261,700
Parks, Recreation, & Cultural Arts	9,237,398	10,533,729	9,926,385	9,804,283
Public Works	3,156,587	3,211,845	3,227,894	3,268,829
Development & Business Services	5,409,428	6,210,148	6,940,853	6,284,183
Total Operating Expenditures	\$ 55,721,832	\$ 62,650,483	\$ 65,944,038	\$ 67,570,384

General Fund Forecast

City Financial Policy Requirements

- *2.5-month operating fund balance*

Adopted budget version reflected policy compliance

- *Based on anticipated continued revenue growth*

Updated version reflects fund balance below minimum

- *Based on zero growth in Sales Tax, Development Services Revenues/Permits, Fines from photo enforcement*
- *Reflects departmental budget reductions identified to date*



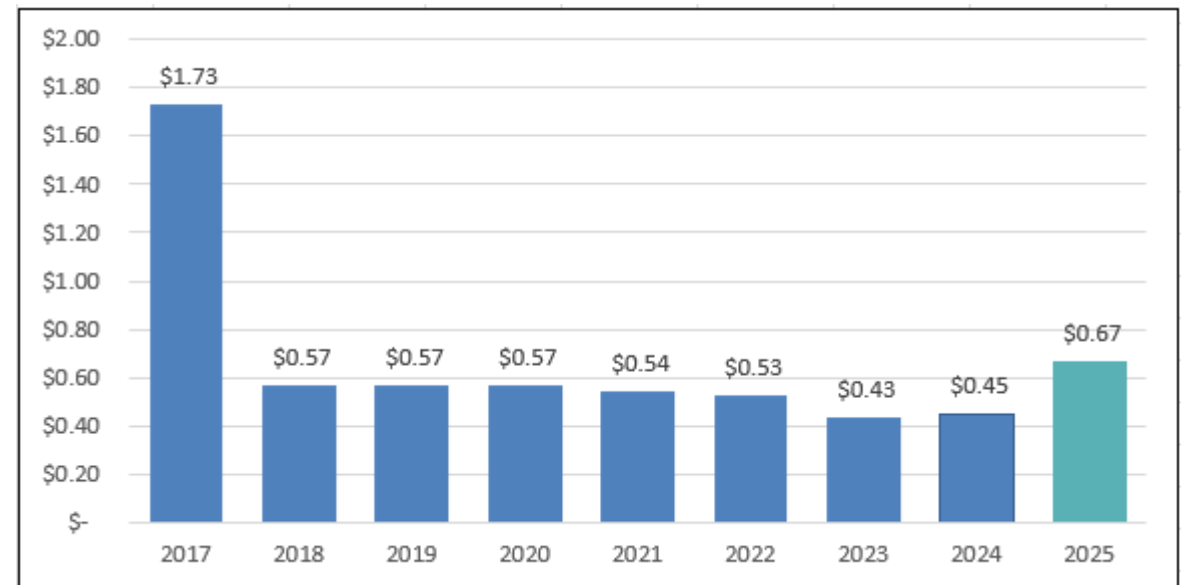
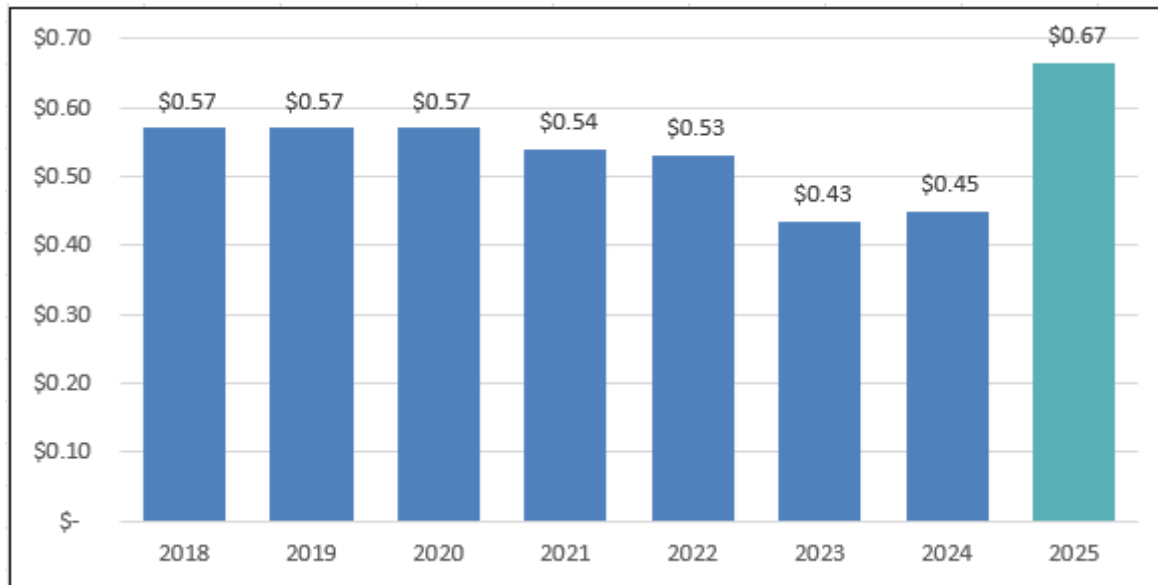
General Fund Forecast

DESCRIPTION	2023 ACTUAL	2024 ACTUAL	2025 ESTIMATED	2026 ESTIMATED
ENDING FUND BALANCE SUMMARY				
Total Operating Expenditures, Other Uses, & Ending Fund Balances	\$ 75,022,341	\$ 76,171,906	\$ 74,813,373	\$ 70,826,715
General Fund	13,974,509	8,799,273	2,934,615	(3,019,589)
Revenue Stabilization Fund	6,000,000	6,000,000	6,000,000	6,000,000
Total Fund Balance	\$ 19,974,509	\$ 14,799,273	\$ 8,934,615	\$ 2,980,411
Minimum Fund Balance Required	\$ 11,012,917	\$ 11,608,715	\$ 13,052,184	\$ 13,738,341
Fund Balance Over/Under Minimum	\$ 8,961,592	\$ 3,190,558	\$ (4,117,569)	\$ (10,757,930)



General Fund Revenues: Property Tax

***Current rate \$.67, Levy of \$7.2 Million
\$422 annually, \$35 month for average home***



***Maximum Lawful Levy of \$10.8 Million
Banked Capacity of \$3.6 Million (33.5% of Maximum)***



Resources

2025-2026 Adopted Budget

- ***<https://www.lynnwoodwa.gov/files/sharedassets/public/v/1/finance/2025-2026-budget-book.pdf>***

Fund Balance Descriptions

- ***Pages 22-25, Adopted 2025-2026 Budget***

MRSC Revenue Guide for Cities

- ***<https://mrsc.org/getmedia/d3f7f211-fc63-4b7a-b362-cb17993d5fe5/Revenue-Guide-For-Washington-Cities-and-Towns.pdf>***

