City of Bellingham, Washington

Comprehensive Annual Financial Report For the Fiscal Year Ended December 31, 2016



Photo taken by Melinee Fischer

City of Bellingham, Washington

Comprehensive Annual Financial Report For the Fiscal Year Ended December 31, 2016

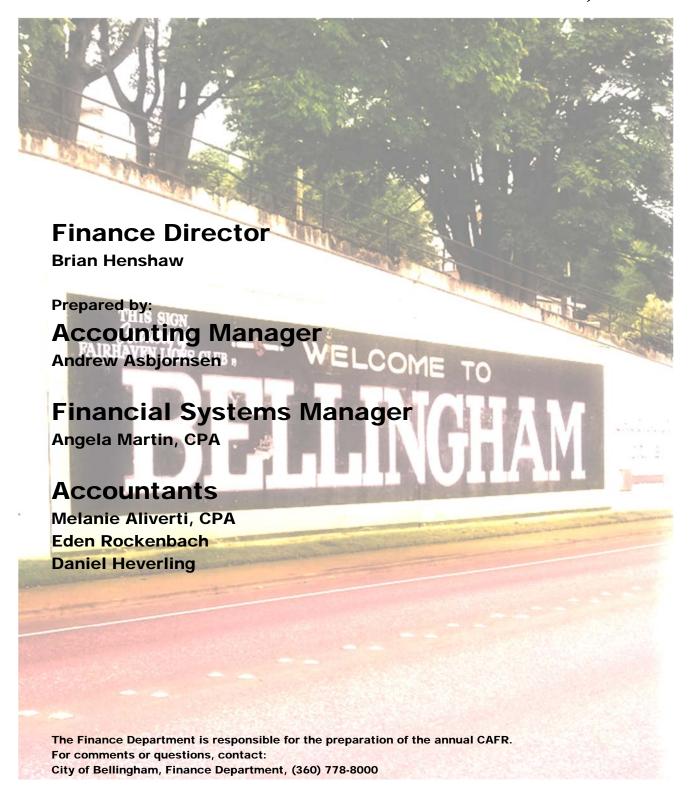


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FINANCE DEPARTMENT
City Hall, 210 Lottie Street
Bellingham, Washington 98225
Brian Henshaw, Finance Director

June 28, 2017

Honorable Mayor Linville, Council Members, and the Citizens of the City of Bellingham:

I am pleased to submit the City of Bellingham's (City) 2016 Comprehensive Annual Financial Report (CAFR).

We prepared the City's CAFR in conformity with Generally Accepted Accounting Principles (*GAAP*) and it is audited in accordance with Governmental Auditing Standards (*GAS*) by the Washington State Auditor's Office under the Revised Code of Washington (RCW) 43.09.020.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various City and agency funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The CAFR includes all City and agency funds. In addition, the CAFR reports on the City's discrete component unit, the Bellingham-Whatcom Public Facilities District (PFD), separately from City activities in the government-wide statement of net position, statement of activities, and the notes to the financial statements.

As an aid to the reader, the major sections of this report have been separated by divider pages. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

GOVERNMENT PROFILE

Incorporated in 1904, Bellingham is the 12th largest of the 281 cities in the State of Washington with a population of 85,146. Located in the Northwest corner of Washington State in Whatcom County, it is approximately sixty miles south of Vancouver, British Columbia, and ninety miles north of Seattle on the Interstate 5 corridor. The city encompasses approximately twenty-eight square miles and serves as the county seat.

Bellingham is a first-class, charter city with a mayor-council form of government operating under the laws of the State of Washington. Bellingham has an elected mayor, seven-member city council, and one municipal court judge.

The City provides a full range of local government services, including general government, public safety, culture and recreation, street, water, wastewater and storm utilities, and other enterprise services.

Discrete Component Unit

Bellingham has one discrete component unit that is a separate legal entity from the City with its' own Board of Directors.

The Bellingham-Whatcom Public Facilities District was established in 2002. Their mission is to create a regional center that would



enhance economic development in the business core. It is funded by a state rebate of .033% of locally collected sales tax.

ECONOMIC CONDITION AND OUTLOOK

Over the past three decades, the economy of Bellingham and Whatcom County has transitioned from a resource-based to a retail and service-based economy. Older industries such as agriculture, timber, and fishing have declined in importance. In 2008, retail, services, and manufacturing activities suffered the same economic downturn experienced both nationally and internationally. Beginning in 2010, and continuing through 2016 retail sales have trended higher in large part due to the strong housing and construction industry and our proximity to the Canadian border.

Since the bottom of the recession in 2009, there has been slow improvement in the City's key revenue sources. Compared to 2015, the City's overall revenues are up \$257 thousand. Efforts of the Mayor, Finance Director, and Department Heads to prioritize programs and expenditures to achieve a sustainable balanced budget are on-going. The City's general fund has improved significantly since 2008, the 2016 fiscal year end reserve reached \$23.1 million.

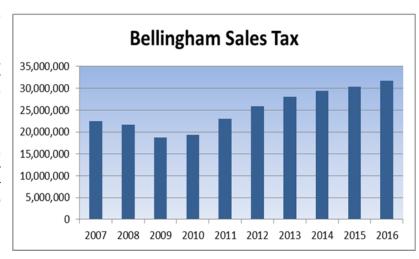
As reported by the Bureau of Labor Statistics, for the Bellingham Metrolopolitan Stastical Area, total non-farm employment has declined from a 2007 high of 87,300 jobs to a low of 80,200 jobs in 2009. At the end of 2016, non-farm employment has surpassed the 2007 high ending at 92,300 jobs.

The value of commercial and residential building projects decreased from \$213 million in 2015, to \$189.1 million in 2016. New single family dwellings were strong in 2016 with a valuation of \$45.5 million and 194 units versus 2015's valuation of \$33.8 million and 126 new units. Multi family construction was stronger last year with a valuation of \$49 million and 424 units, this decreased in 2016 to \$25 million and 232 units. City issued building permits peaked in 2007 above \$200 million before declining to \$100 million in 2011. In 2012, the value of building permits issued increased to \$143 million which was the first positive growth in four years. There were 795 total permits issued in 2016, down from 811 in 2015.

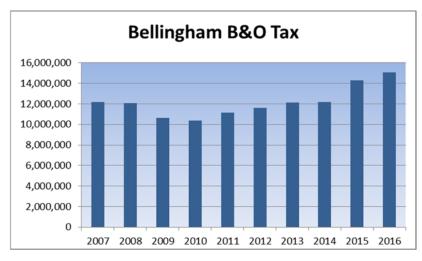
The City of Bellingham receives approximately \$2.63 per \$1,000 of assessed property value from property owners within the City limits. In 2016, this generated \$22.2 million government-wide and an additional \$2.1 million for the fire pension and OPEB funds. Property taxes increased \$315 thousand over the prior year. Government-wide property tax revenue was allocated amongst the funds as follows: general fund \$18.8 million, low income housing \$3 million, greenways maintenance endowment \$432 thousand, and waterfront capital construction \$43 thousand. Property tax provides roughly 23% of total general fund revenue.

Bellingham's general fund relies heavily on sales tax revenue, which is subject to larger economic swings than most other sources of government revenues. Retail sales have continued to benefit from our proximity to Canada and the strong construction market. In 2016, the City collected over \$31.7 million of sales tax revenues, an increase of \$1.4 million, a 4.6% rate of growth over 2015, and the highest sales tax revenue to date. Sales tax revenue generates approximately 33% of general revenue government-wide.

The chart to the right shows the sales tax growth over the last ten years. The CAFR retail sales and use tax balance includes the sales tax shown above, and public safety sales tax, brokered natural gas use tax, criminal justice tax, TBD retail sales and use tax, hotel/motel transient rent tax, and local revitalization sales tax; these additional six categories have larger swings and variances year over year and are included in the chart to the right.



Business and occupation tax peaked in 2007 at \$12.2 million. Over the following three-years, B&O taxes declined to \$10.4 million in 2010, reducing general fund revenue by \$1.8 million. Over the last six years our economy has shown signs of recovery as is evident in the returning increase in B&O taxes. In 2016, B&O tax \$15.1 million revenue hit surpassing the peak achieved in 2007.



Tourism, education, and healthcare have a significant impact on the local economy. Our geographical location, including Bellingham Bay, the San Juan Islands, and Mt. Baker, offers significant recreational opportunities. Visitors spent \$588 million in Whatcom County in 2016, according to a study conducted by Dean Runyan Associates. This ranks fifth in visitor spending among the state's 39 counties.

Western Washington University (the city's second largest employer), Whatcom Community College, and Bellingham Technical College host more than 32,557 students. St. Joseph Hospital, a 253-bed medical center and Level III Trauma Center serving Northwest Washington, is the city's largest employer.

MAJOR INITIATIVES

Waterfront Redevelopment / New Whatcom Special Development Area

In 2004, the Port of Bellingham acquired the Georgia-Pacific 140 acre waterfront site and agreed to conduct environmental cleanup of the property. The property includes sites for which the City has been named as a potentially responsible party by the Washington State Department of Ecology. The City and the Port continue to work on this project. A remedial investigation and feasibility study is still underway for the former Georgia-Pacific site but is expected to be issued in the near future.

During 2013, the City completed the master plan and environmental impact statement for the New Whatcom Special Development Area with the passage of Ordinance 2013-12-090. The City will provide infrastructure to the property including utilities, streets, and parks and trails as determined in a development agreement negotiated with the Port of Bellingham. Project development goals include rebuilding the tax base, providing commercial development opportunities, accommodating some of the city's expected residential growth, and providing public access to the waterfront.

Downtown Redevelopment

Redevelopment of the downtown core is dynamic and a result of multiple efforts. Private developers, with City assistance, are creating new and refurbishing existing structures. Strategic improvements that have already been put into place include a permanent shelter for the local Farmer's Market and urban art sculpture. The PFD is spearheading a Cultural Arts District. In 2007, the PFD issued a bond to pay for a major capital renovation of the historic Mount Baker Theatre and for the construction of a new Whatcom Museum. The Mount Baker Theatre renovation was completed in 2008 and the Whatcom Museum opened November 2009.

Padden Creek Daylighting Project

More than 120 years after Padden Creek was diverted below ground, the City has completed construction to restore the historic creek to daylight. The project centered on habitat restoration for fish and wildlife, improving water quality and reducing the potential for flooding. Community members and groups, including the Happy Valley Neighborhood, Padden Creek Alliance and the Nooksack Enhancement Association, have supported and encouraged the City's work over many years.

Bond Issues and Rating

On April 20, 2016, the PFD issued \$9,640,000 in 2016 LTGO refunding bonds with an interest rate of 1.65%. The PFD issued the bonds to advance refund \$9,995,000 of the outstanding PFD's 2007 Limited Sales Tax Obligation bonds with interest rates ranging between 4.0% - 4.2%, and maturity years of 2018-2027. The proceeds of these bonds were deposited directly with the refunded debt escrow agent and used to purchase securities that were placed in an irrevocable trust to provide for all future debt service payments on the refunded portion of the bonds until the bonds are called. As a result, that portion of the debt is considered defeased and therefore the PFD has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$9,995,000 at December 31, 2016. The advanced refunding bond reduced total debt service payment over the next 11 years by \$1,304,781. This results in an economic gain (difference between the present values of the debt service payments on the old and the new debt) of \$1.185,952.

The City's bond rating as assigned by Standard & Poor's Ratings Services (S&P) is 'AA+' and the rating is a long-term rating to the City's series 2016 limited-tax general obligation (GO) refunding bonds. S&P also affirmed their 'AA+' long-term rating on the City's previously issued GO debt.

FINANCIAL MANAGEMENT AND CONTROLS

Internal Controls

City management is responsible for establishing, implementing, and maintaining a framework of internal controls designed to ensure that City assets are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with

GAAP. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The City maintains budgetary controls in accordance with State legal requirements. The objective of these budgetary controls is to ensure compliance with legal provisions established by the budget appropriations of City Council. The annual operating budget, or financial plan, is proposed by the Mayor and adopted by the City Council after a public process. Management control for the operating budget is maintained at the fund level.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bellingham for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2015. This was the 15th year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Independent Audit

State law requires an annual audit of all City financial records and transactions by the State Auditor, an independent elected State official. The 2016 audit of the City has been completed and was performed in conformance with GAS. The financial statements of all City and agency funds have been included in this audit. Please refer to the Auditor's Opinion letter at the beginning of the Financial Section of this report.

Acknowledgements

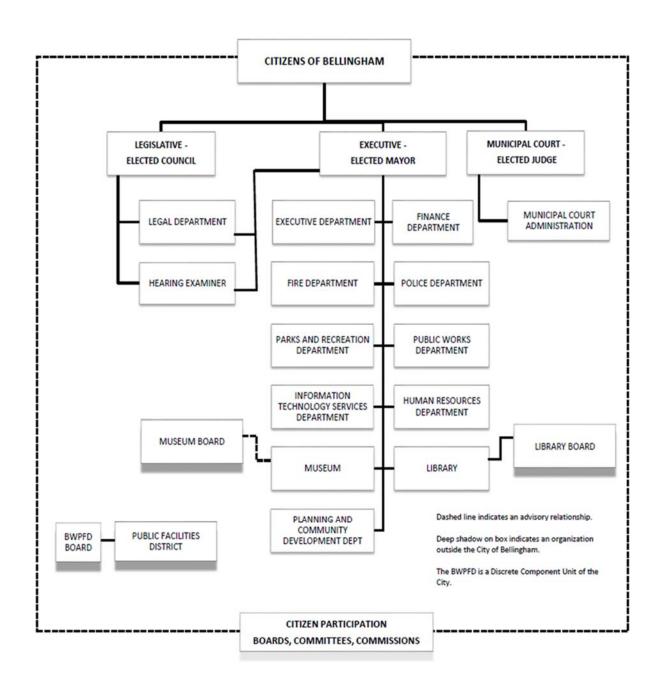
Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of Finance Department staff and other employees throughout the City who assisted in and contributed to its preparation. Further appreciation is extended to the Mayor and City Council for their encouragement, interest, and support in conducting the financial operations of the City in a responsible manner.

Respectfully submitted,

Suain Champhaud

Brian Henshaw Finance Director

CITY ORGANIZATION CHART



Elected O	fficials		Term	Expiration
Mayor		Kelli Linville	4 years	December 31, 2019
Municipal	Court Judge	Deborah Lev	4 years	December 31, 2017
1 st Ward	Council Member	April Barker	4 years	December 31, 2019
2 nd Ward	Council Member	Gene Knutson	4 years	December 31, 2017
3 rd Ward	Council Member	Daniel Hammill	4 years	December 31, 2019
4 th Ward	Council Member	Pinky Vargas	4 years	December 31, 2017
5 th Ward	Council Member	Terry Bornemann	4 years	December 31, 2019
6 th Ward	Council Member	Michael Lilliquist	4 years	December 31, 2017
At Large	Council Member	Roxanne Murphy	2 years	December 31, 2017

Appointed Officials

Finance Director	Brian Henshaw
City Attorney	Peter Ruffatto
Hearing Examiner	Sharon Rice
Museum Director	Patricia Leach
Library Director	Nancy Kerr
Human Resources Manager	Kaycee Luxtrum
Judicial Services Director	Darlene Peterson
Director of Information Systems	Marty Mulholland
Director of Parks & Recreation	Leslie Bryson
Director of Planning & Community Development	Richard Sepler
Director of Public Works	Ted Carlson
Fire Chief	Bill Newbold
Police Chief	Clifford Cook



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Bellingham Washington

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2015

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Executive Director/CEO



Office of the Washington State Auditor Pat McCarthy

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 28, 2017

Mayor and City Council City of Bellingham Bellingham, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Bellingham, Whatcom County, Washington, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Bellingham, Whatcom County, Washington, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 23, budgetary comparison information on pages 105 through 106, pension plan information on pages 107 through 112, and information on postemployment benefits other than pensions on page 113 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining and individual fund financial statements on pages 115 through 187 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City.

Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 28, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

Pat McCarthy

Tat Muchy

State Auditor

Olympia, WA



MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Bellingham presents this discussion and analysis as part of the financial statements for the fiscal year ending December 31, 2016. The information presented should be read in conjunction with the financial statements and the notes to the financial statements.

Financial highlights

- The City's overall financial position increased in 2016 as compared to 2015. Government-wide net position increased by \$38.3 million a 5.5% increase. Business-type activities increased \$18.3 million and government-type increased \$20 million.
- At December 31, 2016, the City's government-wide net position, the amount by which total assets exceed total liabilities, totaled \$734.4 million. Of this amount, \$598 million, or 81%, is the net investment in capital assets. Of the remaining net assets, \$15.3 million is unrestricted and may be used to meet the City's ongoing obligations.
- Total governmental activity revenues decreased by \$4.7 million, or 3.7%, from 2015. Business-type activity revenues increased by \$5 million or 6.7%.
- The governmental activity ending net position increased by \$20 million from 2015, ending 2016 at \$449.5 million. Of this amount, \$(20.5) million is unrestricted and not available for spending at the City's discretion.

Overview of the financial statements

This discussion and analysis serves as an introduction to the financial statements and is intended to assist users in interpretation of the basic financial statements. These basic statements consist of three parts:

- government-wide financial statements
- fund financial statements
- notes to the financial statements

Government-wide financial statements present the financial condition in a manner similar to private sector statements. They distinguish between functions that are primarily supported by tax revenue and intergovernmental revenues (governmental activities) and other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The two government-wide statements provide both short-term and long-term information about the overall financial status of the City. All funds are represented except fiduciary fund types.

- The statement of net position presents information on assets and liabilities similar to a private sector balance sheet. The difference between assets plus deferred outflows and liabilities plus deferred inflows becomes the "net" position.
- The **statement of activities** reports the change in net position for the report year. The accounting basis used is full accrual. Revenues are reported when earned, expenses are reported when incurred.

The government-wide financial statements also present information for the City's discrete component unit, the Bellingham-Whatcom Public Facility District (PFD). The operations of the PFD are legally separate from the City and governed by interlocal agreements between the City and the PFD. Discussion in the MD&A does not include the revenues, expenses, assets, deferred outflow, liabilities or deferred inflows of this discrete component unit.

Fund financial statements provide detailed information about the City's most significant funds and are used to track specific sources of funding and spending. Major funds are separately reported while all other

funds in the respective fund type are combined into a single, aggregated presentation. Individual fund data for non-major funds are provided in the form of combining statements in a later section of this report. There are three types of funds, described as follows:

Governmental funds represent most of the City's basic services such as police, fire, parks, streets, and many other general administrative type services. Governmental funds account for the operations of a single major fund, the general fund, and 21 other non-major governmental funds including 11 special revenue funds, seven debt funds, one capital projects fund, and two permanent funds. Governmental fund statements include balance sheets and statements of revenues, expenditures and changes in fund balance. Unlike the government-wide statements, these statements provide only a detailed short-term view of the financial resources available for spending. The accounting basis used is modified accrual and there are no capital assets or long-term debt included in these reports. Budgetary comparisons are included with the financial statements in the combining and individual fund statements section of the report and the required supplementary information section for the legally adopted general fund budget. These statements demonstrate compliance with the City's adopted and final revised budget.

Proprietary funds represent activities the City operates similar to private businesses wherein customers (either outside customers or internal funds or departments of the City) are charged fees for service. The City has both enterprise and internal service types of proprietary funds. The statements provide both long-term and short-term financial information. The accounting basis used is full accrual. The statements include all assets and liabilities and all revenues and expenses. Also included is cash flow information. Proprietary fund statements provide the same type of information as the government-wide financial statement, since both apply the full accrual method of accounting.

Enterprise funds account for the operations of four major funds: water, wastewater, surface and stormwater utilities, and solid waste, as well as five other funds that are aggregated into the non-major enterprise fund.

Internal service funds are used to report activities that provide supplies and services for many City programs. The internal service funds account for the following nine funds: fleet administration, purchasing materials management, facilities administration, technology and telecom, claims and litigation, unemployment compensation, worker's compensation self-insurance, health benefits, and public works admin and engineering services. Given that these services benefit governmental operations more than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary funds are used to account for resources where the City acts as trustee or agent and is responsible for ensuring that the assets reported in these funds are used for their intended purpose. Fiduciary funds account for two pension trust type funds and two agency funds. The accounting used for these funds is similar in nature to proprietary fund reporting since it includes both short-term and long-term information and employs the full accrual method. Reports include a statement of net position and a statement of changes in plan net position. These funds are excluded from the government-wide financial statements because these assets cannot be used to finance City operations.

Notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents comparative budget statements for major governmental funds.

Government-wide financial analysis

Net position

The City's net position totals \$734.4 million at December 31, 2016, an increase of 5.5% over December 31, 2015.

Net position (in thousands)

	Go	vernmenta	l activities	Bu	siness-typ	e activities	tivities Total			
		2016	2015		2016	2015	2016	2015		
Assets										
Current	\$	116,908	\$ 101,620	\$	61,012	\$ 47,879	\$ 177,920	\$ 149,499		
Noncurrent		40,176	49,783		16,502	21,601	56,678	71,384		
Capital assets (net of depr)		381,802	370,288		307,060	302,114	688,862	672,402		
Total assets		538,886	521,691		384,574	371,594	923,460	893,285		
Deferred Outflow of Resources		11,170	4,822		1,675	1,416	12,845	6,238		
Liabilities										
Current		35,472	32,638		10,511	10,695	45,983	43,333		
Current portion long-term		7,499	6,852		4,868	4,992	12,367	11,844		
Long-term noncurrent		56,766	51,033		85,859	89,675	142,625	140,708		
Total liabilities		99,737	90,523		101,238	105,362	200,975	195,885		
Deferred Inflow of Resources		776	6,425		112	1,096	888	7,521		
Net position										
Net investment in capital assets		362,904	362,378		235,121	229,373	598,025	591,751		
Restricted		107,166	88,314		13,914	13,005	121,080	101,319		
Unrestricted		(20,526)	(21,127)		35,864	24,175	15,338	3,048		
Total net position	\$	449,544	\$ 429,565	\$	284,899	\$ 266,553	\$ 734,443	\$ 696,118		

Net investment in capital assets, consisting of land, buildings, streets, and other significant investments, represent 81.4% of net position. The net investment in capital assets increased by \$6.3 million during 2016.

Restricted net position accounts for those resources that are subject to a variety of external constraints including bond covenants, construction requirements, levy agreements, endowment terms, settlement agreements and the Revised Code of Washington. In 2016, the restricted resources is 16.5% of net position, totaling \$121.1 million.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without restricting constraints, comprises 2.1% of net position, an increase of \$12.3 million from 2015.

Changes in net position

In 2016, government-wide net position increased by \$38.3 million, of which governmental activities increased by \$20 million. Governmental activities total revenues decreased by \$4.7 million from 2015. Governmental activities charges for services decreased by \$6.3 million, operating grants and contributions increased \$1.7 million, and general revenues decreased \$234 thousand over 2015 revenue.

Business-type activities charges for services primarily from utility sources increased by 4.3% to total \$67.9 million. The net position for business-type activity for 2016 increased by \$18.3 million over 2015.

Changes in net position (in thousands)

	Governmental activities			Business-type activities					Total			
	2016		2015		2016		2015		2016		2015	
Program revenues:												
Charges for services	\$ 12,666	\$	18,982	\$	67,940	\$	65,129	\$	80,606	\$	84,111	
Operating grants and contributions	7,886		6,183		71		548		7,957		6,731	
Capital grants and contributions	10,589		10,457		6,550		7,978		17,139		18,435	
General revenues:												
Property tax	22,237		21,921		-		-		22,237		21,921	
Retail sales and use tax	31,722		30,321		-		-		31,722		30,321	
Real estate excise tax	3,763		3,664		-		-		3,763		3,664	
Business tax	31,249		29,884		1,393		1,371		32,642		31,255	
Other taxes	1,081		1,023		688		663		1,769		1,686	
Investment Income	1,293		1,396		306		434		1,599		1,830	
Miscellaneous revenue	1,062		1,627		1,398		55		2,460		1,682	
Total revenues	123,548		125,458		78,346		76,178		201,894		201,636	
Program expenses:												
General government	11,392		21,383		-		-		11,392		21,383	
Public safety	46,056		40,230		-		-		46,056		40,230	
Transportation	17,293		20,889		-		-		17,293		20,889	
Natural and economic environment	7,748		18,702		-		-		7,748		18,702	
Social Services	154		159		-		-		154		159	
Culture and recreation	18,863		13,768		-		-		18,863		13,768	
Interest and redemption of LT debt	970		563		-		-		970		563	
Water	-		-		21,321		18,327		21,321		18,327	
Wastewater	-		-		19,130		17,697		19,130		17,697	
Surface & stormwater	-		-		7,597		6,529		7,597		6,529	
Solid waste	-		-		557		4,639		557		4,639	
Medic one	-		-		7,007		5,844		7,007		5,844	
Other business type activities			-		5,479		4,919		5,479		4,919	
Total expenses	102,476		115,694		61,091		57,955		163,567		173,649	
Excess or deficiency before any transfers												
or gain (loss) on sale of capital assets	21,072		9,764		17,255		18,223		38,327		27,987	
Transfers	(1,092)	_	1,715		1,092		(1,715)					
Change in net position	19,980		11,479		18,347		16,508		38,327		27,987	
Net position - beginning	429,564		440,709		266,552		256,802		696,116		697,511	
Change in accounting principle			(22,623)		<u>-</u>		(6,757)		<u>-</u>		(29,380)	
Net position - ending	\$ 449,544	\$	429,565	\$	284,899	\$	266,553	\$	734,443	\$	696,118	

Revenues and expenses – government-wide

In 2016, overall government-wide revenues increased \$257 thousand, from \$201.6 million to \$201.9 million. There were several elements that led to this \$257 thousand increase in revenues but the bulk of the increase was related to business taxes and retail sales and use tax, business-type charges for services and business-type general revenues. Business taxes increased \$1.4 million due to the improving local economy and a new tax on healthcare providers within the past few years. Sales and use tax also increased \$1.4 million due to strong demand for services and products within the local economy. Charges for services for water, wastewater, surface and stormwater, and solid waste increased \$2.8 million in 2016 compared to the prior year due in part to utility rate increases. Business-type general revenues increased \$4.1 million due to a \$1.1 million transfer in versus a \$1.7 million transfer out in the prior year and other miscellaneous revenue increased from the prior year.

In 2016, overall government-wide expenses decreased by \$10.1 million. Governmental activities experienced a decrease in expenses of \$13.2 million and business-type activity increased \$3.1 million. Of the \$13.2 million decrease in governmental activity expense, \$10 million can be attributed to general government, \$11 million to natural and economic environment, and \$3.6 million to transportation. These decreases were offset by an increase in both public safety expenses of \$5.8 million and culture and recreation of \$5.1 million.

Program revenues and expenses – governmental activities

Governmental activities revenue decreased by \$4.7 million in 2016, from \$127.2 million to \$122.5 million. Of this decrease, \$6.3 million was a decrease in charges for services and a \$234 thousand decrease in general revenues, offset by a \$1.7 million increase in operating grants and contributions and a \$132 thousand increase in capital grants and contributions revenue. Operating grants and contributions have increased mainly from public safety grants increasing from \$2.6 million to \$4.2 million in 2016. Capital grants and contributions have increased mainly from culture and recreation capital grants increasing from \$828 thousand to \$3.8 million. The City has aggressively been expanding parks and trails construction in Northern Bellingham and other parts of the City. This increase was offset by a major drop in transportation capital grants going from \$9.4 million to \$6.3 million. Many major road and bridge projects have been completed on Alabama Street and Chestnut Bridge and future major capital construction projects will begin soon.

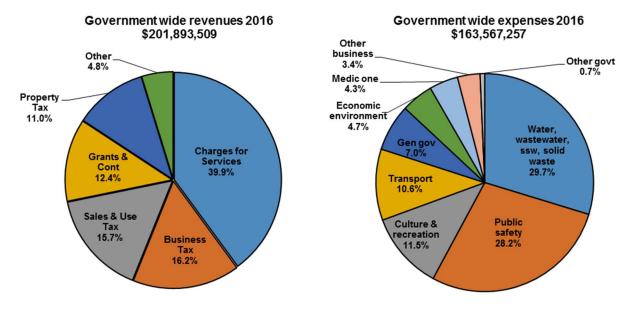
In 2016, expenses for governmental activities experienced an overall decrease of 11.4%. Total governmental activities spending was \$102.5 million, a \$13.2 million decrease over 2015 spending of \$115.7 million. General government, natural and economic environment, and transportation decreased substantially. A large part of the decrease in expenses can be attributed to the delay in major constructions projects to future years. In future years, major construction projects of the downtown Bellingham core will be taking place.

Program revenues and expenses – business-type activities

Business-type activities revenue increased by \$5 million in 2016, from \$74.5 million to \$79.4 million. This increase is mainly attributable to a \$4.1 million increase in general revenues, which was discussed in the paragraph at the top of this page, and a \$2.8 million increase in charges for services. Charges for services increased largely due to utility rate increases. Operating and capital grants and contributions decreased by \$476 thousand and \$1.4 million because last year we had large projects such as Squalicum Creek Re-Route and Padden Creek Daylighting, which do not have as much activity in 2016.

Expenses in business-type activities increased by \$3.1 million from the prior year. The largest increase was water expenses at \$3 million, with substantial increases in also wastewater and surface and stormwater and medic one at \$1.4 million, \$1.1 million and \$1.2 million. These increases were offset by a decrease in solid waste expenses of \$4.1 million. The largest increase in water fund was partly due to increased

spending on water system facilities upgrades. The largest decrease in solid waste was due to significantly less spending on pollution control remediation in 2016 versus 2015.



Fund level financial analysis

Governmental funds

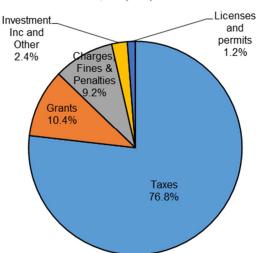
Revenues

In 2011, the City began reporting the former special revenue street fund in the general fund. In 2012, after further evaluation of all special revenue funds, the City reported additional activities in the general fund that were previously reported in the special revenue funds given the guidance of GASB 54. Currently we have 8 special revenue funds reported within the general fund. The presentation and grouping of the 2016 major funds is comparable to the 2015 major funds.

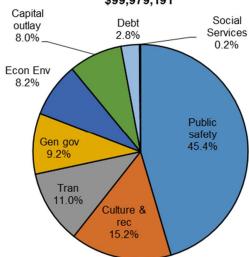
Fund balance in governmental funds increased \$25.5 million. Of this \$25.5 million, \$16.4 million is related to excess revenues over expenditures and this is increased by \$9.1 million in net transfers, sale of capital assets, and general long-term debt proceeds, resulting in a final ending fund balance of \$128.1 million. Overall governmental revenues decreased to \$116.4 million from \$123.2 million in 2015. The most notable reason for the decrease was a significant decrease in charges for services from \$16.9 million to \$9.9 million.

Tax revenue is the City's most significant source of governmental revenue, representing 77% of total governmental revenue and 81.8% of general fund revenue. Tax revenue supports services such as streets, fire, police and parks which are basic to the City's mission; although they do not generate substantial revenue. The major tax categories are retail sales and use, business and occupation, and property and utility tax. Tax collections overall increased 3.7% from 2015 to 2016. Within the legally adopted original general fund, business and occupation taxes had the largest increase and it went from \$29.9 million to \$31.2 million due to increased business activity within the strong local economy.

Governmental fund revenues 2016 \$116,425,387



Governmental fund expenditures 2016 \$99,979,191



Expenditures

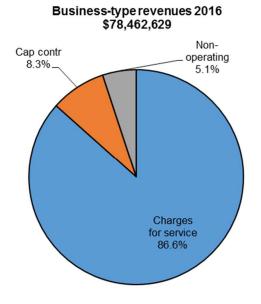
Public safety consisting of fire, police and municipal court accounts for 45.4% of governmental expenditures. Culture and recreation services include most parks and recreation programs, the museum and the library. They represent another 15.2% of governmental expenditures. General government type expenditures are typically overhead in nature, providing management, accounting, legal, personnel and technical services required by operating programs. They comprise 9.2% of governmental expenditures. Additionally, capital outlay represents 8%, natural and economic environment 8.2%, transportation 11%, debt expenses represent 2.8%, and social services represent .2% of total governmental expenditures.

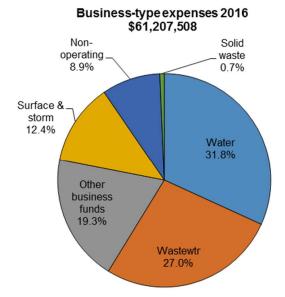
Business-type funds

Net position increased by \$18.3 million, for a total of \$284.9 million in business-type funds. Operating revenues increased by 6% and operating expenses increased by \$435 thousand going from \$55.3 million to \$55.8 million.

The financial position of the City's business-type funds is largely influenced by the water and wastewater funds. Together they comprise 71% of operating revenues, 65% of expenses, and 82% of net position of each respective total for the enterprise funds.

Medic one and the cemetery are business-type activities that require support from the general fund. In 2016, the cemetery received \$221 thousand and medic one received \$1.1 million cash operating subsidies. Additionally, medic one receives a subsidy from Whatcom County and a portion of the voted EMS local sales tax (see note V-D).





Financial analysis of City funds

At the end of 2016, the City has 22 governmental funds. The general fund is the primary governmental fund and is the City's only major governmental fund.

The general fund ending fund balance increased \$9.8 million due to an increase in tax revenues and a decrease in capital outlay and general government expenditures.

The fund balance for non-major governmental funds increased by \$15.7 million, due in large part to a new debt fund created, the 2016 PFD Refunding Bonds (see note III-A).

The City has nine business-type funds. The four major business-type funds are water, wastewater, surface and stormwater and solid waste. The water, wastewater, surface and stormwater, and solid waste funds all increased their respective net positions in 2016 by \$6.6 million in water, \$7.4 million in wastewater, \$2 million in surface and stormwater, and \$1.2 million in solid waste. Revenues increased due in part to rate increases and an increase in capital donations from several large construction projects being completed within the City. Solid waste had a \$1.2 million increase in net position compared to 2015 where the fund had a decrease in net position of \$3.5 million. Pollution remediation costs in 2016 were much lower compared to 2015. Operating expenses went from \$4.5 million in 2015 to \$413 thousand in 2016. This helped improve the negative ending net position of solid waste to go from negative \$9.4 million in 2015 to negative \$8.2 million in 2016. The City has five non-major enterprise funds: cemetery, golf, parking services, medic one and development services. Net position for the five funds increased by \$1.0 million in 2016 compared to 2015.

General fund budgetary highlights

The budget is legally adopted at the fund level, including the general fund budget. GASB 34 requires the legally adopted budget of the general fund to be presented as required supplementary information (RSI). Accordingly, the general fund in its originally adopted form along with a reconciliation of the general fund presented in the GAAP basis basic financial statements is presented as RSI. The general fund presented in the basic financial statements in accordance with GAAP includes eight other funds with legally adopted budgets that do not meet the requirements of a special revenue fund per GASB 54 and have accordingly been combined with the general fund. To see comparisons of the original general fund and the general

fund combined per GASB 54, see the reconciliation schedule in the Required Supplemental Information (RSI) section of the financial statements. In 2015, the City changed the budget cycle to every two years instead of one year. The adopted general fund budget for expenditures (pre-GASB 54 rollup) was \$137.5 million, the final budget after all amendments was \$141.4 million and the actual expenditures are \$132.8 million. Amendments to the budget are made for the following purposes:

- Supplemental appropriations approved after the beginning of the year to reflect actual beginning account balances and to correct the estimated amounts in the budget adopted in December 2015.
- Increases and decreases in appropriations to recognize actual program costs.
- New appropriations to acknowledge unanticipated revenues and corresponding expenditures.

Actual revenues are in line with budget coming in \$597 thousand above budget due to the strong local economy. Sales and use tax, business tax, and intergovernmental revenue all came in above budget at \$1.1 million, \$1.3 million, and \$1.9 million. Property and other tax revenues are over budget at \$663 thousand and \$145 thousand. Licenses and permits, and miscellaneous revenue also came in over budget at \$175 thousand and \$392 thousand. Business taxes included both business and occupation taxes (B&O) taxes as well as utility taxes. Both B&O taxes and utility taxes have been strong in 2016 due to increased business activity from the stronger local economy as previously stated above.

Actual expenditures are \$8.6 million below budget, or 94% of the final budgeted amounts. This is mainly due to general government expenditures coming in \$6.1 million below budget.

The legally adopted general fund actual ending fund balance of \$23.4 million is above the projected balance of \$14.2 million, a \$9.3 million difference. The general fund ending balance is above budget due to the fact that actual expenditures are below budget and revenues being in line with budget expectations.

Capital asset and debt administration

Capital assets

At December 31, 2016, the City has invested \$677.8 million in a wide range of capital assets throughout governmental and business-type activities, an increase of \$5.4 million from the previous year. This increase is due in part, to the following activity:

- Bill McDonald Overlay totaled \$560 thousand
- Water main replacements totaled \$2.8 million
- Dispatch center CAD implementation totaled \$476 thousand
- Bay to Baker trail totaled \$1.8 million
- Watershed land purchases totaled \$496 thousand

	Capital as	Capital assets (net of depreciation, in thousands)											
	Governmen	tal activities	Business-ty	pe activities	Tot	tal	Increase (Decrease)						
	2016	2015	2016	2015	2016	2015	2016-2015						
Land	\$ 84,919	\$ 84,640	\$ 45,853	\$ 45,303	\$130,772	\$129,943	\$ 829						
Buildings	27,524	28,392	101,538	41,380	129,062	69,772	59,290						
Improvements/infrastructure	179,589	157,538	151,957	128,776	331,546	286,314	45,232						
Machinery and equipment	15,367	14,902	2,649	2,545	18,016	17,447	569						
Construction in progress	6,976	28,705	4,591	83,904	11,567	112,609	(101,042)						
Intangible right of ways	56,167	56,081	206	206	56,373	56,287	86						
Intangible software	456	29		<u>-</u>	456	29	427						
Total	\$370,998	\$370,287	\$306,794	\$302,114	\$677,792	\$672,401	\$ 5,391						

More detailed information about capital assets is presented in note IV-D.

In addition to the capital assets shown above the City also has made commitments to fund several parks, streets, water, sewer, surface and storm, and communication projects. Of the current capital commitments \$11.1 million has been spent to date with \$18 million remaining.

Long-term debt

At December 31, 2016, the City's total outstanding debt was \$106.3 million, an increase of \$5.8 million from 2015.

Outstanding debt (in thousands)														
	Go	vernmer	ntal a	activities	Bus	siness-ty	/pe a	activities		To	tal			crease crease)
		2016		2015		2016		2015		2016		2015	20	16-2015
General obligation bonds	\$	26,130	\$	17,830	\$	4,915	\$	5,395	\$	31,045	\$	23,225	\$	7,820
Revenue bonds		-		-		64,705		66,925		64,705		66,925		(2,220)
Notes payable		88		99		-		-		88		99		(11)
Government loans		4,862		5,312		5,620		4,987		10,482		10,299		183
Total	\$	31,080	\$	23,241	\$	75,240	\$	77,307	\$	106,320	\$	100,548	\$	5,772

The City's bond rating as assigned by Standard & Poor's Ratings Services (S&P) is 'AA+' and the rating is a long-term rating to the City's series 2016 limited-tax general obligation (GO) refunding bonds. S&P also affirmed their 'AA+' long-term rating on the City's previously issued GO debt.

State law limits the amount of general obligation debt the City can issue to a percentage of the total assessed value of the taxable property. The limits are 1.5% non-voted, 2.5% voted and non-voted, and 7.5% voted if excess over 2.5% is for utilities, parks or open space development.

More detailed information about long-term debt is presented in note IV-I.

Economic factors and the 2017-2018 biennium budget

Since mid-2010 there has been a modest recovery from the recession. During the time period of March 2016 to March 2017, the recovery has resulted in the addition of approximately 1,900 new jobs in Whatcom County Metropolitan Statistical Area (MSA). The improvement in the number of employed has resulted in a downward trend of the unemployment rate, which stood at 6.0% at December 31, 2016, same as the 2015 rate of 6.0%

- Washington statewide 2016 unemployment rate is 5.4%, down from the 2015 rate of 5.6%
- National unemployment rate for 2016 is 4.9%, down from the 2015 rate of 5.3%

The Seattle MSA is the closest proximity to Bellingham for inflation rate indication. In 2016, the Seattle MSA inflation rate is 2.2%, which is above the national inflation rate of 1.3%.

Over the last ten-years net bonded GO debt per capita has decreased from \$423 to \$353.

The City's assessed value per capita has increased from \$106,260 in 2015 to \$109,245 in 2016. With 85,146 citizens, the ratio of the number of City employees is 10.2 per one thousand of the City's population.

The general fund adopted budget for the 2017-2018 biennium has \$172.4 million of revenues resources (revenues + reserves) available for appropriation. General fund adopted budget expenditures for 2017-

2018 are \$157.4 million. The City's financial condition continues to improve in response to the changing economic, social and environmental requirements impacting the community.

Contacting the City's financial management

This financial report is designed to provide those with an interest in the City's financial condition with a general overview of the City's finances and to demonstrate accountability for the money it receives. The activities of the City's discrete component unit is also reflected in the basic financial statements. Questions concerning any of the information contained herein or requests for additional information should also be addressed to the Finance Director, City of Bellingham, 210 Lottie Street, Bellingham, WA 98225.



CITY OF BELLINGHAM Government-Wide Statement of Net Position December 31, 2016

ASSETS 22,494,906 \$ 10,440,582 \$ 32,935,488 \$ 140,297 Investments 91,964,789 48,168,036 140,132,825 647,783 Receivables, net 2,448,640 2,404,068 4,852,708 2,425 Restricted assets: 2 2,448,640 2,604,068 4,852,708 2,425 Cash and cash equivalents 753,951 9,571,891 10,325,842 999,377 Investments 323,767 5,156,418 5,480,185 - Due from other governments 1,964,553 1,645,816 3,610,369 - Due from component units 16,863,145 - 18,863,145 - Prepaid items 62,874 117,050 179,924 - Prepaid items 62,874 117,050 179,924 - Notes and contracts receivable 100 10,380 10,485 - Investments 4,507,7162 45,852,899 130,771,733 13,29,800 Interpolity assets, not depreciable: 17,614,900 45,852,899 130,771,733 1	Page 1 of 2	Governmental <u>Activities</u>			mary Government Business-type Activities	<u> </u>	Total		Public Facilities <u>District</u>	
Investments	ASSETS				<u></u>				<u>= :</u>	
Receivables, net 2,448,640 2,404,068 4,852,708 2,425 Restricted assets: Cash and cash equivalents 753,951 9,571,891 10,325,842 999,377 Investments 323,767 5,156,418 5,480,185 - Due from other governments 1,984,553 1,645,816 3,610,389 - Due from component units 15,853,145 - 15,853,145 - Prepaid items 62,874 117,090 179,924 - Special assessments receivable 105 10,380 10,485 - Inventories 510,701 - 510,701 - Capital assests, non depreciable: 20,707,162 - 20,707,162 - Land 84,918,744 45,852,989 130,771,733 1,329,860 Improvements 17,614,900 - 17,614,900 - 17,614,900 - 17,614,900 - 17,614,900 - 17,614,900 - 17,614,900 - 17,614,900 - 17,614,900 -	Cash and cash equivalents	\$	22,494,906	\$	10,440,582	\$	32,935,488	\$	140,287	
Restricted assets: Cash and cash equivalents 753,951 9,571,891 10,325,842 999,377 Investments 323,767 5,156,418 5,480,185 - Due from other governments 1,964,553 1,645,816 3,610,369 - Due from component units 15,853,145 - 15,853,145 - Prepaid items 62,874 117,050 179,924 - Special assessments receivable 105 10,380 10,485 - Inventories 510,701 - 510,701 - Notes and contracts receivable 20,707,162 - 20,707,162 - Capital assets, non depreciable: 1 1,614,900 - 17,614,900 - 17,614,900 - 17,614,900 - 17,614,900 - 17,614,900 - 17,614,900 - 17,614,900 - 17,614,900 - 17,614,900 - 17,614,900 - 17,614,900 - 17,614,900 - 17,614,900 - 17,614,900 -	Investments		91,964,789		48,168,036		140,132,825		647,783	
Cash and cash equivalents 753,951 9,571,891 10,325,842 999,377 Investments 323,767 5,156,418 5,480,185 - Due from other governments 1,964,553 1,645,816 3,610,369 - Due from component units 15,853,145 - 15,853,145 - Prepaid items 62,874 117,050 179,924 - Special assessments receivable 105 10,380 10,485 - Inventories 510,701 - 510,701 - Notes and contracts receivable 20,707,162 - 20,707,162 - Capital assets, non depreciable: 1 1 1,7614,900 - 17,614,900 Construction in progress 6,975,594 4,590,945 11,566,539 - Intangible assets - right of ways 56,167,187 205,111 55,373,298 - Capital assets, net of depreciation: 1 1,536,354 1,549,90 1,533,279 129,062,482 13,884,231 Improvements 161,974,646	Receivables, net		2,448,640		2,404,068		4,852,708		2,425	
Investments 323,767 5,156,418 5,480,185 - 1 Due from other governments 1,964,553 1,645,816 3,610,369 - 1 - 1 1,964,553 1,645,816 3,610,369 - 1 - 1 1,954,5145 - 1 1,585,145	Restricted assets:									
Due from other governments 1,964,553 1,645,816 3,610,369 - Due from component units 15,853,145 - 15,853,145 - Prepaid items 62,874 117,050 179,924 - Special assessments receivable 105 10,380 10,485 - Inventories 510,701 - 510,701 - Notes and contracts receivable 20,707,162 - 20,707,162 - Capital assets, non depreciable: Land 84,918,744 45,852,989 130,771,733 1,329,860 Improvements 1,7614,900 - 17,614,900 - 17,614,900 - 17,614,900 - 17,614,900 - 11,566,539 -	Cash and cash equivalents		753,951		9,571,891		10,325,842		999,377	
Due from component units 15,853,145 - 15,853,145 - Prepaid items 62,874 117,050 179,924 - Special assessments receivable 105 10,380 10,485 - Inventories 510,701 - 510,701 - Notes and contracts receivable 20,707,162 - 20,707,162 - Capital assets, non depreciable: - 17,614,900 - 17,614,900 - 17,614,900 - - 17,614,900 -	Investments		323,767		5,156,418		5,480,185		-	
Prepaid items 62,874 117,050 179,924 - Special assessments receivable 105 10,380 10,485 - Inventories 510,701 - 510,701 - Notes and contracts receivable 20,707,162 - 20,707,162 - Capital assets, non depreciable: 484,918,744 45,852,989 130,771,733 1,329,860 Improvements 17,614,900 - 17,614,900 - 17,614,900 Construction in progress 6,975,594 4,590,945 11,566,539 - Intangible assets - right of ways 56,167,187 206,111 56,373,298 - Capital assets, net of depreciation: 89,755,594 4,590,945 11,566,539 - Buildings 27,524,203 101,538,279 129,062,482 13,884,231 Improvements 161,974,464 151,956,731 313,931,195 6,741,957 Machinery and equipment 15,367,354 2,649,121 18,016,475 - Intangibles - software 124,980 - <td< td=""><td>Due from other governments</td><td></td><td>1,964,553</td><td></td><td>1,645,816</td><td></td><td>3,610,369</td><td></td><td>-</td></td<>	Due from other governments		1,964,553		1,645,816		3,610,369		-	
Special assessments receivable 105 10,380 10,485	Due from component units		15,853,145		-		15,853,145		-	
Inventories 510,701 - 510,701 - 510,701 - 70,000 - 70,	Prepaid items		62,874		117,050		179,924		-	
Notes and contracts receivable 20,707,162 - 20,707,162 - Capital assets, non depreciable: Land 84,918,744 45,852,989 130,771,733 1,329,860 Improvements 17,614,900 - 17,614,900 - 17,614,900 Construction in progress 6,975,594 4,590,945 11,566,539 - Intangible assets: right of ways 56,167,187 206,111 56,373,298 - Capital assets, net of depreciation: Buildings 27,524,203 101,538,279 129,062,482 13,884,231 Improvements 161,974,464 151,956,731 313,931,195 6,741,957 Machinery and equipment 15,367,354 2,649,121 18,016,475 - Intangibles: software 456,424 - 456,424 - 456,424 - Net OPEB asset 10,677,675 265,868 10,943,543 - - Total assets 538,886,118 384,574,285 923,460,403 23,745,920 Deferred OutFLOW OF RESOURCES Deferred loss in	Special assessments receivable		105		10,380		10,485		-	
Capital assets, non depreciable: Land 84,918,744 45,852,989 130,771,733 1,329,860 Improvements 17,614,900 - 17,614,900 - 17,614,900 Construction in progress 6,975,594 4,590,945 11,566,539 - 2 Intangible assets - right of ways 56,167,187 206,111 56,373,298 - 2 Capital assets, net of depreciation: 80,000 101,538,279 129,062,482 13,884,231 Improvements 161,974,464 151,956,731 313,931,195 6,741,957 Machinery and equipment 15,367,354 2,649,121 18,016,475 - 3 Intangibles - software 456,424 - 456,424	Inventories		510,701		-		510,701		-	
Land 84,918,744 45,852,989 130,771,733 1,329,860 Improvements 17,614,900 - 17,614,900 - 17,614,900 - - 17,614,900 - - 17,614,900 -	Notes and contracts receivable		20,707,162		-		20,707,162		-	
Improvements	Capital assets, non depreciable:									
Construction in progress Intangible assets - right of ways 6,975,594 56,167,187 4,590,945 20,111 11,566,539 56,539 - Intangible assets - right of ways 56,167,187 206,111 56,373,298 - Capital assets, net of depreciation: Buildings 27,524,203 101,538,279 129,062,482 13,884,231 Improvements 161,974,464 151,956,731 313,931,195 6,741,957 Machinery and equipment 15,367,354 2,649,121 18,016,475 - Intangibles - software 456,424 - 456,424 - Net OPEB asset 124,980 - 124,980 - Net pension asset 10,677,675 265,868 10,943,543 - Total assets 538,886,118 384,574,285 923,460,403 23,745,920 Deferred loss in refunding 1,574,117 605,694 2,179,811 739,389 Related to pensions 9,596,249 1,069,674 10,665,923 - Total deferred outflow of resources 11,170,366 1,675,368 12,845,734 739,389 <td co<="" td=""><td>Land</td><td></td><td>84,918,744</td><td></td><td>45,852,989</td><td></td><td>130,771,733</td><td></td><td>1,329,860</td></td>	<td>Land</td> <td></td> <td>84,918,744</td> <td></td> <td>45,852,989</td> <td></td> <td>130,771,733</td> <td></td> <td>1,329,860</td>	Land		84,918,744		45,852,989		130,771,733		1,329,860
Intangible assets - right of ways 56,167,187 206,111 56,373,298 - Capital assets, net of depreciation: Buildings 27,524,203 101,538,279 129,062,482 13,884,231 Improvements 161,974,464 151,956,731 313,931,195 6,741,957 Machinery and equipment 15,367,354 2,649,121 18,016,475 - Intangibles - software 456,424 - 456,424 - 456,424 - 456,424 - 456,424 - 456,424 - 456,424 - 456,424 - 456,424 - 456,424 - 456,424 - 456,424 - 456,424 - 456,424 - 456,424 - 456,424 - 456,424 - 456,424 - 456,424 - 456,425 - 656,868 10,943,543 - 656,868 10,943,543 - 756,868 10,94	Improvements		17,614,900		-		17,614,900			
Capital assets, net of depreciation: Buildings 27,524,203 101,538,279 129,062,482 13,884,231 Improvements 161,974,464 151,956,731 313,931,195 6,741,957 Machinery and equipment 15,367,354 2,649,121 18,016,475 - Intangibles - software 456,424 - 456,424 - Net DPEB asset 124,980 - 124,980 - Net pension asset 10,677,675 265,868 10,943,543 - Total assets 538,886,118 384,574,285 923,460,403 23,745,920 Deferred loss in refunding 1,574,117 605,694 2,179,811 739,389 Related to pensions 9,596,249 1,069,674 10,665,923 - Total deferred outflow of resources 11,170,366 1,675,368 12,845,734 739,389 LIABILITIES Accounts payable 3,626,144 3,789,497 7,415,641 211 Accrued wages and benefits 3,111,067 627,402 <t< td=""><td></td><td></td><td>6,975,594</td><td></td><td>4,590,945</td><td></td><td>11,566,539</td><td></td><td>-</td></t<>			6,975,594		4,590,945		11,566,539		-	
Buildings 27,524,203 101,538,279 129,062,482 13,884,231 Improvements 161,974,464 151,956,731 313,931,195 6,741,957 Machinery and equipment 15,367,354 2,649,121 18,016,475 - Intangibles - software 456,424 - 456,424 - Net OPEB asset 124,980 - 124,980 - Net pension asset 10,677,675 265,868 10,943,543 - Total assets 538,886,118 384,574,285 923,460,403 23,745,920 DEFERRED OUTFLOW OF RESOURCES Deferred loss in refunding 1,574,117 605,694 2,179,811 739,389 Related to pensions 9,596,249 1,069,674 10,665,923 - Total deferred outflow of resources 11,170,366 1,675,368 12,845,734 739,389 LIABILITIES Accounts payable 3,626,144 3,789,497 7,415,641 211 Accounts payable and benefits 1,000 (10,000) - - 581	Intangible assets - right of ways		56,167,187		206,111		56,373,298		-	
Improvements 161,974,464 151,956,731 313,931,195 6,741,957 Machinery and equipment 15,367,354 2,649,121 18,016,475 - Intangibles - software 456,424 - 456,424 - Net OPEB asset 124,980 - 124,980 - Net pension asset 10,677,675 265,868 10,943,543 - Total assets 538,886,118 384,574,285 923,460,403 23,745,920 DEFERRED OUTFLOW OF RESOURCES Deferred loss in refunding 1,574,117 605,694 2,179,811 739,389 Related to pensions 9,596,249 1,069,674 10,665,923 - Total deferred outflow of resources 11,170,366 1,675,368 12,845,734 739,389 LIABILITIES Accounts payable 3,626,144 3,789,497 7,415,641 211 Accrued wages and benefits 3,111,067 627,402 3,738,469 - Due to primary government - - - - 581,727										
Machinery and equipment 15,367,354 2,649,121 18,016,475 - Intangibles - software 456,424 - 456,424 - Net OPEB asset 124,980 - 124,980 - Net pension asset 10,677,675 265,868 10,943,543 - Total assets 538,886,118 384,574,285 923,460,403 23,745,920 DEFERRED OUTFLOW OF RESOURCES Deferred loss in refunding 1,574,117 605,694 2,179,811 739,389 Related to pensions 9,596,249 1,069,674 10,665,923 - Total deferred outflow of resources 11,170,366 1,675,368 12,845,734 739,389 LIABILITIES Accounts payable 3,626,144 3,789,497 7,415,641 211 Accrued wages and benefits 3,111,067 627,402 3,738,469 - Due to primary government - - - 581,727 Internal balances 10,000 (10,000) - - Due to other	Buildings		27,524,203		101,538,279		129,062,482		13,884,231	
Intangibles - software 456,424 - 456,424 - Net OPEB asset 124,980 - 124,980 - Net pension asset 10,677,675 265,868 10,943,543 - Total assets 538,886,118 384,574,285 923,460,403 23,745,920 DEFERRED OUTFLOW OF RESOURCES Deferred loss in refunding 1,574,117 605,694 2,179,811 739,389 Related to pensions 9,596,249 1,069,674 10,665,923 - Total deferred outflow of resources 11,170,366 1,675,368 12,845,734 739,389 LIABILITIES Accounts payable 3,626,144 3,789,497 7,415,641 211 Accrued wages and benefits 3,111,067 627,402 3,738,469 - Due to primary government - - - 581,727 Internal balances 10,000 (10,000) - - Due to other governments 5,321 105,205 110,526 164 Other current liabilities 1,625,409 </td <td>Improvements</td> <td></td> <td>161,974,464</td> <td></td> <td>151,956,731</td> <td></td> <td>313,931,195</td> <td></td> <td>6,741,957</td>	Improvements		161,974,464		151,956,731		313,931,195		6,741,957	
Net OPEB asset 124,980 - 124,980 - 124,980 - 124,980 - Net pension asset 10,677,675 265,868 10,943,543 - - Total assets 538,886,118 384,574,285 923,460,403 23,745,920 DEFERRED OUTFLOW OF RESOURCES Deferred loss in refunding 1,574,117 605,694 2,179,811 739,389 Related to pensions 9,596,249 1,069,674 10,665,923 - Total deferred outflow of resources 11,170,366 1,675,368 12,845,734 739,389 LIABILITIES Accounts payable 3,626,144 3,789,497 7,415,641 211 Accrued wages and benefits 3,111,067 627,402 3,738,469 - Due to primary government - - - 581,727 Internal balances 10,000 (10,000) - - Due to other governments 5,321 105,205 110,526 164 Other current liabilities 1,625,409 409,077 </td <td>Machinery and equipment</td> <td></td> <td>15,367,354</td> <td></td> <td>2,649,121</td> <td></td> <td>18,016,475</td> <td></td> <td>-</td>	Machinery and equipment		15,367,354		2,649,121		18,016,475		-	
Net pension asset 10,677,675 265,868 10,943,543 - Total assets 538,886,118 384,574,285 923,460,403 23,745,920 DEFERRED OUTFLOW OF RESOURCES Deferred loss in refunding 1,574,117 605,694 2,179,811 739,389 Related to pensions 9,596,249 1,069,674 10,665,923 - Total deferred outflow of resources 11,170,366 1,675,368 12,845,734 739,389 LIABILITIES Accounts payable 3,626,144 3,789,497 7,415,641 211 Accrued wages and benefits 3,111,067 627,402 3,738,469 - Due to primary government - - - 581,727 Internal balances 10,000 (10,000) - - Due to other governments 5,321 105,205 110,526 164 Other current liabilities 1,625,409 409,077 2,034,486 - Noncurrent liabilities: 7,498,642 4,868,097 12,366,739 - <	Intangibles - software		456,424		-		456,424		-	
Total assets 538,886,118 384,574,285 923,460,403 23,745,920 DEFERRED OUTFLOW OF RESOURCES Deferred loss in refunding 1,574,117 605,694 2,179,811 739,389 Related to pensions 9,596,249 1,069,674 10,665,923 - Total deferred outflow of resources 11,170,366 1,675,368 12,845,734 739,389 LIABILITIES Accounts payable 3,626,144 3,789,497 7,415,641 211 Accrued wages and benefits 3,111,067 627,402 3,738,469 - Due to primary government - - - 581,727 Internal balances 10,000 (10,000) - - Due to other governments 5,321 105,205 110,526 164 Other current liabilities 1,625,409 409,077 2,034,486 - Noncurrent liabilities: 27,093,581 5,589,403 32,682,984 - Net pension liability 27,093,581 5,589,403 32,682,984 - Due withi	Net OPEB asset		124,980		-		124,980		-	
DEFERRED OUTFLOW OF RESOURCES Deferred loss in refunding 1,574,117 605,694 2,179,811 739,389 Related to pensions 9,596,249 1,069,674 10,665,923 - Total deferred outflow of resources 11,170,366 1,675,368 12,845,734 739,389 LIABILITIES Accounts payable 3,626,144 3,789,497 7,415,641 211 Accrued wages and benefits 3,111,067 627,402 3,738,469 - Due to primary government - - - 581,727 Internal balances 10,000 (10,000) - - Due to other governments 5,321 105,205 110,526 164 Other current liabilities 1,625,409 409,077 2,034,486 - Noncurrent liabilities: 27,093,581 5,589,403 32,682,984 - Due within one year 7,498,642 4,868,097 12,366,739 - Due in more than one year 56,766,413 85,859,212 142,625,625 16,768,968 <td>Net pension asset</td> <td></td> <td>10,677,675</td> <td>_</td> <td>265,868</td> <td></td> <td>10,943,543</td> <td>_</td> <td>-</td>	Net pension asset		10,677,675	_	265,868		10,943,543	_	-	
Deferred loss in refunding 1,574,117 605,694 2,179,811 739,389 Related to pensions 9,596,249 1,069,674 10,665,923 - Total deferred outflow of resources 11,170,366 1,675,368 12,845,734 739,389 LIABILITIES Accounts payable 3,626,144 3,789,497 7,415,641 211 Accrued wages and benefits 3,111,067 627,402 3,738,469 - Due to primary government - - - 581,727 Internal balances 10,000 (10,000) - - Due to other governments 5,321 105,205 110,526 164 Other current liabilities 1,625,409 409,077 2,034,486 - Noncurrent liabilities: 27,093,581 5,589,403 32,682,984 - Net pension liability 27,093,581 5,589,403 32,682,984 - Due within one year 7,498,642 4,868,097 12,366,739 - Due in more than one year 56,766,413	Total assets		538,886,118	_	384,574,285	_	923,460,403	-	23,745,920	
Related to pensions 9,596,249 1,069,674 10,665,923 - Total deferred outflow of resources 11,170,366 1,675,368 12,845,734 739,389 LIABILITIES Accounts payable 3,626,144 3,789,497 7,415,641 211 Accrued wages and benefits 3,111,067 627,402 3,738,469 - Due to primary government - - - 581,727 Internal balances 10,000 (10,000) - - Due to other governments 5,321 105,205 110,526 164 Other current liabilities 1,625,409 409,077 2,034,486 - Noncurrent liabilities: - - 2,034,486 - Net pension liability 27,093,581 5,589,403 32,682,984 - Due within one year 7,498,642 4,868,097 12,366,739 - Due in more than one year 56,766,413 85,859,212 142,625,625 16,768,968	DEFERRED OUTFLOW OF RESOURCES									
Related to pensions 9,596,249 1,069,674 10,665,923 - Total deferred outflow of resources 11,170,366 1,675,368 12,845,734 739,389 LIABILITIES Accounts payable 3,626,144 3,789,497 7,415,641 211 Accrued wages and benefits 3,111,067 627,402 3,738,469 - Due to primary government - - - 581,727 Internal balances 10,000 (10,000) - - Due to other governments 5,321 105,205 110,526 164 Other current liabilities 1,625,409 409,077 2,034,486 - Noncurrent liabilities: 27,093,581 5,589,403 32,682,984 - Due within one year 7,498,642 4,868,097 12,366,739 - Due in more than one year 56,766,413 85,859,212 142,625,625 16,768,968	Deferred loss in refunding		1,574,117		605,694		2,179,811		739,389	
LIABILITIES Accounts payable 3,626,144 3,789,497 7,415,641 211 Accrued wages and benefits 3,111,067 627,402 3,738,469 - Due to primary government - - - 581,727 Internal balances 10,000 (10,000) - - Due to other governments 5,321 105,205 110,526 164 Other current liabilities 1,625,409 409,077 2,034,486 - Noncurrent liabilities: 27,093,581 5,589,403 32,682,984 - Due within one year 7,498,642 4,868,097 12,366,739 - Due in more than one year 56,766,413 85,859,212 142,625,625 16,768,968			9,596,249		1,069,674		10,665,923			
Accounts payable 3,626,144 3,789,497 7,415,641 211 Accrued wages and benefits 3,111,067 627,402 3,738,469 - Due to primary government - - - - 581,727 Internal balances 10,000 (10,000) - - - Due to other governments 5,321 105,205 110,526 164 Other current liabilities 1,625,409 409,077 2,034,486 - Noncurrent liabilities: Net pension liability 27,093,581 5,589,403 32,682,984 - Due within one year 7,498,642 4,868,097 12,366,739 - Due in more than one year 56,766,413 85,859,212 142,625,625 16,768,968	Total deferred outflow of resources		11,170,366	_	1,675,368		12,845,734		739,389	
Accounts payable 3,626,144 3,789,497 7,415,641 211 Accrued wages and benefits 3,111,067 627,402 3,738,469 - Due to primary government - - - - 581,727 Internal balances 10,000 (10,000) - - - Due to other governments 5,321 105,205 110,526 164 Other current liabilities 1,625,409 409,077 2,034,486 - Noncurrent liabilities: Net pension liability 27,093,581 5,589,403 32,682,984 - Due within one year 7,498,642 4,868,097 12,366,739 - Due in more than one year 56,766,413 85,859,212 142,625,625 16,768,968	LIADULTUC									
Accrued wages and benefits 3,111,067 627,402 3,738,469 - Due to primary government - - - - 581,727 Internal balances 10,000 (10,000) - - - Due to other governments 5,321 105,205 110,526 164 Other current liabilities 1,625,409 409,077 2,034,486 - Noncurrent liabilities: - - - - Net pension liability 27,093,581 5,589,403 32,682,984 - Due within one year 7,498,642 4,868,097 12,366,739 - Due in more than one year 56,766,413 85,859,212 142,625,625 16,768,968			0.000.444		2 700 407		7 445 644		244	
Due to primary government - - - 581,727 Internal balances 10,000 (10,000) - - Due to other governments 5,321 105,205 110,526 164 Other current liabilities 1,625,409 409,077 2,034,486 - Noncurrent liabilities: 27,093,581 5,589,403 32,682,984 - Due within one year 7,498,642 4,868,097 12,366,739 - Due in more than one year 56,766,413 85,859,212 142,625,625 16,768,968									211	
Internal balances 10,000 (10,000) - - Due to other governments 5,321 105,205 110,526 164 Other current liabilities 1,625,409 409,077 2,034,486 - Noncurrent liabilities: 27,093,581 5,589,403 32,682,984 - Due within one year 7,498,642 4,868,097 12,366,739 - Due in more than one year 56,766,413 85,859,212 142,625,625 16,768,968	_		3,111,067		627,402		3,738,469		-	
Due to other governments 5,321 105,205 110,526 164 Other current liabilities 1,625,409 409,077 2,034,486 - Noncurrent liabilities: Net pension liability 27,093,581 5,589,403 32,682,984 - Due within one year 7,498,642 4,868,097 12,366,739 - Due in more than one year 56,766,413 85,859,212 142,625,625 16,768,968	1 , 5		40.000		(40,000)		-		581,727	
Other current liabilities 1,625,409 409,077 2,034,486 - Noncurrent liabilities: Net pension liability 27,093,581 5,589,403 32,682,984 - Due within one year 7,498,642 4,868,097 12,366,739 - Due in more than one year 56,766,413 85,859,212 142,625,625 16,768,968			•				440 500		-	
Noncurrent liabilities: Net pension liability 27,093,581 5,589,403 32,682,984 - Due within one year 7,498,642 4,868,097 12,366,739 - Due in more than one year 56,766,413 85,859,212 142,625,625 16,768,968	o		•		•		•		164	
Net pension liability 27,093,581 5,589,403 32,682,984 - Due within one year 7,498,642 4,868,097 12,366,739 - Due in more than one year 56,766,413 85,859,212 142,625,625 16,768,968			1,625,409		409,077		∠,034,486		=	
Due within one year 7,498,642 4,868,097 12,366,739 - Due in more than one year 56,766,413 85,859,212 142,625,625 16,768,968			27 002 504		E 500 400		22 602 004			
Due in more than one year 56,766,413 85,859,212 142,625,625 16,768,968									-	
Total liabilities 99,736,577 101,237,893 200,974,470 17,351,070	•			_					16,768,968	
	Total liabilities		99,736,577	_	101,237,893	_	200,974,470	_	17,351,070	

CITY OF BELLINGHAM Government-Wide Statement of Net Position December 31, 2016

Page 2 of 2	Governmental <u>Activities</u>	Primary Government Business-type <u>Activities</u>	<u>Total</u>	Public Facilities <u>District</u>
DEFERRED INFLOW OF RESOURCES				
Grants received in advance	40,000	-	40,000	-
Related to pensions	735,570	112,320	847,890	
Total deferred inflow of resources	775,570	112,320	887,890	-
NET POSITION				
Net investment in capital assets	362,904,143	235,121,659	598,025,802	4,654,729
Restricted for:				
Expendable				
Affordable housing	22,794,727	-	22,794,727	=
Capital improvements	11,780,507	5,919,662	17,700,169	=
Cemetery services	=	261,260	261,260	=
Debt service	18,830,703	7,395,283	26,225,986	=
Environmental remediation	1,852,245	-	1,852,245	-
Government access TV	1,291,505	-	1,291,505	-
Library projects	77,700	-	77,700	=
Rental property inspections	=	71,969	71,969	=
OPEB asset	124,980	-	124,980	=
Park improvements	14,619,114	-	14,619,114	=
Pension asset	10,677,675	265,868	10,943,543	=
Public safety dispatch	2,977,646	-	2,977,646	=
Public safety special purpose	529,214	-	529,214	=
Tourism	808,452	-	808,452	=
Transportation improvements	6,916,345	-	6,916,345	=
Waterfront redevelopment	3,964,883	-	3,964,883	=
Nonexpendable				
Permanent funds principal	9,920,206	-	9,920,206	-
Unrestricted	(20,525,708)	35,863,739	15,338,031	2,479,510
Total net position	\$ 449,544,337	\$ 284,899,440	\$ 734,443,777	\$ 7,134,239

CITY OF BELLINGHAM

Government-Wide

Statement of Activities

For the Year Ended December 31, 2016

			Program Revenue	s	Net (Exp	let Position		
				_	Р	Component Unit		
Function/Program Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Public Facilities District
Governmental activities:								
General government	\$ 11,391,809	\$ 3,220,350	\$ 1,492,993	\$ 387,613	\$ (6,290,853)	\$ -	\$ (6,290,853)	\$ -
Public safety	46,056,110	4,525,825	4,219,336	46,893	(37,264,056)	-	(37,264,056)	-
Physical environment	-	-	148,151	-	148,151	-	148,151	-
Transportation	17,292,839	1,443,136	39,804	6,316,176	(9,493,723)	-	(9,493,723)	-
Natural and economic environment	7,747,615	145,319	1,209,798	-	(6,392,498)	-	(6,392,498)	-
Social services	154,308	-	-	-	(154,308)	-	(154,308)	-
Culture and recreation	18,863,236	3,331,067	775,750	3,838,407	(10,918,012)	-	(10,918,012)	-
Interest on long-term debt	970,283	· -	-	-	(970,283)	-	(970,283)	-
Total governmental activities	102,476,200	12,665,697	7,885,832	10,589,089	(71,335,582)		(71,335,582)	
Business-type activities:								
Water	21,320,769	25,440,410	12,236	1,490,920	-	5,622,797	5,622,797	-
Wastewater	19,130,362	22,674,616	6,560	3,648,052	-	7,198,866	7,198,866	-
Surface and stormwater	7,597,240	8,437,892	100	1,410,993	-	2,251,745	2,251,745	-
Solid waste	557,331	-	19,453	-	-	(537,878)	(537,878)	=
Cemetery	624,515	385,306	-	-	-	(239,209)	(239,209)	-
Golf course	149,609	170,961	-	-	-	21,352	21,352	-
Parking	2,373,829	2,480,115	-	-	=	106,286	106,286	=
Medic one	7,006,788	4,989,151	24,788	-	-	(1,992,849)		-
Development services	2,330,614	3,361,294	8,263			1,038,943	1,038,943	
Total business-type activities	61,091,057	67,939,745	71,400	6,549,965		13,470,053	13,470,053	
Total primary government Component unit:	\$ 163,567,257	\$ 80,605,442	\$ 7,957,232	\$ 17,139,054	\$ (71,335,582)	\$ 13,470,053	\$ (57,865,529)	\$ -
Public Facilities District	\$ 1,221,969		1,068,075					\$ (153,894)
	General revenue	es :						
	Taxes:							
	Property				22,236,396	-	22,236,396	-
	Sales and	use			31,721,766	-	31,721,766	1,328,183
	Business				31,249,275	1,393,427	32,642,702	-
	Real estate Other	e excise			3,762,944	- 687,714	3,762,944	-
	Investment in	como			1,081,410	306,063	1,769,124 1,599,224	10 417
	Miscellaneou:				1,293,161 1,061,761	1,397,864	2,459,625	10,417 11,067
	Transfers	o roveride			(1,091,620)	1,091,620	2,439,023	-
		evenues and transf	ers		91,315,093	4,876,688	96,191,781	1,349,667
	_	e in net position			19,979,511	18,346,741	38,326,252	1,195,773
	Net position - b				429,564,826	266,552,699	696,117,525	5,938,466
	Net position - e				\$ 449,544,337	\$ 284,899,440	\$ 734,443,777	
			07					

CITY OF BELLINGHAM Balance Sheet Governmental Funds December 31, 2016

Page 1 of 2

1 ago 1 01 2	General	Other Non-Major Governmental Funds		Total Governmental Funds	
ASSETS					
Cash and cash equivalents	\$ 11,473,493	\$ 7,	166,146	\$	18,639,639
Investments	52,807,502	21,	355,272		74,162,774
Receivables, net	1,963,972		232,226		2,196,198
Due from other funds	309,785		-		309,785
Due from other governments	1,222,044		738,517		1,960,561
Due from component units	-	17,	301,318		17,301,318
Interfund loans receivable	-	2,	628,020		2,628,020
Prepaid items	4,345		-		4,345
Special assessments receivable	-		105		105
Notes and contracts receivable	326,843	20,	380,319		20,707,162
Restricted:					
Cash and cash equivalents	674,220		70,117		744,337
Investments			323,767		323,767
Total assets	68,782,204	70,	195,807		138,978,011
LIABILITIES					
Accounts payable	2,099,644		628,643		2,728,287
Accrued wages and benefits	2,416,314		223,492		2,639,806
Due to other funds	-		307,918		307,918
Interfund loans payable	3,284,389		-		3,284,389
Due to other governments	3,880		-		3,880
Other liabilities	131,238		-		131,238
Unearned revenue	1,704,961		46,150		1,751,111
Total liabilities	9,640,426	1,	206,203		10,846,629
DEFERRED INFLOWS OF RESOURCES					
Grants received in advance	40,000				40,000
Total deferred inflows of resources	40,000		-	_	40,000

CITY OF BELLINGHAM Balance Sheet Governmental Funds December 31, 2016

Page 2 of 2

FUND BALANCES			
Nonspendable:			
Component unit loan	-	15,402,781	15,402,781
Affordable housing revolving loans	326,843	19,843,450	20,170,293
Permanent funds	-	9,925,950	9,925,950
Prepaid items	4,345	-	4,345
Restricted:			
Affordable housing	-	2,664,244	2,664,244
Capital improvements	11,781,104	-	11,781,104
Debt service	-	3,427,922	3,427,922
Environmental remediation	240,809	1,611,436	1,852,245
Government access TV	-	1,291,505	1,291,505
Library projects	-	77,700	77,700
Park maintenance and improvements	14,560,897	116,290	14,677,187
Public safety dispatch	-	2,977,646	2,977,646
Public safety special purpose	-	529,214	529,214
Tourism	-	808,452	808,452
Transportation improvements	568,214	6,348,131	6,916,345
Waterfront redevelopment	-	3,964,883	3,964,883
Committed:			
Legal environmental remediation	1,114,183	-	1,114,183
Assigned:			
Public safety donations	4,242	-	4,242
Streets	7,913,537	-	7,913,537
Unassigned	22,587,604		22,587,604
Total fund balances	59,101,778	68,989,604	128,091,382
Total liabilities, deferred inflow of			
resources and fund balances	\$ 68,782,204	\$ 70,195,807	\$ 138,978,011

CITY OF BELLINGHAM

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2016

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance of governmental funds		\$ 128,091,382
Capital assets used in governmental activities are not financial resources and,		
therefore, are not reported in the funds.		356,889,215
Other long-term assets are not available to pay for current period expenditures		
and, therefore, are reported as unavailable revenue in the funds.		
Accrued investment interest	171,806	
Deferred loss on bond refunding	1,574,117	
Net OPEB asset	124,980	
Net pension asset	10,677,675	
Deferred outflows of resources related to pension	8,918,079	
Unearned revenue	1,584,365	
		23,051,022
Internal service funds are used by management to charge the cost of certain		, ,
functions, goods, and services to other funds. The assets and liabilities of the		
internal service funds are included in governmental activities in the statement		
of net position		22,867,903
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued interest payable on long-term debt	(72,048)	
Compensated absences	(5,247,341)	
Net pension liability	(23,076,812)	
Deferred inflows of resources related to pension	(656,835)	
GASB 49 pollution remediation costs	(23,606,437)	
GASB 70 PFD debt guarantee	(1,448,173)	
GO bonds, loans, and notes payable	(24,980,267)	
Premiums on long-term debt	(2,267,272)	
		(81,355,185)
Net position of governmental activities		\$ 449,544,337

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

DEVENUE	_	General		er Non-Major overnmental Funds		Total overnmental Funds
REVENUES						
Taxes:	•	10 005 700	•	0.470.040	•	00.070.400
Property	\$	18,805,790	\$	3,470,340	\$	22,276,130
Sales and use		23,302,296		7,759,819		31,062,115
Business		31,249,275		-		31,249,275
Real estate excise		3,762,944		-		3,762,944
Other		1,081,410		-		1,081,410
Licenses and permits		1,055,167		347,387		1,402,554
Intergovernmental revenue		8,294,823		3,825,899		12,120,722
Charges for services		5,995,613		3,898,154		9,893,767
Fines and penalties		826,343		69		826,412
Miscellaneous revenues	_	1,200,008	_	1,550,050	_	2,750,058
Total revenues	_	95,573,669	_	20,851,718	_	116,425,387
EXPENDITURES						
Current:						
General government		9,177,841		-		9,177,841
Public safety		39,499,039		5,917,824		45,416,863
Transportation		9,470,920		1,535,967		11,006,887
Natural and economic environment		3,443,025		4,763,960		8,206,985
Social services		154,308		-		154,308
Cultural and recreation		14,063,907		1,148,876		15,212,783
Debt service:						
Principal		-		1,801,382		1,801,382
Interest and other charges		31,663		924,796		956,459
Capital outlay	_	6,528,704	_	1,516,979	_	8,045,683
Total expenditures	_	82,369,407	_	17,609,784	_	99,979,191
Excess (deficiency) of revenues						
over (under) expenditures		13,204,262		3,241,934		16,446,196
OTHER FINANCING SOURCES (USES)						
Refunding bonds issued		-		9,640,000		9,640,000
Premium on refunding bonds issued		-		1,181,489		1,181,489
Sale of general capital assets		367,613		-		367,613
Transfers in		249,910		1,744,515		1,994,425
Transfers out	_	(3,966,799)		(160,703)	_	(4,127,502)
Total other financing sources and (uses)	_	(3,349,276)	_	12,405,301	_	9,056,025
Net change in fund balances		9,854,986		15,647,235		25,502,221
Fund balances - beginning		49,246,792	_	53,342,369	_	102,589,161
Fund balances - ending	\$	59,101,778	\$	68,989,604	<u>\$</u>	128,091,382

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2016

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		\$ 25,502,221
Governmental funds report capital outlays as expenditures. However, in the statement		
of activities, the cost of those assets is allocated over their estimated useful lives as a		
depreciation expense in the current period.		
Purchases	8,045,683	
Contributions donated	2,455,682	
Abandonments	(1,641,937)	
Depreciation	(8,994,561)	
Retirements	(534,332)	
Depreciation on retirements	521,948	
		(147,517)
Revenues in the statement of activities that do not provide current financial resources		, ,
are not reported as revenue in the funds.		
Accrued investment interest	40,036	
Net OPEB asset	491,819	
Net pension asset	215,075	
Deferred loss on bond refunding	55,825	
Unearned revenue	101,897	
		904,652
Internal service funds are used by management to charge the cost of certain functions,		,
goods, and services to individual funds. The net revenue of certain activities of internal		
service funds is reported with governmental activities.		1,088,176
Some expenses reported in the statement of activities do not require the use of current		
financial resources and, therefore, are not reported as expenditures in governmental		
funds.		
Accrued interest payable on long-term debt	(13,824)	
Compensated absences	(439,879)	
GASB 49 pollution remediation costs	541,794	
GASB 70 PFD debt guarantee	824,606	
GO bonds, loans, and notes payable	(7,838,618)	
Premiums on long-term debt	(442,100)	
. To marile of forig to the dobt	(172,100)	 (7,368,021)

19,979,511

Change in net position of governmental activities

CITY OF BELLINGHAM Statement of Net Position Proprietary Funds December 31, 2016

	Business-type Activities - Enterprise Funds						Governmental
ASSETS	Water	Wastewater	Surface and Stormwater	Solid Waste	Other Non-Major Enterprise Funds	Totals	Activities - Internal Service Funds
Current assets:							
Cash and cash equivalents	\$ 2,841,096	\$ 3,783,640	\$ 654,399	\$ 1,296,912	\$ 1,864,535	\$ 10,440,582	\$ 3,855,268
Investments	13,118,994	17,429,062	3,021,743	5,988,595	8,609,642	48,168,036	17,802,022
Receivables, net	689,627	858,696	272,926	13,814	569,005	2,404,068	80,636
Due from other funds	-	-	-	-	10,000	10,000	-
Due from other governments	967.649	3,240	256,500	1,729	416,698	1,645,816	3,992
Inventory	-	-	-		-	-	510,701
Prepaid items	5,273	_	_	111,777	-	117,050	58,529
Restricted cash and cash equivalents	1,158,677	3,066,286	-	52,077	-	4,277,040	-
Total current assets	18,781,316	25,140,924	4,205,568	7,464,904	11,469,880	67,062,592	22,311,148
Noncurrent assets:							
Restricted cash and cash equivalents	567,495	4,663,322	-	-	64,034	5,294,851	9,614
Restricted investments	2,305,601	2,555,141	-	-	295,676	5,156,418	-
Special assessments receivable	-	10,380	-	-	-	10,380	-
Capital assets, nondepreciable:							
Land	35,708,876	3,925,297	4,697,181	-	1,521,635	45,852,989	40,102
Construction in progress	4,275,248	1,437	314,260	-	-	4,590,945	94,135
Intangibles - right of ways	-	118,769	87,342	-	-	206,111	-
Capital assets, net of depreciation:							
Buildings	6,373,613	92,208,654	-	-	2,956,012	101,538,279	1,199,457
Improvements	59,009,902	52,897,588	39,161,772	310,208	577,261	151,956,731	-
Machinery and equipment	530,846	1,373,947	181,752	88,546	474,030	2,649,121	12,478,887
Intangibles - software	-	-	-	-	-	-	297,074
Net pension asset					265,868	265,868	
Total noncurrent assets	108,771,581	157,754,535	44,442,307	398,754	6,154,516	317,521,693	14,119,269
Total assets	127,552,897	182,895,459	48,647,875	7,863,658	17,624,396	384,584,285	36,430,417
DEFERRED OUTFLOWS OF RESOURCES							
Deferred loss on refunding	349,270	_	_	256,424	-	605,694	-
Related to pensions	285,380	263,498	129,779	7,417	383,600	1,069,674	678,170
Total deferred outflows of resources	634,650	263,498	129,779	263,841	383,600	1,675,368	678,170
LIADULTICO							
LIABILITIES							
Current liabilities:							
Accounts payable	1,435,938	1,504,465	154,293	16,925	677,876	3,789,497	897,857
Accrued wages and benefits	180,650	190,400	84,105	5,297	166,950	627,402	471,261
Due to other funds	-	-	-	-	-	-	11,867
Due to other governments	61,889	26,230	5,206	-	11,880	105,205	1,441
Other current liabilities	269,259	2,000	-	-	137,818	409,077	599,008
Current portion:	4 240 000	045 000		405.000		0.740.000	
Bonds payable, net	1,348,000	915,000	70.540	485,000	-	2,748,000	-
Compensated absences	231,644	230,312	70,548	6,383	318,061	856,948	528,452
Intergovernmental loans payable	153,113	-	282,124	-	-	435,237	-
Claims and judgments payable	-	-	-	-	-	- 007.040	869,135
Pollution remediation obligation	3,680,493	2 969 407	- E06 276	827,912	1 212 505	827,912	2 270 021
Total current liabilities	3,000,493	2,868,407	596,276	1,341,517	1,312,585	9,799,278	3,379,021
Noncurrent liabilities:	6 000 701	E0 770 400		4 607 404		70 400 005	6 400 000
Bonds payable, net	6,932,731	58,772,163	7.005	4,697,491	40.440	70,402,385	6,100,000
Compensated absences	27,641	10,815	7,025	638	16,148	62,267 5 184 480	119,728
Intergovernmental loans payable Claims and judgments payable	1,375,525	-	3,808,955	-	-	5,184,480	5/6 /2/
Pollution remediation obligation	-	-	-	10,210,080	-	10,210,080	546,424
Net pension liability	1,690,288	1,560,687	- 768,671	43,929	- 1,525,828	5,589,403	4,016,768
Total noncurrent liabilities Total liabilities	13,706,678	63 212 072	4,584,651 5 180 927	16,293,655	1,541,976 2,854,561	91,448,615	10,782,920
i utai iiabiiities	13,706,678	63,212,072	5,180,927	16,293,655	2,854,561	101,247,893	14,161,941

CITY OF BELLINGHAM Statement of Net Position Proprietary Funds December 31, 2016

	Business-type Activities - Enterprise Funds						Governmental
				O	Activities -		
	Water	Wastewater	Surface and Stormwater	Solid Waste	Enterprise Funds	Totals	Internal Service Funds
DEFERRED INFLOWS OF RESOURCES							
Related to pensions	33,133	30,592	15,067	861	32,667	112,320	78,735
Total deferred outflow of resources	33,133	30,592	15,067	861	32,667	112,320	78,735
NET POSITION							
Net investment in capital assets	96,438,385	91,840,106	40,915,476	398,754	5,528,938	235,121,659	14,109,655
Restricted for debt service	1,226,863	6,168,420	-	-	-	7,395,283	-
Restricted for capital improvements	2,804,910	3,114,752	-	-	-	5,919,662	-
Restricted for cemetery endowment / preneed	-	-	-	-	261,260	261,260	-
Restricted for pension asset	-	-	-	-	265,868	265,868	-
Restricted for rental property inspections	-	-	-	-	71,969	71,969	-
Unrestricted	13,977,578	18,793,015	2,666,184	(8,565,771)	8,992,733	35,863,739	8,758,256
Total net position	\$ 114,447,736	\$ 119,916,293	\$ 43,581,660	\$ (8,167,017)	15,120,768	\$ 284,899,440	\$ 22,867,911

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds

	Business-type Activities - Enterprise Funds						Governmental
	Other Non-Major						Activities -
			Surface and		Enterprise		Internal
	Water	Wastewater	Stormwater	Solid Waste	Funds	Totals	Service Funds
Operating revenues:							
Sales of merchandise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,938,499
Less: Cost of goods sold	-	-	-	-	-	-	(1,917,000)
Charges for services	25,440,410	22,674,616	8,437,892	-	11,386,827	67,939,745	16,718,878
Insurance premium contribution	-						14,839,269
Total operating revenues	25,440,410	22,674,616	8,437,892		11,386,827	67,939,745	32,579,646
Operating expenses:							
General operations	9,040,089	8,743,635	4,229,251	280,581	9,059,312	31,352,868	9,953,902
General administration	3,480,965	1,670,583	1,409,491	113,739	2,554,067	9,228,845	7,554,207
Depreciation	2,380,014	3,106,377	932,514	18,725	184,262	6,621,892	1,847,205
Taxes	4,554,815	3,006,746	1,009,234	-	-	8,570,795	-
Insurance	-	-	-	-	-	-	13,471,879
Claims							702,523
Total operating expenses	19,455,883	16,527,341	7,580,490	413,045	11,797,641	55,774,400	33,529,716
Operating income (loss)	5,984,527	6,147,275	857,402	(413,045)	(410,814)	12,165,345	(950,070)
Nonoperating revenues (expenses):							
External operating grants and subsidies	12,236	6,560	100	19,453	33,051	71,400	221,229
Operating assessments and tax levies	-	-	-	1,393,427	687,714	2,081,141	659,659
Investment interest	92,986	120,895	20,144	40,649	49,931	324,605	87,591
Net incr (decr) in fair value of investments	4,882	(17,437)	(21,504)	1,011	14,506	(18,542)	38,376
Interest expense and related charges	(299,809)	(2,574,064)	(16,750)	(142,375)	-	(3,032,998)	(331,530)
Gain (loss) on sale of capital assets	(9,279)	107,188	-	-	-	97,909	23,770
Other nonoperating revenues	391,803	199,310	18,513	758,583	29,655	1,397,864	460,785
Other nonoperating expenses	(1,555,798)	(136,145)		(1,911)	(687,714)	(2,381,568)	(163,083)
Total nonoperating revenues (expenses)	(1,362,979)	(2,293,693)	503	2,068,837	127,143	(1,460,189)	996,797
Income (loss) before contributions							
and transfers	4,621,548	3,853,582	857,905	1,655,792	(283,671)	10,705,156	46,727
Capital grants and contributions	1,490,920	3,648,052	1,410,993	-	-	6,549,965	-
Transfers in	575,000	-	-	-	1,346,480	1,921,480	1,416,691
Transfers out	(81,077)	(70,855)	(250,061)	(412,667)	(15,200)	(829,860)	(375,234)
Change in net position	6,606,391	7,430,779	2,018,837	1,243,125	1,047,609	18,346,741	1,088,184
Total net position - beginning	107,841,345	112,485,514	41,562,823	(9,410,142)	14,073,159	266,552,699	21,779,727
Total net position - ending	<u>\$ 114,447,736</u>	\$119,916,293	\$ 43,581,660	\$ (8,167,017)	\$ 15,120,768	\$284,899,440	\$ 22,867,911

Statement of Cash Flows

Proprietary Funds

Page 1 of 2	Business-type Activities - Enterprise Funds						
·				. (Other Non-Majo	or	Activities
			Surface and		Enterprise		Internal
	Water	Wastewater	Stormwater	Solid Waste	Funds	Total	Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 25,551,387	\$ 22 757 941	\$ 8,144,274	\$ -	\$ 10 969 711	\$ 67,423,313	\$ -
Receipts from interfund charges for services	Ψ 23,331,301	Ψ22,737,541	φ 0,144,274	Ψ -	ψ 10,303,711	Ψ07,423,313	35,150,153
Payments for merchandise	_	_	_		_	_	(1,858,155)
Payments for wages and benefits	(4,350,876)	(4,036,051)	(1,960,245)	(109,953)	(7,534,477)	(17,991,602)	(9,786,124)
Payments for operating expenses	(13,447,056)	(10,042,947)	(6,120,628)	(348,705)	(3,611,549)	(33,570,885)	(23,359,223)
Other receipts	391,803	176,920	18,513	757,454	29,655	1,374,345	345,775
Other payments	(1,555,798)	(136,145)	-	(820,938)	-	(2,512,881)	(163,083)
Net cash provided by (used for) operating activities	6,589,460	8,719,718	81,914	(522,142)	(146,660)	14,722,290	329,343
CASH FLOWS FROM NONCAPITAL							
FINANCING ACTIVITIES							
Transfers in	575,000	_	_	_	1,346,480	1,921,480	1,135,234
Transfers out	(81,077)	(62,400)	(73,763)	(412,667)	(15,200)	(645,107)	(375,234)
Payments for interest and related charges	(61,677)	(02,400)	(73,703)	(143,885)	(13,200)	(143,885)	(331,530)
Principal payments on bonds		_	_	(480,000)	_	(480,000)	(551,550)
Payments to other governmental units		_	_	(480,000)	(687,714)	(687,714)	_
Operating grants and loans	12,236	18,549	100	20,609	(007,714)	51,494	219,496
Interfund receipts for bond repayment	12,230	10,549	-	20,009		51,494	115,260
Interfund loan payments received		_	-	1,350,000	_	1,350,000	113,200
Receipts from taxes and subsidies	_	_	_	1,393,427	687,714	2,081,141	669,064
·	506,159	(43,851)	(73,663)				
Net cash provided by (used for) noncapital financing activities	506,159	(43,851)	(73,003)	1,727,484	1,331,280	3,447,409	1,432,290
-							
CASH FLOWS FROM CAPITAL AND RELATED							
FINANCING ACTIVITIES		0.044				0.044	
Local improvement district proceeds	(0.000.500)	9,014	(000 000)	-	-	9,014	-
Principal payments on bonds	(2,028,536)	(300,000)	(232,202)	-	-	(2,560,738)	-
Payments for interest and related charges	(295,710)	(2,703,836)	(16,750)	-	-	(3,016,296)	-
Contributions from developers	1,070,969	2,421,800	5,904,554	-	-	2,421,800 6,975,523	-
Capital grants and loans		-	5,904,554	-	-		-
Interfund loans repaid	(1,350,000)	-	-	-	-	(1,350,000)	-
Intergovernmental loan proceeds	118,800	(4.494.024)	(2,406,967)	-	(946,053)	118,800	(2.005.050)
Purchases of capital assets Proceeds from the sale of capital assets	(3,349,496)	(1,484,024) 117,387	(2,400,967)	-	(946,053)	(8,186,540) 117,387	(2,865,658) 464,815
Net cash provided by (used for) capital financing activities	(5,833,973)	(1,939,659)	3,248,635		(946,053)	(5,471,050)	(2,400,843)
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sales and maturity of investments	4,967,578	7,560,286	3,716,511	1,364,813	1,513,649	19,122,837	1,961,181
Purchase of investments	(7,285,258)	(12,928,726)	(6,406,543)	(2,352,672)	(1,688,288)	(30,661,487)	(1,376,581)
Interest and dividends received	85,485	127,874	13,931	37,550	48,069	312,909	85,849
Net cash provided by (used for) in investment activities	(2,232,195)	(5,240,566)	(2,676,101)	(950,309)	(126,570)	(11,225,741)	670,449
Net increase (decrease) in cash and equivalents	(970,549)	1,495,642	580,785	255,033	111,997	1,472,908	31,239
Cash and cash equivalents - beginning of year	5,537,817	10,017,606	73,614	1,093,956	1,816,572	18,539,565	3,833,643
Cash and cash equivalents - end of year	\$ 4,567,268	\$11,513,248	\$ 654,399	\$ 1,348,989	\$ 1,928,569	\$ 20,012,473	\$ 3,864,882
	,00.,<u>-</u>00	,	. 20.,000	,	,.20,000	,	,,

Statement of Cash Flows

Proprietary Funds

Page 2 of 2	Business-type Activities - Enterprise Funds Go			Governmental			
				Oth	er Non-Majo	or	Activities
			Surface and		Enterprise		Internal
	Water	Wastewater	Stormwater	Solid Waste	Funds	Total	Service Funds
Reconciliation of operating income (loss) to net cash							
provided (used) by operating activities:							
Operating income (loss)	\$ 5,984,527	\$ 6,147,275	\$ 857,402	\$ (413,045) \$	(410,814)	\$ 12,165,345	\$ (950,070)
Adjustments to reconcile operating income							
to net cash provided (used) by operating activities:							
Depreciation	2,380,014	3,106,377	932,514	18,725	184,262	6,621,892	1,847,205
Pension expense	(696,120)	(805,010)	(387,595)	(50,588)	(31,078)	(1,970,391)	(715,997)
Miscellaneous income	391,803	176,920	18,513	757,454	29,655	1,374,345	345,775
Miscellaneous expenses	(1,555,798)	(136,145)	-	(820,938)	-	(2,512,881)	(163,083)
(Increase) decrease in accounts receivable	(1,014,040)	(28,195)	(293,618)	-	(401,712)	(1,737,565)	(25,163)
(Increase) decrease in due from other funds	1,122,292	111,520	897,215	-	(10,000)	2,121,027	478,670
(Increase) decrease in inventory of supplies	-	-	-	-	-	-	58,845
(Increase) decrease in prepayments	-	-	-	-	1,867	1,867	3,905
Increase (decrease) in accounts payable	797,870	230,897	(746,325)	(13,471)	421,092	690,063	329,787
Increase (decrease) in wages and benefits payable	28,656	26,821	780	3,328	81,393	140,978	40,074
Increase (decrease) in revenues collected in advance	2,725	-	-	-	(5,404)	(2,679)	200,000
Increase (decrease) in due to other funds	(566,535)	(109,746)	(1,196,925)	(4,245)	(985)	(1,878,436)	(754,761)
Increase (decrease) in due to other governments	-	-	-	-	(11,416)	(11,416)	-
Increase (decrease) in other current liabilities	(295,172)	-	-	-	2,118	(293,054)	(247,788)
Increase (decrease) in other fees and taxes	9,815	4,138	884	-	415	15,252	(2,099)
Increase (decrease) in other long-term liabilities	(577)	(5,134)	(931)	638	3,947	(2,057)	(115,957)
Total Adjustments	604,933	2,572,443	(775,488)	(109,097)	264,154	2,556,945	1,279,413
Net cash provided by (used for) operating activities	\$ 6,589,460	\$ 8,719,718	\$ 81,914	\$ (522,142)	(146,660)	\$14,722,290	\$ 329,343
Noncash investing, capital, and financing activities:							
Net change in fair value of investments	4,882	(17,437)	(21,504)	1,011	14,506	(18,542)	38,376
Contributions from developers	1,334,886	1,226,252	758,261	-	-	3,319,399	-
Fleet donations	-	(8,455)	(176,298)	-	-	(184,753)	281,457

Statement of Fiduciary Net Position Fiduciary Funds December 31, 2016

	Pension & OPEB		Agency			
	Trust Funds			Funds		
ASSETS				_		
Cash and cash equivalents	\$	3,105,613	\$	690,398		
Invested in government securities		14,411,535		-		
Receivables, net		61,484		2,731		
Interfund loans receivable		656,369		-		
Total assets		18,235,001		693,129		
LIABILITIES						
Accounts payable		14,664		82,384		
Accrued pension benefits		53,884		-		
Unearned revenue		27,476		610,745		
Total liabilities		96,024	\$	693,129		
NET POSITION						
Restricted for pension and OPEB	\$	18,138,977				

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

	Pension & OPEB	
	T	rust Funds
ADDITIONS		
Contributions:		
Employer contributions	\$	3,655,208
Nonemployer contributions		116,386
Total trust contributions		3,771,594
Investment income:		
Interest		84,787
Net incr (decr) in fair value of investments		11,971
Net investment income		96,758
Total additions		3,868,352
DEDUCTIONS		
Benefit payments		2,144,812
Administrative expenses		63,829
Total deductions		2,208,641
Change in net position		1,659,711
Total net position - beginning		16,479,266
Total net position - ending	\$	18,138,977



CITY OF BELLINGHAM Notes to the Basic Financial Statements December 31, 2016 Index to the Notes

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NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Bellingham have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies and their application in Bellingham are described below.

I-A Reporting entity

The City of Bellingham was incorporated on July 29, 1904. It operates under the laws of the State of Washington applicable to a first class, home rule, Charter City with a mayor-council form of government.

The City is a general-purpose government and provides public safety, fire prevention, street improvement, parks and recreation, judicial administration, planning, economic development, and general administrative services. The City owns and operates water and sewer utilities, a golf course (currently operated by lessee), a museum, three libraries, a parking enterprise, a cemetery and an aquatic facility. The City operates police and fire dispatch centers that are jointly funded by local entities. The City's financial statements include all of these operations that are controlled by or are dependent on the City.

For financial reporting purposes, in conformance with GASB 61, the City of Bellingham considered for inclusion all governmental activities, organizations and functions for which the City is financially accountable. Relevant criteria for including an organization as a component unit within the City's reporting entity are delineated in GASB Statement No. 61 and include considerations such as the following:

- Whether or not the City appoints a voting majority of the organization's governing body
- The City is able to impose its will on that organization
- There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City
- The organization is fiscally dependent on the City

The accompanying financial statements present the City and its component units, entities for which the City is considered financially accountable. The City's discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City and does not meet the criteria for blending as laid out in paragraph eight of GASB No. 61.

Discretely presented component units

The Bellingham-Whatcom Public Facilities District (PFD), established in 2002, is a separate Washington municipal corporation and an independent taxing authority created under RCW 35.57, Bellingham Municipal Code Chapter 2.94, and Whatcom County Code Chapter 1.17. The PFD was created in order to receive a state sales tax rebate for the purpose of creating a regional center. The Board of Directors consists of seven members, appointed in accordance with RCW 35.57 and approved by Bellingham City Council. The City, through an interlocal agreement with the PFD, provides administrative services and financial management.

The City issued bonds on behalf of the PFD in 2004 which were refunded in 2012 by the City to achieve debt savings. The PFD issued bonds in 2007 and these bonds were advance refunded and defeased in 2016 by the City also to achieve debt savings. The City issued the 2016 refunding bonds on behalf of the PFD. Payments for both bonds issued by the City on behalf of the PFD are expected to be made from PFD tax revenues. The PFD is obligated under interlocal agreement 2016-0268 to repay the City for both of these bonds. However, in the event that the revenue from the PFD is insufficient to make any

required payments, the City will be liable for the required debt payments on both bonds. See note V-B for information on the City's debt contingency related to the PFD loans and bonds.

Given that the PFD is legally separate from the City, the PFD's board is appointed by the City, the City can impose its will on the PFD, and none of the criteria in GASB No. 61 paragraph eight apply to the PFD, the PFD qualifies as a discrete component unit.

As a discrete component unit, the PFD is reported in its own column in the government-wide basic financial statements.

I-B Basis of presentation - government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Fiduciary fund resources are not available to the City and are not included in the government-wide statements.

The statement of activities shows the degree that the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the basic financial statements.

The government reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Beginning in 2011, street maintenance was added as part of the general fund presented in the CAFR. Beginning in 2012, eleven additional former special revenue funds were reported in the general fund to comply with GASB Statement No. 54. As of 2016, there are a total of eight funds in addition to the originally budgeted general fund that roll up as part of the combined general fund presented in the CAFR. These additional former special revenue funds, now referred to as general fund subsidiaries, are budgeted separately from the general fund and have individual budget and actual statements included in the combining and individual fund statements. See RSI for the composition of the general fund.

The government reports the following four major proprietary funds:

The water fund accounts for the activities of the City's largest utility. The revenues are received from the sales of materials, supplies, and services. Expenses are for maintenance and extension of water service systems. This fund also reflects the accounting of revenue bonds outstanding, the funds available for redemption of bonds, cumulative reserve and construction funds.

The wastewater fund accounts for the activities of the City's second largest utility. The revenues are received from the sales of materials, supplies, and services. Expenses are for maintenance and extension

of sewer service systems. This fund also reflects the accounting of revenue bonds outstanding, the funds available for redemption of bonds, cumulative reserve and construction funds.

The *surface* and *stormwater* fund accounts for the activities of the utility. The primary source of revenue is a service charge for impervious surface runoff. Expenses are for construction, improvements and maintenance of the City's stormwater facilities, updates of the stormwater master plan, and acquisition of additional wetland and open space.

The *solid waste fund* accounts for litter compliance expenses and also accounts for remediation costs of cleaning up several landfill sites. The City has issued two general obligation bonds for the City's share of remediation costs to be repaid primarily by net revenues from the solid waste fund. These revenues are generated principally by tax revenues paid by the City's garbage contractor.

Additionally, the government reports the following fund types as separate columns in the basic financial statements:

Internal service funds account for fleet administration, purchasing and materials, facilities administration, technology and telecommunications, claims and litigation, employee benefits, and PW administration and engineering. These funds provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. Because these services benefit governmental operations more than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary fund types:

Pension trust funds account for the activities of the police pension funds and the firefighter's pension funds, which accumulate resources for pension benefit payments and post-employment health care benefits. They are accounted for in essentially the same manner as enterprise funds because of the need for determining periodic income of the trust.

Agency funds are custodial in nature and represent assets held in a trustee or agency capacity for others. These funds do not report results of operation. Agency funds consist of the guaranty deposit and school impact fee funds.

I-C Measurement focus, basis of accounting and financial statement presentation

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the *economic resources measurement* focus and the full accrual basis of accounting, as are the proprietary fund and trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds report only assets and liabilities and have no measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all revenues except for grant revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditure-driven grants are recognized

as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered measurable and available only when cash is received by the City.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include charge back of services, such as utilities or vehicle maintenance and charges for central administration. The City allocates indirect cost charges as reimbursement for services provided by the general fund in support of those functions based on levels of service provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These charges are included in direct program expenses. Internal service fund activity is also eliminated to avoid duplicate activity in making the transition from the fund level financial statements to the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes, including those levied for specific programs.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of latecomers' fees intended to recover the cost of connecting new customers to the existing system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's usual procedure to spend restricted funds first and then unrestricted funds.

I-D Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balances

Deposits and investments

The City's cash and cash equivalents are defined as any funds that are available immediately or within 90 days. These funds consist of imprest cash on hand, bank deposits, certificates of deposits, and deposits with the local government investment pool (LGIP).

Investments for the City as well as for its component units are reported at fair value, based on the fair market value at fiscal year-end. The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the LGIP is the same as the fair value of the pool shares. Investments

are reported separately on the balance sheet. Excess cash balances of all City funds are pooled and invested. The annual change in investment balances is shown net of "Proceeds from sales and maturity of investment securities" and "Purchase of investments" on the statement of cash flows.

Interest income is distributed monthly to the funds based on the average daily fund balance. Interest from the following funds is assigned to the general fund:

- Library gift
- CDBG grant
- Drake note
- Governmental debt service
- Guaranty deposit
- Accounts payable
- Payroll clearing

Receivables

Accounts receivable consist of amounts owed from private individuals or organizations for goods and services. Receivables have been recorded net of an allowance for uncollectible amounts. Allowances for uncollectible amounts are calculated as a write-off of bad debt expense.

- 1) Interest receivable consists of amounts earned, but not received, on investments.
- 2) Notes and contracts receivable consists of principal amounts owed on open accounts from private individuals or organizations for goods and services rendered.
- 3) Special assessments are recorded when levied. Special assessments receivable consists of current and delinquent assessments and related interest and penalties.
- 4) During the year, property tax revenues are recognized when received. There is no allowance for uncollectible taxes. The City considers delinquent taxes fully collectible.

Interfund activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "interfund loans receivable/interfund loans payable." All other outstanding balances between funds are referred to as "due to/from other funds" in the basic and combining statements. Residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventories and prepaid items

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are purchased.

Inventories in proprietary funds are valued on a cost basis using the weighted average method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements.

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life are not capitalized.

Major outlays for capital and improvements are capitalized as projects are constructed. Street infrastructure assets are entered into the system on a "network" basis since these assets consist of several different components of road and street construction. The project plans maintained in the engineering division of public works provide details regarding these components.

Capital assets are defined by the City as assets with an estimated useful life in excess of one year and an individual cost for each asset category in excess of the following amounts. All depreciable assets are depreciated using the straight line method.

Asset category	Asset	threshold	Useful life (years)
Land	A	ny amount	No limit
Buildings	\$	50,000	20-50
Equipment:			
Fleet replacement		5,000	3-25
Machinery and equipment		10,000	3-25
Network IT/electronics /communications		25,000	3-25
Intangible Software		50,000	7
Improvements:			
Infrastructure		50,000	20-50
Leasehold		50,000	10
Other		50,000	5-50

The City has acquired certain assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets. These assets are identified in the asset system as partially grant funded for tracking purposes in the event of a sale or surplus of the item.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expenditure until consumed.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as a revenue until acquired.

Compensated absences

City policy permits employees to accumulate unused vacation leave. Vacation leave is earned at rates established in individual bargaining unit agreements. Each employee may accumulate up to double their established annual accrual rate. Unused vacation is payable upon termination of employment. Upon retiring, contractual limitations have been imposed on PERS I employees to limit vacation payout to a maximum of 240 hours. Currently, certain bargaining groups (by individual contracts) are also eligible for an annual vacation leave cash out program. Employees with accumulated banks of at least 88 hours on

October 15 of each of year, have the option of cashing out a minimum of 8 hours to a maximum of 40 hours of vacation leave accumulated. Employee banks will be reduced by the number of hours cashed out and balance of at least 80 hours of accrued vacation leave must remain in the bank when the transaction is complete. Vacation liabilities are recorded at year-end in full accrual funds and in the government-wide statements.

City policy permits employees to accumulate unused sick leave. Sick leave is earned at rates established in individual bargaining unit agreements. Each employee may accumulate a maximum of 1040 hours approximately. This number varies based upon which union you are in. Unused sick leave is payable upon termination only to LEOFF II employees. LEOFF II employees may cash out up to 150-300 hours of their accumulated sick leave balance upon retirement depending upon whether they are fire or police employees. The City maintains a liability for future sick leave cash-out payments. Currently, both the Teamsters 231 and AFSCME 114 bargaining groups are also eligible for an annual optional sick leave cash out program. Employees with accumulated banks of at least 480 hours on December 15 of each year, have the option of cashing out 25 percent of sick leave hours accumulated and not used in the prior twelve-months. Employees with accumulated banks of at least 720 hours on December 15 of each year, have the option of cashing out 50 percent of sick leave hours accumulated and not used in the prior twelve-months. Employee banks will be reduced by the number of hours cashed out. If an employee's bank is at 960 hours or more, no reduction to their bank balance is made for cashed out hours.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Bellingham Firefighters', City of Bellingham Police Officers', and the Washington State Department of Retirement Systems and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other post-employment benefits (OPEB)

Lifetime full medical and long-term care coverage is provided to uniformed Police and Fire personnel who became members of the Law Enforcement Officers and Fire Fighters (LEOFF 1) retirement system prior to October 1, 1977. A liability for OPEB is reported in the government-wide statements. The actual health costs are reported as expenditures in the fiduciary pension funds.

Long-term obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund statements of net position. Bond premiums and discounts, are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Restricted assets

Enterprise funds have accounts that contain resources for construction and debt services. Certain proceeds of the water and sewer funds' revenue bonds, as well as certain resources set aside for their

repayment, are classified as restricted assets on the statement of net position in compliance with applicable bond covenants. The amount of these restricted assets is reported in the long-term debt note.

Contributions of capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets (e.g. developers), and grants or outside contributions of resources restricted to capital acquisition and construction.

Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Comparative data/reclassifications

Comparative data for the prior year have been presented throughout the financial statements in order to provide an understanding of the changes in the financial position and results of operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year presentation.

Fund balance

The City of Bellingham is a first class charter City in the state of Washington organized with a council-mayor form of government. City management is led by the elected Mayor in a strong-Mayor, weak-Council form of government. The Mayor and the City Council are the bodies with the "highest level of decision-making authority". In accordance with GASB Statement 54, governmental fund balance reporting and governmental fund type definitions, the City classifies governmental fund balance as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The City has permanent funds, prepaid items, and inventories within the non-spendable fund balance category.

Restricted — includes fund balance amounts that are constrained for specific purposes which are externally imposed or constrained due to constitutional provisions or enabling legislation. The City's restricted fund balance includes HUD grant money restricted for federal projects, the spendable portion of permanent funds, debt service, and special revenue funds. Special revenue fund balance, purpose and funding sources can be found in the combining and individual fund statements.

Committed — includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. In order to commit funds to a specific project or activity the City Council, the highest level of decision making authority, must take the formal action of passing an ordinance. An ordinance becomes part of the City's Municipal Code and is the highest level action the Council can pass. An ordinance constitutes a binding constraint on the resources affected. In order to modify or rescind an ordinance the Council must amend or repeal the Municipal Code by adopting another ordinance. Items are committed by a majority vote of the City Council except when there has been a veto by the Mayor which then requires a super majority vote of the City Council. The general fund has a sum committed for estimated legal environmental costs.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Items are assigned by the Mayor or the Mayor's designee within City funds and within City departments. Fund balance may be assigned by the Finance Director or

Budget Manager. The Financial Management Guidelines written and endorsed by the Bellingham City Council with Resolution No. 2010-17 establishes the authority to assign fund balance amounts. The City has assigned fund balance for donations to public safety.

Unassigned – the residual balance for the general fund is unassigned. The general fund is the only fund that can report a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Spending prioritization in using available resources

When both restricted resources and other resources (i.e., committed, assigned, and unassigned) can be used for the same purpose, the City budget considers restricted resources to be spent first. When committed, assigned, and unassigned resources can be used for the same purpose, the flow assumption in the City budget is to spend in the sequence of committed resources first, assigned second, and unassigned last.

Fund reserve goals

The City has Financial Management Guidelines that sets reserve goals and reserve minimums for selected City funds including the general fund, water, wastewater, surface and stormwater, parking, medic one, fleet, and the health benefits funds. This document is available on the City's website at:

https://www.cob.org/Documents/finance/publications/2010-financial-management-guidelines.pdf

When a fund falls below its minimum reserve level as established in the publication approved above, the Mayor is required to present to Council a financial plan, within 60-days, that will restore the fund reserve balance to at least it's minimum level within the shortest time period feasible, not to exceed three budget years.

Meeting the minimum reserve goal is integral to the budget process and is reported in the Adopted Budget document. The budget department tracks the reserve amounts throughout the year. At year end the actual ending reserves are reviewed and adjustments are made if required.

Net position

In accordance with GASB Statement 63, proprietary, fiduciary, and government-wide financial statements shall report net position. Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement 34. The elements of net position are similar to those of net assets. Net position represents the difference between all other elements in a statement of financial position and should be displayed in three components: net investment in capital assets, restricted, and unrestricted.

NOTE II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

II-A Budgetary information

Biennial appropriated budgets are adopted for the general, special revenue and debt service funds on a basis consistent with generally accepted accounting principles (GAAP). Budgets are not adopted for the special assessment debt sub-funds of the debt service fund type. Capital project funds adopt budgets on an individual project basis. Proprietary and fiduciary funds are budgeted for management purposes only. National Council on Governmental Accounting Statement No. 1 requires financial statements presenting budgetary comparisons for governmental fund types only.

Biennial appropriated budgets are adopted at the fund level and legal budgetary control is established at the fund level. Legal budgets are adopted for the 8 funds consolidated with the *General Fund* for GAAP reporting. Budget to actual schedules for these consolidated funds are included in the combining statements. Subsidiary revenue and expenditure ledgers are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers monitor expenditures for individual functions by department, activity and object class; however, this level of budgetary monitoring is not legally mandated. Appropriations for all funds lapse at the end of every even year.

The City's budget procedures were created in accordance with RCW 35.34. On or before November 1, every even number year, the Mayor submits a proposed budget to the City Council for the following odd and even number years. This budget is based on priorities established by the Council and estimates provided by City departments during the preceding months. The budget is balanced with revenue estimates made by the Finance Director. Council conducts public hearings on the proposed budget on or before the first Monday in December. The Council makes its adjustments to the proposed budget and adopts, by ordinance, a final balanced budget by fund, no later than December 31. Within 30 days of adoption, the final budget is available to the public.

The Finance Director, designated by the Mayor, authorizes transfers of budgeted amounts between accounts. However, any revisions that alter the total expenditures of a fund must be approved by the City Council. The City Council may determine that it is in the best interest of the City to increase or decrease the appropriation for a particular fund. It must do so by ordinance approved by simple majority, after first holding public meetings providing the public the opportunity to speak.

In the middle of the two year budget cycle, the City may prepare a proposed mid-biennial budget modification. Public hearings on the proposed budget modification are held and the mid-biennium budget modification is presented in an ordinance for adoption by the City Council during this period.

At the end of each two year budget cycle, the City may re-appropriate budget for outstanding encumbrances at December 31, into the following budget cycle. Encumbrances are committed amounts for goods and services ordered or contracted.

II-B Deficit fund equity

As of December 31, 2016, the following funds reported deficits in fund balance or fund equity:

Fund 440 – The solid waste fund has a deficit net position of \$8.2 million. This deficit is due to 1) In 2005 the City issued bonds totaling \$8.7 million, and in 2014 issued bonds totaling \$5.5 million to advance refund and defease bonds maturing in years 2020-2025. The solid waste fund has a long-term bond payable liability of \$5.2 million at December 31, 2016. The purpose of the 2005 bonds was to finance (a) the environmental cleanup of the Holly Street landfill, (b) the City's share of the environmental cleanup of the Cornwall Avenue and Central Waterfront landfill sites by the Port of Bellingham, and (c) the acquisition of the Colony Wharf property adjacent to the Roeder Avenue landfill. In 2006, the solid

waste fund sold Colony Wharf to the general fund, so it no longer has the asset, but still has a liability for the debt. The remediation expenses did not increase assets. 2) Per GASB 49, the City has a net pollution remediation liability in the solid waste fund of \$10.9 million at December 31, 2016. The utility tax received by the solid waste fund was increased from 7% to 11.5% effective May 1, 2005, in order to accommodate the debt service requirements for the projects funded from bond proceeds. The deficit will be reduced as the bonds payable liability is reduced and also as the pollution remediation liability is reduced. See note V-C for further discussion on pollution remediation.

Fund 530 – The facilities administration fund has a deficit net position of \$4.7 million. This deficit is largely due to issuing qualified energy conservation bonds in 2011 to finance noncapital improvements in over 20 City owned municipal building. These improvement expenses did not increase assets. The deficit will be eliminated when the bonds mature in 2025. These are term bonds; principal is due in full on the maturity date. The facilities administration fund has a long-term bond payable liability of \$6.1 million at December 31, 2016.

Fund 570 – The Public Works Admin and Engineering fund has a deficit net position of \$1.4 million. As an internal service fund, this fund provides services to other funds within the government and is reimbursed based on an allocation for these costs. In 2015, the recovery costs charged to the funds that received labor and benefits from fund 570 was an estimate of the actual costs incurred and the estimate was too low to recover all costs incurred. In 2016, this deficit issue has improved and should continue to improve in the future due to allocating the actual costs incurred in fund 570 amongst the funds receiving the benefits. Additionally, there is a deficit in this fund because of the net pension liability of \$1.8 million. This liability is a result of GASB 68's implementation and has been allocated to this fund based on the employees home-funded here.

II-C Excess of expenditures over appropriations

As of December 31, 2016, there has been no material violation of finance related legal or contractual provisions in any City governmental fund.

NOTE III. ACCOUNTING CHANGES

III-A New and closed funds

Fund 227 - 2016 PFD refunding bonds - In 2016, the City of Bellingham passed Ordinance 2016-03-009 issuing LTGO refunding bonds to refinance existing LTGO bonds on behalf of the Whatcom Public Facilities District (PFD), a discretely presented component unit of the City of Bellingham. Fund 227, 2016 PFD refunding bonds was created to account for revenues received from the PFD and payments expended on behalf of the PFD, towards the newly issued debt.

III-B Implementation of new Governmental Accounting Standards Board (GASB) pronouncements

Effective for fiscal year 2016 reporting, the City adopted the following new standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements, fair value hierarchy, and valuation techniques. See NOTE IV-A. Deposits and investments, for required disclosures.

Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The implementation of this Statement did not have a material impact on the City.

Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Government. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The implementation of this Statement did not have a material impact on the City.

Statement No. 77, *Tax Abatement Disclosures*. This Statement ensures that financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. See NOTE V-I. Tax Abatement, for required disclosures.

Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The implementation of this Statement did not have a material impact on the City.

Statement No. 79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of this Statement did not have a material impact on the City.

NOTE IV. DETAILED NOTES ON ALL FUNDS

IV-A Deposits and investments

Deposits

The City's deposits and certificates of deposit are entirely covered by the Federal Depository Insurance Commission (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington State Public Deposit Protection Commission (PDPC). The FDIC insures the City's deposits up to \$250,000; the PDPC covers amounts in excess of \$250,000.

Investments

The City invests excess and inactive funds, in accordance with City Investment Policy and Washington State statute, RCW 35A.40.060. The government utilizes a pooled investment concept for all its funds to maximize its investment program. Investments are valued at fair value as of December 31, 2016 and investments with a purchase life of less than one year are reported at cost.

The City invests with the Washington State Local Government Investment Pool (LGIP), administered by the Office of the State Treasurer, authorized under RCW Chapter 43.250. The LGIP operates in a manner consistent with the SEC Rule 2a-7. The LGIP's investment objectives are, in priority order: safety of principal, maintaining adequate liquidity to meet cash flows, and providing a competitive interest rate relative to other comparable investment alternatives. The LGIP offers 100% liquidity to its participants. The fair value of the position in the LGIP is the purchase price and is reported on the balance sheet as cash and cash equivalents.

Interest rate risk

Interest rate risk is the risk that changes in interest rates over time may adversely affect the fair value of an investment. To minimize risk of loss arising from interest rate fluctuations, the City purchases a combination of short and longer term investments, normally not to exceed five years, and staggers their maturities. The City intends to hold securities, bonds and certificates of deposits until maturity.

Credit risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City invests primarily in U.S. government debt securities which are considered the safest fixed-income investments available, and Municipal Bonds that hold one of the three highest credit ratings of a nationally recognized rating agency as directed by, and in compliance with, state law. The U.S government debt securities include treasury notes with explicitly guaranteed federal government backing and government sponsored agency securities with implicitly guaranteed federal government backing.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Per the City's Investment Policy, the City diversifies its investments by security type and institution with no more than 50% of the City's total investment portfolio invested in a single security type or with a single financial institution. At year-end the City holds investment securities exceeding 5% of the City's total investment portfolio, in the following four implicitly guaranteed federal government sponsored agencies; FHLB, FNMA, FHLMC, and FFCB.

Foreign currency risk

The City does not have any investments in foreign currency and accordingly is not exposed to foreign currency risk.

Custodial credit risk

Custodial credit risk is the risk that in the event of a failure of the counterparty to an investment transaction the City will not be able to recover the value of the investment or collateral securities.. For this reason, per the City's Investment Policy, all security transactions, including collateral for repurchase agreements, entered into by the City of Bellingham are conducted on a delivery-versus-payment (DVP) basis and are held in Safekeeping with U.S. Bank. All of the City's investments are insured or registered in the name of the City, or held by the City or its agent in the City's name.

Fair value of	i danasita and	investments of	December 31, 2016
Fair Value Oi	oebosiis and	invesiments at	December 51, Zuib

			Maturity period	I	% of total	Moody's
Deposit and investment type / issuer	Fair value	≥ 3 months	4-12 months	1-5 years	investments	rating
Cash and cash equivalents					_	
Local Government Investment Pool (LGIP)	\$ 25,102,363	\$ 25,102,363	\$ -	\$ -		
Deposits	23,094,642	23,094,642	-	-	_	
Total cash and cash equivalents	48,197,005	48,197,005	-	-	_	
Investments at fair value					_	
U.S. Treasury Obligations:						
U.S. Treasury Notes	5,002,275	5,002,275	-	-	3.11%	
U.S. Government Sponsored Agency Securities:						
Farmer MAC	1,991,750			1,991,750	1.24%	
Federal Farm Credit Bank (FFCB)	24,282,291	-	14,993,925	9,288,366	15.11%	
Federal Home Loan Bank (FHLB)	19,254,361	-	-	19,254,361	11.98%	
Federal Home Loan Mortgage Corp. (FHLMC)	29,214,159	-	9,999,620	19,214,539	18.18%	
Federal National Mortgage Association (FNMA)	65,326,896	-	-	65,326,896	40.65%	
Municipal Bonds:						
Honolulu City & County HI GO	2,533,694	-	2,533,694	-	1.58%	Aa1
Jackson County OR School District #6	1,752,398	-	1,752,398	-	1.09%	Aa1
King County WA School District #411	250,158	-	250,158	-	0.16%	Aaa
King County WA School District #414	2,003,220	-	2,003,220	-	1.25%	Aaa
Oregon State GO	497,965	-	-	497,965	0.31%	Aa1
Snohomish County WA School District #16	1,000,830	-	1,000,830	-	0.62%	Aa1
Travis County TX GO	2,714,781	-	-	2,714,781	1.69%	Aaa
Washington State GO	4,847,550	-	-	4,847,550	3.02%	Aa1
Total investments at fair value	160,672,328	5,002,275	32,533,845	123,136,208	_	
Total deposits and investments	\$ 208,869,333	\$ 53,199,280	\$ 32,533,845	\$123,136,208	100.00%	
Less:	•	•	•		-	
Fiduciary fund deposits and investments	(18,207,546)	_				
Statement of net postion total	\$ 190,661,788					

The discretely presented component unit, Public Facilities District, is included in the table above and is listed separately below.

Public Facilities District									
Cash and cash equivalents									
Local Government Investment Pool (LGIP)	\$	140,286							
Deposits		999,377							
Total cash and cash equivalents		1,139,663							
Investments at fair value	Investments at fair value								
U.S. Treasury Obligations		20,168							
U.S. Government Sponsored Agency Securities		564,719							
Municipal Bonds		62,897							
Total investments		647,784							
Total deposits and investments	\$	1,787,448							

Fair value hierarchy

The City measures and reports investments at fair value using the valuation input hierarchy established by generally accepted accounting principles, as follows:

- Level 1 inputs: quoted prices in an active market for identical assets.
- Level 2 inputs: significant other observable inputs.
- Level 3 inputs: significant unobservable inputs.

Fair value hierarchy at December 31, 2016

Investments by fair value level	Quoted prices level 1	Significant observable inputs level 2	Significant unobservable inputs level 3	Totals
U.S. Treasury Obligations	\$ 5,002,275	-	-	\$ 5,002,275
U.S. Government Sponsored Agency Securities	-	140,069,457	-	140,069,457
Municipal Bonds	-	15,600,596	-	15,600,596
Local Government Investment Pool (LGIP) *	 -	-	=	25,102,363
Total investments by fair value level	\$ 5,002,275	\$155,670,053	\$ -	\$ 185,774,691

^{* 2}A-7 like external investment pool, not subject to fair value measurement

IV-B Receivables

Receivables as of year-end for the City's individual major and nonmajor funds, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables	s as of	December	[°] 31, 2016
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		Nonmajor	Internal	
Governmental activities	General	governmental	service	Total
Interest	\$ -	\$ -	\$ 41,062	\$ 41,062
Taxes	250,419	46,151	-	296,570
Accounts	14,550,458	186,075	39,574	14,776,107
Special assessments	-	105	-	105
Notes and contracts	326,843	20,380,319	-	20,707,162
Due from other governments	1,222,044	738,517	3,992	1,964,553
Due from component unit	-	17,301,318	-	17,301,318
Gross receivables	16,349,764	38,652,485	84,628	55,086,877
Less: allow. for uncollect.	(12,836,905)	-	-	(12,836,905)
Total governmental	\$ 3,512,859	\$ 38,652,485	\$ 84,628	\$ 42,249,972

	Fire			Police	G	uaranty	
Fiduciary funds	Pension		Pension		Deposit		Total
Interest	\$	19,728	\$	13,513	\$	-	\$ 33,241
Taxes		27,476		-		-	27,476
Accounts		767		-		2,731	3,498
Total fiduciary	\$	47,971	\$	13,513	\$	2,731	\$ 64,215

Business-type activities	,	Water	Waste water	_	urface & ormwater	Solid waste	Nonmajor enterprise	Total
Interest	\$	35,577	\$ 46,094	\$	6,970	\$ 13,814	\$ 20,539	\$ 122,994
Accounts		654,050	812,602		265,956	-	2,087,503	3,820,111
Due from other government		967,649	3,240		256,500	1,729	416,698	1,645,816
Gross receivables	1	L,657,276	861,936		529,426	15,543	2,524,740	5,588,921
Less: allow. for uncollect.		-	-		-	-	(1,539,037)	(1,539,037)
Total business-type	\$ 1	L,657,276	\$ 861,936	\$	529,426	\$ 15,543	\$ 985,703	\$4,049,884

As of December 31, 2016, all special assessments are current.

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Taxes receivable consist of both property and utility tax.

Unearned revenue as of December 31, 2016								
Unearned revenue	General	Special revenue	Capita project		Per	manent		Total
Delinquent property taxes receivable	\$ 250,420	\$ 39,810	\$ 5	96	\$	5,744	\$	296,570
Fines/forfeitures receivable	1,287,795	-	-			-		1,287,795
Park program revenues collected in advance	166,746	-	-			-		166,746
Total unearned revenue for governmental funds	\$ 1,704,961	\$ 39,810	\$ 5	96	\$	5,744	\$	1,751,111

IV-C Deferred outflows and inflows of resources

Deferred inflows and deferred outflows in the government-wide statements at December 31, 2016, are as follows:

	G	overnmental	Βι	ısiness-type	
		activities		activities	Total
Deferred Outflows					
Pension Plans:					
Differences between expected and actual experience	\$	2,507,315	\$	279,485	\$ 2,786,800
Net difference between projected and actual investment earnings		4,414,571		492,083	4,906,654
Changes of assumptions		178,552		19,903	198,455
Changes in proportionate share		177,350		19,769	197,119
Contributions subsequent to the measurement date		2,318,462		258,434	2,576,896
Total Pension Plans		9,596,250		1,069,674	10,665,924
Deferred loss on bond refunding		1,574,117		605,694	2,179,811
Total deferred outflows of resources	\$	11,170,367	\$	1,675,368	\$ 12,845,735
Deferred Inflows					
Pension Plans:					
Differences between expected and actual experience	\$	499,541	\$	76,279	\$ 575,820
Net difference between projected and actual investment earnings		-		-	-
Changes of assumptions		112,001		17,102	129,103
Changes in proportionate share		124,028		18,939	142,967
Total Pension Plans		735,570		112,320	847,890
Grants received in advance of eligibility period		40,000		-	 40,000
Total defered inflows of resources	\$	775,570	\$	112,320	\$ 887,890

IV-D Property taxes

In November 2001, the state voters approved Initiative 747, modifying RCW 84.55 and Referendum No. 47, reducing the maximum levy increase to 1% for property taxes, or the Implicit Price Deflator (IPD), whichever is less. The levy limit applies to a taxing district's levy amount, not to increases in the assessed value of individual properties. The limit is based on the population of the district as well as the district's need to increase revenue. The law restricts taxing districts from levying, in any year, more than a one-percent increase in its regular, non-voted levy over the highest amount that could have been levied since 1985. Because the levy limit does not include new construction, annexations, re-evaluations and voter approved excess levies, a taxing district's annual levy increase may be the lesser of 101 percent or 100 percent plus inflation. The IPD for 2015 was .251%. With resolution 2015-23, council authorized a 1.01% increase for 2016.

The City may levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services, subject to two limitations:

• The 1% limitation may be exceeded by a "lid lift" if the levy is below the \$3.60 limit and is approved by a simple majority of the voters.
The Washington State Constitution limits total regular property taxes to 1% of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1% limit.

Special levies approved by the voters are not subject to the above limitations.

Property tax levies 2016								
Assessment	Туре	Valuation	Rate/\$1,000	Tax				
General fund		9,301,737,832	1.5610153954	14,520,156				
Fire pension		9,301,737,832	0.2249900006	2,092,798				
New What RDA LIFT		9,301,737,832	0.0039874818	37,091				
Total councilmatic			1.7899928778	16,650,045				
Affordable Housing	voter approved	9,301,737,832	0.3225203778	3,000,000				
Greenways III - parks	voter approved	9,301,737,832	0.5169399618	4,808,440				
Total voter approved			0.8394603396	7,808,440				
Total assessments		=	2.6294532174	24,458,485				

The 2006 Legislature passed Engrossed Second Substitute House Bill (E2SHB) 2673 creating the Local Infrastructure Financing Tool (LIFT) Demonstration Program. Bellingham was one-of-three selected local governments to utilize this form of tax increment financing to pay for public improvements within the Revenue Development Area (RDA). Incremental increases in revenue from local sales/use tax and property taxes generated within the RDA must be used to repay bonds or "pay as you go" financing of public infrastructure improvements that encourage economic development in the RDA. Incremental revenue increases within the RDA and revenue from other local public sources are used to match state money, which are distributed through a local sales/use tax that is credited against the state's sales/use tax.

Taxes are levied annually in November, for the next fiscal year beginning January 1. The total amount of taxes levied becomes available in February of the year for which they are due. It's not until this time in February that the property tax revenue and receivable are recognized. Annually, the Assessor

establishes assessed values at 100% of fair market value. Tax bills are mailed on February 15 and taxes are due in two equal installments on April 30, and October 31. The Whatcom County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Collections are distributed monthly on cumulative balances less than \$10,000, or weekly on balances exceeding \$10,000.

In November 2012, City of Bellingham voters approved a property tax levy lid lift. In 2013, the levy began providing \$3 million a year for Low Income Housing Initiatives.

IV-E Capital assets

Capital asset activity for the year ended December 31, 2016, is summarized as follows:

Primary government							
Governmental activities	Beginning balance 1/1/2016	Additions	Reductions	Ending balance 12/31/2016			
Capital assets not being depreciated:							
Land	\$ 84,640,306	\$ 278,438	\$ -	\$ 84,918,744			
Improvements	17,614,900	-	-	17,614,900			
Construction in progress	28,705,339	2,962,207	(24,691,952)	6,975,594			
Intangibles - right of ways	56,080,813	86,374	=	56,167,187			
Total capital assets, not being depreciated	187,041,358	3,327,019	(24,691,952)	165,676,425			
Capital assets being depreciated/amortized:							
Buildings	46,946,325	-	-	46,946,325			
Improvements other than buildings	250,650,062	29,731,824	-	280,381,886			
Machinery and equipment	29,120,826	3,174,137	(2,348,167)	29,946,796			
Intangibles - software	3,693,221	465,519	-	4,158,740			
Total capital assets being depreciated/amortized	330,410,434	33,371,480	(2,348,167)	361,433,747			
Less accumulated depreciation/amortization for:							
Buildings	(18,554,559)	(867,563)	-	(19,422,122)			
Improvements other than buildings	(110,726,595)	(7,680,827)	-	(118,407,422)			
Machinery and equipment	(14,219,128)	(2,255,052)	1,894,738	(14,579,442)			
Intangibles - software	(3,663,989)	(38,327)	-	(3,702,316)			
Total accumulated depreciation/amortization	(147,164,271)	(10,841,769)	1,894,738	(156,111,302)			
Total capital assets, being							
depreciated/amortized, net	183,246,163	22,529,711	(453,429)	205,322,445			
Governmental activities capital assets, net	\$ 370,287,521	\$ 25,856,730	\$ (25,145,381)	\$ 370,998,870			

Business-type activities	Beginning balance 1/1/2016	Additions	Reductions	Ending balance 12/31/2016
				
Capital assets not depreciated/amortized:				
Land	\$ 45,303,179	\$ 549,810	\$ -	\$ 45,852,989
Construction in progress	83,903,621	2,087,293	(81,399,969)	4,590,945
Intangibles - right of ways	206,111	-	-	206,111
Total capital assets, not being depreciated/amortized	129,412,911	2,637,103	(81,399,969)	50,650,045
Capital assets depreciated/amortized:				
Buildings	94,525,618	61,845,378	-	156,370,996
Improvements other than buildings	226,045,502	27,781,684	(36,882)	253,790,304
Machinery and equipment	6,823,253	456,991	(928,071)	6,352,173
Intangibles - software	534,878	-	-	534,878
Total capital assets, being depreciated/amortized	327,929,251	90,084,053	(964,953)	417,048,351
Less accumulated depreciation/amortization for:				
Buildings	(53,145,535)	(1,687,181)	-	(54,832,716)
Improvements other than buildings	(97,269,603)	(4,600,851)	36,882	(101,833,572)
Machinery and equipment	(4,277,785)	(333,860)	908,592	(3,703,053)
Intangibles - software	(534,878)	-	-	(534,878)
Total accumulated depreciation/amortization	(155,227,801)	(6,621,892)	945,474	(160,904,219)
Total capital assets, being depreciated/amortized, net	172,701,450	83,462,161	(19,479)	256,144,132
Business-type activities capital assets, net	\$ 302,114,361	\$ 86,099,264	\$(81,419,448)	\$ 306,794,177

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities	
General governmental	\$ 199,135
Public safety	722,733
Transportation	6,328,246
Cultural and recreational	1,678,464
Economic environment	65,986
Internal service fund capital assets are charged to various functions based on the usage of the assets	1,847,205
Total depreciation expense - governmental activities	\$ 10,841,769
Business-type activities	
Cemetery	\$ 2,940
Water	2,380,014
Wastewater	3,106,377
Storm and surface water	932,514
Solid waste	18,725
Golf	31,684
Parking	97,800
Medic one	51,838
Total depreciation expense - business-type activities	\$ 6,621,892

Capital asset activity for the year ended December 31, 2016, is summarized as follows:

Discretely presented component unit												
Bellingham-Whatcom Public Facility District		Beginning Balance 1/1/2016	Δ	dditions	Red		Ending Balance 2/31/2016					
Capital assets not depreciated:		, ,										
Land	\$	1,329,860	\$	-	\$	-	\$	1,329,860				
Total assets not depreciated		1,329,860		-		-		1,329,860				
Capital assets depreciated:												
Buildings		19,094,610		-		-		19,094,610				
Improvements other than buildings		9,070,078		-		-		9,070,078				
Total assets being depreciated		28,164,688		-		-		28,164,688				
Less accumulated depreciation for:												
Buildings		(4,867,147)		(343,232)		-		(5,210,379				
Improvements other than buildings		(2,051,267)		(276,854)				(2,328,121				
Total accumulated depreciation		(6,918,414)		(620,086)		-		(7,538,500				
Total capital assets being depreciated, net		21,246,274		(620,086)		-		20,626,188				
Public Facilites District capital assets, net	\$	22,576,134	\$	(620,086)	\$	_	\$	21,956,048				

IV-F Interfund receivables, payables and transfers

Loans between funds are classified as interfund loans receivable and payable on the statement of net position. Loans between funds must be authorized by City Council. All loans are authorized with specific repayment terms at a reasonable interest rate.

Due to other funds and due from other funds result from goods issued, work performed, or services rendered to or for the benefit of another fund of the same government when cash is not immediately moved between the funds. The following schedule shows the interfund loans receivables and loans payables as well as the due to and due from other funds balances. All interfund loans and due to and from balances are expected to be repaid within a year unless other terms are specifically established as noted below.

Interfund balances at December 31, 2016

		Interfund ns receivable		Interfund ans payable	_	ue from her funds	Due to other funds			
General	\$	-	\$	3,284,389	\$	309,785	\$	-		
Nonmajor governmental		2,628,020		-		-		307,918		
Nonmajor enterprise		-		-		10,000		-		
Internal service		-		-		-		11,867		
Fiduciary		656,369		-		-		-		
Total government-wide	\$	3,284,389	\$	3,284,389	\$	319,785	\$	319,785		
Internal balances between go	vernm	ental activiti	es a	ind business	type	activities	\$	10,000		

Firefighter's pension fund made a \$2,250,000 loan to the general fund in 2008 for the purpose of buying new fire trucks. There is \$656,369 remaining on this loan at year-end, and of that amount \$439,567 will not be repaid in 2017.

Greenways endowment fund made a \$3,232,022 loan to the Greenways III fund in 2011 for a land purchase. The repayment terms for this original loan were interest only with a balloon payment of \$3,232,022 in 2017. In 2013, the Chuckanut Community Forest Park District was formed by voter approval for the express purpose of paying off the Greenways III fund loan (Interlocal Agreement 2013-0624).

The District has levied a property tax of \$0.28 cent per thousand dollars of assessed valuation to repay the Greenways endowment fund for this land purchase. The loan is scheduled to be repaid over ten years, beginning in 2014 (effectively superseding the original loan terms and beginning principal payments sooner than previously called for). The loan repayment is based on a variable rate of interest equal to the current rate of return on investments not to exceed 3% annually. In addition, the Chuckanut Community Forest Park District's payment increases from 50% to 90% of the tax levy received over the first three years of the agreement. At year-end there is \$2,628,020 remaining on this loan.

In 2014, citizens in Bellingham sued the City of Bellingham and the Chuckanut Community Forest Park District challenging the formation of the Park District. The case is still pending.

Transfers in/out include transfers to support the operations of other funds, contributions to the capital of enterprise or internal service funds and transfers to establish or reduce working capital in funds.

			Tra	an	sfers at	t D	ecemb	er	31, 20	16					
							Т	rar	nsfers Out						
Transfers In	G	ieneral	lonmajor vernmental		Water	Wa	stewater	_	urface & storm		Solid waste	onmajor terprise		ernal rvice	Total
General	\$	5,201	\$ 150,000	\$	30,679	\$	22,400	\$	33,763	\$	2,667	\$ 5,200	\$	-	\$ 249,910
Nonmajor governmental	1	,323,414	10,703		10,398		-		-		400,000	-		-	1,744,515
Water		575,000	-		-		-		-		-	-		-	575,000
Nonmajor enterprise	1	,346,480	-		-		-		-		-	-		-	1,346,480
Internal service		716,704	-		40,000		48,455		216,298		10,000	10,000	37	75,234	1,416,691
Total	\$ 3	,966,799	\$ 160,703	\$	81,077	\$	70,855	\$	250,061	\$	412,667	\$ 15,200	\$37	75,234	\$ 5,332,596

IV-G Operating leases

The City leases four radio towers, one off-site data servicing facility, one building, one office space, four storage units, 51 copiers, two fiber optics and two pieces of equipment under operating lease agreements. Operating leases do not give rise to property rights or lease obligations and therefore the results of the lease agreements are not reflected in the City's statement of net position. Total operating lease expenditures for 2016 were \$525,759. The future minimum lease payments for non-cancelable leases are as follows:

Future minimum lease payments at December 31, 2016

2021 Total	<u> </u>	9,950 427,714
2020		27,006
2019		45,378
2018		151,685
2017	\$	193,695

IV-H Capital construction commitments

The City has outstanding contractual commitments, which include construction and engineering contracts for capital projects currently in progress. The City's total outstanding contract obligations are summarized as follows:

	Spent Remaining										
		to date	C	commitment							
Parks projects	\$	1,272,635	\$	1,026,764							
Street projects		5,132,651		1,920,780							
Water projects		4,275,248		14,267,553							
Wastewater projects		1,437		104,792							
Stormwater projects		314,260		584,533							
Communication project		97,135		56,692							
	\$	11,093,366	\$	17,961,114							

Parks projects are financed through REET revenue, greenway levies, park impact fees and grants. Street projects are financed through sales tax revenue, transportation impact fees and grants. Water, wastewater and stormwater projects are financed through utility revenues, bonds, loans (EDI, DOE) and grants. The communication project is financed through sales tax and user fees.

IV-I Long-term debt

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. Unlimited tax general obligation bonds are created by a 60% majority vote of the people and, therefore, financed by a special tax levy. Limited tax general obligation bonds are created by ordinance, adopted by City Council and normally financed from General fund revenues (councilmanic bonds).

The City currently has the following outstanding general obligation bond issues:

2011 LTGO Qualified Energy Conservation (QEC) bonds were issued April 27, 2011, in the amount of \$6,480,000. These are term bonds with principal due in full on the maturity date. The City will make interest only payments until 2025. These bonds are taxable and the proceeds were used for financing improvements in over 20 City-owned municipal buildings for the purpose of reducing energy consumption by at least 20 percent. The proceeds were deposited in accordance with the bond ordinance into the Facilities fund. The City has elected to receive a subsidy payment from the federal government equal to 70 percent of the interest calculated at the tax credit rate published by the United States Treasury on the date of sale. The federal credit payment will be paid to the City; no holders of the bonds will be entitled to a tax credit. In 2013, Congress included the QEC bond tax program subsidy as part of the "sequester" agreement, which took effect March 1, 2013 and will continue through 2021. As a result of the sequester the City has received reduced amounts of subsidy payments from the federal government at the following percentages: 2013 - 8.7% and 7.2%, 2014 - 7.2% and 7.3%, 2015 - 7.3% and 6.8%, 2016 - 6.8% and 6.9%. These bonds are financed by the Facilities fund, a governmental activity, and will mature in 2025.

2012 LTGO Refunding bonds were issued March 29, 2012 in the amount of \$14,370,000. These bonds are tax exempt and the proceeds of this issue were used for an advance refunding of \$3,205,000 of the 2004 LTGO Sportsplex acquisition bonds and \$10,660,000 of the 2004 LTGO PFD/Civic/Aquatic refunding bonds, and to pay the bond issuance costs. The proceeds were deposited directly with the refunded debt escrow agent in accordance with the bond ordinance. The City's portion of the bonds are financed by the General fund and the PFD portion of the bonds are financed through an Interlocal Financing and Operating Agreement between the City and the PFD. Under the Financing Agreement, the PFD has agreed to remit all PFD Revenue to the City. These bonds will mature in 2028.

2014 LTGO Solid Waste Refunding Series A (tax-exempt) and Series B bonds (taxable) were issued December 17, 2014 in the amount of \$3,170,000 for Series A and \$2,280,000 for Series B. The proceeds of this issue were used for an advance refunding of the 2005 LTGO Solid Waste Series A (tax-exempt) bonds and the 2005 Solid Waste Series B (taxable) bonds, and to pay the bond issuance costs. The proceeds were deposited directly with the refunded debt escrow agent in accordance with the bond ordinance. These bonds are financed by the Solid Waste fund, a business-type activity. The Series A bonds will mature in 2025 and the Series B bonds will mature in 2020.

2016 LTGO Refunding bonds - Series A (tax-exempt) and Series B (taxable) were issued April 20, 2016 in the amount of \$8,815,000 for Series A and \$825,000 for Series B. The proceeds of this issue were used for the advance refunding of the PFD's 2007 Limited Sales Tax Obligation bonds in the amount of \$9,995,000 and to pay the bond issuance costs. The 2007 PFD bonds funded a portion of the cost of constructing the Whatcom Art and Children's Museum, a portion of the cost of phase II renovations to the Mount Baker Theatre as part of the regional center owned and operated by the PFD, and issue costs of the bonds. The proceeds were deposited directly with the refunded debt escrow agent in accordance

with the bond ordinance. These bonds are financed by the PFD through an Interlocal Financing and Operating Agreement. Under the Financing Agreement, the PFD has agreed to remit all PFD Revenue to the City. (See note V-B Contingencies) The Series A bonds will mature in 2027 and Series B bonds will mature in 2019.

General obligati	ion bonds outst	anding Dece	ember 31, 2	2016	
Name of issuance	Original issue amount	Issue date	Maturity date	Interest	Debt outstanding
Governmental activities					
2011 LTGO Qual Energy Conservation	\$ 6,480,000	04/27/11	12/01/25	5.43%	\$ 6,100,000
2012 LTGO Refunding	14,370,000	03/29/12	12/01/28	2.00 - 4.00%	10,540,000
2016 LTGO Refunding Series A	8,815,000	04/20/16	12/01/27	.60 - 4.00%	8,815,000
2016 LTGO Refunding Series B	825,000	04/20/16	12/01/19	.60 - 4.00%	675,000
Total governmental activities	30,490,000				26,130,000
Business-type activities					
2014 LTGO Solid Waste Rfd'g Series A	3,170,000	12/17/14	12/01/25	3.00 - 4.00%	3,170,000
2014 LTGO Solid Waste Rfd'g Series B	2,280,000	12/17/14	12/01/20	.40 - 2.35%	1,745,000
Total business-type activities	5,450,000			·	4,915,000
Total general obligation bonds outstanding	\$35,940,000				\$ 31,045,000

	(General oblig	gati	on bond an	nua	al debt servi	ice re	equirements	s to	maturity			
		Gove	mental activi	ties	1		Bus	Business-type activities					
Year ending						Total						Total	
December 31		Principal		Interest	re	quirements		Principal		Interest	rec	quirements	
2017	\$	1,275,000	\$	987,893	\$	2,262,893	\$	485,000	\$	139,925	\$	624,925	
2018		1,565,000		936,893		2,501,893		490,000		133,620		623,620	
2019		1,350,000		907,055		2,257,055		495,000		124,555		619,555	
2020		1,460,000		878,755		2,338,755		520,000		113,913		633,913	
2021		1,595,000		828,055		2,423,055		560,000		100,100		660,100	
2022-2026		16,340,000		2,835,895		19,175,895		2,365,000		223,950		2,588,950	
2027-2028		2,545,000		85,049		2,630,049		-		-		-	
Total	\$	26,130,000	\$	7,459,595	\$	33,589,595	\$	4,915,000	\$	836,063	\$	5,751,063	

Notes payable

Drake property note payable - the City issued a note for the acquisition of Big Rock Garden Nursery property on December 31, 1992. The note was issued in the amount of \$225,000 without an option for early redemption. This debt is for general governmental activities, financed from General fund revenues, and will mature in 2022. This note is subordinate to all general obligation debt.

Notes payable debt outstanding December 31, 2016													
Name of issuance	Original issue	Issue date	Maturity date	Interest rates	Debt outstanding								
Governmental activities													
Drake property note payable	\$ 225,000	12/31/92	12/31/22	7.00%	\$ 87,795								
Total notes payable outstanding	\$ 225,000				\$ 87,795								

Notes payable annual debt service requirements to maturity

		Gove	rnm	ental acti	viti	es
Year ending						Total
December 31	P	rincipal	lı	nterest	rec	quirements
2017	\$	12,204	\$	5,759	\$	17,963
2018		13,087		4,877		17,964
2019		14,033		3,931		17,964
2020		15,047		2,916		17,963
2021		16,135		1,829		17,964
2022		17,289		662		17,951
Total	\$	87,795	\$	19,974	\$	107,769

Government loans

Public Work Trust Fund (PWTF) loans - The City has PWTF construction loan agreements with the State Department of Community Development. The current PWTF loans outstanding are:

Street Resurfacing PWTF loan was issued in 2002 through 2005 in amounts totaling \$2,975,000. The loan was authorized for a 20 year period with interest at .5%. The proceeds were deposited into street revenues for the purpose of street surface repaying throughout the city. This loan is for a governmental activity and is financed though street revenues. The loan matures in 2022.

Water Main Replacement PWTF loan was issued in 2002 through 2005 in amounts totaling \$1,938,000. The loan was authorized for a 20 year period with interest at .5%. The proceeds were deposited into the Water fund for the purpose of the citywide water main replacement. This loan is for a business-type activity and is financed through water utility revenues. The loan matures in 2022.

Whatcom Falls Water Treatment Plant Pre-treatment PWTF loan was authorized June 1, 2014 for a total of \$11,998,800. The loan was authorized for a 20 year period with interest at 1.5%. A 1% loan origination fee was charged on May 27, 2015. Draws on the loan began in 2016. The proceeds are deposited into the Water fund for the purpose of constructing a water pre-treatment plant. This loan is for a business-type activity and is financed through water utility revenues. The loan matures in 2034.

Economic Development Investment (EDI) program loans - The City has EDI program loan agreements with Whatcom County. The current EDI loans outstanding are:

West Bakerview Overpass Project EDI loan - The City entered into an EDI program loan agreement with Whatcom County on March 6, 2012 in the amount of \$350,000. The loan was authorized for a seven year period from the date of issue with interest at 1%. The loan was received on March 29, 2012 and the proceeds were deposited into street revenues for the purpose of providing funding support for the West Bakerview Overpass project using certain County funds designated for such infrastructure development. The loan is for a governmental activity and matures in 2019.

North End Regional Stormwater Facility Project EDI loan - The City entered into an EDI program loan agreement with Whatcom County on February 11, 2014, in the amount of \$1,675,000. The loan was authorized for a seven year period from the date of issue with interest at 1%. The loan was received on December 18, 2015 and proceeds were deposited into the Surface and Stormwater fund for the purpose of providing funding support for the North End Regional Stormwater Facility using certain County funds designated for such infrastructure development. The loan is for a business-type activity and is financed through stormwater utility revenues. This loan matures in 2022.

Washington State Department of Ecology (DOE) loans - The City has loan agreements with the Washington State Water Pollution Control Revolving Fund though the Department of Ecology. The current DOE loans outstanding are:

DOE Loan L1200033 - Padden Creek Daylighting - The City entered into a Washington State Water Pollution Control Revolving Fund loan agreement with the DOE on June 22, 2012. Total amount of loan is \$1,426,000. Payments were made to the City on a "reimbursable basis" and the City received the first loan proceeds on May 10, 2013. The proceeds of the loan were deposited into the Surface and Stormwater fund and were partial funding of the Padden Creek Daylighting project. The project period was January 1, 2012 through December 31, 2015 and included daylighting a 2,200 foot long reach of Padden Creek that flowed in a continuous underground tunnel in order to restore the creek's natural channel and permanent riparian vegetation buffers. The project improved water quality by restoring vegetated buffers, natural stream morphology and by providing biological integrity. The loan was authorized for 20 years with interest at 2.6% and repayment of the loan will begin 2017. The loan is for a business-type activity and is financed with stormwater utility revenues. This loan matures in 2036.

DOE Loan L1300017 - Squalicum Creek Reroute Phase I - The City entered into a Washington State Water Pollution Control Revolving Fund loan agreement with the DOE on February 4, 2013. Total amount of loan is \$528,632. Payments were made to the City on a "reimbursable basis" and the City received the first loan proceeds on July 1, 2015. The proceeds of the loan were deposited into the Surface and Stormwater fund. The project period is January 1, 2013 through February 28, 2016. The overall project consists of rerouting large sections of Squalicum Creek around two man-made ponds that currently create the highest thermal loading in Squalicum Creek. By creating a new channel, reactivating remnant channels and reconnecting the stream with its floodplain, this project has the potential to dramatically decrease water temperatures and improve dissolved oxygen levels in Squalicum Creek by routing water flow away from Bug Lake and Sunset Pond. Phase I consist of re-routing and construction of approximately 3,000 feet of new stream channel on Squalicum Creek to increase effective shade 40-60%, and replant approximately 3,000 feet of new stream channel with a 35-50 feet buffer of both sides of the creek. The loan was authorized for 20 years with interest at 2.7% and repayment of the loan will begin 2017. The loan is for a business-type activity and is financed with stormwater utility revenues. This loan matures in 2036.

DOE Loan L1400010 - Squalicum Creek Reroute Phase II - The City entered into a Washington State Water Pollution Control Revolving Fund loan agreement with the DOE on November 6, 2013. Total amount of loan is \$543,536. Payments were be made to the City on a "reimbursable basis" and the City received the first loan proceeds July 1, 2015. The proceeds of the loan were deposited into the Surface and Stormwater fund. The project period is July 1, 2013 through December 31, 2016 and consists of Phase II of the Squalicum Creek Reroute project that will construct approximately 2,200 feet of new channel, improve riparian plantings, and create new emergent wetlands. The loan was authorized for 20 years with interest at 2.3% and repayment of the loan will begin 2017. The loan is for a business-type activity and is financed with stormwater utility revenues. The loan matures in 2036.

DOE Loan L1400025 - Texas/Columbia Storm Mains - The City entered into a loan agreement with the DOE on April 25, 2014. Total amount of loan is \$1,647,000. Payments are made to the City on a "reimbursable basis" and the City received the first loan proceeds December 31, 2014. The proceeds of the loan were deposited into the Surface and Stormwater fund. The project period is January 1, 2014 through June 30, 2018 and consists of replacing stormwater mains at multiple locations with the City of Bellingham, centered within two neighborhoods, Roosevelt, affecting the Whatcom Creek watershed, and Columbia, affecting the Squalicum Creek watershed. The loan was authorized for a five year period with interest at 1.1% and repayment of the loan will begin in 2019. The loan is for a business-type activity and is financed with stormwater utility revenues. This loan matures in 2023.

DOE Loan EL160594 - Squalicum Creek Reroute Phase III - The City entered into a loan agreement with the DOE on March 10, 2016. Total amount of loan is \$616,880. Payments are made to the City on a "reimbursable basis" and the City invoiced the first loan reimbursement for December 31, 2016. The proceeds of the loan are deposited into the Surface and Stormwater fund. The project period is July 1, 2015 through June 30, 2018 and consists of Phase III of the Squalicum Creek Reroute project that will modify the alignment of the creek to reduce the negative water quality and fish habitat impacts of Bug Lake on Squalicum Creek. The loan was authorized for 20 years with interest at 2.4% and repayment of the loan will begin 2019. The loan is for a business-type activity and is financed with stormwater utility revenues. The loan matures in 2038.

Washington State Certificate of Participation (COP) - The program was originally created by the Legislature in 1989 (RCW 39.94) to provide the lowest cost financing for state agency purchases by pooling funding needs into larger offerings of securities. In 1998 the Legislature passed legislation to provide local governments' access to the program. Local government agencies of all types can finance equipment or real estate needs through the State Treasurer's office subject to existing debt limitations and financial considerations. The State issues Certificates of Participation, and the proceeds of the Certificates are to be used to finance and/or refinance the costs of acquisition of certain personal property for the benefit of certain State Agencies and Local Agencies. Each Agency is required to make Agency Installment Payments to the state pursuant to its Agency Financing Contract for the purchase of its respective items of Property. The Agency Installment Payments payable by the participating Agencies pursuant to the Agency Financing Contracts in the aggregate are at least equal to the corresponding State Payments payable by the state pursuant to the Master Financing Contract.

Lease 0776-1-1 - The City of Bellingham was a participating Local Agency in the State of Washington Certificates of Participation, Series 2014B, dated August 28, 2014. The amount financed was \$867,507 and netted the City of Bellingham \$1,000,000 for the cost of purchasing six new ambulances. Cost of issuance are reflected in the interest rate of 2.12526%. The loan is financed by General fund, for governmental activity, and matures in 2024.

Lease 0776-2-1 - The City of Bellingham was a participating Local Agency in the State of Washington Certificates of Participation, Series 2015B, dated September 24, 2015. The amount financed was \$3,205,000 and netted the City of Bellingham \$3,500,000 for the cost of replacing street light fixtures with LED lights throughout the city. Cost of issuance are reflected in the interest rate of 2.69837%. The loan is financed by street revenues, a governmental activity, and matures in 2027.

Government loan	debt outstand	ing Decemb	er 31, 2016		
Name of issuance	Original issue amount	Issue date	Maturity date	Interest rates	Debt outstanding
Governmental activities					
PWTF - Street Resurfacing	\$ 2,975,000	07/25/02	07/01/22	0.50%	\$ 947,610
EDI - West Bakerview Overpass	350,000	03/29/12	03/29/19	1.00%	152,990
2014 WA State COP - Six Ambulances	867,507	08/28/14	06/01/24	2.13%	726,873
2015 WA State COP - LED Lights	3,205,000	09/24/15	12/01/27	2.70%	3,035,000
Total governmental activities	7,397,507				4,862,473
Business-type activities					
PWTF Water Main Replacement	1,938,000	07/25/02	07/01/22	0.50%	613,700
PWTF Water Pre-treatment Plant	921,191	06/01/14	10/01/34	1.50%	914,938
DOE L1200033 Padden Creek Daylighting	1,426,000	05/10/13	12/31/36	2.60%	1,426,000
DOE L1400025 Texas/Columbia Storm Mains	126,567	12/31/14	12/31/23	1.10%	126,567
DOE L1300017 Squalicum Crk Re-route Ph I	528,632	07/01/15	12/31/36	2.70%	528,632
DOE L1400010 Squalicum Crk Re-route Ph II	543,536	07/01/15	12/31/36	2.30%	543,536
DOE EL160594 Squalicum Crk Re-route Ph III	23,545	07/01/15	12/31/38	2.40%	23,545
EDI North End Regional Stormwater Facility	1,675,000	12/18/15	12/18/22	1.00%	1,442,798
Total business-type activities	7,182,471			· · · · · · · · · · · · · · · · · · ·	5,619,716
Total governmental loans outstanding	\$14,579,978				\$ 10,482,189

	Govern	ment	loan annu	ıal c	lebt service r	equir	ements to	maturity		
		ioveri	nmental act	iviti	es		Bus	iness-type ac	tivit	ies
Year ending					Total					Total
December 31	Principal		Interest	re	quirements	I	Principal	Interest	re	quirements
2017	\$ 499,19	96 \$	171,974	\$	671,170	\$	435,237	\$ 111,262	\$	546,499
2018	518,58	37	156,043		674,630		493,565	90,046		583,611
2019	533,18	32	139,159		672,341		525,133	89,608		614,741
2020	495,9	71	121,560		617,531		530,271	78,882		609,153
2021	515,48	36	103,755		619,241		535,506	72,061		607,567
2022-2026	1,965,0	51	259,954		2,225,005		1,263,607	273,664		1,537,271
2027-2031	335,00	00	10,469		345,469		946,462	167,830		1,114,292
2032-2036	-		-		-		888,125	57,773		945,898
2038-2038	-		-		-		1,810	44		1,854
Total	\$ 4,862,4	73 \$	962,914	\$	5,825,387	\$	5,619,716	\$ 941,170	\$	6,560,886

Revenue bonds

The City issues bonds where revenue derived from the acquired or constructed assets are pledged to pay debt service. Revenue bonds are created by ordinance, adopted by the City Council and financed from enterprise fund revenues. The City has the following current revenue bonds outstanding:

2008 Water and Sewer Revenue bonds were issued August 21, 2008 in the amount of \$6,040,000. These bonds are tax exempt and the proceeds are being used to finance the acquisition of real property in the Lake Whatcom Watershed in order to preserve water quality, to pay the cost of other capital projects of

the system that may be authorized by the Council and to pay the cost of issuance of the bonds. The proceeds were deposited into the Water fund. The bonds are financed by the utility funds, business-type activities, and will mature in 2018.

2011 Water and Sewer Revenue bonds were issued September 27, 2011 in the amount of \$42,655,000. These bonds are tax exempt and the proceeds are being used to finance the costs of constructing improvements to the City's combined water supply and distribution system and sewage collection and disposal system, to fund the debt service reserve account and to pay the cost of issuance of the bonds. The proceeds were deposited into the Wastewater fund. The bonds are financed by the utility funds, business-type activities, and will mature in 2041.

2012 Water and Sewer Refunding bonds were issued March 29, 2012 in the amount of \$3,275,000. These bonds are tax exempt and the proceeds of this issue were used for an advance refunding of \$3,135,000 of the 2004 Water and Sewer Revenue Improvement and Refunding bonds and to pay the bond issuance costs. The proceeds of the 2004 bonds were used to pay a portion of projects including the construction of a 2.5 million gallon reservoir with offsite piping, on the lower portion of King Mountain that will serve the south Cordata area, and preliminary engineering for five other transmission mains which include Yew Street, Meridian Street, Academy Road, June Road and 21st Street. The proceeds of the 2012 refunding bonds were deposited directly with the refunded debt escrow agent in accordance with the bond ordinance. The bonds are financed by the utility funds, business-type activities, and will mature in 2024.

2013 Water and Sewer Revenue bonds were issued August 27, 2013 in the amount of \$15,785,000. These bonds are tax exempt and the proceeds are being used to finance the costs of constructing improvements to the City's combined water supply and distribution system and sewage collection and disposal system, to fund the debt service reserve account and to pay the cost of issuance of the bonds. The proceeds were deposited into the Wastewater fund. The bonds are financed by the utility funds, business-type activities, and will mature in 2043.

2015 Water and Sewer Refunding bonds were issued November 10, 2015 in the amount of \$4,035,000. These bonds are tax exempt and the proceeds of this issue were used for an advance refunding of \$3,820,000 of the 2006 Water and Sewer Revenue Improvement bonds and to pay the bond issuance costs. The proceeds of the 2006 bonds were used to finance projects including construction of improvements to the City's water system and acquisition of real property in the Lake Whatcom Watershed in order to preserve water quality. The proceeds of the 2015 refunding bonds were deposited directly with the refunded debt escrow agent in accordance with the bond ordinance. The bonds are financed by the utility funds, business-type activities, and will mature in 2026.

Reven	ue bonds outsta	nding Decen	nber 31, 20	16	
Name of issuance	Original issue amount	Issue date	Maturity date	Interest rates	Debt outstanding
Business-type activities					
2008 Water/Sewer revenue	\$ 6,040,000	08/21/08	08/01/18	3.00 - 4.25%	\$ 1,455,000
2011 Water/Sewer revenue	42,655,000	09/27/11	08/01/41	2.00 - 5.00%	40,825,000
2012 Water/Sewer refunding	3,275,000	03/29/12	08/01/24	2.00 - 4.00%	2,680,000
2013 Water/Sewer revenue	15,785,000	08/27/13	08/01/43	4.25 - 5.00%	15,785,000
2015 Water/Sewer refunding	4,035,000	11/10/15	08/01/26	2.17%	3,960,000
Total revenue bonds outstanding	\$71,790,000				\$ 64,705,000

Revenue bond annual debt service requirements to maturity

	В	usin	ess-type activit	ies	
Year ending					Total
December 31	Principal		Interest		requirements
2017	\$ 2,263,000	\$	2,931,718	\$	5,194,718
2018	2,338,000		2,853,250		5,191,250
2019	1,368,000		2,767,464		4,135,464
2020	1,417,000		2,720,420		4,137,420
2021	1,466,000		2,671,781		4,137,781
2022-2026	8,178,000		12,516,722		20,694,722
2027-2031	10,315,000		10,555,131		20,870,131
2032-2036	13,015,000		7,857,528		20,872,528
2037-2041	16,570,000		4,296,613		20,866,613
2042-2043	7,775,000		570,116		8,345,116
Total	\$ 64,705,000	\$	49,740,743	\$	114,445,743

To service revenue debt, \$5,230,818 is available in the reserve accounts of the Water and Wastewater enterprise funds as of December 31, 2016 in compliance with applicable bond covenants.

Water and Sewer revenue bond covenants require that revenue available for debt service (defined as operating and nonoperating revenues less expenses requiring payment to outside entities) exceed the annual debt payment of both principal and interest by a ratio of 1.25 times the maximum annual debt service (see statistical section). The City complies with bond covenants, with a current ratio coverage of 4.64%. There are numerous limitations and restrictions contained in the various bond indentures. The City is in compliance with all debt covenants.

In propriety funds, unamortized debt issue costs are recorded as amortizable bond costs and bonds are displayed net of premium or discount; annual interest expense is decreased by amortization of debt premium and increased by the amortization of debt issue costs and discount.

All bond issues comply with arbitrage regulations as verified by an outside consultant. Five year reports are prepared as required.

The following table is a summary of the changes in long-term liabilities for the year ending December 31, 2016. The portion of the long-term debt due within one year is noted in the table on the far right and is broken out on the Statement of Net Position from the rest of the long-term debt balance. The City of Bellingham did not enter into any short-term debt activity during the year nor does it have any short-term debt outstanding at year-end.

		Beginning			Ending	Due in ≤	Due in >
Debt type		balance	Additions	Reductions	balance	1 year	1 year
Governmental activities							
Bonds payable							
General obligation bonds	\$	11,730,000	\$ 9,640,000	\$ (1,340,000)	\$ 20,030,000	\$ 1,275,000	\$ 18,755,000
Premium		810,526	1,181,489	(129,862)	1,862,153	-	1,862,153
Taxable energy conservation bonds		6,100,000	-	-	6,100,000	-	6,100,000
Total bonds payable		18,640,526	10,821,489	(1,469,862)	27,992,153	1,275,000	26,717,153
Government loans		5,312,473	-	(450,000)	4,862,473	499,196	4,363,277
Premium		446,925	-	(41,807)	405,118	-	405,118
Total government loans		5,759,398	-	(491,807)	5,267,591	499,196	4,768,395
Notes payable		99,176	-	(11,382)	87,794	12,204	75,590
Claims and litigation		1,531,118	-	(115,558)	1,415,560	869,135	546,425
Pollution remediation obligation		24,148,231	-	(541,794)	23,606,437	-	23,606,437
OPEB obligation - long-term care		366,839	-	(366,839)	-	-	-
Net pension liability		20,738,991	8,360,023	(2,005,433)	27,093,581	-	27,093,583
Component unit debt contingency		2,272,779	-	(2,272,779)	-	-	-
Compensated absences		5,434,237	536,747	(75,464)	5,895,520	4,843,107	1,052,413
Governmental activities							
long-term liabilties	\$	78,991,295	\$19,718,259	\$ (7,350,918)	\$ 91,358,636	\$ 7,498,642	\$ 83,859,994
Business-type activities							
Bonds payable							
Revenue bonds	\$	66,925,000	\$ -	\$ (2,220,000)	\$ 64,705,000	\$ 2,263,000	\$ 62,442,000
Premium		3,421,772	-	(158,877)	3,262,895	-	3,262,895
Total revenue bonds		70,346,772	-	(2,378,877)	67,967,895	2,263,000	65,704,895
General obligation bonds		5,395,000	-	(480,000)	4,915,000	485,000	4,430,000
Premium		297,212	-	(29,722)	267,490	-	267,490
Discount		(23,934)	-	23,934	-	-	-
Total general obligation bonds		5,668,278	-	(485,788)	5,182,490	485,000	4,697,490
Total bonds payable		76,015,050	-	(2,864,665)	73,150,385	2,748,000	70,402,385
Government loans		4,987,356	973,098	(340,737)	5,619,717	435,237	5,184,480
Pollution remediation obligation		12,847,105	-	(1,809,113)	11,037,992	827,912	10,210,080
Net pension liability		6,438,524	1,724,671	(2,573,792)	5,589,403	-	5,589,40
Compensated absences		817,403	112,805	(10,993)	919,215	856,948	62,267
Total business-type activities	-	· ·	·	•	•	· · · · · · · · · · · · · · · · · · ·	
long-term liabilites	¢	101 105 /29	¢ 2010 E74	¢ /7 E00 200\	\$ 96,316,712	¢ 4 969 007	¢ 01 449 611

Internal service funds predominantly serve the governmental funds. Accordingly, long-term and short-term liabilities are included as part of the above totals for governmental activities. At year-end, long-term liabilities of \$119,731 and short-term liabilities of \$528,450 for internal service fund compensated absences are included in the above amounts. For the governmental activities, compensated absences are generally liquidated by the General fund.

The General fund is responsible for ensuring that each pension fund has adequate cash to pay their pension benefit obligations, OPEB benefit obligations, and administrative expenses each year. Governmental activities for claims and litigation and pollution remediation are also financed through General fund revenues.

Pollution remediation in business-type activities is financed by Solid Waste fund revenues.

Discretely presented component units

Bellingham-Whatcom Public Facilities District

The PFD entered into an agreement with the City of Bellingham to borrow funds from the City's 2004 LTGO PFD/Civic/Aquatic refunding bond. Of the total \$16,375,000 bond issue, \$9,370,000 was for the PFD to fund the construction of the Whatcom Art and Children's Museum. In 2012 the City of Bellingham advanced refunded the 2004 LTGO bond with the issuance of the 2012 LTGO Refunding bond. The PFD pays the debt service costs on its portion of the bond. The PFD portion of the bond matures in 2026. The City made a contingent loan commitment for these bonds per contract 2007-0552. The contingent loan commitment established in contract 2007-0552 was superseded with interlocal financing agreement 2016-0268 between the City and the PFD in 2016.

The PFD entered into an agreement with the City of Bellingham in 2008 to borrow \$2,800,000 for the purpose of funding the construction of the Whatcom Art and Children's Museum. This loan had a term of 10 years and payments were interest only for the first five years. In 2010, the PFD made an unscheduled \$1,000,000 principal payment, reducing the outstanding principal amount to \$1,800,000. In 2013 the loan was restructured, setting an interest rate of 3.25% and extending the loan term to mature on December 31, 2027.

The PFD issued a limited sales tax obligation bond in the amount of \$9,995,000 on December 20, 2007. The issue funded a portion of the cost of constructing the Whatcom Art and Children's Museum, a portion of the cost of phase II renovations to the Mount Baker Theatre as part of the regional center owned and operated by the PFD, and issue costs of the bonds. On April 20, 2016 these bonds were refunded by the City of Bellingham and reissued as LTGO debt of the City of Bellingham with a new interlocal bond agreement between the City and the PFD establishing new repayment terms. These bonds are financed by state sales tax rebate revenue and will mature in 2027.

	Bond	s outstandir	ng Decembe	er 31, 2016			
Name of issuance	iss	Original sue amount	lssue date	Maturity date	Interest rates	o	Debt utstanding
2012 LTGO Refunding	\$	9,370,000	11/9/04	12/1/26	2.00 - 4.00%	\$	6,331,342
2008 Museum Construction		2,800,000	12/31/08	12/31/27	3.25%		1,479,976
2016 LTGO Refunding		9,640,000	04/20/16	12/01/27	.60 - 4.00%		9,490,000
Total bonds outstanding	\$	21,810,000				\$	17,301,318

Limited sales tax annual debt service requirements to maturity

	Discre	tely pr	esented com	pon	ent unit
Year ending					Total
December 31	Principa	l	Interest	re	quirements
2017	\$ 532,3	50 \$	638,938	\$	1,171,288
2018	769,5	93	619,415		1,389,008
2019	1,251,7	69	565,321		1,817,090
2020	1,363,8	86	529,455		1,893,341
2021	1,501,3	22	472,318		1,973,640
2022-2026	9,749,9	81	1,373,547		11,123,528
2027	2,132,4	17	62,035		2,194,452
Total	\$ 17,301,3	18 \$	4,261,029	\$	21,562,347

Summary of o	Summary of changes in long-term liabilities for the year ending December 31, 2016								
	Beginning					Ending		Due in ≤	Due in >
Debt type	balance		Additions		Reductions	balance		1 year	1 year
Bonds	\$ 18,296,546	\$	9,640,000	\$	(10,635,228)	\$ 17,301,318	\$	532,350	\$ 16,768,968
for issuance discounts	(24,590)		-		24,590	-		-	-
Total long-term liabilites	\$ 18,271,956	\$	9,640,000	\$	(10,610,638)	\$ 17,301,318	\$	532,350	\$ 16,768,968

Defeased Debt

On April 20, 2016, the PFD issued \$9,640,000 in 2016 LTGO refunding bonds with an interest rate of 1.65%. The PFD issued the bonds to advance refund \$9,995,000 of the outstanding PFD's 2007 Limited Sales Tax Obligation bonds with interest rates ranging between 4.0% - 4.2%, and maturity years of 2018-2027. The proceeds of these bonds were deposited directly with the refunded debt escrow agent and used to purchase securities that were placed in an irrevocable trust to provide for all future debt service payments on the refunded portion of the bonds until the bonds are called. As a result, that portion of the debt is considered defeased and therefore the PFD has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$9,995,000 at December 31, 2016. The advanced refunding bond reduced total debt service payment over the next 11 years by \$1,304,781. This results in an economic gain (difference between the present values of the debt service payments on the old and the new debt) of \$1,185,952.

IV-J Restricted component of net position

The government-wide statement of net position reports \$121,079,944 of restricted component of net position, of which \$51,249,655 is restricted by enabling legislation.

NOTE V. OTHER DISCLOSURES

V-A Risk management

The City is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City has established four risk management internal service funds to account for and finance general liability, property damage, and risks to employee health and welfare. The City's four funds are *Claims and Litigation, Unemployment Compensation, Workers' Compensation, and Health Benefits*.

The risk management internal service funds are funded by charges to the City's other funds, and are based primarily upon the contributing funds' claims experience. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include amounts for claims that have been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as, inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expense regardless of whether allocated to specific claims.

The Claims, Litigation and Property Loss fund is the source for payment of third party claims and judgments, excess liability insurance premiums, and property insurance premiums. Currently the City maintains commercial property insurance for fire and other hazards on City properties having an estimated total replacement value of \$218 million in 2016, and \$229 million in 2017. During the current and preceding two years, no City property losses exceeded the City's insurance coverage.

The City purchases excess liability insurance with a \$1 million retained self-insurance limit and \$15 million in policy limits. The City Council has established by ordinance a goal of \$5 million as the minimum amount to be made available to cover losses.

In the normal course of its various operations, the City of Bellingham is involved in lawsuits and receives claims for damages alleging City responsibility for damage incurred by third parties. Claims and/or litigation arise in such areas as police civil liability (false arrest), street and sidewalk design and/or maintenance, utility maintenance, zoning, building and other land-use regulations, equipment operation and other areas. These claims or lawsuits are a natural consequence of conducting the City's business. The City of Bellingham self-insures to cover most of its liability risk as reflected in the retained self-insurance limit.

The Unemployment Compensation fund is the source for collecting contributions and making payments to reimburse the State of Washington Employment Security Department, on a quarterly basis, for unemployment compensation claims paid to former employees. State statutes mandate that most other employers pay a tax on employed compensation to support the unemployment insurance system. The City budgets contribution rates to each department based upon past experience and expected future claims.

The Worker's Compensation fund is the source for collecting contributions and making payments towards employee injury claims and other related costs. The City's workers compensation program is self-insured and follows specific guidelines established by the State of Washington. Claims are administered by a third party and the program has reinsurance with a \$550,000 per occurrence deductible. Premiums are assessed to City departments based upon the number of hours worked by covered employees. Rates are based on an internal formula derived from Washington State standard

rates and are revised annually to generate revenues sufficient to cover anticipated expenditures and provide a reserve for incurred but unreported future expenses.

The Health Benefits fund is the source for collecting contributions and paying premiums for employee medical, dental, and vision insurance. Both the City and employee contribute to the cost of medical insurance premiums. The City alone contributes towards dental and vision insurance for full time employees. City departments are charged composite rates to cover the cost of insurance premiums for each employee. Insurance for employees is purchased through employee unions and the Association of Washington City's Employee Benefit Trust.

The City is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2016, 281 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical insurance through Group Health, Regence BlueShield and Asuris Northwest Health, dental insurance through Delta Dental of Washington, and vision insurance through Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. The AWC Trust HCP purchases stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Group Health ISL at \$750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the

AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW.

The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

	Claims and	l Lit	igation	Unemployn	nen	t Comp	Worker	s' Co	omp
	2015		2016	2015		2016	2015		2016
Beginning liability	\$ 379,504	\$	821,117	\$ 160,000	\$	160,000	\$ 430,000	\$	550,000
Claims incurred	562,102		38,771	100,027		102,847	439,241		399,158
Claims paid	(120,489)		(154,329)	(100,027)		(102,847)	(319,241)		(399,158)
Ending liability	\$ 821,117	\$	705,559	\$ 160,000	\$	160,000	\$ 550,000	\$	550,000

Changes in estimated claims liabilities

It is management's opinion, that the City's insurance policies and self-insurance are adequate to pay all known or pending claims.

V-B Contingencies

Cleanup contingencies - The City of Bellingham (the City) has been named as a potentially liable person (PLP) (as that term is defined in the Model Toxics Control Act) by the Washington State Department of Ecology (DOE) with respect to several cleanup sites. Cleanup at these sites is in a variety of stages, from no action to completion, with several at the remedial investigation phase. For most of these sites, the City is eligible for, and has received or hopes to receive, 50% matching funds from DOE for the cleanups. At several of the sites, the City is not the only PLP and is in negotiation with the other PLPs as to each party's responsibility to fund the remedial actions. The City has issued two general obligation bonds for the City's share of remediation costs to be repaid primarily by net revenues from the Solid Waste fund. These revenues are generated principally by tax revenues paid by the City's solid waste contractor. The Solid Waste fund's projected cash flow indicates sufficient net revenue to repay the existing estimated principal and interest costs over a twenty-year period. See note V-C for additional detail about the current estimated costs.

Bellingham-Whatcom Public Facilities District (PFD) restructured contingent loan agreement — Due to the recession that occurred shortly after the 2007 PFD bonds were issued and the corresponding decrease in sales tax revenue, the City anticipates that beginning in 2023, revenues and existing PFD cash balances will be insufficient to cover all of the PFD debt service requirements. The PFD's ability to make its bond and loan repayments was originally predicated on sales tax revenues increasing year over year at a steady 4.5% increase from 2004 to 2027. Given the effects of the recession beginning in 2008, the PFD has substantially less cash and reserves than the original projections.

Staff has been monitoring sales tax growth and legislative changes and as a proactive step to combat the anticipated PFD cash shortfall the City and the PFD advance refunded the 2007 PFD bonds in April of 2016. The City of Bellingham issued 2016 LTGO bonds in the City's name and then loaned the proceeds to the PFD to refund their outstanding 2007 bonds. By refunding the 2007 PFD bonds using the proceeds from an LTGO bond in the City's name, the City and the PFD were able to garner the best available interest rates which led to net present value savings of \$1,185,952.

As of December 31, 2015, the City had recorded a \$2,272,779 GASB 70 PFD debt guarantee based on the non-exchange financial guarantee contingent loan commitments in contract 2007-0552. With the refunding of the 2007 PFD bonds a new interlocal agreement was written between the PFD and the City. As stated in section 7 of the agreement, "the full faith and credit of the PFD is...pledged for payment of...the PFD's obligation to pay PFD Revenues to the City in the amount sufficient to pay debt service on (a) the City 2012 Bonds, (b) the City 2016 Bonds, (c) the 2013 Loan, and (d) any City Advance to the PFD." Although all revenues of the PFD are pledged for payment of these obligations, as the debt issuer the City of Bellingham is still required to make the bond payments on the 2016 LTGO and 2012 LTGO bonds in the event of a PFD revenue shortfall.

Given the new debt structure, the City is removing the \$2,272,779 GASB 70 PFD debt guarantee since the bonds are all issued in the City's name and the contingent loan agreement between the PFD and the City was terminated in Section 32 of inter-local agreement 2016-0268. However, based on the guidance in GASB 62 ¶ 100, the City is recording an allowance for doubtful account balance of \$1,448,178. This \$1,448,178 is a contra-asset to the due from component unit balance, largely offsetting the removal of the GASB 70 debt guarantee. Although the 2016 bond refunding reduced the magnitude and deferred the timing of the likely PFD revenue shortfall, the City still considers a shortfall probable and the amount of loss can be reasonably estimated. Accordingly, the City is booking a loss contingency of \$1,448,178 per GASB 62 against the due from component unit receivable from the PFD. The amount of the allowance for doubtful accounts recognized is the best estimate of the discounted present value of the future outflows expected to be absorbed by the City as of December 31, 2016.

Grant contingencies - The City participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. There are no known or estimated liabilities as the result of these audits as of year-end.

Home rehabilitation program loan guarantee - The City has an agreement with Key Bank of Washington to guarantee Bellingham Home Rehabilitation Program loans. The City is committed to reimburse the bank for 90% of the outstanding balance of defaulted program loans. At December 31, 2016, the outstanding balance of these loans is \$1,638, and the resultant contingent liability is \$1,474.

V-C Pollution remediation obligations

The City records pollution remediation obligations as a liability and prepaid pollution costs as an asset. The City accounts for remediation activity in both proprietary and governmental funds. The City's future remediation obligations are reviewed and updated at the end of each year to reflect current year activity and to revise estimates of future obligations. All sites are overseen by the Washington State Department of Ecology. The City has been named as a potentially liable person ("PLP") by the Washington State Department of Ecology for each of the five sites listed below. To determine the City's remediation liability, project estimates were used from engineers and other remediation specialists. In each case, legal and finance staff determined that a single project option was the best representation of the City's future liability. The City expects to receive up to half of the cost of all environmental remediation costs from the State of Washington through the issuance of Department of Ecology local cleanup grants. These grants are issued on a biennial basis with each grant being awarded following the issuance of a cleanup order from the Department of Ecology. These grants are not recognized by the

City until they are received and accordingly the estimates of the future pollution remediation obligation costs are not reduced by the anticipated grant amounts.

As remedial investigation and feasibility study (RI/FS) reports are completed and become available and/or when the City receives updated cost-forecast estimates from Anchor QEA consulting for the Port-City shared Central Waterfront and Cornwall sites, the estimated pollution remediation obligation balances are updated to reflect the revised estimates. The pollution remediation obligation is an estimate subject to changes resulting from price increases or reductions, technology, and changes in applicable laws and regulations.

This schedule reflects the estimated pollution remediation obligations for the five named sites as of December 31, 2016:

Estimated pollution remedia	atio	n obligations	3	
Site	G	overnmental activities	В	usiness-type activities
S. State St Man. Gas Plant (f.k.a Boulevard Park)	\$	8,284,252	\$	-
Cornwall Ave Landfill Site		-		6,417,464
RG Haley Site		15,322,185		-
Eldridge Municipal Landfill		-		144,569
Central Waterfront		-		4,475,960
Total	Ś	23.606.437	Ś	11.037.993

In 2005, the City and the Port of Bellingham ('the Port') entered into an agreement to clean up the Central Waterfront and Cornwall sites and the City prefunded its share of that original estimate by paying the Port \$3.7 million upfront. Of this \$3.7 million prepayment, \$1.44M was allocated to Cornwall and \$2.26M was allocated to Central Waterfront. Of the total prepayment, the net remaining balance as of December 31, 2016, was \$111,777.

This schedule shows the composition of the residual prepaid asset as of December 31, 2016:

Estimated pollution remedi	Estimated pollution remediation prepaid assets								
Site		siness-type activities							
Cornwall Ave Landfill Site	\$	221,265							
Central Waterfront		(109,488)							
Total	\$	111,777							

South State Street Manufactured Gas Plant site (SSMGP) — Remediation is required to cleanup contamination from the use of this site for the manufacturing of gas from coal. The current estimated cost of remediation is \$8.3 million. The City is negotiating for financial contributions from other potentially liable persons. An RI/FS work plan was issued in August 2010 but a completed RI/FS has not been published as of year-end. Ecology estimates that an RI/FS for SSMGP will be completed in 2017.

Cornwall Ave Landfill site - Remediation is required to cleanup contamination from the use of this site as a landfill for solid waste. In 2005, the City and the Port of Bellingham ('the Port') entered into an agreement to cleanup this site. A RI/FS was prepared and issued for the Cornwall Ave Landfill Site in December 2013. The consent decree for the Cornwall Ave Landfill Site was signed in December 2014

which selected the preferred alternative for cleanup. Anchor QEA consulting provided the City (and the Port, another PLP) with a revised report of the estimated cost-forecasts as of December 31, 2016. The Cornwall Ave Landfill site estimated costs have increased since the issuance of the RI/FS in 2013 after taking into account an escalation rate inflator and adding additional project contingency costs, however, the remaining pollution remediation obligation as of December 31, 2016, has gone down compared to the prior year. This reduction in the outstanding remediation obligation is due to the reduction of costs incurred by the City because of the receipt of MATC grants during 2016 and due to changes in the estimate by Anchor QEA consulting as of fiscal year end.

The net balance of the City's prepaid pollution remediation asset and the City's pollution remediation obligation related to the Cornwall Ave Landfill site is \$6.2 million.

RG Haley site - Remediation is required to cleanup contamination from the use of this site as a wood treatment facility and from cross contamination from garbage landfill activities on the adjacent property, which is part of the Cornwall Avenue Landfill Site.

A final RI/FS was prepared and issued for RG Haley on February 1, 2016. The estimated pollution remediation obligation for the RG Haley site was updated based on the estimated remaining cleanup costs published in this RI/FS and then reduced by current year costs to arrive at the ending estimated pollution remediation obligation of \$15.3 million for RG Haley.

Eldridge Avenue Municipal Landfill – Remediation is required to cleanup contamination from the use of this site as a landfill for garbage. A RI/FS was published in September 2015 for the Eldridge Municipal Landfill site. The pollution remediation liability estimate for Eldridge was updated to reflect the preferred alternative cost estimate in the RI/FS report and reduced for current year expenses. The year-end estimate of the pollution remediation obligation for Eldridge Municipal Landfill site as of December 31, 2016, is \$144,569.

Central Waterfront – Remediation is required to cleanup contamination from the use of this area as a landfill for solid waste. The Central Waterfront pollution remediation obligation was decreased compared to the prior year estimate due to receipt of MATC grants in 2016 reducing the City's anticipated burden and to match the cost estimates and updated forecasts prepared by Anchor QEA consulting as of December 31, 2016. Although an RI/FS has not been published for Central Waterfront and a preferred alternative has not yet been selected, the revised cost estimates by Anchor QEA consulting are considered reasonable as a basis for recording the change in the liability. The net of the prepaid pollution remediation contra-asset and the pollution remediation obligation related to the Central Waterfront site is \$4.6 million.

V-D Interlocal agreements

Whatcom Medic One

In November 2005, Whatcom County voters approved a ballot proposition authorizing the County to collect 1/10th of one percent sales tax for the purposes of supporting countywide emergency medical and law enforcement services. One-third of this tax remains with the county/cities for law enforcement and two-thirds of this tax is remitted to the County to be used for countywide emergency medical services. The City of Bellingham has a contract with the County to provide ambulance service in certain areas of the county.

What-Comm/Prospect Communications Center

The City of Bellingham participates with Whatcom County and other local governmental jurisdictions to provide two communication centers; the first is for law enforcement and is the primary public safety

answering point. The other is for fire and emergency medical services and serves as the secondary public safety answering point. Each center is capable of providing back up support for the other.

City police department personnel operate "What-Comm Communications Center" and administration of this center is the responsibility of the Bellingham Police Chief. City fire department personnel operate "Prospect Communications Center" and administration of this center is the responsibility of the Bellingham Fire Chief. The City is responsible for maintaining records and statistics regarding the two operations.

The City operates and manages the communications centers under advisement of an administrative board composed of eight voting members and one nonvoting member. The Administrative board has the authority to establish broad policy guidelines and establishes the annual financial contributions to be made by the member jurisdictions. In 2016, the City contributed \$1,179,359 to the Public Safety Dispatch fund as its share of operations, approximately 22% of total revenues.

Waterfront redevelopment

The Bellingham City Council and the Port of Bellingham's Board of Commissioners approved a package of Waterfront District Master Plan documents and related development agreements in December 2013. These documents include the Waterfront District Sub-Area Plan, Design Standards, Development Regulations, Development Agreement, Planned Action Ordinance, and the Interlocal Agreement for Facilities. The Port and City acknowledge that redeveloping the Waterfront District in conformance with the Master Plan will require facilities. The Port's and City's obligations for providing such facilities and the phasing of such facilities are based on a set of triggers that are set forth in the Interlocal Agreement for Facilities. The Port and the City have agreed to jointly prioritize and pursue outside funding assistance from federal, state, and other sources.

Lake Whatcom Management Program (LWMP) and Aquatic Invasive Species (AIS)

The City of Bellingham, Whatcom County, and the Lake Whatcom Water and Sewer District (LWWSD) came together in 1998 to formalize, by interlocal agreement, the Lake Whatcom Management Program. The goal of the program is to improve lake water quality by jointly implementing programs affecting the Lake Whatcom Watershed. In 2010 the LWMP 2010-2014 work plan was adopted which included several capital projects all three entities committed to completing. In this timeframe the Aquatic Invasive Species (AIS) Prevention Program was also launched as a joint program funded by LWWS, Whatcom County, the City, and program fees. The City contributed \$295,741 towards the AIS program in 2016, LWWSD contributed \$50,000, and the County contributed \$95,000. Additionally, in 2014 the City completed the stormwater retrofit project at Bloedel Donovan which was under the management of the LWMP. The City, County, and LWWSD have all agreed through the interlocal agreement to commit funds towards land preservation, stormwater management, land use, education and engagement, monitoring and data, hazardous materials mitigation, recreation, AIS, utilities and transportation, and administration. The 2015-2019 work plan cost estimates for the LWMP include contributions totaling \$45.7 million between the City, County, and LWWSD over the next five years.

Lake Whatcom Water and Sewer District

The Lake Whatcom Water and Sewer District (LWWSD) is a distinct municipal entity with its own assets, liabilities, and governing board. The LWWSD is a not a component unit of the City.

The Lake Whatcom Water and Sewer District (LWWSD) entered into Interlocal Agreement 2014-0136 which is effective from January 1, 2014, through December 31, 2034. RCW 39.34 allows governmental entities to enter into Interlocal Agreements to perform services for one another on the basis of mutual advantage and the Bellingham Municipal Code 15.36 authorizes the City to provide sewer services outside its corporate limits subject to certain conditions. Interlocal agreement 2014-0136 established

the terms and conditions upon which the City will accept, convey, treat, and dispose of the District's sewage for a fee. The District agreed to pay its proportionate share of the City's sewer system costs, including operation and maintenance (O&M) and capital improvements. The District's proportionate share of the City's sewer system costs consist of volumetric charges of their use of the City's sewerage system and capital contribution charges as specified in section 6 of the agreement. In 2016, the LWWSD paid the City \$2,421,801 in capital contribution charges.

Fire District #8

Whatcom County Fire Protection District No. 8 is a distinct municipal entity and is not a component unit of the City.

In 2016, Whatcom County Fire Protection District No. 8 and the City of Bellingham entered into a new interlocal agreement, 2016-0336, for the provision of fire and emergency medical services (EMS). The parties have a long-term relationship for providing mutual and automatic aid in the delivery of fire and EMS and wish to evaluate consolidation options, and if appropriate, plan for a longer-term consolidation, including consideration of a Regional Fire Authority.

In 2016, Fire District #8 paid the City \$910,997 for providing these services.

Whatcom County Rural Library District

Whatcom County Rural Library District a distinct municipal entity with its own assets, liabilities, and governing board. Whatcom Rural Library District is a not a component unit of the City.

Per Interlocal agreement 2013-0614, the City Library and the County Library provide unrestricted access to library services and circulation materials for all residents of the service areas of both libraries. However, since County residents use the City Library to a greater degree than the County Library is used by City residents. In 2016, the County Library paid the City a final payment of \$156,393 for providing these services. The interlocal agreement remains in place; however, there will no longer a disparity in use between the city and county libraries.

V-E Related-party transactions

Port of Bellingham Pollution Remediation Costs

The Port of Bellingham is a distinct municipal entity with its own assets, liabilities, and governing board. The Port of Bellingham is a not a component unit of the City.

Although distinct entities, the Port and the City are both listed as potentially liable persons (PLP's) by the Department of Ecology in regards to the pollution remediation requirements for the Cornwall Ave Landfill Site and the Central Waterfront site. As two named governmental entities the City and the Port are working jointly with Ecology to address the remediation concerns. In 2005, the City prepaid the Port \$1.44 million and \$2.26 million towards the clean-up of Cornwall Ave and the Central Waterfront, respectively. As of December 31, 2016, the City has a \$221,265 prepayment remaining for Cornwall and owes \$109,488 on Central Waterfront.

Park Districts Loan

The Chuckanut Community Forest Park District (Park District) is a distinct municipal entity with its own assets, liabilities, and board of commissioners. The Park District was created on February 12, 2013, when voters in a southern portion of the City approved a ballot measure to create the Chuckanut Community Forest Park District. The Park District taxes property owners within the its boundaries to repay the loan from the Greenways Endowment fund in exchange for a conservation easement ensuring the entirety of the property purchased with the original loan is protected in perpetuity in public ownership. The

property will be protected with the conservation easement with respect for its ecological, recreational and educational functions. The Park District is a not a component unit of the City.

The specific terms and conditions of the loan repayment are included in Interlocal agreement #2013-0624 which was signed at the end of 2013. In this agreement the Park District agreed to begin making payments to the City to pay off the loan of \$3,232,022, accrued interest on the loan through June 30, 2014, of \$100,335, and future interest on the loan after June 30, 2014. The District has levied a \$0.28 cent per thousand dollars of assessed valuation to repay the Greenways Endowment fund for this land purchase. The Park District made payments of \$369,085 in 2016. As of December 31, 2016, the loan balance is \$2,628,020.

As of the date of the financial statements there is an unresolved lawsuit which questions the legality of the formation of the Park District, which correspondingly, calls into the question whether or not this loan agreement and conservation easement will be valid.

2,995,004

V-F Pension plans

Pension liabilities	\$ 32,682,984
Pension assets	\$ 10,943,543
Deferred outflows of resources	\$ 10,665,923
Deferred inflows of resources	\$ 847,890

| \$

Aggregate pension amounts for all plans as of 12/31/2016

State Sponsored Pension Plans

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems Communications Unit P.O. Box 48380 Olympia, WA 98540-8380

Pension expense/expenditures

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the

completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

PERS Plan 1			
Actual Contribution Rates:	Employer	Employee*	
PERS Plan 1	6.23%	6.00%	
PERS Plan 1 UAAL	4.77%	6.00%	
Administrative Fee	0.18%		
Total	11.18%	6.00%	

^{*} For employees participating in JBM, the contribution rate was 12.26%.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

PERS Plan 2/3			
Actual Contribution Rates:	Employer 2/3	Employee 2*	
PERS Plan 2/3	6.23%	6.12%	
PERS Plan 1 UAAL	4.77%		
Administrative Fee	0.18%		
Employee PERS Plan 3		varies	
Total	11.18%	6.12%	

^{*} For employees participating in JBM, the contribution rate was 15.30%.

The city's actual PERS plan contributions were \$1,655,865 to PERS Plan 1 and \$2,065,848 to PERS Plan 2/3 for the year ended December 31, 2016.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service 2.0% of FAS
- 10-19 years of service 1.5% of FAS
- 5-9 years of service 1% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2016. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

LEOFF Plan 2			
Actual Contribution Rates:	Employer	Employee	
State and local governments	5.05%	8.41%	
Administrative Fee	0.18%		
Total	5.23%	8.41%	

The city's actual contributions to the plan were \$1,352,590 for the year ended December 31, 2016.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2016, the state contributed \$60,375,158 to LEOFF Plan 2. The amount recognized by the city as its proportionate share of this amount is \$826,260.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2016 with a valuation date of June 30, 2015. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2007-2012 Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2015 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2016. Plan liabilities were rolled forward from June 30, 2015, to June 30, 2016, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

• **Inflation:** 3.0% total economic inflation; 3.75% salary inflation

- **Salary increases**: In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return: 7.5%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were minor changes in methods and assumptions since the last valuation.

- For all systems, except LEOFF Plan 2, the assumed valuation interest rate was lowered from 7.8% to 7.7%. Assumed administrative factors were updated.
- Valuation software was corrected on how the nonduty disability benefits for LEOFF Plan 2 active members is calculated.
- New LEOFF Plan 2 benefit definitions were added within the OSA valuation software to model legislation signed into law during the 2015 legislative session.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent. To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the city's proportionate share* of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

Plan	1% Decrease		1% Increase	
Plan	6.50%	7.50%	8.50%	
PERS 1	\$18,377,973	\$15,240,054	\$12,539,682	
PERS 2/3	32,115,571	17,442,930	(9,080,052)	
LEOFF 1	(1,611,707)	(2,713,124)	(3,654,591)	
LEOFF 2	13,512,475	(4,818,525)	(18,634,777)	

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the City reported a proportionate share of net pension liabilities and assets as follows:

Plan	Liability (Asset)	
PERS 1	\$	15,240,054
PERS 2/3		17,442,930
TOTAL LIABILITY	\$	32,682,984
LEOFF 1	\$	(2,713,124)
LEOFF 2		(4,818,525)
TOTAL ASSET	\$	(7,531,650)

The amount of the asset reported above for LEOFF Plan 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability asset, the related State support, and the total portion of the net pension liability/(asset) that was associated with the City were as follows:

	LEOFF 2 Asset
LEOFF 2 - employer's proportionate share	\$ (4,818,525)
LEOFF 2 - State's proportionate share of the net pension asset associated with the employer	(3,141,328)
TOTAL	\$ (7,959,853)

At June 30, the City's proportionate share of the collective net pension liabilities was as follows:

Plan	% of Proportionate Share 6/30/15	% of Proportionate Share 6/30/16 Change in Proport	
PERS 1	0.283816%	0.283775%	-0.000041%
PERS 2/3	0.345119%	0.346439%	0.001320%
LEOFF 1	0.259501%	0.263337%	0.003836%
LEOFF 2	0.816862%	0.828452%	0.011590%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2016. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2016, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2016, the state of Washington contributed 39.46 percent of LEOFF 2 employer contributions pursuant to <u>RCW 41.26.725</u> and all other employers contributed the remaining 60.54 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2016, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2015, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2016, the City's recognized pension expense is as follows:

Plan	Pension Expense
PERS 1	\$ 903,139
PERS 2/3	2,371,334
LEOFF 1	(389,342)
LEOFF 2	1,559,829
TOTAL	\$ 4,444,960

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2016, the City's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	383,721	-
Contributions subsequent to the measurement date	822,076	-
TOTAL	1,205,797	-

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	928,824	575,820
Net difference between projected and actual investment earnings on pension plan investments	2,134,511	-
Changes of assumptions	180,287	-
Changes in proportion and differences between contributions and proportionate share of contributions	41,650	64,822
Contributions subsequent to the measurement date	1,026,961	-
TOTAL	4,312,234	640,642
LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	275,785	-
TOTAL	275,785	-

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	660,268	-
Net difference between projected and actual investment earnings on pension plan investments	1,731,490	-
Changes of assumptions	18,168	-
Changes in proportion and differences between contributions and proportionate share of contributions	155,469	78,145
Contributions subsequent to the measurement date	727,859	-
TOTAL	3,293,253	78,145

TOTAL	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	1,589,092	575,820
Net difference between projected and actual investment earnings on pension plan investments	4,525,506	-
Changes of assumptions	198,455	-
Changes in proportion and differences between contributions and proportionate share of contributions	197,119	142,967
Contributions subsequent to the measurement date	2,576,896	-
TOTAL	9,087,067	718,787

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PERS 1	PERS 2/3	LEFOFF 1	LEOFF 2	TOTAL
2017	\$ (94,480)	\$ (1,944)	\$ (56,991)	\$ (2,116)	\$ (155,532)
2018	(94,480)	(1,944)	(56,991)	(2,116)	(155,532)
2019	352,406	1,634,286	238,849	1,452,116	3,677,657
2020	220,275	1,014,233	150,918	1,006,433	2,391,859
2021	-	-	-	32,932	32,932
Thereafter	-	-	-	-	-

City of Bellingham Firefighters' (FFP) and Police Officers' Pension (POP) Plans

Plan description

The City administers two closed single-employer defined benefit pension plans for retired and disabled firefighters' and police officers'. The FFP and POP provide retirement, disability, and death benefits to plan members and their beneficiaries. The plans are governed by the firefighters' and police officers' pension boards which are responsible for the management of the plan assets. Both systems were established and are administered in accordance with state laws RCW 41.18 and 41.20. Financial reporting for both of these plans are contained in the basic and individual fund statements of this report.

Board membership

The FFP is administered by a fire pension board comprised of the city council finance committee chairperson, the mayor, the finance director, a non-voting physician, two regularly employed or retired firefighters elected by secret ballot of the employed and retired firefighters, and an alternate firefighter.

The POP is administered by a police pension board comprised of the president of the city council, the mayor, the finance director, a non-voting physician, and three active or retired members of the police department elected by active and retired members of the police department.

Summary of significant accounting and funding policies

Employer contributions, determined during the biennial budget process using actuarially determined amounts, are recognized as revenues in the period in which they are budgeted and paid. Non-employer State collected and distributed fire insurance premium taxes, of \$116,385 in 2016, are recognized in the FFP when received. The plans are both closed to new participants and are no longer receiving employee contributions. Benefits and refunds are recorded when due and payable in accordance with the terms of each plan.

Plan benefits

The City's obligation under the plans consists of paying full benefits, including payment to beneficiaries, for members who retired prior to March 1, 1970, and partial or excess benefits over LEOFF Plan I benefits for those members who retired or will retire after March 1, 1970. Pension benefits are tied to the current employee pay rates including cost of living adjustments. Benefits are calculated at 2% per year of service and on the average final compensation for the last two years of credited service. Each member in service on March 1, 1970, receives the greater of benefit payable under the DRS LEOFF Plan I system or the benefits available under the old law. Where benefits under the old law exceed those under LEOFF Plan I, the excess benefits are paid by the pension fund of the City employing them on March 1, 1970. There were no changes in benefit provisions in the current year.

FFP members are eligible for retirement after completing 5 years of service and attaining the age of 50. A member is eligible for disability benefits if disabled for a minimum of 6 months. An individual becomes vested after 5 years of service. All existing members of this closed plan are fully vested.

POP plan members are eligible for benefits after completing 25 years of service. A member is eligible for disability benefits if disabled for a minimum of 6 months. An individual becomes vested after 5 years of service. All existing members of this closed plan are fully vested.

Membership participation							
	FFP 12/31/15	POP 12/31/15					
Active employees	1	0					
Retirees	25	16					
Beneficiaries	18	7					
Total Participants	44	23					
Receiving Benefits	37	15					

Investments

The FFP and POP Boards have designated daily operations, internal controls, and investment decisions to the City's finance director. The finance director follows the City's investment policy using an investment strategy that emphasizes prudent and professional standards. The primary investment requirements, in order of priority, are: safety, compliance, liquidity, and return on investment. Details of plan investments are included in Note IV-A *Deposits and Investments*. The City's *General Fund* is responsible for ensuring that each of the pension funds has adequate cash to pay their benefit obligations and administrative expenses each year. No significant investment policy changes were made during the reporting year. Fair value of investments is determined by the quoted market prices.

Investment conce	entration	Ì
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	FFP	POP	0/	Moody's
Investments at fair value	12/31/2016	12/31/2016	%	Rating
	4000001	410000	2.1.0/	_
U.S. Treasury Notes	\$266,281	\$182,399	3.11%	
U.S Agency Securities:				
Farmer MAC	106,025	72,626	1.24%	
Federal Home Loan Bank (FHLB)	1,024,947	702,076	11.98%	
Federal National Mortgage Association (FNMA)	3,477,479	2,382,030	40.66%	
Federal Home Loan Mortgage Corp. (FHLMC)	1,555,127	1,065,243	18.18%	
Federal Farm Credit Bank (FFCB)	1,292,594	885,411	15.11%	
Municipal Bonds	830,450	568,848	9.71%	Aa1
Total investments at fair value	\$8,552,903	\$5,858,633	100.00%	

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was .61% for FFP and .60% for POP. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

Actuarial methods and assumptions

Actuarial valuations involve estimates and assumptions about the probability of events far into the future and the amounts are subject to continual revision and reflect a long-term perspective. Actuarial valuations of these plans are performed every two years, with the most recent valuation being performed to determine the funded status as of December 31, 2016. The actuarial assumptions involving investment earnings and salary growth for the FFP and the POP plans have been determined in accordance with the recommendation of the system's retained actuary. Under LEOFF Plan I, the benefit is adjusted after retirement in proportion to the change in the Consumer Price Index (CPI). Most adjustments are based on the change in salary for the rank the members held at retirement. The salaries

are based on salary and benefits surveys collected by the Association of Washington Cities (AWC) for an upper-level police officer and firefighter. The CPI figures used are for classification *Urban Wage Earners* and Clerical Workers officer, Seattle-Everett, Washington, which is the basis of LEOFF Plan I increases.

While assumptions are made regarding mortality, inflation and wage rates, our actuary presents a cash flow projection rather than an actuarial funding plan to liquidate any unfunded liabilities. The City uses this cash flow projection to budget annual amounts to transfer to these plans for benefits.

The following significant assumptions are used in the most current study:

Pension actuarial methods and assumptions for FFP and POP

Valuation date	12/31/2016
Actuarial cost method	entry age
Actuarial asset method	market value
Assumed composite rate of return	3.75%
Projected salary increases	3.0%
Inflation rate	2.5%
Property tax contribution rate increases (FFP only)	2.5%
Fire insurance premium rate increases (FFP)	2.5%
Mortality rate - static projection to 2025	RP-2000, scale BB
Amortization period - investment earning variances	5 years
Amortization period - Police Officers' assumption and experience variances	7 years
Amortization period - Firefighters' assumption and experience variances	8 years

Net pension asset and interest rate sensitivity

		FFP		POP
	12/31/16			12/31/16
Total pension liability	\$	6,015,984	\$	1,601,226
Plan fiduciary net position		6,913,042	_	4,116,061
Net pension asset	\$	897,058	\$	2,514,835
Net position as a % of total asset		114.91%		257.06%
Net pension asset sensitity				
Plus 1% composite rate of return	\$	1,326,229	\$	2,631,766
Minus 1% composite rate of retrun	\$	406,521	\$	2,381,153

Changes in net pension asset

		FFP		POP		
	Total Pension Asset	Plan Fiduciary Net Position	Net Pension Asset	Total Pension Asset	Plan Fiduciary Net Position	Net Pension Asset
Balance at 1/1/2016	\$5,476,236	\$6,411,373	\$935,137	\$1,282,730	\$3,960,203	\$2,677,473
Changes for the year:						
Interest	184,397	-	(184,397)	41,693	-	(41,693)
Changes of assumptions	(116,456)	-	116,456	(31,736)	-	31,736
Differences, expected and actual	887,308	-	(887,308)	491,536	-	(491,536)
Contributions - employer	-	879,442	879,442	-	316,498	316,498
Net investment income	-	40,272	40,272	-	24,204	24,204
Benefit payments, net of refunds	(415,501)	(415,501)	-	(182,997)	(182,997)	-
Administrative expense	-	(2,544)	(2,544)	-	(1,847)	(1,847)
Net changes	539,748	501,669	(38,079)	318,496	155,858	(162,638)
Balance at 12/31/2016	\$6,015,984	\$6,913,042	\$897,058	\$1,601,226	\$4,116,061	\$2,514,835

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2016, the City's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

FFP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$776,398	-
Net difference between projected and actual investment earnings on pension plan investments	234,130	-
Changes of assumptions	-	101,899
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
TOTAL	\$1,010,528	\$101,899

РОР	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$421,314	-
Net difference between projected and actual investment earnings on pension plan investments	147,007	-
Changes of assumptions	-	27,204
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
TOTAL	\$568,321	\$27,204

TOTAL	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	1,197,712	-
Net difference between projected and actual investment earnings on pension plan investments	381,137	-
Changes of assumptions	-	129,103
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
TOTAL	\$1,578,849	\$129,103

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	FFP	POP	TOTAL
2017	162,610	107,274	269,884
2018	162,610	107,274	269,884
2019	162,610	107,274	269,884
2020	131,728	87,925	219,653
2021	96,357	65,685	162,042
Thereafter	192,714	65,685	258,399
Total	908,629	541,117	1,449,746

V-G Other post-employment benefits (OPEB)

Firefighters' (FHC) and Police Officers' (PHC) Health Care Plans

Plan description

In accordance with the Revised Code of Washington (RCW) 41.26, the City administers two single-employer defined benefit healthcare plans for firefighters' and police officers' employed prior to October 1, 1977. The FHC and PHC plans provide lifetime medical, prescription drug, dental, Medicare Part B premiums, long-term care, and vision expenses for LEOFF Plan 1 retirees. Dependent spouses and children are not covered. Financial reporting for both of these plans are contained in the basic and individual fund statements of this report.

Membership

Plan membership at December 31, 2016, consists of 66 retired firefighters and 45 retired police officers.

Funding policy

Funding for LEOFF 1 retiree healthcare costs is provided entirely by the City as required by the Revised Code of Washington (RCW) 41.26. There are no active employee nor retiree contributions. The medical care benefits are funded on a pay-as-you-go basis. The long-term care benefits are being pre-funded using an actuarial required contribution (ARC) as the basis. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess).

Annual OPEB cost and net OPEB obligations

The City's annual OPEB cost and net OPEB obligation for the year ended December 31, 2016, are as follows:

Annual OPEB cost and net OPEB obligation

	FHC 12/13/16			PHC 12/13/16	
Annual required contribution (ARC)	\$	1,260,718	\$	835,217	
Interest on net OPEB obligation		7,729		5,110	
Adjustment to the ARC		(15,013)	_	(9,926)	
Annual OPEB cost		1,253,434		830,401	
Contributions made		(1,530,930)	_	(1,044,724)	
Decrease in net OPEB obligation		(277,496)		(214,323)	
Net OPEB liability, beginning of year		220,835		146,004	
Net OPEB asset, end of year	\$	(56,661)	\$	(68,319)	

Trend information

Trend information is intended to provide an indication of the progress being made in accumulating sufficient assets to pay benefits when due.

Three year OPEB trend information

						Percentage of			
		Ar	nual OPEB			AOC		Net OPEB	
Plan	Year	cost (AOC)		Contribution	ons	contributed	obligation		
FHC	2014	\$	1,526,985	\$ 1,460,6	05	95.7%	\$	525,400	
	2015		1,244,569	1,549,1	.34	124.5%		220,835	
	2016		1,253,434	1,530,9	30	122.1%		(56,661)	
PHC	2014	\$	1,000,221	971,1	.21	97.1%	\$	382,547	
	2015		825,047	1,061,5	90	128.7%		146,004	
	2016		830,401	1,044,7	24	125.8%		(68,319)	

Funding status and funding progress

Actuarial valuations involve estimates and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress provided in the required supplemental information section of this report provides information on whether the funded ratio is increasing or decreasing over time. As of the last valuation date, December 31, 2016, the FHC and PHC plans are 20.4% and 22.4% funded, respectively.

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are made using actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial calculations of the plans reflect a long-term perspective.

OPEB actuarial methods and assumptions

Actuarial cost method	entry age
Asset valuation method	market value
Assumed composite blended rate of return	3.75%
Inflation rate	2.5%
Medical care cost inflation rate	6% grading down to 5% over 2 yrs.
Long-term care cost inflation rate	4.5%
Mortality rate - static projection to 2025	RP-2000, scale BB
Amortization period	20 year, closed

Actuarial valuations of these plans are performed every two years, with the most recent valuation being performed to determine the funded status as of December 31, 2016.

Schedule of OPEB funded status

	FHC 12/31/16			PHC 12/31/16		
Actuarial accrued liability (AAL)	\$	20,140,000	\$	13,393,000		
Actuarial value of plan assets		4,111,000		2,999,000		
Unfunded actuarial accrued liability (UAAL)	\$	16,029,000	\$	10,394,000		
Funded ratio (actuarial value of plan assets/AAL)		20.4%		22.4%		
Covered payroll (annual payroll of active employees		132,470		45,026		
covered by the plan)						
UAAL as a % of covered payroll		12100%		23084%		

V-H Endowments

Greenways maintenance endowment fund – This endowment was created internally by ordinance 1998-02-004. In November 1997, the voters passed a ballot issue to levy increased property taxes in the amount of \$20 million over nine years to provide funds for continuing acquisition, improvement and maintenance of current and future open space, greenways, parks, athletic fields, recreation facilities, trails and wetlands. The City created two funds to account for this levy. The first was the beyond greenways fund with 90% of the levy property tax receipts to be used for acquisition and development/improvement of property. The other 10% of the property tax levy receipts and interest earnings were allocated into the beyond greenways endowment fund. The money allocated to this fund was not yet needed for operational purposes. Additionally, any principal donations that are intended to be kept in a nonexpendable trust are also put in the beyond greenways endowment fund.

On May 16, 2006, the voters passed a ballot authorizing the City to increase its regular property tax levy in 2007 to \$2.49 per thousand (which included \$0.057 per thousand from the beyond greenways levy) of assessed valuation on all of the taxable property within the City. The ballot specified increases in 2008 and each of the nine succeeding years as allowed by RCW 84.55 to be used for the costs of parks, greenways, trails, and open space property acquisition, development, and maintenance. The City created the greenways III fund with ordinance 2007-01-004 to account for the property tax levy receipts. These receipts are to be used for acquisition and development/improvement of property.

Ordinance 2007-04-034 changed the name of the beyond greenways endowment fund to greenways maintenance endowment fund and expanded the scope of the fund to include maintenance activities for properties acquired or developed with any greenway levy funds. This ordinance also set aside 9% of the greenways III levy to the endowment fund.

The interest earned within the greenways maintenance endowment fund is transferred when needed. It helps pay for parks and recreation department maintenance of properties acquired and developed with beyond greenways funds.

As of December 31, 2016, a total of \$5,925,950 in property taxes and donations has been receipted into the endowment fund and is nonspendable. Interest in the amount of \$5,819 remains unspent.

Natural resources protect and restore fund – As a result of the 1999 Olympic Pipeline disaster, an agreement was reached in December 2003 between the City of Bellingham and the Washington State Department of Ecology establishing an endowment fund to be used solely for (a) the purchase of conservation easements, or (b) restoration of damaged ecological processes. Ordinance 2004-01-001 incorporated the agreement and its governing rules and regulations. The \$4.0 million endowment was received December 16, 2003.

According to the terms of the agreement, the corpus (or original lump payment received) cannot be expended for 50 years. Only the interest earned by that corpus or any other outside revenues received (such as donations) may be expended for (a) or (b) as defined above. As of December 31, 2016, \$578,038 is available to spend.

The fund balance of the endowment fund is reflected in the governmental portion of the statement of net position and the statement of activities. Washington State authorizes the spending of net appreciation on investments of endowments in RCW 24.44.020. Investments for the endowment funds meet the same criteria as other City funds. The City's investment risk is described in note IV-A.

V-I Tax abatements

The City provides tax abatements under three programs: Multifamily Housing, Historical Property, and an Urban Village Business and Occupation (B&O) phased tax credit.

The Multifamily Housing program was established under RCW 84.14 and municipal code chapter 17.82. The program is used to encourage increased residential opportunities, including affordable housing opportunities, in cities that are required to plan or choose to plan under the growth management act within urban centers, and to stimulate the construction of new multifamily housing and the rehabilitation of existing vacant and underutilized buildings for multifamily housing in urban centers. To be eligible for this program the housing project must be located within a targeted residential area, not displace existing residential tenants, include at least four units of multifamily housing and at least 50 percent of the space for multifamily housing must be provided for permanent residential occupancy. The program provides an exemption from ad valorem property taxation for 8 or 12 years for the value of new housing construction, conversion, and rehabilitation improvements that qualify under the program. To qualify for the 12 year exemption the applicant must commit to renting or selling at least 20 percent of the multi-unit housing units as affordable housing units. The owner must continue to comply with the requirements of the program and is subject to a compliance review annually. If it is determined the owner is not complying with the terms of the contract, the tax exemption will be cancelled. The City currently has agreements with ten property owners that qualify under the program for a total property tax valuation of \$25,473,475 and an estimated tax abatement of \$67,000 for fiscal year 2016.

The Historical Property program was established under RCW 84.26 and municipal code chapter 17.90. The purpose of the program is to provide for the identification, evaluation, designation, and protection of designated historic resources within the boundaries of the city of Bellingham, and to provide for the preservation and rehabilitation of eligible historic properties within the city of Bellingham for future generations through a property tax incentive. To be eligible, the building must be listed in the National Register of Historic Places, certified as contributing to a National Register Historic District, listed on the City of Bellingham's Local Register of Historic Places or certified as contributing to a local historic district. The building must be substantially rehabilitated within a cost and time period that meets the requirements of chapter 84.26 RCW. The property owner signs a 10-year agreement to comply with the law, not demolish the building, allow some public access, monitor the building and hold the City and State harmless. The Historic Preservation commission monitors compliance with the agreement for the 10 year period. If the agreement is violated, all back taxes that would otherwise have been owed, including interest on back taxes, and a penalty of 12% of back taxes and interest may be due. The City currently has agreements with 17 properties owners qualifying under the program for a total property tax valuation of \$8,745,931 and an estimated tax abatement of \$23,000 for fiscal year 2016.

The *Urban Village B&O phased tax credit* was established under municipal code chapter 6.04.105. New businesses and branches that locate in Downtown, Old Town, Waterfront, Samish Way or the Fountain District are eligible for a graduated tax credit of 90% for the first year, 75% for the second year, and 50% for the third year of operations for all Business and Occupation taxes due to the City. The business owner must submit an application and receive approval from the Finance Director for the credit. If the owner relocates the business outside the eligible urban village within three years of the effective date of the credit, the total amount of taxes for which the credit has been claimed for current and prior reporting periods shall be immediately due. The City currently has two agreements with businesses in this program. B&O tax payments are considered confidential information and are not disclosable to unauthorized individuals per RCW 82.32.330(6) and 19.02.115(5).



Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual Legal Basis Legally Adopted Original General Fund For the Year Ended December 31, 2016

			2015	2016			
	2015-2016 Biennial		Actual	Actual	Total		
	Budgeted	l Amounts	Amounts	Amounts	Amounts	Variance with	
	Original	Final	Legal Basis	Legal Basis	Legal Basis	Final Budget	
REVENUES							
Taxes:							
Property	\$ 27,953,916	\$ 27,953,916	\$ 14,179,751	\$ 14,437,281	\$ 28,617,032	\$ 663,116	
Sales and use	28,258,700	28,643,200	14,543,599	15,166,499	29,710,098	1,066,898	
Business	59,800,620	59,800,620	29,884,433	31,249,275	61,133,708	1,333,088	
Other	1,960,000	1,960,000	1,023,206	1,081,410	2,104,616	144,616	
Licenses and permits	1,637,142	1,729,142	852,970	1,051,317	1,904,287	175,145	
Intergovernmental revenue	1,795,150	2,988,041	1,628,319	3,279,074	4,907,393	1,919,352	
Charges for services	16,060,174	16,467,660	9,080,655	2,650,395	11,731,050	(4,736,610)	
Fines and penalties	2,552,589	2,172,113	985,824	825,893	1,811,717	(360,396)	
Miscellaneous revenue	1,398,016	1,137,987	981,874	547,796	1,529,670	391,683	
Total revenues	141,416,307	142,852,679	73,160,631	70,288,940	143,449,571	596,892	
EXPENDITURES							
Current:							
General government services	27,845,435	28,010,936	13,108,669	8,769,364	21,878,033	(6,132,903)	
Public safety	74,842,838	76,474,965	36,829,426	39,499,039	76,328,465	(146,500)	
Natural and economic environment	7,068,526	7,530,110	3,220,328	3,270,091	6,490,419	(1,039,691)	
Social Services	340,685	368,083	154,472	154,308	308,780	(59,303)	
Cultural and recreation	26,927,509	27,126,409	12,808,400	13,511,608	26,320,008	(806,401)	
Debt service:							
Principal	428,527	428,527	-	-	-	(428,527)	
Interest and other charges	14,789	14,789	8,293	6,339	14,632	(157)	
Capital outlay	68,318	1,454,873	1,463,685	5,000	1,468,685	13,812	
Total expenditures	137,536,627	141,408,692	67,593,273	65,215,749	132,809,022	(8,599,670)	
Excess (deficiency) of revenues over (under) expenditures	3,879,680	1,443,987	5,567,358	5,073,191	10,640,549	9,196,562	
OTHER ENANGING COLIDERS (LIGES)							
OTHER FINANCING SOURCES (USES) Sale of general capital assets				367,613	367,613	367,613	
Transfers in	300,000	300,000	150,000	150,000	300,000	307,013	
Transfers out	(5,300,888)					(06 120)	
		(5,300,888)	(2,682,604)	(2,714,404)	(5,397,008)	(96,120)	
Total other financing sources and (uses)	(5,000,888)	(5,000,888)	(2,532,604)	(2,196,791)	(4,729,395)	271,493	
Net change in fund balances	(1,121,208)	(3,556,901)	3,034,754	2,876,400	5,911,154	9,468,055	
Fund balances - beginning	14,153,483	17,725,097	17,523,800	20,558,554	17,523,800	(201,297)	
Fund balances - ending	\$ 13,032,275	\$ 14,168,196	\$ 20,558,554	\$ 23,434,954	\$ 23,434,954	\$ 9,266,758	

Reconciliation of the Schedule of Revenues, Expenditures and Changes in Fund Balances Original General Fund compared to Combined GASB 54 General Fund GAAP Basis For the Year Ended December 31, 2016

REVENUES	
General fund	\$70,288,940
Budgeted separately and consolidated for GASB 54 reporting -	
Streets	13,370,006
Federal Building	4,880
Olympic - Whatcom Falls Park Addition	1,420
First 1/4% Real Estate Excise Tax	2,260,370
Second 1/4% Real Estate Excise Tax	1,924,903
Greenway III Levy	5,268,454
Park Impact Fees	2,453,090
Sportsplex	1,606
Combined General Fund	95,573,669
EXPENDITURES	
General Fund	65,215,749
Budgeted separately and consolidated for GASB 54 reporting -	
Streets	13,078,211
Federal Building	213,572
Olympic - Whatcom Falls Park Addition	1,306
First 1/4% Real Estate Excise Tax	678,966
Second 1/4% Real Estate Excise Tax	229,492
Greenway III Levy	2,071,300
Park Impact Fees	880,811
Combined General Fund	82,369,407
OTHER FINANCING SOURCES (USES)	
General Fund	(2,196,791)
Budgeted separately and consolidated for GASB 54 reporting -	(1,152,485)
Combined General Fund	(3,349,276)
NET CHANGES IN FUND BALANCES	
General Fund	2,876,400
Budgeted separately and consolidated for GASB 54 reporting -	6,978,586
Combined General Fund	\$ 9,854,986

*Note: The funds delineated above do not meet the definition of a special revenue fund as defined in GASB 54 ¶30-31 and by the WA State Auditors office BARS manual GAAP section 3.1.1.40 code 100. Accordingly, they were combined with the general fund for GAAP basis reporting. However, the budgets for these eleven funds and the originally budgeted general fund were legally appropriated and as such are presented as part of the combining and individual fund statements.

Pension PlansWashington State Department of Retirement Systems - PERS and LEOFF

Schedule of city's proportionate share of state net pension liability - PERS & LEOFF

	6/30/2016	6/30/2015		6/30/2014
PERS 1				
Proportionate % of net pension liability (NPL)	0.283775%	0.283816%		0.292219%
NPL	\$ 15,240,054	\$ 14,846,216	\$	14,720,669
Covered employee payroll	\$ 694,726	\$ 833,860	\$	1,081,349
NPL as a % of covered employee payroll	2193.68%	1780.42%		1361.32%
Fiduciary net position (FNP)	\$ (20,222,944)	\$ (21,451,699)	\$	(23,206,738)
Total pension liability (TPL)	\$ 35,462,999	\$ 36,297,915	\$	37,927,408
FNP as a % of TPL	-57.03%	-59.10%		-61.19%
PERS 2/3				
Proportionate % of net pension liability (NPL)	0.346439%	0.345119%		0.347973%
NPL	\$ 17,442,930	\$ 12,331,299	\$	7,033,791
Covered employee payroll	\$ 32,435,206	\$ 30,696,116	\$	29,876,074
NPL as a % of covered employee payroll	53.78%	40.17%		23.02%
Fiduciary net position (FNP)	\$ (105,603,698)	\$ (101,851,378)	\$	(97,776,269)
Total pension liability (TPL)	\$ 123,046,628	\$ 114,182,676	\$	104,810,059
FNP as a % of TPL	-85.82%	-89.20%		-93.29%
LEOFF 1				
Proportionate % of net pension asset (NPA)	0.263337%	0.259501%		0.254508%
NPA	\$ 2,713,124	\$ 3,127,561	\$	3,086,650
Covered employee payroll	\$ 132,029	\$ 144,697	\$	465,881
NPA as a % of covered employee payroll	2054.94%	2161.45%		662.54%
Fiduciary net position (FNP)	\$ (14,143,483)	\$ (14,558,393)	\$	(14,554,819)
Total pension liability (TPL)	\$ 11,430,358	\$ 11,430,832	\$	11,468,169
FNP as a % of TPL	123.74%	127.36%		126.91%
LEOFF 2				
City proportionate % of NPA	0.828452%	0.816862%		0.853588%
City proportionate share of City NPA	\$ 4,818,525	\$ 8,395,708	\$	11,327,480
State proportionate share of City NPA	\$ 3,141,323	\$ 5,551,241	\$	7,401,154
Total proportionate share	\$ 7,959,848	\$ 13,946,948	\$	18,728,634
Covered employee payroll	\$ 25,125,355	\$ 23,723,220	\$	23,786,119
NPA as a % of covered employee payroll	19.18%	35.39%		47.62%
Plan Fiduciary net position (FNP)	\$ (84,590,086)	\$ (80,319,337)	\$	(78,963,736)
Total pension liability (TPL)	\$ 79,771,560	\$ 71,923,629	\$	67,636,256
FNP as a % of TPL	-106.04%	-111.67%		-116.75%

^{*} Information is available beginning in 2014.

Pension PlansWashington State Department of Retirement Systems - PERS and LEOFF (continued)

Schedule of contributions - PERS & LEOFF

Plan	Year	Statutorially required contributions	Actual contributions	Contribution deficiency (excess)	Covered Employee Payroll	Contributions as a % of covered employee payroll
	2014	1,314,562	1,314,562	-	982,256	133.83%
PERS 1	2015	1,435,640	1,435,640	-	707,036	203.05%
	2016	1,655,872	1,655,872	-	672,352	246.28%
	2014	1,517,744	1,517,744	-	30,387,959	4.99%
PERS 2/3	2015	1,752,785	1,752,785	-	31,107,241	5.63%
	2016	2,065,838	2,065,838	-	33,206,141	6.22%
	2014	-	-	-	255,654	0.00%
LEOFF 1	2015	-	-	-	189,324	0.00%
	2016	-	-	-	83,296	0.00%
	2014	1,198,658	1,198,658	-	23,735,711	5.05%
LEOFF 2	2015	1,248,036	1,248,036	-	24,713,647	5.05%
	2016	1,352,566	1,352,566	-	26,783,467	5.05%

^{*} Information is available beginning in 2014.

Pension Plans
Firefighters' (FFP) and Police Officers' (POP) Pension Plans

Schedule of changes in net pension asset - FFP

Firefighters' Pension Plan	2016	2015	2014	2013
Total pension asset				
Interest	\$ 184,397	\$ 192,760	\$ 260,497	\$ 273,717
Changes in actuarial assumptions	(116,456)	-	140,083	-
Differences, expected and actual	887,308	-	(189,608)	-
Benefit payments, net	(415,501)	(447,877)	(536,869)	(598,129)
Net change in total pension asset	539,748	(255,117)	(325,897)	(324,412)
Total pension asset - beginning	5,476,236	5,731,353	6,057,250	6,381,662
Total pension asset - ending	\$6,015,984	\$5,476,236	\$5,731,353	\$6,057,250
Plan fiduciary net position				
Contributions - employer	\$ 763,056	\$ 656,841	\$ 666,889	\$ 618,805
Contributions - nonemployer	116,386	127,180	140,638	129,799
Netinvestmentincome	40,272	48,857	64,034	(2,583)
Benefit payments, net	(415,501)	(447,877)	(536,869)	(598,129)
Administrative expense	(2,544)	(5,231)	(2,420)	(3,493)
Net change in plan fidiciary net position	501,669	379,770	332,272	144,399
Plan fiduciary net position - beginning	6,411,373	6,031,603	5,699,331	5,554,932
Plan fiduciary net position - ending	6,913,042	6,411,373	6,031,603	5,699,331
Net pension asset (liability)	\$ 897,058	\$ 935,137	\$ 300,250	\$ (357,919)
Plan fiduciary net position as a % of total pension asset	114.91%	117.08%	105.24%	94.09%
Covered-employee payroll	132,470	142,115	357,440	432,351
Net pension asset as a % of covered employee payroll	677.18%	658.01%	84.00%	-82.78%

^{*} Information is available beginning in 2013.

Pension Plans
Firefighters' (FFP) and Police Officers' (POP) Pension Plans

Schedule of changes in net pension asset - POP

Police Officers' Pension Plan		2016		2015		2014		2013
Total pension asset								
Interest	\$	41,693	\$	45,570	\$	63,919	\$	67,258
Changes in actuarial assumptions		(31,736)		-		(27,978)		-
Differences, expected and actual		491,536		-		(28,536)		-
Benefit payments, net		(182,997)		(129,662)		(122,007)		(160,904)
Net change in total pension asset		318,496		(84,092)		(114,602)		(93,646)
Total pension asset - beginning	1	,282,730	1	,366,822	:	1,481,424	1	L,575,070
Total pension asset - ending	\$1	,601,226	\$1	,282,730	\$:	1,366,822	\$1	,481,424
Plan fiduciary net position								
Contributions - employer	\$	316,498	\$	310,025	\$	338,015	\$	263,344
Net investment income		24,204		32,313		41,593		(11,006)
Benefit payments, net		(182,997)		(129,662)		(122,007)		(160,904)
Administrative expense		(1,847)		(4,735)		(2,969)		(1,557)
Net change in plan fidiciary net position		155,858		207,941		254,632		89,877
Plan fiduciary net position - beginning	3	,960,203	3	,752,262	:	3,497,630	3	3,407,753
Plan fiduciary net position - ending	4	,116,061	3	,960,203	3	3,752,262	3	3,497,630
Net pension asset	\$2	,514,835	\$2	,677,473	\$2	2,385,440	\$2	2,016,206
Plan fiduciary net position as a % of total pension asset		257.06%		308.73%		274.52%		236.10%
Covered-employee payroll		45,026		147,835		162,093		245,929
Net pension asset as a % of covered employee payroll	į	5585.30%		1811.12%		1471.65%		819.83%

^{*} Information is available beginning in 2013.

Pension Plans

Firefighters' (FFP) and Police Officers' (POP) Pension Plans (continued)

Actuarial valuations for the following pension plans are performed every two years using the Entry Age Normal Cost Method. The most recent valuation was performed December 31, 2016.

Schedule of contributions - FFP & POP

		Actuarially determined	Actual	Contribution deficiency	Covered Employee	Contributions as a % of covered employee
Plan	Year	contributions	contributions	(excess)	Payroll	payroll
	2007	\$ 372,881	\$ 891,820	\$ (518,939)	\$ 1,350,442	66.04%
FFP	2008	372,881	1,158,121	(785,240)	1,171,301	98.87%
	2009	219,490	1,028,402	(808,912)	881,915	116.61%
	2010	219,490	628,673	(409,183)	761,841	82.52%
	2011	100,391	496,590	(396,199)	673,935	73.69%
	2012	100,391	633,363	(532,972)	479,131	132.19%
	2013	73,616	748,604	(674,988)	432,351	173.15%
	2014	73,616	807,527	(733,911)	357,440	225.92%
	2015	-	784,021	(784,021)	142,115	551.68%
	2016	-	879,442	(879,442)	132,470	663.88%
POP	2007	\$ -	\$ 447,709	\$ (447,709)	\$ 915,651	48.90%
	2008	-	64,815	(64,815)	650,656	9.96%
	2009	-	17,559	(17,559)	610,356	2.88%
	2010	-	150,745	(150,745)	396,480	38.02%
	2011	-	73,432	(73,432)	285,674	25.70%
	2012	-	399,991	(399,991)	232,874	171.76%
	2013	-	263,344	(263,344)	245,929	107.08%
	2014	-	338,015	(338,015)	162,093	208.53%
	2015	-	310,025	(310,025)	147,835	209.71%
	2016	-	316,498	(316,498)	45,026	702.92%

Pension Plans

Firefighters' (FFP) and Police Officers' (POP) Pension Plans (continued)

Valuation date	12/31/2016
Actuarial cost method	entry age
Actuarial asset method	market value
Assumed composite rate of return	3.75%
Projected salary increases	3.0%
Cost of living adjustments - City	2.5%
Cost of living adjustments - State LEOFF	2.5%
Inflation rate	2.5%
Property tax contribution rate increases (FFP only)	2.5%
Fire insurance premium rate increases (FFP)	2.5%
Mortality rate - static projection to 2025	RP-2000, scale BB
Amortization period - investment earning variances	5 years
Amortization period - Police Officers' assumption and experience variances	7 years
Amortization period - Firefighters' assumption and experience variances	8 years

Schedule of	f investment returns -	FFP	& POP
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Plan	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
FFP	0.61%	0.79%	1.09%	-0.05%	1.09%	1.58%	2.19%	2.95%	4.95%	***
POP	0.60%	0.83%	1.15%	-0.32%	1.01%	1.04%	1.30%	1.64%	5.86%	***

^{***} Actuarial information began in 2008.

Other Post Employment Benefit Plans (OPEB)

Firefighters' (FHC) and Police Officers' (PHC) Health Care Plans

Actuarial valuations for the following OPEB medical and long-term care plans are performed every two years using the Entry Age Normal Cost Method. The most recent valuation was performed December 31, 2016.

Schedule	of OPEB	funding	progress
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Plan	Valuation date	Actuarial value of plan assets	Actuarial accrued liabilities	Unfunded actuarial accrued liabilities (UAAL)	Funded ratio	Covered payroll	UAAL as a % of covered payroll
FHC	12/31/2012	\$ 2,365,000	\$ 24,127,000	\$ 21,762,000	9.8%	\$ 479,131	4542.0%
	12/31/2014	2,866,000	21,396,000	18,530,000	13.4%	357,440	5184.1%
	12/31/2016	4,111,000	20,140,000	16,029,000	20.4%	132,470	12100.1%
PHC	12/31/2012	\$ 2,172,000	\$ 16,445,000	\$ 14,273,000	13.2%	\$ 232,874	6129.1%
	12/31/2014	2,408,000	14,684,000	12,276,000	16.4%	162,093	7573.4%
	12/31/2016	2,999,000	13,393,000	10,394,000	22.4%	45,026	23084.4%

Schedule of employer OPEB contributions

Plan	Year		ual required	•	Employer ontributions	Percentage contributed
riali	Teal	·	Jillibulion	u	Jillibulions	Continuated
FHC	2012	\$	1,650,398	\$	1,590,108	96.3%
	2014		1,526,985		1,460,605	95.7%
	2016		1,253,434		1,530,930	122.1%
PHC	2012	\$	1,095,506	\$	1,085,080	99.0%
	2014		1,000,221		971,121	97.1%
	2016		830,401		1,044,724	125.8%



FUNDS CONSOLIDATED WITH 001-GENERAL FUND GASB STATEMENT NO. 54 FOR REPORTING

111 - Streets

Responsible for maintenance for all City streets. This funds revenues are derived from state sales tax, diverted county road property tax, permits, grants, and impact fees.

125 - Federal Building

Created to account for revenues and expenses related to the restoration of the Federal Building. This fund will be closed after all proceeds placed in the fund have been disbursed. Established by Ordinance 2012-03-014.

134 - Olympic-Whatcom Falls Park Addition

Created for the purpose of accounting for the settlement funds from the Olympic-Whatcom Falls Park Addition property settlement. This fund will be closed after all proceeds placed in the fund have been disbursed.

141 - First 1/4% Real Estate Excise Tax

Proceeds from this tax fund construction, repair, replacement, rehabilitation, or improvement projects as authorized by RCW 82.46.010. Established by Ordinance 9270 and amended by Ordinance 10273.

142 - Second ¼% Real Estate Excise Tax

Proceeds from the second ¼% real estate tax are used solely for financing capital projects specified in a capital facilities plan element of the comprehensive plan as authorized by RCW 82.46.035. Established by Ordinance 1027.

173 - Greenway III Levy

Funded by increased property tax of \$.57 per thousand of assessed valuation, to be collected over ten years. Continues the acquisition, improvement and maintenance of greenways areas begun by the original greenway levy. Voter approved levy passed in 2006. The fund was established by Ordinance 2007-01-004.

177 - Park Impact Fee

Park impact fees and interest earnings are invested until utilized for an approved project or refunded to the property owner if not utilized in the prescribed amount of time. Established by Ordinance 2006-02-012.

178 - Sportsplex

Created as a repository for the security deposit and the accumulated interest on the security deposit for the Whatcom Soccer Commission lease of the Sportsplex. The lease agreement requires that any interest accrued on the deposited monies be added to and become part of the security deposit. Established by Ordinance 2006-01-001.

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual Legal Basis

Legally Adopted Original General Fund

Page 1 of 10			2015	2016		
	2015-2016 Biennial		Actual	Actual	Total	
	Budgeted	Amounts	Amounts	Amounts	Amounts	Variance with
	Original	Final	Legal Basis	Legal Basis	Legal Basis	Final Budget
REVENUES						
Taxes:						
Property	\$ 27,953,916	\$ 27,953,916	\$ 14,179,751	\$ 14,437,281	\$ 28,617,032	\$ 663,116
Sales and use	28,258,700	28,643,200	14,543,599	15,166,499	29,710,098	1,066,898
Business	59,800,620	59,800,620	29,884,433	31,249,275	61,133,708	1,333,088
Other	1,960,000	1,960,000	1,023,206	1,081,410	2,104,616	144,616
Licenses and permits	1,637,142	1,729,142	852,970	1,051,317	1,904,287	175,145
Intergovernmental revenue	1,795,150	2,988,041	1,628,319	3,279,074	4,907,393	1,919,352
Charges for services	16,060,174	16,467,660	9,080,655	2,650,395	11,731,050	(4,736,610)
Fines and penalties	2,552,589	2,172,113	985,824	825,893	1,811,717	(360,396)
Miscellaneous revenue	1,398,016	1,137,987	981,874	547,796	1,529,670	391,683
Total revenues	141,416,307	142,852,679	73,160,631	70,288,940	143,449,571	596,892
EXPENDITURES						
Current:						
General government services	27,845,435	28,010,936	13,108,669	8,769,364	21,878,033	(6,132,903)
Public safety	74,842,838	76,474,965	36,829,426	39,499,039	76,328,465	(146,500)
Natural and economic environment	7,068,526	7,530,110	3,220,328	3,270,091	6,490,419	(1,039,691)
Social Services	340,685	368,083	154,472	154,308	308,780	(59,303)
Cultural and recreation	26,927,509	27,126,409	12,808,400	13,511,608	26,320,008	(806,401)
Debt service:						
Principal	428,527	428,527	-	_	-	(428,527)
Interest and other charges	14,789	14,789	8,293	6,339	14,632	(157)
Capital outlay	68,318	1,454,873	1,463,685	5,000	1,468,685	13,812
Total expenditures	137,536,627	141,408,692	67,593,273	65,215,749	132,809,022	(8,599,670)
Excess (deficiency) of revenues						
over (under) expenditures	3,879,680	1,443,987	5,567,358	5,073,191	10,640,549	9,196,562
OTHER FINANCING SOURCES (USES)						
Sale of general capital assets	-	_	-	367,613	367,613	367,613
Transfers in	300,000	300,000	150,000	150,000	300,000	-
Transfers out	(5,300,888)	(5,300,888)	(2,682,604)	(2,714,404)	(5,397,008)	(96,120)
Total other financing sources and (uses)	(5,000,888)	(5,000,888)	(2,532,604)	(2,196,791)	(4,729,395)	271,493
Net change in fund balances	(1,121,208)	(3,556,901)	3,034,754	2,876,400	5,911,154	9,468,055
•	, , , ,	, , , ,				
Fund balances - beginning	14,153,483 \$ 12,022,275	17,725,097 \$ 14,169,106	17,523,800 \$ 20,559,554	20,558,554 \$ 22,424,054	17,523,800 \$ 22,424,054	(201,297) \$ 0.266.759
Fund balances - ending	\$ 13,032,275	\$ 14,168,196	\$ 20,558,554	\$ 23,434,954	\$ 23,434,954	\$ 9,266,758

Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual Legal Basis

Street Fund

Page 2 of 10	2015-2016	S Biennial	2015 Actual	2016 Actual	Total	
		Amounts	Amounts	Amounts	Amounts	Variance with
	Original	Final	Legal Basis	Legal Basis	Legal Basis	Final Budget
REVENUES						
Taxes:						
Property	\$ -	\$ -	\$ 4,221	\$ -	\$ 4,221	\$ 4,221
Sales and use	15,099,500	15,200,500	7,741,093	8,135,797	15,876,890	676,390
Licenses and permits	122,000	122,000	3,410	3,850	7,260	(114,740)
Intergovernmental revenue	8,317,000	22,612,413	8,185,959	3,818,525	12,004,484	(10,607,929)
Charges for services	2,502,335	2,767,335	1,577,117	1,174,802	2,751,919	(15,416)
Miscellaneous revenues	479,360	479,360	213,856	237,032	450,888	(28,472)
Total revenues	26,520,195	41,181,608	17,725,656	13,370,006	31,095,662	(10,085,946)
EXPENDITURES						
Current:						
General government services	398,599	103,936	7,167	49,195	56,362	(47,574)
Transportation	15,742,209	21,073,510	11,246,702	9,343,105	20,589,807	(483,703)
Natural and economic environment	253,213	892,866	311,341	172,934	484,275	(408,591)
Debt service:						
Interest and other charges	-	-	35,418	-	35,418	35,418
Capital outlay	10,282,000	31,232,214	11,418,811	3,512,977	14,931,788	(16,300,426)
Total expenditures	26,676,021	53,302,526	23,019,439	13,078,211	36,097,650	(17,204,876)
Excess (deficiency) of revenues over (under) expenditures	(155,826)	(12,120,918)	(5,293,783)	291,795	(5,001,988)	7,118,930
OTHER FINANCING SOURCES (USES)						
General long-term bonds issued	-	3,500,000	3,205,000	-	3,205,000	(295,000)
Premiums on bonds issued	-	-	330,418	-	330,418	330,418
Transfers in	-	38,697	19,055	19,642	38,697	-
Transfers out	(476,165)	(976,443)	(281,229)	(616,392)	(897,621)	78,822
Total other financing sources (uses)	(476,165)	2,562,254	3,273,244	(596,750)	2,676,494	114,240
Net change in fund balances	(631,991)	(9,558,664)	(2,020,539)	(304,955)	(2,325,494)	7,233,170
Fund balance - beginning	2,641,413	10,243,819	10,809,245	8,788,706	10,809,245	565,426
Fund balance - ending	\$ 2,009,422	\$ 685,155	\$ 8,788,706	\$ 8,483,751	\$ 8,483,751	\$ 7,798,596

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual Legal Basis

Federal Building Fund

Page 3 of 10			2015	2016			
	2015-2010	6 Biennial	Actual	Actual	Total		
	Budgeted	I Amounts	Amounts	Amounts	Amounts	Variance with	
	Original	Final	Legal Basis	Legal Basis	Legal Basis	Final Budget	
REVENUES							
Intergovernmental revenues	\$ 991,900	\$ 991,900	\$ -	\$ -	\$ -	\$ (991,900)	
Miscellaneous revenues	7,656	7,656	17,581	4,880	22,461	14,805	
Total revenues	999,556	999,556	17,581	4,880	22,461	(977,095)	
EXPENDITURES							
Current:							
General government	2,388,257	2,507,361	2,195,197	213,572	2,408,769	(98,592)	
Total expenditures	2,388,257	2,507,361	2,195,197	213,572	2,408,769	(98,592)	
Excess (deficiency) of revenues over (under) expenditures	(1,388,701)	(1,507,805)	(2,177,616)	(208,692)	(2,386,308)	(878,503)	
OTHER FINANCING SOURCES (USES)							
Transfers in	1,082,267	1,082,267	1,001,999	80,268	1,082,267		
Total other financing sources (uses)	1,082,267	1,082,267	1,001,999	80,268	1,082,267		
Net change in fund balance	(306,434)	(425,538)	(1,175,617)	(128,424)	(1,304,041)	(878,503)	
Fund balance - beginning	385,132	1,919,276	1,904,304	728,687	1,904,304	(14,972)	
Fund balance - ending	\$ 78,698	\$ 1,493,738	\$ 728,687	\$ 600,263	\$ 600,263	\$ (893,475)	

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual Legal Basis Olympic - Whatcom Falls Park Addition

Page 4 of 10						2015		2016				
	2015-2016 Biennial				Actual	Actual			Total			
		Budgeted Amounts				Amounts		Amounts	Amounts		Var	iance with
		riginal		Final	Legal Basis		Legal Basis		Legal Basis		Final Budget	
REVENUES												
Miscellaneous revenues	\$	4,396	\$	4,396	\$	2,054	\$	1,420	\$	3,474	\$	(922)
Total revenues		4,396		4,396		2,054	_	1,420	_	3,474	_	(922)
EXPENDITURES												
Current:												
Cultural and recreation		1,175		1,175		588		587		1,175		-
Capital outlay				206,569	_	9,690		719		10,409		(196,160)
Total expenditures		1,175		207,744		10,278		1,306		11,584		(196,160)
Excess (deficiency) of revenues over (under) expenditures		3,221		(203,348)		(8,224)	_	114		(8,110)		195,238
OTHER FINANCING SOURCES (USES)												
Total other financing sources (uses)			_		_		_				_	
Net change in fund balance		3,221		(203,348)		(8,224)		114		(8,110)		195,238
Fund balance - beginning		44,988		250,834		248,919	_	240,695		248,919		(1,915)
Fund balance - ending	\$	48,209	\$	47,486	\$	240,695	\$	240,809	\$	240,809	\$	193,323

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual Legal Basis

First 1/4% Real Estate Excise Tax Fund

Page 5 of 10			2015	2016		
	2015-2016	6 Biennial	Actual	Actual	Total	
	Budgeted	l Amounts	Amounts	Amounts	Amounts	Variance with
	Original	Final	Legal Basis	Legal Basis	Legal Basis	Final Budget
REVENUES						
Real estate excise tax	\$ 2,131,500	\$ 2,450,000	\$ 1,831,921	\$ 1,881,472	\$ 3,713,393	1,263,393
Intergovernmental revenue	-	622,893	17,495	351,657	369,152	(253,741)
Charges for services	-	-	12,318	-	12,318	12,318
Miscellaneous revenues	52,232	52,232	29,963	27,241	57,204	4,972
Total revenues	2,183,732	3,125,125	1,891,697	2,260,370	4,152,067	1,026,942
EXPENDITURES						
Current:						
General government services	33,020	33,020	17,314	16,444	33,758	738
Transportation	-	-	-	124,680	124,680	124,680
Cultural and recreation	200,000	207,118	73,670	65,852	139,522	(67,596)
Capital outlay	2,480,147	5,697,986	451,811	471,990	923,801	(4,774,185)
Total expenditures	2,713,167	5,938,124	542,795	678,966	1,221,761	(4,716,363)
Excess (deficiency) of revenues						
over (under) expenditures	(529,435)	(2,812,999)	1,348,902	1,581,404	2,930,306	5,743,305
OTHER FINANCING SOURCES (USES)						
Total other financing sources (uses)						
Net change in fund balances	(529,435)	(2,812,999)	1,348,902	1,581,404	2,930,306	5,743,305
Fund balances - beginning	1,201,946	4,132,160	4,100,699	5,449,601	4,100,699	(31,461)
Fund balances - ending	\$ 672,511	\$ 1,319,161	\$ 5,449,601	\$ 7,031,005	\$ 7,031,005	\$ 5,711,844

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual Legal Basis

Second 1/4% Real Estate Excise Tax Fund

Page 6 of 10			2015	2016			
	2015-201	6 Biennial	Actual	Actual	Total		
	Budgete	d Amounts	Amounts	Amounts	Amounts	Variance with	
	Original Final		Legal Basis	Legal Basis	Legal Basis	Final Budget	
REVENUES							
Real estate excise tax	\$ 2,131,500	\$ 2,450,000	\$ 1,831,921	\$ 1,881,472	\$ 3,713,393	\$ 1,263,393	
Intergovernmental revenue	40,000	121,849	127,504	25,501	153,005	31,156	
Charges for services	-	-	20,000	-	20,000	20,000	
Miscellaneous revenues	41,670	41,670	31,340	17,930	49,270	7,600	
Total revenues	2,213,170	2,613,519	2,010,765	1,924,903	3,935,668	1,322,149	
EXPENDITURES							
Current:							
General government services	198,702	198,702	36,556	129,266	165,822	(32,880)	
Transportation	-	-	-	3,135	3,135	3,135	
Natural and economic environment	-	1,180	-	-	-	(1,180)	
Cultural and recreation	55,000	80,210	41,029	15,996	57,025	(23,185)	
Capital outlay	125,000	1,309,343	192,645	81,095	273,740	(1,035,603)	
Total expenditures	378,702	1,589,435	270,230	229,492	499,722	(1,089,713)	
Excess (deficiency) of revenues over (under) expenditures	1,834,468	1,024,084	1,740,535	1,695,411	3,435,946	2,411,862	
OTHER FINANCING SOURCES (USES)							
Transfers out	(1,953,930	(1,953,930)	(1,317,229)	(636,003)	(1,953,232)	698	
Total other financing sources (uses)	(1,953,930)	(1,953,930)	(1,317,229)	(636,003)	(1,953,232)	698	
Net change in fund balances	(119,462	(929,846)	423,306	1,059,408	1,482,714	2,412,560	
Fund balances - beginning	2,559,568	3,213,211	3,267,385	3,690,691	3,267,385	54,174	
Fund balances - ending	\$ 2,440,106	\$ 2,283,365	\$ 3,690,691	\$ 4,750,099	\$ 4,750,099	\$ 2,466,734	

Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual Legal Basis

Greenway III Levy Fund

Page 7 of 10	2015-201	6 Biennial	2015 Actual	2016 Actual	Total		
	Budgeted	d Amounts	Amounts	Amounts	Amounts	Variance with	
	Original	Final	Legal Basis	Legal Basis	Legal Basis	Final Budget	
REVENUES							
Property taxes	\$ 8,442,000	\$ 8,442,000	\$ 4,297,736	\$ 4,368,509	\$ 8,666,245	\$ 224,245	
Intergovernmental revenue	-	942,422	367,512	820,066	1,187,578	245,156	
Fines and penalties	-	-	475	450	925	925	
Miscellaneous revenues	83,430	83,430	122,195	79,429	201,624	118,194	
Total revenues	8,525,430	9,467,852	4,787,918	5,268,454	10,056,372	588,520	
EXPENDITURES							
Current:							
Cultural and recreation	611,410	613,162	312,802	354,867	667,669	54,507	
Debt service:							
Interest and other debt service cost	-	-	25,459	25,324	50,783	50,783	
Capital outlay	9,053,218	16,880,717	6,200,627	1,691,109	7,891,736	(8,988,981)	
Total expenditures	9,664,628	17,493,879	6,538,888	2,071,300	8,610,188	(8,883,691)	
Excess (deficiency) of revenues							
over (under) expenditures	(1,139,198)	(8,026,027)	(1,750,970)	3,197,154	1,446,184	9,472,211	
OTHER FINANCING SOURCES (USES)							
Total other financing sources (uses)							
Net change in fund balance	(1,139,198)	(8,026,027)	(1,750,970)	3,197,154	1,446,184	9,472,211	
Fund balance - beginning	1,857,548	8,212,551	4,963,042	3,212,072	4,963,042	(3,249,509)	
Fund balance - ending	\$ 718,350	\$ 186,524	\$ 3,212,072	\$ 6,409,226	\$ 6,409,226	\$ 6,222,702	

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual Legal Basis Park Impact Fees Fund

Page 8 of 10			2015	2016		
	2015-2016	Biennial	Actual	Actual	Total	
	Budgeted	Amounts	Amounts	Amounts Amounts		Variance with
	Original	Final	Legal Basis	Legal Basis	Legal Basis	Final Budget
REVENUES						
Intergovernmental revenue	\$ -	\$ 796,377	\$ 687,548	\$ -	\$ 687,548	\$ (108,829)
Charges for services	836,360	836,360	2,443,718	2,170,416	4,614,134	3,777,774
Miscellaneous revenues	46,576	46,576	37,710	282,674	320,384	273,808
Total revenues	882,936	1,679,313	3,168,976	2,453,090	5,622,066	3,942,753
EXPENDITURES						
Current:						
Cultural and recreation	79,305	79,362	21,935	114,997	136,932	57,570
Capital outlay	2,585,548	5,067,685	1,855,917	765,814	2,621,731	(2,445,954)
Total expenditures	2,664,853	5,147,047	1,877,852	880,811	2,758,663	(2,388,384)
Excess (deficiency) of revenues						
over (under) expenditures	(1,781,917)	(3,467,734)	1,291,124	1,572,279	2,863,403	6,331,137
OTHER FINANCING SOURCES (USES)						
Total other financing sources (uses)						
Net change in fund balance	(1,781,917)	(3,467,734)	1,291,124	1,572,279	2,863,403	6,331,137
Fund balance - beginning	2,141,904	4,984,228	5,241,833	6,532,957	5,241,833	257,605
Fund balance - ending	\$ 359,987	\$ 1,516,494	\$ 6,532,957	\$ 8,105,236	\$ 8,105,236	\$ 6,588,742

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual Legal Basis Sportsplex Fund

Page 9 of 10						2015		2016			
	2015-2016 Biennial		1	Actual Actual		Actual	Total				
		Budgeted	l Am	ounts	A	mounts	Amounts		Amounts		Variance with
	0	riginal		Final		Legal Basis		Legal Basis		al Basis	Final Budget
REVENUES											
Miscellaneous revenues	\$	2,854	\$	2,854	\$	1,172	\$	1,606	\$	2,778	\$ (76)
Total revenues		2,854		2,854		1,172		1,606	_	2,778	(76)
EXPENDITURES											
Total expenditures											
Excess (deficiency) of revenues											
over (under) expenditures		2,854		2,854		1,172		1,606		2,778	(76)
OTHER FINANCING SOURCES (USES)											
Total other financing sources (uses)											
Net change in fund balance		2,854		2,854		1,172		1,606		2,778	(76)
Fund balance - beginning		44,762		44,930		43,657		44,829		43,657	(1,273)
Fund balance - ending	\$	47,616	\$	47,784	\$	44,829	\$	46,435	\$	46,435	\$ (1,349)

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual GAAP Basis

General Fund combined per GASB 54

			2015	2016		
Page 10 of 10			Total	Total	2 Year Total	
	2015-2016	Biennial	General Fund	General Fund	General Fund	
	Budgeted	Amounts	combined	combined	combined	Variance with
	Original	Final	per GASB 54	per GASB 54	per GASB 54	Final Budget
REVENUES						
Taxes:						
Property	\$ 36,395,916	\$ 36,395,916	\$ 18,481,708	\$ 18,805,790	\$ 37,287,498	\$ 891,582
Sales and use	43,358,200	43,843,700	22,284,692	23,302,296	45,586,988	1,743,288
Business	59,800,620	59,800,620	29,884,433	31,249,275	61,133,708	1,333,088
Real estate excise tax	4,263,000	4,900,000	3,663,842	3,762,944	7,426,786	2,526,786
Other	1,960,000	1,960,000	1,023,206	1,081,410	2,104,616	144,616
Licenses and permits	1,759,142	1,851,142	856,380	1,055,167	1,911,547	60,405
Intergovernmental revenue	11,144,050	29,075,895	11,014,337	8,294,823	19,309,160	(9,766,735)
Charges for services	19,398,869	20,071,355	13,133,808	5,995,613	19,129,421	(941,934)
Fines and penalties	2,552,589	2,172,113	986,299	826,343	1,812,642	(359,471)
Miscellaneous revenues	2,116,190	1,856,161	1,437,745	1,200,008	2,637,753	781,592
Total revenues	182,748,576	201,926,902	102,766,450	95,573,669	198,340,119	(3,586,783)
EXPENDITURES						
Current:						
General government services	30,864,013	30,853,955	15,364,903	9,177,841	24,542,744	(6,311,211)
Public safety	74,842,838	76,474,965	36,829,426	39,499,039	76,328,465	(146,500)
Transportation	15,742,209	21,073,510	11,246,702	9,470,920	20,717,622	(355,888)
Economic environment	7,321,739	8,424,156	3,531,669	3,443,025	6,974,694	(1,449,462)
Mental and physical health	340,685	368,083	154,472	154,308	308,780	(59,303)
Cultural and recreation	27,874,399	28,107,436	13,258,424	14,063,907	27,322,331	(785,105)
Debt service:						
Redemption of general long-term debt	428,527	428,527	-	-	-	(428,527)
Interest and other debt service cost	14,789	14,789	69,170	31,663	100,833	86,044
Capital outlay	24,594,231	61,849,387	21,593,186	6,528,704	28,121,890	(33,727,497)
Total expenditures	182,023,430	227,594,808	102,047,952	82,369,407	184,417,359	(43,177,449)
Excess (deficiency) of revenues						
over (under) expenditures	725,146	(25,667,906)	718,498	13,204,262	13,922,760	39,590,666
OTHER FINANCING SOURCES (USES)						
General long-term bonds issued	-	3,500,000	3,205,000	-	3,205,000	(295,000)
Premiums on bonds issued	-	-	330,418	-	330,418	330,418
Sale of general capital assets	-	-	-	367,613	367,613	367,613
Transfers in	1,382,267	1,420,964	1,171,054	249,910	1,420,964	-
Transfers out	(7,730,983)	(8,231,261)	(4,281,062)	(3,966,799)	(8,247,861)	(16,600)
Total other financing sources (uses)	(6,348,716)	(3,310,297)	425,410	(3,349,276)	(2,923,866)	386,431
Net change in fund balances	(5,623,570)	(28,978,203)	1,143,908	9,854,986	10,998,894	39,977,097
Fund balances - beginning	25,030,744	50,726,106	48,102,884	49,246,792	48,102,884	(2,623,222)
Fund balances - ending	\$ 19,407,174	\$ 21,747,903	\$ 49,246,792	\$ 59,101,778	\$ 59,101,778	\$ 37,353,875



Combining Balance Sheet Nonmajor Governmental Funds December 31, 2016

100570	Special Debt Revenue Service		Capital Project	Permanent	T (1)
ASSETS	Funds	Funds	Funds	Funds	Totals
Cash and cash equivalents	\$ 2,775,117	\$ 2,545,659	\$ 705,796	\$ 1,139,574	\$ 7,166,146
Investments	12,371,099	463,024	3,259,071	5,262,078	21,355,272
Receivables, net	225,138	573	613	5,902	232,226
Due from other governments	738,517	-	-	-	738,517
Due from component units	-	15,821,342	-	1,479,976	17,301,318
Interfund loans receivable	-	-	-	2,628,020	2,628,020
Special assessments receivable	-	105			105
Notes and contracts receivable	20,380,319	-	-	-	20,380,319
Restricted:					
Cash and cash equivalents	70,117	-	-	-	70,117
Investments	323,767				323,767
Total assets	36,884,074	18,830,703	3,965,480	10,515,550	70,195,807
LIABILITIES					
Accounts payable	628,643	-	-	-	628,643
Accrued wages and benefits	223,492	-	-	-	223,492
Due to other funds	307,918	-	-	-	307,918
Unearned revenue	39,810		597	5,743	46,150
Total liabilities	1,199,863		597	5,743	1,206,203
FUND BALANCES					
Nonspendable	19,843,450	15,402,781	_	9,925,950	45,172,181
Restricted	15,840,761	3,427,922	3,964,883	583,857	23,817,423
Total fund balances	35,684,211	18,830,703	3,964,883	10,509,807	68,989,604
Total liabilities, deferred inflow of					
resources and fund balances	\$ 36,884,074	\$ 18,830,703	\$ 3,965,480	\$10,515,550	\$ 70,195,807

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended December 31, 2016

	Special Debt Capital Revenue Service Projects Funds Funds Funds		Permanent Funds	Totals	
REVENUES					
Taxes:					
Property	\$ 2,995,566	\$ -	\$ 42,724	\$ 432,050	\$ 3,470,340
Sales and use	6,717,062	-	1,042,757	-	7,759,819
Licenses and permits	347,387	-	-	-	347,387
Intergovernmental revenues	3,825,899	-	-	-	3,825,899
Charges for services	3,518,066	380,088	-	-	3,898,154
Fines and penalties	-	69	-	-	69
Miscellaneous revenues	648,942	823,502	12,215	65,391	1,550,050
Total revenues	18,052,922	1,203,659	1,097,696	497,441	20,851,718
EXPENDITURES					
Current:					
Public safety	5,917,824	-	-	-	5,917,824
Transportation	1,535,967	-	-	-	1,535,967
Natural and economic environment	4,763,108	-	-	852	4,763,960
Cultural and recreation	73,744	1,068,075	-	7,057	1,148,876
Debt service:					
Principal	-	1,801,382	-	-	1,801,382
Interest and other charges	-	924,796	-	-	924,796
Capital outlay	1,516,979				1,516,979
Total expenditures	13,807,622	3,794,253		7,909	17,609,784
Excess (deficiency) of revenues Over (under) expenditures	4,245,300	(2,590,594)	1,097,696	489,532	3,241,934
OTHER FINANCING SOURCES (USES)					
Refunding bonds issued	-	9,640,000	-	-	9,640,000
Premium on refunding bonds	-	1,181,489	-	-	1,181,489
Transfers in	421,101	1,323,414	-	-	1,744,515
Transfers out	(160,703)				(160,703)
Total other financing sources (uses)	260,398	12,144,903			12,405,301
Net change in fund balances	4,505,698	9,554,309	1,097,696	489,532	15,647,235
Fund balances - beginning	31,178,513	9,276,394	2,867,187	10,020,275	53,342,369
Fund balances - ending	\$ 35,684,211	\$ 18,830,703	\$ 3,964,883	\$ 10,509,807	\$ 68,989,604

SPECIAL REVENUE FUNDS

113 - Paths & Trails Reserve

Establishes and maintains paths and trails for bicyclists, equestrians and pedestrians. The source of revenue is one-half of one percent of motor vehicle fuel taxes received by the street fund. Funds must be expended for the purpose required within ten years of receipt. Established in the 1975 Budget by Ordinance 8356.

126 - Library Gift

Accumulates cash gifts from private donors, for donor specified library projects. Established by Ordinance 7573 and transferred to special revenue classification by Ordinance 2001-11-086.

131 – Olympic Pipeline Incident

Environmental incident settlement funds used to implement maintenance and monitoring tasks on Whatcom Creek pursuant to the Olympic Pipeline Whatcom Creek Restoration Plan. Established by Ordinance 2005-10-082.

136 - Environmental Remediation

Created to account for revenues, provided by other responsible parties, for the purpose of funding environmental remediation. Established by Ordinance 2011-06-029.

150's - Police Special Purpose

151 - Police Federal Equitable Sharing

Created when the City entered into agreement with the Department of the Treasury to participate in the program for federally forfeited property or proceeds. Money received under the program is spent pursuant to federal guidelines. Established by Ordinance 10623.

152 - Asset Forfeiture/Drug Enforcement

Proceeds of seizures are deposited into this fund. Used exclusively for expansion of narcotics enforcement services. Established by Ordinance 9894 and amended by Ordinance 10624.

153 - Criminal Justice

Funded by state entitlements. Supplements staffing costs and capital equipment purchases. Established by Ordinance 1999-07-045.

160 - Public Safety Dispatch

Provides communication services for Bellingham's police, fire and EMS units, and participating public safety agencies in Whatcom County. Funding is provided by user agency fees and intergovernmental revenue derived from 911 tax. This separate fund facilitates reporting financial operations to user agencies and to the 911 Center's Board of Administration. Established by Ordinance 9165.

161 – Transportation Benefit District

A voter approved 0.2% sales tax that began in April of 2011, and runs for ten years. Funds are used to pay for Sunday bus service in Bellingham and maintain and build transportation infrastructure. Established by Ordinance 2011-02-006.

162 - Public, Education and Government Access Television

Created to account for revenues and expenses related to the operation of public, education and government access television. Funded by a portion of the revenue received from Comcast's cable television franchise agreement. Established by Ordinance 2011-12-076.

180 - Tourism

A tax that pays costs of promotion, acquisition, and operation of tourism-related activities and facilities. The source of revenue is a four percent special excise tax on transient lodging, pursuant to RCW 67.28.180 and Ordinances 8319 and 10915.

181 - Low Income Housing

A voter approved seven-year, \$21 million, property tax levy to provide housing assistance for homeless and low income citizens, beginning in 2013. Established by Ordinance 2012-06-033.

190 - HUD Grants

Federal grant revenue dedicated to upgrade neighborhoods, expand affordable housing choices, assist community social service agencies, address basic human needs and create employment opportunities for individuals with low and moderate incomes.

City of Bellingham Combining Balance Sheet Non-Major Special Revenue Funds December 31, 2016

	Paths and Trails Reserve	Library Gift	•	Enviromental Remediation	•	Public Safety Dispatch	Tra	nsportation Benefit District	Public, Ed & Govt Access TV	Tourism	Low Income Housing	HUD Grants	Totals
ASSETS													
Cash and cash equivalents	\$ 19,665	\$82,525	\$ 86,035	\$ 66,389	\$ 91,957	\$ 527,052	\$	1,145,069	\$ 234,874	\$164,070	\$ 344,020	\$ 13,461	\$ 2,775,117
Investments	90,806	-	397,274	306,554	424,618	2,433,706		5,287,446	1,084,547	757,606	1,588,542	-	12,371,099
Receivables, net	-	-	-	184,216	-	-		-	-	-	40,922	-	225,138
Due from other governments	-	-	-	110,984	15,284	243,564		1,304	-	-	-	367,381	738,517
Notes and contracts receivable	-	-	-	-	-	-		-	-	-	5,297,916	15,082,403	20,380,319
Restricted:													
Cash and cash equivalents	-	-	-	-	-	-		-	-	-	70,117	-	70,117
Investments											323,767		323,767
Total assets	110,471	82,525	483,309	668,143	531,859	3,204,322		6,433,819	1,319,421	921,676	7,665,284	15,463,245	36,884,074
LIABILITIES													
Accounts payable	-	4,825	2,700	114,287	2,645	16,569		84,787	17,238	112,485	105,348	167,759	628,643
Accrued wages and benefits	-	-	1,067	-	-	210,107		901	10,678	739	-	-	223,492
Due to other funds	-	-	-	-	-	-		-	-	-	-	307,918	307,918
Unearned revenue											39,810		39,810
Total liabilities		4,825	3,767	114,287	2,645	226,676	_	85,688	27,916	113,224	145,158	475,677	1,199,863
FUND BALANCES													
Nonspendable	-	-	-	-	-	-		-	-	-	5,294,738	14,548,712	19,843,450
Restricted	110,471	77,700	479,542	553,856	529,214	2,977,646		6,348,131	1,291,505	808,452	2,225,388	438,856	15,840,761
Total fund balances	110,471	77,700	479,542	553,856	529,214	2,977,646		6,348,131	1,291,505	808,452	7,520,126	14,987,568	35,684,211
Total liabilities and fund balances	\$ 110,471	\$82,525	\$483,309	\$ 668,143	\$531,859	\$3,204,322	\$	6,433,819	\$1,319,421	\$921,676	\$7,665,284	\$15,463,245	\$36,884,074

$\label{lem:combining} \textbf{Combining Statement of Revenues, Expenditures and Changes in Fund Balances}$

Non-Major Special Revenue Funds

	Paths and Trails	Library	Olympic	Environme	mtal	Police	Public Safety	Tra	nsportation Benefit	Public, Ed		Low Income	HUD	
	Reserve	Gift	Incident	Remediat		Special Purpose	Dispatch		District	Access TV	Tourism	Housing	Grants	Totals
REVENUES	11000110	<u> </u>	moidone	Ttomodiae		. u.pooo	Biopaton		Diotriot	7100000 11	Tourioni	Houding	Granto	Totalo
Taxes:														
Property	\$ -	\$ -	\$ -	\$	- 9	\$ -	\$ -	\$	_	\$ -	\$ -	\$2,995,566	\$ -	\$ 2,995,566
Sales and use	-	-	-		-	-	-		5,169,348	-	1,547,714	-	-	6,717,062
Licenses and permits	-	-	-		-	-	-		-	347,387	-	-	-	347,387
Intergovernmental revenues	58,836	-	-	182,	252	382,231	1,990,888		12,367	-	-	-	1,199,325	3,825,899
Charges for services	-	-	-		-	-	3,383,361		-	2,205	-	132,500	-	3,518,066
Miscellaneous revenues	56	72,992	2,931	212,	145	26,836	29,099		11,413	127,193	4,164	62,680	99,433	648,942
Total revenues	58,892	72,992	2,931	394,	397	409,067	5,403,348	_	5,193,128	476,785	1,551,878	3,190,746	1,298,758	18,052,922
EXPENDITURES														
Current:														
Public safety	-	-	-		-	314,835	5,602,989		-	-	-	-	-	5,917,824
Transportation	587	-	-		-	-	-		1,535,380	-	-	-	-	1,535,967
Natural and economic environment	-	-	23,986	745,	825	-	-		-	363,393	1,360,848	1,563,780	705,276	4,763,108
Cultural and recreation	-	73,744	-		-	-	-		-	-	-	-	-	73,744
Capital outlay					<u> </u>		813,406		678,383			25,190		1,516,979
Total expenditures	587	73,744	23,986	745,	825	314,835	6,416,395	_	2,213,763	363,393	1,360,848	1,588,970	705,276	13,807,622
Excess (deficiency) of revenues														
over (under) expenditures	58,305	(752)	(21,055)	(351,	428)	94,232	(1,013,047)		2,979,365	113,392	191,030	1,601,776	593,482	4,245,300
OTHER FINANCING SOURCES (USES)														
Transfers in	-	-	10,398	400,	000	-	-		-	-	-	-	10,703	421,101
Transfers out					<u> </u>						(150,000)	(10,703)		(160,703)
Total other financing sources (uses)			10,398	400,	000			_	<u>-</u>		(150,000)	(10,703)	10,703	260,398
Net change in fund balances	58,305	(752)	(10,657)	48,	572	94,232	(1,013,047)		2,979,365	113,392	41,030	1,591,073	604,185	4,505,698
Fund balances - beginning	52,166	78,452	490,199	505,	284	434,982	3,990,693		3,368,766	1,178,113	767,422	5,929,053	14,383,383	31,178,513
Fund balances - ending	\$ 110,471	\$77,700	\$479,542	\$ 553,	856	\$529,214	\$2,977,646	\$	6,348,131	\$1,291,505	\$ 808,452	\$7,520,126	\$14,987,568	\$35,684,211

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual Legal Basis Paths and Trails Reserve Fund For the Year Ended December 31, 2016

Page 1 of 12						2015		2016				
		2015-2016 Biennial				Actual		Actual		Total		
		Budgeted Amoun			Amounts		Α	mounts	Α	mounts	Varia	ance with
	Original			Final	Legal Basis		Legal Basis		Le	gal Basis	Final Budget	
REVENUES												
Intergovernmental revenue	\$	15,500	\$	15,500	\$	21,238	\$	58,836	\$	80,074	\$	64,574
Miscellaneous revenues		620		620		123		56		179		(441)
Total revenues		16,120		16,120		21,361	_	58,892		80,253		64,133
EXPENDITURES												
Current:												
Transportation		1,175	_	1,175		588	_	587		1,175		
Total expenditures		1,175		1,175		588		587		1,175		
Excess (deficiency) of revenues over (under) expenditures		14,945		14,945		20,773		58,305		79,078		64,133
OTHER FINANCING SOURCES (USES)												
Total other financing sources (uses)		-					_					
Net change in fund balance		14,945		14,945		20,773		58,305		79,078		64,133
Fund balance - beginning		31,119		31,635		31,393		52,166		31,393		(242)
Fund balance - ending	\$	46,064	\$	46,580	\$	52,166	\$	110,471	\$	110,471	\$	63,891

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual GAAP Basis Library Gift Fund

Page 2 of 12						2015		2016			
	2015-2016 Biennial					Actual	Actual		Total		
		Budgeted	Am	ounts	A	Amounts	Amounts		Amounts	Va	ariance with
		Original Final		Final	GAAP Basis		GA	AP Basis	GAAP Basis	F	inal Budget
REVENUES											
Taxes:											
Miscellaneous revenues	\$	50,000	\$	96,000	\$	57,567	\$	72,992	\$ 130,559	\$	34,559
Total revenues		50,000	_	96,000		57,567		72,992	130,559	_	34,559
EXPENDITURES											
Current:											
Cultural and recreation		52,272		177,272		60,746		73,744	134,490	_	(42,782)
Total expenditures		52,272		177,272		60,746		73,744	134,490	_	(42,782)
Excess (deficiency) of revenues over (under) expenditures		(2,272)		(81,272)		(3,179)		(752)	(3,931) _	77,341
OTHER FINANCING SOURCES (USES)											
Total other financing sources (uses)						<u> </u>				_	<u> </u>
Net change in fund balance		(2,272)		(81,272)		(3,179)		(752)	(3,931)	77,341
Fund balance - beginning		6,000		81,631		81,631		78,452	81,631		-
Fund balance - ending	\$	3,728	\$	359	\$	78,452	\$	77,700	\$ 77,700	\$	77,341

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual GAAP Basis Olympic Pipeline Incident Fund For the Year Ended December 31, 2016

Page 3 of 12	2015-2016 Biennial Budgeted Amounts					2015 Actual Amounts	Α	2016 Actual mounts	Total Amounts		Variance with		
		Original	Final		GAAP Basis		GAAP Basis		GAAP Basis		Final Budget		
REVENUES													
Taxes:													
Miscellaneous revenues	\$	6,706	\$	6,706	\$	4,114	\$	2,931	\$	7,045	\$	339	
Total revenues		6,706		6,706		4,114		2,931		7,045		339	
EXPENDITURES													
Current:													
Natural and economic environment		49,939		72,034		24,544		23,986		48,530		(23,504)	
Total expenditures		49,939		72,034		24,544		23,986		48,530		(23,504)	
Excess (deficiency) of revenues		(40,000)		(05.000)		(00, 400)		(04.055)		(44, 405)		00.040	
over (under) expenditures		(43,233)	_	(65,328)	_	(20,430)		(21,055)	_	(41,485)	_	23,843	
OTHER FINANCING SOURCES (USES)													
Transfers in		-		20,508		10,110		10,398		20,508		-	
Total other financing sources (uses)	_			20,508		10,110		10,398		20,508			
Net change in fund balance		(43,233)		(44,820)		(10,320)		(10,657)		(20,977)		23,843	
Fund balance - beginning		503,477		504,373		500,519		490,199		500,519		(3,854)	
Fund balance - ending	\$	460,244	\$	459,553	\$	490,199	\$	479,542	\$	479,542	\$	19,989	

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual GAAP Basis Environmental Remediation Fund For the Year Ended December 31, 2016

Page 4 of 12						2015		2016				
		2015-201	6 B	iennial		Actual		Actual		Total		
		Budgeted	An	nounts	Amounts		Amounts		,	Amounts	Var	iance with
		Original		Final	G	AAP Basis	GA	AP Basis	G	AAP Basis	Final Budget	
REVENUES												
Taxes:												
Intergovernmental revenues	\$	2,666,815	\$	5,110,886	\$	292,488	\$	182,252	\$	474,740	\$	(4,636,146)
Miscellaneous revenues		7,584		1,221,967	_	169,704		212,145		381,849		(840,118)
Total revenues		2,674,399		6,332,853	_	462,192	_	394,397		856,589		(5,476,264)
EXPENDITURES												
Current:												
Natural and economic environment		4,639,288	_	7,339,762	_	873,401		745,825		1,619,226		(5,720,536)
Total expenditures		4,639,288		7,339,762		873,401		745,825		1,619,226		(5,720,536)
Excess (deficiency) of revenues over (under) expenditures		(1,964,889)	_	(1,006,909)	_	(411,209)		(351,428)	_	(762,637)		244,272
OTHER FINANCING SOURCES (USES)												
Transfers in		800,000	_	800,000	_	400,000		400,000		800,000		-
Total other financing sources (uses)	_	800,000		800,000	_	400,000	_	400,000		800,000	_	
Net change in fund balance		(1,164,889)		(206,909)		(11,209)		48,572		37,363		244,272
Fund balance - beginning		1,259,202	_	343,109	_	516,493		505,284	_	516,493	_	173,384
Fund balance - ending	\$	94,313	\$	136,200	\$	505,284	\$	553,856	\$	553,856	\$	417,656

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual GAAP Basis Police Special Purpose Funds For the Year Ended December 31, 2016

Page 5 of 12 2015 2016 2015-2016 Biennial Actual Actual Total **Budgeted Amounts Amounts** Variance with Amounts **Amounts** Original Final **GAAP Basis GAAP Basis GAAP Basis Final Budget REVENUES** Taxes: Intergovernmental revenues 753,268 \$ 753,268 \$ 390,831 \$ 382,231 \$ 773,062 \$ 19,794 100,022 Miscellaneous revenues 100,022 44,235 26,836 71,071 (28,951)**Total revenues** 853,290 853,290 435,066 409,067 844,133 (9,157)**EXPENDITURES** Current: Public safety 808,011 839,152 374,555 314,835 689,390 (149,762)Capital outlay 36,000 36,000 88,818 88,818 52,818 **Total expenditures** 314,835 844,011 875,152 463,373 778,208 (96,944)Excess (deficiency) of revenues over (under) expenditures 9,279 (21,862)(28,307)94,232 65,925 87,787 **OTHER FINANCING SOURCES (USES)** Total other financing sources (uses) 9,279 (21,862)(28,307)94,232 65,925 87,787 Net change in fund balances Fund balances - beginning 381,738 472,625 463,289 434,982 463,289 (9,336)

450,763

434,982

529,214

529,214

78,451

391,017

Fund balances - ending

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual GAAP Basis Public Safety Dispatch Fund For the Year Ended December 31, 2016

Page 6 of 12			2015	2016			
	2015-201	6 Biennial	Actual	Actual	Total		
	Budgeted	Amounts	Amounts	Amounts	Amounts	Variance with	
	Original	Final	GAAP Basis	GAAP Basis	GAAP Basis	Final Budget	
REVENUES							
Taxes:							
Intergovernmental revenues	\$ 3,800,000	\$ 3,800,000	\$ 1,978,844	\$ 1,990,888	\$ 3,969,732	\$ 169,732	
Charges for services	6,577,315	6,577,315	3,243,726	3,383,361	6,627,087	49,772	
Miscellaneous revenues	33,516	33,516	27,829	29,099	56,928	23,412	
Total revenues	10,410,831	10,410,831	5,250,399	5,403,348	10,653,747	242,916	
EXPENDITURES							
Current:							
Public safety	9,722,517	9,982,934	4,841,114	5,602,989	10,444,103	461,169	
Capital outlay	2,750,000	2,832,953	87,319	813,406	900,725	(1,932,228)	
Total expenditures	12,472,517	12,815,887	4,928,433	6,416,395	11,344,828	(1,471,059)	
Excess (deficiency) of revenues over (under) expenditures	(2,061,686)	(2,405,056)	321,966	(1,013,047)	(691,081)	1,713,975	
OTHER FINANCING SOURCES (USES)							
Total other financing sources (uses)							
Net change in fund balance	(2,061,686)	(2,405,056)	321,966	(1,013,047)	(691,081)	1,713,975	
Fund balance - beginning	3,021,060	3,714,220	3,668,727	3,990,693	3,668,727	(45,493)	
Fund balance - ending	\$ 959,374	\$ 1,309,164	\$ 3,990,693	\$ 2,977,646	\$ 2,977,646	\$ 1,668,482	

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual GAAP Basis Transportation Benefit District Fund

Page 7 of 12			2015	2016		
	2015-20	16 Biennial	Actual	Actual	Total	
	Budgete	d Amounts	Amounts	Amounts	Amounts	Variance with
	Original	Final	GAAP Basis	GAAP Basis	GAAP Basis	Final Budget
REVENUES						
Taxes:						
Sales and use	\$ 9,328,800	\$ 9,328,800	\$ 4,903,512	\$ 5,169,348	\$ 10,072,860	\$ 744,060
Intergovernmental revenues		60,000	61,189	12,367	73,556	13,556
Miscellaneous revenues	24,488	24,488	22,042	11,413	33,455	8,967
Total revenues	9,353,288	9,413,288	4,986,743	5,193,128	10,179,871	766,583
EXPENDITURES						
Current:						
Transportation	3,016,899	3,016,899	1,675,868	1,535,380	3,211,248	194,349
Capital outlay	6,420,000	8,849,523	2,557,410	678,383	3,235,793	(5,613,730)
Total expenditures	9,436,899	11,866,422	4,233,278	2,213,763	6,447,041	(5,419,381)
Excess (deficiency) of revenues over (under) expenditures	(83,611)(2,453,134)	753,465	2,979,365	3,732,830	6,185,964
OTHER FINANCING SOURCES (USES) Total other financing sources (uses)		<u>-</u>				
Net change in fund balance	(83,611	(2,453,134)	753,465	2,979,365	3,732,830	6,185,964
Fund balance - beginning	845,370	2,687,917	2,615,301	3,368,766	2,615,301	(72,616)
Fund balance - ending	\$ 761,759	\$ 234,783	\$ 3,368,766	\$ 6,348,131	\$ 6,348,131	\$ 6,113,348

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual GAAP Basis

Public, Education and Government Access Television Fund For the Year Ended December 31, 2016

Page 8 of 12					2015		2016				
	2015-201	6 Bi	ennial		Actual		Actual		Total		
	 Budgeted	l Am	nounts	1	Amounts	Amounts		Amounts		Variance with	
	Original		Final		AAP Basis	GAAP Basis		GAAP Basis		Fi	nal Budget
REVENUES											
Taxes:											
Licenses and permits	\$ 768,000	\$	676,000	\$	428,238	\$	347,387	\$	775,625	\$	99,625
Charges for services	4,162		4,162		1,950		2,205		4,155		(7)
Miscellaneous revenues	 241,726		241,726		128,782		127,193	_	255,975		14,249
Total revenues	 1,013,888		921,888		558,970		476,785	_	1,035,755	_	113,867
EXPENDITURES											
Current:											
Natural and economic environment	745,622		787,651		359,939		363,393		723,332		(64,319)
Capital outlay	 201,000		201,000		-		-	_	<u> </u>	_	(201,000)
Total expenditures	 946,622		988,651	_	359,939		363,393	_	723,332		(265,319)
Excess (deficiency) of revenues											
over (under) expenditures	 67,266		(66,763)		199,031		113,392	_	312,423		379,186
OTHER FINANCING SOURCES (USES)											
Total other financing sources (uses)	 -	_	-	_		_		_		_	-
Net change in fund balance	67,266		(66,763)		199,031		113,392		312,423		379,186
Fund balance - beginning	 898,000	_	986,815	_	979,082	_	1,178,113	_	979,082	_	(7,733)
Fund balance - ending	\$ 965,266	\$	920,052	\$	1,178,113	\$	1,291,505	\$	1,291,505	\$	371,453

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual GAAP Basis Tourism Fund

Page 9 of 12			2015	2016		
	2015-201	6 Biennial	Actual	Actual	Total	
	Budgeted	Amounts	Amounts	Amounts	Amounts	Variance with
	Original	Final	GAAP Basis	GAAP Basis	GAAP Basis	Final Budget
REVENUES						
Taxes:						
Sales and use tax	\$ 2,760,300	\$ 2,875,800	\$ 1,474,376	\$ 1,547,714	\$ 3,022,090	\$ 146,290
Miscellaneous revenues	6,028	6,028	4,576	4,164	8,740	2,712
Total revenues	2,766,328	2,881,828	1,478,952	1,551,878	3,030,830	149,002
EXPENDITURES						
Current:						
Natural and economic environment	2,772,486	3,086,807	1,153,549	1,360,848	2,514,397	(572,410)
Total expenditures	2,772,486	3,086,807	1,153,549	1,360,848	2,514,397	(572,410)
Excess (deficiency) of revenues						
over (under) expenditures	(6,158)	(204,979)	325,403	191,030	516,433	721,412
OTHER FINANCING SOURCES (USES)						
Transfers out	(300,000)	(300,000)	(150,000)	(150,000)	(300,000)	
Total other financing sources (uses)	(300,000)	(300,000)	(150,000)	(150,000)	(300,000)	
Net change in fund balance	(306,158)	(504,979)	175,403	41,030	216,433	721,412
Fund balance - beginning	507,397	597,397	592,019	767,422	592,019	(5,378)
Fund balance - ending	\$ 201,239	\$ 92,418	\$ 767,422	\$ 808,452	\$ 808,452	\$ 716,034

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual GAAP Basis

Low Income Housing Fund

Page 10 of 12			2015	2016		
	2015-201	6 Biennial	Actual	Actual	Total	
	Budgeted	Amounts	Amounts	Amounts	Amounts	Variance with
	Original	Final	GAAP Basis	GAAP Basis	GAAP Basis	Final Budget
REVENUES						
Taxes:						
Property taxes	\$ 6,000,000	\$ 6,000,000	\$ 3,000,342	\$ 2,995,566	\$ 5,995,908	\$ (4,092)
Charges for services	-	-	128,250	132,500	260,750	260,750
Miscellaneous revenues	40,114	40,114	49,378	62,680	112,058	71,944
Total revenues	6,040,114	6,040,114	3,177,970	3,190,746	6,368,716	328,602
EXPENDITURES						
Current:						
Natural and economic environment	7,820,262	8,368,082	830,749	1,563,780	2,394,529	(5,973,553)
Capital outlay			1,782,297	25,190	1,807,487	1,807,487
Total expenditures	7,820,262	8,368,082	2,613,046	1,588,970	4,202,016	(4,166,066)
Excess (deficiency) of revenues over (under) expenditures	(1,780,148)	(2,327,968)	564,924	1,601,776	2,166,700	4,494,668
OTHER FINANCING SOURCES (USES)						
Transfers out		(10,703)		(10,703)	(10,703)	
Total other financing sources (uses)		(10,703)		(10,703)	(10,703)	
Net change in fund balance	(1,780,148)	(2,338,671)	564,924	1,591,073	2,155,997	4,494,668
Fund balance - beginning	1,979,943	4,285,755	5,364,129	5,929,053	5,364,129	1,078,374
Fund balance - ending	\$ 199,795	\$ 1,947,084	\$ 5,929,053	\$ 7,520,126	\$ 7,520,126	\$ 5,573,042

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual GAAP Basis

HUD Grant Funds

Page 11 of 12						2015	2016			
	2015-2016 Bienni			iennial		Actual	Actual		Total	
		Budgeted	Ar	nounts		Amounts	Amounts		Amounts	Variance with
		Original		Final	C	BAAP Basis	GAAP Basi	s (GAAP Basis	Final Budget
REVENUES										
Taxes:										
Intergovernmental revenues	\$	5,472,269	\$	5,782,227	\$	1,234,117	\$ 1,199,32	5 \$	2,433,442	(3,348,785)
Charges for services		529,254		529,254		-	-		-	(529,254)
Miscellaneous revenues	_	140,990		140,990	_	125,585	99,43	3	225,018	84,028
Total revenues	_	6,142,513		6,452,471	_	1,359,702	1,298,75	<u>8</u> _	2,658,460	(3,794,011)
EXPENDITURES										
Current:										
Natural and economic environment		6,142,513	_	6,452,471	_	701,717	705,27	<u>6</u>	1,406,993	(5,045,478)
Total expenditures	_	6,142,513		6,452,471	_	701,717	705,27	<u>6</u>	1,406,993	(5,045,478)
Excess (deficiency) of revenues over (under) expenditures			_		_	657,985	593,48	2	1,251,467	1,251,467
OTHER FINANCING SOURCES (USES)										
Transfers in	_			10,703	_		10,70	3	10,703	
Total other financing sources (uses)	_			10,703	_		10,70	3	10,703	
Net change in fund balances		-		10,703		657,985	604,18	5	1,262,170	1,251,467
Fund balances - beginning	_	-	_	-	_	13,725,398	14,383,38	3	13,725,398	13,725,398
Fund balances - ending	\$		\$	10,703	\$	14,383,383	\$ 14,987,56	8 \$	14,987,568	\$ 14,976,865

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual GAAP Basis

Nonmajor Special Revenue Funds For the Year Ended December 31, 2016

Page 12 of 12			2015	2016		
	2015-201	6 Biennial	Actual	Actual	Total	
	Budgeted	Amounts	Amounts	Amounts	Amounts	Variance with
	Original	Final	GAAP Basis	GAAP Basis	GAAP Basis	Final Budget
REVENUES						
Taxes:						
Property	\$ 6,000,000	\$ 6,000,000	\$ 3,000,342	\$ 2,995,566	\$ 5,995,908	\$ (4,092)
Sales and use	12,089,100	12,204,600	6,377,888	6,717,062	13,094,950	890,350
Licenses and permits	768,000	676,000	428,238	347,387	775,625	99,625
Intergovernmental revenues	12,707,852	15,521,881	3,978,707	3,825,899	7,804,606	(7,717,275)
Charges for services	7,110,731	7,110,731	3,373,926	3,518,066	6,891,992	(218,739)
Miscellaneous revenues	651,794	1,912,177	633,935	648,942	1,282,877	(629,300)
Total revenues	39,327,477	43,425,389	17,793,036	18,052,922	35,845,958	(7,579,431)
EXPENDITURES						
Current:						
Public safety	10,530,528	10,822,086	5,215,669	5,917,824	11,133,493	311,407
Transportation	3,018,074	3,018,074	1,676,456	1,535,967	3,212,423	194,349
Natural and economic environment	22,170,110	26,106,807	3,943,899	4,763,108	8,707,007	(17,399,800)
Cultural and recreation	52,272	177,272	60,746	73,744	134,490	(42,782)
Capital outlay	9,407,000	11,919,476	4,515,844	1,516,979	6,032,823	(5,886,653)
Total expenditures	45,177,984	52,043,715	15,412,614	13,807,622	29,220,236	(22,823,479)
Excess (deficiency) of revenues over (under) expenditures	(5,850,507)	(8,618,326)	2,380,422	4,245,300	6,625,722	15,244,048
over (under) experiantires	(3,030,301)	(0,010,320)	2,300,422	4,243,300	0,023,722	13,244,040
OTHER FINANCING SOURCES (USES)						
Transfers in	800,000	831,211	410,110	421,101	831,211	-
Transfers out	(300,000)	(310,703)	(150,000)	(160,703)	(310,703)	
Total other financing sources (uses)	500,000	520,508	260,110	260,398	520,508	
Net change in fund balances	(5,350,507)	(8,097,818)	2,640,532	4,505,698	7,146,230	15,244,048
Fund balances - beginning	9,433,306	13,705,477	28,537,981	31,178,513	28,537,981	14,832,504
Fund balances - ending	\$ 4,082,799	\$ 5,607,659	\$ 31,178,513	\$ 35,684,211	\$ 35,684,211	\$ 30,076,552



DEBT SERVICE FUNDS

224 - 2004 Sportsplex LTGO Bond

\$4,315,000 to finance the cost of acquiring the Sportsplex building, an indoor ice-rink and soccer facility. These facilities are leased to the Whatcom Soccer Commission. Established by Ordinance 2004-02-011. This bond was refunded by the 2012 refunding bond.

225 - 2004 PFD/Civic Field LTGO Bond

\$16,375,000 to finance the cost of development of a regional center, improvements to the City-owned civic field complex, and the refunding of the 1996 aquatic facility bonds. Established by Ordinance 2004-12-093. This bond was refunded by the 2012 refunding bond.

226 – 2011 Qualified Energy Conservation Bond (QECB)

\$6,480,000 to finance the costs of improvements in over 20 City-owned municipal buildings. These bonds are term bonds, principal is due in full at the maturity date. The City is accumulating money in this fund to make the principal payment in 2025. Established by Ordinance 2011-12-077.

227 - 2016 PFD Refunding Bond

Refunding of \$9,640,000 bonds originally issued in 2007 to finance the cost of development of the Art and Children's Museum and restoration of the Mt. Baker Theatre. Established by Ordinance 2016-03-009.

231 - Drake Note

\$225,000 for the Big Rock Garden Nursery. Established by Ordinances 10347, 48, 49 and 10378.

235 - Governmental Debt Service

This fund is used to account for debt service payments on governmental loans. Established by Ordinance 2013-05-035.

245 – Local Improvement District (LID) Guaranty

The guaranty fund assures that payments on individual LID's will be made on time if collections from district property holders are insufficient. Property in arrears is foreclosed and the proceeds deposited to the guaranty fund. The balance in the guaranty fund is maintained at twelve percent of the combined assessments in the LID funds. The LID guaranty fund was established by Ordinance 4764. When an LID bond's final debt service payment has been made to the fiscal agent, and there are still collections due from the property owners, these LIDs are moved to the guaranty fund until the remainder of collections from district property holders are complete.

Combining Balance Sheet Nonmajor Debt Service Funds December 31, 2016

		2004		2004				2016								
	Sp	ortsplex	P	FD/Civic		2011		PFD	PFD		Governmental					
		LTGO	Fi	eld LTGO		QEC		Refunding		Drake	Debt			LID		
		Bond		Bond	_	Bond	_	Bond		Note	Service		Guaranty			Totals
ASSETS																
Cash and cash equivalents	\$	23,890	\$	-	\$	2,421,495	\$	-	\$	-	\$	-	\$	100,274	\$	2,545,659
Investments		-		-		-		-		-		-		463,024		463,024
Receivables, net		-		-		-		-		-		-		573		573
Due from component units		-		6,331,342		-		9,490,000		-		-		-		15,821,342
Special assessment receivables			_		_		_		_		_			105	_	105
Total assets		23,890	_	6,331,342	_	2,421,495	_	9,490,000	_		_		_	563,976	_	18,830,703
LIABILITIES																
Total liabilities			_	-	_	-	_	-	_	-	_	-	_		_	-
FUND BALANCES																
Nonspendable		-		5,912,781		-		9,490,000		-		-		-		15,402,781
Restricted		23,890		418,561	_	2,421,495	_		_	-	_	-		563,976	_	3,427,922
Total fund balances		23,890	_	6,331,342	_	2,421,495	_	9,490,000	_		_			563,976	_	18,830,703
Total liabilities, deferred inflow of																
resources and fund balances	\$	23,890	\$	6,331,342	\$	2,421,495	\$	9,490,000	\$	-	\$	-	\$	563,976	\$	18,830,703

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Debt Service Funds For the Year Ended December 31, 2016

	2004 Sportsplex		2011	2016 PFD		Governmental		
	LTGO Bond	Field LTGO Bond	QEC Bond	Refunding Bond	Drake Note	Debt	LID	Totals
REVENUES	Bona	Bona	Bona	Bona	Note	Service	Guaranty	Iotais
	•				•		•	
Charges for services	\$ -	\$ 168	\$ 379,202	\$ 718	\$ -	\$ -	\$ -	\$ 380,088
Fines and penalties	-	-	-	-	-	-	69	69
Miscellaneous revenues	266,407	299,775	10,293	192,109			54,918	823,502
Total revenues	266,407	299,943	389,495	192,827			54,987	1,203,659
EXPENDITURES								
Culture and recreation	-	-	-	1,068,075	-	-	-	1,068,075
Debt service:			•					
Principal	170,000	1,020,000	-	150,000	11,382	450,000	-	1,801,382
Interest and other charges	96,507	296,019		306,241	6,582	219,447		924,796
Total expenditures	266,507	1,316,019		1,524,316	17,964	669,447		3,794,253
Excess (deficiency) of revenues over (under) expenditures	(100)	(1,016,076)	389,495	(1,331,489)	(17,964)	(669,447)	54,987	(2,590,594)
OTHER FINANCING SOURCES (USES)								
Refunding bonds issued	-	-	-	9,640,000	-	-	-	9,640,000
Premium on refunding bonds	-	-	-	1,181,489	-	-	-	1,181,489
Transfers in		636,003			17,964	669,447		1,323,414
Total other financing sources (uses)		636,003		10,821,489	17,964	669,447		12,144,903
Net change in fund balances	(100)	(380,073)	389,495	9,490,000	-	-	54,987	9,554,309
Fund balances - beginning	23,990	6,711,415	2,032,000				508,989	9,276,394
Fund balances - ending	\$ 23,890	\$6,331,342	\$2,421,495	\$ 9,490,000	\$ -	\$ -	\$ 563,976	\$ 18,830,703

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual GAAP Basis 2004 Sportsplex LTGO Bond Fund For the Year Ended December 31, 2016

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					2015		2016				
	2015-201	6 Bi	ennial		Actual		Actual		Total		
	 Budgeted	An	nounts		Amounts	Α	mounts	Δ	mounts	Variance with	
	 Original		Final		AAP Basis	GAAP Basis		GAAP Basis		Final Budget	
REVENUES											
Miscellaneous revenues	\$ 571,238	\$	571,238	\$	261,715	\$	266,407	\$	528,122	\$	(43,116)
Total revenues	 571,238	_	571,238	_	261,715		266,407		528,122		(43,116)
EXPENDITURES											
Debt service:											
Principal	330,000		330,000		160,000		170,000		330,000		-
Interest and other charges	198,476		198,476	_	101,335		96,507		197,842		(634)
Total expenditures	 528,476		528,476		261,335		266,507		527,842		(634)
Excess (deficiency) of revenues over (under) expenditures	 42,762		42,762		380		(100)		280		(42,482)
OTHER FINANCING SOURCES (USES)											
Total other financing sources (uses)	 										
Net change in fund balance	42,762		42,762		380		(100)		280		(42,482)
Fund balance - beginning	23,185	_	23,610		23,610		23,990		23,610		
Fund balance - ending	\$ 65,947	\$	66,372	\$	23,990	\$	23,890	\$	23,890	\$	(42,482)

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual GAAP Basis 2004 PFD/Civic Field LTGO Bond Fund For the Year Ended December 31, 2016

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			2015	2016		
	2015-201	6 Biennial	Actual	Actual	Total	
	Budgeted	Amounts	Amounts	Amounts	Amounts	Variance with
	Original	Final	GAAP Basis	GAAP Basis	GAAP Basis	Final Budget
REVENUES						
Charges for services	\$ -	\$ -	\$ -	\$ 168	\$ 168	\$ 168
Miscellaneous revenues	1,336,996	1,336,996	315,563	299,775	615,338	(721,658)
Total revenues	1,336,996	1,336,996	315,563	299,943	615,506	(721,490)
EXPENDITURES						
Debt service:						
Principal	2,023,660	2,023,660	950,000	1,020,000	1,970,000	(53,660)
Interest and other charges	567,266	567,266	324,377	296,019	620,396	53,130
Total expenditures	2,590,926	2,590,926	1,274,377	1,316,019	2,590,396	(530)
Excess (deficiency) of revenues over (under) expenditures	(1,253,930)	(1,253,930)	(958,814)	(1,016,076)	(1,974,890)	(720,960)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,253,930	1,253,930	617,229	636,003	1,253,232	(698)
Total other financing sources (uses)	1,253,930	1,253,930	617,229	636,003	1,253,232	(698)
Net change in fund balance	-	-	(341,585)	(380,073)	(721,658)	(721,658)
Fund balance - beginning			7,053,000	6,711,415	7,053,000	7,053,000
Fund balance - ending	\$ -	\$ -	\$ 6,711,415	\$ 6,331,342	\$ 6,331,342	\$ 6,331,342

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual GAAP Basis

2011 QEC Bond Fund

For the Year Ended December 31, 2016

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	2015-2016 Bio					2015 Actual		2016 Actual		Total		
		Budgeted	Ar	nounts		Amounts	Amounts			Amounts	Vari	ance with
		Original		Final	G	AAP Basis	GAAP Basis		GAAP Basis		Fin	al Budget
REVENUES												
Charges for services	\$	771,434	\$	771,434	\$	377,584	\$	379,202	\$	756,786	\$	(14,648)
Miscellaneous revenues		37,082		37,082		3,113		10,293		13,406		(23,676)
Total revenues		808,516		808,516		380,697		389,495	_	770,192		(38,324)
EXPENDITURES												
Total expenditures	_		_		_		_		_			
Excess (deficiency) of revenues over (under) expenditures		808,516	_	808,516	_	380,697	_	389,495		770,192		(38,324)
OTHER FINANCING SOURCES (USES)												
Total other financing sources (uses)		<u> </u>							_			
Net change in fund balance		808,516		808,516		380,697		389,495		770,192		(38,324)
Fund balance - beginning		1,683,142		1,651,303		1,651,303		2,032,000	_	1,651,303		
Fund balance - ending	\$	2,491,658	\$	2,459,819	\$	2,032,000	\$	2,421,495	\$	2,421,495	\$	(38,324)

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual GAAP Basis 2016 PFD Refunding Bond Fund For the Year Ended December 31, 2016

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						2015	2016		
		2015-201	6 Bie	ennial		Actual	Actual	Total	
		Budgeted	Am	ounts	1	Amounts	Amounts	Amounts	Variance with
	С	Original		Final	G	AAP Basis	GAAP Basis	GAAP Basis	Final Budget
REVENUES									
Charges for services	\$	-	\$	-	\$	-	\$ 718	\$ 718	\$ 718
Miscellaneous revenues		-		-		-	192,109	192,109	192,109
Total revenues		-	_	-	_	-	192,827	192,827	192,827
EXPENDITURES									
Culture and recreation		-		-		-	1,068,075	1,068,075	1,068,075
Debt service:									
Principal		-		150,000		-	150,000	150,000	-
Interest and other charges				192,109		-	306,241	306,241	114,132
Total expenditures		-		342,109		-	1,524,316	1,524,316	1,182,207
Excess (deficiency) of revenues over (under) expenditures				(342,109)			(1,331,489)	(1,331,489)	(989,380)
OTHER FINANCING SOURCES (USES)									
Refunding bonds issued		-		-		-	9,640,000	9,640,000	9,640,000
Premium on refunding bonds		-		-		-	1,181,489	1,181,489	1,181,489
Transfers in		-		337,492		-			(337,492)
Total other financing sources (uses)				337,492		-	10,821,489	10,821,489	10,483,997
Net change in fund balance		-		(4,617)		-	9,490,000	9,490,000	9,494,617
Fund balance - beginning									
Fund balance - ending	\$	-	\$	(4,617)	\$	-	\$ 9,490,000	\$ 9,490,000	\$ 9,494,617

Schedule of Revenues, Expenditures and Changes in Fund Balance **Budget and Actual GAAP Basis Drake Note Fund**

Page 5 of 8						2015	:	2016				
		2015-2010	6 Bie	nnial	Actual		Actual		Total			
		Budgeted	Am	ounts	A	mounts	Amounts		Amounts		Variance with	
	0	riginal		Final		AP Basis	GAAP Basis		GAAP Basis		Final Budget	
REVENUES												
Total revenues	\$		\$	-	\$		\$		\$	-	\$	
EXPENDITURES												
Debt service:												
Principal		21,997		21,997		10,615		11,382		21,997		-
Interest and other charges		13,931		13,931		7,349		6,582		13,931		
Total expenditures		35,928		35,928		17,964		17,964		35,928		-
Excess (deficiency) of revenues												
over (under) expenditures		(35,928)		(35,928)		(17,964)		(17,964)		(35,928)		
OTHER FINANCING SOURCES (USES)												
Transfers in		35,928		35,928		17,964		17,964		35,928		-
Total other financing sources (uses)		35,928		35,928		17,964		17,964		35,928		
Net change in fund balance		-		-		-		-		-		-
Fund balance - beginning												
Fund balance - ending	\$		\$		\$		\$		\$	-	\$	

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual GAAP Basis Governmental Debt Service Fund

Page 6 of 8					2015		2016				
	2015-2016	6 Bi	iennial		Actual		Actual		Total		
	 Budgeted	Ar	mounts		Amounts	Α	mounts	Α	mounts	Vari	ance with
	 Original		Final	GAAP Basis		GAAP Basis		GAAP Basis		Fina	al Budget
REVENUES											
Total revenues	\$ -	\$		\$	-	\$		\$	-	\$	
EXPENDITURES											
Debt service:											
Principal	634,860		767,855		275,989		450,000		725,989		(41,866)
Interest and other charges	 18,896	_	233,314	_	42,619		219,447		262,066		28,752
Total expenditures	 653,756	_	1,001,169		318,608		669,447		988,055		(13,114)
Excess (deficiency) of revenues											
over (under) expenditures	 (653,756)	_	(1,001,169)		(318,608)		(669,447)		(988,055)		13,114
OTHER FINANCING SOURCES (USES)											
Transfers in	 653,756	_	1,001,169		318,608		669,447		988,055		(13,114)
Total other financing sources (uses)	 653,756	_	1,001,169		318,608		669,447		988,055		(13,114)
Net change in fund balance	-		-		-		-		-		-
Fund balance - beginning	 				-				-		
Fund balance - ending	\$ -	\$	-	\$	-	\$		\$	-	\$	<u>-</u>

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual GAAP Basis

LID Guaranty Fund

For the Year Ended December 31, 2016

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				2015 201			2016					
		2015-201	6 B	Biennial		Actual		Actual	Total			
		Budgeted Amounts		mounts	Α	mounts	Α	mounts	Α	mounts	Vari	iance with
		riginal		Final	GAAP Basis		GAAP Basis		GAAP Basis		Fin	al Budget
REVENUES												
Fines and penalties	\$	-	\$	-	\$	72	\$	69	\$	141	\$	141
Miscellaneous revenues		5,868	_	5,868		77,509		54,918		132,427		126,559
Total revenues		5,868	_	5,868		77,581		54,987		132,568		126,700
EXPENDITURES												
Total expenditures			_							-		<u> </u>
Excess (deficiency) of revenues												
over (under) expenditures		5,868		5,868		77,581		54,987		132,568		126,700
OTHER FINANCING SOURCES (USES)												
Total other financing sources (uses)		-								-		
Net change in fund balance		5,868		5,868		77,581		54,987		132,568		126,700
Fund balance - beginning		7,001		427,069		431,408		508,989		431,408		4,339
Fund balance - ending	\$	12,869	\$	432,937	\$	508,989	\$	563,976	\$	563,976	\$	131,039

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual GAAP Basis

Debt Service Funds

For the Year Ended December 31, 2016

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			2015	2016		
	2015	-2016	Actual	Actual	Total	
	Budgeted	Amounts	Amounts	Amounts	Amounts	Variance with
	Original	Final	GAAP Basis	GAAP Basis	GAAP Basis	Final Budget
REVENUES						
Charges for services	\$ 771,434	\$ 771,434	\$ 377,584	\$ 380,088	\$ 757,672	\$ (13,762)
Fines and penalties	-	-	72	69	141	141
Miscellaneous revenues	1,951,184	1,951,184	657,900	823,502	1,481,402	(469,782)
Total revenues	2,722,618	2,722,618	1,035,556	1,203,659	2,239,215	(483,403)
EXPENDITURES						
Culture and recreation	-	-	-	1,068,075	1,068,075	1,068,075
Debt service:						
Principal	3,010,517	3,293,512	1,396,604	1,801,382	3,197,986	(95,526)
Interest and other charges	798,569	1,205,096	475,680	924,796	1,400,476	195,380
Total expenditures	3,809,086	4,498,608	1,872,284	3,794,253	5,666,537	1,167,929
Excess (deficiency) of revenues						
over (under) expenditures	(1,086,468)	(1,775,990)	(836,728)	(2,590,594)	(3,427,322)	(1,651,332)
OTHER FINANCING SOURCES (USES)						
Refunding bonds issued	-	-	-	9,640,000	9,640,000	9,640,000
Premium on refunding bonds	-	-	-	1,181,489	1,181,489	1,181,489
Transfers in	1,943,614	2,628,519	953,801	1,323,414	2,277,215	(351,304)
Total other financing sources (uses)	1,943,614	2,628,519	953,801	12,144,903	13,098,704	10,470,185
Net change in fund balances	857,146	852,529	117,073	9,554,309	9,671,382	8,818,853
Fund balances - beginning	1,713,328	2,101,982	9,159,321	9,276,394	9,159,321	7,057,339
Fund balances - ending	\$ 2,570,474	\$ 2,954,511	\$ 9,276,394	\$ 18,830,703	\$ 18,830,703	\$ 15,876,192



CAPITAL PROJECTS FUND

371 - Waterfront Construction #1

Accounts for Local Infrastructure Financing Tool (LIFT) revenue received from the state for up to twenty-five years. The funds are to be spent on public infrastructure projects within the Revenue Development Area - the Waterfront District. Established by Ordinance 2013-12-098.

Balance Sheet Capital Projects Fund December 31, 2016

	V	Vaterfront
	Cor	struction #1
ASSETS		
Cash and cash equivalents	\$	705,796
Investments		3,259,071
Receivable, net		613
Total assets		3,965,480
LIABILITIES		
Unearned revenue		597
Total liabilities		597
FUND BALANCE		
Restricted		3,964,883
Total fund balance		3,964,883
Total liabilities and fund balance	\$	3,965,480

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Capital Projects Fund

	Waterfront Construction #			
REVENUES		_		
Taxes:				
Property	\$	42,724		
Sales and use		1,042,757		
Miscellaneous revenues		12,215		
Total revenues		1,097,696		
EXPENDITURES				
Total expenditures		-		
Excess (deficiency) of revenues over (under) expenditures		1,097,696		
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)				
Net change in fund balance		1,097,696		
Fund balance - beginning		2,867,187		
Fund balance - ending	\$	3,964,883		

Schedule of Revenues, Expenditures and Changes in Fund Balance Waterfront Construction #1

From Inception and For the Year Ended December 31, 2016

	Project Authorized through 2016	Prior Years' Actual	Current Year Actual	Total To Date Actual
REVENUES				
Taxes:				
Property	\$ 70,953	\$ 80,139	\$ 42,724	\$ 122,863
Sales and use	3,055,300	2,781,676	1,042,757	3,824,433
Miscellaneous revenues	22,044	5,372	12,215	17,587
Total revenues	3,148,297	2,867,187	1,097,696	3,964,883
EXPENDITURES Total expenditures	<u> </u>			<u> </u>
Excess (deficiency) of revenues over (under) expenditures	3,148,297	2,867,187	1,097,696	3,964,883
OTHER FINANCING SOURCES (USES) Total other financing sources (uses)				
Net change in fund balance Fund balance - beginning Fund balance - ending	\$ 3,148,297	\$ 2,867,187	1,097,696 2,867,187 \$ 3,964,883	\$ 3,964,883



PERMANENT FUNDS

701 – Greenways Maintenance Endowment

Revenue is derived from property tax levies, donations, and interest earnings for the purpose of maintaining properties acquired and developed with greenway funds. Originally established by Ordinance 1998-02-004, transfer authorized by Ordinance 2001-11-086 to replace non-expendable trust fund (601) in preparation of GASB 34 implementation and reporting in 2002, and modified by Ordinance 2007-04-034 for inclusion of the Greenways III Levy.

702 - Natural Resource Protection and Restoration

This permanent fund was created in 2004 to account for the \$4 million settlement passed on by the State as a part of the Olympic Pipeline Settlement. The principal cannot be spent for 50 years. Interest earnings will be spent on protection and restoration projects. Established by Ordinance 2004-01-001.

Combining Balance Sheet

Nonmajor Permanent Funds

	M	Greenways Maintenance Endowment		atural Resource Protection & Restoration	Totals
ASSETS					_
Cash and cash equivalents	\$	588,081	\$	551,493	\$ 1,139,574
Investments		2,715,509		2,546,569	5,262,078
Receivables, net		5,902		-	5,902
Due from component units		-		1,479,976	1,479,976
Interfund loans receivable		2,628,020	_	<u>-</u>	 2,628,020
Total assets		5,937,512	_	4,578,038	 10,515,550
LIABILITIES					
Unearned revenue		5,743	_		 5,743
Total liabilities		5,743	_		 5,743
FUND BALANCES					
Nonspendable		5,925,950		4,000,000	9,925,950
Restricted		5,819	_	578,038	 583,857
Total fund balances		5,931,769		4,578,038	 10,509,807
Total liabilities and fund balances	\$	5,937,512	\$	4,578,038	\$ 10,515,550

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Permanent Funds

	Ма	reenways iintenance idowment	Р	ural Resource rotection & Restoration	Totals
REVENUES					
Property taxes	\$	432,050	\$	-	\$ 432,050
Miscellaneous revenues		(1,250)		66,641	 65,391
Total revenues		430,800		66,641	 497,441
EXPENDITURES					
Natural and economic environment		-		852	852
Culture and recreation		7,057			 7,057
Total expenditures		7,057		852	 7,909
Excess (deficiency) of revenues over (under) expenditures		423,743		65,789	 489,532
OTHER FINANCING SOURCES (USES)					
Total other financing sources (uses)	-		_		 -
Net change in fund balances		423,743		65,789	489,532
Fund balances - beginning		5,508,026		4,512,249	 10,020,275
Fund balances - ending	\$	5,931,769	\$	4,578,038	\$ 10,509,807

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual GAAP Basis

Greenways Maintenance Endowment Fund For the Year Ended December 31, 2016

Page 1 of 3						2015		2016				
		2015-201	6 B	iennial		Actual		Actual		Total		
		Budgeted	Ar	mounts		Amounts	Amounts			Amounts	Variance with	
		Original F		Final	G	AAP Basis	GAAP Basis		G	AAP Basis	Fi	nal Budget
REVENUES												
Property taxes	\$	904,500	\$	904,500	\$	425,051	\$	432,050	\$	857,101	\$	(47,399)
Miscellaneous revenues	_	37,440		37,440	_	(6,730)	_	(1,250)		(7,980)	_	(45,420)
Total revenues		941,940		941,940	_	418,321	_	430,800		849,121		(92,819)
EXPENDITURES												
Culture and recreation		14,505	_	14,505	_	7,448	_	7,057	_	14,505		-
Total expenditures		14,505	_	14,505	_	7,448	_	7,057	_	14,505	_	
Excess (deficiency) of revenues												
over (under) expenditures		927,435		927,435		410,873	_	423,743		834,616		(92,819)
OTHER FINANCING SOURCES (USES)												
Total other financing sources (uses)			_		_		_					
Net change in fund balance		927,435		927,435		410,873		423,743		834,616		(92,819)
Fund balance - beginning	_	1,887,069		1,905,739		5,097,153		5,508,026		5,097,153		3,191,414
Fund balance - ending	\$	2,814,504	\$	2,833,174	\$	5,508,026	\$	5,931,769	\$	5,931,769	\$	3,098,595

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual GAAP Basis

Natural Resource Protection and Restoration Fund For the Year Ended December 31, 2016

Page 2 of 3						2015		2016				
		2015-201	6 B	Biennial		Actual		Actual		Total		
		Budgeted	ΙΑ	mounts		Amounts		Amounts	4	Amounts	Va	riance with
		Original		Final		AAP Basis	GAAP Basis		G	AAP Basis	Fi	nal Budget
REVENUES												
Miscellaneous revenues	\$	142,966	\$	142,966	\$	75,534	\$	66,641	\$	142,175	\$	(791)
Total revenues	_	142,966	_	142,966		75,534	_	66,641	_	142,175	_	(791)
EXPENDITURES												
Natural and economic environment		973,674		980,062		2,084		852		2,936	_	(977,126)
Total expenditures		973,674	_	980,062	_	2,084	_	852		2,936		(977,126)
Excess (deficiency) of revenues over (under) expenditures		(830,708)	_	(837,096)	_	73,450		65,789		139,239		976,335
OTHER FINANCING SOURCES (USES)												
Total other financing sources (uses)	_		_				_				_	<u> </u>
Net change in fund balance		(830,708)		(837,096)		73,450		65,789		139,239		976,335
Fund balance - beginning		2,586,151	_	2,763,149	_	4,438,799	_	4,512,249	_	4,438,799	_	1,675,650
Fund balance - ending	\$	1,755,443	\$	1,926,053	\$	4,512,249	\$	4,578,038	\$	4,578,038	\$	2,651,985

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual GAAP Basis Nonmajor Permanent Funds

Page 3 of 3			2015	2016		
	2015	-2016	Actual	Actual	Total	
	Budgeted	Amounts	Amounts	Amounts	Amounts	Variance with
	Original	Final	GAAP Basis	GAAP Basis	GAAP Basis	Final Budget
REVENUES						
Property taxes	\$ 904,500	\$ 904,500	\$ 425,051	\$ 432,050	\$ 857,101	\$ (47,399)
Miscellaneous revenues	180,406	180,406	68,804	65,391	134,195	(46,211)
Total revenues	1,084,906	1,084,906	493,855	497,441	991,296	(93,610)
EXPENDITURES						
Natural and economic environment	973,674	980,062	2,084	852	2,936	(977,126)
Culture and recreation	14,505	14,505	7,448	7,057	14,505	
Total expenditures	988,179	994,567	9,532	7,909	17,441	(977,126)
Excess (deficiency) of revenues over (under) expenditures	96,727	90,339	484,323	489,532	973,855	883,516
OTHER FINANCING SOURCES (USES)						
Total other financing sources (uses)						
Net change in fund balances	96,727	90,339	484,323	489,532	973,855	883,516
Fund balances - beginning	4,473,220	4,668,888	9,535,952	10,020,275	9,535,952	4,867,064
Fund balances - ending	\$ 4,569,947	\$ 4,759,227	\$ 10,020,275	\$ 10,509,807	\$ 10,509,807	\$ 5,750,580



ENTERPRISE FUNDS

456 - Cemetery

Operates and maintains Bayview Cemetery. Revenue is derived from the sale of lots, interment charges and sale of grave liners and memorials. Perpetual care for upkeep of graves and cemetery property is funded from sale of gravesites and City funding. Established by Ordinances 52 and 9898.

460 - Golf Course

Lake Padden Golf Course was constructed in 1970 as part of Lake Padden Park with funding from a bond issue and additional City funding. The parks and recreation department leases out the operation of the golf course. Established in the 1971 Budget by Ordinance 7967.

465 - Parking Services

Operates and maintains municipal parking system consisting of parking garages, surface lots, on-street parking and commercial space rental. Revenue primarily derived from fees and rentals. Established by Ordinances 7747 and 10367.

470 - Medic One

Provides countywide ambulance service through a contract with Whatcom County. Established by Ordinance 8328.

475 - Development Services

Primary source of revenue is fees for inspection services. Ensures compliance with state and local codes. Established by Ordinance 10035.

Combining Statement of Net Position Other Non-Major Enterprise Funds December 31, 2016

		Golf		Parking		t		
400570	Cemetery	Cours	= 8	Services	Medic One	Services	Totals	
ASSETS								
Current assets:					•	• ••••	•	
Cash and cash equivalents Investments			852 \$	643,373			\$ 1,864,535	
	34,862	253,		2,970,827	1,073,060	4,277,609	8,609,642	
Receivables, net	1,367	14,	962	542,200	2,725	7,751	569,005	
Due from other funds Due from other governments	-		-	-	10,000	-	10,000	
S			<u> </u>		416,698		416,698	
Total current assets	43,779	323,	098	4,156,400	1,734,869	5,211,734	11,469,880	
Noncurrent assets:								
Restricted cash and cash equivalents	64,034		-	-	_	-	64,034	
Restricted investments	295,676		-	-	-	-	295,676	
Capital assets, not being depreciated/amortized:								
Land	359,274		-	1,109,904	52,457	-	1,521,635	
Capital assets, net of depreciation/amortization:								
Buildings	32,335	335,	416	2,392,391	195,870	-	2,956,012	
Improvements	-	197,	026	380,235	_	-	577,261	
Machinery and equipment	-	24,	425	-	449,605	-	474,030	
Net pension asset	-		-	-	212,393	53,475	265,868	
Total noncurrent assets	751,319	556,	867	3,882,530	910,325	53,475	6,154,516	
Total assets	795,098	879,		8,038,930	2,645,194	5,265,209	17,624,396	
DEFERRED OUTFLOWS OF RESOURCES								
Related to pensions	22,409	5	042	17,538	170,926	167,685	383,600	
Total deferred outflows of resources	22,409		042	17,538	170,926	167,685	383,600	
				,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,				
LIABILITIES								
Current liabilities:								
Accounts payable	5,721	1,	519	409,898	259,411	1,327	677,876	
Accrued wages and benefits	12,606	2.	196	13,095	41,075	97,978	166,950	
Due to other governments	1,010		-	10,870	· <u>-</u>	-	11,880	
Other current liabilities	98,449	14,	883	21,651	_	2,835	137,818	
Current portion:								
Compensated absences	25,166	5,	423	12,435	123,770	151,267	318,061	
Total current liabilities	142,952	24	021	467,949	424,256	253,407	1,312,585	
				,				
Noncurrent liabilities:								
Compensated absences	2,040		-	2,911	6,550	4,647	16,148	
Net pension liability	132,725	29,	862	103,876	416,262	843,103	1,525,828	
Total noncurrent liabilities	134,765	29,	862	106,787	422,812	847,750	1,541,976	
Total liabilities	277,717	53,	883	574,736	847,068	1,101,157	2,854,561	
DEFERRED INFLOWS OF RESOURCES								
Related to pensions	2,602		585	2,036	10,363	17,081	32,667	
Total deferred inflows of resources	2,602		585	2,036	10,363	17,081	32,667	
NET POSITION								
Net investment in capital assets	391,609	556,	867	3,882,530	697,932	_	5,528,938	
Restricted for cemetery endowment / preneed	261,260	550,		-,002,000	-	-	261,260	
Restricted for pension asset	-		-	_	212,393	53,475	265,868	
Restricted for rental property inspections	_		_	_	- 12,000	71,969	71,969	
Unrestricted	(115,681)	273,	672	3,597,166	1,048,364	4,189,212	8,992,733	
Total net position	\$ 537,188	<u>\$ 830,</u>	539 \$	7,479,696	\$ 1,958,689	\$ 4,314,656	\$ 15,120,768	

Combining Statement of Revenue, Expenses and Changes in Net Position Other Non-Major Enterprise Funds

	Cemetery		Golf Course		Parking Services		Medic One	Development Services	Totals		
Operating revenues:											
Charges for services	\$	385,306	\$	170,961	\$	2,480,115	\$ 4,989,151	\$ 3,361,294	\$ 11,386,827		
Total operating revenues		385,306	_	170,961		2,480,115	4,989,151	3,361,294	11,386,827		
Operating expenses:											
General operations		398,122		117,925		2,276,029	6,267,236	-	9,059,312		
General administration		223,453		-		-	-	2,330,614	2,554,067		
Depreciation		2,940		31,684	_	97,800	51,838		184,262		
Total operating expenses		624,515		149,609	_	2,373,829	6,319,074	2,330,614	11,797,641		
Operating income (loss)		(239,209)	_	21,352	_	106,286	(1,329,923)	1,030,680	(410,814)		
Nonoperating revenues (expenses):											
External operating grants and subsidies		-		-		-	24,788	8,263	33,051		
Operating assessments and tax levies		-		-		-	687,714	-	687,714		
Investment interest		1,804		1,376		16,191	7,057	23,503	49,931		
Net incr (decr) in fair value of investments		418		25		5,925	6,712	1,426	14,506		
Other nonoperating revenues		29		8,750		7,597	11,149	2,130	29,655		
Other nonoperating expenses		<u>-</u>			_		(687,714)		(687,714)		
Total nonoperating revenues (expenses)		2,251		10,151	_	29,713	49,706	35,322	127,143		
Income (loss) before transfers		(236,958)		31,503		135,999	(1,280,217)	1,066,002	(283,671)		
Transfers in		221,480		-		-	1,125,000	-	1,346,480		
Transfers out					_	(15,200)			(15,200)		
Change in net position		(15,478)		31,503		120,799	(155,217)	1,066,002	1,047,609		
Total net position - beginning		552,666		799,036	_	7,358,897	2,113,906	3,248,654	14,073,159		
Total net position - ending	\$	537,188	\$	830,539	\$	7,479,696	\$ 1,958,689	\$ 4,314,656	\$ 15,120,768		

Combining Statement of Cash Flows Other Non-Major Enterprise Funds For the Year Ended December 31, 2016

	Cemetery			Golf Course		Parking Services		Medic One		evelopment Services	Totals		
CASH FLOWS FROM OPERATING ACTIVITIES													
Receipts from customers	\$	376,609	\$	170,648	\$	2,496,600	\$	4,562,445	\$	3,363,409	\$ 1	10,969,711	
Payments for wages and benefits		(336,204)		(76,572)		(266,886)		(4,679,644)		(2,175,171)		(7,534,477)	
Payments for operating expenses		(238,516)		(49,389)		(1,699,821)		(1,215,230)		(408,593)		(3,611,549)	
Other receipts		29		8,750	_	7,597	_	11,149		2,130		29,655	
Net cash provided by (used for) operating activities	_	(198,082)	_	53,437	_	537,490	_	(1,321,280)	_	781,775		(146,660)	
CASH FLOWS FROM NONCAPITAL													
FINANCING ACTIVITIES													
Transfers in		221,480		-		-		1,125,000		-		1,346,480	
Transfers out		-		-		(15,200)		-		-		(15,200)	
Payments to other governments		-		-		-		(687,714)		-		(687,714)	
Receipts from taxes and subsidies		-	_		_	-		687,714	_	-		687,714	
Net cash provided by (used for) noncapital	_	221,480	_		_	(15,200)	_	1,125,000	_			1,331,280	
financing activities													
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES													
Purchases of capital assets	_		_		_	(572,866)		(373,187)	_		_	(946,053)	
Net cash provided by (used for capital financing activities		-			_	(572,866)	_	(373,187)	_			(946,053)	
CASH FLOWS FROM INVESTING ACTIVITIES													
Proceeds from sales and maturity of investments		47,323		64,520		49,836		473,848		878,122		1,513,649	
Purchase of investments		(65,798)		(108,054)		-		(723)		(1,513,713)		(1,688,288)	
Interest and dividends received		1,710	_	1,241	_	15,799	_	7,881	_	21,438		48,069	
Net cash provided by (used for) in investment activities		(16,765)	_	(42,293)	-	65,635	_	481,006	_	(614,153)		(126,570)	
Net increase (decrease) in cash and equivalents		6,633		11,144		15,059		(88,461)		167,622		111,997	
Cash and cash equivalents - beginning of year	_	64,951	_	43,708	_	628,314	_	320,847	_	758,752		1,816,572	
Cash and cash equivalents - end of year	\$	71,584	\$	54,852	\$	643,373	\$	232,386	\$	926,374	\$	1,928,569	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:													
Operating income (loss)	\$	(239,209)	\$	21,352	\$	106,286	\$	(1,329,923)	\$	1,030,680	\$	(410,814)	
Adjustments to reconcile operating income													
to net cash provided (used) by operating activities:													
Depreciation		2,940		31,684		97,800		51,838		-		184,262	
Pension expense		43,474		(2,703)		(57,886)		286,247		(300,210)		(31,078)	
Miscellaneous income		29		8,750		7,597		11,149		2,130		29,655	
(Increase) decrease in accounts receivable		(186)		(313)		13,378		(416,706)		2,115		(401,712)	
(Increase) decrease in due from other funds		-		-		-		(10,000)		-		(10,000)	
(Increase) decrease in prepayments		-		-		-		1,362		505		1,867	
Increase (decrease) in accounts payable		(6,386)		(6,367)		365,237		69,560		(952)		421,092	
Increase (decrease) in wages and benefits payable		7,394		1,034		2,254		27,860		42,851		81,393	
Increase (decrease) in revenues collected in advance		(8,511)		-		3,107		-		-		(5,404)	
Increase (decrease) in due to other funds		-		-		-		(985)		-		(985)	
Increase (decrease) in due to other governments		-		-		-		(11,416)		-		(11,416)	
Increase (decrease) in other current liabilities		-		-		2,118		(400)		- 0.005		2,118	
Increase (decrease) in other fees and taxes		333		-		(2,620)		(133)		2,835		415 2.047	
Increase (decrease) in other long-term liabilities	_	2,040	_		_	219	_	(133)	_	1,821	_	3,947	
Total Adjustments	_	41,127	_	32,085	_	431,204	Φ.	8,643	_	(248,905)	Ф.	264,154	
Net cash provided by (used for) operating activities	\$	(198,082)	\$	53,437	\$	537,490	\$	(1,321,280)	\$	781,775	\$	(146,660)	
Noncash investing, capital, and financing activities:		418		25		5 00E		6 740		1 406		14 506	
Net change in fair value of investments		410		25		5,925		6,712		1,426		14,506	



INTERNAL SERVICE FUNDS

510 - Fleet Administration

Consolidates vehicles and equipment under one fund for acquisition, repair, maintenance and replacement. Revenue is derived from renting these assets to user funds and mechanical shop services to other funds and other government agencies. Established by Ordinance 7684.

520 – Purchasing and Materials Management

Consolidates the functions of purchasing, warehousing and issuing supplies to various departments of the City. Revenue is derived from inventory sales and overhead charges. Established by Ordinance 8929 and 8976.

530 - Facilities Administration

Consolidates custodial services and facility maintenance under one fund. Established by Ordinance 10269.

540 - Technology and Telecommunications

Purchases telecommunications and technology equipment and services, and recovers the costs from the user departments. Provides a source for centralized payment of telecommunication and technology expenses. Excess funding is used for future acquisitions. Established by Ordinance 9747, revised by Ordinance 2011-12-075.

550 - Claims and Litigation

Established in 1977 to pay expenses for claims, litigation, administrative costs and settlements and judgments on behalf of all City departments. Departments pay insurance premiums into this fund for future contingencies. Costs over \$500,000 are covered by excess liability insurance. Established by Ordinance 8616.

561 – Unemployment Compensation

Established to reimburse the State on a quarterly basis for unemployment claims paid to former employees. State law requires that municipalities participate in the State Unemployment Compensation Plan. Effective January 1, 1978, to finance this fund, a percentage of payroll is transferred each payroll period as required. Established in the 1978 Budget by Ordinance 8627.

562 - Worker's Compensation Self-Insurance

Covers the cost of claims resulting from injuries on the job or job-related illnesses, and related preventive, safety and disability programs. Established and amended by Ordinances 8616 and 1999-02-005.

565 - Health Benefits

Covers the costs of providing medical, dental, vision and employee wellness benefits to City employees. Revenue is derived from employer (paid by City departments on a per employee basis) and employee premium charges. Established by Ordinance 8942.

570 – Public Works Administration and Engineering

Established to track and distribute the costs of management and engineering services shared within the public works department and other City funds that contract for their services. Established by ordinance 2014-12-071.

Combining Statement of Net Position Internal Service Funds December 31, 2016

Page 1 of 2	Florid	Purchasing	Es a Millar	Facilities Taskuslama 9 Oleima 9				
ASSETS	Fleet Administration	Materials Management	Facilities Administration	Technology & Telecom	Claims & Litigation			
Current assets:			_					
Cash and cash equivalents	\$ 1,341,427	\$ 118,156	\$ 243,983	\$ 391,702	\$ 985,263			
Investments	6,194,149	545,596	1,126,614	1,808,714	4,549,534			
Receivables, net	18,430	1,259	37,920	4,282	10,494			
Due from other governments	475	-	3,517	-	-			
Inventory		510,701	<u> </u>					
Total current assets	7,554,481	1,175,712	1,412,034	2,204,698	5,545,291			
Noncurrent assets:								
Restricted cash and cash equivalents	-	-	9,614	-	-			
Capital assets, not being depreciated/amortized:								
Land	-	-	40,102	-	-			
Construction in progress	94,135	-	-	-	-			
Capital assets, net of depreciation/amortization:								
Buildings	-	-	1,199,457	-	-			
Machinery and equipment	12,222,984	-	15,376	240,527	-			
Intangibles - software				297,074				
Total noncurrent assets	12,317,119		1,264,549	537,601				
Total assets	19,871,600	1,175,712	2,676,583	2,742,299	5,545,291			
DEFERRED OUTFLOWS OF RESOURCES								
Related to pensions	91,132	53,769	119,039	29,737	12,609			
Total deferred outflows of resources	91,132	53,769	119,039	29,737	12,609			
LIABILITIES								
Current liabilities:								
Accounts payable	179,867	64,857	481,062	51,787	4,738			
Accrued wages and benefits	59,788	36,751	83,257	21,207	8,097			
Due to other funds	1,867	-	10,000	-	-			
Due to other governments	-	-	685	-	-			
Other current liabilities	200,000	-	-	-	-			
Current portion:								
Compensated absences	92,008	42,552	98,581	23,804	10,383			
Claims and judgments payable					159,135			
Total current liabilities	533,530	144,160	673,585	96,798	182,353			
Noncurrent liabilities:								
Bonds payable, net	-	-	6,100,000	-	-			
Compensated absences	22,969	9,035	35,375	9,613	-			
Claims and judgements payable	-	-	-	-	546,424			
Net pension liability	539,768	318,474	705,063	176,130	74,682			
Total noncurrent liabilities	562,737	327,509	6,840,438	185,743	621,106			
Total liabilities	1,096,267	471,669	7,514,023	282,541	803,459			
DEFERRED INFLOWS OF RESOURCES								
Related to pensions	10,580	6,243	13,820	3,452	1,464			
Total deferred inflows of resources	10,580	6,243	13,820	3,452	1,464			
NET POSITION								
Net investment in capital assets	12,317,119	-	1,254,935	537,601	-			
Unrestricted	6,538,766	751,569	(5,987,156)	1,948,442	4,752,977			
Total net position	\$ 18,855,885	\$ 751,569	\$ (4,732,221)	\$ 2,486,043	\$ 4,752,977			

Combining Statement of Net Position Internal Service Funds

December 31, 2016

Dempine Compensity Compensity Part	Page 2 of 2					
Careni assels:		Unemployme	nt Compensation	Health	PW Admin. &	
Cash and cash equivalents	ASSETS	Compensatio	n Self-Insurance	Benefits	Engineering	Totals
Novestments	Current assets:					
Receivables, net 943 2,30 3,077 1,911 80,086 100 1	Cash and cash equivalents	\$ 88,540	\$ 217,793	\$ 288,949	\$ 179,455	\$ 3,855,268
Due from other governments	Investments	408,84	1,005,679	1,334,246	828,649	17,802,022
Prepaid Items	Receivables, net	943	3 2,320	3,077	1,911	80,636
Prepaid items	Due from other governments	-	-	-	-	3,992
Total current assets	Inventory	-	-	-	-	510,701
Restricted cash and cash equivalents	Prepaid items	-	53,220	5,309	-	58,529
Restricted cash and cash equivalents Capital assets, not being depreciated/amortized: Land	Total current assets	498,324	1,279,012	1,631,581	1,010,015	22,311,148
Capital assets, not being depreciated/amortized: 4 0 0 0 40,102 Land - - - - 94,135 Construction in progress - - - 94,135 Capital assets, net of depreciation/amortization: Buildings - - - 12,478,887 Machinery and equipment - - - - 22,070 Machinery and equipment - - - - 22,070 Intangibles - software - - - - - 22,702 Total necurrent assets - - - - - 24,718,887 Intangibles - software - - - - - 24,788,87 Intangibles - software -	Noncurrent assets:					
Land	Restricted cash and cash equivalents	-	-	-	-	9,614
Construction in progress c. c. c. 94,135 Capital assets, net of depreciation/amortization: c. c. c. c. 1,199,457 Machinery and equipment c. c. c. c. 224,78,887 Intangibles - software c. c. c. c. 297,074 Total ansests d.98,324 1,279,012 1,631,581 1,010,015 36,430,417 DEFERRED OUTFLOWS OF RESOURCES Related to pensions 7,002 6,396 49,373 309,113 678,170 Total deferred outflows of resources 7,002 6,396 49,373 309,113 678,170 Total deferred outflows of resources 7,002 6,396 49,373 309,113 678,170 Deference outflows of resources 7,002 6,396 49,373 309,113 678,170 Colspan="4">Total deferred outflows of resources 7,002 6,396 49,373 309,113 678,170 Colspan="4">Total deferred outflows of resources 2,266 <td>Capital assets, not being depreciated/amortized:</td> <td></td> <td></td> <td></td> <td></td> <td></td>	Capital assets, not being depreciated/amortized:					
Page	Land	-	-	-	-	40,102
Buildings	Construction in progress	-	-	-	-	94,135
Machinery and equipment Intangibles - software - - - - - 2.7 2.7 2.7 2.7 2.7 2.7 2.7 2.7 2.7 2.7 2.7 2.7 2.7 2.7 14.119.269 14.150 309.113 678.170 17.109 14.119.269 14.150 309.113 678.170 17.109 14.119	Capital assets, net of depreciation/amortization:					
Intangibles - software	Buildings	-	-	-	-	1,199,457
Total noncurrent assets	Machinery and equipment	-	-	-	-	12,478,887
Total assets 498,324 1,279,012 1,631,581 1,010,015 36,430,417 DEFERRED OUTFLOWS OF RESOURCES Related to pensions 7,002 6,396 49,373 309,113 678,170 Total deferred outflows of resources 7,002 6,396 49,373 309,113 678,170 LIABILITIES Current liabilities: Accrued wages and benefits 620 4,089 56,791 20,661 471,261 Due to other funds 6 4,089 56,791 20,661 471,261 Due to other governments 6 756 - - 11,867 Due to other governments 1 756 - - 11,467 Other current liabilities 1 3,72 4,793 14,112 240,847 528,452 Claims and judgments payable 160,000 550,000 - - 669,135 Total current liabilities 184,861 624,767 87,099 851,868 3,379,021 Nocument	Intangibles - software					297,074
Total assets 498,324 1,279,012 1,631,581 1,010,015 36,430,417 DEFERRED OUTFLOWS OF RESOURCES Related to pensions 7,002 6,396 49,373 309,113 678,170 Total deferred outflows of resources 7,002 6,396 49,373 309,113 678,170 LIABILITIES Current liabilities: Accrued wages and benefits 620 4,089 56,791 20,661 471,261 Due to other funds 6 4,089 56,791 20,661 471,261 Due to other governments 6 766 - - 11,867 Due to other governments 1 766 - - 1,441 Other current liabilities 1 3,249 14,112 240,847 528,452 Claims and judgments payable 160,000 550,000 - - 869,135 Total current liabilities 184,861 624,767 87,099 851,868 3,379,021 Next pension liability 41,472 37,886	Total noncurrent assets	-	-	-	-	14,119,269
Page	Total assets	498.324	1.279.012	1.631.581	1.010.015	36.430.417
Pelated to pensions						
Total deferred outflows of resources 7,002 6,396 49,373 309,113 678,170 LIABILITIES Current liabilities: 887,857 Accounts payable 22,869 65,129 4,150 23,398 897,857 Accoud wages and benefits 620 4,089 56,791 200,661 471,261 Due to other funds 0 0 0 0 0 12,046 386,962 599,008 Due to other funds 0 0 0 0 0 0 1,441 Other current liabilities 0 0 0 12,046 386,962 599,008 Current portion: 0 1,372 4,793 14,112 240,847 528,452 Claims and judgments payable 160,000 550,000 0 0 869,135 Total current liabilities 184,861 624,767 87,099 851,868 3,379,021 Bonds payable, net 0 0 0 0 0 56,000 0 0						
LIABILITIES		7,002	6,396	49,373	309,113	678,170
Current liabilities:	Total deferred outflows of resources	7,002	6,396	49,373	309,113	678,170
Accounts payable 22,869 65,129 4,150 23,398 897,875 Accrued wages and benefits 620 4,089 56,791 200,661 471,261 Due to other funds - - - - 11,867 Due to other governments - 7566 - - 1,441 Other current liabilities - - 12,046 386,962 599,008 Current portion: - - 12,046 386,962 599,008 Compensated absences 1,372 4,793 14,112 240,847 528,452 Claims and judgments payable 160,000 550,000 - - 869,135 Total current liabilities 184,861 624,767 87,099 851,868 3,379,021 Noncurrent liabilities 184,861 624,767 87,099 851,868 3,379,021 Calaims and judgements payable - - - - 4,04 44,286 119,728 Claims and judgements payable - - <td>LIABILITIES</td> <td></td> <td></td> <td></td> <td></td> <td></td>	LIABILITIES					
Accrued wages and benefits 620 4,089 56,791 200,661 471,261 Due to other funds - - - - 11,867 Due to other governments - 756 - - 1,441 Other current liabilities - - 12,046 386,962 599,008 Current portion: Compensated absences 1,372 4,793 14,112 240,847 528,452 Claims and judgments payable 160,000 550,000 - - - 869,135 Total current liabilities 184,861 624,767 87,099 851,868 3,379,021 Noncurrent liabilities: Bonds payable, net - - - 6,100,000 Compensated absences - - 450 42,286 119,728 Claims and judgements payable - - 450 42,286 119,728 Claims and judgements payable - - 450 45,4624 44,472 <td>Current liabilities:</td> <td></td> <td></td> <td></td> <td></td> <td></td>	Current liabilities:					
Due to other funds - - - - - 11,867 Due to other governments - 756 - - 1,441 Other current liabilities - - 12,046 386,962 599,008 Current portion: - - 12,046 386,962 599,008 Compensated absences 1,372 4,793 14,112 240,847 528,452 Claims and judgments payable 160,000 550,000 - - 869,135 Total current liabilities 184,861 624,767 87,099 851,868 3,379,021 Noncurrent liabilities: - - - - 6,100,000 Compensated absences - - - 42,286 119,728 Claims and judgements payable - - - 450 42,286 119,728 Claims and judgements payable - - - 450 42,286 119,728 Claims and judgements payable - - -	Accounts payable	22,869	65,129	4,150	23,398	897,857
Due to other governments - 756 - - 1,441 Other current liabilities - - 12,046 386,962 599,008 Current portion: Compensated absences 1,372 4,793 14,112 240,847 528,452 Claims and judgments payable 160,000 550,000 - - 869,135 Total current liabilities 184,861 624,767 87,099 851,868 3,379,021 Noncurrent liabilities: Bonds payable, net - - - 6,100,000 Compensated absences - - - 42,286 119,728 Claims and judgements payable - - - - 546,424 Net pension liability 41,472 37,886 292,435 1,830,858 4,016,768 Total noncurrent liabilities 41,472 37,886 292,885 1,873,144 10,782,920 Total liabilities 813 743 5,732 35,888 78,735 DEFERRE	Accrued wages and benefits	620	4,089	56,791	200,661	471,261
Other current liabilities - - 12,046 386,962 599,008 Current portion: Current portion: Compensated absences 1,372 4,793 14,112 240,847 528,452 Claims and judgments payable 160,000 550,000 - - 869,135 Total current liabilities 184,861 624,767 87,099 851,868 3,379,021 Noncurrent liabilities: 3 86,000 - - 6,100,000 Compensated absences - - - - 6,100,000 Compensated absences - - - - 6,100,000 Compensated absences - - - - - - - 6,100,000 Compensated absences -	Due to other funds	-	-	-	-	11,867
Current portion: Compensated absences 1,372 4,793 14,112 240,847 528,452 Claims and judgments payable 160,000 550,000 - - 869,135 Total current liabilities 184,861 624,767 87,099 851,868 3,379,021 Noncurrent liabilities: Bonds payable, net - - - - 6,100,000 Compensated absences - - 450 42,286 119,728 Claims and judgments payable - - - 450 42,286 119,728 Claims and judgments payable - - - - 546,424 Net pension liability 41,472 37,886 292,435 1,830,858 4,016,768 DEFERRED INFLOWS OF RESOURCES Related to pensions 813 743 5,732 35,888 78,735 Total deferred inflows of resources 813 743 5,732 35,888 78,735 NET POSITION - - -	Due to other governments	-	756	-	-	1,441
Compensated absences 1,372 4,793 14,112 240,847 528,452 Claims and judgments payable 160,000 550,000 - - 869,135 Total current liabilities 184,861 624,767 87,099 851,868 3,379,021 Noncurrent liabilities: 87,099 851,868 3,379,021 Bonds payable, net - - - - 6,100,000 Compensated absences - - 450 42,286 119,728 Claims and judgements payable - - - - - 564,424 Net pension liability 41,472 37,886 292,435 1,830,858 4,016,768 Total noncurrent liabilities 41,472 37,886 292,885 1,873,144 10,782,920 Total liabilities 226,333 662,653 379,984 2,725,012 14,161,941 DEFERRED INFLOWS OF RESOURCES Related to pensions 813 743 5,732 35,888 78,735 NET POSITION </td <td>Other current liabilities</td> <td>-</td> <td>-</td> <td>12,046</td> <td>386,962</td> <td>599,008</td>	Other current liabilities	-	-	12,046	386,962	599,008
Claims and judgments payable 160,000 550,000 - - 869,135 Total current liabilities 184,861 624,767 87,099 851,868 3,379,021 Noncurrent liabilities: Bonds payable, net - - - 6,100,000 Compensated absences - - - - 6,100,000 Compensated absences - - - - - 6,100,000 Compensated absences - - - - - - 6,100,000 Compensated absences - - - - - - - 6,100,000 Compensated absences -	Current portion:					
Total current liabilities 184,861 624,767 87,099 851,868 3,379,021 Noncurrent liabilities: Bonds payable, net	Compensated absences	1,372	4,793	14,112	240,847	528,452
Noncurrent liabilities: Bonds payable, net - - - - 6,100,000 Compensated absences - - 450 42,286 119,728 Claims and judgements payable - - - - 546,424 Net pension liability 41,472 37,886 292,435 1,830,858 4,016,768 Total noncurrent liabilities 41,472 37,886 292,885 1,873,144 10,782,920 Total liabilities 226,333 662,653 379,984 2,725,012 14,161,941 DEFERRED INFLOWS OF RESOURCES 813 743 5,732 35,888 78,735 Total deferred inflows of resources 813 743 5,732 35,888 78,735 NET POSITION Net investment in capital assets - - - - - 14,109,655 Unrestricted 278,180 622,012 1,295,238 (1,441,772) 8,758,256	Claims and judgments payable	160,000	550,000			869,135
Bonds payable, net - - - - 6,100,000 Compensated absences - - 450 42,286 119,728 Claims and judgements payable - - - - - 546,424 Net pension liability 41,472 37,886 292,435 1,830,858 4,016,768 Total noncurrent liabilities 41,472 37,886 292,885 1,873,144 10,782,920 Total liabilities 226,333 662,653 379,984 2,725,012 14,161,941 DEFERRED INFLOWS OF RESOURCES Related to pensions 813 743 5,732 35,888 78,735 Total deferred inflows of resources 813 743 5,732 35,888 78,735 NET POSITION Net investment in capital assets - - - - - - 14,109,655 Unrestricted 278,180 622,012 1,295,238 (1,441,772) 8,758,256	Total current liabilities	184,86	624,767	87,099	851,868	3,379,021
Compensated absences - - 450 42,286 119,728 Claims and judgements payable - - - - 546,424 Net pension liability 41,472 37,886 292,435 1,830,858 4,016,768 Total noncurrent liabilities 41,472 37,886 292,885 1,873,144 10,782,920 Total liabilities 226,333 662,653 379,984 2,725,012 14,161,941 DEFERRED INFLOWS OF RESOURCES Related to pensions 813 743 5,732 35,888 78,735 Total deferred inflows of resources 813 743 5,732 35,888 78,735 NET POSITION Net investment in capital assets - - - - - - 14,109,655 Unrestricted 278,180 622,012 1,295,238 (1,441,772) 8,758,256	Noncurrent liabilities:					
Claims and judgements payable - - - - 546,424 Net pension liability 41,472 37,886 292,435 1,830,858 4,016,768 Total noncurrent liabilities 41,472 37,886 292,885 1,873,144 10,782,920 Total liabilities 226,333 662,653 379,984 2,725,012 14,161,941 DEFERRED INFLOWS OF RESOURCES Related to pensions 813 743 5,732 35,888 78,735 Total deferred inflows of resources 813 743 5,732 35,888 78,735 NET POSITION Net investment in capital assets - - - - 14,109,655 Unrestricted 278,180 622,012 1,295,238 (1,441,772) 8,758,256	Bonds payable, net	-	-	-	-	6,100,000
Net pension liability 41,472 37,886 292,435 1,830,858 4,016,768 Total noncurrent liabilities 41,472 37,886 292,885 1,873,144 10,782,920 Total liabilities 226,333 662,653 379,984 2,725,012 14,161,941 DEFERRED INFLOWS OF RESOURCES Related to pensions 813 743 5,732 35,888 78,735 Total deferred inflows of resources 813 743 5,732 35,888 78,735 NET POSITION Net investment in capital assets - - - - - 14,109,655 Unrestricted 278,180 622,012 1,295,238 (1,441,772) 8,758,256	Compensated absences	-	-	450	42,286	119,728
Total noncurrent liabilities 41,472 37,886 292,885 1,873,144 10,782,920 Total liabilities 226,333 662,653 379,984 2,725,012 14,161,941 DEFERRED INFLOWS OF RESOURCES Related to pensions 813 743 5,732 35,888 78,735 Total deferred inflows of resources 813 743 5,732 35,888 78,735 NET POSITION Net investment in capital assets - - - - 14,109,655 Unrestricted 278,180 622,012 1,295,238 (1,441,772) 8,758,256	Claims and judgements payable	-	-	-	-	546,424
Total liabilities 226,333 662,653 379,984 2,725,012 14,161,941 DEFERRED INFLOWS OF RESOURCES Related to pensions 813 743 5,732 35,888 78,735 Total deferred inflows of resources 813 743 5,732 35,888 78,735 NET POSITION Net investment in capital assets - - - - 14,109,655 Unrestricted 278,180 622,012 1,295,238 (1,441,772) 8,758,256	Net pension liability	41,472	2 37,886	292,435	1,830,858	4,016,768
DEFERRED INFLOWS OF RESOURCES Related to pensions 813 743 5,732 35,888 78,735 Total deferred inflows of resources 813 743 5,732 35,888 78,735 NET POSITION Net investment in capital assets - - - - - 14,109,655 Unrestricted 278,180 622,012 1,295,238 (1,441,772) 8,758,256	Total noncurrent liabilities	41,472	37,886	292,885	1,873,144	10,782,920
DEFERRED INFLOWS OF RESOURCES Related to pensions 813 743 5,732 35,888 78,735 Total deferred inflows of resources 813 743 5,732 35,888 78,735 NET POSITION Net investment in capital assets - - - - - 14,109,655 Unrestricted 278,180 622,012 1,295,238 (1,441,772) 8,758,256	Total liabilities	226,333	662,653	379,984	2,725,012	14,161,941
Related to pensions 813 743 5,732 35,888 78,735 Total deferred inflows of resources 813 743 5,732 35,888 78,735 NET POSITION Net investment in capital assets - - - - - 14,109,655 Unrestricted 278,180 622,012 1,295,238 (1,441,772) 8,758,256	DEFENDED INC. OWS OF DESCRIPCES					
Total deferred inflows of resources 813 743 5,732 35,888 78,735 NET POSITION Net investment in capital assets - - - - - 14,109,655 Unrestricted 278,180 622,012 1,295,238 (1,441,772) 8,758,256		044	740	F 700	25.000	70 705
NET POSITION - - - - 14,109,655 Unrestricted 278,180 622,012 1,295,238 (1,441,772) 8,758,256	•					
Net investment in capital assets - - - - - 14,109,655 Unrestricted 278,180 622,012 1,295,238 (1,441,772) 8,758,256	lotal deferred inflows of resources	813	743	5,732	35,888	78,735
Unrestricted <u>278,180</u> <u>622,012</u> <u>1,295,238</u> <u>(1,441,772)</u> <u>8,758,256</u>	NET POSITION					
	Net investment in capital assets	-	-	-	-	14,109,655
Total net position \$ 278,180 \$ 622,012 \$ 1,295,238 \$ (1,441,772) \$ 22,867,911	Unrestricted	278,180	622,012	1,295,238	(1,441,772)	8,758,256
	Total net position	\$ 278,180	\$ 622,012	\$ 1,295,238	\$ (1,441,772)	\$ 22,867,911

Combining Statement of Revenues, Expenses and Changes in Net Position Internal Service Funds

Page 1 of 2	Fleet Administration	Purchasing Materials Management	Facilities Administration	Technology & Telecom	Claims & Litigation
Operating revenues:					
Sales of merchandise	\$ -	\$ 2,938,499	\$ -	\$ -	\$ -
Less: cost of goods sold	-	(1,917,000)	-	-	-
Charges for services	4,326,063	1,141	3,523,014	1,697,465	14,048
Insurance premium contributions					1,085,213
Total operating revenues	4,326,063	1,022,640	3,523,014	1,697,465	1,099,261
Operating expenses:					
General operations	2,965,556	866,928	4,179,769	1,941,649	-
General administration	-	-	-	-	190,586
Depreciation	1,649,630	-	82,411	115,164	-
Insurance	-	-	-	-	504,125
Claims					154,329
Total operating expenses	4,615,186	866,928	4,262,180	2,056,813	849,040
Operating income (loss)	(289,123)	155,712	(739,166)	(359,348)	250,221
Nonoperating revenues (expenses):					
External operating grants and subsidies	5,000	-	215,979	250	-
Operating assessments and tax levies	659,659	-	-	-	-
Investment interest	32,072	2,354	5,713	8,869	24,616
Net incr (decr) in fair value of investments	11,570	162	1,964	5,221	7,716
Interest expense and related charges	-	-	(331,530)	-	-
Gain (loss) on sale of capital assets	23,770	-	-	-	-
Other nonoperating revenues	92,378	160,563	189,022	58	-
Other nonoperating expenses		(163,083)			
Total nonoperating revenues (expenses)	824,449	(4)	81,148	14,398	32,332
Income (loss) before transfers	535,326	155,708	(658,018)	(344,950)	282,553
Transfers in	281,457	-	800,000	335,234	-
Transfers out	(40,000)		<u> </u>	<u> </u>	
Change in net position	776,783	155,708	141,982	(9,716)	282,553
Total net position - beginning	18,079,102	595,861	(4,874,203)	2,495,759	4,470,424
Total net position - ending	\$ 18,855,885	\$ 751,569	\$ (4,732,221)	\$ 2,486,043	\$ 4,752,977

Combining Statement of Revenues, Expenses and Changes in Net Position Internal Service Funds

				Worker's						
Page 2 of 2	Uner	nployment	Compensation			Health	P۱	N Admin. &		
	Com	pensation	S	elf-Insurance		Benefits	_ <u>E</u>	ngineering		Totals
Operating revenues:										
Sales of merchandise	\$	-	\$	-	\$	-	\$	-	\$	2,938,499
Less: cost of goods sold		-		-		-		-		(1,917,000)
Charges for services		-		-		-		7,157,147		16,718,878
Insurance premium contributions		120,518	_	680,189	_	12,953,349		<u>-</u>		14,839,269
Total operating revenues		120,518	_	680,189	_	12,953,349		7,157,147	_	32,579,646
Operating expenses:										
General operations		-		=		-		-		9,953,902
General administration		41,617		180,424		699,065		6,442,515		7,554,207
Depreciation		-		-		-		-		1,847,205
Insurance		-		79,436		12,888,318		-		13,471,879
Claims		102,847	_	399,158	_	46,189		-		702,523
Total operating expenses		144,464	_	659,018	_	13,633,572		6,442,515		33,529,716
Operating income (loss)		(23,946)	_	21,171	_	(680,223)	_	714,632	_	(950,070)
Nonoperating revenues (expenses):										
External operating grants and subsidies		-		=		-		-		221,229
Operating assessments and tax levies		-		-		=		=		659,659
Investment interest		2,216		5,211		6,568		(28)		87,591
Net incr (decr) in fair value of investments		735		1,900		6,741		2,367		38,376
Interest expense and related charges		-		=		-		-		(331,530)
Gain (loss) on sale of capital assets		-		-		-		-		23,770
Other nonoperating revenues		-		-		16,630		2,134		460,785
Other nonoperating expenses			_		_	-		-		(163,083)
Total nonoperating revenues (expenses)		2,951	_	7,111	_	29,939		4,473	_	996,797
Income (loss) before transfers		(20,995)		28,282		(650,284)		719,105		46,727
Transfers in		-		-		-		-		1,416,691
Transfers out			_	-	_	-		(335,234)		(375,234)
Change in net position		(20,995)		28,282		(650,284)		383,871		1,088,184
Total net position - beginning		299,175	_	593,730	_	1,945,522		(1,825,643)		21,779,727
Total net position - ending	\$	278,180	\$	622,012	\$	1,295,238	\$	(1,441,772)	\$	22,867,911

Combining Statement of Cash Flows Internal Service Funds

Page 1 of 2	Fleet Administration	Purchasing Materials Management	Facilities Administration	Technology & Telecom	Claims & Litigation
CASH FLOWS FROM OPERATING ACTIVITIES					<u>=g</u>
Receipts from interfund charges and sales	4,522,998	2,939,640	3,500,930	1,697,410	1,099,261
Payments for merchandise	-	(1,858,155)	-	-	-
Payments for wages and benefits	(1,397,009)	(827,786)	(1,822,444)	(457,920)	(192,531)
Payments for operating expenses	(1,678,030)	(148,417)	(2,540,182)	(1,577,044)	(820,675)
Other receipts	92,378	160,563	73,762	308	-
Other payments		(163,083)			
Net cash provided by (used for) operating activities	1,540,337	102,762	(787,934)	(337,246)	86,055
CASH FLOWS FROM NONCAPITAL					
FINANCING ACTIVITIES					
Transfers in	-	-	800,000	335,234	-
Transfers out	(40,000)	-	-	-	-
Payments for interest and related charges	-	-	(331,530)	-	-
Operating grants and loans	-	-	219,496	-	-
Interfund receipts for bond repayment	-	-	115,260	-	-
Receipts from taxes and subsidies	669,064				
Net cash provided by (used for) noncapital	629,064		803,226	335,234	
financing activities					
CASH FLOWS FROM CAPITAL AND RELATED					
FINANCING ACTIVITIES					
Purchases of capital assets	(2,643,760)	-	-	(221,898)	-
Proceeds from the sale of capital assets	464,815				
Net cash provided by (used for capital financing activities	(2,178,945)			(221,898)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturity of investments	869,613	114,751	12,803	361,169	81,290
Purchase of investments	(843,675)	(197,809)	(22,069)	(170,204)	(140,128)
Interest and dividends received	31,089	2,087	5,504	8,971	23,729
Net cash provided by (used for) in investment activities	57,027	(80,971)	(3,762)	199,936	(35,109)
Net increase (decrease) in cash and equivalents	47,483	21,791	11,530	(23,974)	50,946
Cash and cash equivalents - beginning of year	1,293,944	96,365	242,067	415,676	934,317
Cash and cash equivalents - end of year	\$ 1,341,427	\$ 118,156	\$ 253,597	\$ 391,702	\$ 985,263
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	(289,123)	155,712	(739,166)	(359,348)	250,221
Adjustments to reconcile operating income					
to net cash provided (used) by operating activities:					
Depreciation	1,649,630	_	82,411	115,164	_
Pension expense	(278,560)	(171,810)	(423,016)	(59,698)	(51,842)
Miscellaneous income	92,378	160,563	73,762	308	(0.,0.2)
Miscellaneous expenses	-	(163,083)		-	_
(Increase) decrease in accounts receivable	(3,065)	-	(22,084)	(55)	_
(Increase) decrease in inventory of supplies	-	58,845	(22,001)	-	_
Increase (decrease) in accounts payable	164,011	63,340	223,150	(32,450)	2,044
Increase (decrease) in wages and benefits payable	7,403	669	2,011	(1,368)	1,190
Increase (decrease) in revenues collected in advance	200,000	-	-	-	-
Increase (decrease) in due to other funds	1,867	-	10,000	_	-
Increase (decrease) in other current liabilities	-	-	(600)	-	-
Increase (decrease) in other fees and taxes	(1,867)	-	(229)	-	-
Increase (decrease) in other long-term liabilities	(2,337)	(1,474)	5,827	201	(115,558)
Total adjustments	1,829,460	(52,950)	(48,768)	22,102	(164,166)
Net cash provided by (used for) operating activities	\$ 1,540,337	\$ 102,762	\$ (787,934)	\$ (337,246)	\$ 86,055
Noncash investing, capital, and financing activities:					
Net change in fair value of investments	11,570	162	1,964	5,221	7,716
Fleet donations	281,457	-	-	-	-

Combining Statement of Cash Flows

Internal Service Funds

Page 2 of 2			v	/orker's						
·		mployment				alth efits		/ Admin. & gineering		<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts from interfund charges for services		120,518		680,189	12,9	53,349		7,635,858		35,150,153
Payments for merchandise		-		-		-		-		(1,858,155)
Payments for wages and benefits		(14,768)		(99,190)	(2	237,218)		(4,737,258)		(9,786,124)
Payments for operating expenses		(103,044)		(585,135)	(13,2	245,668)		(2,661,028)	((23,359,223)
Other receipts		-		-		16,630		2,134		345,775
Other payments		-						-	_	(163,083)
Net cash provided by (used for) operating activities		2,706		(4,136)	(5	12,907)		239,706		329,343
CASH FLOWS FROM NONCAPITAL										
FINANCING ACTIVITIES										
Transfers in		-		-		-		-		1,135,234
Transfers out		-		-		-		(335,234)		(375,234)
Payments for interest and related charges		-		-		-		-		(331,530)
Operating grants and loans		-		-		-		-		219,496
Interfund receipts for bond repayment		-		-		-		-		115,260
Receipts from taxes and subsidies		-		-		_				669,064
Net cash provided by (used for) noncapital		_		_				(335,234)		1,432,290
financing activities								(,		, , , , , , , , , , , , , , , , , , , ,
CASH FLOWS FROM CAPITAL AND RELATED										
FINANCING ACTIVITIES										
Purchases of capital assets		-		-		-		-		(2,865,658)
Proceeds from the sale of capital assets		-		-		_				464,815
Net cash provided by (used for) capital financing activities		-		-				-		(2,400,843)
CASH FLOWS FROM INVESTING ACTIVITIES										
Proceeds from sales and maturity of investments		1,564		6,348	_	128,604		85,039		1,961,181
Purchase of investments		(2,696)		-		-		-		(1,376,581)
Interest and dividends received		2,147		5,056		7,254		12		85,849
Net cash provided by (used for) investment activities		1,015		11,404		135,858		85,051	_	670,449
Net increase (decrease) in cash and equivalents		3,721		7,268		(77,049)		(10,477)		31,239
·		,								
Cash and cash equivalents - beginning of year	<u>e</u>	84,819	•	210,525		865,998	ф.	189,932	\$	3,833,643
Cash and cash equivalents - end of year	\$	88,540	\$	217,793	\$ 2	288,949	\$	179,455	<u>\$</u>	3,864,882
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:										
Operating income (loss)	\$	(23,946)	\$	21,171	\$ (6	80,223)	\$	714,632	\$	(950,070)
Adjustments to reconcile enerating income										
Adjustments to reconcile operating income to net cash provided (used) by operating activities:										
Depreciation										1 0 47 205
Pension expense		26,686		(24,281)		34,327		132,197		1,847,205 (715,997)
Miscellaneous income		20,000		(24,201)		16,630		2,134		345,775
Miscellaneous expenses		_				-		2,104		(163,083)
(Increase) decrease in accounts receivable		_				_		41		(25,163)
(Increase) decrease in due from other funds		_		_		_		478,670		478,670
(Increase) decrease in inventory of supplies		_		_		_		-		58,845
(Increase) decrease in prepayments		_		_		3,905		_		3,905
Increase (decrease) in accounts payable		(196)		(109)		(1,216)		(88,787)		329,787
Increase (decrease) in wages and benefits payable		162		(917)		18,681		12,243		40,074
Increase (decrease) in revenues collected in advance		-		-		-		.2,2.0		200,000
Increase (decrease) in due to other funds		_		_		_		(766,628)		(754,761)
Increase (decrease) in other current liabilities		_		_		(5,011)		(242,177)		(247,788)
Increase (decrease) in other fees and taxes		_		_		-		(3)		(2,099)
Increase (decrease) in other long-term liabilities		_		_		-		(2,616)		(115,957)
Total Adjustments		26,652	_	(25,307)		67,316		(474,926)		1,279,413
Net cash provided by (used for) operating activities	\$	2,706	\$	(4,136)		512,907)	\$	239,706	\$	329,343
Noncash investing, capital, and financing activities:										
Net change in fair value of investments		735		1,900		6,741		2,367		38,376
Fleet donations		-		1,500		-		2,307		281,457
. Ioot donations		-		-		-		-		201,701



FIDUCIARY FUNDS

Pension Trust

612 - Firefighters Pensions

Pension payments for pre March 1, 1970 firefighters or surviving spouses, and medical and long-term care benefits for firefighters hired prior to October 1, 1977. Revenue is derived from property tax, fire insurance premium tax, and general fund contributions. Authorized by City Council July 26, 1909 and by Ordinance 1999-12-083.

613 - Police Officers Pensions

Pension payments for pre March 1, 1970 police officers or surviving spouses, and medical and long-term benefits for police officers hired prior to October 1, 1977. Revenue is derived from general fund contributions and sales of unclaimed property. Authorized by City Council July 26, 1909 and by Ordinances 1489 and 1999-12-083.

Agency

637 - Guaranty Deposit

Agency fund, serving as a depository for cash collected for outside parties, until its final disposition. Established by Ordinance 2067.

642 - School Impact Fees

School impact fees, as authorized by Ordinance 2006-03-022, are deposited in this fund. The City collects and remits impact fees with interest to the school district.

Combining Statement of Net Position Pension Trust Funds

December 31, 2016

	612a Firefighters' Pension		612b Firefighters' Healthcare		613a Police Officers' Pension		613b Police Officers' Healthcare			Totals
ASSETS										
Cash and cash equivalents	\$	1,115,152	\$	727,955	\$	730,686	\$	531,820	\$	3,105,613
Invested in government securities		5,174,841		3,378,061		3,390,732		2,467,901		14,411,535
Receivables, net		40,179		7,792		7,821		5,692		61,484
Interfund loans receivable		656,369		-				-		656,369
Total assets		6,986,541		4,113,808	_	4,129,239		3,005,413	_	18,235,001
LIABILITIES										
Accounts payable		4,608		2,837		709		6,510		14,664
Accrued pension benefits		41,415		-		12,469		-		53,884
Unearned revenue		27,476		-		-				27,476
Total liabilities		73,499		2,837		13,178		6,510		96,024
Restricted for pension and OPEB	\$	6,913,042	\$	4,110,971	\$	4,116,061	\$	2,998,903	\$	18,138,977

Combining Statement of Changes in Plan Net Position

Pension Trust Funds

	612a Firefighters' Pension		612b refighters' lealthcare	613a Police Officers' Pension		613b Police Officers' Healthcare		Totals
ADDITIONS								
Contributions:								
Employer								
Property taxes	\$ 693,056	\$	1,395,710	\$	-	\$	-	\$ 2,088,766
General fund	70,000		135,220		300,056		1,044,724	1,550,000
Auction proceeds	-		-		16,442		-	16,442
Nonemployer								
Fire insurance premium tax	 116,386		-		-		-	 116,386
Total trust contributions	 879,442		1,530,930		316,498		1,044,724	3,771,594
Investment income:								
Interest	36,511		16,435		18,957		12,884	84,787
Net incr (decr) in fair value of investments	 3,761		674		5,247		2,289	 11,971
Net investment income	 40,272		17,109		24,204		15,173	 96,758
DEDUCTIONS								
Benefit payments	415,501		802,333		182,997		743,981	2,144,812
Administrative expenses	 2,544		34,945		1,847		24,493	 63,829
Total deductions	 418,045		837,278		184,844		768,474	2,208,641
Change in net position	501,669		710,761		155,858		291,423	1,659,711
Total net position - beginning	 6,411,373		3,400,210		3,960,203		2,707,480	 16,479,266
Total net position - ending	\$ 6,913,042	\$	4,110,971	\$	4,116,061	\$	2,998,903	\$ 18,138,977

Combining Statement of Net Position Agency Funds December 31, 2016

	Guaranty Deposit		School pact Fees	Totals
ASSETS				
Cash and cash equivalents	\$	664,301	\$ 26,097	\$ 690,398
Receivables, net		2,731	 	 2,731
Total assets		667,032	 26,097	 693,129
LIABILITIES				
Accounts payable		56,287	26,097	82,384
Other liabilities		610,745	 -	 610,745
Total liabilities	\$	667,032	\$ 26,097	\$ 693,129

Combining Statement of Changes in Assets and Liabilities Agency Funds

		Balance						Balance
	Dec	ember 31,					Dec	ember 31,
		2015	A	dditions	Deductions			2016
GUARANTY DEPOSIT								
ASSETS								
Cash and cash equivalents	\$	204,336	\$	459,965	\$	-	\$	664,301
Accounts receivable		3,179		-		448		2,731
Total assets		207,515		459,965		448		667,032
LIABILITIES								
Accounts payable		63,035		-		6,748		56,287
Other liabilities		144,480		466,265		-		610,745
Total liabilities	\$	207,515	\$	466,265	\$	6,748	\$	667,032
SCHOOL IMPACT FEES								
ASSETS								
Cash and cash equivalents	\$	41,650	\$		\$	15,553	\$	26,097
Total assets		41,650				15,553		26,097
LIABILITIES								
Accounts payable		41,650		-		15,553		26,097
Total liabilities	\$	41,650	\$		\$	15,553	\$	26,097
TOTAL ALL AGENCY FUNDS								
ASSETS								
Cash and cash equivalents	\$	245,986	\$	444,412	\$	-	\$	690,398
Accounts receivable		3,179		-		448		2,731
Total assets		249,165		444,412		448		693,129
LIABILITIES								
Accounts payable		104,685		-		22,301		82,384
Other Liabilities		144,480		466,265		-		610,745
Total liabilities	<u>\$</u>	249,165	\$	466,265	\$	22,301	\$	693,129



STATISTICAL SECTION

This part of the City of Bellingham's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends —	— 190
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity —	— 196
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity —	- 201
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	- 206
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information —	- 209
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

City of Bellingham Schedule 1 Net Position by Component Last Ten Fiscal Years

(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015 2016
Governmental activities									
Net investment in capital assets	\$ 251,023,811	\$ 275,562,771 \$	294,335,598 \$	314,661,962	\$ 324,665,481	\$ 324,871,812	\$ 333,862,114 \$	342,989,693 \$	362,378,047 \$ 362,904,143
Restricted	43,371,259	42,022,692	36,300,224	48,968,976	59,689,364	63,216,204	62,125,404	70,368,152	88,313,935 107,165,902
Unrestricted	57,555,947	55,239,874	46,656,052	26,636,479	3,956,622	10,683,052	23,564,996	27,350,712	(21,127,164) (20,525,708)
Total governmental activities net position	\$ 351,951,017	\$ 372,825,337	377,291,874	390,267,417	\$ 388,311,467	\$ 398,771,068	\$ 419,552,514	440,708,557	429,564,818 \$ 449,544,337
Business-type activities									
Net investment in capital assets	\$ 180,824,082	\$ 184,549,549	192,943,450 \$	200,721,924	\$ 202,646,637	\$ 207,441,809	\$ 210,438,253	\$ 215,294,427 \$	229,373,343 \$ 235,121,659
Restricted	10,378,265	20,483,281	13,055,191	12,337,425	56,042,820	10,839,307	14,645,165	4,978,708	13,004,866 13,914,042
Unrestricted	20,744,147	16,807,591	14,771,564	7,104,917	(26,780,033)	19,030,468	20,202,114	36,528,460	24,174,486 35,863,739
Total business-type activities net position	\$ 211,946,494	\$ 221,840,421	220,770,205	220,164,266	\$ 231,909,424	\$ 237,311,584	\$ 245,285,532	256,801,595 \$	266,552,695 \$ 284,899,440
Primary government									
Net investment in capital assets	\$ 431,847,893	\$ 460,112,320 \$	487,279,048 \$	515,383,886	\$ 527,312,118	\$ 532,313,621	\$ 544,300,367	\$ 558,284,120 \$	591,751,390 \$ 598,025,802
Restricted	53,749,524	62,505,973	49,355,415	61,306,401	115,732,184	74,055,511	76,770,569	75,346,860	101,318,801 121,079,944
Unrestricted	78,300,094	72,047,465	61,427,616	33,741,396	(22,823,411)	29,713,520	43,767,110	63,879,172	3,047,322 15,338,031
Total primary government net position	\$ 563,897,511	\$ 594,665,758	5 598,062,079 \$	610,431,683	\$ 620,220,891	\$ 636,082,652	\$ 664,838,046	697,510,152	<u>696,117,513</u> <u>\$734,443,777</u>

Source: City of Bellingham, government-wide statement of activities (SOA).

City of Bellingham
Schedule 2
Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Page 1 of 3

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
General government	\$ 14,284,854	\$ 15,976,149	\$ 15,385,834	\$ 15,074,279	\$ 14,476,790	\$ 15,336,663	\$ 12,938,178	\$ 13,330,765	\$ 21,382,635	\$ 11,391,809
Public safety	35,049,105	37,993,287	36,977,859	37,219,216	40,327,955	39,889,144	40,543,763	41,780,157	40,230,260	46,056,110
Physical environment	4,910,829	6,557,780	6,920,500	5,053,666	5,383,923	6,345,653	5,262,932	-	-	-
Transportation	9,335,399	9,853,604	10,571,685	10,669,612	12,136,460	11,838,466	14,739,413	15,313,990	20,888,508	17,292,839
Natural and economic environment	5,645,655	5,495,025	6,015,965	24,403,155	4,340,166	4,207,740	6,935,800	12,398,818	18,702,452	7,747,615
Social services	45,929	77,346	47,087	77,989	47,024	77,562	238,327	-	158,903	154,308
Culture and recreation	13,477,767	15,719,617	15,949,086	24,151,314	15,799,406	14,773,090	13,142,560	13,553,671	13,768,352	18,863,236
Interest & redemption of long-term debt	1,192,772	1,146,323	1,076,982	957,318	865,859	619,606	2,277,874	1,929,924	562,560	970,283
Total governmental activities expenses	83,942,310	92,819,131	92,944,998	117,606,549	93,377,583	93,087,924	96,078,847	98,307,325	115,693,670	102,476,200
Business-type activities										
Water	13,141,474	14,190,176	15,130,789	14,684,026	16,338,457	17,830,958	18,831,300	19,497,081	18,327,036	21,320,769
Wastewater	13,418,966	14,394,572	15,354,650	14,896,450	15,474,647	17,715,664	18,726,642	18,840,811	17,696,811	19,130,362
Surface and stormwater	4,121,268	4,565,706	4,769,300	5,109,870	5,192,494	5,550,615	5,887,978	6,470,574	6,528,425	7,597,240
Solid waste	1,865,236	985,055	5,439,399	7,697,454	1,251,060	1,070,494	3,820,556	1,059,053	4,639,246	557,331
Cemetery	634,208	612,882	590,617	518,100	526,959	534,234	557,285	553,247	477,242	624,515
Golf course	741,103	150,966	127,981	110,473	121,507	124,476	265,759	382,598	127,290	149,609
Parking	984,043	1,196,683	1,541,680	1,624,501	1,470,114	1,323,104	1,285,864	2,129,923	1,936,191	2,373,829
Medic one	8,657,338	9,044,577	7,681,681	7,673,790	7,312,579	7,306,912	9,019,331	7,033,307	5,844,420	7,006,788
Development services	2,574,241	2,888,843	1,926,678	1,725,177	1,608,250	1,685,449	1,870,090	1,987,896	2,378,351	2,330,614
Total business-type activities expenses	46,137,877	48,029,460	52,562,775	54,039,841	49,296,067	53,141,906	60,264,805	57,954,490	57,955,012	61,091,057
Total primary government expenses	\$ 130,080,187	\$ 140,848,591	\$ 145,507,773	\$ 171,646,390	\$ 142,673,650	\$ 146,229,830	\$ 156,343,652	\$ 156,261,815	\$ 173,648,682	\$ 163,567,257

Source: City of Bellingham, government-wide statement of activities (SOA).

City of Bellingham
Schedule 2
Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Page 2 of 3

		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues											
Governmental activities											
Charges for services:											
General government	\$	8,214,128 \$	7,629,530	\$ 1,846,028 \$	7,971,785 \$	\$ 7,341,172 \$	8,609,125 \$	9,995,525	\$ 10,926,041 \$	7,662,685	\$ 3,220,350
Public safety		5,536,189	4,652,808	5,031,673	3,649,014	3,919,904	4,847,396	5,021,635	6,555,208	5,871,325	4,525,825
Physical environment		2,865,241	3,332,454	3,456,750	3,306,542	3,059,867	2,986,750	2,851,207	2,932,433	1,580,528	-
Transportation		982,665	780,990	1,575,309	2,969,540	1,797,675	1,832,860	2,744,691	1,554,120	137,924	1,443,136
Natural and economic environment		1,340,234	1,031,818	1,608,883	-	30,159	21,557	13,771	148,321	-	145,319
Culture and recreation		1,658,473	2,957,313	3,368,716	3,492,695	3,235,228	3,348,290	4,136,307	4,049,345	3,730,015	3,331,067
Operating grants and contributions		3,493,504	4,654,983	6,194,611	6,835,919	5,458,395	6,169,221	6,118,748	5,420,055	6,183,359	7,885,832
Capital grants and contributions		11,137,427	8,277,317	 9,921,191	19,831,012	3,352,046	3,287,138	9,392,828	 7,695,787	10,457,416	 10,589,089
Total governmental activities program revenues		35,227,861	33,317,213	 33,003,161	48,056,507	28,194,446	31,102,337	40,274,712	 39,281,310	35,623,252	 31,140,618
Business-type activities											
Charges for services:											
Water		14,426,124	14,906,201	15,252,014	16,632,474	17,374,266	20,657,488	22,823,773	23,305,823	24,091,668	25,440,410
Wastewater		15,269,074	17,076,027	15,809,211	16,529,749	17,442,198	18,866,004	19,389,261	20,766,951	21,299,246	22,674,616
Surface and stormwater		4,884,658	4,950,172	4,743,490	4,832,097	5,398,976	5,526,016	6,500,655	7,202,502	8,502,059	8,437,892
Solid waste		308,130	233,471	211,874	196,329	220,301	236,780	209,253	236,188	193,954	-
Cemetery		366,050	346,156	244,710	326,436	301,334	274,244	275,548	281,712	318,244	385,306
Golf course		729,949	184,297	189,999	189,477	189,450	201,016	224,818	213,790	156,019	170,961
Parking		2,375,143	2,285,357	2,351,599	2,377,394	2,229,067	2,173,587	2,085,321	2,189,751	2,552,235	2,480,115
Medic one		7,291,514	8,024,156	6,574,164	6,397,643	6,106,185	2,301,064	6,714,586	5,911,804	4,795,313	4,989,151
Development services		2,866,133	2,360,011	2,208,015	1,815,099	1,912,283	2,123,596	2,607,991	2,896,780	3,220,430	3,361,294
Operating grants and contributions		45,593	6,607	3,919	62,035	769,988	3,722,655	1,692,473	420,099	548,128	71,400
Capital grants and contributions		1,762,313	2,368,644	1,844,551	1,437,283	1,563,673	1,118,079	1,438,295	2,412,989	7,978,361	6,549,965
Total business-type activities revenues	_	50,324,681	52,741,099	 49,433,546	50,796,016	53,507,721	57,200,529	61,028,977	 65,838,389	73,655,657	 74,561,110
Total primary government program revenues	\$	85,552,542 \$	86,058,312	\$ 82,436,707 \$	98,852,523	\$ 81,702,167 \$	88,302,866 \$	101,303,689	\$ 105,119,699 \$	109,278,909	\$ 105,701,728
Net revenue (expense)											
Governmental activities	\$	(48,714,449) \$	(59,501,918)	\$ (59,941,837) \$	(69,550,042) \$	\$ (64,893,478) \$	(61,985,587) \$	(55,804,135)	\$ (77,993,135) \$	(80,070,418)	\$ (71,335,582)
Business-type activities	_	4,186,804	4,711,639	 (3,129,229)	(3,243,825)	365,815	4,058,623	764,172	 8,957,530	12,564,600	 13,470,053
Total primary government net expense	\$	(44,527,645) \$	(54,790,279)	\$ (63,071,066) \$	(72,793,867) \$	\$ (64,527,663) \$	(57,926,964) \$	(55,039,963)	\$ (69,035,605) \$	(64,369,773)	\$ (57,865,529)

Source: City of Bellingham, government-wide statement of activities (SOA).

City of Bellingham Schedule 2 Change in Net Position Last Ten Fiscal Years (accrual basis of accounting)

Page 3 of 3

	 2007		2008	2009		2010		2011		2012		2013	2014	2015		2016
General Revenues and Other Changes in Net Assets																
Taxes:																
Property	\$ 15,905,123	\$	16,560,804	\$ 16,683,534	\$	16,998,700	\$	17,351,542	\$	17,628,836	\$	20,986,967	\$ 21,420,754	\$ 21,921,209	\$	22,236,396
Sales and use	21,854,574		21,603,021	18,763,691		19,297,747		22,978,303		25,823,907		28,021,708	29,355,254	30,320,519		31,721,766
Business	24,736,677		25,230,199	24,712,580		23,501,582		25,305,263		26,097,370		27,109,401	27,648,814	29,884,433		31,249,275
Real estate excise	-		-	-		-		-		-		-	-	3,663,842		3,762,944
Other	4,085,034		3,330,446	2,912,563		2,559,299		2,466,211		3,081,317		3,275,785	3,507,729	1,023,206		1,081,410
Investment income	4,776,518		4,274,577	1,436,128		1,551,747		1,366,413		1,134,224		176,643	1,556,628	1,396,110		1,293,161
Miscellaneous revenue	7,207,497		1,140,391	119,800		12,010		338,277		-		-	125,433	1,625,021		1,061,761
Transfers	 (202,204)		(480,030)	 (219,922)		(687,592)		(1,455,455)		(1,411,894)	_	(2,763,834)	 (1,304,553)	 1,715,147		(1,091,620)
Total governmental activities	 78,363,219	-	71,659,408	 64,408,374	_	63,233,493	_	68,350,554		72,353,760		76,806,670	 82,310,059	 91,549,487		91,315,093
Business-type activities																
Business taxes	1,256,117		1,271,585	1,186,561		1,352,583		1,252,349		1,244,127		1,274,696	1,330,240	1,370,813		1,393,427
Other taxes	595,633		-	-		-		-		-		-	636,485	663,189		687,714
Investment income	2,709,735		2,843,893	783,800		597,811		773,678		774,753		(211,280)	775,424	433,883		306,063
Miscellaneous sources (uses)	1,034,734		586,780	(3,767)		(100)		(1,535,605)		-		54,548	454,998	55,025		1,397,864
Transfers	202,204		480,030	219,922		687,592		1,455,455		1,411,894		2,763,834	1,304,553	(1,715,147)		1,091,620
Special items	 			 					_		_	1,176,877	 (869,536)	 	_	
Total business-type activities	 5,798,423		5,182,288	 2,186,516		2,637,886	_	1,945,877		3,430,774		7,991,672	 3,632,164	 807,763		4,876,688
Total primary government	\$ 84,161,642	\$	76,841,696	\$ 66,594,890	\$	65,871,379	\$	70,296,431	\$	75,784,534	\$	84,798,342	\$ 85,942,223	\$ 92,357,250	\$	96,191,781
Change in net position																
Governmental activities	\$ 29,648,770	\$	12,157,490	\$ 4,466,537	\$	(6,316,549)	\$	3,167,417	\$	10,368,173	\$	21,002,535	\$ 23,284,044	\$ 11,479,070	\$	19,979,511
Business-type activities	9,985,227		9,893,927	(942,713)		(605,939)		6,157,531		7,489,397		8,755,844	11,516,063	16,508,408		18,346,741
Prior period adjustments	18,452,702		8,716,830	(127,503)		19,292,092		464,252		(1,995,809)		-	-	-		-
Change in accounting principles	 -			 					_	-		(1,002,979)	 (2,128,001)	 (29,380,114)		<u>-</u>
Total primary government	\$ 58,086,699	\$	30,768,247	\$ 3,396,321	\$	12,369,604	\$	9,789,200	\$	15,861,761	\$	28,755,400	\$ 32,672,106	\$ (1,392,636)	\$	38,326,252

Source: City of Bellingham, government-wide statement of activities (SOA).

Note: REET was pulled out and reported separately from "Other taxes" beginning in 2015.

City of Bellingham Schedule 3 Fund Balances, Governmental Funds Last Ten Fiscal Years

(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 1,453,257	\$ 1,261,782	\$ 1,062,649	\$ 855,551	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	24,242,434	14,489,331	12,787,288	12,549,757	-	-	-	-	-	-
Nonspendable	-	-	-	-	640,985	744,750	185,207	3,500	4,214	331,188
Restricted	-	-	-	-	853,834	13,410,236	17,658,044	21,273,248	20,202,023	27,151,024
Committed	-	-	-	-	9,156,556	11,125,469	10,967,686	10,864,827	8,975,034	1,114,183
Assigned	-	-	-	-	150,409	8,210,509	8,429	11,159	4,142	7,917,779
Unassigned					4,708,440	4,663,166	14,508,167	16,246,739	20,113,545	22,587,604
Total general fund	25,695,691	15,751,113	13,849,937	13,405,308	15,510,224	38,154,130	43,327,533	48,399,473	49,298,958	59,101,778
All Other Governmental Funds										
Reserved, reported in:										
Special revenue funds	1,000	2,000	2,000	11,447,677	-	-	-	-	-	-
Debt service funds	475,591	496,110	587,923	9,360,229	-	-	-	-	-	-
Permanent funds	6,372,896	6,673,126	7,076,747	7,458,448	-	-	-	-	-	-
Unreserved, reported in:					-	-	-	-	-	-
Special revenue funds	40,496,481	37,748,500	30,188,799	31,602,827	-	-	-	-	-	-
Capital project funds	828,930	139,972	-	-	-	-	-	-	-	-
Permanent funds	747,704	757,342	857,725	688,451	-	-	-	-	-	-
Nonspendable	-	-	-	-	7,880,845	20,836,763	8,766,712	9,096,202	9,545,096	45,172,181
Restricted	-	-	-	-	47,246,996	17,844,025	35,051,972	39,889,984	43,745,102	23,817,423
Assigned	-	-	-	-	-	1,019,540	-	-	-	-
Unassigned					(635,116)	(463)				
Total all other governmental funds	48,922,602	45,817,050	38,713,194	60,557,632	54,492,725	39,699,865	43,818,684	48,986,186	53,290,198	68,989,604
Total governmental funds	\$ 74,618,293	\$ 61,568,163	\$ 52,563,131	\$ 73,962,940	\$ 70,002,949	\$ 77,853,995	\$ 87,146,217	\$ 97,385,659	\$ 102,589,156	\$ 128,091,382

Source: City of Bellingham, governmental fund balance sheet.

Note: In 2011, GASB statement no. 54 changed the classification of fund balances and the definition of special revenue funds. As a result of the revised definition of special revenue funds, several separately budgeted funds are merged into the General Fund for reporting purposes. In 2013, it was determined that a \$8.5M rainy day fund within the General Fund, previously reported as restricted fund balance, should be reported as unassigned and has since been reclassified.

City of Bellingham Schedule 4

Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years

(modified accrual basis of accounting)

Revenues	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Taxes (see schedule 5)	\$ 66,477,096 \$	66,787,714 \$	63,051,228 \$	62,306,696 \$	68,113,285 \$	72,662,684 \$	79,457,191	\$ 81,933,762 \$	86,213,887 \$	89,431,874
Licenses and permits	917,718	962,989	966,937	1,070,280	1,078,032	1,232,642	1,300,553	1,258,008	1,284,618	1,402,554
Intergovernmental revenue	11,980,989	12,338,995	17,625,391	17,238,533	9,972,732	10,624,466	11,452,576	11,508,745	14,993,044	12,120,722
Charges for services	18,728,092	15,205,392	15,971,339	16,269,473	16,086,214	18,196,715	21,243,000	21,838,838	16,885,318	9,893,767
Fines and penalties	1,153,695	1,136,335	1,245,620	1,219,571	1,224,859	1,172,060	1,159,922	1,072,066	986,371	826,412
Miscellaneous revenues	13,121,564	6,393,108	2,937,560	3,641,048	2,828,548	2,595,705	1,952,598	2,839,951	2,812,043	2,750,058
Total revenues	112,379,154	102,824,533	101,798,075	101,745,601	99,303,670	106,484,272	116,565,840	120,451,370	123,175,281	116,425,387
Expenditures										
General government services	14,081,146	16,141,149	15,507,332	15,167,326	13,923,871	14,913,851	12,416,812	13,278,942	15,364,903	9,177,841
Public safety	33,044,238	37,662,623	36,575,103	36,378,223	37,962,289	39,354,251	40,200,861	41,363,417	42,045,095	45,416,863
Physical environment	4,938,868	6,752,365	7,391,028	5,390,396	5,476,279	6,638,368	54,331	-	-	-
Transportation	5,234,218	5,904,387	5,767,047	5,541,435	5,698,525	5,992,118	14,472,294	15,052,977	12,923,158	11,006,887
Natural and economic environment	4,976,102	5,398,503	5,939,617	4,715,403	3,863,451	3,831,392	6,798,451	7,197,542	7,477,652	8,206,985
Social services	45,929	77,346	47,087	77,989	47,024	77,562	238,327	-	154,472	154,308
Cultural and recreation	12,880,007	14,727,561	15,015,039	13,668,315	12,921,869	13,573,330	13,008,471	13,170,826	13,338,061	15,212,783
Debt service:	,,	, ,	-,,	-,,-	,- ,	-,,	-,,	-, -,-	-,,	-, ,
Principal	2,519,893	2,664,430	2,219,918	2,180,422	1,810,964	1,721,544	1,375,686	1,386,839	1,396,604	1,801,382
Interest and other charges	1,207,355	1,162,285	1,091,742	972,391	871,130	637,312	553,657	545,172	544,850	956,459
Capital outlay	15,820,342	23,252,908	20,521,065	14,859,164	17,739,732	9,469,488	13,663,061	16,346,125	26,366,311	8,045,683
Total expenditures	94,748,098	113,743,557	110,074,978	98,951,064	100,315,134	96,209,216	102,781,951	108,341,840	119,611,106	99,979,191
Excess (deficiency) of revenues										
over (under) expenditures	17,631,056	(10,919,024)	(8,276,903)	2,794,537	(1,011,464)	10,275,056	13,783,889	12,109,530	3,564,175	16,446,196
Other Financing Sources (Uses)										
Bonds issued	-	-	-	-	-	508,824	-	1,010,336	3,205,000	9,640,000
Premiums on bonds	-	-	-	-	-	-	-	-	330,418	1,181,489
Sale of general capital assets	-	-	-	-	338,277	-	-	-	-	367,613
Insurance recoveries	-	1,008,046	119,800	12,010	-	-	-	-	-	-
Transfers in	4,901,560	3,549,291	3,203,500	3,507,589	2,950,709	3,497,509	2,202,093	1,662,223	2,534,966	1,994,425
Transfers out	(6,527,547)	(6,688,446)	(4,051,436)	(4,206,417)	(4,967,928)	(6,756,819)	(6,693,764)	(4,542,647)	(4,431,062)	(4,127,502)
Total other financing sources and (uses)	(1,625,987)	(2,131,109)	(728,136)	(686,818)	(1,678,942)	(2,750,486)	(4,491,671)	(1,870,088)	1,639,322	9,056,025
Prior period adjustments	<u> </u>	<u> </u>	<u> </u>	19,292,090	(1,269,587)	326,483	<u> </u>	<u> </u>	<u> </u>	
Net change in fund balances	<u>\$ 16,005,069</u> <u>\$</u>	(13,050,133) \$	(9,005,039) \$	2,107,719 \$	(2,690,406) \$	7,524,570 \$	9,292,218	\$ 10,239,442 \$	5,203,497 \$	25,502,221
Debt service as a % of non-capital expenditures	4.7%	4.2%	3.7%	3.7%	3.2%	2.7%	2.2%	2.1%	2.1%	3.0%

Source: City of Bellingham, governmental fund statement of revenues, expenditures, and changes in fund balances.

City of Bellingham
Schedule 5
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years

Fiscal					ı	Real estate		
year	Property	S	Sales & use	Business		excise	Other	Total
2007	\$ 15,800,811	\$	21,854,573	\$ 24,788,213	\$	3,419,608	\$ 613,891	\$ 66,477,096
2008	16,620,768		21,603,021	25,381,336		2,540,771	641,818	66,787,714
2009	16,417,702		18,763,691	25,081,500		1,878,291	910,044	63,051,228
2010	16,943,851		19,297,746	23,553,576		1,707,980	803,543	62,306,696
2011	17,355,250		22,978,302	25,365,107		1,729,100	685,526	68,113,285
2012	17,660,090		25,823,907	26,097,371		2,296,408	784,908	72,662,684
2013	21,050,298		28,021,705	26,731,259		2,337,770	732,950	78,873,982
2014	21,421,965		29,355,254	27,648,814		2,529,869	977,860	81,933,762
2015	21,949,543		29,692,863	29,884,433		3,663,842	1,023,206	86,213,887
2016	22,276,130		31,062,115	31,249,275		3,762,944	1,081,410	89,431,874
Change	40.000/		10.1007	00.070/		40.0407	70.400 /	0.4.500/
2007-2016	40.98%		42.13%	26.07%		10.04%	76.16%	34.53%

Source: City of Bellingham, governmental fund statement of revenues, expenditures, and changes in fund balances.

City of Bellingham
Schedule 6
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal	Real	Personal	Total all	Total direct
year	property	property	property	tax rate %
2007	\$ 6,443,574,163	\$ 425,074,376	\$ 6,868,648,539	2.53663
2008	6,615,264,144	455,422,134	7,070,686,278	2.56107
2009	7,619,785,052	459,771,470	8,079,556,522	2.28112
2010	8,059,113,899	537,883,799	8,596,997,698	2.22117
2011	8,011,858,018	404,941,014	8,416,799,032	2.30346
2012	7,926,656,654	400,634,706	8,327,291,360	2.34812
2013	7,948,478,438	400,149,623	8,348,628,061	2.73554
2014	8,134,585,561	419,461,150	8,554,046,711	2.73538
2015	8,430,205,958	450,981,681	8,881,187,639	2.69496
2016	8,817,117,291	484,620,541	9,301,737,832	2.62945

Source: Whatcom County Assessor's Office, certification of values by tax area.

Note: Property in Whatcom County is reassessed annually using 100% of fair market value. Tax rates per \$1,000 of assessed value.

City of Bellingham Schedule 7

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(per \$1,000 of assessed value)

		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Direct Levy											
Nonvoted											
General fund	\$	1.68677	\$ 1.70899	\$ 1.49912	\$ 1.45770	\$ 1.52788	\$ 1.58776	\$ 1.60885	\$ 1.61634	\$ 1.59702	\$ 1.56102
Fire pension		0.22500	0.22500	0.22500	0.22500	0.22500	0.22500	0.22500	0.22499	0.22499	0.22499
Whatcom RDA LIFT	_	-	 0.00018	 0.00021	 0.00018	 0.00226	 0.00302	 0.00293	 0.00384	 0.00414	 0.00399
Total nonvoted	_	1.91177	 1.93417	 1.72433	 1.68288	 1.75514	 1.81578	 1.83678	 1.84518	 1.82615	 1.78999
Voted											
Greenways		0.57000	0.57493	0.51163	0.49651	0.51645	0.53235	0.53942	0.53949	0.53101	0.51694
Affordable housing		-	-	-	-	-	-	0.35934	0.35071	0.33780	0.32252
Voted excess levies		0.05486	 0.05197	 0.04516	 0.04178	 0.03187	 =	-	 -	-	 -
Total voted		0.62486	 0.62690	 0.55679	 0.53829	 0.54832	 0.53235	0.89876	 0.89020	0.86881	 0.83946
Total City	\$	2.53663	\$ 2.56107	\$ 2.28112	\$ 2.22117	\$ 2.30346	\$ 2.34813	\$ 2.73554	\$ 2.73538	\$ 2.69496	\$ 2.62945
Overlapping districts levy											
State schools	\$	2.69846	\$ 2.42701	\$ 2.21902	\$ 2.19787	\$ 2.45657	\$ 2.50814	\$ 2.67073	\$ 2.61643	\$ 2.48364	\$ 2.30668
County levy		1.14785	1.08884	1.01676	1.02054	1.11230	1.13438	1.15453	1.16469	1.15423	1.12775
Conservation futures		0.04453	0.04229	0.03949	0.01714	0.04125	0.04205	0.04279	0.04313	0.04274	0.04176
Flood control		0.14354	0.13625	0.16598	0.16299	0.13243	0.13512	0.13755	0.13883	0.13760	0.13444
Port of Bellingham		0.34220	0.32465	0.30593	0.29601	0.29719	0.28899	0.28610	0.28871	0.28776	0.27644
Bellingham School District		3.27693	 3.26299	 2.98677	 3.02022	 3.41363	 3.60646	 3.87995	 4.48506	 4.48220	 4.40084
Total overlapping districts	\$	7.65351	\$ 7.28203	\$ 6.73395	\$ 6.71477	\$ 7.45337	\$ 7.71514	\$ 8.17165	\$ 8.73685	\$ 8.58817	\$ 8.28790
Combined City and overlapping districts levies	\$	10.19014	\$ 9.84310	\$ 9.01507	\$ 8.93594	\$ 9.75683	\$ 10.06327	\$ 10.66763	\$ 11.23842	\$ 11.28313	\$ 10.91735

Source: Whatcom County Assessor's Office, tax book.

Note: A portion of the City of Bellingham lies within the Meridian School District. The 2016 levy rate for Meridian is 4.9274.

City of Bellingham Schedule 8 Principal Property Tax Payers Current Year and Nine Years Prior

2016 2007

				Percentage of total assessed					Percentage of otal assessed
Taxpayer	Taxab	le assessed value	Rank	value	Taxab	ole assessed value	Rank		value
Puget Sound Energy	\$	180,781,796	1	1.94%	\$	135,070,295	•	1	1.97%
Bellis Fair Partners		49,355,365	2	0.53%		32,856,940	2	2	0.48%
PKII Sunset Square LLC		36,359,681	3	0.39%		20,891,450	;	3	0.30%
Belleau Woods LLC		21,748,617	4	0.23%		-		-	0.00%
Bellingham Cold Storage Co		20,172,031	5	0.22%		-		-	0.00%
Bellwether Gate LLC		19,191,887	6	0.21%		-		-	0.00%
Sisters of St Joseph of Peace		18,906,132	7	0.20%		-		-	0.00%
PAX Medical Holdings		18,527,266	8	0.20%		-		-	0.00%
Bellingham 1, LLP		17,645,625	9	0.19%		-		-	0.00%
CEP II-Barkley 10 LLC		16,998,704	10	0.18%		-		-	0.00%
Qwest (US West)		-	-	0.00%		18,329,309	4	4	0.27%
Roundup Co dba Fred Meyer		-	-	0.00%		15,537,950		5	0.23%
Carey NW LLC		-	-	0.00%		14,608,300	(6	0.21%
4545 Cordata Parkway LLC		-	-	0.00%		13,471,175	-	7	0.20%
Metropolitan Life Insurance		-	-	0.00%		13,356,365	8	8	0.19%
Haggen Talbot Co Ltd		-	-	0.00%		13,315,970	9	9	0.19%
Walmart Real Estate Business Trust		<u>-</u>	-	0.00%		12,203,245	10	0	<u>0.18</u> %
Total top ten principal taxpayers		399,687,104		4.30%		289,640,999			<u>4.22%</u>
Total all taxpayers	\$	9,301,737,832		<u>100.00</u> %	\$	6,868,648,539			<u>100.00</u> %

Source: Whatcom County Assessor's Office, top taxpayer report.

City of Bellingham
Schedule 9
Property Tax Levies and Collections
Last Ten Fiscal Years

	Taxes levied	Collected within	Percentage		Co	llections in					Total
Fisca	l for the	1st year	collected in	Levy	SI	ubsequent	Tot	tal collections	Ta	x balance	Percentage
year	fiscal year	of the levy	1st year	adjustments		Years		to date		due	of levy collected
2007	\$ 17,419,207	\$ 17,161,069	98.5181%	-	\$	258,138	\$	17,419,207	\$	-	100.0000%
2008	18,104,429	17,976,878	99.2955%	(180)		127,371		18,104,249		-	100.0000%
2009	18,426,728	18,187,142	98.6998%	(2,129)		237,457		18,424,599		-	100.0000%
2010	19,091,521	18,682,177	97.8559%	(2,212)		406,092		19,088,269		1,041	99.9945%
2011	19,384,545	19,048,860	98.2683%	5,810		340,781		19,389,641		714	99.9963%
2012	19,553,465	19,253,132	98.4640%	2,545		301,946		19,555,078		933	99.9952%
2013	22,841,687	22,549,616	98.6274%	26,234		314,849		22,864,465		3,456	99.9849%
2014	23,403,537	23,111,156	98.6601%	14,661		275,848		23,387,004		31,194	99.8668%
2015	23,940,035	23,702,605	98.9853%	(8,994)		150,892		23,853,498		77,543	99.6760%
2016	24,464,096	24,199,918	99.1432%	(55,042)		-		24,199,918		209,136	99.1432%

Source: Whatcom County Treasurer's Office.

City of Bellingham
Schedule 10
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

			Government	al ac	tivities				Business-typ	oe a	ctivities			Prima	ary governmer	nt
Fiscal year	General obligation bonds	а	Special ssessment bonds	Not	es payable	overnment ans payable	Re	venue bonds (net)*	General obligation onds (net)	No	otes payable	overnment ans payable	Total pr govern	imary	Percentage of personal income**	f Per capita
2007	\$ 23,255,000	\$	925,000	\$	166,539	\$ 2,624,007	\$	23,006,084	\$ 8,654,352	\$	1,500,000	\$ 2,370,545	\$ 62,50	1,527	2.28%	\$ 802
2008	21,542,912		514,485		160,027	2,211,089		26,435,000	8,245,098		1,000,000	2,177,772	62,28	6,383	2.16%	791
2009	19,716,556		286,110		153,045	2,053,154		23,660,000	7,850,585		-	1,985,000	55,70	4,450	1.98%	702
2010	17,775,200		212,735		145,558	1,895,219		20,055,000	7,415,688		-	1,823,479	49,32	2,879	1.69%	610
2011	22,691,244		84,361		137,529	1,737,284		61,989,516	6,980,607		-	1,661,959	95,28	2,500	3.11%	1,175
2012	22,478,634		45,986		128,920	1,929,349		60,091,269	6,505,921		2,700,000	1,022,833	94,90	2,912	2.95%	1,153
2013	21,424,160		-		119,689	1,722,894		74,537,514	6,181,280		2,700,000	959,904	107,64	5,441	3.25%	1,308
2014	19,812,874		-		109,790	2,383,462		72,382,472	6,155,606		2,700,000	861,850	104,40	6,054	3.04%	1,261
2015	18,640,526		-		99,176	5,759,398		70,346,772	5,668,278		-	4,987,356	105,50	1,506	2.97%	1,262
2016	27,992,153		-		87,794	5,267,591		67,967,896	5,182,941		-	5,619,716	112,11	8,091	***	1,317

Source: City of Bellingham, long-term debt note, US Census Bureau, Quickfacts population estimate, and Bureau of Economic Analysis, per capita personal income. Notes: ** See Schedule 15 for per capita personal income and population data. Current year information is not available at the time of this report.

City of Bellingham
Schedule 11
Ratios of General Obligation Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal year	(General obligation bonds	Less: Amounts available for debt service	Net general obligation bonds	Debt as a % of taxable value of property	General bonded debt per capita
2007	\$	32,005,000	\$ 163,426	\$ 31,841,574	0.45%	\$ 423
2008		29,720,000	191,001	29,528,999	0.37%	390
2009		27,490,000	207,564	27,282,436	0.32%	358
2010		25,120,000	214,706	24,905,294	0.30%	308
2011		29,635,000	311,540	29,323,460	0.35%	362
2012		28,150,000	902,492	27,247,508	0.33%	335
2013		27,605,440	1,328,937	25,371,063	0.30%	308
2014		25,968,480	1,671,726	24,296,754	0.27%	279
2015		24,308,804	22,001	24,286,803	0.26%	291
2016		33,175,094	3,142,033	30,033,061	0.30%	353

Source: City of Bellingham, limitation of indebtedness schedule, and US Censes Bureau, Quickfacts population estimate.

City of Bellingham Schedule 12

Direct and Overlapping Governmental Activities Debt As of December 31, 2016

Governmental unit	C	Debt butstanding	Estimated percentage applicable	Estimated share of direct and overlapping debt		
Overlapping debt:						
Bellingham School District #501	\$	131,315,000	77.29%	\$	101,492,292	
Port of Bellingham		7,540,000	37.00%		2,789,585	
Meridian School District #505		25,120,000	22.56%		5,668,030	
Whatcom County		2,695,000	37.00%		997,073	
Whatcom County Fire District #4		810,000	13.73%		111,215	
Ferndale School District #502		20,275,000	0.05%		9,811	
Total overlapping debt					111,068,007	
City of Bellingham direct debt			100.00%		33,347,538	
Total direct and overlapping debt				\$	144,415,545	

Source: Outstanding debt values provided by Whatcom County and Port of Bellingham.

Note: Overlapping governments are those that coincide, at least in part, within the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments. This process recognizes that when considering the City's ability to issue and repay debt, the entire debt burden should be taken into account.

City of Bellingham Schedule 13 Legal Debt Margin Information Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2016

Total assessed value	\$	9,868,874,883
Debt limit: Non-voted debt limit (1.5% of assessed value)		148,033,123 98,688,749
Voted debt limit (1.0% of assessed value)	_	246,721,872
Total debt limit		
Debt applicable to limit:		
Governmental activities - general obligation bonds		27,992,153
Business-type activities - general obligation bonds	_	5,182,941
Total debt applicable to limit	_	33,175,094
Legal debt margin	\$	213,546,778

		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total accessed websetion	¢.	7 070 000 070	¢ 0.070 FF0 F00	Ф 0 F00 007 000	¢ 0.446.700.000	Ф 0.207.204.200	¢ 0.240.620.064	CO FEA 040 744	CO 004 407 CO	#0 204 727 022	Φ0.000.074.000
Total assessed valuation Legal debt limit	Ф	7,070,686,278 176,767,157	\$ 8,079,556,522 201,988,913	,,	, ., .,		\$ 8,348,628,061 208,715,702	\$8,554,046,711 213,851,168	\$8,881,187,639 222,029,691	\$9,301,737,832 232,543,446	\$9,868,874,883 246,721,872
Outstanding indebtedness		32,008,113	29,689,026		25,050,852			25,792,232	24,353,046		33,175,094
Legal debt margin	\$	144,759,044	\$ 172,299,887	\$ 187,489,461	\$ 185,369,123	\$ 178,721,295	\$ 180,989,274	\$ 188,058,936	\$ 197,676,645	\$ 208,234,642	\$ 213,546,778
% of legal debt limit exhausted		18.1%	14.7%	12.8%	11.9%	14.2%	13.3%	12.1%	11.0%	10.5%	13.4%

Source: City of Bellingham, limitation of Indebtedness schedule, and Whatcom County Assessor's Office, tax book.

Note: The legal general purposes debt limit of 2.5% is authorized by RCW 39.36.020.

City of Bellingham Schedule 14 Pledged-Revenue Coverage Last Ten Fiscal Years

Water-Sewer revenue bonds Special assessment (LID) bonds **Fiscal** Operating Net available Principal & interest Debt service Principal & interest Debt service Operating Nonoperating revenue income(expense) coverage ratio Collections year expense revenue payments payments coverage ratio 2007 29,424,882 16,815,998 1,129,949 13,738,833 3,383,748 4.06 453,028 453,213 1.00 2008 31,747,477 18,378,832 3,682,566 3.86 410,967 413,925 0.99 841,369 14,210,014 2009 30,779,714 20,147,012 (82,392)10,550,310 3,815,881 2.76 355,519 270,223 1.32 2010 31,367,418 19,012,485 1,157,920 13,512,853 4,526,558 2.99 130,023 100,100 1.30 32,855,741 19,535,924 135,889 0.90 2011 2,291,162 15,610,979 4,596,396 3.40 150,300 2012 36,658,554 52,200 21,256,791 3,258,296 18,660,059 4,596,396 4.06 98,618 1.89 2013 40,295,129 21,952,315 1,233,129 19,575,943 4,473,226 113,012 79,500 1.42 4.38 2014 42,363,233 22,463,509 1,409,273 21,308,997 5,188,632 4.11 2015 44,860,441 782,906 21,819,955 23,823,392 5,230,818 4.55 2016 48,115,026 23,595,087 (347, 176)24,172,763 5,206,467 4.64

Source: City of Bellingham, proprietary funds statement of revenues, expenses, and changes of net position.

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses are exclusive of depreciation and utility tax.

City of Bellingham Schedule 15 Demographic and Economic Statistics Last Ten Calendar Years

				Bellingham,	WA State,		Bellingham,					Bellingham, WA		
	Bellingham,	Bellingham,	Bellingham,	WA, median	median	US, median	WA (MSA),	WA State,	US, per	Seattle,		MSA,	WA State,	US,
	WA,	WA, median	WA, school	household	household	household	per capita	per capita	capita	WA, CPI %	US, CPI %	unemployment	unemployment	unemployment
Year	population	age	enrollment	income	income	income	income	income	income	change	change	rate	rate	rate
2007	77,948	29.70	***	***	\$ 58,080	\$ 50,233	\$ 35,286	\$ 43,192	\$ 39,776	3.9%	2.8%	4.7%	4.7%	4.6%
2008	78,739	30.30	***	***	56,631	50,303	37,201	44,794	41,052	4.2%	3.8%	5.3%	5.4%	5.8%
2009	79,383	29.90	28,198	37,031	56,384	51,425	35,721	41,844	39,366	0.6%	-0.4%	8.5%	9.2%	9.3%
2010	80,885	31.00	26,822	38,136	57,244	51,914	36,557	42,194	40,275	0.3%	1.6%	9.5%	10.0%	9.6%
2011	81,070	30.60	27,276	39,299	58,890	52,762	38,211	44,202	42,467	2.7%	3.2%	9.0%	9.3%	8.9%
2012	81,360	31.10	26,805	40,844	59,374	53,046	40,396	47,338	44,263	2.5%	2.1%	8.1%	8.1%	8.1%
2013	82,310	30.90	27,197	40,648	59,478	53,046	40,260	47,814	44,457	1.2%	1.5%	7.5%	7.0%	7.4%
2014	82,810	31.00	27,274	42,440	60,294	53,482	41,456	50,421	46,442	1.8%	1.6%	6.6%	6.1%	6.2%
2015	83,580	31.20	27,500	43,536	61,062	53,889	42,511	51,971	48,131	1.4%	0.1%	6.0%	5.6%	5.3%
2016	85,146	***	***	***	***	***	***	53,493	49,511	2.2%	1.3%	6.0%	5.4%	4.9%

Sources: United States Census Bureau, Federal Reserve Economic Data, and US Dept. of Labor, Bureau of Labor Statistics.

Note: *** Information was unavailable at the time this schedule was prepared.

City of Bellingham Schedule 16 Principal Employers Current Year and Nine Years Prior

		2016		2007			
Employer	Employees	Rank	Percentage of total employment	Employees	Rank	Percentage of total employment	
St. Joseph Hospital	2,126	1	2.10%	2,217	1	2.19%	
Western Washington University	1,689	2	1.67%	1,664	2	1.64%	
Bellingham School District	987	3	0.98%	1,300	3	1.28%	
Whatcom County	881	4	0.87%	942	4	0.93%	
City of Bellingham	788	5	0.78%	827	5	0.82%	
Fred Meyer	778	6	0.77%	480	10	0.47%	
Haggen Inc.	751	7	0.74%	720	6	0.71%	
Heath Techna (dba Zodiac Interiors)	607	8	0.60%	487	9	0.48%	
T-Mobile	437	9	0.43%	-	-	0.00%	
Bellingham Technical College	430	10	0.42%	-	-	0.00%	
Sodexho Services	-	-	0.00%	671	7	0.66%	
Brown & Cole Stores	-	-	0.00%	524	8	0.52%	
Total employed by the top 10 employers	9,474	•	9.36%	9,832		9.70%	
Total employment of Bellingham, WA (MSA)	101,212	:		101,371			

Source: Western Washington University, CBE, and United States Dept of Labor, BLS.

Note: Employee variances may exist due to employers providing one of the following three figures - 1) full-time employees, 2) full-time equivalent employees, or 3) all employees (ft and pt in total).

City of Bellingham
Schedule 17
Full-time Equivalent City Government Employees by Groups
Last Ten Fiscal Years

Employee groups	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Elected Mayor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Elected City Council	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Elected Municipal Judge	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Non-Represented Employee Group	84.9	90.8	87.0	80.1	76.9	79.6	77.1	79.3	76.5	76.5
Supervisors & Professionals	108.6	107.8	106.0	100.0	97.5	97.0	96.0	100.5	102.0	102.0
Professional Librarians	8.0	8.0	8.0	6.3	7.0	6.7	7.0	7.5	7.5	7.5
Emergency Med Svcs Dispatch	12.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Fire Supervisors	8.0	8.0	8.0	8.0	8.0	8.0	8.0	7.0	7.0	7.0
Firefighters	132.0	135.0	133.0	129.0	133.0	133.0	127.5	123.5	120.0	120.0
Police	102.0	102.0	106.0	99.7	101.0	102.0	101.0	103.0	105.0	105.0
Police Lieutenants	5.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0
WHAT COMM Dispatch	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0
Non-Uniformed	336.5	352.1	351.6	319.8	310.2	314.9	313.7	325.0	325.1	330.1
Total regular workforce	832.0	856.7	852.6	790.9	786.6	789.2	783.3	799.8	797.1	802.1
Temporary labor	66.6	64.6	62.6	62.0	60.6	60.2	62.5	62.0	68.0	68.0
Total paid workforce	898.6	921.3	915.2	852.9	847.2	849.4	845.8	861.8	865.1	870.1

Source: City of Bellingham adopted budget report for budgeted employees.

City of Bellingham Schedule 18

Operating Indicators by Function/Performance Measures Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Governmental Services	2007	2000	2003	2010	2011	2012	2013	2014	2013	2010
Judicial										
Hearings Finance	***	21,752	20,022	20,015	19,216	23,918	19,404	18,638	14,884	13,671
	32.0	20.7	27.5	25.4	29.6	28.2	26.7	24.8	28.0	33.2
GO bonded debt (millions of \$)	32.0	29.7	27.5	25.1	29.6	20.2	20.7	24.0	20.0	33.2
Human Resources and Payroll	36.17%	37.73%	40.20%	34.16%	36.29%	38.22%	38.15%	38.64%	36.67%	37.76%
Benefit costs as a % of wages Turnover rate %	7.25%	5.92%	8.61%	7.30%	5.55%	4.44%	6.39%	7.63%	6.30%	5.84%
Information Technology	7.25%	3.9276	0.0176	7.30%	3.33%	4.4470	0.3976	7.03%	0.30%	3.04 //
••	44.405	44.407	45 440	FO 450	F0 000	50.004	FO 447	04.500	70.500	E4 E00
Ave. # of unique website visitors/month	41,465	44,437	45,442	53,450	50,282	53,991	59,447	64,528	72,583	51,500
Legal	4.400	0.000	4.400	2.044	0.570	0.440	0.004	0.070	0.000	0.744
Criminal filings	4,138	3,860	4,138	3,844	3,576	3,442	3,631	2,972	2,682	2,744
Amount paid out for claims	105,800	352,600	622,300	48,700	139,600	463,700	113,000	121,700	105,900	159,700
Public Safety										
Dispatch										
Total dispatch incidents/CAD	128,665	129,048	128,416	128,734	127,248	124,480	134,300	140,200	143,900	151,000
Incidents per dispatcher	5,594	5,611	5,583	4,951	5,533	5,081	5,839	6,096	6,257	6,293
Reportable police calls										
Burglary / Theft	***	***	***	***	***	***	3,995	3,968	3,490	3,796
Against person (homicide, assault, DV, SC)	***	***	***	***	***	***	1,890	1,700	1,740	1,739
Drug / Alcohol / DUI	***	***	***	***	***	***	1,310	1,276	1,047	925
Traffic	***	***	***	***	***	***	2,782	3,026	2,807	2,921
All other	27,759	25,658	24,261	23,673	22,123	21,953	14,600	15,960	14,664	14,544
Fire incidents										
EMS Statistics - Fire										
Total Incidents	10,236	11,440	11,351	11,705	10,993	10,105	11,030	11,301	11,784	16,036
EMS calls	2,501	3,848	3,939	4,478	4,077	4,117	4,537	7,553	7,770	11,899
Other - false alarms	656	639	580	605	532	504	640	535	551	553
Fire calls	***	***	***	***	***	***	***	821	332	439
Other	7,735	7,592	7,412	7,227	6,916	5,988	6,493	2,927	3,682	3,145
EMS Statistics - EMS										
Paramedic incidents	10,221	10,063	9,100	9,045	11,213	8,024	9,443	10,497	8,807	8,809

Paramendic - EMS	6,754	6,764	7,399	6,600	6,790	7,233	8,144	***	7,883	8,077
Paramedic - other	3,467	3,299	1,701	2,445	4,423	791	1,299	***	924	732
Physical Environment										
Water										
Million of gallons water treated/day	10.78	9.70	9.37	8.92	8.82	8.54	8.18	7.84	7.18	7.46
Feet of water main added	740	1,024	4,628	1,685	18,188	6,264	4,148	3,057	8,626	13,760
Wastewater										
Million of gallons wastewater/day	12.00	11.64	12.80	12.17	12.17	12.70	11.72	12.45	12.00	12.16
Feet of wastewater main added	12,148	1,373	22,787	23,598	27,964	5,586	27,192	2,265	11,095	5,711
Transportation										
Miles of streets resurfaced	6.74	1.77	2.44	5.91	5.05	4.65	5.73	2.65	1.75	0.77
Economic Environment										
Hearing Examiner										
Cases heard	54	33	32	24	34	26	37	39	33	28
Community Development										
Low-income housing units created	51	45	54	4	77	1	2	6	150	61
First time home buyer assistance	6	23	12	5	5	8	4	11	12	10
Planning										
Subdivision/short plats	40	31	37	25	36	32	33	32	46	58
New lots created	231	81	72	72	26	79	22	99	81	40
Development Services (Building Services)										
Building permits issued	946	776	668	752	675	702	778	865	874	795
Culture and Recreation										
Library										
Circulation per capita	17.0	18.7	20.9	20.9	20.3	20.1	20.1	19.7	19.0	17.9
Persons visiting (in thousands)	744.3	894.0	924.3	836.7	862.3	842.2	825.8	830.9	837.7	811.6
Museum	, 17.0	554.0	0 <u>2</u> -1.0	000.1	002.0	0-12.2	020.0	000.0	557.1	511.0
Total attendance	103,656	90,700	50,445	70,879	64,977	72,400	73,800	73,100	71,900	71,907
Parks	100,000	50,700	50, 74 0	10,013	O 7 ,011	, 2,700	, 0,000	, 0, 100	, 1,500	, 1,501
Trail miles	65	66	67	68	68	68	69	69	70	70.6
Greenway levy acres	525	598	696	697	812	824	830	837	893	70.6 894
Siecilway levy acies	323	390	090	091	012	024	030	031	093	034

Source: City of Bellingham departments.

^{***} Statistical figures were not available at the time of this report compilation.

City of Bellingham Schedule 19

Capital Asset Statistics by Function Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Governmental Services										
City Hall	1	1	1	1	1	1	1	1	1	1
Federal building (gifted to City)	1	1	1	1	1	1	1	1	1	1
Municipal court building	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police										
Station	1	1	1	1	1	1	1	1	1	1
Police vehicles	36	39	34	39	44	46	49	51	52	49
Police motorcycles	***	***	***	***	***	7	9	7	7	7
Armored unit	-	1	1	1	1	1	1	1	1	1
Mobile precinct	1	1	1	1	1	1	1	1	1	1
Fire										
Fire stations	6	6	6	6	6	6	6	6	6	6
Fire trucks	13	13	12	10	10	10	10	10	10	10
Ambulances	13	13	13	13	13	13	13	13	12	11
Physical Environment										
Public Works										
Operations facility	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	392	395	390	393	396	413	414	416	417	420
Sewer mains (miles)	316	316	316	316	314	315	314	314	317	315
Storm mains (miles)	322	328	311	311	311	311	263	263	268	270
Fire hydrants (total)	3,119	3,149	3,154	3,199	3,245	3,286	3,286	3,496	3,517	3,498
Transportation										
Parking										
Parking garage	2	2	2	2	2	2	2	2	2	2
Surface parking lots	3	3	3	3	3	3	3	3	3	3
Public Works										
Streets (miles)	280	297	297	297	297	297	301	301	302	304
Sidewalks (miles)	143	143	149	199	291	291	291	296	298	301
Traffic signals maintained	***	***	***	***	199	203	205	205	219	219
Culture and Recreation										
Library										
Libraries (buildings)	2	2	2	2	2	2	2	2	2	2
Museum										
Museums (buildings)	2	2	2	2	2	2	2	2	2	2
Parks Department										
Parks / open space	37	37	37	45	45	52	52	70	71	91
Community gardens	3	3	3	3	3	3	3	3	3	3
Fish hatcheries	2	2	2	2	2	2	2	2	2	2
Trail corridors	13	13	13	13	13	13	13	13	14	24
Softball fields	4	4	4	4	4	4	4	6	8	10
Overwater dock/pier	1	1	1	1	1	1	1	1	1	3
Skateboard park	1	1	1	1	1	1	1	1	1	4
Football stadium	1	1	1	1	1	1	1	1	1	1
Ice arena	1	1	1	1	1	1	1	1	1	1
Baseball stadium	1	1	1	1	1	1	1	1	1	1
Aquatic center - swimming pools	1	1	1	1	1	1	1	1	1	1
Golf course	1	1	1	1	1	1	1	1	1	1
Cemetery	1	1	1	1	1	1	1	1	1	1
Public Facilities District (PFD)		•	•	•	•	•	•	•	•	•
Theater	1	1	1	1	1	1	1	1	1	1
Museum	-	-	1	1	1	1	1	1	1	1
			•	•	•	•	•	•	•	•

Source: City of Bellingham, Public Works and Parks departments.

^{***} Statistical figures were not available at the time of this report compilation.

City of Bellingham Schedule 20 Municipal Utilities Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Water customers										
Single family (SF)	18,914	19,664	19,259	19,093	18,828	19,311	19,569	19,773	21,232	21,351
Multi-family & commercial	5,113	4,713	5,224	5,489	5,940	5,867	6,009	4,862	4,897	5,848
Total customers	24,027	24,377	24,483	24,582	24,768	25,178	25,578	24,635	26,129	27,199
Water monthly rates										
Single family base rates										
Metered 5/8"	8.46	9.23	10.11	10.61	11.11	11.61	13.10	14.21	15.42	19.35
Metered 3/4"	11.96	13.04	14.31	14.86	15.42	15.97	18.02	19.55	21.21	26.62
Metered 1"	18.95	20.68	22.68	23.35	24.02	24.69	27.85	30.23	32.78	41.15
Metered 1 1/2"	36.45	39.77	43.62	44.58	45.55	46.51	52.47	56.94	61.76	77.52
Metered 2"	57.44	62.68	68.75	70.06	71.37	72.68	82.00	88.98	96.51	121.13
Metered 3"	113.42	123.77	135.78	138.02	140.25	142.49	160.76	174.44	189.21	237.48
Metered 4"	176.40	192.50	211.17	214.45	217.74	221.02	249.35	270.57	293.48	368.37
Metered 6"	351.33	383.41	420.60	426.79	432.97	439.16	495.45	537.62	583.14	731.93
SF volume rate per 1 CCF all size meters	1.02	1.12	1.22	1.32	1.43	1.53	1.58	1.63	1.67	1.72
Non-single family base rates										
Metered 5/8"	11.09	12.10	13.27	15.35	17.43	19.51	21.00	21.75	22.39	25.56
Metered 3/4"	15.90	17.35	19.03	21.96	24.89	27.82	29.95	31.01	31.93	36.44
Metered 1"	25.53	27.85	30.56	35.19	39.82	44.45	44.45	49.55	51.01	58.22
Metered 1 1/2"	49.59	54.12	59.36	68.24	77.13	86.01	92.59	95.88	98.70	112.66
Metered 2"	78.47	85.64	93.94	107.92	121.91	135.89	146.28	151.49	155.94	178.00
Metered 3"	155.49	169.68	186.14	213.73	241.31	268.90	289.46	299.76	308.58	352.23
Metered 4"	242.12	264.23	289.86	332.75	375.65	418.54	450.54	466.57	480.30	548.24
Metered 6"	482.79	526.88	577.98	663.39	748.80	834.21	898.00	929.95	957.32	1,092.71
Metered 8"	771.59	842.05	923.73	1,060.15	1,196.58	1,333.00	2,240.24	1,485.99	1,529.71	1,746.06
Metered 10"	1,204.78	1,314.81	1,442.35	1,655.30	1,866.25	2,081.20	3,045.74	2,319.94	2,388.21	2,725.98
Metered 12"	n/a	3,154.11	3,246.93	3,706.15						
NSF volume rate per 1 CCF all size meters	1.02	1.12	1.22	1.32	1.43	1.53	1.63	1.77	1.93	1.94
Irrigation volume rate per 1 CCF all size meters	1.68	1.84	2.01	2.11	2.20	2.30	2.35	2.40	2.45	2.50
Wastewater customers										
Single family	18,556	19,664	19,259	19,093	18,828	19,311	19,569	19,784	20,465	21,131
Multi-family & commercial	4,156	4,713	6,224	5,489	5,940	5,867	6,009	4,860	4,865	4,978
Total customers	22,712	24,377	25,483	24,582	24,768	25,178	25,578	24,644	25,330	26,109
Wastewater monthly rates										
Single family (rate class 1)	24.25	25.83	27.51	29.30	31.20	33.23	33.97	35.07	37.24	39.47
Non-single family										
Base rate (class 2-4)	24.25	25.83	27.51	29.30	31.20	33.23	33.97	35.07	37.24	39.47
Volume rate per 1 CCF > 16 CCF	2.54	2.71	2.89	3.08	3.28	3.49	4.09	4.66	4.99	5.43
Base rate (class 5 and up)	24.25	23.78	25.32	29.96	31.90	33.23	33.97	44.35	56.84	59.84
Volume rate per 1 CCF > 16 CCF	2.54	2.97	3.16	3.37	3.59	3.49	4.09	6.09	7.83	8.44
Stormwater monthly base rates										
Small footprint < 1K sq. ft.	4.20	4.20	4.20	4.20	4.20	4.20	5.08	5.39	5.71	6.05
Medium footprint 1,001-2,999 sq. ft.	7.00	7.00	7.00	7.00	7.00	7.00	8.47	8.98	9.52	10.09
Large footprint > 3,000 sq. ft., per sq ft.	0.00466	0.00466	0.00466	0.00466	0.00466	0.00466	0.00564	0.00598	0.00634	0.00672
Watershed monthly rates										
Single family base rate only	5.00	5.00	5.00	5.00	5.00	5.00	12.33	12.41	12.63	12.86
Non-single family & Irrigation										
Base rate	5.00	5.00	5.00	5.00	5.00	5.00	5.14	5.17	5.265	5.36
Volume rate per 1 CCF above 22 CCF	0.27	0.27	0.27	0.27	0.27	0.27	0.66	0.66	0.6761	0.682

All rates shown are for inside city limits 1 CCF (100 cubic feet) = 748 gallons

