

Understanding the Budget and Levy Lid Lift

September 23, 2025

What is “The Budget”?

- The city budget is comprised of six primary funds
 - General Funds
 - Special Revenue Funds
 - Debt Service Fund
 - Capital Projects Fund
 - Enterprise Funds
 - Internal Service Funds
- There are 34 different accounts within these funds
- The mayor proposes a budget – the City Council owns the budget
- Once adopted, the mayor executes the budget while the City Council has oversight responsibilities

2025 BUDGET SUMMARY - ALL FUNDS

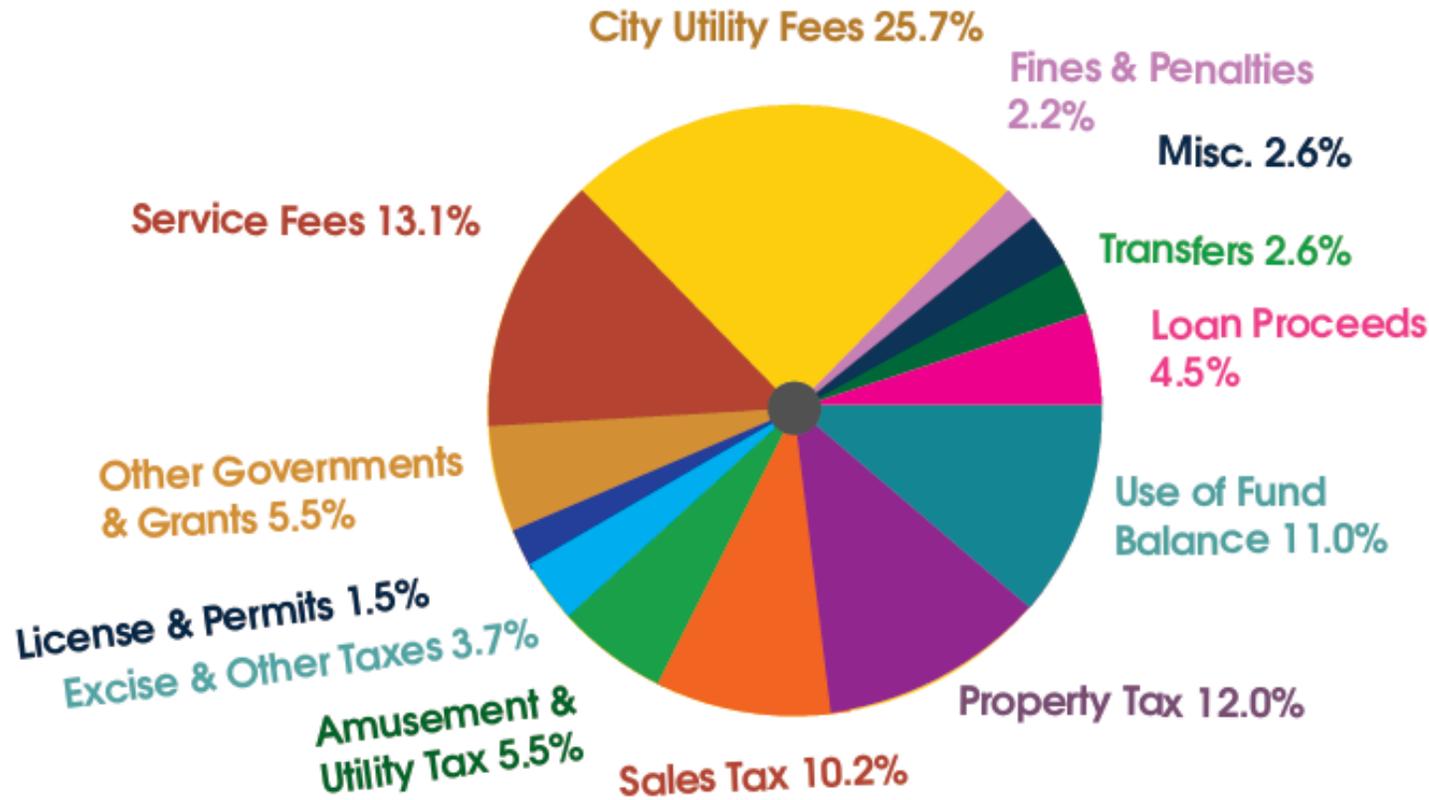
Fund		Beginning	2025	2025	Ending
		Fund Balance	Revenue	Expenditures	Fund Balance
GENERAL FUND	001 General Fund	757,457	\$ 59,044,690	\$ 58,387,767	\$ 1,414,380
	009 LEOFF Medical Insurance Reserve Subfund	91,074	275,000	317,500	48,574
	012 Contingency Reserve Subfund	2,228,672	-	-	2,228,672
	014 Historic Preservation Gift Fund	4,444	-	5,700	(1,256)
	016 Building Maintenance Fund	2,739,204	100,340	550,000	2,289,444
	017 Marsh Restoration & Preservation Fund	838,895	-	29,000	809,895
	018 Edmonds Homelessness Response Fund	200,000	-	188,100	11,900
	019 Edmonds Opioid Response Fund	458,619	50,000	400,000	108,619
	Total General Fund	7,318,265	59,470,030	59,878,067	6,910,228
SPECIAL REVENUE FUNDS	104 Drug Enforcement Fund	43,850	4,790	20,000	28,640
	111 Street Fund	66,480	2,440,000	2,639,871	(133,391)
	112 Street Construction Fund	3,233,710	4,619,540	4,094,740	3,758,510
	117 Municipal Arts Acquisition Fund	618,319	297,500	245,400	670,479
	120 Hotel/Motel Tax Fund	151,031	127,000	194,000	86,531
	121 Employee Parking Permit Fund	21,565	-	31,770	45,135
	122 Youth Scholarship Fund	17,376	2,410	3,000	16,786
	123 Tourism Promotional Arts Fund	145,119	49,230	37,500	156,849
	125 REET 2	1,171,419	1,648,620	1,946,465	873,474
	126 REET 1	4,010,721	1,780,420	2,552,330	3,238,331
	127 Gifts Catalog Fund	2,449,211	345,580	638,936	2,600,565
	130 Cemetery Maintenance/Imp. Fund	1,065,596	197,780	329,009	(22,633)
	137 Cemetery Maintenance Fund	1,233,694	101,090	375,000	959,784
	138 Sister City Commission Fund	17,646	11,310	7,400	21,556
	140 Business Improvement District Fund	27,271	79,209	84,445	22,035
	141 Affordable and Supportive Housing	374,126	65,000	-	439,126
142 Edmonds Rescue Plan Fund	36,932	-	-	36,932	
143 Tree Fund	69,862	83,502	-	153,364	
Total Special Revenue Funds	14,241,058	11,910,881	13,199,866	12,952,073	
DEBT SERVICE FUNDS	231 2012 LTGO Debt Service Fund	-	305,870	305,870	-
CAPITAL PROJECT FUNDS	332 Parks Capital Construction Fund	287,893	209,450	-	497,343
ENTERPRISE FUNDS	421 Water Utility Fund	17,305,796	11,863,672	22,315,347	6,854,121
	422 Storm Utility Fund	9,197,998	9,494,779	12,323,172	6,369,605
	423 Sewer/WWTP Utility Fund	11,764,377	19,329,568	19,597,163	11,496,782
	424 Utility Debt Service Fund	28,967	1,174,920	1,149,400	54,487
Total Enterprise Funds	38,297,138	41,862,939	55,385,082	24,774,995	
INTERNAL SERVICE FUNDS	511 Equipment Rental Fund	5,128,013	2,421,990	1,907,356	5,642,647
	512 Technology Rental Fund	640,007	2,505,723	2,530,572	615,158
Total Internal Service Funds	5,768,020	4,927,713	4,437,928	6,257,805	
TOTAL BUDGET		65,912,374	\$ 118,686,883	\$ 133,206,813	\$ 51,392,444

WHERE THE MONEY COMES FROM

THE City budgets and accounts for revenues and expenditures in several different funds. The charts below categorize all the City's revenues.

RESOURCES OF ALL FUNDS BY CATEGORY

	2025	2026
Use of Fund Balance	\$ 14,519,930	\$ -
Property Tax	15,936,000	17,676,000
Sales Tax	13,651,829	14,092,032
Amusements & Utility Tax	7,266,594	7,596,508
Excise & Other Taxes	4,935,410	4,905,500
License & Permits	2,000,879	2,006,459
Other Governments & Grants	7,276,055	8,262,200
Service Fees	17,502,012	15,754,001
City Utility Fees	34,258,750	37,317,292
Fines & Penalties	2,888,500	2,888,500
Miscellaneous	3,495,875	3,634,301
Transfers	3,474,979	3,227,351
Loan Proceeds	6,000,000	3,000,001
TOTAL	\$133,206,813	\$120,360,145



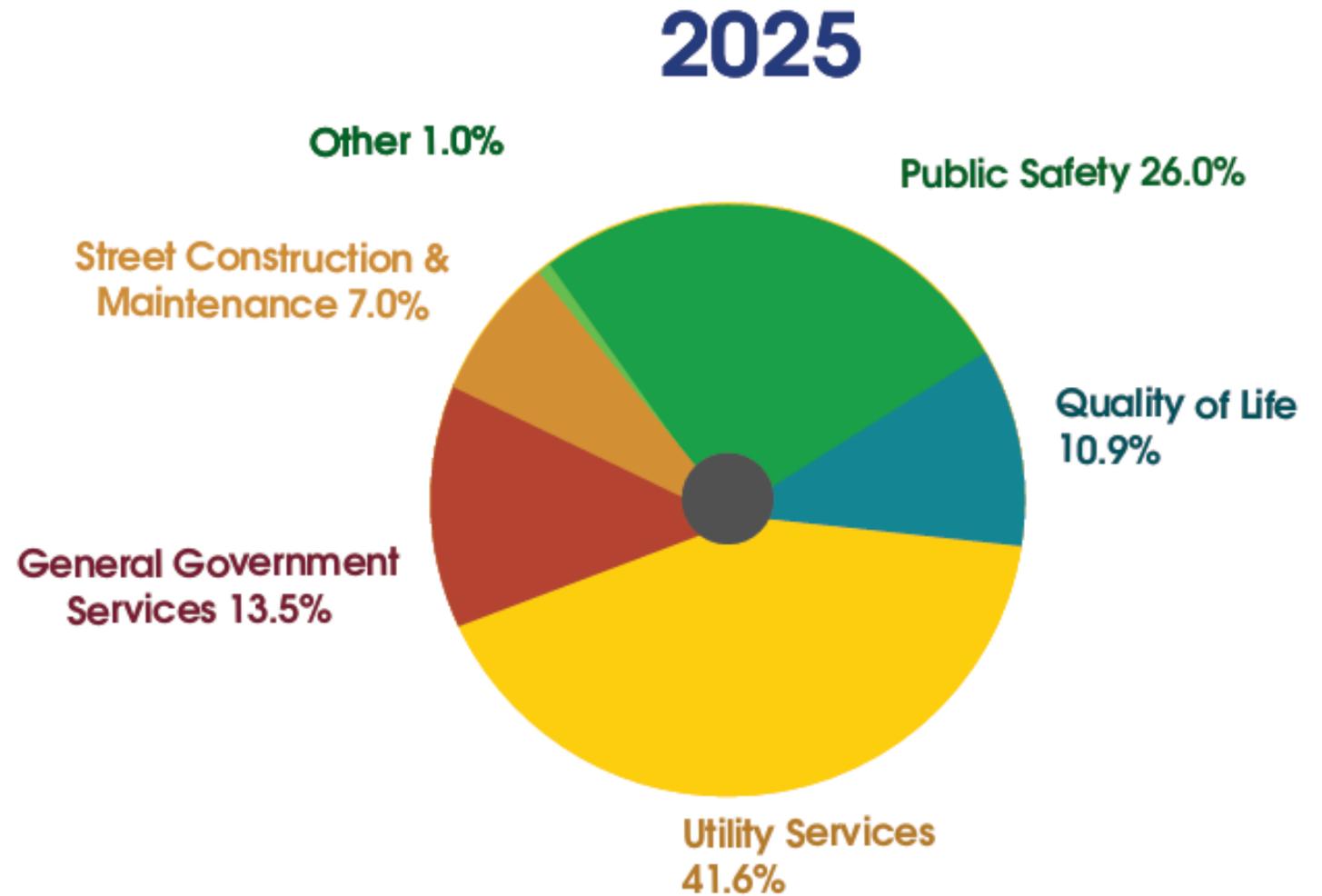
WHERE THE MONEY GOES

THE chart below summarizes all the City Expenditures by Service Area and by Group.

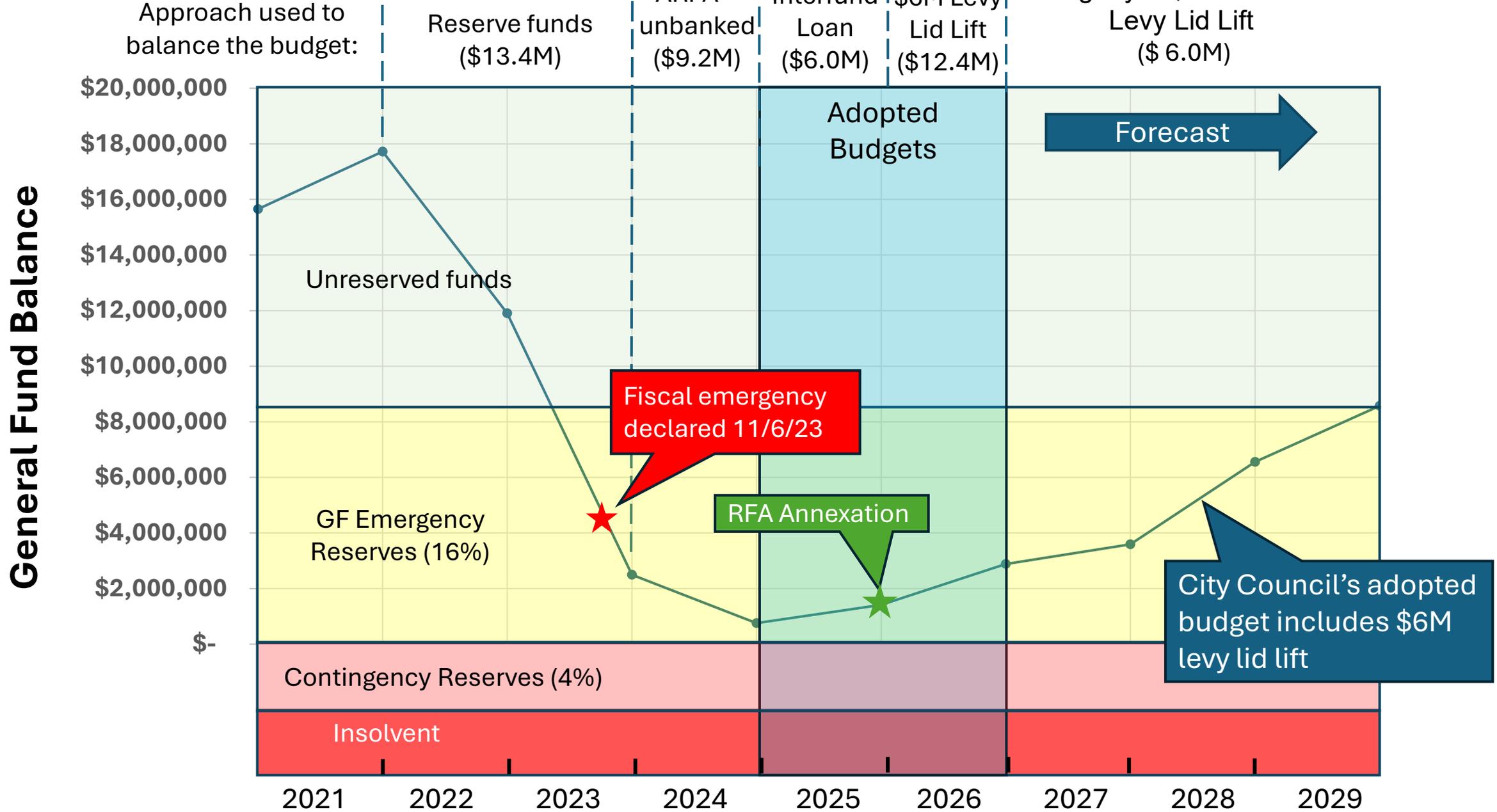
EXPENDITURES BY SERVICE AREA		
	2025	2026
Police	\$ 19,105,126	\$ 19,856,852
Fire & EMS	12,586,400	525,070
Court	2,080,531	2,199,438
Public Safety Enhancements	795,122	655,000
Public Safety	34,567,179	23,236,360
Culture & Recreation	2,924,894	3,088,924
Parks	5,066,905	5,023,730
Planning	3,706,635	4,190,439
Citizen Wellbeing	1,495,967	634,160
Eco-friendly	45,000	45,000
Economic Development	1,331,451	1,418,601
Quality of Life	14,570,852	14,400,854
Water Utility	22,596,237	18,596,421
Storm Utility	13,091,842	9,440,798
Sewer Utility	19,697,003	20,043,555
Utility Services	55,385,082	48,080,774
City Administration & Legislative*	13,422,577	14,233,645
Facilities	2,632,113	2,862,323
Fleet	1,907,356	1,972,106
General Government Services	17,962,046	19,068,074
Street Construction & Maintenance	9,330,454	9,582,384
Other**	1,391,200	4,203,464
TOTAL	\$133,206,813	\$118,571,910

*legislative, executive & support

**costs not directly identifiable by department



General Fund History



What happens if the \$14.5M levy lid lift passes?...

- Increases city property tax rate by 126% (from \$0.72/\$1,000 AV to \$1.63)
- City keeps \$6.5M in fire contract cost savings
- An additional \$8.5M is distributed to various fund accounts for 2026

Neighboring City Levy Rate Comparison



What happens if the \$14.5M levy lid lift fails?...

- City property tax rate would remain at \$0.72/\$1,000 AV
- City keeps \$6.5M in fire contract cost savings
- A combination of \$6M in new revenue or expense reductions is necessary for 2026 to offset the assumed levy lid lift in the budget
- The city has defined dramatic “cuts” in services
- An alternative budget is proposed which does not require service level reductions while still balancing the budget
- The city has also committed to finding \$5M in non-property tax revenue

We have Money – Where is it?

Fund	2025 Expected Ending Fund Balance
General Funds	\$7,174,211
Special Revenue Funds	\$14,731,712
Debt Service Fund	-
Capital Projects Fund	\$538,551
Enterprise Funds	\$30,029,792
Internal Service Funds	\$6,657,126
Total	\$59,131,392

Alternative Budget Proposal

- Close the Internal Service Funds (ISF) and transfer all balances, revenues and expenses to the General Fund

Rational

- The ISFs are not legally required
- They contain underutilized fund balances
- This represents a legal framework to support the GF

End Result

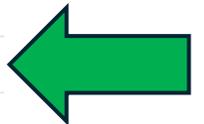
- Provides approximately \$6.6M to the GF balance
- Offsets the \$6M in “cuts” if the levy fails
- This is not a loan that needs to be paid back

Transfer into General Fund

2026 BUDGET SUMMARY - ALL FUNDS					
Fund	Beginning	2026	2026	Ending	
	Fund Balance	Revenue	Expenditures	Fund Balance	
GENERAL FUND					
001 General Fund	1,414,380	\$ 53,405,494	\$ 51,933,921	\$ 2,885,953	
009 LEOFF Medical Insurance Reserve Subfund	48,574	275,000	311,500	12,074	
012 Contingency Reserve Subfund	2,228,672	-	-	2,228,672	
014 Historic Preservation Gift Fund	(1,256)	-	5,700	(6,956)	
016 Building Maintenance Fund	2,289,444	94,070	550,000	1,833,514	
017 Marsh Restoration & Preservation Fund	809,895	-	-	809,895	
018 Edmonds Homelessness Response Fund	11,900	-	8,325	3,575	
019 Edmonds Opioid Response Fund	108,619	50,000	50,000	108,619	
Total General Fund	6,910,228	53,824,564	52,859,446	7,875,346	
SPECIAL REVENUE FUNDS					
104 Drug Enforcement Fund	28,640	4,610	20,000	13,250	
111 Street Fund	(133,391)	2,430,000	2,777,575	(480,966)	
112 Street Construction Fund	3,758,510	6,215,209	5,849,659	4,124,060	
117 Municipal Arts Acquisition Fund	670,479	165,920	211,400	624,999	
120 Hotel/Motel Tax Fund	86,531	128,910	140,000	75,441	
121 Employee Parking Permit Fund	45,135	54,950	33,093	66,992	
122 Youth Scholarship Fund	16,786	2,340	3,000	16,126	
123 Tourism Promotional Arts Fund	156,849	8,740	37,500	128,089	
125 REET 2	873,474	1,639,330	1,270,200	1,242,604	
126 REET 1	3,238,331	1,762,900	1,285,470	3,715,761	
127 Gifts Catalog Fund	2,600,565	332,360	661,415	2,271,510	
130 Cemetery Maintenance/Imp. Fund	(22,633)	202,562	340,938	(161,009)	
137 Cemetery Maintenance Fund	959,784	96,924	25,000	1,031,708	
138 Sister City Commission Fund	21,556	6,230	7,400	20,386	
140 Business Improvement District Fund	22,035	79,209	80,400	20,844	
141 Affordable and Supportive Housing Fund	439,126	65,000	-	504,126	
142 Edmonds Rescue Plan Fund	36,932	-	-	36,932	
143 Tree Fund	153,364	58,259	-	211,623	
Total Special Revenue Funds	12,952,073	13,253,453	12,743,050	13,462,476	
DEBT SERVICE FUNDS					
231 2012 LTGO Debt Service Fund	-	301,190	301,190	-	
CAPITAL PROJECT FUNDS					
332 Parks Capital Construction Fund	497,343	208,860	-	706,203	
ENTERPRISE FUNDS					
421 Water Utility Fund	6,854,121	14,779,973	18,318,201	3,315,893	
422 Storm Utility Fund	6,369,605	11,313,854	8,665,278	9,018,181	
423 Sewer/WWTP Utility Fund	11,496,782	20,579,448	19,948,905	12,127,325	
424 Utility Debt Service Fund	54,487	1,172,310	1,148,390	78,407	
Total Enterprise Funds	24,774,995	47,845,585	48,080,774	24,539,806	
INTERNAL SERVICE FUNDS					
511 Equipment Rental Fund	5,642,647	2,420,770	1,972,106	6,091,311	
512 Technology Rental Fund	615,158	2,505,723	2,615,344	505,537	
Total Internal Service Funds	6,257,805	4,926,493	4,587,450	6,596,848	
TOTAL BUDGET	51,392,444	\$ 120,360,145	\$ 118,571,910	\$ 53,180,679	

How the Numbers Work

	Account	Fund	Beginning Fund Balance	2026 Revenue	2026 Expenditures	Ending Fund Balance
Current 2026	001	General Fund	\$ 1,414,380	\$ 53,405,494	\$ 51,933,921	\$ 2,885,953
	511	Equipment Rental Fund	\$ 5,642,647	\$ 2,420,770	\$ 1,972,106	\$ 6,091,311
	512	Technology Rental Fund	\$ 615,158	\$ 2,505,723	\$ 2,615,344	\$ 505,537
With ISF transfer	001	General Fund	\$ 7,672,185	\$ 58,331,987	\$ 56,521,371	\$ 9,482,801
	511	Equipment Rental Fund	\$ -	\$ -	\$ -	\$ -
	512	Technology Rental Fund	\$ -	\$ -	\$ -	\$ -
Without \$6M levy	001	General Fund		\$ (6,000,000)		\$ (6,000,000)
Net GF	001	General Fund	\$ 7,672,185	\$ 52,331,987	\$ 56,521,371	\$ 3,482,801
GF Increase						\$ 596,848



- Upon transfer, the beginning fund balance would transfer to the GF
- Upon transfer, all future revenue sources would be deposited into the GF
- Upon transfer, all future rental expenses would be paid from the GF
- This results in a net benefit to the GF effectively utilizing an untapped resource
- No city service reductions necessary

Alternative Budget

(Equivalent level of services)

Approach used to balance the budget:

Reserve funds (\$13.4M)

Reserve funds + ARPA + unbanked (\$9.2M)

Interfund Loan (\$6.0M)

RFA annex. + Levy Lid Lift (\$12.4M)

Single-year, Permanent Levy Lid Lift (\$6.0M)

General Fund Balance

\$35,000,000

\$30,000,000

\$25,000,000

\$20,000,000

\$15,000,000

\$10,000,000

\$5,000,000

\$-

2021

2022

2023

2024

2025

2026

2027

2028

2029

Unreserved funds

GF Emergency Reserves (16%)

Contingency Reserves (4%)

Insolvent

Adopted Budgets

Forecast

Alternate budget plus \$5M in new revenue

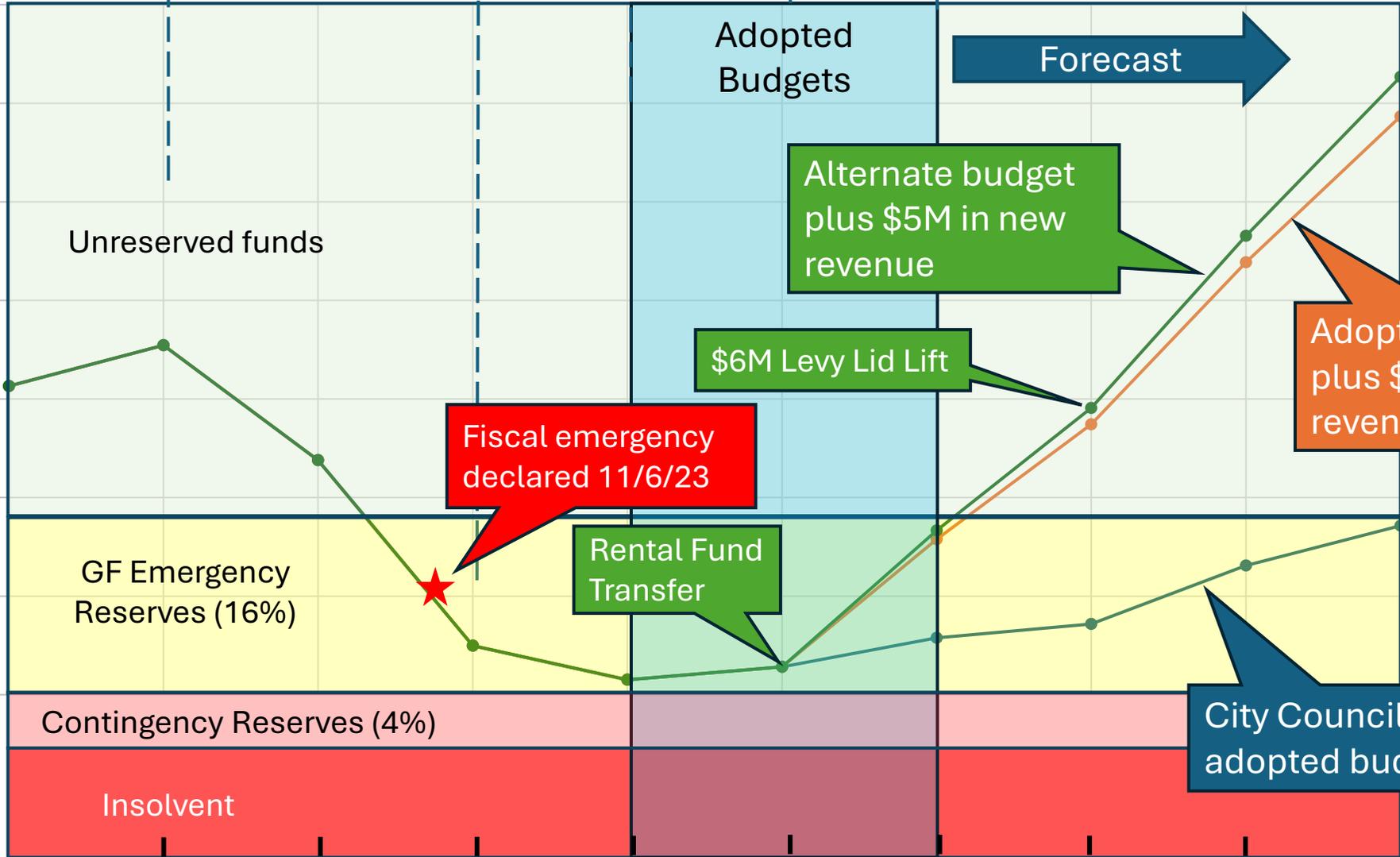
\$6M Levy Lid Lift

Fiscal emergency declared 11/6/23

Rental Fund Transfer

Adopted budget plus \$5M in new revenue

City Council's adopted budget



Alternative Budget Summary

- A legal framework has been proposed to supplement the General Fund
- It utilizes untapped financial resources sitting in the bank
- It offsets proposed “cuts” if the \$14.5M levy fails
- It maintains a balanced budget without cuts
- It provides time to right-size the levy for a future vote
- The City Council would need to take legislative action to enact
- Combined with the \$5M in new revenue that the city is pursuing will provide for a robust budget – even a vibrant one!
- **This is a viable and transparent alternative to the current thinking that the citizens deserve to know and understand prior to the election**