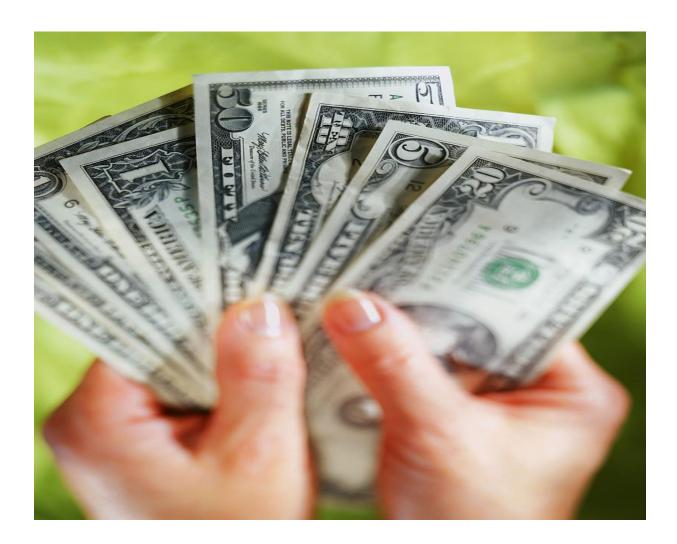
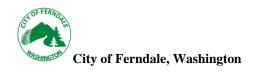


### **SECTION 4**

## CURRENT EXPENSE FUND REVENUES

The majority of the City's activities are accounted for in the Current Expense Fund (also referred to as the General Fund). On the following pages, the major revenue sources for Current Expense are reviewed. This overview includes both historical amounts as well as the anticipated 2018 revenues.





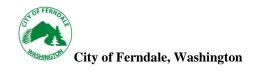
# CURRENT EXPENSE FUND

|                            | 2014        | 2015          | 2016          | 2017        | 2018        |
|----------------------------|-------------|---------------|---------------|-------------|-------------|
| REVENUES                   | Actual      | Actual Actual |               | Actual      | Projected   |
| Taxes                      | \$5,805,227 | \$5,994,607   | \$4,697,931   | \$5,099,945 | \$5,218,859 |
| Licenses & Permits         | 582,383     | 603,554       | 683,681       | 735,701     | 748,700     |
| Intergovernmental          | 200,956     | 261,684       | 220,032       | 211,052     | 193,353     |
| Charges for Services       | 754,289     | 946,761       | 1,155,339     | 1,035,442   | 1,020,371   |
| Fines & Forfeitures        | 194,628     | 163,584       | 157,951       | 154,500     | 143,700     |
| Misc. Rev./Transfers/Loans | 957,069     | 1,197,387     | 1,250,383     | 1,250,383   | 1,228,622   |
| Total                      | \$8,494,553 | \$9,167,577   | \$8,165,318   | \$8,487,023 | \$7,854,460 |
| Dollar Change              |             | \$673,024     | (\$1,002,259) | \$321,705   | (\$632,563) |
| Percent Change             |             | 7.92%         | -10.93%       | 3.94%       | -7.45%      |

| Dollar Change  | \$673,024 | (\$1,002,259) | \$321,705 | (\$632,563) |
|----------------|-----------|---------------|-----------|-------------|
| Percent Change | 7.92%     | -10.93%       | 3.94%     | -7.45%      |

|                               | 2014        | 2015            | 2016        | 2017        | 2018        |
|-------------------------------|-------------|-----------------|-------------|-------------|-------------|
| TAXES                         | Actual      | Actual          | Actual      | Actual      | Projected   |
| Property Taxes                | \$2,394,511 | \$2,448,196     | \$1,066,047 | \$1,110,788 | \$1,300,280 |
| Sales Tax/Mitigation Payments | 1,734,256   | 1,796,454       | 1,865,600   | 2,058,514   | 2,061,079   |
| Sales Tax-EMS                 | 142,413     | 152,683         | 159,093     | 174,567     | 160,000     |
| Brokered Nat. Gas Tax         | 13,669      | 8,638           | 7,471       | 6,597       | 6,500       |
| Electric Utility Tax          | 434,989     | 431,112         | 477,805     | 469,195     | 496,000     |
| Natural Gas Utility Tax       | 197,738     | 182,298         | 154,681     | 192,521     | 200,000     |
| Phone/Cell Phone Utility Tax  | 283,156     | 269,733         | 267,695     | 294,087     | 245,000     |
| Water/Sewer/Storm Utility Tax | 604,495     | 705,493         | 699,539     | 793,676     | 750,000     |
| Total Taxes                   | \$5,805,227 | \$5,994,607     | \$4,697,931 | \$5,099,945 | \$5,218,859 |
| <b>7</b> . 11. 61             |             | <b>4400.300</b> | (04.20      | <b></b>     |             |

| Dollar Change  | \$189,380 | (\$1,296,676) | \$402,014 | \$118,914 |
|----------------|-----------|---------------|-----------|-----------|
| Percent Change | 3.26%     | -21.63%       | 8.56%     | 2.33%     |



### **PROPERTY TAXES**

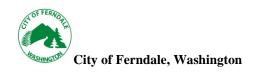
|                       |                | 2014        | 2015        | 2016          | 2017        | 2018        |
|-----------------------|----------------|-------------|-------------|---------------|-------------|-------------|
|                       |                | Actual      | Actual      | Actual        | Actual      | Projected   |
| <b>Property Taxes</b> |                | \$2,394,511 | \$2,448,196 | \$1,066,047   | \$1,110,764 | \$1,300,280 |
|                       | Dollar Change  |             | \$53,685    | (\$1,382,149) | \$44,717    | \$189,516   |
|                       | Percent Change |             | 2.24%       | -56.46%       | 4.19%       | 17.06%      |

Through 2015, Property taxes represented the largest single tax source for the City of Ferndale. As such, property taxes and assessed valuation are very important to the City. The biggest limitation to the City's ability to affect property tax levies was the passage of Initiative 747 which was approved by the voters in November of 2001. This initiative limits the amount by which a taxing district can increase the amount of their regular property tax levy to 1% (prior limit was 6%), plus adjustments for new construction and annexations. The Legislature, in late 2007, sustained the 1% limitation. The City can exceed this 1% limitation with approval of voters or by using levy capacity from prior years that was "banked" for future specified purposes. For 2018 the City Council approved a one-time \$160,000 of "banked" levy capacity to be assessed in addition to the 1% limitation. In 2015, City of Ferndale citizens voted to be annexed into Fire District No. 7 – therefore City of Ferndale Property taxes collected are greatly reduced for 2016 and on. Expenditures for Fire services are eliminated for 2016 and on.

#### The City of Ferndale currently has \$1,146,223 in banked levy capacity.

The annual tax impact on a property owner is usually different than the percent increase in the levy, since it depends on several factors such as changes in the assessed valuation of the property, growth in the City's overall assessed valuation, and increases (or decreases) of other district levies (school, port, etc.). The property tax rate is determined by dividing the levy amount by the assessed valuation per \$1,000.

| Propert | y Taxes Assessed Valuation | <b>Property Taxes Levy Rates</b> |
|---------|----------------------------|----------------------------------|
| 2006    | \$598,890,731              | \$2.47463                        |
| 2007    | \$970,041,818              | \$1.73916                        |
| 2008    | \$1,015,563,816            | \$1.79976                        |
| 2009    | \$1,060,113,522            | \$1.87221                        |
| 2010    | \$1,094,033,940            | \$1.86523                        |
| 2011    | \$1,049,104,195            | \$1.98158                        |
| 2012    | \$1,089,663,156            | \$1.98643                        |
| 2013    | \$1,096,951,832            | \$2.07510                        |
| 2014    | \$1,122,838,797            | \$2.10205                        |
| 2015    | \$1,162,486,960            | \$2.10530                        |
| 2016    | \$1,195,134,774            | \$.87003                         |
| 2017    | \$1,270,949,709            | \$.85558                         |
| 2018    | \$1,392,149,216            | \$.92543                         |



2018 Budget

#### <u>SALES TAXES – Current Expense Fund</u>

(Including Mitigation Payments)

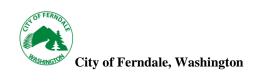
|                                 | 2014        | 2015        | 2016        | 2017        | 2018        |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
|                                 | Actual      | Actual      | Actual      | Actual      | Projected   |
| Sales Taxes/Mitigation Payments | \$1,734,256 | \$1,796,454 | \$1,865,600 | \$2,058,514 | \$2,061,079 |
| Dollar Change                   |             | \$62,198    | \$69,146    | \$192,914   | \$2,565     |
| Percent Change                  |             | 3.59%       | 3.85%       | 10.34%      | 0.12%       |

Sales tax is another large component of the City's tax-based revenues. Sales tax is levied on the sale of consumer goods (except most food products and services) and construction. The amount of revenue generated by sales tax fluctuates from year to year due to changes in the economy, buying habits of consumers, and the level of construction taking place within the City. The City receives sales tax collections two months after they are paid at the source. The general sales tax rate within the City of Ferndale is 8.7%. A voter-approved .2% is designated to the Ferndale Transportation Benefit District.

#### **UTILITY TAXES**

Utility Taxes are levied on the gross operating revenues that utility companies generate within the boundaries of the City. State law limits the tax rate to 6% for all utilities except city operated water/sewer/storm utilities. As the City continues to grow, these revenues are expected to rise proportionately. The City currently levies utility taxes on brokered natural gas, electricity, natural gas, phones, cellular phones, and on the City's water, sewer, and storm utilities. The City's water, sewer, and storm utilities tax rate for 2010 was 6%. For 2011 through 2013 the tax rate was 6.5%. For 2014 and on the tax rate is 9%.

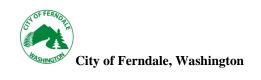
|                               | 2014        | 2015        | 2016        | 2017        | 2018        |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|
| Utility Taxes                 | Actual      | Actual      | Actual      | Actual      | Projected   |
| Brokered Nat. Gas Tax         | \$13,669    | \$8,638     | \$7,471     | \$6,597     | \$6,500     |
| Electric Utility Tax          | 434,989     | 431,112     | 477,805     | 469,195     | 496,000     |
| Natural Gas Utility Tax       | 197,738     | 182,298     | 154,681     | 192,521     | 200,000     |
| Phone/Cell Phone Utility Tax  | 283,156     | 269,733     | 267,695     | 294,087     | 245,000     |
| Water/Sewer/Storm Utility Tax | 604,495     | 705,493     | 699,539     | 793,676     | 750,000     |
| Total                         | \$1,534,047 | \$1,597,274 | \$1,607,191 | \$1,756,076 | \$1,697,500 |



|                                       | 2014      | 2015      | 2016      | 2017      | 2018      |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|
| LICENSES & PERMITS                    | Actual    | Actual    | Actual    | Actual    | Projected |
| Business Licenses                     | \$81,209  | \$56,717  | \$104,769 | \$53,625  | \$75,000  |
| Franchise Fees                        | 225,794   | 232,220   | 246,606   | 275,991   | 280,000   |
| Single Family Building Permits        | 109,315   | 150,404   | 147,407   | 235,653   | 225,000   |
| Multi-Family Building Permits         | 4,227     | 13,028    | 42,767    | 3,989     | 30,000    |
| Mechanical Permits                    | 22,429    | 27,478    | 33,732    | 32,711    | 23,000    |
| Plumbing Permits                      | 14,129    | 18,707    | 20,741    | 24,923    | 23,000    |
| Commercial Building Permits           | 29,131    | 34,488    | 31,601    | 47,234    | 35,000    |
| Commercial Remodel/T.I. Permits       | 24,253    | 18,121    | 8,277     | 12,310    | 7,500     |
| Other Miscellaneous                   | 66,746    | 52,391    | 47,782    | 49,265    | 50,200    |
| SEPA/Shoreline/Critical Areas Permits | 5,150     | 0         | 0         | 0         | 0         |
| <b>Total License &amp; Permits</b>    | \$582,383 | \$603,554 | \$683,681 | \$735,701 | \$748,700 |

|                                | 2014      | 2015      | 2016      | 2017      | 2018      |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|
| INTERGOVERNMENTAL              | Actual    | Actual    | Actual    | Actual    | Projected |
|                                |           |           |           |           |           |
| DUI Fees                       | \$2,213   | \$1,925   | \$2,014   | \$2,008   | \$2,000   |
| Liquor Excise Tax              | 23,094    | 34,604    | 60,280    | 63,867    | 66,272    |
| Liquor Profits                 | 109,201   | 111,369   | 111,297   | 111,868   | 111,666   |
| Other/Intergovernmental Grants | 91,777    | 53,058    | 46,441    | 31,051    | 12,415    |
| Total Intergov. Revenue        | \$226,285 | \$200,956 | \$220,032 | \$208,793 | \$192,353 |

Intergovernmental revenues are predominately made up of Liquor Excise Tax and Liquor Profits, both of which are distributed to cities by the Department of Revenue on a per-capita basis. With the privatization of liquor sales in 2013, distribution amounts to cities is not certain.



2018 Budget

|                              | 2014      | 2015      | 2016        | 2017        | 2018        |
|------------------------------|-----------|-----------|-------------|-------------|-------------|
| CHARGES FOR SERVICES         | Actual    | Actual    | Actual      | Actual      | Projected   |
| School SRO Charges           | \$52,000  | \$52,000  | \$52,000    | \$61,000    | \$61,000    |
| Probation Fees               | 43,440    | 36,677    | 41,072      | 33,700      | 40,000      |
| Housing of Prisoners         | 28,200    | 19,658    | 38,452      | 25,321      | 40,000      |
| Development Review Fees      | 96,322    | 236,566   | 389,148     | 187,066     | 250,000     |
| Plan Check Fees              | 121,126   | 180,035   | 182,387     | 230,698     | 170,000     |
| Park/Athletic Field Fees     | 15,804    | 14,758    | 13,719      | 6,125       | 7,500       |
| Other Fees and Charges       | 91,337    | 104,972   | 81,470      | 126,756     | 73,130      |
| Charges for Central Services | 306,060   | 302,095   | 357,091     | 364,776     | 378,741     |
| Total Charges for Services   | \$754,289 | \$946,761 | \$1,155,339 | \$1,035,442 | \$1,020,371 |

|                           | 2014      | 2015                        | 2016             | 2017           | 2018      |
|---------------------------|-----------|-----------------------------|------------------|----------------|-----------|
| FINES & FORFEITURES       | Actual    | Actual                      | Actual           | Actual         | Projected |
|                           |           |                             |                  |                |           |
| Traffic Infractions       | \$95,066  | \$66,133                    | \$63,162         | \$57,109       | \$56,000  |
| J.I.S.                    | 8,366     | 6,672                       | 7,079            | 5,353          | 6,200     |
| Criminal Traffic          | 37,877    | 37,013                      | 35,715           | 33,152         | 35,000    |
| Other                     | 37,253    | 36,162                      | 33,404           | 29,743         | 28,500    |
| Public Defender Fees      | 16,066    | 17,604                      | 18,591           | 19,271         | 18,000    |
|                           | 4404 (40  | ** <b>** *</b> * • <b>*</b> | <b>*</b> 4== 0=4 | ***** <b>*</b> | <b></b>   |
| Total Fines & Forfeitures | \$194,628 | \$163,584                   | \$157,951        | \$144,627      | \$143,700 |

|   | 2014      | 2015        | 2016        | 2017        | 2018        |
|---|-----------|-------------|-------------|-------------|-------------|
| MISCELLANEOUS REVENUES                    | Actual    | Actual      | Actual      | Actual      | Projected   |
| Investment/Interfund Loan Interest        | \$266     | \$2,478     | \$6,311     | \$5,148     | \$2,500     |
| Other Miscellaneous                       | 148,577   | 171,111     | 138,513     | 152,973     | 150,448     |
| Transfers In                              | 538,226   | 773,798     | 905,559     | 921,723     | 1,075,674   |
| Interfund Loan Repayments                 | 270,000   | 250,000     | 200,000     | 100,000     | 0           |
| Total Misc./Transfers/Loan Repay. Revenue | \$957,069 | \$1,197,387 | \$1,250,383 | \$1,179,844 | \$1,228,622 |