



## SECTION 2 – BUDGET DEVELOPMENT

### BUDGET PURPOSE

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

- **Policy Development** – The City’s budget process provides the Mayor, City Council, and City Administrator a vehicle to review the goals, objectives, and strategies of the City, and the ability to direct its activities by means of the allocation of resources. The budget provides an opportunity to set policy for the following year, impacting changes in operations, service levels, and the financial well-being of the community.
- **Financial Planning** – The budget provides a financial plan that will govern the fiscal operation of the City for the next year. A formal revenue estimate provides a listing of the available financial resources, detailing how much has historically been produced by each source and how much is expected in the proposed budget. A presentation of current and previous year’s financial activity provides a listing of the allocation of these resources, providing an understanding of both the current year’s needs and a longer term view of the development of the City’s programs.
- **Operations Guide** – The budget sets forth the blueprint that governs the amount of services provided and how that service is provided. This direction is presented in various forms throughout the budget document and serves as legislative and administrative guidance to department heads and other City staff.
- **Communications Device** – The budget provides a way for the City decision makers to communicate a variety of information regarding the scope of the City’s activities. This information contains priorities in service needs, rationale for decisions made, and a vision for the future. The budget also provides an effective tool in helping the citizens understand the reasons behind the policy and political decisions.



## BUDGET PROCESS

The Budget is the culmination of over four months of work and consideration by many individuals. Beginning in August, City Department Directors are asked to prepare estimates of anticipated expenditures for the coming year. During this time period, the Finance Director begins the process of estimating year-end expenditure levels and projecting revenues for the ensuing 12 months. The Mayor and administrative staff work to organize all requests into the proper funds and within the resources estimated to be available.

By the beginning of November, the Preliminary Budget is submitted to the City Council for review and comment. The Council then conducts Budget Workshops and, later, public hearings to gather additional information and public input. A balanced and complete budget for the ensuing year is then adopted prior to December 31<sup>st</sup>. This adopted budget, together with any required amendments, serves to guide City department expenditure levels and major activities throughout the year.

## BUDGET POLICIES

Overall City policies are established by the City Council. These policies are in turn expressed in the budget document. In setting forth revenue sources to be used and establishing expenditure priorities, the Council establishes how much and which services are to be delivered to the community. The Mayor, City Administrator, and Department Heads are then charged with the responsibility for carrying out the policies set forth by the Council in the annual budget.

The Finance Director is responsible for coordinating all aspects of the budget process under the general guidance of the Mayor and City Administrator. The Finance Director is charged with entering and monitoring the budget into the BARS accounting system. Monthly budget versus actual revenue and expenditure reports are generated and disseminated to the various City departments to aid them in tracking their expenditures. Quarterly financial reports are submitted to the City Council for review and comment. During these quarterly financial reviews, possible amendments to the adopted budget are considered. In addition to these quarterly reviews, the budget is also reviewed for possible amendment at the end of the year.

In 2005 the City Council reviewed and adopted Financial Management Policies which included budget policies meant to guide City administration in the development and implementation of the annual budget. The budget policies for the City of Ferndale are available for review at City Hall.



## BUDGET CALENDAR

The City of Ferndale's budget process and timetables are established by state law. The budget process is designed to provide the essential structure for the financial planning, control, and evaluation process of government, presenting a forecast of expected resources and the purposeful distribution of those resources. Once adopted, the budget is a formal expression of public policy on the City's objectives and priorities and on how resources will be provided to meet those objectives. To meet these objectives, the City uses the following budget calendar.

BUDGET PROCESS STEP	AUG	SEPT	OCT	NOV	DEC
1. Estimates of revenue and expenditures prepared for each department and fund.					
2. Estimates are submitted to City Administrator for compilation					
3. Mayor, City Administrator, and Finance Director review requests					
4. City Administrator's Preliminary Budget is prepared and filed with the City Clerk					
5. City Clerk publishes notice of Preliminary Budget and public hearing					
6. City Council conducts budget workshops					
7. Copies of Preliminary Budget are made available to the public					
8. City Clerk publishes notice of public hearings on Final Budget					
9. Public hearings begin by first Monday in December and conclude by the 25 <sup>th</sup> day prior to the next fiscal year					
10. Council adopts balanced Final Budget					

**ORDINANCE NO. 2029**  
**AN ORDINANCE ADOPTING THE OPERATING BUDGET FOR THE**  
**CITY OF FERNDAL, WASHINGTON, FOR THE FISCAL YEAR ENDING**  
**DECEMBER 31, 2018**

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**WHEREAS**, the Mayor of the City of Ferndale, Washington completed and placed on file with the City Clerk a proposed operating budget and estimate of the amount of the monies required to meet the public expenses, bond retirement and interest, reserve funds and expenses of government of the City for the fiscal year ending December 31, 2018 and hearings on the preliminary budget were held November 20 and December 4, 2017 pursuant to state law; and

**WHEREAS**, a notice was published that the City Council would meet on the 4th day of December, 2017 at the hour of 6:00 p.m., at the Ferndale City Hall Annex for the purpose of making and adopting an operating budget for said fiscal year and giving taxpayers within the limits of the City an opportunity to be heard upon said budget; and

**WHEREAS**, the City Council did meet at said time and place and did then consider the matter of said proposed operating budget; and

**WHEREAS**, the said proposed operating budget does not exceed the lawful limit of taxation allowed by law to be levied on the property within the City of Ferndale for the purposes set forth in said budget, and the estimated expenditures set forth in said budget being all necessary to carry on the government of the City for said year and being sufficient to meet the various needs of the City during said period;

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF FERNDAL DO  
ORDAIN AS FOLLOWS:**

**Section 1:** The operating budget for the City of Ferndale, Washington, for the year 2018 is hereby adopted at the fund level in its final form and content as set forth in the document entitled City of Ferndale 2018 Operating Budget, three copies of which are on file in the Office of the Clerk.

**Section 2.** Estimated resources for each separate fund of the City of Ferndale, and aggregate expenditures of all such funds for the year 2018 are set forth in summary form below, and are hereby appropriated for expenditure at the fund level during the year 2018 as set forth in the City of Ferndale 2018 Operating Budget Document.

<u>Fund Number and Name</u>	<u>Estimated</u>	<u>Estimated</u>	<u>Available</u>	<u>Authorized</u>	<u>Estimated</u>
	<u>Beginning</u>	<u>Revenues</u>	<u>Resources</u>	<u>Expenditures</u>	<u>Ending</u>
	<u>Cash Balance</u>				<u>Cash Balance</u>
001 Current Expense (General Fund)	\$2,941,918	\$8,554,205	\$11,496,123	\$8,605,367	\$2,890,756
004 LEOFF 1 Police Retiree	442,575	152,000	594,575	132,178	462,397
005 Solid Waste Utility Tax	62,606	2,000,000	2,062,606	2,016,682	45,924
007 Pioneer Pavilion Com. Center Operating	5,843	24,000	29,843	24,800	5,043
101 Streets	220,438	3,747,495	3,967,933	3,848,055	119,878
102 Park Mitigation	236,819	220,300	457,119	110,216	346,903
104 Traffic Mitigation	517,977	380,000	897,977	650,000	247,977
106 Criminal Justice Fund	8,457	18,454	26,911	25,000	1,911
107 Local Criminal Justice	53,446	220,000	273,446	268,000	5,446
113 Ferndale Trans. Benefit District	351,668	400,000	751,668	445,000	306,668
198 Hotel/Motel	38,000	60,000	98,000	62,500	35,500
214 Streets/Parks/Land Debt Service	11,025	124,897	135,922	124,897	11,025
215 LaBounty LID 2006-1 Bond Redemption	4,220	39,718	43,938	39,718	4,220
216 LaBounty LID 2006-1 Bond Guarantee	25,845	0	25,845	0	25,845
217 LaBounty GO Bond Redemption	148	26,720	26,868	26,720	148
218 2010 GO Bond Redemption	2,133	427,678	429,811	427,678	2,133
219 2011 GO Bond Redemption	3,056	162,076	165,132	162,076	3,056
220 2014 Library GO Bond Redemption	1,767	186,072	187,839	186,072	1,767
301 Real Estate Excise Tax First 1/4% REET 1	159,755	300,300	460,055	228,557	231,498
302 Real Estate Excise Tax Second 1/4% REET 2	608,040	300,000	908,040	375,000	533,040
309 Star Park Construction	44,353	0	44,353	0	44,353
347 Main & LaBounty Roundabout Construction	904	0	904	0	904
370 Thornton Road Construction	70,653	1,500,000	1,570,653	1,500,000	70,653
401 Water	1,235,078	5,237,063	6,472,141	4,957,994	1,514,147
402 Sewer	2,163,731	4,134,138	6,297,869	4,989,759	1,308,109
403 2005 Sewer Revenue Bond Redemption	4,375	1,136,783	1,141,158	1,137,482	3,676
404 2005 Sewer Revenue Bonds Reserve	1,138,495	3,000	1,141,495	0	1,141,495
405 WWTP Debt Service Fund	850,000	0	850,000	0	850,000
407 Storm & Flood Control	375,816	1,451,631	1,827,447	1,358,930	468,517
408 Utility Loan Service	13,157	352,645	365,802	352,644	13,158
409 Water Debt Service	15,600	50,000	65,600	36,284	29,316
510 Computer Repair & Maint.	376	193,640	194,016	158,309	35,707
550 Equipment Repair & Maint.	233,061	1,203,804	1,436,865	1,087,186	349,679
650 Court Agency	0	225,000	225,000	225,000	0
<b>TOTAL</b>	<b>\$11,841,333</b>	<b>\$32,831,620</b>	<b>\$44,672,953</b>	<b>\$33,562,106</b>	<b>\$11,110,847</b>

**Section 3.** The City Clerk is directed to transmit a certified copy of the budget hereby adopted to the State Auditor's Office and to the Association of Washington Cities.

**Section 4.** This Ordinance shall be in force and take effect five (5) days after its publication according to law.

**PASSED by the Council of the City of Ferndale, Washington, on this 4<sup>th</sup> day of December, 2017.**

Jon Mutchler, MAYOR

Susan Duncan, CMC, CITY CLERK

## ORDINANCE #2025

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### AN ORDINANCE FIXING THE AMOUNT OF REVENUE TO BE RAISED BY PROPERTY TAXATION FOR THE YEAR 2018

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**WHEREAS,** the Ferndale City Council did properly give notice of the public hearing on revenue sources held on October 16, 2017 and November 20, 2017; and

**WHEREAS,** it is the intent of the Council to take their statutory 1% property tax increase in 2018 totaling \$10,874; and

**WHEREAS,** In 2014 and 2015, due to a tax valuation appeal, the City's contractual payment to the Fire District was temporarily increased; and

**WHEREAS,** This tax appeal has been settled and the amount of City overpayment determined; and

**WHEREAS,** the Council, for 2018 only, intends to recoup this overpayment of prior year payments to the Fire District totaling \$160,000; and

**WHEREAS,** to achieve this overpayment recoup, are taking banked property tax levy authority; and

**WHEREAS,** the Ferndale City Council, after hearing, and after duly considering all relevant evidence and testimony presented, has determined that the City of Ferndale requires an increase in property tax revenue from the previous year, in addition to the increase resulting from the addition of new construction and improvements to property, annexations, and any increase in the value of state-assessed property, in order to discharge the expected expenses and obligations of the City of Ferndale and in its best interest;

**NOW THEREFORE,** be it ordained by the Council as follows:

Section 1 That there be levied a "discretionary increase" of **\$170,874**, an increase of **15.7139%** over the amount levied for collection in 2017 (which amount was \$1,087,406.15),

plus an increase equal to the maximum amount allowed under the new construction provisions of RCW 84.55.010 and plus the maximum allowable amount to be derived from state-assessed property and new annexations. Passed by a majority vote of the Ferndale City Council, while in regular session, this 20th day of November 2017.

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Keith Olson, Mayor Pro Tem

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Susan Duncan, CMC, City Clerk

