

City of Ferndale

2023 Budget





Budget Prepared by:
The Finance Department
and City Staff

*Budget Document was prepared after 2023 Financials were completed.

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
Finance Director
Kevin Renz, Public Works Director
Kevin Turner, Chief of Police
Michael Cerbone, Community Development Director
Susan Duncan, Administrative Services Director
Megan Juenemann, Communications Officer

Other Officials

Dannon Traxler, City Attorney
Mark Kaiman, Municipal Court Judge
Kristen Hawks, Public Defender
David Nelson, Prosecuting Attorney

Table of Contents

| | |
|---|-----------|
| Elected Officials | 3 |
| Table of Contents | 4 |
| Introduction | 8 |
| Mayor's Budget Message | 9 |
| City Statistics | 11 |
| Budget Development | 12 |
| Budget Overview | 13 |
| Budget Calendar | 14 |
| Organization Chart | 16 |
| Fund Type Descriptions | 17 |
| Fund Type Chart | 19 |
| Budget Summary | 20 |
| 2023 Budget Summary | 21 |
| Revenue Summary by Fund | 22 |
| Expenditure Summary by Fund | 23 |
| General Fund | 24 |
| General Fund Revenue Summary | 24 |
| General Fund Revenue Sources | 25 |
| Detailed General Fund Revenue | 33 |
| General Fund Expenditure Summary | 34 |
| General Fund Descriptions | 35 |
| Legislative | 35 |
| Municipal Court | 35 |
| Executive | 36 |
| Administrative Services | 36 |
| Finance | 36 |
| Communications | 37 |
| Legal Services | 37 |
| General Government Services | 38 |
| Law Enforcement | 39 |
| Probation | 40 |
| Inspections and Permits | 40 |
| Emergency Preparedness | 40 |
| City Hall Facilities Maintenance | 41 |
| Infrastructure Inspection and Engineering | 42 |
| Clean Air Agency | 42 |
| Capital Expenditures | 42 |

| | |
|---|-----------|
| Parks | 43 |
| Alcohol Admin Board | 43 |
| Planning and Community Development | 44 |
| Transfers | 44 |
| General Fund Contingency Reserve | 45 |
| Facilities Capital Reserve | 45 |
| LEOFF 1 Police Retiree | 45 |
| Solid Waste Utility Tax | 46 |
| Pioneer Pavilion Community Center | 46 |
| Special Revenue Funds | 48 |
| Special Revenue Descriptions | 49 |
| Streets | 49 |
| Park Mitigation | 50 |
| Traffic Mitigation | 51 |
| Criminal Justice | 51 |
| Local Criminal Justice | 52 |
| Transportation Benefit District | 52 |
| Complete Streets | 53 |
| American Rescue Plan Act (ARPA) | 53 |
| Hotel/Motel Tax | 54 |
| Debt Service | 55 |
| Debt Service Descriptions | 56 |
| Streets/Parks/Land Debt Service Fund | 57 |
| Labounty LTGO Bond Debt Service | 57 |
| 2010 Limited Tax General Obligation Bond Redemption | 58 |
| 2011 Limited Tax General Obligation Bond Redemption | 58 |
| 2013 Library Limited Tax General Obligation Bond Redemption | 59 |
| Utility Loan Service | 59 |
| 2011/2014 Water & Sewer Bond Redemption | 62 |
| Water/Sewer/Storm Bond Reserve | 63 |
| WWTP Debt Service | 63 |
| CCWA Water Conversion Debt Service | 64 |
| LaBounty LID 2006-1 Bond Redemption | 65 |
| Capital Project Funds | 66 |
| Capital Project Descriptions | 67 |
| Real Estate Excise Tax - REET I | 67 |
| Real Estate Excise Tax - REET II | 67 |
| Metalworks Skate Park | 68 |
| Thornton Road Construction | 69 |
| Enterprise Funds | 70 |
| Enterprise Fund Descriptions | 71 |

| | |
|--|-----------|
| Water | 71 |
| Sewer | 72 |
| Storm & Flood Control | 73 |
| Water Treatment Plant Upgrade (WTP) | 74 |
| Shop Well 2 | 75 |
| Wastewater Treatment Plant Construction (WWTP) | 75 |
| Internal Service Funds | 77 |
| Internal Service Descriptions | 78 |
| Computer Repair and Replacement | 78 |
| Equipment Maintenance and Replacement | 78 |
| Agency Funds | 80 |
| Agency Fund Descriptions | 81 |
| Court Agency | 81 |
| Court Activity | 81 |
| Supplemental Information | 82 |
| City FTE Count to Population | 83 |
| Employee Contracts | 83 |

This page intentionally left blank



Introduction

Mayor's Budget Message

Recently, I stood at the Thornton Overpass construction site, watching in awe as massive cranes carefully lifted girders the size of a city block and placed them on pillars above the railroad tracks. These girders will form the bones of the Overpass, supporting cars, trucks, bikes, and pedestrians for generations to come as they travel to and from our city. As the 130,000-pound components were locked into place, I was struck by the size and scope of the moment we find ourselves in.

Here, on the cusp of 2023, Ferndale is making big changes. We are putting in place the structures, roads and organizations we need to grow as a community. This document reflects and supports those changes and capitalizes on new opportunities to come. Therefore, it is my pleasure to present to our honorable City Councilmembers and the greater Ferndale community, the 2023 budget for the City of Ferndale.

In 2023, the cityscape in which we live will change. We will see the demolition of our beloved Old Main building and the full opening of our new Ferndale High School. We expect to see the Catalyst Project break ground on Main Street. We will see the opening of a brand-new skate park for Ferndale that pays tribute to our industrial history while providing recreation for the future generations. We will see brand new housing developments that reflect the diversity of our community – single family neighborhoods, multi-family near our downtown and low-income housing for those who need it.

In our downtown, we have seen several new businesses open including restaurants, grocery, and retail. Beyond our city core, new manufacturers are bringing fresh jobs, new ideas, and more commerce to our community.

As our city grows and changes, our local government rises to meet the needs of our community. The 2023 budget includes a new police officer – a necessary addition to our dedicated police department that will help keep us safe. It also includes a new planner to keep the permit desk moving swiftly, expanded hours for our park workers, and a new public works crew member to plow our streets and repair our infrastructure.

Like those large girders, we are laying the groundwork for the future. We are designing a new civic campus that will include a new court, council chambers and city hall. We are designing a new stage at Pioneer Park to host more and even better events at the heart of our community. And for the first time, we have hired both a federal and state advocate, to help bring our tax dollars back home from Olympia and Washington, DC for the projects we need done in our city.

During the pandemic, we activated Ferndale Community Services and the Ferndale Downtown Association, expanding their reach and abilities and you will see the impact of those decisions in 2023. Already, Ferndale Community Services is operating a severe weather shelter throughout the cold season and the Downtown Association has distributed thousands of dollars in grants to our downtown community to expand and support our local businesses.

We have done all of this and more through prudent financial management, a willingness to try new things, and good old-fashioned legwork. The actions that we are poised to take in 2023 and beyond are built on solid plans and careful consideration. Ferndale is a community of doers and innovators, much more than dreamers. This means that we must be realistic: we are in an unusual economy, with extremely low unemployment, extreme demand and limited supply of housing, and significant inflation. This budget anticipates that our costs will increase more rapidly than our revenues, and while the budget allows the City to move forward with its plans, we must look carefully at the economics of 2024 and beyond.

Ferndale is becoming known as a collaborative City, and through this teamwork we have been able to do things that larger cities could only dream of. Rather than pounding the table or making partisan speeches, here in Ferndale, we are focused on doing the work and finding the solutions. As President Truman once said, “It is amazing what you can accomplish if you do not care who gets the credit.”

This budget, like the girders at Thornton, is a key component in that bridge to the future. A future full of change, promise and opportunities for our city.

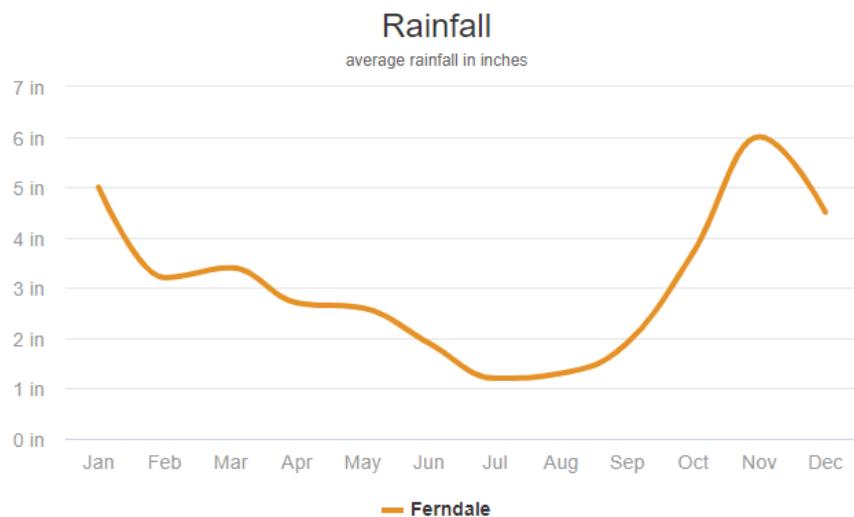
Thank you,

A handwritten signature in black ink, appearing to read "GH".

Mayor Greg Hansen

City Statistics

| | |
|--|-------------------|
| Incorporated | 1907 |
| 2023 Population Estimate ¹ | 16,330 |
| Safety Ranking within WA Cities ² | 23 out of 73 |
| Land Area | 7.13 square miles |
| Average Annual Temperature | 51. 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 long-term view of the development of the City's programs.

Operations Guide – The budget sets forth the blueprint that governs the number 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.

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.

2023 BUDGET PROCESS CALENDAR

JUNE

17th (Friday)

- Notification to public for submissions for Lodging Tax

24th (Friday)

- Notification to public for submissions for Organizational Grants

JULY

29th (Friday)

- Applications due for Lodging Tax

SEPTEMBER

5th (Monday)

- Applications due for Organizational Grants

7th (Wednesday) - tentative

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

16th (Friday)

- LTAC recommendations to be filed with Finance
- Organizational Grant proposals to be filed with Finance

OCTOBER

3rd (Monday)

- Proposed preliminary budget presented to Council

26th (Wednesday)

- Mayor presents 2023 budget message
- Preliminary budget made available to public
- Publication notice for public hearing on property tax levy (public hearing November 21st)
- Publication notice for public hearing on preliminary budget (public hearing November 21st)

NOVEMBER

21st (Monday)

- Public hearing – property tax levy
- Resolution to preserve banked capacity
- Set property tax levy
- Public hearing - preliminary budget

30th (Wednesday)

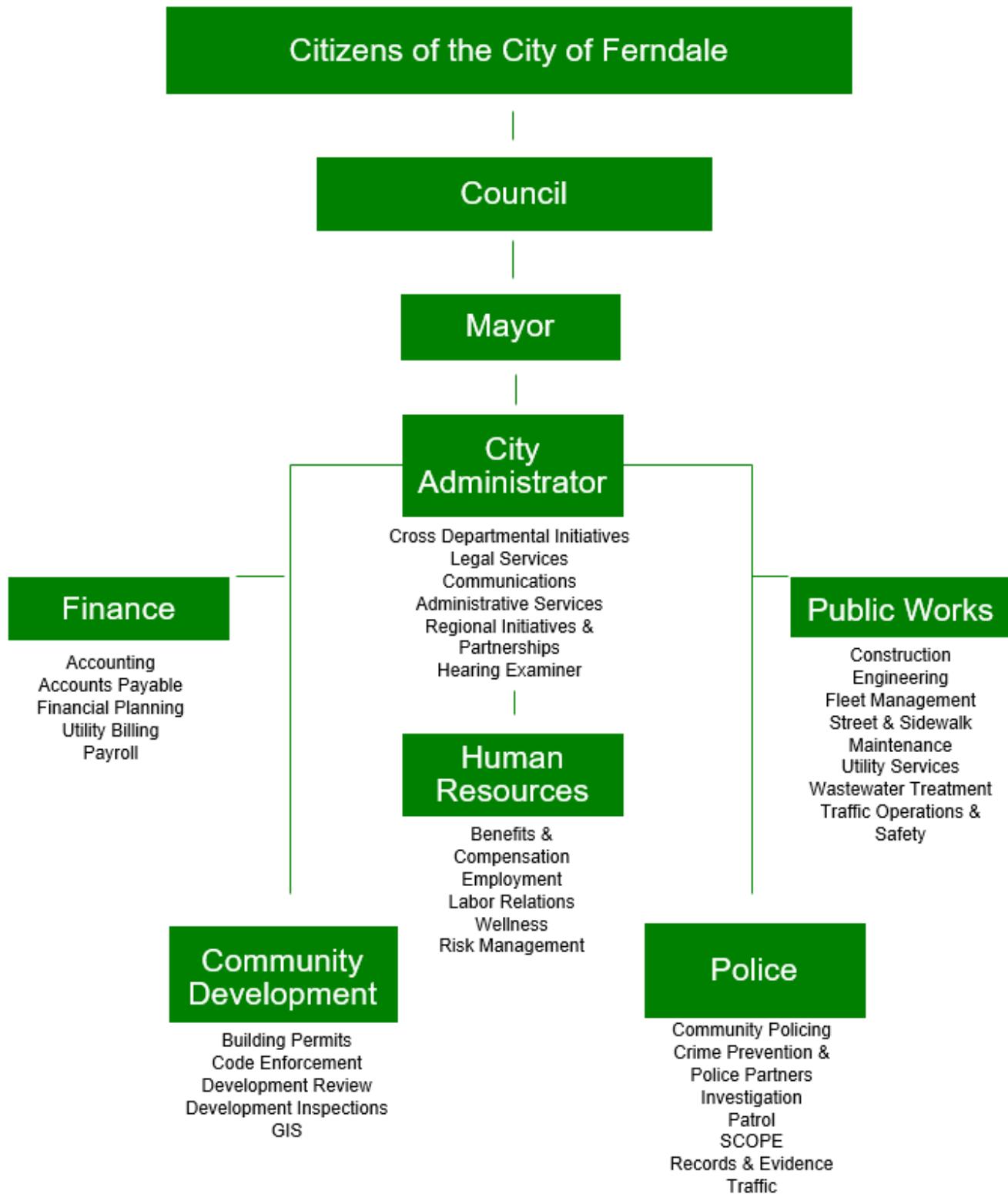
- Publication notice for public hearing on final budget (public hearing December 5th)

DECEMBER

5th (Monday)

- Final public hearing on proposed 2023 budget
- Adoption of 2023 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, and Hotel Motel Tax Fund.

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.

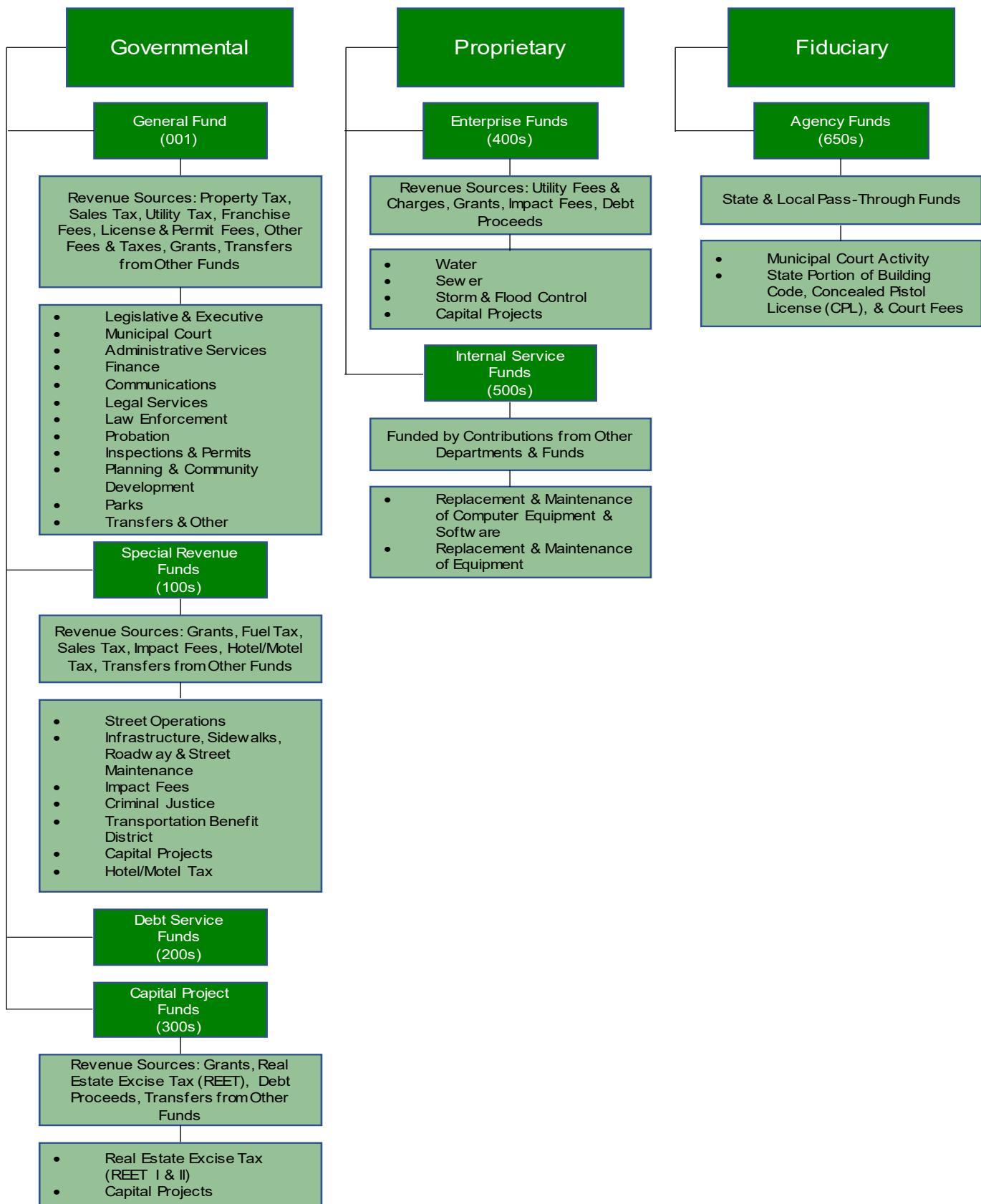
Fiduciary Fund Types

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

2023 Budget Summary

| Fund | Fund Name | Beginning Fund Balance | Revenues | Expenditures | Ending Fund Balance |
|--------------|--|-------------------------------|---------------------|---------------------|----------------------------|
| 001 | Current Expense (General Fund) | \$6,911,384 | \$14,730,118 | \$12,489,983 | \$9,151,518 |
| 002 | General Fund Contingency Reserve | 909,928 | 111,529 | 0 | 1,021,457 |
| 003 | Facilities Capital Reserve | 1,633,721 | 607,527 | 0 | 2,241,249 |
| 004 | LEOFF I Police Retiree | 1,751,188 | 150,739 | 33,866 | 1,868,061 |
| 005 | Solid Waste Utility Tax | 4,670,654 | 3,463,552 | 2,424,455 | 5,709,752 |
| 007 | Pioneer Pavilion Community Center | 33,291 | 70,894 | 86,693 | 17,492 |
| 101 | Streets | 2,711 | 4,080,034 | 4,082,746 | 0 |
| 102 | Park Mitigation | 466,982 | 239,942 | 220,000 | 486,924 |
| 104 | Traffic Mitigation | 1,599,872 | 625,924 | 0 | 2,225,796 |
| 106 | Criminal Justice | 4,584 | 0 | 4,584 | 0 |
| 107 | Local Criminal Justice | 312,678 | 0 | 312,678 | 0 |
| 113 | Transportation Benefit District | 2,412,347 | 947,208 | 133,882 | 3,225,673 |
| 115 | American Rescue Plan Act (ARPA) | 2,293,961 | 58,527 | 398,183 | 1,954,305 |
| 198 | Hotel/Motel | 127,653 | 79,729 | 65,737 | 141,645 |
| 214 | Streets/Parks/Land Debt Services | 5,739 | 120,003 | 118,497 | 7,245 |
| 215 | LaBounty LID 2006-1 Bond Redemption | 1,227 | 24,103 | 25,330 | 0 |
| 216 | LaBounty LID 2006-1 Bond Guarantee | 30,333 | 221 | 6,753 | 23,801 |
| 217 | LaBounty Go Bond Redemption | 155 | 1 | 0 | 156 |
| 218 | 2010 GO Bond Redemption | 14,588 | 315,006 | 316,490 | 13,104 |
| 219 | 2011 GO Bond Redemption | 2,032 | 170,015 | 163,650 | 8,397 |
| 220 | 2013 Library GO Bond Redemption | 519 | 186,757 | 187,101 | 175 |
| 301 | Real Estate Excise Tax 1/4% REET 1 | 1,221,180 | 398,822 | 215,975 | 1,404,027 |
| 302 | Real Estate Excise Tax 1/4% REET 2 | 2,877,775 | 394,358 | 0 | 3,272,132 |
| 310 | Metalworks Park | 20,000 | 109,173 | 84,581 | 44,592 |
| 370 | Thornton Road Construction | 0 | 4,344,516 | 5,079,346 | (734,830) |
| 401 | Water | 5,277,943 | 6,169,703 | 7,187,228 | 4,260,418 |
| 402 | Sewer | 12,926,406 | 7,101,890 | 5,103,147 | 14,925,150 |
| 403 | 2005 Sewer Revenue Bond Redemption | 3,870 | 1,595,028 | 1,563,249 | 35,649 |
| 404 | 2005 Sewer Bond Reserve | 1,167,314 | 7,411 | 0 | 1,174,725 |
| 405 | WWTP Debt Service Fund | 1,919,504 | 1,013,978 | 2,091,424 | 842,058 |
| 407 | Storm & Flood Control | 2,475,053 | 3,653,980 | 3,684,748 | 2,444,285 |
| 408 | Utility Loan Service | 22,261 | 154,000 | 150,407 | 25,854 |
| 409 | Water Debt Service | 29,032 | 24,941 | 52,426 | 1,547 |
| 413 | Water Treatment Plant Upgrade | 3,477,959 | 0 | 35,878 | 3,442,081 |
| 414 | Shop Well 2 | 72,466 | 0 | 0 | 72,466 |
| 415 | Waste Water Treatment Plan Const. (WWTP) | 1,473,976 | 30,213 | 0 | 1,504,189 |
| 510 | Computer Repair & Maintenance | 100,127 | 338,968 | 344,048 | 95,047 |
| 550 | Equipment Repair & Maintenance | 46,354 | 1,752,977 | 1,585,181 | 214,149 |
| 650 | Court Agency | 1,427 | 80,636 | 82,063 | 0 |
| 651 | Court Activity | 118 | 5,820 | 3,077 | 2,860 |
| TOTAL | | \$56,298,315 | \$53,158,241 | \$48,333,407 | \$61,123,149 |

Revenue Summary by Fund

| Fund | Fund Name | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|--------------|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| 001 | Current Expense (General Fund) | \$10,462,074 | \$12,754,873 | \$11,924,246 | \$11,228,914 |
| 002 | General Fund Contingency Reserve | 50,674 | 50,200 | 703,475 | 110,000 |
| 003 | Facilities Capital Reserve | 15,574 | 1,015,457 | 617,110 | 600,000 |
| 004 | LEOFF I Police Retiree | 203,714 | 671,072 | 164,192 | 140,000 |
| 005 | Solid Waste Utility Tax | 2,651,215 | 2,688,087 | 3,594,012 | 2,695,000 |
| 007 | Pioneer Pavilion Community Center | 26,563 | 30,263 | 50,315 | 30,000 |
| 101 | Streets | 1,488,432 | 1,373,509 | 1,533,297 | 5,474,621 |
| 102 | Park Mitigation | 279,839 | 162,919 | 108,121 | 100,000 |
| 104 | Traffic Mitigation | 638,352 | 522,061 | 384,706 | 400,500 |
| 106 | Criminal Justice | 20,513 | 22,012 | 24,325 | 26,031 |
| 107 | Local Criminal Justice | 278,717 | 335,829 | 400,057 | 262,500 |
| 113 | Transportation Benefit District | 640,826 | 798,497 | 993,620 | 798,176 |
| 115 | American Rescue Plan Act (ARPA) | 0 | 2,081,265 | 2,176,265 | 0 |
| 198 | Hotel/Motel | 54,052 | 54,993 | 76,978 | 56,100 |
| 214 | Streets/Parks/Land Debt Services | 122,099 | 115,585 | 119,704 | 120,000 |
| 215 | LaBounty LID 2006-1 Bond Redemption | 45,610 | 18,557 | 17,353 | 22,000 |
| 216 | LaBounty LID 2006-1 Bond Guarantee | 189 | 31 | 502 | 0 |
| 217 | LaBounty Go Bond Redemption | 26,721 | 77,066 | 2 | 0 |
| 218 | 2010 GO Bond Redemption | 3,552,688 | 565,009 | 315,221 | 315,000 |
| 219 | 2011 GO Bond Redemption | 158,815 | 158,802 | 163,634 | 170,000 |
| 220 | 2013 Library GO Bond Redemption | 185,736 | 186,485 | 185,882 | 174,000 |
| 301 | Real Estate Excise Tax 1/4% REET 1 | 571,688 | 843,108 | 665,998 | 300,000 |
| 302 | Real Estate Excise Tax 1/4% REET 2 | 572,051 | 843,586 | 679,076 | 300,000 |
| 310 | Metalworks Skate Park | 0 | 15,662 | 217,754 | 950,000 |
| 370 | Thornton Road Construction | 8,895,044 | 2,626,761 | 5,507,639 | 7,300,000 |
| 401 | Water | 4,782,946 | 4,945,049 | 4,990,020 | 5,795,657 |
| 402 | Sewer | 6,241,349 | 7,170,675 | 7,240,296 | 6,400,584 |
| 403 | 2005Sewer Revenue Bond Redemption | 5,283,552 | 1,568,875 | 1,568,668 | 1,595,000 |
| 404 | 2005 Sewer Bond Reserve | 0 | 881 | 16,846 | 0 |
| 405 | WWTP Debt Service Fund | 5,616 | 1,001,816 | 31,772 | 1,000,000 |
| 406 | Utility Debt Service Fund | 0 | 0 | 0 | 0 |
| 407 | Storm & Flood Control | 1,624,634 | 1,802,659 | 1,985,462 | 4,043,053 |
| 408 | Utility Loan Service | 175,892 | 189,065 | 158,407 | 154,000 |
| 409 | CCWA Water Conversion Debt Service | 54,269 | 55,367 | 42,741 | 0 |
| 413 | Water Treatment Plan Upgrade | 3,695,000 | 0 | 0 | 1,121,000 |
| 414 | Shop Well 2 | 1,642,500 | 0 | 0 | 0 |
| 415 | Wastewater Treatment Plant Const. | 19,010,526 | 13,139,266 | 3,178,465 | 0 |
| 510 | Computer Repair & Maintenance | 300,951 | 273,225 | 233,163 | 270,248 |
| 550 | Equipment Repair & Maintenance | 938,070 | 1,301,844 | 880,329 | 1,119,645 |
| 650 | Court Agency | 153,591 | 132,521 | 80,652 | 107,700 |
| 651 | Court Activity | 13,614 | 8,954 | (634) | 5,000 |
| TOTAL | | \$74,863,694 | \$59,601,886 | \$51,029,670 | \$53,184,729 |

Expenditure Summary by Fund

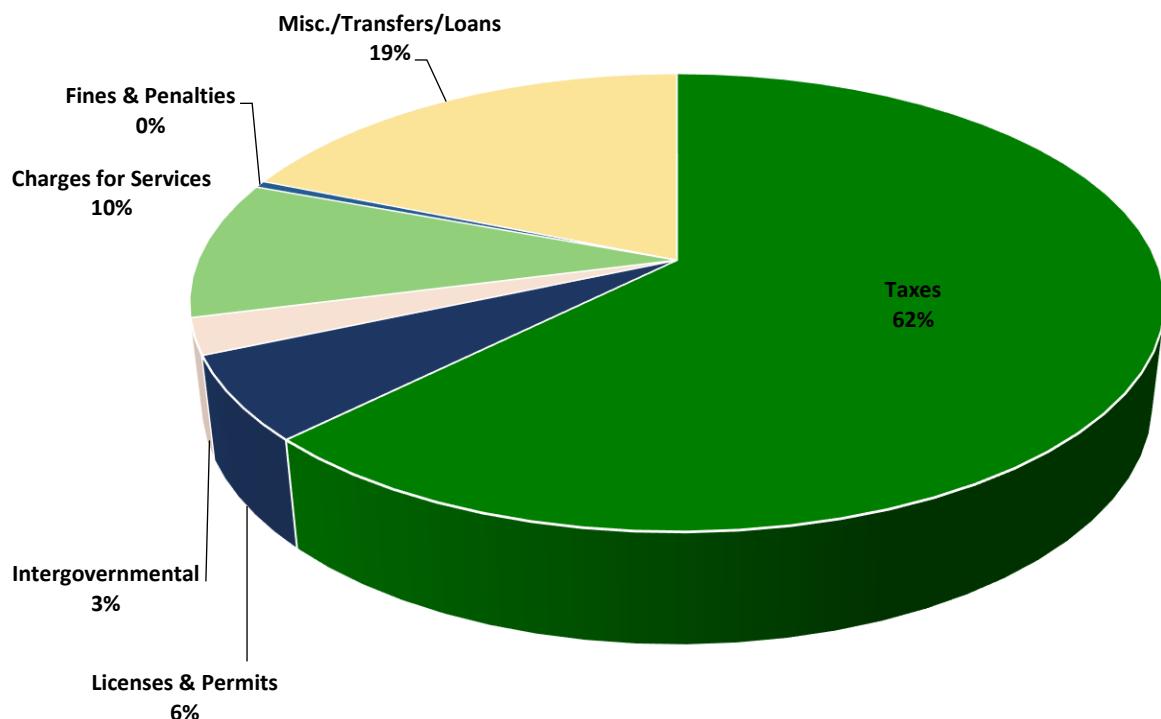
| Fund | Fund Name | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|--------------|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| 001 | Current Expense (General Fund) | \$9,607,528 | \$11,855,771 | \$11,306,868 | \$12,489,983 |
| 003 | Facilities Capital Reserve | 70,000 | 50,000 | 0 | 0 |
| 004 | LEOFF I Police Retiree | 32,310 | 33,665 | 39,749 | 33,866 |
| 005 | Solid Waste Utility Tax | 1,656,424 | 1,839,925 | 1,779,757 | 2,413,638 |
| 007 | Pioneer Pavilion Com. Center Oper. | 30,586 | 31,555 | 45,197 | 86,693 |
| 101 | Streets | 1,263,530 | 1,531,871 | 1,663,197 | 4,082,746 |
| 102 | Park Mitigation | 98,616 | 185,897 | 195,489 | 220,000 |
| 104 | Traffic Mitigation | 804,326 | 219,798 | 145,281 | 0 |
| 106 | Criminal Justice | 17,000 | 25,000 | 0 | 0 |
| 107 | Local Criminal Justice | 260,000 | 270,000 | 0 | 0 |
| 113 | Transportation Benefit District | 76,631 | 0 | 600,000 | 133,882 |
| 114 | Complete Streets | 200,000 | 9,545 | 0 | 0 |
| 115 | American Rescue Plan Act (ARPA) | 0 | 65,507 | 1,898,061 | 398,183 |
| 198 | Hotel/Motel | 41,733 | 53,388 | 56,772 | 65,737 |
| 214 | Streets/Parks/Land Debt Services | 122,097 | 120,897 | 119,697 | 118,497 |
| 215 | LaBounty LID 2006-1 Bond Redemption | 34,099 | 36,612 | 30,902 | 25,330 |
| 216 | LaBounty LID 2006-1 Bond Guarantee | 0 | 0 | 0 | 6,753 |
| 217 | LaBounty Go Bond Redemption | 26,720 | 77,066 | 0 | 0 |
| 218 | 2010 GO Bond Redemption | 3,785,988 | 319,760 | 315,205 | 316,490 |
| 219 | 2011 GO Bond Redemption | 159,100 | 158,800 | 163,600 | 163,650 |
| 220 | 2013 Library GO Bond Redemption | 186,072 | 186,072 | 186,072 | 187,101 |
| 301 | Real Estate Tax (REET 1) | 216,227 | 876,554 | 308,563 | 215,975 |
| 302 | Real Estate Tax (REET 2) | 100,000 | 62,876 | 2,632 | 0 |
| 310 | Metalworks Skate Park | 0 | 15,662 | 197,754 | 84,581 |
| 370 | Thornton Road Construction | 8,774,671 | 2,151,110 | 6,430,910 | 5,079,346 |
| 401 | Water | 3,484,935 | 3,489,755 | 4,153,957 | 7,187,228 |
| 402 | Sewer | 3,838,300 | 5,135,936 | 3,317,212 | 5,103,147 |
| 403 | 2005 Sewer Revenue Bond Redemption | 5,283,966 | 1,568,754 | 1,568,763 | 1,563,249 |
| 405 | Sewer Bond | 0 | 0 | 0 | 2,091,424 |
| 407 | Storm & Flood Control | 1,156,533 | 1,521,894 | 1,481,604 | 3,684,748 |
| 408 | Utility Loan Service | 175,892 | 189,065 | 158,404 | 150,407 |
| 409 | Water Debt Service | 39,086 | 32,419 | 81,315 | 52,426 |
| 413 | Water Treatment Plan Upgrade | 75,585 | 109,440 | 32,016 | 35,878 |
| 414 | Shop Well 2 | 1,230,982 | 3,524 | 335,528 | 0 |
| 415 | Wastewater Treatment Plant Const. | 20,027,823 | 10,936,046 | 2,890,411 | 0 |
| 510 | Computer Repair & Maintenance | 303,784 | 270,248 | 233,180 | 344,048 |
| 550 | Equipment Repair & Maintenance | 940,922 | 1,260,843 | 1,140,398 | 1,585,181 |
| 650 | Court Agency | 153,591 | 132,342 | 78,878 | 82,063 |
| 651 | Court Activity | 5,287 | 12,252 | 7,214 | 3,077 |
| TOTAL | | \$64,280,341 | \$44,839,849 | \$40,964,584 | \$48,005,328 |



General Fund

General Fund Revenue Summary

| | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|-----------------------|---------------------|---------------------|---------------------|---------------------|
| Taxes | \$6,744,951 | \$7,725,996 | \$8,632,344 | \$9,210,515 |
| Licenses & Permits | 973,349 | 1,474,243 | 975,936 | 875,227 |
| Intergovernmental | 816,551 | 582,690 | 468,512 | 373,174 |
| Charges for Services | 1,051,798 | 1,652,074 | 1,176,444 | 1,432,507 |
| Fines & Penalties | 134,316 | 119,956 | 75,121 | 72,039 |
| Misc./Transfers/Loans | 741,108 | 1,199,914 | 595,890 | 2,766,655 |
| Total | \$10,462,074 | \$12,754,873 | \$11,924,247 | \$14,730,118 |



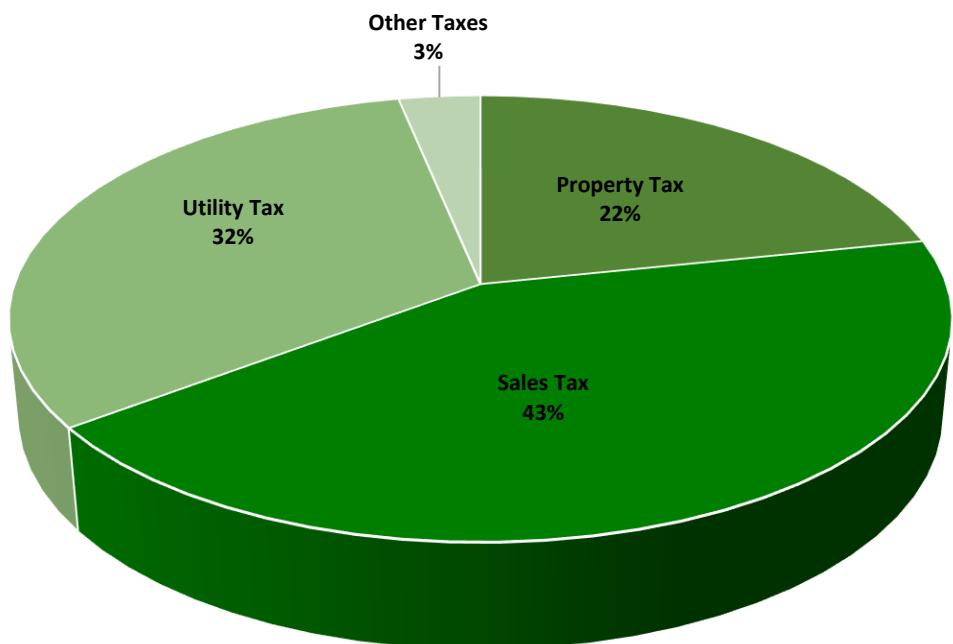
Graph Detail for 2023 Budget General Fund Revenue

General Fund Revenue Sources

This section describes each of the major general fund revenue sources in the 2023 budget.

Taxes

For the 2023 fiscal year, it is estimated that tax revenues will account for 63% 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 2023 Budget Taxes

| | | |
|-----------------------|-------------|-----|
| <u>Property Taxes</u> | \$2,001,738 | 22% |
|-----------------------|-------------|-----|

Property taxes represent 22% 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, fire, 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.

For 2023, the City's regular property tax levy was \$2,008,218 and excess property tax levy for debt repayment was \$64,926. The total 2023 property tax levy rate (including all district levies) for residents of Ferndale is approximately \$8.18 per \$1,000 assessed valuation. Of this, only about 8.9% (or \$0.89 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 2023 budget does not include a 1% increase in the regular property tax levy, as allowed per statute.

Where Did Your 2023 Property Tax Dollar Go?



Ferndale School District
10.41%

State of Washington
32.14%

Fire Dist. #7
16.63%

City of
Ferndale
12.77%

Whatcom
County
12.17%

Other
10.5%
Library
5.38%

School Funding 42.54%

Flood, Cemetery,
Conservation
Futures, Port & EMS

| | | |
|----------------------------|-------------|-----|
| <u>Sales & Use Tax</u> | \$3,964,273 | 43% |
|----------------------------|-------------|-----|

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. During the COVID-19 pandemic, the City saw an increase in sales tax revenues due to increased online purchasing by residents of Ferndale.

The City receives 0.85% of the overall 9% 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 9% 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

| | | |
|--------------------|-------------|-----|
| Utility Tax | \$2,945,427 | 32% |
|--------------------|-------------|-----|

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 8%.

| | | |
|--------------------|-----------|------|
| Other Taxes | \$299,076 | 3.2% |
|--------------------|-----------|------|

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 | \$875,227 | 5.9% |
|-------------------------------|-----------|------|

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 | \$373,174 | 2.5% |
|-----------------------------------|-----------|------|

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. 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 | \$1,432,507 | 9.7% |
|---------------------------------------|-------------|------|

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 | \$72,039 | 0.5% |
|----------------------------|----------|------|

The City collects fines for traffic infractions, criminal traffic misdemeanors, DUI 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 | \$2,523,663 | 17.1% |
|------------------------------|-------------|-------|

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 | \$242,993 | 1.6% |
|--------------------------------|-----------|------|

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.

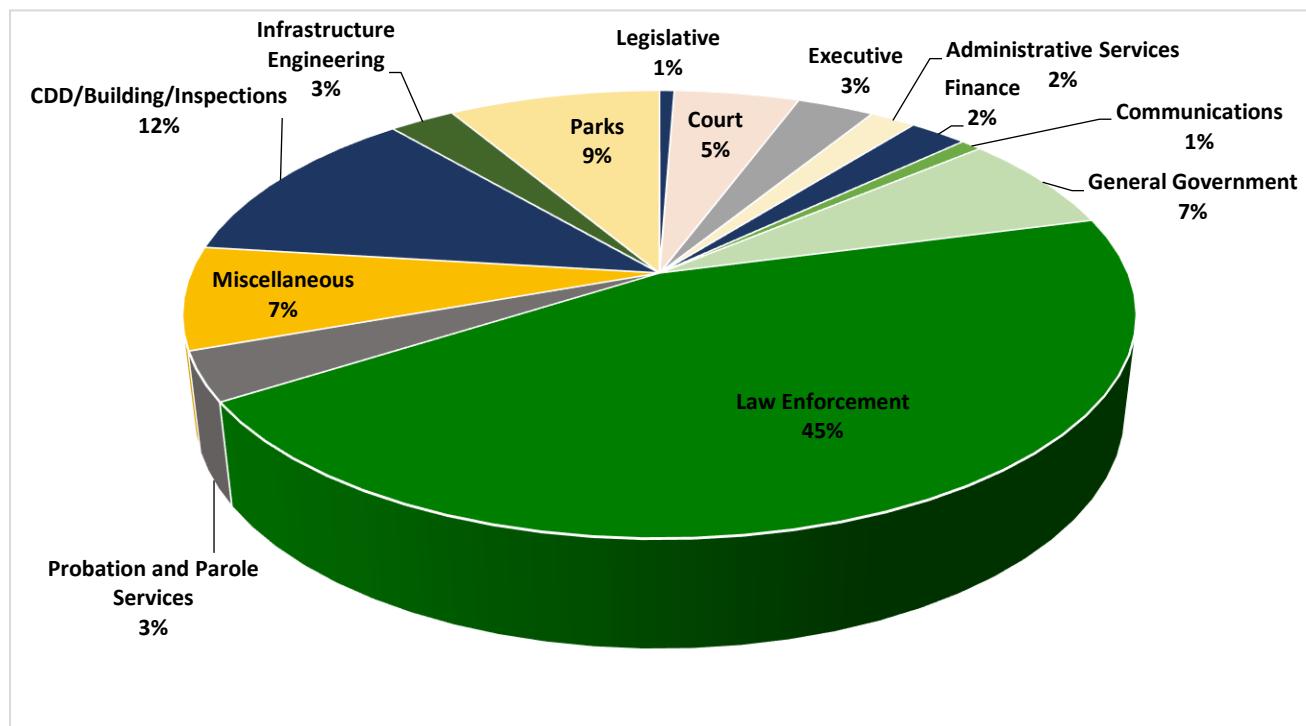
| | | |
|------------------------------------|--------------|--------|
| Total General Fund Revenues | \$14,730,118 | 100.0% |
|------------------------------------|--------------|--------|

Detailed General Fund Revenue

| | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|---|---------------------|---------------------|---------------------|---------------------|
| Property Tax | \$1,728,145 | \$1,846,248 | \$1,928,080 | \$2,001,738 |
| Sales Tax | 2,721,084 | 3,389,640 | 4,085,174 | 3,964,273 |
| Utility Tax | 2,097,498 | 2,251,332 | 2,339,210 | 2,945,427 |
| Other Taxes | 198,223 | 238,776 | 279,880 | 299,076 |
| Total Taxes | \$6,744,951 | 7,725,996 | 8,632,344 | 9,210,515 |
| Building Permits | \$327,350 | 1,002,165 | 464,102 | 328,647 |
| Business Licenses and Fees | 399,766 | 123,755 | 146,419 | 165,045 |
| Other Licenses Fees | 246,234 | 348,322 | 365,415 | 381,535 |
| Total Licenses and Permits | \$973,349 | 1,474,243 | 975,936 | 875,227 |
| Federal Grants | \$555,051 | 58,567 | 167,768 | 28,264 |
| Liquor Excise Tax/Profits | 204,920 | 218,101 | 230,840 | 234,077 |
| Other Fees | 56,581 | 306,022 | 69,905 | 110,833 |
| Total Intergovernmental | \$816,551 | 582,690 | 468,512 | 373,174 |
| Building Plan Fees | \$281,914 | 692,045 | 104,321 | 187,984 |
| Charges for Central Services | 432,448 | 523,533 | 611,678 | 661,167 |
| Developmental Review | 145,951 | 244,185 | 247,571 | 348,661 |
| Zoning and Subdivision | 57,632 | 41,766 | 20,315 | 41,766 |
| Other Fees and Charges | 133,853 | 150,545 | 192,559 | 192,929 |
| Total Charges for Goods and Services | 1,051,798 | 1,652,074 | 1,176,444 | 1,432,507 |
| Criminal Traffic | \$26,564 | 31,273 | 23,370 | 16,815 |
| Traffic Infractions | 68,697 | 46,844 | 27,310 | 28,671 |
| Other Fines and Fees | 39,055 | 41,839 | 24,441 | 26,553 |
| Total Fines and Penalties | 134,316 | 119,956 | 75,121 | 72,039 |
| Investment Interest | \$20,423 | 3,498 | 88,336 | 2,373,700 |
| Donations/Cost Share DV Consultant | 45,444 | 51,533 | 47,951 | 51,536 |
| Other Miscellaneous Revenue | 71,724 | 49,374 | 71,526 | 98,427 |
| Total Miscellaneous | 137,591 | 104,406 | 214,766 | 2,523,663 |
| Transfers In | \$562,000 | 1,109,814 | 306,565 | 385,498 |
| Other Sources | 41,517 | -14,305 | 74,558 | -142,506 |
| Total Other Financing Sources | 603,517 | 1,095,508 | 381,123 | 242,993 |
| TOTAL GENERAL FUND | \$10,462,074 | \$12,754,873 | \$11,924,246 | \$14,730,118 |

General Fund Expenditure Summary

| Departments | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|-------------------------------|--------------------|---------------------|---------------------|---------------------|
| Legislative | \$70,324 | \$66,816 | \$73,437 | \$74,783 |
| Court | 494,054 | 518,894 | 564,524 | 633,157 |
| Executive | 252,727 | 273,716 | 311,682 | 390,246 |
| Administrative Services | 217,089 | 229,482 | 205,348 | 232,749 |
| Finance | 419,427 | 437,610 | 415,784 | 293,325 |
| Communications | 117,550 | 127,307 | 136,796 | 107,942 |
| General Government | 945,073 | 642,163 | 733,001 | 877,249 |
| Law Enforcement | 4,140,056 | 4,511,470 | 4,922,797 | 5,630,314 |
| Probation and Parole Services | 377,166 | 337,003 | 401,109 | 442,338 |
| Miscellaneous | 754,806 | 2,428,322 | 1,216,834 | 926,583 |
| CDD/Building/Inspections | 1,102,911 | 1,054,980 | 1,319,764 | 1,476,127 |
| Infrastructure Engineering | 302,286 | 329,407 | 301,916 | 333,162 |
| Parks | 414,059 | 898,601 | 703,875 | 1,072,008 |
| Total | \$9,607,528 | \$11,855,771 | \$11,306,868 | \$12,489,983 |



Graph Detail for 2023 Budget 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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|----------------------------|-----------------|-----------------|-----------------|-----------------|
| Salaries and Benefits | \$60,487 | \$58,391 | \$62,458 | \$64,491 |
| Publications Services | 1,214 | 1,363 | 1,053 | 576 |
| Other Charges and Services | 8,622 | 7,063 | 9,372 | 9,716 |
| Total Expenditures | \$70,324 | \$66,816 | \$72,883 | \$74,783 |

Municipal Court

The Municipal Court serves the public in a fair, accessible, accountable, efficient, and independent manner. The Ferndale Municipal Court 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 judicial administration for the court. Related services include providing legal representation for indigent people, probation supervision, and interpreter services. The Court is committed to excellence in providing timely, courteous, professional, and fair service to all people 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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|-------------------------------------|------------------|------------------|------------------|------------------|
| Salaries and Benefits | \$181,629 | \$189,981 | \$218,284 | \$245,562 |
| Computer Repair/Vehicle Rental Fund | 10,361 | 11,698 | 13,271 | 17,228 |
| Court Appointed Attorney | 145,250 | 147,204 | 161,228 | 151,264 |
| Prosecutor/Professional Services | 142,844 | 153,334 | 159,777 | 204,791 |
| Supplies/Small Equipment | 4,974 | 6,377 | 5,177 | 10,105 |
| Other Charges and Services | 8,996 | 10,300 | 6,787 | 4,208 |
| Total Expenditures | \$494,054 | \$518,894 | \$564,524 | \$633,157 |

Executive

The Mayor, working in concert with the City Administrator, and acting as the Executive 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 | 2020 | 2021 | 2022 | 2023 |
|-----------------------------------|------------------|------------------|------------------|------------------|
| | Actual | Actual | Actual | Actual |
| Salaries and Benefits | \$219,784 | \$235,722 | \$249,579 | \$269,336 |
| Computer Repair/Equip Rental Fund | 6,386 | 3,164 | 3,092 | 4,658 |
| Professional Services | 23,300 | 30,815 | 52,913 | 101,958 |
| Other Charges and Services | 3,257 | \$4,015 | 6,097 | 14,294 |
| Total Expenditures | \$252,727 | \$273,716 | \$311,682 | \$390,246 |

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 Administrative Services Director 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 | 2020 | 2021 | 2022 | 2023 |
|-----------------------------------|------------------|------------------|------------------|------------------|
| | Actual | Actual | Actual | Actual |
| Salaries and Benefits | \$205,259 | \$214,251 | \$197,183 | \$218,714 |
| Computer Repair/Equip Rental Fund | 10,252 | 12,659 | 1,953 | 4,727 |
| Other Charges and Services | 1,577 | \$2,572 | 6,211 | 9,308 |
| Total Expenditures | \$217,089 | \$229,482 | \$205,348 | \$232,749 |

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, maintaining and

updating financial policies and internal controls, investing, maintaining compliance with state and federal regulations, and assisting with annual audits

| Description | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|----------------------------|------------------|------------------|------------------|------------------|
| Salaries and Benefits | \$395,573 | \$421,053 | \$349,493 | \$259,293 |
| Computer Repair Fund | 11,296 | 6,583 | 6,384 | 8,847 |
| Supplies/Small Equipment | 4,467 | 4,637 | 4,207 | 5,527 |
| Other Charges and Services | 8,091 | \$5,338 | 55,700 | 19,657 |
| Total Expenditures | \$419,427 | \$437,610 | \$415,784 | \$293,325 |

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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|----------------------------|------------------|------------------|------------------|------------------|
| Salaries and Benefits | \$104,949 | \$115,023 | \$126,011 | \$100,957 |
| Computer Repair Fund | 5,714 | 5,198 | 3,404 | 2,561 |
| Printing Services | 6,942 | 4,918 | 5,041 | 0 |
| Other Charges and Services | \$1,341 | \$2,167 | 2,894 | 4,424 |
| Total Expenditures | \$118,946 | \$127,307 | \$137,351 | \$107,942 |

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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|------------------------------|------------------|------------------|------------------|------------------|
| Miscellaneous Legal Services | \$105,704 | \$104,128 | \$111,795 | \$121,288 |
| Legal Services - External | 11,392 | 6,445 | 12,386 | 13,748 |
| Total Expenditures | \$117,096 | \$110,573 | \$124,181 | \$135,036 |

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 costs, 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 | 2020 | 2021 | 2022 | 2023 |
|--|------------------|------------------|------------------|------------------|
| | Actual | Actual | Actual | Actual |
| Professional Services - General | \$15,784 | \$21,822 | \$22,933 | \$5,946 |
| Prof Services - Domestic Violence Services | 71,287 | 73,565 | 75,842 | 99,718 |
| Insurance | 294,429 | 291,553 | 319,263 | 467,655 |
| Wetlands Mitigation/Monitoring | 28,128 | 19,976 | 0 | 23,600 |
| Unemployment Payments - Claimant | 11,510 | 5,213 | 0 | 25,974 |
| Election Services | 16,913 | 33,264 | 20,107 | 8,739 |
| Other Grants | 276,412 | 0 | 0 | 18,720 |
| Utilities | 16,964 | 19,080 | 20,802 | 23,511 |
| Animal Control Contract | 32,470 | 32,570 | 8,105 | 24,315 |
| Senior Center Contribution | 8,000 | 8,000 | 10,000 | 0 |
| Food Bank Contribution | 10,000 | 5,000 | 10,000 | 0 |
| Audit | 38,782 | 4,863 | 20,410 | 34,715 |
| Council of Governments | 8,752 | 8,752 | 9,606 | 10,780 |
| AWC | 10,415 | 10,749 | 11,470 | 12,546 |
| Teen Court | 4,000 | 4,000 | 4,000 | 0 |
| Flower Baskets | 3,000 | 3,000 | 3,000 | 3,000 |
| Rental/Leases | 11,160 | 11,697 | 11,748 | 10,984 |
| Ferndale Community Resource Center | 20,000 | 1,080 | 3,140 | 0 |
| Ferndale Arts Commission (FAC) | 19,951 | 15,022 | 32,546 | 31,558 |
| Other Charges and Services | 47,114 | \$72,955 | 150,027 | 75,489 |
| Total Expenditures | \$945,073 | \$642,163 | \$733,001 | \$877,249 |

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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|---|------------------------|------------------------|------------------------|------------------------|
| Law Enforcement Admin | | | | |
| Salaries and Benefits | \$183,910 | \$194,153 | \$205,541 | \$215,781 |
| Other Charges and Services | 0 | 500 | 1,731 | 1,303 |
| Total Enforcement Admin | \$183,910 | \$194,653 | \$207,272 | \$217,084 |
| Law Enforcement Facilities | | | | |
| Salaries and Benefits | \$8,947 | \$3,795 | \$4,308 | \$8,209 |
| Utilities | 44,270 | 48,587 | 48,702 | 54,259 |
| R&M Cleaning | 15,605 | 14,708 | 15,478 | 35,589 |
| General Building/Landscape Maintenance | 26,657 | 41,531 | 42,941 | 49,606 |
| Total Enforcement Facilities | \$95,479 | \$108,621 | \$111,429 | \$147,663 |
| Law Enforcement Traffic Policing | | | | |
| Patrol Salaries and Benefits | \$2,756,492 | \$2,975,702 | \$3,154,041 | \$3,335,330 |
| Office Salaries and Benefits | 348,141 | 354,204 | 430,368 | 488,608 |
| O&M Supplies | 26,698 | 15,089 | 52,601 | 104,866 |
| Equipment/Uniforms | 27,699 | 48,075 | 33,578 | 110,686 |
| Computer Repair/Vehicle Rental Fund | 385,404 | 477,755 | 544,787 | 625,546 |
| Professional Services | 27,738 | 22,121 | 45,130 | 90,985 |
| Phone/Cell Phone | 38,084 | 36,912 | 37,064 | 43,749 |
| Contracted R&M | 8,459 | 15,813 | 8,353 | 14,417 |
| Training/Travel | 21,864 | 29,764 | 49,030 | 78,121 |
| Whatcomm | 171,927 | 166,824 | 204,921 | 301,085 |
| Other Charges and Services | 48,161 | 65,936 | 44,223 | 72,174 |
| Total Law Enforcement Traffic Policing | \$3,860,667 | \$4,208,195 | \$4,604,097 | \$5,265,567 |
| Total Expenditures | \$4,140,056 | \$4,511,470 | \$4,922,797 | \$5,630,314 |

Probation

This division accounts for the operations of the City's Probation services and 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 | 2020 | 2021 | 2022 | 2023 |
|----------------------------|------------------|------------------|------------------|------------------|
| | Actual | Actual | Actual | Actual |
| Salaries and Benefits | \$111,838 | \$116,571 | \$124,458 | \$129,463 |
| Computer Repair | 1,266 | 1,068 | 976 | 1,415 |
| Professional Services | 150 | 145 | 97 | 126 |
| Jail Contract | 263,781 | 218,620 | 275,441 | 310,841 |
| Other Charges and Services | 132 | 599 | 136 | 493 |
| Total Expenditures | \$377,166 | \$337,003 | \$401,109 | \$442,338 |

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 | 2020 | 2021 | 2022 | 2023 |
|-------------------------------------|------------------|------------------|------------------|------------------|
| | Actual | Actual | Actual | Actual |
| Salaries and Benefits | \$414,460 | \$434,093 | \$449,082 | \$424,284 |
| Computer Repair/Vehicle Rental Fund | 14,336 | 29,955 | 31,607 | 31,929 |
| Other Charges and Services | 8,110 | 9,330 | 11,334 | 11,529 |
| Total Expenditures | \$436,906 | \$473,377 | \$492,023 | \$467,742 |

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 monthly.

| Description | 2020 | 2021 | 2022 | 2023 |
|----------------------------|------------------|------------------|------------------|------------------|
| | Actual | Actual | Actual | Actual |
| Emergency Service Contract | \$42,595 | \$42,308 | \$43,725 | \$110,353 |
| EMS Sales Tax | 143,433 | 156,686 | 169,776 | 130,452 |
| Total Expenditures | \$186,028 | \$198,994 | \$213,501 | \$240,805 |

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 | 2020 | 2021 | 2022 | 2023 |
|---|-----------------|------------------|------------------|------------------|
| | Actual | Actual | Actual | Actual |
| Salaries and Benefits | \$19,636 | \$53,152 | \$23,791 | \$24,658 |
| Equipment Rental Fund | 11,370 | 2,320 | 2,450 | 3,803 |
| General Building Maint & Landscaping-CH | 10,088 | 21,713 | 37,976 | 37,609 |
| General Building Maint & Landscaping-Lib. | 15,004 | 23,828 | 19,941 | 116,682 |
| R&M Cleaning | 11,131 | 11,087 | 13,181 | 13,770 |
| Other Charges and Services | 8,923 | 9,993 | 10,994 | 12,702 |
| Total Expenditures | \$76,152 | \$122,094 | \$108,333 | \$209,223 |

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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|---------------------------------------|------------------|------------------|------------------|------------------|
| Salaries and Benefits | \$200,808 | \$218,346 | \$211,782 | \$219,149 |
| Computer Repair/Equipment Rental Fund | 5,601 | 11,293 | 14,391 | 22,536 |
| Professional Services | 95,181 | 99,654 | 74,002 | 90,646 |
| Other Charges and Services | 696 | 113 | 1,742 | 832 |
| Total Expenditures | \$302,286 | \$329,407 | \$301,916 | \$333,162 |

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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|---------------------------|----------------|----------------|----------------|----------------|
| N.W. Clean Air Agency | \$4,774 | \$5,005 | \$5,110 | \$7,785 |
| Total Expenditures | \$4,774 | \$5,005 | \$5,110 | \$7,785 |

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. In 2023, the City initiated the design phase of the Civic Campus project in collaboration with the selected architectural firm.

| Description | 2020 | 2021 | 2022 | 2023 |
|----------------------------|-----------------|------------------|----------------|------------------|
| | Actual | Actual | Actual | Actual |
| Interim Court Improvements | \$84,838 | \$701,571 | \$2,980 | \$0 |
| Civic Campus | 0 | 0 | 0 | 107,474 |
| Total Expenditures | \$84,838 | \$701,571 | \$2,980 | \$107,474 |

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 15 parks and approximately 124 acres of parks and open space, including Pioneer Park, Phillips 66 Sports Complex, Star Park, Metalworks Skate Park, Griffintown Park, Centennial Riverwalk Park, and more.

| Description | 2020 | 2021 | 2022 | 2023 |
|-------------------------------------|------------------|------------------|------------------|--------------------|
| | Actual | Actual | Actual | Actual |
| Salaries and Benefits | \$305,820 | \$420,987 | \$466,795 | \$470,694 |
| Operating Supplies | 12,490 | 50,178 | 50,929 | 63,266 |
| Computer Repair/Vehicle Rental Fund | 17,840 | 19,174 | 33,824 | 23,065 |
| Professional Services | 10,923 | 12,117 | 2,691 | 4,432 |
| Utilities | 14,652 | 33,918 | 44,555 | 37,751 |
| Irrigation Water | 22,556 | 32,997 | 43,119 | 29,122 |
| Other Charges and Services | 21,726 | \$37,410 | 30,989 | 31,845 |
| Capital Outlays | 8,051 | 291,820 | 30,973 | 411,834 |
| Total Expenditures | \$414,059 | \$898,601 | \$703,875 | \$1,072,008 |

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% of 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 | 2020 | 2021 | 2022 | 2023 |
|-------------|--------|--------|--------|--------|
| | Actual | Actual | Actual | Actual |

| | | | | |
|---------------------------|----------------|----------------|------------|----------------|
| Alcohol Admin. Board | \$1,722 | \$2,304 | \$0 | \$3,636 |
| Total Expenditures | \$1,722 | \$2,304 | \$0 | \$3,636 |

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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|--|------------------|------------------|------------------|------------------|
| Salaries and Benefits | \$467,881 | \$545,136 | \$549,771 | \$610,035 |
| Computer Repair/Vehicle Rental Fund | 43,344 | 26,313 | 34,662 | 36,380 |
| Professional Services | 39,230 | 28,700 | 112,336 | 128,234 |
| Copy Machine/Print/Scan Leases & Maintenance | 10,871 | 9,922 | 9,721 | 9,796 |
| Transportation Consultant | 17,110 | 7,199 | 0 | 0 |
| Other Charges and Services | 11,417 | \$39,224 | 12,920 | 14,716 |
| Total Expenditures | \$589,853 | \$581,603 | \$719,409 | \$799,161 |

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. 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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|--|------------------|--------------------|------------------|------------------|
| TR TO Fund 218 Debt Service | \$28,344 | \$23,812 | \$25,217 | \$25,000 |
| TR TO Gen Fund Contingency Reserve 002 | 50,000 | 50,000 | 700,000 | 110,000 |
| TR TO Capital Facilities Reserve 003 | 15,000 | 515,000 | 100,000 | 100,000 |
| TR TO Fund 004 LEOFF I Retiree | 100,000 | 570,000 | 40,000 | 40,000 |
| TR to F550 | 150,990 | 74,254 | 0 | 134,868 |
| Total Expenditures | \$344,334 | \$1,233,065 | \$865,217 | \$409,868 |

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). All expenditures from this fund are required to have prior approval from City Council.

| Description | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|--------------------------------|-----------------|-----------------|------------------|------------------|
| <u>Revenues:</u> | | | | |
| Transfers In and Other Revenue | \$50,674 | \$50,200 | \$703,475 | \$111,529 |
| Total Revenues | \$50,674 | \$50,200 | \$703,475 | \$111,529 |

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. However, 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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|--------------------------------|-----------------|--------------------|------------------|------------------|
| <u>Revenues:</u> | | | | |
| Transfers In and Other Revenue | \$15,574 | \$1,015,457 | \$617,110 | \$607,527 |
| Total Revenues | \$15,574 | \$1,015,457 | \$617,110 | \$607,527 |

Expenditures:

| | | | | |
|------------------------------|-----------------|-----------------|------------|------------|
| Transfer to Cur Exp Fund 001 | \$70,000 | \$50,000 | \$0 | \$0 |
| Total Expenditures | \$70,000 | \$50,000 | \$0 | \$0 |

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. With the full liability funded, only annual transfers to account for inflation will need to be made.

| Description | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|-------------|----------------|----------------|----------------|----------------|
|-------------|----------------|----------------|----------------|----------------|

Revenues:

| | | | | |
|--------------------------------|------------------|------------------|------------------|------------------|
| Transfers In and Other Revenue | \$203,714 | \$671,072 | \$164,192 | \$150,739 |
| Total Revenues | \$203,714 | \$671,072 | \$164,192 | \$150,739 |

Expenditures:

| | | | | |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Medical/Dental Insurance Benefits | \$32,310 | \$33,665 | \$39,749 | \$33,866 |
| Total Expenditures | \$32,310 | \$33,665 | \$39,749 | \$33,866 |

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 | 2020 | 2021 | 2022 | 2023 |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| | Actual | Actual | Actual | Actual |
| <u>Revenues:</u> | | | | |
| Solid Waste Tax and Other Revenue | \$2,651,215 | \$2,688,087 | \$3,594,012 | \$3,463,552 |
| Total Revenues | \$2,651,215 | \$2,688,087 | \$3,594,012 | \$3,463,552 |

Expenditures:

| | | | | |
|---------------------------|--------------------|--------------------|--------------------|--------------------|
| Transfers Out | \$1,195,230 | \$1,370,000 | \$1,364,008 | \$2,018,255 |
| Transfer to Debt Service | 461,193 | 469,925 | 415,749 | 406,200 |
| Total Expenditures | \$1,656,424 | \$1,839,925 | \$1,779,757 | \$2,424,455 |

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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|-------------------------|-----------------|-----------------|-----------------|-----------------|
| <u>Revenues:</u> | | | | |
| Transfer In | \$20,000 | \$0 | \$0 | \$0 |
| Other Revenues | 6,563 | 30,263 | 50,315 | 70,894 |
| Total Revenues | \$26,563 | \$30,263 | \$50,315 | \$70,894 |

| Description | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| <u>Expenditures:</u> | | | | |
| Building Maintenance | \$10,066 | \$9,272 | \$16,362 | \$39,661 |
| Other Charges and Services | 20,520 | 22,282 | 28,834 | 47,032 |
| Total Expenditures | \$30,586 | \$31,555 | \$45,197 | \$86,693 |



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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|---|--------------------|--------------------|--------------------|--------------------|
| <u>Revenues:</u> | | | | |
| Grants | \$113,592 | \$1,263 | \$0 | \$2,326,380 |
| Entitlements, Impact Payments and Taxes | 282,907 | 299,340 | 312,791 | 316,440 |
| Encroachment | 21,800 | 24,600 | 20,800 | 30,800 |
| Transfer In | 994,861 | 1,037,734 | 1,199,706 | 1,402,137 |
| Other Revenues | 75,272 | 10,572 | 0 | 4,277 |
| Total Revenues | \$1,488,432 | \$1,373,509 | \$1,533,297 | \$4,080,034 |
| <u>Expenditures:</u> | | | | |
| Transfer/Capital Projects | \$325,827 | \$400,492 | \$314,472 | \$2,674,377 |
| <u>Sidewalks</u> | | | | |
| Salaries and Benefits | \$14,099 | \$40,888 | \$25,163 | \$21,403 |
| Other Charges and Services | 0 | 4,199 | 1,447 | 11,150 |
| Total Sidewalks | \$14,099 | \$45,087 | \$26,610 | \$32,554 |
| <u>Administration</u> | | | | |
| Salaries and Benefits | \$126,225 | \$164,038 | \$134,402 | \$128,938 |
| Central Services | 115,037 | 135,221 | 149,884 | 169,118 |
| Computer Repair/Equip Rental Fund | 65,944 | 93,434 | 95,096 | 89,371 |
| Professional Services | 4,760 | 17,772 | 115,290 | 89,669 |
| Other Charges and Services | 10,650 | 10,127 | 12,782 | 14,445 |
| Total Administration | \$322,616 | \$420,593 | \$507,454 | \$491,542 |
| <u>Roadway</u> | | | | |
| Salaries and Benefits | \$238,205 | \$262,186 | \$279,441 | \$368,477 |
| O & M Supplies | 11,369 | 19,737 | 49,984 | 57,006 |
| Contract R & M | 31,713 | 401 | 46,867 | 21,014 |
| Other Charges and Services | 17,949 | 28,672 | 18,524 | 30,755 |

| | | | | |
|------------------------------|--------------------|--------------------|--------------------|--------------------|
| Total Roadway | \$299,236 | \$310,995 | \$394,815 | \$477,253 |
| Street Lighting | \$135,784 | \$176,304 | \$152,404 | \$189,913 |
| Traffic Control | | | | |
| Salaries and Benefits | \$53,437 | \$68,306 | \$79,977 | \$72,639 |
| Other Charges and Services | 33,398 | 21,326 | 50,008 | 35,051 |
| Total Traffic Control | \$86,835 | \$89,633 | \$129,985 | \$107,690 |
| Snow & Ice | | | | |
| Salaries and Benefits | \$28,425 | \$23,166 | \$70,293 | \$50,731 |
| Other Charges and Services | 9,287 | 8,731 | 18,746 | 8,887 |
| Total Snow & Ice | \$37,712 | \$31,896 | \$89,039 | \$59,617 |
| Street Cleaning | | | | |
| Salaries and Benefits | \$41,419 | \$56,872 | \$47,950 | \$49,799 |
| Other Charges and Services | 0 | 0 | 468 | 0 |
| Total Street Cleaning | \$41,419 | \$56,872 | \$48,418 | \$49,799 |
| Total Expenditures | \$1,263,530 | \$1,531,872 | \$1,663,197 | \$4,082,746 |

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 | 2020 | 2021 | 2022 | 2023 |
|-------------------------|------------------|------------------|------------------|------------------|
| | Actual | Actual | Actual | Actual |
| <u>Revenues:</u> | | | | |
| Impact Fees | \$278,339 | \$162,581 | \$102,449 | \$209,305 |
| Other Revenue | 1,500 | 338 | 5,672 | 30,637 |
| Total Revenues | \$279,839 | \$162,919 | \$108,121 | \$239,942 |

Expenditures:

| | | | | |
|---------------------------|-----------------|------------------|------------------|------------------|
| Transfers Out | \$98,616 | \$185,891 | \$195,489 | \$220,000 |
| Total Expenditures | \$98,616 | \$185,891 | \$195,489 | \$220,000 |

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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|-------------------------|------------------|------------------|------------------|------------------|
| <u>Revenues:</u> | | | | |
| Traffic Mitigation Fees | \$636,366 | \$521,185 | \$370,436 | \$556,164 |
| Other Revenue | 1,986 | 876 | 14,270 | 69,760 |
| Total Revenues | \$638,352 | \$522,061 | \$384,706 | \$625,924 |

Expenditures:

| | | | | |
|---------------------------|------------------|------------------|------------------|------------|
| Transfer to Street 101 | \$0 | \$212,959 | \$127,066 | \$0 |
| Transfer to Thornton | 795,000 | 0 | 0 | 0 |
| Fee Refunds | 4,326 | 6,839 | 18,216 | 0 |
| Total Expenditures | \$799,326 | \$219,798 | \$145,281 | \$0 |

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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|---|-----------------|-----------------|-----------------|----------------|
| <u>Revenues:</u> | | | | |
| State Entitlements, Impact Payments/Taxes | \$20,513 | \$22,012 | \$24,325 | \$0 |
| Total Revenues | \$20,513 | \$22,012 | \$24,325 | \$0 |
| <u>Expenditures:</u> | | | | |
| TR To Cur Exp 001 | \$17,000 | \$25,000 | \$25,000 | \$4,584 |
| Total Expenditures | \$17,000 | \$25,000 | \$25,000 | \$4,584 |

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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|--------------------------------|------------------|------------------|------------------|------------------|
| <u>Revenues:</u> | | | | |
| Local CJ | \$278,717 | \$355,829 | \$400,057 | \$0 |
| Total Revenues | \$278,717 | \$355,829 | \$400,057 | \$0 |
| <u>Expenditures:</u> | | | | |
| Transfer to Cur Exp 001 PD Ops | \$260,000 | \$270,000 | \$270,000 | \$312,678 |
| Total Expenditures | \$260,000 | \$270,000 | \$270,000 | \$312,678 |

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 its rights, powers, functions, and obligations. With the City's assumption of power, 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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|---------------------------------|------------------|------------------|------------------|------------------|
| <u>Revenues:</u> | | | | |
| .2% Sales Tax/Local Interest | \$640,826 | \$798,497 | \$993,620 | \$947,208 |
| Total Revenues | \$640,826 | \$798,497 | \$993,620 | \$947,208 |
| <u>Expenditures:</u> | | | | |
| Transfer to COF - Road Projects | \$81,631 | \$0 | \$600,000 | \$133,882 |
| Total Expenditures | \$81,631 | \$0 | \$600,000 | \$133,882 |

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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|-----------------------------|----------------|----------------|----------------|----------------|
| <u>Revenues:</u> | | | | |
| TIB Grant | 0 | 0 | 0 | 0 |
| Total Revenues | 0 | 0 | 0 | 0 |
| <u>Expenditures:</u> | | | | |
| COF Labor | 14,991 | 4,306 | 0 | 0 |
| Other Charges and Services | 185,009 | 5,239 | 0 | 0 |
| Total Expenditures | 200,000 | 9,545 | 0 | 0 |

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 different ideas and options to ensure that funds are used for meaningful projects that create the largest positive impact on the community. The City has focused 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. A significant portion of the remaining funds will be used to update technology for the City staff, and transfers for organizational grants and to complete capital projects.

| Description | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|-------------------------------------|----------------|--------------------|--------------------|------------------|
| <u>Revenues:</u> | | | | |
| ARPA FUNDS | \$0 | \$2,081,265 | \$2,176,265 | \$58,527 |
| Total Revenues | \$0 | \$2,081,265 | \$2,176,265 | \$58,527 |
| <u>Expenditures:</u> | | | | |
| Ferndale Senior Activity Center | \$0 | \$0 | \$0 | \$25,000 |
| Ferndale Chamber of Commerce | 0 | 0 | 200,000 | 0 |
| Miracle Food Network | 0 | 0 | 111,336 | 0 |
| Ferndale Youth Sports | 0 | 0 | 0 | 50,000 |
| Community Service Cooperative Grant | 0 | 0 | 440,000 | 85,000 |
| Main Street Program | 0 | 0 | 850,000 | 75,000 |
| Ferndale Food Bank | 0 | 0 | 0 | 132,000 |
| Pioneer Cabin Preservation | 0 | 0 | 0 | 24,247 |
| Unallocated APRA Funds | 0 | 0 | 0 | 140 |
| Village Stage | 0 | 0 | 234,500 | 0 |
| Transfers Out | 0 | 0 | 0 | 0 |
| Other Charges and Services | 0 | 65,507 | 62,225 | 6,797 |
| Total Expenditures | \$0 | \$65,507 | \$1,898,061 | \$398,183 |

Hotel/Motel Tax – Fund 198

A 4% consumer tax on all charges for lodging accommodation 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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| <u>Revenues:</u> | | | | |
| Hotel/Motel Taxes | \$54,052 | \$54,993 | \$76,978 | \$79,729 |
| Total Revenues | \$54,052 | \$54,993 | \$76,978 | \$79,729 |
| <u>Expenditures:</u> | | | | |
| Ferndale Chamber | \$39,000 | \$39,000 | \$34,500 | \$42,090 |
| Ferndale Chamber - Farmers Market | 500 | 2,000 | 1,690 | 0 |
| Heritage Society | 1,233 | 926 | 0 | 2,991 |
| Other Charges and Services | 1,000 | 3,463 | 9,017 | 2,421 |
| Transfer to Cur Exp Fund 001 | 0 | 8,000 | 11,565 | 18,236 |
| Total Expenditures | \$41,733 | \$53,388 | \$56,772 | \$65,737 |



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 capital improvement projects and purchases as needed. 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, 2023, the total outstanding General Obligation Debt is \$4,487,326.



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 |
| Beginning Principal Balance | \$526,031 | \$463,649 | \$400,332 | \$336,065 |
| Principal | 62,382 | 63,317 | 64,267 | 65,231 |
| Interest | 7,890 | 6,955 | 6,005 | 5,041 |
| Total Payment | \$70,272 | \$70,272 | \$70,272 | \$70,272 |
| Remaining Principal Balance | \$463,649 | \$400,332 | \$336,065 | \$270,834 |

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 |
| Beginning Principal Balance | \$395,000 | \$355,000 | \$315,000 | \$275,000 |
| Principal | 40,000 | 40,000 | 40,000 | 40,000 |
| Interest | 11,825 | 10,625 | 9,425 | 8,225 |
| Total Payment | \$51,825 | \$50,625 | \$49,425 | \$48,225 |
| Remaining Principal Balance | \$355,000 | \$315,000 | \$275,000 | \$235,000 |

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 |
|-----------------------------|-----------------|-----------------|------------|------------|
| Beginning Principal Balance | \$97,091 | \$74,170 | \$0 | \$0 |
| Principal | 22,921 | 74,170 | 0 | 0 |
| Interest | 3,799 | 2,897 | 0 | 0 |
| Total Payment | \$26,720 | \$77,066 | \$0 | \$0 |
| Remaining Principal Balance | \$74,170 | \$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 vactor 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 |
|-----------------------------|------------------|------------------|------------------|------------------|
| Beginning Principal Balance | \$2,649,000 | \$2,373,000 | \$2,649,000 | \$2,373,000 |
| Principal | 276,000 | 281,000 | 276,000 | 281,000 |
| Interest | 39,205 | 35,120 | 39,205 | 35,120 |
| Total Payment | \$315,205 | \$316,120 | \$315,205 | \$316,120 |
| Remaining Principal Balance | \$2,373,000 | \$2,092,000 | \$2,373,000 | \$2,092,000 |

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 |
|-----------------------------|-----------|-----------|-----------|-----------|
| Beginning Principal Balance | \$845,000 | \$720,000 | \$590,000 | \$450,000 |
| Principal | 125,000 | 130,000 | 140,000 | 145,000 |
| Interest | 33,800 | 28,800 | 23,600 | 18,000 |

| | | | | |
|-----------------------------|------------------|------------------|------------------|------------------|
| Total Payment | \$158,800 | \$158,800 | \$163,600 | \$163,000 |
| Remaining Principal Balance | \$720,000 | \$590,000 | \$450,000 | \$305,000 |

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%, and was paid off in 2023.

2013 A Library LTGO Bonds

| Description | 2020 | 2021 | 2022 | 2023 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| Beginning Principal Balance | \$228,521 | \$176,486 | \$119,799 | \$61,743 |
| Principal | 52,035 | 54,963 | 58,056 | 61,743 |
| Interest | 11,875 | 8,947 | 5,854 | 3,183 |
| Total Payment | \$63,910 | \$63,910 | \$63,910 | \$64,927 |

Remaining Principal Balance \$176,486 \$121,523 \$61,743 \$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 was 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 |
|-----------------------------|------------------|------------------|------------------|------------------|
| Beginning Principal Balance | \$435,432 | \$335,883 | \$227,282 | \$116,214 |
| Principal | 99,549 | 105,151 | 111,068 | 116,214 |
| Interest | 22,613 | 17,011 | 11,094 | 5,958 |
| Total Payment | \$122,162 | \$122,162 | \$122,162 | \$122,172 |

Remaining Principal Balance \$335,883 \$230,732 \$116,214 \$60

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 |
|-----------------------------|----------------|-----------------|------------|------------|
| Beginning Principal Balance | \$31,579 | \$23,684 | \$0 | \$0 |
| Principal | 7,895 | 0 | 0 | 0 |
| Interest | 1,263 | 0 | 0 | 0 |
| Total Payment | \$9,158 | \$23,684 | \$0 | \$0 |
| Remaining Principal Balance | \$23,684 | \$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 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| Beginning Principal Balance | \$399,414 | \$368,690 | \$337,966 | \$307,241 |
| Principal | 30,724 | 30,724 | 30,724 | 30,724 |
| Interest | 999 | 922 | 845 | 768 |
| Total Payment | \$31,723 | \$31,646 | \$31,569 | \$31,492 |
| Remaining Principal Balance | \$368,690 | \$337,966 | \$307,241 | \$276,517 |

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 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| Beginning Principal Balance | \$565,000 | \$515,000 | \$465,000 | \$405,000 |
| Principal | 50,000 | 50,000 | 60,000 | 55,000 |
| Interest | 27,000 | 24,500 | 21,750 | 18,875 |
| Total Payment | \$77,000 | \$74,500 | \$81,750 | \$73,875 |
| Remaining Principal Balance | \$515,000 | \$465,000 | \$405,000 | \$350,000 |

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 |
|-----------------------------|-----------------|-----------------|-------------|-------------|
| Beginning Principal Balance | \$24,434 | \$12,515 | \$0 | \$0 |
| Principal | 11,919 | 12,515 | 0 | 0 |
| Interest | 924 | 313 | 0 | 0 |
| Total Payment | \$12,843 | \$12,828 | \$0 | \$0 |
| Remaining Principal Balance | \$12,515 | \$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 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| Beginning Principal Balance | \$266,090 | \$233,408 | \$199,093 | \$163,062 |
| Principal | 32,681 | 34,315 | 36,031 | 37,832 |
| Interest | 12,487 | 10,813 | 9,054 | 7,207 |
| Total Payment | \$45,169 | \$45,128 | \$45,085 | \$45,040 |
| Remaining Principal Balance | \$233,408 | \$199,093 | \$163,062 | \$125,230 |

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, 2023, the total outstanding Revenue Debt is \$48,005,893.16.

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 |
|-----------------------------|------------------|------------------|------------|------------|
| Beginning Principal Balance | \$4,320,000 | \$295,000 | \$0 | \$0 |
| Principal | 285,000 | 295,000 | 0 | 0 |
| Interest | 105,728 | 11,800 | 0 | 0 |
| Refunded Bond Redemption | 3,740,000 | 0 | 0 | 0 |
| Total Payment | \$390,728 | \$306,800 | \$0 | \$0 |
| Remaining Principal Balance | \$295,000 | \$0 | \$0 | \$0 |

2011 B Refunding Water & Sewer Bonds

| Description | 2020 | 2021 | 2022 | 2023 |
|-----------------------------|------------|------------------|------------------|------------------|
| Beginning Principal Balance | \$0 | \$3,926,000 | \$3,868,000 | \$3,520,000 |
| Principal | 0 | 22,000 | 348,000 | 353,000 |
| Interest | 0 | 112,810 | 96,700 | 116,160 |
| Total Payment | \$0 | \$134,810 | \$444,700 | \$469,160 |

Remaining Principal Balance \$0 \$3,904,000 \$3,520,000 \$3,167,000

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 |
| Beginning Principal Balance | \$7,080,000 | \$6,680,000 | \$6,265,000 | \$5,840,000 |
| Principal | 400,000 | 415,000 | 425,000 | 435,000 |
| Interest | 263,313 | 251,313 | 238,863 | 226,113 |
| Total Payment | \$663,313 | \$666,313 | \$663,863 | \$661,113 |
| Remaining Principal Balance | \$6,680,000 | \$6,265,000 | \$5,840,000 | \$5,405,000 |

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 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 was completed in 2022 and 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 |
| Beginning Principal Balance | \$0 | \$5,569,000 | \$5,245,000 | \$4,913,000 |
| Principal | 0 | 324,000 | 332,000 | 340,000 |
| Interest | 0 | 136,115 | 128,030 | 119,747 |
| Total Payment | \$0 | \$460,115 | \$460,030 | \$459,747 |
| Remaining Principal Balance | \$0 | \$5,245,000 | \$4,913,000 | \$4,573,000 |

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 \$34,395,862 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 was completed in 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%. Repayment of principal and interest is funded with transfers from the sewer fund.

WWTP Department of Ecology Loan

| Description | 2020 | 2021 | 2022 | 2023 |
|-----------------------------|--------------|--------------|--------------|--------------------|
| Beginning Principal Balance | \$33,681,368 | \$33,681,368 | \$34,395,862 | \$34,395,862 |
| Principal | 0 | 0 | 0 | 1,496,886 |
| Interest | 0 | 0 | 0 | 594,538 |
| Total Payment | \$0 | \$0 | \$0 | \$2,091,424 |
| Remaining Principal Balance | \$33,681,368 | \$33,681,368 | \$34,395,862 | \$32,898,976 |

CCWA Water Conversion Debt Service – Fund 409

Central City Water Association: 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 will fully repay the loan in 2023, which will result in approximately \$45,000 in interest savings.

Central City Water Association Consolidation Loan

| Description | 2020 | 2021 | 2022 | 2023 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| Beginning Principal Balance | \$195,442 | \$164,952 | \$131,525 | \$51,525 |
| Principal | 30,491 | 30,491 | 80,000 | 51,525 |
| Interest | 5,183 | 1,928 | 1,315 | 0 |
| Total Payment | \$35,674 | \$32,419 | \$81,315 | \$51,525 |
| Remaining Principal Balance | \$164,952 | \$134,461 | \$51,525 | \$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, 2023, the total outstanding Special Assessment Deb is \$18,704, which will be paid off in 2023

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% and was paid off in 2023.

| LaBounty Road LID Bond | | | | |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| Description | 2020 | 2021 | 2022 | 2023 |
| Beginning Principal Balance | \$178,815 | \$150,815 | \$46,704 | \$18,704 |
| Principal | 28,000 | 28,000 | 28,000 | 18,704 |
| Interest | 10,210 | 8,612 | 2,902 | 0 |
| Total Payment | \$38,210 | \$36,612 | \$30,902 | \$18,704 |
| Remaining Principal Balance | \$150,815 | \$122,815 | \$18,704 | \$0 |



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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|---------------------------------------|------------------|------------------|------------------|------------------|
| <u>Revenues:</u> | | | | |
| REET 1 - 1st 1/4% | \$570,138 | \$842,615 | \$656,223 | \$394,497 |
| Investment Interest | 1,550 | 493 | 9,775 | 4,324 |
| Total Revenues | \$571,688 | \$843,108 | \$665,998 | \$398,822 |
| <u>Expenditures:</u> | | | | |
| Transfer to GO Bonds Fund 218 & 219 | \$162,798 | \$138,929 | \$144,841 | \$150,000 |
| Transfer to Debt Service Fund 220 | 64,793 | 64,794 | 65,968 | 65,975 |
| Transfer to Library 2014 GO Bond Debt | 0 | 665,000 | 0 | 0 |
| Transfer to Metalworks Skate Fund 310 | 0 | 7,831 | 97,754 | 0 |
| Transfer to Thornton | 100,000 | 0 | 0 | 0 |
| Total Expenditures | \$327,591 | \$876,554 | \$308,563 | \$215,975 |

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 is 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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|---------------------------------------|--------------------|------------------|---------------------|---------------------|
| <u>Revenues:</u> | | | | |
| REET 2 - 2nd 1/4% Investment Interest | \$568,757 3,294 | \$842,615 971 | \$656,225 22,851 | \$384,209 10,149 |
| Total Revenues | \$572,051 | \$843,586 | \$679,076 | \$394,358 |
| <u>Expenditures:</u> | | | | |
| Transfer to Street Fund 101 | 100,000 | 54,775 | 2,632 | 0 |
| Transfer to Thornton | 900,000 | 0 | 0 | 0 |
| Transfer TO F401 | 0 | 270 | 0 | 0 |
| Transfer to Metalworks Skate Fund 310 | 0 | 7,831 | 0 | 0 |
| Total Expenditures | \$1,000,000 | \$62,876 | \$2,632 | \$0 |

Metalworks Skate Park – Fund 310

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

| Description | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|--|----------------|-----------------|------------------|------------------|
| <u>Revenues:</u> | | | | |
| Recreation and Conservation Office (RCO) Grant | \$0 | \$0 | \$0 | \$34,173 |
| EDI Grant | 0 | 0 | 0 | 0 |
| Donations | 0 | 0 | 20,000 | 0 |
| Transfers | 0 | 15,662 | 197,754 | 75,000 |
| Total Revenues | \$0 | \$15,662 | \$217,754 | \$109,173 |
| <u>Expenditures:</u> | | | | |
| Salaries and Benefits | \$0 | \$7,966 | \$13,170 | \$10,709 |
| Skate Park Design/Construction | 0 | 7,696 | 184,575 | 73,872 |
| Total Expenditures | \$0 | \$15,662 | \$197,745 | \$84,581 |

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 includes unique skateboarding and artistic features that pay tribute to Ferndale's industrial heritage and community. The park is accessible to a wide range of uses including rollerblades, BMX bikes, and scooters and features a mix of street and transitional-style terrain with elements designed for all age groups and ability levels. Construction on the Metalworks Skate Park will be completed in the Fall of 2024.

Thornton Road Construction – Fund 370

All revenues and expenditures related to the Thornton Street Overpass Project are recorded in this fund. This project was completed in December of 2023.

| Description | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
| <u>Revenues:</u> | | | | |
| Grants | \$5,022,044 | \$2,626,761 | \$5,213,639 | \$4,344,516 |
| Transfer In and Other Revenue | 842,000 | 0 | 294,000 | 0 |
| Total Revenues | \$5,864,044 | \$2,626,761 | \$5,507,639 | \$4,344,516 |

Expenditures:

| | | | | |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| CE/CM Thornton Rd 370 | \$325,767 | \$143,220 | \$485,439 | \$527,656 |
| Engineering Fund 370 | 521 | 0 | 0 | 0 |
| Construction Project CN 370/Labor | 5,185,037 | 1,719,566 | 5,603,378 | 4,207,568 |
| ROW | 182,688 | 4,101 | 0 | 0 |
| Other Services and Charges | 3,080,659 | 284,223 | 342,092 | 344,122 |
| Total Expenditures | \$8,774,671 | \$2,151,110 | \$6,430,910 | \$5,079,346 |



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.



| Description | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|--|--------------------|--------------------|--------------------|--------------------|
| <u>Revenues:</u> | | | | |
| Connection Fees | \$1,276,642 | \$1,326,611 | \$745,436 | \$648,992 |
| Water Sales | 2,943,157 | 3,469,528 | 4,052,785 | 286,977 |
| Meter Charges | 51,452 | 72,879 | 23,907 | 13,046 |
| Meter Installation Charges - New Meter Set | 20,400 | 20,900 | 15,220 | 6,840 |
| Property Sale Final Meter Read Fee | 21,247 | 22,018 | 17,062 | 13,359 |
| Loan Proceeds and Grants | 423,715 | 599 | 0 | 1,025,000 |
| Transfer In and Other Revenue | 41,333 | 32,515 | 135,609 | 4,175,488 |
| Total Revenues | \$4,777,946 | \$4,945,049 | \$4,990,020 | \$6,169,703 |

Expenditures:**Administration**

| | | | | |
|-----------------------------------|------------------|--------------------|--------------------|--------------------|
| Salaries and Benefits | \$184,222 | \$180,771 | \$198,878 | \$249,571 |
| Central Services | 119,011 | 138,126 | 162,892 | 179,748 |
| Computer Repair/Equip Rental Fund | 57,739 | 105,722 | 96,025 | 119,286 |
| Professional Services | 25,679 | 35,961 | 58,327 | 65,222 |
| B&O Excise Tax | 166,091 | 192,603 | 215,486 | 209,764 |
| City of Ferndale Utility Tax | 397,415 | 446,396 | 461,119 | 445,926 |
| Other Charges and Services | 10,918 | 12,019 | 13,288 | 15,859 |
| Total Administration | \$961,075 | \$1,111,599 | \$1,206,015 | \$1,285,377 |

Maintenance

| | | | | |
|----------------------------|------------------|------------------|------------------|------------------|
| Salaries and Benefits | \$396,984 | \$328,832 | \$322,464 | \$473,859 |
| O & M Supplies | 98,867 | 124,349 | 95,218 | 109,571 |
| Other Charges and Services | 6,966 | 8,096 | 14,337 | 9,594 |
| Total Maintenance | \$502,817 | \$461,277 | \$432,019 | \$593,023 |

Operations

| | | | | |
|----------------------------|------------------|------------------|------------------|------------------|
| Salaries and Benefits | \$323,077 | \$359,677 | \$378,794 | \$417,213 |
| Contract R&M | 12,979 | 31,683 | 26,642 | 60,662 |
| Lab Testing | 7,828 | 10,661 | 6,622 | 7,150 |
| O & M Supplies | 116,811 | 130,951 | 168,406 | 162,583 |
| Professional Services | 74,148 | 54,914 | 48,607 | 111,739 |
| Utilities - PSE | 148,274 | 185,684 | 190,003 | 216,916 |
| Other Charges and Services | 13,669 | 20,225 | 14,335 | 21,116 |
| Total Operations | \$696,786 | \$793,795 | \$833,409 | \$997,379 |

| | | | | |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Transfer/Capital Projects | \$1,283,143 | \$1,118,252 | \$1,678,392 | \$4,303,971 |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|

| | | | | |
|-----------------------------------|-----------------|----------------|----------------|----------------|
| Other Charges and Services | \$41,114 | \$4,832 | \$4,122 | \$7,478 |
|-----------------------------------|-----------------|----------------|----------------|----------------|

| | | | | |
|---------------------------|--------------------|--------------------|--------------------|--------------------|
| Total Expenditures | \$3,484,935 | \$3,489,755 | \$4,153,957 | \$7,187,228 |
|---------------------------|--------------------|--------------------|--------------------|--------------------|

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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
| Revenues: | | | | |
| Connection Fees | \$2,128,408 | \$2,268,167 | \$1,279,665 | \$1,119,307 |
| Sewer Sales | 4,052,565 | 4,864,373 | 5,762,382 | 5,862,617 |
| Transfer In and Other Revenue | 60,376 | 38,135 | 198,249 | 119,966 |
| Total Revenues | \$6,241,349 | \$7,170,675 | \$7,240,296 | \$7,101,890 |

Expenditures:

Administration

| | | | | |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Salaries and Benefits | \$176,833 | \$190,339 | \$202,948 | \$255,681 |
| Central Services | 84,307 | 117,287 | 141,355 | 147,761 |
| Computer Repair/Equip Rental Fund | 52,463 | 86,973 | 81,047 | 94,136 |
| Professional Services | 26,632 | 35,763 | 58,509 | 62,503 |
| B&O Excise Tax | 116,085 | 138,149 | 145,126 | 134,847 |
| City of Ferndale Utility Tax | 569,061 | 648,347 | 662,597 | 306,000 |
| Other Charges and Services | 8,343 | 11,251 | 11,052 | 12,768 |
| Total Administration | \$1,033,723 | \$1,228,109 | \$1,302,635 | \$1,013,697 |

Maintenance

| | | | | |
|----------------------------|------------------|------------------|------------------|------------------|
| Salaries and Benefits | \$261,491 | \$274,399 | \$281,059 | \$292,417 |
| O & M Supplies | 24,966 | 54,743 | 22,963 | 58,153 |
| Other Charges and Services | 9,645 | 10,064 | 31,148 | 7,373 |
| Total Maintenance | \$296,101 | \$339,206 | \$335,170 | \$357,943 |

Operations - Sludge Disposal

| | | | | |
|-------------------------------------|------------------|------------------|------------------|-----------------|
| Operations - Sludge Disposal | \$539,644 | \$451,603 | \$142,898 | \$97,848 |
|-------------------------------------|------------------|------------------|------------------|-----------------|

Operations

| | | | | |
|----------------------------|------------------|------------------|------------------|--------------------|
| Salaries and Benefits | \$334,776 | \$370,884 | \$386,423 | \$410,507 |
| Contract R&M | 3,211 | 9,836 | 12,360 | 81,262 |
| Lab Testing | 0 | 696 | 1,482 | 5,326 |
| O & M Supplies | 332,764 | 153,733 | 80,060 | 72,211 |
| Professional Services | 21,712 | 51,941 | 45,309 | 138,543 |
| Utilities - PSE | 219,599 | 283,773 | 235,025 | 282,586 |
| Other Charges and Services | 25,584 | 28,042 | 30,839 | 35,415 |
| Total Operations | \$937,646 | \$898,906 | \$791,498 | \$1,025,848 |

Transfer/Capital Projects

| | | | | |
|----------------------------------|--------------------|--------------------|------------------|--------------------|
| Transfer/Capital Projects | \$1,031,186 | \$2,202,679 | \$745,010 | \$2,607,810 |
|----------------------------------|--------------------|--------------------|------------------|--------------------|

Other Charges and Services

| | | | | |
|-----------------------------------|------------|-----------------|------------|------------|
| Other Charges and Services | \$0 | \$15,433 | \$0 | \$0 |
|-----------------------------------|------------|-----------------|------------|------------|

| | | | | |
|---------------------------|--------------------|--------------------|--------------------|--------------------|
| Total Expenditures | \$3,838,300 | \$5,135,936 | \$3,317,212 | \$5,103,147 |
|---------------------------|--------------------|--------------------|--------------------|--------------------|

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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|--------------------|----------------|----------------|----------------|----------------|
| Revenues: | | | | |
| Storm Rate Revenue | \$1,419,423 | \$1,549,274 | \$1,680,637 | \$1,893,049 |
| Mitigation Fees | 173,176 | 122,717 | 175,943 | 80,569 |

| | | | | |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
| Grants/Loans | 28,385 | 129,799 | 79,773 | 1,666,866 |
| Transfer In and Other Revenue | 3,650 | 869 | 49,109 | 13,496 |
| Total Revenues | \$1,624,634 | \$1,802,659 | \$1,985,462 | \$3,653,980 |

Expenditures:

| | | | | |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Salaries and Benefits | \$467,574 | \$577,327 | \$496,617 | \$577,327 |
| Central Services | 83,379 | 126,168 | 120,309 | 126,168 |
| Computer Repair/Equip Rental Fund | 49,739 | 78,570 | 67,920 | 78,570 |
| Professional Services | 26,602 | 134,177 | 114,132 | 134,177 |
| Decant Disposal | 16,391 | 52,450 | 24,784 | 52,450 |
| Water Quality Monitoring | 7,327 | 6,570 | 7,334 | 6,570 |
| B&O Excise Tax | 22,678 | 30,531 | 24,894 | 30,531 |
| City of Ferndale Utility Tax | 143,768 | 162,489 | 173,945 | 162,489 |
| Other Charges and Services | 45,630 | 166,008 | 62,364 | 166,008 |
| Total Drainage | \$863,088 | \$1,334,290 | \$1,092,298 | \$1,334,290 |
| Transfer/Capital Projects | \$293,445 | \$2,350,458 | \$389,306 | \$2,350,458 |
| Other Charges and Services | \$0 | \$0 | \$0 | \$0 |
| Total Expenditures | \$1,156,533 | \$3,684,748 | \$1,481,603 | \$3,684,748 |

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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|-------------|----------------|----------------|----------------|----------------|
|-------------|----------------|----------------|----------------|----------------|

Revenues:

| | | | | |
|-------------------------------|------------------|----------|----------|----------|
| Transfer In and Other Revenue | \$3,695,000 | \$0 | \$0 | \$0 |
| Total Revenues | 3,695,000 | 0 | 0 | 0 |

Expenditures:

| | | | | |
|---------------------------|-----------------|------------------|-----------------|-----------------|
| Upgrade Construction | \$0 | \$106,024 | \$18,924 | \$35,878 |
| Upgrade Design | 75,585 | 3,416 | 13,092 | 0 |
| Total Expenditures | \$75,585 | \$109,440 | \$32,016 | \$35,878 |

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.

Shop Well 2 – Fund 414

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

| Description | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|------------------------------------|--------------------|----------------|------------------|----------------|
| <u>Revenues:</u> | | | | |
| Transfer In and Other Revenue | \$1,642,500 | \$0 | \$0 | \$0 |
| Total Revenues | \$1,642,500 | \$0 | \$0 | \$0 |
| <u>Expenditures:</u> | | | | |
| Shop Well 2 Wellhouse Construction | \$1,230,982 | \$3,524 | \$335,528 | \$0 |
| TR to F413 | 0 | 0 | 0 | 0 |
| Total Expenditures | \$1,230,982 | \$3,524 | \$335,528 | \$0 |

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.

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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|-------------------------|---------------------|---------------------|--------------------|-----------------|
| <u>Revenues:</u> | | | | |
| Grants and Proceeds | \$19,010,526 | \$13,139,266 | \$3,178,465 | \$30,213 |
| Total Revenues | \$19,010,526 | \$13,139,266 | \$3,178,465 | \$30,213 |

Expenditures:

| | | | | |
|---------------------------|---------------------|---------------------|--------------------|------------|
| WWTP Construction/Design | \$19,795,919 | \$9,834,808 | \$2,890,411 | \$0 |
| Principal Payment | 200,000 | 1,100,000 | 0 | 0 |
| Anticipation Note | 31,904 | 1,238 | 0 | 0 |
| TR to F402 | 0 | 0 | 0 | 0 |
| Total Expenditures | \$20,027,823 | \$10,936,046 | \$2,890,411 | \$0 |



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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|---------------------------------|------------------|------------------|------------------|------------------|
| <u>Revenues:</u> | | | | |
| Department & Fund Contributions | \$223,424 | \$270,248 | \$233,163 | \$338,968 |
| Transfer In and Other Revenue | 77,527 | 2,977 | 0 | 0 |
| Total Revenues | \$300,951 | \$273,225 | \$233,163 | \$338,968 |
| <u>Expenditures:</u> | | | | |
| New S/W & Upgrade (Non-Labor) | \$9,841 | \$5,823 | \$38,356 | \$76,695 |
| Misc. Repair & Maintenance | \$27,082 | \$26,938 | \$27,654 | \$28,629 |
| Repair & Maintenance Contracts | \$52,293 | \$52,805 | \$54,352 | \$56,351 |
| Software Maintenance Contracts | \$103,526 | \$158,812 | \$92,378 | \$149,319 |
| Capital - Hardware | \$96,660 | \$12,223 | \$14,086 | \$23,468 |
| Other Charges and Services | \$14,383 | \$13,648 | \$6,353 | \$9,587 |
| Total Expenditures | \$303,784 | \$270,248 | \$233,180 | \$344,048 |

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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|---------------------------------|------------------|--------------------|------------------|--------------------|
| <u>Revenues:</u> | | | | |
| Department & Fund Contributions | \$555,289 | \$737,274 | \$825,298 | \$885,758 |
| Transfers In and Other Revenue | 382,781 | 564,569 | 55,031 | 867,218 |
| Total Revenues | \$938,070 | \$1,301,844 | \$880,329 | \$1,752,977 |

| | | | | |
|----------------------------------|---------|---------|---------|---------|
| <u>Expenditures:</u> | | | | |
| Salaries and Benefits | 178,511 | 183,756 | 231,405 | 226,512 |
| Operating Supplies - Parts, Etc. | 65,504 | 67,781 | 109,446 | 84,030 |
| Operating Supplies - Fuel/Oil | 81,964 | 128,447 | 147,651 | 178,618 |
| Insurance | 26,339 | 75,388 | 93,492 | 138,929 |

| | | | | |
|-------------------------------|------------------|--------------------|--------------------|--------------------|
| Computer Repair & Replacement | 2,180 | 1,360 | 981 | 1,653 |
| Central Services | 30,715 | 34,646 | 37,238 | 38,372 |
| Utilities | 14,593 | 15,499 | 21,740 | 19,076 |
| Capital | 514,904 | 715,888 | 470,476 | 828,191 |
| Other Charges and Services | 26,212 | 38,078 | 27,969 | 69,800 |
| Total Expenditures | \$940,922 | \$1,260,843 | \$1,140,398 | \$1,585,181 |



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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|---------------------------------|------------------|------------------|-----------------|-----------------|
| <u>Revenues:</u> | | | | |
| Crime Victims and Trust Account | \$145,238 | \$122,425 | \$70,943 | \$71,575 |
| Other Revenue | 8,353 | 10,097 | 9,710 | 9,061 |
| Total Revenues | \$153,591 | \$132,521 | \$80,652 | \$80,636 |

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 | 2020 Actual | 2021 Actual | 2022 Actual | 2023 Actual |
|-------------------------|-----------------|----------------|----------------|----------------|
| <u>Revenues:</u> | | | | |
| Court Activity Deposits | \$13,614 | \$8,954 | -\$634 | \$5,820 |
| Total Revenues | \$13,614 | \$8,954 | -\$634 | \$5,820 |



Supplemental Information

City FTE Count to Population



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>