

Funds Summary

General Fund (000-099)- For reporting purposes, local governments can only have one general fund

Current Expense- Fund 001

- Each City is required to have a Current Expense fund for the purpose of collecting taxes levied, fees collected, fines assessed, grants, and charges for goods and services.
- The Current Expense fund is the general operating fund for the City and is used to account for all financial resources not accounted for in another fund.
- Expenditures include, but are not limited, to the day to day operations and maintenance of the City.
- Departments included in the General Fund: Legislative, Municipal Court, Executive, Administrative, Finance, Communications, Police, Planning, Public Works, and Probation.

General Fund Contingency Reserve- Fund 002

- The purpose of this fund is to meet any unforeseen municipal expenses (rainy day fund).
- Contributions are budgeted from Current Expense (F001), per Financial Policy.

Facilities Capital Reserve- Fund 003

- These funds are set aside for the purpose of addressing unforeseen City facilities capital expenditures.
- All expenditures require prior approval from City Council.

Leoff 1 Retiree- Fund 004

- The purpose of this fund is to address the City's liability for three retired police officers.
- The City is responsible for paying all bills related to monthly medical premiums and long-term care expenses for life.

Solid Waste Utility Tax- F005

- Utility taxes from the refuse and recycling stations in Ferndale.
- Currently the tax rate is 14.5% and is scheduled to change to 14% in 2024.
- The City can set the tax rate via an ordinance.
- These tax revenues are unrestricted and may be used for any lawful government purpose.

Pioneer Pavilion- Fund 007

- The purpose of this fund is to isolate the repairs, maintenance, and operations of this building.
- The Pioneer Pavilion is available to rent by the community.

Special Revenue Funds (100-199)- Used to account for the proceeds of specific revenue sources that are restricted or committed to the expenditure for specified purposes other than debt service or capital projects

Streets- Fund 101

- Primary purpose is to provide for ongoing maintenance and operations for the City's street system.
- Expenditures include roadway capital projects funded through Traffic Mitigation (F104), TBD (F113), and REET I & II (F301/302).
- The Street fund also pays a percentage of new capital equipment that will be used for street projects and maintenance.

Park Mitigation- Fund 102

- Primary purpose is to account for the one-time mitigation payments assessed by the City against a new development project.
- Funds must be used for projects addressed by a capital facilities plan in the comprehensive plan adopted under the Growth Management Act.
- Mitigation fees must be used for publicly owned parks, open space, and recreation facilities within the city.
- Commercial developments are not assessed a mitigation fee (only residential).
- Funds must be expensed within 10 years of receipting in the money, if not the funds are returned to the developer.

Traffic Mitigation- Fund 104

- Primary purpose is to account for the one-time mitigation payments assessed by the City against a new development project.
- Funds must be used for projects addressed by a capital facilities plan in the comprehensive plan adopted under the Growth Management Act.
- Mitigation fees must be used for capital projects and cannot be used on operation and maintenance costs.
- New Commercial and Residential building permits are assessed this fee.
- Funds must be expensed within 10 years of receipting in the money, if not the funds are returned to the developer.

Criminal Justice- Fund 106

- Funds distributed to cities quarterly (January, April, July, October) by the State.
- Funds are intended to assist local governments for public safety needs.

- The state allocated funds to cities based on population, crime rate, and superior court filings.
- Special Programs such as Innovative Law Enforcement, At-Risk Children, and Domestic Violence.
- Transferred into Current Expense (F001) to pay for salaries, benefits, and equipment costs related to the Police Department.

Local Criminal Justice- Fund 107

- Monthly distributions.
- The Department of Revenue collects a local .1% voter-approved sales tax.
- The first 10% is available to Whatcom County to cover administrative costs.
- The remaining 90% is distributed to the cities based on population.
- Transferred into Current Expense (F001) to pay for salaries, benefits, and equipment costs related to the Police Department.

Transportation Benefit District (TBD)- Fund 113

- The City of Ferndale's TBD fund is comprised of revenues from a 0.2% voter-approved sales tax.
- TBD revenues may be used for transportation improvements that can range from roads and transit service to sidewalks.
- Construction, maintenance, and operation costs are eligible.

Complete Streets- Fund 114

- Grant Program that refers to the concept that roadways should be designed with all users in mind, not just motorists.
- Program is managed by the Transportation Improvement Board (TIB).
- Must adopt a jurisdiction wide Complete Streets ordinance.
- Received \$300 000 in 2020, no funds anticipated for 2021 Budget.

Hotel Motel- Fund 198

- 4% consumer tax on lodging for periods of less than 30 consecutive days.
- Applies to hotels, motels, private campgrounds, RV parks, and similar facilities.
- Funds are distributed to City by the State and are used to promote tourism or construction and operations of tourism-related facilities owned by the City.
- Lodging Tax Advisory Committee (LTAC) provides recommendations to City Council on how these revenues should be disbursed.

Debt Service Funds (200-299)- Used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on long-term debt

Street/Park/Land Debt Service- Fund 214

- Purpose of making bond and loan payments other than Utilities Bond Debt Service Funds.
- Riverwalk and Library land purchase.

Labounty LID 2006-1 Bond Redemption- Fund 215

- Local Improvement District (LID) are means of assisting benefiting properties in financing needed capital improvements.
- Labounty Road LID Construction Project.

Labounty LID 2006-1 Bond Guarantee- Fund 216

- Purpose is to serve as a reserve account for fund 215.
- Required reserve is 10% of the principal amount owing.

Labounty GO Bond Debt Service- Fund 217

- This fund is to collect monies for the purpose of making these bond payments.
- Labounty Road improvements.

2010 Limited Tax General Obligation Bond- Fund 218

- Refunded in 2020.
- Formerly the Build America Bond (BAB) that includes Griffintown Park, Pioneer Pavilion, Library, and Police State Construction.

2011 Limited Tax General Obligation Bond- Fund 219

- Limited tax general obligation bond issued by council.
- Fund is for the debt service for the Police Station.

2013 Library LTGO Bond Redemption- Fund 220

- Limited tax general obligation bond issued by council.
- Fund is for the debt service for the Library Facilities.

Capital Projects Funds (300-399)- Used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets

Real Estate Excise Tax (REET I)- Fund 301

- Washington State levies a real estate excise tax (REET) on sales of real estate property based on selling price.
- REET I is the "first quarter percent"- a .25% tax primarily used for capital projects and limited maintenance.
- Tax imposed by the legislative body and does not require voter approval.
- Capital projects must be identified in the capital facilities plan (CFP) element of the comprehensive plan.
- The City may use \$100,000 or 25% of available funds (whichever is greater but not exceed \$1 million per year) for maintenance of capital facilities with additional reporting.
- Funds may not be used for developing or updating capital facilities plan (CFP) or capital improvement plan (CIP).

Real Estate Excise Tax (REET II)- Fund 302

- Washington State levies a real estate excise tax (REET) on sales of real estate property based on selling price.
- REET II is the "second quarter percent"- a .25% tax that can be imposed by any city fully planning under the Growth Management Act (GMA).
- The City may use \$100,000 or 25% of available funds (whichever is greater but not exceed \$1 million per year) for maintenance of capital facilities with additional reporting.
- Tax imposed by the legislative body and does not require voter approval (under GMA).
- REET II revenues are restricted and may only be used for financing capital projects specified in the CFP element of the comprehensive land use plan.
- These funds are more specifically directed to infrastructure and parks capital projects.
- REET II omits public facilities such as law enforcement, fire protection, libraries, administration, and courts (ok with REET I).
- Funds may not be used for developing or updating capital facilities plan (CFP) or capital improvement plan (CIP).

Thornton Road Construction- Fund 370

- This fund is for all the revenues and expenditures related to the construction of the Thornton Street Overpass project.
- Grants are from Transportation Improvement Board (TIB) and Connecting Washington.

Enterprise Funds (400-499)- Used to report any activity for which a fee is charged to external users of goods and services

Water- Fund 401

- The purpose of the water fund is to account for the maintenance and operations of our water utility.
- This fund collects user fees to support operations and capital connection fees that are designed to fund past and future improvements to the system.
- Expenditures include capital expenditures.
- Monies cannot be used for anything unrelated to this specific enterprise fund.

Sewer- Fund 402

- The purpose of the sewer fund is to account for the maintenance and operations of our wastewater utility.
- This fund collects user fees to support operations and capital connection fees that are designed to fund past and future improvements to the system.
- Expenditures include capital expenditures.
- Monies cannot be used for anything unrelated to this specific enterprise fund.

2011/2014 Water Sewer Bond Redemption- Fund 403

- This fund is to make debt payments for improvements that have been made to the City's water treatment plant and sewer system.

2005 Sewer Bond- Fund 404

- This fund is to provide a reserve fund, as required by bond covenants, for the debt service payments made through fund 403.

WWTP Debt Service Fund- Fund 405

- Loan proceeds are applied to the Wastewater Treatment Plant Upgrade.
- The purpose of this fund is to make loan payments for the WWTP.
- Payments start in 2022.

Storm- Fund 407

- The purpose of this fund is to account for the expenditures related to storm drainage improvements and flood control activities.
- Primary revenue source for this fund is stormwater utility fee and mitigation fees.
- Expenditures include capital expenditures.

- Funds cannot be used for capital projects unrelated to storm.

Utility Loan Service- Fund 408

- The purpose of this fund is to account for repayments on the various loans and bonds for the purpose of completing improvements.
- Funds were used for improvements to the City's storm drainage, equipment, and water pump station.
- This fund is restricted to water, sewer and storm utility loans and bonds.

CCWA Water Conversion Debt Service- Fund 409

- This project involved the consolidation of the Central City Water Association into the City's water system.
- Each utility connection from the conversion pays an assessment on their bill.
- This fund is set to make those loan payments.

Water Treatment Plant Upgrade (WTP)- Fund 413

- This fund is for all revenues and expenditures related to the construction of the Water Treatment Plant upgrade.
- Completion intended for 2021.

Shop Well 2- Fund 414

- This fund is for all revenues and expenditures related to the construction of the new Shop Well 2.
- Completion estimated for the beginning of 2021.

Wastewater Treatment Plant Construction (WWTP)- Fund 415

- This fund is for all revenues and expenditures related to the construction of the Wastewater Treatment Plant.
- Revenues come from a Department of Ecology Loan and a Public Works Board Grant.
- Completion intended for 2021.

Internal Service Funds (500-599)- Used to report any activity that provides goods or services to other funds, departments, or other governments on a cost-reimbursement basis

Computer Repair & Replacement- Fund 510

- This fund acts as an "internal service fund" to collect payments from various funds and City departments.
- Monies are used to replace computer hardware and software on an ongoing basis.

Equipment Maintenance & Replacement- Fund 550

- This fund acts as an "internal service fund" to collect payments from various funds and City departments.
- Monies are used to replace larger piece of equipment on an ongoing basis.
- Each piece of equipment is assigned a useful life resulting in a "rental fee" that will then be used to replace the item at the appropriate time.
- Ongoing expenditures include the maintenance and operations of the City's vehicle and equipment fleet.

Custodial Funds (600-699)- Used to report all fiduciary activities that are not required to be reported in other fiduciary funds

Court Agency- Fund 650

- The purpose of this fund is to account for those portions of court fines that are passed onto the State.
- These funds are not derived from the City's revenues or transactions.

Court Activity- Fund 651

- This fund is for the Ferndale Municipal Court activity.