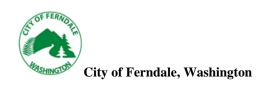


SECTION 2 – Budget Purpose

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.



BUDGETPROCESS

The Budget is the culmination of over four months of work and consideration by many individuals. Beginning in June, 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.

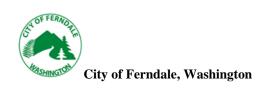
By the beginning of October, the Preliminary Budget is submitted to the City Council for review and comment. The Council then conducts Budget Workshops and, later, public hearings to gather additional information and public input. A balanced and complete budget for the ensuing year is then adopted prior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

BUDGETPOLICIES

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.

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 th day prior					
	to the next fiscal year					
10.	Council adopts balanced Final Budget					

ORDINANCE NO. 2073 AN ORDINANCE ADOPTING THE OPERATING BUDGET FOR THE CITY OF FERNDALE, WASHINGTON, FOR THE FISCAL YEAR ENDING DECEMBER 31, 2019

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, 2019 and hearings on the preliminary budget were held November 5 and December 3, 2018 pursuant to state law; and

WHEREAS, a notice was published that the City Council would meet on the 3rd day of December, 2018 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 FERNDALE DO ORDAIN AS FOLLOWS:

<u>Section 1:</u> The operating budget for the City of Ferndale, Washington, for the year 2019 is hereby adopted at the fund level in its final form and content as set forth in the document entitled City of Ferndale 2019 Operating Budget, 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 2019 are set forth in summary form below, and are hereby appropriated for expenditure at the fund level during the year 2019 as set forth in the City of Ferndale 2019 Operating Budget Document.

	Estimated				Estimated
	Beginning	Estimated	Available	Authorized	Ending
Fund Number and Name	Cash Balance	Revenues	Resources	Expenditures	Cash Balance
001 Current Expense (General Fund)	\$2,992,159	\$9,037,642	\$12,029,801	\$9,028,101	\$3,001,701
004 LEOFF 1 Police Retiree	491,379	204,000	695,379	100,000	595,379
005 Solid Waste Utility Tax	502,344	2,350,000	2,852,344	2,280,992	571,352
007 Pioneer Pavilion Com. Center Operating	25,199	37,000	62,199	41,867	20,332
101 Streets	514,451	3,001,000	3,515,451	3,423,189	92,262
102 Park Mitigation	310,527	151,500	462,027	214,646	247,381
104 Traffic Mitigation	154,540	382,000	536,540	400,000	136,540
106 Criminal Justice Fund	935	16,800	17,735	15,000	2,735
107 Local Criminal Justice	62,541	240,000	302,541	250,000	52,541
113 Ferndale Trans. Benefit District	268,053	483,000	751,053	600,000	151,053
198 Hotel/Motel	37,013	60,000	97,013	68,500	28,513
214 Streets/Parks/Land Debt Service	11,032	123,297	134,329	123,298	11,031
215 LaBounty LID 2006-1 Bond Redemption	119,611	21,000	140,611	113,000	27,611
216 LaBounty LID 2006-1 Bond Guarantee	28,778	300	29,078	0	29,078
217 LaBounty GO Bond Redemption	150	26,720	26,870	26,720	150
218 2010 GO Bond Redemption	3,200	422,778	425,978	422,778	3,200
219 2011 GO Bond Redemption	2,790	163,805	166,595	163,775	2,820
220 2014 Library GO Bond Redemption	1,682	186,072	187,754	186,072	1,682
301 Real Estate Excise Tax First 1/4% REET 1	351,981	351,000	702,981	218,016	484,965
302 Real Estate Excise Tax Second 1/4% REET 2	678,231	352,500	1,030,731	375,000	655,731
309 Star Park Construction	43,424	0	43,424	0	43,424
347 Main & LaBounty Roundabout Construction	907	0	907	0	907
370 Thornton Road Construction	157,218	2,755,000	2,912,218	2,280,000	632,218
401 Water	1,186,175	5,020,206	6,206,381	5,722,655	483,726
402 Sewer	2,112,508	22,494,431	24,606,939	22,191,020	2,415,919
403 2005 Sewer Revenue Bond Redemption	3,989	1,141,169	1,145,158	1,141,169	3,989
404 2005 Sewer Revenue Bonds Reserve	1,149,587	1,000	1,150,587	0	1,150,587
405 WWTP Debt Service Fund	859,466	9,000	868,466	0	868,466
407 Storm & Flood Control	417,441	1,507,998	1,925,440	1,358,810	566,629
408 Utility Loan Service	15,110	183,962	199,072	183,962	15,110
409 Water Debt Service	53,918	50,000	103,918	95,980	7,938
510 Computer Repair & Maint.	35,331	193,640	228,971	158,309	70,662
550 Equipment Repair & Maint.	386,025	909,204	1,295,229	748,306	546,924
650 Court Agency	0	225,000	225,000	225,000	0
TOTAL _	\$12,977,694	\$52,101,025	\$65,078,718	\$52,156,165	\$12,922,553

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 3rd day of December, 2018.

Jon Mutchler, MAYOR CLERK

ORDINANCE No. 2071

AN ORDINANCE FIXING THE AMOUNT OF REVENUE TO BE RAISED BY PROPERTY TAXATION FOR THE YEAR 2019

Whereas, the Ferndale City Council did properly give notice of the public hearing on revenue sources held on November 19, 2018; and

Whereas, the Council, for 2018 only, recouped overpayment of prior year payments to the Fire District totaling \$160,000; and

Whereas, it is the intent of the Council to reduce the property tax revenue and bank the \$160,000; 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 a one percent increase in property tax revenue from the previous year, in addition to increases 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, THE CITY COUNCIL OF THE CITY OF FERNDALE DO ORDAIN AS FOLLOWS:

<u>Section 1</u> That there be levied a nine tenths of one percent increase **(.90191% and \$11,745.20)** over the amount levied for collection in 2018 (which amount was \$1,302,262.36), in addition to increases equal to the maximum amount allowed under the new construction provisions of RCW 84.55.010 and the maximum amount allowed 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 19th day of November, 2018.

	ATTEST:		
Jon Mutchler, Mayor	Susan Duncan, CMC, City Clerk		