

City of Ferndale

2024 Budget





Budget Prepared by:
The Finance Department
and City Staff

*Budget Document was prepared after 2024 Financials were completed.

Mayor

Greg Hansen

City Council Members

Herb Porter
Ali Hawkinson
Erin Gunter
McKenna Pinto-Gonzalez
Ryan O'Larey
Robert Pinkley
Jon Mutchler

City of Ferndale Appointed Officials

Jori Burnett, City Administrator
Danielle Ingham, 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

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Introduction

Mayor's Budget Message

Honorable City Councilmembers and members of our Ferndale Community, it is my pleasure to present to you The City of Ferndale's preliminary 2024 Budget for your review. I am especially proud of this budget because it is the result of both City Administration's careful navigation of the Covid pandemic, but also thoughtful, responsible, and strategic planning to prepare our community for many years to come.

City budgets are both a reflection of a community's current economic situation as well as a community's priorities. For Ferndale, the contrasts of the last few years are extraordinary. The last few years' budgets have reflected the impacts of the Covid pandemic, concerns about inflation, and rising wages and salaries as individuals adjust their work and income expectations. At the same time, the City's budgets have allowed the City to complete \$20 million in road projects and over \$30 million in additional public works projects, all during the Covid pandemic and in the midst of significant inflation. Over the last four years, Ferndale's City Administration budgeted cautiously, taking care to put the City in a position to respond to uncertain economic challenges should they arise while also preparing the City to emerge from the pandemic stronger than ever. These preparations were successful. The City is in a good financial position, and the 2024 budget reflects a City that is responsible and a City that gets things done.

The strategic budget decisions of the past few years have put the City in a very good position. Cost-saving measures of past budgets – and this current budget as well, along with the aggressive pursuit of grant funds for roads, parks, infrastructure projects, and other initiatives have resulted in fund balances (savings accounts) that are healthy enough to give our City the opportunity to begin some projects that the Ferndale community has anticipated for years. The 2024 budget is based on the budget assumptions document reviewed by the City Council, financial analysis provided by Finance Director Zeal Bains, recommendations from all City Departments, and strategic visioning and budget priority discussions with City Council.

On the revenue side of the City's budget, we have fared well as we emerge from Covid. To be honest, no one could have predicted Covid or what the financial impacts of the pandemic were going to be. We are thankful that the City of Ferndale was able to utilize the resources we had available for greater good of our community, rather than just "keeping the lights on." At the same time, during the pandemic we were seeing changing consumer behavior: purchasing goods and services locally, mail order purchases, and increased use of our local garbage collectors, all of which increased our revenues beyond what might have been projected even five years ago. We made decisions early during the pandemic to keep working. These were similar to decisions made by the City of Ferndale during the "Great Recession" to "step on the gas," rather than "hit the brakes." And both times it has paid off for our community. Large infrastructure projects like the new Ferndale High School, the Wastewater Treatment Plant, and the Thornton Overpass as well as a housing construction boom that continued during the pandemic added to our strong revenues - further demonstrating Ferndale's determination to persevere through adversity. Finally, the Administration recognized the strong investment

economy coming out of Covid, and invested savings in the Local Government Investment Pool (LGIP) in early 2023. This investment has now earned over \$1.5 million more than we budgeted for in 2023, and we have budgeted modest increases for 2024. But, just like Covid-era revenue increases and savings from austerity measures, these are one-time revenues that should only be spent on one-time capital expenditures. The City cannot rely on these revenues to continue at this level.

All of this to say, the City is in a great financial position as we head into 2024. Because of the City's great financial position, the 2024 City of Ferndale Budget, for the second year in a row, will not ask Council to take the 1% property tax increase allowed by statute. Additionally, the budget will include a modest decrease in the utility tax charged on the City's water utilities. It is rare for a local government to reduce taxes, and I am confident that our City Council will support these reasonable yet responsible reductions.

This preliminary budget includes the funding necessary to maintain the City services that our community expects. The 2024 budget also includes funding for two additional police officers as well as a Ferndale School District Resource Officer (DRO), formerly known as a School Resource Officer (SRO). In the current environment, recruiting police officers has been extraordinarily difficult for all agencies, Ferndale included. This budget provides the funding necessary to take advantage of lateral transfer officers who are current police officers who come to Ferndale by choice, while also providing the funding to hire police recruits. Unfortunately, it can take nine to twelve months for a new recruit to receive an academy date, go through academy, and do field training – so the budget's investment in a new recruit now is key, because they will not be on the road until late in 2024 or early 2025.

This budget also includes the addition of an additional utility worker which will allow Public Works to deploy two distinct work crews when necessary. This budget would add \$2 million to the Capital Facilities fund to support the Civic Campus project and supplement funding support from the Washington State Legislature, the Federal Government, and other sources. Also included is funding for the upgrade of the City's Water Treatment Plant. Finally, among a number of additional Public Works Projects, this budget includes the funding necessary to begin the long-awaited Ferndale Terrace reconstruction project by the end of 2024. This is in addition to funding for some smaller but impactful projects such as the Metalworks Skatepark, funds for the construction of a new Pioneer Village Stage which is in design, and funds to help re-construct the BMX/pump track.

Not included in the 2024 budget at this time are any new distributions of American Rescue Plan Act (ARPA) funds which must be allocated by the end of this year. Further discussion with the City Council will be required to decide how the City's remaining \$900,000 should be spent.

Budgeting can be as simple as making sure that all the numbers on a spreadsheet add up and are balanced. The 2024 budget balances, but it does so much more. Budgets like this one describe what is possible when a City plans for its future and then executes on those plans.

I respectfully submit this budget for consideration by the Ferndale City Council and request their approval of the budget following the City's budget review process.

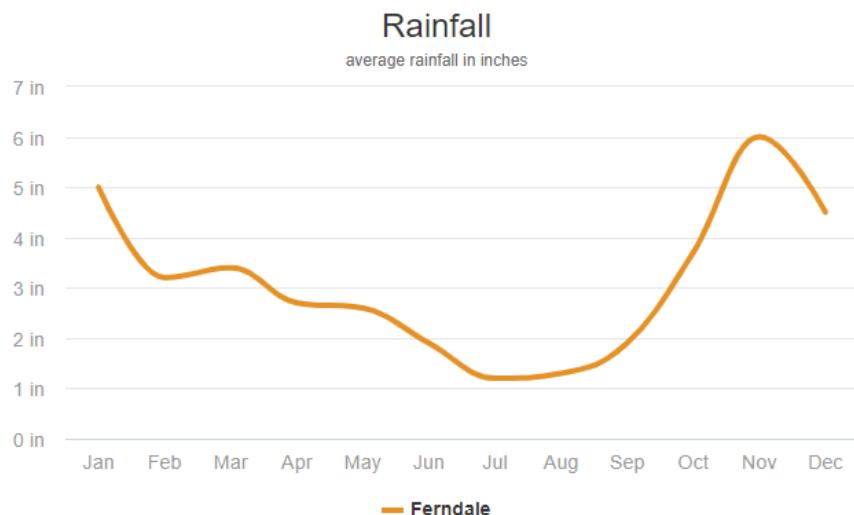
Thank you,

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

Mayor Greg Hansen

City Statistics

Incorporated	1907
2024 Population Estimate ¹	16,430
Safety Ranking within WA Cities ²	23 out of 73
Land Area	7.13 square miles
Average Annual Temperature	51.25 Fahrenheit
Average Annual Precipitation	39.7 inches



Population and Household Data

Average Household Size	2.79
Median Household Income	\$83,839
Persons in Poverty (percent)	10.5%
Male Population	47.8%
Female Population	52.2%
Median Resident Age	33.6 years
Median Washington Resident Age	38.2 years
High School Graduate or Higher ³	94%
Bachelor's Degree or Higher ³	32.8%

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.

2024 BUDGET PROCESS CALENDAR

JUNE

16th (Friday)

- Notification to public for submissions for Lodging Tax

30th (Friday)

- Notification to public for submissions for Organizational Grants

JULY

28th (Friday)

- Applications due for Lodging Tax

SEPTEMBER

4th (Monday)

- Applications due for Organizational Grants

6th (Wednesday) - tentative

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

15th (Friday)

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

OCTOBER

2nd (Monday)

- Proposed preliminary budget presented to Council

25^h (Wednesday)

- Mayor presents 2024 budget message
- Preliminary budget made available to public
- Publication notice for public hearing on property tax levy (public hearing November 20th)
- Publication notice for public hearing on preliminary budget (public hearing November 20th)

NOVEMBER

20th (Monday)

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

29th (Wednesday)

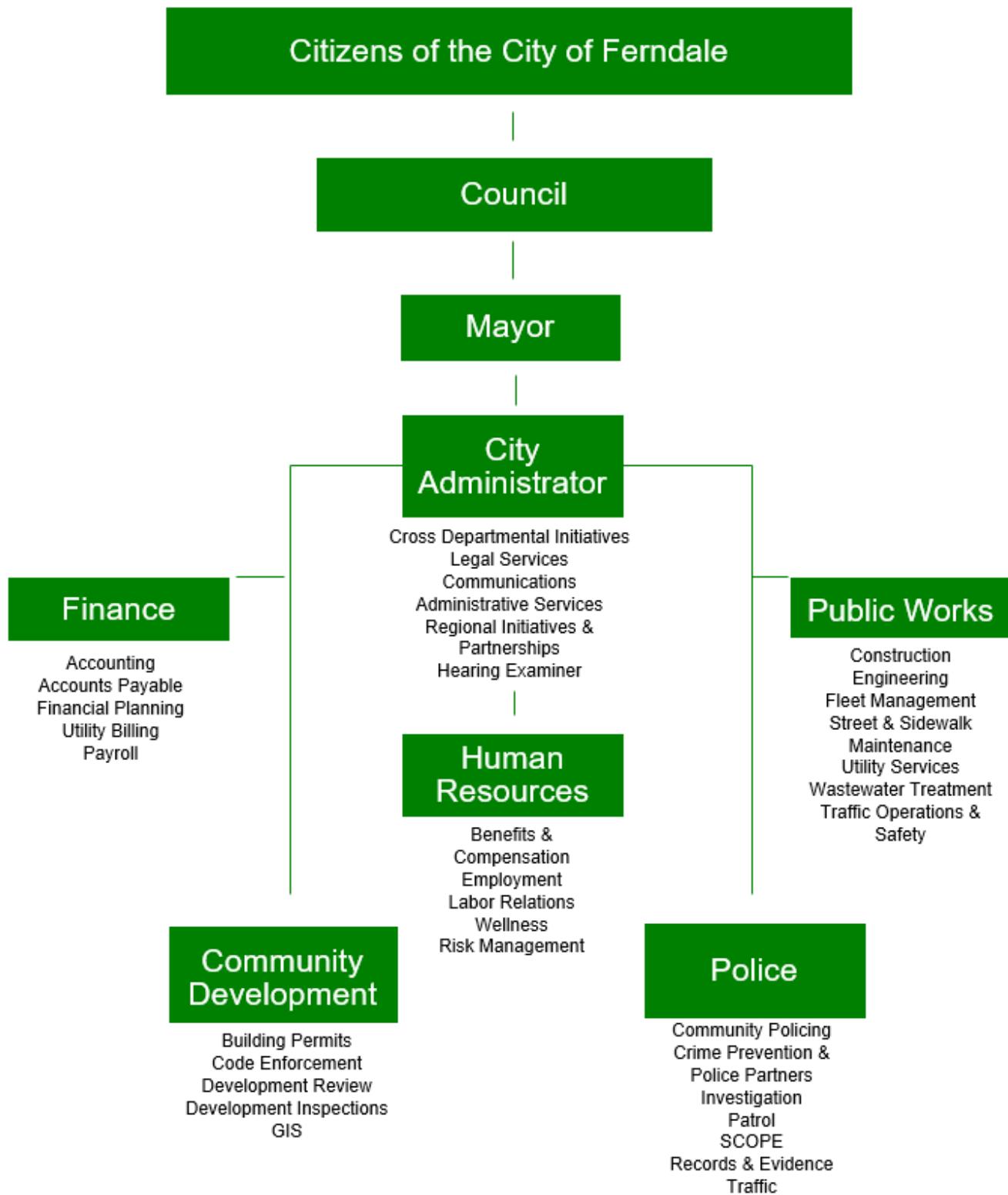
- Publication notice for public hearing on final budget (public hearing December 4th)

DECEMBER

4th (Monday)

- Final public hearing on proposed 2024 budget
- Adoption of 2024 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.

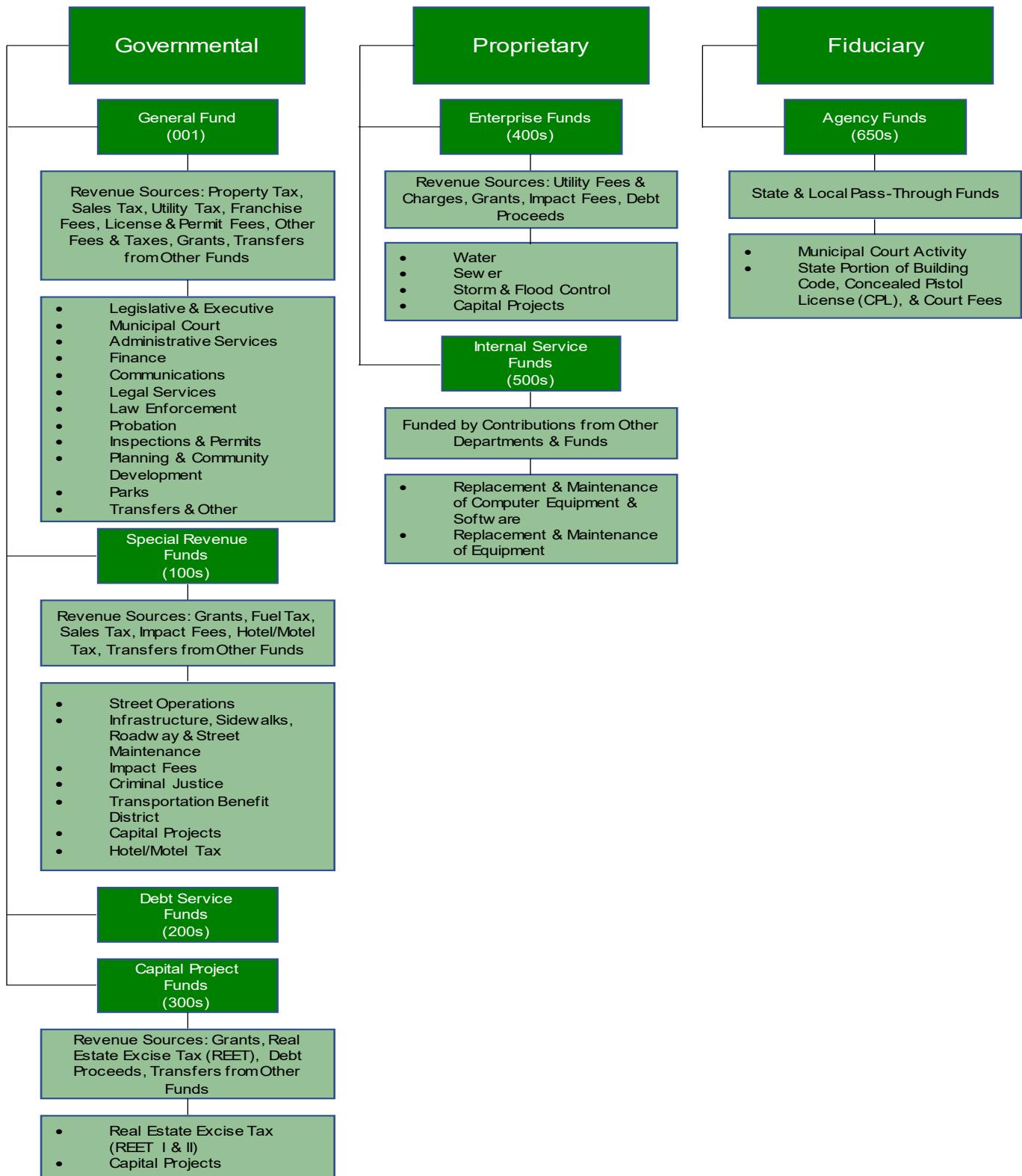
Fiduciary Fund Types

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

2024 Budget Summary

Fund	Fund Name	Estimated Beginning Fund Balance	Revenues	Expenditures	Estimated Ending Fund Balance
001	Current Expense (General Fund)	\$9,151,518	\$15,739,684	\$15,651,734	\$9,239,469
002	General Fund Contingency Reserve	1,021,457	216,000	0	1,237,457
003	Facilities Capital Reserve	2,241,249	500,000	0	2,741,249
004	LEOFF I Police Retiree	1,868,061	0	38,782	1,829,279
005	Solid Waste Utility Tax	5,709,752	3,426,920	2,202,002	6,934,670
007	Pioneer Pavilion Community Center	17,492	158,525	115,898	60,119
101	Streets	0	2,322,745	2,310,544	12,201
113	Transportation Benefit District	3,225,673	862,312	640,080	3,447,905
115	American Rescue Plan Act (ARPA)	1,954,305	3,066	320,033	1,637,338
198	Hotel/Motel	141,645	59,249	70,735	130,159
214	Streets/Parks/Land Debt Services	7,245	121,897	121,897	7,245
215	LaBounty LID 2006-1 Bond Redemption	0	21,690	6,753	14,936
216	LaBounty LID 2006-1 Bond Guarantee	23,801	6,753	0	30,554
217	LaBounty Go Bond Redemption	156	0	156	0
218	2010 GO Bond Redemption	13,104	316,962	317,162	12,904
219	2011 GO Bond Redemption	8,397	162,200	162,550	8,047
220	2013 Library GO Bond Redemption	175	853	1,028	0
301	Real Estate Excise Tax 1/4% REET 1	1,404,027	407,415	294,492	1,516,949
302	Real Estate Excise Tax 1/4% REET 2	3,272,132	405,965	1,710,000	1,968,097
310	Metalworks Park	44,592	1,874,396	1,962,040	(43,053)
315	Civic Campus	0	2,052,770	1,030,959	1,021,811
370	Thornton Road Construction	(734,830)	1,767,156	678,442	353,884
401	Water	4,260,418	6,228,278	4,622,697	5,865,998
402	Sewer	14,925,150	9,571,945	6,125,625	18,371,470
403	2005 Sewer Revenue Bond Redemption	35,649	1,565,503	1,566,253	34,899
404	2005 Sewer Bond Reserve	1,174,725	0	0	1,174,725
405	WWTP Debt Service Fund	842,058	2,091,424	2,091,424	842,058
406	Utility Debt Service Fund	0	18,010	18,010	0
407	Storm & Flood Control	2,444,285	2,340,594	3,110,256	1,674,624
408	Utility Loan Service	25,854	152,408	152,408	25,854
409	Water Debt Service	1,547	0	1,547	0
413	Water Treatment Plant Upgrade	3,442,081	3,572,466	5,248,070	1,766,477
414	Shop Well 2	72,466	0	72,466	0
415	Waste Water Treatment Plan Const. (WWTP)	1,504,189	0	1,504,189	0
510	Computer Repair & Maintenance	95,047	346,166	296,166	145,047
550	Equipment Repair & Maintenance	214,149	987,569	964,005	237,713
650	Court Agency	0	96,162	90,686	5,476
651	Court Activity	2,860	8,776	7,421	4,216
TOTAL		\$61,123,149	\$58,696,701	\$53,715,958	\$66,103,892

Revenue Summary by Fund

Fund	Fund Name	2021 Actual	2022 Actual	2023 Actual	2024 Actual
001	Current Expense (General Fund)	\$12,754,873	\$11,924,246	\$11,228,914	\$15,739,684
002	General Fund Contingency Reserve	50,200	703,475	110,000	216,000
003	Facilities Capital Reserve	1,015,457	617,110	600,000	500,000
004	LEOFF I Police Retiree	671,072	164,192	140,000	0
005	Solid Waste Utility Tax	2,688,087	3,594,012	2,695,000	3,426,920
007	Pioneer Pavilion Community Center	30,263	50,315	30,000	158,525
101	Streets	1,373,509	1,533,297	5,474,621	2,322,745
102	Park Mitigation	162,919	108,121	100,000	450,821
104	Traffic Mitigation	522,061	384,706	400,500	840,020
113	Transportation Benefit District	798,497	993,620	798,176	862,312
115	American Rescue Plan Act (ARPA)	2,081,265	2,176,265	0	3,066
198	Hotel/Motel	54,993	76,978	56,100	59,249
214	Streets/Parks/Land Debt Services	115,585	119,704	120,000	121,897
215	LaBounty LID 2006-1 Bond Redemption	18,557	17,353	22,000	21,690
216	LaBounty LID 2006-1 Bond Guarantee	31	502	0	6,753
217	LaBounty Go Bond Redemption	77,066	2	0	0
218	2010 GO Bond Redemption	565,009	315,221	315,000	316,962
219	2011 GO Bond Redemption	158,802	163,634	170,000	162,200
220	2013 Library GO Bond Redemption	186,485	185,882	174,000	853
301	Real Estate Excise Tax 1/4% REET 1	843,108	665,998	300,000	407,415
302	Real Estate Excise Tax 1/4% REET 2	843,586	679,076	300,000	405,965
310	Metalworks Skate Park	15,662	217,754	950,000	1,874,396
315	Civic Campus	0	0	0	2,052,770
370	Thornton Road Construction	2,626,761	5,507,639	7,300,000	1,767,156
401	Water	4,945,049	4,990,020	5,795,657	6,228,278
402	Sewer	7,170,675	7,240,296	6,400,584	9,571,945
403	2005 Sewer Revenue Bond Redemption	1,568,875	1,568,668	1,595,000	1,565,503
404	2005 Sewer Bond Reserve	881	16,846	0	0
405	WWTP Debt Service Fund	1,001,816	31,772	1,000,000	2,091,424
406	Utility Debt Service Fund	0	0	0	18,010
407	Storm & Flood Control	1,802,659	1,985,462	4,043,053	2,340,594
408	Utility Loan Service	189,065	158,407	154,000	152,408
409	CCWA Water Conversion Debt Service	55,367	42,741	0	0
413	Water Treatment Plan Upgrade	0	0	1,121,000	3,572,466
414	Shop Well 2	0	0	0	0
415	Wastewater Treatment Plant Const.	13,139,266	3,178,465	0	0
510	Computer Repair & Maintenance	273,225	233,163	270,248	346,166
550	Equipment Repair & Maintenance	1,301,844	880,329	1,119,645	987,569
650	Court Agency	132,521	80,652	107,700	96,162
651	Court Activity	8,954	(634)	5,000	8,776
TOTAL		\$59,601,886	\$51,029,670	\$53,184,729	\$58,696,701

Expenditure Summary by Fund

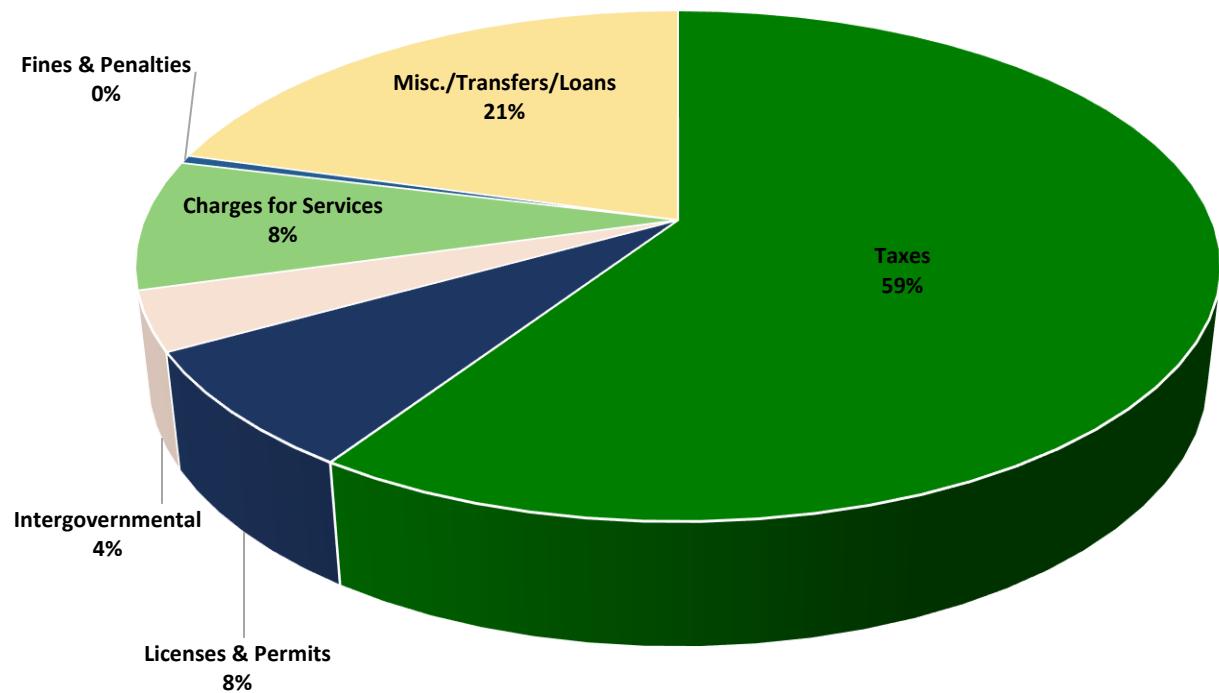
Fund	Fund Name	2021 Actual	2022 Actual	2023 Actual	2024 Actual
001	Current Expense (General Fund)	\$11,855,771	\$11,306,868	\$12,489,983	\$15,651,734
003	Facilities Capital Reserve	50,000	0	0	0
004	LEOFF I Police Retiree	33,665	39,749	33,866	38,782
005	Solid Waste Utility Tax	1,839,925	1,779,757	2,413,638	2,202,002
007	Pioneer Pavilion Com. Center Oper.	31,555	45,197	86,693	115,898
101	Streets	1,531,871	1,663,197	4,082,746	2,310,544
102	Park Mitigation	185,897	195,489	220,000	170,629
104	Traffic Mitigation	219,798	145,281	0	38,822
113	Transportation Benefit District	0	600,000	133,882	640,080
114	Complete Streets	9,545	0	0	0
115	American Rescue Plan Act (ARPA)	65,507	1,898,061	398,183	320,033
198	Hotel/Motel	53,388	56,772	65,737	70,735
214	Streets/Parks/Land Debt Services	120,897	119,697	118,497	121,897
215	LaBounty LID 2006-1 Bond Redemption	36,612	30,902	25,330	6,753
216	LaBounty LID 2006-1 Bond Guarantee	0	0	6,753	0
217	LaBounty Go Bond Redemption	77,066	0	0	156
218	2010 GO Bond Redemption	319,760	315,205	316,490	317,162
219	2011 GO Bond Redemption	158,800	163,600	163,650	162,550
220	2013 Library GO Bond Redemption	186,072	186,072	187,101	1,028
301	Real Estate Tax (REET 1)	876,554	308,563	215,975	294,492
302	Real Estate Tax (REET 2)	62,876	2,632	0	1,710,000
310	Metalworks Skate Park	15,662	197,754	84,581	1,962,040
315	Civic Campus	0	0	0	1,030,959
370	Thornton Road Construction	2,151,110	6,430,910	5,079,346	678,442
401	Water	3,489,755	4,153,957	7,187,228	4,622,697
402	Sewer	5,135,936	3,317,212	5,103,147	6,125,625
403	2005 Sewer Revenue Bond Redemption	1,568,754	1,568,763	1,563,249	1,566,253
405	Sewer Bond	0	0	2,091,424	2,091,424
406	Utility Debt Service Fund	0	0	0	18,010
407	Storm & Flood Control	1,521,894	1,481,604	3,684,748	3,110,256
408	Utility Loan Service	189,065	158,404	150,407	152,408
409	Water Debt Service	32,419	81,315	52,426	1,547
413	Water Treatment Plan Upgrade	109,440	32,016	35,878	5,248,070
414	Shop Well 2	3,524	335,528	0	72,466
415	Wastewater Treatment Plant Const.	10,936,046	2,890,411	0	1,504,189
510	Computer Repair & Maintenance	270,248	233,180	344,048	296,166
550	Equipment Repair & Maintenance	1,260,843	1,140,398	1,585,181	964,005
650	Court Agency	132,342	78,878	82,063	90,686
651	Court Activity	12,252	7,214	3,077	7,421
TOTAL		\$44,839,849	\$40,964,584	\$48,005,328	\$53,715,958



General Fund

General Fund Revenue Summary

	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Taxes	\$7,725,996	\$8,632,344	\$9,210,515	\$9,338,180
Licenses & Permits	1,474,243	975,936	875,227	1,190,448
Intergovernmental	582,690	468,512	373,174	588,707
Charges for Services	1,652,074	1,176,444	1,432,507	1,298,561
Fines & Penalties	119,956	75,121	72,039	80,920
Misc./Transfers/Loans	1,199,914	595,890	2,766,655	3,242,869
Total	\$12,754,873	\$11,924,247	\$14,730,118	\$15,739,684



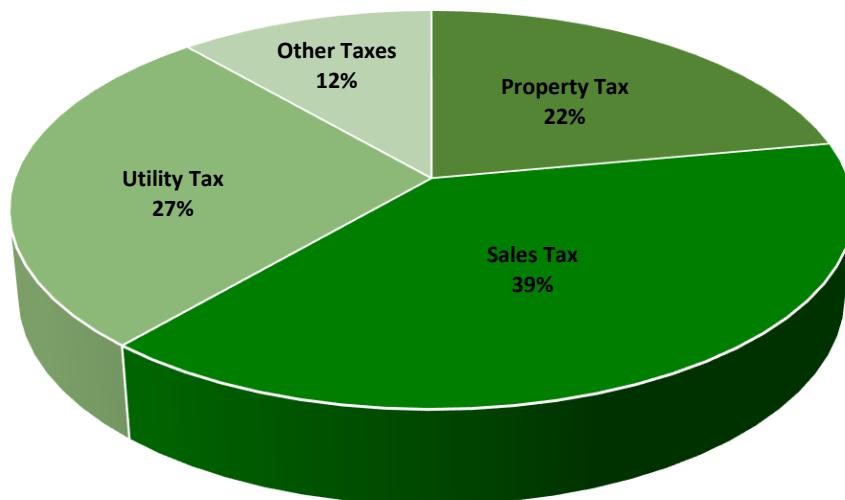
Graph Detail for 2024 Budget General Fund Revenue

General Fund Revenue Sources

This section describes each of the major general fund revenue sources in the 2024 budget.

Taxes

For the 2024 fiscal year, it is estimated that tax revenues will account for 59% 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 2024 Budget Taxes

<u>Property Taxes</u>	\$2,061,256	22%
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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.

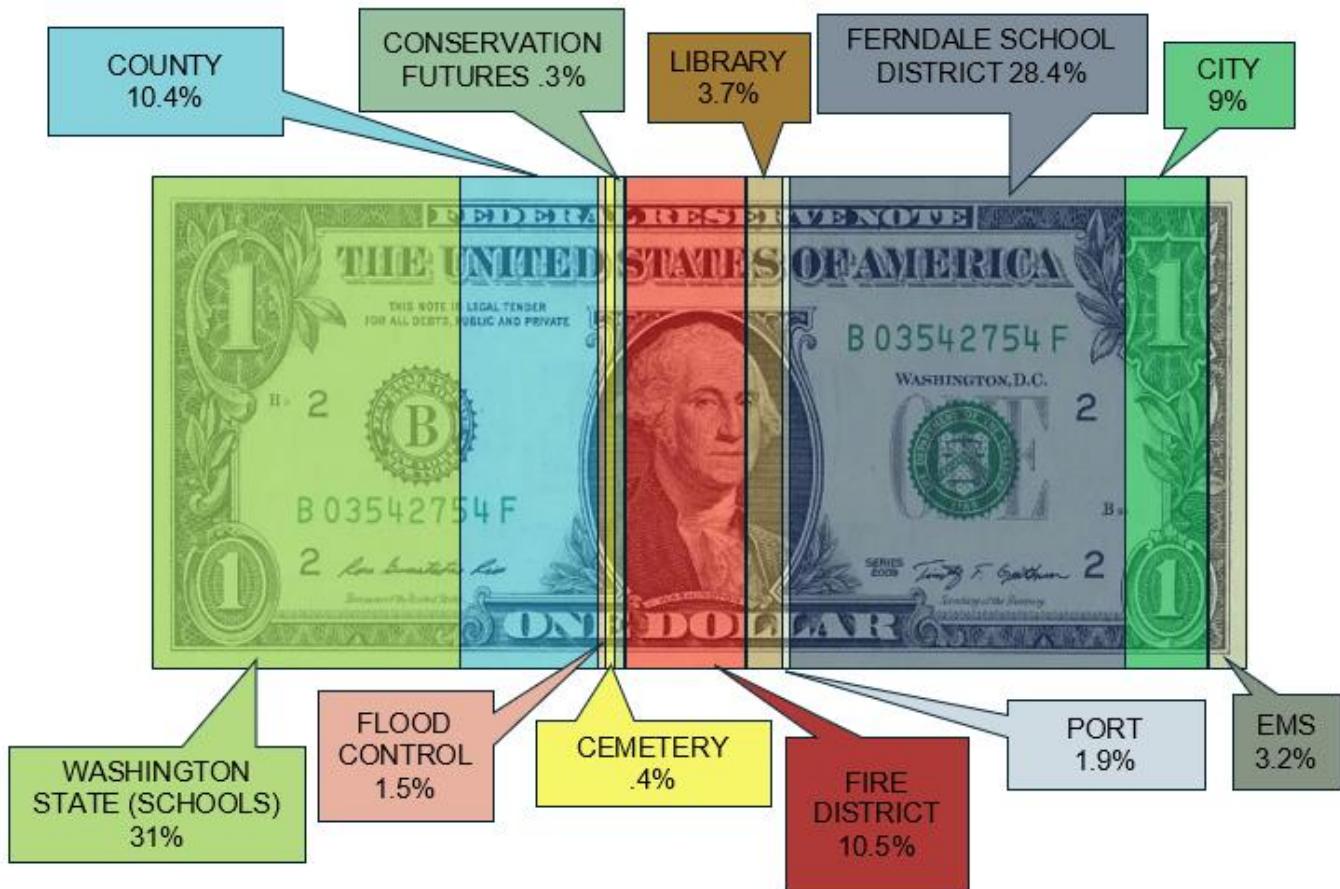
Each year, real and taxable personal property is assessed by the Whatcom County Assessor and the value is updated based on the market value of the property. The assessed value is used in the calculation of taxes payable in the following year. Most levies in Whatcom County are budget-based levies, meaning 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. Due to the decrease in the City's levy amount due to the annex, the City now has a significant amount in "banked capacity." Compounding banked capacity with not taking the annual 1% over the last three years, the City has a larger ratio than other jurisdictions. The City of Ferndale currently has approximately \$1,026,725 remaining in banked levy capacity.

For 2024, the City's regular property tax levy was \$2,068,800 and the total 2024 property tax levy rate (including all district levies) for residents of Ferndale is approximately \$6.95 per \$1,000 assessed valuation. Of this, only about 8.8% (or \$0.88 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.

Where Did Your 2024 Property Tax Dollar Go?



<u>Sales & Use Tax</u>	\$3,665,153	39%
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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. However, sales tax has started to "flatten" out, and the City expects to see a declining trend.

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	0.30%
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	9.0%

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

<u>Utility Tax</u>	\$2,549,192	27%
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The City imposes utility taxes on the gross operating revenues of various utility services provided within the boundaries of the City. Telephone, cellular phone, electricity, natural gas, and brokered natural gas are taxed at a rate of 6%. The City's water, sewer, and storm utility taxes are levied at a rate of 8%.

Other Taxes	\$1,062,579	11%
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Sales Tax – EMS Public Safety

Whatcom County imposes a sales and use tax on every taxable event that occurs within the county (except for the sale, use, or leasing of motor vehicles up to a specific time frame) for the funding of emergency medical services. The rate of tax imposed is 0.3% 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 of the City's share retained by the City is used for criminal justice purposes. An additional Public Safety tax of two-tenths was approved by the voters to pay for the construction of a new jail in 2024. The City of Ferndale will remit back 75% of those taxes to the County from 2024 through 2028. Public safety sales tax distributions are received monthly.

Licenses & Permits	\$1,190,448	8%
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License and permit fees are user fees derived from various regulatory activities of the City. These include gun permits, residential and commercial building permits, general business licenses, and other permits. The fees are designed to cover the cost of administration, regulation, inspection, and review of various applications and projects.

Building Permits

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

Business Licenses & Fees

City of Ferndale business licenses are issued for resident and non-resident businesses that operate within City limits. In 2020, the City of Ferndale partnered with the Washington State

Department of Revenue to provide one source for business licenses and annual renewals. The state collects and distributes license fees received for Ferndale endorsements to the City. Business licenses for industrial, manufacturing, and co-located spaces are issued and managed directly by the City of Ferndale. Business license fees can be found in the current year's unified fee schedule.

Franchise Fees

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

Intergovernmental Revenues	\$588,707	4%
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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	\$1,298,561	8%
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Charges are assessed for services and goods provided by the City. These include fees for fingerprints, warrants, police reports, as well as charges for building inspection, zoning, development review, and other various planning, building review, and law enforcement services. Fees collected for renting athletic fields, parks, and City facilities are also included in this section.

Fines and Penalties	\$80,920	.51%
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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	\$3,208,830	20%
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Miscellaneous revenue includes interest, donations, facility and land lease revenue, fees received from other small cities for shared domestic violence consulting services, non-capital insurance recoveries, and other miscellaneous fees and charges.

Other Financing Sources	\$34,040	0%
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Other financing sources includes transfers from other funds for general fund operational expenditures and capital projects that receive funding from other sources, including solid waste utility tax, criminal justice sales tax, park mitigation, real estate excise tax, etc. Refundable deposits received for developmental review projects are also included in other financing sources.

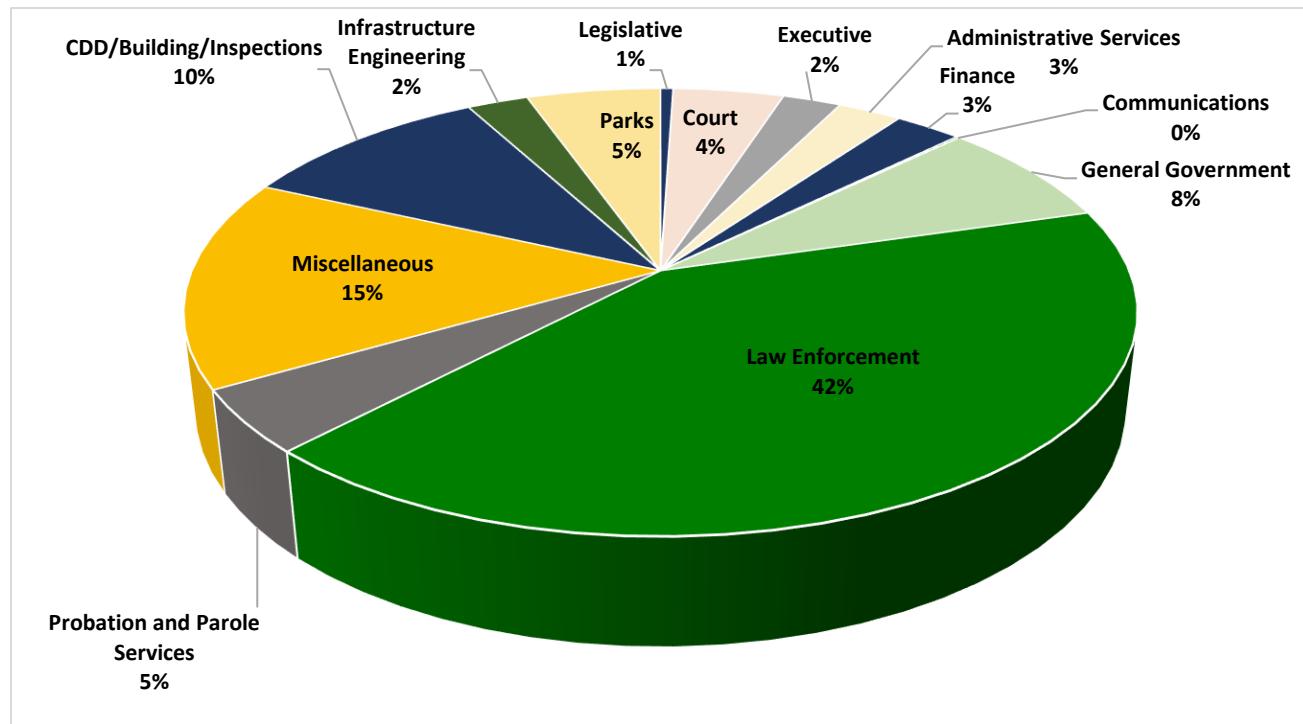
Total General Fund Revenues	\$15,739,684	100.0%
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Detailed General Fund Revenue

	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Property Tax	\$1,846,248	\$1,928,080	\$2,001,738	\$2,061,256
Sales Tax	3,389,640	4,085,174	3,964,273	3,665,153
Utility Tax	2,251,332	2,339,210	2,945,427	2,549,192
Other Taxes	238,776	279,880	299,076	1,062,579
Total Taxes	7,725,996	8,632,344	9,210,515	9,338,180
Building Permits	1,002,165	464,102	328,647	582,152
Business Licenses and Fees	123,755	146,419	165,045	186,552
Other Licenses Fees	348,322	365,415	381,535	421,744
Total Licenses and Permits	1,474,243	975,936	875,227	1,190,448
Federal Grants	58,567	167,768	28,264	123,702
Liquor Excise Tax/Profits	218,101	230,840	234,077	236,934
Other Fees	306,022	69,905	110,833	228,071
Total Intergovernmental	582,690	468,512	373,174	588,707
Building Plan Fees	692,045	104,321	187,984	258,322
Charges for Central Services	523,533	611,678	661,167	599,238
Developmental Review	244,185	247,571	348,661	164,244
Zoning and Subdivision	41,766	20,315	41,766	24,890
Other Fees and Charges	150,545	192,559	192,929	251,866
Total Charges for Goods and Services	1,652,074	1,176,444	1,432,507	1,298,561
Criminal Traffic	31,273	23,370	16,815	17,374
Traffic Infractions	46,844	27,310	28,671	37,853
Other Fines and Fees	41,839	24,441	26,553	25,693
Total Fines and Penalties	119,956	75,121	72,039	80,920
Investment Interest	3,498	88,336	2,373,700	3,035,673
Donations/Cost Share DV Consultant	51,533	47,951	51,536	58,982
Other Miscellaneous Revenue	49,374	71,526	98,427	114,175
Total Miscellaneous	104,406	214,766	2,523,663	3,208,830
Transfers In	1,109,814	306,565	385,498	13,500
Other Sources	-14,305	74,558	-142,506	20,540
Total Other Financing Sources	1,095,508	381,123	242,993	34,040
TOTAL GENERAL FUND	\$12,754,873	\$11,924,246	\$14,730,118	\$15,739,684

General Fund Expenditure Summary

Departments	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Legislative	\$66,816	\$73,437	\$74,783	\$79,865
Court	518,894	564,524	633,157	702,075
Executive	273,716	311,682	390,246	370,720
Administrative Services	229,482	205,348	232,749	404,867
Finance	437,610	415,784	293,325	422,435
Communications	127,307	136,796	107,942	19,572
General Government	642,163	733,001	877,249	1,203,435
Law Enforcement	4,511,470	4,922,797	5,630,314	6,516,442
Probation and Parole Services	337,003	401,109	442,338	711,904
Miscellaneous	2,428,322	1,216,834	926,583	2,378,748
CDD/Building/Inspections	1,054,980	1,319,764	1,476,127	1,606,147
Infrastructure Engineering	329,407	301,916	333,162	386,337
Parks	898,601	703,875	1,072,008	849,186
Total	\$11,855,771	\$11,306,868	\$12,489,983	\$15,651,734



Graph Detail for 2024 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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Salaries and Benefits	\$58,391	\$62,458	\$64,491	\$71,554
Publications Services	1,363	1,053	576	480
Other Charges and Services	7,063	9,372	9,716	\$7,831.05
Total Expenditures	\$66,816	\$72,883	\$74,783	\$79,865

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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Salaries and Benefits	\$189,981	\$218,284	\$245,562	\$272,968
Computer Repair/Vehicle Rental Fund	11,698	13,271	17,228	11,844
Court Appointed Attorney	147,204	161,228	151,264	206,271
Prosecutor/Professional Services	153,334	159,777	204,791	188,230
Supplies/Small Equipment	6,377	5,177	10,105	8,859
Other Charges and Services	10,300	6,787	4,208	13,903
Total Expenditures	\$518,894	\$564,524	\$633,157	\$702,075

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	2021	2022	2023	2024
	Actual	Actual	Actual	Actual
Salaries and Benefits	\$235,722	\$249,579	\$269,336	\$264,235
Computer Repair/Equip Rental Fund	3,164	3,092	4,658	2,429
Professional Services	30,815	52,913	101,958	84,800
Other Charges and Services	\$4,015	6,097	14,294	19,255
Total Expenditures	\$273,716	\$311,682	\$390,246	\$370,720

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	2021	2022	2023	2024
	Actual	Actual	Actual	Actual
Salaries and Benefits	\$214,251	\$197,183	\$218,714	\$389,971
Computer Repair/Equip Rental Fund	12,659	1,953	4,727	4,266
Other Charges and Services	\$2,572	6,211	9,308	10,629
Total Expenditures	\$229,482	\$205,348	\$232,749	\$404,867

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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Salaries and Benefits	\$421,053	\$349,493	\$259,293	\$388,012
Computer Repair Fund	6,583	6,384	8,847	11,751
Supplies/Small Equipment	4,637	4,207	5,527	6,834
Other Charges and Services	\$5,338	55,700	19,657	15,838
Total Expenditures	\$437,610	\$415,784	\$293,325	\$422,435

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. Starting in 2024, the Communications Officer's salary and benefits are budgeted out of the Administrative Services budget.

Description	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Salaries and Benefits	\$115,023	\$126,011	\$100,957	\$660
Computer Repair Fund	5,198	3,404	2,561	0
Printing Services	4,918	5,041	0	1,280
Other Charges and Services	\$2,167	2,894	4,424	17,632
Total Expenditures	\$127,307	\$137,351	\$107,942	\$19,572

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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Miscellaneous Legal Services	\$104,128	\$111,795	\$121,288	\$137,093

Legal Services - External	6,445	12,386	13,748	26,302
Total Expenditures	\$110,573	\$124,181	\$135,036	\$163,394

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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Professional Services - General	\$21,822	\$22,933	\$5,946	\$6,752
Prof Services - Domestic Violence Services	73,565	75,842	99,718	84,124
Insurance	291,553	319,263	467,655	717,290
Wetlands Mitigation/Monitoring	19,976	0	23,600	0
Unemployment Payments - Claimant	5,213	0	25,974	6,336
Election Services	33,264	20,107	8,739	35,202
Other Grants	0	0	18,720	0
Utilities	19,080	20,802	23,511	29,763
Animal Control Contract	32,570	8,105	24,315	31,350
Senior Center Contribution	8,000	10,000	0	4,000
Food Bank Contribution	5,000	10,000	0	3,000
Audit	4,863	20,410	34,715	89,463
Council of Governments	8,752	9,606	10,780	11,431
AWC	10,749	11,470	12,546	13,049
Teen Court	4,000	4,000	0	3,000
Flower Baskets	3,000	3,000	3,000	3,000
Rental/Leases	11,697	11,748	10,984	-
Ferndale Community Resource Center	1,080	3,140	0	4,000
Ferndale Arts Commission (FAC)	15,022	32,546	31,558	49,845
Other Charges and Services	\$72,955	150,027	75,489	111,830
Total Expenditures	\$642,163	\$733,001	\$877,249	\$1,203,435

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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Law Enforcement Admin				
Salaries and Benefits	\$194,153	\$205,541	\$215,781	\$243,479
Other Charges and Services	500	1,731	1,303	3,569
Total Enforcement Admin	\$194,653	\$207,272	\$217,084	\$247,048
Law Enforcement Facilities				
Salaries and Benefits	\$3,795	\$4,308	\$8,209	\$15,438
Utilities	48,587	48,702	54,259	60,330
R&M Cleaning	14,708	15,478	35,589	26,316
General Building/Landscape Maintenance	41,531	42,941	49,606	66,831
Total Enforcement Facilities	\$108,621	\$111,429	\$147,663	\$168,915
Law Enforcement Traffic Policing				
Patrol Salaries and Benefits	\$2,975,702	\$3,154,041	\$3,335,330	\$3,976,489
Office Salaries and Benefits	354,204	430,368	488,608	590,432
O&M Supplies	15,089	52,601	104,866	110,449
Equipment/Uniforms	48,075	33,578	110,686	137,343
Computer Repair/Vehicle Rental Fund	477,755	544,787	625,546	706,237
Professional Services	22,121	45,130	90,985	130,353
Phone/Cell Phone	36,912	37,064	43,749	41,331
Contracted R&M	15,813	8,353	14,417	7,794
Training/Travel	29,764	49,030	78,121	104,000
Whatcomm	166,824	204,921	301,085	199,862
Other Charges and Services	65,936	44,223	72,174	96,191
Total Law Enforcement Traffic Policing	\$4,208,195	\$4,604,097	\$5,265,567	\$6,100,480
Total Expenditures	\$4,511,470	\$4,922,797	\$5,630,314	\$6,516,442

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. An additional Public Safety tax of two-tenths was approved by the voters to pay for the construction of a new jail in 2024 and budgeted from Probation's budget.

Description	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Salaries and Benefits	\$116,571	\$124,458	\$129,463	\$138,972
Computer Repair	1,068	976	1,415	1,124
Professional Services	145	97	126	116
Jail Contract	218,620	275,441	310,841	443,751
Other Charges and Services	599	136	493	127,939
Total Expenditures	\$337,003	\$401,109	\$442,338	\$711,904

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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Salaries and Benefits	\$434,093	\$449,082	\$424,284	\$446,422
Computer Repair/Vehicle Rental Fund	29,955	31,607	31,929	25,852
Other Charges and Services	9,330	11,334	11,529	16,695
Total Expenditures	\$473,377	\$492,023	\$467,742	\$488,969

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	2021	2022	2023	2024
	Actual	Actual	Actual	Actual
Emergency Service Contract	\$42,308	\$43,725	\$110,353	\$100,352
EMS Sales Tax	156,686	169,776	130,452	290,516
Total Expenditures	\$198,994	\$213,501	\$240,805	\$390,868

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	2021	2022	2023	2024
	Actual	Actual	Actual	Actual
Salaries and Benefits	\$53,152	\$23,791	\$24,658	\$48,207
Equipment Rental Fund	2,320	2,450	3,803	2,476
General Building Maint & Landscaping-CH	21,713	37,976	37,609	40,569
General Building Maint & Landscaping-Lib.	23,828	19,941	116,682	22,386
R&M Cleaning	11,087	13,181	13,770	10,162
Other Charges and Services	9,993	10,994	12,702	18,249
Total Expenditures	\$122,094	\$108,333	\$209,223	\$142,049

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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Salaries and Benefits	\$218,346	\$211,782	\$219,149	\$229,388
Computer Repair/Equipment Rental Fund	11,293	14,391	22,536	20,689
Professional Services	99,654	74,002	90,646	134,891
Other Charges and Services	113	1,742	832	1,370
Total Expenditures	\$329,407	\$301,916	\$333,162	\$386,337

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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
N.W. Clean Air Agency	\$5,005	\$5,110	\$7,785	\$7,985
Total Expenditures	\$5,005	\$5,110	\$7,785	\$7,985

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 2024, a separate fund was established to account for

all transactions related to the Civic Campus project and no longer budgeted from the general fund.

Description	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Interim Court Improvements	\$701,571	\$2,980	\$0	\$0
Civic Campus	0	0	107,474	0
Total Expenditures	\$701,571	\$2,980	\$107,474	\$0

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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Salaries and Benefits	\$420,987	\$466,795	\$470,694	\$559,052
Operating Supplies	50,178	50,929	63,266	74,207
Computer Repair/Vehicle Rental Fund	19,174	33,824	23,065	25,534
Professional Services	12,117	2,691	4,432	15,277
Utilities	33,918	44,555	37,751	39,614
Irrigation Water	32,997	43,119	29,122	52,658
Other Charges and Services	\$37,410	30,989	31,845	46,540
Capital Outlays	291,820	30,973	411,834	36,304
Total Expenditures	\$898,601	\$703,875	\$1,072,008	\$849,186

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	2021	2022	2023	2024
	Actual	Actual	Actual	Actual
Alcohol Admin. Board	\$2,304	\$0	\$3,636	\$3,072
Total Expenditures	\$2,304	\$0	\$3,636	\$3,072

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	2021	2022	2023	2024
	Actual	Actual	Actual	Actual
Salaries and Benefits	\$545,136	\$549,771	\$610,035	\$755,925
Computer Repair/Vehicle Rental Fund	26,313	34,662	36,380	22,898
Professional Services	28,700	112,336	128,234	154,684
Copy Machine/Print/Scan Leases & Maintenance	9,922	9,721	9,796	11,306
Transportation Consultant	7,199	0	0	0
Other Charges and Services	\$39,224	12,920	14,716	30,316
Total Expenditures	\$581,603	\$719,409	\$799,161	\$975,129

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	2021	2022	2023	2024
	Actual	Actual	Actual	Actual
TR TO Fund 218 Debt Service	\$23,812	\$25,217	\$25,000	\$25,357
TR TO Gen Fund Contingency Reserve 002	50,000	700,000	110,000	216,000
TR TO Capital Facilities Reserve 003	515,000	100,000	100,000	0
TR TO Fund 004 LEOFF I Retiree	570,000	40,000	40,000	0

TR to F550	74,254	0	134,868	0
TR to F310 Skate Park	0	0	0	500,000
TR to F315 Civic Campus	0	0	0	1,000,000
Other Charges	0	0	0	72,073
Total Expenditures	\$1,233,065	\$865,217	\$409,868	\$1,813,430

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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
<u>Revenues:</u>				
Transfers In and Other Revenue	\$50,200	\$703,475	\$111,529	\$216,000
Total Revenues	\$50,200	\$703,475	\$111,529	\$216,000

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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
<u>Revenues:</u>				
Transfers In and Other Revenue	\$1,015,457	\$617,110	\$607,527	\$500,000
Total Revenues	\$1,015,457	\$617,110	\$607,527	\$500,000

Expenditures:

Transfer to Cur Exp Fund 001	\$50,000	\$0	\$0	\$0
Total Expenditures	\$50,000	\$0	\$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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
<u>Revenues:</u>				
Transfers In and Other Revenue	\$671,072	\$164,192	\$150,739	\$0
Total Revenues	\$671,072	\$164,192	\$150,739	\$0
<u>Expenditures:</u>				
Medical/Dental Insurance Benefits	\$33,665	\$39,749	\$33,866	\$38,782
Total Expenditures	\$33,665	\$39,749	\$33,866	\$38,782

Solid Waste Utility Tax – Fund 005

The City levies a solid waste utility tax of 14 % 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 where revenues are unrestricted and may be used for any lawful government purpose. Typical transfers include transfers to the street fund and 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 when needed.

Description	2021 Actual	2022 Actual	2023 Actual	2024 Actual
<u>Revenues:</u>				
Solid Waste Tax and Other Revenue	\$2,688,087	\$3,594,012	\$3,463,552	\$3,426,920
Total Revenues	\$2,688,087	\$3,594,012	\$3,463,552	\$3,426,920
<u>Expenditures:</u>				
Transfers Out	\$1,370,000	\$1,364,008	\$2,018,255	\$1,843,920
Transfer to Debt Service	469,925	415,749	406,200	358,081
Total Expenditures	\$1,839,925	\$1,779,757	\$2,424,455	\$2,202,002

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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
<u>Revenues:</u>				
Transfer In	\$0	\$0	\$0	\$120,000
Other Revenues	30,263	50,315	70,894	38,525
Total Revenues	\$30,263	\$50,315	\$70,894	\$158,525

Description	2021 Actual	2022 Actual	2023 Actual	2024 Actual
<u>Expenditures:</u>				
Building Maintenance	\$9,272	\$16,362	\$39,661	\$45,592
Other Charges and Services	22,282	28,834	47,032	70,306
Total Expenditures	\$31,555	\$45,197	\$86,693	\$115,898



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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
<u>Revenues:</u>				
Grants	\$1,263	\$0	\$2,326,380	\$127,196
Entitlements, Impact Payments and Taxes	299,340	312,791	316,440	310,188
Encroachment	24,600	20,800	30,800	29,800
Transfer In	1,037,734	1,199,706	1,402,137	1,852,822
Other Revenues	10,572	0	4,277	2,739
Total Revenues	\$1,373,509	\$1,533,297	\$4,080,034	\$2,322,745
<u>Expenditures:</u>				
Transfer/Capital Projects	\$400,492	\$314,472	\$2,674,377	\$936,139
<u>Sidewalks</u>				
Salaries and Benefits	\$40,888	\$25,163	\$21,403	\$9,870
Other Charges and Services	4,199	1,447	11,150	4,004
Total Sidewalks	\$45,087	\$26,610	\$32,554	\$13,875
<u>Administration</u>				
Salaries and Benefits	\$164,038	\$134,402	\$128,938	\$149,202
Central Services	135,221	149,884	169,118	135,013
Computer Repair/Equip Rental Fund	93,434	95,096	89,371	97,765
Professional Services	17,772	115,290	89,669	49,779
Other Charges and Services	10,127	12,782	14,445	14,583
Total Administration	\$420,593	\$507,454	\$491,542	\$446,343
<u>Roadway</u>				
Salaries and Benefits	\$262,186	\$279,441	\$368,477	\$385,090
O & M Supplies	19,737	49,984	57,006	27,239
Contract R & M	401	46,867	21,014	20,314
Other Charges and Services	28,672	18,524	30,755	16,264

Total Roadway	\$310,995	\$394,815	\$477,253	\$448,907
Street Lighting	\$176,304	\$152,404	\$189,913	\$192,293
Traffic Control				
Salaries and Benefits	\$68,306	\$79,977	\$72,639	\$101,091
Other Charges and Services	21,326	50,008	35,051	66,166
Total Traffic Control	\$89,633	\$129,985	\$107,690	\$167,257
Snow & Ice				
Salaries and Benefits	\$23,166	\$70,293	\$50,731	\$41,046
Other Charges and Services	8,731	18,746	8,887	8,754
Total Snow & Ice	\$31,896	\$89,039	\$59,617	\$49,799
Street Cleaning				
Salaries and Benefits	\$56,872	\$47,950	\$49,799	\$55,930
Other Charges and Services	0	468	0	0
Total Street Cleaning	\$56,872	\$48,418	\$49,799	\$55,930
Total Expenditures	\$1,531,872	\$1,663,197	\$4,082,746	\$2,310,544

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	2021	2022	2023	2024
	Actual	Actual	Actual	Actual
<u>Revenues:</u>				
Impact Fees	\$162,581	\$102,449	\$209,305	\$409,297
Other Revenue	338	5,672	30,637	41,524
Total Revenues	\$162,919	\$108,121	\$239,942	\$450,821

Expenditures:

Transfers Out	\$185,891	\$195,489	\$220,000	\$170,629
Total Expenditures	\$185,891	\$195,489	\$220,000	\$170,629

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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
<u>Revenues:</u>				
Traffic Mitigation Fees	\$521,185	\$370,436	\$556,164	\$746,752
Other Revenue	876	14,270	69,760	93,268
Total Revenues	\$522,061	\$384,706	\$625,924	\$840,020
<u>Expenditures:</u>				
Transfer to Street 101	\$212,959	\$127,066	\$0	\$38,822
Transfer to Thornton	0	0	0	0
Fee Refunds	6,839	18,216	0	0
Total Expenditures	\$219,798	\$145,281	\$0	\$38,822

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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
<u>Revenues:</u>				
.2% Sales Tax/Local Interest	\$798,497	\$993,620	\$947,208	\$862,312
Total Revenues	\$798,497	\$993,620	\$947,208	\$862,312

Expenditures:

Transfer to COF - Road Projects	\$0	\$600,000	\$133,882	\$640,080
Total Expenditures	\$0	\$600,000	\$133,882	\$640,080

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.

Description	2021	2022	2023	2024
	Actual	Actual	Actual	Actual
<u>Revenues:</u>				
ARPA FUNDS	\$2,081,265	\$2,176,265	\$58,527	\$3,066
Total Revenues	\$2,081,265	\$2,176,265	\$58,527	\$3,066

Expenditures:

Ferndale Senior Activity Center	\$0	\$0	\$25,000	\$0
Ferndale Chamber of Commerce	0	200,000	0	0
Miracle Food Network	0	111,336	0	0
Ferndale Youth Sports	0	0	50,000	50,000
Community Service Cooperative Grant	0	440,000	85,000	0
Main Street Program	0	850,000	75,000	100,000
Ferndale Food Bank	0	0	132,000	0
Pioneer Cabin Preservation	0	0	24,247	61,338
Unallocated APRA Funds	0	0	140	0
Village Stage	0	234,500	0	70,480
Transfers Out	0	0	0	0
Other Charges and Services	65,507	62,225	6,797	38,215
Total Expenditures	\$65,507	\$1,898,061	\$398,183	\$320,033

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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
<u>Revenues:</u>				
Hotel/Motel Taxes	\$54,993	\$76,978	\$79,729	\$59,249
Total Revenues	\$54,993	\$76,978	\$79,729	\$59,249
<u>Expenditures:</u>				
Ferndale Chamber	\$39,000	\$34,500	\$42,090	\$44,250
Ferndale Chamber - Farmers Market	2,000	1,690	0	0
Heritage Society	926	0	2,991	0
Other Charges and Services	3,463	9,017	2,421	12,985
Transfer to Cur Exp Fund 001	8,000	11,565	18,236	13,500
Total Expenditures	\$53,388	\$56,772	\$65,737	\$70,735



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, 2024, the total outstanding General Obligation Debt is \$3,654,624.85.



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	2021	2022	2023	2024
Beginning Principal Balance	\$463,649	\$400,332	\$336,065	\$270,834
Principal	63,317	64,267	65,231	66,209
Interest	6,955	6,005	5,041	4,063
Total Payment	\$70,272	\$70,272	\$70,272	\$70,272
Remaining Principal Balance	\$400,332	\$336,065	\$270,834	\$204,625

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

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

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	2021	2022	2023	2024
Beginning Principal Balance	\$2,373,000	\$2,649,000	\$2,373,000	\$2,092,000
Principal	281,000	276,000	281,000	286,000
Interest	35,120	39,205	35,120	30,962
Total Payment	\$316,120	\$315,205	\$316,120	\$316,962
Remaining Principal Balance	\$2,092,000	\$2,373,000	\$2,092,000	\$1,806,000

2011 Limited Tax General Obligation Bond Redemption – Fund 219

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

2011 LTGO Facilities Bonds

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

2013 Library Limited Tax General Obligation Bond Redemption – Fund 220

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

2013 A Library LTGO Bonds

Description	2021	2022	2023	2024
Beginning Principal Balance	\$176,486	\$119,799	\$61,743	\$0
Principal	54,963	58,056	61,743	0
Interest	8,947	5,854	3,183	0
Total Payment	\$63,910	\$63,910	\$64,927	\$0
Remaining Principal Balance	\$121,523	\$61,743	\$0	\$0

2013 B Library LTGO Bonds: In 2013, the City issued additional bonds in the amount of \$1,050,000 to partially finance the construction, acquisition, and remodel of the Ferndale Public Library facilities. The interest rate is 5.55% and 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	2021	2022	2023	2024
Beginning Principal Balance	\$335,883	\$227,282	\$116,214	\$0
Principal	105,151	111,068	116,214	0
Interest	17,011	11,094	5,958	0
Total Payment	\$122,162	\$122,162	\$122,172	\$0
Remaining Principal Balance	\$230,732	\$116,214	\$0	\$0

Utility Loan Service – Fund 408

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

Public Works Trust Fund (PWTF) Storm 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	2021	2022	2023	2024
Beginning Principal Balance	\$368,690	\$337,966	\$307,241	\$276,517
Principal	30,724	30,724	30,724	30,724
Interest	922	845	768	691
Total Payment	\$31,646	\$31,569	\$31,492	\$31,415
Remaining Principal Balance	\$337,966	\$307,241	\$276,517	\$245,793

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	2021	2022	2023	2024
Beginning Principal Balance	\$515,000	\$465,000	\$405,000	\$350,000
Principal	50,000	60,000	55,000	60,000
Interest	24,500	21,750	18,875	16,000
Total Payment	\$74,500	\$81,750	\$73,875	\$76,000

Remaining Principal Balance \$465,000 \$405,000 \$350,000 \$290,000

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	2021	2022	2023	2024
Beginning Principal Balance	\$233,408	\$199,093	\$163,062	\$125,230
Principal	34,315	36,031	37,832	39,724
Interest	10,813	9,054	7,207	5,268
Total Payment	\$45,128	\$45,085	\$45,040	\$44,992

Remaining Principal Balance \$199,093 \$163,062 \$125,230 \$85,506

Revenue Debt

Revenue debt is a bond or loan whose principal and interest are payable exclusively from the revenue of a utility fund (water, sewer, and storm). As of January 1, 2024, the total outstanding Revenue Debt is \$46,043,976.22.

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 B Refunding Water & Sewer Bonds

Description	2021	2022	2023	2024
Beginning Principal Balance	\$3,926,000	\$3,868,000	\$3,520,000	\$3,167,000
Principal	22,000	348,000	353,000	364,000
Interest	112,810	96,700	116,160	79,175
Total Payment	\$134,810	\$444,700	\$469,160	\$443,175
Remaining Principal Balance	\$3,904,000	\$3,520,000	\$3,167,000	\$2,803,000

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

2014 Sewer & Storm Bonds

Description	2021	2022	2023	2024
Beginning Principal Balance	\$6,680,000	\$6,265,000	\$5,840,000	\$5,405,000
Principal	415,000	425,000	435,000	450,000
Interest	251,313	238,863	226,113	213,063
Total Payment	\$666,313	\$663,863	\$661,113	\$663,063
Remaining Principal Balance	\$6,265,000	\$5,840,000	\$5,405,000	\$4,955,000

2020 Water & Sewer Bond: A bond in the amount of \$5,739,000 was issued in 2020 to fund the Shop Well #2 Wellhouse project and Water Treatment Plant Upgrade. The Shop Well #2 Wellhouse project completion 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	2021	2022	2023	2024
Beginning Principal Balance	\$5,569,000	\$5,245,000	\$4,913,000	\$4,573,000
Principal	324,000	332,000	340,000	348,000
Interest	136,115	128,030	119,747	11,265
Total Payment	\$460,115	\$460,030	\$459,747	\$359,265
Remaining Principal Balance	\$5,245,000	\$4,913,000	\$4,573,000	\$4,225,000

Water/Sewer/Storm Bond Reserve – Fund 404

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

WWTP Debt Service – Fund 405

WWTP Department of Ecology Loan: The Department of Ecology awarded the City a low-interest loan in the amount of \$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	2021	2022	2023	2024
Beginning Principal Balance	\$33,681,368	\$34,395,862	\$34,395,862	\$32,898,976
Principal	0	0	1,496,886	1,437,880

Interest	0	0	594,538	653,544
Total Payment	\$0	\$0	\$2,091,424	\$2,091,424
Remaining Principal Balance	\$33,681,368	\$34,395,862	\$32,898,976	\$31,461,097

Utility Debt Service – Fund 406

Whatcom County Economic Development Initiative (EDI) Loan: In 2022, the City was successful in securing a loan for \$325,000 from Whatcom County for the Emergency Water Intertie project. The City entered an Interlocal Agreement with the City of Bellingham to connect to their water tank that sits approximately one-half mile south of City limits. The loan has a term of 20 years and is scheduled to be paid off in 2043 with an interest rate of 1%. Repayment of principal and interest is funded with transfers from the water fund.

Whatcom County Emergency Water Intertie (EDI)

Description	2021	2021	2022	2024
Beginning Principal Balance	\$0	\$0	\$0	\$310,240
Principal	0	0	0	14,908
Interest	0	0	0	3,102
Total Payment	\$0	\$0	\$0	\$18,010

Remaining Principal Balance \$0 \$0 \$0 \$295,332

Whatcom County Economic Development Initiative (EDI) Loan: In 2024, the City was successful in securing a low interest loan from Whatcom County for the construction of the Water Treatment Plant upgrade and the Douglas Well #2 project. Both projects' bids came back over the estimated amount the City budgeted and as a result, the City was able to get a \$1,000,000 grant and a \$2,000,000 loan from the County. The loan has a term of 20 years and is scheduled to be paid off in 2045 with an interest rate of 2%. Repayment of principal and interest is funded with transfers from the water fund.

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 fully repaid this loan in 2023, which will result in approximately \$45,000 in interest savings.

Central City Water Association Consolidation Loan				
Description	2021	2022	2023	2024
Beginning Principal Balance	\$134,461	\$131,525	\$51,525	\$0
Principal	30,491	80,000	51,525	0
Interest	1,928	1,315	850	0
Total Payment	\$32,419	\$81,315	\$52,375	\$0
Remaining Principal Balance	\$103,971	\$51,525	\$0	\$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, 2024, there is no outstanding Special Assessment Debt.

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	2021	2022	2023	2024
Beginning Principal Balance	\$150,815	\$46,704	\$18,704	\$0
Principal	28,000	28,000	18,704	0
Interest	8,612	2,902	1,068	0
Total Payment	\$36,612	\$30,902	\$19,772	\$0
Remaining Principal Balance	\$122,815	\$18,704	\$0	\$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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
<u>Revenues:</u>				
REET 1 - 1st 1/4%	\$842,615	\$656,223	\$394,497	\$406,857
Transfers/Investment Interest	493	9,775	4,324	558
Total Revenues	\$843,108	\$665,998	\$398,822	\$407,415
 <u>Expenditures:</u>				
Transfer to GO Bonds Fund 218 & 219	\$138,929	\$144,841	\$150,000	\$144,492
Transfer to Debt Service Fund 220	64,794	65,968	65,975	0
Transfer to Library 2014 GO Bond Debt	665,000	0	0	0
Transfer to Metalworks Skate Fund 310	7,831	97,754	0	150,000
Transfer to Thornton	0	0	0	0
Total Expenditures	\$876,554	\$308,563	\$215,975	\$294,492

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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
<u>Revenues:</u>				
REET 2 - 2nd 1/4%	\$842,615	\$656,225	\$384,209	\$405,965
Transfers/Investment Interest	971	22,851	10,149	0
Total Revenues	\$843,586	\$679,076	\$394,358	\$405,965
 <u>Expenditures:</u>				
Transfer to Street Fund 101	\$54,774.81	\$2,631.71	\$0.00	\$0.00
Transfer to F413	0	0	0	1,000,000
Transfer TO F401	270	0	0	710,000
Transfer to Metalworks Skate Fund 310	7,831	0	0	0
Total Expenditures	\$62,876	\$2,632	\$0	\$1,710,000

Metalworks Skate Park – Fund 310

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

Description	2021 Actual	2022 Actual	2023 Actual	2024 Actual
<u>Revenues:</u>				
Recreation and Conservation Office (RCO) Grant	\$0	\$0	\$34,173	\$219,646
EDI Grant	0	0	0	200,000
Donations	0	20,000	0	19,750
Transfers	15,662	197,754	75,000	1,435,000
Total Revenues	\$15,662	\$217,754	\$109,173	\$1,874,396
 <u>Expenditures:</u>				
Salaries and Benefits	\$7,966	\$13,170	\$10,709	\$70,930
Skate Park Design/Construction	7,696	184,575	73,872	1,891,110
Total Expenditures	\$15,662	\$197,745	\$84,581	\$1,962,040

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 completed in the Fall of 2024.

Civic Campus – Fund 315

The proposed project will result in the construction of a new municipal building for the City of Ferndale, including City Hall operations, Ferndale Municipal Court, and City Council chambers. It's estimated the project will take 18 months to complete after construction starts, and will be funded by previously secured grants from both Federal and State agencies, as well as the issuance of bonds.

Description	2023 Actual	2022 Actual	2023 Actual	2024 Actual
<u>Revenues:</u>				
Department of Commerce Grant	\$0	\$0	\$0	\$1,052,770
Transfer and other Revenue	0	0	0	1,000,000
Total Revenues	\$0	\$0	\$0	\$2,052,770

Expenditures:

Civic Campus- COF Labor	\$0	\$0	\$0	\$2,982
Civic Campus	0	0	0	1,027,977
Total Expenditures	\$0	\$0	\$0	\$1,030,959

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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
<u>Revenues:</u>				
Grants	\$2,626,761	\$5,213,639	\$4,344,516	\$1,767,156
Transfer In and Other Revenue	0	294,000	0	0
Total Revenues	\$2,626,761	\$5,507,639	\$4,344,516	\$1,767,156

Expenditures:

CE/CM Thornton Rd 370	\$143,220	\$485,439	\$527,656	\$201,957
Construction Project CN 370/Labor	1,719,566	5,603,378	4,207,568	476,356
ROW	4,101	0	0	129
Other Services and Charges	284,223	342,092	344,122	0
Total Expenditures	\$2,151,110	\$6,430,910	\$5,079,346	\$678,442



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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
<u>Revenues:</u>				
Connection Fees	\$1,326,611	\$745,436	\$648,992	\$1,235,359
Water Sales	3,469,528	4,052,785	286,977	4,329,362
Meter Charges	72,879	23,907	13,046	52,042
Meter Installation Charges - New Meter Set	20,900	15,220	6,840	15,320
Property Sale Final Meter Read Fee	22,018	17,062	13,359	19,330
Loan Proceeds and Grants	599	0	1,025,000	500,000
Transfer In and Other Revenue	32,515	135,609	4,175,488	76,865
Total Revenues	\$4,945,049	\$4,990,020	\$6,169,703	\$6,228,278

Expenditures:**Administration**

Salaries and Benefits	\$180,771	\$198,878	\$249,571	\$236,178
Central Services	138,126	162,892	179,748	208,165
Computer Repair/Equip Rental Fund	105,722	96,025	119,286	106,641
Professional Services	35,961	58,327	65,222	60,519
B&O Excise Tax	192,603	215,486	209,764	238,635
City of Ferndale Utility Tax	446,396	461,119	445,926	445,162
Other Charges and Services	12,019	13,288	15,859	26,618
Total Administration	\$1,111,599	\$1,206,015	\$1,285,377	\$1,321,918

Maintenance

Salaries and Benefits	\$328,832	\$322,464	\$473,859	\$476,838
O & M Supplies	124,349	95,218	109,571	94,850
Other Charges and Services	8,096	14,337	9,594	25,108
Total Maintenance	\$461,277	\$432,019	\$593,023	\$596,796

Operations

Salaries and Benefits	\$359,677	\$378,794	\$417,213	\$438,719
Contract R&M	31,683	26,642	60,662	34,453
Lab Testing	10,661	6,622	7,150	11,303
O & M Supplies	130,951	168,406	162,583	185,851
Professional Services	54,914	48,607	111,739	85,702
Utilities - PSE	185,684	190,003	216,916	240,938
Other Charges and Services	20,225	14,335	21,116	35,253
Total Operations	\$793,795	\$833,409	\$997,379	\$1,032,217
Transfer/Capital Projects	\$1,118,252	\$1,678,392	\$4,303,971	\$1,670,097
Other Charges and Services	\$4,832	\$4,122	\$7,478	\$1,669

Total Expenditures	\$3,489,755	\$4,153,957	\$7,187,228	\$4,622,697
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Sewer – Fund 402

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

Description	2021 Actual	2022 Actual	2023 Actual	2024 Actual
Revenues:				
Connection Fees	\$2,268,167	\$1,279,665	\$1,119,307	\$2,106,222
Sewer Sales	4,864,373	5,762,382	5,862,617	5,906,555
Transfer In and Other Revenue	38,135	198,249	119,966	1,559,169
Total Revenues	\$7,170,675	\$7,240,296	\$7,101,890	\$9,571,945

Expenditures:

Administration

Salaries and Benefits	\$190,339	\$202,948	\$255,681	\$218,313
Central Services	117,287	141,355	147,761	143,945
Computer Repair/Equip Rental Fund	86,973	81,047	94,136	85,965
Professional Services	35,763	58,509	62,503	73,474
B&O Excise Tax	138,149	145,126	134,847	147,595
City of Ferndale Utility Tax	648,347	662,597	306,000	528,808
Other Charges and Services	11,251	11,052	12,768	15,808
Total Administration	\$1,228,109	\$1,302,635	\$1,013,697	\$1,213,908

Maintenance

Salaries and Benefits	\$274,399	\$281,059	\$292,417	\$347,168
O & M Supplies	54,743	22,963	58,153	50,931
Other Charges and Services	10,064	31,148	7,373	5,362
Total Maintenance	\$339,206	\$335,170	\$357,943	\$403,461

Operations - Sludge Disposal

Operations - Sludge Disposal	\$451,603	\$142,898	\$97,848	\$125,892
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Operations

Salaries and Benefits	\$370,884	\$386,423	\$410,507	\$428,778
Contract R&M	9,836	12,360	81,262	69,406
Lab Testing	696	1,482	5,326	3,480
O & M Supplies	153,733	80,060	72,211	70,230
Professional Services	51,941	45,309	138,543	76,325
Utilities - PSE	283,773	235,025	282,586	301,151
Other Charges and Services	28,042	30,839	35,415	33,411
Total Operations	\$898,906	\$791,498	\$1,025,848	\$982,780

Transfer/Capital Projects

Transfer/Capital Projects	\$2,202,679	\$745,010	\$2,607,810	\$3,399,584
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Other Charges and Services

Other Charges and Services	\$15,433	\$0	\$0	\$0
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Total Expenditures	\$5,135,936	\$3,317,212	\$5,103,147	\$6,125,625
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Storm & Flood Control – Fund 407

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

Description	2021 Actual	2022 Actual	2023 Actual	2024 Actual
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Revenues:

Storm Rate Revenue	\$1,549,274	\$1,680,637	\$1,893,049	\$2,145,663
Mitigation Fees	122,717	175,943	80,569	132,285

Grants/Loans	129,799	79,773	1,666,866	53,729
Transfer In and Other Revenue	869	49,109	13,496	8,917
Total Revenues	\$1,802,659	\$1,985,462	\$3,653,980	\$2,340,594

Expenditures:

Salaries and Benefits	\$577,327	\$496,617	\$577,327	\$505,035
Central Services	126,168	120,309	126,168	75,228
Computer Repair/Equip Rental Fund	78,570	67,920	78,570	77,983
Professional Services	134,177	114,132	134,177	22,586
Decant Disposal	52,450	24,784	52,450	27,059
Water Quality Monitoring	6,570	7,334	6,570	9,539
B&O Excise Tax	30,531	24,894	30,531	35,253
City of Ferndale Utility Tax	162,489	173,945	162,489	177,301
Other Charges and Services	166,008	62,364	166,008	40,613
Total Drainage	\$1,334,290	\$1,092,298	\$1,334,290	\$970,596
Transfer/Capital Projects	\$2,350,458	\$389,306	\$2,350,458	\$2,139,660
Total Expenditures	\$3,684,748	\$1,481,603	\$3,684,748	\$3,110,256

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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
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Revenues:

Transfer In and Other Revenue	\$0	\$0	\$0	\$3,572,466
Total Revenues	0	0	0	3,572,466

Expenditures:

Upgrade Construction	\$106,024	\$18,924	\$35,878	\$5,248,070
Upgrade Design	3,416	13,092	0	0
Total Expenditures	\$109,440	\$32,016	\$35,878	\$5,248,070

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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
<u>Revenues:</u>				
Transfer In and Other Revenue	\$0	\$0	\$0	\$0
Total Revenues	\$0	\$0	\$0	\$0
<u>Expenditures:</u>				
Shop Well 2 Wellhouse Construction	\$3,524	\$335,528	\$0	\$0
TR to F413	0	0	0	72,466
Total Expenditures	\$3,524	\$335,528	\$0	\$72,466

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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
<u>Revenues:</u>				
Grants and Proceeds	\$13,139,266	\$3,178,465	\$30,213	\$0
Total Revenues	\$13,139,266	\$3,178,465	\$30,213	\$0
<u>Expenditures:</u>				
WWTP Construction/Design	\$9,834,808	\$2,890,411	\$0	\$0
Principal Payment	1,100,000	0	0	0
Anticipation Note	1,238	0	0	0
TR to F402	0	0	0	1,504,189
Total Expenditures	\$10,936,046	\$2,890,411	\$0	\$1,504,189



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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
<u>Revenues:</u>				
Department & Fund Contributions	\$270,248	\$233,163	\$338,968	\$296,166
Transfer In and Other Revenue	2,977	0	0	50,000
Total Revenues	\$273,225	\$233,163	\$338,968	\$346,166

Description	2021	2022	2023	2024
Description	Actual	Actual	Actual	Actual
<u>Expenditures:</u>				
New S/W & Upgrade (Non-Labor)	\$5,823	\$38,356	\$76,695	\$14,345
Misc. Repair & Maintenance	\$26,938	\$27,654	\$28,629	\$30,325
Repair & Maintenance Contracts	\$52,805	\$54,352	\$56,351	\$129,226
Software Maintenance Contracts	\$158,812	\$92,378	\$149,319	\$54,241
Capital - Hardware	\$12,223	\$14,086	\$23,468	\$60,656
Other Charges and Services	\$13,648	\$6,353	\$9,587	\$7,373
Total Expenditures	\$270,248	\$233,180	\$344,048	\$296,166

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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
<u>Revenues:</u>				
Department & Fund Contributions	\$737,274	\$825,298	\$885,758	\$963,422
Transfers In and Other Revenue	564,569	55,031	867,218	24,146
Total Revenues	\$1,301,844	\$880,329	\$1,752,977	\$987,569

Description	2021	2022	2023	2024
Description	Actual	Actual	Actual	Actual
<u>Expenditures:</u>				
Salaries and Benefits	183,756	231,405	226,512	274,756
Operating Supplies - Parts, Etc.	67,781	109,446	84,030	131,463

Operating Supplies - Fuel/Oil	128,447	147,651	178,618	138,921
Insurance	75,388	93,492	138,929	110,000
Computer Repair & Replacement	1,360	981	1,653	1,900
Central Services	34,646	37,238	38,372	36,886
Utilities	15,499	21,740	19,076	14,387
Capital	715,888	470,476	828,191	222,410
Other Charges and Services	38,078	27,969	69,800	33,283
Total Expenditures	\$1,260,843	\$1,140,398	\$1,585,181	\$964,005



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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
<u>Revenues:</u>				
Crime Victims and Trust Account	\$122,425	\$70,943	\$71,575	\$88,058
Other Revenue	10,097	9,710	9,061	8,104
Total Revenues	\$132,521	\$80,652	\$80,636	\$96,162

Court Activity – Fund 651

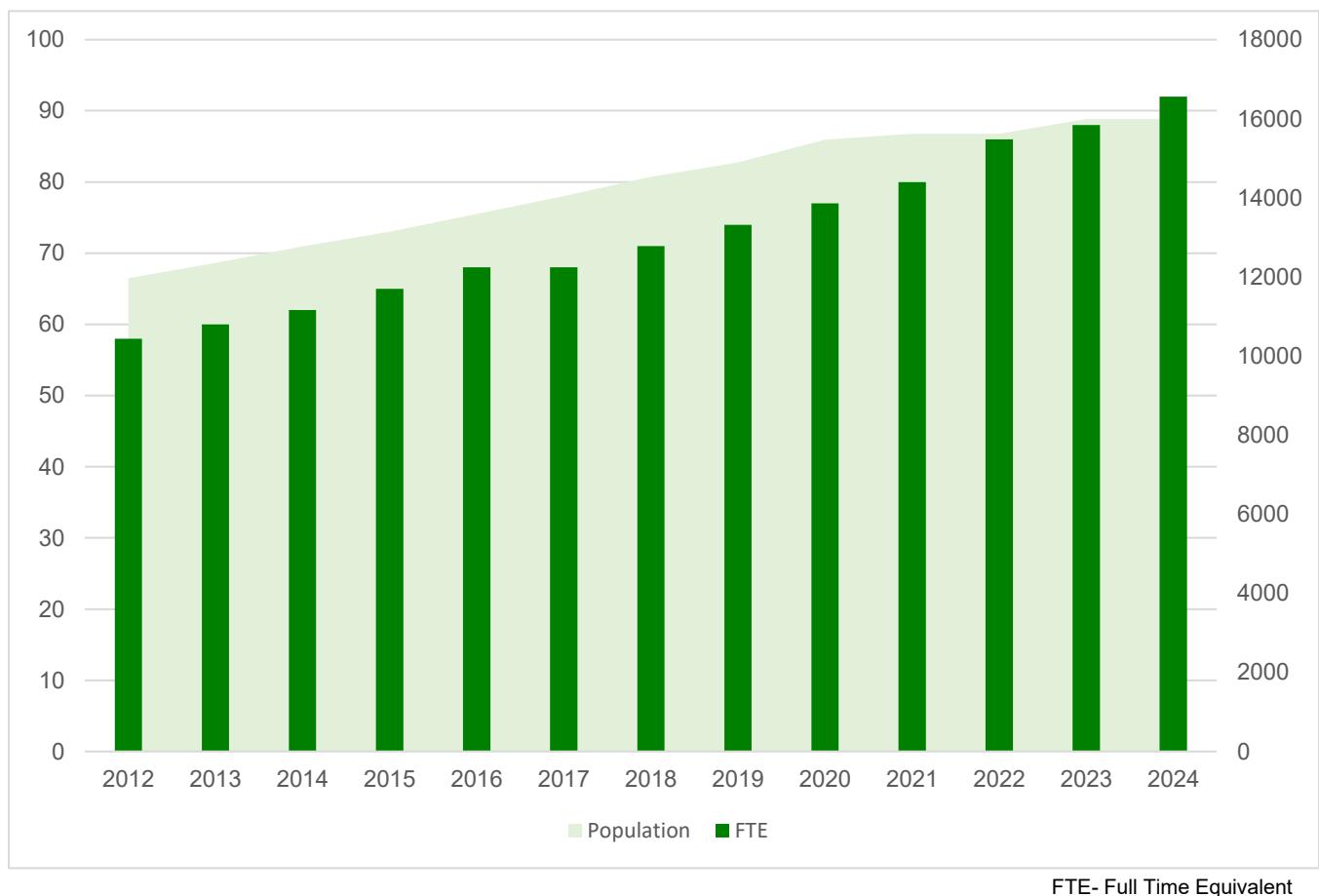
This fund is used to record the Ferndale Municipal Court's revenue and expenditure activity. The Court utilizes a separate information system to record payments for court fines and fees received from individuals. These revenues must then be recorded in the City's main financial software program. As directed 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	2021 Actual	2022 Actual	2023 Actual	2024 Actual
<u>Revenues:</u>				
Court Activity Deposits	\$8,954	-\$634	\$5,820	\$8,776
Total Revenues	\$8,954	-\$634	\$5,820	\$8,776



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>