

City of Ferndale

2025 Budget





Budget Prepared by:
The Finance Department
and City Staff

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
Vacant, 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 the Ferndale Community,

It is my pleasure to present the City of Ferndale's 2025 Budget. The work of the City, aimed at improving our community, is never done, and perhaps more than any other document, the annual budget serves as a record of a chapter in our history.

2025 will be a significant year for the City of Ferndale as we close one chapter and begin a new one for our community. It will mark the end of American Rescue Plan Act (ARPA) funds, the continued evolution of our economy and community in the post-COVID era, the drafting of the City's Comprehensive Plan update - which will chart the course for growth for the next 20 years - and the anticipated start of construction on a new Municipal Court and City Hall as part of the Civic Campus project.

As we look ahead to 2025, the City's revenues are strong and capable of supporting planned projects. Our financial structure remains stable, supported by five primary revenue sources: sales tax, property tax, utility tax, solid waste tax, and (more recently) investment interest income. This diversified approach has helped the City overcome the financial challenges faced by jurisdictions dependent on one or two sources of revenue. We expect City revenues to level off in 2025, consistent with, but slightly delayed from what other jurisdictions have experienced. After years of major projects like the Wastewater Treatment Plant, Ferndale High School, and the Thornton Street Overpass, sales tax revenues have leveled off. Additionally, a combination of higher interest rates and limited land that has been prepared for development are both expected to slow the growth of Real Estate Excise Taxes, and banking the City's statutory 1% property tax increase for two of the last three years has also reduced Ferndale's already low property tax collection.

City Administration is working to improve our financial planning by recognizing long-term trends and engaging in long-range forecasting. Ferndale's tradition of lean budgeting means intentional reductions in revenue could be especially harmful in light of projected economic conditions. In the past, short-term thinking prevented the City from addressing critical projects, ultimately costing the community more in the long run. This budget seeks to avoid repeating some of the mistakes of the past.

Flat revenues, combined with rising wages and salaries, which make up 60% of the City's General Fund budget, necessitate an austerity budget - one that focuses on finding efficiencies while making important investments for Ferndale's future.

Over the past 20 years, Ferndale has experienced extraordinary growth, and our community has made key investments to accommodate that growth: the Wastewater Treatment Plant, the Thornton Street Overpass, a new water source and well, and the ongoing expansion of the Water Treatment Plant. In 2025, City staff, working with the City Council and the community, will complete the Comprehensive Plan update, which will chart the course for Ferndale's growth over the next 20 years. This update anticipates that Ferndale will remain the fastest-growing community in Whatcom County, with nearly 11,000 additional residents by 2045,

bringing the total population to over 27,000. Through the Comprehensive Plan update, staff and the City Council will determine how and where Ferndale will grow, planning for impacts on land use, housing, economic development, transportation, capital facilities (water infrastructure, parks, city buildings, etc.), and utilities. Thoughtfully managed growth will ensure Ferndale remains a desirable place to live, work, shop, and play.

A common misconception about growth is that it inevitably leads to increased costs and a reduced quality of life. This myth only becomes true if we fail to plan. A well-planned community can not only sustain itself as it grows but also thrive. By identifying costs and improvements in advance, we can distribute those costs across the growing community and make meaningful improvements rather than temporary fixes. To effectively and proactively plan for and manage future growth, we must have the necessary tools, talent, and facilities in place and that is why the Civic Campus project is so important.

In early October, Zervas Group Architects submitted the plans for the City's new Municipal Court, Council Chambers, and City Hall for review and permits. This building is the cornerstone of Ferndale's Civic Campus, a long-overdue project that will equip the City to meet the needs of our vibrant and growing community for generations. The Civic Campus project is the result of years of work collaborating with the City Council on location, size, and budget; working with state and federal delegations for funding; and consulting with regulatory agencies to design a building that is resilient, environmentally responsible, functional, and fiscally conservative. This is the right time to move forward with constructing this project - before costs rise further and burden the community unnecessarily. The opportunity and time is now.

Ferndale has always aimed to spend tax dollars wisely - avoiding frivolous expenses while providing the services our residents expect from a modern city. As with many families, our regular expenses have continued to rise despite slowing inflation rates. The costs of utilities, insurance, healthcare premiums, What-Comm (911 police dispatch), emergency management, and other essential services have increased at rates higher than inflation, placing additional pressure on the 2025 Budget.

In anticipation of the Civic Campus project, this budget includes investments in technology to help the City more efficiently provide services while delaying some staffing increases. These investments include:

- A new, modernized City website designed for municipal use
- Software to capture and archive social media activities to meet legal records retention requirements
- Human resources software to digitize the hiring and management of City employees
- An application to streamline public records requests
- Software to help the Ferndale Police Department efficiently document and oversee use-of-force incidents

The 2025 Budget also includes new contracts for the City's non-represented senior leadership and modest negotiated wage increases for union-represented staff. It adds one full-time

position to support the expanded Water Treatment Plant and an additional full-time mechanic to maintain the City's equipment more efficiently. Modest expenses include replacing the aging security system in Pioneer Village, funding to complement grants for the first phase of wayfinding, and support for initiatives to tell Ferndale's history ahead of the Country's 250th birthday in 2026.

Finally, this budget includes the final allocations of ARPA funds: \$60,000 for community service organizations, \$300,000 for the replacement of the stage in Pioneer Village, and \$791,000 for the Water Treatment Plant expansion.

At its core, a City's annual budget is more than numbers on a spreadsheet - it reflects a community's priorities and provides a strategic roadmap for the future. I respectfully submit this budget for the Ferndale City Council's consideration and request approval following their review process.

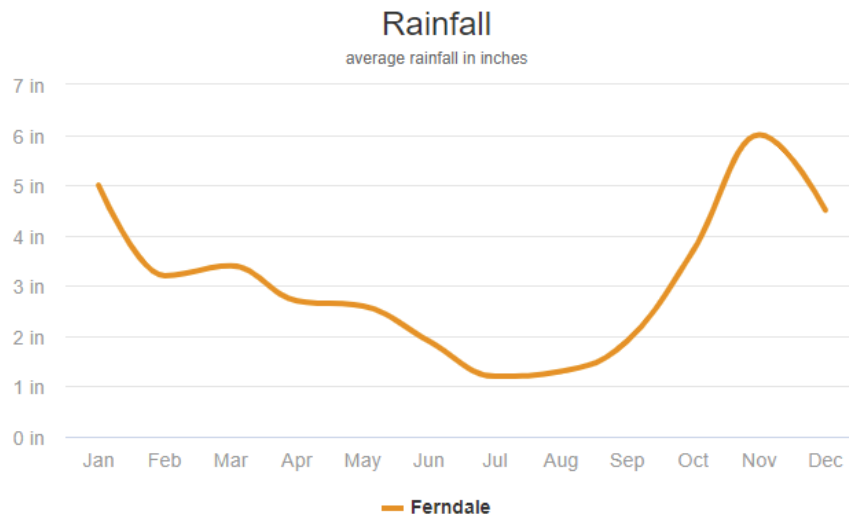
Thank you.

A handwritten signature in blue ink, appearing to be 'GH' or similar initials, written over the 'Thank you.' text.

Mayor Greg Hansen

City Statistics

| | |
|--|-------------------|
| Incorporated | 1907 |
| 2021 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.

2025 BUDGET PROCESS CALENDAR

JUNE

12th (Wednesday) Committee of the Whole

- Council Budget Workshop- Priorities

21st (Friday)

- Notification to public for submissions for Lodging Tax

28th (Friday)

- Notification to public for submissions for Organizational Grants

JULY

26th (Friday)

- Applications due for Lodging Tax

AUGUST

28th (Wednesday) Committee of the Whole

- Budget Assumptions Document review

SEPTEMBER

2nd (Monday)

- Applications due for Organizational Grants

4th (Wednesday)

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

16th (Monday)

- 2025 Property tax introduction to Council

OCTOBER

7th (Monday)

- Proposed preliminary budget presented to Council
- Council budget workshop

21st (Monday)

- Council budget workshop

30th (Wednesday)

- Mayor presents 2025 budget message
- Preliminary budget made available to public
- Publication notice for public hearing on property tax levy (public hearing November 18th)
- Publication notice for public hearing on preliminary budget (public hearing November 18th)

NOVEMBER

4th (Monday)

- Council budget workshop

18th (Monday)

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

20th (Wednesday)

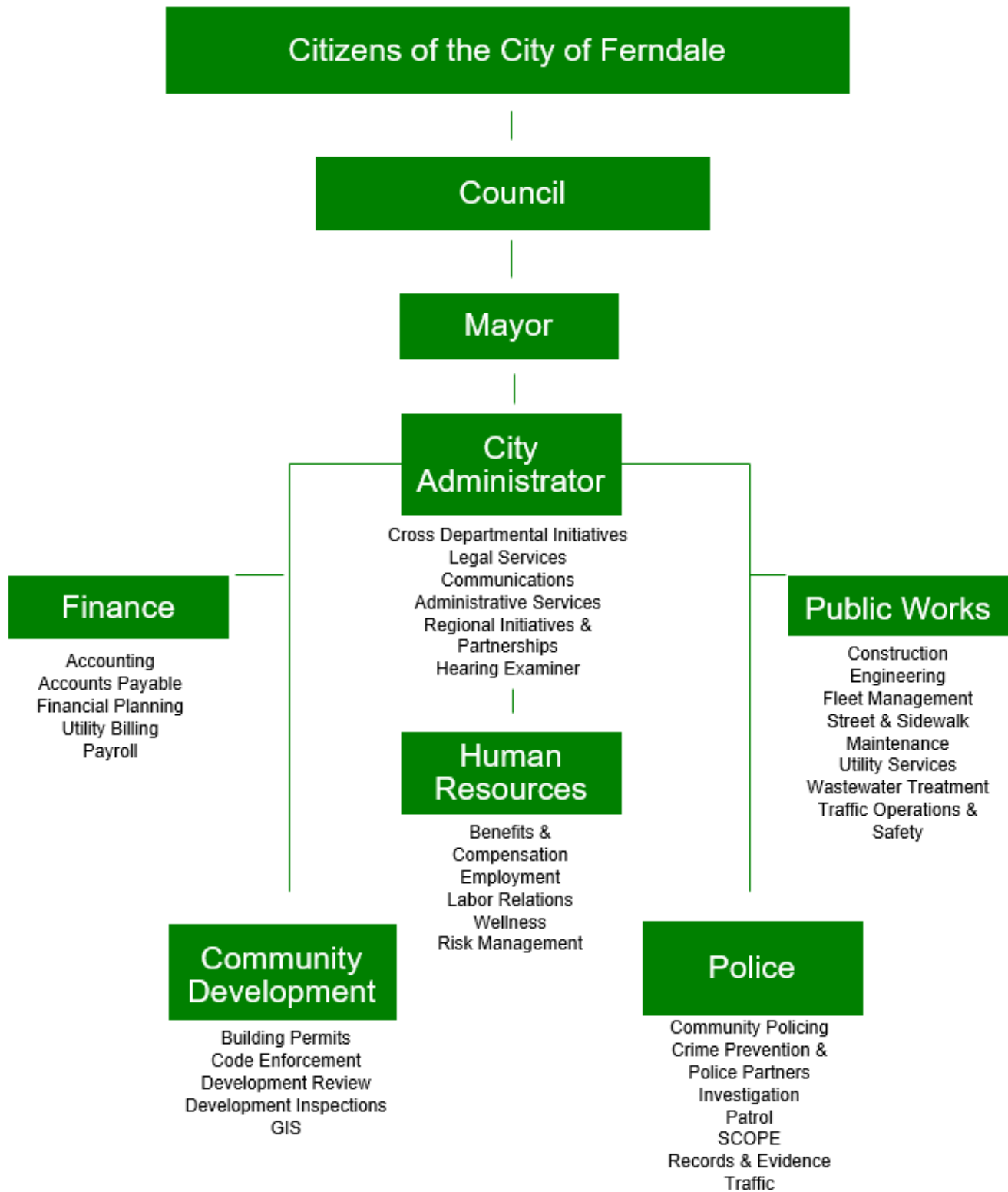
- Publication notice for public hearing on final budget (public hearing December 2nd)

DECEMBER

2nd (Monday)

- Final public hearing on proposed 2025 budget
- Adoption of 2025 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.

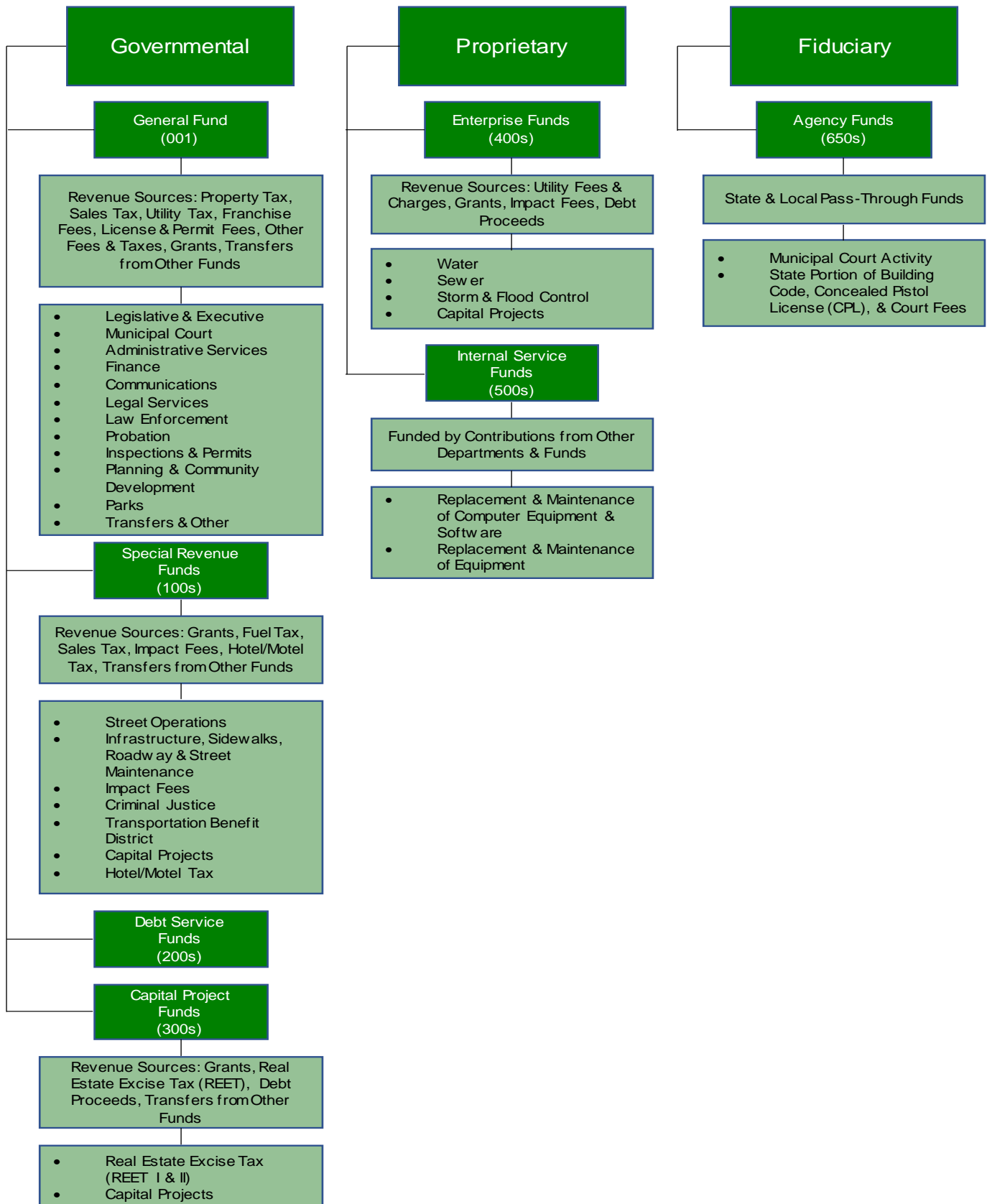
Fiduciary Fund Types

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

2025 Budget Summary

| Fund | Fund Name | Beginning Fund Balance | Revenues | Expenditures | Ending Fund Balance |
|--------------|---|---------------------------|---------------------|---------------------|------------------------|
| 001 | Current Expense (General Fund) | \$7,410,758 | \$14,447,943 | \$16,202,694 | \$5,656,007 |
| 002 | General Fund Contingency Reserve | 1,237,457 | 123,000 | 0 | 1,360,457 |
| 003 | Facilities Capital Reserve | 2,741,249 | 600,000 | 2,500,000 | 841,249 |
| 004 | LEOFF I Police Retiree | 1,828,318 | 0 | 75,000 | 1,753,318 |
| 005 | Solid Waste Utility Tax | 6,193,118 | 2,645,490 | 2,421,422 | 6,417,187 |
| 007 | Pioneer Pavilion Community Center | 69,629 | 45,000 | 99,250 | 15,379 |
| 101 | Streets | 870,908 | 6,703,063 | 7,123,400 | 450,571 |
| 102 | Park Mitigation | 741,146 | 230,000 | 95,930 | 875,215 |
| 104 | Traffic Mitigation | 1,644,768 | 470,000 | 1,100,000 | 1,014,768 |
| 113 | Transportation Benefit District | 2,379,767 | 700,000 | 1,210,000 | 1,869,767 |
| 115 | American Rescue Plan Act (ARPA) | 1,737,338 | 0 | 1,737,338 | 0 |
| 198 | Hotel/Motel | 138,935 | 50,000 | 81,000 | 107,935 |
| 214 | Streets/Parks/Land Debt Services | 8,902 | 120,097 | 120,097 | 8,902 |
| 215 | LaBounty LID 2006-1 Bond Redemption | 14,936 | 30,554 | 45,490 | 0 |
| 216 | Labounty LID 2006-1 Bond Guarantee | 30,554 | 0 | 30,554 | 0 |
| 218 | 2010 GO Bond Redemption | 13,104 | 320,729 | 321,229 | 12,604 |
| 219 | 2011 GO Bond Redemption | 161,447 | 161,200 | 161,550 | 161,097 |
| 220 | 2013 Library GO Bond Redemption | 42 | 0 | 0 | 42 |
| 301 | Real Estate Excise Tax 1/4% REET 1 | 1,485,092 | 300,000 | 744,746 | 1,040,347 |
| 302 | Real Estate Excise Tax 1/4% REET 2 | 2,937,132 | 300,000 | 1,420,000 | 1,817,132 |
| 310 | Metalworks Park | 98,172 | 200,000 | 185,000 | 113,172 |
| 315 | Civic Campus | 25,791 | 2,500,000 | 5,000 | 2,520,791 |
| 370 | Thornton Road Construction | 1,027,474 | 0 | 0 | 1,027,474 |
| 401 | Water | 6,077,278 | 5,435,893 | 8,037,741 | 3,475,431 |
| 402 | Sewer | 17,959,356 | 7,501,978 | 13,073,301 | 12,388,032 |
| 403 | 2005 Sewer Revenue Bond Redemption | 34,899 | 1,563,723 | 1,564,473 | 34,149 |
| 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 | 128,841 | 128,841 | 0 |
| 407 | Storm & Flood Control | 2,155,145 | 3,862,157 | 4,022,487 | 1,994,815 |
| 408 | Utility Loan Service | 25,854 | 159,031 | 159,031 | 25,853 |
| 409 | Water Debt Service | 0 | 0 | 0 | 0 |
| 413 | Water Treatment Plant Upgrade | 214,547 | 2,332,923 | 2,506,000 | 41,470 |
| 414 | Shop Well 2 | 0 | 0 | 0 | 0 |
| 415 | Wastewater Treatment Plant Construction | 0 | 0 | 0 | 0 |
| 510 | Computer Repair & Maintenance | 82,193 | 338,968 | 406,150 | 15,011 |
| 550 | Equipment Repair & Maintenance | 143,185 | 955,758 | 1,047,076 | 51,868 |
| 650 | Court Agency | 18,050 | 80,400 | 80,500 | 17,950 |
| 651 | Court Activity | 2,860 | 6,000 | 6,000 | 2,860 |
| TOTAL | | \$61,526,187 | \$54,404,172 | \$68,802,723 | \$47,127,636 |

Revenue Summary by Fund

| Fund | Fund Name | 2022 | 2023 | 2024 | 2025 |
|--------------|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | | Actual | Actual | Budget | Budget |
| 001 | Current Expense (General Fund) | \$11,924,246 | \$14,730,118 | \$12,427,876 | \$14,447,943 |
| 002 | General Fund Contingency Reserve | 703,475 | 111,529 | 216,000 | 123,000 |
| 003 | Facilities Capital Reserve | 617,110 | 607,527 | 500,000 | 600,000 |
| 004 | LEOFF I Police Retiree | 164,192 | 150,739 | 0 | 0 |
| 005 | Solid Waste Utility Tax | 3,594,012 | 3,463,552 | 2,600,000 | 2,645,490 |
| 007 | Pioneer Pavilion Community Center | 50,315 | 70,894 | 160,000 | 45,000 |
| 101 | Streets | 1,533,297 | 4,080,034 | 6,657,762 | 6,703,063 |
| 102 | Park Mitigation | 108,121 | 239,942 | 200,000 | 230,000 |
| 104 | Traffic Mitigation | 384,706 | 625,924 | 400,000 | 470,000 |
| 113 | Transportation Benefit District | 993,620 | 947,208 | 750,000 | 700,000 |
| 115 | American Rescue Plan Act (ARPA) | 2,176,265 | 58,527 | 0 | 0 |
| 198 | Hotel/Motel | 76,978 | 79,729 | 64,000 | 50,000 |
| 214 | Streets/Parks/Land Debt Services | 119,704 | 120,003 | 121,897 | 120,097 |
| 215 | LaBounty LID 2006-1 Bond Redemption | 17,353 | 24,103 | 0 | 30,554 |
| 216 | LaBounty LID 2006-1 Bond Guarantee | 502 | 221 | 0 | 0 |
| 218 | 2010 GO Bond Redemption | 315,221 | 315,006 | 316,962 | 320,729 |
| 219 | 2011 GO Bond Redemption | 163,634 | 170,015 | 162,200 | 161,200 |
| 220 | 2013 Library GO Bond Redemption | 185,882 | 186,757 | 0 | 0 |
| 301 | Real Estate Excise Tax 1/4% REET 1 | 665,998 | 398,822 | 300,000 | 300,000 |
| 302 | Real Estate Excise Tax 1/4% REET 2 | 679,076 | 394,358 | 300,000 | 300,000 |
| 310 | Metalworks Skate Park | 217,754 | 109,173 | 2,080,000 | 200,000 |
| 315 | Civic Campus | 0 | 0 | 2,052,770 | 2,500,000 |
| 370 | Thornton Road Construction | 5,507,639 | 4,344,516 | 2,400,000 | 0 |
| 401 | Water | 4,990,020 | 6,169,703 | 5,747,412 | 5,435,893 |
| 402 | Sewer | 7,240,296 | 7,101,890 | 8,666,073 | 7,501,978 |
| 403 | 2005Sewer Revenue Bond Redemption | 1,572,632 | 1,595,028 | 1,565,503 | 1,563,723 |
| 404 | 2005 Sewer Bond Reserve | 16,846 | 7,411 | 0 | 0 |
| 405 | WWTP Debt Service Fund | 31,772 | 1,013,978 | 2,091,424 | 2,091,424 |
| 406 | Utility Debt Service Fund | 0 | 0 | 18,010 | 128,841 |
| 407 | Storm & Flood Control | 1,985,462 | 3,653,980 | 3,536,659 | 3,862,157 |
| 408 | Utility Loan Service | 158,407 | 154,000 | 152,408 | 159,031 |
| 409 | CCWA Water Conversion Debt Service | 42,741 | 24,941 | 0 | 0 |
| 413 | Water Treatment Plan Upgrade | 0 | 0 | 5,822,466 | 2,332,923 |
| 414 | Shop Well 2 | 0 | 0 | 0 | 0 |
| 415 | Wastewater Treatment Plant Const. | 3,178,465 | 30,213 | 0 | 0 |
| 510 | Computer Repair & Maintenance | 233,163 | 338,968 | 283,163 | 338,968 |
| 550 | Equipment Repair & Maintenance | 880,329 | 1,752,786 | 1,059,398 | 955,758 |
| 650 | Court Agency | 80,652 | 80,110 | 80,400 | 80,400 |
| 651 | Court Activity | (634.00) | 5,820 | 5,000 | 6,000 |
| TOTAL | | \$50,609,253 | \$53,157,525 | \$60,737,382 | \$54,404,172 |

Expenditure Summary by Fund

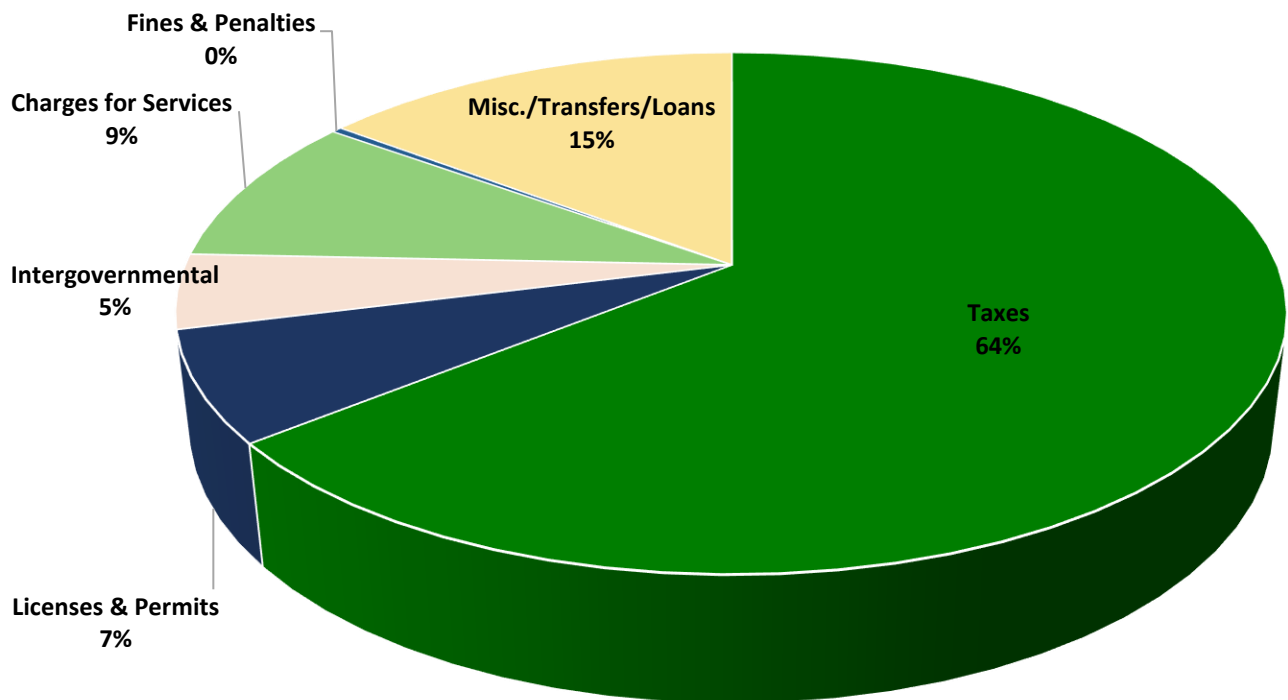
| Fund | Fund Name | 2022 | 2023 | 2024 | 2025 |
|--------------|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | | Actual | Actual | Budget | Budget |
| 001 | Current Expense (General Fund) | \$11,306,868 | \$12,489,983 | \$16,528,336 | \$16,202,694 |
| 003 | Facilities Capital Reserve | 0 | 0 | 0 | 2,500,000 |
| 004 | LEOFF I Police Retiree | 39,749 | 33,866 | 73,000 | 75,000 |
| 005 | Solid Waste Utility Tax | 1,779,757 | 2,413,638 | 2,521,328 | 2,421,422 |
| 007 | Pioneer Pavilion Com. Center Oper. | 45,197 | 86,693 | 68,091 | 99,250 |
| 101 | Streets | 1,663,197 | 4,082,746 | 6,720,777 | 7,123,400 |
| 102 | Park Mitigation | 195,489 | 220,000 | 220,629 | 95,930 |
| 104 | Traffic Mitigation | 145,281 | 0 | 1,314,000 | 1,100,000 |
| 106/107 | Local/Criminal Justice | 295,000 | 317,262 | 0 | 0 |
| 113 | Transportation Benefit District | 600,000 | 133,882 | 1,625,000 | 1,210,000 |
| 115 | American Rescue Plan Act (ARPA) | 1,898,061 | 398,183 | 1,000,753 | 1,737,338 |
| 198 | Hotel/Motel | 56,772 | 65,737 | 75,000 | 81,000 |
| 214 | Streets/Parks/Land Debt Services | 119,697 | 118,497 | 121,897 | 120,097 |
| 215 | LaBounty LID 2006-1 Bond Redemption | 30,902 | 25,330 | 0 | 45,490 |
| 216 | LaBounty LID 2006-1 Bond Guarantee | 0 | 6,753 | 0 | 30,554 |
| 217 | LaBounty Go Bond Redemption | 0 | 0 | 156 | 0 |
| 218 | 2010 GO Bond Redemption | 315,205 | 316,490 | 317,462 | 321,229 |
| 219 | 2011 GO Bond Redemption | 163,600 | 163,650 | 162,500 | 161,550 |
| 220 | 2013 Library GO Bond Redemption | 186,072 | 187,101 | 0 | 0 |
| 301 | Real Estate Tax (REET 1) | 308,563 | 215,975 | 294,492 | 744,746 |
| 302 | Real Estate Tax (REET 2) | 2,632 | 0 | 1,860,000 | 1,420,000 |
| 310 | Metalworks Skate Park | 197,754 | 84,581 | 2,018,132 | 185,000 |
| 315 | Metalworks Skate Park | 0 | 0 | 1,000,000 | 5,000 |
| 370 | Thornton Road Construction | 6,430,910 | 5,079,346 | 683,719 | 0 |
| 401 | Water | 4,153,957 | 7,187,228 | 6,977,718 | 8,037,741 |
| 402 | Sewer | 3,317,212 | 5,103,147 | 11,511,333 | 13,073,301 |
| 403 | 2005 Sewer Revenue Bond Redemption | 1,568,763 | 1,563,249 | 1,565,503 | 1,564,473 |
| 405 | Sewer Bond | 0 | 2,091,424 | 2,091,424 | 2,091,424 |
| 406 | Utility Debt Service Fund | 0 | 0 | 18,010 | 128,841 |
| 407 | Storm & Flood Control | 1,481,604 | 3,684,748 | 5,330,231 | 4,022,487 |
| 408 | Utility Loan Service | 158,404 | 150,407 | 152,408 | 159,031 |
| 409 | Water Debt Service | 81,315 | 52,426 | 0 | 0 |
| 413 | Water Treatment Plan Upgrade | 32,016 | 35,878 | 6,800,000 | 2,506,000 |
| 414 | Shop Well 2 | 335,528 | 0 | 72,466 | 0 |
| 415 | Wastewater Treatment Plant Const. | 2,890,411 | 0 | 1,504,189 | 0 |
| 510 | Computer Repair & Maintenance | 233,180 | 344,048 | 300,420 | 406,150 |
| 550 | Equipment Repair & Maintenance | 1,140,398 | 1,585,181 | 984,031 | 1,047,076 |
| 650 | Court Agency | 78,878 | 82,063 | 80,200 | 80,500 |
| 651 | Court Activity | 7,214 | 3,077 | 5,000 | 6,000 |
| TOTAL | | \$41,259,584 | \$48,322,591 | \$73,998,205 | \$68,802,723 |



General Fund

General Fund Revenue Summary

| | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|-----------------------|---------------------|---------------------|---------------------|---------------------|
| Taxes | \$8,632,344 | \$9,210,515 | \$8,582,033 | \$9,275,290 |
| Licenses & Permits | 975,936 | 875,227 | 919,507 | 989,148 |
| Intergovernmental | 468,512 | 373,174 | 562,567 | 668,902 |
| Charges for Services | 1,176,444 | 1,432,507 | 1,051,778 | 1,343,667 |
| Fines & Penalties | 75,121 | 72,039 | 52,800 | 50,700 |
| Misc./Transfers/Loans | 595,890 | 2,766,655 | 1,259,191 | 2,117,936 |
| Total | \$11,924,247 | \$14,730,118 | \$12,427,876 | \$14,445,643 |



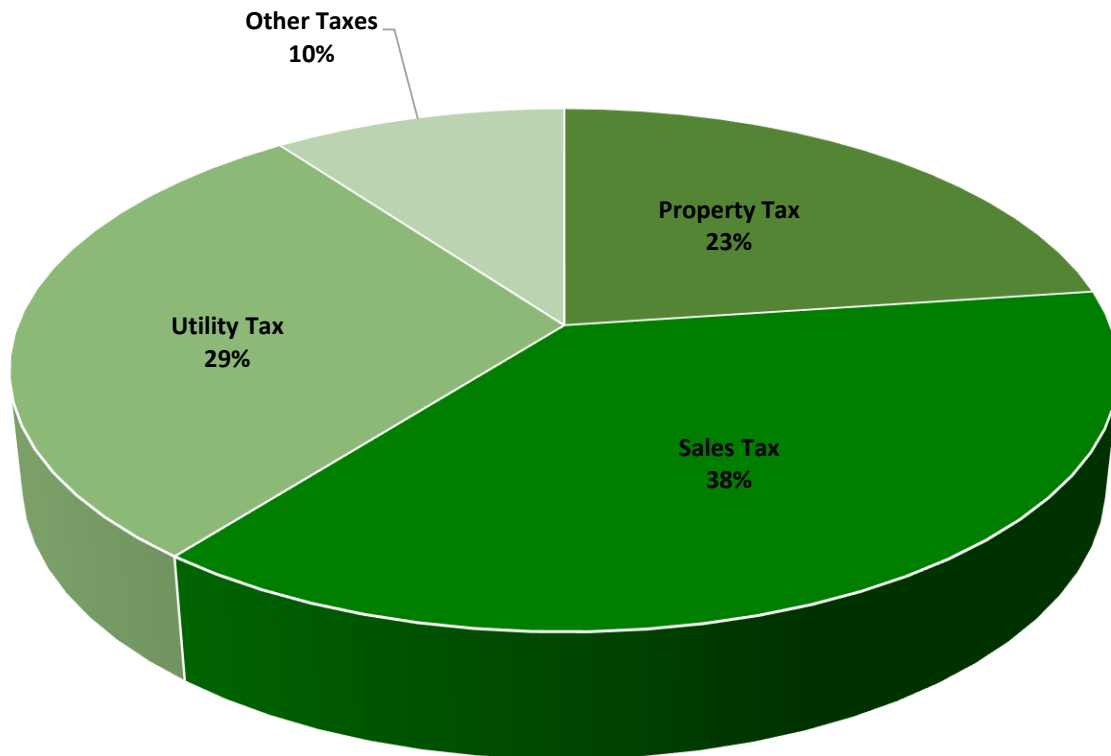
Graph Detail for 2025 Budget General Fund Revenue

General Fund Revenue Sources

This section describes each of the major general fund revenue sources in the 2025 budget.

Taxes

For the 2025 fiscal year, it is estimated that tax revenues will account for 64% 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 2025 Budget Taxes

Property Taxes

\$2,118,088

23%

Property taxes represent 64% of the City's general fund revenue. The City of Ferndale relies heavily on property tax revenue to support a variety of City services.

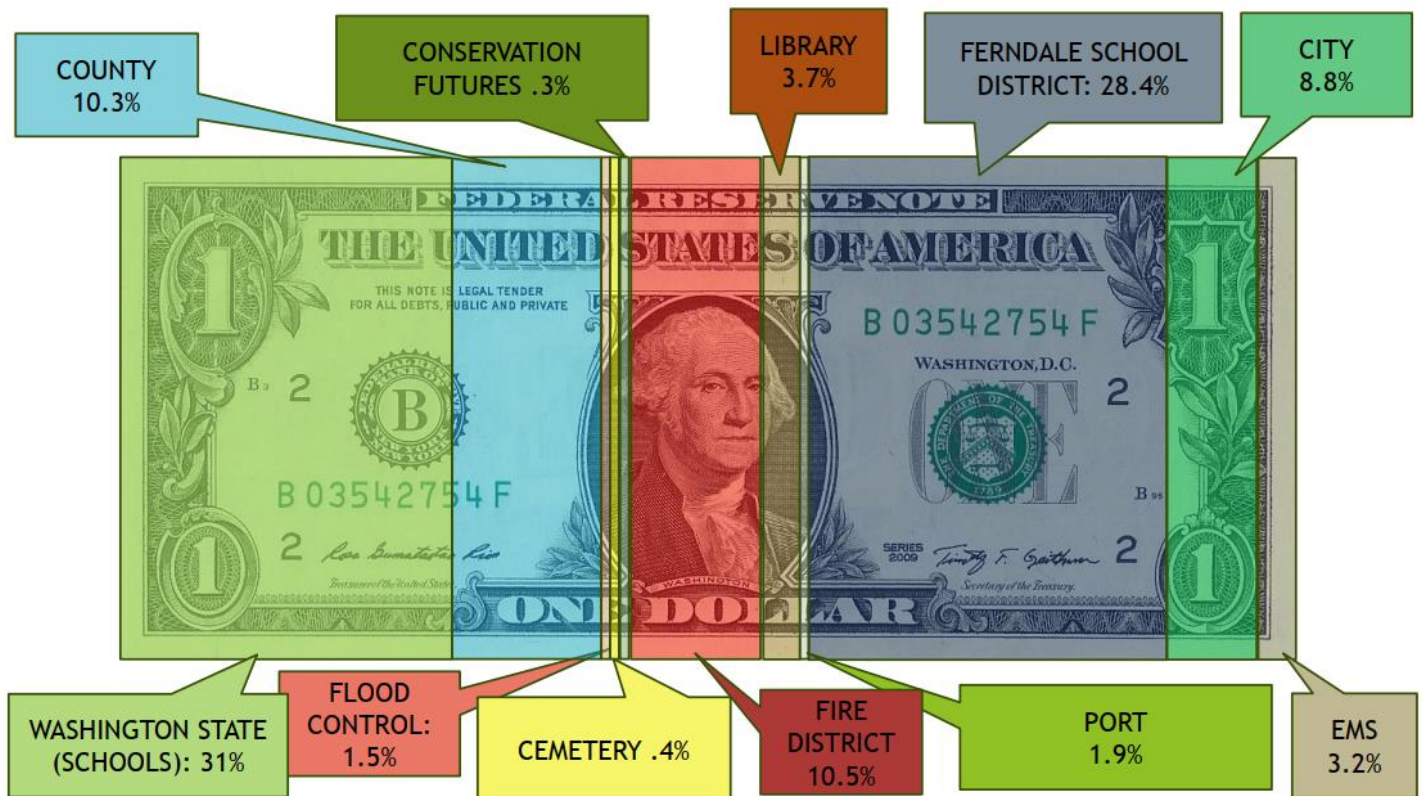
Each year, real and taxable personal property is assessed by the Whatcom County Assessor and the value is updated based on the market value of the property. The assessed value is used in the calculation of taxes payable in the following year. Most levies in Whatcom County are budget-based levies, meaning 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. The 2025 budget does not include a 1% increase in the regular property tax levy, as allowed per statute.

Where Did Your 2024 Property Tax Dollar Go?



Sales & Use Tax

\$3,500,000

38%

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 of projected sales tax as we move into the 2025 budget from 2024.

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> | \$2,722,202 | 29% |
|--------------------|-------------|-----|

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 | \$935,000 | 10% |
|--------------------|-----------|-----|

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 | \$989,148 | 7% |
|-------------------------------|-----------|----|

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

\$668,902

5%

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

Liquor Excise Tax & Profits

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

Marijuana Excise Tax

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

| | | |
|---------------------------------------|-------------|----|
| Charges for Goods and Services | \$1,343,667 | 9% |
|---------------------------------------|-------------|----|

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 | \$50,700 | 0.4% |
|----------------------------|----------|------|

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 | \$1,304,436 | 8.6% |
|------------------------------|-------------|------|

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 | \$813,500 | 6% |
|--------------------------------|-----------|----|

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

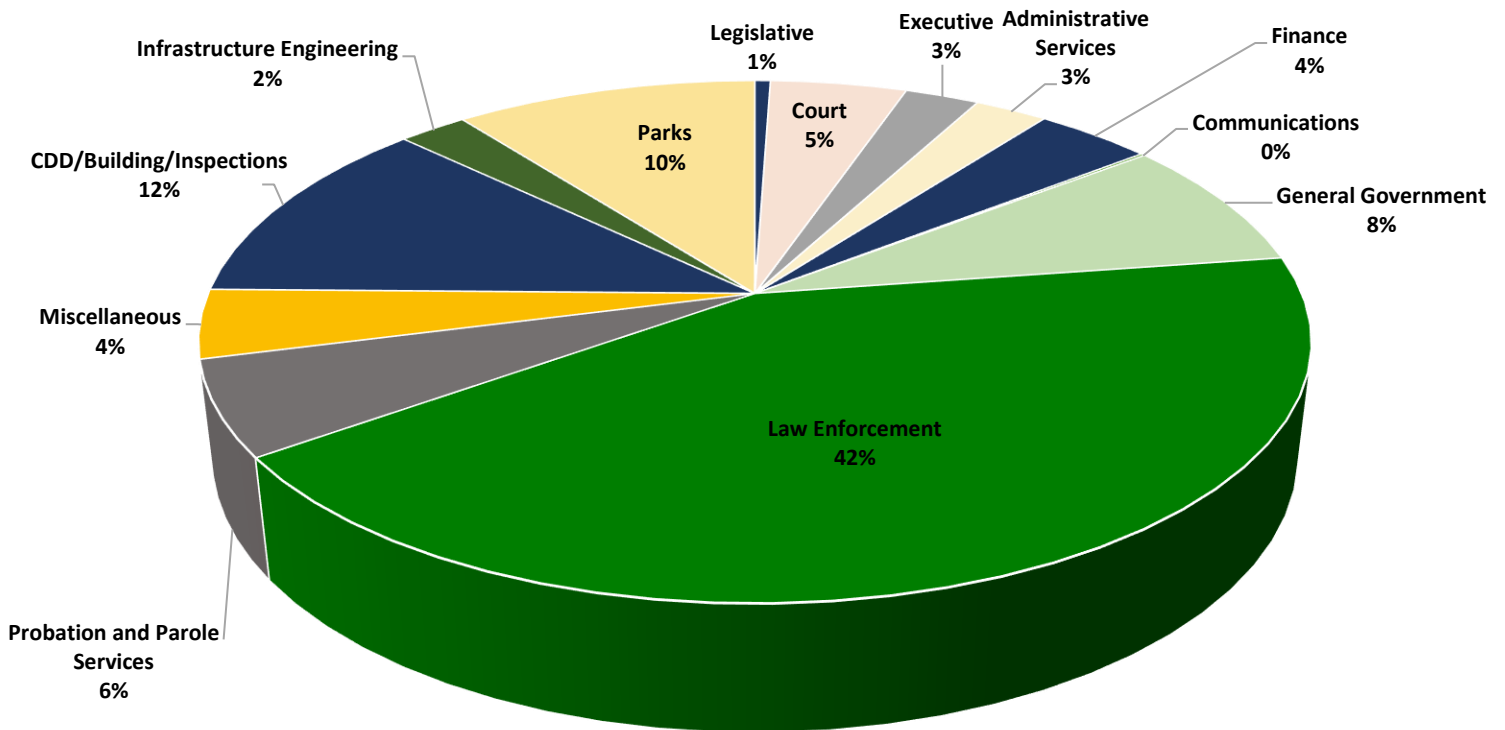
| | | |
|------------------------------------|---------------------|---------------|
| Total General Fund Revenues | \$14,445,643 | 100.0% |
|------------------------------------|---------------------|---------------|

Detailed General Fund Revenue

| | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|---|---------------------|---------------------|---------------------|---------------------|
| Property Tax | \$1,928,080 | \$2,001,738 | \$2,068,800 | \$2,118,088 |
| Sales Tax | 4,085,174 | 3,964,273 | 3,525,614 | 3,500,000 |
| Utility Tax | 2,339,210 | 2,945,427 | 2,741,703 | 2,722,202 |
| Other Taxes | 279,880 | 299,076 | 245,916 | 935,000 |
| Total Taxes | 8,632,344 | 9,210,515 | 8,582,033 | 9,275,290 |
| Building Permits | 464,102 | 328,647 | 375,500 | 359,500 |
| Business Licenses and Fees | 146,419 | 165,045 | 140,000 | 175,000 |
| Other Licenses Fees | 365,415 | 381,535 | 404,007 | 454,648 |
| Total Licenses and Permits | 975,936 | 875,227 | 919,507 | 989,148 |
| Federal Grants | 167,768 | 28,264 | 151,958 | 111,958 |
| Liquor Excise Tax/Profits | 230,840 | 234,077 | 241,358 | 228,870 |
| Other Fees | 69,905 | 110,833 | 169,251 | 328,074 |
| Total Intergovernmental | 468,512 | 373,174 | 562,567 | 668,902 |
| Building Plan Fees | 104,321 | 187,984 | 100,000 | 210,000 |
| Charges for Central Services | 611,678 | 661,167 | 611,678 | 661,167 |
| Developmental Review | 247,571 | 348,661 | 230,000 | 250,000 |
| School SRO | 0 | 0 | 0 | 0 |
| Zoning and Subdivision | 20,315 | 41,766 | 20,000 | 30,000 |
| Other Fees and Charges | 192,559 | 192,929 | 90,100 | 192,500 |
| Total Charges for Goods and Services | 1,176,444 | 1,432,507 | 1,051,778 | 1,343,667 |
| Criminal Traffic | 23,370 | 16,815 | 15,000 | 15,000 |
| Traffic Infractions | 27,310 | 28,671 | 23,000 | 22,500 |
| Other Fines and Fees | 24,441 | 26,553 | 14,800 | 13,200 |
| Total Fines and Penalties | 75,121 | 72,039 | 52,800 | 50,700 |
| Investment Interest | 88,336 | 2,373,700 | 1,100,000 | 1,200,000 |
| Donations/Cost Share DV Consultant | 47,951 | 51,536 | 58,191 | 64,980 |
| Other Miscellaneous Revenue | 71,526 | 98,427 | 33,642 | 39,456 |
| Total Miscellaneous | 214,766 | 2,523,663 | 1,179,191 | 1,304,436 |
| Transfers In | 306,565 | 385,498 | 75,000 | 798,500 |
| Other Sources | 74,558 | -142,506 | 5,000 | 15,000 |
| Total Other Financing Sources | 381,123 | 242,993 | 80,000 | 813,500 |
| TOTAL GENERAL FUND | \$11,924,246 | \$14,730,118 | \$12,427,876 | \$14,445,643 |

General Fund Expenditure Summary

| Departments | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| Legislative | \$73,437 | \$81,106 | \$88,336 | \$87,351 |
| Court | 564,524 | 673,349 | 753,933 | 767,879 |
| Executive | 311,682 | 437,520 | 404,924 | 417,649 |
| Administrative Services | 205,348 | 245,599 | 387,938 | 409,653 |
| Finance | 415,784 | 488,914 | 552,714 | 655,874 |
| Communications | 136,796 | 152,809 | 25,654 | 22,911 |
| General Government | 733,001 | 931,925 | 1,233,446 | 1,314,749 |
| Law Enforcement | 4,922,797 | 5,751,121 | 6,786,175 | 6,877,111 |
| Probation and Parole Services | 401,109 | 436,911 | 441,821 | 950,624 |
| Miscellaneous | 1,216,834 | 886,500 | 2,171,137 | 690,657 |
| CDD/Build. Permits/Insp/Code | 1,319,764 | 1,600,179 | 1,744,007 | 1,919,703 |
| Infrastructure Engineering | 301,916 | 363,103 | 368,875 | 386,040 |
| Parks | 703,875 | 1,313,417 | 1,569,377 | 1,702,494 |
| Total | \$11,306,868 | \$13,362,453 | \$16,528,336 | \$16,202,694 |



Graph Detail for 2025 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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|----------------------------|-----------------|-----------------|-----------------|-----------------|
| Salaries and Benefits | \$62,458 | \$64,491 | \$71,013 | \$71,862 |
| Publications Services | 1,053 | 576 | 500 | 1,500 |
| Other Charges and Services | 9,372 | 9,716 | 16,824 | 13,989 |
| Total Expenditures | \$72,883 | \$74,783 | \$88,336 | \$87,351 |

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|-------------------------------------|------------------|------------------|------------------|------------------|
| Salaries and Benefits | \$218,284 | \$245,562 | \$303,062 | \$278,651 |
| Computer Repair/Vehicle Rental Fund | 13,271 | 17,228 | 13,271 | 17,228 |
| Court Appointed Attorney | 161,228 | 151,264 | 204,000 | 210,000 |
| Prosecutor/Professional Services | 159,777 | 204,791 | 205,000 | 220,000 |
| Supplies/Small Equipment | 5,177 | 10,105 | 13,300 | 22,100 |
| Other Charges and Services | 6,787 | 4,208 | 15,300 | 19,900 |
| Total Expenditures | \$564,524 | \$633,157 | \$753,933 | \$767,879 |

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 | 2022 | 2023 | 2024 | 2025 |
|-----------------------------------|------------------|------------------|------------------|------------------|
| | Actual | Actual | Budget | Budget |
| Salaries and Benefits | \$249,579 | \$269,336 | \$276,197 | \$290,754 |
| Computer Repair/Equip Rental Fund | 3,092 | 4,658 | 3,092 | 4,879 |
| Professional Services | 52,913 | 101,958 | 110,000 | 107,200 |
| Other Charges and Services | 6,097 | 14,294 | 15,635 | 14,815 |
| Total Expenditures | \$311,682 | \$390,246 | \$404,924 | \$417,649 |

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 | 2022 | 2023 | 2024 | 2025 |
|-----------------------------------|------------------|------------------|------------------|------------------|
| | Actual | Actual | Budget | Budget |
| Salaries and Benefits | \$197,183 | \$218,714 | \$377,985 | \$398,398 |
| Computer Repair/Equip Rental Fund | 1,953 | 4,727 | 1,953 | 4,505 |
| Other Charges and Services | 6,211 | 9,308 | 8,000 | 6,750 |
| Total Expenditures | \$205,348 | \$232,749 | \$387,938 | \$409,653 |

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|----------------------------|------------------|------------------|------------------|------------------|
| Salaries and Benefits | \$349,493 | \$259,293 | \$493,730 | \$601,727 |
| Computer Repair Fund | 6,384 | 8,847 | 6,384 | 8,847 |
| Supplies/Small Equipment | 4,207 | 5,527 | 7,050 | 6,500 |
| Other Charges and Services | 55,700 | 19,657 | 45,550 | 38,800 |
| Total Expenditures | \$415,784 | \$293,325 | \$552,714 | \$655,874 |

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|----------------------------|------------------|------------------|-----------------|-----------------|
| Salaries and Benefits | \$126,011 | \$100,957 | \$0 | \$0 |
| Computer Repair Fund | 3,404 | 2,561 | 3,404 | 2,561 |
| Printing Services | 5,041 | 0 | 6,500 | 0 |
| Other Charges and Services | 2,894 | 4,424 | 15,750 | 20,350 |
| Total Expenditures | \$137,351 | \$107,942 | \$25,654 | \$22,911 |

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|------------------------------|------------------|------------------|------------------|------------------|
| Miscellaneous Legal Services | \$111,795 | \$121,288 | \$135,000 | \$140,000 |
| Legal Services - External | 12,386 | 13,748 | 10,000 | 16,000 |
| Total Expenditures | \$124,181 | \$135,036 | \$145,000 | \$156,000 |

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|--|----------------|----------------|----------------|----------------|
| Professional Services - General | \$22,933 | \$5,946 | \$10,000 | \$10,000 |
| Prof Services - Domestic Violence Services | 75,842 | 99,718 | 111,559 | 116,305 |
| Insurance | 319,263 | 467,655 | 698,361 | 755,000 |
| Wetlands Mitigation/Monitoring | 0 | 23,600 | 32,000 | 2,000 |
| Unemployment Payments - Claimant | 0 | 25,974 | 30,000 | 30,000 |
| Election Services | 20,107 | 8,739 | 30,000 | 30,000 |
| Other Grants | 0 | 18,720 | 7,000 | 23,000 |
| Utilities | 20,802 | 23,511 | 26,000 | 30,100 |
| Animal Control Contract | 8,105 | 24,315 | 37,200 | 37,200 |
| Senior Center Contribution | 10,000 | 0 | 4,000 | 4,000 |
| Food Bank Contribution | 10,000 | 0 | 3,000 | 10,000 |
| Audit | 20,410 | 34,715 | 55,000 | 60,000 |
| Council of Governments | 9,606 | 10,780 | 11,758 | 11,758 |
| AWC | 11,470 | 12,546 | 13,801 | 13,524 |
| Teen Court | 4,000 | 0 | 3,000 | 4,000 |
| Flower Baskets | 3,000 | 3,000 | 4,000 | 4,000 |
| Rental/Leases | 11,748 | 10,984 | 13,000 | 11,600 |
| Ferndale Community Resource Center | 3,140 | 0 | 4,000 | 8,000 |

| | | | | |
|--------------------------------|------------------|------------------|--------------------|--------------------|
| Ferndale Arts Commission (FAC) | 32,546 | 31,558 | 40,000 | 30,000 |
| Other Charges and Services | 150,027 | 75,489 | 99,767 | 124,262 |
| Total Expenditures | \$733,001 | \$877,249 | \$1,233,446 | \$1,314,749 |

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|---|------------------|------------------|------------------|------------------|
| Law Enforcement Admin | | | | |
| Salaries and Benefits | \$205,541 | \$215,781 | \$227,955 | \$240,965 |
| Other Charges and Services | 1,731 | 1,303 | 0 | 0 |
| Total Enforcement Admin | \$207,272 | \$217,084 | \$227,955 | \$240,965 |
| Law Enforcement Facilities | | | | |
| Salaries and Benefits | \$4,308 | \$8,209 | \$2,578 | \$9,122 |
| Utilities | 48,702 | 54,259 | 56,877 | 61,100 |
| R&M Cleaning | 15,478 | 35,589 | 36,750 | 38,600 |
| General Building/Landscape Maintenance | 42,941 | 49,606 | 47,250 | 49,700 |
| Total Enforcement Facilities | \$111,429 | \$147,663 | \$143,456 | \$158,522 |
| Law Enforcement Traffic Policing | | | | |
| Patrol Salaries and Benefits | \$3,154,041 | \$3,335,330 | \$4,241,143 | \$4,295,096 |
| Office Salaries and Benefits | 430,368 | 488,608 | 540,764 | 557,909 |
| O&M Supplies | 52,601 | 104,866 | 117,600 | 128,600 |
| Equipment/Uniforms | 33,578 | 110,686 | 170,000 | 185,000 |
| Computer Repair/Vehicle Rental Fund | 544,787 | 625,546 | 606,187 | 625,289 |
| Professional Services | 45,130 | 90,985 | 218,821 | 144,960 |
| Phone/Cell Phone | 37,064 | 43,749 | 45,000 | 42,000 |
| Contracted R&M | 8,353 | 14,417 | 28,000 | 29,400 |
| Training/Travel | 49,030 | 78,121 | 84,000 | 88,500 |
| Whatcomm | 204,921 | 301,085 | 288,384 | 303,000 |

| | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| Other Charges and Services | 44,223 | 72,174 | 74,865 | 77,870 |
| Total Law Enforcement Traffic Policing | \$4,604,097 | \$5,265,567 | \$6,414,764 | \$6,477,624 |

| | | | | |
|---------------------------|--------------------|--------------------|--------------------|--------------------|
| Total Expenditures | \$4,922,797 | \$5,630,314 | \$6,786,175 | \$6,877,111 |
|---------------------------|--------------------|--------------------|--------------------|--------------------|

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 | 2022 | 2023 | 2024 | 2025 |
|----------------------------|------------------|------------------|------------------|------------------|
| | Actual | Actual | Budget | Budget |
| Salaries and Benefits | \$124,458 | \$129,463 | \$136,845 | \$146,259 |
| Computer Repair | 976 | 1,415 | 976 | 1,415 |
| Professional Services | 97 | 126 | 2,000 | 500 |
| Jail Contract | 275,441 | 310,841 | 300,000 | 325,000 |
| Public Safety Tax | 0 | 0 | 0 | 476,250 |
| Other Charges and Services | 136 | 493 | 2,000 | 1,200 |
| Total Expenditures | \$401,109 | \$442,338 | \$441,821 | \$950,624 |

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 | 2022 | 2023 | 2024 | 2025 |
|-------------------------------------|-----------|-----------|-----------|-----------|
| | Actual | Actual | Budget | Budget |
| Salaries and Benefits | \$449,082 | \$424,284 | \$503,363 | \$534,161 |
| Computer Repair/Vehicle Rental Fund | 31,607 | 31,929 | 31,607 | 31,929 |

| | | | | |
|----------------------------|------------------|------------------|------------------|------------------|
| Other Charges and Services | 11,334 | 11,529 | 14,400 | 17,100 |
| Total Expenditures | \$492,023 | \$467,742 | \$549,370 | \$583,189 |

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 | 2022 | 2023 | 2024 | 2025 |
|----------------------------|------------------|------------------|------------------|------------------|
| | Actual | Actual | Budget | Budget |
| Emergency Service Contract | \$43,725 | \$110,353 | \$100,351 | \$120,000 |
| EMS Sales Tax | 169,776 | 130,452 | 163,944 | 250,000 |
| Total Expenditures | \$213,501 | \$240,805 | \$264,295 | \$370,000 |

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 | 2022 | 2023 | 2024 | 2025 |
|---|----------|----------|----------|----------|
| | Actual | Actual | Budget | Budget |
| Salaries and Benefits | \$23,791 | \$24,658 | \$29,986 | \$31,326 |
| Equipment Rental Fund | 2,450 | 3,803 | 2,450 | 3,803 |
| General Building Maint & Landscaping – CH | 37,976 | 37,609 | 40,000 | 40,000 |

| | | | | |
|--|------------------|------------------|------------------|------------------|
| General Building Maint & Landscaping - Library | 19,941 | 116,682 | 35,000 | 35,000 |
| R&M Cleaning | 13,181 | 13,770 | 15,000 | 15,000 |
| Other Charges and Services | 10,994 | 12,702 | 16,500 | 19,100 |
| Total Expenditures | \$108,333 | \$209,223 | \$138,936 | \$144,229 |

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|---------------------------------------|------------------|------------------|------------------|------------------|
| Salaries and Benefits | \$211,782 | \$219,149 | \$242,484 | \$252,504 |
| Computer Repair/Equipment Rental Fund | 14,391 | 22,536 | 14,391 | 22,536 |
| Professional Services | 74,002 | 90,646 | 110,000 | 110,000 |
| Other Charges and Services | 1,742 | 832 | 2,000 | 1,000 |
| Total Expenditures | \$301,916 | \$333,162 | \$368,875 | \$386,040 |

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|---------------------------|----------------|----------------|----------------|----------------|
| N.W. Clean Air Agency | \$5,110 | \$7,785 | \$7,985 | \$8,655 |
| Total Expenditures | \$5,110 | \$7,785 | \$7,985 | \$8,655 |

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|----------------------------|----------------|------------------|----------------|----------------|
| Interim Court Improvements | \$2,980 | \$0 | \$0 | \$0 |
| Civic Campus | 0 | 107,474 | 0 | 0 |
| Total Expenditures | \$2,980 | \$107,474 | \$0 | \$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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|-------------------------------------|------------------|--------------------|--------------------|--------------------|
| Salaries and Benefits | \$466,795 | \$470,694 | \$533,438 | \$511,729 |
| Operating Supplies | 50,929 | 63,266 | 60,000 | 70,000 |
| Computer Repair/Vehicle Rental Fund | 33,824 | 23,065 | 33,824 | 23,065 |
| Professional Services | 2,691 | 4,432 | 11,500 | 40,000 |
| Utilities | 44,555 | 37,751 | 62,000 | 52,000 |
| Irrigation Water | 43,119 | 29,122 | 46,000 | 45,000 |
| Other Charges and Services | 30,989 | 31,845 | 45,700 | 45,200 |
| Capital Outlays | 30,973 | 411,834 | 776,915 | 915,500 |
| Total Expenditures | \$703,875 | \$1,072,008 | \$1,569,377 | \$1,702,494 |

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 | 2022 | 2023 | 2024 | 2025 |
|---------------------------|------------|----------------|------------|----------------|
| | Actual | Actual | Budget | Budget |
| Alcohol Admin. Board | \$0 | \$3,636 | \$0 | \$4,844 |
| Total Expenditures | \$0 | \$3,636 | \$0 | \$4,844 |

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 | 2022 | 2023 | 2024 | 2025 |
|--|------------------|------------------|--------------------|--------------------|
| | Actual | Actual | Budget | Budget |
| Salaries and Benefits | \$549,771 | \$610,035 | \$763,539 | \$805,604 |
| Computer Repair/Vehicle Rental Fund | 34,662 | 36,380 | 34,662 | 36,380 |
| Professional Services | 112,336 | 128,234 | 128,000 | 138,000 |
| Copy Machine/Print/Scan Leases & Maintenance | 9,721 | 9,796 | 10,500 | 11,700 |
| Transportation Consultant | 0 | 0 | 0 | 75,000 |
| Other Charges and Services | 12,920 | 14,716 | 119,000 | 125,600 |
| Total Expenditures | \$719,409 | \$799,161 | \$1,055,701 | \$1,192,285 |

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|--|------------------|------------------|--------------------|------------------|
| TR TO Fund 218 Debt Service | \$25,217 | \$25,000 | \$25,357 | \$25,658 |
| TR TO Gen Fund Contingency Reserve 002 | 700,000 | 110,000 | 216,000 | 123,000 |
| TR TO Capital Facilities Reserve 003 | 100,000 | 100,000 | 1,000,000 | 0 |
| TR TO Fund 004 LEOFF I Retiree | 40,000 | 40,000 | 0 | 0 |
| TR to F550 | 0 | 134,868 | 10,000 | 0 |
| TR to F310 Metal Works Skate Park | 0 | 0 | 500,000 | 0 |
| Total Expenditures | \$865,217 | \$409,868 | \$1,751,357 | \$148,658 |

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|--------------------------------|------------------|------------------|------------------|------------------|
| <u>Revenues:</u> | | | | |
| Transfers In and Other Revenue | \$703,475 | \$111,529 | \$216,000 | \$123,000 |
| Total Revenues | \$703,475 | \$111,529 | \$216,000 | \$123,000 |

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. A large transfer is budgeted to the new Civic Campus fund in 2025. All expenditures from this fund require prior approval from City Council.

| Description | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|--------------------------------|------------------|------------------|------------------|--------------------|
| <u>Revenues:</u> | | | | |
| Transfers In and Other Revenue | \$617,110 | \$607,527 | \$500,000 | \$600,000 |
| Total Revenues | \$617,110 | \$607,527 | \$500,000 | \$600,000 |
| <u>Expenditures:</u> | | | | |
| Transfer to Cur Exp Fund 001 | \$0 | \$0 | \$0 | \$2,500,000 |
| Total Expenditures | \$0 | \$0 | \$0 | \$2,500,000 |

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|-----------------------------------|------------------|------------------|-----------------|-----------------|
| <u>Revenues:</u> | | | | |
| Transfers In and Other Revenue | \$164,192 | \$150,739 | \$0 | \$0 |
| Total Revenues | \$164,192 | \$150,739 | \$0 | \$0 |
| <u>Expenditures:</u> | | | | |
| Medical/Dental Insurance Benefits | \$39,749 | \$33,866 | \$73,000 | \$75,000 |
| Total Expenditures | \$39,749 | \$33,866 | \$73,000 | \$75,000 |

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| <u>Revenues:</u> | | | | |
| Solid Waste Tax and Other Revenue | \$3,594,012 | \$3,463,552 | \$2,600,000 | \$2,645,490 |
| Total Revenues | \$3,594,012 | \$3,463,552 | \$2,600,000 | \$2,645,490 |
| <u>Expenditures:</u> | | | | |
| Transfers Out | \$1,364,008 | \$2,018,255 | \$2,000,000 | \$2,070,000 |
| Transfer to Debt Service | 415,749 | 395,383 | 351,328 | 351,422 |
| Total Expenditures | \$1,779,757 | \$2,413,638 | \$2,351,328 | \$2,421,422 |

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|-------------------------|-----------------|-----------------|------------------|-----------------|
| <u>Revenues:</u> | | | | |
| Transfer In | \$0 | \$0 | \$120,000 | \$0 |
| Other Revenues | 50,315 | 70,894 | 40,000 | 45,000 |
| Total Revenues | \$50,315 | \$70,894 | \$160,000 | \$45,000 |

| Description | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| <u>Expenditures:</u> | | | | |
| Building Maintenance | \$16,362 | \$39,661 | \$25,000 | \$25,000 |
| Other Charges and Services | 28,834 | 47,032 | 43,091 | 74,250 |
| Total Expenditures | \$45,197 | \$86,693 | \$68,091 | \$99,250 |



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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|---|--------------------|--------------------|--------------------|--------------------|
| <u>Revenues:</u> | | | | |
| Grants | \$0 | \$2,326,380 | \$2,150,000 | \$2,548,500 |
| Entitlements, Impact Payments and Taxes | 312,791 | 316,440 | 318,762 | 319,563 |
| Encroachment | 20,800 | 30,800 | 0 | 25,000 |
| Transfer In | 1,199,706 | 1,402,137 | 4,589,000 | 3,810,000 |
| Other Revenues | 0 | 4,277 | 0 | 0 |
| Total Revenues | \$1,533,297 | \$4,080,034 | \$7,057,762 | \$6,703,063 |

Expenditures:

| | | | | |
|----------------------------------|------------------|--------------------|--------------------|--------------------|
| Transfer/Capital Projects | \$314,472 | \$2,674,377 | \$4,963,500 | \$5,032,500 |
|----------------------------------|------------------|--------------------|--------------------|--------------------|

Sidewalks

| | | | | |
|----------------------------|-----------------|-----------------|-----------------|-----------------|
| Salaries and Benefits | \$25,163 | \$21,403 | \$30,833 | \$26,865 |
| Other Charges and Services | 1,447 | 11,150 | 5,000 | 15,000 |
| Total Sidewalks | \$26,610 | \$32,554 | \$35,833 | \$41,865 |

Administration

| | | | | |
|-----------------------------------|------------------|------------------|------------------|------------------|
| Salaries and Benefits | \$134,402 | \$128,938 | \$413,225 | \$427,563 |
| Central Services | 149,884 | 169,118 | 149,884 | 169,118 |
| Computer Repair/Equip Rental Fund | 95,096 | 89,371 | 95,096 | 89,371 |
| Professional Services | 115,290 | 89,669 | 150,000 | 150,000 |
| Other Charges and Services | 12,782 | 14,445 | 13,500 | 13,600 |
| Total Administration | \$507,454 | \$491,542 | \$821,705 | \$849,652 |

Roadway

| | | | | |
|----------------------------|------------------|------------------|------------------|------------------|
| Salaries and Benefits | \$279,441 | \$368,477 | \$363,738 | \$448,465 |
| O & M Supplies | 49,984 | 57,006 | 60,000 | 100,000 |
| Contract R & M | 46,867 | 21,014 | 55,000 | 55,000 |
| Other Charges and Services | 18,524 | 30,755 | 28,000 | 37,800 |
| Total Roadway | \$394,815 | \$477,253 | \$506,738 | \$641,265 |

| | | | | |
|------------------------------|--------------------|--------------------|--------------------|--------------------|
| Street Lighting | \$152,404 | \$189,913 | \$200,000 | \$200,000 |
| Traffic Control | | | | |
| Salaries and Benefits | \$79,977 | \$72,639 | \$109,447 | \$113,604 |
| Other Charges and Services | 50,008 | 35,051 | 52,000 | 115,000 |
| Total Traffic Control | \$129,985 | \$107,690 | \$161,447 | \$228,604 |
| Snow & Ice | | | | |
| Salaries and Benefits | \$70,293 | \$50,731 | \$84,013 | \$58,768 |
| Other Charges and Services | 18,746 | 8,887 | 15,000 | 15,000 |
| Total Snow & Ice | \$89,039 | \$59,617 | \$99,013 | \$73,768 |
| Street Cleaning | | | | |
| Salaries and Benefits | \$47,950 | \$49,799 | \$55,042 | \$55,746 |
| Other Charges and Services | 468 | 0 | 2,500 | 0 |
| Total Street Cleaning | \$48,418 | \$49,799 | \$57,542 | \$55,746 |
| Total Expenditures | \$1,663,197 | \$4,082,746 | \$6,845,777 | \$7,123,400 |

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|-----------------------------|------------------------|------------------------|------------------------|------------------------|
| <u>Revenues:</u> | | | | |
| Impact Fees | \$102,449 | \$209,305 | \$200,000 | \$230,000 |
| Other Revenue | 5,672 | 30,637 | 0 | 0 |
| Total Revenues | \$108,121 | \$239,942 | \$200,000 | \$230,000 |
| <u>Expenditures:</u> | | | | |
| Transfers Out | \$195,489 | \$220,000 | \$220,629 | \$95,930 |
| Total Expenditures | \$195,489 | \$220,000 | \$220,629 | \$95,930 |

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|-----------------------------|------------------|------------------|--------------------|--------------------|
| <u>Revenues:</u> | | | | |
| Traffic Mitigation Fees | \$370,436 | \$556,164 | \$400,000 | \$470,000 |
| Other Revenue | 14,270 | 69,760 | 0 | 0 |
| Total Revenues | \$384,706 | \$625,924 | \$400,000 | \$470,000 |
| <u>Expenditures:</u> | | | | |
| Transfer to Street 101 | \$127,066 | \$0 | \$1,314,000 | \$1,100,000 |
| Transfer to Thornton | 0 | 0 | 0 | 0 |
| Fee Refunds | 18,216 | 0 | 0 | 0 |
| Total Expenditures | \$145,281 | \$0 | \$1,314,000 | \$1,100,000 |

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|------------------------------|------------------|------------------|------------------|------------------|
| <u>Revenues:</u> | | | | |
| .2% Sales Tax/Local Interest | \$993,620 | \$947,208 | \$750,000 | \$700,000 |
| Total Revenues | \$993,620 | \$947,208 | \$750,000 | \$700,000 |

Expenditures:

| | | | | |
|---------------------------------|------------------|------------------|--------------------|--------------------|
| Transfer to COF - Road Projects | \$600,000 | \$133,882 | \$1,625,000 | \$1,210,000 |
| Total Expenditures | \$600,000 | \$133,882 | \$1,625,000 | \$1,210,000 |

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. The 2025 budget includes the final obligation of the remaining funds. A significant portion of the remaining funds will be used to update technology for the and City staff, and transfers for organizational grants and to complete capital projects.

| Description | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|-------------------------|--------------------|-----------------|----------------|----------------|
| <u>Revenues:</u> | | | | |
| ARPA FUNDS | \$2,176,265 | \$58,527 | \$0 | \$0 |
| Total Revenues | \$2,176,265 | \$58,527 | \$0 | \$0 |

Expenditures:

| | | | | |
|-------------------------------------|--------------------|------------------|--------------------|--------------------|
| Ferndale Senior Activity Center | \$0 | \$25,000 | \$0 | \$0 |
| Ferndale Chamber of Commerce | 200,000 | 0 | 0 | 0 |
| Miracle Food Network | 111,336 | 0 | 0 | 0 |
| Ferndale Youth Sports | 0 | 50,000 | 50,000 | 0 |
| Community Service Cooperative Grant | 440,000 | 85,000 | 0 | 0 |
| Main Street Program | 850,000 | 75,000 | 75,000 | 100,000 |
| Ferndale Food Bank | 0 | 132,000 | 0 | 0 |
| Pioneer Cabin Preservation | 0 | 24,247 | 75,753 | 14,415 |
| Unallocated APRA Funds | 0 | 140 | 0 | 0 |
| Village Stage | 234,500 | 0 | 200,000 | 0 |
| Transfers Out | 0 | 0 | 0 | 1,397,923 |
| Other Charges and Services | 62,225 | 6,797 | 600,000 | 225,000 |
| Total Expenditures | \$1,898,061 | \$398,183 | \$1,000,753 | \$1,737,338 |

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| <u>Revenues:</u> | | | | |
| Hotel/Motel Taxes | \$76,978 | \$79,729 | \$64,000 | \$50,000 |
| Total Revenues | \$76,978 | \$79,729 | \$64,000 | \$50,000 |
| <u>Expenditures:</u> | | | | |
| Ferndale Chamber | \$34,500 | \$42,090 | \$45,000 | \$50,000 |
| Ferndale Chamber - Farmers Market | 1,690 | 0 | 0 | 0 |
| Heritage Society | 0 | 2,991 | 0 | 0 |
| Other Charges and Services | 9,017 | 2,421 | 16,500 | 17,500 |
| Transfer to Cur Exp Fund 001 | 11,565 | 18,236 | 13,500 | 13,500 |
| Total Expenditures | \$56,772 | \$65,737 | \$75,000 | \$81,000 |



Downtown Artwork by Todd Bruce; Commissioned by Ferndale Arts Commission



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, 2025, the total outstanding General Obligation Debt is \$2,976,924.



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 | 2022 | 2023 | 2024 | 2025 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| Beginning Principal Balance | \$400,332 | \$336,065 | \$270,834 | \$204,625 |
| Principal | 64,267 | 65,231 | 66,209 | 67,203 |
| Interest | 6,005 | 5,041 | 4,063 | 3,069 |
| Total Payment | \$70,272 | \$70,272 | \$70,272 | \$70,272 |

| | | | | |
|-----------------------------|-----------|-----------|-----------|-----------|
| Remaining Principal Balance | \$336,065 | \$270,834 | \$204,625 | \$137,422 |
|-----------------------------|-----------|-----------|-----------|-----------|

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 | 2022 | 2023 | 2024 | 2025 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| Beginning Principal Balance | \$315,000 | \$275,000 | \$235,000 | \$190,000 |
| Principal | 40,000 | 40,000 | 45,000 | 45,000 |
| Interest | 9,425 | 8,225 | 6,625 | 4,825 |
| Total Payment | \$49,425 | \$48,225 | \$51,625 | \$49,825 |

| | | | | |
|-----------------------------|-----------|-----------|-----------|-----------|
| Remaining Principal Balance | \$275,000 | \$235,000 | \$190,000 | \$145,000 |
|-----------------------------|-----------|-----------|-----------|-----------|

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 vector truck. In 2020, the City refunded the bonds and issued new bonds at a lower interest rate of 1.48%, saving over \$400,000 in interest over the life of the bond. The refunding bonds were issued for \$3,168,000 and will be paid off in 2030. The debt repayment is funded with transfers from park mitigation, solid waste, REET I, and the general fund.

2020 LTGO Refunding Bonds

| Description | 2022 | 2023 | 2024 | 2025 |
|-----------------------------|------------------|------------------|------------------|------------------|
| Beginning Principal Balance | \$2,649,000 | \$2,373,000 | \$2,092,000 | \$1,806,000 |
| Principal | 276,000 | 281,000 | 286,000 | 294,000 |
| Interest | 39,205 | 35,120 | 30,962 | 26,729 |
| Total Payment | \$315,205 | \$316,120 | \$316,962 | \$320,729 |

| | | | | |
|-----------------------------|-------------|-------------|-------------|-------------|
| Remaining Principal Balance | \$2,373,000 | \$2,092,000 | \$1,806,000 | \$1,512,000 |
|-----------------------------|-------------|-------------|-------------|-------------|

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 | 2022 | 2023 | 2024 | 2025 |
|-----------------------------|------------------|------------------|------------------|------------------|
| Beginning Principal Balance | \$590,000 | \$450,000 | \$305,000 | \$155,000 |
| Principal | 140,000 | 145,000 | 150,000 | 155,000 |
| Interest | 23,600 | 18,000 | 12,200 | 6,200 |
| Total Payment | \$163,600 | \$163,000 | \$162,200 | \$161,200 |

| | | | | |
|-----------------------------|-----------|-----------|-----------|-----|
| Remaining Principal Balance | \$450,000 | \$305,000 | \$155,000 | \$0 |
|-----------------------------|-----------|-----------|-----------|-----|

2013 Library Limited Tax General Obligation Bond Redemption – Fund 220

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

2013 A Library LTGO Bonds

| Description | 2022 | 2023 | 2024 | 2025 |
|-----------------------------|-----------------|-----------------|------------|------------|
| Beginning Principal Balance | \$119,799 | \$61,743 | \$0 | \$0 |
| Principal | 58,056 | 61,743 | 0 | 0 |
| Interest | 5,854 | 3,183 | 0 | 0 |
| Total Payment | \$63,910 | \$64,927 | \$0 | \$0 |

| | | | | |
|-----------------------------|----------|-----|-----|-----|
| Remaining Principal Balance | \$61,743 | \$0 | \$0 | \$0 |
|-----------------------------|----------|-----|-----|-----|

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

| 2013 B Library LTGO Bonds | | | | |
|-----------------------------|------------------|------------------|------------|------------|
| Description | 2022 | 2023 | 2024 | 2025 |
| Beginning Principal Balance | \$227,282 | \$116,214 | \$0 | \$0 |
| Principal | 111,068 | 116,214 | 0 | 0 |
| Interest | 11,094 | 5,958 | 0 | 0 |
| Total Payment | \$122,162 | \$122,172 | \$0 | \$0 |
| Remaining Principal Balance | \$116,214 | \$0 | \$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 | 2022 | 2023 | 2024 | 2025 |
| Beginning Principal Balance | \$337,966 | \$307,241 | \$276,517 | \$245,793 |
| Principal | 30,724 | 30,724 | 30,724 | 30,724 |
| Interest | 845 | 768 | 691 | 614 |
| Total Payment | \$31,569 | \$31,492 | \$31,415 | \$31,338 |
| Remaining Principal Balance | \$307,241 | \$276,517 | \$245,793 | \$215,069 |

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 | 2022 | 2023 | 2024 | 2025 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| Beginning Principal Balance | \$465,000 | \$405,000 | \$350,000 | \$290,000 |
| Principal | 60,000 | 55,000 | 60,000 | 70,000 |
| Interest | 21,750 | 18,875 | 16,000 | 12,750 |
| Total Payment | \$81,750 | \$73,875 | \$76,000 | \$82,750 |

| | | | | |
|-----------------------------|-----------|-----------|-----------|-----------|
| Remaining Principal Balance | \$405,000 | \$350,000 | \$290,000 | \$220,000 |
|-----------------------------|-----------|-----------|-----------|-----------|

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 | 2022 | 2023 | 2024 | 2025 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| Beginning Principal Balance | \$199,093 | \$163,062 | \$125,230 | \$85,506 |
| Principal | 36,031 | 37,832 | 39,724 | 41,710 |
| Interest | 9,054 | 7,207 | 5,268 | 3,233 |
| Total Payment | \$45,085 | \$45,040 | \$44,992 | \$44,943 |

| | | | | |
|-----------------------------|-----------|-----------|----------|----------|
| Remaining Principal Balance | \$163,062 | \$125,230 | \$85,506 | \$43,796 |
|-----------------------------|-----------|-----------|----------|----------|

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, 2025, the total outstanding Revenue Debt is \$45,754,337.

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 | 2022 | 2023 | 2024 | 2025 |
|-----------------------------|------------------|------------------|------------------|------------------|
| Beginning Principal Balance | \$3,868,000 | \$3,520,000 | \$3,167,000 | \$2,803,000 |
| Principal | 348,000 | 353,000 | 364,000 | 369,000 |
| Interest | 96,700 | 116,160 | 79,175 | 92,499 |
| Total Payment | \$444,700 | \$469,160 | \$443,175 | \$461,499 |

| | | | | |
|-----------------------------|-------------|-------------|-------------|-------------|
| Remaining Principal Balance | \$3,520,000 | \$3,167,000 | \$2,803,000 | \$2,434,000 |
|-----------------------------|-------------|-------------|-------------|-------------|

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 | 2022 | 2023 | 2024 | 2025 |
|-----------------------------|------------------|------------------|------------------|------------------|
| Beginning Principal Balance | \$6,265,000 | \$5,840,000 | \$5,405,000 | \$4,955,000 |
| Principal | 425,000 | 435,000 | 450,000 | 470,000 |
| Interest | 238,863 | 226,113 | 213,063 | 195,063 |
| Total Payment | \$663,863 | \$661,113 | \$663,063 | \$665,063 |

| | | | | |
|-----------------------------|-------------|-------------|-------------|-------------|
| Remaining Principal Balance | \$5,840,000 | \$5,405,000 | \$4,955,000 | \$4,485,000 |
|-----------------------------|-------------|-------------|-------------|-------------|

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 | 2022 | 2023 | 2024 | 2025 |
| Beginning Principal Balance | \$5,245,000 | \$4,913,000 | \$4,573,000 | \$4,225,000 |
| Principal | 332,000 | 340,000 | 348,000 | 357,000 |
| Interest | 128,030 | 119,747 | 111,265 | 102,585 |
| Total Payment | \$460,030 | \$459,747 | \$459,265 | \$459,585 |
| Remaining Principal Balance | \$4,913,000 | \$4,573,000 | \$4,225,000 | \$3,868,000 |

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 | 2022 | 2023 | 2024 | 2025 |
| Beginning Principal Balance | \$34,395,862 | \$34,395,862 | \$32,898,976 | \$31,461,097 |
| Principal | 0 | 1,496,886 | 1,437,880 | 1,466,902 |

| | | | | |
|----------------------|------------|--------------------|--------------------|--------------------|
| Interest | 0 | 594,538 | 653,544 | 624,521 |
| Total Payment | \$0 | \$2,091,424 | \$2,091,424 | \$2,091,423 |

Remaining Principal Balance \$34,395,862 \$32,898,976 \$31,461,097 \$29,994,195

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 | 2022 | 2023 | 2024 | 2025 |
|-----------------------------|------------|------------|-----------------|-----------------|
| Beginning Principal Balance | \$0 | \$0 | \$325,000 | \$310,240 |
| Principal | 0 | 0 | 14,760 | 14,908 |
| Interest | 0 | 0 | 3,250 | 3,102 |
| Total Payment | \$0 | \$0 | \$18,010 | \$18,010 |

Remaining Principal Balance \$0 \$0 \$310,240 \$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.

Whatcom County WTP/Well #2 (EDI)

| Description | 2022 | 2023 | 2024 | 2025 |
|-----------------------------|------------|------------|------------|------------------|
| Beginning Principal Balance | \$0 | \$0 | \$0 | \$2,000,000 |
| Principal | 0 | 0 | 0 | 90,831 |
| Interest | 0 | 0 | 0 | 20,000 |
| Total Payment | \$0 | \$0 | \$0 | \$110,831 |

Remaining Principal Balance \$0 \$0 \$0 \$1,909,169

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 | 2022 | 2023 | 2024 | 2025 |
|-----------------------------|-----------------|-----------------|------------|------------|
| Beginning Principal Balance | \$131,525 | \$51,525 | \$0 | \$0 |
| Principal | 80,000 | 51,525 | 0 | 0 |
| Interest | 1,315 | 850 | 0 | 0 |
| Total Payment | \$81,315 | \$52,375 | \$0 | \$0 |
| Remaining Principal Balance | \$51,525 | \$0 | \$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, 2025, 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 | 2022 | 2023 | 2024 | 2025 |
| Beginning Principal Balance | \$46,704 | \$18,704 | \$0 | \$0 |
| Principal | 28,000 | 18,704 | 0 | 0 |
| Interest | 2,902 | 1,068 | 0 | 0 |
| Total Payment | \$30,902 | \$19,772 | \$0 | \$0 |

| | | | | |
|-----------------------------|----------|-----|-----|-----|
| Remaining Principal Balance | \$18,704 | \$0 | \$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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|---------------------------------------|------------------|------------------|------------------|------------------|
| <u>Revenues:</u> | | | | |
| REET 1 - 1st 1/4% | \$656,223 | \$394,497 | \$300,000 | \$300,000 |
| Investment Interest | 9,775 | 4,324 | 0 | 0 |
| Total Revenues | \$665,998 | \$398,822 | \$300,000 | \$300,000 |
| <u>Expenditures:</u> | | | | |
| Transfer to GO Bonds Fund 218 & 219 | \$144,841 | \$150,000 | \$144,492 | \$144,746 |
| Transfer to Debt Service Fund 220 | 65,968 | 65,975 | 0 | 0 |
| Transfer to Current Expense Fund 001 | 0 | 0 | 0 | 500,000 |
| Transfer to Metalworks Skate Fund 310 | 97,754 | 0 | 150,000 | 0 |
| Transfer to Capital Reserve Fund 003 | 0 | 0 | 0 | 100,000 |
| Total Expenditures | \$308,563 | \$215,975 | \$294,492 | \$744,746 |

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2024 Budget |
|---------------------------------------|------------------|------------------|--------------------|--------------------|
| <u>Revenues:</u> | | | | |
| REET 2 - 2nd 1/4% | \$656,225 | \$384,209 | \$300,000 | \$300,000 |
| Investment Interest | 22,851 | 10,149 | 0 | 0 |
| Total Revenues | \$679,076 | \$394,358 | \$300,000 | \$300,000 |
| <u>Expenditures:</u> | | | | |
| Transfer to Current Expense Fund 001 | \$0 | \$0 | \$0 | \$200,000 |
| Transfer to Street Fund 101 | 2,632 | 0 | 150,000 | 0 |
| Transfer to Water Fund 401 | 0 | 0 | 0 | 0 |
| Transfer to WWTP Upgrade Fund 413 | 0 | 0 | 1,000,000 | 1,220,000 |
| Transfer to Metalworks Skate Fund 310 | 0 | 0 | 710,000 | 0 |
| Total Expenditures | \$2,632 | \$0 | \$1,860,000 | \$1,420,000 |

Metalworks Skate Park – Fund 310

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

| Description | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|--|------------------|------------------|--------------------|------------------|
| <u>Revenues:</u> | | | | |
| Recreation and Conservation Office (RCO) | | | | |
| Grant | \$0 | \$34,173 | \$445,000 | \$0 |
| EDI Grant | 0 | 0 | 200,000 | 0 |
| Donations | 20,000 | 0 | 0 | 0 |
| Transfers | 197,754 | 75,000 | 1,435,000 | 200,000 |
| Total Revenues | \$217,754 | \$109,173 | \$2,080,000 | \$200,000 |
| <u>Expenditures:</u> | | | | |
| Salaries and Benefits | \$13,179 | \$10,702 | \$23,132 | \$0 |
| Skate Park Design/Construction | 184,575 | 73,872 | 1,995,000 | 185,000 |
| Total Expenditures | \$197,754 | \$84,574 | \$2,018,132 | \$185,000 |

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 constructions starts, and will be funded by previously secured grants form both Federal and State agencies, as well as the issuance of bonds.

| Description | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|------------------------------|----------------|----------------|--------------------|--------------------|
| <u>Revenues:</u> | | | | |
| Department of Commerce Grant | \$0 | \$0 | \$1,052,770 | \$402,230 |
| Transfer and other Revenue | 0 | 0 | 1,000,000 | 2,500,000 |
| Total Revenues | \$0 | \$0 | \$2,052,770 | \$2,902,230 |
| <u>Expenditures:</u> | | | | |
| Civic Campus- COF Labor | \$0 | \$0 | \$0 | \$5,000 |
| Civic Campus | 0 | 0 | 1,000,000 | 0 |
| Total Expenditures | \$0 | \$0 | \$1,000,000 | \$5,000 |

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|-------------------------------|--------------------|--------------------|--------------------|----------------|
| <u>Revenues:</u> | | | | |
| Grants | \$5,213,639 | \$4,344,516 | \$2,400,000 | \$0 |
| Transfer In and Other Revenue | 294,000 | 0 | 0 | 0 |
| Total Revenues | \$5,507,639 | \$4,344,516 | \$2,400,000 | \$0 |

Expenditures:

| | | | | |
|-----------------------------------|--------------------|--------------------|------------------|------------|
| CE/CM Thornton Rd 370 | \$485,439 | \$527,656 | \$0 | \$0 |
| Engineering Fund 370 | 0 | 0 | 0 | 0 |
| Construction Project CN 370/Labor | 5,603,378 | 4,207,568 | 683,719 | 0 |
| ROW | 0 | 0 | 0 | 0 |
| Other Services and Charges | 342,092 | 344,122 | 0 | 0 |
| Total Expenditures | \$6,430,910 | \$5,079,346 | \$683,719 | \$0 |



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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|--|--------------------|--------------------|--------------------|--------------------|
| <u>Revenues:</u> | | | | |
| Connection Fees | \$745,436 | \$648,992 | \$710,000 | \$710,000 |
| Water Sales | 4,052,785 | 286,977 | 4,523,000 | 4,673,393 |
| Meter Charges | 23,907 | 13,046 | 10,000 | 10,000 |
| Meter Installation Charges - New Meter Set | 15,220 | 6,840 | 7,000 | 7,000 |
| Property Sale Final Meter Read Fee | 17,062 | 13,359 | 7,500 | 7,500 |
| Loan Proceeds and Grants | 0 | 1,025,000 | 0 | 0 |
| Transfer In and Other Revenue | 135,609 | 4,175,488 | 489,912 | 28,000 |
| Total Revenues | \$4,990,020 | \$6,169,703 | \$5,747,412 | \$5,435,893 |

Expenditures:**Administration**

| | | | | |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Salaries and Benefits | \$198,878 | \$249,571 | \$217,123 | \$215,116 |
| Central Services | 162,892 | 179,748 | 162,892 | 179,748 |
| Computer Repair/Equip Rental Fund | 96,025 | 119,286 | 96,025 | 119,286 |
| Professional Services | 58,327 | 65,222 | 100,000 | 100,000 |
| B&O Excise Tax | 215,486 | 209,764 | 180,000 | 200,000 |
| City of Ferndale Utility Tax | 461,119 | 445,926 | 390,891 | 373,871 |
| Adjudication- Legal | 0 | 0 | 0 | 250,000 |
| Other Charges and Services | 13,288 | 15,859 | 14,850 | 273,250 |
| Total Administration | \$1,206,015 | \$1,285,377 | \$1,161,781 | \$1,711,272 |

Maintenance

| | | | | |
|----------------------------|------------------|------------------|------------------|------------------|
| Salaries and Benefits | \$322,464 | \$473,859 | \$480,025 | \$587,604 |
| O & M Supplies | 95,218 | 109,571 | 136,000 | 141,000 |
| Other Charges and Services | 14,337 | 9,594 | 22,000 | 22,000 |
| Total Maintenance | \$432,019 | \$593,023 | \$638,025 | \$750,604 |

Operations

| | | | | |
|----------------------------|------------------|------------------|--------------------|--------------------|
| Salaries and Benefits | \$378,794 | \$417,213 | \$472,072 | \$475,428 |
| Contract R&M | 26,642 | 60,662 | 61,500 | 26,500 |
| Lab Testing | 6,622 | 7,150 | 20,000 | 20,000 |
| O & M Supplies | 168,406 | 162,583 | 368,000 | 381,500 |
| Professional Services | 48,607 | 111,739 | 120,000 | 120,000 |
| Utilities - PSE | 190,003 | 216,916 | 250,000 | 240,000 |
| Other Charges and Services | 14,335 | 21,116 | 28,700 | 44,600 |
| Total Operations | \$833,409 | \$997,379 | \$1,320,272 | \$1,308,028 |

| | | | | |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Transfer/Capital Projects | \$1,678,392 | \$4,303,971 | \$3,857,640 | \$4,267,836 |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|

| | | | | |
|-----------------------------------|----------------|----------------|------------|------------|
| Other Charges and Services | \$4,122 | \$7,478 | \$0 | \$0 |
|-----------------------------------|----------------|----------------|------------|------------|

| | | | | |
|---------------------------|--------------------|--------------------|--------------------|--------------------|
| Total Expenditures | \$4,153,957 | \$7,187,228 | \$6,977,718 | \$8,037,741 |
|---------------------------|--------------------|--------------------|--------------------|--------------------|

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
| <u>Revenues:</u> | | | | |
| Connection Fees | \$1,279,665 | \$1,119,307 | \$1,137,269 | \$1,134,000 |
| Sewer Sales | 5,762,382 | 5,862,617 | 5,984,615 | 6,202,977 |
| Transfer In and Other Revenue | 198,249 | 119,966 | 1,544,189 | 165,000 |
| Total Revenues | \$7,240,296 | \$7,101,890 | \$8,666,073 | \$7,501,977 |

Expenditures:**Administration**

| | | | | |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Salaries and Benefits | \$202,948 | \$255,681 | \$225,796 | \$224,005 |
| Central Services | 141,355 | 147,761 | 141,355 | 147,761 |
| Computer Repair/Equip Rental Fund | 81,047 | 94,136 | 81,047 | 94,136 |
| Professional Services | 58,509 | 62,503 | 300,000 | 300,000 |
| B&O Excise Tax | 145,126 | 134,847 | 110,000 | 130,000 |
| City of Ferndale Utility Tax | 662,597 | 306,000 | 520,661 | 496,238 |
| Other Charges and Services | 11,052 | 12,768 | 15,620 | 14,976 |
| Total Administration | \$1,302,635 | \$1,013,697 | \$1,394,480 | \$1,407,117 |

Maintenance

| | | | | |
|----------------------------|------------------|------------------|------------------|------------------|
| Salaries and Benefits | \$281,059 | \$292,417 | \$361,998 | \$359,336 |
| O & M Supplies | 22,963 | 58,153 | 75,000 | 75,000 |
| Other Charges and Services | 31,148 | 7,373 | 36,200 | 36,200 |
| Total Maintenance | \$335,170 | \$357,943 | \$473,198 | \$470,536 |

Operations - Sludge Disposal

| | | | |
|------------------|-----------------|------------------|------------------|
| \$142,898 | \$97,848 | \$133,000 | \$133,000 |
|------------------|-----------------|------------------|------------------|

Operations

| | | | | |
|----------------------------|------------------|--------------------|--------------------|--------------------|
| Salaries and Benefits | \$386,423 | \$410,507 | \$475,229 | \$471,428 |
| Contract R&M | 12,360 | 81,262 | 75,000 | 75,000 |
| Lab Testing | 1,482 | 5,326 | 5,000 | 5,000 |
| O & M Supplies | 80,060 | 72,211 | 107,000 | 107,000 |
| Professional Services | 45,309 | 138,543 | 75,000 | 100,000 |
| Utilities - PSE | 235,025 | 282,586 | 300,000 | 310,000 |
| Other Charges and Services | 30,839 | 35,415 | 48,000 | 60,350 |
| Total Operations | \$791,498 | \$1,025,848 | \$1,085,229 | \$1,128,778 |

Transfer/Capital Projects

| | | | |
|------------------|--------------------|--------------------|--------------------|
| \$745,010 | \$2,607,810 | \$8,425,425 | \$9,933,871 |
|------------------|--------------------|--------------------|--------------------|

Other Charges and Services

| | | | |
|------------|------------|------------|------------|
| \$0 | \$0 | \$0 | \$0 |
|------------|------------|------------|------------|

Total Expenditures

| | | | |
|--------------------|--------------------|---------------------|---------------------|
| \$3,317,212 | \$5,103,147 | \$11,511,333 | \$13,073,301 |
|--------------------|--------------------|---------------------|---------------------|

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|-------------|----------------|----------------|----------------|----------------|
|-------------|----------------|----------------|----------------|----------------|

Revenues:

| | | | | |
|-------------------------------|-------------|-------------|-------------|-------------|
| Storm Rate Revenue | \$1,680,637 | \$1,893,049 | \$2,052,159 | \$2,352,157 |
| Mitigation Fees | 175,943 | 80,569 | 70,000 | 100,000 |
| Grants/Loans | 79,773 | 1,666,866 | 1,410,000 | 1,410,000 |
| Transfer In and Other Revenue | 49,109 | 13,496 | 4,500 | 0 |

| | | | | |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Total Revenues | \$1,985,462 | \$3,653,980 | \$3,536,659 | \$3,862,157 |
| <u>Expenditures:</u> | | | | |
| Salaries and Benefits | \$496,617 | \$577,327 | \$623,692 | \$630,774 |
| Central Services | 120,309 | 126,168 | 120,309 | 126,168 |
| Computer Repair/Equip Rental Fund | 67,920 | 78,570 | 67,920 | 78,570 |
| Professional Services | 114,132 | 134,177 | 180,000 | 120,000 |
| Decant Disposal | 24,784 | 52,450 | 50,000 | 55,000 |
| Water Quality Monitoring | 7,334 | 6,570 | 20,000 | 20,000 |
| B&O Excise Tax | 24,894 | 30,531 | 28,000 | 35,000 |
| City of Ferndale Utility Tax | 173,945 | 162,489 | 178,538 | 188,093 |
| Other Charges and Services | 62,364 | 166,008 | 93,225 | 145,800 |
| Total Drainage | \$1,092,298 | \$1,334,290 | \$1,361,683 | \$1,399,405 |
| Transfer/Capital Projects | \$389,306 | \$2,350,458 | \$3,968,548 | \$2,623,081 |
| Other Charges and Services | \$0 | \$0 | \$0 | \$0 |
| Total Expenditures | \$1,481,603 | \$3,684,748 | \$5,330,231 | \$4,022,487 |

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|-------------------------------|------------------------|------------------------|------------------------|------------------------|
| <u>Revenues:</u> | | | | |
| Transfer In and Other Revenue | \$0 | \$0 | \$5,822,466 | \$2,332,923 |
| Total Revenues | 0 | 0 | 5,822,466 | 2,332,923 |
| <u>Expenditures:</u> | | | | |
| Upgrade Construction | \$18,924 | \$35,878 | \$6,800,000 | \$2,506,000 |
| Upgrade Design | 13,092 | 0 | 0 | 0 |
| Total Expenditures | \$32,016 | \$35,878 | \$6,800,000 | \$2,506,000 |

Project Overview:

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

electrical, controls, a replacement water meter, and a 4,000-gallon water tank. This project will be completed in 2025.

Shop Well 2 – Fund 414

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

| Description | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|------------------------------------|------------------|----------------|-----------------|----------------|
| <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 | \$335,528 | \$0 | \$0 | \$0 |
| TR to F413 | 0 | 0 | 72,466 | 0 |
| Total Expenditures | \$335,528 | \$0 | \$72,466 | \$0 |

Project Overview:

The Shop Well #2 Wellhouse Project's goal is to provide the City with an additional 300 to 800 gallons per minute (gpm) water supply source. This project includes construction of a new CMU block wellhouse building (12'-8" by 22' by 12' tall) with a metal roof, similar to the City's existing Shop Well #1 Wellhouse Building. The project also includes completion of a well base structure, piping, valves, 30-HP submersible well pump, electrical, controls, instrumentation, programming, and configuration for a future permanent 200-HP submersible well pump. In addition, the project includes a concrete retaining wall structure, site grading and drainage improvements, asphalt pavement surfacing, fence and gate improvements, installation of new backup generator, new primary power feed and transformer on the east side of Shop site, and other miscellaneous work items. This project completion was rescheduled to 2025.

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|-------------------------|--------------------|-----------------|----------------|----------------|
| <u>Revenues:</u> | | | | |
| Grants and Proceeds | \$3,178,465 | \$30,213 | \$0 | \$0 |
| Total Revenues | \$3,178,465 | \$30,213 | \$0 | \$0 |

Expenditures:

| | | | | |
|---------------------------|--------------------|------------|--------------------|------------|
| WWTP Construction/Design | \$2,890,411 | \$0 | \$0 | \$0 |
| Principal Payment | 0 | 0 | 0 | 0 |
| Anticipation Note | 0 | 0 | 0 | 0 |
| TR to F402 | 0 | 0 | 1,504,189 | 0 |
| Total Expenditures | \$2,890,411 | \$0 | \$1,504,189 | \$0 |



Internal Service Funds

Internal Service Descriptions

Computer Repair and Replacement – Fund 510

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

| Description | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|---------------------------------|------------------|------------------|------------------|------------------|
| <u>Revenues:</u> | | | | |
| Department & Fund Contributions | \$233,163 | \$338,968 | \$233,163 | \$338,968 |
| Transfer In and Other Revenue | 0 | 0 | 50,000 | 0 |
| Total Revenues | \$233,163 | \$338,968 | \$283,163 | \$338,968 |
| <u>Expenditures:</u> | | | | |
| New S/W & Upgrade (Non-Labor) | \$38,356 | \$76,695 | \$47,500 | \$97,500 |
| Misc. Repair & Maintenance | \$27,654 | \$28,629 | \$20,000 | \$25,000 |
| Repair & Maintenance Contracts | \$54,352 | \$56,351 | \$60,000 | \$100,000 |
| Software Maintenance Contracts | \$92,378 | \$149,319 | \$131,920 | \$122,650 |
| Capital - Hardware | \$14,086 | \$23,468 | \$25,000 | \$50,000 |
| Other Charges and Services | \$6,353 | \$9,587 | \$16,000 | \$11,000 |
| Total Expenditures | \$233,180 | \$344,048 | \$300,420 | \$406,150 |

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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|---------------------------------|------------------|--------------------|--------------------|------------------|
| <u>Revenues:</u> | | | | |
| Department & Fund Contributions | \$825,298 | \$885,758 | \$825,298 | \$885,758 |
| Transfers In and Other Revenue | 55,031 | 867,218 | 234,100 | 70,000 |
| Total Revenues | \$880,329 | \$1,752,977 | \$1,059,398 | \$955,758 |

Expenditures:

| | | | | |
|----------------------------------|--------------------|--------------------|------------------|--------------------|
| Salaries and Benefits | 231,405 | 226,512 | 253,763 | 269,502 |
| Operating Supplies - Parts, Etc. | 109,446 | 84,030 | 85,000 | 115,000 |
| Operating Supplies - Fuel/Oil | 147,651 | 178,618 | 175,000 | 130,000 |
| Insurance | 93,492 | 138,929 | 110,000 | 200,000 |
| Computer Repair & Replacement | 981 | 1,653 | 981 | 1,653 |
| Central Services | 37,238 | 38,372 | 37,238 | 38,372 |
| Utilities | 21,740 | 19,076 | 29,150 | 16,350 |
| Capital | 470,476 | 828,191 | 234,100 | 235,700 |
| Other Charges and Services | 27,969 | 69,800 | 58,800 | 40,500 |
| Total Expenditures | \$1,140,398 | \$1,585,181 | \$984,031 | \$1,047,076 |



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 | 2022 Actual | 2023 Actual | 2024 Budget | 2025 Budget |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|
| <u>Revenues:</u> | | | | |
| Crime Victims and Trust Account | \$70,943 | \$71,575 | \$71,250 | \$71,250 |
| Other Revenue | 9,710 | 9,061 | 9,150 | 9,150 |
| Total Revenues | \$80,652 | \$80,636 | \$80,400 | \$80,400 |

Court Activity – Fund 651

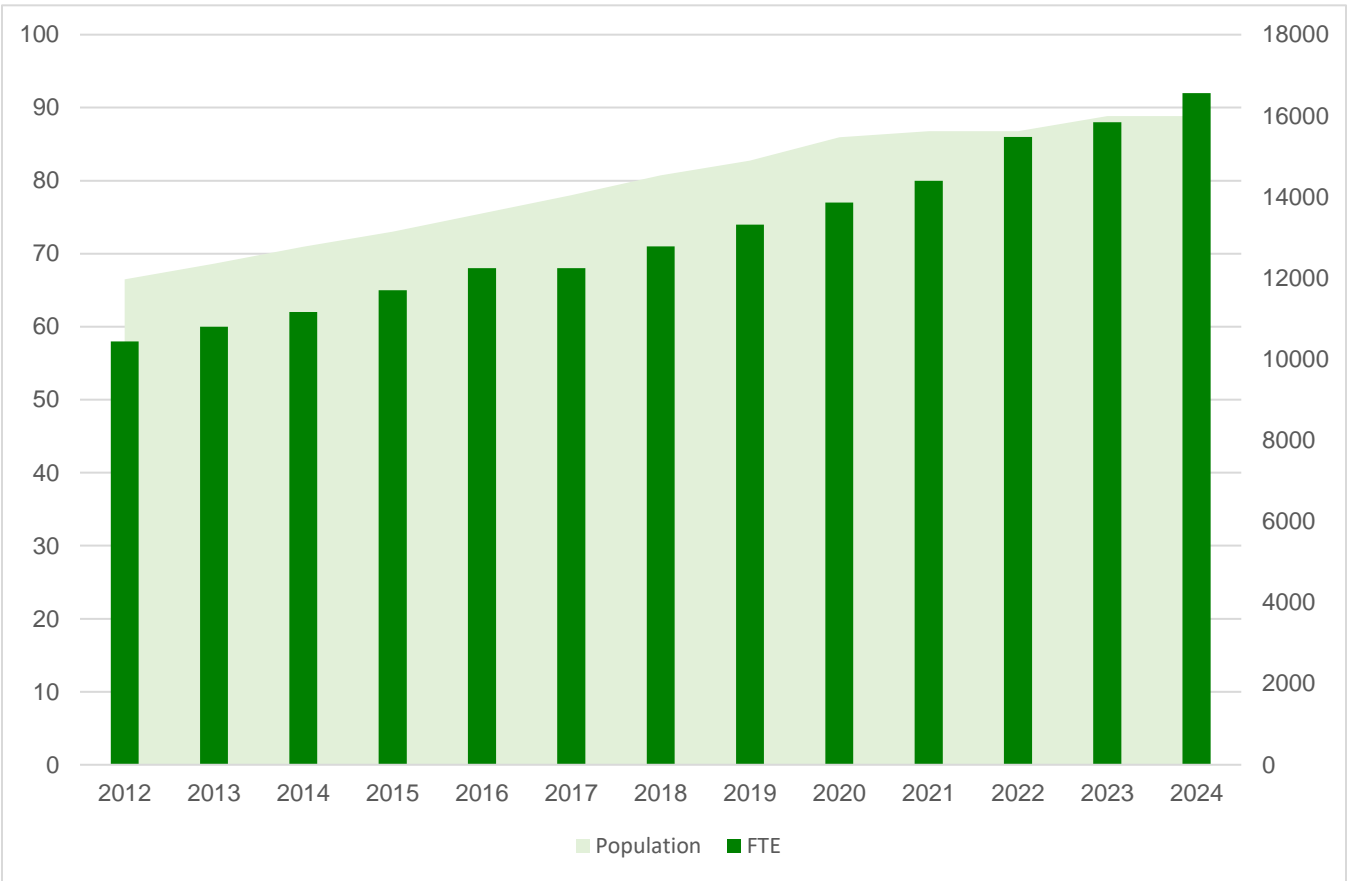
This fund is used to record the Ferndale Municipal Court's revenue and expenditure activity. The Court utilizes a separate information system to record payments for court fines and fees received from individuals. These revenues must then be recorded in the City's main financial software program. As directed 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 | 2022 Actual | 2022 Actual | 2024 Budget | 2025 Budget |
|-------------------------|----------------|----------------|----------------|----------------|
| <u>Revenues:</u> | | | | |
| Court Activity Deposits | -\$634 | \$5,820 | \$5,000 | \$6,000 |
| Total Revenues | -\$634 | \$5,820 | \$5,000 | \$6,000 |



Supplemental Information

City FTE Count to Population



FTE- Full Time Equivalent

Employee Contracts

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

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

Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deficit: an excess of expenditures over revenues.

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

DOE.: Department of Ecology.

EMS.: Emergency Medical Services.

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

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

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

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

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

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

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

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

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

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

GIS: Geographic Information System.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

OFM: Office of Financial Management.

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

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

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

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

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

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

RCW: Revised Code of Washington.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WSDOT: Washington State Department of Transportation.