

CITY OF FERNDALE • 2026 BUDGET





ADOPTED BUDGET

For the Fiscal Year 2026

Mayor

Greg Hansen

City Council Members

Herb Porter

Ali Hawkinson

Erin Gunter

McKenna Pinto-Gonzalez

Ryan O'Larey

Robert Pinkley

Jon Mutchler

City Administrator

Jori Burnett

2095 Main Street Ferndale, WA 98248

www.cityofferndale.org

Table of Contents

Introduction	8
Mayor's Budget Message	9
Demographics	11
Ferndale At A Glance	12
Budget Development	13
Budget Overview	14
Budget Calendar	15
Organization Chart	16
Fund Type Descriptions	17
Budget Summary	19
Budget Summary	20
Revenue Summary by Fund	21
Expenditure Summary by Fund	22
General Fund	23
General Fund Revenue Summary	24
General Fund Revenue Sources	25
Detailed General Fund Revenue	31
General Fund Expenditure Summary	32
General Fund Descriptions	33
Legislative	33
Municipal Court	33
Executive	33
Administrative Services	34
Finance	34
Communications	35
Legal Services	35
General Government Services	35
Law Enforcement	36
Public Safety	37
Probation	37
Inspections and Permits	37
Emergency Preparedness	38
City Hall Facilities Maintenance	38
Infrastructure Inspection and Engineering	39
Clean Air Agency	39
Capital Expenditures	39
Parks	40
Alcohol Administration Board	40
Planning and Community Development	40

Transfers.....	41
Contingency Reserve.....	41
Facilities Capital Reserve	41
LEOFF 1 Police Retiree	42
Solid Waste Utility Tax	42
Pioneer Pavilion	43
Special Revenue Funds	44
Special Revenue Fund Descriptions	45
Streets	45
Park Impact.....	46
Traffic Impact	46
Transportation Benefit District (TBD)	47
American Rescue Plan Act (ARPA)	47
Hotel Motel Tax.....	48
Debt Service Funds	49
Debt Service Fund Descriptions	50
Streets/Parks/Land Debt Service Fund	50
2010 Limited Tax General Obligation Bond Redemption	51
2011 Limited Tax General Obligation Bond Redemption	51
Civic Campus LTGO Bond.....	52
Utility Loan Service	52
2011/2014 Water and Sewer Bond Redemption.....	53
Wastewater Treatment Plant Debt Service	55
Utility Debt Service.....	55
Capital Project Funds	57
Capital Project Fund Descriptions	58
Real Estate Excise Tax (REET I).....	58
Real Estate Excise Tax (REET II).....	58
Metalworks Skate Park	59
Civic Campus.....	59
Thornton Road Construction	59
Enterprise Funds	61
Enterprise Fund Descriptions	62
Water Utility.....	62
Sewer Utility	63
Stormwater and Flood.....	64
Water Treatment Plant Upgrade (WTP).....	64
Shop Well 2.....	65
Wastewater Treatment Plant Construction (WWTP).....	65
Internal Service Funds	66
Internal Service Fund Descriptions	67

Computer Repair and Replacement.....	67
Equipment Repair and Replacement	67
Custodial Funds	68
Custodial Fund Descriptions.....	69
Court Agency	69
Court Activity.....	69
Staff Information	70
Staffing By Function	71
Employee Contracts	71
Glossary of Terms and Acronyms	72

This page intentionally left blank



Introduction

Mayor's Budget Message

Honorable City Councilmembers and members of our Ferndale Community, it is my pleasure to present to you the City of Ferndale's preliminary 2026 Budget for your review. For the City of Ferndale, 2026 will be another year of balancing austerity with activity – getting long planned capital projects underway, strategically planning for the City's ongoing needs, and continuing to be thoughtful stewards of the public's money. This budget comes at a challenging time for cities across the country, particularly in our region. Political polarization and economic turbulence combined with rising costs for households and needs for our community create a complicated environment for developing a balanced and responsible budget.

On the revenue side of the 2026 Budget, the outlook is flat while inflation continues to erode the spending power of the City's modest revenues. Current and projected economic conditions suggest that sales taxes will be slightly below 2025 levels, and the City will see only minimal increases in property taxes, utility taxes, and other General Fund revenue streams. As presented, this budget assumes the City Council will elect to take the statutory 1% increase in property taxes, an annual increase of approximately \$21,182. When divided among Ferndale's 17,020 residents, that amounts to an additional \$1.24 per person per year! Despite these tight revenue conditions, the City of Ferndale's overall financial position remains healthy. Unlike many of our neighbors, Ferndale is not facing acute budgeting shortfalls - due in large part to conservative and strategic fiscal management, marked by disciplined spending, careful staffing decisions, and a deliberate approach to expanding services, however, this stability leads to an important question; how long can the City of Ferndale sustain "doing okay" without addressing the growing needs of our community?

On the expenditure side, the 2026 Budget keeps the City of Ferndale well positioned to provide the services our community expects, to complete important capital projects, and make smart strategic investments for the future. This budget adds one new full-time police officer position to the Ferndale Police Department and incorporates collective bargaining agreements recently negotiated with the five unions representing city employees. These new agreements acknowledge the economic realities facing both city staff and our organization and ensure that Ferndale will continue to retain and attract talented and committed individuals to serve our community. This budget provides funds to replace the vehicles and equipment needed to safely, effectively, and efficiently provide services to our community. At the same time, it reflects the significant cost increases that Ferndale, like most small cities, continues to face for essential public services. For example, the cost for the Ferndale Police Department's 911 dispatch service contract with Whatcomm has increased by 68% since 2024, reaching \$335,854 in 2026. The City's share of the Whatcom County Division of Emergency Management operations has risen more than 185% since 2022 – to \$130,000, and the City's Washington Cities Insurance Authority insurance premiums have grown 142% over the same period, reaching \$1 million in 2026. These are basic and fundamental expenditures that provide for the safety, security, and resilience of our community. Ferndale is not alone in these

challenges – cities across Washington State are experiencing cost increases that are outpacing inflation, forcing local governments to do more with less while maintaining the high standards their residents expect.

With respect to capital investments, this budget funds the completion of projects already underway, including Ferndale Terrace, Ferndale's Comprehensive Plan update, and the City's phased Wayfinding project. This budget also advances critical infrastructure improvements such as the reconstruction of Main Street from Barrett Road east to the City Limits, the Exit 263 northbound roundabout expansion and reconstruction, and continued design work and grant funding work on numerous other high priority capital projects.

Several 2026 capital projects have been in the works for many years. Perhaps the most visible project is the City's Civic Campus Project which will be under construction throughout 2026. Another long-anticipated project, the Pioneer Village Stage, has been envisioned for more than a decade. Though seemingly simple, it is a complex and meaningful project – a worthwhile investment that will provide a spectacular venue for musical performances, dance, storytelling and theatre productions, and will quickly become a centerpiece for performing arts – something Ferndale's vibrant community is known for!

The 2026 Budget reflects the City of Ferndale's long-held values: fiscal responsibility, service to the community, and thoughtful growth. This is a budget rooted in prudence and guided by optimism. Through continued collaboration among the City Council, City Staff, community service organizations, and Ferndale residents, Ferndale will continue to be a city that invests wisely, grows with intention, and remains a community where people want to work, live, and play!

I respectfully submit this budget for consideration by the Ferndale City Council and request their approval of the budget following the City's budget review process.

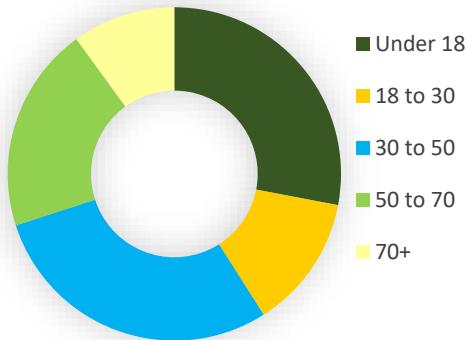
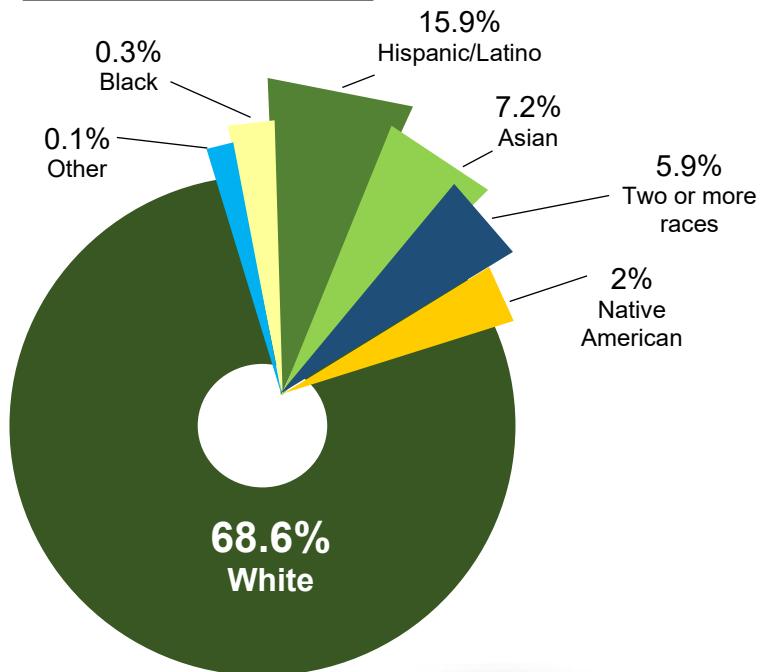
Thank you,

A handwritten signature in blue ink, appearing to read "GH".

Mayor Greg Hansen

Demographics

DEMOGRAPHICS



INCOME

\$83,839 

Local median household income in 2023

\$94,952 

Statewide median income in 2023

PUBLIC SAFETY

- 26.5 Commissioned Officers, 5 Civilian Staff Members, 11 Volunteers
- ~1.60 Officers per 1,000 Residents
- District Resource Officer for the Ferndale School District
- Ferndale is one of only two WASPC accredited agencies in Whatcom County

POPULATION

2020

15,048



2025*

17,020



13%
Increase
*Estimate

Ferndale At A Glance

Ferndale is the fastest-growing city in Northwest Washington and is positioned to serve as a primary economic and housing engine for the region for decades to come. Leveraging its strategic location along Interstate 5, within ten miles of the Canadian border, and at the population center of Whatcom County, the City has implemented innovative approaches to city government, land use, and community collaboration. These efforts have helped make Ferndale one of the most attractive communities in the Pacific Northwest and a highly desirable place to live and work.





Budget Development

Budget Overview

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

Policy Development – The budget process provides the Mayor, City Council, and City Administrator a framework to review the City's goals, objectives, and strategies, and to direct organizational activities through the allocation of resources. The budget serves as a tool for setting policy for the upcoming year, influencing operational changes, service levels, and the overall financial health of the community.

Financial Planning – The budget serves as the City's financial plan that guides the fiscal operations for the upcoming year. A formal revenue estimate outlines the City's 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 gives 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 both the number of services and how they are 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 serves as a way for the City's decision makers to communicate information regarding the City's activities. This information contains priorities, rationale for decisions, and a vision for the future. The budget also provides Ferndale residents a tool to help understand the policy and political decisions for the upcoming year.

Budget Calendar

The City followed the calendar below to establish the 2026 Budget. The budget calendar is in accordance with time limitations set forth by the State and is designed to allow the Council and public ample opportunity to provide input on the direction of the City budget for the upcoming year.

2026 BUDGET PROCESS CALENDAR

JUNE

- Notification to public for submissions for Lodging Tax

JULY

- Notification to public regarding submissions for Organizational Grants
- Applications due for Lodging Tax

SEPTEMBER

- Applications due for Organizational Grants
- Lodging Tax Advisory Committee (LTAC) meets to review applications
- LTAC recommendations to be filed with Finance
- Organizational Grant proposals to be filed with Finance

OCTOBER

- Proposed preliminary budget presented to Council
- Mayor presents 2026 Budget message
- Preliminary budget made available to public
- Publication notices for public hearing on property tax levy
- Publication notices for public hearing on preliminary budget

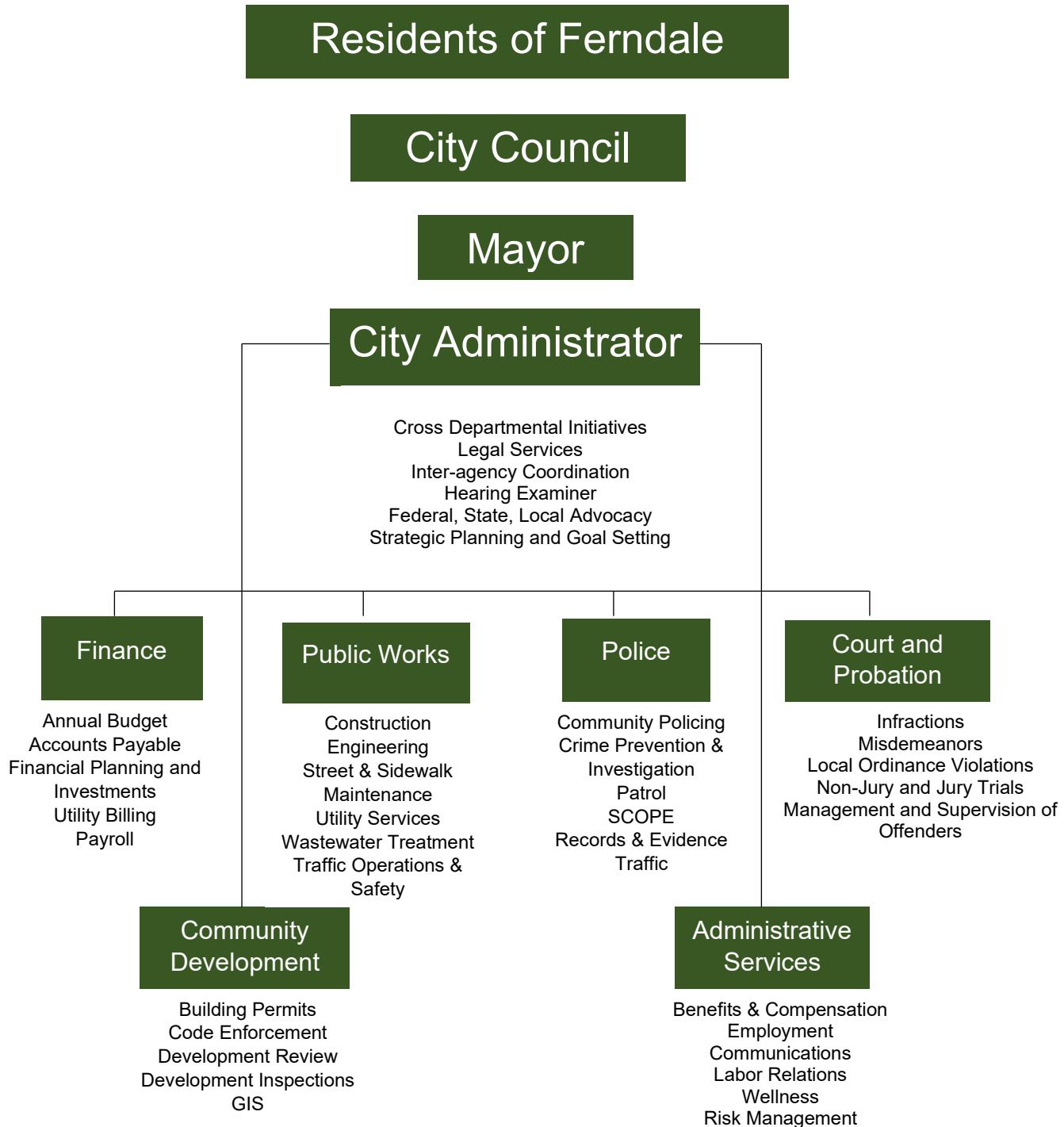
NOVEMBER

- Public hearing – property tax levy
- Set property tax levy
- Public hearing - preliminary budget
- Publication notices for public hearing on final budget

DECEMBER

- Final public hearing on proposed 2026 Budget
- Adoption of 2026 Budget by City Council

Organization Chart



Fund Type Descriptions

Governmental Funds

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. The City of Ferndale uses four types of Governmental Funds listed below.

General Fund (001-007)

The General Fund accounts for all resources not required to be reported in other funds. It supports the general services provided to the public, including law enforcement, legal services, 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 primary operating fund.

Special Revenue Funds (100's)

Special Revenue Funds account for the proceeds of revenue sources that are legally restricted or committed to specific activities. The City's Special Revenue Funds include the Street Fund, Park and Traffic Impact Funds, Transportation Benefit District Fund (TBD), American Rescue Plan Act Fund (ARPA), and the Hotel Motel Tax Fund.

Debt Service Funds (200's)

Debt Service Funds are used to account for and report financial resources designated for the repayment of debt. Debt related to Enterprise Funds is paid exclusively from the revenues generated by the City's utilities.

Capital Project Funds (300's)

Capital Project Funds track financial resources dedicated to the acquisition or construction of general government capital projects. These funds exclude capital projects financed through Enterprise Funds.

Proprietary Fund Types

Proprietary Funds account for business-type activities that are primarily financed through fees and charges to users. The City of Ferndale uses the two types of Proprietary Funds listed below.

Enterprise Funds (400's)

Enterprise Funds account for operations that provide goods or services to the public that are supported largely by user fees and charges. These funds also account for capital projects and the repayment of debt associated with these activities. The City's Enterprise Funds include the Water, Sewer, and Stormwater and Flood Funds.

Internal Service Funds (500's)

Internal Service Funds are used to account for operations that provide goods or services to departments on a cost-reimbursement basis. These funds include the Computer Repair and Replacement Fund and the Equipment Repair and Replacement Fund. Both funds charge departments within the City to maintain and replace technology, fleet vehicles, and other equipment.

Fiduciary Fund Types

Fiduciary funds are used to account for resources held by the City in a trustee or custodial capacity for outside agencies. These resources cannot be used to support City of Ferndale programs.

Custodial Funds (600's)

Custodial Funds are used to report the collection and remittance of funds held in a custodial capacity. The City of Ferndale uses these funds to account for Municipal Court activity, as well as collected pass-through fees from customers, such as building permit fees and concealed pistol license fees, that must be remitted to the State.



Budget Summary

Budget Summary

Fund	Fund Name	Estimated Beginning Fund Balance	Revenues	Expenditures	Estimated Ending Fund Balance
001	Current Expense (General Fund)	\$9,614,979	\$14,615,559	\$16,548,797	\$7,681,741
002	Contingency Reserve	1,360,457	101,299	0	1,461,756
003	Facilities Capital Reserve	796,249	600,000	0	1,396,249
004	LEOFF I Police Retiree	1,790,313	0	70,000	1,720,313
005	Solid Waste Utility Tax	8,125,283	3,811,123	6,102,619	5,833,787
007	Pioneer Pavilion	1,314	100,000	99,429	1,885
101	Streets	505,917	11,491,644	11,663,877	333,684
102	Park Impact	785,312	205,000	95,582	894,730
104	Traffic Impact	2,755,332	740,000	2,690,000	805,332
113	Transportation Benefit District (TBD)	3,011,950	823,529	3,735,000	100,479
115	American Rescue Plan Act (ARPA)	128,337	0	128,337	0
198	Hotel Motel Tax	109,159	50,000	81,000	78,159
214	Street/Land/Parks Debt Service	7,245	123,297	123,297	7,245
218	2010 GO Bond Redemption	12,704	316,378	316,878	12,204
219	2011 GO Bond Redemption	7,899	0	7,899	0
221	2025 Civic Campus LTGO Bond Redemption	0	664,250	664,250	0
301	Real Estate Tax (REET I)	2,072,204	350,000	296,126	2,126,078
302	Real Estate Tax (REET II)	1,548,097	350,000	80,000	1,818,097
315	Civic Campus	10,015,529	7,440,444	15,000,000	2,455,973
370	Thornton Road Construction	1,011,123	0	1,011,123	0
401	Water	4,369,133	5,352,847	5,848,583	3,873,397
402	Sewer	18,375,075	7,434,553	12,671,392	13,138,236
403	Water/Sewer Revenue Bond Redemption	34,149	1,590,255	1,591,005	33,399
404	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	Stormwater and Flood	2,628,484	3,145,361	2,612,632	3,161,213
408	Utility Loan Service	25,853	155,403	155,403	25,853
413	Water Treatment Plant Upgrade (WTP)	712,036	80,000	789,092	2,944
510	Computer Repair and Replacement	103,575	296,166	399,216	526
550	Equipment Repair and Replacement	16,552	1,162,692	1,176,314	2,930
650	Court Agency	5,159	129,200	130,200	4,159
651	Court Activity	13,814	38,000	28,000	23,814
TOTAL		\$71,960,017	\$63,387,265	\$86,336,315	\$49,010,967

Revenue Summary by Fund

Fund	Fund Name	2023 Actual	2024 Actual	2025 Budget	2026 Budget
001	Current Expense (General Fund)	\$14,730,118	\$15,739,684	\$14,490,643	\$14,615,559
002	Contingency Reserve	111,529	216,000	123,000	101,299
003	Facilities Capital Reserve	607,527	500,000	600,000	600,000
004	LEOFF I Police Retiree	150,739	0	0	0
005	Solid Waste Utility Tax	3,463,552	3,426,920	2,645,490	3,811,123
006	Capital Asset Reserve	0	0	0	0
007	Pioneer Pavilion	70,894	158,525	75,000	100,000
101	Streets	4,080,034	2,322,745	6,703,063	11,491,644
102	Park Impact	239,942	450,821	230,000	205,000
104	Traffic Impact	625,924	840,020	470,000	740,000
113	Transportation Benefit District (TBD)	947,208	862,312	700,000	823,529
115	American Rescue Plan Act (ARPA)	58,527	3,066	0	0
198	Hotel Motel Tax	79,729	59,249	50,000	50,000
214	Street/Land/Parks Debt Service	120,003	121,897	120,097	123,297
215	LaBounty LID 2006-1 Bond Redemption	24,103	21,690	30,554	0
216	LaBounty LID 2006-1 Bond Guarantee	221	6,753	0	0
218	2010 GO Bond Redemption	315,006	316,962	320,729	316,378
219	2011 GO Bond Redemption	170,015	162,200	161,200	0
220	2013 Library GO Bond Redemption	186,757	853	0	0
221	2025 Civic Campus LTGO Bond Redemption	0	0	36,338	664,250
301	Real Estate Tax (REET I)	398,822	407,415	300,000	350,000
302	Real Estate Tax (REET II)	394,358	405,965	300,000	350,000
310	Metalworks Skate Park	109,173	1,874,396	200,000	0
315	Civic Campus	0	2,052,770	2,500,000	7,440,444
370	Thornton Road Construction	4,344,516	1,767,156	0	0
401	Water	6,169,703	6,228,278	6,735,893	5,352,847
402	Sewer	7,101,890	9,571,945	8,332,283	7,434,553
403	Water/Sewer Revenue Bond Redemption	1,595,028	1,565,503	1,563,723	1,590,255
404	Sewer Bond Reserve	7,411	0	0	0
405	WWTP Debt Service Fund	1,013,978	2,091,424	2,091,424	2,091,424
406	Utility Debt Service Fund	0	18,010	128,841	128,841
407	Stormwater and Flood	3,653,980	2,340,594	3,862,157	3,145,361
408	Utility Loan Service	154,000	152,408	159,031	155,403
409	Water Debt Service	24,941	0	0	0
413	Water Treatment Plan Upgrade (WTP)	0	3,572,466	2,332,923	80,000
415	Wastewater Treatment Plant (WWTP)	30,213	0	0	0
510	Computer Repair and Replacement	338,968	346,166	338,968	296,166
550	Equipment Repair and Replacement	1,752,977	987,569	955,758	1,162,692
650	Court Agency	80,636	96,162	80,400	129,200
651	Court Activity	5,820	8,776	6,000	38,000
TOTAL		\$53,158,241	\$58,696,701	\$56,643,514	\$63,387,265

Expenditure Summary by Fund

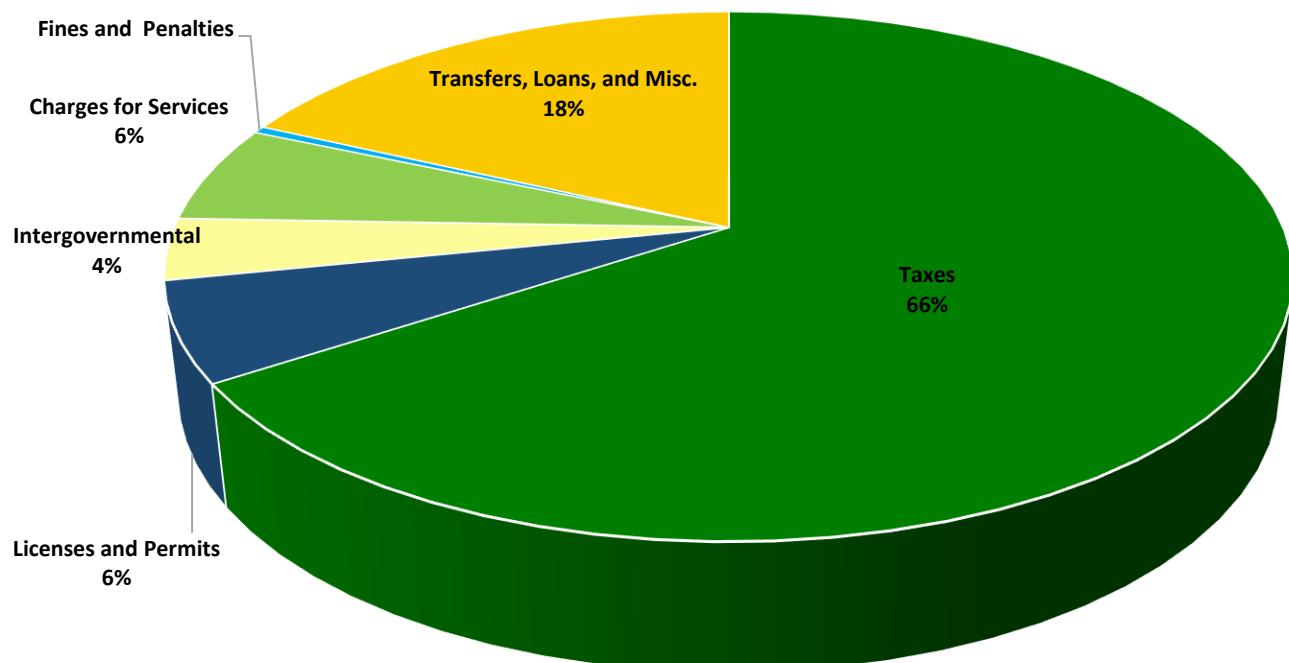
Fund	Fund Name	2023 Actual	2024 Actual	2025 Budget	2026 Budget
001	Current Expense (General Fund)	\$12,489,983	\$15,701,734	\$16,239,829	\$16,548,797
003	Facilities Capital Reserve	0	0	2,545,000	0
004	LEOFF I Police Retiree	33,866	38,782	75,000	70,000
005	Solid Waste Utility Tax	2,424,455	2,152,002	2,457,759	6,102,619
007	Pioneer Pavilion	86,693	115,898	99,250	99,429
101	Streets	4,082,746	2,310,544	7,135,988	11,663,877
102	Park Impact	220,000	170,629	95,930	95,582
104	Traffic Impact	0	38,822	1,100,000	2,690,000
113	Transportation Benefit District (TBD)	133,882	640,080	1,210,000	3,735,000
115	American Rescue Plan Act (ARPA)	398,183	320,033	1,737,338	128,337
198	Hotel Motel Tax	65,737	70,735	81,000	81,000
214	Street/Parks/Land Debt Service	118,497	121,897	120,097	123,297
215	LaBounty LID 2006-1 Bond Redemption	25,330	6,753	45,490	0
216	LaBounty LID 2006-1 Bond Guarantee	6,753	0	30,554	0
217	LaBounty GO Bond Redemption	0	156	0	0
218	2010 GO Bond Redemption	316,490	317,162	321,229	316,878
219	2011 GO Bond Redemption	163,650	162,550	161,550	7,899
220	2013 Library GO Bond Redemption	187,101	1,028	0	0
221	2025 Civic Campus LTGO Bond Redemption	0	0	36,338	664,250
301	Real Estate Tax (REET I)	215,975	294,492	744,746	296,126
302	Real Estate Tax (REET II)	0	1,710,000	1,420,000	80,000
310	Metalworks Skate Park	84,581	1,962,040	185,000	0
315	Civic Campus	0	1,030,959	5,000	15,000,000
370	Thornton Road Construction	5,079,346	678,442	0	1,011,123
401	Water	7,187,228	4,622,697	8,880,634	5,848,583
402	Sewer	5,103,147	6,125,625	14,385,889	12,671,392
403	Water/Sewer Revenue Bond Redemption	1,563,249	1,566,253	1,564,473	1,591,005
405	Water/Sewer Bond	2,091,424	2,091,424	2,091,424	2,091,424
406	Utility Debt Service Fund	0	18,010	128,841	128,841
407	Stormwater and Flood	3,684,748	3,110,256	4,035,075	2,612,632
408	Utility Loan Service	150,407	152,408	159,031	155,403
409	Water Debt Service	52,426	1,547	0	0
413	Water Treatment Plan Upgrade (WTP)	35,878	5,248,070	2,506,000	789,092
414	Shop Well 2	0	72,466	0	0
415	Wastewater Treatment Plant (WWTP)	0	1,504,189	0	0
510	Computer Repair and Replacement	344,048	296,166	406,150	399,216
550	Equipment Repair and Replacement	1,585,181	964,005	1,047,076	1,176,314
650	Court Agency	82,063	90,686	80,500	130,200
651	Court Activity	3,077	7,421	6,000	28,000
TOTAL		\$48,016,145	\$53,715,958	\$71,138,190	\$86,336,315



General Fund

General Fund Revenue Summary

	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Taxes	\$9,210,515	\$9,338,180	\$9,275,290	\$9,599,079
Licenses and Permits	875,227	1,190,448	989,148	885,700
Intergovernmental	373,174	588,707	683,902	549,516
Charges for Services	1,432,507	1,298,561	1,343,667	870,839
Fines and Penalties	72,039	80,920	50,700	62,900
Transfers, Loans, and Misc.	2,766,655	3,242,869	2,147,936	2,647,525
Total	\$14,730,118	\$15,739,684	\$14,490,643	\$14,615,559



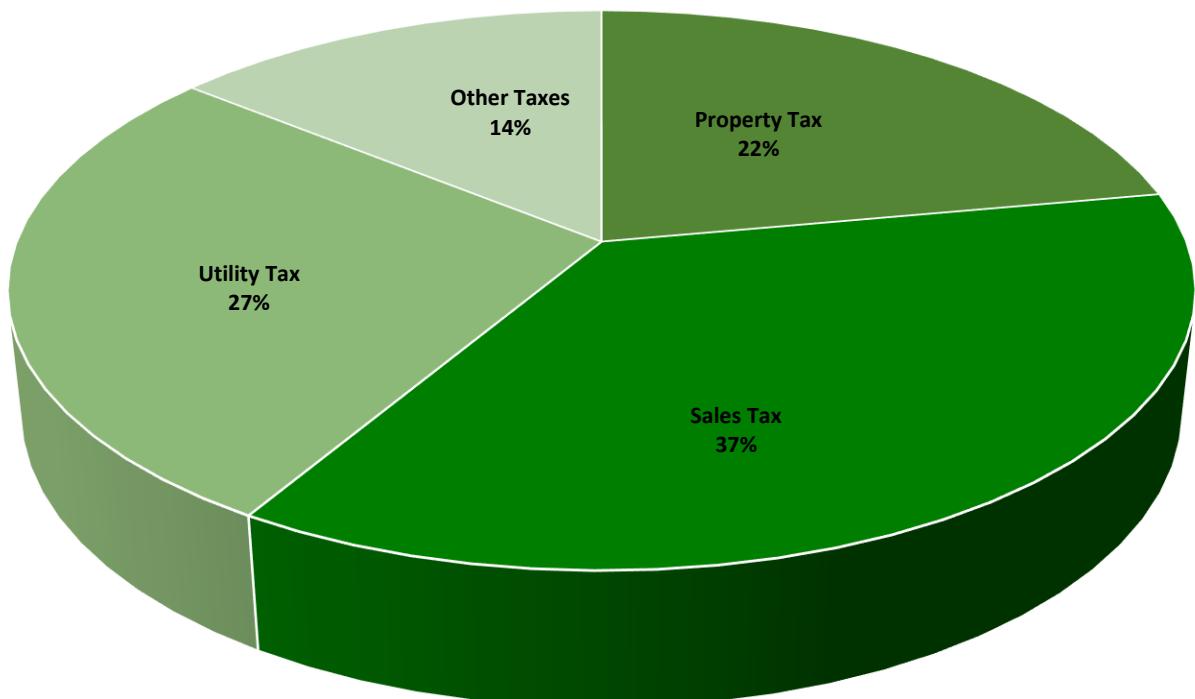
Graph Detail for 2026 Budget - General Fund Revenue

General Fund Revenue Sources

This section summarizes the primary General Fund revenues included in the 2026 budget.

Taxes

For the 2026 fiscal year, it is estimated that tax revenues will account for 65.7% 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 primary taxes levied to support City services.



Graph Detail for 2026 Budget - Taxes

Property Taxes

\$2,122,864

14.5%

Property taxes represent approximately 22% of the City's General Fund revenues, making them a critical source of support for a wide range of municipal services.

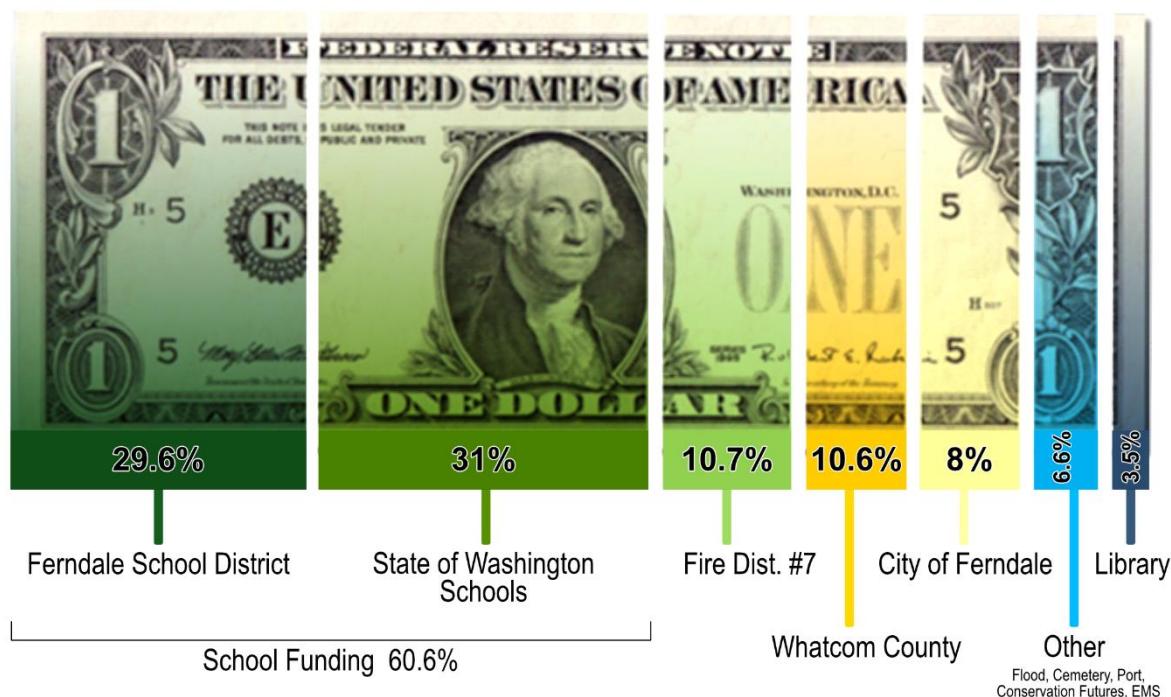
Each year, the Whatcom County Assessor updates assessed values for real and taxable personal property based on market value, and those values are used to calculate property taxes payable the following year. Because Whatcom County uses a budget-based levy system, each taxing district, including the City of Ferndale, must annually notify the Assessor of the amount of property tax revenue it intends to collect.

State law limits the City's regular property tax levy increase to 1% per year, unless voters approve a higher amount or the City uses previously "banked" (unused) levy capacity. When inflation is below 1% (or during deflation), jurisdictions must take the lesser of 1% or inflation unless a "substantial need" is declared.

A property owner's individual tax bill may change differently than the City's levy percentage, depending on factors such as changes in property value, overall growth in the City's tax base, and levy adjustments by other taxing districts, such as schools, fire, or library.

For 2025, the City's regular property tax levy was \$2,118,008, and the total levy rate for Ferndale residents, across all taxing districts, was approximately \$7.49 per \$1,000 of assessed value. While property taxes represent a significant revenue source for the City, the illustration below shows that the City's share of a property owner's total tax bill is relatively small.

The City's 2026 Budget does not include the 1% increase to the regular property tax levy, as permitted under State law.



<u>Sales and Use Tax</u>	\$3,500,000	23.9%
--------------------------	-------------	-------

Sales tax is the largest source of revenue for general City services. It is collected on the sale of consumer goods (excluding most food products), certain services, and construction activities. The State collects and distributes the City's portion of sales tax revenue monthly, with the City typically receiving the funds approximately two months after the tax is paid by consumers at the point of sale.

Sales tax revenues fluctuate from year to year based on economic conditions, consumer purchasing behavior, and the level of construction activity within the City. In 2023 and 2024, the City experienced an increase in sales tax revenue, largely driven by growth in online purchasing by Ferndale residents, or destination sales tax. More recently, sales tax revenues have begun to level off, and the City does not anticipate an increase in sales tax revenues from 2025 to 2026.

The City's General Fund receives 0.85% of the total 9.0% sales tax rate applied to taxable sales within Ferndale. An additional voter-approved 0.2% sales tax is dedicated to the Ferndale Transportation Benefit District for road improvement projects and is accounted for in Fund 113, rather than the General Fund. The total sales tax rate within the City of Ferndale is 9.0% and is distributed among various 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 and 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>	\$2,615,609	17.9%
---------------------------	-------------	-------

The City imposes utility taxes on the gross operating revenues of various utility services provided within city limits. Phone, electricity, and natural gas services are taxed at a rate of 6.0%, and the City's utility services (water, sewer, and stormwater) are taxed at 8.0%.

Other Taxes	\$1,360,607	9.3%
--------------------	-------------	------

Sales Tax – EMS Public Safety

Whatcom County levies a 0.3% sales and use tax on most taxable transactions to fund emergency medical services (with certain exclusions). Of the revenue collected, 60% is retained by the County and 40% is distributed to cities on a per capita basis. Of Ferndale's share, two-thirds are remitted back to Whatcom County to support countywide EMS services, while one-third is retained by the City for criminal justice purposes.

In addition, voters approved a 0.2% Public Safety sales tax beginning in 2024 to support construction of a new jail. From 2024 through 2028, the City will remit 75% of its share of this revenue back to Whatcom County.

Licenses and Permits	\$885,700	6.1%
-----------------------------	-----------	------

License and permit fees are user fees generated through the City's regulatory activities, including firearm permits, residential and commercial building permits, general business licenses, and other permits. These fees are intended to recover the costs of administering, regulating, inspecting, and reviewing applications and development projects.

Building Permits

The City charges fees for all permits issued. Permit fees are established in the City's Unified Fee Schedule, which is reviewed and updated annually.

Business Licenses and Fees

The City issues business licenses to both resident and non-resident businesses operating within city limits. Business licenses for industrial, manufacturing, and co-located spaces are issued and administered directly by the City, and all other licenses are issued by the Department of Revenue. Applicable fees are listed in the current year's Unified Fee Schedule.

Franchise Fees

Franchise fees are assessed on private utilities for the use of City streets, alleys, and other public rights-of-way. For example, the City's franchise agreement with Comcast allows the construction, maintenance, and operation of its cable system within city limits and includes a franchise fee of 5% of gross revenues.

The City also maintains a franchise agreement with Sanitary Service Company and assesses an 8% fee on gross revenues from the collection and disposal of garbage, refuse, and recyclable materials.

Intergovernmental Revenues	\$549,516	3.8%
-----------------------------------	------------------	-------------

Intergovernmental revenues include federal, state, and local grants, as well as state-shared revenues. State-shared revenues are generated from taxes collected by other jurisdictions, a portion of which is distributed to the City of Ferndale. The General Fund state-shared tax revenues are summarized below.

Liquor Excise Tax and Profits

Liquor excise tax and liquor profit distributions are allocated to cities and towns on a per capita basis. Liquor excise tax reflects a portion of the State's excise tax on liquor sales and fluctuates annually based on statewide sales. By statute, the City must dedicate at least **2%** of its liquor excise tax revenues to an approved alcohol or drug addiction treatment program, with the remaining funds available for any lawful governmental purpose.

Liquor profits are distributed as a fixed allocation derived from liquor licensing fees charged to distributors and retailers. Both liquor excise tax and liquor profit distributions are received quarterly.

Marijuana Excise Tax

The State levies a 37% excise tax on all retail sales of marijuana products. Cities and counties with licensed cannabis businesses operating within their jurisdictions receive a share of this revenue, subject to an annual distribution cap established in statute.

Distributions to the City are based on factors such as population, the share of marijuana sales occurring within the City compared to statewide sales, and the number of jurisdictions that prohibit marijuana businesses. Marijuana excise tax revenues are distributed quarterly.

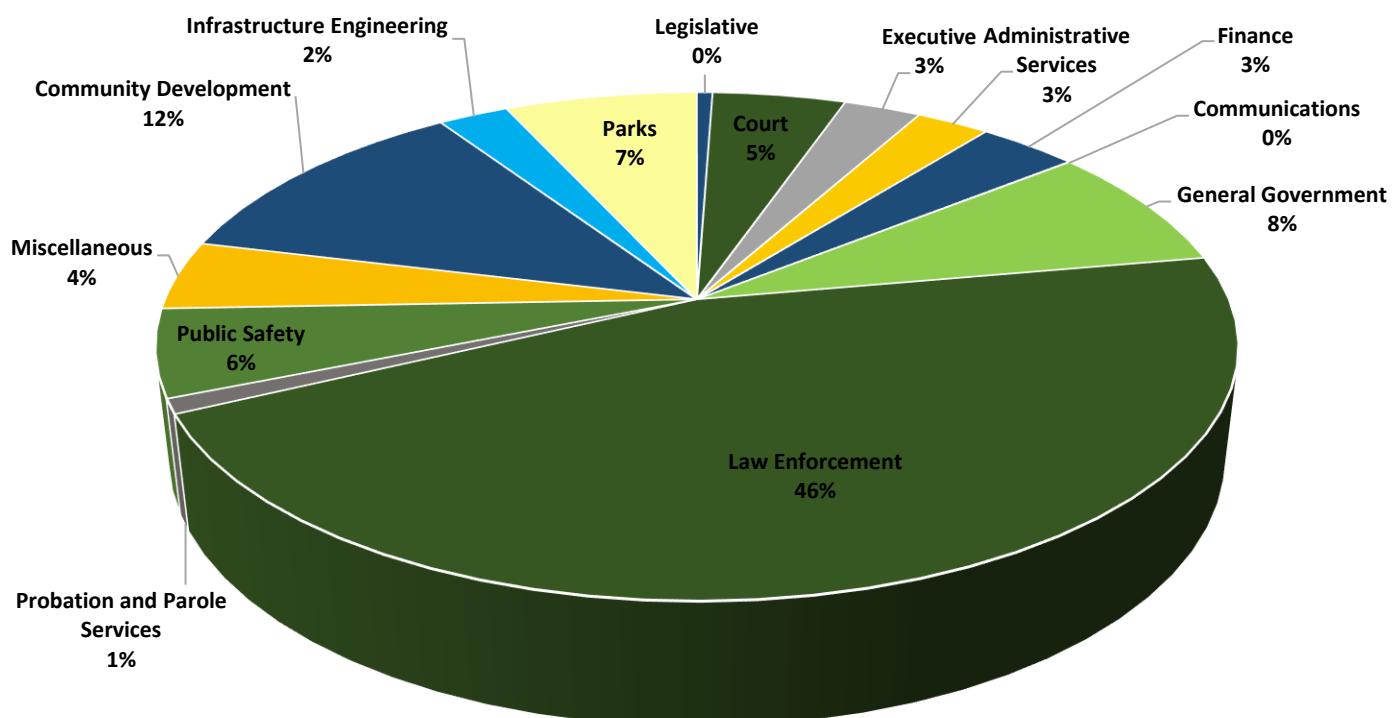
Charges for Goods and Services	\$870,839	6.0%
Charges represent fees assessed for goods and services provided by the City. This includes fees for fingerprinting, warrants, police reports, and other law enforcement services, as well as charges for building inspections, zoning, development review, and other planning and permitting activities. Fees collected from rentals of athletic fields, parks, and other City facilities are also included.		
Fines and Penalties	\$62,900	0.5%
Fines and penalties consist primarily of revenues collected from criminal offenses, false alarm fees, restitution payments, and municipal court cost recoveries, including public defender reimbursements.		
Miscellaneous Revenue	\$2,592,188	17.7%
Miscellaneous revenue includes investment interest earnings, donations, facility and land lease revenues, 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	\$55,337	0.3%
Other financing sources consist primarily of transfers from other funds to support General Fund operations and capital projects funded by external sources. These transfers include revenues from the solid waste utility tax, park mitigation fees, real estate excise tax, and similar sources. Refundable deposits received for development review projects are also included.		
Total General Fund Revenues	\$14,615,559	100.0%

Detailed General Fund Revenue

	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Property Tax	\$2,001,738	\$2,061,256	\$2,118,088	\$2,122,864
Sales Tax	3,964,273	3,665,153	3,500,000	\$3,500,000
Utility Tax	2,945,427	1,151,272	2,722,202	\$2,615,609
Other Taxes	299,076	2,460,499	935,000	\$1,360,607
Total Taxes	9,210,515	9,338,180	9,275,290	9,599,079
Building Permits	328,647	588,484	359,500	270,700
Business Licenses and Fees	165,045	186,552	175,000	190,000
Other Licenses Fees	381,535	415,412	454,648	425,000
Total Licenses and Permits	875,227	1,190,448	989,148	885,700
Federal Grants	28,264	123,702	111,958	100,345
Liquor Excise Tax and Profit	234,077	236,934	228,870	242,535
Other Fees	110,833	228,071	328,074	206,636
Total Intergovernmental	373,174	588,707	668,902	549,516
Building Plan Fees	187,984	258,322	210,000	120,000
Charges for Central Services	661,167	599,238	661,167	427,339
Developmental Review	348,661	164,244	250,000	40,000
Zoning and Subdivision	41,766	24,890	30,000	25,000
Other Fees and Charges	890,250	251,866	192,500	258,500
Total Charges for Goods and Services	1,432,507	1,298,561	1,343,667	870,839
Criminal Traffic	16,815	17,374	15,000	15,000
Traffic Infractions	28,671	36,518	22,500	30,000
Other Fines and Fees	26,553	27,027	13,200	17,900
Total Fines and Penalties	72,039	80,920	50,700	62,900
Investment Interest	2,373,700	3,035,673	1,200,000	2,500,000
Donations and Consultant Cost Share	51,536	58,982	64,980	56,316
Other Miscellaneous Revenue	98,427	114,175	39,456	35,872
Total Miscellaneous	2,523,663	3,208,830	1,304,436	2,592,188
Transfer In	385,498	13,500	843,500	43,337
Other Sources	-142,506	20,540	15,000	12,000
Total Other Financing Sources	242,993	34,040	858,500	55,337
TOTAL GENERAL FUND	\$14,730,118	\$15,739,684	\$14,490,643	\$14,615,559

General Fund Expenditure Summary

Department	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Legislative	\$74,783	\$79,865	\$87,351	\$92,497
Court	633,157	702,075	767,879	787,450
Executive	390,246	370,720	417,649	456,227
Administrative Services	232,749	404,867	409,653	432,794
Finance	293,325	422,435	655,874	588,234
Communications	107,942	19,572	22,911	5,200
General Government	877,249	1,203,435	1,321,883	1,312,054
Law Enforcement	5,630,314	6,566,442	6,877,111	7,564,782
Probation and Parole Services	442,338	140,519	149,374	154,629
Public Safety	0	571,384	801,250	920,080
Miscellaneous	926,583	2,378,748	720,657	727,646
Community Development	1,476,127	1,606,147	1,919,703	1,955,595
Infrastructure Engineering	333,162	386,337	386,040	415,574
Parks	1,072,008	849,186	1,702,494	1,136,037
Total	\$12,489,983	\$15,701,734	\$16,239,829	\$16,548,797



Graph Detail for 2026 Budget General Fund Expenditures

General Fund Descriptions

Legislative

As the City's legislative body, the Ferndale City Council establishes policy and makes land use and budget decisions that are carried out by the Mayor and City Administrator, who serve as the City's executive branch. The Council's mission is to enact policies that ensure Ferndale remains economically strong, environmentally responsible, visually appealing, and people-oriented, particularly during periods of growth.

Through these efforts, the Council promotes a socially diverse and cohesive community with a balanced mix of residents and employment opportunities, strengthening the City's identity and its ability to serve the public effectively.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Salaries and Benefits	\$64,491	\$71,554	\$71,862	\$79,904
Publications Services	576	480	1,500	1,000
Other Charges and Services	9,716	7,831	13,989	11,592
Total Expenditures	\$74,783	\$79,865	\$87,351	\$92,497

Municipal Court

The Ferndale Municipal Court serves the public in a fair, accessible, efficient, and independent manner. The Court has jurisdiction over traffic infractions and misdemeanor criminal matters and may issue Orders of Protection for victims of domestic violence. The Municipal Court Judge provides judicial oversight and administrative direction, with related services including indigent defense, probation supervision, and interpreter support.

The Court is committed to providing timely, courteous, professional, and impartial service while maintaining a respectful environment for the public, employees, and partner agencies.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Salaries and Benefits	\$245,562	\$272,968	\$278,651	\$296,056
Computer and Equipment Repair and Replace	17,228	11,844	17,228	11,844
Court Appointed Attorney	151,264	206,271	210,000	215,250
Prosecutor and Professional Services	204,791	188,230	220,000	224,000
Supplies and Small Equipment	10,105	8,859	22,100	17,000
Other Charges and Services	4,208	13,903	19,900	23,300
Total Expenditures	\$633,157	\$702,075	\$767,879	\$787,450

Executive

Acting as the executive branch of Ferndale's government, the Mayor and City Administrator oversee the City's daily operations to implement the policies and objectives established by the

City Council. They plan and manage city programs, coordinate departmental operations through the City's directors, and represent the City in collaboration with other governmental agencies and regional partners.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Salaries and Benefits	\$269,336	\$264,235	\$290,754	\$326,477
Computer and Equipment Repair and Replace	4,658	2,429	4,879	2,429
Professional Services	101,958	84,800	107,200	112,420
Other Charges and Services	14,294	19,255	14,815	14,900
Total Expenditures	\$390,246	\$370,720	\$417,649	\$456,227

Administrative Services

The Administrative Services Department serves as a key link between the City's legislative and administrative functions. The Administrative Services Director also serves as the Human Resources Manager and provides records management support. The department serves as the City's official records repository and provides administrative support for City Council meetings, including agenda preparation, legal notices, and official minutes.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Salaries and Benefits	\$218,714	\$389,971	\$398,398	\$421,628
Computer and Equipment Repair and Replace	4,727	4,266	4,505	4,266
Other Charges and Services	9,308	10,629	6,750	6,900
Total Expenditures	\$232,749	\$404,867	\$409,653	\$432,794

Finance

The Finance Department is responsible for the City's annual budget and financial reporting. Key functions include grant administration, accounts payable and receivable, payroll, utility billing and rate administration, and maintaining financial policies and internal controls. The department also manages investments, ensures regulatory compliance, and supports the annual audit process.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Salaries and Benefits	\$259,293	\$388,012	\$601,727	\$523,983
Computer Repair and Replace	8,847	11,751	8,847	11,751
Supplies and Small Equipment	5,527	6,834	6,500	5,500
Other Charges and Services	19,657	15,838	38,800	47,000
Total Expenditures	\$293,325	\$422,435	\$655,874	\$588,234

Communications

The Communications Officer supports the City's public communications through social and traditional media, press relations, and website administration. The position also serves as the City's Public Information Officer during emergencies, coordinates recreation programming, and leads special projects as needed. Using best practices in municipal communication, the Communications Officer promotes civic engagement, transparency, and timely public information. Beginning in 2024, the position is budgeted within the Administrative Services Department.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Salaries and Benefits	\$100,957	\$660	\$0	\$0
Computer Repair and Replace	2,561	0	2,561	0
Printing Services	0	1,280	0	1,500
Other Charges and Services	4,424	17,632	20,350	3,700
Total Expenditures	\$107,942	\$19,572	\$22,911	\$5,200

Legal Services

The City contracts for legal services on an as-needed basis, including representation, legal advice, and document review. This section also includes costs for employment-related matters and other specialized services provided by outside counsel.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Legal Services	\$121,288	\$137,093	\$140,000	\$140,000
External Legal Services	13,748	26,302	16,000	16,000
Total Expenditures	\$135,036	\$163,394	\$156,000	\$156,000

General Government Services

General Government Services include costs that are not directly assigned to a single fund or department, such as property and liability insurance, utilities, telephone services, equipment rentals and leases, animal control contracts, election expenses, domestic violence specialist services, association dues, and community grants.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Professional Services (General)	\$5,946	\$12,449	\$10,000	\$9,500
Professional Services (DV Services)	99,718	104,103	116,305	120,392
Insurance	467,655	717,290	755,000	785,000
Wetlands Mitigation and Monitoring	23,600	0	0	0
Unemployment Payments	25,974	6,336	30,000	30,000
Election Services	8,739	35,202	30,000	15,000
Other Grants	18,720	7,000	15,000	8,000
Utilities	23,511	29,763	30,100	32,500

Animal Control Contract	24,315	31,350	37,200	38,316
Senior Center Contribution	0	4,000	4,000	4,000
Food Bank Contribution	0	3,000	10,000	3,000
Audit	34,715	89,463	60,000	70,000
Council of Governments	10,780	11,431	11,758	12,500
AWC	12,546	13,049	13,524	14,028
Teen Court	0	3,000	4,000	3,000
Flower Baskets	3,000	3,000	4,000	4,000
Rentals and Leases	10,984	14,994	11,600	13,600
Ferndale Community Resource Center	0	4,000	8,000	2,000
Ferndale Arts Commission (FAC)	31,558	49,845	37,134	30,000
Other Charges and Services	75,489	64,160	134,262	117,219
Total Expenditures	\$877,249	\$1,203,435	\$1,321,883	\$1,312,054

Law Enforcement

The Ferndale Police Department is a professional law enforcement agency dedicated to protecting and serving the City's residents, visitors, and businesses. Core responsibilities include assisting individuals in need, preventing and investigating crime, enforcing laws and city ordinances, and protecting life and property.

In 2023, the department achieved Washington Association of Sheriffs and Police Chiefs (WASPC) accreditation, reflecting a decade of continuous improvement and a commitment to professional standards. Accreditation strengthens public confidence, supports consistent policies and procedures, and helps reduce risk and liability. Ferndale is currently one of only two WASPC-accredited agencies in Whatcom County.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Law Enforcement Administration				
Salaries and Benefits	\$215,781	\$243,479	\$240,965	\$244,188
Other Charges and Services	1,303	3,569	0	20,000
Total Enforcement Administration	\$217,084	\$247,048	\$240,965	\$264,188
Law Enforcement Facilities				
Salaries and Benefits	\$8,209	\$15,438	\$9,122	\$16,246
Utilities	54,259	60,330	61,100	69,100
Professional Services	35,589	26,316	38,600	30,000
Building Maintenance and Landscape	49,606	66,831	49,700	75,000
Total Enforcement Facilities	\$147,663	\$168,915	\$158,522	\$190,346
Law Enforcement Traffic Policing				
Patrol Salaries and Benefits	\$3,335,330	\$4,012,889	\$4,295,096	\$4,785,616
Office Salaries and Benefits	488,608	590,432	557,909	575,041

O & M Supplies	104,866	95,635	128,600	209,000
Equipment and Uniforms	110,686	137,343	185,000	150,000
Computer and Equipment Repair and Replace	625,546	756,237	625,289	706,237
Professional Services	90,985	130,353	144,960	109,000
Phone	43,749	41,331	42,000	45,000
Professional Services	14,417	7,794	29,400	0
Training and Travel	78,121	104,000	88,500	126,500
Whatcomm	301,085	199,862	303,000	335,854
Other Charges and Services	72,174	74,605	77,870	68,000
Total Law Enforcement Traffic Policing	\$5,265,567	\$6,150,480	\$6,477,624	\$7,110,248
Total Expenditures	\$5,630,314	\$6,566,442	\$6,877,111	\$7,564,782

Public Safety

The City of Ferndale does not operate its own jail and instead contracts with Whatcom County and other jurisdictions for contracted jail space and services as needed. In 2024, voters approved an additional 0.2% Public Safety sales tax to support construction of a new jail, and 75% of the revenue received is remitted to Whatcom County each month.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Jail Contract	\$310,841	\$443,751	\$325,000	\$425,000
Public Safety Tax	0	127,633	476,250	495,080
Total Expenditures	\$310,841	\$571,384	\$801,250	\$920,080

Probation

The Probation Department provides services established by the presiding Municipal Court Judge to support the supervision and management of offenders. These services promote accountability, provide opportunities for rehabilitation, and help preserve public order and community safety.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Salaries and Benefits	\$129,463	\$138,972	\$146,259	\$151,804
Computer Repair and Replace	1,415	1,124	1,415	1,124
Professional Services	126	116	500	500
Other Charges and Services	493	306	1,200	1,200
Total Expenditures	\$131,496	\$140,519	\$149,374	\$154,629

Inspections and Permits

This Community Development Department ensures construction within the City complies with applicable building codes. Responsibilities include plan review, permit issuance and

recordkeeping, fire and infrastructure inspections, and code interpretation and enforcement. Building inspections also verify compliance with plumbing, mechanical, and other state and local requirements, supporting public safety and high-quality construction standards.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Salaries and Benefits	\$424,284	\$446,422	\$534,161	\$512,868
Computer and Equipment Repair and Replace	31,929	25,852	31,929	25,852
Other Charges and Services	11,529	16,695	17,100	14,800
Total Expenditures	\$467,742	\$488,969	\$583,189	\$553,520

Emergency Preparedness

Emergency Service Contract accounts for the City's annual payment for emergency management services provided through an interlocal agreement with the Whatcom County Sheriff's Office and the Whatcom County Division of Emergency Management. Services include disaster preparedness, response, and recovery, with the Sheriff's Office overseeing countywide emergency operations and assistance as needed. The Mayor is responsible for directing the City's emergency management organization.

EMS Sales Tax in the General Fund accounts for the portion of Emergency Medical Services (EMS) sales tax revenues the City remits to Whatcom County to support countywide EMS services. Whatcom County levies a 0.1% sales and use tax, retaining 60% of the revenue and distributing the remaining 40% to cities on a per capita basis.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Emergency Service Contract	\$110,353	\$100,352	\$120,000	\$130,000
EMS Sales Tax	130,452	290,516	250,000	250,000
Total Expenditures	\$240,805	\$390,868	\$370,000	\$380,000

City Hall Facilities Maintenance

Facilities maintenance includes elevator maintenance, cleaning, pest control, and landscaping contracts for City Hall, the Annex Building, and the Library. In addition, payroll allocations for Public Works staff who perform facility repairs and maintenance are included in this department.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Salaries and Benefits	\$24,658	\$48,207	\$31,326	\$55,627
Computer and Equipment Repair and Replace	3,803	2,476	3,803	2,476
Building Maintenance and Landscape (CH)	37,609	40,569	40,000	100,000
Building Maintenance and Landscape (Library)	116,682	22,386	35,000	55,000
Professional Services	13,770	10,162	15,000	15,000
Other Charges and Services	12,702	18,249	19,100	28,000

Total Expenditures	\$209,223	\$142,049	\$144,229	\$256,103
---------------------------	------------------	------------------	------------------	------------------

Infrastructure Inspection and Engineering

The Engineering Department regulates infrastructure design and installation standards for private development. Responsibilities include issuing Public Works permits, such as land disturbance and encroachment permits, reviewing civil engineering plans, and inspecting permitted work to ensure compliance with City, state, and federal requirements. The department also provides engineering support and serves as the primary resource for infrastructure-related questions during the development review process.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Salaries and Benefits	\$219,149	\$229,388	\$252,504	\$243,684
Computer and Equipment Repair and Replace	22,536	20,689	22,536	20,689
Professional Services	90,646	134,891	110,000	150,000
Other Charges and Services	832	1,370	1,000	1,200
Total Expenditures	\$333,162	\$386,337	\$386,040	\$415,574

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 assessed annually based on population. The Northwest Clean Air Agency is responsible for enforcing federal, state, and local air quality regulations.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Northwest Clean Air Agency	\$7,785	\$7,985	\$8,655	\$9,037
Total Expenditures	\$7,785	\$7,985	\$8,655	\$9,037

Capital Expenditures

In 2024, the City established a separate fund to account for all transactions related to the Civic Campus project, and these activities are no longer budgeted within the General Fund. For more information on the Civic Campus project, please refer to the Capital Funds section of the Budget Document.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Civic Campus	\$107,474	\$0	\$0	\$0
Total Expenditures	\$107,474	\$0	\$0	\$0

Parks

The Public Works Department is responsible for the operation and maintenance of City's parks, playgrounds, ballfields, irrigation systems, and pathways. The City of Ferndale maintains 15 parks and approximately 124 acres of parks and open space throughout the community.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Salaries and Benefits	\$470,694	\$559,052	\$511,729	\$676,599
Operating Supplies	63,266	74,207	70,000	75,000
Computer and Equipment Repair and Replace	23,065	25,534	23,065	25,534
Professional Services	4,432	15,277	40,000	130,000
Utilities	37,751	40,246	52,000	43,600
Irrigation Water	29,122	52,026	45,000	40,000
Other Charges and Services	31,845	46,540	45,200	54,554
Capital Outlays	411,834	36,304	915,500	90,750
Total Expenditures	\$1,072,008	\$849,186	\$1,702,494	\$1,136,037

Alcohol Administration Board

The City of Ferndale receives liquor excise tax and liquor profit distributions from the State on a quarterly basis. State law requires that at least 2% of the City's share be dedicated to approved drug and alcohol treatment programs. Because the City does not operate these programs directly, Ferndale contributes the required amount to the Whatcom County Health Department.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Alcohol Administration Board	\$3,636	\$3,072	\$4,844	\$5,000
Total Expenditures	\$3,636	\$3,072	\$4,844	\$5,000

Planning and Community Development

The Community Development Department guides and regulates the City's growth through current and long-range planning. The department updates and administers the Municipal Code, Shoreline Master Program, and Comprehensive Plan in compliance with the Growth Management Act (GMA). Key functions include land use processing, site plan and zoning reviews, SEPA review, subdivision approvals, annexations, and maintaining the City's mapping and GIS resources.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Salaries and Benefits	\$610,035	\$755,808	\$805,604	\$840,825
Computer and Equipment Repair and Replace	36,380	22,898	36,380	22,898
Professional Services	128,234	117,122	138,000	140,450
Rentals and Leases	9,796	11,306	11,700	7,000

Transportation Consultant	0	0	75,000	65,000
Other Charges and Services	14,716	67,995	125,600	69,800
Total Expenditures	\$799,161	\$975,129	\$1,192,285	\$1,145,972

Transfers

In addition to supporting departmental operations, the General Fund provides transfers to other City funds, including debt service payments for city facilities. Transfers may also be made to internal reserve accounts, such as the Contingency Reserve, Capital Facilities Reserve, and the LEOFF 1 Retiree Fund, as needed.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
Miscellaneous	\$21,979	\$72,073	\$2,500	\$1,000
Transfer to Contingency Fund 002	110,000	216,000	123,000	101,299
Transfer to Capital Facilities Fund 003	100,000	0	0	0
Transfer to LEOFF 1 Retiree Fund 004	40,000	0	0	0
Transfer to Pioneer Pavilion Fund 007	0	0	30,000	50,000
Transfer to Debt Service Fund 218	25,000	25,357	25,658	25,310
Transfer to Metal Works Skate Park Fund 310	0	500,000	0	0
Transfer to Civic Campus Fund 315	0	1,000,000	0	0
Transfer to Equipment Repair Fund 550	134,868	0	0	0
Total Expenditures	\$431,847	\$1,813,430	\$181,158	\$177,609

Contingency Reserve – Fund 002

This fund serves as the City’s “rainy day” reserve for unforeseen expenditures and receives annual transfers from the Current Expense (General) Fund. Under the City’s Financial Policy, the target balance is 10% of the Current Expense Fund’s annual budgeted revenues, excluding transfers and interfund loan repayments. All expenditures require prior City Council approval.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Transfer In and Other Revenue	\$111,529	\$216,000	\$123,000	\$101,299
Total Revenues	\$111,529	\$216,000	\$123,000	\$101,299

Facilities Capital Reserve – Fund 003

This fund supports unforeseen capital needs for city facilities and helps reserve resources for future facility construction and land acquisition. It receives annual transfers from the Current Expense and Solid Waste Funds. A significant transfer to the Civic Campus Fund was budgeted and completed in 2025 to begin the construction of the Civic Campus building. All expenditures require prior City Council approval.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Transfer In and Other Revenue	\$607,527	\$500,000	\$600,000	\$600,000
Total Revenues	\$607,527	\$500,000	\$600,000	\$600,000
<u>Expenditures:</u>				
Transfer to Current Expense Fund 001	\$0	\$0	\$2,545,000	\$0
Total Expenditures	\$0	\$0	\$2,545,000	\$0

LEOFF 1 Police Retiree – Fund 004

The purpose of this fund is to account for the City's long-term liability associated with three retired police officers, for whom the City is responsible for lifetime medical, dental, and long-term care benefits. The fund receives annual transfers from the Solid Waste Utility Tax Fund and the General Fund. With full liability funded, future transfers will be limited to amounts necessary to account for inflationary cost increases.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Transfer In and Other Revenue	\$150,739	\$0	\$0	\$0
Total Revenues	\$150,739	\$0	\$0	\$0
<u>Expenditures:</u>				
Insurance Benefits	\$33,866	\$38,782	\$75,000	\$70,000
Total Expenditures	\$33,866	\$38,782	\$75,000	\$70,000

Solid Waste Utility Tax – Fund 005

The City levies a 14% tax on gross revenues from solid waste collection and disposal, as well as a 3% tax on gross revenues from recyclable materials, compostables, electronic waste, and yard debris. These rates are set by ordinance, and the revenues are unrestricted and may be used for any lawful governmental purpose.

Solid Waste Utility Tax revenues are often transferred to support other city priorities, including the Street Fund, debt service for facility projects and equipment purchases, and various General Fund reserves and operational programs, such as Current Expense, Capital Facilities Reserve, LEOFF 1 Retiree Fund, and Pioneer Pavilion operations, as needed.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Solid Waste Tax and Other Revenue	\$3,463,552	\$3,426,920	\$2,645,490	\$3,811,123
Total Revenues	\$3,463,552	\$3,426,920	\$2,645,490	\$3,811,123

Expenditures:

Transfer Out	\$2,018,255	\$1,793,920	\$2,070,000	\$5,831,400
Transfer to Debt Service Funds	406,200	358,081	351,422	271,219
Total Expenditures	\$2,424,455	\$2,152,002	\$2,421,422	\$6,102,619

Pioneer Pavilion – Fund 007

This fund accounts for the operation, maintenance, and repair of the Pioneer Pavilion, including rental revenues collected from community use of the facility.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Transfer In	\$0	\$120,000	\$0	\$50,000
Other Revenues	70,894	38,525	45,000	50,000
Total Revenues	\$70,894	\$158,525	\$45,000	\$100,000

Expenditures:

Building Maintenance	\$39,661	\$45,592	\$40,000	\$40,000
Other Charges and Services	47,032	70,306	59,250	59,429
Total Expenditures	\$86,693	\$115,898	\$99,250	\$99,429



Special Revenue Funds

Special Revenue Fund Descriptions

Streets – Fund 101

The Street Fund supports maintenance and operations of the City's street system and related capital improvements, with funding from grants, state-shared fuel taxes, permits, and transfers from the Traffic Impact Fund, Transportation Benefit District Fund, Real Estate Excise Tax Funds, and Solid Waste Fund revenues.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Grants	\$2,326,380	\$127,196	\$2,548,500	\$2,125,073
Entitlements, Impact Payments and Taxes	316,440	278,356	319,563	316,571
Encroachment	30,800	27,200	25,000	25,000
Transfer In	1,402,137	1,566,607	3,810,000	9,025,000
Other Revenues	4,277	2,739	0	0
Total Revenues	\$4,080,034	\$2,002,099	\$6,703,063	\$11,491,644
<u>Expenditures:</u>				
Transfers and Capital Projects	\$2,674,377	\$936,139	\$5,045,088	\$9,679,091
Sidewalks				
Salaries and Benefits	\$21,403	\$9,870	\$26,865	\$10,827
Other Charges and Services	11,150	4,004	15,000	15,000
Total Sidewalks	\$32,554	\$13,875	\$41,865	\$25,827
Administration				
Salaries and Benefits	\$128,938	\$149,202	\$427,563	\$461,009
Central Services	169,118	135,013	169,118	0
Computer and Equipment Repair and Replace	89,371	97,765	89,371	97,765
Professional Services	89,669	49,779	150,000	150,000
Other Charges and Services	14,445	14,583	13,600	17,300
Total Administration	\$491,542	\$446,343	\$849,652	\$726,074
Roadway				
Salaries and Benefits	\$368,477	\$385,090	\$448,465	\$436,526
O & M Supplies	57,006	27,239	100,000	75,000
Professional Services	21,014	20,314	55,000	55,000
Other Charges and Services	30,755	16,264	37,800	43,200
Total Roadway	\$477,253	\$448,907	\$641,265	\$609,726
Street Lighting	\$189,913	\$192,293	\$200,000	\$250,000

Traffic Control				
Salaries and Benefits	\$72,639	\$101,091	\$113,604	\$132,136
Other Charges and Services	35,051	66,166	115,000	117,500
Total Traffic Control	\$107,690	\$167,257	\$228,604	\$249,636
Snow and Ice				
Salaries and Benefits	\$50,731	\$41,046	\$58,768	\$39,667
Other Charges and Services	8,887	8,754	15,000	15,000
Total Snow and Ice	\$59,617	\$49,799	\$73,768	\$54,667
Street Cleaning				
Salaries and Benefits	\$49,799	\$55,930	\$55,746	\$68,856
Other Charges and Services	0	0	0	0
Total Street Cleaning	\$49,799	\$55,930	\$55,746	\$68,856
Total Expenditures	\$4,082,746	\$2,310,544	\$7,135,988	\$11,663,877

Park Impact – Fund 102

This fund accounts for one-time park impact fees on new residential development, which must be used for eligible Capital Facilities Plan projects to support new or expanded publicly owned parks, open space, and recreation facilities.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Park Impact Fees	\$209,305	\$409,297	\$230,000	\$205,000
Other Revenue	30,637	41,524	0	0
Total Revenues	\$239,942	\$450,821	\$230,000	\$205,000
<u>Expenditures:</u>				
Transfer Out	\$220,000	\$170,629	\$95,930	\$95,582
Total Expenditures	\$220,000	\$170,629	\$95,930	\$95,582

Traffic Impact – Fund 104

This fund accounts for one-time traffic impact fees on residential and commercial development, which must be used for eligible capital transportation projects identified in the City's Capital Facilities Plan and may not be used for studies or ongoing operations and maintenance.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Traffic Impact Fees	\$556,164	\$746,752	\$470,000	\$740,000
Other Revenue	69,760	93,268	0	0

Total Revenues	\$625,924	\$840,020	\$470,000	\$740,000
<u>Expenditures:</u>				
Transfer to Streets Fund 101	\$0	\$38,822	\$1,100,000	\$2,690,000
Total Expenditures	\$0	\$38,822	\$1,100,000	\$2,690,000

Transportation Benefit District (TBD) – Fund 113

The Ferndale Transportation Benefit District (TBD) was established in 2012 and assumed by the City in 2015, with its operations incorporated into the City's budget. This fund accounts for the 0.2% voter-approved sales tax dedicated to transportation improvements, which may be used for eligible projects in the City's transportation plan, including roads, sidewalks, transit, and transportation demand management. The tax is collected by the State and distributed to the City monthly.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
0.2% Sales Tax	\$947,208	\$862,312	\$700,000	\$823,529
Total Revenues	\$947,208	\$862,312	\$700,000	\$823,529

Expenditures:

Transfer to Streets Fund 101	\$133,882	\$640,080	\$1,210,000	\$3,735,000
Total Expenditures	\$133,882	\$640,080	\$1,210,000	\$3,735,000

American Rescue Plan Act (ARPA) – Fund 115

The City of Ferndale received \$4,158,467 in Coronavirus State and Local Fiscal Recovery Funds through the American Rescue Plan Act (ARPA) of 2021, administered by the U.S. Department of the Treasury, with payments received in 2021 and 2022.

This fund was established to account for ARPA revenues and expenditures for eligible projects, and the 2026 Budget includes the final obligation of these funds.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
ARPA Funds	\$58,527	\$3,066	\$0	\$0
Total Revenues	\$58,527	\$3,066	\$0	\$0

Expenditures:

Ferndale Senior Activity Center	\$25,000	\$0	\$0	\$0
Ferndale Youth Sports	50,000	50,000	0	0
Community Service Cooperative Grant	85,000	0	0	0
Main Street Program	75,000	100,000	0	100,000

Ferndale Food Bank	132,000	0	0	0
Pioneer Cabin Preservation	24,247	61,338	14,415	0
Village Stage	0	70,480	0	0
Transfer Out	0	0	1,397,923	28,337
Other Charges and Services	6,937	38,215	225,000	0
Total Expenditures	\$398,183	\$320,033	\$1,637,338	\$128,337

Hotel Motel Tax – Fund 198

A 4% lodging tax is imposed on accommodation for stays of fewer than 30 days and is collected from customers at the time of purchase and distributed to the City by the State. Revenues must be used for tourism promotion or tourism-related facilities, with funding requests reviewed annually by the Lodging Tax Advisory Committee (LTAC) and recommended to City Council for final approval.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Hotel/Motel Taxes	\$79,729	\$59,249	\$50,000	\$50,000
Total Revenues	\$79,729	\$59,249	\$50,000	\$50,000
<u>Expenditures:</u>				
Ferndale Chamber	\$42,090	\$44,250	\$50,000	\$45,000
Heritage Society	2,991	0	0	1,000
Other Charges and Services	2,421	12,985	17,500	20,000
Transfer to Current Expense Fund 001	18,236	13,500	13,500	15,000
Total Expenditures	\$65,737	\$70,735	\$81,000	\$81,000



Debt Service Funds

Debt Service Fund Descriptions

The following funds account for principal and interest payments on the City's outstanding loans and bonds, which are used to finance capital improvement projects and major purchases. Debt is repaid through taxes, fees, or other dedicated revenue sources, depending on the purpose of the financing, and is categorized as General Obligation (GO), Limited Tax General Obligation (LTGO), or Revenue debt.

General Obligation (GO) debt consists of bonds or loans secured by the full faith and credit of the issuing government. The City unconditionally pledges its tax revenues to repay principal and interest as the debt matures, and in the event of default, bondholders may make a legal claim against General Fund revenues.

Limited Tax General Obligation (LTGO) debt, also referred to as "Councilmanic" or non-voted debt, may be issued by Council without voter approval. Because no new tax increase is authorized to support repayment, LTGO debt service must be paid from existing General Fund revenues.

As of January 1, 2025, the total outstanding General Obligation debt is \$2,976,924.

Streets/Parks/Land Debt Service Fund – Fund 214

In 2007, the City issued a loan totaling \$1,206,458 through the Whatcom County Public Utilities Improvement Fund to support construction of Centennial Riverwalk Park. The loan carries an annual interest rate of 1.5% and is scheduled to be paid off in 2027. Debt service payments are funded through transfers from the Park Impact Fund.

Whatcom County Economic Development Initiative (EDI) Loan

Description	2023	2024	2025	2026
Beginning Principal Balance	\$336,065	\$270,834	\$204,625	\$137,422
Principal	65,231	66,209	67,203	68,211
Interest	5,041	4,063	3,069	2,061
Total Payment	\$70,272	\$70,272	\$70,272	\$70,272
Remaining Principal Balance	\$270,834	\$204,625	\$137,422	\$69,211

This bond was issued in 2009 to finance the land purchase for the Ferndale Library. It was originally issued in the amount of \$715,000 and was refinanced in 2016, resulting in approximately \$25,000 in savings. The bond carries an interest rate of 3% and is scheduled to be paid off in 2028. Principal and interest payments are funded through transfers from the Solid Waste Fund.

LOCAL Program Bond

Description	2023	2024	2025	2026
Beginning Principal Balance	\$275,000	\$235,000	\$190,000	\$145,000
Principal	40,000	45,000	45,000	50,000
Interest	8,225	6,625	4,825	3,025
Total Payment	\$48,225	\$51,625	\$49,825	\$53,025
 Remaining Principal Balance	 \$235,000	 \$190,000	 \$145,000	 \$95,000

2010 Limited Tax General Obligation Bond Redemption – Fund 218

In 2010, the City issued \$5,305,000 in bonds to fund construction and improvements for city facilities and projects, including Pioneer Pavilion, Police Station, the Library, and the purchase of a vector truck. In 2020, the City refinanced the bonds at a lower interest rate of 1.48%, which is expected to save more than \$400,000 in interest. The refunding bonds were issued for \$3,168,000 and are scheduled to be paid off in 2030. Debt payments are funded through transfers from Park Impact, Solid Waste, REET I, and the General Fund.

2020 LTGO Refunding Bonds

Description	2023	2024	2025	2026
Beginning Principal Balance	\$2,373,000	\$2,092,000	\$1,806,000	\$1,512,000
Principal	281,000	286,000	294,000	294,000
Interest	35,120	30,962	26,729	22,378
Total Payment	\$316,120	\$316,962	\$320,729	\$316,378
 Remaining Principal Balance	 \$2,092,000	 \$1,806,000	 \$1,512,000	 \$1,218,000

2011 Limited Tax General Obligation Bond Redemption – Fund 219

A \$1,625,000 bond was issued in 2011 to finance construction of the Police Station. The bond carries an annual interest rate of 4% and was paid off in 2025. Debt service was funded through transfers from Solid Waste and REET I Funds.

2011 LTGO Facilities Bonds

Description	2023	2024	2025	2026
Beginning Principal Balance	\$450,000	\$305,000	\$155,000	\$0
Principal	145,000	150,000	155,000	0
Interest	18,000	12,200	6,200	0
Total Payment	\$163,000	\$162,200	\$161,200	\$0

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

Civic Campus LTGO Bond – Fund 221

The City of Ferndale has been planning and setting aside resources for a new Civic Campus for many years. Recently, the City secured more than \$6.7 million in state and federal grants and set aside \$5.5 million in reserves and investment interest for the project. In 2025, Council authorized the issuance of Limited Tax General Obligation (LTGO) bonds to fund the remaining construction costs. The Civic Campus will house administrative offices, Municipal Court functions, and City Council chambers. The bonds have a par amount of \$6,885,000, a 15-year maturity, and a true interest cost of 3.78%, with construction expected to continue through 2027.

2025 Civic Campus LTGO Bond

Description	2023	2024	2025	2026
Beginning Principal Balance	\$0	\$0	\$6,885,000	\$6,885,000
Principal	0	0	0	320,000
Interest	0	0	36,338	344,250
Total Payment	\$0	\$0	\$36,338	\$664,250

Remaining Principal Balance	\$0	\$0	\$6,885,000	\$6,565,000
-----------------------------	-----	-----	-------------	-------------

Utility Loan Service – Fund 408

This fund accounts for repayment of General Obligation loans and bonds related to water, sewer, and stormwater utility improvements and equipment purchases. While debt service is paid through transfers from the utility funds, repayment is backed by the City's tax revenues if a default occurs.

In 2012, the City obtained a loan for \$583,759 to fund construction of the Southwest Stormwater Management Facility. This facility was built to mitigate stormwater runoff from two city roadway improvement projects, in accordance with Department of Ecology stormwater requirements. The loan carries an interest rate of 0.25% and will mature in 2032. Debt service is funded through transfers from Stormwater and Flood Fund.

PWTF Storm Loan - Southwest Stormwater Management Facility

Description	2023	2024	2025	2026
Beginning Principal Balance	\$307,241	\$276,517	\$245,793	\$215,069
Principal	30,724	30,724	30,724	30,724
Interest	768	691	614	538
Total Payment	\$31,492	\$31,415	\$31,338	\$31,262

Remaining Principal Balance	\$276,517	\$245,793	\$215,069	\$184,345
------------------------------------	------------------	------------------	------------------	------------------

In 2008, the City issued a \$1,155,000 bond to finance water system upgrades and construction of a booster pump station. The bond carries an interest rate of 2.56% and is scheduled to be paid off in 2028. Principal and interest payments are funded through transfers from the Water Fund.

LOCAL Program Water Booster Pump Station Bond

Description	2023	2024	2025	2026
Beginning Principal Balance	\$405,000	\$350,000	\$290,000	\$220,000
Principal	55,000	60,000	70,000	70,000
Interest	18,875	16,000	12,750	9,250
Total Payment	\$73,875	\$76,000	\$82,750	\$79,250

Remaining Principal Balance	\$350,000	\$290,000	\$220,000	\$150,000
------------------------------------	------------------	------------------	------------------	------------------

In 2016, the City secured a \$352,074 loan to purchase vehicles and equipment. The loan has an interest rate of 2.06% and will be paid off in 2026, with repayment funded through transfers from the Solid Waste, Water, Sewer, and Stormwater and Flood Funds.

LOCAL Program Heavy Equipment Loan

Description	2023	2024	2025	2026
Beginning Principal Balance	\$163,062	\$125,230	\$85,506	\$43,796
Principal	37,832	39,724	41,710	43,796
Interest	7,207	5,268	3,233	1,095
Total Payment	\$45,039	\$44,992	\$44,943	\$44,891

Remaining Principal Balance	\$125,230	\$85,506	\$43,796	\$0
------------------------------------	------------------	-----------------	-----------------	------------

Revenue debt consists of bonds or loans for which principal and interest are payable exclusively from the revenues of the City's utility funds. As of January 1, 2025, the City's total outstanding revenue debt is \$45,754,337.

2011/2014 Water and Sewer Bond Redemption – Fund 403

In 2011, the City issued \$6,245,000 in bonds to fund modifications and improvements to the Water Treatment Plant (WTP) and the sewer system. In 2020, the City partially refunded this debt and issued new bonds totaling \$3,926,000 at a lower interest rate, resulting in approximately \$300,000 in interest savings over the life of the bonds.

At the time of refunding, the original bonds had a remaining balance of \$4,320,000 and were fully repaid in November 2021. The current annual interest rate on the refunding bonds is 2.5%, with a scheduled maturity in 2031. Debt service is funded through transfers from the Water and Sewer Funds.

2011 B Refunding Water and Sewer Bonds

Description	2023	2024	2025	2026
Beginning Principal Balance	\$3,520,000	\$3,167,000	\$2,803,000	\$2,434,000
Principal	353,000	364,000	369,000	384,000
Interest	116,160	79,175	92,499	80,322
Total Payment	\$469,160	\$443,175	\$461,499	\$464,322
Remaining Principal Balance	\$3,167,000	\$2,803,000	\$2,434,000	\$2,050,000

In 2014, the City issued \$8,965,000 in bonds to fund improvements to the sewer and stormwater systems. The bonds carry a variable interest rate ranging from 2% to 3.75% and are scheduled to be paid off in 2033. Debt service is funded through transfers from the Sewer and Stormwater and Flood Funds.

2014 Sewer and Storm Bonds

Description	2023	2024	2025	2026
Beginning Principal Balance	\$5,840,000	\$5,405,000	\$4,955,000	\$4,485,000
Principal	435,000	450,000	470,000	490,000
Interest	226,113	213,063	195,063	176,263
Total Payment	\$661,113	\$663,063	\$665,063	\$666,263
Remaining Principal Balance	\$5,405,000	\$4,955,000	\$4,485,000	\$3,995,000

A \$5,739,000 bond was issued in 2020 to fund the Shop Well 2 Wellhouse project and the Water Treatment Plant Upgrade, which converted the City's treatment system to 100% Reverse Osmosis (RO). The bond has an interest rate of 2.48% and will mature in 2035, with principal and interest payments funded through transfers from the Water Fund. The projects were completed in 2022.

2020 Water and Sewer Bond

Description	2023	2024	2025	2026
Beginning Principal Balance	\$4,913,000	\$4,573,000	\$4,225,000	\$3,868,000
Principal	340,000	348,000	357,000	366,000
Interest	119,747	111,265	102,585	93,670

Total Payment	\$459,747	\$459,265	\$459,585	\$459,670
Remaining Principal Balance	\$4,573,000	\$4,225,000	\$3,868,000	\$3,502,000

Wastewater Treatment Plant Debt Service – Fund 405

The Department of Ecology awarded the City a \$34,395,862 low-interest loan to fund the Wastewater Treatment Plant (WTP) Upgrade project. The project was completed in 2022, and loan repayments began in 2023. The loan has a 20-year term with a 2% interest rate, and debt service is funded through transfers from the Sewer Fund.

WWTP Department of Ecology Loan

Description	2023	2024	2025	2026
Beginning Principal Balance	\$34,395,862	\$32,898,976	\$31,461,096	\$29,994,194
Principal	1,496,886	1,437,880	1,466,902	1,496,511
Interest	594,538	653,544	624,521	594,913
Total Payment	\$2,091,424	\$2,091,424	\$2,091,423	\$2,091,424

Remaining Principal Balance **\$32,898,976** **\$31,461,096** **\$29,994,194** **\$28,497,683**

Utility Debt Service – Fund 406

In 2022, the City secured a \$325,000 loan from Whatcom County to support the Emergency Water Intertie project. Through an interlocal agreement with the City of Bellingham, the City connected to a Bellingham water tank located approximately one-half mile south of city limits. The loan has a 20-year term, a 1% interest rate, and is scheduled to be paid off in 2043. Debt service is funded through transfers from the Water Fund.

Whatcom County Emergency Water Intertie (EDI)

Description	2023	2024	2025	2026
Beginning Principal Balance	\$0	\$325,000	\$310,240	\$295,332
Principal	0	14,760	14,908	15,057
Interest	0	3,250	3,102	2,953
Total Payment	\$0	\$18,010	\$18,010	\$18,010
Remaining Principal Balance	\$0	\$310,240	\$295,332	\$280,275

In 2024, the City secured additional funding from Whatcom County to support the Water Treatment Plant (WTP) Upgrade and the Douglas Well 2 project after project bids exceeded the original budget estimates. The County awarded the City a \$1,000,000 grant and a

\$2,000,000 low-interest loan. The loan has a 20-year term, a 2% interest rate, and is scheduled to be paid off in 2045. Debt service is funded through transfers from the Water Fund.

Whatcom County WTP / Well 2 (EDI)				
Description	2023	2024	2025	2026
Beginning Principal Balance	\$0	\$0	\$2,000,000	\$1,909,169
Principal	0	0	90,831	91,739
Interest	0	0	20,000	19,092
Total Payment	\$0	\$0	\$110,831	\$110,831
Remaining Principal Balance	\$0	\$0	\$1,909,169	\$1,817,430



Capital Project Funds

Capital Project Fund Descriptions

Real Estate Excise Taxes

Real Estate Excise Tax (REET) I and II revenues are primarily used to fund capital projects, including the planning, acquisition, construction, and improvement of public facilities and infrastructure, and do not require voter approval. Following HB 1791 (effective July 27, 2025), the City of Ferndale may also use a portion of REET revenues for operations, maintenance, and service support of existing capital projects.

Real Estate Excise Tax (REET I) – Fund 301

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Real Estate Tax (REET I)	\$394,497	\$406,857	\$300,000	\$350,000
Investment Interest and Other Revenue	4,324	558	0	0
Total Revenues	\$398,822	\$407,415	\$300,000	\$350,000
 <u>Expenditures:</u>				
Transfer to Current Expense Fund 001	\$0	\$0	\$500,000	\$0
Transfer to Capital Reserve Fund 003	0	0	100,000	100,000
Transfer to Debt Service Fund 218 and 219	150,000	144,492	144,746	63,276
Transfer to Debt Service Fund 220	65,975	0	0	0
Transfer to Civic Campus LTGO Fund 221	0	0	0	132,850
Transfer to Metalworks Skate Fund 310	0	150,000	0	0
Total Expenditures	\$215,975	\$294,492	\$744,746	\$296,126

Real Estate Excise Tax (REET II) – Fund 302

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Real Estate Tax (REET II)	\$384,209	\$405,965	\$300,000	\$350,000
Investment Interest and Other Revenue	10,149	0	0	0
Total Revenues	\$394,358	\$405,965	\$300,000	\$350,000
 <u>Expenditures:</u>				
Transfer to Current Expense Fund 001	\$0	\$0	\$200,000	\$0
Transfer to Street Fund 101	0	0	0	0
Transfer to Metalworks Skate Fund 310	0	710,000	0	0
Transfer to Water Fund 401	0	0	0	0
Transfer to WWTP Upgrade Fund 413	0	1,000,000	1,220,000	80,000
Total Expenditures	\$0	\$1,710,000	\$1,420,000	\$80,000

Metalworks Skate Park – Fund 310

This fund accounts for all revenues and expenditures related to the Metalworks Skate Park Project. Construction on the Metalworks Skate Park completed in the Fall of 2024.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Recreation and Conservation Office Grant (RCO)	\$34,173	\$219,646	\$0	\$0
EDI Grant	0	200,000	0	0
Donations	0	19,750	0	0
Transfer	75,000	1,435,000	200,000	0
Total Revenues	\$109,173	\$1,874,396	\$200,000	\$0
<u>Expenditures:</u>				
Salaries and Benefits	\$10,702	\$70,930	\$0	\$0
Skate Park Design and Construction	73,872	1,891,110	185,000	0
Total Expenditures	\$84,574	\$1,962,040	\$185,000	\$0

Civic Campus – Fund 315

The City of Ferndale has been planning and saving for a new Civic Campus facility for decades. In recent years, the City secured more than \$6.7 million in state and federal grant funding and set aside \$5.5 million in reserves and investment interest to support the project. In 2025, Council authorized the issuance of \$7.5 million in Limited Tax General Obligation (LTGO) bonds to fund the remaining costs of construction. The Civic Campus will house administrative offices, Municipal Court functions, and City Council chambers. Construction is expected to be completed by 2027.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Department of Commerce Grant	\$0	\$1,052,770	\$0	\$3,690,444
Bond Proceeds	0	0	7,500,000	0
Transfer and Other Revenue	0	1,000,000	2,500,000	3,750,000
Total Revenues	\$0	\$2,052,770	\$10,000,000	\$7,440,444
<u>Expenditures:</u>				
Salaries and Benefits	\$0	\$2,982	\$5,000	\$0
Civic Campus	0	1,027,977	0	15,000,000
Total Expenditures	\$0	\$1,030,959	\$5,000	\$15,000,000

Thornton Road Construction – Fund 370

The Thornton Road Overpass project was completed in December 2023. This fund is scheduled to be closed in 2026, with any remaining balance transferred back to the originating Solid Waste Fund.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Grants	\$4,344,516	\$1,767,156	\$0	\$0
Transfer In and Other Revenue	0	0	0	0
Total Revenues	\$4,344,516	\$1,767,156	\$0	\$0
<u>Expenditures:</u>				
Construction Engineering and Management	\$527,656	\$201,957	\$0	\$0
Engineering	0	0	0	0
Construction Project	4,207,568	476,485	0	0
ROW	0	0	0	0
Other Services and Charges	344,122	0	0	1,011,123
Total Expenditures	\$5,079,346	\$678,442	\$0	\$1,011,123



Enterprise Funds

Enterprise Fund Descriptions

Water Utility – Fund 401

This fund supports the operation and maintenance of the City's water utility, with revenues from user fees and connection charges funding daily operations and system improvements. The fund is organized into administration, maintenance, operations, and capital projects, and all revenues must be used solely for water utility purposes.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Connection Fees	\$648,992	\$1,235,359	\$710,000	\$410,000
Water Sales	286,977	4,329,362	4,673,393	4,861,147
Meter Charges	13,046	52,042	10,000	10,000
Meter Installation Charges	6,840	15,320	7,000	5,000
Final Meter Read Fee	13,359	19,330	7,500	7,500
Loan Proceeds and Grants	1,025,000	500,000	1,300,000	0
Transfer In and Other Revenue	4,175,488	76,865	28,000	59,200
Total Revenues	\$6,169,703	\$6,228,278	\$6,735,893	\$5,352,847
<u>Expenditures:</u>				
Administration				
Salaries and Benefits	\$249,571	\$236,178	\$215,116	\$256,579
Central Services	179,748	208,165	179,748	208,165
Computer and Equipment Repair and Replace	119,286	106,641	119,286	106,641
Professional Services	65,222	10,071	100,000	100,000
B & O Excise Tax	209,764	238,635	200,000	200,000
Utility Tax	445,926	445,162	373,871	388,892
Other Charges and Services	15,859	77,066	523,250	299,400
Total Administration	\$1,285,377	\$1,321,918	\$1,711,272	\$1,559,676
Maintenance				
Salaries and Benefits	\$473,859	\$476,838	\$587,604	\$562,298
O & M Supplies	109,571	94,850	141,000	141,000
Other Charges and Services	9,594	25,108	22,000	22,000
Total Maintenance	\$593,023	\$596,796	\$750,604	\$725,298
Operations				
Salaries and Benefits	\$417,213	\$438,719	\$475,428	\$557,081
Professional Services	172,401	121,551	146,500	211,200
Lab Testing	7,150	11,303	20,000	20,000
O & M Supplies	162,583	196,538	381,500	527,000
Utilities	216,916	240,938	240,000	270,000
Other Charges and Services	21,116	23,169	44,600	78,400
Total Operations	\$997,379	\$1,032,217	\$1,308,028	\$1,663,681
Transfers and Capital Projects				
Other Charges and Services	\$4,303,971	\$1,670,097	\$4,280,424	\$1,408,866
Total Expenditures	\$7,187,228	\$4,622,697	\$8,880,634	\$5,848,583

Sewer Utility – Fund 402

This fund supports the operation and maintenance of the City's wastewater utility, with revenues from user fees and connection charges funding daily operations and system improvements. The fund is organized into administration, maintenance, operations, and capital projects, and all revenues must be used solely for wastewater collection and treatment activities.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Connection Fees	\$1,119,307	\$2,114,622	\$1,134,000	\$670,000
Sewer Sales	5,862,617	5,906,555	6,202,977	6,233,992
Transfer In and Other Revenue	119,966	1,550,769	995,306	530,561
Total Revenues	\$7,101,890	\$9,571,945	\$8,332,283	\$7,434,553
<u>Expenditures:</u>				
Administration				
Salaries and Benefits	\$255,681	\$218,313	\$224,005	\$245,412
Central Services	147,761	143,945	147,761	143,945
Computer and Equipment Repair and Replace	94,136	85,965	94,136	85,965
Professional Services	62,503	73,474	300,000	300,000
B & O Excise Tax	134,847	147,595	130,000	130,000
Utility Tax	306,000	528,808	496,238	498,719
Other Charges and Services	12,768	15,808	14,976	30,600
Total Administration	\$1,013,697	\$1,213,908	\$1,407,117	\$1,434,642
Maintenance				
Salaries and Benefits	\$292,417	\$347,168	\$359,336	\$386,143
O & M Supplies	58,153	50,931	75,000	75,000
Other Charges and Services	7,373	5,362	36,200	47,300
Total Maintenance	\$357,943	\$403,461	\$470,536	\$508,443
Operations - Sludge Disposal				
	\$97,848	\$125,892	\$133,000	\$395,000
Operations				
Salaries and Benefits	\$410,507	\$428,778	\$471,428	\$555,581
Professional Services	219,804	147,169	175,000	201,200
Lab Testing	5,326	3,480	5,000	5,000
O & M Supplies	72,211	70,230	107,000	207,500
Utilities	282,586	301,151	310,000	310,000
Other Charges and Services	35,415	31,972	60,350	50,500
Total Operations	\$1,025,848	\$982,780	\$1,128,778	\$1,329,781
Transfers and Capital Projects				
	\$2,607,810	\$3,399,584	\$9,946,458	\$9,003,526
Other Charges and Services	\$0	\$0	\$1,300,000	\$0
Total Expenditures	\$5,103,147	\$6,125,625	\$14,385,889	\$12,671,392

Stormwater and Flood Utility – Fund 407

This fund supports the operation, maintenance, and improvement of the City's storm drainage system and flood control activities. Revenues primarily come from stormwater utility and mitigation fees, with smaller amounts from connection fees and grants, and are used for administration, operations, maintenance, and capital projects related to stormwater management.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Storm Rate Revenue	\$1,893,049	\$2,038,253	\$2,352,157	\$2,699,721
Mitigation Fees	80,569	132,285	100,000	20,000
Grants and Loans	1,666,866	53,729	1,410,000	417,640
Transfer In and Other Revenue	13,496	116,327	0	8,000
Total Revenues	\$3,653,980	\$2,340,594	\$3,862,157	\$3,145,361
<u>Expenditures:</u>				
Salaries and Benefits	\$577,327	\$505,035	\$630,774	\$758,156
Central Services	126,168	75,228	126,168	75,228
Computer and Equipment Repair and Replace	78,570	77,983	78,570	77,983
Professional Services	134,177	22,586	120,000	120,000
Decant Disposal	52,450	27,059	55,000	55,000
Water Quality Monitoring	6,570	9,539	20,000	20,000
B & O Excise Tax	30,531	35,253	35,000	35,000
Utility Tax	162,489	177,301	188,093	215,498
Other Charges and Services	166,008	40,613	145,800	148,700
Total Drainage	\$1,334,290	\$970,596	\$1,399,405	\$1,505,564
Transfers and Capital Projects	\$2,350,458	\$2,139,660	\$2,635,669	\$1,107,068
Other Charges and Services	\$0	\$0	\$0	\$0
Total Expenditures	\$3,684,748	\$3,110,256	\$4,035,075	\$2,612,632

Water Treatment Plant Upgrade (WTP) – Fund 413

The purpose of this fund is to account for revenues and expenditures associated with the Water Treatment Plant Upgrade project. This project will be completed in 2026.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Transfer In and Other Revenue	\$0	\$3,572,466	\$2,332,923	\$80,000
Total Revenues	\$0	\$3,572,466	\$2,332,923	\$80,000
<u>Expenditures:</u>				
Upgrade Construction	\$35,878	\$5,248,070	\$2,506,000	\$789,092
Upgrade Design	0	0	0	0
Total Expenditures	\$35,878	\$5,248,070	\$2,506,000	\$789,092

Shop Well 2 – Fund 414

This fund accounts for all revenues and expenditures associated with the Shop Well 2 Wellhouse Project. This project was completed in 2022.

Description	2023 Actual	2024 Actual	2025 Budget	2026 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	\$0	\$0	\$0	\$0
Transfer to Water Treatment Upgrade Fund 413	0	72,466	0	0
Total Expenditures	\$0	\$72,466	\$0	\$0

Wastewater Treatment Plant Construction (WWTP) – Fund 415

This fund accounts for all revenues and expenditures associated with the design and construction of the Wastewater Treatment Plant Upgrade Project.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Grants and Proceeds	\$30,213	\$0	\$0	\$0
Total Revenues	\$30,213	\$0	\$0	\$0
<u>Expenditures:</u>				
WWTP Construction and Design	\$0	\$0	\$0	\$0
Transfer to Sewer Fund 402	0	1,504,189	0	0
Total Expenditures	\$0	\$1,504,189	\$0	\$0



Internal Service Funds

Internal Service Fund Descriptions

Computer Repair and Replacement – Fund 510

This fund supports the repair and replacement of the City's computer hardware and software, including equipment, internet services, software, networks, websites, and IT service contracts, and is funded through charges to other city funds and departments.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Interfund Computer Fees	\$338,968	\$346,166	\$338,968	\$296,166
Transfer In and Other Revenue	0	0	0	0
Total Revenues	\$338,968	\$346,166	\$338,968	\$296,166
<u>Expenditures:</u>				
Software and New Upgrades (Non-Labor)	\$76,695	\$14,345	\$97,500	\$0
Annual Software, Repair and Maintenance	28,629	30,325	25,000	126,216
Repair and Maintenance Contract (IT)	56,351	129,226	100,000	72,000
Software Maintenance Contract (IT)	149,319	54,241	122,650	110,000
Capital Hardware	23,468	60,656	50,000	56,000
Other Charges and Services	9,587	7,373	11,000	35,000
Total Expenditures	\$344,048	\$296,166	\$406,150	\$399,216

Equipment Repair and Replacement – Fund 550

This fund supports the repair and replacement of the City's tools, equipment, and vehicle fleet, including mechanics labor, fuel, insurance, supplies, contracted services, equipment purchases, leases, and vehicle replacements. Revenues are provided through charges and transfers from other city funds and departments.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Interfund Equipment Fees	\$885,758	\$963,422	\$885,758	\$962,692
Transfer In and Other Revenue	867,218	24,146	70,000	200,000
Total Revenues	\$1,752,977	\$987,569	\$955,758	\$1,162,692
<u>Expenditures:</u>				
Salaries and Benefits	\$226,512	\$274,756	\$269,502	\$315,914
Operating Supplies (Parts, Fuel and Oil)	262,648	270,384	245,000	230,000
Insurance	138,929	110,000	200,000	220,000
Computer Repair and Replace	1,653	1,900	1,653	1,900
Central Services	38,372	36,886	38,372	0
Utilities	19,076	14,387	16,350	16,400
Capital	828,191	222,410	235,700	349,000
Other Charges and Services	69,800	33,283	40,500	43,100
Total Expenditures	\$1,585,181	\$964,005	\$1,047,076	\$1,176,314



Custodial Funds

Custodial Fund Descriptions

Court Agency – Fund 650

This fund accounts for fines and fees the City collects on behalf of other entities. Certain court fines, building permit fees, and concealed pistol license charges are collected from customers for Whatcom County and the State of Washington, rather than for City use.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Crime Victims and Trust Account	\$71,050	\$88,058	\$71,250	\$122,000
Other Revenue	9,587	8,104	9,150	7,200
Total Revenues	\$80,636	\$96,162	\$80,400	\$129,200
<u>Expenditures:</u>				
Court Agency	\$82,063	\$90,686	\$80,400	\$130,200
Total Expenditures	\$82,063	\$90,686	\$80,400	\$130,200

Court Activity – Fund 651

This fund records the Ferndale Municipal Court's revenues and expenditures. Court fines and fees are processed in a separate court system with some being remitted back to the State.

Description	2023 Actual	2024 Actual	2025 Budget	2026 Budget
<u>Revenues:</u>				
Court Activity Deposits	\$5,820	\$8,776	\$6,000	\$38,000
Total Revenues	\$5,820	\$8,776	\$6,000	\$38,000
<u>Expenditures:</u>				
Court Activity	\$3,077	\$7,421	\$6,000	\$28,000
Total Expenditures	\$3,077	\$7,421	\$6,000	\$28,000



Staff Information

Staffing By Function

2025 FULL-TIME EQUIVALENT CITY EMPLOYEES

Many staff fill multiple functions that may cross departmental budgets. For example, one Public Works Utility Worker can work on a water main in the morning and a pothole in the afternoon, and one Utility Billing Clerk is split between water, sewer, and storm. These breakdowns detail how our time is spent.



Employee Contracts

Both union and non-represented City of Ferndale employee contracts can be found [HERE](#)

Glossary of Terms and Acronyms

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 a city Council that allow government resource expenditures. 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.

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

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 a 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 a city's general services and programs. It is commonly called the General Fund.

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 a 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.

Department: A major administrative division of a 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.

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 a 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 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. A city pledges its tax revenues unconditionally to pay the interest and principal on the debt as it matures.

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 from one fund to another and authorized by resolution or ordinance.

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 or 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.

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.

Limited Tax General Obligation Bonds (LTGO): 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 a city. General fund revenues must be pledged to pay the debt service on LTGO debt.

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 investment interest.

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.

Proposed Budget: The budget proposed by the Mayor to a 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 a 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): A 0.5% tax collected on real estate sales within the City and restricted to capital projects identified in the Capital Facilities Plan. REET revenues may be used for planning, acquisition, construction, and improvement of transportation infrastructure, utilities, and storm and sewer systems, with the first 0.25% also eligible for parks, recreation, and certain public facilities such as law enforcement, fire, 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 purposes.

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

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.

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

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

Transportation Improvement Board (TIB): 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.