



Town of Friday Harbor

60 Second St ~ PO Box 219, Friday Harbor, WA 98250

P: (360) 378-2810 | Fax: (360) 378-2380 | www.fridayharbor.org

2026 EXPENDITURES

Expenses: 2019 – September 30, 2025

Presented at the November 20, 2025, Council Meeting Budget Work Session

2026 Budget Public Hearing: Preliminary Budget/Expenditures (RCW 35.33.057/RCW 35A.33.055)

Opened and Continued to December 4, 2025

Prepared by Bethany Berry, Finance Director

November 12, 2025



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Purpose

The foundation of local government is a strong, stable, financial well-being. Revenues are a key component to help sustain positive fiscal health for both present and future services provided by the Town of Friday Harbor in relation to operational and capital expenses.

The Town has adopted various policies and procedures to support required expenses based on RCWs, WACs, and local laws and regulations. As mandated, the Town operates on a fund accounting level where each service must be self-balancing to track finances for specific activities and to abide by legal restrictions. As a result, individual requirements apply to the various funds recognized by the Town, including each utility supporting its own operational and capital expenditures.

The Town is held responsible for the financial well-being of the Town by the Washington State Auditor's Office (SAO). The SAO provides citizens with independent and transparent examinations of how public funds are being utilized. Additional steps are taken to ensure proper policies and procedures are in place with their recommendations. Visit <https://sao.wa.gov/> for additional information.

Types of Expenses

The Town utilizes various types of expenditures to support its operations of the general fund, special revenue funds, capital project funds, and enterprise funds. Enterprise funds are specific to the water, sewer, refuse, and stormwater utilities. Expenditure types are outlined in the BARS Cash Manual as prescribed by the Washington State Auditor

Salaries and Wages

Gross amounts paid for personal services rendered by employees in accordance with the rates, hours, terms and conditions authorized by law or stated in employment contracts. This includes regular pay, overtime, sick leave, vacation leave, personal leave days, and holiday pay.

Personnel Benefits

The Town's share of benefits provided to employees are part of the conditions of current or past employment, in addition to compensation. This includes insurance, unemployment compensation, Social Security, Medicare taxes, uniforms, and retirement.

Supplies

Items purchased for consumption and use by the government or items purchased for resale. This includes supplies, fuel, and small tools & minor equipment. Water meters are the only supply the Town purchases for resale for sub-metering needs.

Services and Pass-Through Payments

Professional and technical services which are provided by other governments (federal, state, local), other funds, or by private entities as well as for pass-through payments. This includes professional services, communication, travel, taxes and operating assessments, permits, licenses, accreditation or certifications, short-term lease and subscriptions, insurance, utility services, contracted repairs & maintenance, memberships, grants, and other miscellaneous services.



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Capital Outlays

Capital Outlays are related to the purchase or construction of assets. This includes acquisition, construction, and improvements of land or buildings; infrastructure and other tangible or intangible assets; machinery and equipment; or assets acquired under executory conditional sales contracts (RCW 39.30.010).

Debt Service – Principal

Principal payments on general obligation, revenue, special assessment bonds, long-term leases/SBITA, installment purchases, anticipation and other notes, anticipation warrants, contracts, intergovernmental loans, other debt, LOCAL program payments, etc.

Debt Service – Interest and Issuance Costs

Include interest on short and long-term external debt, interest on interfund debt, interests on debt to joint ventures and affiliates, LID assessments, interest on intergovernmental debt, leases, interest paid on overdue taxes (RCW 84.69.070), debt issuance and other debt service costs.

Other Decreases in Fund Resources and Transfers-Out

Include interfund loan disbursements, refundable deposits and retainage, remittances collected on behalf of another entity, special or extraordinary items, court remittances, prior period adjustments, changes in accounting principles, custodial remittances and disbursements, and holding or clearing account transactions.

General Fund

The general fund is the primary operating fund for a local government that accounts for all day-to-day operations of government functions, excluding utility services. These core functions are not required to be in a specific, restricted fund type. Funding for general funds is funded through various sources. Core functions as described in the BARS Cash Manual include:

- General Government
 - Legislative activities
 - Judicial activities
 - Executive activities
 - Financial, recording, and election activities
 - Legal services
 - Employee Benefit Programs
 - Centralized/General services
 - Risk management services
- Public Safety
 - Law enforcement activities for traffic policing
 - Fire and emergency medical activities
 - Disaster services



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- Natural and Economic Environment:
 - Community Services for tourism
 - Community planning and economic development for building permits, development plan reviews, and planning
- Culture and Recreation
 - Arts
 - Park facilities

General Fund Expenditures Comparison by Year

TYPE	2019	2020	2021	2022	2023	2024	2025
OTHER DECREASES IN FUND RESOURCES	2,861,667	30,099	7,972	357	6,096	2,000	-
OTHER FINANCING USES - TRANSFERS-OUT	26,400	-	-	-	-	650,000	-
SALARIES AND WAGES	638,188	654,808	689,137	748,683	698,485	711,259	540,486
PERSONNEL BENEFITS	275,668	278,916	269,635	279,406	280,196	267,340	186,044
SUPPLIES	157,485	147,420	203,864	217,473	164,639	35,798	39,845
SERVICES & PASS-THROUGH PAYMENTS	467,844	634,865	639,513	654,810	642,950	1,199,949	901,046
CAPITAL OUTLAYS	698,981	265,132	278,502	921,937	207,141	244,707	233,153
DEBT SERVICE - PRINCIPAL	71,197	72,638	75,375	77,784	85,896	6,404	4,841
DEBT SERVICE - INTEREST & ISSUANCE COSTS	147,007	145,566	142,829	140,647	138,395	69	157
TOTAL EXPENSES	5,344,437	2,229,444	2,306,827	3,041,097	2,223,798	3,117,526	1,905,573



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Special Revenue Funds

The special revenue funds account for and report specific revenue sources and expenses that are restricted or committed for specific purposes, excluding debt service or capital projects. These funds should be expected to continue utilization with the Town and contain a substantial portion, at least twenty percent (20%), of restricted and committed revenues as a foundational base. These restrictions may be imposed by creditors, grantors, contributors, laws or Town Council.

Street Fund

The street fund is classified as a special revenue fund due to being entirely restricted, committed, and assigned. The street fund is responsible for all roadways, drainage, traffic and pedestrian services, maintenance, and administration. Expenditures support roads/streets administration, overhead, and ordinary maintenance for roadway, drainage, and traffic & pedestrian services for street lighting, traffic control devices, parking facilities, and snow/ice control.

Street Fund Expenditures Comparison by Year

TYPE	2019	2020	2021	2022	2023	2024	2025
OTHER DECREASES IN FUND RESOURCES	87,724	37,084	47,803	357	33,530	43,719	-
OTHER FINANCING USES - TRANSFERS-OUT	27,500	-	-	-	-	-	-
SALARIES AND WAGES	354,732	370,879	385,667	380,155	386,095	371,668	284,494
PERSONNEL BENEFITS	150,719	153,369	149,965	134,910	145,533	162,839	115,885
SUPPLIES	50,561	47,759	60,464	43,683	89,850	90,054	41,995
SERVICES & PASS-THROUGH PAYMENTS	176,868	187,052	165,350	832,099	87,436	277,989	75,485
CAPITAL OUTLAYS	896,570	526,028	1,197,826	767,963	1,239,587	2,375,989	209,903
DEBT SERVICE - PRINCIPAL	-	-	-	23,227	26,389	27,146	16,133
DEBT SERVICE - INTEREST & ISSUANCE COSTS	-	-	-	-	-	-	6
TOTAL EXPENSES	1,744,674	1,322,171	2,007,075	2,182,394	2,008,420	3,349,404	743,901



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Low Income Assistance and Affordable Housing

In addition to supporting low-income assistance and affordable housing, the Town has two programs to assist other entities through an application process.

Utility Connection Charge Deferral Program

Pursuant to Friday Harbor Municipal Code (FHMC) Section 13.40, a special fund was created to defer the payment of the entire connection charges for the Town's water system and/or sewer system for a limited income household or a nonprofit corporation that provides affordable housing.

A qualified entity may apply at any time for a deferred payment for the water and/or sewer connection charges. The Town Administrator review applications and approves them based on fund availability. Revenues for this fund come from the general fund based on Council approval and availability. Expenses within this fund are the cost of the deferred utility connection charges. All deferred utility connection charges shall be paid back by the applicant or the applicant's successor.

This program has only been utilized in 2022 for the San Juan County Home Trust project located at 260 Price Street. Funds have been entirely paid back by the Home Trust.

Affordable Housing Grant Program

Pursuant to Friday Harbor Municipal Code (FHMC) Section 3.40, a special revenue fund was created for the 5% affordable housing surcharge distribution that is received from the County as detailed in SJC Interlocal Agreement #SJC-05SJ08.

These funds are used as grants to a qualified nonprofit entity whose purpose is to assist in providing home ownership to low-income households or operate an emergency housing shelter.

Applications for this grant program are accepted no later than June 1st each year for the following allowable uses:

- Acquisition, construction, or rehabilitation of housing projects or units within housing projects
- Supporting building operation and maintenance costs of housing projects or units within housing projects eligible to receive housing trust funds
- Rental assistance vouchers for housing units that are affordable to very low-income households with incomes at or below fifty percent of the area median income
- Operating costs for emergency shelters and licensed overnight youth shelters

The Town Administrator reviews all applications to ensure eligibility and refers them to the Town Council for consideration and final approval.

Expenses for this fund are used for the grant funding paid to a qualified nonprofit entity. This program was utilized in 2020 in partnership with the Joyce L. Sobel Family Resource Center where \$17,152 was awarded for a rental assistance program for community members that were impacted by the events of COVID.

Parking

Donation revenues are received to support the parking fund. This includes developer contributions for "in lieu of parking" fees that will be used to construct parking areas in the town in the future.



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Harbor Improvements

Pursuant to RCW 79.115, titled “Aquatic Lands-Harbor Areas”, any leased harbor area or tideland that is situated within the limits of a town, whether the harbor area or tideland lies within a port district, the rents from the leases shall be paid by the Washington State Treasurer. Expenses for this fund are used for waterfront-related improvements only.

In 2020, \$18,000 was transferred to the street fund for harbor improvements to the Port’s boardwalk.

Hotel/Motel Lodging Tax

Any city or town has the authority to levy lodging taxes, also known as “hotel/motel taxes,” on all charges for furnishing housing and lodging for periods of time less than 30 days. Revenues from these taxes are restricted to use for tourism promotion, acquisition of tourism-related facilities, or operation of tourism-related facilities

First Percent

The Town utilizes the first percent to provide services and activity promotions for tourists and visitors. This includes funding for the public restrooms, banner advertisement of events within the Town, 4th of July firework contribution, and San Juan Island Visitor Center operational grant.

Second Percent

The Town utilizes the second percent to provide grant funding for the promotion of Friday Harbor events and activities that encourage, welcome, and entertain tourists and visitors. Grants are awarded annually by the Town Council based on the recommendations of the Lodging Tax Advisory Committee (LTAC). Non-profit and for-profit organizations, entities, and individuals may apply for use of these funds.

Hotel/Motel Expenditures Comparison by Year

TYPE	2019	2020	2021	2022	2023	2024	2025
OTHER DECREASES IN FUND RESOURCES	87,724	37,084	47,803	357	33,530	-	2,770
OTHER FINANCING USES - TRANSFERS-OUT	27,500	-	-	-	-	-	-
SALARIES AND WAGES	354,732	370,879	385,667	380,155	386,095	44,340	39,057
PERSONNEL BENEFITS	150,719	153,369	149,965	134,910	145,533	15,851	14,192
SUPPLIES	50,561	47,759	60,464	43,683	89,850	38,192	25,773
SERVICES & PASS-THROUGH PAYMENTS	176,868	187,052	165,350	832,099	87,436	408,139	204,169
CAPITAL OUTLAYS	896,570	526,028	1,197,826	767,963	1,239,587	98,951	42,208
DEBT SERVICE - PRINCIPAL	-	-	-	23,227	26,389	450	-
DEBT SERVICE - INTEREST & ISSUANCE COSTS	-	-	-	-	-	-	-
TOTAL EXPENSES	1,744,674	1,322,171	2,007,075	2,182,394	2,008,420	605,922	328,169



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Real Estate Excise Tax (REET)

The Real Estate Excise Tax fund is primarily funded through the REET tax. However, a small portion of the revenues received in this fund are from investment earnings. REET funds are restricted and can only be used for capital improvements.

REET funds were transferred into the street fund in 2014 for the Blaire Avenue project in the amount of \$400,000 and in 2018 for the Tucker Avenue project in the amount of \$400,000.

Enterprise Funds

The Town provides utility services for water, sewer, refuse, and stormwater within the Town of Friday Harbor. Each of these utilities are considered a proprietary activity that is separate from general governmental activities. As a result, revenues must meet the expenses of the system, in addition to setting aside reserves. Expenses include operating costs; insurance; taxes; debt service, planning and engineering; reserves for improvements, expansions, and upgrades; and reserves for unforeseen events.

Water Utility

Treated surface water is the sole source of water for customers served by the Town of Friday Harbor. The Town monitors all aspects of water treatment from the Trout Lake Reservoir & transmission through 12 miles of distribution lines to its customers. The water utility is considered a proprietary activity that is separate from general governmental activities. As a result, revenues must meet the expenses of the system, in addition to setting aside reserves. Expenses include operating costs; insurance; taxes; debt service, planning and engineering; reserves for improvements, expansions, and upgrades; and reserves for unforeseen events.

TYPE	2019	2020	2021	2022	2023	2024	2025
OTHER DECREASES IN FUND RESOURCES	2,861,667	30,099	7,972	357	6,096	788,225	-
OTHER FINANCING USES - TRANSFERS-OUT	26,400	-	-	-	-	-	-
SALARIES AND WAGES	638,188	654,808	689,137	748,683	698,485	807,805	636,966
PERSONNEL BENEFITS	275,668	278,916	269,635	279,406	280,196	314,120	236,590
SUPPLIES	157,485	147,420	203,864	217,473	164,639	234,675	180,773
SERVICES & PASS-THROUGH PAYMENTS	467,844	634,865	639,513	654,810	642,950	990,100	973,488
CAPITAL OUTLAYS	698,981	265,132	278,502	921,937	207,141	4,310,000	158,758
DEBT SERVICE - PRINCIPAL	71,197	72,638	75,375	77,784	85,896	90,762	46,028
DEBT SERVICE - INTEREST & ISSUANCE COSTS	147,007	145,566	142,829	140,647	138,395	133,707	67,175
TOTAL EXPENSES	5,344,437	2,229,444	2,306,827	3,041,097	2,223,798	7,669,394	2,299,779



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Sewer Utility

The Town provides collection, treatment, and disposal of domestic, commercial, and industrial wastewater in accordance with federal and state regulations. Operations to provide this service include the treatment plant, approximately 40,000 linear feet of sewer pipelines, pump stations, and other related facilities. The sewer/wastewater utility is considered a proprietary activity that is separate from general governmental activities. As a result, revenues must meet the expenses of the system, in addition to setting aside reserves. Expenses include operating costs; insurance; taxes; debt service, planning and engineering; reserves for improvements, expansions, and upgrades; and reserves for unforeseen events.

TYPE	2019	2020	2021	2022	2023	2024	2025
OTHER DECREASES IN FUND RESOURCES	1,085	2,953,442	13,535	23,632	5,480	875	-
OTHER FINANCING USES - TRANSFERS-OUT	99,800	-	-	-	-	-	-
SALARIES AND WAGES	502,432	537,928	568,860	611,074	642,339	651,980	452,678
PERSONNEL BENEFITS	199,831	212,711	208,007	206,227	238,760	222,982	165,234
SUPPLIES	132,904	92,589	128,741	146,390	126,724	156,701	117,466
SERVICES & PASS-THROUGH PAYMENTS	936,799	819,059	970,648	1,192,287	858,303	944,345	733,554
CAPITAL OUTLAYS	2,946,308	1,294,664	1,866,434	2,416,878	233,198	530,929	565,113
DEBT SERVICE - PRINCIPAL	727,076	704,633	689,664	826,557	356,401	297,864	282,211
DEBT SERVICE - INTEREST & ISSUANCE COSTS	28,343	81,944	58,555	50,243	44,299	67,409	40,589
TOTAL EXPENSES	5,574,578	6,696,970	4,504,444	5,473,288	2,505,504	2,873,084	2,356,846



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Refuse Utility

The Town provides collection of refuse, recycling, yard waste, and plastics recycling for residents and businesses within the Town of Friday Harbor. Recycling is provided by San Juan Sanitation for multi-family residences and businesses. The refuse utility is considered a proprietary activity that is separate from general governmental activities. As a result, revenues must meet the expenses of the system, in addition to setting aside reserves. Expenses include operating costs; insurance; taxes; debt service, planning and engineering; reserves for improvements, expansions, and upgrades; and reserves for unforeseen events.

TYPE	2019	2020	2021	2022	2023	2024	2025
OTHER DECREASES IN FUND RESOURCES	-	-	-	357	-	20,000	-
OTHER FINANCING USES - TRANSFERS-OUT	73,800	-	-	-	-	-	-
SALARIES AND WAGES	383,133	407,989	433,120	444,521	434,907	475,251	377,890
PERSONNEL BENEFITS	180,623	183,062	186,881	154,952	167,673	177,892	136,334
SUPPLIES	49,922	38,705	58,716	99,656	66,879	65,795	43,363
SERVICES & PASS-THROUGH PAYMENTS	401,757	417,399	479,087	422,947	472,304	570,626	463,341
CAPITAL OUTLAYS	1,265	52,960	211,913	287,377	22,686	175,174	290
DEBT SERVICE - PRINCIPAL	-	-	-	227	357	780	167
DEBT SERVICE - INTEREST & ISSUANCE COSTS	-	-	-	-	-	-	20
TOTAL EXPENSES	1,090,500	1,100,115	1,369,717	1,410,037	1,164,806	1,485,517	1,021,404



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Stormwater Utility

The Town provides stormwater services for operation and maintenance of the storm drainage system for water runoff, including catch basins and pipes. The stormwater utility is considered a proprietary activity that is separate from general governmental activities. As a result, revenues must meet the expenses of the system, in addition to setting aside reserves. Expenses include operating costs; insurance; taxes; debt service, planning and engineering; reserves for improvements, expansions, and upgrades; and reserves for unforeseen events.

TYPE	2019	2020	2021	2022	2023	2024	2025
OTHER DECREASES IN FUND RESOURCES	3,653	-	-	16,777	6,744	10,769	-
OTHER FINANCING USES - TRANSFERS-OUT	8,200	-	-	-	-	-	-
SALARIES AND WAGES	174,082	178,496	187,409	184,047	137,122	129,754	103,276
PERSONNEL BENEFITS	72,063	71,972	70,143	61,201	49,451	45,175	31,868
SUPPLIES	7,499	5,201	11,480	11,867	8,526	9,894	4,101
SERVICES & PASS-THROUGH PAYMENTS	37,124	35,837	57,923	79,633	64,356	102,669	81,084
CAPITAL OUTLAYS	80,695	-	509,941	374,534	-9,852	13,357	290
DEBT SERVICE - PRINCIPAL	35,000	40,000	395,000	227	267	239	167
DEBT SERVICE - INTEREST & ISSUANCE COSTS	27,324	25,250	15,503	-	-	-	20
TOTAL EXPENSES	445,640	356,756	1,247,399	728,286	256,614	311,858	220,806

Fiduciary Funds – Custodial

Fiduciary funds account for assets held by the Town for the benefit of others. Requirements of a fiduciary fund that must be met are that the Town is not a beneficiary, dedicated funds provide benefits with set terms and are legally protected from the Town's creditors.

The Town holds funds in the treasurer's trust for the utility assistance program, and the fiscal agency fund for court and building fees to remit to San Juan County and the State of Washington.

These fund types are not required for budgeting purposes.



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Expense Comparison by Year

This expense comparison outlines all expenses for the Town to provide services for the general fund, street fund, special revenue funds, capital projects funds, water fund, sewer fund, refuse fund, and stormwater fund.

TYPE	2019	2020	2021	2022	2023	2024	2025
OTHER DECREASES IN FUND RESOURCES	2,958,145	3,027,244	71,765	61,917	51,850	77,363	2,770
OTHER FINANCING USES - TRANSFERS-OUT	1,020,150	243,000	500,000	659,479	500,000	650,000	-
SALARIES AND WAGES	2,691,911	2,806,939	2,958,058	3,209,630	2,958,628	3,185,840	2,434,848
PERSONNEL BENEFITS	1,122,140	1,142,916	1,139,321	1,118,044	1,103,664	1,213,760	886,149
SUPPLIES	439,940	368,778	501,711	577,827	528,018	616,487	453,317
SERVICES & PASS-THROUGH PAYMENTS	3,433,233	3,497,885	3,706,610	4,700,860	3,258,937	4,734,877	3,432,167
CAPITAL OUTLAYS	4,664,059	2,163,655	4,282,070	4,776,110	1,810,931	4,073,857	1,209,715
DEBT SERVICE - PRINCIPAL	833,273	817,271	1,160,039	930,513	474,723	421,104	349,546
DEBT SERVICE - INTEREST & ISSUANCE COSTS	202,674	252,760	216,887	190,890	182,694	203,568	107,967
TOTAL EXPENSES	17,365,525	14,320,448	14,536,461	16,225,270	10,869,445	15,176,855	8,876,478