

CITY COUNCIL 12.B

CITY OF LYNNWOOD CITY COUNCIL

TITLE: Follow-Up Information: 2025-2026 Budget

DEPARTMENT CONTACT: Michelle Meyer, Finance

SUMMARY:

Follow up on status of 2025-2026 budget after July 21st Work Session

PRESENTER:

Michelle Meyer, Finance Director

ESTIMATED TIME:

45

BACKGROUND:

The General Fund beginning fund balance for 2025 was \$4.2 million lower than forecasted during the budget process. As identified during the review of the Q1 2025 report, the Mayor worked with all departments to manage their budgets and identify ways to reduce expenditures by 3% in order to close that gap.

As national economic uncertainty persists, certain revenue areas continue to be negatively impacted through Q2. The Mayor has directed that departments identify additional expenditure reductions of up to 10%. A review of the impacted revenue streams and identified departmental reduction strategies was reviewed along with the Q2 2025 report at the July 21st Work Session. It was identified that General Fund expenditures had exceeded General Fund revenues by \$5.2 million through Q2, largely due to shortfalls in revenues derived from Sales Tax, Development Services/Construction Permit, and Photo Enforcement. An updated General Fund Forecast is being prepared to reflect zero growth in those three revenues areas over 2024 and to reflect identified departmental budget reductions to-date.

SUGGESTED ACTION:

Review and Discussion

PREVIOUS COUNCIL ACTIONS:

Q2 2025 report reviewed at July 23, 2025 Finance Committee meeting
Q2 2025 report reviewed at July 21, 2025 Work Session
Q1 2025 report FYI memo in June 16, 2025 Work Session packet
Q1 2025 report reviewed at May 28, 2025 Finance Committee meeting

Q4 2024 report FYI memo in May 5, 2025 Work Session packet
Q4 2024 report reviewed at April 23, 2025 Finance Committee meeting

DEPARTMENT ATTACHMENTS

Description:
