

## CHAPTER 9

### FINANCIAL PROGRAM

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#### 9.1 GENERAL DISCUSSION

The City of Ferndale is a Municipality, organized under the laws of the State of Washington. The City operates the Ferndale Water System as part of the Public Works Department. Budgets are adopted annually for Public Works operations, maintenance and capital improvements. Rates and connection fees are adopted by ordinance and adjusted as needed.

A rate history is provided in Chapter 2, Table 2-19, page 2-15. Rate projections are shown on Chapter 1, Table 1-7, page 1.12.

##### 9.1.1 Past and Present Financial Status

The City has maintained budgetary controls over the water system. Rates and connection fees have been set and will continue to be set at levels required to finance operation, maintenance and capital improvements.

##### 9.1.2 Available Revenue Sources

The City meters water use, and sets rates as required to operate and maintain the system. Connection fees are collected from new users, which are generally designated for capital improvements to the water system. Revenue bonds and some grants are available to finance general facilities that benefit all users. These facilities would normally include such items as water storage, water treatment, pump stations, SCADA systems, and transmission lines. These types of bonds are paid by a combination of connection fees and rates. Occasionally grants or payback funds may be available.

Under certain conditions the City may install new facilities for specific areas under the Utility Local Improvement (ULID) process. ULID bonds are paid off by the property owners within the ULID.

##### 9.1.3 Allocation of Revenue Sources

The City budgets income for the water system under Budget Item No. 401. A copy of the 2007 Budget Revenue Projections is included at the back of this Chapter. Actual revenues are shown for the years 2002 through 2005, and projections are presented for 2006 and 2007.

##### 9.1.4 Expenditures

Budget Item No. 401 also includes Expenditure Detail. A copy of actual expenditures for 2004 and 2005 and budgets for 2006 and 2007 are included at the back of this Chapter.

December 18, 2006

### **9.1.5 Assessment of Rates**

Chapter 8 deals with the Improvement Program for the water system. Table 8-1 shows the recommended improvements for the next 6 years. The total of these improvements is \$5.6 million dollars. It is also recommended that the City perform a Rate Study to set equitable rates and connection fees which will allow the City to construct the recommended improvements. The rate study should also take into account growth into areas set aside for future annexation and development.

**City of Ferndale  
2007 Budget  
Revenue Projections**

**PROPRIETARY FUNDS**

	2002	2003	2004	2005	2006	2007
	Actual	Actual	Actual	Actual	Estimated	Projected
<b>#401 WATER</b>						
Connection Fees	\$278,199	\$264,762	\$381,452	\$526,838	\$560,000	\$490,000
Water Sales	873,319	1,102,442	1,174,505	1,129,462	1,200,000	1,283,763
Investment Interest	3,526	3,817	4,304	17,947	30,000	30,000
Setup Fees	3,700	4,690	4,590	5,450	5,000	5,000
Late Fees	11,770	12,751	13,149	14,294	12,000	10,000
Reconnection Fees	3,405	3,630	4,300	4,180	4,000	3,000
Meter Charges	20,052	20,097	32,217	50,959	60,000	40,000
Other Miscellaneous	1,823	6,804	14,689	9,952	15,152	10,000
B&O Tax Refund				31,799	0	0
Transfer In from Shop Construction - Excess Balance					21,622	
Transfer In from Bond Reserve- Excess Balance					10,823	13,000
Interfund Loan Interest #325	0	0	1,870	354	0	0
Interfund Loan Interest #345	0	0	74	604	0	0
<b>Total Revenue</b>	<b>\$1,195,794</b>	<b>\$1,418,993</b>	<b>\$1,631,150</b>	<b>\$1,791,839</b>	<b>\$1,918,597</b>	<b>\$1,884,763</b>

City of Ferndale		Expenditure Detail - 2007 Budget				11/2/2006
BAR	DESCRIPTION	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2007 BUDGET	
380	MALLOY ROUNDABOUT CONSTRUCTION FUND					
	CAPITAL OUTLAY					
380.	ENGINEERING	\$47,815	\$44,490	\$103,847		\$0
380.	RIGHT OF WAY	\$96,946		\$1,500		\$0
380.	CONSTRUCTION PROJECT	\$5,899				
380.	INTERFUND LOAN REPAYMENT TO EQUIPMENT 550	\$0	\$3,018			
380.	INTERFUND LOAN INT. 550	\$34	\$12			
	CAPITAL OUTLAY	\$150,694	\$47,520	\$105,347		\$0
	TOTAL ACTUAL EXPENDITURES	\$150,694	\$47,520	\$105,347		\$0
401	WATER FUND					
	WATER ADMINISTRATION					
	SALARIES					
401.	SALARIES	\$26,493	\$24,821	\$28,610		\$43,067
401.	SALARIES CLERICAL	\$11,516	\$12,839	\$39,211		\$25,577
401.	SALARIES PLANNING/BLDG INSP/CODE ENF/PERMITS SUPT	\$0	\$19,635	\$20,121		\$20,814
401.	SALARIES-OVERTIME		\$9,031			
	SALARIES	\$38,009	\$66,326	\$87,942		\$89,458
	BENEFITS					
401.	BENEFITS-MEDICAL	\$1,793	\$6,130	\$18,462		\$17,345
401.	BENEFITS- L&I	\$645	\$934	\$1,459		\$671
401.	BENEFITS-RETIREMENT	\$533	\$2,665	\$5,497		\$5,411
401.	BENEFITS-SOCIAL SECURITY	\$2,925	\$4,426	\$8,008		\$6,843
401.	CLOTHING ALLOWANCE	\$50	\$822	\$744		\$100
	BENEFITS	\$5,946	\$14,977	\$34,170		\$30,370
	SUPPLIES					
401.	OFFICE SUPPLIES	\$274	\$236	\$300		\$300
401.	O & M SUPPLIES	\$625	\$268	\$750		\$1,200
	SUPPLIES	\$899	\$504	\$1,050		\$1,500
	TRAVEL CHARGES & SERVICES					

# City of Ferndale

## Expenditure Detail - 2007 Budget

City of Ferndale					11/2/2006
Expenditure Detail - 2007 Budget					
BAR DESCRIPTION	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2007 BUDGET	
401. PROFESSIONAL SERVICE-OTHER	\$3,995	\$0	\$0	\$0	\$0
401. PROFESSIONAL SERVICE-COMP PLAN UPDATE	\$0	\$61,873	\$0	\$0	\$0
401. PROFESSIONAL SERVICES-ARBITRAGE COMPLIANCE			\$3,000	\$1,200	\$1,200
401. PROFESSIONAL SERVICES-BILLING FOLDING/STUFF/MAIL			\$1,800	\$2,400	\$2,400
401. POSTAGE	\$801	\$2,614	\$2,000	\$2,000	\$2,000
401. CELL PHONE	\$278	\$249	\$250	\$250	\$250
401. TRAVEL	\$0	\$51	\$300	\$300	\$300
401. PUBLIC NOTICE PUBLICATION	\$403	\$458	\$500	\$500	\$500
401. COPY MACHINE LEASES		\$1,360	\$1,200	\$1,200	\$1,200
401. COPY MACHINE MAINT.		\$795	\$600	\$600	\$600
401. MISCELLANEOUS	\$390	\$364	\$500	\$500	\$500
401. B&O/EXCISE TAX	\$66,013	\$65,895	\$68,000	\$68,000	\$68,000
401. CENTRAL SERVICES	\$137,748	\$152,251	\$128,135	\$134,542	\$134,542
401. VEHICLE RENTAL 550	\$25,495	\$52,214	\$54,825	\$67,566	\$67,566
401. COMPUTER REPAIR AND REPLACEMENT	\$10,000	\$333	\$1,881	\$1,975	\$1,975
401. OTHER CHARGES & SERVICES	\$245,123	\$338,457	\$262,991	\$281,033	\$281,033
TOTAL ADMINISTRATION	\$289,977	\$420,264	\$386,153	\$402,361	\$402,361
MAINTENANCE					
SALARIES					
401. SALARIES	\$135,946	\$128,497	\$147,822	\$171,136	\$171,136
401. SUMMER HELP	\$1,776	\$1,206	\$5,120	\$5,120	\$5,120
401. SALARIES-OVERTIME		\$482	\$0	\$0	\$0
401. SALARIES	\$137,722	\$130,185	\$152,942	\$176,256	\$176,256
BENEFITS					
401. BENEFITS-MEDICAL	\$29,607	\$31,345	\$36,937	\$43,829	\$43,829
401. BENEFITS-L&I	\$5,281	\$6,205	\$6,292	\$7,197	\$7,197
401. BENEFITS-RETIREMENT	\$1,885	\$2,376	\$3,565	\$10,136	\$10,136
401. BENEFITS-SOCIAL SECURITY	\$10,539	\$9,924	\$10,698	\$13,209	\$13,209
401. BENEFITS-EXCESS COMPENSATION	\$0	\$0	\$0	\$512	\$512
401. BOOT ALLOWANCE	\$417	\$0	\$0	\$0	\$0
401. OVERTIME MEALS	\$7	\$25	\$0	\$0	\$0
401. UNEMPLOYMENT CONTRIBUTION	\$3,467	\$0	\$0	\$0	\$0
BENEFITS	\$51,203	\$48,875	\$57,492	\$74,883	\$74,883

# City of Ferndale

## Expenditure Detail - 2007 Budget

	11/2/2006			
BAR DESCRIPTION	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2007 BUDGET
SUPPLIES	\$16,766	\$36,855	\$27,000	\$38,000
401. O & M SUPPLIES			\$0	\$0
401. SMALL TOOLS	\$16,766	\$36,855	\$27,000	\$38,000
SUPPLIES				
OTHER CHARGES & SERVICES				
401. PROFESSIONAL SERVICES	\$263	\$445	\$0	\$0
401. CONTRACT R & M	\$1,342	\$8,044	\$7,000	\$7,000
401. POSTAGE	\$7			
401. CELL PHONE	\$281	\$432	\$350	\$350
401. MISCELLANEOUS	\$206	\$2,884	\$500	\$500
401. CERTIFICATIONS	\$1,120	\$1,063	\$1,000	\$1,200
OTHER CHARGES & SERVICES	\$3,219	\$12,868	\$8,850	\$9,050
TOTAL SYSTEM MAINTENANCE	\$208,910	\$228,783	\$246,284	\$298,189
OPERATIONS				
SALARIES				
401. SALARIES	\$103,760	\$76,974	\$88,089	\$114,090
401. SALARIES-OVERTIME		\$482		
SALARIES	\$103,760	\$77,456	\$88,089	\$114,090
BENEFITS				
401. BENEFITS-MEDICAL	\$20,725	\$18,724	\$20,864	\$29,219
401. BENEFITS-L&I	\$3,638	\$3,080	\$3,311	\$4,360
401. BENEFITS-RETIREMENT	\$1,446	\$1,604	\$2,321	\$6,758
401. BENEFITS-SOCIAL SECURITY	\$7,937	\$6,493	\$6,575	\$8,544
BENEFITS-RETIREMENT PMT TO DRS			\$10,042	\$0
401. BOOT ALLOWANCE	\$239	\$0	\$0	\$341
BENEFITS	\$33,985	\$29,901	\$43,113	\$49,222
SUPPLIES				
401. O & M SUPPLIES	\$17,379	\$33,730	\$15,000	\$15,000
401. MISCELLANEOUS SMALL TOOLS	\$0	\$0	\$0	\$0
SUPPLIES	\$17,379	\$33,730	\$15,000	\$15,000
OTHER CHARGES & SERVICES				

# City of Ferndale

11/2/2006

## Expenditure Detail - 2007 Budget

BAR DESCRIPTION	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2007 BUDGET
401. PURCHASE FOR RESALE OF WATER	\$152,458	\$166,842	\$185,000	\$185,000
401. PUD - CHEMICALS FOR WATER TREATMENT		\$99,246	\$85,000	\$85,000
401. TRAVEL	\$517	\$600	\$650	\$650
401. MISCELLANEOUS	\$149	\$355	\$200	\$200
401. MISCELLANEOUS SAFETY TRAINING	\$0	\$53	\$750	\$750
401. INTERGOVT-DSHS	\$5,957	\$7,150	\$6,500	\$6,500
401. PHONE-COMMUNICATION	\$6,589	\$7,261	\$8,000	\$8,000
401. UTILITIES PUGET SOUND ENERGY	\$115,107	\$102,480	\$150,000	\$150,000
401. WATER & SEWER UTILITY	\$0			
401. PROFESSIONAL SERVICES	\$428		\$500	\$500
PROFESSIONAL SERVICES - WTP OPS MANUAL			\$17,500	\$2,500
401. CONTRACT R & M	\$7,533	\$7,351	\$8,000	\$8,000
401. WALGREENS LATECOMERS-HAGGEN	\$27,833		\$0	\$0
401. BAILEY LATECOMERS-MOORE			\$0	\$0
OTHER CHARGES & SERVICES	\$316,571	\$391,338	\$462,100	\$447,100
TOTAL OPERATIONS	\$471,695	\$532,425	\$608,302	\$625,412
CAPITAL OUTLAY				
THIRD AVE. CONSTRUCTION			\$106,629	\$0
401. TOUCHREAD METERS	\$20,729	\$18,386	\$15,000	\$15,000
401. COMPUTER REPLACEMENT	\$0	\$0	\$25,000	\$0
401. PAINT & REPAIR EYES AT WTP	\$0	\$0	\$22,780	\$0
401. WATER PLANT IMPROVEMENT PROJECT	\$0	\$244,218	\$22,780	\$0
401. PUD BASIN PROJECT	\$0	\$32,780	\$75,000	\$75,000
401. FOLDER/STUFFER/PRINTER				
401. WWTP SCADA UPGRADE			\$20,000	\$0
401. WELLFIELD DEVELOPMENT			\$20,000	\$20,000
METER READERS/INTERROGATORS				\$9,500
CAPITAL OUTLAY	\$20,729	\$295,384	\$284,409	\$119,500
TRANSFERS/LOANS				
401. TRANS 93 L.T.G.O. PRINCIPAL FUND 406	\$180,000	\$190,000	\$205,000	\$0
401. TRANS 93 L.T.G.O. INTEREST FUND 406	\$30,398	\$12,038	\$10,968	\$0
401. TRANS TO BOND REDEMPTION - 74 BONDS	\$0	\$0	\$0	\$0
401. TRANS TO BOND REDEMPTION - OTHER BONDS FUND 403	\$200,000		\$168,533	\$257,120
401. TRANS TO ENGINEERING SUPPORT 001	\$11,000	\$18,000	\$18,900	\$19,500

# City of Ferndale

## Expenditure Detail - 2007 Budget

BAR DESCRIPTION	2004 ACTUAL	2005 ACTUAL	2006 BUDGET	2007 BUDGET	11/2/2006
401. TRANS TO UTILITIES CAPITAL RESERVE FUND 409	\$0	\$60,000			
401. PUD #1 LOAN			\$90,000		
401. INTERFUND LOAN TO 325	\$41,819				
401. INTERFUND LOAN TO 345	\$26,952				
401. INTERFUND LOAN TO SEWER 402			\$300,000		
TRANSFERS/LOANS	\$490,169	\$280,038	\$793,401	\$276,620	
<b>TOTAL ACTUAL EXPENDITURES</b>	<b>\$1,481,480</b>	<b>\$1,756,895</b>	<b>\$2,318,549</b>	<b>\$1,722,082</b>	
<b>402 SEWER FUND</b>					
SEWER ADMINISTRATION					
SALARIES					
402. SALARIES	\$26,495	\$24,828	\$25,732	\$43,067	
402. SALARIES CLERICAL	\$11,516	\$12,843	\$37,725	\$25,573	
402. SALARIES PLANNING/BLDG INSP/CODE ENF/PERMITS SUPT	\$0	\$19,414	\$20,121	\$20,814	
402. SALARIES-OVERTIME		\$3,153			
SALARIES	\$38,011	\$60,238	\$83,578	\$89,454	
BENEFITS					
402. BENEFITS-MEDICAL	\$1,792	\$6,131	\$17,531	\$17,343	
402. BENEFITS-L&I	\$645	\$934	\$1,375	\$671	
402. BENEFITS-RETIREMENT	\$533	\$2,666	\$4,887	\$5,411	
402. BENEFITS-SOCIAL SECURITY	\$2,925	\$4,427	\$7,533	\$6,842	
402. CLOTHING ALLOWANCE	\$0	\$576	\$606	\$100	
BENEFITS	\$5,895	\$14,734	\$31,932	\$30,367	
SUPPLIES					
402. OFFICE SUPPLIES	\$52	\$98	\$150	\$150	
402. O & M SUPPLIES	\$0	\$0	\$0	\$1,200	
SUPPLIES	\$52	\$98	\$150	\$1,350	
OTHER CHARGES & SERVICES					
402. PROFESSIONAL SERVICES	\$10,882	\$2,780	\$1,500	\$1,500	
402. PROFESSIONAL SERVICES-ARBITRAGE COMPLIANCE			\$3,000	\$1,200	
402. PROFESSIONAL SERVICES-BILLING FOLDING/STUF/MAIL			\$1,800	\$1,800	