

City of Ferndale

2022 Budget





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The Finance Department

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Cover photo by Ashley Sturtz

Mayor
Greg Hansen

City Council Members

Herb Porter
Ali Hawkinson
Erin Gunter
Paul Shuey
Ryan O'Larey
Robert Pinkley
Jon Mutchler

City of Ferndale Appointed Officials

Jori Burnett, City Administrator
Sirke Salminen, Finance Director
Kevin Renz, Public Works Director
Kevin Turner, Chief of Police
Michael Cerbone, Community Development Director
Susan Duncan, City Clerk
Riley Sweeney, Communications Officer

Other Officials

Dannon Traxler, City Attorney
Mark Kaiman, Municipal Court Judge
Thomas Lyden, Public Defender
David Nelson, Prosecuting Attorney

Planning Commission

Susan Cole – Chair

Equity Advisory Committee

Alysa Oradat – Chair

Arts Commission

Rebecca Xczar – Chair

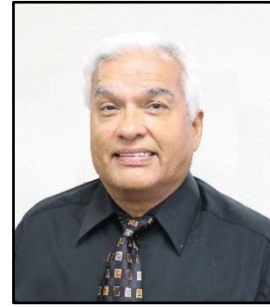
Parks, Recreation, and Trails Advisory Board

Todd McKernan – Chair

Elected Officials



Mayor Greg Hansen
Term Ends 12/31/2023



Councilmember Herb Porter
Term Ends 12/31/2023



Councilmember Ali Hawkinson
Term Ends 12/31/2023



Councilmember Erin Gunter
Term Ends 12/31/2023



Councilmember Paul Shuey
Term Ends 12/31/2023



Councilmember Ryan O'Larey
Term Ends 12/31/2021



Councilmember Robert Pinkley
Term Ends 12/31/2025



Councilmember Jon Mutchler
Term Ends 12/31/2025

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Introduction

Mission Statement

“To encourage and promote active cooperation with all citizens and stakeholders of Ferndale, we will work to provide for growth while planning and supporting progressive economic and community development for the well-being of our community.”



Photo by Jack Carver, courtesy of Whatcom Museum c. January 1950

History of Ferndale

Pre-Contact Era: Time Immemorial – 1850's

The site of what is now Ferndale was originally known to the Lummi people as “*Te’Ti’Sen*,” While *Te’Ti’Sen* was well-known to the Coast Salish, and was the site of seasonal camps, fishing, and hunting grounds; permanent villages generally occupied coastal areas to the west of *Te’Ti’Sen*. There is evidence to suggest that a Lummi settlement was established on the

prairieland east of the Nooksack River, situated in a manner that provided access to seasonal hunting and fishing grounds as well as a distance from the coast, to be better protected from raids by the Haida arriving from the north.

In addition to the Nooksack River itself, Tennant Lake was the site of traditional hunting and fishing grounds for several local tribes. During this time, the western hills (and most of the low-lying areas) were characterized by dense evergreen and deciduous forests, often extending to the banks of the Nooksack River. These forests were interspersed with wetlands, marshes, and prairies. It is likely that several trails also existed through the area, facilitating overland movement between Bellingham and Semiahmoo Bays, and travel along the Nooksack itself. River travel above Ferndale was often challenging, due to a series of logjams in the area.

Pioneer Era: 1850's – 1907

Whereas the Coast Salish peoples often viewed Te'Ti'Sen from the south, early European settlers saw the area from the north, calling the area near the Nooksack River the "*lower crossing*" to distinguish it from the principal river crossing at Everson.

Early European pioneers forged relationships with the Coast Salish people, trading resources and providing for mutual defense from slave traders from northern Canada. Many of these relationships were informed by the Point Elliot Treaty, signed in 1855, which provided a legal framework for European settlers to homestead while also protecting the sovereign rights of the tribes native to the Puget Sound region.

Billy Clark, a Texan who came to the Northwest during the Fraser River Gold Rush of the 1850's, was the first European full-time resident of what eventually became the City of Ferndale. He lived here with his wife and family for over a decade beginning in the early 1870's on 174 acres situated on the west side of the Nooksack River, occupying much of what is now Downtown Ferndale. His residence was an Alder cabin approximately 200 feet south of the existing Main Street bridge.

Clark also operated a canoe ferry between the east and west banks of the Nooksack at this location. Clark's ferry operation became possible following the removal of most of the log jams in the area in 1877, spearheaded and completed by local community members.

Ironically, the removal of the log jams also meant the end of the Ferndale area's first official name – Jam –the name given to the voting precinct in the area. At approximately the same time, Ferndale's first schoolteacher, Alice Eldridge, described the area as Ferndale (owing to the large number of ferns around the schoolhouse) in a letter to her family – and the name stuck. The town was officially named Ferndale in 1876.

Most of the "settlers of the 1870's" confined their operations to locations near the river. There were no roads and transportation was primarily via meandering muddy trails winding through the woods. After the removal of the logjams, river traffic in the form of steamboats and private

vessels commenced. The Nooksack became a waterborne highway, and the population of the community started to grow, particularly along the east side of the river.

Over time, property owners on the east and west sides of the river competed for dominance of local commerce, with eastern interests prevailing until the further platting of land on the west side, combined with the closure of the post office on the eastern banks of the river (a second post office was located on the west side), and the destruction of a hotel on the east side resulted in a migration to the west.

The strength of resources for fishing and lumbering brought early settlers, many from Scandinavia. A multitude of small mills were built along the Nooksack River and gradually the forests receded to reveal the fertile soil beneath. Agriculture soon became an important industry and has remained key to the area.

In 1884 the Northwest Diagonal Road was opened to Ferndale and connected with a road that ran through Custer to Blaine. In 1886 the Guide Meridian Road was opened, but Whatcom County remained rustic and isolated until 1893 when the Great Northern Railroad built its railway line across the western part of the County, through Ferndale, to Blaine, and on to Vancouver, British Columbia.

Augustus Griffin, having earned and then lost a fortune in Chicago following the Great Chicago Fire before regaining it during the California gold rush, acquired property in Ferndale north of Downtown in expectation of the extension of the Great Northern Railroad extension. He lost his holdings in the financial panic of 1892, the year before the rail line through what is now Griffintown was established.

The railroad, including the Ferndale Station located north of what is now Washington Street fundamentally changed Ferndale from a remote hamlet to a small town that was now connected to not only Bellingham and Lynden, but the larger world around it. Goods produced in and around Ferndale could be shipped out, and goods, services, and new neighbors could be shipped in.

Small Town: 1907 – 1954

Incorporated in 1907, Ferndale began its existence as a “town” under Washington law. The 1910 census revealed a population of 691, and these numbers did not rise above 760 until the late 1950’s. While still close to the larger city of Bellingham, Ferndale remained somewhat isolated, relying on a large hinterland of agricultural, forestry, and, to a lesser extent, fishing to produce goods for sale. In turn, Ferndale’s downtown was the center for commerce in the area and provided most shopping options that were needed for a community of its size.

Without a significant amount of migration in and out of town, Ferndale’s identity tended to reflect the individuals, families, and industries that had built it. The Old Settler’s picnic had begun prior to the turn of the century, but in the 1920’s the Old Settler’s Association began

relocating original Pioneer cabins from the surrounding community. Ferndale High School was established at its current location, and Old Main was constructed in the 1930's. Then, as now, the high school was a center of community activity and pride.

During the Great Depression, Ferndale's residents weathered the difficult times on the strength of their agricultural prowess, managing some of the most productive poultry farms, sugar beet crops and dairy farms in northern Washington.

During this time, a major granary was built on the west side of the railroad tracks south of Washington Street, and the Carnation Building was constructed on the east side of the Nooksack River, north of Main Street. These businesses further refined the raw products made in Ferndale and shipped them to larger markets.

Industrial Growth: 1954 – 1980

Following World War Two and the opening of Alaskan oilfields, the General Petroleum Corporation opened the Ferndale Refinery west of Ferndale. This refinery sparked a building boom in Ferndale, pushing the City's population to nearly 1,500 people by 1960 and over 2,000 people by 1970.

The Ferndale area was seen as ideal for large industry, due to its strategic location relatively close to raw resources, its proximity to major (and growing) population centers in Vancouver BC and Seattle, its relative remoteness from immediately adjacent centers, its deep-water port, and the growing aviation industry that ultimately relied on the fuels refined at Cherry Point.

In the late 1960's and early 1970's, two additional major industries were established in the Cherry Point region just north of what was now the Mobile Refinery (and would eventually become the Phillips 66 Refinery). The Cherry Point (now BP) refinery is the largest refinery in Washington State, and the Alcoa Intalco Aluminum smelter, which opened in 1966, was for a time the largest aluminum smelter in the United States. These industries, together with the construction of Interstate Five through Ferndale, increased the City's population to almost 4,000 by 1980.

Even as Ferndale's population grew, however, the downtown core of the community began to decline. While major industries were located immediately adjacent to Ferndale and many industrial workers lived in Ferndale, the ease of access to Bellingham increased the ability to commute to and from that larger city. The auto-dependent nature of suburban life also gave rise to larger grocery, fast food, and convenience stores located outside of Ferndale's core, while Bellingham's department stores, recreation, and cultural activities were now only ten minutes away.

Bedroom Community: 1980 – 2010

As a result of these changes, while Ferndale's population grew and the economy became more diversified and transitioned from an agrarian community to a more-industrial community, it also became more of a bedroom community. With this loss of shared employment combined with the influx of new residents, the community sought new ways to connect with each other.

From 1980 to 1990, the City's population grew rapidly once again, approaching 5,500 by 1990. Whereas growth in each of the previous three decades could be attributed to a major new industrial employer, growth in the 1980's was fueled primarily through residential construction attracted by the region's quality of life, the relative affordability of Whatcom County (and the small cities/unincorporated County), as compared to California, Seattle, Vancouver, and even Bellingham, and more.

The rapid growth of Vancouver and the Lower Mainland of British Columbia in particular changed commerce in Northwest Washington. Expo '86 in Vancouver, increased investment and in-migration from Asia to Vancouver, at-times favorable exchange rates, made the introduction of regional shopping in Bellingham possible.

The construction of Bellis Fair Mall in 1989, followed by Walmart, Costco, and a range of national retailers, decimated Ferndale's downtown. Traditional downtown retailers could not compete with one-stop shopping, and the relatively sudden shift in shopping patterns following high interest rates in the early 1980's, combined with restrictive land use regulations discouraging mixed residential and commercial uses at the time, prevented downtown property owners from changing the physical characteristics of downtown buildings to remain competitive.

The growth of residential development and the expectations from residents for full city services, compelled the City to undertake significant capital improvements while also addressing a reduction in revenues due to a loss of sales tax. The City closed its Parks Department in the early 2000's and practiced a variety of austerity measures through the Great Recession beginning in 2008.

Small City: 2011 – Present

Despite the 2008-2010 recession, Ferndale's residential growth continued unabated. During the recession, the City sought to modify its long-range growth expectations and re-emphasized recreation opportunities, assumptions for future infrastructure needs, increased allowances for infill development opportunities, and a rebirth of the Downtown core.

Ferndale's population was estimated at nearly 11,500 in 2010, and during the first two decades of the 21st Century, the City became home to several relatively large companies and industries with a regional, and in some cases, a global presence. The increasing diversity of the employment sector also began to change Ferndale's status from a bedroom community to a small city: whereas Ferndale had generally experienced an exodus of workers during the day in the 1980's and 1990's, traffic patterns in the 21st Century reflected an approximately equal number of workers entering for work each day as those leaving it.

The community's efforts to rediscover or reinterpret the sense of place of Ferndale have been at the forefront of community conversation. Community build projects such as Star Park, gatherings in response to tragedy and success, the re-examination of history and social norms, the closure of the Intalco Aluminum Smelter, a re-assessment of the costs of growth and expectations for service, and the transition from a small town to a small city have all resulted in a turbulent second decade of the 21st Century.

In 2020, the City of Ferndale became the third largest community in Whatcom County with a population of 15,468.



Pioneer Village

Mayor's Budget Message

Honorable City Councilmembers and the members of our Ferndale Community,

It is my sincere pleasure to present to you all Ferndale's preliminary 2022 Budget for your review.

Much like 2020, we began 2021 with optimism. The COVID-19 vaccine had arrived in Ferndale, businesses were beginning a return to a "new normal," and many individuals believed that the pandemic would be behind us relatively soon. The optimism faded as the delta variant took a brutal toll on our community. September of 2021 saw some of the highest COVID infection rates, hospitalizations, and deaths of this ongoing pandemic. Moreover, the return of mask mandates, and the growing vaccine mandates further divided our communities.

Through all of this, the City continued to press forward, working on two of the largest infrastructure projects in Ferndale's history. We added new businesses and new residents as our community crossed over the 15,000 mark in population and welcomed an electric bus manufacturer, an international logistics company, and a modular building company to Ferndale, bringing with them over 300 new jobs. This is on top of the new businesses opening in our downtown core. Our residential construction industry remains strong, resulting in consistent levels of growth throughout the city over the last thirty years. As a result, the City's finances are strong. The financial disaster did not strike Ferndale as expected. It is in this context that the City of Ferndale has set out to develop our 2022 budget.

This process includes everything from economic forecasting to reviewing infrastructure needs, determining Council priorities, and drafting upcoming grant proposals. Like years before, Ferndale is cautious with our budget but the pressing needs of our community demand bolder action for 2022.

With the 2022 Budget, we have worked hard to put together a proposal that addresses the priorities and needs of our growing community. With that in mind, we plan to add key staff to our police department, court, and public works crew. These are new hires that had been delayed due to the pandemic. These hires allow us to do more than just meet the needs of our growing city, they will allow us to do preventative maintenance and community outreach, vital services that save the city money in the long run.

But if all we do is simply restore the services impacted over the last year and a half, we will fall behind. Ferndale is one of the fastest growing cities north of Everett and we must rise to meet the moment. That is why we are making big investments in the infrastructure of our city.

For our utility infrastructure, we will complete the expansion of our wastewater treatment plant and the upgrade of our water treatment plant, integrating the full flow from our new deep water well and meeting our needs for the foreseeable future. We will begin the reconstruction of Thornton Street between Malloy and Vista and continue work on the Thornton Overpass,

which is on schedule to open in 2023. This will be the largest transportation project in the history of Ferndale and when completed, it will provide key access to our neighborhoods, relieving congestion in our downtown core. And we expect to build Metalworks Skatepark, adding to our community's recreation options. Thanks to good revenues and successful grant work and lobbying efforts by city staff and our elected representatives, all of these projects are paid for.

The impacts of the pandemic have been profound but have not been felt equally. Many of these impacts have fallen hardest on the most vulnerable in our community. Fortunately, federal dollars from the American Rescue Plan Act (ARPA) are flowing into our community. In March 2021, President Biden signed ARPA into law, providing \$1.9 trillion in relief resources to combat the public health crisis and spur economic recovery. Among the many elements of ARPA was direct payments to municipalities. The City of Ferndale will receive \$4.158 million from the Federal Government. These funds are limited to a few specific areas; COVID Response, COVID Recovery, and water, sewer, stormwater, and broadband infrastructure, however they provide us some once-in-a-generation opportunities.

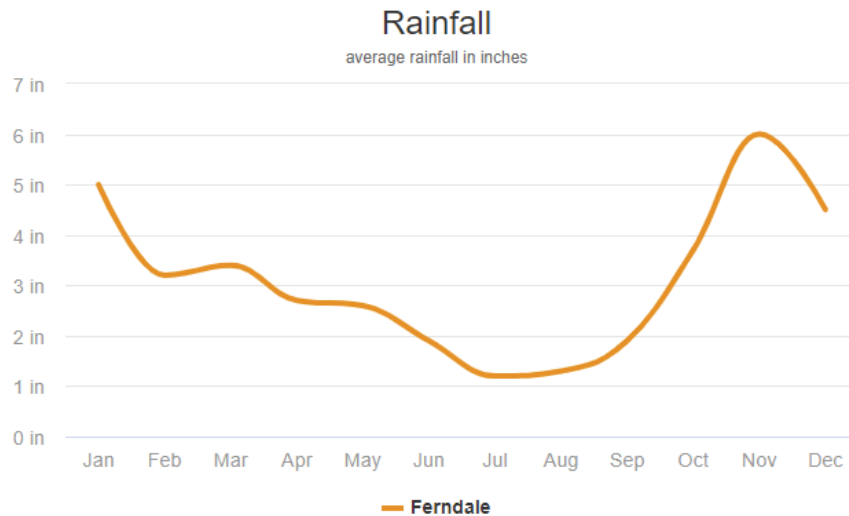
We are working with the County to invest ARPA funds in childcare, the Ferndale Community Resource Center, and our Downtown to support those organizations that support working families and allow us to grow. With the additional funds, we are exploring opportunities to invest in long-stalled projects like rebuilding the Pioneer Park stage and increasing the supply of affordable housing so that our residents are not pushed from their homes by our growing prosperity.

It is both a privilege and a responsibility to receive these funds and the City intends to invest them with care in things that will benefit our community in the long-term. These can be hard decisions, but with robust debate from our City Council and good input from the people of Ferndale, we can make the investments that are needed to support our community as we come out of this crisis.

Holding onto hope in difficult times can be a radical act, but I believe that great things are happening in Ferndale. We are picking up the pieces of the past year and building a better, more resilient community. To serve as Mayor, working together with our City Council during this chapter in Ferndale's history is an honor. With this budget, we can build a successful 2022 and an even brighter Ferndale future.

City Statistics

Incorporated	1907
2021 Population Estimate ¹	15,570
Safety Ranking within WA Cities ²	23 out of 73
Land Area	7.13 square miles
Average Annual Temperature	51.0 Fahrenheit
Average Annual Precipitation	37.3 inches



Population and Household Data

Average Household Size	2.75
Median Household Income	\$73,074
Persons in Poverty (percent)	11.9%
Male Population	50.10%
Female Population	49.90%
Median Resident Age	38.5 years
Median Washington Resident Age	38.3 years
High School Graduate or Higher ³	92.6%
Bachelor's Degree or Higher ³	25.4%

¹https://ofm.wa.gov/sites/default/files/public/dataresearch/pop/april1/ofm_april1_population_final.pdf

²<https://www.alarms.org/safest-cities-in-washington/>

³<https://nces.ed.gov/Programs/Edge/ACSDashboard/5302850>



Budget Development

Budget Overview

The budget of the City of Ferndale is designed to achieve the following four interrelated functions:

Policy Development – The City’s budget process provides the Mayor, City Council, and City Administrator a vehicle to review the goals, objectives, and strategies of the City, and the ability to direct its activities by means of the allocation of resources. The budget provides an opportunity to set policy for the following year, impacting changes in operations, service levels, and the financial well-being of the community.

Financial Planning – The budget provides a financial plan that will govern the fiscal operation of the City for the next year. A formal revenue estimate provides a listing of the available financial resources, detailing how much has historically been produced by each source and how much is expected in the proposed budget. A presentation of current and previous year’s financial activity provides a listing of the allocation of these resources, providing an understanding of both the current year’s needs and a longer term view of the development of the City’s programs.

Operations Guide – The budget sets forth the blueprint that governs the amount of services provided and how that service is provided. This direction is presented in various forms throughout the budget document and serves as legislative and administrative guidance to department heads and other City staff.

Communications Device – The budget provides a way for the City decision makers to communicate a variety of information regarding the scope of the City’s activities. This information contains priorities in service needs, rationale for decisions made, and a vision for the future. The budget also provides an effective tool in helping the citizens understand the reasons behind the policy and political decisions.

City Accomplishments and Goals

Executive Department

2021 Accomplishments:

- Instituted Leadership Training Series
- Completed initial City Facility planning
- Established Council Committee of the Whole

2022 Goals:

- Implement ARPA funding strategies
- Negotiate Teamsters Public Works, Police Guild, Police Leadership, Machinist's contract extensions
- Expand and renew relationships with community organizations

Administrative Services

2021 Accomplishments:

- Extensive review and updates of City's personnel policies
- Established a Supervisory Handbook and provided training
- Established an Equity Advisory Committee

2022 Goals:

- Review and update all job descriptions to ensure accuracy in regard to the job duties and inclusivity in order to promote more diversity in hiring
- Work with Equity Advisory Committee to establish a DEI (Diversity, Equity, and Inclusion) Policy
- Complete an inventory of all records, culminating in the transfer of archival records to the Washington State Archives

Finance Department

2021 Accomplishments

- Implemented new online billing software to better assist Ferndale customers with various payment methods and delivery options
- Successfully reimaged and developed a new Budget Document
- Initiated internal audits of various systems

2022 Goals:

- Update policy for small and attractive assets
- Purchase budgeting software for future utilization
- Update financial reports

Communications

2021 Accomplishments:

- Hosted a complete 2021 Summer of Fun in accordance with evolving COVID-19 safety protocols with over 5,000 attendees
- Produced 8 videos explaining City functions and deepening the public's understanding of city government
- Completed substantive update of the Parks Master Plan with the Parks, Recreation and Trails Advisory Board in preparation for the Comprehensive Plan update

2022 Goals:

- Update and overhaul City's video media in preparation for launching Ferndale TV 2023
- Conduct design and initiate construction on Metalworks Skate Park
- Expand recreational activities into the shoulder seasons (Spring/Fall)

Law Enforcement Department

2021 Accomplishments:

- Progressed with Department Accreditation that will continue through 2022
- Completed the City Emergency Plan that was adopted by Council in October 2021
- Purchased Body Camera equipment and reviewed policies, laws, and procedures

2022 Goals:

- Streamline training requests and approvals, scheduling and the purchase order process within the Police Department
- Community programs – expand our community outreach through various programs and opportunities
- Advance training programs including purchasing a new virtual training system. With the restrictions presented by COVID-19, it's important to maintain training hours while doing so safely

Community Development Department

2021 Accomplishments:

- Accepted and processed approximately 200% of the normal volume of building permits in the first six months of 2021, including Ferndale High School development project
- Reviewed and updated the Shoreline Master Program
- Completed Buildable Lands Analysis

2022 Goals:

- Review and update miscellaneous “infill” zoning text modifications
- Review and permit a variety of multifamily and commercial projects
- Process pending annexation requests

Public Works Department

2021 Accomplishments:

- Completed Phase 1 startup of WWTP
- Completed Pump Station #19 decommissioning
- Completed Star Park Shelter

2022 Goals:

- Complete WTP/WWTP upgrades
- Complete Thornton Vista to Malloy Project
- Continue construction of Thornton Street Overpass



Veteran's Memorial at Griffintown Park. Photo credit Ashley Sturtz

Budget Calendar

The City follows the budget calendar below establishing its budget every year. This budget calendar is in accordance with State law time limitations and is designed to allow the Council and public ample opportunity to understand and have input on the budget direction of the City for the next year.

2022 BUDGET PROCESS CALENDAR

JUNE

4th (Friday)

- Six-year capital plan worksheets distributed to Department Heads

11th (Friday)

- Department Heads requested to prepare estimates of expenditures
- Notification to public for submissions for Lodging Tax
- Notification to public for submissions for Organizational Grants

16th (Wednesday) Committee of the Whole

- Council Budget Workshop

18th (Friday)

- First draft of Six-year capital plan due to Finance Department

21st – 25th (Monday – Friday)

- Department Head meetings with Finance Director and City Administrator regarding capital plan

JULY

9th (Friday)

- Final six-year capital plan due to Finance Department

16th (Friday)

- First draft of estimates of expenditures (from departments) due to Finance Department

19th – 23rd (Monday – Friday)

- Department Head meetings with Finance Director regarding first draft of estimates of expenditures

30th (Friday)

- Applications due for Lodging Tax
- Applications due for Organizational Grants

AUGUST

- Lodging Tax Advisory Committee (LTAC) meets to review applications

SEPTEMBER

3rd (Friday)

- Final budget estimates from departments to be filed with Finance
- LTAC recommendations to be filed with Finance
- Organizational Grant proposals to be filed with Finance

28th (Tuesday)

- Budget estimates presented to Mayor/City Administrator for modification, revision, or additions

OCTOBER

4th (Monday)

- Proposed preliminary budget presented to Council
- Council budget workshop

18th (Monday)

- Council budget workshop

25th (Monday)

- Publication notice for public hearing on property tax levy (public hearing November 15th)
- Publication notice for public hearing on preliminary budget (public hearing November 15th)

27th (Wednesday)

- Mayor presents 2022 budget message
- Preliminary budget made available to public

NOVEMBER

1st (Monday)

- Council budget workshop

15th (Monday)

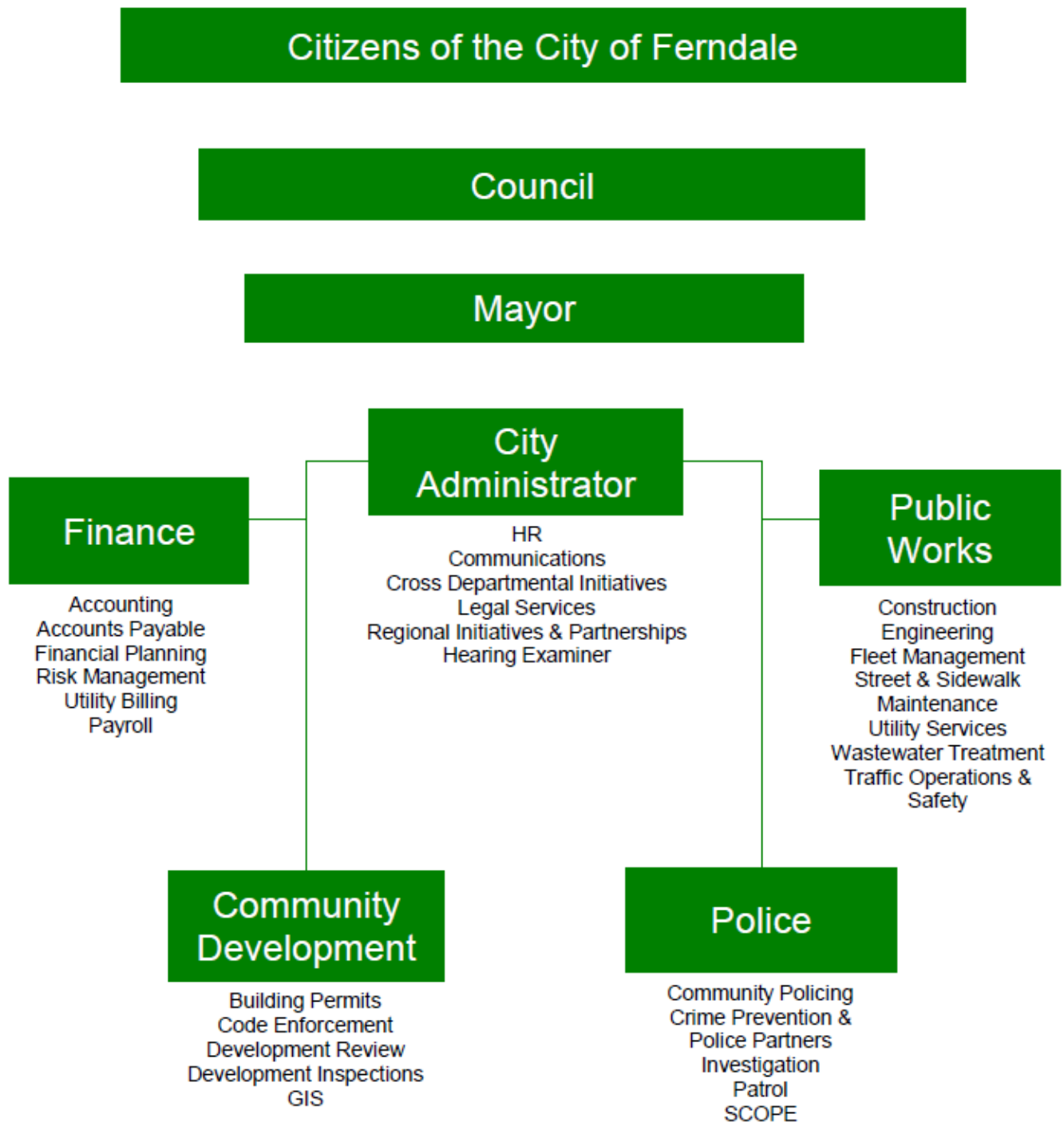
- Council budget workshop
- Public hearing – property tax levy
- Set property tax levy
- Public hearing - preliminary budget
- Publication notice for public hearing on final budget (public hearing December 6th)

DECEMBER

6th (Monday)

- Final public hearing on proposed 2022 budget
- Adoption of 2022 budget by City Council

Organization Chart



Fund Type Descriptions

Governmental Fund Types

Governmental funds are used to account for activities associated with government operations that are primarily supported by taxes, grants, fees, and other similar revenue sources. There are four governmental fund types used by the City of Ferndale:

General Fund (001)

The general fund, also referred to as the current expense fund, accounts for all resources that are not required to be accounted for in other funds. It is used to account for the general services provided to the public by the government. The general fund covers law enforcement, legal, administration, communications, finance, planning and community development, parks, and more. Major revenue sources include taxes, fees, grants, licenses, permits, and transfers from other funds. The general fund is the City's main operating fund.

Special Revenue Funds (100s)

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to finance specific activities. The City's special revenue funds include the Street Fund, Park and Traffic Mitigation Funds, Transportation Benefit District Fund, American Rescue Plan Act Fund, Hotel Motel Tax Fund, and Criminal Justice Funds.

Debt Service Funds (200s)

Debt service funds are used to account for and report financial resources which are designated for the retirement of debt.

Capital Project Funds (300s)

Capital project funds are used to account for and report financial resources which are designated for the acquisition or construction of general government capital projects (other than those financed by propriety funds).

Proprietary Fund Types

Proprietary funds are used to account for a government's business-type activities that receive financing from fees and charges imposed on users of the services. There are two proprietary fund types used by the City of Ferndale:

Enterprise Funds (400s)

Enterprise funds are used to account for operations that provide goods or services to the public and are supported primarily by user fees and charges. Retirement of debt and capital projects for enterprise activities are also accounted for in these funds. The Water, Sewer, and Storm and Flood Control Funds are the enterprise funds used by the City of Ferndale.

Internal Service Funds (500s)

Internal service funds are used to account for operations that provide goods or services to other City departments or funds on a cost-reimbursement basis. This fund category includes the Computer Replacement Fund and Equipment Replacement Fund. These funds collect "fees" from other funds and departments to finance the replacement and maintenance of computers, software, and all other types of equipment.

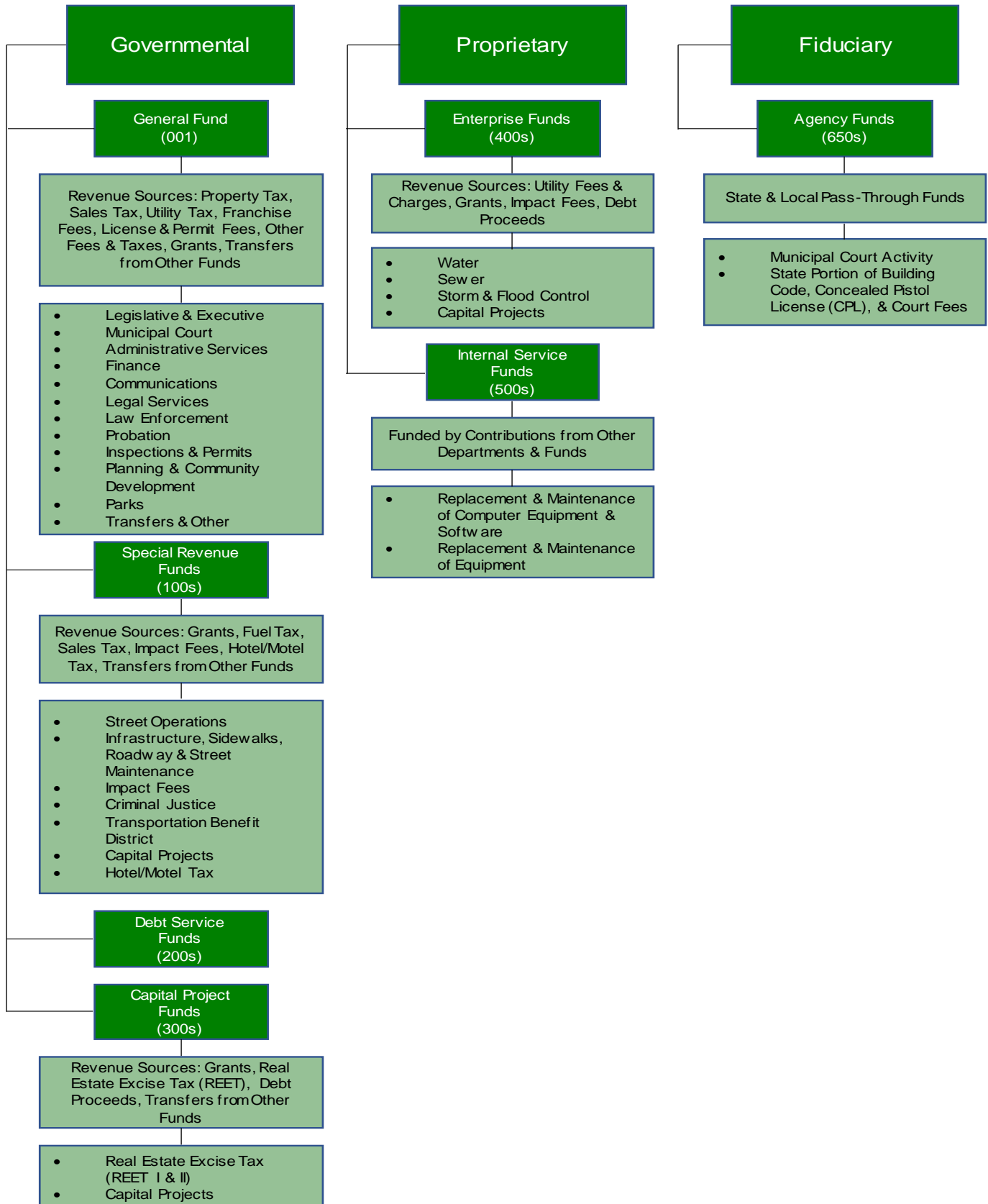
Fiduciary Fund Types

Fiduciary funds are used to account for resources held by a government in a trustee or custodial capacity for other entities and that cannot be used to support the government's own programs. The City of Ferndale uses only agency funds.

Agency Funds (650s)

Agency funds are used to report the collecting and remitting of funds in a custodial capacity for other entities. The City of Ferndale uses agency funds to account for Ferndale Municipal Court activity and remittances, as well as various fees for building permits and concealed pistol licenses collected from customers and remitted to the State.

Fund Type Chart





Budget Summary

2022 Budget Summary

Fund	Fund Name	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance
001	Current Expense (General Fund)	\$6,294,005	\$9,666,906	\$11,900,689	\$4,060,222
002	General Fund Contingency Reserve	206,453	700,000	0	906,453
003	Facilities Capital Reserve	1,016,611	600,000	0	1,616,611
004	LEOFF I Police Retiree	1,626,745	140,000	70,000	1,696,745
005	Solid Waste Utility Tax	2,856,399	2,535,000	2,372,932	3,018,467
007	Pioneer Pavilion Community Center	28,173	35,500	46,423	17,251
101	Streets	132,612	4,355,020	4,415,153	72,479
102	Park Mitigation	554,350	100,000	245,489	408,861
104	Traffic Mitigation	1,360,448	400,000	905,000	855,448
106	Criminal Justice Fund	5,259	24,280	25,000	4,539
107	Local Criminal Justice	182,621	260,000	270,000	172,621
113	Transportation Benefit District	2,018,727	658,824	660,000	2,017,551
115	American Rescue Plan Act (ARPA)	2,015,758	2,079,234	2,000,000	2,094,992
198	Hotel/Motel	107,447	20,000	78,025	49,422
214	Streets/Parks/Land Debt Services	5,733	119,697	119,697	5,733
215	LaBounty LID 2006-1 Bond Redemption	14,775	17,424	30,902	1,297
216	Labounty LID 2006-1 Bond Guarantee	29,831	0	0	29,831
217	LaBounty Go Bond Redemption	153	0	0	153
218	2010 GO Bond Redemption	14,573	315,207	315,906	13,874
219	2011 GO Bond Redemption	1,999	163,600	163,950	1,649
220	2013 Library GO Bond Redemption	709	186,073	186,073	709
301	Real Estate Excise Tax 1/4% REET 1	863,745	300,000	420,809	742,936
302	Real Estate Excise Tax 1/4% REET 2	2,201,330	300,000	985,000	1,516,330
310	Metalworks Park	0	1,000,000	1,000,000	0
370	Thornton Road Construction	923,271	14,500,000	14,520,000	903,271
401	Water	4,441,881	5,062,568	6,129,015	3,375,434
402	Sewer	9,003,322	6,067,252	7,056,704	8,013,870
403	2005 Sewer Revenue Bond Redemption	3,964	1,568,593	1,569,393	3,164
404	2005 Sewer Bond Reserve	1,150,469	0	0	1,150,469
405	WWTP Debt Service Fund	1,887,732	3,000,000	0	4,887,732
407	Storm & Flood Control	1,971,194	6,714,228	6,786,736	1,898,686
408	Utility Loan Service	22,257	158,407	158,405	22,259
409	Water Debt Service	67,606	43,200	81,319	29,487
413	Water Treatment Plant Upgrade	3,509,975	636,518	4,150,000	-3,507
414	Shop Well 2	407,994	0	36,518	371,476
415	Wastewater Treatment Plant Construction	1,185,923	4,215,000	4,235,000	1,165,923
510	Computer Repair & Maintenance	100,144	343,424	408,500	35,067
550	Equipment Repair & Maintenance	306,422	1,314,809	1,460,066	161,165
650	Court Agency	179	240,700	240,700	179
651	Court Activity	7,966	50,000	50,000	7,966
TOTAL		\$46,528,755	\$67,891,464	\$73,093,404	\$41,326,815

Revenue Summary by Fund

Fund	Fund Name	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget
001	Current Expense (General Fund)	\$9,114,329	\$10,074,479	\$10,462,074	\$10,916,013	\$9,666,906
002	General Fund Contingency Reserve	1,898	2,408	50,674	50,000	700,000
003	Facilities Capital Reserve	1,898	2,408	15,574	1,015,000	600,000
004	LEOFF I Police Retiree	154,898	207,884	203,714	672,000	140,000
005	Solid Waste Utility Tax	2,324,109	2,819,238	2,651,215	2,432,000	2,535,000
007	Pioneer Pavilion Community Center	42,603	68,602	26,563	34,500	35,500
101	Streets	3,172,997	1,467,450	1,488,432	2,294,668	4,355,020
102	Park Mitigation	144,784	308,734	279,839	100,500	100,000
104	Traffic Mitigation	354,529	986,746	638,352	401,000	400,000
106	Criminal Justice Fund	18,023	18,799	20,513	21,900	24,280
107	Local Criminal Justice	263,723	274,895	278,717	250,000	260,000
113	Transportation Benefit District	520,886	571,096	640,826	552,941	658,824
114	Complete Streets	0	300,000	0	0	0
115	American Rescue Plan Act (ARPA)	0	0	0	2,081,265	2,079,234
198	Hotel/Motel	78,172	77,010	54,052	20,000	20,000
214	Streets/Parks/Land Debt Services	124,904	123,306	122,099	120,897	119,697
215	LaBounty LID 2006-1 Bond Redemption	23,428	13,517	45,610	28,557	17,424
216	LaBounty LID 2006-1 Bond Guarantee	532	675	189	125	0
217	LaBounty Go Bond Redemption	26,722	26,722	26,721	79,720	0
218	2010 GO Bond Redemption	429,813	419,930	3,552,688	319,290	315,207
219	2011 GO Bond Redemption	161,245	163,827	158,815	158,800	163,600
220	2013 Library GO Bond Redemption	185,551	185,545	185,736	186,073	186,073
301	Real Estate Excise Tax 1/4% REET 1	364,418	424,663	571,688	300,000	300,000
302	Real Estate Excise Tax 1/4% REET 2	368,875	431,152	572,051	300,000	300,000
309	Donations - Star Park	0	73	0	0	0
310	Metalworks Skate Park	0	0	0	100,000	1,000,000
347	Investment Interest	3	3	0	0	0
370	Thornton Road Construction	666,992	1,967,058	8,895,044	10,000,000	14,500,000
401	Water	3,383,117	3,764,858	4,782,946	4,959,387	5,062,568
402	Sewer	4,519,220	5,531,811	6,241,349	4,766,172	6,067,252
403	2005Sewer Revenue Bond Redemption	1,136,855	1,141,260	5,283,552	1,583,598	1,568,593
404	2005 Sewer Bond Reserve	1,421	0	0	0	0
405	WWTP Debt Service Fund	10,225	20,075	5,616	1,003,000	3,000,000
407	Storm & Flood Control	1,386,591	1,726,474	1,624,634	3,963,713	6,714,228
408	Utility Loan Service	352,645	183,962	175,892	189,946	158,407
409	CCWA Water Conversion Debt Service	79,029	61,836	54,269	45,000	43,200
413	Water Treatment Plan Upgrade	0	0	3,695,000	0	636,518
414	Shop Well 2	0	0	1,642,500	100,000	0
415	Wastewater Treatment Plant Const.	0	0	19,010,526	31,050,000	4,215,000
510	Computer Repair & Maintenance	184,375	347,482	300,951	297,482	343,424
550	Equipment Repair & Maintenance	1,031,505	904,559	938,070	1,132,517	1,314,809
650	Court Agency	203,258	231,328	153,591	234,000	240,700
651	Court Activity	0	21,530	13,614	50,000	50,000
TOTAL		\$30,833,572	\$34,871,397	\$74,863,694	\$81,810,064	\$67,891,464

Expenditure Summary by Fund

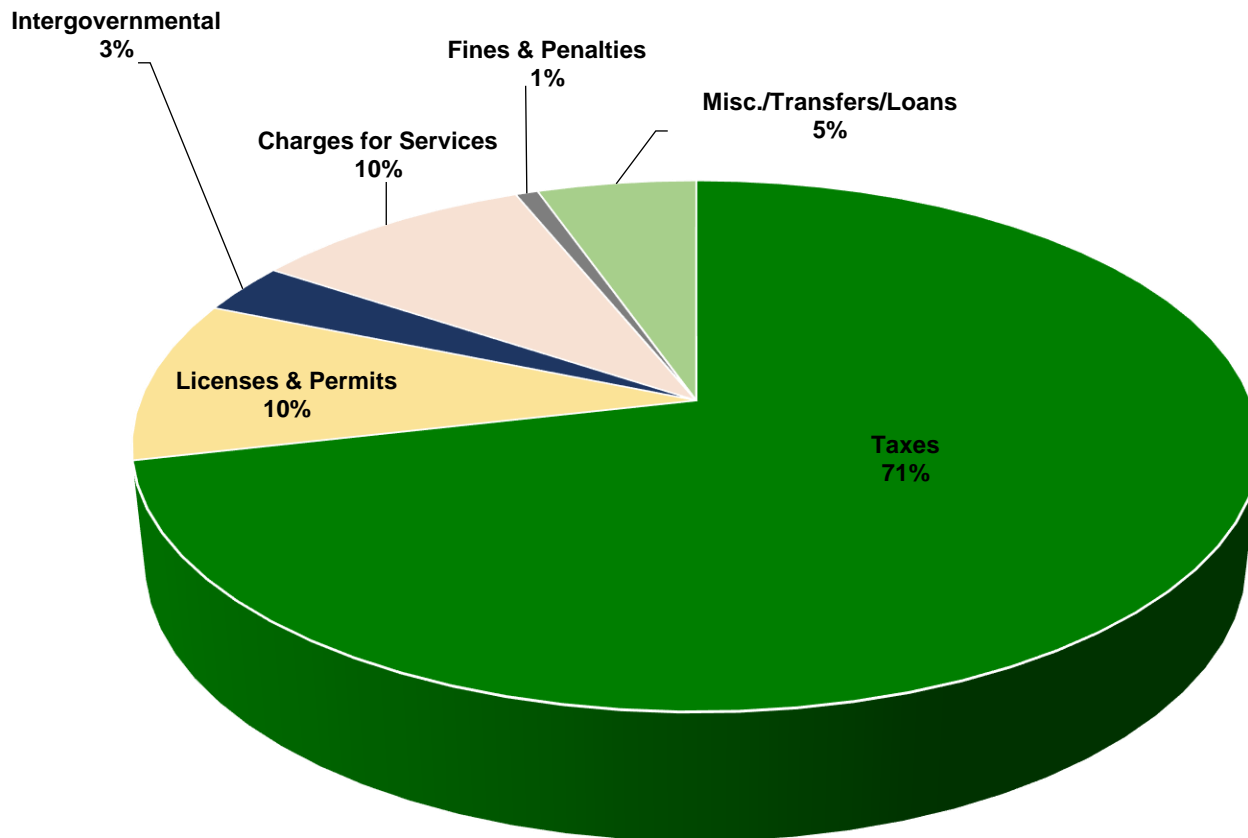
Fund	Fund Name	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget
001	Current Expense (General Fund)	\$8,684,378	\$8,740,081	\$9,607,528	\$12,084,773	\$11,900,689
003	Facilities Capital Reserve	0	0	70,000	50,000	0
004	LEOFF I Police Retiree	28,371	31,717	32,310	100,000	70,000
005	Solid Waste Utility Tax	2,096,682	2,235,513	1,656,424	3,114,745	2,372,932
007	Pioneer Pavilion Com. Center Oper.	34,891	52,146	30,586	47,844	46,423
101	Streets	3,520,379	1,401,385	1,263,530	2,476,223	4,415,153
102	Park Mitigation	110,216	214,646	98,616	321,215	245,489
104	Traffic Mitigation	902,656	0	804,326	700,000	905,000
106	Criminal Justice Fund	25,000	15,000	17,000	25,000	25,000
107	Local Criminal Justice	268,000	250,000	260,000	270,000	270,000
113	Transportation Benefit District	461,000	200,000	76,631	100,000	660,000
114	Complete Streets	0	90,455	200,000	9,545	0
115	American Rescue Plan Act (ARPA)	0	0	0	113,000	2,000,000
198	Hotel/Motel	61,348	50,868	41,733	54,000	78,025
214	Streets/Parks/Land Debt Services	124,897	123,297	122,097	120,897	119,697
215	LaBounty LID 2006-1 Bond Redemption	39,718	111,809	34,099	36,612	30,902
216	LaBounty LID 2006-1 Bond Guarantee	0	0	0	10,000	0
217	LaBounty Go Bond Redemption	26,720	26,720	26,720	79,720	0
218	2010 GO Bond Redemption	427,628	422,678	3,785,988	319,990	315,906
219	2011 GO Bond Redemption	161,775	163,775	159,100	158,800	163,950
220	2013 Library GO Bond Redemption	186,072	186,072	186,072	186,073	186,073
301	Real Estate Tax (REET 1)	227,685	218,016	216,227	923,052	420,809
302	Real Estate Tax (REET 2)	343,146	175,000	100,000	675,000	985,000
309/347	TR to F001 and F104	0	44,408	0	0	0
310	Metalworks Skate Park	0	0	0	100,000	1,000,000
370	Thornton Road Construction	484,134	1,855,130	8,774,671	10,000,000	14,520,000
401	Water	4,093,883	3,248,926	3,484,935	5,323,235	6,119,015
402	Sewer	4,169,701	3,465,153	3,838,300	5,466,910	7,056,704
403	2005 Sewer Revenue Bond Redemption	1,137,381	1,141,069	5,283,966	1,584,298	1,569,393
407	Storm & Flood Control	1,373,135	1,183,966	1,156,533	3,270,173	6,786,736
408	Utility Loan Service	345,492	183,963	175,892	189,945	158,405
409	Water Debt Service	36,284	95,980	39,086	32,419	81,319
413	Water Treatment Plan Upgrade	0	0	75,585	2,730,000	4,150,000
414	Shop Well 2	0	0	1,230,982	475,000	36,518
415	Wastewater Treatment Plant Const.	0	0	20,027,823	30,850,000	4,235,000
510	Computer Repair & Maintenance	184,375	247,482	303,784	319,000	408,500
550	Equipment Repair & Maintenance	1,027,981	863,170	940,922	1,348,019	1,460,066
650	Court Agency	203,258	231,328	153,591	234,000	240,700
651	Court Activity	0	18,593	5,287	48,000	50,000
TOTAL		\$30,786,186	\$27,288,346	\$64,280,341	\$83,947,487	\$73,093,404



General Fund

General Fund Revenue Summary

	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget
Taxes	\$5,502,150	\$5,754,311	\$6,744,951	\$6,136,601	\$6,902,788
Licenses & Permits	758,614	1,000,276	973,349	766,500	951,500
Intergovernmental	434,498	289,885	816,551	431,458	298,177
Charges for Services	983,374	1,339,398	1,051,798	1,042,249	921,248
Fines & Penalties	186,321	208,296	134,316	120,630	73,600
Misc./Transfers/Loans	1,249,372	1,482,313	741,108	2,418,575	519,593
Total	\$9,114,329	\$10,074,479	\$10,462,074	\$10,916,013	\$9,666,906



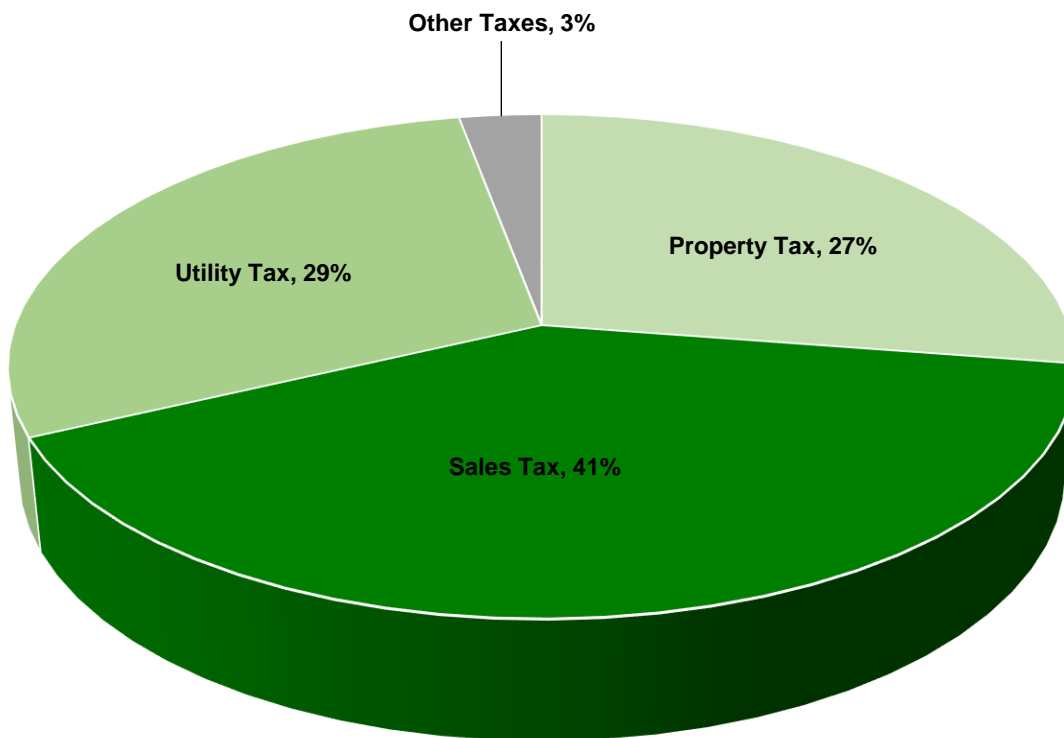
Graph detail for Budget 2022 General Fund Revenue

General Fund Revenue Sources

This section describes each of the major general fund revenue sources in the 2022 budget.

Taxes

For the 2022 fiscal year, it is estimated that tax revenues will account for 71.4% of general fund revenues. These taxes include property taxes, sales taxes, and utility taxes. The summaries on the following pages include specific information on each of the major taxes levied to support City services.



Graph detail for Budget 2022 taxes

Property Taxes

\$1,893,570

19.6%

Property taxes represent a large percentage of the City's general fund revenue. The City of Ferndale relies heavily on property tax revenue to support a variety of City services.

Each year, real and taxable personal property is assessed by the Whatcom County Assessor and the value is updated based on the market value of the property. The assessed value is used in the calculation of taxes payable in the following year. Most levies in Whatcom County are budget-based levies, meaning each taxing district is responsible for creating a budget that reflects the property tax funds needed to run their district. As one of the taxing districts in the County, the City of Ferndale is required to notify the Whatcom County Assessor of the amount of revenue it seeks to receive from property taxes each calendar year.

The City is typically limited to increasing the property tax collection by 1% each year and, per statute, can only exceed this limitation with the approval of voters or by using levy capacity from prior years that was "banked" for future specified purposes. The reason for this limitation is to ensure that jurisdictions constrain their spending and limit the property tax increases that occur without a vote of the people. When inflation is less than 1% or during periods of deflation, the law states that jurisdictions should take the lesser of 1% or the rate of inflation – unless there is "substantial need" for taking the full 1% increase. The annual tax impact on a property owner is usually different than the percent increase in the levy, as it depends on several factors, including changes in the assessed valuation of the property, growth in the City's overall assessed valuation, and increases (or decreases) of other district levies (such as the school district, library, port, etc.).

Starting in 2016, the City greatly reduced its share of property tax collection after the Ferndale community voted to annex into the Whatcom County Fire District #7. With the annexation, property tax collection for these services was levied directly by the District, rather than by the City. This resulted in a decrease in the City's levy amount, which enabled the City to set aside or "bank" a significant amount of levy capacity. For the 2020 levy, the City Council approved \$473,437 of banked levy capacity. The City of Ferndale currently has approximately \$982,199 remaining in banked levy capacity.

For 2021, the City's regular property tax levy is \$1,835,217.64 and excess property tax levy for debt repayment is \$63,910. The total 2021 property tax levy rate (including all district levies) for residents of Ferndale is approximately \$9.74 per \$1,000 assessed valuation. Of this, only about 9.6% (or \$0.93 per \$1,000 of assessed value) goes to support municipal activities (see below for a complete breakdown of other property tax recipients). Although property taxes represent a major source of funding for City services, this demonstrates the relatively small portion that is allocated to the City from each property owner's total tax bill. The 2022 budget includes a 1% increase in the regular property tax levy, as allowed per statute.

Where Did Your 2021 Property Tax Dollar Go?



Sales & Use Tax

\$2,800,000

29%

Sales tax is the largest source of funding for general City services. Sales tax is collected on the sale of consumer goods (except most food products), some services, and construction. The State collects and distributes the City's portion of sales tax revenue on a monthly basis. The City receives sales tax collections approximately two months after they are paid by consumers at the source. The amount of sales tax fluctuates from year to year due to changes in the economy, buying habits of consumers, and the level of construction taking place in the City. Over the past several years, the City has seen a consistent increase in sales tax revenues. During the COVID-19 pandemic, the City continued to see an increase in sales tax revenues due to increased online purchasing by residents of Ferndale. The City expects to see a continuation of this upward trend and the projected sales tax included in the 2022 budget reflects this.

The City receives 0.85% of the overall 8.8% sales tax rate levied on sales within the City of Ferndale. An additional voter-approved 0.2% tax is designated to the Ferndale Transportation Benefit District for road improvement projects and is accounted for in Fund 113. The total general sales tax rate within the City of Ferndale is 8.8% and is distributed among public agencies as follows:

Ferndale Sales Tax Distribution	
Government Entity	Tax Rate
State of Washington	6.50%
City of Ferndale	0.85%
Whatcom County	0.15%
Whatcom County - EMS Public Safety	0.10%
Whatcom County - Mental Health	0.10%
Ferndale Transportation Benefit District	0.20%
Whatcom County - Transportation	0.60%
Whatcom County - Criminal Justice	0.10%
Whatcom County - Juvenile Detention	0.10%
Whatcom County - Housing & Related Services	0.10%
Total Sales Tax Rate	8.80%

1% administration fee of total tax is retained by the Department of Revenue

<u>Utility Tax</u>	\$2,007,618	20.8%
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The City imposes utility taxes on the gross operating revenues of various utility services provided within the boundaries of the City. Telephone, cellular phone, electricity, natural gas, and brokered natural gas are taxed at a rate of 6%. The City's water, sewer, and storm utility taxes are levied at a rate of 9%.

Other Taxes	\$201,600	2.1%
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Sales Tax – EMS Public Safety

Whatcom County imposes a sales and use tax on every taxable event that occurs within the county (except for the sale, use, or leasing of motor vehicles up to a specific time frame) for the funding of emergency medical services. The rate of tax imposed is 0.1% with 60% of the money collected being distributed to Whatcom County and the remaining 40% being distributed on a per capita basis to cities in the county. Two-thirds of the tax amount received by the City of Ferndale is remitted to Whatcom County for the purpose of providing countywide emergency medical services. The one-third amount retained by the City is used for criminal justice purposes. Public safety sales tax distributions are received monthly.

Licenses & Permits	\$951,500	9.8%
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License and permit fees are user fees derived from various regulatory activities of the City. These include gun permits, residential and commercial building permits, general business licenses, and other permits. The fees are designed to cover the cost of administration, regulation, inspection, and review of various applications and projects.

Building Permits

The City charges fees for all building, mechanical, plumbing, sign, fire, and other various permits that are issued. Fees imposed for permits can be found in the current year's unified fee schedule and are updated annually.

Business Licenses & Fees

City of Ferndale business licenses are issued for resident and non-resident businesses that operate within City limits. In 2020, the City of Ferndale partnered with the Washington State Department of Revenue to provide one source for business licenses and annual renewals. The state collects and distributes license fees received for Ferndale endorsements to the City. Business licenses for industrial, manufacturing, and co-located spaces are issued and

managed directly by the City of Ferndale. Business license fees can be found in the current year's unified fee schedule.

Franchise Fees

Franchise fees are charges levied on private utilities for the right to use City streets, alleys, and other public properties. For example, the City has a franchise agreement with Comcast to construct, maintain, repair, and operate the cable system within the City. The franchise fees are levied at a rate of 5% of gross revenues. In addition, the City has a franchise agreement with Sanitary Service Company and levies a tax of 7% on gross revenues generated from the collecting and disposing of garbage, refuse, and recyclable materials.

Intergovernmental Revenues

\$298,177

3.1%

Intergovernmental revenues consist of federal, state, and local grants as well as state-shared revenues. State-shared revenues consist of taxes collected by other jurisdictions that the City of Ferndale receives a portion of. The City's state-shared tax revenues that are accounted for in the general fund are summarized below.

Liquor Excise Tax & Profits

Liquor tax and profit distributions are allocated to all cities and towns on a per capita basis. Liquor excise is a small share of the state's excise tax on liquor sales and varies each year depending on actual liquor sales. The City must devote at least 2% of its share of liquor excise tax revenues to a licensed or certified alcohol or drug addiction program, while the remaining amount may be used for any lawful governmental purpose. Liquor profits are flat distributions from liquor licensing fees charged to distributors and retailers. The revenues are partially restricted – at least 2% must be used for an approved drug or alcohol treatment program, at least 20.23% must be used for public safety programs, and the remaining amount is unrestricted and can be used for any lawful governmental purpose. Liquor excise tax and profit distributions are received quarterly.

Marijuana Excise Tax

The state levies a marijuana excise tax of 37% on all retail sales of marijuana products in the state. Cities and counties with cannabis businesses located within their limits share in the state marijuana excise tax revenue, with a cap of the amount of shared revenues that can be distributed per year according to the statute. The distributions made to the City depend on a few factors, including the population size, the amount of sales that take place within the City in

proportion to the total sales in the state, and the number of cities and counties that prohibit marijuana. Marijuana excise tax distributions are received quarterly.

Charges for Goods and Services	\$921,248	9.5%
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Charges are assessed for services and goods provided by the City. These include fees for fingerprints, warrants, police reports, as well as charges for building inspection, zoning, development review, and other various planning, building review, and law enforcement services. Fees collected for renting athletic fields, parks, and City facilities are also included in this section.

Fines and Penalties	\$73,600	0.8%
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The City collects fines for traffic infractions, criminal traffic misdemeanors, DWI violations, as well as other various criminal fines. False alarm fees, restitution payments, and municipal court recoupment costs (including public defender fees) are also recorded in this category.

Miscellaneous Revenue	\$83,593	0.8%
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Miscellaneous revenue includes interest, donations, facility and land lease revenue, fees received from other small cities for shared domestic violence consulting services, non-capital insurance recoveries, and other miscellaneous fees and charges.

Other Financing Sources	\$436,000	4.5%
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Other financing sources includes transfers from other funds for general fund operational expenditures and capital projects that receive funding from other sources, including solid waste utility tax, criminal justice sales tax, park mitigation, real estate excise tax, etc. Refundable deposits received for developmental review projects are also included in other financing sources.

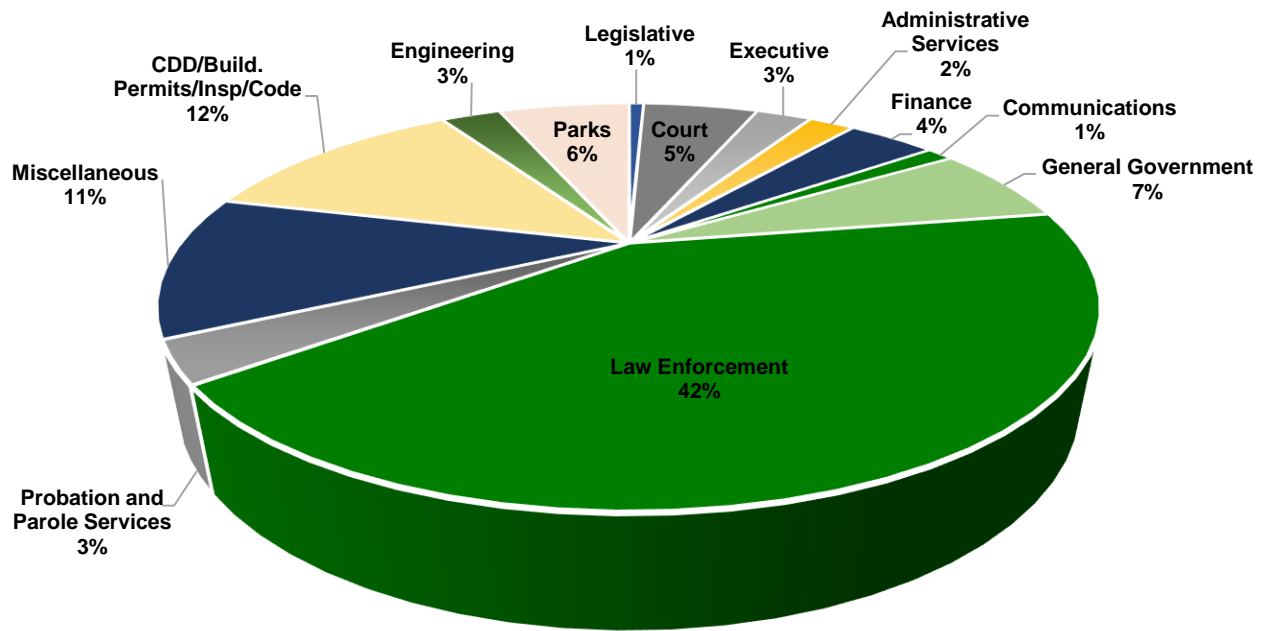
Total General Fund Revenues	\$9,666,906	100.0%
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Detailed General Fund Revenue

	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021- 2022
Property Tax	\$1,300,015	\$1,215,153	\$1,728,145	\$1,755,330	\$1,893,570	8%
Sales Tax	2,214,660	2,430,850	2,721,084	2,350,000	2,800,000	19%
Utility Tax	1,782,602	1,910,752	2,097,498	1,831,521	2,007,618	10%
Other Taxes	204,872	197,556	198,223	199,750	201,600	1%
Total Taxes	\$5,502,150	\$5,754,311	\$6,744,951	\$6,136,601	\$6,902,788	12%
Building Permits	\$174,675	\$276,755	\$327,350	\$230,000	\$300,000	30%
Business Licenses and Fees	406,670	498,156	399,766	375,000	424,000	13%
Other Licenses Fees	177,270	225,365	246,234	161,500	227,500	41%
Total Licenses and Permits	\$758,614	\$1,000,276	\$973,349	\$766,500	\$951,500	24%
Federal Grants	\$70,862	\$63,447	\$555,051	\$37,382	\$37,232	0%
Liquor Excise Tax/Profits	179,706	185,766	204,920	197,976	217,445	10%
Other Fees	183,930	40,671	56,581	196,100	43,500	-78%
Total Intergovernmental	\$434,498	\$289,885	\$816,551	\$431,458	\$298,177	-31%
Building Plan Fees	\$142,814	\$272,559	\$281,914	\$170,000	\$220,000	29%
Charges for Central Services	509,135	524,249	432,448	524,249	432,448	-18%
Developmental Review	131,101	173,018	145,951	230,000	150,000	-35%
School SRO	0	149,275	0	0	0	0%
Zoning and Subdivision	18,249	41,725	57,632	25,000	30,000	20%
Other Fees and Charges	182,074	178,572	133,853	93,000	88,800	-5%
Total Charges for Goods and Services	\$983,374	\$1,339,398	\$1,051,798	\$1,042,249	\$921,248	-12%
Criminal Traffic	\$31,559	\$37,764	\$26,564	\$25,000	\$18,000	-28%
Traffic Infractions	89,491	105,339	68,697	62,000	30,000	-52%
Other Fines and Fees	65,271	65,194	39,055	33,630	25,600	-24%
Total Fines and Penalties	\$186,321	\$208,296	\$134,316	\$120,630	\$73,600	-39%
Investment Interest	\$29,962	\$57,222	\$20,423	\$10,000	\$2,000	-80%
Donations/Cost Share DV Consultant	39,522	42,185	45,444	51,533	47,951	-7%
Payment for Police OT - Special Events	9,283	13,372	198	0	0	0%
Other Miscellaneous Revenue	66,246	142,325	71,526	34,642	33,642	-3%
Total Miscellaneous	\$145,013	\$255,104	\$137,591	\$96,175	\$83,593	-13%
Transfers In	\$1,043,820	\$1,116,018	\$562,000	\$2,243,400	\$358,500	-84%
Other Sources	60,539	111,191	41,517	79,000	77,500	-2%
Total Other Financing Sources	\$1,104,359	\$1,227,209	\$603,517	\$2,322,400	\$436,000	-81%
TOTAL GENERAL FUND	\$9,114,329	\$10,074,479	\$10,462,074	\$10,916,013	\$9,666,906	-11%

General Fund Expenditure Summary

Departments	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget
Legislative	\$60,362	\$58,108	\$70,324	\$71,030	\$79,956
Court	413,030	453,963	494,054	533,406	634,940
Executive	352,396	301,373	252,727	291,581	306,152
Administrative Services	112,510	165,534	217,089	226,736	251,651
Finance	249,291	352,114	419,427	441,521	477,167
Communications	94,624	108,477	117,550	120,734	144,088
General Government	487,697	512,027	945,073	659,893	766,611
Law Enforcement	3,720,989	3,921,373	4,140,056	4,460,370	4,990,646
Probation and Parole Services	287,117	398,651	377,166	370,869	386,477
Miscellaneous	598,173	545,076	754,806	2,252,248	1,355,778
CDD/Build. Permits/Insp/Code	1,030,741	941,634	1,102,911	1,242,340	1,453,972
Engineering	479,416	285,874	302,286	368,395	326,953
Parks	798,033	695,826	414,059	1,045,650	726,300
Total	\$8,684,377	\$8,740,029	\$9,607,528	\$12,084,773	\$11,900,689



Graph detail for Budget 2022 general fund expenditures

General Fund Descriptions

Legislative

As the City's legislative branch of government, the Ferndale City Council sets policy, land use, and budget decisions to be carried out by the Mayor and City Administrator, acting as the City's executive branch. The Council's mission is to enact policies for the purpose of ensuring that, particularly in times of growth, the City of Ferndale remains economically strong, environmentally sensitive, visually pleasing, and people-oriented with a socially diverse and cohesive population and employment mix. These attributes create a positive identity and image for the community and reflects a city that works for its citizens.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
Salaries and Benefits	\$55,306	\$54,590	\$60,487	\$61,030	\$69,756	14%
Publications Services	2,734	1,681	1,214	2,000	2,000	0%
Other Charges and Services	2,322	1,836	8,622	8,000	8,200	3%
Total Expenditures	\$60,362	\$58,108	\$70,324	\$71,030	\$79,956	13%

Municipal Court

The Municipal Court serves the public in a fair, accessible, accountable, efficient, and independent manner. The Ferndale Municipal Court is here for the people served and has jurisdiction over traffic infractions and criminal matters. The Municipal Court may issue Orders of Protection for victims of domestic violence and the Municipal Court Judge provides the judicial administration for the court. Related services include providing legal representation for indigent persons, probation supervision, and interpreter services. The Court is committed to excellence in providing timely, courteous, professional, and fair service to all persons and organizations. The office will present an atmosphere of respect for the public, employees, and other government entities and is partnering toward a safe and vital community.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
Salaries and Benefits	\$194,456	\$168,053	\$181,629	\$192,265	\$286,620	49%
Computer Repair/Vehicle Rental Fund	4,846	6,081	10,361	6,081	10,361	70%
Court Appointed Attorney	119,362	126,035	145,250	145,000	145,000	0%
Prosecutor/Professional Services	84,496	138,166	142,844	167,700	167,700	0%
Supplies/Small Equipment	2,305	3,982	4,974	4,300	7,800	81%
Other Charges and Services	7,565	11,646	8,996	18,060	17,460	-3%
Total Expenditures	\$413,030	\$453,963	\$494,054	\$533,406	\$634,940	19%

Executive

The Mayor, working in concert with the City Administrator, and acting as the Executive or Administrative branch of Ferndale's government, directs and administers the day-to-day operations of the City and City staff to execute the policies and objectives of the City of Ferndale, as adopted by the City Council. To meet this responsibility, the Mayor and City Administrator plan, initiate, and execute programs, as well as direct and coordinate departmental operations through the department directors. The Mayor and Administrator also represent the City before other government bodies.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
Salaries and Benefits	\$314,264	\$253,998	\$219,784	\$231,773	\$249,865	8%
Computer Repair/Equip Rental Fund	5,894	9,108	6,386	9,108	6,386	-30%
Professional Services	20,004	20,004	23,300	40,200	40,000	0%
Other Charges and Services	12,233	18,263	3,257	10,500	9,900	-6%
Total Expenditures	\$352,396	\$301,373	\$252,727	\$291,581	\$306,152	5%

Administrative Services

The role of the Administrative Services Department is to serve the City as the necessary link between the separate legislative and administrative arenas. For the City of Ferndale, the City Clerk acts as the Human Resources Manager and provides records management services. The Administrative Services Department provides a point of access for specific municipal services to the public, and functions as the official records depository and archivist for the City. This department serves as clerical support for the City Council meetings, including the preparation and dissemination of agenda documents, legal advertisements, and the preparation and maintenance of meeting minutes.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
Salaries and Benefits	\$105,781	\$155,072	\$205,259	\$216,319	\$235,198	9%
Computer Repair/Equip Rental Fund	2,855	5,217	10,252	5,217	10,252	97%
Other Charges and Services	3,874	5,246	1,577	5,200	6,200	19%
Total Expenditures	\$112,510	\$165,534	\$217,089	\$226,736	\$251,651	11%

Finance

The Finance Department is responsible for the annual budget and financial reporting. The department functions include long-term project financing, grant billings and management, accounts payable and receivable, payroll, utility rate administration and billing, business licenses, LID and ULID billing and collection, risk management, maintaining and updating financial policies and internal controls, investing, maintaining compliance with state and federal regulations, and assisting with annual audits

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
Salaries and Benefits	\$216,215	\$327,538	\$395,573	\$410,490	\$443,751	8%
Computer Repair Fund	10,685	9,131	11,296	9,131	11,296	24%
Supplies/Small Equipment	5,994	4,757	4,467	5,500	5,620	2%
Other Charges and Services	16,397	10,688	8,091	16,400	16,500	1%
Total Expenditures	\$249,291	\$352,114	\$419,427	\$441,521	\$477,167	8%

Communications

The Communications Officer provides communication services including social and traditional media, press relations, provides website administration, acts as the City's Public Information Officer during emergencies, coordinates recreation programming for the City, and leads special projects, as required. The Communications Officer utilizes the best practices in municipal communication to promote civic engagement, increase government transparency and provide the public with the information they need to be safe, healthy, and proud of their community.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
Salaries and Benefits	\$89,694	\$98,928	\$103,553	\$109,674	\$127,073	16%
Computer Repair Fund	2,186	2,265	5,714	2,265	5,714	152%
Printing Services	0	5,160	6,942	4,500	6,000	33%
Other Charges and Services	2,744	2,124	1,341	4,295	5,300	23%
Total Expenditures	\$94,624	\$108,477	\$117,550	\$120,734	\$144,088	19%

Legal Services

The City contracts for the services of the City Attorney. This relationship allows the City to incur legal costs on an as-needed basis. The services of the City Attorney include representation on legal matters, legal advisory services, and document review. Services regarding employment matters and other specialized legal services provided by external firms are also accounted for in this section.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
Miscellaneous Legal Services	\$103,453	\$104,200	\$105,704	\$100,000	\$100,000	0%
Legal Services - External	885	32,716	11,392	10,000	10,000	0%
Total Expenditures	\$104,337	\$136,915	\$117,096	\$110,000	\$110,000	0%

General Government Services

The General Government Services accounts for those payments that are not specifically associated with a single fund and/or department. These include property and liability insurance, utility payments, phone costs, equipment rentals and leases (such as copiers),

animal control contracting costs, election costs, domestic violence specialist services, association dues, and organization grants awarded to local businesses and non-profits. Some of these costs are charged to the various departments and are recouped through Central Service charges.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
Professional Services - General	\$7,717	\$12,333	\$15,784	\$14,000	\$14,000	0%
Prof Services - Domestic Violence Services	67,000	69,211	71,287	74,000	76,000	3%
Insurance	167,965	179,207	294,429	281,954	335,136	19%
Wetlands Mitigation/Monitoring	6,531	26,805	28,128	30,000	30,000	0%
Unemployment Payments - Claimant	0	61	11,510	20,000	20,000	0%
Election Services	21,369	32,802	16,913	30,000	30,000	0%
General Grants	0	0	276,412	0	0	0%
Utilities	19,453	17,096	16,964	22,000	23,000	5%
Animal Control Contract	48,880	32,670	32,470	33,000	34,000	3%
Senior Center Contribution	6,000	8,000	8,000	8,000	10,000	25%
Food Bank Contribution	10,000	5,000	10,000	5,000	10,000	100%
Audit	32,064	9,311	38,782	23,000	40,000	74%
Council of Governments	8,015	8,334	8,752	9,000	9,605	7%
AWC	8,744	9,681	10,415	10,749	11,787	10%
Teen Court	2,250	4,000	4,000	4,000	4,000	0%
Flower Baskets	3,000	3,000	3,000	3,000	3,000	0%
Rental/Leases	12,989	12,265	11,160	13,000	13,000	0%
Ferndale Community Resource Center	0	3,000	20,000	1,080	3,140	191%
Ferndale Arts Commission (FAC)	6,021	24,011	19,951	15,000	30,000	100%
Other Charges and Services	59,700	55,240	47,114	63,111	69,943	11%
Total Expenditures	\$487,697	\$512,027	\$945,073	\$659,893	\$766,611	16%

Law Enforcement

The Ferndale Police Department is a professional law enforcement organization whose role is to protect and serve all visitors, residents, and businesses of the City. The responsibilities of the department include but are not limited to: serve and assist those in need, prevent and detect criminal activity, respectfully enforce established regulations, ordinances, and laws, investigate criminal activity, and protect all life and property.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
Law Enforcement Admin						
Salaries and Benefits	\$164,567	\$174,013	\$183,910	\$188,806	\$204,133	8%
Other Charges and Services	72	0	0	0	0	0%
Total Enforcement Admin	\$164,639	\$174,013	\$183,910	\$188,806	\$204,133	8%
Law Enforcement Facilities						
Salaries and Benefits	\$11,572	\$4,790	\$8,947	\$4,335	\$8,032	85%
Utilities	46,812	23,510	44,270	46,000	51,200	11%
R&M Cleaning	12,345	12,747	15,605	11,950	13,800	15%
General Building/Landscape Maintenance	23,434	25,306	26,657	20,000	20,000	0%
Total Enforcement Facilities	\$94,163	\$66,354	\$95,479	\$82,285	\$93,032	13%

Law Enforcement Traffic Policing

Patrol Salaries and Benefits	\$2,519,244	\$2,652,236	\$2,756,492	\$3,009,645	\$3,283,473	9%
Office Salaries and Benefits	248,037	270,551	348,141	368,526	473,478	28%
O&M Supplies	32,626	21,218	26,698	44,500	82,500	85%
Equipment/Uniforms	18,077	37,741	27,699	30,800	30,800	0%
Computer Repair/Vehicle Rental Fund	337,992	391,867	385,404	391,867	457,924	17%
Professional Services	20,348	28,640	27,738	19,552	19,776	1%
Phone/Cell Phone	42,445	38,665	38,084	38,100	38,100	0%
Contracted R&M	14,354	12,093	8,459	10,900	11,200	3%
Training/Travel	10,618	27,188	21,864	34,000	50,500	49%
Whatcomm	146,698	152,328	171,927	175,330	175,330	0%
Other Charges and Services	71,749	47,796	48,161	66,060	70,400	7%
Total Law Enforcement Traffic Policing	\$3,462,187	\$3,680,324	\$3,860,667	\$4,189,280	\$4,693,481	12%

Total Expenditures	\$3,720,989	\$3,920,691	\$4,140,056	\$4,460,370	\$4,999,646	12%
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Probation

This division accounts for the operations of the City's Probation services and also includes the fees paid by the City for jail services. The City of Ferndale does not operate a city jail but rather contracts with Whatcom County and other jurisdictions for jail space as needed. The mission of the Probation division is to provide services established by the presiding Judge of the Court designed to assist in the management and supervision of offenders by holding them accountable and providing opportunities for reformation, as well as aid in the preservation of public order and safety.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
Salaries and Benefits	\$101,787	\$105,938	\$111,838	\$115,738	\$121,211	5%
Computer Repair	2,186	1,881	1,266	1,881	1,266	-33%
Professional Services	566	223	150	1,250	2,000	60%
Jail Contract	182,171	290,107	263,781	250,000	260,000	4%
Other Charges and Services	406	502	132	2,000	2,000	0%
Total Expenditures	\$287,117	\$398,651	\$377,166	\$370,869	\$386,477	4%

Inspections and Permits

This division of the Community Development Department is responsible for ensuring that all construction is performed in accordance with applicable building code requirements. This includes conducting plan reviews for code compliance, issuing and maintaining permit records, conducting fire and infrastructure inspections, and interpreting and enforcing the City's code. In addition, building inspections are provided to ensure construction compliance with plumbing, mechanical, and other state law and local code requirements. Through these services, the safety of our residents is enhanced and the quality of building construction is improved.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
Salaries and Benefits	\$381,826	\$314,718	\$414,460	\$449,664	\$448,367	0%
Computer Repair/Vehicle Rental Fund	19,703	18,922	14,336	18,922	14,336	-24%
Other Charges and Services	11,330	10,827	8,110	12,000	13,300	11%
Total Expenditures	\$412,859	\$344,467	\$436,906	\$480,586	\$476,003	-1%

Emergency Preparedness

Emergency Service Contract: This is to account for the annual payment made by the City for emergency management services. The City has an interlocal cooperative agreement with the Whatcom County Sheriff's Office for provision of emergency management services, making the City part of a joint local organization for emergency management known as the Whatcom County Division of Emergency Management. Emergency Management is responsible for activities related to the preparation for, response to, and recovery from disasters. The Whatcom County Sheriff's Office, as the Director of Emergency Management, is responsible for providing emergency assistance as required to the City, directing the activities of the County's Emergency Management Division and emergency operations center. The City Mayor is responsible for the direction and control of the City's emergency management organization.

EMS Sales Tax Payments: This section of the general fund accounts for the portion of EMS Sales Tax payments that are remitted to Whatcom County for the purpose of providing countywide emergency medical services. Whatcom County imposes a sales and use tax of 0.1% for the funding of emergency medical services, with 60% being distributed to the County and the remaining 40% being distributed to cities based on population. The City remits two-thirds of its share of the tax to the County on a monthly basis.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
Emergency Service Contract	\$33,198	\$42,065	\$42,595	\$45,000	\$45,000	0%
EMS Sales Tax	125,682	120,420	143,433	123,000	135,072	10%
Total Expenditures	\$158,880	\$162,485	\$186,028	\$168,000	\$180,072	7%

City Hall Facilities Maintenance

The City Hall Facilities Maintenance includes cleaning, pest, and landscaping contracts for City Hall, the Annex Building, and Library. Expenditures related to the City Hall elevator maintenance contract, licensing renewals, and emergency phone are also included in this department. In addition, payroll allocations for Public Works Staff that perform repair and maintenance of City facilities are also accounted for in this section.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
Salaries and Benefits	\$49,711	\$24,585	\$19,636	\$33,791	\$146,301	333%
Equipment Rental Fund	13,742	13,341	11,370	13,341	11,370	-15%

General Building Maint & Landscaping – CH	20,731	21,192	10,088	20,000	20,000	0%
General Building Maint & Landscaping - Library	33,603	14,228	15,004	25,000	25,000	0%
R&M Cleaning	10,231	10,231	11,131	12,000	12,000	0%
Other Charges and Services	20,340	10,930	8,923	17,500	17,500	0%
Total Expenditures	\$148,358	\$94,507	\$76,152	\$121,633	\$232,171	91%

Infrastructure Inspection and Engineering

The Engineering Division is responsible for regulating infrastructure design and installation requirements for private development proposals, issuing associated Public Works permits such as land disturbance and encroachment permits, and inspecting these projects for compliance with adopted law and the applicable permit. This division ensures that civil plans for private development projects are reviewed either by staff or by contract consultants to ensure compliance with city, state, and federal standards. In addition, the division assists with private development engineering review and inspection and is the City's resource for infrastructure requirements and inquiries related to private development review.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
Salaries and Benefits	\$378,212	\$188,590	\$200,808	\$253,740	\$220,352	-13%
Computer Repair/Equipment Rental Fund	16,387	13,655	5,601	13,655	5,601	-59%
Professional Services	83,447	83,343	95,181	100,000	100,000	0%
Other Charges and Services	1,369	285	696	1,000	1,000	0%
Total Expenditures	\$479,416	\$285,874	\$302,286	\$368,395	\$326,953	-11%

Clean Air Agency

Under the Washington State Clean Air Act (RCW 70.94), cities, towns, and counties within the jurisdiction of the Northwest Clean Air Agency are charged an annual assessment based on population. Since the passage of the Washington State Clean Air Act in 1967, the Northwest Clean Air Agency has been the primary government agency responsible for protecting the air through the enforcement of federal, state, and local air quality regulations. This section of the general fund accounts for the annual payments made to the Northwest Clean Air Agency.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
N.W. Clean Air Agency	\$4,638	\$4,715	\$4,774	\$5,005	\$5,110	2%
Total Expenditures	\$4,638	\$4,715	\$4,774	\$5,005	\$5,110	2%

Capital Expenditures

This section of the general fund accounts for capital projects related to the City's general governmental services. The Interim Court Improvements Project involved the construction of improvements to the City's Annex building that functions as the Court and Council Chambers. The improvements were necessary to ensure compliance with Court safety regulations and

included adding additional screening areas, security features, and minor aesthetic updates. This project was completed in 2021.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
Interim Court Improvements	\$0	\$0	\$84,838	\$715,000	\$0	-100%
Library AC	68,146	0	0	0	0	0%
Total Expenditures	\$68,146	\$0	\$84,838	\$715,000	\$0	-100%

Parks

The Parks division accounts for the operation and maintenance of City parks, playgrounds, ball fields, irrigation systems, and pathways. The City disbanded their Parks Department in 2002 and park maintenance is now provided under the supervision of the Public Works Department. The City of Ferndale has 17 parks and approximately 124 acres of parks and open space, including Pioneer Park, Griffintown Park, Phillips 66 Sports Complex, Centennial Riverwalk Park, and more.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
Salaries and Benefits	\$384,129	\$417,312	\$305,820	\$456,197	\$481,460	6%
Operating Supplies	30,475	43,966	12,490	52,500	52,500	0%
Computer Repair/Vehicle Rental Fund	36,823	40,253	17,840	40,253	17,840	-56%
Professional Services	11,886	0	10,923	6,500	11,500	77%
Utilities	19,505	27,434	14,652	24,000	30,200	26%
Irrigation Water	24,792	20,591	22,556	20,000	20,000	0%
Other Charges and Services	42,486	26,742	21,726	41,200	45,300	10%
Capital Outlays	247,936	119,527	8,051	405,000	67,500	-83%
Total Expenditures	\$798,033	\$695,826	\$414,059	\$1,045,650	\$726,300	-31%

Alcohol Admin Board

The City of Ferndale receives liquor excise taxes and liquor profits quarterly from the State. By law, to be eligible to receive a share of the liquor taxes and profits, at least 2% must be used for drug or alcohol treatment programs approved by the behavioral health organization and the Secretary of the Department of Health. Because the City of Ferndale does not operate its own programs, 2% contributions are made to the Whatcom County Health Department to fund these programs. The City's quarterly contributions are accounted for in this section of the general fund.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
Alcohol Admin. Board	\$1,674	\$2,782	\$1,722	\$3,200	\$2,379	-26%
Total Expenditures	\$1,674	\$2,782	\$1,722	\$3,200	\$2,379	-26%

Planning and Community Development

The Community Development Department guides and regulates the City's growth through current and long-range projects and plans. This department is responsible for preparing and administering updates to the City's Municipal Code, Shoreline Master Program (SMP), and Comprehensive Plan while maintaining compliance with the Growth Management Act (GMA). The department functions include processing land use applications, site plan reviews, zoning, environmental (SEPA) reviews, subdivision approvals, and annexations. In addition, this department designs and maintains the City's maps and Geographic Information System (GIS) software.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
Salaries and Benefits	\$492,834	\$424,191	\$467,881	\$469,378	\$510,954	9%
Computer Repair/Vehicle Rental Fund	25,514	50,143	43,344	50,143	43,344	-14%
Professional Services	33,240	70,001	39,230	65,000	125,000	92%
Copy Machine/Print/Scan Leases & Maintenance	15,935	15,297	10,871	12,000	10,500	-13%
Transportation Consultant	11,155	19,521	17,110	0	0	0%
Other Charges and Services	39,204	18,013	11,417	43,600	56,000	28%
Total Expenditures	\$617,882	\$597,167	\$589,853	\$640,121	\$745,799	17%

Transfers

In addition to supporting the expenditures incurred by City departments, the general fund also supports activities of other City funds through transfers. Typical transfers include transfers for debt service related to City facilities as well as replacement of City vehicles and equipment. In addition, transfers are made to managerial funds within the general fund such as the General Fund Contingency Reserve, Capital Facilities Reserve, and LEOFF 1 Retiree.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
TR TO Fund 218 Debt Service	\$29,944	\$29,374	\$28,344	\$25,543	\$25,217	-1%
TR TO Gen Fund Contingency Reserve 002	0	0	50,000	50,000	700,000	1300%
TR TO Capital Facilities Reserve 003	0	100,000	15,000	515,000	100,000	-81%
TR TO Fund 004 LEOFF I Retiree	50,000	0	100,000	570,000	40,000	-93%
TR to F550	20,000	0	150,990	75,000	180,000	140%
Total Expenditures	\$99,944	\$129,374	\$344,334	\$1,235,543	\$1,045,217	-15%

General Fund Contingency Reserve – Fund 002

The purpose of this fund is to meet any unforeseen municipal expenditures and act as a “rainy day” fund for the City. Annual transfers are received from the current expense fund. Per the City's Financial Policy, the target fund balance is 10% of the current expense fund's annual budgeted revenues (excluding transfers and interfund loan repayments). The 2022 budget includes a significant transfer of \$700,000 from the current expense fund to bring the City's

reserve amount closer to the target balance. All expenditures from this fund are required to have prior approval from City Council.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Transfers In and Other Revenue	\$1,898	\$2,408	\$50,674	\$50,000	\$700,000	1300%
Total Revenues	\$1,898	\$2,408	\$50,674	\$50,000	\$700,000	1300%

Facilities Capital Reserve – Fund 003

The purpose of this fund is to address unforeseen capital expenditures for City facilities. Annual contributions to this fund are made with transfers from the current expense fund. The City's Financial Policy has established a target fund balance of \$300,000. In 2020 and 2021, the City utilized these reserve funds to partially finance improvements made to the City's Annex building. As the need for a new City Hall has arisen, this fund has recently been used to begin reserving funds for this future project through transfers from the current expense fund and solid waste utility tax fund. All expenditures from this fund require prior approval from City Council.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Transfers In and Other Revenue	\$1,898	\$2,408	\$15,574	\$1,015,000	\$600,000	-41%
Total Revenues	\$1,898	\$2,408	\$15,574	\$1,015,000	\$600,000	-41%
<u>Expenditures:</u>						
Transfer to Cur Exp Fund 001	\$0	\$0	\$70,000	\$50,000	\$0	-100%
Total Expenditures	\$0	\$0	\$70,000	\$50,000	\$0	-100%

LEOFF 1 Police Retiree – Fund 004

The purpose of this fund is to account for the City's liability for three retired police officers, whereby the City is responsible for all medical, dental, and long-term care expenditures for life. This fund receives annual transfers from the solid waste utility tax fund and general fund. Due to the increased sales tax revenue in 2020, the City was able to make a significant one-time transfer to this fund in 2021 to finance the full liability as calculated by state actuaries. With the full liability funded, only annual transfers to account for inflation will need to be made.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Transfers In and Other Revenue	\$154,898	\$207,884	\$203,714	\$672,000	\$140,000	-79%
Total Revenues	\$154,898	\$207,884	\$203,714	\$672,000	\$140,000	-79%
<u>Expenditures:</u>						
Medical/Dental Insurance Benefits	\$28,371	\$31,717	\$32,310	\$100,000	\$70,000	-30%
Total Expenditures	\$28,371	\$31,717	\$32,310	\$100,000	\$70,000	-30%

Solid Waste Utility Tax – Fund 005

The City levies a solid waste utility tax of 14.5% on the gross income generated from solid waste collecting, handling, reselling, and disposing within the City. The City also levies a tax of 3% on the gross income from the collecting, handling, reselling, and disposing of recyclable materials, compostable materials, electronic waste, and yard debris. The City sets these tax rates by ordinance and the solid waste utility tax rate is scheduled to reduce to 14% in 2024. The solid waste tax revenues are unrestricted and may be used for any lawful government purpose. Typical transfers include transfers to the street fund and for debt service related to facility construction and land and equipment purchases. In addition, transfers are made to managerial funds within the general fund such as Current Expense, Capital Facilities Reserve, LEOFF 1 Retiree, and Pioneer Pavilion Community Center Operations.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Solid Waste Tax	\$2,324,109	\$2,819,238	\$2,651,215	\$2,432,000	\$2,535,000	4%
Total Revenues	\$2,324,109	\$2,819,238	\$2,651,215	\$2,432,000	\$2,535,000	4%
<u>Expenditures:</u>						
Transfers Out	\$1,625,575	\$1,769,521	\$1,195,230	\$2,623,000	\$1,968,000	-25%
Transfer to Debt Service	471,107	465,992	461,193	491,745	404,932	-18%
Total Expenditures	\$2,096,682	\$2,235,513	\$1,656,424	\$3,114,745	\$2,372,932	-24%

Pioneer Pavilion Community Center – Fund 007

The purpose of this fund is to account for the operations, maintenance, and repairs of the Pioneer Pavilion Community Center facility. This facility is available for rent by the community and facility rental fees that are collected by the City are recorded and accounted for in this fund.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Transfer In	\$20,000	\$35,000	\$20,000	\$23,000	\$23,000	0%
Other Revenues	22,603	33,602	6,563	11,500	12,500	9%
Total Revenues	\$42,603	\$68,602	\$26,563	\$34,500	\$35,500	3%

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Expenditures:</u>						
Building Maintenance	\$6,295	\$22,340	\$10,066	\$20,000	\$20,000	0%
Other Charges and Services	28,597	29,807	20,520	27,844	26,423	-5%
Total Expenditures	\$34,891	\$52,146	\$30,586	\$47,844	\$46,423	-3%



Special Revenue Funds

Special Revenue Descriptions

Streets – Fund 101

This fund provides for the ongoing maintenance and operations of the City's street system as well as capital projects. The street fund is divided into departments that are responsible for capital projects, sidewalks, administration, roadway, street lighting, traffic control, street cleaning, and snow and ice. Funding sources include grants, state-shared fuel taxes, encroachment permits, and transfers from traffic mitigation, Transportation Benefit District, real estate excise tax, and solid waste utility tax funds.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Grants	\$705,020	\$555,018	\$113,592	\$100,000	\$1,095,000	995%
Entitlements, Impact Payments and Taxes	313,847	306,450	282,907	329,668	315,020	-4%
Encroachment	17,800	22,200	21,800	15,000	15,000	0%
Transfer In	2,134,717	575,000	994,861	1,850,000	2,930,000	54%
Other Revenues	1,612	8,782	75,272	0	0	0%
Total Revenues	\$3,172,997	\$1,467,450	\$1,488,432	\$2,294,668	\$4,355,020	87%
<u>Expenditures:</u>						
Transfer/Capital Projects	\$2,431,533	\$359,002	\$325,827	\$1,136,250	\$3,066,750	170%
Sidewalks						
Salaries and Benefits	\$5,602	\$14,438	\$14,099	\$15,432	\$14,346	-7%
Other Charges and Services	4,421	0	0	5,000	5,000	0%
Total Sidewalks	\$10,023	\$14,438	\$14,099	\$20,432	\$19,346	-5%
Administration						
Salaries and Benefits	\$194,488	\$184,459	\$126,225	\$339,604	\$360,908	6%
Central Services	165,724	130,141	115,037	130,141	115,037	-12%
Computer Repair/Equip Rental Fund	76,426	75,929	65,944	75,929	65,944	-13%
Professional Services	56,030	7,264	4,760	60,000	60,000	0%
Other Charges and Services	11,974	11,730	10,650	13,800	13,900	1%
Total Administration	\$504,643	\$409,522	\$322,616	\$619,474	\$615,789	-1%
Roadway						
Salaries and Benefits	\$172,692	\$234,672	\$238,205	\$239,411	\$244,516	2%
O & M Supplies	19,782	20,942	11,369	35,000	50,000	43%
Contract R & M	36,448	12,534	31,713	40,000	40,000	0%
Other Charges and Services	21,105	15,003	17,949	23,350	25,800	10%
Total Roadway	\$250,027	\$283,151	\$299,236	\$337,761	\$360,316	7%
Street Lighting	\$158,129	\$148,833	\$135,784	\$150,000	\$150,000	0%
Traffic Control						
Salaries and Benefits	\$76,434	\$68,294	\$53,437	\$68,352	\$62,338	-9%
Other Charges and Services	42,433	28,473	33,398	45,000	50,000	11%
Total Traffic Control	\$118,867	\$96,767	\$86,835	\$113,352	\$112,338	-1%

Snow & Ice

Salaries and Benefits	\$17,208	\$43,344	\$28,425	\$46,947	\$33,068	-30%
Other Charges and Services	2,881	9,067	9,287	10,000	10,000	0%
Total Snow & Ice	\$20,089	\$52,411	\$37,712	\$56,947	\$43,068	-24%

Street Cleaning

Salaries and Benefits	\$26,486	\$37,261	\$41,419	\$39,506	\$45,047	14%
Other Charges and Services	582	0	0	2,500	2,500	0%
Total Street Cleaning	\$27,068	\$37,261	\$41,419	\$42,006	\$47,547	13%

Total Expenditures	\$3,520,379	\$1,401,385	\$1,263,530	\$2,476,223	\$4,415,153	78%
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Park Mitigation – Fund 102

This fund accounts for the one-time mitigation charges assessed by the City against new residential development projects. The mitigation payments are intended to offset the impact that new development has on the amount and quality of park facilities within the City. These funds must be used for projects that are addressed by the capital facilities plan in the City's comprehensive plan adopted under the Growth Management Act. Park mitigation fees fund new or expanded publicly owned parks, open space, and recreation facilities. Impact fees must be expended within 10 years of receipt or refunded to the developer. The City typically uses park mitigation funds for debt repayment related to previous park construction projects and financing new park capital projects.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Impact Fees	\$141,214	\$303,371	\$278,339	\$100,000	\$100,000	0%
Other Revenue	3,569	5,363	1,500	500	0	-100%
Total Revenues	\$144,784	\$308,734	\$279,839	\$100,500	\$100,000	0%

Expenditures:

Transfers Out	\$110,216	\$214,646	\$98,616	\$321,215	\$245,489	-24%
Total Expenditures	\$110,216	\$214,646	\$98,616	\$321,215	\$245,489	-24%

Traffic Mitigation – Fund 104

This fund accounts for the one-time mitigation charges assessed by the City against new development projects to pay for projects related to public streets and roads. Both commercial and residential developments are assessed traffic mitigation fees. The mitigation payments are intended to offset the impact that new development has on the amount and quality of streets within the City. These funds must be used for projects that are addressed by the capital facilities plan in the City's comprehensive plan adopted under the Growth Management Act. In addition, the funds must be used for capital projects and cannot be used for transportation

studies or operating and maintenance costs. Impact fees must be expended within 10 years of receipt or refunded to the developer.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Traffic Mitigation Fees	\$350,208	\$949,170	\$636,366	\$400,000	\$400,000	0%
Other Revenue	\$4,321	\$37,576	\$1,986	\$1,000	\$0	-100%
Total Revenues	\$354,529	\$986,746	\$638,352	\$401,000	\$400,000	0%
<u>Expenditures:</u>						
Transfer to Street 101	\$799,316	\$0	\$0	\$700,000	\$905,000	29%
Transfer to Thornton	100,000	0	800,000	0	0	0%
Fee Refunds	3,340	0	4,326	0	0	0%
Total Expenditures	\$902,656	\$0	\$804,326	\$700,000	\$905,000	29%

Criminal Justice – Fund 106

Beginning in fiscal year 2000, the state treasurer created a criminal justice program and appropriated \$4.6 million (to be increased each year by a fiscal growth factor based on the annual growth in state personal income over the last ten years) to the program. The City receives two separate criminal justice distributions: the population and special programs. The criminal justice population program is distributed to all cities and towns on a per capita basis, with each city receiving a minimum of \$1,000 no matter how small its population, with all revenues to be used for criminal justice purposes. The criminal justice special programs are distributed to all cities on a per capita basis, with all revenues required to be used for innovative law enforcement strategies, programs to help at-risk children or child abuse victims, or domestic violence programs. All criminal justice payments are distributed quarterly. These revenues are transferred into the City's general fund to cover domestic violence specialist services.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Criminal Justice - Pop/Special Program Grants	\$18,023	\$18,799	\$20,513	\$21,900	\$24,280	11%
Total Revenues	\$18,023	\$18,799	\$20,513	\$21,900	\$24,280	11%
<u>Expenditures:</u>						
Transfer to Cur Exp Fund 001	\$25,000	\$15,000	\$17,000	\$25,000	\$25,000	0%
Total Expenditures	\$25,000	\$15,000	\$17,000	\$25,000	\$25,000	0%

Local Criminal Justice – Fund 107

Whatcom County imposes a sales and use tax of 0.1% to support criminal justice programs. The state collects and distributes this tax monthly, with 10% being distributed to Whatcom County and the remaining 90% split between the county and its cities on a per capita basis. In addition, the Department of Revenue retains 1% as an administrative fee. This tax revenue must be used exclusively for criminal justice purposes or activities that substantially assist the criminal justice system. These revenues are transferred into the City's general fund to cover salaries, benefits, and equipment costs of the Police Department.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Local Criminal Justice Funds	\$263,723	\$274,895	\$278,717	\$250,000	\$260,000	4%
Total Revenues	\$263,723	\$274,895	\$278,717	\$250,000	\$260,000	4%
<u>Expenditures:</u>						
Transfer to 001 - Police Ops	\$268,000	\$250,000	\$260,000	\$270,000	\$270,000	0%
Total Expenditures	\$268,000	\$250,000	\$260,000	\$270,000	\$270,000	0%

Transportation Benefit District – Fund 113

The Ferndale Transportation Benefit District (TBD) was established in 2012 as an independent taxing district that raises revenues to fund transportation projects. In 2015, the City absorbed the Ferndale TBD and assumed all of its rights, powers, functions, and obligations. With the City's assumption of powers, the TBD ceased to exist as a separate entity and its operations were absorbed into the City's budget. This fund accounts for the 0.2% voter-approved optional sales tax that is imposed and collected. TBD revenues may be used for transportation improvements included in the City's transportation plan and can be used to cover costs related to the construction, maintenance, and operations of roads and sidewalks, as well as transit service and transportation demand projects. The sales tax is collected by the state and distributed monthly.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
.2% Sales Tax/Local Interest - DOR Monthly	\$520,886	\$571,096	\$640,826	\$552,941	\$658,824	19%
Total Revenues	\$520,886	\$571,096	\$640,826	\$552,941	\$658,824	19%
<u>Expenditures:</u>						
Transfer to COF - Road Projects	\$461,000	\$200,000	\$76,631	\$100,000	\$660,000	560%
Total Expenditures	\$461,000	\$200,000	\$76,631	\$100,000	\$660,000	560%

Complete Streets – Fund 114

The purpose of this fund was to account for the revenues and expenditures related to the Complete Streets Program of improving several intersections in downtown Ferndale to provide additional accessibility. The project was completed in early 2021.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
TIB Grant	\$0	\$300,000	\$0	\$0	\$0	0%
Total Revenues	\$0	\$300,000	\$0	\$0	\$0	0%
<u>Expenditures:</u>						
COF Labor	\$0	\$0	\$185,009	\$0	\$0	0%
Other Charges and Services	0	90,455	14,991	9,545	0	-100%
Total Expenditures	\$0	\$90,455	\$200,000	\$9,545	\$0	-100%

Project Overview:

This program provided for additional accessibility for Ferndale's lower downtown core with the construction of Americans with Disabilities Act (ADA) enhancements at the intersections of First Avenue and Alder Street, Second Avenue and Alder Street, and Third Avenue and Alder Street.

ADA improvement upgrades were also made at the intersections of Thornton Street and Maureen Drive, and Vista Drive and Seamount Drive. This program also included removal of existing ramps, storm drain modifications, installation of ADA ramps, installation of rectangular rapid flash beacons (RRFB), and other similar work. This project was completed in early 2021.

Funding:

This project was made possible with grant funding of \$300,000 provided by the Transportation Improvement Board (TIB) through their Complete Streets Program. This program awards grants every two years and is available to local governments that have an adopted complete streets ordinance. Board approved nominators may nominate an agency for showing practice of planning and building streets to accommodate all users, including pedestrians, access to transit, cyclists, and motorists of all ages and abilities.

American Rescue Plan Act (ARPA) – Fund 115

The City of Ferndale was allocated a total of \$4,158,467 of the Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan Act (ARPA) of 2021 that was launched by the U.S. Department of Treasury. In June 2021, the City received half of the awarded funds and is scheduled to receive the remaining half in 2022. The purpose of this fund is to separately account for the recording of ARPA fund revenues and expenditures for projects that will be financed using these funds.

In deciding how to expend these funds, the City's approach has been to be slow and intentional and to take the time to explore many ideas and options to ensure that funds are used for meaningful projects that create the largest positive impact on the community. The City is focusing its use of the funds on social assistance, followed by economic recovery, infrastructure, and tourism, with government services also being funded, but as a lesser priority. The 2022 budget includes funding for grants to multiple local social service organizations that provide services and financial assistance to community members that have been disproportionately impacted by the pandemic. Funding for the recovery of the Ferndale Downtown core and support for local businesses that have been negatively impacted by the pandemic are also included in the budget.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
ARPA FUNDS	\$0	\$0	\$0	\$0	\$2,079,234	0%
Total Revenues	\$0	\$0	\$54,052	\$0	\$2,079,234	0%
<u>Expenditures:</u>						
Community Service Cooperative Grant	\$0	\$0	\$0	\$23,000	\$400,000	0%
Main Street Program	0	0	0	0	850,000	0%
Unallocated APRA Funds	0	0	0	0	750,000	0%
Other Charges and Services	0	0	0	90,000	0	0%
Total Expenditures	\$0	\$0	\$0	\$113,000	\$2,000,000	0%

Hotel/Motel Tax – Fund 198

A 4% consumer tax on all charges for lodging accommodations for periods of less than 30 days is imposed. The tax is collected as a sales tax and paid by the customer at the time of the transaction. This tax applies to lodging at hotels, motels, private campgrounds, RV parks, and other similar facilities. Funds are distributed by the state and must be used for tourism promotion, acquisition of tourism-related facilities, or operation of tourism-related facilities. Prospective lodging tax recipients must apply to the City for funding annually. The Lodging Tax Advisory Committee (LTAC) reviews applications and provides recommendations to City Council on how the revenues should be disbursed.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Hotel/Motel Taxes	\$78,172	\$77,010	\$27,026	\$20,000	\$20,000	0%
Total Revenues	\$78,172	\$77,010	\$54,052	\$20,000	\$20,000	0%
<u>Expenditures:</u>						
Ferndale Chamber	\$39,239	\$39,000	\$39,000	\$39,000	\$42,000	8%
Ferndale Chamber - Farmers Mkt	1,491	1,996	500	2,000	2,000	0%
Heritage Society	1,988	1,872	1,233	1,000	0	-100%
Other Charges and Services	7,130	0	1,000	4,000	20,525	413%
Transfer to Cur Exp Fund 001	11,500	8,000	0	8,000	13,500	69%
Total Expenditures	\$61,348	\$50,868	\$41,733	\$54,000	\$78,025	44%



Downtown Artwork by Todd Bruce; Commissioned by Ferndale Arts Commission. Photo credit Ashley Sturtz



Debt Service

Debt Service Descriptions

The following funds are used to account for principal and interest payments made on the City's outstanding loans and bonds. The City secures debt financing as a means of paying for certain capital improvement projects and purchases. The debt is repaid with taxes, fees, or other revenue sources dedicated for that purpose. Each debt has a different source of repayment depending on the type of project the financing was acquired for. Organized in three debt types, the City's debt is described below.

General Obligation (GO) Debt

General Obligation (GO) Debt is a bond or loan that is secured by the full faith and credit of the local government issuing the debt. The City pledges its tax revenues unconditionally to pay the interest and principal on the debt as it matures. If a default occurs, the bond owners have a legal claim on all general income.

Limited Tax General Obligation (LTGO) bonds, also called "councilmanic" bonds or non-voted debt, may be issued by Council. Because the debt is issued without a public vote of a tax increase to pay for the principal and interest, general fund revenues must be pledged to pay the debt service on LTGO debt. In addition, LTGO debt does not provide any additional revenue to fund debt service payments and must be paid from existing revenue sources.

As of January 1, 2022, the total outstanding General Obligation Debt is \$5,303,472.



Centennial Riverwalk Park. Photo credit Ashley Sturtz

Streets/Parks/Land Debt Service Fund – Fund 214

Whatcom County Economic Development Initiative (EDI) Loan: In 2007, a loan of \$1,206,458 was issued by the Whatcom County Public Utilities Improvement Fund for the construction of the Centennial Riverwalk Park. The annual interest rate is 1.5% and the payoff is scheduled in 2027. Debt payments are funded with transfers from park mitigation.

Whatcom County Economic Development Initiative (EDI) Loan					
Description	2020	2021	2022	2023	2024
Beginning Principal Balance	\$526,031	\$463,649	\$400,332	\$336,065	\$270,834
Principal	62,382	63,317	64,267	65,231	66,209
Interest	7,890	6,955	6,005	5,041	4,063
Total Payment	\$70,272	\$70,272	\$70,272	\$70,272	\$70,272
Remaining Principal Balance	\$463,649	\$400,332	\$336,065	\$270,834	\$204,625

LOCAL Program Bond - Land Purchase for Library: This bond was issued in 2009 for the purchase of the Ferndale Library land. The bond was originally issued in the amount of \$715,000 and was refinanced in 2016, resulting in approximately \$25,000 in savings. The interest rate on this bond is 3%, with payoff scheduled in 2028. Principal and interest payments are funded with transfers from solid waste.

LOCAL Program Bond					
Description	2020	2021	2022	2023	2024
Beginning Principal Balance	\$395,000	\$355,000	\$315,000	\$275,000	\$235,000
Principal	40,000	40,000	40,000	40,000	45,000
Interest	11,825	10,625	9,425	8,225	6,625
Total Payment	\$51,825	\$50,625	\$49,425	\$48,225	\$51,625
Remaining Principal Balance	\$355,000	\$315,000	\$275,000	\$235,000	\$190,000

LaBounty LID 2006-1 Bond Guarantee – Fund 216

The purpose of this fund is to serve as a reserve account, as required by the bond covenants, for the debt service payments for the Local Improvement District No. 2006-1 project recorded in Fund 215. The required reserve amount is 10% of the bond principal.

LaBounty LTGO Bond Debt Service – Fund 217

In 2009, the City issued a Limited Tax General Obligation (LTGO) Bond for \$302,000 to partially finance the Local Improvement District No. 2006-1 project to complete roadway improvements on LaBounty Road. In 2013, the bond was refunded and a new bond with lower interest rates was issued. The refunding (new) bond was issued at \$254,916 with a varying interest rate over the 10-year term of the debt. Principal and interest payments are funded with

transfers from the solid waste fund. Early repayment of this bond was made in 2021 to save on interest costs.

LaBounty Road LTGO Bond					
Description	2020	2021	2022	2023	2024
Beginning Principal Balance	\$97,091	\$74,170	\$0	\$0	\$0
Principal	22,921	74,170	0	0	0
Interest	3,799	2,897	0	0	0
Total Payment	\$26,720	\$77,066	\$0	\$0	\$0
Remaining Principal Balance	\$74,170	\$0	\$0	\$0	\$0

2010 Limited Tax General Obligation Bond Redemption – Fund 218

2020 LTGO Refunding Bonds: In 2010, the City procured bonds for \$5,305,000 to finance the construction of Pioneer Pavilion, the Ferndale Police Station, part of Griffintown Park, and improvements for the Library, as well as the acquisition of a vector truck. In 2020, the City refunded the bonds and issued new bonds at a lower interest rate of 1.48%, saving over \$400,000 in interest over the life of the bond. The refunding bonds were issued for \$3,168,000 and will be paid off in 2030. The debt repayment is funded with transfers from park mitigation, solid waste, REET I, and the general fund.

2020 LTGO Refunding Bonds					
Description	2020	2021	2022	2023	2024
Beginning Principal Balance	\$3,168,000	\$2,925,000	\$2,649,000	\$2,373,000	\$2,092,000
Principal	243,000	276,000	276,000	281,000	286,000
Interest	111,297	43,290	39,206	35,120	30,962
Total Payment	\$354,297	\$319,290	\$315,206	\$316,120	\$316,962
Remaining Principal Balance	\$2,925,000	\$2,649,000	\$2,373,000	\$2,092,000	\$1,806,000

2011 Limited Tax General Obligation Bond Redemption – Fund 219

2011 LTGO Facilities Bonds: A bond for \$1,625,000 was issued in 2011 to fund a portion of the construction of the Police Station. The current annual interest rate is 4%, with payoff scheduled in 2025. Transfers from solid waste and REET I fund the repayment of this bond.

2011 LTGO Facilities Bonds					
Description	2020	2021	2022	2023	2024
Beginning Principal Balance	\$845,000	\$720,000	\$590,000	\$450,000	\$305,000
Principal	125,000	130,000	140,000	145,000	150,000
Interest	33,800	28,800	23,600	18,000	12,200
Total Payment	\$158,800	\$158,800	\$163,600	\$163,000	\$162,200
Remaining Principal Balance	\$720,000	\$590,000	\$450,000	\$305,000	\$155,000

2013 Library Limited Tax General Obligation Bond Redemption – Fund 220

2013 A Library LTGO Bonds: In 2013, the City issued bonds for \$550,000 to fund a portion of the construction of the Ferndale Public Library. The City imposes a voter-approved excess property tax levy for the repayment of these bonds. The annual excess property tax levy is \$63,910. The interest rate on the bonds is 5.55%, with the payoff scheduled in 2023.

2013 A Library LTGO Bonds					
Description	2020	2021	2022	2023	2024
Beginning Principal Balance	\$228,517	\$174,762	\$119,799	\$61,743	\$0
Principal	53,755	54,963	58,056	61,743	0
Interest	10,155	8,947	5,854	3,183	0
Total Payment	\$63,910	\$63,910	\$63,910	\$64,927	\$0
Remaining Principal Balance	\$174,762	\$119,799	\$61,743	\$0	\$0

2013 B Library LTGO Bonds: In 2013, the City issued additional bonds in the amount of \$1,050,000 to partially finance the construction, acquisition, and remodel of the Ferndale Public Library facilities. The interest rate is 5.55% and is scheduled to be paid off in 2023. Repayment of these bonds is funded with transfers from solid waste and REET I.

2013 B Library LTGO Bonds					
Description	2020	2021	2022	2023	2024
Beginning Principal Balance	\$435,436	\$332,433	\$227,282	\$116,214	\$0
Principal	103,003	105,151	111,068	116,214	0
Interest	19,159	17,012	11,095	5,960	0
Total Payment	\$122,162	\$122,163	\$122,163	\$122,174	\$0
Remaining Principal Balance	\$332,433	\$227,282	\$116,214	\$0	\$0

Utility Loan Service – Fund 408

The purpose of the Utility Loan Service Fund is to account for the repayment of various general obligation loans and bonds obtained by the City related to water, sewer, and storm improvements and equipment purchases. While these debts are repaid with transfers from the utility funds, the repayment is ultimately guaranteed by the City's tax revenues if default occurs.

Public Works Trust Fund (PWTF) Storm Drainage Loan: In 2004, the City obtained a loan for \$150,000 from the Washington State Public Works Board to partially finance the emergency repair of the Schell Ditch storm drain culvert. The loan proceeds funded the engineering and environmental review costs for the project as well as the construction of the culvert repair. The loan term is 20 years with an annual interest rate of 4%. The repayment of principal and interest is funded with transfers from the storm fund. Early repayment of this bond was made in 2021 to save on interest costs.

PWTF Storm Drainage Loan					
Description	2020	2021	2022	2023	2024
Beginning Principal Balance	\$31,579	\$23,684	\$0	\$0	\$0
Principal	7,895	23,684	0	0	0
Interest	1,263	1,279	0	0	0
Total Payment	\$9,158	\$24,963	\$0	\$0	\$0
Remaining Principal Balance	\$23,684	\$0	\$0	\$0	\$0

Public Works Trust Fund (PWTF) Storm Loan: In 2012, a loan for \$583,759 was obtained to fund the construction of the Southwest Stormwater Management Facility. The facility was constructed to help mitigate stormwater runoff from two City roadway improvement projects per Department of Ecology stormwater management requirements. The loan has an interest rate of 0.25% and will mature in 2032. Transfers from the storm fund finance the repayment of this loan.

PWTF Storm Loan - Southwest Stormwater Management Facility					
Description	2020	2021	2022	2023	2024
Beginning Principal Balance	\$399,414	\$368,690	\$337,966	\$307,240	\$276,516
Principal	30,724	30,724	30,725	30,724	30,724
Interest	999	922	845	768	691
Total Payment	\$31,723	\$31,646	\$31,570	\$31,492	\$31,415
Remaining Principal Balance	\$368,690	\$337,966	\$307,240	\$276,516	\$245,792

LOCAL Program Water Booster Pump Station Bond: In 2008, the City issued a bond in the amount of \$1,155,000 to finance water system upgrades and the construction of the Bakerview Booster Pump Station located near Bender Park. The bond has an interest rate of 2.56% and is scheduled to be paid off in 2028. Principal and interest payments are funded with transfers from the water fund.

LOCAL Program Water Booster Pump Station Bond					
Description	2020	2021	2022	2023	2024
Beginning Principal Balance	\$565,000	\$515,000	\$465,000	\$405,000	\$350,000
Principal	50,000	50,000	60,000	55,000	60,000
Interest	27,000	24,500	21,750	18,875	16,000
Total Payment	\$77,000	\$74,500	\$81,750	\$73,875	\$76,000
Remaining Principal Balance	\$515,000	\$465,000	\$405,000	\$350,000	\$290,000

LOCAL Program Minor Equipment Loan: The City received a loan in the amount of \$56,678 to finance the purchase of two work trucks and a walk-behind cut-off saw. The loan was obtained in 2016 and has an annual interest rate of 1.3164%. This loan was fully repaid in June 2021 at its scheduled maturity date.

LOCAL Program Minor Equipment Loan					
Description	2020	2021	2022	2023	2024
Beginning Principal Balance	\$24,434	\$12,515	\$0	\$0	\$0
Principal	11,919	12,515	0	0	0
Interest	924	313	0	0	0
Total Payment	\$12,843	\$12,828	\$0	\$0	\$0
Remaining Principal Balance	\$12,515	\$0	\$0	\$0	\$0

LOCAL Program Heavy Equipment Loan: A loan for \$352,074 was obtained in 2016 to finance the purchase of various vehicles and equipment, including a loader, two dump trucks, a plow, sander, and backhoe. The loan has an annual interest rate of 2.0578%, with a scheduled payoff date of 2026. The debt repayment is funded with transfers from solid waste, water, sewer, and storm funds.

LOCAL Program Heavy Equipment Loan					
Description	2020	2021	2022	2023	2024
Beginning Principal Balance	\$266,090	\$233,408	\$199,093	\$163,062	\$125,230
Principal	32,681	34,315	36,031	37,832	39,724
Interest	12,487	10,813	9,054	7,207	5,268
Total Payment	\$45,169	\$45,128	\$45,085	\$45,040	\$44,992
Remaining Principal Balance	\$233,408	\$199,093	\$163,062	\$125,230	\$85,506

Revenue Debt

Revenue debt is a bond or loan whose principal and interest are payable exclusively from the revenue of a utility fund (water, sewer, and storm). As of January 1, 2022, the total outstanding Revenue Debt is \$49,190,893.

2011/2014 Water & Sewer Bond Redemption – Fund 403

2011 A & 2011 B Refunding Water & Sewer Bonds: In 2011, the City procured bonds in the amount of \$6,245,000 to fund modifications and improvements to the water treatment plant and sewer system. In 2020, the City partially refunded the bonds and issued new bonds in the amount of \$3,926,000 at a lower interest rate. This provided the City approximately \$300,000 in savings over the life of the bond. The refunded (original) bond had a remaining balance of \$4,320,000 at the time of refunding and was fully repaid in November 2021. The current annual interest rate for the refunding (new) debt is 2.5% and the scheduled maturity date is 2031. Transfers from the water and sewer funds finance the repayment of this debt.

2011 A Refunded Water & Sewer Bonds

Description	2020	2021	2022	2023	2024
Beginning Principal Balance	\$4,320,000	\$295,000	\$0	\$0	\$0
Principal	285,000	295,000	0	0	0
Interest	105,728	11,800	0	0	0
Refunded Bond Redemption	3,740,000	0	0	0	0
Total Payment	\$390,728	\$306,800	\$0	\$0	\$0
Remaining Principal Balance	\$295,000	\$0	\$0	\$0	\$0

2011 B Refunding Water & Sewer Bonds

Description	2020	2021	2022	2023	2024
Beginning Principal Balance	\$3,926,000	\$3,890,000	\$3,868,000	\$3,520,000	\$3,167,000
Principal	36,000	22,000	348,000	353,000	364,000
Interest	37,788	112,810	96,700	88,000	79,175
Total Payment	\$73,788	\$134,810	\$444,700	\$441,000	\$443,175
Remaining Principal Balance	\$3,890,000	\$3,868,000	\$3,520,000	\$3,167,000	\$2,803,000

2014 Sewer & Storm Bonds: In 2014, bonds in the amount of \$8,965,000 were obtained to fund improvements to the City's sewer and stormwater system. The bonds have a variable interest rate of 2% to 3.75% over the term of the debt. The bonds are scheduled to be paid off in 2033. The repayment of this debt is funded with transfers from the sewer and storm funds.

2014 Sewer & Storm Bonds					
Description	2020	2021	2022	2023	2024
Beginning Principal Balance	\$7,080,000	\$6,680,000	\$6,265,000	\$5,840,000	\$5,405,000
Principal	400,000	415,000	425,000	435,000	450,000
Interest	263,313	251,313	238,863	226,113	213,063
Total Payment	\$663,313	\$666,313	\$663,863	\$661,113	\$663,063
Remaining Principal Balance	\$6,680,000	\$6,265,000	\$5,840,000	\$5,405,000	\$4,955,000

2020 Water & Sewer Bond: A bond in the amount of \$5,739,000 was issued in 2020 to fund the Shop Well #2 Wellhouse project and Water Treatment Plant Upgrade. The Shop Well #2 Wellhouse project completion is planned for 2022 and includes the construction of a new wellhouse building, well base structure, and well pump that provides the City with an additional water supply source. The Water Treatment Plant Upgrade project involves converting the existing blended drinking water treatment system to a 100% Reverse Osmosis (RO) treatment system. The project is scheduled to be completed in 2022. The annual interest rate for this bond is 2.48%. The bond has a fifteen-year term and is scheduled to mature in 2035. The increased utility rates that went into effect January 1, 2020 fund this capital project and other current and future utility projects. These utility revenue requirements were established by the utility fund rate study that was conducted by the City and FCS Group in 2019. Principal and interest payments are funded with transfers from the water fund.

2020 Water & Sewer Bond					
Description	2020	2021	2022	2023	2024
Beginning Principal Balance	\$5,739,000	\$5,569,000	\$5,245,000	\$4,913,000	\$4,573,000
Principal	170,000	324,000	332,000	340,000	348,000
Interest	59,698	136,115	128,030	119,747	111,265
Total Payment	\$229,698	\$460,115	\$460,030	\$459,747	\$459,265
Remaining Principal Balance	\$5,569,000	\$5,245,000	\$4,913,000	\$4,573,000	\$4,225,000

Water/Sewer/Storm Bond Reserve – Fund 404

The purpose of this fund is to provide a reserve fund, as required by the bond covenants, for the debt service payments made through fund 403.

WWTP Debt Service – Fund 405

WWTP Department of Ecology Loan: The Department of Ecology awarded the City a low-interest loan in the amount of \$33,681,368 to fund the Wastewater Treatment Plant Upgrade project. Any funds expended by the City for this project are submitted to the Department of Ecology for reimbursement and recorded in this fund as loan proceeds. The project completion date is scheduled for Spring 2022, with payments on the loan expected to begin the following year, in 2023. The loan has a term of 20 years and an interest rate of 2%. The increased utility

rates that went into effect January 1, 2020 fund this capital project and other current and future utility projects. These utility revenue requirements were established by the utility fund rate study that was conducted by the City and FCS Group in 2019. Repayment of principal and interest is funded with transfers from the sewer fund.

WWTP Department of Ecology Loan					
Description	2020	2021	2022	2023	2024
Beginning Principal Balance	\$33,681,368	\$33,681,368	\$33,681,368	\$33,681,368	\$33,299,886
Principal	0	0	0	381,481	1,455,556
Interest	0	0	0	677,086	661,578
Total Payment	\$0	\$0	\$0	\$1,058,567	\$2,117,134
Remaining Principal Balance	\$33,681,368	\$33,681,368	\$33,681,368	\$33,299,886	\$31,844,330

CCWA Water Conversion Debt Service – Fund 409

In 2015, the City of Ferndale was granted a loan for \$609,811 to partially fund the consolidation of the Central City Water Association's (CCWA) system into the City's water system, with the remainder of the project funded with a grant. The City received approximately \$270,000 for CCWA's remaining assets at the time of dissolution and applied this amount directly toward the loan. Customers affected by this conversion pay a \$75 fee on their bi-monthly utility bill to fund the repayment of this loan. The loan was originally estimated to be paid off in 2036, but as additional principal payments have been made, the City expects to fully repay this loan within the next few years, which will result in approximately \$45,000 in interest savings.

Central City Water Association Consolidation Loan					
Description	2020	2021	2022	2023	2024
Beginning Principal Balance	\$192,812	\$162,321	\$131,525	\$51,525	\$21,035
Principal	30,491	30,796	80,000	30,491	21,035
Interest	1,928	1,623	1,319	515	210
Total Payment	\$32,419	\$32,419	\$81,319	\$31,006	\$21,245
Remaining Principal Balance	\$162,321	\$131,525	\$51,525	\$21,035	\$0

Special Assessment Debt

Special assessment debt is debt repaid from assessments against those who directly benefit from the project the funds have been used to finance. For example, if a special assessment bond is issued to pay for a road improvement project that benefits a specific subset of the population, the City will form a Local Improvement District (LID) and assess the property owners to fund the repayment of the debt. As of January 1, 2022, the total outstanding Special Assessment Debt is \$46,704.

LaBounty LID 2006-1 Bond Redemption – Fund 215

LaBounty Road LID Bond: In 2009, a bond in the amount of \$605,373 was issued to partially finance the Local Improvement District No. 2006-1 project to complete roadway improvements on LaBounty Road. The bond is paid by the collection of special assessments that are levied and assessed against the properties within the district. Annual installments of principal and interest are collected from the properties for the repayment of the debt. The interest rate is 5.71%, with scheduled payoff in 2023.

LaBounty Road LID Bond					
Description	2020	2021	2022	2023	2024
Beginning Principal Balance	\$106,816	\$78,816	\$46,704	\$18,704	-\$4,112
Principal	28,000	32,112	28,000	22,816	0
Interest	6,099	4,500	2,902	1,303	0
Total Payment	\$34,099	\$36,612	\$30,902	\$24,119	\$0
Remaining Principal Balance	\$78,816	\$46,704	\$18,704	-\$4,112	-\$4,112



Capital Project Funds

Capital Project Descriptions

Real Estate Excise Taxes

The State of Washington levies a real estate excise tax (REET) on most sales of real estate property. This tax is calculated based on the selling price and is due at the time of the sale and collected by the county when selling documents are presented for recording. In addition to the state real estate excise tax, cities and counties may impose local real estate excise taxes: REET I and REET II. The City of Ferndale imposes both real estate excise taxes.

Real Estate Excise Tax - REET I – Fund 301

A 0.25% real estate excise tax, known as REET I or the “first quarter percent,” is imposed by the City of Ferndale and is used primarily for the repayment of debt for capital facilities and financing new construction of capital projects related to parks, streets, and City facilities. This tax may be imposed by the legislative body and does not require voter approval. REET I revenues are restricted and may only be used for certain purposes depending on the jurisdiction’s population and whether it is fully planning under the Growth Management Act (GMA). Since the City of Ferndale fully plans under the GMA and has a population of more than 5,000, REET I revenues must be spent on capital projects that are listed in the capital facilities plan (CFP) element of the City’s comprehensive plan.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
REET 1 - 1st 1/4%	\$361,804	\$420,512	\$570,138	\$300,000	\$300,000	0%
Investment Interest	2,614	4,151	1,550	0	0	0%
Total Revenues	\$364,418	\$424,663	\$571,688	\$300,000	\$300,000	0%
<u>Expenditures:</u>						
Transfer to GO Bonds Fund 218 & 219	\$152,892	\$153,223	\$150,259	\$143,258	\$144,841	1%
Transfer to Debt Service Fund 220	64,793	64,793	65,967	64,794	65,968	2%
Transfer to Current Expense Fund 001	10,000	0	0	665,000	0	-100%
Transfer to Metalworks Skate Fund 310	0	0	0	50,000	210,000	320%
Total Expenditures	\$227,685	\$218,016	\$216,227	\$923,052	\$420,809	-54%

Real Estate Excise Tax - REET II – Fund 302

Since the City of Ferndale fully plans under the Growth Management Act (GMA), an additional 0.25% real estate excise tax is imposed. This is known as REET II or the “second quarter percent.” The City uses REET II revenues primarily on street, water utility, and parks capital projects. For jurisdictions required to fully plan under the GMA, REET II may be imposed by

the legislative body and does not require voter approval. REET II revenues are restricted and may only be used for financing capital projects specified in the capital facilities plan element of the city's comprehensive land use plan. The use of REET II revenues are more restrictive than REET I and are more specifically directed to infrastructure and parks capital projects. REET II omits capital projects of public facilities such as law enforcement, fire protection, libraries, administration, and courts.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
REET 2 - 2nd 1/4%	\$361,804	\$420,512	\$568,757	\$300,000	\$300,000	0%
Investment Interest	7,070	10,640	3,294	0	0	0%
Total Revenues	\$368,875	\$431,152	\$572,051	\$300,000	\$300,000	0%
<u>Expenditures:</u>						
Transfer to Current Expense Fund 001	\$68,146	\$0	\$0	\$0	\$0	0%
Transfer to Street Fund 101	0	0	100,000	100,000	150,000	50%
Transfer to Water Fund 401	100,000	175,000	0	425,000	625,000	47%
Transfer to Shope Well 2 Fund 414	175,000	0	0	100,000	0	-100%
Transfer to Metalworks Skate Fund 310	0	0	0	50,000	210,000	320%
Total Expenditures	\$343,146	\$175,000	\$100,000	\$675,000	\$985,000	46%

Metalworks Skate Park – Fund 310

This fund accounts for all revenues and expenditures related to the Metalworks Skate Park Project.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Recreation and Conservation Office (ROC)						
Grant	\$0	\$0	\$0	\$0	\$480,000	0%
Transfers	0	0	0	100,000	520,000	420%
Total Revenues	\$0	\$0	\$0	\$100,000	\$1,000,000	900%
<u>Expenditures:</u>						
Salaries and Benefits	\$0	\$0	\$0	\$0	\$0	0%
Skate Park Design/Construction	0	0	0	100,000	1,000,000	900%
Total Expenditures	\$0	\$0	\$0	\$100,000	\$1,000,000	900%

Project Overview:

The Metalworks Skate Park will be a 10,000 square foot skate park facility located in Pioneer Park near the Star Park playground and the Phillips 66 Sports Complex. The park will include unique skateboarding and artistic features that pay tribute to Ferndale's industrial heritage and

community. The park will be accessible to a wide range of uses including rollerblades, BMX bikes, and scooters and will feature a mix of street and transitional-style terrain with elements designed for all age groups and ability levels. This project has been a long-standing community priority. The initial grant application for this project began in 2018, with funding secured in 2021. Design is expected to begin in late 2021 and the construction scheduled to occur during the Summer of 2022.

Funding:

The City applied for and has been awarded \$480,000 in grant funding from the Washington State Recreation and Conservation Office to complete the project. The remaining financing for this project is expected to be funded with transfers from park mitigation, REET I, and REET II.



Initial design concept for Metalworks Skate Park

Thornton Road Construction – Fund 370

All revenues and expenditures related to the Thornton Street Overpass Project are recorded in this fund.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Grants	\$462,235	\$1,492,058	\$4,997,593	\$6,000,000	\$10,500,000	75%
Transfer In and Other Revenue	204,757	475,000	3,897,452	4,000,000	4,000,000	0%
Total Revenues	\$666,992	\$1,967,058	\$8,895,044	\$10,000,000	\$14,500,000	45%
<u>Expenditures:</u>						
CE/CM Thornton Rd 370	\$0	\$6,891	\$325,767	\$6,000,000	\$1,500,000	-75%
Engineering Fund 370	464,573	718,035	521	0	0	0%
Construction Project CN 370/Labor	11,370	117,363	5,185,037	0	9,000,000	0%
ROW	7,677	924,646	182,688	0	0	0%
Other Services and Charges	514	88,196	3,080,659	4,000,000	4,020,000	1%
Total Expenditures	\$484,134	\$1,855,130	\$8,774,671	\$10,000,000	\$14,520,000	45%

Project Overview:

The Thornton Street Overpass Project will improve and connect Thornton Street from Malloy Avenue to the roundabout at Portal Way and Second Avenue. These will connect via an elevated crossing at the Burlington Northern Santa Fe (BNSF) Railway right of way and tracks.

The new bridge will provide access between Malloy Avenue and the Portal Way roundabout and is anticipated to become the principal route for the majority of Ferndale residents living on the West side of the City.

In addition to the elevated crossing, Thornton Street will be upgraded to full city standards, including curb, gutter, shoulder, sidewalk, and new street lighting within the project limits. Plans also include construction of a new stormwater treatment and detention facility, along with various utility upgrades to the water and stormwater systems. Construction of the project began in April 2020. The City is anticipating a 3-year construction phase, with completion estimated in 2023.



Initial design concept for the Thornton Street Overpass

Funding:

In 2016, the City was awarded a grant for \$19,167,000 from the Washington State Department of Transportation Connecting Washington Program. The State Legislature has earmarked \$19,167,000 for this project, spread over multiple years as part of the Transportation Budget.

In 2018, the City was selected to receive \$2,500,000 from the Washington State Transportation Improvement Board's (TIB) Urban Arterial Program. This program is funded from the State's Motor Vehicle Tax.

In 2020, the City closed on a \$4,000,000 grant anticipation note to be used as a line of credit to provide interim funding and assist with cash flow before grant reimbursements are received. Additional funding will be made available via transfers from the water, sewer, and storm funds, traffic mitigation fees, and Transportation Benefit District sales tax revenue as needed.



Enterprise Funds

Enterprise Fund Descriptions

Water – Fund 401

The purpose of the water fund is to account for the maintenance and operations of the City's water utility. User fees and connection fees are collected and accounted for in this fund to support the regular operations as well as past and future improvements to the water distribution system. The water fund is divided into departments that are responsible for administration, maintenance, operation, and capital projects. All revenues received in this fund must be used on water utility activities.



Ferndale water meter

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Connection Fees	\$745,278	\$1,010,610	\$1,276,642	\$815,000	\$660,977	-19%
Water Sales	2,263,341	2,370,014	2,943,157	2,429,082	3,727,679	53%
Meter Charges	25,328	34,943	46,702	24,605	10,000	-59%
Meter Installation Charges - New Meter Set	11,050	15,500	20,400	9,000	12,000	33%
Property Sale Final Meter Read Fee	12,120	13,967	21,247	10,000	10,000	0%
Loan Proceeds	0	0	0	1,200,000	0	-100%
Transfer In and Other Revenue	325,999	319,825	474,798	471,700	641,912	36%
Total Revenues	\$3,383,117	\$3,764,858	\$4,782,946	\$4,959,387	\$5,062,568	2%

Expenditures:**Administration**

Salaries and Benefits	\$188,042	\$219,049	\$184,222	\$211,074	\$240,196	14%
Central Services	148,804	171,844	119,011	171,844	119,011	-31%
Computer Repair/Equip Rental Fund	76,005	85,914	57,739	85,914	57,739	-33%
Professional Services	22,987	65,498	25,679	40,000	75,000	88%
B&O Excise Tax	125,386	124,637	166,091	121,556	122,755	1%
City of Ferndale Utility Tax	276,288	299,130	397,415	273,466	276,201	1%
Other Charges and Services	20,954	13,805	10,918	15,050	16,100	7%
Total Administration	\$858,466	\$979,876	\$961,075	\$918,904	\$907,001	-1%

Maintenance

Salaries and Benefits	\$450,577	\$419,894	\$396,984	\$447,516	\$441,501	-1%
O & M Supplies	110,392	105,025	98,867	91,000	136,000	49%
Other Charges and Services	8,588	4,777	6,966	13,500	20,000	48%
Total Maintenance	\$569,557	\$529,696	\$502,817	\$552,016	\$597,501	8%

Operations

Salaries and Benefits	\$255,771	\$304,040	\$323,077	\$413,197	\$388,965	-6%
Contract R&M	7,218	11,320	12,979	13,500	13,500	0%
Lab Testing	11,200	9,983	7,828	20,000	20,000	0%
O & M Supplies	132,657	80,812	116,811	153,000	203,000	33%
Professional Services	59,443	42,068	74,148	120,000	120,000	0%
Utilities - PSE	163,946	146,693	148,274	160,000	165,000	3%
Other Charges and Services	64,405	12,161	13,669	95,400	97,100	2%
Total Operations	\$694,638	\$607,078	\$696,786	\$975,097	\$1,007,565	3%

Transfer/Capital Projects	\$1,959,485	\$1,099,143	\$1,283,143	\$2,875,218	\$3,614,948	26%
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Other Charges and Services	\$11,737	\$33,133	\$41,114	\$2,000	\$2,000	0%
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Total Expenditures	\$4,093,883	\$3,248,926	\$3,484,935	\$5,323,235	\$6,129,015	15%
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Sewer – Fund 402

The purpose of the sewer fund is to account for the maintenance and operations of the City's wastewater utility. This fund collects and accounts for user fees and connection fees that support regular operations as well as past and future improvements to the system. The sewer fund is divided into departments that are responsible for administration, maintenance, operation, and capital projects. All revenues received in this fund must be used on wastewater collection and treatment activities.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Connection Fees	\$950,795	\$1,611,936	\$2,128,408	\$950,000	\$1,032,687	9%
Sewer Sales	3,437,278	3,739,106	4,052,565	3,781,644	5,021,565	33%
Transfer In and Other Revenue	131,147	180,770	60,376	34,528	13,000	-62%
Total Revenues	\$4,519,220	\$5,531,811	\$6,241,349	\$4,766,172	\$6,067,252	27%

Expenditures:**Administration**

Salaries and Benefits	\$117,672	\$169,836	\$176,833	\$227,385	\$251,985	11%
Central Services	82,575	121,583	84,307	121,583	84,307	-31%
Computer Repair/Equip Rental Fund	58,707	65,077	52,463	65,077	52,463	-19%
Professional Services	42,871	64,133	26,632	45,000	81,000	80%
B&O Excise Tax	78,141	84,528	116,085	102,748	103,770	1%
City of Ferndale Utility Tax	386,266	453,608	569,061	432,370	436,693	1%
Other Charges and Services	18,654	12,822	8,343	15,050	15,150	1%
Total Administration	\$784,884	\$971,587	\$1,033,723	\$1,009,214	\$1,025,367	2%

Maintenance

Salaries and Benefits	\$258,935	\$212,335	\$261,491	\$236,147	\$271,565	15%
O & M Supplies	23,286	28,813	24,966	75,000	75,000	0%
Other Charges and Services	4,908	4,537	9,645	8,700	8,700	0%
Total Maintenance	\$287,129	\$245,684	\$296,101	\$319,847	\$355,265	11%

Operations - Sludge Disposal	\$306,091	\$462,882	\$539,644	\$605,500	\$142,000	-77%
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Operations

Salaries and Benefits	\$259,374	\$301,305	\$334,776	\$435,309	\$387,499	-11%
Contract R&M	4,158	6,212	3,211	49,000	50,000	2%
Lab Testing	793	998	0	5,000	5,000	0%
O & M Supplies	178,347	245,937	332,764	255,000	140,000	-45%
Professional Services	17,396	45,953	21,712	40,000	40,000	0%
Utilities - PSE	242,191	213,344	219,599	225,000	275,000	22%
Other Charges and Services	50,481	24,536	25,584	32,900	35,600	8%
Total Operations	\$752,740	\$838,286	\$937,646	\$1,042,209	\$933,099	-10%

Transfer/Capital Projects	\$2,011,966	\$874,113	\$1,031,186	\$2,490,141	\$4,600,973	85%
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Other Charges and Services	\$26,890	\$72,600	\$0	\$0	\$0	0%
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Total Expenditures	\$4,169,701	\$3,465,153	\$3,838,300	\$5,466,910	\$7,056,704	29%
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Storm & Flood Control – Fund 407

The purpose of this fund is to account for the expenditures related to the operation, maintenance, and improvement of the City's storm drainage system and flood control activities. The primary revenue sources for this fund are stormwater utility fees and mitigation fees, although connection fees and grants make up a small portion of the revenue received in this fund as well. The storm fund consists of expenditures related to administration and capital projects. Revenues received in this fund must be used for costs related to storm.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Storm Rate Revenue	\$1,231,843	\$1,330,799	\$1,416,891	\$1,274,713	\$1,487,293	17%
Mitigation Fees	66,965	282,940	173,176	55,000	55,000	0%
Grants/Loans	81,332	91,785	28,385	5,000	2,421,935	48339%
Transfer In and Other Revenue	6,451	20,950	6,182	2,629,000	2,750,000	5%
Total Revenues	\$1,386,591	\$1,726,474	\$1,624,634	\$3,963,713	\$6,714,228	69%

Expenditures:

Salaries and Benefits	\$302,919	\$398,647	\$467,574	\$450,287	\$541,171	20%
Central Services	79,765	69,414	83,379	69,414	83,379	20%
Computer Repair/Equip Rental Fund	47,119	43,358	49,739	43,358	49,739	15%
Professional Services	24,427	40,355	26,602	230,000	295,000	28%
Decant Disposal	17,588	20,148	16,391	26,500	27,000	2%
Water Quality Monitoring	13,205	6,716	7,327	20,000	20,000	0%
B&O Excise Tax	17,977	16,051	22,678	20,426	20,615	1%
City of Ferndale Utility Tax	117,115	151,461	143,768	115,577	116,733	1%
Other Charges and Services	22,225	43,826	45,630	81,550	88,550	9%
Total Drainage	\$642,339	\$789,976	\$863,088	\$1,057,111	\$1,242,187	18%
Transfer/Capital Projects	\$730,796	\$393,990	\$293,445	\$1,973,650	\$5,514,549	179%
Other Charges and Services	\$0	\$0	\$0	\$239,412	\$30,000	-87%
Total Expenditures	\$1,373,135	\$1,183,966	\$1,156,533	\$3,270,173	\$6,786,736	108%

Water Treatment Plant Upgrade (WTP) – Fund 413

The purpose of this fund is to account for the revenues and expenditures related to the Water Treatment Plant Upgrade.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Transfer In and Other Revenue	\$0	\$0	\$3,695,000	\$0	\$636,518	0%
Total Revenues	\$0	\$0	\$3,695,000	\$0	\$636,518	0%
<u>Expenditures:</u>						
Upgrade Construction	\$0	\$0	\$0	\$2,730,000	\$4,150,000	52%
Upgrade Design	0	0	75,585	0	0	0%
Total Expenditures	\$0	\$0	\$75,585	\$2,730,000	\$4,150,000	52%

Project Overview:

The Water Treatment Plant Upgrade project is intended to convert the existing blended drinking water treatment system to a 100% reverse osmosis treatment system and to phase out the manganese treatment filters. The very pure reverse osmosis treated water will be remineralized using calcium carbonate (calcite) to ensure that the water is not too soft or too hard, similar to the water hardness prior to 2012. Carbon dioxide will be used to dissolve the calcium into the water. The project includes a new building (44' by 36' by 20' tall) for the remineralization equipment, three 500 gallons per minute (gpm) remineralization tanks, a large carbon dioxide tank, additional pumps, one additional reverse osmosis unit, piping, valves, electrical, controls, a replacement water meter, and a 4,000-gallon water tank. This project will be completed in 2022.

Funding:

In 2020, the City obtained bonds in the amount of \$5,739,000 to fund the Shop Well #2 Wellhouse and Water Treatment Plant Upgrade Project. In 2019, FCS Group assisted the City in a rate study for the utility funds. The study included revenue requirements for current and future capital projects. In response to the study, utility rates were increased January 1, 2020 to cover the annual debt service payments for this fifteen-year loan. The debt service for this project is accounted for in Fund 403 and the repayment is funded with transfers from the water fund.

Shop Well 2 – Fund 414

This fund accounts for all revenues and expenditures related to the Shop Well #2 Wellhouse Project.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Transfer In and Other Revenue	\$0	\$0	\$1,642,500	\$100,000	\$0	-100%
Total Revenues	\$0	\$0	\$1,642,500	\$100,000	\$0	-100%
<u>Expenditures:</u>						
Shop Well 2 Wellhouse Construction	\$0	\$0	\$1,230,982	\$475,000	\$0	-100%
TR to F413	0	0	0	0	36,518	0%
Total Expenditures	\$0	\$0	\$1,230,982	\$475,000	\$36,518	-92%

Project Overview:

The Shop Well #2 Wellhouse Project's goal is to provide the City with an additional 300 to 800 gallons per minute (gpm) water supply source. This project includes construction of a new CMU block wellhouse building (12'-8" by 22' by 12' tall) with a metal roof, similar to the City's existing Shop Well #1 Wellhouse Building. The project also includes completion of a well base structure, piping, valves, 30-HP submersible well pump, electrical, controls, instrumentation, programming, and configuration for a future permanent 200-HP submersible well pump. In addition, the project includes a concrete retaining wall structure, site grading and drainage improvements, asphalt pavement surfacing, fence and gate improvements, installation of new backup generator, new primary power feed and transformer on the east side of Shop site, and other miscellaneous work items. This project completion was rescheduled to 2022.

Funding:

In 2020, the City obtained bonds in the amount of \$5,739,000 to fund the Shop Well #2 Wellhouse and Water Treatment Plant Upgrade Project. In 2019, FCS Group assisted the City in a rate study for the utility funds. The study included revenue requirements for current and future capital projects. In response to the study, utility rates were increased January 1, 2020 to cover the annual debt service payments for this fifteen-year loan. The debt service for this project is accounted for in Fund 403 and the repayment is funded with transfers from the water fund. Additional funding for this project is provided with transfers from REET II.

Wastewater Treatment Plant Construction (WWTP) – Fund 415

This fund accounts for all revenues and expenditures related to the construction and design of the Wastewater Treatment Plant Upgrade Project.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Grants and Proceeds	\$0	\$0	\$19,010,526	\$31,050,000	\$4,215,000	-86%
Total Revenues	\$0	\$0	\$19,010,526	\$31,050,000	\$4,215,000	-86%
<u>Expenditures:</u>						
WWTP Construction/Design	\$0	\$0	\$19,795,919	\$20,800,000	\$2,215,000	-89%
Principal Payment	0	0	200,000	0	2,000,000	0%
Anticipation Note	0	0	31,904	10,050,000	20,000	-100%
Total Expenditures	\$0	\$0	\$20,027,823	\$30,850,000	\$4,235,000	-86%

Project Overview:

The City's National Pollutant Discharge Elimination System (NPDES) permit requires a facility plan when flows or waste loads entering the wastewater treatment plant (WWTP) exceed 85% of design criteria. The existing wastewater treatment plant has exceeded 85% of permit loading limits on multiple occasions over the last two years.

With the projected population growth and subsequent increase in influent flows, the existing wastewater treatment process requires significant upgrades to meet anticipated water quality standards. Six treatment processes and configurations were evaluated as potential solutions for the Ferndale WWTP. Extended Aeration was determined to be the best solution for the City of Ferndale based on its ability to treat the expected flows and loadings to the anticipated level of treatment necessary for discharge to the Nooksack River, as well as its low capital and operations costs and the layout of existing facilities.

The plant's improvements include upgrading the existing lagoon wastewater treatment plant, construction of new grit removal facilities, a new mechanical screening facility with shelter, new flow measurement equipment, new Maintenance/UV Disinfection Building, new Lab Operations Building, removal of the chlorine equipment, retrofitting the existing Gas Scrubber Building with blowers for basin aeration, new yard piping, new electrical, controls, instrumentation, and other miscellaneous improvements as needed for the upgrade. The Wastewater Treatment Plant Upgrade Project is scheduled to be completed in Spring 2022.



Wastewater Treatment Plant South clarifier

Funding:

The City has been awarded a low-interest loan for approximately \$33.6 million from the Department of Ecology to fund this project. Loan payments are scheduled to begin December 2022. In 2019, a rate study for the City's utility funds was conducted by FCS Group. The study included revenue requirements for current and future capital projects. In response to the study, utility rates were increased January 1, 2020 to cover the annual debt service payments for this project's loan as well as the bonds for the Shop Well #2 Wellhouse and Water Treatment Plant Upgrade projects. The debt service for the Wastewater Treatment Plant Upgrade project is accounted for in Fund 405 and the repayment is funded with transfers from the sewer fund.

Project funds are expended monthly and submitted to the Department of Ecology for reimbursement. Loan proceeds are typically received within a few weeks from the date of the

reimbursement request. Due to timing differences between outgoing payments to vendors and incoming loan proceeds, the City has a \$5 million bond anticipation note that can be used as a line of credit and provide cash flow to mitigate these timing differences. Any draws made on the line of credit are paid back monthly with interest. This funding is only used as cash flow prior to reimbursement and matures at the end of the project.

In addition, the City was awarded a Public Works Board grant for approximately \$1 million to partially fund this project.



Wastewater Treatment Plant South aeration basin



Internal Service Funds

Internal Service Descriptions

Computer Repair and Replacement – Fund 510

This fund accounts for the replacement and maintenance of all City computer hardware and software. Costs related to computer hardware, internet service, software programs, City networks, websites, and IT service contracts are included in this fund. Revenues consist of fees collected from other funds and City departments.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Department & Fund Contributions	\$184,375	\$247,482	\$223,424	\$247,482	\$223,424	0%
Transfer In and Other Revenue	0	100,000	77,527	50,000	120,000	0%
Total Revenues	\$184,375	\$347,482	\$300,951	\$297,482	\$343,424	15%
<u>Expenditures:</u>						
New S/W & Upgrade (Non-Labor)	\$10,553	\$7,737	\$9,841	\$62,000	\$51,500	-17%
Misc. Repair & Maintenance	27,292	27,270	27,082	25,000	25,000	0%
Repair & Maintenance Contracts	50,817	53,640	52,293	65,000	65,000	0%
Software Maintenance Contracts	77,958	94,960	103,526	125,000	125,000	0%
Capital - Hardware	9,255	40,101	96,660	25,000	125,000	400%
Other Charges and Services	8,500	23,774	14,383	17,000	17,000	0%
Total Expenditures	\$184,375	\$247,482	\$303,784	\$319,000	\$408,500	28%

Equipment Maintenance and Replacement – Fund 550

The replacement and maintenance of the City's larger tools, equipment, and vehicle fleet are accounted for in this fund. Ongoing expenditures recorded in this fund include the City mechanic's wages and payroll taxes, oil and fuel, insurance premiums, operating supplies, contracted services, new equipment purchases, vehicle lease payments, and vehicle replacement costs. Revenues consist of fees and transfers received from other funds and City departments.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Department & Fund Contributions	\$517,517	\$605,351	\$555,289	\$517,517	\$627,809	21%
Transfers In and Other Revenue	513,989	299,208	382,781	615,000	687,000	12%
Total Revenues	\$1,031,505	\$904,559	\$938,070	\$1,132,517	\$1,314,809	16%

Expenditures:

Salaries and Benefits	\$131,471	\$187,520	\$178,511	\$233,138	\$223,102	-4%
Operating Supplies - Parts, Etc.	83,537	69,365	65,504	85,000	85,000	0%
Operating Supplies - Fuel/Oil	118,383	111,567	81,964	110,000	110,000	0%
Insurance	60,000	60,000	26,339	90,651	108,379	20%
Computer Repair & Replacement	2,186	1,881	2,180	1,881	2,180	16%
Central Services	32,267	31,267	30,715	31,267	30,715	-2%
Utilities	15,929	12,752	14,593	16,500	16,700	1%
Capital	567,731	359,019	514,904	733,282	847,291	16%
Other Charges and Services	16,477	29,799	26,212	46,300	36,700	-21%
Total Expenditures	\$1,027,981	\$863,170	\$940,922	\$1,348,019	\$1,460,066	8%



Agency Funds

Agency Fund Descriptions

Court Agency – Fund 650

The purpose of this fund is to account for fines received by the City in a custodial capacity for other entities. A portion of court fines, building permit fees, and concealed pistol licenses are collected from customers on behalf of Whatcom County and the State of Washington and are not derived from the City's own transactions. The portion of charges payable to the County or State are deposited and paid from this fund.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Crime Victims and Trust Account	\$203,258	\$231,328	\$145,238	\$234,000	\$234,000	0%
Other Revenue	0	0	8,353	0	6,700	0%
Total Revenues	\$203,258	\$231,328	\$153,591	\$234,000	\$240,700	3%
<u>Expenditures:</u>						
WA State Treasurer/WC Prosecutor	\$203,258	\$231,328	\$145,238	\$234,000	\$234,000	0%
Other Charges and Services	0	0	8,353	0	6,700	0%
Total Expenditures	\$203,258	\$231,328	\$153,591	\$234,000	\$240,700	3%

Court Activity – Fund 651

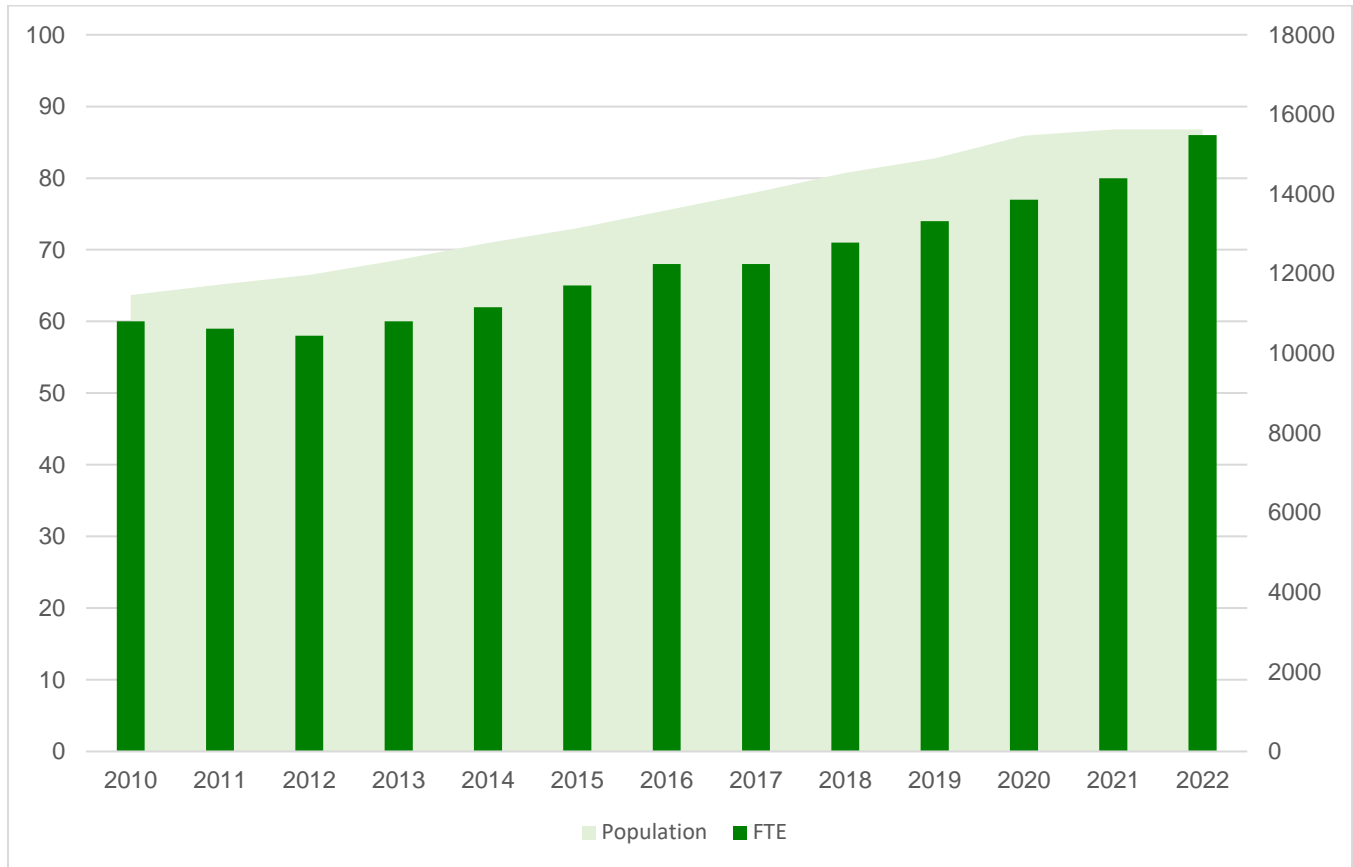
This fund is used to record the Ferndale Municipal Court's revenue and expenditure activity. The Court utilizes a separate information system to record payments for court fines and fees received from individuals. These revenues must then be recorded in the City's main financial software program. As directed by the Administrative Office of the Courts, some of the revenues are received by the Court in a custodial capacity and then remitted to the State using Fund 650, while other amounts are recorded as local revenue accounted for in this Court Activity fund. Any check payments issued by the Court are recorded as expenditures in this fund as well.

Description	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget	% Change 2021-2022
<u>Revenues:</u>						
Court Activity Deposits	\$0	\$21,530	\$13,614	\$50,000	\$50,000	0%
Total Revenues	\$0	\$21,530	\$13,614	\$50,000	\$50,000	0%
<u>Expenditures:</u>						
Court Activity	\$0	\$18,593	\$5,287	\$48,000	\$50,000	4%
Total Expenditures	\$0	\$18,593	\$5,287	\$48,000	\$50,000	4%



Supplemental Information

City FTE Count to Population



FTE- Full Time Equivalent

Employee Contracts

Both union and non-represented City of Ferndale employee contracts can be found at the link below.

<https://ferndale.civicweb.net/filepro/documents/5379>

Glossary

Account: A record of additions, deletions, and balances of individual assets, liabilities, equity, revenues, and expenditures.

Agency Fund: A fund used to account for assets held by a government on behalf of individuals, private organizations, other governments, or funds.

Annual Budget: A budget applicable to a single fiscal year.

Appropriations: An authorization made by the City Council that allows expenditures of government resources. Appropriations are typically granted for a one-year period.

Assessed Valuation: The estimated value of real and personal property used by the Whatcom County Assessor as the basis for levying property taxes.

Asset: Resources owned or held by governments that have monetary value.

Benefits: City-provided employee benefits, such as social security insurance, retirement, worker's compensation, life insurance, medical insurance, vision insurance, and dental insurance.

Budgeting, Accounting, Reporting System (BARS): The prescribed and required reporting system for all governmental entities in the State of Washington.

Beginning Fund Balance: The previous year's ending fund balance.

Budget: A strategic financial plan for how to best use resources to achieve the priorities of the citizens.

Budget Calendar: The schedule of key dates that the city follows in the preparation and adoption of the budget.

Budget Document: The city's budget document is used to present a comprehensive financial spending plan to its citizens, the City Council, and other interested parties.

Budget Message: A written explanation of the budget by the Mayor. The budget message explains principal budget and policy issues, as well as presents an overview of the Mayor's budget recommendations.

Bond (Debt Instrument): A written promise to pay a specified sum of money at a specified future date, at a specified interest rate. Bonds are primarily used to finance capital projects.

Capital Facilities Plan (CFP): A planning document required by the Growth Management Act (GMA) that addresses capital projects and anticipated sources of funding over a six or more-year period.

Capital Improvement Plan (CIP): A budget and planning process used by the city to determine what capital projects will be carried out during the next six-year period.

Capital Assets: Assets of significant value and having a useful life of several years. Capital assets are also called fixed assets.

Capital Outlay: Expenditures that result in the acquisition of, or addition to fixed assets. Examples include land, buildings, machinery, equipment, and construction projects.

Capital Project: A project that helps maintain or improve a city asset, often called infrastructure.

Cash Basis Accounting: The method of accounting under which revenues are recorded when received in cash and expenditures are recorded when paid.

Contingency: A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Current Expense Fund: This fund is used to pay the expenses and liabilities of the city's general services and programs. It is commonly called the General Fund.

Debt: An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds and notes.

Debt Limits: The maximum amount of debt that a government unit may incur under constitutional, statutory, or charter requirements.

Debt Service: Payments of interest and principal to holders of the city's debt instruments.

Debt Service Fund: A fund established to account for the accumulation of resources for, and the payment of long-term debt principal and interest.

Deficit: an excess of expenditures over revenues.

Department: A major administrative division of the city, which indicates overall management responsibility for an operation or group of related operations within a functional area.

DOE.: Department of Ecology.

EMS.: Emergency Medical Services.

Ending Fund Balance: The beginning fund balance plus current year revenues, less current year expenditures.

Enterprise Funds: Used to finance and account for operations, maintenance, and infrastructure of water, sewer, and storm utilities that are supported by user charges.

Estimated Revenue: The amount of revenue projected to be collected during a fiscal period.

Expenditures: The spending of money by the municipality for the programs and projects included within the approved budget.

Fiscal Year: A 12-month period designated by the city signifying the beginning and ending dates for recording financial transactions. The City of Ferndale has specified January 1 through December 31 as its fiscal year.

Fixed Assets: Assets that are intended to be held or used for a long term, such as land, buildings, improvements, machinery, and equipment. Fixed assets are also called capital assets.

Full-Time Employee (FTE): Number of commensurable hours equivalent to those of a regular, full-time employee (2,080 hours per year).

Fund: An independent fiscal and accounting entity that records all financial transactions for specific activities or government functions.

General Fund: The general fund accounts for all financial activities not reported in some other type of fund; primarily used to account for the current operations of a jurisdiction's general-purpose departments. Also known as the Current Expense Fund.

General Obligation: Bond or loan that is secured by the full faith and credit of the local government issuing the debt. The City pledges its tax revenues unconditionally to pay the interest and principal on the debt as it matures.

GIS: Geographic Information System.

Grant: A contribution by a government or other organization to support a particular project or function.

Growth Management Act (GMA): Comprehensive Washington State legislation that requires cities and counties to undergo a prescribed planning process to accommodate projected population growth.

Governmental Fund Types: Funds that provide general government services. These include the general fund, special revenue funds, capital project funds, and debt service funds.

Impact Fees: A fee assessed on a new, expanded, or modified development when that development creates additional demand and need for public facilities or infrastructure.

Interfund Loans: A loan made by one fund to another and authorized by resolution or ordinance.

Interfund Transfer: Payment from one fund to another fund primarily for work or services.

Intergovernmental Revenues: Funds received from federal, state, and other local government sources in the form of grants, shared revenues, and payment in lieu of taxes.

Internal Service Fund: A fund used to account for the financing of goods and services provided by one department to another on a cost-reimbursement basis.

Law Enforcement Officers and Firefighters Retirement System (LEOFF I): The retirement system provided for police officers and firefighters by the State of Washington.

Levy: Taxes special assessments for the support of government activities.

Licenses and Permits: A revenue category of the city derived from business licenses and building or development permits.

Local Improvement District (LID) Bonds: Local Improvement District bonds can be issued by a city to finance improvements in specific areas of the municipality. The property owners benefiting from the improvements are assessed and billed annually to pay for the cost of retiring the bonds.

Long-Term Debt: Debt that matures more than one year after the date of issuance.

LTGO Bonds: Limited Tax General Obligation bonds, also called “councilmanic” bonds or non-voted debt, may be issued by Council in an amount up to 1.5% of assessed value of taxable properties in the city. General fund revenues must be pledged to pay the debt service on LTGO debt.

Maturity Date: the date by which long-term debt is scheduled to be paid off.

Non-Operating Expenditures: The costs of government services, which are not directly attributable to a specific municipal program or operation. An example would be debt service obligations.

Non-Operating Revenues: The income received by the government, which are not directly attributable to providing a service. An example would be interest on investments.

OFM: Office of Financial Management.

Operating Budget: The portion of the budget that pertains to daily operations and supports basic governmental services. An operating budget contains appropriations for expenditures such as personnel, supplies, utilities, training, travel, and fuel.

Ordinance: An enforceable municipal law, statute, or regulation.

PERS: Public Employee Retirement Systems provided by the State of Washington.

Property Tax: A tax levied on the assessed value of real property.

Proposed Budget: The budget proposed by the Mayor to the City Council for review and approval. This can also be called a preliminary budget.

Proprietary Fund: A group of funds that account for the activities of the city that are of a proprietary or “business” character. There are two different types of proprietary funds: enterprise funds and internal service funds.

RCW: Revised Code of Washington.

Real Estate Excise Tax (REET): The City collects a 0.5% REET on all sales of real estate within the City. These funds are restricted for capital spending that is identified in the City’s capital facilities plan. Both the first and second 0.25% may be spent for the planning,

acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets, roads, highways, sidewalk, street and road lighting systems, traffic signals, bridges, water systems, and storm and sewer systems. In addition, the first 0.25% may be spent for parks and recreation facility acquisition, as well as the planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation or improvement of law enforcement facilities, fire protection facilities, trails, and administrative and judicial facilities.

Reserve: An account used to indicate that a portion of a fund's assets is intended for a future purpose and is therefore not available for general appropriations.

Resolution: A formal statement of a decision or expression of an opinion of the City Council.

Resources: The total dollars available for appropriations including estimated revenues, interfund transfers and beginning fund balance.

Restricted Fund Balance: Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Revenue: Income received by the city. This income may be in the form of taxes, fees, user charges, grants, fines, and interest.

Risk Management: The method of most efficiently and effectively protecting a government's assets against loss.

Salaries and Wages: Amounts paid for personnel services rendered by employees in accordance with rates, hours, terms, and conditions authorized by law or stated in employment contracts.

Special Revenue Fund: Funds used to account for the proceeds from specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital project.

Supplies: An expenditure classification for articles and commodities purchased. Examples include office and operating supplies, fuel, inventory, small tools, and equipment.

TBD: Transportation Benefit District. Voted sales tax revenue for transportation projects.

Transfers: Routine or recurring transfers of assets between funds, which support the operations of the recipient fund.

Transportation Improvement Program (TIP): A TIP is required to be prepared annually and prioritizes transportation projects and potential funding sources.

TIB: Transportation Improvement Board. The TIB distributes grant funding, which comes from the revenue generated by the statewide gas tax to cities to fund transportation projects.

User Charge/Fee: The payment or fee for direct receipt of a public service by the party who benefits from the service.

Utility Local Improvement District (ULID): Created only for improvements to sewer, water, and other utilities and differs from an LID in that utility revenues are pledged to the repayment of the ULID debt, in addition to the assessments on the benefiting properties.

WSDOT: Washington State Department of Transportation.